



OBM

Ted Strickland
Governor

J. Pari Sabety
Director

January 12, 2009

MEMORANDUM TO: The Honorable Ted Strickland, Governor
The Honorable Lee Fisher, Lt. Governor

FROM: J. Pari Sabety, Director 

SUBJECT: Monthly Financial Report

This report contains information regarding Ohio's financial position through December 31, 2008 as well as highlights of regional and national economic indicators that are important to understanding the current state of Ohio's economy.

Nationally and in Ohio, economic activity steadily deteriorated as 2008 came to a close. Employment, earnings, production, orders and investment eroded further. Early reports indicate that the holiday shopping season was the worst on record, resulting from both weak demand and aggressive discounting by retailers. Purchasing managers reported a dramatic slowdown during December, signaling further weakness in manufacturing in future months.

Reflecting the ongoing decline in the state's economic conditions, tax receipts for December totaled \$1.529.4 million and were \$24.5 million (1.6%) below the revised December estimates as a result of negative performance in the non-auto sales and use tax. A troubling indicator of the state of consumer demand is that the December 2008 non-auto sales and use tax is down \$93.7 million, or 13.8% from last year's performance.

On December 19, 2008, OBM revised its tax revenue estimates downward by \$640 million, and its Federal revenue estimates upwards by \$132 million in anticipation of forthcoming federal assistance in this fiscal year. The revised revenue estimates are listed in Table 1A of this report. Disbursement and fund balance estimates will be made available as soon as they are prepared and will be incorporated into future monthly financial reports.

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ECONOMIC SUMMARY

Economic activity remained on the recent path of severe deterioration as 2008 came to a close. Employment, earnings, production, orders and investment all eroded further both nationally and in Ohio. The consensus of forecasters is that real GDP declined by 5.2% in the fourth quarter of CY 2008 – the steepest decline since the first quarter of 1982 – and will decline at a slower but still substantial pace in the first quarter of CY 2009. The consensus is that the recession will end in mid-2009, but leading indicators do not yet point to an upturn.

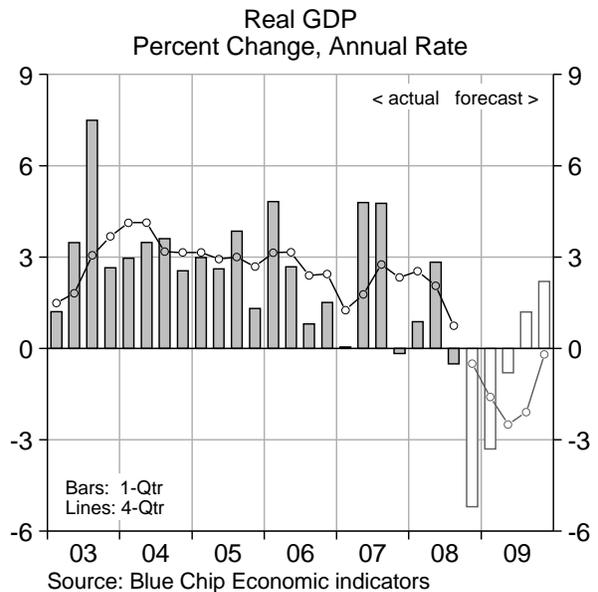
Highlights of Economic Performance

- Ohio employment has decreased by 28,500 jobs since December 2007. Global Insight projects that Ohio's unemployment rate is expected to rise from the December level of 7.3% to 10.4% by the end of the calendar year.
- Early reports indicate that the holiday shopping season was the worst on record, resulting from both weak demand and aggressive discounting by retailers.
- Implying further anticipated weakening in manufacturing, purchasing managers reported dramatic deterioration in activity during December across all measures.

Economic Growth

After decreasing at a modest pace of 0.5% in the third quarter, **real GDP** contracted at an estimated pace of 5% to 6% during the fourth quarter – the fastest rate in many years.

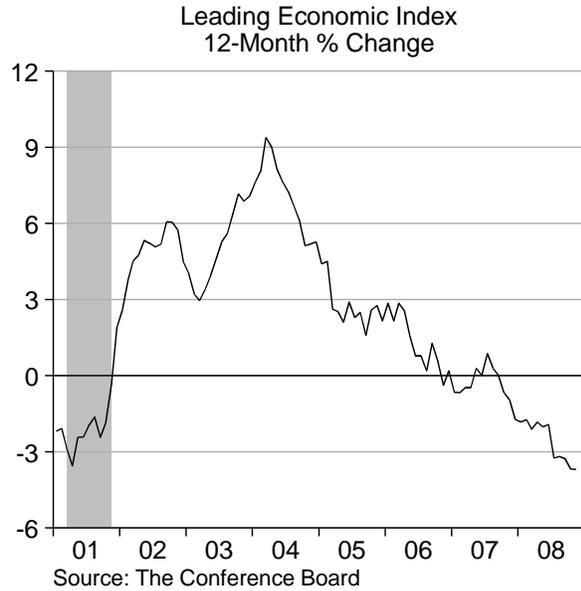
The consensus among forecasters is that the negatives will persist during the next few quarters without much offset from the few positives. The *Blue Chip Economic Indicators* panel estimates that real GDP decreased by 5.2% in the fourth quarter and will contract by 3.3% in the first quarter and 0.8% in the second quarter. Forecasters expect growth to resume at a subpar pace in the second half of 2009, rising to close to 3.0% in 2010.



Leading economic indicators still provide scant sign of a near term upturn in the economy. The Conference Board's Leading Economic Index fell roughly as fast as in the most recent two recessions through November. The rate of change in the Weekly Leading Index from the Economic Cycle Research Institute remained near its all-time low of

-3.4% in early January. In a positive sign, the index has been flat on balance since mid-November.

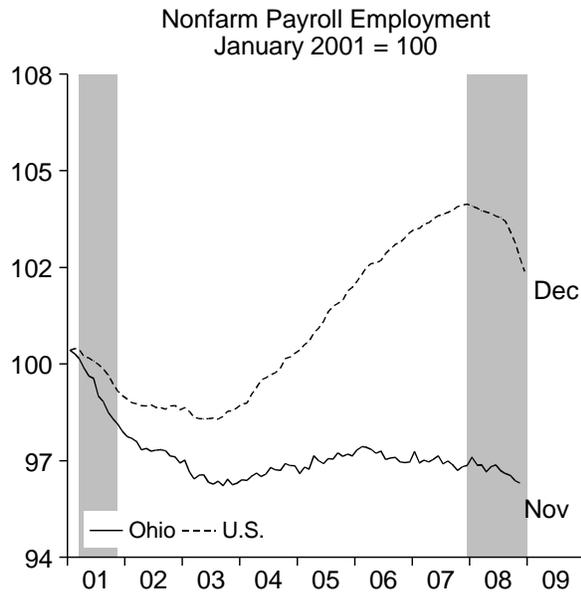
Global Insight projects further contraction in the Ohio economy in the quarters ahead. Ohio employment is projected to decline by 2.5% from its November level to the fourth quarter of 2009. The unemployment rate is expected to rise from the November level of 7.3% to 10.4% by the end of the year. New car registrations are projected to fall through the second quarter. And Ohio retail sales are projected to fall again in the first quarter before beginning a tepid advance.



Employment

The accelerated pace of deterioration in labor markets continued in December. **Total employment** decreased by 524,000 jobs, about as expected. The losses in October and November were revised down by a total of 154,000 jobs, bringing the total loss since August to 1.9 million jobs. The combined November and December job loss was the largest on record with the exception of the loss caused by the influx to the labor force of former soldiers during a brief period following the conclusion of World War II, although the percentage decline has been somewhat larger on occasion during serious recessions.

Total hours worked fell 1.1% in December, bringing the change from the third quarter to the fourth quarter to an annualized pace of -7.7% – the steepest quarterly drop on record next to the two quarters at the trough of the 1973-75 recession. Given the steep drop-off in labor input, real GDP declined by an estimated 7% to 8% if productivity was unchanged during the quarter.



Job losses again were widespread. Manufacturing shed 149,000 jobs, and construction lost 101,000 jobs. Professional and business services employment fell 113,000. And retail services payrolls fell by 67,000. In total, employment in service-producing sectors fell by 273,000 jobs, as only education and health services added to employment (+45,000).

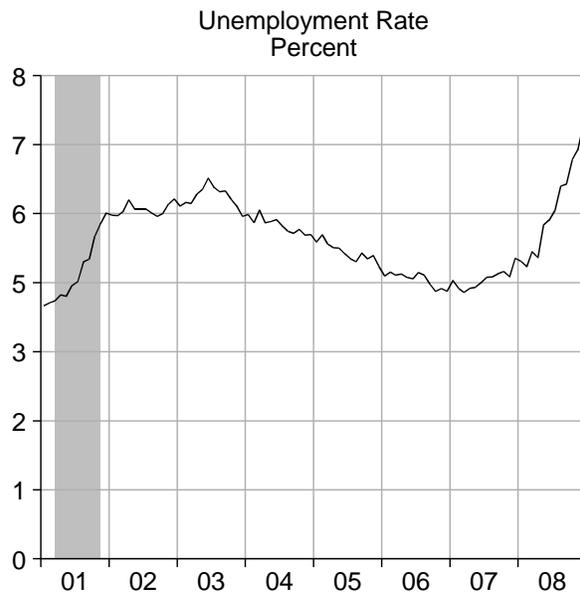
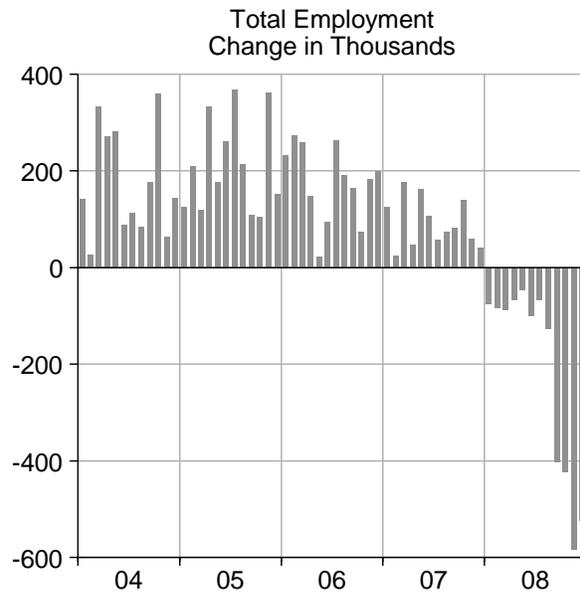
Only approximately one-quarter of the 274 industries tracked by the Bureau of Labor Statistics reported higher payrolls over one, three and six month periods. Compared with November, only 11% of the 84 manufacturing industries reported higher payrolls.

The **unemployment rate** increased to 7.2% in December. Up by 2.8 points from the cycle low that was reached in March 2007, the rate remained at about a 15-year high. The unemployment rate would have been higher had 173,000 people not withdrawn from the labor force. The number of people who wanted a job but were not looking because of discouragement has increased 77% since December 2007. The number of unemployed workers was about 3.5 million higher than a year earlier. The broadest measure of unemployment, which includes so-called discouraged workers, increased to 13.5% from 12.6% in November and 8.4% in November 2007.

The **length of the workweek** for all production and nonsupervisory workers fell to a new all-time low of 33.3 hours. The manufacturing workweek fell to 40.0 hours. Manufacturing overtime fell to 3.0 hours – down sharply from 4.6 hours as recently as April 2006 and the lowest since June 1983. The continuing decreases in the length of the workweek indicate that labor market recovery remains further in the future.

Ohio employment decreased for the fifth consecutive month in November and the eighth in the last ten. The **Ohio coincident index** compiled by the Philadelphia Federal Reserve to gauge labor market conditions fell for the ninth straight month in November. The year-over-year rate of change was -3.1% – the weakest since the 1990-91 recession.

Ohio employment is down by 28,500 jobs since December 2007. Major job losses have occurred in manufacturing (-22,100) and trade, transportation and utilities (-5,000) year-to-date, while education and health services posted a major increase (+9,500). The Ohio unemployment rate was unchanged at 7.3% in November, but up from 5.5% at the start of the year.



Among the eleven **Ohio Metropolitan Statistical Areas**, only Columbus (+2,000) and Youngstown-Warren-Boardman (+700) added jobs during the twelve months ended in November. Employment fell in Cleveland (-11,000), Toledo (-7,400), Dayton (-5,900) and Cincinnati (-4,400).

Employment was lower in Ohio and each of the **contiguous states** during the year ending in November. Employment was marginally lower in West Virginia and fell in Ohio (-0.5%), Pennsylvania (-0.7%), Kentucky (-1.1%), Indiana (-1.6%) and Michigan (-2.7%). For the region as a whole, employment was down 1.2% from November 2007, compared with a decline of 1.4% for all states outside the region combined.

Consumer Income and Consumption

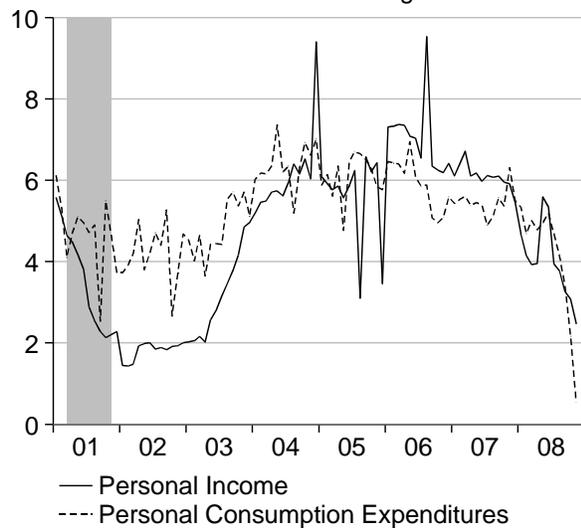
Disposable personal income edged down by 0.1% in November to 3.0% above the year earlier level. After adjusting for inflation, disposable income increased 1.0%, due the large decrease in the price level related to the drop in the price of oil. Compared with a year earlier, real disposable personal income was up only 1.6%.

Ohio personal income fell 0.7% in the third quarter. The distribution of economic stimulus checks during April-June boosted Ohio income growth to 6.9% in the second quarter at the expense of growth in the third period. Compared with a year earlier, Ohio personal income was up 3.1% in the third quarter, versus 3.7% in the U.S.

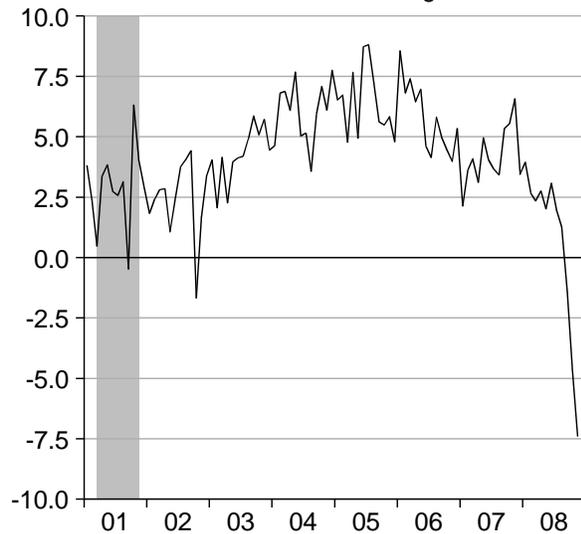
The summer economic stimulus checks appear to have had little effect on consumer spending. **Personal consumption expenditures** fell 0.6% in November for the fifth consecutive monthly decline. Compared with a year earlier, consumption was up by only 0.5% in nominal terms and down by 0.9% after adjustment for inflation.

More up-to-date but less comprehensive reports indicate that the **holiday**

Personal Income and Consumption
12-Month % Changes



Retail Sales
12-Month % Change



shopping season was the worst on record. High-end retailers reported large double-digit percentage declines in sales for November-December compared with a year earlier. Even many discount chains experienced weaker than expected sales. The International Council of Shopping Centers reported that same-store sales for the period fell by 2.2% – the worst holiday shopping season in records dating back to 1970. The substantial decline resulted from both weak demand and aggressive discounting, which trimmed sales at luxury, apparel and department store by 17.4%, 10.7% and 6.8%, respectively.

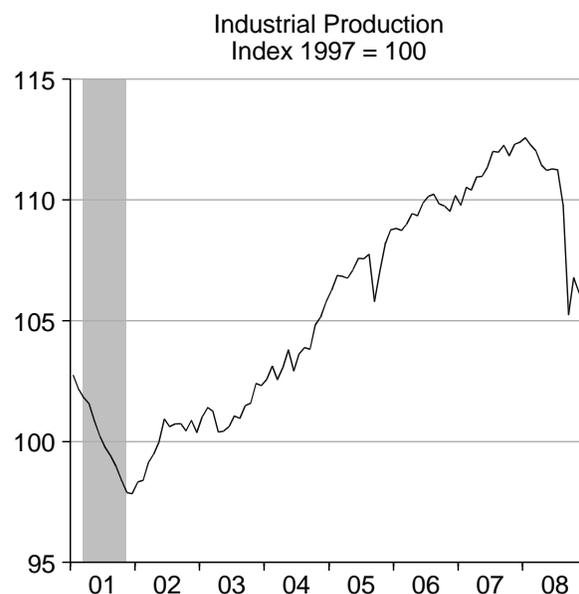
Wage and salary disbursements provide a clearer picture of the underlying trend in consumer spending power, and confirm the underlying deterioration. Wages and salaries declined 0.1% in November for the second decline in the last three months to just 1.5% above the year earlier level. Wages and salaries increased 4.5% from December 2006 to December 2007. The slowdown primarily reflects the downturn in employment, as year-over-year growth in **average hourly earnings** has slowed only moderately from 4.1% during the twelve months ending in September 2007 to 3.7% during the twelve months ending in December 2008. Ohio wage and salary income rose 2.0% in the third quarter.

The tough economic conditions, which kept measures of consumer confidence at long-time lows in December, are prompting households to save more out of current income. The **saving rate** increased to 2.8% of disposable person income in November from 2.4% in October. The rate had dipped to a low of 0.0% in April after averaging between 0.5% and 0.7% since 2005. As recently as 2004, the saving rate was 2.1%.

Manufacturing

The steep slide in manufacturing activity continued through November. **Industrial production** in the manufacturing sector decreased 1.4% during the month, following a modest rebound in October from the 4.0% drop in September. The September decline reflected the effects of severe hurricanes and the strike at Boeing. Compared with a year earlier, manufacturing output was down by 7.3%.

The fact that production remains 4.8% below the August level, even after ample time for recovery from the hurricanes and the conclusion of the strike, indicates the degree of weakness in manufacturing. In past recessions, industrial production has reached its trough within about one month of the end of recession. The recent pattern in production shows no sign of an imminent end to recession.



Manufacturing production has been below its cyclical peak for a total of sixteen months. In comparison, production fell for sixteen months in the 1973-75 recession and for nineteen months in the 1981-82 recession. The peak-to-trough decline in production for the current cycle through November is 7.5%, compared with 15.3% in the 1973-75 recession and 9.0% in the 1981-82 recession. In both of the previous recessions, manufacturing production reached a trough one month after the end of recession.

Production fell for seventeen months in the 2001 recession, but the decline was smaller than so far in this recession. (The decline in production began before the eight-month long recession.) The total decline was 6.9% and ended in the same month as the recession ended. Production fell for only seven months in the 1990-91 mini-recession. The total decline was 4.7% and ended in the same month that the recession ended. Comparisons with the Great Depression are premature, at best. Manufacturing production fell for thirty-six months at the outset of the Great Depression (August 1929 through July 1932) by a total of more than 50%.

Factory orders decreased 4.6% in November, following a 6.0% drop in October that was revised lower from an originally reported -5.1% – the fastest 4-month slide in orders in the 16-year history of the measure. The steep decline in the price of oil contributed to the drop in the value of orders. But even excluding the effect of oil, new orders fell by 3.3% in November – even faster than the 2.3% decrease in October.

Also pointing to further weakening to come in manufacturing, **purchasing managers** reported dramatic deterioration in activity during December across all measures. Reports of lower new orders and lower production each were more widespread than in any other month in the 60-year history of the survey. Reports of falling new export orders were the most widespread in the 10-year history of that component by a wide margin. Reports of lower employment were the most widespread since the 1981-82 recession. In combination, the report from purchasing managers indicates that manufacturing activity continued to contract as the year ended.



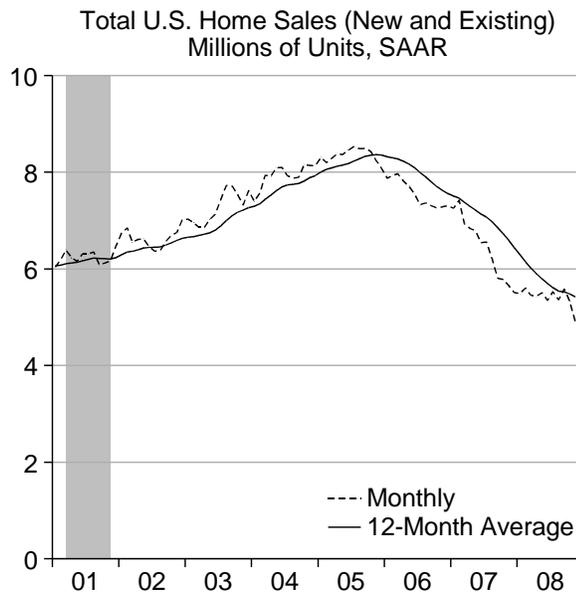
Construction

Construction put-in-place fell 0.6% in November. The October decline was revised up from -1.2% to -0.4%, just as the original August and September changes were revised upward a month earlier. The year-over-year rate of change, which was -3.3% in November, is not as low as in some previous recessions, but has been negative for 26 straight months. This is a record.

Led by the power, manufacturing and office categories, nonresidential construction increased by 1.0% from October and 9.0% from November 2007. Residential construction continued to slide, falling 4.1% to 22.8% below the year earlier level. Single-family construction was down 6.6% – the 32nd straight decline. Tight credit conditions and expectations of additional price declines will keep residential activity in check in coming months.

Housing starts dropped by a stunning 18.9% in November to a record-low (dating back to 1963) of 625 thousand units at a seasonally adjusted annual rate. Starts fell 23.1% in the Midwest to 93 thousand units at a seasonally adjusted annual rate – the second lowest level on record after 80 thousand units in the depths of the 1981-82 recession in February 1982. Single-family starts in the Midwest fell to the lowest level ever. Permits were also off sharply in the Midwest and across the country. From the peak in January 2006 to the November level, the number of housing starts has declined by 72.5% nationally and 74.9% in the Midwest during the same period.

New and existing home sales fell in November in the Midwest and across the country. Sales of new homes fell 2.9% to an annual pace of 407 thousand units. The number of unsold newly constructed homes decreased for the nineteenth straight month to the lowest level since February 2004, but remained above 11 months' worth of sales at the November rate – almost double the normal level. The number of existing homes on the market increase slightly, also to more than 11 months' worth at the November rate.



Fixed mortgage rates remained near all-time lows, following the announcement by the Federal Reserve in mid-December that it was prepared to purchase a large quantity of various mortgage-backed securities in an effort to support housing. The number of new **applications for mortgage loans** to purchase homes increased back to the level before the Lehman Brothers bankruptcy in mid-September.

The **Architecture Billings Index (ABI)** fell to its second new record low in as many months in November. The survey began in 1995. If the historical relationship between the ABI and non-residential construction holds, non-residential construction will fall substantially throughout 2009.

GENERAL REVENUE FUND RECEIPTS

December's GRF receipts totaled \$2,377.5 million and were \$305.5 million above the revised revenue estimates issued by OBM in December. The majority of this variance is attributed to the timing of two separate inputs: federal reimbursement for Medicaid services and a property tax replacement transfer to GRF planned for November that actually occurred in December. Tax receipts for December totaled \$1,529.4 million and were \$24.5 million (1.6%) below the revised December estimates.

The table below summarizes **year to date GRF receipts** by major category. The variance shown is related to the revised revenue estimates issued by OBM in December. Please refer to Table 1A for additional information.

Category	Includes:	YTD Variance	% Variance
Tax receipts	Sales & use, personal income, corporate franchise, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, soft drink, alcoholic beverage, liquor gallonage, estate & horse racing	(\$24.5 million)	(0.3%)
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$225.0 million)	(6.4%)
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$54.6 million	15.0%
TOTAL REVENUE VARIANCE:		(\$195.0 million)	(1.6%)

As mentioned above, tax receipts for the month of December were negative, falling short of the December revised estimates by \$24.5 million as a result of negative performance in the non-auto sales and use tax. Specifically, the non-auto sales tax finished the month \$27.3 million below estimates thus offsetting the positive performance of the auto sales and cigarette taxes.

Individual Sources Above Estimate		Individual Sources Below Estimate	
Cigarette Tax	\$3.3	Non-Auto Sales Tax	(\$27.3)
Federal Grants	\$48.3	Other Sources Below Estimate	(\$3.6)
Liquor Transfers	\$6.0		
Transfers In – Other	\$2.5		
Temporary Transfers In	\$275.0		
Other Sources Above Estimate	\$1.3		
Total above	\$336.4	Total below	(\$30.9)

Non-Auto Sales and Use Tax

The non-auto sales tax performed more weakly than expected, with a steeper drop than analysts have witnessed in many years. During the month of December receipts for the non-auto sales tax totaled \$587.8 million and were well below September estimates and also \$27.3 million (4.4%) short of the revised estimates released in late December. Even more troubling than this monthly performance is year-over-year performance, which saw receipts decline by \$93.7 million (13.8%) from December 2007. When adjusting for changes in how local government funds are distributed, the year-over-year decline in receipts is 11.5%. This means that after six months of FY 2009, this tax is nearly 4% below the FY 08 level.

Auto Sales Tax

Auto sales tax receipts totaled \$62.9 million and exceeded September and revised December estimates by \$2.9 million and \$0.9 million respectively. On a year-over-year basis, auto sales tax receipts through the first half of FY 2009 are \$2.1 million (3.4%) below the same point a year ago.

Personal Income Tax

Personal income tax receipts were \$771.3 million in December, which matched almost exactly both the September and revised December estimates. However, while the bottom line was very close, the dampening effects of Ohio's recessionary economy are reflected in some major tax components such as withholding (\$11.4 million or 1.6% below the estimate) and payments associated with annual returns (\$4.4 million or 28.0% below the estimate). Offsetting this were compensating positive variances in refunds (\$8.4 million or 38.8% below the estimate), local government funds transfer (\$2.6 million or 5.3% below the estimate), miscellaneous receipts (\$2.9 million or 60.3% above the estimate), and estimated payments (\$1.8 million or 1.8% above the estimate).

On a year-over-year basis, total personal income tax receipts for the month of December were \$31.5 million (3.9%) below FY 2008, accounting for about 25.6% of the year-over-year reduction in total tax revenue of \$171.7 million.

FY2009 PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$in millions)						
September Estimates						
	ESTIMATE	ACTUAL	\$ VAR	ESTIMATE	ACTUAL	\$ VAR
	DEC	DEC	DEC	Y-T-D	Y-T-D	Y-T-D
Withholding	\$720.9	\$709.5	(\$11.4)	\$3,790.6	\$3,765.7	(\$24.9)
Quarterly Est.	\$100.0	\$101.8	\$1.8	\$502.2	\$496.0	(\$6.2)
Trust Payments	\$0.5	\$0.5	\$0.0	\$16.0	\$14.6	(\$1.5)
Annual Returns & 40 P	\$15.6	\$11.2	(\$4.4)	\$137.1	\$148.0	\$10.9
Other	\$4.8	\$7.7	\$2.9	\$40.2	\$33.7	(\$6.6)
Less: Refunds	(\$21.6)	(\$13.2)	\$8.4	(\$164.4)	(\$188.0)	(\$23.6)
Local Distr.	(\$48.6)	(\$46.0)	\$2.6	(\$350.8)	(\$347.8)	\$3.0
Net to GRF	\$771.5	\$771.4	(\$0.1)	\$3,971.0	\$3,922.1	(\$48.9)

On a year-over-year basis, total personal income tax receipts for the month of December were \$31.5 million (3.9%) below the estimate, accounting for about 25.6% of the year-over-year reduction in tax revenue of \$123.0 million. Total income tax receipts for the first half of FY 2009 were \$48.9 million (1.2%) below the estimate. When comparing to the revised December estimates, the performance of the tax was marginally less than estimated by just over \$400,000.

FY2009 PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$in millions)						
December Estimates						
	ESTIMATE	ACTUAL	\$ VAR	ESTIMATE	ACTUAL	\$ VAR
	DEC	DEC	DEC	Y-T-D	Y-T-D	Y-T-D
Withholding	\$709.5	\$709.5	\$0.0	\$3,765.7	\$3,765.7	\$0.0
Quarterly Est.	\$101.8	\$101.8	\$0.0	\$496.0	\$496.0	\$0.0
Trust Payments	\$0.5	\$0.5	\$0.0	\$14.6	\$14.6	\$0.0
Annual Returns & 40 P	\$11.2	\$11.2	\$0.0	\$148.0	\$148.0	\$0.0
Other	\$7.9	\$7.7	(\$0.2)	\$33.9	\$33.7	(\$0.2)
Less: Refunds	(\$12.6)	(\$13.2)	(\$0.6)	(\$187.4)	(\$188.0)	(\$0.6)
Local Distr.	(\$46.4)	(\$46.0)	\$0.4	(\$348.2)	(\$347.8)	\$0.4
Net to GRF	\$771.8	\$771.4	(\$0.4)	\$3,922.5	\$3,922.1	(\$0.4)

Commercial Activity Tax

In FY 2009, receipts from the commercial activity tax (CAT) are distributed to non-GRF funds to reimburse school districts and local governments as the tangible personal property tax is phased out. Slightly reversing a negative month in November, CAT receipts during the month of December totaled \$9.6 million, an amount that was \$0.9 million above of the estimate of \$8.7 million. Year to date, the CAT has generated \$642.3 million and is \$17.0 million above estimates.

Cigarette Tax

December receipts were \$85.3 million, which was \$3.3 million (4.0%) above the revised December estimates and \$13.9 million (8.7%) above the September estimates. A significant portion of the variance is explained by timing, as some of the anticipated November receipts occurred in December due to filing logistics and the Thanksgiving holiday at the very end of the month. In other words, on a year-to-date basis the cigarette tax is performing within 0.8% of the revised estimate.

Estate Tax

Estate tax receipts for the month of December totaled \$5.5 million, which exceeded the September by \$3.5 million and were below the revised December estimates by only \$37,000. The performance of this tax during December reflects the receipt of later than anticipated filings by a number of counties, including Hamilton County.

GRF non-tax receipts totaled \$544.8 million in December and were \$46.6 million (9.3%) above the revised estimate. This monthly variance is due almost exclusively to higher than estimated federal grants (\$48.3 million). The receipt of these federal grants are driven primarily by Medicaid reimbursement and the December variance is attributable to the fact that the receipt of reimbursements for payments made in late November was not processed until early December.

GRF transfers totaled \$303.3 million in December and were \$283.5 million above estimates. As mentioned in the November report, this monthly variance is primarily due to the timing of temporary transfers to the GRF for reimbursements related to advances made to the property tax replacement funds. These temporary transfers out which occurred in October were expected to be reimbursed in previous months but were instead reimbursed in December.

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2009 VS ESTIMATE FY 2009
(\$ in thousands)

REVENUE SOURCE	Month				Year-to-Date			
	ACTUAL DECEMBER	ESTIMATE DECEMBER	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	587,805	676,714	(88,910)	-13.1%	3,297,257	3,460,869	(163,612)	-4.7%
Auto Sales & Use	62,891	59,967	2,925	4.9%	445,608	442,619	2,989	0.7%
Subtotal Sales & Use	650,696	736,681	(85,985)	-11.7%	3,742,865	3,903,488	(160,623)	-4.1%
Personal Income	771,381	771,517	(136)	0.0%	3,922,136	3,971,048	(48,912)	-1.2%
Corporate Franchise	(2,727)	(3,874)	1,147	-29.6%	(1,525)	(3,708)	2,183	-58.9%
Commercial Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	788	0	788	N/A	76,123	76,744	(621)	-0.8%
Kilowatt Hour	11,833	12,019	(186)	-1.5%	68,043	70,723	(2,680)	-3.8%
Foreign Insurance	(684)	0	(684)	N/A	136,554	133,802	2,752	2.1%
Domestic Insurance	0	0	0	N/A	(772)	(158)	(614)	388.5%
Other Business & Property Tax	79	0	79	N/A	401	377	24	6.5%
Cigarette	85,318	71,854	13,464	18.7%	423,871	420,608	3,263	0.8%
Soft Drink	0	0	0	N/A	0	0	0	N/A
Alcoholic Beverage	4,325	4,578	(252)	-5.5%	29,000	30,064	(1,064)	-3.5%
Liquor Gallonage	2,891	3,087	(195)	-6.3%	17,862	18,078	(216)	-1.2%
Estate	5,463	2,000	3,463	173.1%	30,716	31,082	(366)	-1.2%
Horse Racing	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	1,529,363	1,597,862	(68,499)	-4.3%	8,445,274	8,652,147	(206,873)	-2.4%
NON-TAX RECEIPTS								
Federal Grants	541,478	493,227	48,251	9.8%	3,169,523	3,405,326	(235,803)	-6.9%
Earnings on Investments	44	0	44	N/A	51,155	42,400	8,755	20.6%
License & Fees	(211)	700	(911)	-130.1%	19,561	19,711	(150)	-0.8%
Other Income	3,452	4,300	(848)	-19.7%	24,821	26,294	(1,473)	-5.6%
ISTV'S	11	0	11	N/A	11,264	7,610	3,654	48.0%
Total Non-Tax Receipts	544,774	498,227	46,547	9.3%	3,276,324	3,501,341	(225,017)	-6.4%
TOTAL REVENUES	2,074,137	2,096,089	(21,953)	-1.0%	11,721,598	12,153,488	(431,890)	-3.6%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	18,000	12,000	6,000	50.0%	87,000	72,000	15,000	20.8%
Transfers In - Capital Reserve	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	2,837	360	2,477	688.1%	48,891	9,340	39,552	423.5%
Temporary Transfers In	282,500	7,500	275,000	N/A	282,500	282,500	0	N/A
Total Transfers	303,337	19,860	283,477	1427.4%	418,391	363,840	54,552	15.0%
TOTAL SOURCES	2,377,474	2,115,949	261,525	12.4%	12,139,989	12,517,328	(377,338)	-3.0%

Table 1A
REVISED GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2009 VS ESTIMATE FY 2009
(\$ in thousands)

REVENUE SOURCE	Month				Year-to-Date			
	ACTUAL DECEMBER	REVISED DECEMBER	\$ VAR	% VAR	ACTUAL Y-T-D	REVISED Y-T-D	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	587,805	615,056	(27,251)	-4.4%	3,297,257	3,324,508	(27,251)	-0.8%
Auto Sales & Use	62,891	62,000	891	1.4%	445,608	444,717	891	0.2%
Subtotal Sales & Use	650,696	677,056	(26,360)	-3.9%	3,742,865	3,769,225	(26,360)	-0.7%
Personal Income	771,381	771,832	(451)	-0.1%	3,922,136	3,922,587	(451)	0.0%
Corporate Franchise	(2,727)	(3,000)	273	-9.1%	(1,525)	(1,799)	273	-15.2%
Commercial Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	788	800	(12)	N/A	76,123	76,136	(12)	0.0%
Kilowatt Hour	11,833	12,000	(167)	-1.4%	68,043	68,210	(167)	-0.2%
Foreign Insurance	(684)	0	(684)	N/A	136,554	137,238	(684)	-0.5%
Domestic Insurance	0	0	0	N/A	(772)	(772)	0	0.0%
Other Business & Property Tax	79	0	79	N/A	401	323	79	24.4%
Cigarette	85,318	82,000	3,318	4.0%	423,871	420,553	3,318	0.8%
Soft Drink	0	0	0	N/A	0	0	0	N/A
Alcoholic Beverage	4,325	4,578	(252)	-5.5%	29,000	29,253	(252)	-0.9%
Liquor Gallonage	2,891	3,087	(195)	-6.3%	17,862	18,057	(195)	-1.1%
Estate	5,463	5,500	(37)	-0.7%	30,716	30,753	(37)	-0.1%
Horse Racing	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	1,529,363	1,553,852	(24,489)	-1.6%	8,445,274	8,469,763	(24,489)	-0.3%
NON-TAX RECEIPTS								
Federal Grants	541,478	493,227	48,251	9.8%	3,169,523	3,405,326	(235,803)	-6.9%
Earnings on Investments	44	0	44	N/A	51,155	42,400	8,755	20.6%
License & Fees	(211)	700	(911)	-130.1%	19,561	19,711	(150)	-0.8%
Other Income	3,452	4,300	(848)	-19.7%	24,821	26,294	(1,473)	-5.6%
ISTV'S	11	0	11	N/A	11,264	7,610	3,654	48.0%
Total Non-Tax Receipts	544,774	498,227	46,547	9.3%	3,276,324	3,501,341	(225,017)	-6.4%
TOTAL REVENUES	2,074,137	2,052,079	22,057	1.1%	11,721,598	11,971,104	(249,506)	-2.1%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	18,000	12,000	6,000	50.0%	87,000	72,000	15,000	20.8%
Transfers In - Capital Reserve	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	2,837	360	2,477	688.1%	48,891	9,340	39,552	423.5%
Temporary Transfers In	282,500	7,500	275,000	N/A	282,500	282,500	0	N/A
Total Transfers	303,337	19,860	283,477	1427.4%	418,391	363,840	54,552	15.0%
TOTAL SOURCES	2,377,474	2,071,939	305,535	14.7%	12,139,989	12,334,944	(194,954)	-1.6%

Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL - FY 2009 VERSUS FY 2008
(\$ in thousands)

REVENUE SOURCE	Month				Year-to-Date			
	ACTUAL 2009	ACTUAL 2008	\$ VAR	% VAR	ACTUAL 2009	ACTUAL 2008	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	587,805	681,513	(93,708)	-13.8%	3,297,257	3,433,500	(136,243)	-4.0%
Auto Sales & Use	62,891	60,838	2,054	3.4%	445,608	460,973	(15,365)	-3.3%
Subtotal Sales & Use	650,696	742,351	(91,655)	-12.3%	3,742,865	3,894,474	(151,609)	-3.9%
Personal Income	771,381	802,903	(31,523)	-3.9%	3,922,136	4,094,592	(172,457)	-4.2%
Corporate Franchise	(2,727)	(3,520)	793	-22.5%	(1,525)	(54,083)	52,557	-97.2%
Commercial Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	788	0	788	490014.3%	76,123	62,209	13,914	22.4%
Kilowatt Hour	11,833	26,551	(14,718)	-55.4%	68,043	174,665	(106,622)	-61.0%
Foreign Insurance	(684)	7	(692)	-9655.5%	136,554	132,777	3,777	2.8%
Domestic Insurance	0	0	0	#DIV/0!	(772)	391	(1,163)	-297.1%
Other Business & Property Tax	79	(47)	126	-266.8%	401	341	60	17.6%
Cigarette	85,318	74,514	10,804	14.5%	423,871	434,859	(10,988)	-2.5%
Soft Drink	0	0	0	N/A	0	0	0	N/A
Alcoholic Beverage	4,325	4,447	(121)	-2.7%	29,000	29,474	(473)	-1.6%
Liquor Gallonage	2,891	2,940	(49)	-1.7%	17,862	17,378	484	2.8%
Estate	5,463	2,198	3,265	148.6%	30,716	30,091	625	2.1%
Horse Racing	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	1,529,363	1,652,344	(122,981)	-7.4%	8,445,274	8,817,169	(371,895)	-4.2%
NON-TAX RECEIPTS								
Federal Grants	541,478	490,426	51,052	10.4%	3,169,523	3,122,894	46,629	
Earnings on Investments	44	38,083	(38,040)	N/A	51,155	83,073	(31,918)	1.5%
License & Fee	(211)	579	(790)	-136.4%	19,561	20,582	(1,020)	-5.0%
Other Income	3,452	35,484	(32,033)	-90.3%	24,821	55,258	(30,437)	-55.1%
ISTV'S	11	1,733	(1,722)	-99.3%	11,264	4,495	6,769	150.6%
Total Non-Tax Receipts	544,774	566,306	(21,532)	-3.8%	3,276,324	3,286,301	(9,977)	-0.3%
TOTAL REVENUES	2,074,137	2,218,650	(144,514)	-6.5%	11,721,598	12,103,470	(381,872)	-3.2%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	18,000	31,000	(13,000)	N/A	87,000	95,000	(8,000)	-8.4%
Transfers In - Capital Reserve	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	2,837	307	2,530	823.7%	48,891	56,784	(7,893)	-13.9%
Temporary Transfers In	282,500	10,000	272,500	N/A	282,500	222,100	60,400	N/A
Total Transfers	303,337	41,307	262,030	634.3%	418,391	373,884	44,507	11.9%
TOTAL SOURCES	2,377,474	2,259,957	117,517	5.2%	12,139,989	12,477,354	(337,365)	-2.7%

GENERAL REVENUE FUND DISBURSEMENTS

Across all fund uses, total year-to-date GRF disbursements are \$15,146.3 million.

Fund Use	Includes:	YTD Disbursements
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	\$14,301.8 million
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$844.5 million
TOTAL GRF DISBURSEMENTS:		\$15,146.3 million

Year-to-date expenditures and interagency transfers are 0.3% above estimate. See table 3 for additional information.

GRF disbursements are reported according to functional reporting categories, and this section contains information regarding each category. Variance information is included on an agency-specific basis as a component of the category summaries. In the event that an agency spent its GRF appropriation according to plan during the month, a variance would not exist to be explained.

The disbursement estimates reflected in this report take into account the agency budget reductions that were announced on September 10th and implemented on October 1, 2008. The estimates do not yet incorporate the most recent reductions that were implemented on January 1, 2009. That information will be included in a future monthly report.

Primary, Secondary, and Other Education

This category includes expenditures made by the School for the Blind, the School for the Deaf, E-Tech and the Department of Education. Total December expenditures in this category were \$288.4 million. December disbursements for the Department of Education totaled \$283.9M and when compared to the estimate for November, expenditures are \$46.1 million (14%) below estimate. Variances for the month are attributable to timing of expenditures in several programs such as early childhood education (61% over-spending for the month due to delay in November of verifying provider information) and Ohio Core Support (75% under-spending for the month as a result of new program implementation). The variance in the foundation program, which is below estimate for the month (12%), is due to minor adjustments reflected in the December payments to school districts.

Higher Education

December disbursements for Higher Education were \$185.2 million, representing a variance of \$7.1 million (4.0%) above the estimate for the month. Year-to-date

disbursements were \$1,359.4 million, representing a variance totaling \$25.4 million (1.9%) above the estimate. Disbursements for the Ohio Instructional Grant program, the Student Choice Grant program, and the Ohio College Opportunity Grant program were \$8.6 million more in December than estimated. Estimates for these programs are based on prior-year actual disbursements. Due to variations between requests for payment from institutions last year and this year, a monthly variance occurred.

Public Assistance and Medicaid

December expenditures in this category, which includes all GRF expenditures by the Department of Job & Family Services, were \$916.0 million.

Public Assistance and Non-Medicaid

This sub-category includes, but is not limited to, the following types of expenditures: social services such as adoption assistance and disability financial assistance; state match for federal child care and TANF grants; administrative support expenses including payroll and equipment; and county administration for public assistance programs.

For the year to date, ODJFS non-Medicaid General Revenue Fund disbursements total \$468.1 million.

When compared to October FY 2009 disbursement estimates, in aggregate, actual disbursements were \$7.5 million (10.3%) under estimate. This is primarily attributable to the following:

- Approximately \$2.7 million in under spending occurred in the Support Services line item. This is primarily due budget reductions enacted in earlier months that resulted in reduced expenditures for payroll and supplies/maintenance.
- Approximately \$5 million in under spending occurred in the TANF Maintenance of Effort line item. This is primarily due to changes imposed by the County Financial Information System (CFIS). Prior to CFIS, funding streams for county requests were determined at the State level (e.g. Child Care Development Block Grant vs. TANF vs. GRF MOE). Both October and November disbursements were over estimate due how the system allocates funds; consequently, December disbursements were under estimate.
- Approximately \$1.7 million in over spending occurred in the Computer Projects line item. This is primarily due to vendor payments not occurring as anticipated in December and occurring in January instead.
- Approximately \$1 million in under spending occurred in the non-TANF Disaster Assistance line item. This is primarily due to fewer than anticipated emergencies.
- Approximately \$8.8 million in under spending occurred in the Entitlement Administration line item. This is primarily due to the timing of requests for payments from counties.
- Approximately \$1.7 million in under spending occurred in the Children and Families subsidy line item. As with the Entitlement Administration line item,

variances from estimates are primarily due to the timing of requests for payments from counties.

- Approximately \$5.3 million in over spending occurred in the Adoption Assistance line item. This is primarily due to an accounting system error that occurred in July. Specifically, June payments were paid in July, but the payments were recorded as a double payment. An adjustment for the double payment was projected to occur in December; however, the adjustment posted in November and thus December shows this variance relative to estimate.

Medicaid

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

Expenditures

Year-to-date GRF disbursements for Medicaid through the month of December total \$5,621 million, which was \$60.6 million (-1.1%) below the projected amount. GRF disbursements for the month of December were \$850.6 million, which was \$15.0 million (-1.7%) under projection.

Year-to-date disbursements by all funding sources through the month of December total \$6,179 million, which was \$64.2 million (-1.0%) below projection. All funds disbursements for the month of December totaled \$1,022 million, which was \$15.6 million (-1.5%) under projection.

Notable variances across all funding sources for the month of December include:

- Disbursements for the aged, blind & disabled portion of managed care are \$7.1 million under projection. This is due in large part to the Northeast and Northwest regions remaining in a voluntary enrollment status. While this change was accounted for in the projection, some of the assumed re-enrollment has not occurred to this point.
- Third party liability claims were \$9.4 million higher than expected in December, of which \$3.6 million were from Commercial Disallowances and \$5.8 million were from Medicare payment recoveries. The Commercial Disallowance process is a method to address payments made to providers that should have been paid by commercial insurance companies. Claims information detailing the improper payments is submitted to the providers. The provider then bills the primary insurance carrier for payment and then after ninety days, the Medicaid payment to the provider is adjusted downward to reflect the action.

Caseload

The most recent caseload information available is from November 2008. Total Medicaid caseload for the month of November was 1.84 million covered persons, which was an increase of 3,304 people over October enrollment, and 14,153 people over November projections. This November increase, while lower than the gain shown in previous months, is notable due to the fact that in five of the past seven years, November has shown declining enrollment.

Covered Families and Children (CFC) caseload increased by 3,232 persons in November, and was 0.95% over projections. CFC increases accounted for 97.8% of the total Medicaid enrollment increase. The majority of the increase occurred in the Healthy Families (1,844) and SCHIP (1,445) programs.

Aged, Blind and Disabled (ABD) caseload increased by 72 persons in the November, and was 0.2% over projections for the month. The Medicaid Buy-In for Workers with Disabilities saw an increase of 117 persons for the month.

Health and Human Services

This category includes GRF expenditures for the following state agencies: Aging, Mental Health, MR/DD, ODADAS and Health. Examples of expenditures in this category include: administration of the state's psychiatric hospitals; operating subsidies to county boards of MR/DD; various immunization programs; and Ohio's long term care ombudsman program. To the extent that these agencies spend GRF to support Medicaid services, that spending is reflected in this category instead of the previous category.

December expenditures in this category were \$74.6 million. Significant notes include:

- The Department of Mental Health disbursed \$26.7 million in the month of December, which was \$12.4 million (31.8%) below estimate. The variance occurred within the Department's subsidy lines – Community and Hospital Mental Health Services and Local Mental Health Systems of Care – and is attributable to the timing of draw-downs requested by County Boards. Year-to-date, the Department has spent \$272.5 million, which is \$9.9 million less than the estimate.
- The Department of Mental Retardation and Developmental Disabilities disbursed \$19.2 million in the month of December, which is \$4.5 million (18.9%) below estimate. Approximately \$3.7 million of this variance is attributable to the Developmental Center Operating line item, which offsets above estimate spending of \$4.1 million in the month of November.
- The Department of Health disbursed \$8.7 million in December, which was \$3.5 million (68%) above plan.

- The largest variance was in Help Me Grow, and was partially due to payments being made in December which were originally scheduled in October/November.
 - Medically Handicapped Children was below estimate by \$0.8 million due to non-GRF funds (primarily from county assessments) being used instead of GRF.
 - Breast and Cervical Cancer Screening was above estimate by \$0.5 million due to payments being made in December which were scheduled for November.
- The Department of Aging disbursed \$15.3 million in GRF in the month of December, which was \$0.3 million (2%) below the disbursement plan of \$15.6 million. Significant variances include Senior Community Services spending below estimate by \$0.7 million and Residential State Supplement spending above estimate by \$0.8 million.

Justice and Public Protection

This category includes GRF expenditures by the following state agencies: Department of Rehabilitation & Corrections, the Department of Youth Services and the Department of Public Safety. In the aggregate, December expenditures in this category were \$122.6 million, which was \$23.9 million (16.3%) below estimate for the month.

Environmental Protection & Natural Resources

December expenditures in this category were \$5.4 million, which was \$353,000 (6.2%) below estimate.

Transportation

Year-to-date, the Department of Transportation disbursements are \$12.5 million, which is \$750,000 above the estimate. December disbursements are \$4.5 million, producing a variance of \$3.6 million (290%) above the estimate. This increase was caused by the overspending in the Elderly and Disabled Transit Fare Assistance Program in the State Public Transportation line item which overspent its monthly estimates by \$3.8 million. This is the result of increased program need and fulfilling its prior commitments. The line item disbursement variance year-to-date is \$847,000, or 8.6%, above the estimate.

General Government

December expenditures in this category were \$25.1 million, which was \$3.4 million (12.0%) below estimate for the month.

Community & Economic Development

December expenditures in this category were \$12.4 million, which was \$4.8 million (62.5%) above estimate for the month. The largest portion of this variance is attributable to the Department of Development.

- For the month of December, the Department of Development disbursed \$10.5 million in GRF, which is \$5.0 million above the December estimate. This variance was due to the unpredictable grant subsidy payments from prior years along with an increase in grant reimbursements. The primary lines accounting for the variance where grantees unexpectedly request their reimbursements were from the Thomas Edison, Rapid Outreach Grants, Ohio Investment in Training and Shovel Ready Sites appropriation line items.

Tax Relief & Other

December tax relief disbursements totaled \$3.6 million, which was \$5.2 million below the monthly estimate of \$8.8 million. Combined with under spending in November, December's disbursements further reduced the year-to-date variance to \$424.6 million above estimates. As mentioned in previous monthly reports, the significant variance in year to date payments is attributable to both the timing of requests for payments of the 10 percent and 2.5 percent rollback on non-homestead eligible properties and the fact that the additional tax relief appropriations attributable to the expansion of the homestead exemption authorized in HB 119 are not included in the OBM estimates for FY 2009. As was the situation with FY 2008, HB 119 has set forth a Controlling Board process for increasing appropriations and funding the increase through lapses in debt service and the transfer of excess interest earnings on tobacco securitization proceeds.

Debt Service

December expenditures in this category were \$21.1 million, which was \$828,000 (3.8%) below the estimate. Year to date, debt service expenditures are \$777,000 (0.2%) below estimate.

Table 3*
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2009 VS ESTIMATE FY 2009
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL	ESTIMATED	\$	%	YTD	YTD	\$	%
	DECEMBER	DECEMBER	VAR	VAR	ACTUAL	ESTIMATE	VAR	VAR
Primary, Secondary and Other Education	288,366	337,697	(49,331)	-14.6%	3,583,689	3,669,573	(85,884)	-2.3%
Higher Education	185,200	178,076	7,124	4.0%	1,359,420	1,334,051	25,369	1.9%
Public Assistance and Medicaid	916,020	947,223	(31,202)	-3.3%	6,088,851	6,129,403	(40,552)	-0.7%
Health and Human Services	74,642	88,256	(13,615)	-15.4%	650,119	669,802	(19,683)	-2.9%
Justice and Public Protection	122,589	146,499	(23,910)	-16.3%	1,134,968	1,144,798	(9,830)	-0.9%
Environmental Protection and Natural Resources	5,360	5,712	(353)	-6.2%	62,771	61,847	924	1.5%
Transportation	4,857	1,245	3,612	290.1%	13,374	14,403	(1,029)	-7.1%
General Government	25,128	28,557	(3,429)	-12.0%	212,279	213,514	(1,235)	-0.6%
Community and Economic Development	12,357	7,606	4,750	62.5%	82,089	80,668	1,421	1.8%
Tax Relief and Other	3,604	8,842	(5,238)	-59.2%	790,706	614,564	176,143	28.7%
Capital Outlay	150	25	125	500.0%	187	79	108	137.1%
Debt Service	21,084	21,912	(828)	-3.8%	323,334	324,111	(777)	-0.2%
Pending Payroll	0	0	0	N/A	0	0	0	N/A
Total Expenditures & ISTV's	1,659,357	1,771,652	(112,294)	-6.3%	14,301,787	14,256,811	44,976	0.3%
Transfers Out:								
OPER TRF OUT-OTH	9,236	0	9,236	N/A	240,034	230,755	9,280	4.0%
OPER TRF OUT-TEMPORARY	0	0	0	N/A	604,470	620,705	(16,235)	-2.6%
Total Transfers (Out)	9,236	0	9,236	N/A	844,504	851,460	(6,956)	-0.8%
Total Fund Uses	1,668,593	1,771,652	(103,059)	-5.8%	15,146,291	15,108,271	38,020	0.3%

Table 4*
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2009 VS ACTUAL FY 2008
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL	ACTUAL	\$	%	ACTUAL	ACTUAL	\$	%
	2009	2008	VAR	VAR	2009	2008	VAR	VAR
Primary, Secondary and Other Education	288,366	353,737	(65,371)	-18.5%	3,583,689	3,547,123	36,566	1.0%
Higher Education	185,200	169,713	15,487	9.1%	1,359,420	1,350,547	8,873	0.7%
Public Assistance and Medicaid	916,020	909,531	6,489	0.7%	6,088,851	5,763,809	325,042	5.6%
Health and Human Services	74,642	88,012	(13,370)	-15.2%	650,119	661,537	(11,418)	-1.7%
Justice and Public Protection	122,589	199,925	(77,336)	-38.7%	1,134,968	1,142,714	(7,746)	-0.7%
Environmental Protection and Natural Resources	5,360	7,577	(2,217)	-29.3%	62,771	65,568	(2,797)	-4.3%
Transportation	4,857	4,831	26	0.5%	13,374	15,685	(2,311)	-14.7%
General Government	25,128	28,428	(3,300)	-11.6%	212,279	207,627	4,651	2.2%
Community and Economic Development	12,357	8,814	3,543	40.2%	82,089	75,679	6,411	8.5%
Tax Relief and Other	3,604	73,796	(70,192)	-95.1%	790,706	642,528	148,179	23.1%
Capital Outlay	150	0	150	N/A	187	56	131	235.6%
Debt Service	21,084	23,536	(2,451)	-10.4%	323,334	306,544	16,790	5.5%
Pending Payroll	0	0	0	N/A	0	0	0	N/A
Total Expenditures & ISTV's	1,659,357	1,867,899	(208,542)	-11.2%	14,301,787	13,779,416	522,371	3.8%
Transfers Out:								
OPER TRF OUT-BUD STABILIZATION	0	0	0	N/A	0	0	0	N/A
OPER TRF OUT-OTH	9,236	100	9,136	N/A	240,034	260,835	(20,801)	-8.0%
OPER TRF OUT-TEMPORARY	0	0	0	N/A	604,470	350,104	254,366	72.7%
Total Transfers (Out)	9,236	100	9,136	N/A	844,504	610,939	233,565	38.2%
Total Fund Uses	1,668,593	1,867,999	(199,406)	-10.7%	15,146,291	14,390,355	755,936	5.3%

FUND BALANCE

Table 5 describes the General Revenue Fund (GRF) ending fund balance for FY 2009. These estimates reflect actions included in the budget reduction plan that was announced in September 2008 but do not yet reflect the budget reduction plan that was announced in December 2008 and implemented January 1, 2009. An update will be included in a future report when the disbursement estimates are also updated.

The estimated ending fund balance of \$137.1 million includes the one half of one percent required ending fund balance of \$136.1 million. This GRF ending fund balance is an estimate and should not be considered as a balance available for expenditure in FY 2009 nor should it be considered as equivalent to the final FY 2009 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
FY 2009
(\$ in thousands)

July 1, 2008 Beginning Cash Balance	\$ 1,682,002
Plus FY 2009 Estimated Revenues	19,024,199
Plus FY 2009 Estimated Federal Revenues	6,632,767
Plus FY 2009 Estimated Transfers to GRF	1,561,105
Total Sources Available for Expenditure & Transfer	28,900,073
Less FY 2009 Estimated Disbursements	27,457,876
Less FY 2009 Estimated Total Encumbrances as of June 30, 2009	452,626
Less FY 2009 Estimated Transfers Out	852,439
Total Estimated Uses	28,762,941
FY 2009 ENDING FUND BALANCE	137,132
One half of one percent target ending fund balance	136,090
Excess / (Shortfall)	\$ 1,042