



January 10, 2013

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

FROM: Timothy S. Keen, Director **TK**

SUBJECT: Monthly Financial Report

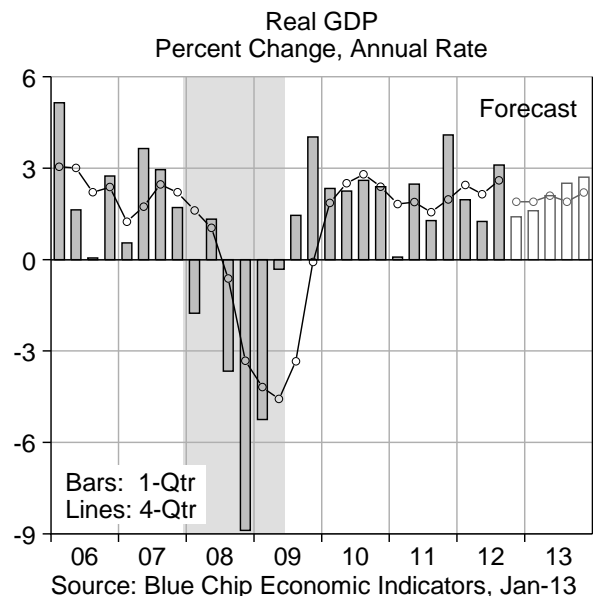
## ECONOMIC SUMMARY

### Economic Performance Overview

- Real GDP growth expanded by 3.1% in the third quarter of 2012, up from the initial estimate of 2.0% and growth of 1.3% in the second quarter.
- U.S. total nonfarm payroll employment increased by 155,000 jobs in December, and the October and November increases were revised up by a total of 14,000 jobs. The unemployment rate was unchanged at a revised 7.8%, compared with an average of 8.1% during the previous twelve months.
- Ohio total nonfarm payroll employment increased by 1,600 jobs in November and is up by 103,200 jobs year-to-date. The Ohio unemployment rate decreased from 6.9% to 6.8% in November and stands a full percentage point below the national unemployment 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

**Real GDP** growth was revised up to 3.1% for the third quarter of 2012 from the initial estimate of 2.0%. The economy grew by 1.3% in the second quarter and 2.0% in the first quarter. Excluding a large accumulation of unsold goods and a large increase in federal defense spending – neither of which is likely sustainable – the growth rate was 1.7%. Compared with a year earlier, real GDP was higher by 2.6%. Since the expansion officially began in the second quarter of 2009, real GDP has advanced at an annual rate of 2.2% – the slowest pace during the first thirteen quarters of any expansion during the post-war period.



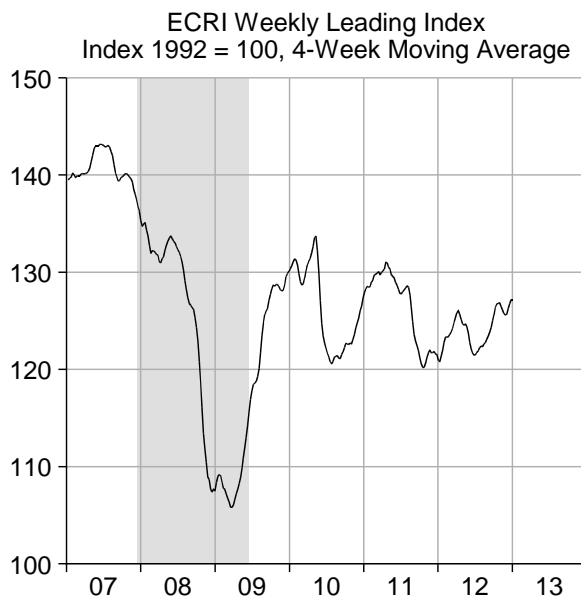
The increase in real GDP in the third quarter primarily reflected positive contributions from consumer spending, business inventories, federal government spending, residential fixed investment, and exports. These positive contributions were partly offset by negative contributions from nonresidential fixed investment. Imports, which are automatically counted in spending within each category and are then backed out by being subtracted from the total, were little changed.

**Real final sales** was little changed during the quarter, rising 2.4%, up from 1.7% in the second quarter and staying at the top of the range of quarterly growth rates during the last eighteen months. Since the expansion officially began in the second quarter of 2009, 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 thirteen quarters.

The acceleration in activity during the third quarter resulted primarily from a build-up in business inventories and greater federal government spending. Consumer spending made only a small contribution to faster growth, and fixed investment in equipment and software declined for the first time since the end of the recession in 2009. The positive factors in the third quarter – especially the increase in inventory accumulation and the jump in federal defense spending – likely did not make positive contributions in the fourth quarter. In fact, reduced consumer spending and business investment related to Hurricane Sandy are expected to shrink fourth-quarter growth.

The consensus among forecasters is that real GDP expanded at about half the third quarter pace in the fourth quarter. Forecasters project that growth will continue at a modest pace below 3.0% throughout in 2013, according to the January *Blue Chip Economic Indicators* consensus. Hurricane Sandy is expected to keep fourth-quarter growth 0.25-0.50 points lower than otherwise. Although repairs to storm damage will add in noticeable ways and amounts to economic activity, any incremental spending is likely over time to displace other spending that would have, but now will not, take place, producing no net advantage – and almost certainly a disadvantage – to longer-term growth.

Leading indicators remain consistent with slow but uninterrupted growth through 2013. After four consecutive weekly decreases, the 4-week moving average of the **Weekly Leading Index** increased in each of the five weeks ending at the end of 2012. The 6-month smoothed rate of change improved to 4.9% from a low of 3.1% reached in mid-November.



The composite **Leading Economic Index** from the Conference Board has traced out a see-saw pattern during the eight months ending in November to stand only marginally higher than in March. The 6-month smoothed rate of change was 0.9% in November, down from a peak of 11.0% in March 2010, but still above zero and consistent with uninterrupted economic growth, albeit at a modest pace.

The **ratio of the coincident index to lagging index** – itself a leading indicator – has been even weaker recently. The ratio decreased by 0.3% in November after falling in six out of the previous ten months. The ratio has had a long lead time at business cycle peaks in the past. The recent pattern is consistent with the current slow pace of economic growth, but not necessarily with a near-term recession, particularly in context with other leading indicators.

Despite slow growth at the national level over the summer, the Ohio economy continued to make progress through November. The **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, increased 0.2% in November for the 35<sup>th</sup> increase in a row. The state coincident 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 12-month rate of change in the Ohio Coincident Economic Index was 5.4% in November – up from a recent low of 3.1% last October, but off the peak of 5.9% in August. The rate of change was notably lower during the most recent four months than during the previous four months, but the index was higher than one month and three months earlier in 45 states. The diffusion of increases and decreases across states has been a reliable indicator of changes in economic growth in the past, and currently points to uninterrupted growth in the Ohio and national economies.

The companion **Ohio Leading Economic Index** remained below 2.0% for the fifth-straight month in November. 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 exceeded 3.0% during April-June. Index values have been revised significantly on occasion, but as it stands the recent pattern is consistent with ongoing expansion of the Ohio economy through the fall and winter. The diffusion of positive readings has been broad in recent months, with the index being greater than zero in 48 states in October and 49 states in November.



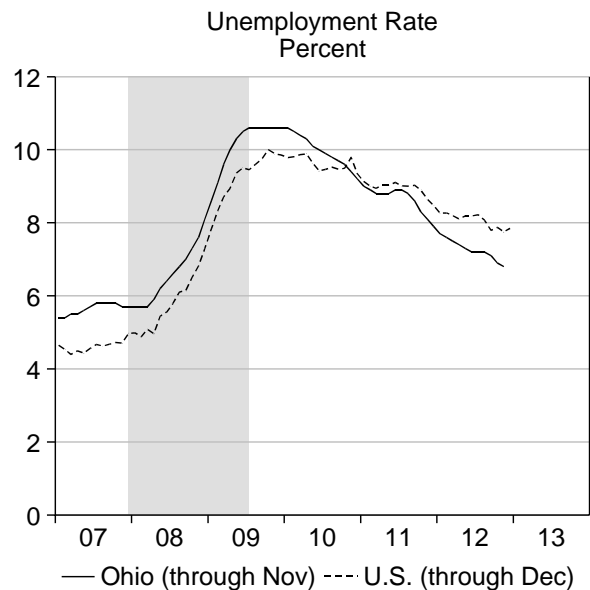
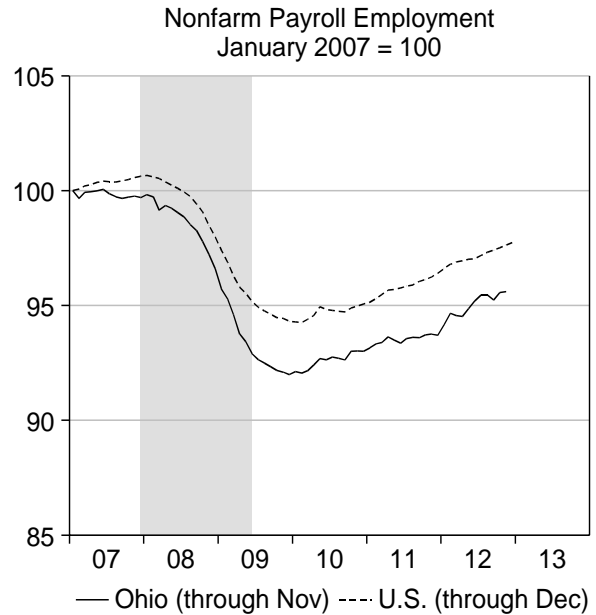
## Employment

National **nonfarm payroll employment** increased by 155,000 jobs in December, and the October and November increases were revised up by a total of 14,000 jobs. Employment growth has averaged 160,000 per month during the last six months, compared with an average gain of just 67,000 during the three months before that. The continued growth in payrolls during December indicates that the economy continued to expand through the fall, albeit at a modest pace.

The **unemployment rate** was unchanged at 7.8%, as the November level was revised higher by 0.1 percentage point. The December level was 0.9 percentage points lower than a year ago and under the average of 8.2% during the previous twelve months. During the past year, the labor force increased by 1.566 million people, and the number counted as unemployed decreased by 843,000. While still extraordinarily high, the broadest measure of unemployment held steady at 14.4% in December, down from 15.2% a year ago. The average and median durations of unemployment both declined significantly, but remained well above their respective norms.

The **length of the workweek** edged higher by 0.1 hours overall and was unchanged in manufacturing during December. Manufacturing overtime hours increased by 0.1 hour. As a result, **aggregate hours worked** increased by 0.5%. **Average hourly earnings** increased by 0.3% to 1.7% above the year earlier level, compared with inflation of 1.8% during the twelve months ending in November.

Major sectors posting gains in employment during December included education and health services (+65,000), leisure and hospitality (+31,000), construction (+30,000), manufacturing (+25,000), and professional and business services (+19,000). Temporary help employment, which is viewed as somewhat of a leading indicator of total employment and is included in professional and business services, slipped by 1,000 jobs, continuing what is now a 5-month string of modest growth. Government employment declined by 13,000 jobs. Information was down by 9,000 jobs, and trade, transportation and utilities was pulled down by an 11,000 decrease in retail employment.



**Ohio nonfarm payroll employment** increased by 1,600 jobs in November, adding to the 17,900 job gain in October. Employment is up by 103,200 jobs year-to-date. The Ohio unemployment rate decreased from 6.9% to 6.8% in November – the second consecutive reading below 7.0%. The rate is down from 8.1% last November and a full percentage point below the national unemployment rate.

Month-to-month changes in Ohio employment across sectors were mixed during November. Employment increased in trade, transportation and utilities (+8,000), manufacturing (+4,700), and in financial activities (+2,000). Employment decreased in leisure and hospitality (-5,400), other services (-3,000), government (-2,100), and in professional and business services (-1,800).

During the twelve months ending in November, Ohio employment increased in all major sectors except government (-2,200) and natural resources (-800). The largest year-over-year employment increases occurred in education and health services (+25,100), trade, transportation and utilities (+20,000), professional and business services (+18,000), and manufacturing (+15,300). Private sector employment increased by 102,600 jobs, or 2.4%.

Among the **contiguous states**, year-over-year employment growth was strongest in Indiana, Kentucky, (+2.1%) and Ohio (+2.0%), followed by Pennsylvania and Michigan (+0.8%). Employment decreased 1.8% in West Virginia. Year-over-year growth in manufacturing employment was 2.4% in Ohio. Among the contiguous states, manufacturing employment increased in Indiana (+4.7%), Michigan (+3.5%), Pennsylvania (+1.5%), and Kentucky (1.2%) and decreased in West Virginia (-5.5%). Also contributing to the decline in total employment in West Virginia was a large decline in mining and logging employment.

For the Ohio and contiguous state region, employment increased 1.3% during the twelve months ending in November, 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 3.8% for Ohio and contiguous states to 3.6% for all other states.

**Consumer Income and Consumption**

Household income and spending picked up in November after a miss in October. **Personal income** and disposable personal income each increased 0.6% after a dip to 0.1% in October in each case. Real disposable personal income jumped by 0.8% in November after declining on balance during August-October. **Personal consumption expenditures** increased 0.4% in November, and the October decline was revised up from -0.2% to -0.1%, leaving the **saving rate** little changed at 3.4%. The saving rate remains well below the peak of 6.7% reached during the financial crisis in May 2009.



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 2.5% in November while growth in real personal consumption expenditures was little changed at 2.1%, up slightly from 1.8%.

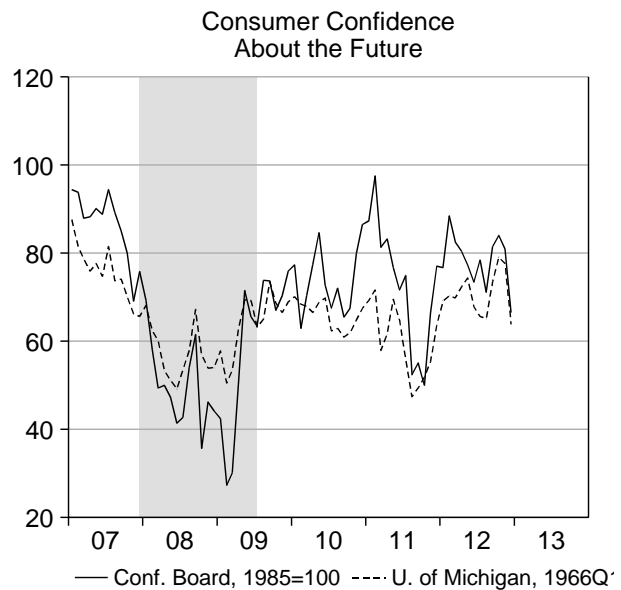
The rebound in consumption during November reflected a 2.7% increase in spending on durable goods. Services increased 0.5%, while non-durable goods fell 1.0%. Fueling the rise in durable goods spending was an 8.7% increase in purchases of light motor vehicles to an annual selling rate of 15.5 million units – the best since January 2008. The pace of sales slowed a bit in December to 15.3 million units, as the boost from post-storm sales in November faded.

Holiday shopping reflected the recent moderate trends in employment in earnings. Chain store sales increased 0.7% and 0.6% in the weeks ending December 22<sup>nd</sup> and December 29<sup>th</sup>, respectively. Compared with a year earlier, sales were higher by 2.7% during the week ending December 29<sup>th</sup>. Better job growth and a notable decline in gasoline prices from September through year's end probably contributed positively to spending.

The mood of consumers deteriorated significantly in December, reflecting soured views of the outlook, but stable assessments of current conditions. The Conference Board index of consumer expectations decreased by nearly 18.0% from 80.9 to 66.5, while the present situation component increased by more than 9.0%. The University of Michigan index of expectations also decreased by nearly 18.0%, from 77.6 to 63.8. The present conditions component decreased modestly. The deterioration in views of the future might have reflected concern about the future of tax and spending plans by the federal government that were under negotiation. The agreement reached shortly after the New Year, which was greeted positively by equity markets, might lead to improved outlooks as soon as January.

**Manufacturing**

Industrial activity rebounded sharply in November. Overall **industrial production** increased 1.1% following a storm-induced decline of 0.7% in October. Manufacturing



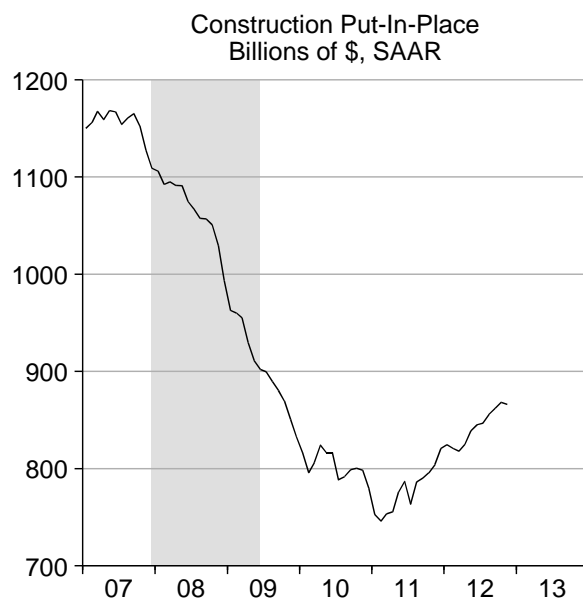
output also increased 1.1%, recouping the 1.0% prior month decrease. A large rebound in motor vehicle assemblies after three weak months contributed to the gain. Utility output increased 1.0% after a flat October, and mining output increased by 0.8%. Compared with a year earlier, industrial production and manufacturing output were higher by 2.5% and 2.7%, respectively.

**Factory shipments** edged higher for a third-straight month in November, and **new orders** held their ground after two consecutive increases. Aircraft and petroleum and oil posted large declines, while machinery posted a large gain in activity. The solid increase in non-defense capital goods, excluding aircraft was a key reversal. New orders increased 2.6% in November following a 3.0% rise in October. The back-to-back gains leave the level still below the December 2011 peak, but up convincingly from the September 2012 low. The December 2011-September 2012 decline had been sufficiently large and long-lived to raise concerns about the overall economic expansion.

**Purchasing managers** continued to send the message in December that activity remained lackluster. The overall index remained essentially at the neutral level where it has been since last June. The new orders component was unchanged at almost exactly neutral. Production remained a bit above neutral, but slipped modestly from November. Promising signs included the increase to above 50.0 for the first time since last May in the index of new export orders and the increase in the index of order backlogs from depressed levels in October and November and to the highest level (although still below 50.0) since last April. Overall, the report sent the message that manufacturing activity continues to trend at a moderate pace.

**Construction**

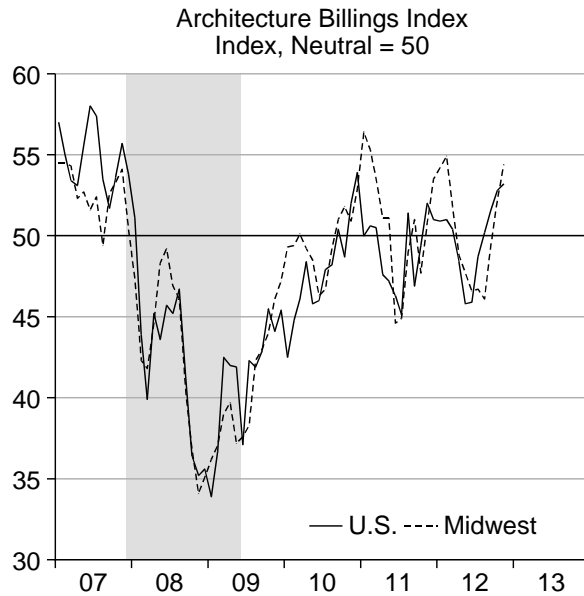
Total **construction put-in-place** decreased 0.3% in November, and the October increase was revised down to 0.7%. The decline ended a 7-month string of increases. Excluding residential improvements, which are imprecisely estimated and often revised substantially, activity decreased 0.2%. The storm in the northeast is believed to have played a role in the weaker activity in November. Total construction in November was 7.7% above the year earlier level and up 16.1% from what looks increasingly with each passing month like the cycle low in March 2011, but



remains 28.6% below its pre-recession peak.

**Private construction** decreased 0.2% in November, also ending a 7-month streak of monthly increases. Private residential construction edged higher by 0.4% and the October gain that was originally reported as 3.0% was revised down to 1.3%. Compared with a year earlier, residential construction was higher by 19.0%. Nonresidential construction fell by 0.7% and the October change was revised down from 0.3% to a decline of 0.2%. Compared with a year earlier, nonresidential activity was up 8.2%.

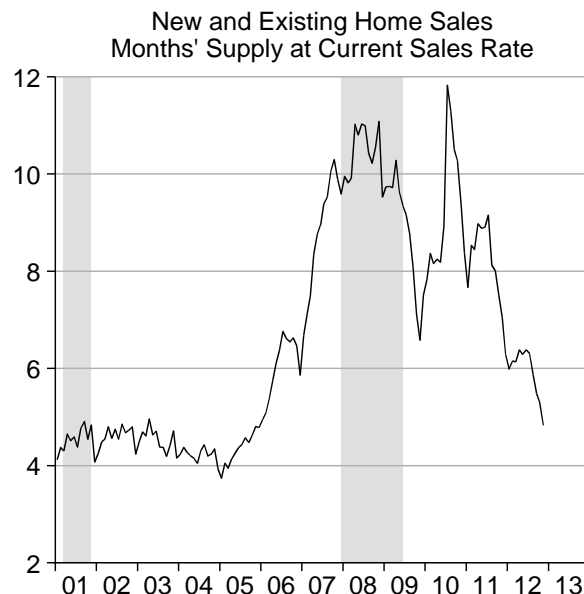
The **Architecture Billings Index** from the American Institute of Architects improved for the sixth month in a row in November, rising to 53.2 – the highest level since December 2010, and before that, November 2007. A level of 50.0 is neutral. The **Inquiries for New Work Index** also increased for the sixth consecutive month to 59.6 – a 9-month high. The **Billings Index for the Midwest** improved for a third-straight month, rising to 54.4 from 52.2 in October.



The 3-month moving average of **housing starts** increased 4.5% in November to the highest level since August 2008. Midwest housing starts increased 6.5% on a 3-month moving average basis in November on top of double-digit gains in the preceding two months and a solid gain the month before that. Despite the recent improvement, U.S. housing starts still proceeded during the three months ending in November at an annual rate of only a little more than 40.0% of the pace set in the record year of 2005. Homebuilders continue to face buyers that have high debt levels, have large inventories of unoccupied houses in many markets, and struggle with still-challenging labor market conditions and expectations of little or no price appreciation.

Despite the recent improvement, U.S. housing starts still proceeded during the three months ending in November at an annual rate of only a little more than 40.0% of the pace set in the record year of 2005. Homebuilders continue to face buyers that have high debt levels, have large inventories of unoccupied houses in many markets, and struggle with still-challenging labor market conditions and expectations of little or no price appreciation.

**Sales of existing homes** increased 1.5% in November on a 3-month moving average basis following slightly larger gains in the previous three months. Sales were essentially unchanged on balance from January through July. Sales of existing homes in the Midwest have followed a similar pattern, but have increased a bit more rapidly.



**Sales of newly built homes** increased 0.9% in November on a 3-month moving average basis. The October gain was revised to a slight



decline. Sales of new homes in the Midwest decreased for the second month in the last three to almost 10.0% below the August level.

The **inventory of existing homes** declined in November relative to the pace of sales. At 5.3 months, the length of time that would be necessary for the number of existing homes currently offered for sale to be sold was the lowest since October 2005. The **inventory of new homes** has flattened out in recent months, settling at 4.7 months to sell the current supply at the current pace of sales – the average during the most recent seven months. The measure peaked at 12.2 months in January 2009, and is near the historical norm.

**Home prices** posted a ninth-straight increase in October, according to the S&P/Case-Shiller 20-city composite home price index. The index increased 0.7% in October, lifting the total increase since the cyclical low point reached in January to 5.4%. The index was still down 30.3% from the all-time peak reached in April 2006. Home prices in Cleveland increased 0.3% in October after a 0.6% rise in September. Cleveland home prices are up 3.4% from the low point, but remain 18.5% below the peak reached in January 2006.

## **REVENUES**

December **GRF receipts totaled \$2,571.9 million** and were \$343.5 million (15.4%) above the estimate. Monthly tax receipts totaled \$1,681.6 million and were \$76.3 million (4.8%) above the estimate, while non-tax receipts totaled \$874.3 million and were \$267.2 million (44%) above the estimate. Transfers totaled \$16.0 million and met the estimate. Year-to-date variances by category are provided in the following table (\$ in millions).

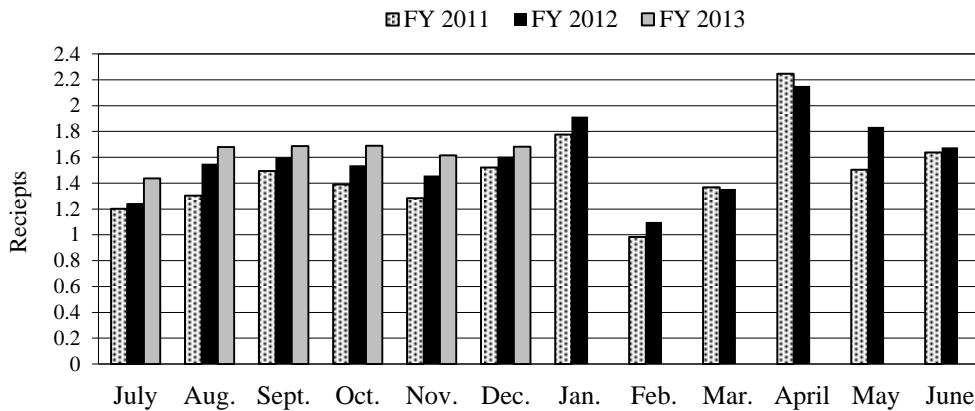
<b>Category</b>	<b>Includes:</b>	<b>YTD Variance</b>	<b>% Variance</b>
Tax receipts	Sales & use, personal income, corporate franchise, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, soft drink, alcoholic beverage, liquor gallonage, estate & horse racing	\$131.2 million	1.4%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$129.1 million)	(3.0%)
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$3.7 million	4.5%
<b>TOTAL REVENUE VARIANCE:</b>		<b>\$5.7 million</b>	<b>0.0%</b>

Driven by a stronger-than-expected performance in the personal income tax, December tax receipts totaled \$1,681.6 million and exceeded the estimate by \$76.3 million (4.8%). On a year-over-year basis, monthly receipts were \$96.1 million (6.1%) higher than they were in December 2011, with the largest contributions to this year-over-year growth attributable to the personal income tax, non-auto sales tax, estate tax, and commercial activity tax.

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

<b>Individual Sources Above Estimate</b>		<b>Individual Sources Below Estimate</b>	
Non-Auto Sales Tax	\$8.0	Corporate Franchise Tax	(\$2.6)
Auto Sales Tax	\$3.3	Cigarette Tax	(\$1.8)
Personal Income Tax	\$60.2	ISTV's	(\$1.2)
Commercial Activity Tax	\$2.5	Other Sources Below Estimate	(\$1.4)
Kilowatt Hour Tax	\$2.7		
Federal Grants	\$269.2		
Estate	\$4.0		
Other Sources Above Estimate	\$0.7		
<b>Total above</b>	<b>\$350.6</b>	<b>Total below</b>	<b>(\$7.0)</b>

Tax Revenue Comparison by Month  
(\$ in billions)



### Non-Auto Sales and Use Tax

December non-auto sales tax receipts totaled \$680.4 million and were \$8.0 million (1.2%) above estimate. Year-to-date, this tax source is \$23.3 million (0.6%) below the estimate. On a year-over-year basis, December 2012 receipts were \$31.7 million (4.9%) above those of December 2011. Fiscal year 2013 year-to-date receipts are \$161.9 million (4.6%) higher than those at the same point in fiscal year 2012.

### Auto Sales Tax

Auto sales tax receipts for the month of December totaled \$76.2 million and were \$3.3 million (4.5%) above the estimate, compensating for the November shortfall and bringing the year-to-date total to \$5.6 million (1.1%) above the estimate. On a year-over-year basis, December 2012 receipts were \$4.0 million (5.0%) below those of December 2011, while fiscal year 2013 year-to-date receipts are \$19.9 million (3.9%) higher than the same point in the previous fiscal year.

### Personal Income Tax

December personal income tax receipts totaled \$822.0 million and were \$60.2 million (7.9%) above the estimate. Reversing the trend of the last two months, the withholding component which totaled \$720.6 million, was \$47.3 million (7.0%) above the estimate in December. The other components of this tax source also returned to positive territory in December, and estimated payments recorded the second highest overage at \$10.6 million (9.9%) above the estimate.

On a year-over-year basis, personal income tax receipts for the month of December were \$71.0 million (9.5%) higher than the December 2011 level. The withholding component remained the leading contributor of the year-over-year growth and was \$45.8 million (6.8%) higher than the same month in the previous fiscal year. Further contributing were reductions in distributions to

the local government fund that were \$16.7 million (38.9%) lower than those of December 2011 as a result of changes contained in H.B. 153.

Year-to-date, personal income tax receipts for the first half of fiscal year 2013 are \$76.2 million (1.8%) above estimate and \$362.5 million (9.3%) higher than the level in the corresponding period in fiscal year 2012.

<b>FY2013 PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)</b>						
	<b>ESTIMATE</b>	<b>ACTUAL</b>	<b>\$ VAR</b>	<b>ESTIMATE</b>	<b>ACTUAL</b>	<b>\$ VAR</b>
	<b>DEC</b>	<b>DEC</b>	<b>DEC</b>	<b>Y-T-D</b>	<b>Y-T-D</b>	<b>Y-T-D</b>
Withholding	\$673.3	\$720.6	\$47.3	\$3,900.0	\$3,951.8	\$51.8
Quarterly Est.	\$107.4	\$118.0	\$10.6	\$437.9	\$467.7	\$29.8
Trust Payments	\$1.7	\$2.2	\$0.5	\$11.4	\$16.8	\$5.4
Annual Returns & 40 P	\$8.6	\$10.0	\$1.4	\$129.8	\$127.0	(\$2.8)
Other	\$8.0	\$7.9	(\$0.1)	\$49.7	\$56.2	\$6.5
Less: Refunds	(\$11.5)	(\$10.5)	\$1.0	(\$161.2)	(\$170.3)	(\$9.1)
Local Distr.	(\$25.7)	(\$26.2)	(\$0.5)	(\$164.1)	(\$169.4)	(\$5.3)
<b>Net to GRF</b>	<b>\$761.8</b>	<b>\$822.0</b>	<b>\$60.2</b>	<b>\$4,203.5</b>	<b>\$4,279.7</b>	<b>\$76.2</b>

### **Corporate Franchise Tax**

Similar to November, higher-than-anticipated refunds continued in December, as corporate franchise tax receipts for the month were -\$1.6 million compared to the estimate of \$1.0 million. Despite this, year-to-date corporate franchise tax receipts are \$51.7 million above the estimate, and are \$45.7 million higher than those at the same point in fiscal year 2012. As noted in previous months' reports, refund activity for the year-to-date has not been as high as expected and that combined with a number of unexpected one-time settlements have driven the year-to-date performance higher both relative to estimate and relative to fiscal year 2012 performance. OBM anticipates that this pattern will not continue and that refund activity will pick up in the months ahead.

### **Commercial Activity Tax**

December Commercial Activity Tax (CAT) receipts to the GRF totaled \$3.7 million and were \$2.5 million (211.2%) above the monthly estimate. On a year-over-year basis, GRF CAT receipts were \$3.1 million (520.8%) higher than for those of December 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. Due to a number of refunds, the all-funds CAT receipts for the month of December totaled -\$2.1 million and were \$4.5 million below the \$2.4 million estimate. On a year-to-date basis, total GRF CAT receipts total \$397.5 million and are \$13.1 million (3.2%) below estimate, while all-funds CAT receipts are \$801.0 million and are \$27.2 million (3.3%) below the estimate of \$828.2 million. The GRF recording positive receipts from the CAT when all funds CAT receipts were negative for the month of December is the result of

the timing of the crediting of CAT receipts to the GRF relative to the timing of the processing of refunds. Had the refunds occurred earlier in the month, GRF CAT receipts for the month would have also been negative. While this timing issue was a positive for the GRF in December, OBM expects a reduction of GRF receipts in January as that is when the impact of the refunds on the GRF will be felt.

On December 7, 2012, the Ohio Supreme Court issued a ruling in the case of Beaver Excavating Co. v. Testa. The ruling stated that prospectively, CAT revenues related to the sale of motor fuel must be used for highway purposes in order to meet the requirements of the Ohio Constitution. OBM and the Department of Taxation are currently working on procedures to comply with the Court's ruling.

### **Kilowatt-Hour Tax**

For the second month in a row, kilowatt hour receipts exceeded the estimate by \$2.7 million (14.4%) with receipts of \$21.4 million against an estimate of \$18.7 million. As a result, the year-to-date total is now \$3.4 million (2.1%) below estimate. Earlier in the calendar year, the continued shortfall experienced 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 was unexpected. OBM will continue to monitor this tax source in the coming months. On a year-over-year basis, this tax source was nearly equal to the December 2011 level, while year-to-date fiscal year 2013 receipts are \$1.4 million (0.9%) higher than those at the same point in the previous fiscal year.

### **Cigarette Tax**

December cigarette tax receipts totaled \$66.4 million and were \$1.8 million (2.6%) below the estimate. Year-to-date, this tax source is \$2.8 million (0.7%) below the estimate. On a year-over-year basis, December 2012 cigarette tax receipts were \$4.8 million (6.7%) lower than those of December 2011, while year-to-date fiscal year 2013 receipts are \$10.4 million (2.7%) lower than the same point in the previous fiscal year, a decline that is below the 3.0 percent decline we have seen with this tax source in recent years.

**GRF non-tax receipts** totaled \$874.3 million in December and were \$267.2 million (44.0%) above the estimate primarily due to an overage in federal grants. As mentioned in the November monthly report, the federal grant revenue coding error, which occurred in November, was corrected in December and is reflected in the performance of non-tax receipts in this month's report. For the year to date, non-tax receipts are \$129.1 million (3.0%) below estimate with federal grants again being the major factor. **GRF transfers** during the month of December were \$16.0 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 DECEMBER	ESTIMATE DECEMBER	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	680,373	672,400	7,973	1.2%	3,673,890	3,697,200	(23,310)	-0.6%
Auto Sales & Use	76,212	72,900	3,312	4.5%	531,152	525,600	5,552	1.1%
Subtotal Sales & Use	<u>756,585</u>	<u>745,300</u>	<u>11,285</u>	<u>1.5%</u>	<u>4,205,042</u>	<u>4,222,800</u>	<u>(17,758)</u>	<u>-0.4%</u>
Personal Income	821,971	761,797	60,174	7.9%	4,279,650	4,203,456	76,194	1.8%
Corporate Franchise	(1,639)	1,000	(2,639)	-263.9%	51,659	0	51,659	N/A
Commercial Activity Tax	3,735	1,200	2,535	211.2%	397,483	410,600	(13,117)	-3.2%
Public Utility	6	200	(194)	-97.1%	43,974	50,900	(6,926)	-13.6%
Kilowatt Hour	21,384	18,700	2,684	14.4%	158,430	161,800	(3,370)	-2.1%
MCF Tax	0	0	0	N/A	15,189	18,100	(2,911)	-16.1%
Foreign Insurance	(316)	0	(316)	N/A	142,438	137,700	4,738	3.4%
Domestic Insurance	(139)	0	(139)	N/A	4,625	(500)	5,125	1025.0%
Other Business & Property	15	0	15	N/A	360	(1,200)	1,560	130.0%
Cigarette	66,447	68,200	(1,753)	-2.6%	368,140	370,900	(2,760)	-0.7%
Alcoholic Beverage	5,020	4,600	420	9.1%	28,699	30,000	(1,301)	-4.3%
Liquor Gallonage	3,443	3,200	243	7.6%	20,252	19,800	452	2.3%
Estate	5,111	1,100	4,011	364.6%	73,373	33,800	39,573	117.1%
Total Tax Receipts	<u>1,681,622</u>	<u>1,605,297</u>	<u>76,325</u>	<u>4.8%</u>	<u>9,789,314</u>	<u>9,658,156</u>	<u>131,159</u>	<u>1.4%</u>
<b>NON-TAX RECEIPTS</b>								
Federal Grants	871,682	602,483	269,199	44.7%	4,159,806	4,285,257	(125,451)	-2.9%
Earnings on Investments	0	0	0	N/A	2,263	1,500	763	50.8%
License & Fees	438	950	(512)	-53.9%	11,354	13,126	(1,772)	-13.5%
Other Income	2,144	2,409	(264)	-11.0%	5,823	15,848	(10,025)	-63.3%
ISTV'S	26	1,243	(1,218)	-97.9%	12,236	4,870	7,366	151.3%
Total Non-Tax Receipts	<u>874,290</u>	<u>607,085</u>	<u>267,205</u>	<u>44.0%</u>	<u>4,191,482</u>	<u>4,320,601</u>	<u>(129,119)</u>	<u>-3.0%</u>
<b>TOTAL REVENUES</b>	<b>2,555,912</b>	<b>2,212,381</b>	<b>343,531</b>	<b>15.5%</b>	<b>13,980,796</b>	<b>13,978,756</b>	<b>2,040</b>	<b>0.0%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	16,000	16,000	0	0.0%	78,000	78,000	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	<u>16,000</u>	<u>16,000</u>	<u>0</u>	<u>0.0%</u>	<u>86,872</u>	<u>83,166</u>	<u>3,706</u>	<u>4.5%</u>
<b>TOTAL SOURCES</b>	<b>2,571,912</b>	<b>2,228,381</b>	<b>343,531</b>	<b>15.4%</b>	<b>14,067,668</b>	<b>14,061,923</b>	<b>5,746</b>	<b>0.0%</b>

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	DECEMBER FY 2013	DECEMBER FY 2012	\$ VAR	% VAR	ACTUAL FY 2013	ACTUAL FY 2012	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	680,373	648,679	31,695	4.9%	3,673,890	3,512,017	161,874	4.6%
Auto Sales & Use	76,212	80,201	(3,989)	-5.0%	531,152	511,260	19,892	3.9%
Subtotal Sales & Use	<u>756,585</u>	<u>728,879</u>	<u>27,706</u>	<u>3.8%</u>	<u>4,205,042</u>	<u>4,023,277</u>	<u>181,766</u>	<u>4.5%</u>
Personal Income	821,971	750,955	71,016	9.5%	4,279,650	3,917,132	362,518	9.3%
Corporate Franchise	(1,639)	3,697	(5,336)	-144.3%	51,659	6,007	45,652	759.9%
Commercial Activity Tax	3,735	602	3,133	520.8%	397,483	196,507	200,976	102.3%
Public Utility	6	(680)	686	100.8%	43,974	55,307	(11,333)	-20.5%
Kilowatt Hour	21,384	21,661	(277)	-1.3%	158,430	157,027	1,403	0.9%
MCF Tax	0	2	(2)	N/A	15,189	18,170	(2,981)	-16.4%
Foreign Insurance	(316)	6	(322)	-5419.5%	142,438	134,249	8,189	6.1%
Domestic Insurance	(139)	4	(143)	-3614.2%	4,625	61	4,563	7424.5%
Other Business & Property	15	4	10	234.5%	360	(1,783)	2,144	120.2%
Cigarette	66,447	71,211	(4,764)	-6.7%	368,140	378,529	(10,390)	-2.7%
Alcoholic Beverage	5,020	4,635	385	8.3%	28,699	29,829	(1,131)	-3.8%
Liquor Gallonage	3,443	3,195	248	7.8%	20,252	19,473	778	4.0%
Estate	5,111	1,308	3,802	290.6%	73,373	35,808	37,564	104.9%
Total Tax Receipts	<u>1,681,622</u>	<u>1,585,479</u>	<u>96,143</u>	<u>6.1%</u>	<u>9,789,314</u>	<u>8,969,595</u>	<u>819,719</u>	<u>9.1%</u>
<b>NON-TAX RECEIPTS</b>								
Federal Grants	871,682	642,470	229,213	35.7%	4,159,806	4,037,470	122,336	3.0%
Earnings on Investments	0	0	0	N/A	2,263	1,186	1,076	90.7%
License & Fee	438	966	(528)	-54.7%	11,354	20,071	(8,717)	-43.4%
Other Income	2,144	1,808	336	18.6%	5,823	8,051	(2,228)	-27.7%
ISTV'S	26	2,132	(2,107)	-98.8%	12,236	8,352	3,885	46.5%
Total Non-Tax Receipts	<u>874,290</u>	<u>647,376</u>	<u>226,914</u>	<u>35.1%</u>	<u>4,191,482</u>	<u>4,075,130</u>	<u>116,353</u>	<u>2.9%</u>
<b>TOTAL REVENUES</b>	<b>2,555,912</b>	<b>2,232,855</b>	<b>323,057</b>	<b>14.5%</b>	<b>13,980,796</b>	<b>13,044,725</b>	<b>936,071</b>	<b>7.2%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	16,000	14,500	1,500	10.3%	78,000	72,500	5,500	7.6%
Transfers In - Other	0	726	(726)	N/A	8,872	48,975	(40,104)	-81.9%
Temporary Transfers In	0	55,700	(55,700)	N/A	0	180,718	(180,718)	N/A
Total Transfers	<u>16,000</u>	<u>70,926</u>	<u>(54,926)</u>	<u>N/A</u>	<u>86,872</u>	<u>302,193</u>	<u>(215,321)</u>	<u>-71.3%</u>
<b>TOTAL SOURCES</b>	<b>2,571,912</b>	<b>2,303,781</b>	<b>268,131</b>	<b>11.6%</b>	<b>14,067,668</b>	<b>13,346,919</b>	<b>720,750</b>	<b>5.4%</b>

## ***DISBURSEMENTS***

December 2012 GRF disbursements, across all fund uses, totaled \$1,832.1 million and were \$50.9 million (2.9%) above estimate. On a year-over-year basis, disbursements for December 2012 were \$29.2 million (1.6%) higher than those of December 2011. Year-to-date variances by category are provided in the table below:

<b>Category</b>	<b>Description</b>	<b>YTD Variance</b>	<b>% Variance</b>
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	(\$324.5 million)	(2.2%)
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$13.4 million	4.2%
<b>TOTAL DISBURSEMENTS VARIANCE:</b>		<b>(\$311.1 million)</b>	<b>(2.0%)</b>

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. December disbursements in this category totaled \$279.2 million and were \$3.7 million (1.3%) below the estimate.

December disbursements for the Department of Education alone totaled \$275.2 million and were \$5.3 million (1.9%) below the estimate. Expenditures for the school foundation program totaled \$260.9 million and were \$1.9 million (0.7%) 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, Ohio Education Computer Network and Education Management Information System subsidy payments planned for December were not made until January. The department has also modified its schedule of disbursements this fiscal year to reimburse entities for claims made rather than through automatic payment. This will have the effect of pushing disbursements into the third and fourth quarters of the fiscal year when entities are likely to make claims for these payments.

### **Higher Education**

December disbursements for Higher Education totaled \$172.3 million and were \$1.3 million (0.8%) above the estimate for the month. Year-to-date disbursements are \$12.2 million (1.1%) below the estimate. On a year-over-year basis, disbursements in this category were \$10.8 million (6.7%) higher than for the same month in the previous fiscal year, while year-to-date expenditures are \$11.2 million (1.0%) lower than at the same point in fiscal year 2012.



## **Public Assistance and Medicaid**

December disbursements in this category, which include all GRF expenditures by the Ohio Department of Job and Family Services (ODJFS), totaled \$1,160.9 million and were \$66.9 million (6.1%) above the estimate. Fiscal year-to-date expenditures are \$7,119.1 million, which is \$199.0 million (2.7%) below estimate.

### Public Assistance and Non-Medicaid

ODJFS, Non-Medicaid, General Revenue Fund (GRF) disbursements totaled \$50.7 million for the month of December and were \$0.8 million (1.6%) above the estimate. Major monthly variances were attributable to the following:

- Family Assistance – Local (ALI 600521) disbursements were \$3.4 million above estimate due to higher than anticipated line item county expenditures for the month.
- TANF State/Maintenance of Effort (ALI 600410) subsidy disbursements were \$1.6 million (10.0%) below estimate due to lower-than-anticipated Ohio Works First cash assistance payments made during the month. The department estimates that it will disburse all line item funds by the end of the fiscal year to ensure the federal TANF Maintenance of Effort is met.
- Early Care and Education (ALI 600535) child care disbursements were \$1.3 million (22.2%) below estimate. This is attributable to lower-than-anticipated monthly child care expenditures as well as child care disbursements being funded more heavily with Temporary Assistance for Needy Families and Child Care and Development Fund federal grants during the month.

### Medicaid

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

#### *Expenditures*

GRF disbursements year-to-date for the ODJFS portion of the Medicaid program are \$6,739.9 million, which is \$146.5 million (2.1%) below estimate and \$377.2 million (5.9%) above the same point in the previous fiscal year. Disbursements in December totaled \$1,110.3 million and were \$66.18 million (6.3%) above the estimate and \$248.2 million (28.8%) above the same month in the previous fiscal year. Due to hospital assessment collections being delayed, payments normally made from non-GRF funds had to be temporarily funded by the GRF. This will be reversed in the coming months.

All funds year-to-date disbursements are \$7,467.7 million, which is \$294.0 million (3.8%) below the estimate and \$138.0 million (1.9%) above the same point in the previous fiscal year. All funds disbursements for the month of December totaled \$1,275.1 million and were \$74.9 million (5.5%) below the estimate and \$50.5 (4.1%) above disbursements in December 2011.

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

	<b>December Projection</b>	<b>December Actual</b>	<b>Variance</b>	<b>Variance %</b>
<b>GRF</b>	\$ 1,044,078,905	\$ 1,110,257,174	\$ 66,178,269	6.3%
<b>Non-GRF</b>	\$ 305,911,543	\$ 164,879,556	\$(141,031,987)	-46.1%
<b>All Funds</b>	\$ 1,349,990,448	\$ 1,275,136,730	\$ (74,853,718)	-5.5%

### *Categorical Variances*

Managed Care ABD and CFC – The \$41.0 million negative variance within managed care categories account for much of the total monthly underspend. The ABD category saw a lower caseload in December than previously expected. The negative variance in the CFC category is driven by lower-than-expected capitation payments, delivery payments, and caseload.

Department of Aging Waivers – Another negative variance was observed in the Aging Waivers category. In December, PACE and PASSPORT/Choices experienced lower-than-expected caseload volume. In addition, the service cost per consumer enrolled in PASSPORT/Choices was lower than projected. This contributed \$13.9 million to the overall negative variance.

Hospitals – The \$16.4 million negative variance observed within the hospital category is due to better-than-expected performance by the MITS system regarding the accuracy of claims adjudication.

### *Caseload*

Total December enrollment across all categories was 2.34 million. The most significant components are the Covered Families and Children (CFC) category, which decreased by 6,584 persons to a December total of 1.69 million persons, and the Aged, Blind and Disabled (ABD) category, which increased by 2,106 people to a December total of 380.9 thousand covered lives.

Total enrollment across all categories for the same period last year was 2.18 million covered persons, including 1.66 million persons in the CFC category and 403.6 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.

December disbursements in this category totaled \$63.8 million and were \$1.7 million (2.8%) above the estimate. On a year-over-year basis, this category was \$13.4 million (26.5%) higher

than the same month in the previous fiscal year. Year-to-date disbursements are \$19.2 million (3.6%) below the estimate.

#### Department of Health

December 2012 disbursements for the Department of Health totaled \$3.2 million and were \$0.5 million (13.3%) below estimate. Year-to-date expenditures are \$37.6 million, which is \$15.0 million (28.6%) below the estimate. Major monthly variances within individual line items were attributable to the following:

- Mothers and Children Safety Net Services disbursements were \$0.3 million below estimate for the month as a result of the department is waiting for some sub-grantees to comply with programmatic requirements before distributing funding.
- Breast and Cervical Cancer Screening disbursements were \$0.2 million below estimate for the month as a result of fewer subsidies are being distributed to mitigate overspending in earlier months.
- Help Me Grow disbursements were \$0.4 million above estimate and can be attributed to providers successfully adapting to the program's new fee for service model, allowing spending in this line to better align with year-to-date estimates.

#### Department of Aging

December 2012 disbursements for the Department of Aging totaled \$0.6 million and were \$0.2 million (26.4%) below estimate for the month. Year-to-date expenditures are \$5.9 million, which is \$0.6 million (9.1%) below estimate. The monthly variance can be attributed to lower-than-expected payments made in the Senior Community Services line. However, as Area Agencies on Aging begin their program year in January 2013, these payments will even out throughout the year relative to the estimate.

#### Department of Mental Health

December disbursements for the Department of Mental Health totaled \$17.4 million and were \$0.9 million (5.7%) above estimate. Year-to-date expenditures are \$164.0 million, which is \$7.9 million (4.6%) below the estimate. Major monthly variances within individual line items were attributable to the following:

- Expenditures within the Hospital Services line item were \$0.8 million (5.8%) above estimate due to higher-than-anticipated payroll costs as well as IT license purchases that were planned for the first quarter of the fiscal year but that instead occurred in December.
- Central Administration expenses were also \$0.2 million (10.9%) above estimate due to higher-than-anticipated payroll costs.

#### Department of Developmental Disabilities

December disbursements for the Department of Developmental Disabilities totaled \$39.0 million and were \$1.6 million (4.3%) above the estimate. The variance is primarily attributable to higher-than-anticipated spending in the Medicaid State Match line item, which was \$1.6 million (4.3%) above the estimate as a result of greater-than-predicted Transitions Waiver expenditures. Medicaid State Match line item disbursements are \$0.7 million (0.3%) below estimate for the year. Year-to-date expenditures for the department as a whole are \$268.3 million, which is \$2.1 million (0.8%) 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 December, disbursements in this category totaled \$112.1 million and were \$13.5 million (10.8%) below the estimate. On a year-over-year basis, this category was \$8.9 million (7.3%) below the same month in the previous fiscal year. Year-to-date disbursements are \$1,010.2 million, which is \$30.7 million (2.9%) below the estimate.

### Department of Rehabilitation and Corrections

Department of Rehabilitation and Correction disbursements totaled \$86.5 million in December and were \$12.4 million (12.5%) below the estimate. This variance was largely caused by a delay in billing and processing in the main Institutional Operations line.

## **General Government**

December disbursements for the General Government category totaled \$20.1 million and were \$0.3 million (1.7%) above the estimate. On a year-over-year basis, this category was \$2.5 million (14.1%) higher than the same month in the previous fiscal year. Year-to-date disbursements are \$20.2 million (10.2%) below the estimate.

### Department of Natural Resources

Year-to-date, disbursements for the Department of Natural Resources are \$54.4 million, which is \$1.7 million (3.0%) below estimate. December disbursements for the department totaled \$2.9 million and were \$0.9 million (31.3%) below estimate. The monthly variance is primarily attributable to the following:

- The Healthy Lake Erie line item was \$0.5 million below estimate as a result of lower-than-anticipated program expenses.
- The Division of Parks and Recreation line item was \$0.3 million below estimate as a result of lower-than-anticipated payroll expenses.

## **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. December disbursements for tax relief totaled \$0.1 million and were \$0.9 million (86.3%) below the monthly estimate of \$1.0 million. For the first half of the fiscal year, tax relief payments totaled \$881.9 million and were \$7.8 million (0.9%) above estimate. While tax relief payments for the first half of the fiscal year were slightly above estimate, OBM expects to end the fiscal year within the current annual 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	\$	%
	DECEMBER	DECEMBER	VAR	VAR	ACTUAL	ESTIMATE	VAR	VAR
Primary, Secondary and Other Education	279,160	282,857	(3,697)	-1.3%	3,288,207	3,325,655	(37,448)	-1.1%
Higher Education	172,253	170,922	1,331	0.8%	1,080,688	1,092,768	(12,079)	-1.1%
Public Assistance and Medicaid	1,160,940	1,093,969	66,970	6.1%	7,119,069	7,318,050	(198,981)	-2.7%
Health and Human Services	63,823	62,073	1,749	2.8%	511,299	530,546	(19,247)	-3.6%
Justice and Public Protection	112,086	125,621	(13,536)	-10.8%	1,010,164	1,040,856	(30,692)	-2.9%
Environmental Protection and Natural Resources	2,888	3,791	(903)	-23.8%	41,364	43,073	(1,709)	-4.0%
Transportation	1,836	563	1,273	226.2%	5,588	5,561	27	0.5%
General Government	20,052	19,718	333	1.7%	177,450	197,634	(20,184)	-10.2%
Community and Economic Development	4,021	5,625	(1,604)	-28.5%	47,029	55,931	(8,901)	-15.9%
Tax Relief and Other	141	1,036	(895)	-86.3%	881,853	874,094	7,758	0.9%
Capital Outlay	0	0	0	N/A	137	0	137	N/A
Debt Service	9,901	10,287	(385)	-3.7%	437,921	441,090	(3,169)	-0.7%
<b>Total Expenditures &amp; ISTV's</b>	<b>1,827,101</b>	<b>1,776,464</b>	<b>50,637</b>	<b>2.9%</b>	<b>14,600,770</b>	<b>14,925,258</b>	<b>(324,487)</b>	<b>-2.2%</b>
<b>Transfers Out:</b>								
Operating Transfer Out	5,000	4,750	250	5.3%	332,208	318,848	13,360	4.2%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
<b>Total Transfers Out</b>	<b>5,000</b>	<b>4,750</b>	<b>250</b>	<b>N/A</b>	<b>332,208</b>	<b>318,848</b>	<b>13,360</b>	<b>4.2%</b>
<b>Total Fund Uses</b>	<b>1,832,101</b>	<b>1,781,214</b>	<b>50,887</b>	<b>2.9%</b>	<b>14,932,979</b>	<b>15,244,106</b>	<b>(311,127)</b>	<b>-2.0%</b>

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	DECEMBER FY 2013	DECEMBER FY 2012	\$ VAR	% VAR	ACTUAL FY 2013	ACTUAL FY 2012	\$ VAR	% VAR
Primary, Secondary and Other Education	279,160	514,878	(235,718)	-45.8%	3,288,207	3,529,957	(241,750)	-6.8%
Higher Education	172,253	161,486	10,767	6.7%	1,080,688	1,091,718	(11,030)	-1.0%
Public Assistance and Medicaid	1,160,940	909,523	251,416	27.6%	7,119,069	6,765,225	353,844	5.2%
Health and Human Services	63,823	50,436	13,386	26.5%	511,299	555,938	(44,639)	-8.0%
Justice and Public Protection	112,086	120,957	(8,871)	-7.3%	1,010,164	949,023	61,141	6.4%
Environmental Protection and Natural Resources	2,888	2,531	357	14.1%	41,364	42,440	(1,076)	-2.5%
Transportation	1,836	744	1,092	146.9%	5,588	5,265	322	6.1%
General Government	20,052	17,579	2,472	14.1%	177,450	160,207	17,244	10.8%
Community and Economic Development	4,021	4,988	(967)	-19.4%	47,029	47,411	(382)	-0.8%
Tax Relief and Other	141	415	(274)	-65.9%	881,853	865,060	16,793	1.9%
Capital Outlay	0	0	0	N/A	137	120	17	14.4%
Debt Service	9,901	13,101	(3,200)	-24.4%	437,921	193,157	244,764	126.7%
<b>Total Expenditures &amp; ISTV's</b>	<b>1,827,101</b>	<b>1,796,640</b>	<b>30,461</b>	<b>1.7%</b>	<b>14,600,770</b>	<b>14,205,521</b>	<b>395,250</b>	<b>2.8%</b>
<b>Transfers Out:</b>								
Operating Transfer Out	5,000	6,281	(1,281)	N/A	332,208	326,263	5,945	1.8%
Temporary Transfer Out	0	0	0	N/A	0	237,356	(237,356)	N/A
<b>Total Transfers Out</b>	<b>5,000</b>	<b>6,281</b>	<b>(1,281)</b>	<b>N/A</b>	<b>332,208</b>	<b>563,619</b>	<b>(231,410)</b>	<b>-41.1%</b>
<b>Total Fund Uses</b>	<b>1,832,101</b>	<b>1,802,921</b>	<b>29,180</b>	<b>1.6%</b>	<b>14,932,979</b>	<b>14,769,139</b>	<b>163,839</b>	<b>1.1%</b>

## ***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)

<b>July 1, 2012 Beginning Cash Balance</b>	<b>\$ 973,446</b>
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
<b>Total Sources Available for Expenditure &amp; Transfer</b>	<b>29,755,775</b>
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
<b>Total Actual Uses</b>	<b>29,203,782</b>
<b>FY 2013 UNENCUMBERED ENDING FUND BALANCE*</b>	<b>551,993</b>

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

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