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Comptroller General
of the United States

United States Government Accountability Office
Washington, DC 20548

MEDIA ADVISORY

GAO: U.S. Financial Statements Receive Disclaimer of Opinion For 10th Straight Year

WASHINGTON (December 15, 2006) – For the 10th straight year, the U.S. Government Accountability Office (GAO) is prevented from expressing an opinion on the consolidated financial statements of the U.S. government due to a number of material weaknesses related to financial systems, fundamental recordkeeping, and financial reporting.

David M. Walker, the Comptroller General of the United States and head of GAO, wrote today in a letter to the President and Congress: “While over the past 10 years significant progress has been made in improving federal financial management since the U.S. government began preparing consolidated financial statements, ... major impediments continue to prevent us from rendering an opinion. ...

“Until the problems outlined in our audit report are adequately addressed, they will continue to have adverse implications for the federal government and American taxpayers.”

The fiscal year 2006 *Financial Report of the United States Government*, which includes the consolidated financial statements and GAO’s audit report, is being released today by the Treasury Department. A copy is available at <http://www.gao.gov/financial.html>

Walker emphasized his concerns about the nation’s current financial condition and growing long-term fiscal imbalance as he has in previous years. He noted that, for the first time, a Statement of Social Insurance is included as one of the principal financial statements in the Consolidated Financial Statements. Walker points out:

“This new statement shows projected scheduled benefits exceeding earmarked revenues by approximately \$39 trillion¹ in present value terms for the next 75-year period. Considering this long-range projected funding gap in social insurance, in addition to reported liabilities (e.g., debt held by the public and federal employee and veterans benefits payable) and other implicit commitments and contingencies

¹ On an open group basis (current and future participants). On a closed group basis, which excludes the benefit payments and contributions of individuals under the age of 15 (or not yet born), this amount is approximately \$44 trillion.

that the federal government has pledged to support, the federal government's fiscal exposures totaled approximately \$50 trillion as of September 30, 2006, an increase of about \$4 trillion over September 30, 2005, and up from about \$20 trillion as of September 30, 2000. This translates into a current burden of about \$170,000 per American or approximately \$440,000 per American household."

Walker concludes his letter: "Finally, to better inform both Congress and American citizens about the federal government's fiscal condition and operations, the federal government should produce an easily understandable summary annual report that includes, in a clear, concise, and transparent manner, key financial and performance information embodied in the *Financial Report of the United States Government*. This report would include, among other things, illustrative graphs and charts depicting such information as (1) the cost of the federal government as a whole and for each major component such as defense and homeland security, and (2) the primary components of federal revenues."

To help the public better understand the different purposes cash and accrual measures serve in providing a comprehensive picture of the federal government's fiscal condition today and over time, GAO recently published a special publication, *Understanding Similarities and Differences Between Accrual and Cash Deficits*, [GAO-07-117SP](#), which is available on our website.

For more information, contact GAO's Office of Public Affairs at (202) 512-4800.

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The Government Accountability Office, the audit, evaluation and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.