



Economic Report

Financial Forecast & Snapshot



OFFICE OF THE CITY CONTROLLER

Alan Butkovitz

Snapshot Highlights

Tax revenues (City & PICA) for December totaled almost \$188 million, which is a 1.4 percent increase over last December. A breakdown of the total revenues included \$161.1 million into the General Fund and \$26.8 million as the PICA portion.

Wage/Earnings/NPT (City & PICA) collections for the month totaled \$132.6 million, a six percent increase over the same month last year. Yearly collections for this tax category have totaled \$825 million.

Monthly sales tax collections for December totaled \$10.5 million, a 50 percent decrease compared to last December. Yearly collections have totaled almost \$88 million, a more than 30 percent decrease over last year.

In addition, City General Fund tax revenue collections through the first half of Fiscal Year 2015 totaled the amount the City projected for the first six months.

From July 1 through December 31, 2014, tax collections into the City's General Fund totaled \$968 million. According to the September 2014 Quarterly City Manager's Report, projected tax revenues for the same period totaled almost \$963 million. The slightly better-than-expected tax collections resulted in \$5 million, or 0.6 percent above the City's latest projection.

Monthly home sales for December totaled 1,067, an almost nine percent increase over last year. The highest number of home sales occurred in neighborhoods across sections of South Philadelphia.

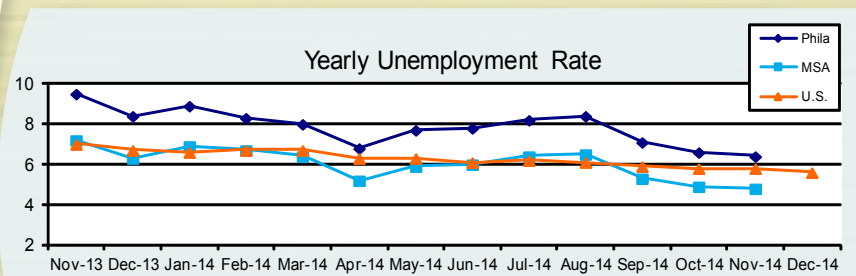


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MONTHLY FEATURE:

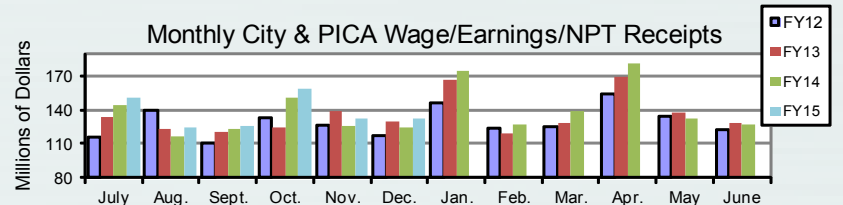
December 2014

\$968 million - City tax revenue collections meet projections for the first half of the fiscal year PAGE 3

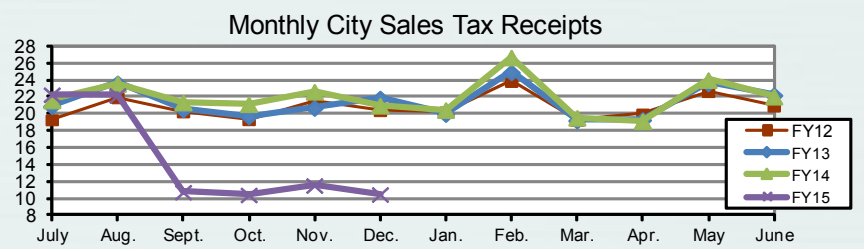


	Nov-14	Oct-14	Change	Nov-13
City -	6.4%	6.6%	-3.0%	9.1%
MSA -	4.8%	4.9%	-2.0%	7.3%
US -	5.6%	5.8%	-3.4%	6.7%

unemployment rates are non-seasonally adjusted



(in millions)	FY2015	FY2014	Change
Wage/NPT/Earnings - (City & PICA Yearly)	\$825.21	\$784.42	5.2%



(in millions)	FY2015	FY2014	Change
Sales (Yearly) -	\$87.97	\$131.51	-33.1%

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

Key Indicators



5.2% = increase in yearly Wage/NPT/Earnings revenues over FY14



63% - manufacturers reported a positive effect on business due to lower oil prices



8.7% = increase in monthly home sales over last year



8.4% - increase in yearly Realty Transfer Tax over last year



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Current Employment Data & Forecasted Conditions

December 2014

Business Outlook Survey

According to the Federal Reserve's latest Manufacturing Business Outlook Survey, the lower oil prices over the last year have had a positive effect on the majority of local manufacturers.

Almost 63 percent of those surveyed indicated a positive effect compared to 16 percent who reported a negative

impact. The remaining respondents indicated there was no impact or they were unsure.

As a result of the lower oil prices, the costs of production decreased, according to 57 percent of the manufacturing firms. In addition, 23 percent of the firms realized an

increase in sales margins.

While the price reduction in oil has been positive, firms were evenly divided about whether there would be an increase or decrease in future demand for their manufactured products due to energy prices over the next six months.

Total Non-Farm Employment (latest data available)

	November 2014	October 2014	% Chg.	November 2013
City Total	672,900	672,800	0.0%	678,100
Construction	11,100	10,900	1.8%	10,700
Manufacturing	21,300	21,300	0.0%	21,900
Trade, Trans. & Utilities	92,500	92,100	0.4%	93,100
Information	11,300	11,200	0.9%	11,600
Financial Activities	40,900	41,100	-0.5%	41,000
Prof. & Business Svcs.	87,100	87,500	-0.5%	86,500
Educ. & Health Svcs.	216,100	215,300	0.4%	215,900
Leisure & Hospitality	64,200	65,100	-1.4%	66,200
Other Services	28,000	28,100	-0.4%	27,700
Government	100,400	100,200	0.2%	103,500
MSA (PA) Total	1,919,000	1,915,600	0.2%	1,935,700
Construction	73,200	73,100	0.1%	69,400
Manufacturing	125,000	125,200	-0.2%	126,900
Trade, Trans. & Utilities	344,400	339,300	1.5%	342,600
Information	36,000	35,700	0.8%	36,800
Financial Activities	132,300	132,400	-0.1%	132,000
Prof. & Business Svcs.	308,400	310,200	-0.6%	313,900
Educ. & Health Svcs.	443,000	439,800	0.7%	442,000
Leisure & Hospitality	164,500	168,500	-2.4%	169,600
Other Services	84,700	84,900	-0.2%	85,700
Government	207,500	206,500	0.5%	216,800

City of Philadelphia Demographics

Population	Male	Female	White	Afric. Amer.	Asian	Other	Hispanic
1,553,165	47.30%	52.70%	45.5%	44.2%	6.9%	3.3%	13.3%
Pov. Rate	Under 18	Over 65	Md. Hse Inc.	<i>Demographic data was compiled from the 2013 U.S. Census Bureau and 2012 American Community Survey</i>			
25.6%	39.3%	17.3%	\$36,957				



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December 2014

CITY TAX REVENUES MEET PROJECTIONS

A summary of tax collections through the first half of the fiscal year

City General Fund tax revenue collections through the first half of Fiscal Year 2015 totaled the amount the City projected for the first six months.

From July 1 through December 31, 2014, tax collections totaled \$968 million. According to the September 2014 Quarterly City Manager's Report, projected tax revenues for the same period totaled almost \$963 million. The slightly better-than-expected tax collections resulted in \$5 million, or 0.6 percent above the City's latest projection.

Of the City's major tax categories, those that realized higher collections included Wage/Earn/Net Profits, \$4.9 million; Realty Transfer, \$8 million; and a combination of other taxes such as amusement, parking and tobacco was \$0.4 million.

However, the other half of the major tax categories incurred lower than projected collections. This included Real Estate,

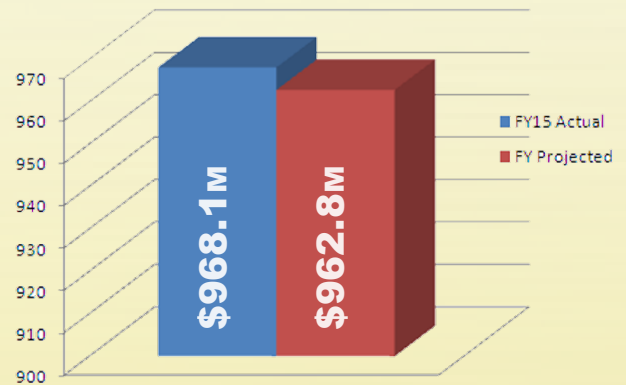
-\$2.5; Sales Tax, -\$3.7; and Business Income and Receipts, -\$1.8. The majority of Real Estate Taxes are collected in the third quarter of the fiscal year.

The higher collection for the Realty Transfer tax indicates home sales have been positive through the first half of the year. Additionally, a higher collection in Wage, Earnings and Net Profits indicates a stronger local workforce.

Along with outpacing current-year tax collection projections, total tax revenues through FY15 were also \$4.5 million above collections through the first six months of FY14. The increase is mainly due to an increase in the Realty Transfer Tax and Wage Tax.

Tax	Actual	Projected*	\$ Diff.
Real Estate	\$49.2	\$51.7	-\$2.5
Wage, Earn, NPT	\$642.2	\$637.3	\$4.9
Realty Transfer	\$103.0	\$95.0	\$8.0
Sales Tax	\$88.0	\$91.7	-\$3.7
Business Income	\$35.3	\$37.1	-\$1.8
Other Taxes*	\$50.4	\$50.0	\$0.4
Total	\$968.1	\$962.8	\$5.3

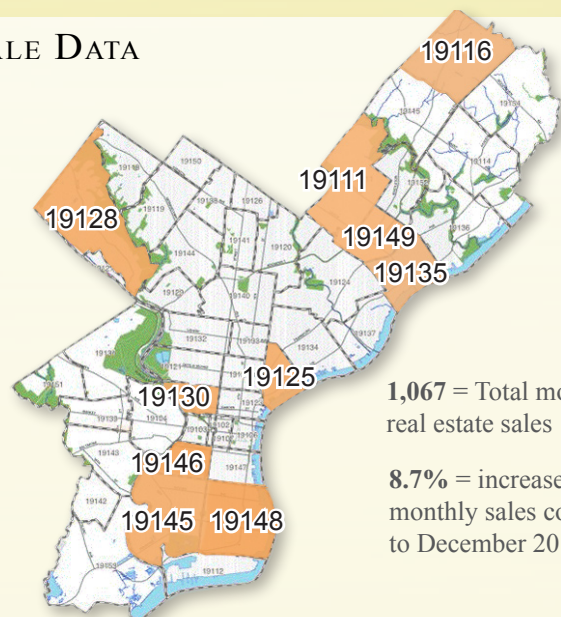
*amusement, parking, valet, coin, tobacco, billboard



MONTHLY HOME SALE DATA

December 2014 - Top 10 Sales by Zipcode

ZIP Code	Sales	% of Sales from Bank Owned	% of Sales from Short Sales
19146	83	0.00%	2.20%
19148	65	9.20%	3.10%
19149	50	12.00%	2.00%
19130	47	4.30%	0.00%
19111	39	20.50%	0.00%
19128	39	2.60%	5.10%
19135	36	16.70%	2.80%
19116	33	6.10%	0.00%
19125	33	6.10%	6.10%
19145	33	9.10%	3.00%



1,067 = Total monthly real estate sales

8.7% = increase in monthly sales compared to December 2013

Based on information from TREND for December 2014.