



### 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

The indicators assessed illustrate a recovering economy exhibiting normal market fluctuations in the continuing progression towards – and increasingly achieving – pre-pandemic activity levels. Indicators suggest the economy is facing factors like inflation, and supply chain shortages, with labor challenges and the **Omicron variant easing somewhat.** National performance indicators experienced both declines and similar results to those of the January report but continue to demonstrate overall improvement. The S&P 500 exhibited challenging results. Initial Unemployment Claims experienced further improvement to pre-pandemic levels and is stringing together several 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. Both Sales and Meals tax collections continue to increase on both a monthly and fiscal year to date basis. Finally, air travel continues to show solid passenger activity and improvement when compared to values from earlier this year.

### Metrics Considered

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



## National Metrics

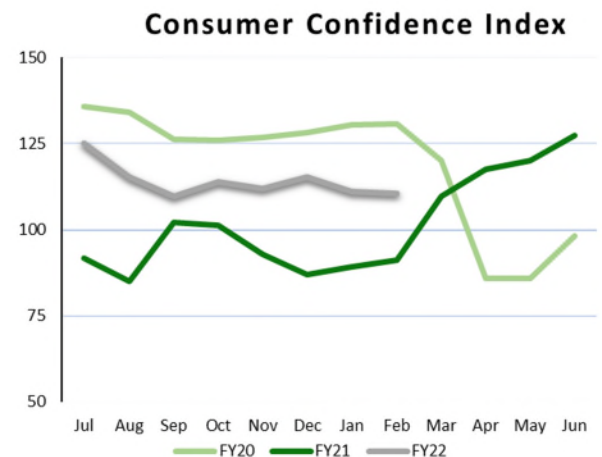
These indicators provide a mix of hard financial data as well as consumer consensus surveys to provide a macroeconomic and microeconomic view of the United States.



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 but remains in record territory.** February results continue to reflect short term losses eliminating gains from back to June but remain in line with performance over the past several months. 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 109 to 115 over the past 7 months** recording 110.5 in February, down just one point from 111.2 in January, and well above 91 from one year ago. Senior Director of Economic Indicators Lynn Franco linked the results to inflation concerns mitigated by expectations that conditions will not worsen.

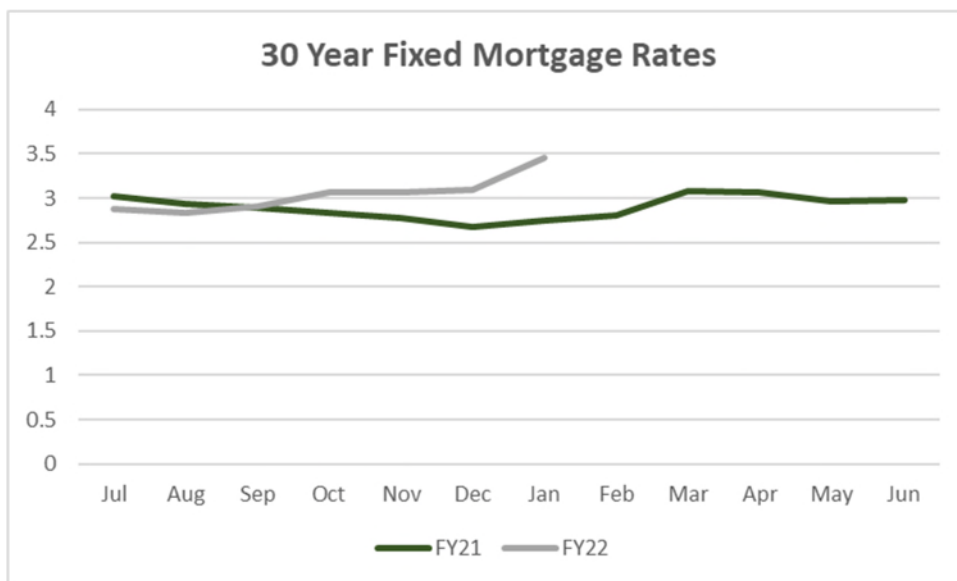




## National Metrics



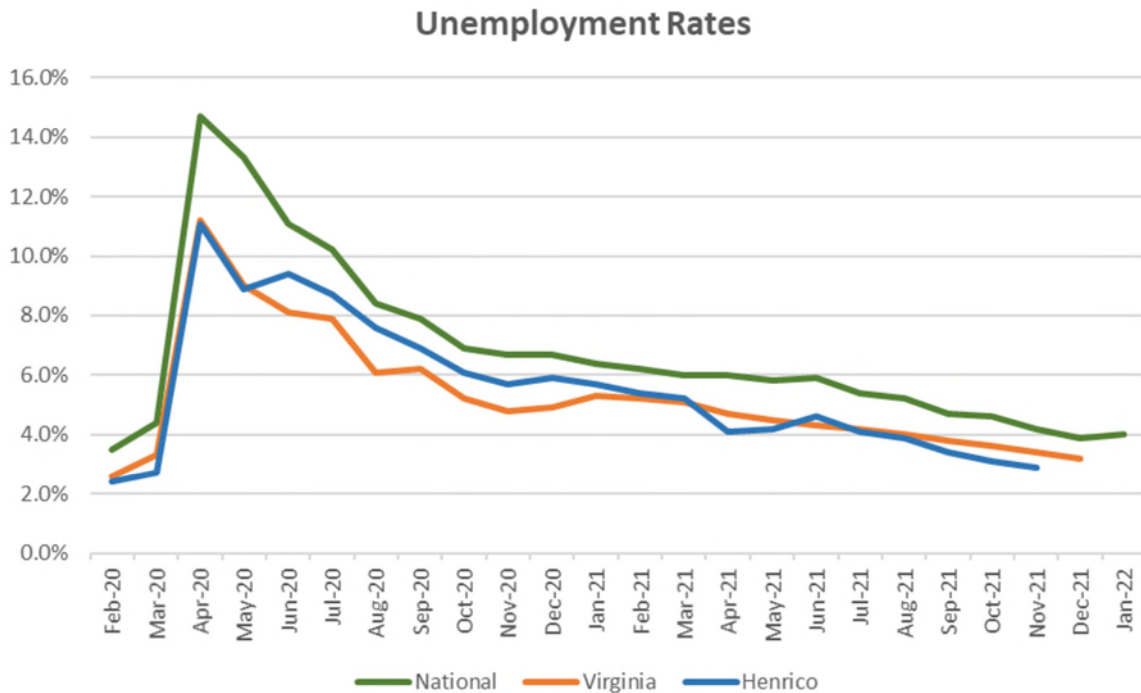
The **Consumer Price Index** is a weighted average of the prices of an identified basket of consumer goods and services used to help monitor inflation. The index provides some insight into the effectiveness of economic policy at the national level, and over-time shows the average change in price that 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 negative inflation (prices decreasing). During the month of January 2022, the consumer price index increased by 0.6% from December 2021. **This shows increased growth from the previous month and indicates an inflationary trend lasting over 21 months. The current 12-month CPI growth is 7.2% (unadjusted data) as reported by the Bureau of Labor Statistics on February 25, 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 January 2022 the 30-year fixed mortgage interest rate increased to 3.45%.**



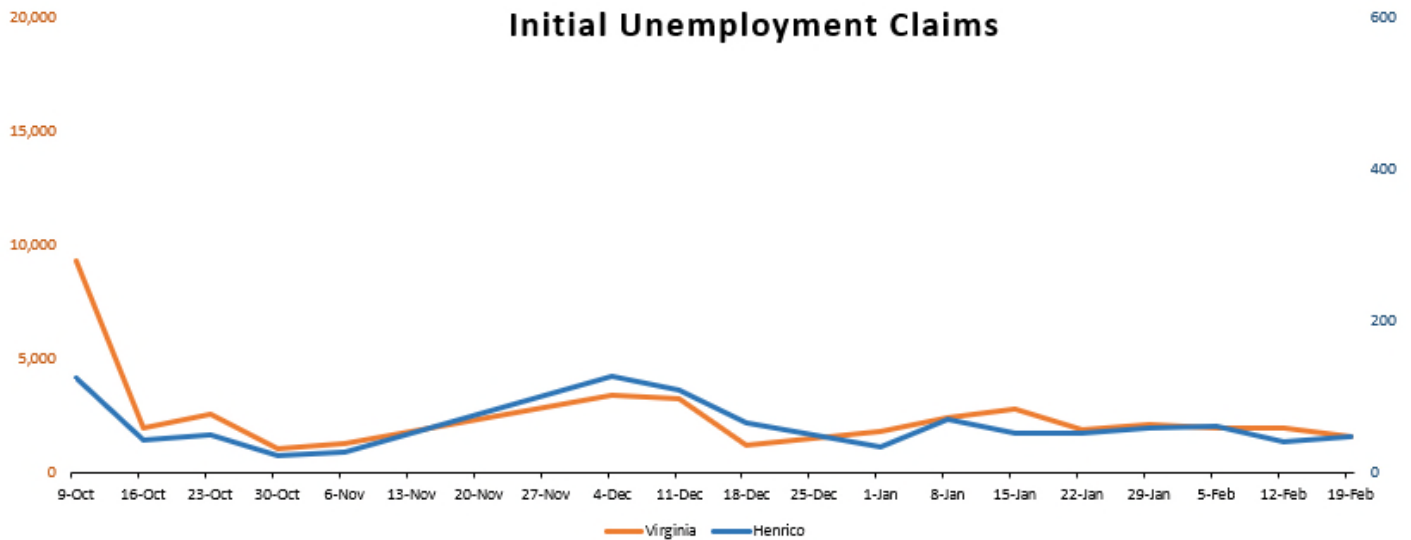
## Combined Metrics



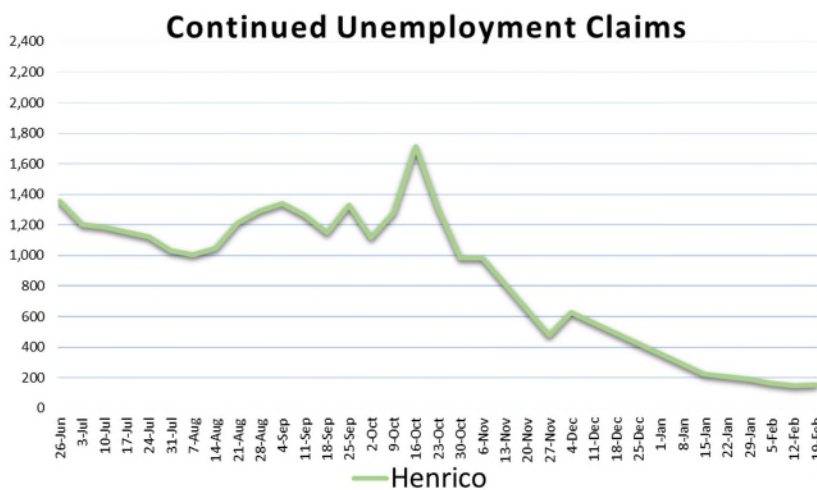
The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included. State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. Note: The most recent data available for State and Local rates are preliminary and may slightly change in future reports. **At the National level, the unemployment rate increased from December to January. The State unemployment rate saw a decrease over the month of December, dropping to 3.2% from 3.4% in November. In Henrico, the unemployment rate saw a decrease over the month of November, dropping to 2.9% from 3.1% in October. 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 end of February. **Henrico claims decreased to just 49 in the week of February 19<sup>th</sup> from 53 one month earlier, while state claims decreased from 2,443 to 1,610 after dipping to a recent low of 1,204.** Though nine of the last ten weeks are at pre-pandemic values, continued monitoring is warranted.



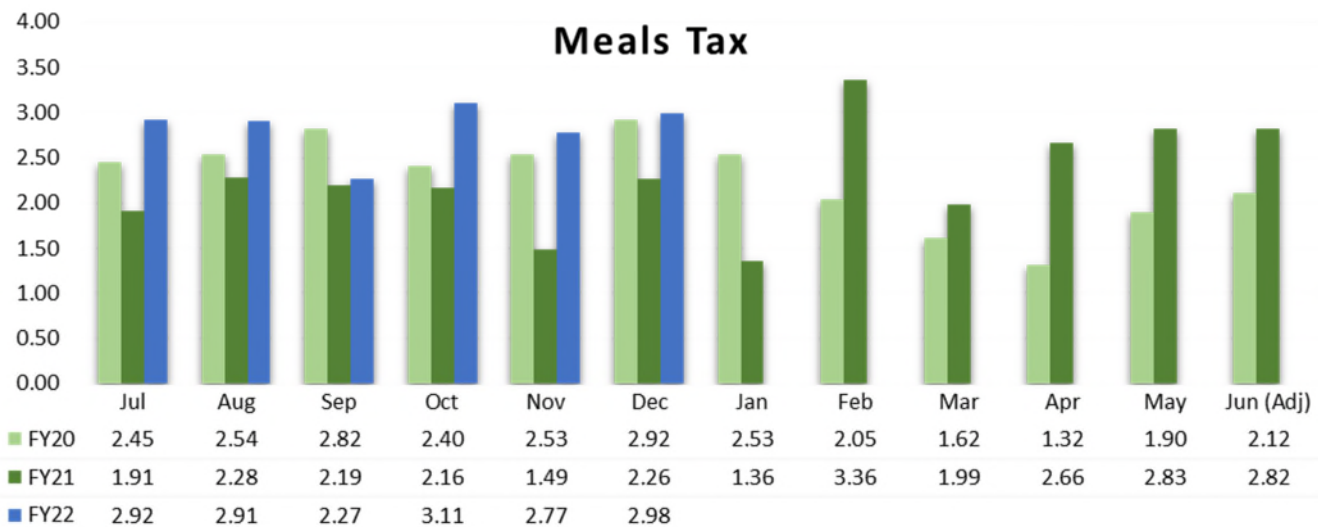
**Continued Unemployment Claims** reflects the number of individuals that have continued to file a claim after their initial claim. It reflects the lower bound for an unemployment rate. **Continued unemployment claims dropped to 155, a new recent low from the prior low of 206 and represents the lowest levels since 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. **December collections remain strong reflecting seasonal increase to \$8.8 million, compared to \$6.9 million in November, indicating both a resilient local consumer tax base and inflationary factors.**

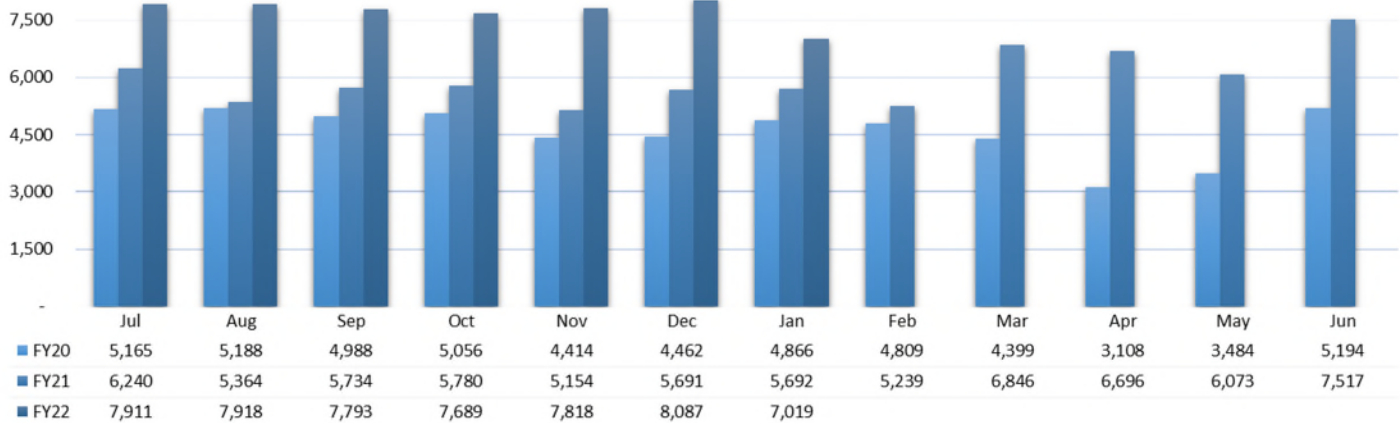


Henrico’s **Meals Tax** provides a 4% tax revenue on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico’s Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **December FY22 collections at \$2.98 million increased compared to November collections at \$2.77 million and exceeded December FY20 collections by \$0.06 million.** Fiscal year to date collections continue to exceed pre-pandemic levels.

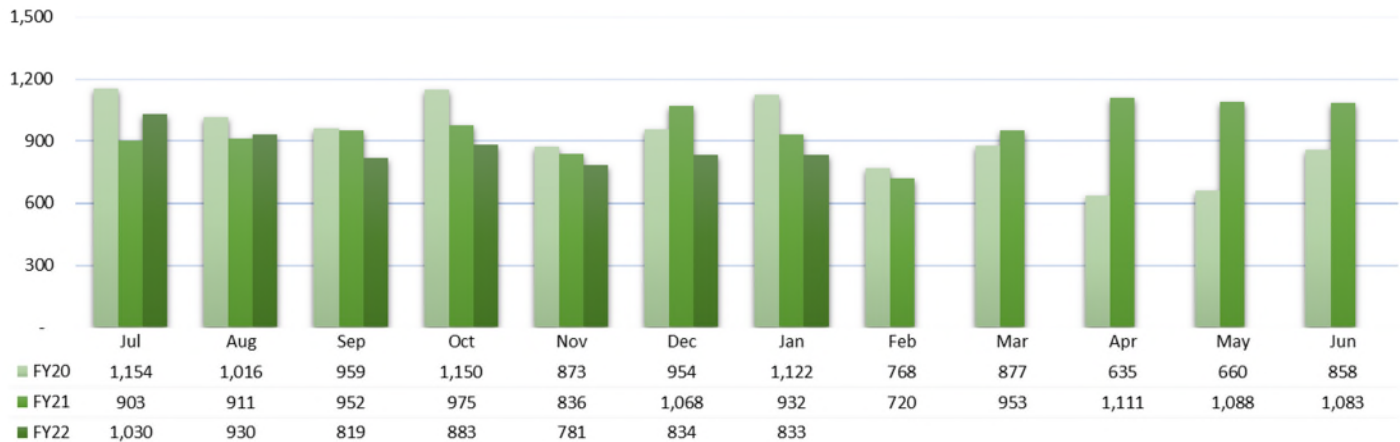


## Henrico Metrics

### Used Car Registration



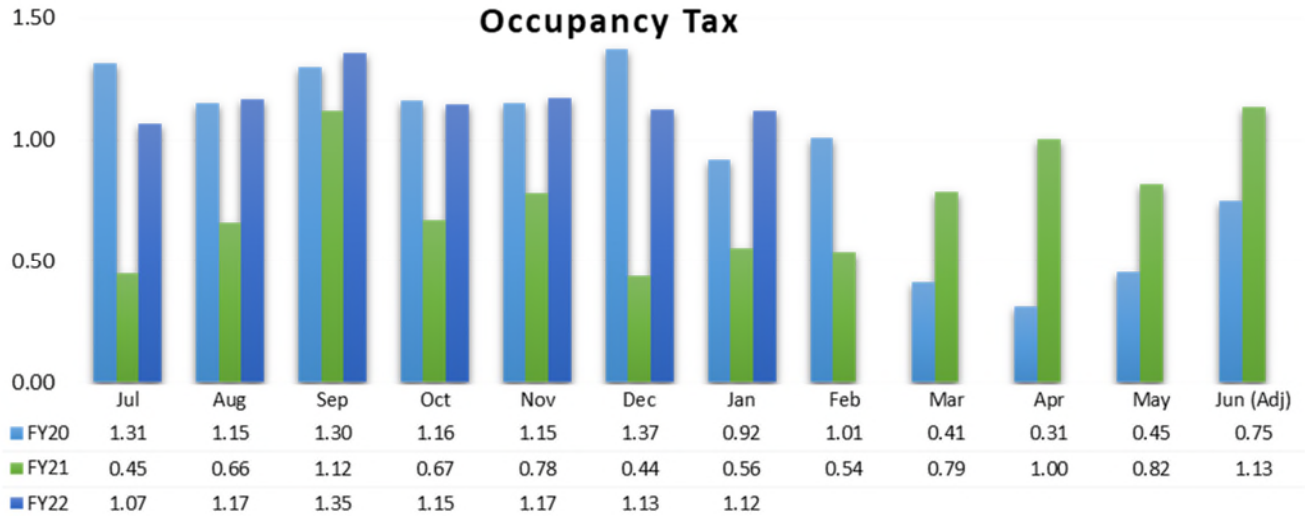
### New Car Registration



**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 467 vehicles.** January recorded 833 new car registrations, up one from December, and for the fifth 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, January registrations are 27% higher than registrations in FY21.**

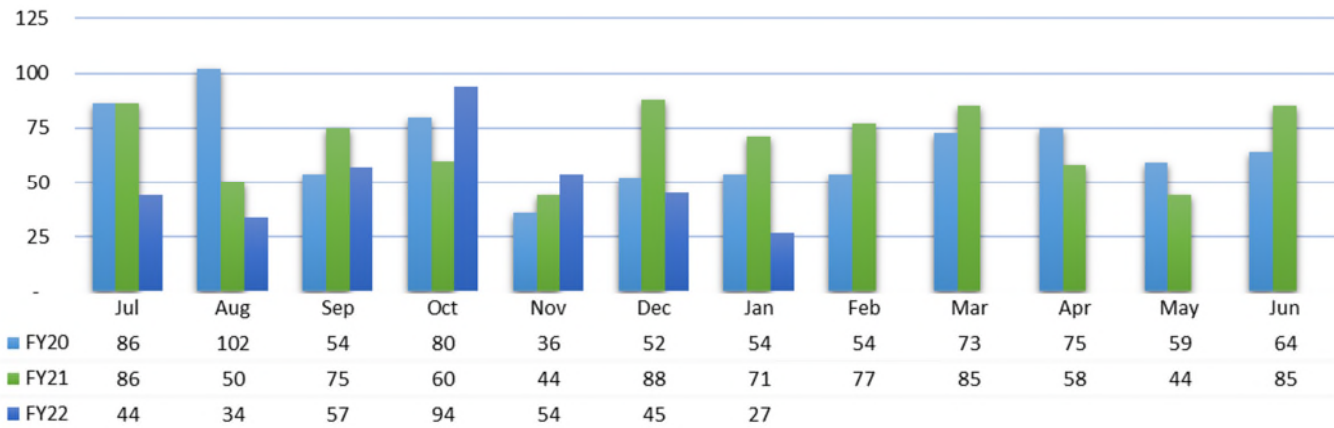


### Henrico Metrics



Henrico’s **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax** collections in January remained solid at \$1.12 million, down slightly from \$1.13 million in December. Fiscal year to date collections lag behind FY20 by 3% reflecting an improving sector that is working toward pre-pandemic levels.

#### New Residential Construction



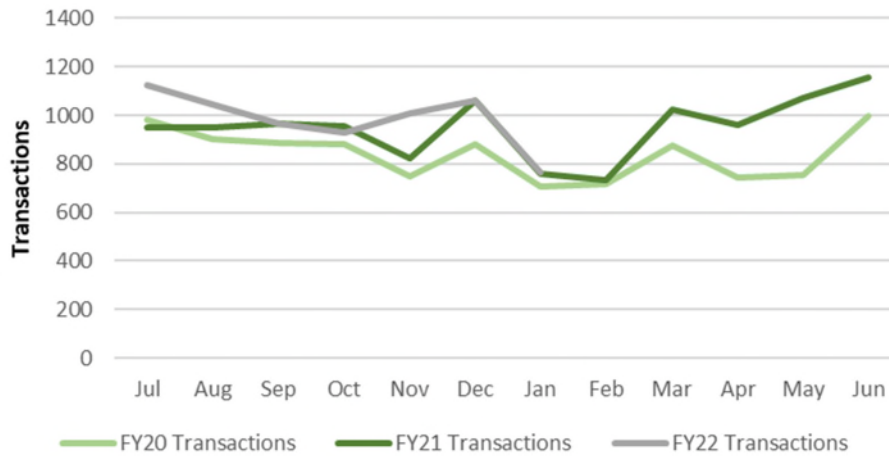
**New Residential Construction** is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or a lack of expansion capabilities. 27 construction permits were issued in January, down from 45 in December. **Fiscal year to date permits still lag FY20 by 23%; this data continues to illustrate the cyclical nature of the permit process.**





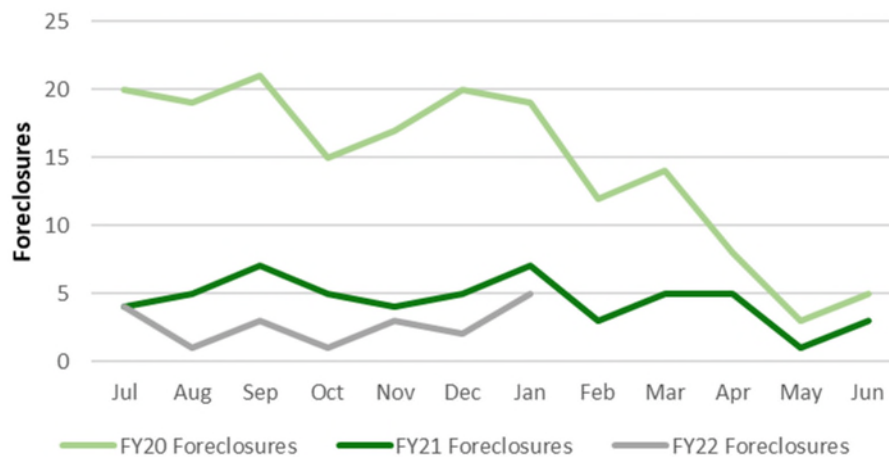
## Henrico Metrics

### 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. **January 2022 residential transactions exceed January 2020 by 7.9%, illustrating the continuation of a strong housing market.**

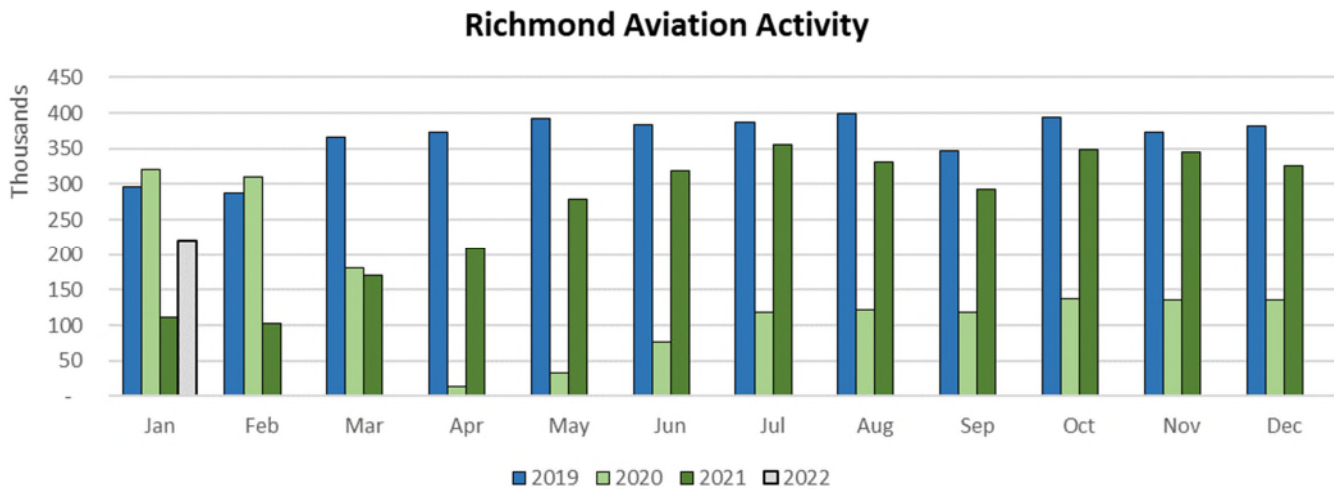
### Residential Foreclosures



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



## Area Metric



**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. **January 2022 demonstrated a continued solid level of air travel of 220,516 passengers. This metric reflects a 32% decrease from December but continues a trend towards pre-pandemic numbers. January's results show significant improvement when compared to the first four months of the calendar year and the same month last year.**



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

	FY22 Approved Budget	FY22 Revised Budget	FY22 YTD Actuals	FY22 Projected Amounts	Projected FY22 Actual	Over (Under) Budget
<b>Local Revenues</b>	\$ 734,121,200	\$ 734,121,200	\$ 355,891,587	\$ 448,580,820	\$ 804,472,407	\$ 70,351,207
<b>State Revenues</b>	393,652,040	393,652,040	167,354,373	234,610,645	401,965,018	8,312,978
<b>Federal Revenues</b>	385,000	385,000	85,646	319,354	405,000	20,000
<b>Total General Fund Revenues</b>	<b>\$ 1,128,158,240</b>	<b>\$ 1,128,158,240</b>	<b>\$ 523,331,606</b>	<b>\$ 683,510,819</b>	<b>\$ 1,206,842,425</b>	<b>\$ 78,684,185</b>
<b>General Government Expenditures</b>	\$ 423,005,103	\$ 439,329,469	\$ 247,476,669	\$ 203,060,138	\$ 450,536,807	\$ (11,207,338)
<b>Education Expenditures</b>	560,920,241	578,721,795	265,459,727	304,581,241	570,040,968	8,680,827
<b>Total General Fund Expenditures</b>	<b>\$ 983,925,344</b>	<b>\$ 1,018,051,264</b>	<b>\$ 512,936,396</b>	<b>\$ 507,641,379</b>	<b>\$ 1,020,577,775</b>	<b>\$ (2,526,511)</b>
<b>Net before Transfers</b>	<b>\$ 144,232,896</b>	<b>\$ 110,106,976</b>	<b>\$ 10,395,210</b>	<b>\$ 175,869,440</b>	<b>\$ 186,264,650</b>	<b>\$ 76,157,674</b>
<b>Less Interfund Transfers</b>	183,357,196	193,646,447	193,646,447 #	237,036	193,883,483	
					<b>\$ (7,618,833)</b>	
					<b>Projected Addition To (Use of) Fund Balance</b>	

This **Summary of Financials, Period Ended January 31, 2022**, provides an overview of projected and actual revenues and expenditures for FY22. **The summary results in a projected use of fund balance of \$7,618,833.**