OBM

Ted Strickland
Governor

J. Pari Sabety
Director

March 10, 2010

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 February 28, 2010 as well as highlights of regional and national economic indicators that are important to understanding the current state and direction of Ohio's economy.

The Council of Economic Advisors met yesterday and concluded that the economy continues to stabilize, particularly in key sectors important to Ohio such as manufacturing. However, there are continued signs of concern. For example, gross domestic product (after factoring out the impact of changes in inventory) is showing an abnormally low growth rate compared to recovery periods following past recessions. The lower than typical post-recession rate of growth is not wholly unexpected given the nature of this recession, which is rooted in a financial crisis that crippled credit markets. The Council noted that access to affordable credit, particularly by small businesses, and progress in the housing market will be critical to the pace and strength of Ohio's recovery. Nationally, leading economic indicators suggest that the recovery will continue throughout the calendar year, but with growth occurring at a subdued pace.

Ohio's February tax receipts exceeded the monthly estimate by $24.3 million or 2.7%. The Personal income tax recovered from weaker-than-expected performance in January and combined with better-than-expected performance in auto sales, foreign insurance, and cigarette taxes to more than offset negative variances in the corporate franchise and public utility taxes. Through the first eight-months of FY 2010, tax receipts are performing close to expectations falling short of year-to-date estimates by just $75.3 million or 0.7%.

ARRA Revenue and Disbursement Update. Attached to this report is an appendix detailing Ohio's monthly and cumulative 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 $3.01 billion has been received and $2.95 billion has been expended.

MONTHLY FINANCIAL REPORT
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ECONOMIC SUMMARY

Economic Performance Overview

- Real GDP increased 5.9% in the fourth quarter following a 2.2% increase in the third quarter. Analysts expect continued growth at a slower pace through 2010.
- Employment fell modestly across the country from November to February. The unemployment rate was unchanged at 9.7% in February, down from the high of 10.1% in October, in a key sign that the recession ended last summer.
- Ohio employment continued to decline in January, while the unemployment rate was unchanged at 10.8%.
- Leading economic indicators remain consistent with continuing economic recovery both nationally and in Ohio.

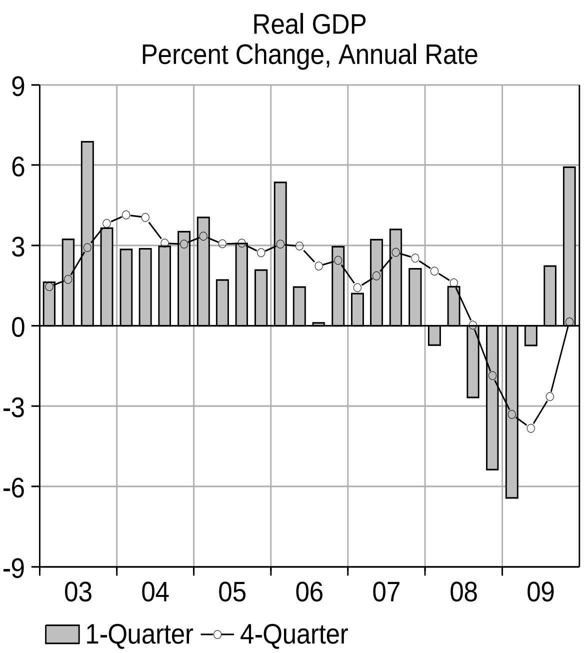
Economic Growth

Real GDP increased a revised 5.9% in the fourth quarter. The increase followed a modest 2.2% increase in the third quarter and marks the second straight quarterly increase. Prior to the third quarter, real GDP had decreased in four consecutive quarters by a total of 3.8% – the largest decline during a four-quarter stretch since 1948.

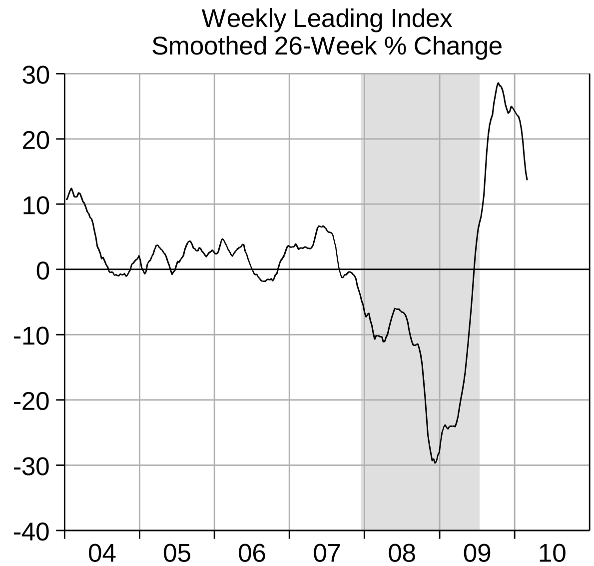
Real GDP fell 2.4% in 2009 – the largest calendar year decline since the transition from wartime to a peacetime economy in 1946 and, before that, the recession year of 1938. Compared with a year earlier, fourth quarter real GDP was higher by 0.1%. Final sales, which exclude changes in business inventories, increased a more modest 2.2% after rising 1.5% in the third quarter. Compared with a year earlier, final sales were marginally higher by 0.1%.

A tapering in inventory liquidation in response to positive changes in demand accounted for approximately two-thirds of the 5.9% rise in real GDP. Exports contributed nearly 40% of the gain. Personal consumption expenditures accounted for approximately one-fifth.

Business investment in equipment and software increased 18.2% (the strongest gain since the first quarter of 2000), accounting for more than one-sixth of the rise in real GDP. Investment in residential structures increased at a moderate rate and extended the string of quarterly increases to two. Growth was not buttressed by government spending, which decreased 1.2%. An increase in federal non-defense spending offset a decline in defense spending, while state and local government outlays decreased 2.0%.



Business investment in structures posted its sixth consecutive major quarterly decline, subtracting approximately one-half percentage point from real GDP growth. Much of the increase in aggregate demand was satisfied by production overseas, as imports increased 15.3%.

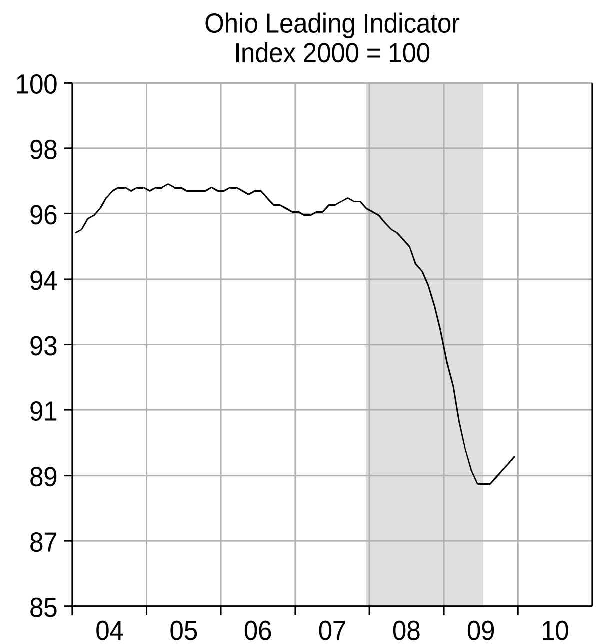


Source: Economic Cycle Research Institute

The trajectory of production early in this recovery – assuming that the recession ended in the middle of last year – is typical compared with the nine other recoveries in the postwar period that lasted more than one year. (This excludes the 6-month recovery from July 1980 to January 1981.) Growth in real GDP during the second half of 2009 was stronger than in the first half-year of five previous recoveries and weaker than in four. The inventory swing has contributed a disproportionate share of the growth so far in this fledgling recovery, however. Growth in final sales so far has been weaker than at this stage in seven previous recoveries, and stronger only than in the recovery from the 1990-91 recession.

Leading economic indicators point toward continued recovery at a more moderate pace by mid-year, according to the Economic Cycle Research Institute. ECRI's **Weekly Leading Index** has declined in the last five weeks on a 4-week moving average basis, pulling the smoothed 6-month rate of change down to 13.7% during the week ending February 26 from a peak of 28.6% early last October.

The **Leading Economic Index** published by the Conference Board increased 0.3% in January – the tenth consecutive monthly rise. The recent trajectory of the index was revised higher, putting the smoothed six-month rate of change at 10.0% – down a bit from December but still the best pace since late 1983-early 1984.

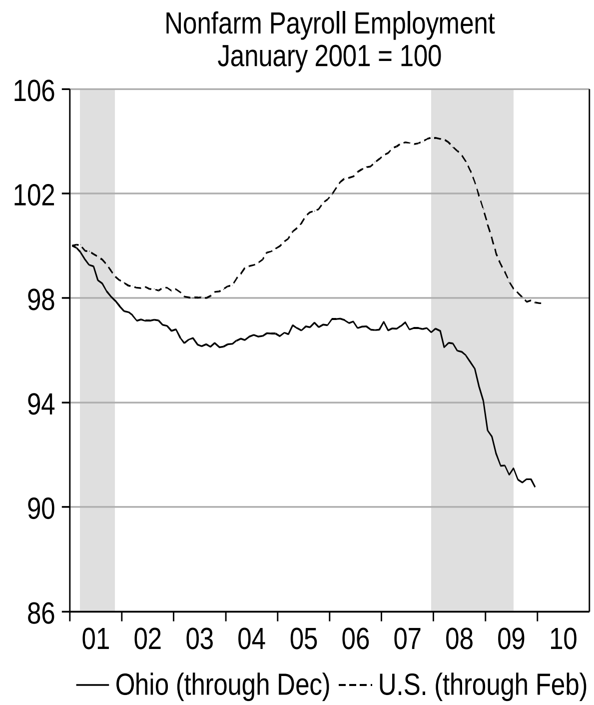


The **Ratio of the Coincident to Lagging Economic Index** also increased for the tenth straight month and has been higher than the year earlier level for four straight months. The ratio has reached its cyclical trough at approximately the same time that recessions have ended on many occasions in the past. The most recent low was reached in March 2009.

The **Ohio Leading Indicator** increased for the fourth straight month in December, lifted mainly by improvement in initial claims for unemployment insurance and the longer workweek in manufacturing. On the other hand, after a slight increase in the fall, the Coincident Economic Index for Ohio, compiled by the Federal Reserve Bank of Philadelphia, decreased to a new low for the cycle in December, almost 11% below its last peak in January 2008.

Employment

U.S. nonfarm payroll employment decreased 36,000 jobs in February, but labor markets continued to show some signs of stabilizing or improving. The February decrease in employment was the third in as many months, leaving the increase of 64,000 in November the only gain since employment reached its cyclical peak in December 2007. Employment fell by 26,000 jobs in January and 109,000 jobs in December and is down by 8.4 million jobs since the beginning of the recession. The average change employment, however, over the past four months is down to -27,000 jobs, compared with -727,000 jobs per month during the same four-month period a year ago.



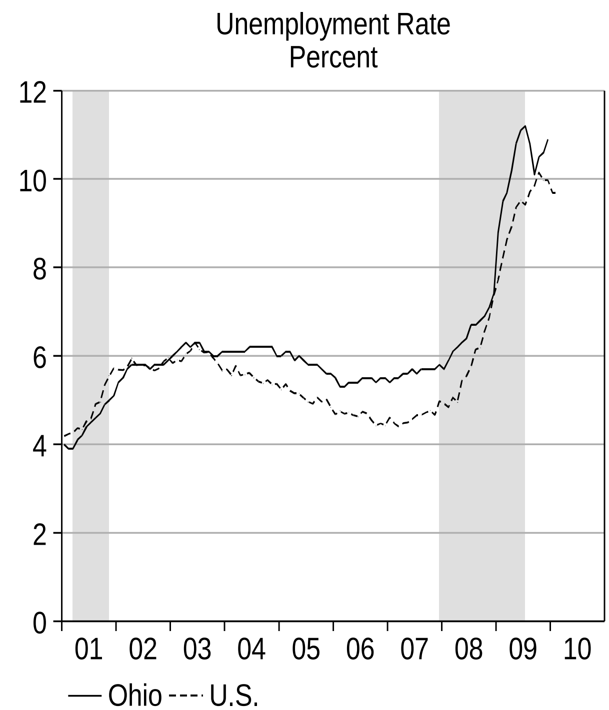
Employment fell in construction (64,000), information (18,000), trade, transportation and utilities (14,000) and financial activities (10,000). The winter storms are believed to have temporarily reduced employment – especially in construction – but by an unknown amount. The decline in construction jobs was close to the average during the last six months and was concentrated in nonresidential building. Construction employment has declined by 1.9 million jobs since December 2007.

Manufacturing employment increased by 1,000 jobs following a gain of 20,000 jobs in January. The January rise was the first in three years. Outside of motor vehicles and parts, where employment fell by 9,700 jobs, employment changes were mixed across industries. Primary metals, fabricated metal products and machinery, which are important industries in Ohio, experienced job growth of 4,400 jobs, 2,700 jobs and 2,300 jobs, respectively, on a seasonally adjusted basis.

In another sign of continuing, albeit slow, improvement in labor markets, temporary help services jobs increased by 48,000 – the fifth straight monthly gain. Since reaching a low point in September, temporary help services employment has increased by 284,000 jobs. Changes in labor market conditions are believed to show up first in temporary help services employment, because employers can increase or decrease the number of temporary jobs easily.

Government employment decreased by 18,000 jobs, due to a decline of 24,100 jobs in local government education and despite the filling of approximately 15,000 temporary census positions. Employment declined by 9,000 jobs at the U.S. Postal Service.

The **length of the workweek** slipped by 0.6% to 33.1 hours, while the manufacturing workweek fell by 1.0% to 40.3 hours. Overtime in manufacturing fell 2.9% to 3.4 hours. The average of total hours worked during January and February was 0.8% higher at an annual rate than the average during the fourth quarter. It is highly likely that the winter storms contributed to the reduction in hours.



The **U.S. unemployment rate** stayed at 9.7% in February, after falling from 10.1% in October and 10.0% in November and December to 9.7% in January. The number of people counted as unemployed was little changed in February, as a decline in the number of people unemployed for fewer than five weeks was offset by an increase in the number of people unemployed for more than five weeks.

The recent pattern in the unemployment rate is a sign that the recession ended last summer. Each of the ten previous recessions had already ended by the time the unemployment rate decreased by at least 0.4 percentage points from the peak during the previous twelve months. The lag from the end of recession to the decline of at least 0.4 percentage points ranged from one month following the 1949 recession to 24 months following the 2001 recession. The median lag was six months.

Average hourly earnings increased 0.2%. Compared with a year earlier, average hourly **earnings** were up 2.5% – down from the cyclical peak of 3.6% in February 2009 and the lowest since 1.8% in March 2004. The modest pick-up in demand has prompted businesses to increase labor input by extending the workweek (until what was likely a temporary dip in February), but the large number of unemployed and underemployed workers continues to weigh on compensation.

Ohio employment decreased 12,800 jobs in January for a total decline of 31,300 jobs since October. The January level marked a new low for the cycle. Employment has decreased by 222,000 jobs, or 4.3%, during the twelve months ending in January. The unemployment rate was 10.8% in January for the fourth straight month.

Several sectors posted large job losses in January, led by financial activities (-4,700), trade, transportation and utilities (-4,600) and professional and educational and health services (-4,300). Employment in construction decreased by 4,200 and government employment fell by 2,600 jobs. Employment in manufacturing increased by 2,700 jobs following an upwardly revised gain of 3,100 jobs in December – the first back-to-back gains since December 2007 and, before that, February 2000.

Of the eleven **Ohio Metropolitan Statistical Areas**, only Sandusky added jobs (+1,000) during the twelve months ended in January. Employment fell by the largest amounts in Cleveland (-47,300), Cincinnati (-32,800) and Columbus (-31,600). Employment also was notably lower in Akron (-18,500) and Dayton (-13,100).

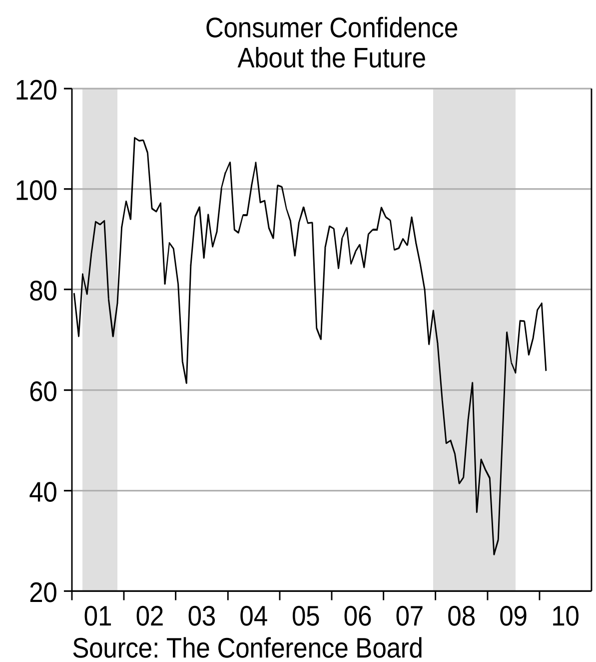
Employment fell substantially in Ohio and each of the **contiguous states** during the year ending in January. Employment fell 4.3% in Pennsylvania, 3.8% in Indiana, 3.5% in Kentucky, 3.1% in Ohio, and 2.5% in West Virginia. In all cases, the year-over-year rates of change in employment were up notably from the lows for the cycle reached within the previous six months. For the region as a whole, employment was down 3.2% during the same period, compared with a decline of 3.0% for all states outside the region combined.

Consumer Income and Consumption

Personal income increased 0.1% in January to 1.1% above the year earlier level – the first positive year-over-year comparison since December 2008. Disposable personal income decreased 0.4% to 2.1% above the year earlier level, due to higher federal tax liability. Reflecting still-weak labor markets, wage and salary disbursements, which drive a key component of income tax collections, increased 0.4% in January but remained 1.0% below the year earlier level.

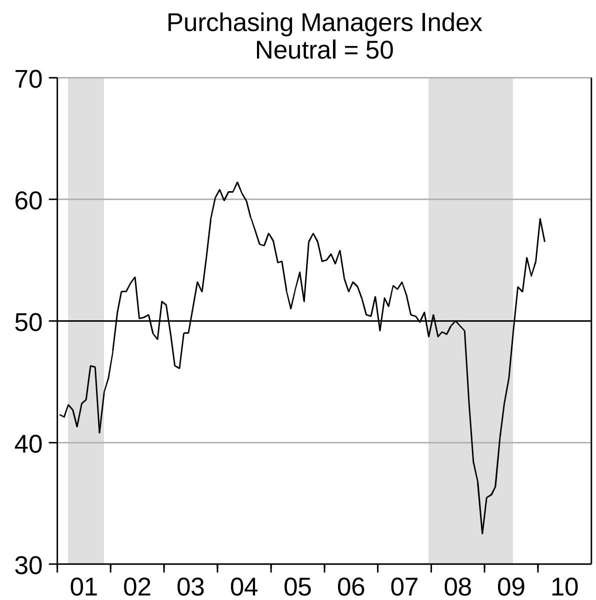
Despite weaker income trends, **personal consumption expenditures** increased 0.5% in January – the fourth straight monthly gain and the eighth in the last nine months. The level of consumption was 4.3% higher than the low reached in December 2008. Same-store sales increased 3.7% from a year earlier in February, even better than the 3.1% year-over-year comparison in January, according to the International Council of Shopping Centers.

The severe winter storms that hit much of the country appear to have had little effect on January retail sales. Strength once again was widespread across most retail categories, especially at apparel stores and department stores. Drug stores were the only major category with a negative year-over-year comparison.



Sales of light motor vehicles decreased to 10.3 million units at an annual rate in February from 10.8 million units in January. The February pace was 6.9% below the average selling pace of 11.1 million units during the previous seven months. The severe winter storms that affected much of the country during the month are believed to have cut into sales. The negative news about Toyota vehicles is believed to have had a minor negative effect on total sales of light vehicles. Sales of Toyota vehicles decreased 8.7% from a year earlier, whereas year-over-year comparisons for most other manufacturers were positive.

Consumer attitudes faltered notably in February, following an uneven rise from the historic lows reached approximately one year ago. The Conference Board and Reuters/University of Michigan measures both fell significantly, reflecting deterioration in assessments of the near future. The Conference Board measure of current conditions fell to the lowest level since February 1983 and was the seventh lowest reading on record. The Reuters/University of Michigan assessment of current conditions rose modestly.



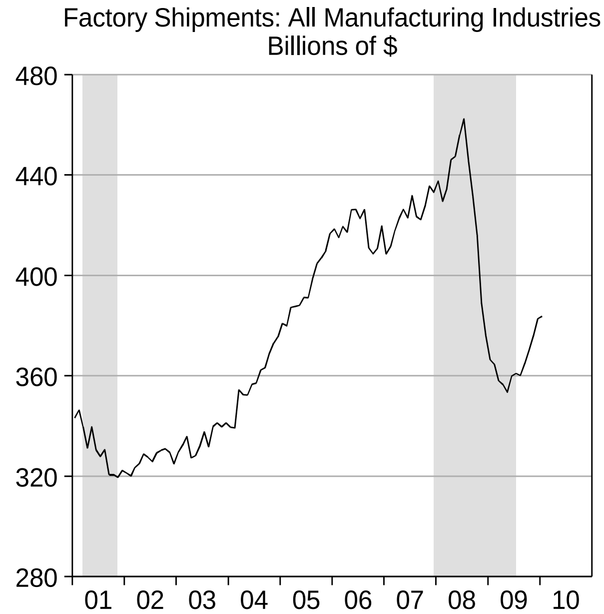
Manufacturing

Industrial production increased 0.9% in January – the seventh consecutive rise. December growth was revised slightly higher. Production in manufacturing increased 1.0% after a 0.1% decline in December. Colder-than-normal weather across much of the country lifted utility output again in January, in part due to cold weather in the deep South. Total industrial production increased at an annual rate of 9.7% from the low in June, but remains 10.1% below the pre-recession peak.

The increase in industrial production in January further strengthens the case that the recession ended last summer. Production – which troughed in June 2009 – reached its trough within one month of the end of each of the previous ten recessions. The low point in production was one month early at the 1954 trough and one month late at the 1975 and 1982 business cycle troughs. The timing of the low point in production exactly matched the timing of the end of recession in the other seven cycles.

Midwest manufacturing output decreased 0.3% in December, according to the Federal Reserve Bank of Chicago. Increases in production of machinery (+0.6%) and steel (+1.3%) were more than offset by declines in production of resources (-1.0%) and motor vehicles and parts (-0.2%). Although Midwest manufacturing output remained 9.9% below the year earlier level, it has increased 6.5% from the cyclical low reached in June.

Reports from **purchasing managers** of better conditions in manufacturing were somewhat less widespread in February than in January, but remained consistent with rising employment and increasing production. The Purchasing Managers Index, which is a composite of several subindexes that measure different aspects of manufacturing activity, dipped to 56.5 in February from 58.4 in January. A reading of 50 is designed to be approximately neutral. Even after the decline – the first since last September – the index was at its second highest level since the recession began.



The strength in **factory orders and shipments** observed since approximately mid-2009 continued in January. New orders increased 1.7% – the ninth gain in the last ten months – to 10.9% above the cyclical low reached in March. Shipments increased 0.3% for seventh gain in the last eight months – to 8.6% above the cyclical low reached in May. Non-defense capital goods orders excluding aircraft, which often reflect the underlying trend in manufacturing activity, decreased 4.1% in January to 9.6% above the April 2009 low. Even so, factory shipments and orders continued to trace out a pattern of steady improvement in January.

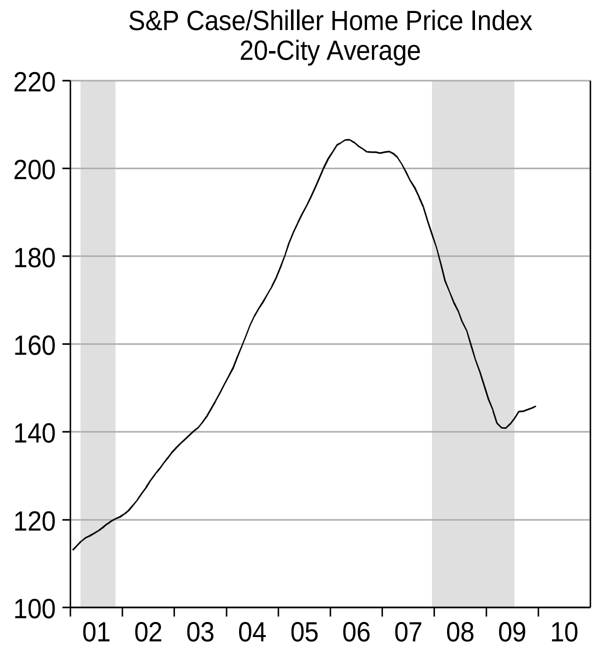
Construction

Total **construction put-in-place** decreased 0.6% in January. Excluding the poorly-measured residential improvements category, construction fell 1.5%. **Residential construction** put-in-place increased 1.1%, following two months of declines. **Nonresidential construction** decreased 1.4% for the ninth straight monthly decline, resulting in a year-over-year rate of change of -10.6%. The January decrease in total construction was the third decline in a row and the eighth decline in the last nine months. Nonetheless, the year-over-year rate of change has improved from -15.8% in September to -9.3% in January.

Housing activity has been buffeted in recent months by changing expectations regarding federal transfers to selected home buyers and erratic weather patterns, but ongoing adjustments continued beneath the surface. U.S. housing starts on a 3-month moving average basis increased from the year earlier level in January for the first time since March 2006. U.S. starts increased 2.7% and Midwest starts were 20.7% higher than a year ago. The increase in Midwest starts was the first year-over-year rise since January 2006.

Sales of both new and existing homes decreased in December and January from month-to-month and on a 3-month moving average basis. Much of the weakness has been attributed to the expiration of the first-time homebuyers tax credit that expired on November 30. The credit was modified and extended, but appears to have had a minimal effect so far.

Weakness in sales is likely to persist into early spring, according to the Mortgage Bankers Association index of mortgage applications to purchase homes. The index hit its lowest level since July 1997 on a 4-week moving average basis at the end of February and is down 25.6% from the level at the end of September 2009.



Positive trends include reductions in the stock of homes for sale during the past year and the fledgling rise in the S&P Case/Shiller home price index. The total of new and existing homes for sale in January amounted to 7.8 months' sales at the January pace of sales, down from the peak of 11.1 months in November 2008 but still well above the historical norm of approximately 4-5 months. The S&P Case/Shiller index of home prices increased for the seventh straight month in January, although it remained 3.1% below the year earlier level.

Risks facing housing include that potential effect on prices of the shadow inventory of homes pending foreclosure that is not included in the homes for sale tallies but could be put on the market this year. In addition the current wave of adjustable mortgage rate resets could lift defaults, foreclosures and prices when unemployment is already high and a large percentage of mortgage balances exceed home values.

REVENUES

The monthly and fiscal year GRF revenue estimates contained in this report reflect the December passage of H.B. 318 which delayed the final installment of the personal income tax reduction from tax year 2009 until tax year 2011.

February GRF revenue totaled $1,841.1 million which was $48.7 million (2.6%) below estimate. This negative variance was the result of weaker-than-estimated performances in the franchise tax and in federal revenue, which combined to offset better-than-estimated performances in personal income, auto sales, and a number of other taxes. For the fiscal year-to-date, GRF revenue of $16.272.0 million is $424.1 million (2.5%) below estimate. As shown in the following table, this variance is largely attributable to federal revenue and temporary transfers as tax receipts year-to-date are just 0.7% below estimate.

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, alcoholic beverage, liquor gallonage, estate & horse racing	($75.3)	(0.7%)
Non-tax receipts	Federal grants, investment earnings, licenses & fees, other income, intrastate transfers	($272.1)	(4.9%)
Transfers	Budget stabilization, liquor transfers, capital reserve, other	($76.7)	(9.0%)
TOTAL REVENUE VARIANCE ($ in millions):		($424.1)	(2.5%)

With respect to February tax receipts, the personal income tax recovered from weaker-than-expected results in January and combined with better-than-expected results in the sales, kilowatt hour, foreign insurance and cigarette taxes to more than offset negative variances in the corporate franchise and public utility taxes. On the whole, February tax receipts were above estimate by $24.3 million and erased about one-fourth of the year-to-date tax receipt shortfall that existed through January. On a year-over-year basis, tax receipts through February were $1,006.9 million (9.0%) below collections through the same eight months in FY 2009.

Individual Sources Above Monthly Estimate		Individual Sources Below Monthly Estimate	
Non-Auto Sales Tax	$1.3	Corporate Franchise Tax	($16.6)
Auto Sales Tax	$5.5	Public Utility Tax	($4.8)
Personal Income Tax	$24.9	Federal Grants	($35.3)
Kilowatt Hour Tax	$2.3	Other Income	($3.1)
Foreign Insurance Tax	$8.1	ISTV	($2.0)
Cigarette Tax	$4.0	Temporary Transfers In	($36.8)
License and Fees	$3.2	Other Sources Below Estimate	($0.6)
Liquor Transfers	$1.0		
Other Sources Above Estimate	$0.2		
Total above:	**$50.5**	**Total below:**	**($99.2)**

Non-Auto Sales and Use Tax

February non-auto sales tax revenues exceeded estimates for the fourth consecutive month as receipts totaled $444.6 million, resulting in as positive variance of $1.3 million (0.3%). As has been the case in recent months, the overage was driven by the managed care company portion of the tax base which contributed $20 million to February GRF receipts. The year-over-year performance of the tax was $4.7 million (1.1%) stronger relative to the same month in FY 2009. Year-to-date receipts were $136.2 million (3.1%) below collections over the same period last fiscal year.

Auto Sales Tax

Continuing a year-long trend, February auto sales tax receipts again exceeded the estimate as collections were $5.5 million (12.0%) above the estimate, totaling $51.7 million. Year-to-date, the tax is performing better-than-expected, exceeding estimates by $35.5 million (6.9%). The tax generated essentially the same level of receipts as it did one year ago in February 2009, falling short by a mere $0.3 million (0.6%). Year-to-date receipts of $550.4 million were $12.6 million (2.2%) below collections over the same eight months in FY 2009.

Personal Income Tax

Bouncing back from January’s performance, personal income tax receipts in February totaled $269.9 million, exceeding the monthly estimate by $24.9 million (10.2%). This positive overall variance was due to $30.6 million (10.5%) in lower than estimated refund payments. Persistent weakness in the economy and in employment continues to contribute to underperformance in almost all the components of the income tax. February withholding receipts exhibited a slight negative variance of $6.8 million (1.2%) while payments associated with annual returns experienced a larger negative variance of $5.3 million (18.2%).

On a year-to-date basis, personal income tax receipts remain below estimate by $72.8 million (1.6%) due primarily to the large January shortfall in quarterly estimated payments. On a year-over-year basis, personal income tax receipts through February were $593.1 million (11.8%) below receipts collected for the same eight months in FY 2009.

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

	ESTIMATE FEB	ACTUAL FEB	$ VAR FEB	ESTIMATE Y-T-D	ACTUAL Y-T-D	$ VAR Y-T-D
Withholding	$554.3	$547.5	($6.8)	$4,571.9	$4,568.6	($3.3)
Quarterly Est.	$10.3	$8.9	($1.4)	$729.6	$625.2	($104.4)
Trust Payments	$1.1	$0.2	($0.9)	$24.7	$15.8	($8.9)
Annual Returns & 40 P	$29.2	$23.9	($5.3)	$165.4	$160.8	($4.6)
Other	$6.3	$12.0	$5.7	$41.2	$54.4	$13.2
Less: Refunds	($291.0)	($260.4)	$30.6	($584.2)	($547.7)	$36.5
Local Distr.	($65.2)	($62.1)	$3.1	($421.1)	($422.4)	($1.3)
Net to GRF	**$245.0**	**$269.9**	**$24.9**	**$4,527.5**	**$4,454.7**	**($72.8)**

Corporate Franchise Tax

Corporate franchise tax receipts for the month of February were $19.4 million, against the estimate of $36.0 million. Combined with January's performance, the two-month total variance is a positive $7.9 million or 14.6%, thus corroborating the last month's statement that the large payments on the last working day in January were pulled forward from February. 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. Building on the shortfalls of the last several months, the CAT posted another negative variance in February with receipts of $297.6 million falling $29.6 million (9.1%) below estimate. Unlike previous months shortfalls however, it must be noted that February's weakness is due not to the performance of the tax, but primarily to a change in law that was not taken into account in construction of the monthly estimate. Specifically, the monthly estimate for February assumed approximately $22 million in revenue that should have been anticipated in May (a law change has moved the required due date for the minimum tax from February to May). Accounting for this change, the February shortfall would have been in the range of $8 million. OBM and Taxation anticipate that this $22 million error will correct itself in the May payments.

For the year-to-date, the CAT has collected $985.6 million in receipts or 100.7 million less-than-estimated. As a result, temporary transfers into the GRF to reimburse it for funds advanced to make payments to school districts and local governments in August and September are also behind schedule. OBM and the Department of Taxation are monitoring the performance of this tax closely to determine the extent to which this shortfall will continue over the remainder of the fiscal year.

Public Utility Tax

During the month of February, public utility tax receipts totaled $30.9 million and were $4.8 million (13.4%) below the estimate, despite the receipt of a relatively large payment that was originally estimated for the month of January. For the year-to-date, this tax source is now $30.4 million (25.7%) below the estimate, which is attributable to significantly lower-than-expected prices for natural gas, which have more than offset the relatively harsh winter.

Kilowatt Hour Tax

The kilowatt hour tax during the month of February posted receipts of $17.2 million, or $2.3 million (15.1%) above the estimate. This reversed a pattern of negative variances year-to-date as the tax had entered the month of February $10.8 million (10.7%) below the year-to-date estimate. February's positive performance was the result of both slightly better-than-expected collections and lower Public Library Fund distributions driven by the lower than estimated total tax receipts in January. As a result, the kilowatt hour tax is now $8.6 million (7.4%) below the estimate for the year-to-date. As mentioned in previous monthly reports, this negative year-to-date variance is attributable largely to the relatively weak demand for electricity driven by both a milder-than-expected summer and reduced demand due to broader economic factors.

Cigarette Tax

The cigarette tax experienced another strong month of performance in February with total receipts of $57.9 million which were $4.0 million (7.5%) above the estimate. Through February, total cigarette tax receipts are exceeding estimates by $38.0 million (7.6%). Despite the relatively strong year-to-date performance, cigarette tax receipts are still $26.9 million (4.8%) below year-to-date collections through the February of last fiscal year.

GRF non-tax receipts totaled $602.1 million in February, which was $37.2 million (5.8%) below the estimate. This negative performance is primarily attributable to receiving less in federal Medicaid reimbursement than was expected in the estimate.

GRF transfers during the month of February totaled $303.7 million and were $35.8 million (10.6%) below the estimate. This negative variance in February is due to a smaller than estimated temporary transfer as a result of lower-than-expected CAT revenue. Liquor profit transfers which experienced another positive month ($1 million above the estimate) and are now $9.0 million (9.2%) above the year-to-date estimate.

Table 1

GENERAL REVENUE FUND RECEIPTS

ACTUAL FY 2010 VS ESTIMATE FY 2010

($ in thousands)

	Month				Year-to-Date			
REVENUE SOURCE	ACTUAL FEBRUARY	ESTIMATE FEBRUARY	$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	444,580	443,300	1,280	0.3%	4,186,747	4,193,553	(6,806)	-0.2%
Auto Sales & Use	51,728	46,192	5,535	12.0%	550,406	514,875	35,531	6.9%
Subtotal Sales & Use	496,308	489,492	6,816	1.4%	4,737,153	4,708,428	28,724	0.6%
Personal Income	269,919	245,000	24,919	10.2%	4,454,696	4,527,499	(72,803)	-1.6%
Corporate Franchise	19,430	36,039	(16,609)	-46.1%	2,885	34,000	(31,115)	-91.5%
Commercial Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	30,907	35,710	(4,803)	-13.4%	88,069	118,472	(30,403)	-25.7%
Kilowatt Hour	17,155	14,900	2,255	15.1%	107,547	116,102	(8,555)	-7.4%
Foreign Insurance	37,167	29,094	8,073	27.7%	170,013	166,204	3,810	2.3%
Domestic Insurance	5	(117)	122	104.6%	1,247	(937)	2,184	233.1%
Other Business & Property Tax	57	0	57	N/A	283	430	(146)	-34.1%
Cigarette	57,855	53,820	4,035	7.5%	534,995	497,026	37,969	7.6%
Alcoholic Beverage	3,938	4,479	(541)	-12.1%	36,586	38,265	(1,680)	-4.4%
Liquor Gallonage	2,621	2,678	(58)	-2.1%	24,713	24,539	174	0.7%
Estate	0	0	0	N/A	25,909	29,371	(3,462)	-11.8%
Horse Racing	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	935,361	911,095	24,266	2.7%	10,184,095	10,259,398	(75,304)	-0.7%
NON-TAX RECEIPTS								
Federal Grants	587,964	623,266	(35,302)	-5.7%	5,075,855	5,326,748	(250,894)	-4.7%
Earnings on Investments	0	0	0	N/A	21,355	38,000	(16,645)	-43.8%
License & Fees	13,381	10,163	3,218	31.7%	51,984	45,154	6,830	15.1%
Other Income	759	3,850	(3,091)	-80.3%	153,129	160,451	(7,323)	-4.6%
ISTV'S	3	2,000	(1,997)	-99.8%	6,988	11,051	(4,063)	-36.8%
Total Non-Tax Receipts	602,108	639,279	(37,171)	-5.8%	5,309,310	5,581,405	(272,095)	-4.9%
TOTAL REVENUES	1,537,469	1,550,374	(12,905)	-0.8%	15,493,405	15,840,804	(347,399)	-2.2%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	13,000	12,000	1,000	8.3%	107,000	98,000	9,000	9.2%
Transfers In - Capital Reserve	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	0	0	N/A	20,951	37,664	(16,713)	-44.4%
Temporary Transfers In	290,673	327,500	(36,827)	-11.2%	650,614	719,600	(68,986)	-9.6%
Total Transfers	303,673	339,500	(35,827)	-10.6%	778,566	855,264	(76,698)	-9.0%
TOTAL SOURCES	1,841,142	1,889,874	(48,732)	-2.6%	16,271,971	16,696,068	(424,097)	-2.5%

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

REVENUE SOURCE	Month: FEBRUARY FY 2010	FEBRUARY FY 2009	$ VAR	% VAR	Year-to-Date: ACTUAL FY 2010	ACTUAL FY 2009	$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	444,580	439,889	4,692	1.1%	4,186,747	4,322,899	(136,152)	-3.1%
Auto Sales & Use	51,728	52,057	(330)	-0.6%	550,406	563,054	(12,648)	-2.2%
Subtotal Sales & Use	496,308	491,946	4,362	0.9%	4,737,153	4,885,953	(148,800)	-3.0%
Personal Income	269,919	207,466	62,452	30.1%	4,454,696	5,047,819	(593,123)	-11.8%
Corporate Franchise	19,430	92,990	(73,560)	-79.1%	2,885	223,895	(221,011)	-98.7%
Commercial Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	30,907	36,618	(5,712)	-15.6%	88,069	121,422	(33,352)	-27.5%
Kilowatt Hour	17,155	11,814	5,341	45.2%	107,547	92,018	15,529	16.9%
Foreign Insurance	37,167	29,010	8,157	28.1%	170,013	165,660	4,353	2.6%
Domestic Insurance	5	(100)	105	105.4%	1,247	(872)	2,119	243.1%
Other Business & Property Tax	57	0	57	N/A	283	372	(89)	-23.8%
Cigarette	57,855	60,465	(2,611)	-4.3%	534,995	561,914	(26,920)	-4.8%
Alcoholic Beverage	3,938	4,400	(461)	-10.5%	36,586	37,664	(1,079)	-2.9%
Liquor Gallonage	2,621	2,673	(52)	-2.0%	24,713	24,361	352	1.4%
Estate	0	0	0	N/A	25,909	30,837	(4,928)	-16.0%
Horse Racing	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	935,361	937,282	(1,920)	-0.2%	10,184,095	11,191,043	(1,006,948)	-9.0%
NON-TAX RECEIPTS								
Federal Grants	587,964	504,231	83,733	16.6%	5,075,855	4,413,938	661,917	15.0%
Earnings on Investments	0	0	0	N/A	21,355	97,412	(76,056)	-78.1%
License & Fee	13,381	12,491	890	7.1%	51,984	50,034	1,950	3.9%
Other Income	759	2,600	(1,840)	-70.8%	153,129	31,424	121,705	387.3%
ISTV'S	3	6	(3)	-52.0%	6,988	14,925	(7,937)	-53.2%
Total Non-Tax Receipts	602,108	519,329	82,779	15.9%	5,309,310	4,607,733	701,578	15.2%
TOTAL REVENUES	1,537,469	1,456,610	80,859	5.6%	15,493,405	15,798,776	(305,371)	-1.9%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	13,000	12,000	1,000	8.3%	107,000	109,000	(2,000)	-1.8%
Transfers In - Capital Reserve	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	0	0	N/A	20,951	48,891	(27,940)	-57.1%
Temporary Transfers In	290,673	0	290,673	N/A	650,614	312,500	338,114	108.2%
Total Transfers	303,673	12,000	291,673	2430.6%	778,566	470,391	308,174	65.5%
TOTAL SOURCES	1,841,142	1,468,610	372,531	25.4%	16,271,971	16,269,167	2,803	0.0%

DISBURSEMENTS

The monthly and fiscal year GRF spending estimates for elementary and secondary education reflect the passage in December of H.B. 318 which delayed the final installment of the personal income tax rate reduction from tax year 2009 until tax year 2011.

February 2010 GRF disbursements, across all fund uses, were $1,754.6 million. This was $192.3 million (9.9%) below estimate for the month. On a year-to-date basis, total GRF disbursements are $18,336.6 million, which is $85.6 million (0.5%) below estimate. Year-to-date disbursements by category are provided in the following table ($ in millions).

Category	**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)	$17,311.5	($141.4)
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$1,025.1	$55.8
TOTAL GRF DISBURSEMENTS:		$18,336.6	($85.6)

GRF disbursements are reported according to functional categories. Information describing spending and variances within each of those categories is provided below.

Primary, Secondary and Other Education

This category includes expenditures made by Department of Education, E-tech, the Ohio State School for the Blind, and the School for the Deaf. Expenditures in this category for the month of February totaled $509.8 million or 19.0% below the monthly estimate.

- February expenditures by the Department of Education totaled $507.1 million and were $119.5 million or 19% below estimate. Variances for the month can be attributed to foundation payments (line items 200550, 200502 and 200551) coming in $47.1 million below estimates. Payments from ALI 200511 (Auxiliary Services) were $55.9 million below the estimate for the month due to a payment delay. Year-to-date expenditures were $74.6 million or 1.6% above estimates.

Higher Education

February disbursements for Higher Education were $218.6 million, representing a variance of $16.5 million (8.2%) above the estimate for the month. Year-to-date disbursements were $1,666.8 million, representing a variance of $12.0 million (0.7%) above the estimate.

Public Assistance and Medicaid

February expenditures in this category, which include all GRF expenditures by the Department of Job & Family Services (ODJFS), were $796.5 million. Expenditures were $15.9 million or

2.0% below estimate for the month. Year-to-date expenditures total $7,166.8 million, which is $312.6 million (4.2%) below estimates. The following discussion of year-to-date spending and variances addresses Public Assistance and Non-Medicaid programs separate from Medicaid.

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 for the Medicaid program for the month of February were $742.8 million, which was $12.1 million (1.6%) below estimate and $76.8 million (10.3%) below the same month in FY 2009. For the year-to-date total disbursements are $6,598.0 million, which is $250.4 million (3.7%) below estimate, and $619.6 million (9.4%) below the same point in time in FY 2009.

All funds disbursements for February were $1,037.5 million, which was $27.6 million (2.6%) below the estimate and $46.7 million (4.5%) above the same period in the prior year. For the year-to-date, total disbursements are $8,516.7 million, which is $281.1 million (3.2%) below estimate, but $397.6 million (4.7%) above disbursements for the same point in time in the FY 2009.

The chart below shows the current month's disbursement variance by funding source:

	February Projection	February Actual	Variance	Percent Variance
GRF	$ 754.9	$ 742.8	$ (12.1)	-1.6%
Non-GRF	$ 310.2	$ 294.8	$ (15.5)	-5.0%
All Funds	$ 1,065.1	$ 1,037.5	$ (27.6)	-2.6%

Specific variances across all funding sources include:

Drugs – Disbursements for the Drug program totaled $49.6 million, which was $16.4 million (24.9%) below projections. While the lower than expected institutional population continues to be a factor in under spending, the main driver of the current variance is payment timing issues related to "carving-out" the prescription drug benefit from the managed care plans and returning those purchases to the state fee-for-service program. This initiative was implemented in February.

Buy-In – Disbursements for the Buy-In programs, which provide premium assistance for eligible Medicare recipients, totaled $31.0 million, which was $1.7 million (5.7%) over the estimate. This variance is likely due to higher than expected enrollments related to federal law changes, as well as an increased Medicare Part B premium.

Caseload

Total caseload for the month of January, the most recent month available, was 2.06 million covered persons, which was an increase of 15,469 persons over the month of December. This number includes the State Fund Only programs, including the Breast and Cervical Cancer program, and represents the 25th month of consecutive growth. The Covered Families and Children (CFC) portion of the program increased by 13,984 persons to an December total of 1.57 million persons, and the Aged, Blind and Disabled (ABD) program increased by 1,609 persons, for a January total of 480,400 covered lives.

Total enrollment for the same period last year was 1.88 million covered persons, including 1.41 million persons in the CFC program and 461,900 thousand people in the ABD category. This represents total Medicaid growth over the last twelve months of 175,800 thousand covered lives. This represents the largest annual increase in nine years.

CFC continues to be the main driver of caseload, showing an increase of 13,984 persons to 1.57 million covered lives, which was 6,952 (.44%) under total projected enrollment. The program showed a large increase in the managed care portion, with additional enrollment of 14,434, offset slightly by a decrease in fee-for-service enrollment of 450. The Healthy Families and the Healthy Families expansion categories, the core eligibility groups of the Medicaid program, continue to be the major factor in caseload increases. Caseload for the Healthy Start Pregnant Women program, which covers pregnant women up to 150% of FPL, increased by 1,439 women. This was 0.15% over projected caseload and an increase of 5.9% over December enrollment.

The ABD program showed an increase of 1,609 persons to a total of 480,400 covered lives. This was 2,166 persons (0.45%) above total projected enrollment. As has been the case in previous months, much of the increase is accounted for by increases in the Qualified Medicare Beneficiary (QMB) and the Special Low-Income Medicare Beneficiary (SLMB) premium assistance programs.

Public Assistance and Non-Medicaid

ODJFS, non-Medicaid, General Revenue Fund disbursements totaled $53.8 million for the month of February. In the aggregate, GRF spending was $3.7 million lower than the estimate of $57.5 million. Major variances within individual line items were attributable to the following:

- Entitlement Administration (ALI 600521) disbursements were $7.8 million higher than estimates. The original estimate to fully expend the funds by January 2010 did not occur due to lower than anticipated county draws. Counties will continue to expend funds throughout the remainder of the fiscal year.
- Children, Family, and Adult Community & Protective Services (ALI 600533) spending was $2.4 million above agency estimates for the month. Due to lower than expected spending throughout the fiscal year-to-date, county draws will likely increase toward the end of the fiscal year as other funds are exhausted.
- TANF State (ALI 600410) subsidy disbursements were $7.6 million below original estimates due to lower than expected cash assistance payments.

- Computer Projects (ALI 600416) disbursements was $3.2 million lower than original estimates primarily due to lower than anticipated vendor and invoice expenses.
- Support Services (ALI 600321) spending was approximately $1.2 million under monthly estimates due to lower than projected payroll and maintenance expenditures within the line item.
- Over/under spending across remaining GRF line items also contributed to the variance.

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.

February expenditures in this category were $50.5 million, which was $0.3 million (0.7%) below estimate for the month. The year-to-date actual disbursements are $733.1 million, which is $19.8 million (2.6%) below the estimate.

- February 2010 disbursements for the Department of Health totaled $5.1 million. Compared to the monthly estimates, actual disbursements were $1.9 million (58.6%) above. For the year-to-date, the Department of Health disbursements total $58.5 million, which is under estimate by $7.3 million (11.1%).
- February 2010 disbursements for the Department of Aging totaled $9.1 million. Compared to the monthly estimates, actual disbursements were $0.6 million (5.9%) below. For the year-to-date, the Department of Aging disbursements total $78.3 million, which is below estimate by $2.4 million (3.0%).
- The Department of Mental Health disbursed $16.3 million in the month of February, which is $0.9 million (5%) under the estimate. Year-to-date, the Department has disbursed $339.8 million, which is $0.2 million, or 0.1% above estimates.
- The Department of Developmental Disabilities disbursed $15.8 million in the month of February, which is $.8 million (4.7%) above the estimate. Year-to-date, the Department has disbursed $205.1 million, which is $7.5 million or 3.5% below estimates. Due to the enhanced federal reimbursement rate for Medicaid, the Department has spent fewer GRF dollars to maintain Medicaid waiver and Developmental Center services.

Justice and Public Protection

February expenditures in the Justice and Public Protection category were $126.7 million, which was $3.8 million (2.9%) below estimate for the month. The year-to-date disbursements are $1,340.9 million, which is $44.4 million (3.2%) below the estimate.

- Disbursements in the Corrections category totaled $110.7 million in the month of February, which was $1.9 million (1.7%) less than the estimate for the month.
- The Department of Rehabilitation and Correction (DRC) disbursed $97.5 million in the month of February, which was $2.1 million (2.1%) less than the estimate for the month.

- The Department of Youth Services (DYS) disbursed $13.2 million in the month of February, which was $0.2 million (1.8%) more than the estimate for the month.

General Government

For February 2010, General Government disbursements were $14.2 million which was $5.9 million (29.4%) below the estimate. Year-to-date, actual expenditures were $196.4 million, which is $7.4 million (3.6%) below the year-to-date estimate.

- Most of the February variance can be attributed to the Department of Administrative Services (DAS) which disbursed only $0.8 million, which was $4.2 million (83.9%) less than estimated for the month. This is a reversal from January when DAS overspent January disbursement estimates by a similar margin. The reason for this substantial variance was debt service and third-quarter rent payments that posted several days early, at the end of January instead of in February as estimated. This included the OAKS lease rental payment of $3.4 million, as well as the agency's line item that pays maintenance and operating costs for GRF-supported agencies in state buildings managed by DAS ($0.7 million).

Community and Economic Development

For the month of February, disbursements in this category were $6.9 million which was $1.2 million (20.8%) above the estimate. Year-to-date, community and economic development related general revenue fund disbursements total $69.8 million, which is $4.1 million (6.2%) above the estimate. Most of the monthly and year-to-date variance is in the Department of Development appropriation line items.

Tax Relief and Other

February disbursements for the tax relief and other category totaled just over $641,000 and were $57.8 million below the estimate of $58.5 million, with the entirety of both the estimates and disbursements comprised of tax relief payments. For the year to date, tax relief payments have totaled $892.5 million, which is $161.3 million above the year to date estimate of $715.4 million. In that the disbursement estimates for these payments are weighted to reflect approximately 60 percent of payments to occur in the second half of the fiscal year, the year-to-date variance should narrow considerably as we continue through the year. These payments are made to local governments and school districts to reimburse for revenues foregone as a result of the 10 percent and 2.5 percent rollback, as well as the homestead exemption.

Debt Service

February debt service payments on general obligations of the state totaled $24.4 million, which was $7.9 million (24.5%) under the disbursement estimate. This variance resulted from much lower than estimated interest rates on the state's variable interest rate bonds and the later than anticipated sale of clean Ohio conservation 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)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL FEBRUARY	ESTIMATED FEBRUARY	$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	$ VAR	% VAR
Primary, Secondary and Other Education	509,825	629,271	(119,446)	-19.0%	4,890,893	4,817,968	72,924	1.5%
Higher Education	218,639	202,123	16,517	8.2%	1,666,757	1,654,782	11,975	0.7%
Public Assistance and Medicaid	796,523	812,389	(15,866)	-2.0%	7,166,790	7,479,341	(312,550)	-4.2%
Health and Human Services	50,490	50,830	(341)	-0.7%	733,097	752,923	(19,826)	-2.6%
Justice and Public Protection	126,678	130,513	(3,835)	-2.9%	1,340,904	1,385,350	(44,446)	-3.2%
Environmental Protection and Natural Resources	4,608	4,263	345	8.1%	63,917	61,491	2,426	3.9%
Transportation	1,604	894	711	79.5%	12,782	11,671	1,111	9.5%
General Government	14,195	20,100	(5,905)	-29.4%	196,351	203,760	(7,409)	-3.6%
Community and Economic Development	6,880	5,694	1,186	20.8%	69,765	65,686	4,080	6.2%
Tax Relief and Other	641	58,470	(57,829)	-98.9%	892,516	731,234	161,282	22.1%
Capital Outlay	0	0	0	N/A	330	0	330	N/A
Debt Service	24,377	32,302	(7,925)	-24.5%	277,347	288,616	(11,268)	-3.9%
Pending Payroll	0	0	0	N/A	0	0	0	N/A
Total Expenditures & ISTV's	**1,754,460**	**1,946,849**	**(192,389)**	**-9.9%**	**17,311,449**	**17,452,822**	**(141,373)**	**-0.8%**
Transfers Out:								
OPER TRF OUT-OTH	100	0	100	N/A	53,790	30,477	23,313	76.5%
OPER TRF OUT-TEMPORARY	0	0	0	N/A	971,337	938,866	32,471	3.5%
Total Transfers (Out)	**100**	**0**	**100**	**N/A**	**1,025,127**	**969,343**	**55,784**	**5.8%**
Total Fund Uses	**1,754,560**	**1,946,849**	**(192,289)**	**-9.9%**	**18,336,577**	**18,422,165**	**(85,589)**	**-0.5%**

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

Functional Reporting Categories Description	MONTH FEBRUARY FY 2010	MONTH FEBRUARY FY 2009	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL FY 2010	YEAR-TO-DATE ACTUAL FY 2009	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
Primary, Secondary and Other Education	509,825	615,704	(105,879)	-17.2%	4,890,893	5,010,266	(119,373)	-2.4%
Higher Education	218,639	266,734	(48,095)	-18.0%	1,666,757	1,808,487	(141,730)	-7.8%
Public Assistance and Medicaid	796,523	889,371	(92,848)	-10.4%	7,166,790	7,847,944	(681,153)	-8.7%
Health and Human Services	50,490	63,614	(13,125)	-20.6%	733,097	870,323	(137,227)	-15.8%
Justice and Public Protection	126,678	123,592	3,086	2.5%	1,340,904	1,461,358	(120,454)	-8.2%
Environmental Protection and Natural Resources	4,608	4,123	485	11.8%	63,917	74,244	(10,328)	-13.9%
Transportation	1,604	717	887	123.7%	12,782	15,086	(2,304)	-15.3%
General Government	14,195	15,369	(1,174)	-7.6%	196,351	248,111	(51,760)	-20.9%
Community and Economic Development	6,880	9,324	(2,445)	-26.2%	69,765	99,123	(29,357)	-29.6%
Tax Relief and Other	641	211	430	203.8%	892,516	797,667	94,849	11.9%
Capital Outlay	0	0	0	N/A	330	187	143	76.5%
Debt Service	24,377	38,204	(13,827)	-36.2%	277,347	434,729	(157,382)	-36.2%
Pending Payroll	0	0	0	N/A	0	0	0	N/A
Total Expenditures & ISTV's	**1,754,460**	**2,026,964**	**(272,504)**	**-13.4%**	**17,311,449**	**18,667,525**	**(1,356,076)**	**-7.3%**
Transfers Out:								
OPER TRF OUT-BUD STABILIZATION	0	0	0	N/A	0	0	0	N/A
OPER TRF OUT-OTH	100	103	(3)	-2.9%	53,790	240,137	(186,347)	-77.6%
OPER TRF OUT-TEMPORARY	0	0	0	N/A	971,337	604,470	366,868	60.7%
Total Transfers (Out)	**100**	**103**	**(3)**	**-2.9%**	**1,025,127**	**844,607**	**180,521**	**21.4%**
Total Fund Uses	**1,754,560**	**2,027,067**	**(272,507)**	**-13.4%**	**18,336,577**	**19,512,132**	**(1,175,555)**	**-6.0%**

FUND BALANCE

The GRF ending fund balance estimate presented below reflects the passage of H.B. 318 in December which delayed the final installment of the personal income tax reduction from tax year 2009 until tax year 2011.

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 $192.0 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)

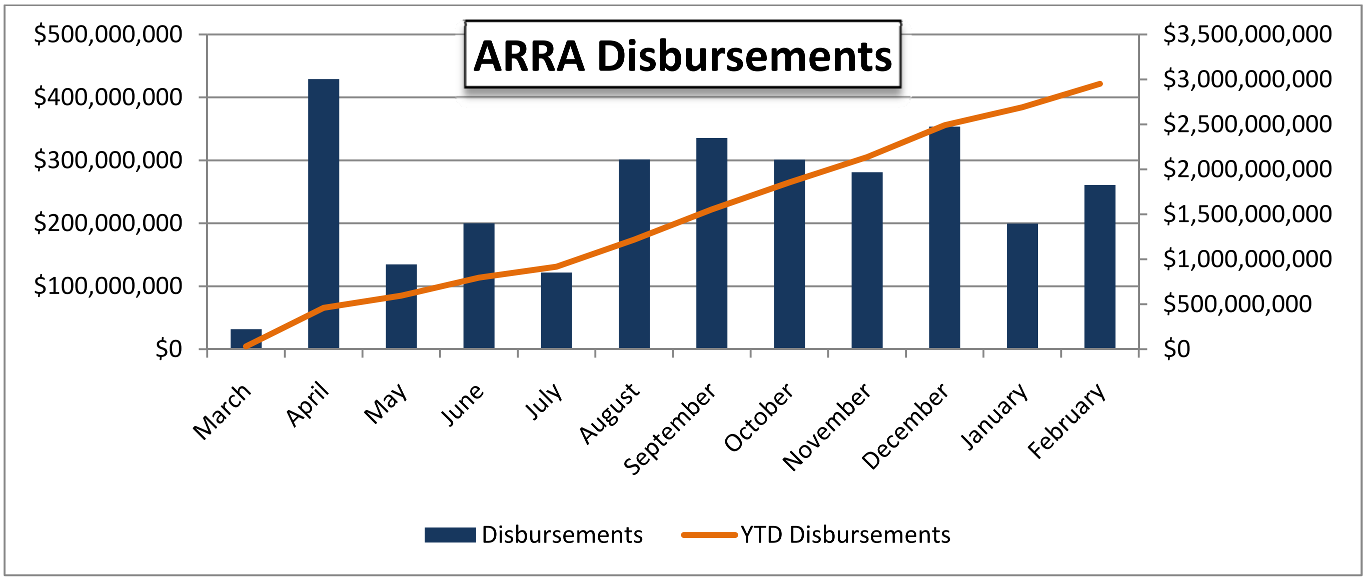
July 1, 2009 Beginning Cash Balance	**$ 734,526**
Plus FY 2010 Estimated Revenues	16,819,704
Plus FY 2010 Estimated Federal Revenues	7,184,127
Plus FY 2010 Estimated Transfers to GRF	1,567,706
Total Sources Available for Expenditure & Transfer	**26,306,063**
Less FY 2010 Estimated Disbursements	24,746,286
Less FY 2010 Estimated Total Encumbrances as of June 30, 2009	293,454
Less FY 2010 Estimated Transfers Out	1,074,343
Total Estimated Uses	**26,114,084**
FY 2010 ENDING FUND BALANCE	**191,980**

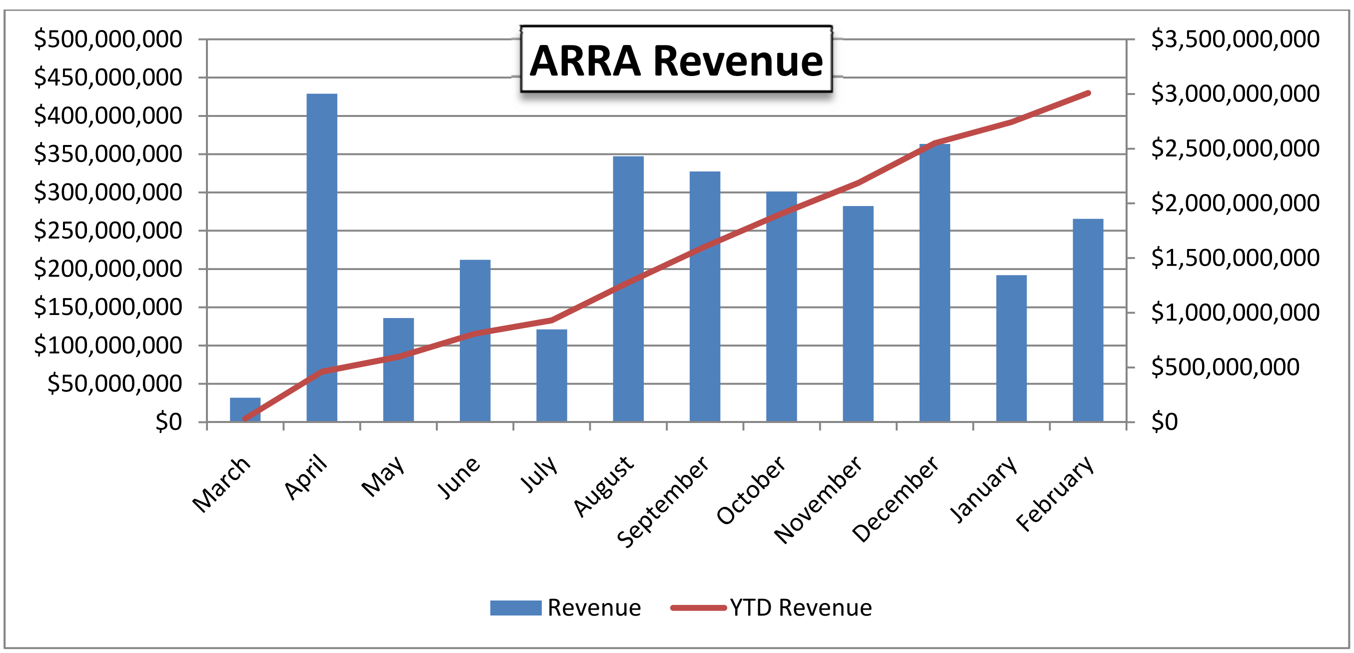
ARRA Monthly Revenue and Disbursements Report

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 $3.009 billion in federal revenue and disbursed $2.951 billion as of February 28, 2010.

	Revenue	Disbursements
FY 2009	$808,753,636	$795,630,983
FY 2010	$2,199,957,251	$2,155,396,466
Total	**$3,008,710,887**	**$2,951,027,449**





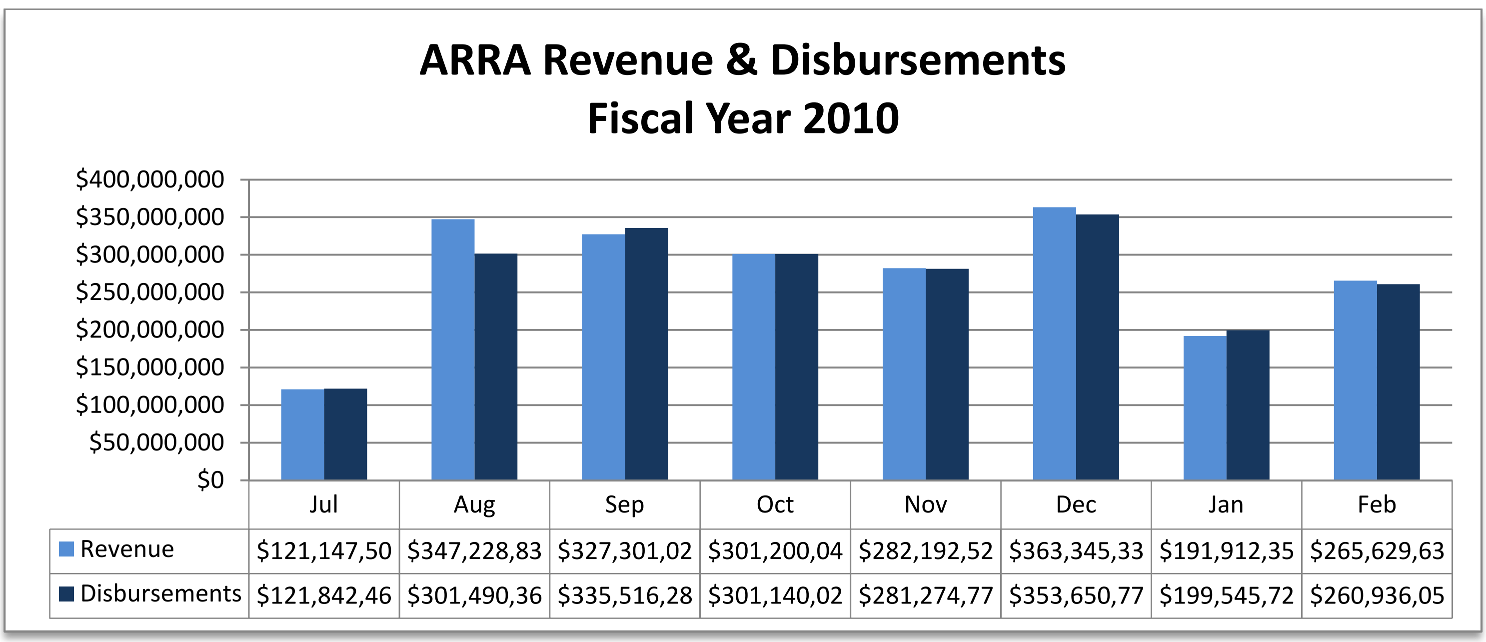
ARRA Revenue and Disbursements
for the month of February

Revenue	Disbursements
$265,629,638	$260,936,055

February – Fiscal Year 2010

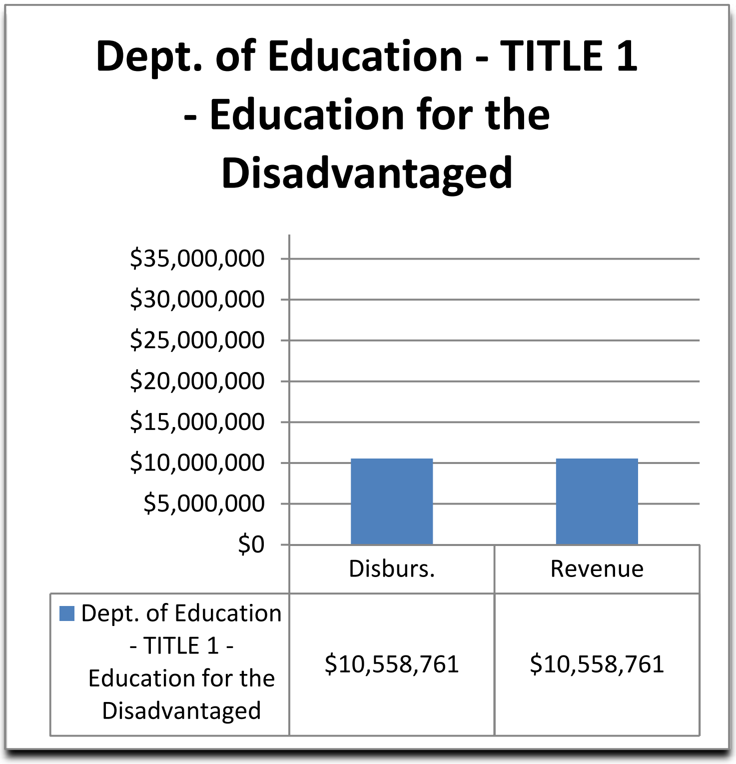
ARRA Revenue
February 2010 Federal ARRA revenue received by all state agencies was $265.6 million. This was an increase of $73.7 million or 38% from the month of January.

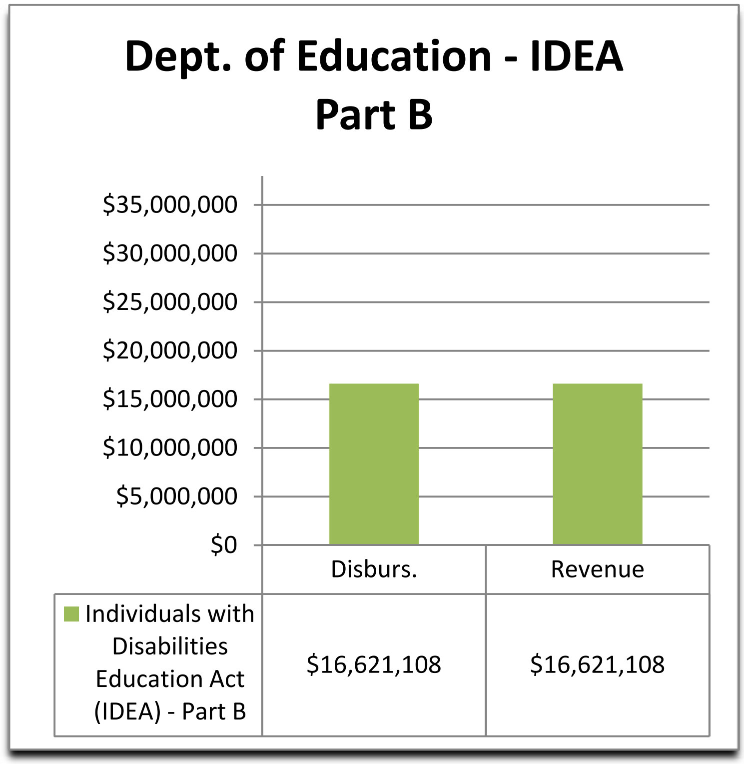
ARRA Disbursements
February 2010 Federal ARRA disbursements for all state agencies were $260.9 million. This was an increase of $61.4 million or 31% from the month of January. The variance between the amount of revenue and disbursements is primarily due to the different reimbursement or expenditure practices by the administering federal agencies.

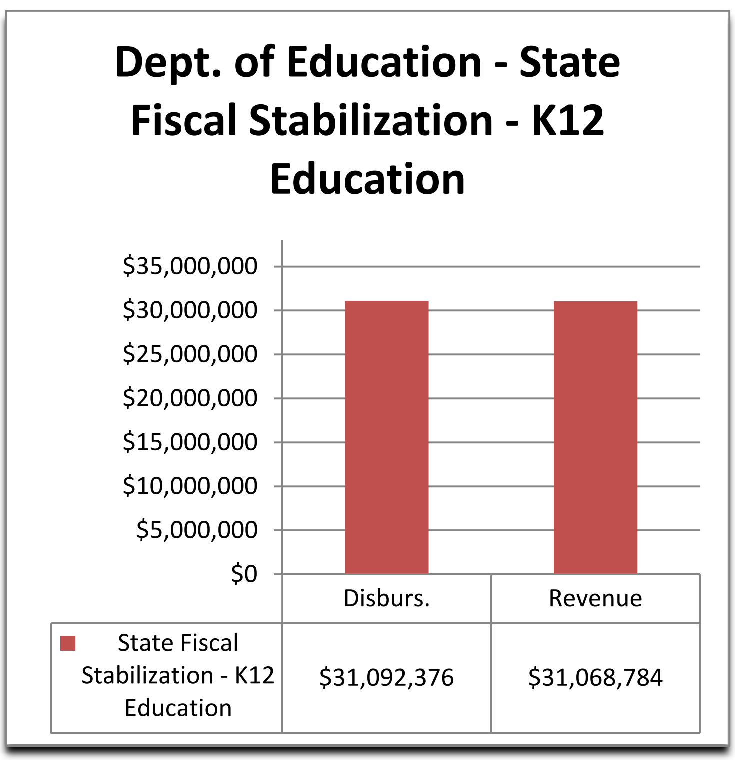


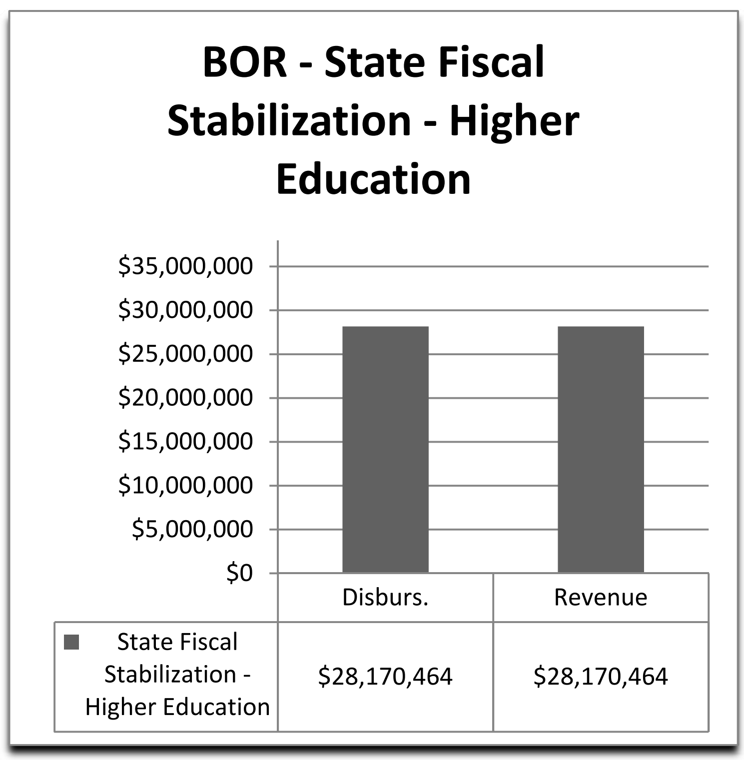
Largest Amount of Activity by Program

During the month of February, there were 72 programs which received and disbursed federal funds. This is an increase of 2 programs from February. Of those programs, the six highlighted below accounted for 87% of the revenue received and 89% of the funds disbursed.

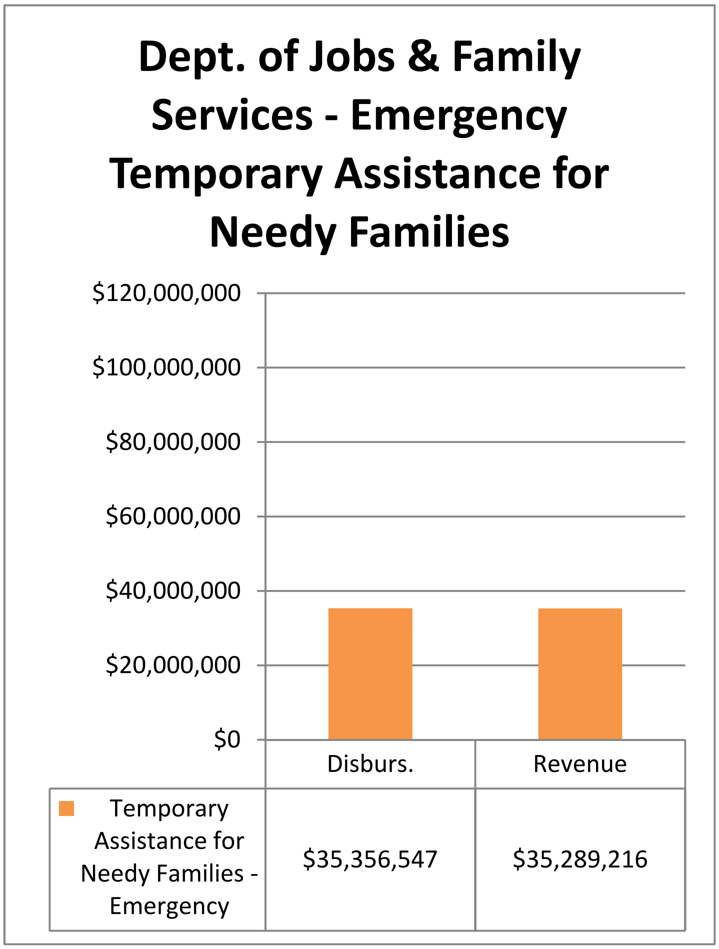


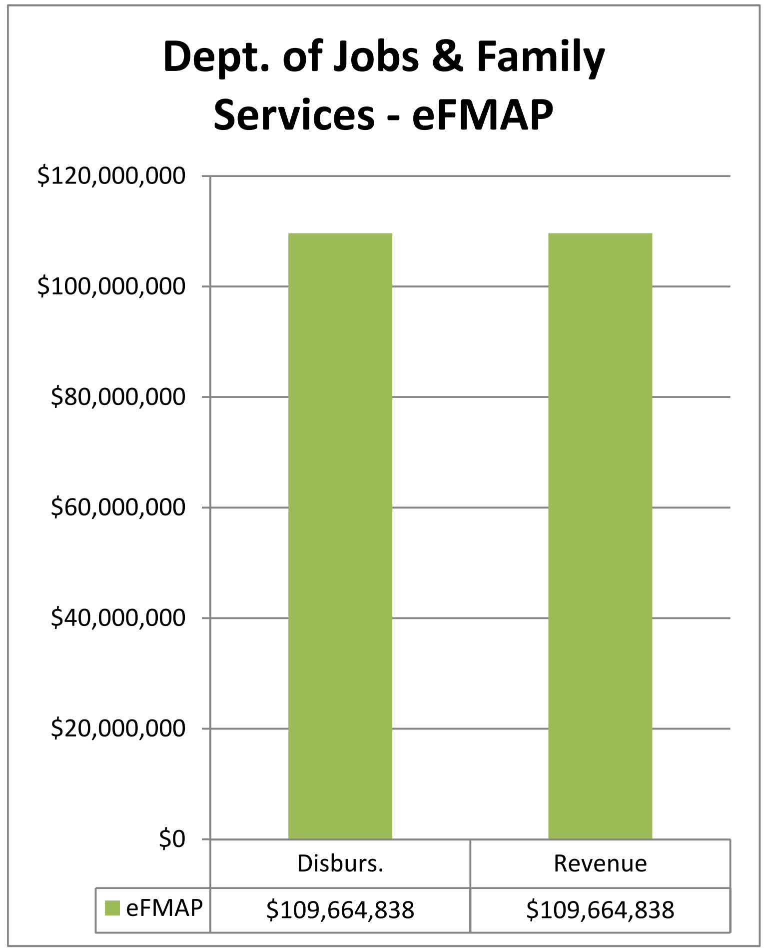






The data is the charts above represent program activity for the month of February 2010.





The data is the charts above represent program activity for the month of February 2010.