

U.S. VIRGIN ISLANDS
OFFICE OF MANAGEMENT & BUDGET



FISCAL YEAR 2021

3rd QUARTER REVENUE & EXPENDITURE REPORT



UNITED STATES VIRGIN ISLANDS

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June 30, 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 third 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 third quarter FY2021 are at an incline. The Territory has seen an increase in collections for all major revenue categories; except for Real Property. This third 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

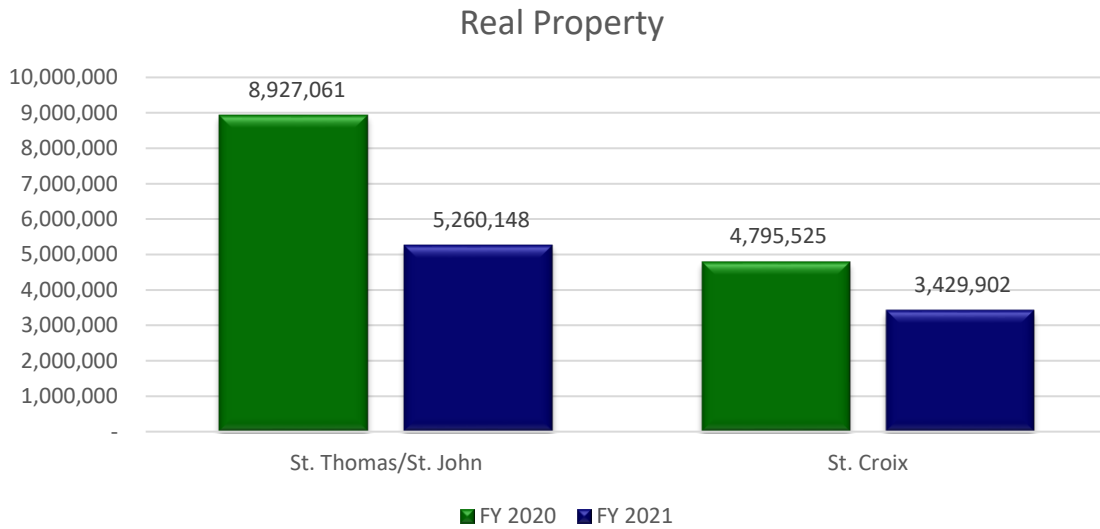
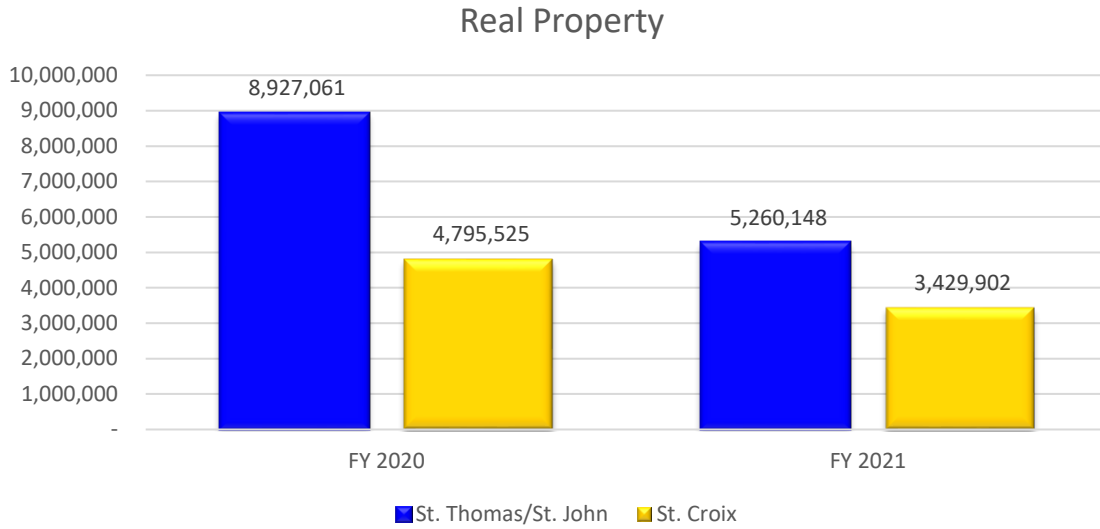
The information provided in this report are the most accurate available as of the date of composition. Furthermore, the report does not purport to be audited financial statements and as such, the numbers are preliminary and subject to change. The information provided here are not final. For final numbers,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

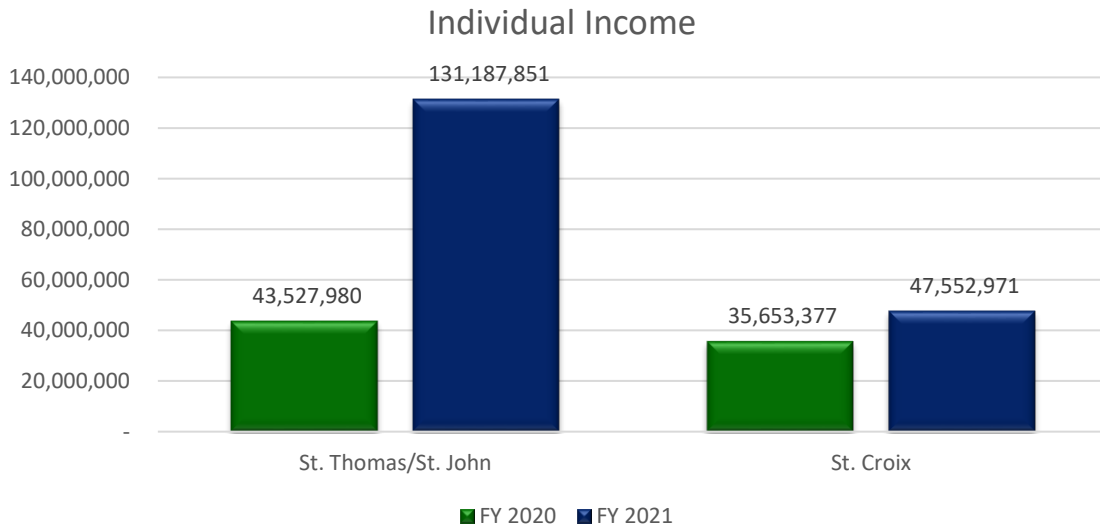
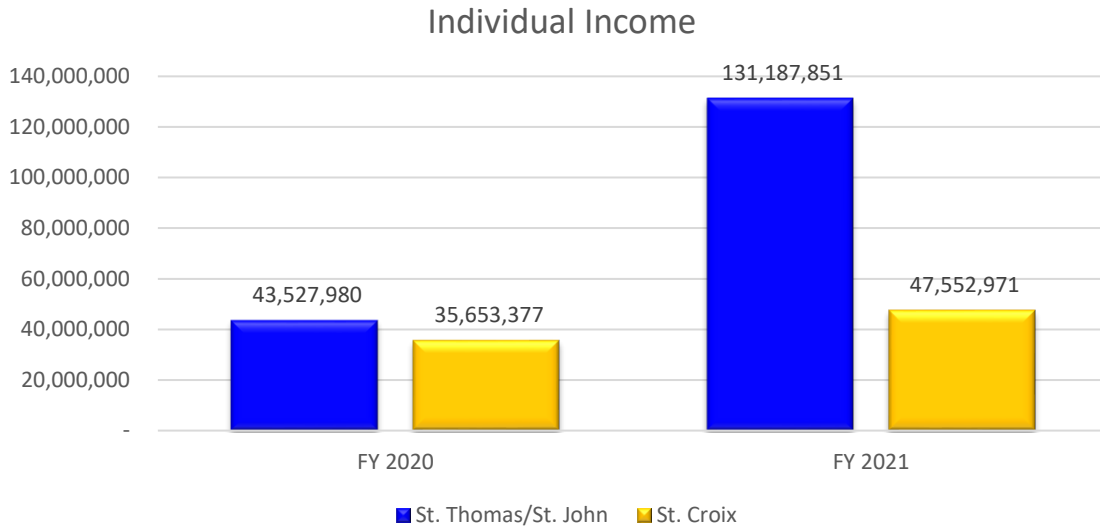
REAL PROPERTY

Compared to FY 2020, Real Property Tax collections in third quarter FY 2021 decreased 37%. Collections are down in both districts; STT/STJ saw a decrease of 41% and STX a decrease of 28% 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. However, we anticipate a continued negative impact on collections over the next quarter.



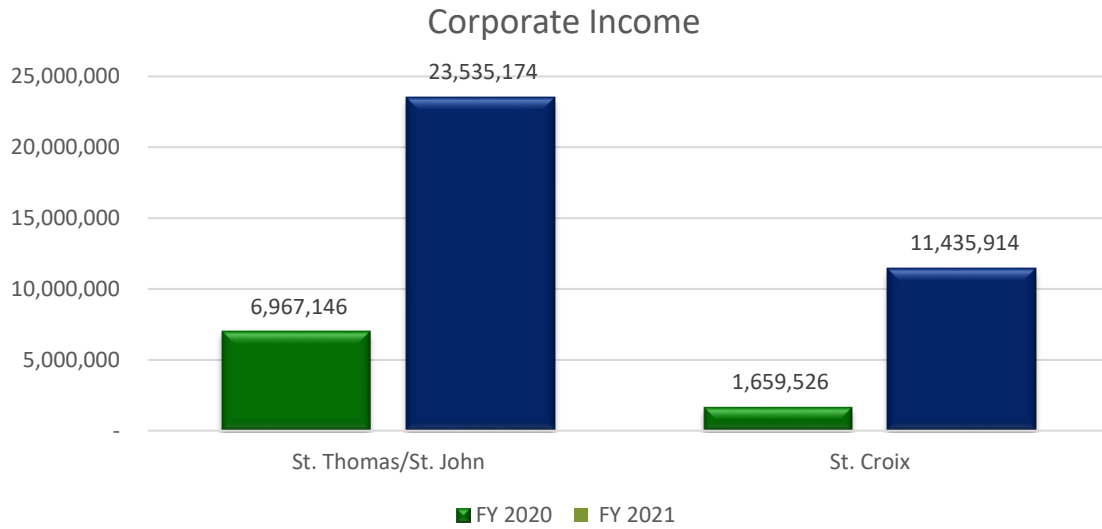
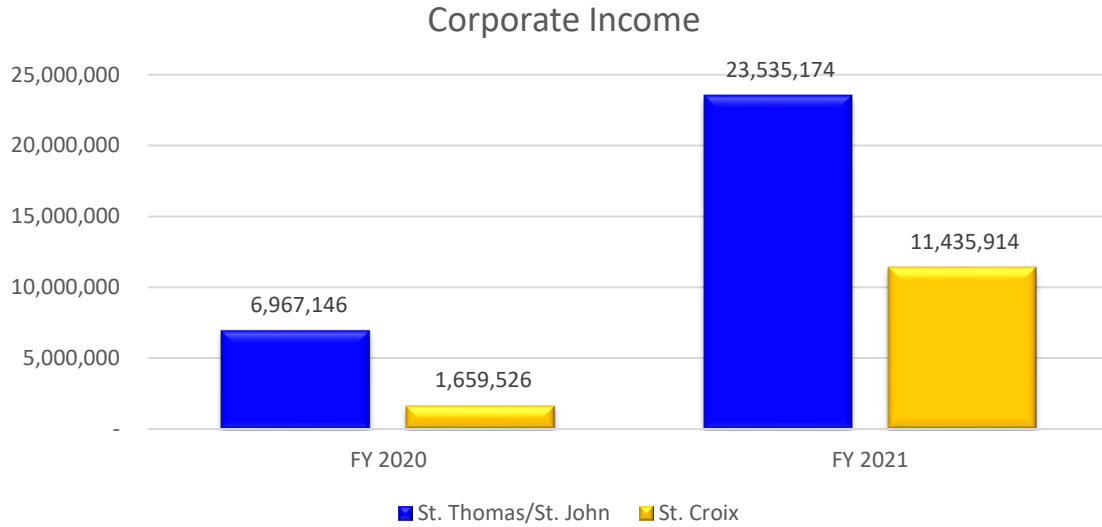
INDIVIDUAL INCOME

Overall, Individual Income collections increased by 126% in third quarter FY 2021 compared to third quarter FY 2020. Both the STT/STJ and STX districts increased in collection compared to FY 2020. STT/STJ increased by 201% and STX increased by 33%. The increase in collections can be attributed to the fact that tax filing date for FY 2020 occurred in the fourth quarter, in comparison to the third quarter in FY 2021.



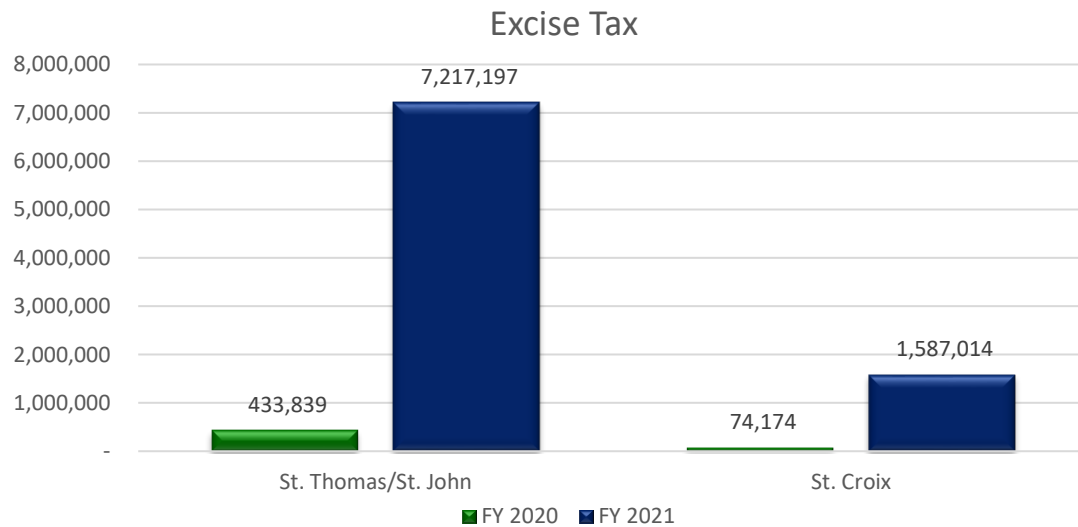
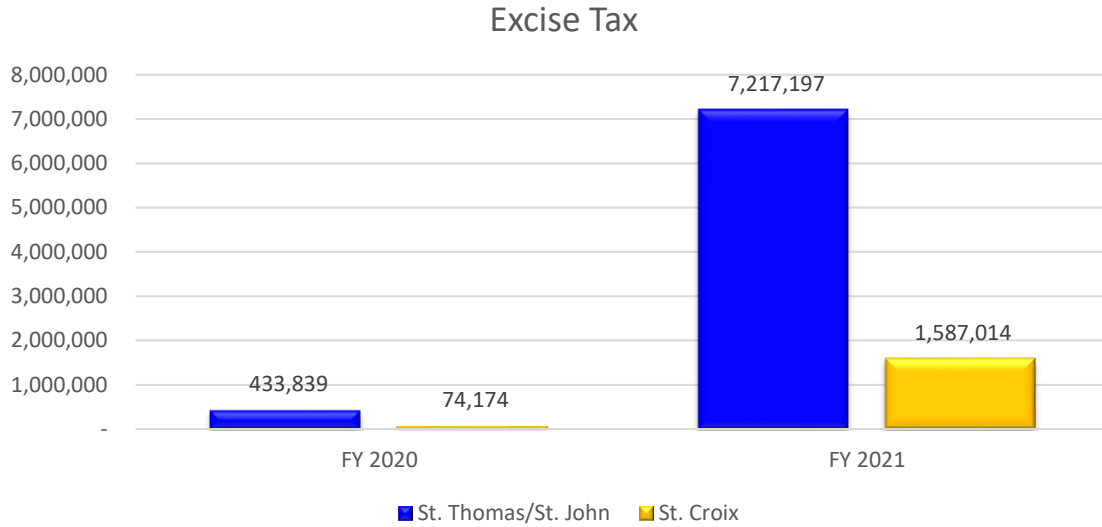
CORPORATE INCOME

The third quarter performance for Corporate Income has increased by 305% compared to FY 2020. The STT/STJ District saw a 238% increase and the STX district saw a 589% increase in third quarter collections in FY 2021 compared to second quarter FY 2020. The increase in collections can be attributed to the fact that tax filing date for FY 2020 occurred in the fourth quarter, in comparison to the third quarter in FY 2021.



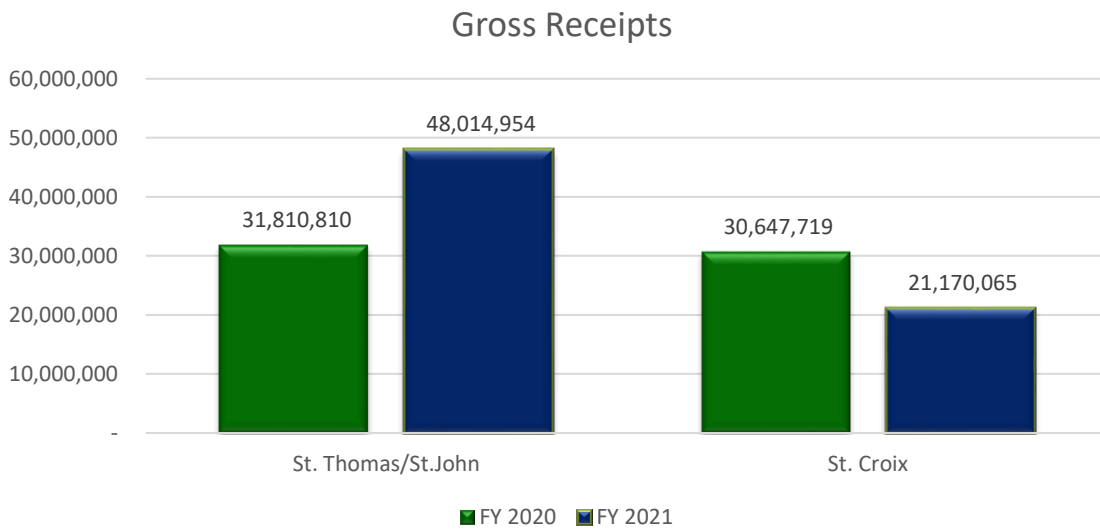
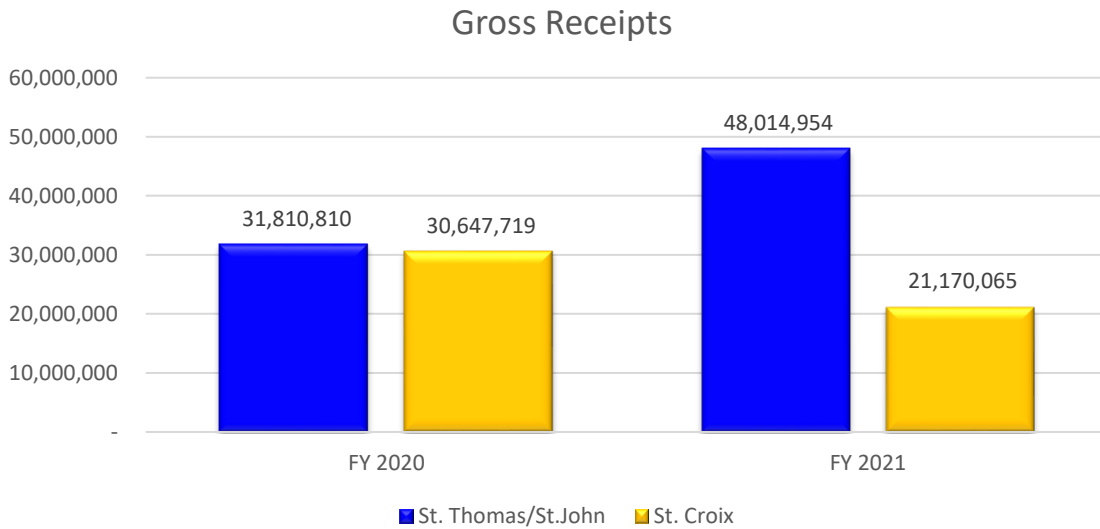
TRADE AND EXCISE

The collection of Trade and Excise Tax resumed towards the end of the second quarter on March 15, 2021. Overall, the Territory saw a 1633% increase in the third quarter of FY 2021 compared to FY 2020. STT/STJ District saw collections increase by 1564% and STX District an increase of 2040% compared to FY 2020.



GROSS RECEIPTS

FY 2021 third quarter collections for Gross Receipts Tax (GRT) increased by 11% as compared to FY 2020. The STT/STJ district increased by 51% and STX decreased by 31%. With the anticipated increase in recovery spending, we expect gross receipt collections to increase over the next quarter.



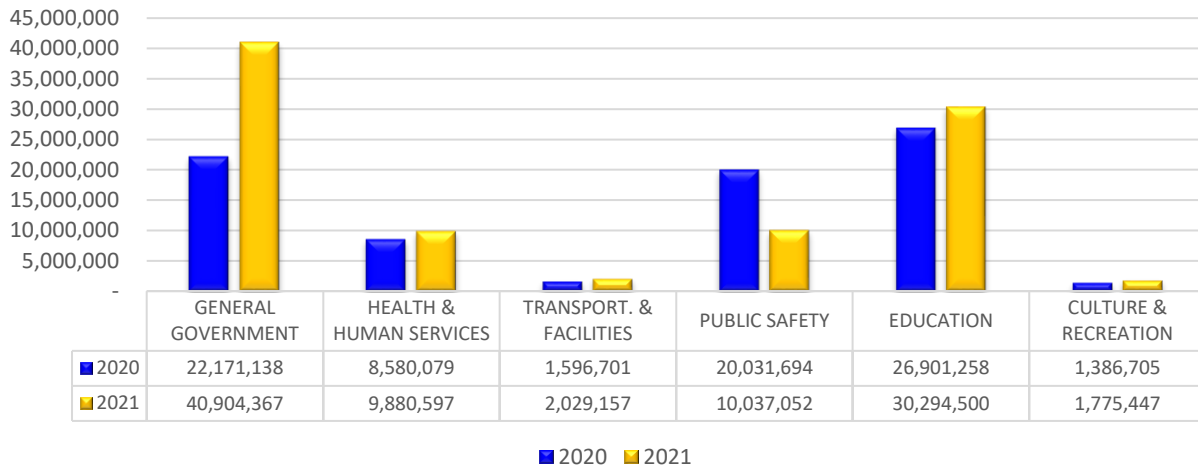
EXPENDITURES

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.

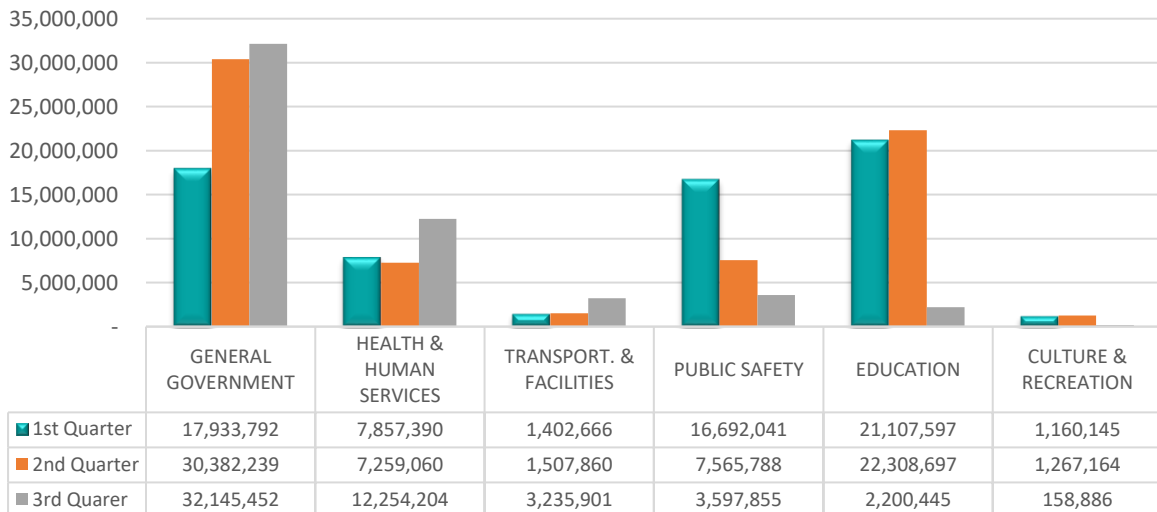
SALARIES

Actual salaries across all functions of government increased by 17.67 % for third quarter FY 2021 as compared to third quarter FY 2020. The most significant increase of 84.49% occurred in General Government. The most significant decrease of 49.89% occurred in Public Safety.

Salaries



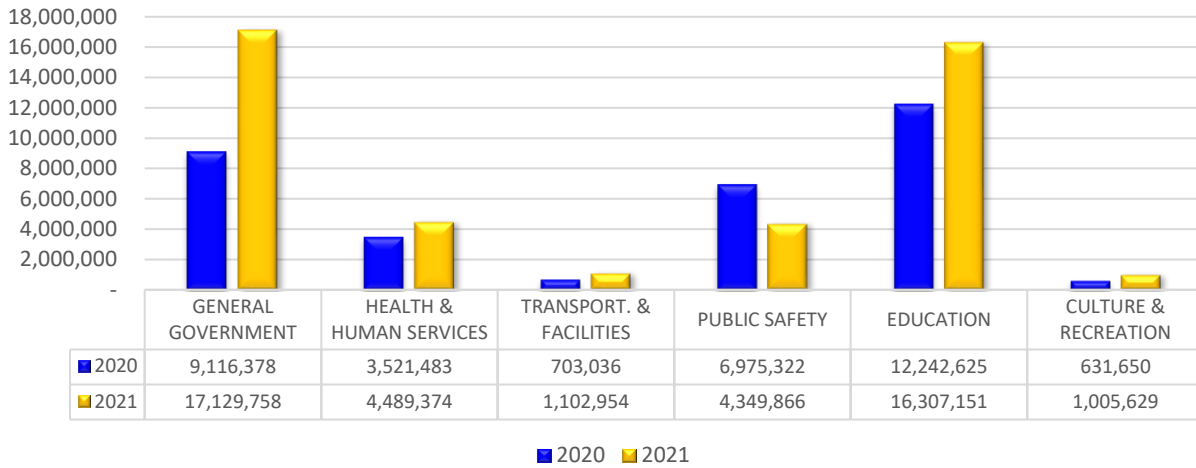
Salaries



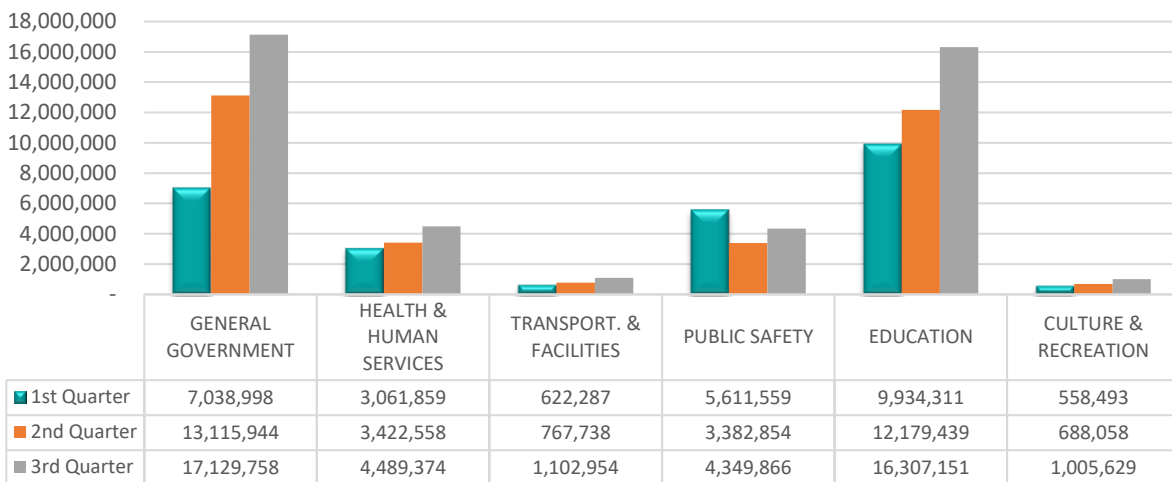
FRINGE BENEFITS

Fringe Benefits increased by 33.73% in third quarter FY 2021 compared to second quarter FY 2020. The most notable increases were in General Government at 87.90%, Culture and Recreation at 59.21%, and Health and Transport & Facilities at 59.21%. There was a significant decrease in Public Safety by 37.64%.

Fringe Benefits



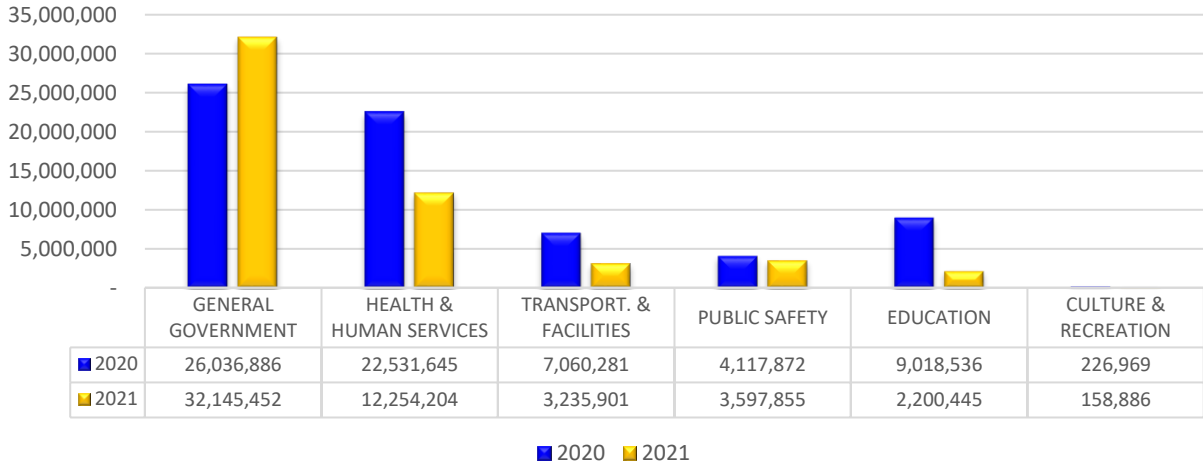
Fringe Benefits



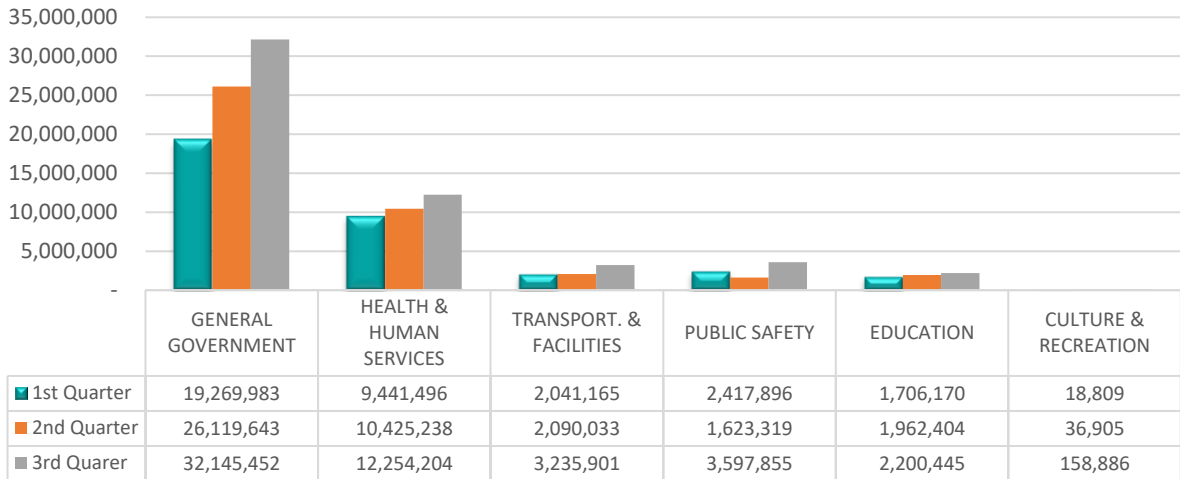
OTHER SERVICES

Other Services saw an overall decrease of 22.32% in third quarter FY 2021 compared to the same quarter in FY 2020. Notable decreases were in Education at 78.24%, Transport and Facilities at 54.17%, and Health & Human Services at 45.61%. There was a notable increase in General Government at 23.46%.

Other Services



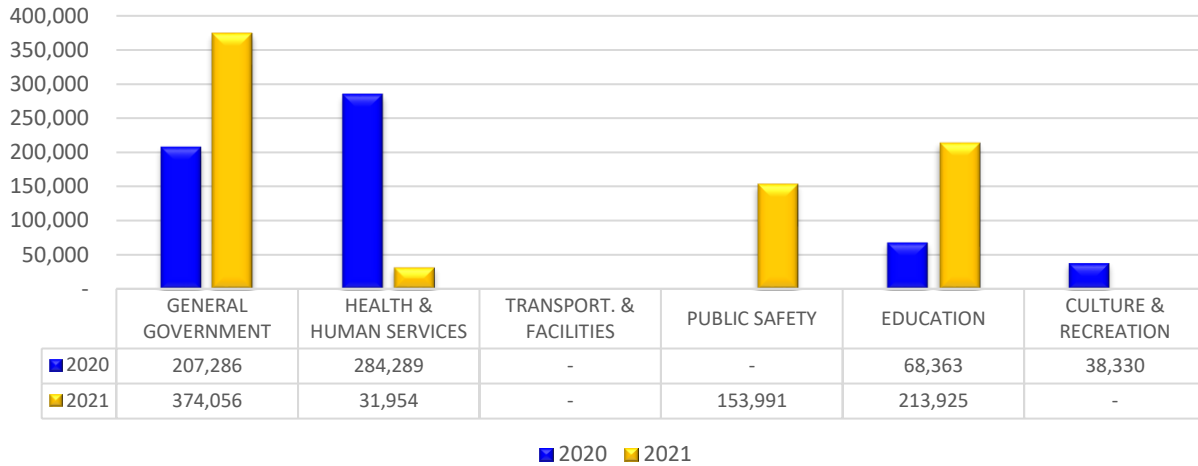
Other Services



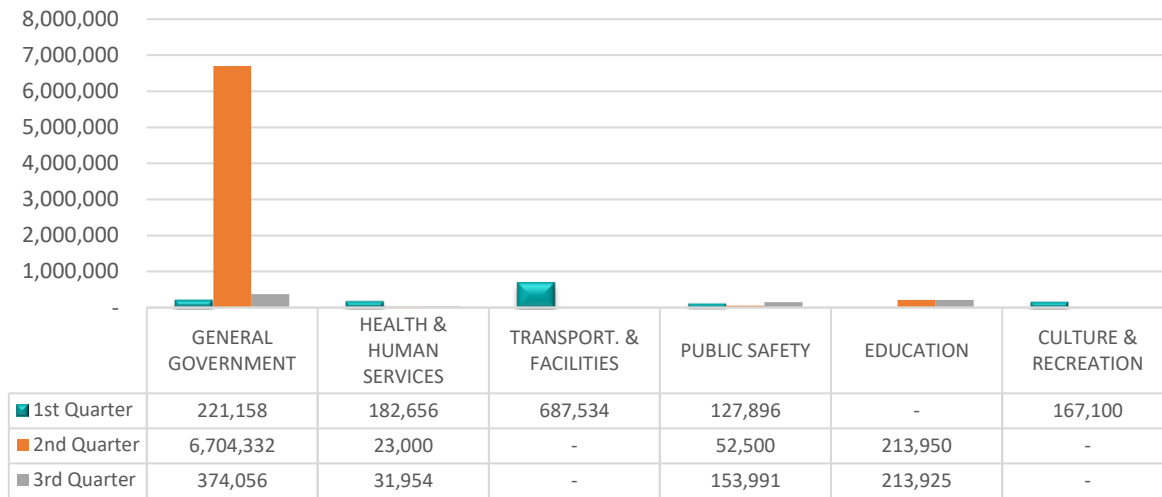
CAPITAL PROJECTS

Capital projects increased 29.36% in third quarter FY 2021 as compared to FY 2020. The most notable increase was seen in Education at 212.93% and General Government at 80.45%. The most substantial decrease occurred with Culture and Recreation at 100% and Health & Human Services by 88.76%.

Capital Projects



Capital Projects



SUMMARY

In summary, the Territory saw an overall increase of 21% in Total Operating Income. Specifically, Total Taxes decreased by 21% while Total Other Revenues increased by 20%. Overall, this represented a 125% increase in Total Revenue collections for third quarter FY 2021 when compared to FY 2020. The most notable decrease was seen in Real Property at 59%, Fines, Forfeits & Permits at 43%, and Miscellaneous Revenues at 37%. By contrast the most notable increases are Excise Tax at 664%, Corporate Franchise at 264%, and Stamp Tax at 76%. The Total Revenues as of June for FY 2021 was \$1.3 billion compared to \$583.7 million for FY2020. The notable difference in total revenues can be attributed to a one-time other contribution source, specifically from the American Rescue Plan Act Fund, in the amount of \$525.6 million. From a cash flow perspective, at the end of the Third quarter FY 2021, specifically the week ended July 2, 2021, the Territory had a negative cash flow of \$6.6 million and a positive cash balance of \$150.1 million with 55 days cash on hand.