

# Digital Data Standards Support Greater Transparency and Opportunity in Municipal Bond Markets

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# The Problem: Data Accessibility

Document-based format for financial reporting is outdated and severely limits the accessibility of data for all stakeholders:

- **Researchers** - in all areas of policy
- **Public** - transparency and accountability
- **Policymakers** - stewardship and decision making
- **Investors** - municipal market participants
- **Unions** - as creditors, negotiators of CBAs
- **Government strategic partners** - contracting, financing, etc.

# Financial Data Transparency Act (2022)

- Requires major federal financial regulatory agencies to adopt data standards for information submitted to regulators
- The SEC will establish data standards for information submitted to the Municipal Securities Rulemaking Board (MSRB) EMMA system
- FDTA will affect all entities with outstanding municipal securities

# FDTA Implementation Timeline



# Overview of Our Projects

- ACFR Taxonomy development (2021 – 2022)
- Michigan pilots (2022 – 2023)
- Colorado pilots and Special District Taxonomy updates (2023 – 2024)

# Taxonomy Development

Digital representation of reporting standards

- Definitions - documentation of GAAP, uniform chart of accounts, other authoritative sources
- Relationships
  - Hierarchical structure - e.g. cash is nested under current assets, total assets
  - Validation rules - e.g. current assets + noncurrent assets = total assets
- Developed based on comprehensive review of account names and fund names used in MI local governments, CO special districts

# About eXtensible Business Reporting Language

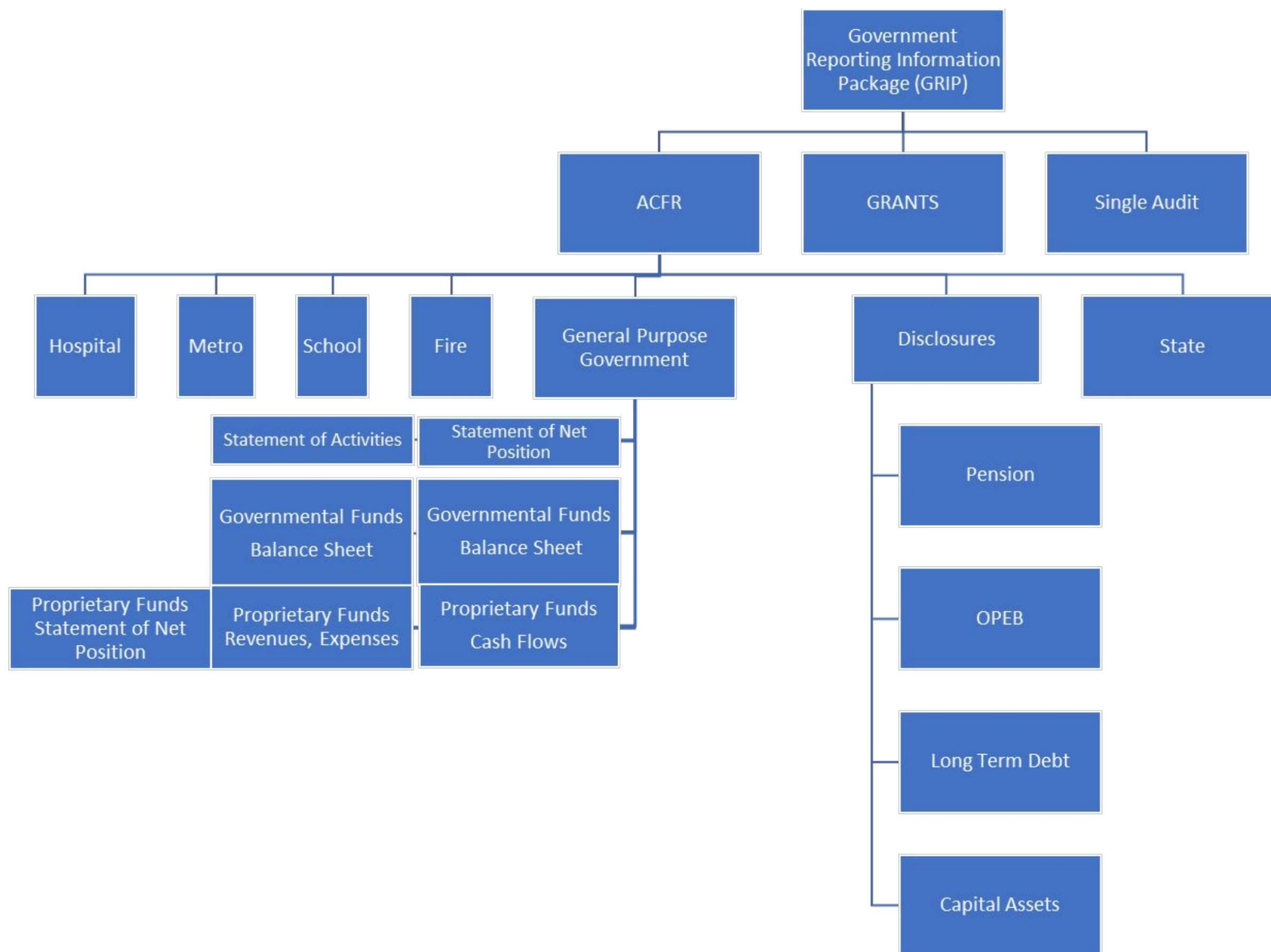
Open, nonproprietary – usable by any software provider

XBRL International and XBRL US – nonprofit standards developers

XBRL taxonomies are currently used in:

- 6,000+ public companies reporting to the SEC
- 5,000 banks reporting to the FDIC
- 600+ public utilities reporting to the FERC
- 200+ XBRL regulatory and oversight programs worldwide
- 80 global oversight agencies have adopted









Search Facts



Facts 1,374

20

## COUNTY OF OGEMAW

West Branch, MichiganSTATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDSFor the Year Ended September 30, 2021

	General Fund	Special Revenue Funds		Other Governmental Funds	Total Governmental Funds
		Housing Commision Fund	ARPA Fund		
<u>Revenue</u>					
Property Taxes	\$ 6,483,841	\$ 0	\$ 0	\$ 1,141,954	\$ 7,625,795
Federal Grants and Revenue	201,310	258,126	621,110	289,848	1,370,394
State Grants and Revenue	801,876	0	0	663,359	1,465,235
State Shared Revenue	498,252	0	0	0	498,252
Local Grants	0	14,500	0	2,500	17,000

**\$ 6,483,841**

**Revenues from Property Tax, Modified Accrual**

<b>Tag</b>	acfr:RevenueFromPropertyTaxModifiedAccrual
<b>Fact</b>	6,483,841
<b>Period</b>	12 months ending 09/30/2021
<b>Axis</b>	<b>ACFR</b> Governmental Funds Axis
<b>Member</b>	<b>ACFR</b> General Fund Member
<b>Explicit Member</b>	acfr:GeneralFundMember
<b>Measure</b>	USD
<b>Balance</b>	Credit
<b>Sign</b>	Positive
<b>Type</b>	Monetary Item Type
<b>Format</b>	numdotdecimal

**Revenues from Property Tax, Modified Accrual**

**Documentation** Revenue from property taxes. Property taxes are ad-valorem taxes levied on an assessed valuation of real property. Used for amounts on the governmental funds statements, reported on a modified accrual basis.

**Label** Revenues from Property Tax, Modified Accrual

**Balance** Credit

**Section** 54

**Weight** Added to parent (1.00)

**Parent** **ACFR** Property Tax Modified Accrual Includes Delinquent Taxes Penalties Interest Fees Community Wide Special Assessments

**Section** 24

**Weight** Added to parent (1.00)

**Parent** **ACFR** Revenue From Taxes Modified Accrual

**URL** (Will Leave SEC Website) [https://www.michigan.gov/documents/uniformchart\\_24524\\_7.pdf](https://www.michigan.gov/documents/uniformchart_24524_7.pdf)

ACFR-City-of-Flint-June-2021

FileEditDataViewReviewXBRLMarkup

## Fact Details

### Concepts

- Cash and Cash Equivalents and Investments (2)
  - Receivables, Net of Allowance (2)
  - Internal Balances (2)
  - Other Assets (2)
  - Restricted Cash and Investments (2)
  - Investments in Joint Ventures (2)
  - Capital Assets, Not Being Depreciated (2)
  - Capital Assets, Being Depreciated (Net of ... (2)
  - Net OPEB Asset (2)
  - Assets (2)
- ### Dimensions
- Type of Government Unit [Axis] (20)
  - Governmental Activities [Member] (10)
  - Business Type Activities [Member] (10)
  - Manage Dimensions (20)

Fiscal Date 6/30/2021 (20)

Source Value Multiple Selected

Fact Value Multiple Selected

Accuracy 0 (Ones) (20)

Units US Dollar (20)

How does the GRIP taxonomy address the issue of heterogeneity?

- **Extensibility** - The modular structure of an XBRL taxonomy allows the taxonomy to expand to accommodate data from different entity types, states, etc.
- **Typed dimensions** - If users cannot find the correct concepts in the taxonomy, they can create a “typed dimension”

# Michigan Pilots

- Participants: City of Flint, Pine River Township, Ogemaw County
- All three cases represent low-resource entities



# Colorado Pilots



Tall Grass Metro  
District



Douglas County  
Schools



South Metro Fire  
and Rescue



Denver Health  
Report to the Cities

- Comprehensive review of CO special districts used to update taxonomy
- Intended to address how the taxonomy can accommodate a range of entity types

# Lessons learned

- ✓ Local governments want to make use of their financial data, but they often lack the capacity or skills
- ✓ State leadership, resources, and coordination can help local governments build capacity and facilitate a smooth transition
- ✓ It is feasible to create a data standard that is flexible enough to accommodate heterogeneity while preserving data integrity and codifying expert knowledge and meaning
- ✓ Local government distrust, rather than technical feasibility, is the most significant barrier

# Recommendations for stakeholders

- Issuers and issuer-focused organizations
  - ✓ Be proactive and figure out how standards can best work for you
  - ✓ Tap into “domain expertise”
  - ✓ Look for opportunities to eliminate reporting redundancy
  - ✓ Weigh in during SEC comment periods
- Regulators and standard setters
  - ✓ Robust stakeholder engagement
  - ✓ Recognize the different technical, institutional, and human obstacles



# Recommendations for stakeholders

- Investors and analysts
  - ✓ Articulate the specifics of the demand for data and analysis
  - ✓ Explain how data standards may affect analysis of issuers
- Software community
  - ✓ Explore ways to seamlessly integrate data standards into systems governments already use
  - ✓ Explore ways to offer low-cost tagging applications
  - ✓ Help governments take advantage of new data to inform management and policy decisions

# Contact and additional information

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## **Taxonomy viewer and samples:**

[2023 GRIP Taxonomy \(Special District Beta Release\)](#)

[Github](#)

[UM Center for Local, State, and Urban Policy: Modernizing State and Local Fiscal Transparency](#)