



Economic Report

Financial Forecast & Snapshot



OFFICE OF THE CITY CONTROLLER

Alan Butkovitz

September 2010

Snapshot Highlights

Tax revenues (City & PICA) for September totaled \$154.67 million, a 13% decrease from the previous month, but \$17 million more than September 2009. Year-to-date revenue collections totaled \$541 million, a 15% increase compared to this collection period one year ago.

Wage/Earnings/NPT (City & PICA) collections totaled \$106 million for the month. While this is a 25% decrease from the previous month, almost \$6 million more was collected for the month compared to one year ago.

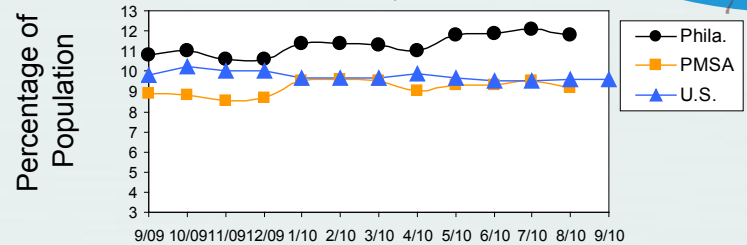
Monthly sales tax collections were \$20.7 million, a decrease in collections from the first two months of the fiscal year. To meet the City's projected sales revenue for FY11, average monthly collections need to be at least \$20.15 million.

Real estate sales dropped slightly by 7% compared to last month's sales. The Northeast-Bustleton section (19152) of the City reached the top 10 most sales list for the first time in 2010 with 28 sales.

Along with revenue collections and real-estate trends, this month's economic report focuses on the City's first-quarter overtime costs by comparing FY10 to FY11. Many departments' OT costs are up, creating a \$1.8 million increase compared to last year's first quarter reporting.

When it comes to cost savings, the City expected to save \$3.8 million by implementing rolling brownouts for the Fire Dept., but OT costs are up by \$1 million in the Department for the first quarter of FY11.

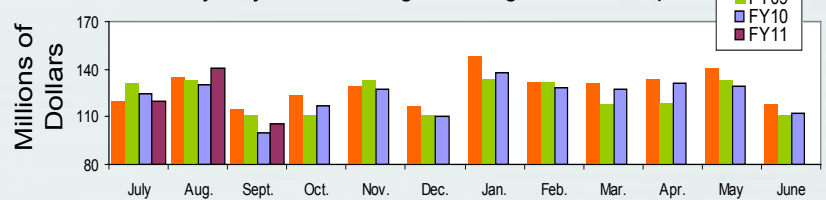
Historical Unemployment Rate



	Aug-10	Jul-10	Change	Aug-09
City -	11.8%	12.1%	-2.48%	10.5%
MSA -	9.2%	9.5%	-3.16%	8.8%

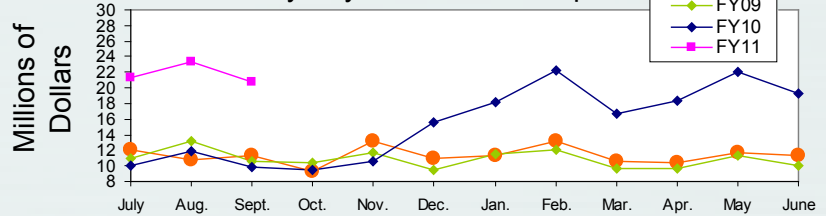
	Sept-10	Aug-10	Change	Sept-09
US -	9.6%	9.6%	0%	9.8%

Monthly City & PICA Wage/Earnings/NPT Receipts



(in millions)	FY2011	FY2010	Change
Wage/NPT/Earnings - (City & PICA)	\$365.95	\$354.28	3.29%

Monthly City Sales Tax Receipts



(in millions)	FY2011	FY2010	Change
Sales -	\$65.56	\$31.80	106.16%

Key Trends

- Monthly tax revenues were \$17 million more than last September
- Monthly real estate sales drop slightly from last month
- Sales tax revenues down from last month but meet projections
- 1st qrt. OT costs up \$1.8 million compared to last year



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Forecast Highlights

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According to the Philadelphia Federal Reserve's Business Outlook Survey, the new orders index continued to suggest a weak demand for manufactured goods. The diffusion index of current activity, the survey's broadest measure of manufacturing goods, increased to 1.0, after two consecutive months of negative readings. Firms continue to report overall declines in inventories and unfilled orders and shorter delivery times.

Steady employment continues, but firms are still reporting lower average work hours for existing employees; 22 percent reporting a decline in work hours compared to 16 percent reporting increases. Firms expectations are high especially for future new orders and shipments, increasing employment and future price increases. The current survey reports that the degree of confidence improved notably from the surveys conducted during the summer months.

Total Non-Farm Employment (in thousands)			Source: BLS	
	Sept-10	Sept-09	Change	Aug-10
City Total	646.4	645.3	.2%	639.3
Manufacturing	25.2	25.6	-1.6%	25.2
Wholesale & Retail	60.7	61.3	-1.0%	61.0
Services	611.2	609.5	.3%	603.9
Construction & Mining	10.0	10.2	-2.0%	10.2
MSA Total	2676.3	2691.0	-.5%	2662.4
Manufacturing	184.2	191.5	-3.8%	184.1
Wholesale & Retail	405.6	406.5	-.2%	409.1
Services	2397.1	2395.1	.1%	2380.9
Construction & Mining	95.0	104.4	-9.0%	97.4

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	1,547,297*	Other	8.50%
Male	46.78%	Hispanic	10.46%
Female	53.21%	Pov. Rate	25.0%
White	41.83%	Under 18	25.58%
Af. Amer.	44.33%	Over 65	13.00%
Asian	5.30%	Md. Hse Inc.	\$33,229

(*2009 U.S. Census figures)



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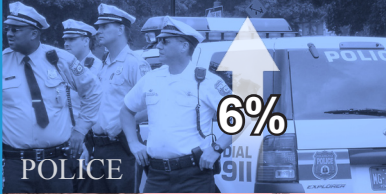
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FY2011 - 1st Quarter

September 2010

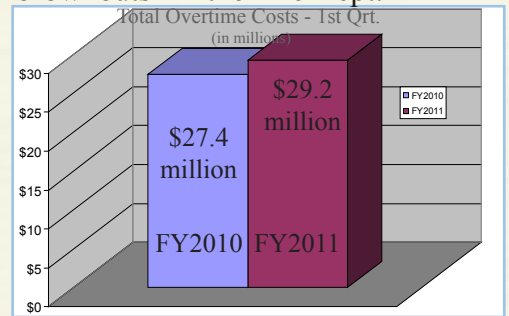
OVERTIME COSTS



As part of the City's FY2011 budget, the Police, Fire, Prisons and Sheriff departments were mandated to continue to cut overtime as a balancing item for the 2011-2015 Five Year Plan. This month's economic report compares first-quarter overtime costs for FY10 and FY11 for city departments.

While overtime costs were down slightly in the Prisons and the Sheriff's Office, overtime costs for the Police and Fire departments outpaced FY2010's first quarter costs. Costs are up for Fire and Police by \$1 mil-

lion and \$500,000, respectively. The City's Administration stated it would save \$3.8 million through the "rolling brownouts" in the Fire Dept.



In addition, the following departments' 1st quarter overtime costs have increased since last year: Health, Recreation, DHS, Fleet Management, Library and the Courts.

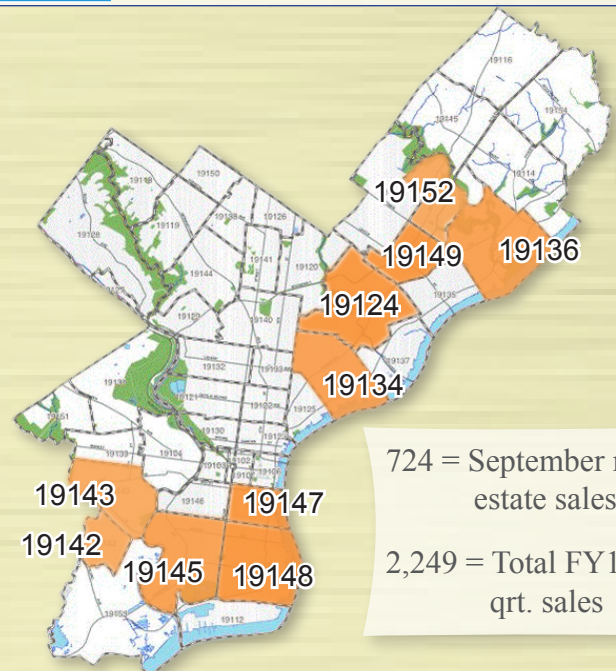
Overall, the General Fund's 1st quarter overtime costs are \$1.8 million greater than they were during the same period last year.

Dept.	FY10	FY11	% Chng.
Health	\$491,707	\$555,894	13%
Rec.	\$628,777	\$774,478	23%
DHS	\$1,519,588	\$1,894,296	25%
Fleet	\$390,112	\$627,968	61%
Library	\$51,935	\$156,010	200%
Courts	\$12,957	\$102,416	690%

City Real Estate Sales

SEPTEMBER 2010 - Top 10 Sales by Zipcode

ZIP Code	Sales	Foreclosures	% of Sales from Foreclosure
19148	39	8	14%
19149	37	4	10.8%
19147	35	4	11.4%
19124	34	7	20.6%
19142	30	8	26.7%
19152	28	2	7.1%
19143	26	9	34.6%
19145	26	4	15.4%
19134	25	4	16.0%
19136	24	2	8.3%



724 = September real estate sales
2,249 = Total FY11 1st qrt. sales

Based on information from TREND for September 2010.