



OBM

Ted Strickland
Governor

J. Pari Sabety
Director

November 10, 2008

MEMORANDUM TO: The Honorable Ted Strickland, Governor
The Honorable Lee Fisher, Lt. Governor

FROM: J. Pari Sabety, Director 

SUBJECT: Monthly Financial Report

This report contains information regarding Ohio's financial position through October 31, 2008 as well as highlights of regional and national economic indicators. The national economy continues to deteriorate while exhibiting significant volatility, as has been reflected in monthly results over the last three months.

As you are aware, OBM revised its FY 2009 revenue estimates downward in September. In a reflection of the continued uncertainty in financial markets, October's total GRF tax receipts fell short of the revised estimate by \$96 million (6.0%), with the majority of the variance occurring in the two largest tax sources: personal income (\$66.7 million) and non-auto sales tax (\$45.1 million.) These two revenue sources are the two best "real time" indicators of the health of Ohio's economy, and this performance is of concern. Year to date, Ohio is approximately \$61.0 million below the revised revenue estimates (1.0%).

We continue to monitor the state's economic situation carefully. During the month of November OBM and Taxation forecasting staff will complete work with state's contracted national forecasting groups to analyze whether changes are required to Ohio-specific forecasts based on new macroeconomic forecasts of the U.S. economy. This information will help to augment feedback provided at the Council of Economic Advisors meeting in early December.

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ECONOMIC SUMMARY

The deterioration in the economy intensified early in the fourth quarter. The decline in employment accelerated in the U.S. and continued in Ohio. Production and consumer spending fell sharply in September and October. Leading economic indicators remain consistent with declines in real GDP through the winter quarter.

Highlights of Economic Performance

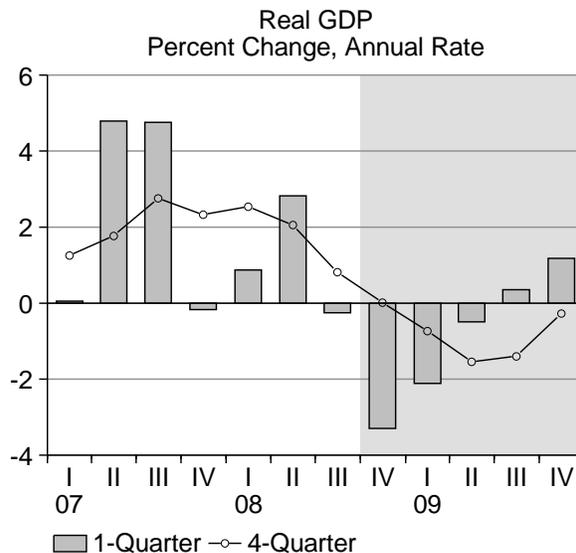
- The U.S. unemployment rate jumped by 0.4 points to 6.5% in October – the highest mark since early 1994.
- Mounting job losses and the rising rate of unemployment are expected to combine with tight credit to restrain spending through at least the winter despite the sharp decrease in the price of gasoline and other energy products.
- Personal consumption expenditures decreased 3.1% in the third quarter of CY 2008 – the fastest pace since credit controls caused a serious retrenchment in the second quarter of 1980.
- Pointing toward more negative developments this fall, the manufacturing purchasing managers' index fell to its lowest level in October since the 1981-82 recession.

Economic Growth

Real GDP decreased 0.3% in the third quarter to only 0.8% above the year ago level. The economy last expanded more slowly over four quarters in 2001. The 0.3% decline was the second in four quarters. Real GDP decreased 0.2% in the fourth quarter of 2007, before rising 0.9% and 2.8% in the first two quarters of 2008.

The behavior of major sectors suggests that the economy was weaker than the 0.3% decrease reveals and will sink further in subsequent quarters. **Personal consumption expenditures** decreased 3.1% – the fastest quarterly decline since 1980.

Mounting job losses and the rising rate of unemployment are expected to combine with tight credit to restrain spending through at least the winter despite the sharp decrease in the price of gasoline and other energy products. Banks reported a record tightening in lending standards early in the fourth quarter, according to the Federal Reserve Board.



Source: Global Insight, November 2008

Investment in equipment and software decreased 5.5% in the third quarter for the third consecutive quarterly decline. **Investment in nonresidential structures** increased 7.9%, but that was down from double-digit gains during much of the previous two and a half years. In

addition, billings at architectural firms are down, indicating that the weakness in nonresidential construction that typically follows weakness in housing is finally materializing.

Business inventories added to real GDP growth by falling by less than in the second quarter. In all likelihood, the abrupt drop-off in consumer spending left businesses with more inventories that will be worked off in coming months by reducing production.

Investment in residential structures decreased 19.1% – the tenth double-digit quarterly decline in a row.

Exports increased 5.9% in the third quarter, but are not likely to be a source of strength going forward, as foreign economies have begun to weaken. Finally, real GDP was propped up by an 18.2% surge in defense spending that lifted **government purchases** by 5.8%. Budget constraints and a return to more-normal defense spending patterns are likely to restrain government spending in the quarters ahead.

Leading economic indicators deteriorated further. The smoothed 6-month rate of change in the **Weekly Leading Index** from the Economic Cycle Research Institute (ECRI) decreased to -24.6% at the end of October – the fastest rate of decline on record dating back to 1967. The rate of change in the composite **Leading Economic Index** compiled by the Conference Board improved in September, but remained negative. In addition, the improvement resulted from an increase in the money supply and widening of interest rate spreads, which may reflect ongoing stress in financial markets more than prospects of near-term recovery in the economy.

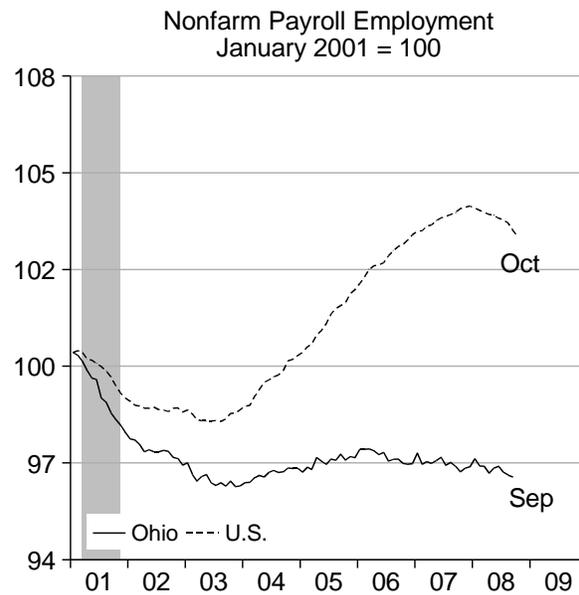


The Blue Chip Financial Forecasts consensus, which was compiled after the real GDP data were released, is for a decline in real GDP of 2.2% in the fourth quarter, followed by a decline of 1.3% in the first quarter and growth of 0.4% in next year's second quarter. Global Insight projects a decline in real GDP of 3.3% in the fourth quarter, followed by declines of 2.1% and 0.5% in the first two quarters of next year.

Employment

The pace of deterioration in labor markets accelerated in September and October. **Total employment** decreased by 240,000 jobs in October after a downwardly revised loss of 284,000 jobs in September. Since the peak in December 2007, employment has declined by a total of 1.179 million jobs. Total hours worked fell again and the unemployment rate rose to a new high for the cycle.

Job losses have been widespread in recent months, with fewer than 38% of the 274 industries tracked by the Bureau of Labor Statistics reporting higher payrolls over one, three, six and even twelve month periods. Manufacturing was especially hard hit in October, falling by 96,000 jobs. The losses in manufacturing were partially due to the Boeing strike, which has been resolved. Construction employment fell by 49,000 jobs with losses spreading to commercial trades. Retail employment fell by 38,000 jobs, including sizable reductions at auto dealers and general merchandise stores. Financial activities employment fell by 24,000 jobs – the largest one-month decline on record dating back to 1940.



The **unemployment rate** jumped by 0.4 points to 6.5% in October – the highest mark since early 1994. The rate is up by 2.1 points from the cycle low that was reached in March 2007. The number of unemployed workers was 2.8 million higher than a year earlier. The broadest measure of unemployment, which includes so-called discouraged workers, increased to 11.8% from 11.0% in September and 8.4% in October 2007.

The **length of the workweek** for all production and nonsupervisory workers remained at its all-time low of 33.6 hours. The manufacturing workweek stayed at 40.6 hours after a downward revision to the August level. Manufacturing overtime stayed at 3.6 hours – the lowest since May 1991. The index of aggregate weekly hours decreased for the seventh straight month. The October level is 0.7% below the third quarter average, and even if unchanged in November and December would point toward a drop in real GDP greater than 2% during the fourth quarter.

Ohio employment decreased by 3,400 jobs in September, following losses of 4,800 jobs and 9,400 jobs in August and July. Ohio employment is down by 17,600 jobs since December and by 17,500 jobs since September 2007. The Ohio unemployment rate was little changed at 7.2% in September, up from 5.5% at the start of the year.

Labor market weakness was widespread across major sectors during September, but was concentrated in a 3,000 job loss in trade, transportation and utilities. The **Ohio coincident index** compiled by the Philadelphia Federal Reserve fell for the seventh straight month and the thirteenth in the last fourteen months in September. The year-over-year rate of change was -2.3% – the weakest since just after the 2001 recession.

Among the eleven **Ohio Metropolitan Statistical Areas**, Columbus (+6,900) and Youngstown-Warren-Boardman (+1,700) added the most jobs during the twelve months ended in September. Employment fell in Toledo (-7,700), Cleveland (-7,800), and Dayton (-4,900).

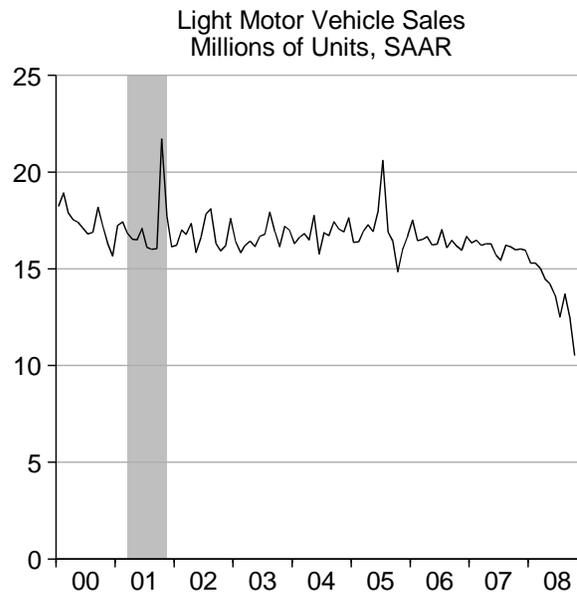
Among **contiguous states**, only Kentucky (+0.5%) posted an increase in employment. Employment levels were unchanged from a year earlier in both Pennsylvania and West Virginia.

Employment fell 0.4% in Ohio, and was down by 1.0% in Indiana and 1.6% in Michigan.

Consumer Income and Consumption

Personal consumption expenditures decreased 3.1% in the third quarter – the fastest pace since credit controls caused a serious retrenchment in the second quarter of 1980. Recent patterns in employment, personal income and consumer confidence suggest that consumption has continued to contract early in the fourth quarter.

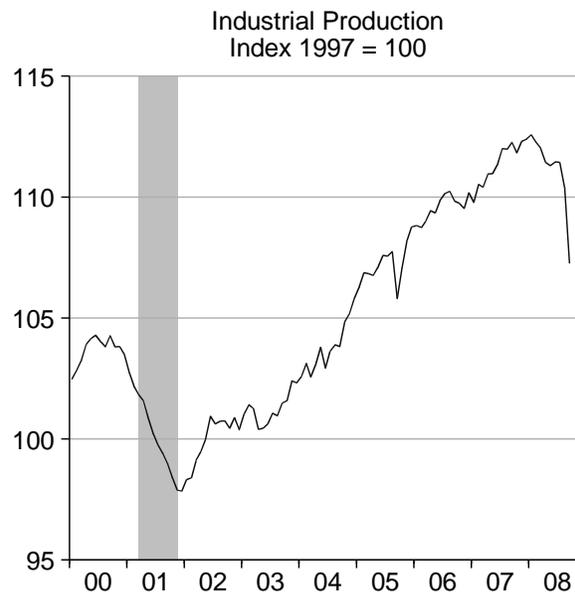
Real disposable personal income increased 0.1% in September, following three consecutive monthly declines, and was unchanged from a year earlier. The Conference Board's index of consumer confidence fell to 38.0 in October – the lowest level since the survey was first conducted in 1967. Sales of light motor vehicles fell to an annual rate of 10.5 million units in October – the lowest level since October 1982.



Manufacturing

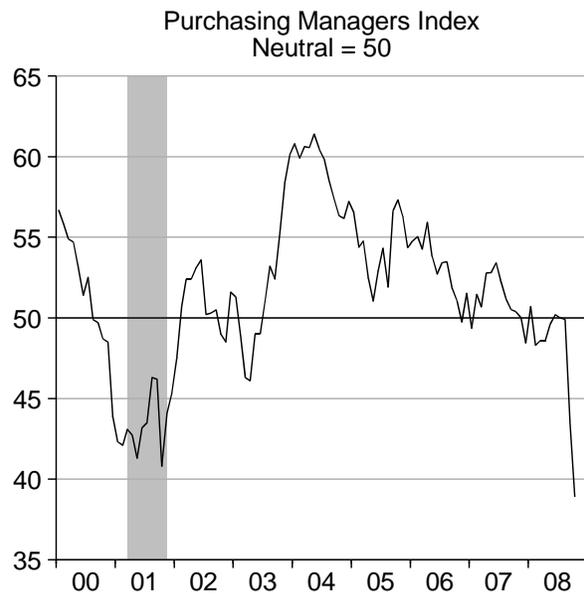
Industrial production decreased by 2.8% in September. Hurricanes Gustav and Ike subtracted an estimated 2.3 percentage points and the Boeing strike subtracted an estimated 0.3 percentage points. Production was supported by a bounce-back in electricity generation after a mild August and a rebound in motor vehicle production. Light vehicle assemblies increased to an 8.2 million unit rate from a 7.4 million unit rate in August.

Oil and gas production will rebound in October, because the damage to oil and gas facilities by Hurricanes Gustav and Ike will be more temporary than that caused by Hurricanes Katrina and Rita. Nonetheless, sectors unaffected by the storms continue to deteriorate.



Pointing toward more negative developments this fall, the manufacturing **purchasing managers index** fell to its lowest level in October since the 1981-82 recession. The prices paid component fell by the largest amount ever over a two-month period during September and October, and the two-month declines in the employment and production components nearly matched historical extremes.

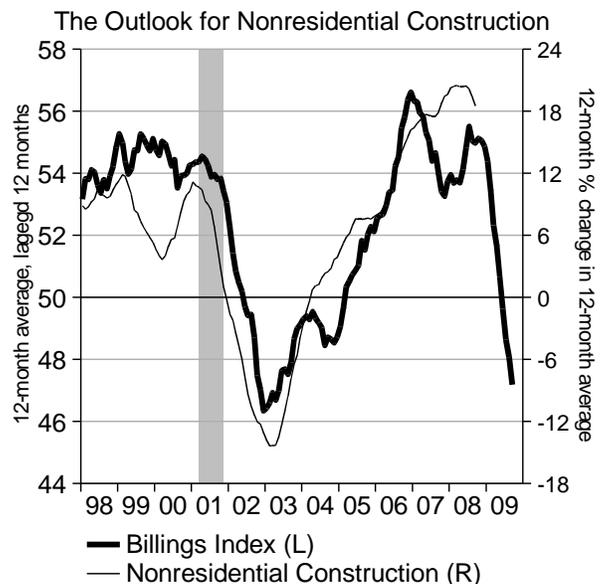
New factory orders decreased 2.5% in September after a downwardly revised 4.3% decline in August. Again, the continuing slide in oil prices reduced the value of petroleum orders. Even excluding petroleum and coal products, new orders fell 0.4% in September after a 2.9% decline in August. Excluding transportation, new orders decreased 3.7% – the largest percent decrease since the data series began in 1992.



Midwest industrial production decreased 2.6% in September after a 2.6% decline in August, according to the Federal Reserve Bank of Chicago. Regional production declined in all four industry sectors: autos (-5.4%), machinery (-2.0%), steel (-1.9%) and resource (-1.6%). Regional production declined 7.5% compared with a year earlier, led by a 21.6% decrease in auto sector output.

Construction

Construction put-in-place fell 0.3% in September due to a 1.3% drop in residential building. Private non-residential construction increased 1.2%. Private office construction remained strong, rising 1.7% to 7.4% above the year earlier level. But commercial construction fell 2.5% to 10.2% below the year earlier level.

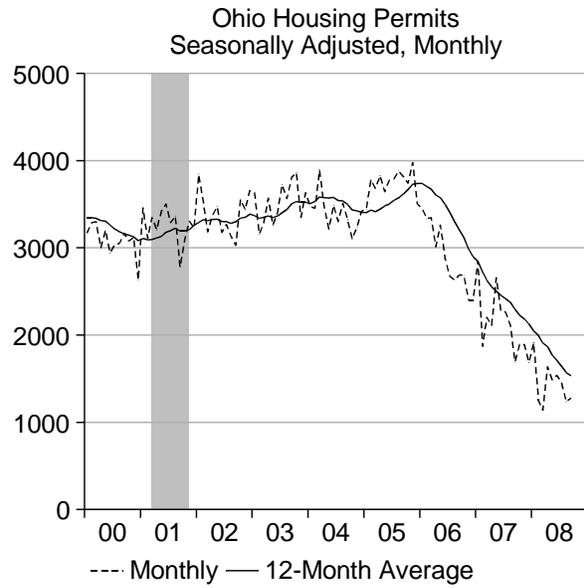


The **Architecture Billings Index (ABI)** retreated in September after rising for three straight months. If the historical relationship between the ABI and non-residential construction holds, non-residential construction will fall substantially throughout 2009.

The ongoing adjustment in housing continued apace through the summer. **Home prices** continued to fall through August – down 0.6% to 1.1%, depending on the measure. On a year-over-year basis, home prices were down in August by 5.9% to 17.7%, again depending on the measure.

Housing starts decreased for the third straight month in September, led by a 12.0% drop in single-family homes. Total housing starts increased 5.6% in September after an 18.7% drop in August, but single-family starts dropped by 24.1% from August. **Housing permits** decreased 8.3% to the lowest level since November 1981. In Ohio, housing permits increased in September, but the 3-month average fell 6.2% to 34.6% below the year earlier level.

New home sales and **existing home sales** increased in September, rising by 2.3% and 5.5%, respectively. The inventory of unsold new homes decreased for the seventeenth consecutive month, and the inventory of existing homes decreased for the second month in a row – necessary steps in the housing correction. In both cases, the overhang of unsold homes remained high relative to the recent pace of sales.



GENERAL REVENUE FUND RECEIPTS

During the month of October, **GRF receipts totaled \$2,334.3 million** and were \$84.5 million (3.5%) below the revised estimates issued in September. Reversing the performance of September, this negative monthly variance was driven entirely by the underperformance of **GRF tax receipts** which totaled \$1,507.2 million and were \$95.8 million (6.0%) below estimates, and more than offset better than estimated performance in non-tax receipts.

| Category | Includes: | YTD Variance | % Variance |
|-------------------------|---|------------------|------------|
| Tax receipts | Sales & use, personal income, corporate franchise, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, soft drink, alcoholic beverage, liquor gallonage, estate & horse racing | (\$95.8 million) | (6.0%) |
| Non-tax receipts | Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers | \$35.6 million | 4.6% |
| Transfers | Budget stabilization, liquor transfers, capital reserve, other | (\$24.4 million) | (65.2%) |
| TOTAL REVENUE VARIANCE: | | (\$84.5 million) | (3.5%) |

As mentioned above, tax receipts for the month of October reversed the performance of September by falling short of the revised estimates by \$95.8 million. This resulted from a decidedly negative performance in the non-auto sales, personal income, and public utility taxes, which were short of the estimates by \$45.1 million, \$66.7 million, and \$4.0 million respectively. Slightly offsetting the negative performance of the three taxes mentioned above, were much smaller positive variances in a number of tax sources, which together were \$20.0 million above estimates.

As was discussed in the September report, while OBM is hesitant to read too much into a single month's performance, the scope of October's negative variance is troubling. As a result, OBM will continue to closely monitor the situation, especially in light of the fact that year-over-year performance continues to slip. Specifically, despite one positive month and one negative month under the revised estimates, state tax revenues are now \$135.8 million (2.3%) below where they were at the same point a year ago, with \$110.5 million of that variance attributable to October's performance alone.

| <u>Individual Sources Above Estimate</u> <u>Year to Date</u> | | <u>Individual Sources Below Estimate</u> <u>Year to Date</u> | |
|---|---------------|---|------------------|
| Auto Sales and Use | \$13.0 | Non-Auto Sales Tax | (\$54.7) |
| Corporate Franchise Tax | \$10.6 | Personal Income Tax | (\$38.8) |
| Domestic Insurance | \$8.0 | Public Utility | (\$3.9) |
| Cigarette | \$5.5 | Foreign Insurance | (\$5.3) |
| Estate | \$5.3 | Federal Grants | (\$20.6) |
| Investment Earnings | \$8.7 | Transfer In – Other | (\$2.9) |
| Liquor Transfers | \$9.0 | Temporary Transfers | (\$25.0) |
| Other Sources Above Estimate | \$1.2 | Other Sources Below Estimate | (\$0.7) |
| | | | |
| Total above | \$61.3 | Total below | (\$151.9) |

Non-Auto Sales and Use Tax

As has been the trend for several months, the non-auto sales tax continued to have weaker than expected performance: it generated monthly receipts of \$511.9 million, which were \$45.1 million (8.1%) below estimate. When combined with its negative performance in September, the non-auto sales and use tax is already down \$54.7 million (2.5%) after only two months under the revised estimates. Clearly the performance of this tax source appears to be reflecting a number of negative factors that were enumerated in the economic review: falling employment totals, a rising unemployment rate, low average weekly hours and very low consumer confidence. The performance of this tax, in what is widely thought to be a “consumer-led recession” remains a serious concern.

Auto Sales Tax

While the struggles of the non-auto sales tax continued and in some respects intensified during the month of October, the performance of the auto sales tax was relatively positive as its \$78.0 million in receipts slightly exceeded the revised month estimate of \$77.9 million. On a year-over-year basis, auto sales tax receipts through the first four months of FY 2009 are \$8.4 million (2.6%) above the same point a year ago. A portion of this growth and an accompanying decline in non-auto sales tax receipts might be attributable to the elimination of leasing options by certain automobile manufacturers which in turn may be pushing more car shoppers to purchasing instead of leasing a new or used vehicle. However, the fact that there is any increase given the well-reported decline in sales of new vehicles, as well as the struggles in consumer confidence, continues to be perplexing. As with all tax sources, OBM and Taxation will continue to closely monitor this tax in order to try and identify the factors that are driving its unexpectedly positive performance and whether they will continue.

Personal Income Tax

Reversing a positive performance in September, the personal income tax contributed significantly to the negative variance in tax receipts for the month of October, with total receipts of \$645.7 million that were \$66.7 million (9.4%) below the revised estimate. Driving this negative variance is the performance of withholding and estimated payments, which were \$28.0 million and \$12.3 million below estimates respectively. Further contributing to the variance was the presence of \$52.4 million in refunds which were more than twice the estimate of \$24.1 million.

On a year-over-year basis, total personal income tax receipts for the month of October were \$72.6 million (10.1%) below those of October 2007 and account for almost two-thirds of the monthly year-over-year reduction in total tax receipts of \$110.5 million. Again, the declining trend in employer withholding, though interrupted in the month of September, appears to have regained momentum during in October, as total income tax receipts for the first four months of FY 2009 are \$94.8 million or 3.4% below the same point in FY 2008. OBM believes that the continued weakening of the Ohio labor market in concert with a general economic downturn appears to explain this downward trend in income tax receipts in general and in employer withholding in particular.

| FY2009 PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$in millions) | | | | | | |
|---|-----------------|----------------|-----------------|------------------|------------------|-----------------|
| | ESTIMATE | ACTUAL | \$ VAR | ESTIMATE | ACTUAL | \$ VAR |
| | OCT | OCT | OCT | Y-T-D | Y-T-D | Y-T-D |
| Withholding | \$676.9 | \$649.0 | (\$28.0) | \$2,496.6 | \$2,491.7 | (\$5.0) |
| Quarterly Est. | \$38.1 | \$25.8 | (\$12.3) | \$392.7 | \$384.7 | (\$8.0) |
| Trust | | | | | | |
| Payments | \$7.1 | \$3.1 | (\$4.0) | \$14.1 | \$13.2 | (\$0.8) |
| Annual | | | | | | |
| Returns & 40 | | | | | | |
| P | \$69.4 | \$77.4 | \$8.0 | \$110.3 | \$126.5 | \$16.2 |
| Other | \$6.9 | \$6.5 | (\$0.4) | \$29.1 | \$17.8 | (\$11.3) |
| Less: | | | | | | |
| Refunds | (\$24.1) | (\$52.4) | (\$28.3) | (\$111.1) | (\$138.6) | (\$27.5) |
| Local | | | | | | |
| Distr. | (\$61.9) | (\$63.7) | (\$1.8) | (\$239.5) | (\$242.1) | (\$2.6) |
| Net to GRF | \$712.4 | \$645.7 | (\$66.7) | \$2,692.0 | \$2,653.2 | (\$38.8) |

Corporate Franchise Tax

As with September, the corporate franchise tax again exceeded revised estimates during the month of October by \$4.1 million as it recorded receipts of \$14.2 million. On a year-over-year basis, the performance of the tax through October is even more positive as it is \$40.6 million ahead of the same point a year ago. The gain relative to last year is almost all due to a single settlement payment for prior years' disputed taxes received in July.

Commercial Activity Tax

In FY 2009, receipts from the commercial activity tax (CAT) are distributed to non-GRF funds to reimburse school districts and local governments as the tangible personal property tax is phased out. During the month of October, CAT receipts totaled \$33.2 million and were \$5.8 million above estimates (21.1%). This continues a good performance for the CAT as it has posted a positive variance each month and is now \$33.6 million above estimate for the year. The next big test for the CAT is in November, as the payment for activity in the first quarter of FY 2009 is due November 10th, and the slowing economy is likely to have an impact on that payment.

Cigarette Tax

One relative bright spot during the month of October was the performance of the cigarette tax, which totaled \$85.2 million for a positive monthly variance of \$5.0 million. October's positive performance builds on that of September and accounts for nearly all of a year-to-date positive variance of \$5.5 million (2.1%). While the performance of the tax during the month of October was better than that of October a year ago, the year-over-year performance through the first four months of the fiscal year is still \$3.1 million (1.1%) below FY 2008. One possible explanation for the recent uptick in the performance of this tax is the considerable decline in gasoline prices, which may be freeing up the amount of disposable income available for cigarette purchases. Anecdotal evidence suggests that cigarette prices themselves have also fallen, spurring consumption.

Foreign and Domestic Insurance Taxes

Receipts for the foreign insurance tax during the month of October totaled \$124.3 million and were \$3.6 million dollars below estimate, while receipts for the domestic insurance tax totaled \$8.5 million and exceeded estimates by \$8.4 million. The reason for the variance in each of these taxes is the result of a coding error whereby \$8.4 million in foreign insurance tax receipts was incorrectly recognized as domestic insurance receipts. While this error has been corrected, since the transaction date of the correction was in early November, the financial report for October does not reflect the adjustment and instead the adjustment will be reflected in the November report. As a result, it is anticipated that the November report will contain an \$8.4 million positive variance for the foreign insurance tax, with the year-to-date situation for that tax going from slightly negative to positive.

GRF non-tax receipts totaled \$814.1 million in October and were \$35.6 million (4.6%) above estimate. This monthly variance is due primarily to higher than expected federal grants (\$26.4 million) and earnings on investments (\$8.7 million). On a year over year basis, non-tax receipts for this October were \$409.7 million (101.3%) higher than in October 2007 primarily as a result of receiving \$359.6 million more in federal grants in the same month of the previous year. The receipt of these federal grants are driven primarily by Medicaid reimbursement and the year over year variance is attributable to the timing of the receipt of reimbursements early in October for payments that were made late in September.

GRF transfers totaled \$13.0 million in October and were \$24.4 million (65.2%) below estimate. This monthly variance is due entirely to the timing of temporary transfers to the GRF for reimbursements related to advances made to the property tax replacement funds. As a result, the temporary transfer scheduled for October will actually occur in November.

Table 1
 REVISED GENERAL REVENUE FUND RECEIPTS
 ACTUAL FY 2009 VS ESTIMATE FY 2009
 (\$ in thousands)

| REVENUE SOURCE | Month | | | | Year-to-Date | | | |
|--------------------------------|-------------------|--------------------|-----------------|--------------|------------------|------------------|-----------------|--------------|
| | ACTUAL OCTOBER | REVISED OCTOBER | \$ VAR | % VAR | ACTUAL Y-T-D | REVISED Y-T-D | \$ VAR | % VAR |
| TAX RECEIPTS | | | | | | | | |
| Non-Auto Sales & Use | 511,864 | 556,997 | (45,133) | -8.1% | 2,170,067 | 2,224,779 | (54,712) | -2.5% |
| Auto Sales & Use | 77,965 | 77,858 | 107 | 0.1% | 338,189 | 325,212 | 12,976 | 4.0% |
| Subtotal Sales & Use | 589,829 | 634,855 | (45,026) | -7.1% | 2,508,256 | 2,549,991 | (41,735) | -1.6% |
| Personal Income | 645,712 | 712,363 | (66,651) | -9.4% | 2,653,220 | 2,692,031 | (38,811) | -1.4% |
| Corporate Franchise | 14,160 | 10,037 | 4,123 | 41.1% | 46,293 | 35,696 | 10,597 | 29.7% |
| Commercial Activity Tax | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Public Utility | 1,788 | 5,786 | (3,998) | -69.1% | 49,265 | 53,178 | (3,912) | -7.4% |
| Kilowatt Hour | 11,027 | 10,179 | 849 | 8.3% | 48,577 | 48,906 | (328) | -0.7% |
| Foreign Insurance | 124,258 | 127,900 | (3,642) | -2.8% | 128,553 | 133,802 | (5,249) | -3.9% |
| Domestic Insurance | 8,516 | 100 | 8,416 | 8415.9% | 7,744 | (258) | 8,002 | -3102.2% |
| Other Business & Property Tax | 75 | 100 | (25) | -25.4% | 321 | 346 | (25) | -7.3% |
| Cigarette | 85,246 | 80,243 | 5,003 | 6.2% | 274,925 | 269,382 | 5,543 | 2.1% |
| Soft Drink | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Alcoholic Beverage | 5,103 | 4,595 | 508 | 11.0% | 20,058 | 20,308 | (249) | -1.2% |
| Liquor Gallonage | 2,750 | 2,811 | (61) | -2.2% | 11,917 | 12,049 | (132) | -1.1% |
| Estate | 18,736 | 14,000 | 4,736 | 33.8% | 23,404 | 18,082 | 5,322 | 29.4% |
| Horse Racing | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Total Tax Receipts | 1,507,201 | 1,602,970 | (95,769) | -6.0% | 5,772,534 | 5,833,513 | (60,979) | -1.0% |
| NON-TAX RECEIPTS | | | | | | | | |
| Federal Grants | 753,106 | 726,664 | 26,442 | 3.6% | 2,386,152 | 2,406,705 | (20,553) | -0.9% |
| Earnings on Investments | 51,111 | 42,400 | 8,711 | 20.5% | 51,111 | 42,400 | 8,711 | 20.5% |
| License & Fees | 5,400 | 4,158 | 1,242 | 29.9% | 19,266 | 18,411 | 855 | 4.6% |
| Other Income | 4,505 | 4,800 | (295) | -6.2% | 18,103 | 17,794 | 309 | 1.7% |
| ISTV'S | 19 | 500 | (481) | -96.3% | 3,890 | 3,910 | (20) | -0.5% |
| Total Non-Tax Receipts | 814,141 | 778,522 | 35,618 | 4.6% | 2,478,522 | 2,489,220 | (10,698) | -0.4% |
| TOTAL REVENUES | 2,321,342 | 2,381,492 | (60,150) | -2.5% | 8,251,056 | 8,322,732 | (71,676) | -0.9% |
| TRANSFERS | | | | | | | | |
| Budget Stabilization | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Liquor Transfers | 13,000 | 12,000 | 1,000 | 8.3% | 57,000 | 48,000 | 9,000 | 18.8% |
| Transfers In - Capital Reserve | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Transfers In - Other | 0 | 360 | (360) | -100.0% | 5,681 | 8,620 | (2,939) | -34.1% |
| Temporary Transfers In | 0 | 25,000 | (25,000) | N/A | 0 | 25,000 | (25,000) | N/A |
| Total Transfers | 13,000 | 37,360 | (24,360) | -65.2% | 62,681 | 81,620 | (18,939) | -23.2% |
| TOTAL SOURCES | 2,334,342 | 2,418,852 | (84,510) | -3.5% | 8,313,737 | 8,404,352 | (90,615) | -1.1% |

Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL - FY 2009 VERSUS FY 2008
(\$ in thousands)

| REVENUE SOURCE | Month | | | | Year-to-Date | | | |
|--------------------------------|-----------|-----------|-----------|----------|--------------|-----------|-----------|---------|
| | ACTUAL | ACTUAL | \$ | % | ACTUAL | ACTUAL | \$ | % |
| | 2009 | 2008 | VAR | VAR | 2009 | 2008 | VAR | VAR |
| TAX RECEIPTS | | | | | | | | |
| Non-Auto Sales & Use | 511,864 | 544,993 | (33,129) | -6.1% | 2,170,067 | 2,203,759 | (33,692) | -1.5% |
| Auto Sales & Use | 77,965 | 82,833 | (4,867) | -5.9% | 338,189 | 329,757 | 8,432 | 2.6% |
| Subtotal Sales & Use | 589,829 | 627,825 | (37,996) | -6.1% | 2,508,256 | 2,533,516 | (25,260) | -1.0% |
| Personal Income | 645,712 | 718,340 | (72,628) | -10.1% | 2,653,220 | 2,748,016 | (94,796) | -3.4% |
| Corporate Franchise | 14,160 | 15,110 | (950) | -6.3% | 46,293 | 5,730 | 40,563 | 707.9% |
| Commercial Activity Tax | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Public Utility | 1,788 | (922) | 2,711 | -293.9% | 49,265 | 40,723 | 8,542 | 21.0% |
| Kilowatt Hour | 11,027 | 26,015 | (14,987) | -57.6% | 48,577 | 120,400 | (71,823) | -59.7% |
| Foreign Insurance | 124,258 | 127,826 | (3,568) | -2.8% | 128,553 | 133,187 | (4,634) | -3.5% |
| Domestic Insurance | 8,516 | 59 | 8,457 | 14439.7% | 7,744 | 253 | 7,491 | 2962.4% |
| Other Business & Property Tax | 75 | 139 | (64) | -46.2% | 321 | 354 | (33) | -9.4% |
| Cigarette | 85,246 | 83,213 | 2,033 | 2.4% | 274,925 | 278,036 | (3,111) | -1.1% |
| Soft Drink | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Alcoholic Beverage | 5,103 | 4,366 | 737 | 16.9% | 20,058 | 19,997 | 62 | 0.3% |
| Liquor Gallonage | 2,750 | 2,678 | 72 | 2.7% | 11,917 | 11,635 | 282 | 2.4% |
| Estate | 18,736 | 13,073 | 5,664 | 43.3% | 23,404 | 16,523 | 6,881 | 41.6% |
| Horse Racing | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Total Tax Receipts | 1,507,201 | 1,617,721 | (110,520) | -6.8% | 5,772,534 | 5,908,371 | (135,837) | -2.3% |
| NON-TAX RECEIPTS | | | | | | | | |
| Federal Grants | 753,106 | 393,545 | 359,561 | 91.4% | 2,386,152 | 1,942,689 | 443,462 | |
| Earnings on Investments | 51,111 | 0 | 51,111 | N/A | 51,111 | 44,990 | 6,121 | 22.8% |
| License & Fee | 5,400 | 5,181 | 219 | 4.2% | 19,266 | 19,334 | (68) | -0.4% |
| Other Income | 4,505 | 3,909 | 596 | 15.3% | 18,103 | 15,243 | 2,860 | 18.8% |
| ISTV'S | 19 | 1,831 | (1,813) | -99.0% | 3,890 | 2,672 | 1,218 | 45.6% |
| Total Non-Tax Receipts | 814,141 | 404,466 | 409,675 | 101.3% | 2,478,522 | 2,024,929 | 453,593 | 22.4% |
| TOTAL REVENUES | 2,321,342 | 2,022,187 | 299,155 | 14.8% | 8,251,056 | 7,933,300 | 317,756 | 4.0% |
| TRANSFERS | | | | | | | | |
| Budget Stabilization | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Liquor Transfers | 13,000 | 12,000 | 1,000 | 8.3% | 57,000 | 64,000 | (7,000) | -10.9% |
| Transfers In - Capital Reserve | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Transfers In - Other | 0 | 40,007 | (40,007) | -100.0% | 5,681 | 55,677 | (49,996) | -89.8% |
| Temporary Transfers In | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Total Transfers | 13,000 | 52,007 | (39,007) | -75.0% | 62,681 | 119,677 | (56,996) | -47.6% |
| TOTAL SOURCES | 2,334,342 | 2,074,194 | 260,148 | 12.5% | 8,313,737 | 8,052,977 | 260,760 | 3.2% |

GENERAL REVENUE FUND DISBURSEMENTS

Across all fund uses, total year-to-date GRF disbursements are \$11,152.7 million.

| Fund Use | Includes: | YTD Disbursements |
|---|--|---------------------------|
| Expenditures and transfers between agencies (ISTVs) | State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable) | \$10,317.5 million |
| Transfers | Temporary or permanent transfers out of the GRF that are not agency expenditures | \$835.3 million |
| TOTAL GRF DISBURSEMENTS: | | \$11,152.7 million |

Year-to-date expenditures and interagency transfers are 0.7% above estimate. See table 3 for additional information.

GRF disbursements are reported according to functional reporting categories, and this section contains information regarding each category. Variance information is included on an agency-specific basis as a component of the category summaries. In the event that an agency spent its GRF appropriation according to plan during the month, a variance would not exist to be explained.

The disbursement estimates reflected in this report take into account the agency budget reductions that were announced on September 10th and implemented in late September.

Primary, Secondary, and Other Education

This category includes expenditures made by the School for the Blind, the School for the Deaf, E-Tech and the Department of Education. October expenditures in this category were \$840.0 million.

- October disbursements by the Department of Education totaled \$829.9 million. Compared with the estimate for October, the spending for the Department of Education is lower by \$26.3 million or 3.1%. The majority of this variance exists because Foundation Funding was \$24.3 million (3.3%) lower than projected. For the year to date, the spending for the Department is \$38.7 million (1.4%) less than projected.

Higher Education

October disbursements for Higher Education were \$221.3 million, representing a variance of \$8.5 million (4.0%) above the estimate for the month. Year-to-date disbursements were \$835.4 million, representing a variance totaling \$27.7 million (3.2%) below the estimate. Disbursements from the Ohio Instructional Grant program and the Ohio College Opportunity Grant program were \$26.9 million more than anticipated for the month.

Public Assistance and Medicaid

October expenditures in this category, which includes all GRF expenditures by the Department of Job & Family Services, were \$890.0 million.

Public Assistance and Non-Medicaid

This sub-category includes, but is not limited to, the following types of expenditures: social services such as adoption assistance and disability financial assistance; state match for federal child care and TANF grants; administrative support expenses including payroll and equipment; and county administration for public assistance programs.

- For the year to date, ODJFS non-Medicaid disbursements total \$300.8 million.
- For the month of October, ODJFS non-Medicaid disbursements total \$105.5 million, which was \$16.5 million (13.8%) below estimate. This is primarily attributable to the following:
 - Approximately \$2.4 million in under-spending was in the Computer Projects line item. This is primarily due to vendor payments anticipated in October occurring in September. The payments were to the Department of Administrative Services Office for Information Technology charges. Also, an invoice for the Electronics Benefits Transfer contract was received & paid in September when it was estimated to be paid in October.
 - Approximately \$14.5 million in under-spending was in the Child Care/Maintenance of Effort line item. This is primarily due to changes imposed by the County Financial Information System (CFIS) when that system went live in July 2008. Prior to CFIS, funding streams for county requests were determined at the State level (e.g. Child Care Development Block Grant vs. TANF vs. GRF MOE). With CFIS, the counties request funding from a specific grant. During the month of October all but one draw request was funded from TANF. Consequently, childcare disbursements funded from the Child Care/Maintenance of Effort line item in November will offset the under-spending in October. As the system is new, this issue will likely reoccur periodically throughout the fiscal year.
 - Approximately \$3.1 million in under-spending occurred in the adoption assistance line item. The under-spending occurred because actual payments were lower projected.

Medicaid

This category includes expenditures by the Department of Job & Family Services for Medicaid services. Please note that administrative costs related to the ODJFS Medicaid program are included in the previous sub-category.

Expenditures

- For the year to date, ODJFS Medicaid GRF disbursements total \$3,968.8 million, which is \$37.5 million (0.9%) below projection.
- For the month of October, ODJFS Medicaid GRF disbursements total \$784.4 million, which was \$11.5 million (1.4%) below projection.

Because ODJFS Medicaid expenditures comprise such a significant portion of the state budget, this report traditionally includes information regarding spending across all funding sources (GRF and non-GRF.)

- Year-to-date disbursements by all funding sources total \$4.2 billion, which is \$39.8 million (0.9%) below projection.
- October disbursements across all funds were \$932.9 million, which was \$11.8 million (1.3%) below projection for the month.

Notable variances across all funding sources for the fiscal year to date include:

- Nursing Facility expenditures are \$8.3 million (1.0%) above the projected amount of \$856.6 million; this is due primarily to the timing of the release of payments from prior year encumbrances following the final adjudication for change of ownership of nursing facilities.
- Managed Care disbursements for the Aged, Blind and Disabled category (ABD) are \$548.6 million, or \$7.7 million (1.4%) below projections. A major driver of this variance is the disenrollment of approximately 20,000 consumers from managed care in the Northeast region after that region changed to voluntary enrollment. Managed care participation is mandatory in regions supported by two or more plan, and voluntary in regions with only one plan. The Northeast region changed to voluntary enrollment when one plan chose to no longer service the region, leaving only one plan servicing the area. Consumers enrolled in the region have the option of enrolling in the remaining managed care plan or to access Medicaid through the traditional fee for service system. The 20,000 people who disenrolled from the Northeast region remain enrolled in Medicaid and are receiving services through the fee for service system.
- ICF/MR disbursements are \$5.2 million (2.9%) below the projected expenditure of \$182.2 million. This is due primarily to expected rate increases built into the projection as part of a State Plan Amendment that has not yet been approved by CMS. It is anticipated that this variance will be reduced following CMS approval.

Caseload

Total Medicaid caseload in September was 1.83 million covered persons, which is an increase of 9,115 people over August enrollment, and 4,476 over the projected amount for October. Total Medicaid enrollment has increased by 27,488 people since the beginning of SFY09, with the Covered Families & Children caseload accounting for approximately 84% of this increase. Also note that the caseload totals reflect count changes made in the ODJFS data warehouse system. These changes added approximately 14,000 consumers to caseload reporting counts, primarily in the Specified Low-Income Medicaid Beneficiary program (SLMB) and “Other” category, effective May 2008 going forward. Since these changes do not have any impact on the budget, the budgeted and actual caseload totals were increased to maintain a clear picture regarding the caseload status.

- The Covered Families and Children caseload increased by 7,617 persons from the previous month, which was 4,614 persons (0.3%) over projected October enrollment. The majority of this increase was found in the Healthy Families program (4,745 persons) and the SCHIP program (1,354).
- The Aged, Blind & Disabled caseload remained relatively consistent with projections, increasing by 1,498 people (as well as the additional people in the SLMB program). As noted above, approximately 20,000 people formerly enrolled in the managed care program in the Northeast region switched to fee for service during this month.

Health and Human Services

This category includes GRF expenditures for the following state agencies: Aging, Mental Health, MR/DD, ODADAS and Health. Examples of expenditures in this category include: administration of the state’s psychiatric hospitals; operating subsidies to county boards of MR/DD; 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 this category instead of the previous category.

October expenditures in this category were \$139.9 million. Significant notes include:

- The Department of Health disbursed \$6.5 million in GRF in October, which was \$5.6 million (46%) below estimate.
- - The largest variance (\$4.1 million) was in Help Me Grow. This was under budget due to a timing issue: invoices were entered but not yet disbursed on the last day of the month. These obligations will post in early November, resulting in an overage relative to the November estimate.
 - The second largest variance was Medically Handicapped Children, which was below October estimate by \$1.1 million. The Department utilized more non-GRF funds than planned in October (after having used more GRF than planned in September).

- One line item was notably above estimate in October: AIDS Prevention, at \$0.8 million. This was due to contracts being processed ahead of schedule.
- The Department of Aging disbursed \$15.7 million in GRF in the month of October, which was \$0.3 million (2%) above projection. There were no significant line item variances.
- The Department of Mental Health disbursed \$62.9 million in the month of October, which was \$3.2 million (5.4%) above estimate. This variance is primarily attributable to a \$2.4 million variance in the Community and Hospital Mental Health Services line item related to the timing of draw downs requested by County Boards.
- The Department of MR/DD disbursed \$40.6 million in the month of October, which was \$0.7 million (1.7%) below estimate. The variance is primarily attributable to the Department receiving less claims than expected for individuals enrolled on Individual Options waivers as a result of the Martin Settlement.

Justice and Public Protection

This category includes GRF expenditures by the following state agencies: Department of Rehabilitation & Corrections, the Department of Youth Services and the Department of Public Safety. In the aggregate, October expenditures in this category were \$186.9 million, which was \$7.3 million (4.1%) below estimate for the month.

- The Department of Rehabilitation and Correction disbursed \$151.3 million in the month of October, which was \$11.1 million (7.9%) above the \$140.2 million estimate for the month. This variance can be attributed to a transfer of GRF to the Services and Agricultural Fund not having yet occurred.
- The Department of Youth Services disbursed \$15.6 million in the month of October, which was \$2.0 million (11.4%) below the \$17.6 million estimate for the month. This variance can be attributed to less community correctional facilities grants being disbursed in October than had been estimated.

Environmental Protection & Natural Resources

October expenditures in this category were \$8.8 million, which was \$14.5 million (62.3%) below estimate.

- A portion of this variance occurred within the Department of Natural Resources. In October, the Department of Natural Resources expended a total of \$20.7 million, generating a variance of \$2.6 million (11.3%) below the October expenditure estimate of \$23.4 million. The primary factor contributing to this variance was the move from quarterly to monthly disbursements of subsidies to soil and water conservation districts. This resulted in \$3.3 million less being disbursements than the original October disbursement estimate projected. The \$3.3 million not disbursed in October will be disbursed throughout the remainder of the quarter.

Transportation

Year-to-date, the Department of Transportation GRF disbursements are \$5.0 million, which is \$4.8 million below the estimate. October disbursements were \$2.0 million, which was \$5.0 million (71%) below the estimate. This variance is the result of unpredictable grant reimbursement payments and delayed program funding announcements in the Public Transit Elderly & Disabled Program. ODOT has issued the remaining contracts so the disbursements for November should be much higher than planned which should offset October.

General Government

October expenditures in this category were \$18.2 million, which was \$0.9 million (4.7%) below estimate for the month.

Community & Economic Development

October expenditures in this category were \$14.1 million, which was \$1.3 million (9.8%) above estimate for the month.

Tax Relief & Other

October expenditures in this category were \$251.3 million, which was \$182.0 million (262.6%) above estimate for the month.

- October tax relief disbursements totaled \$246.3 million, which exceeds the monthly estimate by \$182.2 million. Both the month and year-over-year variance are due to requests for payments related to the 10 percent and 2.5 percent rollback on non-homestead eligible properties being received earlier than anticipated. As was the situation in FY 2008, the additional tax relief appropriations attributable to the expansion of the homestead exemption authorized in HB 119 are not included in the OBM estimates for FY 2009, as HB 119 sets forth a Controlling Board process for increasing appropriations and funding the increase through lapses in debt service and the transfer of excess interest earnings on tobacco securitization proceeds.
- The tax relief disbursements are divided between two recipients – school districts and local governments. The \$228.3 million in disbursements for school district tax relief during the month of October accounted for the entire variance, as it was \$184.4 million above the monthly estimate of \$43.9 million. Tax relief disbursements for local governments meanwhile, totaled \$18.0 and were \$2.4 million less than the estimate of \$20.4 million.

Debt Service

October expenditures in this category were \$46.2 million, which was \$51,000 (0.1%) above estimate for the month.

FUND BALANCE

Table 5 describes the General Revenue Fund (GRF) ending fund balance for FY 2009. These updated estimates reflect actions included in the budget reduction plan that was announced in September 2008.

The estimated ending fund balance of \$137.1 million includes the one half of one percent required ending fund balance of \$136.1 million. This GRF ending fund balance is an estimate and should not be considered as a balance available for expenditure in FY 2009 nor should it be considered as equivalent to the final FY 2009 surplus calculation as defined in Section 131.44 of the Ohio Revised Code.

It is important to note that the GRF 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 3*
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2009 VS ESTIMATE FY 2009
(\$ in thousands)

| Functional Reporting Categories Description | MONTH | | | | YEAR-TO-DATE | | | |
|--|------------------|------------------|-----------------|--------------|-------------------|-------------------|-----------------|--------------|
| | ACTUAL | ESTIMATED | \$ | % | YTD | YTD | \$ | % |
| | OCTOBER | OCTOBER | VAR | VAR | ACTUAL | ESTIMATE | VAR | VAR |
| Primary, Secondary and Other Education | 840,004 | 866,240 | (26,236) | -3.0% | 2,676,046 | 2,714,171 | (38,124) | -1.4% |
| Higher Education | 221,343 | 212,846 | 8,498 | 4.0% | 835,366 | 863,069 | (27,703) | -3.2% |
| Public Assistance and Medicaid | 890,000 | 914,835 | (24,835) | -2.7% | 4,273,688 | 4,313,234 | (39,546) | -0.9% |
| Health and Human Services | 139,923 | 144,174 | (4,251) | -2.9% | 479,460 | 495,900 | (16,440) | -3.3% |
| Justice and Public Protection | 186,909 | 179,586 | 7,324 | 4.1% | 829,760 | 820,749 | 9,011 | 1.1% |
| Environmental Protection and Natural Resources | 8,827 | 23,395 | (14,568) | -62.3% | 36,422 | 47,427 | (11,005) | -23.2% |
| Transportation | 2,076 | 7,110 | (5,034) | -70.8% | 5,494 | 10,355 | (4,861) | -46.9% |
| General Government | 18,156 | 19,045 | (888) | -4.7% | 164,916 | 173,820 | (8,904) | -5.1% |
| Community and Economic Development | 14,060 | 12,811 | 1,250 | 9.8% | 60,963 | 59,592 | 1,372 | 2.3% |
| Tax Relief and Other | 251,291 | 69,307 | 181,984 | 262.6% | 653,083 | 414,298 | 238,785 | 57.6% |
| Capital Outlay | (5) | 42 | (47) | -111.9% | 7 | 42 | (35) | -83.6% |
| Debt Service | 46,198 | 46,147 | 51 | 0.1% | 302,250 | 301,477 | 772 | 0.3% |
| Pending Payroll | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Total Expenditures & ISTV's | 2,618,782 | 2,495,536 | 123,246 | 4.9% | 10,317,454 | 10,214,133 | 103,321 | 1.0% |
| Transfers Out: | | | | | | | | |
| OPER TRF OUT-OTH | 44 | 0 | 44 | N/A | 230,799 | 236,136 | (5,338) | -2.3% |
| OPER TRF OUT-TEMPORARY | 445,311 | 461,546 | (16,235) | -3.5% | 604,470 | 620,705 | (16,235) | -2.6% |
| Total Transfers (Out) | 445,355 | 461,546 | (16,191) | -3.5% | 835,268 | 856,841 | (21,573) | -2.5% |
| Total Fund Uses | 3,064,137 | 2,957,082 | 107,055 | 3.6% | 11,152,723 | 11,070,975 | 81,748 | 0.7% |

Table 4*
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2009 VS ACTUAL FY 2008
(\$ in thousands)

| Functional Reporting Categories Description | MONTH | | | | YEAR-TO-DATE | | | |
|--|------------------|------------------|-----------------|--------------|-------------------|-------------------|----------------|--------------|
| | ACTUAL | ACTUAL | \$ | % | ACTUAL | ACTUAL | \$ | % |
| | 2009 | 2008 | VAR | VAR | 2009 | 2008 | VAR | VAR |
| Primary, Secondary and Other Education | 840,004 | 862,581 | (22,577) | -2.6% | 2,676,046 | 2,567,239 | 108,807 | 4.2% |
| Higher Education | 221,343 | 199,947 | 21,397 | 10.7% | 835,366 | 796,597 | 38,769 | 4.9% |
| Public Assistance and Medicaid | 890,000 | 1,121,165 | (231,165) | -20.6% | 4,273,688 | 3,945,270 | 328,417 | 8.3% |
| Health and Human Services | 139,923 | 127,386 | 12,537 | 9.8% | 479,460 | 464,654 | 14,805 | 3.2% |
| Justice and Public Protection | 186,909 | 178,336 | 8,573 | 4.8% | 829,760 | 806,832 | 22,928 | 2.8% |
| Environmental Protection and Natural Resources | 8,827 | 7,561 | 1,266 | 16.7% | 36,422 | 36,578 | (156) | -0.4% |
| Transportation | 2,076 | 1,396 | 680 | 48.7% | 5,494 | 5,677 | (182) | -3.2% |
| General Government | 18,156 | 16,067 | 2,089 | 13.0% | 164,916 | 161,753 | 3,164 | 2.0% |
| Community and Economic Development | 14,060 | 9,205 | 4,856 | 52.8% | 60,963 | 57,834 | 3,129 | 5.4% |
| Tax Relief and Other | 251,291 | 128,375 | 122,916 | 95.7% | 653,083 | 475,478 | 177,605 | 37.4% |
| Capital Outlay | (5) | 0 | (5) | N/A | 7 | 6 | 1 | 20.1% |
| Debt Service | 46,198 | 46,572 | (374) | -0.8% | 302,250 | 283,008 | 19,241 | 6.8% |
| Pending Payroll | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Total Expenditures & ISTV's | 2,618,782 | 2,698,590 | (79,808) | -3.0% | 10,317,454 | 9,600,927 | 716,527 | 7.5% |
| Transfers Out: | | | | | | | | |
| OPER TRF OUT-BUD STABILIZATION | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| OPER TRF OUT-OTH | 44 | (27,210) | 27,254 | -100.2% | 230,799 | 260,735 | (29,936) | -11.5% |
| OPER TRF OUT-TEMPORARY | 445,311 | 340,589 | 104,722 | 30.7% | 604,470 | 350,104 | 254,366 | 72.7% |
| Total Transfers (Out) | 445,355 | 313,379 | 131,976 | 42.1% | 835,268 | 610,839 | 224,429 | 36.7% |
| Total Fund Uses | 3,064,137 | 3,011,969 | 52,168 | 1.7% | 11,152,723 | 10,211,766 | 940,957 | 9.2% |

FUND BALANCE
GENERAL REVENUE FUND
FY 2009
(\$ in thousands)

| | |
|---|---------------------|
| July 1, 2008 Beginning Cash Balance | \$ 1,682,002 |
| Plus FY 2009 Estimated Revenues | 19,024,199 |
| Plus FY 2009 Estimated Federal Revenues | 6,632,767 |
| Plus FY 2009 Estimated Transfers to GRF | 1,561,105 |
| Total Sources Available for Expenditure & Transfer | 28,900,073 |
| Less FY 2009 Estimated Disbursements | 27,478,990 |
| Less FY 2009 Estimated Total Encumbrances as of June 30, 2009 | 431,512 |
| Less FY 2009 Estimated Transfers Out | 852,439 |
| Total Estimated Uses | 28,762,941 |
| FY 2009 ENDING FUND BALANCE | 137,132 |
| One half of one percent target ending fund balance | 136,090 |
| Excess / (Shortfall) | \$ 1,042 |