

# GRA -- Is the Municipal Bankruptcy Threat Real?

## *The Multi - Billion Dollar Question*

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*July 20, 2011*



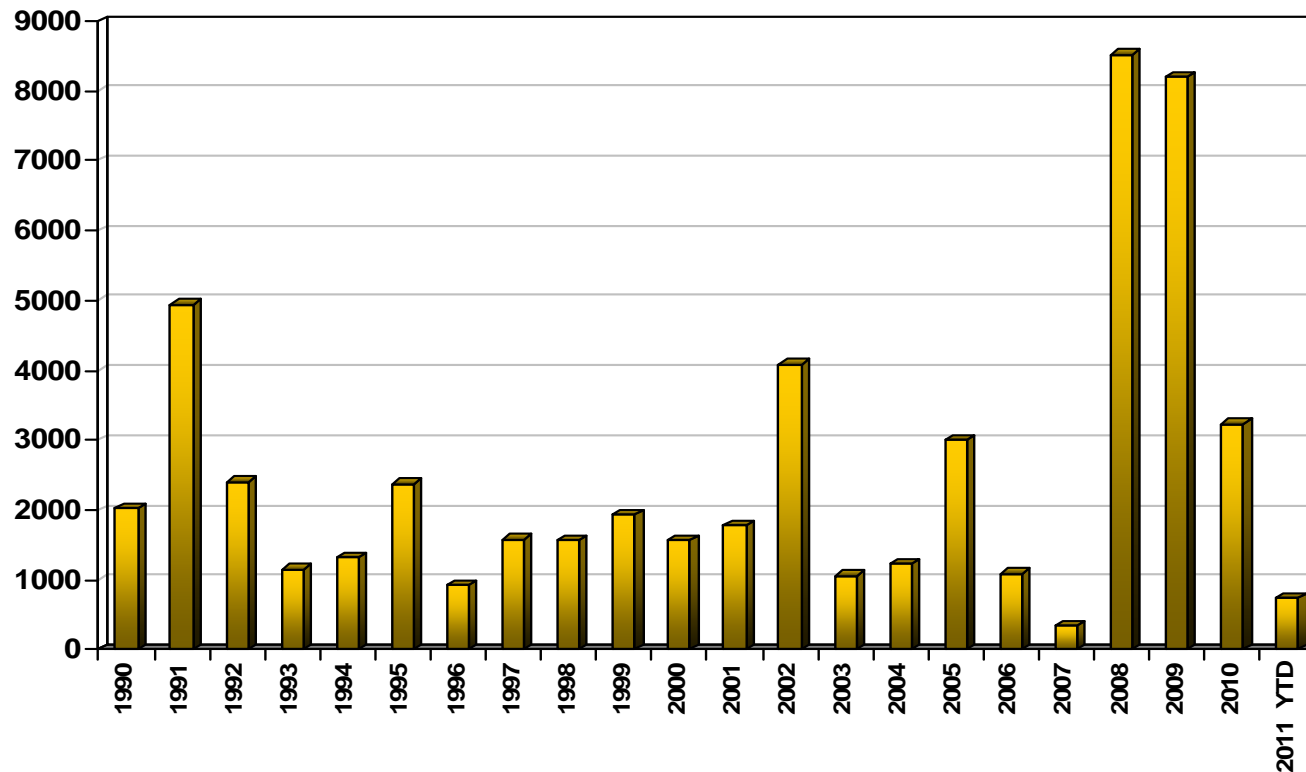
*Guiding Portfolio Strategies*

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MANAGEMENT, LLC

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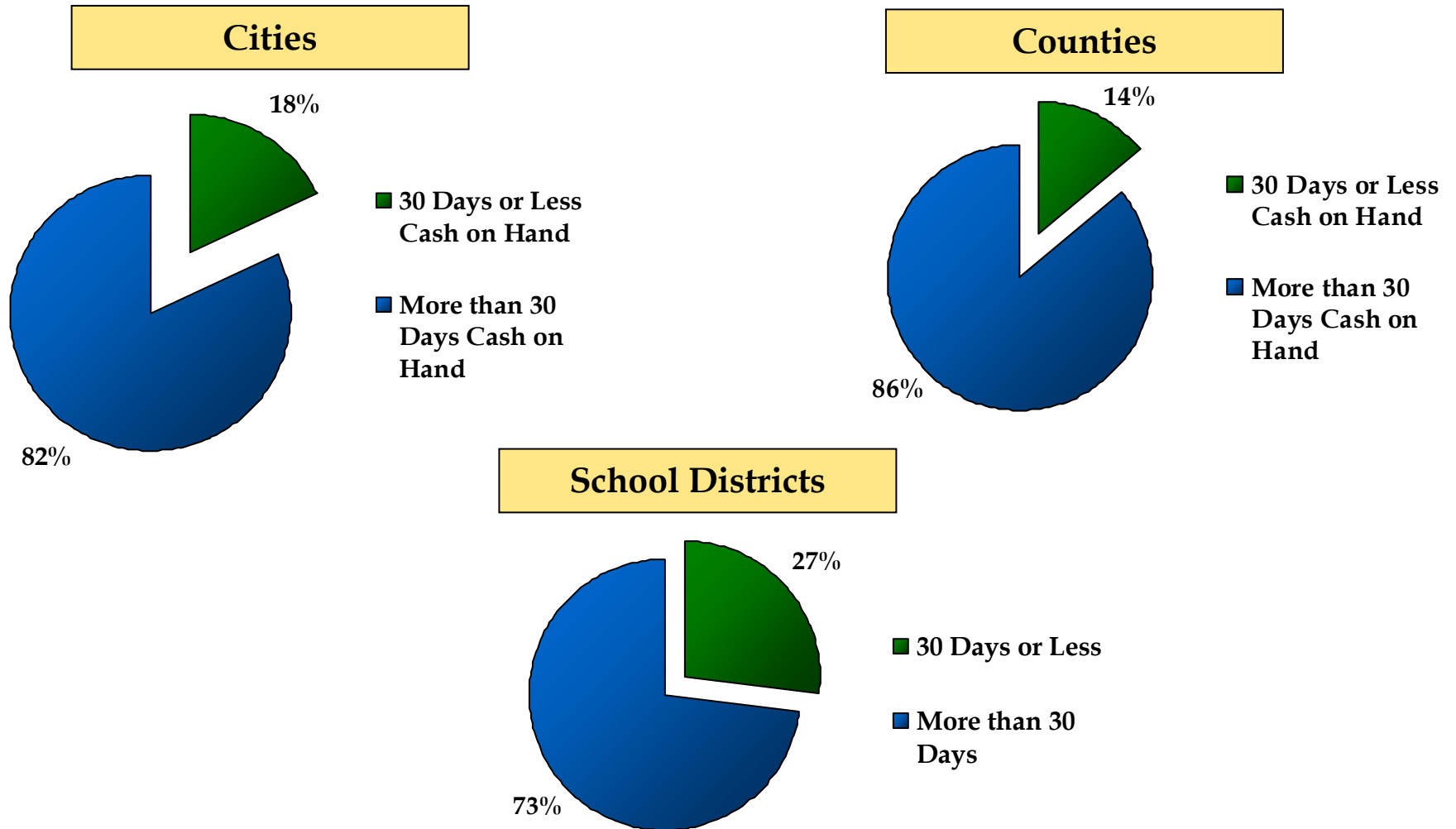
## Recent History of Municipal Defaults and Bankruptcies Overall (1990 thru 2011 YTD) \$ in Millions



Source: Income Securities Advisors Inc, Miami Lakes, FL (IncomeSecurities.com) as of July 2011.

# General Fund Liquidity Below 30 Days Cash on Hand

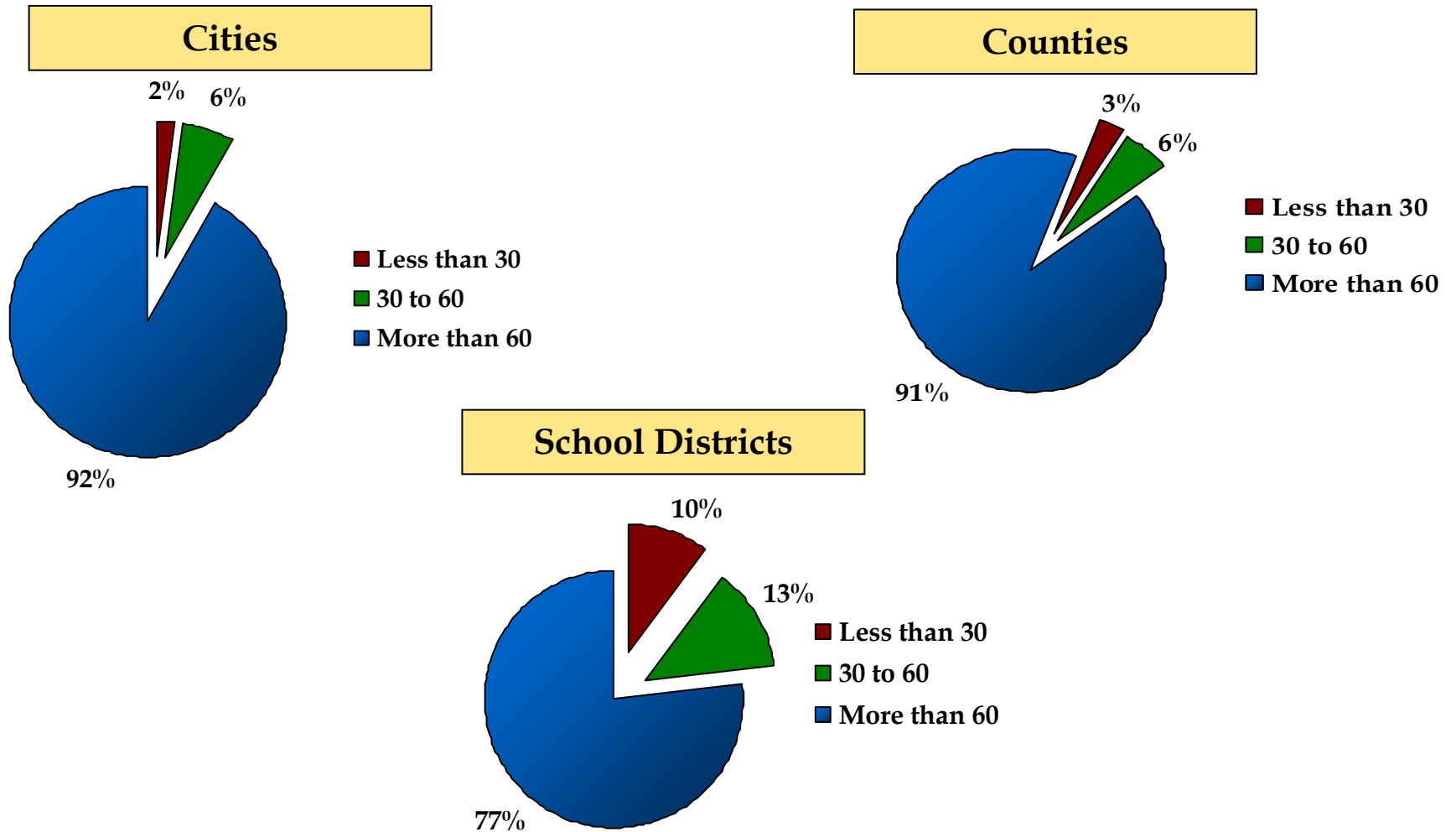
## *Cities, Counties and School Districts FY 2009 Audits*



Source: Merritt Research Services, LLC data.  
Sample size includes: 707 cities, 384 counties and 1,167 school districts as of June 22, 2011.

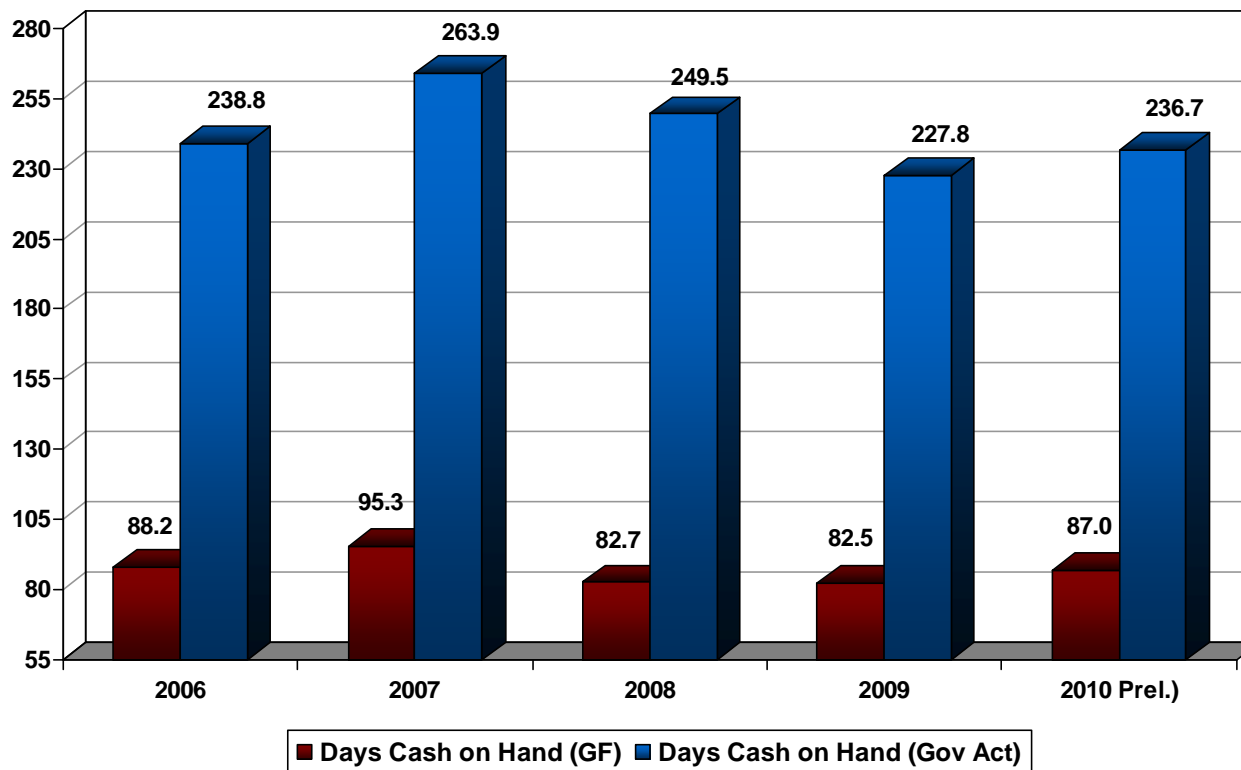
# Governmental Activities Liquidity Days Cash on Hand

## Cities, Counties and School Districts FY 2009 Audits



Source: Merritt Research Services, LLC data.  
 Sample size includes: 661 cities, 357 counties and 1,079 school districts as of June 22, 2011.

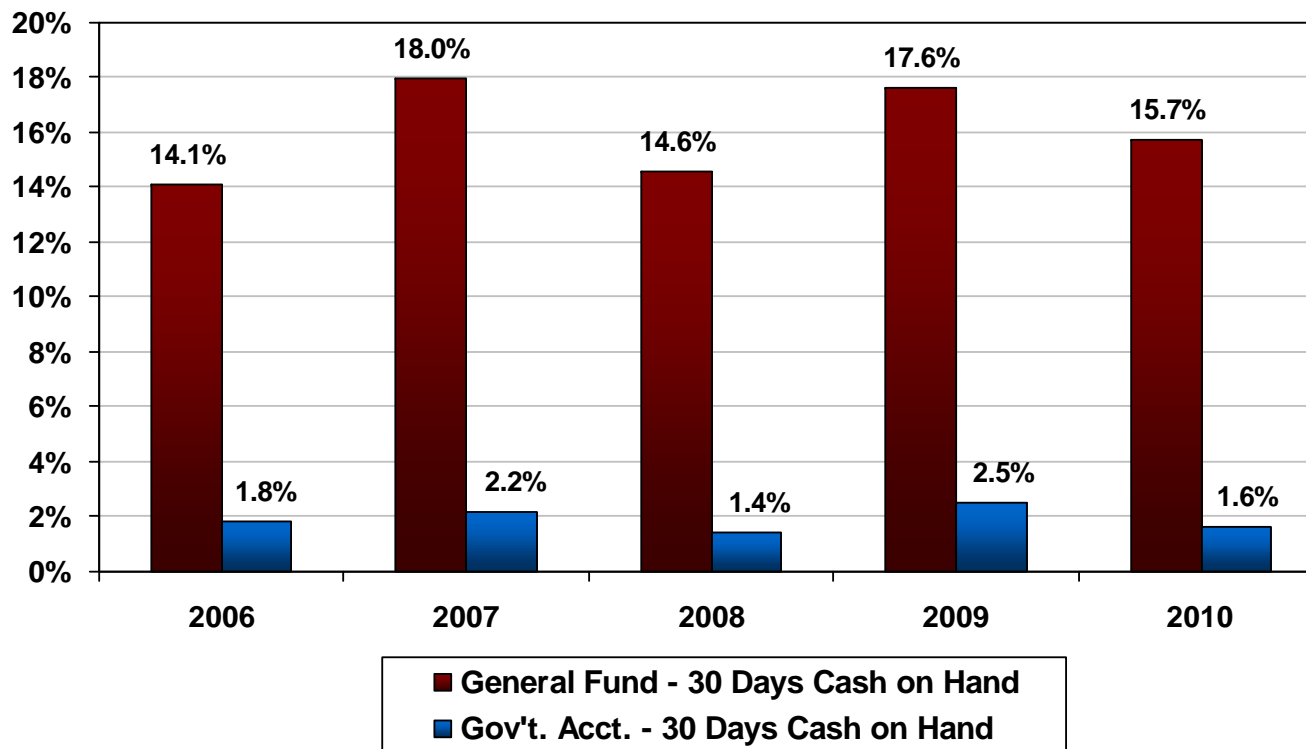
## Median Annual City: Days Cash on Hand *General Fund & Government Account* *National Sample 2006-2010 (Prelim.)*



Source: Merritt Research Services, LLC data.

The number of cities counted in 2010 represents approximately 70% of the total cities counted in 2009. 2010 data as of 7/15/2011.

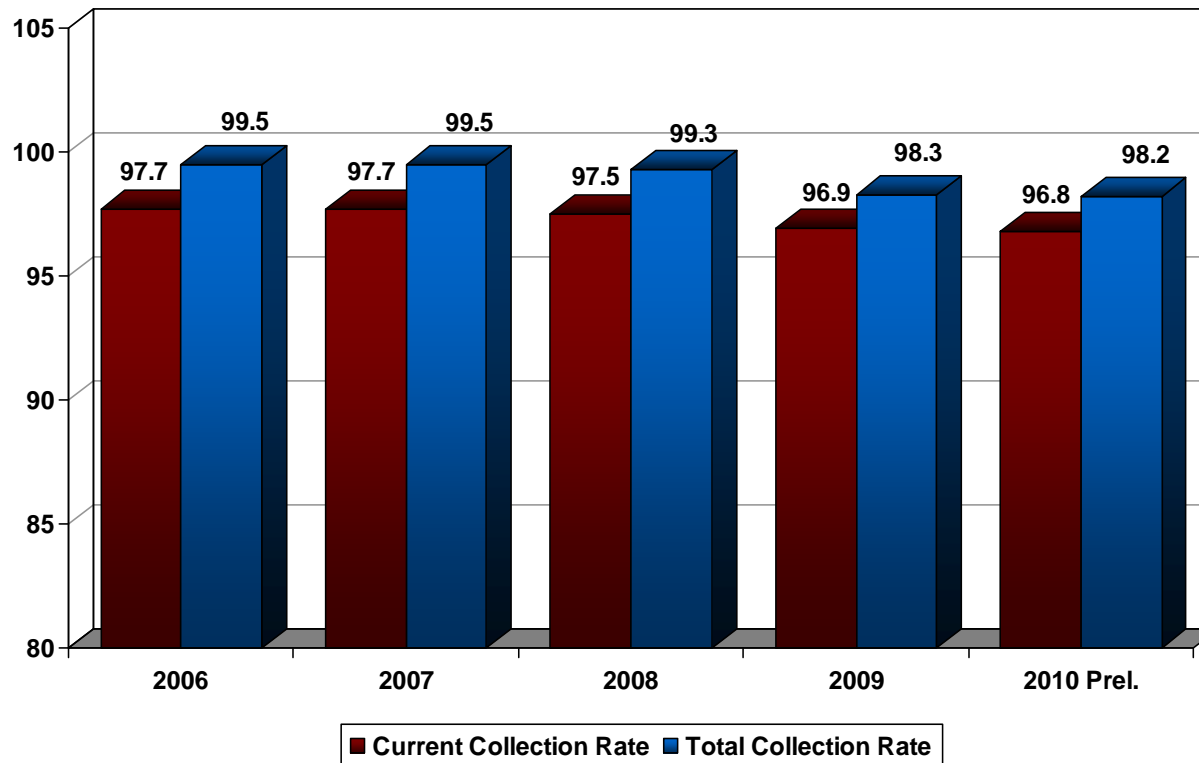
## Low Level Days Cash on Hand Trend for Cities: General Fund & Government Account % Below 30 Days 2006-2010 (Prelim.)



Source: Merritt Research Services, LLC data as of July 15, 2011.

Number of Cities for Each Year: For General Fund/Governmental Activities: 2006 - 601/568; 2007 - 679/644; 2008 - 714/666; 2009 - 735/691; and 2010 reporting to date - 516/503.

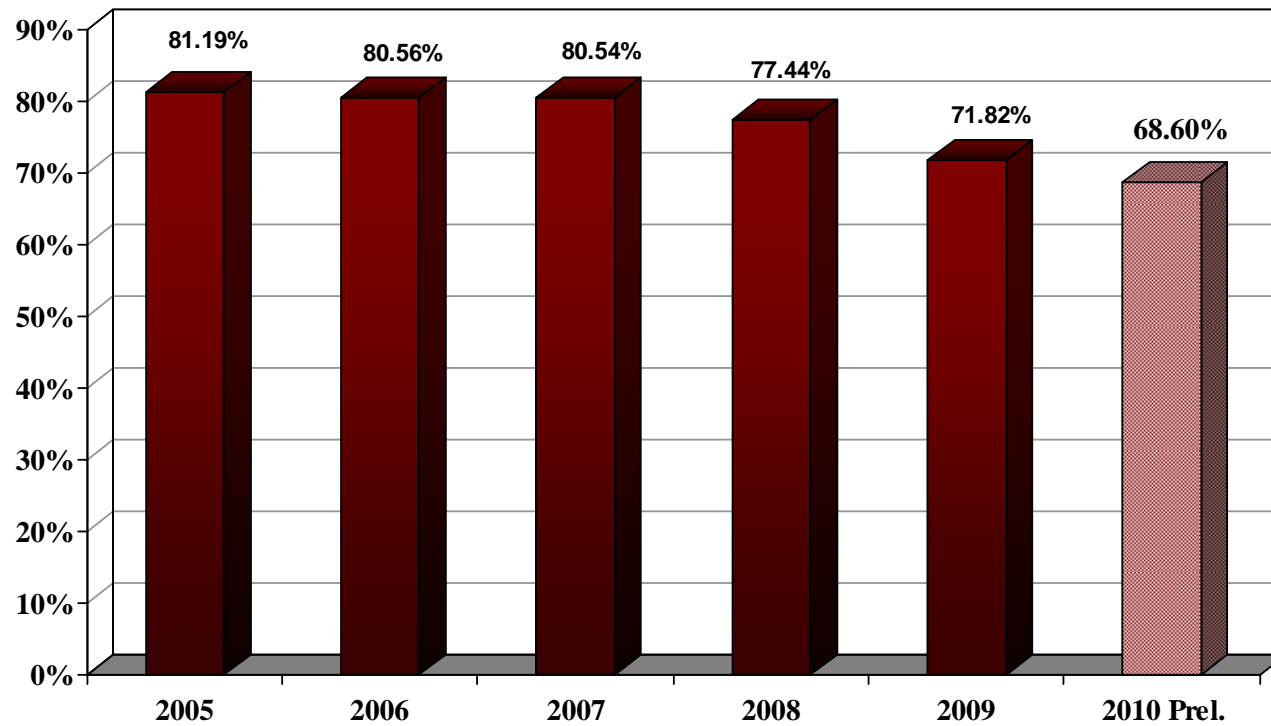
## Tax Collected as % of Levy Trend for Cities: *Current and Total Collections* 2006-2010 (Prelim.)



Source: Merritt Research Services, LLC data as of July 15, 2011.

Number of Cities in reporting sample: approximately 450 in years 2006-2009; about 385 cities reporting to date for fiscal year 2010.

**City Annual Median:  
Total Pension Funded Ratio  
Funding Ratios Going Lower  
FY 2004 - 2010 (Prelim.)**

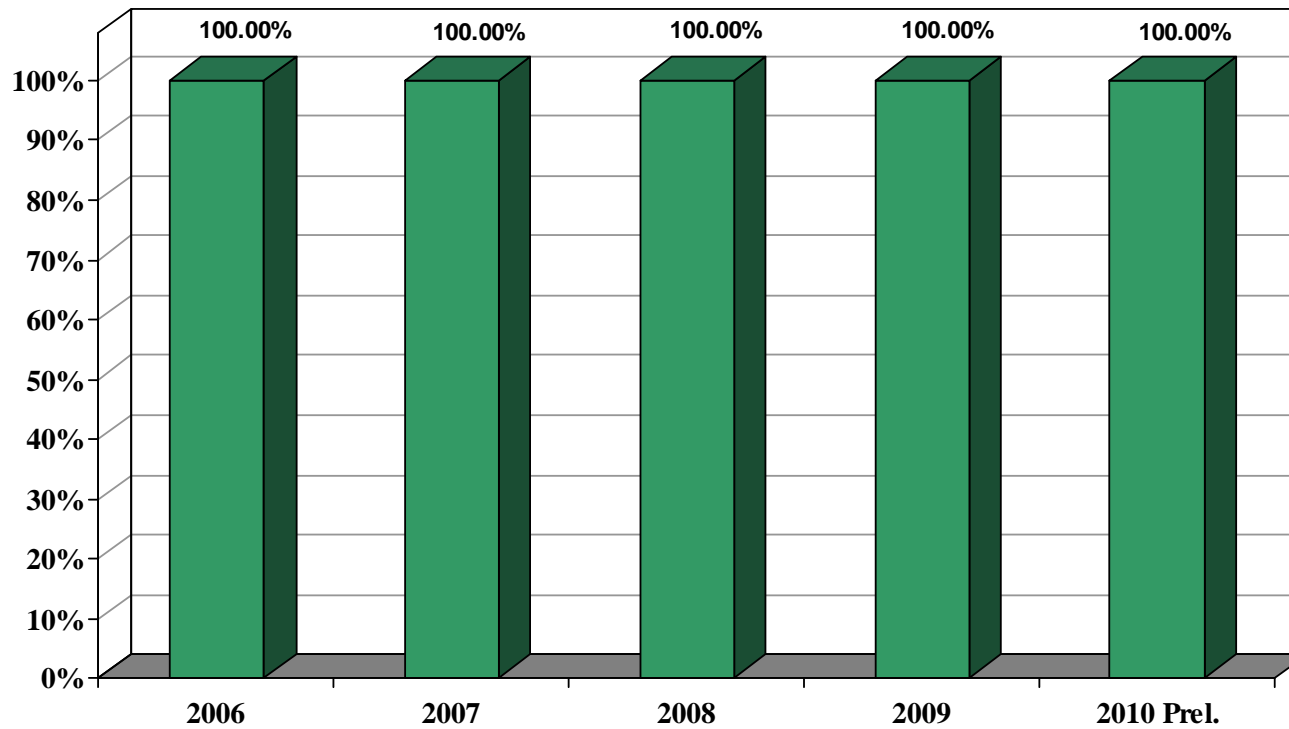


Source: Merritt Research Services, LLC data.

Pension data reflects pension funding ratio of approximately 400 cities reporting in 2008; 379 in 2009 and 212 in 2010 (as of July 15, 2011).



## City Annual Median: Total Percent Contributed of Annual Pension Contribution FY 2004 - 2010 (Prelim.)



Source: Merritt Research Services, LLC data.

Pension data reflects pension funding ratio of approximately 400 cities reporting in 2008; 379 in 2009 and 212 in 2010 (as of July 15, 2011).

## Notes and Disclosures

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