

G A O
Accountability · Integrity · Reliability

Highlights

Highlights of [GAO-10-88](#), a report to the Secretary of the Treasury

Why GAO Did This Study

GAO is required to audit the consolidated financial statements of the U.S. government. Because of the significance of the federal debt held by the public to the governmentwide financial statements, GAO audits the Bureau of the Public Debt's (BPD) Schedules of Federal Debt annually. The audit of these schedules is done to determine whether, in all material respects, (1) the schedules are reliable and (2) BPD management maintained effective internal control over financial reporting relevant to the Schedule of Federal Debt. Further, GAO tests compliance with a significant provision of law related to the Schedule of Federal Debt (statutory debt limit).

Federal debt managed by BPD consists of Treasury securities held by the public and by certain federal government accounts, referred to as intragovernmental debt holdings. The level of debt held by the public primarily reflects how much of the nation's wealth has been absorbed by the federal government to finance prior federal spending in excess of federal revenues. Intragovernmental debt holdings represent balances of Treasury securities held by federal government accounts, primarily federal trust funds such as Social Security, that typically have an obligation to invest their excess annual receipts over disbursements in federal securities.

For a fuller understanding of GAO's opinion on BPD's fiscal years 2009 and 2008 Schedules of Federal Debt, readers should refer to the complete audit report, available by clicking on [GAO-10-88](#), which includes information on audit objectives, scope, and methodology. For more information, contact Gary T. Engel at (202) 512-3406 or engelg@gao.gov.

FINANCIAL AUDIT

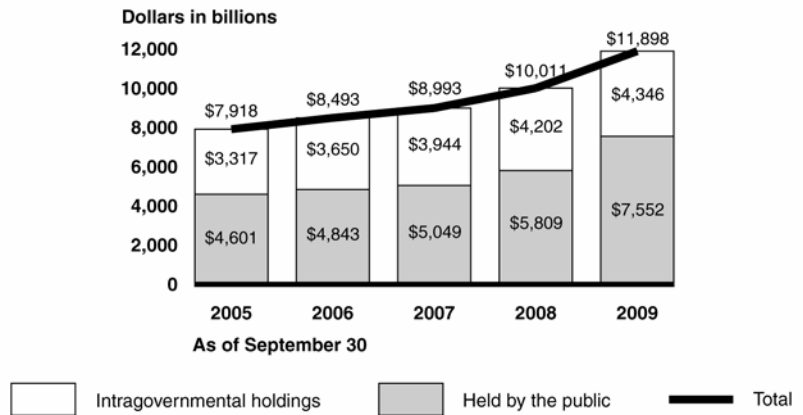
Bureau of the Public Debt's Fiscal Years 2009 and 2008 Schedules of Federal Debt

What GAO Found

In GAO's opinion, BPD's Schedules of Federal Debt for fiscal years 2009 and 2008 were fairly presented in all material respects, and BPD maintained effective internal control over financial reporting relevant to the Schedule of Federal Debt as of September 30, 2009. GAO found no instances of noncompliance in fiscal year 2009 with the statutory debt limit.

As of September 30, 2009 and 2008, federal debt managed by BPD totaled about \$11,898 billion and \$10,011 billion, respectively. As shown in figure 1 below, total federal debt increased over each of the last 4 fiscal years.

Figure 1 – Total Gross Federal Debt Outstanding (Fiscal Years Ended September 30, 2005–2009)



Source: BPD.

During the last 4 fiscal years, managing the federal debt has continued to be a challenge as evidenced by the growth of total federal debt by \$3,980 billion, or 50 percent, from \$7,918 billion as of September 30, 2005, to \$11,898 billion as of September 30, 2009. The increase to the federal debt has become particularly acute since the onset of the recession in December 2007. Federal government actions in response to both the financial market crisis and the economic downturn have added significantly to Treasury's borrowing needs. The fiscal year 2008 increase in total federal debt of \$1,018 billion was the largest annual dollar increase in history; only to be surpassed by the fiscal year 2009 increase of \$1,887 billion. During fiscal years 2008 and 2009, legislation was enacted to raise the statutory debt limit on three different occasions. During this period, the statutory debt limit went from \$9,815 billion to its current level of \$12,104 billion, an increase of 23 percent.