OBM

February 10, 2015

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

FROM: Timothy S. Keen, Director TK

SUBJECT: Monthly Financial Report

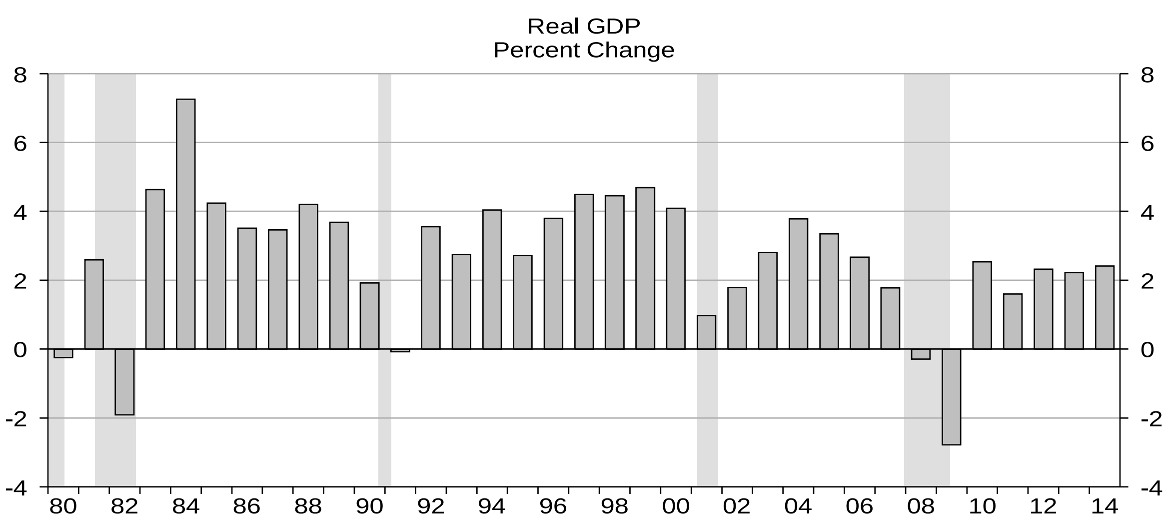
ECONOMIC SUMMARY

Economic Performance Overview

- Economic growth slowed to a 2.6% pace in the fourth quarter from approximately 4.75% during the middle two quarters. The economy expanded by 2.4% for the year.
- U.S. employment increased by 257,000 jobs in January, and the gains in the two previous months were revised higher by a total of 147,000 jobs. The unemployment rate ticked higher to 5.7% reflecting a large increase in the labor force.
- Ohio employment increased by 5,100 jobs in December and by 61,500 jobs for the year. The unemployment rate decreased 0.2 percentage points in December to 4.8% – the lowest level since August 2001.
- Despite a softening recently in some measures of national economic activity, leading indicators remain consistent with uninterrupted growth at a moderate pace across the country and in Ohio.

Economic Growth

Real GDP growth slowed to 2.6% in the fourth quarter, as widely expected, down from 4.6% in the second quarter and 5.0% in the third quarter. The economy shrank at an annual rate of 2.1% in the first quarter, but expanded by 2.4% for all of 2014. Growth in 2014 was the best since the slightly-higher rate of 2.5% in the recovery year of 2010 and, before that, 2006. The compound



rate of growth during the first five full years of the current expansion has been 2.2%, down from 4.6% during the first five full years of expansion in the 1980s, 3.4% in the 1990s, and 2.9% in the 2000s. The consensus is that growth will remain moderate in the near-term, with a chance that the sharply lower price of oil will result in somewhat faster growth.

Growth during the fourth quarter came almost entirely from personal consumption expenditures, which contributed 2.9 percentage points to overall growth. Inventory accumulation added 0.8 percentage points, followed by exports (0.4 percentage points), nonresidential fixed investment (0.2 percentage points), and investment in residential structures (0.1 percentage points).

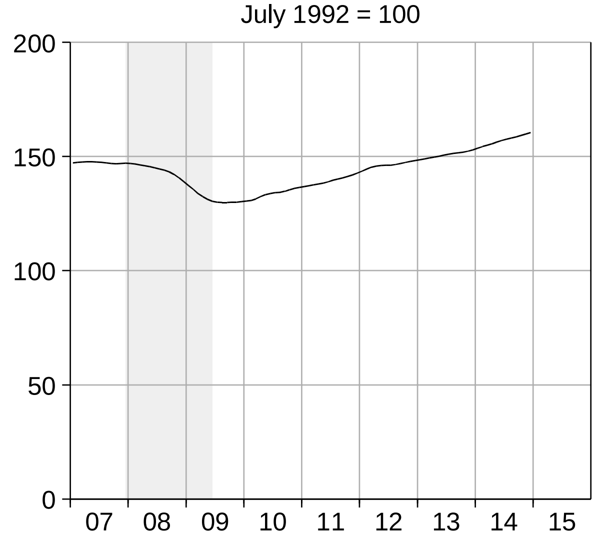
Growth was tempered by an increase in imports, which subtracted 1.4 percentage points. Overall international trade, netting imports from exports, subtracted 1.0 percent from growth. Federal defense expenditures subtracted 0.4 percentage points following an unsustainably large increase in the third quarter. The greater penetration of imports likely reflects the effects of the recent strengthening in the foreign exchange value of the dollar, which has made domestic goods and services more expensive to foreign purchasers and foreign goods and services less expensive to domestic purchasers. Forecasts are for continued strength in the dollar for some time, which is likely to make increased imports an ongoing factor.

The deceleration in real GDP in the fourth quarter resulted from the larger increase in imports, the decrease in federal defense spending, and slower growth in nonresidential fixed investment and exports. Working against these factors were the increase in business inventories and increase in personal consumption expenditures.

ECRI's Weekly Leading Index turned up in January, reaching its highest level since mid-November. The index correctly signaled a slowdown in growth starting in mid-summer. Additional weekly gains will be necessary before the index signals a revival in growth from the slower pace during the fourth quarter. In the meantime, other leading indicators point to uninterrupted growth ahead.

The composite **Leading Economic Index** from the Conference Board increased 0.5% in December, with eight of the ten components making positive contributions during the month. The 6-month smoothed annual rate of change was 6.7% – well ahead of the trend since mid-2011 and about in the middle of the range during the last six months. The Leading Economic Index does not point to either acceleration or deceleration in economic activity in the near-term.

Ohio Coincident Economic Index
July 1992 = 100



Source: Philadelphia Federal Reserve Bank

According to the **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, the Ohio economy expanded through December. The coincident index was

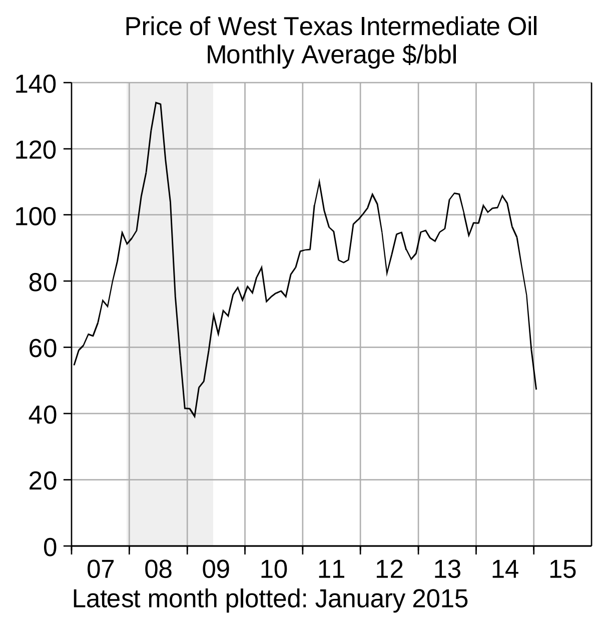
4.9% higher in December than a year earlier, up from a 3.2% year-over-year increase of December 2013. In contrast, the index has been much closer to or below zero around the times recessions have begun in the past.

The diffusion of changes in the Coincident Economic Index across the states improved in December. The indexes for 47 states increased from the prior month and none declined. The indexes for all 50 states were higher than three months earlier, pointing to continued economic growth in the near-term.

According to the companion **Ohio Leading Economic Index**, the Ohio economy should continue to expand at least through mid-year. The index was stable at 2.3% in December, the fourteenth consecutive month near or above the 2.0% threshold. The index, which also is compiled by the Federal Reserve Bank of Philadelphia, is designed to predict the rate of increase in the coincident index during the next six months. It reached a recent low of 1.1% in September 2013. Index values have been revised significantly on occasion, but the recent pattern is consistent with ongoing expansion of the Ohio economy through the winter and spring and into summer.

The number of state leading indexes from the Philadelphia Fed with positive readings was 49 in December, up from a recent low of 44 states in August. The number was 50 in January 2014 and has been above 40 every month since September 2010. The recent pattern remains consistent with continued economic expansion, considering that the number of positive state leading indexes fell to an average of 34 three months in advance of the most recent three recessions and to an average of 24 during the first month of those recessions. The fact that positive readings are so broad for both the coincident and leading indices even in the face of oil price reduction impacts on the energy producing states is encouraging.

The more than halving in the **price of oil** during the second half of 2014 was probably the most significant macroeconomic event of the year. The price of oil is widely expected to remain in a new lower range for much or all of 2015. The effects are likely to vary greatly in nature and magnitude across regions of the country and across companies and industries. In general, however, the consensus is that the lower price for oil will boost overall economic activity, principally because the country uses more oil than it produces. Consumer spending is widely anticipated to be higher than otherwise, while capital spending in energy-related areas is anticipated to be lower.



Another potential change that could affect the macro economy would be a major shift in the **Federal Reserve monetary policy**. The Fed ended its monthly bond purchases in the fall and at its

December and January policy meetings indicated that it is drawing closer to raising its target for the overnight federal funds rate. The change is not expected before mid-year and might even be delayed by developments in the economy or financial markets, but shifts in monetary policy have in the past had strong effects on the economy.

Employment

Labor markets across the country continued to strengthen at the turn of the year. **Nonfarm payrolls** increased by 257,000 jobs in January, and the November and December gains were revised higher by a total of 147,000 jobs. Monthly job gains averaged 260,000 in 2014 – an upward revision of 14,000 from what the annual average was thought to have been as of last month, and the best calendar year since 1999.

The report reflects the annual benchmark revisions to historical data, which were relatively minor at the national level. State benchmark revisions will not be known until March. Also worth noting, the January employment report incorporates the largest seasonal adjustment factors of the year, and is often revised significantly. The pattern of revisions in recent months has been upward.

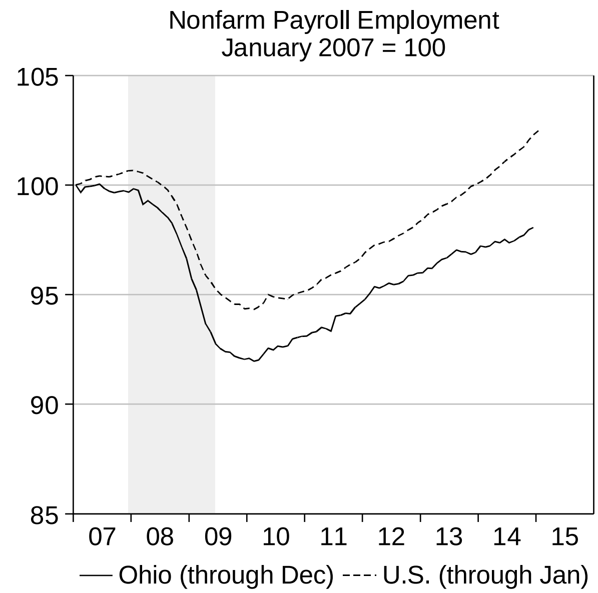
The strengthening in labor markets also is evident in recent patterns in **initial claims** for unemployment compensation. The 4-week average has been at or below 300,000 since mid-September with one exception – consistent with ongoing economic expansion and the improvement that is increasingly evident in the recent acceleration in employment.

The **unemployment rate** ticked higher by 0.1 percentage points to 5.7% in January. In addition, the broadest measure of unemployment – the so-called U-6 rate – which includes people who want to work but have stopped looking because of poor perceived prospects, increased 0.1 percentage points to 11.3%.

Encouragingly, **average hourly earnings** increased 0.5% in January after an unusual decline of 0.2% in December. Compared with a year earlier, average hourly earnings were higher by 2.2%, a modest gain but at least somewhat ahead of consumer price inflation. Year-over-year gains in earnings have been in a narrow band between 1.5% and 2.3% since September of 2009.

The gain in jobs was once again solid across major sectors, led by education and health services (+46,000) and retail trade (+45,900). Construction and professional and business services each added 39,000 jobs, followed by leisure and hospitality (+37,000), financial activities (+26,000), and manufacturing (+22,000). Government employment declined by 10,000 jobs, with the decrease spread across all levels.

Ohio nonfarm payroll employment increased by 5,100 jobs in December, although the November level was revised down by 3,900 to 14,000 jobs. For the year, Ohio employment was higher by 61,500 jobs, led by professional and business services (+19,100), leisure and hospitality (+16,800), manufacturing (+16,400), and educational and health services (+10,900). Employment was lower on the year in construction (-2,500), information (-2,300) and financial activities (-1,600).



Among the **contiguous states**, year-over-year employment growth was strongest in Indiana (+2.0%), followed by Kentucky (+1.8%), Ohio (+1.2%), Michigan (+1.1%), West Virginia (+1.0%), and Pennsylvania (+0.9%). For the first time since 1999, all 50 states experienced an increase in employment during the year. Year-over-year growth in manufacturing was 2.5% in Ohio. Among the contiguous states, manufacturing employment increased 5.1% in Indiana, 1.8% in Kentucky, 1.7% in Michigan, 1.2% in West Virginia, and 0.7% in Pennsylvania.

The **Ohio unemployment rate** decreased to 4.8% in December, as the number of unemployed decreased by 8,864 people. The unemployment rate declined by 2.3 percentage points during 2014, and has declined by more than half since the peak of 10.6% reached in February 2010. The 2.3 percentage point decline in the Ohio unemployment rate during 2014 ranked third among the fifty states, and the December level was the 17th lowest among the fifty states (tied with Pennsylvania and Virginia). Across the country, the unemployment rate was unchanged in 3 states, increased in 4 states, and decreased in 43 states in December.

For 2014 as a whole, the number of Ohio unemployed persons dropped by 141,100. Ninety percent of that decline came from an increase in employment (126,900), while only 10 percent came from a reduction in the labor force (14,200).

Consumer Income and Consumption

Personal income increased 0.3% in December and the November change was revised down from 0.4% to 0.3%. **Wage and salary disbursements** slowed to a 0.1% increase from a 0.6% increase in November, which was revised higher by 0.1 percentage points. Compared with a year earlier, personal income was up 4.6% and wage and salary disbursements were up 4.8%. In comparison, consumer prices were up 0.7% year-over-year in December.

Personal consumption expenditures surprisingly fell during December by 0.3% after a 0.5% rise in November. The weakness was broad-based, as spending on durables fell 1.2%, spending on nondurables fell 1.3%, and spending on services increased by only 0.1%. A key factor behind the decrease was the 3.1% decrease in unit sales of light motor vehicles from an unsustainably high pace in November. Auto sales slipped back to a still-healthy pace of 16.8 million units in December and receded modestly further to a still-robust pace of 16.6 million units in January.

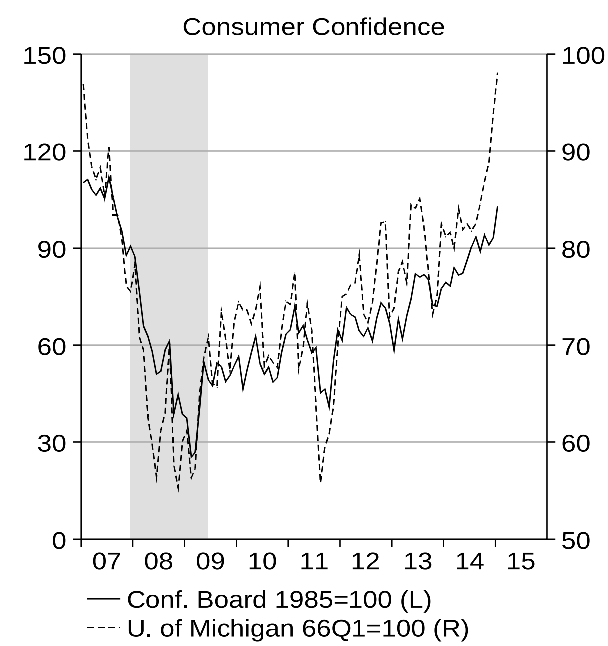
Weakness in consumer spending was also evident in **retail sales**, which decreased 0.9% in December. Declines were widespread and led by gasoline service stations (-6.5%) – reflecting the decrease in the price of gasoline – but also evident at building supply stores (-1.9%), miscellaneous store retailers (-1.9%), and electronics and appliance stores (-1.6%). Sales at motor vehicles and parts dealers decreased 0.7%. Even excluding gasoline service stations and motor vehicle dealers, retail sales decreased 0.3% for the first decline since January 2014.

Even so, consumer spending was robust during the final quarter of the year, as real personal consumption expenditures increased at an annual rate of 4.3%. Growth of 3.7% in nominal expenditures was inflated to 4.3% by a decline of 0.5% in the price index for personal consumption expenditures. Excluding food and energy prices, the personal consumption price index increased 1.1%.

The decline in the price index is not deflation and does not present a danger to the economy. The decline was not the result of a serious weakness in aggregate demand that could cumulate into a self-sustaining process of falling prices. Rather the decrease was most likely the beginning of a brief period of price declines attributable entirely to declines in the price of oil and therefore gasoline and other oil-based products, as were the few other brief episodes of declining consumer prices during the last 40 years.

Ongoing improvements in labor markets, low inflation and the very large drop in the price of gasoline last year propelled **consumer confidence** to new highs for the expansion in January. The Conference Board Consumer Confidence Index increased to its highest level since August 2007 and was 12% above the average during periods of economic expansion since 1978. The expectations component was the highest since a single month in February 2011 and, before that, January 2005. The present conditions component increased to its highest level since January 2008.

The Reuters/University of Michigan Consumer Sentiment Index increased to its highest level since January 2004 and 15% above its average during expansions. Both the expectations and present conditions components increased to new highs for this expansion. The improvements in consumer attitudes most likely reflect the strengthening in labor market conditions and the very steep decline in the price of gasoline and will be a positive factor for the economy in 2015.

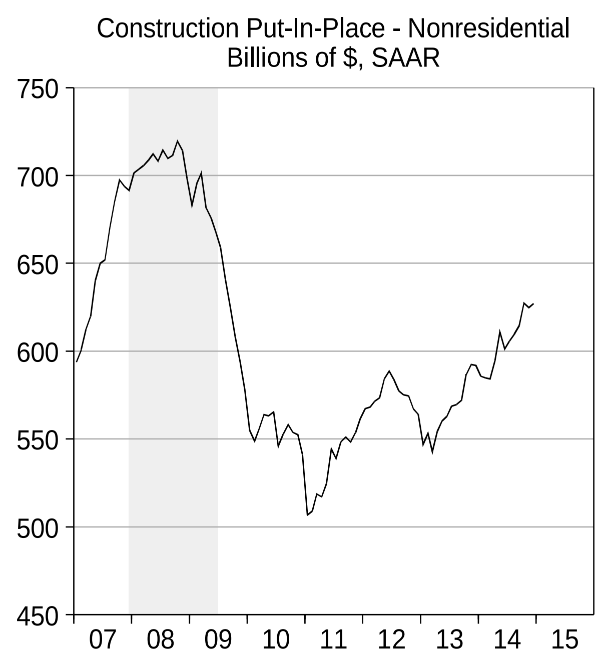


Manufacturing

Industrial production decreased 0.1% in December after a 1.3% gain in November, entirely reflecting a 7.3% drop in utility output due to unseasonably warm weather. Manufacturing production increased 0.3%, also after a November gain of 1.3%, to end the year 4.9% above its year earlier level. Gains in manufacturing were well-distributed across industries with the exception of motor vehicles and parts, where production declined 0.9% after a 5.5% increase in November.

Production in industries of particular importance to Ohio was mixed during December. Production of **primary metal, fabricated metal,** and **machinery** increased 2.2% and 0.5% and decreased 0.2%, respectively. 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. The large decline in the price of oil is expected to boost industrial production overall during 2015 by adding more to demand for consumer-related goods than it subtracts from production of energy-related investment goods.

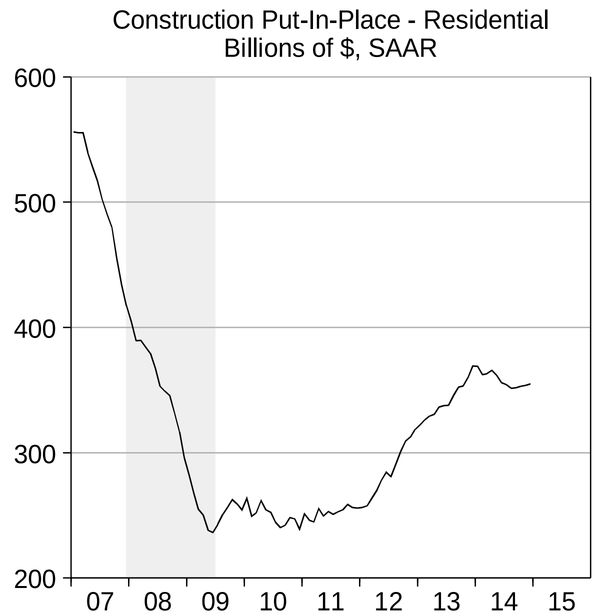
In contrast to stable industrial production reports, **factory orders and shipments** have weakened in recent months. Shipments declined in four of the five months ending in December and new orders declined in all five months. The weakness was not concentrated in a single sector, and is somewhat at odds with reports from **purchasing managers** at manufacturing firms, who continued to report relatively broad-based improvements in conditions in December and into January, although such reports were somewhat less wide-spread than earlier last fall. The overall index declined to its lowest level since last January, but at 53.5 remained well above the neutral level of 50. The modest reversal in December and January reflected softening across several key sub-indexes, including order backlogs, export orders, new orders, and production.



Construction

Construction put-in-place increased 0.4% in December on top of a decrease of 0.2% in November. Activity was very mixed with many categories posting declines. Private construction was little changed – rising just 0.1% – while public construction jumped by 1.1%. In the private segment, construction of both single-family and multi-family structures increased, just offsetting a decline in nonresidential construction. Public construction was stronger, with residential rising 2.3% and nonresidential rising 1.1%.

Housing starts posted a second straight increase in December on a 3-month moving average basis. Single-family starts were up 3.2% while multi-family starts slipped 0.4% resulting in a 1.9% increase overall. Multi-family starts increased 0.9% in the Midwest. As shown in the nearby graph of residential construction put-in-place, housing construction ebbed during 2014 after making an appreciable, but far from full, recovery during 2012-13.



The more-forward-looking **housing permits** were unchanged in December on a 3-month moving average basis after modest increases in each of the three previous months. A decline in multi-family permits for structures with five or more units offset increases in permits for single-family structures and those with two to four units. Weakness continued in the Midwest, where permits fell for the fifth consecutive month on a 3-month moving average basis.

Sales of houses – both new and existing – were soft in November and December. Existing home sales edged down 0.9% on a 3-month moving average basis for the second decline in a row in December. Sales of newly built homes increased 1.9% in December, just barely recouping the 1.2% decline in November. In both cases, inventories remained well in line with the current pace of sales.

Home prices continued their recent rebound in November, rising 0.8% across the country for the fifth straight monthly increase, according to the Case-Shiller national home price index. Home prices in Cleveland also increased for the fifth straight month in November. This five-month streak of increases follows a four month stretch from March through June where prices declined across the country, after having risen continuously for the prior 26 months.

REVENUES

NOTE: Estimates in the revenue tables are based on July 2014 OBM revisions and do not include or reflect updated fiscal year 2015 annual estimates contained in the Executive Budget for fiscal years 2016-2017.

January **GRF receipts totaled $2,846.0 million** and were $43.6 million (1.6%) above the estimate. Monthly tax receipts totaled $2,083.2 million and were $9.3 million (0.4%) above estimate, while non-tax receipts totaled $750.9 million and were $22.5 million (3.1%) above estimate. Variances for the fiscal year-to-date by category are provided in the following table ($ in millions).

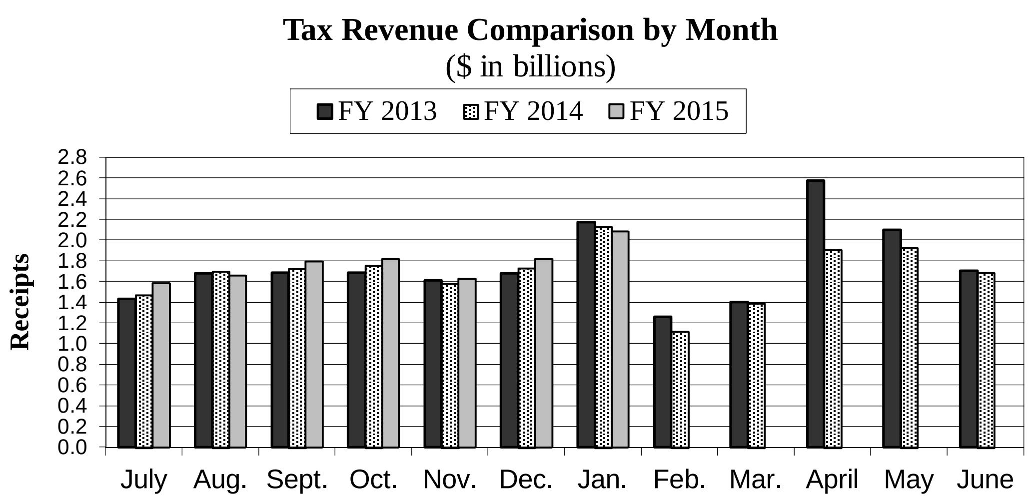
Category	Includes:	YTD Variance	% Variance
Tax receipts	Sales & use, personal income, corporate franchise, financial institutions, commercial activity, MCF, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate	$214.4 million	1.8%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	($254.1 million)	-4.3%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$17.3 million	270.3%
TOTAL REVENUE VARIANCE:		**($22.4 million)**	**-0.1%**

On a year-over-year basis, monthly receipts were $262.1 million (8.4%) lower than in January of the previous fiscal year, mainly due to decreases in federal grants ($228.0 million, 23.5%) and tax revenues ($46.0 million, 2.2%). More than the entirety of the decrease of $46.0 million in tax receipts was attributable to a drop of $53.9 million (5.1%) in personal income tax receipts.

GRF Revenue Sources Relative to Monthly Estimates – January 2014
($ in millions)

Individual Revenue Sources Above Estimate		**Individual Revenue Sources Below Estimate**	
Personal Income Tax	$17.2	Non-Auto Sales Tax	($28.6)
Commercial Activity Tax	$1.1	Corporate Franchise Tax	($1.6)
Financial Institutions Tax	$17.2	License and Fees	($2.2)
Kilowatt Hour Tax	$1.6	Other Income	($1.4)
Cigarette and Other Tobacco Tax	$1.3	Other Sources Below Estimate	($1.0)
Federal Grants	$24.9		
Earnings on Investments	$1.3		
Transfers In - Other	$11.7		
Other Sources Above Estimate	$2.1		
Total above	**$78.4**	**Total below**	**($34.8)**

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



Non-Auto Sales and Use Tax

January non-auto sales and use tax collections totaled $804.6 million and were $28.6 million (3.4%) below estimate, the second consecutive monthly shortfall. Overall economic fundamentals and consumer confidence continue to show positive signals, contrary to this tax source's weak performance. OBM will closely monitor non-auto sales and use tax receipts in the coming months, looking for a reversal in the recent trend. While the year-to-date overage decreased, collections are still above the estimate by $12.5 million (0.2%). Total year-to-date tax collections for the sales tax (including the auto sales tax) are above the estimate by $49.8 million (0.8%).

On a year-over-year basis, January 2015 receipts were $16.4 million (2.1%) above collections in the same month of the previous fiscal year. January comparisons should be unaffected by the tax rate increase that took effect last fiscal year, although year-to-date comparisons are still influenced by the rate increase because of its impact on July through September results.

Auto Sales Tax

January auto sales tax collections totaled $93.9 million and were almost exactly equal to the estimate. Year-to-date receipts are currently above the estimate by $37.3 million (5.3%). On a year-over-year basis, monthly receipts were $4.1 million (4.6%) above the amount collected in January of last year. National demand for light-vehicles started the calendar year strong with seasonally adjusted annual rate (SAAR) sales of 16.6 million units in January, which is 1.4 million units more than in January 2014.

Personal Income Tax

January personal income tax receipts totaled $1,008.5 million and were $17.2 million (1.7%) above the estimate. As in December, the major contributing factor to the overall overage was quarterly estimated payments that totaled $308.9 million and were $25.5 million (9.0%) above the estimate. When the two months are combined, quarterly estimated payment receipts totaled $444.6 million and were $68.1 million (18.1%) above estimate. The stronger than expected performance in quarterly estimated payments combined with lower than expected refunds combined to more than offset lower than estimated receipts in the withholding, trust, annual returns, and “other” components of the tax.

Withholding collections in January totaled $768.3 million and were $9.6 million (1.2%) below expectations. As a result, withholding collections for the fiscal year are no longer over the estimate. Instead, they are now short by an almost imperceptible 0.4 million. January refunds meanwhile totaled $71.4 million and were $15.8 million (18.1%) lower than the estimate of $87.2 million. Trust payments, payments associated with annual returns, and the miscellaneous categories were also below estimate by $4.5 million, $8.5 million, and $1.4 million respectively. For the year to date, GRF income tax collections are $141.2 million (2.8%) above estimate. Quarterly estimated payments and refunds combined account for $153.2 million worth of overage, while all the other components show small shortfalls and are collectively $12.0 million below estimate.

On a year-over-year basis, January personal income tax collections were $53.9 million (5.1%) below the January 2014 level. The quarterly estimated payments and payments associated with annual returns components accounted for most of this reduction and were $36.7 million (18.0%) and $15.1 million (19.9%) below last January’s level. Withholding was slightly above last January by $6.8 million (0.9%), partially offsetting negative changes in the other components. The negative changes relative to last January were expected as a result of the continuing legislated income tax rate cuts that took effect for taxable year 2014 (an additional 1.5% cut) and the temporary increase in the small business deduction percentage from 50% to 75%.

FY2015 PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)						
	ESTIMATE JAN	ACTUAL JAN	$ VAR JAN	ESTIMATE Y-T-D	ACTUAL Y-T-D	$ VAR Y-T-D
Withholding	$777.9	$768.3	($9.6)	$4,729.2	$4,728.8	($0.4)
Quarterly Est.	$283.4	$308.9	$25.5	$639.7	$729.1	$89.4
Trust Payments	$14.2	$9.7	($4.5)	$26.3	$23.7	($2.6)
Annual Returns & 40 P	$26.6	$18.1	($8.5)	$127.5	$127.2	($0.3)
Other	$7.4	$6.0	($1.4)	$57.6	$51.1	($6.5)
Less: Refunds	($87.2)	($71.4)	$15.8	($367.3)	($303.4)	$63.9
Local Distr.	($31.0)	($31.1)	($0.1)	($203.8)	($206.0)	($2.2)
Net to GRF	**$991.3**	**$1,008.5**	**$17.2**	**$5,009.2**	**$5,150.4**	**$141.2**

Corporate Franchise Tax

As noted in previous months' reports, although the corporate franchise tax has been eliminated, prior year settlement activity continues. This results in some amount of monthly activity for this tax, whether settlement payments or refunds, which by definition create variances, since the estimate for this tax is now zero. Although these monthly variances have generally been small, readers of this report will recall that November was an exception due to considerable refund activity. January saw more moderate activity as receipts totaled -$1.6 million. For the year-to-date receipts now total -$27.4 million compared to the estimate of zero.

Financial Institutions Tax

January receipts for the financial institutions tax totaled $45.0 million and were $17.2 million above the $27.8 million (61.7%) estimate. The monthly variance is largely due to the timing of the due date for the tax (January 31st) and a larger portion of payments being received and processed in January as opposed to February. Due to the positive variance in January, it is expected that February receipts will be below the monthly estimate.

Commercial Activity Tax

January commercial activity tax (CAT) receipts continued their fiscal year 2015 rebound as the GRF share of the tax totaled $32.4 million and was $1.1 million (3.5%) above the estimate. Year-to-date, GRF CAT receipts totaled $454.3 million and were $51.6 million (12.8%) above estimate. Year-over-year growth in GRF CAT receipts through the first seven months of the fiscal year was $36.2 million (8.7%).

All-funds January CAT receipts (net of refunds, attorney general fees, and deposits to the motor fuel fund), meanwhile totaled $65.4 million and were $2.7 million (4.3%) above the estimate. Year-to-date, all funds receipts total $917.0 million and are $111.0 million (13.9%) above estimate. If one subtracts out the administrative earmark portion of CAT revenues, the remaining amount is $104.1 million above estimate, or 12.9%, which is just slightly above the percentage overage for the GRF share of collections). Year-over-year growth in all funds CAT receipts through the first seven months of the fiscal year was $62.3 million (7.3%) above the same period in the previous fiscal year, once one adjusts FY 2014 collections to remove motor fuel amounts (which are now subject to the petroleum activity tax).

Kilowatt-Hour Tax

January kilowatt hour tax receipts totaled $26.1 million and were $1.6 million (6.6%) above the estimate. Year-to-date collections remain below estimate by $6.5 million (3.7%). Year-over-year performance showed little change: tax receipts were $0.1 million (0.5%) below collections in January of last year.

Natural Gas Distribution Tax (MCF Tax)

January natural gas distribution tax receipts totaled $2.0 million and were $0.9 million (84.9%) above the estimate. Year-to-date receipts were above estimate by $3.1 million (17.6%), showing good performance for the year thus far. Receipts for January 2015 were $0.1 (3.4%) above the level for the same month of the previous fiscal year. Year-to-date collections are still slightly behind last year, having declined by $0.2 million (1.0%).

Cigarette and Other Tobacco Tax

The cigarette and other tobacco tax receipts for January continued to perform slightly better than estimate as receipts totaled $63.5 million and were $1.3 million (2.2%) above the estimate of $62.2 million. January 2015 cigarette tax receipts were $4.1 million (6.0%) below the level for the same month of the previous fiscal year. Year-to-date receipts are now $8.9 million (2.1%) above the estimate, but $9.8 million (2.2%) below the collections in the first seven months of fiscal year 2014.

GRF non-tax receipts totaled $750.9 million in January and were $22.5 million (3.1%) above the estimate. As usual, federal grants dominated this category as federal receipts were $24.9 million (3.5%) above estimate. Earnings on investments were also above estimate by $1.3 million. On the other side, License and Fees and Other Income revenues were $2.2 million and $1.4 million below their respective estimates. Transfers in totaled $11.9 million and were $11.7 million above estimate.

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2015 VS ESTIMATE FY 2015
($ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL JANUARY	ESTIMATE JANUARY	$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	804,583	833,200	(28,617)	-3.4%	5,161,596	5,149,100	12,496	0.2%
Auto Sales & Use	93,890	93,900	(10)	0.0%	747,807	710,500	37,307	5.3%
Subtotal Sales & Use	898,473	927,100	(28,627)	-3.1%	5,909,403	5,859,600	49,803	0.8%
Personal Income	1,008,532	991,300	17,232	1.7%	5,150,440	5,009,200	141,240	2.8%
Corporate Franchise	(1,627)	0	(1,627)	N/A	(27,365)	0	(27,365)	N/A
Financial Institutions Tax	44,957	27,800	17,157	61.7%	22,131	27,800	(5,669)	-20.4%
Commercial Activity Tax	32,393	31,300	1,093	3.5%	454,329	402,700	51,629	12.8%
Petroleum Activity Tax	0	500	(500)	N/A	1,944	7,300	(5,356)	-73.4%
Public Utility	1	(200)	201	100.4%	36,838	48,600	(11,762)	-24.2%
Kilowatt Hour	26,127	24,500	1,627	6.6%	170,457	177,000	(6,543)	-3.7%
Natural Gas Distribution	2,034	1,100	934	84.9%	20,461	17,400	3,061	17.6%
Foreign Insurance	(15)	200	(215)	-107.5%	153,819	148,100	5,719	3.9%
Domestic Insurance	(276)	0	(276)	N/A	7,362	1,800	5,562	309.0%
Other Business & Property	0	0	0	N/A	20	0	20	N/A
Cigarette and Other Tobacco	63,542	62,200	1,342	2.2%	428,680	419,800	8,880	2.1%
Alcoholic Beverage	4,370	3,800	570	15.0%	33,294	32,000	1,294	4.0%
Liquor Gallonage	4,537	4,300	237	5.5%	26,112	24,600	1,512	6.1%
Estate	171	0	171	N/A	2,356	0	2,356	N/A
Total Tax Receipts	2,083,218	2,073,900	9,318	0.4%	12,390,281	12,175,900	214,381	1.8%
NON-TAX RECEIPTS								
Federal Grants	740,951	716,087	24,864	3.5%	5,649,435	5,899,362	(249,927)	-4.2%
Earnings on Investments	6,340	5,000	1,340	26.8%	11,393	9,500	1,893	19.9%
License & Fees	2,675	4,906	(2,231)	-45.5%	11,942	16,718	(4,776)	-28.6%
Other Income	884	2,329	(1,445)	-62.0%	22,373	14,279	8,094	56.7%
ISTV'S	2	1	1	208.9%	261	9,618	(9,357)	-97.3%
Total Non-Tax Receipts	750,852	728,322	22,530	3.1%	5,695,404	5,949,477	(254,073)	-4.3%
TOTAL REVENUES	**2,834,070**	**2,802,222**	**31,848**	**1.1%**	**18,085,685**	**18,125,377**	**(39,692)**	**-0.2%**
TRANSFERS								
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	11,915	200	11,715	N/A	23,700	6,400	17,300	270.3%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	11,915	200	11,715	5857.3%	23,700	6,400	17,300	270.3%
TOTAL SOURCES	**2,845,985**	**2,802,422**	**43,562**	**1.6%**	**18,109,385**	**18,131,777**	**(22,392)**	**-0.1%**

Table 2

GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2015 VS ACTUAL FY 2014
($ in thousands)

REVENUE SOURCE	MONTH: JANUARY FY 2015	MONTH: JANUARY FY 2014	MONTH: $ VAR	MONTH: % VAR	YEAR-TO-DATE: ACTUAL FY 2015	YEAR-TO-DATE: ACTUAL FY 2014	YEAR-TO-DATE: $ VAR	YEAR-TO-DATE: % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	804,583	788,145	16,437	2.1%	5,161,596	4,711,104	450,492	9.6%
Auto Sales & Use	93,890	89,747	4,143	4.6%	747,807	679,285	68,522	10.1%
Subtotal Sales & Use	898,473	877,893	20,580	2.3%	5,909,403	5,390,389	519,014	9.6%
Personal Income	1,008,532	1,062,453	(53,921)	-5.1%	5,150,440	5,336,534	(186,094)	-3.5%
Corporate Franchise	(1,627)	13,307	(14,935)	-112.2%	(27,365)	(5,236)	(22,130)	-422.7%
Financial Institutions Tax	44,957	41,173	3,784	9.2%	22,131	41,293	(19,162)	-46.4%
Commercial Activity Tax	32,393	29,494	2,899	9.8%	454,329	418,122	36,207	8.7%
Petroleum Activity Tax	0	0	0	N/A	1,944	0	1,944	N/A
Public Utility	1	(38)	39	102.0%	36,838	48,096	(11,258)	-23.4%
Kilowatt Hour	26,127	25,994	133	0.5%	170,457	173,941	(3,484)	-2.0%
Natural Gas Distribution	2,034	1,967	67	3.4%	20,461	20,676	(215)	-1.0%
Foreign Insurance	(15)	4	(19)	-524.1%	153,819	146,641	7,178	4.9%
Domestic Insurance	(276)	(6)	(269)	N/A	7,362	98	7,264	N/A
Other Business & Property	0	0	0	N/A	20	455	(435)	-95.6%
Cigarette and Other Tobacco	63,542	67,593	(4,051)	-6.0%	428,680	438,473	(9,793)	-2.2%
Alcoholic Beverage	4,370	4,209	160	3.8%	33,294	32,669	624	1.9%
Liquor Gallonage	4,537	4,268	269	6.3%	26,112	25,187	925	3.7%
Estate	171	926	(755)	-81.6%	2,356	30,045	(27,688)	-92.2%
Total Tax Receipts	2,083,218	2,129,237	(46,019)	-2.2%	12,390,281	12,097,384	292,897	2.4%
NON-TAX RECEIPTS								
Federal Grants	740,951	968,988	(228,036)	-23.5%	5,649,435	5,555,133	94,302	1.7%
Earnings on Investments	6,340	4,675	1,665	35.6%	11,393	8,420	2,973	35.3%
License & Fee	2,675	3,194	(519)	-16.2%	11,942	14,053	(2,110)	-15.0%
Other Income	884	2,012	(1,128)	-56.0%	22,373	11,823	10,550	89.2%
ISTV'S	2	1	1	188.3%	261	7,741	(7,479)	-96.6%
Total Non-Tax Receipts	750,852	978,869	(228,017)	-23.3%	5,695,404	5,597,169	98,235	1.8%
TOTAL REVENUES	**2,834,070**	**3,108,105**	**(274,035)**	**-8.8%**	**18,085,685**	**17,694,553**	**391,132**	**2.2%**
TRANSFERS								
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	11,915	0	11,915	N/A	23,700	47,215	(23,515)	-49.8%
Temporary Transfers In	0	0	0	N/A	0	5,516	(5,516)	N/A
Total Transfers	11,915	0	11,915	N/A	23,700	52,730	(29,031)	-55.1%
TOTAL SOURCES	**2,845,985**	**3,108,105**	**(262,121)**	**-8.4%**	**18,109,385**	**17,747,284**	**362,101**	**2.0%**

DISBURSEMENTS

January GRF disbursements, across all uses, totaled $2,536.5 million and were $127.6 million (5.3%) above estimate. This was primarily attributable to higher than estimated disbursements in the Primary and Secondary Education and Medicaid categories. On a year-over-year basis, January total uses were $58.4 million (2.3%) lower than those of the same month in the previous fiscal year, with the Primary and Secondary Education category largely responsible for the decrease. Year-to-date variances by category are provided in the table below.

Category	**Description**	**YTD Variance**	**% Variance**
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	($301.0 million)	-1.6%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$7.6 million	1.3%
TOTAL DISBURSEMENTS VARIANCE:		**($293.5 million)**	**-1.5%**

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 contains GRF spending for the Ohio Department of Education, minus property tax reimbursements. January disbursements for this category totaled $619.6 million and were $53.5 million (9.5%) above the estimate. Expenditures for the school foundation program totaled $591.6 million and were $52.6 million (9.7%) above the estimate. This variation was due to the use of prior fiscal year average daily membership (ADM), as well as the use of prior fiscal year actuals in the calculation of community school deductions for traditional districts as part of the school foundation program. The Department of Education plans to begin using updated fiscal year data as it becomes available in the coming months.

Year-to-date disbursements were $4,309.9 million, which was $95.0 million (2.3%) above the estimate. On a year-over-year basis, disbursements in this category were $189.2 million (23.4%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $80.4 million (1.8%) lower than at the same point in fiscal year 2014.

Higher Education

January disbursements for the Higher Education category, which includes non-debt service GRF spending by the Board of Regents, totaled $170.4 million and were $5.8 million (3.3%) below the estimate for the month. The majority of the monthly variance was due to spending in the Choose Ohio First and Ohio College Opportunity Grant Scholarship Programs below the monthly estimate by $6.8 million as a result of lower than expected requests for reimbursement from higher education institutions, which was partially offset by spending in the Ohio National Guard Scholarship Programs above the monthly estimate by $1.0 million.

Year-to-date disbursements were $1,243.1 million, which was $5.7 million (0.5%) below the estimate. On a year-over-year basis, disbursements in this category were $5.9 million (3.3%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $32.6 million (2.7%) higher than at the same point in fiscal year 2014.

Other Education

This category includes non-debt service expenditures made by the Broadcast Education Media Commission, the Ohio Facilities Construction Commission, the Ohio State School for the Blind, the Ohio School for the Deaf, as well as disbursements made to libraries, cultural, and arts organizations.

January disbursements in this category totaled $6.7 million and were $0.5 million (6.4%) below estimate. Year-to-date disbursements were $38.3 million, which was $1.8 million (4.5%) below the estimate. On a year-over-year basis, disbursements in this category were $3.8 million (128.4%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $5.6 million (17.1%) higher than at the same point in fiscal year 2014.

Medicaid

This 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 Department of Medicaid (651 prefix), the 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).

Please note that the total GRF disbursement estimates in fiscal year 2015 are lower than the original appropriations by $845.6 million. Budgeted transfers and other projected lapses account for $148.7 million. The remaining $697.0 million is due to an adjustment for lower than expected caseload. While enrollment steadily increased each month in fiscal year 2014, the rate of growth was lower than initially expected and was a key driver of the lower than expected spending. This spending trend is expected to continue in fiscal year 2015, and the disbursement estimates have been adjusted accordingly.

<u>Expenditures</u>
January GRF disbursements for the Medicaid Program totaled $1,236.0 million and were $36.6 million (3.0%) above the estimate, and $63.2 million (5.4%) above the same point in the previous fiscal year. Year-to-date GRF disbursements for the Medicaid Program totaled $9,259.9 million and were $350.9 million (3.7%) below the estimate, and $777.1 million (9.2%) above the same point in the previous fiscal year.

January all-funds disbursements totaled $1,906.3 million and were $23.9 million (1.3%) above the estimate, and $345.8 million (22.2%) above disbursements in the same point of the previous fiscal year. Year-to-date all-funds disbursements totaled $13,392.0 million and were $191.5

million (1.4%) below the estimate, and $2,234.6 million (20.0%) above disbursements at the same point of the previous fiscal year.

The January variance was due to greater than anticipated enrollment in the Covered Families and Children (CFC) eligibility category, which resulted in over-estimated spending in the Managed Care-CFC spending category. Fee-for-service costs for Nursing Facilities were also greater than anticipated in January due to lower costs for the MyCare managed care program as claims for this population have not yet shifted to managed care plans. These greater than anticipated costs were offset, in part, by lower-than-anticipated costs in the other fee-for-service categories, which include hospitals, physicians and prescription drugs.

Year-to-date disbursements are below the estimate. This is due to lower-than-anticipated costs in the fee-for-service categories, along with lower-than-anticipated costs for the Health Homes program and a managed care payment reconciliation that occurred in July.

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

(In millions, totals may not add due to rounding)

	Jan. Projection	Jan. Actual	Variance	Variance %
GRF	$ 1,199.4	$ 1,236.0	$ 36.6	3.0%
Non-GRF	$ 683.0	$ 670.3	$ (12.7)	-1.9%
All Funds	$ 1,882.5	$ 1,906.3	$ 23.9	1.3%

Enrollment

Total January enrollment across all categories was 2.98 million. The most significant components are the Covered Families and Children (CFC) category, which increased by 32,883 persons to a January total of 2.33 million persons, and the Aged, Blind and Disabled (ABD) category, which decreased by 3,707 people to a January total of 421,323 covered lives. Individuals covered under Medicaid extension (eligibility group VIII) are included as part of the larger CFC category.

Total enrollment across all categories for the same month last year was 2.50 million covered persons, including 1.81 million persons in the CFC category and 437,229 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.

January disbursements in this category totaled $142.9 million and were $22.6 million (18.8%) above estimate for the month. Year-to-date disbursements were $841.0 million, which was $27.3 million (3.1%) below the estimate. On a year-over-year basis, disbursements in this category were $41.3 million (40.6%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $86.4 million (11.4%) higher than at the same point in fiscal year 2014.

Department of Job and Family Services

January disbursements for the Department of Job and Family Services totaled $72.8 million and were $23.1 million (46.5%) above estimate. This variance was primarily attributable to several lines. First, Early Care and Education disbursements were $8.7 million (78.5%) above estimate due to a change in the child care subsidy payment schedule to meet MOE requirements. Second, Family and Children Services disbursements were $18.2 million (5510.8%) above estimate due to $11.3 million in state child protective allocation payments being made in January instead of December as originally estimated, and $6.8 million in Efficiency and Innovation Fund disbursements that were approved by the Controlling Board in fiscal year 2015 to be disbursed by the Department and as such were not a part of the agency's original GRF estimates. Third, Information Technology Projects disbursements were $1.1 million (24.1%) below estimate due to invoices not being received during the month as anticipated. Finally, TANF State/Maintenance of Effort disbursements were $1.9 million (14.5%) below estimate due to Ohio Works First caseloads being lower than estimated.

Department of Health

January disbursements for the Department of Health totaled $7.3 million and were $1.7 million (30.9%) above estimate. This variance was primarily attributable to Help Me Grow disbursements being $1.0 million (49.3%) above estimate due to subsidy payments originally planned for prior months being made in January instead.

Opportunity for Ohioans with Disabilities

January disbursements for Opportunities for Ohioans with Disabilities totaled $1.0 million and were $1.0 million (51.2%) below estimate. This was primarily attributable to Services for People with Disabilities disbursements being $1.0 million (51.6%) below estimate due to subsidy payments originally planned for January being moved to February instead.

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.

January disbursements in this category totaled $217.5 million and were $24.4 million (12.6%) above estimate for the month. Year-to-date disbursements were $1,173.3 million, which was $17.1 million (1.5%) above estimate. On a year-over-year basis, disbursements in this category were $38.9 million (21.8%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $65.0 million (5.9%) higher than at the same point in fiscal year 2014.

Department of Rehabilitation and Correction
January disbursements for the Department of Rehabilitation and Correction totaled $164.8 million and were $24.5 million (17.4%) above estimate. This variance was primarily attributable to the timing of a third payroll in January, which was estimated to be processed in February. As a result, February disbursements will be lower by a proportional amount. This variance was partially offset by lower than estimated disbursements for Halfway Houses due to payments being made in December rather than January as estimated. Department disbursements year-to-date were $901.7 million, which was $29.3 million (3.4%) above 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.

January disbursements in this category totaled $38.5 million and were $0.1 million (0.3%) below the estimate. Year-to-date disbursements were $216.3 million, which was $10.0 million (4.4%) below the estimate. On a year-over-year basis, disbursements in this category were $2.2 million (6.0%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $0.7 million (0.3%) higher than at the same point in fiscal year 2014.

Department of Transportation
January disbursements for the Department of Transportation totaled $3.1 million and were $1.1 million (60.0%) above estimate. Major monthly variances were attributable to the Public Transportation – State line being $1.1 million (69.5%) above estimate due to transit program grant awards being disbursed in January rather than as originally planned for February. Year-to-date disbursements were $7.1 million which was $0.7 million (10.9%) above the estimate.

Property Tax Reimbursements

Payments from the property tax reimbursement 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. January disbursements of property tax reimbursements totaled $0.5 million and were $0.4 million (315.0%) above the estimate of $0.1 million for the month. Year-to-date disbursements totaled $908.1 million and were $4.9 million (0.5%) below estimate.

Debt Service

January payments for debt service totaled $98.4 million and were $9.4 million (8.7%) below estimate. More than the entirety of the monthly variance was the result of debt service payments in infrastructure bonds being $12.6 million below estimate. This offset slight overspending elsewhere. Year-to-date debt service payments total $953.4 million and were $12.5 million (1.3%) below estimate.

Transfers Out

January transfers out totaled $6.0 million against an estimate of $0 due to an accounting correction.

Table 3

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2015 VS ESTIMATE FY 2015
($ in thousands)

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	**ACTUAL JANUARY**	**ESTIMATED JANUARY**	**$ VAR**	**% VAR**	**YTD ACTUAL**	**YTD ESTIMATE**	**$ VAR**	**% VAR**
Primary and Secondary Education	619,558	566,031	53,527	9.5%	4,309,887	4,214,883	95,004	2.3%
Higher Education	170,375	176,160	(5,785)	-3.3%	1,243,059	1,248,808	(5,749)	-0.5%
Other Education	6,717	7,175	(458)	-6.4%	38,304	40,121	(1,817)	-4.5%
Medicaid	1,236,004	1,199,439	36,565	3.0%	9,259,853	9,610,711	(350,858)	-3.7%
Health and Human Services	142,869	120,292	22,577	18.8%	841,027	868,365	(27,339)	-3.1%
Justice and Public Protection	217,538	193,185	24,353	12.6%	1,173,320	1,156,181	17,139	1.5%
General Government	38,526	38,629	(102)	-0.3%	216,285	226,292	(10,007)	-4.4%
Property Tax Reimbursements	477	115	362	315.0%	908,135	913,052	(4,917)	-0.5%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	98,449	107,870	(9,421)	-8.7%	953,387	965,866	(12,480)	-1.3%
Total Expenditures & ISTV's	**2,530,512**	**2,408,896**	**121,616**	**5.0%**	**18,943,256**	**19,244,280**	**(301,023)**	**-1.6%**
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	5,979	0	5,979	N/A	588,788	581,234	7,554	1.3%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**5,979**	**0**	**5,979**	**N/A**	**588,788**	**581,234**	**7,554**	**1.3%**
Total Fund Uses	**2,536,491**	**2,408,896**	**127,595**	**5.3%**	**19,532,044**	**19,825,513**	**(293,470)**	**-1.5%**

Table 4
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2015 VS ACTUAL FY 2014
($ in thousands)

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	**JANUARY FY 2015**	**JANUARY FY 2014**	**$ VAR**	**% VAR**	**ACTUAL FY 2015**	**ACTUAL FY 2014**	**$ VAR**	**% VAR**
Primary and Secondary Education	619,558	808,744	(189,186)	-23.4%	4,309,887	4,390,272	(80,385)	-1.8%
Higher Education	170,375	176,227	(5,852)	-3.3%	1,243,059	1,210,506	32,553	2.7%
Other Education	6,717	2,941	3,776	128.4%	38,304	32,698	5,606	17.1%
Medicaid	1,236,004	1,172,766	63,238	5.4%	9,259,853	8,482,785	777,068	9.2%
Health and Human Services	142,869	101,609	41,260	40.6%	841,027	754,666	86,361	11.4%
Justice and Public Protection	217,538	178,598	38,940	21.8%	1,173,320	1,108,335	64,985	5.9%
General Government	38,526	36,353	2,173	6.0%	216,285	215,588	697	0.3%
Property Tax Reimbursements	477	(11)	488	-4558.6%	908,135	893,056	15,079	1.7%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	98,449	117,664	(19,216)	-16.3%	953,387	889,564	63,823	7.2%
Total Expenditures & ISTV's	**2,530,512**	**2,594,891**	**(64,380)**	**-2.5%**	**18,943,256**	**17,977,469**	**965,787**	**5.4%**
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	995,930	(995,930)	N/A
Operating Transfer Out	5,979	15	5,964	N/A	588,788	210,513	378,274	179.7%
Temporary Transfer Out	0	0	0	N/A	0	5,516	(5,516)	N/A
Total Transfers Out	**5,979**	**15**	**5,964**	**N/A**	**588,788**	**1,211,959**	**(623,172)**	**-51.4%**
Total Fund Uses	**2,536,491**	**2,594,907**	**(58,416)**	**-2.3%**	**19,532,044**	**19,189,428**	**342,616**	**1.8%**

FUND BALANCE

Table 5 describes the estimated General Revenue Fund (GRF) unencumbered ending fund balance for FY 2015. Based on the estimated revenue sources for FY 2015 and the estimated FY 2015 disbursements, transfers, and encumbrances, the GRF unencumbered ending fund balance for FY 2015 is an estimated $631.6 million.

The GRF unencumbered ending fund balance should not be considered as a balance available for expenditure in FY 2015 nor should it be considered as equivalent to the FY 2015 surplus calculation as defined in Section 131.44 of the Ohio Revised Code.

It is important to note that the GRF unencumbered 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.

Table 5
FUND BALANCE
GENERAL REVENUE FUND
FISCAL YEAR 2015
($ in thousands)

July 1, 2014 Beginning Cash Balance	**$ 1,700,065**
Plus FY 2015 Estimated Revenues	21,139,610
Plus FY 2015 Estimated Federal Revenues	8,990,764
Plus FY 2015 Estimated Transfers to GRF	648,386
Total Sources Available for Expenditure & Transfer	**32,478,825**
Less FY 2015 Estimated Disbursements	30,912,416
Less FY 2015 Estimated Total Encumbrances as of June 30, 2015	328,448
Less FY 2015 Estimated Transfers Out	606,390
Total Estimated Uses	**31,847,253**
FY 2015 UNENCUMBERED ENDING FUND BALANCE	**631,572**

OBM staff that contributed to the development of this report were:

Jason Akbar, Astrid Arca, Jim Bennett, Frederick Church, Jim Coons, Adam Damin, Paul DiNapoli, Catherine Hookway, Kurt Kauffman, Sári Klepacz, Matthew Martin, Ashley Nelson, Jeff Newman, Katherine Nickey, Steven Peishel, Ben Phillips, Penny Rader, Katja Ryabtseva, Daniel Schreiber, Tara Schuler, Dex Stanger, Chris Whistler, and Andrew White.