



Highlights of [GAO-11-52](#), 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 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. Debt held by the public primarily represents the amount the federal government has borrowed to finance cumulative cash deficits. Intragovernmental debt holdings represent balances of Treasury securities held by federal government accounts, primarily federal trust funds, that typically have an obligation to invest their excess annual receipts (including interest earnings) over disbursements in federal securities.

For a fuller understanding of GAO's opinion on BPD's fiscal years 2010 and 2009 Schedules of Federal Debt, readers should refer to the complete audit report, available by clicking on [GAO-11-52](#), which includes information on audit objectives, scope, and methodology. For more information, contact Gary T. Engel at (202) 512-3406 or [engelg@gao.gov](mailto:engelg@gao.gov).

## FINANCIAL AUDIT

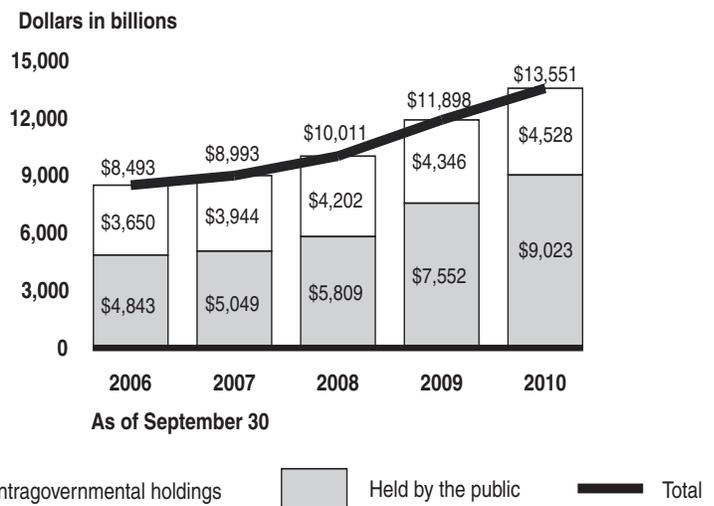
### Bureau of the Public Debt's Fiscal Years 2010 and 2009 Schedules of Federal Debt

## What GAO Found

In GAO's opinion, BPD's Schedules of Federal Debt for fiscal years 2010 and 2009 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, 2010. GAO's tests of BPD's compliance with the statutory debt limit for fiscal year 2010 disclosed no instances of reportable noncompliance.

As of September 30, 2010 and 2009, federal debt managed by BPD totaled about \$13,551 billion and \$11,898 billion, respectively. Total gross federal debt outstanding increased over each of the last four fiscal years.

Figure 1 – Total Gross Federal Debt Outstanding (Fiscal Years Ended September 30, 2006–2010)



Source: BPD.

During the last four fiscal years, managing the federal debt has been a challenge, as evidenced by the growth of total federal debt by \$5,058 billion, or 60 percent, from \$8,493 billion as of September 30, 2006, to \$13,551 billion as of September 30, 2010. The increase to the federal debt became particularly acute with the onset of the recession in December 2007. Reduced federal revenues and federal government actions in response to both the financial market crisis and the economic downturn added significantly to the federal government's borrowing needs. And, due to the persistent effects of the recession, which ended in June 2009, federal financing needs remain high. As a result, the increases to total federal debt over the past three fiscal years represent the largest dollar increases over a three year period in history. During fiscal years 2008, 2009, and 2010, legislation was enacted to raise the statutory debt limit on five different occasions. During this period, the statutory debt limit went from \$9,815 billion to its current level of \$14,294 billion, an increase of 46 percent.