



Highlights of [GAO-06-169](#), 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. Due to the significance of the federal debt held by the public to the governmentwide financial statements, GAO has also been auditing 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 relevant to the Schedule of Federal Debt. Further, we test compliance with selected provisions of significant laws related to the Schedule of Federal Debt.

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 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.

[www.gao.gov/cgi-bin/getrpt?GAO-06-169](http://www.gao.gov/cgi-bin/getrpt?GAO-06-169).

For a fuller understanding of GAO's opinion on BPD's fiscal years 2005 and 2004 Schedules of Federal Debt, readers should refer to the complete audit report, available by clicking the link above, 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

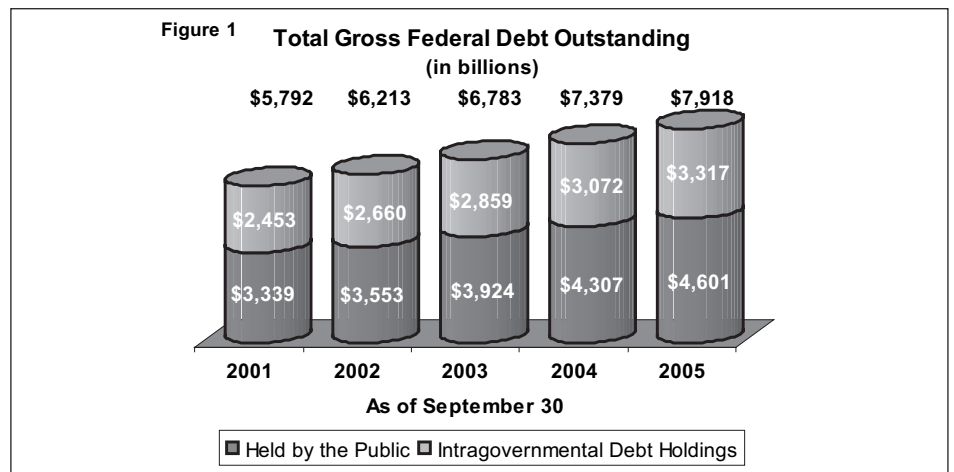
# Bureau of the Public Debt's Fiscal Years 2005 and 2004 Schedules of Federal Debt

### What GAO Found

In GAO's opinion, BPD's Schedules of Federal Debt for fiscal years 2005 and 2004 were fairly presented in all material respects and BPD maintained effective internal control related to the Schedule of Federal Debt as of September 30, 2005. GAO also found no instances of noncompliance in fiscal year 2005 with selected provisions of the statutory debt limit and debt issuance suspension period laws we tested.

As of September 30, 2005 and 2004, federal debt managed by BPD totaled about \$7,918 billion and \$7,379 billion, respectively. At the end of fiscal year 2005, debt held by the public as a percentage of the U.S. economy is estimated at 37.5 percent, compared to 33.0 percent at the end of fiscal year 2001. Further, certain trust funds (e.g., Social Security) continue to run surpluses, resulting in increased intragovernmental debt holdings. These debt holdings are backed by the full faith and credit of the U.S. government and represent a priority call on future budgetary resources. As a result, total gross federal debt has increased 37 percent between the end of fiscal years 2001 and 2005. During fiscal year 2005, a debt issuance suspension period was invoked to avoid breaching the statutory debt limit. On November 19, 2004, legislation was enacted to raise the debt limit by \$800 billion to \$8,184 billion.

As shown below, total federal debt increased over each of the last 4 fiscal years. Debt held by the public increased during this 4-year period primarily as a result of annual unified budget deficits. Intragovernmental debt holdings steadily increased during this 4-year period primarily due to excess receipts over disbursements in federal trust funds.



Source: BPD.