

# Timing of Annual Financial Disclosures by Issuers of Municipal Securities



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Municipal Securities Rulemaking Board

## OVERVIEW

This report is an update and expansion of the Municipal Securities Rulemaking Board's (MSRB) previous report on the timing of submission of financial disclosures by municipal securities issuers and obligated persons to the MSRB's Electronic Municipal Market Access (EMMA<sup>®</sup>) system. The previous report documented how many days after the end of an issuer's fiscal year that audited financial statements and annual financial information for that year were made available to the public.<sup>1</sup> This updated report also benchmarks the average timing of submission of the financial information against the timing by which issuers and obligated persons have agreed to provide their annual financial and operating disclosures under their continuing disclosure agreements. Additionally, the report breaks out the data on timing by certain key features of the bonds, including source of repayment and use of proceeds (sector).

The MSRB collects financial disclosure documents produced by issuers of municipal securities and makes them available to investors for free through the EMMA website. Between January 2010 and December 2016, the MSRB received approximately 211,000 audited financial statement submissions and over 170,000 annual financial information submissions.

These financial disclosures are contractually required to be provided to the MSRB by municipal issuers and obligated persons as contemplated by Rule 15c2-12 under the Securities Exchange Act of 1934 ("Rule 15c2-12"). Subject to certain exemptions set out in Rule 15c2-12, such contractual agreements exist for most municipal securities issued after July 3, 1995, although some issuers and obligated persons voluntarily provide continuing disclosures for older securities or for securities otherwise exempt from Rule 15c2-12.<sup>2</sup>

The data in this report related to the timing of continuing disclosures are divided into two categories in an attempt to normalize the effect of "catch-up" submissions (*i.e.*, those made more than 12 months after the end of a fiscal year) made by submitters to fill in earlier gaps in disclosures. Excluding these catch-up disclosures, the timing of audited financial statement submissions between 2010 and 2016 averaged 200 calendar days after the end of the applicable fiscal year. Since 2010, these averages have remained relatively stable with timing of submissions averaging between 196 days and 202 days.

The timing of submissions of annual financial information has also remained consistent since 2010, with submissions averaging between 186 and 189 days and an overall average of 188 calendar days after the end of the applicable fiscal year.

As expected, including all submissions, which includes delayed "catch-up" submissions for earlier years, the average number of days between the end of the reporting period and submission date for audited financial statements increased to an average of 349 calendar days between 2010 and 2016, while annual financial information submissions were made, on average, 276 calendar days after the end of the applicable fiscal year. The MSRB has noted a spike in these catch-up submissions in the wake of the Securities and Exchange Commission's (SEC) Municipalities Continuing Disclosure Cooperation (MCDC) Initiative, which encouraged issuers and underwriters to self-report and remedy materially inaccurate statements relating to prior compliance with the continuing disclosure obligations specified in Rule 15c2-12.

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<sup>1</sup> Submissions of audited financial statements or CAFRs (Comprehensive Annual Financial Reports) submissions are hereinafter referred to as "audited financial statements" and annual financial information and operating data submissions are hereinafter referred to as "annual financial information."

<sup>2</sup> The provisions of the rule relating to financial disclosures, and the exemptions provided for under the rule, are described in the MSRB Market Transparency Advisory Notice 2013-8 (August 12, 2013).

In February 2011, the MSRB began collecting information about the expected timing of certain continuing disclosures made by municipal bond issuers. Under MSRB Rule G-32, underwriters are required to submit the date each year by which issuers are expected to submit their annual financial information, including audited financial statements and annual financial information. For submissions with an associated continuing disclosure agreement (CDA) commitment date, the majority — over 60 percent — had a commitment date of 180 days (36 percent) or 270 days (25 percent) from the end of the issuer's fiscal year.

## METHODOLOGY

The data related to the timing of continuing disclosures used in this report were submitted by issuers and obligated persons as part of the MSRB's continuing disclosure submission process. With the submission of a financial disclosure document, the MSRB records the date the document was received from the submitter and posted on EMMA (document receipt date) as well as the end date for the reporting period associated with a particular disclosure document, as reported by the submitter. These dates were used to calculate the number of days a submitter took to submit a document after the end of the reporting period.<sup>3</sup> A document submission is counted in the month and calendar year in which such submission was made to EMMA. The data do not differentiate between issuers and other obligated persons, or among different types of issuers or obligated persons, but instead represent an aggregation of all submitters. In addition, the data rely on each submitter's categorization of the submission as either audited financial statements or annual financial information, and no attempt has been made to validate such categorization for purposes of this report.<sup>4</sup>

Submissions in which the document receipt date was before the reported end date for the disclosure time period were excluded from this report since these likely represent erroneous submissions of data by the submitter (e.g., the submitter reported the wrong fiscal year). Additionally, this report excludes disclosures submitted prior to 2010.

This report sets out below a series of tables and graphs providing statistical information between January 2010 and December 2016 regarding the submission of audited financial statements and annual financial information. The first set of statistics includes only those submissions that were made within one full calendar year of the end of the fiscal year for which such documents were submitted. This data set aims to better understand the timing of submissions without the potentially distortive effects of delayed catch-up disclosures.

Similar statistics on the full set of submissions regardless of how long after the end of a fiscal year a document relating to such fiscal year was submitted to EMMA are also provided.

The CDA commitment date is reported by underwriters as part of the MSRB Rule G-32 submission process. Submitters may provide the number of days or months after a specific end date of the issuer's or obligated person's fiscal year. The provided number of days was used to calculate the timing statistics in the CDA commitment section.

### SUBMISSIONS MADE WITHIN ONE-YEAR OF FISCAL YEAR

Since the MSRB became the official repository for continuing disclosures in 2009, most audited financial statements and annual financial information have been submitted, on average, within one year after the end of the preceding fiscal year. The statistics below include only those submissions that were made within one full calendar year of the end of the fiscal year for which such documents were submitted and excludes any delayed catch-up submissions of older documents, which may at times distort the average timing for submission of audited financial statements and annual financial information for submitters that submit such documents within, or reasonably close to (*i.e.*, within one full calendar year of the end of the fiscal year), the timeframes set out in their contractual agreements.

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<sup>3</sup> A simple average formula was used to calculate monthly and annual averages.

<sup>4</sup> The proper categorization of financial disclosures is discussed in the MSRB Market Transparency Advisory – Suggested Practices in Submitting of Financial Disclosures to EMMA, MSRB Notice 2013-18 (August 12, 2013).

However, it should be noted that not all submissions eliminated by the one-year screening necessarily represent catch-up submissions for earlier fiscal years but also likely include some normal-course submissions for the immediately preceding fiscal year that were made more than one year after the end of such fiscal year as discussed later in this report.

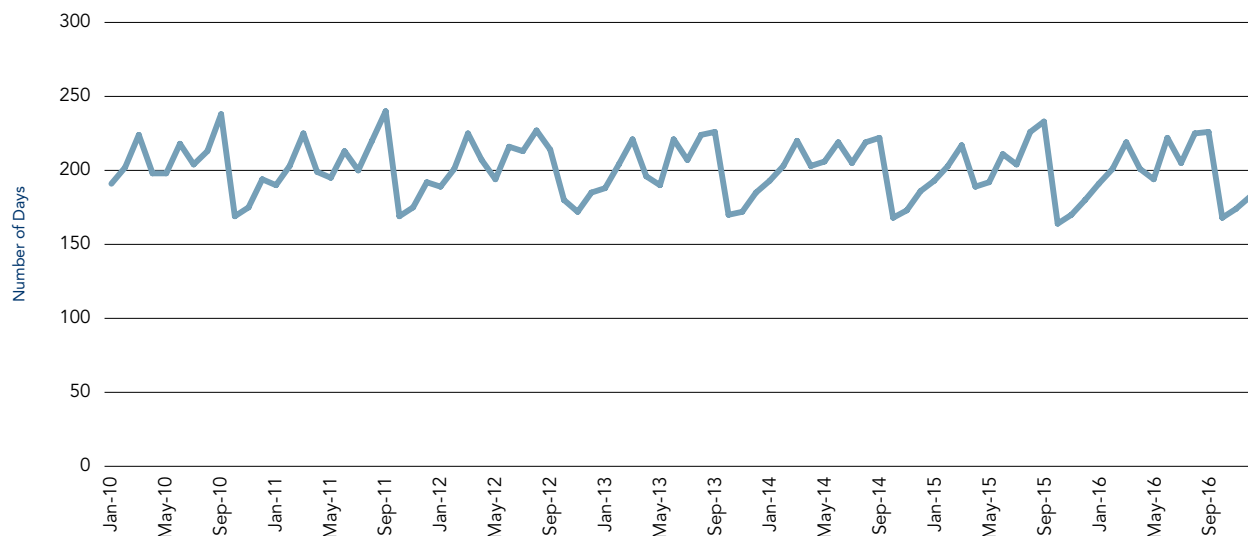
Figures 1A and 1B illustrate the average length of time between the end of the fiscal year and the date on which audited financial statements for such fiscal year were submitted to EMMA for those submissions made within one year after the end of the fiscal year.<sup>5</sup>

### FIGURES 1A AND 1B — AUDITED FINANCIAL STATEMENT SUBMISSIONS MADE WITHIN ONE YEAR OF FISCAL YEAR

Average Number of Days Between Document Receipt Date and End of Fiscal Year

Submission Date	2010	2011	2012	2013	2014	2015	2016
January	191	190	189	188	193	193	191
February	202	203	201	204	203	203	201
March	224	225	225	221	220	217	219
April	198	199	207	196	203	189	201
May	198	195	194	190	206	192	194
June	218	213	216	221	219	211	222
July	204	200	213	207	205	204	205
August	213	220	227	224	219	226	225
September	238	240	214	226	222	233	226
October	169	169	180	170	168	164	168
November	175	175	172	172	173	170	174
December	194	192	185	185	186	180	182
<b>Annual Average</b>	<b>202</b>	<b>202</b>	<b>201</b>	<b>199</b>	<b>200</b>	<b>196</b>	<b>199</b>

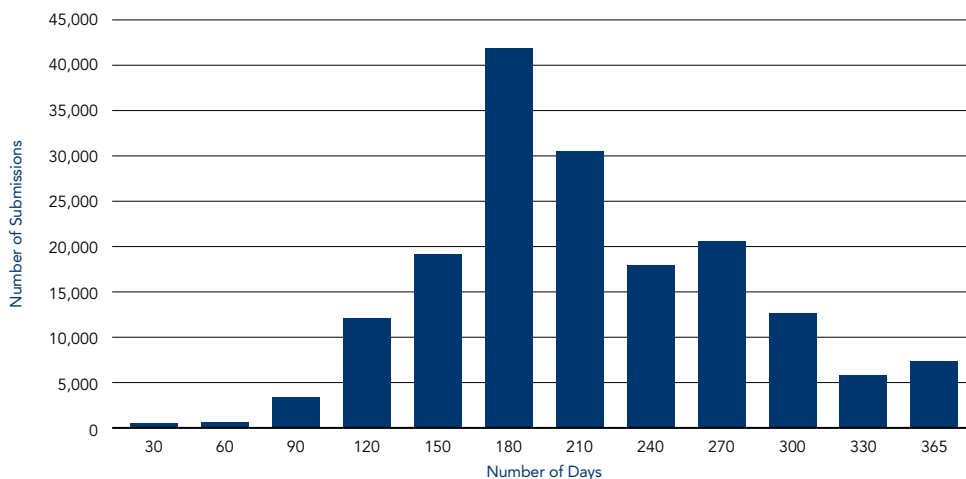
<sup>5</sup> These data exclude audited financial statement submissions between January 2010 and December 2016 in which the number of days between the date the MSRB received the document and the end of the fiscal year was higher than 365 (one year). As a result, 38,513 audited financial statement submissions were excluded from the full data set of approximately 211,000 audited financial statement submissions, constituting 18 percent of submissions to EMMA of audited financial statements. See Figure 4.



Between January 2010 and December 2016, the MSRB received nearly 211,000 audited financial statement submissions within one year from the end of the fiscal year, or 82 percent of all audited financial statement submissions, and the average number of days ranged from 196 days to 202 days. While the average number of days decreased to 196 days in 2015, the lowest level since 2010, the average number of days increased to 199 days in 2016. Since 2010, the month of October had the lowest average with 170 days, or about 5.5 months, while September had the highest average with 228 days, or just over 7 months.

Figure 1C illustrates the frequency of audited financial statement disclosures made within one year of the end of the fiscal year between 2010 and 2016. Nearly 42 percent of all audited financial statement disclosures were submitted between 150 and 210 days after the end of the fiscal year. Furthermore, only 2.6 percent of the disclosures were submitted in the first 90 days after the end of the fiscal year, and 15 percent were submitted after 270 days.

**FIGURE 1C — FREQUENCY OF AUDITED FINANCIAL STATEMENT SUBMISSIONS MADE WITHIN ONE YEAR OF FISCAL YEAR (2010 – 2016)**



When quantifying audited financial statement submissions for municipal issues by the source of repayment, revenue bonds had the lowest average number of days between the end of the fiscal year and the submission date with an overall average of 182 days, below the overall average of 200 days for all audited financial statement submissions. General obligation bonds averaged 208 days during the same period, about eight days longer than the overall average. Double barreled bonds<sup>6</sup> averaged 215 days. Figure 1D below illustrates the annual average length of time by source of repayment between 2010 and 2016.

**FIGURE 1D — AUDITED FINANCIAL STATEMENT SUBMISSIONS MADE WITHIN ONE YEAR OF FISCAL YEAR (2010 – 2016)**

Average Number of Days Between Document Receipt Date and End of Fiscal Year by Source of Repayment

	2010	2011	2012	2013	2014	2015	2016
General Obligation	219	211	212	206	203	201	201
Revenue	186	184	183	180	180	176	179
Double Barrel	221	218	213	211	214	209	213

When analyzing audited financial statements submitted based on purpose of proceeds, or sector, the overall average number of days between the receipt of the document and the end of the fiscal year for the sectors with the most audited financial disclosures was the lowest in the health and housing sectors with 143 and 153 days, respectively. Out of the main sectors analyzed, the general improvement sector had the highest average with 217 days, while the other main sectors included transportation with 185 days, utility with 192 days and tax-revenue with 206 days.

**FIGURES 1E — AUDITED FINANCIAL STATEMENT SUBMISSIONS MADE WITHIN ONE YEAR OF FISCAL YEAR (2010 – 2016)**

Average Number of Days Between Document Receipt Date and End of Fiscal Year by Purpose of Proceeds

	2010	2011	2012	2013	2014	2015	2016
Education	204	203	201	195	194	193	194
Health	157	137	150	139	136	146	138
Housing	153	156	155	158	152	144	146
Improvement	233	226	222	214	212	207	207
Tax-Revenue	216	213	205	208	206	201	204
Transportation	190	187	182	184	184	177	186
Utility	203	196	193	191	191	186	188
Various Purpose	221	209	220	217	205	208	209

Similar to audited financial statement submissions, focusing solely on annual financial disclosures that exclude submissions occurring more than one year after the end of the fiscal year caused the average number of days to remain relatively unchanged and within a much tighter range. The average period to submit annual financial information in the normal course between January 2010 and December 2016 was 188 days, or 12 days faster than audited financial information submissions.

<sup>6</sup> A bond secured by both a defined source of revenue and the full faith and credit or taxing power of an issuer.

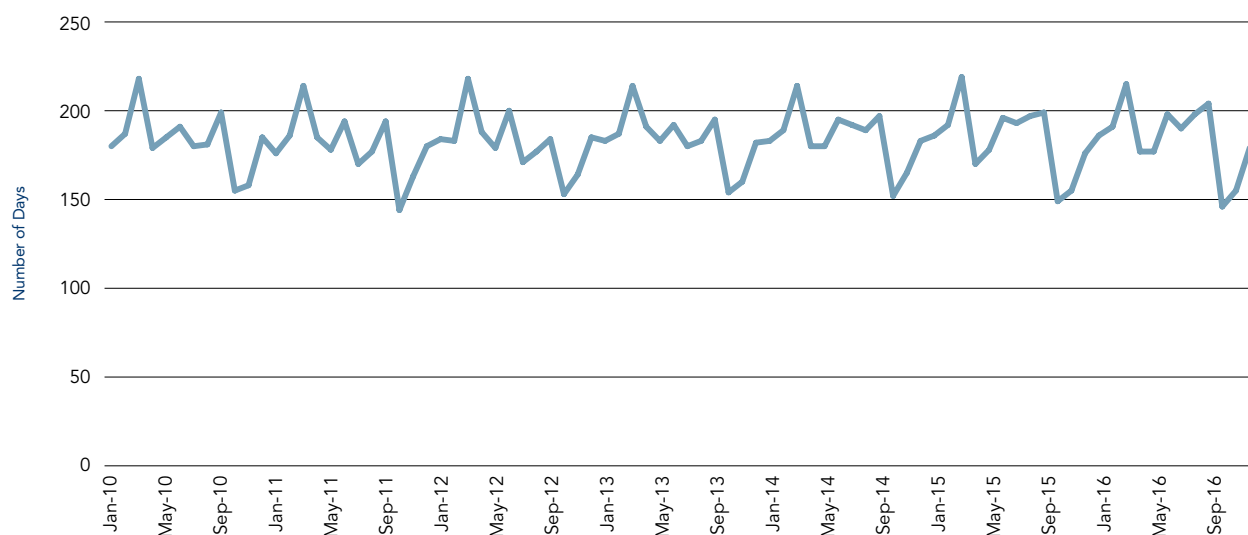
Also, analysis showed that in terms of source of repayment and sector, the timing of annual financial information submissions follows similar patterns as described in the audited financial statements section above.

Figures 2A and 2B set out the average length of time between the end of the fiscal year and the date on which annual financial information for such fiscal year was submitted to EMMA for those submissions made within one year after the end of the fiscal year.<sup>7</sup>

### FIGURES 2A AND 2B — ANNUAL FINANCIAL INFORMATION SUBMISSIONS MADE WITHIN ONE YEAR OF FISCAL YEAR

Average Number of Days Between Document Receipt Date and End of Fiscal Year

Submission Date	2010	2011	2012	2013	2014	2015	2016
January	180	176	184	183	183	186	186
February	187	186	183	187	189	192	191
March	218	214	218	214	214	219	215
April	179	185	188	191	180	170	177
May	185	178	179	183	180	178	177
June	191	194	200	192	195	196	198
July	180	170	171	180	192	193	190
August	181	177	177	183	189	197	198
September	199	194	184	195	197	199	204
October	155	144	153	154	152	149	146
November	158	163	164	160	165	155	155
December	185	180	185	182	183	176	179
<b>Annual Average</b>	<b>188</b>	<b>186</b>	<b>189</b>	<b>188</b>	<b>188</b>	<b>188</b>	<b>189</b>

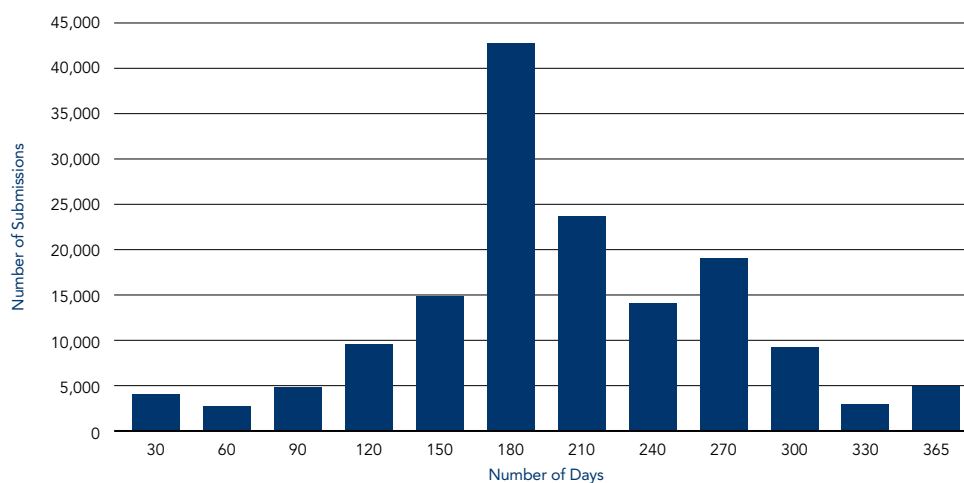


<sup>7</sup> These data exclude annual financial information submissions between January 2010 and December 2016 in which the number of days between the date the MSRB received the document and the end of the fiscal year was higher than 365 (one year). As a result, 17,524 annual financial information submissions were excluded from the full data set of approximately 170,000 annual financial information submissions, constituting 10 percent of submissions to EMMA of annual financial information. See Figure 4.



Figure 2C depicts the frequency distribution of annual financial submissions since 2010. Nearly 28 percent of disclosures were submitted between 150 and 180 days, with another 14 percent of the submissions occurring in the first 120 days and 11 percent occurring after 270 days.

**FIGURES 2C — FREQUENCY OF ANNUAL FINANCIAL INFORMATION SUBMISSIONS MADE WITHIN ONE YEAR OF FISCAL YEAR (2010 – 2016)**



Figures 2D and 2E illustrate the average number of days between the end of the fiscal year and the date on which annual financial information for such fiscal year was submitted to EMMA for those submissions made within one year after the end of the fiscal year.

**FIGURE 2D — ANNUAL FINANCIAL INFORMATION SUBMISSIONS MADE WITHIN ONE YEAR OF FISCAL YEAR (2010 – 2016)**

Average Number of Days Between Document Receipt Date and End of Fiscal Year by Source of Repayment

	2010	2011	2012	2013	2014	2015	2016
General Obligation	201	198	196	195	195	193	193
Revenue	176	181	181	181	179	176	179
Double Barrel	208	207	214	210	214	215	215

**FIGURE 2E — ANNUAL FINANCIAL INFORMATION SUBMISSIONS  
MADE WITHIN ONE YEAR OF FISCAL YEAR (2010 – 2016)**

Average Number of Days Between Document Receipt Date and End of Fiscal Year by Purpose of Proceeds

	2010	2011	2012	2013	2014	2015	2016
Education	186	184	182	181	179	182	182
Health	138	141	143	144	147	138	139
Housing	153	150	150	153	148	146	148
Improvement	220	213	217	213	209	202	201
Tax-Revenue	200	202	207	204	201	196	199
Transportation	197	198	194	184	173	179	181
Utility	201	202	201	196	200	195	195
Various Purpose	201	204	205	210	215	210	209

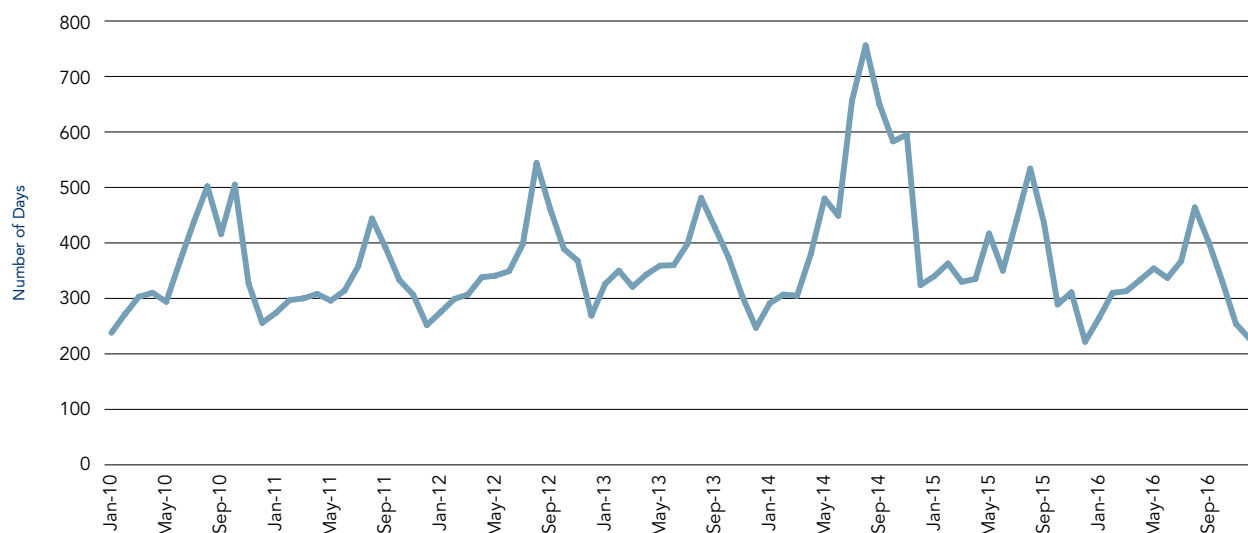
## FULL DATA SET OF SUBMISSIONS

Figures 3A and 3B set out the average length of time between the end of the fiscal year and the date on which audited financial statements for such fiscal year were submitted to and made publicly available on EMMA, including catch-up submissions made by a submitter to fill in earlier gaps in disclosures.

**FIGURES 3A AND 3B — AUDITED FINANCIAL STATEMENTS**

Average Number of Days Between Document Receipt Date and End of Fiscal Year

Submission Date	2010	2011	2012	2013	2014	2015	2016
January	238	274	275	326	291	340	264
February	272	297	299	350	307	363	310
March	303	300	307	321	305	330	313
April	310	308	338	343	380	335	333
May	294	296	341	359	480	417	354
June	367	314	349	360	449	350	337
July	437	358	398	398	656	441	367
August	502	444	544	481	756	534	464
September	416	391	461	428	650	436	402
October	505	333	389	374	583	289	331
November	327	307	368	304	595	311	254
December	256	252	269	247	324	222	227
<b>Annual Average</b>	<b>329</b>	<b>307</b>	<b>340</b>	<b>342</b>	<b>447</b>	<b>339</b>	<b>311</b>



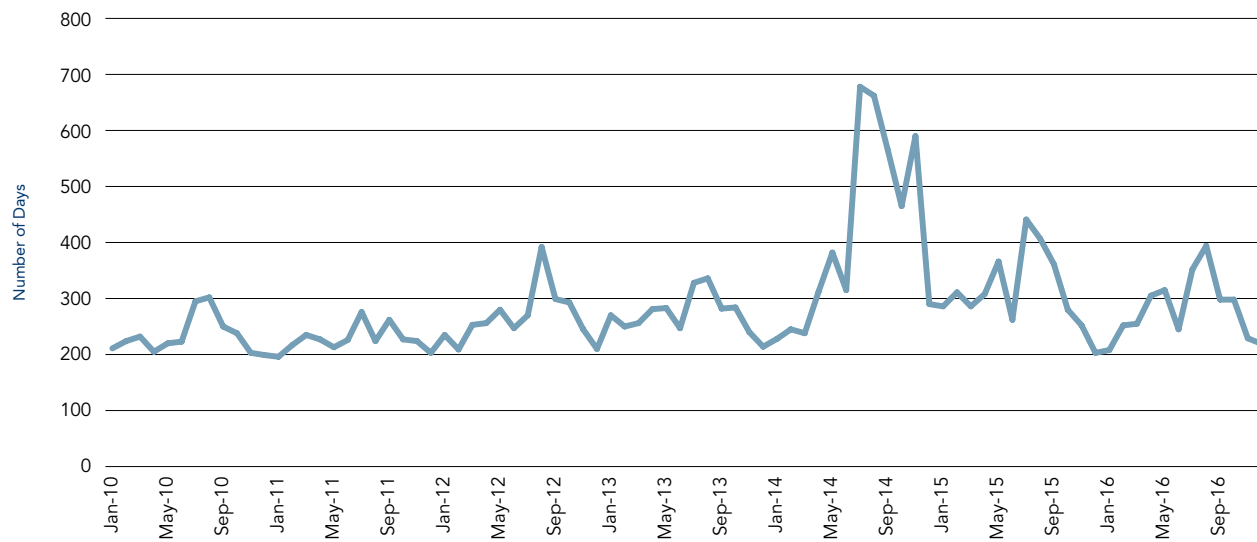
The annual average length of time between the end of the fiscal year and the date on which audited financial statements were submitted to EMMA was 349 days between 2010 and 2016, sharply above the average of 200 days for submissions made within one year of fiscal year. The annual average number of days spiked in 2014 to 447 days, coinciding with a significant increase in the number of audited financial statement submissions in the second half of the year likely due to issuers and underwriters participating in the SEC's MCDC Initiative. The initiative was announced in March 2014 and provided issuers and underwriters the opportunity to self-report materially inaccurate statements relating to prior compliance with the continuing disclosure obligations specified in Rule 15c2-12. The average length of time returned to more typical levels in 2015 and 2016.

Figures 3C and 3D set out the average length of time between the end of the fiscal year and the date on which annual financial information for such fiscal year was submitted to and made publicly available on EMMA, regardless of how long after the end of the fiscal year such annual financial information was submitted.

**FIGURES 3C AND 3D — ANNUAL FINANCIAL INFORMATION**

Average Number of Days Between Document Receipt Date and End of Fiscal Year

Submission Date	2010	2011	2012	2013	2014	2015	2016
January	211	196	235	270	228	286	208
February	224	217	209	250	245	311	252
March	232	235	253	256	238	286	255
April	205	227	256	281	312	308	305
May	220	213	280	283	382	366	315
June	223	226	247	247	315	262	245
July	295	276	270	328	678	441	352
August	302	224	392	336	662	407	394
September	250	262	299	282	565	361	298
October	238	227	293	284	465	280	298
November	203	224	245	240	590	252	229
December	199	203	210	214	290	203	219
<b>Annual Average</b>	<b>223</b>	<b>223</b>	<b>251</b>	<b>260</b>	<b>373</b>	<b>289</b>	<b>260</b>



The annual average length of time between the end of the fiscal year and the date on which annual financial information for such fiscal year was submitted to EMMA also spiked in 2014, averaging 373 days compared to the overall average of 275 days between 2010 and 2016. As previously noted for audited financial statements, the increase in the average number of days for annual financial statements coincides with a significant increase in the number of annual submissions in the second half of the year due to issuers and underwriters participating in the SEC's MCDC Initiative.

**FIGURE 4 — PERCENTAGE OF CATCH-UP AUDITED FINANCIAL STATEMENT AND ANNUAL FINANCIAL INFORMATION SUBMISSIONS INCLUDED IN FULL DATA SET FOR EACH CALENDAR YEAR (2010 – 2016)**

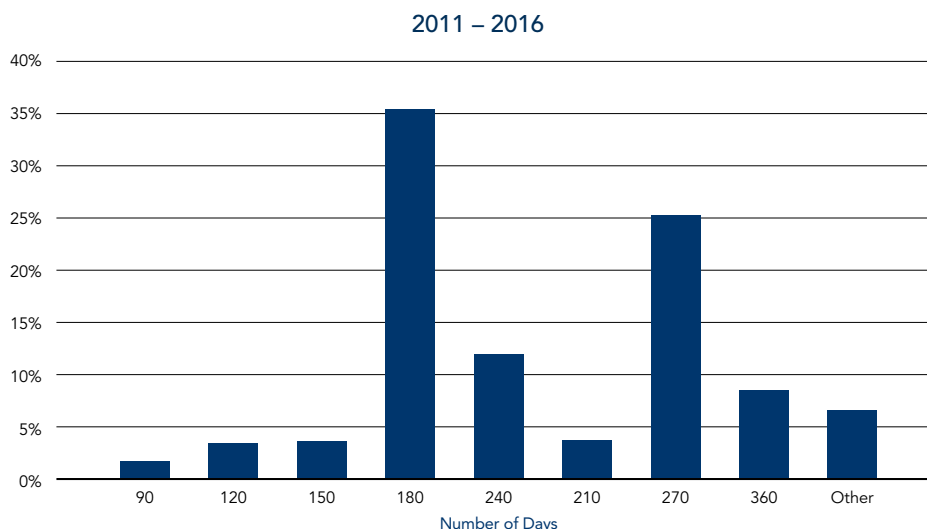
	2010	2011	2012	2013	2014	2015	2016
Audited Financial	17%	16%	19%	19%	26%	16%	14%
Annual Financial	6%	7%	9%	9%	18%	11%	7%

The rate of catch-up submissions for audited financial statements ranged from a high of 26 percent in 2014, likely due to the SEC's MCDC Initiative, to a low of 14 percent in 2016. For annual financial disclosures, the rate of catch-up submission ranged from 6 percent in 2010 to 18 percent in 2014.

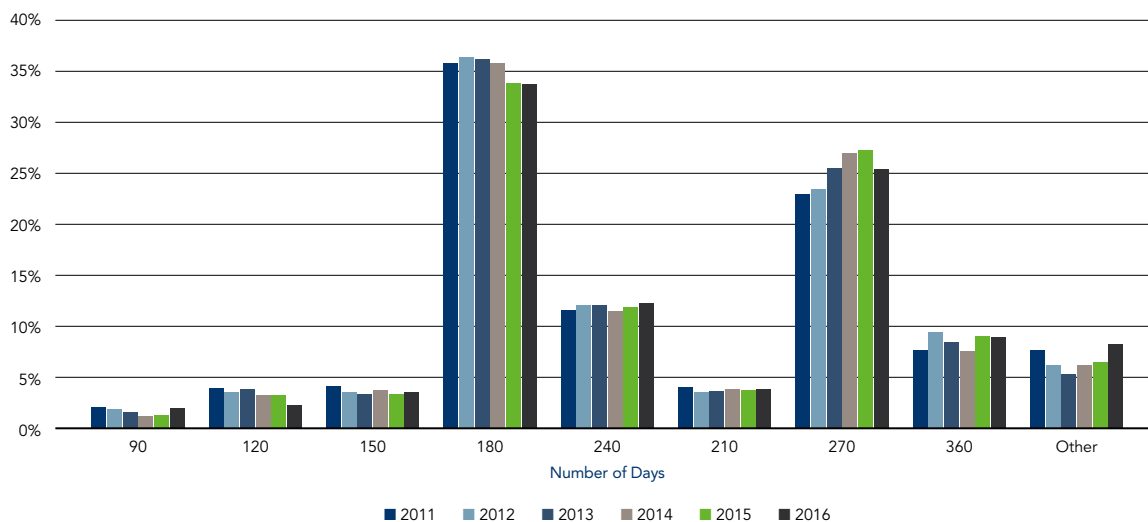
## CONTINUING DISCLOSURE AGREEMENT (CDA) COMMITMENTS

Figure 5A illustrates the most common CDA commitment periods for issuers and obligated persons to make continuing disclosures following the end of the fiscal year between 2011 and 2016, while figure 5B recasts the same data on an annual basis.

**FIGURE 5A — AUDITED FINANCIAL STATEMENT AND ANNUAL FINANCIAL INFORMATION CONTINUING DISCLOSURE AGREEMENT COMMITMENTS**



**FIGURE 5B — AUDITED FINANCIAL STATEMENT AND ANNUAL FINANCIAL INFORMATION CONTINUING DISCLOSURE AGREEMENT COMMITMENTS BY YEAR**  
2011 – 2016



As noted before, for audited and annual financial statement submissions with an associated CDA commitment date, commitments of 180 days accounted for the majority of commitments, or 35 percent, while 25 percent had a commitment of 270 days and another 12 percent had a commitment of 210 days. The remaining submissions with different associated CDA commitment dates are illustrated in Figure 5A.

Figure 5B shows that on an annual basis, CDA commitments of 180 days — the most common — have generally decreased over the last several years, while commitments of 270 days have generally increased over the same period.

## About the MSRB

The MSRB protects investors, state and local governments and other municipal entities, and the public interest by promoting a fair and efficient municipal securities market. The MSRB fulfills this mission by regulating the municipal securities firms, banks and municipal advisors that engage in municipal securities and advisory activities. To further protect market participants, the MSRB provides market transparency through its [Electronic Municipal Market Access \(EMMA®\) website](#), the official repository for information on all municipal bonds. The MSRB also serves as an objective resource on the municipal market, conducts extensive education and outreach to market stakeholders, and provides market leadership on key issues. The MSRB is a Congressionally-chartered, self-regulatory organization governed by a 21-member board of directors that has a majority of public members, in addition to representatives of regulated entities. The MSRB is subject to oversight by the Securities and Exchange Commission.

## About EMMA®

The MSRB's EMMA website, at [emma.msrb.org](http://emma.msrb.org), is the official online repository for information on virtually all municipal securities. EMMA provides free public access to official disclosures, trade data, credit ratings and other information about the municipal securities market. The EMMA website was established to increase transparency and provide access to vital disclosure and information in the municipal securities market.

EMMA houses municipal disclosure documents including offering documents, called official statements, for most new offerings of municipal bonds, notes, 529 college savings plans, Achieving a Better Life (ABLE) programs and other municipal securities issued since 1990. EMMA also provides access to advance refunding documents, which detail arrangements made when new bonds are issued to establish escrows to pay off existing bonds (usually to refinance their debt at a lower interest rate). Ongoing disclosures about municipal bonds throughout the life of the bonds also are available on EMMA.

These continuing disclosures, which include annual financial statements and notices of material events, reflect the financial or operating condition of the issuer and events that can affect the ability of an issuer to repay its bonds and the value of the bond, among other things. Current municipal securities credit ratings from Kroll Bond Ratings, Fitch Ratings, Moody's and Standard & Poor's also are provided on EMMA.

EMMA disseminates market transparency data, which includes real-time prices and yields at which bonds and notes are bought and sold, for most trades occurring on or after January 31, 2005. Interest rates for municipal securities, including those for auction rate securities and variable rate demand obligations, are available on EMMA as well. A market statistics section on EMMA provides a summary of municipal securities transaction activity since 2006.

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