

U.S. VIRGIN ISLANDS
OFFICE OF MANAGEMENT & BUDGET



FISCAL YEAR 2020

1ST QUARTER REVENUE & EXPENDITURE REPORT



UNITED STATES VIRGIN ISLANDS

FISCAL YEAR 2020

1ST QUARTER REVENUE & EXPENDITURE REPORT



January 2020

Table of Contents

Content and Purpose	3
Timeframe and Limitations	3
Summary of major revenue categories of General Fund	3
Real Property.....	4
Individual Income	5
Corporate Income	6
Trade and Excise	7
.....	7
.....	7
Gross Receipts.....	8
Expenditures	8
Salaries	9
Fringe Benefits	10
Other Services	11
Capital Projects	12
Summary	13
About the office of management & budget.....	14

CONTENT AND PURPOSE

This quarterly report contains an overview of the Territory's actual collection of General Fund revenues and expenditures for the first quarter of FY 2020, as compared to FY 2019 and FY 2020 forecasted. This report will highlight any notable trends.

The purpose of this quarterly public report on the Territory's revenues is twofold. Firstly, it ensures that the Territory is consistently monitoring its revenues and expenditures to allow for proactive responses to unanticipated changes or emerging trends. Secondly, these reports lend credibility to the Government's efforts at increasing transparency of the Territory's finances. It is the Office of Management and Budget's (OMB) belief that the government is accountable to its taxpayers to use revenues collected in an efficient and effective manner. These reports provide taxpayers with the information they need to hold the government to this standard.

This initial quarterly report will focus entirely on the performance of the major revenue and expenditure categories for the General Fund. For all other major funds, a listing of the fund balance and legislative authority establishing those funds can be found in the Budget Book published on OMB's website. A subsequent iteration of the report will include analysis of collections beyond the General Fund and a comparable exploration of the Territory's expenditures from said funds.

TIMEFRAME AND LIMITATIONS

The information provided in this report are the most accurate available as of the date of publication. Furthermore, the report does not purport to be audited financial statements and as such, the numbers are preliminary and subject to change. The information provided here are not final. For final numbers, please refer to the Financial Audit Report from the Department of Finance. There is inherent seasonality in every revenue stream explored.

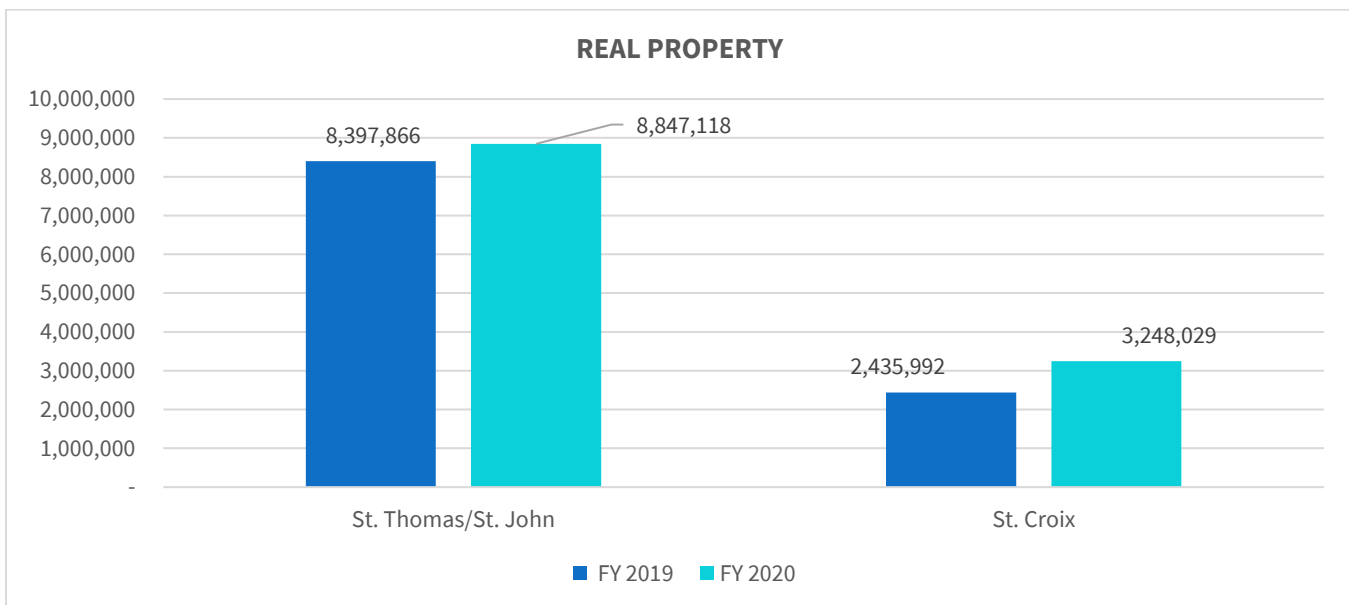
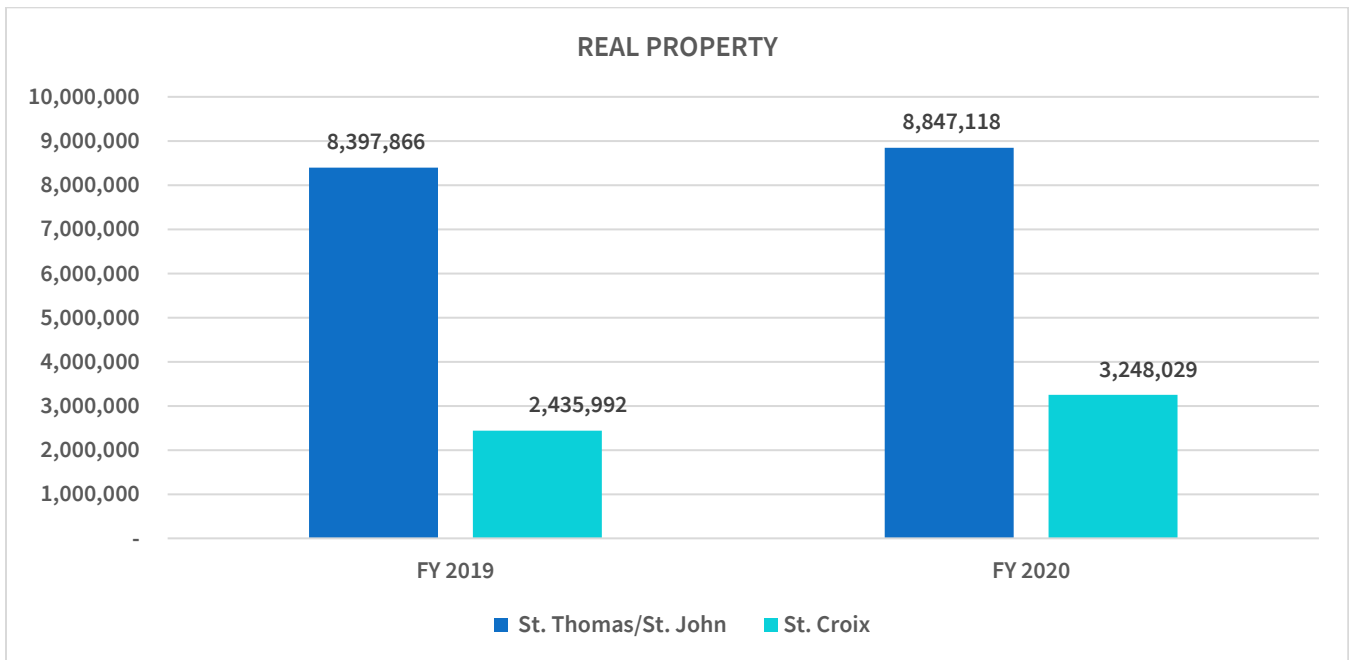
With respect to revenues, OMB regularly monitors and adjusts revenue projections based on monthly collections and other developments that may affect the Territory's revenue in an effort to more accurately present the financial position of the Territory. As a result, OMB develops and updates revenue projections every month. These projections reflect historical patterns, seasonality, and other known factors that may affect certain revenue streams.

SUMMARY OF MAJOR REVENUE CATEGORIES OF GENERAL FUND

The major revenue categories explored here are Real Property, Individual Income, Corporate Income, Excise Tax and Gross Receipts. These revenue streams have historically been the most significant contributors to the General Fund. Revenues outside operating income is considered to the extent they provide a complete picture of the Territory's General Fund collections; specifically, the transfers to the General Fund.

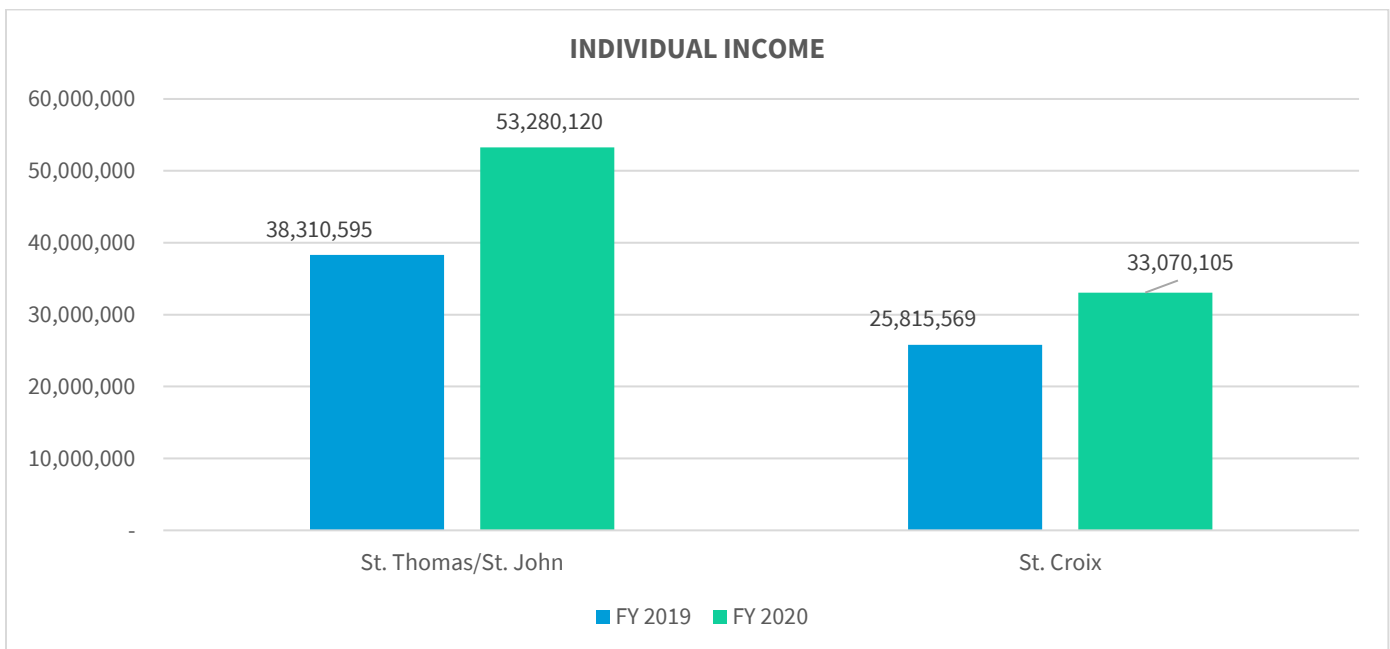
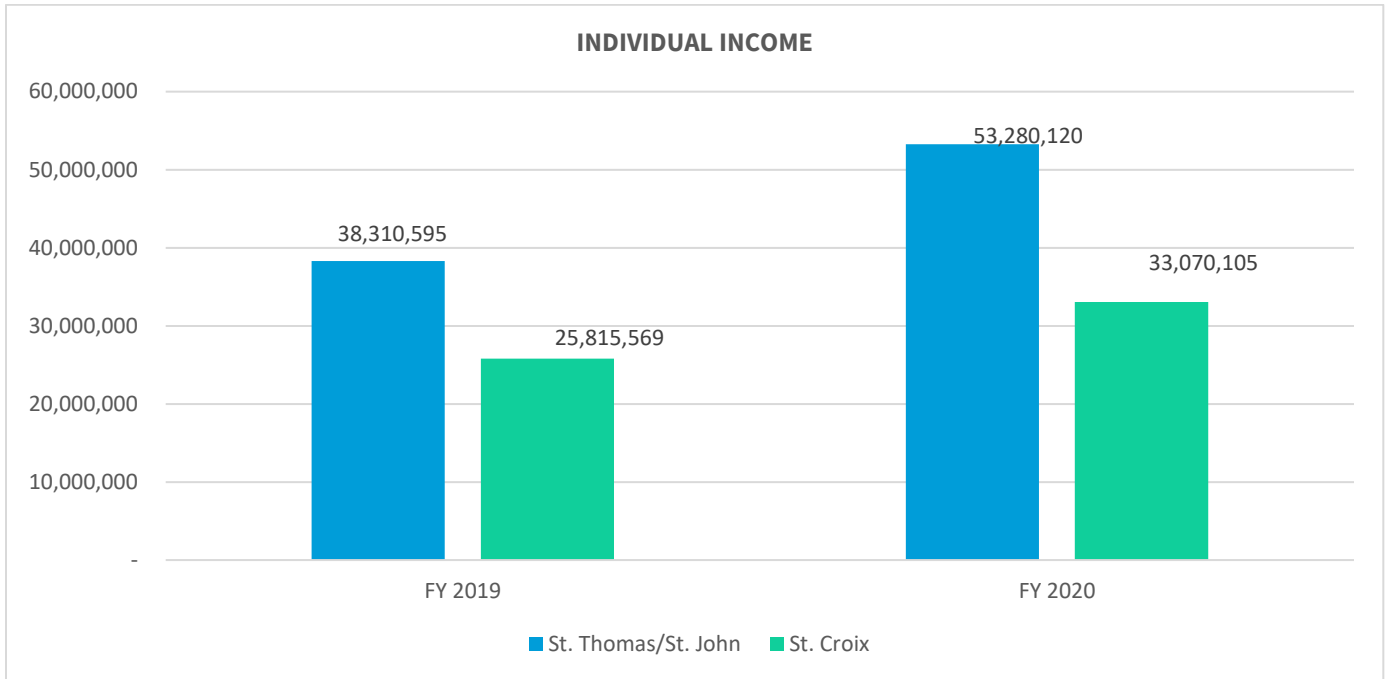
REAL PROPERTY

Real Property Tax collections has always been sporadic and as such, forecasting collections in this category has always proven difficult. Nonetheless, compared to FY 19, Real Property Tax collections in FY 2020 increased 20% in the first quarter. While this demonstrates positive growth as projected, it is 34% below the forecasted amount. In FY 2020, both the STT/STJ and the STX district saw increased collections in October when compared to FY 19, 43% and 97% respectively. However, compared to FY 2019, November FY 2020 saw a reduction in both districts; 39% and 31% respectively.



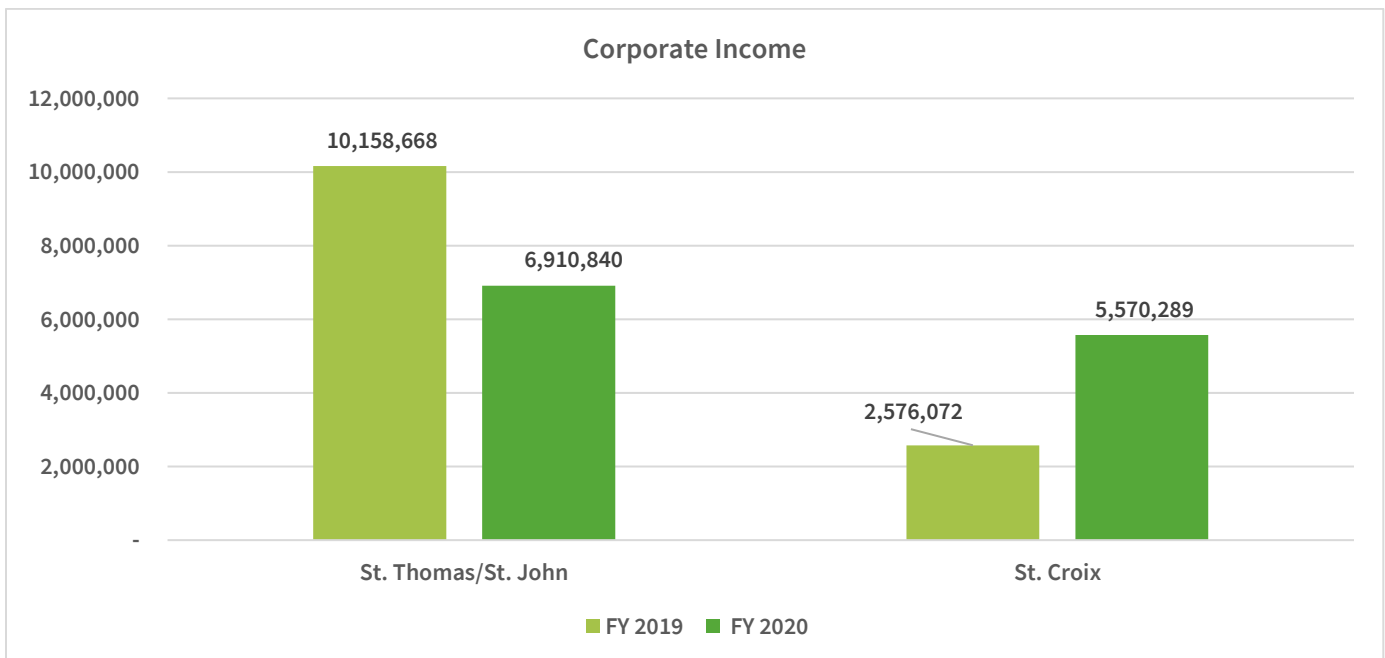
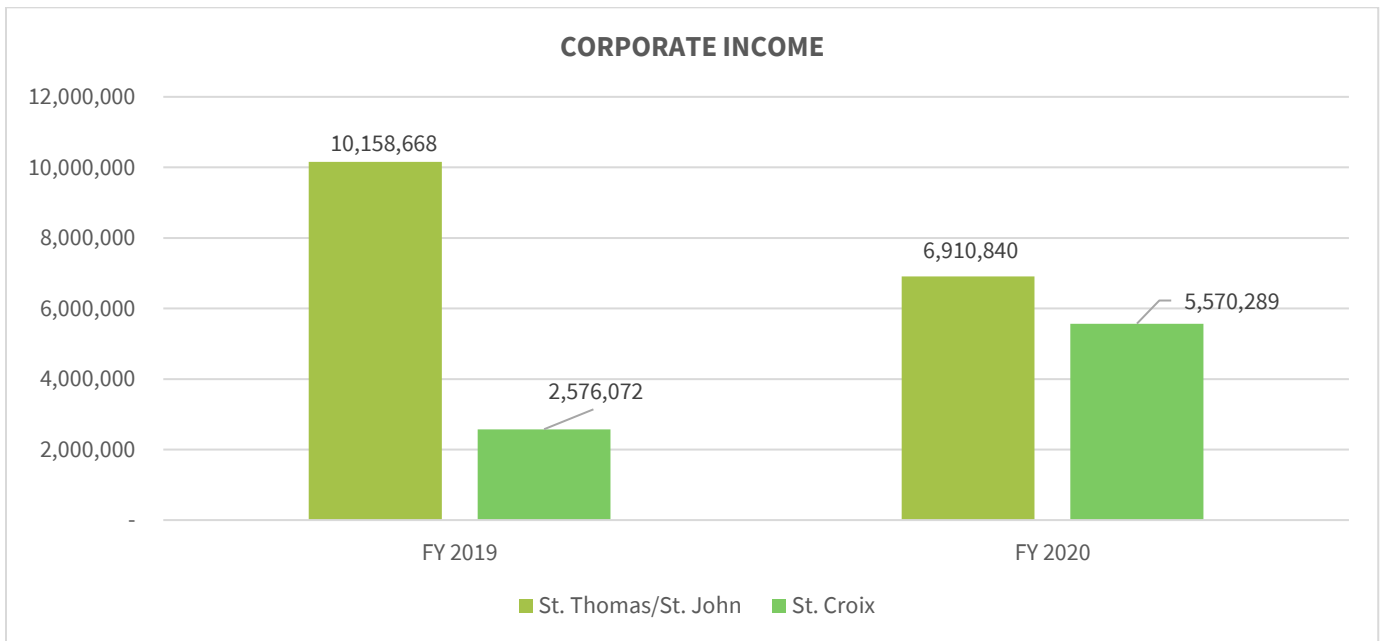
INDIVIDUAL INCOME

First quarter collections for FY 2020 were positive for Individual Income. There was a 42% increase compared to the same period in FY 2019. Additionally, collection of Individual Income has outpaced the FY 2020 projected amount. FY 2020 first quarter collections were 42% above the forecasted amount. The most significant increase in collections, 66%, happened in October in STT/STJ. There was also weighty growth in STX in November at 31%.



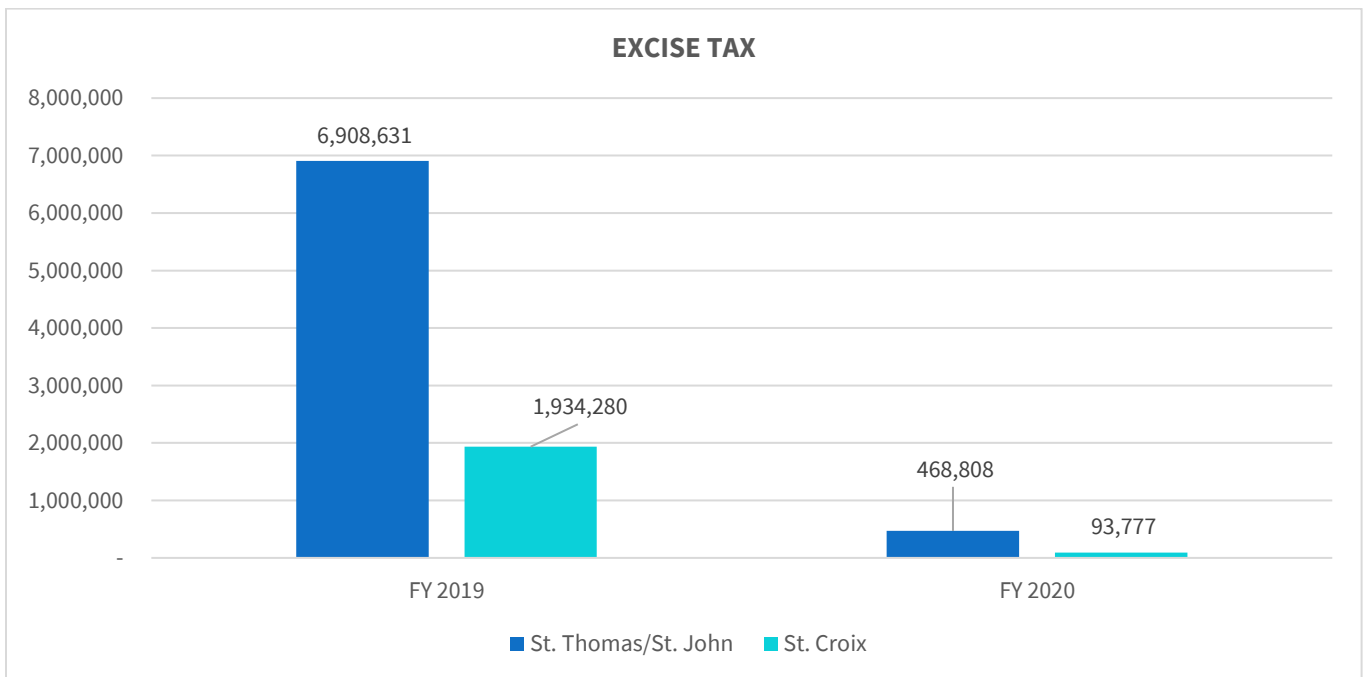
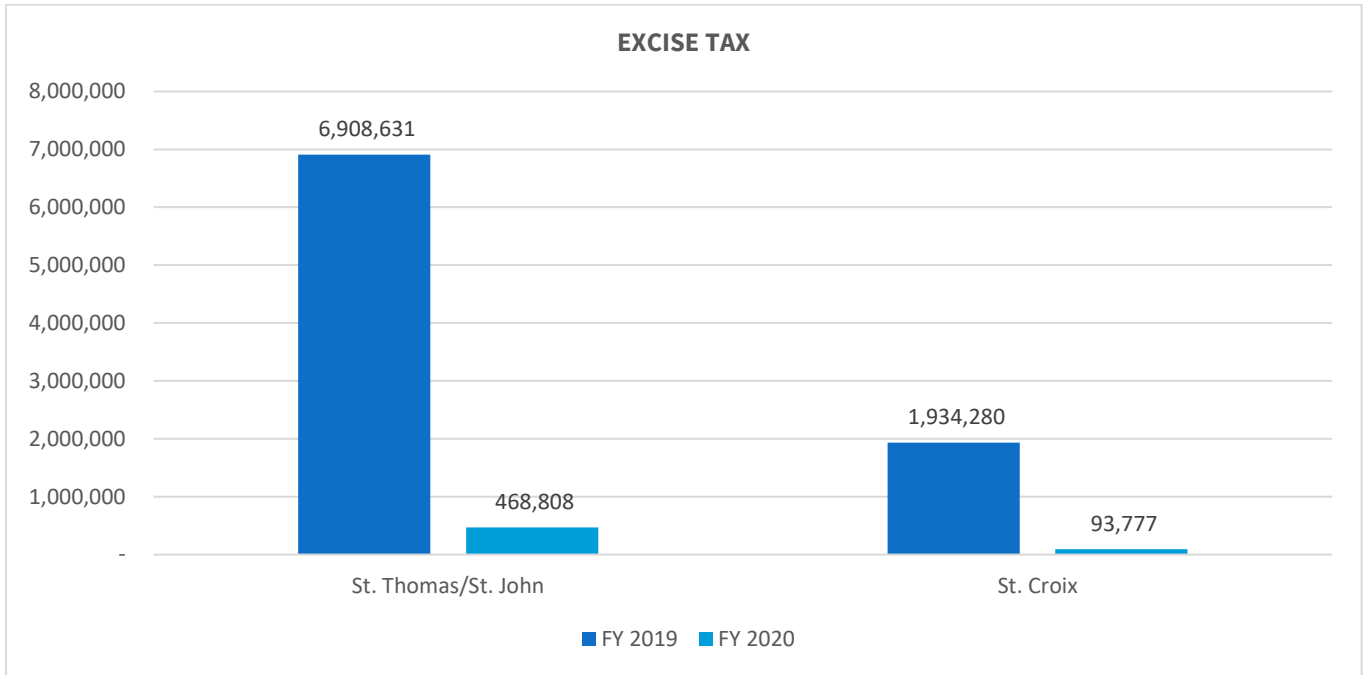
CORPORATE INCOME

The first quarter performance for Corporate Income has been negative. There was a 2% decrease when compared to the same period in FY 2019. Additionally, the actual performance was 36% below the forecasted amount. Particularly, the STT/STJ district saw a 32% reduction in first quarter collections in FY 2020 compared to first quarter FY2019. However, there was increased collections in this category in the STX district. On STX, Corporate Income increased by 116% in first quarter FY2020 versus the same point in FY2019.



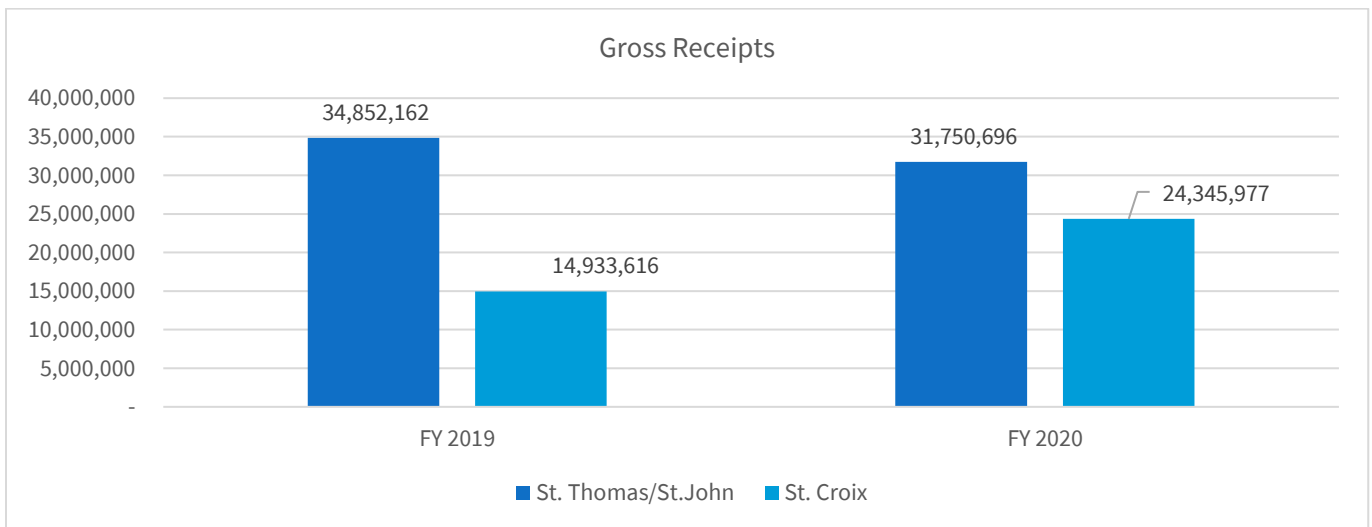
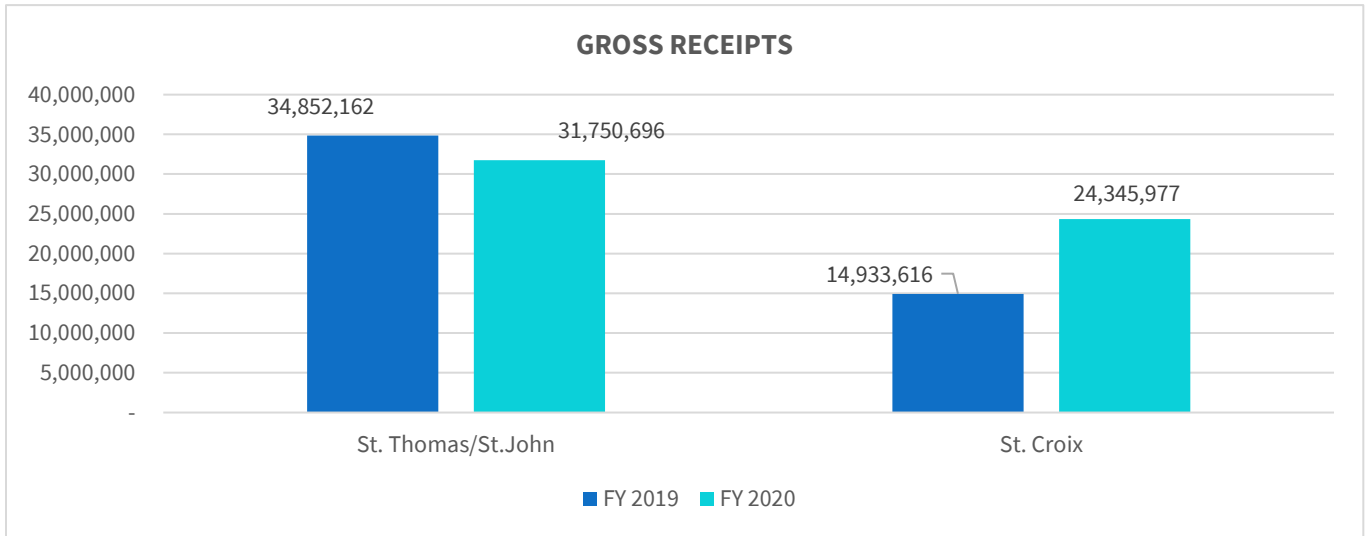
TRADE AND EXCISE

The collection of Trade and Excise Tax remains halted. Therefore, not surprisingly, first quarter FY 2020 reveals a 94% reduction compared to FY 2019. This represents a significant reduction in revenue collections. It has been estimated that approximately \$44 million is lost due to the halt imposed by the courts.



GROSS RECEIPTS

The first quarter collections for Gross Receipts in FY 2020 has increased 11% compared FY 2019. First quarter collections in this category has been increasingly positive; actual collections were 23% more than forecasted. However, there are some concerning signs in the STT/STJ district. Where, compared to FY 2019, FY2020 decreased by 9%. Conversely, collections on STX increased 63% in FY 2020 compared to FY 2019.

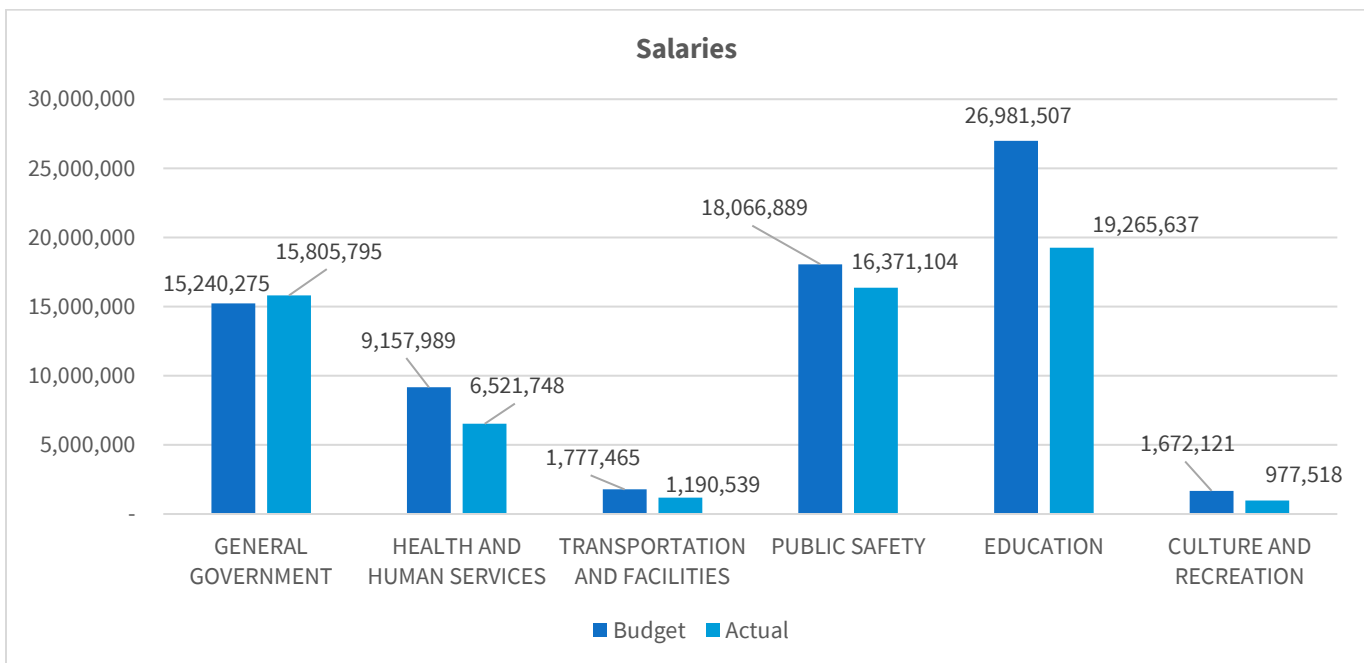
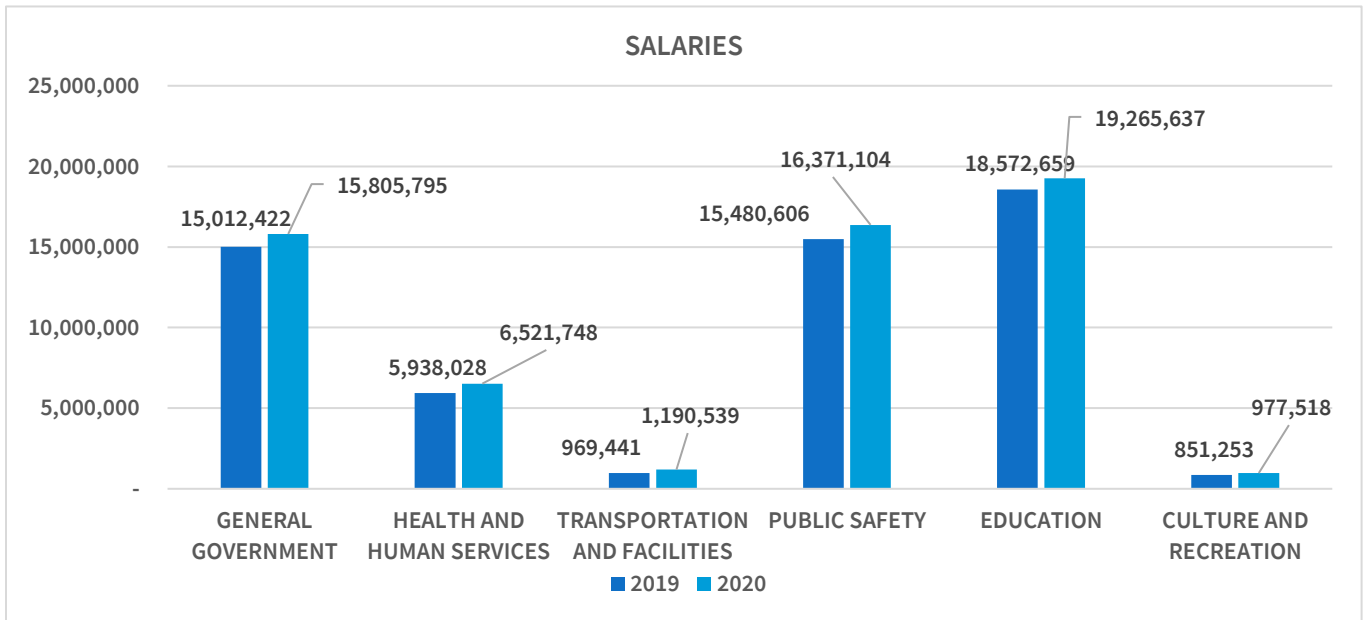


EXPENDITURES

The expenditures presented in this report reflect amounts appropriated for General Fund. This report examines the Lapsing portion of the General Fund. In subsequent reports, efforts will be made to include the Non-Lapsing element of the General Fund. The expenditures are analyzed by budget category based on the applicable function of government. While inferences can be made regarding the trajectory of expenditures based on the data presented, expenditures are cyclical and therefore fluctuate. Also, while salaries are a bit more predictable and therefore more suitable to determine effects, caution is still advised given the preliminary nature of the data.

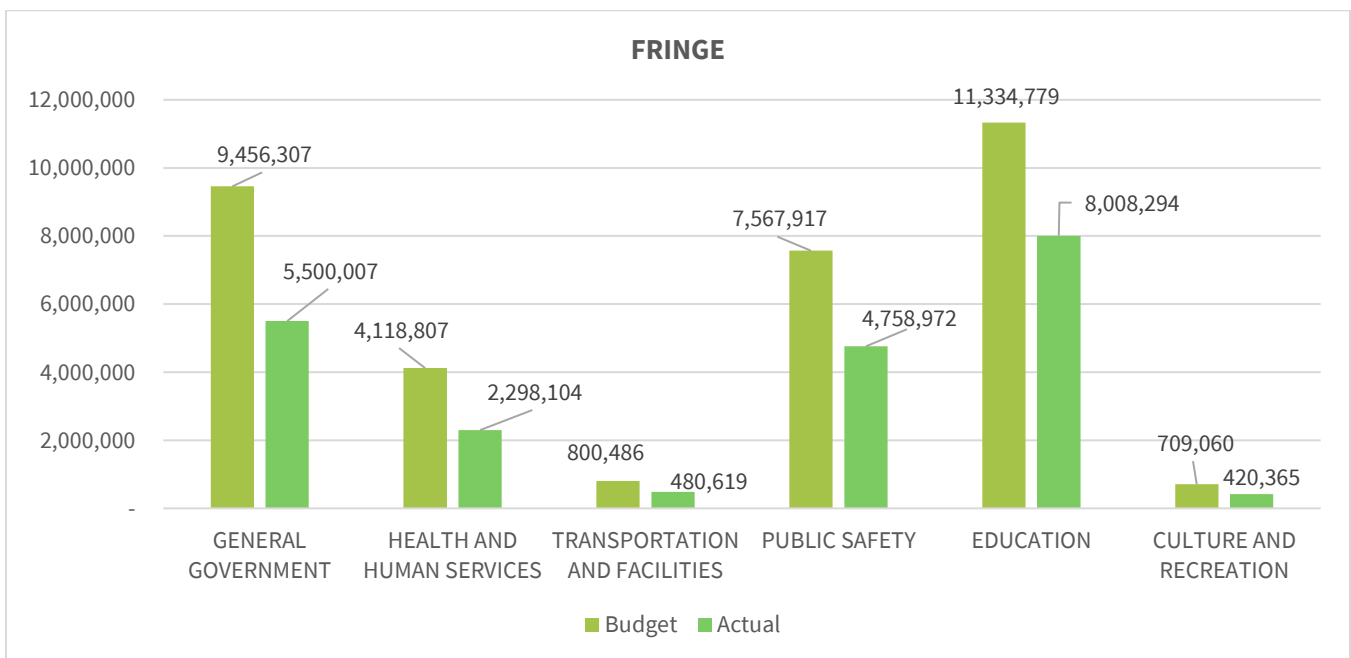
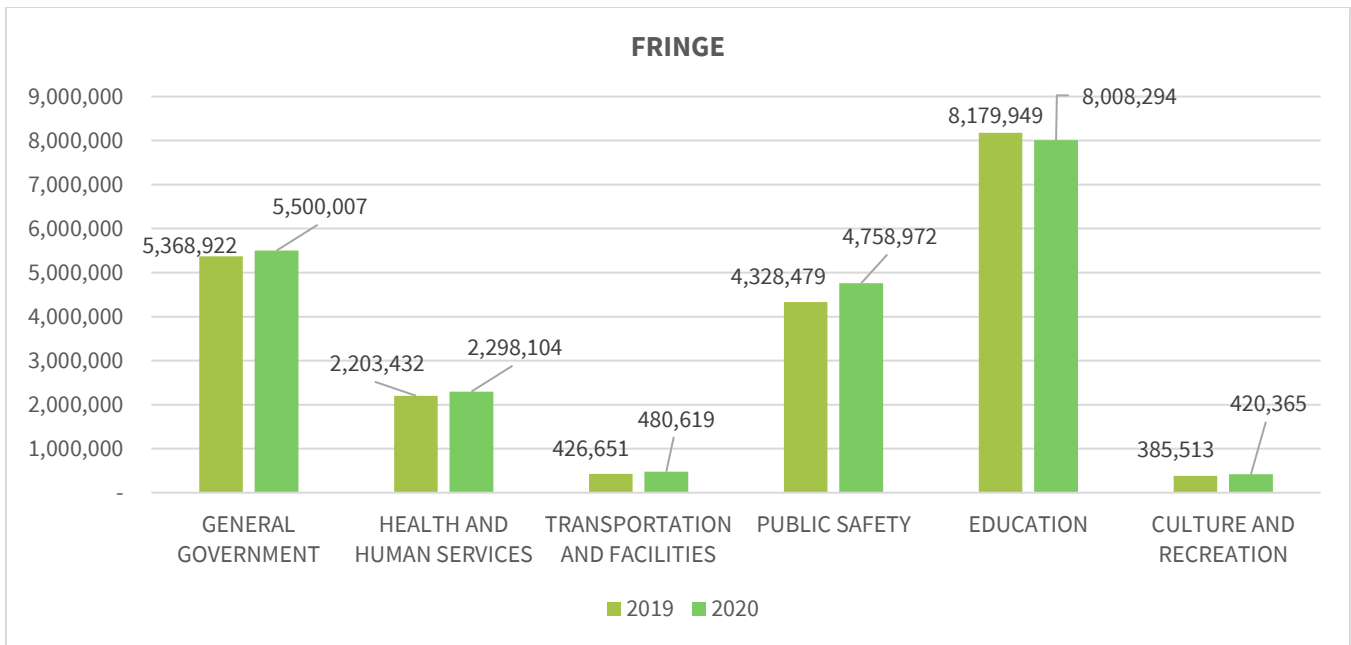
SALARIES

Actual salaries across all function of government increased 5.8% for first quarter FY2020 compared to FY2019’s first quarter. The most significant increase of 22.8% occurred in Transportation & Facilities. Other notable increases included; Culture and Recreation at 14.8%, Health and Human Services at 9.8%, Public Safety at 5.7%, General Government at 5.3%, and Education at 3.7%. However, upon comparing the Actuals to the Revised Budget for this category, for first quarter FY2020, a 17.5% reduction in salaries is revealed. General Government was the lone function to see an increase in salaries when comparing Actuals to Revised Budget.



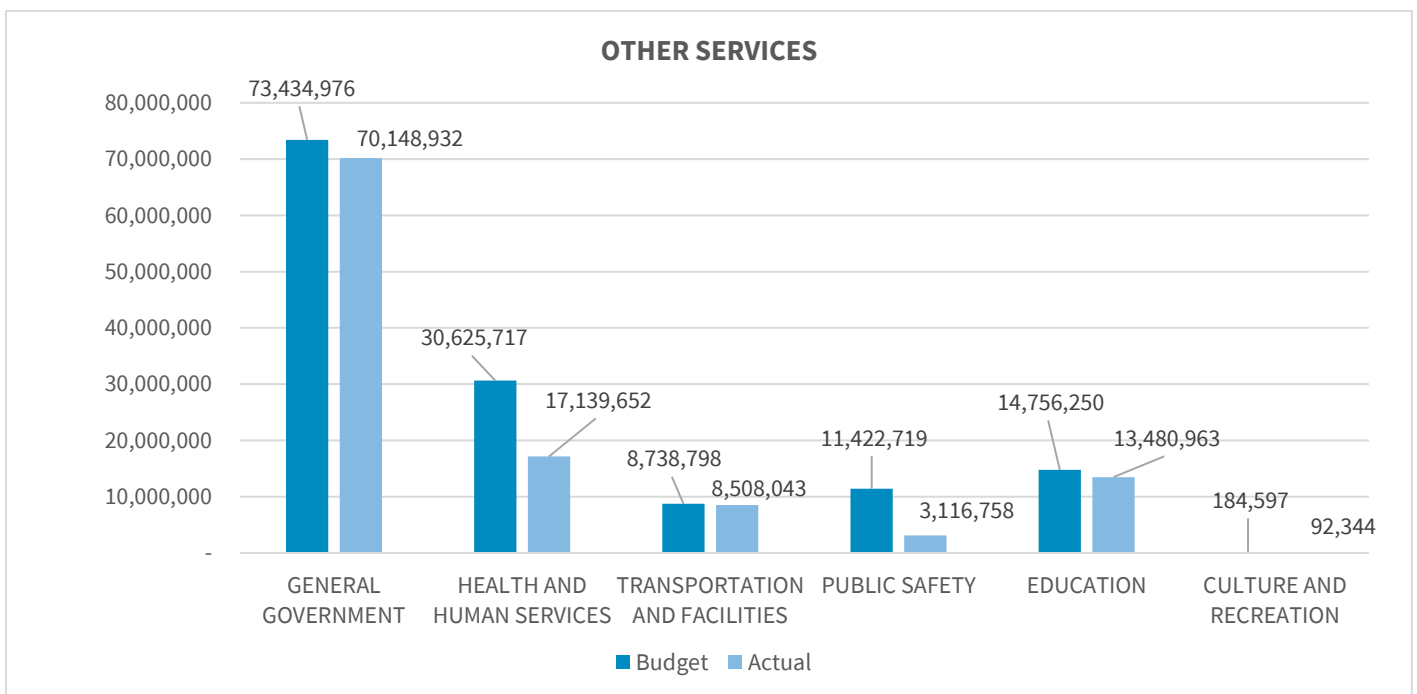
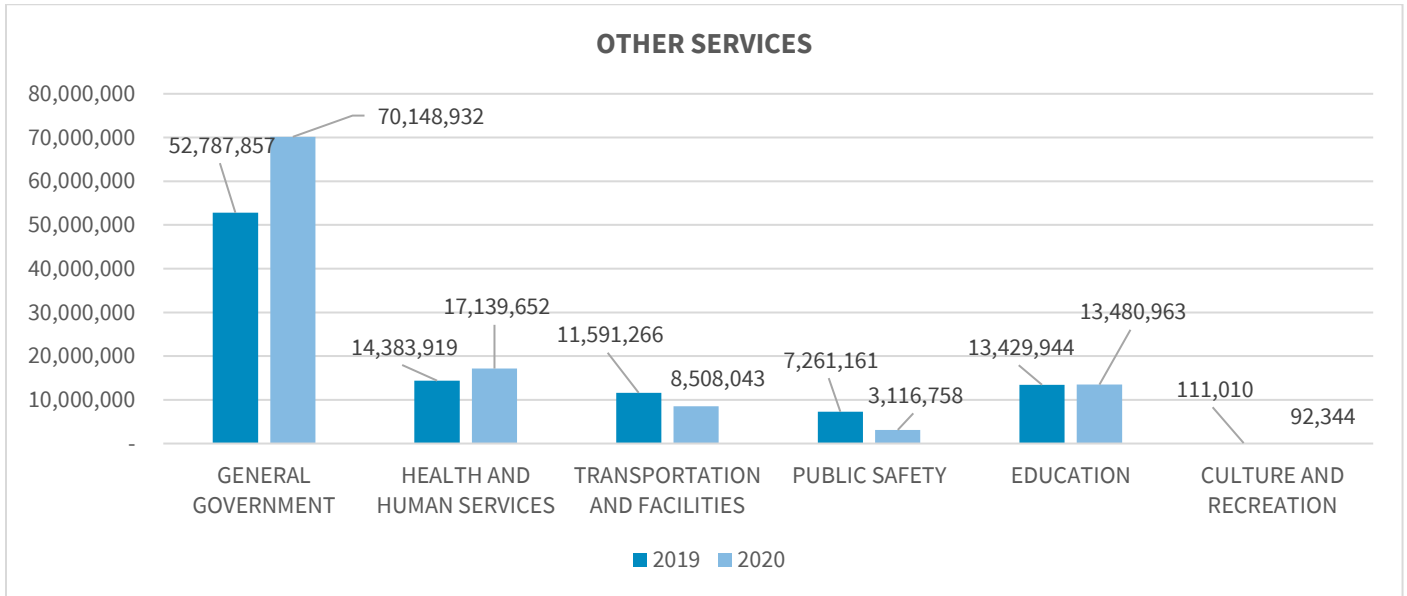
FRINGE BENEFITS

Fringe Benefits increased 2.7% in first quarter FY2020 compared to first quarter FY2019. The most significant increase was in Transportation & Facilities at 12.6%. Other notable increases were Public Safety at 9.9%, Culture and Recreation at 9.0%, Health and Human Services at 4.3%, and General Government at 2.4%. The lone function to realize a reduction in the first quarter was Education at -2.1%. The FY2020 first quarter Revised Budget to Actual comparison revealed a -36.8% reduction in fringe benefits across all functions of government.



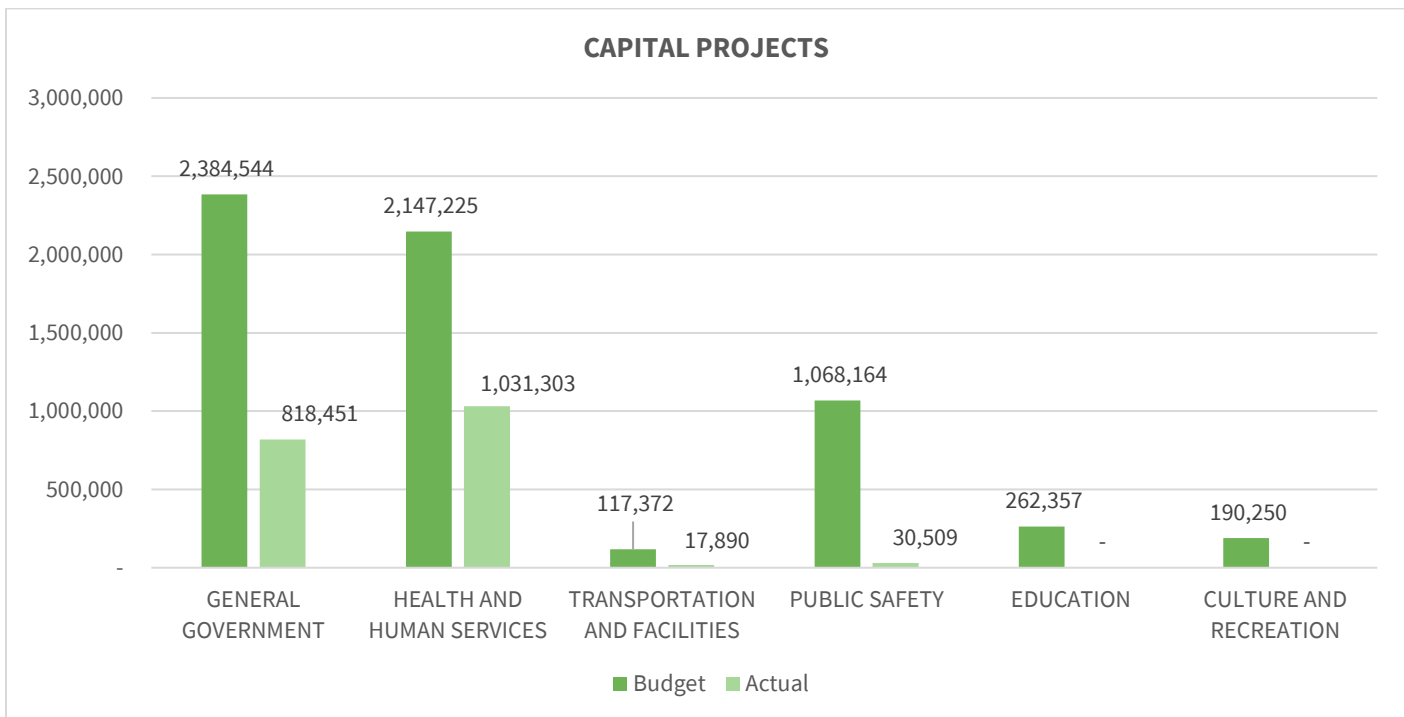
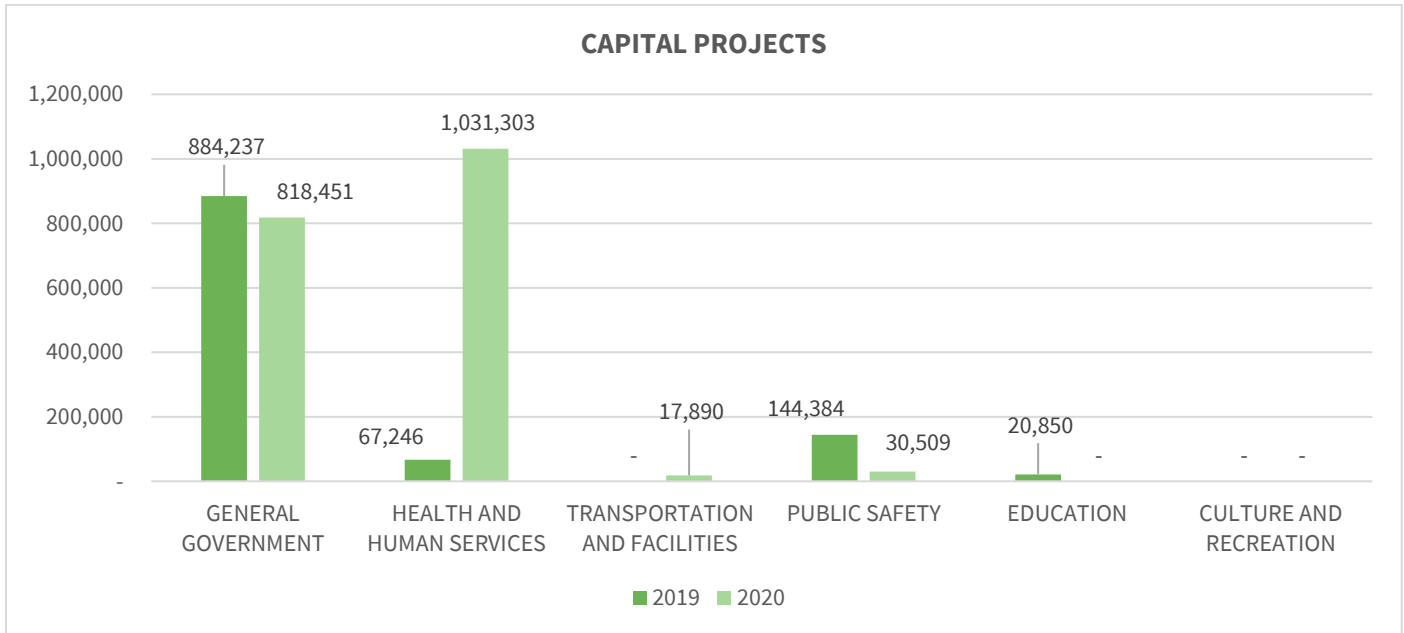
OTHER SERVICES

In FY2020 first quarter Other Services saw an overall increase of 12.9%. The most substantial increase happened in General Government at 32.9%. The other increase was in Health and Human Services at 19.2%. All other functions saw drastic reductions compared to FY2019. For instance, there were reductions of 57.1 in Public Safety, Transportation and Facilities saw a reduction of 26.6%, and Culture and Recreation saw reductions of 16.8%. The lone increase in this category was Education at 0.4%. A comparison of FY2020 Actuals to Revised Budget revealed an overall reduction of 19.2% in this category.



CAPITAL PROJECTS

Capital projects increased 69.9% in first quarter FY2020 compared to FY2019. The most notable increase was seen in Health and Human Services at 93.5%. However, giving testament to the difficulty of getting projects started, a comparison of Actuals to Revised Budget reveals a reduction of 69.2%. This gives credence to the argument that department and agencies are not on schedule with getting projects up and running.



SUMMARY

First quarter FY2020 saw an overall increase of 4% in total operating income and a 3% increase in total revenues collected compared to the same period in FY2019. First quarter FY2020 saw increases across all major revenue categories except Corporate Income and Excise Tax. Total revenues collected in first quarter FY2020 was \$208 million, compared to \$201 million in FY2019. Expenditures also increased in FY2020. Compared to FY2019, first quarter FY2020 saw a 9.9% increase in actual expenditures. However, FY2020 first quarter actuals were below the Revised Budget amount, below the FY2019 actuals, and below the total revenues collected. Preliminary numbers show that \$195 million (\$178 million in FY2019) was spent and \$252 million (\$262 million FY2019) was budgeted for first quarter FY2020. Therefore, numerically, FY2020 actuals were 22.3% below the Revised Budget amount and \$12.6 million below the revenue collected for that period.

ABOUT THE OFFICE OF MANAGEMENT & BUDGET

- Located in the heart of Charlotte Amalie, the Office of Management and Budget creates and administers the Territory's budget.
- OMB also provides transparent fiscal analysis, management support and analytical research to the public, the Governor, the Legislature and departments and agencies
- OMB is leading the Governor's vision of transforming government through performance and enhanced technology to provide more efficient and effective service.



More information is available at www.omb.vi.gov or by calling us at 340-774-0750.