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## **Chronically Late Municipal Bond Audits Further Delayed in FY 2018.**

Every year since 2007, Merritt Research Services<sup>1</sup> (Merritt Research) reports the time it takes for municipal bond borrowers to complete their annual financial audits. The results of the study consistently show slower reporting relative to industry standards of the securities markets. By now, it has been well documented that most municipal audits lag the corporate standard of 60 days by a range of three to six more months.

Slower audit turnaround times increase the likelihood that analysts will miss signals that may adversely affect municipal bond pricing and catch investors or other stakeholders off guard. In short, the useful value of the audits will become either stale or diminished, or potentially not useful at all. That concern is aggravated by the fact that the Merritt Research study evidenced that weaker borrowers generally experience longer delays than better quality credits to complete their audits.

This year's findings are particularly disappointing. Despite a decade of placing a spotlight on the problem<sup>2</sup>, audit reporting took another step down to tie the slowest median audit time recorded over the past eleven years.

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