UNITED STATES POSTAL SERVICE®

DOCKET SECTION

FINANCIAL & OPERATING STATEMENTS

Accounting Period 9, PFY 1998

April 25 - May 22, 1998

Finance

POSTAL RATE COMMISSION
DOCKETED
JUN 26 1998
OFFICE OF THE SECRETARY

HIGHLIGHTS
(MILLIONS)

Accounting Period 9						Year-to-Date				
Actual	Var. to Budget	% Var.	SPLY	% Var to SPLY		Actual	Var. to Budget	% Var.	SPLY	% Var to SPLY
$ 4,560.8	$ 39.1	0.9	$ 4,367.5	4.4	Total Revenue	$ 42,356.7	$ 62.2	0.1	$ 40,864.9	3.7
4,616.9	- 66.5	- 1.4	4,287.8	7.7	Total Expense	40,911.2	- 580.0	- 1.4	39,526.0	3.5
$ - 56.1	$ 105.6	NM	$ 79.7	NM	Income\(Loss)	$ 1,445.5	$ 642.2	NM	$ 1,338.9	NM
$ 215.0	$ - 146.8	- 40.6	$ 137.0	56.9	Capital Commitments	$ 1,219.2	$ - 1,398.2	- 53.4	$ 1,379.1	- 11.6
125.6	- 0.1	- 0.1	124.0	1.3	Total Workhours	1,139.4	[1.4]	[0.1]	1,125.9	1.2
15,062.6	432.2	3.0	14,314.6	5.2	Mail Volume	138,822.5	664.4	0.5	134,422.8	3.3

[ ] = Unfavorable variance to budget
NM = Non-Meaningful

Actual Number Of:	Current Period	Last Period	SPLY
Post Offices	27,890	27,927	27,992
Active Postal Owned Vehicles			
Administrative	5,055	5,016	5,190
Operations	198,750	198,693	199,321
Possible City Deliveries (000)	82,078	82,048	81,625
Rural Routes	61,414	61,127	58,921
Delivery Routes	167,354	167,313	169,439
Career Employees	779,070	776,983	760,488
Casual Employees	27,971	29,015	27,944
Transitional Employees	19,346	20,028	32,078

MAIL VOLUME - MAIL REVENUE
(Thousands)

	CURRENT PERIOD			YEAR-TO-DATE		
	A/P 9 1998	A/P 9 1997	% CHANGE	A/P 9 1998	A/P 9 1997	% CHANGE
FIRST-CLASS						
VOLUME	7,668,520	7,606,497	0.8	71,041,831	70,441,067	0.9
REVENUE	$ 2,594,438	$ 2,566,035	1.1	$ 23,883,172	$ 23,529,710	1.5
REV/PC.	0.3383	0.3373	0.3	0.3362	0.3340	0.6
PRIORITY-MAIL						
VOLUME	88,539	76,853	15.2	833,541	725,065	15.0
REVENUE	$ 311,388	$ 267,344	16.5	$ 2,988,566	$ 2,596,536	15.1
REV/PC.	3.5170	3.4786	1.1	3.5854	3.5811	0.1
EXPEDITED MAIL						
VOLUME	5,465	4,973	9.9	45,951	42,107	9.1
REVENUE	$ 70,267	$ 63,158	11.3	$ 595,116	$ 540,674	10.0
REV/PC.	12.8576	12.7002	1.2	12.9511	12.8452	0.8
PERIODICALS						
VOLUME	823,026	798,897	3.0	7,248,803	7,302,606	- 0.7
REVENUE	$ 163,461	$ 157,305	3.9	$ 1,463,741	$ 1,455,912	0.5
REV/PC.	0.1986	0.1969	0.9	0.2019	0.1994	1.3
STANDARD (A) MAIL						
VOLUME	6,311,489	5,658,246	11.5	57,988,734	54,218,887	7.0
REVENUE	$ 1,040,494	$ 942,007	10.5	$ 9,659,882	$ 9,054,728	6.7
REV/PC.	0.1649	0.1665	- 1.0	0.1666	0.1670	- 0.3
STANDARD (B) MAIL						
VOLUME	64,522	61,854	4.3	673,738	670,719	0.5
REVENUE	$ 114,212	$ 102,639	11.3	$ 1,160,875	$ 1,115,790	4.0
REV/PC.	1.7701	1.6594	6.7	1.7227	1.6636	3.6
INTERNATIONAL_1/						
VOLUME	66,649	72,509	- 7.8	686,857	722,770	- 5.0
REVENUE	$ 157,759	$ 120,359	31.1	$ 1,191,631	$ 1,155,687	3.1
REV/PC.	2.3599	1.6599	42.2	1.7349	1.5990	8.5
ALL OTHER_2/						
VOLUME	34,182	34,790	- 1.7	303,078	299,593	1.2
REVENUE	$ 144	$ 104	38.5	$ 1,290	$ 1,552	- 16.9
ALL MAIL						
VOLUME	15,062,592	14,314,619	5.2	138,822,534	134,422,833	3.3
REVENUE	$ 4,452,162	$ 4,218,951	5.5	$ 40,944,073	$ 39,450,788	3.8
REV/PC.	0.2956	0.2947	0.3	0.2949	0.2935	0.5

_1/ In AP 9, FY 1998 a prior period adjustment of $36 million was posted to credit revenue previously estimated for the conversion of Special Drawing Rights to currency between the Postal Service and foreign countries for services rendered.

The increase in AP 9 FY 1998 International Mail Fees is primarily due to International Reply Coupons, which contains a Prior Period Adjustment credit of $7.7 million.

_2/ All other volume includes an increase of 3,234 pieces in Internal Mail and an increase of 1,298 pieces in Free Mail for the Blind and Handicapped for the year-to-date.

-- Data reflects preliminary estimates for the accounting period.
These estimates are recast quarterly and at the end of the year.

Revenue by Source
AP 9, FY 1998
($Millions)

Current Period				Year-To-Date		
Actual	SPLY	% Diff		Actual	SPLY	% Diff
			Operating Revenue:			
$ 1,915.3	$ 1,864.4	2.6	Metered Postage	$ 17,437.5	$ 17,075.1	2.1
815.6	819.8	- 0.5	Stamps and Stamped Paper	7,994.5	7,938.5	0.7
1,112.7	990.9	12.3	Permit Imprint	10,402.2	9,608.2	8.3
168.6	161.5	4.4	Periodicals & Standard A	1,500.4	1,494.5	0.4
55.9	58.5	- 4.4	Official Mail	567.5	588.3	- 3.5
336.3	309.3	8.7	Presort First Class & Standard B/Permit Imprint	2,985.5	2,718.4	9.8
48.0	44.3	8.3	Box Rents	415.2	398.9	4.1
14.2	14.4	- 1.0	Money Order Fees	124.0	125.0	- 0.8
85.5	85.8	- 0.3	Other	854.8	793.4	7.7
$ 4,552.1	$ 4,348.9	4.7	**Subtotal**	$ 42,281.6	$ 40,740.3	3.8
			Government Appropriation:			
5.2	6.3	- 17.5	Revenue Forgone	46.4	58.6	- 20.8
$ 4,557.3	$ 4,355.2	4.6	**Total Operating Revenue**	$ 42,328.0	$ 40,798.9	3.7
3.5	12.3	- 71.9	Investment Income	28.7	66.0	- 56.5
$ 4,560.8	$ 4,367.5	4.4	**Total Revenue**	$ 42,356.7	$ 40,864.9	3.7

Expense Analysis
Accounting Period 9, FY 1998
($Millions)

Accounting Period 9						Year-to-Date				
Actual	Var. to Budget	%Var	SPLY	% Var to SPLY		Actual	Var to Budget	%Var	SPLY	% Var to SPLY
$ 3,536.5	[$ 17.8]	[0.5]	$ 3,323.3	6.5	**Personnel Compensation**	$ 31,589.5	[$ 5.3]	[0.0]	$ 30,497.9	3.6
					Non-Personnel Expense:					
312.0	- 10.1	- 3.1	304.8	2.4	Transportation	2,970.4	[7.2]	[0.2]	2,814.0	5.6
276.0	- 44.2	- 13.8	185.3	48.9	Supplies & Services	1,905.3	- 403.5	- 17.5	1,569.5	21.4
358.2	- 11.7	- 3.2	326.2	9.8	Other	3,152.4	- 105.3	- 3.2	3,297.6	- 4.4
$ 946.2	$ - 66.0	- 6.5	$ 816.3	15.9	**Subtotal**	$ 8,028.1	$ - 501.6	- 5.9	$ 7,681.1	4.5
$ 4,484.7	$ - 48.2	- 1.1	$ 4,139.6	8.3	**Total Operating Expense**	$ 39,617.6	$ - 496.3	- 1.2	$ 38,179.0	3.8
12.5	- 11.1	- 46.8	25.4	- 50.7	Interest Expense	166.4	- 69.2	- 29.4	233.1	- 28.6
118.4	- 7.2	- 5.7	120.3	- 1.6	Interest on Deferred Ret. Liabilities	1,115.6	- 14.5	- 1.3	1,091.5	2.2
1.3	0.0	0.0	2.5	- 48.0	Interest on OBRA '93 Retroactive Assessment	11.6	0.0	0.0	22.4	- 48.2
$ 4,616.9	$ - 66.5	- 1.4	$ 4,287.8	7.7	**Total Expense**	$ 40,911.2	$ - 580.0	- 1.4	$ 39,526.0	3.5

[ ]=Unfavorable variance to budget

Analysis of Non Personnel Expenses
($Millions)

Accounting Period 9						Year-to-Date				
Actual	Var. to Budget	%Var.	SPLY *	% Var to SPLY	Description	Actual	Var. to Budget	%Var.	SPLY *	% Var to SPLY
$ 312.0	$ - 10.1	- 3.1	$ 304.8	2.4	Transportation	$ 2,970.4	[$ 7.2]	[0.2]	$ 2,814.0	5.6
276.0	- 44.2	- 13.8	185.3	48.9	Supplies & Services	1,905.3	- 403.5	- 17.5	1,569.5	21.4
130.2	[4.7]	[3.7]	126.7	2.8	Depreciation	1,122.0	- 4.4	- 0.4	1,087.9	3.1
61.8	[2.4]	[4.1]	51.9	19.1	Rent	478.2	- 17.8	- 3.6	467.3	2.3
30.1	- 2.2	- 6.9	30.4	- 0.9	Fuel & Utilities	273.2	- 19.4	- 6.6	278.4	- 1.9
25.8	- 1.5	- 5.5	25.4	1.4	Rural Carrier Equip Maint Allow	224.7	- 9.8	- 4.2	220.7	1.8
25.4	- 2.2	- 7.8	25.4	0.0	Vehicle Maintenance	220.1	- 17.9	- 7.5	215.2	2.3
24.0	[5.6]	[30.1]	16.4	46.7	Building Projects Expensed	145.4	[3.6]	[2.5]	111.4	30.5
4.3	- 0.3	- 7.1	4.1	4.0	Contract Job Cleaners	38.4	- 3.6	- 8.5	36.4	5.6
15.7	- 0.6	- 3.9	12.9	21.3	Travel & Relocation	113.0	- 20.3	- 15.2	100.7	12.3
13.3	- 5.7	- 29.9	15.2	- 12.1	Communications	130.4	- 6.5	- 4.7	110.2	18.3
3.1	- 1.5	- 32.7	2.4	[27.7]	Contract Stations	45.3	- 5.5	- 10.8	48.1	- 5.8
4.8	[0.1]	[3.0]	4.1	16.1	Printing	35.0	- 12.8	- 26.8	27.8	26.0
7.2	- 0.9	- 11.0	5.3	33.9	Training	46.2	- 8.0	- 14.8	37.8	22.2
5.0	[0.1]	[2.6]	4.8	4.3	Carfare & Tolls	42.0	[1.5]	[3.8]	40.7	3.0
2.1	- 0.4	- 15.5	2.4	- 11.9	Vehicle Hire	21.3	- 1.2	- 5.3	21.7	- 1.5
3.8	- 0.5	- 12.0	4.0	- 4.6	Accident Cost	35.1	- 0.4	- 1.0	38.7	- 9.3
- 4.5	[0.6]	- 11.0	- 3.0	51.1	Capitalized Interest	- 33.2	[0.5]	- 1.4	- 12.6	164.2
6.0	- 9.4	- 60.9	- 2.4	- 355.9	Miscellaneous	215.3	[16.8]	[8.4]	467.1	- 53.9
$ 946.2	**$ - 66.0**	**- 6.5**	**$ 816.3**	**15.9**	**Total Other Operating Expenses**	**$ 8,028.1**	**$ - 501.6**	**- 5.9**	**$ 7,681.1**	**4.5**

[ ]=Unfavorable variance to budget
*** Recasted Data**

Statement of Financial Position
AP 9, FY 1998
($ Millions)

Liabilities and Equities	May 22, 1998	April 24, 1998	September 30, 1997 *
Current Liabilities:			
Compensation and employees' benefits	$ 5,242	$ 5,100	$ 5,056
Estimated prepaid postage	1,743	1,743	1,743
Payables and accrued expenses:			
Foreign countries	702	661	703
U.S. Government	161	164	181
Other	2,113	2,365	940
	2,976	3,190	1,824
Appropriation for free & reduced rate mail	25	30	0
Prepaid permit mail and box rentals	1,466	1,475	1,924
Outstanding postal money orders	759	781	640
Current portion of long-term debt	183	183	2,647
Total Current Liabilities	**12,394**	**12,502**	**13,834**
Long-term debt, less current portion	**2,223**	**2,223**	**3,225**
Other Liabilities:			
Amounts payable for retirement benefits _3/	32,505	32,505	30,343
Workers' compensation claims	5,201	5,143	4,749
Retroactive assessment payable to the U. S. Government	0	0	0
Employees' accumulated leave	1,957	1,877	1,858
Other	792	800	489
Total Other Liabilities	**40,455**	**40,325**	**37,439**
Net Capital Deficiency	- 149	- 106	- 1,360
Total Liabilities and Equity	**$ 54,923**	**$ 54,944**	**$ 53,138**

_3/ Represents the Postal Service's deferred retirement liability to OPM for increases in basic pay, and annuitants' COLAs. Amounts applicable to future periods are capitalized as deferred retirement costs and amortized over 30 years for basic pay and 15 years for annuitants' COLAs.

* Audited year-end data

STATEMENT OF CASH FLOWS
($ Millions)

For the fiscal year through May 22, 1998	FY 1998
Cash flows from operating activities:	
Net income/(loss) (Government Fiscal Year Basis)	$ 1,211
Adjustments to reconcile net income/(loss) to net cash provided/(used) by operating activities:	
Depreciation and amortization	1,085
Increase/(decrease) in other liabilities	303
Increase/(decrease) in employees' accumulated leave	99
Increase/(decrease) in non-current workers' compensation claims	452
Increase/(decrease) in retirement, net	955
Changes in current assets and liabilities:	
Increase/(decrease) in accrued compensation and benefits	186
Increase/(decrease) in deferred revenue	- 433
Increase/(decrease) in payables and accrued expenses	1,152
(Increase)/decrease in receivables	- 33
(Increase)/decrease in supplies, advances and prepayments	19
Increase/(decrease) in outstanding postal money orders	119
Net cash provided by operating activities	**5,115**
Cash flows from investing activities:	
Sale/(purchase) of U.S. Government securities, net	1
Purchase of property and equipment, net	- 2,042
Net cash used in investing activities	**- 2,041**
Cash flows from financing activities:	
Increase/(decrease) in debt	- 3,466
(Increase)/decrease in other non-current assets	- 2
Net cash used by financing activities	**- 3,468**
Net (decrease)/increase in cash and cash equivalents	- 394
Cash and cash equivalents at beginning of period	394
Cash and cash equivalents at end of period	$ -

WORKHOURS & OVERTIME/SICK LEAVE RATIOS
(Thousands)

Accounting Period 9						Year to date				
Actual	Var. to Budget	% Var.	SPLY*	% Var to SPLY	Total Workhours	Actual	Var. to Budget	%Var.	SPLY*	% Var to SPLY
					Operations:					
796	0	0.0	773	2.9	-Support	6,742	- 15	- 0.2	6,503	3.7
33,253	- 899	- 2.6	33,378	- 0.4	-Mail Processing	319,477	- 4,670	- 1.4	318,728	0.2
12,282	- 35	- 0.3	11,785	4.2	-Rural Delivery	107,422	[742]	[0.7]	102,927	4.4
38,090	[534]	[1.4]	37,834	0.7	-Other Delivery	340,214	[4,395]	[1.3]	339,373	0.2
2,557	[50]	[2.0]	2,509	1.9	-Vehicles Services	22,906	[296]	[1.3]	22,427	2.1
6,360	- 157	- 2.4	6,222	2.2	-Plant & Equip Maint	56,184	- 1,153	- 2.0	54,968	2.2
20,403	[234]	[1.2]	19,950	2.3	-Customer Services	184,357	[1,022]	[0.6]	181,511	1.6
787	- 53	- 6.2	758	3.8	Controller	6,760	- 530	- 7.3	6,641	1.8
806	- 6	- 0.7	770	4.6	Human Resources	6,810	- 181	- 2.6	6,560	3.8
1,284	- 30	- 2.3	1,263	1.7	Customer Service & Sales	11,033	- 518	- 4.5	11,052	- 0.2
5,448	[59]	[1.1]	5,472	- 0.4	Administration	47,235	[464]	[1.0]	47,096	0.3
3,501	[197]	[6.0]	3,261	7.4	Other	30,247	[1,550]	[5.4]	28,104	7.6
125,567	- 106	- 0.1	123,975	1.3	Total Workhours	1,139,387	[1,402]	[0.1]	1,125,890	1.2

Overtime

	Actual	Budget	SPLY		Actual	Budget	SPLY
	7.5	6.1	7.2	Overtime Ratio Per 100 Workhours	9.1	7.5	8.8

Sick Leave

	Actual		SPLY		Actual		SPLY
	3.5	–	3.4	Sick Leave Ratio Per 100 Workhours	3.6	--	3.6

[ ]=Unfavorable variance to budget

* Recasted Data