February 11, 2013

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

FROM: Timothy S. Keen, Director TK

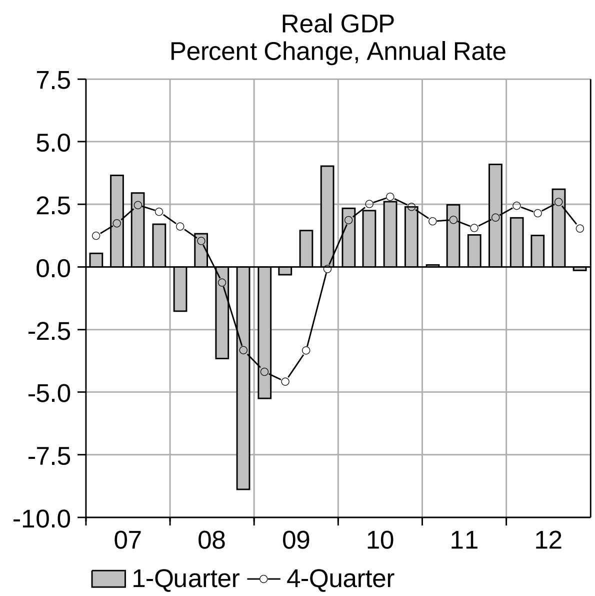
SUBJECT: Monthly Financial Report

ECONOMIC SUMMARY

Economic Performance Overview

- Real GDP growth was essentially unchanged in the fourth quarter of 2012 following a 3.1% increase in the third quarter.
- U.S. total nonfarm employment increased by 157,000 jobs in January, and gains in previous months were revised upward considerably. The unemployment rate increased to 7.9% from 7.8% during the two previous months.
- Ohio total nonfarm employment decreased by 9,400 jobs in December, but increased by 90,700 on the year. The Ohio unemployment rate decreased from 6.8% to 6.7% ending at 1.1 percentage points below the national unemployment rate in December.
- Leading economic indicators have weakened recently, but remain consistent with uninterrupted growth at a modest pace across the country and especially in Ohio.

Economic Growth



Real GDP decreased by 0.1% in the fourth quarter of 2012, following a 3.1% increase in the third quarter. Compared with a year earlier, real GDP was higher by just 1.5%, continuing the pattern of year-over-year deceleration that began in 2011. The consensus among analysts is that the slight decline in real GDP resulted from one-time factors, and therefore does not represent the onset of sustained and broadening weakness in the economy.

Since the expansion officially began in the second quarter of 2009, real GDP has advanced at an annual rate of 2.1% – the slowest pace during the first fourteen quarters of any expansion during the post-war period. In contrast, real GDP grew at a compound annual rate of 3.1% on average during the first fourteen quarters of expansion following the 1990-91 and 2001 recessions.

The small decrease in real GDP in the fourth quarter primarily reflected negative contributions from the change in business inventories, federal defense spending and exports. Inventories increased, but by less than in the third quarter, subtracting 1.3 percentage points from real GDP growth. Real defense spending decreased 22.2% at an annual rate, subtracting 1.3 percentage points from growth. Exports fell 5.7% in the first decline since the first quarter of 2009, subtracting 0.8 percentage points.

These negative contributions were almost offset by positive contributions from personal consumption expenditures, business investment in equipment and software and investment in residential structures. Imports, which are automatically counted in spending within each category and are then backed out by being subtracted from the total, declined.

Real final sales growth slowed to 1.1% in the fourth quarter of 2012 from 2.4% in the third quarter. Without the unusually large drop in defense spending, growth in real final sales would have been little changed from the third quarter. Since the expansion officially began in the second quarter of 2009, real final sales has increased at an annual rate of only 1.6% – the slowest pace by a notable margin among expansions in the post-war period that have lasted for at least fourteen quarters.

The deceleration in activity during the fourth quarter resulted primarily from the smaller addition to business inventories and the decreases in federal defense spending, exports and local government spending that were only partly offset by the upturn in business investment in equipment and software and the acceleration in personal consumption expenditures.

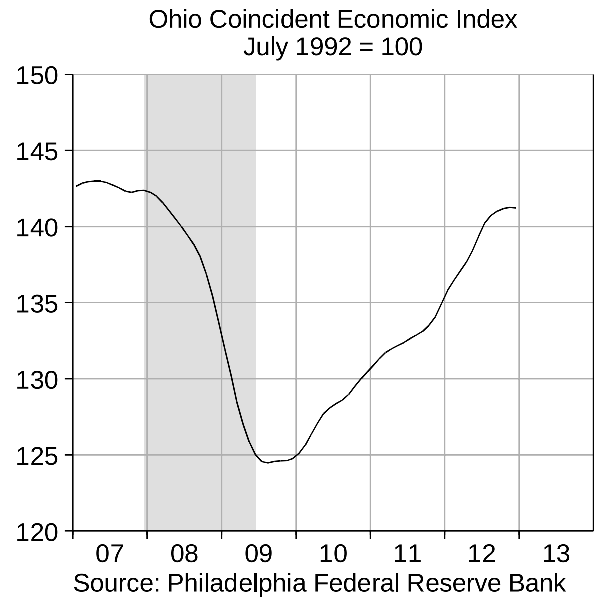
The consensus among forecasters is that real GDP growth is resuming in the first quarter. Forecasters project that growth will continue at a modest pace below 3.0% throughout in 2013 and well into 2014, according to the February *Blue Chip Financial Forecasts* consensus.

Leading indicators remain consistent with slow but uninterrupted growth through 2013. The 4-week moving average of the **Weekly Leading Index** increased in each of the first four weeks of 2013, lifting the 6-month smoothed rate of change to 8.3% from a low of 3.3% reached at the end of November.

The composite **Leading Economic Index** from the Conference Board has moved higher during the final four months of 2012 after tracing out a see-saw pattern during the late spring and summer. The 6-month smoothed rate of change was 2.0% in December – the best since May. The recent pattern in the index is consistent with uninterrupted economic growth, albeit at a modest pace.

The **ratio of the coincident index to lagging index** – itself a leading indicator – remains weak. The ratio decreased by 0.4% in December after falling in six out of the previous nine months. The ratio has had a long lead time at business cycle peaks in the past. The recent pattern is consistent with the current slow pace of economic growth, but not necessarily with a near-term recession, particularly in context with other leading indicators.

Despite slow growth at the national level over the summer, the Ohio economy continued to make progress through December. The **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, was essentially unchanged for the second month in a row in December, following a very long string of increases. 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.



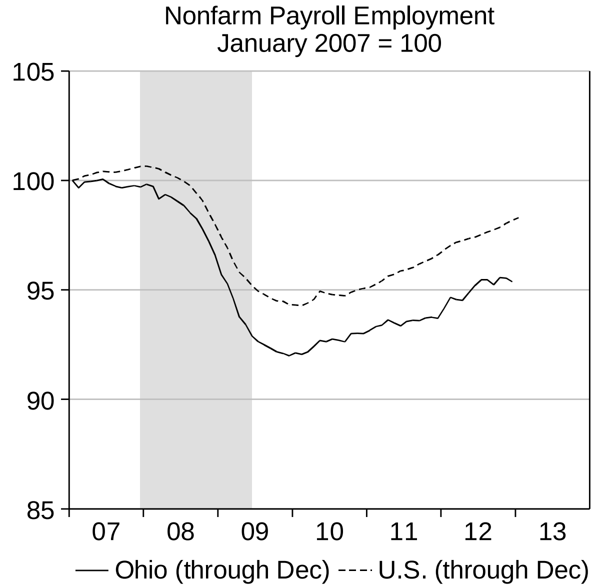
The 12-month rate of change in the Ohio Coincident Economic Index was 4.7% in December – down from a recent peak of 5.9% last September, but still up from the low of 3.1% in November 2011. The rate of change was notably lower during the most recent four months than during the previous four months. But the index was higher than one month and three months earlier in 32 states. The diffusion of increases and decreases across states has been a reliable indicator changes in economic growth in the past, and currently points to uninterrupted growth in the Ohio and national economies.

The companion **Ohio Leading Economic Index** fell to 0.4% in December – the fifth straight month below 2.0%. 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. The index was 3.0% or higher during the April-June period. Index values have been revised significantly on occasion, but as it stands the recent pattern is consistent with ongoing expansion of the Ohio economy through the winter and spring but at a slower pace than in the most recent six months. The diffusion of positive readings has been fairly broad in recent months, with the index being greater than zero in 38 states in December, down from 44 states in November.

Employment

National **nonfarm payroll employment** increased by 157,000 jobs in January, and the changes in previous months were revised significantly higher, partially a result of the annual data revision process carried out by the Bureau of Labor Statistics. The average monthly change in employment in 2012 was revised up to 181,000 from 153,000. The average 2011 change was revised up to 175,000, also from 153,000. The revised data set presents a stronger picture of labor markets.

Even so, the **unemployment rate** ticked up to 7.9% from 7.8% in November and December, as the employment count from the survey of households increased by just 17,000 people after rising only 28,000 in December and falling by 17,000 in November. The unemployment rate averaged 8.1% in 2012. While still extraordinarily high, the broadest measure of unemployment held steady at 14.4% for the third month in a row in January, down from 15.1% a year ago. The average and median duration of unemployment both declined significantly again in January, but remained well above their respective norms.



The **length of the workweek** shortened by 0.1 hours both overall and in manufacturing during January. Manufacturing overtime hours were unchanged at 4.2 hours. As a result, **aggregate hours worked** decreased by 0.2%. If aggregate hours were to remain unchanged in February and March, total labor input would increase at an annual pace of just 0.1% in the first quarter of 2013. **Average hourly earnings** increased by 0.3% to 1.8% above the year earlier level, compared with inflation of 1.7% during the twelve months ending in December.

Major sectors posting gains in employment during December included trade, transportation and utilities (+34,000), construction (+28,000), professional and business services, and education and health services (each +25,000), and leisure and hospitality (+23,000). Temporary help employment, which is viewed as somewhat of a leading indicator of total employment and is included in professional and business services, decreased by 8,100 jobs, continuing what is now a 6-month string of modest growth. Government employment declined by 9,000 jobs. The solid gain in construction was the fourth in a row, and the weak gain in manufacturing (+4,000) was the fourth in a row after two consecutive declines in August and September.

Ohio nonfarm employment decreased by 9,400 jobs in December, following a 1,500 job decline in November that was preceded by a 17,900 job gain in October. Employment increased by 90,700 jobs from December 2011. The Ohio unemployment rate decreased from 6.8% to 6.7% in December – the third consecutive reading below 7.0%. The rate is down from 7.9% in December 2011 and 1.1 percentage points below the national unemployment rate.

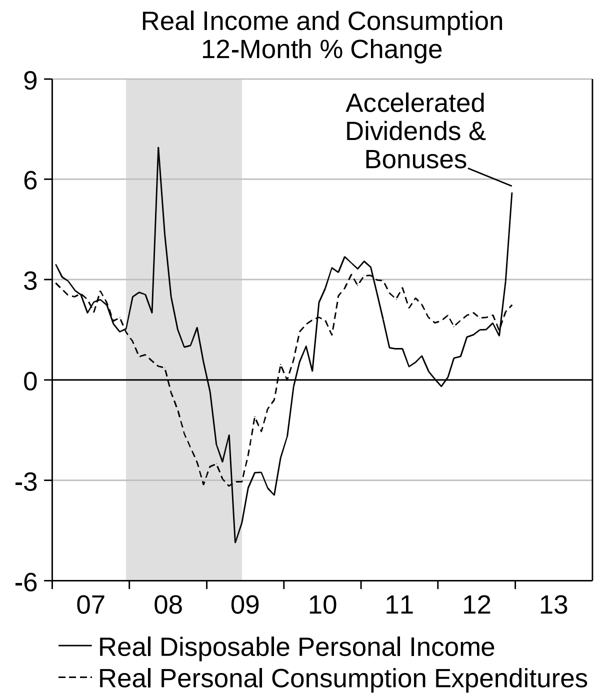
Month-to-month changes in Ohio employment across sectors were skewed toward losses during December. Employment increased in manufacturing (+900), professional and business services (+400), and in construction (+100). Employment losses were led by leisure and hospitality (-4,900), government (-2,100), other services (-1,500), and financial activities (-1,300).

During the twelve months ending in December, Ohio employment increased in all major sectors except government (-2,800), information (-1,300), and natural resources (-800). The largest year-over-year employment increases occurred in education and health services (+25,200), trade, transportation and utilities (+16,800), professional and business services (+15,400), and manufacturing (+15,300). Private sector employment increased by 93,500 jobs, or 2.2%, compared with a 2.0% increase during the same period across the country.

Among the **contiguous states**, year-over-year employment growth was strongest in Indiana (+2.0%), Ohio (+1.8%), and Kentucky (+1.6%), followed by Pennsylvania (+0.7%), and Michigan (+0.3%). Employment decreased 1.8% in West Virginia. Year-over-year growth in manufacturing was 2.4% in Ohio. Among the contiguous states, manufacturing employment increased 3.7% in Indiana, 3.3% in Michigan, 1.0% in Pennsylvania, 0.7% in Kentucky, and decreased 4.5% in West Virginia. Also contributing to the decline in total employment in West Virginia was a large decline in mining and logging employment.

Consumer Income and Consumption

Household income strengthened in November and especially December, thanks in large part to special and/or accelerated dividends paid in anticipation of higher tax rates starting in January. The Bureau of Economic Analysis (BEA) reported that companies paid an estimated $26.4 billion ($105.6 billion at an annual rate) in the fourth quarter of 2012. In addition, the BEA estimated that $15.0 billion in bonuses were accelerated into the fourth quarter, adding to wage and salary disbursements and therefore personal income.



Personal consumption expenditures remained on course, as households looked through the temporary nature of the fluctuations in income, rising 0.2% in December on top of the 0.4% rise in November. As a result, the **saving rate** jumped to 6.5% from 4.1% in November and 3.4% in October. Income undoubtedly decreased in January, and will lower the saving rate back down to its recent range by February.

The increase in consumption during December reflected a 1.0% increase in spending on durable goods, despite a small decline in sales of light motor vehicles to a 15.2 million unit sales pace from a 15.3 million unit sales pace. Spending on non-durable goods declined 0.2% for the third monthly decline in a row. Spending on services increased 0.2%. Consumer spending softened further in January, according to the ICSC-GS Weekly Retail Sales Report that same-store sales decreased in each week of January, before turning up in very early February.

The mood of consumers deteriorated since late fall as measured by both the Conference Board and University of Michigan surveys, primarily reflecting worsening views about the future. In particular, the overall Conference Board index declined to 58.6 in January from 66.7 in December and 71.5 in November and 73.1 in October. The decline was driven mainly by the expectations component, which declined from 84.0 to 59.5 during the period. The decline in the expectations component of the Michigan index was not as pronounced. The deterioration in views of the future might have reflected concern about the future of tax and spending plans by the federal government that remain somewhat uncertain.

Manufacturing

December industrial activity added to November increases. Overall **industrial production** increased 0.3% in December after a 1.0% recovery in November from the 0.3% Hurricane-Sandy-induced decline in October. Manufacturing output followed the same pattern, rising 0.8% in December after a 1.3% gain in November from a 0.9% drop in October. A third consecutive increase in motor vehicle assemblies contributed to the gain. Utility output posted a sharp decline of 4.8% due to milder-than-usual weather. Mining output increased 0.6%, reflecting a pickup in oil production. Compared with a year earlier, industrial production and manufacturing output were higher by 2.2% and 2.4%, respectively.

Factory shipments edged higher for a fourth straight month in December, and **new orders** rebounded solidly after a one-month decline. Much of the strength was in transportation, where shipments increased 1.4% and orders increased 11.7%. Shipments and orders of computers and related equipment increased 3.3% and 4.1%, respectively. New orders of non-defense capital goods, excluding aircraft – a core measure that can provide a better view of the underlying trend in factory activity – slipped 0.3% in December after rising 3.0% in October and 3.3% in November.

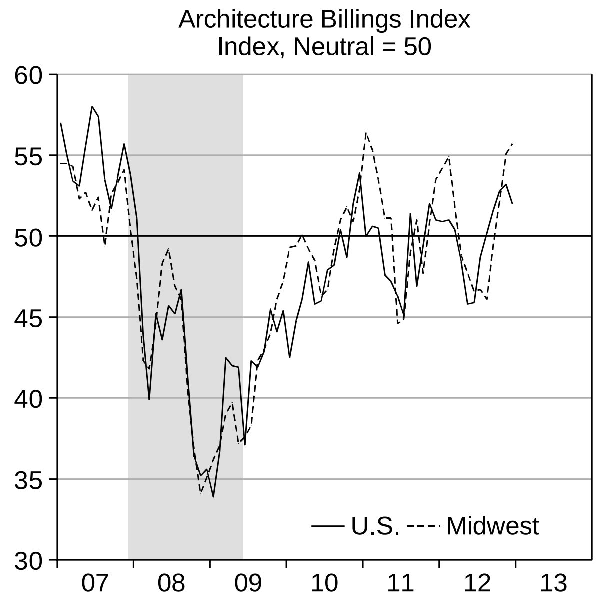
In a break from recent months, **purchasing managers** reported the best conditions in manufacturing since last April. The Purchasing Managers Index increased to 53.1 from near neutral, around which it fluctuated in the second half of last year. The increase was driven by more broad-based reports of hiring and new orders. Reports of production and the speed of supplier deliveries were also positive. The main negative reading was the weak backlog of orders.

Construction

Total **construction put-in-place** increased 0.9% in December, and the November change was revised up from a decline of 0.3% to an increase of 0.1%. As a result, construction put-in-place increased in each of the final nine months of 2012 by a total of 8.2% - most of that from a 22.8% increased in residential construction put-in-place. Non-residential construction increased just 1.6% during the same nine month period. Total construction in December was 7.8% above the year earlier level and up 18.6% from what looks increasingly with each passing month like the cycle low in March 2011, but remains 27.1% below its pre-recession peak.

Private construction increased 2.0% in December, and the November change was revised up from a decline of 0.2% to a gain of 0.2%. Private residential construction increased by 2.2% and the November change was revised up from 0.4% to 0.6%. Compared with a year earlier, residential construction was higher by 23.6%. Nonresidential construction increased by 1.8% and the November decline of 0.7% was revised up to an increase of 0.3%. Compared with a year earlier, nonresidential activity was up 7.6%.

The **Architecture Billings Index** from the American Institute of Architects decreased for the first time in seven months, but at 52.0 remained comfortably above the neutral level of 50.0. The **Inquiries for New Work Index** also slipped after six straight increases, but only slightly. The **Billings Index for the Midwest** improved for a fourth straight month, rising to 55.7 from an upwardly revised 55.1 in November.



The 3-month moving average of **housing starts** increased 4.3% in December to the highest level since August 2008. Midwest housing starts increased 10.8% on a 3-month moving average basis in December following gains in the previous four months. Despite the recent improvement, U.S. housing starts still proceeded during the three months ending in November at an annual rate of only a little more than 40.0% of the pace set in the record year of 2005. Homebuilders continue to face buyers that have high debt levels, have large inventories of unoccupied houses in many markets, and struggle with still-challenging labor market conditions coupled with expectations of little or no price appreciation.

Sales of existing homes increased 1.7% in December on a 3-month moving average basis following gains in the previous four months. Sales were essentially unchanged on balance from January through July. Sales of existing homes in the Midwest have followed a similar pattern, but have increased a bit more rapidly.

Sales of newly built homes decreased 0.9% in December on a 3-month moving average basis for the third decline in the last five months. Sales of new homes in the Midwest posted a large 16.2% gain in December after large declines in November and September, taking the sales pace almost back to the December 2011 level.

The **inventory of existing homes** declined in December to the lowest level since January 2001. Relative to the pace of sales, the inventory of unsold homes fell to a normal level of 4.4 months after having spent the last five years at unusually elevated levels. The **inventory of new homes** edged higher again in December, but remained just below 5.0 months at the December pace of sales.

Home prices posted a tenth-straight increase in November, according to the S&P/Case-Shiller 20-city composite home price index. The index increased 0.6% in November, lifting the total increase since the cyclical low point reached in January to 6.0%. The index was still down 29.8% from the all-time peak reached in April 2006. Home prices in Cleveland, the only Ohio city in the index, were unchanged in December after three straight monthly increases. Cleveland home prices are up 3.4% from the low point, but remain 18.5% below the peak reached in January 2006.

REVENUES

NOTE: Estimates reflected in the revenue tables are based on July 2012 OBM revisions and do not include or reflect updated fiscal year 2013 annual estimates contained in the Executive Budget for fiscal years 2014-2015.

January **GRF receipts totaled $2,849.6 million** and were $173.0 million (6.5%) above the estimate. Monthly tax receipts totaled $2,173.9 million and were $155.1 million (7.7%) above the estimate, while non-tax receipts totaled $665.3 million and were $17.5 million (2.7%) above the estimate. Transfers totaled $10.4 million and were slightly above (3.8%) the estimate. Year-to-date variances by category are provided in the following table ($ in millions).

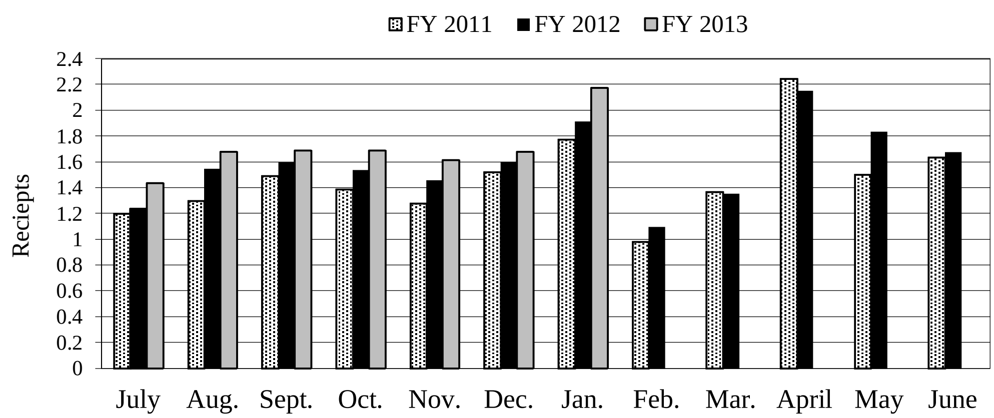
Category	**Includes:**	**YTD Variance**	**% Variance**
Tax receipts	Sales & use, personal income, corporate franchise, commercial activity, MCF, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate	$286.3 million	2.5%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	($111.6 million)	(2.2%)
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$4.1 million	4.4%
TOTAL REVENUE VARIANCE:		$178.7 million	1.1%

As was the case in December, January receipts were driven by a better-than-expected performance in the personal income tax, causing January tax receipts to exceed the estimate by $155.1 million (7.7%). On a year-over-year basis, monthly receipts were $258.0 million (13.5%) higher than they were in January 2012, with the largest contributions to this year-over-year growth attributable to the personal income tax, commercial activity tax, and cigarette tax.

GRF Revenue Sources Relative to Monthly Estimates - January 2013
($ in millions)

Individual Sources Above Estimate		Individual Sources Below Estimate	
Personal Income Tax	$207.6	Non-Auto Sales Tax	($26.1)
Commercial Activity Tax	$6.4	Auto Sales Tax	($2.0)
Public Utility Tax	$2.0	Corporate Franchise Tax	($33.9)
MCF Tax	$1.8	Kilowatt Hour Tax	($1.7)
Cigarette Tax	$1.8	Alcoholic Beverage Tax	($1.0)
Federal Grants	$16.4	Other Sources Below Estimate	($1.2)
Earnings on Investment	$1.2		
License & Fees	$1.1		
Other Sources Above Estimate	$0.6		
Total above	**$238.9**	**Total below**	**($65.9)**

Tax Revenue Comparison by Month
($ in billions)



Non-Auto Sales and Use Tax

Continuing its erratic month-to-month performance, January non-auto sales tax receipts totaled $686.2 million and were $26.1 million (3.7%) below the estimate. Year-to-date, this tax source is $49.4 million (1.1%) below the estimate. On a year-over-year basis, January 2013 receipts were $1.1 million (0.2%) above those of January 2012. Fiscal year 2013 year-to-date receipts are $163.0 million (3.9%) higher than those at the same point in fiscal year 2012. Due to the relatively weak performance of this tax over the past few months, OBM is closely monitoring its performance.

Auto Sales Tax

Auto sales tax receipts for the month of January totaled $86.4 million and were $2.0 million (2.2%) below the estimate. Year-to-date, auto tax receipts are $3.6 million (0.6%) above the estimate. On a year-over-year basis, January 2013 receipts were $2.0 million (2.3%) above those of January 2012, while fiscal year 2013 year-to-date receipts are $21.8 million (3.7%) higher than the same point in the previous fiscal year.

Personal Income Tax

January personal income tax receipts totaled $1,235.4 million and were $207.6 million (20.2%) above the estimate. Quarterly estimated payments accounted for the majority of this overage as receipts totaled $435.1 million and were $119.4 million (37.8%) above estimate. The January estimated payment – the last estimated payment for tax year 2012 – is often viewed by taxpayers as a "reconciliation payment" and thus tends to be higher in the years when taxpayers expect their year-end tax liability to be higher than previously planned. In addition, the U.S. Bureau of Economic Analysis has found evidence that, in anticipation of changes in federal income tax rates, a significant amount of bonus and dividend payments were made before the end of 2012 that otherwise would have been made at a later time. It is thought that this type of behavior likely occurred with capital gains realizations as well. All of this would drive liabilities higher than taxpayers previously expected, resulting in higher estimated payments than anticipated this month. Ohio is not an outlier in this experience, as a number of other states are reporting between 20.0% and 40.0% year-over-year growth.

Also contributing to the monthly overage were lower than expected refunds, which totaled $26.2 million in January. This was $86.8 million (76.8%) below the $113.0 million estimate. OBM believes most of this variance is due to a delay in the start of the federal tax return filing season. The Internal Revenue Service did not begin accepting returns before January 30th due to the relatively late resolution of the fiscal cliff negotiations. Hence, the pace of filing of tax returns was slower than usual for January, resulting in lower-than-anticipated refunds. As a result, OBM anticipates that refunds over the next few months could be higher than estimated as refunds previously estimated for January are processed. Further contributing to the monthly overage was the trusts component which exceeded the $8.7 million estimate by $26.3 million (302.9%).

Offsetting the positive contributions of the components detailed above was the withholding component, which registered a January shortfall as receipts totaled $810.7 million, and were $11.7 million (1.4%) below the estimate. However, when combining the January performance with the December overage in this component (a variance that it is believed was largely driven by accelerated bonus payments) withholding receipts for the two months totaled $1.53 billion and were $35.6 million (2.4%) above the combined estimate.

On a year-over-year basis, personal income tax receipts for the month of January were $262.2 million (26.9%) higher than the January 2012 level. Quarterly estimated payments were the main contributor to the year-over-year growth and were $89.6 million (25.9%), higher than the same month in the previous fiscal year. The withholding component also contributed to the year-over-year growth as receipts were $53.0 million (7.0%) higher than last January. Refunds were $86.8 million (76.8%) lower than the January 2012 level, adding to the year-over-year growth. Further contributing were trusts that were $26.4 million (303.6%) higher and the reductions in distributions to the local government fund that were $19.7 million (39.7%) lower than those of January 2012 (as a result of changes contained in H.B. 153 of the 129th General Assembly).

Year-to-date, personal income tax receipts for the first seven months of fiscal year 2013 are $5,515.1 million which is $283.8 million (5.4%) above estimate and $624.7 million (12.8%) higher than the January 2012 level.

FY2013 PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)						
	ESTIMATE JAN	**ACTUAL JAN**	**$ VAR JAN**	**ESTIMATE Y-T-D**	**ACTUAL Y-T-D**	**$ VAR Y-T-D**
Withholding	$822.4	$810.7	($11.7)	$4,722.4	$4,762.5	$40.1
Quarterly Est.	$315.7	$435.1	$119.4	$753.6	$902.8	$149.2
Trust Payments	$8.7	$35.0	$26.3	$20.1	$51.8	$31.7
Annual Returns & 40 P	$14.5	$6.1	($8.4)	$144.3	$133.1	($11.2)
Other	$9.3	$4.4	($4.9)	$59.0	$60.6	$1.6
Less: Refunds	($113.0)	($26.2)	$86.8	($274.2)	($196.5)	$77.7
Local Distr.	($29.8)	($29.9)	($0.1)	($193.9)	($199.3)	($5.4)
Net to GRF	**$1,027.8**	**$1,235.4**	**$207.6**	**$5,231.3**	**$5,515.1**	**$283.8**

Corporate Franchise Tax

Corporate franchise tax receipts for the month of January totaled $28.1 million and were $33.9 million (54.7%) below the estimate of $62.0 million. This is largely attributable to timing as the January payment is due January 31st with payments not processed until early February. Receipts through the first few days of February indicate this is the case, and OBM expects February receipts to be well above estimate.

Despite the monthly shortfall, year-to-date receipts are $17.8 million (28.7%) above the estimate and $11.4 million (16.7%) higher than those at the same point in fiscal year 2012. As noted in previous months' reports, refund activity for the fiscal year-to-date has not been as high as expected, which combined with a number of unexpected one-time settlements has driven the year-to-date performance higher both relative to the estimate and relative to the fiscal year 2012 performance. OBM anticipates that this pattern will not continue and that refund activity will pick up in the months ahead.

Commercial Activity Tax

January commercial activity tax (CAT) receipts to the GRF totaled $32.8 million and were $6.4 million (24.1%) above the estimate. On a year-over-year basis, January 2013 GRF CAT receipts were $20.1 million (159.3%) higher than those of January 2012, largely due to provisions contained in H.B. 153 of the 129th General Assembly that modified the distribution of CAT receipts, with the portion of total receipts being allocated to the GRF increasing from 25.0 percent in fiscal year 2012 to 50.0 percent in fiscal year 2013. The all-funds CAT receipts for January totaled $72.0 million and were $18.7 million above the $53.3 million estimate. On a year-to-date basis, total GRF CAT receipts total $430.3 million and are $6.8 million (1.5%) below the estimate, while all-funds CAT receipts are $873.0 million and are $8.5 million (1.0%) below the estimate of $881.5 million.

Public Utility Tax

Public utility tax receipts for the month of January totaled $1.0 million and were $2.0 million (203.0%) above the estimate. Year-to-date receipts are $4.9 million (9.8%) below the estimate. As noted in previous monthly reports and similar to the kilowatt hour tax, the year-to-date shortage in this tax source is largely the result of milder-than-expected weather and continued lower-than-expected natural gas prices. On a year-over-year basis, this tax source is $3.0 million (152.9%) higher than the same month in the previous fiscal year, while fiscal year 2013 year-to-date receipts are $8.4 million (15.7%) lower than those at the same point in fiscal year 2012.

Kilowatt-Hour Tax

January kilowatt hour receipts totaled $23.7 million and were $1.7 million (6.7%) below the estimate, bringing the year-to-date total to $5.1 million (2.7%) below the estimate. Earlier in the calendar year, the shortfall experienced in this tax source was largely the result of a milder-than-expected winter, though the shortfall following increased demand due to a warmer-than-usual summer was unexpected. OBM will continue to monitor this tax source in the coming months. On a year-over-year basis, this tax source was $1.6 million (6.3%) below the January 2012 level, while year-to-date fiscal year 2013 receipts are nearly equal to the level at the same point in the previous fiscal year.

Cigarette Tax

Cigarette tax receipts for the month of January totaled $70.3 million and were $1.8 million (2.6%) above the estimate, compensating for the December shortfall. Year-to-date, this tax source is $0.9 million (0.2%) below the estimate. On a year-over-year basis, January 2013 cigarette tax receipts were $4.1 million (6.2%) higher than those of January 2012, while year-to-date fiscal year 2013 receipts are $6.3 million (1.4%) lower than the same point in the previous fiscal year, a decline that is well below the 3.0 percent decline we have seen with this tax source in recent years.

GRF non-tax receipts totaled $665.3 million in January and were $17.5 million (2.7%) above the estimate primarily due to an overage in federal grants tied to higher-than-expected Medicaid spending and a positive variance in earnings on investments. For the year to date, non-tax receipts are $111.6 million (2.2%) below the estimate with federal grants and other income contributing to the shortfall. **GRF transfers** during the month of January were $10.4 million and slightly exceeded the estimate.

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2013 VS ESTIMATE FY 2013
($ in thousands)

REVENUE SOURCE	MONTH ACTUAL JANUARY	MONTH ESTIMATE JANUARY	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL Y-T-D	YEAR-TO-DATE ESTIMATE Y-T-D	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	686,235	712,300	(26,065)	-3.7%	4,360,126	4,409,500	(49,374)	-1.1%
Auto Sales & Use	86,421	88,400	(1,979)	-2.2%	617,573	614,000	3,573	0.6%
Subtotal Sales & Use	772,656	800,700	(28,044)	-3.5%	4,977,698	5,023,500	(45,802)	-0.9%
Personal Income	1,235,414	1,027,839	207,575	20.2%	5,515,063	5,231,294	283,769	5.4%
Corporate Franchise	28,117	62,000	(33,883)	-54.7%	79,776	62,000	17,776	28.7%
Commercial Activity Tax	32,768	26,400	6,368	24.1%	430,251	437,000	(6,749)	-1.5%
Public Utility	1,030	(1,000)	2,030	203.0%	45,005	49,900	(4,895)	-9.8%
Kilowatt Hour	23,689	25,400	(1,711)	-6.7%	182,119	187,200	(5,081)	-2.7%
MCF Tax	1,770	0	1,770	N/A	16,959	18,100	(1,141)	-6.3%
Foreign Insurance	444	200	244	121.9%	142,882	137,900	4,982	3.6%
Domestic Insurance	0	0	0	N/A	4,625	(500)	5,125	1025.0%
Other Business & Property	11	0	11	N/A	371	(1,200)	1,571	130.9%
Cigarette	70,313	68,500	1,813	2.6%	438,452	439,400	(948)	-0.2%
Alcoholic Beverage	3,360	4,400	(1,040)	-23.6%	32,059	34,400	(2,341)	-6.8%
Liquor Gallonage	4,165	4,200	(35)	-0.8%	24,416	24,000	416	1.7%
Estate	207	200	7	3.4%	73,579	34,000	39,579	116.4%
Total Tax Receipts	2,173,943	2,018,839	155,104	7.7%	11,963,257	11,676,994	286,263	2.5%
NON-TAX RECEIPTS								
Federal Grants	655,783	639,356	16,427	2.6%	4,815,589	4,924,613	(109,024)	-2.2%
Earnings on Investments	2,185	1,000	1,185	118.5%	4,448	2,500	1,948	77.9%
License & Fees	5,740	4,668	1,072	23.0%	17,094	17,793	(700)	-3.9%
Other Income	1,495	1,738	(243)	-14.0%	7,318	17,586	(10,268)	-58.4%
ISTV'S	79	1,001	(922)	-92.1%	12,315	5,871	6,444	109.8%
Total Non-Tax Receipts	665,281	647,763	17,518	2.7%	4,856,764	4,968,364	(111,600)	-2.2%
TOTAL REVENUES	**2,839,224**	**2,666,601**	**172,622**	**6.5%**	**16,820,020**	**16,645,358**	**174,662**	**1.0%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	10,000	10,000	0	0.0%	88,000	88,000	0	0.0%
Transfers In - Other	379	0	379	N/A	9,251	5,166	4,085	79.1%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	10,379	10,000	379	3.8%	97,251	93,166	4,085	4.4%
TOTAL SOURCES	**2,849,603**	**2,676,601**	**173,002**	**6.5%**	**16,917,271**	**16,738,524**	**178,747**	**1.1%**

Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2013 VS ACTUAL FY 2012
($ in thousands)

REVENUE SOURCE	MONTH JANUARY FY 2013	MONTH JANUARY FY 2012	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL FY 2013	YEAR-TO-DATE ACTUAL FY 2012	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	686,235	685,092	1,144	0.2%	4,360,126	4,197,109	163,017	3.9%
Auto Sales & Use	86,421	84,491	1,929	2.3%	617,573	595,751	21,822	3.7%
Subtotal Sales & Use	772,656	769,583	3,073	0.4%	4,977,698	4,792,860	184,839	3.9%
Personal Income	1,235,414	973,240	262,173	26.9%	5,515,063	4,890,372	624,691	12.8%
Corporate Franchise	28,117	62,345	(34,228)	-54.9%	79,776	68,352	11,424	16.7%
Commercial Activity Tax	32,768	12,636	20,132	159.3%	430,251	209,143	221,108	105.7%
Public Utility	1,030	(1,949)	2,980	152.9%	45,005	53,358	(8,353)	-15.7%
Kilowatt Hour	23,689	25,284	(1,595)	-6.3%	182,119	182,310	(191)	-0.1%
MCF Tax	1,770	2	1,768	N/A	16,959	18,172	(1,214)	-6.7%
Foreign Insurance	444	232	211	90.9%	142,882	134,482	8,400	6.2%
Domestic Insurance	0	(61)	61	N/A	4,625	0	4,625	N/A
Other Business & Property	11	0	11	N/A	371	(1,783)	2,155	120.8%
Cigarette	70,313	66,227	4,086	6.2%	438,452	444,756	(6,304)	-1.4%
Alcoholic Beverage	3,360	4,010	(650)	-16.2%	32,059	33,839	(1,780)	-5.3%
Liquor Gallonage	4,165	4,159	6	0.1%	24,416	23,632	784	3.3%
Estate	207	275	(68)	-24.9%	73,579	36,084	37,496	103.9%
Total Tax Receipts	2,173,943	1,915,983	257,960	13.5%	11,963,257	10,885,578	1,077,679	9.9%
NON-TAX RECEIPTS								
Federal Grants	655,783	463,388	192,395	41.5%	4,815,589	4,500,858	314,731	7.0%
Earnings on Investments	2,185	1,229	956	77.8%	4,448	2,415	2,032	84.2%
License & Fee	5,740	5,498	241	4.4%	17,094	25,569	(8,476)	-33.1%
Other Income	1,495	1,273	222	17.4%	7,318	9,324	(2,006)	-21.5%
ISTV'S	79	1,717	(1,638)	-95.4%	12,315	10,069	2,247	22.3%
Total Non-Tax Receipts	665,281	473,106	192,176	40.6%	4,856,764	4,548,235	308,528	6.8%
TOTAL REVENUES	**2,839,224**	**2,389,088**	**450,136**	**18.8%**	**16,820,020**	**15,433,813**	**1,386,207**	**9.0%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	10,000	0	10,000	N/A	88,000	72,500	15,500	21.4%
Transfers In - Other	379	0	379	N/A	9,251	48,975	(39,724)	-81.1%
Temporary Transfers In	0	0	0	N/A	0	180,718	(180,718)	N/A
Total Transfers	10,379	0	10,379	N/A	97,251	302,193	(204,942)	-67.8%
TOTAL SOURCES	**2,849,603**	**2,389,088**	**460,515**	**19.3%**	**16,917,271**	**15,736,007**	**1,181,265**	**7.5%**

DISBURSEMENTS

January 2013 GRF disbursements, across all fund uses, totaled $2,231.7 million and were $51.7 million (2.4%) above estimate. On a year-over-year basis, disbursements for January 2013 were $226.4 million (11.3%) higher than those of January 2012. Year-to-date variances by category are provided in the table below:

Category	Description	YTD Variance	% Variance
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	($262.4 million)	(1.5%)
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$3.0 million	0.9%
TOTAL DISBURSEMENTS VARIANCE:		($259.4 million)	(1.5%)

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

Primary, Secondary and Other Education

This category includes expenditures made by the Department of Education, the eTech Ohio Commission, the Ohio State School for the Blind, and the Ohio School for the Deaf, as well as disbursements made to libraries and arts organizations. January disbursements in this category totaled $603.8 million and were $34.6 million (6.1%) above the estimate.

January disbursements for the Department of Education alone totaled $654.5 million and were $91.4 million (16.2%) above the estimate. Expenditures for the school foundation program totaled $620.4 million and were $91.7 million (17.4%) above the estimate. The variance in the foundation funding line item is due to two factors. In the first payment of January to school districts, the Department of Education began funding on fiscal year 2013 October ADM rather than estimated ADM, which results in some variability in payments. At the time of that calculation, a number of school districts reported incorrect October data. This resulted in some districts receiving significant increases in their payments. To correct this, future payments will be adjusted through the end of the fiscal year.

Higher Education

January disbursements for Higher Education totaled $163.0 million and were $2.4 million (1.5%) below the estimate for the month. Year-to-date disbursements are $1,243.7 million, which is $14.5 million (1.2%) below the estimate. On a year-over-year basis, disbursements in this category were $0.8 million (0.5%) higher than for the same month in the previous fiscal year while year-to-date expenditures are $10.2 million (0.8%) lower than at the same point in fiscal year 2012.

Public Assistance and Medicaid

January disbursements in this category, which include all GRF expenditures by the Ohio Department of Job and Family Services (ODJFS), totaled $1,051.4 million. This was $47.6 million (4.7%) above the monthly estimate. Fiscal year-to-date expenditures are $8,170.4 million, which is $151.4 million (1.8%) below estimate.

<u>Public Assistance and Non-Medicaid</u>
ODJFS, Non-Medicaid, General Revenue Fund (GRF) disbursements totaled $67.8 million for the month of January, which was 6.4 million (8.6%) lower than the estimate. Major monthly variances were attributable to the following:

- Program Support (ALI 600321) disbursements were $1.8 million (40.9%) below estimate due to central administration expenditures being lower than anticipated for the month.
- Family Assistance – Local (ALI 600521) disbursements were $1.3 million (21.1%) below estimate due to lower-than-anticipated line item county expenditures for the month.
- TANF State/Maintenance of Effort (ALI 600410) subsidy disbursements were $1.7 million (6.4%) below estimate due to lower-than-anticipated Ohio Works First cash assistance payments made during the month. ODJFS plans to disburse all line item funds by the end of the fiscal year to ensure the federal TANF Maintenance of Effort is met.
- Early Care and Education (ALI 600535) child care disbursements were $1.6 million (24.3%) below estimate. This can be attributed to the agency reducing line item disbursements for the month in order to better align with overall year-to-date estimates. ODJFS plans to disburse all line item funds by the end of the fiscal year to ensure federal TANF and Child Care & Development Fund Maintenance of Effort requirements are met.
- Information Technology Projects (ALI 600416) disbursements were $1.5 million (24.9%) above estimate due to higher-than-estimated Department of Administrative Services Office of Information Technology expenses.

<u>Medicaid</u>

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 ODJFS portion of the Medicaid program are $7,723.5 million, which is $92.5 million (1.2%) below the estimate prepared in July 2012 and $509.2 million (7.1%) above the same point in the previous fiscal year. January disbursements totaled $983.5 million and were $54.0 million (5.8%) above the estimate and $132.0 million (15.5%) above disbursements in January 2012. Due to a delay in the collection of certain assessments, payments normally made from non-GRF funds were instead paid by the GRF. An opposite effect is expected in future months when the assessments are collected.

All funds year-to-date disbursements equal $8,726.4 million and are $380.7 million (4.2%) below the estimate and $151.9 million (1.8%) above the same point in the previous fiscal year. All funds disbursements for the month of January totaled $1,258.7 million and were $86.6 million (6.4%) below the estimate and $13.9 (1.1%) above disbursements in January 2012.

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

	January Projection	January Actual	Variance	Variance %
GRF	$ 929,549,342	$ 983,531,144	$ 53,981,802	5.8%
Non-GRF	$ 415,741,307	$ 275,141,252	$ (140,600,055)	-33.8%
All Funds	$ 1,345,290,649	$ 1,258,672,396	$ (86,618,253)	-6.4%

Categorical Variances

Managed Care ABD and CFC – The $76.6 million negative variance within managed care accounts for much of the total monthly underspend. The lower-than-expected spending in this category is driven by lower-than-expected capitation payments, delivery payments, and caseload. The ABD category saw a lower caseload in January than expected which led to reduced spending. In addition, estimates related to the amount needed for the Affordable Care Act's physician fee schedule increase were updated based on recent information, which are lower than initially anticipated. This update accounts for $27.0 million of the variance within this category.

Department of Aging Waivers – Another negative variance was observed in the Aging Waivers category. In January, PACE and PASSPORT/Choices experienced lower-than-expected caseload volume. In addition, the service cost per consumer enrolled in PASSORT/Choices was lower than estimated. This contributed $12.3 million to the overall negative variance.

Inpatient Hospital – Disbursements in this category totaled $95.0 million for the month of January, which was $19.1 million (25.1%) above expected expenditures. This is primarily due to an issue regarding the processing of certain claims in recent months. As the issue has been corrected, claims from previous months were paid in January.

Caseload

Total January enrollment across all categories was 2.35 million covered persons. The most significant components are the Covered Families and Children (CFC) category, which decreased by 6,333 persons to a January total of 1.69 million persons, and the Aged, Blind and Disabled (ABD) category, which increased by 6,679 people to a January total of thousand covered lives.

Total enrollment across all categories for the same period last year was 2.20 million covered persons, including 1.67 million persons in the CFC category and 406.5 thousand people in the ABD category. Please note that these data are subject to revision.

Health and Human Services

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

January disbursements in this category totaled $99.7 million and were $7.6 million (7.1%) below the estimate. On a year-over-year basis, this category was $4.3 million (4.2%) lower than the same month in the previous fiscal year. Year-to-date disbursements are $26.9 million (4.2%) below the estimate.

Department of Health

Year-to-date expenditures for the Department of Health are $44.5 million, which is $14.4 million (24.5%) below the estimate for the year. January 2013 disbursements totaled $6.0 million and were $0.3 million (4.8%) below estimate. Major monthly variances within individual line items were attributable to the following:

- Help Me Grow disbursements were $2.0 million below estimate because of a new fee for service model implementation (as opposed to a per child allocation), and funding was provided directly to providers (instead of directly to Ohio Family and Children First Councils, which then distributed funding to providers). Providers have not fully adjusted to these changes yet, so spending has lagged behind the original estimate.
- Immunizations disbursements were $1.0 million above estimate as large vaccine purchases scheduled for previous months were completed in January.
- Mothers and Children Safety Net Services disbursements were $0.3 million above estimate as sub-grantees comply with programmatic requirements, allowing the department to disburse prior month's planned payments.

Department of Aging

January disbursements for the Department of Aging totaled $1.8 million and were $0.2 million (7.9%) below estimate for the month. Year-to-date expenditures are $7.8 million, which is $0.7 million (8.2%) below estimate. The variance in both year-to-date and monthly expenditures are primarily due to lagged spending of Senior Community Services subsidy by Area Agencies on Aging (AAA). Additionally, the Long Term Care Budget – State line item supporting the department's operations of Medicaid programs has under-spent throughout the fiscal year due to several employee vacancies.

Department of Mental Health

January disbursements for the Department of Mental Health totaled $31.4 million and were $7.6 million (19.4%) below estimate. Year-to-date expenditures are $195.4 million, which is $15.5 million (7.4%) below the estimate. Major monthly variances within individual line items were attributable to the following:

- Disbursements within the Hospital Services line item that were $5.7 million (28.4%) below estimate due to a delay in the second of two annual hospital pharmacy payments, which were anticipated for January but will instead occur in February. Additionally, payroll expenses were lower than expected.
- Local Mental Health System of Care disbursements were $1.9 million (12.3%) below estimate due to a delay in processing Shared Services vouchers, which were paid in early February rather than in January as originally planned.

Department of Developmental Disabilities

January disbursements for the Department of Developmental Disabilities totaled $54.6 million and were $1.2 million (2.3%) above the estimate. The variance is primarily attributable to higher-than-anticipated spending in the Medicaid State Match line item, which was $1.3 million (3.6%) above the estimate as a result of greater-than-predicted Transitions Waiver and ICF/IID program expenditures. Medicaid State Match line item disbursements are $0.6 million (0.2%) above estimate for the year. Year-to-date expenditures for the department as a whole are $322.9 million, which is $0.9 million (0.3%) below estimate.

Justice and Public Protection

This category includes GRF expenditures by the Department of Rehabilitation & Correction and the Department of Youth Services. During the month of January, disbursements in this category totaled $177.5 million and were $4.2 million (2.3%) below the estimate. On a year-over-year basis, this category was $2.2 million (1.3%) higher than the same month in the previous fiscal year. Year-to-date disbursements are $1,187.6 million, which is $34.9 million (2.9%) below the estimate.

Department of Rehabilitation and Correction

Department of Rehabilitation and Correction disbursements totaled $135.7 million in January and were $2.8 million (2.0%) below the estimate. This variance was largely in the Institutional Services line item due to a decrease in personnel costs and a delay in billing.

Department of Youth Services

Department of Youth Services disbursements totaled $26.1 million in December and were $1.0 million (3.7%) below the estimate. This variance was largely in the RECLAIM Ohio line item, where payments to some counties that were originally planned for January will be made in February instead.

General Government

January disbursements for the General Government category totaled $17.0 million and were $3.0 million (14.8%) below the estimate. On a year-over-year basis, this category was essentially equal to the same month in the previous fiscal year. Year-to-date disbursements are $23.1 million below the estimate.

Tax Relief and Other

Payments from the tax relief and other 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, and the homestead exemption, as well as disbursements to the Ohio Police and Fire Pension Fund by the Treasurer of State. January disbursements for tax relief and other totaled $4.9 million and were $0.3 million (5.1%) below the monthly estimate of $5.2 million. For the year-to-date, total tax relief and other payments are $886.8 million, which is $7.5 million (0.9%) above estimate.

Table 3
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2013 VS ESTIMATE FY 2013
($ in thousands)

Functional Reporting Categories Description	MONTH ACTUAL JANUARY	ESTIMATED JANUARY	$ VAR	% VAR	YEAR-TO-DATE YTD ACTUAL	YTD ESTIMATE	$ VAR	% VAR
Primary, Secondary and Other Education	603,752	569,148	34,604	6.1%	3,891,959	3,894,803	(2,844)	-0.1%
Higher Education	163,009	165,415	(2,406)	-1.5%	1,243,697	1,258,182	(14,485)	-1.2%
Public Assistance and Medicaid	1,051,367	1,003,777	47,590	4.7%	8,170,436	8,321,827	(151,391)	-1.8%
Health and Human Services	99,736	107,368	(7,631)	-7.1%	611,035	637,914	(26,879)	-4.2%
Justice and Public Protection	177,475	181,635	(4,160)	-2.3%	1,187,639	1,222,491	(34,851)	-2.9%
Environmental Protection and Natural Resources	5,896	6,091	(195)	-3.2%	47,260	49,163	(1,903)	-3.9%
Transportation	745	849	(104)	-12.2%	6,333	6,409	(77)	-1.2%
General Government	17,011	19,976	(2,965)	-14.8%	194,462	217,611	(23,149)	-10.6%
Community and Economic Development	5,287	5,267	20	0.4%	52,316	61,198	(8,881)	-14.5%
Tax Relief and Other	4,927	5,190	(263)	-5.1%	886,780	879,284	7,496	0.9%
Capital Outlay	0	0	0	N/A	137	0	137	N/A
Debt Service	102,464	104,818	(2,354)	-2.2%	540,385	545,908	(5,522)	-1.0%
Total Expenditures & ISTV's	**2,231,670**	**2,169,532**	**62,138**	**2.9%**	**16,832,440**	**17,094,790**	**(262,350)**	**-1.5%**
Transfers Out:								
Operating Transfer Out	51	10,461	(10,410)	-99.5%	332,259	329,310	2,950	0.9%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**51**	**10,461**	**(10,410)**	**N/A**	**332,259**	**329,310**	**2,950**	**0.9%**
Total Fund Uses	**2,231,720**	**2,179,993**	**51,727**	**2.4%**	**17,164,699**	**17,424,099**	**(259,400)**	**-1.5%**

Table 4

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2013 VS ACTUAL FY 2012
($ in thousands)

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	**JANUARY FY 2013**	**JANUARY FY 2012**	**$ VAR**	**% VAR**	**ACTUAL FY 2013**	**ACTUAL FY 2012**	**$ VAR**	**% VAR**
Primary, Secondary and Other Education	603,752	565,092	38,660	6.8%	3,891,959	4,095,049	(203,090)	-5.0%
Higher Education	163,009	162,203	806	0.5%	1,243,697	1,253,920	(10,223)	-0.8%
Public Assistance and Medicaid	1,051,367	915,926	135,441	14.8%	8,170,436	7,681,151	489,285	6.4%
Health and Human Services	99,736	104,081	(4,345)	-4.2%	611,035	660,019	(48,984)	-7.4%
Justice and Public Protection	177,475	175,249	2,226	1.3%	1,187,639	1,124,272	63,367	5.6%
Environmental Protection and Natural Resources	5,896	5,334	562	10.5%	47,260	47,774	(514)	-1.1%
Transportation	745	652	92	14.2%	6,333	5,918	415	7.0%
General Government	17,011	17,140	(128)	-0.7%	194,462	177,346	17,116	9.7%
Community and Economic Development	5,287	3,844	1,442	37.5%	52,316	51,255	1,061	2.1%
Tax Relief and Other	4,927	4,991	(64)	-1.3%	886,780	870,051	16,729	1.9%
Capital Outlay	0	0	0	N/A	137	120	17	14.4%
Debt Service	102,464	46,702	55,762	119.4%	540,385	239,859	300,526	125.3%
Total Expenditures & ISTV's	**2,231,670**	**2,001,215**	**230,455**	**11.5%**	**16,832,440**	**16,206,735**	**625,705**	**3.9%**
Transfers Out:								
Operating Transfer Out	51	4,088	(4,037)	-98.8%	332,259	330,351	1,908	0.6%
Temporary Transfer Out	0	0	0	N/A	0	237,356	(237,356)	N/A
Total Transfers Out	**51**	**4,088**	**(4,037)**	**N/A**	**332,259**	**567,707**	**(235,447)**	**-41.5%**
Total Fund Uses	**2,231,720**	**2,005,303**	**226,418**	**11.3%**	**17,164,699**	**16,774,442**	**390,257**	**2.3%**

FUND BALANCE

Table 5 describes the estimated General Revenue Fund (GRF) ending fund balance for FY 2013. Based on the estimated revenue sources for FY 2013 and the estimated FY 2012 disbursements, transfers, and encumbrances, the GRF ending fund balance for FY 2013 is an estimated $552.0 million.

The GRF ending fund balance should not be considered as a balance available for expenditure in FY 2013 nor should it be considered as equivalent to the FY 2013 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.

NOTE: The Fund Balance is based on the fiscal year 2013 estimates prepared in July 2012 and does not include or reflect fiscal year 2013 annual updates contained in the Executive Budget for fiscal years 2014-2015.

FUND BALANCE
GENERAL REVENUE FUND
FISCAL YEAR 2013
($ in thousands)

July 1, 2012 Beginning Cash Balance	**$ 973,446**
Plus FY 2013 Actual Revenues	20,443,500
Plus FY 2013 Actual Federal Revenues	8,151,329
Plus FY 2013 Actual Transfers to GRF	187,500
Total Sources Available for Expenditure & Transfer	**29,755,775**
Less FY 2013 Actual Disbursements	28,574,011
Less FY 2013 Actual Total Encumbrances as of June 30, 2013	236,790
Less FY 2013 Actual Transfers Out	392,981
Total Actual Uses	**29,203,782**
FY 2013 UNENCUMBERED ENDING FUND BALANCE*	**551,993**

*Note: Targeted one half of one percent year-end carryover balance is $143.9 million

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