OBM

November 13, 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

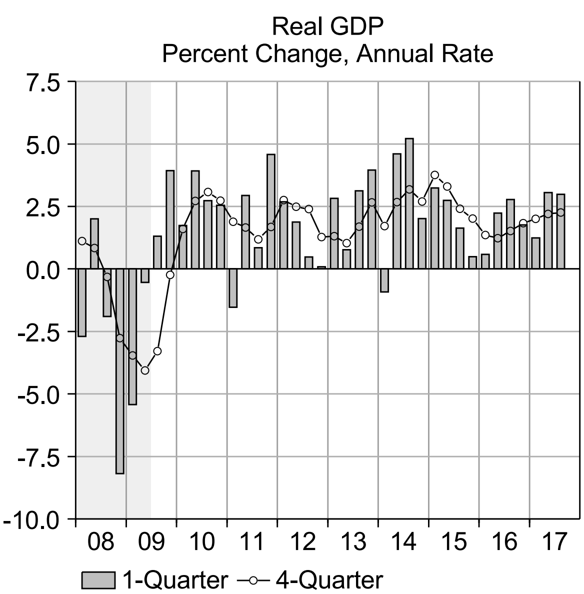
Economic Performance Overview

- The economy grew 3.0% in the third quarter after growth of 3.1% in the second quarter. Forecasters estimate that solid growth has continued during the fourth quarter.
- U.S. employment increased by 261,000 jobs in October. The 3-month average growth is 162,000 jobs per month. The unemployment rate fell to an expansion-low of 4.1%.
- Ohio nonfarm payroll employment increased by 10,500 jobs in September and 53,300 jobs year-to-date. The unemployment rate decreased to 5.3%.
- Some leading economic indicators have deteriorated, but the general picture remains consistent with uninterrupted growth into next year.

Economic Growth

Economic growth remained solid in the third quarter. **Real GDP** expanded at an annual rate of 3.0% over the summer, after growing 3.1% in the second quarter. The back-to-back quarters were the strongest two-quarter period since the second-half of 2014. Third-quarter growth likely would have been even higher without the effects of the hurricanes. Based on recent patterns in weekly and monthly indicators, forecasters project that growth will be solid again in the fourth quarter.

Growth in real GDP in the third quarter occurred mainly in personal consumption expenditures, which contributed 1.62 percentage points of the total 3.0% growth rate. This was followed by the change in private inventories (+0.70pp), business investment in equipment (+0.47pp), and net exports of goods and services (+0.41pp). Net exports improved in both dimensions, as exports rose and imports fell. Subtracting from growth were residential fixed investment (-0.24pp), business investment in structures (-0.15pp), and state and local government spending (-0.09pp).



The biggest shift in the pattern of growth across sectors was a decline in the contribution from personal consumption expenditures, which occurred despite the largest contribution from motor vehicle purchases since the third quarter of 2016, and a similar sized increase in the contribution from inventory investment.

The Ohio labor market showed improvement in September according to the **Ohio coincident economic index** from the Philadelphia Federal Reserve (the coincident index is meant to be an indicator for a state's overall economy, but is made up solely of labor market variables). Note that this improvement in the coincident indicator coincides with improved Ohio employment growth and a decline in the unemployment rate in September (see later sections of this report). The index increased 0.4% during the month after being essentially unchanged from May through August. The year-over-year rate of change remained well below the recent high of 5.4% reached in October 2014, but improved moderately from the prior month to 1.7%. Likewise, a survey of businesses in and around Ohio, conducted by the Federal Reserve Bank of Cleveland during September and early October, found that activity continued to expand at a moderate pace.

Across the country in September, the breadth of increases in the state coincident economic indexes improved somewhat. The number of states for which the coincident index fell in August was revised from eighteen down to sixteen, and the number fell further to ten in September. Nonetheless, the number that declined over 3-month spans increased from eleven in August to thirteen in September. For the time being, and in consideration of the negative disturbances introduced into data by the back-to-back-to-back hurricanes and in view of the generally positive picture from other indicators, the weakness in state coincident indexes appears to be an outlier.

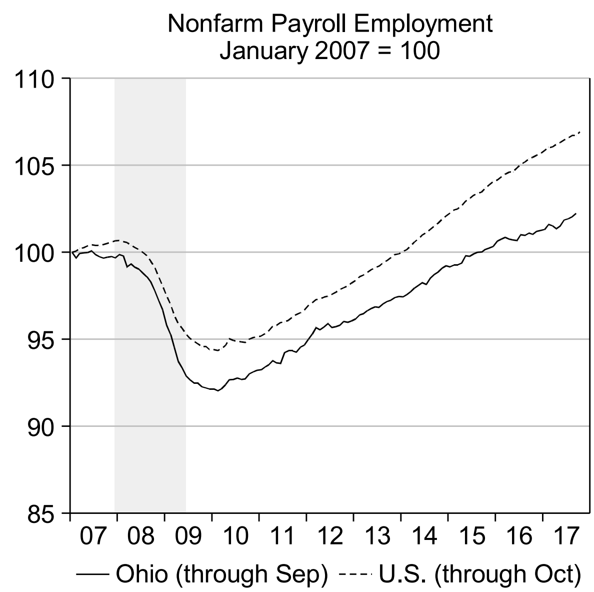
In addition, the breadth of gains in state-level composite leading indexes improved significantly. The number of states for which the leading index was negative in August was revised down from thirteen to eleven, and fell to four in September. The Ohio leading index, which had been negative in July and August, was revised to a small positive in August and increased to 1.7% in September. Compiled by the Philadelphia Federal Reserve, the diffusion across these state leading indexes has been a leading indicator of turning points for the economy in the past. However, the real-time data from these indexes must be interpreted with caution, since h they are very sensitive to the state unemployment rates, which are subject to large annual benchmark revisions early each year.

National leading economic indicators remain consistent with uninterrupted expansion into 2018, despite the 0.2% decrease in the Conference Board's composite **Leading Economic Index** September, which ended a 12-month string of increases. The 6-month smoothed annual rate of change also decreased but remained at a still-solid 3.7%.

The September decrease was partly due to the temporary effects of the recent hurricanes, and will likely return to its upward trajectory in the near future.

The **consensus among forecasters** is for continued growth in real GDP in the fourth quarter and continuing into 2018. In particular, the Federal Reserve Bank of Atlanta projects growth of 3.3% in the fourth quarter, based on the trajectory of major indicators during the third quarter and data available so far for the fourth quarter. The Federal Reserve Bank of New York projects growth of 3.2%. The more-stable Blue Chip consensus, which is an average of forecasts from a group of professional forecasters, calls for 2.7% growth, with a range of 2.1% to 3.2% from the average of the lowest ten to the highest ten forecasts. The IHS GDP Tracker projection for fourth-quarter growth is 2.5%.

Employment



Nonfarm payrolls across the country increased 261,000 in October. The previously announced hurricane-induced decline of 33,000 jobs in September was revised up to a gain of 18,000 jobs, and the August increase was revised higher from a gain of 168,000 jobs to 208,000 jobs. The 3-month average increase of 162,000 jobs per month through October is essentially unchanged from the average increase of 167,000 jobs per month during the previous twelve months.

Employment in the leisure and hospitality sector swung from a 102,000-job loss in September to a 106,000 job gain in October, clearly reflecting the destruction and recovery from the hurricanes. Employment also grew in professional and business Services (+50,000); education and health services (+41,000); manufacturing (+24,000) and construction (+11,000).

Employment fell by 8,000 jobs in retail, 2,000 jobs in mining and logging, and 1,000 jobs in information. Employment in the information sector has fallen by 70,000 jobs, or 2.5%, since its peak in September 2016, and remains below its October 2013 level. The losses have been concentrated in newspaper, book, and directory publishers; broadcasting (non-internet); and wired telecommunications carriers – clear evidence of the effects of digital technology on traditional businesses.

The **unemployment rate** decreased 0.1 point to 4.1%, its lowest level since December 2000. The broadest measure of unemployment, the U-6 unemployment rate, also declined, by 0.4 points to 7.9%, its lowest level since May 2006. 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. Despite the tightening in labor markets indicated by lower unemployment rates, wage gains remain subdued.

Average hourly earnings of all employees on private nonfarm payrolls were essentially unchanged in September and up only 2.4% from a year earlier.

Ohio nonfarm payroll employment increased by 10,500 jobs in September and the August increase was revised higher from 5,200 jobs to 6,500 jobs. Gains in trade, transportation, and utilities (6,200); educational and health services (4,600), leisure and hospitality (2,900), and manufacturing (2,600) were partly offset by declines in financial activities (-2,400) and other services (-2,200).

During the twelve months ending in September, Ohio employment increased by 61,600 jobs. The largest gains were in education and health services (+24,800), leisure and hospitality (+19,300), construction (+9,100), and manufacturing (+3,800). Employment declines occurred in trade, transportation and utilities (-3,300) – the fifth in a row – and government (-3,100).

Among the **contiguous states**, year-over-year employment growth was strongest in Kentucky (+1.6%), followed by Michigan (+1.4%), Ohio and Pennsylvania (+1.1%), Indiana (+1.0%), and West Virginia (+0.4%), which broke a long negative string in June. Manufacturing employment increased year-over-year in Indiana (1.4%), Ohio (0.6%), Kentucky and Michigan (0.3%). It decreased 0.6% in Pennsylvania, and 2.4% in West Virginia.

The **Ohio unemployment rate** decreased by 0.1 point to 5.3% in September. The rate is up 0.6 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 (+79,100) than in total employment (+42,300).

Across the country in September, the unemployment rate increased notably from the month before in only four states, led by Michigan (+0.4 points) and Indiana (+0.3 points). The unemployment rate fell notably in eleven states, led by Alabama (-0.4 points) and followed by Arizona, Kentucky, Massachusetts, and Tennessee (-0.3 points, each).

Consumer Income and Consumption

Personal income and spending both rebounded in September from a slowdown the month before. Personal income increased 0.4% after a dip to 0.2% growth in August that followed a 0.3% increase in July. A key driver was wage and salary Disbursements, which make up more than half of personal income and slowed from 0.5% in July to 0.1% in August but returned to 0.4% growth in September. Compared with a year earlier, personal income was up 3.0% and wage and salary disbursements were up 3.2%.

Monthly **personal consumption expenditures** increased by 1.0% in September after slowing to just 0.1% in August from 0.4% in July. Spending on durable goods experienced a large swing from -1.4% in August to +3.2% in September. Nondurables and services growth accelerated to 1.5% and 0.5%, respectively. The swing in durable goods spending reflected a 4.0% decrease in light motor vehicles sales in August followed by a 15.3% increase in September to the highest level since the sales-incentive-induced spike in July 2005. Unit auto sales decreased 2.6% in October, but stayed at a still-high rate of 18 million units annually.

Personal income growth has kept ahead of inflation, but not ahead of spending. The price deflator for personal consumption expenditures increased 0.4% to 1.6% year-over-year, resulting in real income growth of 2.0%. At the same time, consumption spending increased 4.4% year-over-year, causing the saving rate to drop from 4.5% a year ago to 3.5% in September. The saving rate was 6.3% as recently as October 2015.

In light of the recent upswing in measures of consumer confidence, the decline in the saving rate is an indication that consumers have positive views of the near future. The **Consumer Confidence Index,** from the Conference Board, increased in October to its highest level since December 2000, reflecting improvements in assessments of both current and future conditions (the fact that the U.S. unemployment rate is at its lowest level since December 2000 is probably not a coincidence). Likewise, the University of Michigan/Reuters Consumer Index of Consumer Sentiment rose to its highest level since January 2004, again, as assessments of both current and future conditions improved.

Manufacturing

The hurricanes in August and September disrupted industrial activity as the summer ended. **Industrial production** increased 0.3% in September following declines of 0.1% in July and 0.7% in August.

Manufacturing production increased by 0.1% in September after declines in four of the previous six months. Chemical output fell 2.6% and production of petroleum and coal products declined 1.7% due to the concentration of activity in those industries in the path of hurricane Harvey. Mining output increased 0.4% in September, more than recouping the 0.2% decrease the month before; this was primarily due to higher offshore oil and gas production. Utility output increased 1.5% after dropping 4.9% in August.

For the quarter, industrial production fell 1.5% at an annual rate, while manufacturing fell 2.2%. Mining activity expanded 6.3% annualized, and utility output fell 7.8% annualized.

Production across the country in some industries that are key employers in Ohio strengthened, led by machinery, which grew 3.0%, followed by fabricated metal (0.7%), primary metal (0.2), and motor vehicles and parts output (0.1%).

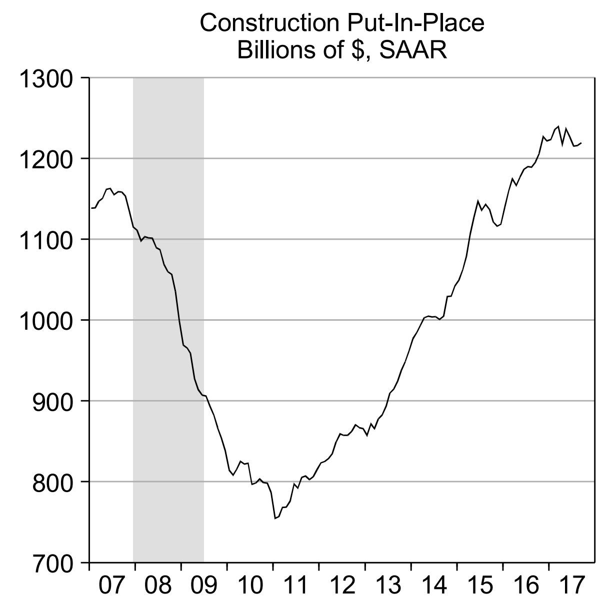
Reports from **purchasing managers** of improving conditions in manufacturing were somewhat less widespread in October than in September, but still strong and consistent with expanding activity. The PMI® decreased from 60.8 to 58.7, but this was the fourteenth straight month above the neutral level of 50.

The important New Orders and Production sub-indexes also decreased, but remained high, at 63.4 and 61.0, respectively, pointing to continued growth in the manufacturing sector through the fall.

Of the eighteen industries tracked by the Manufacturing ISM® *Report on Business*, sixteen 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 "Incoming orders are strong," while a survey participant in the fabricated metal products industry reported that "Business seems to be a bit depressed due to the storms last month, but is picking back up."

Construction

Construction put-in-place increased 0.3% in September. Revisions to previous months were essentially a wash. The gain occurred entirely in public construction, up 2.6%, while private construction retreated by 0.4%. Year-over-year growth has slowed substantially within the past year, in the private and public sectors and in residential and nonresidential. For example, total construction slowed from 9.2% year-over-year in December to 2.0% in September. That reflected slowdowns in residential and nonresidential from 12.3% to 9.5% and from 7.1% to -2.9%, respectively. Private nonresidential slowed the most, from 14.5% year-over-year in December to -3.8% in September.



Housing starts were weak across the country and in the Midwest during the third quarter. Total starts fell 2.5% on a 3-month moving average basis in September, reflecting a decline of 1.1% in single-family starts and a 6.1% decline in multi-family starts. The pattern was the same, but more accentuated in the Midwest, where total starts fell 8.6% due to a 2.2% decline in single-family starts and a 20.8% decline in multi-family starts.

Compared with a year earlier, total starts were up just 1.3% nationally, as the increase in single-family starts just outweighed a large decline in multi-family starts. Midwest starts rose 6.5% from a year earlier, reflecting a 6.3% increase in single-family starts and a 7.0% rise in multi-family starts.

Home sales were mixed in September. Sales of existing homes edged down 0.7% nationally and 0.5% in the Midwest on a 3-month moving average basis. Both were little changed from a year earlier. Sales of newly built homes increased 2.7% across the country and 3.5% in the Midwest on a 3-month moving average basis. Compared with a year earlier, new home sales were higher by 2.6% nationally but 6.4% lower in the Midwest.

Despite the recent flattening in housing activity, homebuilders are positive, according to the latest survey from the **National Association of Homebuilders**. The supply of existing homes for sale remained at a very low level of 5.0 months. In addition, credit is available, growth in employment is probably fueling household formation, and floods and fires have destroyed homes that need to be replaced.

In light of these factors, **home prices** continue to rise. The Case-Shiller index increased for the 66th month in a row in August to 6.1% above the year earlier level and 41.0% above the cyclical low reached in February 2012. The index is 4.3% higher than the previous peak reached in February 2007.

REVENUES

October **GRF receipts totaled $2,650.4 million** and were $80.6 million (3.0%) below estimate. Monthly tax receipts totaled $1,781.4 million and were $3.4 million (0.2%) above estimate, while non-tax receipts totaled $869.0 million and were $84.0 million (8.8%) below estimate. There were no transfers in for the month and none were estimated. Variances for the fiscal year-to-date by category are provided in the following table ($ 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	$20.7	0.3%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	($34.1)	(0.9%)
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$15.1	15.7%
TOTAL REVENUE VARIANCE:		**$1.8**	**0.0%**
Non-federal revenue variance		**$7.1**	**0.1%**
Federal grants variance		**($5.3)**	**(0.1%)**

On a year-over-year basis, monthly receipts were $127.1 million (4.6%) below October of the previous fiscal year. Tax revenues increased by $11.8 million (0.7%) from last October while federal grants decreased by $139.6 million (14.1%). Federal grants in the GRF and Medicaid spending are expected to decline for the year 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 increase from last October in tax receipts was muted due primarily to the non-auto sales tax, which was $47.1 million (6.3%) lower than last October. 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).

GRF Revenue Sources Relative to Monthly Estimates – October 2017

($ in millions)

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Commercial Activity Tax	$12.2	Other Income	($49.4)
Auto Sales & Use	$9.6	Federal Grants	($34.2)
Financial Institutions Tax	$6.5	Non-Auto Sales & Use	($8.9)
Other Sources Above Estimate	$2.4	Cigarette and Other Tobacco	($7.4)
		Kilowatt Hour	($4.7)
		Public Utility	($3.7)
		Other Sources Below Estimate	($3.1)
Total above	**$30.7**	**Total below**	**($111.4)**

(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

October non-auto sales and use tax collections totaled $700.8 million and were $8.9 million (1.3%) below estimate. Year-to-date collections totaled $2,884.7 million and were $14.1 million (0.5%) 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 adjusting 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.

October is the third example of decreases relative to the prior year due to the elimination of the sales tax on capitation payments for Medicaid managed care. October collections were $47.1 million (6.3%) below last year's level.

The table below shows that, if MHIC collections are subtracted from both fiscal year 2017 and fiscal year 2018, October growth was 2.4%. Growth for the fiscal year is 1.2%; the last 3 months have been 1.9%, but July's negative growth has dragged down the annual total.

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

($ in millions)

	Oct-2016	Oct-2017	Oct-2017	FY 2018 YTD
Non-Auto sales tax GRF	$747.9	$700.8	$700.8	$2,884.7
Non-Auto sales tax PLF (Library Fund)	$15.7	$14.8	$14.8	$65.5
Non-Auto sales tax, all funds	$763.7	$715.7	$715.7	$2,950.3
MHIC revenues (state)	$64.6	$0.0	$0.0	$71.7
GRF and PLF revenues without MHIC	$699.0	$715.7	$715.7	$2,878.6
Change from prior year in non-MHIC collections			$16.6	$35.5
Pct. change from prior year in non-MHIC collections			2.4%	1.2%

Auto Sales Tax

Auto sales tax collections in October were $122.0 million, which was $9.6 million (8.6%) above estimate. Collections were $12.1 million (11.0%) above last October's level. For the year, collections are now $21.5 million (4.6%) above estimate and revenues have grown $15.2 million (3.2%) from last year.

For fiscal year 2018, the budget forecast expects auto sales tax collections to decline by 2.5% as unit sales of new autos are not expected to reach fiscal year 2017 levels. As noted in previous issues of this report, the estimates for fiscal year 2018 anticipate year-over-year declines in 9 of the 12 months. However, there has been growth in excess of 3% in collections so far this year, contrary to expectations. Although unit sales of autos have declined from last year's levels, most of that decline has been in lower priced cars. More expensive light trucks have seen continued strong sales. This change in the vehicle mix has helped auto sales tax collections.

Personal Income Tax

October personal income tax receipts totaled $638.7 million and varied from estimate by only $0.1 million (0.0%).

For the month, withholding came in above estimate by $18.0 million (2.6%) and the "other" component, which is largely made up of Attorney General collections, was $6.6 million above estimate. This variance was completely offset by refunds being $24.9 million (33.5%) above estimate.

Following the October overage, withholding collections through the first four months are $25.6 million (0.9%) 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 $16.4 million (0.6%) above estimate.

On a year-over-year basis, October GRF income tax collections were $30.3 million (5.0%) above October 2016 collections. Collections were $112.0 million (4.3%) higher than at the same point in the previous fiscal year. Except for annual return payments and refunds, all payment categories have improved from last year.

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

	Estimate Oct	Actual Oct	$ Var Oct	Actual Oct-2017	Actual Oct-2016	$ Var Y-0ver-Y
Withholding	$693.3	$711.3	$18.0	$711.3	$664.5	$46.8
Quarterly Est.	$12.2	$13.3	$1.1	$13.3	$12.2	$1.1
Trust Payments	$1.0	$1.9	$0.9	$1.9	$1.1	$0.8
Annual Returns & 40 P	$34.4	$32.7	($1.7)	$32.7	$34.4	($1.7)
Other	$1.5	$8.1	$6.6	$8.1	$1.5	$6.6
Less: Refunds	($74.4)	($99.3)	($24.9)	($99.3)	($74.4)	($24.9)
Local Distr.	($29.2)	($29.3)	($0.1)	($29.3)	($30.7)	$1.4
Net to GRF	$638.8	$638.7	($0.1)	$638.7	$608.4	$30.3

Commercial Activity Tax

October commercial activity tax (CAT) receipts deposited in the GRF totaled $61.4 million and were $12.2 million (24.9%) above the estimate. CAT receipts for the year are $21.5 million (5.4%) above estimate.

Through the first four months of the year, GRF CAT receipts are $80.4 million (23.9%) above collections during the same period in 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 $41.5 million (9.2%), growing from $452.8 million to $494.3 million. Under prior law, the GRF would have received an additional $31.5 million from that increase; the other $48.9 million is due to the change in the GRF percentage.

Cigarette and Other Tobacco Products Tax

October cigarette and other tobacco collections totaled $78.7 million and were $7.4 million (8.5%) below estimate. Year-to-date receipts totaled $267.5 million and were $5.6 million (2.1%) below estimate.

Collections have been up and down so far this year with respect to the estimate, being well below estimate in July, above estimate in August and September, and now below estimate again in October. OBM believes that these monthly variances are the result of a different timing of collections than in recent history, but not to a change in the underlying prospects for these taxes. Collections are expected to meet the estimate by year's end.

Financial Institutions Tax

Collections for the FIT were $6.5 million above estimate in October. Net collections were actually negative, at -$5.5 million, but they were less negative than the estimate of -$12.0 million.

Unfortunately, this positive variance is likely to be partly or fully offset by a November shortfall. There are a number of taxpayers still owed refunds for excessive estimated payments, and while some of those refunds were paid in October, more are expected to be released in November.

GRF Non-Tax Receipts

GRF non-tax receipts totaled $869.0 million in October and were below estimate by $84.0 million (8.8%). Other income drove the variance as the category was $49.4 million (97.8%) below estimate. This discrepancy was expected as JobsOhio deferred compensation payments from liquor profits and racetrack relocations payments were received earlier in the year than originally anticipated. For the year, other income totaled $27.4 million and was $28.5 million (51.0%) below estimate. Nearly all of this variance is attributable to the JobsOhio payment coming in lower than projected due to costs associated with IT liquor modernization.

11/13/2017

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2018 VS ESTIMATE FY 2018
($ in thousands)

REVENUE SOURCE	MONTH ACTUAL OCTOBER	MONTH ESTIMATE OCTOBER	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	700,826	709,700	(8,874)	-1.3%	2,884,715	2,898,800	(14,085)	-0.5%
Auto Sales & Use	122,017	112,400	9,617	8.6%	491,217	469,700	21,517	4.6%
Subtotal Sales & Use	822,843	822,100	743	0.1%	3,375,933	3,368,500	7,433	0.2%
Personal Income	638,659	638,800	(141)	0.0%	2,707,782	2,691,400	16,382	0.6%
Corporate Franchise	463	0	463	N/A	2,840	0	2,840	N/A
Financial Institutions Tax	(5,458)	(12,000)	6,542	54.5%	(10,334)	(10,700)	366	3.4%
Commercial Activity Tax	61,434	49,200	12,234	24.9%	416,811	395,300	21,511	5.4%
Petroleum Activity Tax	0	0	0	N/A	1,570	1,300	270	20.8%
Public Utility	3,004	6,700	(3,696)	-55.2%	30,342	32,600	(2,258)	-6.9%
Kilowatt Hour	28,263	33,000	(4,737)	-14.4%	119,025	130,900	(11,875)	-9.1%
Natural Gas Distribution	564	500	64	12.8%	11,890	12,900	(1,010)	-7.8%
Foreign Insurance	144,598	145,500	(902)	-0.6%	151,120	155,300	(4,180)	-2.7%
Domestic Insurance	1	(700)	701	100.1%	63	3,000	(2,937)	-97.9%
Other Business & Property	111	0	111	N/A	(263)	0	(263)	N/A
Cigarette and Other Tobacco	78,741	86,100	(7,359)	-8.5%	267,492	273,100	(5,608)	-2.1%
Alcoholic Beverage	4,109	5,100	(991)	-19.4%	19,559	20,400	(841)	-4.1%
Liquor Gallonage	3,983	3,700	283	7.7%	16,208	15,400	808	5.2%
Estate	55	0	55	N/A	84	0	84	N/A
Total Tax Receipts	1,781,370	1,778,000	3,370	0.2%	7,110,122	7,089,400	20,722	0.3%
NON-TAX RECEIPTS								
Federal Grants	851,747	885,991	(34,244)	-3.9%	3,560,454	3,565,792	(5,339)	-0.1%
Earnings on Investments	15,747	15,000	747	5.0%	15,747	15,000	747	5.0%
License & Fees	441	1,465	(1,024)	-69.9%	8,155	9,565	(1,410)	-14.7%
Other Income	1,112	50,540	(49,428)	-97.8%	27,387	55,850	(28,463)	-51.0%
ISTV'S	0	0	0	N/A	376	0	376	N/A
Total Non-Tax Receipts	869,046	952,996	(83,950)	-8.8%	3,612,118	3,646,207	(34,090)	-0.9%
TOTAL REVENUES	**2,650,416**	**2,730,996**	**(80,580)**	**-3.0%**	**10,722,239**	**10,735,607**	**(13,368)**	**-0.1%**
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	**2,650,416**	**2,730,996**	**(80,580)**	**-3.0%**	**10,833,586**	**10,831,836**	**1,750**	**0.0%**

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Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2018 VS ACTUAL FY 2017
($ in thousands)

	MONTH				YEAR-TO-DATE			
REVENUE SOURCE	**OCTOBER FY 2018**	**OCTOBER FY 2017**	**$ VAR**	**% VAR**	**ACTUAL FY 2018**	**ACTUAL FY 2017**	**$ VAR**	**% VAR**
TAX RECEIPTS								
Non-Auto Sales & Use	700,826	747,918	(47,092)	-6.3%	2,884,715	3,035,584	(150,868)	-5.0%
Auto Sales & Use	122,017	109,927	12,090	11.0%	491,217	475,971	15,247	3.2%
Subtotal Sales & Use	822,843	857,845	(35,002)	-4.1%	3,375,933	3,511,554	(135,621)	-3.9%
Personal Income	638,659	608,352	30,306	5.0%	2,707,782	2,595,810	111,972	4.3%
Corporate Franchise	463	(263)	727	275.9%	2,840	(760)	3,600	473.9%
Financial Institutions Tax	(5,458)	(12,296)	6,838	55.6%	(10,334)	(11,019)	685	6.2%
Commercial Activity Tax	61,434	38,049	23,385	61.5%	416,811	336,431	80,380	23.9%
Petroleum Activity Tax	0	0	0	N/A	1,570	1,542	28	1.8%
Public Utility	3,004	2,307	697	30.2%	30,342	25,764	4,577	17.8%
Kilowatt Hour	28,263	34,948	(6,685)	-19.1%	119,025	133,561	(14,536)	-10.9%
Natural Gas Distribution	564	494	70	14.3%	11,890	12,411	(521)	-4.2%
Foreign Insurance	144,598	150,670	(6,072)	-4.0%	151,120	160,891	(9,770)	-6.1%
Domestic Insurance	1	(2,316)	2,317	-100.0%	63	53	9	17.5%
Other Business & Property	111	0	111	N/A	(263)	(678)	415	61.2%
Cigarette and Other Tobacco	78,741	84,576	(5,835)	-6.9%	267,492	279,276	(11,784)	-4.2%
Alcoholic Beverage	4,109	3,185	925	29.0%	19,559	21,205	(1,647)	-7.8%
Liquor Gallonage	3,983	3,830	153	4.0%	16,208	15,618	590	3.8%
Estate	55	175	(120)	-68.4%	84	248	(164)	-66.0%
Total Tax Receipts	1,781,370	1,769,555	11,814	0.7%	7,110,122	7,081,909	28,212	0.4%
NON-TAX RECEIPTS								
Federal Grants	851,747	991,355	(139,608)	-14.1%	3,560,454	4,123,525	(563,071)	-13.7%
Earnings on Investments	15,747	14,180	1,567	11.1%	15,747	14,180	1,567	11.1%
License & Fee	441	1,669	(1,228)	-73.6%	8,155	10,796	(2,642)	-24.5%
Other Income	1,112	781	331	42.4%	27,387	40,890	(13,504)	-33.0%
ISTV'S	0	23	(23)	N/A	376	9,102	(8,726)	-95.9%
Total Non-Tax Receipts	869,046	1,008,007	(138,961)	-13.8%	3,612,118	4,198,493	(586,375)	-14.0%
TOTAL REVENUES	**2,650,416**	**2,777,562**	**(127,147)**	**-4.6%**	**10,722,239**	**11,280,403**	**(558,163)**	**-4.9%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	0	0	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	0	0	**N/A**	111,347	15,309	96,039	627.4%
TOTAL SOURCES	**2,650,416**	**2,777,562**	**(127,147)**	**-4.6%**	**10,833,586**	**11,295,711**	**(462,125)**	**-4.1%**

DISBURSEMENTS

October GRF disbursements, across all uses, totaled $3,174.4 million and were $57.1 million (1.8%) below estimate. This was primarily attributable to lower than estimated disbursements in the Higher Education, Operating Transfer Out, and Medicaid categories, which were partially offset by higher than estimated disbursements in the Property Tax Reimbursements category. On a year-over-year basis, October total uses were $18.6 million (0.6%) lower than those of the same month in the previous fiscal year, with the Medicaid and Operating Transfer Out 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)	($120.3 million)	-1.0%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	($7.1 million)	-10.9%
TOTAL DISBURSEMENTS VARIANCE:		**($127.4 million)**	**-1.0%**

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. October disbursements for this category totaled $782.8 million and were $0.2 million (0.0%) above estimate. Within this small variance was above estimate spending in the student assessment and foundation funding line items, the majority of which was offset by below estimate spending for early childhood education. Disbursements for the student assessment line item were above estimate due to payments occurring in October instead of November as estimated. Disbursements in the foundation funding line item were $32.0 million above estimate due to timing of payments and formula updates. Additionally, a $31.5 million payment for academic performance bonuses disbursed in October rather than September as estimated and the foundation funding calculations and data were updated to reflect changes made in H.B. 49 and current year enrollment in October. As noted above, these variances were mostly offset by below estimate spending for early childhood education as grantees continue drawing down prior year awards at a slower pace than anticipated and the timing of a $39.5 million payment for auxiliary services, which will occur in November instead of October as estimated. Expenditures for the school foundation program totaled $752.5 million and were $34.6 million (4.8%) above estimate. Year-to-date disbursements for the school foundation program were $2,722.5 million, which is $19.8 million (0.7%) above estimate.

On a year-over-year basis, disbursements in this category were $61.2 million (8.5%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $244.2 million (7.9%) lower than the same point in fiscal year 2017. The year-to-date variance is primarily attributable to nine foundation payments being disbursed in the previous fiscal year compared to eight foundation payments disbursed in the current fiscal year.

Higher Education

October disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, were $179.7 million and were $46.3 million (20.5%) below estimate. This variance was primarily attributable to a delay in the completion of Memorandums of Understanding (MOUs) for multiple programs that are necessary prior to disbursement of funds. This delay caused spending in October to be below estimate by a total of $33.5 million. The remaining monthly variance was due to the Ohio College Opportunity Grant Scholarship Program and the National Guard Scholarship Program, which were below estimate by a total of $11.5 million as a result of less than estimated requests for reimbursement from higher education institutions.

Year-to-date disbursements were $720.1 million, which was $47.8 million (6.2%) below estimate. On a year-over-year basis, disbursements in this category were $14.7 million (7.5%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $43.3 million (5.7%) 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.

October disbursements in this category totaled $10.1 million and were $2.8 million (39.1%) above estimate. Year-to-date disbursements were $33.7 million, which was $0.9 million (2.6%) below estimate. On a year-over-year basis, disbursements in this category were $2.4 million (31.5%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $1.4 million (3.9%) 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.

<u>Expenditures</u>
October GRF disbursements for the Medicaid Program totaled $1,365.8 million and were $13.9 million (1.0%) below estimate and $137.7 million (9.2%) 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 paid from the GRF, where the sales tax was being deposited, are now being paid from

state dedicated purpose funds. Year-to-date GRF disbursements totaled $5,501.8 million and were $8.3 million (0.2%) below the estimate, and $630.6 million (10.3%) below disbursements for the same point in the previous fiscal year.

October all funds disbursements for the Medicaid Program totaled $2,283.8 million and were $4.1 million (0.2%) above estimate and $239.1 million (11.7%) above disbursements for the same month in the previous fiscal year. Year-to-date all funds disbursements totaled $9,354.4 million and were $113.8 million (1.2%) below estimate and $1,492.9 million (19.0%) above disbursements for the same point in the previous fiscal year.

The October all funds variance is primarily attributable to above estimate spending in the fee-for-service program, which was partially offset by below estimate spending in the managed care program and program administration. In the fee-for-service program, Department of Developmental Disabilities' (DDD) service costs were above estimate due to expenditures budgeted for earlier months that were delayed until October. Additionally, expenditures for nursing facilities and the behavioral health program were above estimate. This variance in October was offset in part by the managed care program, as enrollment was slightly lower than anticipated. In addition, the Department of Medicaid was able to complete a payment for children covered by the Children's Health Insurance Program (CHIP) in September, rather than October.

The year-to-date all funds variance is primarily attributable to below estimate in the fee-for-service program, program administration, and the Hospital Care Assurance Program (HCAP). 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 have been below estimate, which may continue throughout the fiscal year. Finally, program administration expenses have been below estimate as contractual service costs have been lower than anticipated.

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

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

	October Actual	October Projection	Variance	Variance %
GRF	$ 1,365.8	$ 1,379.7	$ (13.9)	-1.0%
Non-GRF	$ 918.0	$ 900.0	$ 18.0	2.0%
All Funds	$ 2,283.8	$ 2,279.7	$ 4.1	0.2%

Enrollment

Total October enrollment for the program was 3.04 million, which was 66,121 (2.1%) below the estimate and 39,210 (1.3%) below enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 3.07 million and was 46,722 (1.5%) below estimate.

September enrollment by major eligibility category was: Covered Families and Children, 1.70 million; Aged, Blind and Disabled (ABD), 501,517; Group VIII Expansion, 702,389; and Other Full Benefits, 20,876 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.

October disbursements in this category totaled $169.4 million and were $11.5 million (6.4%) below estimate. Year-to-date disbursements were $453.4 million, which was $28.3 million (5.9%) below estimate. On a year-over-year basis, disbursements in this category were $6.3 million (3.9%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $4.9 million (1.1%) lower than at the same point in fiscal year 2017.

Department of Job and Family Services
October disbursements for the Department of Job and Family Services totaled $97.4 million and were $23.8 million (19.7%) below estimate. This variance was primarily attributable to below estimate spending in several line items: disbursements for TANF/State Maintenance of Effort were $11.9 million (46.4%) below estimate due to the timing of quarterly administrative payments for county agencies as well as lower than estimated Ohio Works First disbursements; disbursements for Child Care State/Maintenance of Effort were $4.7 million (9.4%) below estimate due to the timing of payments; disbursements for Unemployment Insurance Administration were $3.1 million (76.1%) below estimate as the agency shifted some October payments from the GRF to available federal funding sources; disbursements for Information Technology Projects were $3.1 million (46.2%) below estimate due to the timing of payments for prior period encumbrances; and finally, disbursements for Child, Family, and Adult Community and Protection were $1.0 million (65.2%) below estimate due to fewer than anticipated requests for funds from counties.

Department of Mental Health and Addiction Services
October disbursements for the Department of Mental Health and Addiction Services totaled $44.2 million and were $12.4 million (39.1%) above estimate. This variance was primarily attributable to the Continuum of Care Services line item, which was $17.1 million above an estimate of zero as a quarterly disbursement to county boards was made in October instead of November as originally estimated. This variance was partially offset by the Addiction Services Partnership with Corrections line item, which was $2.8 (70.1%) million below estimate due to a slower than estimated request for proposal period. The agency expects these funds to be disbursed at a later date.

Department of Developmental Disabilities
October disbursements for the Department of Developmental Disabilities totaled $16.2 million and were $0.5 million (4.0%) above estimate. This variance was primarily attributable to the Employment First Pilot Program, which was $1.0 million above estimate. This variance was due to a coding issue that caused a regularly scheduled September payment to be recorded in October upon correction.

Department of Health
October disbursements for the Department of Health totaled $7.1 million and were $0.7 million (10.8%) above estimate. This variance was primarily attributable to the Medically Handicapped Children line item, which was $1.2 million (74.3%) above estimate as some payments occurred in October rather than November as originally estimated.

Opportunities for Ohioans with Disabilities
October disbursements for Opportunities for Ohioans with Disabilities totaled $0.3 million and were $1.6 million (85.5%) below estimate. This variance was primarily attributable to the Services for Individuals with Disabilities line item, which was $1.6 million (88.6%) below estimate as payments originally estimated to occur in October will be disbursed in future months.

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.

October disbursements in this category totaled $190.8 million and were $11.1 million (5.5%) below estimate. Year-to-date disbursements were $764.8 million, which was $26.8 million (3.4%) below estimate. On a year-over-year basis, disbursements in this category were $50.1 million (35.6%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $17.9 million (2.4%) higher than at the same point in fiscal year 2017.

Department of Rehabilitation and Correction
October disbursements for the Department of Rehabilitation and Correction totaled $153.0 million and were $8.5 million (5.3%) below estimate. This variance was primarily attributable to lower than estimated disbursements for Institutional Operations due to the timing of payments for contracts. Disbursements for Community Nonresidential Programs and Halfway Houses were also below estimate due to the timing of some grant payments that will be made in November instead of October as estimated. These variances were partially offset by higher than estimated disbursements for Community Misdemeanor Programs due to some grant payments being made in October instead of future months as estimated.

Department of Youth Services
October disbursements for the Department of Youth Services totaled $12.6 million and were $2.4 million (15.7%) below estimate. This variance was primarily attributable to the timing of payments for Community Corrections Facilities. Two payments to counties that were estimated to occur in October were made earlier than estimated, and two other county payments will be made in future months.

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.

October disbursements in this category totaled $33.4 million and were $0.6 million (1.8%) above estimate. Year-to-date disbursements were $128.6 million, which was $8.6 million (6.3%) below estimate. On a year-over-year basis, disbursements in this category were $0.5 million (1.6%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $5.6 million (4.2%) lower than at the same point in fiscal year 2017.

Department of Transportation
October disbursements for the Department of Transportation totaled $1.9 million and were $0.5 million (38.9%) above estimate. This variance was primarily attributable to disbursements in the Public Transportation-State line item, which were $1.5 million above estimate due to the timing of project expenditures and payments to grantees.

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. October property tax reimbursements totaled $357.1 million and were $41.7 million (13.2%) above estimate. Year-to-date disbursements totaled $770.9 million and were $27.4 million (3.7%) above estimate. The monthly and year-to-date variances are due to reimbursement requests being received from counties earlier than anticipated.

Debt Service

October payments for debt service totaled $85.2 million and were $0.1 million (0.1%) below estimate. Year-to-date debt service payments were $859.2 million and were $3.2 million (0.4%) below estimate.

Transfers Out

October transfers out totaled $40 thousand and were $19.6 million (99.8%) below estimate. Year-to-date transfers out were $58.4 million and were $7.1 million (10.9%) below estimate. The monthly variance is primarily due to two transfers scheduled for October that will occur later in the fiscal year. One transfer is to the Tourism Ohio Fund, which will occur in November. The second transfer is to the OAKS Support Organization Fund, which will likely occur in November or December.

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Table 3

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL OCTOBER	**ESTIMATED OCTOBER**	**$ VAR**	**% VAR**	**YTD ACTUAL**	**YTD ESTIMATE**	**$ VAR**	**% VAR**
Primary and Secondary Education	782,794	782,597	197	0.0%	2,849,618	2,873,393	(23,775)	-0.8%
Higher Education	179,742	226,022	(46,280)	-20.5%	720,103	767,869	(47,766)	-6.2%
Other Education	10,123	7,279	2,845	39.1%	33,726	34,611	(886)	-2.6%
Medicaid	1,365,831	1,379,702	(13,871)	-1.0%	5,501,779	5,510,122	(8,342)	-0.2%
Health and Human Services	169,431	180,972	(11,541)	-6.4%	453,358	481,695	(28,336)	-5.9%
Justice and Public Protection	190,755	201,885	(11,130)	-5.5%	764,822	791,596	(26,774)	-3.4%
General Government	33,385	32,788	597	1.8%	128,640	137,226	(8,586)	-6.3%
Property Tax Reimbursements	357,104	315,437	41,667	13.2%	770,881	743,473	27,408	3.7%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	85,201	85,267	(66)	-0.1%	859,165	862,369	(3,203)	-0.4%
Total Expenditures & ISTV's	**3,174,367**	**3,211,949**	**(37,582)**	**-1.2%**	**12,082,091**	**12,202,353**	**(120,262)**	**-1.0%**
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	40	19,600	(19,560)	-99.8%	58,391	65,514	(7,123)	-10.9%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**40**	**19,600**	**(19,560)**	**-99.8%**	**58,391**	**65,514**	**(7,123)**	**-10.9%**
Total Fund Uses	**3,174,407**	**3,231,549**	**(57,142)**	**-1.8%**	**12,140,482**	**12,267,867**	**(127,385)**	**-1.0%**

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Table 4

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

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	**OCTOBER FY 2018**	**OCTOBER FY 2017**	**$ VAR**	**% VAR**	**ACTUAL FY 2018**	**ACTUAL FY 2017**	**$ VAR**	**% VAR**
Primary and Secondary Education	782,794	721,635	61,159	8.5%	2,849,618	3,093,844	(244,227)	-7.9%
Higher Education	179,742	194,421	(14,679)	-7.5%	720,103	763,387	(43,284)	-5.7%
Other Education	10,123	7,699	2,424	31.5%	33,726	35,079	(1,354)	-3.9%
Medicaid	1,365,831	1,503,520	(137,689)	-9.2%	5,501,779	6,132,338	(630,559)	-10.3%
Health and Human Services	169,431	163,116	6,315	3.9%	453,358	458,235	(4,876)	-1.1%
Justice and Public Protection	190,755	140,629	50,126	35.6%	764,822	746,886	17,937	2.4%
General Government	33,385	32,850	536	1.6%	128,640	134,237	(5,597)	-4.2%
Property Tax Reimbursements	357,104	301,837	55,267	18.3%	770,881	754,261	16,620	2.2%
Debt Service	85,201	88,808	(3,607)	-4.1%	859,165	870,901	(11,736)	-1.3%
Total Expenditures & ISTV's	**3,174,367**	**3,154,514**	**19,853**	**0.6%**	**12,082,091**	**12,989,167**	**(907,076)**	**-7.0%**
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	29,483	(29,483)	N/A
Operating Transfer Out	40	38,464	(38,424)	-99.9%	58,391	250,711	(192,321)	-76.7%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**40**	**38,464**	**(38,424)**	**-99.9%**	**58,391**	**280,194**	**(221,803)**	**-79.2%**
Total Fund Uses	**3,174,407**	**3,192,979**	**(18,571)**	**-0.6%**	**12,140,482**	**13,269,361**	**(1,128,879)**	**-8.5%**

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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