OBM

October 11, 2017

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

FROM: Timothy S. Keen, Director TK

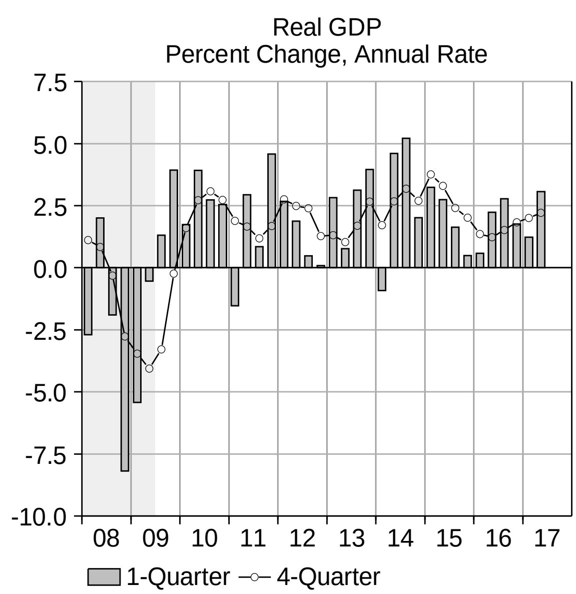
SUBJECT: Monthly Financial Report

ECONOMIC SUMMARY

Economic Performance Overview

- Economic growth in the second quarter was revised up to 3.1%. Forecasters project about the same or stronger growth in the third quarter and a trend rate of 2% to 2.5% thereafter.
- U.S. employment decreased by 33,000 jobs in September, reflecting the effects of Hurricanes Harvey and Irma. Nonetheless, the unemployment rate declined to 4.2%.
- Ohio nonfarm payroll employment increased by 5,200 jobs in August to 41,500 jobs above the December 2016 level. The unemployment rate increased to 5.4%.
- Some leading economic indicators have deteriorated, but the general picture remains consistent with uninterrupted growth into next year.

Economic Growth



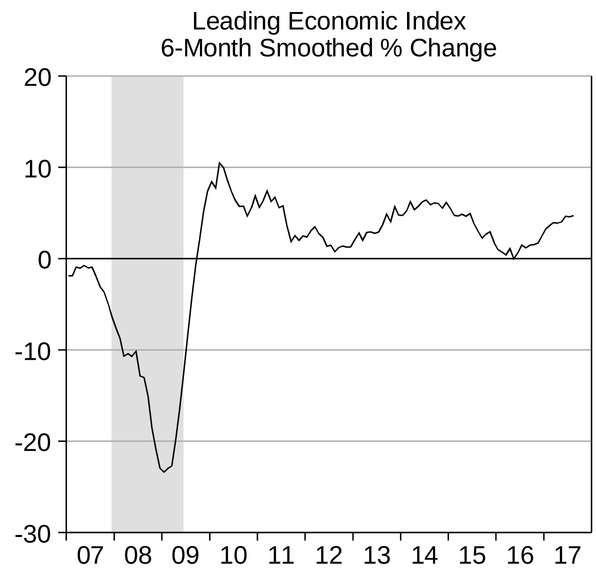
Real GDP growth during the second quarter was revised up from 3.0% to 3.1%, after growth of 1.2% in the first quarter. The slight upward revision primarily reflected an upward adjustment to investment in business inventories. Compared with a year earlier, real GDP was up by 2.2% in the second quarter. The growth rate was 1.5% for all of 2016, which is the slowest rate of growth for any calendar year since the end of the 2007-2009 recession.

Hurricane Harvey, which primarily hit Texas, and Irma, which primarily hit Florida, destroyed tremendous wealth, but are not expected to affect the medium-term course of the economy. Many key economic indicators will be affected in the near-term, but as following Katrina and Rita almost exactly twelve years ago, real GDP and other broad macro indicators are likely to show no impact in 2018.

According to the **Ohio coincident economic index** from the Philadelphia Federal Reserve, the Ohio economy slowed in August. The index decreased 0.1% for the second month in a row–the first back-to-back declines since November and December 2009. The year-over-year rate of change decreased to 1.2%, down from 1.8% at the start of the year and a recent high of 5.4% in October 2014. While the index is designed to be coincident with the economic cycle in Ohio, it is composed entirely of labor market indicators, which might not reflect the full range of activity across the state during short periods.

In fact, according to a regular survey of businesses in and around Ohio, conducted by the Federal Reserve Bank of Cleveland, business activity expanded at a moderate rate in July and August. Labor markets continued to expand, and wage pressures were reported in construction, manufacturing, and energy. Spending by consumers at brick-and-mortar retailers increased slightly, and sales of new motor vehicles strengthened. Manufacturing activity was up slightly overall, with the exception of motor vehicle assembly plants, where production trended lower. Home sales have remained above year ago levels year-to-date, and transaction prices have been higher. Activity in the commercial real estate market was reported to remain high.

Leading economic indicators remain consistent with uninterrupted expansion into 2018. The Conference Board's composite **Leading Economic Index** increased by 0.4% in August for the twelfth straight monthly gain. The smoothed 6-month rate of change in the index was 4.7%, up from a recent low of zero in May 2016. Eight of the ten components made positive contributions again in August, led by building permits, which are erratic from month-to-month. The interest rate spread, which has been consistently positive, made the second largest contribution, followed by consumer expectations for business conditions and the ISM New Orders index.



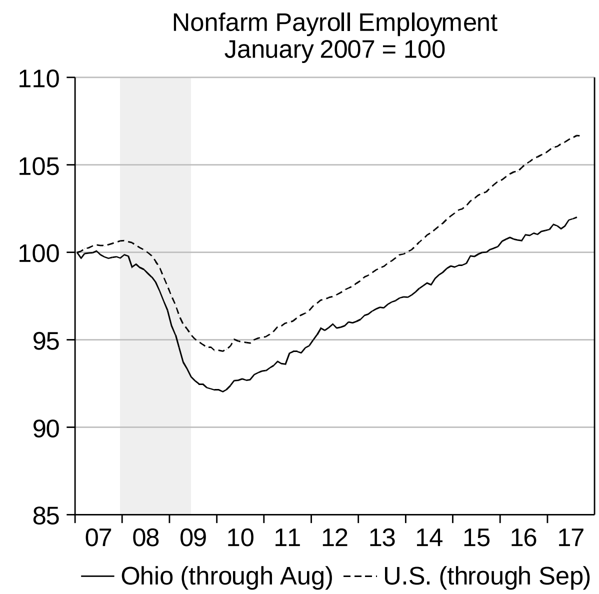
Source: The Conference Board

At the same time, however, the breadth of gains in state-level composite coincident indexes compiled by the Philadelphia Federal Reserve, which has been a leading indicator for the national economy in the past, deteriorated sharply in August. The number of state indexes declining jumped from ten in July to eighteen in August. The number of states for which the index decreased over three-month spans increased from eight in July to eleven in August. These indexes are very sensitive to the state unemployment rates, which are subject to large annual benchmark revisions early each year. In the meantime, the recent negative pattern is outweighed by the balance of more positive evidence.

The diffusion of state leading economic indexes also deteriorated in August, as the indexes for thirteen states were negative, up from eight in July. Ohio was among the states with negative values for the second consecutive month. The index is designed to predict the rate of change in the coincident index during the next six months, but can be volatile from month-to-month and is often revised significantly, limiting its predictive power.

The **consensus among forecasters** is for continued growth in real GDP in the second-half of year. In particular, the Federal Reserve Bank of Atlanta projects growth of 2.5% in the third quarter, based on the trajectory of major indicators during the second quarter and data available so far for the third quarter. The Federal Reserve Bank of New York projects growth of 1.5%. The more-stable Blue Chip consensus, which is an average of forecasts from a group of professional forecasters, calls for 2.2% growth, with a range of 1.7% to 2.8% from the average of the lowest ten to the highest ten forecasts. IHS projects third-quarter growth of 1.8%.

Employment



Nonfarm payrolls across the country decreased by 33,000 jobs in September, reflecting effects of major hurricanes that hit in August and September. In addition to the weakness in September, the July and August gains were revised down by a total of 38,000 jobs. The decline in employment in September contrasts with an average monthly gain of 172,000 jobs during the previous twelve months. The loss of jobs during the month is viewed as temporary, and employment is widely expected to return to trend in coming months.

The biggest employment decline during the month was in food services and drinking places, where employment dropped by 105,000 jobs. During the previous twelve months, employment in this sector increased by an average of 24,000 jobs per month. Employment in education and health services increased by 27,000 jobs, down from a previous 12-month pace of 41,000 jobs per month. Likewise, employment in professional and business services increased by 13,000 jobs, which is also well below the previous 12-month trend of 50,000 jobs per month. Construction employment rose by 8,000 jobs, and manufacturing employment declined by 1,000 jobs.

The **unemployment rate** decreased 0.2 points to 4.2%, after little change during March-August. The broadest measure of unemployment, the U-6 unemployment rate, also declined, by 0.3 points to 8.3%, its lowest level since May 2007. The U-6 unemployment rate includes those who say that they want to work but have stopped looking because they believe they cannot find a job and those working part-time who would prefer full-time work. In another positive sign, the labor participation rate increased to 63.1% – the highest mark since September 2003.

In a further sign of tightening labor markets, **average hourly earnings** of all employees on private nonfarm payrolls increased 0.5% to 2.9% above the year earlier level. A hallmark of this expansion has been steady and prolonged growth in employment, output, and profits with surprisingly small gains in wages. The September rise in year-over-year wage gains, to the highest pace of the expansion, might suggest that this is starting to change and may have implications for Federal Reserve policy and consumer finances and spending.

Ohio nonfarm payroll employment increased by 5,200 in August, and the July increase was revised higher from 1,600 jobs to 3,500 jobs. Gains in leisure and hospitality (+6,600), educational and health services (3,800), and other services (+3,200) were partly offset by declines in government (-5,900), trade, transportation, and utilities (-4,500), and professional and business services (-1,000).

During the twelve months ending in August, Ohio employment increased by 57,100 jobs. The largest gains were in education and health services (+21,800), leisure and hospitality (+18,700), and financial activities (+8,800). Employment declines occurred in trade, transportation and utilities (-10,200), manufacturing (-1,000) and government (-4,200). The decline in trade, transportation and utilities has been concentrated in retail trade (-12,100).

Among the **contiguous states**, year-over-year employment growth was strongest in Kentucky (+1.6%), followed by Michigan (+1.4%), Indiana, Ohio, and Pennsylvania (+1.0%), and West Virginia (+0.1%), which broke a long negative string in June. Manufacturing employment increased year-over-year by in Michigan (1.6%), Indiana (1.4%), Ohio (0.3%), and was unchanged in Kentucky. It fell 0.3% in Pennsylvania, and 3.2% in West Virginia.

The **Ohio unemployment rate** increased by 0.2 percentage point to 5.4% in August. The rate is up 0.7 points from the cyclical low of 4.7% reached in October 2015, after having stayed in the 4.7% to 5.1% range from December 2014 until July. The increase since October 2015 resulted from a larger increase in the Ohio labor force (+70,681) than in total employment (+28,364).

Across the country in August, the unemployment rate increased notably from the month before in eight states, led by Indiana (+0.4%). The only notable decrease occurred in Idaho. The unemployment rate was unchanged or not statistically different from the month before in all other states. Hurricane Harvey had no effect on the August data, because data were collected before the storm.

Consumer Income and Consumption

Personal income and spending both slowed, but continued growing in August. **Personal income** increased 0.2% despite no change in wage and salary disbursements. Other labor income also decelerated. The increase was due to accelerations in transfers and other income net of social insurance. Compared with a year earlier, personal income was up 2.8% and wage and salary disbursements were up 2.7%.

Inflation remains low. The **Consumer Price Index** (CPI) increased 0.4% in August after a 0.1% increase in July and no change in June. The 6.3% increase in the price of gasoline was a major factor behind the pickup in inflation, and was related to supply disruptions caused by the hurricane. Excluding prices of food and energy, the CPI was higher by 0.2%. Compared with a year earlier, the CPI was higher by 2.1% and excluding food and energy, the CPI was higher by 1.7%. The Median CPI from the Federal Reserve Bank of Cleveland, which is an alternative measure of the trend in inflation, was approximately the same year-over-year at 2.2%. The measure of inflation that is most closely watched by the Federal Reserve (personal income consumption minus food and energy) was 1.3% year-over-year – still well below the 2% threshold targeted by the Fed.

Monthly **personal consumption expenditures** slowed to 0.1% in August from 0.3% the month before. Spending on durable goods decreased 1.1%, and the July change was revised up from a gain of 0.6% to 1.1%. The decline in purchases of durable goods reflected a 3.9% drop in sales of light motor vehicles to 16.4 million units at an annual rate – the slowest pace since February 2014. Spending on nondurable goods and services both accelerated to 0.3% in August from 0.2% in July.

Hurricanes Harvey and Irma likely cut into consumer spending during late August and September, but recovery spending is expected to add to growth in the fourth quarter. Light motor vehicle sales increased to an annual rate of 18.5 million units in August, which is the best monthly pace since special incentives temporarily boosted sales in July 2005.

Consumer attitudes were relatively bright and stable during the third quarter and remained near recent highs. The Conference Board measure of **consumer confidence** dipped to 119.8 in September from a downwardly revised 120.4 in August, as a small deterioration in assessments of current conditions countered a small improvement in expectations.

The University of Michigan/Reuters survey painted a similar picture in September. More than one-half of respondents said that they expect their income to improve during the coming year, but say home-buying conditions are the worst in five years. Respondents said that car-buying conditions deteriorated from August to September.

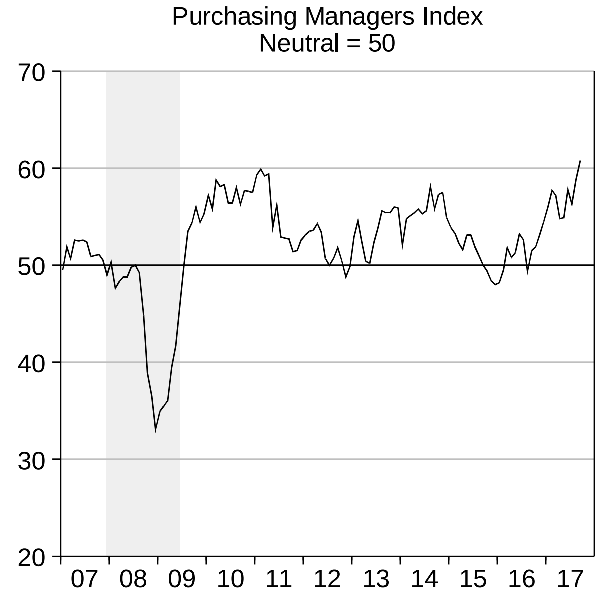
Manufacturing

Industrial production in manufacturing decreased 0.3% in August after no change in July. Production has declined in three of the last six months. Utility production fell 5.5%, and mining output fell 0.8%. Total industrial production decreased 0.9%.

The decrease in manufacturing output occurred despite a 2.2% increase in production of motor vehicles and parts, which was the first increase after three straight declines. Excluding motor vehicles and parts, manufacturing output decreased 0.5% and the July change was revised up from 0.2% to 0.4%. Compared with a year earlier, manufacturing production was up by a modest 1.5%.

Production across the country in some industries that are key employers in Ohio was mixed during August. In addition to the rise in production of motor vehicle and parts, production in primary metal increased 1.1% and production in fabricated metal increased 0.7%. Production of machinery fell by 1.4%. Production was higher than a year ago in these industries with the exception of motor vehicle and parts, which was lower by 3.6%.

Reports from **purchasing managers** of improving conditions in manufacturing increased in September, indicating future improvement in manufacturing output is likely. The PMI® increased from 58.8 to 60.8 – the highest level since May 2004. The important New Orders and Production sub-indexes also increased to among the highest levels in recent years. In fact, all sub-indexes increased, pointing to continued strengthening in the manufacturing sector through the fall.



Of the eighteen industries tracked by the Manufacturing ISM® *Report on Business*, seventeen reported growth in the latest month. Among the industries with a disproportionate effect on Ohio manufacturing employment– fabricated metal products, machinery, primary metals, and transportation equipment– all reported expansion. One respondent in the machinery industry said that "Business levels continue strong," while a survey participant in the transportation equipment industry reported that "Labor shortages continue to haunt operational capacity."

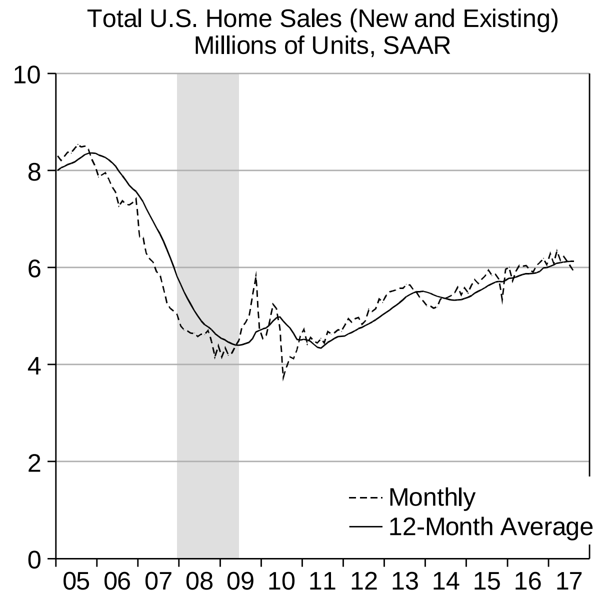
The depreciation in the foreign exchange value of the **U.S. dollar** appears to be a positive factor for domestic manufacturing. The trade-weighted index decreased by 9% from its recent peak in December 2016 to late September. Trade flows appear to have begun to respond to the lower dollar in addition to a pickup in overseas growth, as exports of goods climbed 10.8% from the beginning of 2016 through August 2017. Even excluding exports of petroleum products, which are up significantly over the period, exports have begun to reverse the decline during the year and a half ending in January 2016.

Construction

Construction put-in-place increased 0.5% in August, but the July change was revised lower from -0.6% to -1.2%. Despite the August increase, total construction has declined in three of most recent five months, and is down a total of 1.7% for the period. The weakness has occurred in the private nonresidential and public sectors, while private residential has remained strong.

From a year earlier, total construction put-in-place is up by 2.5%, reflecting a 4.7% gain in private and a 5.1% decline in public. The year-over-year increase in the private sector was due to an 11.6% increase in residential and more than offset a 2.5% decrease in nonresidential. The weakness in nonresidential was centered in power, educational, manufacturing, and religious. In the public sector, the weakness was broad-based but especially evident in residential; power; sewage & waste disposal; and conservation & development.

Housing starts recovered a bit in August (+1.4%) on a 3-month moving average basis, and the July change was revised up from no change to a gain of 1.0%. The August increase brings the strong consecutive monthly gains to three, following a very weak January-May period. In the Midwest, starts increase 6.6% in August on a 3-month moving average basis, as a huge 45.8% increase in multi-family more than offset a 7.7% decrease in single-family starts. Compared with a year earlier, total starts were just 0.3% higher, due to a 12.2% increase in single-family and a 20.4% decrease in multi-family. Midwest starts were higher 9.9% year-over-year, reflecting a 7.2% rise in single-family and a 15.0% rise in multi-family.



Home sales are still being constrained by supply. Existing home sales fell 1.6% in August after a 0.7% decline in July, falling to the lowest level since last September on a 3-month moving average basis. In the Midwest, existing home sales were unchanged after falling 2.8% the month before. New home sales followed a similar pattern, decreasing 2.6% nationally after a weak July and rising 3.6% in the Midwest. Compared with a year earlier, both existing and new home sales were marginally higher across the country and lower in the Midwest on a 3-month moving average basis.

REVENUES

September **GRF receipts totaled $2,500.8 million** and were $40.6 million (1.6%) above the estimate. Monthly tax receipts totaled $1,698.1 million and were $6.2 million (0.4%) below the estimate, while non-tax receipts totaled $802.7 million and were $46.8 million (6.2%) above the estimate. There were no transfers in for the month and none were estimated. Variances for the fiscal year-to-date by category are provided in the following table ($ 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	$17.4 million	0.3%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	$49.9 million	1.9%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$15.1 million	15.7%
TOTAL REVENUE VARIANCE:		**$82.3 million**	**1.0%**
Non-federal revenue variance		**$53.4 million**	**1.0%**
Federal grants variance		**$28.9 million**	**1.1%**

On a year-over-year basis, monthly receipts were $235.7 million (8.6%) below September of the previous fiscal year. Tax revenues decreased by $83.2 million (4.7%) from last September while federal grants fell by $160.9 (17.1%). Federal grants in the GRF and Medicaid spending are expected to decline from last year, not just in September but for the year as a whole, as an important source of Medicaid funding has shifted from the GRF to a dedicated purpose fund. In fiscal years 2010-2017, Medicaid managed care company premiums were subject to the sales tax, and this revenue was deposited into the GRF. This revenue helped support Medicaid spending from the GRF, and the subsequent drawdown of federal revenue was therefore also deposited into the GRF. Beginning in fiscal year 2018, the sales tax no longer applies to Medicaid managed care premiums. Instead, a new federally approved Medicaid related provider tax on all Medicaid managed care organizations and non-Medicaid major medical managed care organizations is levied. Receipts from this tax, as is the case with all other Medicaid related health care provider taxes, go into a dedicated purpose fund and help support Medicaid spending. The federal dollars drawn down by the disbursement of these non-GRF funds are deposited in a dedicated federal fund, not the GRF. This change will reduce non-auto sales tax receipts, GRF Medicaid spending, and related federal grant revenue in fiscal year 2018.

The decrease from last September in tax receipts was due primarily to the non-auto sales tax, which was $58.2 million (8.1%) lower than last September. Again, this is due to the elimination of the sales tax on managed care Medicaid premiums. This will distort year-over-year comparisons throughout fiscal year 2018 (July was the exception, since the last tax revenues were received in July, based on June premiums). Personal income tax collections were also $11.3 million (1.4%) lower than last September.

GRF Revenue Sources Relative to Monthly Estimates – September 2017

($ in millions)

Individual Revenue Sources Above Estimate		**Individual Revenue Sources Below Estimate**	
Federal Grants	$28.7	Personal Income	($18.2)
Other Income	$17.5	Financial Institutions Tax	($8.0)
Non-Auto Sales Tax	$12.6	Foreign Insurance	($2.8)
Cigarette and Other Tobacco Tax	$7.7	Kilowatt Hour Tax	($2.1)
Auto Sales Tax	$2.7	Other Sources Below Estimate	($0.7)
Commercial Activity Tax	$1.8		
Other Sources Above Estimate	$1.4		
Total above	**$72.4**	**Total below**	**($31.8)**

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

Non-Auto Sales and Use Tax

September non-auto sales and use tax collections totaled $660.3 million and were $12.6 million (1.9%) above estimate. This monthly overage continues to offset the $26.8 million shortfall from July, so that for the year, collections are just $5.2 million (0.2%) below estimate.

The non-auto sales tax underperformed the estimates by $187 million (2.0%) in fiscal year 2017. Growth for fiscal year 2017 was only 2.4%. As a result, OBM sharply scaled back growth estimates for this tax in fiscal year 2018. After one adjusts for sales tax collections from Medicaid Health Insuring Corporations (MHICs), estimated growth for all of fiscal year 2018 is only 2.5%.

July was the last month of MHIC sales tax collections. Beginning in August, the sales tax on MHIC capitation payments was replaced by a Medicaid related provider tax on all Medicaid managed care organizations and non-Medicaid major medical managed care organizations, which is being deposited into a non-GRF dedicated purpose fund. As a result, non-auto sales tax collections are expected to be negative relative to fiscal year 2017 in all of the remaining months of fiscal year 2018.

September is the second example of decreases relative to the prior year due to the elimination of the sales tax on Medicaid managed care premiums. September collections were $58.2 million (8.1%) below last year’s level.

The table below shows that, if one subtracts MHIC collections from both fiscal year 2017 and fiscal year 2018, September growth was actually 1.0%.

Non-Auto Sales Tax Revenue Growth Without MHIC– FY18 through September

($ in millions)

	Sep-16	FY 17 YTD	Sep-17	FY 18 YTD
Non-Auto sales tax GRF	$718.4	$2,287.7	$660.3	$2,183.9
Non-Auto sales tax PLF (Library Fund)	$16.9	$49.6	$17.0	$50.6
Non-Auto sales tax, all funds	$735.4	$2,337.2	$677.3	$2,234.5
MHIC revenues (state)	$64.6	$193.3	$0.0	$71.7
GRF and PLF revenues without MHIC	$670.8	$2,144.0	$677.3	$2,162.8
Change from prior year in non-MHIC collections			$6.5	$18.8
Pct. change from prior year in non-MHIC collections			1.0%	0.9%

Auto Sales Tax

Auto sales tax collections in September were $120.0 million, which was $2.7 million (2.3%) above estimate. Collections were $0.4 million (0.4%) below last September's level. For the year, collections are now $11.9 million (3.3%) above estimate and revenues have grown $3.2 million (0.9%) from last year.

For fiscal year 2018 auto sales tax collections are expected to decline by 2.5%, as unit sales of new autos are not expected to reach fiscal year 2017 levels. As noted in last month's issue of this report, the estimates for fiscal year 2018 anticipate year-over-year declines in 9 of the 12 months. However, there has been modest growth in collections so far this year, contrary to expectations.

Personal Income Tax

September personal income tax receipts totaled $778.6 million and were $18.2 million (2.3%) below estimate.

The September shortfall was due to withholding coming in below estimate by $18.9 million (2.8%). Annual returns also came in below estimate by $8.9 million (41.4%) which was largely offset by refunds made to taxpayers being $7.7 million (19.1%) below estimates. Quarterly estimated payments were $0.5 million (0.3%) above estimates.

Withholding collections for the first quarter as a whole are $7.6 million (0.4%) above estimate. This is a reversal of the pattern from fiscal year 2017, when withholding ran below estimate by about 3% for most of the year (although the final shortfall was somewhat smaller at -2.7%). Total income tax collections for the year are $16.5 million (0.8%) above estimate.

On a year-over-year basis, September GRF income tax collections were $11.3 million (1.4%) below September 2016 collections. For the year, collections are up by $81.7 million (4.1%). Except for annual return payments, all payment categories have improved from last year.

FY2018 PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)

	Estimate Sep	Actual Sep	$ Var Sep	Actual Sep-2017	Actual Sep-2016	$ Var Y-0ver-Y
Withholding	$673.1	$654.2	($18.9)	$654.2	$669.3	($15.1)
Quarterly Est.	$161.7	$162.2	$0.5	$162.2	$161.7	$0.5
Trust Payments	$7.5	$8.0	$0.5	$8.0	$7.6	$0.4
Annual Returns & 40 P	$21.4	$12.5	($8.9)	$12.5	$21.3	($8.8)
Other	$6.6	$8.1	$1.5	$8.1	$6.5	$1.6
Less: Refunds	($40.5)	($32.8)	$7.7	($32.8)	($43.5)	$10.7
Local Distr.	($33.0)	($33.6)	($0.6)	($33.6)	($33.0)	($0.6)
Net to GRF	$796.8	$778.6	($18.2)	$778.6	$789.9	($11.3)

Financial Institutions Tax

Financial institutions tax (FIT) receipts were negative for the month and below estimate by $8.0 million (1,607%). FIT receipts for the year are $6.2 million (475%) below estimate. The September and year-to-date variances are attributable to tax credits claimed under the Ohio Venture Capital program that were needed to cover shortfalls in debt service payments due to ongoing lower-than-anticipated returns on the venture capital investments.

Commercial Activity Tax

Commercial activity tax (CAT) September receipts deposited in the GRF totaled $10.2 million and were $1.8 million (20.9%) above the estimate. CAT receipts for the year are $9.3 million (2.7%) above estimate.

After the first quarter, GRF CAT receipts are $57.0 million (19.1%) above collections for the first quarter of fiscal year 2017. This increase is partly due to a change in the allocation method contained in H.B. 49 (the biennial budget bill) that increased the GRF share of CAT receipts from 75 percent to 85 percent.

We can decompose the GRF increase into a total collections increase and a law change impact by looking at all funds CAT receipts. All funds collections have increased by $19.9 million (4.9%), growing from $401.6 million to $421.5 million. The GRF would have received an additional $14.4 million from that increase: the other $41.6 million is due to the change in the GRF percentage.

Cigarette and Other Tobacco Products Tax

Cigarette and other tobacco collections exceeded estimates by $7.7 million (9.7%) in September. This overage more than made up for the July shortfall and brings year to date collections to $1.8 million (0.9%) above estimate.

GRF Non-Tax Receipts

GRF non-tax receipts totaled $802.7 million in September and were above estimate by $46.8 million (6.2%). Federal grants and other income drove the overage, as those categories were $28.7 million (3.8%) and $17.5 million (609.3%) above estimate, respectively. The federal grant variance is largely attributable to a CHIP managed care plan payment being made in September rather than October. The other income variance is attributable to earlier than anticipated JobsOhio deferred compensation payments from liquor profits and a portion of expected racetrack relocation payments being made in September rather than October.

10/11/2017

Table 1

GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2018 VS ESTIMATE FY 2018
($ in thousands)

REVENUE SOURCE	MONTH ACTUAL SEPTEMBER	MONTH ESTIMATE SEPTEMBER	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	660,263	647,700	12,563	1.9%	2,183,889	2,189,100	(5,211)	-0.2%
Auto Sales & Use	120,009	117,300	2,709	2.3%	369,201	357,300	11,901	3.3%
Subtotal Sales & Use	780,273	765,000	15,273	2.0%	2,553,090	2,546,400	6,690	0.3%
Personal Income	778,628	796,800	(18,172)	-2.3%	2,069,123	2,052,600	16,523	0.8%
Corporate Franchise	72	0	72	N/A	2,377	0	2,377	N/A
Financial Institutions Tax	(7,533)	500	(8,033)	-1606.7%	(4,875)	1,300	(6,175)	-475.0%
Commercial Activity Tax	10,155	8,400	1,755	20.9%	355,377	346,100	9,277	2.7%
Petroleum Activity Tax	1,570	1,300	270	20.8%	1,570	1,300	270	20.8%
Public Utility	1	(200)	201	100.5%	27,337	25,900	1,437	5.5%
Kilowatt Hour	32,922	35,000	(2,078)	-5.9%	90,762	97,900	(7,138)	-7.3%
Natural Gas Distribution	(1)	0	(1)	N/A	11,326	12,400	(1,074)	-8.7%
Foreign Insurance	6,399	9,200	(2,801)	-30.4%	6,522	9,800	(3,278)	-33.4%
Domestic Insurance	5	0	5	N/A	62	3,700	(3,638)	-98.3%
Other Business & Property	0	0	0	N/A	(374)	0	(374)	N/A
Cigarette and Other Tobacco	86,912	79,200	7,712	9.7%	188,751	187,000	1,751	0.9%
Alcoholic Beverage	4,600	5,300	(700)	-13.2%	15,449	15,300	149	1.0%
Liquor Gallonage	4,073	3,800	273	7.2%	12,225	11,700	525	4.5%
Estate	(3)	0	(3)	N/A	29	0	29	N/A
Total Tax Receipts	1,698,073	1,704,300	(6,227)	-0.4%	5,328,752	5,311,400	17,352	0.3%
NON-TAX RECEIPTS								
Federal Grants	780,003	751,299	28,703	3.8%	2,708,707	2,679,801	28,906	1.1%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fees	1,936	1,750	186	10.6%	7,713	8,100	(387)	-4.8%
Other Income	20,429	2,880	17,549	609.3%	26,275	5,310	20,965	394.8%
ISTV'S	376	0	376	N/A	376	0	376	N/A
Total Non-Tax Receipts	802,744	755,929	46,815	6.2%	2,743,071	2,693,211	49,860	1.9%
TOTAL REVENUES	2,500,817	2,460,229	40,588	1.6%	8,071,823	8,004,611	67,212	0.8%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	0	0	N/A	111,347	96,229	15,118	15.7%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	0	0	N/A	111,347	96,229	15,118	15.7%
TOTAL SOURCES	2,500,817	2,460,229	40,588	1.6%	8,183,171	8,100,840	82,330	1.0%

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Table 2

GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2018 VS ACTUAL FY 2017
($ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	SEPTEMBER FY 2018	SEPTEMBER FY 2017	$ VAR	% VAR	ACTUAL FY 2018	ACTUAL FY 2017	$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	660,263	718,424	(58,160)	-8.1%	2,183,889	2,287,666	(103,776)	-4.5%
Auto Sales & Use	120,009	120,455	(445)	-0.4%	369,201	366,044	3,157	0.9%
Subtotal Sales & Use	780,273	838,879	(58,606)	-7.0%	2,553,090	2,653,710	(100,619)	-3.8%
Personal Income	778,628	789,942	(11,314)	-1.4%	2,069,123	1,987,458	81,665	4.1%
Corporate Franchise	72	(198)	271	136.4%	2,377	(496)	2,873	579.0%
Financial Institutions Tax	(7,533)	505	(8,038)	-1592.8%	(4,875)	1,278	(6,153)	-481.6%
Commercial Activity Tax	10,155	8,130	2,025	24.9%	355,377	298,382	56,995	19.1%
Petroleum Activity Tax	1,570	1,542	28	1.8%	1,570	1,542	28	1.8%
Public Utility	1	75	(74)	-98.6%	27,337	23,457	3,880	16.5%
Kilowatt Hour	32,922	38,266	(5,343)	-14.0%	90,762	98,612	(7,851)	-8.0%
Natural Gas Distribution	(1)	0	(1)	-884.6%	11,326	11,918	(591)	-5.0%
Foreign Insurance	6,399	9,558	(3,159)	-33.0%	6,522	10,220	(3,698)	-36.2%
Domestic Insurance	5	0	5	N/A	62	2,370	(2,308)	-97.4%
Other Business & Property	0	(683)	683	N/A	(374)	(678)	304	44.8%
Cigarette and Other Tobacco	86,912	84,134	2,779	3.3%	188,751	194,700	(5,949)	-3.1%
Alcoholic Beverage	4,600	7,203	(2,603)	-36.1%	15,449	18,021	(2,571)	-14.3%
Liquor Gallonage	4,073	3,834	239	6.2%	12,225	11,788	437	3.7%
Estate	(3)	90	(94)	-103.8%	29	73	(44)	-60.3%
Total Tax Receipts	1,698,073	1,781,276	(83,202)	-4.7%	5,328,752	5,312,354	16,398	0.3%
NON-TAX RECEIPTS								
Federal Grants	780,003	940,911	(160,908)	-17.1%	2,708,707	3,132,170	(423,463)	-13.5%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fee	1,936	1,426	511	35.8%	7,713	9,127	(1,414)	-15.5%
Other Income	20,429	2,499	17,930	717.4%	26,275	40,110	(13,835)	-34.5%
ISTV'S	376	8,975	(8,599)	-95.8%	376	9,079	(8,703)	-95.9%
Total Non-Tax Receipts	802,744	953,811	(151,067)	-15.8%	2,743,071	3,190,486	(447,415)	-14.0%
TOTAL REVENUES	2,500,817	2,735,086	(234,269)	-8.6%	8,071,823	8,502,840	(431,017)	-5.1%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	1,416	(1,416)	N/A	111,347	15,309	96,039	627.4%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	1,416	(1,416)	N/A	111,347	15,309	96,039	627.4%
TOTAL SOURCES	2,500,817	2,736,502	(235,685)	-8.6%	8,183,171	8,518,149	(334,978)	-3.9%

DISBURSEMENTS

September GRF disbursements, across all uses, totaled $2,823.5 million and were $240.0 million (7.8%) below estimate. This was primarily attributable to lower than estimated disbursements in the Property Tax Reimbursements and Health and Human Services categories. On a year-over-year basis, September total uses were $735.2 million (20.7%) lower than those of the same month in the previous fiscal year, with the Primary and Secondary Education, Medicaid, and Property Tax Reimbursements categories largely responsible for the decrease. Year-to-date variances from estimate 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)	($82.7 million)	-0.9%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$12.4 million	27.1%
TOTAL DISBURSEMENTS VARIANCE:		**($70.2 million)**	**-0.8%**

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 by the Ohio Department of Education. September disbursements for this category totaled $626.1 million and were $10.0 million (1.6%) below estimate. This variance was primarily attributable to below estimate spending in the Early Childhood Education and Foundation Funding line items. Disbursements in the Early Childhood Education line item were below estimate due to grantees drawing down prior year awards at a slower pace than anticipated. Disbursements in the Foundation Funding line item were below estimate due to timing of payments as academic performance bonuses will be made in future months rather than September as originally planned. This variance was partially offset by above estimate disbursements in the Ohio Educational Computer Network line item due to higher than estimated claimed reimbursements in September. Expenditures for the school foundation program totaled $610.1 million and were $6.6 million (1.1%) below estimate. Year-to-date disbursements were $2,066.8 million, which were $24.0 million (1.1%) below estimate.

On a year-over-year basis, disbursements in this category were $303.2 million (32.6%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $305.4 million (12.9%) lower than the same point in fiscal year 2017. These variances are primarily attributable to seven foundation payments being disbursed at the same point in the previous fiscal year compared to six foundation payments disbursed in the current fiscal year.

Higher Education

September disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, were $189.9 million, which was $1.6 million (0.9%) below estimate. This variance was primarily attributable to spending in the Ohio College Opportunity Grant Scholarship Program, which was $1.8 million below estimate due to lower than estimated requests for reimbursement from higher education institutions. This and other variances were partially offset by disbursements for the Central State Supplement, which were $2.9 million above estimate as payments were made earlier than estimated.

Year-to-date disbursements were $540.4 million, which was $1.5 million (0.3%) below estimate. On a year-over-year basis, disbursements in this category were $5.4 million (2.8%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $28.6 million (5.0%) lower than at the same point in fiscal year 2017.

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.

September disbursements in this category totaled $9.0 million and were $2.7 million (23.2%) below estimate. This variance is primarily attributable to the timing of Broadcast Education Media Commission payments. Subsidy payments estimated to disburse in September will now disburse in October due to a delay in MOU contracts.

Year-to-date disbursements for the Other Education category were $23.6 million, which was $3.7 million (13.6%) below estimate. On a year-over-year basis, disbursements in this category were $3.1 million (25.7%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $3.8 million (13.8%) lower than at the same point in fiscal year 2017.

Medicaid

This category includes all Medicaid spending on services and program support by the following eight 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, the Department of Aging, the Department of Education, and the State Board of Pharmacy.

Expenditures

September GRF disbursements for the Medicaid Program totaled $1,183.1 million and were $9.5 million (0.8%) above estimate and $217.0 million (15.5%) below disbursements for the same month in the previous fiscal year. This year-over-year variance occurs as the State has replaced the sales tax on Medicaid health insuring corporations (MHIC) with a provider tax on all Medicaid managed care organizations and non-Medicaid major medical managed care organizations, as approved by the federal Center for Medicare and Medicaid Services (CMS). Consequently, some

Medicaid expenses previously paid from the GRF, where the sales tax was being deposited, are now being paid from state dedicated purpose funds, where the provider tax is being deposited. Year-to-date GRF disbursements totaled $4,135.9 million and were $5.5 million (0.1%) above estimate and $492.9 million (10.6%) below disbursements for the same point in the previous fiscal year.

September all funds disbursements for the Medicaid Program totaled $2,450.5 million and were $19.1 million (0.8%) below estimate and $545.6 million (28.6%) above disbursements for the same month in the previous fiscal year. Year-to-date all funds disbursements totaled $7,070.6 million and were $117.9 million (1.6%) below the estimate and $1,253.8 million (21.6%) above disbursements for the same point in the previous fiscal year.

The September all funds variance is primarily attributable to below estimate spending in the fee-for-service program, as well as lower than estimated administrative expenses. This variance was partially offset by above estimate spending in the managed care program. In the fee-for-service program, Department of Developmental Disabilities (DDD) service costs were below estimate predominately due to lower than projected county activity, where expenditures are typically reimbursed with federal funds, thus increasing the variance. Additionally, program administration was below estimate in September as certain contractual service payments were not completed in September, but will be in the coming months. This variance is partially offset by the managed care program, as the Department of Medicaid was able to complete a payment for children covered by the Children's Health Insurance Program (CHIP) earlier than originally anticipated.

The year-to-date all funds variance is due primarily to below estimate spending in the fee-for-service program, the Hospital Care Assurance Program (HCAP), and program administration. This variance was partially offset by above estimate spending in the managed care program. In the fee-for-service program, a DDD county cost reconciliation payment originally estimated to occur in August was delayed and will take place in the coming months. Additionally, HCAP payments, which compensate hospitals that provide disproportionately high levels of uncompensated care, have been lower than anticipated. Program administration expenses have also been below estimate for reasons described above. This underspending is partially offset by the managed care program, due to the earlier CHIP payment as described above.

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

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

	September Actual	September Projection	Variance	Variance %
GRF	$ 1,183.1	$ 1,173.7	$ 9.5	0.8%
Non-GRF	$ 1,267.4	$ 1,296.0	$ (28.5)	-2.2%
All Funds	$ 2,450.5	$ 2,469.6	$ (19.1)	-0.8%

Enrollment

Total September enrollment for the program was 3.06 million, which was 46,709 (1.5%) below the estimate and 18,704 (0.6%) below enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 3.07 million and was 40,879 (1.3%) below estimate.

September enrollment by major eligibility category was: Covered Families and Children, 1.71 million; Aged, Blind and Disabled (ABD), 499,137; Group VIII Expansion, 709,429; and Other Full Benefits, 24,948 persons.

Please note that these data are subject to revision.

Health and Human Services

This category includes non-debt service GRF expenditures by 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.

September disbursements in this category totaled $56.1 million and were $28.3 million (33.6%) below estimate. Year-to-date disbursements were $283.9 million, which was $16.8 million (5.6%) below estimate. On a year-over-year basis, disbursements in this category were $22.0 million (28.2%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $11.2 million (3.8%) lower than at the same point in fiscal year 2017.

Department of Job and Family Services

September disbursements for the Department of Job and Family Services totaled $19.2 million and were $15.9 million (45.3%) below estimate. This variance is primarily attributable to the Information Technology Projects line item, which was $2.6 million (41.0%) below estimate due to the timing of project related payments. Additionally, support to county departments was $2.2 million (15.6%) below estimate primarily in the Children and Families Subsidy and Child, Family, and Community Protection Services line items. This variance was partially offset by above estimate spending in the Family Assistance – Local line item, which was $1.8 million (29.0%) above estimate due to timing of food assistance payments. Additionally, there was an accounting adjustment in the Child Care State Maintenance of Effort line item. In August, $7.9 million of expenditures budgeted for the federal Child Care and Development grant program were paid from JFS's GRF Child Care State Maintenance of Effort line item, as federal funds were not yet available. In September, federal funds became available and prior GRF disbursements were offset.

Department of Mental Health and Addiction Services
September disbursements for the Department of Mental Health and Addiction Services totaled $25.9 million and were $9.1 million (26.1%) below estimate. This variance is primarily attributable to the Continuum of Care Services line item, which was $2.9 million (97.0%) below estimate due the timing of disbursements to communities and the Hospital Services line item, which was $1.5M (7.2%) below estimate due to lower than projected state hospital payroll costs. Additionally, the Criminal Justice Services and Prevention and wellness line items were below estimate $1.7M (90.2%) and $0.95M (94.5%) respectively, due to variances in the timing of grantees requesting available funding.

Justice and Public Protection

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

September disbursements in this category totaled $141.9 million and were $14.4 million (9.2%) below estimate. Year-to-date disbursements were $574.1 million, which was $15.6 million (2.7%) below estimate. On a year-over-year basis, disbursements in this category were $53.0 million (27.2%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $32.2 million (5.3%) lower than at the same point in fiscal year 2017.

Department of Rehabilitation and Correction
September disbursements for the Department of Rehabilitation and Correction totaled $110.0 million and were $12.8 million (10.4%) below estimate. This variance was primarily attributable to below estimate disbursements for Institutional Operations, Institution Medical Services, and Parole and Community Operations due to the timing of payments for utilities and contracts. Disbursements for Community Misdemeanor Programs were also below estimate as some payments were made in August instead of September as estimated. These negative variances were partially offset by higher than estimated disbursements for Community Nonresidential Programs due to some payments being made in September instead of October as estimated.

General Government

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

September disbursements in this category totaled $22.3 million and were $5.4 million (19.6%) below estimate. Year-to-date disbursements were $95.3 million, which was $9.2 million (8.8%) below estimate. On a year-over-year basis, disbursements in this category were $2.0 million (8.4%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $6.1 million (6.0%) lower than at the same point in fiscal year 2017.

Development Services Agency

September disbursements for the Development Services Agency totaled $0.9 million and were $2.1 million (70%) below estimate. This variance was primarily attributable to lower than estimated disbursements for Technology Programs and Grants, which were below estimate due to delays in invoices from grant recipients of the Edison Advanced Manufacturing and Manufacturing Extension Partnership programs.

Property Tax Reimbursements

Payments from the property tax reimbursement category are made to local governments and school districts to reimburse these entities for revenues foregone as a result of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. September property tax reimbursements totaled $175.5 million and were $183.9 million (51.2%) below estimate. Year-to-date disbursements totaled $413.8 million and were $14.3 million (3.3%) below estimate. The monthly variance is due to reimbursement requests being received from counties earlier than anticipated as illustrated by August's significant over estimate disbursement in this category,

Debt Service

September payments for debt service totaled $419.3 million and were $3.1 million (0.7%) below estimate. Year-to-date debt service payments were $774.0 million and were $3.1 million (0.4%) below estimate.

Transfers Out

September transfers out totaled $0.3 million and were at estimate. Year-to-date transfers out were $58.4 million and were $12.4 million (27.1%) above estimate. The year-to-date variance is primarily attributable to an accounting entry to reverse a July transfer in, which was made in error.

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Table 3

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2018 VS ESTIMATE FY 2018
($ in thousands)

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	**ACTUAL SEPTEMBER**	**ESTIMATED SEPTEMBER**	**$ VAR**	**% VAR**	**YTD ACTUAL**	**YTD ESTIMATE**	**$ VAR**	**% VAR**
Primary and Secondary Education	626,065	636,084	(10,019)	-1.6%	2,066,824	2,090,796	(23,972)	-1.1%
Higher Education	189,932	191,571	(1,639)	-0.9%	540,361	541,848	(1,487)	-0.3%
Other Education	8,991	11,702	(2,712)	-23.2%	23,602	27,332	(3,730)	-13.6%
Medicaid	1,183,121	1,173,655	9,465	0.8%	4,135,948	4,130,420	5,528	0.1%
Health and Human Services	56,087	84,420	(28,333)	-33.6%	283,927	300,722	(16,795)	-5.6%
Justice and Public Protection	141,928	156,292	(14,364)	-9.2%	574,067	589,711	(15,643)	-2.7%
General Government	22,258	27,677	(5,419)	-19.6%	95,254	104,438	(9,184)	-8.8%
Property Tax Reimbursements	175,471	359,418	(183,947)	-51.2%	413,777	428,036	(14,259)	-3.3%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	419,336	422,386	(3,050)	-0.7%	773,964	777,102	(3,138)	-0.4%
Total Expenditures & ISTV's	**2,823,187**	**3,063,206**	**(240,019)**	**-7.8%**	**8,907,724**	**8,990,404**	**(82,680)**	**-0.9%**
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	273	273	0	N/A	58,351	45,914	12,437	27.1%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**273**	**273**	**(0)**	**N/A**	**58,351**	**45,914**	**12,437**	**27.1%**
Total Fund Uses	**2,823,460**	**3,063,479**	**(240,020)**	**-7.8%**	**8,966,075**	**9,036,318**	**(70,243)**	**-0.8%**

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Table 4

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2018 VS ACTUAL FY 2017
($ in thousands)

Functional Reporting Categories Description	MONTH SEPTEMBER FY 2018	MONTH SEPTEMBER FY 2017	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL FY 2018	YEAR-TO-DATE ACTUAL FY 2017	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
Primary and Secondary Education	626,065	929,283	(303,219)	-32.6%	2,066,824	2,372,209	(305,386)	-12.9%
Higher Education	189,932	195,363	(5,431)	-2.8%	540,361	568,966	(28,606)	-5.0%
Other Education	8,991	12,095	(3,105)	-25.7%	23,602	27,380	(3,778)	-13.8%
Medicaid	1,183,121	1,400,168	(217,047)	-15.5%	4,135,948	4,628,818	(492,870)	-10.6%
Health and Human Services	56,087	78,126	(22,039)	-28.2%	283,927	295,119	(11,192)	-3.8%
Justice and Public Protection	141,928	194,916	(52,989)	-27.2%	574,067	606,257	(32,189)	-5.3%
General Government	22,258	24,295	(2,037)	-8.4%	95,254	101,387	(6,132)	-6.0%
Property Tax Reimbursements	175,471	316,928	(141,457)	-44.6%	413,777	452,424	(38,647)	-8.5%
Debt Service	419,336	407,447	11,888	2.9%	773,964	782,093	(8,129)	-1.0%
Total Expenditures & ISTV's	**2,823,187**	**3,558,622**	**(735,436)**	**-20.7%**	**8,907,724**	**9,834,653**	**(926,928)**	**-9.4%**
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	29,483	(29,483)	N/A
Operating Transfer Out	273	0	273	N/A	58,351	212,247	(153,896)	-72.5%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**273**	**0**	**273**	**N/A**	**58,351**	**241,730**	**(183,379)**	**-75.9%**
Total Fund Uses	**2,823,460**	**3,558,622**	**(735,163)**	**-20.7%**	**8,966,075**	**10,076,382**	**(1,110,307)**	**-11.0%**

FUND BALANCE

Table 5 describes the estimated General Revenue Fund (GRF) unencumbered ending fund balance for FY 2018. Based on the estimated revenue sources for FY 2018 and the estimated FY 2018 disbursements, transfers, and encumbrances, the GRF unencumbered ending fund balance for FY 2018 is an estimated $223.7 million.

The GRF unencumbered ending fund balance should not be considered as a balance available for expenditure in FY 2018 nor should it be considered as equivalent to the FY 2018 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 2018
($ in thousands)

July 1, 2017 Beginning Cash Balance*	**$ 557,090**
Plus FY 2018 Estimated Revenues	22,258,300
Plus FY 2018 Estimated Federal Revenues	9,744,042
Plus FY 2018 Estimated Transfers to GRF	271,129
Total Sources Available for Expenditures & Transfers	**32,830,561**
Less FY 2018 Estimated Disbursements**	32,264,198
Less FY 2018 Estimated Total Encumbrances as of June 30, 2018	276,666
Less FY 2018 Estimated Transfers Out	65,974
Total Estimated Uses	**32,606,838**
FY 2018 ESTIMATED UNENCUMBERED ENDING FUND BALANCE	**223,723**

* Includes reservations of $382.6 million for prior year encumbrances. After accounting for these amounts, the estimated unencumbered beginning fund balance for fiscal year 2018 is $170.9 million.

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

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