



National Metrics

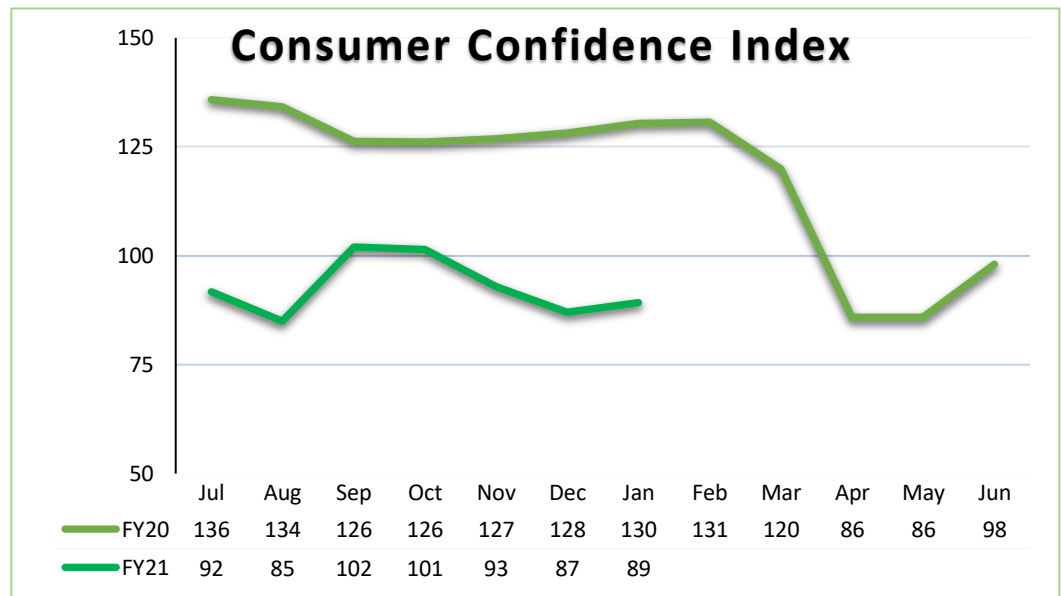
These indicators provide a mix of hard financial data as well as consumer consensus surveys to provide a macroeconomic and microeconomic view of the United States.



The S&P 500 is a stock market index measuring the performance of 500 large companies on stock exchanges in the United States and is considered one of the best representations of the U.S. stock market and of the U.S. economy. **U.S. stock markets continue their upward trend to around 3,800 points. Recently, volatility has**

changed due to increased speculation on specific stocks such as GME and AMC. Levels are well above the major trough experienced between March and May 2020. Markets depend on an economic recovery but are still subject to volatility from ongoing events related to COVID-19. Recently, Johnson & Johnson have released data that could allow them emergency use in their vaccine.

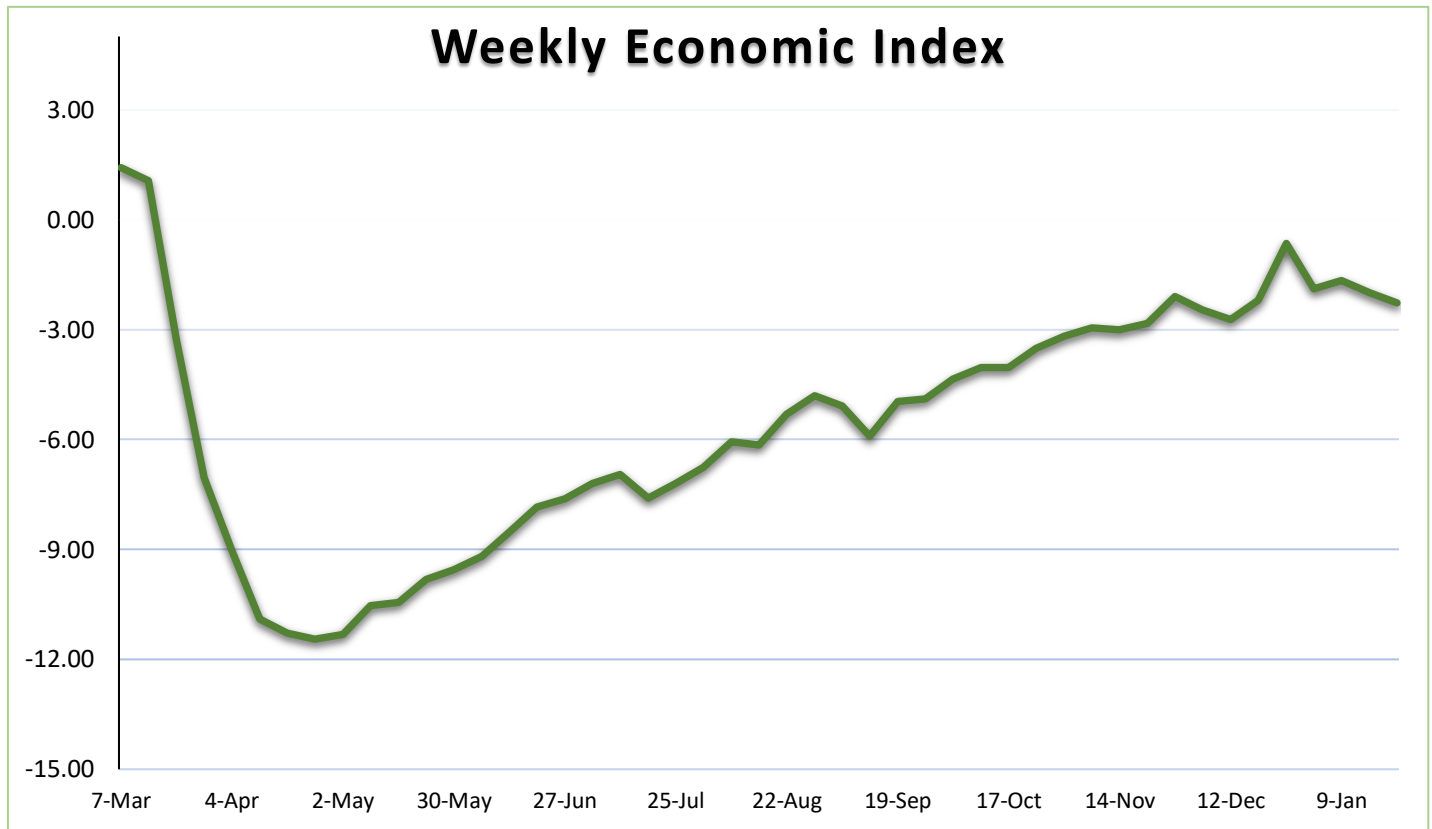
The **Consumer Confidence Index** is a monthly survey given to 5,000 random households regarding opinions on present situations and future expectations. It is benchmarked (100) to 1985 and best compared by reviewing month over month changes. **The index increased from 87 in December to 89 in January.** Note: December was revised from 89, as indicated in



last month's report, to 87. The index has been between 90 and 100 after reaching a low of 85 in August 2020. It is important to note, for comparison, that this index reached a low of about 25 during the Great Recession in 2008. Continued uncertainty regarding government stimulus may account for some of the recent decreases.



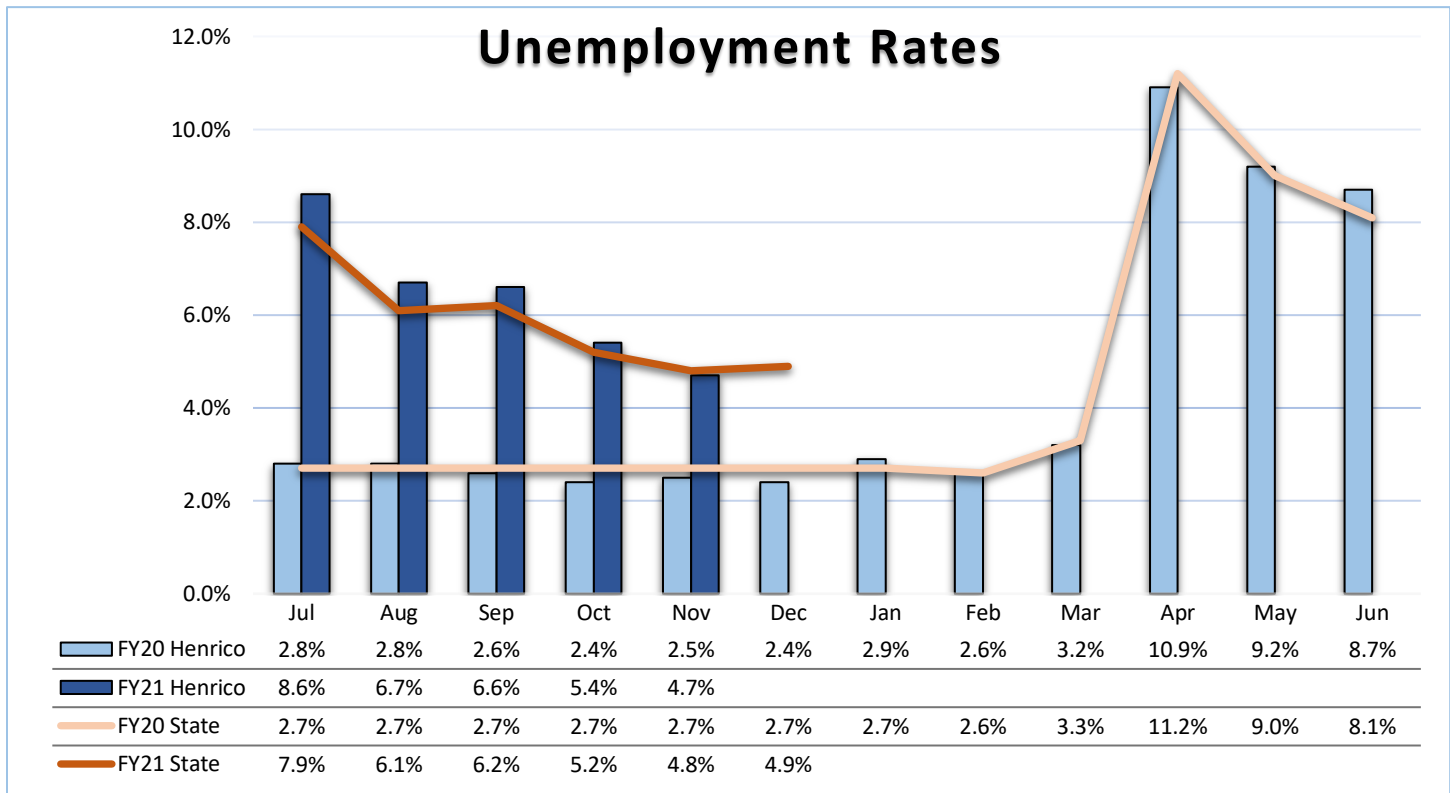
National Metrics



The Weekly Economic Index (WEI) provides an indication of real economic activity on a weekly basis and was developed by an economist at the FED of New York. 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. Exceptions include the great recession in 2007 and the minor pullback in 2015. When the country first quarantined, this index saw a drop to a low of -11.48 for the week of April 25th. **This figure has trended upwards since that bottom but faces some restriction as it approaches the pre-pandemic value. Uncertainty regarding vaccination rollouts and government stimulus may account for the recent lack of growth.** Confirmation on stimulus and continued vaccination efforts may positively influence this measure.



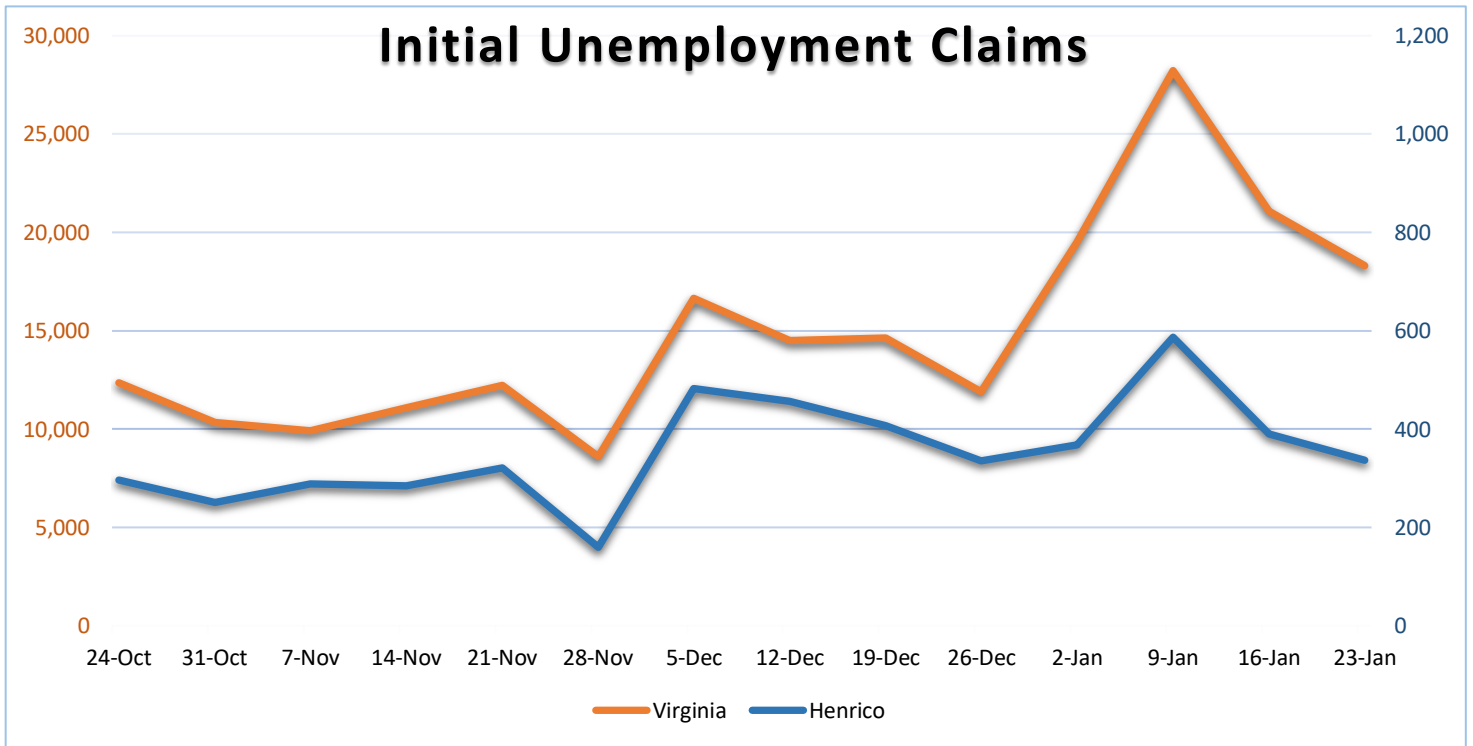
Virginia Metrics



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. It is important to note that the national unemployment rate remained flat at 6.7 percent in November and December. **Virginia’s unemployment rate slightly increased from 4.8 percent in November to 4.9 percent in December. Henrico’s November value is reported at 4.7 percent from 5.4 percent in October. This is the first time that Henrico’s unemployment rate was below Virginia’s in the same time period. If Virginia’s measure translates to Henrico, Henrico should expect its December rate to be flat if not slightly lower. Henrico’s December unemployment rate will be available in February’s report.** 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



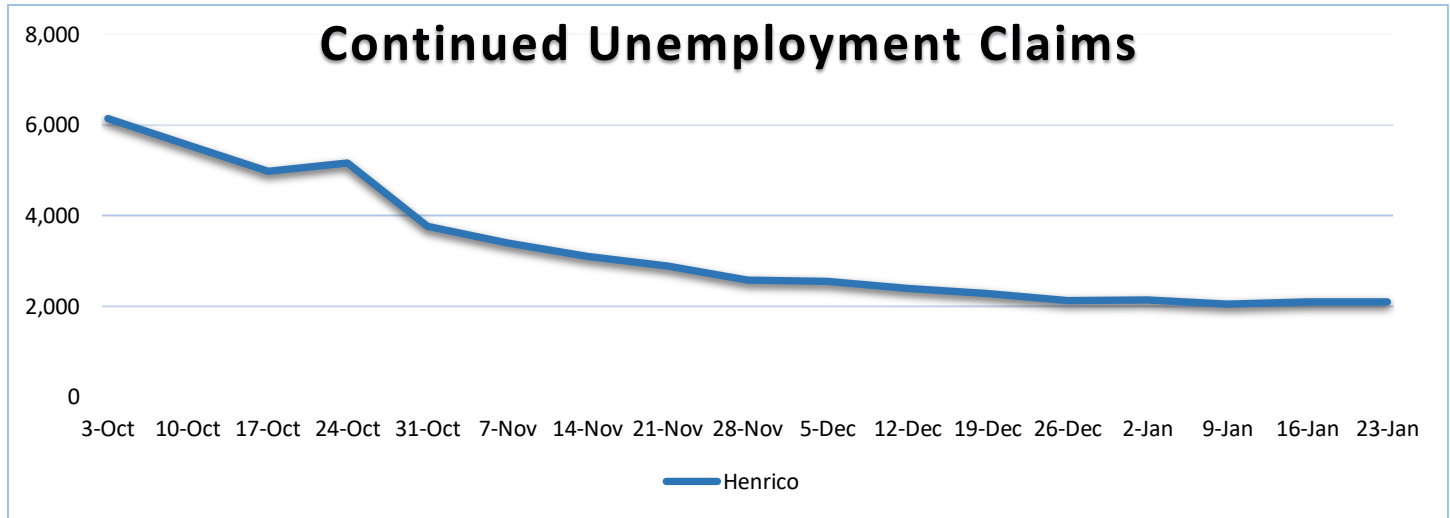
	Henrico	Virginia
29-Aug	239	10,305
5-Sep	257	11,135
12-Sep	263	10,100
19-Sep	278	10,582
26-Sep	237	9,377
3-Oct	258	10,843
10-Oct	191	9,110
17-Oct	269	11,365
24-Oct	297	12,352
31-Oct	251	10,350
7-Nov	289	9,909

	Henrico	Virginia
14-Nov	285	11,088
21-Nov	321	12,234
28-Nov	160	8,606
5-Dec	483	16,654
12-Dec	456	14,509
19-Dec	407	14,640
26-Dec	335	11,890
2-Jan	368	19,530
9-Jan	587	28,227
16-Jan	390	21,073
23-Jan	337	18,312

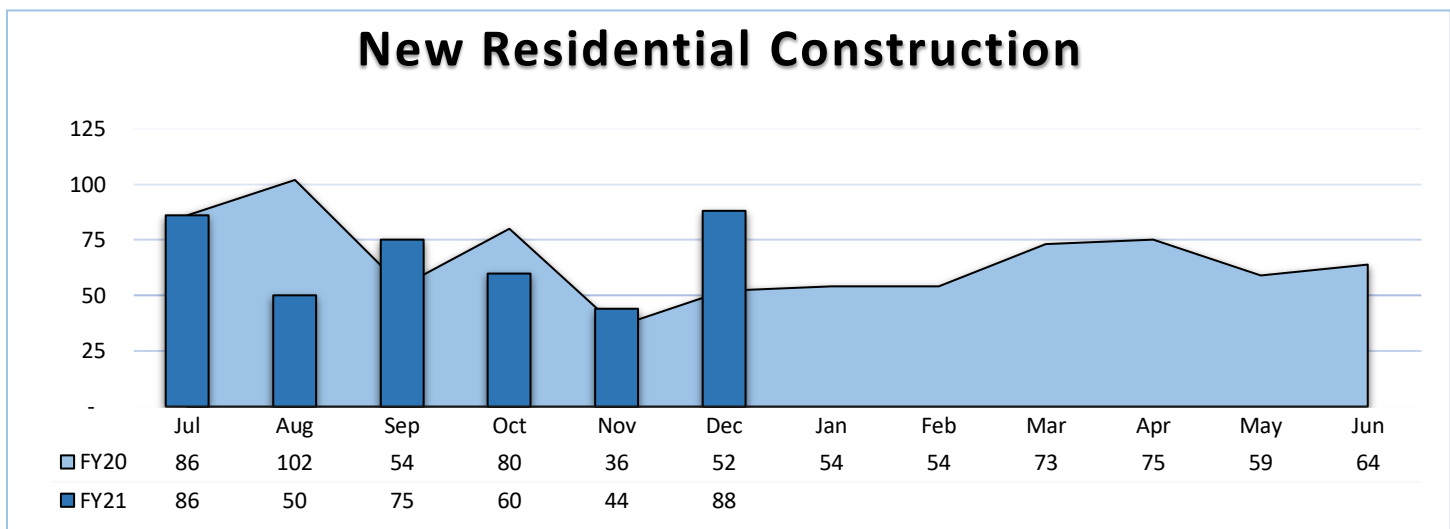
Virginia & Henrico’s Initial Unemployment Claims act as a measure of recent job loss. Claims remained steady prior to March of 2020 at under 100 for Henrico and under 3,000 for Virginia. Unlike the Great Recession, COVID-19’s effect on our local economy were immediately apparent and in-line with national figures. **Virginia’s Initial Unemployment Claims are still elevated from their high in early January. This figure is 18,312 as of the week ending January 23rd.** The spike in early January marks the first deviation in trends for Henrico compared to Virginia. Since both Virginia and Henrico are scaled by their population, the periods following December show more stability in Henrico compared to Virginia. **Henrico’s Initial Unemployment Claims are 337 for the week ending January 23rd.** Like previous reports, continued claims may provide a more substantive outlook on the nature of unemployment rather than recent job loss.



Henrico Metrics



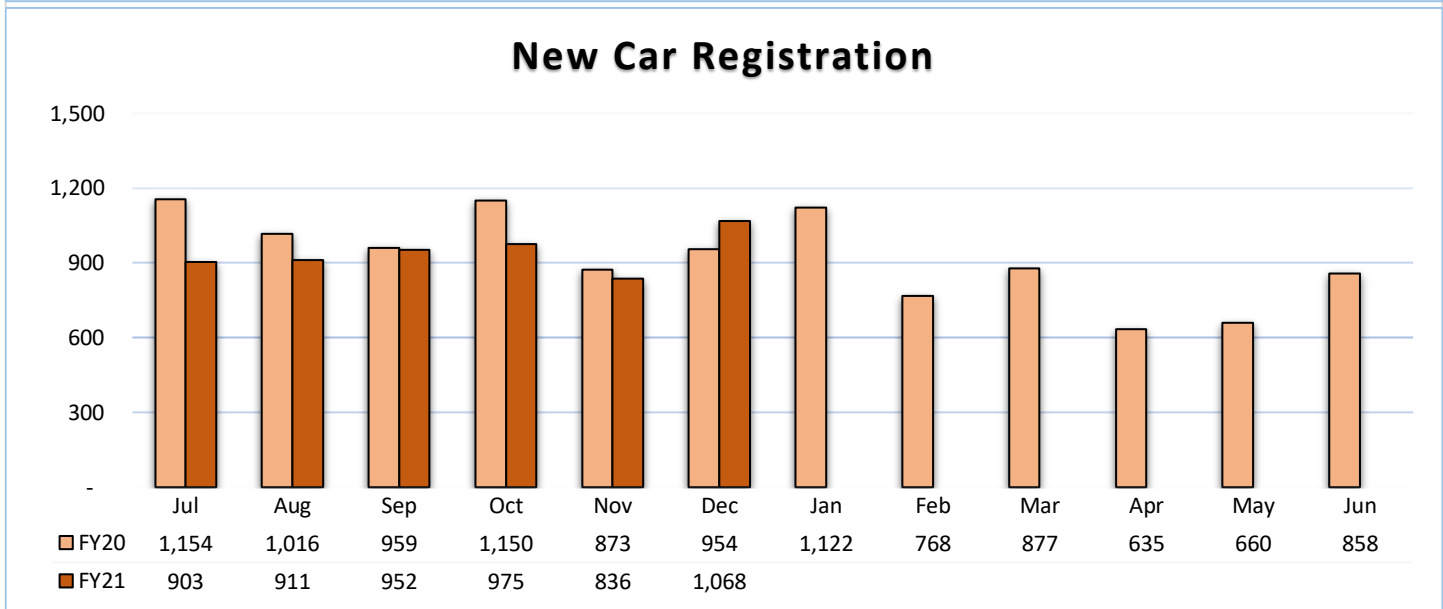
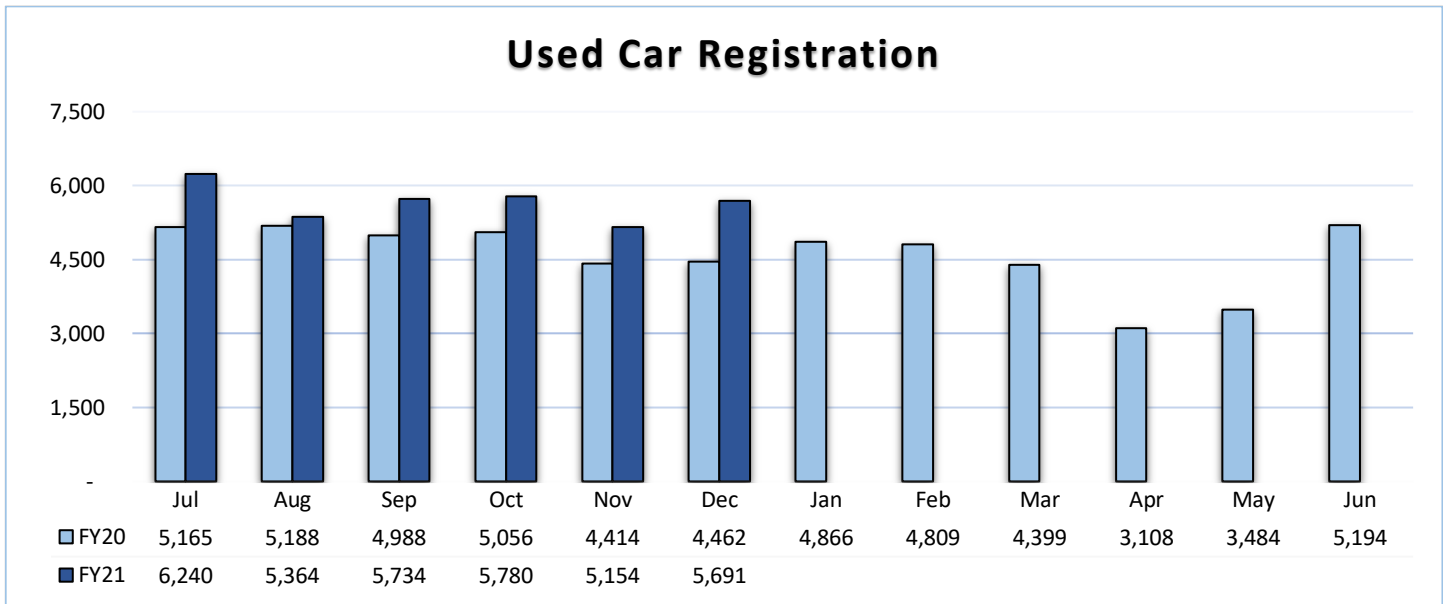
Henrico’s Continued Unemployment Claims act as a measure of continued unemployment. Claims remained steady prior to March of 2020. **Henrico’s Continued Claims reached a high of 16,005 at the end of May. Since then, Continued Claims has had a downward trend. Continued Claims decreased to a post peak low of 2,050 for the week ending January 9th. It is currently at 2,097 for the week ending January 23rd.** 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.



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. **The trend has varied in this timeframe. It was noted in October’s report that decreases in August could be in part due to supply-chain related issues from heightened demand in building materials. September’s increase could be attributed to the increased supply while October’s decrease from the exhausted demand. December shows remarkable improvement in new construction as interest rates for buying homes remain low with talks of new incentives for first time homeowners.**



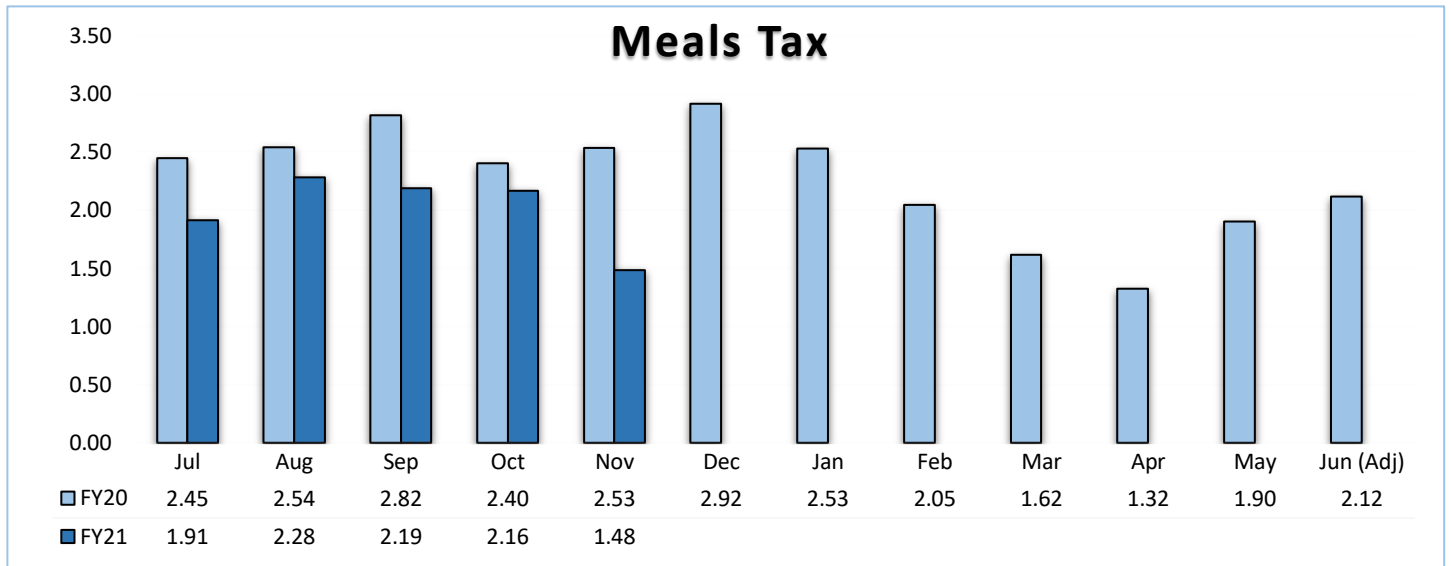
Henrico Metrics



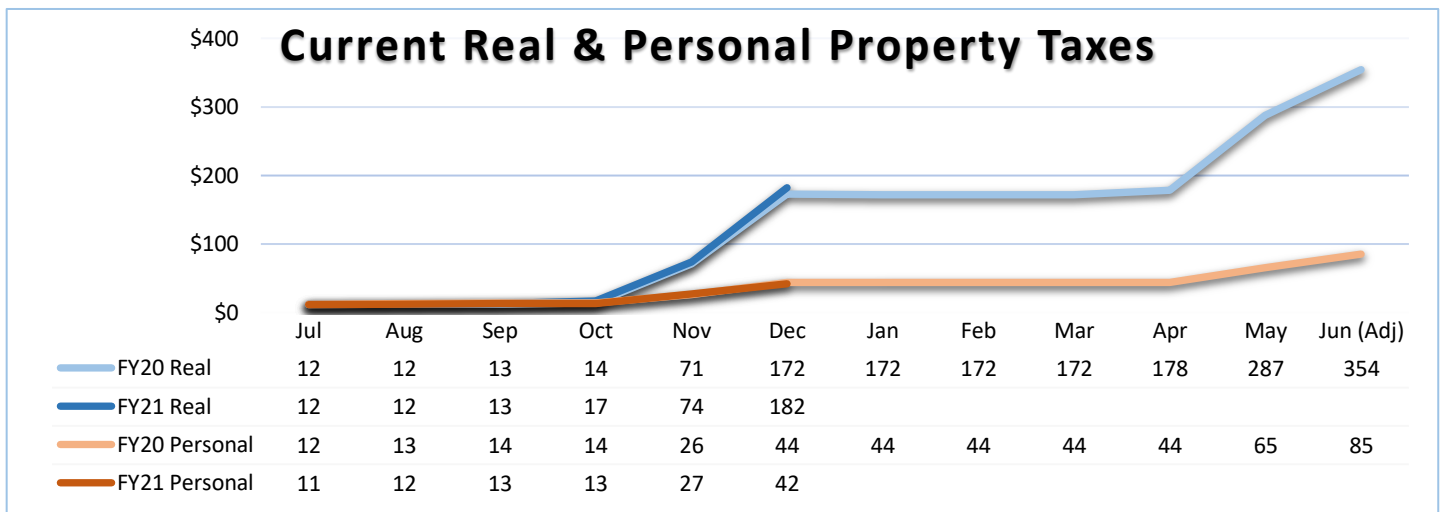
Vehicle Registration data is acquired from the Virginia Department of Transportation and is comprised of both new and used vehicles. **Car registration data remain healthy. In December, both used car registration and new car registration exceeded their last year's equivalent.**



Henrico Metrics



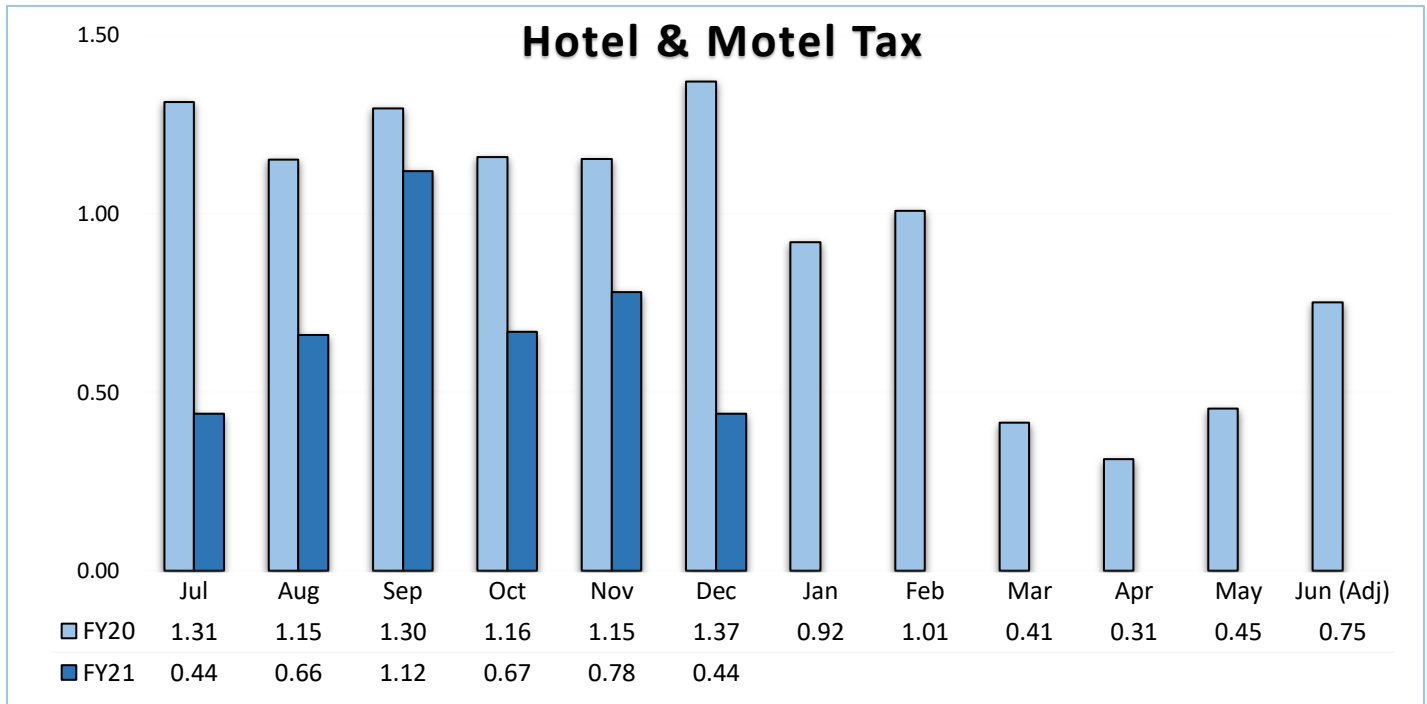
Henrico’s **Meals Tax** provides a 4 percent tax revenue on prepared food and beverages. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico’s Public Schools. Collections are backdated one month and compared as year-over-year monthly collections. **Collections were low in November.** Major grocery store activity is correlated to activity at Meals Tax related venues. **Major grocery store activity was down 7 percent in Virginia but 45 percent in Henrico.** Reviewing Sales tax figures, localities that usually have a net outflow of business to Henrico are performing well. Henrico could be experiencing less out of county business. Further research will be performed from the Budget and Revenue offices.



These **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 has been set to 0 through August 2020 to help local citizens deal with COVID-19’s effect on their financial conditions. **FY21 collections are in line with or exceed last year’s equivalent.**



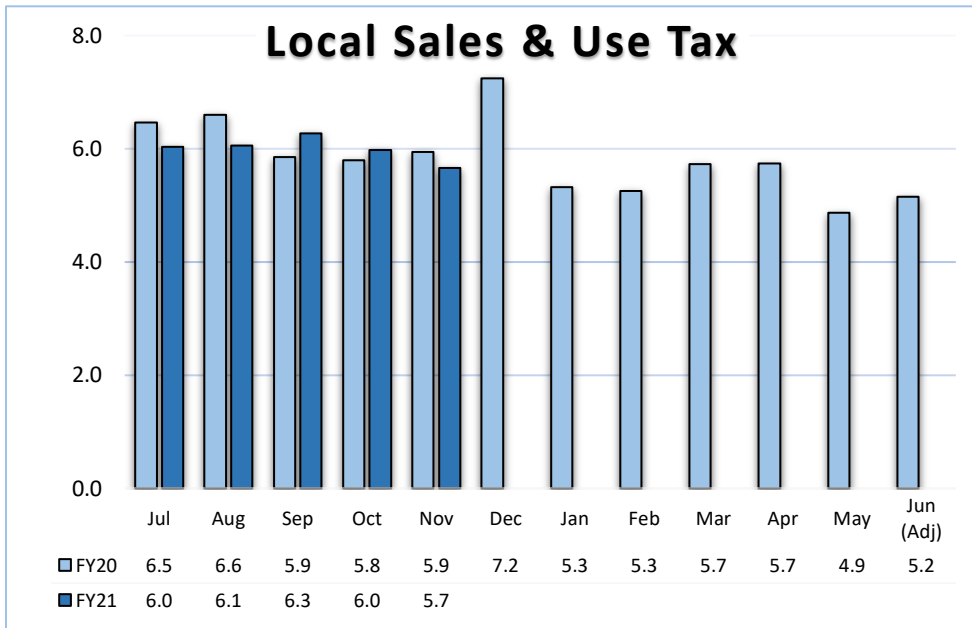
Henrico Metrics



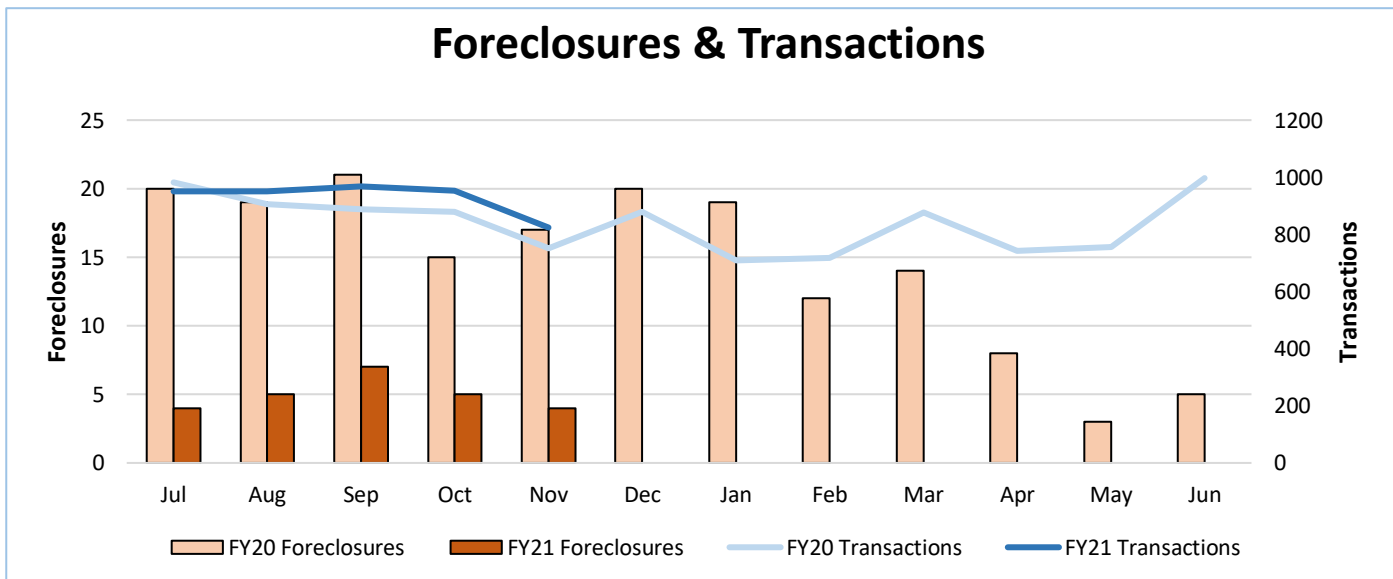
Henrico’s **Hotel & Motel Tax** is a tax on lodging for overnight stays. Henrico’s decision to defer penalties and interest until August and a lower than average occupancy corresponds to the decreasing level of collections for the period between February to April of fiscal year 2020. **For the first few months of the current fiscal year, it is noted that collections in July and August are well below last year’s equivalent. The interest and penalty waiver caused a large portion of this decrease. In September, when the deferral ended, much of those late payments were collected resulting in a large gain for the Month. The Hotel & Motel Tax, related to overall road travel for Henrico, continue to sharply decrease following the September adjustment. The tax and COVID-19 are negatively correlated. The recent spike in COVID-19 could account for the continued decrease in Hotel & Motel activity. Henrico’s occupancy rate for December 2020 is 42.6 percent compared to 55.5 percent for the same period last year. Collections could be lower due to the inability of Hotel & Motel owners to pay the tax. As more individuals stay home, the lower the collections for these businesses will be and their ability to pay it.**



Henrico Metrics



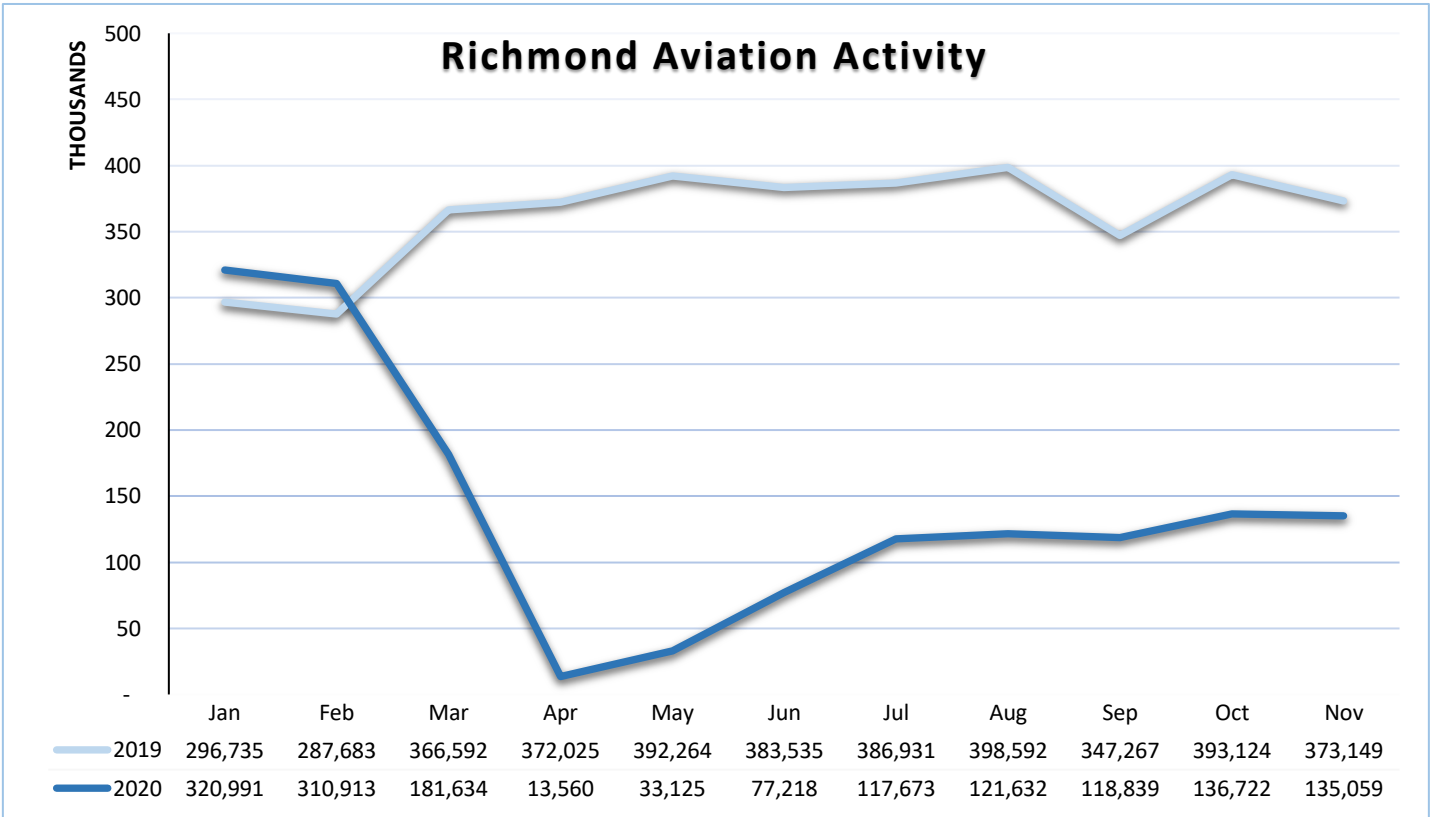
Henrico’s **Local Sales & Use Tax** is a sales tax which amounts to 6.0 percent on each purchase. Of this amount, 1.0 percent is remitted back to Henrico County as displayed in the chart. **Sales tax collections dipped to \$5.7 million in November 2020 compared to \$5.9 million in November 2019.** The change is nearly flat. December’s value will elucidate whether a novel trend is emerging.



The Foreclosures & Transactions data represents Henrico’s completed sales and reports foreclosures. This provides 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. **November’s data have foreclosures at 4 and transactions at 824.** Foreclosures remain low due to the current mortgage foreclosure freeze which has been extended through the end of the year. This freeze applies to Fannie Mae, Freddie Mac, and FHA loans that account for about half of mortgage loans in the United States. Transactions continue to trend above last year’s equivalent.



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. It can provide a benchmark for imported economic travel and is correlated to Hotel & Motel Tax collections. COVID-19 has severely affected air travel around the country both domestically and internationally. Internationally, many countries including the United States have restricted air travel. **From February to April, the Richmond International Airport (RIC) saw a decrease from 310,913 in February to just 13,560 in April. That is a decrease of 95.6%, an unprecedented drop. Air travel has quickly recovered some of those losses in the months that follow. From April to July, air travel increased 10 fold to 116,185 in July. From July 2020 onward, trends have flattened with modest increases seen in October 2020. The seasonal drop from August to September did not occur for this year, however. Continued activity remain flat with resistance at around 150,000 passengers. There is also less seasonality in this year’s activity. This measure is heavily dependent on COVID-19 related issues and constraints.**



Summary of Financials Period Ended December 31, 2020

	<u>FY21 Approved Budget</u>	<u>FY21 Revised Budget</u>	<u>FY21 YTD Actuals</u>	<u>FY21 Projection Amounts</u>	<u>Projected FY21 Actual</u>	<u>Over (Under) Budget</u>
Local Revenues	661,130,700	679,630,700	315,287,105	393,459,109	708,746,215	29,115,515
State Revenues	356,022,941	362,678,880	177,819,573	211,591,090	389,410,663	26,731,783
Federal Revenues	360,000	25,980,515	25,769,446	340,000	26,109,446	128,931
Total General Fund Revenues	1,017,513,641	1,068,290,095	518,876,125	605,390,199	1,124,266,324	55,976,229
General Government Expenditures	389,195,385	425,238,448	190,279,333	231,149,964	421,429,297	3,809,151
Education Expenditures	509,905,768	521,001,575	185,104,762	323,195,237	508,299,999	12,701,576
Total General Fund Expenditures	899,101,153	946,240,023	375,384,095	554,345,201	929,729,296	16,510,727
Net before Transfers	118,412,488	122,050,072	143,492,030	51,044,999	194,537,028	72,486,956
Less: Interfund Transfers	121,427,247	121,427,247	121,427,247	5,044,519	126,471,766	
				Projected Addition To (Use of) Fund Balance	68,065,262	

This **Summary of Financials, Period Ended December 31, 2020**, 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 \$68,065,262.**



February 2, 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. The previous month's data is usually obtainable two weeks into the current month. Most data will provide complete information for the previous fiscal year (FY2019-FY2020) and compare it to the current (FY2020-FY2021). Data for FY2020-FY2021 will be added when available. 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. Some data is collected more frequently such as on a weekly basis, but for our purposes, they are totaled as a monthly count. For sudden shocks, such as the ongoing COVID-19 pandemic, monthly totals may underplay the dramatic change but represent the overall change, nevertheless. **The purpose of this report is to provide a comprehensive overview of different economic indicators that may affect Henrico County's ability to perform its services. These indicators include local figures at greater risk of variance during this COVID-19 outbreak.**

State of Affairs

Conditions continue to be mixed in the economy. Economic activity in November 2020-January 2021 follow decreasing, flat, or increasing trends. Excluding tax revenues, all other trends show a stable trajectory or remarkable improvement. Initial Unemployment Claims for Henrico show more improvement compared to Virginia. Continued claims for Henrico continue to decrease. Most of the measured tax revenues are beginning to show a worsening decline due to related COVID-19 consequences including less travel and less spending on entertainment or eating out. Real and personal property taxes collections were in line with last year's equivalent. Further data will clarify the concerns these tax revenues may indicate.

Metrics Considered

- **National:** S&P 500, Consumer Confidence Index, Weekly Economic Index
- **Virginia:** Unemployment Rate, Initial Unemployment Claims
- **Area:** Richmond Aviation Activity
- **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, Foreclosures & Transactions