



November 12, 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

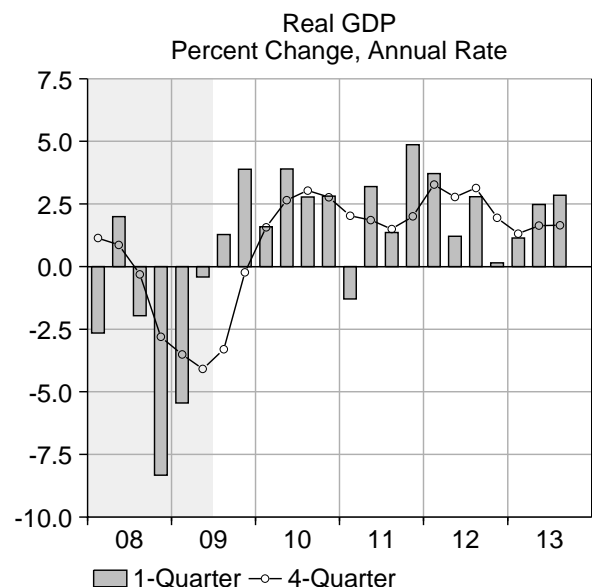
## ECONOMIC SUMMARY

### Economic Performance Overview

- Due to the partial federal government shutdown, updates to certain data cited in this summary are not yet available. Those items are the ratio of coincident index to lagging index, Ohio leading indicator index, Ohio employment, construction put in place, existing home sales, inventory of existing homes and home prices. For these items, the most recent data available is used.
- Real GDP expanded at an annual rate of 2.8% in the third quarter – somewhat better than expected and in line with the 2.5% increase in the second quarter. Year-over-year growth was a subdued 1.6%. Forecasters project slower growth in the current quarter, followed by a gradual increase to near 3.0% by the end of 2014.
- U.S. employment increased by 204,000 jobs in October, and the August and September increases were revised up. The unemployment rate rose to 7.3%.
- Ohio employment decreased by 8,200 jobs in August and the July change was revised downward. Ohio employment is up 25,600 jobs year-to-date.
- Leading economic indicators remain consistent with uninterrupted growth at a modest pace across the country and especially in Ohio.

### Economic Growth

**Real GDP** expanded 2.8% in the third quarter, according to the advance estimate, although final sales increased at only the 2% pace of the past year and a half and investment in equipment and software fell for the first time in a year. The GDP growth rate exceeded expectations of an approximately 2% gain and is the fastest growth of the year. After essentially no change in last year's fourth quarter, real GDP increased 1.1% in the first quarter and 2.5% in the second quarter. Year-over-year growth remained a subdued 1.6%.

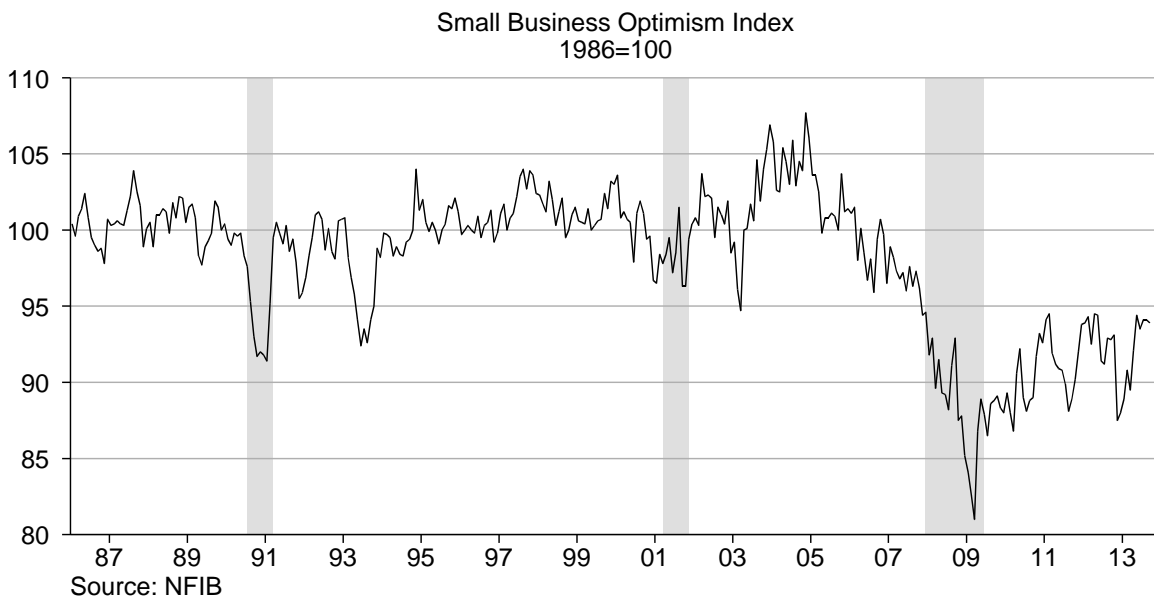


Since the expansion officially began in the second quarter of 2009, real GDP has advanced at an annual rate of 2.3% – the slowest pace during the first seventeen quarters of any expansion that has lasted at least that long during the post-war period. In contrast, real GDP grew at a compound annual rate of 3.2% on average during the first seventeen quarters of each of the expansions following the 1990-91 and 2001 recessions. The performance of final sales, calculated by excluding the change in inventories from GDP, during the current expansion has been even worse, with growth of only 1.8%, compared with approximately 3% during the previous two expansions.

**Growth in the third quarter** was driven by personal consumption expenditures, private inventory investment, exports, and investment in residential structures. Federal government spending subtracted from overall GDP growth. Imports, which are subtracted from other components of GDP to arrive at the total, increased.

The **acceleration in third quarter** real GDP primarily resulted from the slowdown in imports and the pickup in private inventory investment and state and local government spending. Slower growth in exports, investment in plant and equipment, and in personal consumption expenditures partially offset the effects of faster growth in other categories.

The **Small Business Optimism Index** of the National Federation of Independent Business edged down in September, but remained near the top end of the range traced out since the end of the recession. This level is well below the normal level prior to the recession. Business owners expressed concern about the effect of developments in Washington on future business conditions and forecasters estimate that the government shutdown, concerns over the debt ceiling limit, and what appears to have been an unintended inventory buildup are restraining growth in the fourth quarter. They anticipate that the pace of activity will pick up during 2014, approaching 3% in the second half.



Business in and around Ohio continued to expand at a moderate pace during the late summer, according to a report by the **Federal Reserve Bank of Cleveland**. Demand for manufactured products grew at a moderate rate, and housing was stable. Shale-gas production remained at historic highs, but has shown signs of moderating due to the low price for natural gas.

Leading indicators remain consistent with slow but continued growth into 2014. The 4-week moving average of ECRI's **Weekly Leading Index** decreased for the fourth week in a row in late October, causing the 26-week smoothed rate of change to decline from 4.6% at the end of September to a low but still positive 1.7%. The index continues to point to continued growth immediately ahead.

At the same time, the composite **Leading Economic Index** from the Conference Board has accelerated, increasing by 0.7% in August and September. The index was up 0.4% in July. The September gain primarily reflected wide interest rate spreads and lower initial jobless claims. Eight of the ten components made positive contributions in September and the 6-month smoothed rate of change increased to 5.1% in September – the fastest since July 2011.

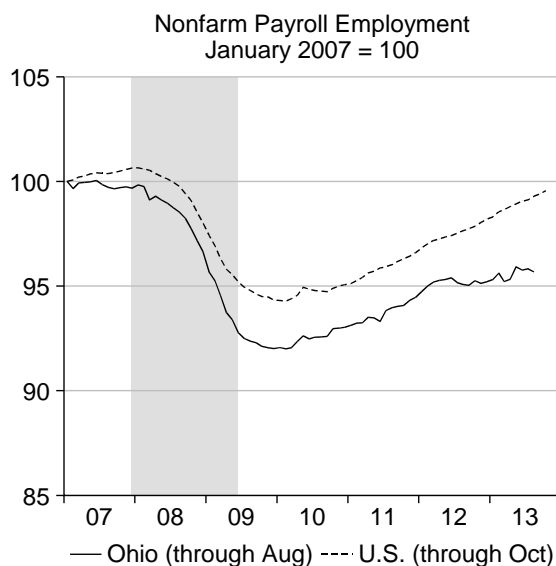
The **ratio of the coincident index to lagging index** – itself a leading indicator – decreased 0.1% in August. The index has been flat or has declined in seven of the past twelve months and remains down 0.7% from a year earlier. The recent pattern is the most worrisome of the leading indicators, but appears to be an outlier.

The **Ohio Leading Indicator index** from the Department of Job and Family Services was unchanged for a second month in a row in August, pointing to weak employment growth or decreases in the months immediately ahead. After reaching a trough in September 2009, the index expanded at a compound annual rate of 1.9% before stalling in mid-2012. From July 2012 through August 2013, the index has increased at an annual rate of just 0.6%.

## **Employment**

Nonfarm payroll employment increased by a stronger-than-expected 204,000 jobs in October. The August and September increases were revised up by a total of 60,000 jobs, lifting the 3-month moving average to 202,000 from 146,000 during the previous 3-month period. The report was a surprise, in part, because the ADP count of net new private sector jobs for October pointed to an even weaker gain than in September.

The **unemployment rate** increased from 7.2% to 7.3%, and average hourly earnings increased by 0.1%. The labor force participation rate fell from 63.2% to 62.8% – the lowest level since March 1978.



Job gains were concentrated in leisure and hospitality (+53,000), retail trade (+44,000), professional and business services (+44,000), educational and health services (+23,000), and manufacturing (+19,000). Government employment decreased by 8,000 jobs due to a 12,000 drop in federal government employment.

**Ohio employment** decreased by 8,200 jobs in August, and the July increase was revised lower from +5,300 to +3,200. The August decline brings the year-to-date increase to 25,600 jobs and the year-over-year change to +32,500 jobs. The Ohio unemployment rate increased 0.1 point to 7.3% in August after no change in July. The rate is up from the low for the cycle of 6.7% that was reached last December, and was at the same level as the national rate in August.

During the twelve months ending in August, increases in Ohio employment were led by educational and health services (+13,100), trade, transportation and utilities (+12,200) and professional and business services (+9,900). Weakness was concentrated in the government sector, where employment decreased 7,300 jobs year-over-year, and construction, where employment was down 6,100 jobs year-over-year. Employment also was lower in information (-2,300). Manufacturing employment was higher by 3,100 jobs from a year earlier.



According to a Federal Reserve Bank of Cleveland report, hiring was sluggish in and around Ohio through September, although staffing firms reported a slight increase in the number of job openings and placements. Vacancies were most prevalent in health care and manufacturing.

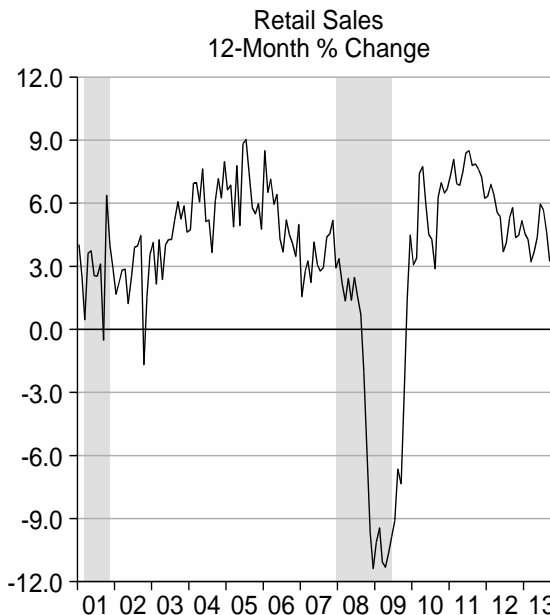
Among the **contiguous states**, year-over-year employment growth was strongest in Indiana and Michigan (+1.7%), compared with increases in Kentucky (+1.2%), West Virginia (+1.0%), Pennsylvania (+0.7%), and Ohio (+0.6%). Year-over-year growth in manufacturing was 0.5% in Ohio. Among the contiguous states, manufacturing employment increased 3.3% in Michigan, 1.0% in West Virginia, 0.8% in Indiana, declined 0.7% in Kentucky, and was unchanged in Pennsylvania.

### **Consumer Income and Consumption**

**Personal income and consumption** were fairly strong in September, the second straight month of gains. **Wage and salary disbursements again** increased 0.4%. Personal income increased 0.5%, well above the 0.2% rise in personal consumption spending (disposable income also increased 0.5%). Not surprisingly, giving the degree to which income growth outpaced spending growth, the saving rate increased again, to 4.9%. After adjusting for inflation, real disposable income increased 0.4% in September and real personal consumption expenditures rose 0.1%.

Compared with a year earlier, personal income (measured by quarter) is higher by 3.6%, wage and salary disbursements are higher by 3.3%, and disposable income is higher by 2.7%. After adjusting for inflation of 1.1% year-over-year, as measured with the personal consumption chain-type price index, personal income is up 2.5%, wage and salary disbursements are up 2.2%, and disposable personal income is up 1.6%.

**Retail sales** decreased 0.1% in September after increasing 0.2% in August. Compared with a year earlier, sales were higher by 3.2% – a notable slowdown from the 6.0% year-over-year pace as recently as June. Overall sales were dragged down by a 2.2% decrease in sales at automotive dealers, which appears likely to be normal month-to-month variation, and softness in several other categories. Excluding sales at gasoline service stations and automotive dealers, retail sales increased 0.4% and 3.9% year-over-year.



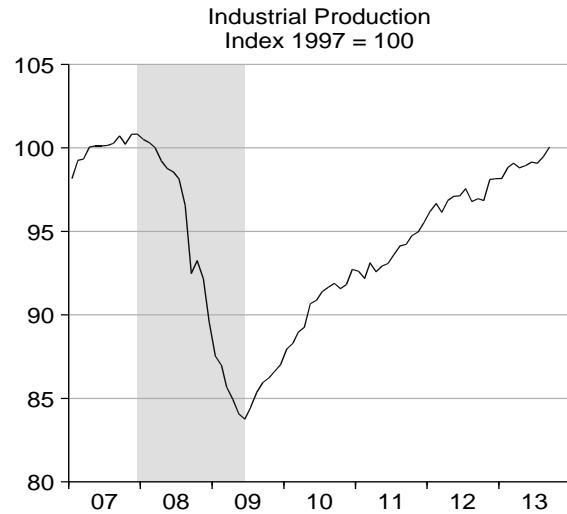
There is some evidence that consumer spending retained a head of steam through October, as **same-store sales** increased 0.9% from September to October and 4.1% from the year earlier month, according to the International Council of Shopping Centers. However, this measure of consumer spending has lost much of its significance, because most retailers have shifted from monthly reporting to quarterly reporting. The year-over-year comparison benefits from the negative effect that Hurricane Sandy had on sales last year. Global Insight projects a 3.4% increase in holiday sales and 2.2% growth at an annual rate in consumer spending in the fourth quarter. In the pessimist camp, Morgan Stanley has predicted the weakest holiday shopping season in five years, with same store sales rising only 1.7%.

Same-store sales in and around Ohio were reported to be stronger in August and September by the Cleveland Federal Reserve survey. Improvements in labor markets and new product introductions are believed to have been important factors. Retailers expect sales to improve slightly from the third quarter to the fourth quarter. With regard to motor vehicles, dealers report lower-than-desired inventories and are optimistic about sales during the rest of the year.

**Consumer confidence** tumbled notably in October, probably in response to the conflict in Washington, D.C. regarding the budget and the debt limit, but possibly also reflecting a recent softening in labor markets (although the latest employment report was surprisingly strong; see above). Nonetheless, consumer confidence has eroded from the recent highs reached in June-July, as measured by the overall indexes and current and expected conditions in the Conference Board and Reuters/University of Michigan surveys. Although up significantly from the lows during the last recession, the various measures of consumer attitudes remain well below the averages of past expansions and, in most cases, only marginally above averages of past recessions. Confidence can change quickly, however, and is usually a reflection of developments in the economy rather than a determinant.

## Manufacturing

**Industrial production** added 0.6% in September onto the 0.4% gain in August. The September increase benefited from a 2.0% increase in production of motor vehicles and parts, but also reflected a 4.4% increase in utility output. The rise in utility output resulted in large part from a return to normal weather in September after unseasonably cool weather, which depressed the air conditioning load in August. Manufacturing output increased only 0.1% after a 0.5% increase in August. Compared with a year earlier, total industrial production was higher by 3.2% and manufacturing output was higher by 2.6%. The rate of change in industrial activity is typically much larger than the change in overall economic activity.



Of particular importance to the Ohio economy, motor vehicle assemblies increased 3.2% to a seasonally adjusted annual rate of 11.3 million units in September – the fastest monthly pace since the recession. Also important to Ohio, production of **primary metal** increased by 0.2% in September, production of **fabricated metal** was unchanged, and production of **machinery** increased 1.5%. Together with the motor vehicle industry, these three industries account for almost one-half of manufacturing jobs in Ohio and approximately one out of every thirteen private sector jobs in the state, before seasonal adjustment.

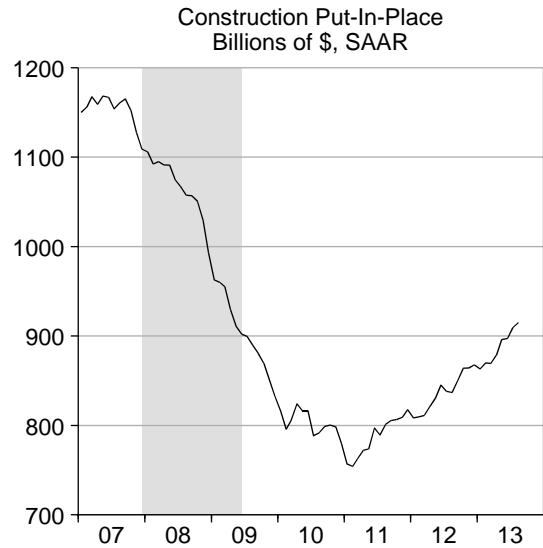
Telegraphing further improvements in industrial activity, the **purchasing managers index** increased for the fifth straight month and remained comfortably above the neutral level again in October. The index had dropped a full point below the neutral level of 50 in May, generating some concerns about the sector. The **Philadelphia Federal Reserve** and the **New York Federal Reserve surveys** of business activity weakened somewhat in October, but both remained in positive territory and the Philadelphia index remained quite strong. Moreover, both the orders and shipments components of each survey remained positive.

## Construction

The broad picture of the construction sector remains clouded by the lack of regularly scheduled data releases by the government, but the available data suggest that recent trends continued through August.

**Construction put-in-place** continued its upward trend, rising 0.6% in August and the July change was revised up to an increase of 1.4%. From the low point in July 2010, construction spending has increased 16.0%, or at an annual rate of 4.9% during the 37 months ending in August 2013. Despite this gain, the pace of construction remains about one-quarter below the monthly peak reached in March 2006.

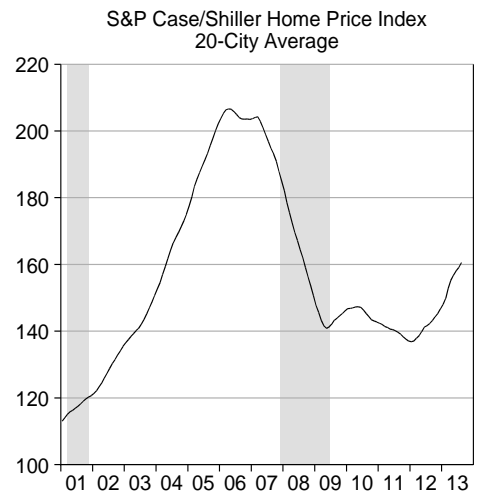
Compared with a year earlier, total construction put-in-place was higher by 7.1% in August. Private construction was up 11.5%, while public construction fell 1.8%. Propelled by both single-family and multi-family categories, private residential construction was higher by 18.7%. Nonresidential construction increased 4.3% from August 2012, led by lodging, power and transportation. Religious declined 16.2%, communication was down 7.7%, and health care was off 6.5%. Nonresidential builders in and around Ohio reported a pickup in business late in the summer, according to the Cleveland Federal Reserve Bank, but also noted that it remains difficult to move prospective projects to contract signing due to uncertainty on the part of clients. Contractors also noted that very large projects are few in number and that renovations are more common than new buildings in some areas.



**Existing home sales** continued to decelerate in September on a three-month moving average basis. Sales increased 1.5% across the country and only 1.0% in the Midwest. The Pending Home Sales Index, which reflects contracts that have been signed but not yet closed and therefore is a short leading indicator, decreased 1.1% in August and 2.8% in September across the country and 1.1% in August and 3.5% in September in the Midwest, again on a three-month moving average basis. Compared with a year earlier, the pending sales index slowed to 3.7% across the country, down from high single digits and low double digits during the previous year. The year-over-year comparison also slowed in the Midwest, but remained in the low single digits.

The **inventory of existing homes for sale** was unchanged at 2.21 million units in September. The supply of homes at the current pace of sales was 5.0 months in September, essentially unchanged from recent months and in line with the pre-crisis historical average.

**Home prices** increased for the nineteenth straight month in August, according to the S&P/Case-Shiller Index of prices in 20 major markets. The index was 12.8% above its year ago level and 17.3% above its recession trough, but remained 22.3% below the peak reached in April 2006. Home prices in Cleveland have been stable in recent months, rising 0.1% in August after a 0.2% drop in July, no change in June, and a 0.2% drop in May. Cleveland home prices are 3.7% higher than a year earlier, but remain 16.2% below the peak reached in January 2006.



## **REVENUES**

October **GRF receipts totaled \$2,766.9 million** and were \$295.9 million (12.0%) above the estimate. Monthly tax receipts totaled \$1,754.6 million and were \$66.3 million (3.9%) above the estimate, while non-tax receipts totaled \$1,007.5 million and were \$225.0 million (28.7%) above estimate. Variances for the fiscal year to date 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, commercial activity, MCF, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate	\$22.6 million	0.3%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	\$122.8 million	3.9%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$6.8 million	117.2%
<b>TOTAL REVENUE VARIANCE:</b>		<b>\$152.2 million</b>	<b>1.6%</b>

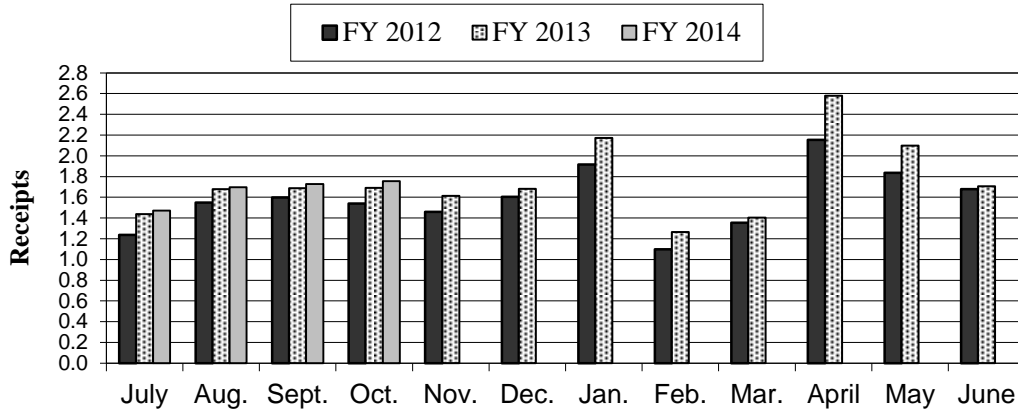
On a year-over-year basis, monthly receipts were \$433.6 million (18.6%) higher than they were in October 2012, primarily as a result of a \$375.4 million (60.0%) year-over-year increase in federal grants. Total October tax receipts were \$64.5 million (3.8%) higher than a year ago, with growth led by both categories of the sales and use tax. Higher-than-expected growth in personal income tax (which grew despite the withholding rate cut), foreign insurance and alcoholic beverage tax receipts also contributed to the year-over-year increase. A small year-over-year decline occurred for the cigarette tax. The estate tax and the corporate franchise tax also experienced sharp declines; however this was due to their recent repeal. Finally, there were no liquor transfers this year, whereas there were last year. The liquor enterprise and its profits have been leased to JobsOhio.



GRF Revenue Sources Relative to Monthly Estimates - October 2013  
(\$ in millions)

<b>Individual Sources Above Estimate</b>		<b>Individual Sources Below Estimate</b>	
Non-Auto Sales Tax	\$13.5	Corporate Franchise Tax	(\$1.3)
Auto Sales Tax	\$8.3	Commercial Activity Tax	(\$2.1)
Personal Income Tax	\$38.7	Kilowatt Hour Tax	(\$1.3)
Foreign Insurance Tax	\$6.5	License and Fees	(\$5.5)
Cigarette Tax	\$4.0	ISTV's	(\$1.2)
Federal Grants	\$231.6		
Transfers In – Other	\$4.7		
Other Sources Above Estimate	\$1.5	Other Sources Below Estimate	(\$1.5)
<b>Total above</b>	<b>\$308.8</b>	<b>Total below</b>	<b>(\$12.9)</b>

**Tax Revenue Comparison by Month**  
(\$ in billions)



**Non-Auto Sales and Use Tax**

October non-auto sales and use tax receipts were above estimate for the first time this fiscal year. Collections totaled \$664.3 million and were \$13.5 million (2.1%) above estimate. Collections are still \$19.3 million (0.8%) below the year-to-date estimate. On a year-over-year basis, October 2013 receipts were \$88.3 million (15.3%) above the \$576.0 million collected in the previous fiscal year. Year-to-date, receipts through the first four months of fiscal year 2014 are now \$138.2 million (5.8%) above those for the same period in the prior fiscal year. Both the monthly and annual year-over-year increases are in part due to the base and rate changes enacted in H.B. 59.

## **Auto Sales Tax**

Auto sales tax receipts exceeded the estimate in October again as receipts totaled \$101.6 million and were \$8.3 million (8.8%) above estimate for the month. Collections have exceeded the estimate every month of this fiscal year. On a year-over-year basis, monthly receipts were \$7.4 million (7.9%) higher than receipts for the same month in the previous year reflecting continued strength in auto sales and also the sales tax rate change enacted as part of the tax reform package in H.B. 59.

## **Personal Income Tax**

Personal income tax receipts in October totaled \$701.0 million and were \$38.7 million (5.8%) above the estimate. For the second month in a row the withholding component provided a large positive variance, exceeding its estimate by \$37.5 million (5.9%) with receipts of \$669.3 million. Year-over-year growth in withholding compared to the prior October continued to be positive as was the case in September, albeit at a lower level of \$6.3 million (0.9%), while the comparable September annual growth was \$12.2 million (2.0%). This is in spite of the 9% withholding rate cut of the H.B. 59 tax reduction package, which was implemented in September 2013. Since employers had some discretion about when they began withholding at lower rates, the full impact of this 9% cut may not yet have been felt.

Refunds once again contributed to the overage, falling below the estimate by \$6.2 million (10.4%) in October. One of the few income tax categories below the estimate was the miscellaneous component which was \$5.7 million (51.0%) below the estimate. This category, which consists mostly of attorney general collections of income tax due, is volatile from month to month and thus very difficult to estimate.

On a year-over-year basis, October personal income tax collections were \$19.3 million (2.8%) above the October 2012 level. Payments associated with annual returns were the highest contributor towards this growth with receipts that were \$18.3 million (28.8%) above the same month a year ago. Withholding is 2.1% above last year's amount, despite having two months of a 9% rate cut. Year-to-date, personal income tax receipts for the first four months of fiscal year 2014 exceeded the estimate by \$40.5 million (1.4%) and were higher by \$84.7 million (3.0%) than the level in the corresponding period of fiscal year 2013.

<b>FY2014 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>OCT</b>	<b>OCT</b>	<b>OCT</b>	<b>Y-T-D</b>	<b>Y-T-D</b>	<b>Y-T-D</b>
Withholding	\$631.8	\$669.3	\$37.5	\$2,576.9	\$2,618.4	\$41.5
Quarterly Est.	\$27.4	\$26.4	(\$1.0)	\$376.6	\$353.9	(\$22.7)
Trust Payments	\$2.2	\$1.7	(\$0.5)	\$11.4	\$11.2	(\$0.2)
Annual Returns & 40 P	\$79.2	\$81.7	\$2.5	\$129.7	\$135.2	\$5.5
Other	\$11.2	\$5.5	(\$5.7)	\$36.9	\$27.4	(\$9.5)
Less: Refunds	(\$60.1)	(\$53.9)	\$6.2	(\$155.4)	(\$129.7)	\$25.7
Local Distr.	(\$29.4)	(\$29.6)	(\$0.2)	(\$114.9)	(\$114.6)	\$0.3
<b>Net to GRF</b>	<b>\$662.3</b>	<b>\$701.0</b>	<b>\$38.7</b>	<b>\$2,861.2</b>	<b>\$2,901.7</b>	<b>\$40.5</b>

### **Corporate Franchise Tax**

As noted in the September report, although the corporate franchise tax has been repealed, prior year settlement activity continues, and has resulted in refunds of \$1.3 million in October, while the estimate for the tax is zero. Small amounts of refund and other settlement activity is likely to occur in the months ahead. On a year-over-year basis, October 2013 receipts for this tax source were \$17.8 million (108.0%) below those of October 2012.

### **Commercial Activity Tax**

October commercial activity tax (CAT) receipts to the GRF totaled \$26.3 million and were \$2.1 million (7.2%) below estimate. All-funds CAT receipts for October totaled \$56.5 million and were \$0.8 million (1.5%) below the \$57.3 million estimate. On a year-over-year basis, GRF CAT receipts were \$3.8 million (16.6%) above the October 2012 level, while all-funds CAT receipts were \$6.1 million (12.1%) above the October 2012 collections. The third quarter CAT payment is due November 12<sup>th</sup> and as a result of the recent weakness in this tax, which was \$54.9 million (11.0%) below the estimate of \$500.9 million for all funds year-to-date. OBM is closely monitoring this performance to determine whether there is any change in the recent trend.

### **Kilowatt-Hour Tax**

October kilowatt hour tax receipts totaled \$25.6 million and were \$1.3 million (4.8%) below estimate. On a year-over-year basis, this tax source was virtually the same as the October 2012 level. OBM believes the monthly shortfall in this tax source reflects lower-than-expected residential electricity-use as a result of mild weather (see the comment on industrial production of utilities in the economic review, above).

## **Foreign Insurance Tax**

October foreign insurance tax receipts totaled \$142.4 million and were \$6.5 million (4.8%) above estimate. As indicated in the September report, a tax payment equal to half of the previous year tax liability was made on October 15. The combined payments for September and October of \$145.5 million exceed the combined estimate of \$141.6 million by \$3.9 million (2.7%).

## **Cigarette Tax**

Cigarette tax receipts for the month of October totaled \$72.0 million and were \$4.0 million (5.9%) above the estimate of \$68.0 million. Year-to-date, collections for the first four months of FY 2014 have been \$3.0 million (1.3%) above the estimate. On a year-over-year basis, October 2013 cigarette tax receipts were \$0.5 million (0.7%) below the level for the same month of the previous fiscal year, although fiscal year-to-date receipts are actually above last year by \$1.4 million (0.6%).

**GRF non-tax receipts** totaled \$1,007.5 million in September and were \$225.0 million (28.7%) above estimate, following last month's below estimate performance. This surge in non-tax receipts was driven by federal grants which were in large part the result of a timing correction following September receipts falling short of the estimate. On a year-over-year basis, October's non-tax receipts were \$377.2 million (59.9%) higher than in the previous fiscal year. **GRF transfers** for October were \$4.7 million above the \$0.2 million estimate for the month and are \$6.8 million above the year-to-date estimate. Year-over-year, the month's transfers were \$8.1 million below October 2012 receipts (\$47.3 million below for the year-to-date) due to the lease of the state's liquor enterprise to JobsOhio.

Table 1  
GENERAL REVENUE FUND RECEIPTS  
ACTUAL FY 2014 VS ESTIMATE FY 2014  
(\$ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL	ESTIMATE	\$ VAR	% VAR	ACTUAL	ESTIMATE	\$ VAR	% VAR
	OCTOBER	OCTOBER			Y-T-D	Y-T-D		
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	664,317	650,800	13,517	2.1%	2,525,609	2,544,900	(19,291)	-0.8%
Auto Sales & Use	101,553	93,300	8,253	8.8%	416,941	393,000	23,941	6.1%
Subtotal Sales & Use	765,870	744,100	21,770	2.9%	2,942,550	2,937,900	4,650	0.2%
Personal Income	700,989	662,300	38,689	5.8%	2,901,691	2,861,200	40,491	1.4%
Corporate Franchise	(1,320)	0	(1,320)	N/A	726	0	726	N/A
Financial Institutions Tax	0	0	0	N/A	0	0	0	N/A
Commercial Activity Tax	26,348	28,400	(2,052)	-7.2%	218,453	248,339	(29,886)	-12.0%
Public Utility	2,107	1,800	307	17.0%	27,960	28,300	(340)	-1.2%
Kilowatt Hour	25,605	26,900	(1,295)	-4.8%	105,943	117,950	(12,007)	-10.2%
MCF Tax	498	500	(2)	-0.4%	14,051	12,400	1,651	13.3%
Foreign Insurance	142,416	135,900	6,516	4.8%	146,905	141,800	5,105	3.6%
Domestic Insurance	46	0	46	N/A	103	1,000	(897)	-89.7%
Other Business & Property	4	0	4	N/A	41	0	41	N/A
Cigarette	71,995	68,000	3,995	5.9%	236,019	233,000	3,019	1.3%
Alcoholic Beverage	4,939	4,500	439	9.7%	19,144	19,500	(356)	-1.8%
Liquor Gallonage	3,185	3,300	(115)	-3.5%	13,908	13,600	308	2.3%
Estate	11,880	12,600	(720)	-5.7%	24,014	13,900	10,114	72.8%
Total Tax Receipts	1,754,561	1,688,300	66,261	3.9%	6,651,507	6,628,889	22,618	0.3%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	1,001,481	769,876	231,605	30.1%	3,272,259	3,125,065	147,194	4.7%
Earnings on Investments	3,745	3,000	745	24.8%	3,745	3,000	745	24.8%
License & Fees	521	6,000	(5,479)	-91.3%	9,885	24,000	(14,115)	-58.8%
Other Income	1,692	2,375	(683)	-28.8%	5,925	9,500	(3,575)	-37.6%
ISTV'S	14	1,250	(1,236)	-98.9%	(2,429)	5,000	(7,429)	-148.6%
Total Non-Tax Receipts	1,007,452	782,501	224,951	28.7%	3,289,384	3,166,565	122,819	3.9%
<b>TOTAL REVENUES</b>	<b>2,762,014</b>	<b>2,470,801</b>	<b>291,212</b>	<b>11.8%</b>	<b>9,940,892</b>	<b>9,795,454</b>	<b>145,437</b>	<b>1.5%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	4,880	200	4,680	2340.0%	12,599	5,800	6,799	117.2%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	4,880	200	4,680	2340.0%	12,599	5,800	6,799	117.2%
<b>TOTAL SOURCES</b>	<b>2,766,894</b>	<b>2,471,001</b>	<b>295,892</b>	<b>12.0%</b>	<b>9,953,491</b>	<b>9,801,254</b>	<b>152,237</b>	<b>1.6%</b>

Table 2  
GENERAL REVENUE FUND RECEIPTS  
ACTUAL FY 2014 VS ACTUAL FY 2013  
(\$ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	OCTOBER FY 2014	OCTOBER FY 2013	\$ VAR	% VAR	ACTUAL FY 2014	ACTUAL FY 2013	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	664,317	575,980	88,337	15.3%	2,525,609	2,387,430	138,178	5.8%
Auto Sales & Use	101,553	94,120	7,433	7.9%	416,941	376,907	40,034	10.6%
Subtotal Sales & Use	765,870	670,100	95,770	14.3%	2,942,550	2,764,337	178,212	6.4%
Personal Income	700,989	681,650	19,339	2.8%	2,901,691	2,816,981	84,711	3.0%
Corporate Franchise	(1,320)	16,507	(17,827)	-108.0%	726	63,208	(62,482)	-98.9%
Financial Institutions Tax	0	0	0	N/A	0	0	0	N/A
Commercial Activity Tax	26,348	22,594	3,754	16.6%	218,453	225,198	(6,745)	-3.0%
Public Utility	2,107	2,003	103	5.1%	27,960	27,063	896	3.3%
Kilowatt Hour	25,605	25,571	34	0.1%	105,943	116,285	(10,341)	-8.9%
MCF Tax	498	486	12	2.5%	14,051	10,702	3,349	31.3%
Foreign Insurance	142,416	136,760	5,656	4.1%	146,905	141,078	5,827	4.1%
Domestic Insurance	46	0	46	N/A	103	4,753	(4,650)	-97.8%
Other Business & Property	4	0	4	N/A	41	216	(175)	-80.9%
Cigarette	71,995	72,503	(508)	-0.7%	236,019	234,579	1,440	0.6%
Alcoholic Beverage	4,939	3,929	1,009	25.7%	19,144	19,127	17	0.1%
Liquor Gallonage	3,185	3,148	38	1.2%	13,908	13,488	420	3.1%
Estate	11,880	54,798	(42,918)	-78.3%	24,014	56,625	(32,611)	-57.6%
Total Tax Receipts	1,754,561	1,690,049	64,512	3.8%	6,651,507	6,493,640	157,867	2.4%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	1,001,481	626,100	375,381	60.0%	3,272,259	2,822,200	450,059	15.9%
Earnings on Investments	3,745	2,267	1,478	65.2%	3,745	2,267	1,478	65.2%
License & Fee	521	665	(144)	-21.6%	9,885	10,476	(591)	-5.6%
Other Income	1,692	803	889	110.7%	5,925	3,240	2,685	82.9%
ISTV'S	14	388	(374)	-96.5%	(2,429)	409	(2,839)	-693.3%
Total Non-Tax Receipts	1,007,452	630,222	377,231	59.9%	3,289,384	2,838,592	450,792	15.9%
<b>TOTAL REVENUES</b>	<b>2,762,014</b>	<b>2,320,271</b>	<b>441,743</b>	<b>19.0%</b>	<b>9,940,892</b>	<b>9,332,232</b>	<b>608,659</b>	<b>6.5%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	0	13,000	(13,000)	N/A	0	51,000	(51,000)	N/A
Transfers In - Other	4,880	0	4,880	N/A	12,599	8,872	3,727	42.0%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	4,880	13,000	(8,120)	N/A	12,599	59,872	(47,273)	-79.0%
<b>TOTAL SOURCES</b>	<b>2,766,894</b>	<b>2,333,271</b>	<b>433,622</b>	<b>18.6%</b>	<b>9,953,491</b>	<b>9,392,104</b>	<b>561,387</b>	<b>6.0%</b>

## ***DISBURSEMENTS***

October 2013 GRF disbursements, across all fund uses, totaled \$2,597.9 million and were \$194.8 million (7.0%) below estimate. This was primarily attributable to lower than estimated disbursements in the Health and Human Services and Property Tax Reimbursements categories. On a year-over-year basis, October total uses were \$37.1 million (1.4%) lower than those of the same month in the previous fiscal year, with the Health and Human services and Property Tax Reimbursements categories largely responsible for the decrease. 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)	(\$375.4 million)	-3.4%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	(\$11.4 million)	-0.9%
<b>TOTAL DISBURSEMENTS VARIANCE:</b>		<b>(\$386.8 million)</b>	<b>-3.2%</b>

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

### **Primary and Secondary Education**

This category now contains only GRF spending for the Ohio Department of Education, minus property tax reimbursements. October disbursements for this category totaled \$620.9 million and were \$64.0 million (11.5%) above the estimate. Expenditures for the school foundation program alone totaled \$564.4 million and were \$38.6 million (7.3%) above the estimate.

The variance in the foundation funding line item was due to the new school funding system enacted in H.B. 59. Since statutory language in that bill had an effective date of September 29, 2013, October payments to schools were the first to be paid under the new school funding formula. The new formula results in increased annual funding for most school districts and the October implementation results in a particularly large monthly increase as districts are retroactively provided their funding increases under the new formula for the first three months of the fiscal year. While the October estimate included an increase in foundation funding disbursements, the front loading of payments was larger than expected.

The variance in the non-foundation line items was due to the disbursement of the auxiliary services payment made to school districts in order to provide services to chartered nonpublic school students. The second of three payments, this assistance to districts for nonpublic students was disbursed a month earlier than initial estimates.

## **Higher Education**

October disbursements for Higher Education totaled \$183.9 million and were \$3.9 million (2.1%) above the estimate for the month. Year-to-date disbursements were \$664.4 million, which is \$32.9 million (4.7%) below the estimate. The yearly variance is due to a decision by the Board of Regents to implement a more robust subsidy distribution and monitoring process beginning in fiscal year 2014, resulting in a temporary delay in the distribution of a portion of their subsidy line items.

On a year-over-year basis, disbursements in this category are \$9.0 million (5.2%) higher than for the same month in the previous fiscal year while year-to-date expenditures are \$16.0 million (2.4%) lower than at the same point in fiscal year 2013.

## **Other Education**

This category includes non-debt service expenditures made by the Broadcast Education Media Commission, Ohio Facilities Construction Commission, Ohio State School for the Blind, Ohio School for the Deaf, as well as disbursements made to libraries, cultural, and arts organizations. October disbursements in this category totaled \$3.9 million and were \$7.1 million (64.4%) below estimated spending. The variance in this category is primarily attributable to the disbursement of the Ohio Historical Society's subsidy appropriation in late September rather than early October as originally estimated.

## **Medicaid**

As discussed in previous monthly reports, this new category includes all Medicaid disbursements from the H.B. 59-created "650 series" Medicaid line items. Therefore, this category includes all Medicaid spending on services and program support by the following six agencies: the new Department of Medicaid (651 prefix), the merged Department of Mental Health and Addiction Services (652), the Department of Developmental Disabilities (653), the Department of Health (654), the Department of Job and Family Services (655), and the Department of Aging (656).

While this line item restructuring was done to greatly improve the transparency of Medicaid spending across state agencies, it does create a one-time challenge for year-over-year comparisons by month. That is because a number of line items that contained Medicaid spending in FY 2013 (and prior) also included non-Medicaid spending. While we can determine the annual Medicaid spending within these "mixed use" lines for FY 2013, it is very difficult to determine the Medicaid/non-Medicaid breakdown by month. Therefore, FY 2013 monthly expenditures were estimated to enable year-over-year comparisons, by applying the respective line item's annual percentage of Medicaid spending to the monthly actual spending.

## Expenditures

Year-to-date GRF disbursements for the Medicaid Program total \$5,117.3 million, which is \$78.4 million (1.5%) below the estimate and \$279.3 million (5.8%) above the same point in the previous fiscal year.



GRF Disbursements in October totaled \$1,194.8 million and were \$9.2 million (0.8%) above the estimate and \$43.2 million (3.8%) above disbursements in October of the previous fiscal year.

October all funds disbursements totaled \$1,689.7 million and were \$38.6 million (2.2%) below the estimate and \$123.3 million (7.9%) above the same point in the previous fiscal year.

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

*(in millions, totals may not add due to rounding)*

	<b>October Projection</b>	<b>October Actual</b>	<b>Variance</b>	<b>Variance %</b>
GRF	\$ 1,185.6	\$ 1,194.8	\$ 9.2	0.8%
Non-GRF	\$ 542.6	\$ 494.8	\$ (47.8)	-8.8%
All Funds	\$ 1,728.2	\$ 1,689.7	\$ (38.6)	-2.2%

Categorical Variances

Aging Services - October spending on Medicaid waiver programs administered by the Department of Aging was \$6.5 million below estimate. This can mainly be attributed to lower per member costs than anticipated.

ACA Physician Fee Increase – Spending for this ACA-mandated increase is \$69.2 million over estimate as payments were made for certain previous-month services.

All Other – Spending in this category is \$18.0 million under estimate mainly due to certain waiver claims not being realized as quickly as projected.

All Agency Administration – This new category represents administrative spending on Medicaid across all departments. October expenditures were \$46.7 million under estimate mainly due to a delay in payments including those related to information technology procurement, the Balancing Incentives Program, and Medicaid Administrative Claiming in the Department of Developmental Disabilities. County claims regarding Medicaid administration are below estimate, and due to the federal shutdown, workload in the Department of Health’s Division of Quality Assurance is also below estimate. In addition, recently authorized changes in accounting having delayed the expense of certain cancelled and reestablished purchase orders.

Total October enrollment across all categories was 2.4 million. The most significant components are the Covered Families and Children (CFC) category, which decreased by 6,428 persons to an October total of 1.67 million persons, and the Aged, Blind and Disabled (ABD) category, which increased by 306 people to an October total of 436,650 covered lives.

Total enrollment across all categories for the same period last year was 2.4 million covered persons, including 1.78 million persons in the CFC category and 405,942 people in the ABD category. Please note that these data are subject to revision.

## Health and Human Services

This category includes non-debt service GRF expenditures for the following state agencies: Job and Family Services, Health, Aging, Developmental Disabilities, Mental Health and Addiction Services, and others. Examples of expenditures in this category include: child care, TANF, 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 the previous category.

October disbursements in this category totaled \$98.5 million and were \$114.7 million (53.8%) below projected spending for the month. This large variance, which will be discussed in greater detail below, was primarily related to uncertainty surrounding the federal government shutdown.

### Department of Job and Family Services

The Ohio Department of Job and Family Services (ODJFS) GRF disbursements totaled \$49.3 million for the month of October and were \$73.5 million (59.9%) below estimate. This is primarily due to effects related to the federal shutdown in October. Selected major variances in the month of October were attributable to the following:

- Child Care State/Maintenance of Effort (MOE) disbursements were below estimate by \$44.5 million (100%) due to the federal government shutdown. ODJFS had originally planned to disburse Child Care Development Fund (CCDF) MOE funds during the month of October. However, early federal guidance made it uncertain that these disbursements would be counted towards the CCDF MOE requirement. To minimize this risk, ODJFS utilized remaining federal TANF funds from the federal fiscal year 2013 grant. The CCDF MOE disbursement has been rescheduled for November and early December.
- Early Care and Education disbursements were below estimate by \$22.7 million (98.0%) due to the federal government shutdown. Early federal guidance made it uncertain that these disbursements would be counted towards the TANF Maintenance of Effort requirement. To minimize this risk, ODJFS utilized remaining federal TANF funds from their FFY2013 grant.
- TANF State/Maintenance of Effort disbursements were below estimate by \$2.3 million (14.4%) for two reasons: first, Ohio Works First cash assistance caseloads were lower than estimated; second, disbursements during the federal shutdown in the first half of October were made from federal TANF dollars.
- Program Support disbursements were below estimate by \$3.1 million (65.4%) due primarily to lower than estimated payroll, maintenance, and rent payments.
- Family Assistance – Local disbursements were below estimate by \$1.4 million (29.1%). These estimates are based on historic county disbursements. However, actual requests were lower this October than in previous fiscal years.
- Food Banks disbursements were above estimate by \$1.8 million this month due to requests expected to be made in the first quarter of the fiscal year being made in October instead.

### Department of Health

October 2013 estimates totaled \$8.8 million, and were \$0.6 million (6.6%) below estimate for the month. This is primarily attributable to the following major variances:

- Immunizations disbursements were \$1.5 million (96.8%) below estimate as the program has made fewer vaccine purchases compared to its original schedule. This variance is expected to be offset with increased purchases in future months.
- The Help Me Grow program's disbursements were \$1.8 million (52.5%) above projections, as the department distributed some subsidies through GRF funds due to delay in federal awards during the federal shutdown. This variance will be offset in future months.

### Department of Mental Health and Addiction Services

October disbursements for the Department of Mental Health and Addiction Services totaled \$19.4 million and were \$38.1 million (66%) below estimated expenditures. This variance was largely in the Continuum of Care Services and the Community Behavioral Health lines due to payments expected to be disbursed in October actually going out in November.

### **Justice and Public Protection**

This category includes non-debt service GRF expenditures by the Department of Rehabilitation & Correction, the Department of Youth Services, the Attorney General, judicial agencies, and other justice-related entities. October disbursements in this category totaled \$176.3 million and were \$37.9 million (17.7%) lower than the projected totals.

### Department of Rehabilitation and Correction

Department of Rehabilitation and Correction disbursements totaled \$144.4 million in October, and were \$28.2 million (16.3%) below the estimate. This variance is attributed to lower than anticipated payroll expenses in the Institutional Operations and Institutional Medical Services appropriation lines. Department disbursements year-to-date are \$514.3 million, which is 2.1% less than the year-to-date estimate. This variance is within the normal range of agency disbursements during the fiscal year.

### Department of Youth Services

Department of Youth Services disbursements totaled \$14.4 million in October, and were \$4.3 million (23.1%) below the estimate. This variance is attributed to lower than anticipated expenses in the RECLAIM Ohio appropriation line. Department disbursements year-to-date are \$84.6 million, which is 6.2% less than the year-to-date estimate.

### **General Government**

This category includes non-debt service GRF expenditures by the Department of Natural Resources, Development Services Agency, Department of Agriculture, Department of Taxation, Office of Budget and Management, non-judicial statewide elected officials, legislative agencies, and others. October disbursements in this category totaled \$32.6 million and were \$7.4 million (18.5%) below the estimate.

### Department of Natural Resources

October disbursements for the Department of Natural Resources totaled \$5.6 million and were \$0.8 million above estimate (16.1%). Year-to-date disbursements are \$22.4 million which is \$1.2 million (5.6%) above the estimate. Major monthly variances were attributable to the following:

- The Wildlife Central Support line was above estimate by \$0.5 million due to payments being made in October which were originally planned for November.
- The Healthy Lake Erie Program line was above estimate by \$0.5 million due to prior year payments being made which had been planned in September.

### Department of Taxation

October disbursements totaled \$4.8 million and were \$2.3 million (33.7%) below estimate. The monthly variance is attributable almost entirely to the Operating Expenses line item. The Department of Taxation has experienced a recent decline in staff due to retirements, which has translated into large lapses in spending until staffing levels return to normal. Year-to-date disbursements totaled \$22.6 million and were \$2.3 million (9.2%) below estimate.

### **Property Tax Reimbursements**

This category is comprised of payments 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. October disbursements of property tax subsidies were \$214.6 million and were \$98.2 million (31.4%) below the monthly estimate of \$312.9 million. For the year-to-date, property tax subsidy payments total \$519.1 million and are \$160.6 million (23.6%) below estimate. Both the monthly and year-to-date variance are the result of a number of counties, including three of the larger counties, submitting requests for reimbursement later than anticipated. It is expected that these requests for reimbursement will be received and processed in November and December with disbursements through the first half of the fiscal year finishing very close to the estimate.

### **Debt Service**

This category contains all debt service expenditures made from the GRF. October disbursements in this category totaled \$62.3 million and were \$0.2 million (0.3%) below the estimate.

### **Transfers Out**

October transfers out of the GRF totaled \$10.0 million, which was \$6.4 million (39.0%) less than expected.

Table 3  
GENERAL REVENUE FUND DISBURSEMENTS  
ACTUAL FY 2014 VS ESTIMATE FY 2014  
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL	ESTIMATED	\$	%	YTD	YTD	\$	%
	OCTOBER	OCTOBER	VAR	VAR	ACTUAL	ESTIMATE	VAR	VAR
Primary and Secondary Education	620,898	556,945	63,953	11.5%	2,322,323	2,247,551	74,771	3.3%
Higher Education	183,900	180,039	3,861	2.1%	664,398	697,298	(32,899)	-4.7%
Other Education	3,903	10,961	(7,058)	-64.4%	21,870	26,247	(4,378)	-16.7%
Medicaid	1,194,832	1,185,623	9,209	0.8%	5,116,879	5,195,245	(78,366)	-1.5%
Health and Human Services	98,522	213,220	(114,698)	-53.8%	421,946	559,160	(137,214)	-24.5%
Justice and Public Protection	176,321	214,176	(37,855)	-17.7%	672,121	693,920	(21,799)	-3.1%
General Government	32,606	39,989	(7,383)	-18.5%	127,588	139,123	(11,535)	-8.3%
Property Tax Reimbursements	214,620	312,868	(98,249)	-31.4%	519,096	679,714	(160,618)	-23.6%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	62,314	62,514	(200)	-0.3%	746,145	749,520	(3,376)	-0.5%
<b>Total Expenditures &amp; ISTV's</b>	<b>2,587,916</b>	<b>2,776,335</b>	<b>(188,419)</b>	<b>-6.8%</b>	<b>10,612,365</b>	<b>10,987,779</b>	<b>(375,413)</b>	<b>-3.4%</b>
<b>Transfers Out:</b>								
BSF Transfer Out	0	0	0	N/A	995,930	995,930	0	0.0%
Operating Transfer Out	10,003	16,405	(6,402)	-39.0%	206,998	218,411	(11,413)	-5.2%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
<b>Total Transfers Out</b>	<b>10,003</b>	<b>16,405</b>	<b>(6,402)</b>	<b>-39.0%</b>	<b>1,202,928</b>	<b>1,214,342</b>	<b>(11,413)</b>	<b>-0.9%</b>
<b>Total Fund Uses</b>	<b>2,597,919</b>	<b>2,792,741</b>	<b>(194,822)</b>	<b>-7.0%</b>	<b>11,815,294</b>	<b>12,202,120</b>	<b>(386,826)</b>	<b>-3.2%</b>

Table 4  
GENERAL REVENUE FUND DISBURSEMENTS  
ACTUAL FY 2014 VS ACTUAL FY 2013  
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	OCTOBER FY 2014	OCTOBER FY 2013	\$ VAR	% VAR	ACTUAL FY 2014	ACTUAL FY 2013	\$ VAR	% VAR
Primary and Secondary Education	620,898	572,672	48,226	8.4%	2,322,323	2,404,971	(82,649)	-3.4%
Higher Education	183,900	174,866	9,034	5.2%	664,398	680,437	(16,039)	-2.4%
Other Education	3,903	5,181	(1,278)	-24.7%	21,870	20,978	892	4.3%
Medicaid	1,194,832	1,151,642	43,190	3.8%	5,116,879	4,837,542	279,337	5.8%
Health and Human Services	98,522	157,316	(58,794)	-37.4%	421,946	443,958	(22,012)	-5.0%
Justice and Public Protection	176,321	164,670	11,651	7.1%	672,121	691,135	(19,014)	-2.8%
General Government	32,606	25,447	7,159	28.1%	127,588	122,371	5,217	4.3%
Property Tax Reimbursements	214,620	307,015	(92,396)	-30.1%	519,096	692,524	(173,428)	-25.0%
Capital Outlay	0	0	0	N/A	0	137	(137)	N/A
Debt Service	62,314	75,400	(13,086)	-17.4%	746,145	660,434	85,711	13.0%
<b>Total Expenditures &amp; ISTV's</b>	<b>2,587,916</b>	<b>2,634,210</b>	<b>(46,294)</b>	<b>-1.8%</b>	<b>10,612,365</b>	<b>10,554,486</b>	<b>57,879</b>	<b>0.5%</b>
Transfers Out:								
BSF Transfer	0	0	0	N/A	995,930	235,096	760,834	323.6%
Operating Transfer Out	10,003	834	9,169	1099.7%	206,998	92,112	114,886	124.7%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
<b>Total Transfers Out</b>	<b>10,003</b>	<b>834</b>	<b>9,169</b>	<b>1099.7%</b>	<b>1,202,928</b>	<b>327,208</b>	<b>875,720</b>	<b>267.6%</b>
<b>Total Fund Uses</b>	<b>2,597,919</b>	<b>2,635,044</b>	<b>(37,125)</b>	<b>-1.4%</b>	<b>11,815,294</b>	<b>10,881,695</b>	<b>933,599</b>	<b>8.6%</b>

## ***FUND BALANCE***

Table 5 describes the estimated General Revenue Fund (GRF) ending fund balance for FY 2014. Based on the estimated revenue sources for FY 2014 and the estimated FY 2014 disbursements, transfers, and encumbrances, the GRF ending fund balance for FY 2014 is an estimated \$287.1 million.

The GRF ending fund balance should not be considered as a balance available for expenditure in FY 2014 nor should it be considered as equivalent to the FY 2014 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 2014  
(\$ in thousands)

<b>July 1, 2013 Beginning Cash Balance</b>	<b>\$ 2,639,250</b>
Plus FY 2014 Actual Revenues	20,091,089
Plus FY 2014 Actual Federal Revenues	8,863,000
Plus FY 2014 Actual Transfers to GRF	373,613
<b>Total Sources Available for Expenditure &amp; Transfer</b>	<b>31,966,951</b>
Less FY 2014 Actual Disbursements	29,983,436
Less FY 2014 Actual Total Encumbrances as of June 30, 2014	439,068
Less FY 2014 Actual Transfers Out	1,257,369
<b>Total Actual Uses</b>	<b>31,679,873</b>
<b>FY 2014 UNENCUMBERED ENDING FUND BALANCE</b>	<b>287,078</b>

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