



OBM

Ted Strickland
Governor

J. Pari Sabety
Director

September 10, 2009

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 August 31, 2009 as well as highlights of regional and national economic indicators that are important to understanding the current state and direction of Ohio's economy.

Members of your Council of Economic Advisors note that signals exist that the economy has stabilized but expect a relatively slow and jobless climb back from the recession. Low inflation and low interest rates are expected to continue, and the effects of the federal stimulus are continuing to infuse resources throughout various economic sectors. High unemployment is expected to continue through FY 2011 with declining retail sales and continued risks related to residential foreclosures and further adjustments expected in the commercial real estate market. Since the manufacturing plays such an important role in Ohio's economy, structural reorganizations within that sector suggest that while jobs will be regained relative to the lowest point of the economic trough, but not restored to pre-recession levels. The consensus forecast presented by the Council is consistent with the Moody's Economy.com "deeper recession, weaker recovery" macro economic forecast used to develop the FY10-FY11 revenue estimates.

The August performance of Ohio's major tax sources support general themes expressed by the Council. For the second straight month, there has been an increase in personal income tax withholding and a decrease in consumer spending when compared to estimates. The withholding strength helped to counterbalance weakness in non-auto sales tax for an overall negative monthly variance of \$9.8 million (0.8%) across all tax sources. On a year-to-date basis, aggregate tax receipts are \$7.6 million (0.3%) above estimate.

The September report contains a new, recurring feature: an update on Ohio's receipt and expenditures of American Recovery & Reinvestment Act (ARRA) resources. Throughout the remainder of the federal stimulus period, OBM will provide financial status updates and programmatic implementation highlights each month.

MONTHLY FINANCIAL REPORT
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ECONOMIC SUMMARY

The economy contracted in the second quarter and for the fourth consecutive quarter, but at the slowest pace since the 1.5% increase in the second quarter of 2008. Employment remained in a downtrend through August and the unemployment rate increased to a new high for the cycle, at 9.7% in the U.S. in August and 11.2% in Ohio in July. Leading economic indicators suggest that an economic recovery is taking hold. Despite raising projections for near-term growth, economists expect the recovery from the 2007-09 recession to be weak by historical standards, as were the recoveries from the 1990-91 and 2001 recessions. The pace of economic recovery in Ohio will depend heavily on the fate of the motor vehicle industry and the strength of export markets.

Overview of Economic Performance

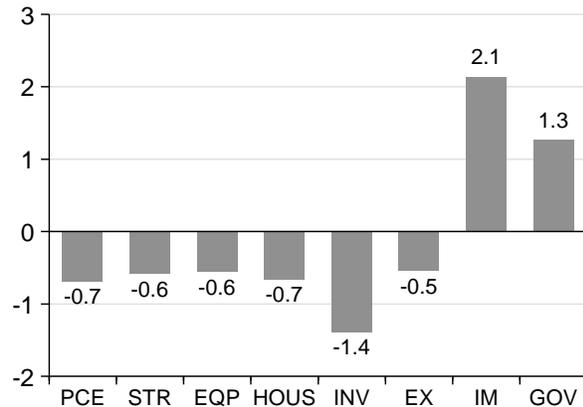
- The recent monthly patterns in related indicators point toward gains in personal consumption expenditures, investment in business equipment and exports during the third quarter.
- Total U.S. employment decreased by 216,000 jobs and the unemployment rate increased by 0.3 percentage points to 9.7%.
- Second quarter personal consumption expenditures, investment in business equipment, investment in residential structures, and U.S. exports were revised to smaller decreases.

Economic Growth

The rate of change in real GDP was an unrevised -1.0% in the second quarter, following declines of 6.4% in the first quarter and 5.4% in the fourth quarter of 2008. Compared with a year earlier, real GDP was down 3.9%. The economy has contracted in four consecutive quarters and five out of the last six quarters and by the largest amount over a four-quarter span in the post-World War II period.

The revision to the mix of activity during the second quarter points to a much stronger increase in real GDP during the third quarter than had been previously anticipated. The drawdown in business inventories was much larger than originally reported, but the increase in final sales was larger by the same amount. Personal consumption expenditures, investment in business equipment, investment in residential structures, and U.S. exports were revised to smaller decreases. The change in investment in nonresidential structures was revised to a larger decline.

**Contributions to Real GDP
Second Quarter 2009**

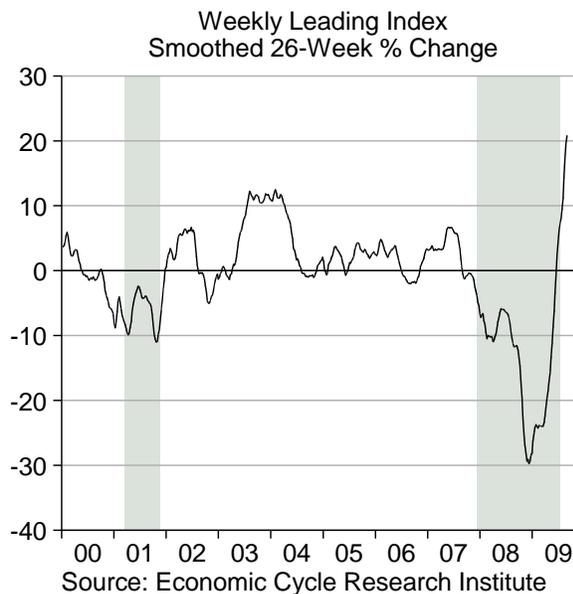


PCE = Consumer Spending
STR = Nonresidential Structures
EQP = Equipmnet and Software
HOUS = Residential Structures
EX = Exports
IM = Imports
GOV = Government

The recent monthly patterns in related indicators point toward gains in personal consumption expenditures, investment in business equipment and exports during the third quarter. Reflecting convincing improvement in construction activity during the summer, investment in residential structures could be unchanged during the third quarter, which would be the best showing since the fourth quarter of 2005. Recent indicators point with somewhat less certainty to a much smaller decline in business inventories.

As a result, forecasters project an increase in real GDP during the third quarter of 3% or higher. Although a modest pace by historical standards early in a recovery, 3% growth would be a marked improvement from expectations earlier in the year. As recently as March, for example, IHS Global Insight was predicting a decline of 1.2% for third-quarter real GDP.

The **Weekly Leading Index** published by the Economic Cycle Research Institute increased for the twenty-fourth straight week in the week ending August 28 on a four-week moving average basis. The smoothed six-month rate of change improved to +20.8%, up from the low for the cycle and the all-time low of -29.7% reached on December 5. The current rate of change is the third strongest on record (dating to 1968), surpassed only by two weeks in May 1971 during recovery from the 1969-70 recession.



The **Leading Economic Index** published by the Conference Board increased 0.6% in July, following increases of 0.8%, 1.2% and 1.1% in the three preceding months – the first string of four consecutive increases since the heart of the last expansion in 2003-04. The smoothed six-month rate of change increased to 3.8% – the third consecutive positive change and the best since December 2004. The sharp upturn is very strong evidence that economic recovery is under-way.

The Ratio of the Coincident to Lagging Economic Index published by the Conference Board increased for the fourth straight month in July – another signal of an upturn in the economy. The ratio has reached its cyclical trough at approximately the same time that recessions have ended on many occasions in the past.

Employment

Labor markets continued to reel in August from the shock that hit financial markets and the economy last summer and fall. **Total employment** decreased by 216,000 jobs and the **unemployment rate** increased by 0.3 percentage points to 9.7%. Average hourly earnings increased 0.3% – mostly as the result of the statutory increase in the minimum wage – and the year-over-year rate of change decreased to 2.6% – a new low for the cycle.

The June and July job losses were revised lower by a total of 49,000. The August job decline was the smallest in the year since the crisis unfolded, but lifted the total number of jobs lost since

the beginning of the recession to 6.9 million. Job losses were widespread once again, with approximately 65% of 271 industries reporting lower employment than in July.

Job losses were concentrated in construction (-65,000) and manufacturing (-63,000). Employment also declined in the trade, transportation and utilities sector (-28,000), finance, insurance and real estate (-28,000), professional and business services (-22,000), leisure and hospitality (-18,000) and government (-18,000). Employment increased in education and health services (+52,000).

At 9.7%, the unemployment rate is 5.3 percentage points above its low-point in the previous expansion and stands at its highest level since 1983. The broadest measure of unemployment, which includes so-called discouraged workers, increased to a new all-time high of 16.8%.

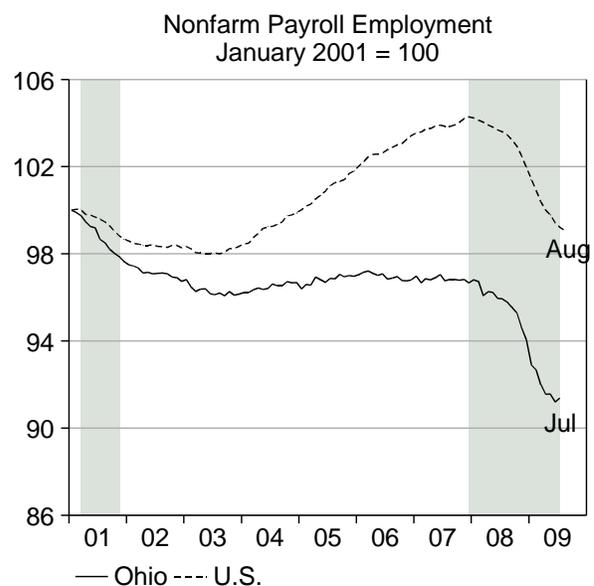
In an indication of ongoing weakness in the demand for labor, the length of the workweek remained unchanged at 33.1 hours, up from the all-time low of 33.0 hours in June. **Total hours worked** decreased 0.3% in August. If hours worked stay at the August level in September, the annualized rate of change for the third quarter would be -2.8%, requiring another large increase in productivity to avoid a decline in real GDP.

Initial jobless claims drifted somewhat higher in August, but remained close to the four-week average in the final week of the month. At 550,000 claimants in the most recent week, initial claims remain well above the normal level of approximately 325,000.

Ohio employment increased by 9,800 jobs in July, following a 20,100 job loss in June. The June loss was originally reported as a 33,000 job decline. Employment has decreased by 254,600 jobs, or 4.7%, during the twelve months ending in July. Job gains in Finance, insurance and real estate (+3,700), educational and health services (+4,400) and leisure and hospitality (+4,600) were partly offset by losses in trade, transportation and utilities (-2,400), construction (-1,300) manufacturing (-1,200) and professional and business services (-1,200).

Of the eleven **Ohio Metropolitan Statistical Areas**, only Sandusky added jobs (+700) during the twelve months ended in June. Employment fell by the largest amounts in Cleveland (-63,200), Cincinnati (-44,700) and Toledo (-24,600). Columbus lost 15,900 jobs.

Employment fell substantially in Ohio and each of the **contiguous states** during the year ending in July. The declines were larger in states with a higher concentration of employment in manufacturing and smaller in states with a higher concentration of employment in mining. Employment fell 6.7% in Michigan, 5.1% in Indiana, 4.7% in Ohio, 4.5% in Kentucky, 3.6% in West Virginia, and 3.2% in Pennsylvania. For the region as a whole, employment was down 4.7% during the same period, compared with a decline of 4.1% for all states outside the region combined.

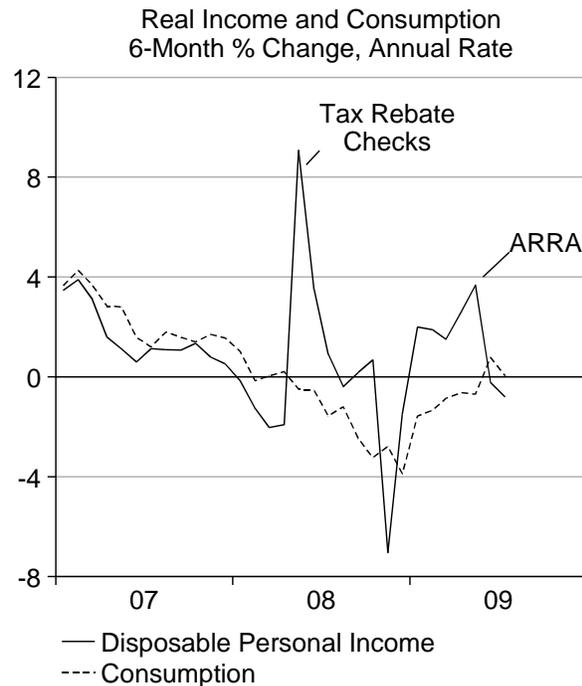


Consumer Income and Consumption

Recent trends in consumer income and spending have been dominated by the American Recovery and Reinvestment Act and the federal rebates for new car purchases. **Personal income** was unchanged in July after decreasing 1.1% in June and increasing 1.4% in May. Excluding the effects of ARRA, personal income increased 0.1%, 0.2% and 0.1% in May, June and July, respectively.

Wage and salary disbursements, which account for just over one-half of personal income, increased 0.1% in July, following eight straight months of decline. Compared with a year earlier, wage and salary disbursements were down 5.1%, the same as in June and the low point for the cycle. Personal income was down 2.4% from a year earlier, up from a year-over-year decline of -3.2% in June.

Personal consumption expenditures increased 0.2% in July, primarily reflecting the rebate-induced increase in motor vehicle sales. In inflation-adjusted terms, purchases of motor vehicles and parts increased 6.4%, lifting spending on durable goods by 1.8%. Outlays for nondurable goods declined 0.3%, while spending on services increased 0.3%.



The jump in light motor vehicle sales to 14.1 million units in August from 11.2 million in July is expected to have raised overall consumer spending by as much as 2.5% in August, which would be the largest monthly increase on record and essentially match the increase associated with zero percent auto financing in the fall of 2001.

Outside of the motor vehicles category, consumer spending has remained restrained. **Chain store sales** edged down slightly in August after a large recovery in July. The year-over-year comparison improved markedly, however, from -5.0% in July to -2.0% in August. The only store types at which sales increased on the month were drug stores and wholesale clubs. Apparel stores, department stores and luxury retailers continued to experience weak sales.

Consumer attitudes held steady or improved in August. The Conference Board reported a rise in consumer confidence, reflecting better assessments of both current and expected conditions. The Reuters/University of Michigan survey of consumer sentiment uncovered little change in attitudes from July to August, as modestly brighter expectations were offset by a less positive view of current conditions. The trends in confidence measures from both sources are clearly up from the lows for the cycle that were reached last winter.

Manufacturing

Industrial production increased 0.5% in July for the first undistorted monthly gain since December 2007. Production increased 1.3% last October in a partial recovery from hurricane damage in the previous month. Production was down 13.1% from a year earlier in July. The peak-to-trough drop was -17.4% – the largest since at least the late 1940s. Utility output fell 2.4% in July due to relatively mild weather. Manufacturing production increased 1.0%.

The increase in production points to July as the end of the recession. The official determination will not be announced by the National Bureau of Economic Research until perhaps as late as next spring or summer. The timing of the announcement will depend on the strength of any recovery in the overall economy coming months. Industrial production has been a reliable indicator of the end of the recession in the past because the index has reached its cyclical trough within one month of the end of each of the ten previous business cycle recessions dating back to 1948-49.

Midwest manufacturing output increased 2.6% in July, due solely to a large rise in motor vehicle production. Regional auto sector production jumped 16.3%, according to the Federal Reserve Bank of Chicago. Production fell in the steel sector (-0.1%), resource sector (-0.2%), and machinery sector (-2.2%).

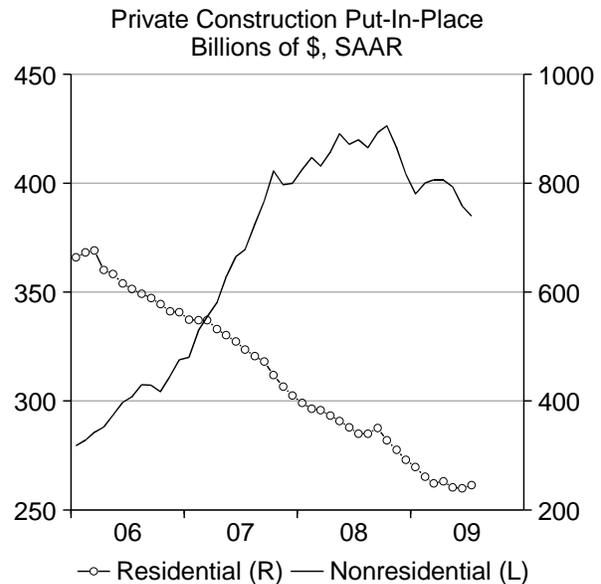
The July gain in manufacturing production both nationally and in the Midwest owed much to the rebound in motor vehicle production. U.S. light-vehicle production increased from 3.97 million units at an annual rate in June to a 5.74 million unit rate, lifting production by 20.1%. In a break with recent months, however, production increased in a number of industries, including wood products (+0.7%), nonmetallic mineral products (+2.3%), primary metal (+3.3%), computer and electronic products (+0.6%), aerospace (+0.9%), and plastics and rubber products (+0.9%).

Purchasing managers at manufacturing companies indicated that improvement continued into August. The composite index of business conditions increased to 52.9 in August, up from 48.9 in July and the trough for the cycle of 32.4 reached last December. The new orders and production components also were very strong. If the composite index remains at the August level in September, the third-quarter average of the index will be consistent with 3% real GDP growth during the quarter, based on the historical relationship between the PMI index and real GDP.



Construction

Total **construction put-in-place** decreased by 0.2% in July. Private construction increased 0.1%, while public construction decreased by 0.7%. The housing sector has shown additional signs of turning up, while the near-term course of nonresidential construction activity remains in doubt. Private nonresidential construction declined by 1.2%, and activity in previous months was revised lower. Single-family home construction jumped by 7.0% in July, whereas construction of multi-family housing decreased by 3.3%. Total residential construction increased 2.3%.



Compared with a year earlier, total construction was down by 10.5%, up from the trough for this cycle of -11.7% in March. Private residential construction was off 27.8% from a year ago, up from a low of 35.0% in March. Nonresidential construction was off 8.3% from a year ago and still accelerating downward.

The **Architecture Billings Index (ABI)** compiled by the American Institute of Architects increased in July to its best level since March. At 43.1, however, the index level remains well below the neutral level of 50, where it has been since February 2008. The pattern in the index is consistent with continued weakness in nonresidential construction. The index for Midwest Billings declined to 36.9 in July and remained below its April level.

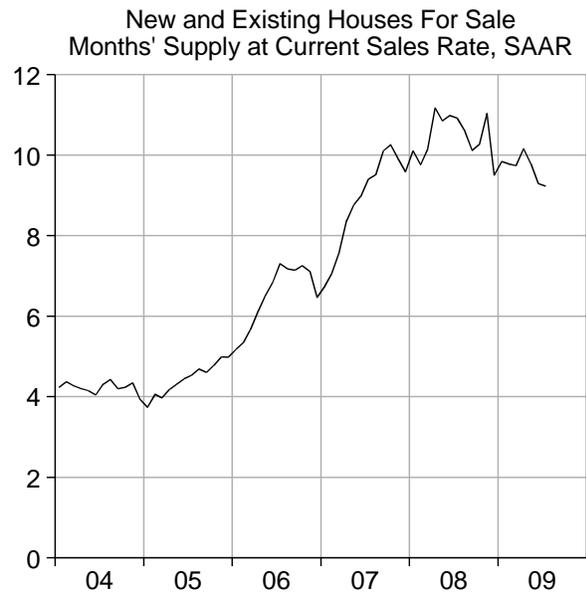
In the **housing sector**, permits and starts have leveled off, sales have begun to rise and the inventory of homes on the market has continued to decline in both absolute terms and relative to the pace of sales. The decline in prices even appears to have moderated.

On a 3-month moving average basis, permits increased for the second consecutive month in July. Permits for single-family units, however, increased in July for the fourth month in a row. Starts have followed the identical pattern.

Sales of both existing and new homes were also up for the fourth straight month in July on a 3-month moving average basis. Pending home sales – a more up-to-date measure of existing home sales – were not only up for the fourth straight month in July (3-month moving average basis) but were 8.7% higher than in July 2008.

The **supply of homes for sale** continued to decline relative to the pace of sales in July. The number of existing homes on the market increased – perhaps reflecting the better environment and urgency of lenders to dispose of foreclosed properties. But the number of newly built homes for sales fell to 271,000 units in July – the lowest level since March 1993. More importantly, the number of months necessary to move all of the homes currently for sale at the July pace fell to 9.2 – the lowest since June 2007, before the recession began.

Home prices appear to be leveling off, but the evidence is not definitive. The Freddie Mac Conventional Mortgage Home Price Index decreased 2.5% in the second quarter after rising modestly on balance during the previous half year. The more widely followed S&P/Case-Shiller Home Price Index for twenty metro areas edged up by 0.7% in June after no change in May. The Freddie Mac price index is down 4.5% from a year ago, while the S&P/Case-Shiller index is down 15.5%. Together, the two measures of home prices provide some evidence that the adjustment in the housing sector is nearing completion.



GENERAL REVENUE FUND RECEIPTS

During the month of August, **total GRF receipts totaled \$1,776.4 million** which was \$16.1 million (0.9%) above estimates. This positive variance was driven by the combination of better than expected performance in the personal income tax and non-tax receipts. Non-tax receipts totaled \$567.9 million and were \$24.1 million, or 4.5% above estimates.

| 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 | \$7.6 million | 0.3% |
| Non-tax receipts | Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers | \$24.1 million | 1.9% |
| Transfers | Budget stabilization, liquor transfers, capital reserve, other | \$1.8 million | 6.9% |
| TOTAL REVENUE VARIANCE: | | \$16.1 million | 0.9% |

Similar to July, a better than expected performance in the auto sales and personal income taxes combined to counterbalance the continued negative performance of the non-auto sales and public utility taxes, which experienced shortfalls of \$18.5 and \$12.2 million respectively.

| <u>Individual Sources Above Estimate</u> | | <u>Individual Sources Below Estimate</u> | |
|---|---------------|---|-----------------|
| Auto Sales Tax | \$9.0 | Non-Auto Sales Tax | (\$18.5) |
| Personal Income Tax | \$24.3 | Corporate Franchise Tax | (\$4.6) |
| Federal Grants | \$24.1 | Public Utility Tax | (\$12.2) |
| Liquor Transfers | \$1.0 | Kilowatt Hour Tax | (\$3.5) |
| Other Sources Above Estimate | \$1.2 | Cigarette Tax | (\$3.4) |
| | | Other Source Below Estimate | (\$1.3) |
| Total above | \$59.6 | Total below | (\$43.5) |

Non-Auto Sales and Use Tax

Weak performance of the non-auto sales tax continued in August with the worst year-over-year monthly percentage decline since March as receipts totaled \$476.8 million, falling short of the estimate by \$18.5 million (3.7%). On a year-over-year basis, the tax declined relative to the same month in fiscal year 2009 by \$68.7 million (12.6%). The poor performance in non-auto sales may be attributed to several factors, including the rollout of the Federal Government’s Car Allowance Rebate System (CARS), which may have caused some consumers to choose to reduce spending in this tax category in order to take advantage of the program and purchase a vehicle. Additionally, a stronger than forecast negative wealth effect resulting from declines in home equity may be hampering consumer spending. Finally, higher consumer savings rates due to

uncertainty regarding employment may have also contributed to the underperformance in non-auto sales. Despite these challenges, better than forecast performances in other tax sources have helped largely offset losses in non-auto sales.

Auto Sales Tax

August auto sales tax receipts totaled \$91.5 million and exceeded estimates by \$9 million (11.0%). On a year-over-year basis, auto tax receipts outpaced those from the same month last fiscal year by \$4.2 million or 4.8%. The additional auto sales tax revenues recognized in August was a result of the success of the CARS or Cash for Clunkers incentive program. Over the last eight days of the month, receipts exceeded the same eight days of the prior month by about \$14 million, which is nearly 40 percent.

Personal Income Tax

Following the pattern in July, personal income tax receipts continued to be higher than estimated in August as receipts totaled \$497.1 million, or \$24.3 million (5.1%) above the monthly estimate. Examining the individual components of the tax, withholding was once again the driver of this positive variance at \$537.3 million or \$25.5 million (5.0%) above the estimate. Compared to last year, however, withholding receipts continued to remain lower by 8.2 percent. Total personal income tax receipts were also lower at \$46.7 million or 8.6% below the August 2008 level.

On a year-over-year basis, the first two months total of personal income receipts were \$35.9 million or 3.8% above the estimate, but \$102.5 million or 9.4% below the corresponding level in FY 2009.

| FY2010 PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions) | | | | | | |
|---|----------------|----------------|---------------|----------------|----------------|---------------|
| | ESTIMATE | ACTUAL | \$ VAR | ESTIMATE | ACTUAL | \$ VAR |
| | AUG | AUG | AUG | Y-T-D | Y-T-D | |
| Withholding | \$511.8 | \$537.3 | \$25.5 | \$1,057.4 | \$1,095.6 | \$38.2 |
| Quarterly Est. | \$9.5 | \$8.9 | (\$0.6) | \$21.8 | \$20.8 | (\$1.0) |
| Trust Payments | \$0.3 | \$0.6 | \$0.3 | \$1.2 | \$1.1 | (\$0.1) |
| Annual Returns & 40 P | \$12.7 | \$10.0 | (\$2.7) | \$23.7 | \$16.6 | (\$7.1) |
| Other | \$7.3 | \$7.1 | (\$0.1) | \$13.1 | \$13.9 | \$0.8 |
| Less: Refunds | (\$23.0) | (\$21.1) | \$1.9 | (\$66.7) | (\$61.1) | \$5.6 |
| Local Distr. | (\$45.8) | (\$45.7) | \$0.1 | (\$101.8) | (\$102.2) | (\$0.4) |
| Net to GRF | \$472.8 | \$497.1 | \$24.3 | \$948.7 | \$984.6 | \$35.9 |

Corporate Franchise Tax

Due to greater refunds than estimated, corporate franchise tax receipts for the month of August stood at negative \$4.1 million against the estimated positive receipts of \$0.5 million. As Fiscal Year 2010 is the final year for completing the phase out of this tax for most taxpayers, comparing the performance on a year-over-year basis will not be meaningful.

Commercial Activity Tax

In FY 2010, receipts from the commercial activity tax (CAT) will continue to be distributed to non-GRF funds to reimburse school districts and local governments for the phase out of the tangible personal property tax. During the month of August, CAT receipts totaled \$280.7 million, an amount \$4.0 million above the monthly estimate of \$276.7 million. Through the first two months of the year, total CAT receipts year are \$299.2 million, or \$15.0 below the year to date estimate.

Public Utility Tax

Public utility tax receipts during the month of August totaled \$34.0 million and were \$12.2 million (26.5%) below estimates. OBM believes that this negative variance is largely attributable to the combination of reductions in the price of natural gas and a relatively mild winter in 2009.

Kilowatt Hour Tax

The kilowatt hour tax during the month of August posted total receipts of \$16.0 million which were \$3.5 million (18.0%) below estimates. This variance is attributable largely to the relatively weak demand for electricity driven by what has to date been a milder than expected summer. Additionally, while the percentage variance for this tax appears to be large, it must be noted that this is in comparison to the post Public Library Fund allocations which totals about \$11.7 million from this tax source.

Cigarette Tax

The cigarette tax posted receipts of \$73.5 million during the month of August which was \$3.3 million (4.5%) below estimates. While it appears that that a portion of the overage for this tax source in July was due in part to the timing of payments, the amount given back in August was less than anticipated. As a result, the cigarette tax is still \$7.2 million (7.7%) ahead of estimates for the year to date.

GRF non-tax receipts totaled \$567.9 million in August, with the performance coming in \$24.1 million ahead of estimates. This positive variance is attributable to receiving more in state fiscal stabilization funds than estimated. **GRF transfers** during the month of August were comprised primarily of liquor profits transfers and totaled \$14.8 million or \$1.8 million above estimates.

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2010 VS ESTIMATE FY 2010
(\$ in thousands)

| REVENUE SOURCE | Month | | | | Year-to-Date | | | |
|--------------------------------|------------------|------------------|---------------|-------------|------------------|------------------|---------------|-------------|
| | ACTUAL | ESTIMATE | \$ VAR | % VAR | ACTUAL | ESTIMATE | \$ VAR | % VAR |
| | AUGUST | AUGUST | | | Y-T-D | Y-T-D | | |
| TAX RECEIPTS | | | | | | | | |
| Non-Auto Sales & Use | 476,781 | 495,300 | (18,519) | -3.7% | 1,015,388 | 1,039,400 | (24,012) | -2.3% |
| Auto Sales & Use | 91,538 | 82,500 | 9,038 | 11.0% | 169,973 | 160,400 | 9,573 | 6.0% |
| Subtotal Sales & Use | 568,319 | 577,800 | (9,481) | -1.6% | 1,185,361 | 1,199,800 | (14,439) | -1.2% |
| Personal Income | 497,119 | 472,800 | 24,319 | 5.1% | 984,568 | 948,700 | 35,868 | 3.8% |
| Corporate Franchise | (4,130) | 500 | (4,630) | -926.1% | (13,778) | (9,500) | (4,278) | 45.0% |
| Commercial Activity Tax | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Public Utility | 33,976 | 46,200 | (12,224) | -26.5% | 34,114 | 46,200 | (12,086) | -26.2% |
| Kilowatt Hour | 15,994 | 19,500 | (3,506) | -18.0% | 25,560 | 30,100 | (4,540) | -15.1% |
| Foreign Insurance | 51 | 0 | 51 | N/A | (285) | (100) | (185) | 184.7% |
| Domestic Insurance | 229 | 100 | 129 | 128.7% | 53 | (600) | 653 | -108.8% |
| Other Business & Property Tax | 40 | 300 | (260) | -86.6% | 97 | 300 | (203) | -67.5% |
| Cigarette | 73,464 | 76,800 | (3,336) | -4.3% | 99,953 | 92,800 | 7,153 | 7.7% |
| Soft Drink | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Alcoholic Beverage | 5,377 | 5,300 | 77 | 1.4% | 10,981 | 10,700 | 281 | 2.6% |
| Liquor Gallonage | 3,283 | 3,200 | 83 | 2.6% | 6,277 | 6,100 | 177 | 2.9% |
| Estate | 8 | 1,000 | (992) | -99.2% | 238 | 1,000 | (762) | -76.2% |
| Horse Racing | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Total Tax Receipts | 1,193,729 | 1,203,500 | (9,771) | -0.8% | 2,333,140 | 2,325,500 | 7,640 | 0.3% |
| NON-TAX RECEIPTS | | | | | | | | |
| Federal Grants | 557,660 | 533,595 | 24,065 | 4.5% | 1,286,652 | 1,262,586 | 24,065 | 1.9% |
| Earnings on Investments | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| License & Fees | 12,292 | 12,292 | 0 | 0.0% | 12,760 | 12,760 | 0 | 0.0% |
| Other Income | (2,075) | (2,075) | 0 | 0.0% | 6,601 | 6,601 | 0 | 0.0% |
| ISTV'S | (18) | (18) | 0 | 0.0% | (149) | (149) | 0 | 0.0% |
| Total Non-Tax Receipts | 567,859 | 543,794 | 24,065 | 4.4% | 1,305,865 | 1,281,799 | 24,065 | 1.9% |
| TOTAL REVENUES | 1,761,588 | 1,747,294 | 14,294 | 0.8% | 3,639,005 | 3,607,299 | 31,705 | 0.9% |
| TRANSFERS | | | | | | | | |
| Budget Stabilization | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Liquor Transfers | 14,000 | 13,000 | 1,000 | 7.7% | 27,000 | 26,000 | 1,000 | 3.8% |
| Transfers In - Capital Reserve | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Transfers In - Other | 814 | 0 | 814 | N/A | 978 | 164 | 814 | 495.5% |
| Temporary Transfers In | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Total Transfers | 14,814 | 13,000 | 1,814 | 14.0% | 27,978 | 26,164 | 1,814 | 6.9% |
| TOTAL SOURCES | 1,776,402 | 1,760,294 | 16,108 | 0.9% | 3,666,982 | 3,633,464 | 33,519 | 0.9% |

Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL - FY 2010 VERSUS FY 2009
(\$ in thousands)

| REVENUE SOURCE | Month | | | | Year-to-Date | | | |
|--------------------------------|-----------|-----------|-----------|---------|--------------|-----------|-----------|---------|
| | AUGUST | AUGUST | \$ | % | ACTUAL | ACTUAL | \$ | % |
| | FY 2010 | FY 2009 | VAR | VAR | FY 2010 | FY 2009 | VAR | VAR |
| TAX RECEIPTS | | | | | | | | |
| Non-Auto Sales & Use | 476,781 | 545,469 | (68,688) | -12.6% | 1,015,388 | 1,148,835 | (133,448) | -11.6% |
| Auto Sales & Use | 91,538 | 87,317 | 4,220 | 4.8% | 169,973 | 175,091 | (5,118) | -2.9% |
| Subtotal Sales & Use | 568,319 | 632,786 | (64,468) | -10.2% | 1,185,361 | 1,323,927 | (138,566) | -10.5% |
| Personal Income | 497,119 | 543,866 | (46,746) | -8.6% | 984,568 | 1,087,027 | (102,458) | -9.4% |
| Corporate Franchise | (4,130) | 3,083 | (7,213) | -234.0% | (13,778) | 29,753 | (43,531) | -146.3% |
| Commercial Activity Tax | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Public Utility | 33,976 | 47,387 | (13,411) | -28.3% | 34,114 | 47,387 | (13,273) | -28.0% |
| Kilowatt Hour | 15,994 | 16,534 | (540) | -3.3% | 25,560 | 22,642 | 2,918 | 12.9% |
| Foreign Insurance | 51 | (39) | 90 | -231.4% | (285) | (98) | (187) | 191.1% |
| Domestic Insurance | 229 | 53 | 176 | 333.0% | 53 | (558) | 611 | -109.5% |
| Other Business & Property Tax | 40 | 293 | (253) | -86.2% | 97 | 246 | (149) | -60.5% |
| Cigarette | 73,464 | 86,319 | (12,855) | -14.9% | 99,953 | 104,362 | (4,409) | -4.2% |
| Soft Drink | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Alcoholic Beverage | 5,377 | 5,216 | 161 | 3.1% | 10,981 | 10,521 | 460 | 4.4% |
| Liquor Gallonage | 3,283 | 3,184 | 99 | 3.1% | 6,277 | 6,069 | 208 | 3.4% |
| Estate | 8 | 1,040 | (1,031) | -99.2% | 238 | 1,082 | (844) | -78.0% |
| Horse Racing | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Total Tax Receipts | 1,193,729 | 1,339,722 | (145,992) | -10.9% | 2,333,140 | 2,632,360 | (299,220) | -11.4% |
| NON-TAX RECEIPTS | | | | | | | | |
| Federal Grants | 557,660 | 550,731 | 6,929 | 1.3% | 1,286,652 | 1,374,399 | (87,747) | -6.4% |
| Earnings on Investments | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| License & Fee | 12,292 | 6,481 | 5,810 | 89.7% | 12,760 | 12,452 | 308 | 2.5% |
| Other Income | (2,075) | 4,423 | (6,497) | -146.9% | 6,601 | 10,400 | (3,799) | -36.5% |
| ISTV'S | (18) | 36 | (54) | -150.3% | (149) | 66 | (215) | -325.3% |
| Total Non-Tax Receipts | 567,859 | 561,670 | 6,189 | 1.1% | 1,305,865 | 1,397,317 | (91,452) | -6.5% |
| TOTAL REVENUES | 1,761,588 | 1,901,392 | (139,804) | -7.4% | 3,639,005 | 4,029,677 | (390,672) | -9.7% |
| TRANSFERS | | | | | | | | |
| Budget Stabilization | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Liquor Transfers | 14,000 | 0 | 14,000 | N/A | 27,000 | 15,000 | 12,000 | 80.0% |
| Transfers In - Capital Reserve | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Transfers In - Other | 814 | 0 | 814 | N/A | 978 | 5,065 | (4,087) | -80.7% |
| Temporary Transfers In | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Total Transfers | 14,814 | 0 | 14,814 | N/A | 27,978 | 20,065 | 7,913 | 39.4% |
| TOTAL SOURCES | 1,776,402 | 1,901,392 | (124,990) | -6.6% | 3,666,982 | 4,049,742 | (382,759) | -9.5% |

GENERAL REVENUE FUND DISBURSEMENTS

August 2009 GRF disbursements, across all fund uses, were \$ 2,702.7 million. This was \$59.1 million (2.1%) below estimate for the month. On a year to date basis, total GRF disbursements are \$5,450.0 million, which is \$61.5 million (1.1%) below estimate. Details of the year to date disbursements are provided in the table below.

| Fund Use | Description | YTD Disbursements |
|---|--|---------------------------|
| Expenditures and transfers between agencies (ISTVs) | State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable) | \$ 4,920.6 million |
| Transfers | Temporary or permanent transfers out of the GRF that are not agency expenditures | \$ 579.4 million |
| TOTAL GRF DISBURSEMENTS: | | \$ 5,450.0 million |

GRF disbursements are reported according to functional reporting categories and this section contains information regarding each category.

Primary, Secondary, and Other Education

This category includes expenditures made by the Department of Education, E-tech, School for the Blind, and School for the Deaf. The August expenditures in this category were \$306.6 million, representing a variance of \$31.9 million (9.4%) below estimate.

The August disbursements for the department of Education are \$31,462,704 (9.4%) below estimate. For the year to date, disbursements are \$31,547,515 (3%) below estimate. Most of the variance is due to under-spending in Pupil Transportation, Foundation Funding and Student Assessment. The variances are expected to be narrowed with the full implementation of the new funding system.

Higher Education

August disbursements for Higher Education were \$203.6 million, representing a variance of \$680,000 (0.3%) above the estimate for the month. Year-to-date disbursements were \$405.6 million, representing a variance totaling \$680,000 (0.2%) above the estimate.

Public Assistance and Medicaid

August expenditures in this category, which includes all GRF expenditures by the Department of Job & Family Services (ODJFS), were \$1,168.2 million. Expenditures were \$25.7 million (2.2%) below estimate for the month.

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.

ODJFS non-Medicaid General Revenue Fund disbursements total \$35.3 million for the month of August, which is \$301,000 (0.8%) lower than disbursement estimates for the month. Variances within line item spending were attributable, in part, to the following:

- Temporary Assistance for Needy Families (TANF) subsidy payment adjustments were \$9.2 million above (92.2%) the monthly estimate. This is due to a transfer occurring in September instead of August. Excluding this adjustment, JFS (non Medicaid) total disbursements were \$8.9 million lower than August estimates, offsetting the increase.
- Disbursements from the Support Services ALI were \$1.65 million lower than agency estimates partly due to high personal service and maintenance estimates. Also, due to the continuing resolution budgets purchase orders originally slated for July were not developed until August; pushing invoice payments back.
- Computer Project line item expenditures were \$2.2 million lower than the monthly estimate. Anticipated vendor payments not being made as well as lower-than-expected prior period payments contributed to the variance.
- Adoption Services subsidy disbursements were \$1.1 million less than estimated subsidy dispersed due to actual payments being lower than originally expected.
- Entitlement Administration disbursements were \$1.3 million lower than estimated disbursements for the month due to lower than expected fund expense county activity.
- Under spending across remaining GRF line items also contributed to the variance.

Medicaid Services

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

Expenditures

GRF disbursements year-to-date for the Medicaid program are \$2,206.4 million, which is \$25.3 million (1.1%) below estimate. Disbursements for the month of August were \$1,132.9 million, which was \$25.3 million (2.2%) below estimate and \$225.2 million (19.9%) over the same period in the prior year.

All funds disbursements year-to-date are \$2,206.7 million, which is \$26.2 million (1.2%) below estimate. Disbursements for August were \$1,133.0 million, which was \$26.2 million (2.3%) below projected expenditures and \$225.2 million over the same period in the prior year.

As noted in last month's report, disbursements amounts will be shown in chart form in addition to the narrative, showing the variance compared to monthly disbursement estimates.

| | August Projection | August Actual | Variance | Variance % |
|------------------|--------------------------|----------------------|-----------------|-------------------|
| GRF | \$ 1,158,158,393 | \$ 1,132,900,953 | \$ (25,257,440) | -2.2% |
| Non-GRF | \$ 1,081,937 | \$ 114,577 | \$ (967,360) | -89.4% |
| All Funds | \$ 1,159,240,331 | \$ 1,133,015,533 | \$ (26,224,799) | -2.3% |

Notable variances across all funding sources include:

- Nursing Facilities – Disbursements for nursing facilities for the month of August were \$221.5 million, which was \$13.0 million (5.5%) under expected expenditures. This is primarily due to the fact that the budgeted rate increase has not yet been implemented. Upon CMS approval of the required State Plan Amendment (SPA), the rate will be implemented retroactively, effectively eliminating the variance in future months.
- Buy-In – August expenditures for the Medicaid Buy-In for Workers with Disabilities were \$53.8 million, which was \$26.6 million (98.2%) over the estimate. This is due to a timing issue, as two months worth of bills were received and paid in August. No payment will be required in September, which will lead to a negative variance of similar size in next month disbursements.

Caseload

As noted in last month's report, an upgrade to the data system responsible for tracking caseload information resulted in no updated information in the August report. That upgrade has been completed. As such, June and July data, the two most recent months available, will be discussed this month.

June FY09

Total Medicaid caseload for the month of June, the final month of Fiscal Year 2009 (FY09), was 1.96 million covered persons, which was an increase of 17,411 persons over the month of May. The majority of the increase occurred in the Covered Families and Children (CFC) portion of the program, which increased by 15,454 persons to a June total of 1.49 million persons, with the additional increase in the Aged, Blind and Disabled (ABD) part of Medicaid of 1,978 persons, for a June total of 468.3 thousand covered persons. For FY09 in total, caseload increased by 136,201 persons, from 1.83 million to 1.96 million covered lives. Medicaid caseloads increased in every month of the fiscal year.

July FY10

Total Medicaid caseload for the month of July, the first month of Fiscal Year 2010 (FY10), was 1.98 million covered lives, which was 16,624 under projected enrollment, and an increase of 17,195 persons over the month of June.

The majority of the increase was seen in CFC, accounting for an increase of 15,983 persons to a total of 1.50 million covered lives. This was, however, 13,049 under projected enrollment. Healthy Families and the Healthy Families expansion categories, which are the core eligibility groups of the Medicaid program, continue to drive the caseload increases.

The ABD program showed an increase of 1,120 persons to a total of 469.4 thousand covered lives. This was 3,528 persons under projected enrollment. The largest categorical increase, as has been the case in previous months, was in the Specified Low-Income Medicare Buy-In group, which assists seniors with premium payments for Medicare. This group increased by 488 persons.

Health and Human Services

This category includes GRF expenditures for the following state agencies: Aging, Mental Health, Developmental Disabilities, ODADAS, and Health. Examples of expenditures in this category include: 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 this category instead of the previous category.

August 2009 expenditures in this category were \$129.9 million, which was \$9.0 million (6.5%) below estimate. Significant notes include:

- August 2009 disbursements for the Department of Health totaled \$14.4 million. When compared to August 2009 estimates, in aggregate, actual disbursements were \$1.3 million (8%) below estimate. There were no significant line item variances. For the year-to-date, the Department of Health disbursements total \$16.3 million, which is under budget by \$1.3 million (7%).
- August 2009 disbursements for the Department of Aging totaled \$9.3 million. When compared to August 2009 estimates, in aggregate, actual disbursements were \$1.1 million (11%) below estimate. This is primarily attributable to the Residential State Supplement line item, which was under estimate by \$0.6 million. This was due to the August payment being made in September. (The September actual will consequently be above estimate.) For the year, the Department of Aging disbursements total \$22.6 million, which is below budget by \$1.1 million (5%).
- The Department of Developmental Disabilities disbursed \$44.9 million in the month of August, which is \$911,000, or 2.0%, less than the estimate.
- The Department of Mental Health disbursed \$57.2 million in the month of August, which is \$4.7 million, or 7.6% less than the estimate. Under-estimate spending across multiple line items attributed to the variance.

Justice and Public Protection

This category includes GRF expenditures by the Department of Rehabilitation & Corrections (DRC) and the Department of Youth Services (DYS). In the aggregate, August expenditures in this category totaled \$137.8 million, which was \$5.0 million (3.7%) above estimate. Significant notes from the subcategories include:

- The Department of Rehabilitation and Correction disbursed \$104.2 million in the month of August, which was \$2.5 million (2.5 %) more than the \$101.7 million estimate for the month.
- The Department of Youth Services disbursed \$14.9 million in the month of August, which was \$0.6 million (3.9 %) less than the \$15.5 million estimate for the month.

Environmental Protection & Natural Resources

August expenditures in this category totaled \$8.2 million, which was \$263,000 (3.1%) below estimate. During the month, the Air Quality Development Authority expended a total of \$119,000, generating a variance of \$96,000 (436.4%) above the anticipated August 2009 expenditure of \$22,000. The primary factor in the overspending was \$107,000 in expenditures against a prior year encumbrance. Current fiscal year general revenue fund expenditures for August were actually \$10,000 (45.5%) below the anticipated August expenditures due to the timing of payroll expenses. The prior year reimbursement appears in this report as a current year general revenue fund expenditures, but actually uses prior year general revenue appropriation. The Air Quality Development Authority reimbursed their custodial fund for various agency-wide expenses incurred during the previous fiscal year with approval from the Controlling Board.

Transportation

For August 2009, the Department of Transportation disbursements were \$561,000, which was \$6,000 (1%) below the disbursement estimate.

General Government

For August 2009, General Government disbursements were \$25.2 million, which was \$2.1 (7.6%) below the disbursement estimate.

Community & Economic Development

For August 2009, disbursements in this category were \$5.9 million, which was \$301,000 (5.3%) above the disbursement estimate. Within this category, the largest disbursements were made by the Department of Development.

- For the month of August the Department of Development disbursed \$4.7 million in GRF, which is \$1.3 million (22%) below the estimate. The Department of Development was below estimate in appropriation line items for Thomas Edison grants and Third Frontier. These variances were the result of lower than anticipated grant reimbursements called in by the grantees.

Tax Relief & Other

Of this category, August disbursements for tax relief totaled \$54.2 million that was \$12.4 million below the monthly estimate of \$66.6 million. (The remaining \$5 million were Treasurer of State disbursements for pension payments.) Of the amounts disbursed for tax relief, all but \$48,846 was paid to local governments. For the year to date, total tax relief payments have totaled \$123.4 million, which is \$12.4 million below the estimate of \$135.8 million. On a year over year basis, payments for the month of August are \$82.5 million below those made in the same month a year ago, while year to date payments are \$26.7 million below those made through the same time period in FY 2009. These payments are made to local governments and school districts to reimburse for revenues foregone as a result of the 10 percent and 2.5 percent rollback, as well as the homestead exemption.

Debt Service

For August 2009, Debt Service disbursements were \$90.8 million, which was \$1.3 million (1.4%) below the disbursement estimate.

Table 3
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2010 VS ESTIMATE FY 2010
(\$ in thousands)

| Functional Reporting Categories Description | MONTH | | | | YEAR-TO-DATE | | | |
|--|------------------|------------------|-----------------|--------------|------------------|------------------|-----------------|--------------|
| | ACTUAL | ESTIMATED | \$ | % | YTD | YTD | \$ | % |
| | AUGUST | AUGUST | VAR | VAR | ACTUAL | ESTIMATE | VAR | VAR |
| Primary, Secondary and Other Education | 306,552 | 338,402 | (31,850) | -9.4% | 1,195,960 | 1,227,810 | (31,850) | -2.6% |
| Higher Education | 203,632 | 202,952 | 680 | 0.3% | 405,560 | 404,879 | 680 | 0.2% |
| Public Assistance and Medicaid | 1,168,180 | 1,193,867 | (25,687) | -2.2% | 2,334,348 | 2,360,035 | (25,687) | -1.1% |
| Health and Human Services | 129,870 | 138,855 | (8,986) | -6.5% | 225,015 | 234,001 | (8,986) | -3.8% |
| Justice and Public Protection | 137,839 | 132,862 | 4,977 | 3.7% | 389,303 | 384,326 | 4,977 | 1.3% |
| Environmental Protection and Natural Resources | 8,166 | 8,429 | (263) | -3.1% | 16,782 | 17,045 | (263) | -1.5% |
| Transportation | 561 | 566 | (6) | -1.0% | 1,978 | 1,984 | (6) | -0.3% |
| General Government | 25,201 | 27,277 | (2,075) | -7.6% | 58,901 | 60,976 | (2,075) | -3.4% |
| Community and Economic Development | 5,948 | 5,647 | 301 | 5.3% | 14,615 | 14,314 | 301 | 2.1% |
| Tax Relief and Other | 59,180 | 72,360 | (13,181) | -18.2% | 128,449 | 141,629 | (13,181) | -9.3% |
| Capital Outlay | 100 | 0 | 100 | N/A | 100 | 0 | 100 | N/A |
| Debt Service | 90,830 | 92,121 | (1,291) | -1.4% | 149,603 | 150,895 | (1,291) | -0.9% |
| Pending Payroll | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Total Expenditures & ISTV's | 2,136,058 | 2,213,339 | (77,280) | -3.5% | 4,920,614 | 4,997,894 | (77,280) | -1.5% |
| Transfers Out: | | | | | | | | |
| OPER TRF OUT-OTH | 24,874 | 6,700 | 18,174 | N/A | 37,563 | 21,736 | 15,827 | 72.8% |
| OPER TRF OUT-TEMPORARY | 541,794 | 541,800 | (6) | N/A | 541,794 | 541,800 | (6) | 0.0% |
| Total Transfers (Out) | 566,668 | 548,500 | 18,168 | N/A | 579,357 | 563,536 | 15,821 | 2.8% |
| Total Fund Uses | 2,702,727 | 2,761,839 | (59,112) | -2.1% | 5,499,971 | 5,561,430 | (61,460) | -1.1% |

Table 4
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2010 VS ACTUAL FY 2009
(\$ in thousands)

| Functional Reporting Categories Description | MONTH | | | | YEAR-TO-DATE | | | |
|--|-------------------|-------------------|------------------|---------------|-------------------|-------------------|------------------|--------------|
| | AUGUST FY 2010 | AUGUST FY 2009 | \$ VAR | % VAR | ACTUAL FY 2010 | ACTUAL FY 2009 | \$ VAR | % VAR |
| Primary, Secondary and Other Education | 306,552 | 631,153 | (324,601) | -51.4% | 1,195,960 | 1,287,837 | (91,877) | -7.1% |
| Higher Education | 203,632 | 243,357 | (39,725) | -16.3% | 405,560 | 423,303 | (17,743) | -4.2% |
| Public Assistance and Medicaid | 1,168,180 | 959,409 | 208,771 | 21.8% | 2,334,348 | 2,398,893 | (64,545) | -2.7% |
| Health and Human Services | 129,870 | 93,301 | 36,569 | 39.2% | 225,015 | 266,801 | (41,785) | -15.7% |
| Justice and Public Protection | 137,839 | 131,124 | 6,714 | 5.1% | 389,303 | 412,853 | (23,550) | -5.7% |
| Environmental Protection and Natural Resources | 8,166 | 7,878 | 288 | 3.7% | 16,782 | 19,101 | (2,319) | -12.1% |
| Transportation | 561 | 941 | (380) | -40.4% | 1,978 | 2,135 | (156) | -7.3% |
| General Government | 25,201 | 19,167 | 6,034 | 31.5% | 58,901 | 61,925 | (3,023) | -4.9% |
| Community and Economic Development | 5,948 | 8,227 | (2,279) | -27.7% | 14,615 | 16,635 | (2,020) | -12.1% |
| Tax Relief and Other | 59,180 | 136,965 | (77,785) | -56.8% | 128,449 | 150,086 | (21,638) | -14.4% |
| Capital Outlay | 100 | 0 | 100 | N/A | 100 | 0 | 100 | N/A |
| Debt Service | 90,830 | 38,692 | 52,138 | 134.7% | 149,603 | 158,851 | (9,247) | -5.8% |
| Pending Payroll | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Total Expenditures & ISTV's | 2,136,058 | 2,270,214 | (134,156) | -5.9% | 4,920,614 | 5,198,419 | (277,805) | -5.3% |
| Transfers Out: | | | | | | | | |
| OPER TRF OUT-BUD STABILIZATION | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| OPER TRF OUT-OTH | 24,874 | 12,707 | 12,167 | 95.8% | 37,563 | 229,800 | (192,237) | -83.7% |
| OPER TRF OUT-TEMPORARY | 541,794 | 159,159 | 382,635 | 240.4% | 541,794 | 159,159 | 382,635 | 240.4% |
| Total Transfers (Out) | 566,668 | 171,866 | 394,802 | 229.7% | 579,357 | 388,959 | 190,398 | 49.0% |
| Total Fund Uses | 2,702,727 | 2,442,080 | 260,646 | 10.7% | 5,499,971 | 5,587,378 | (87,407) | -1.6% |

FUND BALANCE

Table 5 describes the General Revenue Fund (GRF) ending fund balance for FY 2010. Based on the estimated revenue for FY 2010 and the estimated FY 2010 disbursements, transfers, and encumbrances, the GRF ending fund balance for FY 2010 is an estimated \$66.8 million.

The GRF ending fund balance should not be considered as a balance available for expenditure in FY 2010 nor should it be considered as equivalent to the FY 2010 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.

FUND BALANCE
GENERAL REVENUE FUND
FY 2010
(\$ in thousands)

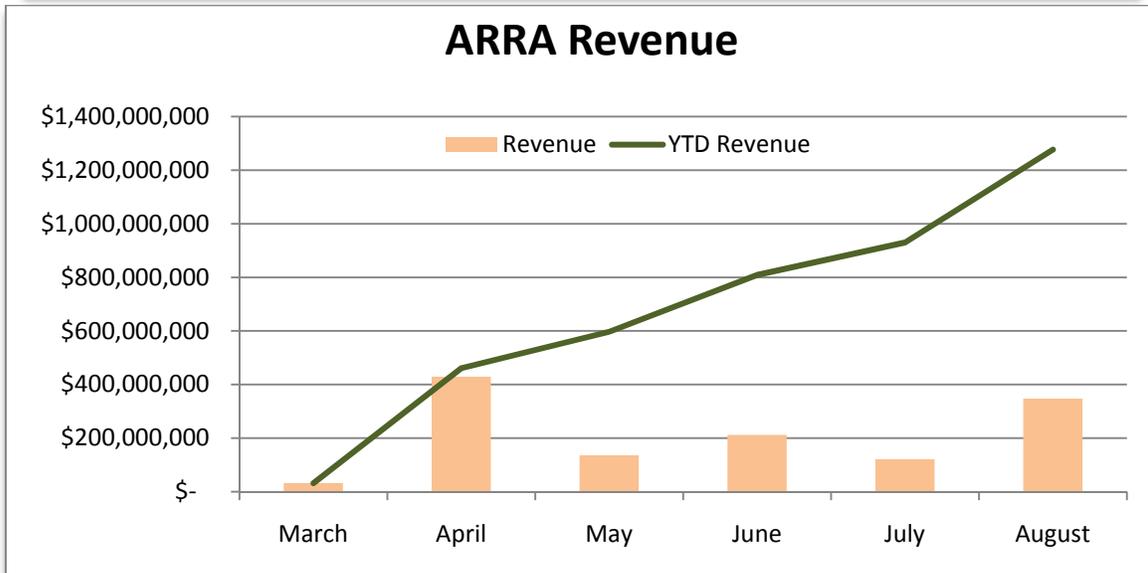
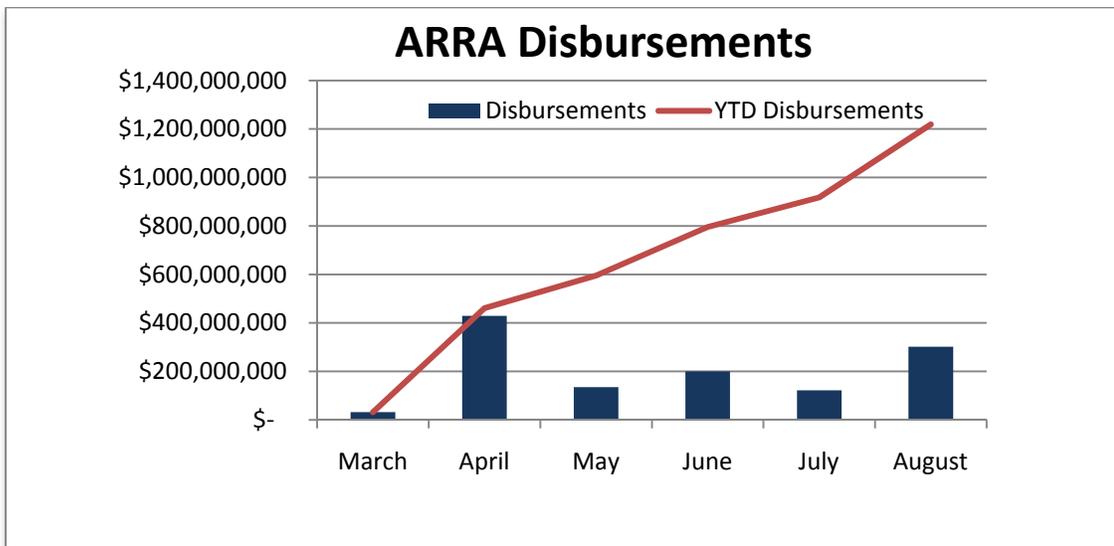
| | |
|---|-------------------|
| July 1, 2009 Beginning Cash Balance | \$ 734,526 |
| Plus FY 2010 Estimated Revenues | 16,401,656 |
| Plus FY 2010 Estimated Federal Revenues | 7,184,275 |
| Plus FY 2010 Estimated Transfers to GRF | 1,566,706 |
| | |
| Total Sources Available for Expenditure & Transfer | 25,887,163 |
| Less FY 2010 Estimated Disbursements | 24,452,724 |
| Less FY 2010 Estimated Total Encumbrances as of June 30, 2009 | 293,279 |
| Less FY 2010 Estimated Transfers Out | 1,074,343 |
| | |
| Total Estimated Uses | 25,820,346 |
| | |
| FY 2010 ENDING FUND BALANCE | 66,817 |

ARRA Monthly Revenue and Disbursement Report

ARRA Revenue and Disbursements by State Fiscal Year

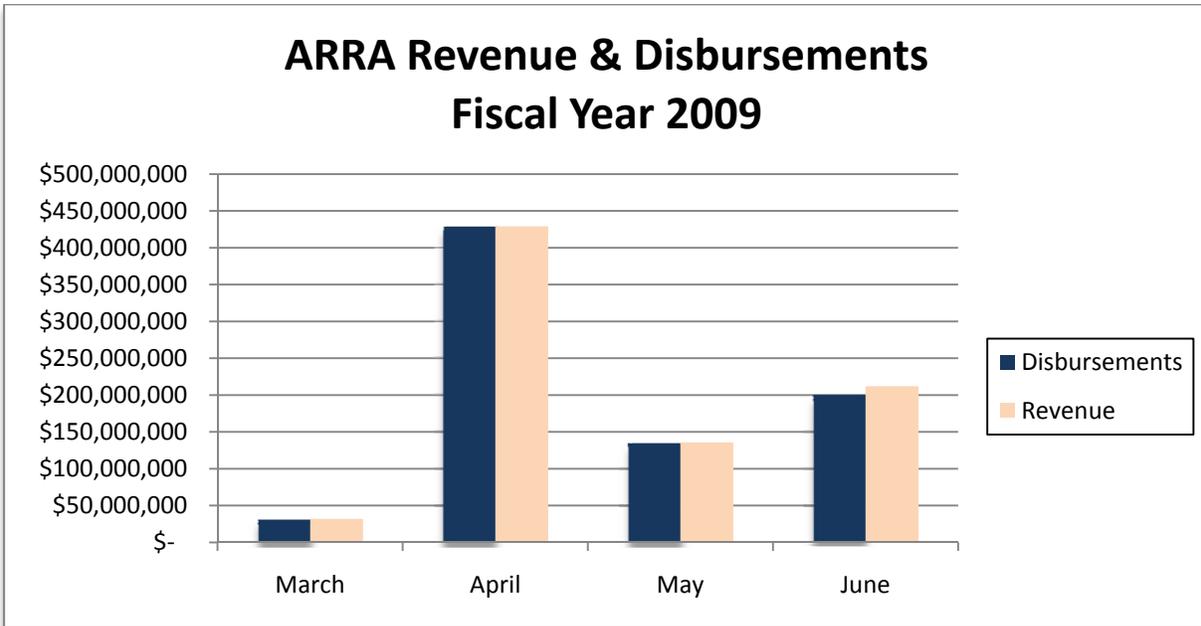
On February 17, 2009 President Obama signed the American Recovery and Reinvestment Act into law. Ohio began receiving funds in March 2009 and has since received \$1.219 billion in federal revenue and disbursed \$1.277 billion for the reporting period ending August 31, 2009.

| | Revenue | Disbursements |
|--------------|----------------------------|----------------------------|
| FY 2009 | \$ 808,753,635.73 | \$ 795,630,982.70 |
| FY 2010 | \$ 468,376,340.38 | \$ 423,332,826.08 |
| Total | \$ 1,218,963,808.78 | \$ 1,277,129,976.11 |



Fiscal Year 2009

During the State Fiscal Year 2009 (July 1, 2008 through June 30, 2009), Federal ARRA revenues received by all state agencies were \$808.7 million. Disbursements by all state agencies in the same period were \$795.6 million. April was the month with the highest amount of activity. This is primarily the result of \$427.5 million in revenue and an equal amount in expenditures by the Department of Job & Family Services for Medicaid services.



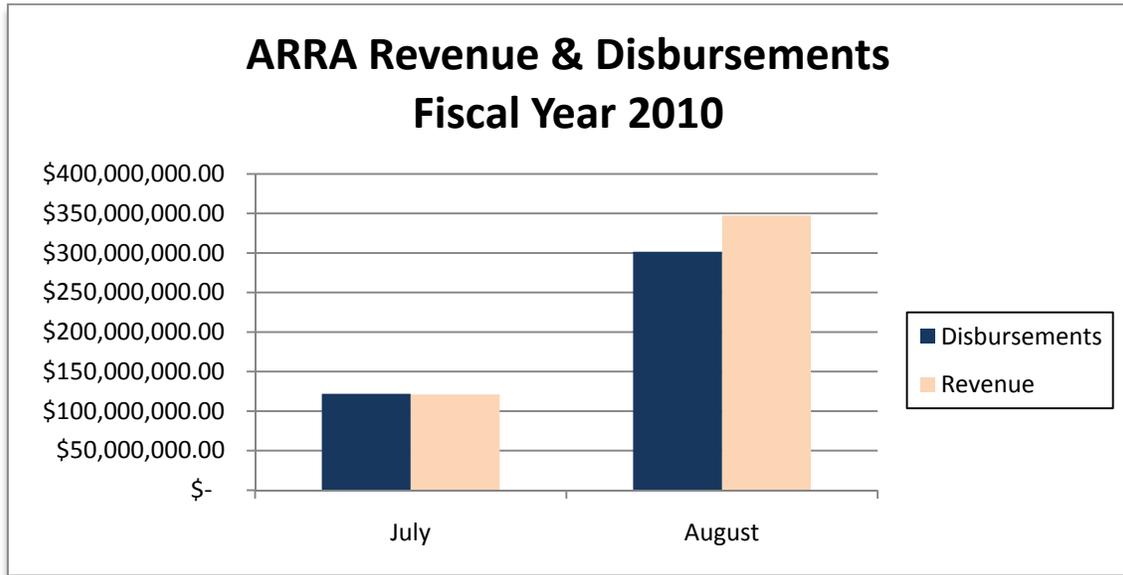
ARRA Revenue and Disbursements for the month of August

| Revenue | Disbursements |
|-------------------|-------------------|
| \$ 347,228,832.42 | \$ 301,490,365.32 |

FY 2010: August ARRA Revenue & Disbursements

August 2009 Federal ARRA Revenue received by all state agencies was \$ 347.2 million. This was an increase of \$179.6 million or 147% from the month of July. This was largely attributed to an increase in program activity with the Department of Jobs & Family Services which saw ARRA revenue increase by \$144.2 million from the month of July.

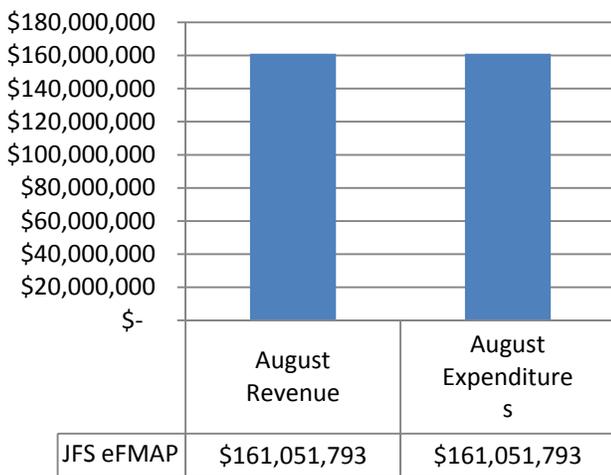
August 2009 Federal ARRA Disbursements for all state agencies were \$301.5 million. This was an increase of \$226.1 million or 187% from the month of July. This was mostly attributed to an increase in program activity with the Department of Jobs & Family Services and the Board of Regents which saw ARRA revenue increase by \$150.2 million and \$28.2 million respectively from the month of July. The variance between the amount of revenue and disbursements is primarily due to the different reimbursement or expenditure practices by the administering federal agency.



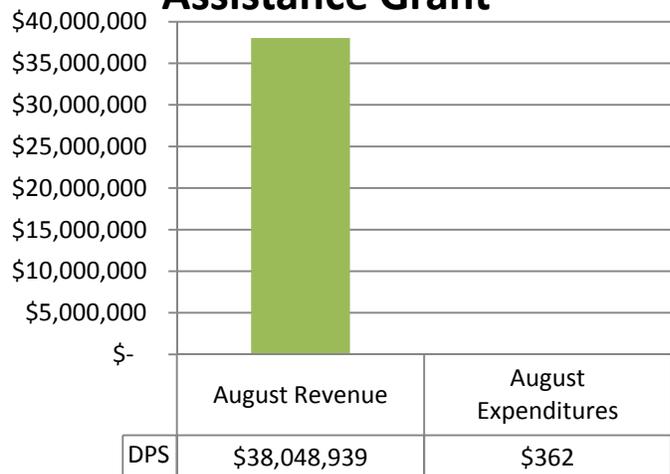
Largest Amount of Activity by Program

During the month of August, there were 39 ARRA programs receiving and disbursing federal funds. Of those programs the six highlighted below accounted for 90% of the revenue received and 91% of the funds disbursed.

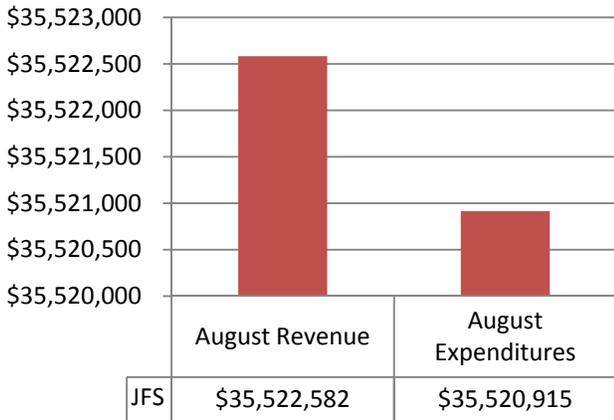
JFS - eFMAP



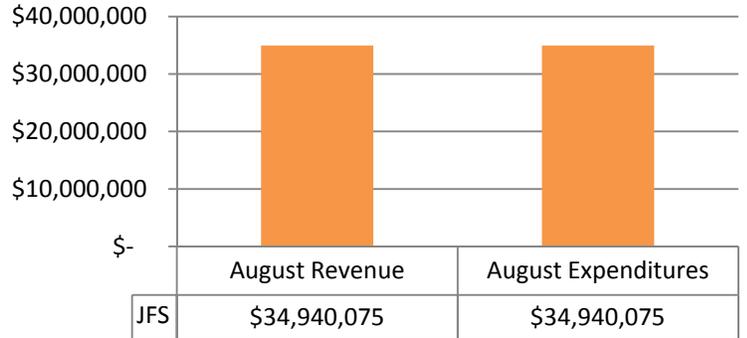
DPS - Byrne Justice Assistance Grant



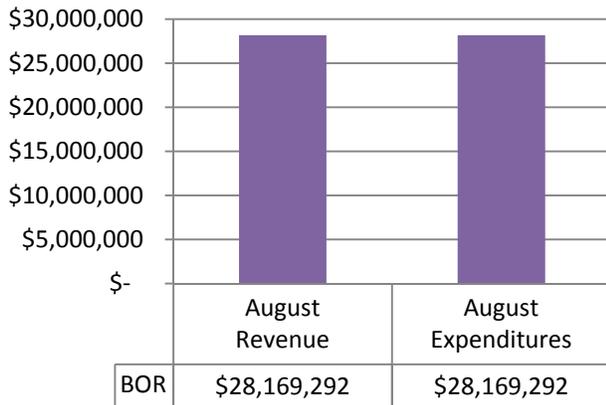
JFS - ARRA TANF



JFS - ARRA Child Care Development



BOR - State Fiscal Stabilization



DOT - Highway Infrastructure

