



### 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 while progressing towards – and increasingly achieving – pre-pandemic activity levels. Additionally, the economy is experiencing 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 February report and begin to exhibit concerning challenges. The S&P 500 exhibited 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. Both Sales and Meals tax collections remain strong, especially on a fiscal year to date basis. Finally, air travel continues to show solid 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, Vehicle Registrations, Occupancy Tax, New Residential Construction, Residential Transactions & Foreclosures
- **Area:** Richmond Aviation Activity



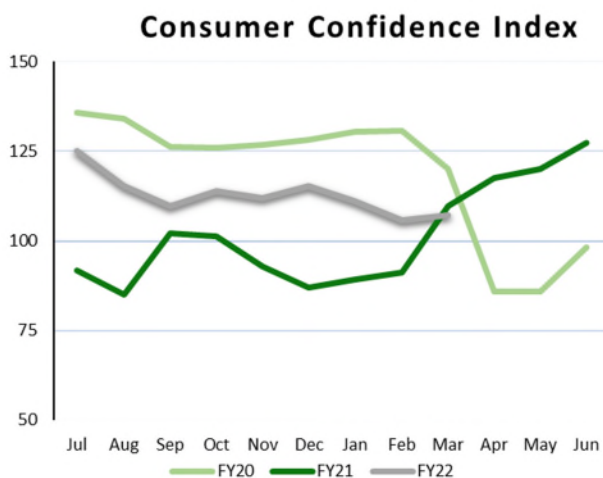
## National Metrics

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 high territory.** March results started in decline but have recovered back to September levels. Despite recent losses the index exceeds pre-pandemic levels by over 1,000 points.



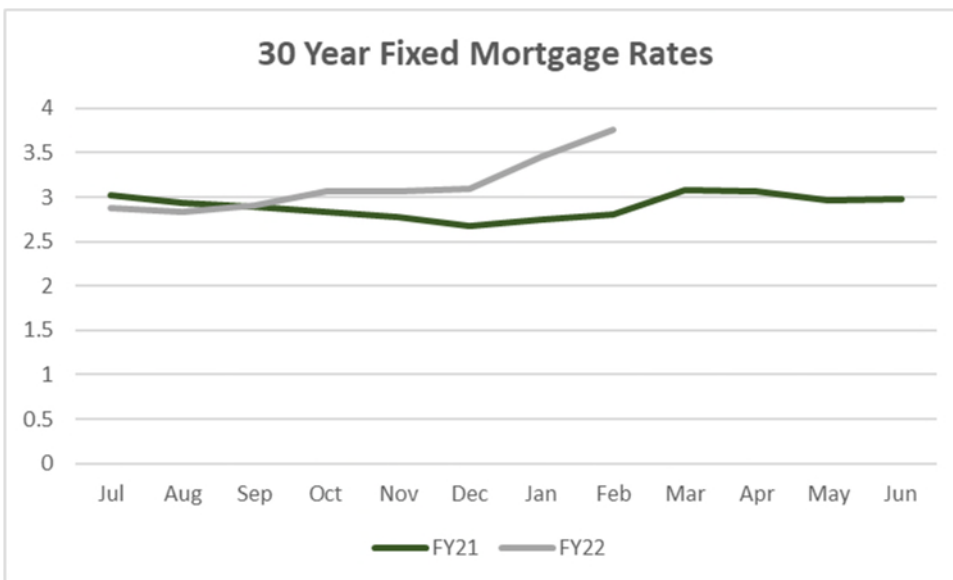
The **Consumer Confidence Index** is a monthly survey given to 5,000 random households gathering opinions on present situations and future expectations. It is benchmarked to 1985 (100) and best compared by reviewing month over month changes. **After reaching pre-pandemic levels in June and July, the index has dropped to a range between 105 to 115 over the past 8 months** recording 107.2 in March, up from an adjusted 105.7 in February. Senior Director of Economic Indicators Lynn Franco linked the results to inflation and geopolitical concerns mitigated by strong employment.



## National Metrics



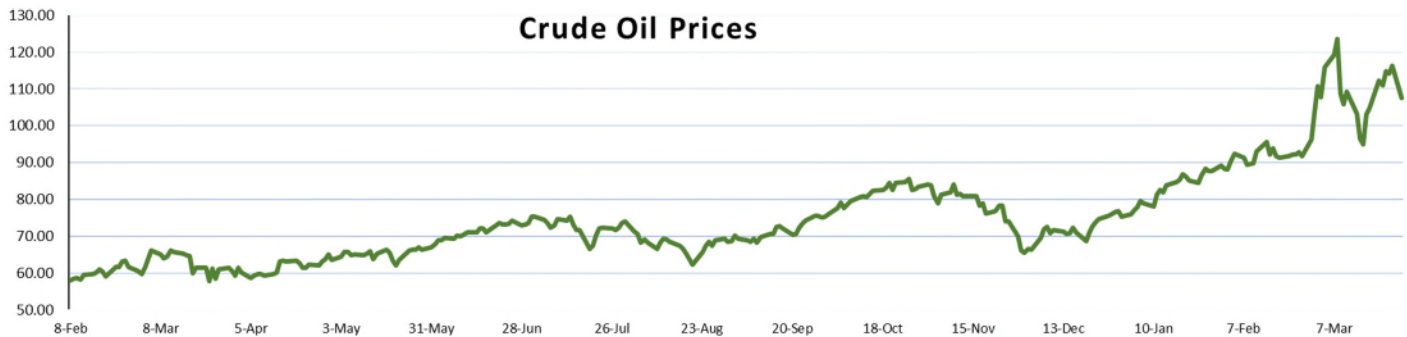
The **Consumer Price Index** is a weighted average of the prices of an identified basket of consumer goods and services used to help monitor inflation. The index provides some insight into the effectiveness of economic policy at the national level, and over-time shows the average change in price that 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 February 2022, the consumer price index increased by 0.8% from January 2022. **This shows increased growth from the previous month and indicates an inflationary trend lasting over 22 months. The current 12-month CPI growth is 7.9% (unadjusted data) as reported by the Bureau of Labor Statistics on March 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 February 2022 the 30-year fixed mortgage interest rate increased to 3.76% from a January 2022 rate of 3.45%.**

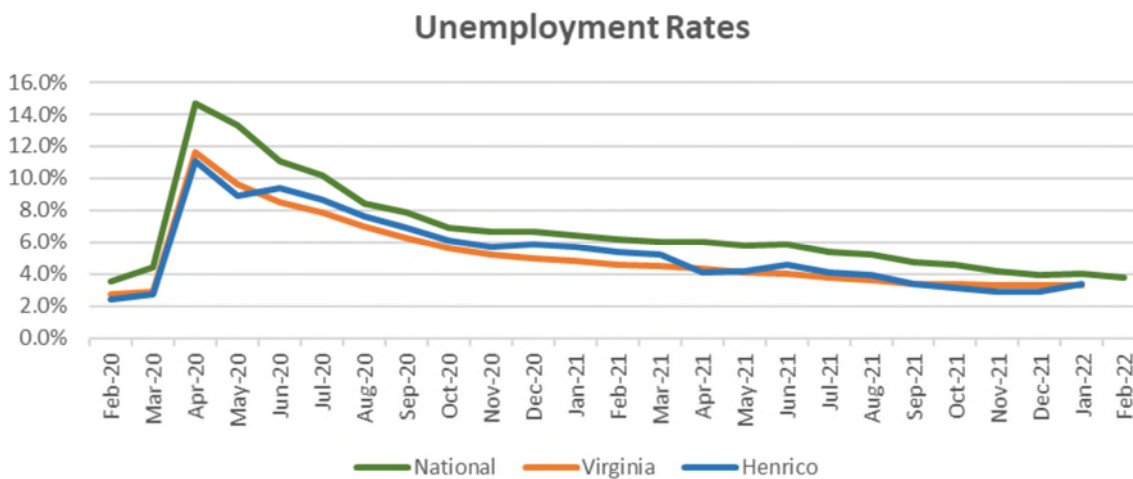


## National Metrics



**Crude Oil Prices** are the daily rate received for a barrel of crude or 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 \$107.7, a 12.0% 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.

## Combined Metrics

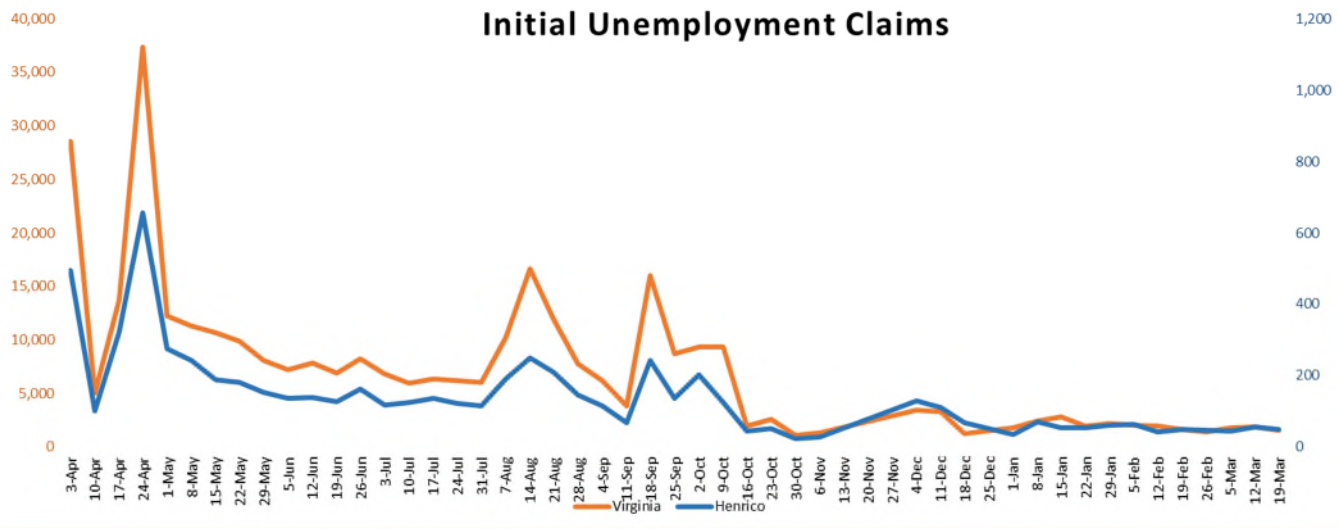


The **Unemployment Rate** shows the number of unemployed people as a percentage of the workforce. Known as the U-3 unemployment rate, an individual must be actively seeking work or laid off to be included.

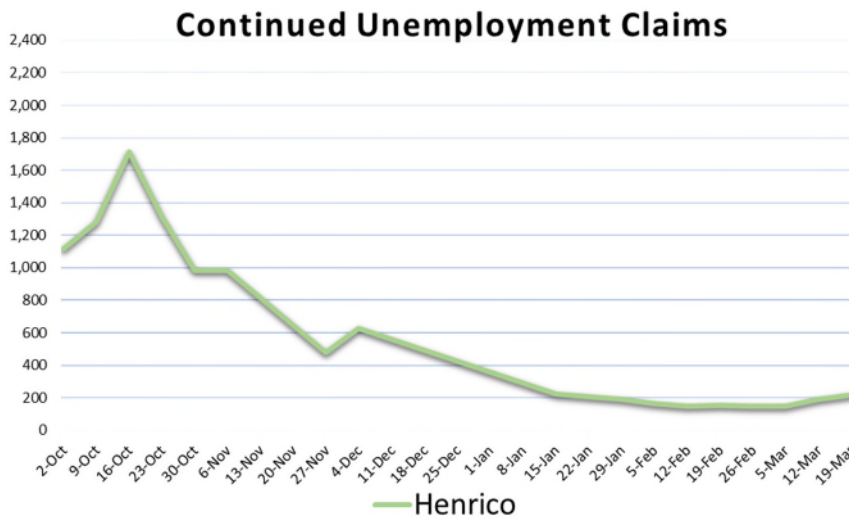
State unemployment data lags roughly six weeks while local unemployment data lags 9 weeks. **At the National level, the unemployment rate improved from 4.0% in January to 3.8% in February. The State unemployment rate remained flat at 3.3% for the third month in a row. In Henrico, the unemployment rate increased 0.5% in January. 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



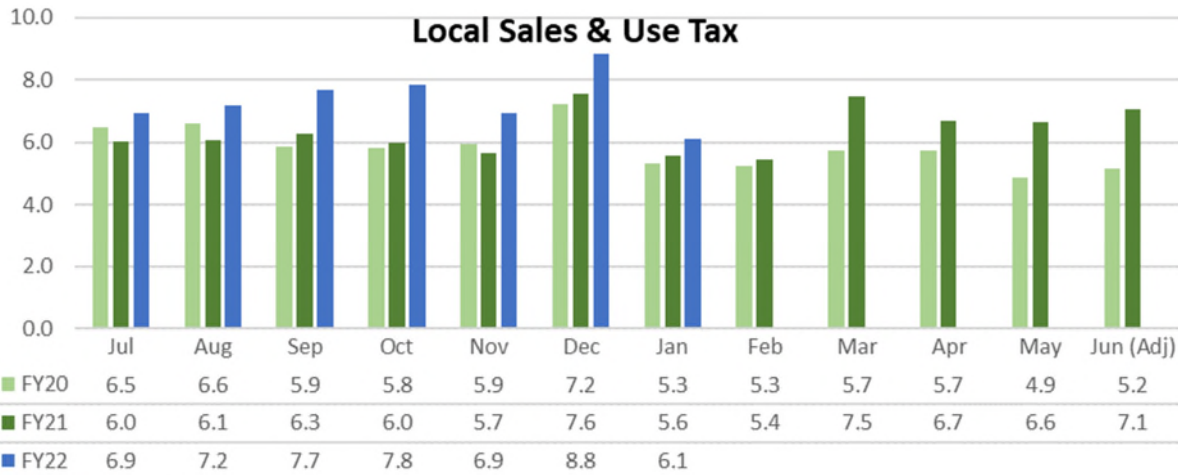
**Initial Unemployment Claims** act as a measure of recent job loss. Claims remained steady prior to March of 2020 at under 100 for Henrico and under 3,000 for Virginia. Unlike the Great Recession, COVID-19’s effect on the local economy was immediately apparent and in-line with national figures. Initial Unemployment Claims continue to generally reflect pre pandemic levels in Virginia through the middle of March. **Henrico claims decreased to just 44 in the week of March 5<sup>th</sup> from 62 one month earlier, rising to just 50 in the week of March 19<sup>th</sup> while state claims decreased from 1,610 to 1,546 - a recent low.**



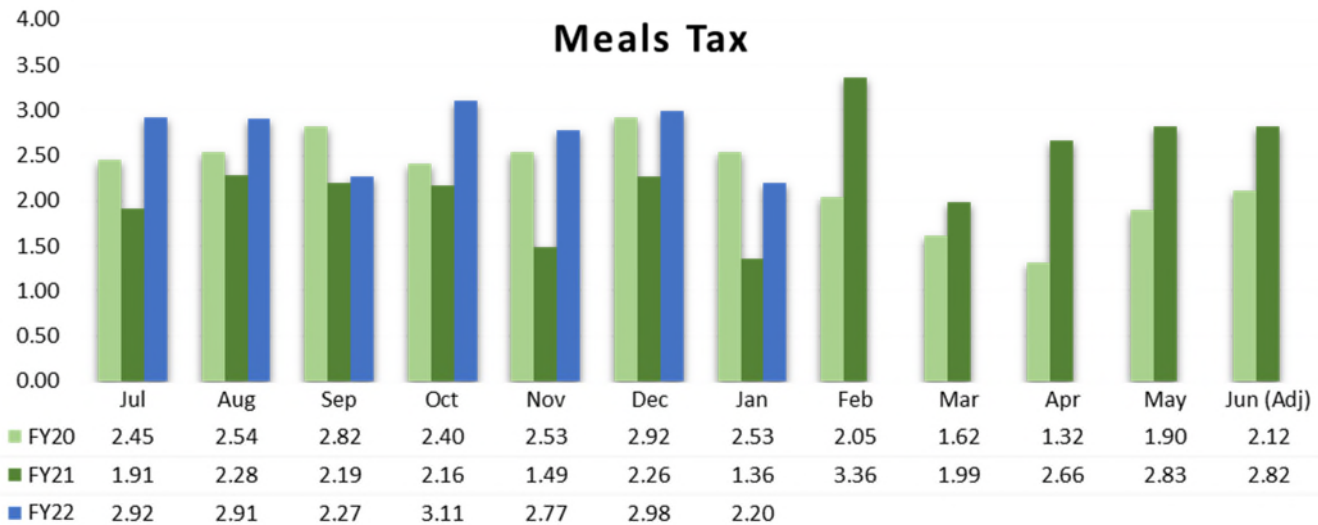
**Continued Unemployment Claims** reflects the number of individuals that have continued to file a claim after their initial claim. It reflects the lower bound for an unemployment rate. **Continued claims edged back up to 219 after a new recent low of 146 but still represents the lowest continued unemployment claim 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. **January data bring fiscal year-to-date collections to \$51.4 million, 19.2% higher than FY21.**

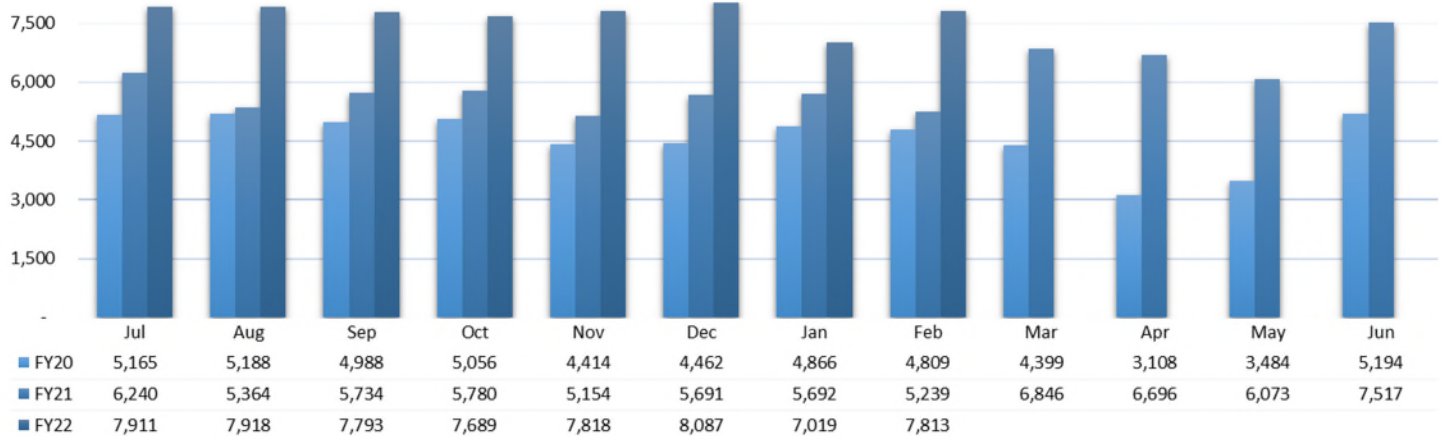


Henrico’s **Meals Tax** provides a 4% tax revenue on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico’s Public Schools. Collections are backdated two months and compared as year-over-year monthly collections. **January FY22 collections at \$2.20 million decreased compared to December collections at \$2.98 million and lagged January FY20 collections by \$0.33 million.** Fiscal year to date collections continue to exceed pre-pandemic levels.

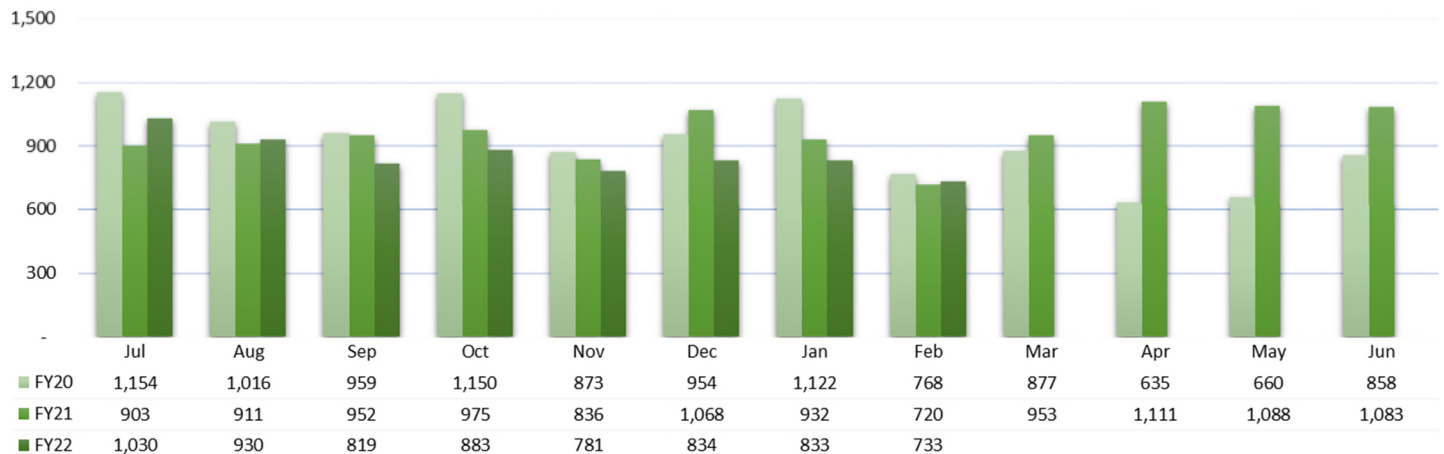


### Henrico Metrics

#### Used Car Registration



#### New Car Registration

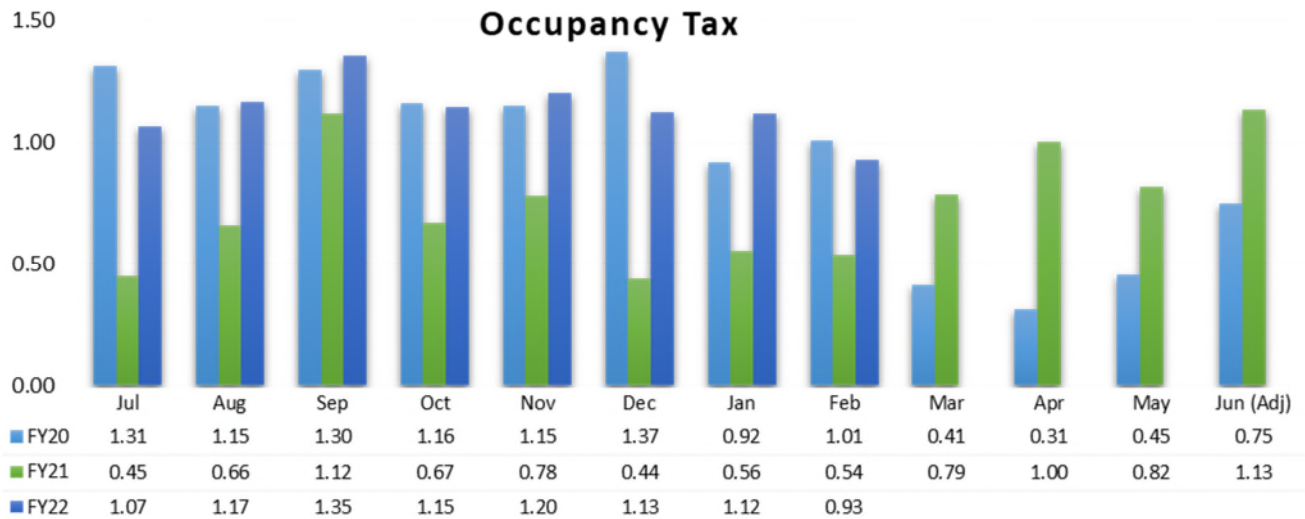


**Vehicle Registration** data is acquired from the Virginia Department of Transportation and is comprised of both new and used vehicles; the metric strongly correlates to vehicle sales. **New Car Registrations lag prior fiscal year to date by 454 vehicles.** February recorded 733 new car registrations, down 100 vehicles from January, and for the sixth 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, February registrations are 53% higher than registrations in FY21.**



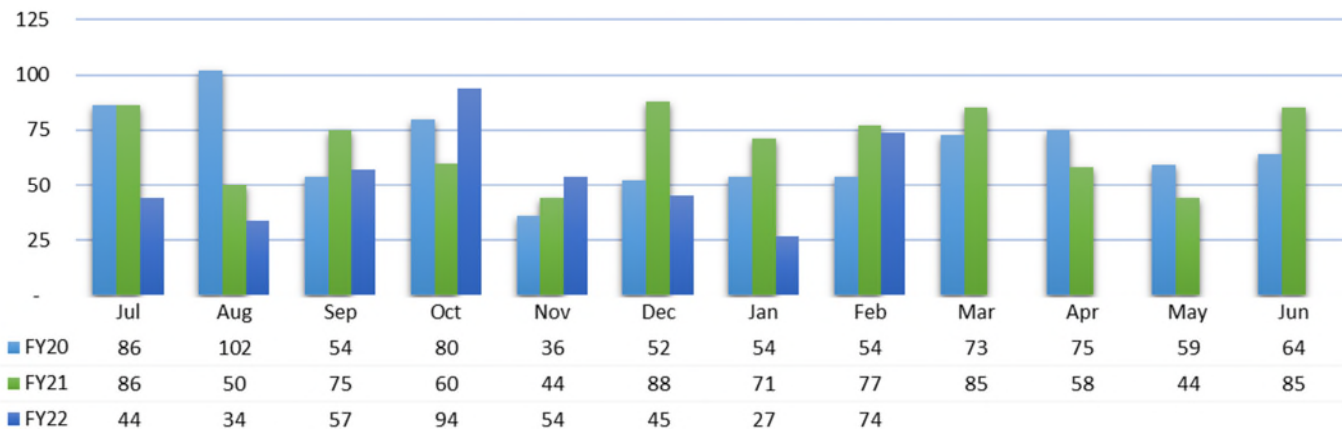
### Henrico Metrics

**Occupancy Tax**



Henrico’s **Occupancy Tax** is collected on lodging for overnight stays. **Occupancy Tax** collections in **February** remained solid at \$0.93 million, down from \$1.12 million in January. **Fiscal year to date** collections lag behind **FY20** by 2% reflecting an improving sector that is working toward pre-pandemic levels.

**New Residential Construction**



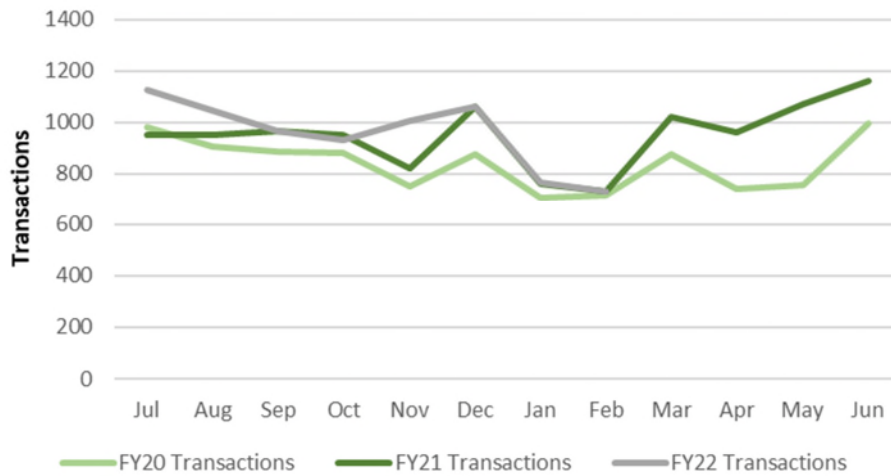
**New Residential Construction** is comprised of new single-family houses that were issued building permits. A slowdown may indicate worsening economic conditions, increased competition from neighboring localities, or a lack of expansion capabilities. 74 construction permits were issued in February, up from 27 in January. **Fiscal year to date** permits still lag **FY20** by 17%; this data continues to illustrate the cyclical nature of the permit process.





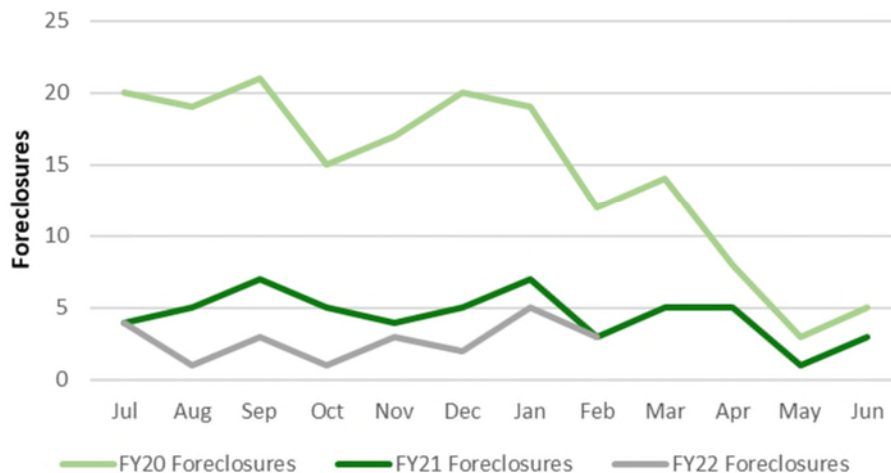
## Henrico Metrics

### 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. **February 2022 residential transactions exceed February 2020 by 1.7%, illustrating the continuation of a strong local housing market.**

### Residential Foreclosures

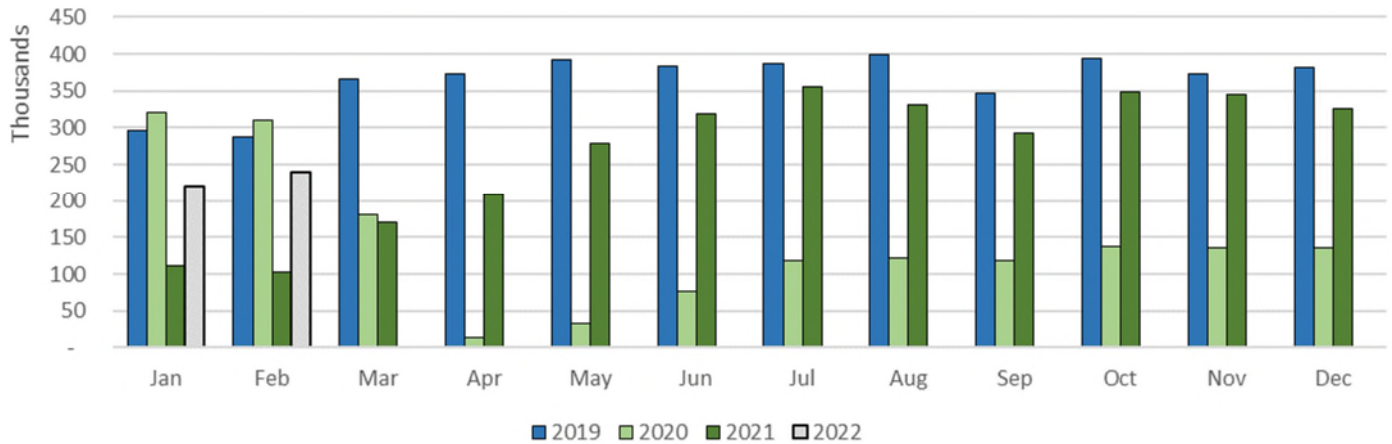


Foreclosure numbers remain stable at approximately 5 per month, with 3 foreclosures in February. **Total foreclosures remain low.**



## 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. **February 2022 demonstrated a continued solid level of air travel of 240,095 passengers. This metric reflects a 26% decrease from December but continues a trend towards pre-pandemic numbers. February's results show significant improvement when compared to the first four months of last calendar year and over twice the activity from February 2021.**



### Summary of Financials

#### Period Ended February 28, 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	\$ 376,822,299	\$ 429,762,064	\$ 806,584,363	\$ 72,463,163
<b>State Revenues</b>	393,652,040	393,652,040	228,837,518	173,111,262	401,948,780	8,296,740
<b>Federal Revenues</b>	385,000	385,000	148,048	256,952	405,000	20,000
<b>Total General Fund Revenues</b>	<b>\$ 1,128,158,240</b>	<b>\$ 1,128,158,240</b>	<b>\$ 605,807,866</b>	<b>\$ 603,130,278</b>	<b>\$ 1,208,938,143</b>	<b>\$ 80,779,903</b>
<b>General Government Expenditures</b>	\$ 423,005,103	\$ 439,329,469	\$ 278,969,164	\$ 168,270,330	\$ 447,239,494	\$ 7,589,975
<b>Education Expenditures</b>	560,920,241	578,721,795	313,219,440	256,821,528	570,040,968	8,680,827
<b>Total General Fund Expenditures</b>	<b>\$ 983,925,344</b>	<b>\$ 1,018,051,264</b>	<b>\$ 592,188,604</b>	<b>\$ 425,091,858</b>	<b>\$ 1,017,280,462</b>	<b>\$ 16,270,802</b>
<b>Net before Transfers</b>	<b>\$ 144,232,896</b>	<b>\$ 110,106,976</b>	<b>\$ 13,619,262</b>	<b>\$ 178,038,420</b>	<b>\$ 191,657,681</b>	<b>\$ 97,050,705</b>
<b>Less Interfund Transfers</b>	183,357,196	193,646,447	193,646,447	237,036	193,883,483	
			<b>Projected Addition To (Use of) Fund Balance</b>		<b>\$ (2,225,802)</b>	

This **Summary of Financials, Period Ended February 28, 2022**, provides an overview of projected and actual revenues and expenditures for FY22. **The summary results in a projected use of fund balance of \$2,225,802.**