



Economic Report

Financial Forecast & Snapshot

OFFICE OF THE CITY CONTROLLER

Alan Butkovitz

Snapshot Highlights

Collections for total city tax revenues were \$11.5 million more for the start of FY11 compared to one year ago, putting the total at \$146.7 million. Although, collections for the business tax portion of overall revenues (wage/NPT/earnings) were -3.4% compared to the start of FY10.

The city realized a 114% increase in sales tax collections for July due to the additional one percent, from 7 % to 8%, in the tax rate. Since the new sales tax rate went into effect in October 2010, this month's collections were the third highest, behind May and February.

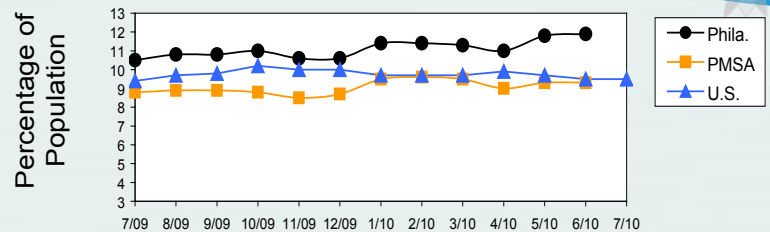
Two of the city's entertainment tax collections, amusement and liquor, have realized significant increases over the last five years; amusement, 25.7% and liquor, 14.4%. While the city collects the liquor tax, all of it is remitted to the Philadelphia School District.

This month's economic report highlights the city's amusement taxes and compares the increased revenues with the success of the Philadelphia Phillies over the last five years.

Along with a look at tax revenues, real estate sales for Philadelphia slid downward compared to previous months resulting, in part, to an increase in foreclosure rates. In July, the percentage of foreclosures of total sales was 18.4%.

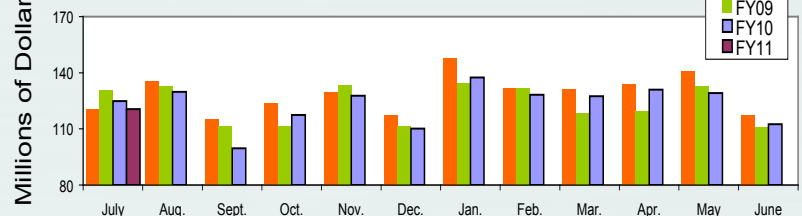
Nationally, foreclosures were up 4% from last month and nearly a 10 percent increase from one year ago.

Historical Unemployment Rate



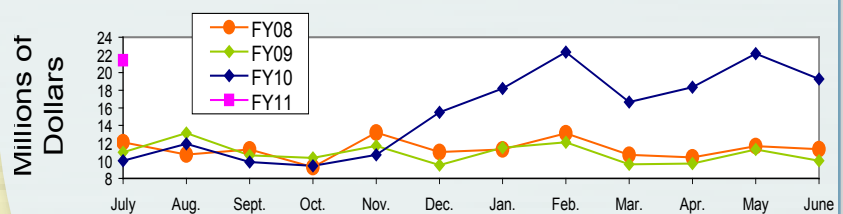
	June-10	May-10	Change	June-09
City -	11.9%	11.8%	.85%	10.3%
MSA -	9.3%	9.3%	0.00%	8.6%
	July-10	June-10	Change	July-09
US -	9.5%	9.5%	0.00%	9.4%

Monthly City & PICA Wage/Earnings/NPT Receipts



(in millions)	FY2011	FY2010	Change
Wage/NPT/Earnings - (City & PICA)	\$120.58	\$124.88	-3.44%

Monthly City Sales Tax Receipts



(in millions)	FY2011	FY2010	Change
Sales -	\$21.40	\$9.99	41.10%

Key Trends



FY11 kicks off with more revenues than the start of FY10



City's Unemployment rate increases again, now at 11.9%



Foreclosures around the City increase as number of sales decrease



Amusement tax revenues increase 25% over last five years



Economic Report

Financial Forecast & Snapshot



OFFICE OF THE CITY CONTROLLER

Alan Butkovitz

Forecast Highlights

July 2010

According to the Philadelphia Federal Reserve's Business Outlook Survey, regional manufacturing executives expect growth in business over the next six months even though their optimism has faded slightly in recent months. Twenty-two percent of firms expect employment to decrease over the next six months compared to 21 percent expecting increases.

The diffusion index of current activity decreased from 5.1 to -7.7 since last month. This negative reading marks the first period of declining monthly activity since July 2009. Firms reported declines in prices for their own manufactured goods. According to the survey's response to exporting activity, about 30 percent of the firms indicated that the share of sales attributed to exports increased over the past year. Since the start of 2010, roughly 10 percent of firms have moved some activities abroad; only five percent have returned activities to the United States.

Total Non-Farm Employment (in thousands)			Source: BLS	
	July-10	July-09	Change	June-10
City Total	641.3	643.7	-.4	646.8
Manufacturing	25.2	25.9	-2.7	25.2
Wholesale & Retail	61.0	61.2	-.3	61.1
Services	605.9	607.4	-.2	611.6
Construction & Mining	10.2	10.4	-1.9	10.0
MSA Total	2676.2	2693.8	-.7	2711.9
Manufacturing	183.9	193.5	-5.0	184.9
Wholesale & Retail	410.3	409.9	.1	413.0
Services	2395	2393.3	.1	2431.5
Construction & Mining	97.3	107.0	-9.1	95.5

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

PHILADELPHIA DEMOGRAPHICS

Population	Other
1,547,297*	8.50%
Male	Hispanic
46.78%	10.46%
Female	Pov. Rate
53.21%	25.10%
White	Under 18
41.83%	25.58%
Af. Amer.	Over 65
44.33%	13.00%
Asian	Md. Hse Inc.
5.30%	\$33,229

(*2009 U.S. Census figures)



Economic Report

Financial Forecast & Snapshot



OFFICE OF THE CITY CONTROLLER

Alan Butkovitz

Philadelphia's

Entertainment Revenues

July 2010

Philadelphia's Amusement Tax (5%) and the Liquor Sales Tax (10%) are two of the City's taxes that produce millions of dollars in entertainment revenue each year. The Amusement Tax is a fee applied to concerts, movies, athletic events, clubs and conventions, and the Liquor Tax is applied to all sales of drinks by any hotel, restaurant or liquor license holder.

In the last five years, both Liquor Sales and Amusement Tax incomes have increased by 14.4% and 25.7%, respectively. All revenues collected from the Liquor tax are remitted to the Philadelphia School District, resulting in payments totaling more than \$203 million over the last five years.

NOTEWORTHY: PHILLIES SUCCESS = INCREASED REVENUES

From FY08 to FY10, Amusement tax revenues have surpassed budget expectations, increasing the City's budget estimates for the following year. During each of these three years, the Phillies have reached at least the postseason, fell short in the World Series or became the World Champions.

FY09 was the highest earning year with \$21.6 million generated in amusement taxes – the same year the Phillies won the World Series. In FY06, the \$16.9 million was generated – a season when the Phillies failed to reach post-season play. Stronger collections reflect the success of the Phillies, according to a 2009 statement by PICA's executive director.

The City is expecting \$21.1 million for the current fiscal year, an increase of \$200,000 from last year's expectations - or possibly the difference in revenues generated with a successful Phillies season.

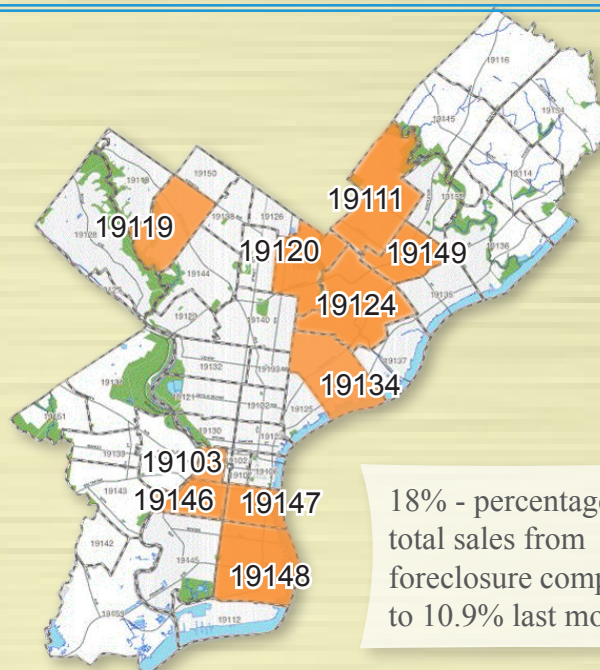
FIVE-YEAR REVENUE COLLECTIONS

	Amusement Tax	Liquor Tax
FY06	\$16,931,772	\$37,545,251
FY07	\$16,194,204	\$40,028,400
FY08	\$17,994,626	\$41,652,902
FY09	\$21,584,259	\$40,892,527
FY10	\$21,278,052	\$42,956,562
% change	25.7%	14.4%

City Real Estate Sales

JULY 2010 - Top 10 Sales by Zipcode

ZIP Code	Sales	Foreclosures	% of Sales from Foreclosure
19146	48	5	10.4%
19147	39	2	5.1%
19124	38	10	26.3%
19111	32	3	9.4%
19149	29	3	10.3%
19134	28	11	39.3%
19103	27	1	3.7%
19148	27	5	18.5%
19119	24	1	4.2%
19120	24	6	25.0%



18% - percentage of total sales from foreclosure compared to 10.9% last month

Based on information from TREND for July 2010.