OBM

February 11, 2014

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 annual rate of 3.2% in the fourth quarter, down from the 4.1% rate in the third quarter. Year-over-year growth was 2.7%. Forecasters estimate that growth is slowing further in the first quarter, but anticipate a gradual recovery to near 3.0% or higher by the end of the year.
- U.S. employment increased by 113,000 jobs in January. The unemployment rate decreased to a new low for the expansion of 6.6%.
- Ohio employment increased by 5,000 jobs in December, and the November decrease was revised to be smaller. The Ohio unemployment rate decreased to 7.2% in December.
- Leading economic indicators remain consistent with uninterrupted growth at a modest pace across the country and in Ohio.

Economic Growth

Real GDP expanded 3.2% in the fourth quarter, following a 4.1% increase in the third quarter. Growth approximately doubled from 1.8% in the first half of 2013 to 3.7% in the second half. The second-half growth rate was the second strongest half-year of the current expansion, following the period that ended in the first quarter of 2012. Compared with a year earlier, real GDP was higher by 2.7%, the best result since the third quarter of 2012.

Although growth decelerated from the third quarter to the fourth, the fact that fourth quarter growth was still above 3 percent was encouraging because the third quarter growth relied heavily on inventory buildup. This had caused many analysts to fear that fourth quarter growth would be considerably weaker, but that did not occur.

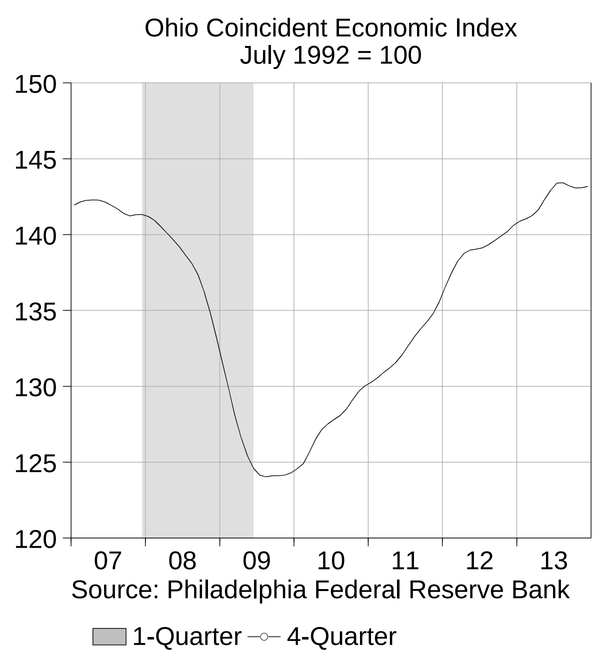
Since the expansion officially began in the second quarter of 2009, real GDP has advanced at an annual rate of 2.4% – the slowest pace during the first eighteen quarters of any expansion that has lasted at least that long during the post-war period. In contrast, real GDP grew at a compound annual rate of 3.2% on average during the first eighteen quarters 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 1.9%, compared with approximately 3.0% during the previous two expansions.

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

The **deceleration in fourth quarter** real GDP primarily resulted from the deceleration in private inventory investment, the larger decrease in federal government spending, the downturn in investment in residential structures, and the deceleration in state and local government spending, the slowdown in imports, and the decelerations in state and local government spending and nonresidential fixed investment. Faster growth in exports and personal consumption expenditures and the deceleration in imports partially offset the effects of slower growth in other categories.

Leading indicators remain consistent with uninterrupted growth into 2014. The 4-week moving average of **ECRI's Weekly Leading Index** increased during the week of January 24 for the fifth week in a row. Recent strengthening in the index has lifted the smoothed rate of change to 4.3% from 1.7% just four weeks ago. The index clearly remains consistent with continued economic growth.

At the same time, the composite **Leading Economic Index** from the Conference Board has remained solid. The index managed a small 0.1% increase in December, but increased at an annual rate of 7.0% during the last half of 2013. Five out of the ten components made positive contributions during December. The strongest contributions came from the interest rate spread, the leading credit index and the ISM new orders index. The recent gains in the index resulted in a smoothed rate of change of 5.8% in December – down from a spike up to 6.5% in November, but up from the trough of 1.2% in August 2012.



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 edged higher by just 0.1% in December after no change in November and declines of 0.1% each in September and October. 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 41 states, up from 37 states in July. The index also was higher than three months earlier in 46 states – up from 40 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 national economy, and thus also in the Ohio economy.

The companion **Ohio Leading Economic Index** stayed in the sub-1.5% range for the seventh month in a row in December. 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 registered its first negative reading (-0.2%) since the recession in August, and then improved to +0.5% in September and +1.2% in October before settling to +1.0% in November and +0.8% in December. 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 the recent moderate pace.

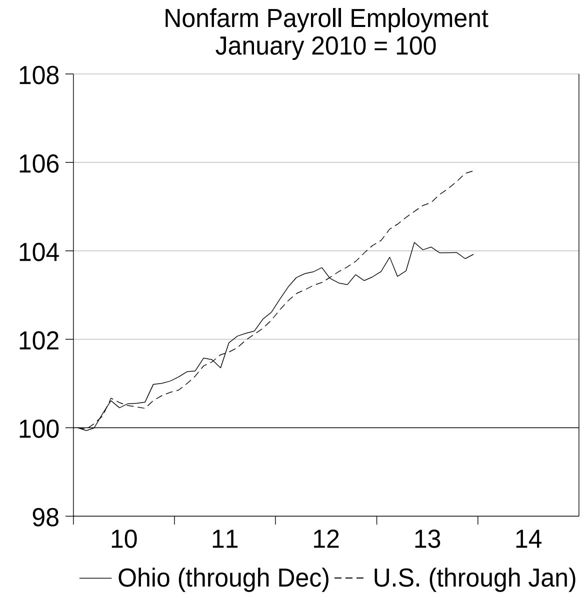
The **Ohio Leading Indicator** from the Ohio Bureau of Labor Market Information tells a similar story for Ohio. For the fourth month out of the last five, the index was unchanged. It was higher by only 0.6% from six months earlier, compared with a 1.7% increase during the previous six-month stretch. Compared with a year earlier, the indicator was higher by 1.2% in November.

The diffusion of positive readings in the individual leading indexes from the Federal Reserve Bank of Philadelphia across states remained high. The leading index was negative for only three states in December, down from an expansion-high of nine 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 – so, the breadth of increases across states strongly suggests continued expansion in the national economy at least in the near term.

The economy in and around Ohio continued to expand at a moderate pace during the six weeks ended in mid-January, according to a survey by the Federal Reserve Bank of Cleveland. Most of the respondents reportedly had a positive outlook for 2014 and expected demand to remain at current levels or increase.

The consensus among forecasters is that real GDP will slow in the first half before picking up steam heading into late 2014 and early 2015. IHS Global Insight projects that real GDP is expanding at slightly less than 2.0% in the current quarter and will speed up to just over 3.0% by year end. In addition, the forecasting firm projects growth from the fourth quarter of 2014 to the fourth quarter of 2015 of approximately 3.5%.

Employment



Labor markets continued to improve at a modest pace in January. **Total nonfarm payroll employment** increased by 113,000 jobs in January, compared with a consensus forecast of approximately 180,000. The December change was revised higher by only 1,000 workers to 75,000, but the November change was revised upward by 33,000 workers to an increase of 274,000. Weather reportedly was a major factor holding back job gains in December, but was supposedly less of a factor in January.

The average increase in payrolls of 94,000 during December and January compared with average monthly job growth of approximately 200,000 during the past year. During the last twelve months, total payrolls increased by 2.238 million jobs, or an average of 187,000 jobs per month. Interpretation of the recent trend remains somewhat clouded by the temporary exit in October and return in November of furloughed federal government workers and the onset of harsh weather across much of the country in December that lasted into January.

The **unemployment rate** decreased to 6.6% in January from 6.7% in December. That marks the lowest level for the unemployment rate since October 2008 – at the inception of the financial crisis. The broadest measure of unemployment – the so-called U-6 unemployment rate – decreased to 12.7% in January – the lowest level since November 2008.

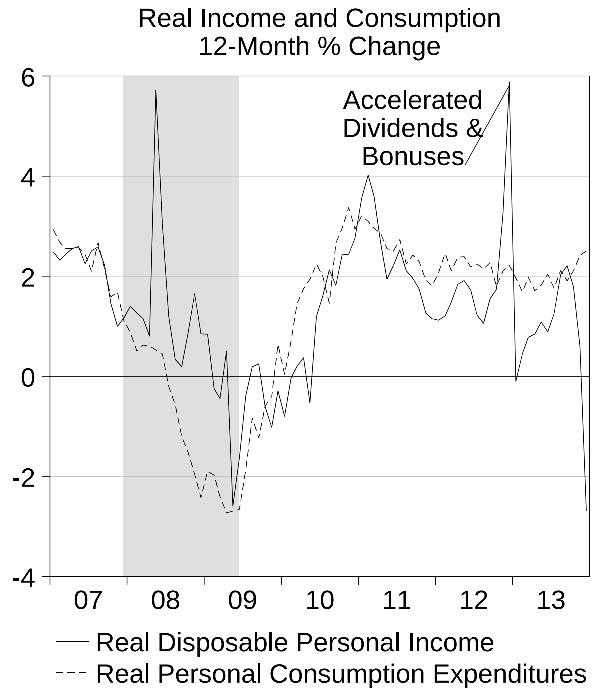
Job gains were concentrated in construction (+48,000), professional and business services (+36,000), and manufacturing (+21,000). Employment decreased in federal, state and local government (-29,000) and retail trade (-13,000).

Ohio total nonfarm employment increased by 5,000 jobs in December, largely recouping the decrease of 7,000 in November. Private sector job growth was slightly stronger, at 5,400 jobs. The December change brought the total employment increase for the year to +25,600 jobs. Private sector job growth for the year was 35,100 jobs. Employment growth has slowed notably in recent months, largely reflecting weakness in the government, information, financial activities and construction sectors. The strongest growth in employment has occurred recently in educational and health services, professional and business services, the trade, transportation and utilities sector, and leisure and hospitality.

The **Ohio unemployment rate** decreased in December to end the year at 7.2% – the lowest since last July. The rate is up 0.5 percentage points since the low for the cycle of 6.7% that was reached last December.

Consumer Income and Consumption

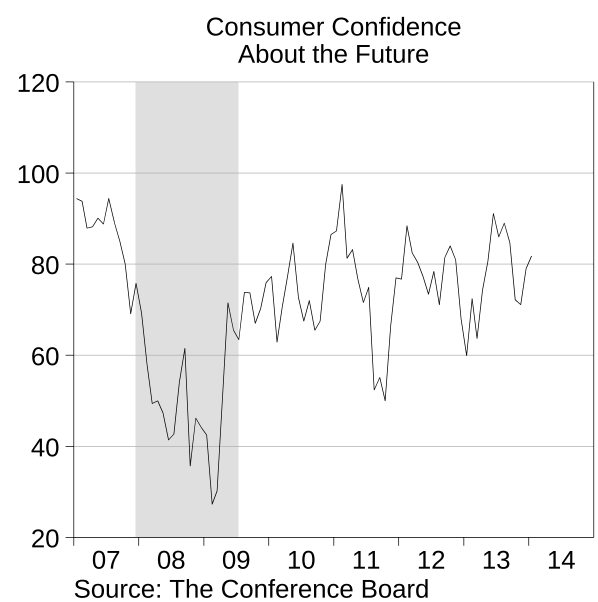
Households increased spending by a bit more than income again in December and made up the difference by saving less out of current income. **Personal consumption expenditures** increased 0.4%, whereas **personal income** was flat in December. The saving rate dipped to 3.9% of disposable income from 4.3% the month before and 5.1% as recently as September. Compared with a year earlier, income was down 0.8% and consumption was up 3.8%.



As shown in the chart below, growth in real income and consumption has diverged in recent months with spending growth picking up and income growth trailing off. The large decline in real disposable income on a year-over-year basis in December is the result of the steep temporary jump in December 2012 prompted by taxpayer actions to avoid possible or actual tax increases that started in 2013.

Real consumer spending growth in the fourth quarter was the fastest in three years. Spending on services and non-durable goods was particularly strong, despite the weakness in consumer confidence in September and October.

Retail sales at the start of the holiday shopping period in and around Ohio were above year ago levels, according to the Fed survey. Sales of electronics, cold weather apparel and footwear were especially brisk. Some retailers reported a softening in sales during the course of December. Promotions were reportedly higher than normal for this time of year. Sales of new motor vehicles are expected to be strong in 2014, but not to increase by as much as in 2013.



Consumer confidence recovered nicely in December and largely held its ground in January. The Conference Board measure is not quite back to its June high due to the incomplete rebound in expectations, but the assessment of current conditions is the best since before the financial crisis hit in 2008. The Reuters/University of Michigan survey has followed a similar pattern.

Manufacturing

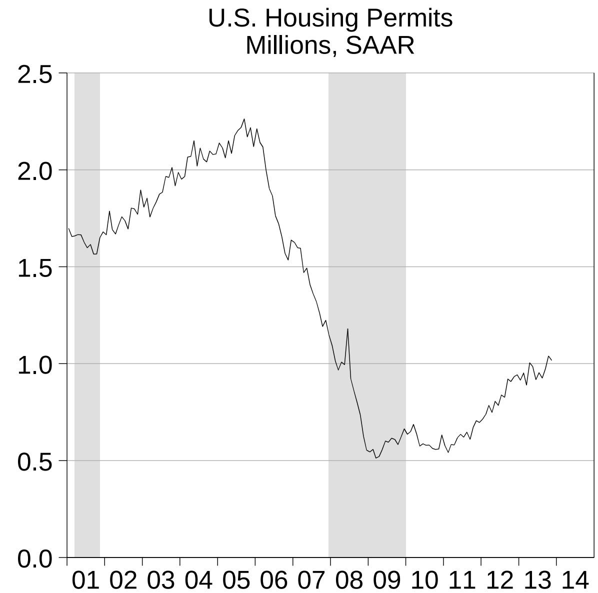
Industrial production tacked 0.3% in December onto the 1.0% gain in November. The November increase reflected harsher than normal weather, which boosted utility output, but the December increase was due to broad-based increases across industries in manufacturing, which increased 0.4%. Mining output increased 0.8%, as activity further recovered from October storm shutdowns. Utility output increased 3.0%, reflecting the early arrival of cold weather. Compared with a year earlier, industrial production was higher by 3.2% and manufacturing output was higher by 2.6%. Capacity use increased to 79.2% – the highest since May 2008. In manufacturing, capacity use increased to 77.2% – the highest since March 2008.

Of particular importance to the Ohio economy, motor vehicle assemblies increased 2.3% to a seasonally adjusted annual rate of 11.5 million units in December – about 830,000 units above the average during the previous twelve months. Production across other industries that are important to Ohio was mixed. Production of **primary metal** increased by 1.4% in December, production of **fabricated metal** decreased 0.5%, and production of **machinery** decreased 1.9%. 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.

Factories in and around Ohio reported that demand continued at a moderate to robust level during the month and a half ending in mid-January, according to the Federal Reserve Bank of Cleveland survey. The strongest activity was reported by suppliers to the aerospace, housing, motor vehicle, and oil and gas industries. Defense contractors expect that the recently enacted federal budget will boost activity in the year ahead. Steel producers reported stable to slowly increasing shipments, primarily due to demand from the transportation and oil and gas industries. Defense orders remained weak.

As a counterpoint to the recent upturn in manufacturing activity, the **Purchasing Managers' Index** moved sharply lower in January, although it remained just above the neutral level of 50 for the eighth straight month. The composite index edged fell to 51.3 from 56.5, and the new orders and production indexes decreased from 64.4 to 51.2 and from 61.7 to 54.8, respectively. The commentary from purchasing managers who responded to the survey included many references to the harsh weather, so perhaps this result is artificially low.

Construction



Construction put-in-place inceased by 0.1% in December. The weak month followed growth at a 9.3% annual pace during the three previous months. From the low point in February 2011, construction spending has increased 23.4%, or at an annual rate of 7.7% during the 34 months ending in December 2013. Despite this gain, the pace of construction remains 23.3% below the monthly peak reached in March 2006.

Compared with a year earlier, total construction put-in-place was higher by 7.2% in December. Private construction was up 10.8%, while public construction was essentially flat. Propelled by both single-family and multi-family categories, private residential construction was higher by 24.9%. Nonresidential construction decreased 1.7% from December 2013, held back by power (-25.7%), communication (-13.0%) and religious (-6.5%). Lodging (+32.7%), transportation (+24.3%), and commercial (+227%) were the fastest growers.

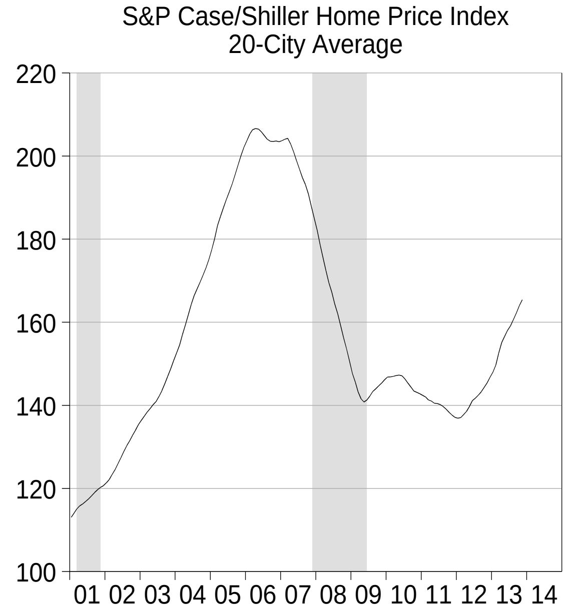
Housing starts were strong again in December, lifting the 3-month moving average 4.4% for the month after an 8.4% increase the month before. Across the Midwest, starts fell by 3.1%, but the decline was entirely due to a decrease in multi-family starts. Single family starts in the Midwest increased by 5.3% on top of a 5.6% increase in November.

Housing permits were essentially flat across the country and down in the Midwest. U.S. permits increased 0.6% in December on a 3-month moving average basis to 9.4% above the year earlier level. The year-over-year rate of change was 31.8% in January 2013. Total permits fell 7.6% in the Midwest, with single family permits down 3.2%.

Homebuilders in and around Ohio reported starts of both single family and multi-family homes at a robust pace, according to the Federal Reserve of Cleveland. The strongest activity seems to have occurred for higher priced homes; relatively few starter homes were reportedly under construction. The inventory of improved lots was reported to be low.

Existing home sales decreased across the country and in the Midwest for the third month in a row on a 3-month moving average basis. Nationally, sales fell 2.8% in December after a 3.6% decrease in November. In the Midwest, sales fell 3.6% in December after a 4.2% decrease in November. The **inventory of existing homes for sale** remained low in December. Available existing homes for sale decreased to 1.86 million units – the lowest since January 2013 and only 4.6 months of supply at the current pace of sales. The **inventory of new homes for sale** increased slightly in absolute terms and increased to 5.0 months of supply.

Home prices increased for the twenty-second straight month in November, according to the S&P/Case-Shiller Index of prices in 20 major markets. The index was 13.8% above its year ago level and 20.8% above its recession trough, but remained 19.9% below the peak reached in April 2006. Home prices in Cleveland increased 1.2% in November, marking – in combination with solid increases in September and October –a significant upturn from a flat pattern for a number of months. Cleveland home prices are 6.0% higher than a year earlier, but remain 13.2% below the peak reached in January 2006.



REVENUES

January **GRF receipts totaled $3,108.1 million** and were $344.4 million (12.5%) above the estimate. Monthly tax receipts totaled $2,129.2 million and were $179.7 million (9.2%) above the estimate, while non-tax receipts totaled $978.9 million and were $164.8 million (20.2%) above estimate. Variances for the fiscal year to date by category are provided in the following table ($ in millions).

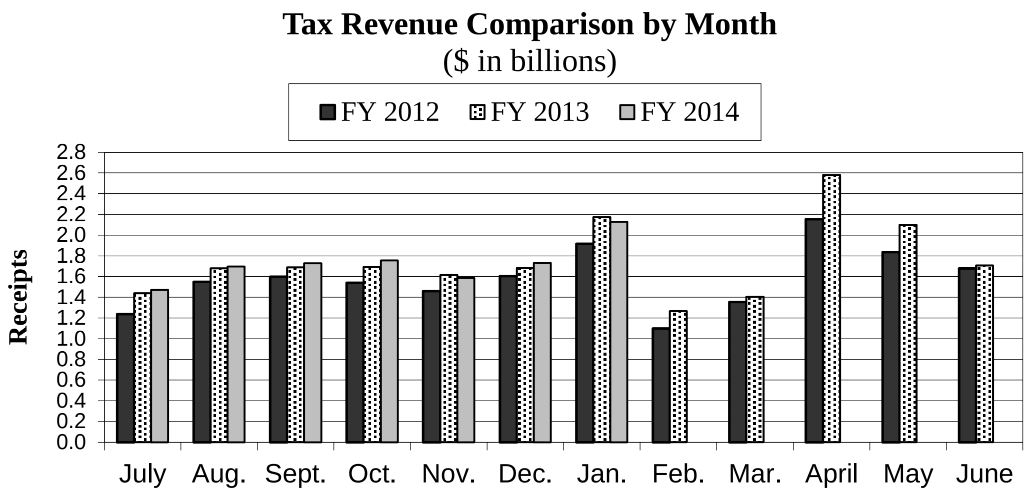
Category	Includes:	YTD Variance	% Variance
Tax receipts	Sales & use, personal income, corporate franchise, financial institutions, commercial activity, MCF, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate	$186.1 million	1.6%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	$150.4 million	2.8%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$46.3 million	723.9%
TOTAL REVENUE VARIANCE:		$382.8 million	2.2%

On a year-over-year basis, monthly receipts were $258.5 million (9.1%) more than they were in January of the previous year, primarily as a result of a $313.2 million (47.8%) year-over-year increase in federal grants. Despite a large gain in non-auto sales and use tax receipts, which collected $101.9 million (14.9%) more than in the same month last year, total tax receipts were $44.7 million (2.1%) below last year's collections for January. The decline in tax receipts can be mostly attributed to a large decline in personal income tax receipts of $173.0 million (14.0%) as compared to last year's total for January. This is largely the impact of the 9% cut in withholding rates implemented in September 2013, and the first impacts of the 2013 tax rate cuts (8.5%) and the small business deduction (50%). As planned, there were no liquor profits transfers this month, since the liquor enterprise and its profits have been leased to JobsOhio.

GRF Revenue Sources Relative to Monthly Estimates – January 2014
($ in millions)

Individual Sources Above Estimate		Individual Sources Below Estimate	
Non-Auto Sales and Use Tax	$17.2	Auto Sales and Use Tax	($3.0)
Personal Income Tax	$188.2	Financial Institutions Tax	($32.8)
Corporate Franchise Tax	$13.3	Commercial Activity Tax	($6.7)
MCF Tax	$1.1	License & Fees	($2.8)
Federal Grants	$167.1	ISTV's	($1.2)
Earnings on Investments	$2.2		
Other Sources Above Estimate	$2.7	Other Sources Below Estimate	($0.8)
Total above	**$391.7**	**Total below**	**($47.3)**

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



Non-Auto Sales and Use Tax

January non-auto sales and use tax receipts totaled $788.1 million and were $17.2 million (2.2%) above the estimate. This surplus was nearly equal to the shortage in December. Thus, year-to-date collections improved somewhat, yet remain below estimate by $10.2 million (0.2%). On a year-over-year basis, January 2014 receipts were $101.9 million (14.9%) above the $686.2 million collected in January 2013. The size of the annual year-over-year increase was in part due to the base and rate changes enacted in H.B. 59 (the state tax rate has been 4.5% higher than it was since September, which has since boosted collections). Higher collections from Medicaid health insuring corporations (MHICs) have also played a part, as Medicaid spending for certain categories of cases have begun to shift to managed care capitation payments subject to the sales tax.

Auto Sales Tax

January auto sales tax revenues fell short of the estimate for the second time this fiscal year, (having also missed the estimate in November) as receipts totaled $89.7 million and were $3.0 million (3.2%) below the estimate. Year-to-date collections remain above estimates by $21.9 million (3.3%), despite the slowdown in January, which could be attributable to extreme winter conditions. On a year-over-year basis, monthly receipts were $3.3 million (3.8%) higher than receipts for the same month in the previous year, while year-to-date receipts for the first half of the fiscal year were $61.7 million (10.0%) above those for the same period in the prior fiscal year. As mentioned in the non-auto sales tax section, this year-over-year increase is partly due to the rate changes enacted in H.B 59.

Personal Income Tax

January personal income tax receipts totaled $1,062.5 million and were $188.2 million (21.5%) above the estimate. The majority of this overage was due to lower-than-expected refunds, which is likely tied to a delay in the beginning of the filing season by the IRS. The IRS didn't begin accepting tax returns until January 31st, which likely resulted in delayed filings at the state level as well. January refunds totaled $67.1 million and were $116.1 million short of the estimate of $183.2 million - a shortfall of 63.4%. This situation is expected to be resolved as the tax filing season unfolds in the coming months, thus bringing refunds more in line with estimates.

Quarterly estimated payments also contributed to the overage in January. Receipts for this component totaled $345.6 million, which exceeded the estimate by $72.4 million (26.5%). There is not enough information to determine the reason for this overage at present. It is possible that this could be partially due to unanticipated growth in non-wage income such as dividends and capital gains. On the other hand, it is also possible that the overage is due, in part, to the timing of the impact of the new income tax deduction for small business income and/or the overall rate cuts (enacted in H.B. 59 of 130th G.A.) being different than what OBM estimated. OBM estimated the impact of the rate cuts and the deduction on different categories of payments such as estimated payments, annual returns, and refunds based on the experience with analogous tax cuts at the federal level and in other states, but these estimates were understood to be subject to substantial uncertainty. Taxpayers may not have reduced their estimated payment to reflect their tax savings from the deduction or the rate cuts to the extent anticipated. As a result refunds could be larger than estimated in the coming months as taxpayers file their annual returns. Unfortunately, it will be difficult to judge whether this is the case until much later in the income tax filing season.

The payments associated with annual returns were another component with a positive overage in January. Receipts totaled $33.2 million and were $21.5 million (183.7%) above the estimate.

The withholding component continued its shortfall for the third consecutive month. Receipts totaled $761.5 million and were $19.0 million (2.4%) below the estimate of $780.5 million. The year-to date variance vs. estimate for this component is now -$0.7 million (0.0%).

On a year-over-year basis, January personal income tax receipts were $173.0 million (14.0%) below the January 2013 level. The quarterly estimated payments component was the main source of this slack with receipts that were $90.0 million (20.7%) below the same month a year ago. Year-to-date, personal income tax receipts for the first seven months in fiscal year 2014 exceeded the estimate by $234.3 million (4.6%) but were lower by $178.5 million (3.2%) than the level in the corresponding period of fiscal year 2013. Collections are lower than the year before primarily due to the tax rate cuts and new small business deduction enacted for tax year 2013 by the current operating budget bill (HB 59). As mentioned in the economic overview, there is also the impact from the acceleration of income into tax year 2012 to avoid federal tax increases, which boosted FY 2013 income tax revenues but also acts to depress FY 2014 growth.

FY2014 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	$780.5	$761.5	($19.0)	$4,677.8	$4,677.1	($0.7)
Quarterly Est.	$273.2	$345.6	$72.4	$781.6	$836.4	$54.8
Trust Payments	$13.8	$10.8	($3.0)	$28.8	$24.0	($4.8)
Annual Returns & 40 P	$11.7	$33.2	$21.5	$159.5	$190.5	$31.0
Other	$7.8	$8.1	$0.3	$68.1	$55.6	($12.5)
Less: Refunds	($183.2)	($67.1)	$116.1	($412.9)	($245.5)	$167.4
Local Distr.	($29.5)	($29.6)	($0.1)	($200.7)	($201.6)	($0.9)
Net to GRF	**$874.3**	**$1,062.5**	**$188.2**	**$5,102.2**	**$5,336.5**	**$234.3**

Corporate Franchise Tax

As noted in previous months' reports, although corporate franchise tax has been eliminated, prior year settlement activity continues, and has resulted in receipts of $13.3 million in January, while the estimate for the tax was zero. Small amounts of settlement activity and refunds are likely to occur in the months ahead. On a year-over-year basis, January 2014 receipts for this tax source were $14.8 million (52.7%) below those of January 2013.

Financial Institutions Tax

January was the first month of collections for the new financial institutions tax. Receipts totaled $41.2 million and were $32.8 million (44.4%) below the estimate. This variance is likely attributable to the due date of the tax being January 31st and the posting of payments expected in January occurring in early February. Based on results seen early in the month of February, OBM expects combined collections for January and February to at least meet the two month estimate for the tax.

Commercial Activity Tax

January GRF receipts from the commercial activity tax (CAT) totaled $29.5 million and were $6.7 million (18.5%) below the $36.2 million estimate. Year-to-date GRF CAT receipts totaled $418.1 million and were $35.8 million (7.9%) below estimate.

All-funds CAT receipts for January (net of refunds) totaled $68.3 million and were $4.7 million below the $73.0 million estimate. All-funds receipts for the year-to-date totaled $879.9 million and were $82.8 million (8.6%) below the estimate.

Year-to-date, GRF CAT receipts have decreased by $12.1 million (2.8%), while all-funds CAT receipts are $8.5 million (0.7%) above the same point in fiscal year 2013. The explanation for the decline in GRF receipts, while all-funds revenues have grown, is that starting with November, some CAT receipts are being deposited in the new motor fuel fund. Thus, the 50% share of CAT revenues going to the GRF is being calculated against a smaller base that excludes motor fuel related collections ($25.8 million year-to-date).

Kilowatt-Hour Tax

January kilowatt hour tax receipts totaled $26.0 million and were $0.9 million (3.6%) above estimate for the third month in a row. Year-to-date collections continued to improve from earlier in the year yet still were below the estimate by $7.6 million (4.2%). On a year-over-year basis, this tax source was $2.3 million (9.7%) above the January 2013 level. This month's surplus may reflect heightened demand for energy following more extreme winter conditions.

Cigarette Tax

Cigarette tax receipts for the month of January totaled $67.6 million, slightly exceeding the estimate of $67.2 million. On a year-over-year basis, January 2014 cigarette tax receipts were $2.7 million (3.9%) below the level for the same month of the previous fiscal year. Year-to-date, the collection for the first seven months of FY 2014 has exceeded the estimate by $3.5 million (0.8%), and was marginally higher by $0.02 million (0.0%) than the level in the corresponding period of fiscal year 2013.

GRF non-tax receipts totaled $978.9 million in January and were $164.8 million (20.2%) above estimate. Nearly all of the variance can be attributed to Medicaid revenue received under the federal grants line. Medicaid revenue exceeded the estimate by $167.1 million for the month. Adjustments for past periods more than offset shortfalls due to Medicaid underspending. Also contributing to the positive variance in January were earnings on investments that totaled $4.7 million and exceeded the estimate by $2.2 million (87.0%). On a year-over-year basis, January non-tax receipts were $313.6 million (47.1%) higher than January 2013. There were no **GRF transfers** for January. Year-to-date, transfers total $52.7 million and are $46.3 million (723.9%) above estimates, mostly due to November's transfer back of $34.6 million in CAT revenue into the GRF, following the determination that the original fiscal year 2013 transfer of revenue from the GRF to the motor fuel fund had been too high. This reconciliation, required by statute, was made once actual tax return date became available.

Table 1

GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2014 VS ESTIMATE FY 2014
($ in thousands)

	MONTH				YEAR-TO-DATE			
REVENUE SOURCE	ACTUAL JANUARY	ESTIMATE JANUARY	$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	788,145	770,900	17,245	2.2%	4,711,104	4,721,300	(10,196)	-0.2%
Auto Sales & Use	89,747	92,700	(2,953)	-3.2%	679,285	657,400	21,885	3.3%
Subtotal Sales & Use	877,893	863,600	14,293	1.7%	5,390,389	5,378,700	11,689	0.2%
Personal Income	1,062,453	874,300	188,153	21.5%	5,336,534	5,102,200	234,334	4.6%
Corporate Franchise	13,307	0	13,307	N/A	(5,236)	0	(5,236)	N/A
Financial Institutions Tax	41,173	74,000	(32,827)	-44.4%	41,293	74,000	(32,707)	-44.2%
Commercial Activity Tax	29,494	36,200	(6,706)	-18.5%	418,122	453,939	(35,817)	-7.9%
Public Utility	(38)	(200)	162	80.8%	48,096	46,100	1,996	4.3%
Kilowatt Hour	25,994	25,100	894	3.6%	173,941	181,550	(7,609)	-4.2%
MCF Tax	1,967	900	1,067	118.6%	20,676	17,900	2,776	15.5%
Foreign Insurance	4	200	(196)	-98.2%	146,641	142,700	3,941	2.8%
Domestic Insurance	(6)	0	(6)	N/A	98	1,000	(902)	-90.2%
Other Business & Property	0	0	0	N/A	455	0	455	N/A
Cigarette	67,593	67,200	393	0.6%	438,473	435,000	3,473	0.8%
Alcoholic Beverage	4,209	3,900	309	7.9%	32,669	32,100	569	1.8%
Liquor Gallonage	4,268	4,300	(32)	-0.7%	25,187	24,700	487	2.0%
Estate	926	0	926	N/A	30,045	21,400	8,645	40.4%
Total Tax Receipts	2,129,237	1,949,500	179,737	9.2%	12,097,384	11,911,289	186,095	1.6%
NON-TAX RECEIPTS								
Federal Grants	968,988	801,927	167,061	20.8%	5,555,133	5,373,935	181,198	3.4%
Earnings on Investments	4,675	2,500	2,175	87.0%	8,420	5,500	2,920	53.1%
License & Fees	3,194	6,000	(2,806)	-46.8%	14,053	42,000	(27,947)	-66.5%
Other Income	2,012	2,375	(363)	-15.3%	11,823	16,625	(4,802)	-28.9%
ISTV'S	1	1,250	(1,249)	-100.0%	7,741	8,750	(1,009)	-11.5%
Total Non-Tax Receipts	978,869	814,052	164,817	20.2%	5,597,169	5,446,810	150,359	2.8%
TOTAL REVENUES	3,108,105	2,763,552	344,553	12.5%	17,694,553	17,358,099	336,454	1.9%
TRANSFERS								
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	0	200	(200)	N/A	47,215	6,400	40,815	637.7%
Temporary Transfers In	0	0	0	N/A	5,516	0	5,516	N/A
Total Transfers	0	200	(200)	N/A	52,730	6,400	46,330	723.9%
TOTAL SOURCES	3,108,105	2,763,752	344,353	12.5%	17,747,284	17,364,499	382,785	2.2%

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

	MONTH				YEAR-TO-DATE			
REVENUE SOURCE	JANUARY FY 2014	JANUARY FY 2013	$ VAR	% VAR	ACTUAL FY 2014	ACTUAL FY 2013	$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	788,145	686,235	101,910	14.9%	4,711,104	4,360,126	350,979	8.0%
Auto Sales & Use	89,747	86,421	3,327	3.8%	679,285	617,573	61,712	10.0%
Subtotal Sales & Use	877,893	772,656	105,236	13.6%	5,390,389	4,977,698	412,691	8.3%
Personal Income	1,062,453	1,235,414	(172,960)	-14.0%	5,336,534	5,515,063	(178,529)	-3.2%
Corporate Franchise	13,307	28,117	(14,810)	-52.7%	(5,236)	79,776	(85,012)	-106.6%
Financial Institutions Tax	41,173	0	41,173	N/A	41,293	0	41,293	N/A
Commercial Activity Tax	29,494	32,768	(3,274)	-10.0%	418,122	430,251	(12,130)	-2.8%
Public Utility	(38)	1,030	(1,069)	-103.7%	48,096	45,005	3,091	6.9%
Kilowatt Hour	25,994	23,689	2,305	9.7%	173,941	182,119	(8,178)	-4.5%
MCF Tax	1,967	1,770	198	11.2%	20,676	16,959	3,717	21.9%
Foreign Insurance	4	444	(440)	-99.2%	146,641	142,882	3,759	2.6%
Domestic Insurance	(6)	0	(6)	N/A	98	4,625	(4,527)	-97.9%
Other Business & Property	0	11	(11)	N/A	455	371	84	22.6%
Cigarette	67,593	70,313	(2,720)	-3.9%	438,473	438,452	21	0.0%
Alcoholic Beverage	4,209	3,360	849	25.3%	32,669	32,059	610	1.9%
Liquor Gallonage	4,268	4,165	103	2.5%	25,187	24,416	770	3.2%
Estate	926	207	719	347.8%	30,045	73,579	(43,535)	-59.2%
Total Tax Receipts	2,129,237	2,173,943	(44,706)	-2.1%	12,097,384	11,963,257	134,128	1.1%
NON-TAX RECEIPTS								
Federal Grants	968,988	655,783	313,205	47.8%	5,555,133	4,815,589	739,544	15.4%
Earnings on Investments	4,675	2,185	2,490	113.9%	8,420	4,448	3,972	89.3%
License & Fee	3,194	5,740	(2,546)	-44.4%	14,053	17,094	(3,041)	-17.8%
Other Income	2,012	1,495	517	34.6%	11,823	7,318	4,505	61.6%
ISTV'S	1	79	(78)	-99.3%	7,741	12,315	(4,575)	-37.1%
Total Non-Tax Receipts	978,869	665,281	313,587	47.1%	5,597,169	4,856,764	740,405	15.2%
TOTAL REVENUES	3,108,105	2,839,224	268,882	9.5%	17,694,553	16,820,020	874,533	5.2%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	0	10,000	(10,000)	N/A	0	88,000	(88,000)	N/A
Transfers In - Other	0	379	(379)	N/A	47,215	9,251	37,964	410.4%
Temporary Transfers In	0	0	0	N/A	5,516	0	5,516	N/A
Total Transfers	0	10,379	(10,379)	N/A	52,730	97,251	(44,521)	-45.8%
TOTAL SOURCES	3,108,105	2,849,603	258,502	9.1%	17,747,284	16,917,271	830,012	4.9%

DISBURSEMENTS

January GRF disbursements, across all uses, totaled $2,594.9 million and were $72.3 million (2.9%) above estimate. This was primarily attributable to higher than estimated disbursements in the Primary and Secondary Education category, which more than offset lower than expected spending in the Medicaid and Health and Human Services categories. On a year-over-year basis, January total uses were $363.2 million (16.3%) higher than those of the same month in the previous fiscal year, with the Primary and Secondary Education and Medicaid categories largely responsible for the increase. 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)	($58.7 million)	-0.3%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	($18.1 million)	-1.5%
TOTAL DISBURSEMENTS VARIANCE:		($76.8 million)	-0.4%

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. January disbursements for this category totaled $808.7 million and were $213.8 million (35.9%) above the estimate. Expenditures for the school foundation program totaled $743.9 million and were $186.1 million (33.4%) above the estimate. The variance in the foundation lines for January can be attributed to three foundation payments disbursing during the month, rather than the two as planned. If not for the third payment, disbursements would have been lower than estimated for the month. The variance in the non-foundation lines for January can be attributed to the implementation of the new pre-school special education funding formula, as modified in H.B. 59, which resulted in one-time catch up payments retroactive to the beginning of the fiscal year.

Year-to-date expenditures for this category totaled $4,390.3 million and were $447.1 million (11.3%) above the estimate. This was largely driven by the school foundation program, which has year-to-date expenditures of $4,123.9 million and was $443.1 million (12.0%) above the estimate. In addition to the third payment disbursing in January, which was not estimated, the year-to-date variance in the foundation funding line items was due to the implementation of the new school funding system enacted in H.B. 59 during the months of October and November, 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.

In the coming months, disbursements should be less than planned, and total disbursements are not expected to exceed the total disbursement estimate for the year.

Higher Education

January disbursements for Higher Education totaled $176.2 million and were $10.1 million (6.0%) above the estimate for the month. Year-to-date disbursements were $1,210.5 million, which was $9.7 million (0.8%) below the estimate. The monthly 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 the majority of their subsidy line items. A portion of these temporarily delayed subsidy payments were disbursed in January, resulting in a higher monthly disbursement as compared to the original estimate.

On a year-over-year basis, disbursements in this category were $13.4 million (8.2%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $24.4 million (2.1%) higher 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. January disbursements in this category totaled $2.9 million and were $3.6 million (54.9%) below estimate. The variance in this category was primarily attributable to the disbursement of the Ohio Historical Society's subsidy appropriation in late December rather than in early January as estimated.

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 $8,482.8 million, which was $308.4 million (3.5%) below the estimate and $426.7 million (5.3%) above the same point in the previous fiscal year. GRF Disbursements in January totaled $1,172.8 million and were $97.4 million (7.7%) below the estimate and $141.7 million (13.7%) above disbursements in January 2013.

January all-funds disbursements were $1,560.5 million and were $177.4 million (10.2%) below the estimate and $174.4 million (10.1%) below this point in the previous fiscal year.

The chart below shows the current month's disbursement variance by funding source. Please note that estimates are based on the appropriations as passed in Am. Sub. H.B. 59.

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

	January Projection	January Actual	Variance	Variance %
GRF	$ 1,270.2	$ 1,172.8	$ (97.4)	-7.7%
Non-GRF	$ 467.7	$ 387.8	$ (79.9)	-17.1%
All Funds	$ 1,737.9	$ 1,560.5	$ (177.4)	-10.2%

Categorical Variances

Health Homes for Individuals with Severe and Persistent Mental Illness – January spending within this category was $29.6 million below estimate primarily due to an adjustment in the program rollout timeline to work with stakeholders.

DDD Services – Medicaid services contained within the Department of Developmental Disabilities including Intermediate Care Facilities for Individuals with Intellectual Disabilities was $30.7 million under estimate this month, which was primarily attributable to a cost report settlement originally expected to be paid in January being delayed into future months.

All Agency Administration – Medicaid administrative expenditures across the agencies was $45.8 million under estimate for the month of January. This expenditure variance was due several reasons, including the timing of payments related to administrative and county claiming.

Managed Care – Managed care expenditures were $25.6 million below the estimate. The majority of this variance can be attributed to lower than budgeted caseload and service cost.

ACA Physician Fee Increase – Spending for this federally-mandated and 100% federally-funded increase was $32.2 million over the estimate mainly due to the disbursement of certain provider-related costs not known at the time when estimates were finalized.

All Other – Spending in this category was $17.6 million under estimate mainly due to certain waiver claims not being realized as quickly as projected.

Medicaid Extension – Medicaid benefits were extended to certain Ohioans who were previously ineligible effective January 1, 2014. In January, expenditures in this 100% federally-funded, non-GRF category totaled $1.0 million. As this is the first month that those newly-eligible enrolled individuals could receive coverage, this number is also year-to-date, and represents 0.2% of the $561.7 million appropriated for the 2014 fiscal year.

Enrollment

Total January enrollment across all categories was 2.38 million. The most significant components are the Covered Families and Children (CFC) category, which increased by 12,407 persons to a January total of 1.68 million persons, and the Aged, Blind and Disabled (ABD) category, which decreased by 1,670 people to a January total of 439,800 covered lives. Individuals covered under extended Medicaid benefits (eligibility group VIII) totaled 23,156, and are included as part of the larger CFC category.

Total enrollment across all categories for the same period last year was 2.4 million covered persons, including 1.69 million persons in the CFC category and 410,802 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.

January disbursements in this category totaled $101.6 million and were $39.3 million (27.9%) below projected spending for the month.

Department of Aging:

January disbursements for the Department of Aging totaled $1.7 million and were $0.1 million (6.9%) over estimate for the month primarily due to delays in receiving federal funds prompted some grantees requested more from the Alzheimer's Respite line item to maintain service levels. Year-to-date expenditures were $6.3 million, which was $0.1 million (2.0%) over estimate.

Department of Job and Family Services

The Ohio Department of Job and Family Services GRF disbursements for the month of January totaled $41.6 million, which was $20.2 million (32.7%) below estimate. Selected major variances were attributable to the following:

- TANF State/Maintenance of Effort disbursements were $11.0 million (42.2%) below estimate due to lower than estimated Ohio Works First payments and a county finance draw of $10.0 million for TANF administrative allocation not occurring during the month as anticipated.
- Child Care State/Maintenance of Effort disbursements were $6.0 million above estimate due to changes in the disbursement schedule caused by the federal shutdown, as discussed in previous reports.
- Family & Children Services disbursements were $11.0 million (97.2%) below estimate due to county payments for the State Child Protective Allocation being processed in December instead of January as expected.
- Early Care and Education disbursements were $2.4 million (42.1%) below estimate due to lower than estimated caseloads and costs, and changes in the disbursement schedule caused by the federal shutdown.

Department of Health

January disbursements totaled $5.4 million and were $2.4 million (31%) below estimated expenditures for the month. This was primarily attributable to the following major variances:

- Help Me Grow disbursements were $0.6 million (18%) below reported estimates. This was attributable to planned expenditures occurring earlier than originally estimated.
- Immunizations disbursements were $0.3 million (56%) below projections, 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.
- Breast and Cervical Cancer disbursements were $0.3 million (95%) below projections, as planned expenditures for this month occurred earlier in the fiscal year.
- Infant Vitality disbursements were $0.3 million (96%) below reported estimates. As this line item was created in House Bill 59 and the associated programs are still in their early stages, spending is occurring at a slower rate than originally predicted. This variance is predicted to be offset future months.

Opportunities for Ohioans with Disabilities

January disbursements totaled $3.1 million, which was $1.1 million (56%) above estimated expenditures for the month. This is primarily attributable to the Services for People with Disabilities program, as its disbursements were $1.2 million over estimate. This occurred as expenditures that were estimated to be paid in earlier months were instead made in January.

Department of Mental Health and Addiction Services

January disbursements for the Department of Mental Health and Addiction Services totaled $30.3 million and were $16.2 million (33.8%) below the estimate. This variance was primarily due to payments in the Community Behavioral Health and Continuum of Care Service expected to be paid in January being in paid in later months instead. This was partially offset by higher than expected spending in the Hospital Services line.

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. January disbursements in this category totaled $178.6 million and were $4.5 million (2.4%) below than the projected totals.

Department of Rehabilitation and Correction
Department of Rehabilitation and Correction disbursements totaled $134.9 million in January, and were $3.2 million (2.3%) below the estimate. Department disbursements year-to-date were $849.1 million, which was $11.0 million (1.3%) 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 $26.5 million in January, and were $1.0 million (3.6%) below the estimate. Department disbursements year-to-date were $130.8 million, which was $7.1 million (5.2%) below estimate. These variances are 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. January disbursements in this category totaled $36.4 million and were $2.2 million (6.5%) above the estimate.

Department of Natural Resources
January disbursements for the Department of Natural Resources totaled $4.6 million and were $0.9 million above estimate (23.0%). Year-to-date disbursements were $35.1 million which was $2.2 million (6.7%) above the estimate. Major monthly variances were attributable to the Wildlife Central Support line, which was above estimate by $0.5 million due to a payment being made in January which was originally planned for February. The Parks and Recreation line was above estimate by $0.5 million due to spending GRF funds more quickly than planned.

Property Tax Reimbursements

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. January disbursements of property tax subsidies totaled -$0.01 and were $0.03 below the estimate for the month. The negative amounts disbursed in January were the result of corrections to payments from prior months. Through January, tax relief disbursements now total $893.1 million and are $10.1 million (1.1%) below the estimate of $903.2 million.

Debt Service

This category contains all debt service expenditures made from the GRF. December disbursements in this category totaled $117.7 million and were $2.4 million (2.0%) below the estimate.

Transfers Out

December transfers out of the GRF totaled $0.02 million and were under the estimate by $6.5 million. This was primarily due to a transfer originally estimated for January to the Managed Care Performance payment fund that will occur later in the fiscal year.

Table 3

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2014 VS ESTIMATE FY 2014
($ in thousands)

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	ACTUAL JANUARY	ESTIMATED JANUARY	$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	$ VAR	% VAR
Primary and Secondary Education	808,744	594,991	213,752	35.9%	4,390,272	3,943,186	447,085	11.3%
Higher Education	176,227	166,177	10,050	6.0%	1,210,506	1,220,247	(9,741)	-0.8%
Other Education	2,941	6,519	(3,578)	-54.9%	32,698	37,646	(4,949)	-13.1%
Medicaid	1,172,766	1,270,207	(97,442)	-7.7%	8,482,785	8,791,218	(308,434)	-3.5%
Health and Human Services	101,609	140,888	(39,279)	-27.9%	754,666	873,646	(118,981)	-13.6%
Justice and Public Protection	178,598	183,059	(4,461)	-2.4%	1,108,335	1,134,033	(25,697)	-2.3%
General Government	36,353	34,125	2,228	6.5%	215,588	230,760	(15,172)	-6.6%
Property Tax Reimbursements	(11)	22	(33)	-148.9%	893,056	903,194	(10,138)	-1.1%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	117,664	120,066	(2,401)	-2.0%	889,564	902,199	(12,636)	-1.4%
Total Expenditures & ISTV's	2,594,891	2,516,055	78,837	3.1%	17,977,469	18,036,130	(58,661)	-0.3%
			0					
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	995,930	995,930	0	0.0%
Operating Transfer Out	15	6,561	(6,545)	-99.8%	210,513	234,148	(23,635)	-10.1%
Temporary Transfer Out	0	0	0	N/A	5,516	0	5,516	N/A
Total Transfers Out	15	6,561	(6,545)	N/A	1,211,959	1,230,079	(18,119)	-1.5%
Total Fund Uses	2,594,907	2,522,615	72,292	2.9%	19,189,428	19,266,209	(76,781)	-0.4%

Table 4

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2014 VS ACTUAL FY 2013
($ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	JANUARY FY 2014	JANUARY FY 2013	$ VAR	% VAR	ACTUAL FY 2014	ACTUAL FY 2013	$ VAR	% VAR
Primary and Secondary Education	808,744	599,194	209,549	35.0%	4,390,272	3,859,007	531,265	13.8%
Higher Education	176,227	162,868	13,359	8.2%	1,210,506	1,186,083	24,423	2.1%
Other Education	2,941	4,558	(1,617)	-35.5%	32,698	32,952	(254)	-0.8%
Medicaid	1,172,766	1,031,066	141,700	13.7%	8,482,785	8,056,041	426,744	5.3%
Health and Human Services	101,609	119,646	(18,037)	-15.1%	754,666	706,686	47,979	6.8%
Justice and Public Protection	178,598	177,475	1,123	0.6%	1,108,335	1,106,091	2,244	0.2%
General Government	36,353	28,551	7,802	27.3%	215,588	205,093	10,495	5.1%
Property Tax Reimbursements	(11)	(73)	62	85.3%	893,056	871,199	21,857	2.5%
Capital Outlay	0	0	0	N/A	0	137	(137)	N/A
Debt Service	117,664	108,384	9,281	8.6%	889,564	809,150	80,414	9.9%
Total Expenditures & ISTV's	2,594,891	2,231,670	363,222	16.3%	17,977,469	16,832,440	1,145,029	6.8%
Transfers Out:								
BSF Transfer	0	0	0	N/A	995,930	235,096	760,834	323.6%
Operating Transfer Out	15	51	(35)	-69.8%	210,513	97,163	113,351	116.7%
Temporary Transfer Out	0	0	0	N/A	5,516	0	5,516	N/A
Total Transfers Out	15	51	(35)	N/A	1,211,959	332,259	879,700	264.8%
Total Fund Uses	2,594,907	2,231,720	363,186	16.3%	19,189,428	17,164,699	2,024,729	11.8%

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)

July 1, 2013 Beginning Cash Balance	**$ 2,639,250**
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
Total Sources Available for Expenditure & Transfer	**31,966,951**
Less FY 2014 Actual Disbursements	29,983,524
Less FY 2014 Actual Total Encumbrances as of June 30, 2014	439,068
Less FY 2014 Actual Transfers Out	1,257,369
Total Actual Uses	**31,679,961**
FY 2014 UNENCUMBERED ENDING FUND BALANCE	**286,991**

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