The Lone Star Shines Bright: How Texas Found the Carrot (or the Stick?) to Improve Cities' Audit Times

Audit Year 2024

Deborah A. Carroll, Ph.D.
Director, UIC Government Finance Research Center

Richard A. Ciccarone
President Emeritus, Merritt Research Services, an Investortools company

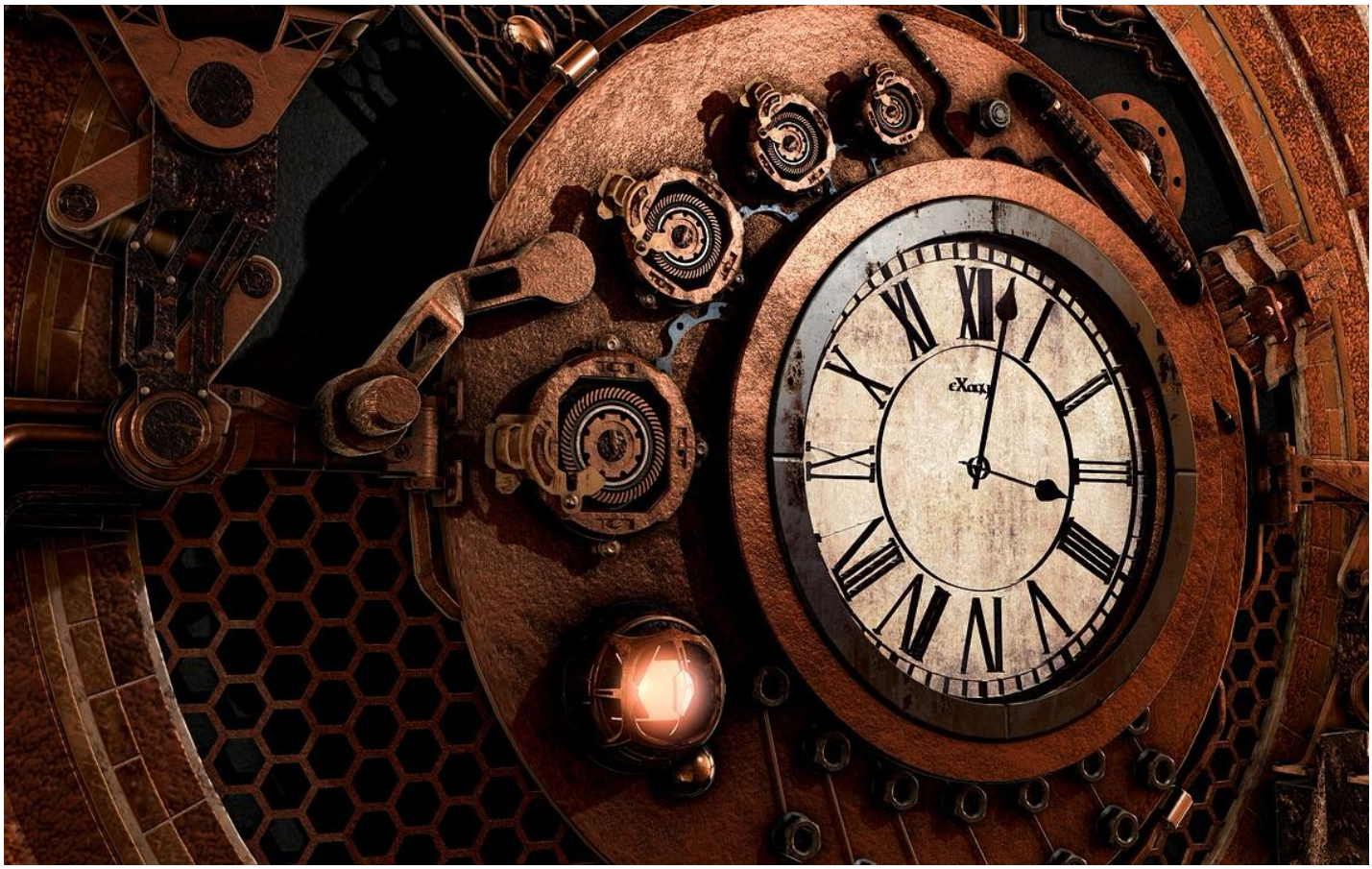
June 2025

UIC UNIVERSITY OF ILLINOIS CHICAGO
Government Finance Research Center

Merritt BY INVESTORTOOLS

SUMMARY OF MAIN FINDINGS

- The median audit time for all municipal bond sectors increased 10.7% over time, from 150 days in 2013 to 166 days in 2024, worsening by 16 days. However, issuers in all governmental bond sectors and the revenue bond sectors except for private higher education and toll roads decreased their median audit times from 2023 to 2024, signaling widespread positive trends despite the perceived auditor shortage.
- During the Covid-19 pandemic and its aftermath (2020-2024), 54% of community colleges and 45% of hospitals and healthcare system issuers improved their audit timing by at least one day between 2020 and 2024, while 66% of wholesale electric and 60% of public higher education issuers worsened their audit times. Among governmental bond sector issuers, 54% of counties and 52% of school districts improved their audit times, while 55% of states and territories, 55% of dedicated tax issuers, and 54% of cities worsened their audit times.
- For fiscal year 2024, 84% of wholesale electric issuers completed their audits within 180 days, performing the best within the revenue bond sectors, while only 44% of water and sewer issuers completed audits within 180 days as the worst performing sector. In the governmental bond sectors, school districts performed best, with 64% completing within 180 days, while dedicated tax issuers performed worst, with 29% completing audits within 180 days. There were 11 of 56 states and territories (20%) that took longer than 360 days or have yet to complete their 2024 fiscal year audits.
- In response to Texas' Senate Bill 1851, 48 of 99 municipalities that exceeded the 180-day filing requirement in fiscal year 2024 already completed their 2025 audits, with every single one improving their audit time, and all but one city completed within 180 days. Odessa improved its audit time most, by 315 days in just one year.



RESEARCH BRIEF

1.0. Introduction

Audit timeliness (or lack thereof) is a persistent problem among many municipal bond issuers that was exacerbated by the Covid-19 pandemic. Corporate bond issuers, who are regulated by the U.S. Securities and Exchange Commission by corporation size, have median audit times averaging 60 to 90 days between their fiscal year-end and the date of the Independent Auditor's signature. However, municipal bond issuers generally take two to three times longer—more than 180 days on average—to complete their audits.

Numerous stakeholders ranging from bond investors to government watchdogs to regulators have been regularly calling for faster audit times from municipal bond issuers. Timeliness in audit reporting is critical for credit evaluation and proper pricing in the municipal bond market. It provides an important indicator of good governance and stewardship. Therefore, auditing serves a more important and broader purpose than simply revealing potential fraud or malfeasance.

In the pursuit of reporting to encourage timely transparency, Merritt Research Services, an Investortools Company has provided information since 2007 on the time it takes for municipal bond-related audits to be completed and signed after the fiscal year ends. In 2022, Merritt Research Services partnered with the Government Finance Research Center at the University of Illinois Chicago to continue providing this important annual reporting and analysis.

Similar to the endpoint used by the Municipal Securities Rulemaking Board (MSRB) for their audit time calculations, we define audit time as the number of days between the end of the fiscal year to the date of audit signing, regardless of its posting date in the Electronic Municipal Market Access (EMMA). For analysis, we exclude from recognizing as best audit time performers those municipal bond issuers with financial statements that do not comply with Generally Accepted Accounting Principles (GAAP). For purposes of comparison, we group credit sectors into those that issue revenue bonds versus governmental bonds, while recognizing that revenue bonds also apply to governmental issuers in our analysis.

In this year's report, we first offer an overview of audit time trends between 2013 and 2024. We then examine audit time performance changes between 2020 and 2024 to evaluate audit timing recovery from disruptions caused by the Covid-19 pandemic. Next, we highlight the timeliest audits for the 2024 fiscal year, grouped by credit sector, from over 16,000 municipal bond audits in the Merritt Research Services database found in CreditScope.[1] Finally, we use this year's report to highlight the efforts of Texas to markedly improve audit timeliness among cities through new legislation that other states could replicate.

In 2025, Texas Senate Bill 1851 was implemented as an enforcement mechanism to ensure compliance with audit filing requirements by creating a tax penalty for late filers. Specifically, if a city fails to file its audit within 180 days after its fiscal year-end, the municipality is prevented from adopting tax rates that increase property tax revenue above the prior year. As a result, we found 48 Texas cities that improved their audit times from 2024 to the 2025 fiscal year. Since property taxes are generally the most stable form of revenue and comprise the largest portion of financing for cities across the U.S., we wonder if Texas found the carrot, or the stick, to improve audit timeliness among the second largest (to school districts) sector of governmental bond issuers.

[1] The number of issuers with audited financial statements submitted to the Merritt Research Services database varies from year to year. In addition, our sample size increased this year, because the minimum population size for governmental bond issuers was lowered to 10,000 compared to the previous minimum population threshold of 15,000.

2.0. Historical Trends

2.1. Revenue Bond Sectors 2013–2024

Table 1 shows the median audit times (in days) of select revenue bond sectors compared to all municipal bond sectors combined (both revenue and governmental bond issuers) for each year 2013–2024. These historical trends are also illustrated in Figures 1 and 2. The life care sector (e.g., continuing care retirement communities) is excluded from Figure 1 due to the lack of historical data for the full time period.

According to Table 1, the median audit time for all revenue and governmental bond sectors combined (see last column) increased 10.7% over time, from 150 days in 2013 to 166 days in 2024, worsening by 16 days. During this time, issuers in every revenue bond sector increased their median audit times, except for issuers in wholesale electric who improved by 2 days and life care who improved by 1 day since the sector was first reported in 2022. Issuers in private higher education increased their median audit times the most, by 12.3% or 14 days, between 2013 and 2024. The water and sewer sector increased the second most during this time, by 10.3% or 16 days, which is just slightly below the rate of increase for both the revenue and governmental bond sectors combined. The remaining sectors increased their median audit times by less than 10%, ranging from public higher education increasing 9.6% or 13 days, to hospitals and healthcare systems increasing by only 2.7% or 3 days.

It should be noted, however, all revenue bond sectors except for private higher education increased their median audit times by less than the 10.7% combined increase, suggesting governmental bond sectors (reported in Table 2) are worsening their audit times more by comparison. Further, issuers in all revenue bond sectors except for private higher education and toll roads decreased their median audit times most recently, from 2023 to 2024, signaling the most widespread positive trends since the Covid-19 pandemic-related spikes in audit timing and despite the perceived auditor shortage. The retail electric sector improved its audit timeliness the most, by 3.6% or 6 days between 2023 and 2024, followed by airports at 3% or 5 days over the prior fiscal year.

Table 1. Median Audit Times (in Days) by Municipal Revenue Bond Sectors, 2013-2024

	Health & Higher Education Sectors					Transportation & Utility Sectors					
Years	Hospitals & Healthcare Systems	Life Care	Community Colleges	Private Higher Education	Public Higher Education	Airports	Retail Electric	Toll Roads	Water & Sewer	Wholesale Electric	All Revenue & Governmental Bond Sectors
2013	112	--	144	114	136	150	140	123	155	102	150
2014	112	--	140	114	130	144	139	123	154	100	149
2015	112	--	146	115	147	160	148	128	161	105	158
2016	111	--	141	116	144	154	145	125	161	102	157
2017	111	--	143	115	135	155	145	120	163	99	157
2018	114	--	149	116	142	158	150	123	164	100	160
2019	115	--	149	118	142	159	149	121	165	94	162
2020	118	--	162	121	148	162	153	135	168	97	170
2021	118	--	160	121	154	163	152	127	170	101	171
2022	118	117	160	125	154	167	159	133	173	104	172
2023	118	117	157	124	152	166	153	128	172	103	171
2024	115	116	156	128	149	161	147	130	171	100	166

Note: The number of audits varies from year to year. Median audit times for 2024 reflect 6,532 municipal revenue bond audits across the individual sectors shown out of 16,705 total revenue and governmental bond audits across all sectors (shown in the last column).
Source: Merritt Research Services, an Investortools Company. Data compiled and reported from annual comprehensive audited financial reports available on April 29, 2026.

Figure 1 illustrates median audit times for municipal revenue bond issuers in the health and higher education sectors between 2013 and 2024. As can be seen, these issuers maintain faster audit times than issuers in all

revenue and governmental bond sectors combined (represented by the bolder black line). Within the health and higher education sectors, median audit times ranged from the fastest of 112 days for hospitals and healthcare systems in 2013 to the slowest of 162 days for community colleges in 2020. Further, the trendlines in Figure 1 for public higher education and hospitals and healthcare systems show downward turns between 2023 and 2024, illuminating recent improvements in median audit times for these sectors.

Figure 1. Median Audit Times (in Days) by Municipal Revenue Bond Health & Higher Education Sectors, 2013-2024

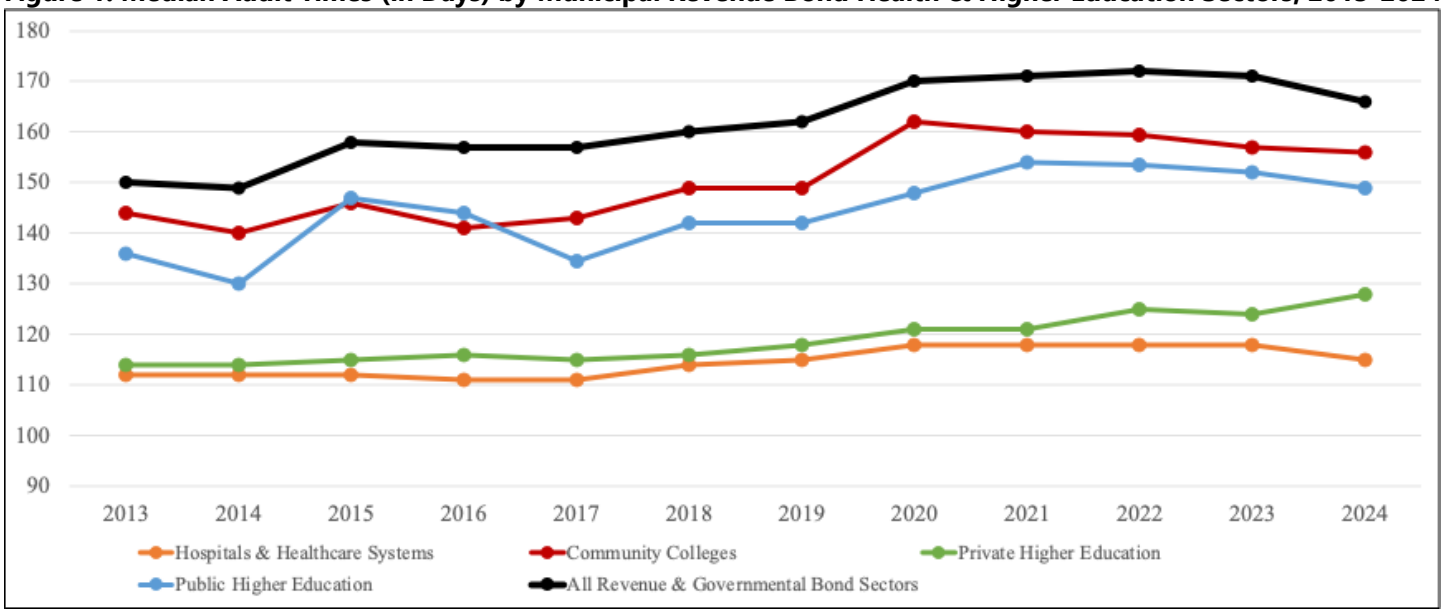
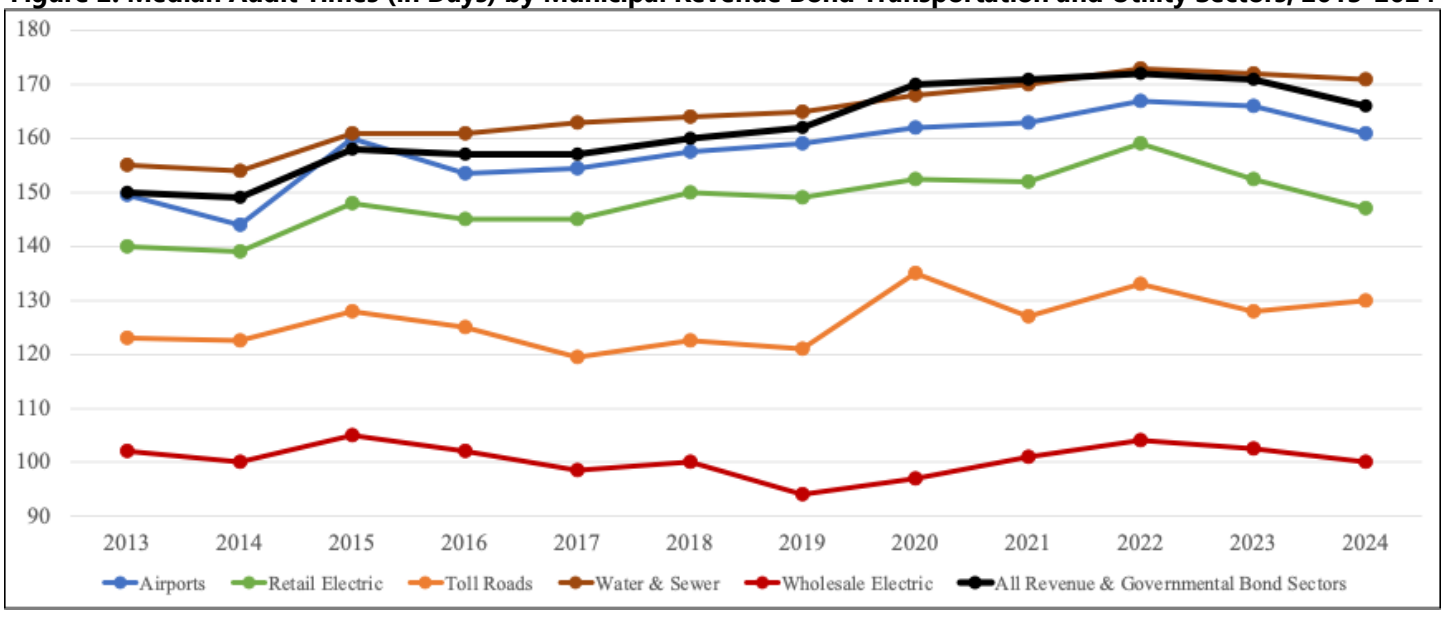


Figure 2 illustrates median audit times for municipal revenue bond issuers in the transportation and utility sectors between 2013 and 2024. Issuers in the wholesale electric, toll roads, retail electric, and airport (except for 2015) sectors maintain faster audit times than issuers in all revenue and governmental bond sectors combined (represented by the bolder black line). On the other hand, issuers in the water and sewer sector have slower audit times nearly every year, with median audit times jumping over 170 days during the Covid-19 pandemic and remaining each year since 2021.

Figure 2. Median Audit Times (in Days) by Municipal Revenue Bond Transportation and Utility Sectors, 2013-2024



Within the transportation and utility sectors, median audit times ranged from the fastest of 94 days in the wholesale electric sector in 2019 to the slowest of 173 days for the water and sewer sector in 2022. Noticeably better than the health and higher education sectors, however, all trendlines in Figure 2 except for the toll road sector show a downward turn between 2023 and 2024, highlighting recent improvements in median audit times within these sectors as well.

2.2. Governmental Bond Sectors 2013–2024

Table 2 shows the median audit times (in days) of each governmental bond sector compared to all municipal bond sectors combined (both revenue and governmental bond issuers) for each year 2013–2024. As can be seen, issuers in the governmental bond sectors generally maintain much slower median audit times at 178 days, on average, with a worsening of median audit times for every governmental bond sector between 2013 and 2024. The good news, however, is that median audit times for each sector recently improved between 2023 and 2024, perhaps suggesting recovery from disruptions caused by the Covid-19 pandemic despite recent concerns about the scarcity of certified public accountants available for conducting audits.

Table 2. Median Audit Times (in Days) by Municipal Governmental Bond Sectors, 2013-2024

Years	Cities	Counties	Dedicated Tax	School Districts	States & Territories	All Governmental & Revenue Bond Sectors
2013	171	180	166	149	176	150
2014	171	181	165	147	176	149
2015	175	183	171	155	184	158
2016	173	181	167	154	176	157
2017	174	180	167	153	175	157
2018	175	181	166	159	174	160
2019	178	205	170	157	173	162
2020	181	213	171	171	187	170
2021	182	212	175	172	205	171
2022	191	215	173	167	209	172
2023	182	214	174	166	203	171
2024	180	198	172	163	201	166

Note: The number of audits varies from year to year. Median audit times for 2024 reflect 10,173 municipal governmental bond audits across the individual sectors shown out of 16,705 total revenue and governmental bond audits across all sectors (shown in the last column).
Source: Merritt Research Services, an Investortools Company. Data compiled and reported from annual comprehensive audited financial reports available on April 29, 2026.

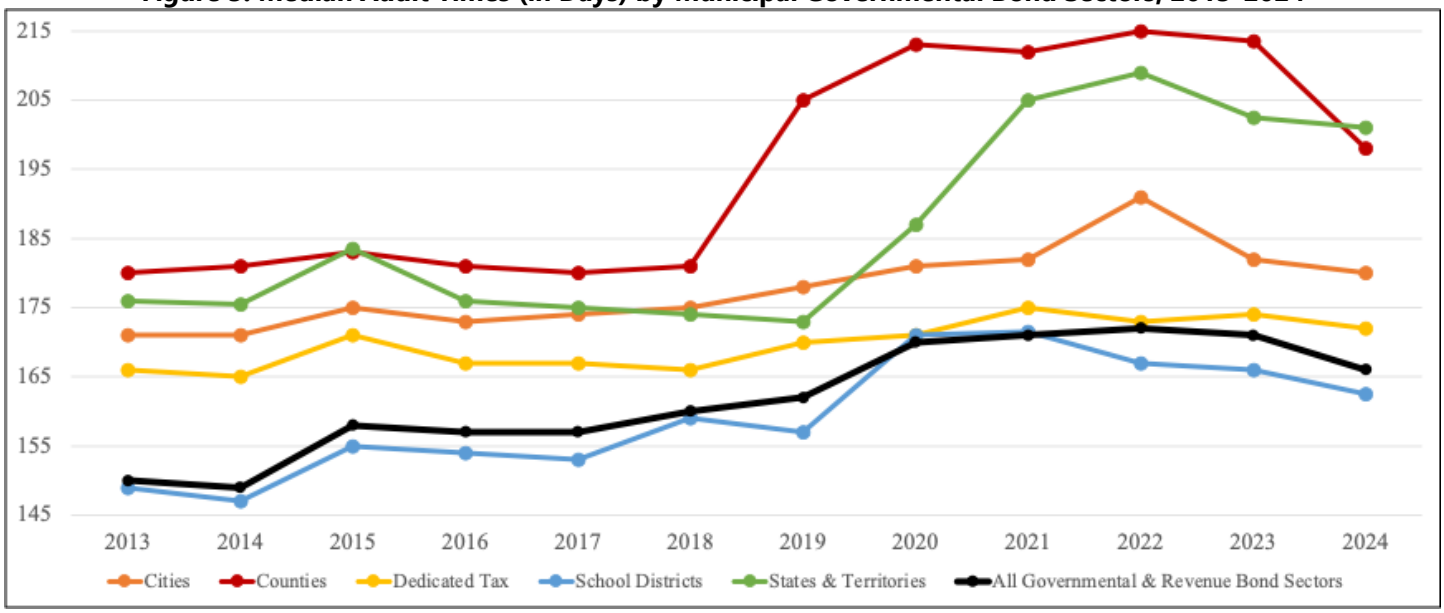
Figure 3 shows that school districts maintained faster audit times than all revenue and governmental bond sectors combined (represented by the bolder black line) except for the Covid-related years of 2020 and 2021. In fact, school districts had the fastest median audit time among the governmental bond sectors at 147 days in 2014, which peaked at 172 days in 2021 and has consistently improved since.

Aside from this sector, median audit times ranged from the fastest of 165 days for the dedicated tax sector in 2014 to the slowest of 215 days by counties in 2022. Counties perform worst, with median audit times never falling below 180 days and exceeding 200 days each year between 2019 and 2023. States and territories are the second worst sector in audit timeliness with median audit times ranging from the fastest of 173 days in 2019 to the slowest of 209 days in 2022, and with each year since the onset of the Covid-19 pandemic in 2020 exceeding 200 days.

Although median audit times for each governmental bond sector worsened between 2013 and 2024, there is some sign of optimism, as each sector improved their median audit time most recently from the prior year. Between 2023 and 2024, the median audit time for counties improved the most, by 7.3% or 16 days. School districts improved the second most, reducing their median audit time by 2.1% or 4 days from the prior year.

This is an important trend to highlight because school districts represent the largest group (4,626 issuers or 45.5%) of issuers in the governmental bond sectors. Further, many of these sectors improved their audit times over the past three years (2022-2024), potentially signaling a hopeful trend of producing more timely audits.

Figure 3. Median Audit Times (in Days) by Municipal Governmental Bond Sectors, 2013-2024



3.0. Post-Covid Performance

3.1. Audit Timing Changes 2020–2024

The onset of the Covid-19 pandemic in 2020 caused widespread and longstanding disruptions to many facets of life, with varied timeliness in recovery. To examine the impacts and potential recuperation of audit timeliness, we analyzed several aspects of audit timing during the 2020 to 2024 time period. First, Table 3 provides information on audit performance changes during this time for each sector differentiated by revenue versus governmental bond issuers. The first four data columns (i.e., number of creditors changed) report the number of creditors within each sector that improved their audit time by at least one day between 2020 and 2024, compared to those with unchanging audit times, and those with worsening or increased audit times. The remaining four data columns (i.e., number of days changed) provide descriptive statistics pertaining to the number of days changed by issuers in each sector, with negative values indicating decreasing or improving audit times and positive values indicating increasing or worsening audit times.

3.1.1 Creditor Performance Changes 2020–2024

This dataset includes 10,469 total creditors among all sectors observed both in 2020 and 2024. Within this total, 3,984 or 38% of issuers are within the revenue bond sectors, while 6,485 or 62% are creditors within the governmental bond sectors. Within the revenue bond sectors, a noteworthy 1,637 of 3,984 or 41% of issuers improved their audit times by at least one day between 2020 and 2024. At the same time, 2,219 or 56% worsened their audit times, while 128 or 3% of issuers had audit times unchanged. The governmental bond sectors were more evenly split, with 3,184 of 6,485 or 49% of issuers having improved audit times of at least one day between 2020 and 2024, 3,138 or 48% having worsened audit times, and 163 or 3% of issuers with unchanged audit times.

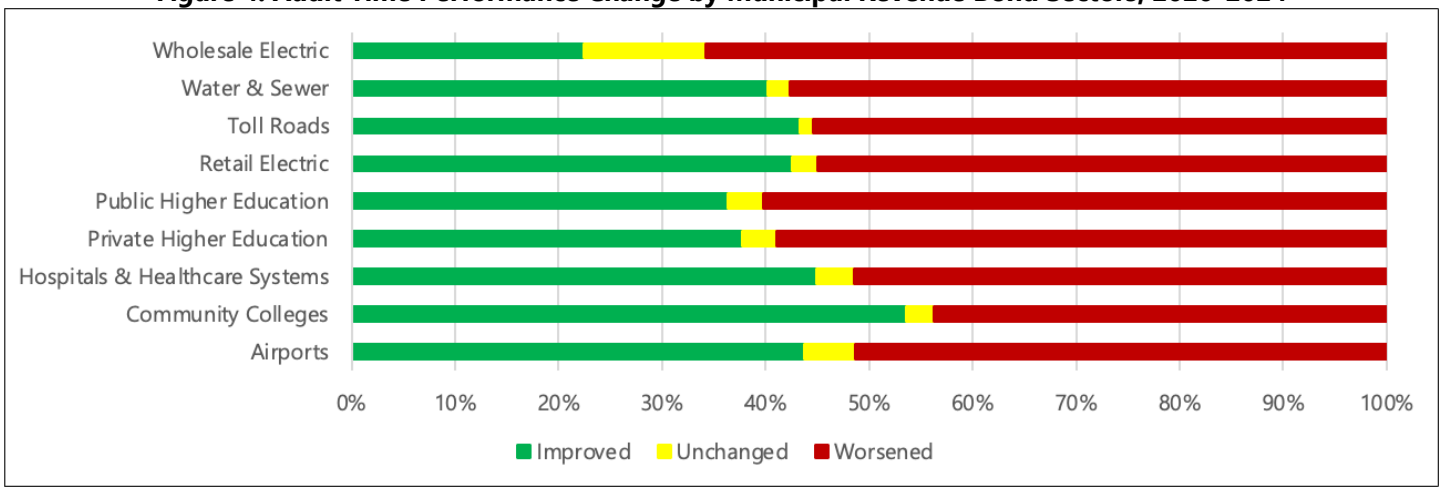
The revenue bond sectors with the greatest numbers of individual creditors that improved their audit timing by at least one day between 2020 and 2024 were water and sewer (N=518), hospitals and healthcare systems (N=314), and private higher education (N=220). Within the governmental bond sectors, school districts (N=1,529), cities (N=878), and counties (N=681) had the greatest numbers of individual issuers that improved their audit times. We applaud the efforts of these individual creditors for working to improve their audit timeliness in the years since the Covid-19 pandemic, as these numbers show promising trends.

Table 3. Audit Performance Changes by Creditors and Audit Times in Days, 2020-2024

		Number of Creditors Changed, 2020-2024				Number of Days Changed, 2020-2024			
	Sector	Improved	Unchanged	Worsened	Sector Totals	Mean	Standard Deviation	Maximum Improvement	Maximum Worsening
Revenue Bond Sectors	Airports	62	7	73	142	2.4	56.4	-164	269
	Community Colleges	158	8	129	295	-21.5	66.7	-339	205
	Hospitals & Healthcare Systems	314	26	360	700	-5.6	59.2	-768	226
	Private Higher Education	220	19	344	583	1.6	63.1	-311	366
	Public Higher Education	106	10	176	292	-1.9	54.0	-278	259
	Retail Electric	191	11	247	449	-2.1	61.4	-484	221
	Toll Roads	32	1	41	74	-20.2	154.9	-944	203
	Water & Sewer	518	27	743	1,288	5.3	80.0	-555	430
	Wholesale Electric	36	19	106	161	11.6	45.1	-32	322
	Revenue Bond Sectors	*1,637*	*128*	*2,219*	3,984	*-0.6*	*70.2*	*-944*	*430*
Governmental Bond Sectors	Cities	878	59	1,087	2,024	6.2	97.3	-925	448
	Counties	681	32	555	1,268	-19.8	111.6	-1,449	363
	Dedicated Tax	75	11	105	191	7.8	52.6	-281	197
	School Districts	1,529	59	1,363	2,951	-5.6	66.3	-597	436
	States & Territories	21	2	28	51	29.0	101.6	-281	361
	Governmental Bond Sectors	*3,184*	*163*	*3,138*	6,485	*-4.0*	*87.4*	*-1,449*	*448*
	ALL SECTORS	4,821	291	5,357	10,469	-2.7	81.2	-1,449	448

To assess performance changes for each sector as a whole, differences in the numbers of individual creditors within each sector must be considered. Figures 4 and 5 illustrate percentages relative to sector totals of creditors that improved (colored green), remained unchanged (colored yellow), and worsened (colored red) their audit times by at least one day between 2020 and 2024. These illustrations allow for cross-sector comparisons since each sector totals 100% of creditor performance within it.

Figure 4. Audit Time Performance Change by Municipal Revenue Bond Sectors, 2020-2024

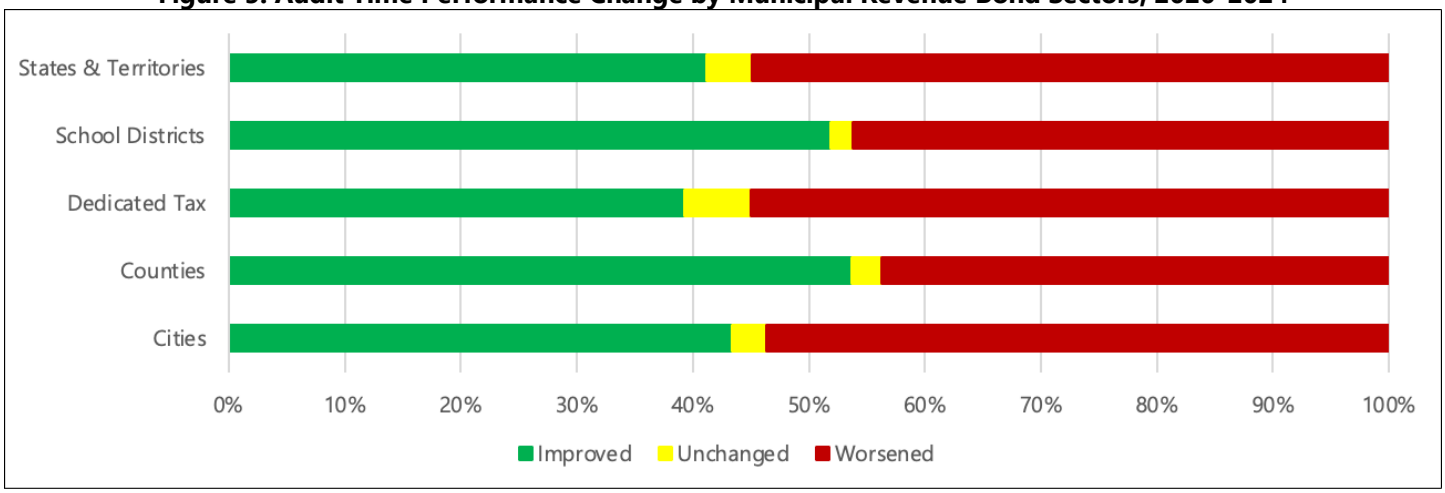


As can be seen among the revenue bond sectors illustrated in Figure 4, community colleges improved the most as a sector, with 54% of issuers having improved their audit times, followed by hospitals and healthcare

systems with a 45% improvement rate. Conversely, the wholesale electric sector had 66% of its issuers worsen their audit times, followed by public higher education with a 60% rate of worsened audit timing. Wholesale electric also had the greatest percentage of issuers (12%) with audit times unchanged during this time.

Among the governmental bond sectors illustrated in Figure 5, counties saw the greatest improvement, with 54% of issuers improving their audit times at least one day between 2020 and 2024, followed by school districts with a 52% improvement rate. On the other hand, the dedicated tax sector tied with states and territories, with 55% of creditors in each sector worsening their audit times, closely followed by cities with a 54% rate of worsened audit timing.

Figure 5. Audit Time Performance Change by Municipal Revenue Bond Sectors, 2020-2024



3.1.2 Audit Timing Performance Changes 2020–2024

Turning back to Table 3, the final four columns of data pertaining to the mean, standard deviation, maximum improvement (colored green), and maximum worsening (colored red) numbers of audit timing days changed between 2020 and 2024 also allow for cross-sector comparisons.

Within the revenue bond sectors, airports, private higher education, water and sewer, and wholesale electric sectors increased or worsened their audit timing, on average, reflected by the positive mean values. The wholesale electric sector worsened their audit timing the most, by 11.6 days on average, followed by the water and sewer sector, with an average increase of 5.3 days. The water and sewer sector also had the largest maximum worsening, indicating a single issuer increased their audit time by 430 days. Private higher education had the second largest increase at 366 days, followed by the wholesale electric sector at 322 days. Finally, the toll road sector stands out with the greatest variation in audit time changes with the highest standard deviation of 154.9 days and a minimum-maximum range spanning 944 days audit time improvement to 203 days audit time worsening.

Turning to improvements (negative values colored green) in audit timing within the revenue bond sectors between 2020 and 2024, Table 3 shows community colleges improved the most, by 21.5 days on average, followed by toll roads (despite the significant variation) at 20.2 days. Hospitals and healthcare systems also improved their audit timing, by 5.6 days on average, and had a single creditor improve its performance by 768 days, the second largest decrease in audit timing (to toll roads at 944 days) among the revenue bond sectors. Retail electric and public higher education also had modest sector-wide average improvements in audit timing since the Covid-19 pandemic.

Among the governmental bond sectors in Table 3, counties improved by 19.8 days on average, while school districts reduced their audit timing by an average of 5.6 days. One county even improved its audit time by 1,449 days! However, counties also exhibit the most variation in audit time performance with a standard deviation of 111.6. Conversely, cities, the dedicated tax sector, and states and territories all worsened their average audit times from 2020 to 2024. States and territories performed the worst, increasing their audit times by 29 days on average. At the same time, cities had the single worst audit time increase with one city taking 448 days longer to complete its audit. Finally, states and territories and cities had the second and third highest standard deviations, indicating significant variation within these two sectors in audit timing performance since Covid.

3.2. Fiscal Year 2024 Audit Timing by 90-Day Increments

To further explore this variation in audit timing, Table 4 reports the numbers of creditors by sector who completed their 2024 audit within 90-day increments, ranging from less than or equal to 90 days up to greater than 360 days. We establish the first increment at 90 days as the ideal audit timing and then increase each increment by an equal number of days for comparison purposes, while recognizing that 120 days is the audit time most recommended by industry stakeholders. Further, we use completed audits in fiscal year 2023 to calculate sector totals to capture significantly delayed 2024 audits that are missing from our dataset but are still expected to be completed. Otherwise, we would potentially undercount the number of audits completed in excess of 360 days.

Table 4. Audit Timing of Creditors by 90-Day Increments, 2024

	Sector	Number of Creditors					
		<=90 Days	91-180 Days	181-270 Days	271-360 Days	> 360 Days	Sector Totals
Revenue Bond Sectors	Airports	11	98	29	4	7	149
	Community Colleges	10	239	37	10	16	312
	Hospitals & Healthcare Systems	177	505	52	8	91	833
	Life Care[1]	68	351	18	7	4	448
	Private Higher Education	36	494	51	14	27	622
	Public Higher Education	7	213	59	7	13	299
	Retail Electric	44	311	74	19	38	486
	Toll Roads	14	46	11	5	1	77
	Water & Sewer	86	812	345	91	168	1,502
	Wholesale Electric	59	111	2	0	4	176
	Revenue Bond Sectors	*512*	*3,180*	*678*	*165*	*369*	*4,904*
Governmental Bond Sectors	Cities	31	1,480	951	296	351	3,109
	Counties	24	571	532	200	245	1,572
	Dedicated Tax	9	143	69	15	21	257
	School Districts[1]	225	2,722	1,173	185	129	4,434
	States & Territories	0	22	17	6	9	54
	Governmental Bond Sectors	*289*	*4,938*	*2,742*	*702*	*755*	*9,426*
	ALL SECTORS	801	8,118	3,420	867	1,124	14,330

[1] Sector totals reflect the number of audits completed for fiscal year 2024 because the number of creditors is higher. All other sector totals reflect the number of audits completed for fiscal year 2023 to capture significantly delayed 2024 audits still expected to be completed.

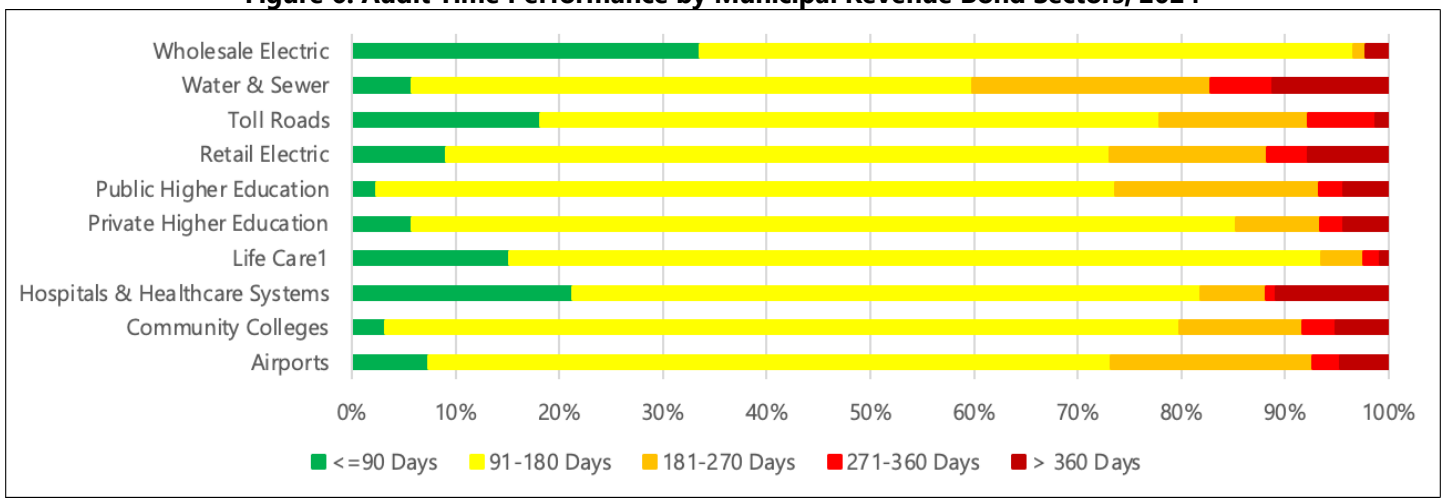
Among the 14,330 total creditors in this analysis, 4,904 or 34% are within the revenue bond sectors, compared to 9,426 or 66% within the governmental bond sectors. The good news is that 512 or 10% of creditors in the revenue bond sectors completed their 2024 audits within 90 days, while an additional 3,180 or 65% completed within 180 days, for a total of 75% adhering to satisfactory industry standards. However, 8% of creditors in these sectors exceeded 360 days or have yet to complete their 2024 audits.

Although the governmental bond sectors are typically slower to complete their audits, we commend the 289 or 3% of creditors within these sectors who complied within 90 days, as well as the 4,938 or 52% who completed

their audits within 180 days. Further, only 755 or 8% (the same percentage as the revenue bond sectors) of these creditors took over 360 days or have yet to complete their 2024 audits. Rather, 29% of governmental bond sector issuers completed their audits in 181-270 days compared to 14% of revenue bond sector issuers in this 90-day increment. Further, 7% of governmental bond sector issuers completed their audits in 271-360 days compared to 3% of revenue bond sector issuers. However, it should be noted that there were zero states or territories that completed their audits within 90 days. So, there is still work to be done among the governmental bond sectors.

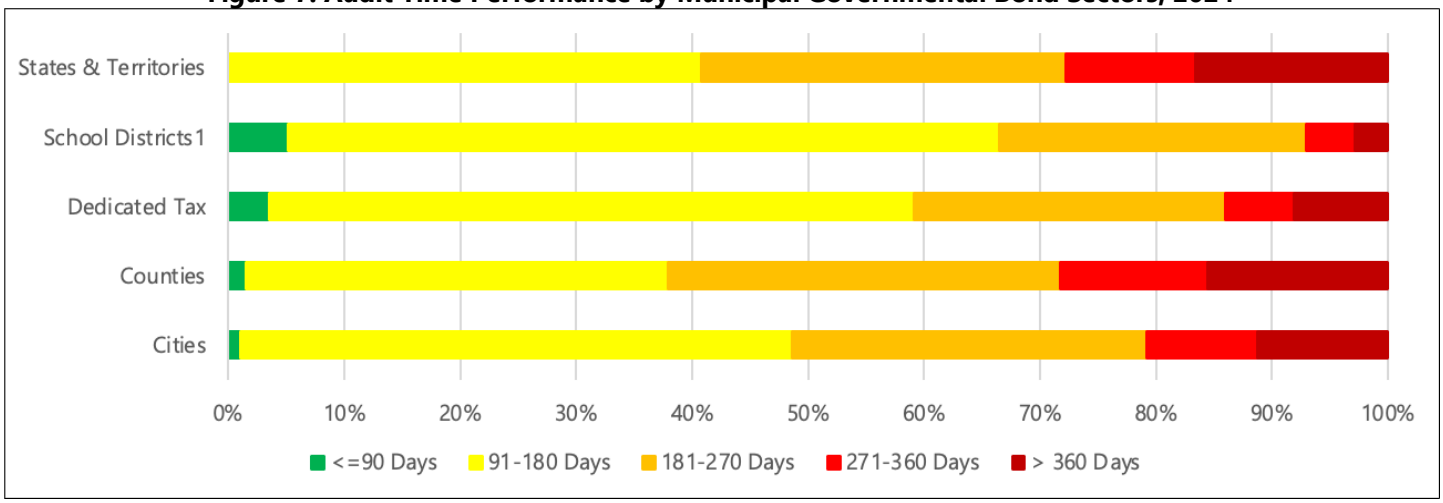
To account for differences in the numbers of creditors within each sector, Figures 6 and 7 illustrate percentages relative to sector totals of creditors that completed their audits within each 90-day time increment for fiscal year 2024. These illustrations allow for cross-sector comparisons since each sector totals 100% of audit time performance within it. The green and yellow colors in the figures reflect the percentages of creditors within each sector completing their audit within 90 days and 91-180 days, respectively. The orange, red, and dark red colors indicate increasing time increments and therefore progressively worsening audit timing.

Figure 6. Audit Time Performance by Municipal Revenue Bond Sectors, 2024



Among the revenue bond sectors illustrated in Figure 6, wholesale electric performed best, with 34% of creditors completing their 2024 audits within 90 days, plus 63% in 91-180 days, for a combined total of 97% of issuers finishing within 180 days. The water and sewer sector performs worst, with only 6% completing within 90 days plus an additional 54% completing their audits in 91-180 days.

Figure 7. Audit Time Performance by Municipal Governmental Bond Sectors, 2024



Within the governmental bond sectors illustrated in Figure 7, school districts perform best, with the highest percentage (5%) completing their audits within 90 days plus an additional 61% completing in 91-180 days. Conversely, counties perform worst, with 2% completing their 2024 audits within 90 days and 36% completing within 180 days. In addition, there were 9 of 54 states and territories (17%) that took longer than 360 days or have yet to complete their 2024 fiscal year audits.

4.0. Top Performers Fiscal Year 2024

4.1. Revenue Bond Sectors

Table 5 shows the creditors and auditors with the three fastest (or tied) audit times (in days) for fiscal year 2024, grouped by each credit sector for revenue bond issuers. We commend all of the top performers highlighted in Table 5 for completing their audits in 90 days or faster, showing exemplary best practice models for timely reporting among municipal bond issuers.

In Table 5, the 2024 audit time top performers include 16 new issuers out of 30 total, compared to last year. At least one new issuer is ranked among the top three fastest audit times for 2024 in every revenue bond sector, with all three issuers in the life care sector new among the top three. We especially applaud the Bonneville Power Administration (also last year's winner), a federal agency headquartered in Oregon but providing wholesale electric to the Northwest U.S., for having the single fastest audit time among all the municipal revenue bond sectors at 32 days. This top performer is followed by Alabama's Odenville Utilities Board—a new top performer—in water and sewer with an audit time of 34 days. Other new top performers include:

- Associated Electric Cooperative Inc. (wholesale electric): 41 days
- Etowah Water & Sewer Authority (water and sewer): 52 days
- Friends Homes Inc. (life care): 52 days
- Forrest County General Hospital (hospitals and healthcare systems): 53 days
- Hellenic Senior Living of Mishawaka (life care): 56 days
- John Knox Village of Florida Inc. & Subs (life care): 57 days
- Adams-Columbia Electric Cooperative & Sub (retail electric): 58 days
- Salus University & Foundation (private higher education): 60 days
- Florida Institute of Technology Inc. & Sub (private higher education): 66 days
- Raleigh-Durham International Airport (airports): 67 days
- Maine Turnpike Authority (toll roads): 76 days
- Amarillo College (community colleges): 80 days
- Western Michigan University (public higher education): 82 days
- University of South Carolina (public higher education): 85 days
- Metropolitan Washington Airports Authority - Aviation Enterprise (airports): 87 days

A total of 14 issuers in the revenue bond sectors maintained their status among the top three performers from last year, and we admire all their efforts to continue audit timeliness. However, we especially want to highlight the following top performers for further improving upon their excellence in audit timing by increasing their standing among the top three from last year:

- Minnkota Power Cooperative Inc. (wholesale electric): moved from #3 to tie for #2 with 41 days
- Erie Sewer Authority (water and sewer): moved from #3 to #2 with 44 days
- Kiewit Meridiam Partners LLC: Central 70 Project (toll roads): moved from #2 to #1 with 49 days
- Shawano Municipal Utilities - Electric Fund (retail electric): moved from #2 to #1 with 56 days
- St. Leo University Inc. (private higher education): moved from #2 to #1 with 57 days
- Victoria County Junior College District (community colleges): moved from #2 to #3 with 79 days

Table 5. Audit Time Winners by Municipal Revenue Bond Sectors, 2023

Sectors	#1 Ranking			#2 Ranking			#3 Ranking		
	Creditor	Audit Time (Days)	Auditor Name	Creditor	Audit Time (Days)	Auditor Name	Creditor	Audit Time (Days)	Auditor Name
Airports	Raleigh-Durham International Airport, NC	67	Cherry Bekaert, LLP	Port Authority of New York & New Jersey, NY	71	KPMG LLP	Metropolitan Washington Airports Authority - Aviation Enterprise, DC	87	Crowe, LLP
Community Colleges[1]	Greenville Technical College, SC	74	Mauldin & Jenkins, LLC	Victoria County Junior College District, TX	79	Cascos & Associates, PC	Amarillo College, TX	80	Whitley Penn LLP
Hospitals & Healthcare Systems	Kaiser Foundation Health Plan Inc & Kaiser Foundation Hospitals, CA	45	KPMG LLP	Mercy Health Corporation, IL	51	Wipfli, LLP	Forrest County General Hospital, MS	53	Forvis Mazars, LLP
Life Care	Friends Homes Inc, NC	52	Turlington & Company, LLP	Hellenic Senior Living of Mishawaka, IN	56	Clark, Schaefer, Hackett & Co.	John Knox Village of Florida Inc & Subs, FL	57	CliftonLarsonAllen, LLP
Private Higher Education	St Leo University Inc, FL	57	CliftonLarsonAllen, LLP	Salus University & Foundation, PA	60	CliftonLarsonAllen, LLP	Florida Institute of Technology Inc & Sub, FL	66	Berman Hopkins Wright & LaHam CPAs & Associates, LLP
Public Higher Education	Saginaw Valley State University, MI	72	Andrews Hooper Pavlik, PLC	Western Michigan University, MI	82	Plante & Moran, PLLC	University of South Carolina, SC	85	CliftonLarsonAllen, LLP
Retail Electric	Shawano Municipal Utilities - Electric Fund, WI	56	KerberRose, SC	Adams-Columbia Electric Cooperative & Sub, WI	58	Bauman Associates, Ltd	Salt River Project, AZ	59	PricewaterhouseCoopers, LLP
Toll Roads	Kiewit Meridiam Partners LLC: Central 70 Project, CO	49	Crowe, LLP	Buffalo & Fort Erie Public Bridge Authority, NY	59	Lumsden & McCormick, LLP	Maine Turnpike Authority, ME	76	Runyon Kersteen Ouellette
Water & Sewer	Odenville Utilities Board, AL	34	Moody & Company	Erie Sewer Authority, PA	44	Buseck, Barger, Bleil & Co, Inc	Etowah Water & Sewer Authority, GA	52	Rushton, LLC
Wholesale Electric[2]	Bonneville Power Administration, OR	32	PricewaterhouseCoopers, LLP	Associated Electric Cooperative Inc, MO	41	Forvis Mazars, LLP	Minnkota Power Cooperative Inc, ND	41	Brady, Martz & Associates, PC

Note: All sector winners exclude issuers with less than $10 million in long-term debt outstanding at the end of their fiscal year 2024.

[1] Includes tax supported and revenue bond issuers.

[2] Includes federal enterprise agencies and co-operatives.

Table 6. Audit Time Winners by Municipal Governmental Bond Sectors, 2023

Sectors	#1 Ranking			#2 Ranking			#3 Ranking		
	Creditor	Audit Time (Days)	Auditor Name	Creditor	Audit Time (Days)	Auditor Name	Creditor	Audit Time (Days)	Auditor Name
Cities[1]	Kettering, OH	79	Plattenburg & Associates, Inc	Bellevue Village, WI	79	KerberRose, SC	South Lyon, MI	79	Plante & Moran, PLLC
Counties[2]	Stewart County, TN	46	Tennessee Comptroller of the Treasury	Titus County, TX	53	Arnold, Walker, Arnold & Co, PC	Scott County, TN	57	Tennessee Comptroller of the Treasury
Dedicated Tax	Brooklyn Events Center PILOT Revenue Bonds, NY	88	PricewaterhouseCoopers, LLP	Hugh L Carey Battery Park City Authority PILOT Revenue Bonds, NY	91	CBIZ CPAs PC	Rhode Island Turnpike & Bridge Authority Motor Fuel Tax Revenue Bonds, RI	92	Marcum LLP
School Districts[3]	Pittsburg Independent School District, TX	32	Arnold, Walker, Arnold & Co, PC	Bowie Independent School District, TX	46	Edgin, Parkman, Fleming & Fleming, PC	Mount Pleasant Independent School District, TX	47	Arnold, Walker, Arnold & Co, PC
States & Territories	District of Columbia	116	McConnell & Jones, LLP	New York	116	KPMG LLP	Kansas	150	CliftonLarsonAllen, LLP

[1] Excludes cities under 10,000 population and all towns, townships, and boroughs.
[2] Excludes counties under 10,000 population.
[3] Excludes school districts under 10,000 population.

4.2. Governmental Bond Sectors

Table 6 shows the creditors and auditors with the three fastest (or tied) audit times (in days) for fiscal year 2024, grouped by each credit sector for governmental bond issuers. Here, all the top performers highlighted in Table 6 (except for states and territories and two of the dedicated tax creditors) completed their audits in 90 days or faster, also displaying exemplary best practices for timely reporting. As with the revenue bond issuers, there are several newly recognized top performers this year; however, this outcome is partially attributed to this year's data sample including cities, counties, and school districts with populations of 10,000 or greater, as opposed to our cutoff populations above 15,000 or 20,000 in prior analyses and reports. In fact, all three issuers among counties, school districts, and the dedicated tax sector are new compared to last year. In addition, all three newcomer school districts are located in Texas.

We especially praise Texas' Pittsburg Independent School District for having the single fastest audit time among all the governmental bond sectors at 32 days. This performance also ties with the Bonneville Power Administration in wholesale electric as the two fastest audit times among all revenue and governmental bond sectors combined. Speaking of ties, within the governmental bond sectors in Table 6, there is a three-way tie for first place among cities at 79 days. This three-way tie includes the city of Kettering in Ohio, which also placed #1 last year and has repeatedly been included among our top three performers in audit timing. Finally, the District of Columbia and state of New York tied for first place this year, maintaining their top two places from last year.

4.3. Commendable Auditors

Among the exemplary performers highlighted in Tables 5 and 6, we would also like to recognize the auditors who helped contribute to the best practice of audit timeliness. Among the 30 audit firms listed, CliftonLarsonAllen, LLP stands out with five creditors among the top performers. This top auditor spot is followed by Arnold, Walker, Arnold & Co, PC, KPMG LLP, and PricewaterhouseCoopers, LLPs, who each have three creditors in our top three lists. Tied for third place among auditors, each having two creditors among the top performers, are Crowe, LLP, Forvis Mazars, LLP, KerberRose, SC, Plante & Moran, PLLC, and the Tennessee Comptroller of the Treasury. We compliment these auditors for the excellent service provided to their clients by timely completion of these audits, given their broad importance and usefulness for financial and investment decision-making by stakeholders.

5.0. Texas' Shining Stars

In 2025, the Texas legislature took action to induce compliance with audit filing requirements by creating a tax penalty for late filers. Effective September 1, 2025, Texas Senate Bill 1851 stipulates that if the state attorney general determines that a municipality has not prepared an annual financial statement, had its records and accounts audited, or filed a financial statement and auditor's opinion within 180 days of its fiscal year-end, the municipality is prohibited from adopting an ad valorem tax rate that levies new revenue for the tax year following the attorney general's determination. This new law essentially prevents municipalities from increasing property tax revenue above the prior year if they fail to file their audit report within the 180-day requirement.

The 2022 Census of Governments Finance Survey data compiled by the U.S. Census Bureau is the most recent year of data available that includes all Texas municipalities. Based on these data, Texas municipalities collectively levied over $22 billion in taxes for fiscal year 2022. Figure 8 illustrates the breakdown of this municipal tax revenue by each tax type. Texas is one of only four states that do not levy either an individual or corporation income tax. As a result, municipalities in Texas are more heavily reliant on property and sales taxes

to finance essential public services. As can be seen in Figure 8, property taxes accounted for more than 54% of total tax revenue for Texas municipalities in 2022. In addition, Texas municipalities are legally required to pass a balanced budget every fiscal year. Therefore, the ability to increase property tax revenue to cover expenditures is integral to municipal budgeting and financial management in Texas.

To determine whether municipalities in Texas responded to Texas Senate Bill 1851, we examined audit time performance among Texas cities between fiscal years 2024 and 2025.[2] For the 2024 fiscal year, there were 99 out of 246 municipalities (40%) that exceeded the 180-day filing requirement. For the 2025 fiscal year, 48 of these Texas cities already completed their 2025 audit, with every single one improving their audit time. Well done! Further, all but one city was able to comply with the 180-day audit time requirement specified in Texas' new legislation.

Figure 8. Breakdown of Texas Municipalities' Tax Revenue, 2022

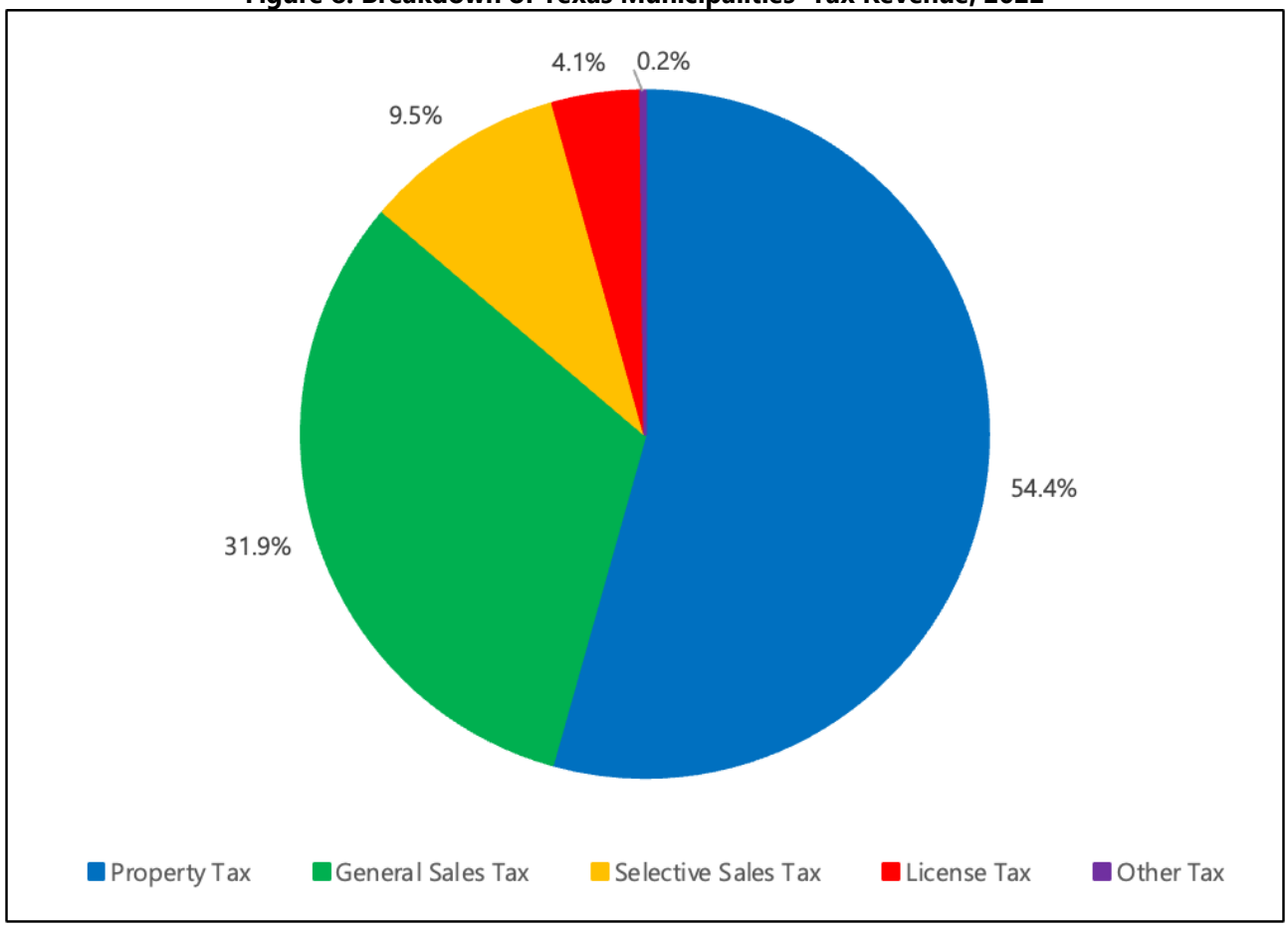


Table 5 lists each of these municipalities in order of the number of days improvement between their 2024 and 2025 audits. As can be seen, Odessa ranks #1 by improving their audit time by 315 days in just one year. Between the two years, 10 cities improved their audit time by 180 days or more, 10 improved by at least 90 days, and 6 cities improved by at least 60 days. Although Victoria exceeded the 180-day requirement, the city still improved its audit time by one day, showing a promising trend for next year. This sort of response by Texas municipalities impressively shows what can be accomplished by other states choosing to emulate Texas.

[2] This analysis only includes 2025 fiscal year audits completed by April 29, 2026, which reflects a significant portion but not the complete sample of expected audits. Across all sectors, 7,007 or 42% of the 16,705 total creditors completed their 2025 audits by this date. However, 141 or 57% of the 246 Texas cities with 2024 fiscal year audits completed their 2025 audits by this date.

Table 5. Aduit Time Improvements by Texas Cities with Completed 2025 Audits

City Name	2025 Audit Time	2024 Audit Time	# Days Change	City Name	2025 Audit Time	2024 Audit Time	# Days Change
Odessa	177	492	-315	Mercedes	149	217	-68
Terrell	178	477	-299	Conroe	174	242	-68
Alice	178	457	-279	Beaumont	178	232	-54
Rockport	155	400	-245	San Antonio	154	198	-44
Elgin	164	385	-221	Mineral Wells	140	182	-42
Glenn Heights	169	366	-197	Bay City	177	214	-37
Bastrop	170	364	-194	Pflugerville	146	182	-36
Pharr	171	365	-194	Corpus Christi	171	200	-29
Greenville	199	393	-194	Pearland	174	203	-29
Paris	171	354	-183	Cleburne	175	204	-29
Eagle Pass	161	338	-177	White Settlement	154	182	-28
La Marque	179	352	-173	Beeville	177	205	-28
Dumas	177	347	-170	Royse City	178	200	-22
Mesquite	143	273	-130	Liberty Hill	176	197	-21
Iowa Colony	167	294	-127	Groves	177	196	-19
Socorro	170	269	-99	Princeton	168	185	-17
Port Arthur	177	273	-96	Lago Vista	176	193	-17
Brownwood	175	270	-95	Del Rio	175	190	-15
Palestine	178	273	-95	Edinburg	168	182	-14
Anna	174	267	-93	Dallas	174	182	-8
Baytown	177	255	-78	Killeen	175	182	-7
Heath	169	245	-76	Abilene	177	182	-5
El Campo	164	235	-71	Ennis	178	182	-4
North Richland Hills	133	203	-70	Victoria	202	203	-1

6.0. Conclusion

The imperative of audit timeliness goes beyond simply revealing fraud or malfeasance. Timely audit reporting not only ensures accurate financial information for credit evaluation, bond market pricing, and decision making by stakeholders, it also builds confidence by helping to mitigate risks, drive continuous improvement, and allocate resources more efficiently. This year's report emphasized audit time performance changes between 2020 and 2024 to highlight audit timing recovery from disruptions caused by the Covid-19 pandemic. In addition, we focused on the highly effective audit timing enforcement mechanism implemented by Texas in Senate Bill 1851, which created a property tax penalty for late filers. This analysis highlights the immediate and significant improvement in audit timeliness that is possible among other states if they choose to implement a similar approach to success as seen in Texas.

About the Authors

Deborah A. Carroll, Ph.D. is Director of the Government Finance Research Center (GFRC) at the University of Illinois Chicago. The GFRC shapes and informs public policy and scholarly discourse on government and public finance by identifying, planning, and executing research; providing reports and informed analyses; delivering educational opportunities and technical training; and offering inclusive venues to convene national and local discussions on fiscal and governance issues. Email contact: deborahc@uic.edu.

Richard A. Ciccarone is President Emeritus of Merritt Research Services, a wholly owned Investortools Inc. data and research provider focused primarily on credit information related to municipal bonds with a goal of providing and maintaining the highest-quality set of comprehensive financial and supplemental data in the municipal finance industry; data that is ready for basic and advanced analytical evaluation, statistical comparisons, and modeling. Email contact: Richard.Ciccarone@merrittresearch.com.