DENISE L. NAPPIER
TREASURER

State of Connecticut
Office of the Treasurer

CHRISTINE SHAW
DEPUTY TREASURER

December 3, 2012

Joint Committee on Finance, Revenue and Bonding:
The Honorable Eileen M. Daily, Senate Chair
The Honorable Patricia M. Widlitz, House Chair
The Honorable Andrew W. Roraback, Senate Ranking Member
The Honorable Sean J. Williams, House Ranking Member

Appropriations Committee:
The Honorable Toni Nathaniel Harp, Senate Chair
The Honorable Toni E. Walker, House Chair
The Honorable Robert J. Kane, Senate Ranking Member
The Honorable Craig A. Miner, House Ranking Member

Legislative Office Building
Hartford, CT 06106

Dear Mesdames and Messrs.:

Pursuant to C.G.S. Section 3-37(b), please find attached the monthly report for October 2012, which provides certain information regarding the State's cash position and bonding.

The report for October 2012 reflects an adequate overall cash balance. There were no transfers between the bond proceeds investment accounts and the common cash pool during October. During November, however, such transfers were necessary, and as of November 30, 2012, transfers from bond proceeds investment accounts to the common cash pool totaled $366 million.

Since Fiscal Year 2010, during which the State issued $915 million in Economic Recovery Notes and depleted all but $103 million of the $1.4 billion Budget Reserve Fund, the State's cash position has steadily fallen. At the start of Fiscal Year 2013, the common cash pool was $534 million below the June 30, 2011 level, and $762 million below the June 30, 2010 level.

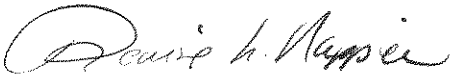
The low cash balances also are the result of the chronic General Fund GAAP deficit of over $1 billion and, more recently, the latest General Fund deficit projection for Fiscal Year 2013 of $365 million. In addition, we have the uncertainty facing all states regarding the impact of the federal "fiscal cliff" on federal funding, tax rates and economic growth nationally.

In my June 1, 2012 letter to you, I indicated that based on the approved State budget, we expected to manage the State's cash needs throughout this fiscal year by use of the State's total available cash. We cautioned, however, that the significant decline in the common cash pool could trigger more extensive transfers to the common cash pool and possibly the need for external funding sources. At the time, the need for external borrowing was possible, but not probable.

Given the challenges discussed above, I believe it is prudent to prepare for the potential – though still not yet certain – need to borrow funds externally in order to fund cash flow requirements for current operations. Accordingly, my office is establishing standby lines of credit with banks to be drawn upon if needed, in an aggregate amount not to exceed $550 million, in accordance with the provisions of Section 3-16 of the general statutes.

I will keep you updated on these cash flow issues. In the meantime, should you have any questions, please feel free to call on me.

Sincerely,



Denise L. Nappier
State Treasurer

Enclosure

cc: The Honorable Dannel P. Malloy, Governor
Mr. Alan Calandro, Director, Office of Fiscal Analysis
Mr. Michael Murphy, Section Chief, Office of Fiscal Analysis
Ms. Linda Miller, Principal Analyst, Office of Fiscal Analysis

State of Connecticut - Office of the Treasurer

Monthly Report Prepared Pursuant to CGS Section 3-37 (b)
Report for the Month of October 2012, dated December 3, 2012
(in millions)

Week Ending Available Cash Balance	October 6, 2012 Amount	October 6, 2012 Percent	October 13, 2012 Amount	October 13, 2012 Percent	October 20, 2012 Amount	October 20, 2012 Percent	October 27, 2012 Amount	October 27, 2012 Percent
Common Cash Pool [1]	$236.7	17.0%	$249.0	18.0%	$116.1	9.5%	$252.8	20.5%
GO Bond STIF Accounts[2]	$813.6	58.4%	$805.1	58.2%	$800.8	65.7%	$705.5	57.1%
STO Bond STIF Accounts	$109.5	7.9%	$104.9	7.6%	$86.0	7.1%	$75.6	6.1%
Clean Water Bond STIF Accounts	$118.8	8.5%	$118.8	8.6%	$110.2	9.0%	$110.2	8.9%
Special Transportation Fund STIF Account	$98.6	7.1%	$88.7	6.4%	$88.7	7.3%	$74.1	6.0%
Misc. STIF Accounts	$16.8	1.2%	$16.8	1.2%	$16.8	1.4%	$16.8	1.4%
Total Available Cash*	**$1,393.9**	**100.0%**	**$1,383.2**	**100.0%**	**$1,218.6**	**100.0%**	**$1,235.0**	**100.0%**

(1) The Common Cash Pool represents the state's operating cash.
(2) Proceeds from bond investment accounts were temporarily transferred to and from the Common Cash Pool during November 2012.
STIF = Short-Term Investment Fund

Components of Common Cash Pool[3]	October 6, 2012	October 13, 2012	October 20, 2012	October 27, 2012
Short-Term Investment Fund	$0.2	$0.3	$0.9	$0.3
Short-Term Investment Fund Plus	$4.8	$4.8	$4.8	$4.8
Extended Investment Portfolio	$0.1	$0.1	$0.1	$0.1
Community Bank & Credit Union Initiative	$6.0	$6.0	$6.0	$6.0
Bank Concentration Account	$225.6	$237.8	$104.2	$241.6
Total Common Cash Pool*	**$236.7**	**$249.0**	**$116.1**	**$252.8**

(3) Balances are allocated daily between investment and bank options based on relative interest and earnings credit rates and projected cash flows.

Authorized and Unissued Bonding by Program as of October 31, 2012 Bonding Program	Authorized by Legislature but Unissued	Authorized by Bond Commission but Unissued	2013 Fiscal Year To Date Issuance	New Bond Issuance Assumptions For the Balance of 2013 Fiscal Year
General Obligation	$5,060.0	$1,652.8	$500.0	$1,000.0
Special Tax Obligation	$3,637.6	$3,009.7	$0.0	$600.0
Clean Water Fund	$833.5	$576.7	$0.0	$150.0
UConn 2000 Program	$239.0	$239.0	$0.0	$189.0
Total	**$9,770.1**	**$5,478.3**	**$500.0**	**$1,939.0**

Note: The State of Connecticut has not issued any other debt instruments and does not currently have a commercial paper program or line of credit outstanding.

* Details may not add due to rounding.