



October 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

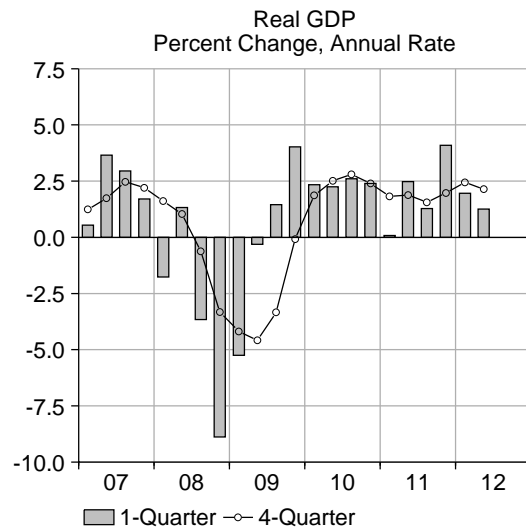
Economic Performance Overview

- Real GDP expanded at an annual rate of 1.3% 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.
- According to the establishment survey of employment, labor markets remained soft in September, as growth in nonfarm payroll employment slowed to 114,000 jobs. However, according to the household survey of employment, the unemployment rate decline by 0.3 percentage points to 7.8%.
- Ohio employment decreased by 2,000 jobs in August, following three strong monthly gains, but is up by 93,300 jobs year-to-date. The Ohio unemployment rate remained at 7.2% for the third straight month, down from 8.8% a year ago.
- 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

Real GDP growth was revised lower to 1.3% in the final estimate for the second quarter of 2012. The original estimate of 2.0% was revised down to 1.7% last month. Compared with a year ago, real GDP was up by 2.1%. Since the business cycle trough in the second quarter of 2009, real GDP has increased at a compound annual rate of 2.2% – the slowest pace during the first three years of any expansion during the post-war period.

Growth in the second quarter still 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 nondefense 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.

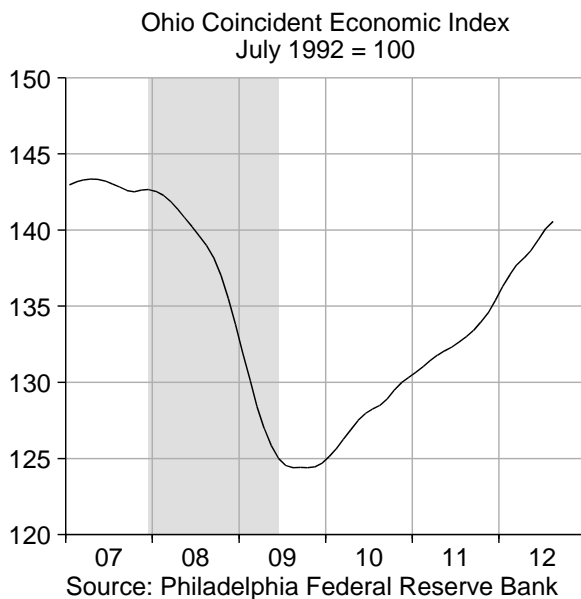
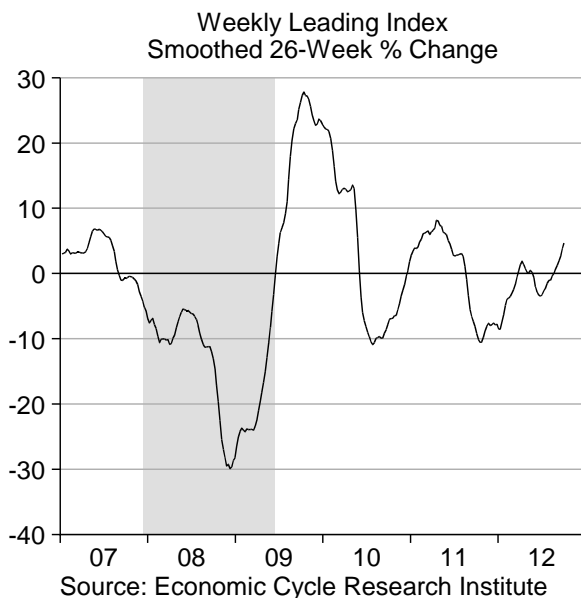
Real final sales growth was revised down to 1.7% from the previous estimate of 2.0% and compared with 2.4% in the first quarter and the 1.5% pace of the fourth quarter last year. During the last twelve quarters, real final sales has increased at an annual rate of only 1.5% – the slowest pace by a notable 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 in the first quarter at the expense of activity in those sectors in the second quarter. More importantly for the outlook, the slowdown appears also to reflect weaker overseas demand for U.S. products, due to slower growth abroad and to the appreciation of the dollar from mid-2011 to mid-2012, which makes U.S. goods and services more expensive in foreign currencies.

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, according to *Blue Chip Financial Forecasts*.

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 twelve of the thirteen weeks ending in late September. The 6-month smoothed rate of change improved to +3.8%, up from a low of -3.5% in mid-June and the highest since June 2011.

The composite **Leading Economic Index** from the Conference Board has traced out a see-saw



pattern during the six months ending in August to stand only marginally higher than in February. The year-over-year rate of change has declined from 3.3% as of last December to 2.1% in August.

The **ratio of the coincident index to lagging index** – itself a leading indicator – has been weaker recently. The ratio was unchanged in August after falling in each of the two prior months and four of the previous five months. Compared with a year ago, the ratio was down by 1.5%. The rate of change has typically fallen to -5.0% near the onset of recession in the past.

Despite the slowdown at the national level over the summer, the Ohio economy continued to make progress through August. The **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, increased 0.3% in August while the July increase was revised slightly lower. The August increase was the 36th consecutive monthly increase. The 12-month rate of change was 5.7% in August – up from a recent low of 3.4% last October and the highest since February 1995. 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** decreased to 1.4% and the previous month was revised downward to 2.2%. The index, which is 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 leading index has a strong track record of predicting recent recessions: since 1982 it has been below zero in all but one month when the economy was in recession. Although growth in the index has declined from its pace in May and June, when growth exceeded 3.0%, the index is currently still far above zero. The index has been revised significantly in the past, so it is possible that July or August figures could be revised downward to reflect zero or negative growth, but as it stands the recent history of the index is consistent with ongoing expansion of the Ohio economy through the fall.



Employment

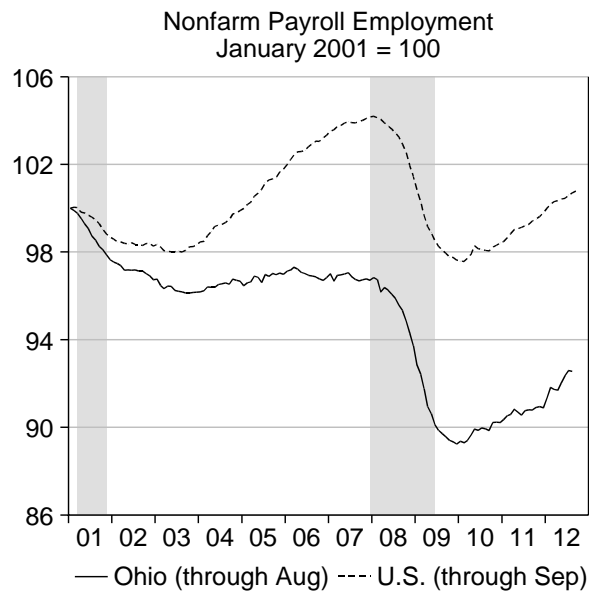
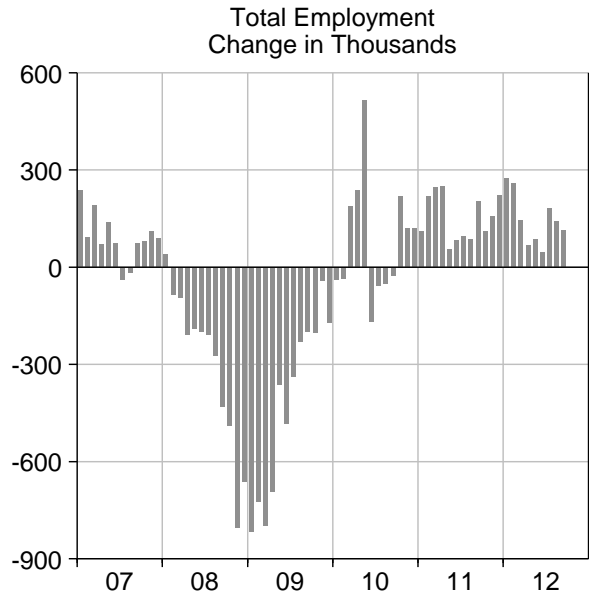
Job growth remained disappointing in September with **nonfarm payrolls** rising only 114,000 jobs. The July and August tallies were revised up by a total of 86,000 jobs, reflecting a 91,000 job upward revision to the change in government employment during the two months. Nonfarm payroll growth has averaged 106,000 per month during the last six months, and the unemployment rate has averaged 8.1%. The 114,000 gain in payrolls was just above the trailing

6-month average of 106,000 jobs, but below the middle of the range during the past year of 160,000 jobs. While the September employment report is consistent with a slow growing economy, it is not consistent with an economy that is in the early stage of a recession.

The unemployment rate decreased by 0.3 percentage points to 7.8%, reflecting an extraordinarily large increase of 873,000 workers in total employment and a 456,000 decline in unemployed people, as measured by the survey of households. The broadest official measure of unemployment, which includes unemployed people who have given up searching for a job because they have been unable to find one and people who are working part-time because they cannot find a full-time job, remained at 14.7% in September. This puzzle may be explained in part by the fact that workers who have part-time jobs for economic reasons (involuntary part-time workers) rose by 582,000 in September, from 8.0 million to 8.6 million. This was the largest monthly increase since the first quarter of 2009. The median duration of unemployment increased from 18.0 weeks in August to 18.5 weeks in September. It peaked at a record 25.0 weeks in June 2010, but had fallen to 16.7 weeks in July.

The outsized increase in total employment (household survey) was the seventh largest among the 776 months since February 1948. In percentage terms, the increase was the 49th largest. The increase over the most recent three months, however, ranked just outside the top third of 3-month gains in terms of jobs and was in the middle of the pack in percentage terms.

The length of the workweek was unchanged overall and in manufacturing during September, so that the 0.1% increase in total hours worked resulted entirely from the gain in employment. Average hourly earnings rose by 0.3% to 1.4% above the year earlier level, compared with inflation of 1.7% during the twelve months ending in August.



Most major sectors posted gains in employment, led by education and health services (+49,000), trade, transportation and utilities (+25,000), finance, insurance and real estate (+13,000), and professional and business services (+13,000). Temporary help employment, which is included in professional and business services, decreased 2,000 jobs after no change in August. Temporary help employment is viewed as somewhat of a leading indicator of total employment. The only major sectors posting losses were manufacturing (-16,000) and information (-6,000).

Ohio employment decreased by 2,000 jobs in August, following three strong monthly gains. Employment increased by a total of 50,300 jobs (1.0%) during May-July and is up 93,300 jobs, or 1.8%, year-to-date. The Ohio unemployment rate was 7.2% for the third straight month in August and is down from 7.9% last December and 8.8% in August 2011.

Month-to-month changes in employment across sectors were mixed during August. Increases were led by leisure and hospitality (+3,500), construction (+2,600), professional and business services (+2,200), and financial activities (+1,200). Declines were concentrated in trade, transportation and utilities (-7,300) and educational and health services (-4,800). Manufacturing employment was little changed after three monthly gains totaling 12,100 jobs. Private sector employment decreased by 2,900 jobs, while government employment increased by 900 jobs.

During the twelve months ending in August, employment gains were concentrated in educational and health services (+26,100), trade, transportation and utilities (+20,200), manufacturing (+20,200), and professional and business services (+14,200). Employment declined by 4,200 jobs in government. Private sector employment increased by 102,500 jobs (2.4%) during the last twelve months.

Among the **contiguous states**, year-over-year employment growth was strongest in Indiana (+2.3%), Kentucky (+2.1%) and Ohio (+1.9%), followed by Michigan (+1.2%). Employment increased 0.3% in Pennsylvania and decreased 0.7% in West Virginia. Year-over-year growth in manufacturing employment was a strong 3.1% in Ohio. Among the contiguous states, manufacturing employment increased 5.0% in Indiana, 3.6% in Kentucky, 3.2% in Michigan and 1.0% in Pennsylvania and decreased 4.4% in West Virginia. Also contributing to the decline in total employment in West Virginia was a 13.9% decline in mining and logging employment.

For the Ohio and contiguous state region, employment increased 1.3% during the year ending in August, compared with a 1.4% increase outside the region. Growth in regional employment has outpaced growth outside the region since the trough in employment in February 2010 by 3.5% for Ohio and contiguous states to 3.1% for all other states.

Consumer Income and Consumption

Personal income increased 0.1% in August while the July increase was revised down from 0.3% to 0.1%. **Personal consumption expenditures** increased 0.5% on top of the 0.4% increase in July. The **savings rate** pulled back for a second straight month to 3.7%, down from 4.1% in July and 4.4% in June.

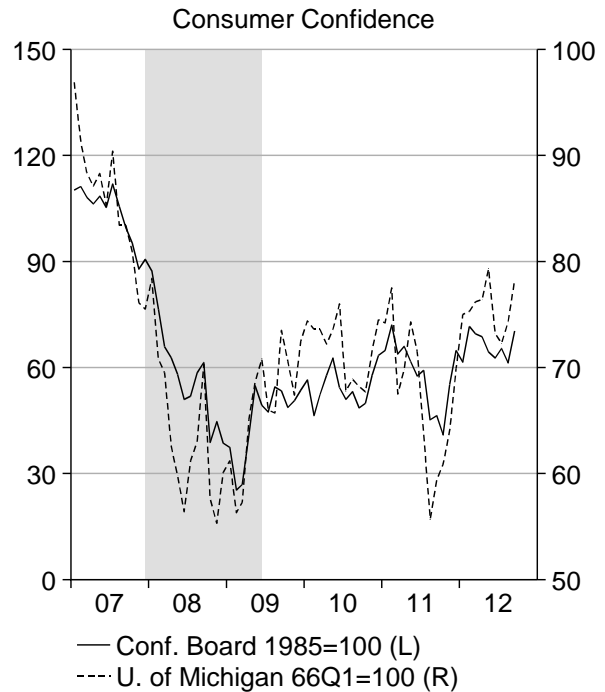
On balance since January, income growth has increased in absolute terms and relative to spending growth. For example, year-over-year growth in real disposable personal income increased from -0.2% in January to 1.8% in August while growth in real personal consumption expenditures increased only modestly during the period from 1.8% to 2.0%.

The back-to-back increases in consumption in July and August mark a shift from the flat pattern during April-June. Rising auto sales contributed to the July and August spending increases. Unit auto sales increased from 14.0 million units in June to 14.5 million units in July and to 14.9 million units in August – the highest annualized sales rate since March 2008.

Consumer spending appears to have softened in September. Chain store sales fell by 0.7% in September, according to the International Council of Shopping Centers. Compared with a year earlier, sales were up only 0.9%. On a year-over-year basis, sales across key categories registered the weakest year-over-year comparisons of the third quarter.

Measures of **consumer confidence** were positive in September, especially those relating to future assessments. The Conference Board index rebounded from its lowest level since last November, reflecting better views of both current and future conditions. The University of Michigan index increased by four points, reflecting a large improvement in the assessment of future conditions that more than offset a modest decline in perceptions of current conditions.

Although consumer confidence remains low by historical standards, the expectations components of the surveys were 20.8% and 17.3% above the respective recession averages for the Conference Board and Michigan indexes. Even so, the August levels were 11.8% and 9.9% below their respective expansion averages.



Manufacturing

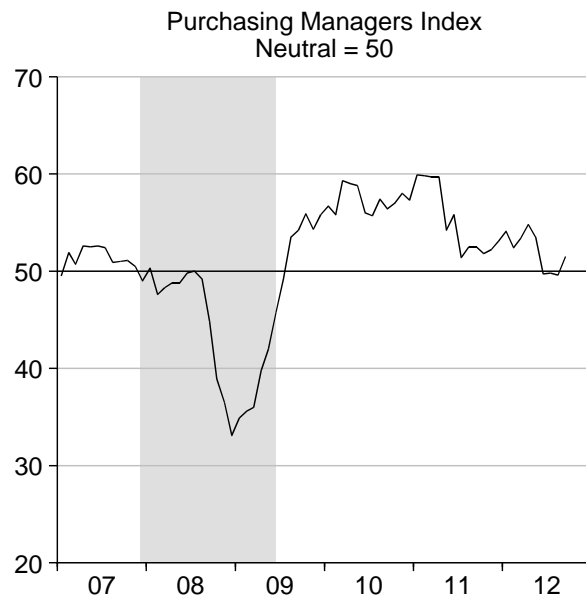
Industrial production decreased 1.2% in August, reflecting a 0.7% decline in manufacturing production, a 3.6% drop in utility output and a 1.8% decrease in mining output. Temporary factors played significant roles in all of the declines. Several regional surveys of industrial activity confirmed the weakness in industrial activity in August, while the national survey of purchasing managers at manufacturing firms pointed to somewhat better conditions in September.

Manufacturing production was pulled down in part by a calendar-related drop in motor vehicle production. Assemblies of light vehicle production declined from 10.8 million units in July to 10.0 million units in August due to the return to a normal production schedule in August from an unusually high production level in July. Utility output dropped as weather returned to normal after a blistering July. And mining output fell due to shutdowns of offshore rigs because of Hurricane Isaac.

Factory shipments and orders also showed some weakness during August. Shipments fell 0.3% after a large July increase, and the decline was the third in the last five months. Shipments of computers fell for the second straight month, while a large decline in shipments of transportation equipment (-7.9%) almost exactly offset the large increase in July. New orders were weaker, with total orders falling 5.2% – the fourth decline in the last six months. Durable goods orders fell 13.2%, computer orders fell 3.4%, and transportation orders dropped by 34.9% (more than reversing strong gains in preceding months).

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.

On a positive note, the August **ISM survey** of purchasing managers at manufacturing firms improved. After spending three months below the neutral level of 50.0, the new orders index increased to 52.3. The production component improved from 47.2 to 49.5. The composite index moved back into expansion territory at 51.5, suggesting that manufacturing activity picked up some steam in September.



Construction

Total **construction put-in-place** decreased 0.6% in August, but the July decline was revised up somewhat from a decline of 0.9% to a decline of 0.6%. The back-to-back declines came after three straight increases during April-June. Excluding improvements to residential properties, construction fell by 0.4%.

Total construction in August was 6.5% above the year earlier level and up 9.3% year-over-year and 12.2% from what looks increasingly with each passing month like the cycle low in March 2011, but remains 31.0% below its pre-recession peak.

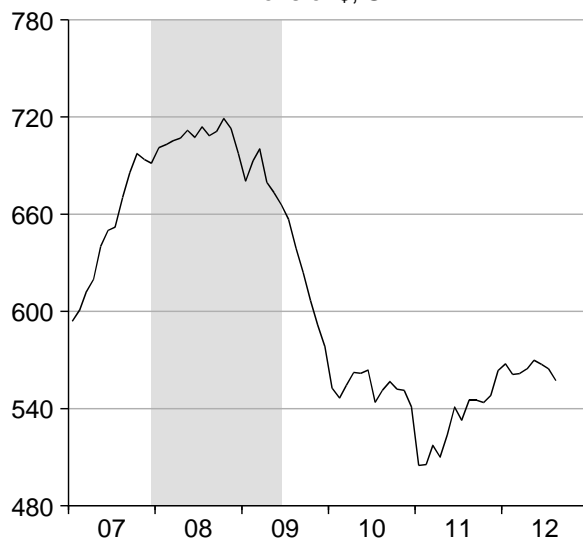
Private construction decreased 0.5%, but the July decline was revised up from -1.2% to -0.3%. Private residential construction increased 0.9% after a 0.1% decline in July. Private non-residential construction fell by 1.7% after a 0.5% decline in July, reflecting a broad-based decline led by communication (-3.7%), power (-3.7%), and commercial (-1.3%). Only amusement and recreation (+1.2%) and transportation (+0.2%) made positive contributions.

The **Architecture Billings Index** from the American Institute of Architects improved again in August to the neutral level of 50.0 after four straight months below neutral. The **Inquiries for New Work Index** increased yet again to 57.2, while the **Billings Index for the Midwest** dipped to 45.3 for the fifth-straight reading below neutral.

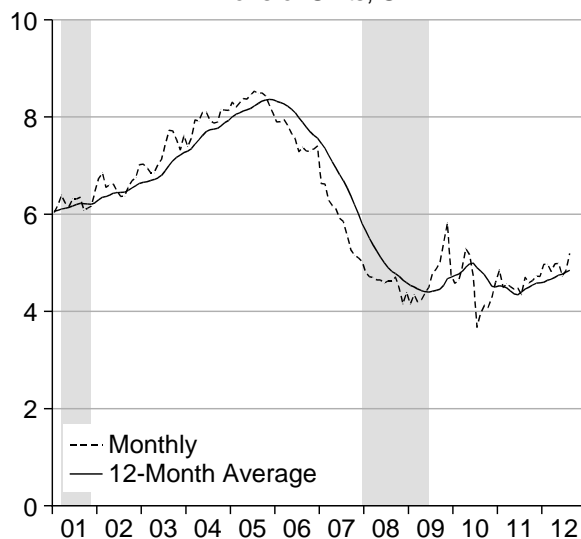
The 3-month moving average of **housing starts** increased 2.0% in August to the highest level since November 2008. Midwest housing starts increased 8.2% on a 3-month moving average basis in August, partially reversing declines of 5.2% in June and 4.2% in July. Despite the recent improvement, U.S. housing starts proceeded during the three months ending in August at an annual rate about 36.0% of the pace set in the record year of 2005. Homebuilders continue to face high debt levels, large inventories of unoccupied houses in many markets, still-challenging labor market conditions, and expectations of little or no price appreciation.

Sales of existing homes increased 1.5% in August on a 3-month moving average basis after declines in three of the four previous months. Midwest sales increased 2.6% on a 3-month

Construction Put-In-Place: Private Nonresidential
Billions of \$, SAAR



Total U.S. Home Sales (New and Existing)
Millions of Units, SAAR



moving average basis, extending a long, unbroken string without a decrease. **Sales of newly built homes** increased 0.4% in August on a 3-month moving average basis, also extending a string of increases. Sales of newly built homes in the Midwest increased 5.3% in August after gains of 5.0% in June and 2.7% in July.

The inventory of both new and existing homes was little changed in August. The **inventory-to-sales ratio** for existing homes edged down to 6.1 months, still well below the extreme levels of recent years and close to the normal level of 4 months to 5 months. The inventory of newly built homes remained flat at 4.5 months – well below extremes reached in recent years and close to the historical norm.

Home prices posted a sixth straight increase in July, according to the S&P/Case-Shiller 20-city composite home price index. The index increased 0.4% in July, lifting the total increase since January to 4.0%. The index was still down 31.2% from the all-time peak reached in April 2006.

REVENUES

September, **GRF receipts totaled \$2,356.9 million** and were \$57.7 million (2.4%) below the estimate. Monthly tax receipts totaled \$1,687.8 million and were \$39.0 million (2.4%) above the estimate, while non-tax receipts totaled \$659.1 million and were \$96.8 million (12.8%) below the estimate. Transfers totaled \$10.0 million and met the estimate. Year-to-date variances by category are provided in the following table (\$ in millions).

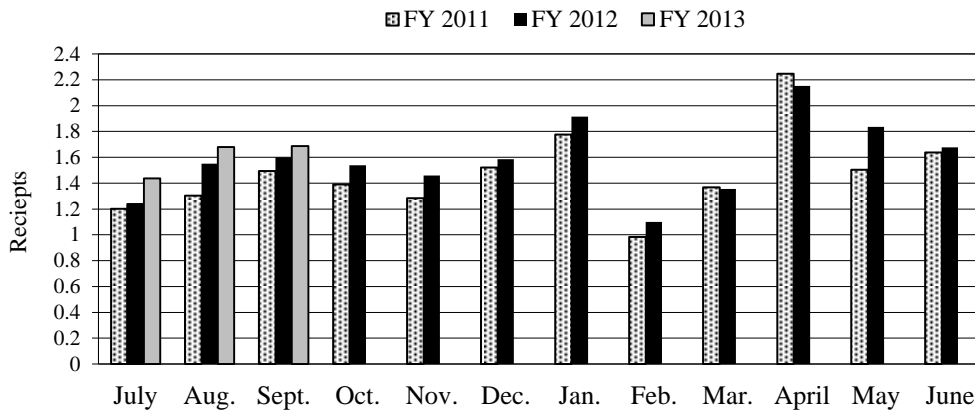
Category	Includes:	YTD Variance	% Variance
Tax receipts	Sales & use, personal income, corporate franchise, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, soft drink, alcoholic beverage, liquor gallonage, estate & horse racing	\$65.0 million	1.4%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$104.3 million)	(4.5%)
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$3.7 million	8.6%
TOTAL REVENUE VARIANCE:		(\$35.6 million)	(0.5%)

September tax receipts totaled \$1,687.8 million and exceeded the estimate by \$39.0 million (2.4%). On a year-over-year basis, monthly receipts were \$88.6 million (5.5%) higher than in September 2011, with the largest contributions to this year-over-year growth attributable to the non-auto sales tax, personal income tax, and corporate franchise tax.

GRF Revenue Sources Relative to Monthly Estimates- September 2012
(\$ in millions)

Individual Sources Above Estimate		Individual Sources Below Estimate	
Auto Sales Tax	\$1.3	Non-Auto Sales Tax	(\$10.0)
Personal Income Tax	\$29.7	Kilowatt Hour Tax	(\$6.0)
Corporate Franchise Tax	\$30.3	Foreign Insurance Tax	(\$3.8)
Commercial Activity Tax	\$1.2	Cigarette Tax	(\$5.3)
Domestic Insurance Tax	\$4.7	Alcoholic Beverage Tax	(\$1.3)
Other Business & Property	\$1.3	Estate Tax	(\$3.1)
Other Sources Above Estimate	\$0.2	Federal Grants	(\$87.7)
		License & Fees	(\$4.3)
		Other Income	(\$4.8)
		Other Sources Below Estimate	(\$0.1)
Total above	\$68.7	Total below	(\$126.4)

Tax Revenue Comparison by Month
(\$ in billions)



Non-Auto Sales and Use Tax

Following a weaker-than-expected August performance, the non-auto sales tax fell short of the estimate again in September as receipts totaled \$561.3 million and were \$10.0 million (1.8%) below the estimate. It is thought that the August and September shortfalls could be the result of weaker-than-expected retail sales, and OBM will be closely monitoring the performance of this tax in the coming months to see if a trend is emerging and if so, what is driving it. As a result of the September variance, this tax source is now \$15.5 million (0.8%) below the year-to-date estimate. On a year-over-year basis, September 2012 receipts were \$50.2 million (9.8%) above those of September 2011, while fiscal year 2013 year-to-date receipts are \$93.2 million (5.4%) higher than those at the same point in fiscal year 2012.

Auto Sales Tax

Reflecting stronger than expected sales, September auto sales tax receipts beat the estimate for the first time this fiscal year, totaling \$88.3 million which is \$1.3 million (1.5%) above the estimate. The September overage brought the year-to-date total to \$0.7 million (0.3%) below the estimate. On a year-over-year basis, September 2012 receipts were \$3.0 million (3.3%) lower than those of September 2011, and fiscal year 2013 year-to-date receipts are \$7.6 million (2.8%) higher than the same point in the previous fiscal year.

Personal Income Tax

September personal income tax receipts totaled \$885.6 million and were \$29.7 million (3.5%) above the estimate, more than making the up shortfall experienced in August. The withholding component totaled \$613.4 million and was \$21.1 million (3.6%) above the estimate. The second major contributor to the overall monthly overage was the estimated payments component which totaled \$279.8 million and was \$12.3 million (4.6%) above estimate.

On a year-over-year basis, personal income tax receipts for the month of September were \$27.6 million (3.2%) above the September 2011 level. Estimated payments contributed towards this year-over-year growth as receipts were \$12.3 million (4.6%) higher than the same month a year ago. Further contributing were reductions in distributions to the local government fund that were \$17.2 million (40.2%) lower than those of September 2011 as a result of changes contained in H.B. 153.

Year-to-date, personal income tax receipts for the first quarter of fiscal year 2013 exceeded the estimate by \$43.9 million (2.1%) and were higher by \$178.1 million (9.1%) than the level in the corresponding quarter of fiscal year 2012.

FY2013 PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)						
	ESTIMATE	ACTUAL	\$ VAR	ESTIMATE	ACTUAL	\$ VAR
	SEP	SEP	SEP	Y-T-D	Y-T-D	Y-T-D
Withholding	\$592.3	\$613.4	\$21.1	\$1,874.2	\$1,900.5	\$26.3
Quarterly Est.	\$267.5	\$279.8	\$12.3	\$295.8	\$311.9	\$16.1
Trust Payments	\$6.4	\$11.7	\$5.3	\$7.6	\$12.7	\$5.1
Annual Returns & 40 P	\$26.5	\$21.0	(\$5.5)	\$46.9	\$46.2	(\$0.7)
Other	\$7.3	\$4.3	(\$3.0)	\$20.7	\$22.5	\$1.8
Less: Refunds	(\$18.8)	(\$19.1)	(\$0.3)	(\$73.1)	(\$75.9)	(\$2.8)
Local Distr.	(\$25.2)	(\$25.5)	(\$0.3)	(\$80.7)	(\$82.6)	(\$1.9)
Net to GRF	\$856.0	\$885.6	\$29.7	\$2,091.4	\$2,135.3	\$43.9

Corporate Franchise Tax

Corporate franchise tax receipts for the month of September totaled \$28.3 million, and were \$30.3 million above the estimate. One-time audit settlements pertaining to prior year payments accounted for a major portion of this month's receipts. Year-to-date, corporate franchise tax receipts for the first quarter of fiscal year 2013 were \$51.7 million over the estimate and were \$51.0 million higher than the level in the corresponding quarter of fiscal year 2012.

Commercial Activity Tax

September Commercial Activity Tax (CAT) receipts to the GRF totaled \$6.7 million and were \$1.2 million (21.7%) above the monthly estimate. On a year-over-year basis, GRF CAT receipts were \$4.3 million (180.6%) higher than for those of September 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 25.0 percent in fiscal year 2012 to 50.0 percent in fiscal year 2013. All-funds CAT receipts for September totaled \$2.0 million and were \$9.1 million (72.0%) below the \$11.1 million estimate. On a year-over-year basis, total CAT receipts are \$409.3 million and are \$0.4 million above estimate.

It is worth noting that the situation in which GRF CAT receipts (\$6.7 million) far exceeded all-funds CAT receipts (\$2.0 million) is the result of the accounting process of distributing CAT

proceeds between the GRF and replacement funds. This situation occurs at the end of each month when, due to timing, there are moneys remaining in the CAT master fund. If a large payment is received the last day or two of a month, these moneys will be reflected in the CAT all-funds number for that month, but usually will not show up in the GRF until the following month. Thus the situation arises where the GRF portion of relatively large payments received late in August (which were reflected in the all-funds CAT amounts contained in the September 10, 2012 Monthly Report) are not attributed to the GRF until the next month. If that next month is a month of relatively light payment activity, the GRF portion of the CAT for that month can exceed the all-funds collections.

Kilowatt-Hour Tax

September receipts for the kilowatt hour tax totaled \$33.5 million and were \$6.0 million (15.2%) below the estimate. Earlier in the calendar year, the shortfall in this tax source was largely the result of a milder-than-expected winter, though the shortfall following increased demand due to a warmer-than-usual summer is unexpected. On a year-over-year basis, this tax source was \$3.2 million (8.6%) lower in September 2012 than in the same month in the previous fiscal year, though year-to-date fiscal year 2013 receipts are \$2.2 million (2.4%) higher than those at the same point in the previous fiscal year.

Foreign Insurance Tax

September receipts for the foreign insurance tax totaled \$3.0 million and were \$3.8 million (56.5%) below the estimate. Year-to-date, this tax source is \$2.0 million (31.5%) below the estimate. On a year-over-year basis, September 2012 receipts were \$4.4 million (59.8%) below those of September 2011, while year-to-date fiscal year 2013 receipts are \$2.2 million (33.3%) lower than the same point in the previous fiscal year. While the tax is running well below estimate on a percentage basis, the vast majority of the foreign insurance tax receipts are paid later in the fiscal year and OBM expects most, if not all of the current shortfall to be made up in the months ahead.

Domestic Insurance Tax

Domestic insurance tax receipts totaled \$4.5 million during the month of September, which was \$4.7 million above the estimate, with year-to-date receipts now \$4.9 million above the estimate. Both the monthly and year-to-date variances are the result of a late payment received during the month of September but that was originally billed last May. On a year-over-year basis, September 2012 receipts were \$4.5 million above those of September 2011, while year-to-date fiscal year 2013 receipts are \$4.7 million higher than the same point in the previous fiscal year.

Cigarette Tax

Cigarette tax receipts totaled \$68.9 million during the month of September, and were \$5.3 million (7.1%) below the estimate. Year-to-date, this tax source is \$3.7 million (2.2%) below the estimate. On a year-over-year basis, September 2012 cigarette tax receipts were \$15.7 million (18.6%) lower than those of September 2011, while year-to-date fiscal year 2013 receipts are

\$12.9 million (7.4%) lower than at the same point in the previous fiscal year, a decline that is well above the 3.0 percent decline we have seen with this tax source in recent years. Since the tax had been running above estimate for the year-to-date prior to September, OBM will monitor October's performance to try and determine if September's performance is simply the result of the timing of the end of the month or something more.

GRF non-tax receipts totaled \$659.1 million in September and were \$96.8 million (12.8%) below the estimate. This is largely the result of lower-than-anticipated federal grants, license & fee income, and other income. Federal grants for September were \$87.7 million below estimate as a result of both lower-than-estimated Medicaid spending, as well as an OAKS revenue processing issue whereby federal revenue received on the last business day of September did not actually post to the GRF until early October. **GRF transfers** during the month of September were \$10.0 million and met the estimate.

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL SEPTEMBER	ESTIMATE SEPTEMBER	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	561,265	571,300	(10,035)	-1.8%	1,811,450	1,826,900	(15,450)	-0.8%
Auto Sales & Use	88,285	87,000	1,285	1.5%	282,786	283,500	(714)	-0.3%
Subtotal Sales & Use	649,550	658,300	(8,750)	-1.3%	2,094,237	2,110,400	(16,163)	-0.8%
Personal Income	885,644	855,960	29,684	3.5%	2,135,331	2,091,420	43,911	2.1%
Corporate Franchise	28,299	(2,000)	30,299	1514.9%	46,701	(5,000)	51,701	1034.0%
Commercial Activity Tax	6,692	5,500	1,192	21.7%	202,605	202,700	(95)	0.0%
Public Utility	0	100	(100)	N/A	25,060	27,800	(2,740)	-9.9%
Kilowatt Hour	33,484	39,500	(6,016)	-15.2%	90,714	97,800	(7,086)	-7.2%
MCF Tax	0	0	0	N/A	10,216	13,200	(2,984)	-22.6%
Foreign Insurance	2,958	6,800	(3,842)	-56.5%	4,318	6,300	(1,982)	-31.5%
Domestic Insurance	4,533	(200)	4,733	2366.6%	4,753	(100)	4,853	4852.9%
Other Business & Property	1	(1,300)	1,301	100.1%	216	(1,200)	1,416	118.0%
Cigarette	68,908	74,200	(5,292)	-7.1%	162,075	165,800	(3,725)	-2.2%
Alcoholic Beverage	4,019	5,300	(1,281)	-24.2%	15,197	16,000	(803)	-5.0%
Liquor Gallonage	3,514	3,300	214	6.5%	10,341	10,100	241	2.4%
Estate	204	3,300	(3,096)	-93.8%	1,827	3,400	(1,573)	-46.3%
Total Tax Receipts	1,687,806	1,648,760	39,046	2.4%	4,803,591	4,738,620	64,971	1.4%
NON-TAX RECEIPTS								
Federal Grants	656,370	744,033	(87,663)	-11.8%	2,196,100	2,291,024	(94,924)	-4.1%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fees	2,106	6,388	(4,282)	-67.0%	9,812	10,051	(239)	-2.4%
Other Income	579	5,405	(4,826)	-89.3%	2,437	9,199	(6,762)	-73.5%
ISTV'S	0	5	(5)	N/A	22	2,349	(2,327)	-99.1%
Total Non-Tax Receipts	659,054	755,831	(96,777)	-12.8%	2,208,370	2,312,622	(104,252)	-4.5%
TOTAL REVENUES	2,346,861	2,404,591	(57,731)	-2.4%	7,011,961	7,051,242	(39,281)	-0.6%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	10,000	10,000	0	0.0%	38,000	38,000	0	0.0%
Transfers In - Other	0	0	0	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	10,000	10,000	0	0.0%	46,872	43,166	3,706	8.6%
TOTAL SOURCES	2,356,861	2,414,591	(57,731)	-2.4%	7,058,833	7,094,408	(35,575)	-0.5%

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	SEPTEMBER FY 2013	SEPTEMBER FY 2012	\$ VAR	% VAR	ACTUAL FY 2013	ACTUAL FY 2012	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	561,265	511,022	50,243	9.8%	1,811,450	1,718,241	93,210	5.4%
Auto Sales & Use	88,285	91,283	(2,998)	-3.3%	282,786	275,146	7,640	2.8%
Subtotal Sales & Use	649,550	602,305	47,245	7.8%	2,094,237	1,993,387	100,850	5.1%
Personal Income	885,644	858,001	27,643	3.2%	2,135,331	1,957,278	178,053	9.1%
Corporate Franchise	28,299	(1,748)	30,047	1719.0%	46,701	(4,288)	50,989	1189.0%
Commercial Activity Tax	6,692	2,385	4,307	180.6%	202,605	96,973	105,631	108.9%
Public Utility	0	140	(140)	N/A	25,060	33,172	(8,112)	-24.5%
Kilowatt Hour	33,484	36,638	(3,153)	-8.6%	90,714	88,561	2,153	2.4%
MCF Tax	0	4	(4)	-92.9%	10,216	13,227	(3,011)	-22.8%
Foreign Insurance	2,958	7,358	(4,400)	-59.8%	4,318	6,470	(2,151)	-33.3%
Domestic Insurance	4,533	23	4,510	N/A	4,753	38	4,715	N/A
Other Business & Property	1	(1,953)	1,954	100.1%	216	(1,792)	2,008	112.1%
Cigarette	68,908	84,611	(15,702)	-18.6%	162,075	175,012	(12,936)	-7.4%
Alcoholic Beverage	4,019	5,375	(1,356)	-25.2%	15,197	15,771	(573)	-3.6%
Liquor Gallonage	3,514	3,235	278	8.6%	10,341	9,894	447	4.5%
Estate	204	2,854	(2,650)	-92.8%	1,827	2,959	(1,132)	-38.3%
Total Tax Receipts	1,687,806	1,599,229	88,578	5.5%	4,803,591	4,386,661	416,930	9.5%
NON-TAX RECEIPTS								
Federal Grants	656,370	754,504	(98,134)	-13.0%	2,196,100	2,135,038	61,062	2.9%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fee	2,106	7,778	(5,672)	-72.9%	9,812	11,874	(2,063)	-17.4%
Other Income	579	1,669	(1,090)	-65.3%	2,437	3,414	(978)	-28.6%
ISTV'S	0	9	(9)	N/A	22	4,028	(4,006)	-99.5%
Total Non-Tax Receipts	659,054	763,959	(104,905)	-13.7%	2,208,370	2,154,355	54,016	2.5%
TOTAL REVENUES	2,346,861	2,363,188	(16,327)	-0.7%	7,011,961	6,541,015	470,946	7.2%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	10,000	10,000	0	0.0%	38,000	35,000	3,000	8.6%
Transfers In - Other	0	37,337	(37,337)	N/A	8,872	47,990	(39,118)	-81.5%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	10,000	47,337	(37,337)	-78.9%	46,872	82,990	(36,118)	-43.5%
TOTAL SOURCES	2,356,861	2,410,525	(53,664)	-2.2%	7,058,833	6,624,005	434,828	6.6%

DISBURSEMENTS

September 2012 GRF disbursements, across all fund uses, totaled \$2,743.4 million and were \$57.3 million (2.0%) below estimate. On a year-over-year basis, disbursements for September 2012 were \$222.1 million (8.8%) higher than those of September 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)	(\$168.1 million)	(2.1%)
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$22.5 million	7.4%
TOTAL DISBURSEMENTS VARIANCE:		(\$145.5 million)	(1.7%)

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, the eTech Ohio Commission, the Ohio State School for the Blind, and the Ohio School for the Deaf. September disbursements in this category totaled \$514.4 million and were \$13.6 million (2.6%) below the estimate.

Year-to-date expenditures for the Department of Education alone equal \$1,831.5 million and are \$86.1 million (4.5%) below the estimate. Disbursements for the month of September totaled \$507.1 million and were \$13.5 million (2.7%) below the estimate. Expenditures for the school foundation program totaled \$491.6 million and were \$8.7 million (1.7%) below the estimate. The variance in the foundation funding line item is due to normal fluctuations between actual Average Daily Membership (ADM) and estimated ADM for the month. Additionally, payments to school districts made from prior year encumbrances, which correct for normal fluctuations in student enrollment, were not made during the month of September as planned.

Higher Education

September disbursements for Higher Education totaled \$177.0 million and were \$0.7 million (0.4%) below the estimate for the month. Year-to-date disbursements are \$550.3 million, which is \$0.5 million (0.1%) below the estimate. On a year-over-year basis, disbursements in this category were \$10.6 million (6.4%) higher than for the same month in the previous fiscal year,

while year-to-date expenditures are \$14.1 million (2.6%) higher than at the same point in fiscal year 2012.

Public Assistance and Medicaid

September disbursements in this category, which include all GRF expenditures by the Ohio Department of Job and Family Services (ODJFS), totaled \$1,166.5 million and were \$61.6 million (5.0%) below the monthly estimate. Fiscal year-to-date expenditures equal \$3,709.8 million, which is \$90.5 million (2.4%) below estimate.

Public Assistance and Non-Medicaid

ODJFS, Non-Medicaid, General Revenue Fund (GRF) disbursements totaled \$38.7 million for the month of September and were \$14.7 million (27.6%) below the estimate. Major monthly variances were attributable to the following:

- Information Technology Projects (ALI 600416) expenditures were \$7.9 million (56.6%) below estimate due to prior year encumbrance payments not being made for the month as expected.
- Family Assistance - Local (ALI 600521) county subsidy expenditures were \$6.3 million (63.3%) below estimate due to lower-than-expected county draws made from the line item. This was attributable to implementation of the new County Finance Information System (CFIS) which resulted in fewer monthly county requests than anticipated.
- Program Support (ALI 600321) disbursements were \$1.6 million (43.8%) below the estimate due to lower-than-expected central administration charges made in the line for the month.
- Child Support – Local (ALI 600502) subsidy disbursements were \$1.2 million (24.3%) below the monthly estimate. This was due to the County Finance Information System (CFIS) web portal implementation which delayed county close-out payments.
- Early Care and Education (ALI 600535) child care subsidy expenses were \$6.4 million (122.5%) above the monthly projection. Additional child care service expenditures were paid out of the line item to ensure the Temporary Aid to Needy Families (TANF) Maintenance of Effort (MOE) federal requirement was met. The agency expects this to offset with lower than estimated disbursements toward the end of fiscal year 2013.

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 September totaled \$1,125.2 million and were \$49.5 million (4.2%) below the monthly estimate and \$61.3 million (5.8%) above disbursements in September 2011. The categorical variances which contributed to this variance are discussed below.

All funds disbursements for the month of September were \$1,218.9 million, which is \$52.8 million (4.2%) below the estimate and \$74.4 (6.5%) above disbursements in September 2011.

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

	September Projection	September Actual	Variance	Variance %
GRF	\$ 1,174,775,212	\$ 1,125,238,283	\$ (49,536,929)	-4.2%
Non-GRF	\$ 96,981,039	\$ 93,684,599	\$ (3,296,440)	-3.4%
All Funds	\$ 1,271,756,251	\$ 1,218,922,882	\$ (52,833,369)	-4.2%

As discussed in previous monthly reports, 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 fiscal year 2013, 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.

Categorical Variances

Managed Care ABD and CFC – The \$8.6 million negative variance within managed care ABD accounts for much of the total monthly underspend. This is due primarily to the reclassification of individuals from the ABD group to the CFC group. A corresponding positive variance of \$8.9 million was observed within the CFC category.

Department of Aging Waivers – Another large factor in the overall underspend was the \$14.2 million negative variance observed in the Aging Waivers category. In September, PACE and PASSPORT/Choices experienced lower than expected caseload volume, offset to a small degree by an increase in Assisted Living enrollment. In addition, the service cost per consumer enrolled in PASSORT/Choices was lower than projected.

Caseload

Total September enrollment across all categories was 2.46 million. The most significant components are the Covered Families and Children (CFC) category, which increased by 28,612 persons to a September total of 1.83 million persons, and the Aged, Blind and Disabled (ABD) category, which decreased by 3,019 people to a September total of 381.3 thousand covered lives.

Total enrollment across all categories for the same period last year was 2.18 million covered persons, including 1.65 million persons in the CFC category and 404.8 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.

September disbursements in this category totaled \$78.3 million and were \$1.5 million (2.0%) above the monthly estimate. On a year-over-year basis, this category was \$35.4 million (31.2%) lower than the same month in the previous fiscal year. Year-to-date disbursements are \$8.7 million (3.1%) below the estimate.

Department of Health

Year-to-date expenditures for the Department of Health are \$21.7 million, which is \$2.9 million (11.7%) below the estimate for the year. September 2012 disbursements totaled \$7.3 million and were \$1.2 million (20.2%) below estimate. Major monthly variances within individual line items were attributable to the following:

- Help Me Grow disbursements were \$2.7 million above estimate because subsidy payments originally planned for prior months were released as agreements with local Family and Children First Councils were finalized. Overall, Help Me Grow is \$0.6 million above estimate through the quarter of the fiscal year.
- Immunizations disbursements were \$0.9 million below estimate because of large vaccine purchases have taken longer to complete than originally expected. These disbursements will instead occur in future months.

Department of Mental Health

Year-to-date, expenditures for the Department of Mental Health equal \$97.0 million and are \$3.2 million (3.2%) below estimate. September disbursements for the department totaled \$24.6 million and were \$0.4 million (1.4%) under estimate. The variance is primarily attributable to two factors:

- Family and Children First expenditures were \$0.6 million (70.5%) under estimate. As stated last month, certain applicants received awards earlier than anticipated and funds that were expected to go out in September were instead disbursed in August.
- Spending within the Hospital Services line item was \$0.2 million (0.9%) over estimate due to slightly higher-than-anticipated payroll expenses. Note that because hospital expenditures were below estimate in July and August, Hospital Services disbursements are under estimate for the year.

Department of Developmental Disabilities

September disbursements for the Department of Developmental Disabilities totaled \$40.3 million and were \$225,000 (0.6%) above estimate. The variance is primarily attributable to greater than estimated spending in the Medicaid State Match line item, which was \$236,000 (0.6%) above the estimate as a result of 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. Year-to-date expenditures for the department total \$134.9 million and are \$3.2 million (2.3%) below estimate.

Justice and Public Protection

This category includes GRF expenditures by the Department of Rehabilitation & Correction and the Department of Youth Services. During the month of September, disbursements in this category totaled \$253.2 million and were \$1.9 million (0.8%) above estimate. On a year-over-year basis, this category was \$105.0 million (70.9%) above the same month in the previous fiscal year. Year-to-date disbursements are \$23.3 million (3.7%) below the estimate.

Department of Rehabilitation and Correction

Department of Rehabilitation and Correction disbursements totaled \$170.1 million in September and were \$29.4 million (14.7%) below the estimate. This variance was largely caused by a lower-than-anticipated number of encumbrances being paid, particularly in the main Institutional Operations line. In addition, a large amount of equipment and vehicle purchases anticipated by September have not yet occurred.

Department of Youth Services

Department of Youth Services disbursements totaled \$29.1 million in September and were \$2.9 million (9.1%) below the estimate. This variance was largely caused by Behavioral Health Juvenile Justice payments anticipated in September being paid in October.

General Government

September disbursements for the General Government category totaled \$71.4 million and were \$3.3 million (4.5%) below estimate. On a year-over-year basis, this category was \$21.8 million (43.9%) higher than the same month in the previous fiscal year. Year-to-date disbursements are \$10.6 million (7.6%) below the estimate.

Department of Natural Resources

For the year-to-date, the Department of Natural Resources disbursements total \$33.9 million, which is under estimate by \$0.7 million (2.1%). September 2012 disbursements for the Department of Natural Resources totaled \$18.4 million and were \$0.8 million (4.4%) below the estimate. This is primarily due to the following:

- The Healthy Lake Erie line (ALI 725505) was below estimate by \$0.5 million due to program expenses being lower than planned in September.
- The Division of Parks and Recreation line (ALI 730321) was below estimate by \$0.3 million. This was due to payroll expenses being lower than anticipated at the end of the park season.

Department of Administrative Services

The Department of Administrative Services (DAS) disbursements totaled \$51.6 million during the month of September and were \$2.3 million (4.3%) under the estimate. This occurred chiefly because a debt service payment was \$1.5 million less than anticipated due to the continued low interest rates achieved for debt the state issued earlier this calendar year. The other significant

variance was the payment for state building operations and maintenance, which was \$0.5 million less than estimated as a result of higher than estimated amounts of rent paid by local government tenants in state buildings which offset GRF expenses paid by DAS for those buildings. The rents paid by local government tenants are estimates constructed prior to the beginning of the fiscal year and as a result, variances in this line item for this reason are not uncommon.

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. September disbursements for tax relief totaled \$273.3 million and were \$8.5 million (3.0%) below the monthly estimate. For the year-to-date, tax relief payments equal \$391.1 million, which is \$55.8 million (16.6%) above estimate. While the timing of tax relief payments are dictated by when counties submit their requests and it is common for this category to have sizable monthly variances, OBM expects this category to trend closer to estimate in the months ahead.

Debt Service

Debt service disbursements in September totaled \$148.4 million, which matched the estimate. On a year-over-year basis, this category was \$105.0 million higher than the same month in the previous fiscal year as a result of the end of debt restructurings in fiscal year 2013. Year-to-date disbursements are \$2.8 million (0.8%) 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	\$	%
	SEPTEMBER	SEPTEMBER	VAR	VAR	ACTUAL	ESTIMATE	VAR	VAR
Primary, Secondary and Other Education	514,351	527,922	(13,570)	-2.6%	1,848,095	1,933,302	(85,207)	-4.4%
Higher Education	177,023	177,719	(696)	-0.4%	550,338	550,875	(537)	-0.1%
Public Assistance and Medicaid	1,166,547	1,228,189	(61,642)	-5.0%	3,709,847	3,800,311	(90,464)	-2.4%
Health and Human Services	78,297	76,758	1,539	2.0%	272,498	281,218	(8,720)	-3.1%
Justice and Public Protection	253,225	251,336	1,889	0.8%	608,013	631,329	(23,316)	-3.7%
Environmental Protection and Natural Resources	5,243	6,082	(839)	-13.8%	20,822	21,549	(728)	-3.4%
Transportation	523	1,420	(898)	-63.2%	1,933	2,537	(605)	-23.8%
General Government	71,438	74,780	(3,342)	-4.5%	129,250	139,813	(10,563)	-7.6%
Community and Economic Development	23,869	25,991	(2,122)	-8.2%	35,643	36,666	(1,023)	-2.8%
Tax Relief and Other	273,298	281,817	(8,519)	-3.0%	391,090	335,325	55,765	16.6%
Capital Outlay	69	0	69	N/A	137	0	137	N/A
Debt Service	148,432	148,642	(210)	-0.1%	352,610	355,401	(2,791)	-0.8%
Total Expenditures & ISTV's	2,712,314	2,800,655	(88,340)	-3.2%	7,920,276	8,088,327	(168,050)	-2.1%
Transfers Out:								
Operating Transfer Out	31,068	0	31,068	N/A	326,374	303,862	22,512	7.4%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	31,068	0	31,068	N/A	326,374	303,862	22,512	7.4%
Total Fund Uses	2,743,382	2,800,655	(57,273)	-2.0%	8,246,651	8,392,189	(145,538)	-1.7%

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	SEPTEMBER FY 2013	SEPTEMBER FY 2012	\$ VAR	% VAR	ACTUAL FY 2013	ACTUAL FY 2012	\$ VAR	% VAR
Primary, Secondary and Other Education	514,351	516,379	(2,028)	-0.4%	1,848,095	1,893,476	(45,380)	-2.4%
Higher Education	177,023	166,404	10,619	6.4%	550,338	536,287	14,051	2.6%
Public Assistance and Medicaid	1,166,547	1,119,824	46,723	4.2%	3,709,847	3,559,968	149,879	4.2%
Health and Human Services	78,297	113,735	(35,438)	-31.2%	272,498	355,218	(82,720)	-23.3%
Justice and Public Protection	253,225	148,176	105,049	70.9%	608,013	494,371	113,642	23.0%
Environmental Protection and Natural Resources	5,243	4,767	477	10.0%	20,822	17,576	3,246	18.5%
Transportation	523	469	54	11.5%	1,933	1,500	433	28.9%
General Government	71,438	49,654	21,785	43.9%	129,250	109,349	19,901	18.2%
Community and Economic Development	23,869	21,486	2,383	11.1%	35,643	31,651	3,993	12.6%
Tax Relief and Other	273,298	336,841	(63,543)	-18.9%	391,090	409,549	(18,459)	-4.5%
Capital Outlay	69	120	(51)	N/A	137	120	17	N/A
Debt Service	148,432	43,386	105,046	242.1%	352,610	137,192	215,418	157.0%
Total Expenditures & ISTV's	2,712,314	2,521,240	191,074	7.6%	7,920,276	7,546,257	374,019	5.0%
Transfers Out:								
Operating Transfer Out	31,068	0	31,068	N/A	326,374	318,690	7,684	2.4%
Temporary Transfer Out	0	0	0	N/A	0	12,018	(12,018)	N/A
Total Transfers Out	31,068	0	31,068	N/A	326,374	330,708	(4,333)	-1.3%
Total Fund Uses	2,743,382	2,521,240	222,142	8.8%	8,246,651	7,876,965	369,686	4.7%

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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