



October 10, 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

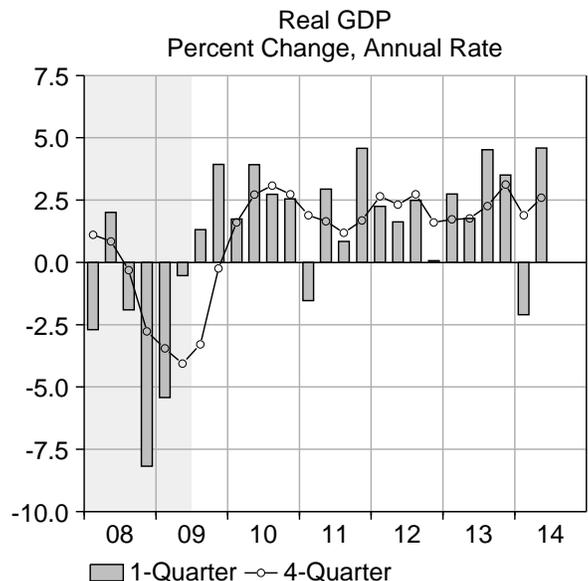
Economic Performance Overview

- The economy grew at a revised 4.6% annual pace in the second quarter, compared with a first-quarter decline of -2.1%. Growth was 1.2% annualized for the first half.
- U.S. employment growth rebounded to 248,000 jobs in September, and the gains in the two previous months were revised higher by a total of 69,000 jobs. The unemployment rate decreased 0.2 percentage points to 5.9%.
- Ohio employment increased by 200 jobs in August, and the July level was revised upward by 3,800 jobs. Monthly job growth has been uneven but has averaged 3,000 per month in 2014. The unemployment rate was unchanged at 5.7%, down from 7.1% last December.
- Leading economic indicators have softened somewhat recently but remain consistent with uninterrupted growth at a moderate pace across the country and in Ohio.

Economic Growth

The rate of economic growth in the second quarter was revised higher, but the general picture was unchanged. **Real GDP** increased 4.6% in the spring quarter, as most major sectors rebounded from decreases in the first quarter. Real GDP increased at an annual rate of 1.2% during the first-half and was 2.6% higher than a year earlier.

The increase in real GDP during the second quarter resulted from positive contributions from (in order of magnitude) personal consumption expenditures, exports, inventory accumulation, 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 (+14.1%), as unit sales of light motor vehicles increased 5.4%, or 23.4% at an annual rate. Unit sales dipped in July, but increased substantially to 17.4 million units at an annual rate in August – the fastest since January 2006. Consumers accounted for 1.75 percentage points of the 4.6% increase in real GDP.

Fixed business investment was solid across the board, and investment in residential structures made a positive contribution following two straight quarterly declines. Businesses added more to inventories in the second quarter than in the first, contributing 1.42 percentage points to overall growth. Together, consumer spending and inventory building accounted for 3.17 percentage points, or about two-thirds, of second-quarter growth.

The upward revision to the change in real GDP during the second quarter primarily reflected upward revisions to investment in nonresidential structures, equipment, and intellectual property and exports. A larger share of spending than previously reported was for imported goods, and inventories increased by less than previously reported, both of which partially offset the increases in other areas.

The rebound in real GDP during the second quarter is consistent with recent patterns in other major economic indicators, which show that growth continued during the third quarter. In particular, leading indicators remain consistent with uninterrupted growth at least well into the fall. IHS Global Insight, for example, projects real GDP growth of 3.0% and 3.1% in the final two quarters of the year.

Leading economic indicators weakened slightly in August, but remain squarely consistent with uninterrupted growth in the near-term. The 4-week moving average of **ECRI’s Weekly Leading Index** declined in eight of the eleven weeks ending in mid-September, reducing the 6-month smoothed annual rate of change to 2.0% from a recent peak of 5.3% in late May. After a very strong 1.1% increase in July, the composite **Leading Economic Index** from the Conference Board gained only 0.2% in August, but was still well above its year earlier level. In contrast, prior to previous recessions, the rate of change of the index has fallen below zero.

According to the **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, the Ohio economy continues to grow at a solid pace. The coincident index was 4.2% higher in August than a year earlier, and the year-over-year growth rate has been rising steadily since November 2013, when it was 2.8%. The index has been much closer to or below zero around the times recessions have begun in the past.



The diffusion of changes in the Coincident Economic Index across the 50 states has deteriorated somewhat this year through August. The index increased for 39 states in August compared with the month before, down from 49 states in January. Similarly, the index increased in 45 states compared with three months earlier, down from all 50 states in January. Although the breadth of increases in the state coincident indexes has declined this year, the still-high diffusion of increases points toward uninterrupted economic growth in the near-term.

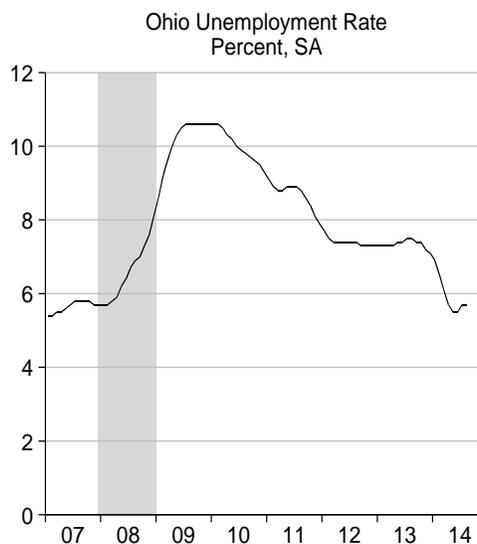
The message of the companion **Ohio Leading Economic Index** has strengthened in recent months, rising to 2.45% in August – the fifth straight month at 2.00% or higher. The index, which is compiled by the Federal Reserve Bank of Philadelphia (FRBP), is designed to predict the rate of increase in the coincident index during the next six months. It reached a recent low of 1.03% in October 2013. 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 fall and into winter.

The number of state leading indexes from the FRBP with positive readings in August fell to 42 from 43 in July. The number was 49 in January and 47 as recently as June. Nonetheless, the recent pattern remains consistent with continued economic expansion. The number of positive state leading indexes fell to an average of 34 three months in advance of the most recent three recessions and to an average of 22 during the first month.

Employment

Labor markets across the country strengthened in September. Growth in **nonfarm payrolls** rebounded to 248,000 jobs, and the gains in the two previous months were revised higher by a total of 69,000 jobs. Monthly job gains have averaged 237,000 during the most recent eight months – the best 8-month stretch since 2000.

The **unemployment rate** decreased 0.2 percentage points to 5.9% – the first reading below 6.0% since July 2008. The broadest measure of unemployment, which in part includes people who want to work but have stopped looking because of poor prospects, also declined 0.2 points to 11.8% – a new low for this expansion. Average hourly earnings were essentially unchanged in September, but increased at an annual rate of 2.0% during the third quarter. Aggregate hours worked increased 0.5% in September and 2.8% at an annual rate for the quarter.



The gain in jobs was broad-based among major sectors. Professional and business services led the way with a gain of 81,000 jobs, 20,000 of them in the temporary help industry. Retail trade added 35,000 jobs, followed by leisure and hospitality (+33,000), education and health services (+32,000), and construction (+16,000). Information, finance, and government each added 12,000 jobs.

Ohio employment increased by 200 jobs in August, and the July level was revised upward by 3,800 jobs (the July loss was revised from -12,400 to -8,600). Year-to-date, Ohio employment is higher by 24,000 jobs, with the increases concentrated in professional and business services (+10,700), manufacturing (+9,400), and government (+6,800). Employment is lower on the year in financial activities (-3,000), leisure and hospitality (-2,300), and trade, transportation and utilities (-2,000).

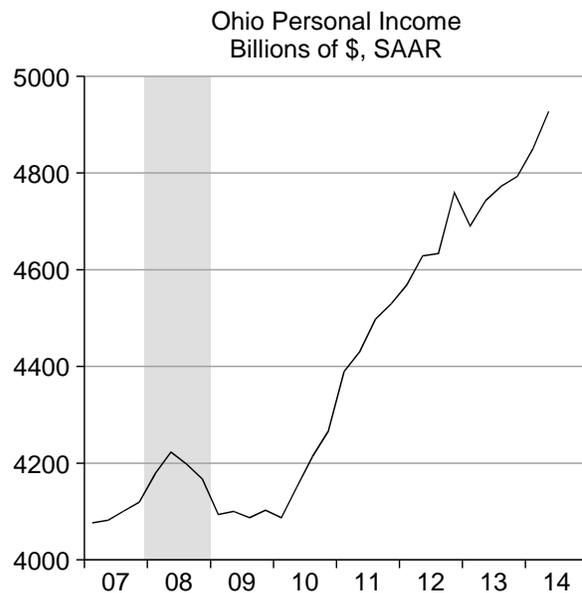
The **Ohio unemployment rate** was unchanged at 5.7% in August, down 1.4 percentage points from 7.1% last December and 4.9 percentage points since the peak of 10.6% that lasted from July 2009 through February 2010. The reduction in the rate since August of last year resulted both from a decline in the number of unemployed people (-109,318) and a rise in the number of employed people (+56,321). The difference represents the change in the labor force, which has declined by 52,997. Across the country, the unemployment rate in August increased in twenty-four states, was unchanged in eleven states, and decreased in fifteen states.

Among the **contiguous states**, year-over-year employment growth was strongest in Indiana (+2.0%), followed by increases in Kentucky (+1.3%), West Virginia (+1.1%), Pennsylvania (+0.8%), Michigan (+0.7%), and Ohio (+0.3%). Year-over-year growth in manufacturing was 1.9% in Ohio. Among the contiguous states, manufacturing employment increased 4.1% in Indiana, 2.7% in Michigan, 0.4% in Kentucky and West Virginia, and decreased 1.0% in Pennsylvania.

Consumer Income and Consumption

Personal income growth picked up slightly in August, rising 0.3% on the month compared with a 0.2% increase in July. However, even the faster August pace is below the average monthly gain of approximately 0.5% during the previous six months. **Wage and salary disbursements**, which account for more than one-half of personal income, picked up to 0.4% growth in August from 0.2% in July. Compared with a year earlier, personal income was 4.3% higher in August and wage and salary disbursements were 5.1% higher. By comparison, consumer prices were up 1.7% year-over-year in August.

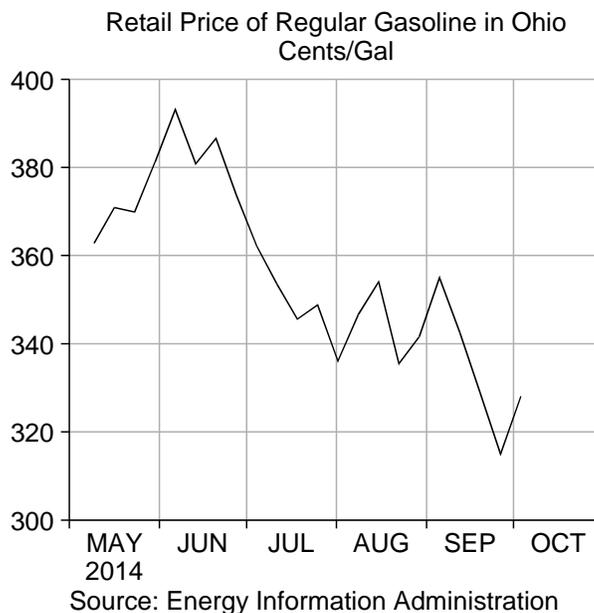
Ohio personal income accelerated in the second quarter, rising 6.4% at an annual rate. First-quarter growth was revised higher from 4.3% to 4.9%, bringing the year-over-year growth rate to 3.9%. **Wage and salary disbursements** also have been strong, rising 6.3% in the second quarter after a 7.6% increase in the first quarter. Compared with a year earlier, wage and salary disbursements were higher by 4.1%. In a sign of the enduring



recovery, Ohio first-quarter personal income was 20.5% above the cycle low reached in the third quarter of 2009 and 16.7% above the previous cycle high that was reached in the second quarter of 2008.

Personal consumption expenditures rebounded even more than income, rising 0.5% in August after no change in July. The increase in spending was broad-based but reflected strong back-to-school shopping and auto purchases, which reached the highest unit sales level in August since January 2006. Auto sales fell from the unsustainable August pace to 16.34 million units in September, bringing the third-quarter sales pace to 16.7 million units – the highest quarterly reading since the first quarter of 2006. The **saving rate** fell slightly in August to 5.4%, but remained above the average of 5.2% during the previous six months.

Increases in **retail sales** were broad-based in August, with significant increases at automotive dealerships, furniture, electronics, building material, sporting goods stores, and restaurants. Supporting factors include continued growth in employment and the large drop in the **price of gasoline** since May, especially in Ohio where the price of gasoline has fallen 16.5% since its peak in late May.



Consumer confidence was mixed during September, as the Conference Board Consumer Confidence Index decreased and the Reuters/University of Michigan Index of Consumer Sentiment increased. Both expectations and the assessment of current conditions deteriorated in the Conference Board index, while the Michigan index measured improved expectations and only a slight deterioration in assessments of current conditions. 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 decreased 0.1% in August and the July increase was revised down from 0.4% to 0.2%. The decline in August was the first since January and largely reflected weather patterns and known adjustments to auto production schedules. August weather was close to normal after a cooler than normal July, which boosted utility production in July relative to August. Similarly, the timing of autoworker vacations and model year changeovers boosted July auto production at the expense of August production. Total industrial production increased 0.3%, excluding auto production.

Manufacturing production fell 0.4% in August after a 0.7% rise in July. Factory orders fell by a very large 10.1% in August, essentially offsetting the 10.5% increase in July. Both changes reflected shifts in aircraft orders. On balance, factory orders are little changed since April.

Production in other industries that are important to Ohio was mixed during August. Production of **primary metal, fabricated metal, and machinery** increased 0.3%, fell 1.3%, and increased 0.3% respectively in August. Year-over-year increases in all three industries were greater than the 3.6% year-over-year increase in total manufacturing production. 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.



Regional surveys indicate that manufacturing activity has gained or maintained strength recently. The diffusion index of current activity from the Philadelphia Federal Reserve Manufacturing Business Outlook Survey declined to 22.5 in September after rising to 28.0 in August from 23.9 in July (although the current activity index fell from its relatively high reading in August, the other broad indicators increased from their readings last month). The survey’s indicators for future manufacturing conditions reflect general optimism about growth in activity and employment over the next six months. The Empire State Manufacturing Survey compiled by the New York Federal Reserve Bank offers a similar picture for September.

Purchasing managers at manufacturing firms reported less widespread improvements in conditions during September. The **purchasing managers index** decreased from 59.0 in August to 56.6 in September – a large but far from unusual-size decline. The production index was little changed at a high reading of 64.6, but the new orders index fell 6.7 points from 66.7 to 60.0. Readings near 50.0 are considered neutral, representing a balance between reports of rising and falling activity.

Construction

Construction put-in-place fell 0.8% in August and the July increase was revised down from 1.8% to 1.2%. The decline was the second in three months and brought the year-over-year change down to 5.0%. Declines were widespread across major categories, and core construction, which is incorporated into GDP, fell 0.6%. From the low point in February 2011, construction spending has increased 27.3%, or 7.1% annualized during the 42 months ending in August 2014. Despite this gain, the pace of construction remains 20.8% below the peak reached more than eight years ago in March 2006.

Private construction decreased 0.8% in August and the July increase was revised lower from 1.4% to 0.9%. **Residential construction** edged down by 0.1%, with the decline entirely reflecting a 2.0% decline in improvements. New single-family and new multi-family construction increased 0.7% and 1.4% on the month. **Nonresidential construction** decreased by 1.4%. Compared with a year earlier, private residential construction was higher by 3.7% and nonresidential construction was higher by 9.2%.

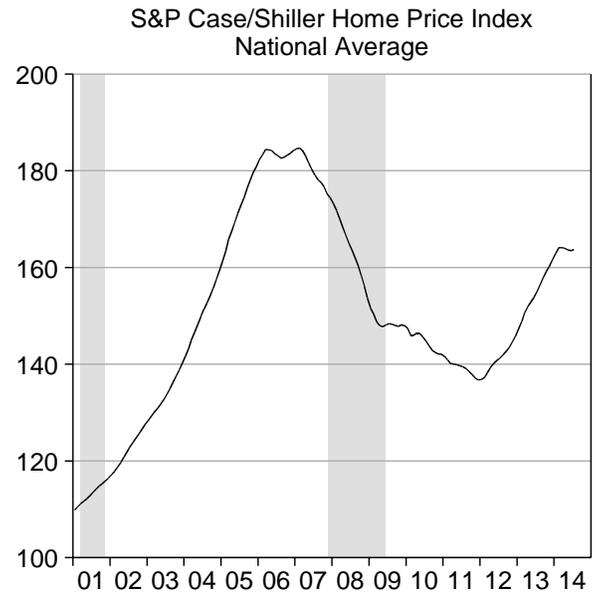
Housing starts decreased 0.9% across the country on a 3-month moving average basis in August but the July gain was revised up from 1.0% to 1.8%. The decline occurred entirely in the multi-family segment, as single-family starts increased 0.5%. Midwest housing starts declined 1.3% in August and the July decline was revised from -5.4% to -3.6%. The July decline followed a 3-month string of very strong increases totaling more than 60%.

The more-forward-looking **housing permits** were down very modestly for the fourth month in a row on a 3-month moving average basis. The August decline was the seventh in the last eight months. Permits are down 3.0% from last December, but are still 5.9% ahead of the year earlier level. Similarly, Midwest permits decreased 1.5% in August to 13.6% above the year earlier level on a 3-month moving average basis after five straight monthly increases.

Existing home sales continued to advance in August on a 3-month moving average basis, as did **new home sales**. Sales of existing homes increased 0.9% nationally and 3.1% in the Midwest, while sales of newly built homes increased 3.5% across the country but fell 9.1% in the Midwest – the third straight decline. Continued low mortgage rates, somewhat easier financing terms and stronger job gains should continue to support housing sales through the end of fall and into the winter.

Inventories of homes for sale were little changed in absolute terms in August for both existing and new homes. Relative to the recent pace of sales, the inventory of existing homes was unchanged and the inventory of new homes fell to its lowest level since June 2013.

The multi-year recovery in **home prices** has at least temporarily stalled. The Case-Shiller national home price index increased 0.2% in July, but the small gain followed three consecutive declines and the level remains below the February level. As a consequence, the year-over-year rate of change has declined from 10.9% last October to just 5.6% in July.



REVENUES

September **GRF receipts totaled \$2,618.1 million** and were \$15.6 million (0.6%) below the estimate. Monthly tax receipts totaled \$1,793.2 million and were \$56.9 million (3.3%) above estimate, while non-tax receipts totaled \$819.4 million and were \$77.8 million (8.7%) below 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	\$82.9 million	1.7%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$302.1 million)	-10.8%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$4.9 million	87.6%
TOTAL REVENUE VARIANCE:		(\$214.4 million)	-2.8%

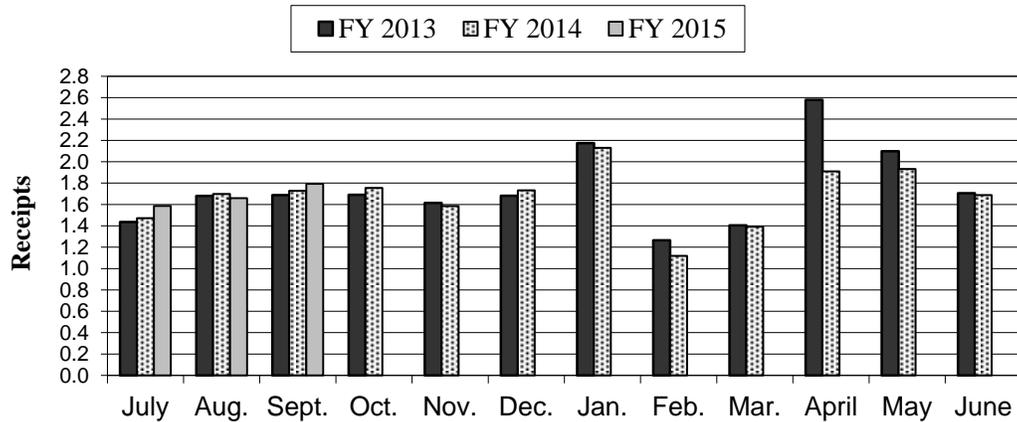
On a year-over-year basis, monthly receipts were \$121.3 million (4.9%) higher than in September of the previous fiscal year, mainly due to a combination of higher sales tax receipts, increase in federal grants and in other income. An increase in sales tax receipts of \$121.4 million (17.6%) was a major contributor to this year-over-year growth, more than compensating for the declines in personal income tax receipts of \$34.6 million (3.8%), public utility tax receipts of \$15.9 million, estate tax receipts of \$11.3 million (99.9%) and in cigarette tax receipts of \$5.6 million (7.5%). Further adding to this growth was an increase of \$34.6 million (4.5%) in federal grants, along with increase of \$14.6 million in other income. 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, but perhaps not fully felt that month, and an additional 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 – September 2014
(\$ in millions)

<u>Individual Revenue Sources Above Estimate</u>		<u>Individual Revenue Sources Below Estimate</u>	
Non-Auto Sales Tax	\$43.8	Federal Grants	(\$92.6)
Personal Income Tax	\$35.3	Public Utility Tax	(\$15.9)
Other Income	\$14.0	Cigarette and Other Tobacco Tax	(\$7.3)
Corporate Franchise Tax	\$5.6	Kilowatt Hour Tax	(\$4.6)
Transfers In – Other	\$5.3	Auto Sales Tax	(\$3.3)
Commercial Activity Tax	\$3.6	Foreign Insurance Tax	(\$1.9)
Alcoholic Beverage Tax	\$2.4	Domestic Insurance Tax	(\$1.6)
Other Sources Above Estimate	\$1.6	Other Sources Below Estimate	(\$0.0)
Total above	\$111.6	Total below	(\$127.2)

(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

September non-auto sales and use tax collections totaled \$703.9 million and were \$43.8 million (6.6%) above estimate, more than compensating for last month's shortfall, which was mostly attributed to a timing issue related to the payment of the sales tax by Medicaid health insuring corporations (MHIC).

On a year-over-year basis, September 2014 receipts were an impressive \$115.6 million (19.7%) above collections in the same month of the previous fiscal year. The positive variance reflects not only the shift in the MHIC payment from August to September, but also improved consumer confidence and improving economic conditions as well as 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% last September, which has since boosted collections by approximately 4.5% relative to last year – however, starting in October, comparisons between this year and last year should be unaffected by the rate increase.)

Auto Sales Tax

September auto sales and use tax collections totaled \$107.9 million and were \$3.3 million (3.0%) below the estimate, the second monthly shortfall in a row. On a year-over-year basis, monthly receipts were above the amount collected in September of last year by \$5.8 million (5.7%). National demand for light-vehicles hit its highest level since January 2006, with a seasonally adjusted annual rate (SAAR) of 17.4 million units sold in August, and remained strong in September at 16.3 million units sold (SAAR).

Personal Income Tax

September personal income tax receipts totaled \$877.8 million and were \$35.3 million (4.2%) above the estimate. The quarterly estimated payments component was the major contributor to this overage, totaling \$238.2 million and finishing above the estimate by \$29.4 million (14.1%). September refunds totaled \$22.1 million and were \$7.1 million (24.4%) below the estimate, thus adding to the overage. Also contributing to the positive variance were payments associated with annual returns that totaled \$23.5 million and were \$3.9 million (20.1%) over the estimate. Withholding collections were below the estimate for the second consecutive month, totaling \$650.6 million or \$8.1 million (1.2%) below estimate.

On a year-over-year basis, September personal income tax collections were \$34.6 million (3.8%) below the September 2013 level. Accounting for more than the entirety of this decline was quarterly estimated payments that were \$55.9 million (19.0%) below the same month a year ago. Overall, the year-over-year reduction was tempered to some extent by growth in the withholding component of \$25.0 million (4.0%) compared to the same month a year ago. Similar to the trend observed in July, refunds were up again in September, totaling \$22.1 million compared to \$20.2 million for September of last fiscal year, an increase of \$1.9 million (9.5%). 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.

FY2015 PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)						
	ESTIMATE	ACTUAL	\$ VAR	ESTIMATE	ACTUAL	\$ VAR
	SEP	SEP	SEP	Y-T-D	Y-T-D	Y-T-D
Withholding	\$658.7	\$650.6	(\$8.1)	\$1,908.4	\$1,915.7	\$7.3
Quarterly Est.	\$208.8	\$238.2	\$29.4	\$233.9	\$271.9	\$38.0
Trust Payments	\$7.8	\$8.6	\$0.8	\$8.7	\$10.6	\$1.9
Annual Returns & 40 P	\$19.6	\$23.5	\$3.9	\$44.3	\$40.9	(\$3.4)
Other	\$6.1	\$6.5	\$0.4	\$21.4	\$19.6	(\$1.8)
Less: Refunds	(\$29.2)	(\$22.1)	\$7.1	(\$121.0)	(\$119.8)	\$1.2
Local Distr.	(\$29.3)	(\$27.6)	\$1.7	(\$84.9)	(\$84.0)	\$0.9
Net to GRF	\$842.5	\$877.8	\$35.3	\$2,010.8	\$2,054.9	\$44.1

Corporate Franchise Tax

As noted in previous months' 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 this tax is now zero. September corporate franchise tax receipts totaled \$5.6 million compared to the estimate of zero, and were \$5.7 million higher than the collection for September 2013.

Financial Institutions Tax

September financial institutions tax receipts totaled \$0.5 million against the estimate of zero. As the first collections from this tax were in January 2014, there is no year-over-over comparison of its performance at this time.

Commercial Activity Tax

September commercial activity tax (CAT) receipts to the GRF totaled \$4.7 million and were \$3.6 million (327.9%) above the estimate. Year-to-date, GRF CAT receipts total \$209.5 million and were \$30.4 million (17.0%) above estimate. Year-over-year growth in GRF CAT receipts through the first three months of the fiscal year was \$17.4 million (9.1%) compared to the same period in fiscal year 2014.

All-funds September CAT receipts, meanwhile (net of refunds and attorney general fees) totaled \$9.4 million and were \$7.2 million (325.9%) above the \$2.2 million estimate. Year-to-date, all funds receipts total \$422.4 million and were \$64.2 million (17.9%) above estimate. Year-over-year growth in all funds CAT receipts through the first three months of the fiscal year was \$29.6 million (7.5%) above the same period in fiscal year 2014.

Public Utility Tax

A large public utility tax refund against several prior years was issued in September, bringing total receipts for the month to negative \$15.9 million. On a year-over-year basis, September receipts were \$15.9 million lower than in the same month of the previous year, due entirely to the aforementioned refund.

Kilowatt-Hour Tax

September kilowatt hour tax receipts totaled \$26.4 million and were \$4.6 million (14.9%) below estimate. Year-over-year collections were \$0.4 million (1.5%) below the level for the same month of the previous fiscal year, probably due to the milder weather and the resulting lower residential electricity consumption.

Cigarette and Other Tobacco Tax

Cigarette and other tobacco tax receipts for September totaled \$68.6 million and were \$7.3 million (9.6%) below the estimate of \$75.9 million. On a year-over-year basis, September 2014 cigarette tax receipts were \$5.6 million (7.5%) below the level for the same month of the previous fiscal year. As a result of the September shortfall, year-to-date receipts were \$0.6 million (0.4%) below the estimate, and \$4.0 million (2.4%) below the collections in the first three months of fiscal year 2014.

GRF non-tax receipts totaled \$819.4 million in September and were \$77.8 million (8.7%) below the estimate. The majority of this shortfall was due to a \$92.6 million (10.4%) negative variance in federal grants that can be primarily attributed to lower than estimated GRF Medicaid spending. Partially offsetting the shortfall in federal grants was other income that totaled \$15.1 million and was \$14.0 million above estimate due to the receipt of the first annual deferred payment from JobsOhio Beverage Systems, negotiated as part of the transfer of the state's liquor enterprise. It was estimated that this payment would total \$9.0 million and would occur later in the fiscal year. September Transfers In - Other totaled \$5.5 million against an estimate of \$0.2 million and is the result of the receipt of a racetrack relocation payment that was not estimated for this fiscal year, a portion of which by law is required to be deposited in the GRF.

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
	SEPTEMBER	SEPTEMBER			Y-T-D	Y-T-D		
TAX RECEIPTS								
Non-Auto Sales & Use	703,924	660,100	43,824	6.6%	2,127,038	2,114,800	12,238	0.6%
Auto Sales & Use	107,856	111,200	(3,344)	-3.0%	336,827	332,300	4,527	1.4%
Subtotal Sales & Use	811,780	771,300	40,480	5.2%	2,463,866	2,447,100	16,766	0.7%
Personal Income	877,781	842,500	35,281	4.2%	2,054,879	2,010,800	44,079	2.2%
Corporate Franchise	5,622	0	5,622	N/A	7,058	0	7,058	N/A
Financial Institutions Tax	532	0	532	N/A	422	0	422	N/A
Commercial Activity Tax	4,707	1,100	3,607	327.9%	209,496	179,100	30,396	17.0%
Petroleum Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	(15,863)	0	(15,863)	N/A	12,536	27,800	(15,264)	-54.9%
Kilowatt Hour	26,390	31,000	(4,610)	-14.9%	78,652	86,200	(7,548)	-8.8%
Natural Gas Distribution	9	0	9	N/A	13,221	11,500	1,721	15.0%
Foreign Insurance	2,777	4,700	(1,923)	-40.9%	2,906	5,400	(2,494)	-46.2%
Domestic Insurance	209	1,800	(1,591)	-88.4%	7,665	1,800	5,865	325.8%
Other Business & Property	0	0	0	N/A	11	0	11	N/A
Cigarette and Other Tobacco	68,588	75,900	(7,312)	-9.6%	160,020	160,600	(580)	-0.4%
Alcoholic Beverage	6,949	4,500	2,449	54.4%	15,364	14,700	664	4.5%
Liquor Gallonage	3,749	3,500	249	7.1%	10,989	10,400	589	5.7%
Estate	15	0	15	N/A	1,168	0	1,168	N/A
Total Tax Receipts	1,793,246	1,736,300	56,946	3.3%	5,038,255	4,955,400	82,855	1.7%
NON-TAX RECEIPTS								
Federal Grants	801,622	894,235	(92,614)	-10.4%	2,471,100	2,783,776	(312,676)	-11.2%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fees	2,639	1,835	803	43.8%	7,549	10,227	(2,678)	-26.2%
Other Income	15,094	1,123	13,970	1243.6%	16,980	3,760	13,219	351.5%
ISTV'S	10	0	10	N/A	12	2	10	630.1%
Total Non-Tax Receipts	819,364	897,194	(77,830)	-8.7%	2,495,640	2,797,765	(302,125)	-10.8%
TOTAL REVENUES	2,612,610	2,633,494	(20,884)	-0.8%	7,533,895	7,753,165	(219,270)	-2.8%
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	5,501	200	5,301	2650.3%	10,503	5,600	4,903	87.6%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	5,501	200	5,301	2650.3%	10,503	5,600	4,903	87.6%
TOTAL SOURCES	2,618,111	2,633,694	(15,583)	-0.6%	7,544,398	7,758,765	(214,367)	-2.8%

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	SEPTEMBER FY 2015	SEPTEMBER FY 2014	\$ VAR	% VAR	ACTUAL FY 2015	ACTUAL FY 2014	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	703,924	588,308	115,616	19.7%	2,127,038	1,861,292	265,747	14.3%
Auto Sales & Use	107,856	102,054	5,802	5.7%	336,827	315,388	21,440	6.8%
Subtotal Sales & Use	811,780	690,362	121,418	17.6%	2,463,866	2,176,679	287,186	13.2%
Personal Income	877,781	912,340	(34,558)	-3.8%	2,054,879	2,200,703	(145,824)	-6.6%
Corporate Franchise	5,622	(99)	5,721	5773.2%	7,058	2,046	5,012	245.0%
Financial Institutions Tax	532	0	532	N/A	422	0	422	N/A
Commercial Activity Tax	4,707	1,763	2,944	167.0%	209,496	192,105	17,391	9.1%
Petroleum Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	(15,863)	(6)	(15,857)	N/A	12,536	25,853	(13,317)	-51.5%
Kilowatt Hour	26,390	26,789	(399)	-1.5%	78,652	80,339	(1,686)	-2.1%
Natural Gas Distribution	9	12	(3)	-22.9%	13,221	13,553	(332)	-2.4%
Foreign Insurance	2,777	3,088	(311)	-10.1%	2,906	4,489	(1,583)	-35.3%
Domestic Insurance	209	3	206	7055.8%	7,665	57	7,609	N/A
Other Business & Property	0	8	(8)	N/A	11	37	(26)	-71.0%
Cigarette and Other Tobacco	68,588	74,179	(5,591)	-7.5%	160,020	164,024	(4,003)	-2.4%
Alcoholic Beverage	6,949	4,347	2,602	59.9%	15,364	14,205	1,159	8.2%
Liquor Gallonage	3,749	3,699	50	1.4%	10,989	10,722	266	2.5%
Estate	15	11,332	(11,317)	-99.9%	1,168	12,134	(10,966)	-90.4%
Total Tax Receipts	1,793,246	1,727,818	65,428	3.8%	5,038,255	4,896,946	141,309	2.9%
NON-TAX RECEIPTS								
Federal Grants	801,622	767,066	34,555	4.5%	2,471,100	2,270,778	200,322	8.8%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fee	2,639	1,444	1,195	82.7%	7,549	9,364	(1,815)	-19.4%
Other Income	15,094	503	14,591	2900.3%	16,980	4,233	12,747	301.1%
ISTV'S	10	0	10	N/A	12	(2,443)	2,454	-100.5%
Total Non-Tax Receipts	819,364	769,013	50,351	6.5%	2,495,640	2,281,932	213,708	9.4%
TOTAL REVENUES	2,612,610	2,496,831	115,779	4.6%	7,533,895	7,178,878	355,017	4.9%
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	5,501	0	5,501	N/A	10,503	7,719	2,784	36.1%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	5,501	0	5,501	N/A	10,503	7,719	2,784	36.1%
TOTAL SOURCES	2,618,111	2,496,831	121,280	4.9%	7,544,398	7,186,597	357,801	5.0%

DISBURSEMENTS

September GRF disbursements, across all uses, totaled \$3,648.4 million and were \$541.8 million (17.4%) above estimate. This was primarily attributable to higher than estimated disbursements in the Operating Transfer Out and Property Tax Reimbursements categories. On a year-over-year basis, September total uses were \$828.0 million (29.4%) higher than those of the same month in the previous fiscal year, with the Operating Transfer Out and Property Tax Reimbursements categories 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)	(\$244.6 million)	-2.7%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	(\$0.4 million)	-0.1%
TOTAL DISBURSEMENTS VARIANCE:		(\$245.0 million)	-2.6%

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. September disbursements for this category totaled \$478.3 million and were \$84.6 million (15.0%) below the estimate. Expenditures for the school foundation program totaled \$468.9 million and were \$80.6 million (14.7%) below the estimate. In the previous monthly report, it was noted that a portion of the school foundation payment, which should have been paid from the Lottery Profits Education Fund, was instead paid using the General Revenue Fund. Therefore, September foundation payments allocated a greater-than-estimated share of lottery funds to offset the prior months coding error. This resulted in a negative GRF variance in September.

Year-to-date disbursements were \$1,872.8 million, which was \$10.4 million (0.6%) below the estimate. On a year-over-year basis, disbursements in this category were \$92.6 million (16.2%) lower than in the same month of the previous fiscal year while year-to-date expenditures were \$171.4 million (10.1%) higher than at the same point in fiscal year 2014.

Higher Education

September disbursements for the Higher Education category, which includes non-debt service GRF spending by the Board of Regents, totaled \$182.3 million and were \$0.4 million (0.2%) below the estimate for the month.

Year-to-date disbursements were \$530.3 million, which was \$0.9 million (0.2%) below the estimate. On a year-over-year basis, disbursements in this category were \$15.3 million (9.2%)

higher than in the same month of the previous fiscal year while year-to-date expenditures were \$49.8 million (10.4%) higher than at the same point in fiscal year 2014.

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.

September disbursements in this category totaled \$9.1 million and were \$5.0 million (125.2%) above estimate. This variance was primarily attributable to \$2.6 million in Ohio Historical Society quarterly subsidy disbursements and \$2.2 million in Ohio Arts Council state program subsidy disbursements occurring in September instead of October as originally estimated. Year-to-date disbursements were \$21.1 million, which was \$3.6 million (20.4%) above the estimate. On a year-over-year basis, disbursements in this category were \$1.1 million (14.0%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$3.1 million (17.4%) higher than at the same point in fiscal year 2014.

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. Budgeted transfers and other projected lapses account for \$148.7 million. The remaining \$697.0 million is due to an adjustment for lower than expected caseload. While enrollment steadily increased each month in fiscal year 2014, the rate of growth was lower than initially expected and was a key driver of the lower than expected spending. This spending trend is expected to continue in fiscal year 2015, and the disbursement estimates have been adjusted accordingly.

Expenditures

September GRF disbursements for the Medicaid Program totaled \$1,386.5 million and were \$55.9 million (3.9%) below the estimate, and \$139.9 million (11.2%) above the same point in the previous fiscal year. Year-to-date GRF disbursements for the Medicaid Program totaled \$4,143.0 million and were \$345.7 million (7.7%) below the estimate, and \$221.0 million (5.6%) above the same point in the previous fiscal year.

September all-funds disbursements totaled \$2,067.1 million and were \$144.8 million (7.5%) above the estimate, and \$428.4 million (26.1%) above disbursements in the same month of the previous fiscal year. Year-to-date all-funds disbursements totaled \$5,595.4 million and were

\$217.3 million (3.7%) below the estimate, and \$898.1 million (19.1%) above disbursements in the same month of the previous fiscal year.

The September variance was due to lower than anticipated costs across fee for service categories, including hospitals, physician, and drugs, and to lower enrollment in the MyCare managed care program. The lower enrollment in the MyCare program does contribute to greater fee for service costs for this population as their claims have not yet shifted to managed care plans, but not enough to off-set the savings in fee for service for other groups that is primarily due to below estimate caseload. The year-to-date variance includes these and a managed care payment reconciliation that occurred in July that drove under spending in that month.

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

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

	Sept. Projection	Sept. Actual	Variance	Variance %
GRF	\$ 1,442.3	\$ 1,386.5	\$ (55.9)	-3.9%
Non-GRF	\$ 479.9	\$ 680.6	\$ 200.7	41.8%
All Funds	\$ 1,922.3	\$ 2,067.1	\$ 144.8	7.5%

Enrollment

Total September enrollment across all categories was 2.83 million. The most significant components are the Covered Families and Children (CFC) category, which increased by 53,842 persons to a September total of 2.18 million persons, and the Aged, Blind and Disabled (ABD) category, which decreased by 691 people to a September total of 175,886 covered lives. Individuals covered under Medicaid extension (eligibility group VIII) 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 183,685 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.

September disbursements in this category totaled \$93.1 million and were \$22.9 million (32.7%) above estimate for the month. Year-to-date disbursements were \$348.5 million, which was \$4.0 million (1.2%) above the estimate. On a year-over-year basis, disbursements in this category were \$28.0 million (43.0%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$25.1 million (7.8%) higher than at the same point in fiscal year 2014.

Department of Job and Family Services

September disbursements for the Department of Job and Family Services totaled \$51.6 million and were \$18.9 million (57.6%) above estimate. This variance was primarily attributable to four lines. First, TANF State/Maintenance of Effort disbursements were \$10.2 million (5,670.1%) above estimate due to a change in the Ohio Works First disbursement schedule in order to meet TANF MOE for fiscal year 2014. Second, Child Care State/Maintenance of Effort disbursements were \$1.5 million above an estimate of \$0 in order to meet the liquidation requirement of the CCDF-Match grant for federal fiscal year 2014. Third, Family Assistance-Local disbursements were \$1.6 million (32.4%) above estimate due to higher than estimated country draws. Fourth, Family and Children Services disbursements were \$11.0 million (1357.4%) above estimate due to the State Child Protective Allocation payments being made in September instead of October as previously estimated. These above estimate disbursements were partially offset by Program Support disbursements, which were \$2.0 million (62.3%) below estimate due to DAS charges and personal services payments not being made during the month as previously anticipated. In addition, Information Technology Projects was \$2.6 million (48.3%) below estimate due to DAS OIT payments, Child Support Payment Collections payments, and payments related to prior year encumbrances not being made during the month as previously anticipated.

Department of Mental Health and Addiction Services

September disbursements for the Department of Mental Health and Addiction Services totaled \$27.2 million and were \$3.7 million (15.7%) above estimate. This variance was attributable to \$5.6 million in subsidy payments in the Continuum of Care Services line for county collaborative projects that was originally estimated for August, but disbursed in September. This increase was partially offset by the Community Behavioral Health line being \$2.1 million (59.8%) below estimate due to the timing of county draws on block grant supplement funds.

Department of Health

September disbursements for the Department of Health totaled \$10.4 million and were \$1.5 million (16.5%) above estimate. This was primarily attributable to Federally Qualified Health Centers disbursements being \$1.3 million above estimate due to subsidy payments planned to be disbursed in August and October that were disbursed in September instead.

Opportunities for Ohioans with Disabilities

September disbursements for Opportunities for Ohioans with Disabilities totaled \$0.2 million and were \$1.8 million (91.7%) below estimate. This was primarily attributable to Services for People with Disabilities subsidy payments originally planned for September being shifted to October.

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.

September disbursements in this category totaled \$137.5 million and were \$34.2 million (19.9%) below estimate for the month. Year-to-date disbursements were \$497.7 million, which was \$34.2 million (6.4%) below estimate. On a year-over-year basis, disbursements in this category were \$17.5 million (14.5%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$1.9 million (0.4%) higher than at the same point in fiscal year 2014.

Department of Rehabilitation and Correction

September disbursements for the Department of Rehabilitation and Correction totaled \$107.3 million, and were \$34.4 million (24.3%) below the estimate. This variance was attributable to the timing adjustment with respect to the third payroll that posted in August that was estimated to post in early September, as discussed in last month's report. As a result, August disbursements had been over estimate by a similar amount. Department disbursements year-to-date were \$366.4 million, which was \$28.0 million (7.1%) below estimate.

Department of Youth Services

September disbursements for the Department of Youth Services totaled \$11.5 million, which was \$1.4 million (14.2%) above estimate. This variance was attributable to Community Corrections Facility payments being made in September instead of July as expected. Department disbursements year-to-date were \$72.2 million, which was \$3.2 million (4.2%) below estimate.

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.

September disbursements in this category totaled \$26.6 million and were \$1.7 million (6.7%) above the estimate. Year-to-date disbursements were \$90.1 million, which was \$5.7 million (6.0%) below the estimate. On a year-over-year basis, disbursements in this category were \$0.6 million (2.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$4.9 million (5.2%) lower than at the same point in fiscal year 2014.

Development Services Agency

September disbursements for the Development Services Agency totaled \$1.4 million and were \$1.1 million below estimate (42.6%). This variance was mainly attributable to the Technology Programs and Grants as well as the Rapid Outreach Grants lines being below estimate due to lower than anticipated reimbursements paid in September. Year-to-date disbursements were \$6.2 million, which was \$2.0 million (24.7%) below the estimate.

Treasurer of State

September disbursements for the Treasurer of State totaled \$5.7 million, and were \$5.0 (714.3%) million above the estimate. This was primarily due to the transfer voucher related to the Ohio Police and Fire Death Benefit Fund payment, originally estimated for the second quarter of fiscal year 2015, being processed on September 30th in order to make the funds available to the OP&F Pension Fund on October 1st per the request received by the Treasurer of State. Consequently, the October disbursements should be below estimate by a similar amount.

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. September disbursements of property tax reimbursements totaled \$412.3 million and were \$166.4 million (67.7%) above the estimate for the month. Through the first quarter of the fiscal year, total disbursements were \$431.7 million and were \$147.3 million (51.8%) above estimate. Both the monthly and year-to-date variances are due to reimbursement requests being received from counties in a different pattern than anticipated. The heaviest months for these payments in the first half of the fiscal year tend to be September through November and OBM expects that by the end of December the estimates for the first half of the fiscal year should be very near the estimate.

Debt Service

September payments for debt service totaled \$393.7 million, an amount marginally (0.1%) below the estimate of \$394.2 million. Major September debt service disbursements were comprised of payments on Administrative Building Fund, Adult and Juvenile Correction, and Cultural Facilities Lease-Rental debt as well as general obligation bonds for the Common Schools, Veterans' Bonuses, and Natural Resources.

Transfers Out

Transfers out were \$521.3 million above estimate (6,729.1%) as transfers to both the Medicaid Reserve Fund (\$300.0 million) and the Small Business Deduction Augmentation Fund (\$229.0 million) were made in September rather than as estimated in August. As a result of the September overage, year-to-date transfers out now total \$563.0 million and are marginally shy (0.1%) of the \$563.4 million estimate.

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL	ESTIMATED	\$	%	YTD	YTD	\$	%
	SEPTEMBER	SEPTEMBER	VAR	VAR	ACTUAL	ESTIMATE	VAR	VAR
Primary and Secondary Education	478,323	562,932	(84,609)	-15.0%	1,872,801	1,883,214	(10,412)	-0.6%
Higher Education	182,297	182,728	(431)	-0.2%	530,312	531,180	(869)	-0.2%
Other Education	9,071	4,028	5,043	125.2%	21,086	17,510	3,577	20.4%
Medicaid	1,386,461	1,442,327	(55,866)	-3.9%	4,143,018	4,488,683	(345,665)	-7.7%
Health and Human Services	93,145	70,203	22,941	32.7%	348,516	344,525	3,991	1.2%
Justice and Public Protection	137,466	171,624	(34,158)	-19.9%	497,670	531,860	(34,190)	-6.4%
General Government	26,585	24,912	1,673	6.7%	90,080	95,782	(5,702)	-6.0%
Property Tax Reimbursements	412,313	245,879	166,433	67.7%	431,652	284,324	147,328	51.8%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	393,697	394,190	(493)	-0.1%	733,919	736,566	(2,647)	-0.4%
Total Expenditures & ISTV's	3,119,359	3,098,825	20,534	0.7%	8,669,054	8,913,642	(244,589)	-2.7%
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	529,000	7,746	521,254	6729.1%	563,007	563,388	(381)	-0.1%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	529,000	7,746	521,254	6729.1%	563,007	563,388	(381)	-0.1%
Total Fund Uses	3,648,359	3,106,571	541,788	17.4%	9,232,060	9,477,030	(244,970)	-2.6%

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	SEPTEMBER	SEPTEMBER	\$	%	ACTUAL	ACTUAL	\$	%
	FY 2015	FY 2014	VAR	VAR	FY 2015	FY 2014	VAR	VAR
Primary and Secondary Education	478,323	570,944	(92,621)	-16.2%	1,872,801	1,701,425	171,377	10.1%
Higher Education	182,297	166,992	15,306	9.2%	530,312	480,498	49,813	10.4%
Other Education	9,071	7,960	1,111	14.0%	21,086	17,967	3,120	17.4%
Medicaid	1,386,461	1,246,534	139,927	11.2%	4,143,018	3,922,047	220,971	5.6%
Health and Human Services	93,145	65,142	28,002	43.0%	348,516	323,424	25,092	7.8%
Justice and Public Protection	137,466	120,008	17,458	14.5%	497,670	495,800	1,870	0.4%
General Government	26,585	25,986	599	2.3%	90,080	94,982	(4,902)	-5.2%
Property Tax Reimbursements	412,313	246,139	166,174	67.5%	431,652	304,477	127,175	41.8%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	393,697	370,688	23,009	6.2%	733,919	683,831	50,088	7.3%
Total Expenditures & ISTV's	3,119,359	2,820,394	298,965	10.6%	8,669,054	8,024,450	644,604	8.0%
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	995,930	(995,930)	N/A
Operating Transfer Out	529,000	0	529,000	N/A	563,007	196,995	366,012	185.8%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	529,000	0	529,000	N/A	563,007	1,192,925	(629,918)	-52.8%
Total Fund Uses	3,648,359	2,820,394	827,965	29.4%	9,232,060	9,217,375	14,686	0.2%

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)

July 1, 2014 Beginning Cash Balance	\$ 1,700,065
Plus FY 2015 Estimated Revenues	21,139,610
Plus FY 2015 Estimated Federal Revenues	8,990,764
Plus FY 2015 Estimated Transfers to GRF	648,386
 Total Sources Available for Expenditure & Transfer	 32,478,825
Less FY 2015 Estimated Disbursements	30,912,411
Less FY 2015 Estimated Total Encumbrances as of June 30, 2015	328,448
Less FY 2015 Estimated Transfers Out	606,390
 Total Estimated Uses	 31,847,248
 FY 2015 UNENCUMBERED ENDING FUND BALANCE	 631,577

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