



December 10, 2013

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

FROM: Timothy S. Keen, Director TK

SUBJECT: Monthly Financial Report

## ECONOMIC SUMMARY

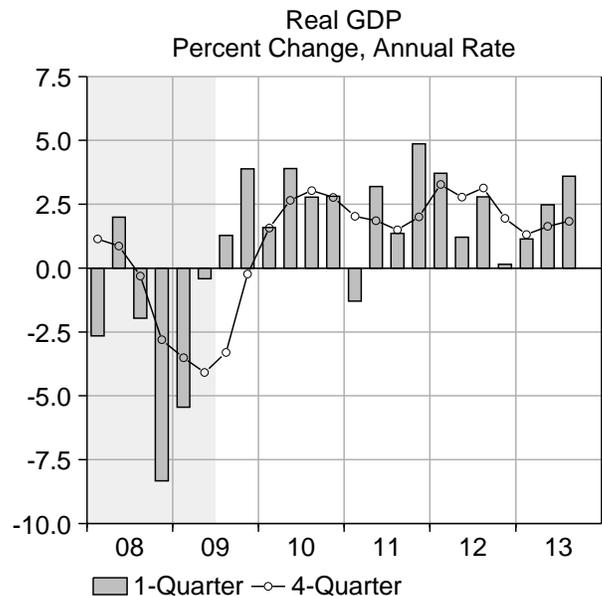
### Economic Performance Overview

- Real GDP expanded at an upwardly revised annual rate of 3.6% in the third quarter. Year-over-year growth was a subdued 1.8%. Forecasters project slower growth in the current quarter, followed by a gradual increase to near 3.0% by the end of 2014.
- U.S. employment increased by 203,000 jobs in November. The unemployment rate decreased to 7.0% – a new low for this expansion.
- Ohio employment increased by 2,400 jobs in October, lifting the year-to-date gain to 29,800. The Ohio unemployment rate increased to 7.5%.
- Leading economic indicators remain consistent with uninterrupted growth at a modest pace across the country and especially in Ohio.

### Economic Growth

**Real GDP** expanded 3.6% in the third quarter according to the revised estimate. Although the growth rate was the fastest in a year and a half, most of the increase came from a buildup in unsold goods. Real final sales of domestic product, which measures goods and services actually sold to end purchasers, increased only 1.9% – in line with the pace of recent quarters. Compared with a year earlier, real GDP was higher by 1.8%, compared with the compound annual rate of 3.2% during 1947-2012.

Since the expansion officially began in the second quarter of 2009, real GDP has advanced at an annual rate of 2.3% – the slowest pace during the first seventeen quarters of any expansion that has lasted at least that long during the post-war period.



In contrast, real GDP grew at a compound annual rate of 3.2% on average during the first seventeen quarters of each of the expansions following the 1990-91 and 2001 recessions. The performance of final sales, calculated by excluding the change in inventories from GDP, during the current expansion has been even weaker, with growth of only 1.8%, compared with approximately 3% during the previous two expansions.

**Growth in the third quarter** was driven by private inventory investment, personal consumption expenditures, exports, investment in plant and equipment, investment in residential structures, and state and local government spending. Federal government spending subtracted from overall GDP growth. Imports, which are subtracted from other components of GDP to arrive at the total, increased.

The **acceleration in third quarter** real GDP primarily resulted from the pickup in private inventory investment, the slowdown in imports, and the acceleration in state and local government spending. Slower growth in exports, personal consumption expenditures, and investment in plant and equipment partially offset the effects of faster growth in other categories.

Businesses in and around Ohio continued to expand at a moderate pace during the mid-to-late fall, according to a report by the **Federal Reserve Bank of Cleveland**. Demand for manufactured products grew at a moderate pace. Housing activity softened, while nonresidential builders reported a pickup in activity. Retail sales were mixed, including moderate gains in motor vehicle sales relative to a year earlier.

Leading indicators remain consistent with uninterrupted growth into 2014. The 4-week moving average of ECRI's **Weekly Leading Index** increased for the fourth week in a row in mid-November, causing the 26-week smoothed rate of change to rise from 1.7% at the end of October to 2.7%. The index continues to point to continued growth – possibly at a faster pace – immediately ahead.

The composite **Leading Economic Index** from the Conference Board has remained strong, tacking a 0.2% increase in October onto gains of 0.9% in September and 0.7% in August. The index was up 0.4% in July. The October gain primarily reflected increases in building permits and stock prices. Half of the components made positive contributions to the index. Consumer sentiment was a major drag on the index. The 6-month smoothed rate of change was 5.2% in October – down from 5.5% in September.

The **ratio of the coincident index to lagging index** – itself a leading indicator – decreased 0.1% in October. The index has declined in four of the past five months and remains down 0.4% from a year earlier. The recent pattern is the most worrisome of the leading indicators, but appears to be an outlier.

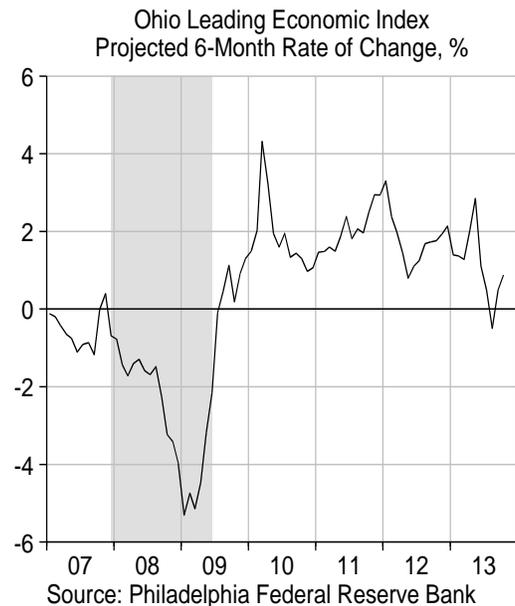


The Ohio economy has slowed in recent months, according to the **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia. The index decreased 0.2% in October after declines of 0.2% in September and 0.1% in August. Compared with a year earlier, the index was higher by 1.9%, down from a recent high of 5.6% last May. The state coincident index combines four state-level indicators to summarize current economic conditions. The four components are nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and real wage and salary disbursements.

Across the 50 states, the Coincident Economic Index was higher than one month earlier in 44 states, up from 36 states in July. The index was higher than three months earlier in 45 states – up from 42 states in July. The diffusion of increases and decreases across states in the past has been a reliable and timely indicator of turning points in the business cycle, and continues to suggest uninterrupted growth in the Ohio and national economies.

The companion **Ohio Leading Economic Index** increased to 0.9% in October after an improvement to 0.5% in September from -0.5% in August – the first negative reading since July 2009. The index, which is compiled by the Federal Reserve Bank of Philadelphia, is designed to predict the rate of increase in the coincident index during the next six months. Index values have been revised significantly on occasion, but as it stands the recent pattern is consistent with the ongoing expansion of the Ohio economy through the winter but at a slower pace than early in 2012.

The diffusion of positive readings in the individual leading indexes across states remained high. The leading index was negative for only four states in October, down from an expansion high of eight states in May. The number of states with negative readings last increased to double-digits in May 2007 – seven months prior to the onset of the last recession.



**Employment**

Labor markets continued to strengthen in November. **Total nonfarm payroll employment** increased by 203,000 jobs in November, compared with a consensus expectation of approximately 180,000. There was little change on balance to the previous estimates for September and October.

The November gain brought the 4-month average of monthly job gains to 204,000 jobs, compared with 159,000 per month on average during the previous four months. During the past year, total payrolls have increased by 2.293 million jobs, or an average of 191,000 jobs per month.

Interpretation of the situation was somewhat clouded by the temporary furlough in October and return in November of some federal government employees. The **unemployment rate** decreased to 7.0% in November from 7.3% in October after rising from 7.2% in September partly due to this effect. The broadest measure of unemployment – the so-called U-6 unemployment rate – declined to 13.2% in November – the lowest level in five years.

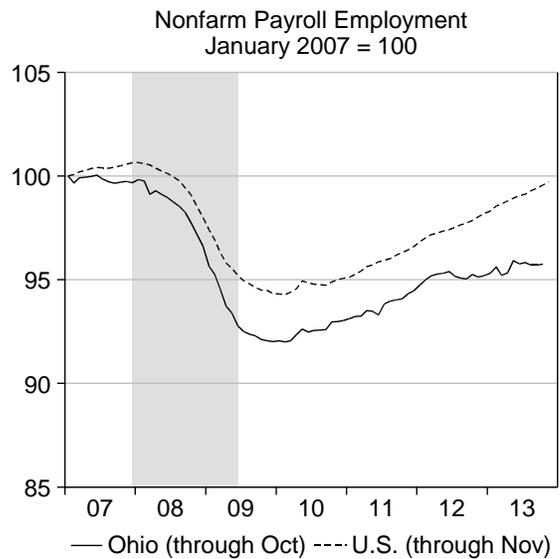
Job gains were concentrated in trade, transportation and utilities (+60,000, primarily in retail trade and transportation and warehousing), education and health services (+40,000), and professional and business services (+35,000, including 16,400 jobs in temporary help services). Manufacturing employment increased by 27,000 jobs – the largest gain since March 2012. Construction employment increased by 17,000 jobs, as did employment in leisure and hospitality.

**Ohio employment** increased by 2,400 jobs in October after a small gain in September. The October increase brought the year-to-date increase to 29,800 jobs and the year-over-year change to +27,200 jobs. Private sector employment increased by 38,500 jobs year-over-year (not seasonally adjusted). The Ohio unemployment rate increased to 7.5% in October and is up from the low for the cycle of 6.7% that was reached last December.

During the twelve months ending in October, increases in Ohio employment were led by leisure and hospitality (+13,100), educational and health services (+12,100), and manufacturing (+6,000). Weakness was concentrated in the government sector, where employment decreased by 11,500 jobs year-over-year, information (-2,800), and other services (-2,700). Construction employment, which appears to have turned a positive corner in recent months, was down by 1,100 jobs, compared with a year-over-year decline of 9,500 jobs in April.

According to the Federal Reserve Bank of Cleveland report, hiring was sluggish across most industry sectors in and around Ohio. Staffing firms reported a slight increase in the number of job openings and placements. Vacancies were most prevalent in health care and manufacturing.

Among the **contiguous states**, year-over-year employment growth was strongest in Michigan (+1.8%) and Indiana (+1.5%), compared with increases in West Virginia (+1.1%), Ohio and Pennsylvania (+0.5%), and Kentucky (+0.1%). Year-over-year growth in manufacturing was 0.9% in Ohio. Among the contiguous states, manufacturing employment increased 3.3% in Michigan, 0.5% in Indiana and 0.2% in Pennsylvania, and declined 0.4% in West Virginia and 1.4% in Kentucky.



## Consumer Income and Consumption

**Personal income** slipped 0.1% in October, but **personal consumption expenditures** increased 0.3%, reducing the saving rate from 5.2% in September to 4.8% in October. Compared with a year earlier, income was up 3.4% and consumption was up 2.8%. As shown in the chart, growth in both income and consumption has been trending lower for the past two years, but remains above 3%.

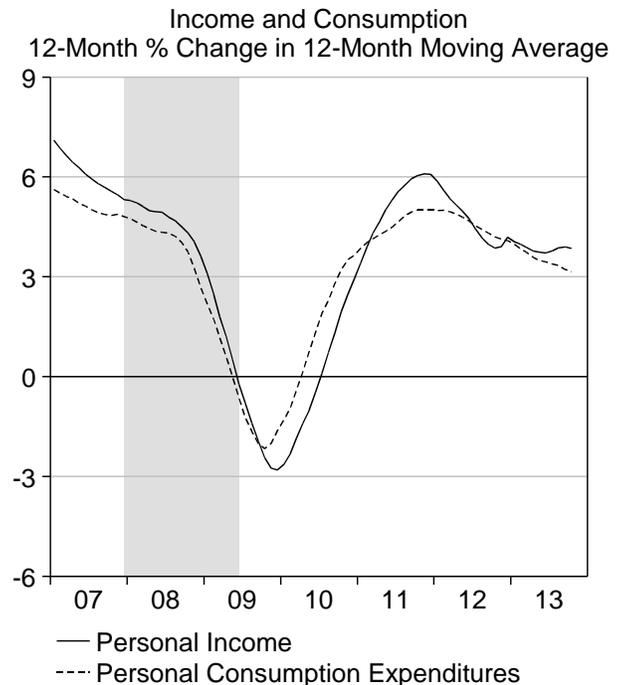
Much of the growth in consumer spending has been for durable goods, in large part due to stronger sales of motor vehicles in recent months. Unit sales of light motor vehicles averaged 15.7 million units at an annual rate during the seven months ending in November, up from an average of 15.1 million units on average during the previous seven months.

Real spending on durable goods increased 0.8% in October to 7.1% above the year earlier level. Spending on non-durable goods and services was up 0.7% and 0.1%, respectively, to 2.7% and 1.0% year-over-year.

**Wage and salary disbursements** increased 0.1% in October after gains of 0.4% in September and 0.6% in August to 3.2% above the year earlier level. The slowdown in wage and salary disbursements was not due to the furlough of federal government employees during the first half of October, because Congress approved back pay for the period not worked. Government statistics do not provide an estimate of the effect of the partial government shutdown on private sector pay.

Reports on retail sales in and around Ohio during October were characteristically mixed, according to the Cleveland Federal Reserve survey. Retailers that experienced sales weakness attributed it to a decline in consumer confidence. Those that experienced strength attributed it to broadened product offerings and more promotions. Inventories are reportedly in good shape, and projections are for moderately higher sales in fourth quarter compared with a year earlier.

**Consumer confidence** was mixed-to-somewhat-lower during November after declining notably in October. This was probably in response to uncertainty in Washington, D.C. regarding the budget and the debt limit. In general, confidence has eroded from the recent highs reached in June-July, as measured by the overall indexes and current and expected conditions in the Conference Board and Reuters/University of Michigan surveys. Although up significantly from the lows during the last recession, the various measures of consumer attitudes remain well below the averages of past expansions and, in most cases, only marginally above averages of past recessions. Confidence can change quickly, however, and is usually a reflection of developments in the economy rather than a determinant.



## Manufacturing

**Industrial production** decreased 0.1% in October, reflecting pull-backs in utility output (-1.1%) and mining output (-1.6%). Manufacturing production increased 0.3% after a 0.1% gain in September and a 0.7% gain the month before that. The gain in manufacturing output occurred despite a 1.3% drop in production of motor vehicles, which in part evened out the large 1.9% rise in September. Otherwise, the increase in manufacturing was broad-based across industries. Compared with a year earlier, total industrial production was higher by 3.2% and manufacturing output was higher by 3.3%. The rate of change in industrial activity is typically much larger than the change in overall economic activity.

Demand for manufactured products in and around Ohio was steady to growing at a robust pace during much of November, according to the Cleveland Federal Reserve Bank. Strength was noted in aerospace, housing, motor vehicle, and oil and gas industries. There was some mention of improvement in European markets, but defense contractors reported continuing uncertainty.

Of particular importance to the Ohio economy, motor vehicle assemblies decreased 4.1% to a seasonally adjusted annual rate of 10.8 million units in October – a bit above the average during the previous twelve months. Also important to Ohio, production of **primary metal** increased by 1.1% in October, production of **fabricated metal** increased 0.9%, and production of **machinery** slipped 0.2%. Together with the motor vehicle industry, these three industries account for almost one-half of manufacturing jobs in Ohio and approximately one out of every thirteen private sector jobs in the state, before seasonal adjustment.

Telegraphing further improvements in industrial activity, the **purchasing managers index** increased for the sixth straight month in November to the highest mark since April 2011 and remained comfortably above the neutral level. The index had dropped to a full point below the neutral level of 50 in May, generating some concerns about the sector and the overall economy. Readings on all key components of the composite index were positive, including the new orders sub-index, which at 63.8 reached its highest level since April 2011.



## Construction

**Construction put-in-place** picked up in October, rising 0.8% after a 0.3% setback in September and a gain of only 0.1% in August. From the low point in July 2010, construction spending has increased 20.5%, or at an annual rate of 4.5% during the 39 months ending in October 2013. Despite this gain, the pace of construction remains about one-quarter below the monthly peak reached in March 2006.

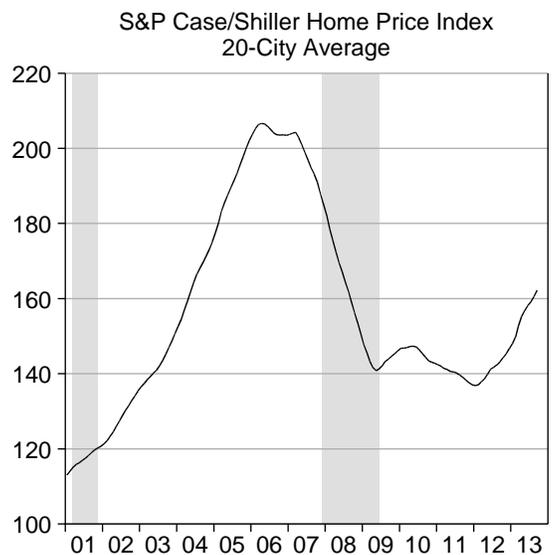
Compared with a year earlier, total construction put-in-place was higher by 5.2% in October. Private construction was up 6.5%, while public rose 2.3%. Propelled by both single-family and multi-family categories, private residential construction was higher by 17.8%. Nonresidential construction decreased 3.4% from October 2012, dragged down by power, communication and religious. Lodging (+18.6%), commercial (+6.6%), transportation (+3.4%), and manufacturing were the biggest gainers.

Nonresidential builders in and around Ohio reported an overall pickup in activity, according to the Cleveland Federal Reserve Bank. Smaller projects are reportedly filling the pipeline, while large projects remain fewer in number. Contractors cite uncertainty about the strength of the economy and government fiscal issues as holding back investors. There were some reports that clients are closing only on projects deemed critical.

**Existing home sales** continued to decelerate in October on a three-month moving average basis. Sales decreased 1.7% across the country and 1.6% in the Midwest. The Pending Home Sales Index (PHSI), which reflects contracts that have been signed but not yet closed and therefore is a short leading indicator, decreased 2.3% in October for the third monthly decline in a row. The Midwest PHSI fell 2.8% in October, also the third drop in a row. Compared with a year ago, the PHSI slowed to 1.3% across the country and 7.7% in the Midwest – both substantial declines from the pace only a few months prior, probably due in part to the rise in mortgage rates.

The **inventory of existing homes for sale** declined marginally for the third month in a row to 2.13 million units. The supply of homes at the current pace of sales was 5.0 months in October, essentially unchanged from recent months and in line with the pre-crisis historical average.

**Home prices** increased for the twentieth straight month in September, according to the S&P/Case-Shiller Index of prices in 20 major markets. The index was 13.3% above its year ago level and 18.5% above its recession trough, but remained 21.5% below the peak reached in April 2006. Home prices in Cleveland increased 1.6% in September, marking a significant upturn from a flat pattern for a number of months. Cleveland home prices are 8.2% higher than a year earlier, but remain 14.7% below the peaked reached in January 2006.



## **REVENUES**

November **GRF receipts totaled \$2,270.9 million** and were \$29.3 million (1.3%) below the estimate. Monthly tax receipts totaled \$1,585.1 million and were \$14.5 million (0.9%) below the estimate, while non-tax receipts totaled \$645.7 million and were \$54.8 million (7.8%) below estimate. Variances for the fiscal year to date by category are provided in the following table (\$ in millions).

<b>Category</b>	<b>Includes:</b>	<b>YTD Variance</b>	<b>% Variance</b>
Tax receipts	Sales & use, personal income, corporate franchise, commercial activity, MCF, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate	\$8.1 million	0.1%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	\$68.1 million	1.8%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$46.7 million	778.8%
<b>TOTAL REVENUE VARIANCE:</b>		<b>\$122.9 million</b>	<b>1.0%</b>

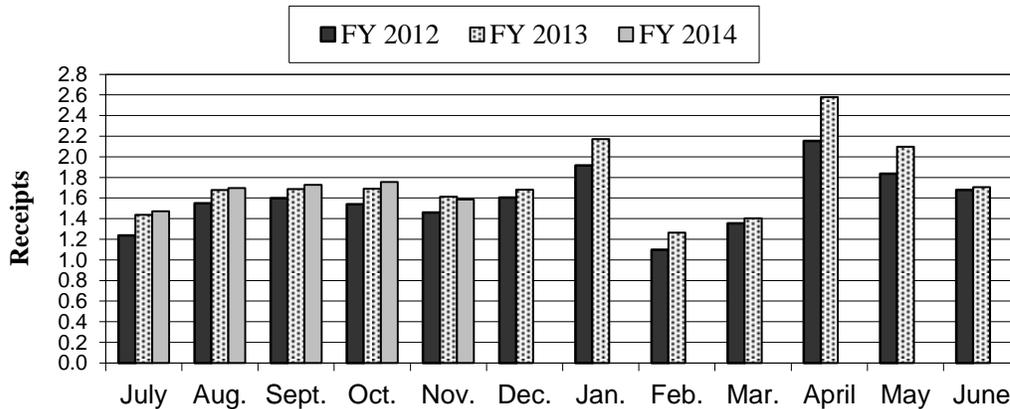
On a year-over-year basis, monthly receipts were \$167.2 million (7.9%) higher than they were in November of the previous year, primarily as a result of a \$166.9 million (35.8%) year-over-year increase in federal grants and a \$54.5 million (9.0%) year-over-year increase in non-auto sales and use tax receipts. Total November tax receipts were \$29.0 million (1.8%) lower than a year ago, mostly due to a large decline in personal income tax receipts. A continued decline in cigarette tax receipts, coupled with lower alcoholic beverage tax receipts contributed to the year-over-year decrease. The commercial activity tax, estate tax and corporate franchise tax also experienced declines; however the declines in the latter two taxes were due to their recent repeal. Higher-than-expected growth in non-auto sales and use tax receipts, as well as public utility and kilowatt hour tax receipts counteracted some of the year-over-year drop. As planned, there were no liquor transfers this month, since the liquor enterprise and its profits have been leased to JobsOhio.

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

<b>Individual Sources Above Estimate</b>		<b>Individual Sources Below Estimate</b>	
Non-Auto Sales Tax	\$9.6	Auto Sales Tax	(\$8.7)
Personal Income Tax	\$4.0	Corporate Franchise Tax	(\$11.2)
Public Utility	\$2.1	Commercial Activity Tax	(\$5.0)
Kilowatt Hour Tax	\$1.9	Cigarette Tax	(\$3.0)
ISTV's	\$9.0	Alcoholic Beverage	(\$1.9)
Transfers In – Other	\$34.4	Estate	(\$2.4)
Temporary Transfers In	\$5.5	Federal Grants	(\$58.0)
		License & Fees	(\$5.5)
Other Sources Above Estimate	\$0.5	Other Sources Below Estimate	(\$0.8)
<b>Total above</b>	<b>\$67.0</b>	<b>Total below</b>	<b>(\$96.5)</b>

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

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



**Non-Auto Sales and Use Tax**

November non-auto sales and use tax receipts continued to recover from the weaker performance earlier in the fiscal year as they were above estimate for the second month in a row. Receipts totaled \$660.6 million and exceeded the estimate by \$9.6 million (1.5%). Despite the improvement over the last two months, year-to-date collections were \$9.7 million (0.3%) below the estimate. On a year-over-year basis, November 2013 receipts were \$54.5 million (9.0%) above the \$606.1 million collected in the previous fiscal year. Year-to-date receipts were \$192.7 million (6.4%) above the same period of time last year. Both the monthly and annual year-over-year increases were in large part due to the base and rate changes enacted in H.B. 59.

## **Auto Sales Tax**

Auto sales tax receipts fell below the estimate in November for the first time this fiscal year, as receipts totaled \$75.1 million and were \$8.7 million (10.3%) below the estimate. Collections had exceeded the estimate every month of this fiscal year, building a \$15.3 million (3.2%) year-to-date surplus when compared to estimates. Easier access to credit and low or zero-interest rate auto loans have likely contributed to an acceleration in the sales of automobiles in the first half of this fiscal year. On a year-over-year basis, monthly receipts were \$2.9 million (3.7%) lower than receipts for the same month in the previous year. However, year-to-date receipts for the first five months of the year were \$37.1 million (8.2%) above those for the same period in the prior fiscal year.

National unit sales of new autos were a relatively weak 15.2 million units (annualized rate) in October. Many analysts ascribe this at least in part to consumer uncertainty due to the federal government shutdown. November unit sales rebounded all the way to 16.4 million (annualized rate) which may help auto sales tax revenue in December.

## **Personal Income Tax**

Personal income tax receipts in November totaled \$579.2 million and were \$4.0 million (0.7%) above the estimate. The withholding component reversed its positive variance of the previous two months and fell below the estimate in November by \$19.5 million (3.1%) with receipts of \$602.5 million compared to an estimate of \$622.0 million. It is likely that timing issues shifted withholding revenues into October at November's expense. When combined with the October performance, the combined October-November withholding collections exceeded the combined estimate by \$18.0 million (1.4%).

The overall positive variance in income tax receipts was mainly due to refunds being lower than the estimate by \$22.7 million (43.9%) in November. Also contributing were the payments associated with annual returns which totaled \$11.2 million and were \$3.8 million (51.2%) above the estimate.

On a year-over-year basis, November personal income tax receipts were \$61.5 million (9.6%) below the November 2012 level. The withholding component was the main source of this slack with receipts that were \$65.1 million (9.8%) below the same month a year ago, presumably because the 9% rate cut implemented in September has begun to fully impact receipts. Year-to-date, personal income tax receipts for the first five months of fiscal year 2014 exceeded the estimate by \$44.5 million (1.3%) and were higher by \$23.2 million (0.7%) than the level in the corresponding period of fiscal year 2013.

<b>FY2014 PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)</b>						
	<b>ESTIMATE</b>	<b>ACTUAL</b>	<b>\$ VAR</b>	<b>ESTIMATE</b>	<b>ACTUAL</b>	<b>\$ VAR</b>
	<b>NOV</b>	<b>NOV</b>	<b>NOV</b>	<b>Y-T-D</b>	<b>Y-T-D</b>	<b>Y-T-D</b>
Withholding	\$622.0	\$602.5	(\$19.5)	\$3,198.9	\$3,220.9	\$22.0
Quarterly Est.	\$13.7	\$12.7	(\$1.0)	\$390.3	\$366.6	(\$23.7)
Trust Payments	\$0.8	\$0.3	(\$0.5)	\$12.2	\$11.5	(\$0.7)
Annual Returns & 40 P	\$7.4	\$11.2	\$3.8	\$137.1	\$146.4	\$9.3
Other	\$11.9	\$11.6	(\$0.3)	\$48.8	\$39.0	(\$9.8)
Less: Refunds	(\$51.7)	(\$29.0)	\$22.7	(\$207.1)	(\$158.7)	\$48.4
Local Distr.	(\$28.9)	(\$30.1)	(\$1.2)	(\$143.8)	(\$144.7)	(\$0.9)
<b>Net to GRF</b>	<b>\$575.2</b>	<b>\$579.2</b>	<b>\$4.0</b>	<b>\$3,436.4</b>	<b>\$3,480.9</b>	<b>\$44.5</b>

### **Corporate Franchise Tax**

As noted in previous months' reports, although the corporate franchise tax has been eliminated, prior year settlement activity continues and has resulted in net refunds of \$11.2 million in November, while the estimate for the tax is zero. Small amounts of refund and other settlement activity is likely to occur in the months ahead. On a year-over-year basis, November 2013 receipts for this tax source were \$1.3 million (12.7%) below those of November 2012.

### **Commercial Activity Tax**

November GRF receipts from the commercial activity tax (CAT) totaled \$165.6 million and were \$5.0 million (2.9%) below the estimate. Year-to-date GRF CAT receipts totaled \$384.1 million and were \$34.8 million (8.3%) below the \$418.9 million estimate. All-funds CAT receipts for November totaled \$358.4 million and were \$32.8 million (8.4%) below the \$391.2 million estimate while all-funds receipts for the year-to-date totaled \$807.7 million and were \$84.3 million (9.2%) below the estimate. On a year-over-year basis, GRF CAT receipts were \$2.9 million (1.7%) below the November 2012 level, while all-funds CAT receipts were \$14.9 million (4.3%) above the November 2012 collections. Year-to-date, GRF CAT receipts have decreased by \$9.7 million (2.5%), while all-funds CAT receipts were \$4.5 million (0.6%) above the same point in fiscal year 2013.

### **Kilowatt-Hour Tax**

November kilowatt hour tax receipts totaled \$21.1 million and were \$1.9 million (10.1%) above estimate for the first time this fiscal year. Year-to-date receipts lagged estimates by \$10.1 million (7.3%). On a year-over-year basis, this tax source was marginally higher at \$0.4 million (1.8%) than the November 2012 level. This month's surplus may reflect heightened demand for energy following earlier-than-expected winter conditions.

## Cigarette Tax

Cigarette tax receipts for the month of November totaled \$59.9 million and were \$3.0 million (4.8%) below the estimate of \$62.9 million. Year-to-date, the collection for the first five months of fiscal year 2014 has exactly equaled the estimate of \$295.9 million, although falling behind last year's corresponding year-to-date level by \$5.8 million (1.9%). On a year-over-year basis, November 2013 cigarette tax receipts were \$7.2 million (10.8%) below the level for the same month of the previous fiscal year.

**GRF non-tax receipts** totaled \$645.7 million in November and were \$54.8 million (7.8%) below estimate, following last month's above estimate performance. The majority of the variance can be attributed to less Medicaid revenue received under the federal grants line. On a year-over-year basis, November's non-tax receipts were \$167.1 million (34.9%) higher than in the previous fiscal year. **GRF transfers** for November were \$39.9 million above the \$0.2 million estimate for the month and were \$46.7 million above the year-to-date estimate. Following the *Beaver Excavating Co. v. Testa* Ohio Supreme Court decision, a transfer out of the GRF was made in June 2013 for an estimated amount (\$75.6 million) of commercial activity tax revenue (for not quite 7 months of FY 2013) derived from taxable gross receipts attributable to motor fuel used for propelling vehicles on public highways. After reconciling the estimated amounts and actual amounts reported by taxpayers, \$34.6 million was transferred back to the GRF in November. Year-to-date, transfers through the first five months of the fiscal year are \$18.1 million (25.6%) below those for the same period in the prior fiscal year. This is due to the lease of the state's liquor enterprise to JobsOhio, which used to create a transfer of about \$11.0 million into the GRF every month.

**Table 1**  
**GENERAL REVENUE FUND RECEIPTS**  
**ACTUAL FY 2014 VS ESTIMATE FY 2014**  
(\$ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL NOVEMBER	ESTIMATE NOVEMBER	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	660,575	651,000	9,575	1.5%	3,186,184	3,195,900	(9,716)	-0.3%
Auto Sales & Use	75,145	83,800	(8,655)	-10.3%	492,086	476,800	15,286	3.2%
Subtotal Sales & Use	<u>735,720</u>	<u>734,800</u>	<u>920</u>	<u>0.1%</u>	<u>3,678,270</u>	<u>3,672,700</u>	<u>5,570</u>	<u>0.2%</u>
Personal Income	579,233	575,200	4,033	0.7%	3,480,924	3,436,400	44,524	1.3%
Corporate Franchise	(11,173)	0	(11,173)	N/A	(10,447)	0	(10,447)	N/A
Financial Institutions Tax	0	0	0	N/A	0	0	0	N/A
Commercial Activity Tax	165,638	170,600	(4,962)	-2.9%	384,091	418,939	(34,848)	-8.3%
Public Utility	20,125	18,000	2,125	11.8%	48,085	46,300	1,785	3.9%
Kilowatt Hour	21,140	19,200	1,940	10.1%	127,083	137,150	(10,067)	-7.3%
MCF Tax	4,643	4,600	43	0.9%	18,694	17,000	1,694	10.0%
Foreign Insurance	171	700	(529)	-75.6%	147,076	142,500	4,576	3.2%
Domestic Insurance	1	0	1	N/A	103	1,000	(897)	-89.7%
Other Business & Property	414	0	414	N/A	455	0	455	N/A
Cigarette	59,881	62,900	(3,019)	-4.8%	295,900	295,900	(0)	0.0%
Alcoholic Beverage	2,279	4,200	(1,921)	-45.7%	21,423	23,700	(2,277)	-9.6%
Liquor Gallonage	3,441	3,400	41	1.2%	17,349	17,000	349	2.1%
Estate	3,575	6,000	(2,425)	-40.4%	27,589	19,900	7,689	38.6%
Total Tax Receipts	<u>1,585,087</u>	<u>1,599,600</u>	<u>(14,513)</u>	<u>-0.9%</u>	<u>8,236,594</u>	<u>8,228,489</u>	<u>8,105</u>	<u>0.1%</u>
<b>NON-TAX RECEIPTS</b>								
Federal Grants	632,779	690,788	(58,009)	-8.4%	3,905,038	3,815,853	89,185	2.3%
Earnings on Investments	0	0	0	N/A	3,745	3,000	745	24.8%
License & Fees	516	6,000	(5,484)	-91.4%	10,401	30,000	(19,599)	-65.3%
Other Income	2,066	2,375	(309)	-13.0%	7,991	11,875	(3,884)	-32.7%
ISTV'S	10,294	1,250	9,044	723.5%	7,865	6,250	1,615	25.8%
Total Non-Tax Receipts	<u>645,655</u>	<u>700,413</u>	<u>(54,757)</u>	<u>-7.8%</u>	<u>3,935,040</u>	<u>3,866,978</u>	<u>68,062</u>	<u>1.8%</u>
<b>TOTAL REVENUES</b>	<b>2,230,743</b>	<b>2,300,013</b>	<b>(69,270)</b>	<b>-3.0%</b>	<b>12,171,634</b>	<b>12,095,467</b>	<b>76,167</b>	<b>0.6%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	34,616	200	34,416	N/A	47,215	6,000	41,215	686.9%
Temporary Transfers In	5,516	0	5,516	N/A	5,516	0	5,516	N/A
Total Transfers	<u>40,131</u>	<u>200</u>	<u>39,931</u>	<u>N/A</u>	<u>52,730</u>	<u>6,000</u>	<u>46,730</u>	<u>778.8%</u>
<b>TOTAL SOURCES</b>	<b>2,270,874</b>	<b>2,300,213</b>	<b>(29,339)</b>	<b>-1.3%</b>	<b>12,224,365</b>	<b>12,101,467</b>	<b>122,898</b>	<b>1.0%</b>

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	NOVEMBER FY 2014	NOVEMBER FY 2013	\$ VAR	% VAR	ACTUAL FY 2014	ACTUAL FY 2013	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	660,575	606,087	54,488	9.0%	3,186,184	2,993,517	192,667	6.4%
Auto Sales & Use	75,145	78,033	(2,888)	-3.7%	492,086	454,940	37,146	8.2%
Subtotal Sales & Use	<u>735,720</u>	<u>684,120</u>	<u>51,600</u>	<u>7.5%</u>	<u>3,678,270</u>	<u>3,448,457</u>	<u>229,813</u>	<u>6.7%</u>
Personal Income	579,233	640,698	(61,465)	-9.6%	3,480,924	3,457,679	23,246	0.7%
Corporate Franchise	(11,173)	(9,910)	(1,263)	-12.7%	(10,447)	53,298	(63,746)	-119.6%
Financial Institutions Tax	0	0	0	N/A	0	0	0	N/A
Commercial Activity Tax	165,638	168,550	(2,912)	-1.7%	384,091	393,749	(9,657)	-2.5%
Public Utility	20,125	16,905	3,220	19.0%	48,085	43,968	4,117	9.4%
Kilowatt Hour	21,140	20,761	379	1.8%	127,083	137,046	(9,963)	-7.3%
MCF Tax	4,643	4,487	156	3.5%	18,694	15,189	3,505	23.1%
Foreign Insurance	171	1,676	(1,505)	-89.8%	147,076	142,754	4,322	3.0%
Domestic Insurance	1	11	(10)	-92.0%	103	4,764	(4,661)	-97.8%
Other Business & Property	414	130	284	219.3%	455	346	109	31.7%
Cigarette	59,881	67,114	(7,233)	-10.8%	295,900	301,692	(5,793)	-1.9%
Alcoholic Beverage	2,279	4,553	(2,274)	-49.9%	21,423	23,679	(2,257)	-9.5%
Liquor Gallonage	3,441	3,321	121	3.6%	17,349	16,809	540	3.2%
Estate	3,575	11,637	(8,062)	-69.3%	27,589	68,262	(40,673)	-59.6%
Total Tax Receipts	<u>1,585,087</u>	<u>1,614,052</u>	<u>(28,965)</u>	<u>-1.8%</u>	<u>8,236,594</u>	<u>8,107,692</u>	<u>128,902</u>	<u>1.6%</u>
<b>NON-TAX RECEIPTS</b>								
Federal Grants	632,779	465,924	166,855	35.8%	3,905,038	3,288,124	616,914	18.8%
Earnings on Investments	0	(4)	4	N/A	3,745	2,263	1,482	65.5%
License & Fee	516	440	76	17.3%	10,401	10,916	(515)	-4.7%
Other Income	2,066	439	1,627	370.5%	7,991	3,679	4,312	117.2%
ISTV'S	10,294	11,801	(1,507)	-12.8%	7,865	12,211	(4,346)	-35.6%
Total Non-Tax Receipts	<u>645,655</u>	<u>478,600</u>	<u>167,055</u>	<u>34.9%</u>	<u>3,935,040</u>	<u>3,317,192</u>	<u>617,847</u>	<u>18.6%</u>
<b>TOTAL REVENUES</b>	<b>2,230,743</b>	<b>2,092,652</b>	<b>138,090</b>	<b>6.6%</b>	<b>12,171,634</b>	<b>11,424,884</b>	<b>746,750</b>	<b>6.5%</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	0	62,000	(62,000)	N/A
Transfers In - Other	34,616	0	34,616	N/A	47,215	8,872	38,343	432.2%
Temporary Transfers In	5,516	0	5,516	N/A	5,516	0	5,516	N/A
Total Transfers	<u>40,131</u>	<u>11,000</u>	<u>29,131</u>	<u>264.8%</u>	<u>52,730</u>	<u>70,872</u>	<u>(18,142)</u>	<u>-25.6%</u>
<b>TOTAL SOURCES</b>	<b>2,270,874</b>	<b>2,103,652</b>	<b>167,222</b>	<b>7.9%</b>	<b>12,224,365</b>	<b>11,495,756</b>	<b>728,608</b>	<b>6.3%</b>

## ***DISBURSEMENTS***

November 2013 GRF disbursements, across all fund uses, totaled \$2,926.1 million and were \$343.2 million (13.3%) above estimate. This was primarily attributable to higher than estimated disbursements in the Primary and Secondary Education and Property Tax Reimbursements categories. On a year-over-year basis, November total uses were \$706.9 million (31.9%) higher than those of the same month in the previous fiscal year, with the Primary and Secondary Education and Property Tax Reimbursements categories largely responsible for the increase. Year-to-date variances by category are provided in the table below.

<b>Category</b>	<b>Description</b>	<b>YTD Variance</b>	<b>% Variance</b>
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	(\$37.7 million)	-0.3%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	(\$5.9 million)	-0.5%
<b>TOTAL DISBURSEMENTS VARIANCE:</b>		<b>(\$43.6 million)</b>	<b>-0.3%</b>

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

### **Primary and Secondary Education**

This category now contains GRF spending for the Ohio Department of Education, minus property tax reimbursements. November disbursements for this category totaled \$982.9 million and were \$173.8 million (21.5%) above the estimate. Expenditures for the school foundation program totaled \$931.4 million and were \$200.3 million (28.5%) above the estimate.

The variance in the foundation funding line item was due to implementation of the new school funding system enacted in H.B. 59 as well as the use of current year, rather than prior year, student count data. Most districts received increases in funding under the new formula and/or with additional students reported for the current year. Additionally, when the Department calculates a funding increase on an annual basis, increases include retroactive payments for the already completed portion of the fiscal year. Conversely, if updated calculations show a district should receive less, that amount is spread across the remaining payment of the year. In November, the Department of Education processed three foundation payments as planned, rather than two, due to the timing of when the first December payment was processed. The first payment included continued phase in of the new school funding formula, which resulted in variances. In the first December payment, the Department began using current year student count data, rather than student counts from the prior year, as is common practice for the first part of the fiscal year. This also resulted in increased payments for many districts, which created an additional variance from the estimate.

## **Higher Education**

November disbursements for Higher Education totaled \$177.7 million and were \$1.9 million (1.1%) below the estimate for the month. Year-to-date disbursements were \$842.1 million, which was \$34.8 million (4.0%) below the estimate. The yearly variance was due to a decision by the Board of Regents to implement a more robust subsidy distribution and monitoring process beginning in fiscal year 2014, which resulted in a temporary delay in the distribution of a portion of their subsidy line items.

On a year-over-year basis, disbursements in this category were \$7.1 million (4.2%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$8.9 million (1.0%) lower than at the same point in fiscal year 2013.

## **Other Education**

This category includes non-debt service expenditures made by the Broadcast Education Media Commission, Ohio Facilities Construction Commission, Ohio State School for the Blind, Ohio School for the Deaf, as well as disbursements made to libraries, cultural, and arts organizations. November disbursements in this category totaled \$2.8 million and were \$0.1 million (3.3%) above estimated spending.

## **Medicaid**

As discussed in previous reports, this new category includes all Medicaid disbursements from the H.B. 59-created “650 series” Medicaid line items. Therefore, this category includes all Medicaid spending on services and program support by the following six agencies: the new Department of Medicaid (651 prefix), the merged Department of Mental Health and Addiction Services (652), the Department of Developmental Disabilities (653), the Department of Health (654), the Department of Job and Family Services (655), and the Department of Aging (656).

While this line item restructuring was done to greatly improve the transparency of Medicaid spending across state agencies, it does create a one-time challenge for year-over-year comparisons by month. That is because a number of line items that contained Medicaid spending in fiscal year 2013 (and prior) also included non-Medicaid spending. While we can determine the annual Medicaid spending within these “mixed use” lines for fiscal year 2013, it is very difficult to determine the Medicaid/non-Medicaid breakdown by month. Therefore, fiscal year 2013 monthly expenditures were established to enable year-over-year comparisons by applying the respective line item’s annual percentage of Medicaid spending to the monthly actual spending.

Expenditures

Year-to-date GRF disbursements for the Medicaid Program totaled \$6,183.4 million, which was \$95.7 million (1.5%) below the estimate and \$318.0 million (5.4%) above the same point in the previous fiscal year. GRF Disbursements in November totaled \$1,066.5 million and were \$17.4 million (1.6%) below the estimate and \$38.6 million (3.8%) above disbursements in November 2012.

November all-funds disbursements were \$1,632.0 million and were \$38.9 million (2.3%) below the estimate and \$221.2 million (15.7%) above this point in the previous fiscal year.

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

*(in millions, totals may not add due to rounding)*

	November Projection	November Actual	Variance	Variance %
GRF	\$ 1,083.9	\$ 1,066.5	\$ (17.4)	-1.6%
Non-GRF	\$ 587.1	\$ 565.5	\$ (21.6)	-3.7%
All Funds	\$ 1,671.0	\$ 1,632.0	\$ (38.9)	-2.3%

Categorical Variances

ACA Physician Fee Increase – Spending for this federally-mandated and federally-funded increase was \$31.8 million over estimate mainly due to the disbursement of certain provider-related costs not known at the time when estimates were finalized.

Managed Care – November spending within managed care was \$11.0 million below the estimate. The majority of this variance can be attributed to lower than budgeted caseload and service cost.

All Other – Spending in this category was \$13.9 million below estimate mainly due to certain waiver claims not being realized as quickly as projected.

All-Agency Administration - This new category represents administrative spending on Medicaid across all departments. November expenditures were \$13.5 million below estimate mainly due to the timing of a variety of payments including those related to information technology procurement and the Balancing Incentives Program.

Total November enrollment across all categories was 2.4 million. The most significant components are the Covered Families and Children (CFC) category, which decreased by 13,707 persons to a November total of 1.67 million persons, and the Aged, Blind and Disabled (ABD) category, which decreased by 2,222 people to a November total of 437,325 covered lives.

Total enrollment across all categories for the same period last year was 2.3 million covered persons, including 1.69 million persons in the CFC category and 401,307 people in the ABD category. Please note that these data are subject to revision.

## **Health and Human Services**

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

November disbursements in this category totaled \$133.7 million and were \$38.0 million (39.8%) above projected spending for the month.

### Department of Job and Family Services

The Ohio Department of Job and Family Services (ODJFS) GRF disbursements totaled \$78.1 million for the month of November and were \$16.0 million (25.8%) above estimate. Selected major variances in the month of November were attributable to the following:

- Child Care State/Maintenance of Effort disbursements were \$27.0 million (355.2%) above estimate due to a shift in the source of child care funding as a result of the October federal government shutdown. As mentioned in last month's report, ODJFS had originally planned to disburse child care MOE from the GRF during the month of October. However, early federal guidance made it uncertain that these disbursements would be counted towards the child care MOE requirement during the shutdown. Therefore federal funds were used. Shifting these GRF disbursements from October to November ensured that they would be counted towards the requirement.
- Early Care and Education disbursements were \$10.5 million (72.1%) below estimate due to a higher than estimated use of federal funds.
- Family Assistance-Local disbursements were \$3.7 million (87.5%) above estimate due to timing of county draws.
- Disability Financial Assistance disbursements were \$1.9 million (117.8%) above estimate due to a lower than anticipated recovery of funds during the closeout process.

### Department of Health

November estimates totaled \$4.1 million, which was \$4.9 million (54%) below estimated expenditures for the month. This was primarily attributable to the following major variances:

- Immunizations disbursements were \$2.8 million (89%) below estimate as the program has made less vaccine purchases at this time compared to its original schedule. This variance is expected to be offset in future months.
- The Health Care Quality Assurance program's disbursements were \$0.6 million (151%) below projections, as the department shifted personnel funding to follow federal guidance received from the Centers for Medicare and Medicaid Services.
- The Federally Qualified Health Centers program's disbursements were \$0.7 million (100%) below projections, as expenditures expected to be paid in November will instead be made in future months.

### Department of Mental Health and Addiction Services

November disbursements for the Department of Mental Health and Addiction Services totaled \$47.9 million and were \$28.8 million (250.6%) above estimated expenditures. This variance was largely in the Continuum of Care Services and the Community Behavioral Health, which were \$14.7 and \$11.3 million above estimate, respectively. These positive variances offset similar negative variances seen in these programs in the previous month, as the disbursements expected in October were made in November instead.

### **Justice and Public Protection**

This category includes non-debt service GRF expenditures by the Department of Rehabilitation & Correction, the Department of Youth Services, the Attorney General, judicial agencies, and other justice-related entities. November disbursements in this category totaled \$131.5 million and were \$0.4 million (0.3%) higher than the projected totals.

### Department of Rehabilitation and Correction

Department of Rehabilitation and Correction disbursements totaled \$100.0 million in November, and were \$1.6 million (1.6%) above the estimate. Department disbursements year-to-date were \$614.3 million, which was \$9.3 million (1.5%) below estimate. These variances are within the normal range of agency disbursements during the fiscal year.

### Department of Youth Services

Department of Youth Services disbursements totaled \$10.5 million in November, and were \$0.1 million (1.2%) above the estimate. Department disbursements year-to-date were \$95.1 million, which was \$5.5 million (5.5%) below estimate. These variances were within the normal range of agency disbursements during the fiscal year.

### **General Government**

This category includes non-debt service GRF expenditures by the Department of Natural Resources, Development Services Agency, Department of Agriculture, Department of Taxation, Office of Budget and Management, non-judicial statewide elected officials, legislative agencies, and others. November disbursements in this category totaled \$28.0 million and were \$3.7 million (11.8%) below the estimate.

### Department of Natural Resources

November disbursements for the Department of Natural Resources totaled \$4.9 million and were \$0.2 million (4.4%) below estimate. Year-to-date disbursements totaled \$27.3 million, and were \$1.0 million (3.6%) above the estimate. Major monthly variances were attributable to the Wildlife Central Support line, which was below estimate by \$0.5 million due to payments being made in October which were originally planned for November.

## **Property Tax Subsidies**

Payments from the property tax subsidy category are made to local governments and school districts to reimburse these entities for revenues foregone as a result of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. November disbursements of property tax subsidies totaled \$371.8 million and were \$148.4 million (66.4%) above the estimate of \$223.4 million. This variance was expected and was discussed in last month's report as requests for payments to school districts and local governments were received later than anticipated. Through November, property tax subsidy disbursements totaled \$890.9 million and were \$10.2 million (1.1%) below the estimate of \$901.1 million. December estimates are negligible (\$72,000) and the category is expected to end the first half of the year very near the estimate.

## **Debt Service**

This category contains all debt service expenditures made from the GRF. November disbursements in this category totaled \$25.8 million and were equal to the estimate.

## **Transfers Out**

November transfers out of the GRF totaled \$5.5 million and were over the estimate of zero by that amount. The November transfer out was due to the need to advance a GRF temporary transfer to the Education Property Tax Replacement – Tangible fund in order to make the November property tax replacement payment. The temporary transfer was necessary due to the time required to process the November CAT receipts which are intended to support the replacement payments. Once the CAT receipts were processed, a few days after the transfer out, the GRF was reimbursed with a transfer-in. As a result, temporary transfers in for November were over estimate in November by an identical amount.

**Table 3**  
**GENERAL REVENUE FUND DISBURSEMENTS**  
**ACTUAL FY 2014 VS ESTIMATE FY 2014**  
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL NOVEMBER	ESTIMATED NOVEMBER	\$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	\$ VAR	% VAR
Primary and Secondary Education	982,872	809,040	173,832	21.5%	3,305,194	3,056,591	248,603	8.1%
Higher Education	177,665	179,566	(1,901)	-1.1%	842,063	876,864	(34,800)	-4.0%
Other Education	2,837	2,748	89	3.3%	24,707	28,995	(4,288)	-14.8%
Medicaid	1,066,496	1,083,855	(17,359)	-1.6%	6,183,375	6,279,100	(95,725)	-1.5%
Health and Human Services	133,703	95,655	38,048	39.8%	555,649	654,815	(99,166)	-15.1%
Justice and Public Protection	131,478	131,118	360	0.3%	803,599	825,038	(21,439)	-2.6%
General Government	27,990	31,730	(3,739)	-11.8%	155,579	170,853	(15,274)	-8.9%
Property Tax Reimbursements	371,784	223,386	148,398	66.4%	890,880	903,100	(12,220)	-1.4%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	25,753	25,755	(3)	0.0%	771,897	775,275	(3,378)	-0.4%
<b>Total Expenditures &amp; ISTV's</b>	<b>2,920,578</b>	<b>2,582,853</b>	<b>337,725</b>	<b>13.1%</b>	<b>13,532,943</b>	<b>13,570,631</b>	<b>(37,688)</b>	<b>-0.3%</b>
<b>Transfers Out:</b>								
BSF Transfer Out	0	0	0	N/A	995,930	995,930	0	0.0%
Operating Transfer Out	0	0	0	N/A	206,998	218,411	(11,413)	-5.2%
Temporary Transfer Out	5,516	0	5,516	N/A	5,516	0	5,516	N/A
<b>Total Transfers Out</b>	<b>5,516</b>	<b>0</b>	<b>5,516</b>	<b>N/A</b>	<b>1,208,444</b>	<b>1,214,342</b>	<b>(5,898)</b>	<b>-0.5%</b>
<b>Total Fund Uses</b>	<b>2,926,094</b>	<b>2,582,853</b>	<b>343,241</b>	<b>13.3%</b>	<b>14,741,387</b>	<b>14,784,973</b>	<b>(43,585)</b>	<b>-0.3%</b>

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	NOVEMBER FY 2014	NOVEMBER FY 2013	\$ VAR	% VAR	ACTUAL FY 2014	ACTUAL FY 2013	\$ VAR	% VAR
Primary and Secondary Education	982,872	579,687	403,185	69.6%	3,305,194	2,984,658	320,536	10.7%
Higher Education	177,665	170,526	7,139	4.2%	842,063	850,962	(8,899)	-1.0%
Other Education	2,837	3,411	(574)	-16.8%	24,707	24,389	318	1.3%
Medicaid	1,066,496	1,027,871	38,625	3.8%	6,183,375	5,865,413	317,962	5.4%
Health and Human Services	133,703	77,881	55,822	71.7%	555,649	521,839	33,810	6.5%
Justice and Public Protection	131,478	125,395	6,082	4.9%	803,599	816,530	(12,932)	-1.6%
General Government	27,990	25,376	2,615	10.3%	155,579	147,747	7,832	5.3%
Property Tax Reimbursements	371,784	178,606	193,178	108.2%	890,880	871,130	19,750	2.3%
Capital Outlay	0	0	0	N/A	0	137	(137)	N/A
Debt Service	25,753	30,429	(4,676)	-15.4%	771,897	690,863	81,035	11.7%
<b>Total Expenditures &amp; ISTV's</b>	<b>2,920,578</b>	<b>2,219,183</b>	<b>701,395</b>	<b>31.6%</b>	<b>13,532,943</b>	<b>12,773,669</b>	<b>759,274</b>	<b>5.9%</b>
<b>Transfers Out:</b>								
BSF Transfer	0	0	0	N/A	995,930	235,096	760,834	323.6%
Operating Transfer Out	0	0	0	N/A	206,998	92,112	114,886	124.7%
Temporary Transfer Out	5,516	0	5,516	N/A	5,516	0	5,516	N/A
<b>Total Transfers Out</b>	<b>5,516</b>	<b>0</b>	<b>5,516</b>	<b>N/A</b>	<b>1,208,444</b>	<b>327,208</b>	<b>881,236</b>	<b>269.3%</b>
<b>Total Fund Uses</b>	<b>2,926,094</b>	<b>2,219,183</b>	<b>706,911</b>	<b>31.9%</b>	<b>14,741,387</b>	<b>13,100,878</b>	<b>1,640,510</b>	<b>12.5%</b>

## ***FUND BALANCE***

Table 5 describes the estimated General Revenue Fund (GRF) ending fund balance for FY 2014. Based on the estimated revenue sources for FY 2014 and the estimated FY 2014 disbursements, transfers, and encumbrances, the GRF ending fund balance for FY 2014 is an estimated \$287.1 million.

The GRF ending fund balance should not be considered as a balance available for expenditure in FY 2014 nor should it be considered as equivalent to the FY 2014 surplus calculation as defined in Section 131.44 of the Ohio Revised Code.

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

FUND BALANCE  
GENERAL REVENUE FUND  
FISCAL YEAR 2014  
(\$ in thousands)

<b>July 1, 2013 Beginning Cash Balance</b>	<b>\$ 2,639,250</b>
Plus FY 2014 Actual Revenues	20,091,089
Plus FY 2014 Actual Federal Revenues	8,863,000
Plus FY 2014 Actual Transfers to GRF	373,613
 <b>Total Sources Available for Expenditure &amp; Transfer</b>	 <b>31,966,951</b>
Less FY 2014 Actual Disbursements	29,983,503
Less FY 2014 Actual Total Encumbrances as of June 30, 2014	439,068
Less FY 2014 Actual Transfers Out	1,257,369
 <b>Total Actual Uses</b>	 <b>31,679,940</b>
 <b>FY 2014 UNENCUMBERED ENDING FUND BALANCE</b>	 <b>287,012</b>

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