



January 10, 2014

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

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

SUBJECT: Monthly Financial Report

## ECONOMIC SUMMARY

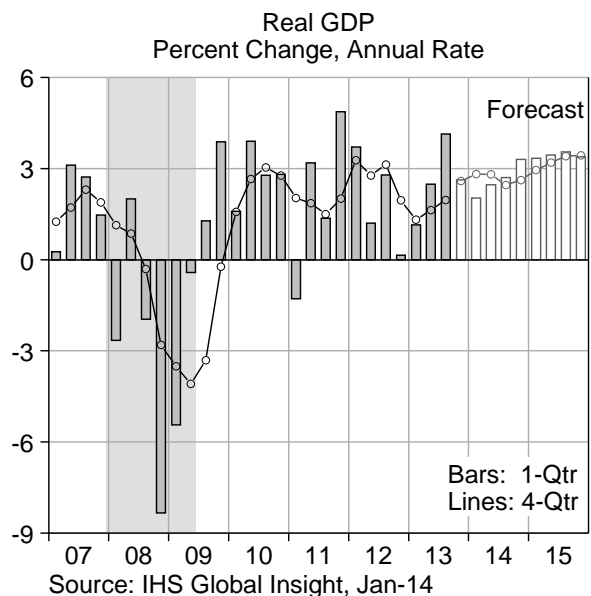
### Economic Performance Overview

- Real GDP expanded at an upwardly revised annual rate of 4.1% in the third quarter. Year-over-year growth was a subdued 2.0%. Forecasters estimate that growth slowed somewhat in the fourth quarter, but anticipate a gradual increase to near 3.0% by the end of 2014.
- U.S. employment increased by 74,000 jobs in December. While the unemployment rate decreased to 6.7%, this decline was largely attributable to a reduction in the labor force.
- Ohio employment decreased by 12,000 jobs in November, but remained higher by 15,600 jobs on the year. The Ohio unemployment rate decreased to 7.4% in November.
- Leading economic indicators remain consistent with uninterrupted growth at a modest pace across the country and in Ohio.

### Economic Growth

**Real GDP** expanded 4.1% in the third quarter according to the revised estimate. Although the growth rate was the fastest in a year and a half, about 40% of the increase came from a buildup in unsold goods. On the other hand, real final sales of domestic product, which measures goods and services actually sold to end purchasers, was revised up substantially from an initial report of 1.9% to 2.5% – the fastest pace since the first quarter of 2012. Compared with a year earlier, real GDP was higher by 2.0%, compared with the compound annual rate of 3.2% during 1947-2012.

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 weaker, with growth of only 1.8%, compared with approximately 3% during the previous two expansions.

**Growth in the third quarter** was driven by private inventory investment, personal consumption expenditures, exports, investment in nonresidential and residential structures, and state and local government spending. 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 pickup in private inventory investment, the slowdown in imports, and the acceleration in state and local government spending and personal consumption expenditures. Slower growth in exports and investment in plant and equipment partially offset the effects of faster growth in other categories.

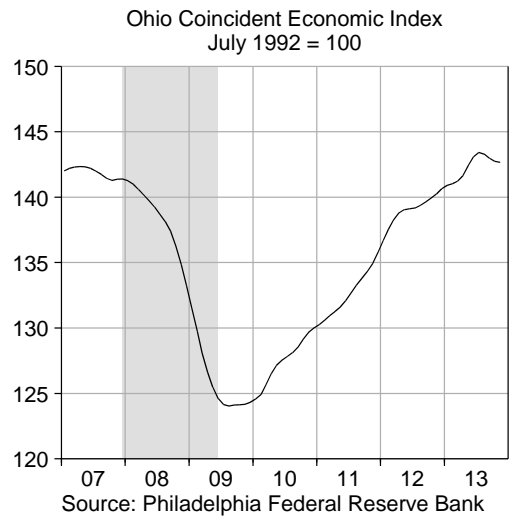
Leading indicators remain consistent with uninterrupted growth into 2014. The 4-week moving average of **ECRI's Weekly Leading Index** increased during the week of December 27 after declining the two previous weeks. Recent softening in the index has reduced the smoothed rate of change to 1.8% from above 4.5% during the summer. Nonetheless, the index remains consistent with continued economic growth.

At the same time, the composite **Leading Economic Index** from the Conference Board has remained strong, tacking a 0.8% increase in November onto gains averaging 0.6% per month during the four previous months. Eight out of the ten components made positive contributions during November. The strongest contributions came from the interest rate spread and initial jobless claims. The recent gains in the index lifted the smoothed rate of change to 6.0% in November, up from the trough of 0.8% in August 2012.

The **ratio of the coincident index to lagging index** – itself a leading indicator – increased 0.3% in November – its largest increase since February. Nonetheless, the index fell in four of the most recent six months and remains down 1.2% from a year earlier. The recent pattern is the most worrisome of the leading indicators, but appears to be an outlier.



The Ohio economy has slowed in recent months, according to the **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia. The index decreased for the fourth month in a row in November, although the decreases have been small. During the four months, the index has decreased by a total of 0.5%, compared with an increase of 1.3% during the previous four-month period. 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.



Across the 50 states, the Coincident Economic Index was higher than one month earlier in 46 states, up from 36 states in July. The index also was higher than three months earlier in 46 states – up from 40 states in July. The diffusion of increases and decreases across states in the past has been a reliable and timely indicator of turning points in the business cycle, and continues to suggest uninterrupted growth in the Ohio and national economies.

The companion **Ohio Leading Economic Index** stayed in the sub-1% range for the sixth month in a row in November. The index, which is also compiled by the Federal Reserve Bank of Philadelphia, is designed to predict the rate of increase in the coincident index during the next six months. The index registered its first negative reading (-0.2%) since the recession in August, and then improved to +0.4% in September and +0.9% in October before settling to +0.7% in November. 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 winter but at a slower pace than early in 2012.



The **Ohio Leading Indicator** from the Ohio Bureau of Labor Market Information tells a similar story for Ohio. The index was unchanged for the second month in a row in November. It was higher by only 0.6% from six months earlier, compared with a 1.7% increase during the previous six-month stretch. Compared with a year earlier, the indicator was higher by 1.2% in November.

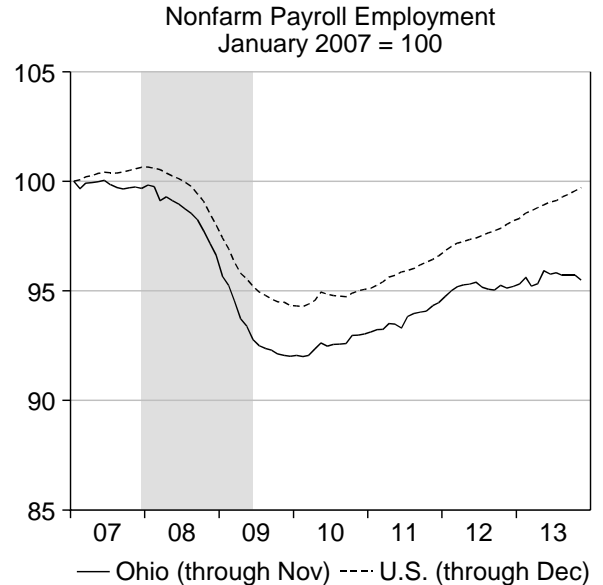
The diffusion of positive readings in the individual leading indexes from the Fed across states remained high. The leading index was negative for only one state in November (Alaska), down from an expansion-high of eight states in May. The number of states with negative readings last increased to double-digits in May 2007 – seven months prior to the onset of the last recession – so, the breadth of increases across states strongly suggests continued expansion in the national economy at least in the near term.

The consensus among forecasters is that real GDP slowed somewhat in the fourth quarter of 2013 and will pick up over the course of 2014. IHS Global Insight estimates that real GDP expanded by 2.6% in the fourth quarter and will slow further to 2.0% in the current quarter before speeding up to 3.3% by the fourth quarter of 2014. In addition, the forecasting firm projects growth from the fourth quarter of 2014 to the fourth quarter of 2015 of approximately 3.5%.

## **Employment**

Labor markets continued to strengthen in December, as **total nonfarm payroll employment** increased by 74,000 jobs, compared with a consensus expectation of approximately 200,000. The November employment gain was revised upward to 241,000 (from 203,000) but October was unchanged.

The December gain compared with an average monthly job gain of 214,000 during the previous four months. During the year, total payrolls increased by 2.186 million jobs, or an average of 182,000 jobs per month. Interpretation of the recent trend is somewhat clouded by the temporary exit in October and return in November of furloughed federal government workers.



The **unemployment rate** decreased to 6.7% in December from 7.0% in November. This marks the lowest level for the unemployment rate since October 2008 – at the inception of the financial crisis. The increase in the number of employed accounted for about one-third of the decline in the unemployment rate, with the departure of 347,000 people from the labor force accounted for the remaining two-thirds of the decline. The broadest measure of unemployment – the so-called U-6 unemployment rate – remained at 13.1% in December – the lowest level in five years.

Job gains were concentrated in retail trade (+55,000) and professional and business services (+19,000). Employment decreased in construction (16,000), information (12,000), manufacturing (12,000), and health care (6,000). Government employment decreased 13,000 jobs. Employment at temporary help agencies – often a leading indicator of broader labor market conditions – increased by 40,000 jobs.

**Ohio employment** decreased by 12,000 jobs in November after a pair of small gains in September and October, which were preceded by a decrease of 6,600 jobs in August. The November change brought the year-to-date increase to +15,600 jobs and the year-over-year change to +19,800 jobs.

Private sector employment performed somewhat better than total employment. Private sector employment increased by 30,000 jobs year-over-year (since November 2012), and by 24,500 jobs year-to-date. The best-performing sectors year-over-year were education and health services (+15,800); trade transportation and utilities (+12,400); and professional and business services (+8,800). There were job decreases in construction (-5,200), information (-3,000), and financial activities (-2,000).

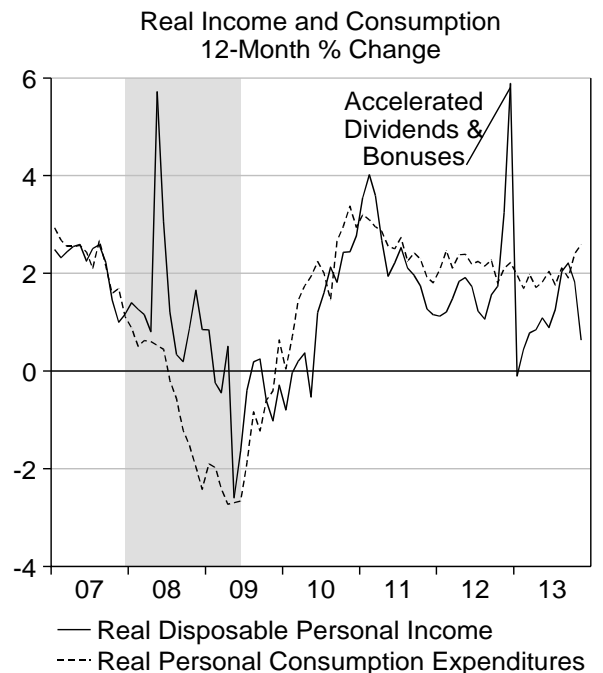
The **Ohio unemployment rate** decreased to 7.4% in November, but is still up from the low for the cycle of 6.7% that was reached last December. Approximately seven-eighths of the 0.7 point increase in the unemployment rate since December 2012 reflects a decline in total employment, as measured by the survey of households. The remainder reflects a small increase in the labor force.

Among the **contiguous states**, year-over-year employment growth was strongest in Indiana (+2.1%) and Michigan (+1.5%), compared with increases in West Virginia (+1.2%), Pennsylvania (+0.4%), Ohio (+0.4%), and Kentucky (+0.3%). Year-over-year growth in manufacturing was 0.4% in Ohio. Among the contiguous states, manufacturing employment increased 3.6% in Michigan, 0.9% in Indiana, was unchanged in West Virginia, and decreased 0.2% in Pennsylvania and 0.8% in Kentucky.

**Consumer Income and Consumption**

Households increased spending by a bit more than income increased in November and made up the difference by saving less out of current income. **Personal consumption expenditures** increased 0.5%, whereas **personal income** increased 0.2% in November. The saving rate dipped to 4.2% of disposable income from 4.5% the month before. Compared with a year earlier, income was up 2.3% and consumption was up 3.5%. As shown in the nearby chart, growth in income and consumption has diverged in recent months with spending growth picking up and income growth trailing off.

Spending on durables increased 1.9% in November, reflecting a 7.7% increase in unit sales of light motor vehicles to an annual pace of 16.3 million units – the best since February 2007. Sales fell back to 15.3 million units in December. Spending on non-durable goods declined 0.4%, and spending on services increased 0.6%. Wage and salary disbursements increased 0.4%, while other sources of personal income were essentially unchanged.



For the third quarter, personal consumption growth accelerated to 3.9% from 1.9% in the second quarter. Spending appears to have expanded by more than 4.0% in the fourth quarter. IHS Global Insight projects the 2013 trend to be reversed with personal income outpacing consumption spending by approximately 5% to 4% on average over the four quarters of 2014.

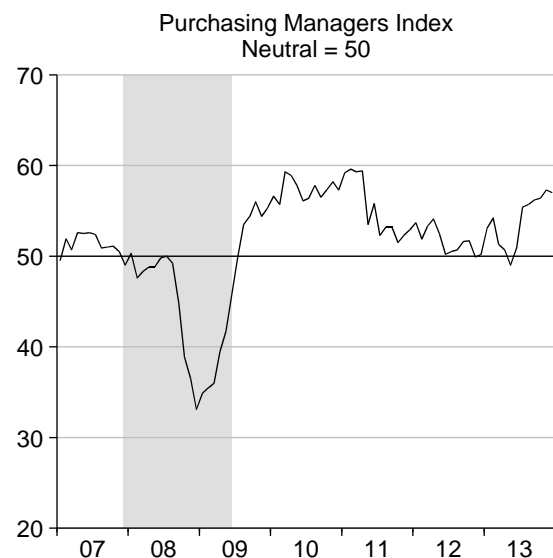
**Consumer confidence** recovered nicely in December, doing much to recoup the decline in October, which was probably in response to uncertainty in Washington, D.C. regarding the federal budget and the debt limit. The Conference Board measure is not quite back to its August high due to the incomplete rebound in expectations, but the assessment of current conditions is the best since before the financial crisis hit in 2008. The Reuters/University of Michigan survey has followed a similar pattern.

### **Manufacturing**

**Industrial production** increased 1.1% in November and the October change was revised from a 0.1% decrease to a 0.1% increase. Manufacturing output increased 0.6%. Mining output increased 1.7%, as activity recovered from October storm shutdowns. Utility output increased 3.9%, reflecting the early arrival of cold weather. Compared with a year earlier, industrial production was higher by 3.2% and manufacturing output was higher by 2.9%. Capacity use increased to 79.0% – the highest since June 2008. In manufacturing, capacity use increased to 76.8% – the highest since March 2008.

Of particular importance to the Ohio economy, motor vehicle assemblies increased 4.6% to a seasonally adjusted annual rate of 11.3 million units in November – about 700,000 units above the average during the previous twelve months. Production across other industries important to Ohio was mixed. Production of **primary metal** decreased by 0.2% in November, production of **fabricated metal** increased 1.0%, and production of **machinery** decreased 0.2%. 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.

Substantiating the higher pace of activity in industrial activity and pointing toward more gains ahead, the **purchasing managers index** remained well above the neutral level of 50 for the sixth straight month in November. The composite index edged down to 57.0 from 57.3, but that is a relatively high level, and the new orders index increased to 64.2 – its highest since March 2010. The index for production edged down, but remained well above 60 for the sixth straight month. Recent reports from purchasing managers are consistent with a very strong fourth quarter GDP growth rate, based on the historical relationship among the purchasing managers data and GDP.



## Construction

**Construction put-in-place** was strong for the third month in a row in November. The value increased 1.0% after gains of 0.9% in October and 1.4% in September. From the low point in February 2011, construction spending has increased 23.9%, or at an annual rate of 8.1% during the 33 months ending in November 2013. Despite this gain, the pace of construction remains 23.0% below the monthly peak reached in March 2006.

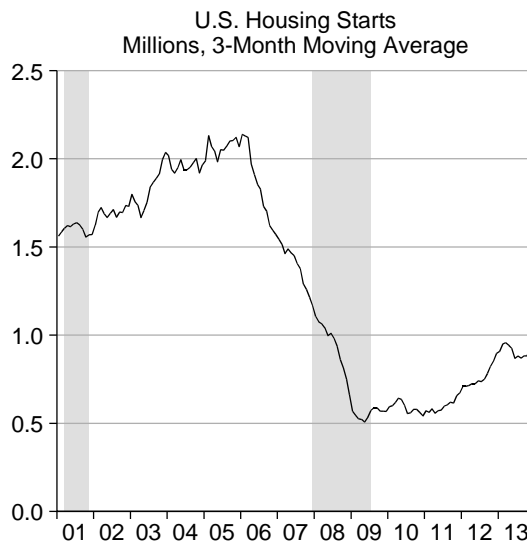
Compared with a year earlier, total construction put-in-place was higher by 8.1% in November. Private construction was up 12.0%, while public construction was essentially flat. Propelled by both single-family and multi-family categories, private residential construction was higher by 16.6%. Nonresidential construction increased 1.0% from November 2012, held back by power (-24.2%), communication (-10.5%) and religious (-5.8%). Lodging (+32.7%), commercial (+20.7%), transportation (+18.3%), and manufacturing were the biggest gainers.

**Housing starts** were very strong in November, lifting the 3-month moving average up 7.9% for the month. Across the Midwest, starts jumped by 14.0% on a 3-month moving average basis. Both across the country and in the Midwest, both single-family and multi-family construction increased. Permits also increased nationally on a 3-month moving average basis – by 3.1%. In the Midwest, permits were up only slightly. It is believed that easier access to credit by builders is key to these improvements.

**Existing home sales** decreased across the country and in the Midwest for the second month in a row on a 3-month moving average basis. Nationally, sales fell 3.1% in November after a 1.7% decrease in October. In the Midwest, sales fell 4.0% in November after a 1.6% decrease in October.

The Pending Home Sales Index (PHSI), which reflects contracts that have been signed but not yet closed and therefore is a short leading indicator, decreased 1.9% in November for the fourth monthly decline in a row. The Midwest PHSI fell 3.5% in November, also the fourth drop in a row. Compared with a year ago, the PHSI was lower by 1.3% across the country and only 3.2% higher in the Midwest – both substantial declines from the pace only a few months prior, probably due in part to the rise in mortgage rates.

The **inventory of existing homes for sale** fell to an eight-month low in terms of units in November, but was little changed relative to the pace of sales. The supply of homes at the current pace of sales was 5.1 months in November, essentially unchanged from recent months and in line with the pre-crisis historical average. The **inventory of new homes for sale** fell in terms of units and relative to the months' supply at the current sales rate.



**Home prices** increased for the twenty-first straight month in October, according to the S&P/Case-Shiller Index of prices in 20 major markets. The index was 13.6% above its year ago level and 19.7% above its recession trough, but remained 20.7% below the peak reached in April 2006. Home prices in Cleveland increased 0.8% in October, marking – in combination with a 1.4% increase in September – a significant upturn from a flat pattern for a number of months. Cleveland home prices are 4.9% higher than a year earlier, but remain 14.3% below the peak reached in January 2006.



## **REVENUES**

December **GRF receipts totaled \$2,414.8 million** and were \$84.5 million (3.4%) below the estimate. Monthly tax receipts totaled \$1,731.6 million and were \$1.7 million (0.1%) below the estimate, while non-tax receipts totaled \$683.3 million and were \$82.5 million (10.8%) below 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	\$6.4 million	0.1%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$14.5 million)	-0.3%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$46.5 million	750.5%
<b>TOTAL REVENUE VARIANCE:</b>		\$38.4 million	0.3%

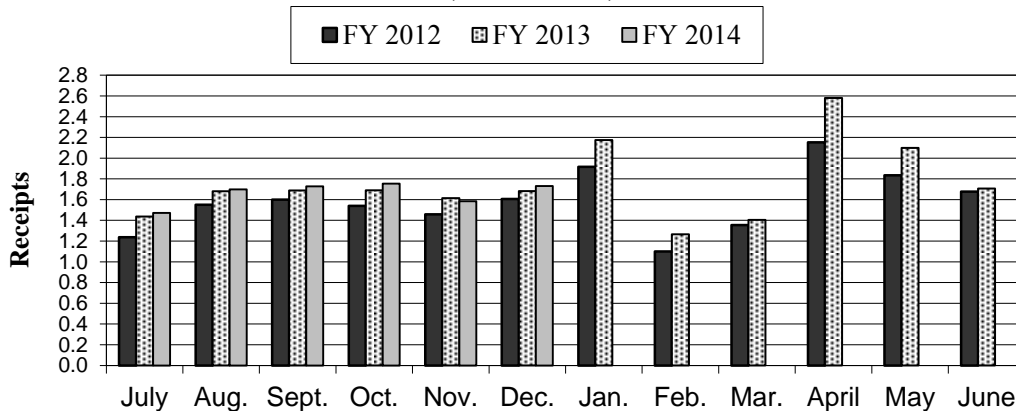
On a year-over-year basis, monthly receipts were \$157.1 million (6.1%) lower than they were in December of the previous year, primarily as a result of a \$190.6 million (21.9%) year-over-year decrease in federal grants. Total December tax receipts were \$49.9 million (3.0%) above last year's collections, mostly due to a large gain in both categories of the sales and use tax, which showed a gain of \$56.4 million (8.3%) in non-auto sales and use tax receipts and a \$21.2 million (27.9%) increase in auto sales and use tax receipts. However, personal income tax receipts were \$28.8 million (3.5%) below last year's total for December, presumably as a result of the impact of the 9% rate cut implemented beginning in September. Unlike last month's receipts for the cigarette tax and alcoholic beverage tax, these categories showed strong growth on a year-over-year basis. The estate tax and corporate franchise tax continued to experience declines due to their repeal. As planned, there were no liquor profits transfers this month, since the liquor enterprise and its profits have been leased to JobsOhio.

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

<b>Individual Sources Above Estimate</b>		<b>Individual Sources Below Estimate</b>	
Auto Sales and Use Tax	\$9.6	Non-Auto Sales and Use Tax	(\$17.7)
Personal Income Tax	\$1.7	Corporate Franchise Tax	(\$8.1)
Commercial Activity Tax	\$5.7	Federal Grants	(\$75.0)
Kilowatt Hour Tax	\$1.6	License & Fees	(\$5.5)
Cigarette Tax	\$3.1	ISTV's	(\$1.4)
Alcoholic Beverage	\$2.5		
Other Sources Above Estimate	\$0.4	Other Sources Below Estimate	(\$1.2)
<b>Total above</b>	<b>\$24.5</b>	<b>Total below</b>	<b>(\$109.0)</b>

(Note: Due to rounding of individual sources, the combined product of sources above and below estimate may differ slightly from the total variance.)

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



**Non-Auto Sales and Use Tax**

December non-auto sales and use tax receipts slipped back to a weaker than estimated performance after having outperformed estimates for the past two months. Receipts totaled \$736.8 million and were \$17.7 million (2.3%) below the estimate. Year-to-date collections remain below estimate by \$27.4 million (0.7%). On a year-over-year basis, December 2013 receipts were \$56.4 million (8.3%) above the \$680.4 million collected in December 2012. Receipts for the first half of the year were \$249.1 million (6.8%) above the same period of time last year. The size of the annual year-over-year increase was in part due to the base and rate changes enacted in H.B. 59 (the state tax rate has been 4.5% higher than it was since September, which has boosted October-December collections), while some of the weaker monthly performance could be attributed to stronger auto sales displacing household disposable income away from the non-auto sales category.

## **Auto Sales Tax**

The auto sales tax resumed its strong performance in December, after having fallen under estimate in November for the first time this fiscal year, as receipts totaled \$97.5 million and were \$9.6 million (10.9%) above the estimate. Strong collections in the first half of the fiscal year have built a \$24.8 million (4.4%) year-to-date overage when compared to estimate. A number of factors have likely contributed to higher auto sales in the first half of FY 2014, including improved consumer confidence, easier access to credit and low or zero-interest rate auto loans. It is possible that consumers are still satisfying delayed or “pent-up” demand from the recession and its immediate aftermath. On a year-over-year basis, monthly receipts were \$21.2 million (27.9%) higher than receipts for the same month in the previous year, while year-to-date receipts for the first half of the fiscal year were \$58.4 million (11.0%) above those for the same period in the prior fiscal year.

New auto unit sales rebounded to 16.4 million (annualized rate) in November from relatively weak sales of 15.2 million units in October. This growth in auto sales may be reflected in higher auto sales tax revenue in December.

## **Personal Income Tax**

Personal income tax receipts in December totaled \$793.2 million and were \$1.7 million (0.2%) above the estimate. The withholding component recorded a negative variance for the second month in a row, following large overages in September and October. Receipts totaled \$694.7 million and were \$3.7 million (0.5%) shy of the \$698.4 million estimate. Nevertheless, withholding receipts for the first half of the year were \$18.3 million above estimate.

The miscellaneous component also contributed to the December negative variance as it fell \$2.9 million (25.2%) below the estimate. This category, which consists mostly of attorney general collections of income tax due, is volatile from month to month and thus difficult to estimate. The overall positive variance in income tax receipts was once again due in part to refunds being lower than the estimate by \$3.0 million (13.1%) in December, and quarterly estimated payments also being \$6.1 million over estimate.

On a year-over-year basis, December personal income tax receipts were \$28.8 million (3.5%) below the December 2012 level. The withholding component was the main source of this slack with receipts that were \$25.1 million (3.5%) below the same month a year ago, presumably because of the impact of the 9% rate cut implemented beginning in September. Year-to-date, personal income tax receipts for the first half of fiscal year 2014 exceeded the estimate by \$46.2 million (1.1%) and were \$5.6 million (0.1%) lower 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>DEC</b>	<b>DEC</b>	<b>DEC</b>	<b>Y-T-D</b>	<b>Y-T-D</b>	<b>Y-T-D</b>
Withholding	\$698.4	\$694.7	(\$3.7)	\$3,897.3	\$3,915.6	\$18.3
Quarterly Est.	\$118.1	\$124.2	\$6.1	\$508.4	\$490.8	(\$17.6)
Trust Payments	\$2.8	\$1.6	(\$1.2)	\$15.0	\$13.2	(\$1.8)
Annual Returns & 40 P	\$10.7	\$10.9	\$0.2	\$147.8	\$157.3	\$9.5
Other	\$11.5	\$8.6	(\$2.9)	\$60.3	\$47.6	(\$12.7)
Less: Refunds	(\$22.6)	(\$19.6)	\$3.0	(\$229.7)	(\$178.4)	\$51.3
Local Distr.	(\$27.4)	(\$27.2)	\$0.2	(\$171.2)	(\$172.0)	(\$0.8)
<b>Net to GRF</b>	<b>\$791.5</b>	<b>\$793.2</b>	<b>\$1.7</b>	<b>\$4,227.9</b>	<b>\$4,274.1</b>	<b>\$46.2</b>

### **Corporate Franchise Tax**

As noted in previous months' reports, although corporate franchise tax has been eliminated, prior year settlement activity continues, and has resulted in refund of \$8.1 million in December, while the estimate for the tax was zero. Small amounts of refund and other settlement activity is likely to occur in the months ahead. On a year-over-year basis, December 2013 receipts for this tax source were \$6.5 million (393.9%) below those of December 2012.

### **Commercial Activity Tax**

December GRF receipts from the commercial activity tax (CAT) totaled \$4.5 million and were \$5.7 million (478.0%) above an anticipated refund-driven negative estimate for the month. Year-to-date GRF CAT receipts totaled \$388.6 million and were \$29.1 million (7.0%) below estimate.

All-funds CAT receipts for December (net of refunds) totaled \$3.8 million and were \$6.2 million above the negative \$2.4 million estimate. All-funds receipts for the year-to-date totaled \$811.7 million and were \$77.9 million (8.8%) below the estimate.

Year-to-date, GRF CAT receipts have decreased by \$8.9 million (2.2%), while all-funds CAT receipts are \$10.7 million (1.3%) above the same point in fiscal year 2013. The explanation for the decline in GRF receipts, while all-funds revenues have grown, is that starting with November, some CAT receipts are being deposited in the new motor fuel fund. Thus, the 50% share of CAT revenues going to the GRF is being calculated against a smaller base that excludes motor fuel related collections (\$25.8 million year-to-date).

### **Kilowatt-Hour Tax**

December kilowatt hour tax receipts totaled \$20.9 million and were \$1.6 million (8.1%) above estimate, the second month in a row above estimate. Year-to-date collections showed a mild improvement from earlier in the year yet still were below the estimate by \$8.5 million (5.4%). On a year-over-year basis, this tax source was \$0.5 million (2.4%) lower than the December 2012 level. This month's surplus may reflect heightened demand for energy following more extreme winter conditions.

### **Cigarette Tax**

Cigarette tax receipts for the month of December totaled \$75.0 million and were \$3.1 million (4.3%) above the estimate of \$71.9 million. On a year-over-year basis, December 2013 cigarette tax receipts were \$8.5 million (12.8%) above the level for the same month of the previous fiscal year. Year-to-date, the collection for the first half of fiscal year 2014 has exceeded the estimate by \$3.1 million (0.8%), and was \$2.7 million (0.7%) higher than the level in the corresponding period of fiscal year 2013.

### **Alcoholic Beverage Tax**

The alcoholic beverage tax corrected its weaker than estimated performance in November when it was \$1.9 million (45.7%) below estimate by exceeding the estimate by \$2.5 million (56.4%) in December. This rebound was not unexpected as OBM believed that the November shortfall may have been tied to the timing of the end of the month, relative to the Thanksgiving holiday. As a result of the December performance, alcoholic beverage tax receipts for the year-to-date are now slightly above estimate by \$0.3 million (0.9%).

**GRF non-tax receipts** totaled \$683.3 million in December and were \$82.5 million (10.8%) below estimate, continuing last month's below-estimate performance. The majority of the variance - \$75.0 million, can be attributed to less Medicaid revenue received under the federal grants line. On a year-over-year basis, December's non-tax receipts were \$191.0 million (21.8%) lower compared to December 2012. There were no **GRF transfers** for December. Year-to-date, transfers through the first half of the fiscal year are \$46.5 million (750.5%) above estimates, mostly due to last month's transfer back of \$34.6 million in CAT revenue into the GRF, following the discovery (from using tax return data) that the original FY 2013 transfer of revenue from the GRF to the motor fuel fund had been too high.

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
	DECEMBER	DECEMBER			Y-T-D	Y-T-D		
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	736,776	754,500	(17,724)	-2.3%	3,922,959	3,950,400	(27,441)	-0.7%
Auto Sales & Use	97,452	87,900	9,552	10.9%	589,538	564,700	24,838	4.4%
Subtotal Sales & Use	834,227	842,400	(8,173)	-1.0%	4,512,497	4,515,100	(2,603)	-0.1%
Personal Income	793,157	791,500	1,657	0.2%	4,274,081	4,227,900	46,181	1.1%
Corporate Franchise	(8,096)	0	(8,096)	N/A	(18,543)	0	(18,543)	N/A
Financial Institutions Tax	120	0	120	N/A	120	0	120	N/A
Commercial Activity Tax	4,536	(1,200)	5,736	478.0%	388,627	417,739	(29,112)	-7.0%
Public Utility	49	0	49	N/A	48,134	46,300	1,834	4.0%
Kilowatt Hour	20,864	19,300	1,564	8.1%	147,947	156,450	(8,503)	-5.4%
MCF Tax	15	0	15	N/A	18,708	17,000	1,708	10.0%
Foreign Insurance	(438)	0	(438)	N/A	146,638	142,500	4,138	2.9%
Domestic Insurance	1	0	1	N/A	105	1,000	(895)	-89.5%
Other Business & Property	0	0	0	N/A	455	0	455	N/A
Cigarette	74,981	71,900	3,081	4.3%	370,880	367,800	3,080	0.8%
Alcoholic Beverage	7,037	4,500	2,537	56.4%	28,460	28,200	260	0.9%
Liquor Gallonage	3,570	3,400	170	5.0%	20,919	20,400	519	2.5%
Estate	1,530	1,500	30	2.0%	29,119	21,400	7,719	36.1%
Total Tax Receipts	1,731,553	1,733,300	(1,747)	-0.1%	9,968,148	9,961,789	6,359	0.1%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	681,108	756,155	(75,048)	-9.9%	4,586,145	4,572,008	14,137	0.3%
Earnings on Investments	0	0	0	N/A	3,745	3,000	745	24.8%
License & Fees	458	6,000	(5,542)	-92.4%	10,859	36,000	(25,141)	-69.8%
Other Income	1,820	2,375	(555)	-23.4%	9,811	14,250	(4,439)	-31.2%
ISTV'S	(125)	1,250	(1,375)	-110.0%	7,740	7,500	240	3.2%
Total Non-Tax Receipts	683,261	765,780	(82,520)	-10.8%	4,618,300	4,632,758	(14,458)	-0.3%
<b>TOTAL REVENUES</b>	<b>2,414,814</b>	<b>2,499,080</b>	<b>(84,267)</b>	<b>-3.4%</b>	<b>14,586,448</b>	<b>14,594,547</b>	<b>(8,099)</b>	<b>-0.1%</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	0	200	(200)	N/A	47,215	6,200	41,015	661.5%
Temporary Transfers In	0	0	0	N/A	5,516	0	5,516	N/A
Total Transfers	0	200	(200)	N/A	52,730	6,200	46,530	750.5%
<b>TOTAL SOURCES</b>	<b>2,414,814</b>	<b>2,499,280</b>	<b>(84,467)</b>	<b>-3.4%</b>	<b>14,639,178</b>	<b>14,600,747</b>	<b>38,431</b>	<b>0.3%</b>

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	DECEMBER FY 2014	DECEMBER FY 2013	\$ VAR	% VAR	ACTUAL FY 2014	ACTUAL FY 2013	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	736,776	680,373	56,402	8.3%	3,922,959	3,673,890	249,069	6.8%
Auto Sales & Use	97,452	76,212	21,240	27.9%	589,538	531,152	58,386	11.0%
Subtotal Sales & Use	834,227	756,585	77,642	10.3%	4,512,497	4,205,042	307,455	7.3%
Personal Income	793,157	821,971	(28,814)	-3.5%	4,274,081	4,279,650	(5,569)	-0.1%
Corporate Franchise	(8,096)	(1,639)	(6,457)	-393.9%	(18,543)	51,659	(70,202)	-135.9%
Financial Institutions Tax	120	0	120	N/A	120	0	120	N/A
Commercial Activity Tax	4,536	3,735	801	21.5%	388,627	397,483	(8,856)	-2.2%
Public Utility	49	6	44	759.3%	48,134	43,974	4,160	9.5%
Kilowatt Hour	20,864	21,384	(520)	-2.4%	147,947	158,430	(10,482)	-6.6%
MCF Tax	15	0	15	N/A	18,708	15,189	3,519	23.2%
Foreign Insurance	(438)	(316)	(122)	-38.6%	146,638	142,438	4,200	2.9%
Domestic Insurance	1	(139)	140	100.9%	105	4,625	(4,520)	-97.7%
Other Business & Property	0	15	(15)	N/A	455	360	95	26.3%
Cigarette	74,981	66,447	8,533	12.8%	370,880	368,140	2,741	0.7%
Alcoholic Beverage	7,037	5,020	2,018	40.2%	28,460	28,699	(239)	-0.8%
Liquor Gallonage	3,570	3,443	127	3.7%	20,919	20,252	667	3.3%
Estate	1,530	5,111	(3,581)	-70.1%	29,119	73,373	(44,254)	-60.3%
Total Tax Receipts	1,731,553	1,681,622	49,931	3.0%	9,968,148	9,789,314	178,834	1.8%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	681,108	871,682	(190,575)	-21.9%	4,586,145	4,159,806	426,339	10.2%
Earnings on Investments	0	0	0	N/A	3,745	2,263	1,482	65.5%
License & Fee	458	438	20	4.6%	10,859	11,354	(495)	-4.4%
Other Income	1,820	2,144	(324)	-15.1%	9,811	5,823	3,988	68.5%
ISTV'S	(125)	26	(150)	-587.6%	7,740	12,236	(4,496)	-36.7%
Total Non-Tax Receipts	683,261	874,290	(191,029)	-21.8%	4,618,300	4,191,482	426,818	10.2%
<b>TOTAL REVENUES</b>	<b>2,414,814</b>	<b>2,555,912</b>	<b>(141,098)</b>	<b>-5.5%</b>	<b>14,586,448</b>	<b>13,980,796</b>	<b>605,652</b>	<b>4.3%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	0	16,000	(16,000)	N/A	0	78,000	(78,000)	N/A
Transfers In - Other	0	0	0	N/A	47,215	8,872	38,343	432.2%
Temporary Transfers In	0	0	0	N/A	5,516	0	5,516	N/A
Total Transfers	0	16,000	(16,000)	N/A	52,730	86,872	(34,142)	-39.3%
<b>TOTAL SOURCES</b>	<b>2,414,814</b>	<b>2,571,912</b>	<b>(157,098)</b>	<b>-6.1%</b>	<b>14,639,178</b>	<b>14,067,668</b>	<b>571,510</b>	<b>4.1%</b>

## **DISBURSEMENTS**

December GRF disbursements, across all uses, totaled \$1,865.1 million and were \$93.5 million (4.8%) below estimate. This was primarily attributable to lower than estimated disbursements in the Medicaid category, which more than offset higher than expected spending in the Higher Education and Health and Human Services categories. On a year-over-year basis, December total uses were \$33.0 million (1.8%) higher than those of the same month in the previous fiscal year, with the Higher Education, Health and Human Services and Justice and Public Protection categories largely responsible for the increase. 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)	(\$125.5 million)	-0.8%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	(\$11.6 million)	-0.9%
<b>TOTAL DISBURSEMENTS VARIANCE:</b>		<b>(\$137.1 million)</b>	<b>-0.8%</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 GRF spending for the Ohio Department of Education, minus property tax reimbursements. December disbursements for this category totaled \$286.3 million and were \$5.3 million (1.8%) below the estimate. Expenditures for the school foundation program totaled \$273.3 million and were \$1.9 million (0.7%) above the estimate. The variance in the non-foundation lines for December can be attributed to disbursements for pre-school special education, as the department has not yet implemented this program as modified in H.B. 59.

Year-to-date expenditures for this category totaled \$3,591.5 million and were \$243.3 million (7.3%) above the estimate. This was largely driven by the school foundation program, which have year-to-date expenditures of \$3,380.0 million and were \$256.9 million (8.2%) above the estimate. The year-to-date variance in the foundation funding line items was due to the implementation of the new school funding system enacted in H.B. 59 during the months of October and November, as well as the use of current year, rather than prior year, student count data. Most districts received increases in funding under the new formula and/or with additional students reported for the current year. Additionally, when the Department calculates a funding increase on an annual basis, increases include retroactive payments for the already completed portion of the fiscal year. In the coming months, disbursements should be less than planned, and total disbursements are not expected to exceed the total disbursement estimate for the year.



## **Higher Education**

December disbursements for Higher Education totaled \$192.2 million and were \$15.0 million (8.5%) above estimate. Year-to-date disbursements were \$1,034.3 million and were \$19.8 million (1.9%) below the estimate. The monthly variance was due to a decision by the Board of Regents to implement a more robust subsidy distribution and monitoring process beginning in fiscal year 2014, which resulted in a temporary delay in the distribution of the majority of their subsidy line items. A portion of these temporarily delayed subsidy payments were disbursed in December, resulting in a higher monthly disbursement as compared to the original estimate.

On a year-over-year basis, disbursements in this category were \$20.0 million (11.6%) higher than for the same month in the previous fiscal year while year-to-date expenditures are \$11.1 million (1.1%) higher 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. December disbursements in this category totaled \$5.1 million and were \$2.9 million (136.8%) above estimate. The variance in this category was primarily attributable to the disbursement of the Ohio Historical Society's subsidy appropriation in late December rather than early January as 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 fiscal year 2013 (and prior) also included non-Medicaid spending. While we can determine the annual Medicaid spending within these "mixed use" lines for fiscal year 2013, it is very difficult to determine the Medicaid/non-Medicaid breakdown by month. Therefore, fiscal year 2013 monthly expenditures were established to enable year-over-year comparisons by applying the respective line item's annual percentage of Medicaid spending to the monthly actual spending.

### Expenditures

GRF Disbursements in December totaled \$1,126.6 million and were \$115.3 million (9.3%) below the estimate and \$32.9 million (2.8%) below disbursements in December 2012. Year-to-date GRF disbursements for the Medicaid Program totaled \$7,310.0 million, which was \$211.1 million (2.8%) below the estimate and \$285.0 million (4.1%) above the same point in the previous fiscal year.

December all-funds disbursements were \$1,577.8 million and were \$146.1 million (8.5%) below the estimate and \$67.8 million (4.5%) above this 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)*

	December Projection	December Actual	Variance	Variance %
GRF	\$ 1,241.9	\$ 1,126.6	\$ (115.3)	-9.3%
Non-GRF	\$ 482.0	\$ 451.1	\$ (30.9)	-6.4%
All Funds	\$ 1,723.9	\$ 1,577.8	\$ (146.1)	-8.5%

### Categorical Variances

*Health Homes for Individuals with Severe and Persistent Mental Illness* – December spending within this category is \$22.6 million below estimate primarily due to an adjustment in the program rollout timeline to work with stakeholders.

*Managed Care* – Managed care expenditures were \$20.7 million below the estimate. The majority of this variance can be attributed to lower than budgeted caseload and service cost.

*All Other* – Spending in this category was \$21.1 million below estimate primarily due to certain waiver claims not being realized as quickly as projected.

### Enrollment

Total December enrollment across all categories was 2.4 million. The most significant components are the Covered Families and Children (CFC) category, which decreased by 6,119 covered persons to a December total of 1.66 million persons, and the Aged, Blind and Disabled (ABD) category, which decreased by 1,931 people to a December total of 436,313 covered lives.

Total enrollment across all categories for the same period last year was 2.3 million covered persons, including 1.69 million persons in the CFC category and 403,935 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.

December disbursements in this category totaled \$97.4 million and were \$19.5 million (25.0%) above projected spending for the month.

### Department of Job and Family Services

The Ohio Department of Job and Family Services GRF disbursements for the month of December totaled \$67.6 million, which was \$16.2 million (31.5%) above estimate. Selected major variances were attributable to the following:

- Information technology disbursements were \$2.2 million (57.2%) below estimate due to not receiving anticipated invoices during the month and lower than estimated payroll charges.
- TANF State/Maintenance of Effort disbursements were \$1.0 million (3.9%) below estimate due to caseloads being lower than anticipated.
- Child Care State/Maintenance of Effort disbursements were \$8.5 million above estimate due to changes in the disbursement schedule caused by the federal shutdown, as discussed in last month's report.
- Family and Children Services disbursements were \$10.6 million above estimate due to county payments being made in December instead of January 2014 as was originally anticipated.

### Department of Health

December estimates totaled \$4.8 million and were \$0.6 million (14%) above estimated expenditures for the month. This variance primarily occurred in the Help Me Grow program's disbursements, which were \$1.8 million above estimate. Due to delays in the release of federal funding at the time when allocations to local partners were being finalized in the first quarter, the agency encumbered a larger share of GRF than originally estimated to account for the lower amount of available federal funds. All expected federal funds are now available, so this positive variance will be offset in future months as the funding source shifts from GRF back to federal funds.

### Opportunities for Ohioans with Disabilities

December disbursements totaled \$3.6 million, which was \$1.6 million (81%) above estimated expenditures for the month. This was largely attributable to the Services for People with Disabilities program's disbursements, which were \$1.6 million above estimate. This overspending relative to estimates offsets below-estimate spending in previous months, as disbursements expected to be made in November were made in December instead.

### Department of Mental Health and Addiction Services

December disbursements for the Department of Mental Health and Addiction Services totaled \$18.0 million and were \$0.4 million (2.4%) above estimate. This variance was primarily due to higher than expected payroll costs in the Hospital Services line by \$1.6 million (7.3%), offset by lower than projected spending in the Community Innovations (\$0.3 million) and Central Administration (\$0.2 million) lines.

### **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. December disbursements in this category totaled \$126.1 million and were \$0.2 million (0.2%) higher than the projected totals.

### Department of Rehabilitation and Correction

Department of Rehabilitation and Correction disbursements totaled \$99.9 million in December, and were \$1.6 million (1.6%) above the estimate. Department disbursements year-to-date were \$714.2 million, which was \$7.8 million (1.1%) below estimate. These variances are within the normal range of agency disbursements during the fiscal year.

### Department of Youth Services

Department of Youth Services disbursements totaled \$9.2 million in December, and were \$0.7 million (6.7%) below the estimate. Department disbursements year-to-date were \$104.3 million, which was \$6.2 million (5.6%) below estimate. These variances reflect the success of the RECLAIM program which seeks to divert youth offenders from juvenile correctional facilities by supporting an array of community-based options.

### **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. December disbursements in this category totaled \$23.7 million and were \$2.1 million (8.2%) below the estimate.

### Department of Natural Resources

December disbursements for the Department of Natural Resources totaled \$3.3 million and were \$0.4 million above estimate (14.0%). Year-to-date disbursements are \$30.6 million which is \$1.4 million (4.7%) above the estimate. Major monthly variances were attributable to the Parks and Recreation line, which was above estimate by \$0.5 million due to payments being made in December that were originally planned for January.

### **Property Tax Reimbursements**

Payments from the property tax subsidy 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 of property tax reimbursements totaled \$2.2 million and were \$2.1 million (2,907.6%) above estimate. This variance was the result of requests for payments to school districts and local governments that were received later than anticipated. Through December, tax relief disbursements now total \$893.1 million and are \$8.0 million (1.0%) below the estimate of \$901.2 million.

### **Debt Service**

This category contains all debt service expenditures made from the GRF. December disbursements in this category totaled \$2.0 million and were \$4.9 million (70.8) below the estimate.

### **Transfers Out**

December transfers out of the GRF totaled \$3.5 million and were under the estimate by \$5.7 million (61.9%).

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	\$	%
	DECEMBER	DECEMBER	VAR	VAR	ACTUAL	ESTIMATE	VAR	VAR
Primary and Secondary Education	286,334	291,603	(5,270)	-1.8%	3,591,528	3,348,195	243,333	7.3%
Higher Education	192,216	177,207	15,009	8.5%	1,034,279	1,054,070	(19,791)	-1.9%
Other Education	5,050	2,132	2,917	136.8%	29,756	31,127	(1,371)	-4.4%
Medicaid	1,126,644	1,241,911	(115,267)	-9.3%	7,310,019	7,521,011	(210,992)	-2.8%
Health and Human Services	97,408	77,943	19,464	25.0%	653,057	732,758	(79,701)	-10.9%
Justice and Public Protection	126,139	125,936	203	0.2%	929,738	950,973	(21,236)	-2.2%
General Government	23,656	25,782	(2,126)	-8.2%	179,235	196,635	(17,400)	-8.8%
Property Tax Reimbursements	2,187	73	2,114	2907.6%	893,067	903,173	(10,106)	-1.1%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	2,000	6,858	(4,858)	-70.8%	773,897	782,134	(8,237)	-1.1%
Total Expenditures & ISTV's	1,861,632	1,949,445	(87,812)	-4.5%	15,394,576	15,520,076	(125,500)	-0.8%
			0					
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	995,930	995,930	0	0.0%
Operating Transfer Out	3,500	9,177	(5,677)	-61.9%	210,498	227,588	(17,090)	-7.5%
Temporary Transfer Out	0	0	0	N/A	5,516	0	5,516	N/A
Total Transfers Out	3,500	9,177	(5,677)	N/A	1,211,944	1,223,518	(11,574)	-0.9%
Total Fund Uses	1,865,132	1,958,621	(93,489)	-4.8%	16,606,520	16,743,594	(137,074)	-0.8%

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	DECEMBER	DECEMBER	\$	%	ACTUAL	ACTUAL	\$	%
	FY 2014	FY 2013	VAR	VAR	FY 2014	FY 2013	VAR	VAR
Primary and Secondary Education	286,334	275,154	11,179	4.1%	3,591,528	3,259,813	331,715	10.2%
Higher Education	192,216	172,253	19,963	11.6%	1,034,279	1,023,215	11,064	1.1%
Other Education	5,050	4,006	1,044	26.1%	29,756	28,394	1,362	4.8%
Medicaid	1,126,644	1,159,561	(32,918)	-2.8%	7,310,019	7,024,975	285,044	4.1%
Health and Human Services	97,408	65,201	32,206	49.4%	653,057	587,040	66,016	11.2%
Justice and Public Protection	126,139	112,086	14,053	12.5%	929,738	928,616	1,122	0.1%
General Government	23,656	28,795	(5,139)	-17.8%	179,235	176,542	2,693	1.5%
Property Tax Reimbursements	2,187	141	2,045	1445.7%	893,067	871,272	21,795	2.5%
Capital Outlay	0	0	0	N/A	0	137	(137)	N/A
Debt Service	2,000	9,903	(7,903)	-79.8%	773,897	700,766	73,131	10.4%
<b>Total Expenditures &amp; ISTV's</b>	<b>1,861,632</b>	<b>1,827,101</b>	<b>34,531</b>	<b>1.9%</b>	<b>15,394,576</b>	<b>14,600,770</b>	<b>793,805</b>	<b>5.4%</b>
Transfers Out:								
BSF Transfer	0	0	0	N/A	995,930	235,096	760,834	323.6%
Operating Transfer Out	3,500	5,000	(1,500)	-30.0%	210,498	97,112	113,386	116.8%
Temporary Transfer Out	0	0	0	N/A	5,516	0	5,516	N/A
<b>Total Transfers Out</b>	<b>3,500</b>	<b>5,000</b>	<b>(1,500)</b>	<b>N/A</b>	<b>1,211,944</b>	<b>332,208</b>	<b>879,736</b>	<b>264.8%</b>
<b>Total Fund Uses</b>	<b>1,865,132</b>	<b>1,832,101</b>	<b>33,031</b>	<b>1.8%</b>	<b>16,606,520</b>	<b>14,932,979</b>	<b>1,673,541</b>	<b>11.2%</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	29,983,503
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>31,679,940</b>
<b>FY 2014 UNENCUMBERED ENDING FUND BALANCE</b>	<b>287,012</b>

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