



April 30, 2021

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 (FY2019-20) and compare it to the current year (FY2020-21). Data for FY2020-21 is updated monthly as it becomes available. Some data is collected more frequently. Darker colors in the indicators represent the current fiscal year while lighter colors represent the previous. 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.** This report culminates in updated projections of Henrico County's financial status. Any forward-looking statements are offered for context of the specific indicator and should not be relied upon for investment decisions.

OMB Summary

General conditions continue to be mixed with conflicting signs of recovery in the economy while most Henrico Metrics, including highly elastic ones, not only did not deteriorate but also remain strong. Economic activity from December 2020 - April 2021 present trends that continue to improve over the shock from one year ago. Excluding some elastic tax revenues, all other trends show a stable trajectory or continuing improvement. Unemployment rates for both Virginia and Henrico County remain above pre-pandemic levels and have not improved significantly since October 2020, while initial claims, also above pre-pandemic levels, have significant week to week change. Most measured tax revenues show improvement over previous months except for those related to leisure activities, such as travel and entertainment. Real and personal property taxes collections are stronger than last year's equivalent as we move the comparison period into the hardest hit times last year.

Metrics Considered

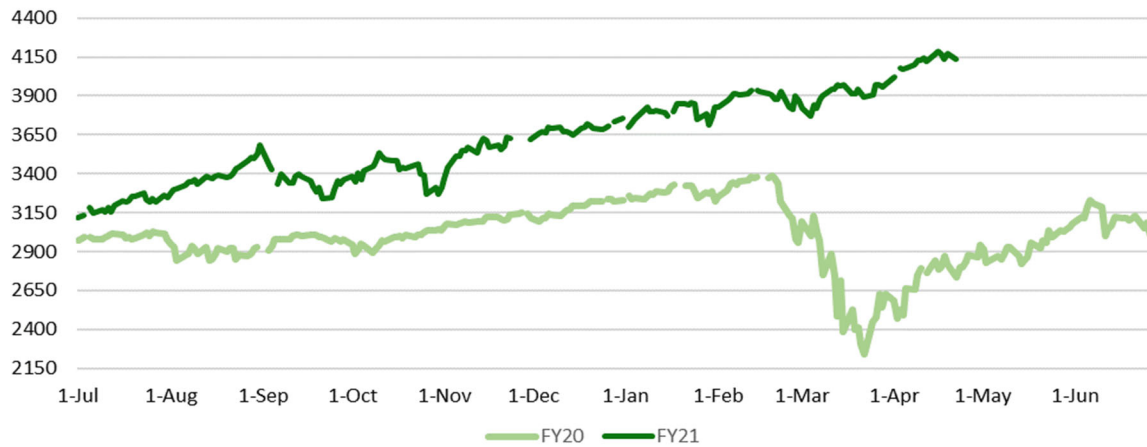
- **National:** S&P 500, Consumer Confidence Index, Weekly Economic Index
- **Virginia:** Unemployment Rate, Initial Unemployment Claims
- **Henrico:** Continued Unemployment Claims, New Residential Construction, Vehicle Registrations, Property Taxes, Meals Tax, Occupancy Tax, Real and Personal Property Taxes Local Sales and Use Tax, Residential Foreclosures & Transactions
- **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.

S&P 500

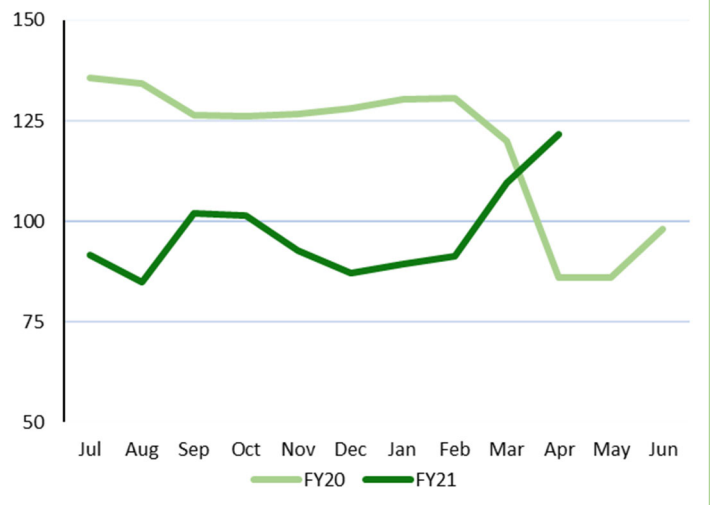


The S&P 500 is a stock market index measuring the performance of 500 large companies on stock exchanges in the United States and is considered one of the best representations

of the U.S. stock market and the U.S. economy. **U.S. stock markets continue their upward trend suggesting growing investment and at a faster rate between July 20 to present than July 2019 to February 2020.** Levels are well above the major trough experienced between March and May 2020 and are consistent with the general upward trend line experienced pre-pandemic.

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 (100) to 1985 and best compared by reviewing month over month changes. **The index increased sharply from 109.7 in March to 121.7 in April,** but still below pre-pandemic, where the average Consumer Confidence Index for FY2018-19 was 130. The index has presented an average of 96 since April 2020 at the onset of the COVID-19 pandemic, reaching a low of 85 in August 2020. (For comparison, this index reached a low of about 25 during the Great Recession in 2008.)

Consumer Confidence Index





National Metrics

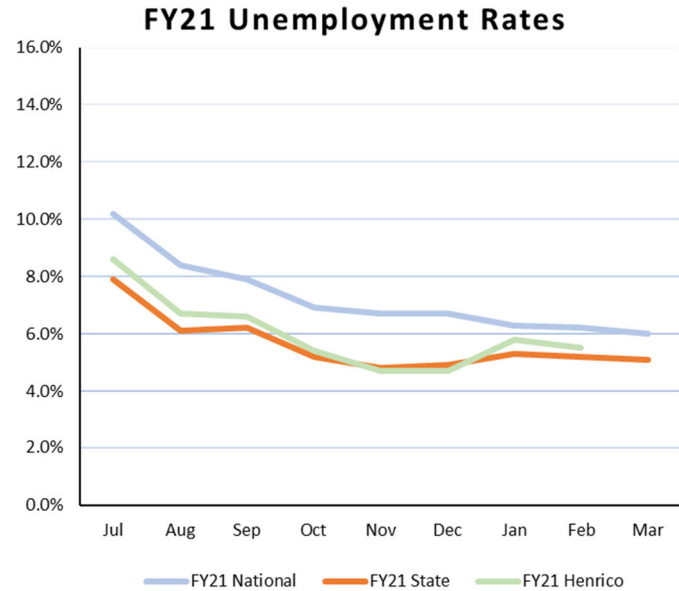
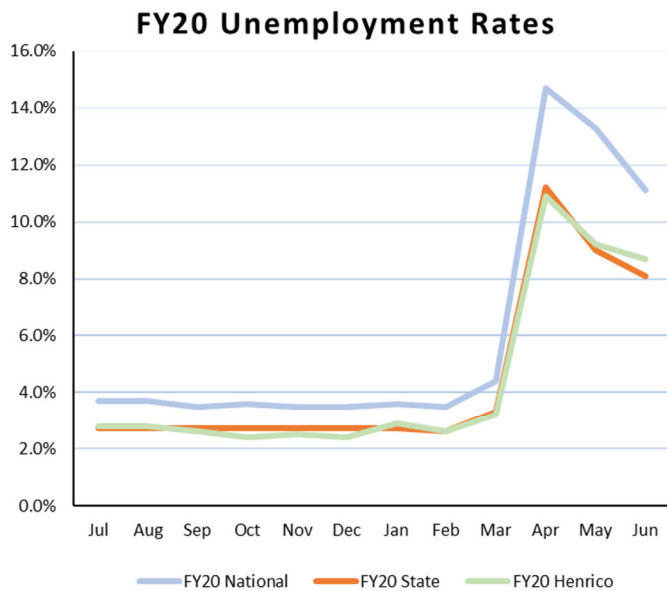


The Weekly Economic Index provides an indication of real economic activity on a 52-week comparison basis. The index covers consumer behavior, the general labor market, and production. The index has averaged between 2 and 3 for much of the last decade except the great recession from 2008 – 2009, the minor pullback in 2015, and the current COVID-19 pandemic.

When the country first quarantined in response to the pandemic, this index dropped sharply as indicated by the graph above. The week ending March 21, 2020 indicated that the national economy was 3.31% lower than the same week of March 2019. The index reached a low of -11.45 for the week of April 25, 2020. As the national economy continued to do poorly during Fiscal Year 2020-2021 when compared to the previous year, the index has remained negative. **At the 1-year anniversary of the initial quarantine and economic shutdown caused by the COVID-19 pandemic in March 2021, the index increases sharply, indicating that the national economy has improved since the initial shut down.** When the data is extended to show a 104-week comparison rather than the 52 week comparison shown above, the rate of change indicates that the current economy is performing at a similar level as was experienced in 2019.



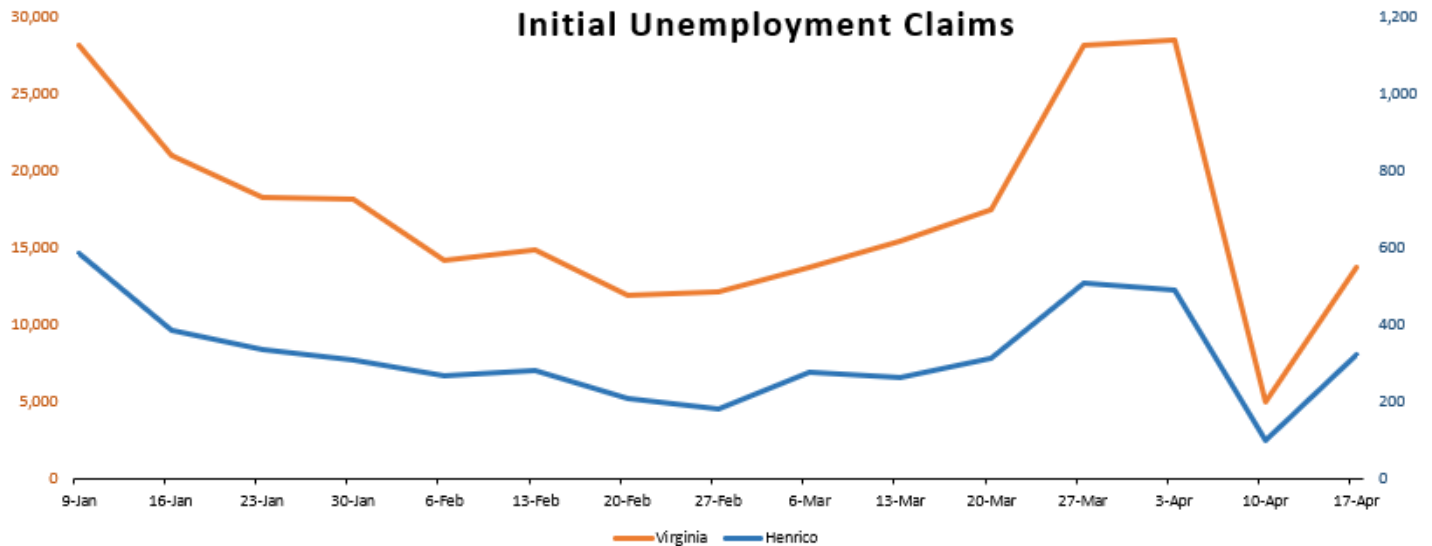
Combined Metrics



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. Note: The most recent data available for State and Local rates are preliminary and may slightly change in future reports. **Virginia's unemployment rate has hovered near 5% since October, decreasing slightly to 5.1% in March. Henrico's also decreased to 5.5% in February from 5.8% in January but still exceeding the 4.7% from November and December. As shown above, Henrico County and the Commonwealth of Virginia have largely equivalent unemployment rates, below the national average.** Initial and continuing unemployment claims data indicate improvement for Virginia and Henrico. 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



	Henrico	Virginia
16-Jan	390	21,073
23-Jan	337	18,312
30-Jan	309	18,177
6-Feb	270	14,203
13-Feb	283	14,901
20-Feb	212	11,944
27-Feb	184	12,155

	Henrico	Virginia
6-Mar	281	13,736
13-Mar	265	15,525
20-Mar	313	17,560
27-Mar	510	28,244
3-Apr	493	28,526
10-Apr	101	5,034
17-Apr	323	13,751

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 were immediately apparent and in-line with national figures. **Virginia and Henrico's Initial Unemployment Claims seem to be trending together and are both experiencing volatility within overall improving trends. As of the week ending April 17, initial claims of 13,751 were received at the state level. Henrico's Initial Unemployment Claims were 323 for the same week.** Like previous reports, continued claims may provide a more substantive outlook on the nature of unemployment rather than recent job loss.

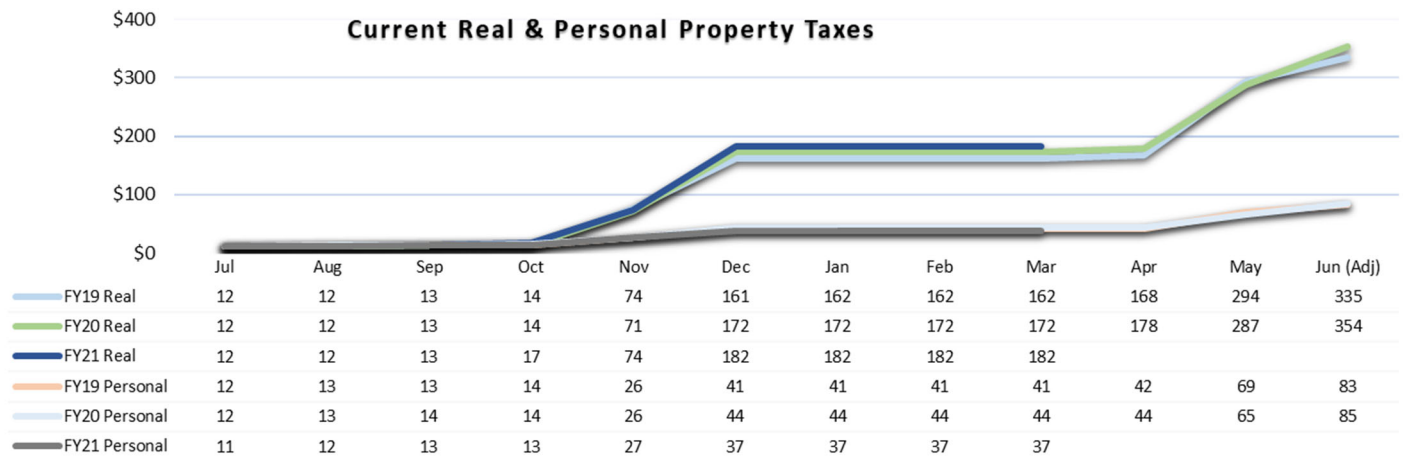


Henrico Metrics



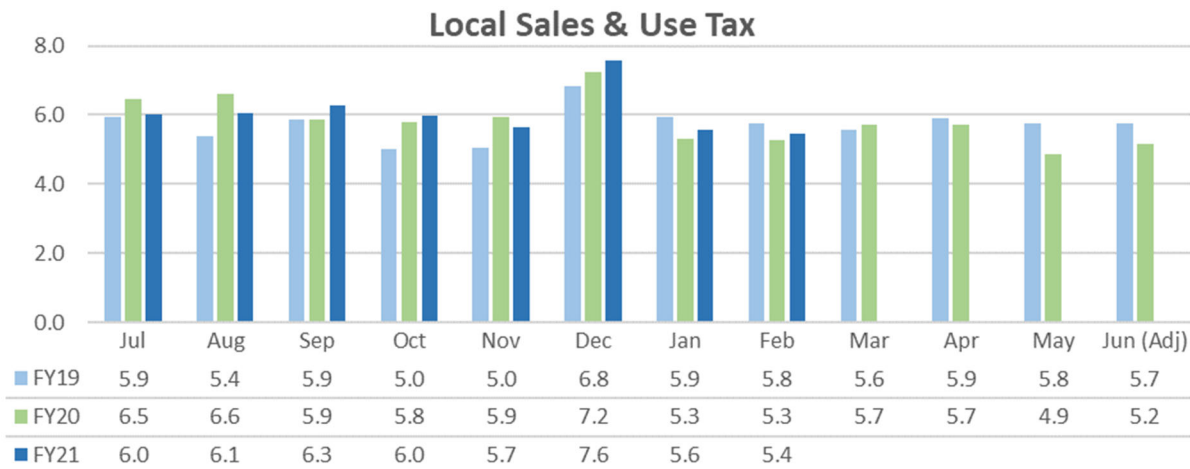
Henrico’s Continued Unemployment Claims act as a measure of continued unemployment. Claims remained steady prior to March of 2020. Henrico’s Continued Claims peaked at 16,005 at the end of May 2020 and have continued in an improving trend, with less week-to-week improvement since late December, since that time. **Continued Claims have dropped from an average of just under 2,100 in January to under 1,900 per week since the mid-March 2021 dipping to 1,831 in the most recently reported week of April 17th.** Immediately prior to the COVID-19 pandemic, Continued Claims levels were just under 800 claims per week. Note: Continued Claims only measure the number of individuals that have filed an initial claim and continue to file each week. It is the lower bound for an unemployment rate.

Current Property Taxes include total tax collection for both Real Property and Personal Property. Collections occur twice a year, in December and June. Due to the current COVID-19 outbreak, penalties and interest were set to 0 through August 2020 to help local citizens deal with COVID-19’s effect on their financial conditions. **Current Property Tax collections for FY21 are in line with FY20 and FY19.**

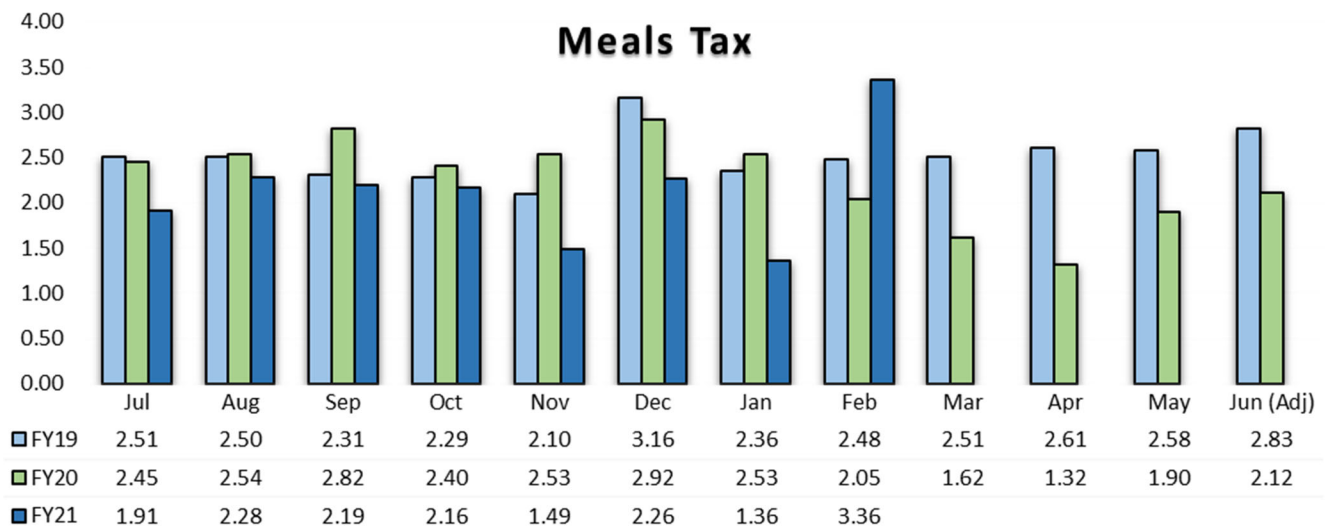




Henrico Metrics



Henrico’s **Local Sales & Use Tax** amounts to 6.0% on each purchase. Of this amount, 1.0% is remitted back to Henrico County from the state. **Sales tax collections have remained relatively stable and have not seen the significant impact from the pandemic that was anticipated. Fiscal year to date sales tax collections are 1.2% higher than FY20 and 6.2% higher than FY19.**

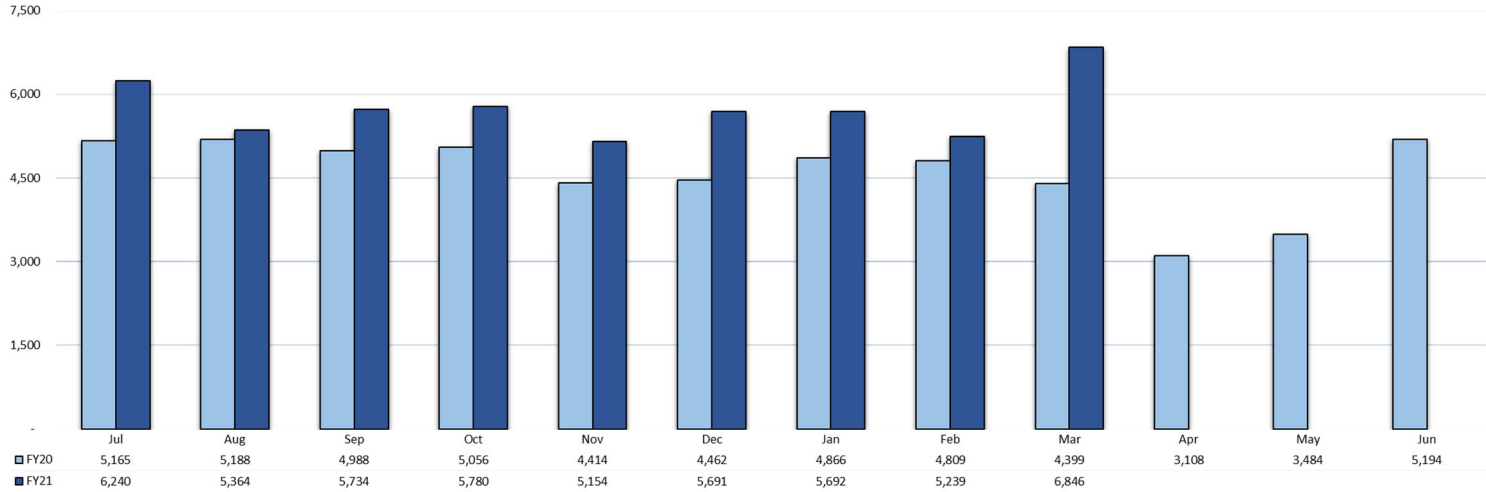


Henrico’s **Meals Tax** provides a 4% tax revenue on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico’s Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **But collections improved in February beyond what would be attributable to improving conditions, especially compared to both January and even February FY20, while fiscal year to date collections still lag FY20 by 15.8%.** Since Henrico restaurants are not back to full capacity, some monthly collections reported in February belong to prior periods due to external factors like payment timing.

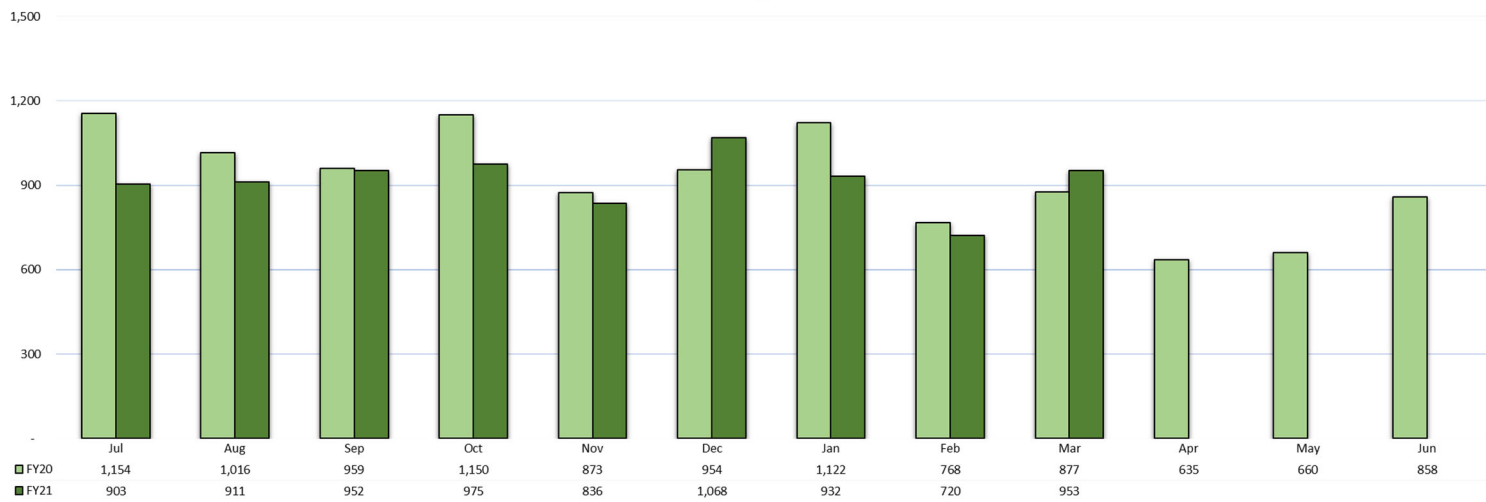


Henrico Metrics

Used Car Registration



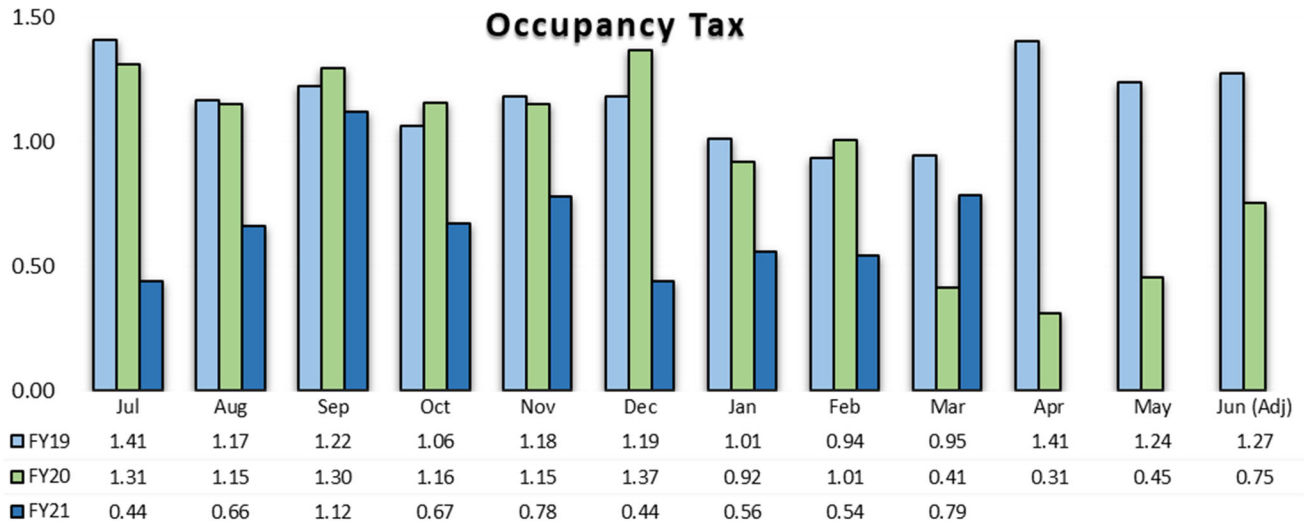
New Car Registration



Vehicle Registration data is acquired from the Virginia Department of Transportation and is comprised of both new and used vehicles. **Car registration data remains healthy with fiscal year to date used car registrations growing 19% while new car registrations decreased 7.0%.**



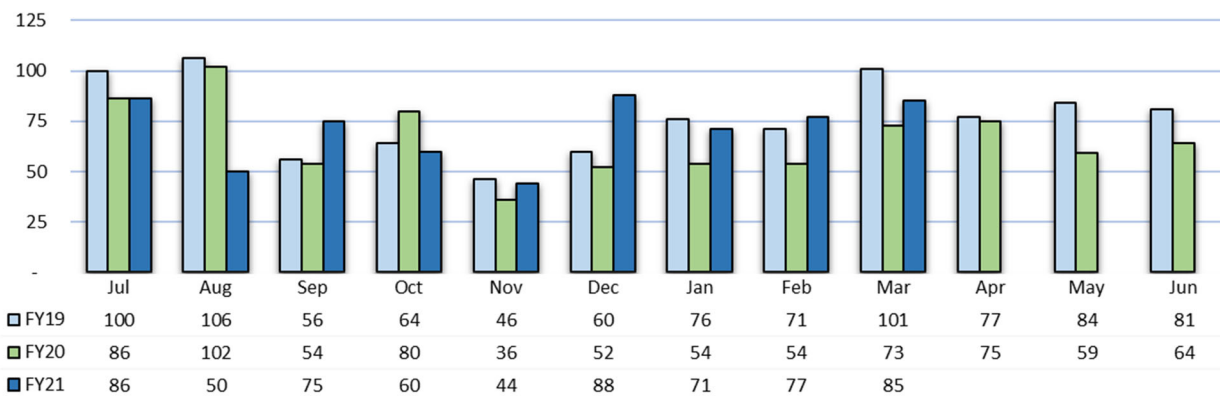
Henrico Metrics



Henrico’s **Occupancy Tax** is a tax on lodging for overnight stays. **The Occupancy Tax collections in March were the best since November and significantly better than dismal collections from FY20 which will continue as we compare to the months impacted most last year.** As vaccinations increase travel will too and these revenues will follow.

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 lack of expansion capabilities. **Despite improvement against last year, new residential construction is still lagging 2019 with fiscal year to date containing 636 homes representing a 7.6% increase over FY20, but a 6.5% decrease from FY19.**

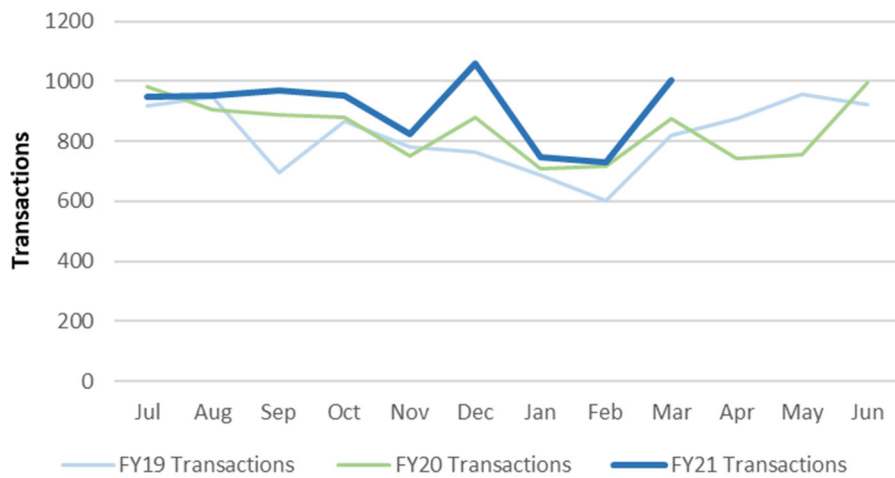
New Residential Construction





Henrico Metrics

Residential Transactions

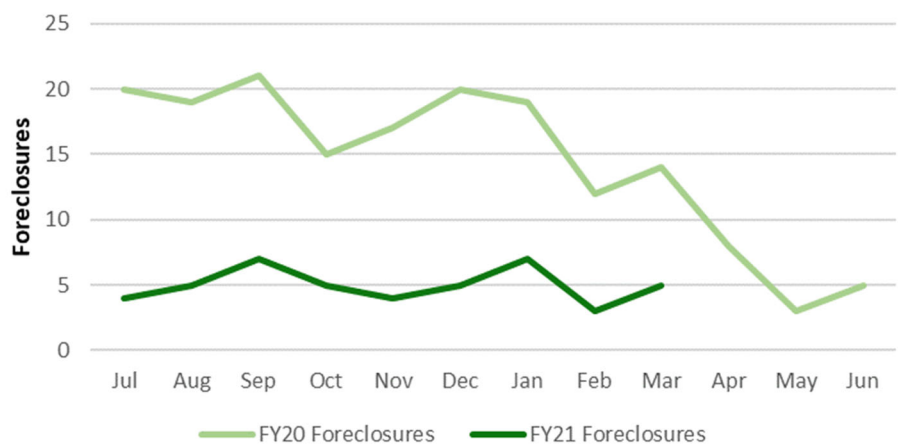


Foreclosures & Transactions data represents Henrico’s completed residential sales and reports residential foreclosures. These provide a snapshot of Henrico’s housing market. Consistency or increases in transactions represent a healthy and/or growing market. Consistency or decline in foreclosures also represents stable and improving market. **After a three year high in December, March returns to a level almost as**

high at 1,005, the second highest value in three years. As shown in the graph above, fiscal year 2021 trends are higher but follow fiscal year 2020.

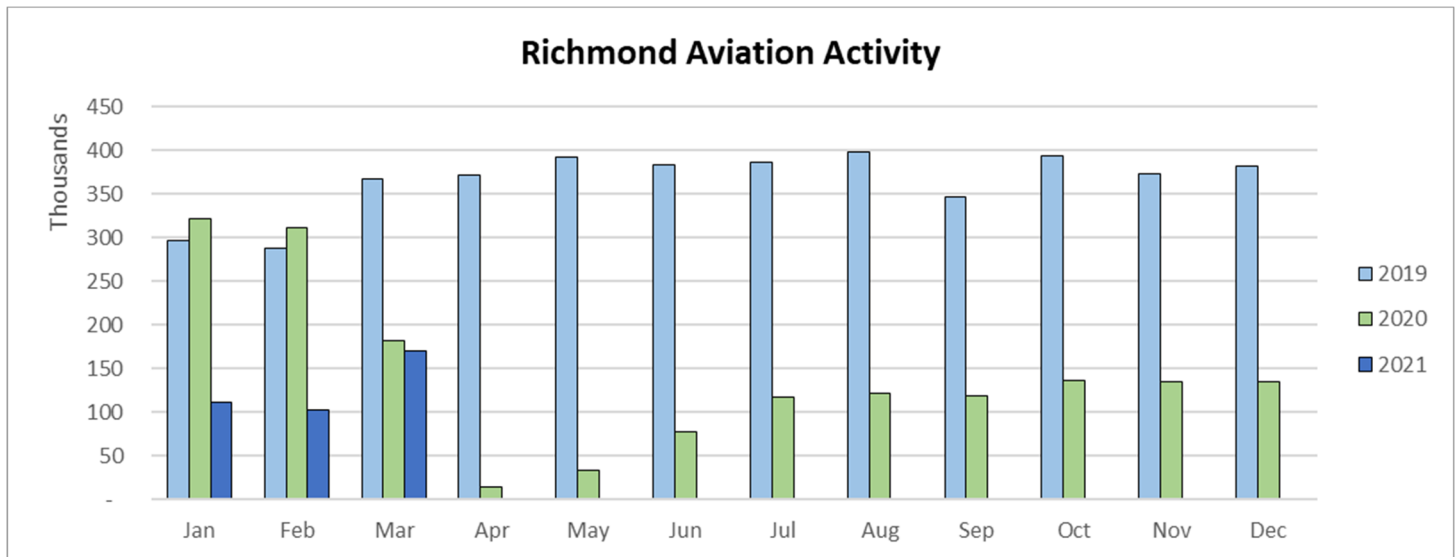
FY21 Foreclosure numbers remain stable at approximately 5 per month. **Total foreclosures remain low due in part to the current mortgage foreclosure freeze which was extended through June 30, 2021.** The freeze applies to Fannie Mae, Freddie Mac, and FHA loans that account for about half of mortgage loans in the United States.

Residential Foreclosures





Area Metric



Richmond Aviation Activity represent 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. Many countries, including the United States, have restricted air travel. **From February to April 2020, the Richmond International Airport (RIC) saw a decrease from 310,913 in February to just 13,560 in April, or a drop of 95.6%. Air travel recovered from a dismal 2Q20 increasing to about one third of the prior volume. From July 2020 onward, trends have flattened until this latest month. March 2021 brought a strong increase recording total activity at 170,370 up from 102,744 in February representing a 66% increase though volume is still under half of pre-pandemic levels.** This measure is heavily dependent on COVID-19 related issues and constraints and changes to regional, national, and international policies will continue to impact travel.



Summary of Financials Period Ended March 31, 2021

	FY21 Approved Budget	FY21 Revised Budget	FY21 YTD Actuals	FY21 Projected Amounts	Projected FY21 Actual	Over (Under) Budget
Local Revenues	\$ 661,130,700	\$ 679,630,700	\$ 394,070,251	\$ 319,652,172	\$ 713,722,423	\$ 34,091,723
State Revenues	356,022,941	362,678,880	281,162,053	110,010,446	391,172,499	28,493,619
Federal Revenues	360,000	25,980,515	25,879,830	120,000	25,999,830	19,315
Total General Fund Revenues	\$ 1,017,513,641	\$ 1,068,290,095	\$ 701,112,135	\$ 429,782,618	\$ 1,130,894,752	\$ 62,604,657
General Government Expenditures	\$ 389,195,385	\$ 427,025,859	\$ 300,003,474	\$ 112,859,214	\$ 412,862,687	\$ 14,163,172
Education Expenditures	509,905,768	521,001,575	320,339,115	181,714,685	502,053,800	18,947,775
Total General Fund Expenditures	\$ 899,101,153	\$ 948,027,434	\$ 620,342,589	\$ 294,573,899	\$ 914,916,487	\$ 33,110,947
Net before Transfers	\$ 118,412,488	\$ 120,262,661	\$ 80,769,546	\$ 135,208,719	\$ 215,978,264	\$ 95,715,603
Less Interfund Transfers	(121,427,247)	(121,546,570)	123,021,037	13,578,364	136,599,401	
			Projected Addition To (Use of) Fund Balance		\$ 79,378,863	

This **Summary of Financials, Period Ended March 31, 2021**, provides an overview of projected and actual revenues and expenditures for FY2020-21. **Note: This revenue and expenditure includes CARES Act funding.** Towards the bottom of this summary contains the **projected addition of Fund Balance equaling \$79,378,863.**