OBM

Ted Strickland
Governor

J. Pari Sabety
Director

November 10, 2009

MEMORANDUM TO: The Honorable Ted Strickland, Governor
The Honorable Lee Fisher, Lt. Governor

FROM: J. Pari Sabety, Director

SUBJECT: Monthly Financial Report

This report contains information regarding Ohio's financial position through October 31, 2009 as well as highlights of regional and national economic indicators that are important to understanding the current state and direction of Ohio's economy.

Consistent with indications that the recession ended in the United States in the May-July 2009 timeframe, real GDP increased 3.5% in the third quarter of 2009, following four consecutive quarterly decreases. Economic stimulus programs and their success in boosting spending have been a key catalyst in this turnaround. In spite of the deepness of the current recession, there is little indication of potential for a "snap-back" in the economy and strong indications of a long trudge on the path to recovery. Labor markets continue to deteriorate, albeit at a slower rate, with another 190,000 jobs lost in October and the national unemployment rate reaching 10.2% -- its highest level since March 1983.

In Ohio, the unemployment rate decreased to 10.1% in September, down from 10.8% in August. A decline at this point in the recovery is due to the fact that fewer Ohioans report that they are actively seeking employment because they are discouraged about job prospects. As the recovery strengthens, this phenomenon may reverse itself, increasing the unemployment rate as more Ohioans are encouraged by positive economic signs and actively seek work once again.

Ohio's October tax receipts were generally in line with expectations coming in $18.4 million (1.4%) under estimate. However, for the fiscal year-to-date, receipts are $21.1 million (0.4%) over estimate. Continued year-to-date weakness in the non-auto sales, public utility and kilowatt hour taxes have been offset by slightly stronger than estimated performance in the personal income and cigarette taxes.

Attached to this report is an expanded section describing Ohio's receipts and expenditures of American Recovery and Reinvestment Act funds. Of the $8.2 billion that the state is expected to receive during this three-year program, approximately $1.91 billion has been received and $1.86 billion has been expended.

MONTHLY FINANCIAL REPORT
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ECONOMIC SUMMARY

The economy expanded by 3.5% in the third quarter, following four consecutive quarterly declines. Forecasters project that growth will continue at a subdued pace. Employment remained in a downtrend through October, and the unemployment rate increased nationally to a new high for the cycle of 10.2%. The Ohio unemployment rate decreased to 10.1% in September, down from 11.2% in July and 10.8% in August. Leading economic indicators suggest that the economic recovery is proceeding. The pace of economic recovery in Ohio will depend heavily on the fate of the motor vehicle industry and the strength of export markets.

Overview of Economic Performance

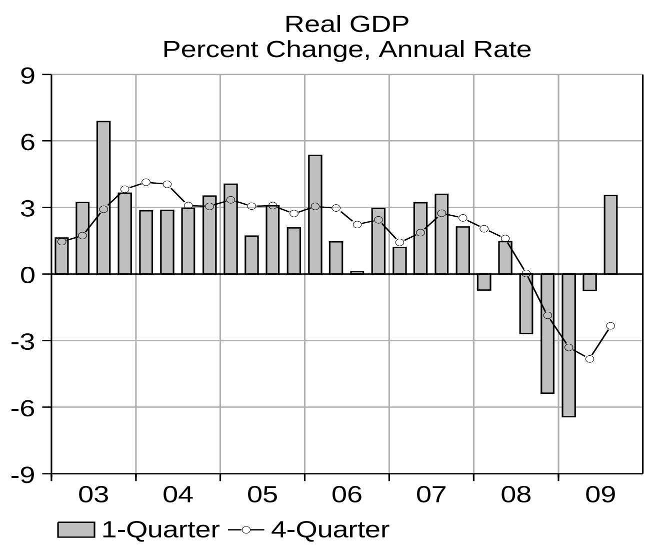
- Buoyed by the impact of economic stimulus programs, real GDP increased 3.5% during the third quarter of 2009.
- While leading indicators continue to send strong messages that the recession has ended, forecasters predict very mild growth during the first year of recovery.
- Labor markets continue to deteriorate, but at a lesser rate. Total job losses since the December 2007 peak are estimated at 7.3 million.
- Ohio has lost an estimated 258,200 jobs over the past 12 months.

Economic Growth

Real GDP increased 3.5% in the third quarter, the first increase following four consecutive quarterly decreases. The year-over-year rate of change improved from -3.8% in the second quarter – the largest 4-quarter decrease in the post World War II period – to -2.3% in the third quarter. Economic stimulus programs made substantial contributions to the increase in GDP during the third quarter.

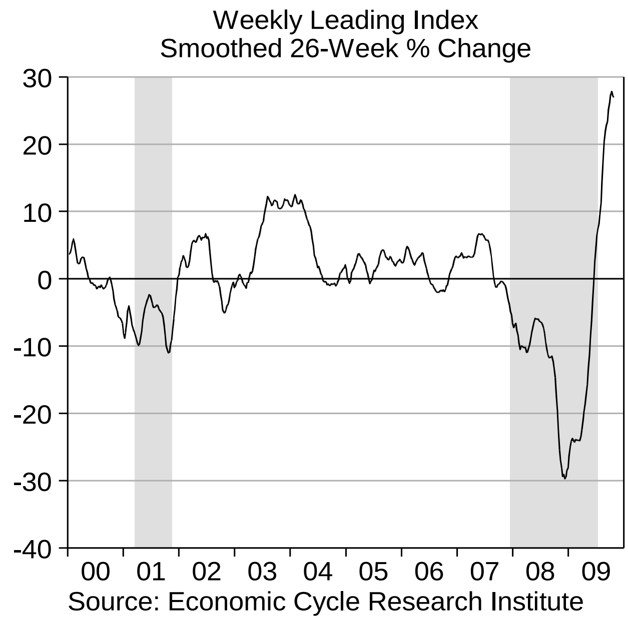
Personal consumption expenditures contributed 2.4 points of the 3.5% growth. Spending on motor vehicles and parts alone contributed a full point, reflecting the federal auto sales incentives that boosted sales in July and August. Exports added 1.5 points to growth, followed by the change in business inventories, which added 0.9 points. Investment in residential structures, which benefited from the first-time homebuyer tax credit, added 0.5%. Government outlays also added 0.5%, as a small decline in state and local government expenditures partially offset an increase in federal spending, which was concentrated in national defense.

Forecasters drew an increasingly accurate bead on the third quarter GDP number as the year progressed. IHS Global Insight revised its third quarter real GDP prediction up from a low of -1.2% in March to 3.6% in early October. The *Blue Chip Economic Indicators* consensus increased from a low of 0.4% in April to 3.2% in early October. The *Blue Chip Financial Forecasts* consensus increased from a low of 0.1% in April to 3.5% just before the GDP report.



The November forecast by IHS Global Insight is for a 2.7% increase in real GDP in the fourth quarter, followed by about 2.25% growth from the fourth quarter of 2009 to the fourth quarter of 2010. IHS Global Insight projects a 2.3% increase in real GDP during the first year of recovery (including the third quarter of 2009), compared with an average of 5.5% in the first year of the previous ten recoveries. In spite of the deepness of the current recession, there is no indication of a "snap-back" recovery as first-year growth is expected to be in line with the recoveries following the more recent and shallower 1990-91 and 2001 recessions which experienced first-year post recession growth of 2.6% and 2.3%, respectively.

The message from leading indicators that the recession has ended has continued to strengthen. The **Weekly Leading Index** published by the Economic Cycle Research Institute increased on a four-week moving average basis in the week ending October 23 following a one-week decline that followed twenty-nine straight weekly increases. The smoothed six-month rate of change was 26.9%, down marginally for the second week in a row, but up from the low for the cycle and the all-time low of -29.7% reached on December 5.



The peak growth rate in the WLI has been highly correlated with the peak 4-quarter growth rate in real GDP during the first two years of previous economic recoveries. The current growth rate of the WLI is consistent with a much stronger rate of growth in real GDP at some point during the next two years than is widely anticipated. The main reason for lower expectations is the damage to household balance sheets from the downturn in the housing, financial and job markets.

The **Leading Economic Index** published by the Conference Board increased 1.0% in September – the sixth consecutive monthly rise. The smoothed six-month rate of change increased to 7.0% – the fifth consecutive positive change and the best since May 2004. The sharp upturn is very strong evidence that economic recovery is underway.

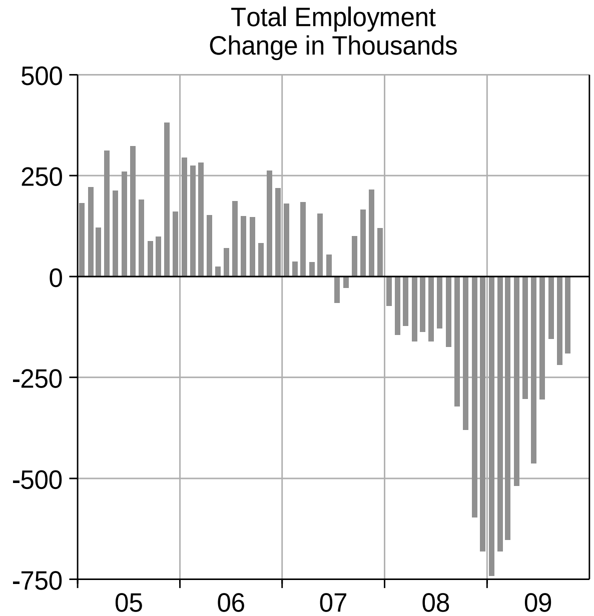
The **Ratio of the Coincident to Lagging Economic Index** published by the Conference Board increased for the sixth straight month in September – another signal of an upturn in the economy. The ratio has reached its cyclical trough at approximately the same time that recessions have ended on many occasions in the past.

Employment

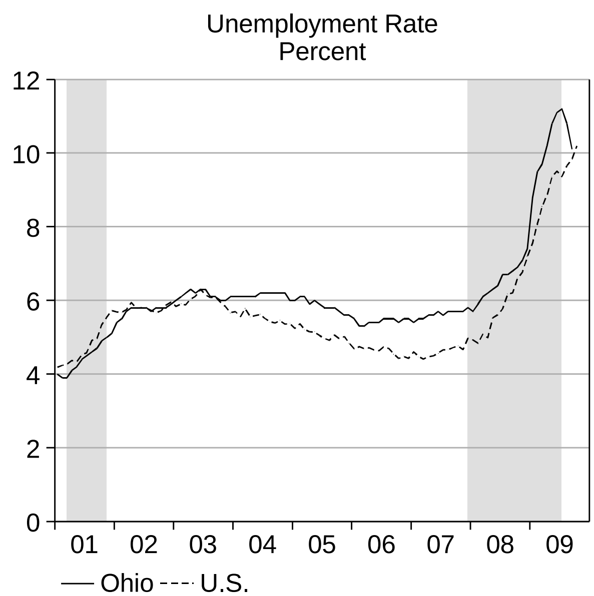
Labor markets continued to deteriorate in October, approximately in line with expectations. **Total employment** decreased by 190,000 jobs, bringing the total loss since the peak in December 2007 to 7.3 million jobs. Including estimated pending benchmark revisions, the total decline since the recession began probably exceeds 8 million jobs. The combined August and

September job losses were revised lower by 91,000 jobs from 464,000 jobs lost to 373,000 jobs lost.

Job losses were widespread across sectors in October. Employment fell the most in construction (-62,000), manufacturing (-61,000) and retail trade (-40,000). About one-half of the decline in construction employment occurred in nonresidential specialty trade contractors. The decline in manufacturing employment was nearly universal across industries, with the largest declines occurring in machinery (-10,400), nonmetallic mineral products (-8,000) and computer and electronic products (-6,300). Employment in the motor vehicle and parts industry increased by 4,600 jobs. Almost three-quarters of the drop in retail trade employment occurred in sporting goods, hobby, book and music stores (-15,800) and general merchandise stores (-13,300).

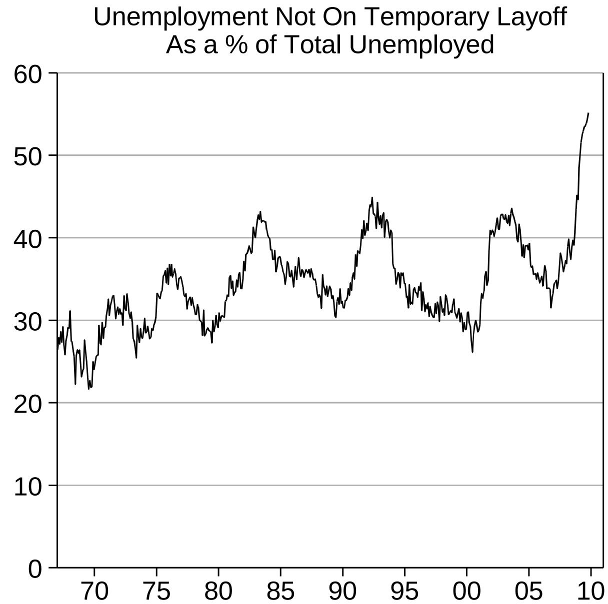


Employment at temporary help agencies increased by 34,000 jobs and the August and September changes were revised from small declines to small increases. The October increase was the first since December 2007, which in turn was the first since December 2006. Changes in the strength of labor markets are believed to appear first in demand for temporary workers, who can be hired and dismissed with less cost than permanent employees.



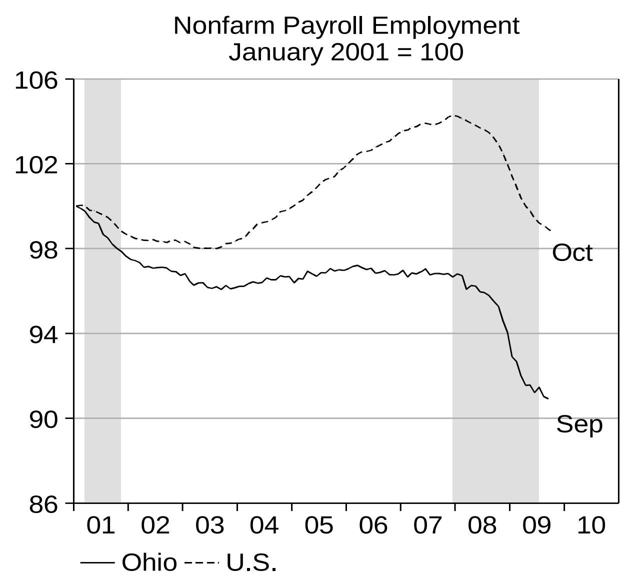
The **unemployment rate** increased by 0.4 percentage points to 10.2% – up 5.8 percentage points from the low for the last cycle reached in March 2007 and the highest level since March 1983. The broadest measure of unemployment, which includes marginally attached workers and workers employed part-time because they cannot find a full-time job, increased to 17.5%. Marginally attached workers are neither employed nor actively searching for a job but indicate that they would like to work.

In addition to the large increase and high level of unemployment, the duration and composition of unemployment are evidence of the severity of the downturn. The median **duration of unemployment** increased to 18.7 weeks in October – a new record high. Half of those unemployed have been out of work for at least 18.7 weeks. The median duration of unemployment averaged 7.1 weeks during 1967-2007 and had never been higher than the 12.3 week duration recorded in May 1983. Likewise, job losses in the 2007-09 recession have resulted to a far greater degree than in the past from **permanent job eliminations**. The percentage of those unemployed in October who were not on temporary layoff was a record high 55.1%. The figure averaged 33.9% during 1967-2007 and had never been higher than the 44.9% level reached in May 1992.



The length of the private sector workweek remained at the all-time low of 33.0 hours in October. The length of the manufacturing workweek increased to 40.0 hours, and the length of the September workweek was revised from 39.8 hours to 39.0 hours. Overtime hours increased to 3.2 hours in October, and September overtime hours were revised higher from 2.8 hours to 3.0 hours. Employers typically respond to improved demand by lengthening the workweek before calling back or hiring new employees. **Total hours worked** decreased 0.3% in October to 2.4% at an annual rate below the third quarter level.

Ohio employment decreased by 5,900 jobs in September, following a 24,300 job loss in August. The August decline was revised up from an initial estimate of -30,100. Employment has decreased by 258,200 jobs, or 4.8%, during the twelve months ending in September. Most sectors posted job losses during August, led by manufacturing (-3,700), leisure and hospitality (-3,200), other services (-2,500) and financial activities (-2,300). Professional and business services (+6,400), government (+5,400) and educational and health services (+2,300) posted increases in employment. The increases in professional and business employment and government employment followed large declines in the prior month.



Of the eleven **Ohio Metropolitan Statistical Areas**, only Sandusky added jobs (+1,300) during the twelve months ended in September. Employment fell by the largest amounts in Cleveland (-61,900) and Cincinnati (-39,100). Employment was also notably lower in Columbus (-16,800) and Toledo (-16,600). Dayton and Akron lost 14,700 jobs and 14,100 jobs, respectively.

Employment fell substantially in Ohio and each of the **contiguous states** during the year ending in September. The declines were larger in states with a higher concentration of employment in manufacturing and smaller in states with a higher concentration of employment in mining. Employment fell 7.5% in Michigan, 4.8% in Ohio, 4.7% in Kentucky, 4.6% in Indiana, 3.6% in West Virginia, and 3.4% in Pennsylvania. For the region as a whole, employment was down 4.9% during the same period, compared with a decline of 4.1% for all states outside the region combined.

The 12-month percentage decrease in employment has improved from its low for this cycle in Michigan, Indiana and Ohio. The 12-month decrease deteriorated to a new low for the cycle in Kentucky, West Virginia and Pennsylvania. The c**oincident economic index** for Ohio, compiled by the Federal Reserve Bank of Philadelphia, improved in September for the first time since before the recession began in December 2007. The index peaked in May 2007 and fell at a steep rate during 2008. The rate of decline slowed this spring.

Consumer Income and Consumption

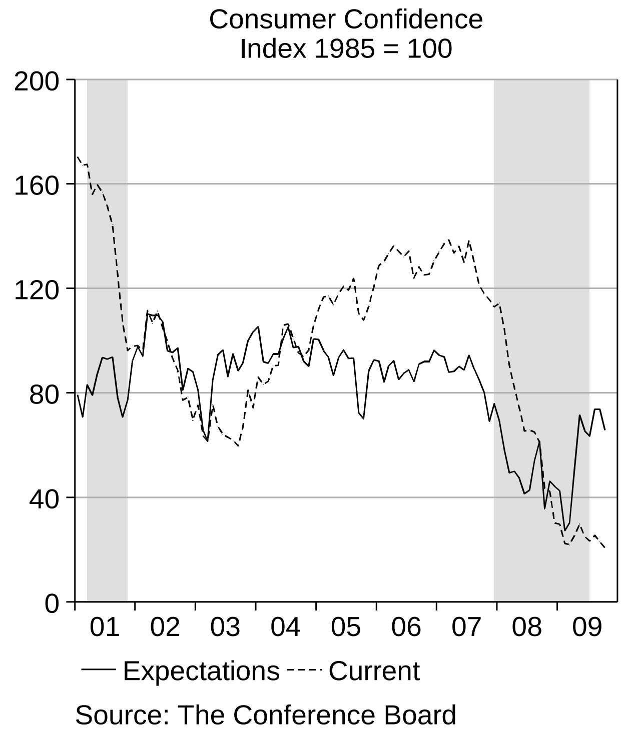
Personal income was flat in September following increases of 0.1% in July and August. Previous months exhibited large swings caused by the American Recovery and Reinvestment Act. Real disposable personal income, which excludes taxes and fees paid to governments and is adjusted for inflation, decreased 0.1% in September – the fourth consecutive monthly decline. Compared with a year earlier, real disposable personal income was higher by 1.1%.

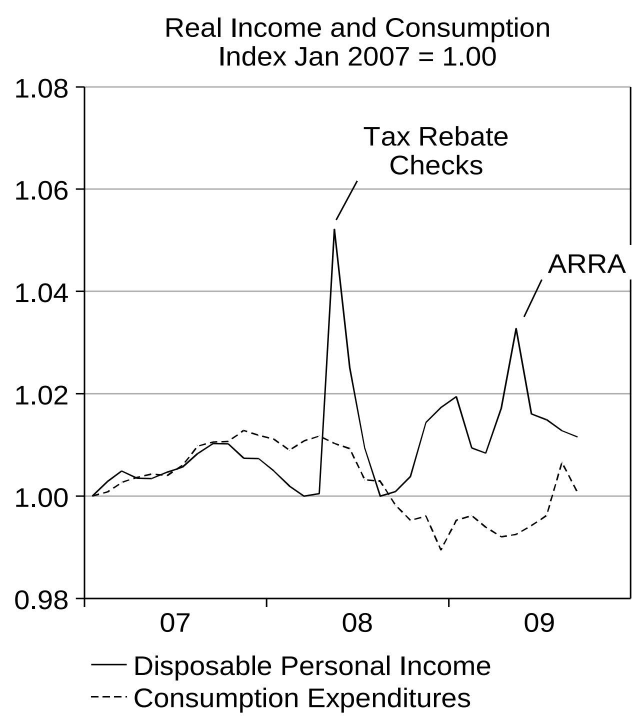
Wage and salary disbursements, which account for just over one-half of personal income, decreased 0.2% in September, offsetting the 0.2% rise in August. Prior to the small increases in July and August, wage and salary disbursements had declined for eight straight months. Compared with a year earlier, wage and salary disbursements were down 5.2% – just up from the low of -5.3% reached in August. Falling employment and hours and progressively smaller gains in hourly earnings have caused the slowdown in wage and salary disbursements.

Ohio wage and salary income data for the second quarter of 2009 were released in October and showed a year-to-year decline of 5.3% following a 4.0% decline for the first quarter.

Personal consumption expenditures decreased 0.5% in September, reflecting the termination of the CARS program at the end of August. Spending on nondurable goods increased 0.5% and spending on services increased 0.1%. Sales of light motor vehicles fell 34.6% from August to September to 9.2 million units – about the same as the 9.5 million average during the first half of the year before the rebates boosted sales to 11.2 million units and 14.1 million units in July and August, respectively. Auto sales recovered somewhat in October to 10.4 million – the highest level since the financial crisis erupted in October 2008. As recently as the twelve months ending in March 2008, light motor vehicle sales totaled 15.8 million units. Outside of motor vehicles, consumer spending continues to recover. **Chain store sales** managed a rise of 0.1% in the week ending October 31 to 1.9% above the year earlier level.

Consumer attitudes deteriorated in October. Measures of consumer expectations have improved significantly from the all-time lows reached last winter, but remain in recessionary territory. Assessments of current conditions remain near all-time lows. Consistent with the gloomy outlooks of consumers, households have increased saving and reduced debt. The personal saving rate was 3.3% in September, down from 5.9% in May but up from nearly zero in early 2008. Consumer installment credit outstanding decreased again in August, and is down by $118.8 billion, or 4.6%, from the July 2008 peak – the largest decline since World War II in both dollar and percentage terms.

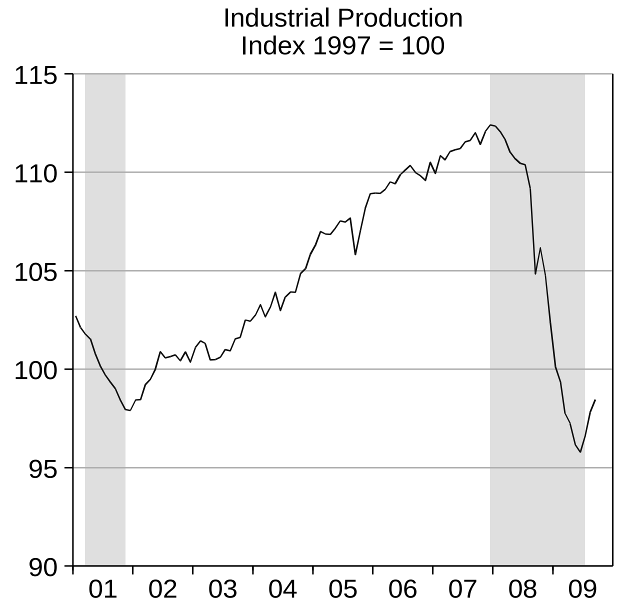




Manufacturing

The recent pattern in **industrial production** strongly suggests that the recession ended in the May-July period. Industrial production increased 0.7% in September for the third straight monthly gain. Each of the ten previous recessions ended within one month of the corresponding trough in industrial production.

The August increase was revised up from 0.8% to 1.2%, following an increase of 0.9% in July. Manufacturing output increased 0.9%, reflecting an 8.1% increase in production of motor vehicles and parts. Utility output was off 0.7%. Mining output increased 0.7%.



Gains were widespread across industries, with sizable increases in petroleum and coal products (+3.6%), primary metal (+3.4%), aerospace (+1.5%) and apparel and leather (+1.4%). Notable declines in production occurred in furniture and related products (-1.0%), machinery (-0.9%) and nonmetallic mineral products (-0.7%).

Total industrial production increased 11.7% annualized during the three months ending in September. The rate has been surpassed on only two other occasions during the last 25 years (September and October 1997 and December 2005).

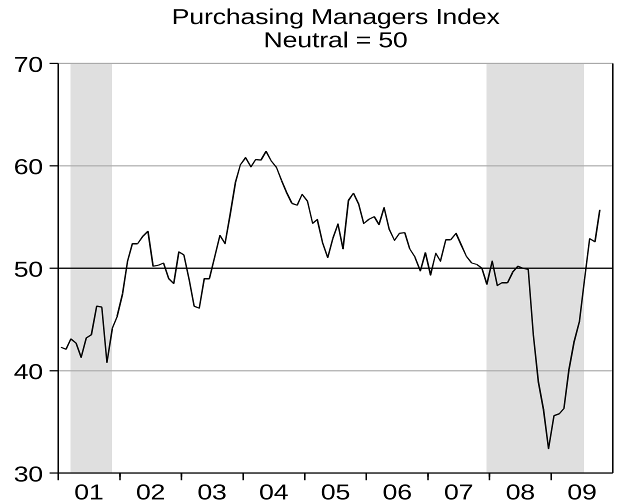
The motor vehicle sector has provided much of the strength in recent months. Excluding motor vehicles and parts, manufacturing production increased 7.0% annualized during the three months ending in September – a welcome rebound from the -18.4% annualized 3-month rate of change in September 2008 and -16.7% in January, but not as much of an historical outlier as the 11.7% increase in total industrial production.

Spurred by the federal subsidies for qualifying new car purchases, production of motor vehicles and parts increased at the fastest rate in history during the 3-month period other than during the 3-month period ending in October 1998. Motor vehicle assemblies increased from an annual rate of 4.18 million units in June to 7.29 million units in September. Assemblies increased from 8.20 million units in July 1998 to 13.08 million units in October 1998.

The upturn in industrial production is a convincing sign that the recession ended in the May-July period, because production (which troughed in June 2009) reached its trough within one month of the end of each of the previous ten recessions. The trough in production was one month early at the 1954 trough and one month late at the 1975 and 1982 troughs. The timing of the production trough exactly matched the timing of the end of recession in the other seven cycles.

Midwest manufacturing output increased 1.0% in September, reflecting increases in auto production (+5.5%), steel production (+1.3%) and resource production (+0.2%). Machinery production decreased 1.8%. Production has increased 5.5% during the past three months, according to the Federal Reserve Bank of Chicago.

Purchasing managers at manufacturing companies indicated that activity improved again in October. The ISM index increased to the highest level since April 2006, indicating broad-based improvement in the sector. The production index increased to the highest level since July 2004. The employment index moved above the neutral level of 50 for the first time since August 2006. The October report from purchasing managers is consistent with another strong advance in real GDP during the fourth quarter.

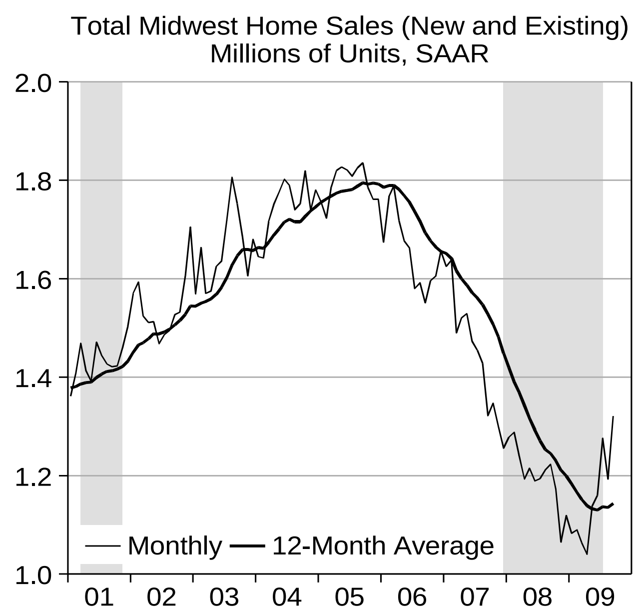


Construction

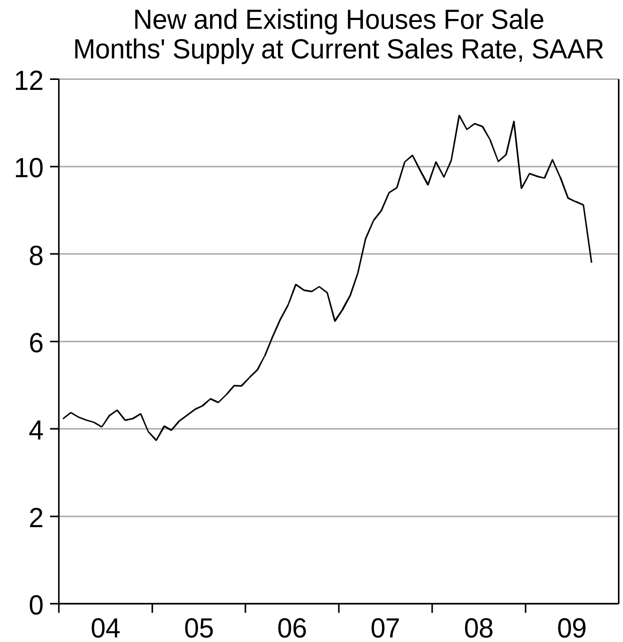
Total **construction put-in-place** increased by 0.8% in September, due entirely to a rise in improvements to houses. Excluding improvements to houses, which are inaccurately estimated from month to month, total construction edged down by 0.1%. Private construction increased 0.5%, and public construction increased 1.3%. Construction of single-family houses increased 2.4%, while construction of multi-family housing decreased 4.1%. Nonresidential construction decreased 0.4%.

The recovery process appeared to pick up steam in September, as construction leveled off, sales picked up, inventories declined and prices stabilized. **Housing starts** were unchanged in September on a 3-month moving average basis after three straight months of increases. Starts were up by 14.1% on a 3-month moving average basis from May. Midwest housing starts were up by 43.4% on a 3-month moving average basis from the low for the cycle in February.

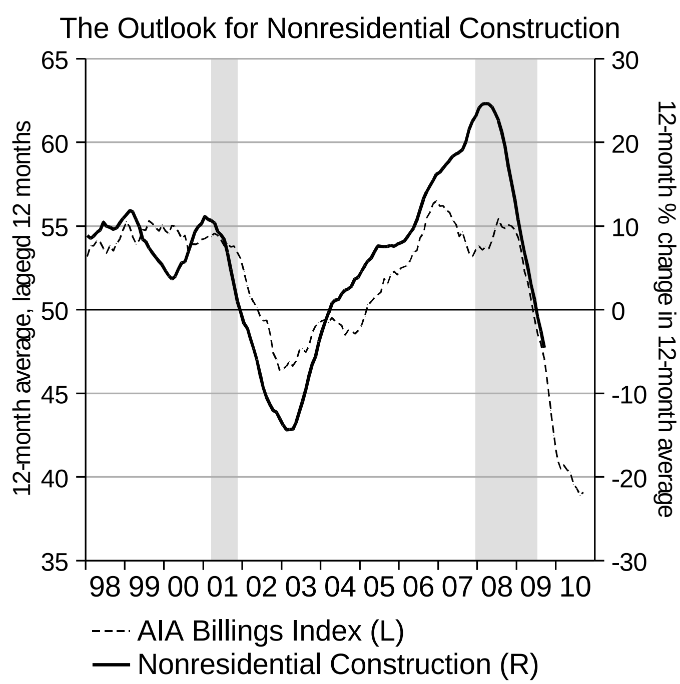
Existing **home sales** increased 9.4% in September, and new home sales fell 3.6%, but both posted the sixth straight monthly increase on a 3-month moving average basis. Existing home sales were 5.9% higher than a year earlier on a 3-month moving average basis, while new home sales remained 10.7% lower.



Inventories of unsold homes continued to work lower both in absolute numbers and relative to the pace of sales. The number of existing homes on the market declined 7.5% to 3.63 million in September, and the number of months required to move all of the homes on the market at the current sales pace decreased to 7.8 months – the lowest since March 2007. The number of new homes on the market also fell, keeping the number of months required for all of the homes on the market to sell at 7.5 months. The normal range for the inventory-to-sales ratio for both existing and new homes is 4 months to 5 months.



The strains from falling employment, tight credit, declining rents and property prices and rising vacancy rates continued to weigh on **private nonresidential construction**. Activity declined in September in across most property types, with manufacturing (-2.9%), power (-2.7%) and lodging (-1.7%) leading the way. Among major categories, only educational (+0.4%) increased.



The **Architecture Billings Index** (ABI) compiled by the American Institute of Architects increased in September back to its July level. At 43.1, the index level remains well below the neutral level of 50, where it has been since February 2008. The pattern in the index is consistent with continued weakness in nonresidential construction. In a promising sign, inquiries for new work increased to the highest level since September 2007.

REVENUES

During the month of October**, total GRF receipts totaled $2,104.4 million** which was $33.7 million (1.6%) below estimates**.** This negative variance was driven by a combination of lower than expected performance in certain tax receipts, federal grants and investment earnings, which combined to offset continued better than anticipated receipts in the personal income and cigarette taxes.

Category	Description	YTD Variance	% Variance
Tax receipts	Sales & use, personal income, corporate franchise, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, soft drink, alcoholic beverage, liquor gallonage, estate & horse racing	$21.1million	0.4%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	($28.7 million)	(1.0%)
Transfers	Budget stabilization, liquor transfers, capital reserve, other	($10.7million)	(12.2%)
TOTAL REVENUE VARIANCE:		($18.4 million)	(0.2%)

During the month of October tax receipts were lower than estimated as a result negative variances in the non-auto, auto, corporate franchise, kilowatt hour, and estate taxes which together offset continued better than estimated performance in the personal income and cigarette taxes. Despite this monthly variance, tax receipts through the month of October exceeded estimates by $21.1 million (0.4%). On a year-over-year basis, FY 2010 tax receipts are $695.5 million (12.0%) below what they were at the same point in FY 2009.

Individual Sources Above Estimate		Individual Sources Below Estimate	
Personal Income Tax	$6.0	Non-Auto Sales Tax	($8.1)
Foreign Insurance	$4.0	Auto Sales Tax	($8.3)
Domestic Insurance	$1.1	Corporate Franchise Tax	($8.0)
Cigarette Tax	$7.5	Kilowatt Hour Tax	($2.2)
Other Income	$6.0	Estate Tax	($10.1)
ISTV's	$3.1	Federal Grants	($22.0)
Liquor Transfers	$3.0	Investment Earnings	($7.0)
Other Sources Above Estimate	$1.9	Other Sources Below Estimate	($0.6)
Total above	$32.6	Total below	($66.3)

Non-Auto Sales and Use Tax

For the month of October, non-auto sales tax collections continued to come in under estimate, totaling $483.4 million, $8.1 million (1.7%) below estimate. However, approximately half of this differential can be attributed to an unanticipated refund settlement, without which estimates would have been within 1% of actual collections. For the year-to-date, non-auto sales tax receipts are $30.3 million below estimate (1.5%).

Auto Sales Tax

Auto sales tax receipts totaled $62.3 million, resulting in a negative variance of $8.3 million (11.8%). The negative variance is partially due to the timing of the revenues received from the Cash for Clunkers program. Estimates assumed revenues from the program would be realized over the course of four months (August through November). Instead, the bulk of revenues were realized in August and September, resulting in positive variances in these months, and a shortfall in October as sales tapered off. A year-to-date comparison versus FY09 shows auto sales receipts are lagging FY09 levels by $13.3 million (3.9%). There also remains some uncertainty about how the Cash for Clunkers program will affect the tax for the rest of the year as it is difficult to determine what portion of these sales would have occurred in later months regardless of the program and which were purchases that would not have otherwise occurred.

Personal Income Tax

Personal income tax receipts were again above estimate in October as the $546.2 million in receipts exceeded the estimate by $6.0 million or 1.1 percent. Payments associated with annual returns filed on extension were the major contributor to this monthly overage. Through the first four months of this fiscal year, total personal income tax receipts are significantly below (14.4%) those of the first four months of FY 2009.

Although year-to-date personal income tax receipts are $50.5 million or 2.3 percent above the estimate, the estimate reflected marked declines relative to FY 2009 receipts and year-to-date performance reflects our expectations of sharply lower revenues again this fiscal year.

FY2010 PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)

	ESTIMATE OCT	ACTUAL OCT	$ VAR OCT	ESTIMATE Y-T-D	ACTUAL Y-T-D	$ VAR Y-T-D
Withholding	$564.8	$564.7	($0.1)	$2,179.3	$2,219.5	$40.2
Quarterly Est.	$18.1	$17.4	($0.7)	$252.9	$259.5	$6.6
Trust Payments	$3.1	$3.4	$0.3	$12.3	$8.6	($3.7)
Annual Returns & 40 P	$54.2	$59.9	$5.7	$95.6	$97.6	$2.0
Other	$6.5	$4.8	($1.7)	$20.6	$24.7	$4.1
Less: Refunds	($52.9)	($48.5)	$4.4	($139.1)	($135.0)	$4.1
Local Distr.	($53.6)	($55.5)	($1.9)	($202.3)	($205.0)	($2.7)
Net to GRF	**$540.2**	**$546.2**	**$6.0**	**$2,219.3**	**$2,269.8**	**$50.5**

Corporate Franchise Tax

Corporate franchise tax receipts for the month of October were ($5.0 million) against the estimated receipts of $3.0 million, for a monthly shortfall of $8.0 million. This shortfall is the result of refunds exceeding payments with respect to final settlements for tax year 2009 for the returns being filed on extension with a due date of October 15th. Net receipts for the two-month September and October period were slightly above estimate. As Fiscal Year 2010 is the final year for completing the phase out of this tax for most taxpayers, comparing the performance on a year-over-year basis is not meaningful.

Commercial Activity Tax

In FY 2010, receipts from the commercial activity tax (CAT) will continue to be distributed to non-GRF funds to reimburse school districts and local governments for the phase out of the tangible personal property tax. During the month of October, CAT receipts reversed their pattern of small negative variances in recent months as they totaled $48.4 million or $9.0 million above the monthly estimate of $39.4 million. This monthly variance may well be due to the receipt of early payments made on those taxes due in the month of November. As a result, a better indicator of the performance of this tax will be gained by looking at year-to-date receipts through November versus the estimate. Through the first four months of this fiscal year, total CAT receipts have totaled $372.1 million, or $5.0 above the year-to-date estimate.

Kilowatt Hour Tax

The kilowatt hour tax during the month of October was again below estimate posting total receipts of $12.9 million, or $2.2 million (14.6%) below the estimate. As mentioned previously, this variance is attributable largely to the relatively weak demand for electricity driven by both a milder than expected summer and reduced demand for electricity due to broader economic factors.

Cigarette Tax

The cigarette tax posted receipts of $80.3 million during the month of October which was $7.5 million (10.3%) above the estimate. This performance, combined with better than expected receipts during the months of July and August increased the positive variance for this tax source to $19.3 million (8.0%). While the tax is still decreasing on a year-over-year basis, shrinking by $14.0 million (-5.1%) compared to the same period in FY 2009, the drop in consumption and revenue is not as great as was anticipated in construction of the revenue estimate.

Estate Tax

The estate tax posted receipts of $7.8 million in October and was $10.1 million below estimate. Approximately half of this shortfall is due to timing of payments as counties are making payments later than was assumed in the monthly estimates. Additionally, continued under-performance may indicate that aggregate payments may come in slightly lower than estimated.

GRF Non-Tax Receipts and Transfers

GRF non-tax receipts totaled $760.6 million in October, with the performance coming in $19.7 million below the estimate. This negative performance relative to estimates is attributable to receiving less in federal Medicaid reimbursement as a result of lower than expected spending and lower than estimated investment earnings as interest rates continue to remain at historically low levels. The performance of these two sources more than offset better than expected receipts in other income and ISTV's.

GRF transfers during the month of October totaled $16.4 million and were $4.4 million above the estimate. This variance is primarily attributable to continued better than estimated liquor profits transfers as a result of both continued strong sales and later than expected issuance of certain liquor backed bonds.

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2010 VS ESTIMATE FY 2010
($ in thousands)

REVENUE SOURCE	Month: ACTUAL OCTOBER	Month: ESTIMATE OCTOBER	Month: $ VAR	Month: % VAR	Year-to-Date: ACTUAL Y-T-D	Year-to-Date: ESTIMATE Y-T-D	Year-to-Date: $ VAR	Year-to-Date: % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	483,389	491,524	(8,135)	-1.7%	1,963,678	1,993,947	(30,269)	-1.5%
Auto Sales & Use	62,275	70,620	(8,345)	-11.8%	324,870	312,981	11,889	3.8%
Subtotal Sales & Use	545,664	562,144	(16,480)	-2.9%	2,288,549	2,306,929	(18,380)	-0.8%
Personal Income	546,224	540,200	6,024	1.1%	2,269,844	2,219,300	50,544	2.3%
Corporate Franchise	(5,000)	3,000	(8,000)	-266.7%	(8,639)	(6,039)	(2,600)	43.1%
Commercial Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	1,923	1,755	167	9.5%	36,048	48,077	(12,029)	-25.0%
Kilowatt Hour	12,925	15,132	(2,207)	-14.6%	54,765	62,812	(8,048)	-12.8%
Foreign Insurance	128,704	124,661	4,044	3.2%	132,816	128,973	3,843	3.0%
Domestic Insurance	1,240	116	1,125	970.3%	1,402	(704)	2,106	-299.2%
Other Business & Property Tax	4	95	(91)	-95.4%	106	382	(276)	-72.3%
Cigarette	80,307	72,837	7,470	10.3%	260,939	241,601	19,339	8.0%
Soft Drink	0	0	0	N/A	0	0	0	N/A
Alcoholic Beverage	4,689	5,192	(502)	-9.7%	19,612	20,360	(747)	-3.7%
Liquor Gallonage	2,928	2,806	122	4.4%	12,177	12,024	153	1.3%
Estate	7,806	17,900	(10,094)	-56.4%	9,465	22,303	(12,838)	-57.6%
Horse Racing	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	1,327,415	1,345,837	(18,422)	-1.4%	5,077,084	5,056,016	21,067	0.4%
NON-TAX RECEIPTS								
Federal Grants	728,763	750,771	(22,008)	-2.9%	2,725,125	2,750,936	(25,810)	-0.9%
Earnings on Investments	11,536	18,500	(6,964)	-37.6%	11,536	18,500	(6,964)	-37.6%
License & Fees	5,452	5,210	242	4.7%	19,509	19,821	(312)	-1.6%
Other Income	11,270	5,300	5,970	112.6%	20,975	17,201	3,773	21.9%
ISTV'S	3,573	500	3,073	614.7%	3,432	2,851	580	20.4%
Total Non-Tax Receipts	760,594	780,281	(19,686)	-2.5%	2,780,576	2,809,309	(28,734)	-1.0%
TOTAL REVENUES	2,088,009	2,126,118	(38,109)	-1.8%	7,857,659	7,865,326	(7,667)	-0.1%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	15,000	12,000	3,000	25.0%	57,000	50,000	7,000	14.0%
Transfers In - Capital Reserve	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	1,373	0	1,373	N/A	19,946	37,664	(17,718)	-47.0%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	16,373	12,000	4,373	36.4%	76,946	87,664	(10,718)	-12.2%
TOTAL SOURCES	2,104,383	2,138,118	(33,735)	-1.6%	7,934,605	7,952,990	(18,385)	-0.2%

Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL - FY 2010 VERSUS FY 2009
($ in thousands)

	Month				Year-to-Date			
REVENUE SOURCE	OCTOBER FY 2010	OCTOBER FY 2009	$ VAR	% VAR	ACTUAL FY 2010	ACTUAL FY 2009	$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	483,389	511,864	(28,475)	-5.6%	1,963,678	2,170,067	(206,389)	-9.5%
Auto Sales & Use	62,275	77,965	(15,690)	-20.1%	324,870	338,189	(13,318)	-3.9%
Subtotal Sales & Use	545,664	589,829	(44,165)	-7.5%	2,288,549	2,508,256	(219,707)	-8.8%
Personal Income	546,224	645,712	(99,488)	-15.4%	2,269,844	2,653,220	(383,376)	-14.4%
Corporate Franchise	(5,000)	14,160	(19,160)	-135.3%	(8,639)	46,293	(54,932)	-118.7%
Commercial Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	1,923	1,788	134	7.5%	36,048	49,265	(13,218)	-26.8%
Kilowatt Hour	12,925	11,027	1,898	17.2%	54,765	48,577	6,187	12.7%
Foreign Insurance	128,704	124,258	4,446	3.6%	132,816	128,553	4,263	3.3%
Domestic Insurance	1,240	8,516	(7,275)	-85.4%	1,402	7,744	(6,342)	-81.9%
Other Business & Property Tax	4	75	(70)	-94.1%	106	321	(215)	-67.0%
Cigarette	80,307	85,246	(4,939)	-5.8%	260,939	274,925	(13,986)	-5.1%
Soft Drink	0	0	0	N/A	0	0	0	N/A
Alcoholic Beverage	4,689	5,103	(414)	-8.1%	19,612	20,058	(446)	-2.2%
Liquor Gallonage	2,928	2,750	178	6.5%	12,177	11,917	260	2.2%
Estate	7,806	18,736	(10,931)	-58.3%	9,465	23,404	(13,939)	-59.6%
Horse Racing	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	1,327,415	1,507,201	(179,786)	-11.9%	5,077,084	5,772,534	(695,450)	-12.0%
NON-TAX RECEIPTS								
Federal Grants	728,763	753,106	(24,343)	-3.2%	2,725,125	2,386,152	338,973	14.2%
Earnings on Investments	11,536	51,111	(39,576)	-77.4%	11,536	51,111	(39,576)	-77.4%
License & Fee	5,452	5,400	53	1.0%	19,509	19,266	243	1.3%
Other Income	11,270	4,505	6,765	150.2%	20,975	18,103	2,871	15.9%
ISTV'S	3,573	19	3,555	N/A	3,432	3,890	(458)	-11.8%
Total Non-Tax Receipts	760,594	814,141	(53,547)	-6.6%	2,780,576	2,478,522	302,054	12.2%
TOTAL REVENUES	2,088,009	2,321,342	(233,333)	-10.1%	7,857,659	8,251,056	(393,397)	-4.8%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	15,000	13,000	2,000	15.4%	57,000	57,000	0	0.0%
Transfers In - Capital Reserve	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	1,373	0	1,373	N/A	19,946	5,681	14,265	251.1%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	16,373	13,000	3,373	25.9%	76,946	62,681	14,265	22.8%
TOTAL SOURCES	2,104,383	2,334,342	(229,960)	-9.9%	7,934,605	8,313,737	(379,132)	-4.6%

GENERAL REVENUE FUND DISBURSEMENTS

October 2009 GRF disbursements, across all fund uses, were $3,241.4 million. This was $343.5 million (11.9%) above estimate for the month. On a year-to-date basis, total GRF disbursements are $10,539.5 million, which is $151.8 million (1.5%) above estimate. Details of the year-to-date disbursements are provided in the following table ($ in millions).

Fund Use	Description	YTD Disbursements	YTD Variance
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	$ 9,518.3	$97.9
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$1,021.2	$53.8
TOTAL GRF DISBURSEMENTS:		$10,539.5	$151.8

GRF disbursements are reported according to functional categories and this section contains information describing spending and variances within each of those categories.

Primary, Secondary, and Other Education

GRF expenditures year-to-date for Education are $ 2,708.8 million which is $191.1 million (7.6%) above estimate, and $71.2 million (2.7%) above the same point in time last fiscal year. Because of a change in ODE reimbursement calculations, the second October foundation payment contained "catch-up" payments for school districts that bring the sum of the year-to-date amount to 33% of the annual payment for FY 2010. Since disbursement estimates were prepared prior to these reimbursement calculations, they do not reflect this change. In other words, 33% of total payments made to school districts through the foundation line item is paid by the 1/3 mark in the fiscal year (the end of the fourth month – October). These "catch-up" payments are not captured in the department's disbursement estimates, therefore variances exist for October and year-to-date.

The variance this month is also attributable to the payments for PSEO, Cleveland/Ed Choice scholarship being disbursed sooner than anticipated. These payments contributed $57 million to the overall monthly variance. Federal Fiscal Stabilization Fund payments in October were also higher since they were paid at a smaller percentage (3% of total foundation line) through the first October payment. The second October payment included "catch-up" payments for this line item as well. These discrepancies will diminish once the foundation payments start to even out for the remainder of the fiscal year. Lastly, year-to-date disbursements are $191 million (7.6%) over estimates. This variance will be adjusted in the upcoming months, and is expected to decline through the remainder of the fiscal year.

Higher Education

October disbursements for Higher Education were $179.5 million, representing a variance of $12.0 million (6.3%) below the estimate for the month. Year-to-date disbursements were $770.4 million, representing a variance totaling $16.8 million (2.1%) below the estimate.

Public Assistance and Medicaid

October expenditures in this category, which includes all GRF expenditures by the Department of Job & Family Services (ODJFS), were $972.1 million. Expenditures were $72.7 million (7.0%) below estimate for the month. The following discussion of spending and variances to date addresses Public Assistance and Non-Medicaid programs separate from Medicaid.

Public Assistance and Non-Medicaid

This sub-category includes, but is not limited to, the following types of expenditures: social services such as adoption assistance and disability financial assistance; state match for federal child care and TANF grants; administrative support expenses including payroll and equipment; and county administration for public assistance programs.

ODJFS, non-Medicaid, General Revenue Fund disbursements total $44.3 million for the month of October, which is $52.5 million (54.2%) lower than disbursement estimates for the month. Variances within line item spending were attributable, in part, to the following:

- Child Care Match/Maintenance of Effort county subsidy payments were $39.6 million lower than agency estimates. This was attributable to the timing of county quarterly close-out expenditures; offset by the previous month variance within the line item.
- Early Care and Education disbursements were $5.1 million less than estimated disbursements due to process timing of county quarterly close-out expenditures; offset by the previous month variance within the line item.
- Child, Family, and Adult Community and Protective Service subsidy payments were $4.9 million less than monthly estimates due to counties' inability to draw funding.
- Disbursements from the Support Services ALI were $1.8 million lower than agency estimates due to employee payroll re-coding.
- Temporary Assistance for Needy Families (TANF) subsidy payments were $10.8 million over the monthly estimate. This was due to increased Ohio Works First (OWF) caseloads and previous month county finance reconciliation variances.

Medicaid

This sub-category includes expenditures by the Department of Job and Family Services for Medicaid services contained primarily in the 600525 line item. Please note that administrative costs related to the ODJFS program are included in the previous sub-category.

Expenditures

GRF disbursements year-to-date for the Medicaid program are $3,600.6 million, which is $167.0 million (4.4%) below estimate, and $368.3 million (10.2%) below the same point in time in the prior year. Disbursements for the month of October were $927.8 million, which was $20.3 million (2.1%) below estimate and $143.4 million (15.5%) above the same period in the prior year.

All funds disbursements year-to-date are $4,264.3 million, which is $168.7 million (3.8%) below estimate, and $56.3 million (1.3%) above disbursements for the same point in time in the prior year. Disbursements for September were $1,063.2 million, which was $20.7 million (1.9%) below projected expenditures and $130.3 million (12.3%) above the same period in the prior year.

The following table shows the current month's disbursement variance by funding source ($ in millions):

	October Projection	October Actual	Variance	Percent Variance
GRF	$948.1	$927.8	$(20.27)	-2.1%
Non-GRF	$135.8	$135.4	$ (0.46)	-0.3%
All Funds	$1,083.9	1,063.2	$(20.73)	-1.9%

Notable variances across all funding sources include:

Nursing Facilities – Disbursements for nursing facilities for the month of October were $222.1 million, which was $5.1 million (2.2%) under expected expenditures. As in prior months, this is primarily due to the fact that budgeted rate increases had not yet been implemented. The retroactive payment for these rate increases dating back to July will be paid in November, thereby reducing the year to date variance in this category and reduce this variance in future months.

Inpatient Hospital – Disbursements for inpatient hospitals for the month of October were $81.8 million, which was $6.4 million (7.2%) below estimate. This is primarily due to a lower than expected per member per month expense in both the CFC and ABD populations, as claims and member months have trended close to projected levels.

Caseload

Total Medicaid caseload for the month of September, the most recent month available, was 2.01 million covered persons, which was an increase of 22,211 persons over the month of August. This represents the 21st month of consecutive growth and the largest single month increase in that span. The majority of the increase occurred in the Covered Families and Children (CFC) portion of the program, which increased by 19,108 persons to a September total of 1.53 million persons, and an increase in the Aged, Blind and Disabled (ABD) program of 3,108 persons, for a September total of 473.6 thousand covered persons.

Total enrollment for the same period last year was 1.84 million covered lives, including 1.37 million persons in the CFC program and 457.6 thousand people in the ABD category. This represents total growth in the program in the last twelve months of 177.3 thousand covered lives.

As noted above, the majority of the increase was seen in CFC, up by 19,108 persons to 1.53 million covered persons, though it was 5,809 (.38%) under total projected enrollment. The Healthy Families and the Healthy Families expansion categories, which are the core eligibility groups of the Medicaid program, continue to drive the caseload increases, representing 14,970 people of the increased population. The Children's Health Insurance Program (CHIP) also saw an increase in this period of 2,731 children in this period.

The ABD program showed an increase of 3,108 persons to a total of 473.6 thousand covered lives. This was 1,085 persons under total projected enrollment. The majority of the increase can be seen in Fee-for-service. Many of these consumers will likely enroll in managed care in the coming months.

Health and Human Services

This category includes GRF expenditures for the following state agencies: Aging, Mental Health, Developmental Disabilities, ODADAS, and Health. Examples of expenditures in this category include: administration of the state's psychiatric hospitals; operating subsidies to county boards of developmental disabilities; various immunization programs; and Ohio's long term care ombudsman program. To the extent that these agencies spend GRF to support Medicaid services, that spending is reflected in this category instead of the previous category.

October expenditures in this category were $141.4 million, which was $3.9 million (2.7%) below estimate. Details by agency are presented in the following discussion.

- For the year-to-date, the Department of Health disbursements total $33.3 million, which is under budget by $5.5 million (14%). October 2009 disbursements for the Department of Health totaled $13.3 million. When compared to October 2009 estimates, in aggregate, actual disbursements were $3.4 million (20%) below estimate. This is primarily attributable to the following:
    - The Mothers and Children Safety Net Services line (440-416) was under budget by $1.85 million. This was due to grant payments not being made as some vendors have not met or corrected special grant conditions.
    - The AIDS Prevention and Treatment line (440-444) was under budget by $0.6 million, due to vendor delays in submission of invoices.
    - The Help Me Grow line (440-459) was under budget by $0.45 million. This was due to grant payments being behind schedule as some vendor invoices have yet to be submitted.

- For the year, the Department of Aging disbursements total $39.7 million, which is below budget by $3.6 million (8%). October 2009 disbursements for the Department of Aging totaled $10.3 million. When compared to October 2009 estimates, in aggregate, actual disbursements were $0.1 million (1%) below estimate.

- The Department of Mental Health disbursed $72.0 million in the month of October, which is $1.3 million, or 1.8%, over the estimate. In part the variance is attributable to county boards requesting safety net funding from the Local Mental Health Systems of Care line item, 335505, above the levels estimated for the month.

- The Department of Developmental Disabilities disbursed $35.9 million in the month of October, which is $1.4 million, or 3.7% below the estimate. Multiple line items contributed to this variance.

Justice and Public Protection

This category includes GRF expenditures by the Department of Rehabilitation & Corrections (DRC) and the Department of Youth Services (DYS). Disbursements in the Corrections category totaled $167.4 million in the month of October, which was $12.8 million (7.1%) less than the $180.2 million estimate for the month.

- The Department of Rehabilitation and Correction (DRC) disbursed $152.2 million in the month of October, which was $10.2 million (6.3%) less than the $162.4 million estimate for the month.
- The Department of Youth Services (DYS) disbursed $15.2 million in October, which was $2.6 million (14.6%) less than the $17.8 million estimate. This variance can be attributed to the timing of a few subsidy payments being different than originally estimated.

Environmental Protection & Natural Resources

October expenditures in this category, which consisted entirely of spending by the Department of Natural Resources, totaled $6.2 million which was $1.1 million (21.7%) above the disbursement estimate. The primary factor in the over spending was $0.8 million in added spending from the Parks and Recreation line item resulting from higher operating costs and resource demands experienced as a result of increased park attendance during October.

Transportation

For October 2009, the Transportation disbursements were $3.9 million, which was $1.1 million (21.9%) below the disbursement estimate. The under-spending to date is a result of the timing of public transportation subsidy payments to local governments and is expected to return to estimate in the coming months.

General Government

For October 2009, General Government disbursements were $17.9 million, which was $0.5 million (3.1%) above the disbursement estimate.

- Disbursements for Department of Taxation operations during the month of October totaled $9.3 million and were $2.3 million (32.9%) above the estimate of $7.0 million. For the year to date, disbursements total $20.9 million and are $2.0 million (10.6%) above the estimate. These variances are attributable to a greater than anticipated draw on the GRF in the first half of FY 2010 as a result building up sufficient non-GRF resources to fund these operations in the second half of the fiscal year. As the year progresses, these variances will even out. OBM has estimated that Taxation will disburse all of its GRF appropriations.
- In October, the Department of Administrative Services (DAS) disbursed $1.0 million, which was half as much as expected for the month. This occurred mainly because the agency has not finalized FY 2010 maintenance and operations rates for state office buildings managed by DAS. As a result, the $0.7 million GRF payment scheduled for October did not occur because DAS had not yet sent out rent bills. DAS bills this GRF line item for building tenancy costs for space in DAS-managed buildings that is vacant or occupied by state agencies' GRF-funded employees.

Community & Economic Development

Year-to-date, community and economic development related GRF disbursements total $40.4 million, which is $1.3 million or 3.0% below the estimate. For the month of October, disbursements in this category were $5.8 million, $1.0 million (15.3%) below the estimate. Most of the monthly and year-to-date variance is in Department of Development appropriation line items.

- For the year-to-date, Department of Development GRF spending of $20.7 million is $7.0 million below estimate. The below estimate spending has been concentrated in the following appropriation line items: Thomas Edison (195401), Regional Offices & Economic Development (195415), Third Frontier (195422), and the Ohio Investment in Training Program (195434) and occurred as a result of lower than anticipated grant reimbursements requested by the grantees.

Tax Relief & Other

Tax relief payments to support the 10% and 2.5% rollback on real property, as well as the homestead exemptions totaled $277.0 million during the month of October and exceeded estimates by $187.8 million. This reversed a year-to-date under spending of $7.1 million, resulting in higher than anticipated year-to-date disbursements by $180.6 million through the end of October. This variance is driven by counties submitting requests or reimbursement earlier than anticipated and should even out in the months ahead.

Debt Service

For October 2009, debt service payments on general obligations of the state were $23.2 million, which was $3.9 million under the disbursement estimate. This variance resulted from the later than anticipated sale of Third Frontier Research and Development Bonds which reduced interest costs in the current fiscal year.

Table 3
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2010 VS ESTIMATE FY 2010
($ in thousands)

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	**ACTUAL OCTOBER**	**ESTIMATED OCTOBER**	**$ VAR**	**% VAR**	**YTD ACTUAL**	**YTD ESTIMATE**	**$ VAR**	**% VAR**
Primary, Secondary and Other Education	997,707	768,085	229,622	29.9%	2,730,256	2,541,429	188,826	7.4%
Higher Education	179,503	191,549	(12,046)	-6.3%	770,386	787,188	(16,802)	-2.1%
Public Assistance and Medicaid	972,110	1,044,849	(72,739)	-7.0%	3,835,868	4,051,127	(215,259)	-5.3%
Health and Human Services	141,425	145,334	(3,909)	-2.7%	415,874	432,337	(16,463)	-3.8%
Justice and Public Protection	186,108	198,436	(12,327)	-6.2%	733,672	748,019	(14,347)	-1.9%
Environmental Protection and Natural Resources	6,254	5,145	1,109	21.6%	28,415	27,318	1,098	4.0%
Transportation	3,861	4,946	(1,085)	-21.9%	6,344	7,564	(1,221)	-16.1%
General Government	17,936	17,389	546	3.1%	117,432	119,700	(2,268)	-1.9%
Community and Economic Development	5,798	6,847	(1,049)	-15.3%	40,411	41,671	(1,260)	-3.0%
Tax Relief and Other	276,957	89,152	187,805	210.7%	650,735	470,086	180,649	38.4%
Capital Outlay	0	0	0	N/A	255	0	255	N/A
Debt Service	23,160	27,152	(3,992)	-14.7%	188,625	193,908	(5,283)	-2.7%
Pending Payroll	0	0	0	N/A	0	0	0	N/A
Total Expenditures & ISTV's	**2,810,820**	**2,498,885**	**311,935**	**12.5%**	**9,518,272**	**9,420,348**	**97,924**	**1.0%**
Transfers Out:								
OPER TRF OUT-OTH	1,073	2,000	(927)	-46.4%	49,871	28,500	21,371	75.0%
OPER TRF OUT-TEMPORARY	429,543	397,066	32,477	8.2%	971,337	938,866	32,471	3.5%
Total Transfers (Out)	**430,616**	**399,066**	**31,550**	**7.9%**	**1,021,208**	**967,366**	**53,842**	**5.6%**
Total Fund Uses	**3,241,436**	**2,897,951**	**343,485**	**11.9%**	**10,539,481**	**10,387,714**	**151,767**	**1.5%**

Table 4
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2010 VS ACTUAL FY 2009
($ in thousands)

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	**OCTOBER FY 2010**	**OCTOBER FY 2009**	**$ VAR**	**% VAR**	**ACTUAL FY 2010**	**ACTUAL FY 2009**	**$ VAR**	**% VAR**
Primary, Secondary and Other Education	997,707	840,004	157,703	18.8%	2,730,256	2,676,046	54,209	2.0%
Higher Education	179,503	221,343	(41,840)	-18.9%	770,386	835,366	(64,980)	-7.8%
Public Assistance and Medicaid	972,110	890,000	82,111	9.2%	3,835,868	4,273,688	(437,820)	-10.2%
Health and Human Services	141,425	139,923	1,502	1.1%	415,874	479,460	(63,586)	-13.3%
Justice and Public Protection	186,108	186,909	(801)	-0.4%	733,672	829,760	(96,088)	-11.6%
Environmental Protection and Natural Resources	6,254	8,827	(2,573)	-29.1%	28,415	36,422	(8,007)	-22.0%
Transportation	3,861	2,076	1,785	86.0%	6,344	5,494	849	15.5%
General Government	17,936	18,156	(221)	-1.2%	117,432	164,916	(47,484)	-28.8%
Community and Economic Development	5,798	14,060	(8,262)	-58.8%	40,411	60,963	(20,552)	-33.7%
Tax Relief and Other	276,957	251,291	25,666	10.2%	650,735	653,083	(2,348)	-0.4%
Capital Outlay	0	(5)	5	N/A	255	7	248	N/A
Debt Service	23,160	46,198	(23,038)	-49.9%	188,625	302,250	(113,625)	-37.6%
Pending Payroll	0	0	0	N/A	0	0	0	N/A
Total Expenditures & ISTV's	**2,810,820**	**2,618,782**	**192,038**	**7.3%**	**9,518,272**	**10,317,454**	**(799,182)**	**-7.7%**
Transfers Out:								
OPER TRF OUT-BUD STABILIZATION	0	0	0	N/A	0	0	0	N/A
OPER TRF OUT-OTH	1,073	44	1,029	2332.2%	49,871	230,799	(180,928)	-78.4%
OPER TRF OUT-TEMPORARY	429,543	445,311	(15,767)	-3.5%	971,337	604,470	366,868	60.7%
Total Transfers (Out)	**430,616**	**445,355**	**(14,739)**	**-3.3%**	**1,021,208**	**835,268**	**185,940**	**22.3%**
Total Fund Uses	**3,241,436**	**3,064,137**	**177,299**	**5.8%**	**10,539,481**	**11,152,723**	**(613,242)**	**-5.5%**

FUND BALANCE

Table 5 describes the General Revenue Fund (GRF) ending fund balance for FY 2010. Based on the estimated revenue for FY 2010 and the estimated FY 2010 disbursements, transfers, and encumbrances, the GRF ending fund balance for FY 2010 is an estimated $66.8 million.

The GRF ending fund balance should not be considered as a balance available for expenditure in FY 2010 nor should it be considered as equivalent to the FY 2010 surplus calculation as defined in Section 131.44 of the Ohio Revised Code.

It is important to note that the GRF ending fund balance will be impacted by any GRF expenditures or transfers that may be authorized by the General Assembly or by the Controlling Board during the course of the fiscal year.

FUND BALANCE
GENERAL REVENUE FUND
FY 2010
($ in thousands)

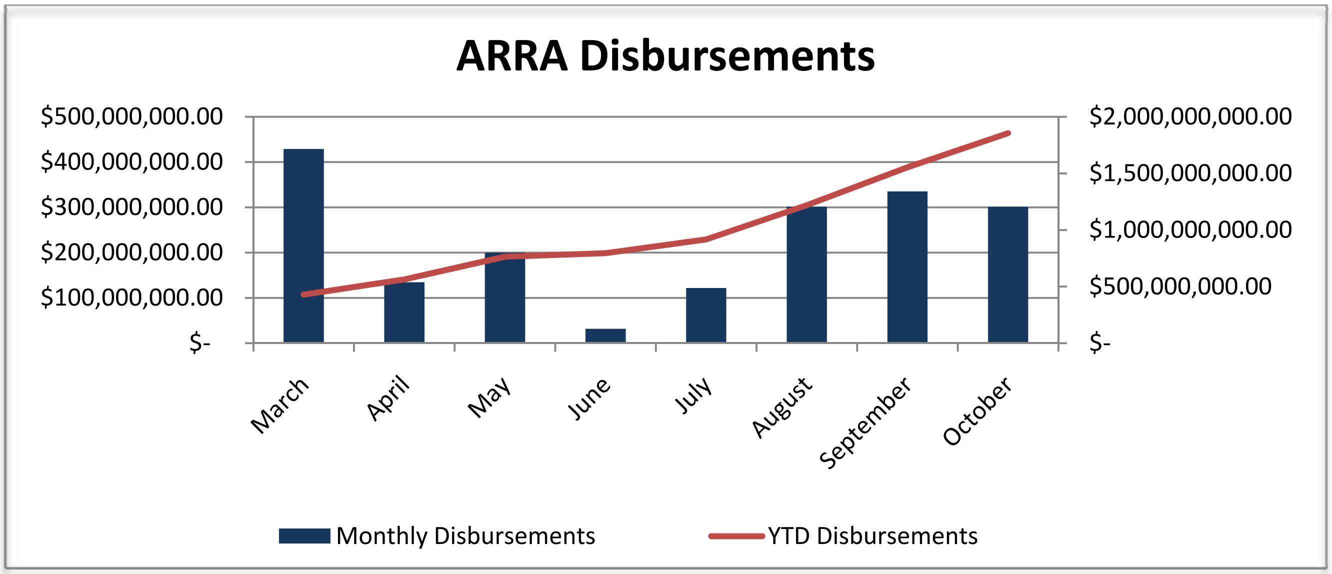
July 1, 2009 Beginning Cash Balance	**$ 734,526**
Plus FY 2010 Estimated Revenues	16,401,656
Plus FY 2010 Estimated Federal Revenues	7,184,275
Plus FY 2010 Estimated Transfers to GRF	1,566,706
Total Sources Available for Expenditure & Transfer	**25,887,163**
Less FY 2010 Estimated Disbursements	24,452,724
Less FY 2010 Estimated Total Encumbrances as of June 30, 2009	293,279
Less FY 2010 Estimated Transfers Out	1,074,343
Total Estimated Uses	**25,820,346**
FY 2010 ENDING FUND BALANCE	**66,817**

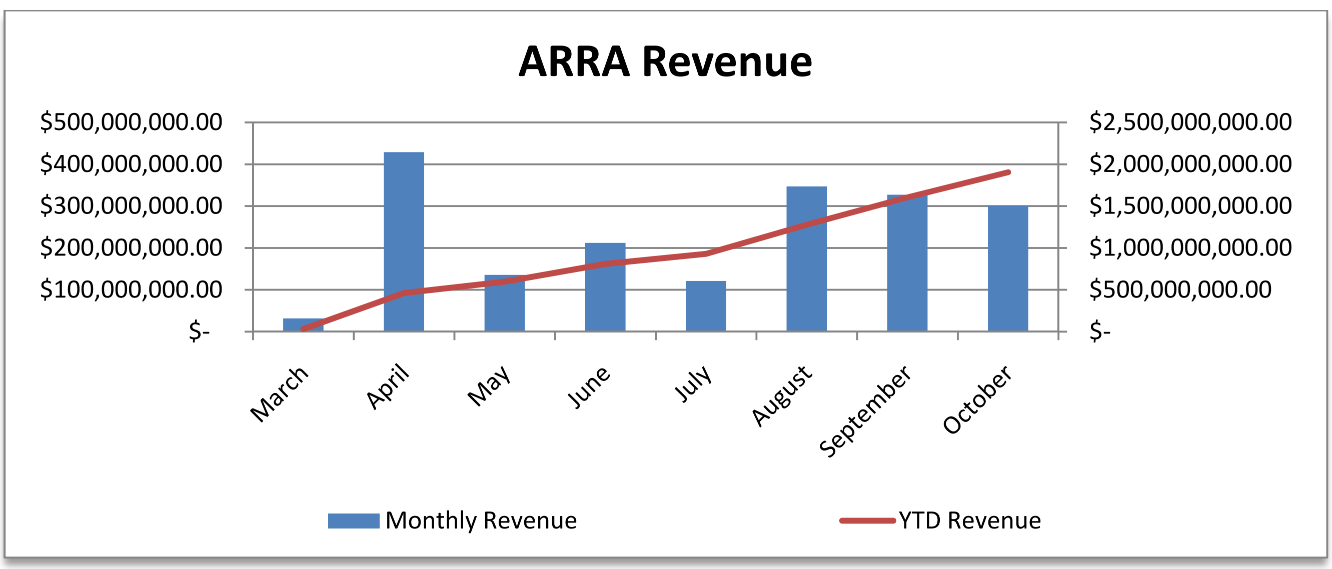
ARRA Monthly Revenue and Disbursements Report

ARRA Revenue and Disbursements by State Fiscal Year

On February 17, 2009 President Obama signed the American Recovery and Reinvestment Act into law. Ohio began receiving funds in March 2009 and has since received $1.905 billion in federal revenue and disbursed $1.855 billion as of October 31, 2009.

	Revenue	Disbursements
FY 2009	$808,753,635.73	$795,630,982.70
FY 2010	$1,096,877,405.49	$1,059,989,136.40
Total	**$1,905,631,041.22**	**$1,855,620,119.10**





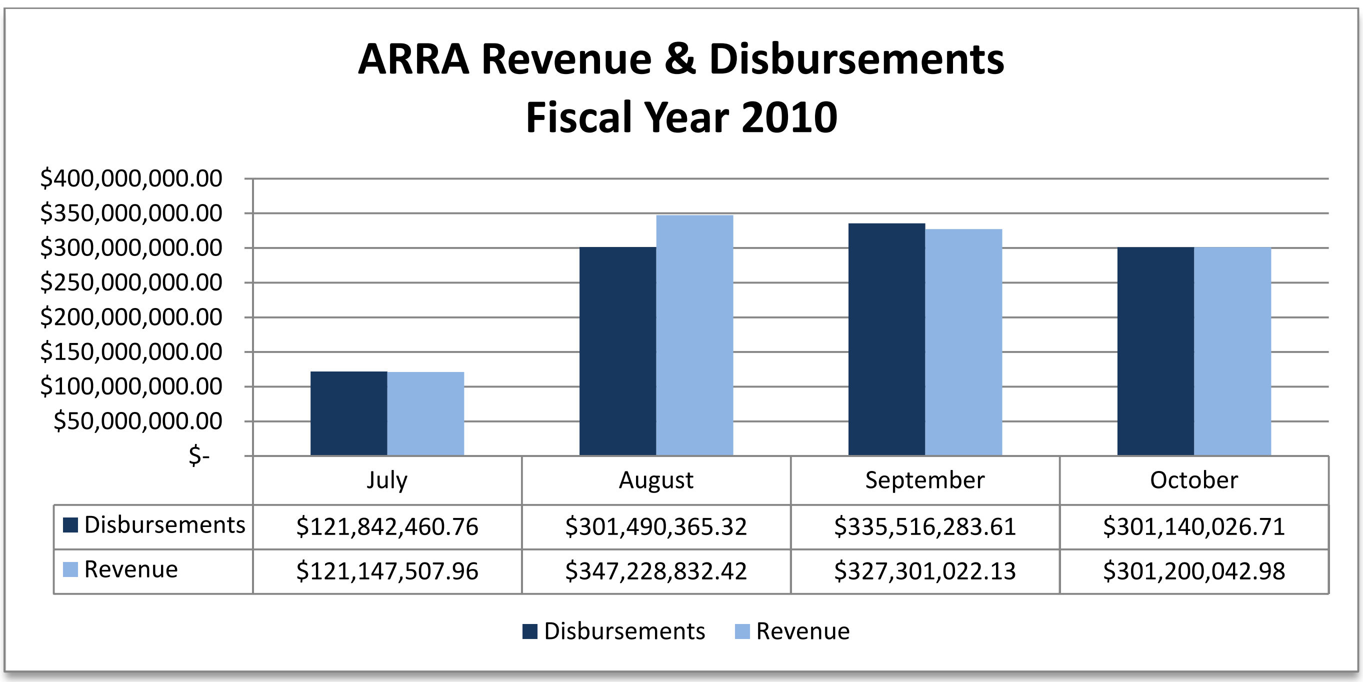
ARRA Revenue and Disbursements
for the month of October

Revenue	Disbursements
$301,200,042.98	$301,140,026.71

September – Fiscal Year 2010

ARRA Revenue
October 2009 Federal ARRA revenue received by all state agencies was $301.2 million. This was a decrease of $26.1 million or 8% from the month of September.

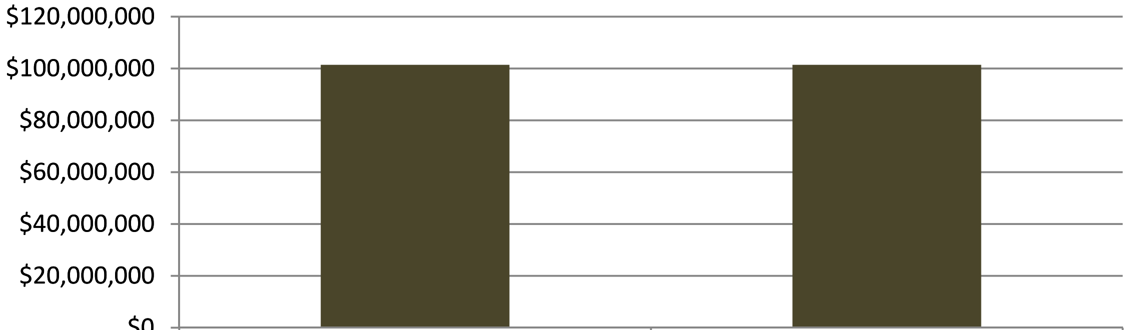
ARRA Disbursements
October 2009 Federal ARRA disbursements for all state agencies were $301.1 million. This was a decrease of $34.4 million or 10% from the month of September. The variance between the amount of revenue and disbursements is primarily due to the different reimbursement or expenditure practices by the administering federal agencies.



Largest Amount of Activity by Program

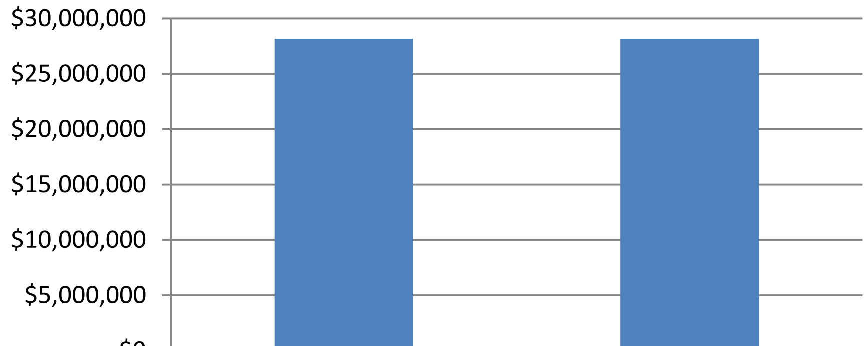
During the month of October, there were 49 programs which received and disbursed federal funds. This is an increase of 8 programs from September. Of those programs the five highlighted below accounted for 85% of the revenue received and 86% of the funds disbursed.

JFS eFMAP



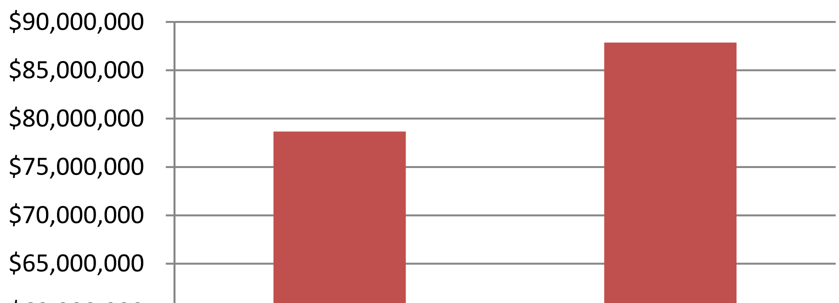
	October Revenue	October Disbursements
JFS eFMAP	$101,404,201.31	$101,404,201.31

BOR Fiscal Stabilization - Higher Education



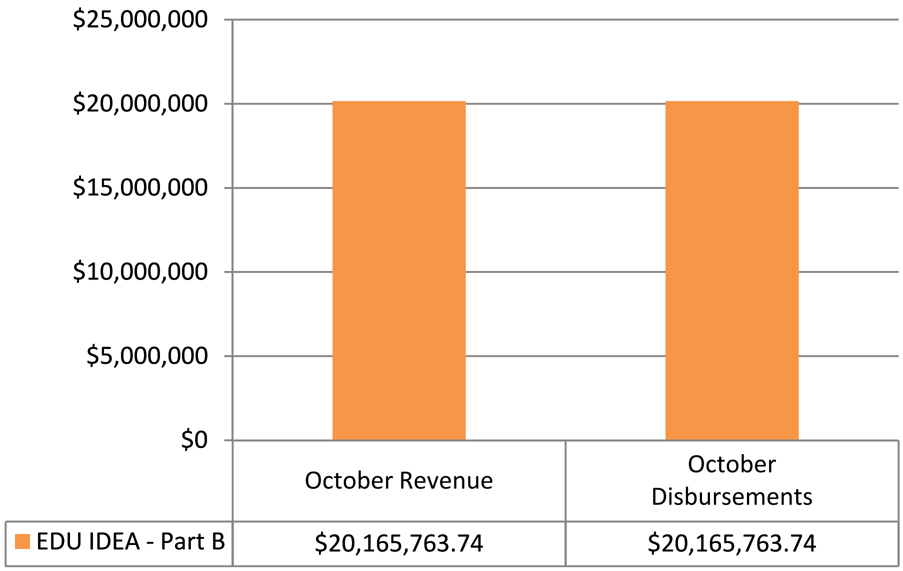
	October Revenue	October Disbursements
BOR Fiscal Stabilization - Higher Education	$28,170,442.00	$28,170,442.00

EDU Fiscal Stabilization - K12 Education



	October Revenue	October Disbursements
EDU Fiscal Stabilization - K12 Education	$78,664,812.87	$87,862,445.92

EDU IDEA - Part B



DOT Highway Infrastructure