OBM

September 10, 2015

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

FROM: Timothy S. Keen, Director TK

SUBJECT: Monthly Financial Report

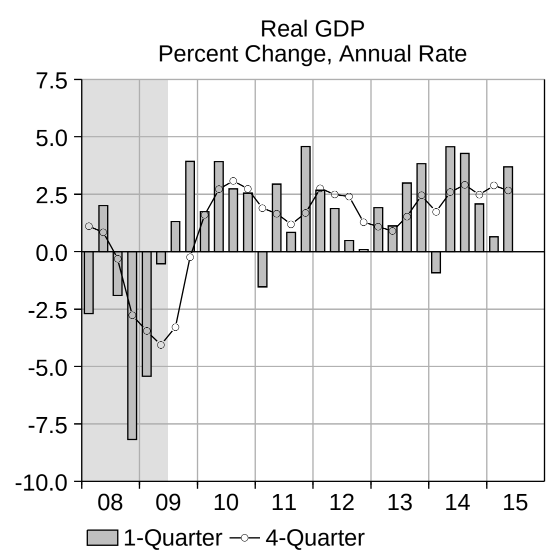
ECONOMIC SUMMARY

Economic Performance Overview

- The economy expanded by 3.7% in the second quarter, up from a preliminary estimate of 2.3% and a first-quarter gain of 0.6%.
- U.S. employment increased by 173,000 jobs in August, below the average of 247,000 during the previous twelve months. The unemployment rate decreased to a new low for the expansion of 5.1%.
- Ohio employment increased by 14,900 jobs in July, and is up by 30,300 jobs year-to-date. The Ohio unemployment rate decreased by 0.2 percentage points to 5.0% – its lowest level since October 2001.
- Leading economic indicators continue to point toward uninterrupted economic expansion. Forecasters anticipate growth of 2.5% to 3.0% in the current quarter.

Economic Growth

Real GDP growth for the second quarter was revised upward, to 3.7% from the preliminary estimate of 2.3%. An upward revision was expected, although the size of the revision was somewhat surprising. The gain marked the completion of the sixth year of economic expansion. The economy has grown at an annual rate of 2.1% year-to-date – notably higher than the rate previously reported – and is up by 2.7% from the second quarter of 2014.



The increase in second-quarter real GDP primarily reflected increases in personal consumption expenditures, exports, state and local government spending, nonresidential fixed investment, and residential fixed investment. The preliminary estimates of negative contributions from federal government spending, private inventory investment, and nonresidential fixed investment were revised up to be positive contributions or to have no effect. Imports, which are automatically included in these individual categories and then subtracted as a separate category, increased.

The acceleration from the first quarter to the second quarter reflected an upturn in exports, an acceleration in personal consumption expenditures, a deceleration in imports, an upturn in state and local government spending, and an acceleration in nonresidential fixed investment. Partially offsetting these positive effects were decelerations in private inventory investment, in federal government spending, and in residential fixed investment.

The broad snapback in growth during the spring quarter indicates that the economy has made significant adjustments to or recovered from what are viewed as largely temporary factors that depressed first quarter growth, such as the harsh winter weather; the West Coast port disruptions; the strength in the foreign exchange value of the dollar that clearly affected exports; and the cutbacks in energy-related investment due to the large and rapid drop in the price of oil since mid-2014.

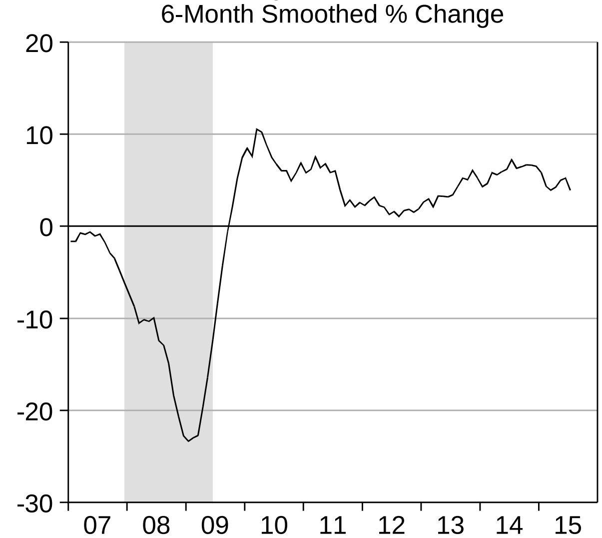
Despite recent weakening, leading economic indicators on balance still point to uninterrupted expansion. The **Leading Economic Index** from the Conference Board decreased 0.2% in July in the first monthly decline since the same-size decline in February. However, the 4.1% year-over-year rate of change remains consistent with economic expansion in the near future because it regularly has turned negative in advance of recessions in the past.

Judging by the **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, the Ohio economy expanded at a moderate pace in July. The index increased 0.4%, up from 0.2% each month during March-May. Momentum has slowed since last summer in step with the national economy, as the year-over-year growth rate has declined from 6.4% as of last September to 4.7% in July. In contrast, the year-over-year rate of change in the index typically has been near or below zero around the times recessions have begun in the past.

Businesses in and around Ohio reported a “slight pace” of expansion during the six weeks ending in late-August, according to a regular survey by the **Federal Reserve Bank of Cleveland**. Reports were mixed across industries, with factories reporting stable output; home builders reporting higher unit sales and prices; nonresidential building contractors reporting strong or strengthening backlogs; retailers indicating sales have been flat from a year earlier; auto dealers reporting sales of new cars are up slightly year-over-year; and oil and gas drillers reporting further declines in activity. Freight volume was said to have contracted slightly, while the demand for business and consumer credit was reported as moving slowly higher.

The diffusion of changes in the **Coincident Economic Index** across the states – a leading indicator at past business cycle turning points – changed little again in July, after deteriorating notably earlier in the year. The index increased from the prior month for 43 states and from three months prior for 45 states, down from highs reached last winter. The recent pattern is the weakest since

Leading Economic Index
6-Month Smoothed % Change



Source: The Conference Board

2010, but remains consistent with continued economic expansion. Further deterioration during the next few months, however, might begin to raise concerns about the state of the national economy.

After falling to near zero in March and April, the **Ohio Leading Economic Index** from the Philadelphia Federal Reserve has turned up notably during the most recent three months, reaching 4.9% in July – the highest mark since January 1994. The index, which is designed to predict the rate of increase in the coincident index during the next six months, is often revised significantly, but currently points to an impending upturn in the Ohio economy.

The number of state leading indexes compiled by the Philadelphia Fed with positive readings declined from 50 in January to 44 during March-May before recovering to 45 in June and 47 in July. The number of positive state leading indexes remains above the threshold that has coincided with the onset of recession in the past. The number of states with positive readings fell to an average of 36 three months in advance of the most recent three recessions and to an average of 28 during the first month prior to those recessions.

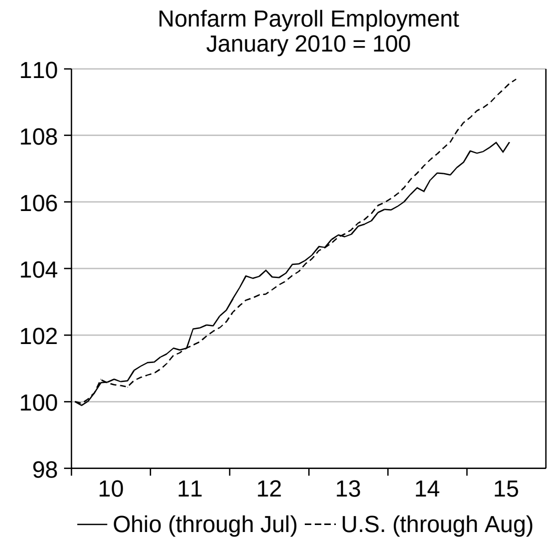
Employment

Employment increased again in August, the unemployment rate decreased, and average hourly earnings increased. **Nonfarm payrolls** increased by 173,000 jobs in August, below expectations of approximately 220,000. The June and July gains were revised higher by a total of 44,000 jobs. The increase in employment in August was notably below the average of 250,000 jobs during the previous three months and 247,000 during the previous twelve months.

On the positive side, employment gains were widespread **across industries**, including health care (+40,500), professional and business services (+33,000), leisure and hospitality (+33,000), government (+33,000), trade, transportation and utilities (+28,000), and financial activities (+19,000). Employment remained weak in the goods sector, where manufacturing employment slid by 17,000 jobs, more than reversing a 12,000 job gain the month before, which had appeared to possibly mark a breakout from a 5-month lull. Construction employment increased by only 3,000 jobs, extending weak growth to a third month. Mining employment fell by 10,000 jobs for the eighth monthly decline in a row.

In addition to the monthly employment report, the recent pattern in weekly **initial claims** for unemployment compensation remains consistent with sound labor market fundamentals and an expanding overall economy. The 4-week average of 275,500 at the end of August is not far above the 15-year low of 266,500 reached in the middle of May. The recent pattern and current level are consistent with a healthy and expanding labor market and overall economy. At a minimum, a sustained spike above the 300,000 level likely would be required to signal critical deterioration in the economy.

The national **unemployment rate** decreased by 0.2 percentage points to a new expansion low of 5.1% –still 0.1 percentage points above the Ohio rate from the previous month. The decrease resulted from a 196,000 person increase in total employment and a 237,000 person decrease in the number of unemployed. The labor force decreased by 41,000 people. The broadest measure of unemployment – the U-6 unemployment rate – which includes people who want to work but have stopped looking because of poor perceived prospects, declined 0.1 percentage points to 10.3% – the lowest level since June 2008.



Ohio nonfarm payroll employment increased by 14,900 jobs in July, and is up by 30,300 jobs year-to-date. The trade, transportation, and utilities and information sectors increased employment by 1,100 jobs and 300 jobs, respectively. All other private sector categories posted declines in employment, led by manufacturing (-2,500), construction (-2,300), and professional and business services (-2,100). A large increase in government employment, led by local government, more than offset the declines in other areas.

Compared with a year earlier, Ohio employment is higher by 56,800 jobs. The largest employment gains during the year have occurred in trade, transportation, and utilities (+17,400), government (+16,300), manufacturing (+15,000), and leisure and hospitality (+12,500). The only employment declines during the year ending in July occurred in construction (-13,800) and mining (-300).

Among the **contiguous states**, year-over-year employment growth was strongest in Kentucky (+2.2%), followed by Indiana and Michigan (+2.0%), Ohio (+1.1%), and Pennsylvania (+1.0%). Employment declined from a year earlier in West Virginia (-2.3%). Year-over-year growth in manufacturing employment was 2.6% in Ohio. Among the contiguous states, manufacturing employment increased 3.1% in Michigan, 2.7% in Indiana and Kentucky, 1.7% in West Virginia, and 0.6% in Pennsylvania.

The **Ohio unemployment rate** decreased to 5.0% in July after having paused at 5.2% for three months. The rate has been below 5.3% for ten consecutive months. The number of unemployed people decreased by 10,585 in July, while the number of employed people decreased by 5,808, and the labor force decreased by 16,393 people (the change in the number of employed people does not match the +14,900 figure cited above because it is from a different survey that uses a different method). From December 2013, unemployment is down by 98,808 people, the number of employed people is up by 81,849, and the labor force is down by 16,959 people. The unemployment rate is down 0.5 percentage points from a year ago, and is less than one-half its peak level of 11.0% reached in January 2010.

Across the country in July, the unemployment rate decreased by a statistically significant amount in four states (Connecticut, Hawaii, New York, and North Dakota), and increased by a significant margin in three states (Oregon, Arizona, and Nebraska). The unemployment rate was lower than a year earlier by a statistically significant margin in 21 states and higher in only two states (West Virginia and South Dakota).

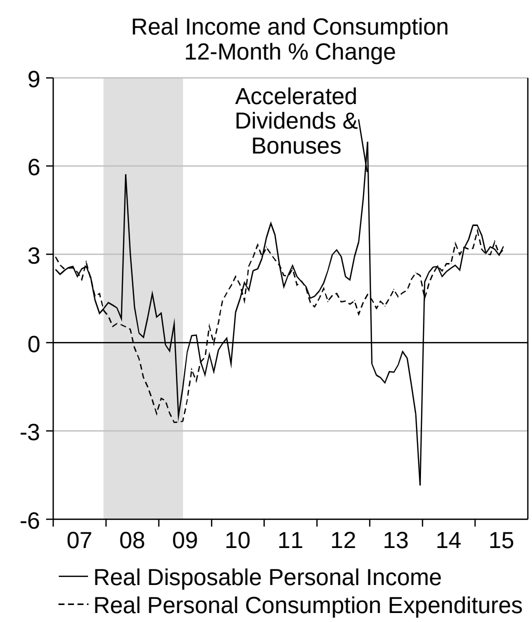
<u>Consumer Income and Consumption</u>

Consumer income and spending continued to expand in July and have accelerated during the most recent four months. **Personal income** increased 0.4% for the fourth month in a row. **Wage and salary disbursements** – the largest single component of personal income – increased 0.5%. Incomes have accelerated during the most recent four months from the previous four-month period. Personal income accelerated from 2.6% at an annual rate during November-March to 5.1% during March-July. Similarly, wage and salary disbursements accelerated from 1.3% at an annual rate during November-March to 4.0% during March-July.

Inflation remains low, even after picking up in recent months, which supports consumer spending. The recent increase largely reflects the fact that oil prices have essentially stopped declining and the effect of the large previous drop has worked its way through the price system (although in the Midwest gasoline prices were temporarily increased because of refinery problems and have only recently declined to levels consistent with oil prices). The **Consumer Price Index** (CPI) has accelerated from -0.9% at an annual rate during November-March to +3.0% during March-July. But measures of core inflation (excluding volatile food and energy prices) are little changed. For example, the median CPI calculated by the Federal Reserve Bank of Cleveland has increased at a very steady annual pace of about 2.5% during the most recent eight months.

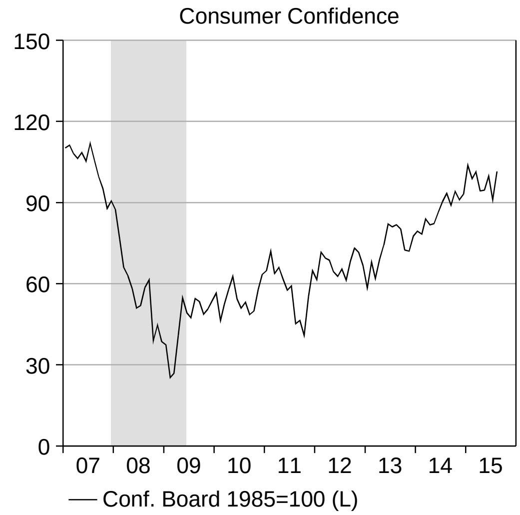
Personal consumption expenditures continued to respond to the recent improvement in income growth. Spending increased 0.3% in July for an annual rate of increase of 5.3% during the 5-month period February-July, up from 1.1% during the previous 5-month period.

Spending on **durable goods** increased 1.1%, more than recouping a similar-sized decline in June. Unit **sales of light motor vehicles** were a major factor in the pattern, falling 3.9% in June and rising 3.0% in July. Sales increased 1.4% in August to a 17.7 million unit pace – the best since the second-highest monthly pace on record in July 2005 when automakers extended employee discounts to all buyers.



Spending on **non-durable goods** decelerated to 0.2% from 0.5% in June and 2.1% in May. Spending on **services** also increased 0.2% in July. In total, consumption was 3.5% higher than a year earlier in July.

An important factor behind growth in consumption appears to be the large decrease in the **price of gasoline** since June 2014. The price of regular gasoline in Ohio has fluctuated in a range since spring. At the end of August, the price was up 26.2% from the low point reached at the beginning of the year, but was still 40.3% below the recent peak at the beginning in June 2014. Anecdotal evidence suggests that Ohio gasoline prices have fallen fairly sharply in early September.



Consumer confidence rebounded sharply in August, more than reversing a steep decline in July. The Conference Board measure jumped 10.5 points, or 11.5%, on the month. Assessments of both current and future conditions brightened, with the expectations index up 12.4% and the current situation index up 10.7%. The large August increase lifted the overall index close to the recent high reached in January. Expectations are still below that January level, but assessments of current conditions are higher. Both components remain comfortably above their corresponding averages during periods of economic expansion since 1978, indicating that the level of confidence will support consumer spending in the months ahead.

Manufacturing

Industrial production increased 0.6% in July following a 0.1% increase in June that was preceded by five straight monthly declines. Excluding production of motor vehicles and parts, however, industrial production increased only 0.1%. **Manufacturing** output increased 0.8%, including the strength in motor vehicles and parts. However, manufacturing production was only 0.5% above its level last November. **Mining** output increased 0.2% after a 0.7% increase in June that was preceded by an extended period of weakness reflecting the effect of the drop in the price of oil on exploration and production. **Utility** output decreased 1.0% after the 2.3% rise in June.

Compared with a year earlier, industrial production was up 1.3%, manufacturing output was up 1.5%, mining output was down 2.0%, and utility output was higher by 4.6%. The causes of recent weakness in manufacturing and mining remain the strong dollar, which undermines U.S. exports and supports imports, and the drop in the price of oil, which has led to cutbacks in drilling and related activities.

Purchasing managers at manufacturing firms reported that business expanded across the country for the 32nd consecutive month in August. The PMI® decreased 1.6 points to 51.1 – its lowest level since May 2013 – but remained above the neutral level of 50. The New Orders Index fell 4.8 points to 51.7, and the Production Index decreased 2.4 points to 53.6.

The Backlog of Orders Index, which fell to 42.5 in July, increased to 46.5, but remained below 50 for the third month in a row. The Supplier Deliveries Index also improved, rising just into expansion territory at 50.7. The New Export Orders Index sank for the fourth month in a row to 46.5 – its lowest level since May 2009.

Of the 18 industries tracked by the Manufacturing ISM *Report on Business*, 10 reported growth in August. Among the industries most important to Ohio in terms of employment share, Fabricated Metal Products and Machinery each reported expansion. Production of Fabricated Metal Products increased 0.3%, whereas production of Machinery decreased 1.3%. Production in two other key industries in Ohio – Primary Metal and Motor vehicles – increased 0.2% and 10.6%, respectively.

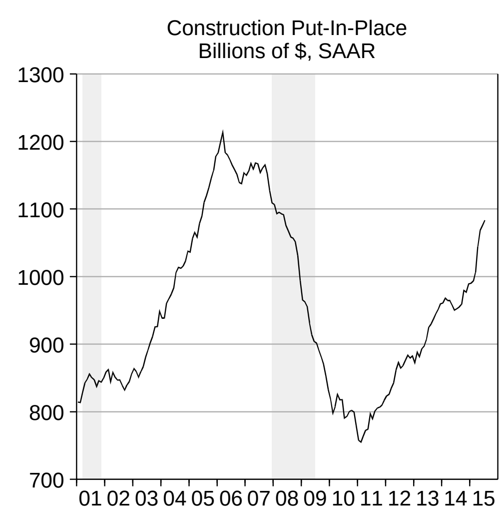
In general in and around Ohio, manufacturers reported that overall demand was stable during the six weeks ending in late-August, according to the Federal Reserve Bank of Cleveland. Firms cited the strong dollar, the downturn in the oil and gas industry, and weakening demand for agricultural equipment as the primary causes that demand was not stronger. At the same time, however, suppliers to the motor vehicle, construction, construction equipment, and defense industries reported strong or strengthening demand.

Construction

Overall construction activity picked up in July, and June levels were revised higher. **Construction put-in-place** increased 0.7%, following following a June gain of 0.7% that was revised upward from 0.1%. The July level was 13.7% higher than a year earlier – the best year-over-year gain since March 2006.

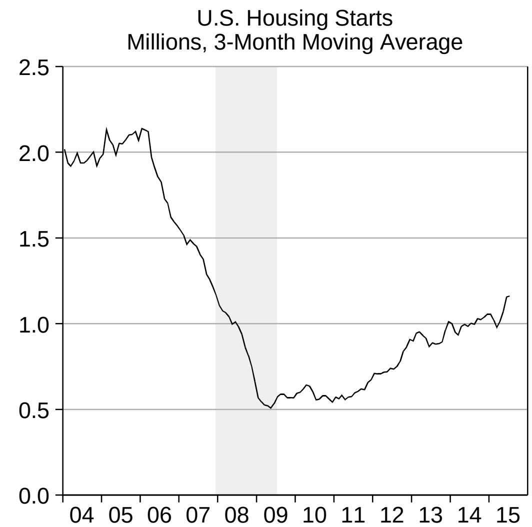
Private construction increased 1.3%, and the June change was revised up to 0.1% from an initial report of -0.5%. Private residential construction put-in-place increased 1.1%, and the June gain was revised up from 0.4% to 0.9% and the May gain was revised up from 0.9% to 1.7%. The increase came entirely from single-family construction, which rose 2.1%, while multi-family construction decreased 2.2%. Private nonresidential construction increased by 1.5% in July, and the May and June changes were also revised higher from 2.5% to 3.3% and -1.3% to -0.7%, respectively. Manufacturing and power construction accounted for more than all of the increase. There were declines in education, amusement and recreation, and commercial.

Public construction decreased by 1.0% in July. Revisions to the May and June increases approximately offset each other. Public residential construction decreased 0.1% in July, but the June decrease was revised higher from -3.8% to -3.0%. Public nonresidential construction decreased 1.0%, and revisions to May and June roughly offset each other. More than all of the July decrease occurred in education and amusement and recreation construction. The only notable increases occurred in power and conservation and development.



In and around Ohio, nonresidential contractors reported "robust" activity during the six weeks ending in late-August, according to the Cleveland Fed survey. Revenues have increased above year earlier levels, with work booked as far as two years into the future. Backlogs are strong or strengthening. Demand is greatest in the commercial, education, government, and multi-family segments.

The momentum in housing activity continued to build in July. **Housing starts** increased 0.5% in July on a 3-month moving average basis on top of the upwardly revised 7.8% and 5.7% increases in May and June, respectively. Single-family starts increased 2.2% and multi-family starts decreased 2.3%; June changes were revised higher in both cases. Compared with a year earlier, housing starts were higher by 15.8%, and residential construction is widely viewed as strong.



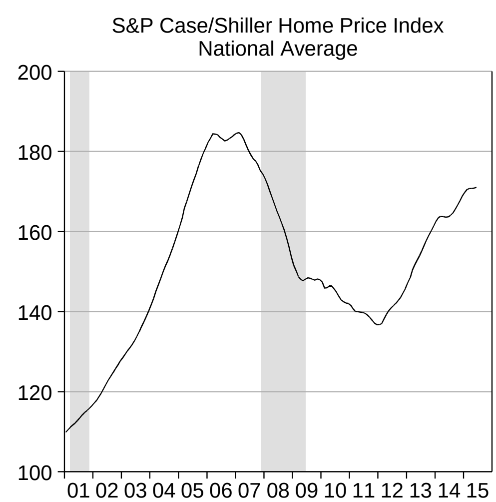
In the Midwest, starts rose 2.6% on a 3-month moving average basis, as a 10.9% increase in multi-family starts offset a 0.9% dip in single-family starts. The solid increases in total housing starts across the Midwest during April-July followed weakness in the second half of 2014 and over the winter that leaves the level of activity still well below the year ago pace.

The generally more-forward-looking **housing permits** paused in July, with total permits down 0.3% on a 3-month moving average basis. Single-family permits edged up by 0.7%, while multi-family permits fell by 1.4% after a 17.3% increase in June. Midwest permits increased by 4.7%, reflecting a 2.2% increase in single-family and 9.0% increase in multi-family.

Sales of existing houses increased both across the country (+3.1%) and in the Midwest (+2.6%) in July on a 3-month moving average basis. Inventories of existing homes for sale dipped in July in absolute terms, but edged down to a healthy 4.8-month supply at the July pace of sales. Compared with a year earlier, sales across the country were higher by 9.4%, and sales in the Midwest were higher by 11.7%.

The **Pending Homes Sales Index**, which measures housing contract activity for single-family homes, condos, and co-ops and usually leads existing home sales by a month or two, decreased 0.2% in July on a 3-month moving average basis. Pending Home Sales in the Midwest fell 1.3% after small increases in May and June and moderate increases during February-April.

Sales of newly built homes edged down 0.1% in July across the country and decreased 6.5% in the Midwest. Inventories of new homes increased in July to the highest absolute level since March 2010. Relative to the pace of sales, however, new home inventories dipped to a moderate 5.2 months' supply. New home sales were 19.0% higher than a year earlier across the country but 5.5% lower in the Midwest.



Home prices posted their thirteenth straight monthly increase in June, but moved higher by only a small amount for the second month in a row, according to the Case-Shiller national home price index. Home prices in Cleveland followed the same general pattern, barely edging higher in May and June. Home prices increased 5.8% across the country from December 2013 to June 2015 to stand 25.1% above the cycle low reached in December 2011, but remained 7.4% below the all-time high set in February 2007.

REVENUES

August **GRF receipts totaled $3,235.6 million** and were $310.1 million (10.6%) above the estimate. Monthly tax receipts totaled $1,881.0 million and were $4.7 million (0.3%) above the estimate, while non-tax receipts totaled $1,354.5 million and were $310.2 million (29.7%) above the estimate. Transfers were $4.8 million (98.5%) below estimate. Variances for the fiscal year-to-date by category are provided in the following table ($ 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	$14.2 million	0.4%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	$307.7 million	13.7%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	($4.8 million)	-2.9%
TOTAL REVENUE VARIANCE:		**$317.2 million**	**5.3%**

On a year-over-year basis, monthly receipts were $784.5 million (32.0%) higher than in August of the previous fiscal year, mainly due to growth in federal grants revenue, which was $561.4 million, or 71.4%. Note however that federal grants revenue to the GRF in August was approximately $155.0 million higher than it would have been if not for some accounting computer system upgrades in early September that prevented some of the federal revenue from being correctly credited to other state funds by journal entry, as is customary. If not for that $155.0 million amount, the August federal grants increase from last year would have been 51.8%.

Federal grants are expected to be significantly over the prior fiscal year amount in each month of fiscal year 2016, since for the year approximately $2.9 billion in additional federal Medicaid reimbursement is expected to be deposited into the GRF during the fiscal year, largely due to federal reimbursement for Group 8 Medicaid recipients being deposited into the GRF rather than into a non-GRF fund, as they were in fiscal year 2015.

Beyond federal grants, the non-auto sales tax ($67.9 million, or 10.3%) and the commercial activity tax, or CAT ($64.7 million, or 36.5%) also had large increases from August of the previous fiscal year. The CAT increase is attributable to the increase in the GRF share of total tax revenue from 50% to 75%, discussed in more detail later in this report.

GRF Revenue Sources Relative to Monthly Estimates – August 2015
($ in millions)

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Non-Auto Sales and Use Tax	$31.2	Commercial Activity Tax	($24.0)
Auto Sales and Use Tax	$4.6	Kilowatt Hour Tax	($2.1)
Personal Income Tax	$16.1	Foreign Insurance Tax	($1.1)
Public Utility Excise Tax	$2.8	Cigarette and Other Tobacco	($24.1)
Federal Grants	$307.8	Transfers In - Other	($4.8)
Licenses and Fees	$2.2		
Other Sources Above Estimate	$2.0	Other Sources Below Estimate	($0.5)
Total above	**$366.7**	**Total below**	**($56.6)**

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

Non-Auto Sales and Use Tax

August non-auto sales and use tax collections totaled $726.6 million and were $31.2 million (4.5%) above the estimate. This overage may have been inflated slightly by the fact that the estimates assumed that all of the new sales tax holiday impacts (an estimated $20.0 million loss in fiscal year 2016) would be in August, whereas they probably will be split between August and September. Even adjusting for that possibility, August revenues were well over estimate.

It is possible that finally the impact of a better labor market and lower energy costs are boosting consumer spending (please refer to the economic overview section of this report for details) and showing up in better sales tax results. Non-auto sales tax receipts for July and August combined are $54.6 million (3.6%) above the estimate. If another overage follows in September, OBM will have more confidence in this hypothesis.

On a year-over-year basis, August 2015 receipts were $67.9 million (10.3%) above the same month of the previous fiscal year. Year-to-date collections are $131.6 million (9.2%) above the same point in the previous fiscal year. Even allowing for the fact that some of the August increase is due to artificially low revenues from the MHIC portion of the sales tax base last August; the fiscal year 2016 growth numbers so far are strong.

Auto Sales Tax

August auto sales and uses tax collections totaled $122.2 million and were $4.6 million (3.9%) above the estimate, picking up where fiscal year 2015 left off, after a pause in July. Last month's report mentioned that auto sales nationwide posted one of the strongest July results on record, which was expected to buoy August auto sales tax collections, and that proved true.

Similarly, auto sales increased 1.4% in August to a 17.7 million unit pace – the best since the second-highest monthly pace on record in July 2005 (please see the economic overview for further detail) – and this is expected to lead to strong auto sales tax collections in September.

Year-over-year auto sales and use tax receipts for August 2015 were $15.9 million (15.0%) above August collections of the previous fiscal year. Year-to-date collections were above the same point in the previous fiscal year by $10.0 million (4.4%).

August marked a break from the pattern observed through much (not all) of fiscal year 2015 where the auto sales tax and the non-auto sales tax had opposing variances in a month: if one tax was over estimate, the other tax tended to fall short. If consumer spending really is finally accelerating, perhaps the break in this pattern will continue in the coming months.

Personal Income Tax

August personal income tax receipts totaled $627.9 million and were $16.1 million (2.6%) above the estimate. The August overage almost made up for the July shortfall, leaving year to date revenues $3.1 million (0.2%) below the estimate.

Employer withholding was a solid $24.2 million (3.8%) above the August estimate, more than making up for a small shortfall in July. Estimated payments were $9.3 million (4.5%) below estimate. Other income tax components had only small variances in August.

August is not a month when estimated payments are due – those months are January, April, June, and September – and so the August estimated payment revenue received each fiscal year is generally either late June payments or early September payments. As such, these amounts are relatively small and unpredictable, and one should not extrapolate from an August variance.

On a year-over-year basis, August personal income tax receipts were $54.2 million (9.5%) above August 2014 collections. Withholding accounted for almost all of that growth, at $54.1 million (9.0%). In all other components, increases (such as $11.4 million in reduced refunds) and declines (such as $8.7 million in estimated payments) essentially offset each other.

FY2016 PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)						
	ACTUAL AUGUST	ESTIMATE AUGUST	$ VAR AUGUST	ACTUAL AUG 15	ACTUAL AUG 14	$ VAR Y-over-Y
Withholding	$656.0	$631.8	$24.2	$656.0	$601.9	$54.1
Quarterly Est.	$11.3	$20.6	($9.3)	$11.3	$20.0	($8.7)
Annual Returns & 40 P	$9.6	$8.0	$1.6	$9.6	$7.9	$1.7
Trust Payments	$0.6	$0.4	$0.2	$0.6	$0.5	$0.1
Other	$4.3	$7.1	($2.8)	$4.3	$7.2	($2.9)
Less: Refunds	($25.1)	($27.4)	$2.3	($25.1)	($36.5)	$11.4
Local Distr.	($28.8)	($28.7)	($0.1)	($28.8)	($27.3)	($1.5)
Net to GRF	**$627.9**	**$611.8**	**$16.1**	**$627.9**	**$573.7**	**$54.2**

Corporate Franchise Tax

As noted in previous months' reports, although the corporate franchise tax has been eliminated, prior year settlement activity continues. This results in some 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. August experienced some light settlement activity as receipts totaled $0.3 million.

Commercial Activity Tax

Commercial activity tax (CAT) August receipts deposited in the GRF were $24.0 million (9.0%) below the estimate of $266.3 million. Based on the limited information available at this point, the shortfall seems to be largely due to an unexpected surge in refundable credits, after the claims of those credits had fallen in fiscal year 2015.

Despite the shortfall compared to estimate, both August and year to date GRF CAT revenues have increased substantially from fiscal year 2015. August collections are up $64.7 million (36.5%) from the same month of the previous fiscal year, and year-to-date collections are up by $72.3 million (35.3%) from the same point in the previous fiscal year. This increase is due to a law change in H.B. 64 (the biennial budget bill) that increased the GRF share of total CAT receipts from 50 to 75 percent.

All funds August CAT receipts (net of refunds, attorney general fees, and deposits to the motor fuel fund) totaled $325.9 million and were $32.2 million (9.0%) below the estimate. The year-over-year change in all funds CAT receipts was an almost identical decline of $32.7 million (9.1%). In general, throughout fiscal year 2016 the all funds variances from the estimate and the change from fiscal year 2015 will be very similar, as the all funds estimate for fiscal year 2016 is almost exactly equal to the fiscal year 2015 actual collections.

Kilowatt Hour Tax

August kilowatt hour tax receipts totaled $32.7 million and were $2.1 million (6.0%) below the estimate, more than reversing a small shortfall in July. Because data on electricity usage by sector is only available with a lag, OBM can only speculate on the reasons for the shortfall. Low air conditioning usage due to a relatively cool July is a reasonable hypothesis. Since August was also relatively cool, it would not be surprising to see KWH tax revenues fall short of the estimate in September also.

As with the CAT, despite a shortfall relative to the estimate, GRF deposits of the KWH tax increased by $3.6 million (12.2%) relative to last August, and are up by $9.5 million (18.1%) year-to-date. This increase is attributable to allocation changes contained in H.B. 64 which increased the portion of kilowatt hour tax receipts deposited in the GRF (prior to any subtractions for the public library fund, or PLF) from 88 percent to 100 percent.

Public Utility Excise Tax

August public utility excise tax receipts were $28.2 million, or $2.8 million (11.1%) above the monthly estimate. The year-to-date variance is almost identical, at $2.9 million (11.3%). Although several types of utility companies are subject to this tax on gross receipts, in practice almost 95% of the annual revenue is derived from the tax on natural gas companies. (Note that sales of natural gas as a commodity, as distinct from services associated with natural gas, are taxed under the sales tax if provided by a non-utility marketer, and are only subject to this excise tax if provided by a regulated gas utility). Variances in this tax thus depend on whether taxable natural gas revenues perform as expected. In the winter months, this may be linked to current usage. In months like August, payments and variances are based on usage from several months ago. As such, the August variance is probably tied back to high usage back in the cold winter months of early 2015.

Cigarette and Other Tobacco Tax

The cigarette and other tobacco tax receipts fell short of the August estimate by $24.1 million (22.9%). This shortfall more than reverses the July overage, and so year-to-date collections are now $12.1 million (9.8%) below estimate.

At this point, OBM believes that this shortfall is due to timing and may well be reversed in September. The August estimate assumed that some of the cigarette “floor stocks” tax revenue associated with the H.B. 64 tax rate increase would be received in August, even though the due date is in September, based on the floor stocks tax behavior experienced following the last tax rate increase in 2005. However, very little floor stocks tax has actually been paid yet. If what is expected overall is instead paid in September, all other things equal, then September revenues would be over the estimate.

As with the CAT and the KWH tax, despite shortfalls relative to the estimate, the cigarette and other tobacco tax revenues increased substantially from last year, for both the month of August and the year to date. This is due to the $0.35 per pack cigarette tax rate increase in H.B. 64.

Cigarette and other tobacco revenues increased by $12.2 million (17.7%) from August of the previous fiscal year, and are up by $19.8 million (21.7%) from the same point in the previous fiscal year.

GRF Non-Tax Receipts

GRF non-tax receipts totaled $1,354.5 million in August and were $310.2 million (29.7%) above the estimate. The variance is almost entirely due to federal grants. As noted earlier in this report, federal grants were somewhat overstated in August due to computer system changes that prevented allocation of federal dollars to other state funds, but even after adjusting for that overstatement, the variance was significant.

August transfers in totaled only $0.1 million and were $4.8 million (98.5%) short of estimate. Transfers related to racetrack relocation payments that were due in August were not booked during the month, but will instead appear in September transfers to the GRF.

Table 1

GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2016 VS ESTIMATE FY 2016
($ in thousands)

REVENUE SOURCE	MONTH ACTUAL AUGUST	MONTH ESTIMATE AUGUST	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL Y-T-D	YEAR-TO-DATE ESTIMATE Y-T-D	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	726,627	695,400	31,227	4.5%	1,554,676	1,500,100	54,576	3.6%
Auto Sales & Use	122,161	117,600	4,561	3.9%	238,991	235,500	3,491	1.5%
Subtotal Sales & Use	848,788	813,000	35,788	4.4%	1,793,667	1,735,600	58,067	3.3%
Personal Income	627,891	611,800	16,091	2.6%	1,247,550	1,250,600	(3,050)	-0.2%
Corporate Franchise	279	0	279	N/A	1,320	0	1,320	N/A
Financial Institutions Tax	(65)	(300)	235	78.2%	179	(200)	379	189.3%
Commercial Activity Tax	242,325	266,300	(23,975)	-9.0%	277,106	307,100	(29,994)	-9.8%
Petroleum Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	28,218	25,400	2,818	11.1%	28,258	25,400	2,858	11.3%
Kilowatt Hour	32,726	34,800	(2,074)	-6.0%	61,742	62,300	(558)	-0.9%
Natural Gas Distribution	10,871	10,900	(29)	-0.3%	12,101	12,100	1	0.0%
Foreign Insurance	(243)	900	(1,143)	-127.0%	(37)	1,000	(1,037)	-103.7%
Domestic Insurance	0	300	(300)	N/A	5	2,800	(2,795)	-99.8%
Other Business & Property	6	0	6	N/A	21	0	21	N/A
Cigarette and Other Tobacco	81,129	105,200	(24,071)	-22.9%	111,276	123,400	(12,124)	-9.8%
Alcoholic Beverage	5,115	4,200	915	21.8%	10,420	9,600	820	8.5%
Liquor Gallonage	4,012	3,800	212	5.6%	7,660	7,400	260	3.5%
Estate	(13)	0	(13)	N/A	72	0	72	N/A
Total Tax Receipts	1,881,036	1,876,300	4,736	0.3%	3,551,341	3,537,100	14,241	0.4%
NON-TAX RECEIPTS								
Federal Grants	1,347,901	1,040,074	307,827	29.6%	2,540,219	2,232,392	307,827	13.8%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fees	5,238	3,064	2,174	71.0%	6,146	6,372	(226)	-3.5%
Other Income	974	1,138	(164)	-14.4%	1,903	2,336	(433)	-18.5%
ISTV'S	402	0	402	N/A	573	0	573	N/A
Total Non-Tax Receipts	1,354,515	1,044,276	310,240	29.7%	2,548,842	2,241,100	307,741	13.7%
TOTAL REVENUES	3,235,552	2,920,576	314,976	10.8%	6,100,183	5,778,200	321,982	5.6%
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	73	4,900	(4,827)	-98.5%	163,073	167,900	(4,827)	-2.9%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	73	4,900	(4,827)	-98.5%	163,073	167,900	(4,827)	-2.9%
TOTAL SOURCES	3,235,624	2,925,476	310,149	10.6%	6,263,255	5,946,100	317,155	5.3%

Table 2

GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2016 VS ACTUAL FY 2015
($ in thousands)

	MONTH				YEAR-TO-DATE			
REVENUE SOURCE	AUGUST FY 2016	AUGUST FY 2015	$ VAR	% VAR	ACTUAL FY 2016	ACTUAL FY 2015	$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	726,627	658,760	67,867	10.3%	1,554,676	1,423,114	131,562	9.2%
Auto Sales & Use	122,161	106,236	15,925	15.0%	238,991	228,971	10,020	4.4%
Subtotal Sales & Use	848,788	764,996	83,792	11.0%	1,793,667	1,652,085	141,582	8.6%
Personal Income	627,891	573,665	54,226	9.5%	1,247,550	1,177,097	70,453	6.0%
Corporate Franchise	279	(2,179)	2,458	112.8%	1,320	1,436	(117)	-8.1%
Financial Institutions Tax	(65)	(222)	157	70.5%	179	(110)	288	262.9%
Commercial Activity Tax	242,325	177,579	64,746	36.5%	277,106	204,789	72,317	35.3%
Petroleum Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	28,218	28,399	(181)	-0.6%	28,258	28,399	(141)	-0.5%
Kilowatt Hour	32,726	29,156	3,570	12.2%	61,742	52,262	9,479	18.1%
Natural Gas Distribution	10,871	11,888	(1,018)	-8.6%	12,101	13,212	(1,111)	-8.4%
Foreign Insurance	(243)	90	(333)	-368.9%	(37)	129	(166)	-128.8%
Domestic Insurance	0	703	(703)	N/A	5	7,457	(7,451)	-99.9%
Other Business & Property	6	11	(5)	-47.8%	21	11	11	98.9%
Cigarette and Other Tobacco	81,129	68,917	12,212	17.7%	111,276	91,433	19,844	21.7%
Alcoholic Beverage	5,115	2,495	2,619	105.0%	10,420	8,415	2,005	23.8%
Liquor Gallonage	4,012	3,792	220	5.8%	7,660	7,239	421	5.8%
Estate	(13)	0	(13)	N/A	72	1,153	(1,081)	-93.8%
Total Tax Receipts	1,881,036	1,659,291	221,745	13.4%	3,551,341	3,245,009	306,332	9.4%
NON-TAX RECEIPTS								
Federal Grants	1,347,901	786,455	561,446	71.4%	2,540,219	1,669,478	870,741	52.2%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fee	5,238	4,270	968	22.7%	6,146	4,910	1,237	25.2%
Other Income	974	1,099	(125)	-11.4%	1,903	1,886	17	0.9%
ISTV'S	402	0	402	N/A	573	2	571	36171.1%
Total Non-Tax Receipts	1,354,515	791,825	562,691	71.1%	2,548,842	1,676,276	872,566	52.1%
TOTAL REVENUES	3,235,552	2,451,116	784,436	32.0%	6,100,183	4,921,285	1,178,898	24.0%
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	73	0	73	N/A	163,073	5,003	158,070	3159.8%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	73	0	73	N/A	163,073	5,003	158,070	3159.8%
TOTAL SOURCES	3,235,624	2,451,116	784,509	32.0%	6,263,255	4,926,287	1,336,968	27.1%

DISBURSEMENTS

August GRF disbursements, across all uses, totaled $3,479.4 million and were $72.9 million (2.1%) above estimate. This was primarily attributable to higher than estimated disbursements in the Debt Service category being partially offset by lower than estimated disbursements in the Medicaid category. On a year-over-year basis, August total uses were $885.9 million (34.2%) higher than those of the same month in the previous fiscal year, with the Medicaid, Debt Service, and Primary and Secondary Education categories largely responsible for the increase. Year-to-date variances by category are provided in the table below.

Category	Description	YTD Variance	% Variance
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	$71.3 million	1.1%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$1.7 million	0.2%
TOTAL DISBURSEMENTS VARIANCE:		**$72.9 million**	**1.0%**

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. August disbursements for this category totaled $917.0 million and were $25.4 million (2.7%) below estimate. Expenditures for the school foundation program totaled $870.0 million and were $15.6 million (1.8%) below estimate. This variance was primarily attributable to the timing of payments in the pupil transportation and student assessment line items.

Year-to-date disbursements were $1,584.4 million, which was $25.4 million (1.6%) below the estimate. On a year-over-year basis, disbursements in this category were $229.2 million (33.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $189.9 million (13.6%) higher than at the same point in fiscal year 2015.

Higher Education

August disbursements for the Higher Education category, which includes non-debt service GRF spending by the Board of Regents, totaled $187.8 million and were $0.1 million (0.0%) below the estimate for the month.

Year-to-date disbursements were $352.3 million, which was $0.1 million (0.0%) below the estimate. On a year-over-year basis, disbursements in this category were $7.8 million (4.4%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $4.3 million (1.2%) higher than at the same point in fiscal year 2015.

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.

August disbursements in this category totaled $9.6 million and were $1.8 million (22.5%) above estimate. This variance was primarily attributable to higher than expected disbursements in the program subsidies line for the Ohio Arts Council. Year-to-date disbursements were $16.5 million, which was $1.8 million (11.9%) above the estimate. On a year-over-year basis, disbursements in this category were $4.2 million (77.5%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $4.5 million (37.0%) higher than at the same point in fiscal year 2015.

Medicaid

This category includes all Medicaid spending on services and program support by the following six agencies: the Department of Medicaid, the Department of Mental Health and Addiction Services, the Department of Developmental Disabilities, the Department of Health, the Department of Job and Family Services, and the Department of Aging.

Please note that beginning in fiscal year 2016 Medicaid GRF disbursements include expenditures related to persons enrolled under the “Group 8” expansion program, which were previously funded from non-GRF sources. Although these persons will be 100% federally-funded during fiscal year 2016, during the last six months of the biennium the state will be required to assume five percent of their costs. For this reason the costs and related federal reimbursements for these persons was shifted into the GRF for the biennium.

Expenditures
August GRF disbursements for the Medicaid Program totaled $1,555.4 million and were $110.3 million (6.6%) below the estimate, and $286.0 million (22.5%) above disbursements for the same month in the previous fiscal year. Year-to-date GRF disbursements totaled $3,301.9 million and were $110.3 million (3.2%) below the estimate, and $545.4 million (19.8%) above disbursements for the same point in the previous fiscal year. This increase is attributed to the shifting of expenditures for persons enrolled under the “Group 8” expansion program to the GRF.

August all funds disbursements for the Medicaid Program totaled $2,289.9 million and were $142.4 million (5.9%) below the estimate, and $518.0 million (29.2%) above disbursements for the same month in the previous fiscal year. Year-to-date all funds disbursements totaled $4,518.1 million and were $142.4 million (3.1%) below the estimate, and $989.8 million (28.1%) above disbursements for the same point in the previous fiscal year.

The August all funds variance was due primarily to lower than anticipated costs in the fee-for-service categories and program administration. Below estimate spending in the fee-for-service categories, which includes inpatient and outpatient hospital, behavioral health, developmental disability services, and nursing facilities, was driven by enrollment in these programs being 10.5 percent below estimate for the month. Prior year encumbrances for program administration, anticipated to be disbursed in August, will instead be disbursed in the coming months.

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

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

		August Projection		August Actual		Variance	Variance %
GRF	$	1,665.7	$	1,555.4	$	(110.3)	-6.6%
Non-GRF	$	766.6	$	734.5	$	(32.1)	-4.2%
All Funds	$	2,432.3	$	2,289.9	$	(142.4)	-5.9%

Enrollment
Total August enrollment across all categories was 3.02 million. The most significant components are the Covered Families and Children (CFC) category, which decreased by 4,833 persons to an August total of 2.44 million persons, and the Aged, Blind and Disabled (ABD) category, which decreased by 3,648 persons to an August total of 399,803 covered lives.

Total enrollment across all categories for the same period last year was 2.83 million covered persons, including 2.18 million persons in the CFC category and 432,210 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.

August disbursements in this category totaled $118.7 million and were $22.8 million (16.1%) below estimate for the month. Year-to-date disbursements were $246.6 million, which was $22.8 million (8.5%) below estimate. On a year-over-year basis, disbursements in this category were $12.3 million (11.6%) greater than for the same month in the previous fiscal year while year-to-date expenditures were $8.7 million (3.4%) lower than at the same point in fiscal year 2015.

Department of Job and Family Services
August disbursements for the Department of Job and Family Services totaled $56.5 million and were $10.9 million (16.1%) below estimate. This variance was primarily attributable to several

lines. First, Program Support disbursements were $1.1 million (33.1%) below estimate due to the timing of invoices. Second, TANF State/MOE disbursements were $10.1 million (50.0%) below estimate due to county administrative disbursements planned for August being shifted to September instead. These variances were partially offset by Child Support-Local disbursements being $1.1 million (41.6%) above estimate and Family Assistance-Local disbursements being $2.1 million (32.2%) above estimate due to higher than estimated county draws.

Department of Mental Health and Addiction Services
August disbursements for the Department of Mental Health and Addiction Services totaled $47.1 million and were $8.1 million (14.6%) below estimate. This variance was primarily attributable to Continuum of Care Services disbursements being $5.7 million (27.1%) below estimate due to local allocations expected to be disbursed in August being disbursed in September instead.

Justice and Public Protection

This category includes non-debt service GRF expenditures by the Department of Rehabilitation & Correction, the Department of Youth Services, the Attorney General, judicial agencies, and other justice-related entities.

August disbursements in this category totaled $207.5 million and were $2.6 million (1.2%) below estimate for the month. Year-to-date disbursements were $417.2 million, which was $2.6 million (0.6%) below estimate. On a year-over-year basis, disbursements in this category were $34.0 million (19.6%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $57.0 million (15.8%) higher than at the same point in fiscal year 2015.

Department of Rehabilitation and Correction
August disbursements for the Department of Rehabilitation and Correction totaled $169.3 million and were $3.5 million (2.1%) above estimate. This variance was primarily attributable to several lines. Disbursements for Institutional Operations were $4.3 million (4.3%) above estimate, and disbursements for Institutional Medical Services were $4.2 million (11.6%) above estimate due to the timing of payments. These variances were partially offset by $4.6 million (38.0%) in lower than estimated disbursements for Halfway Houses due to quarterly payments being made in September rather than August as estimated. Year-to-date disbursements were $308.4 million, which was $3.5 million (1.1%) above estimate.

Department of Youth Services
August disbursements for the Department of Youth Services totaled $13.4 million and were $4.8 million (26.2%) below estimate. This variance was primarily attributable to the timing of a payroll disbursement which was planned for August but will be disbursed in September instead. Year-to-date disbursements were $59.3 million, which was $4.8 million (7.4%) 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.

August disbursements in this category totaled $37.6 million and were $3.9 million (11.7%) above estimate for the month. Year-to-date disbursements were $81.5 million, which was $3.9 million (5.1%) above estimate. On a year-over-year basis, disbursements in this category were $0.2 million (0.6%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $18.0 million (28.4%) higher than at the same point in fiscal year 2015.

Development Services Agency

August disbursements for the Development Services Agency totaled $4.4 million and were $2.6 million (139.2%) above estimate. This variance was primarily attributable to the earlier than anticipated close-out of a grant for Technology Programs and Grants and the timing of a grant payment for Travel and Tourism. Year-to-date disbursements were $2.6 million (60.7%) above the estimate.

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. August property tax reimbursements totaled $90.9 million and were $4.3 million (4.5%) below estimate.

Debt Service

August payments for debt service totaled $355.3 million and were $231.1 million (186.0%) above the estimate. This variance was primarily attributable to payments on Common Schools General Obligation Debt Service that totaled $231.1 million and were estimated to occur in September instead of August. As a result, OBM expects September debt service payments to be below estimate by a similar amount.

Transfers Out

August transfers out totaled -$0.4 million and were $1.7 million above the estimate of -$2.1 million. August transfers were comprised primarily of an $11.2 million reversal of an erroneous July transfer and a $9.1 million transfer to the Income Tax Reduction Fund.

Table 3

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2016 VS ESTIMATE FY 2016
($ in thousands)

Functional Reporting Categories Description	MONTH ACTUAL AUGUST	MONTH ESTIMATED AUGUST	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE YTD ACTUAL	YEAR-TO-DATE YTD ESTIMATE	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
Primary and Secondary Education	917,001	942,388	(25,387)	-2.7%	1,584,418	1,609,805	(25,387)	-1.6%
Higher Education	187,755	187,833	(78)	0.0%	352,284	352,362	(78)	0.0%
Other Education	9,551	7,797	1,755	22.5%	16,465	14,710	1,755	11.9%
Medicaid	1,555,434	1,665,702	(110,268)	-6.6%	3,301,914	3,412,182	(110,268)	-3.2%
Health and Human Services	118,718	141,553	(22,835)	-16.1%	246,645	269,480	(22,835)	-8.5%
Justice and Public Protection	207,519	210,137	(2,617)	-1.2%	417,154	419,772	(2,617)	-0.6%
General Government	37,615	33,666	3,949	11.7%	81,498	77,549	3,949	5.1%
Property Tax Reimbursements	90,936	95,234	(4,299)	-4.5%	92,486	96,785	(4,299)	-4.4%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	355,305	124,249	231,055	186.0%	593,336	362,280	231,055	63.8%
Total Expenditures & ISTV's	3,479,834	3,408,560	71,274	2.1%	6,686,199	6,614,925	71,274	1.1%
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	425,500	425,500	0	0.0%
Operating Transfer Out	(388)	(2,057)	1,669	81.2%	346,000	344,331	1,669	0.5%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	(388)	(2,057)	1,669	81.2%	771,500	769,831	1,669	0.2%
Total Fund Uses	3,479,447	3,406,503	72,944	2.1%	7,457,699	7,384,756	72,944	1.0%

Table 4

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2016 VS ACTUAL FY 2015
($ in thousands)

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	AUGUST FY 2016	AUGUST FY 2015	$ VAR	% VAR	ACTUAL FY 2016	ACTUAL FY 2015	$ VAR	% VAR
Primary and Secondary Education	917,001	687,775	229,226	33.3%	1,584,418	1,394,478	189,940	13.6%
Higher Education	187,755	179,917	7,838	4.4%	352,284	348,014	4,269	1.2%
Other Education	9,551	5,382	4,170	77.5%	16,465	12,015	4,450	37.0%
Medicaid	1,555,434	1,269,440	285,994	22.5%	3,301,914	2,756,557	545,357	19.8%
Health and Human Services	118,718	106,395	12,322	11.6%	246,645	255,371	(8,727)	-3.4%
Justice and Public Protection	207,519	173,524	33,996	19.6%	417,154	360,204	56,951	15.8%
General Government	37,615	37,381	234	0.6%	81,498	63,495	18,003	28.4%
Property Tax Reimbursements	90,936	17,640	73,296	415.5%	92,486	19,339	73,147	378.2%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	355,305	108,754	246,551	226.7%	593,336	340,221	253,115	74.4%
Total Expenditures & ISTV's	3,479,834	2,586,207	893,627	34.6%	6,686,199	5,549,695	1,136,504	20.5%
Transfers Out:								
BSF Transfer	0	0	0	N/A	425,500	0	425,500	N/A
Operating Transfer Out	(388)	7,360	(7,747)	-105.3%	346,000	34,007	311,994	917.4%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	(388)	7,360	(7,747)	-105.3%	771,500	34,007	737,494	2168.7%
Total Fund Uses	3,479,447	2,593,567	885,880	34.2%	7,457,699	5,583,702	1,873,998	33.6%

FUND BALANCE

Table 5 describes the estimated General Revenue Fund (GRF) unencumbered ending fund balance for FY 2016. Based on the estimated revenue sources for FY 2016 and the estimated FY 2016 disbursements, transfers, and encumbrances, the GRF unencumbered ending fund balance for FY 2016 is an estimated $540.2 million.

The GRF unencumbered ending fund balance should not be considered as a balance available for expenditure in FY 2016 nor should it be considered as equivalent to the FY 2016 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 2016
($ in thousands)

July 1, 2015 Beginning Cash Balance*	**$ 1,711,679**
Plus FY 2016 Estimated Revenues	22,223,600
Plus FY 2016 Estimated Federal Revenues	12,232,485
Plus FY 2016 Estimated Transfers to GRF	334,000
Total Sources Available for Expenditures & Transfers	**36,501,764**
Less FY 2016 Estimated Disbursements**	34,811,540
Less FY 2016 Estimated Total Encumbrances as of June 30, 2016	339,059
Less FY 2016 Estimated Transfers Out	810,931
Total Estimated Uses	**35,961,530**
FY 2016 ESTIMATED UNENCUMBERED ENDING FUND BALANCE	**540,234**

* Includes reservations of $425.2 million for prior year encumbrances and $736.1 million for transfers from the fiscal year 2015 ending balance executed during fiscal year 2016. After accounting for these amounts, the estimated unencumbered beginning fund balance for fiscal year 2016 is $550.4 million.

** Disbursements include estimated spending against current year appropriations and prior year encumbrances.

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