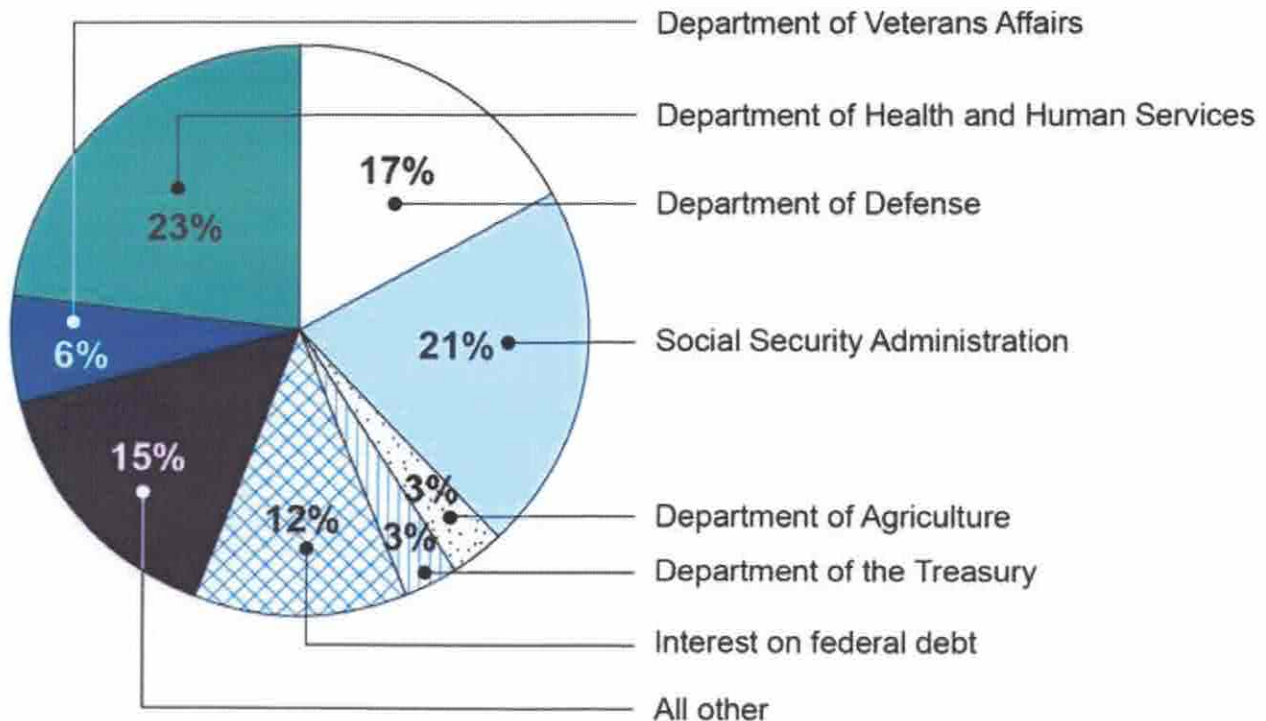


## GAO's 2024 Federal Budget Totals (CFSSs)

To operate as effectively and efficiently as possible, Congress, the administration, and federal managers must have ready access to reliable and complete financial and performance information—both for individual federal entities and for the federal government as a whole. GAO's report on the U.S. government's consolidated financial statements (CFSSs) for fiscal years 2024 and 2023 discusses progress that has been made, but also underscores that much work remains to improve federal financial management and that the federal government continues to face an unsustainable long-term fiscal path.

The federal government's net costs were about \$7.4 trillion in fiscal year 2024.

### Fiscal Year 2024 Net Costs of U.S. Government Operations (\$7.4 Trillion)



Source: GAO analysis of data provided by Treasury. | GAO-25-107421

GAO found the following:

- Certain material weaknesses in internal control over financial reporting and other limitations resulted in conditions that prevented GAO from expressing an opinion on the accrual-based consolidated financial statements as of and for the fiscal years ended September 30, 2024, and 2023.

- Significant uncertainties, primarily related to the achievement of projected reductions in Medicare cost growth, prevented GAO from expressing an opinion on the sustainability financial statements, which consist of the 2024 and 2023 Statements of Long-Term Fiscal Projections; the 2024, 2023, 2022, 2021, and 2020 Statements of Social Insurance; and the 2024 and 2023 Statements of Changes in Social Insurance Amounts. A material weakness in internal control also prevented GAO from expressing an opinion on the 2024 and 2023 Statements of Long-Term Fiscal Projections.
- Material weaknesses resulted in ineffective internal control over financial reporting for fiscal year 2024.
- Material weaknesses and other scope limitations, discussed above, limited tests of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements for fiscal year 2024.

Three major impediments have continued to prevent GAO from rendering an opinion on the federal government's accrual-based consolidated financial statements: (1) serious financial management problems at the Department of Defense, (2) the federal government's inability to adequately account for intragovernmental activity and balances between federal entities, and (3) weaknesses in the federal government's process for preparing the consolidated financial statements. Efforts are under way to resolve these issues.

In addition, the Small Business Administration (SBA) and Department of Education were unable to obtain opinions on their fiscal years 2024 and 2023 financial statements because they could not adequately support their respective reported loans receivable and loan guarantees.

The material weaknesses underlying the three major impediments and the financial management challenges at SBA and Education (1) hamper the federal government's ability to reliably report a significant portion of its assets, liabilities, costs, and other related information; (2) affect the federal government's ability to reliably measure the full cost, as well as the financial and nonfinancial performance, of certain programs and activities; (3) impair the federal government's ability to adequately safeguard significant assets and properly record various transactions; and (4) hinder the federal government from having reliable, useful, and timely financial information to operate effectively and efficiently.

Two other continuing material weaknesses are the federal government's inability to (1) determine the full extent to which improper payments, including fraud, occur and reasonably assure that appropriate actions are taken to reduce them and (2) identify and resolve information system control deficiencies and manage information security risks on an ongoing basis. The fiscal year 2024 government-wide total of reported improper payment estimates was \$162 billion, but it did not include estimates for certain government programs. Twelve of the 24 agencies



covered by the Chief Financial Officers Act of 1990 reported material weaknesses or significant deficiencies in information system controls.

The Statement of Long-Term Fiscal Projections and related information show that based on current revenue and spending policies, the federal government continues to face an unsustainable long-term fiscal path. Since 2017, GAO has suggested that Congress develop a strategy to place the federal government on a sustainable fiscal path. It is vital that the United States remains in a strong economic position to meet its social and security needs, as well as to preserve flexibility to address unforeseen events such as an economic downturn or large-scale disaster.

In 2015, GAO first recommended Congress consider alternative approaches to the current debt limit process. In December 2024, GAO recommended that Congress consider immediately replacing the debt limit with an approach that links debt decisions to spending and revenue decisions at the time they are made. The current debt limit is a legal limit on the total amount of federal debt that can be outstanding at one time.

Last-minute negotiations on the debt limit can increase the risk of a default on government debt and other obligations. A default would disrupt financial markets, with immediate, potentially severe consequences for businesses and households. A default could also inflict long-lasting damage to the economy and could worsen the fiscal outlook.

In commenting on a draft of this report, Department of the Treasury and Office of Management and Budget (OMB) officials expressed their continuing commitment to addressing the problems this report outlines.

## **Why GAO Did This Study**

The Secretary of the Treasury, in coordination with the Director of OMB, is required to annually submit audited financial statements for the U.S. government to the President and Congress. GAO is required to audit these statements. The Government Management Reform Act of 1994 has required such reporting, covering the executive branch of government, beginning with financial statements prepared for fiscal year 1997. The consolidated financial statements include the legislative and judicial branches.

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