



Economic Report

Financial Forecast & Snapshot



OFFICE OF THE CITY CONTROLLER

Alan Butkovitz

Snapshot Highlights

Tax revenues (City & PICA) for August totaled about \$196.3 million, an almost 11 percent increase from the same month last year, and a 19.1 percent increase from the previous month. However, when the PICA portion (\$28.6 million) is excluded, City tax revenues for the first two months of FY12 totaled \$305.8 million, a more than six percent decrease compared to this same period one year ago.

Wage/Earnings/NPT (City & PICA) collections for the month totaled \$139.9 million, a less than one percent decrease compared to the same month last year. Total collections for the first two months of the fiscal year are almost two percent less than the same period one year ago.

Monthly sales tax collections totaled \$21.97 million, a six percent decrease compared to August 2010, but it was a 13 percent increase from last month's collections.

Additional revenues into the City's coffers this month included a \$65,800 payment from the Pennsylvania Liquor Control Board (PLCB) as part of the liquor licensing fee revenues that the state returns to local communities. These revenues are generated by the various types of liquor licenses, such as the \$150 club license or from the \$700 restaurant license.

A further review by the Controller's Office found that Philadelphia has received \$5.6 million from the PLCB from FY07 through FY11. Over this same period, the City generated \$209 million from the 10% liquor by the drink tax.



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MONTHLY FEATURE:

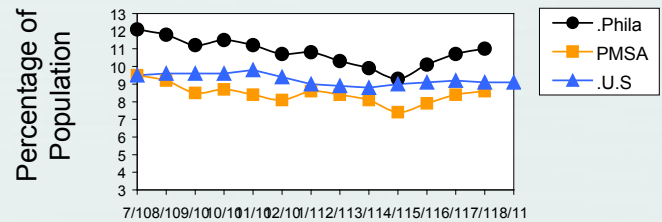


Liquor licensing fee revenues have generated \$5.6 million in payments from the state over the last five years.

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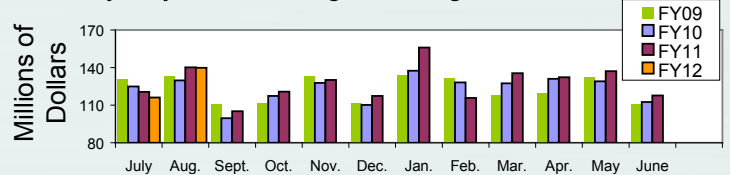
Historical Unemployment Rate



	Jul-11	Jun-11	Change	Jul-10
City -	11.0%	10.7%	2.80%	11.1%
MSA -	8.6%	8.4%	2.38%	8.9%

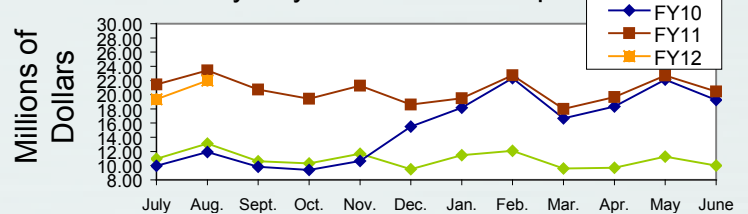
	Aug-11	Jul-11	Change	Aug-10
US -	9.1%	9.1%	0.00%	9.6%

Monthly City & PICA Wage/Earnings/NPT Receipts



(in millions)	FY2011	FY2010	Change
Wage/NPT/Earnings - (City & PICA Yearly)	\$256.04	\$260.83	-1.89%

Monthly City Sales Tax Receipts



(in millions)	FY2011	FY2010	Change
Sales (Yearly) -	\$41.32	\$44.82	-7.81%

According to PICA, collections for a single month can be a misleading indicator due to monthly variability in collections

Key Trends



Total Wage/NPT/Earnings collections almost -2% compared to last year



Total sales tax collections almost -8% compared to last year



Both City and MSA realize three-straight months of unemployment increases



City gets \$5.6 million over last five years for liquor license payment



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Forecast Highlights

August 2011

According to the latest Business Outlook Survey from the Philadelphia Federal Reserve, manufacturing activity in the region further weakened in September, but less so than in August. The survey's broadest measure of manufacturing conditions, the diffusion index of current activity, increased over the last month from -30.7 to -17.5. The current new orders index, which measures the demand for manufactured goods, increased 9 points but remained negative.

Both the prices paid index and the prices received index increased from last month, and 29 percent of firms surveyed paid higher prices for their inputs this month. Indicators for future activity were remarkably up this month, with a nearly 20 point increase, reversing most of the 22 point decline which occurred in August. When asked about their total production growth in the third quarter and projected production growth for the fourth quarter, firms were split. An equal number of firms estimated that in the third quarter they expected positive production growth as did firms that estimated that there would be declines in this quarter.

1 The survey's results reflect data of the current month and/or the month that the Controller's economic report is released.

Total Non-Farm Employment (in thousands)			Source: BLS	
	Jul-11	Jun-11	% Change	Jul-10
City Total	653.9	658.3	-0.8%	648.8
Manufacturing	24.1	24.4	-1.2%	24.8
Wholesale & Retail	61.2	62.0	-1.3%	62.3
Services	619.3	624.5	-0.8%	613.4
Construction & Mining	10.5	10.4	1.0%	10.6
MSA Total	2676.2	2720.7	-1.6%	2688.2
Manufacturing	182.3	183.3	-0.5%	187.9
Wholesale & Retail	412.6	416.4	-0.9%	411.1
Services	2395.8	2441	-1.9%	2396.0
Construction & Mining	98.1	96.6	1.6%	104.3

RESOURCES

American Bankers Association - Forecast & Outlook	-outlook delivers a one-year forecast for mostly banking-related indicators as well as general economic measures
economy.com - Precis: Metro/US/Northeast/Philadelphia	-includes five-year forecasts of eleven key indicators
FRB Philadelphia	-3rd District - eastern PA, southern NJ and state of Delaware
FRB Philadelphia - Livingston Survey	-summarizes the forecasts of economists from industry, government, banking and academia
FRB Philadelphia - Professional Forecasters	-quarterly survey of macroeconomic forecasts in the U.S.
FRB Philadelphia - Regional Employment Forecasts	-regional indicator predicting job growth and unemployment rate one year from now
FRB Philadelphia - Business Outlook Survey	-monthly survey of manufacturers in the Philadelphia area indicating the change in expected business activity six months from now
NABE Outlook	-presents the consensus of macroeconomic forecasts by 37 professional forecasters from NABE
Conference Board - U.S. Leading Indicator	-gauges the whereabouts of the U.S. economy in nine months

DEMOGRAPHICS

PHILADELPHIA	Population	Other
	1,526,006	9.73%
	Male	Hispanic
	46.80%*	12.30%
	Female	Pov. Rate
	53.21%*	25.0%*
	White	Under 18
	41.04%	25.58%*
	Af. Amer.	Over 65
	43.37%	12.85%*
	Asian	Md. Hse Inc.
	6.32%	\$33,229

Data above is from the 2010 Census, unless noted *based on 2009 American Community Survey



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CITY REVENUES:

Liquor License Fees & Taxes

Twice a year, counties across the state receive a payment from the Pennsylvania Liquor Control Board (PLCB) for a portion of the money generated from the numerous liquor licenses and permits, such as the \$150 club license or from the \$700 restaurant license. The state keeps \$100 from each fee for administrative costs and remits the remaining amount back to the city or municipality.

The state's most recent payment to Philadelphia's general fund was for \$65,800. Six months ago, Philadelphia received a payment

for more than \$1 million from the state.

A further review by the Controller's Office found that from FY07 through FY11, Philadelphia has received payments totaling \$5.6 million from the PLCB for

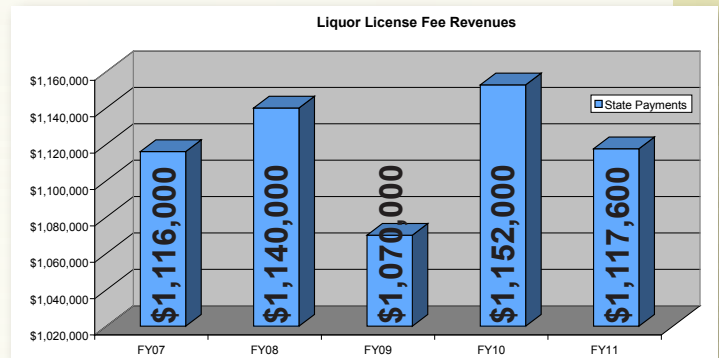
payment is usually made in February or March, whereas August's payments are significantly less.

Many of the City's establishments that pay the licensing fees also generate tax revenues through the 10 percent liquor by the drink tax. During the last five fiscal years, the City has generated \$209.8 million for this tax collection, which all of it gets remitted to the Philadelphia School District.

	10% Tax Revenues	License/Permit Fees	Totals
FY07	\$40,028,400	\$1,116,000	\$41,144,400
FY08	\$41,652,902	\$1,140,000	\$42,792,902
FY09	\$40,892,527	\$1,070,000	\$41,962,527
FY10	\$42,945,875	\$1,152,700	\$44,098,575
FY11	\$44,313,430	\$1,117,600	\$45,431,030
Totals	\$209,833,134	\$5,596,300	\$215,429,434

licensing fees that are generated by the City.

Total bi-annual payments over the last five years have averaged \$1.1 million a year. The larger



August 2011 - Top 10 Sales by Zipcode

ZIP Code	Sales	Bank Owned	% of Bank Owned
19148	47	7	14.90%
19147	46	2	4.30%
19124	45	14	31.10%
19146	40	1	2.50%
19149	37	3	8.10%
19111	36	3	8.30%
19145	35	4	11.40%
19134	33	8	24.20%
19136	31	4	12.90%
19120	30	4	13.30%

Based on information from TREND for August 2011.

City Real Estate Sales

