



### Overview and Purpose

This report compiles National, State, and Local data that measure current economic conditions from National Financial Markets to Local Car Registration. Most data will provide complete information for at least the previous fiscal year (FY21) and compare it to the current year (FY22). Data for FY22 is updated monthly as it becomes available. Some data is collected more frequently. Figures with dollar values will be in the millions unless indicated otherwise. For sudden shocks, monthly totals may underrepresent dramatic changes but over time present the full change. **The purpose of this report is to provide an overview of different economic indicators that may affect Henrico County's ability to perform its services.** Any forward-looking statements are offered for context of the specific indicator and should not be relied upon for investment decisions.

### OMB Summary

**Indicators illustrate a recovering economy impacted by war in the Ukraine and market uncertainty while progressing towards – and increasingly achieving – pre-pandemic activity levels. Additionally, the economy is gripped by high inflation including a spike in gasoline prices, supply chain disruptions, labor challenges, and lingering COVID-19 impacts.** National performance indicators experienced both declines and similar results to those of the March report and begin to exhibit concerning challenges. The S&P 500 exhibited an extension of very mixed results. Initial Unemployment Claims experienced further improvement to pre-pandemic levels and is adding more weeks of consistency. Both the housing market and car sales remain strong across the County, demonstrating an active and stimulated market, but one impacted by supply shortages. Sales, Meals, Real Property, and Personal property tax collections remain strong, especially on a fiscal year to date basis. Finally, air travel continues to show strong passenger activity and improvement leading into a traditionally busy summer travel season.

### Metrics Considered

- **National:** S&P 500, Consumer Confidence Index, Consumer Price Index, 30 Year Fixed Mortgage Rate, Crude Oil Prices
- **Virginia:** Unemployment Rate, Initial Unemployment Claims
- **Henrico:** Continued Unemployment Claims, Local Sales & Use Tax, Meals Tax, Real Property Tax, Personal Property Tax, Vehicle Registrations, Occupancy Tax, New Residential Construction, Residential Transactions & Foreclosures
- **Area:** Richmond Aviation Activity

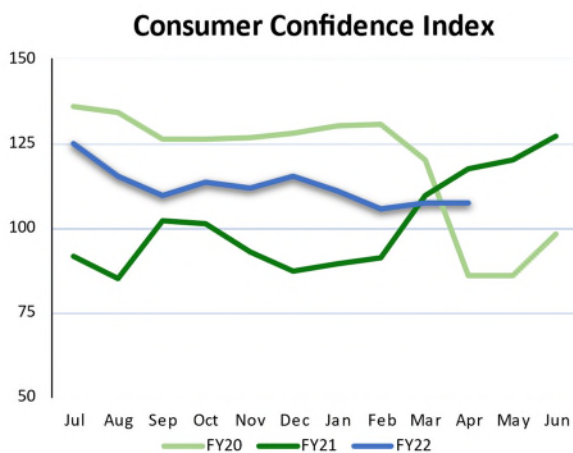


## National Metrics

These indicators provide a mix of hard financial data as well as consumer consensus surveys to provide a macroeconomic and microeconomic view of the United States.



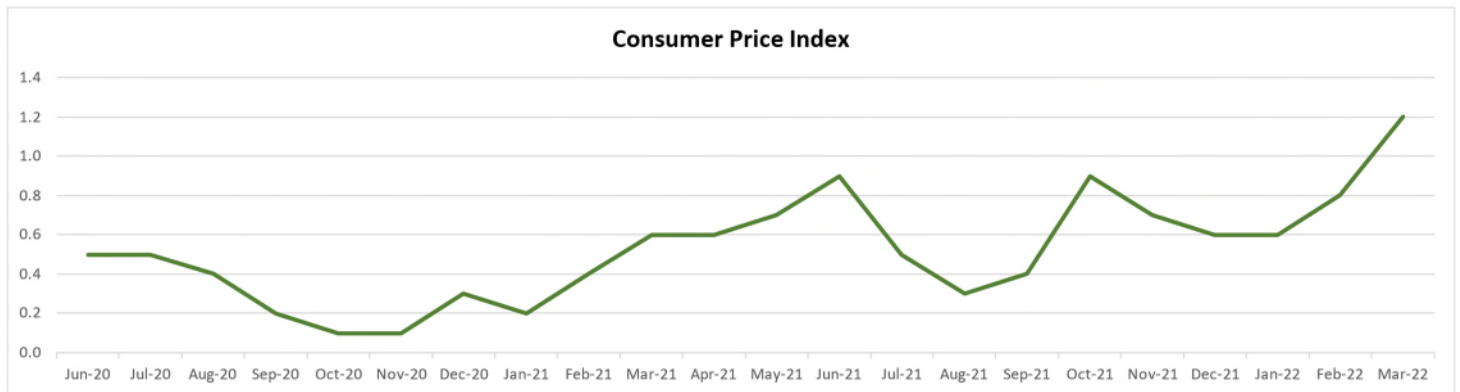
The **S&P 500** is a stock market index measuring the performance of 500 large U.S. companies on stock exchanges and is considered one of the best representations of both the U.S. stock market and economy. **The index has been struggling since December when the market hit record high values.** April results continue a recent trend of mixed results erasing gains back to last June. Despite recent losses the index exceeds pre-pandemic levels by over 1,000 points.



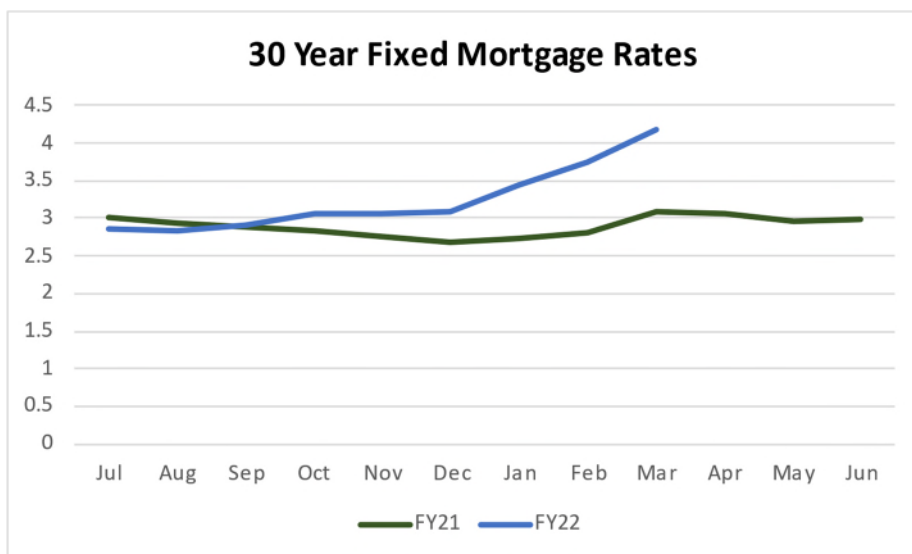
The **Consumer Confidence Index** is a monthly survey given to 5,000 random households gathering opinions on present situations and future expectations. It is benchmarked to 1985 (100) and best compared by reviewing month over month changes. **After reaching pre-pandemic levels in June and July, the index has dropped to a range between 105 to 115 over the past 9 months** recording 107.3 in April, down slightly from 107.6 in March. Senior Director of Economic Indicators Lynn Franco cited a slight decline in April linked to inflation and the war in Ukraine, posing downside risks that may curb consumer spending as the year progresses.



## National Metrics



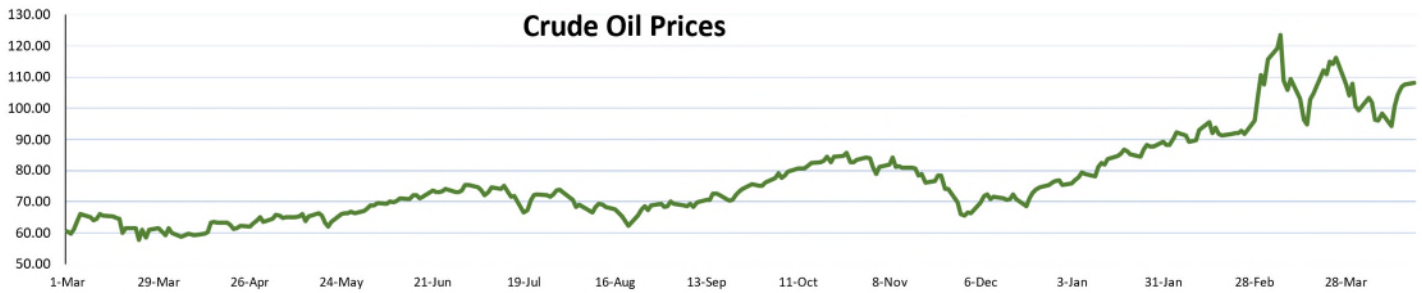
The **Consumer Price Index** is a weighted average of the prices of an identified basket of consumer goods and services used to help monitor inflation. The index provides some insight into the effectiveness of economic policy at the national level, and over-time shows the average change in price that consumers experience. The data is presented as a 1-month percent change, which means that anything shown greater than zero is indicative of inflation (prices increasing) while anything below zero is indicative of deflation (prices decreasing). During the month of March 2022, the consumer price index increased by 1.2% from February 2022. **This shows increased growth from the previous month and indicates an inflationary trend lasting over 23 months. The current 12-month CPI growth is 8.5% (unadjusted data) as reported by the Bureau of Labor Statistics on April 26, 2022.**



The **30-year Fixed Mortgage Rate** is the most common financing mechanism used by residential home buyers. The interest rate represents the amount a qualified borrower will be charged by a lender over the loan term. **In March 2022 the 30-year fixed mortgage interest rate increased 4.17% from a February 2022 rate of 3.76%.**

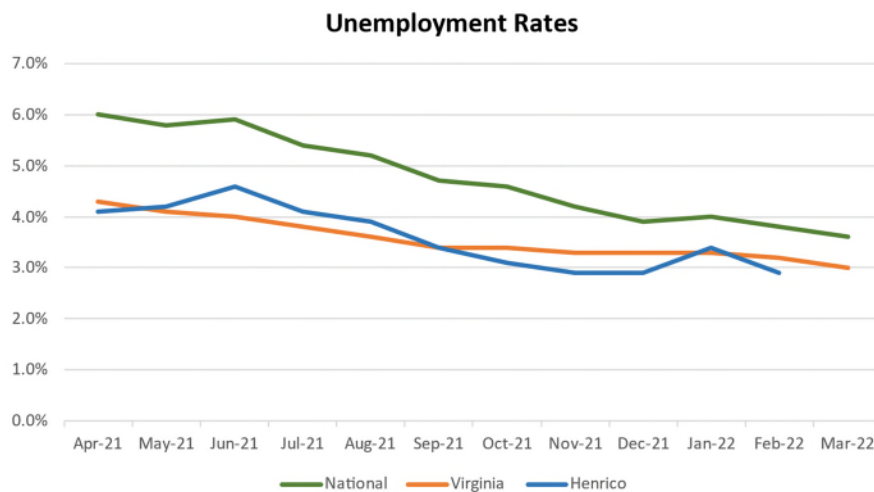


## National Metrics



**Crude Oil Prices** are the daily rate received for a barrel of unrefined oil produced in Texas and Southern Oklahoma --- among the easiest to refine oils in the world and therefore a standard for oil prices worldwide. When crude oil prices change, the price at the pump paid by consumers changes in harmony. During the month of March, prices reached a high of \$123.64 and have since dropped to \$108.24, a 12.3% increase from late February's \$96.42. As recently as January prices were under \$80 illustrating how much the recent price increase is impacting consumer spending and world events.

## Combined Metrics

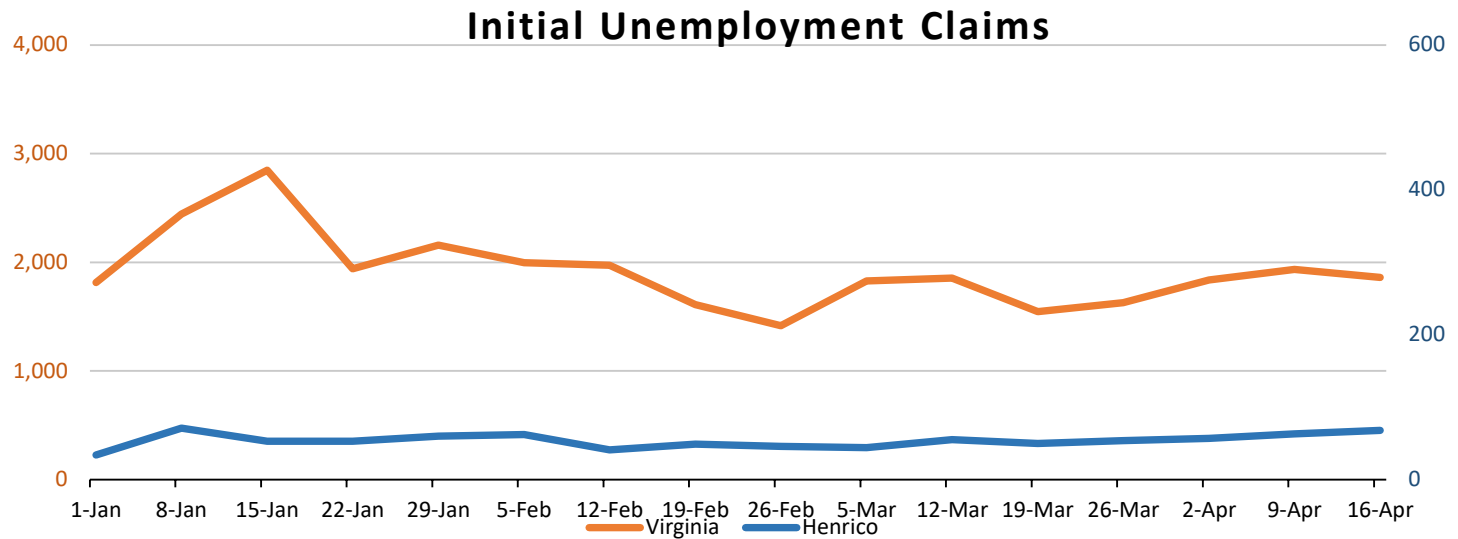


The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included. State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. **At the National level, the unemployment rate improved from 3.8% in February to 3.6% in March. The State unemployment rate**

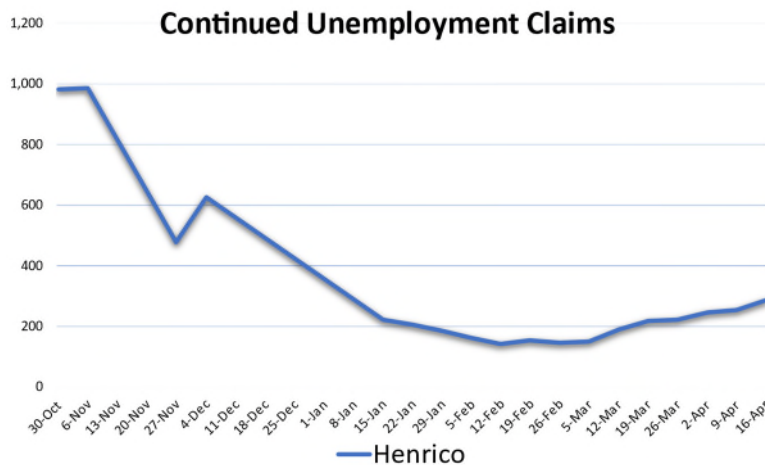
**declined to 3.0% in March from 3.2% in February after remaining flat at 3.3% for the three prior months spanning back to November. In Henrico, the unemployment rate decreased 0.5% in February returning to 2.9% February. Historically, Henrico unemployment rates have trended closely with the National and State levels.** In this measure, workers who are unable to work due to temporary layoffs are included. Temporary layoffs include voluntary layoffs by firms as well as mandated closures during quarantines.



### Virginia & Henrico Metrics



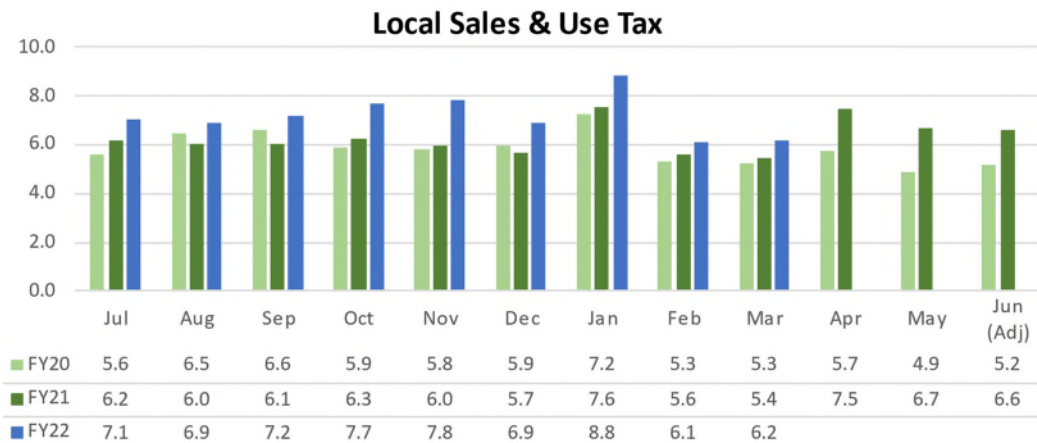
**Initial Unemployment Claims** act as a measure of recent job loss. Claims remained steady prior to March of 2020 at under 100 for Henrico and under 3,000 for Virginia. Unlike the Great Recession, COVID-19’s effect on the local economy was immediately apparent and in-line with national figures. Initial Unemployment Claims continue to generally reflect pre-pandemic levels in Virginia through the middle of March. **Henrico claims increased to 57 in the week of April 2<sup>nd</sup> from 44 one month earlier, while state claims increased to 1,838 in April from 1,546 in March which had been a recent low.**



**Continued Unemployment Claims** reflects the number of individuals that have continued to file a claim after their initial claim. It reflects the lower bound for an unemployment rate. **Continued claims edged back up to 257 in April after a new recent low of 145 in February, but still represents lower unemployment levels than before the pandemic.**



## Henrico Metrics



Henrico County **Sales & Use Tax** amounts to 6.0% on each purchase collected by the Commonwealth. 1% is remitted back to the County from the State. **March data bring fiscal year-to-date collections to \$64.7 million, 18% higher than FY21.**



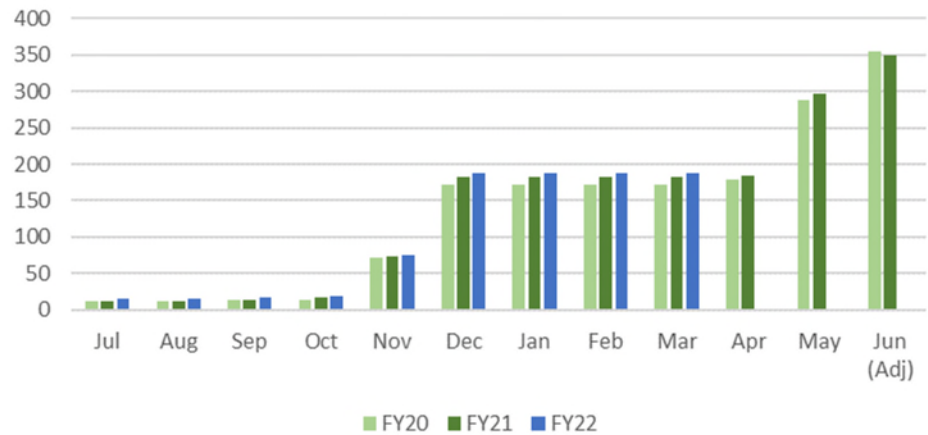
Henrico's **Meals Tax** provides a 4% tax revenue on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico's Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **February FY22 collections at \$3.01 million increased compared to January collections at \$2.2 million and led all monthly collections this fiscal year except October.** Fiscal year to date collections continue to exceed pre-pandemic levels.



## Henrico Metrics

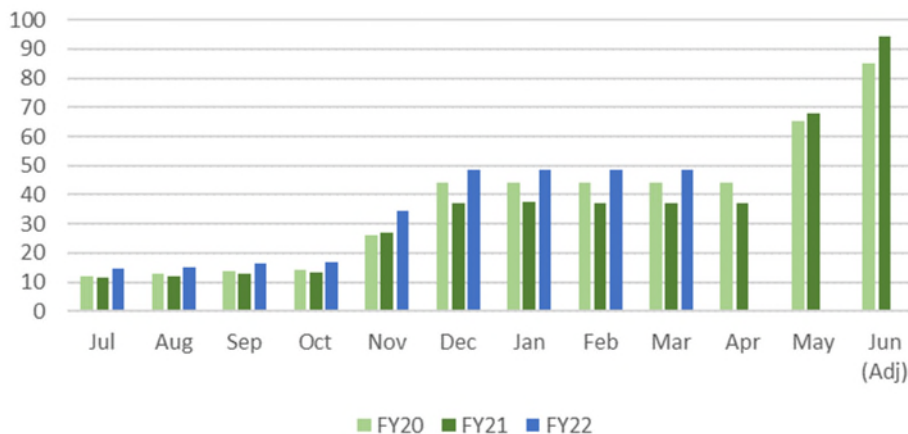
**Real Property Taxes** are collected on property used for residential and nonresidential purposes. The Code of Virginia provides for assessment of real property at 100% of fair market value, which is the probable amount a property would sell for today if exposed to the market for a reasonable period. Collections are due twice a year in December and June. **Property Tax collections for the month of March 2022 are 9.3% above March 2020.**

**Real Property Taxes**  
(\$ Millions)



**Collections will reflect assessment increases offset by tax relief provided through the 2-cent reduction in the Real Estate tax rate. The graph above represents cumulative collections through the fiscal years.**

**Personal Property Taxes**  
(\$ Millions)



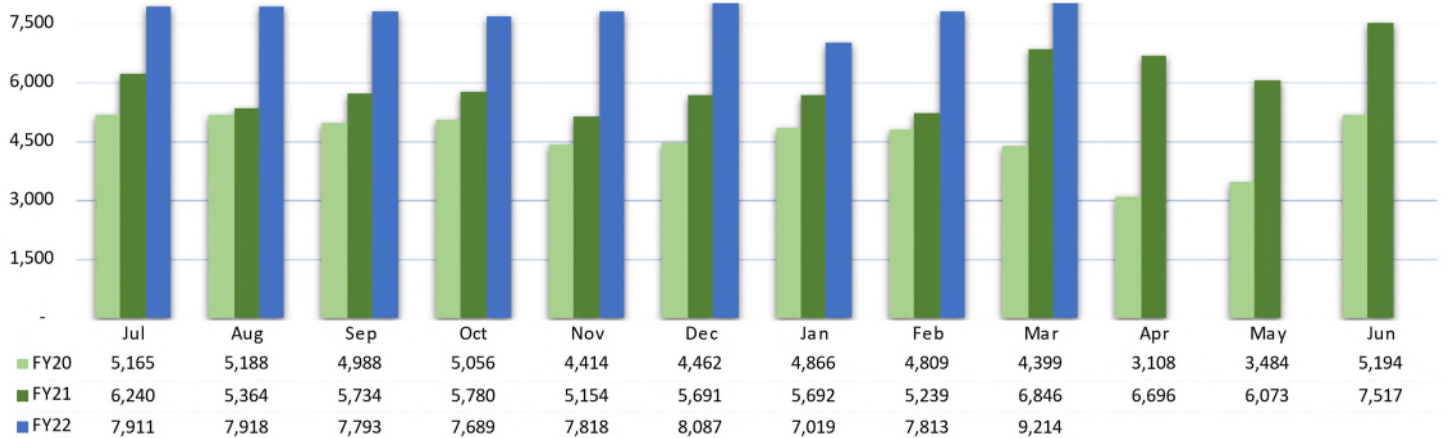
**Personal Property Taxes** are collected on all vehicles including cars, trucks, trailers, motorcycles, motor homes, aircraft, and watercraft. Personal property is collected in the locality where it is normally garaged, docked, or parked. Henrico County uses the J.D. Power Official Used Car Guide as of January 1<sup>st</sup> of each year to establish valuations. Collections are due twice a year in December and June. **Collections for the month of**

**March 2022 are 10.5% above March 2020. Personal Property tax collections will reflect significant increases in used vehicle assessments. These increases are the result of price volatility in the used vehicle market due to supply chain shortages. The graph above represents cumulative collections through the fiscal years.**

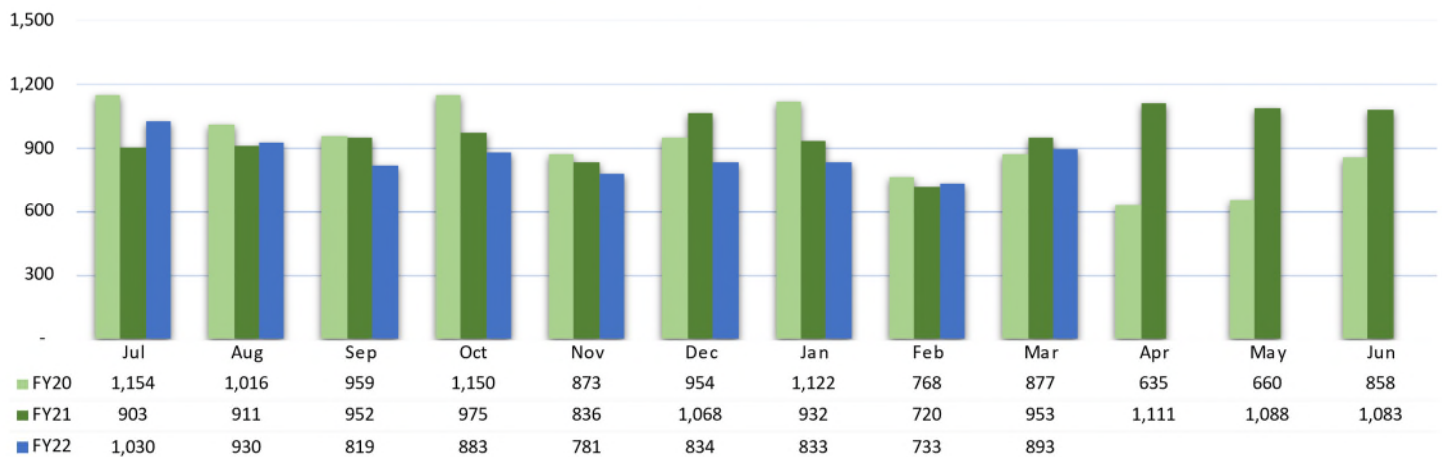


## Henrico Metrics

### Used Car Registration



### New Car Registration

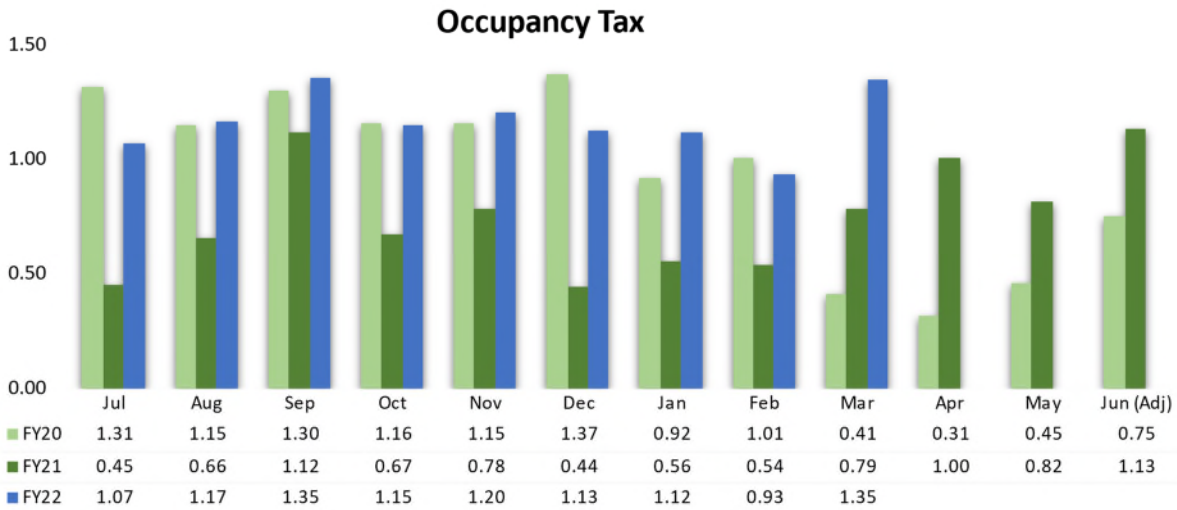


**Vehicle Registration** data is acquired from the Virginia Department of Transportation and is comprised of both new and used vehicles; the metric strongly correlates to vehicle sales. **New Car Registrations lag prior fiscal year to date by 514 vehicles.** March recorded 893 new car registrations, up 160 vehicles from February values, but for the seventh month in a row below prior year. Supply chain issues contribute to these results, and due to shortages in new car supply, the demand has shifted to the used car market. **Used Car Registrations continue to remain strong in FY22, March registrations are 35.6% higher than registrations in March FY21 and 37.7% higher fiscal year to date.**

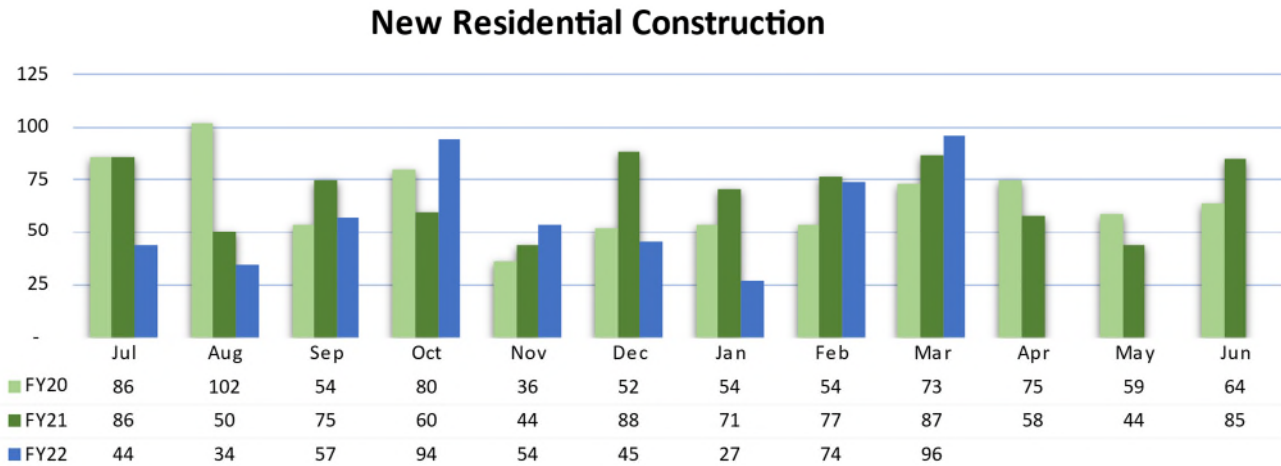




### Henrico Metrics



Henrico’s **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax collections in March remained strong at \$1.35 million, up \$0.42 million from February.** Fiscal year to date collections have edged past FY20 and now lead by 6.7%, reflecting an improving sector that is approaching pre-pandemic levels.

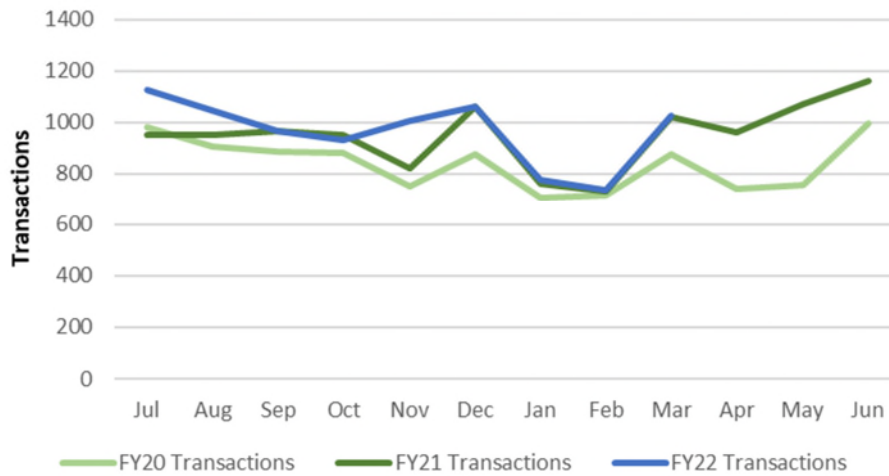


**New Residential Construction** is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or a lack of expansion capabilities. 96 construction permits were issued in March, up from 74 in February and just 27 in January. **Fiscal year to date permits still lag FY20 by 11.2%; this data continues to illustrate the cyclical nature of the permit process.**



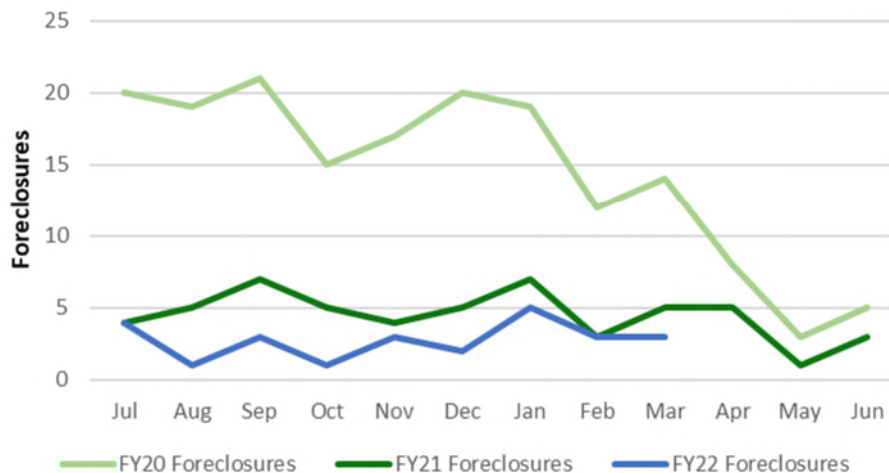
## Henrico Metrics

### Residential Transactions



**Foreclosures & Transactions** data represents Henrico’s completed residential sales and reports residential foreclosures. These provide a snapshot of Henrico’s housing market. Consistency in transactions represent a healthy and growing market. **March 2022 residential transactions exceed March 2020 by 17.3%, illustrating the continuation of a strong local housing market.**

### Residential Foreclosures

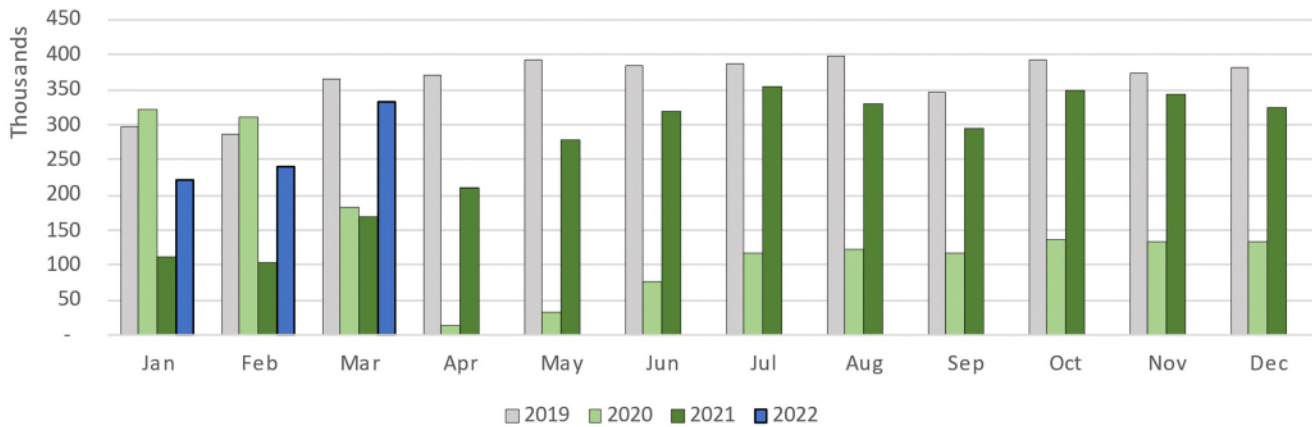


Foreclosure numbers remain stable at approximately 5 per month, with 3 foreclosures in March. **Total foreclosures remain low.**



## Area Metric

### Richmond Aviation Activity



**Richmond Aviation Activity** represents passenger activity in and out of the Richmond International Airport. The value is the combination of enplaned (departing) and deplaned (arriving) passengers. This provides traffic activity as it relates to flights around Henrico. Air travel can provide a benchmark for imported economic activity and is correlated to Occupancy Tax collections. COVID-19 has severely affected air travel around the country both domestically and internationally. Air travel has seen a continuous recovery, with notable growth resuming in March 2021. **March 2022 demonstrated a continued solid level of air travel serving 334,035 passengers. This metric reflects a 28% increase from February and continues a trend towards pre-pandemic numbers. March's results show significant improvement when compared to the first three months of either of the last two calendar years, and just under twice the activity from March 2021.**



### Summary of Financials Period Ended March 31, 2022

	<u>FY22 Approved Budget</u>	<u>FY22 Revised Budget</u>	<u>FY22 YTD Actuals</u>	<u>FY22 Projected Amounts</u>	<u>Projected FY22 Actual</u>	<u>Over (Under) Budget</u>
Local Revenues	\$ 734,121,200	\$ 734,121,200	\$ 431,766,712	\$ 384,590,492	\$ 816,357,204	\$ 82,236,004
State Revenues	393,652,040	393,652,040	287,358,841	117,011,661	404,370,502	10,718,462
Federal Revenues	385,000	385,000	199,549	205,451	405,000	20,000
<b>Total General Fund Revenues</b>	<b>\$ 1,128,158,240</b>	<b>\$ 1,128,158,240</b>	<b>\$ 719,325,103</b>	<b>\$ 501,807,604</b>	<b>\$ 1,221,132,706</b>	<b>\$ 92,974,466</b>
General Government Expenditures	\$ 423,005,103	\$ 455,010,717	\$ 322,881,121	\$ 129,109,797	\$ 451,990,918	\$ 3,019,799
Education Expenditures	560,920,241	578,687,695	358,827,376	215,520,161	574,347,537	4,340,158
<b>Total General Fund Expenditures</b>	<b>\$ 983,925,344</b>	<b>\$ 1,033,698,412</b>	<b>\$ 681,708,497</b>	<b>\$ 344,629,958</b>	<b>\$ 1,026,338,455</b>	<b>\$ 7,359,957</b>
<b>Net before Transfers</b>	<b>\$ 144,232,896</b>	<b>\$ 94,459,828</b>	<b>\$ 37,616,606</b>	<b>\$ 157,177,646</b>	<b>\$ 194,794,251</b>	<b>\$ 100,334,423</b>
Less Interfund Transfers	183,357,196	193,803,483	193,803,483	0	193,803,483	
					<b>\$ 990,768</b>	
					<b>Projected Addition To (Use of) Fund Balance</b>	

This **Summary of Financials, Period Ended March 31, 2022**, provides an overview of projected and actual revenues and expenditures for FY22. **The summary results in a projected addition to fund balance of \$990,768.** It should be noted that planned and budgeted uses of fund balance offset the results of operations and accounts for the relatively modest addition to fund balance in this projection.