OBM

October 11, 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

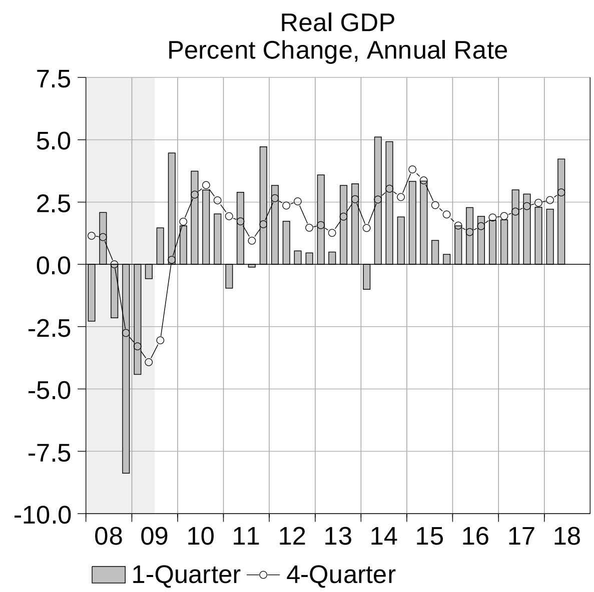
ECONOMIC SUMMARY

Economic Performance Overview

- The economy expanded at an annual rate of 4.2% in the second quarter and was 2.9% larger than a year earlier. Forecasters estimate that growth continued at a rate of 3% or faster in the third quarter.
- U.S. employment increased by 134,000 jobs in September for a 3-month average of 190,000 jobs per month. The unemployment rate fell 0.2 points to 3.7%, which is the lowest level since December 1969.
- Ohio nonfarm payroll employment increased by 13,900 jobs in August and 90,200 from a year earlier. The unemployment rate stayed at 4.6%, up from the expansion-low of 4.3% in the spring.
- Leading economic indicators remain consistent with uninterrupted national economic growth into 2019.

Economic Growth

The final estimate of second-quarter **real GDP** growth was unchanged at 4.2%. Compared with a year earlier, real GDP was higher by 2.9%. The trend appears to have shifted higher recently, however, more data is needed to verify this.



Sentiment among small businesses improved notably again in August to the highest level in 45-years, according to the **National Federation of Independent Business (NFIB)**. Six of the ten components of the Index of Small Business Optimism increased, three decreased, and one was unchanged. Readings for job creation plans and the percentage of respondents saying it is a good time to expand reached record highs. Capital spending plans were the highest of this expansion, suggesting that recent strong growth in business fixed investment is likely to continue.

The **Ohio economy** expanded moderately in August, according to the Ohio coincident economic index from the Philadelphia Federal Reserve. The index increased 0.2% on top of a 0.1% increase the month before. Compared with a year ago, the index was higher by 2.9%. This is consistent with the latest survey by the Federal Reserve Bank of Cleveland, which found anecdotal evidence that the economy in and around Ohio grew at a moderate pace into the end of August, with strong demand in many sectors.

The diffusion of **state-level coincident economic indexes** was little changed, as the indexes for only four states were lower over 1-month (KY, LA, ME, WI) and 3-month (AL, KY, LA, ME) spans. The recent pattern remains consistent with likely further growth in the national economy.

The **Ohio leading index**, which is designed to predict growth in the coincident index during the next six months, increased to 1.4% in August from small positive readings the two months before. The number of negative readings among individual **state-level composite leading indexes** remained negligible in August, increasing from none to three (KY, ME, MA), suggesting essentially no chance of recession in the near-term. Compiled by the Philadelphia Federal Reserve, the diffusion across these state leading indexes has been a leading indicator in the past. It should be noted that the real-time data is subject to some uncertainty, since these indexes are very sensitive to the state unemployment rates, which are subject to large annual benchmark revisions early each year.

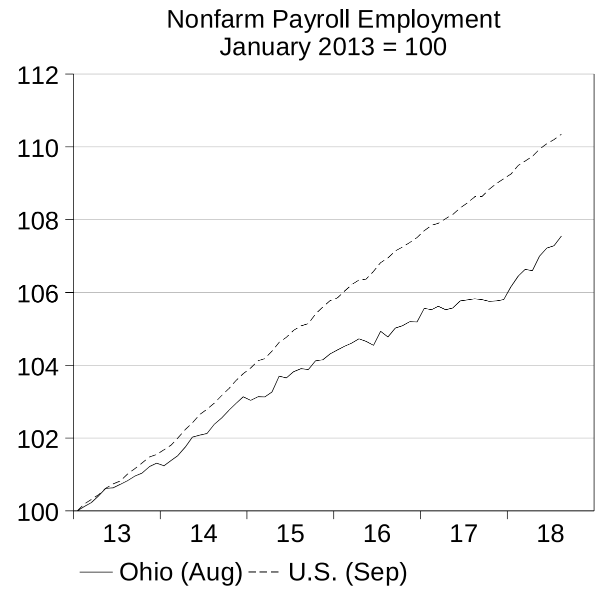
National leading indicators advanced again in August, as the Conference Board's composite **Leading Economic Index** increased 0.4%. The July increase was revised higher from 0.6% to 0.7%. Seven of the ten components of the index made positive contributions, led by the ISM Index for New Orders. A large decline in residential building permits offset much of that positive contribution, highlighting a rare area of developing weakness. The leading index was 6.7% above the year earlier level, and points to uninterrupted growth through year-end and into 2019.

As shown in the table below, the **consensus among forecasters** is that real GDP growth slowed in the third quarter but will likely remain above 3%. With an estimate of 4.1%, the Federal Reserve Bank of Atlanta is an outlier. Other projections are clustered from 2.5% to 3.4%.

Source	Date	2018-Q3 GDP Forecast
Atlanta FRB (GDPNow)	10/1/18	4.1%
New York FRB (Nowcast)	9/28/18	2.5%
Philadelphia FRB (SPF*)	8/10/18	3.0%
Blue Chip	10/1/18	3.2% (2.9%-3.7%)
IHS	10/3/18	3.4%
*Survey of Professional Forecasters (2nd month of each quarter)		

Employment

Nonfarm payrolls across the country increased by 134,000 jobs in September. The increase was well under expectations of near 185,000 jobs, but Hurricane Florence might have played a role. The BLS noted that leisure and hospitality employment declined by 17,000 jobs, whereas it had been on an upward trend – Florence may have been a factor. Employment totals for the two previous months were revised higher by a total of 87,000 jobs. Private nonfarm payrolls increased by 121,000 jobs, Government employment increased by 13,000, with state government increasing by 22,000 and federal and local employment both decreasing.



The average gain during the most recent three months was 190,000, in line with, but a little lower, than the average during the previous twelve months of 201,000. Nonfarm payroll employment has increased by 1.88 million jobs year-to-date, 22.9% ahead of the gain of 1.53 million jobs during the year-earlier period.

Employment changes in September were mostly positive across sectors. The largest gains occurred in professional and business services (+54,000), transportation and warehousing (+23,800), construction (+23,000), and manufacturing (+18,000). Gains in administrative and support services (+30,000) and temporary help services (+17,700) contributed much of the gain in the professional and business services category. Construction job growth was driven by specialty trade contractors (+15,500). The gain in manufacturing jobs was widespread.

Leisure and hospitality employment fell by 17,000 jobs, due to a possibly-storm-related drop of 22,900 in accommodation and food services jobs. Retail employment, which also might have been affected by the storm, decreased by 20,000 jobs in a broad-based pullback.

The **unemployment rate** fell 0.2 points to 3.7%, which was a new low for the cycle and the lowest level since December 1969. The number of unemployed fell by 270,000 as the labor force increased by 150,000 people and total employment increased by 420,000 workers. The broadest measure of unemployment, the U-6 unemployment rate, ticked higher by 0.1 point to 7.5%, as the number of people working part-time for economic reasons rose by 263,000. 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 September to 2.8% above the year earlier level, down from a 2.9% year-over-year change last month. In combination with the rise in employment that was in line with the recent trend, the moderate rate of increase in wages is not likely to encourage the Federal Reserve to move more or less rapidly in raising the target range for the federal funds rate.

Ohio nonfarm payroll employment increased by 13,900 jobs in August after downwardly revised increase of 3,300 jobs in July. Changes were mixed across sectors. Increases were concentrated in education and health services (+7,800), government (+4,500), and leisure and hospitality (+3,500). The increase in government employment occurred across federal, state, and local. Decreases occurred exclusively in professional and business services (-3,500), manufacturing (-1,800), and financial activities (-800). Professional and business services employment has grown very slowly in Ohio over the last 12 months, gaining only 2,900 jobs, a 0.4% increase, while nationally such employment has grown by 2.7%. Ohio total nonfarm employment is up by 91,400 jobs year-to-date, a 1.7% increase, to a new cycle-high of more than 5.6 million jobs.

During the twelve months ending in August, Ohio employment increased by 90,200 jobs. The largest gains were in leisure and hospitality (+18,900), education and health services (+15,800), and trade, transportation and utilities (+15,300). Manufacturing employment was up 8,300 jobs from a year ago, and construction employment increased by 6,900 jobs. The only decline occurred in information (-400), which has not increased on a year-over-year basis since November 2016.

The Cleveland Fed survey of businesses in and around Ohio found that staffing levels and wages rose moderately through August. Hiring in professional services – especially technology – and construction was strong. Hiring was weakest in banking due to cost cutting among non-sales and non-customer-facing staff. Employers in a number of industries reported taking new measures to attract and retain qualified workers, including new training programs and higher pay and bonuses.

Among the **contiguous states**, employment increased on a year-over-year basis in Ohio (+1.6%), Michigan (+1.3%), Pennsylvania (+1.1%), West Virginia (+1.0%), Indiana (+0.9%), and Kentucky (+0.4%). Manufacturing employment increased year-over-year in Michigan (1.3%), Ohio (1.2%), Pennsylvania (0.7%), and in Indiana and West Virginia (0.6%). It decreased 1.5% in Kentucky.

The **Ohio unemployment rate** stayed at 4.6% in August – the highest level since January. The rate had reached a cycle-low of 4.3% in April and May. Total employment as measured by the household survey showed very different results than those cited above for the survey of business establishments. Employment decreased by 15,500 workers, while the labor force decreased by 12,900 workers and the number of unemployed decreased by 2,600. The 0.4 percentage point decline in the unemployment rate from a year earlier resulted from an increase of 19,200 workers, a 3,900 decrease in the labor force, and a 23,100 person decline in the number of unemployed.

Across the country in August, the unemployment rate decreased notably from the month before in thirteen states, led by declines of 0.2 points in Alaska, Michigan, North Carolina, and South Carolina. Three states had meaningfully higher rates than the month before (Maine, Colorado, and Wyoming). Changes in the unemployment rate in the remaining 34 states and the District of Columbia were not statistically significant.

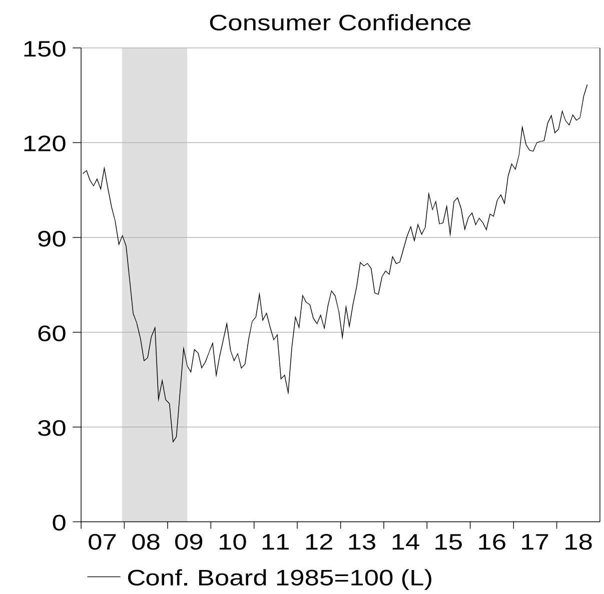
Consumer Income and Consumption

Personal income and personal consumption expenditures continued growing in August. **Personal income** increased 0.3%, driven by a 0.5% increase in wage and salary disbursements. Both measures increased by 0.3% in July and were up 4.7% and 4.8%, respectively, from a year earlier.

Personal consumption expenditures grew 0.3% in August after an upwardly adjusted 0.5% rise the month before. The gain came from a 0.5% increase in spending on non-durable goods and a 0.4% increase in spending on services. Durable goods spending fell 0.1%, although the change in the previous month was revised up from a 0.2% decrease to a 0.5% increase. Spending for durable goods in August was held back in part by a small decrease in sales of light motor vehicles. However, light motor vehicle sales rebounded to 17.4 million units in September from 16.6 in August.

According to the Cleveland Fed survey, retail demand improved moderately in and around Ohio, continuing the trend of the past year. Clothing retailers and auto dealers were among the most upbeat about recent sales. Auto dealers cited strong confidence arising from strong labor market conditions and stable financing conditions and reported that SUVs and light trucks continued to outsell sedans. Retailers with a presence beyond the region reported that sales in and around Ohio were roughly in line with national trends.

Consumer confidence strengthened across the board in September. The Conference Board Index of Consumer Confidence jumped 3.7 points on top of an even larger increase the month before to the highest level since September 2000. A significant improvement in expectations was the main reason for the increase, although assessments of current conditions also improved. The overall index was 49.0% higher than the average during economic expansions since 1977.

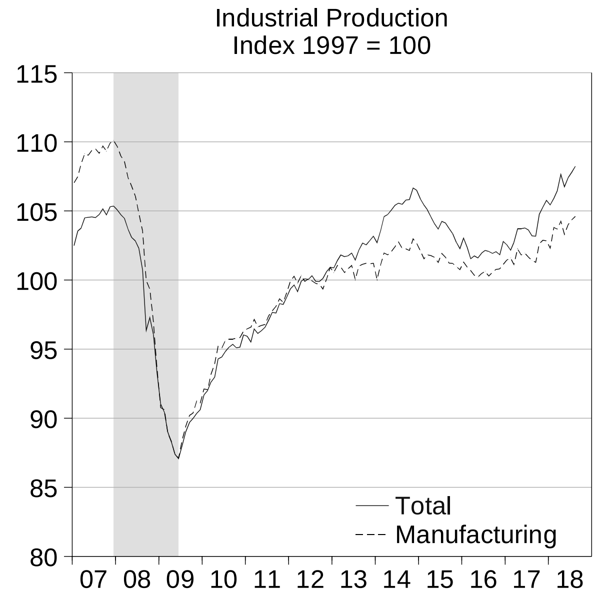


The University of Michigan Index of Consumer Sentiment also increased notably to 16.4% above the historical expansion average, as assessments of both current and future conditions improved. The increase occurred entirely among households with income of less than $75,000 per year, as sentiment among higher-earning households was unchanged. The gap between sentiment among lower and higher earning households was the smallest in almost three years. In a potential indication of near-term consumer spending, the percentage of households saying that now is a good time to buy large household durables and vehicles increased.

Industrial Activity

Industrial production increased by 0.4% in August and the July gain was revised up from 0.1% to 0.4%. Compared with a year earlier, production is up 4.9%. **Manufacturing** production increased 0.2% to 3.1% above the year earlier level. **Mining** output increased 0.7% and the previous month was revised up from a decline of 0.3% to a rise of 0.7%. **Utilities** production increased 1.2% after a 0.1% increase the month before that was originally reported as a 0.5% decrease.

Production across the country in some industries that are key employers in Ohio was largely positive. Motor vehicles and parts production increased 4.0%, primary metal output increased 3.0%, machinery output was up 1.1%, and fabricated metal production increased 0.2%. Compared with a year ago, production was higher by 7.5% in motor vehicles and parts, 7.1% in machinery, 5.6% in fabricated metal products, and 4.4% in primary metal.



Manufacturers in and around Ohio reported to the Cleveland Fed that conditions had improved due to a strong overall economy and pro-growth fiscal policy. A contact in the steel industry noted that demand remained solid over the summer, even though that is usually a weak seasonal period. Some manufacturers expressed concern about longer lead times due to rising freight charges and a scarcity of specialty metals. Motor vehicle manufacturing was reported to have slowed somewhat, but strength was said to have continued in industrial equipment, agricultural equipment, and construction.

Reports of improving conditions from **purchasing managers** in manufacturing during September were somewhat less widespread than the month before but were still widespread. The PMI®, which is a diffusion index that measures the extent to which respondents report increasing, unchanged, or decreasing activity, dipped 1.5 points to 59.8.

Reports of rising production were slightly more broad-based than the month before. Reports of rising new orders were somewhat less broad-based but remained widespread, as was the case with the backlog of orders and the speed of supplier deliveries. Reports of rising prices paid pulled back to the lowest level since last November, but remained fairly widespread. Reports of rising export orders and import orders both were slightly more common.

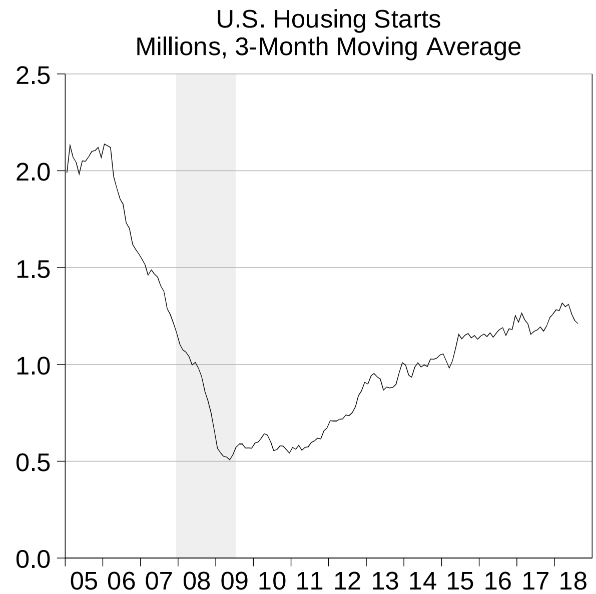
Of the eighteen industries tracked by the Manufacturing ISM® *Report on Business*, fifteen reported growth in the latest month. Among the industries with a disproportionate effect on Ohio manufacturing employment, machinery, transportation equipment, and fabricated metal products reported expansion, with magnitudes in that order. Only primary metals reported a decrease – the same pattern as last month.

Respondents across industries were generally upbeat. A contact in the fabricated metals industry said that conditions were, “still extremely strong through November” and that steel prices were starting to decline after a tariff-related increase. A respondent in the primary metals industry said, “the future looks very promising.” On a somewhat cautionary note, a contact in the machinery industry said that “available capacity at suppliers continues to decrease, creating supply issues.”

Construction

Construction put-in-place edged higher by 0.1% in August and the July change was revised from a decrease of 0.1% to an increase of 0.2%. The June change was revised slightly higher. Private construction decreased by 0.5% – the third monthly decline in a row – while public construction increased 2.0% on top of a 1.7% increase in July. The weakness in private sector construction was focused in residential, where single-family, mutlti-family and improvements all declined, but included notable declines in the non-residential power and commercial categories. The strength in public sector construction was spread across both residential and nonresidentail, where highway & street, water supply, and conservation & development led the way.

Despite the recent slowdown, the trend in construction activity remains up, largely due to strength in public sector activity. Compared with a year ago, total construction put-in-place was higher by 6.5%. Private sector activity was up by 4.4% (down from a recent high of 6.1% in February), and public sector activity accelerated to a year-over-year increase of 14.0%. As recently as last November, public sector construction put-in-place was lower on a year-over-year basis.



Total **housing starts** increased 9.2% in August but fell 1.3% on a 3-month moving average basis for the third decline in a row and the fourth in five months. Starts are down 8.0% from their peak for this expansion set in March on a 3-month moving average basis and unchanged from the 3-month average in April 2017.

The more-forward-looking permits emphasize the recent trend. Across the country, permits decreased 1.3% on a 3-month moving average basis as single-family permits slipped by 0.6% and multi-family permits fell 2.7%. The August decline was the fifth in a row to 5.5% below the peak during this expansion that was reached in March. The picture was similar in the Midwest, where permits fell 3.4%, as both single-family (-0.8%) and multi-family (-7.8%) declined.

Existing home sales decreased by 0.4% in August on a 3-month moving average basis for the fourth decline in a row and were 1.7% below the year earlier level. Recent weakness has been widely attributed to higher mortgage rates and home prices and less favorable federal tax treatment for property taxes and mortgage interest. Sales were also weak in the Midwest, rising only 0.5% in August and falling 1.6% from a year earlier.

New home sales have followed a similar pattern, decreasing 1.3% in August, on a 3-month moving average basis, for the fourth decline in as many months. In the Midwest, new home sales fell 2.6% for the third drop in a row. Limited supply is raising prices and constraining sales.

Home prices nationally posted their 77th straight monthly increase in July to 6.0% above the year earlier level, 48.6% above the cyclical low reached in February 2012, and 9.9% above the previous peak in February 2007, according to the Case-Shiller index.

REVENUES

September **GRF receipts totaled $2,614.9 million** and were $153.7 million (5.6%) below the estimate. This variance was not a cause for concern, however, as it was primarily attributable to two factors: timing and a shortfall in federal grants due to Medicaid underspending.

Federal grant revenues were below estimate by $115.1 million (12.6%), which is expected given that Medicaid underspending was $144.3 million (10.3%). Once this shortfall is subtracted from the total variance, non-federal revenues were $38.6 million (2.1%) below estimate. Approximately $37 million of that non-federal shortfall was a timing matter, as "other income" fell short of estimate by $42.8 million due largely to the JobsOhio liquor profits payment being delayed until October. That payment is expected to be about $37 million, so if that payment had been made in September as expected, the non-federal revenue variance would have been less than $2 million.

For the year, federal revenues are $224.9 million (7.8%) below estimate, as Medicaid spending is $313.0 million (7.0%) below estimate. Non-federal revenues are $12.1 million (0.2%) below estimate, as a $31.9 million (0.6%) overage in tax revenues has been slightly more than offset by a $40.3 million shortfall in "other income," which is a result of the delayed JobsOhio liquor profits payment mentioned above.

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	$31.9	0.6%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	($264.6)	-8.9%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	($4.2)	-5.2%
TOTAL REVENUE VARIANCE:		**($236.9)**	**-2.8%**
Non-federal revenue variance		**($12.1)**	**-0.2%**
Federal grants variance		**($224.9)**	**-7.8%**

Tax revenues were $4.1 million (0.2%) above estimate in September. Individual tax results were mixed, with the non-auto sales tax again the top performer, coming in $14.9 million (2.1%) above estimate. The personal income tax also posted an overage, finishing $4.8 million (0.6%) above estimate. Several tax sources fell slightly short of estimate, with the worst performance coming from the CAT, which was $7.2 million below estimate for the month and is now $20.1 million (5.5%) below estimate for the year. On the plus side, the non-auto sales tax is now $50.4 million (2.3%) above estimate for the year.

On a year-over-year basis, monthly receipts were $114.1 million (4.6%) higher than in September of the previous fiscal year, due primarily to a $104.2 million (6.1%) increase in tax revenues. The increase in tax revenues from last September was driven primarily by the personal income tax, where revenues grew by $76.8 million (9.9%). Employer withholding alone grew by $46.5 million (7.1%) from last September. The non-auto sales tax also performed well, growing by $49.3 million (7.5%). Although results have varied month-to-month, non-auto sales tax revenues have been on an improving growth trend since last February. Year-over-year, income tax revenues have grown by 6.9%, and non-auto sales tax revenues, if adjusted for Medicaid Health Insuring Corporation (MHIC) collections, are up 6.0%.

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

Individual Revenue Sources Above Estimate		**Individual Revenue Sources Below Estimate**	
Non-Auto Sales Tax	$14.9	Federal Grants	($115.1)
Personal Income Tax	$4.8	Other Income	($42.8)
Alcoholic Beverage Tax	$1.3	Commercial Activity Tax	($7.2)
Petroleum Activity Tax	$0.7	Financial Institutions Tax	($4.0)
Other Sources Above Estimate	$0.7	Kilowatt Hour Tax	($3.0)
		Auto Sales Tax	($2.2)
		Other Sources Below Estimate	($1.7)
Total above	**$22.4**	**Total below**	**($176.1)**

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

September non-auto sales and use tax collections totaled $709.6 million and were $14.9 million (2.1%) above estimate. This September overperformance marks the third consecutive monthly overage. Through the first quarter of the fiscal year, non-auto sales and use tax revenues are $50.4 million (2.3%) ahead of the estimate.

Year-over-year non-auto tax revenue growth was above 7% in September and is 6% for the year, once one adjusts for the impact of the repealed sales tax on Medicaid Health Insuring Corporations (MHICs). As noted in last month's report, monthly comparisons no longer require adjustment, but the comparisons of year-to-date revenue will still be adjusted because of the July MHIC revenues in fiscal year 2018.

Non-Auto Sales Tax Revenue Growth Without MHIC– FY18 through September
($ in millions)

	Sep-18	Sep-19	FY 18 YTD	FY 19 YTD
Non-Auto sales tax GRF	$660.3	$709.6	$2,183.9	$2,242.0
Non-Auto sales tax PLF (Library Fund)	$17.0	$17.9	$50.6	$51.6
Non-Auto sales tax, all funds	$677.3	$727.5	$2,234.5	$2,293.6
MHIC revenues (state)	$0.0	$0.0	$71.7	$0.0
GRF and PLF revenues without MHIC	$677.3	$727.5	$2,162.8	$2,293.6
Change from prior year in non-MHIC collections		$50.2		$130.8
Pct. change from prior year in non-MHIC collections		7.4%		6.0%

Monthly and year-to-date revenues, adjusted for MHIC collections, are shown in the table above. Note that the table shows not only GRF revenues, but also sales tax revenues distributed to the Public Library Fund (PLF) making the growth percentages slightly different than those for the GRF alone.

The non-auto sales tax has shown substantial improvement in growth since its 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, and now August and September, have exceeded 7%. Despite these ups and downs, overall non-auto revenue growth over the last 8 months has averaged 5.0%.

The improvement in non-auto revenue growth has coincided with the reduction in federal income tax withholding rates due to the passage of the federal Tax Cuts and Jobs Act (TCJA). While it is too early to infer that the improvement in growth has resulted from reduced withholding and thus additional disposable income for consumers, it is a reasonable hypothesis. If the two are related, then growth may slow in the second half of fiscal year 2019 as income comparisons 12 months apart incorporate higher disposable income in both months.

Auto Sales Tax

The auto sales tax was $2.2 million (1.9%) below estimate in September, however, revenues for the year are $9.9 million (2.6%) above estimate. National unit sales of new autos dropped to 16.6 million (annualized) in August, which contributed to the weak September showing. Sales rebounded to a 17.4 million unit annualized pace in September, raising the probability that October revenues will meet the estimate. For the year, revenues have grown by $18.2 million (4.9%) from last year.

National data shows that the shift in vehicle mix from lower-priced cars to higher priced light trucks continues, helping to boost auto sales tax revenues. The light truck share of total unit sales rose from just below 50% at the start of 2013 to over 70% in August, a new record, and it remained over 70% in September.

Auto sales tax revenues have also been supported by high used vehicle prices. Edmunds.com reported that the average used vehicle price in the first quarter of 2018 was $19,657, up 17.6% from five years earlier.

Personal Income Tax

September GRF personal income tax receipts totaled $855.4 million and were $4.8 million (0.6%) above the estimate. After falling below estimate in August, employer withholding rebounded strongly in September, finishing $32.7 million (4.9%) above estimate. Withholding is now $22.7 million (1.1%) above estimate for the year, having grown 5.5%, while estimated growth was only 4.4%.

Quarterly estimated payments were below estimate by $24.6 million (11.3%) in September. However, it appears that about $10 million in estimated payment spilled over from September into the first couple of days of October, so estimated payments were not as weak as they appear at first. Furthermore, although they fell short of estimate, quarterly payments were up by $30 million (18.7%) from last September. They fell short despite this strong growth because the estimates assumed growth of 34%, consistent with observed growth in quarterly payments in April and June, the first two payments of tax year 2018.

The other categories of income tax payments were close to the estimate in September. Collectively, all categories other than withholding and quarterly payments were $3 million below estimate.

On a year-over-year basis, September GRF income tax collections were $76.8 million (9.9%) above September 2017 collections, and collections for the year have grown by $143.5 million (6.9%).

FY2019 PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)

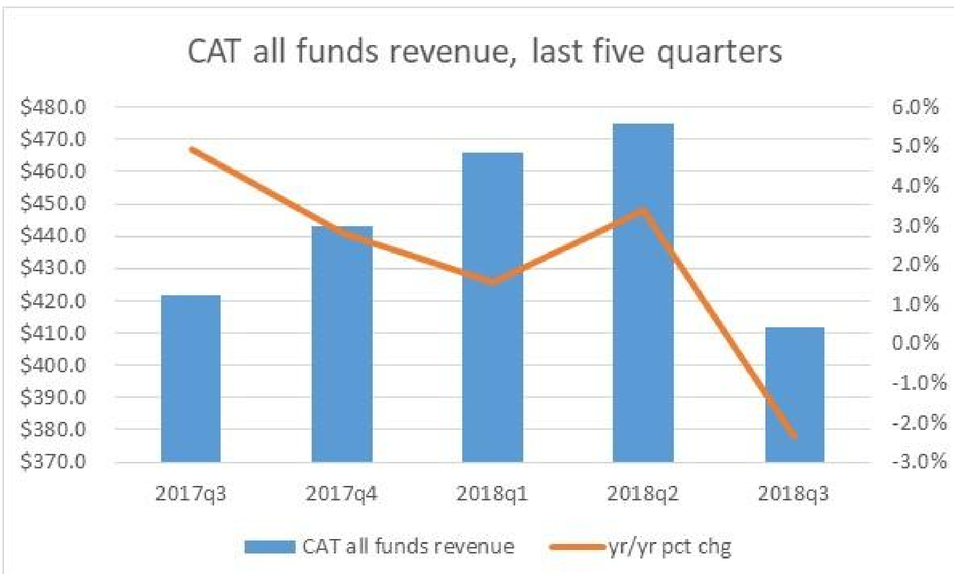
	Actual September	Estimate September	$ Var	Actual Sep-2018	Actual Sep-2017	$ Var Y-0ver-Y
Withholding	$700.8	$668.1	$32.7	$700.8	$654.2	$46.5
Quarterly Est.	$192.5	$217.1	($24.6)	$192.5	$162.2	$30.3
Trust Payments	$15.4	$15.0	$0.4	$15.4	$12.5	$2.9
Annual Returns & 40 P	$9.9	$10.4	($0.5)	$9.9	$8.0	$1.9
Other	$4.6	$8.0	($3.4)	$4.6	$8.1	($3.5)
Less: Refunds	($32.4)	($32.9)	$0.5	($32.4)	($32.8)	$0.4
Local Distr.	($35.3)	($35.1)	($0.2)	($35.3)	($33.6)	($1.7)
Net to GRF	$855.4	$850.6	$4.8	$855.4	$778.6	$76.8

Commercial Activity Tax

September commercial activity tax (CAT) receipts deposited in the GRF totaled $3.1 million and were $7.2 million below estimate. This negative variance continues the trend of underages during the first quarter of fiscal year 2019. GRF CAT revenues are $20.1 million (5.5%) below estimate for the year.

Although OBM does not yet have detailed credit information, it appears that a high amount of credits claimed against the CAT early this fiscal year, rather than underperformance of taxable receipts, is the primary reason for the negative start to the year.

Compared to last year, all funds CAT revenues declined in the first quarter, dropping by $10 million (2.4%). This is a sharp departure from last year, when every quarter showed growth and growth accelerated somewhat in the last quarter after slowing in the second and third quarters.



OBM still expects growth in CAT revenues to turn positive in the October-December quarter as credits are expected to fall back into line with estimates and strong sales growth is expected to boost taxable receipts.

GRF Non-Tax Receipts

GRF non-tax revenues in September totaled $812.6 million and were $157.8 million (16.3%) below estimate. This variance was primarily attributable to Federal grants, which were below estimate by $115.1 million (12.6%) due to underspending of $144.3 million in GRF Medicaid.

Revenues in the Other Income category were $42.8 million (79.7%) below estimate due to the timing of JobsOhio deferred compensation payments from liquor profits, which will be received in October instead of September as estimated and are expected to be about $5.2 million (12.3%) less than the planned total of $42.0 million.

10/11/2018

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL SEPTEMBER	ESTIMATE SEPTEMBER	$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	709,612	694,700	14,912	2.1%	2,241,989	2,191,600	50,389	2.3%
Auto Sales & Use	115,259	117,500	(2,241)	-1.9%	387,375	377,500	9,875	2.6%
Subtotal Sales & Use	824,871	812,200	12,671	1.6%	2,629,364	2,569,100	60,264	2.3%
Personal Income	855,437	850,600	4,837	0.6%	2,212,629	2,226,100	(13,471)	-0.6%
Corporate Franchise	21	0	21	N/A	162	0	162	N/A
Financial Institutions Tax	(6,626)	(2,600)	(4,026)	-154.9%	(6,160)	(1,400)	(4,760)	-340.0%
Commercial Activity Tax	3,005	10,200	(7,195)	-70.5%	347,006	367,100	(20,094)	-5.5%
Petroleum Activity Tax	2,019	1,300	719	55.3%	2,019	1,300	719	55.3%
Public Utility	106	0	106	N/A	32,411	29,100	3,311	11.4%
Kilowatt Hour	32,461	35,500	(3,039)	-8.6%	95,596	96,800	(1,204)	-1.2%
Natural Gas Distribution	0	0	0	N/A	14,839	12,300	2,539	20.6%
Foreign Insurance	5,796	7,500	(1,704)	-22.7%	8,357	8,500	(143)	-1.7%
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	75,087	75,100	(13)	0.0%	183,009	180,000	3,009	1.7%
Alcoholic Beverage	5,594	4,300	1,294	30.1%	16,033	14,900	1,133	7.6%
Liquor Gallonage	4,495	4,100	395	9.6%	12,900	12,500	400	3.2%
Estate	0	0	0	N/A	37	0	37	N/A
Total Tax Receipts	1,802,266	1,798,200	4,066	0.2%	5,548,202	5,516,300	31,902	0.6%
NON-TAX RECEIPTS								
Federal Grants	799,631	914,710	(115,079)	-12.6%	2,671,679	2,896,557	(224,878)	-7.8%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fees	2,078	1,937	141	7.3%	8,256	7,781	475	6.1%
Other Income	10,884	53,708	(42,824)	-79.7%	16,109	56,363	(40,254)	-71.4%
ISTV'S	8	0	8	N/A	14	0	14	N/A
Total Non-Tax Receipts	812,601	970,356	(157,754)	-16.3%	2,696,057	2,960,700	(264,643)	-8.9%
TOTAL REVENUES	**2,614,867**	**2,768,556**	**(153,689)**	**-5.6%**	**8,244,259**	**8,477,000**	**(232,741)**	**-2.7%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	0	0	N/A	75,995	80,190	(4,195)	-5.2%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	0	0	N/A	75,995	80,190	(4,195)	-5.2%
TOTAL SOURCES	**2,614,867**	**2,768,556**	**(153,689)**	**-5.6%**	**8,320,254**	**8,557,190**	**(236,937)**	**-2.8%**

10/11/2018

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

	MONTH				YEAR-TO-DATE			
REVENUE SOURCE	**SEPTEMBER FY 2019**	**SEPTEMBER FY 2018**	**$ VAR**	**% VAR**	**ACTUAL FY 2019**	**ACTUAL FY 2018**	**$ VAR**	**% VAR**
TAX RECEIPTS								
Non-Auto Sales & Use	709,612	660,263	49,349	7.5%	2,241,989	2,183,889	58,100	2.7%
Auto Sales & Use	115,259	120,009	(4,750)	-4.0%	387,375	369,201	18,174	4.9%
Subtotal Sales & Use	824,871	780,273	44,598	5.7%	2,629,364	2,553,090	76,274	3.0%
Personal Income	855,437	778,628	76,809	9.9%	2,212,629	2,069,123	143,506	6.9%
Corporate Franchise	21	72	(52)	-71.3%	162	2,377	(2,215)	-93.2%
Financial Institutions Tax	(6,626)	(7,533)	907	12.0%	(6,160)	(4,875)	(1,285)	-26.4%
Commercial Activity Tax	3,005	10,155	(7,150)	-70.4%	347,006	355,377	(8,371)	-2.4%
Petroleum Activity Tax	2,019	1,570	449	28.6%	2,019	1,570	449	28.6%
Public Utility	106	1	105	10204.5%	32,411	27,337	5,074	18.6%
Kilowatt Hour	32,461	32,922	(461)	-1.4%	95,596	90,762	4,835	5.3%
Natural Gas Distribution	0	(1)	1	N/A	14,839	11,326	3,512	31.0%
Foreign Insurance	5,796	6,399	(603)	-9.4%	8,357	6,522	1,835	28.1%
Domestic Insurance	0	5	(5)	N/A	0	62	(62)	-100.0%
Other Business & Property	0	0	0	N/A	0	(374)	374	N/A
Cigarette and Other Tobacco	75,087	86,912	(11,825)	-13.6%	183,009	188,751	(5,742)	-3.0%
Alcoholic Beverage	5,594	4,600	994	21.6%	16,033	15,449	584	3.8%
Liquor Gallonage	4,495	4,073	422	10.4%	12,900	12,225	674	5.5%
Estate	0	(3)	3	N/A	37	29	8	28.7%
Total Tax Receipts	1,802,266	1,698,073	104,192	6.1%	5,548,202	5,328,752	219,450	4.1%
NON-TAX RECEIPTS								
Federal Grants	799,631	780,003	19,628	2.5%	2,671,679	2,708,707	(37,028)	-1.4%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fee	2,078	1,936	142	7.3%	8,256	7,713	542	7.0%
Other Income	10,884	20,429	(9,545)	-46.7%	16,109	26,275	(10,166)	-38.7%
ISTV'S	8	376	(368)	-97.9%	14	376	(362)	-96.4%
Total Non-Tax Receipts	812,601	802,744	9,857	1.2%	2,696,057	2,743,071	(47,014)	-1.7%
TOTAL REVENUES	**2,614,867**	**2,500,817**	**114,049**	**4.6%**	**8,244,259**	**8,071,823**	**172,436**	**2.1%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	0	0	N/A	75,995	111,347	(35,352)	-31.7%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	0	0	N/A	75,995	111,347	(35,352)	-31.7%
TOTAL SOURCES	**2,614,867**	**2,500,817**	**114,049**	**4.6%**	**8,320,254**	**8,183,171**	**137,083**	**1.7%**

DISBURSEMENTS

September GRF disbursements, across all uses, totaled $3,133.0 million and were $109.3 million (3.4%) below estimate. This variance was primarily attributable to below estimate disbursements in the Medicaid and Health and Human Services categories. These variances were partially offset by above estimate expenditures in the Primary and Secondary Education and Property Tax Reimbursement categories. On a year-over-year basis, September total uses were $309.5 million (11.0%) higher than those of the same month in the previous fiscal year, with increases in Property Tax Reimbursements largely responsible for the difference. Year-to-date variances from the 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)	($232.9 Million)	-2.5%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$0.3 Million	0.0%
TOTAL DISBURSEMENTS VARIANCE:		**($232.6 Million)**	**-2.3%**

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

Primary and Secondary Education

This category contains GRF spending by the Ohio Department of Education. September disbursements for this category totaled $722.6 million and were $32.1 million (4.6%) above estimate. This variance was primarily attributable to spending in the foundation funding line item, which totaled $695.8 million and was $27.3 (4.1%) million above estimate and the EdChoice line item, which was $4.1 million above estimate, both due to the timing of EdChoice scholarship payments. These variances are expected to offset in future months.

On a year-over-year basis, disbursements in this category were $96.5 million (15.4%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $99.0 million (4.8%) higher than the same point in fiscal year 2018. The year-to-date variance is primarily attributable to increased payments to school districts under the foundation funding formula.

Higher Education

September disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled $187.4 million and were $9.8 million (4.96%) below estimate for the month. This variance was primarily attributable to spending in the Ohio College Opportunity Grant Program, which was below estimate by $8.4 million due to lower than expected requests for reimbursement from higher education institutions.

Year-to-date disbursements were $562.4 million, which was $13.0 million (2.3%) below the estimate. On a year-over-year basis, disbursements in this category were $2.5 million (1.3%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $22.0 million (4.1%) higher than at the same point in fiscal year 2018.

Other Education

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

September disbursements in this category totaled $7.9 million and were $2.6 million (25.1%) below estimate. Year-to-date disbursements were $26.4 million and were nearly at the estimate. On a year-over-year basis, disbursements in this category were $1.1 million (12.5%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $2.8 million (12.0%) higher than at the same point in fiscal year 2018.

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>
September GRF disbursements for the Medicaid Program totaled $1,255.7 million and were $144.3 million (10.3%) below estimate, and $72.6 million (6.1%) above disbursements for the same month in the previous fiscal year. Year-to-date GRF disbursements totaled $4,132.2 million and were $313.0 million (7.0%) below estimate, and $3.8 million (0.1%) below disbursements for the same point in the previous fiscal year.

September all-funds disbursements for the Medicaid Program totaled $2,077.2 million and were $539.3 million (20.6%) below estimate, and $373.4 million (15.2%) below disbursements for the same month in the previous fiscal year. Year-to-date all-funds disbursements totaled $6,370.5 million and were $753.1 million (10.6%) below estimate, and $700.1 million (9.9%) below disbursements for the same point in the previous fiscal year.

September all-funds variance was due to underspending in all program categories. The fee-for-service program was below estimate due to enrollment being 4.5% below estimate and a less expensive enrollment mix. The managed care program was below estimate due to a delay in a planned pay-for-performance payment, which is now expected to be paid in the coming months. In addition, managed care enrollment was 2.4% below estimate. A planned payment under the Hospital Care Assurance Program (HCAP) was also not completed this month but is expected to be paid in November. The premium assistance program was below estimate due to enrollment in that program being 8.4% below estimate. Underspending in September was also reported in administrative expenses.

The year-to-date, all-funds variance was due to underspending in all major program categories. Underspending in the fee-for-service, managed care, and premium assistance programs are all driven by program enrollment being 4.2%, 2.1%, and 7.8%, respectively, below estimate on an average monthly enrollment basis. Fee-for-service spending was also below estimate due to the mix of program enrollees being less expensive. Underspending year-to-date also includes the two delayed payments described above. Finally, program administration expenses were 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)

	September Actual	September Projection	Variance	Variance %
GRF	$ 1,255.7	$ 1,400.0	$ (144.3)	-10.3%
Non-GRF	$ 821.4	$ 1,216.4	$ (394.9)	-32.5%
All Funds	$ 2,077.2	$ 2,616.4	$ (539.3)	-20.6%

<u>Enrollment</u>
Total September enrollment for the program was 2.90 million, which was 80,277 (2.7%) below the estimate and 143,902 (4.7%) below enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 2.91 million and was 72,980 (2.5%) below estimate.

September enrollment by major eligibility category was: Covered Families and Children, 1.64 million; Aged, Blind and Disabled (ABD), 490,658; Group VIII Expansion, 641,452; and Other Full Benefits, 15,315 persons.

Please note that these data are subject to revision.

Health and Human Services

This category includes non-debt service GRF expenditures by the following state agencies: Job and Family Services, Health, Aging, Developmental Disabilities, Mental Health and Addiction Services, and others. Examples of expenditures in this category include: child care, TANF, administration of the state's psychiatric hospitals, operating subsidies to county boards of developmental disabilities, various immunization programs, and Ohio's long-term care ombudsman program. To the extent that these agencies spend GRF to support Medicaid services, that spending is reflected in the Medicaid category.

September disbursements in this category totaled $64.4 million and were $17.4 million (21.2%) below estimate. Year-to-date disbursements were $287.5 million, which was $33.1 million (10.3%) below estimate. On a year-over-year basis, disbursements in this category were $8.3 million (14.7%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $3.6 million (1.3%) higher than at the same point in fiscal year 2018.

Department of Health

September disbursements for the Department of Health totaled $10.2 million and were $2.5 million (33.0%) above estimate. This variance was primarily attributable to the Help Me Grow line item, which was $2.2 million (146.7%) above estimate due to payments for prior year encumbrances that were paid in September rather than July and August as anticipated.

Department of Job and Family Services

September disbursements for the Department of Job and Family Services totaled $23.1 million and were $10.8 million or (31.9%) below estimate. This variance was primarily attributable to the Information Technology Projects line item, which was $4.0 million below estimate due to delayed payments and the Family Assistance-Local line item, which was $3.1 million below estimate due to delayed requests for funding from counties. These variances were partially offset by the Child Support-Local line item, which was $1.3 million above estimate due to county funding requests being higher than expected.

Department of Mental Health and Addiction Services

September disbursements for the Department of Mental Health and Addiction Services totaled $26.1 million and were $8.1 million (31.1%) below estimate. This variance was primarily attributable to the timing of payments in several line items, notably the Criminal Justice Services line item, which was $2.3 million below estimate and the Continuum of Care Services line item, which was $1.7 million below estimate. These variances and others will correct throughout the fiscal year.

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.

September disbursements in this category totaled $163.6 million and were $2.6 million (1.6%) above estimate. Year-to-date disbursements were $617.8 million, which was $7.5 million (1.2%) below estimate. On a year-over-year basis, disbursements in this category were $21.7 million (15.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $43.8 million (7.6%) higher than at the same point in fiscal year 2018.

Department of Rehabilitation and Correction

September disbursements for the Department of Rehabilitation and Correction totaled $129.3 million and were $5.0 million (4.1%) above estimate. This variance was primarily attributable to the Halfway House line item, which was $15.9 million above estimate due to the timing of subsidy payments. This variance was partially offset by below estimate disbursements in the Institutional Medical Services line item, which was $4.8 below estimate and the Community Nonresidential Programs line item, which was $3.4 million below estimate, both due to the timing of payments.

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.

September disbursements in this category totaled $24.0 million and were $4.1 million (14.7%) below estimate. Year-to-date disbursements were $99.0 million, which was $2.2 million (2.1%) below estimate. On a year-over-year basis, disbursements in this category were $1.7 million (7.7%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $3.7 million (3.9%) higher than at the same point in fiscal year 2018.

Development Services Agency

September disbursements for the Development Services Agency totaled $3.5 million and were $1.3 million (57.1%) above estimate. This variance is primarily attributable to the Technology Programs and Grants line item, which was above estimate due to a higher than estimated disbursement of prior year encumbrances.

Department of Taxation

September disbursements for the Department of Taxation totaled $3.8 million and were $1.6 million (30.0%) below estimate. This variance in their GRF Operating Expense line item is primarily attributable to the timing of several payments that came in earlier than anticipated.

Property Tax Reimbursements

Payments from the property tax reimbursement category are made to local governments and school districts to reimburse these entities for revenues foregone as a result of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. September property tax reimbursements totaled $297.9 million and were $37.1 million (14.2%) above estimate. Year-to-date disbursements totaled $577.2 million and were $149.7 million (35.0%) above estimate. The monthly and year-to-date variances are due to reimbursement requests being received from counties earlier than anticipated.

Debt Service

September payments for debt service totaled $409.5 million and were $0.4 million (0.1%) below estimate. Year-to-date disbursements totaled $794.4 million and were $0.5 million (0.1%) below estimate.

Transfers Out

September transfers out totaled $13.0 thousand and were $2.5 million (99.5%) below estimate. Year-to-date transfers totaled $741.9 million and were $0.3 million (0.0%) above estimate. The monthly variance is attributable to a planned transfer to the OhioCorps Fund occurring in August rather than September, as anticipated.

10/11/2018

Table 3

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL SEPTEMBER	ESTIMATED SEPTEMBER	$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	$ VAR	% VAR
Primary and Secondary Education	722,623	690,563	32,061	4.6%	2,165,896	2,179,273	(13,377)	-0.6%
Higher Education	187,392	197,163	(9,771)	-5.0%	562,389	575,424	(13,035)	-2.3%
Other Education	7,868	10,506	(2,639)	-25.1%	26,430	26,394	36	0.1%
Medicaid	1,255,730	1,400,047	(144,317)	-10.3%	4,132,180	4,445,210	(313,030)	-7.0%
Health and Human Services	64,357	81,713	(17,356)	-21.2%	287,486	320,554	(33,068)	-10.3%
Justice and Public Protection	163,581	160,973	2,609	1.6%	617,824	625,341	(7,517)	-1.2%
General Government	23,980	28,107	(4,126)	-14.7%	98,944	101,101	(2,157)	-2.1%
Property Tax Reimbursements	297,899	260,819	37,080	14.2%	577,235	427,510	149,726	35.0%
Debt Service	409,534	409,929	(395)	-0.1%	794,412	794,869	(458)	-0.1%
Total Expenditures & ISTV's	**3,132,964**	**3,239,819**	**(106,855)**	**-3.3%**	**9,262,795**	**9,495,674**	**(232,879)**	**-2.5%**
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	657,503	657,503	(0)	0.0%
Operating Transfer Out	13	2,500	(2,487)	-99.5%	84,368	84,070	297	0.4%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**13**	**2,500**	**(2,487)**	**-99.5%**	**741,871**	**741,573**	**297**	**0.0%**
Total Fund Uses	**3,132,977**	**3,242,319**	**(109,343)**	**-3.4%**	**10,004,666**	**10,237,248**	**(232,582)**	**-2.3%**

10/11/2018

Table 4

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

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	**SEPTEMBER FY 2019**	**SEPTEMBER FY 2018**	**$ VAR**	**% VAR**	**ACTUAL FY 2019**	**ACTUAL FY 2018**	**$ VAR**	**% VAR**
Primary and Secondary Education	722,623	626,065	96,559	15.4%	2,165,896	2,066,824	99,072	4.8%
Higher Education	187,392	189,932	(2,540)	-1.3%	562,389	540,361	22,028	4.1%
Other Education	7,868	8,991	(1,123)	-12.5%	26,430	23,602	2,828	12.0%
Medicaid	1,255,730	1,183,121	72,609	6.1%	4,132,180	4,135,948	(3,768)	-0.1%
Health and Human Services	64,357	56,087	8,270	14.7%	287,486	283,927	3,559	1.3%
Justice and Public Protection	163,581	141,928	21,654	15.3%	617,824	574,067	43,757	7.6%
General Government	23,980	22,258	1,722	7.7%	98,944	95,254	3,689	3.9%
Property Tax Reimbursements	297,899	175,471	122,428	69.8%	577,235	413,777	163,459	39.5%
Debt Service	409,534	419,336	(9,802)	-2.3%	794,412	773,964	20,448	2.6%
Total Expenditures & ISTV's	**3,132,964**	**2,823,187**	**309,777**	**11.0%**	**9,262,795**	**8,907,724**	**355,071**	**4.0%**
Transfers Out:								
BSF Transfer	0	0	0	N/A	657,503	0	657,503	N/A
Operating Transfer Out	13	273	(261)	-95.3%	84,368	58,368	25,999	44.5%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**13**	**273**	**(261)**	**-95.3%**	**741,871**	**58,368**	**683,503**	**1,171.0%**
Total Fund Uses	**3,132,977**	**2,823,460**	**309,516**	**11.0%**	**10,004,666**	**8,966,092**	**1,038,574**	**11.6%**

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.

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

Jason Akbar, Ben Boettcher, Frederick Church, Todd Clark, Jim Coons, Adam Damin, Paul DiNapoli, Florel Fraser, Chris Guerrini, Chris Hall, Sharon Hanrahan, Jennifer Kahle, Kurt Kauffman, Sári Klepacz, Taylor Pair, Steven Peishel, Craig Rethman, Tara Schuler, Travis Shaul, Kevin Schrock, Dex Stanger, and Nick Strahan.