



January 10, 2012

MEMORANDUM TO: The Honorable John R. Kasich, Governor
The Honorable Mary Taylor, Lt. Governor

FROM: Timothy S. Keen, Director TK

SUBJECT: Monthly Financial Report

ECONOMIC SUMMARY

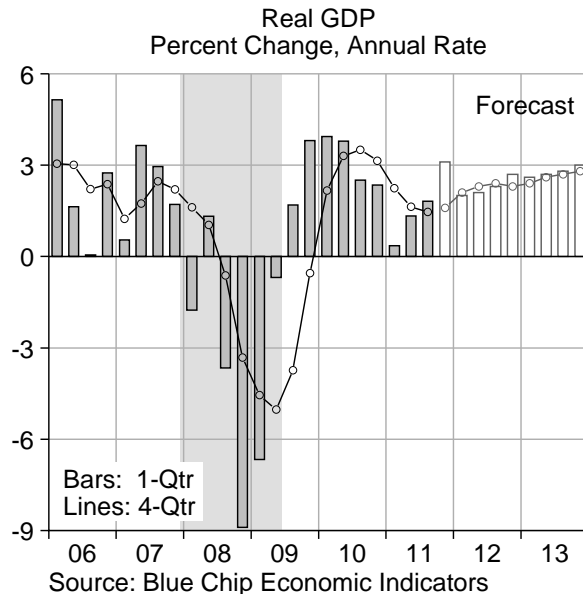
Economic Performance Overview

- Real GDP accelerated in the third quarter of 2011, rising 1.8% and at least temporarily quieting concerns about recession.
- The labor market picture brightened further in December, as the level of employment increased by 200,000 jobs and the unemployment rate fell to 8.5% from 8.6%.
- Ohio employment increased by 4,600 jobs in November after falling in September and October. The Ohio unemployment rate decreased from 9.0% to 8.5% in November.
- Leading economic indicators remain consistent with moderate activity both nationally and in Ohio, but not recession.

Economic Growth

Real GDP expanded at a revised annual rate of 1.8% in the third quarter of 2011 following a less than 1.0% pace in the first half of the year. The third-quarter growth rate was revised down from the advance estimate of 2.5% due to a large downward revision to the change in business inventories. The change in inventories subtracted 1.4 percentage points from overall growth. The rate of change in real final sales was revised down to 3.2%. Corporate profits increased to a new all-time high and the second highest quarterly level as a share of GDP (after the fourth quarter of 1950) in the post-war period.

Real GDP in the third quarter was 1.5% higher than a year earlier, and exceeded the peak



achieved prior to the 2007-09 recession by 0.2 percentage points. The economy has expanded for nine consecutive quarters, but at a slower pace than in each of the other nine post-war expansions that have lasted for at least as long. The increase in real final sales has been the weakest in the post-war period by a notable margin. At 3.9%, the saving rate was the lowest since before the recession.

The increase in real GDP from the second to the third quarter primarily reflected positive contributions from personal consumption expenditures, nonresidential fixed investment, exports, and federal government spending. These positive contributions were partly offset by negative contributions from the change in business inventories and state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased.

The acceleration in real GDP during the summer primarily reflected faster growth in personal consumption expenditures and non-residential fixed investment that was partially offset by a larger decline in the change in inventories than in the spring quarter.

Composite leading indexes are mixed, but are generally consistent with continuing economic growth. The **Leading Economic Index** increased for the seventh consecutive month in November, rising 0.5% on the month and 5.9% from a year earlier, mainly reflecting increases in building permits and consumer expectations and a favorable interest rate spread. The length of the workweek and the speed of deliveries subtracted from the change in the index. In all, seven of the ten components made positive contributions to the November change. The recent pattern of the index is consistent with the slowdown in growth last year, but points to continued growth in early 2012.

Of some greater concern is the recent pattern in the **ratio of coincident to lagging indexes**, which itself is a leading indicator. The ratio was unchanged in November after decreasing in six of the previous ten months of the year. Compared with a year earlier, the ratio was lower by 0.8%.

The Economic Cycle Research Institute (ECRI), which predicted in late September that the economy will enter a new recession soon, has reaffirmed its forecast, despite notable improvement in many economic measures since then. ECRI has concluded, based on its exhaustive analysis of a large number of business cycle indicators, the economy will enter a new recession before the middle of 2012.

After improving from late October to mid-November, the 4-week moving average of ECRI's **Weekly Leading Index** weakened through the end of the year. The 26-week smoothed rate of change increased from a low of -10.1% in the week of October 21st to -7.4% in the week of November 18th before slipping back to -8.2% in the week of December 31st. The rate of change fell to a similar pace in 2010 without prompting a recession forecast, according to ECRI, because it had not been preceded by critical weakening in other indicators as it has been recently.

The consensus among forecasters is that real GDP growth picked up to 3.0% or better in the fourth quarter but will slip back below 3.0% in each quarter of 2012. Recent strength in economic reports is likely to prompt upward revisions to these expectations in the days

immediately ahead.

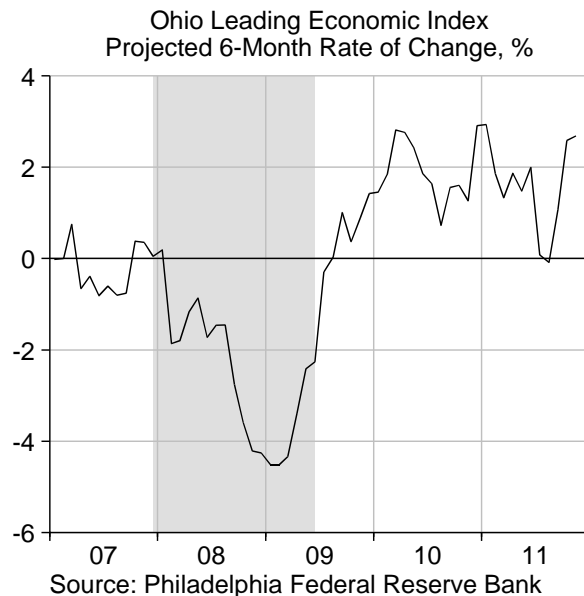
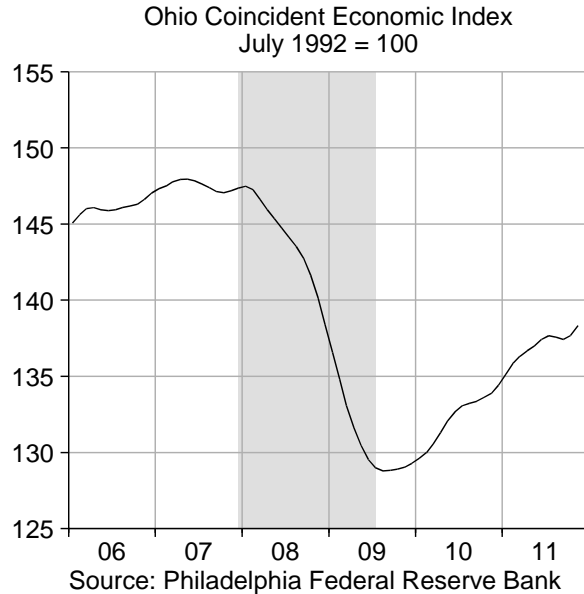
In the meantime, the pace of expansion in the Ohio economy has improved modestly. The **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, increased 0.5% in November for the second gain in a row after two small monthly declines. The 12-month rate of change was 3.3%, down from a recent peak of 4.5% in February. The index combines four state-level indicators to summarize current economic conditions. The four components are nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and real wage and salary disbursements.

The companion **Ohio Leading Economic Index** improved slightly to 2.7% in November from an upwardly revised 2.6% in October. The initial October estimate was 1.8%. The index was essentially zero in July and August, raising the possibility that the Ohio economy was on the brink of recession. The index – also compiled by the Federal Reserve Bank of Philadelphia – is designed to predict the rate of increase in the coincident index during the next six months. The index was as high as 2.9% in December 2010 and January 2011.

Employment

Recent trends in labor markets continued through the fall and into early winter, marking December as another month of moderate expansion in the economy. National **nonfarm payroll employment** increased by 200,000 jobs in December, with a portion of that increase due to a flawed seasonal adjustment. Private payrolls increased by 212,000 jobs – the best showing since a 3-month run of greater than 200,000 monthly job gains in the late winter/early spring. The October and November increases were revised modestly lower. Employment gains averaged 137,000 jobs per month in 2011. Total nonfarm payroll employment for October was revised upward by 12,000 jobs, and November was revised downward by 20,000 jobs.

Although a variety of special factors often influence the monthly employment report without distorting its fundamental message over time, a flawed seasonal adjustment of employment of couriers and messengers in December contributed roughly 40,000 jobs that do not exist to the reported increase. Quite possibly, the seasonal adjustment factors do not fully reflect the very



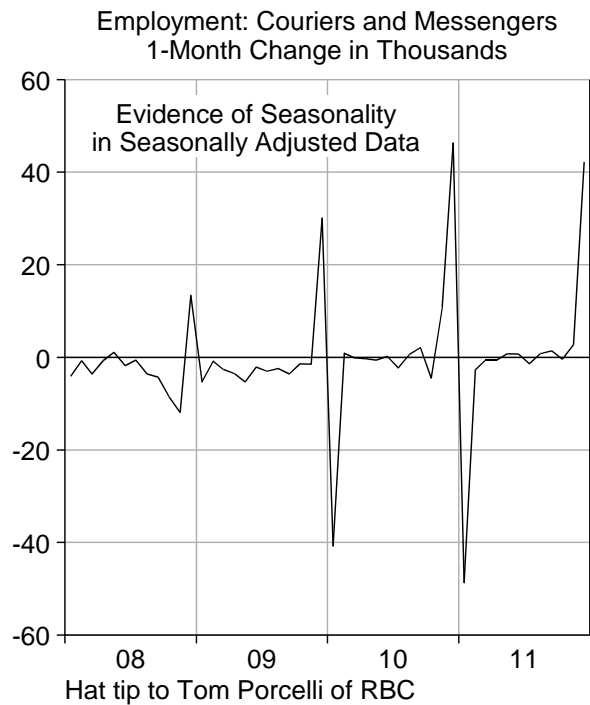
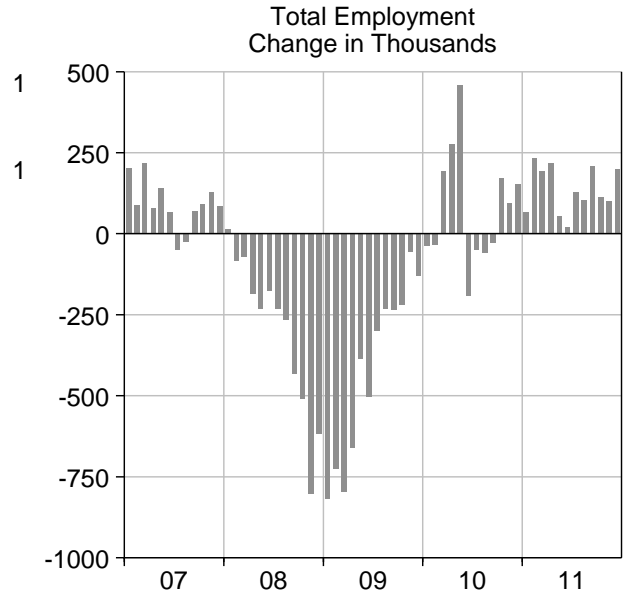
recent substantial increase in internet shopping and its effect on temporary, seasonal swings in employment of couriers.

Whatever the reason for the flaw, a graph of changes in supposedly seasonally adjusted employment of couriers and messengers clearly shows that there is a flaw in the adjustment process, without which the increase would have been closer to 160,000 jobs. The January change in employment that will be reported in early February will understate the change by a similar amount.

The recent drop in the **unemployment rate** underscores a promising trend in employment. After hanging within 0.1 percentage points of 9.0% in each of the first ten months of the year, the unemployment rate dropped 0.2 percentage points in both November and December to end the year at 8.5% – the lowest mark since the unemployment rate peaked at 10.1% in October 2009. The economy has never been in recession when the unemployment rate has been below its low point during the previous twelve months (it was lower by 0.2 percentage points in December), but the situation can change quickly.

A decline in the labor force in each of the last two months accounted for approximately one-quarter of the decline in the unemployment rate during the period. An estimated 170,000 job-seekers stopped looking for work and were therefore no longer counted as unemployed. The failure of the labor force to grow while the unemployment rate has receded from its peak of 10.1% 26 months ago (it is up by only 65,000 people) is a unique characteristic of the current expansion, possibly reflecting the relatively weak rate of hiring.

The long-term unemployed continued to have a difficult time finding jobs in December. The broadest measure of unemployment, which includes discouraged workers and those marginally attached to the workforce, declined from 15.6% to 15.2% – the lowest mark since February 2009. But the average duration of unemployment remained just 0.1 week below the record of



Hat tip to Tom Porcelli of RBC

40.9 weeks set the month before. The median duration of unemployment decreased from 21.5 weeks to 21.0 weeks.

Employment gains were widespread, led by gains in trade, transportation and utilities (+90,000), education and health services (+29,000), manufacturing (+23,000), leisure and hospitality (+21,000) and construction (+17,000). Without the previously mentioned seasonal adjustment flaw, the increase in trade, transportation and utilities would have been approximately 50,000 jobs. Government employment declined by 12,000 jobs – the fourth decline in a row and the eleventh decline in the last twelve months. Temporary help employment, which is included in professional and business services, declined by 8,000 jobs.

Ohio employment increased by 4,600 jobs in November after falling in September and October. Compared with a year earlier, Ohio employment was higher by 75,600 jobs. Changes in employment during November were mixed. Employment gains were led by trade, transportation and utilities (+4,000), manufacturing (+3,400), and professional and business services (+2,500). Government employment increased by 15,000 jobs after falling by 4,000 jobs in October. Employment losses were concentrated in construction (-3,900) and leisure and hospitality (-3,100).

Tracking the recent pattern across the country, the **Ohio unemployment rate** declined by 0.5 percentage points to 8.5% in November – the lowest rate since January 2009 and 0.2 percentage points below the national unemployment rate during November. The drop followed a four-month plateau of approximately 9.0% that was preceded by a long string of declines from the peak of 10.6% reached in February 2010. On average since 1970, the Ohio unemployment rate has been approximately 0.4 percentage points above the national unemployment rate.

Among the **contiguous states**, year-over-year employment growth was strongest in Kentucky and Michigan (+1.5%), followed by Ohio and Pennsylvania (+0.9%) and West Virginia (+0.8%). Employment was lower in Indiana (-0.2%). For the Ohio and contiguous state region, employment increased 1.0% during the most recent twelve months compared with an increase of 1.2% for all states outside the region combined.

Consumer Income and Consumption

Personal income and spending both slowed in November. Survey measures of consumer confidence improved notably in November and December, and the average saving rate during the fourth quarter of 2011 was the lowest since before the financial crisis in 2008.

Personal income increased 0.1% in November following a 0.4% rise in October. Wage and salary disbursements, which comprise more than one-half of total personal income, decreased 0.1%, but the decline followed strong gains in September and October. Disposable personal income was unchanged after a 0.2% rise during the previous month. Real disposable personal income, which declined in four of the five months from April through September, was unchanged in November after rising 0.3% in October. Relatively weak income gains are being eroded by rising prices, which are cutting into consumers' purchasing power.

Growth in **personal consumption expenditures** remained on a slow track in November, rising just 0.1% for the second straight month. A 2.7% increase in the number of light motor vehicles sold in November boosted spending on durable goods by 0.8%. Vehicle sales edged downward from an annual rate of 13.9 million in November to 13.8 million in December, which probably reduced spending on durables during the month. Spending on nondurable goods declined 0.3%, and spending on services increased by only 0.1%. In real terms, spending was only 1.7% above the year earlier level.

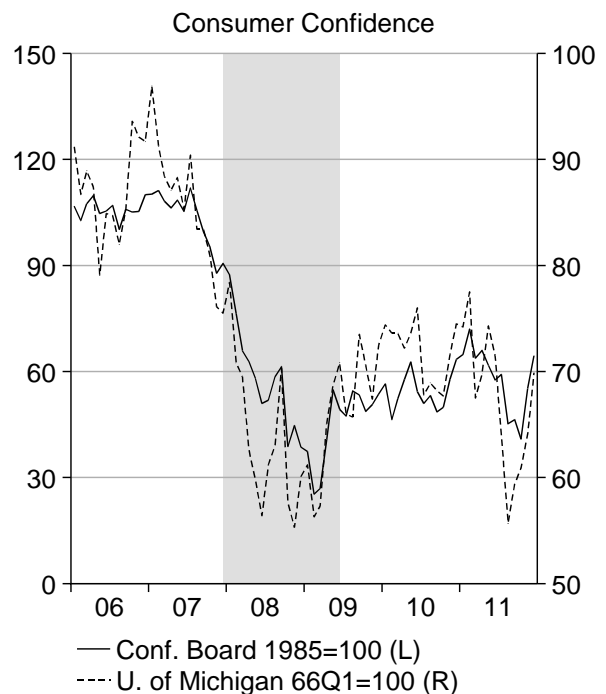
Chain-store sales increased 1.3% from November to December, according to the International Council of Shopping Centers, lifting the year-over-year comparison to 3.5%. The December increase marked a significant turnaround, considering that sales declined on a month-to-month basis in both October and November.

Although still low by historical standards by some key measures, **consumer price inflation** continues to undercut consumer spending. The CPI accelerated from a year-over-year rate of 1.1% in November 2010 to 3.4% in November 2011. Core consumer price inflation, excluding prices of food and energy, increased from 0.6% in December to 2.2% in November. The median CPI compiled by the Federal Reserve Bank of Cleveland accelerated from 0.6% last November to 2.2% during the year ending in November.

Consumer confidence improved significantly again in December, but remained at levels that have been associated with recessions in the past. The Conference Board index of consumer confidence increased in November to its highest level since April. The increase resulted from improvement in both assessments of current conditions and expectations. Even so, the composite index, its expectations, and present situation components were still 7.2% below, 10.3% above, and 33.2% below the respective average levels observed during recessions in the past. Readings from the University of Michigan index of consumer sentiment improved for the fourth month in a row during December, although they also remained near average levels observed in recessions.

Ohio personal income and wage and salary disbursements continued to slow in the third quarter. Personal income increased 0.7% at an annual rate following growth of 3.3% in the second quarter and 7.2% in the first quarter. Second quarter growth was revised down from 5.0%. Compared with a year earlier, Ohio personal income was up 3.7%. U.S. personal income was higher by 4.2% year-over-year.

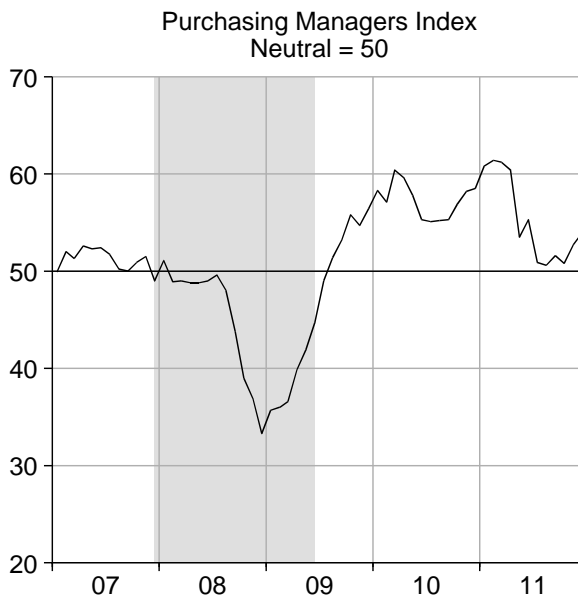
Wage and salary disbursements increased 1.9% following growth of 2.7% in the second quarter and 4.2% growth in the first quarter. Second quarter growth was revised down from 6.3%.



Compared with a year earlier, wage and salary disbursements were higher by 2.6 percentage points. While the level of Ohio personal income was 3.0% above the record high established in the second quarter of 2008, wage and salary disbursements remained 0.8% below the record level established in the first quarter of 2008.

Manufacturing

Industrial production decreased 0.2% in November, and capacity utilization edged down to 77.8% from 78.0%. Manufacturing production decreased 0.4%, and mining and utilities posted modest increases. The decline in manufacturing output followed a string of strong gains during the months of July through October. The solid showing during the summer reflected a recovery in motor vehicle assemblies, which had declined during April-June in the aftermath of the earthquake and tsunami in Japan. Assemblies declined 5.4% in November. Excluding a 3.4% decrease in motor vehicle production and a third straight monthly drop in high technology, manufacturing production decreased 0.1%.



Production in three sectors with a concentration of employment in Ohio was positive during November. Primary metal, fabricated metal and machinery production increased 1.8%, 0.6% and 0.3%, respectively. Compared with a year earlier, production was up 9.6%, 7.7% and 9.4%, respectively, but still 13.6%, 12.9% and 10.4% below the respective pre-recession peaks.

Midwest manufacturing output decreased 0.1% in November, but the October increase was revised upward from 0.7% to 1.1%, according to the Chicago Federal Reserve Bank. The decline ended a string of six straight monthly increases. Production increased in the steel (+1.5%) and auto (+0.3%) sectors, and fell in the resource (-0.9%) and machinery (-0.4%) sectors. Compared with a year earlier, Midwest manufacturing production was up by 7.1%, down from the peak growth rate so far for this cycle of 14.8% in June 2010. The level of Midwest production in October was 25.6% above the low in June 2009 but still 15.3% below the peak in January 2008.

In a promising sign, the Philadelphia Federal Reserve Bank's business conditions index moved farther into positive territory in December after recovering in September-November from a severely negative reading in August. Similarly, the overall Empire State survey (Federal Reserve Bank of New York) improved farther into positive territory after a string of negative readings.

Reports from **purchasing managers** in manufacturing across the country also improved during December. The Purchasing Managers Index increased to 53.9 in December to the highest level

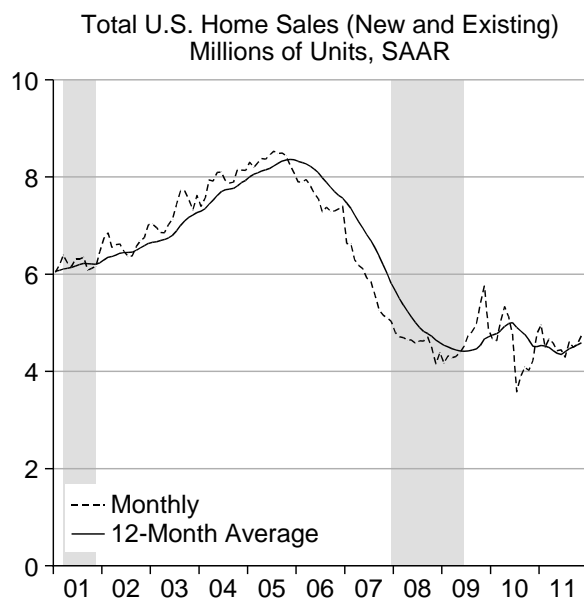
since June, lifted by strong improvements in the new orders and production components, both of which registered their best readings since April. In combination with the regional Fed bank surveys, the report from purchasing managers suggests that manufacturing activity was expanding as the year came to a close.

Construction

Total **construction put-in-place** increased 1.2% in November after a 0.2% decline that was originally reported as a 0.2% gain. Excluding the poorly estimated residential improvements component, construction spending increased 1.0% in November. Private construction increased 1.0%, adding to advances during August-October. Public construction increased 1.7%, nearly offsetting a similar-size decrease in October. Total construction activity was up 0.5% compared with a year earlier and remained 33.5% below the March 2006 peak.

Private nonresidential construction was unchanged in November after a 0.6% decline in October. Compared with a year earlier, private nonresidential construction was up 4.5%. The **Architecture Billings Index** from the American Institute of Architects increased for a second straight month to 52.0 November. The index had been below 50 in six of the previous seven months and not appreciably above 50 for two months in a row since December 2010. The **Inquiries for New Work Index** jumped to 65.0 – the highest level since January 2007. The **Billings Index for the Midwest** edged higher to 50.9 – the first reading above 50 since March.

Private residential construction-put-in-place increased 2.0% in November following three solid gains during August-October. The increase reflected gains in improvements, new single-family, and new multi-family categories. The 3-month moving average of housing starts increased 5.4% in November for the fifth monthly gain in a row. Midwest housing starts increased 1.4% in November on a 3-month average basis after a 7.3% increase in October. Permits increased 3.0% in November on a 3-month average basis for the second gain in a row. Midwest permits fell slightly on a 3-month average basis following a 6-month string of increases.

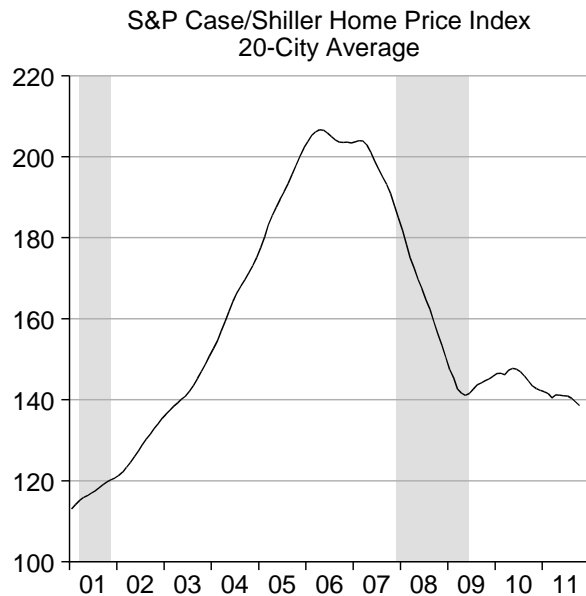
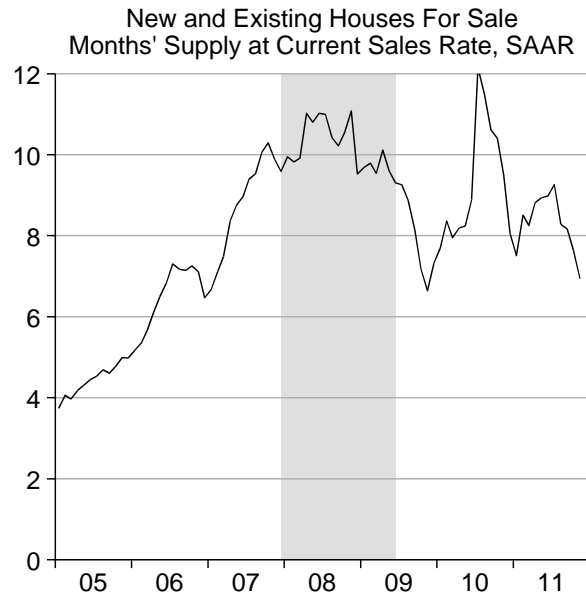


Home financing is widely available at attractive interest rates, but on more traditional terms. In addition, already problematic debt levels, large inventories of unoccupied houses in many markets, relatively soft labor market conditions and expectations of little or no price appreciation are restraining building activity. Despite month-to-month swings, which are sometimes substantial, housing construction remains essentially flat at an historically low level.

Sales of existing homes increased 0.8% in the U.S. and 1.1% in the Midwest to 12.3% and 16.3% above year earlier levels, respectively, on a 3-month average basis. Despite the large fluctuations recently, the pace of existing home sales is little changed on balance during the past three years. **Sales of new homes** were up 2.8% nationally and 6.1% in the Midwest on a 3-month average basis in November, as sales activity continues to bounce along a plateau that is far below peak levels of a few years ago.

The inventory of existing homes for sale fell in November for the fifth month in a row. The **inventory-to-sales ratio** dropped to 7.0 months – the lowest since January 2007. The ratio reached a peak of 12.4 months in July 2010. The inventory of newly built homes fell to a new all-time low in November. At 6.0 months, the inventory-to-sales ratio was the lowest since before the housing crisis. The ratio is down from a peak of 12.2 months in January 2009.

Home prices temporarily stabilized in the spring after a long string of substantial declines, according to the S&P/Case-Shiller index, but began falling again in the summer and into the fall. The 20-city composite home price index decreased 0.6% in October for the fifth decline in a row. The index was down 33.0% from the all-time peak reached in April 2006. The price index for Cleveland – the only Ohio city in the index – decreased 0.2% in October, with prices in Cleveland 20.0% off from the 2006 peak.



REVENUES

December 2011 GRF receipts totaled \$2,303.8 million and were \$46.1 million (2.0%) above the estimate. For the month, tax receipts totaled \$1,585.5 million and were \$23.8 million (1.5%) below the estimate, while non-tax receipts totaled \$647.4 million and were \$13.5 million (2.1%) above the estimate. Transfers totaled \$70.9 million and were \$56.4 million (389.1%) above the estimate. Year-to-date variances by category are provided in the following table (\$ in millions).

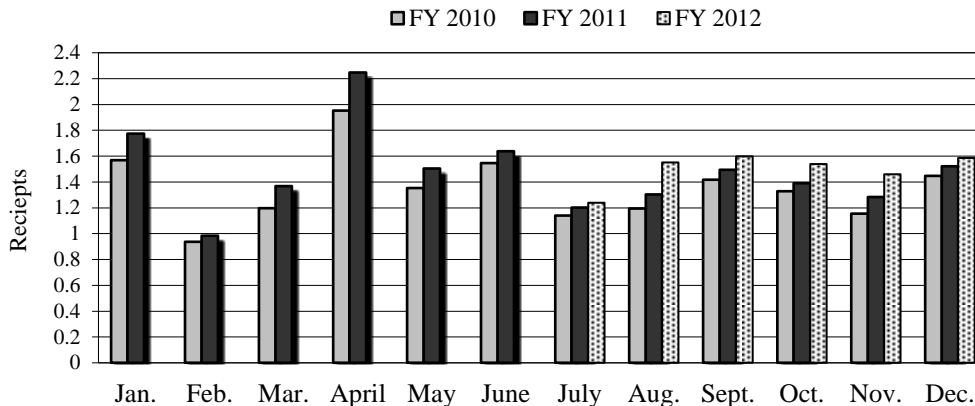
Category	Includes:	YTD Variance	% Variance
Tax receipts	Sales & use, personal income, corporate franchise, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, soft drink, alcoholic beverage, liquor gallonage, estate & horse racing	\$77.1 million	0.9%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$152.2 million)	(3.6%)
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$223.2 million	278.7%
TOTAL REVENUE VARIANCE:		\$102.1 million	0.9%

December tax sources were below the estimate by \$23.8 million (1.5%). On a year-over-year basis, total tax receipts for December 2011 were \$64.1 million (4.2%) greater than they were in December 2010. For fiscal year 2012 year-to-date, total tax collections are \$777.8 million (9.5%) higher than at the same point in fiscal year 2011. The largest contributors to this year-over-year growth are the non-auto sales tax, personal income tax, and the commercial activities tax (CAT). Personal income tax receipt growth was driven by growth in quarterly estimated payments and lower-than-anticipated refunds.

GRF Revenue Sources Relative to Monthly Estimates
(\$ in millions)

<u>Individual Sources Above Estimate</u>		<u>Individual Sources Below Estimate</u>	
Auto Sales Tax	\$13.0	Non-Auto Sales Tax	(\$17.9)
Corporate Franchise Tax	\$8.2	Personal Income Tax	(\$21.8)
Other Business & Property	\$1.0	Commercial Activity Tax	(\$1.9)
Alcoholic Beverage	\$0.3	Public Utility Tax	(\$2.0)
Liquor Gallonage	\$0.2	Kilowatt Hour Tax	(\$0.6)
Estate	\$0.4	Cigarette Tax	(\$2.7)
Federal Grants	\$11.4	Other Income	(\$0.3)
License & Fees	\$0.2	Other Sources Below Estimate	(\$0.0)
ISTV's	\$2.1		
Transfers In – Other	\$0.7		
Temporary Transfers In	\$55.7		
Other Sources Above Estimate	\$0.1		
Total above	\$93.3	Total below	(\$47.2)

Tax Revenue Comparison by Month
(\$ in billions)



Non-Auto Sales and Use Tax

Following months of outperforming the monthly estimate in the face of lagging consumer confidence, the non-auto sales tax slipped in December with receipts totaling \$648.7 million, or \$17.9 million (2.7%) below estimate. Despite December receipts falling short of the estimate, year-to-date receipts for this tax source total \$3,512.0 million and are still \$25.7 million (0.7%) above the estimate. On a year-over-year basis, receipts were \$8.5 million (1.3%) above collections for December 2010, with fiscal year 2012 collections exceeding those of fiscal year 2011 by \$158.9 million (4.7%). OBM will closely monitor the performance of this source in January to try and determine if the December's performance is an anomaly.

Auto Sales Tax

The auto sales tax continued its stronger than expected performance in December, as receipts totaled \$80.2 million and were \$13.0 million (19.3%) above the monthly estimate. Year-to-date receipts for this tax source total \$511.3 million and are \$36.7 million (7.3%) above the estimate. On a year-over-year basis, auto sales tax receipts experienced an increase of \$13.0 million (19.3%) over receipts for the same month a year ago, while year-to-date collections are 7.2% higher than for the first half of fiscal year 2011.

Personal Income Tax

Personal income tax receipts in December totaled \$751.0 million, and were \$21.8 million (2.8%) below the estimate. As was the case in November, the withholding component was the primary contributor to this negative variance as it was \$32.9 million (4.7%) below the estimate. Quarterly estimated payments were modestly higher than the estimate by \$3.3 million (3.0%), while refunds were below the estimate by \$10.9 million (48.7%), thus softening the negative impact of the underperformance in the withholding component.

On a year-over-year basis, personal income tax receipts for December 2011 exceeded the December 2010 level by \$26.2 million (3.6%), with the withholding component adding \$6.5 million (1.0%) to this annual growth. Lower-than-expected refunds, combined with the smaller distribution to Local Government Fund this December compared to last December also boosted net annual growth in personal income tax revenue.

FY2012 PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)						
	ESTIMATE	ACTUAL	\$ VAR	ESTIMATE	ACTUAL	\$ VAR
	DEC	DEC	DEC	Y-T-D	Y-T-D	Y-T-D
Withholding	\$707.7	\$674.8	(\$32.9)	\$3,791.1	\$3,732.9	(\$58.2)
Quarterly Est.	\$109.1	\$112.4	\$3.3	\$432.3	\$442.9	\$10.6
Trust Payments	\$2.3	\$1.7	(\$0.6)	\$10.3	\$11.3	\$1.0
Annual Returns & 40 P	\$7.9	\$8.6	\$0.7	\$117.1	\$129.8	\$12.7
Other	\$11.2	\$8.0	(\$3.2)	\$51.6	\$49.6	(\$2.0)
Less: Refunds	(\$22.4)	(\$11.5)	\$10.9	(\$181.7)	(\$161.2)	\$20.5
Local Distr.	(\$43.0)	(\$43.0)	\$0.1	(\$285.9)	(\$288.1)	(\$2.2)
Net to GRF	\$772.8	\$751.0	(\$21.8)	\$3,934.8	\$3,917.1	(\$17.6)

Corporate Franchise Tax

Corporate franchise tax receipts for the month of December were \$3.7 million, compared to the estimate of -\$4.5 million. For the year-to-date, receipts for this tax source now total \$6.0 million and are \$10.3 million (239.7%) above the estimate that includes anticipated refunds. As stated in previous monthly reports, monthly variances in this tax source versus the estimate are attributable at least in part to changes in the tax base in H.B. 66 of the 126th General Assembly leading to lack of a long historical base to build estimates.

Commercial Activity Tax

December Commercial Activity Tax (CAT) receipts to the GRF totaled \$0.6 million and were \$2.0 million (76.3%) below the monthly estimate. All-funds CAT receipts for December totaled \$9.6 million and were \$0.9 million (8.6%) below the estimate of \$10.5 million. Through the first half of the fiscal year, total GRF CAT receipts are \$196.5 million, which is \$13.0 million (7.1%) above the estimate, while all-funds CAT receipts are \$801.4 million and \$67.3 million (9.2%) above the estimate.

Public Utility Tax

December public utility tax receipts totaled -\$0.7 million and were \$2.0 million (152.3%) below the estimate. On a year-to-date basis, total public utility tax receipts are \$55.3 million and are \$5.5 million (9.0%) below the estimate. On a year-over-year basis, receipts were \$1.9 million (155.7%) below December 2010 levels and \$1.1 million (2.0%) lower than at the same point in the previous fiscal year. This continued underperformance relative to the estimate is believed to be primarily due to lower-than-expected prices for natural gas.

Kilowatt-Hour Tax

Kilowatt-hour tax receipts during the month of December totaled \$21.7 million and were \$0.7 million (2.9%) below the estimate. As stated in last month's report, this shortage is likely due to the milder weather throughout the year compared to previous years. Year-to-date receipts total \$157.0 million and are \$8.1 million (4.9%) below the estimate. On a year-over-year basis, receipts were \$14.1 million (186.3%) higher than the same month in the previous fiscal year. This significant year-over-year growth is largely the result of changes in distributions made in H.B. 153.

Cigarette Tax

Cigarette tax receipts during the month of December totaled \$71.2 million and were \$2.7 million (3.6%) below the estimate. Year-to-date cigarette tax receipts total \$378.5 million and are \$6.9 million (1.9%) above the estimate. On a year-over-year basis, cigarette tax receipts were \$6.0 million (7.7%) lower than for the same month a year ago, while fiscal year 2012 receipts to-date are \$9.6 million (2.5%) lower than those of the same point in fiscal year 2011 – a performance that is slightly less than the 3.0 percent historical decline we have seen with this tax source.

GRF non-tax receipts totaled \$647.4 million in December and were \$13.5 million (2.1%) above the estimate. This is largely the result of higher-than-anticipated federal grants. **GRF transfers** during the month of December totaled \$70.9 million and were \$56.4 million (389.1%) above the monthly estimate with most of this variance (\$55.7 million) being temporary transfers in. The temporary transfers in during the month of December were above the estimate of zero due to repayments made from the Local Government Property Tax Replacement Fund for advances made earlier in the month in order to make tangible personal property tax replacement payments to local governments.

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2012 VS ESTIMATE FY 2012
(\$ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL	ESTIMATE	\$ VAR	% VAR	ACTUAL	ESTIMATE	\$ VAR	% VAR
	DECEMBER	DECEMBER			Y-T-D	Y-T-D		
TAX RECEIPTS								
Non-Auto Sales & Use	648,679	666,600	(17,921)	-2.7%	3,512,017	3,486,300	25,717	0.7%
Auto Sales & Use	80,201	67,200	13,001	19.3%	511,260	476,600	34,660	7.3%
Subtotal Sales & Use	728,879	733,800	(4,921)	-0.7%	4,023,277	3,962,900	60,377	1.5%
Personal Income	750,955	772,766	(21,810)	-2.8%	3,917,132	3,934,757	(17,625)	-0.4%
Corporate Franchise	3,697	(4,500)	8,197	182.2%	6,007	(4,299)	10,307	239.7%
Commercial Activity Tax	602	2,500	(1,898)	-75.9%	196,507	184,000	12,507	6.8%
Public Utility	(680)	1,300	(1,980)	-152.3%	55,307	60,800	(5,492)	-9.0%
Kilowatt Hour	21,661	22,300	(639)	-2.9%	157,027	165,100	(8,074)	-4.9%
MCF Tax	2	(0)	2	N/A	18,170	14,700	3,470	23.6%
Foreign Insurance	6	0	6	N/A	134,249	130,099	4,150	3.2%
Domestic Insurance	4	(0)	4	N/A	61	(1,100)	1,162	105.6%
Other Business & Property	4	(1,000)	1,004	100.4%	(1,783)	(1,500)	(284)	-18.9%
Cigarette	71,211	73,900	(2,688)	-3.6%	378,529	371,600	6,929	1.9%
Alcoholic Beverage	4,635	4,300	335	7.8%	29,829	29,000	830	2.9%
Liquor Gallonage	3,195	3,000	195	6.5%	19,473	18,400	1,073	5.8%
Estate	1,308	900	408	45.3%	35,808	28,000	7,808	27.9%
Total Tax Receipts	1,585,479	1,609,266	(23,787)	-1.5%	8,969,595	8,892,458	77,138	0.9%
NON-TAX RECEIPTS								
Federal Grants	642,470	631,073	11,396	1.8%	4,037,470	4,186,686	(149,216)	-3.6%
Earnings on Investments	0	0	0	N/A	1,186	1,250	(64)	-5.1%
License & Fees	966	768	198	25.8%	20,071	17,236	2,834	16.4%
Other Income	1,808	2,060	(252)	-12.2%	8,051	15,690	(7,639)	-48.7%
ISTV'S	2,132	17	2,115	N/A	8,352	6,439	1,913	29.7%
Total Non-Tax Receipts	647,376	633,918	13,458	2.1%	4,075,130	4,227,302	(152,172)	-3.6%
TOTAL REVENUES	2,232,855	2,243,184	(10,329)	-0.5%	13,044,725	13,119,759	(75,034)	-0.6%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	14,500	14,500	0	0.0%	72,500	69,500	3,000	4.3%
Transfers In - Other	726	0	726	N/A	50,103	10,598	39,506	372.8%
Temporary Transfers In	55,700	0	55,700	N/A	180,718	0	180,718	N/A
Total Transfers	70,926	14,500	56,426	389.1%	303,321	80,098	223,224	278.7%
TOTAL SOURCES	2,303,781	2,257,684	46,097	2.0%	13,348,047	13,199,857	148,190	1.1%

Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2012 VS ACTUAL FY 2011
(\$ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	DECEMBER	DECEMBER	\$	%	ACTUAL	ACTUAL	\$	%
	FY 2012	FY 2011	VAR	VAR	FY 2012	FY 2011	VAR	VAR
TAX RECEIPTS								
Non-Auto Sales & Use	648,679	640,166	8,513	1.3%	3,512,017	3,353,125	158,892	4.7%
Auto Sales & Use	80,201	67,244	12,957	19.3%	511,260	476,764	34,496	7.2%
Subtotal Sales & Use	728,879	707,410	21,470	3.0%	4,023,277	3,829,889	193,388	5.0%
Personal Income	750,955	724,756	26,200	3.6%	3,917,132	3,635,529	281,603	7.7%
Corporate Franchise	3,697	(4,290)	7,987	186.2%	6,007	(4,043)	10,050	248.6%
Commercial Activity Tax	602	0	602	N/A	196,507	0	196,507	N/A
Public Utility	(680)	1,223	(1,903)	-155.7%	55,307	56,416	(1,109)	-2.0%
Kilowatt Hour	21,661	7,565	14,096	186.3%	157,027	81,278	75,749	93.2%
MCF Tax	2	0	2	N/A	18,170	0	18,170	N/A
Foreign Insurance	6	38	(32)	-84.4%	134,249	132,230	2,019	1.5%
Domestic Insurance	4	15	(11)	-73.5%	61	(1,023)	1,084	106.0%
Other Business & Property	4	(671)	675	100.7%	(1,783)	(1,006)	(777)	-77.3%
Cigarette	71,211	77,186	(5,974)	-7.7%	378,529	388,100	(9,571)	-2.5%
Alcoholic Beverage	4,635	4,230	406	9.6%	29,829	28,473	1,356	4.8%
Liquor Gallonage	3,195	3,048	147	4.8%	19,473	18,652	821	4.4%
Estate	1,308	912	396	43.5%	35,808	27,270	8,538	31.3%
Total Tax Receipts	1,585,479	1,521,421	64,059	4.2%	8,969,595	8,191,766	777,829	9.5%
NON-TAX RECEIPTS								
Federal Grants	642,470	483,401	159,069	32.9%	4,037,470	4,369,280	(331,810)	-7.6%
Earnings on Investments	0	0	0	N/A	1,186	3,142	(1,955)	-62.2%
License & Fee	966	649	317	48.9%	20,071	15,933	4,137	26.0%
Other Income	1,808	135,551	(133,743)	-98.7%	8,051	139,801	(131,750)	-94.2%
ISTV'S	2,132	30	2,102	N/A	8,352	11,134	(2,783)	-25.0%
Total Non-Tax Receipts	647,376	619,631	27,745	4.5%	4,075,130	4,539,290	(464,160)	-10.2%
TOTAL REVENUES	2,232,855	2,141,052	91,804	4.3%	13,044,725	12,731,056	313,669	2.5%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	14,500	26,000	(11,500)	-44.2%	72,500	77,000	(4,500)	-5.8%
Transfers In - Other	726	6,900	(6,175)	-89.5%	50,103	19,400	30,703	158.3%
Temporary Transfers In	55,700	108,000	(52,300)	-48.4%	180,718	344,000	(163,282)	-47.5%
Total Transfers	70,926	140,900	(69,975)	-49.7%	303,321	440,400	(137,079)	-31.1%
TOTAL SOURCES	2,303,781	2,281,952	21,829	1.0%	13,348,047	13,171,456	176,590	1.3%

DISBURSEMENTS

December 2011 GRF disbursements, across all fund uses, totaled \$1,802.9 million and were \$66.6 million (3.6%) below the estimate. Year-to-date variances by category are provided in the following table (\$ in millions).

Category	Description	YTD Variance	% Variance
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	(\$377.4 million)	(2.6%)
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$229.6 million	69.0%
TOTAL DISBURSEMENTS VARIANCE:		(\$147.8 million)	(1.0%)

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

Primary, Secondary and Other Education

This category includes expenditures made by the Department of Education, E-tech, the Ohio School for the Blind, and the Ohio School for the Deaf. December disbursements in this category totaled \$514.9 million and were \$19.2 million (3.6%) below the estimate.

Year-to-date expenditures for the Department of Education alone equal \$3,502.2 million and are \$12.2 million (0.3%) below the estimate. Disbursements for the month of December totaled \$510.0 million, which was \$21.2 million (4.0%) below the estimate. Expenditures for the school foundation program (ALI 200502 – Pupil Transportation and ALI 200550 – Foundation Funding) totaled \$487.2 million and were \$21.2 million (4.2%) below the estimate. The variance is due primarily to the ongoing finalization of the FY2012 payment. The department has not yet finalized its update of Average Daily Membership (ADM) data collected in October, which was expected to be reflected in December disbursements. The variance is expected to be offset in future months when updated data are available.

Higher Education

December disbursements for Higher Education totaled \$161.5 million and were \$2.1 million (1.3%) below the estimate. Year-to-date disbursements total \$1,091.7 million and are \$8.8 million (0.8%) below the estimate. December disbursements in the Ohio College Opportunity Grant program were below the monthly estimate by \$4.4 million, a variance that was partially offset by disbursements in the Choose Ohio First Scholarship program that were above the monthly estimate by \$1.7 million. Monthly variances in both scholarship programs were due to December requests for reimbursement from higher education institutions that differed from estimates.

Public Assistance and Medicaid

December disbursements in this category, which include all GRF expenditures by the Ohio Department of Job and Family Services (ODJFS), totaled \$909.5 million and were \$19.5 million (2.1%) below the estimate. Year-to-date expenditures totaled \$6,765.3 million and were \$302.9 million (4.3%) below the estimate.

Public Assistance and Non-Medicaid

ODJFS, non-Medicaid, General Revenue Fund (GRF) disbursements totaled \$47.5 million for the month of December and were \$4.4 million (10.3%) above the estimate. Major variances within individual line items were attributable to the following:

- Early Care and Education ALI disbursements were \$5.3 million (75.6%) above the estimate due to higher-than-expected child care expenditures made within the line item. This was a result of the TANF Block Grant not being federally extended until the end of the month. Once full federal fiscal year 2012 authorization occurs, ODJFS will adjust expenditures to the federal TANF Block Grant in future months.
- Computer Projects ALI disbursements were \$2.0 million (34.5%) above the estimate due to ODJFS receiving and paying Department of Administrative Services (DAS) Office of Information Technology invoices in December instead of November as anticipated.
- TANF State ALI subsidy disbursements were \$1.8 million (100.0%) above the estimate due to Ohio Works First (OWF) payments unexpectedly being funded within the line item. This was a result of the TANF Block Grant not being federally extended until the end of the month. Once full federal fiscal year 2012 authorization occurs, ODJFS will adjust expenditures to the federal TANF Block Grant in future months.
- Adoption Services ALI disbursements were \$1.5 million (22.5%) below the estimate due to Adoption program one-time payments not drawn down by counties as expected. ODJFS expects these county draw payments to occur before the end of the fiscal year.
- Child, Family, and Adult Community & Protective Services ALI disbursements were \$1.1 million (98.3%) below the estimate because only one county requested funding within this line item for the month.
- Over/under spending across remaining GRF line items also contributed to the variance.

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 \$6,362.7 million, which is \$279.9 million (4.2%) below the estimate, and \$779.7 million (14.0%) above the same point in the previous fiscal year. Disbursements for the month of December totaled \$862.0 million and were \$23.9 million (2.7%) below the estimate and \$761.9 million (760.8%) above the same point in the previous fiscal year. It is important to note that the majority of the year-over-year variance can be attributed to unusually low payments in December 2010, which was the result of the

acceleration of December payments into November 2010 in anticipation of an earlier scheduled MITS go-live of December 2010.

All funds disbursements year-to-date are \$7,329.8 million, which is \$294.2 million (3.9%) below the estimate and \$477.4 (6.5%) above disbursements for the same point in the previous fiscal year. Disbursements for the month of December totaled \$1,224.6 million and were \$21.6 million (1.7%) below the estimate and \$544.8 million (44.5%) above the same month in the previous fiscal year for the timing reason previously noted.

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

	December Projection	December Actual	Variance	Variance %
GRF	\$ 885,944,217	\$ 862,028,779	\$ (23,915,438)	-2.7%
Non-GRF	\$ 360,250,462	\$ 362,568,229	\$ 2,317,767	0.6%
All Funds	\$ 1,246,194,679	\$ 1,224,597,008	\$ (21,597,671)	-1.7%

Payments across nearly all categories of service have been below initial estimates. Because of the implementation of MITS in August 2011, it is difficult to assess what portion of the \$21.6 million variance is due to the timing of claims submission and payment as a result of this change, or other factors. It is unclear at this time what portion of this variance will be offset by increased payments in future months. The rate of variance has decreased from 9.8% in August, when MITS first went live, to the current rate of 1.7%.

Categorical Variances

As noted above, timing issues related to the changeover to the new MITS system likely account for much of the variance found in the categories of service. Discussion of specific categorical variances will resume in future months' reports as the underlying reasons for the variances become clearer.

Caseload

As noted in previous reports, caseload data had not been available due to the implementation of MITS. The following is a discussion the caseload information now available. It is important to note that this data is subject to change and updates. In addition, data from August forward uses MITS as the original data source, while the older budget estimates and actuals were generated from, or based upon, the previous MMIS. As there is more than one data source, the differences between actuals and projections as well as changes in caseload totals before and after August 1, 2011 will be partially driven by differences in the source data. For instance, data was cleaned up during the conversion process from MMIS to MITS. While there has been some shifting among the categories, total CFC stabilized with a slight downward trend when MITS first went live.

Total caseload for the month of November, the most recent month available, was 2.12 million covered persons, which represented a decrease of 20,975 persons from the month of

October. Total Medicaid caseload for the month of November was 88,784 (4.02%) covered lives under the estimate.

The Covered Families and Children (CFC) category decreased by 18,561 persons to a November total of 1.62 million persons. The Aged, Blind and Disabled (ABD) program decreased by 4,825 people to a November total of 386.3 thousand covered lives. The Premium Assistance category decreased by 1,925 persons to a November total of 101.5 thousand covered lives.

Total enrollment for the same point in the previous fiscal year was 2.15 million covered persons, including 1.63 million persons in the CFC program, 401.8 thousand people in the ABD category, and 98,155 in Premium Assistance. This represents total program decrease over the last twelve months of 31,231 thousand covered lives. It should be noted that some of the variance could be due to the change in data sources as previously discussed.

Until this month, caseload information more recent than July 2011 had not been available. The following table shows the data for the subsequent months. As mentioned, this data is subject to change upon further validation.

	August	September	October	November
CFC	1,643,236	1,641,828	1,637,746	1,619,185
ABD	387,598	390,354	391,087	386,262
Premium Assistance	97,805	97,793	99,584	101,509
All Other	8,678	9,494	11,075	11,561
Total Medicaid	2,137,317	2,139,469	2,139,492	2,118,517

Health and Human Services

This category includes GRF expenditures for the following state agencies: Health, Aging, Mental Health, Developmental Disabilities, and ODADAS. 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.

December disbursements in this category totaled \$50.4 million and were \$9.2 million (15.4%) below estimated expenditures for the month. Year-to-date disbursements are \$555.9 million, which is \$4.3 million (0.8%) above the estimate.

Department of Health

Year-to-date Department of Health disbursements are \$42.1 million, which is \$0.5 million (1.2%) below the estimate. December disbursements totaled \$11.1 million and were \$8.7 million (361.4%) above the estimate. This is primarily attributable to the following:

- The AIDS Prevention and Treatment line item was over the estimate by \$0.6 million due to more GRF funds being used in lieu of federal funds.

- The Help Me Grow line item was above the estimate by \$6.2 million. This was due to sub-grantee payments being made in December which were originally scheduled for earlier in the year.
- The Bureau for Children with Medical Handicaps line was above the estimate by \$1.9 million due to more GRF funds being used in lieu of state special revenue funds.

Department of Aging

Year-to-date Department of Aging disbursements total \$5.5 million, which is \$0.9 million (13.8%) below the estimate. December disbursements totaled \$0.7 million and were \$0.3 million (27.7%) below estimate. There were no significant line item variances.

Department of Mental Health

The Department of Mental Health (DMH) disbursed \$16.4 million in the month of December, which was \$17.2 million (51.3%) below the estimate. As in previous months, the variance is attributable to the Mental Health Medicaid Match ALI, which accounts for \$15.5 million of the total variance. This is the continuing effect of the \$69.2 million cash infusion disbursed in September to offset federal reimbursement issues as discussed in previous reports, which had the effect of pulling forward disbursements planned for future months, including December. This issue has been addressed and the Department expects to meet the estimate for the fiscal year.

Department of Alcohol and Drug Addiction Services

The Department of Alcohol and Drug Addiction Services (ADA) disbursed \$28,700 in the month of December, which was \$1.2 million (97.7%) below the estimate. The variance is attributable to below estimate spending in the Medicaid Match line item, which accounts for \$1.2 million of the total variance. As part of their continuing effort to align payment strategies with DMH, ADA disbursed \$7.4 million in October, which was earlier than originally planned. The department estimates that the early disbursement will cover the GRF need for alcohol and other drug Medicaid claims until March. Therefore, the department did not disburse any funds from Medicaid Match in December.

Department of Developmental Disabilities

The Department of Developmental Disabilities disbursed \$18.7 million in the month of December, which was \$0.7 million (4.0%) above the estimate. This amount is mainly attributable to the Medicaid State Match ALI, which was due to developmental center payroll costs being above projection during the month, though it aligns the overall quarter.

Justice and Public Protection

Disbursements in the Justice and Public Protection category for the month of December totaled \$121.0 million, which was \$6.8 million (5.3%) below the estimate. For the year-to-date, the category has disbursed \$949.0 million, which is \$54.8 million (5.5%) below the estimate.

Department of Rehabilitation and Correction

Department of Rehabilitation and Correction disbursements totaled \$94.6 million in the month of December and were \$7.2 million (7.0%) below the \$101.8 million estimate. This variance was largely caused by lower payroll costs resulting from an agency-wide hiring freeze.

Department of Youth Services

Department of Youth Services (DYS) disbursements totaled \$11.3 million in the month of December and were \$1.3 million (13.4%) above the \$10.0 million estimate. This variance is the result of several subsidy payments to community correctional facilities being disbursed in December though they were originally planned for October.

General Government

December disbursements for the General Government category totaled \$17.6 million and were \$2.6 million (12.7%) below the estimate. Year-to-date expenditures are \$160.2 million, which is \$14.5 million (8.3%) below the estimate.

Department of Administrative Services

December disbursements for the Department of Administrative Services (DAS) totaled \$5.1 million and were \$1.3 million (20.3%) below the estimate. This occurred chiefly because fiscal year 2012 rental rates for the buildings DAS manages have yet to be finalized. As a result, DAS was not able to bill its GRF line item that pays rent for GRF-supported agencies, veterans' organizations, and vacant space in December as planned. Once these rates are established, DAS will be able to bill rent for the first and second quarters.

Tax Relief and Other

Payments from the tax relief category are made to local governments and school districts to reimburse for revenues foregone as a result of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. December disbursements for tax relief totaled \$0.4 million and were \$2.6 million (86.3%) below the \$3.0 million monthly estimate. All of the moneys disbursed in December were paid out through the local government line item. Year-to-date, total tax relief payments are \$865.1 million, which is \$23.0 million (2.7%) above the year-to-date estimate. Since the estimates are weighted slightly toward the second of the fiscal year, OBM will monitor the disbursements of these lines closely during the remainder of the year to see if the year to date pattern of being over estimate continues.

Table 3
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2012 VS ESTIMATE FY 2012
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL	ESTIMATED	\$	%	YTD	YTD	\$	%
	DECEMBER	DECEMBER	VAR	VAR	ACTUAL	ESTIMATE	VAR	VAR
Primary, Secondary and Other Education	514,878	534,034	(19,156)	-3.6%	3,529,957	3,541,738	(11,781)	-0.3%
Higher Education	161,486	163,610	(2,123)	-1.3%	1,091,718	1,100,502	(8,784)	-0.8%
Public Assistance and Medicaid	909,523	929,022	(19,498)	-2.1%	6,765,225	7,068,106	(302,881)	-4.3%
Health and Human Services	50,436	59,638	(9,201)	-15.4%	555,938	551,601	4,337	0.8%
Justice and Public Protection	120,957	127,776	(6,820)	-5.3%	949,023	1,003,792	(54,769)	-5.5%
Environmental Protection and Natural Resource	2,531	3,980	(1,449)	-36.4%	42,440	41,476	964	2.3%
Transportation	744	730	14	1.9%	5,265	6,120	(854)	-14.0%
General Government	17,579	20,141	(2,562)	-12.7%	160,207	174,721	(14,514)	-8.3%
Community and Economic Development	4,988	6,602	(1,614)	-24.4%	47,411	57,882	(10,471)	-18.1%
Tax Relief and Other	415	3,029	(2,613)	-86.3%	865,060	842,055	23,005	2.7%
Capital Outlay	0	0	0	N/A	120	0	120	N/A
Debt Service	13,101	14,371	(1,270)	-8.8%	193,157	194,918	(1,761)	-0.9%
Total Expenditures & ISTV's	1,796,640	1,862,932	(66,292)	-3.6%	14,205,521	14,582,911	(377,390)	-2.6%
Transfers Out:								
Operating Transfer Out	6,281	6,550	(269)	-4.1%	325,135	332,890	(7,755)	-2.3%
Temporary Transfer Out	0	0	0	N/A	237,356	0	237,356	N/A
Total Transfers Out	6,281	6,550	(269)	-4.1%	562,491	332,890	229,601	69.0%
Total Fund Uses	1,802,921	1,869,482	(66,561)	-3.6%	14,768,011	14,915,801	(147,789)	-1.0%

Table 4
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2012 VS ACTUAL FY 2011
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	DECEMBER	DECEMBER	\$	%	ACTUAL	ACTUAL	\$	%
	FY 2012	FY 2011	VAR	VAR	FY 2012	FY 2011	VAR	VAR
Primary, Secondary and Other Education	514,878	311,670	203,208	65.2%	3,529,957	3,448,817	81,140	2.4%
Higher Education	161,486	188,740	(27,254)	-14.4%	1,091,718	1,255,749	(164,031)	-13.1%
Public Assistance and Medicaid	909,523	197,199	712,324	361.2%	6,765,225	5,993,559	771,666	12.9%
Health and Human Services	50,436	55,636	(5,200)	-9.3%	555,938	574,008	(18,070)	-3.1%
Justice and Public Protection	120,957	123,204	(2,247)	-1.8%	949,023	999,480	(50,457)	-5.0%
Environmental Protection and Natural Resource	2,531	1,602	929	58.0%	42,440	42,598	(158)	-0.4%
Transportation	744	764	(20)	-2.7%	5,265	8,911	(3,646)	-40.9%
General Government	17,579	19,430	(1,851)	-9.5%	160,207	154,212	5,995	3.9%
Community and Economic Development	4,988	7,331	(2,343)	-32.0%	47,411	55,835	(8,424)	-15.1%
Tax Relief and Other	415	169	246	145.7%	865,060	841,655	23,405	2.8%
Capital Outlay	0	0	0	N/A	120	24	96	402.1%
Debt Service	13,101	15,031	(1,930)	-12.8%	193,157	282,549	(89,392)	-31.6%
Total Expenditures & ISTV's	1,796,640	920,778	875,862	95.1%	14,205,521	13,657,396	548,125	4.0%
Transfers Out:								
Operating Transfer Out	6,281	2,185	4,096	187.5%	325,135	41,986	283,149	674.4%
Temporary Transfer Out	0	0	0	N/A	237,356	945,711	(708,356)	-74.9%
Total Transfers Out	6,281	2,185	4,096	187.5%	562,491	987,697	(425,207)	-43.1%
Total Fund Uses	1,802,921	922,963	879,958	95.3%	14,768,011	14,645,093	122,918	0.8%

FUND BALANCE

Table 5 describes the estimated General Revenue Fund (GRF) ending fund balance for FY 2012. Based on the estimated revenue sources for FY 2012 and the estimated FY 2012 disbursements, transfers, and encumbrances, the GRF ending fund balance for FY 2012 is an estimated \$152.7 million.

The GRF ending fund balance should not be considered as a balance available for expenditure in FY 2012 nor should it be considered as equivalent to the FY 2012 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
FISCAL YEAR 2012
(\$ in thousands)

July 1, 2011 Beginning Cash Balance	\$ 844,467
Plus FY 2012 Estimated Revenues	19,419,100
Plus FY 2012 Estimated Federal Revenues	7,602,748
Plus FY 2012 Estimated Transfers to GRF	151,432
Total Sources Available for Expenditure & Transfer	28,017,747
Less FY 2012 Estimated Disbursements	27,204,170
Less FY 2012 Estimated Total Encumbrances as of June 30, 2012	253,608
Less FY 2012 Estimated Transfers Out	407,300
Total Estimated Uses	27,865,078
FY 2012 ENDING FUND BALANCE	152,669

OBM staff that contributed to the development of this report were:

Jim Bennett, Benjamin Boettcher, Jim Coons, Kim Eckhart, Rebecca Gray, Kurt Kauffman, Sári Klepacz, Elena Lazarevska, Jessica Levy, Isabel Louis, Jeff Newman, Lawrence Parson, Steven Peishel, Penny Rader, Daniel Schreiber, Lillian Stockell, and Chris Whistler.