OBM

December 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

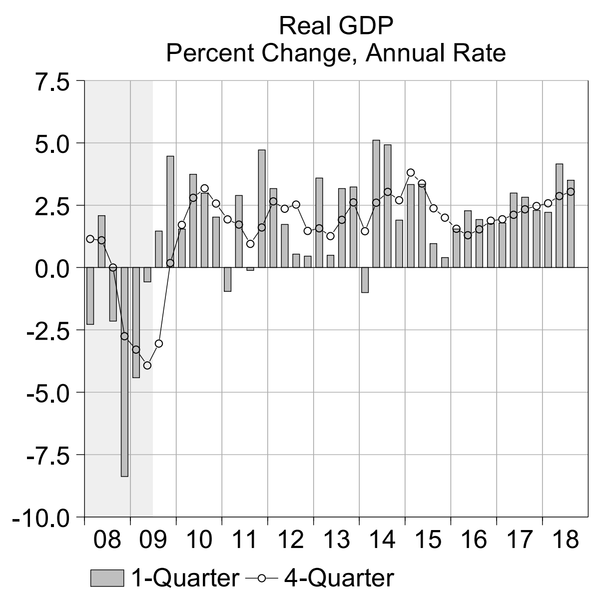
ECONOMIC SUMMARY

Economic Performance Overview

- The economy expanded at an annual rate of 3.5% in the third quarter and was 3.0% larger than a year earlier. Forecasters project that growth is continuing at a rate of about 2.5% in the fourth quarter.
- U.S. employment increased by 155,000 jobs in November for a 3-month average of 170,000 jobs per month. The unemployment rate was unchanged at 3.7%.
- Ohio nonfarm payroll employment increased by 10,900 jobs in October and 112,900 from a year earlier. The unemployment rate stayed at 4.6%.
- Leading economic indicators remain consistent with uninterrupted economic growth well into 2019.

Economic Growth

Real GDP expanded at an annual rate of 3.5% in the third quarter, down from 4.2% in the second quarter, but still well ahead of the 2.3% average during this expansion. Growth was 3.0% on a year-over-year basis, which is the fastest in just over three years. The growth rate of 3.8% during the middle two quarters of the year was the best in four years and the third best in this expansion.



Sentiment among small businesses faded slightly for a second month in a row in October after rising to an all-time high in August, according to the **National Federation of Independent Business (NFIB)**. Even so, the level remained among the highest in the 45-year history of the survey. Five of the ten components of the Index of Small Business Optimism posted small declines, four were unchanged, and one increased. Capital spending among small businesses was reportedly strong and hiring was said to be solid.

The **Ohio economy** expanded moderately in October, according to the Ohio coincident economic index, which is computed from labor market indicators by the Philadelphia Federal Reserve. The index increased 0.3% after a 0.2% rise the month before. Compared with a year ago, the index was higher by 3.1%.

The diffusion of **state-level coincident economic indexes** improved marginally in October, as the indexes for only five states were lower than a month ago and the indexes for only four states were lower than three months ago. Of note, the number of state indexes lower from the month before in the first month of recession has averaged 17 since 1979 and the number of state indexes down from the previous month three months before the onset of recession has averaged 10.

The **Ohio leading index**, which is designed to predict growth in the coincident index during the next six months, was 1.2% in October, little changed from the 1.5% reported the month before. The number of negative readings among individual **state-level composite leading indexes** decreased from four in September to one (Hawaii) in October and remains highly consistent with uninterrupted expansion in the near-term. Compiled by the Philadelphia Federal Reserve, the diffusion across these state leading indexes has been a leading indicator of turning points in the economy in the past. These indexes are very sensitive to state unemployment rates, which are subject to large annual benchmark revisions early each year.

National leading indicators advanced again in October, as the Conference Board's composite **Leading Economic Index** increased 0.1% after a 0.6% increase the month before. Five of the ten components of the index made positive contributions, once again led by consumer expectations for business conditions. Stock prices made the largest negative contribution. An unusual rise in initial jobless claims also weighed on the index. Stock prices will have made a small positive contribution in November, while claims probably subtracted somewhat. The Leading Economic Index was 6.2% above its year earlier level, providing strong evidence that the expansion will continue at least through the winter.

As shown in the table below, the **consensus among forecasters** is that real GDP growth is slowing in the fourth quarter to approximately 2.5%.

Source	Date	2018-Q4 GDP Forecast
Atlanta FRB (GDPNow)	12/6/18	2.7%
New York FRB (Nowcast)	11/30/18	2.5%
Philadelphia FRB (SPF*)	11/13/18	2.6%
Blue Chip	12/6/18	2.6% (2.2%-3.1%)
IHS	12/6/18	2.3%
*Survey of Professional Forecasters (2^{nd} month of each quarter)		

Employment

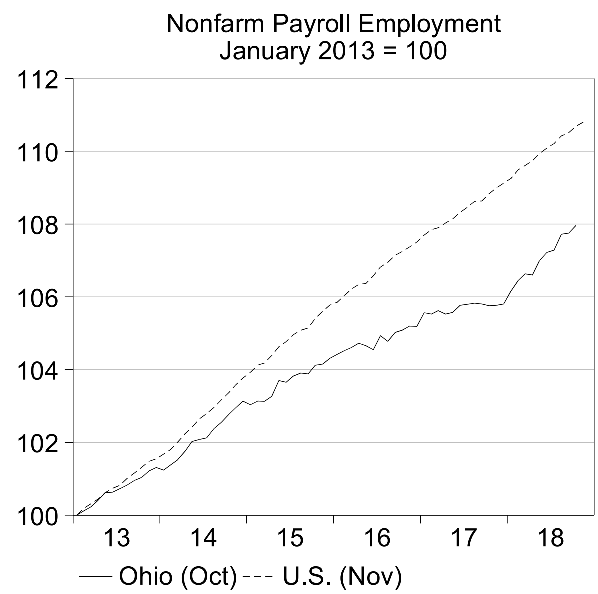
Nonfarm payrolls across the country increased by 155,000 jobs in November. Small revisions to job growth in September and October lowered that two-month total by 12,000 jobs. Private nonfarm payrolls increased by 161,000 jobs whereas government sector payrolls decreased by 13,000 jobs, with the decline occurring exclusively at the state level and split equally between education and non-education.

The average gain during the most recent three months was 170,000, was well below the average during the previous twelve months of 204,000. Nonfarm payroll employment has increased by 2.27 million jobs year-to-date, 12.7% ahead of the gain of 2.01 million jobs during the year-earlier period.

All major sectors with exception of information and government posted employment gains during November. The largest gains occurred in trade, transportation and utilities (+53,000), where transportation and warehousing accounted for half the gain; education and health services (+34,000), where health care employment increased by 32,100 jobs; professional and business services (+32,000); and manufacturing (+27,000), where there was strength in transportation and equipment outside of motor vehicles and parts. Growth in transportation employment (+25,000) was strong.

The **unemployment rate** was unchanged at 3.7% – the low for the cycle and the lowest level since December 1969. The number of unemployed rose by 111,000 as the labor force increased by 711,000 people while total employment jumped by 600,000 workers. The broadest measure of unemployment, the U-6 unemployment rate, decreased by 0.1 point to its expansion-low of 7.4%, as the number of people working part-time for economic reasons dipped by 21,000. 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 instead.

Average hourly earnings of all employees on private nonfarm payrolls increased 0.2% in November to 3.1% above the year earlier level, the same as the month before.



Ohio nonfarm payroll employment increased by 10,900 jobs in October and the September increase was revised down from 4,300 jobs to 1,700 jobs. Changes across sectors were mostly positive. Employment increase in educational and health services (+3,800), professional and business services (+3,600), trade, transportation and utilities (+2,200), and leisure and hospitality (+2,000). Decreases occurred mainly in other services (-1,300) and financial activities (-800). Ohio employment is up by 112,900 jobs year-to-date to an all-time high of almost 5.65 million jobs.

During the twelve months ending in October, Ohio employment increased by 115,400 jobs. The largest gains were in trade, transportation and utilities (+23,300), education and health services (+20,600), leisure and hospitality (+18,800), and manufacturing (+13,200). The only decline occurred in information (-300), which has not increased on a year-over-year basis since November 2016.

Among the **contiguous states**, employment increased on a year-over-year basis in Ohio (+1.8%), Pennsylvania (+1.5%), Michigan (+1.4%), Indiana (+0.8), West Virginia (+0.8%), and Kentucky (+0.5%). Manufacturing employment increased year-over-year in Ohio (2.2%), Michigan (1.7%), Pennsylvania (1.5%), West Virginia (1.3%), and Kentucky (0.2%). It decreased 0.4% in Indiana.

The **Ohio unemployment rate** was 4.6% in October for the fourth month in a row – down by 0.3 points since last December. Total employment decreased by 4,936 workers, while the labor force decreased by 4,864 workers and the number of unemployed increased by 72. The 0.3 percentage point decline in the unemployment rate from a year earlier resulted from an increase of 1,500 workers, a 15,150 decrease in the labor force, and a 22,100 person decline in the number of unemployed.

Across the country in October, the unemployment rate decreased notably from the month before in six states, led by a decline of 0.2 points in North Carolina. Two states had meaningfully higher rates than the month before: Colorado and Hawaii. Changes in the unemployment rate in the remaining 42 states and the District of Columbia were not statistically significant.

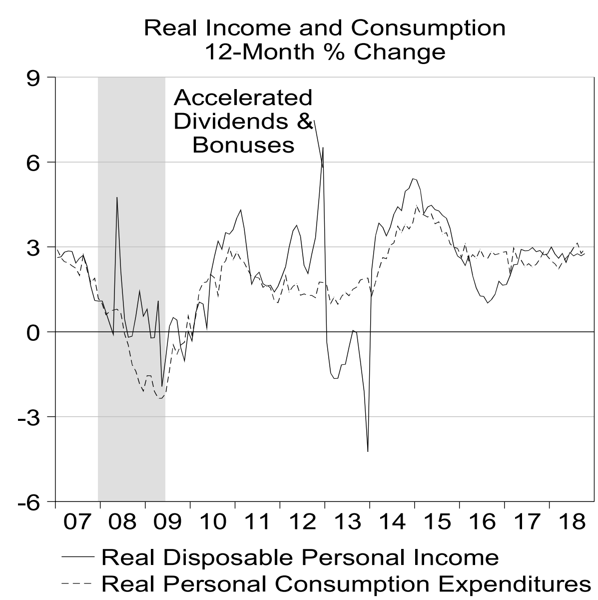
Consumer Income and Consumption

Personal income and personal consumption expenditures grew faster than anticipated in October. **Personal income** increased 0.5% in the largest monthly gain since January, driven by a 0.3% increase in wage and salary disbursements. A strong reversal from a decline to an increase in proprietors' income nearly matched the dollar contribution from wage and salary disbursements. Rounding out the major factors behind the increase in personal income were government transfers and dividend and interest income. Compared with a year earlier, personal income was up 4.3% and wage and salary disbursements was up 4.4%.

Personal consumption expenditures grew 0.6% in October, although the September rise was revised down from 0.4% to 0.2%. The October gain came from strong increases across the major categories of spending: +0.5% for durable goods, +0.6% for nondurable goods, and +0.7% for services.

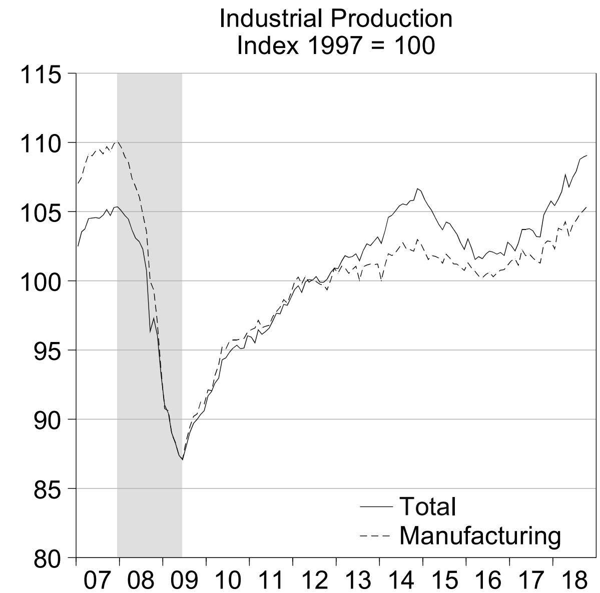
Unit sales of light **motor vehicles** were up a small 0.4% during October, and real spending on motor vehicles and parts was flat. Real spending on food services declined for the third straight month, pulling down the year-over-year comparison to its lowest since May. Light motor vehicle sales pulled back by 0.5% in November to an estimated annual rate of 17.4 million units, just above the 12-month moving average of 17.2.

Consumer confidence weakened slightly in November but remained on the historically high plateau of recent months. The Conference Board index decreased due to less bright expectations that were only partly offset by somewhat better impressions of current conditions. Interestingly, expectations are little changed during the past two years, while the current conditions index has increased by 40%. The overall index remained more than 40% higher than the historical average during periods of economic expansion. The University of Michigan index declined as both expectations and assessments of current conditions retreated, however, it was more than 10% above the historical expansion average.



Key factors supporting confidence are the strength of the labor market and personal income, which have outweighed concerns. For example, the percentage of respondents to the Conference Board survey who think jobs are plentiful minus those who think they are hard to get increased to the widest margin since 2001. Recent stock market volatility probably has undermined confidence, while sharply lower gas prices probably have supported it.

Industrial Activity



Industrial production increased by 0.1% in October for the fifth consecutive monthly gain. Compared with a year earlier, production is up 4.1%. **Manufacturing** production increased 0.3% to 2.7% above the year earlier level. Manufacturing is benefiting from strength across the economy, despite the nearly 10% rise in the foreign exchange value of the dollar since spring, which poses a challenge for U.S.-based manufacturers. Recently-imposed and periodically-threatened trade barriers are also creating obstacles. **Mining** and **utilities** output decreased by 0.3% and 0.5%, respectively.

With the exception of motor vehicles and parts, production across the country in some industries that are key employers in Ohio was positive. Primary metal output increased 3.0%, machinery output was up 1.2%, and fabricated metal production edged higher by 0.2%. Production of motor vehicles and parts fell by 2.8%. Compared with a year ago, production was still higher by 2.1% in motor vehicles and parts and was up by 6.9% in machinery and primary metal, and 5.3% in fabricated metal products.

The view of manufacturing by **purchasing managers** in the sector improved in November. The Purchasing Managers Index recovered from the October decline, rising to just above the 12-month average at 59.3. Reports of rising new orders and production were more widespread than the month before, as were reports of expanding employment. Increased order backlogs were more widespread, but the speed of supplier deliveries picked up somewhat. Reports of prices paid decreased substantially from 71.6 to 60.7 – the lowest level since May 2017. This decrease likely reflects the rise in the dollar and the steep decline in the price of oil since the beginning of October.

Of the eighteen industries tracked by the Manufacturing ISM® *Report on Business*, thirteen reported growth in the latest month. Among the industries with a disproportionate effect on Ohio manufacturing employment, machinery and transportation equipment reported expansion, fabricated metal products was stable, and primary metals reported a decrease for the second straight month.

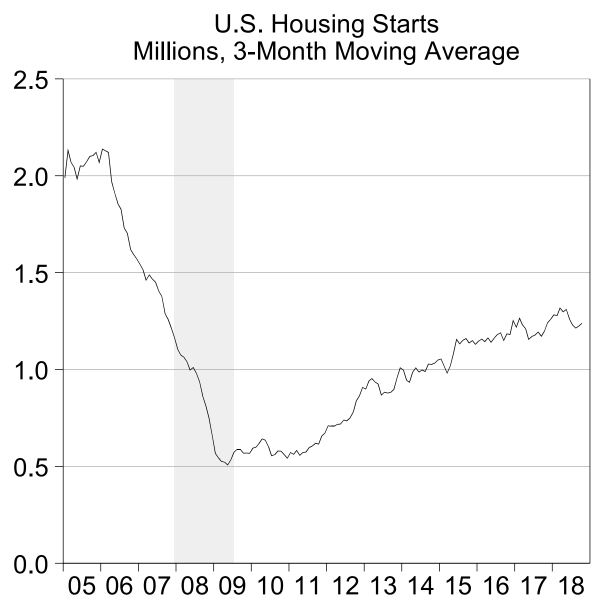
Anecdotes from across industries were mixed. A source in the transportation equipment industry reported that, "production continues at increased levels." A contact in the fabricated metals industry said that, "a lack of experienced workers is having an impact on production." Finally, a contact in the machinery industry said that, "tariffs and commodity increases have greatly affected our ability to remain competitive."

Construction

Construction put-in-place decreased by 0.1% in October for the third decline in a row and the fourth in the last five months. Private construction decreased by 0.4%, while public construction increased 0.8%. The weakness in private sector construction was focused in residential, where a 1.0% increase in mutlti-family was insufficient to overcome roughly equal-sized declines in single-family and improvements. Private nonresidential construction put-in-place fell by 0.3%, as strength in the office segment was more than offset by weakness in power and most other segments. The weakness in public sector construction was concentrated in education.

Compared with a year ago, total construction put-in-place was higher by 4.9%. Private sector activity was up by 3.9%, and public sector activity reported a year-over-year increase of 8.5%. Year-over-year growth in public sector construction peaked at 12.7% in August and as recently as November 2017 was negative.

Total **housing starts** increased 1.2% in October on a 3-month moving average basis, mainly reflecting a 3.8% increase in multi-family starts. Single-family starts rose just 0.2%. The October gain in total starts came after a 0.9% increase in September that followed three straight declines and four declines in the previous five months. That leaves starts down by 5.9% from the expansion peak in the first quarter. Recent weakness has been widely attributed to higher mortgage rates and home prices and less favorable tax treatment for property taxes and mortgage interest. The 30-year fixed mortgage rate, for example, is up a full percentage point year-to-date to almost 5%. While these cyclical factors remain in effect, underlying demographics are expected to provide support to the market during the next few years.



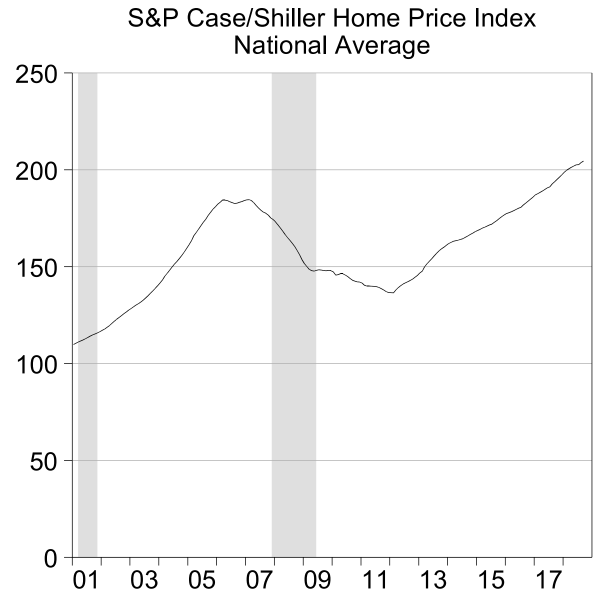
The more-forward-looking **housing permits** continued the recent downtrend in October. Across the country, permits fell 1.0% on a 3-month moving average basis for the sixth straight monthly decline, which leaves permits down by 6.9% from the first quarter. Single-family and multi-family permits each fell by about 1.0%. In the Midwest, a 3.2% increase in multi-family permits outweighed a 0.3% decline in single-family permits, resulting in a 0.9% increase overall.

Homebuilder confidence fell sharply from October to November, according to the National Association of Homebuilders. The index was down 18.9% from last December, with similar-size declines in the assessment of current sales, sales during the next six months, and traffic of prospective buyers. Among the regions, the year-to-date decline was the largest in the Midwest, where the index was lower by 28.9%.

New home sales decreased 3.5% in October, on a 3-month moving average basis, for the sixth decline in as many months. In the Midwest, new home sales fell by 4.2% for the fourth decline in five months. Compared with a year earlier, new home sales across the country were down 4.5% and in the Midwest were down by 4.7%.

Existing home sales also have been soft. National sales were down 0.8% in October on a 3-month moving average basis, the sixth straight decline, and Midwest sales increased by just 0.5%. Year-over-year comparisons were both negative, with national sales down 3.6% and Midwest sales down 1.8%.

Home prices nationally posted their 79th straight monthly increase in September to 5.5% above the year earlier level, 49.8% above the cyclical low reached in February 2012, and 10.2% above the previous peak in February 2007, according to the Case-Shiller index.



REVENUES

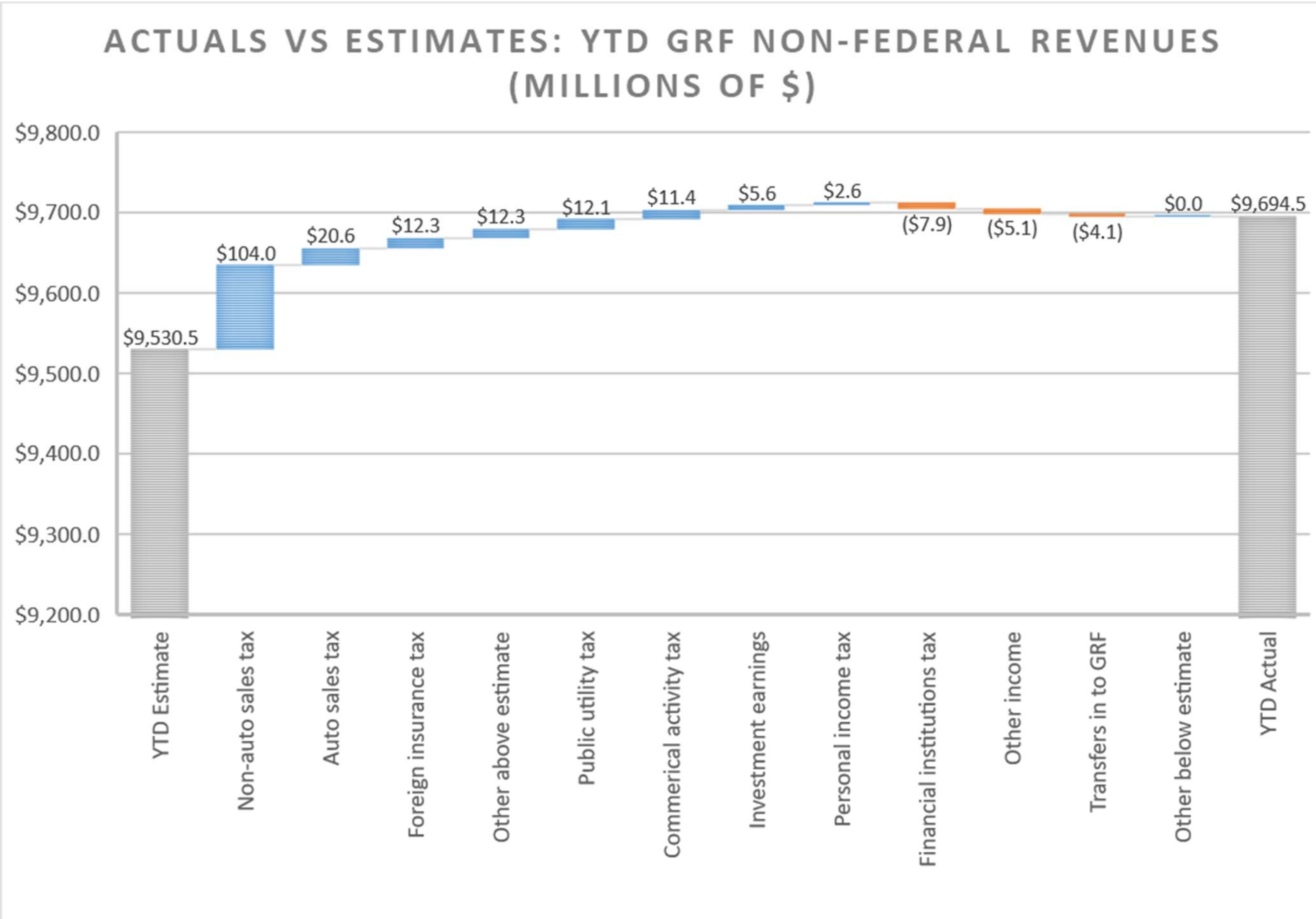
November **GRF receipts totaled $2,821.9 million** and were $99.3 million (3.6%) above estimate. For the month, tax revenues were $66.3 million (3.3%) above estimate, primarily due to an overage in the non-auto sales tax ($58.4 million), followed by the utility excise tax ($8.2 million) and the commercial activity tax ($5.3 million). Federal grant revenue was $34.0 million (4.6%) above estimate.

For the year-to-date, the largest single variance is in federal grants, which despite the recent months' overages, are still $153.4 million (3.4%) below estimate due to Medicaid spending being $243.8 million (3.5%) below estimate. Non-federal revenues are $163.9 million (1.7%) above estimate, led by a $166.9 million (1.8%) overage in tax revenues. Non-tax revenues other than federal grants have a slight negative variance of $3.0 million, as underperformance in other income and transfers in slightly more than offsets an overage in investment earnings.

Category	**Includes:**	**YTD Variance**	**% Variance**
Tax receipts	Sales & use, personal income, corporate franchise, financial institutions, commercial activity, natural gas distribution, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate	$166.9	1.8%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	($152.4)	-3.3%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	($4.1)	-5.1%
TOTAL REVENUE VARIANCE:		**$10.5**	**0.1%**
Non-federal revenue variance		**$163.9**	**1.7%**
Federal grants variance		**($153.4)**	**-3.4%**

The $66.3 million overage in tax revenues in November increased the year-to-date overage to $166.9 million. Boosted by significant November performance, the non-auto sales tax still has the largest single overage, at $104.0 million (2.9%). The auto sales tax, demonstrating consistent strength this year, has the second highest overage at $20.5 million (3.4%). The foreign insurance tax has the third highest overage, exceeding estimate by $12.3 million (8.4%), with all of that overage coming in the October estimated payment.

The following chart displays the relative contributions of various revenue sources to the overall variation between actual and estimated revenues through November.



On a year-over-year basis, monthly receipts were $350.9 million (14.2%) higher than in November of the previous fiscal year. The majority of this amount was attributable to federal grants, which were $202.8 million (35.5%) higher than last November – as discussed elsewhere in this report, most of the November federal receipts were anticipated in the month's estimate. There was also a $149.5 million (7.9%) increase in tax revenues, with the biggest contribution coming from the non-auto sales tax, which grew by $76.5 million (10.8%).

For the year, GRF revenues have grown by $747.0 million, with nearly 70% of that increase coming from tax revenues, which have grown by $521.6 million (5.8%). The income and sales taxes combined have accounted for $442.1 million of that growth. In fact, even those growth numbers are understated somewhat due to the fact that the first five months of fiscal year 2018 included one month (July) where Medicaid Health Insuring Corporation (MHIC) sales tax revenue was included. Backing MHIC revenue out of fiscal year 2018, GRF tax revenues have grown by $592.7 million, or 6.6%.

Finally, one indicator of the breadth of November's revenue strength can be seen in the table below, where only one source had a negative variance of any size.

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

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Non-auto Sales Tax	$58.4	Foreign Insurance Tax	($16.6)
Federal Grants	$34.0	Other Sources Below Estimate	($1.5)
Public Utility Excise Tax	$8.2		
Commercial Activity Tax	$5.3		
Auto Sales Tax	$3.1		
Cigarette and Other Tobacco Tax	$2.7		
Financial Institutions Tax	$2.6		
Alcoholic Beverage Tax	$2.0		
Other Sources Above Estimate	$1.0		
Total above	**$117.3**	**Total below**	**($18.1)**

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 Tax

November non-auto sales and use tax collections to the GRF totaled $787.3 million and were $58.4 million (8.0%) above estimate. This significant overperformance continues the general trend observed over the last several months. Except for a slight underage in October, the non-auto sales tax has exceeded estimate in each month of the fiscal year.

As cited in last month's report, the Cleveland Federal Reserve reported that retail demand was flat during late September into October, stalling the upward growth present for most of 2018. November's strong non-auto sales tax performance could be an indication that retail demand is again improving. Another working theory OBM has considered relates to the *South Dakota v. Wayfair Inc.* Supreme Court decision. As states have begun requiring online retailers to remit sales taxes, retailers may have preemptively started collecting non-auto sales tax revenue for Ohio – either for ease of implementation or in anticipation of changes to Ohio law.

Year-over-year growth in non-auto sales tax revenue to the GRF was $76.5 million (10.8%) compared to November of last year. After adjusting for the impact of the repealed sales tax on Medicaid Health Insuring Corporations (MHICs), growth is 6.4% year-over-year. As stated in previous reports this fiscal year, monthly comparisons no longer require adjustment, but year-to-date comparisons will continue to be adjusted since MHIC revenues were collected in July of fiscal year 2018, skewing that annual data.

Monthly and year-to-date revenues (adjusted for MHIC collections) are shown in the table below. All funds collections are highlighted as well as GRF revenues.

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

	Nov-17	Nov-18	FY 18 YTD	FY 19 YTD
Non-Auto sales tax GRF	$710.8	$787.3	$3,595.5	$3,749.6
Non-Auto sales tax PLF (Library Fund)	$15.46	$16.8	$80.9	$84.1
Non-Auto sales tax, all funds	$726.3	$804.1	$3,676.5	$3,833.8
MHIC revenues (state)	$0.00	$0.00	$71.7*	$0.00
GRF and PLF revenues without MHIC	$789.4	$805.5	$789.4	$805.5
Change from prior year in non-MHIC collections		$77.8		$229.0
Pct. change from prior year in non-MHIC collections		10.7%		6.4%

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 then August and September, have exceeded 7%. Despite these ups and downs, overall non-auto revenue growth over the last 9 months has averaged 4.5%.

The improvement in non-auto revenue growth has generally 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 twelve months apart incorporate higher disposable income in both months.

Auto Sales Tax

November auto sales tax revenues were $110.5 million, $3.1 million (2.9%) above estimate. November represents the third overage in the auto sales tax in the last four months, with September being slightly below the estimate. The latest overage pushes the year-to-date variance up to $20.6 million (3.4%) above estimate.

Auto sales dipped nationally by around 0.5% in November, marking the first November since 2009 that auto sales have dropped. However, the average transaction price is approaching $34,000 which is near the record high. Price movement seems to have offset fewer units sold as they relate to auto sales tax revenue. Compared to November of last year, revenues are $7.8 million (7.6%) higher. Despite the slight decline in units sold, November auto sales were enough to keep the expected pace of 17.4 to 17.5 million units sold annually.

Continuing the trend observed over the last several months, the composition of auto sales has contributed to auto sales tax growth. Light trucks have comprised the bulk of auto sales (70.1%) compared to cars (29.9%) for some time, and they carry a higher average retail price than cars. Supporting the sale of more expensive autos has been the endurance of low interest rates, allowing dealers to provide attractive financing to consumers. Additionally, low gas prices are lessening concerns about fuel inefficiency among larger vehicles.

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

November GRF personal income tax receipts totaled $685.7 million and were $0.6 million (0.1%) below estimate. After a slight shortfall in October, employer withholding in November finished a modest $3.5 million (0.5%) below estimate. Withholding is now $14.6 million (0.4%) above estimate for the year. It has grown 5.3% above the prior year, while estimated growth was 4.8%.

November is a fairly light month for other types of income tax payments. Quarterly estimated payments were below estimate by $1.9 million (17.0%). However, all other payment categories exceeded estimate by a total of $3.7 (21.5%) in November. Furthermore, refunds fell below estimate by $2.2 million (3.1%). If not for an overage in local distributions, total income tax revenue would have exceeded estimate by $0.6 million (0.1%).

On a year-over-year basis, November GRF income tax collections were $33.3 million (5.1%) above November 2017 collections, and collections for the year have grown by $251.5 million (7.5%).

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

	Actual November	Estimate November	$ Var	Actual Nov-2018	Actual Nov-2017	$ Var Y-0ver-Y
Withholding	$759.5	$763.0	($3.5)	$759.5	$730.8	$28.7
Quarterly Est.	$9.1	$ 10.9	($1.8)	$9.1	$8.2	$0.8
Annual Returns & 40 P	$12.3	$9.0	$3.3	$12.3	$8.2	$4.1
Trust Payments	$0.6	$0.4	$0.2	$0.6	$0.4	$0.2
Other	$8.0	$7.8	$0.2	$8.0	$7.8	$0.2
Less: Refunds	($70.6)	($72.8)	$2.2	($70.6)	($72.4)	$1.9
Local Distr.	($33.2)	($32.0)	($1.2)	($33.2)	($30.6)	($2.6)
Net to GRF	$685.7	$686.3	($0.6)	$685.7	$652.4	$33.3

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

Commercial Activity Tax (CAT)

CAT revenues built on strong performance experienced in October. GRF CAT revenues in November were $5.3 million (1.6%) above estimate, and revenue to-date for the second quarter was $31.5 million (8.3%) above estimate (revenue for the final month of the quarter is only anticipated to be $9.8 million, and therefore will likely not have a significant impact on the full-quarter outcome). Revenue performance so far in the second quarter of fiscal year 2019 has been considerably different than that of the first quarter of fiscal year 2019, where revenues fell $20.0 million (5.5%) below estimate and declined 2.4% from fiscal year 2018.

Although OBM does not yet have detailed credit information, it appeared that a high amount of credits claimed against the CAT early this fiscal year, rather than underperformance of taxable receipts, was the primary reason for the poor first quarter. October and November revenues suggest that perhaps timing of credits played a role. Perhaps some credits that would have been taken in October in prior years were instead accelerated into the first quarter this year.

Financial Institutions Tax (FIT)

As anticipated, November shows negative revenue for the FIT as a result of refunds. However, the amount of this negative revenue was $2.6 million (46.6%) less than estimated. This implies a tailing off from the larger than expected refund activity that occurred in October. As discussed in the previous issue of this report, October is the primary month to reflect the settling-up of the estimated payments made during the January-May period (i.e., in the last half of fiscal year 2018) with the tax liability reported on tax year 2018 returns filed with extension by October 2018. Because refunds through this fiscal year have been somewhat larger than anticipated (thus partially offsetting the higher-than-expected tax revenues demonstrated during the last half of fiscal year 2018), year-to-date FIT revenue has been $7.9 million (56.1%) below estimate.

Foreign Insurance Premium Tax

In November the foreign insurance tax continued its recent turbulent pattern. Following October, when tax payments were $29.0 million above estimate, negative revenue in November – attributable to refunds - was $16.6 million higher than estimate. The prior month’s issue of the Monthly Financial Report discussed the recent dynamics of this tax and cautioned that the October overage could quickly evaporate due to tax credits. Such credits are the likely cause of the slippage that occurred in November. Even so, year-to-date foreign insurance tax revenue is $12.3 million (8.4%) above estimate through November and is $14.2 million (9.8%) higher than totals from the same time frame last fiscal year.

GRF Non-Tax Receipts

GRF non-tax revenues in November totaled $775.6 million and were $33.0 million (4.4%) above estimate. This variance was primarily attributable to Federal grants, which were above estimate by $34.0 million (4.6%) due to higher than estimated expenditures in the GRF Medicaid category and due to the timing of federal reimbursements for Medicaid expenses.

12/10/2018

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

REVENUE SOURCE	MONTH ACTUAL NOVEMBER	MONTH ESTIMATE NOVEMBER	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL Y-T-D	YEAR-TO-DATE ESTIMATE Y-T-D	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	787,298	728,900	58,398	8.0%	3,749,635	3,645,600	104,035	2.9%
Auto Sales & Use	110,487	107,400	3,087	2.9%	630,354	609,800	20,554	3.4%
Subtotal Sales & Use	897,785	836,300	61,485	7.4%	4,379,988	4,255,400	124,588	2.9%
Personal Income	685,732	686,300	(568)	-0.1%	3,611,739	3,609,100	2,639	0.1%
Corporate Franchise	10	0	10	N/A	192	0	192	N/A
Financial Institutions Tax	(2,988)	(5,600)	2,612	46.6%	(21,855)	(14,000)	(7,855)	-56.1%
Commercial Activity Tax	330,347	325,000	5,347	1.6%	758,725	747,300	11,425	1.5%
Petroleum Activity Tax	0	0	0	N/A	2,019	1,300	719	55.3%
Public Utility	32,342	24,100	8,242	34.2%	68,100	56,000	12,100	21.6%
Kilowatt Hour	27,344	26,600	744	2.8%	156,730	155,500	1,230	0.8%
Natural Gas Distribution	4,890	4,700	190	4.0%	20,253	17,500	2,753	15.7%
Foreign Insurance	(18,551)	(2,000)	(16,551)	-827.5%	159,029	146,700	12,329	8.4%
Domestic Insurance	1	0	1	N/A	2	0	2	N/A
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	78,659	76,000	2,659	3.5%	347,119	341,300	5,819	1.7%
Alcoholic Beverage	6,603	4,600	2,003	43.6%	25,476	24,900	576	2.3%
Liquor Gallonage	4,086	4,000	86	2.1%	20,899	20,500	399	1.9%
Estate	0	0	0	N/A	32	0	32	N/A
Total Tax Receipts	2,046,260	1,980,000	66,260	3.3%	9,528,446	9,361,500	166,946	1.8%
NON-TAX RECEIPTS								
Federal Grants	774,125	740,172	33,953	4.6%	4,357,089	4,510,534	(153,445)	-3.4%
Earnings on Investments	0	0	0	N/A	25,239	19,634	5,605	28.5%
License & Fees	424	556	(132)	-23.8%	9,788	9,236	552	6.0%
Other Income	1,055	1,839	(785)	-42.7%	54,876	59,968	(5,091)	-8.5%
ISTV'S	3	0	3	N/A	19	0	19	N/A
Total Non-Tax Receipts	775,605	742,568	33,038	4.4%	4,447,010	4,599,371	(152,361)	-3.3%
TOTAL REVENUES	**2,821,865**	**2,722,568**	**99,297**	**3.6%**	**13,975,457**	**13,960,871**	**14,585**	**0.1%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	0	0	N/A	76,109	80,190	(4,081)	-5.1%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	0	0	N/A	76,109	80,190	(4,081)	-5.1%
TOTAL SOURCES	**2,821,865**	**2,722,568**	**99,297**	**3.6%**	**14,051,565**	**14,041,061**	**10,504**	**0.1%**

12/10/2018

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

	MONTH				YEAR-TO-DATE			
REVENUE SOURCE	**NOVEMBER FY 2019**	**NOVEMBER FY 2018**	**$ VAR**	**% VAR**	**ACTUAL FY 2019**	**ACTUAL FY 2018**	**$ VAR**	**% VAR**
TAX RECEIPTS								
Non-Auto Sales & Use	787,298	710,799	76,499	10.8%	3,749,635	3,595,514	154,120	4.3%
Auto Sales & Use	110,487	102,674	7,813	7.6%	630,354	593,892	36,462	6.1%
Subtotal Sales & Use	897,785	813,473	84,312	10.4%	4,379,988	4,189,406	190,582	4.5%
Personal Income	685,732	652,410	33,323	5.1%	3,611,739	3,360,191	251,548	7.5%
Corporate Franchise	10	52	(42)	-80.2%	192	2,892	(2,701)	-93.4%
Financial Institutions Tax	(2,988)	(12,741)	9,753	76.5%	(21,855)	(23,075)	1,220	5.3%
Commercial Activity Tax	330,347	302,794	27,552	9.1%	758,725	719,606	39,119	5.4%
Petroleum Activity Tax	0	0	0	N/A	2,019	1,570	449	28.6%
Public Utility	32,342	23,377	8,965	38.3%	68,100	53,719	14,381	26.8%
Kilowatt Hour	27,344	26,661	683	2.6%	156,730	145,686	11,044	7.6%
Natural Gas Distribution	4,890	4,818	72	1.5%	20,253	16,708	3,545	21.2%
Foreign Insurance	(18,551)	(6,277)	(12,273)	-195.5%	159,029	144,843	14,186	9.8%
Domestic Insurance	1	0	1	N/A	2	63	(61)	-97.3%
Other Business & Property	0	0	0	N/A	0	(263)	263	N/A
Cigarette and Other Tobacco	78,659	82,663	(4,004)	-4.8%	347,119	350,155	(3,035)	-0.9%
Alcoholic Beverage	6,603	5,619	984	17.5%	25,476	25,178	299	1.2%
Liquor Gallonage	4,086	3,880	206	5.3%	20,899	20,088	810	4.0%
Estate	0	16	(16)	N/A	32	100	(68)	-67.8%
Total Tax Receipts	2,046,260	1,896,745	149,515	7.9%	9,528,446	9,006,866	521,580	5.8%
NON-TAX RECEIPTS								
Federal Grants	774,125	571,290	202,835	35.5%	4,357,089	4,131,744	225,345	5.5%
Earnings on Investments	0	0	0	N/A	25,239	15,747	9,492	60.3%
License & Fee	424	463	(39)	-8.5%	9,788	8,617	1,171	13.6%
Other Income	1,055	2,155	(1,100)	-51.1%	54,876	29,542	25,335	85.8%
ISTV'S	3	11	(9)	-77.4%	19	387	(369)	-95.2%
Total Non-Tax Receipts	775,605	573,919	201,687	35.1%	4,447,010	4,186,036	260,974	6.2%
TOTAL REVENUES	**2,821,865**	**2,470,663**	**351,202**	**14.2%**	**13,975,457**	**13,192,902**	**782,554**	**5.9%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	297	(297)	N/A	76,109	111,644	(35,535)	-31.8%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	297	(297)	N/A	76,109	111,644	(35,535)	-31.8%
TOTAL SOURCES	**2,821,865**	**2,470,960**	**350,906**	**14.2%**	**14,051,565**	**13,304,546**	**747,019**	**5.6%**

DISBURSEMENTS

November GRF disbursements, across all uses, totaled $2,461.9 million and were $29.8 million (1.2%) above estimate. This variance was primarily attributable to above estimate disbursements in the Justice and Public Protection, Primary and Secondary Education and Medicaid categories and was partially offset by below estimate disbursements in the Property Tax Reimbursements category. On a year-over-year basis, November total uses were $333.3 million (15.7%) higher than those of the same month in the previous fiscal year, with the Medicaid category largely responsible for the increase. Year-to-date variance 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)	($267.2 Million)	-1.8%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$.91 Million	0.1%
TOTAL DISBURSEMENTS VARIANCE:		**($266.3 Million)**	**-1.7%**

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. November disbursements for this category totaled $698.8 million and were $18.3 million (2.7%) above estimate. This variance was primarily attributable the Foundation Funding line item where expenditures totaled $562.1 million and were $13.7 million (2.5%) above estimate due to the timing of payments and reconciliations, and the Student Assessment line item, which was $6.5 million above estimate due to a $6.5 million payment to assessment vendors which occurred in November instead of December as originally estimated. This variance was partially offset by below estimate spending in the Auxiliary Services line item, which was $2.9 million (7.3%) below estimate due to timing of payments.

Total monthly expenditures for the school foundation program totaled $618.8 million and were $13.3 million (2.2%) above estimate. Year-to-date, the Primary and Secondary Education category disbursements were $3,551.3 million and were $15.5 million (0.4%) above estimate.

On a year-over-year basis, disbursements in this category were $18.9 million (2.8%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $21.8 million (0.6%) higher than the same point in fiscal year 2018.

Higher Education

November disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled $200.1 million and were $4.5 million (2.3%) above estimate. This variance was primarily attributable to spending in the Ohio College Opportunity Grant Program, which was above estimate by $6.3 million due to the timing of requests for reimbursement from educational institutions.

Year-to-date disbursements were $958.5 million, which was $7.1 million (0.7%) below estimate. On a year-over-year basis, disbursements in this category were $10.3 million (4.9%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $28.0 million (3.0%) 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.

November disbursements in this category totaled $4.1 million and were $0.4 million (11.9%) above estimate. Year-to-date disbursements were $37.9 million, which was $0.2 million (0.4%) above estimate. On a year-over-year basis, disbursements in this category were $0.3 million (8.1%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $0.4 million (1.2%) 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>
November GRF disbursements for the Medicaid Program totaled $1,155.9 million and were $18.8 million (1.7%) above estimate and 327.6 million (39.5%) above disbursements for the same month in the previous fiscal year. In November of the previous fiscal year, the Controlling Board provided spending authority in a non-GRF state fund which shifted associated federal spending to a non-GRF federal fund, resulting in lower-than-normal GRF spending that month. Year-to-date GRF disbursements totaled $6,703.5 million and were $243.8 million (3.5%) below estimate and $373.3 million (5.9%) above disbursements for the same point in the previous fiscal year.

November all-funds disbursements for the Medicaid Program totaled $2,216.8 million and were $47.7 million (2.1%) below estimate and $116.1 million (5.5%) above disbursements for the same month in the previous fiscal year. Year-to-date all-funds disbursements totaled $10,861.7 million and were $1,098.8 million (9.2%) below estimate and $593.4 million (5.2%) below disbursements for the same point in the previous fiscal year.

The November all-funds variance is primarily attributable to underspending in all major program categories. This is due to enrollment in these programs being below estimate. This underspending in major program categories was partially offset by above estimate spending in administration resulting from timing of payments.

The year-to-date, all-funds variance was also 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 below the estimate. Additionally, a pay-for-performance payment in the managed care program was under estimate. 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)

		Nov. Actual		Nov. Projection		Variance	Variance %
GRF	$	1,155.9	$	1,137.1	$	18.8	1.7%
Non-GRF	$	1,060.9	$	1,127.4	$	(66.5)	-5.9%
All Funds	$	2,216.8	$	2,264.5	$	(47.7)	-2.1%

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.

November disbursements in this category totaled $100.2 million and were $4.9 million (4.6%) below estimate. Year-to-date disbursements were $565.6 million, which was $47.1 million (7.7%) below estimate. On a year-over-year basis, disbursements in this category were $2.9 million (3.0%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $14.9 million (2.7%) higher than at the same point in fiscal year 2018.

Department of Job and Family Services
November disbursements for the Department of Job and Family Services totaled $57.4 million and were $2.9 million (4.9%) below estimate. This variance was primarily attributable to the Family Assistance Local line item, which was $1.8 million below estimate due to county draws for the income maintenance allocation being lower than anticipated. Additionally, the TANF State/Maintenance of Effort line item was $1.5 million below estimate due to disbursements for Ohio Works First Benefits being lower than anticipated. These variances were partially offset by the Child Support Local line

item, which was $1.5 million above estimate due to county draws being higher than anticipated, and the Adoption Services line item, which was approximately $1.2 million above estimate due to the prior state fiscal year adoption supplement allocations being paid out during the month of November. This county allocation was originally estimated to be paid during the first quarter of fiscal year 2019.

Department of Mental Health and Addiction Services
October disbursements for the Department of Mental Health and Addiction Services totaled $28.7 million and were $3.3 million (11.3%) below estimate. This variance is primarily attributable to the Community Innovation line item, which was $1.5 million (73.0%) below estimate due to the disbursement of a workforce recruitment payment being made in August instead of November as estimated and the Prevention and Wellness line item, which was $1.2 million (95.0%) below estimate also due to the early payment of some funds.

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.

November disbursements in this category totaled $169.1 million and were $22.7 million (15.5%) above estimate. Year-to-date disbursements were $989.3 million, which was $10.6 million (1.1%) above estimate. On a year-over-year basis, disbursements in this category were $17.4 million (11.5%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $72.9 million (8.0%) higher than at the same point in fiscal year 2018.

Department of Rehabilitation and Correction
November disbursements for the Department of Rehabilitation and Correction totaled $127 million and were $15 million (13.5%) above estimate. This variance was primarily attributable to disbursements in the Institutional Operations line item, which was $10.3 million above estimate; the Institutional Medical Services line item, which was $2.3 million above estimate; the Administrative Operations line item, which was $1.5 million above estimate; and the Parole and Community Operations line item, which was $1.4 million above estimate. These variances were predominately timing related issues and disbursement of prior year encumbrances.

Department of Youth Services
November disbursements for the Department of Youth Services totaled $12.3 million and were $1.1 million (9.2%) above estimate. This variance was primarily attributable to disbursements in the RECLAIM Ohio line item, which was $1.1 million above estimate due to the timing of payments.

Public Defender Commission
November disbursements for the Public Defender Commission totaled $5.8 million and were $5.2 million above estimate due to the timing of disbursements in the County Reimbursement line item, which occurred in November instead of October as estimated.

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.

November disbursements in this category totaled $30.1 million and were $3.6 million (13.6%) above estimate. Year-to-date disbursements were $164.3 million, which was $1.2 million (0.7%) below estimate. On a year-over-year basis, disbursements in this category were $0.3 million (0.9%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $5.4 million (3.4%) higher than at the same point in fiscal year 2018.

Department of Administrative Services
November disbursements for the Department of Administrative Services totaled $4.9 million and were $4.4 million above estimate. This variance was primarily attributable to the State Agency Support Services line item, which was $4.0 million above estimate due to first-quarter rent payments, which were delayed into November.

Department of Agriculture
November disbursements for the Department of Agriculture totaled $3.4 million and were $1.8 million (119.8%) above estimate. This variance was primarily attributable to the timing of disbursements of the Soil and Water District Support line item, which were estimated to occur in October but occurred in November instead.

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. November property tax reimbursements totaled $75.5 million and were $34.1 million (31.1%) below estimate. Year-to-date disbursements totaled $904.5 million and were $6.2 million (0.7%) above estimate. The monthly variance was due to reimbursement requests being received from counties earlier than anticipated. Disbursements are expected to come in below estimate in December as well, which should bring the year-to-date variance closer to zero percent.

Debt Service

November payments for debt service totaled $27.5 million and were at estimate. Year-to-date disbursements totaled $914.7 million and were $0.5 million (0.1%) below estimate.

Transfers Out

November transfers out totaled \$0.5 million and were \$0.5 million above estimate. Year-to-date transfers totaled \$752.8 million and were \$0.9 million (0.1%) above estimate. The monthly variance is primarily attributable to the transfer of cash from cancelled prior year encumbrances in the War Orphans Scholarships line item, the amount of which was transferred to the War Orphans Scholarships Reserve Fund.

12/10/2018

Table 3

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

Functional Reporting Categories Description	MONTH ACTUAL NOVEMBER	MONTH ESTIMATED NOVEMBER	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE YTD ACTUAL	YEAR-TO-DATE YTD ESTIMATE	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
Primary and Secondary Education	698,832	680,534	18,297	2.7%	3,551,341	3,535,811	15,530	0.4%
Higher Education	200,121	195,640	4,481	2.3%	958,530	965,658	(7,128)	-0.7%
Other Education	4,056	3,624	432	11.9%	37,928	37,771	157	0.4%
Medicaid	1,155,939	1,137,130	18,809	1.7%	6,703,488	6,947,268	(243,780)	-3.5%
Health and Human Services	100,247	105,115	(4,867)	-4.6%	565,584	612,709	(47,125)	-7.7%
Justice and Public Protection	169,069	146,397	22,671	15.5%	989,334	978,697	10,636	1.1%
General Government	30,052	26,460	3,592	13.6%	164,324	165,508	(1,184)	-0.7%
Property Tax Reimbursements	75,510	109,637	(34,127)	-31.1%	904,529	898,299	6,230	0.7%
Debt Service	27,544	27,549	(5)	0.0%	914,659	915,176	(517)	-0.1%
Total Expenditures & ISTV's	**2,461,369**	**2,432,087**	**29,283**	**1.2%**	**14,789,718**	**15,056,898**	**(267,180)**	**-1.8%**
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	657,503	657,503	0	0.0%
Operating Transfer Out	513	0	513	N/A	95,337	94,430	906	1.0%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**513**	**0**	**513**	**N/A**	**752,840**	**751,933**	**906**	**0.1%**
Total Fund Uses	**2,461,882**	**2,432,087**	**29,796**	**1.2%**	**15,542,558**	**15,808,831**	**(266,274)**	**-1.7%**

12/10/2018

Table 4

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

Functional Reporting Categories Description	**MONTH**				**YEAR-TO-DATE**			
	NOVEMBER FY 2019	**NOVEMBER FY 2018**	**$ VAR**	**% VAR**	**ACTUAL FY 2019**	**ACTUAL FY 2018**	**$ VAR**	**% VAR**
Primary and Secondary Education	698,832	679,915	18,916	2.8%	3,551,341	3,529,533	21,808	0.6%
Higher Education	200,121	210,418	(10,297)	-4.9%	958,530	930,520	28,010	3.0%
Other Education	4,056	3,754	302	8.1%	37,928	37,479	449	1.2%
Medicaid	1,155,939	828,384	327,555	39.5%	6,703,488	6,330,163	373,326	5.9%
Health and Human Services	100,247	97,309	2,939	3.0%	565,584	550,667	14,916	2.7%
Justice and Public Protection	169,069	151,647	17,422	11.5%	989,334	916,469	72,865	8.0%
General Government	30,052	30,318	(266)	-.9%	164,324	158,958	5,367	3.4%
Property Tax Reimbursements	75,510	93,841	(18,331)	-19.5%	904,529	864,722	39,807	4.6%
Debt Service	27,544	22,681	4,864	21.4%	914,659	881,846	32,814	3.7%
Total Expenditures & ISTV's	**2,461,369**	**2,118,265**	**343,104**	**16.2%**	**14,789,718**	**14,200,357**	**589,361**	**4.2%**
Transfers Out:								
BSF Transfer	0	0	0	N/A	657,503	0	657,503	N/A
Operating Transfer Out	513	10,364	(9,851)	-95.0%	95,337	68,772	26,565	38.6%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**513**	**10,364**	**(9,851)**	**-95.0%**	**752,840**	**68,772**	**684,068**	**994.7%**
Total Fund Uses	**2,461,882**	**2,128,629**	**333,253**	**15.7%**	**15,542,558**	**14,269,129**	**1,273,429**	**8.9%**

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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