

# State of Connecticut



Hartford

DENISE L. NAPIER  
TREASURER

December 7, 2012

Stamford Advocate  
27 Strawberry Hill Avenue  
Stamford, CT 06902

Dear Editor,

There can be no argument that the State's fiscal situation demands action. However, reporting accurate information is of the utmost importance in communicating a clear sense of the scope of the problems confronting us. For that reason, I am writing to correct four inaccuracies in the Stamford Advocate's article. ["The State Gets Creative to Pay Bills," 12/6/12]

First, as State Treasurer, I can assure you that my office is taking precautionary steps to ensure the availability of cash to fund operations by establishing a standby line of credit. This is a standard tool used by private corporations and government entities. It is not "creative accounting."

Second, during January through November 2012, my office's net temporary transfers of funds to and from bond fund investment accounts totaled \$366 million, not \$1.6 billion. The balance as of yesterday was \$550 million (Today's balance is \$439 million).

Third, the state's cash position has been diminished by not following Generally Accepted Accounting Principles (GAAP) in the past, which has resulted in a chronic General Fund GAAP deficit of over \$1 billion. Moving to GAAP will help, not hurt the state's cash position.

Fourth, the common cash pool was positive throughout October and no transfers of bond funds occurred.

Every month, for the past two years, I have reported to the General Assembly specifics of the State's cash position. That cash has steadily declined is sobering news, but it ought not be surprising. I remain committed to ensuring that the State avails itself of whatever cost-effective tools are available as the Governor and General Assembly tackle the challenging issues before us all.

Sincerely,

Denise L. Nappier  
State Treasurer