



August 10, 2018

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

FROM: Timothy S. Keen, Director **TK**

SUBJECT: Monthly Financial Report

ECONOMIC SUMMARY

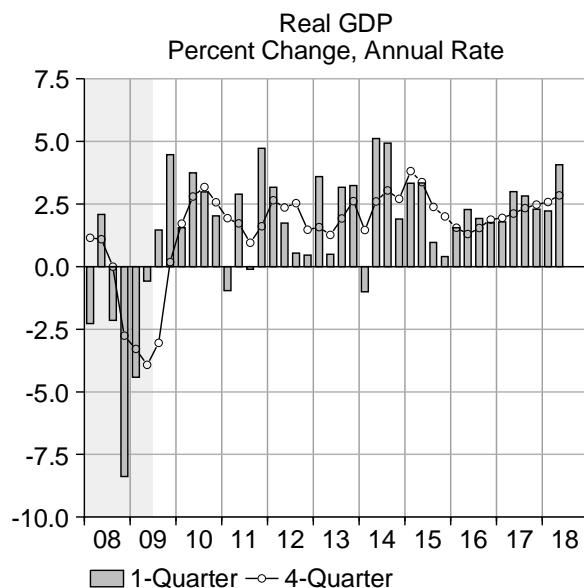
Economic Performance Overview

- The economy expanded at an annual rate of 4.1% in the second quarter and was 2.8% larger than a year earlier.
- U.S. employment increased by 157,000 jobs in July for a 3-month average of 224,000 jobs per month. The unemployment rate decreased to 3.9%, almost back to the expansion-low of 3.8% reached two months ago.
- Ohio nonfarm payroll employment increased by 7,900 jobs in June and was up 72,300 from a year earlier. The unemployment rate increased back to its February level of 4.5% after two months at an expansion-low of 4.3%.
- Leading economic indicators remain consistent with uninterrupted economic growth into 2019.

Economic Growth

Real GDP expanded at an annual rate of 4.1% during the second quarter, up from an upwardly revised rate of 2.3% in the first quarter. Growth was 2.8% on a year-over-year basis, which is the fastest since the second quarter of 2015 and the culmination of a string of steady increases in the year-over-year comparison during the last couple of years from a low of 1.3% in the second quarter of 2016.

The increase in growth during the spring is probably neither a one-time burst caused by temporary factors, nor a permanent increase to 4%. Concerns about tariffs might have temporarily boosted exports, however, the larger-than-anticipated decrease in inventories suggests shipments were of already produced goods. Rather, the step-up in growth to 4.1% in the



quarter more likely reflects the progression in the trend from near 2% for much of the expansion to near 3% more recently – a development that might prove sustainable for several quarters.

The increase in real GDP in the second quarter reflected positive contributions from personal consumption expenditures (+2.69pp), exports (+1.12pp), and nonresidential fixed investment (+0.98pp), with gains occurring across the three main categories of structures, equipment, and intellectual property products. Federal government spending (+0.22pp) and state and local government spending (+0.15pp) made smaller positive contributions. Subtracting from growth were private inventory investment (-1.00pp) and residential fixed investment (-0.04pp). Imports, which are included in other categories and then subtracted from total GDP, made a small negative contribution (-0.06pp).

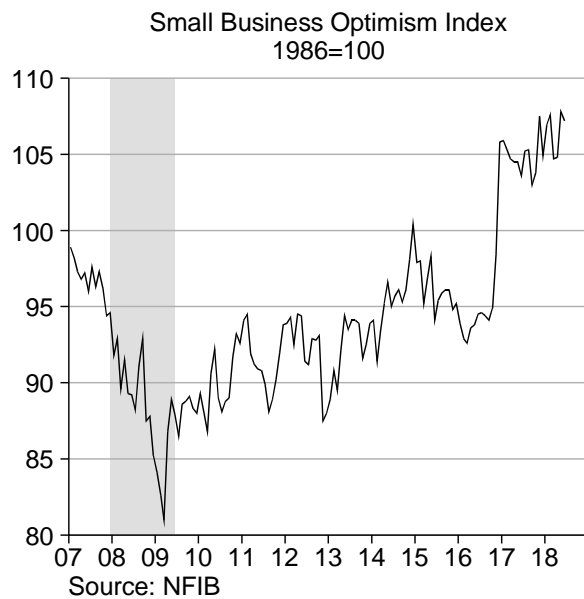
The quickening in growth from the first quarter reflected substantial pickups in personal consumption expenditures and exports and smaller pickups in federal and state and local government spending. Business fixed investment made a smaller contribution, while residential fixed investment subtracted less. The change in private inventories switched from a moderate addition in the first quarter to a notable subtraction in the second quarter.

According to the Index of Small Business Optimism from the **National Federation of Independent Business (NFIB)**, sentiment among small businesses essentially held steady in July, just below the second-highest level recorded the month before. Five of the ten components of the index increased, and five decreased. The largest declines were in expectations of real sales and whether now is a good time to expand.,

The Ohio economy slowed in June, according to the **Ohio coincident economic index** from the Philadelphia Federal Reserve. The index decreased 0.2% for the first monthly retreat since late 2012. Compared with a year ago, however, the index was higher by 3.0%. The **Ohio leading index**, which is designed to predict growth in the coincident index during the next six months,

dipped into negative territory for the first time since the recession. However, these negative readings should not be weighted too heavily at this point. The index numbers are often revised after the fact. For example, initial negative readings for Ohio for two months last summer were subsequently revised into positive territory a few months later.

The breadth of increases in the **state coincident economic indexes** across the country deteriorated somewhat in June. The indexes for seven states fell from the month before, which was up from one in May. Three declined compared with three months ago, up from zero last month.



The number of negative readings among individual **state-level composite leading indexes** also increased in June to four, up from two in May and zero in April. Compiled by the Philadelphia Federal Reserve, the diffusion across these state leading indexes has been a leading indicator of economic turning points in the past. Once again, it should be emphasized that initial readings must be viewed with caution, since these indexes are very sensitive to the state unemployment rates, and those rates are subject to large annual benchmark revisions early each year.

National leading economic indicators strengthened in June, as the Conference Board’s composite **Leading Economic Index** increased 0.5% after a downward revision to no change in May. Seven of the ten components of the index increased, led by the ISM Index for New Orders and the interest rate spread. The only negative contribution was from building permits, which also subtracted from the index in the two previous months. Nonetheless, the year-over-year increase of 6.0% is strongly consistent with continued economic growth through year-end.

As shown in the table below, the **consensus among forecasters** is that real GDP growth is slowing in the third quarter toward the recent trend of near 3%. With a very early-quarter estimate of 4.4%, the Federal Reserve Bank of Atlanta is an outlier. Other early-quarter projections are clustered from 2.6% to 3.1%.

Source	Date	2018-Q3 GDP Forecast
Atlanta FRB (GDPNow)	8/3/18	4.4%
New York FRB (Nowcast)	8/3/18	2.6%
Philadelphia FRB (SPF*)	5/11/18	3.0%
Blue Chip	8/3/18	2.9% (2.4%-3.3%)
IHS	8/3/18	3.1%
*Survey of Professional Forecasters (2nd month of each quarter)		

Employment

Nonfarm payrolls across the country increased by 157,000 jobs in July, below expectations for a gain of about 190,000 jobs. Private nonfarm payrolls increased by 170,000 jobs, with the decrease of 13,000 jobs in public sector jobs concentrated in local education.

Although the initial July job gain estimate was below expectation, job growth in each of the previous two months was revised upward by a total of 59,000 jobs. The average gain during the most recent three months was 224,000, which is in line with, but a little higher than the average gain during the previous twelve months of 204,000. Nonfarm payroll employment has increased by 1.50 million jobs year-to-date, compared with a gain of 1.29 million jobs during the year-earlier period.

Job gains were mixed across sectors, though largely positive. The largest gain occurred in professional and business services (+51,000), where temporary help services contributed just over half. Employment in leisure and hospitality payrolls increased by 40,000 jobs, 26,200 of which were at food service and drinking places. Manufacturing added 32,000 jobs, with transportation equipment (+13,100), machinery (+5,800), and fabricated metal products (+5,100) accounting for most of the gains.

A few sectors posted employment declines. Payrolls fell in financial activities (-5,000), other services (-5,000), and mining and logging (-4,000). Employment increased by 7,100 jobs in retail, but the sub-category of sporting goods, hobby, book, and music stores reported a decline of 31,800 – tied to the June 29 closing of 800 Toys-R-Us stores.

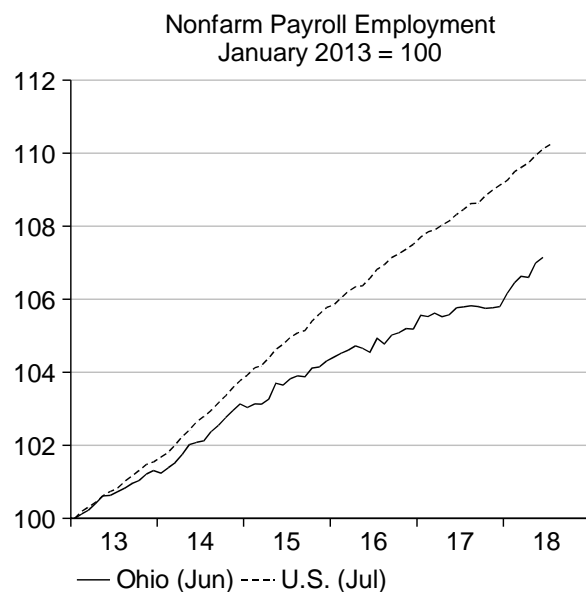
The **unemployment rate** decreased by 0.1 point to 3.9%, just 0.1 point above the long-term low of 3.8% reached two months ago. The decrease occurred due to greater growth in employment than in the labor force and a decline in the number of unemployed. The broadest measure of unemployment, the U-6 unemployment rate, decreased 0.3 points to 7.5% – the lowest level since April 2001. 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.

Average hourly earnings of all employees on private nonfarm payrolls increased 0.3% in July to 2.7% above the year earlier level. The year-over-year rate of change has remained steady since rising to 2.8% last September, which along with 1-month spikes to that level in July 2016 and January 2018 is the high for this cycle. Policymakers and investors are watching the rate of change in wages for signs that inflation will pick up.

Ohio nonfarm payroll employment increased by 7,900 jobs in June after a downwardly revised gain of 20,800 in May. Changes were mixed across sectors. Increases were concentrated in leisure and hospitality (10,400), professional and business services (+2,500), and manufacturing (+1,900). Decreases occurred mainly in construction (-2,600), trade, transportation and utilities (-2,100), and educational and health services (-1,900). Ohio employment is up by 70,400 jobs year-to-date to a new cycle-high of just over 5.6 million jobs.

During the twelve months ending in June, Ohio employment increased by 72,300 jobs. The largest gains were in leisure and hospitality (+17,800), trade, transportation and utilities (+12,700), and manufacturing (+12,700). The only decline occurred in information (-100).

Among the **contiguous states**, year-over-year employment growth increased in Ohio and Pennsylvania (+1.3%), Michigan (+1.2%), West Virginia (+0.9%), Indiana (+0.6%), and Kentucky (+0.2%). Manufacturing employment increased year-over-year in Ohio (1.9%), Pennsylvania (1.3%), Indiana (1.2%), and Michigan (0.8%). It was unchanged from a year earlier in West Virginia and lower by 0.9% in Kentucky.



The **Ohio unemployment rate** increased in June to 4.5% from 4.3%. Even at 4.5%, the Ohio unemployment rate is the lowest since August 2001. Total employment for the month increased by 9,440 workers, while the labor force increased by 11,985 workers and the number of unemployed increased by 2,545. The 0.6-point decline in the unemployment rate from 5.1% in July 2017 resulted from an increase of 40,540 workers, a 6,900 increase in the labor force, and a 33,640 person decline in the number of unemployed.

Across the country in June, the unemployment rate decreased notably from the month before in nine states, led by New Mexico, Pennsylvania, and South Carolina. Three states had higher rates than the month before: Ohio, Louisiana, and Maine. Changes in the unemployment rate in the remaining states and the District of Columbia were not statistically meaningful.

Consumer Income and Consumption

Personal income growth was stable and spending growth slowed modestly in June. **Personal income** increased 0.4% for the second month in a row, reflecting a 0.4% increase in wage and salary disbursements that was up from 0.3% the month before. Growth in both personal income and wage and salary disbursements has been a stable 4.4% annualized for the most recent five months. Compared with a year earlier, personal income was up 4.9% and wage and salary disbursements were higher by 4.8%.

Telling a somewhat different story than average hourly earnings, during the year ending in the second quarter, the rate of increase in labor compensation rose to its fastest pace in about nine years. More specifically, the **Employment Cost Index (ECI)** for all civilian workers was 2.8% higher than a year earlier, the fastest growth since the third quarter of 2008. The ECI includes forms of income not included in wage and salary disbursements and is not affected from period to period by changes in the composition of the workforce or changes in the number of hours worked.



Personal consumption expenditures slowed a little more in June to 0.4%, down from 0.5% in May and 0.6% in March and April. The gain came almost entirely from services, as durable goods spending was unchanged despite a small increase in unit sales of light motor vehicles and trucks. Non-durable goods spending decreased by 0.1%. Motor vehicle sales are estimated to have weakened a bit in July, which might have weighed on durable goods spending in the month.

As part of the annual benchmark revisions, the **personal saving rate** was revised sharply higher to 6.8% in May and stayed there in June. The previously released saving rate for May was 3.2%. The primary cause of the upward revision was a large upward revision to personal income. A small downward revision to personal outlays contributed a minor amount. Prior to the revisions, the saving rate decreased by about one-half from near 6% during the time-period from 2016 to the present. The revisions show instead that the saving rate has stayed in a range of 6% to 8% over that period. This revision to the saving rate has helped to allay fears that a consumption slowdown might be coming because households were overextended.

Consumer confidence was mixed in July, but largely held near extreme highs. The Conference Board Index of Consumer Confidence increased as improved views of current conditions outweighed a second-straight decline in expectations. In July, the index was 34.3% above its average during

economic expansions from 1978 to the present. The University of Michigan/Reuters survey edged lower as improved outlooks almost matched deterioration in current views. The overall index was 12.3% higher than its expansion average.

Industrial Activity

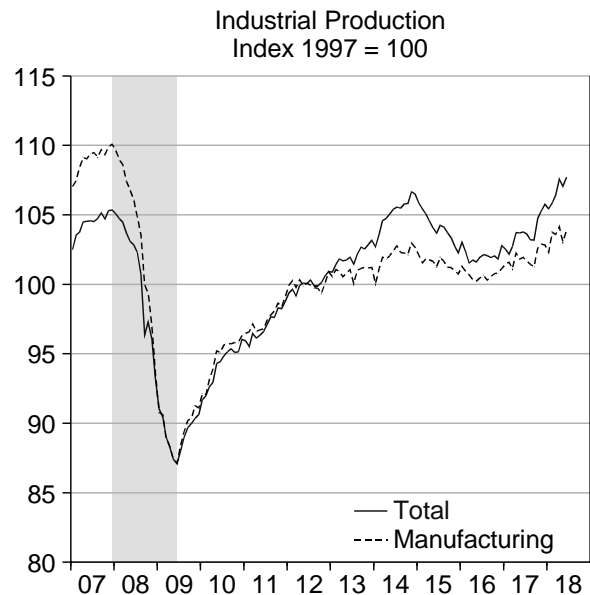
Industrial production increased by 0.6% in June, more than recouping the 0.5% decline in May. Compared with a year earlier, production is up 3.8%. **Manufacturing** production jumped by 0.8% after a 1.0% decline in May. **Mining** output increased 1.2% after an upwardly revised 2.2% increase in May. **Utilities** production decreased 1.5%.

Production across the country in some industries that are key employers in Ohio was uniformly weak. Output fell 8.6% in motor vehicles and parts, 0.2% in the primary metal, 1.4% in machinery, and 0.5% in fabricated metal products industries. However, despite the weak month, when compared with a year ago, production increased 5.7% in fabricated metal products, 3.8% in primary metal, 3.7% in motor vehicles and parts and 2.7% in machinery.

Reports of improving conditions from **purchasing managers** in manufacturing were somewhat less widespread in July. The PMI[®] decreased from 60.2 in June to 58.1, which is lower, but still consistent with continuing expansion in the manufacturing sector. The key New Orders and Production sub-indexes both retreated – New Orders from 63.5 to 60.2 and Production from 62.3 to 58.5. The Supplier Deliveries sub-index almost exactly retraced the large June increase, while the Employment and New Export Orders sub-indexes held their ground in the mid-50s.

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, transportation equipment, and machinery reported expansion with magnitudes in that order. Only primary metals reported a decrease.

Respondents across industries reported a variety of negative effects from tariffs. A contact in the transportation equipment industry said they are “reviewing the business case for importing manufactured parts from China.” A respondent in the fabricated metal products industry said that “steel tariffs are a concern to us.” Others reported supply line disruptions and negative effects on profits.



Construction

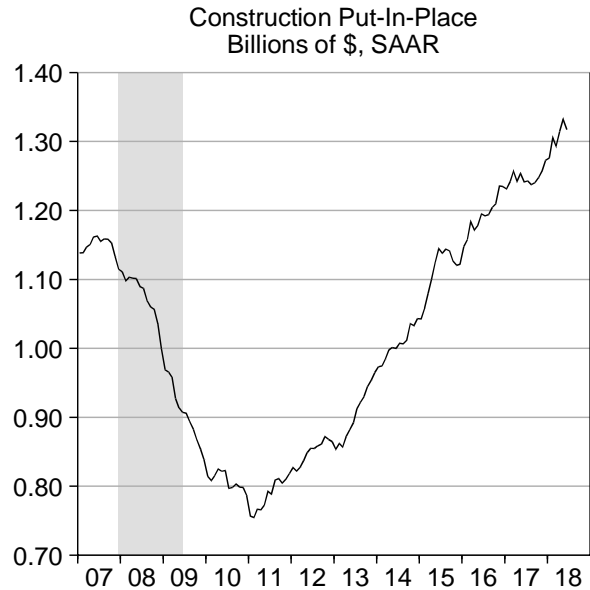
Construction put-in-place fell 1.1% in June. The April and May numbers were revised materially higher, but largely due to the volatile and prone-to-revision residential improvements segment. Private construction declined by 0.4%, and public construction dropped 3.5%. Two key pockets of weakness in the private sector were residential and commercial. Manufacturing posted a modest advance. The decrease in public sector construction occurred mainly in education, with some additional weakness in highway.

Housing activity was weak in June. Total **housing starts** fell 3.9% as single-family starts declined 0.9% and multi-family starts decreased 10.9% on a 3-month moving average basis from the month before. Midwest starts decreased 4.4% after a 17.9% jump in May. Single-family starts across the Midwest fell 6.9%, overshadowing a modest 1.1% rise in multi-family starts.

The more-forward-looking permits also were weak. Across the country, permits decreased 2.1% on a 3-month moving average basis as multi-family permits fell 5.9% and single-family permits were essentially flat. The picture was similar in the Midwest, where permits fell 4.9%, chiefly due to a decline of 11.5% in multi-family with a small decline in single-family permits.

Home sales were also down in June on a 3-month moving average basis. Sales of existing homes decreased 1.3% nationally and by 0.5% in the Midwest. Both were down moderately from a year earlier. Sales of newly built homes decreased 2.1% across the country and 5.7% in the Midwest on a 3-month moving average basis. Compared with a year earlier, new home sales still were higher by 6.9% nationally and 23.0% in the Midwest.

Limited supply is raising prices and limiting sales. **Home prices** nationally posted their 75th straight monthly increase in April to 6.4% above the year earlier level, 48.1% above the cyclical low reached in February 2012, and 9.5% above the previous peak in February 2007, according to the Case-Shiller index.



REVENUES

Revenue estimates for the month of July reflect revised projections for fiscal year 2019 developed by the Office of Budget and Management in conjunction with the Department of Taxation. These revised estimates reflect changes to the baseline forecast based on the performance of tax revenues in fiscal year 2018, new economic data or assumptions, law changes, and any other relevant new information that has come to light since the passage of H.B. 49 in June 2017.

On balance, the revenues have been revised significantly upward. This is primarily the result of tax collections being well above estimate in fiscal year 2018. Total GRF tax revenues were \$574.2 million (2.6%) above estimate, led by a \$433.8 million (5.4%) overage in the personal income tax. The other major taxes – the auto sales tax, non-auto sales tax, and commercial activity tax – were also all above estimate, albeit by smaller amounts. OBM adjusted the fiscal year 2019 forecasts for these taxes upward, although in some cases the expected growth rate of the tax is now lower than it was originally because the fiscal year 2018 starting point is higher. A case in point is the personal income tax, where the fiscal year 2019 forecast was increased by \$378.5 million relative to the original forecast, but where the expected growth rate is now 4.1%, lower than the 5.0% originally predicted.

Non-tax revenues and transfers, on the whole, were revised downward. Non-tax revenues such as licenses and fees were generally revised downward based on fiscal year 2018 performance. Transfers were revised downward based on a reduced need for cash transfers to the GRF. Federal grants were revised downward based on the expectation of Medicaid spending coming in somewhat below the original estimates.

A comparison by revenue source of the revised fiscal year 2019 estimates to the H.B. 49 as enacted estimates is contained in the following table:

Fiscal Year 2019 GRF Revenue Estimate
July 2018 Adjustment compared to Enacted Budget
(Dollars in Millions)

Revenue Source	FY 2019 Enacted Budget	FY 2019 July 2018 Revision	\$ Change	% Change
<u>Tax Revenue</u>				
Non-Auto Sales & Use	8,827.1	8,883.1	56.0	0.6%
Auto Sales & Use	1,382.0	1,455.0	73.0	5.3%
Subtotal Sales & Use	10,209.1	10,338.1	129.0	1.3%
Personal Income	8,368.1	8,747.6	379.5	4.5%
Financial Institutions Tax	191.0	201.0	10.0	5.2%
Commercial Activity Tax	1,524.3	1,581.8	57.5	3.8%
Petroleum Activity Tax	6.0	6.0	-	0.0%
Public Utility	113.0	121.0	8.0	7.1%
Kilowatt Hour	359.3	350.0	(9.3)	-2.6%
Natural Gas Distribution	66.5	66.5	-	0.0%
Foreign Insurance	303.0	275.0	(28.0)	-9.2%
Domestic Insurance	292.0	279.0	(13.0)	-4.5%
Other Business & Property	-	-	-	
Cigarette and Other Tobacco	920.7	917.0	(3.7)	-0.4%
Alcoholic Beverage	57.0	55.0	(2.0)	-3.5%
Liquor Gallonage	46.0	49.0	3.0	6.5%
Total of Tax Revenue	22,455.9	22,987.0	531.1	2.4%
<u>Non-Tax Revenue</u>				
Earnings on Investments	80.0	80.0	-	0.0%
Licenses and Fees	57.0	57.9	0.9	1.6%
Other Income	86.5	81.2	(5.3)	-6.1%
Interagency Transfers (ISTVs)	9.5	9.5	-	0.0%
Total of Non-Tax Revenue	233.0	228.6	(4.4)	-1.9%
<u>Transfers</u>				
Budget Stabilization	-	-	-	
Transfers In - Other	328.6	252.8	(75.8)	-23.1%
Temporary Transfers In	-	-	-	
Total Transfers	328.6	252.8	(75.8)	-23.1%
Total Sources Excluding Federal Grants	23,017.5	23,468.4	451.0	2.0%

July **GRF receipts totaled \$2,711.2 million** and were \$58.5 million (2.1%) below estimate. However, as has often been the case over the past several years, non-federal revenues were above estimate, while federal revenues were below estimate due to Medicaid underspending. Non-federal revenues were above estimate by \$14.0 million (0.8%). Tax revenues were the major share of that overage, finishing the month above estimate by \$11.6 million (0.7%). Federal revenues were below estimate by \$72.5 million (7.1%), as GRF Medicaid spending was below estimate by \$98.5 million (6.2%). Variances for the fiscal year-to-date by category are identical to July and 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	\$11.6	0.7%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$70.1)	-6.8%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$0.0	0.0%
TOTAL REVENUE VARIANCE:		(\$58.5)	-2.1%
Non-federal revenue variance		\$14.0	0.8%
Federal grants variance		(\$72.5)	-7.1%

On a year-over-year basis, monthly receipts were \$332.2 million (10.9%) lower than July of the previous fiscal year. However, this is not a sign of revenue weakness as all of the decline was due to decreases in federal grants, which were \$315.2 million (24.8%) lower than July of the previous year, and transfers to the GRF from other funds, which were \$35.3 million (31.7%) lower than July of the previous year. Tax revenues, in contrast, were up by \$14.3 million (0.9%), and non-tax revenues other than federal grants also increased, by \$4.0 million. The increase in tax revenues was dampened, as it was all through fiscal year 2018, by the elimination of the sales tax on Medicaid health insuring corporations (MHICs). July of the previous fiscal year was the final month that the GRF received revenues from this source. As a result, the July comparisons are still affected by this policy change. Adjusted for MHIC revenues, tax revenue growth would have been 5.4% rather than 0.9%, and non-federal revenue growth would have been 3.2% rather than 0.8%.

Going forward in fiscal year 2019, subsequent monthly revenues will not need adjustment to compare fiscal years 2019 and 2018 results, but year-to-date revenue comparisons will still need adjustment because of the July difference from last year.

The decrease in federal grants from last July mirrored a decrease in Medicaid spending of \$472.8 million (24.0%), most of which was anticipated in the estimates. The decrease in transfers was expected and is the result of fewer one-time transfers authorized by H.B. 49 in fiscal year 2019 versus fiscal year 2018.

GRF Revenue Sources Relative to Monthly Estimates – July 2018
(\$ in millions)

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Auto Sales Tax	\$12.3	Federal Grants	(\$72.5)
Non-auto Sales Tax	\$8.1	Personal Income Tax	(\$5.1)
Other Income	\$1.8	Cigarette and Other Tobacco Tax	(\$1.6)
Other Sources Above Estimate	\$1.7	Alcoholic Beverage Tax	(\$1.6)
		Commercial Activity Tax	(\$1.1)
		Other Sources Below Estimate	(\$0.5)
Total above	\$23.9	Total below	(\$82.4)

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

Non-Auto Sales and Use Tax

July non-auto sales and use tax collections totaled \$786.4 million and were \$8.1 million (1.0%) above estimate. On a year-over-year basis, July receipts were \$55.7 million (6.6%) below the same month last year, but again, this is all due to the fact that last July's total still contained MHIC revenues while this July did not. Adjusted for that change, non-auto tax revenues grew \$16.1 million (2.0%) – please see the table below.

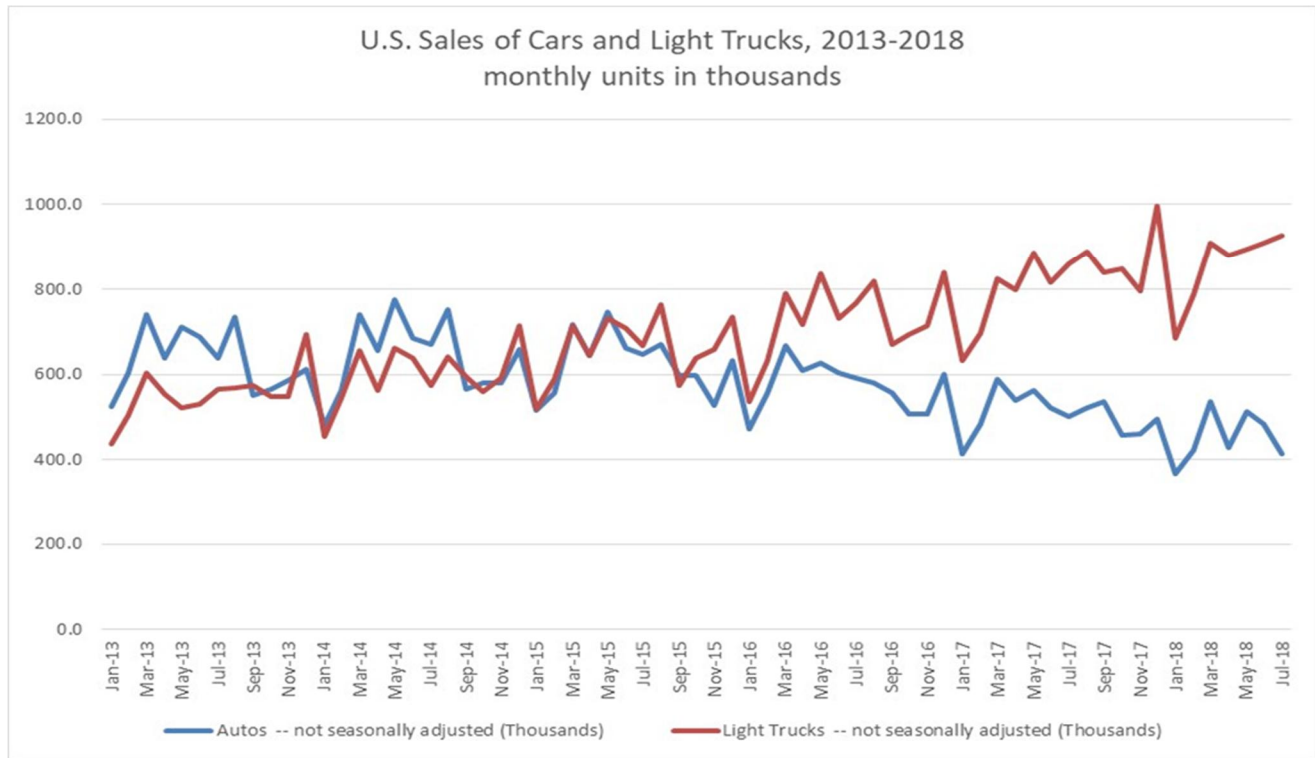
Non-Auto Sales Tax Revenue Growth Without MHIC– FY19 through July
(\$ in millions)

	Jul-17	Jul-18	FY 18 YTD	FY 19 YTD
Non-Auto sales tax GRF	842.12	786.45	\$842.1	\$786.4
Non-Auto sales tax PLF (Library Fund)	\$18.98	\$19.04	\$18.98	\$19.04
Non-Auto sales tax, all funds	\$861.1	\$805.5	\$861.1	\$805.5
MHIC revenues (state)	\$71.7	\$0.0	\$71.7	\$0.0
GRF and PLF revenues without MHIC	\$789.4	\$805.5	\$789.4	\$805.5
Change from prior year in non-MHIC collections		\$16.1		\$16.1
Pct. change from prior year in non-MHIC collections		2.0%		2.0%

The non-auto sales tax has shown substantial improvement in growth since its recent low-point last January. Growth has been inconsistent across months, with some months like July showing year-over-year growth around 2% or slightly lower, while other months like March and June have exceeded 7%. Despite these ups and downs, overall non-auto sales tax revenue growth over the last 6 months has averaged 4.4%.

Auto Sales Tax

Despite a slowdown in total unit sales of new vehicles, the auto sales tax continues to outperform estimates and to show solid growth from the year before. Auto sales tax collections in July were \$12.3 million (10.1%) above estimate and \$20.7 million (18.3%) higher than July of the previous year. As discussed in prior reports, national data suggests that the shift in vehicle mix from lower-priced cars to higher priced light trucks is helping to boost auto sales tax revenues. The light truck share of total unit sales has risen from just below 50% at the start of 2013 to almost 70% in July.



For fiscal year 2019, auto sales tax collections are expected to increase by only 1.0%, as OBM is cautious about how much longer the light truck boom can continue.

Personal Income Tax

July GRF personal income tax receipts totaled \$642.7 million and were \$5.1 million (0.8%) below estimate. The modest underperformance of July was due to a shortfall across three income tax categories; however, three categories also exceeded the estimate. Each category's variance from the estimate (whether positive or negative) was less than \$10 million.

Largely because July is not a month in which annual or quarterly income tax returns are due, all categories except withholding made only modest contributions to the total. Primary attention is focused on withholding, which exceeded estimate by \$4.6 million (0.6%) in July. More dramatically, this category was up 7.3% from the previous July. The category continues to exhibit a sustained path of growth, albeit with variation among months, although withholding growth this July is fairly consistent with that of July 2017, which demonstrated a 6.2% increase over July 2016.

Several smaller categories also exhibited a positive variance from estimate in July 2018. Annual return tax payments were \$4.2 million (261.3%) above estimate and other revenues exceeded estimate by \$0.7 million (12.7%).

The remaining payment categories were below estimate. Estimated payments fell short of the July estimate by \$6.9 million (29.7%) and trust tax payments fell short by \$2.2 million (4.2%).

Finally, July refunds were \$5.5 million (8.8%) above estimate, which is 9.5% above the July 2017 refund amount. It is too soon to know whether this outcome may be influenced by taxpayers that filed extensions for tax year 2017 and which may realize higher refunds that partially offset the increased estimated payments made for that tax year. OBM will continue to closely monitor this category through October, when annual returns for extension filers are due.

On a year-over-year basis, July GRF income tax collections were \$44.2 million (7.4%) above July 2017 collections. Growth in withholding was \$49.1 million, accounting for the vast majority of overall growth.

FY2019 PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)						
	Estimate July	Actual July	\$ Var	Actual July 2018	Actual July 2017	\$ Var Y-Over-Y
Withholding	\$713.6	\$718.2	\$4.6	\$718.2	\$669.1	\$49.1
Quarterly Est.	\$23.1	\$16.2	(\$6.9)	\$16.2	\$18.0	(\$1.8)
Trust Payments	\$4.1	\$1.9	(\$2.2)	\$1.9	\$1.6	\$0.3
Annual Returns & 40 P	\$1.6	\$5.8	\$4.2	\$5.8	\$3.9	\$1.9
Other	\$5.3	\$6.0	\$0.7	\$6.0	\$5.3	\$0.7
Less: Refunds	(\$62.3)	(\$67.8)	(\$5.5)	(\$67.8)	(\$61.9)	(\$5.8)
Local Distr.	(\$37.6)	(\$37.6)	\$0.0	(\$37.6)	(\$37.5)	(\$0.1)
Net to GRF	\$647.8	\$642.7	(\$5.1)	\$642.7	\$598.5	\$44.2

Commercial Activity Tax

Commercial activity tax (CAT) July receipts deposited in the GRF totaled \$51.0 million and were \$1.1 million (2.1%) below estimate. As the first CAT payment of the fiscal year is due August 10, combined collections for July and August must be examined before determining if the July shortfall is substantive, or simply a matter of timing.

July GRF CAT receipts were \$3.0 million (5.5%) below collections in July of last year. Unlike fiscal year 2018, year-to-year comparisons in fiscal year 2019 will not be affected by the H.B. 49 law change that dedicated a larger share of total CAT revenues to the GRF (85% rather than 75%). By the same logic, GRF and all funds collection trends should mirror each other in fiscal year 2019, and the July results are an example, as all funds revenues fell by \$3.5 million from a year ago, a decline of 5.5%, the same percentage decline as for GRF revenues.

GRF Non-Tax Receipts

GRF non-tax receipts totaled \$959 million in July and were below estimate by \$70.1 million, or 6.8%. This variance was primarily attributable to federal grants, which were below estimate by \$72.5 million (7.1%) due to underspending in the GRF Medicaid category of \$98.5 million (6.2%). As mentioned earlier in this report, federal grants were \$315.2 million below last year, which was in line with Medicaid GRF spending declining by \$472.8 million from last July. The decline in Medicaid spending from last year was primarily due to last July's level being elevated due to payments being delayed from the end of fiscal year 2017 and because no offsets to the GRF from non-GRF funds occurred in that month.

July transfers in totaled \$76.0 million and were at the estimate. As stated earlier, this was a decline of \$35.3 million from last year (31.7%) due to a reduced number of H.B. 49 authorized transfers to the GRF in fiscal year 2019 compared to fiscal year 2018.

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2019 VS ESTIMATE FY 2019
(\$ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL	ESTIMATE	\$ VAR	% VAR	ACTUAL	ESTIMATE	\$ VAR	% VAR
	JULY	JULY			Y-T-D	Y-T-D		
TAX RECEIPTS								
Non-Auto Sales & Use	786,446	778,300	8,146	1.0%	786,446	778,300	8,146	1.0%
Auto Sales & Use	134,187	121,900	12,287	10.1%	134,187	121,900	12,287	10.1%
Subtotal Sales & Use	920,633	900,200	20,433	2.3%	920,633	900,200	20,433	2.3%
Personal Income	642,718	647,800	(5,082)	-0.8%	642,718	647,800	(5,082)	-0.8%
Corporate Franchise	26	0	26	N/A	26	0	26	N/A
Financial Institutions Tax	260	500	(240)	-48.0%	260	500	(240)	-48.0%
Commercial Activity Tax	51,030	52,100	(1,070)	-2.1%	51,030	52,100	(1,070)	-2.1%
Petroleum Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	215	0	215	N/A	215	0	215	N/A
Kilowatt Hour	26,841	27,100	(259)	-1.0%	26,841	27,100	(259)	-1.0%
Natural Gas Distribution	1,590	1,200	390	32.5%	1,590	1,200	390	32.5%
Foreign Insurance	1,323	1,000	323	32.3%	1,323	1,000	323	32.3%
Domestic Insurance	0	0	0	N/A	0	0	0	N/A
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	23,554	25,200	(1,646)	-6.5%	23,554	25,200	(1,646)	-6.5%
Alcoholic Beverage	3,786	5,400	(1,614)	-29.9%	3,786	5,400	(1,614)	-29.9%
Liquor Gallonage	4,217	4,100	117	2.9%	4,217	4,100	117	2.9%
Estate	16	0	16	N/A	16	0	16	N/A
Total Tax Receipts	1,676,209	1,664,600	11,609	0.7%	1,676,209	1,664,600	11,609	0.7%
NON-TAX RECEIPTS								
Federal Grants	954,175	1,026,657	(72,482)	-7.1%	954,175	1,026,657	(72,482)	-7.1%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fees	1,342	753	589	78.1%	1,342	753	589	78.1%
Other Income	3,460	1,667	1,794	107.6%	3,460	1,667	1,794	107.6%
ISTV'S	2	0	2	N/A	2	0	2	N/A
Total Non-Tax Receipts	958,979	1,029,077	(70,098)	-6.8%	958,979	1,029,077	(70,098)	-6.8%
TOTAL REVENUES	2,635,188	2,693,677	(58,489)	-2.2%	2,635,188	2,693,677	(58,489)	-2.2%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	75,995	75,990	5	0.0%	75,995	75,990	5	0.0%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	75,995	75,990	5	0.0%	75,995	75,990	5	0.0%
TOTAL SOURCES	2,711,183	2,769,667	(58,484)	-2.1%	2,711,183	2,769,667	(58,484)	-2.1%

8/10/2018

Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2019 VS ACTUAL FY 2018
(\$ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	JULY FY 2019	JULY FY 2018	\$ VAR	% VAR	ACTUAL FY 2019	ACTUAL FY 2018	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	786,446	842,120	(55,674)	-6.6%	786,446	842,120	(55,674)	-6.6%
Auto Sales & Use	134,187	113,465	20,722	18.3%	134,187	113,465	20,722	18.3%
Subtotal Sales & Use	920,633	955,585	(34,952)	-3.7%	920,633	955,585	(34,952)	-3.7%
Personal Income	642,718	598,512	44,206	7.4%	642,718	598,512	44,206	7.4%
Corporate Franchise	26	1,172	(1,145)	-97.7%	26	1,172	(1,145)	-97.7%
Financial Institutions Tax	260	1,005	(745)	-74.1%	260	1,005	(745)	-74.1%
Commercial Activity Tax	51,030	53,995	(2,964)	-5.5%	51,030	53,995	(2,964)	-5.5%
Petroleum Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	215	56	159	283.0%	215	56	159	283.0%
Kilowatt Hour	26,841	24,331	2,510	10.3%	26,841	24,331	2,510	10.3%
Natural Gas Distribution	1,590	1,167	422	36.2%	1,590	1,167	422	36.2%
Foreign Insurance	1,323	474	850	179.4%	1,323	474	850	179.4%
Domestic Insurance	0	57	(57)	N/A	0	57	(57)	N/A
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	23,554	16,128	7,427	46.1%	23,554	16,128	7,427	46.1%
Alcoholic Beverage	3,786	5,380	(1,595)	-29.6%	3,786	5,380	(1,595)	-29.6%
Liquor Gallonage	4,217	4,056	161	4.0%	4,217	4,056	161	4.0%
Estate	16	1	14	1085.4%	16	1	14	1085.4%
Total Tax Receipts	1,676,209	1,661,918	14,291	0.9%	1,676,209	1,661,918	14,291	0.9%
NON-TAX RECEIPTS								
Federal Grants	954,175	1,269,389	(315,214)	-24.8%	954,175	1,269,389	(315,214)	-24.8%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fee	1,342	339	1,003	295.5%	1,342	339	1,003	295.5%
Other Income	3,460	437	3,023	691.4%	3,460	437	3,023	691.4%
ISTV'S	2	0	2	N/A	2	0	2	N/A
Total Non-Tax Receipts	958,979	1,270,165	(311,186)	-24.5%	958,979	1,270,165	(311,186)	-24.5%
TOTAL REVENUES	2,635,188	2,932,083	(296,895)	-10.1%	2,635,188	2,932,083	(296,895)	-10.1%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	75,995	111,330	(35,335)	-31.7%	75,995	111,330	(35,335)	-31.7%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	75,995	111,330	(35,335)	-31.7%	75,995	111,330	(35,335)	-31.7%
TOTAL SOURCES	2,711,183	3,043,413	(332,231)	-10.9%	2,711,183	3,043,413	(332,231)	-10.9%

DISBURSEMENTS

At the beginning of each fiscal year, in conjunction with each agency receiving GRF appropriations, OBM undertakes the process of estimating GRF spending by month for the upcoming year. These spending estimates are built on a combination of H.B. 49 appropriation levels, as amended in further legislative actions, and estimated spending against encumbrances made in previous fiscal years. In addition to accounting for policy changes and spending to meet prior year encumbrances, OBM and the agencies also take this opportunity to review any changes in caseloads, payrolls, or other demands for services that might impact the level and pattern of spending during the coming year.

July GRF disbursements, across all uses, totaled \$3,903.1 million and were \$109.5 million (2.7%) below estimate. This variance was primarily attributable to below estimate disbursements in the Medicaid and Primary and Secondary Education categories. On a year-over-year basis, July total uses were \$299.5 million (8.3%) higher than those of the same month in the previous fiscal year, with the GRF transfer to the Budget Stabilization Fund largely responsible for the increase. As July is the first month of the fiscal year, monthly and year-to-date variances are the same.

Category	Description	YTD Variance	% Variance
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	(\$111.6 million)	-3.4%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$2.0 million	0.3%
TOTAL DISBURSEMENTS VARIANCE:		(\$109.5 million)	-2.7%

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. July disbursements for this category totaled \$760.4 million and were \$16.6 million (2.1%) below estimate. This variance was primarily attributable to disbursements in the Foundation Funding line item, where expenditures totaled \$727.1 million and were \$11.2 million (1.5%) below estimate, as well as below estimate spending in the Auxiliary Services and Early Childhood Education line items. Disbursements in the Foundation Funding and Auxiliary Services line items were below estimate as College Credit Plus payments to colleges were lower than expected. This variance is projected to offset in future months. 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.

On a year-over-year basis, disbursements in this category were \$21.6 million (2.8%) lower than for the same month in the previous fiscal year.

Higher Education

July disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled \$184.8 million and were \$1.9 million (1.0%) below estimate. This variance was primarily attributable to below estimate disbursements in the Choose Ohio First Scholarship Program line item, which were below estimate by \$2.1 million due to lower than expected requests for reimbursement from higher education institutions.

On a year-over-year basis, disbursements in this category were \$14.4 million (8.5%) higher than for the same month in the previous fiscal year.

Other Education

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

July disbursements in this category totaled \$7.8 million and were \$0.8 million (9.2%) below estimate. On a year-over-year basis, disbursements in this category were \$0.1 million (1.6%) lower than for the same month in the previous fiscal year.

Medicaid

This category includes all Medicaid spending on services and program support by the following 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

July GRF disbursements for the Medicaid Program totaled \$1,499.3 million and were \$98.5 million (6.2%) below estimate, and \$472.8 million (24.0%) below disbursements for the same month in the previous fiscal year. This year-over-year variance occurs as the July 2017 GRF spending was unusually high as state dedicated purpose funds were not yet available for spending. In particular, the State did not begin collecting the new health insuring corporations provider tax until August.

July all-funds disbursements for the Medicaid Program totaled \$2,188.2 million and were \$131.7 million (5.7%) below estimate, and \$35.7 million (1.6%) below disbursements for the same month in the previous fiscal year.

July all-funds variance is primarily due to underspending in the fee-for-service, managed care, and premium assistance programs. This is due to enrollment in these programs being below estimate as follows: fee-for-service – 4.1%, managed care – 1.8% and premium assistance – 7.6%. Underspending in July was also reported in the care innovation program and administrative expenses.

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

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

	July Actual	July Projection	Variance	Variance %
GRF	\$ 1,499.3	\$ 1,597.8	\$ (98.5)	-6.2%
Non-GRF	\$ 688.8	\$ 722.0	\$ (33.2)	-4.6%
All Funds	\$ 2,188.2	\$ 2,319.8	\$ (131.7)	-5.7%

Enrollment

Total July enrollment for the program was 2.92 million, which was 63,446 (2.1%) below estimate and 164,391 (5.3%) below enrollment for the same period last fiscal year.

July enrollment by major eligibility category was: Covered Families and Children, 1.64 million; Aged, Blind and Disabled (ABD)/Duals, 490,606; Group VIII Expansion, 653,403; and Other Full Benefits, 15,333 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.

July disbursements in this category totaled \$127.0 million and were \$1.1 million (0.9%) below estimate. On a year-over-year basis, disbursements in this category were \$5.5 million (4.5%) higher than for the same month in the previous fiscal year.

Department of Health

July disbursements for the Department of Health totaled \$9.5 million and were \$1.6 million (14.7%) below estimate. This variance was primarily attributable to disbursements in the Help Me Grow line item, which were \$1.3 million below estimate due to delays in subsidy payments originally planned for July.

Department of Job and Family Services

July disbursements for the Department of Job and Family Services totaled \$52.1 million and were \$5.8 million (10.0%) below estimate. This variance was primarily attributable to disbursements in the Information Technology Projects line item, which were \$1.6 million below estimate due to delayed invoicing on IT charges.

Department of Mental Health and Addiction Services

July disbursements for the Department of Mental Health and Addiction Services totaled \$41.9 million and were \$6.9 million above estimate. This variance is primarily attributable to the Hospital Services line item, which was \$3.5 million above estimate due to higher than anticipated payroll costs, partly due to an underestimation of the three pay periods attributable to July. Additionally, the Criminal Justice Service line item was \$3.1 million above estimate and the Recovery Housing line item was \$2.4 million above estimate, both due to earlier than anticipated payments to county boards. This variance was partially offset by the Specialized Docket Support line item, which was \$2.3 million below estimate due to delayed first quarter payments to county boards, however, these payments are still expected to disburse within the first quarter.

Justice and Public Protection

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

July disbursements in this category totaled \$298.8 million and were \$2.7 million (0.9%) above estimate. On a year-over-year basis, disbursements in this category were \$25.2 million (9.2%) higher than for the same month in the previous fiscal year.

Department of Rehabilitation and Correction

July disbursements for the Department of Rehabilitation and Correction totaled \$216.7 million and were \$9.6 million (4.6%) above estimate. This variance was primarily attributable to disbursements in several line items: the Community Nonresidential Programs line item was above estimate by \$6.2 million due earlier requests from counties; the Institutional Operations line item was above estimate by \$4.6 million due to mostly to earlier than estimated disbursement of prior year encumbrances; and finally, the Halfway House line item was below estimate by \$1.1 million due to the timing of payments.

Department of Youth Services

July disbursements for the Department of Youth Services totaled \$54.9 million and were \$2.6 million (4.5%) below estimate. This variance was primarily attributable to disbursements in the RECLAIM Ohio line item, which were below estimate by \$1.8 million due to timing of payments for ongoing contracts, lower than expected new contract spending, and delayed IT charges.

Public Defender Commission

July disbursements for the Public Defender Commission totaled \$0.8 million and were \$5.2 million (87.0%) below estimate. This variance was primarily attributable to below estimate disbursements in the County Reimbursement line item, which were below estimate by \$5.2 million due to payments being made in August rather than July as planned.

General Government

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

July disbursements in this category totaled \$42.5 million and were \$6.4 million (17.7%) above estimate. On a year-over-year basis, disbursements in this category were \$1.4 million (3.3%) lower than for the same month in the previous fiscal year.

Department of Administrative Services

July disbursements for the Department of Administrative Services totaled \$1.7 million and were \$0.8 million (84.4%) above estimate. This variance was attributable to disbursements for the MARCS Fee Offset line item, which were \$1.0 million above an estimate of zero due to the MARCS radio rate subsidy for local governments disbursing in July instead of August as planned.

Department of Taxation

July disbursements for the Department of Taxation totaled \$7.8 million and were \$1.7 million (22.1%) above estimate. This variance is primarily attributable to the Operating Expense line item, which was above estimate due to earlier than estimated disbursement of prior year encumbrances as well as expenses for rent and annual building maintenance costs that disbursed in July instead of August as estimated.

Treasurer of State and Pension Subsidies

July disbursements for the Treasurer of State and Pension Subsidies totaled \$7.0 million and were \$5.4 million (335.4%) above estimate. This variance was primarily attributable to above estimate disbursements in the Police and Fire Death Benefits Fund line item, which were \$5.0 million above estimate due to quarterly subsidy payments disbursing in July instead of August as planned.

Property Tax Reimbursements

Payments from the property tax reimbursement category are made to local governments and school districts to reimburse these entities for revenues foregone as a result of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. July property tax reimbursements totaled -\$6.0 thousand and were \$1.6 million (100.4%) below estimate. Negative values in this category typically reflect voided warrants. The monthly variance is due to reimbursement requests being received from counties later than anticipated.

Debt Service

July payments for debt service were nearly at estimate, totaling \$243.1 million compared to the estimate of \$243.3 million.

Transfers Out

July transfers out totaled \$739.4 million and were \$2.0 million (0.3%) above estimate. The monthly variance is primarily attributable to a planned transfer to the Economic Development Programs Fund occurring earlier than anticipated. This variance will be offset next month.

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Table 3
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2019 VS ESTIMATE FY 2019
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL JULY	ESTIMATED JULY	\$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	\$ VAR	% VAR
Primary and Secondary Education	760,353	776,957	(16,605)	-2.1%	760,353	776,957	(16,605)	-2.1%
Higher Education	184,794	186,667	(1,873)	-1.0%	184,794	186,667	(1,873)	-1.0%
Other Education	7,829	8,620	(792)	-9.2%	7,829	8,620	(792)	-9.2%
Medicaid	1,499,346	1,597,826	(98,480)	-6.2%	1,499,346	1,597,826	(98,480)	-6.2%
Health and Human Services	127,029	128,135	(1,107)	-0.9%	127,029	128,135	(1,107)	-0.9%
Justice and Public Protection	298,751	296,032	2,719	0.9%	298,751	296,032	2,719	0.9%
General Government	42,523	36,134	6,388	17.7%	42,523	36,134	6,388	17.7%
Property Tax Reimbursements	(6)	1,627	(1,633)	-100.4%	(6)	1,627	(1,633)	-100.4%
Debt Service	243,087	243,275	(187)	-0.1%	243,087	243,275	(187)	-0.1%
Total Expenditures & ISTV's	3,163,705	3,275,274	(111,570)	-3.4%	3,163,705	3,275,274	(111,570)	-3.4%
Transfers Out:								
BSF Transfer Out	657,503	657,503	(0)	0.0%	657,503	657,503	(0)	0.0%
Operating Transfer Out	81,855	79,820	2,034	2.5%	81,855	79,820	2,034	2.5%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	739,358	737,323	2,034	0.3%	739,358	737,323	2,034	0.3%
Total Fund Uses	3,903,062	4,012,598	(109,535)	-2.7%	3,903,062	4,012,598	(109,535)	-2.7%

8/10/2018

Table 4
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2019 VS ACTUAL FY 2018
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	JULY FY 2019	JULY FY 2018	\$ VAR	% VAR	ACTUAL FY 2019	ACTUAL FY 2018	\$ VAR	% VAR
Primary and Secondary Education	760,353	781,970	(21,617)	-2.8%	760,353	781,970	(21,617)	-2.8%
Higher Education	184,794	170,355	14,439	8.5%	184,794	170,355	14,439	8.5%
Other Education	7,829	7,952	(123)	-1.6%	7,829	7,952	(123)	-1.6%
Medicaid	1,499,346	1,972,140	(472,794)	-24.0%	1,499,346	1,972,140	(472,794)	-24.0%
Health and Human Services	127,029	121,558	5,470	4.5%	127,029	121,558	5,470	4.5%
Justice and Public Protection	298,751	273,532	25,219	9.2%	298,751	273,532	25,219	9.2%
General Government	42,523	43,967	(1,444)	-3.3%	42,523	43,967	(1,444)	-3.3%
Property Tax Reimbursements	(6)	3,158	(3,164)	-100.2%	(6)	3,158	(3,164)	-100.2%
Debt Service	243,087	228,477	14,610	6.4%	243,087	228,477	14,610	6.4%
Total Expenditures & ISTV's	3,163,705	3,603,109	(439,404)	-12.2%	3,163,705	3,603,109	(439,404)	-12.2%
Transfers Out:								
BSF Transfer	657,503	0	657,503	N/A	657,503	0	657,503	N/A
Operating Transfer Out	81,855	500	81,355	16,270.9%	81,855	500	81,355	16,270.9%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	739,358	500	738,858	147,771.6%	739,358	500	738,858	147,771.6%
Total Fund Uses	3,903,062	3,603,609	299,453	8.3%	3,903,062	3,603,609	299,453	8.3%

FUND BALANCE

Table 5 describes the estimated General Revenue Fund (GRF) unencumbered ending fund balance for FY 2019. Based on the estimated revenue sources for FY 2019 and the estimated FY 2019 disbursements, transfers, and encumbrances, the GRF unencumbered ending fund balance for FY 2019 is an estimated \$537,444.6 million.

The GRF unencumbered ending fund balance should not be considered as a balance available for expenditure in FY 2019 nor should it be considered as equivalent to the FY 2019 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 2019
(\$ in thousands)

July 1, 2018 Beginning Cash Balance*	1,221,039.6
Plus FY 2019 Estimated Revenues	23,215,641.4
Plus FY 2019 Estimated Federal Revenues	10,240,063.3
Plus FY 2019 Estimated Transfers to GRF	252,790.0
Total Sources Available for Expenditures & Transfers	34,929,534.2
Less FY 2019 Estimated Disbursements**	33,308,929.3
Less FY 2019 Estimated Total Encumbrances as of June 30, 2019	321,926.9
Less FY 2019 Estimated Transfers Out	761,233.4
Total Estimated Uses	34,392,089.7
FY 2019 ESTIMATED UNENCUMBERED ENDING FUND BALANCE	537,444.6

* Includes reservations of \$371.2 million for prior year encumbrances. After accounting for these amounts, the estimated unencumbered beginning fund balance for fiscal year 2019 is \$849.9 million.

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

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