



July 12, 2011

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

FROM: Timothy S. Keen, Director TK

SUBJECT: Monthly Financial Report

ECONOMIC SUMMARY

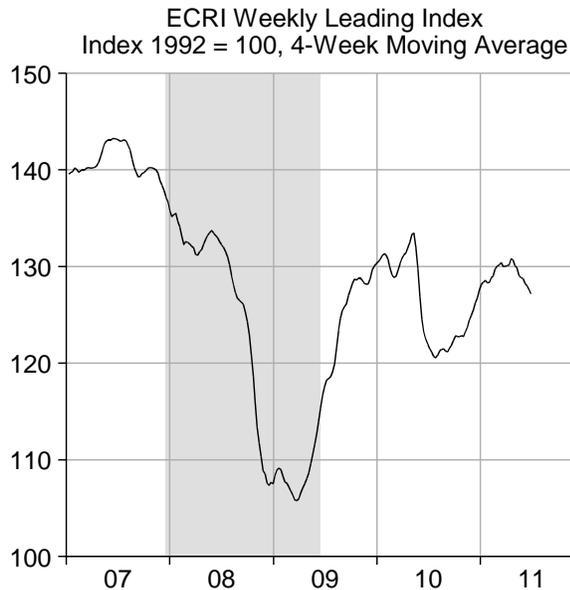
Economic Performance Overview

- Real GDP slowed to 1.8% in the first quarter. Forecasters estimate that the pace of growth was similar in the second quarter and expect somewhat faster growth during the second half of the year.
- The pace of growth in U.S. employment slowed to a gain of 18,000 jobs in June, and the unemployment rate increased for the third month in a row to 9.2 percent.
- Ohio employment increased by 12,000 jobs in May after gains totaling 58,000 in the previous four months. The Ohio unemployment rate stayed at 8.6% in May following fourteen straight monthly declines.
- Leading economic indicators remain consistent with growth continuing both nationally and in Ohio, but at a slower pace.

Economic Growth

Economic activity slowed to 1.8% in the first quarter from the moderate pace of 3.1% during the fourth quarter. The first quarter gain was the seventh in a row, and lifted **real GDP** further above the pre-recession peak first topped in the fourth quarter. But the rise since the trough in the second quarter of 2009 remains the second weakest in the post-war period. Compared with a year earlier, real GDP increased 2.3% – a slowdown from the peak of 3.2% in the third quarter last year. During the 30 years ending in the first quarter, real GDP grew at a compound annual rate of 2.7 percent.

The slow pace of activity in the first quarter appears to have carried over in to the second quarter. The consensus is that the economy expanded at about the same pace in the spring quarter, reflecting a sharp rise in the price of gasoline that cut into other consumer spending, disruptions to manufacturing activity arising from the earthquake and tsunami in Japan and the extreme weather in the U.S. Consumer spending is estimated to have increased only marginally in the second quarter, as interruptions in motor vehicle production kept inventories below optimal levels.



The consensus is for a pick-up in growth in the second half of the year to closer to trend. Motor vehicle production is expected to rebound as the supply chain recovers. The drag from declining nonresidential construction appears to have stopped as construction activity has leveled off. Business equipment spending could rise in anticipation of the expiration of favorable depreciation allowances at year end. In addition, recent declines in oil prices have led to reductions in gasoline prices.

Fears of a near-term recession have subsided as the tone of economic data has improved somewhat recently. The **Leading Economic Index** rebounded 0.8% in May after a one-month drop of 0.4% in April. The index has increased in nine of the last ten months and was 5.2% higher from a year earlier. The ratio of coincident to lagging indexes – itself a leading indicator – decreased 0.2% in May back to its November 2010 level. Compared with a year earlier, the ratio is down by 0.2 percent. The 4-week moving average of the **Weekly Leading Index** decreased for the tenth straight week in late June, pulling down the rate of change to 2.0% from 7.8% in mid-April. The WLI is consistent with continued economic growth at a sluggish pace.

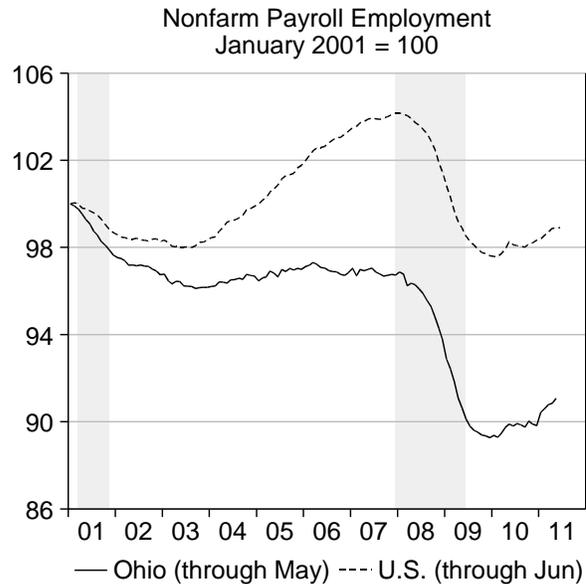
The **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, increased 0.4% in May for the twenty-first straight gain. The 12-month rate of change slipped to 5.5% from a peak of 5.8% in March, but remained at the fastest pace since the late 1990s. Since reaching a peak of 3.9% in January, the **Ohio Leading Economic Index** compiled by the Federal Reserve Bank of Philadelphia slipped to 2.0% in May. The index is designed to predict the rate of increase in the coincident index during the next six months.

Employment

Nonfarm payroll employment increased by 18,000 jobs in June, and the April gain was revised down from 54,000 to 25,000 jobs. Employment increased by an average of 21,500 jobs per month during the last two months, down from 215,000 jobs per month during the three previous months. The **unemployment rate** edged up for the third month in a row to 9.2 percent. The workweek was unchanged, and aggregate hours increased 0.1% to 2.1% above the year earlier

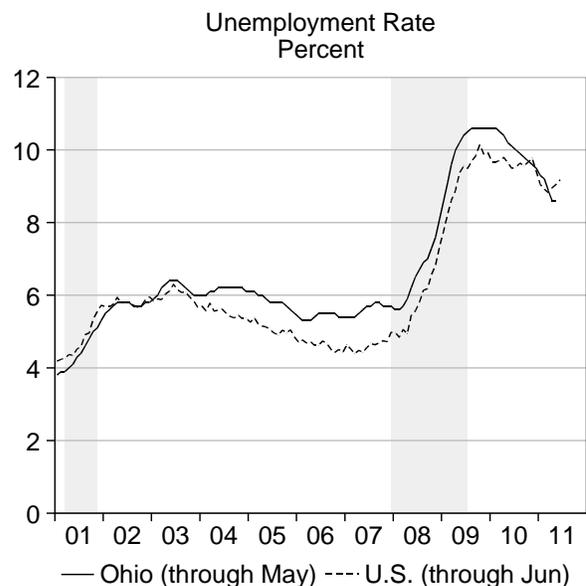
level, down from a peak rate of change of 2.7% in February. Average hourly earnings decreased 0.1% to 1.9% above the year earlier level – well below the approximately 3.0% rate of change in the general level of consumer prices during the same period.

Gains in nonfarm payroll employment narrowed across industries in June, with 53.4% of 269 private sector industries reporting higher employment than in May. Among 82 manufacturing industries, 52.5% reported higher payrolls than in May. Manufacturing employment increased by 6,000 jobs in June after a one-month decline of 2,000 jobs in May. Construction employment fell 9,000 jobs for the second decline in a row. Among industries in the service sector, increases were concentrated in leisure and hospitality (+34,000) and trade, transportation and utilities (+17,000). Government employment decreased by 39,000 jobs, and the May loss was revised lower from 29,000 to 48,000 jobs. Employment at temporary help agencies fell by 12,000 jobs after two small losses in April and May.



The recent change in the pattern of **initial jobless claims** indicates that labor markets are softening. After falling early this year convincingly below the 450,000 per week average that had prevailed during most of 2010, initial claims in recent weeks have jumped well above the 400,000 level, possibly reflecting disruptions from the tornadoes and flooding in the U.S. and the earthquake and tsunami in Japan.

From its peak twenty months ago in October 2009, the **unemployment rate** has decreased by just under one percentage point – a typical pattern at this stage in the business cycle during past half-century. During the current episode, however, an unusual decline in the labor force has accounted for 39.0% of the decline in the unemployment rate, with the other 61.0% resulting from an increase in employment. Every other instance of a decline in the unemployment of this magnitude over a 20-month period since the early 1960s has been accompanied by an increase in the labor force rather than a decrease, suggesting that labor markets are not as strong as implied by the decline in the unemployment rate since the peak for the cycle in October 2009.



The severity of unemployment also remained high. The average duration of unemployment increased in June to a new record high of 39.9 weeks. The median duration increased back to near a record high at 22.5 weeks. The broadest measure of unemployment, which includes people who have given up seeking a job because they do not expect to find one and people working part-time because they cannot find a full-time job, ticked higher in June to 16.2 percent. In addition, the percentage of unemployed people who are not on temporary layoff was 50.0% in June, still close to the all-time high of 54.0 percent. Prior to the 2007-09 recession, the percentage had never been higher than 45.0 percent.

Ohio employment increased by 12,000 jobs in May. The April increase, originally reported at 8,600 jobs, was revised down to a gain of 4,300 jobs. Year-to-date, Ohio employment has increased by 70,000, but remains 349,300 below the pre-recession peak set in March 2006.

Job gains were concentrated in educational and health services (+10,600), manufacturing (+3,400) and professional and business services (+3,100) in April. Employment declined in construction (-2,500), government (-1,800) and other services (-1,400) during the month. During the year ending in May, Ohio employment gains were concentrated in educational and health services (+31,000) professional and business services (+21,700), leisure and hospitality (+13,200) and manufacturing (+7,600). The government (-19,900) and information (-800) sectors were the only two areas with year-over-year employment declines in May.

The **Ohio unemployment rate** stayed at 8.6% in May, 0.5 percentage points below the U.S. rate. The most recent period during which the Ohio unemployment rate was consistently below the national rate was during the 2001 recession. The Ohio unemployment rate was last lower than the national rate by 0.5% percentage points or more in March 1998. On average since 1970, the Ohio unemployment rate has been approximately 0.4 percentage points above the national unemployment rate.

Ohio led all **contiguous states** in percentage job growth during the year ending in May. Employment increased 1.3% in Ohio, 0.8% in Kentucky, Michigan and Pennsylvania, increased 0.3% in West Virginia, and decreased 0.3% in Indiana.

For the Ohio and contiguous state region, employment increased 0.8% during the most recent twelve months, compared with a 0.7% increase for all states outside the region combined. The year-over-year change in employment in Ohio and the contiguous states has exceeded growth outside the region during the seventeen months from January 2010 through April. Employment in the region has not grown faster than in the rest of the nation for as long as seventeen months in at least twenty years.

Consumer Income and Consumption

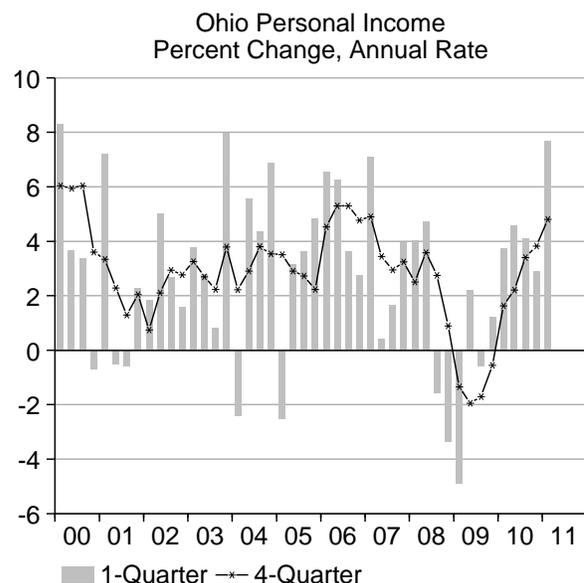
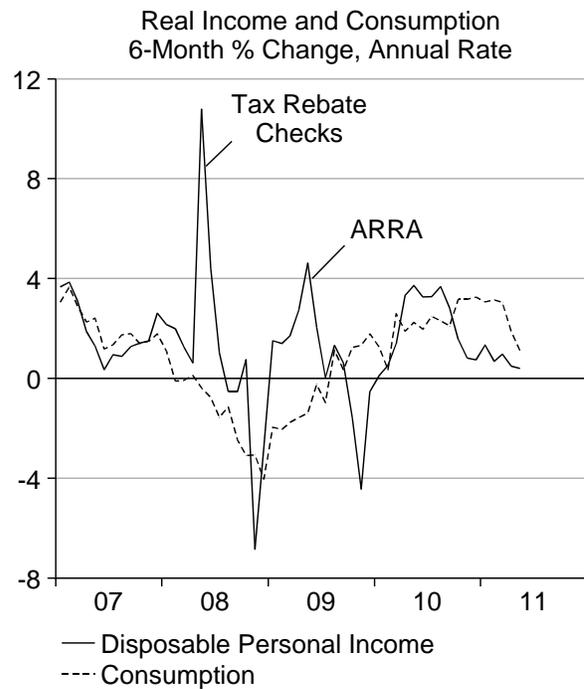
Personal income continued rising in May, but **personal consumption expenditures** were flat. Personal income increased 0.3% – the same as in April – to 4.2% higher than a year earlier. After adjustment for inflation, personal income increased 0.1% after essentially no change since January. **Wage and salary disbursements** increased 0.2% in May, but were unchanged after adjustment for inflation. In real terms, wage and salary disbursements have been flat since December. Discretionary income has received a boost from the temporary reduction in payroll taxes, but the rise in consumer prices has undercut the real increases in spending power.

Chain store sales rebounded 1.8% in May according to the International Council of Shopping Centers. The rebound followed a 2.5% decline in April, which reflected the drop in motor vehicle sales that resulted from the effects of the disaster in Japan on production and availability. Even after the increase, sales remained below the March level, but were up 6.9% from May 2010.

The sharp reversal in the price of gasoline contributed to stronger chain store sales in May. In Ohio, the price of regular gasoline fell 7.8% during May. An additional decrease of 5.1% into late June likely supported consumer spending as the quarter came to a close. At the same time, the ongoing troubles in housing – particularly continuing declines in prices of homes – are restraining consumer spending.

As a consequence, **consumer confidence** has trailed off in recent months. The overall measures of confidence from Reuters/University of Michigan and the Conference Board were lower in June than four months earlier, with most of the deterioration occurring in expectations. The two surveys paint divergent pictures of assessments of current conditions. Despite impressive gains from the recession-lows, measures of consumer confidence remain near average levels observed during recessions in the past.

Ohio personal income and **wage and salary disbursements** picked up pace in the first



quarter. Personal income increased 7.7% to 4.8% above the year ago level. The gain was the largest since the fourth quarter of 2003. Wage and salary disbursements increased 4.2% to 4.1% above the year earlier level. The level and growth rate in wage and salary disbursements were revised lower for the fourth quarter of last year. While Ohio personal income was 3.9% above the record high established in the second quarter of 2008, wage and salary disbursements remained 1.8% below the record level established in the first quarter of 2008.

Manufacturing

The shock from the earthquake/tsunami in Japan continued to dog manufacturing in the U.S. and Ohio in May and June. **Industrial production** increased just 0.1% in May after no change in May, held back by a 2.8% weather-related drop in utility output and a 1.5% decline in motor vehicle production. Manufacturing output recovered 0.4% after a 0.5% decline in April.

Midwest manufacturing output rebounded 0.5% in May after a 0.8% decrease in April, according to the Chicago Federal Reserve Bank. Production increased in the auto (+0.8%), steel (+1.5%) and machinery (+1.1%) sectors. Output decreased 0.4% in the resource sector. Compared with a year earlier, Midwest manufacturing production was up by 7.0%, compared with a peak growth rate so far for this cycle of 14.8% in June 2010. The level of Midwest production in May was 21.7% above the low in June 2009 but still 18.0% below the peak in January 2008.

Reports from **purchasing managers** in manufacturing were little changed in June. The Purchasing Managers Index increased from 53.5 to 55.3. Reports of increases in new orders and production were modestly more broad-based, but most of the gain in the overall index came from improvement in the volatile inventories index. According to purchasing managers, manufacturing activity cooled decidedly in May and June from the pace in the first four months of the year, but continues to expand.

Surveys of manufacturers by the Federal Reserve banks in New York and Philadelphia reveal an abrupt slide in activity during March-June. The Philadelphia index decreased from 43.4 in March to -7.7 in June, while the New York Fed index fell from 21.7 in April to -7.8 in June. The surveys detected weakness in both new orders and shipments at manufacturers in the two Fed Districts.



Construction

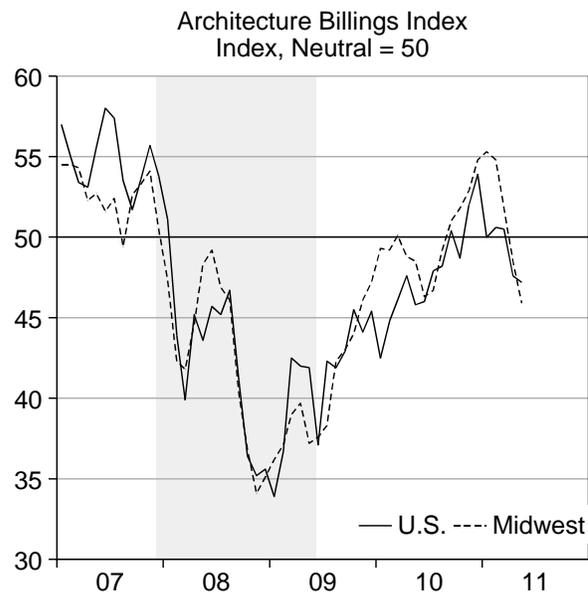
Total **construction put-in-place** decreased 0.6% in May for the sixth straight monthly decline. Excluding the unreliably estimated residential improvements component, construction was unchanged after a 1.8% drop in April. Residential construction decreased 2.1% after a 2.8% rise in April, reflecting slowing activity across property types. Nonresidential construction was essentially flat after a 2.2% decline in April. Total construction activity was down 7.1% compared with a year earlier and remains 37.9% below the March 2006 peak.

Nonresidential construction increased 1.2% in May, partly recouping the 1.8% drop the month before. Major contributors to the decrease in May were education (-2.6%), highway & street (-1.5%) and healthcare (-1.0%). Major positive contributions came from power (+3.6%), sewage & water (+3.6%) and manufacturing (+1.9%). Down 5.0% year to date, nonresidential construction remains in a downswing.

The **Architecture Billings Index** from the American Institute of Architects was little changed at 47.2 in May after dropping from 50.5 in March to 47.6 in April. The April and May readings were the first two in a row below the neutral 50 level since August 2010. The **Inquiries for New Work Index** declined from 55.0 in April to 52.6 in May. The Inquiries index is off from the peak of 62.3 reached in September 2010. The **Billings Index for the Midwest** fell from 48.5 in April to 45.9 in May – its lowest mark since October 2009. The Midwest billings index had reached a high of 55.3 in January.

Residential construction-put-in-place decreased 2.1% in May, but excluding improvements was essentially unchanged. Housing construction remains essentially flat, which month-to-month and quarter-to-quarter swings occurring in response to weather and, previously, government subsidies to home buyers. There is little prospect of a significant strengthening in construction and sales activity until the inventory overhang is corrected.

Sales of existing homes fell 3.8% in May for the third decline in four months. **Sales of new homes** were off 2.1% – the third decline in five months. Sales activity continues to bounce along a plateau that is well below peak levels of a few years ago. Inventories of newly built homes fell back to the lowest level relative to sales since April 2010 and, before that, March 2006, indicating a considerable adjustment to the pace of building. Inventories of existing homes, however, have increased in recent months to about double the historical average, indicating that substantial further adjustment is necessary.



Another metric of the adjustment process is home prices, which continue to fall. Home prices fell 0.1% in April for the tenth straight monthly decline, according to the S&P/Case-Shiller **home price** index, a composite of prices in twenty large cities across the country. The price index for Cleveland – the only Ohio city in the index – fell 0.4% in April on top of a 1.1% in March that followed three small monthly gains.

A separate measure of housing prices from the Federal Housing Finance Agency shows that home prices in Ohio have followed the national trend, falling 2.9% in the first quarter to 6.7% below the year earlier level, compared with a 2.5% decline during the quarter and 5.5% decline from a year earlier across the nation.

REVENUES

NOTE: Estimates reflected in the revenue tables are based on the original estimates for H.B. 1 as amended by H.B. 318 and do not include revised fiscal year 2011 annual estimates that were released either as part of the Executive Budget or for Conference Committee for fiscal years 2012 and 2013. While the Executive Budget and Conference Committee testimony provided revised annual estimates for fiscal year 2011, revised monthly estimates were not prepared; therefore, the monthly estimates contained in this report continue to reflect the original fiscal year 2011 estimates.

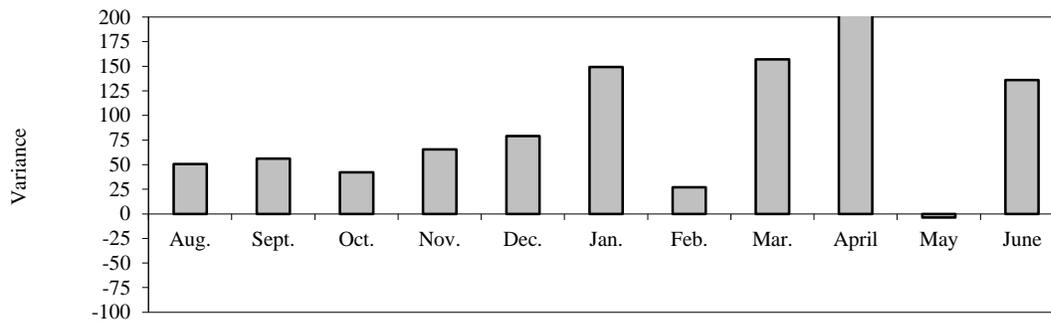
During the month of June, **GRF receipts totaled \$2,607.2 million** which was \$529.6 million (25.5%) above the estimate. For the month, tax receipts totaled \$1,637.4 million and were \$136.0 million (9.1%) above the estimate, while non-tax receipts totaled \$487.7 million and were \$218.1 million (80.9%) above the estimate. Transfers totaled \$482.1 million and were \$175.4 million (57.2%) above the estimate.

As readers of the monthly report are aware, tax revenues during fiscal year 2011 met or exceeded the estimate in every month but May, resulting in a final performance that was \$973.2 million above the estimate. However, since H.B. 1 was balanced only by assuming that a number of fiscal year 2011 obligations would not be paid until fiscal year 2012, much of the revenue in excess of the estimate was consumed in meeting these deferred obligations as well as addressing a number of other budget issues that arose during the course of the fiscal year. These deferred obligations included not making the June 2011 Medicaid managed care payment as well as delaying the final fiscal year 2011 state share of instruction subsidy payment to the state's higher education institutions until fiscal year 2012. As a result of the final performance of fiscal year 2011 revenues the administration was able to recognize and make the fiscal year 2011 payments in fiscal year 2011.

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	\$973.2 million	5.8%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$64.2 million)	(0.7%)
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$19.3 million	1.4%
TOTAL REVENUE VARIANCE:		\$928.4 million	3.5%

June tax sources were above the estimate by \$136.0 million (9.1%). As a result, tax receipts finished the fiscal year \$973.2 million (5.8%) above the estimate. On a year-over-year basis, total tax receipts for June were \$91.4 million (5.9%) greater than they were in June 2010. For fiscal year 2011 in its entirety, tax collections were \$1,472.6 million (9.1%) higher than in fiscal year 2010. The largest contributors to this year-over-year growth were the non-auto sales tax and personal income tax receipts. Personal income tax receipt growth was driven by strong performance in withholding, quarterly estimated payment components, and payments associated with annual returns.

GRF - Variance of Tax Sources by Month
(\$ in millions)

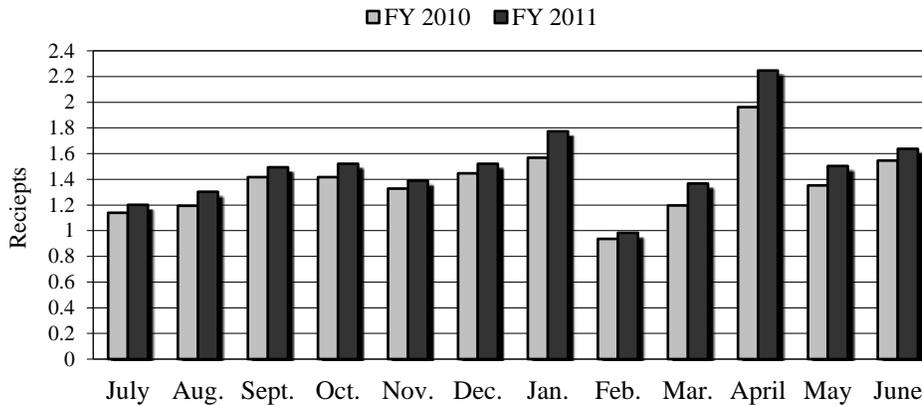


FY 2011

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

Individual Sources Above Estimate		Individual Sources Below Estimate	
Non-Auto Sales Tax	\$24.6	Personal Income Tax	(\$3.2)
Auto Sales Tax	\$12.4	Corporate Franchise Tax	(\$5.0)
Foreign Insurance Tax	\$1.7	Earnings on Investments	(\$22.2)
Domestic Insurance Tax	\$76.8	Other Income	(\$5.1)
Other Business & Property Tax	\$19.5	ISTV's	(\$2.6)
Cigarette Tax	\$10.2	Transfers In – Other	(\$55.5)
Estate Tax	\$1.1	Other Sources Below Estimate	(\$3.0)
Federal Grants	\$248.9		
Liquor Transfers	\$5.0		
Temporary Transfers In	\$225.9		
Other Sources Above Estimate	\$0.1		
Total above	\$626.2	Total below	(\$96.6)

FY 2010 - FY 2011 Tax Revenue Comparison by Month
(\$ in billions)



Non-Auto Sales and Use Tax

June receipts for the non-auto sales tax totaled \$552.8 million, and were \$24.6 million (4.7%) above the estimate. On a year-over-year basis, this tax was \$28.9 million (5.5%) above collections for the same month a year ago. Total annual collections meanwhile, exceeded those of fiscal year 2010 by \$406.8 million (6.6%).

Total fiscal year 2011 receipts were \$6,601.3 million and were \$227.2 million (3.6%) above the estimate, despite \$13.5 million more being distributed to the Public Library Fund than in the previous fiscal year. Much of this growth was due to improvements in retail sales reflected in the 5.0 percent year-over-year growth in baseline receipts. Additionally, Medicaid Health Insuring Corporations (MHIC) receipts exceeded the estimate by \$61.4 million (28.7%) and experienced year-over-year growth of \$101.5 million (58.3%). This component of the tax was expanded beginning in fiscal year 2010. Prior to Am. Sub. H.B. 1 of the 128th General Assembly, Medicaid managed care plans were exempted from paying the 1.0% tax that all other health insuring corporations were required to pay. H.B. 1 ended this exemption, bringing managed care plans into the sales tax base.

Auto Sales Tax

June receipts for the auto sales tax were also stronger than anticipated and were over the monthly estimate by \$12.4 million (15.1%). On a year-over-year basis, this tax source experienced an increase of \$12.9 million (15.8%) over the receipts for the same month a year ago, while total collections exceeded those of fiscal year 2010 by \$94.1 million (10.7%).

For the year, auto sales tax receipts totaled \$976.9 million, and similar to fiscal year 2010 (when receipts exceeded the estimate by \$89.7 million, or 11.3%) were \$83.7 million (9.4%) above estimate. The overage is attributable to continued stronger-than-anticipated vehicle sales.

Personal Income Tax

After a very strong May when it was \$94.4 million above the estimate, personal income tax receipts in June totaled \$775.8 million and were \$3.2 million (0.4%) below the estimate. This shortfall was largely the result of the continued up and down performance of the withholding component of the tax, which after exceeding the estimate by \$56.7 million (10.1%) in May, fell short of the estimate by \$28.3 million (4.6%) in June. This shortfall in withholding slightly more than offset a positive variance in quarterly estimated payments which were \$24.6 million (11.6%) above the estimate. Together, these two sources combined to create the small negative variance.

On a year-over-year basis, personal income tax collections for June were \$31.8 million (4.3%) above the June 2010 level. For fiscal year 2011 as a whole, income tax receipts were \$552.7 million (7.3%) above the estimate and \$873.1 million (12.0%) above fiscal year 2010 collections. Driving the annual variance was the strong performance of the withholding, quarterly estimated payments, and payments associated with annual returns components of the tax.

FY2011 PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)						
	ESTIMATE	ACTUAL	\$ VAR	ESTIMATE	ACTUAL	\$ VAR
	JUNE	JUNE	JUNE	Y-T-D	Y-T-D	Y-T-D
Withholding	\$620.6	\$592.3	(\$28.3)	\$7,176.8	\$7,380.2	\$203.4
Quarterly Est.	\$211.7	\$236.3	\$24.6	\$1,028.6	\$1,166.0	\$137.4
Trust Payments	\$4.1	\$5.0	\$0.9	\$42.3	\$53.9	\$11.6
Annual Returns & 40 P	\$13.6	\$14.8	\$1.2	\$1,011.0	\$1,198.1	\$187.1
Other	\$9.7	\$10.1	\$0.4	\$110.1	\$132.2	\$22.1
Less: Refunds	(\$25.1)	(\$21.1)	\$4.0	(\$1,138.9)	(\$1,107.7)	\$31.2
Local Distr.	(\$55.6)	(\$61.6)	(\$6.0)	(\$662.3)	(\$702.3)	(\$40.0)
Net to GRF	\$779.0	\$775.8	(\$3.2)	\$7,567.6	\$8,120.3	\$552.7

Corporate Franchise Tax

Corporate franchise tax receipts for the month of June were below the estimate by \$5.0 million (49.5%), with receipts of \$5.0 million. Timing-related issues contributed to the shortage as a portion of the receipts estimated for June were actually received in May. On a year-over-year basis, receipts were \$13.5 million (72.8%) lower than the same month in the previous fiscal year.

For the fiscal year as a whole, total receipts were \$236.6 million or \$104.2 million (78.7%) above the \$136.0 estimate. The strong 2011 performance of this tax relative to the estimate is attributable to improvement in the net worth of taxpayers subject to the tax as financial institutions have strengthened their balance sheets. Additionally, there was one unusually large settlement in the amount of \$27.0 million that occurred that also accounted for a portion of the overage.

Commercial Activity Tax

In fiscal year 2011, receipts from the commercial activity tax (CAT) continued to be distributed to non-GRF funds to reimburse school districts and local governments for the phase-out of the tangible personal property tax. During the month of June, CAT receipts totaled \$16.7 million and were \$11.0 million (193.6%) above the monthly estimate of \$5.7 million. For the year in its entirety, CAT receipts totaled \$1,451.0 million and were \$66.0 million (4.8%) above the estimate of \$1,385.0 million.

Foreign Insurance Tax

June receipts for the foreign insurance tax totaled -\$0.4 million and were \$1.7 million (81.7%) above the estimate of -\$2.1 million. For the fiscal year in its entirety, foreign insurance tax receipts were \$256.3 million or \$6.3 million (2.5%) above the estimate.

Public Utility Tax

Public utility tax receipts during the month of June totaled \$493,000 and were \$507,000 (50.7%) below the estimate of \$1.0 million. Total annual receipts were \$124.8 million and were \$55.2 million (30.6%) below the estimate. On a year-over-year basis, receipts were \$218,000 (30.7%) lower than the same month in the previous fiscal year, while total fiscal year 2011 collections decreased by \$11.9 million (8.7%) compared to fiscal year 2010. The annual performance of this tax relative to the estimate is primarily attributable to continued low natural gas prices.

Kilowatt-Hour Tax

Kilowatt-hour tax receipts during the month of June totaled \$9.1 million and were \$0.8 million (8.5%) below the estimate. Total annual receipts were \$153.9 million and were \$13.3 million (8.0%) below the estimate. On a year-over-year basis, receipts were \$0.3 million (3.1%) lower than the same month in the previous fiscal year, while total fiscal year 2011 collections decreased by \$2.4 million (1.5%) compared to fiscal year 2010.

Domestic Insurance Tax

Domestic insurance tax receipts during the month of June totaled \$91.6 million and were \$76.8 million (516.4%) above the estimate. As with the shortfall in May, this monthly variance is due to the timing of the mailing of billings and the return of the payments, as estimates assumed a greater proportion of total billings would be received in the month of May. This is attributable to the loose billing and payment schedule for this tax as the Department of Insurance must certify the amount of billings to the Treasurer of State no later than the first Monday in May (May 2nd). The Treasurer of State then has up to twenty days after certification to send out the bills. Those billed then have twenty to thirty days from the mailing date to submit payment.

Other Business and Property Tax

Other business and property tax receipts, namely the dealers in intangibles tax, totaled \$21.9 million in June and were \$19.5 million (814.3%) above the estimate. The overage was the result of the correction of a timing issue that resulted in the tax being under estimate in May.

Cigarette Tax

Cigarette tax receipts totaled \$76.6 million during the month of June and were \$10.2 million (15.3%) above the estimate. On a year-over-year basis, cigarette tax receipts were \$13.2 million (14.7%) lower than the same month a year ago, while total collections fiscal year 2011 decreased by \$31.3 million (3.5%) compared to fiscal year 2010.

Fiscal year 2011 receipts totaled \$855.6 million and were \$61.6 million (7.8%) above the estimate. While receipts for the year were \$61.6 million above estimate, this is a reflection of the decision not to re-forecast the tax at the outset of fiscal year 2011 following a strong performance relative to estimate in fiscal year 2010. Specifically, while 2010 estimates contained a 6.0% drop as a result of the federal cigarette tax increase, the actual decrease was only 4.1 percent, as the tax finished \$63.9 million above the estimate. Fiscal year 2011 estimates assumed a drop of about 3.5 percent relative to the fiscal year 2010 estimate. Since the original fiscal year 2011 estimates were not adjusted to reflect the stronger 2010 performance, 2011 revenues were well above estimate, despite the 3.5 percent year over year drop off in actual receipts.

Estate Tax

Estate tax receipts in June totaled \$1.7 million and were \$1.1 million (184.6%) above the estimate. For the year-to-date, total receipts are \$72.1 million and are \$11.6 million (19.1%) above the estimate. On a year-over-year basis, estate tax receipts are \$1.1 million (197.4%) higher than the same month a year ago, while year-to-date collections are \$17.1 million (31.0%) above the estimate. The variance for the fiscal year to date, as well as much of the year-over-year growth is largely attributable to a much larger than expected payment from a specific county during the month of May.

GRF non-tax receipts totaled \$487.7 million in June and were \$248.9 million (105.3%) above the estimate. Most of this variance is due federal revenues accompanying the final Medicaid managed care payment of fiscal year 2011. As mentioned previously, H.B. 1 assumed that the final managed care payment (and the accompanying federal revenue) would not be made until early 2012. However as a result of satisfying this obligation in fiscal year 2011, additional federal revenues were drawn down. Additionally, a portion of the variance can also be attributed to delayed SFSF disbursements in the Department of Rehabilitation and Corrections. These SFSF disbursements were estimated to be completed earlier in the fiscal year, but did not actually occur until June thus resulting in a monthly variance. **GRF transfers** during the month of June totaled \$482.1 million and were \$175.4 million (57.2%) above the monthly estimate due to timing issues with the posting of temporary transfers to the GRF. These timing related issues

occurred during the month of May, and thus June temporary transfers exceeded the estimates by an amount similar to the May shortfall.

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2011 VS ESTIMATE FY 2011
(\$ in thousands)

REVENUE SOURCE	Month				Year-to-Date			
	ACTUAL	ESTIMATE	\$ VAR	% VAR	ACTUAL	ESTIMATE	\$ VAR	% VAR
	JUNE	JUNE			Y-T-D	Y-T-D		
TAX RECEIPTS								
Non-Auto Sales & Use	552,773	528,200	24,573	4.7%	6,601,287	6,374,100	227,187	3.6%
Auto Sales & Use	94,638	82,200	12,438	15.1%	976,949	893,200	83,749	9.4%
Subtotal Sales & Use	647,411	610,400	37,011	6.1%	7,578,235	7,267,300	310,935	4.3%
Personal Income	775,847	779,000	(3,153)	-0.4%	8,120,323	7,567,600	552,723	7.3%
Corporate Franchise	5,049	10,000	(4,951)	-49.5%	236,633	132,400	104,233	78.7%
Commercial Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	493	1,000	(507)	-50.7%	124,836	180,000	(55,164)	-30.6%
Kilowatt Hour	9,062	9,900	(838)	-8.5%	153,875	167,200	(13,326)	-8.0%
Foreign Insurance	(385)	(2,100)	1,715	81.7%	256,269	250,000	6,269	2.5%
Domestic Insurance	91,634	14,866	76,768	516.4%	189,369	196,000	(6,631)	-3.4%
Other Business & Property Tax	21,944	2,400	19,544	814.3%	26,026	24,000	2,026	8.4%
Cigarette	76,579	66,400	10,179	15.3%	855,610	794,000	61,610	7.8%
Alcoholic Beverage	4,839	5,800	(961)	-16.6%	55,370	58,000	(2,630)	-4.5%
Liquor Gallonage	3,232	3,100	132	4.3%	37,615	36,000	1,615	4.5%
Estate	1,708	600	1,108	184.6%	72,081	60,500	11,581	19.1%
Horse Racing	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	1,637,414	1,501,366	136,048	9.1%	17,706,243	16,733,000	973,243	5.8%
NON-TAX RECEIPTS								
Federal Grants	485,146	236,263	248,883	105.3%	8,428,972	8,370,930	58,042	0.7%
Earnings on Investments	1,784	24,000	(22,216)	-92.6%	7,088	87,500	(80,412)	-91.9%
License & Fees	393	1,169	(775)	-66.4%	58,959	62,000	(3,041)	-4.9%
Other Income	755	5,481	(4,726)	-86.2%	143,928	188,000	(44,072)	-23.4%
ISTV'S	270	2,649	(2,378)	-89.8%	25,944	20,000	5,944	29.7%
Total Non-Tax Receipts	488,349	269,561	218,788	81.2%	8,664,891	8,728,430	(63,539)	-0.7%
TOTAL REVENUES	2,125,763	1,770,927	354,836	20.0%	26,371,134	25,461,430	909,704	3.6%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	15,000	10,000	5,000	50.0%	153,000	136,300	16,700	12.3%
Transfers In - Capital Reserve	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	226,478	281,934	(55,456)	-19.7%	256,876	360,540	(103,664)	-28.8%
Temporary Transfers In	240,595	14,700	225,895	1536.7%	982,264	876,000	106,264	12.1%
Total Transfers	482,073	306,634	175,439	57.2%	1,392,140	1,372,840	19,300	1.4%
TOTAL SOURCES	2,607,836	2,077,561	530,275	25.5%	27,763,273	26,834,270	929,004	3.5%

Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL - FY 2011 VERSUS FY 2010
(\$ in thousands)

REVENUE SOURCE	Month				Year-to-Date				
	JUNE	JUNE	\$	%	ACTUAL	ACTUAL	\$	%	
	FY 2011	FY 2010	VAR	VAR	FY 2011	FY 2010	VAR	VAR	
TAX RECEIPTS									
Non-Auto Sales & Use	552,773	523,868	28,905	5.5%	6,601,287	6,194,494	406,792	6.6%	
Auto Sales & Use	94,638	81,743	12,895	15.8%	976,949	882,877	94,071	10.7%	
Subtotal Sales & Use	647,411	605,612	41,800	6.9%	7,578,235	7,077,372	500,863	7.1%	
Personal Income	775,847	744,088	31,760	4.3%	8,120,323	7,247,224	873,099	12.0%	
Corporate Franchise	5,049	18,583	(13,534)	-72.8%	236,633	141,748	94,885	66.9%	
Commercial Activity Tax	0	0	0	N/A	0	0	0	N/A	
Public Utility	493	711	(218)	-30.7%	124,836	136,739	(11,903)	-8.7%	
Kilowatt Hour	9,062	9,353	(291)	-3.1%	153,875	156,289	(2,414)	-1.5%	
Foreign Insurance	(385)	(2,137)	1,753	82.0%	256,269	250,776	5,493	2.2%	
Domestic Insurance	91,634	61,944	29,690	47.9%	189,369	161,676	27,693	17.1%	
Other Business & Property Tax	21,944	8,748	13,195	150.8%	26,026	27,250	(1,224)	-4.5%	
Cigarette	76,579	89,800	(13,221)	-14.7%	855,610	886,875	(31,264)	-3.5%	
Alcoholic Beverage	4,839	5,588	(749)	-13.4%	55,370	56,092	(722)	-1.3%	
Liquor Gallonage	3,232	3,125	107	3.4%	37,615	36,544	1,072	2.9%	
Estate	1,708	574	1,133	197.4%	72,081	55,024	17,057	31.0%	
Horse Racing	0	0	0	N/A	0	0	0	N/A	
Total Tax Receipts	1,637,414	1,545,989	91,425	5.9%	17,706,243	16,233,609	1,472,634	9.1%	
NON-TAX RECEIPTS									
Federal Grants	485,146	213,373	271,772	127.4%	8,428,972	6,898,824	1,530,148	22.2%	
Earnings on Investments	1,784	2,909	(1,125)	-38.7%	7,088	28,701	(21,613)	-75.3%	
License & Fee	393	853	(460)	-53.9%	58,959	66,211	(7,252)	-11.0%	
Other Income	755	131,135	(130,380)	-99.4%	143,928	287,445	(143,518)	-49.9%	
ISTV'S	270	236	34	14.6%	25,944	13,333	12,611	94.6%	
Total Non-Tax Receipts	488,349	348,507	139,842	40.1%	8,664,891	7,294,515	1,370,376	18.8%	
TOTAL REVENUES	2,125,763	1,894,496	231,267	12.2%	26,371,134	23,528,124	2,843,010	12.1%	
TRANSFERS									
Budget Stabilization	0	0	0	N/A	0	0	0	N/A	
Liquor Transfers	15,000	16,000	(1,000)	-6.3%	153,000	167,000	(14,000)	-8.4%	
Transfers In - Capital Reserve	0	0	0	N/A	0	0	0	N/A	
Transfers In - Other	226,478	438,971	(212,493)	-48.4%	256,876	469,115	(212,239)	-45.2%	
Temporary Transfers In	240,595	116,188	124,408	N/A	982,264	786,054	196,210	25.0%	
Total Transfers	482,073	571,158	(89,085)	-15.6%	1,392,140	1,422,169	(30,029)	-2.1%	
TOTAL SOURCES	2,607,836	2,465,654	142,182	5.8%	27,763,273	24,950,292	2,812,981	11.3%	

DISBURSEMENTS

June 2011 GRF disbursements, across all fund uses, total \$1,467.0 million. This total was \$491.3 million (50.4%) above the estimate for the month. The variance is primarily attributable to timing-related issues surrounding Medicaid and Higher Education payments as well as the payment of a twenty-seventh payroll in fiscal year 2011 that was not contained in the disbursement estimates prepared at the beginning of the year. The total cost of this payroll was \$159.8 million of which \$67.5 million (42.3%) was paid from the GRF. On a year-to-date basis, total GRF disbursements are \$27,429.1 million and are \$464.5 million (1.7%) above the estimate. Year-to-date disbursements by category are provided in the following table (\$ in millions).

Category	Description	YTD Disbursements	YTD Variance
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	\$26,247.6	\$197.9
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$1,181.5	\$266.7
TOTAL GRF DISBURSEMENTS:		\$27,429.1	\$464.5

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

Primary, Secondary and Other Education

This category includes expenditures made by the Department of Education, E-tech, the Ohio State School for the Blind, and the Ohio School for the Deaf. June disbursements in this category were \$273.2 million, which was \$24.8 million (8.3%) below the estimate.

June disbursements for the Department of Education alone totaled \$270.8 million. This amount is \$24.8 million (8.4%) below the monthly estimate. The foundation payment reconciliation process causes lower than projected monthly expenditures in the latter half of the year. Total estimated obligations for the Department of Education, including prior year encumbrances, was \$6,843.6 million. Actual fiscal year 2011 spending, including encumbrances, totaled \$6,790.2 million, which was \$53.3 million (0.8%) below the estimate. This total reflects encumbrances of \$102.4 million made by the Department of Education for payments that will be made against fiscal year 2011 funds in fiscal year 2012. These encumbrances are necessary as the final reconciliation payments to schools occur after the fiscal year ends.

Higher Education

June disbursements for Higher Education were \$180.2 million and were \$128.7 million (249.6%) above the estimate for the month. Year-to-date disbursements were \$2,411.0 million and were \$135.1 million (5.9%) above the estimate. The monthly and yearly variance is due to the June

State Share of Instruction (SSI) campus subsidy payment being disbursed out of existing fiscal year 2011 appropriations, instead of deferring the payment to fiscal year 2012 as was planned at the time in which the fiscal year 2011 disbursement estimates were prepared.

Public Assistance and Medicaid

June expenditures in this category, which include all GRF expenditures by the Department of Job and Family Services (ODJFS), were \$677.8 million. Expenditures were \$503.2 million (288.1%) above estimates for the month. Year-end expenditures total \$11,425.8 million, which is \$210.3 million (1.9%) above estimates.

The following discussion of spending and variances to-date addresses Public Assistance and Non-Medicaid programs separate from Medicaid.

Medicaid

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

Expenditures

GRF disbursements year-to-date for the Medicaid program are \$10,640.8 million, which is \$265.3 million (2.6%) above the estimate, and \$2,029.5 million (23.6%) above the same point in time in the previous fiscal year. Disbursements for the month of June were \$644.4 million, which was \$507.1 million (369.3%) above the estimate and \$481.9 million (296.5%) above the same period in the previous fiscal year.

All funds disbursements year-to-date are \$13,964.4 million, which is \$92.2 million (0.7%) above estimate, and \$1,431.1 million (10.2%) above disbursements for the same period in the previous fiscal year. Disbursements for June were \$1,247.6 million, which was \$527.4 million (73.2%) above projected expenditures and \$154.1 million (12.4%) above the same period in the previous fiscal year.

The large variance can be primarily attributed to two reasons. The first is the shift of payments totaling \$103.5 million originally scheduled to be disbursed in May instead being paid in June due to timing issues related to the Memorial Day holiday as discussed in the previous report. The second reason is the disbursement of the twelfth managed care and ICF/MR payments totaling \$485.3 million. The original fiscal year 2011 framework assumed only eleven payments in these two categories.

In order to accommodate the additional managed care and ICF/MR payments, lapse from the Medicare Part D appropriation line item (600526) was transferred to Health Care/Medicaid (600525), the primary GRF Medicaid line item. An identified lapse in appropriation authority of \$40.0 million in state share was transferred from 600526 to 600525, increasing 600525 by that amount and the associated federal share for a total of \$129.0 million in additional appropriation.

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

	June Projection	June Actual	Variance	Variance %
GRF	\$ 137,323,037	\$ 644,443,009	\$ 507,119,972	369.3%
Non-GRF	\$ 582,931,877	\$ 603,190,985	\$ 20,259,108	3.5%
All Funds	\$ 720,254,914	\$ 1,247,633,994	\$ 527,379,080	73.2%

Large variances were seen across several categories due to the timing issue and additional managed care and ICF/MR payments discussed above. Specific variances across all funding sources include:

Nursing Facility – Disbursements for the month of June for the Nursing Facility category were \$226.3 million, which was \$8.3 million (3.5%) below the estimate. This variance includes the payment of \$3.6 million originally scheduled for May. As in previous months, this is primarily due to lower-than-projected bed days.

Inpatient Hospital– Disbursements for the month of June for the Inpatient Hospital category were \$103.5 million, which was \$14.3 million (15.9%) above the estimate. Absent the timing issue previously mentioned, disbursements would have been \$80.5 million, or \$9.1 million (10.2%) below estimates. This is primarily due to lower-than-expected member months.

Caseload

Total caseload for the month of May, the most recent month available, was 2.17 million covered persons, which was a decrease of 2,937 persons over the month of April. This number includes select non-Medicaid programs such as the Medicare premium assistance programs. Total Medicaid caseload for the month as of the month of May was 24,628 (1.2%) covered lives over projection.

The Covered Families and Children (CFC) category decreased by 4,501 persons to a May total of 1.64 million persons. The Aged, Blind and Disabled (ABD) program increased by 75 people to a May total of 412,500 covered lives. The Premium Assistance category increased by 1,412 persons to a May total of 103,000 covered lives.

Total enrollment for the same period last year was 2.10 million covered persons, including 1.59 million persons in the CFC program, 398,500 people in the ABD category, and 98,204 in the Other Non-Medicaid program, including Premium Assistance. This represents total program growth over the last twelve months of 68,800 covered lives.

As noted above, CFC decreased 4,501 persons to 1.64 million covered lives. Enrollment in this category was 215.0 (0.0%) below total projected enrollment. The decrease occurred primarily in the Healthy Families category.

The ABD program showed an increase of 75 people to a total of 412,500 covered lives. Enrollment was 10,864 persons (2.7%) over total projected enrollment for this category.

Public Assistance and Non-Medicaid

ODJFS, non-Medicaid, General Revenue Fund (GRF) disbursements totaled \$33.3 million for the month of June. In total, GRF actual spending was \$3.9 million (10.6%) lower than the monthly estimates. Major variances within individual line items were attributable to the following:

- Adoption Services, ALI 600528, disbursements were \$2.1 million under the agency estimate due to adoption assistance subsidy payments being lower than expected for the month.
- Computer Projects, ALI 600416, expenses were \$1.9 million below original estimates due to Department of Administrative Services (DAS) Office of Information Technology invoices not received and paid as anticipated.
- Disability Financial Assistance, ALI 600511, expenditures were \$1.2 million lower than estimates due to lower than anticipated subsidy payments made out of the line item.
- Over/under spending across remaining GRF line items also contributed to the variance.

Health and Human Services

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

June expenditures in this category totaled \$46.7 million, which was \$5.2 million (12.5%) above the estimate for the month. Fiscal year actual disbursements total \$1,099.1 million and are \$5.6 million (0.5%) below the estimate. Notable items include:

Department of Health

June disbursements for the Department of Health totaled \$7.8 million and were \$3.6 million (86.3%) above the estimate. For the fiscal year, the Department of Health disbursed \$86.1 million, which is \$5.8 million (6.3%) under the estimate. The monthly variance is primarily attributable to the following:

- The Help Me Grow line, ALI 440459, was above estimate by \$3.6 million due to the timing of certain invoice payments.

Department of Aging

June disbursements for the Department of Aging totaled \$6.0 million and were \$4.9 million (81.2%) below the estimate. For the fiscal year, the Department of Aging disbursements totaled \$151.5 million and were \$0.2 million (0.1%) below the estimate. The monthly variance is primarily attributable to the following:

- The Long-Term Care Budget – State line, ALI 490423, was below estimate by \$5.0 million. This was due to more federal funds being utilized in June than planned, since fewer federal funds had been used earlier in the year.

Department of Mental Health

The Department of Mental Health disbursed \$15.2 million in the month of June, which is \$6.4 million (73.0%) above the estimate. The variance is attributable to the payment of the 27th paycheck for fiscal year 2011. Impacted line items include Central Administration (333321), Community and Hospital Mental Health Services (334408), and Research and Program Evaluation (333416).

For the fiscal year, the Department of Mental Health disbursed \$464.9 million in fiscal year 2011 appropriation and prior year encumbrances. Total expenditures are \$3.5 million (0.8%) above the estimate. In order to post the 27th paycheck, \$5.6 million in appropriation was added to the Community and Hospital Mental Health Services (ALI 334408) in accordance with Section 509.30 of Amended Substitute House Bill 114 of the 129th General Assembly.

Department of Developmental Disabilities

The Department of Developmental Disabilities disbursed \$13.8 million in the month of June, which is \$1.1 million (8.6%) above the estimate. The variance is attributable to the payment of an additional 27th paycheck for fiscal year 2011 in the month of June. Impacted line items include Central Administration (320321) and Developmental Center and Residential Facility Operating Expenses (323321).

For the fiscal year, the Department of Developmental Disabilities disbursed \$322.6 million in fiscal year 2011 appropriation and prior year encumbrances. Total expenditures were \$1.3 million (0.4%) above estimate.

Justice and Public Protection

This category includes GRF expenditures by the Department of Rehabilitation & Corrections (DRC) and the Department of Youth Services (DYS). Disbursements in the category totaled \$133.0 million in the month of June, which was \$3.0 million (2.3%) more than the estimate for the month. Year-to-date disbursements totaled \$1,940.2 million which was \$44.1 million (2.2%) below the estimate.

Department of Rehabilitation and Correction

The Department of Rehabilitation and Correction (DRC) disbursed \$95.3 million in the month of June, which was \$0.9 million (1.0%) more than the \$94.4 million estimate for the month.

Department of Youth Services

The Department of Youth Services (DYS) disbursed \$20.9 million in the month of June, which was \$3.3 million (18.5%) more than the \$17.6 million estimate for the month. This variance is due to the 27th paycheck of fiscal year 2011 posting during the month.

General Government

During the month of June, General Government disbursements totaled \$17.2 million and were \$2.1 million (14.0%) above the estimate for the month. Year-to-date actual expenditures are \$275.5 million, which is \$19.7 million (6.7%) below the estimate.

Tax Relief and Other

Disbursements for the tax relief category totaled \$99.9 million for the month of June, which was \$109.5 (52.3%) below the estimate. For the fiscal year, disbursements totaled \$1,691.0, which was \$31.0 million (1.9%) above the projection.

June disbursements for tax relief totaled \$99.9 million and were \$68.5 million (40.7%) below the monthly estimate of \$168.4 million. Despite disbursements being short of the monthly estimate, total payments for the year were \$1,670.4 million and finished \$72.3million (4.5%) above the estimate of \$1,598.1 million. Since original appropriation levels were insufficient to satisfy the payments, appropriations were increased by \$74.5 million using temporary law that authorizes automatic increases in appropriation necessary to cover reimbursement costs. These payments are made to local governments and school districts to reimburse for revenues foregone as a result of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption.

The remaining variance is due to transfer of funds from the Controlling Board. The monthly estimate also includes \$41.0 million in appropriations for the Controlling board. Of these appropriations, \$3.5 million was transferred to other line items this fiscal year, and the remaining \$37.5 million was a lapse.

Debt Service

Debt service spending for the month of June was \$25.5 million, which was \$7.0 million (21.6%) below estimate. This variance is attributable to an upfront payment received as a result of an amendment to an existing common school bond swap agreement that was used to offset June debt service requirements and continued lower-than-budgeted interest rates on the State's variable rate bonds. For the fiscal year, debt service spending was \$476.0 million, which was \$18.5 million (3.7%) below estimate.

American Recovery and Reinvestment Act (ARRA) State Fiscal Stabilization Fund (SFSF)

The State of Ohio has completed the disbursement of the SFSF award. The total award amount was \$1,789.4. Of this amount, \$1,463.7 million was from the Education Stabilization Fund (ESF) and approximately \$325.7 million was from the Government Services Fund (GSF). This June, the State made the final disbursements of \$54.4 million (\$25.3 million from the Department of Education (ESF), \$18.7 million from the Board of Regents (GSF/ESF), and \$10.3 million from the Department of Rehabilitation and Correction (GSF)). The total amount disbursed was \$1,789.4 million in SFSF (99.9% of the total award amount). \$933.0 million has been disbursed from the Department of Education (ESF), \$568.8 million from the Board of Regents (GSF/ESF) and \$287.5 million from the Department of Rehabilitation and Correction (GSF). The remaining amount of \$2,577 will be lapsed/refunded due to changes in the disbursement amounts to local educational agencies.

Table 3
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2011 VS ESTIMATE FY 2011
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL	ESTIMATED	\$	%	YTD	YTD	\$	%
	JUNE	JUNE	VAR	VAR	ACTUAL	ESTIMATE	VAR	VAR
Primary, Secondary and Other Education	273,178	297,945	(24,767)	-8.3%	6,740,044	6,816,370	(76,325)	-1.1%
Higher Education	180,193	51,536	128,656	249.6%	2,410,989	2,275,853	135,136	5.9%
Public Assistance and Medicaid	677,789	174,632	503,157	288.1%	11,425,794	11,215,451	210,343	1.9%
Health and Human Services	46,693	41,523	5,170	12.5%	1,099,120	1,104,683	(5,563)	-0.5%
Justice and Public Protection	133,013	130,054	2,959	2.3%	1,940,199	1,984,307	(44,108)	-2.2%
Environmental Protection and Natural Resources	2,430	3,291	(862)	-26.2%	72,410	73,450	(1,040)	-1.4%
Transportation	623	1,914	(1,291)	-67.4%	13,367	14,513	(1,146)	-7.9%
General Government	17,244	15,130	2,114	14.0%	275,479	295,219	(19,740)	-6.7%
Community and Economic Development	6,911	6,341	570	9.0%	103,244	115,057	(11,812)	-10.3%
Tax Relief and Other	99,938	209,483	(109,545)	-52.3%	1,691,043	1,660,005	31,038	1.9%
Capital Outlay	0	43	(43)	N/A	24	426	(402)	-94.4%
Debt Service	25,524	32,560	(7,036)	N/A	475,892	494,399	(18,507)	-3.7%
Pending Payroll	0	0	0	N/A	0	0	0	N/A
Total Expenditures & ISTV's	1,463,537	964,453	499,084	51.7%	26,247,606	26,049,733	197,873	0.8%
Transfers Out:								
OPER TRF OUT-OTH	3,461	11,200	(7,739)	N/A	74,635	38,800	35,835	92.4%
OPER TRF OUT-TEMPORARY	0	0	0	N/A	1,106,837	876,000	230,837	26.4%
Total Transfers (Out)	3,461	11,200	(7,739)	N/A	1,181,472	914,800	266,672	29.2%
Total Fund Uses	1,466,998	975,653	491,345	50.4%	27,429,078	26,964,533	464,545	1.7%

Table 4
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2011 VS ACTUAL FY 2010
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	JUNE FY 2011	JUNE FY 2010	\$ VAR	% VAR	ACTUAL FY 2011	ACTUAL FY 2010	\$ VAR	% VAR
Primary, Secondary and Other Education	273,178	216,554	56,624	26.1%	6,740,044	6,743,373	(3,329)	0.0%
Higher Education	180,193	179,245	947	0.5%	2,410,989	2,424,091	(13,102)	-0.5%
Public Assistance and Medicaid	677,789	192,518	485,271	252.1%	11,425,794	9,421,903	2,003,892	21.3%
Health and Human Services	46,693	29,584	17,109	57.8%	1,099,120	1,016,960	82,160	8.1%
Justice and Public Protection	133,013	99,246	33,768	34.0%	1,940,199	1,933,600	6,598	0.3%
Environmental Protection and Natural Resources	2,430	982	1,447	147.3%	72,410	80,284	(7,873)	-9.8%
Transportation	623	840	(217)	-25.9%	13,367	17,473	(4,106)	-23.5%
General Government	17,244	8,757	8,488	96.9%	275,479	283,228	(7,750)	-2.7%
Community and Economic Development	6,911	3,588	3,323	92.6%	103,244	108,320	(5,076)	-4.7%
Tax Relief and Other	99,938	138,367	(38,429)	-27.8%	1,691,043	1,711,360	(20,317)	-1.2%
Capital Outlay	0	0	0	N/A	24	380	(356)	-93.7%
Debt Service	25,524	32,015	(6,491)	N/A	475,892	400,453	75,439	18.8%
Pending Payroll	0	0	0	N/A	0	0	0	N/A
Total Expenditures & ISTV's	1,463,537	901,697	561,839	62.3%	26,247,606	24,141,425	2,106,181	8.7%
Transfers Out:								
OPER TRF OUT-BUD STABILIZATION	0	0	0	N/A	0	0	0	N/A
OPER TRF OUT-OTH	3,461	5,271	(1,809)	-34.3%	74,635	61,655	12,981	21.1%
OPER TRF OUT-TEMPORARY	0	0	0	N/A	1,106,837	971,337	135,499	13.9%
Total Transfers (Out)	3,461	5,271	(1,809)	N/A	1,181,472	1,032,992	148,480	14.4%
Total Fund Uses	1,466,998	906,968	560,030	61.7%	27,429,078	25,174,417	2,254,661	9.0%

FUND BALANCE

Table 5 describes the General Revenue Fund (GRF) ending fund balance for FY 2011 and is based on the actual revenue for FY 2011 and the actual FY 2011 disbursements, transfers, and encumbrances. The GRF ending fund balance for FY 2011 is \$430.7 million.

The calculation and disposition of the GRF ending fund balance is governed by the provisions of Ohio Revised Code Section 131.44. The ending fund balance includes a carryover balance of 0.5% of FY 2011 GRF revenues, or \$138.8 million. In addition, H.B. 153 provides for two cash transfers from the GRF balance as of June 30, 2011. This includes a transfer of \$25.0 million to the Disaster Services Fund (5E20) and a transfer of \$20.0 million to the Controlling Board Emergency Purposes Fund (5KM0). The remaining \$246.9 million was transferred to the Budget Stabilization Fund (BSF). This leaves an unencumbered, unobligated ending balance of \$138.8 million.

The table below shows the disposition of the FY 2011 ending cash balance.

Disposition of FY 2011 Ending Cash Balance	
Ending Cash Balance as of June 30, 2011	\$844.5
Less Outstanding Encumbrances	\$413.8
Total Unencumbered Cash Balance	<u>\$430.7</u>
Less 0.5% Requirement	\$138.8
Actual Surplus Ending Balance	<u>\$291.9</u>
<u>Transfers Out</u>	
Less Disaster Service Fund (5E20)	\$25.0
Less Controlling Board Emergency Purposes (5KM0)	<u>\$20.0</u>
Budget Stabilization Fund Transfer	\$246.9

FUND BALANCE
GENERAL REVENUE FUND
FISCAL YEAR 2011
(\$ in thousands)

July 1, 2010 Beginning Cash Balance	\$ 510,272
Plus FY 2011 Actual Revenues	17,942,162
Plus FY 2011 Actual Federal Revenues	8,428,972
Plus FY 2011 Actual Transfers to GRF	1,392,140
Total Sources Available for Expenditure & Transfer	28,273,545
Less FY 2011 Actual Disbursements	26,247,606
Less FY 2011 Actual Total Encumbrances as of June 30, 2011	413,760
Less FY 2011 Actual Transfers Out	1,181,472
Total Actual Uses	27,842,838
FY 2011 UNENCUMBERED ENDING FUND BALANCE*	430,707

*Prior to transfers pursuant to ORC 134.44 and provisions of H.B. 153.

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