



November 10, 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

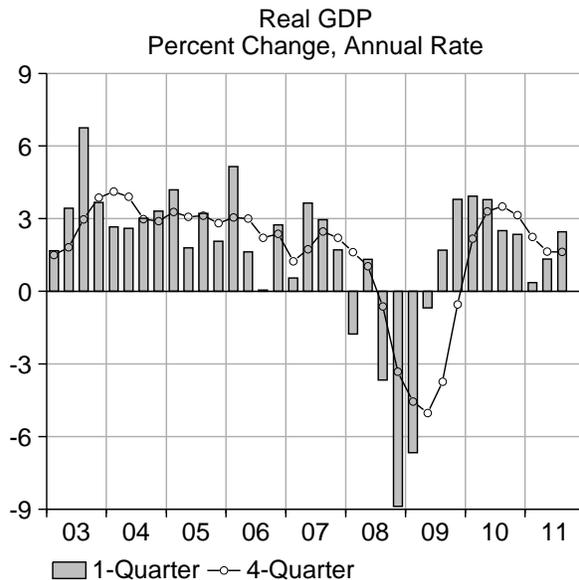
### Economic Performance Overview

- Real GDP accelerated in the third quarter, rising 2.5% and at least temporarily quieted concerns about recession.
- The national labor market picture brightened further in October, as the level of employment increased by 80,000 jobs, and the August and September gains were revised upward. The unemployment rate edged down to 9.0%, near its level at the beginning of the year.
- Ohio employment decreased by 21,600 jobs in September after an upwardly revised gain of 1,500 jobs in August. The Ohio unemployment rate stayed at 9.1% in September, matching the national rate for the second month in a row.
- Leading economic indicators remain consistent with weak activity both nationally and in Ohio, but not recession.

### Economic Growth

Real GDP expanded at an annual rate of 2.5% in the third quarter following a less than 1.0% pace in the first half of the year. Real GDP was 1.6% higher than a year earlier and finally surpassed the peak achieved prior to the 2007-09 recession. The economy has expanded for nine consecutive quarters, but at a slower pace than in each of the other nine post-war expansions that have lasted for at least as long. The increase in real final sales remains the weakest in the post-war period by a notable margin.

The increase in real GDP from the second to the third quarter primarily reflected positive



contributions from personal consumption expenditures, nonresidential fixed investment, exports, and federal government spending. These positive contributions were partly offset by negative contributions from the change in business inventories and state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased.

The acceleration in real GDP during the summer primarily reflected faster growth in personal consumption expenditures and nonresidential fixed investment that was partially offset by a larger decline in the change in inventories than in the spring quarter.

The latest batch of economic news has at least temporarily quieted the talk of recession that materialized during the late summer. The trajectory of personal consumption expenditures during the third quarter was such that real consumer spending would rise by 1.2% in the fourth quarter even if consumption were to remain unchanged from the September level in October, November and December. In addition, non-defense capital goods orders excluding aircraft – a proxy for business capital spending – increased 2.4% in September to an all-time high.

Composite leading indexes are mixed, but are generally consistent with continuing economic growth. The **Leading Economic Index** increased for the fifth consecutive month in September and has been tracing out a pattern that is symptomatic of a growth slowdown, but not a recession. The recent pattern in the **ratio of coincident to lagging indexes** – itself a leading indicator – is more worrisome. The ratio was unchanged in September after declining in the five previous months and six of the previous seven.

Of increasing concern, the 4-week moving average of the **Weekly Leading Index** from ECRI continued its slide in the week ending October 21, pulling down the 6-month smoothed rate of change to -10.0%. The rate of change was briefly and modestly more negative in the summer of 2010 without signaling recession. ECRI interprets the current slide as recessionary because it was preceded by a downturn in its Long Leading Index and other business cycle indicators.

In the meantime, the Ohio expansion of the economy has slowed. The **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, was essentially unchanged for a second consecutive month in September. The stall follows twenty consecutive monthly increases. The 12-month rate of change was 3.6%, down from a recent peak of 4.9% in March. The companion **Ohio Leading Economic Index** was 1.0% in both August and September after nearly touching zero in July. Designed to predict the rate of increase in the coincident index during the next six months, the leading index for Ohio is down from a recent peak of 3.2% in January. The path of the index in upcoming months warrants monitoring, because it has been a reliable indicator of



economic weakness in the past.

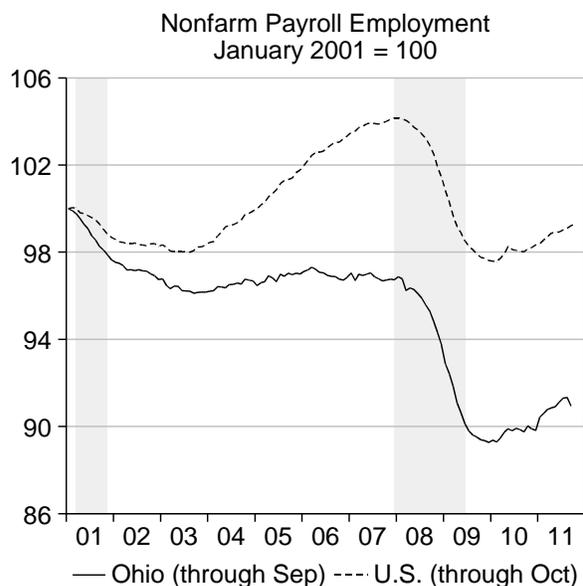
The consensus among economic forecasters is still for a continuation of growth in the fourth quarter at about the same pace as in the third period. The *Blue Chip Financial Forecast* consensus for November is for real GDP growth of 1.8% in the fourth quarter, approximately 2.0% in the first half of 2012 and approximately 2.5% in the second half. The Blue Chip panel puts the odds of a recession at 30.0% by the end of 2012, or approximately twice the observed frequency of recessions during the 768 months from January 1947 through December 2010.

After meeting to consider monetary policy during November 1-2, the **Federal Reserve** downgraded its assessment and outlook for the economy. In its post-meeting statement, the Federal Open Market Committee (FOMC) cited “continued weakness in overall labor market conditions,” noting that inflation appears to have moderated and could fall too low. The FOMC lowered its real GDP growth forecast for 2012 by approximately 1% to 2.5%-2.9% and its forecast for 2013 by approximately 0.5% to 3.0%-3.5%. The FOMC raised its unemployment rate forecast for 2012 by about 0.5% to 8.5%-8.7% and its forecast for 2013 by about 0.75% to 7.8%-8.2%, and said it sees significant downside risks to the outlook.

## **Employment**

Trends in labor markets continued into the fall, marking October as another month of moderate expansion in the economy. Nonfarm payroll employment increased by 80,000 jobs in October, and the August and September changes were revised up by a total of 102,000 jobs. Over the past twelve months, payroll employment has increased by an average of 125,000 jobs per month.

In October, the national unemployment rate ticked down by 0.1 point to 9.0%. The unemployment rate has been within 0.2 points of 9.0% in each month of the year. The increase in the unemployment rate from its low during the previous twelve months, which has signaled recessions in the past when it topped 0.5 points, was 0.2 points. The number of long-term unemployed declined by 366,000 people to 5.9 million – the largest monthly decline on record dating back to 1949. Including discouraged workers, the broadest unemployment rate improved slightly to 16.2%, down from 16.5% the month before.



Employment gains were concentrated in professional and business services (+32,000), leisure and hospitality (+22,000) and health care (+12,000). Manufacturing employment increased by 5,000 jobs. The number of construction jobs fell 20,000 and government employment was down 24,000 jobs, mostly among non-education sector jobs at the state and local level. Private sector

employment increased by 104,000 jobs, and the September gain was revised up significantly from 137,000 to 191,000.

Total employment as measured by the survey of households increased by 270,000 workers following gains of 298,000 in September and 331,000 in August. The survey is used to calculate the unemployment rate, and the total employment figure is viewed as less reliable than the nonfarm payroll employment number. However, three strong monthly advances in a row are considered a very positive indication of labor market strength.

**Ohio employment** decreased by 21,600 jobs in September after an upwardly revised gain of 1,500 jobs in August. The August gain was originally reported as 700 jobs. Private sector payrolls accounted for almost all of the decline in nonfarm payrolls in September. Year-to-date, Ohio employment has increased by 62,900 jobs, but remains 356,400 below the pre-recession peak that was set in March 2006.

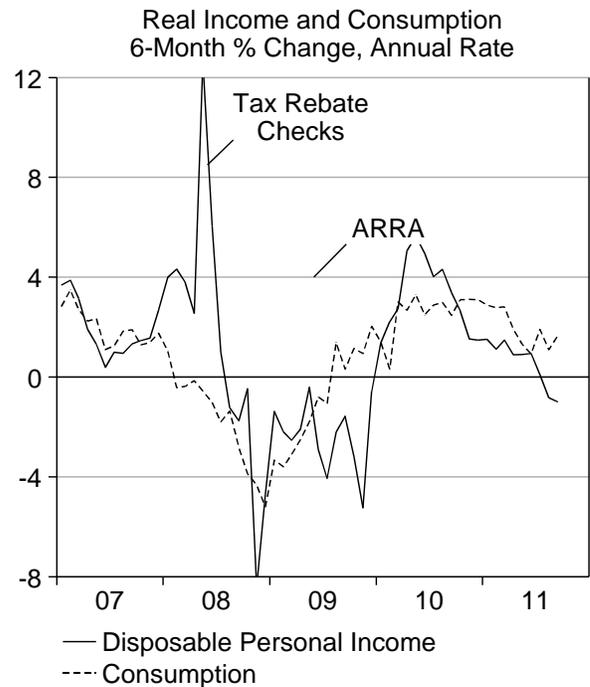
Job losses in September were broad-based across the private sector. Leading the declines were leisure and hospitality (-6,300), educational and health services (-5,200), manufacturing (-4,700), financial activities (-2,900), and other services (-2,800). Government employment fell by 1,000 jobs. The only sectors with job gains were information (+1,000) and construction (+200). During the year ending in September, Ohio employment gains were concentrated in educational and health services (+17,800), professional and business services (+16,400), construction (+10,900) and manufacturing (+9,200). Government (-8,600) was the only area with year-over-year employment declines in September.

The **Ohio unemployment rate** stayed at 9.1% in September, matching the national rate for the second month in a row. The two-month plateau follows a long string of declines from the peak of 10.6% reached in February 2010. On average since 1970, the Ohio unemployment rate has been approximately 0.4 percentage points above the national unemployment rate.

Among the **contiguous states**, year-over-year employment growth was strongest in Michigan (+1.7%), followed by Ohio and Kentucky (+1.3%), Pennsylvania (+0.9%), West Virginia (+0.5%) and Indiana (+0.2%). For the Ohio and contiguous state region, employment increased 1.1% during the most recent twelve months – the same as for all states outside the region combined. The year-over-year change in employment in Ohio and the contiguous states had exceeded growth outside the region during the previous twenty months. Employment in the region previously had not grown faster than in the rest of the nation for as long as twenty months in at least twenty years.

## Consumer Income and Consumption

Personal income and spending both rebounded in September after setbacks in August, and for the third month in a row consumers saved a smaller percentage of income. **Personal income** increased 0.1% in September, recouping the 0.1% decline in August and returning to its July level. Wage and salary disbursements, which comprise more than half of personal income, increased by 0.3% in September and the August decrease was revised up from -0.2% to -0.1%. Compared with a year earlier, personal income was still higher by 4.4%, but the year-over-year comparison is well off of its peak of 6.0% in February. Wage and salary disbursements were higher than a year earlier by 3.7% – also down from a recent peak of 4.7%.

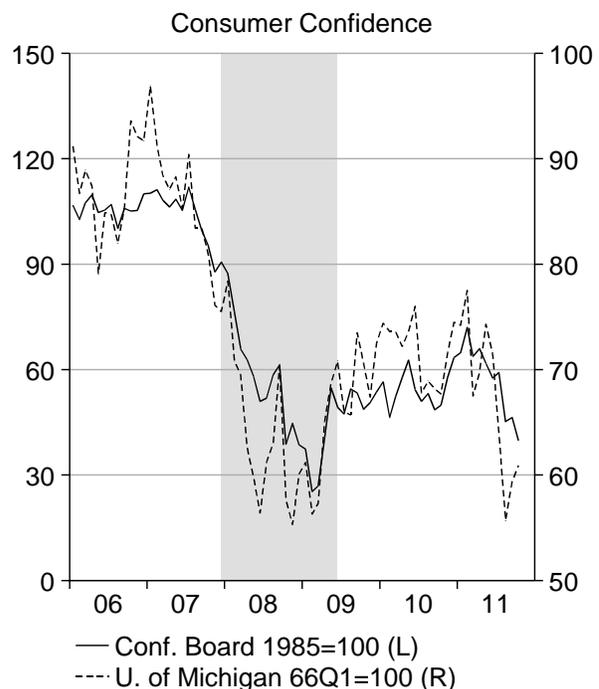


### Growth in **personal consumption expenditures**

accelerated to 0.6% in September. The August change was unrevised at 0.2% but the July increase was lifted from 0.7% to 0.9%. After adjustment for inflation, consumption increased by 0.5% after no change in August to 2.2% above the year earlier level. The year-over-year change has slowed from a recent peak of 3.2% in November 2010. Nominal spending on durable goods rebounded 2.2%, reflecting a 7.9% increase in auto sales, but was only the second monthly increase in seven months. Spending on nondurable goods and services increased by 1.1% and 0.2%, respectively. Compared with a year earlier, total consumption was higher by 5.3%, matching the peak for the cycle first reached in July.

Although still low by historical standards for some key measures, inflation is undercutting consumer spending. The Consumer Price Index (CPI) accelerated from an annual rate of 1.5% during the second quarter to 4.8% during the third quarter. Core consumer price inflation, excluding prices of food and energy, fell from 2.9% to 2.1%, but the median CPI compiled by the Federal Reserve Bank of Cleveland accelerated from 2.2% to 3.0%.

Ongoing difficulty in getting a job, weakness in housing prices, the hangover from the previous



debt-buildup, and higher prices for energy and other essentials are restraining income growth and the ability and willingness of consumers to spend. In response, **consumer confidence** has deteriorated notably since winter, particularly due to a worsening in expectations.

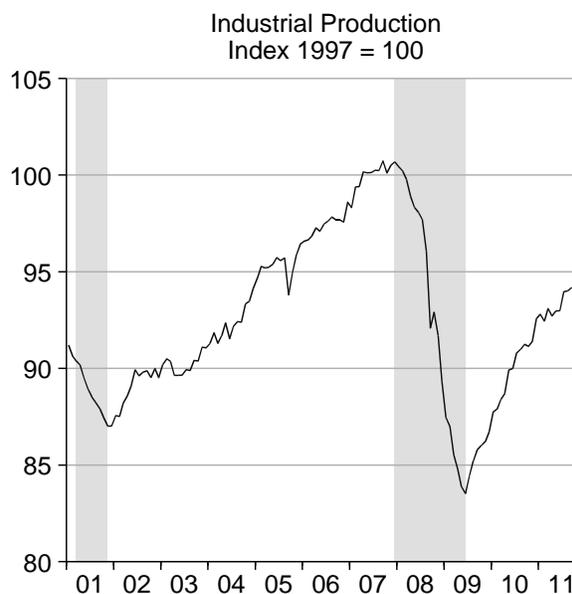
The Conference Board index of **consumer confidence** fell in October to its lowest level since March 2009 and 43.0% below the average level observed during previous recessions. The expectations index in October was also the lowest since March 2009 and 30.0% below the average level observed in past recessions. The current conditions index in October was the lowest since November 2010, and was 62.0% below the level observed on average in past recessions. Readings from the University of Michigan index of consumer sentiment have traced a similar pattern but improved marginally in both September and October.

**Ohio personal income** and **wage and salary disbursements** remained solid in the second quarter. Personal income increased 5.0% at an annual rate following a 7.1% increase in the first quarter to 5.3% above the year earlier level. The first quarter change was revised down a bit from 7.7%. Wage and salary disbursements increased 6.3% following a 4.1% increase in the first quarter to 4.2% above the year earlier level. While the level of Ohio personal income was 3.3% above the record high established in the second quarter of 2008, wage and salary disbursements remained 0.5% below the record level established in the first quarter of 2008.

## **Manufacturing**

**Industrial production** increased 0.2% in September, and the August change was revised downward from 0.2% to zero. Another weather-related drop in utility output subtracted from overall industrial production. Manufacturing activity increased 0.4% in September following a 0.3% gain in August and a 0.7% gain in July. The rebound during the summer marked a recovery in motor vehicle assemblies, which declined during April-June in the aftermath of the earthquake and tsunami in Japan. Total capacity utilization edged higher to 77.4%.

Production in three sectors with a concentration of employment in Ohio was mixed during August. Primary metal and fabricated metal production decreased 0.4% and 0.3%, respectively. Machinery production increased just 0.2%.



**Midwest manufacturing** output increased 0.5% in September following increases of 0.5% in August and 0.4% in July, according to the Federal Reserve Bank of Chicago. The August change was revised slightly downward from 0.6%. Production increased in the auto (+1.2%) and resource (+0.5%) sectors and decreased in the machinery (-0.1%) and steel (-0.5%) sectors.

Compared with a year earlier, Midwest manufacturing production was up by 7.2%, down from the peak growth rate so far for this cycle of 14.8% in June 2010. The level of Midwest production in July was 24.7% above the low in June 2009 but still 15.9% below the peak in January 2008.

In a promising sign, the Philadelphia Federal Reserve Bank’s business conditions index improved sharply from -17.5 in September to +8.7 in October. Both orders and shipments showed similar gains. The turnaround is significant because the index was a key part of the wave of negative economic reports in August when it fell to an extreme level of -30.7, raising recession concerns.

Reports from **purchasing managers** in manufacturing across the country were neutral in October. The Purchasing Managers Index decreased to 50.8 in October – the fourth straight month at just above the neutral level of 50.0. The New Orders index improved to 52.4 after three straight months just below 50.0. The production index dipped back to 50.1 from 51.2. Deterioration in assessments by purchasing managers in manufacturing since the beginning of the year are consistent with the slowdown unfolding across the economy, but not unequivocally consistent with recession at this point.



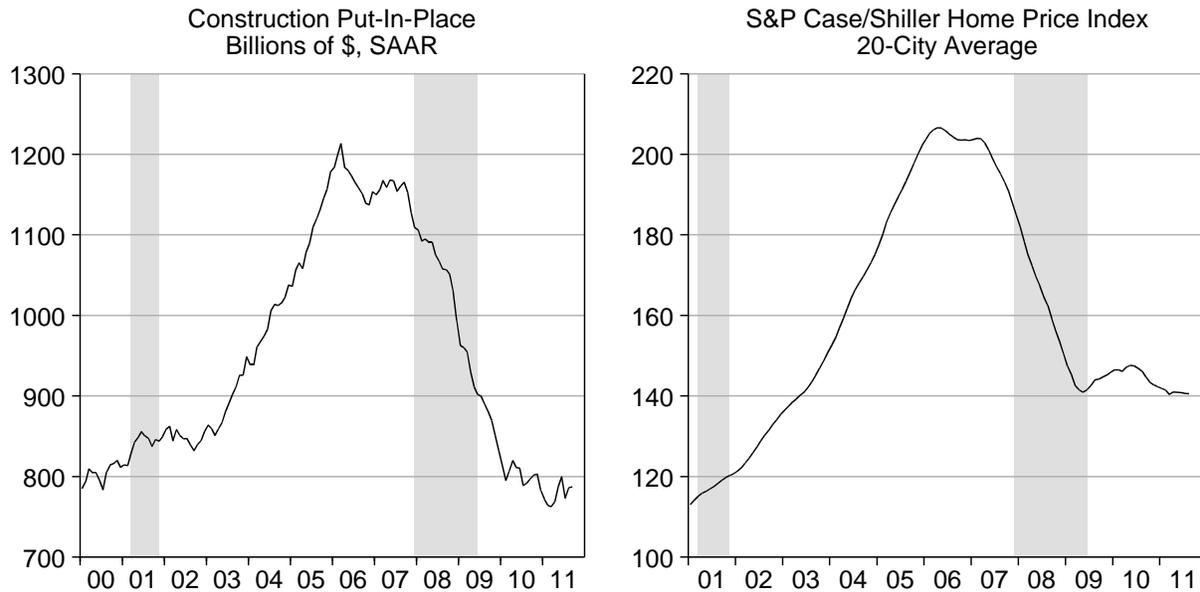
### Construction

Total **construction put-in-place** increased 0.2% in September following an upwardly revised gain of 1.6% in August. Private construction increased 0.6%, with residential and nonresidential spending up 0.9% and 0.3%, respectively. Public construction decreased 0.6% after the largest monthly increase in August since February 2009. Total construction activity was down 1.3% compared with a year earlier and remained 35.1% below the March 2006 peak.

**Private nonresidential construction** increased by a modest 0.3%, but the August increase was revised upward from 0.2% to 0.8%. Compared with a year earlier, private nonresidential construction was up 7.4%. The **Architecture Billings Index** from the American Institute of Architects faded in September after a promising increase in August. The index dropped 4.5 points to 46.9 for the fifth reading below 50.0 in the last six months, making the one-month rise in September appear to be an anomaly. The **Inquiries for New Work Index** decreased to 54.3, while the **Billings Index for the Midwest** improved from 48.6 to 51.0 – the first reading above 50.0 since March.

**Private residential construction-put-in-place** increased 0.9% in September following a 0.4% increase in August that was preceded by large declines of 7.7% in July and 2.0% in June. The

difficult-to-estimate improvements category was responsible for the declines in June and July. Housing starts in September increased 15.0% across the country after a 7.0% drop in August. Midwest starts increased 9.3% in September after a 4.4% decline in August and a 28.6% drop in July. Permits fell 5.0% across the country but increased marginally in the Midwest. Despite month-to-month swings, which are sometimes substantial, housing construction remains essentially flat at a historically low level.



**Sales of existing homes** decreased 3.0% in the U.S. and 0.9% in the Midwest to 11.3% and 17.2% above year earlier levels, respectively. Despite the large fluctuations recently, the pace of existing home sales is little changed on balance during the past three years. **Sales of new homes** were up 5.7% nationally and down 12.2% in the Midwest as sales activity continues to bounce along a plateau that is far below peak levels of a few years ago.

The inventory of existing homes for sale fell in September to 4.8% below the average during the previous year. The **inventory-to-sales ratio** inched higher to 8.5 months but remained well below the July ratio of 9.5 months. The inventory of newly built homes stayed in September at the lowest level on record. At 6.2 months, the inventory-to-sales ratio stayed at essentially the lowest level since before the housing crisis. The ratio is down from a peak of 12.2 months in January 2009.

**Home prices** stabilized over the summer after a long string of substantial declines, according to the S&P/Case-Shiller index. The 20-city composite home price index was unchanged in August after three consecutive declines of just 0.1% each, which were preceded by an increase of 0.4% in April. The index was down 32.0% from the all-time peak reached in April 2006. The price index for Cleveland – the only Ohio city in the index – fell 0.4% in August after no change in July, which followed a string of declines during March-June. Prices in Cleveland are off 19.9% from the 2006 peak.

## **REVENUES**

October 2011 **GRF receipts totaled \$2,215.3 million** and were \$52.0 million (2.4%) above the estimate. For the month, tax receipts totaled \$1,539.5 million and were \$61.1 million (4.1%) above the estimate, while non-tax receipts totaled \$674.7 million and were \$0.8 million (0.1%) above the estimate. Transfers totaled \$1.1 million and were \$9.9 million (89.7%) below the estimate. Year-to-date variances by category are provided in the following table (\$ in millions).

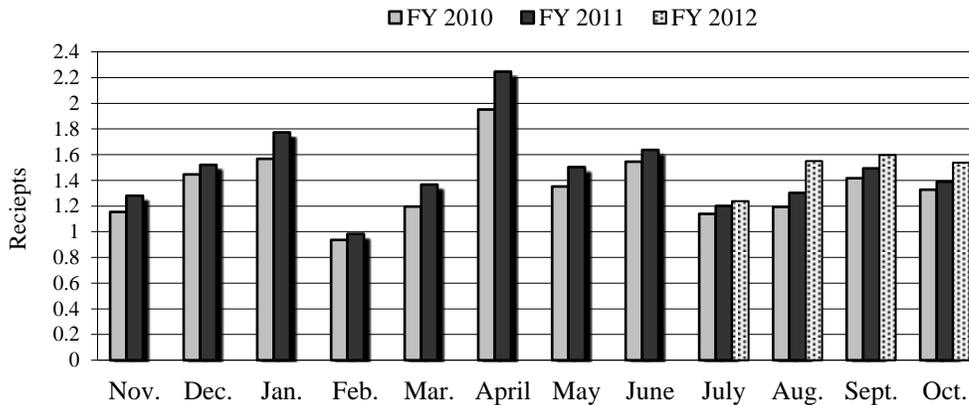
<b>Category</b>	<b>Includes:</b>	<b>YTD Variance</b>	<b>% Variance</b>
Tax receipts	Sales & use, personal income, corporate franchise, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, soft drink, alcoholic beverage, liquor gallonage, estate & horse racing	\$96.1 million	1.6%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$108.6 million)	(3.7%)
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$28.5 million	51.3%
<b>TOTAL REVENUE VARIANCE:</b>		<b>\$16.0 million</b>	<b>0.2%</b>

October tax sources were above the estimate by \$61.1 million (4.1%). On a year-over-year basis, total tax receipts for October 2011 were \$149.4 million (10.7%) greater than they were in October 2010. For fiscal year 2012 year-to-date, tax collections are \$538.1 million (10.0%) higher than at the same point in fiscal year 2011. The largest contributors to this year-over-year growth are the non-auto sales tax, personal income tax, and the commercial activities tax (CAT). Personal income tax receipt growth was driven by growth in quarterly estimated payments, payments associated with annual returns, and strong withholding collections.

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

<u>Individual Sources Above Estimate</u>		<u>Individual Sources Below Estimate</u>	
Non-Auto Sales Tax	\$8.9	Commercial Activity Tax	(\$0.6)
Auto Sales Tax	\$0.5	Kilowatt Hour Tax	(\$2.4)
Personal Income Tax	\$33.7	Cigarette Tax	(\$7.8)
Corporate Franchise Tax	\$15.3	Other Income	(\$2.7)
Foreign Insurance Tax	\$2.9	ISTV's	(\$3.1)
Domestic Insurance Tax	\$0.8	Liquor Transfers	(\$11.0)
Estate Tax	\$8.9	Other Sources Below Estimate	(\$0.1)
Federal Grants	\$5.8		
Licenses & Fees	\$0.8		
Transfers-In Other	\$1.1		
Other Sources Above Estimate	\$1.0		
<b>Total above</b>	<b>\$79.7</b>	<b>Total below</b>	<b>(\$27.7)</b>

Tax Revenue Comparison by Month  
(\$ in billions)



### Non-Auto Sales and Use Tax

Despite ongoing weakness in consumer confidence, the non-auto sales tax continued to perform better than expected in October as receipts totaled \$563.8 million which was \$8.9 million (1.6%) above estimate. For the year-to-date, receipts for this tax source have totaled \$2,282.0 million and are \$28.5 million (1.3%) above the estimate. On a year-over-year basis, receipts were \$28.9 million (5.4%) above collections for October 2010, with fiscal year 2012 collections exceeding those of fiscal year 2011 by \$108.2 million (5.0%).

## Auto Sales Tax

During the month of October, receipts for the auto sales tax totaled \$76.2 million and were above the monthly estimate by \$0.5 million (0.7%). Year-to-date, this tax source is \$15.4 million (4.6%) above the estimate. On a year-over-year basis, auto sales tax receipts experienced an increase of \$0.5 million (0.6%) over receipts for the same month a year ago, while year-to-date collections are 4.6% higher than for the first four months of fiscal year 2011.

## Personal Income Tax

Personal income tax receipts in October totaled \$625.7 million and were \$33.7 million (5.7%) above the estimate. Much of the overage was driven by the performance of the withholding component of the tax which rebounded from its weakness during the first quarter of the year, exceeding the estimate in by \$23.8 million (4.0%). As a result of October's performance, the withholding component for the year to date is now slightly above estimate after being \$23.4 million below the estimate through September. Adding to the strength in withholding were better than expected quarterly estimated payments and payments associated with annual returns which exceeded estimate by \$5.0 million (31.5%) and \$5.4 million (9.1%) respectively.

On a year-over-year basis, personal income tax receipts for October 2011 were \$81.5 million (15.0%) above the October 2010 level with the withholding component being the major contributor in this annual growth at \$57.1 million (10.1%). Payments associated with annual returns had the next highest share in this positive year-over-year growth with \$9.3 million (16.8%) higher than October 2010.

FY2012 PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)						
	ESTIMATE	ACTUAL	\$ VAR	ESTIMATE	ACTUAL	\$ VAR
	OCT	OCT	OCT	Y-T-D	Y-T-D	Y-T-D
Withholding	\$598.1	\$621.9	\$23.8	\$2,429.6	\$2,430.1	\$0.5
Quarterly Est.	\$15.7	\$20.7	\$5.0	\$314.3	\$316.5	\$2.2
Trust Payments	\$0.2	\$1.0	\$0.8	\$7.3	\$8.6	\$1.3
Annual Returns & 40 P	\$59.6	\$65.0	\$5.4	\$97.4	\$111.9	\$14.5
Other	\$8.9	\$10.0	\$1.1	\$31.3	\$30.6	(\$0.7)
Less: Refunds	(\$41.0)	(\$42.9)	(\$1.9)	(\$123.0)	(\$116.0)	\$7.0
Local Distr.	(\$49.5)	(\$49.9)	(\$0.4)	(\$196.8)	(\$198.6)	(\$1.8)
<b>Net to GRF</b>	<b>\$592.0</b>	<b>\$625.7</b>	<b>\$33.7</b>	<b>\$2,560.1</b>	<b>\$2,582.9</b>	<b>\$22.9</b>

## Corporate Franchise Tax

Corporate franchise tax receipts for the month of October were \$12.9 million, compared to the estimate of -\$2.4 million. For the year to date, receipts for this tax source now total \$8.6 million and are \$10.6 million above estimate. As was stated in the September monthly report when receipts were \$7.9 million below estimate, monthly variances in this tax versus the estimate are

attributable at least in part to the recent change in the tax base which results in the lack of a long historical base on which to build estimates.

### **Commercial Activity Tax**

During fiscal year 2012, 25.0% of receipts from the commercial activity tax (CAT) will be distributed into to the General Revenue Fund with the remainder 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 October, GRF CAT receipts totaled \$10.6 million and were \$0.6 million (5.2%) below the monthly estimate. All-funds CAT receipts for October totaled \$48.6 million and were \$3.3 million (7.4%) above the estimate of \$45.3 million. Through the first four months of the fiscal year, total GRF CAT receipts are \$107.6 million which is \$3.3 million (5.8%) above the estimate, while all-funds CAT receipts are \$440.7 million or \$23.6 million (5.7%) above the estimate.

### **Foreign Insurance Tax**

October 2011 receipts for the foreign insurance tax totaled \$127.3 million and were \$3.0 million (2.4%) above the estimate. On a year-to-date basis, foreign insurance tax receipts are \$3.8 million (2.9%) above the estimate. Year-over-year, receipts are \$1.7 million (1.3%) higher than the same month in the previous fiscal year.

### **Kilowatt-Hour Tax**

Kilowatt-hour tax receipts during the month of October totaled \$25.6 million and were \$2.4 million (8.4%) below the estimate. Year-to-date receipts total \$114.2 million and are \$6.7 million (5.5%) below the estimate. On a year-over-year basis, receipts were \$11.2 million (77.9%) higher than the same month in the previous fiscal year. This significant year-over-year growth is largely the result of changes in distributions made in H.B. 153.

### **MCF Tax**

October receipts for the MCF tax (“natural gas distribution”) totaled \$0.5 million and matched the estimate. Year-to-date receipts total \$13.7 million and are \$3.3 million (31.8%) above the estimate. Prior to fiscal year 2012, receipts from the MCF tax were distributed to the School District Property Tax Replacement Fund (68.7%) and the Local Government Property Tax Replacement Fund (31.3%). H.B. 153 of the 129<sup>th</sup> General Assembly modified this distribution, requiring that for fiscal year 2012 and thereafter 100.0% of the MCF tax receipts to be credited to the GRF.

### **Cigarette Tax**

Cigarette tax receipts during the month of October totaled \$63.0 million and were \$7.8 million (11.0%) below the estimate, correcting a timing issue in September which saw the tax exceed the estimate by \$11.7 million for the month and resulted in year to date year over year growth of \$4.6 million (2.7%). Following the October correction, year-to-date cigarette tax receipts now

total \$238.1 million and are \$4.2 million (1.8%) above the estimate. On a year-over-year basis, cigarette tax receipts were \$10.8 million (14.7%) lower than for the same month a year ago, while fiscal year 2012 receipts to date are \$6.2 million (2.5%) lower than those of the same point in fiscal year 2011 – an performance that is consistent with the historical decline of this tax source.

**GRF non-tax receipts** totaled \$674.7 million in October and were \$0.8 million (0.1%) above the estimate. This is largely the result of higher-than-anticipated federal grants. **GRF transfers** during the month of October totaled \$1.1 million and were \$9.9 million (89.7%) below the monthly estimate as the result of a timing issue with the monthly liquor profits transfer.

**Table 1**  
**GENERAL REVENUE FUND RECEIPTS**  
**ACTUAL FY 2012 VS ESTIMATE FY 2012**  
(\$ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL OCTOBER	ESTIMATE OCTOBER	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	563,752	554,900	8,852	1.6%	2,281,992	2,253,500	28,492	1.3%
Auto Sales & Use	76,242	75,700	542	0.7%	351,388	336,000	15,388	4.6%
Subtotal Sales & Use	639,993	630,600	9,393	1.5%	2,633,380	2,589,500	43,880	1.7%
Personal Income	625,671	591,999	33,671	5.7%	2,582,949	2,560,090	22,859	0.9%
Corporate Franchise	12,890	(2,400)	15,290	637.2%	8,602	(1,999)	10,601	530.3%
Commercial Activity Tax	10,614	11,200	(586)	-5.2%	107,588	101,900	5,688	5.6%
Public Utility	1,985	2,100	(115)	-5.5%	35,157	34,999	158	0.5%
Kilowatt Hour	25,637	28,000	(2,363)	-8.4%	114,198	120,900	(6,702)	-5.5%
MCF Tax	483	500	(17)	-3.3%	13,710	10,400	3,310	31.8%
Foreign Insurance	127,325	124,400	2,925	2.4%	133,794	130,000	3,795	2.9%
Domestic Insurance	20	(800)	820	102.4%	58	(1,100)	1,158	105.2%
Other Business & Property	5	(400)	404	101.1%	(1,788)	(300)	(1,488)	-496.2%
Cigarette	63,041	70,800	(7,759)	-11.0%	238,053	233,900	4,153	1.8%
Alcoholic Beverage	5,150	4,900	250	5.1%	20,921	20,600	321	1.6%
Liquor Gallonage	3,239	3,000	239	8.0%	13,132	12,300	832	6.8%
Estate	23,411	14,500	8,912	61.5%	26,370	18,799	7,571	40.3%
Total Tax Receipts	1,539,464	1,478,399	61,065	4.1%	5,926,125	5,829,990	96,135	1.6%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	670,421	664,603	5,818	0.9%	2,805,459	2,912,198	(106,739)	-3.7%
Earnings on Investments	1,186	1,250	(64)	-5.1%	1,186	1,250	(64)	-5.1%
License & Fees	1,527	679	848	124.9%	13,401	9,300	4,101	44.1%
Other Income	1,484	4,158	(2,674)	-64.3%	4,898	9,900	(5,002)	-50.5%
ISTV'S	104	3,203	(3,099)	-96.8%	4,132	5,062	(930)	-18.4%
Total Non-Tax Receipts	674,722	673,893	829	0.1%	2,829,076	2,937,710	(108,634)	-3.7%
<b>TOTAL REVENUES</b>	<b>2,214,186</b>	<b>2,152,292</b>	<b>61,894</b>	<b>2.9%</b>	<b>8,755,201</b>	<b>8,767,700</b>	<b>(12,499)</b>	<b>-0.1%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	0	11,000	(11,000)	N/A	35,000	45,000	(10,000)	-22.2%
Transfers In - Other	1,128	0	1,128	N/A	49,118	10,598	38,520	363.5%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	1,128	11,000	(9,872)	-89.7%	84,118	55,598	28,520	51.3%
<b>TOTAL SOURCES</b>	<b>2,215,314</b>	<b>2,163,292</b>	<b>52,022</b>	<b>2.4%</b>	<b>8,839,319</b>	<b>8,823,298</b>	<b>16,021</b>	<b>0.2%</b>

**Table 2**  
**GENERAL REVENUE FUND RECEIPTS**  
**ACTUAL FY 2012 VS ACTUAL FY 2011**  
(\$ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	OCTOBER FY 2012	OCTOBER FY 2011	\$ VAR	% VAR	ACTUAL FY 2012	ACTUAL FY 2011	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	563,752	534,824	28,928	5.4%	2,281,992	2,173,751	108,241	5.0%
Auto Sales & Use	76,242	75,759	482	0.6%	351,388	336,087	15,301	4.6%
Subtotal Sales & Use	639,993	610,583	29,410	4.8%	2,633,380	2,509,838	123,542	4.9%
Personal Income	625,671	544,132	81,539	15.0%	2,582,949	2,354,621	228,327	9.7%
Corporate Franchise	12,890	(2,262)	15,152	670.0%	8,602	(1,828)	10,430	570.6%
Commercial Activity Tax	10,614	0	10,614	N/A	107,588	0	107,588	N/A
Public Utility	1,985	1,967	18	0.9%	35,157	32,476	2,681	8.3%
Kilowatt Hour	25,637	14,415	11,222	77.9%	114,198	66,800	47,398	71.0%
MCF Tax	483	0	483	N/A	13,710	0	13,710	N/A
Foreign Insurance	127,325	126,433	892	0.7%	133,794	132,125	1,670	1.3%
Domestic Insurance	20	(726)	746	102.7%	58	(1,038)	1,095	105.5%
Other Business & Property	5	(260)	265	101.8%	(1,788)	(201)	(1,587)	-789.0%
Cigarette	63,041	73,883	(10,842)	-14.7%	238,053	244,266	(6,212)	-2.5%
Alcoholic Beverage	5,150	4,815	335	6.9%	20,921	20,184	737	3.6%
Liquor Gallonage	3,239	3,010	229	7.6%	13,132	12,465	667	5.4%
Estate	23,411	14,092	9,319	66.1%	26,370	18,281	8,089	44.2%
Total Tax Receipts	1,539,464	1,390,082	149,382	10.7%	5,926,125	5,387,990	538,135	10.0%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	670,421	630,357	40,064	6.4%	2,805,459	3,145,347	(339,889)	-10.8%
Earnings on Investments	1,186	3,142	(1,955)	-62.2%	1,186	3,142	(1,955)	-62.2%
License & Fee	1,527	604	923	153.0%	13,401	10,237	3,165	30.9%
Other Income	1,484	1,391	93	6.7%	4,898	2,906	1,993	68.6%
ISTV'S	104	5,541	(5,437)	-98.1%	4,132	8,752	(4,620)	-52.8%
Total Non-Tax Receipts	674,722	641,034	33,687	5.3%	2,829,076	3,170,383	(341,307)	-10.8%
<b>TOTAL REVENUES</b>	<b>2,214,186</b>	<b>2,031,117</b>	<b>183,069</b>	<b>9.0%</b>	<b>8,755,201</b>	<b>8,558,373</b>	<b>196,828</b>	<b>2.3%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	0	11,000	(11,000)	N/A	35,000	51,000	(16,000)	-31.4%
Transfers In - Other	1,128	0	1,128	N/A	49,118	12,473	36,645	293.8%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	1,128	11,000	(9,872)	-89.7%	84,118	63,473	20,645	32.5%
<b>TOTAL SOURCES</b>	<b>2,215,314</b>	<b>2,042,117</b>	<b>173,197</b>	<b>8.5%</b>	<b>8,839,319</b>	<b>8,621,845</b>	<b>217,474</b>	<b>2.5%</b>

## ***DISBURSEMENTS***

October 2011 GRF disbursements, across all fund uses, total \$2,614.1 million and were \$173.0 million (6.2%) below the estimate. Year-to-date disbursements by category are provided in the following table (\$ in millions).

<b>Category</b>	<b>Description</b>	<b>YTD Disbursements</b>	<b>YTD Variance</b>
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	\$10,160.3	(\$268.9)
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$330.7	\$4.4
<b>TOTAL GRF DISBURSEMENTS:</b>		<b>\$10,491.0</b>	<b>(\$264.5)</b>

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 School for the Blind, and the Ohio School for the Deaf. October disbursements in this category totaled \$558.3 million, which was \$15.4 million (2.8%) above the estimate.

Year-to-date expenditures for the Department of Education alone equal \$2,431.5 million and are \$12.9 million (0.5%) above the estimate. Disbursements for the month of October totaled \$553.4 million, and were \$18.3 million (3.4%) above the estimate. Expenditures for the school foundation program (ALI 200502 – Pupil Transportation and ALI 200550 – Foundation Funding) totaled \$528.1 million and were \$21.7 million (4.3%) above the estimate. The variance is due to the payments to community schools of approximately \$15 million over the estimate and Ed Choice payment of approximately \$5 million over the estimate. The October payment is the first month when the community school payment is calculated with live data, and since the disbursements estimates were based on prior year trends, and current data resulted in the October variance. Lower-than-projected spending in ALI 200540 – Special Education Enhancements and ALI 200437 – Student Assessment occurred due to timing of payments and will be offset by a similar variance in the coming months.

### **Higher Education**

Year-to-date disbursements for this category total \$711.6 and were \$4.1 million (0.6%) below the estimate. October disbursements for higher education totaled \$175.3 million and were \$1.5 million (0.9%) above the estimate for the month. This is primarily due to higher than expected spending in the Ohio College Opportunity Grant by \$1.5 million.

## **Public Assistance and Medicaid**

Year-to-date expenditures in this category total \$4,849.4 million and were \$224.0 million (4.4%) below estimate. October disbursements, which include all GRF expenditures by the Ohio Department of Job and Family Services (ODJFS), totaled \$1,289.4 million and were \$63.8 million (4.7%) below the monthly estimate.

### Public Assistance and Non-Medicaid

ODJFS, non-Medicaid, General Revenue Fund (GRF) disbursements totaled \$126.8 million for the month of October and were \$18.0 million (12.4%) lower than the estimate. Major variances within individual line items were attributable to the following:

- Child Care Match/Maintenance of Effort, ALI 600413, subsidy expenditures were \$5.2 million (12.8%) below the estimate. This is due to higher-than-anticipated child care expenditures being funded from federal Temporary Assistance for Needy Families (TANF) and Child Care Development Fund (CCDF) block grants for the month.
- Entitlement Administration – Local, ALI 600521, disbursements were \$3.5 million (38.2%) below the monthly estimate due to lower-than-anticipated county entitlement program line item expenses.
- Computer Projects, ALI 600416, disbursements were \$2.6 million (27.6%) below the estimate due to ODJFS not receiving prior year contract support, maintenance, and equipment agreements as expected within the line item.
- TANF State, ALI 600410, disbursements were \$1.8 million (4.0%) below the estimate due to Ohio Works First (OWF) cash assistance subsidy payments being slightly less than anticipated for the month.
- Adoption Services, ALI 600534, disbursements were \$1.7 million (24.4%) below the estimate due to lower-than-anticipated prior year invoice payments within the line item.
- Over/under spending across remaining GRF line items also contributed to the variance.

### 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 \$4,536.7 million, which is \$206.5 million (4.4%) below estimate, but \$461.0 million (11.3%) above the same point in time in the prior year. Disbursements for the month of October totaled \$1,160.0 million and were \$48.4 million (4.0%) below the estimate but still \$328.8 million (39.6%) above the same period in the prior year.

**All funds disbursements** to date are \$4,901.3 million, which is \$215.7 million (4.2%) below estimate and \$361.3 (7.4%) above disbursements during the first for months of the prior fiscal year. Disbursements for October totaled \$1,363.4 million and were \$51.9 million (3.7%) below projected expenditures but \$253.0 million (18.6%) above the same period in the prior year.

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

	<b>October Projection</b>	<b>October Actual</b>	<b>Variance</b>	<b>Variance %</b>
<b>GRF</b>	\$ 1,208,444,242	\$ 1,160,005,699	\$ (48,438,543)	-4.0%
<b>Non-GRF</b>	\$ 206,833,446	\$ 203,361,548	\$ (3,471,898)	-1.7%
<b>All Funds</b>	\$ 1,415,277,688	\$ 1,363,367,247	\$ (51,910,441)	-3.7%

Due to the on-going changeover to MITS, timing of fee-for-service payments across nearly all categories has been delayed with regard to the initial estimates. Therefore, at this time it is difficult to assess what portion of the \$51.9 million variance can be attributed to this issue. It is expected that some or all of this variance will be offset by increased payments in future months. The variance has been decreasing steadily from 9.8% below estimate in August, when MITS first went live, to the current rate of 3.7% below projection.

#### *Variances by Expenditure Category*

As noted above, timing issues related to the changeover to the new MITS system likely account for much of the variance found in the categories of service. Discussion of specific categorical variances will resume in future months' reports as the underlying reasons for the variances become clearer.

#### *Caseload*

Due to the continuing implementation of MITS, October caseload data is not available at this time. Total caseload for the month of July, the most recent month available, was 2.17 million covered persons, which was a decrease of 3,056 persons over the month of June. 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 July was 25,050 (1.1%) covered lives below projection.

#### **Health and Human Services**

This category includes GRF disbursements for the following state agencies: Health, Aging, Mental Health, Developmental Disabilities, and ODADAS. Examples of disbursements 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.

October disbursements in this category totaled \$96.1 million and were \$23.2 million (19.5%) below estimate for the month. Year-to-date disbursements are \$451.3 million, which is \$33.5 million (8.0%) above the estimate.

### Department of Health

Year-to-date Department of Health disbursements total \$25.1 million, which is \$6.6 million (20.7%) below the estimate. October 2011 disbursements totaled \$7.6 million and were \$2.1 million (38.0%) above the estimate. This variance is primarily attributable to the following:

- The Mothers and Children Safety Net line (440416) was \$1.1 million below estimate due to sub-recipient payments being made in September which were originally estimated for October.
- The Help Me Grow line (440459) was \$5.0 million above estimate due to a payment being made in October which was originally scheduled in August.
- The Bureau for Children with Medical Handicaps line (440505) was \$0.8 million below estimate as a result of delays in billings submitted by sub-grantees.

### Department of Aging

Year-to-date Department of Aging disbursements total \$4.0 million, which is \$0.6 million (12.5%) below the estimate. October 2011 disbursements for the Department of Aging totaled \$2.0 million and were \$0.3 million (14.6%) below the estimate. This is primarily attributable to the following:

- The Alzheimer's Respite line (490414) was \$0.2 million below estimate due to expenditures by sub-recipients being lower than planned.

### Department of Mental Health

The Department of Mental Health (DMH) disbursed \$37.0 million during the month of October, which was \$30.1 million (44.9%) below the estimate. The variance is primarily attributable to the timing of Medicaid disbursements.

- Spending in the mental Health Medicaid Match line item (335501) was \$28.3 million under estimate. In July, the department disbursed \$64.2 million to county boards in order to cover Medicaid claims at 100%. DMH estimated that the \$64.2 million GRF disbursement and the federal reimbursement earned from claims paid in the first quarter of the fiscal year would provide enough cash to the boards until October, when the department planned another GRF cash infusion of \$28.9 million to the boards. However, the timing of Medicaid claims being processed was delayed due to coding errors within the MACSIS billing system. DMH has begun to resolve these errors, allowing federal reimbursement to return to the department. The earned federal reimbursement allowed the department to disburse only \$0.7 million of the \$28.9 million estimated, thus moving towards meeting the estimate for the fiscal year.
- Variances across multiple line items, which are less than \$1.0 million, account for the remaining difference between actuals and estimates.

### Department of Alcohol and Drug Addiction Services

The Department of Alcohol and Drug Addiction Services (ADA) disbursed \$11.6 million during the month of October, which is \$7.4 million (176.0%) above the estimate. The variance is attributable to above estimate spending in the Medicaid Match line item (038501). Prior to October, ADA's methodology for disbursing Medicaid funding to the county boards reflected only the non-federal portion of the Medicaid need, rather than the 100% required to pay claims in full in order to earn federal reimbursement. In October, the Departments of Mental Health (DMH) and ADA fiscal staffs entered into a partnership and co-located in order to gain

operational efficiencies and streamline policy implementation. The departments are aligning behavioral health Medicaid estimates and the process for disbursing money to the county boards of mental health and alcohol and drug addiction services. The \$7.4 million variance aligns strategies with DMH and is intended to cover the GRF need for alcohol and other drug Medicaid claims until March.

#### Department of Developmental Disabilities

The Department of Developmental Disabilities disbursed \$34.2 million during the month of October, which is \$1.3 million (3.7%) below the estimate. The variance is primarily found within the Medicaid State Match line item (322407).

#### **Justice and Public Protection**

Disbursements in the Justice and Public Protection category totaled \$207.3 million during the month of October, which was \$14.5 million (6.5%) below the \$221.8 million estimate for the month.

#### Department of Rehabilitation and Correction

The Department of Rehabilitation and Correction (DRC) disbursed \$171.1 million in the month of October, which was \$11.0 million (6.0%) less than the \$182.1 million estimate for the month. This variance was largely caused by lower than estimated payroll costs resulting from an agency-wide hiring freeze.

#### Department of Youth Services

The Department of Youth Services (DYS) disbursed \$16.3 million during the month of October, which was \$3.4 million (17.2%) below the \$19.6 million estimate for the month. Subsidy disbursements to all twelve of the state's community correctional facilities were planned in October, though five of the payments spilled over into November.

#### **General Government**

October disbursements for the General Government category totaled \$16.3 million and were \$5.5 million (25.2%) below the estimate. Year-to-date expenditures are \$125.7 million, which is \$14.0 million (10.0%) below the estimate.

#### Department of Administrative Services

In October, the Department of Administrative Services (DAS) disbursed \$0.6 million, which was \$1.8 million (75.8%) less than estimated. This occurred because DAS planned to spend \$1.7 million in past-year encumbrances from line items for maintaining the state web site and information technology security infrastructure projects. These encumbrances are to pay Office of Information Technology charges for providing these services. These payments will be made in November instead of October as initially estimated.

#### **Tax Relief and Other**

October disbursements for tax relief totaled \$214.0 million and were \$84.1 million (28.2%) below the estimate. Of the amounts disbursed, \$81.4 million was paid to local governments,

while \$127.6 million was paid to school districts. These amounts were \$2.7 million (3.4%) and \$81.2 million (38.9%) below the respective estimates for those line items. Year-to-date, total tax relief payments have totaled \$623.6 million and are \$17.3 million (2.7%) below the estimate. As these payments are made based on when counties submit their information and individual counties may vary from year to year in terms of when they submit, monthly variances are not uncommon in this category. Due to the unique timing issues surrounding this spending category, OBM anticipates the variance through the first four months of the year should largely be corrected in November. 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.

**Table 3**  
**GENERAL REVENUE FUND DISBURSEMENTS**  
**ACTUAL FY 2012 VS ESTIMATE FY 2012**  
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL	ESTIMATED	\$	%	YTD	YTD	\$	%
	OCTOBER	OCTOBER	VAR	VAR	ACTUAL	ESTIMATE	VAR	VAR
Primary, Secondary and Other Education	558,275	542,870	15,405	2.8%	2,451,751	2,440,596	11,154	0.5%
Higher Education	175,266	173,776	1,490	0.9%	711,553	715,695	(4,141)	-0.6%
Public Assistance and Medicaid	1,289,379	1,353,213	(63,834)	-4.7%	4,849,359	5,073,323	(223,963)	-4.4%
Health and Human Services	96,073	119,289	(23,216)	-19.5%	451,279	417,773	33,506	8.0%
Justice and Public Protection	207,314	221,824	(14,510)	-6.5%	701,685	748,040	(46,355)	-6.2%
Environmental Protection and Natural Resources	6,665	4,608	2,057	44.7%	24,241	22,409	1,832	8.2%
Transportation	2,218	840	1,378	164.0%	3,718	4,811	(1,093)	-22.7%
General Government	16,330	21,840	(5,510)	-25.2%	125,680	139,653	(13,974)	-10.0%
Community and Economic Development	5,643	7,804	(2,161)	-27.7%	37,293	45,467	(8,174)	-18.0%
Tax Relief and Other	214,028	298,125	(84,097)	-28.2%	623,577	640,913	(17,336)	-2.7%
Capital Outlay	0	0	0	0.0%	120	0	120	0.0%
Debt Service	42,864	42,866	(2)	0.0%	180,056	180,547	(491)	-0.3%
<b>Total Expenditures &amp; ISTV's</b>	<b>2,614,054</b>	<b>2,787,054</b>	<b>(173,000)</b>	<b>-6.2%</b>	<b>10,160,312</b>	<b>10,429,228</b>	<b>(268,916)</b>	<b>-2.6%</b>
<b>Transfers Out:</b>								
Operating Transfer Out	0	0	0	0.0%	318,690	326,340	(7,650)	-2.3%
Temporary Transfer Out	0	0	0	0.0%	12,018	0	12,018	0.0%
<b>Total Transfers Out</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>330,708</b>	<b>326,340</b>	<b>4,368</b>	<b>1.3%</b>
<b>Total Fund Uses</b>	<b>2,614,054</b>	<b>2,787,054</b>	<b>(173,000)</b>	<b>-6.2%</b>	<b>10,491,019</b>	<b>10,755,568</b>	<b>(264,548)</b>	<b>-2.5%</b>

**Table 4**  
**GENERAL REVENUE FUND DISBURSEMENTS**  
**ACTUAL FY 2012 VS ACTUAL FY 2011**  
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	OCTOBER FY 2012	OCTOBER FY 2011	\$ VAR	% VAR	ACTUAL FY 2012	ACTUAL FY 2011	\$ VAR	% VAR
Primary, Secondary and Other Education	558,275	568,613	(10,338)	-1.8%	2,451,751	2,549,148	(97,397)	-3.8%
Higher Education	175,266	195,798	(20,532)	-10.5%	711,553	802,701	(91,148)	-11.4%
Public Assistance and Medicaid	1,289,379	920,675	368,704	40.0%	4,849,359	4,324,044	525,315	12.1%
Health and Human Services	96,073	145,606	(49,533)	-34.0%	451,279	444,478	6,801	1.5%
Justice and Public Protection	207,314	225,666	(18,353)	-8.1%	701,685	756,127	(54,442)	-7.2%
Environmental Protection and Natural Resources	6,665	7,300	(635)	-8.7%	24,241	26,532	(2,291)	-8.6%
Transportation	2,218	632	1,586	250.8%	3,718	7,822	(4,104)	-52.5%
General Government	16,330	19,503	(3,172)	-16.3%	125,680	118,165	7,515	6.4%
Community and Economic Development	5,643	5,705	(62)	-1.1%	37,293	42,406	(5,113)	-12.1%
Tax Relief and Other	214,028	323,803	(109,775)	-33.9%	623,577	639,713	(16,136)	-2.5%
Capital Outlay	0	0	0	0.0%	120	24	96	402.1%
Debt Service	42,864	40,648	2,216	5.5%	180,056	267,518	(87,461)	-32.7%
<b>Total Expenditures &amp; ISTV's</b>	<b>2,614,054</b>	<b>2,453,951</b>	<b>160,104</b>	<b>6.5%</b>	<b>10,160,312</b>	<b>9,978,678</b>	<b>181,633</b>	<b>1.8%</b>
<b>Transfers Out:</b>								
Operating Transfer Out	0	198	(198)	N/A	318,690	39,802	278,888	700.7%
Temporary Transfer Out	0	415,441	(415,441)	N/A	12,018	945,711	(933,693)	-98.7%
<b>Total Transfers Out</b>	<b>0</b>	<b>415,639</b>	<b>(415,639)</b>	<b>-100.0%</b>	<b>330,708</b>	<b>985,513</b>	<b>(654,805)</b>	<b>-66.4%</b>
<b>Total Fund Uses</b>	<b>2,614,054</b>	<b>2,869,590</b>	<b>(255,535)</b>	<b>-8.9%</b>	<b>10,491,019</b>	<b>10,964,191</b>	<b>(473,172)</b>	<b>-4.3%</b>

## ***FUND BALANCE***

Table 5 describes the estimated General Revenue Fund (GRF) ending fund balance for FY 2012. Based on the estimated revenue sources for FY 2012 and the estimated FY 2012 disbursements, transfers, and encumbrances, the GRF ending fund balance for FY 2012 is an estimated \$152.7 million.

The GRF ending fund balance should not be considered as a balance available for expenditure in FY 2012 nor should it be considered as equivalent to the FY 2012 surplus calculation as defined in Section 131.44 of the Ohio Revised Code.

It is important to note that the GRF ending fund balance will be impacted by any GRF expenditures or transfers that may be authorized by the General Assembly or by the Controlling Board during the course of the fiscal year.

FUND BALANCE  
GENERAL REVENUE FUND  
FISCAL YEAR 2012  
(\$ in thousands)

<b>July 1, 2011 Beginning Cash Balance</b>	<b>\$ 844,467</b>
Plus FY 2012 Estimated Revenues	19,419,100
Plus FY 2012 Estimated Federal Revenues	7,602,748
Plus FY 2012 Estimated Transfers to GRF	151,432
<b>Total Sources Available for Expenditure &amp; Transfer</b>	<b>28,017,747</b>
Less FY 2012 Estimated Disbursements	27,204,149
Less FY 2012 Estimated Total Encumbrances as of June 30, 2012	253,608
Less FY 2012 Estimated Transfers Out	407,300
<b>Total Estimated Uses</b>	<b>27,865,058</b>
<b>FY 2012 ENDING FUND BALANCE</b>	<b>152,689</b>

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Jim Bennett, Benjamin Boettcher, Todd Clark, Jim Coons, Kim Eckhart, Rebecca Gray, Kurt Kauffman, Sári Klepacz, Elena Lazarevska, Jessica Levy, Isabel Louis, Jeff Newman, Lawrence Parson, Steven Peishel, Penny Rader, Daniel Schreiber, Lillian Stockell, and Chris Whistler.