



The Investor's Guide to Financial and Operating Data Disclosures

ABOUT FINANCIAL AND OPERATING DATA DISCLOSURES

Financial and operating disclosures from issuers of municipal securities consists of important financial information and operating data about an issuer and/or other entity that may be obligated to repay investors in the securities, frequently referred to as an obligated person. This information is typically provided in the issuer's official statement when the municipal securities are first issued, and on an ongoing basis as continuing disclosures throughout the life of the security. Financial disclosures provide a snapshot of the issuer or obligated persons' financial and operating condition at a specified point in time, and taken together can indicate how that condition is evolving over time.

An evaluation of financial disclosure information can assist investors in making informed decisions with respect to their municipal securities portfolios.

An evaluation of financial information and operating data can assist investors in making informed decisions with respect to their municipal securities portfolios, including determinations about whether to buy, hold or sell a municipal security. This guide assists investors in:

- Understanding the different types of financial and operating disclosures
- Determining the availability of these disclosures for municipal securities
- Locating financial and operating disclosures

Understanding Types of Financial and Operating Disclosures

Depending on the type of municipal securities offering, issuers or obligated persons may disclose: annual financial information, audited financial statements, customary financial information and failure to file notices. Generally, these

disclosures will be submitted by the issuer of or obligated person on the municipal securities to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA[®]) system. While this document provides brief generalized descriptions of these disclosures, investors should review the terms of the continuing disclosure agreement for their securities (typically included or summarized in the official statement) to determine the specific types and content of financial and other disclosures that the issuer or obligated person has contractually committed to provide. They also should check EMMA to locate any additional types of financial/operating disclosures the issuer/obligated person filed

Annual Financial Information

Annual financial information normally consists of audited financial statements (or, in many cases, annual comprehensive financial reports or ACFRs) and additional



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quantitative data such as financial information and/or operating data included within text, tables, charts or other materials describing financial and/or operational matters presented in the official statement.

TIP! *Look for an attachment to the official statement, titled “continuing disclosure agreement,” or a summary of the agreement within the official statement, to locate the date by which such information must be provided annually.*

Audited Financial Statements

Audited financial statements have been examined by an independent auditor charged with providing a professional opinion on the statements. Audited financial statements for the issuer or obligated person may sometimes be submitted separately from the annual financial information provided to EMMA. This generally occurs if the audited financial statements were not included in the official statement but are nonetheless prepared for the issuer.

TIP! *Some state and local governmental issuers prepare an annual comprehensive financial report (ACFR) that includes basic audited financial statements as well as a substantial amount of other financial information and management discussion and analysis. If available, these ACFRs may provide the best way for investors to get a better understanding of the issuer’s financial position.*

Customary Financial Information

For certain types of small issuers, customary financial information prepared by the issuer or obligated person in the normal course of business may be submitted in lieu of standard annual financial information and/or audited financial statements if neither the issuer nor any obligated person has more than \$10 million of municipal securities outstanding, including the current offering.

TIP! *Investors should review the security’s official statement or consult with their broker to determine whether this exemption, often called the small issuer exemption, applies to their securities.*

Failure to File Notice

A failure to file notice indicates that any annual financial information that must be filed under the continuing disclosure agreement has not been filed on or will not be filed before the deadline specified in the agreement. In some cases, the notice may include information describing the nature and/or cause of the failure to meet the contractual deadline for submitting annual financial information, and indicate the approximate timeframe for when the complete annual financial information will be submitted to EMMA.

TIP! *A failure to file notice does not excuse the issuer or obligated person from filing the applicable document once it becomes available. Investors may wish to check EMMA after the missed deadline to see if the document has since been posted.*

MSRB RESOURCES

- Read more about [official statements](#).
- Read more continuing disclosures in the [MSRB Education Center](#).



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Determining the Availability of Financial and Operating Disclosures for Municipal Securities

The two best ways for investors to determine whether these disclosures are expected to be on EMMA for a particular municipal security:

- Review the official statement on EMMA.

TIP! *Review the continuing disclosure agreement, often attached to the official statement, or the summary of the key provisions of this document in the official statement to determine what disclosures the issuer or obligated person has agreed to provide.*

- Locate the security on EMMA to determine whether the underwriter of the security has indicated that the issuer or obligated person has agreed to provide continuing disclosures.

TIP! *If the underwriter has reported this information to EMMA — a requirement since February 2011 — this statement will be listed under the Continuing Disclosure tab for the security.*

Locating Financial and Operating Disclosures

These disclosures are posted to, and made publicly available to investors free of charge on, EMMA at emma.msrb.org. These documents may be accessed on the Continuing Disclosure tab for a security on EMMA. Investors may search for a specified security with the use of the Quick Search and Advanced Search functions on EMMA.

TIP! *Eliminate the need to conduct the same search or continually check the EMMA website for newly posted financial disclosure documents by setting up MyEMMA alerts which will automatically notify a subscriber when new disclosure documents are posted for selected securities.*

MSRB RESOURCES

- [Watch a video about using EMMA.](#)

MSRB RESOURCES

- [Learn more about the information available on EMMA.](#)
- [Sign up for and manage MyEMMA alerts.](#)
- [Learn more about MyEMMA and its ability to help you evaluate municipal securities and monitor municipal security investments in the EMMA Introductory Guide for Investors.](#)

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