FINANCIAL AUDIT

Bureau of the Public Debt’s Fiscal Years 2006 and 2005 Schedules of Federal Debt

What GAO Found

In GAO’s opinion, BPD’s Schedules of Federal Debt for fiscal years 2006 and 2005 were fairly presented in all material respects and BPD maintained effective internal control relevant to the Schedule of Federal Debt as of September 30, 2006. GAO also found no instances of noncompliance in fiscal year 2006 with selected provisions of the statutory debt limit and debt issuance suspension period laws we tested.

As of September 30, 2006 and 2005, federal debt managed by BPD totaled about $8,493 billion and $7,918 billion, respectively. At the end of fiscal year 2006, debt held by the public as a percentage of the U.S. economy is estimated at 36.9 percent, compared to 34.1 percent at the end of fiscal year 2002. 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 budgetary resources. As a result, total gross federal debt has increased 37 percent between the end of fiscal years 2002 and 2006. During fiscal year 2006, a debt issuance suspension period was invoked to avoid breaching the statutory debt limit. On March 20, 2006, legislation was enacted to raise the debt limit by $781 billion to $8,965 billion. This was the fourth occurrence since 2002 that the statutory debt limit had to be raised to avoid breaching the statutory debt limit. During that time, the debt limit has increased more than $3 trillion, from $5,950 billion in 2002 to the current limit of $8,965 billion.

As shown in figure 1 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 (e.g., Social Security).

![Figure 1 - Total Gross Federal Debt Outstanding](image)

Source: BPD.


For a fuller understanding of GAO’s opinion on BPD’s fiscal years 2006 and 2005 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.

United States Government Accountability Office