



September 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

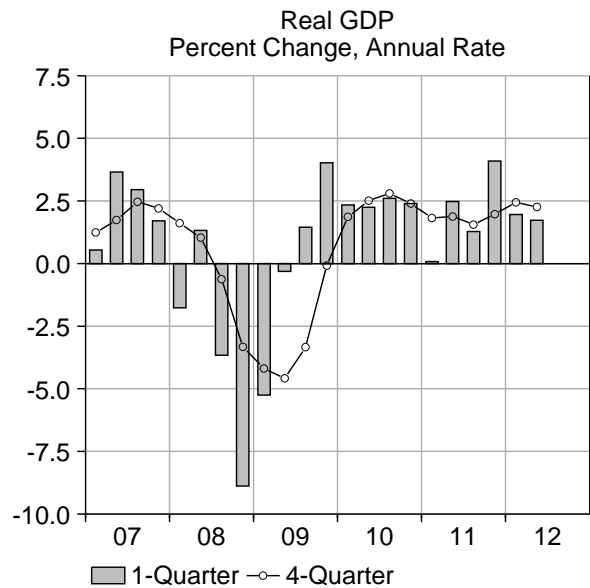
Economic Performance Overview

- Real GDP expanded at an annual rate of 1.7% in the second quarter of 2012, down from 2.0% in the first quarter and 3.0% in the fourth quarter of last year. Forecasters expect growth to improve modestly but remain below 3.0% each quarter well into 2013.
- Labor markets softened somewhat in August, as growth in nonfarm payroll employment slowed to 96,000 jobs. The unemployment rate declined but remained above 8.0%.
- Ohio employment increased by 11,000 jobs in July and is up by 92,800 jobs year-to-date. The unemployment rate dropped to 7.2% in July – more than a full point below the national rate.
- Leading economic indicators have weakened recently, but remain consistent with uninterrupted growth at a modest pace across the country and especially in Ohio.

Economic Growth

As widely expected, **real GDP** growth slowed from a revised 2.0% in the first quarter of 2012 to a revised 1.7% in the second quarter. Compared with a year ago, real GDP was up by 2.3%. Since the trough in the second quarter of 2009, real GDP has increased at a compound annual rate of 2.2%. This is the slowest pace of any recovery, at a point three years after the trough, of the post-war period.

Growth in the second quarter resulted mainly from increases in personal consumption expenditures, exports, business investment in plant and equipment, and housing investment. Inventory



investment and state and local government spending subtracted from overall growth. Federal government spending both for defense and non-defense categories was little changed from the previous quarter. Imports, which are automatically counted in spending by category and are therefore subtracted from the total, increased at about the same pace as in the first quarter.

Real final sales growth slowed to 2.0% in the second quarter from 2.4% in the first quarter and 1.5% in the fourth quarter of last year. During the last twelve quarters, real final sales has increased at an annual rate of only 1.6% – the slowest pace by a notable margin among expansions in the post-war period that have lasted for at least twelve quarters.

The slowdown in the second quarter from an already-slow pace in the first quarter reflects several factors. The much milder than normal weather during the winter probably boosted activity in sectors ranging from consumer spending to housing construction at the expense of activity in those sectors in the second quarter. More importantly for the outlook, the slowdown also appears to reflect weaker overseas demand for U.S. products, due to slower growth abroad and to the appreciation of the dollar, which makes U.S. goods and services more expensive in foreign currencies.

According to *Blue Chip Financial Forecasts*, the consensus is that real GDP is expanding at a rate below 2.0% in the third quarter and will continue to grow at a modest pace thereafter, picking up but remaining below 3.0% through 2013. Leading indicators remain consistent with slow but uninterrupted growth.

After declining in ten of the eleven weeks ending in mid-June, the 4-week moving average of the **Weekly Leading Index** has increased in eight of the nine weeks since then, ending in late August. The 6-month smoothed rate of change improved to 0.6%, up from a low of -3.5% in mid-June.

The composite **Leading Economic Index** from the Conference Board increased 0.4% in July after falling by 0.4% in June. The index has traced out a see-saw pattern, landing at about the same level as at the beginning of the year. The year-over-year rate of change has declined from 3.3% as of last December to 1.5% in July.

The **ratio of the coincident index to lagging index** – itself a leading indicator – has been weaker recently. The ratio fell 0.1% in July after rising by 0.1% in each of the two prior months and has declined in six of the most recent twelve months. Compared with a year ago, the ratio was down by 0.5%.

The Ohio economy continued to make progress through July. The **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank



of Philadelphia, increased 0.6% in July and the June increase was revised slightly higher. The July increase was the 35th consecutive monthly increase. The 12-month rate of change was 5.8% in July – up from a recent low of 3.4% last July and the highest since February 1995. The index combines four state-level indicators to summarize current economic conditions. The four components include nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and real wage and salary disbursements.

The companion **Ohio Leading Economic Index** remained above 3.0% for the third month in a row. Values for recent months were revised higher. In July, the index was 3.2%, following readings of 3.1% in May and 3.7% in June. The index, which is 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 has been below zero in all but one month when the economy was in recession since 1982. Index values have been revised significantly on occasion but as it stands, the recent pattern is consistent with ongoing expansion of the Ohio economy this fall.

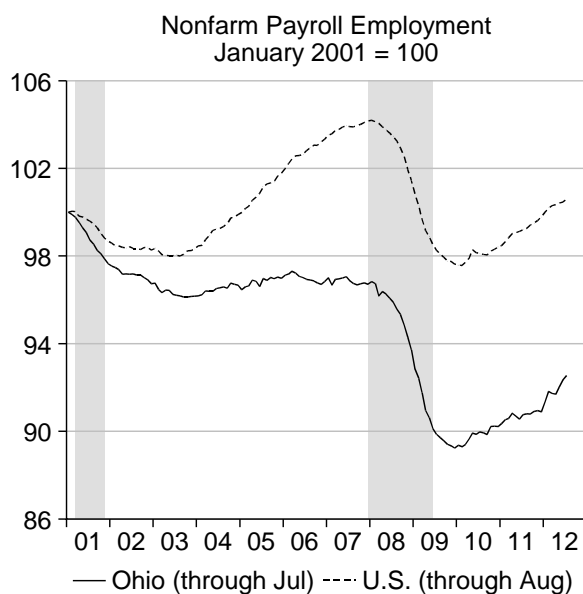
Employment

Job growth slowed in August, indicating that labor markets remain sluggish. **Nonfarm payroll employment** increased by a less-than-expected 96,000 jobs, bringing the average increase over the past five months to 87,000 jobs per month. Prior to the most recent five months, average monthly job gains averaged 211,000 per month during the previous 5-month period. In addition, the July tally was revised lower to an increase of 141,000 jobs.

The **length of the workweek** for all private sector workers was unchanged, while the workweek in manufacturing and manufacturing overtime hours shrank modestly. Aggregate hours worked edged higher by 0.1%, but average hourly earnings decreased modestly. Average hourly earnings were up by 1.3% from a year earlier, compared with a 1.4% increase in the Consumer Price Index.

The **unemployment rate** decreased by 0.1 percentage points back to the April level of 8.1%. The month-to-month change in the unemployment rate has been a very timely indicator of the onset of recessions in the past, and suggests that there is little chance of an imminent downturn in the business cycle.

More troubling however, is that the August decline was due entirely to the exit of unemployed job seekers from the labor force. They are no longer counted as unemployed, but they did not get jobs during the month. In addition, the broader U-6 unemployment rate, which includes discouraged workers and those working part-time because they have been unable to find full-time work, remained at a very high level despite declining to 14.7%.



Employment gains were spread across leisure and hospitality (+34,000), trade, transportation and utilities (+29,000), professional and business services (+28,000), and education and health services (+22,000). Manufacturing employment decreased by 15,000 jobs, breaking a 10-month string of increases. Construction employment increased by just 1,000 jobs, and government fell by 7,000 jobs – the sixth consecutive decrease.

Ohio employment increased by 11,000 jobs in July following gains exceeding 18,000 per month in May and June. Employment is up 92,800 jobs year-to-date through July and is up 100,300 jobs from a year earlier, but remains 266,500 below the peak reached in March 2006. The Ohio unemployment rate dropped to 7.2% in July – more than a full point below the national rate.

Month-to-month changes in employment across sectors were largely positive again during July. Increases were led by education and health services (+11,700), manufacturing (+3,200) and other services (+2,300). In contrast, government employment decreased by 5,300 jobs and construction employment decreased by 4,300 jobs. Other major sectors experienced modest gains.

During the twelve months ending in June, employment gains were concentrated in educational and health services (+32,500), trade, transportation and utilities (+27,600), manufacturing (+20,900), and professional and business services (+12,400). Employment declined by 4,400 jobs in government, and was essentially unchanged in natural resources and mining, information, and leisure and hospitality. Ohio private sector employment has increased by 104,700 jobs during the last twelve months.

Among the **contiguous states**, year-over-year employment growth was strongest in Indiana (+2.2%), Kentucky (+2.1%) and Ohio (+2.0%), followed by Michigan (+1.5%). Employment increased 0.4% in Pennsylvania and 0.1% in West Virginia. For the Ohio and contiguous state region, employment increased 1.4% during the year ending in July – the same pace as outside the region. Growth in regional employment has outpaced growth outside the region since the trough in employment in February 2010. Growth has been 3.6% for Ohio and contiguous states, compared to 3.1% for all other states.

Consumer Income and Consumption

Personal income increased 0.3% in July while **personal consumption expenditures** advanced by 0.4%. The **savings rate** was little changed at 4.2%. On balance during the past eight months, income growth has increased in



absolute terms and relative to spending growth. For example, year-over-year growth in real disposable personal income increased from 0.0% in December to 2.0% in July while growth in real personal consumption expenditures increased only modestly during the period from 1.7% to 2.0%.

An acceleration in personal current transfer payments from 0.2% in June to 0.4% in July more than offset a deceleration in wage and salary disbursements from 0.4% to 0.2%. Modest gains during July in the length of the workweek, average hourly earnings and payrolls accounted for the rise in wage and salary disbursements.

The rise in consumption in July was the first since the 0.3% increase in April. Spending declined in May and was flat in June. The heat-induced surge in air-conditioning demand during July made a meaningful contribution to spending. Unit auto sales edged down from 14.3 million units in June to 14.0 million units in July, but increased to 14.5 million units in August – the highest annualized sales rate since April 2008.

Consumer spending appears to have continued to increase through August. Chain store sales increased 1.5% in August, according to the International Council of Shopping Centers. Compared with a year earlier, sales were up only 2.6%, but excluding drug stores, sales were up 6.0% year-over-year. Strength was evident compared with a year earlier at apparel stores (+8.1%), department stores (+7.1%), discount stores (+5.1%), and luxury stores (+21.0%).

Measures of **consumer confidence** were mixed in August, with forward-looking assessments slipping and current assessments holding relatively steady. The Conference Board index decreased to its lowest level since last November due to a significant deterioration in the outlook, while the view of current conditions was little changed. The University of Michigan index increased by two points, reflecting a large improvement in the assessment of current conditions that more than offset a modest decline in expectations.

In general, consumer confidence remains low relative to the historical record. The Conference Board index stood 12.9% below the average level observed in recessions, whereas the University of Michigan index was only 6.5% above the average level observed in past recessions three years after the end of the 2008-2009 recession.

Manufacturing

The industrial sector continues to send mixed signals. **Industrial production** increased 0.6% in July after back-to-back gains of just 0.1%, and manufacturing output increased 0.5% for the second month in a row. At the same time, however, several regional and national surveys of industrial activity pointed toward a lackluster pace of business, at best.

The increases in activity during July lifted industrial production to 17.5% above its recession low, but left it 2.7% shy of the pre-recession peak. Manufacturing output is up 18.8% from the low, but remains 5.8% below its most recent peak.

Among sectors with particular importance for Ohio, production of primary metal increased 1.1%, production of fabricated metal increased 0.2%, production of machinery increased by 1.9%, and production of motor vehicles and parts jumped by 3.3%.

Manufacturing firms in and around Ohio reported that new orders and production were flat or down somewhat during July and early August, according to a survey by the Federal Reserve Bank of Cleveland. Inventories were reported somewhat higher. The outlook among manufacturers was mixed. Some cited greater uncertainty regarding the business climate, while others noted that abundant and low-priced energy will be a positive. Steel output is off, reflecting seasonal factors and higher imports. The decline in motor vehicle manufacturing was normal for the season, although production of foreign name-plates was higher year-over-year due to the abatement of supply chain issues.

Slower activity continued elsewhere in the country in August. Surveys of manufacturers by the Federal Reserve Banks of New York and Philadelphia were both weak. The New York index moved back into negative territory, reflecting weakness in both shipments and orders. The Philadelphia survey also remained in negative territory, reflecting stable but weak orders and weaker shipments.

Of particular concern, the July **ISM survey** of purchasing managers at manufacturing firms was nearly unchanged and remained in neutral for the third straight month. A key development was the four point drop in the production index from 51.3 to 47.2 – the lowest level since April 2009 when the economy was still in recession. The new orders index dropped from 48.0 to 47.1 for the third reading in a row below the neutral level of 50.0. The report is consistent with a stagnant manufacturing sector, but not an outright decline in either manufacturing or the overall economy.



Factory orders increased 2.8% in July. Strong gains in motor vehicles and parts, aerospace, petroleum, and chemicals offset weaknesses in other industries. Both orders and shipments of core capital goods were revised downward for previous months. Total inventories increased 0.5% (-0.3% excluding transportation equipment). On a 3-month moving average basis, new orders peaked in February and declined by 2.3% through June, but recouped 0.9% of that drop in July alone.

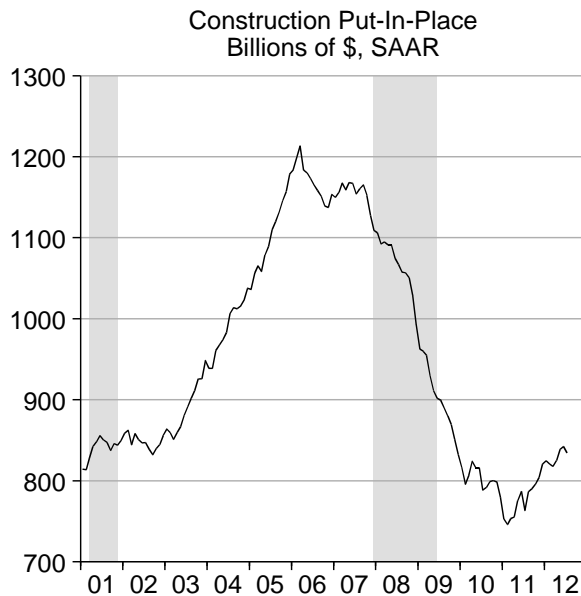
Construction

Total **construction put-in-place** decreased 0.9% in July. Excluding improvements to residential properties, construction fell by 0.2%. The one-month setback followed three consecutive gains.

Private construction decreased 1.2% overall, reflecting a 1.6% decrease in residential building and a 0.9% decrease in nonresidential building. Excluding improvements, residential building increased 1.6%. Public construction declined 0.4% in July after no change in June, and remained near a long-time low.

Total construction in July was up 9.3% year-over-year and 11.8% from what looks increasingly with each passing month like the cycle low in March 2011, but remains 31.2% below its pre-recession peak.

Private nonresidential construction decreased 0.9% in July, and the June change was revised from +0.1% to -0.9%. Compared with a year earlier, private nonresidential construction was up 11.7%, having traced out a clear cyclical trough at the beginning of 2011. Six of the eleven categories that comprise the nonresidential segment increased by double digit percentages during the year ending in July, led by lodging (+35.7%), power (+20.6%), educational (+20.3%), transportation (+17.9%), and manufacturing (+17.4%). Construction put-in-place fell in amusement and recreation (-10.1%), religious (-7.2%), and communications (-4.6%).



Nonresidential contractors in and around Ohio described business conditions as improving and better than a year earlier in the Federal Reserve Bank of Cleveland survey, although some small and medium size builders characterized activity as substantially below pre-recession levels. The outlook for the near-term is reported as fairly positive, but builders are concerned about the political climate, Europe, and potential defense spending cutbacks.

The **Architecture Billings Index** from the American Institute of Architects improved in July, but remained below the neutral level of 50.0 for the fourth straight month. The **Inquiries for New Work Index** increased to 56.3 from 54.4, while the **Billings Index for the Midwest** was essentially unchanged in July.

Private residential construction-put-in-place fell 1.6% in July due entirely to a large estimated drop in improvements. Excluding improvements, activity increased 1.6%. The June change was revised upward from 1.3% to 2.4%.

The 3-month moving average of housing starts was unchanged in July after a 2.2% rise in June. The level remained near the highest reading since November 2008. Midwest housing starts declined 2.4% on a 3-month moving average basis in July on top of a 4.6% decline in June.

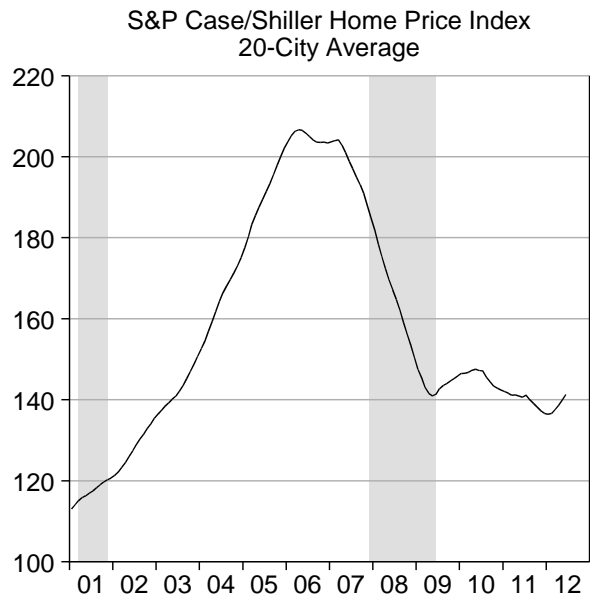
U.S. permits jumped 3.9% in July after a small decline in June on a 3-month moving average basis. Midwest permits were unchanged in July after a 3.0% decline in June. Compared with a year ago, U.S. permits were higher by 25.1% and Midwest permits were higher by 16.9%. Builders in and around Ohio anticipate only a modest increase in construction of single-family homes in the near-term, according to the Federal Reserve Bank of Cleveland survey.

Despite these recent gains, home building activity remains on a low plateau, held back by a variety of factors. Home financing is widely available at attractive interest rates, which for some loan products have reached all-time lows, but on more stringent traditional terms. In addition, already problematic debt levels, large inventories of unoccupied houses in many markets, still-challenging labor market conditions and expectations of little or no price appreciation are restraining building and sales activity.

Sales of existing homes fell 1.1% in July on a 3-month moving average basis – the second decline in a row and the third in the last four months. Midwest sales edged up 0.3%, continuing the recent trend of subdued monthly gains. Despite the large fluctuations recently, the pace of existing home sales is little changed on balance during the past four years. **Sales of new homes** have been a bit stronger, rising 1.3% across the country in July and rising 3.3% in Ohio. The Midwest increase followed a 7.1% rise in June. Sales activity remains on a plateau that is far below peak levels of a few years ago.

The inventory of both new and existing homes was essentially unchanged in July. The **inventory-to-sales ratio** for existing homes edged down to 6.4 months, still well below the extreme levels of recent years and close to the normal level of 4 to 5 months, but up from 6 months in January. The inventory of newly built homes also edged down in July. At 4.6 months, the inventory-to-sales ratio for newly built homes was also well below extremes reached in recent years and close to the historical norm.

Home prices posted a fifth-straight increase in June, according to the S&P/Case-Shiller 20-city composite home price index. The index increased 0.9% in June after gains of 0.9% in May, 1.0% in April 0.8%, and 0.7% in March. The index was still down 31.6% from the all-time peak reached in April 2006. The price index for Cleveland increased 0.3% in June after a 0.7% rise in May for the fourth increase in a row. Prices in Cleveland still are off 19.1% from the 2006 peak.



REVENUES

During the month of August, **GRF receipts totaled \$2,542.5 million** and were \$12.3 million (0.5%) above estimate. For the month, tax receipts totaled \$1,679.6 million and were \$43.2 million (2.5%) below the estimate, while non-tax receipts totaled \$831.2 million and were \$36.8 million (4.6%) above the estimate. Transfers totaled \$31.7 million and were \$18.7 million (143.9%) above the estimate. Year-to-date variances by category are provided in the following table (\$ in millions).

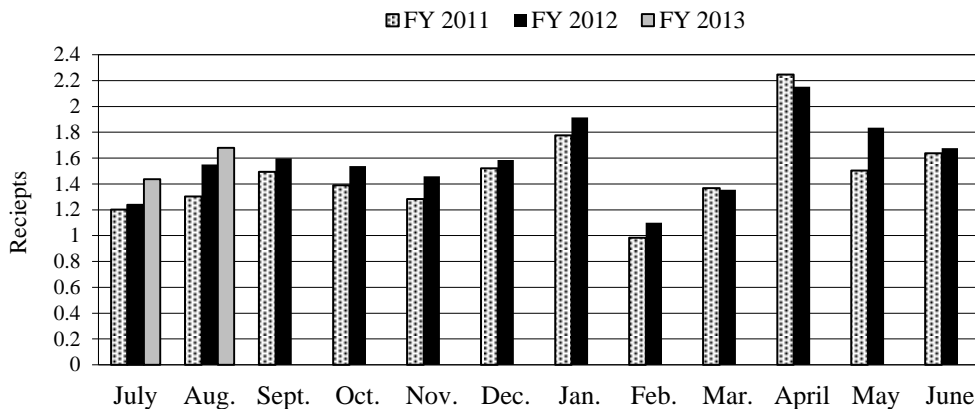
Category	Includes:	YTD Variance	% Variance
Tax receipts	Sales & use, personal income, corporate franchise, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, soft drink, alcoholic beverage, liquor gallonage, estate & horse racing	\$25.9 million	0.8%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$7.5 million)	(0.5%)
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$3.7 million	11.2%
TOTAL REVENUE VARIANCE:		\$22.2 million	0.5%

After a strong July, weaker than expected performance, most notably in the non-auto sales and personal income taxes, caused August tax receipts to fall short of the estimate by \$43.2 million (2.5%). On a year-over-year basis, August 2012 tax receipts were \$129.8 million (8.4%) higher than they were in August 2011 with the largest contributions to this year-over-year growth attributable to the personal income tax, corporate franchise tax, and commercial activity tax.

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

Individual Sources Above Estimate		Individual Sources Below Estimate	
Corporate Franchise Tax	\$13.0	Non-Auto Sales Tax	(\$28.4)
Foreign Insurance Tax	\$1.6	Auto Sales Tax	(\$1.6)
Estate Tax	\$1.0	Personal Income Tax	(\$11.7)
Federal Grants	\$37.1	Commercial Activity Tax	(\$8.2)
License & Fees	\$4.0	Public Utility Tax	(\$2.6)
Liquor Transfers	\$15.0	Kilowatt Hour Tax	(\$1.9)
Transfers In – Other	\$3.7	MCF Tax	(\$2.6)
Other Sources Above Estimate	\$0.0	Cigarette Tax	(\$1.3)
		Other Income	(\$1.9)
		ISTV's	(\$2.3)
		Other Sources Below Estimate	(\$0.5)
Total above	\$75.4	Total below	(\$63.1)

Tax Revenue Comparison by Month
(\$ in billions)



Non-Auto Sales and Use Tax

Following a strong performance relative to estimate in July, August non-auto sales tax receipts totaled \$585.5 million and were \$28.4 million (4.6%) below estimate. As a result of the August performance, year-to-date, this tax source is now \$5.4 million (0.4%) below the estimate. On a year-over-year basis, August 2012 receipts were \$14.0 million (2.3%) below those of August 2011, while fiscal year 2013 year-to-date receipts are \$43.0 million (3.6%) greater than those at the same point in fiscal year 2012. Due to large swings in the performance of this tax during the first two months of the fiscal year, OBM will closely monitor the performance of this tax source in the coming months. The economic review earlier in this report shows increased sales at a number of store types in August, but it is unclear as to whether this will translate into improved tax revenues in September.

Auto Sales Tax

Auto sales tax receipts continued the trend of falling marginally below the estimate in August, as receipts totaled \$99.3 million and were \$1.6 million (1.6%) below estimate, bringing the year-to-date total to \$2.0 million (1.0%) below the estimate. On a year-over-year basis, August 2012 receipts were \$2.3 million (2.3%) higher than those of August 2011, with year-to-date receipts being \$10.6 million (5.9%) higher than at the same point in the previous fiscal year. Including June, the last month of fiscal year 2012, the auto sales tax has fallen slightly short of estimate for three consecutive months.

Personal Income Tax

Similar to the non-auto sales tax, following a very strong performance in July, August personal income tax receipts totaled \$656.2 million and were \$11.7 million (1.8%) below estimate. This monthly shortfall was mainly in the withholding component of the tax, which totaled \$660.8 million and was \$15.8 million (2.3%) below estimate. Higher-than-expected refunds (\$1.6 million, 7.9%) and local government distributions (\$1.4 million, 5.9%) added to this

shortfall. Among the components with positive variances, payments associated with annual returns were \$4.4 million (37.6%) above the estimate. For July and August combined, both withholding revenues and total income tax revenues remain above estimate.

On a year-over-year basis, personal income tax receipts for the month of August were \$51.8 million (8.6%) above the August 2011 level. The withholding component continued to be the major contributor towards this year-over-year growth as receipts were \$30.7 million (4.9%) greater than the same month a year ago. Also contributing to this growth was distributions to the local government fund which were \$15.7 million (38.1%) below those of August 2011 and were the result of changes in contained in H.B. 153.

FY2013 PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)						
	ESTIMATE	ACTUAL	\$ VAR	ESTIMATE	ACTUAL	\$ VAR
	AUG	AUG	AUG	Y-T-D	Y-T-D	Y-T-D
Withholding	\$676.6	\$660.8	(\$15.8)	\$1,281.9	\$1,287.1	\$5.2
Quarterly Est.	\$15.0	\$16.9	\$1.9	\$28.3	\$32.1	\$3.8
Trust Payments	\$0.4	\$0.6	\$0.2	\$1.2	\$1.0	(\$0.2)
Annual Returns & 40 P	\$11.6	\$16.0	\$4.4	\$20.4	\$25.2	\$4.8
Other	\$8.7	\$9.4	\$0.7	\$13.4	\$18.2	\$4.8
Less: Refunds	(\$20.3)	(\$21.9)	(\$1.6)	(\$54.3)	(\$56.9)	(\$2.6)
Local Distr.	(\$24.1)	(\$25.6)	(\$1.4)	(\$55.4)	(\$57.1)	(\$1.7)
Net to GRF	\$667.9	\$656.2	(\$11.7)	\$1,235.5	\$1,249.7	\$14.2

Corporate Franchise Tax

Corporate franchise tax receipts for the month of August totaled \$12.0 million and were \$13.0 million above estimate. Similar to the situation cited in the July report, August refunds were not as high as anticipated due to the continued impact of the year-end efforts to process all pending refunds before the end of fiscal year 2012. While corporate franchise tax receipts for the year-to-date exceed the estimate by \$21.4 million (713.4%), OBM anticipates that this pattern will not continue and that refund activity will pick up in the months ahead.

Commercial Activity Tax

August Commercial Activity Tax (CAT) receipts to the GRF totaled \$170.7 million and were \$8.2 (4.6%) below estimate. On a year-over-year basis, GRF CAT receipts were \$85.0 million (99.1%) higher than those of August 2011, largely due to provisions contained in H.B. 153 that modified the distribution of CAT receipts, with the portion of total receipts being allocated to the GRF increasing from twenty-five percent in fiscal year 2012 to fifty percent in fiscal year 2013. All-funds CAT receipts for August totaled \$351.2 million and were \$9.7 million (2.7%) below the \$360.9 million estimate. On a year-over-year basis, total August CAT receipts increased by \$17.6 million (5.3%) over August 2011 levels. For the year to date, all fund CAT receipts total \$407.4 million and are \$9.6 million (0.6%) above estimate.

Public Utility Tax

Public utility tax receipts during the month of August totaled \$25.1 million and were \$2.6 million (9.6%) below the estimate. As noted in previous monthly reports and a similar story to the MCF and KWH taxes, the shortage in this tax source is largely the result of a milder-than-expected winter and continued lower than expected natural gas prices. On a year-over-year basis, this tax source is \$8.0 million (24.1%) below the same point in the previous fiscal year.

Kilowatt-Hour Tax

August receipts for the kilowatt hour tax totaled \$33.1 million and were \$1.9 million (5.3%) below estimate. As noted in previous monthly reports, the variance of this tax source relative to estimate is largely the result decreased consumption related to a milder-than-expected winter. On a year-over-year basis, this tax source was \$2.2 million (7.2%) higher in August 2012 than in the same month in the previous fiscal year. There is the possibility of some pick-up in this tax in the near future due to increased air-conditioning demand during July and August.

MCF Tax

August receipts for the MCF tax (“natural gas distribution”) totaled \$9.3 million and were \$2.6 million (21.7%) below the monthly estimate, a performance that is attributable to reduced natural gas consumption during the recent mild winter. On a year-over-year basis, August 2012 receipts were \$2.6 million lower than those of August 2011.

Cigarette Tax

Cigarette tax receipts totaled \$77.3 million in the month of August and were \$1.3 million (1.7%) below the estimate. For the year-to-date, total cigarette tax receipts are \$93.2 million and are \$1.6 million (1.7%) above the estimate. On a year-over-year basis, August 2012 cigarette tax receipts were \$2.9 million (3.6%) lower than those of August 2011, while year-to-date receipts are \$2.8 million (3.1%) lower than at the same point in fiscal year 2012, a performance that is in line with the 3.0 percent annual decline experienced with this tax source in recent years.

GRF non-tax receipts totaled \$831.2 million in August and were \$36.8 million (4.6%) above the estimate. This is largely the result of higher-than-anticipated federal grants and license & fee income, with the variance in federal grants attributable to receipts originally estimated for July being deposited in the GRF in early August. **GRF transfers** during the month of August were \$18.7 million (143.9%) above the estimate due to a timing-related issue with the processing of the monthly liquor profits transfer as a transfer that should have been processed in July was instead processed in August.

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2013 VS ESTIMATE FY 2013
(\$ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL	ESTIMATE	\$ VAR	% VAR	ACTUAL	ESTIMATE	\$ VAR	% VAR
	AUGUST	AUGUST			Y-T-D	Y-T-D		
TAX RECEIPTS								
Non-Auto Sales & Use	585,536	613,900	(28,364)	-4.6%	1,250,185	1,255,600	(5,415)	-0.4%
Auto Sales & Use	99,264	100,900	(1,636)	-1.6%	194,502	196,500	(1,998)	-1.0%
Subtotal Sales & Use	684,800	714,800	(30,000)	-4.2%	1,444,687	1,452,100	(7,413)	-0.5%
Personal Income	656,170	667,883	(11,713)	-1.8%	1,249,687	1,235,460	14,228	1.2%
Corporate Franchise	11,950	(1,000)	12,950	1295.0%	18,402	(3,000)	21,402	713.4%
Commercial Activity Tax	170,679	178,900	(8,221)	-4.6%	195,912	197,200	(1,288)	-0.7%
Public Utility	25,051	27,700	(2,649)	-9.6%	25,060	27,700	(2,640)	-9.5%
Kilowatt Hour	33,133	35,000	(1,867)	-5.3%	57,230	58,300	(1,070)	-1.8%
MCF Tax	9,323	11,900	(2,577)	-21.7%	10,216	13,200	(2,984)	-22.6%
Foreign Insurance	1,349	(300)	1,649	549.8%	1,360	(500)	1,860	372.0%
Domestic Insurance	0	0	0	N/A	220	100	120	119.6%
Other Business & Property	8	0	8	N/A	215	100	115	115.0%
Cigarette	77,272	78,600	(1,328)	-1.7%	93,167	91,600	1,567	1.7%
Alcoholic Beverage	5,441	5,800	(359)	-6.2%	11,178	10,700	478	4.5%
Liquor Gallonage	3,382	3,500	(118)	-3.4%	6,827	6,800	27	0.4%
Estate	1,020	0	1,020	N/A	1,623	100	1,523	1522.9%
Total Tax Receipts	1,679,579	1,722,783	(43,204)	-2.5%	3,115,784	3,089,860	25,925	0.8%
NON-TAX RECEIPTS								
Federal Grants	823,281	786,224	37,057	4.7%	1,539,731	1,546,991	(7,261)	-0.5%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fees	7,309	3,266	4,043	123.8%	7,706	3,663	4,043	110.4%
Other Income	586	2,522	(1,936)	-76.8%	1,858	3,794	(1,936)	-51.0%
ISTV'S	0	2,322	(2,322)	N/A	22	2,344	(2,322)	-99.1%
Total Non-Tax Receipts	831,176	794,333	36,843	4.6%	1,549,316	1,556,791	(7,475)	-0.5%
TOTAL REVENUES	2,510,755	2,517,115	(6,361)	-0.3%	4,665,101	4,646,650	18,450	0.4%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	28,000	13,000	15,000	115.4%	28,000	28,000	0	0.0%
Transfers In - Other	3,706	0	3,706	N/A	8,872	5,166	3,706	71.7%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	31,706	13,000	18,706	143.9%	36,872	33,166	3,706	11.2%
TOTAL SOURCES	2,542,460	2,530,115	12,345	0.5%	4,701,972	4,679,817	22,156	0.5%

Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2013 VS ACTUAL FY 2012
(\$ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	AUGUST	AUGUST	\$	%	ACTUAL	ACTUAL	\$	%
	FY 2013	FY 2012	VAR	VAR	FY 2013	FY 2012	VAR	VAR
TAX RECEIPTS								
Non-Auto Sales & Use	585,536	599,554	(14,018)	-2.3%	1,250,185	1,207,219	42,966	3.6%
Auto Sales & Use	99,264	97,000	2,265	2.3%	194,502	183,863	10,638	5.8%
Subtotal Sales & Use	684,800	696,554	(11,754)	-1.7%	1,444,687	1,391,082	53,605	3.9%
Personal Income	656,170	604,372	51,798	8.6%	1,249,687	1,099,277	150,410	13.7%
Corporate Franchise	11,950	(495)	12,445	2512.2%	18,402	(2,540)	20,943	824.4%
Commercial Activity Tax	170,679	85,731	84,948	99.1%	195,912	94,588	101,324	107.1%
Public Utility	25,051	33,032	(7,981)	-24.2%	25,060	33,032	(7,972)	-24.1%
Kilowatt Hour	33,133	30,910	2,223	7.2%	57,230	51,923	5,306	10.2%
MCF Tax	9,323	11,966	(2,643)	-22.1%	10,216	13,222	(3,007)	-22.7%
Foreign Insurance	1,349	(432)	1,782	412.0%	1,360	(888)	2,248	253.2%
Domestic Insurance	0	0	0	N/A	220	15	205	1407.3%
Other Business & Property	8	11	(2)	-20.3%	215	160	55	34.1%
Cigarette	77,272	80,175	(2,903)	-3.6%	93,167	90,401	2,766	3.1%
Alcoholic Beverage	5,441	4,556	884	19.4%	11,178	10,396	782	7.5%
Liquor Gallonage	3,382	3,403	(21)	-0.6%	6,827	6,659	168	2.5%
Estate	1,020	0	1,020	N/A	1,623	105	1,518	1450.9%
Total Tax Receipts	1,679,579	1,549,781	129,798	8.4%	3,115,784	2,787,432	328,352	11.8%
NON-TAX RECEIPTS								
Federal Grants	823,281	364,400	458,882	125.9%	1,539,731	1,380,534	159,196	11.5%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fee	7,309	3,729	3,580	96.0%	7,706	4,096	3,610	88.1%
Other Income	586	1,101	(515)	-46.8%	1,858	1,746	112	6.4%
ISTV'S	0	3,969	(3,969)	N/A	22	4,019	(3,997)	-99.5%
Total Non-Tax Receipts	831,176	373,198	457,978	122.7%	1,549,316	1,390,395	158,921	11.4%
TOTAL REVENUES	2,510,755	1,922,979	587,776	30.6%	4,665,101	4,177,827	487,273	11.7%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	28,000	25,000	3,000	12.0%	28,000	25,000	3,000	12.0%
Transfers In - Other	3,706	55	3,651	6628.9%	8,872	10,653	(1,781)	-16.7%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	31,706	25,055	6,651	26.5%	36,872	35,653	1,219	3.4%
TOTAL SOURCES	2,542,460	1,948,034	594,426	30.5%	4,701,972	4,213,480	488,492	11.6%

DISBURSEMENTS

August 2012 GRF disbursements, across all fund uses, totaled \$2,272.4 million and were \$50.7 million (2.2%) below estimate. On a year-over-year basis, disbursements for August 2012 were \$520.0 million (29.7%) higher than those of August 2011, as a result of growth in public assistance and Medicaid, debt service, and tax relief. Year-over-year growth in Medicaid and tax relief are due to changes in the timing of payments from fiscal year 2012 to fiscal year 2013, while the growth in debt service payments is due to debt restructurings that occurred in fiscal year 2012 that are no longer occurring in fiscal year 2013. Year-to-date disbursements by category are provided in the table below:

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)	(\$79.7 million)	(1.5%)
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	(\$8.6 million)	(2.8%)
TOTAL DISBURSEMENTS VARIANCE:		(\$88.3 million)	(1.6%)

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, eTech Ohio Commission, Ohio State School for the Blind, and the Ohio School for the Deaf. August disbursements in this category totaled \$488.0 million and were \$86.4 million (15.0%) below estimate. Year-to-date disbursements are \$71.6 million (5.1%) below the estimate.

Year-to-date expenditures for the Department of Education total \$1,325.1 million and are \$71.5 million (5.1%) below the estimate. Disbursements for the month of August totaled \$484.6 million and were \$86.6 million (15.2%) below the estimate, with expenditures for the school foundation program of \$436.8 million being \$82.9 million (15.9%) below estimate. The variance in the foundation funding line item is primarily due to timing of payments from the GRF and the Lottery Profits Education Fund. The two additional variances in the foundation funding line item can be attributed to the earlier-than-expected payment to community colleges and universities for the Post-Secondary Enrollment Option (PSEO) program from funds encumbered from the prior year, which were disbursed in July. Moreover, payments to school districts out of prior year encumbrances, which correct for normal fluctuations in student enrollment, were not made during the month of August as planned.

Higher Education

August disbursements for Higher Education totaled \$168.4 million and were \$3.0 million (1.7%) below estimate for the month as a result of lower-than-expected spending in the Ohio College Opportunity Grant program. Despite the August variance, year-to-date disbursements are even with the estimate. On a year-over-year basis, disbursements in this category were \$3.0 million (1.9%) lower than for the same month in the previous fiscal year, while year-to-date expenditures are \$3.4 million (0.9%) higher than at the same point in fiscal year 2012.

Public Assistance and Medicaid

August disbursements in this category, which include all GRF expenditures by the Ohio Department of Job and Family Services (ODJFS), totaled \$1,202.1 million and were \$26.8 million (2.2%) below the monthly estimate. Year-to-date disbursements are \$28.8 million (1.1%) below estimate.

Public Assistance and Non-Medicaid

ODJFS, Non-Medicaid, General Revenue Fund (GRF) disbursements totaled \$42.8 million for the month of August and were \$12.4 million (22.4%) below estimate. Major monthly variances were attributable to the following:

- Family Assistance - Local (ALI 600521) county subsidy expenditures were \$4.1 million (37.9%) lower than estimate due to lower-than-expected county draws made from the line item. This was attributable to the implementation of the new County Finance Information System (CFIS) which resulted in fewer monthly county requests than anticipated.
- Program Support (ALI 600321) disbursements were \$3.9 million (62.2%) lower than estimate, primarily due to lower-than-expected central administration expenses as well as prior year administrative encumbrance expenditures made from the line for the month.
- Family and Children Services (ALI 600523) subsidy disbursements were \$1.9 million (83.3%) below estimate primarily as a result of county social service operating allocations being lower than expected as well as lower-than-anticipated prior year encumbrance line item spending.
- Early Care and Education (ALI 600535) child care expenses were \$1.6 million (22.0%) below estimate due to actual vendor payments falling short of agency projections. ODJFS anticipates this under spending was temporary and will be offset in September.
- Child Support – Local (ALI 600502) expenditures were \$1.1 million (30.3%) lower than the monthly estimate due to line item county subsidy payments being lower than expected.

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 ODJFS portion of the Medicaid program in August were \$1,159.3 million, and were \$14.5 million (1.2%) below the estimate, and \$512.3 million (79.2%) above disbursements in August 2011. As noted in the previous report, two managed care payments were made in July of SFY12 causing a large year-over-year variance when comparing that year to the current fiscal year, where a single payment was disbursed. The August disbursement year-over-year variance for the month of August is due primarily to the opposite effect, as a managed care payment was not made in August of SFY12, but one was disbursed in SFY13.

All funds disbursements for the month of August were \$1,217.6 million, which is \$16.0 million (1.3%) below the estimate and \$490.5 (67.5%) below disbursements in August 2011.

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

	August Projection	August Actual	Variance	Variance %
GRF	\$ 1,173,743,394	\$ 1,159,289,497	\$ (14,453,897)	-1.2%
Non-GRF	\$ 59,827,461	\$ 58,279,138	\$ (1,548,323)	-2.6%
All Funds	\$ 1,233,570,855	\$ 1,217,568,635	\$ (16,002,220)	-1.3%

As discussed in the last monthly report, it should be noted that fiscal year 2013 disbursement estimates for Medicaid have been developed consistent with Medicaid spending patterns in fiscal year 2012. Medicaid spending previously disbursed by the Departments of Mental Health and Alcohol and Drug Addiction Services began to be disbursed in this category in FY13, resulting in an offsetting decrease in those budgets. Furthermore, the estimates incorporate the impact of several previously authorized transfers, most notably the transfer of the intermediate care facilities for individuals with intellectual disabilities (ICF/IID) program to the Department of Developmental Disabilities.

Caseload

Total August enrollment across all categories was 2.42 million. The most significant components are the Covered Families and Children (CFC) category, which increased by 35,946 persons to an August total of 1.80 million persons, and the Aged, Blind and Disabled (ABD) category, which decreased by 1,661 people to an August total of 384.5 thousand covered lives. Total enrollment across all categories for the same period last year was 2.17 million covered persons, including 1.65 million persons in the CFC category and 404.5 thousand people in the ABD category. Please note that these data are subject to revision.

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.

August disbursements in this category totaled \$69.0 million and were \$3.9 million (5.3%) below the monthly estimate. On a year-over-year basis, this category was \$12.1 million (21.3%) higher than the same month in the previous fiscal year. Year-to-date disbursements are \$10.3 million (5.0%) below the estimate.

Department of Health

Year-to-date expenditures for the Department of Health are \$14.5 million, which is \$4.1 million (22.1%) below the estimate. August 2012 disbursements totaled \$5.1 million and were \$2.9 million (36.4%) below estimate. Major monthly variances within individual line items were attributable to the following:

- Help Me Grow disbursements were \$1.4 million below estimate, including \$1.1 million in subsidy payments for the Home Visiting Program that will not be distributed to local entities until agreements are completed. Additionally, prior year encumbrances totaling \$0.3 million were not spent as contracts with OSU are still underway.
- AIDS Prevention and Treatment disbursements were \$1.0 million below estimate, including about \$0.6 million in drug purchases expected to be made in August but that will instead be made in future months. The remaining under spending is to compensate for overspending in July.

Department of Aging

August 2012 Department of Aging disbursements totaled \$0.8 million and were \$0.1 million (20.8%) above the estimate. This is primarily attributable to an earlier than expected payment of a contract in the Senior Volunteers disbursements. This payment, originally estimated for October occurred in August which will in turn result in an opposite variance in that month. Year-to-date expenditures for the Department of Aging total \$2.2 million, which is \$0.3 million (13.5%) above estimate.

Department of Mental Health

Year-to-date, expenditures for the Department of Mental Health total \$72.4 million and are \$2.8 million (3.8%) below estimate. August disbursements for the department totaled \$18.5 million and were \$1.3 million (6.4%) under estimate. The variance is primarily attributable to the following combination of spending:

- Spending within the Family and Children First, Hospital Services, Central Administration and Pre-Admission Screening Expenses line items was higher than anticipated. Family and Children First expenditures were \$0.8 million (100%) above estimate. Certain applicants received awards earlier than anticipated requiring funds expected to go out in September to instead be disbursed in August.
- Expenditures within the Hospital Services line item were \$1.7 million (10.2%) below estimate due to lower-than-projected staffing levels and a few annual IT maintenance projects that weren't performed in August as planned. Central Administration expenditures were \$271,000 (13.6%) under estimate because a few annual maintenance

expenses were planned for August but did not occur. Also, non-GRF funds are being applied to payroll expenses earlier than anticipated.

- Expenditures within the Pre-Admission Screening Expenses line were \$88,000 (100.0%) below estimate because the contract was not encumbered until the end of the prior period. As a result, the monthly payments were not made in July or August and subsequently, disbursements will be higher than anticipated over the next few months.

Department of Developmental Disabilities

August disbursements for the Department of Developmental Disabilities totaled \$40.6 million and were \$350,000 (0.9%) over estimate. The variance is primarily attributable to above estimate spending in the Medicaid State Match and Central Administration line items. Medicaid State Match spending was \$430,000 (1.1%) over estimate due to higher-than-anticipated Transitions Waiver and ICF/IID expenditures. Note that because ICF/IID expenditures in July were below estimate, as a whole, Medicaid State Match disbursements are under estimate for the year. Central Administration expenditures were \$80,000 (19.6%) below estimate due to a mistake in payroll coding that has since been corrected. Year-to-date expenditures for the department total \$94.6 million and are \$3.4 million (3.5%) below estimate.

Justice and Public Protection

This category includes GRF expenditures by the Department of Rehabilitation & Correction and the Department of Youth Services. In the month of August, disbursements in this category totaled \$141.9 million and were \$3.6 million (2.6%) above estimate. On a year-over-year basis, this category was \$1.8 million (1.3%) lower than the same month in the previous fiscal year. Year-to-date disbursements are \$25.2 million (6.6%) below the estimate.

Department of Rehabilitation and Correction

Department of Rehabilitation and Correction disbursements totaled \$115.6 million in August and were \$5.2 million (4.7%) above the estimate. This variance was largely caused by Halfway House payments anticipated in July being paid in August.

Department of Youth Services

Department of Youth Services disbursements totaled \$10.1 million in August and were \$700,000 (6.6%) below the estimate. This variance was largely caused by a lower-than-anticipated number of prior year encumbrances being paid in August.

General Government

August disbursements for the General Government category totaled \$26.6 million and were \$5.2 million (24.2%) below estimate. On a year-over-year basis, this category was \$7.0 million (35.8%) lower than the same month in the previous fiscal year. Year-to-date disbursements are \$7.2 million (11.1%) below the estimate.

Department of Administrative Services

The Department of Administrative Services disbursements totaled \$13.9 million during the month of August and were \$8.3 million (145.5%) above the estimate. As reported last month,

this occurred because of the lease rental payments for OAKS certificates of participation (COPS) that were split between July and August. The original estimate had the entire payment occurring in July, but a \$12.8 million portion was paid at the beginning of August. This expense above the estimate was offset by a \$5.0 million payment for state building operations and maintenance that did not occur in August as originally estimated. It will instead be paid at the beginning of September.

Tax Relief and Other

Payments from the tax relief category are made to local governments and school districts to reimburse these entities for revenues foregone as a result of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. August disbursements for tax relief totaled \$113.9 million and were \$67.0 million (142.9%) above the monthly estimate.

In addition to tax relief payments to local governments and school districts, this category also includes pension system subsidy payments made by the Treasurer of State. August disbursements for these payments were \$5.6 million above the estimate due to a timing-related issue resulting from a delay in the receipt of the payment request from the Police and Fire Retirement System. Instead of July, the request was received in early August and thus August disbursements were above estimate by similar amount as the July variance.

Debt Service

Debt service disbursements in August totaled \$48.1 million, which matched the estimate. On a year-over-year basis, this category was \$20.3 million (73.2%) higher than the same month in the previous fiscal year. Year-to-date disbursements are \$2.6 million (1.2%) below the estimate.

Table 3
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2013 VS ESTIMATE FY 2013
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL	ESTIMATED	\$	%	YTD	YTD	\$	%
	AUGUST	AUGUST	VAR	VAR	ACTUAL	ESTIMATE	VAR	VAR
Primary, Secondary and Other Education	487,903	574,316	(86,414)	-15.0%	1,333,744	1,405,380	(71,636)	-5.1%
Higher Education	168,369	171,360	(2,991)	-1.7%	373,315	373,156	159	0.0%
Public Assistance and Medicaid	1,202,138	1,228,967	(26,829)	-2.2%	2,543,300	2,572,122	(28,822)	-1.1%
Health and Human Services	68,964	72,827	(3,863)	-5.3%	194,201	204,460	(10,259)	-5.0%
Justice and Public Protection	141,935	138,373	3,563	2.6%	354,788	379,993	(25,205)	-6.6%
Environmental Protection and Natural Resource	5,346	5,234	111	2.1%	15,578	15,468	111	0.7%
Transportation	467	662	(195)	-29.4%	1,410	1,117	293	26.2%
General Government	26,607	21,426	5,181	24.2%	57,812	65,033	(7,221)	-11.1%
Community and Economic Development	8,140	5,491	2,649	48.2%	11,774	10,675	1,099	10.3%
Tax Relief and Other	113,912	46,892	67,020	142.9%	117,792	53,509	64,284	120.1%
Capital Outlay	0	0	0	N/A	69	0	69	N/A
Debt Service	48,120	48,126	(6)	0.0%	204,178	206,759	(2,581)	-1.2%
Total Expenditures & ISTV's	2,271,900	2,313,675	(41,774)	-1.8%	5,207,962	5,287,672	(79,710)	-1.5%
Transfers Out:								
Operating Transfer Out	452	9,421	(8,969)	-95.2%	295,307	303,862	(8,555)	-2.8%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	452	9,421	(8,969)	-95.2%	295,307	303,862	(8,555)	-2.8%
Total Fund Uses	2,272,352	2,323,096	(50,743)	-2.2%	5,503,269	5,591,534	(88,265)	-1.6%

Table 4
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2013 VS ACTUAL FY 2012
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	AUGUST	AUGUST	\$	%	ACTUAL	ACTUAL	\$	%
	FY 2013	FY 2012	VAR	VAR	FY 2013	FY 2012	VAR	VAR
Primary, Secondary and Other Education	487,903	530,888	(42,985)	-8.1%	1,333,744	1,377,097	(43,353)	-3.1%
Higher Education	168,369	171,615	(3,246)	-1.9%	373,315	369,883	3,432	0.9%
Public Assistance and Medicaid	1,202,138	707,605	494,534	69.9%	2,543,300	2,440,145	103,156	4.2%
Health and Human Services	68,964	56,846	12,118	21.3%	194,201	241,483	(47,281)	-19.6%
Justice and Public Protection	141,935	140,114	1,821	1.3%	354,788	346,195	8,593	2.5%
Environmental Protection and Natural Resource	5,346	5,867	(521)	-8.9%	15,578	12,809	2,769	21.6%
Transportation	467	607	(140)	-23.1%	1,410	1,031	379	36.7%
General Government	26,607	19,594	7,013	35.8%	57,812	59,696	(1,884)	-3.2%
Community and Economic Development	8,140	5,496	2,644	48.1%	11,774	10,165	1,610	15.8%
Tax Relief and Other	113,912	67,357	46,556	69.1%	117,792	72,708	45,084	62.0%
Capital Outlay	0	0	0	N/A	69	0	69	N/A
Debt Service	48,120	27,782	20,338	73.2%	204,178	93,806	110,372	117.7%
Total Expenditures & ISTV's	2,271,900	1,733,770	538,130	31.0%	5,207,962	5,025,017	182,945	3.6%
Transfers Out:								
Operating Transfer Out	452	6,515	(6,063)	-93.1%	295,307	318,690	(23,383)	-7.3%
Temporary Transfer Out	0	12,018	(12,018)	N/A	0	12,018	(12,018)	N/A
Total Transfers Out	452	18,533	(18,081)	-97.6%	295,307	330,708	(35,401)	-10.7%
Total Fund Uses	2,272,352	1,752,303	520,049	29.7%	5,503,269	5,355,725	147,544	2.8%

FUND BALANCE

Table 5 describes the estimated General Revenue Fund (GRF) ending fund balance for FY 2013. Based on the estimated revenue sources for FY 2013 and the estimated FY 2012 disbursements, transfers, and encumbrances, the GRF ending fund balance for FY 2013 is an estimated \$552.0 million.

The GRF ending fund balance should not be considered as a balance available for expenditure in FY 2013 nor should it be considered as equivalent to the FY 2013 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 2013
(\$ in thousands)

July 1, 2012 Beginning Cash Balance	\$ 973,446
Plus FY 2013 Actual Revenues	20,443,500
Plus FY 2013 Actual Federal Revenues	8,151,329
Plus FY 2013 Actual Transfers to GRF	187,500
Total Sources Available for Expenditure & Transfer	29,755,775
Less FY 2013 Actual Disbursements	28,574,011
Less FY 2013 Actual Total Encumbrances as of June 30, 2013	236,790
Less FY 2013 Actual Transfers Out	392,981
Total Actual Uses	29,203,782
FY 2013 UNENCUMBERED ENDING FUND BALANCE*	551,993

*Note: Targeted one half of one percent year-end carryover balance is \$143.9 million

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