



August 11, 2014

*Revised August 12, 2014, with additional information on pages 8 and 9*

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

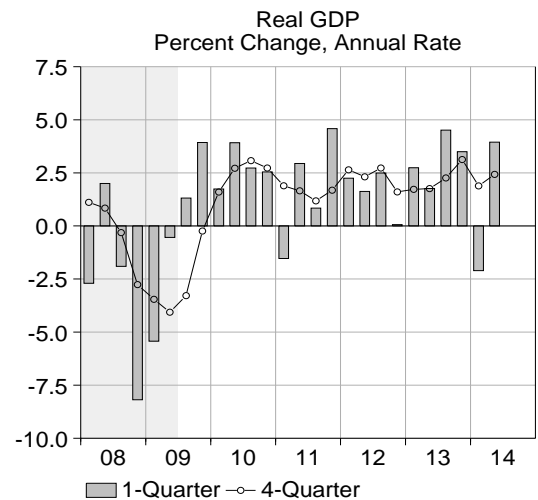
### Economic Performance Overview

- The economy grew at a 4.0% annual pace in the second quarter, and the first-quarter change was revised up from -2.9% to -2.1%.
- U.S. employment increased by 209,000 jobs in July. However, the unemployment rate increased to 6.2%.
- Ohio employment increased by 12,700 jobs in June and the unemployment rate stayed at 5.5% – the lowest point since before the 2007-09 recession.
- Leading economic indicators remain consistent with uninterrupted growth at a modest pace across the country and in Ohio despite the setback in overall growth during the first quarter.

### Economic Growth

Economic growth is back on track after a surprising setback in the first quarter. **Real GDP** rebounded at an annual rate of 4.0% in the second quarter. Annual benchmark revisions left first-quarter real GDP close to its previously reported level, but the recent quarterly pattern was altered significantly. Growth was revised higher in four of the most recent five quarters. In particular, the first-quarter change was revised up from -2.9% to -2.1%, and growth during the second half of last year was revised up from 3.4% to 4.0%. In contrast, quarterly growth rates were revised lower in nine of the ten quarters from mid-2010 through 2012. Compared with a year earlier, real GDP was up 2.4% in the second quarter – among the best year-over-year comparisons during this expansion.

The increase was broad-based, resulting from positive contributions - in order of magnitude - from personal consumption expenditures (particularly durable goods), inventory accumulation, exports, nonresidential fixed



investment, state and local government spending, and residential fixed investment. Imported goods and services, which are included in the other categories and subtracted as a separate category, increased.

**Consumer spending** accelerated from 1.2% in the first quarter to 2.5% in the second quarter, with the fastest growth occurring in the durable goods segment, as unit sales of light motor vehicles increased 6.6%, or 29.2% at an annual rate. Consumers accounted for 1.7 percentage points of the 4.0% increase in real GDP. Fixed business investment was solid but unspectacular across the board, and investment in residential structures made a positive contribution following two straight quarterly declines. Businesses added much more to inventories in the second quarter than in the first, contributing another 1.7 percentage points to overall growth. Together, consumer spending and inventory building accounted for 3.4 percentage points, or 85%, of first-quarter growth.

The upward revision to the change in real GDP during the first quarter primarily reflected upward revisions to personal consumption expenditures on durable goods, investment in nonresidential structures and equipment, and the change in business inventories. Government spending was essentially unrevised. Changes to all other major categories reduced the upward revision to the change in real GDP.

The rebound in real GDP during the second quarter is consistent with recent patterns in other major economic indicators, which also point to continued growth during the third quarter. In particular, leading indicators remain consistent with uninterrupted growth through the summer and into the fall.

The rate of change in **ECRI's Weekly Leading Index** remained steady at 3.4% on a 6-month smoothed annual rate basis in each of the six weeks ending in late July, pointing toward uninterrupted economic growth ahead. At the same time, the composite **Leading Economic Index** from the Conference Board has been strong, rising at an annual rate of 7.2% during the five months ending in June – an acceleration from 4.7% during the previous twelve months.

According to the **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, the Ohio economy has expanded at a solid pace in recent months. The index increased at an annual rate of 4.9% during the six months ending in June, up from 3.2% during the previous twelve months. 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 diffusion of changes in the Coincident Economic Index across the 50 states remained mixed but generally positive in June. The index increased for 42 states compared with the month before, up from 38 states in May. The index increased in 45 states compared with three months earlier, down from 47 states in May. The diffusion of increases and decreases across states in the past has been a reliable and timely indicator of turning points in the business cycle, and continues to suggest uninterrupted growth in the Ohio and national economies.

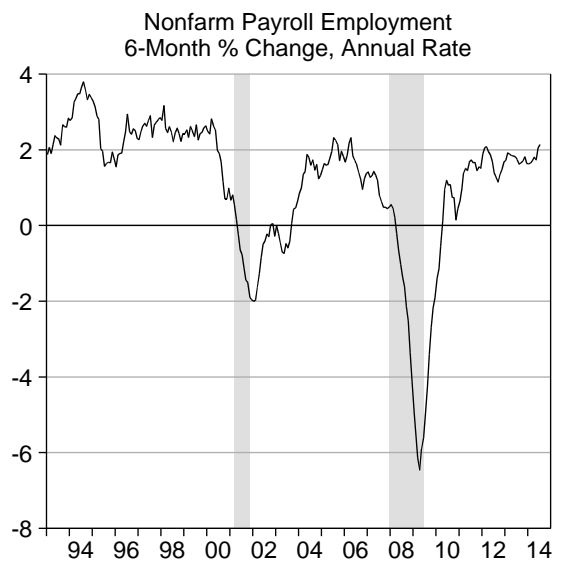
The companion **Ohio Leading Economic Index** was unchanged at 1.8% in June – the eighth month in a row near or above 2%. The index, which is compiled by the Federal Reserve Bank of Philadelphia, is designed to predict the rate of increase in the coincident index during the next six months. It reached a recent low of 1.2% in June 2013. At one point before revision, the August 2013 value had been slightly negative. 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 summer and into fall.



The diffusion of levels of the individual leading indexes from the Federal Reserve Bank of Philadelphia across states was stable and positive in June. The number of states with negative readings was unchanged at four in June and the May number was revised down from six to four. The recent pattern remains consistent with continued economic expansion.

### Employment

Labor markets continued to strengthen in June, as **nonfarm payrolls** increased by 209,000 jobs, and the changes in the two previous months were revised higher by a total of 15,000 jobs. The monthly change in payrolls has exceeded 200,000 jobs for six months in a row, averaging 244,000 jobs per month – the best six month average performance since April 2006. On a percentage change basis over the last six months, employment growth is close to the peak achieved in the last business cycle expansion, but still somewhat short of the peak reached during the 1990s expansion.



The **unemployment rate** was little changed in July, edging up by 0.1 percentage point to 6.2%, as new job seekers (a reported 329,000) entered the labor force. The broadest measure of unemployment, which includes people who would like to work but have stopped looking because of poor prospects, also edged up again to 12.2%. Average hourly earnings were little changed. Aggregate hours worked increased 0.2% again in July, the third straight increase at that pace.

The increase in payrolls during July was broad-based, with all major categories participating. Professional and business services led the way (+47,000), followed by trade, transportation and utilities (+39,000, primarily in retail), manufacturing (+28,000, all in durable goods),

construction (+22,000), leisure and hospitality (+21,000), education and health services (+17,000), and government (+11,000).

**Ohio employment** increased by 12,700 jobs in June, and the 2,900 job increase for May was revised to a 2,700 job decline. Year-to-date, Ohio employment is higher by 36,500 jobs, or 0.7 percent. Private sector jobs have increased by 38,900, or 0.9 percent. The increases have been concentrated in professional and business services (+15,400), manufacturing (+11,100), and leisure and hospitality (+5,800). Employment is lower on the year in government (-2,400), financial activities (-2,100), and construction (-200).

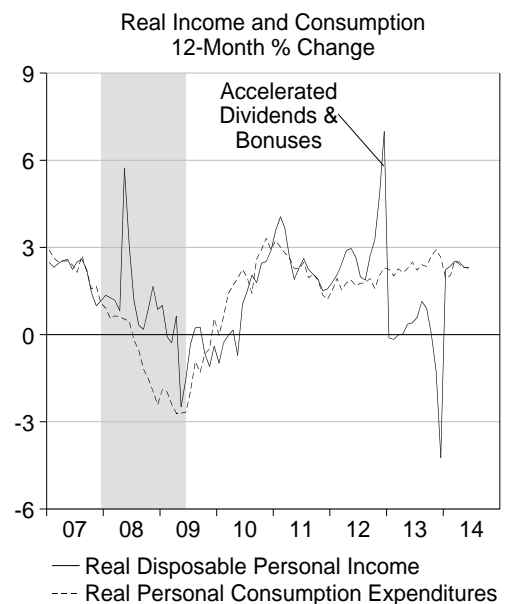
The **Ohio unemployment rate** stayed at 5.5% in June – the lowest level since early 2007. The Ohio unemployment rate was 7.1% at the end of last year. The rate was 7.5 percent last August, which was the peak for 2013. The reduction in the rate since August of last year resulted both from a decline in the number of unemployed people (-117,252) and a rise in the number of employed people (+70,940). The difference of about 46,000 people is the change in the labor force.

Among the **contiguous states**, year-over-year employment growth was strongest in Indiana (+2.2%), compared with increases in West Virginia (+1.5%), Kentucky (+1.1%), Ohio and Pennsylvania (+1.0%), and Michigan (+0.8%). Year-over-year growth in manufacturing was 2.4% in Ohio. Among the contiguous states, manufacturing employment increased 3.3% in Indiana, 2.5% in Michigan, and 0.6% in West Virginia and decreased 0.2% in Kentucky and 1.1% in Pennsylvania.

### **Consumer Income and Consumption**

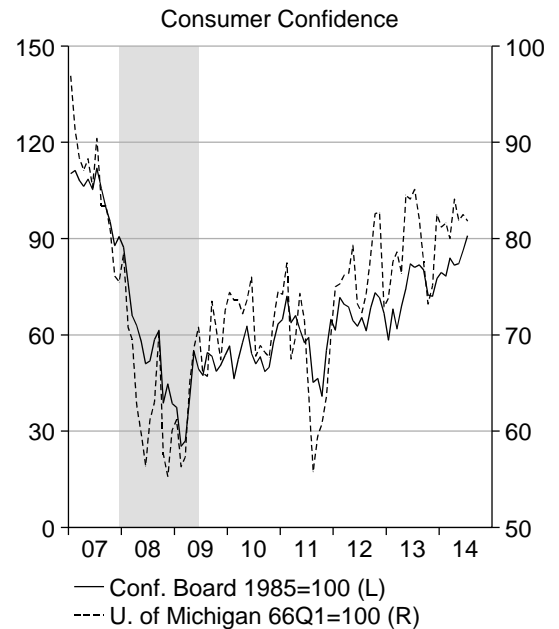
**Personal income** has picked up in recent months, rising 0.4% for the second month in a row in June. Wage and salary disbursements, which account for more than one-half of personal income, have followed the same pattern. Compared with a year earlier, personal income was 3.9% higher in June and wage and salary disbursements were 4.9% higher. By comparison, consumer prices were up 2.1%.

**Ohio personal income** increased 4.3% in the first quarter, compared with an upwardly revised increase of 5.0% nationally, which was followed by a 5.9% increase for the nation in the second quarter (seasonally adjusted at annual rates). First-quarter personal income was 3.1% higher than a year earlier in Ohio and 3.7% higher nationally. In a sign of the enduring recovery, Ohio first-quarter personal income was 18.3% above the cycle low reached in the third quarter of 2009 and 14.5% above the previous cycle high that was reached in the second quarter of 2008.



**Personal consumption expenditures** picked up a bit in June, rising 0.4%. The May increase was revised up to 0.3% from 0.2% after a 0.1% rise in April. April spending was affected in part by a decline in unit sales of light motor vehicles. Durable goods spending might have softened in July, as motor vehicle sales decreased 2.7% to a still-high annual pace of 16.4 million units. The result of recent patterns in income and spending has been a rise in the **saving rate** from 4.2% in March to 5.3% in May and June – the highest since December 2012, when tax law changes temporarily boosted income.

**Consumer confidence** improved during July, with few exceptions. The Conference Board Consumer Confidence Index increased to 90.9 – the highest mark since before the last recession – and the June level was revised higher. Assessments of both current conditions and expectations improved to long time highs. The Reuters/University of Michigan Index of Consumer Sentiment was mixed, but largely positive. The composite index dipped due to the third monthly deterioration in a row in expectations, but the assessment of current conditions increased nearly back to its recent high in April. The previous high in the assessment of current conditions was reached in July 2007. The recent pattern in consumer confidence is consistent with an economy that continues to expand at a moderate pace with no indication of a serious near-term setback.



## Manufacturing

**Industrial production** increased 0.2% in June. The May change that was initially reported as a 0.6% increase was revised down to a 0.5% increase. Production was unchanged in April. Manufacturing production was up 0.1% in June, following gains of 0.4% and 0.3% in May and April, respectively. Compared with a year earlier, industrial production was higher by 4.3% and manufacturing output was higher by 3.5%.

Of particular importance to the **Ohio economy**, motor vehicle assemblies decreased 1.3% to a seasonally adjusted annual rate of 11.8 million units in June, but that is about the average for the four previous months and still 1 million units above the average during the twelve months prior to that. Outside of motor vehicles, production across other industries that are important to Ohio was mixed on the month. Production of **primary metal** and production of **fabricated metal** increased by 1.2%, each, while production of **machinery** was down 0.5%. Year-over-year increases in all three industries were close to 6%. 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.

Purchasing managers at manufacturing firms reported a notable improvement in business conditions during July. The **purchasing managers index** increased from 55.3 in June to 57.1 in July – the highest reading since April 2011. Readings near 50.0 are considered neutral, representing a balance between reports of rising and falling activity. The New Orders index posted a large increase to 63.4 and the Production index increased to 61.2 – in both cases, the best marks since December, and highly indicative of an strengthening manufacturing activity.



### Construction

**Construction put-in-place** decreased 0.8% in June, reflecting widespread weakness across sectors. Upward revisions from 0.1% to 0.8% in the May and from 0.8% to 1.4% in April partially offset the weakness in June. Construction was up 5.5% from a year ago. From the low point in February 2011, construction spending has increased 25.9%, or 7.1% annualized during the 40 months ending in June 2014. Despite this gain, the pace of construction remains 21.7% below the March 2006 peak.

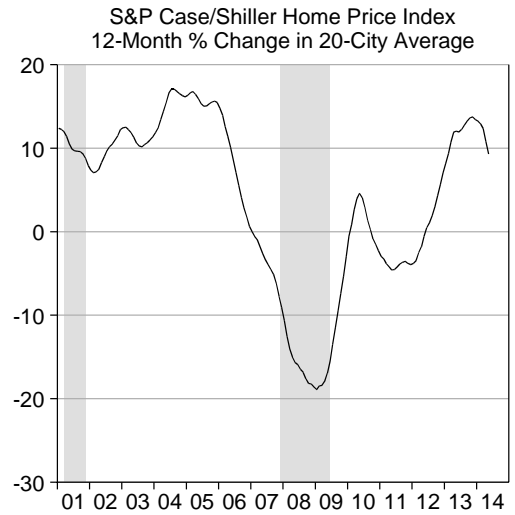
**Private construction** fell 1.0% in June – the fourth decline in the last six months – but was still 9.2% above the year earlier level. **Residential construction** fell 0.3%, reflecting a 1.4% decline in single-family construction and a 2.6% rise in multi-family construction. Both single-family and multi-family construction decreased 1.1% in May. **Nonresidential construction** decreased by 1.6%. Compared with a year earlier, private residential construction was higher by 7.4% and nonresidential construction was higher by 11.2%.

**Housing starts** decreased 2.5% across the country on a 3-month moving average basis in June, reversing the gain of 1.9% in May. Midwest starts, however, increased 14.9% on top of gains of 10.7% in May and 40.7% in April. The more-forward-looking **housing permits** were down for the second month in a row on a 3-month moving average basis, falling 0.9% in June after a 0.2% decline in May. The June decline was the fifth in the last six months. Permits are down 2.9% from the peak six months ago, but are still slightly ahead of the year earlier level. In contrast, Midwest permits increased in June on 3-month moving average basis for the fourth straight month.

Both **existing home sales** and **new home sales** increased in June on a 3-month moving average basis. Sales of existing homes increased 3.2% nationally and 5.0% in the Midwest, while sales of newly built homes increased 0.2% nationally and 5.6% in the Midwest. The gains are in contrast to weak activity during the harsh winter. Continued low mortgage rates, somewhat easier financing terms and stronger job gains should continue to support housing sales through the summer and into the fall. **The inventory of existing homes for sale** increased in June, but the number of houses for sale relative to the most recent monthly selling pace remained moderate to low, indicating a healthy supply-demand balance. The estimated months of supply of existing

homes remained at 5.5 in June, up somewhat from a figure of less than 5 months at times in 2013, but well under the 11 to 12 month figure at the trough of the recession.

**Home prices** decreased on average across the country in May following 27 straight monthly increases. The year-over-year rate of change remained positive at 9.3%, down from a recent peak of 13.7% in November. The unexpected decline in prices in May might be related to the weakening in housing activity generally during the first half of the year. In addition, lower-priced homes reportedly have been rising in price more rapidly than higher-priced homes, which might be related to a greater prevalence of negative equity among lower-priced home owners that is restraining the number of those houses being offered for sale.



## ***REVENUES***

Revenue estimates for the month of July reflect revised projections for fiscal year 2015 developed by the Office of Budget and Management in conjunction with the Department of Taxation. These revised estimates reflect law changes, particularly as contained in H.B. 483, the main bill of the “MBR” package of legislation, and changes to the baseline forecast based on the performance of the tax in fiscal year 2014, new economic data or assumptions, and any other relevant new information.

On balance the revenues have been revised downward. H.B. 483 made a number of changes to provide additional income tax relief and further the program of reducing the income tax begun in H.B. 59. There is also a baseline downward revision to the income tax resulting from OBM’s decision to be cautious and assume that there may be late claims of the new small business deduction in the early part of fiscal year 2015, so that some revenue reduction expected in fiscal year 2014 instead materializes in fiscal year 2015. The CAT is similarly reduced by both law changes and other factors. H.B. 483 authorized an additional credit against the CAT. The CAT estimates also explicitly recognize the shift of some CAT revenues to the new petroleum activity tax (PAT). Finally, the CAT is also revised downward due to its underperformance in fiscal year 2014. On the other side, there are upward revisions to the auto sales tax and the foreign insurance tax based on fiscal year 2014 performance and updated economic model forecasts.

Non-tax revenues and transfers on the whole were revised upward. Non-tax revenues such as licenses and fees were generally revised downward based on fiscal year 2014 performance, whereas transfers were revised upward.

Federal revenues were revised downward in conjunction with fiscal year 2015 Medicaid disbursement estimates.

A comparison by revenue source of the revised fiscal year 2015 estimates to the H.B. 59 as enacted estimates is contained in the following table:



**Fiscal Year 2015 GRF Revenue Estimate**  
**HB59 As Enacted compared to July 2014 Revision**  
(Dollars in Millions)

Revenue Source	FY 2015 HB 59 June 2013	Revisions due to HB 483 Law Changes	Baseline Revisions	FY 2015 Revised July 2014	\$ Change
<b><u>Tax Revenue</u></b>					
Non-Auto Sales & Use	\$8,674.5		(\$30.0)	\$8,644.5	(\$30.0)
Auto Sales & Use	\$1,239.5		\$25.0	\$1,264.5	\$25.0
<b>Subtotal Sales &amp; Use</b>	<b>\$9,914.0</b>		<b>(\$5.0)</b>	<b>\$9,909.0</b>	<b>(\$5.0)</b>
Personal Income	\$8,716.9	(\$389.0)	(\$100.0)	\$8,227.9	(\$489.0)
Corporate Franchise	\$0.0			\$0.0	\$0.0
Financial Institutions Tax	\$210.0		(\$5.0)	\$205.0	(\$5.0)
Commercial Activity Tax	\$832.5	(\$20.0)	(\$40.0)	\$772.5	(\$60.0)
Petroleum Activity Tax	\$0.0		\$20.0	\$20.0	\$20.0
Public Utility	\$105.0			\$105.0	\$0.0
Kilowatt Hour	\$308.2		(\$10.0)	\$298.2	(\$10.0)
Natural Gas Distribution	\$60.0			\$60.0	\$0.0
Foreign Insurance	\$281.2		\$8.0	\$289.2	\$8.0
Domestic Insurance	\$238.7			\$238.7	\$0.0
Other Business & Property	\$0.0			\$0.0	\$0.0
Cigarette and Other Tobacco	\$802.1		(\$8.0)	\$794.1	(\$8.0)
Alcoholic Beverage	\$55.0			\$55.0	\$0.0
Liquor Gallonage	\$41.0			\$41.0	\$0.0
Estate	\$0.0			\$0.0	\$0.0
<b>Total of Tax Revenue</b>	<b>\$21,564.6</b>	<b>(\$409.0)</b>	<b>(\$140.0)</b>	<b>\$21,015.6</b>	<b>(\$549.0)</b>
<b><u>Non-Tax Revenue</u></b>					
Earnings on Investments	\$15.0		\$5.0	\$20.0	\$5.0
Licenses and Fees	\$72.0		(\$10.0)	\$62.0	(\$10.0)
Other Income	\$36.2		(\$4.2)	\$32.0	(\$4.2)
Interagency Transfers (ISTVs)	\$15.0		(\$5.0)	\$10.0	(\$5.0)
<b>Total of Non-Tax Revenue</b>	<b>\$138.2</b>		<b>(\$14.2)</b>	<b>\$124.0</b>	<b>(\$14.2)</b>
<b><u>Transfers</u></b>					
Budget Stabilization	\$0.0			\$0.0	\$0.0
Liquor Transfers	\$0.0			\$0.0	\$0.0
Transfers In - Other	\$387.4	\$221.0	\$40.0	\$648.4	\$261.0
Temporary Transfers In	\$0.0			\$0.0	\$0.0
<b>Total Transfers</b>	<b>\$387.4</b>	<b>\$221.0</b>	<b>\$40.0</b>	<b>\$648.4</b>	<b>\$261.0</b>
<b>Total Sources Excluding Federal Grants</b>	<b>\$22,090.2</b>	<b>(\$188.0)</b>	<b>(\$114.2)</b>	<b>\$21,788.0</b>	<b>(\$302.2)</b>
Federal Grants Deposited in the GRF	\$9,549.8	\$0.0	(\$559.0)	\$8,990.8	(\$559.0)
<b>Total Sources</b>	<b>\$31,640.0</b>	<b>(\$188.0)</b>	<b>(\$673.2)</b>	<b>\$30,778.8</b>	<b>(\$861.2)</b>

July **GRF receipts totaled \$2,475.1 million** and were \$81.4 million (3.2%) below the estimate. Monthly tax receipts totaled \$1,585.7 million and were \$65.4 million (4.3%) above the estimate, while non-tax receipts totaled \$884.5 million and were \$146.6 million (14.2%) below estimate. Variances for the fiscal year to date by category are provided in the following table (\$ in millions).

<b>Category</b>	<b>Includes:</b>	<b>YTD Variance</b>	<b>% Variance</b>
Tax receipts	Sales & use, personal income, corporate franchise, financial institutions, commercial activity, MCF, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate	\$65.4 million	4.3%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$146.6 million)	-14.2%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	(\$0.2 million)	-3.8%
<b>TOTAL REVENUE VARIANCE:</b>		<b>(\$81.4 million)</b>	<b>-3.2%</b>

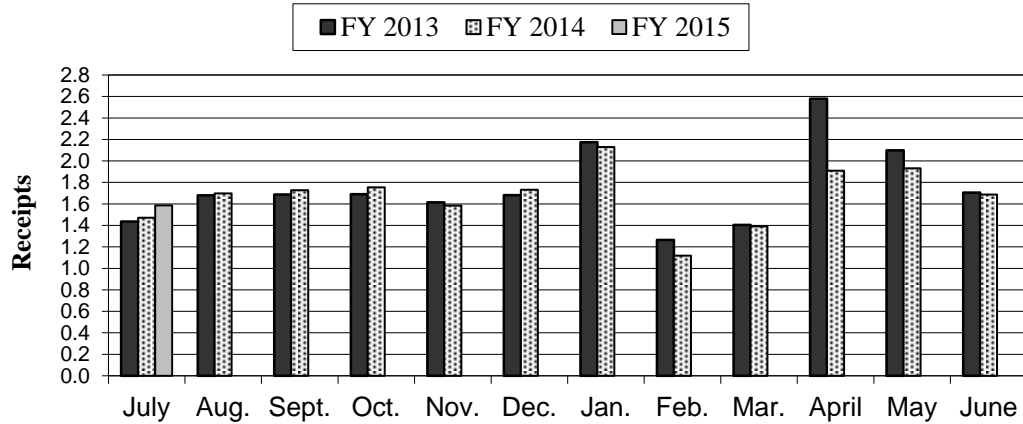
On a year-over-year basis, monthly receipts were \$375.2 million (17.9%) higher than in July of the previous fiscal year, due to a combination of higher tax receipts (despite tax policy changes) and an increase in federal grants. As in previous months, an increase in sales and use tax receipts of \$114.7 million (14.8%) was a major contributor to this year-over-year growth. A decrease of \$20.2 million (3.2%) in personal income tax receipts was almost fully offset by positive growth in other tax sources such as commercial activity tax, domestic insurance tax, cigarette tax, and corporate franchise tax. The decrease in the income tax was due to several factors; the impact of the 10% cut in withholding rates (9% implemented in September 2013 and 1% in July 2014), the impact of the 2013 tax rate cuts (8.5%) and the small business deduction (50% of business income, up to a cap of \$250,000 per taxpayer).

**GRF Revenue Sources Relative to Monthly Estimates – July 2014**  
(\$ in millions)

<u>Individual Revenue Sources Above Estimate</u>		<u>Individual Revenue Sources Below Estimate</u>	
Personal Income Tax	\$28.2	Federal Grants	(\$146.6)
Auto Sales & Use Tax	\$14.7	Kilowatt Hour Tax	(\$1.5)
Cigarette Tax	\$7.5		
Domestic Insurance Tax	\$6.8		
Corporate Franchise Tax	\$3.6	Transfers In –Other	(\$0.2)
Commercial Activity Tax	\$2.7		
Non-Auto Sales & Use Tax	\$1.3		
Estate Tax	\$1.2		
Other Sources Above Estimate	\$0.9	Other Sources Below Estimate	(\$0.0)
<b>Total above</b>	<b>\$66.9</b>	<b>Total below</b>	<b>(\$148.3)</b>

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

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



## **Non-Auto Sales and Use Tax**

July non-auto sales and use tax collections totaled \$764.4 million and were \$1.3 million (0.2%) above estimate. On a year-over-year basis, July 2014 receipts were \$93.7 million (14.0%) above collections in the same month of the previous fiscal year. The positive variance was a function of both growth in the tax base and of the rate change enacted in H.B. 59. (The state tax rate increased from 5.5% to 5.75% in September, which has since boosted collections by approximately 4.5% relative to last year.)

## **Auto Sales Tax**

July auto sales and use tax collections totaled \$122.7 million and were \$14.7 million (13.6%) above the estimate for the month. This surge in auto sales tax collections could be the result of strong growth in the demand for light-vehicle sales across the nation in the last several months. Given that there is a slight lag between the sale of an auto and when the state receives the tax, it is likely we are now seeing the auto sales tax revenue resulting from high auto sales in recent months.

Even though national light-vehicle sales slowed down somewhat in July to 16.4 million units from a high of 16.9 million, positive growth in key economic indicators, such as job growth and personal consumption expenditures numbers, do not suggest this month's sales decline is of major concern for future auto sales tax collections.

On a year-over-year basis, monthly receipts once more showed very strong growth, with a positive variance of \$20.9 million (20.5%) above the \$101.8 million collected in July of last year. As mentioned in the non-auto sales tax section, this year-over-year increase was partly due to the rate change enacted in H.B. 59, as well as continued strong auto sales.

## **Personal Income Tax**

July Personal income tax receipts totaled \$603.4 million and were \$28.2 million (4.9%) above the estimate. The withholding component was the major contributor to this overage, totaling \$663.2 million and exceeding the estimate by \$26.0 million (4.1%). July refunds totaled \$61.2 million and were \$2.5 million (3.9%) below the estimate thus adding to the total overage. As mentioned in previous monthly reports regarding the uncertain timing of the impacts of the various income tax reductions enacted by H.B. 59, OBM expects that the questions about the impacts may not be completely resolved until extension returns are filed in the early months of fiscal year 2015.

On a year-over-year basis, July personal income tax collections were \$20.2 million (3.2%) below the July 2013 level. Refunds were up substantially in July totaling \$61.2 million compared to \$36.3 million for July of last fiscal year, an increase of \$24.9 million (68.4%). The reason could be due to late refunds being claimed on account of the small business deduction, and OBM will be closely watching this component in the coming months as the extension returns are expected to be filed.

FY 2015 PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)						
	ESTIMATE	ACTUAL	\$	ACTUAL	ACTUAL	\$ VAR
	JULY	JULY	JULY	JULY 14	JULY 13	Y-over-Y
Withholding	\$637.2	\$663.2	\$26.0	\$663.2	\$654.6	\$8.6
Quarterly Est.	\$13.9	\$13.6	(\$0.3)	\$13.6	\$18.5	(\$4.9)
Trust Payments	\$0.5	\$1.5	\$1.0	\$1.5	\$0.3	\$1.2
Annual Returns &40P	\$9.6	\$9.5	(\$0.1)	\$9.5	\$9.6	(\$0.1)
Other	\$6.9	\$5.9	(\$1.0)	\$5.9	\$7.3	(\$1.4)
Less: Refunds	(\$63.7)	(\$61.2)	\$2.5	(\$61.2)	(\$36.4)	(\$24.9)
Local Distr.	(\$29.2)	(\$29.1)	\$0.1	(\$29.1)	(\$30.4)	\$1.3
<b>Net to GRF</b>	<b>\$575.2</b>	<b>\$603.4</b>	<b>\$28.2</b>	<b>\$603.4</b>	<b>\$623.7</b>	<b>(\$20.2)</b>

### Corporate Franchise Tax

As noted in prior monthly reports, although corporate franchise tax has been eliminated, prior year settlement activity continues. This results in a small amount of monthly activity for this tax, whether settlement payments or refunds, which by definition create variances, since the estimate for the tax is zero. July corporate franchise tax receipts totaled \$3.6 million compared to the estimate of zero, and were \$2.7 million (290.6%) higher than the collections in the same month of the previous fiscal year.

### Financial Institutions Tax

July financial institutions tax receipts totaled \$0.1 million against an estimate of zero. As this tax was introduced in January 2014, there is no year-over-over comparison of its performance at this time.

### Commercial Activity Tax

July commercial activity tax (CAT) receipts to the GRF totaled \$27.2 million and were \$2.7 million (11.1%) above the estimate of \$24.5 million. On a year-over-year basis, GRF CAT receipts were \$7.1 million (35.3%) above the \$20.1 million collected in July of the previous fiscal year. All-funds CAT receipts, meanwhile (net of refunds and attorney general fees) totaled \$55.0 million and July and were \$5.6 million (11.3%) above the \$49.4 million estimate. On a year-over-year basis, July receipts were \$5.1 million (10.1%) above the \$49.9 million collected in July of the previous fiscal year.

### Kilowatt-Hour Tax

July kilowatt hour tax receipts totaled \$23.1 million and were \$1.5 million (6.1%) below estimate. On a year-over-year basis, collections for this tax source were virtually the same, showing only a slight decrease this year of less than one percent.

### **Natural Gas Distribution Tax (MCF Tax)**

July natural gas distribution tax receipts totaled \$1.3 million and were \$0.2 million (20.4%) above the monthly estimate. Year-over-year collections were somewhat below last year's total receipts of \$1.4 million, recording a 6.6% decline compared to July of 2014.

### **Domestic Insurance Tax**

July receipts for the domestic insurance tax totaled \$6.8 million against an estimate of zero. This was primarily due to one large payment of \$6.7 million that was due in June, but was paid in July. Year-over-year, domestic insurance tax receipts in July were above the level in July of the previous fiscal year by \$6.7 million.

### **Cigarette and Other Tobacco Tax**

Cigarette and other tobacco tax receipts for July totaled \$22.5 million and were \$7.5 million (50.1%) above the estimate of \$15.0 million. On a year-over-year basis, July tax receipts were \$2.5 million (12.9%) above the level for the same month of the previous fiscal year.

### **Estate Tax**

Similar to the corporate franchise tax, the estate tax has been eliminated but prior year settlement activity continues. This results in a small amount of monthly activity for this tax, whether settlement payments or refunds, which by definition create variances, since the estimate for the tax is zero. For the month of July estate tax receipts totaled \$1.2 million compared to the estimate of zero, and were \$0.8 million (48.0%) higher than the collections for July of the previous fiscal year.

**GRF non-tax receipts** totaled \$884.5 million in July and were \$ 146.6 million (14.2%) below the estimate. The entirety of this shortfall was due to a \$146.6 million (14.2%) negative variance in federal grants that can be primarily attributed to lower than estimated GRF Medicaid spending.

July GRF transfers totaled \$5.0 million and were \$0.2 million (3.8%) below estimate. Most of the July amount is attributable to a \$5.0 million transfer from the Department of Insurance Operating Fund prescribed in uncodified language contained in H.B. 59.

Table 1  
GENERAL REVENUE FUND RECEIPTS  
ACTUAL FY 2015 VS ESTIMATE FY 2015  
(\$ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL	ESTIMATE	\$ VAR	% VAR	ACTUAL	ESTIMATE	\$ VAR	% VAR
	JULY	JULY			Y-T-D	Y-T-D		
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	764,354	763,100	1,254	0.2%	764,354	763,100	1,254	0.2%
Auto Sales & Use	122,735	108,000	14,735	13.6%	122,735	108,000	14,735	13.6%
Subtotal Sales & Use	887,089	871,100	15,989	1.8%	887,089	871,100	15,989	1.8%
Personal Income	603,432	575,200	28,232	4.9%	603,432	575,200	28,232	4.9%
Corporate Franchise	3,615	0	3,615	N/A	3,615	0	3,615	N/A
Financial Institutions Tax	112	0	112	N/A	112	0	112	N/A
Commercial Activity Tax	27,210	24,500	2,710	11.1%	27,210	24,500	2,710	11.1%
Petroleum Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	0	0	0	N/A	0	0	0	N/A
Kilowatt Hour	23,107	24,600	(1,493)	-6.1%	23,107	24,600	(1,493)	-6.1%
Natural Gas Distribution	1,324	1,100	224	20.4%	1,324	1,100	224	20.4%
Foreign Insurance	39	0	39	N/A	39	0	39	N/A
Domestic Insurance	6,754	0	6,754	N/A	6,754	0	6,754	N/A
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	22,515	15,000	7,515	50.1%	22,515	15,000	7,515	50.1%
Alcoholic Beverage	5,919	5,400	519	9.6%	5,919	5,400	519	9.6%
Liquor Gallonage	3,448	3,400	48	1.4%	3,448	3,400	48	1.4%
Estate	1,153	0	1,153	N/A	1,153	0	1,153	N/A
Total Tax Receipts	1,585,718	1,520,300	65,418	4.3%	1,585,718	1,520,300	65,418	4.3%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	883,024	1,029,665	(146,642)	-14.2%	883,024	1,029,665	(146,642)	-14.2%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fees	640	640	0	0.0%	640	640	0	0.0%
Other Income	786	786	(0)	0.0%	786	786	(0)	0.0%
ISTV'S	2	2	(0)	-21.0%	2	2	(0)	-21.0%
Total Non-Tax Receipts	884,451	1,031,093	(146,642)	-14.2%	884,451	1,031,093	(146,642)	-14.2%
TOTAL REVENUES	2,470,169	2,551,393	(81,224)	-3.2%	2,470,169	2,551,393	(81,224)	-3.2%
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	5,003	5,200	(197)	-3.8%	5,003	5,200	(197)	-3.8%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	5,003	5,200	(197)	-3.8%	5,003	5,200	(197)	-3.8%
TOTAL SOURCES	2,475,171	2,556,593	(81,422)	-3.2%	2,475,171	2,556,593	(81,422)	-3.2%

Table 2  
GENERAL REVENUE FUND RECEIPTS  
ACTUAL FY 2015 VS ACTUAL FY 2014  
(\$ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	JULY FY 2015	JULY FY 2014	\$ VAR	% VAR	ACTUAL FY 2015	ACTUAL FY 2014	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	764,354	670,608	93,746	14.0%	764,354	670,608	93,746	14.0%
Auto Sales & Use	122,735	101,831	20,905	20.5%	122,735	101,831	20,905	20.5%
Subtotal Sales & Use	887,089	772,439	114,651	14.8%	887,089	772,439	114,651	14.8%
Personal Income	603,432	623,675	(20,243)	-3.2%	603,432	623,675	(20,243)	-3.2%
Corporate Franchise	3,615	926	2,690	290.6%	3,615	926	2,690	290.6%
Financial Institutions Tax	112	0	112	N/A	112	0	112	N/A
Commercial Activity Tax	27,210	20,116	7,095	35.3%	27,210	20,116	7,095	35.3%
Petroleum Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	0	0	0	N/A	0	0	0	N/A
Kilowatt Hour	23,107	23,253	(146)	-0.6%	23,107	23,253	(146)	-0.6%
Natural Gas Distribution	1,324	1,418	(94)	-6.6%	1,324	1,418	(94)	-6.6%
Foreign Insurance	39	225	(186)	-82.8%	39	225	(186)	-82.8%
Domestic Insurance	6,754	49	6,705	N/A	6,754	49	6,705	N/A
Other Business & Property	0	26	(26)	N/A	0	26	(26)	N/A
Cigarette and Other Tobacco	22,515	19,944	2,571	12.9%	22,515	19,944	2,571	12.9%
Alcoholic Beverage	5,919	5,040	879	17.4%	5,919	5,040	879	17.4%
Liquor Gallonage	3,448	3,401	47	1.4%	3,448	3,401	47	1.4%
Estate	1,153	779	374	48.0%	1,153	779	374	48.0%
Total Tax Receipts	1,585,718	1,471,290	114,428	7.8%	1,585,718	1,471,290	114,428	7.8%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	883,024	620,851	262,173	42.2%	883,024	620,851	262,173	42.2%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fee	640	547	93	17.0%	640	547	93	17.0%
Other Income	786	2,009	(1,222)	-60.9%	786	2,009	(1,222)	-60.9%
ISTV'S	2	0	2	N/A	2	0	2	N/A
Total Non-Tax Receipts	884,451	623,407	261,045	41.9%	884,451	623,407	261,045	41.9%
TOTAL REVENUES	2,470,169	2,094,697	375,472	17.9%	2,470,169	2,094,697	375,472	17.9%
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	5,003	5,274	(272)	-5.2%	5,003	5,274	(272)	-5.2%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	5,003	5,274	(272)	-5.2%	5,003	5,274	(272)	-5.2%
TOTAL SOURCES	2,475,171	2,099,971	375,201	17.9%	2,475,171	2,099,971	375,201	17.9%



## **DISBURSEMENTS**

At the beginning of each fiscal year OBM, in conjunction with each agency receiving GRF appropriations, undertakes the process of estimating GRF spending by month for the upcoming year. These spending estimates are built on a combination of H.B. 59 appropriation levels, as amended during the mid-biennium review, and also include estimated spending against encumbrances entered into in previous fiscal years. In addition to accounting for policy changes and spending to meet prior year encumbrances, OBM and the agencies also take this opportunity to review any changes in caseloads, payrolls, or other demands for services that might impact the level and pattern of spending during the coming year.

July GRF disbursements, across all uses, totaled \$2,990.1 million and were \$180.3 million (5.7%) below estimate. This was primarily attributable to lower than estimated disbursements in the Medicaid and Justice and Public Protection categories. On a year-over-year basis, July total uses were \$908.0 million (23.3%) lower than those of the same month in the previous fiscal year, with Transfers Out responsible for the decrease. Year-to-date variances by category are provided in the table below. As this is the first month of the fiscal year, monthly and year-to-date variances are the same.

<b>Category</b>	<b>Description</b>	<b>YTD Variance</b>	<b>% Variance</b>
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	(\$180.3 million)	-5.7%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$0.0 million	0.0%
<b>TOTAL DISBURSEMENTS VARIANCE:</b>		<b>(\$108.3 million)</b>	<b>-5.7%</b>

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

### **Primary and Secondary Education**

This category contains GRF spending for the Ohio Department of Education, minus property tax reimbursements. July disbursements for this category totaled \$706.7 million and were \$21.4 million (2.9%) below the estimate. This variance was due to the timing of a payment in the Student Assessments line that was originally estimated to occur in July, but will now occur in August. Expenditures for the school foundation program totaled \$697.2 million and were \$0.3 million (0.0%) below the estimate.

On a year-over-year basis, disbursements in this category were \$132.6 million (23.1%) higher than for the same month in the previous fiscal year.

## **Higher Education**

July disbursements for Higher Education totaled \$168.1 million and were \$3.7 million (2.3%) above the estimate for the month. The monthly variance was due to spending in the Choose Ohio First and Ohio College Opportunity Grant Scholarship Programs being above the monthly estimate by \$4.3 million as a result of higher than expected requests for reimbursement from higher education institutions.

On a year-over-year basis, disbursements in this category were \$15.8 million (10.4%) higher than for the same month in the previous fiscal year.

## **Other Education**

This category includes non-debt service expenditures made by the Broadcast Education Media Commission, the Ohio Facilities Construction Commission, the Ohio State School for the Blind, the Ohio School for the Deaf, as well as disbursements made to libraries, cultural, and arts organizations. July disbursements in this category totaled \$6.6 million and were \$0.2 million (2.5%) above estimate.

## **Medicaid**

This 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 Department of Medicaid (651 prefix), the 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).

Please note that the total GRF disbursement estimates in fiscal year 2015 are lower than the original appropriations by \$845.6 million. Transfers and other projected lapses account for \$148.7 million. The remaining \$697.0 million is due to lower than expected caseload. While enrollment steadily increased each month in fiscal year 2014, the rate of growth was lower than initially expected. This trend is expected to continue in fiscal year 2015, and the disbursement estimates have been adjusted accordingly.

## Expenditures

July GRF disbursements for the Medicaid Program totaled \$1,487.1 million and were \$124.9 million (7.7%) below the estimate and \$139.8 million (10.4%) above the same point in the previous fiscal year.

July all-funds disbursements totaled \$1,756.4 million and were \$321.8 million (15.5%) below the estimate and \$221.6 million (14.4%) above disbursements in the same month of the previous fiscal year. This variance was due primarily to lower than estimated caseload, and to a managed care payment reconciliation.

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

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

	July Projection	July Actual	Variance	Variance %
GRF	\$ 1,612.1	\$ 1,487.1	\$ (124.9)	-7.7%
Non-GRF	\$ 466.2	\$ 269.3	\$ (196.9)	-42.2%
All Funds	\$ 2,078.3	\$ 1,756.4	\$ (321.8)	-15.5%

### Enrollment

Total July enrollment across all categories was 2.75 million. The most significant components are the Covered Families and Children (CFC) category, which increased by 23,846 persons to a July total of 2.09 million persons, and the Aged, Blind and Disabled (ABD) category, which decreased by 201 people to a July total of 177,868 covered lives. Individuals covered under Medicaid extension (eligibility group VIII) totaled 338,707 and are included as part of the larger CFC category.

Total enrollment across all categories for the same period last year was 2.39 million covered persons, including 1.68 million persons in the CFC category and 182,612 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.

July disbursements in this category totaled \$149.0 million and were \$0.03 million (0.0%) above estimate for the month.

### Department of Job and Family Services

July disbursements for the Department of Job and Family Services totaled \$76.8 million and were \$6.2 million (7.4%) below estimate. Major variances for the month were attributable to Child Support-Local disbursements, which were \$1.2 million (34.2%) below estimate; Family Assistance-Local disbursements, which were \$1.1 million (26.7%) above estimate; and Family and Children Services disbursements, which were \$1.4 million (9.8%) below estimate. These were all due to the timing of county draws. Finally, Early Care and Education was \$2.7 million (14.3%) below estimate due to the last two weeks of child care disbursements for the month being lower than estimated.

#### Department of Mental Health and Addiction Services

July disbursements for the Department of Mental Health and Addiction Services totaled \$34.4 million and were \$3.9 million (12.6%) above estimate. This variance was attributable to \$8.3 million in payments from the Continuum of Care Services and Community Innovations lines being made in July instead of August as expected. This overage was partially offset by the Hospital Services line being \$5.2 million (26.8%) below estimate due to the purchase of a 3-month supply of medications rather than the anticipated 6-month supply.

#### Department of Health

July disbursements for the Department of Health totaled \$10.9 million and were \$3.5 million (47.7%) above estimate. This variance was primarily attributable to the Mothers and Children Safety Net Services disbursements being \$1.5 million (757.3%) above estimate due to subsidy payments and prior year encumbrances planned to be disbursed in future months being disbursed in July instead. In addition, Medically Handicapped Children program disbursements were \$1.2 million (64.5%) above the estimate due to subsidy payments planned for later in the fiscal year being disbursed in July due to earlier than expected receipt of eligible claims for children with medical handicaps.

#### **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. July disbursements in this category totaled \$186.7 million and were \$34.6 million (15.6%) below estimate for the month.

#### Department of Rehabilitation and Correction

Department of Rehabilitation and Correction disbursements totaled \$121.9 million in July, and were \$29.3 million (19.4%) below the estimate. This variance was attributable to the timing of payments to halfway houses and community programs, and less than anticipated costs for medical services and institutional operations.

#### Department of Youth Services

Department of Youth Services disbursements totaled \$46.4 million in July, and were \$4.7 million (9.1%) below the estimate. This variance resulted from the timing of payments to counties and community correctional facilities.

#### **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. July disbursements in this category totaled \$26.1 million and were \$2.5 million (8.7%) below the estimate.

### Department of Natural Resources

July disbursements for the Department of Natural Resources totaled \$5.9 million and were \$1.0 million below estimate (14.3%). Major monthly variances were attributable to the Parks and Recreation line, which was below estimate by \$0.5 million due to spending more dedicated program funds in lieu of GRF funds, and the Wildlife line, which was below estimate by \$0.4 million as a payment estimated to be made in July will instead be made in August.

### Department of Taxation

July disbursements for Operating Expenses at the Department of Taxation totaled \$4.3 million and were \$1.4 million (23.9%) below estimate due to the timing of the invoicing of technology contracts. On a year-over-year basis, disbursements for operations were \$2.3 million (34.7%) below July of the previous fiscal year due primarily to attrition and planned efficiencies.

### **Property Tax Reimbursements**

Payments from the property tax reimbursement 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. July disbursements of property tax reimbursements totaled \$1.7 million and were \$1.3 million (324.9%) above the estimate for the month. This variance is due to reimbursement requests being received from counties earlier than anticipated.

### **Debt Service**

July payments for debt service totaled \$231.5 million and were \$2.1 million (0.9%) below the estimate of \$233.6 million. Nearly the entirety of the variance was attributable to lower than estimated spending in the Public Works Commission's infrastructure debt service line item that totaled \$94.0 million and was just under \$2.1 million below estimate.

### **Transfers Out**

July transfers out of the GRF totaled \$26.6 million and were \$6,000 (0.0%) above estimate. On a year-over-year basis, transfers out were \$1,159.3 million (97.8%) lower than in July of the previous fiscal year. In July 2013, major year-end transfers out of the GRF associated with fiscal year 2013 activities occurred; however, year-end transfers associated with fiscal year 2014 were not made in July 2014 but are expected to be made in August. Note that the July 2013 transfers out included a transfer to the Budget Stabilization Fund, which will not recur this fiscal year because the fund is already at its statutory maximum.

Table 3  
GENERAL REVENUE FUND DISBURSEMENTS  
ACTUAL FY 2015 VS ESTIMATE FY 2015  
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL JULY	ESTIMATED JULY	\$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	\$ VAR	% VAR
Primary and Secondary Education	706,703	728,139	(21,435)	-2.9%	706,703	728,139	(21,435)	-2.9%
Higher Education	168,097	164,352	3,745	2.3%	168,097	164,352	3,745	2.3%
Other Education	6,633	6,469	164	2.5%	6,633	6,469	164	2.5%
Medicaid	1,487,118	1,612,060	(124,943)	-7.8%	1,487,118	1,612,060	(124,943)	-7.8%
Health and Human Services	148,976	148,949	27	0.0%	148,976	148,949	27	0.0%
Justice and Public Protection	186,680	221,250	(34,570)	-15.6%	186,680	221,250	(34,570)	-15.6%
General Government	26,114	28,604	(2,490)	-8.7%	26,114	28,604	(2,490)	-8.7%
Property Tax Reimbursements	1,700	400	1,300	324.9%	1,700	400	1,300	324.9%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	231,467	233,582	(2,115)	-0.9%	231,467	233,582	(2,115)	-0.9%
<b>Total Expenditures &amp; ISTV's</b>	<b>2,963,488</b>	<b>3,143,806</b>	<b>(180,318)</b>	<b>-5.7%</b>	<b>2,963,488</b>	<b>3,143,806</b>	<b>(180,318)</b>	<b>-5.7%</b>
<b>Transfers Out:</b>								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	26,647	26,641	6	0.0%	26,647	26,641	6	0.0%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
<b>Total Transfers Out</b>	<b>26,647</b>	<b>26,641</b>	<b>6</b>	<b>0.0%</b>	<b>26,647</b>	<b>26,641</b>	<b>6</b>	<b>0.0%</b>
<b>Total Fund Uses</b>	<b>2,990,135</b>	<b>3,170,447</b>	<b>(180,312)</b>	<b>-5.7%</b>	<b>2,990,135</b>	<b>3,170,447</b>	<b>(180,312)</b>	<b>-5.7%</b>

Table 4  
GENERAL REVENUE FUND DISBURSEMENTS  
ACTUAL FY 2015 VS ACTUAL FY 2014  
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	JULY FY 2015	JULY FY 2014	\$ VAR	% VAR	ACTUAL FY 2015	ACTUAL FY 2014	\$ VAR	% VAR
Primary and Secondary Education	706,703	574,117	132,587	23.1%	706,703	574,117	132,587	23.1%
Higher Education	168,097	152,280	15,818	10.4%	168,097	152,280	15,818	10.4%
Other Education	6,633	5,497	1,136	20.7%	6,633	5,497	1,136	20.7%
Medicaid	1,487,118	1,347,317	139,800	10.4%	1,487,118	1,347,317	139,800	10.4%
Health and Human Services	148,976	134,332	14,644	10.9%	148,976	134,332	14,644	10.9%
Justice and Public Protection	186,680	213,682	(27,001)	-12.6%	186,680	213,682	(27,001)	-12.6%
General Government	26,114	32,417	(6,303)	-19.4%	26,114	32,417	(6,303)	-19.4%
Property Tax Reimbursements	1,700	653	1,046	160.1%	1,700	653	1,046	160.1%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	231,467	251,821	(20,354)	-8.1%	231,467	251,821	(20,354)	-8.1%
<b>Total Expenditures &amp; ISTV's</b>	<b>2,963,488</b>	<b>2,712,116</b>	<b>251,372</b>	<b>9.3%</b>	<b>2,963,488</b>	<b>2,712,116</b>	<b>251,372</b>	<b>9.3%</b>
<b>Transfers Out:</b>								
BSF Transfer	0	995,930	(995,930)	N/A	0	995,930	(995,930)	N/A
Operating Transfer Out	26,647	190,050	(163,403)	-86.0%	26,647	190,050	(163,403)	-86.0%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
<b>Total Transfers Out</b>	<b>26,647</b>	<b>1,185,981</b>	<b>(1,159,333)</b>	<b>-97.8%</b>	<b>26,647</b>	<b>1,185,981</b>	<b>(1,159,333)</b>	<b>-97.8%</b>
<b>Total Fund Uses</b>	<b>2,990,135</b>	<b>3,898,096</b>	<b>(907,961)</b>	<b>-23.3%</b>	<b>2,990,135</b>	<b>3,898,096</b>	<b>(907,961)</b>	<b>-23.3%</b>

## *FUND BALANCE*

Table 5 describes the estimated General Revenue Fund (GRF) unencumbered ending fund balance for FY 2015. Based on the estimated revenue sources for FY 2015 and the estimated FY 2015 disbursements, transfers, and encumbrances, the GRF unencumbered ending fund balance for FY 2015 is an estimated \$631.6 million.

The GRF unencumbered ending fund balance should not be considered as a balance available for expenditure in FY 2015 nor should it be considered as equivalent to the FY 2015 surplus calculation as defined in Section 131.44 of the Ohio Revised Code.

It is important to note that the GRF unencumbered 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.



Table 5  
 FUND BALANCE  
 GENERAL REVENUE FUND  
 FISCAL YEAR 2015  
 (\$ in thousands)

<b>July 1, 2014 Beginning Cash Balance</b>	<b>\$ 1,700,065</b>
Plus FY 2015 Estimated Tax Revenues	20,139,610
Plus FY 2015 Estimated Federal Revenues	8,990,764
Plus FY 2015 Estimated Transfers to GRF	648,386
<b>Total Sources Available for Expenditure &amp; Transfer</b>	<b>32,478,825</b>
Less FY 2015 Estimated Disbursements	30,912,356
Less FY 2015 Estimated Total Encumbrances as of June 30, 2014	328,448
Less FY 2015 Estimated Transfers Out	606,390
<b>Total Estimated Uses</b>	<b>31,847,193</b>
<b>FY 2015 UNENCUMBERED ENDING FUND BALANCE</b>	<b>631,632</b>

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