

U.S. VIRGIN ISLANDS  
OFFICE OF MANAGEMENT & BUDGET



FISCAL YEAR 2021

# **2nd QUARTER REVENUE & EXPENDITURE REPORT**

UNITED STATES VIRGIN ISLANDS

**FISCAL YEAR 2021**  
**2<sup>nd</sup> QUARTER REVENUE & EXPENDITURE REPORT**



March 31, 2021

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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 2021, as compared to FY 2020. This report will highlight any notable trends. This report will give some initial insights into the impact of the economic consequences imposed by the COVID-19 pandemic.

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 FY2020, the pace of collections for second quarter FY2021 are at a decline. The Territory has seen a decrease in collections for all major revenue categories; except for Trade & Excise. This second 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

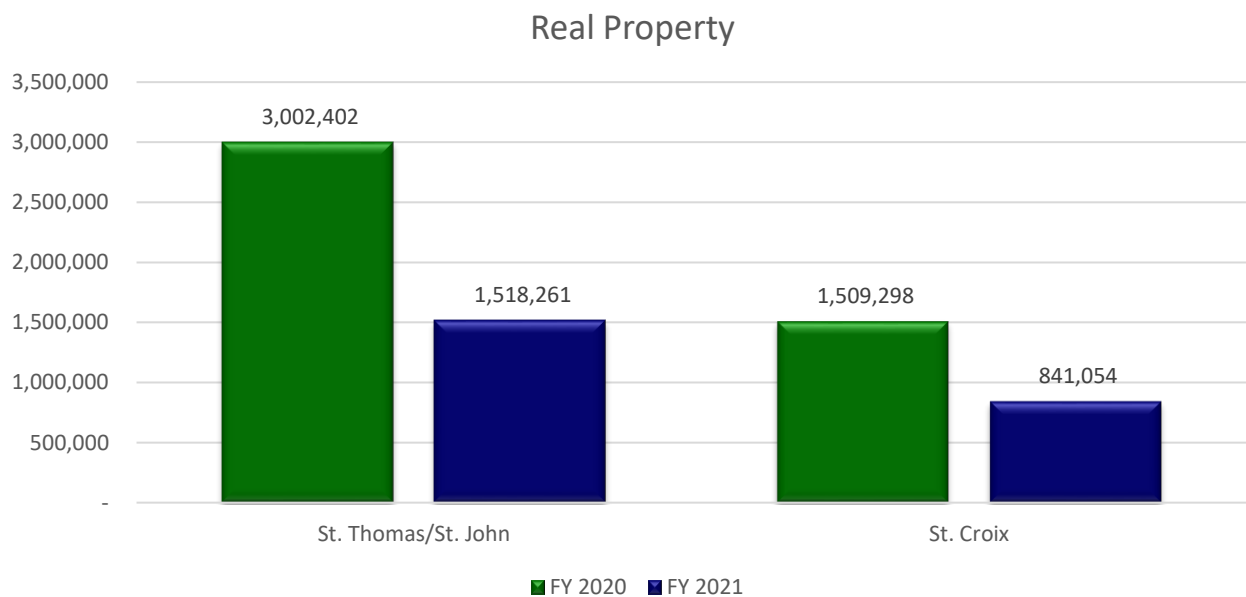
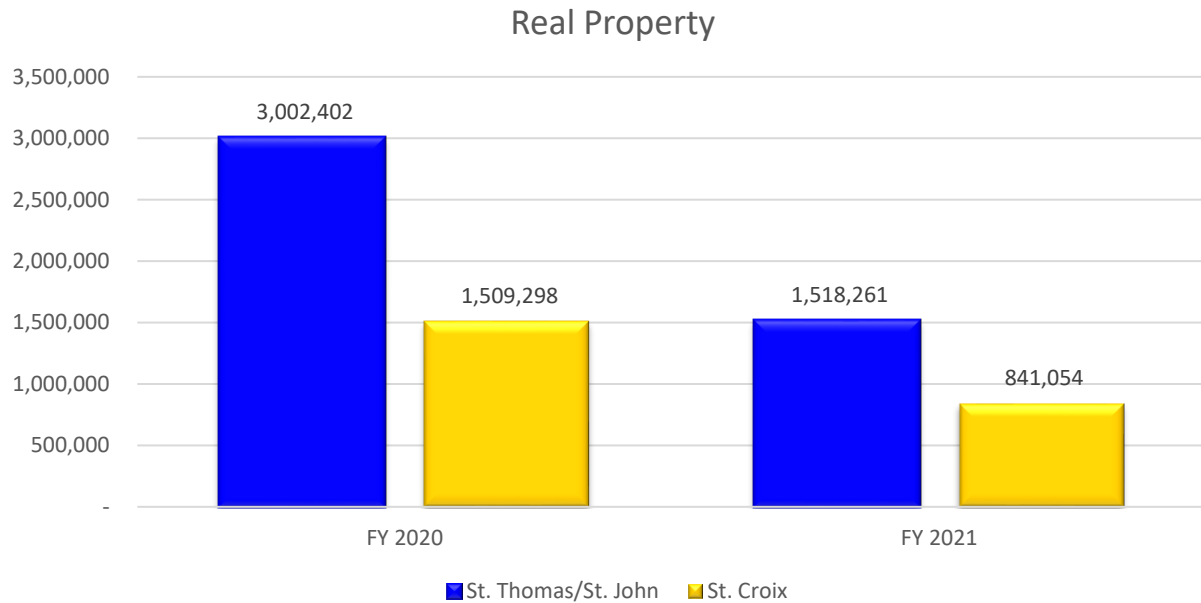
The information provided in this report are the most accurate available as of the date of composition. Furthermore, the report does not purport to be audited financial statements and as such, the numbers are preliminary and subject to change. The information provided here are not final. For final numbers,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

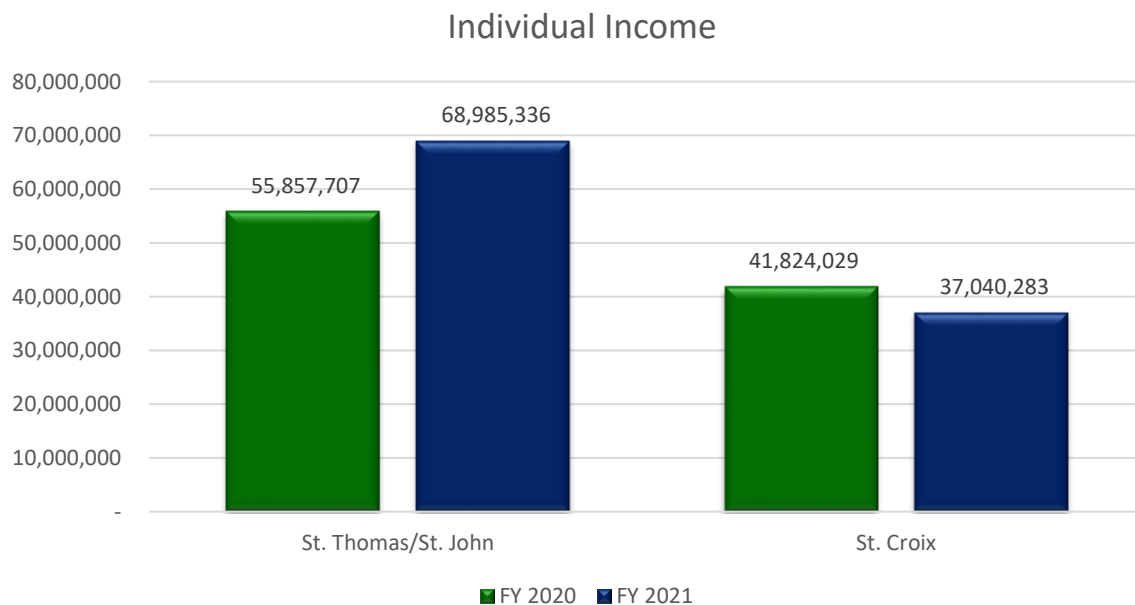
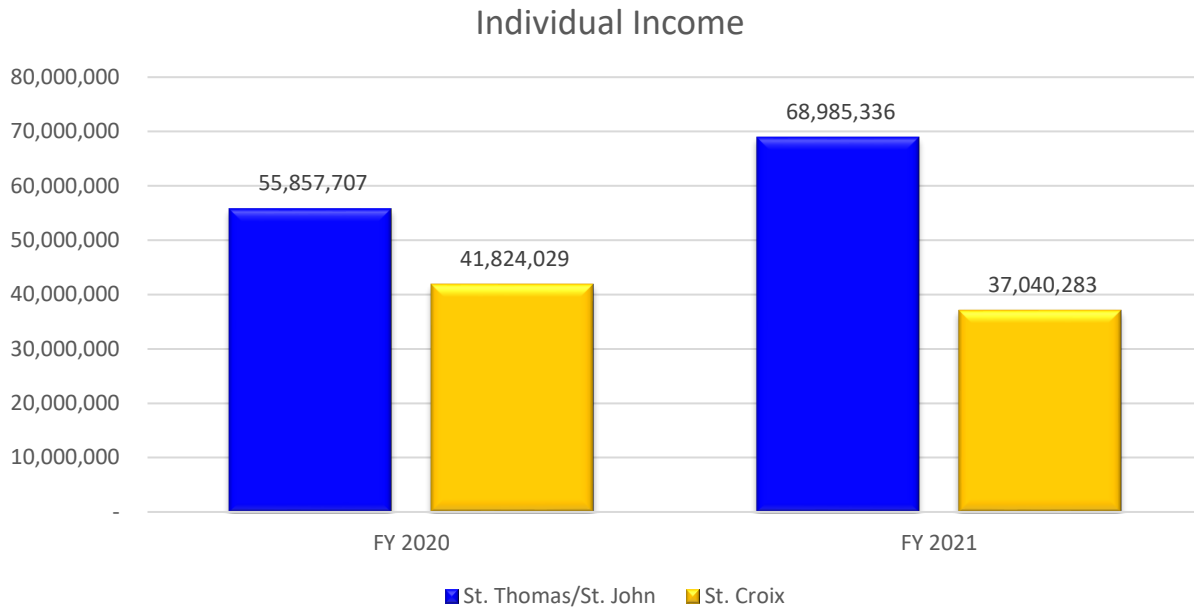
## REAL PROPERTY

Compared to FY 2020, Real Property Tax collections in second quarter FY 2021 decreased 48%. Collections are down in both districts; STT/STJ saw a decrease of 49% and STX a decrease of 44% when compared to FY 2020. In an effort to bolster collections, Lt. Governor Roach ordered to waive all interest and penalties on real property tax until June 30, 2021 in the 4<sup>th</sup> quarter of FY 2020, however, we anticipate a continued negative impact on collections over the next two quarters.



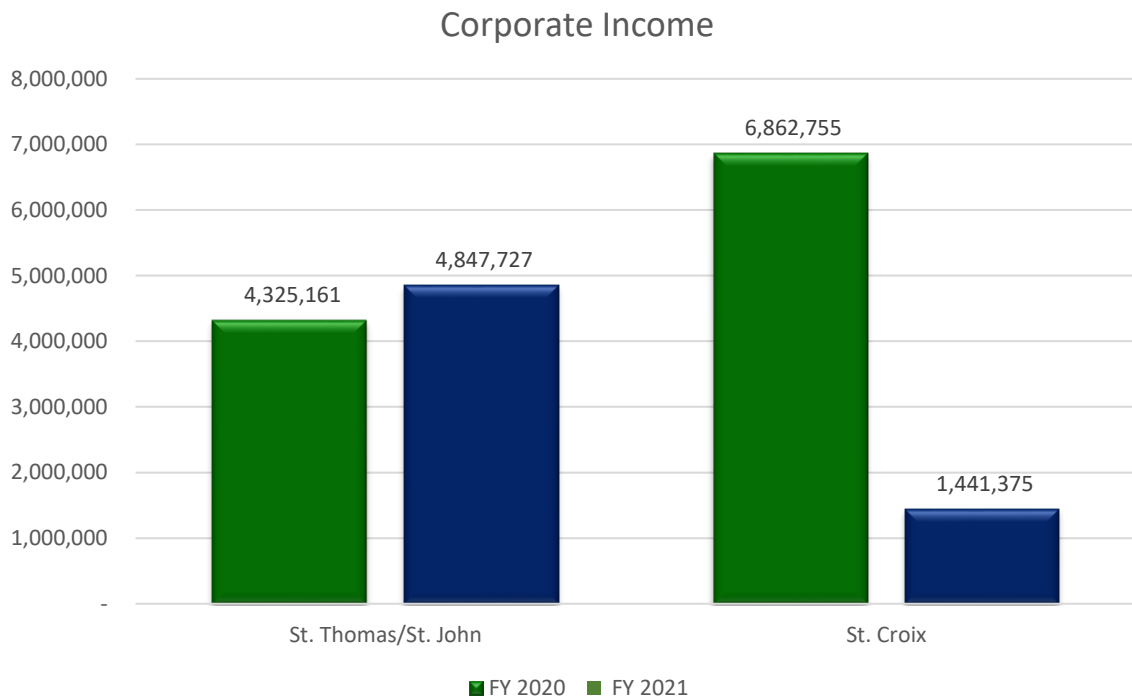
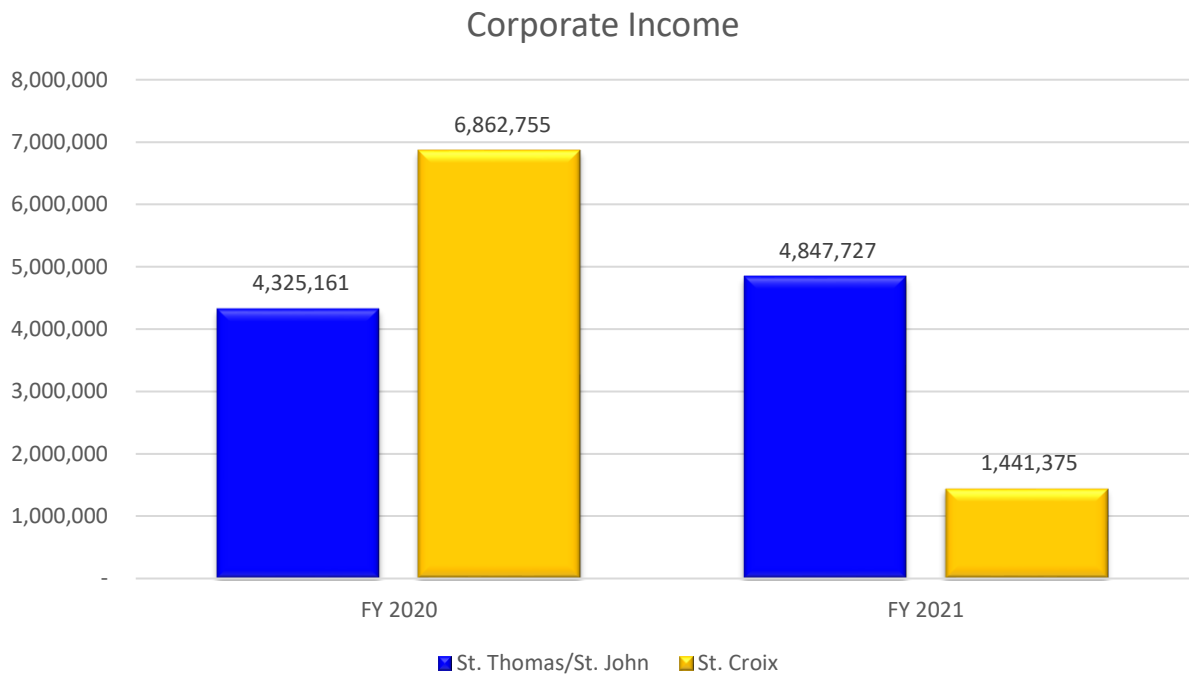
## INDIVIDUAL INCOME

Overall, Individual Income collections increased 9% in second quarter FY 2021 compared to second quarter FY 2020. However, the STX districts decreased in collection compared to FY 2020 while the STT/STJ district increased. STT/STJ increased by 24% and STX decreased by 11%. With the continued decrease in unemployment and recovery projects coming online, there is a reasonable expectation that Individual Income collections will continue to experience an increase.



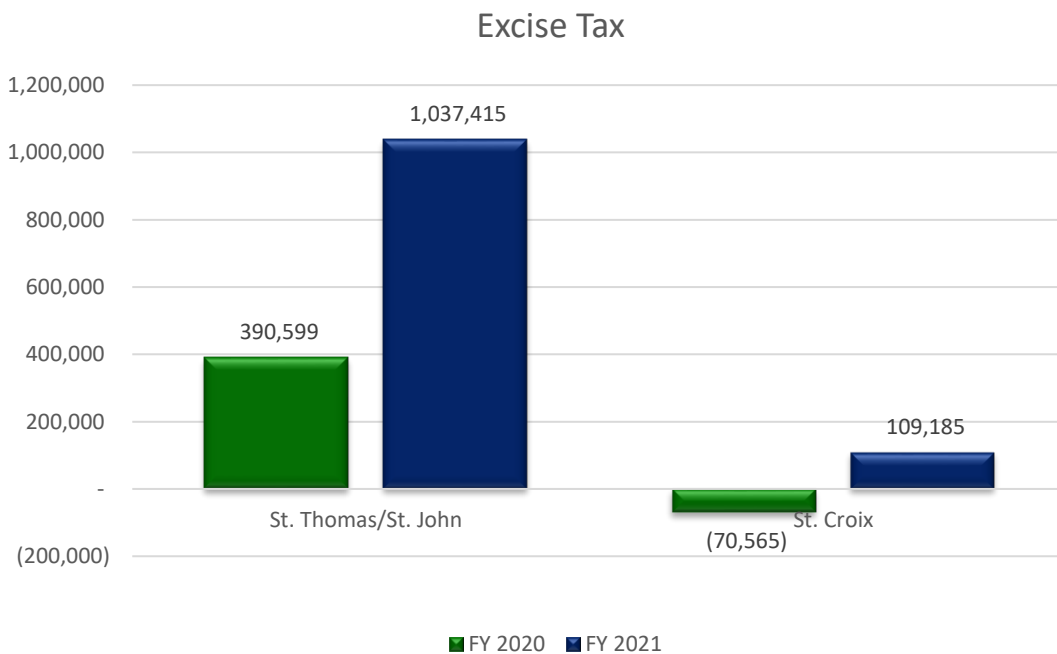
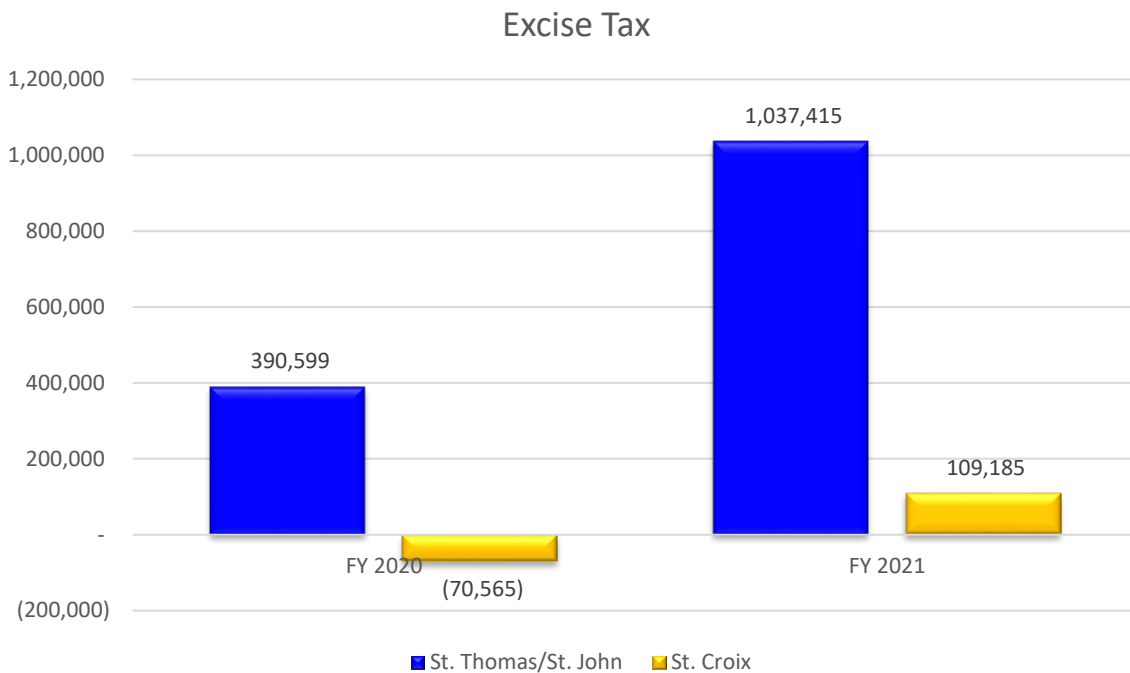
## CORPORATE INCOME

The second quarter performance for Corporate Income has decreased by 44% compared to FY 2020. The STT/STJ District saw a 12% increase in second quarter collections in FY 2021 compared to second quarter FY 2020. On the other hand, the St. Croix District experienced a significant decrease of 79%.



## TRADE AND EXCISE

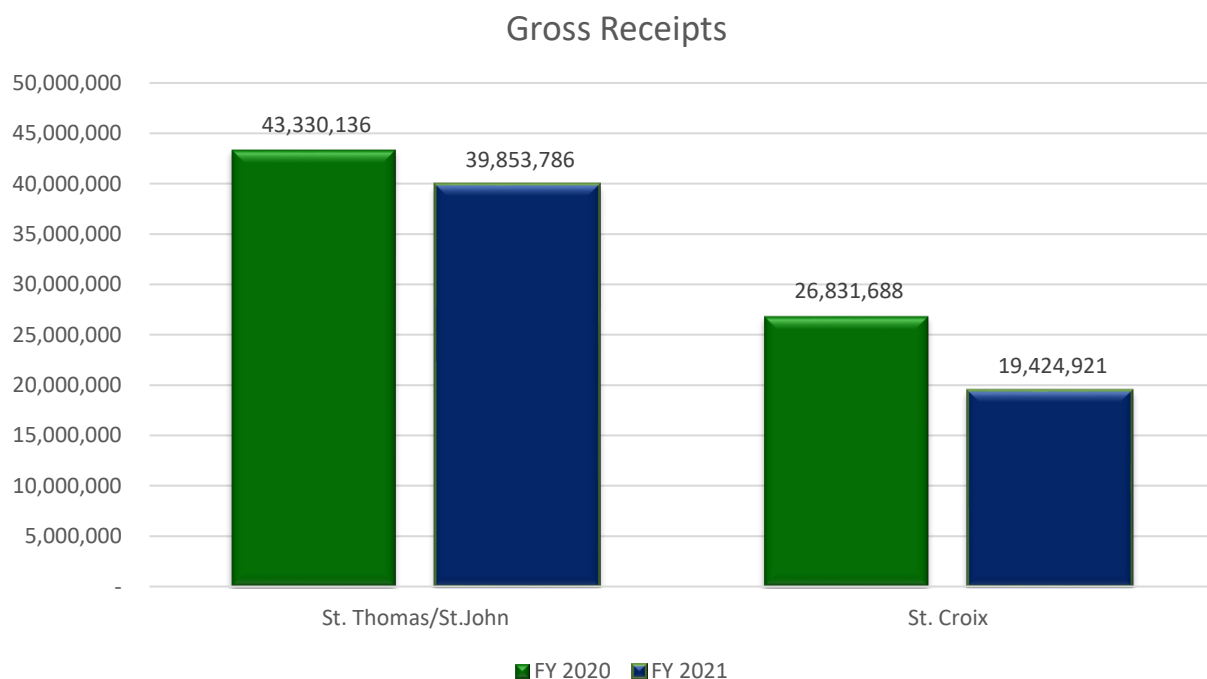
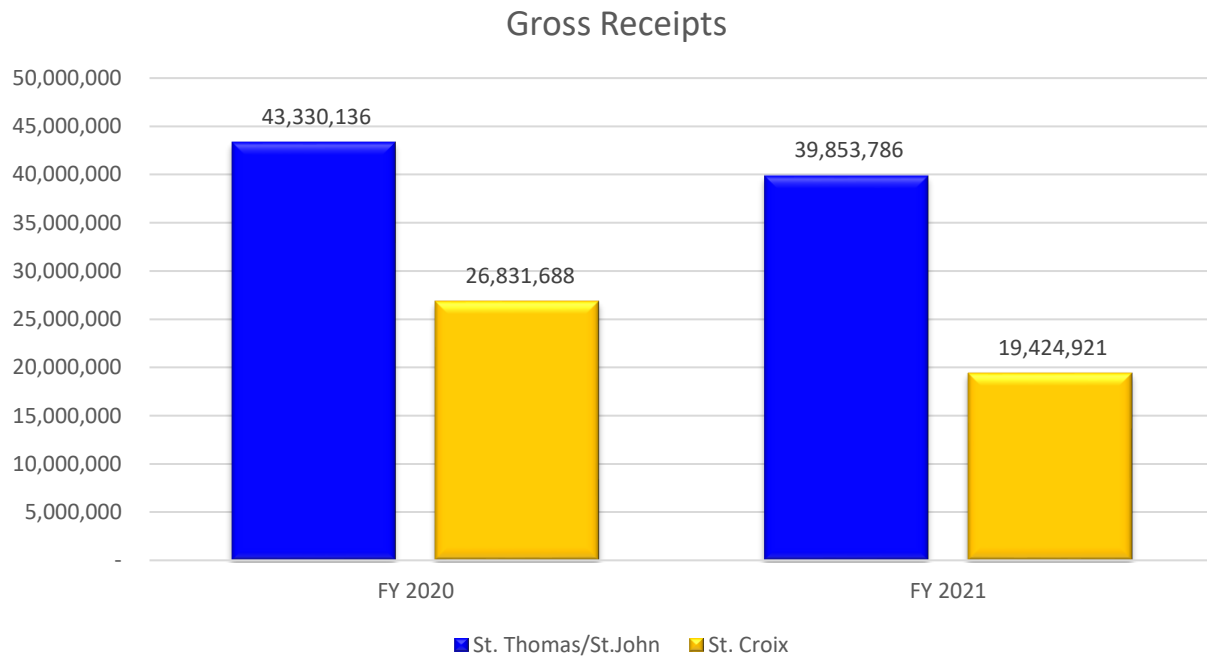
The collection of Trade and Excise Tax resumed towards the end of the second quarter on March 15, 2021. STT/STJ District saw collections increase by 166% and STX District a decrease of 255% compared to FY 2020. First quarter FY 2021 reveals an overall 258% increase compared to FY 2020.





## GROSS RECEIPTS

FY 2021 second quarter collections for Gross Receipts Tax (GRT) decreased by 16% as compared to FY 2020. There was a reduction in collections for both districts. The STT/STJ district decreased 8% and STX district by 28%. With the anticipated increase in recovery spending, we expect gross receipt collections to increase over the next quarter or two.



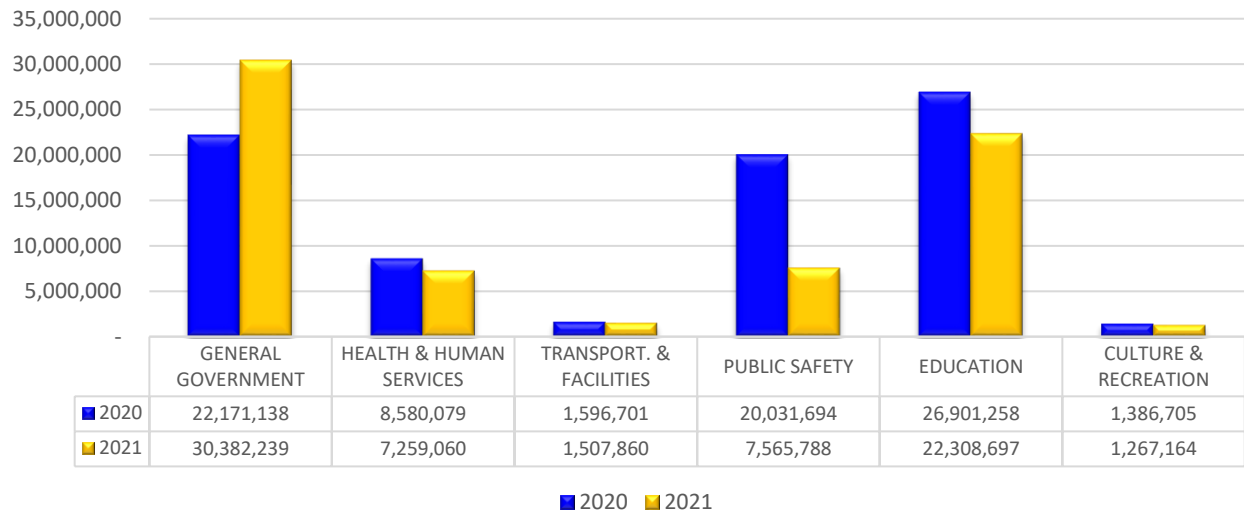
## EXPENDITURES

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.

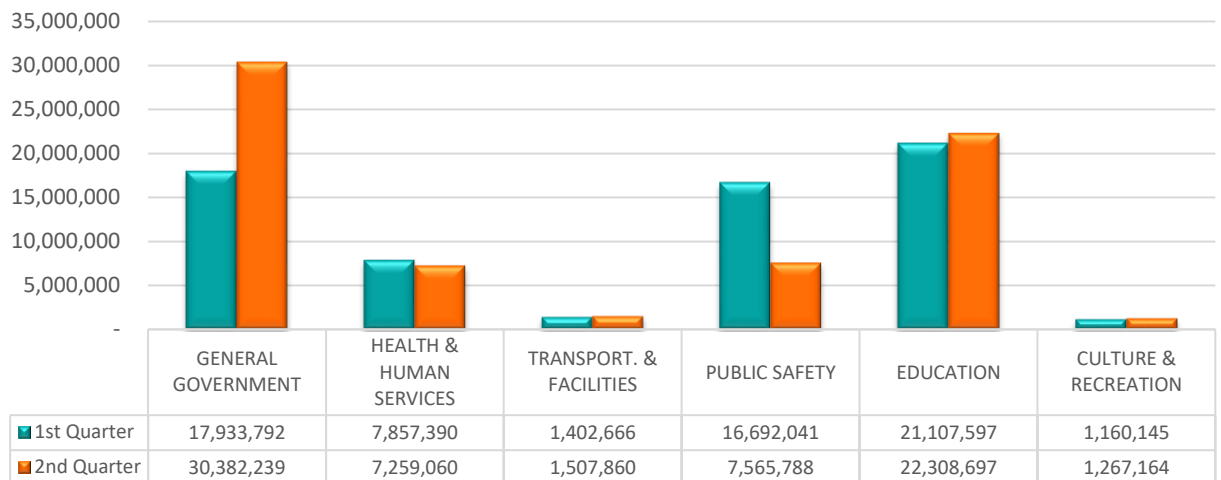
## SALARIES

Actual salaries across all function of government decreased by 12.86% for second quarter FY 2021 as compared to first quarter FY 2020. The most significant decrease of 62.23% occurred in Public Safety. Another notable decrease occurred in Education at 17.07%.

### Salaries



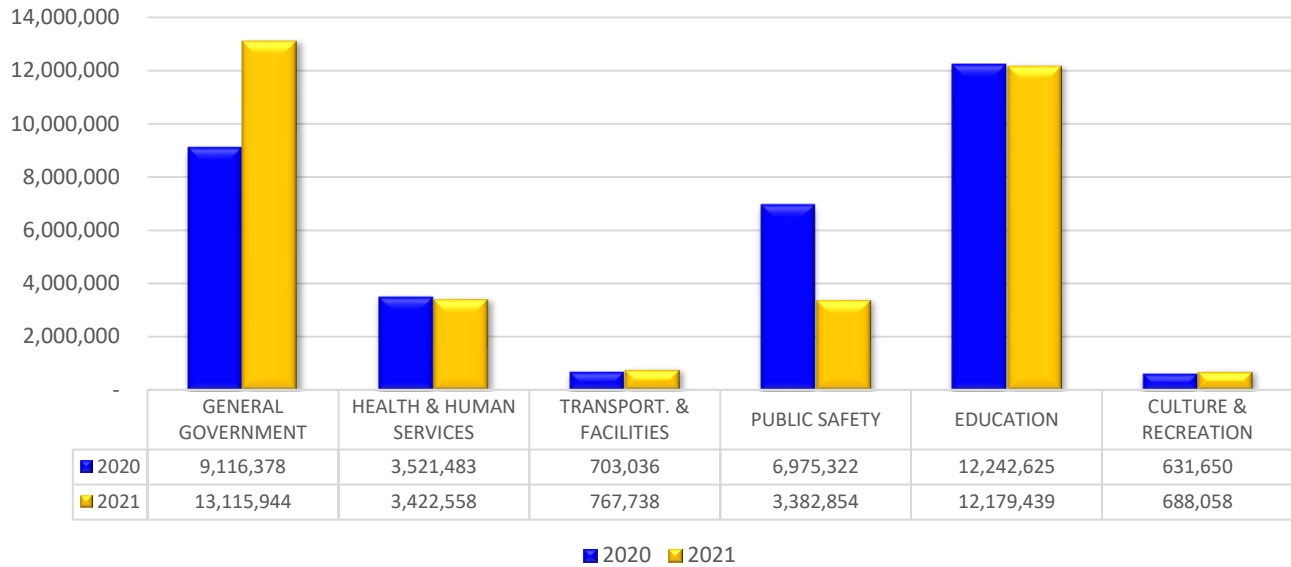
### Salaries



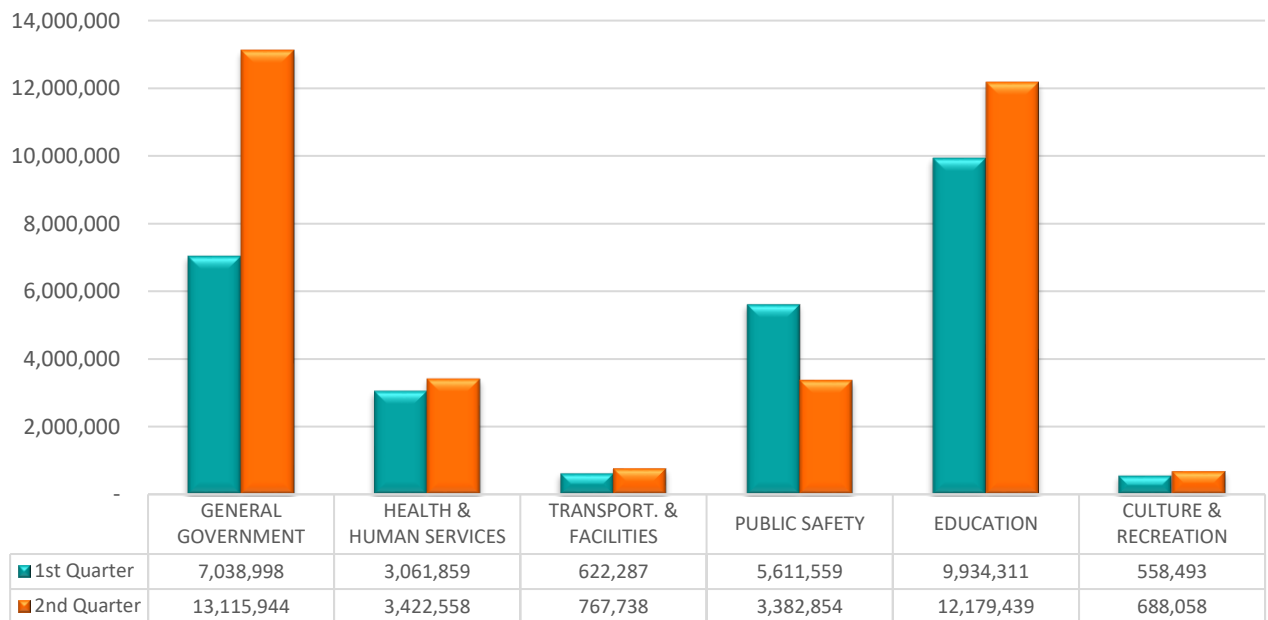
## FRINGE BENEFITS

Fringe Benefits increased by 1.1% in second quarter FY 2021 compared to second quarter FY 2020. The most significant increase was in General Government at 43.87% and Health and Transport & Facilities at 9.20%. Notable decreases were Public Safety at 51.50%, Health & Human Services at 2.81%, and Education at .52%.

Fringe Benefits



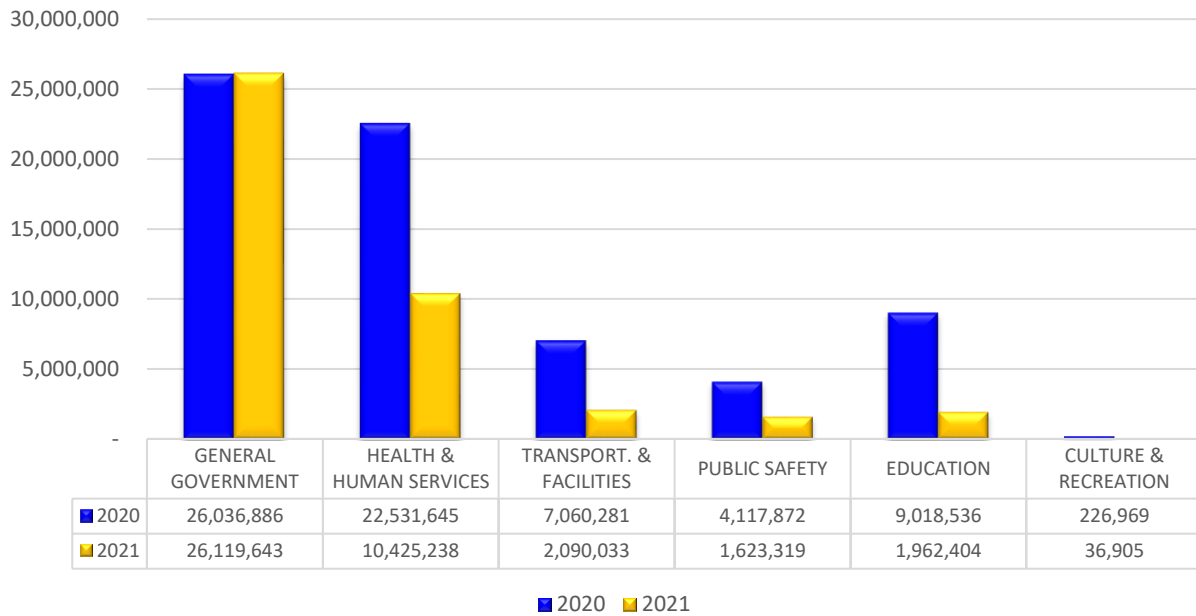
Fringe Benefits



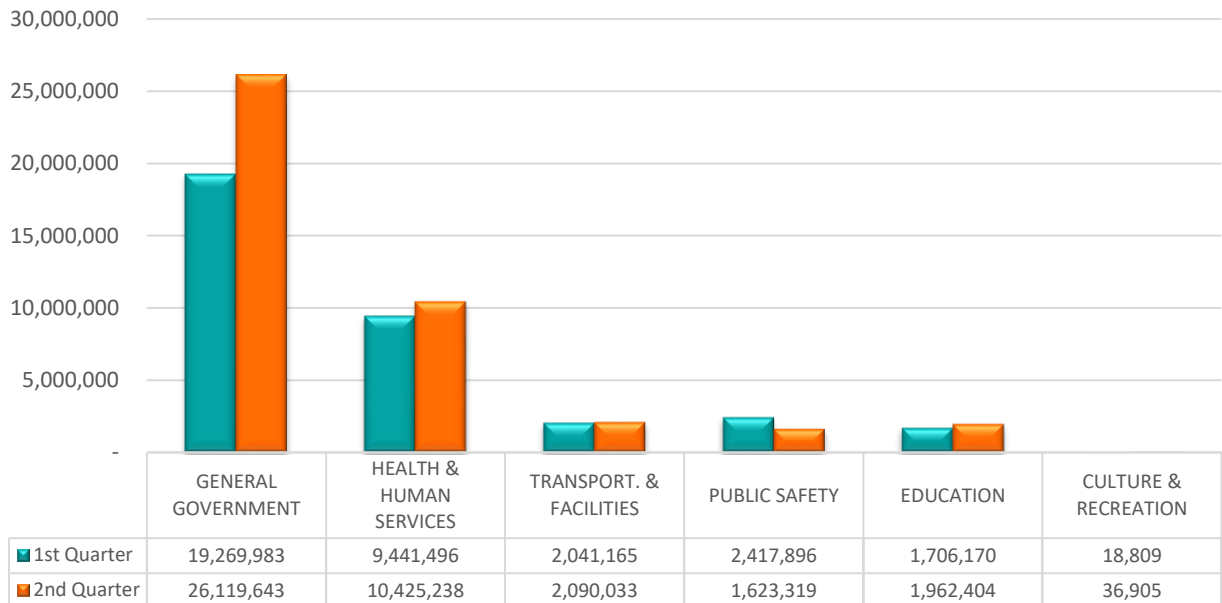
## OTHER SERVICES

Other Services saw an overall decrease of 38.75% in second quarter FY 2021 compared to the same quarter in FY 2020. Notable decreases were in Culture & Recreation at 83.74%, Education at 78.24%, Transport and Facilities at 70.40%, Health & Human Services at 53.73% and Public Safety at 60.58%.

Other Services



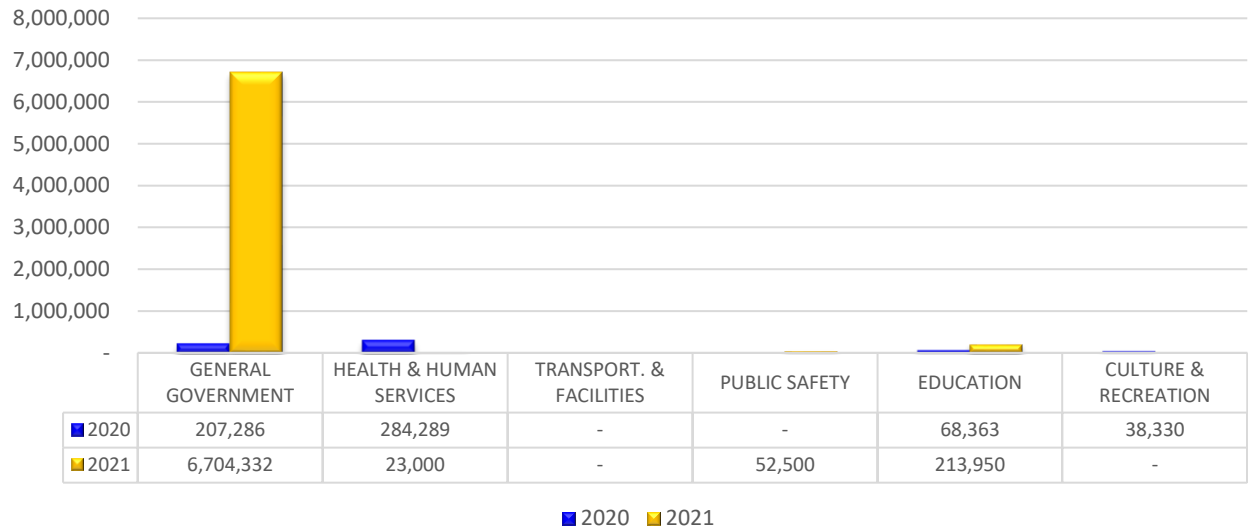
Other Services



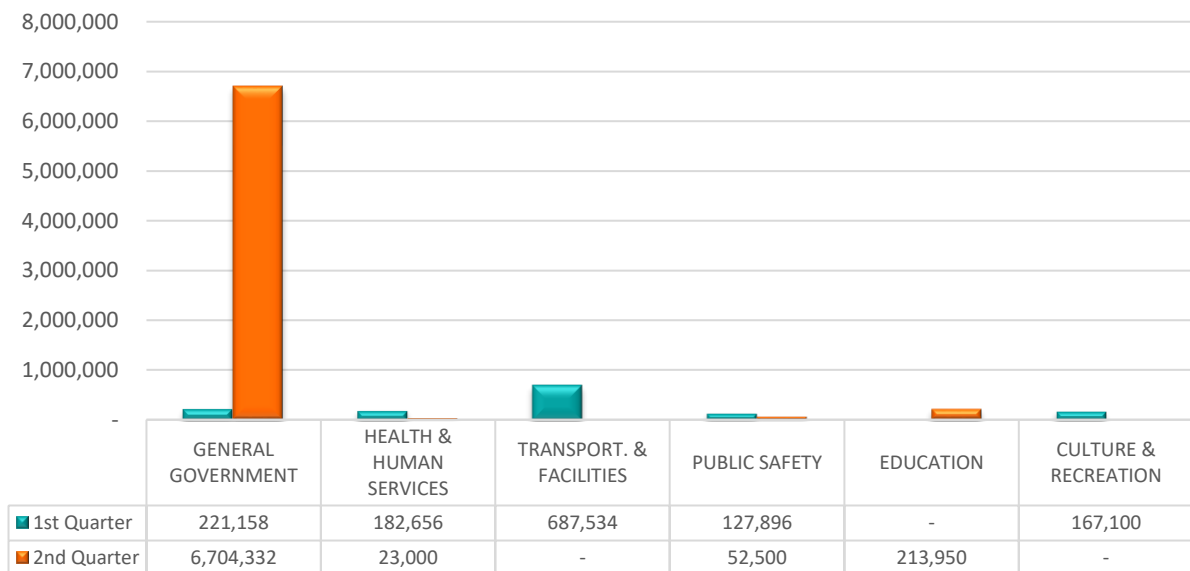
## CAPITAL PROJECTS

Capital projects increased 1069% in first quarter FY 2021 as compared to FY 2020. The most notable increase was seen in Public Safety at 100%, General Government at 96.1%, and Education at 68.05%. The most substantial decrease occurred with Health & Human Services by 1136.04%.

### Capital Projects



### Capital Projects



## SUMMARY

In summary, the Territory saw an overall decrease of 7% in Total Operating Income. Specifically, Total Taxes decreased by 9% while Total Other Revenues increased by 41%. Overall, this represented a 9% reduction in Total Revenue collections for second quarter FY 2021 when compared to FY 2020. The most notable decrease was seen in Real Property at 76%, Fines, Forfeits & Permits at 47%, and Gross Receipts at 15%. By contrast the most notable increases are Miscellaneous Revenues at 468%, Excise Tax at 107%, Malpractice Insurance at 77%, and Concession Fee (Lime Tree) at 75%. The Total Revenues as of March FY 2021 was \$370.2M compared to \$407.1M for FY2020. From a cash flow perspective, at the end of the Second quarter FY 2021, specifically the week ended April 2, 2021, the Territory had a positive cash flow of \$25.8 million and a positive cash balance of \$58.3 million with 22 days cash on hand.