

U.S. VIRGIN ISLANDS
OFFICE OF MANAGEMENT & BUDGET



FISCAL YEAR 2022

1st QUARTER REVENUE & EXPENDITURE REPORT

UNITED STATES VIRGIN ISLANDS

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January 10, 2022

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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 2022, as compared to FY 2021. 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.

In comparison to FY2021, the pace of collections for first quarter FY2022 are at an incline. The Territory has seen an increase in collections for all major revenue categories; except for Individual Income. This first quarter 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. Subsequent iteration of the report will endeavor to include analysis of collections beyond the General Fund and a comparable exploration of the Territory's expenditures from said funds.

Timeframe and Limitations

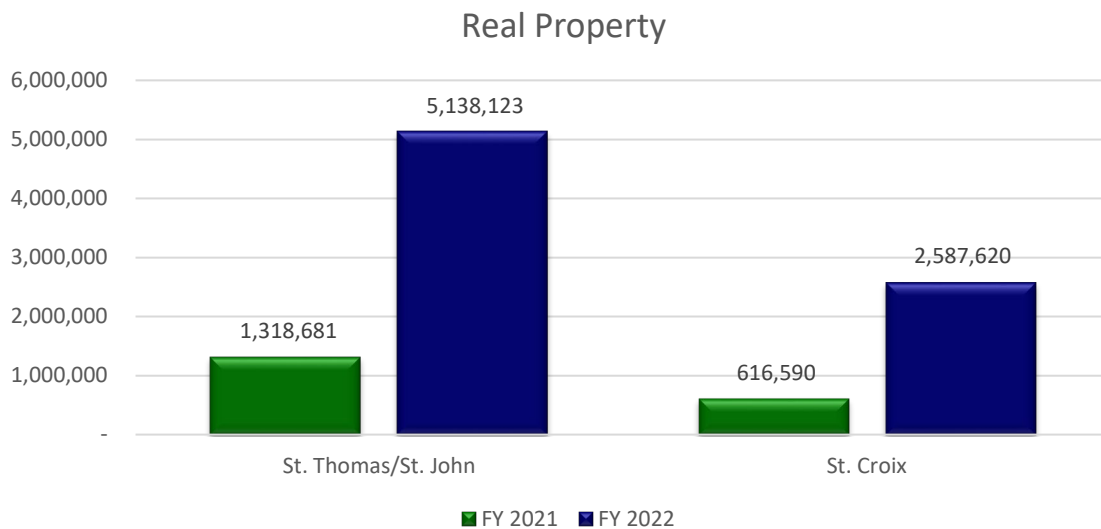
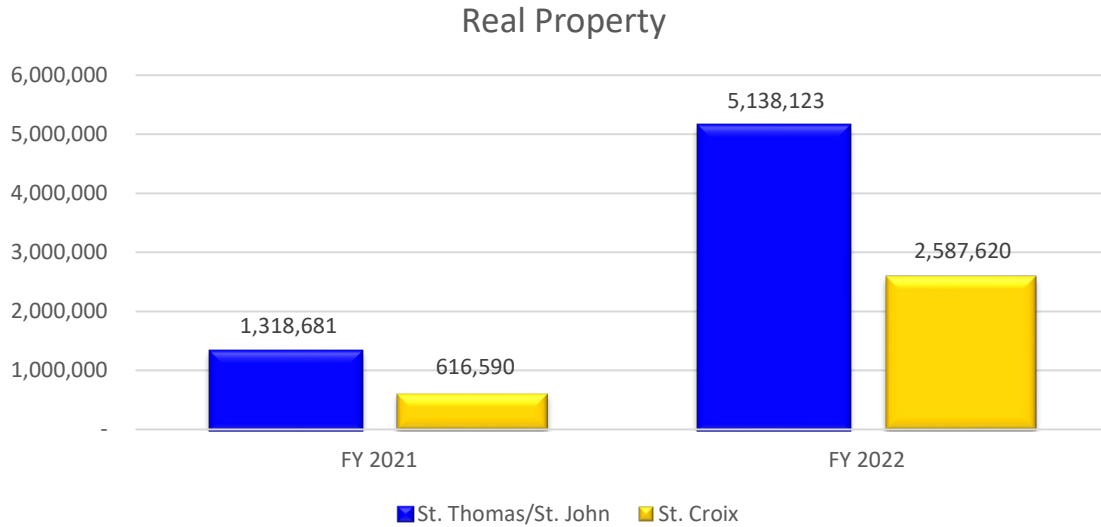
The information provided in this report are the most accurate available as of the date of composition. Furthermore, the report does not purport to be audited financial statements and as such, the numbers are preliminary and subject to change. The information provided here are not final. For final numbers,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

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.

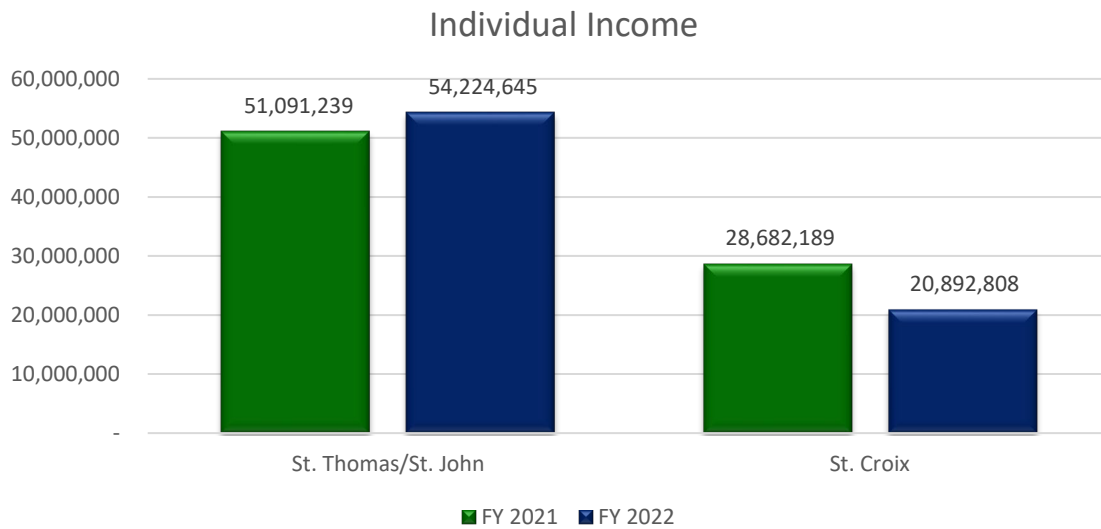
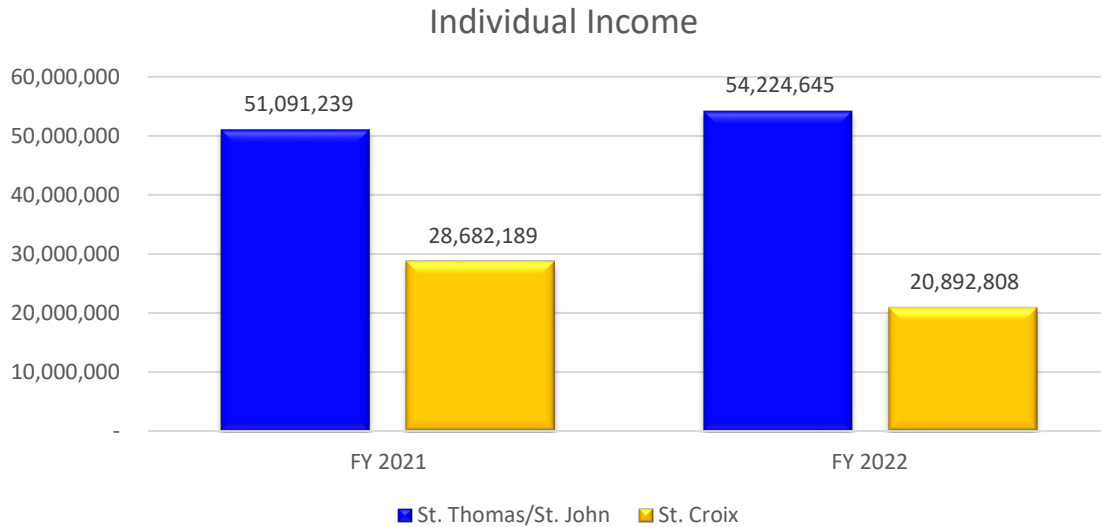
REAL PROPERTY

Compared to FY 2021, Real Property Tax collections in first quarter FY 2022 increased 299%. Collections are up in both districts STT/STJ saw an increase of 290% and STX saw an increase of 320% when compared to FY 2021



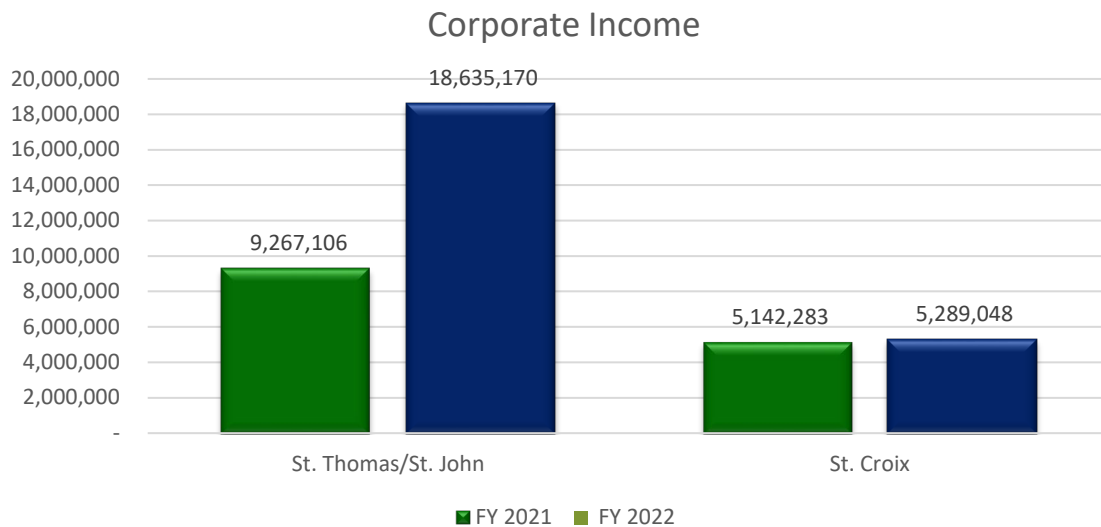
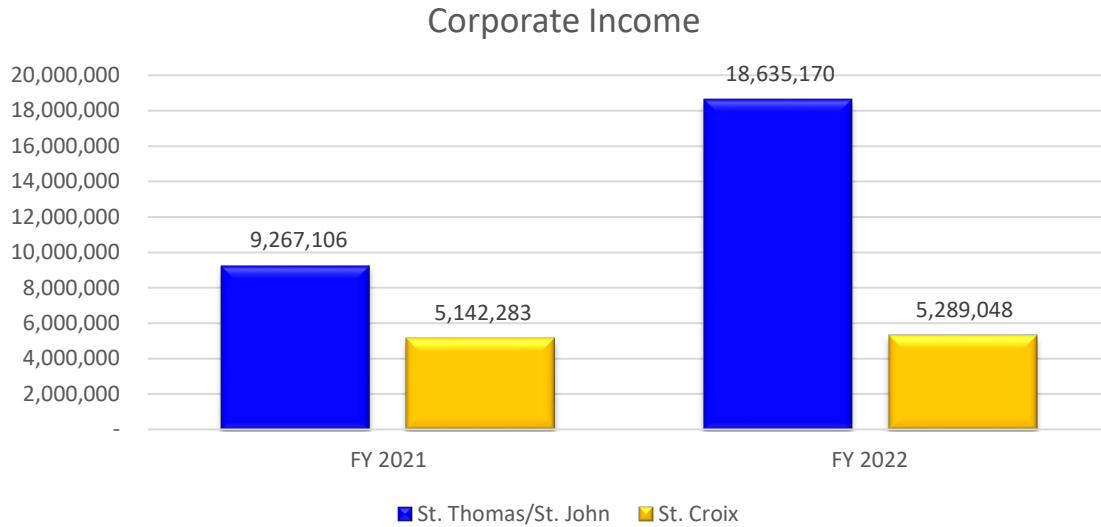
INDIVIDUAL INCOME

Overall, Individual Income collections decreased by 6% in first quarter FY 2022 compared to first quarter FY 2021. One district saw an increase in collections while the other saw a decrease when compared to FY21. STT/STJ saw an increase of 6%, while STX collections decreased by 27%.



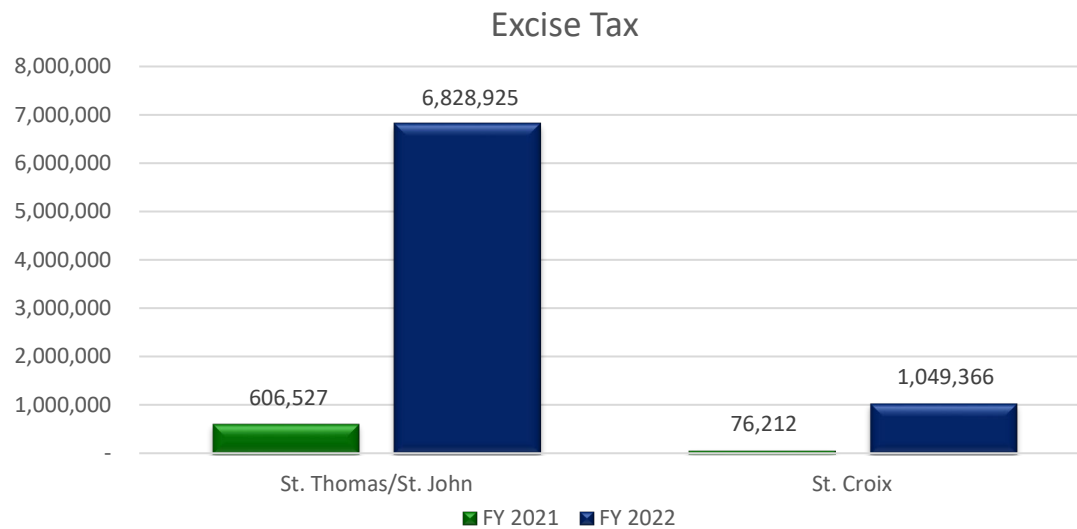
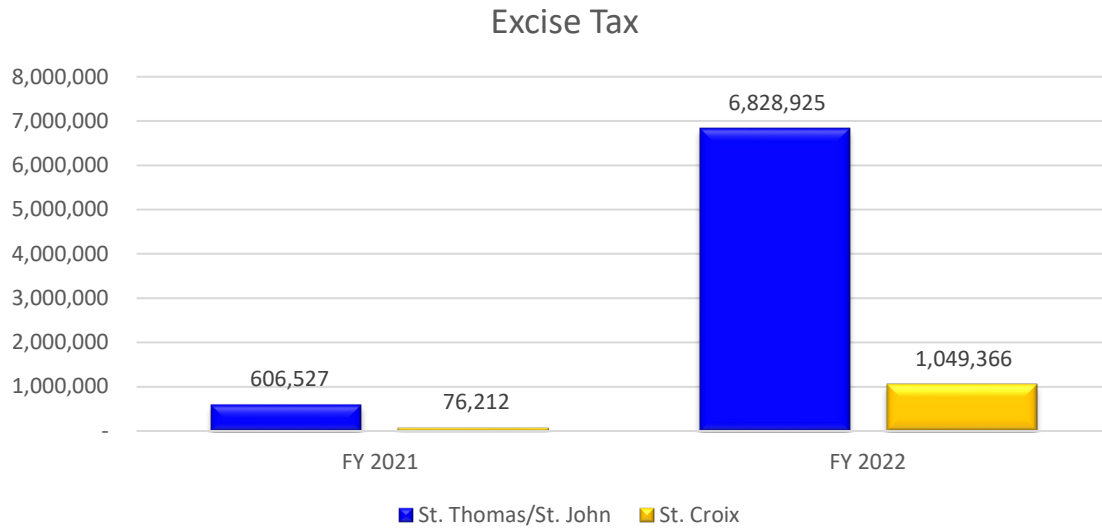
CORPORATE INCOME

The first quarter performance for Corporate Income has increased by 66% compared to FY 2021. The STT/STJ District saw a 101% increase and the STX district saw a 3% increase in first quarter collections in FY 2022 compared to first quarter FY 2021.



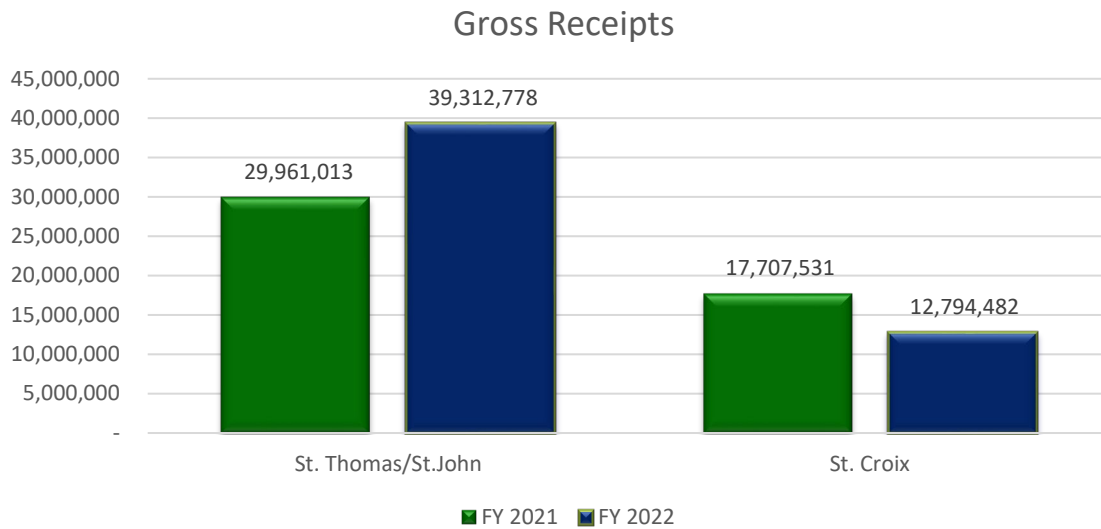
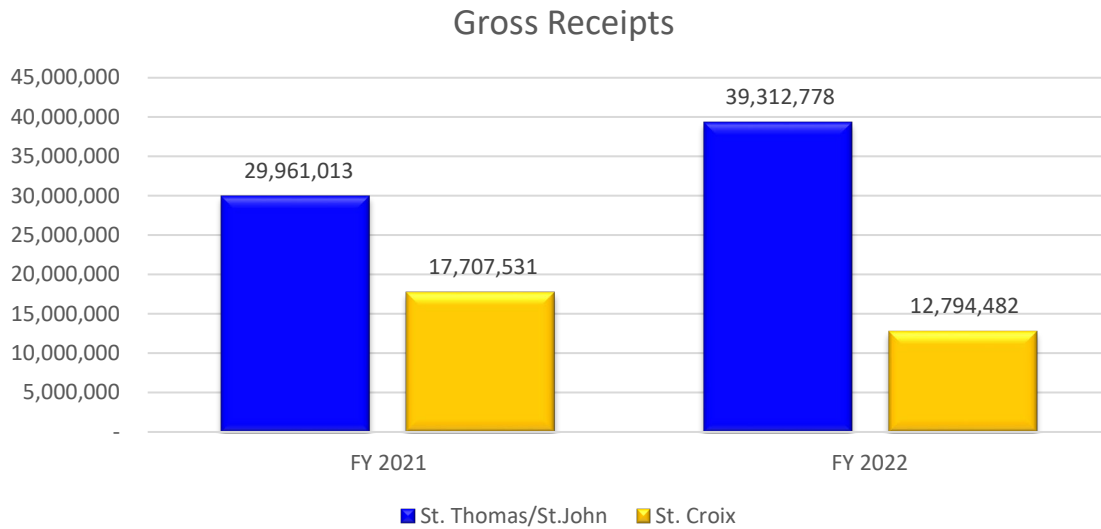
TRADE AND EXCISE

The collection of Trade and Excise Tax resumed towards the end of the second quarter on March 15, 2021. Overall, the Territory saw a 1054% increase in the first quarter of FY 2022 compared to FY 2021. STT/STJ District saw collections increase by 1026% and STX District an increase of 1277% compared to FY 2021.



GROSS RECEIPTS

FY 2022 first quarter collections for Gross Receipts Tax (GRT) increased by 9% as compared to FY 2021. The STT/STJ district increased by 31% and STX decreased by 28%. Collections in the current fiscal year are expected to pick up considerably as tourism normalizes and the impact of federal aid boosts investment spending.

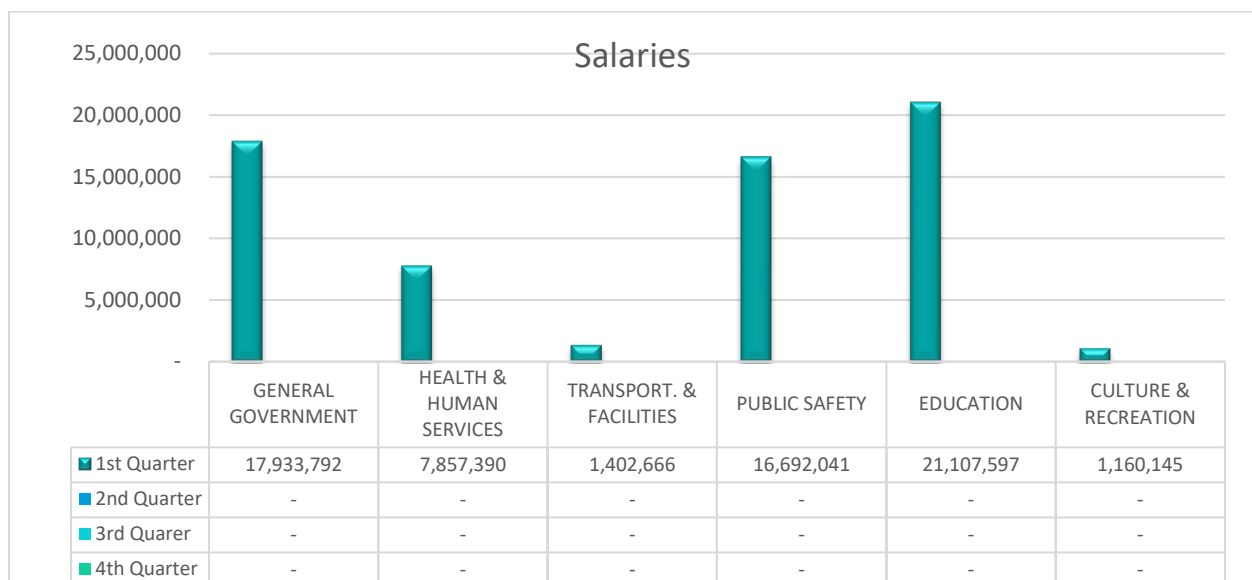
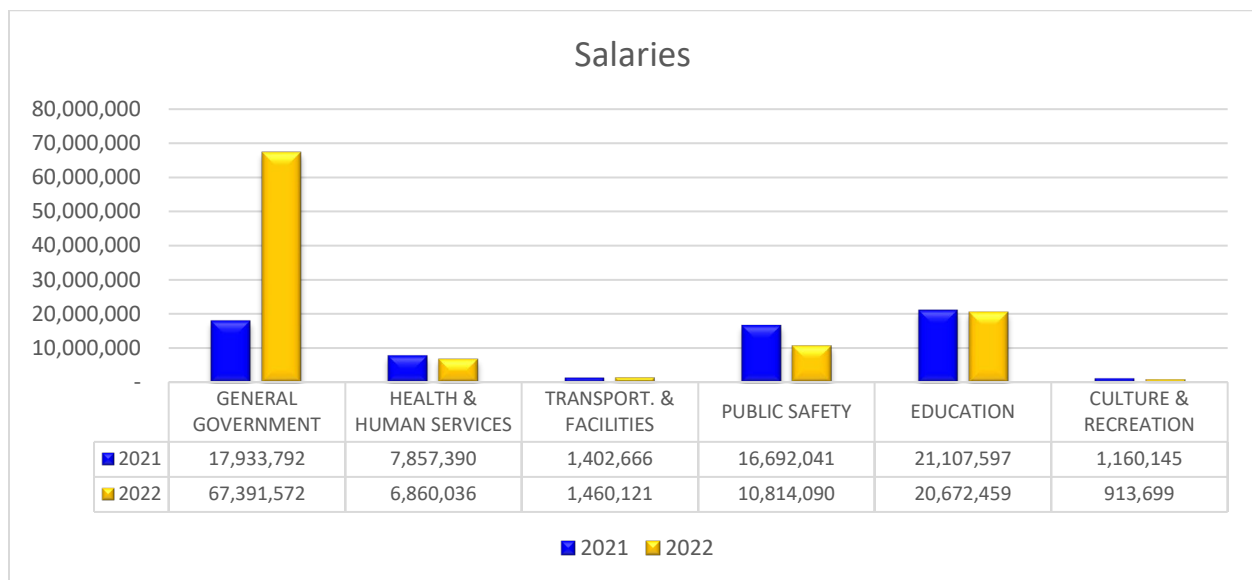


EXPENDITURES

As with previous iterations of this report, 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.

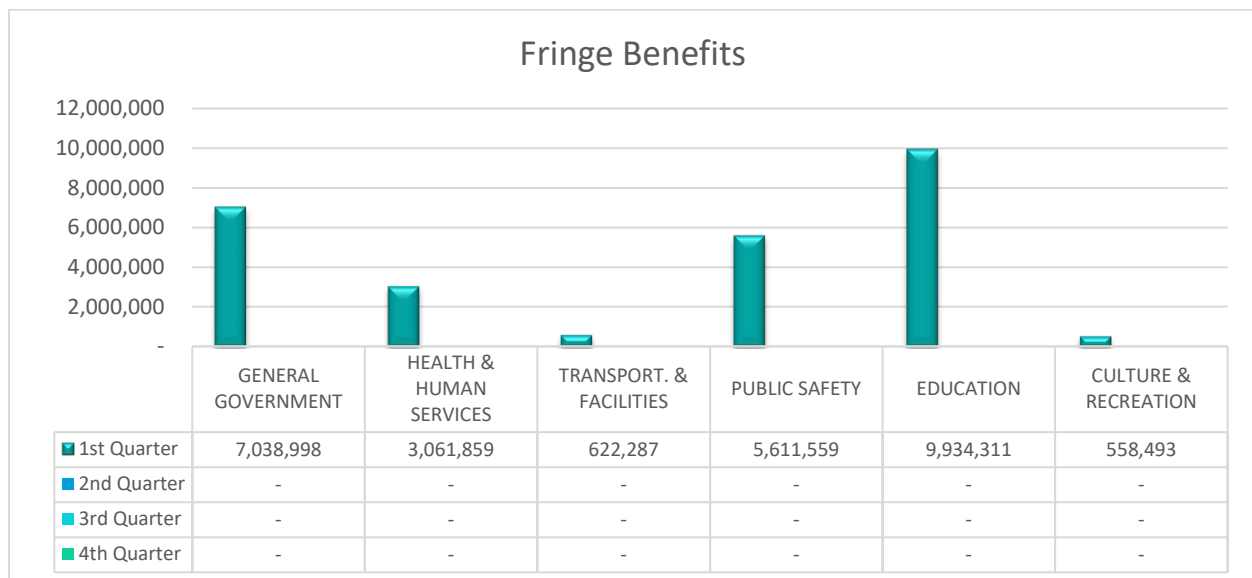
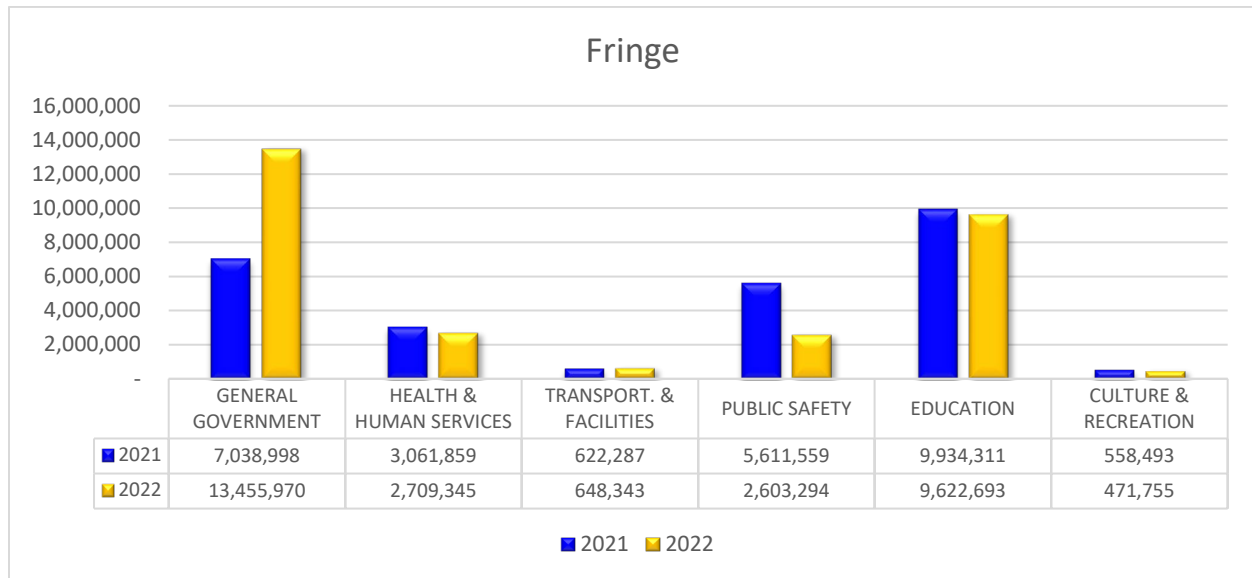
SALARIES

Actual salaries across all functions of government increased by 63.43% for first quarter FY 2022 as compared to first quarter FY 2021. The most significant increase of 275.78% occurred in General Government. The most significant decrease of 35.21% occurred in Public Safety.



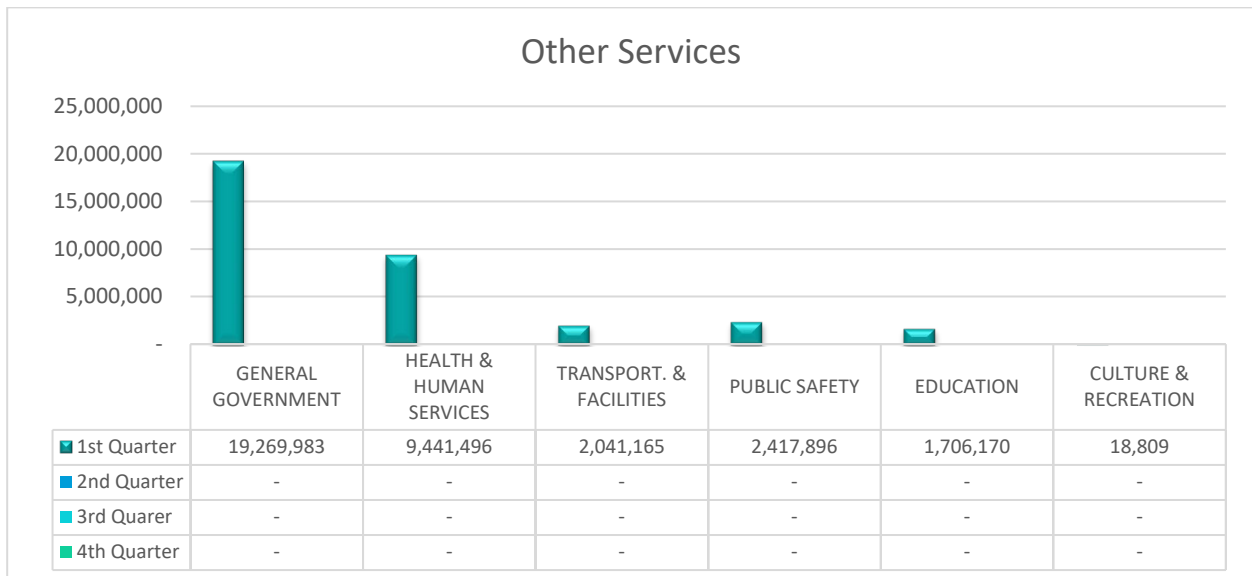
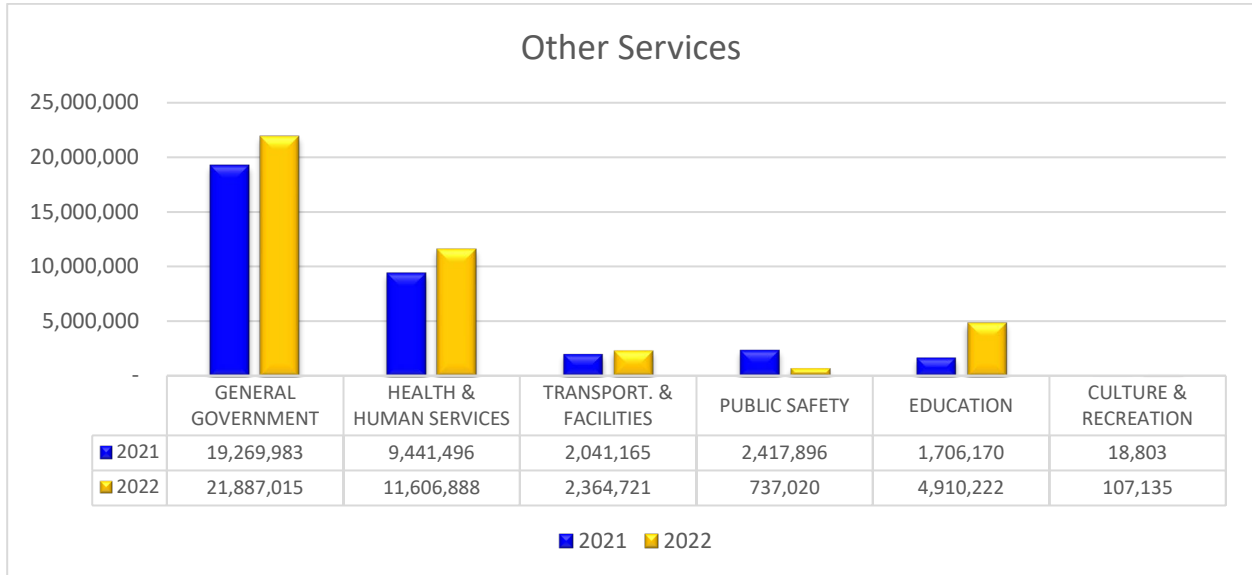
FRINGE BENEFITS

Fringe Benefits increased by 10% in first quarter FY 2022 compared to first quarter FY 2021. The most notable increases were in General Government at 91.16% and Transport & Facilities at 4.10%. There was a significant decrease in Public Safety by 53.61%.



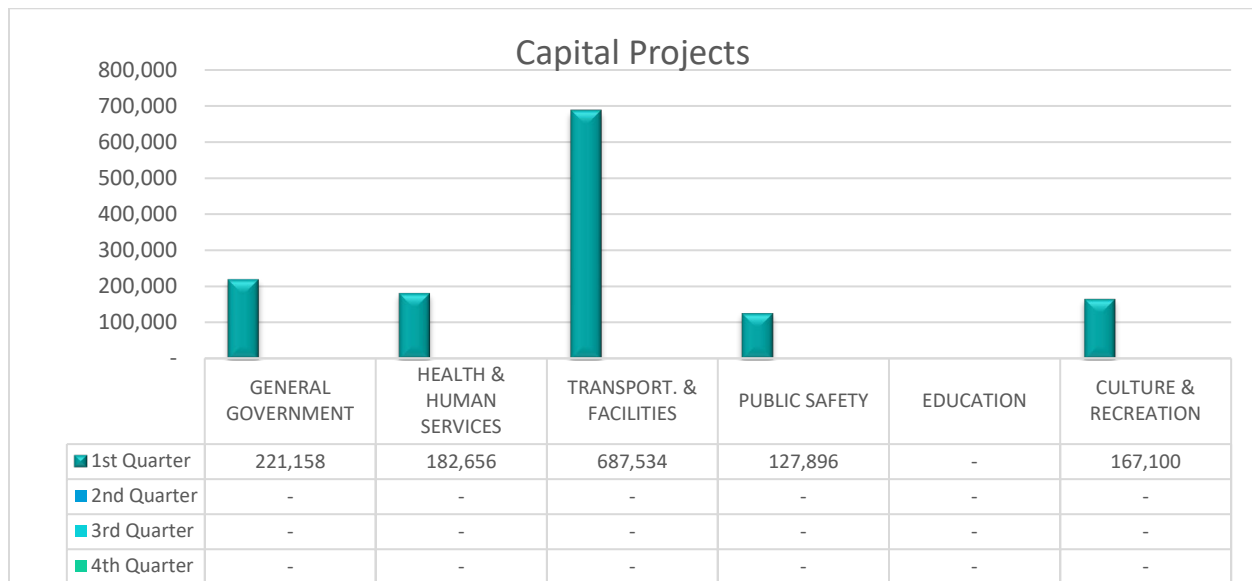
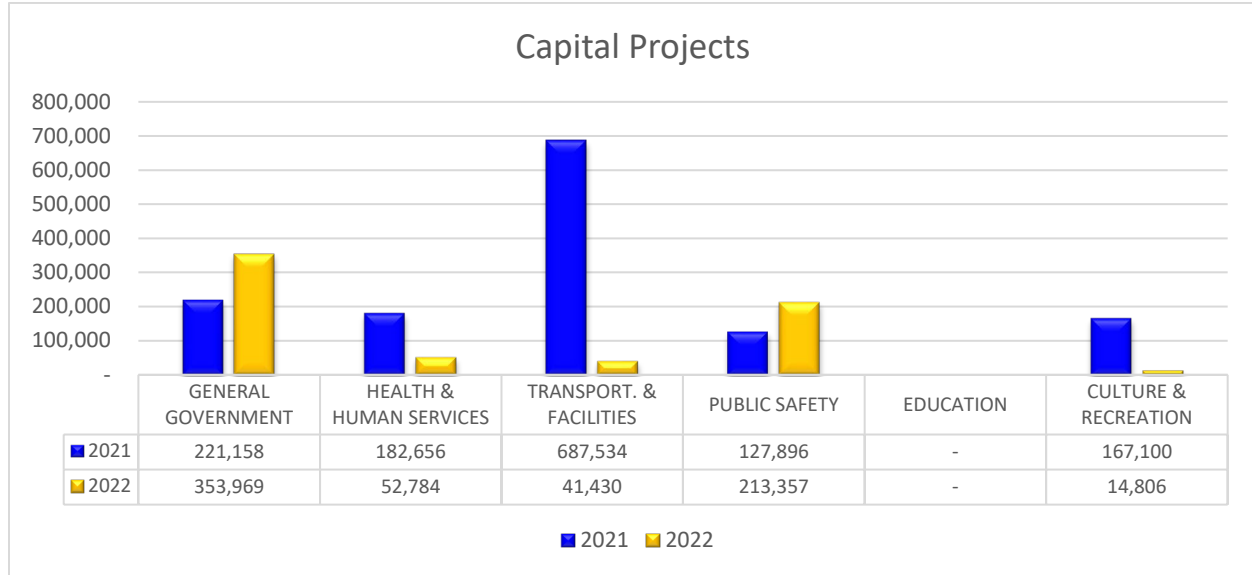
OTHER SERVICES

Other Services saw an overall increase of 19.25% in first quarter FY 2022 compared to the same quarter in FY 2021. Notable increases were in Education at 187.79%, Culture & Recreation 469.76%, and Education at 187%. There was a notable decrease in Public Safety at 69.52%.



CAPITAL PROJECTS

Capital projects decreased 51.21% in the first quarter of FY 2022 as compared to FY 2021. The most notable decrease was seen in Transportation & Facilities at 1559.51%. The only increases occurred with Public Safety at 40.06% and General Government at 37.52%.



SUMMARY

In summary, the Territory's Total Operating Income is on a higher pace to that of FY21 with an increase of 11%. Specifically, Total Taxes increased by 15% while Total Other Revenues decreased by 37%. Overall, this represented a 20% increase in Total Revenue collections for first quarter FY 2022 when compared to FY 2021. The most notable increases were seen in Real Property at 299% and Excise Tax 1054%. The large increase in Excise Taxes can be attributed to the fact that the injunction on collections was lifted. By contrast, the most significant decrease was seen in Individual Income which is down 5.84% compared to last year. The Total Revenues as of January for FY 2022 is \$192.1 million compared to \$159.9 million for FY2021. From a cash flow perspective, at the end of the first quarter FY 2022, specifically the week ended January 1, 2022, the Territory had a negative cash flow of \$23.4 million and a positive cash balance of \$10.2 million with 9 days cash on hand.