



Economic Report

Financial Forecast & Snapshot

OFFICE OF THE CITY CONTROLLER

Alan Butkovitz

Snapshot Highlights

Tax revenues (City & PICA) for January totaled \$264.2 million, a less than one percent decrease from the same month last year. A breakdown of the total revenues included \$224.6 million into the General Fund and \$39.6 million as the PICA portion.

Wage/Earnings/NPT (City & PICA) collections for the month totaled \$174.4 million, a five percent increase over the same month last year. Total FY14 revenues for this tax category totaled \$959 million, which is a two percent increase over the same period last year.

Monthly sales tax collections totaled \$20.5 million, a less than one percent increase from what was collected last January. Fiscal year sales tax revenues totaled \$152 million, which is a three percent increase over last year.

Along with highlighting monthly tax collections, this month's economic report reviewed General Fund tax revenues from July 1, 2013 through January 2014, which has totaled \$1.19 billion for the current fiscal year.

When compared to tax revenue projections as indicated in the FY2014-2018 Amended Five Year Financial Plan, it was found that the total City General Fund tax revenue was \$16.5 million below the amended projection.

The lower than project tax revenues included the following: Wage/Earn/NPT, -\$7.5 million; Real Estate, -\$5.4 million; Realty Transfer, -\$2.2 million; and Sales Tax, -\$2.4 million.

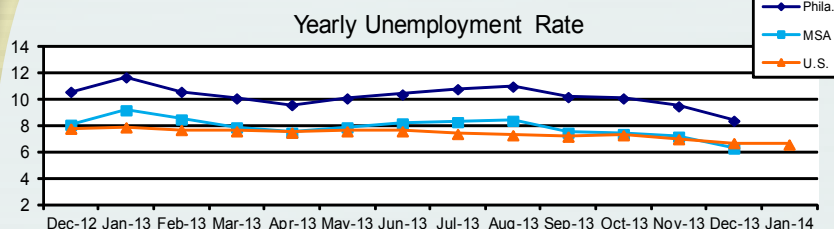
MONTHLY FEATURE:



\$16.5 million = total yearly tax revenue collections below budgeted projections

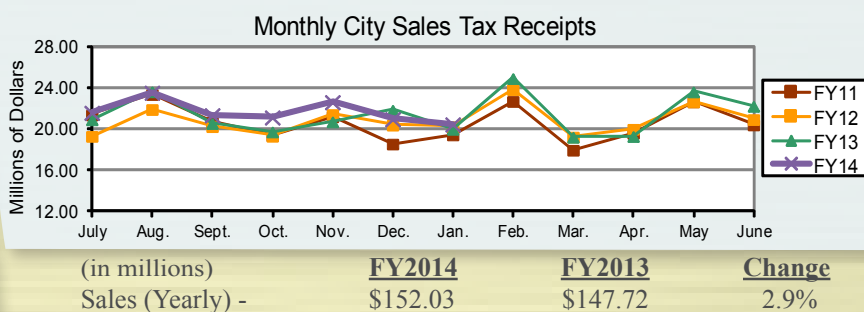
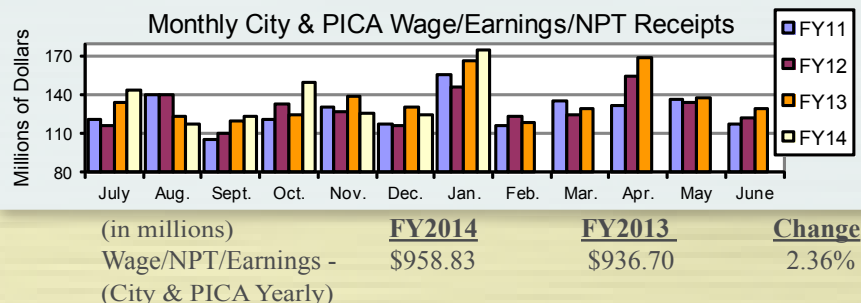
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January
2014



	Dec-13	Nov-13	Change	Dec-12
City -	8.4%	9.6%	-12.5%	10.5%
MSA -	6.3%	7.2%	-12.5%	8.1%
	Jan-14	Dec-13	Change	Jan-13
US -	6.6%	6.7%	-1.49%	7.9%

unemployment rates are non-seasonally adjusted



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

Key Indicators



5% = increase in monthly Wage/NPT/Earnings revenues over last January



3% = increase in yearly sales tax revenues over last year



City unemployment continued decline - 8.4%, compared to 10.5% last year



8.5% = decrease in monthly home sales in Philadelphia over last year



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Current Jobs Data & Forecasted Conditions

January
2014

Business Outlook Survey

According to the Federal Reserve's latest Business Outlook survey, manufacturing activity posted a sluggish month as several indicators recorded declines, which was attributed to the harsh winter conditions that affected much of the region.

The diffusion index of current activity, decreased from 9.4 to -6.3, marking

the first negative reading of the index in nine months. The current new orders index decreased from 5.1 to -5.2. Shipments fell 22 points to -9.9 over the month.

Although current conditions were negative, manufacturers remain optimistic about the growth of overall activity for the next six months.

The future activity index increased six points and indexes for future new orders and shipments also remained at positive levels, as almost half of the firms are expecting increases. In addition, almost 27 percent of firms are expecting to increase employment, compared to 10 percent expecting to decrease their payrolls.

Total Non-Farm Employment (latest data available)

	December 2013	November 2013	% Chg.	December 2012
City Total	665,900	670,000	-0.6%	667,100
Construction	11,800	12,400	-4.8%	10,900
Manufacturing	23,000	23,100	-0.4%	23,100
Trade, Trans. & Utilities	93,800	93,500	0.3%	92,800
Information	11,800	11,800	0.0%	12,000
Financial Activities	40,900	41,000	-0.2%	41,100
Prof. & Business Svcs.	83,900	83,600	0.4%	83,000
Educ. & Health Svcs.	219,800	222,900	-1.4%	217,800
Leisure & Hospitality	60,100	60,900	-1.3%	59,900
Other Services	26,300	26,700	-1.5%	27,000
Government	94,500	94,100	0.4%	99,500
MSA (PA) Total	1,922,200	1,935,800	-0.7%	1,914,200
Construction	67,700	70,600	-4.1%	66,700
Manufacturing	126,700	126,700	0.0%	127,300
Trade, Trans. & Utilities	348,200	343,000	1.5%	346,200
Information	37,100	37,100	0.0%	37,500
Financial Activities	130,800	131,500	-0.5%	132,300
Prof. & Business Svcs.	305,600	310,600	-1.6%	302,700
Educ. & Health Svcs.	454,400	458,300	-0.9%	446,700
Leisure & Hospitality	161,200	166,400	-3.1%	159,500
Other Services	85,000	86,200	-1.4%	85,300
Government	205,500	205,400	0.0%	210,000

City of Philadelphia Demographics

Population	Male	Female	White	Afric. Amer.	Asian	Other	Hispanic
1,526,006	47.20%	52.80%	41.04%	43.40%	6.32%	9.73%	12.30%
Pov. Rate	Under 18	Over 65	Md. Hse Inc.	Demographic data was compiled from the 2010 Census and the 2012 American Community Survey			
25.6%	39.3%	17.3%	\$36,957				



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January
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PHILADELPHI'S TAX REVENUES: ACTUAL VS. PROJECTED

The City of Philadelphia depends on its General Fund cash flow so that it can provide essential services and maintain daily operations. A large portion of this revenue stream includes tax collections that the City Controller's Office monitors and reports on a monthly basis.

FY2014 Tax Revenues (amount in billions)

Amended Projection	\$1,204.3
Actual Collection	\$1,187.8

A review of General Fund tax revenues from July 1, 2013 through January 2014, indicated that a total of \$1.19 billion was collected for the current fiscal year. Through the seven-month period, January marked the month with the most revenues collected with \$225 million. October was second with almost \$181 million.

The majority of the fiscal-year revenue was collected through the Wage, Earnings and Net Profits taxes,

which totaled almost \$742 million, or 62 percent of total collections. Other totals included Sales Tax revenues, \$152 million; Realty Transfer, almost \$89.6 million; and Real Estate, 87.8 million.

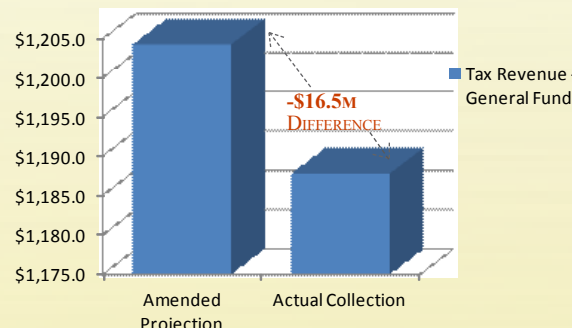
When compared to tax revenue projections as indicated in the FY2014-2018 Amended Five Year Financial Plan, it was found that the total City General Fund tax revenue was \$16.5 million below the amended projection.

The lower than projected tax revenues included the following: Wage/Earn/NPT, -\$7.5 million; Real Estate, -\$5.4 million; Realty Transfer, -\$2.2 million; and Sales Tax, -\$2.4 million.

FY2014 Total July-January (amount in millions)

	Amended Projections	Actual Collection	\$ Diff.
Real Estate	\$93.2	\$87.8	-\$5.4
Wage/Earn/NPT	\$749.1	\$741.6	-\$7.5
Realty Transfr.	\$91.8	\$89.6	-\$2.2
Sales	\$154.4	\$152.0	-\$2.4
BIRT	\$59.1	\$60.1	\$1.0
Other	\$56.7	\$56.7	\$0.0

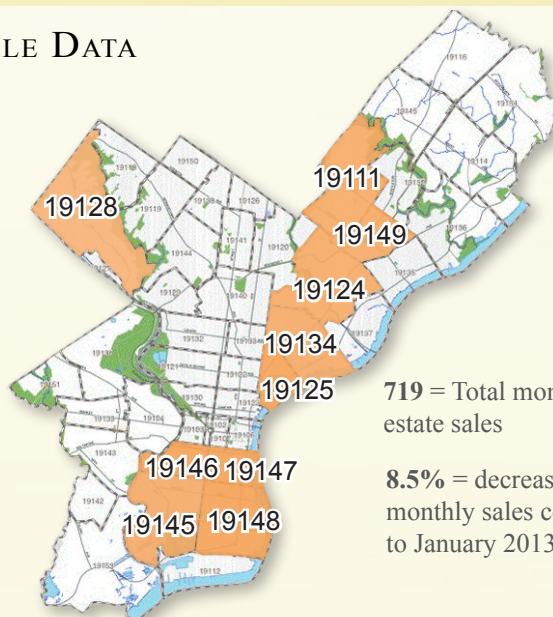
Tax Revenue - General Fund



MONTHLY HOME SALE DATA

January 2014 - Top 10 Sales by Zipcode

ZIP Code	Sales	% of Sales from Bank Owned	% of Sales from Short Sales
19147	40	5.0%	0.0%
19134	38	28.9%	5.3%
19146	37	5.4%	0.0%
19125	34	11.8%	0.0%
19145	32	0.0%	0.0%
19148	31	3.2%	0.0%
19111	29	17.2%	17.2%
19128	29	6.9%	3.4%
19149	28	0.0%	7.1%
19124	26	30.8%	7.7%



719 = Total monthly real estate sales

8.5% = decrease in monthly sales compared to January 2013

Based on information from TREND for January 2014.