OBM

August 10, 2016

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

FROM: Timothy S. Keen, Director TK

SUBJECT: Monthly Financial Report

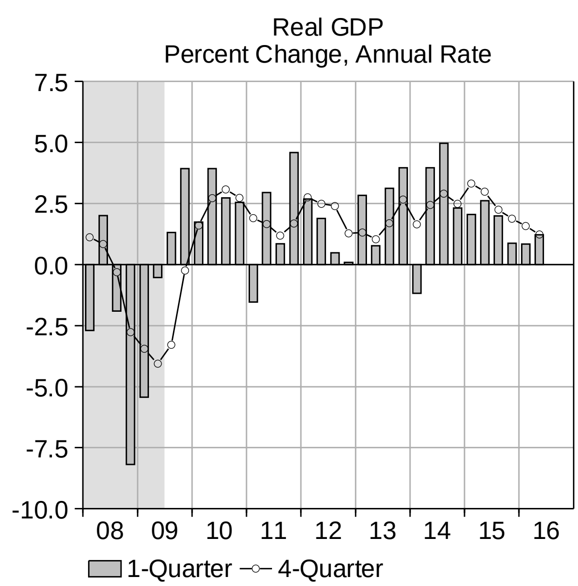
ECONOMIC SUMMARY

Economic Performance Overview

- Second-quarter real GDP growth was 1.2%, extending the streak of near-1% growth to three quarters. Forecasters still look for a moderate pickup in growth during the second half.
- U.S. employment growth stayed on the June pace in July, registering 255,000 jobs. The unemployment rate was unchanged at 4.9%.
- Ohio nonfarm payroll employment increased by 12,400 jobs in June. The unemployment rate edged down again to 5.0%.
- The consumer sector remains strong, while manufacturing continues to struggle. Construction activity in general remained soft in June.

Economic Growth

The economy grew slightly faster than previously reported during 2013-2015, but slowed to about 1% during the three quarters ending in the second quarter. The adjustments to data for earlier years were the byproduct of the annual benchmark revisions that incorporate new methods and updated and more comprehensive source data.



The recent lull is similar in size to the slowdowns in 2011 and 2013. Real GDP increased 1.2% in the second quarter of 2016 after rising 0.8% in the first quarter and 0.9% in the fourth quarter of last year. Compared with a year earlier, real GDP was higher by 1.2%.

The **increase in second-quarter** real GDP primarily reflected increases in personal consumption expenditures. The difference between the performance of consumption and other sectors was stark: consumption contributed 2.8% to GDP growth, while all other sectors combined subtracted

1.6% from GDP growth. The positive contribution from consumption was the second largest of this expansion, trailing only the 3.1% from 2014q4. Unfortunately, the negative contribution from investment, at – 1.7%, was the worst investment performance of the expansion, offsetting much of the strength in consumption.

The negative contribution from investment was largely – but not entirely – the result of negative inventory investment. This was the fifth straight quarter that inventory investment subtracted from GDP, although the subtraction was much larger than in the previous four quarters. Similar large negative contributions from inventory investment at other points in this expansion have been followed by positive contributions as inventories were rebuilt. The third quarter GDP report bears watching to see if this recurs.

To be more specific, the previous paragraph referring to inventory investment in this expansion generally refers to inventory investment being larger or smaller than the quarter before, but always a positive number. In the second quarter, in contrast, inventory investment did not just decline from the quarter before, it fell outright: inventory investment was -$8.1 billion, the first outright decline since the third quarter of 2011. GDP growth excluding inventories was 2.4% in the second quarter.

Fixed investment also subtracted from GDP in the second quarter, the third straight decline. Structure and equipment spending both subtracted from GDP, while intellectual property made a small positive contribution.

In other categories, government spending subtracted from GDP, while both exports and imports made small positive contributions.

The small **acceleration in real GDP from 0.8% in the first quarter to 1.2% in the second quarter** reflected a sharp acceleration in personal consumption expenditures that was almost offset by a larger decrease in investment expenditure. Nonresidential fixed investment, which fell for the third consecutive quarter, actually declined by somewhat less than in the first quarter, but unfortunately, residential investment, which had been increasing, fell by 6.1%.

Government spending declined in the second quarter, but trade made a positive contribution to GDP, as exports increased by 1.4% and imports declined by 0.4%.

The **Ohio economy** expanded through June. The Ohio coincident economic index produced by the Philadelphia Federal Reserve increased by 0.3% in June to 3.4% above its year earlier level. The index is composed of four measures of labor market activity, and appears to have represented business conditions accurately over time. Activity in and around Ohio has remained steady, with varying degrees of strength across industries, according to a regular survey by the Cleveland Federal Reserve (the Beige Book) that was completed in mid-July.

National leading economic indicators remain soft, but are still consistent with a moderate pace of growth at least through year-end. The Leading Economic Index (LEI) from the Conference Board increased 0.3% in June after a 0.2% decrease in May. Eight of the ten components made positive contributions in the most recent month, led by initial claims for unemployment insurance and the interest rate spread. The only significant negative contribution came from the average length of the workweek in manufacturing.

The year-over-year rate of change in the LEI decreased to 0.7% – the weakest during this expansion, and the weakest since a year and a half before the start of the last recession. On the other hand, despite the current weakness, the change in the index remains positive, whereas the rate of change in the index regularly has turned negative in advance of recessions in the past. The weakness so far during this cycle appears to be related to manufacturing activity, which has been negatively affected by the strength of the dollar, weaker demand growth overseas, and the sharp pullback in the energy industry. Strength in labor markets and benefits from lower energy costs have continued to support consumer income and spending.

One indicator flashed a possible early warning sign in June. The diffusion of changes in the Philadelphia Federal Reserve **Coincident Economic Index** across the states has weakened to a critical level that has signaled each of the last five recessions, albeit with long and varied lead times. In June, the number of states with negative month-to-month changes increased to 9 – a level that, with one exception, has only been reached within the year leading up to each of the most recent five recessions or very early in the subsequent expansions. The one exception was during early 1986, when the number reached 12 states but no recession followed.

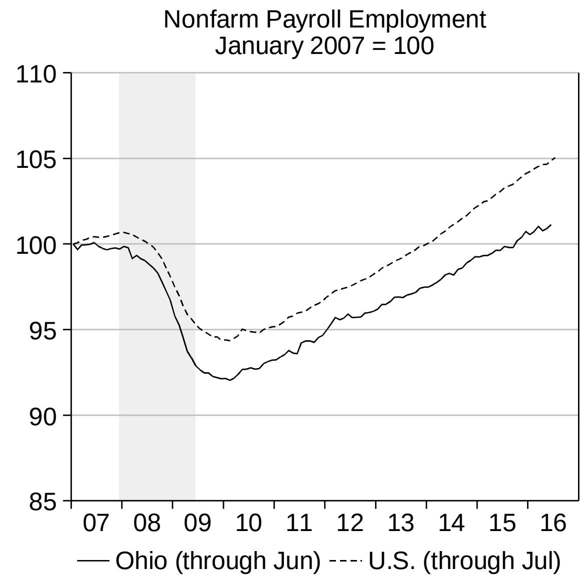
On the other hand, the number of states with a negative **Leading Economic Index** decreased to 5 in June, and the number in May was revised down from 10 to 6 – leaving the number of negative readings well below the threshold reached before the three previous recessions. The number of states with negative readings has averaged 14 three months in advance of the most recent three recessions, and 23 during the first month in advance of those recessions.

The **Ohio Leading Economic Index** from the Philadelphia Federal Reserve was 1.9% in June and the May figure was revised up from 1.6% to 2.7%. The index is designed to predict the rate of change in the coincident index during the next six months. The recent pattern suggests that growth of the Ohio economy will remain moderate through the summer and fall.

The **consensus of forecasters** is that economic growth will pick up to above 2% during the second half of the year. The most recent Blue Chip consensus is for third-quarter growth of 2.3%, with the averages of the lowest ten and highest ten forecasts ranging from 1.8% to 2.9%.

Employment

U.S. nonfarm payroll growth stayed on the June pace in July, registering 255,000 jobs. Revisions to the May and June estimates added a total of 18,000 jobs to the increases in those months. Job growth has averaged 190,000 jobs in the most recent three months, despite a gain of only 24,000 jobs in May. During the most recent twelve months, job growth has averaged 204,000 per month.



Employment increases were widespread across sectors, led by professional and business services (+70,000), leisure and hospitality (+45,000), and health services (+43,000). Other notable increases occurred in government (+38,000), which was concentrated in teachers; retail (+15,000); construction (+14,000); and manufacturing (+9,000). Employment in mining and durable goods manufacturing declined modestly.

The **unemployment rate** was steady at 4.9% for the second month in a row, as a 407,000 increase in the labor force was matched by a 420,000 increase in total employment. The broadest measure of unemployment – the U-6 unemployment rate –ticked up to 9.7%. The U-6 unemployment rate includes those who want to work but have stopped looking because they believe they cannot find a job, and those employed part time who would prefer full time work. Average hourly earnings rose 0.3% to 2.6% above the year earlier level.

The Ohio labor market data lags U.S. data, and is current only through June. **Ohio nonfarm payroll employment** increased by 12,400 jobs in June. Changes in employment levels across sectors were mixed. Employment increased in government (+9,600, split between state and local), professional and business services (+6,900), manufacturing (+2,600), and construction (+1,700). Education and health services (-6,500), financial activities (-2,500), and other services (-1,200) reported lower employment.

During the twelve months ending in June, Ohio employment increased by 81,600 jobs. The largest employment gains occurred in education and health services (+20,300), leisure and hospitality (+19,000), trade, transportation and utilities (+10,900), and construction (+9,900). Year-over-year declines occurred in mining and logging (-3,000) and manufacturing (-700). Nondurable goods manufacturing increased by 6,800, but this was more than offset by a decline of 7,500 in durable goods manufacturing.

Among the **contiguous states**, year-over-year employment growth was strongest in Michigan (+2.2%), followed by Ohio (+1.5%), Indiana (+1.3%), Kentucky (+1.2%), and Pennsylvania (+1.1%). West Virginia employment fell 0.1% from a year earlier. Manufacturing employment increased year-over-year in Michigan (+1.8%) and Kentucky (+1.0%) and decreased in Ohio (-0.1%), Pennsylvania (-0.1%), Indiana (-0.3%), and West Virginia (-1.9%).

The **Ohio unemployment rate** edged down from a second month in a row in June to 5.0%, where it has gravitated since February. The rate is up 0.4 points from the cyclical low of 4.6% reached last September. The increase in the rate since the September low resulted from a larger increase in the Ohio labor force (+114,802) than in total employment (+97,791). The unemployment rate was 0.2 points higher than a year earlier.

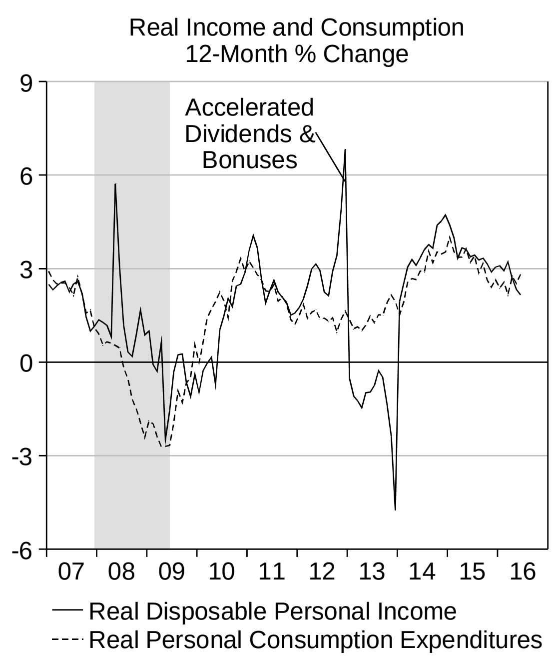
Across the country in June, the unemployment rate increased by a statistically significant amount in 6 states, decreased in 1 state (North Carolina), and was not statistically different from the month before in 43 states. The unemployment rate was lower than a year earlier by a statistically significant margin in 16 states and meaningfully higher only in Wyoming (+1.5 percentage points) and North Dakota (+0.4 percentage points).

Consumer Income and Consumption

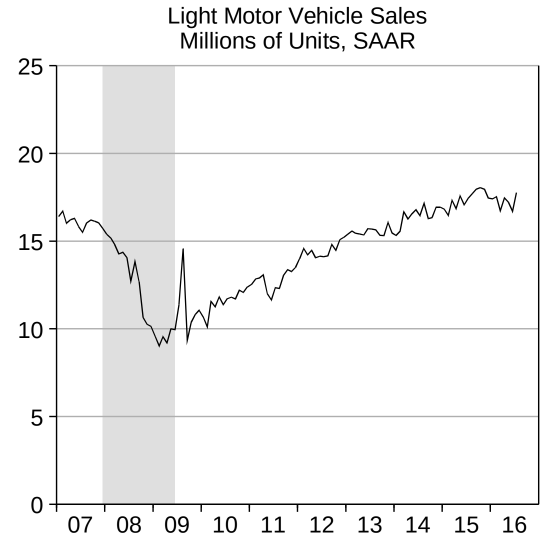
Moderate growth in personal income fueled solid growth in consumer spending in June, as households continued to trim their rate of saving. **Personal income** increased 0.2% for the second month in a row in June after a spurt of growth in March and April that followed a weak start to the year in January and February. Personal income increased at an annual rate of 2.9% in the second quarter, up from 1.4% in the first quarter, but still below the 3.9% growth during the four quarters of 2015.

Inflation remains low, providing some support to consumer spending. The **Consumer Price Index** (CPI) increased 0.2% in June – the same as in May. The year-over-year rate of change stayed at 1.1% for the third straight month. The index has increased for four consecutive months after no net change between last August and this February, reflecting the decline over that period in the price of oil, which has since partially reversed. The recent approximately 20% decrease in the price of crude oil might restrain inflation this fall.

Excluding the volatile food and energy categories as a means of assessing the underlying trend, the index increased 0.2% in June to 2.2% above its year earlier level. The Median CPI from the Federal Reserve Bank of Cleveland – an alternative measure of the trend in inflation – continued to track a little bit higher at 2.5% year-over-year. The measure of inflation that is most closely watched by the Federal Reserve, changes in the index for personal consumption expenditure excluding food and energy, also known as the core PCE deflator, increased 0.1% in June to 1.6% above its year earlier level.



Personal consumption expenditures tacked on another 0.4% in June following a 0.4% gain in May and a 1.1% increase in April that was revised up by 0.1 percentage point. Growth in consumer spending during the most recent three months has been the fastest since August 2009, and before that, August 2005. Both previous episodes were caused by promotions that boosted auto sales ("Cash for Clunkers" and employee pricing extended to all customers).



Increases in consumer spending occurred in non-durable goods (+0.7%) and services (+0.5%). Spending on durable goods decreased 0.3% – the second monthly decline in a row and the third in four months. The culprit in both May and June was weak auto sales, which were down 1.4% in May and 3.1% in June. Spending on durables is expected to have increased in July, as **light motor vehicle sales** rebounded 6.4% to an annual rate of 17.8 million units.

Owing to the larger increase in spending than in income during June, the saving rate slipped 0.2 percentage points to 5.3%. The decrease was the third in a row from the recent peak of 6.2% in March. The current saving rate is in line with the average during the past three years of 5.6%.

Examining sales by sector, the apparel segment faces ongoing challenges. Furniture sales have been strong. A shopping center developer responded to the Cleveland Federal Reserve Beige Book survey that the trend away from brick-and-mortar store sales and toward online shopping continues.

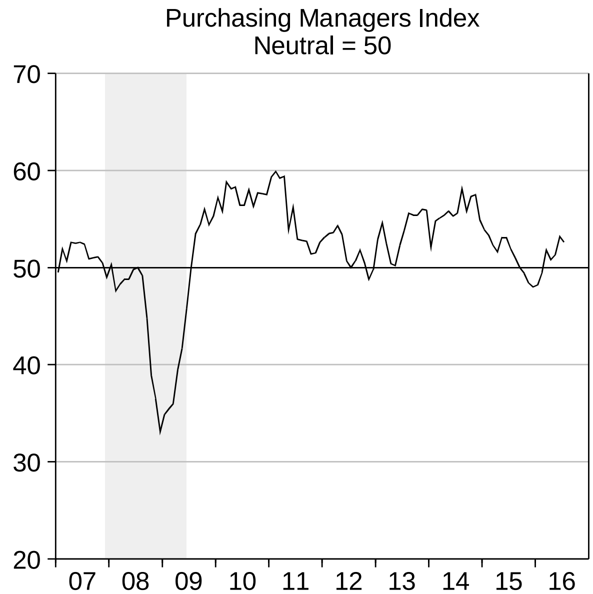
Consumer confidence was steady in July. The Conference Board's index was little changed from June, but remained well above the May level. Expectations dimmed very slightly while the assessment of current conditions increased to its highest level since last September. The University of Michigan/Reuters index retreated from 93.5 to 90.0, largely on a decline in expectations. Both of the main indexes are above their averages during past periods of economic expansion, suggesting no imminent obstacles to continued growth in consumer spending.

Manufacturing

Industrial activity turned up in June, as industrial production increased by 0.6%. Compared with a year earlier, however, industrial production was still down 0.7% for the tenth straight year-over-year reading below zero. The industrial sector continues to be affected by the ongoing headwinds from the strengthening of the dollar during the past five years and the fallout from the big decline in the price of oil during the past two years. The increase in production during June does not appear to be the beginning of a major revival in activity.

Manufacturing production increased 0.4% but remains below its July 2015 level. Production of motor vehicles and parts led the way with an increase of 5.9%, but there were few areas of strength across industry groups. Among industries of particular importance to Ohio, primary metals production decreased 0.3% and production of fabricated metal products was unchanged, but output of machinery and motor vehicles and parts increased 1.1% and 5.9%, respectively.

Mining output advanced 0.2% for the second monthly increase in a row after an 8-month decline through April that totaled 12.3%. Rising commodity prices since late winter might have helped to stabilize activity. Production of petroleum and coal products increased 0.7% in June. **Utility output** increased 2.4%, reflecting very hot weather during June, when absolute temperatures set a more than 100-year record.



Reports from **purchasing managers** indicate that manufacturing production continued to increase in July. The PMI® decreased by 0.7 points to 52.6, but remained comfortably above the neutral level of 50 for the fifth month in a row. The important New Orders index was essentially unchanged, while the index for New Export Orders decreased by 1.0 points to 52.5 but remained above neutral. The Production index increased by 0.7 points to 55.4 on top of a large increase in June.

Of the 18 industries tracked by the Manufacturing ISM® *Report on Business*, 11 reported growth in the latest month. Among the industries with a disproportionate effect on Ohio manufacturing employment, only the fabricated metal products industry reported growth. The machinery, primary metals, and transportation equipment industries all reported contraction.

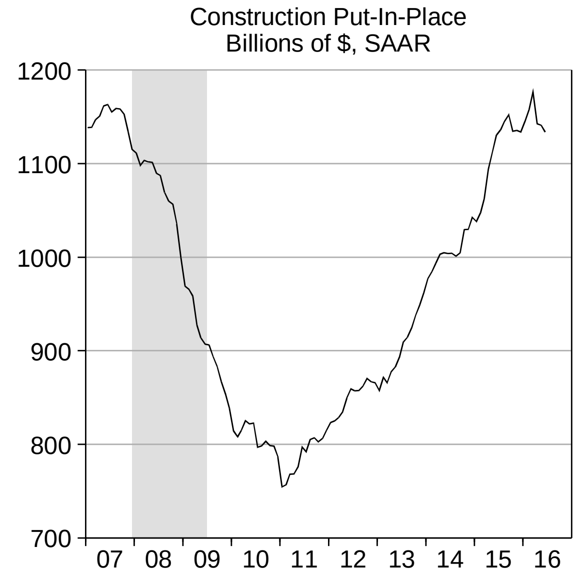
One respondent in the fabricated metal products industry reported that "international capital orders are increasing." But a representative of the machinery industry said "retail sales have really slowed in the last 45 days." A purchasing manager in the transportation industry reported that "demand and industry production are both slowing down."

Manufacturing activity in and around Ohio was little changed through June and into July, according to the Cleveland Fed survey. Many respondents cited weakness in overseas economies as a factor tempering activity, but some noted that the negative effects of the strengthening in the dollar in recent years are starting to dissipate. Suppliers to the motor vehicle, aerospace, commercial construction, and housing industries reported elevated levels of activity. The majority of respondents expected little change in business conditions over the summer.

Construction

Construction activity decreased in the second quarter after rising sharply in the first. At this point, the reversal appears more like normal volatility in the industry than the beginning of a long slide. **Construction put-in-place** decreased for the third month in a row in June, down 0.6% after a small decline in May and a 2.9% decline in April. Private construction and public construction both decreased 0.6%. Compared with a year earlier, total construction was up only 0.3%, down from the recent peak in the year-over-year growth rate of 14.7% last September.

The decrease in **private** construction put-in-place was entirely due to a decrease in nonresidential, as residential was flat on the month. Within the **private residential** segment, an increase in improvements balanced out decreases in both single-family and multi-family housing. **Private nonresidential** construction put-in-place decreased 0.7%, primarily reflecting declines in manufacturing (-4.5%), commercial (-2.2%), and highway and street (-1.4%).



In and around Ohio, builders and real estate agents reported that low interest rates are driving strong sales activity, according to the Cleveland Fed survey. Sales of new homes have been strongest in the move-up and high-end segments of the market. Commercial contractors reported generally favorable conditions, with revenues and backlogs higher than a year earlier. Construction project pipelines were said to be strong. Investment remains strong in oil and gas pipeline and midstream projects.

Housing starts strengthened during the three months ending in June, reflecting a 1.2% increase in single-family starts and a 4.3% increase in multi-family starts. The pattern was the same in the Midwest, where a 0.6% increase in single-family starts and a 11.5% increase in multi-family starts led to a 4.5% increase overall. Compared with a year earlier, housing starts across the country were higher by 0.3% and higher by 26.6% in the Midwest on a 3-month moving average basis. The more-forward-looking housing permits data were similarly positive nationally, but decreased in the Midwest for the third month in a row.

Home sales increased in June on a 3-month moving average basis. Sales of newly built homes were up 3.3% on the month and 23.4% from a year earlier, while sales of existing homes rose 1.3% on the month and 4.2% from a year earlier. Sales of both new and existing homes have been stronger in the Midwest, rising 8.2% and 2.8% on the month, respectively, and 26.6% and 6.6% on the year, respectively, all on a 3-month moving average basis. **Home prices** across the country posted their 52nd consecutive increase in May, rising by 0.2% to 5.1% above the year earlier level, according to the Case-Shiller index.

REVENUES

NOTE: The revenue tables in this report contain OBM's July 2016 revised estimates of fiscal year 2017 tax revenues, non-tax revenues, and transfers. These revisions incorporate both changes to the baseline and law changes enacted since January. The total impact of the revisions is shown in Table A.

July **GRF receipts totaled $2,767.9 million** and were $17.2 million (0.6%) below the estimate. Monthly tax receipts totaled $1,592.7 million and were $0.3 million (0.02%) above the estimate, while non-tax receipts totaled $1,170.2 million and were $17.5 million (1.5%) below the estimate. Variances for the fiscal year-to-date by category are identical to July and are provided in the following table.

The July revenue variance was essentially due to federal grants. Federal grants were below estimate by $16.9 million, an amount almost identical to the $17.2 million GRF shortfall. The federal grant variance was due to total Medicaid spending being $27.1 million below estimate for the month.

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	$0.3 million	0.0%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	($17.5 million)	-1.5%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$0.0 million	0.0%
TOTAL REVENUE VARIANCE:		**($17.2 million)**	**-0.6%**

On a year-over-year basis, monthly receipts were $259.7 million (8.6%) lower than in July of the previous fiscal year, mainly due to decreases in personal income tax ($79.6 million, or 12.8%) and transfers in ($158.0 million, or 96.9%). The income tax decline was anticipated based largely on the fact that there were fewer business days, thus dampening withholding collections, this July than last July. The decrease in transfers was also anticipated, as last July there was a $158.0 million transfer from the Medicaid Reserve Fund to the GRF which was not repeated this year.

Fiscal Year 2017 GRF Revenue Estimate
January 2016 Adjustment compared to July 2016 Revision
(Dollars in Millions)

Revenue Source	FY 2017 Jan. 2016 Adjustment*	Revisions due to Law Changes**	Baseline Revisions	FY 2017 July 2016 Revision	$ Change	% Change
Tax Revenue						
Non-Auto Sales & Use	9,476.9	(32.8)	(36.5)	9,407.6	(69.3)	-0.7%
Auto Sales & Use	1,387.0		13.0	1,400.0	13.0	0.9%
Subtotal Sales & Use	10,863.9	(32.8)	(23.5)	10,807.6	(56.3)	-0.5%
Personal Income	8,483.0		(223.0)	8,260.0	(223.0)	-2.6%
Financial Institutions Tax	195.9		27.1	223.0	27.1	13.8%
Commercial Activity Tax	1,332.4	(10.5)	(34.9)	1,287.0	(45.4)	-3.4%
Petroleum Activity Tax	5.2		0.8	6.0	0.8	15.4%
Public Utility	105.4		(1.9)	103.5	(1.9)	-1.8%
Kilowatt Hour	340.6		(8.4)	332.2	(8.4)	-2.5%
Natural Gas Distribution	68.0		(2.0)	66.0	(2.0)	-2.9%
Foreign Insurance	310.0		(8.5)	301.5	(8.5)	-2.7%
Domestic Insurance	288.0		(10.0)	278.0	(10.0)	-3.5%
Other Business & Property	-			-	-	
Cigarette and Other Tobacco	924.4		45.6	970.0	45.6	4.9%
Alcoholic Beverage	55.0			55.0	-	0.0%
Liquor Gallonage	45.0			45.0	-	0.0%
Total of Tax Revenue	23,016.8	(43.3)	(238.7)	22,734.8	(282.0)	-1.2%
Non-Tax Revenue						
Earnings on Investments	30.0		5.0	35.0	5.0	16.7%
Licenses and Fees	57.0			57.0	-	0.0%
Other Income	30.6		21.7	52.3	21.7	70.9%
Interagency Transfers (ISTVs)	9.7		8.8	18.5	8.8	90.7%
Total of Non-Tax Revenue	127.3	-	35.5	162.8	35.5	27.9%
Transfers						
Budget Stabilization	-			-	-	
Transfers In - Other	331.4		(22.3)	309.1	(22.3)	-6.7%
Temporary Transfers In	-			-	-	
Total Transfers	331.4	-	(22.3)	309.1	(22.3)	-6.7%
Total Sources Excluding Federal Grants	23,475.5	(43.3)	(225.5)	23,206.7	(268.8)	-1.1%

*The January 2016 adjustment reflected the impact on revenues from passage of S.B. 208 and H.B. 340.

**Revisions due to calendar year 2016 law changes including S.B. 172, S.B. 264, H.B. 466, and H.B. 390.

GRF Revenue Sources Relative to Monthly Estimates – July 2016
($ in millions)

Individual Revenue Sources Above Estimate		**Individual Revenue Sources Below Estimate**	
Commercial Activity Tax	$3.5	Auto Sales and Use Tax	($5.3)
Domestic Insurance Tax	$2.4	Non-Auto Sales and Use Tax	($2.7)
Personal Income Tax	$2.0	Cigarette and Other Tobacco Tax	($2.1)
Kilowatt Hour Tax	$1.4	Federal grants	($16.9)
Other Sources Above Estimate	$1.2	Other Sources Below Estimate	($0.7)
Total above	**$10.5**	**Total below**	**($27.7)**

(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

July non-auto sales and use tax collections totaled $837.6 million and were $2.7 million (0.3%) below estimate. Collections were up $9.5 million (1.2%) from a year ago. Consumer fundamentals remain strong: gas prices remain relatively low (although they have increased from earlier in the year), unemployment is low, job growth has picked back up after a weak May report, and earnings growth is slowly accelerating. Given the strength of fundamentals, 1.2% year-over-year growth is fairly weak, but this may be partly the result of last July's results being extremely strong. Collections last July grew by 8.3% from July of 2014, making it the highest growth month in fiscal year 2016. The estimates, in contrast, anticipated a return to a more normal July in terms of its share of estimated fiscal year collections. To be more precise, when one looks at the average annual growth from two years ago, the July estimate predicted 4.9% growth, while actual growth was 4.7%.

Nationwide, real consumer spending rose at an annualized 4.2% in the second quarter of 2016, the largest increase since the fourth quarter of 2014. While consumer confidence fell with the announcement of "Brexit," it seems to be at least partially on the path to recovery with the subsequent stock market rebound.

Auto Sales Tax

Auto sales tax collections totaled $112.2 million, falling short of estimates by $5.3 million (4.5%). This may be partially a matter of timing of when revenue was realized. June collections were over estimate by $8.1 million, partly due to strong sales, but perhaps also partly due to an attempt to process all outstanding revenue deposits before the year's end. So, some collections may have been booked in June rather than early July. That aside, the relatively weak July result is probably also tied to the low June national light vehicle sales numbers. Light vehicle sales rebounded to a 17.9 million unit pace in July, which may lead to stronger collections in August.

Collections were down $4.6 million (3.9%) from a year ago. As the economic expansion continues into its eighth year, it is an open question as to how much pent-up vehicle demand from the recession remains. U.S. domestic auto sales decreased by 10% year-over-year in the second quarter of 2016, while new vehicle registrations decreased by 11.6% in Ohio. On the other hand, the July sales number may indicate that there is still growth ahead, and the prolonged low interest rate environment and low gasoline prices remain favorable to auto buyers. July's 17.9 million unit sales pace was well above the 17.3 million average pace for the first six months of calendar year 2016, and was close to the monthly average for the last six months of calendar year 2015.

Personal Income Tax

July GRF personal income tax receipts totaled $540.1 million and were $2.0 million (0.4%) above the estimate. All payment categories were below estimate except withholding, but the $19.7 million overage in withholding was more than enough to offset all the small shortfalls in other categories. The largest variance in any category other than withholding was in refunds, which were $70.8 million, or $8.8 million above estimate.

On a year-over-year basis, July personal income tax receipts were $79.6 million (12.8%) below July 2015 collections. Most personal income tax components, except for the miscellaneous category, fell compared to July 2015. In withholding this decline was completely anticipated; in fact, withholding did not decline as much as expected. The withholding decrease was due to the vagaries of the calendar, as this July had two fewer business days (pay-in days) than last July, and one fewer large pay-in day. For the entire year, in contrast, withholding is expected to grow by about 4.7%.

For refunds, the opposite is true: they were higher than last year in July but are expected to decline for the year as a whole. Refunds were $9.8 million over last year's level in July, but the spike in refunds in fiscal year 2016 caused by the tax rate reduction (6.3%) and the increase in the small business deduction is expected to be replaced by reductions in estimated payments, as taxpayers adjust their behavior to the new tax structure.

FY2017 PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)

	ESTIMATE JULY	ACTUAL JULY	$ VAR JULY	ACTUAL JULY 2016	ACTUAL JULY 2015	$ VAR Y-over-Y
Withholding	$609.6	$629.3	$19.7	$629.3	$675.8	($46.5)
Quarterly Est.	$10.7	$8.5	($2.2)	$8.5	$16.4	($8.0)
Trust Payments	$2.0	$1.1	($0.9)	$1.1	$4.0	($2.9)
Annual Returns & 40 P	$9.1	$5.5	($3.6)	$5.5	$13.1	($7.6)
Other	$4.8	$2.6	($2.2)	$2.6	$2.5	$0.1
Less: Refunds	($62.0)	($70.8)	($8.8)	($70.8)	($61.0)	($9.8)
Local Distr.	($36.1)	($36.1)	$0.0	($36.1)	($31.1)	($5.0)
Net to GRF	**$538.1**	**$540.1**	**$2.0**	**$540.1**	**$619.7**	($79.6)

Commercial Activity Tax

Commercial activity tax (CAT) July receipts deposited in the GRF totaled $39.3 million and were $3.5 million (9.7%) above the estimate of $35.8 million. As the first CAT payment of the fiscal year is due August 10th, we will need to look at combined collections for July and August before determining if the July overage is substantive or simply a matter of timing. July 2016 GRF CAT receipts were $4.5 million (12.9%) above collections for the same month in the previous fiscal year.

All funds July CAT receipts totaled $53.1 million and were $4.9 million (10.2%) above the estimate. The year-over-year change in all funds CAT receipts was an increase of $6.2 million (13.3%).

Cigarette and Other Tobacco Tax

Cigarette and other tobacco tax collections were slightly below estimate in July, falling short by $2.1 million (8.3%). Year-over-year cigarette tax receipts fell by $6.7 million (22.2%) from last July. Both cigarette tax collections and other tobacco product (OTP) collections declined somewhat from July of last year. At this point, the shortfall is thought to be a random timing disturbance that will be offset as the year progresses.

GRF Non-Tax Receipts

GRF non-tax receipts totaled $1,170.2 million in July and were $17.5 million (1.5%) below the estimate. Federal grants were responsible for almost all of the shortfall, coming in $16.9 million (1.4%) below estimate. This is a direct result of Medicaid GRF spending being $27.1 million below estimate.

July transfers in totaled $5.0 million and were equal to the estimate. The lone transfer to the GRF in July was a $5.0 million transfer in from the Insurance Operating Fund.

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2017 VS ESTIMATE FY 2017
($ in thousands)

REVENUE SOURCE	MONTH ACTUAL JULY	MONTH ESTIMATE JULY	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	837,587	840,300	(2,713)	-0.3%	837,587	840,300	(2,713)	-0.3%
Auto Sales & Use	112,242	117,500	(5,258)	-4.5%	112,242	117,500	(5,258)	-4.5%
Subtotal Sales & Use	949,828	957,800	(7,972)	-0.8%	949,828	957,800	(7,972)	-0.8%
Personal Income	540,068	538,100	1,968	0.4%	540,068	538,100	1,968	0.4%
Corporate Franchise	184	0	184	N/A	184	0	184	N/A
Financial Institutions Tax	303	0	303	N/A	303	0	303	N/A
Commercial Activity Tax	39,280	35,800	3,480	9.7%	39,280	35,800	3,480	9.7%
Petroleum Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	78	0	78	N/A	78	0	78	N/A
Kilowatt Hour	26,098	24,700	1,398	5.7%	26,098	24,700	1,398	5.7%
Natural Gas Distribution	1,145	1,200	(55)	-4.6%	1,145	1,200	(55)	-4.6%
Foreign Insurance	312	200	112	56.2%	312	200	112	56.2%
Domestic Insurance	2,367	0	2,367	N/A	2,367	0	2,367	N/A
Other Business & Property	5	0	5	N/A	5	0	5	N/A
Cigarette and Other Tobacco	23,466	25,600	(2,134)	-8.3%	23,466	25,600	(2,134)	-8.3%
Alcoholic Beverage	5,679	5,400	279	5.2%	5,679	5,400	279	5.2%
Liquor Gallonage	3,887	3,600	287	8.0%	3,887	3,600	287	8.0%
Estate	(1)	0	(1)	N/A	(1)	0	(1)	N/A
Total Tax Receipts	1,592,699	1,592,400	299	0.0%	1,592,699	1,592,400	299	0.0%
NON-TAX RECEIPTS								
Federal Grants	1,168,722	1,185,621	(16,899)	-1.4%	1,168,722	1,185,621	(16,899)	-1.4%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fees	822	1,140	(318)	-27.9%	822	1,140	(318)	-27.9%
Other Income	663	940	(277)	-29.4%	663	940	(277)	-29.4%
ISTV'S	26	0	26	N/A	26	0	26	N/A
Total Non-Tax Receipts	1,170,233	1,187,701	(17,468)	-1.5%	1,170,233	1,187,701	(17,468)	-1.5%
TOTAL REVENUES	2,762,932	2,780,101	(17,169)	-0.6%	2,762,932	2,780,101	(17,169)	-0.6%
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	5,000	5,000	0	0.0%	5,000	5,000	0	0.0%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	5,000	5,000	0	0.0%	5,000	5,000	0	0.0%
TOTAL SOURCES	2,767,932	2,785,101	(17,169)	-0.6%	2,767,932	2,785,101	(17,169)	-0.6%

Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2017 VS ACTUAL FY 2016
($ in thousands)

	MONTH				YEAR-TO-DATE			
REVENUE SOURCE	JULY FY 2017	JULY FY 2016	$ VAR	% VAR	ACTUAL FY 2017	ACTUAL FY 2016	$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	837,587	828,049	9,538	1.2%	837,587	828,049	9,538	1.2%
Auto Sales & Use	112,242	116,830	(4,589)	-3.9%	112,242	116,830	(4,589)	-3.9%
Subtotal Sales & Use	949,828	944,879	4,949	0.5%	949,828	944,879	4,949	0.5%
Personal Income	540,068	619,660	(79,592)	-12.8%	540,068	619,660	(79,592)	-12.8%
Corporate Franchise	184	1,041	(857)	-82.3%	184	1,041	(857)	-82.3%
Financial Institutions Tax	303	244	59	24.2%	303	244	59	24.2%
Commercial Activity Tax	39,280	34,781	4,499	12.9%	39,280	34,781	4,499	12.9%
Petroleum Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	78	41	37	91.7%	78	41	37	91.7%
Kilowatt Hour	26,098	29,016	(2,918)	-10.1%	26,098	29,016	(2,918)	-10.1%
Natural Gas Distribution	1,145	1,230	(85)	-6.9%	1,145	1,230	(85)	-6.9%
Foreign Insurance	312	206	106	51.7%	312	206	106	51.7%
Domestic Insurance	2,367	5	2,362	43154.8%	2,367	5	2,362	43154.8%
Other Business & Property	5	16	(11)	-71.6%	5	16	(11)	-71.6%
Cigarette and Other Tobacco	23,466	30,147	(6,681)	-22.2%	23,466	30,147	(6,681)	-22.2%
Alcoholic Beverage	5,679	5,305	374	7.1%	5,679	5,305	374	7.1%
Liquor Gallonage	3,887	3,648	239	6.5%	3,887	3,648	239	6.5%
Estate	(1)	85	(86)	-101.2%	(1)	85	(86)	-101.2%
Total Tax Receipts	1,592,699	1,670,305	(77,606)	-4.6%	1,592,699	1,670,305	(77,606)	-4.6%
NON-TAX RECEIPTS								
Federal Grants	1,168,722	1,192,319	(23,597)	-2.0%	1,168,722	1,192,319	(23,597)	-2.0%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fee	822	908	(86)	-9.5%	822	908	(86)	-9.5%
Other Income	663	929	(265)	-28.5%	663	929	(265)	-28.5%
ISTV'S	26	171	(144)	-84.7%	26	171	(144)	-84.7%
Total Non-Tax Receipts	1,170,233	1,194,326	(24,093)	-2.0%	1,170,233	1,194,326	(24,093)	-2.0%
TOTAL REVENUES	2,762,932	2,864,631	(101,699)	-3.6%	2,762,932	2,864,631	(101,699)	-3.6%
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	5,000	163,000	(158,000)	-96.9%	5,000	163,000	(158,000)	-96.9%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	5,000	163,000	(158,000)	-96.9%	5,000	163,000	(158,000)	-96.9%
TOTAL SOURCES	2,767,932	3,027,631	(259,699)	-8.6%	2,767,932	3,027,631	(259,699)	-8.6%

DISBURSEMENTS

At the beginning of each fiscal year, in conjunction with each agency receiving GRF appropriations, OBM undertakes the process of estimating GRF spending by month for the upcoming year. These spending estimates are built on a combination of H.B. 64 appropriation levels, as amended during the mid-biennium review and other legislation, and also include estimated spending against encumbrances entered into in previous fiscal years. In addition to accounting for policy changes and spending to meet prior year encumbrances, OBM and the agencies also take this opportunity to review any changes in caseloads, payrolls, or other demands for services that might impact the level and pattern of spending during the coming year.

July GRF disbursements, across all uses, totaled $3,492.7 million and were $57.0 million (1.6%) below estimate. This was primarily attributable to lower than estimated disbursements in the Medicaid and Health and Human Services categories. On a year-over-year basis, July total uses were $485.5 million (12.2%) lower than those of the same month in the previous fiscal year, with Transfers Out largely responsible for the decrease. As July is the first month of the fiscal year, monthly and year-to-date variances are the same.

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)	($57.1 million)	-1.7%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$0.1 million	0.0%
TOTAL DISBURSEMENTS VARIANCE:		**($57.0 million)**	**-1.6%**

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

Primary and Secondary Education

This category contains GRF spending for the Ohio Department of Education. July disbursements for this category totaled $738.8 million and were $6.4 million (0.9%) below estimate. Expenditures for the school foundation program totaled $727.4 million and were $1.0 million (0.1%) below estimate. This variance was primarily attributable to the timing of payments in the foundation funding and auxiliary services line items due to College Credit Plus payments estimated to occur in July that will now disburse in future months. Early childhood education disbursements were also below estimate due to school districts drawing down funds at a slower rate than projected.

On a year-over-year basis, disbursements in this category were $71.4 million (10.7%) higher than for the same month in the previous fiscal year.

Higher Education

July disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled $180.7 million and were $0.7 million (0.4%) below estimate. On a year-over-year basis, disbursements in this category were $16.1 million (9.8%) higher than for the same month in the previous fiscal year.

Other Education

This category includes non-debt service GRF expenditures made by the Broadcast Education Media Commission, the Ohio Facilities Construction Commission, the Ohio State School for the Blind, the Ohio School for the Deaf, as well as disbursements made to libraries, cultural, and arts organizations.

July disbursements in this category totaled $8.3 million and were $0.5 million (5.3%) below estimate. On a year-over-year basis, disbursements in this category were $1.4 million (20.3%) higher than for the same month in the previous fiscal year.

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.

Expenditures

July GRF disbursements for the Medicaid Program totaled $1,700.2 million and were $27.1 million (1.6%) below the estimate, and $46.2 million (2.6%) below disbursements for the same month in the previous fiscal year.

July all funds disbursements for the Medicaid Program totaled $1,870.5 million and were $50.4 million (2.6%) below the estimate, and $357.6 million (16.1%) below disbursements for the same month in the previous fiscal year. The July 2015 non-GRF disbursements were unusually high because payments under the Hospital Care Assurance Program (HCAP) budgeted for May and June 2015 (fiscal year 2015) were delayed until July 2015 (fiscal year 2016).

The July all funds variance was primarily attributable to savings in costs associated with persons in the Aged, Blind and Disabled category due to enrollment in this category being 15.0% below estimate for the month.

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

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

	July Actual		July Projection		Variance	Variance %
GRF	$	1,700.2	$	1,727.4	$ (27.1)	-1.6%
Non-GRF	$	170.3	$	193.5	$ (23.3)	-12.0%
All Funds	$	1,870.5	$	1,9209	$ (50.4)	-2.6%

Enrollment

Total July enrollment across all categories was 3.02 million. The most significant components are the Covered Families and Children/Modified Adjusted Gross Income (CFC/MAGI) category, which increased by 29,371 persons to a July total of 2.50 million persons, and the Aged, Blind and Disabled (ABD) category, which decreased by 4,906 persons to a July total of 364,486 covered lives.

Total enrollment across all categories for the same period last year was 3.06 million covered persons, including 2.47 million persons in the CFC/MAGI category and 404,228 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 Medicaid category.

July disbursements in this category totaled $125.9 million and were $18.9 million (13.0%) below estimate. On a year-over-year basis, disbursements in this category were $2.0 million (1.6%) lower than for the same month in the previous fiscal year.

Department of Job and Family Services

July disbursements for the Department of Job and Family Services totaled $52.7 million and were $6.7 million (11.3%) below estimate. This variance was primarily attributable to the timing of payments for the Program Support and Family and Children Services line items which were $3.5 million (60.3%) and $2.0 million (14.5%) below estimate, respectively. These payments, originally estimated to occur in July, will now be completed in future months. Also contributing to the July variance was spending for Adoption Services which was $1.6 million (14.5%) below estimate due to less than anticipated enrollment growth. These variances were partially offset by greater than estimated costs for information technology projects.

Department of Mental Health and Addiction Services

July disbursements for the Department of Mental Health and Addiction Services totaled $38.2 million and were $11.5 million (23.2%) below estimate. This variance was primarily attributable to the timing of subsidy payments to community partners for Continuum of Care Services and the Addiction Services Partnership with DRC which were $9.0 million (58.8%) and $2.0 million (55.0%) below estimate, respectively. Additionally, Hospital Services disbursements were $2.6 million (10.2%) below estimate due to a later than expected payment to Ohio Pharmacy Services for the purchase of drugs.

Justice and Public Protection

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

July disbursements in this category totaled $261.5 million and were $2.9 million (1.1%) below estimate. On a year-over-year basis, disbursements in this category were $51.9 million (24.8%) higher than for the same month in the previous fiscal year.

Department of Rehabilitation and Correction

July disbursements for the Department of Rehabilitation and Correction totaled $189.0 million and were $1.6 million (0.9%) above estimate. This variance was primarily attributable to higher than estimated disbursements for Halfway Houses and Community Nonresidential Programs due to payments occurring in July instead of August as estimated. These variances were partially offset by lower than estimated disbursements for Institutional Operations and Medical Services due to some payments not being disbursed in July as anticipated. Compared to July of the previous fiscal year, disbursements for the Department of Rehabilitation and Corrections were $49.9 million higher due to the processing of three pay periods in July 2016 compared with two pay periods in July 2015.

Department of Youth Services

July disbursements for the Department of Youth Services totaled $47.0 million and were $2.9 million (5.8%) below estimate. This variance was primarily attributable to lower than estimated disbursements for RECLAIM Ohio due to the timing of payments for Community Corrections Facilities.

General Government

This category includes non-debt service GRF expenditures by the Department of Natural Resources, Development Services Agency, Department of Agriculture, Department of Taxation, Office of Budget and Management, non-judicial statewide elected officials, legislative agencies, and others.

July disbursements in this category totaled $33.5 million and were $0.3 million (0.9%) above estimate. On a year-over-year basis, disbursements in this category were $10.3 million (23.6%) lower than for the same month in the previous fiscal year.

Property Tax Reimbursements

Payments from the property tax reimbursement category are made to local governments and school districts to reimburse these entities for revenues foregone as a result of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. July property tax reimbursements totaled $0.1 million and were $0.6 million (88.7%) below estimate. This monthly variance was due to fewer reimbursement requests being received from counties than anticipated.

Debt Service

July payments for debt service totaled $244.4 million and were $0.2 million (0.1%) below estimate. This slight variance was the result of excess investment earnings which offset administrative fees paid in July.

Transfers Out

July transfers out totaled $199.2 million and were $0.1 million above estimate. Transfers out included $29.5 million to the Budget Stabilization Fund and $169.7 million of additional operating transfers.

Table 3
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2017 VS ESTIMATE FY 2017
($ in thousands)

Functional Reporting Categories Description	MONTH ACTUAL JULY	MONTH ESTIMATED JULY	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	738,815	745,257	(6,442)	-0.9%	738,815	745,257	(6,442)	-0.9%
Higher Education	180,677	181,395	(718)	-0.4%	180,677	181,395	(718)	-0.4%
Other Education	8,317	8,787	(470)	-5.3%	8,317	8,787	(470)	-5.3%
Medicaid	1,700,244	1,727,392	(27,148)	-1.6%	1,700,244	1,727,392	(27,148)	-1.6%
Health and Human Services	125,917	144,789	(18,872)	-13.0%	125,917	144,789	(18,872)	-13.0%
Justice and Public Protection	261,533	264,461	(2,928)	-1.1%	261,533	264,461	(2,928)	-1.1%
General Government	33,536	33,249	287	0.9%	33,536	33,249	287	0.9%
Property Tax Reimbursements	74	656	(582)	-88.7%	74	656	(582)	-88.7%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	244,405	244,630	(225)	-0.1%	244,405	244,630	(225)	-0.1%
Total Expenditures & ISTV's	3,293,519	3,350,617	(57,098)	-1.7%	3,293,519	3,350,617	(57,098)	-1.7%
Transfers Out:								
BSF Transfer Out	29,483	29,483	0	0.0%	29,483	29,483	0	0.0%
Operating Transfer Out	169,738	169,650	88	0.1%	169,738	169,650	88	0.1%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	199,221	199,133	88	0.0%	199,221	199,133	88	0.0%
Total Fund Uses	3,492,739	3,549,749	(57,010)	-1.6%	3,492,739	3,549,749	(57,010)	-1.6%

Table 4

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2017 VS ACTUAL FY 2016
($ in thousands)

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	JULY FY 2017	JULY FY 2016	$ VAR	% VAR	ACTUAL FY 2017	ACTUAL FY 2016	$ VAR	% VAR
Primary and Secondary Education	738,815	667,417	71,399	10.7%	738,815	667,417	71,399	10.7%
Higher Education	180,677	164,529	16,148	9.8%	180,677	164,529	16,148	9.8%
Other Education	8,317	6,913	1,403	20.3%	8,317	6,913	1,403	20.3%
Medicaid	1,700,244	1,746,480	(46,236)	-2.6%	1,700,244	1,746,480	(46,236)	-2.6%
Health and Human Services	125,917	127,927	(2,010)	-1.6%	125,917	127,927	(2,010)	-1.6%
Justice and Public Protection	261,533	209,635	51,898	24.8%	261,533	209,635	51,898	24.8%
General Government	33,536	43,883	(10,347)	-23.6%	33,536	43,883	(10,347)	-23.6%
Property Tax Reimbursements	74	1,550	(1,476)	-95.2%	74	1,550	(1,476)	-95.2%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	244,405	238,031	6,374	2.7%	244,405	238,031	6,374	2.7%
Total Expenditures & ISTV's	3,293,519	3,206,365	87,154	2.7%	3,293,519	3,206,365	87,154	2.7%
Transfers Out:								
BSF Transfer	29,483	425,500	(396,017)	-93.1%	29,483	425,500	(396,017)	-93.1%
Operating Transfer Out	169,738	346,388	(176,650)	-51.0%	169,738	346,388	(176,650)	-51.0%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	199,221	771,888	(572,668)	-74.2%	199,221	771,888	(572,668)	-74.2%
Total Fund Uses	3,492,739	3,978,253	(485,514)	-12.2%	3,492,739	3,978,253	(485,514)	-12.2%

FUND BALANCE

Table 5 describes the estimated General Revenue Fund (GRF) unencumbered ending fund balance for FY 2017. Based on the estimated revenue sources for FY 2017 and the estimated FY 2017 disbursements, transfers, and encumbrances, the GRF unencumbered ending fund balance for FY 2017 is an estimated $459.8 million.

The GRF unencumbered ending fund balance should not be considered as a balance available for expenditure in FY 2017 nor should it be considered as equivalent to the FY 2017 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 2017
($ in thousands)

July 1, 2016 Beginning Cash Balance*	**$ 1,193,327**
Plus FY 2017 Estimated Revenues	22,897,600
Plus FY 2017 Estimated Federal Revenues	12,682,980
Plus FY 2017 Estimated Transfers to GRF	309,100
Total Sources Available for Expenditures & Transfers	**37,083,007**
Less FY 2017 Estimated Disbursements**	35,892,611
Less FY 2017 Estimated Total Encumbrances as of June 30, 2017	312,696
Less FY 2017 Estimated Transfers Out	417,875
Total Estimated Uses	**36,623,182**
FY 2017 ESTIMATED UNENCUMBERED ENDING FUND BALANCE	**459,825**

* Includes reservations of $428.6 million for prior year encumbrances and $54.5 million for transfers from the fiscal year 2016 ending balance executed during fiscal year 2017. After accounting for these amounts, the estimated unencumbered beginning fund balance for fiscal year 2017 is $710.2 million.

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

OBM staff that contributed to the development of this report are:

Jason Akbar, Ben Boettcher, Frederick Church, Jim Coons, Adam Damin, Erin DeGiralomo, Paul DiNapoli, Sharon Hanrahan, Catherine Hookway, Kurt Kauffman, Sári Klepacz, Lauren Lopez, Ashley Nelson, Katherine Nickey, Steven Peishel, Craig Rethman, Katja Ryabtseva, Tara Schuler, Travis Shaul, Dex Stanger, and Chris Whistler.