

U.S. VIRGIN ISLANDS
OFFICE OF MANAGEMENT & BUDGET



FISCAL YEAR 2021

4th QUARTER REVENUE & EXPENDITURE REPORT



UNITED STATES VIRGIN ISLANDS

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September 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 fourth 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 fourth quarter FY2021 are at a slight decline. The Territory has seen a decrease in collections for all major revenue categories; except for Corporate Tax and Excise. This fourth 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

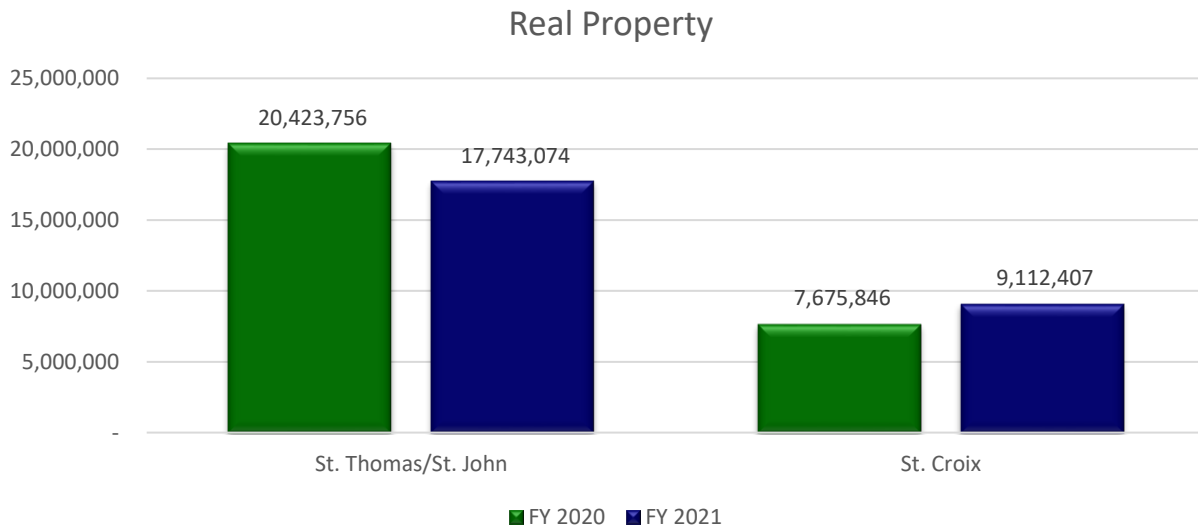
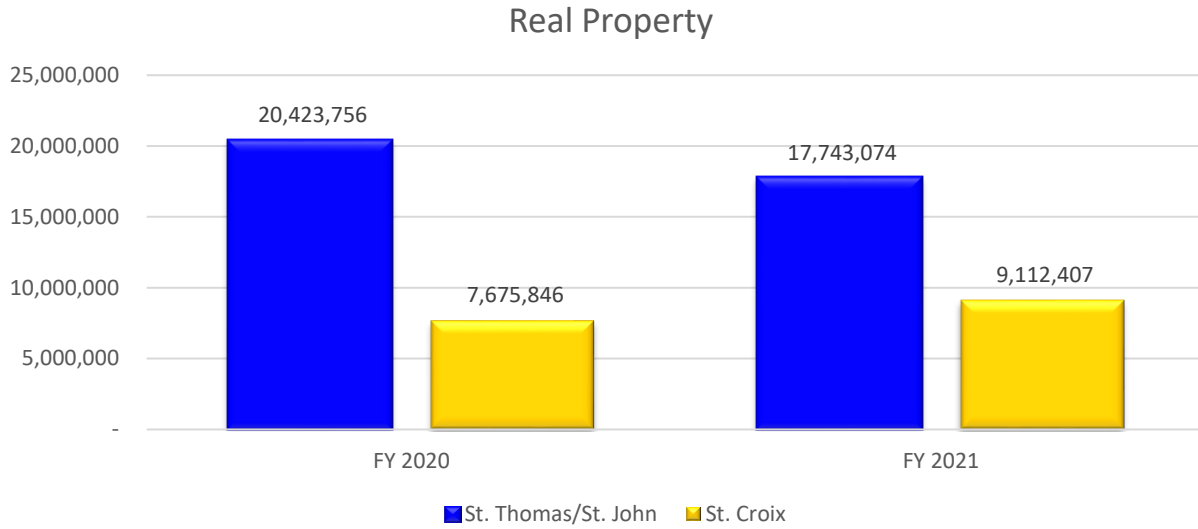
The information provided in this report are the most accurate available as of the date of composition. Furthermore, the report does not purport to be audited financial statements and as such, the numbers are preliminary and subject to change. The information provided here are not final. For final numbers,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

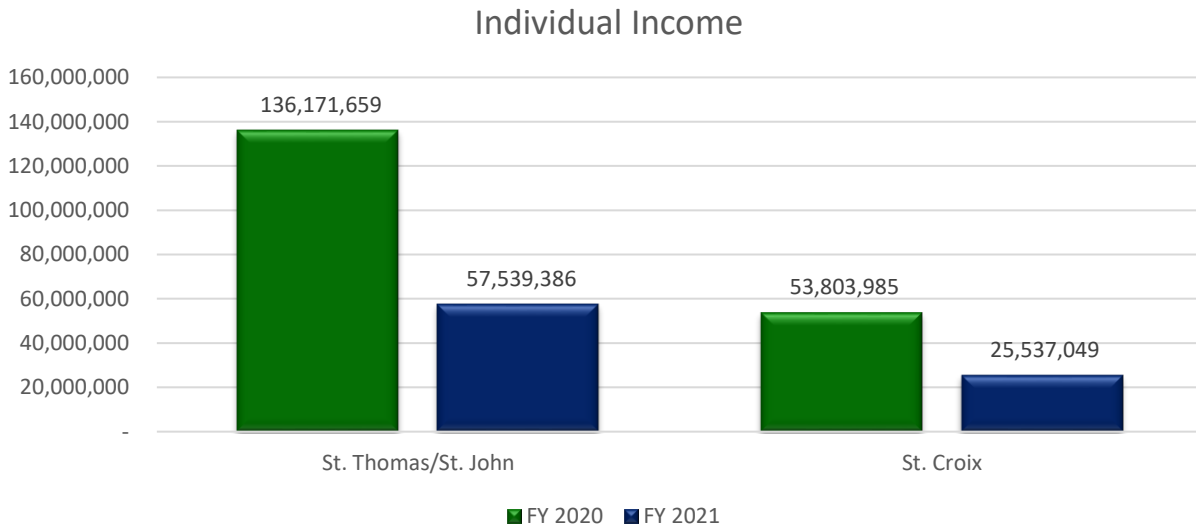
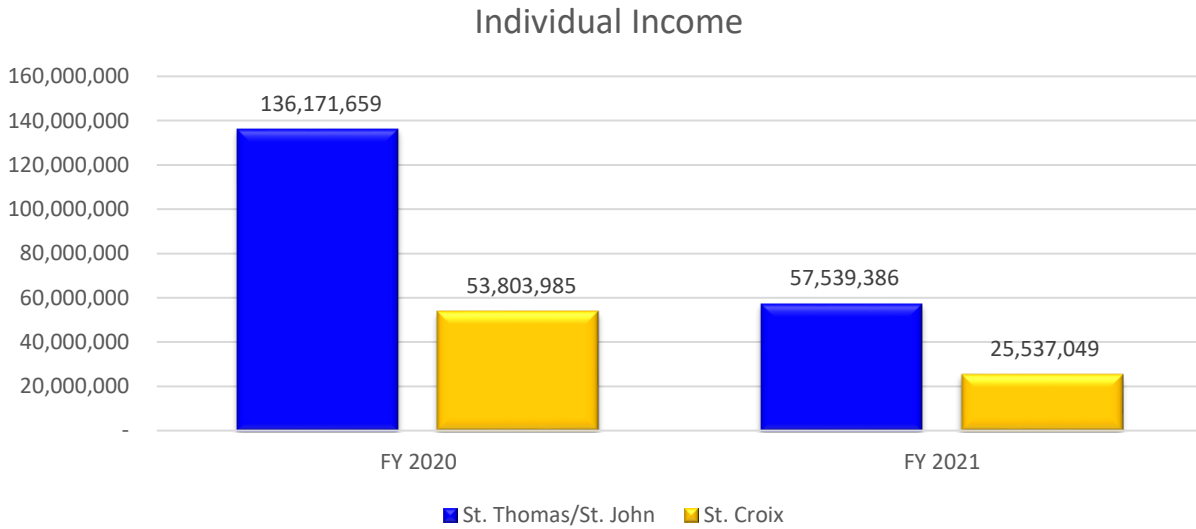
REAL PROPERTY

Compared to FY 2020, Real Property Tax collections in fourth quarter FY 2021 decreased 4%. Collections are down in one district; STT/STJ saw a decrease of 13% and STX an increase of 19% when compared to FY 2020.



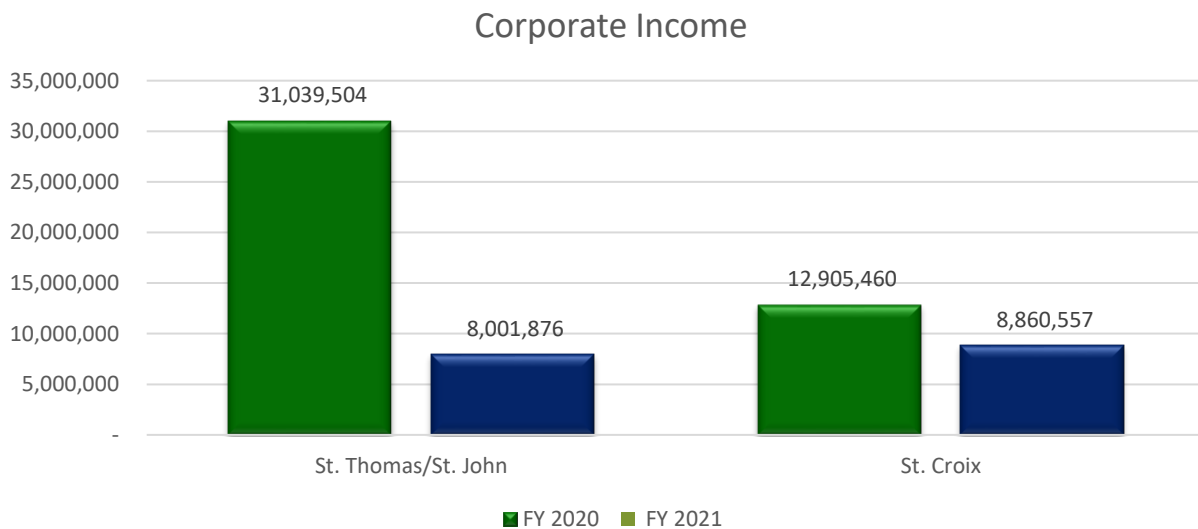
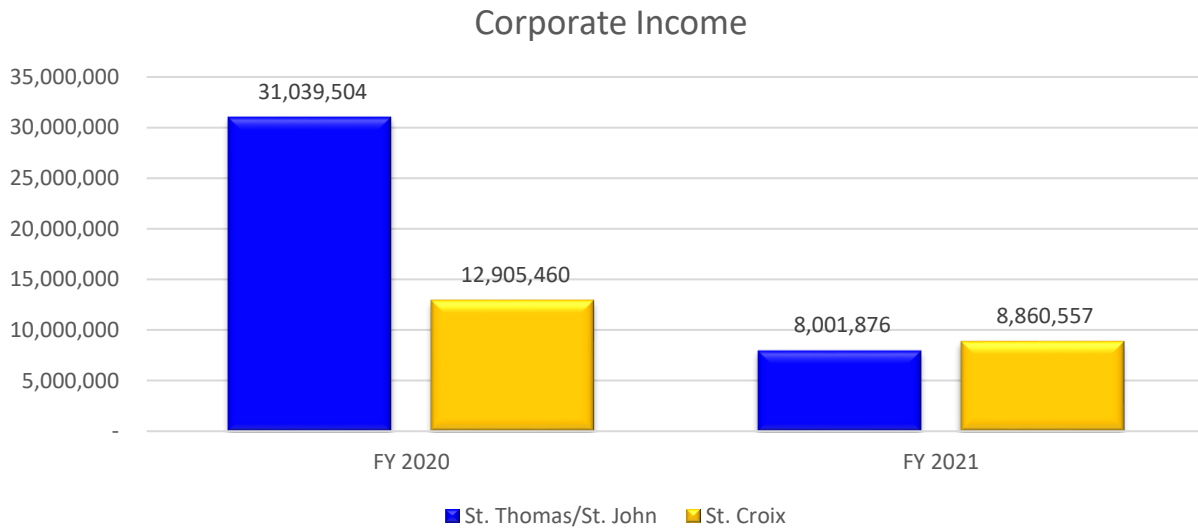
INDIVIDUAL INCOME

Overall, Individual Income collections decreased by 56% in fourth quarter FY 2021 compared to fourth quarter FY 2020. Both the STT/STJ and STX districts decreased in collection compared to FY 2020. STT/STJ decreased by 58% and STX decreased by 53%. The decrease in collections can be attributed to the fact that tax filing date for FY 2020 occurred in the fourth quarter, in comparison to the fourth quarter in FY 2021.



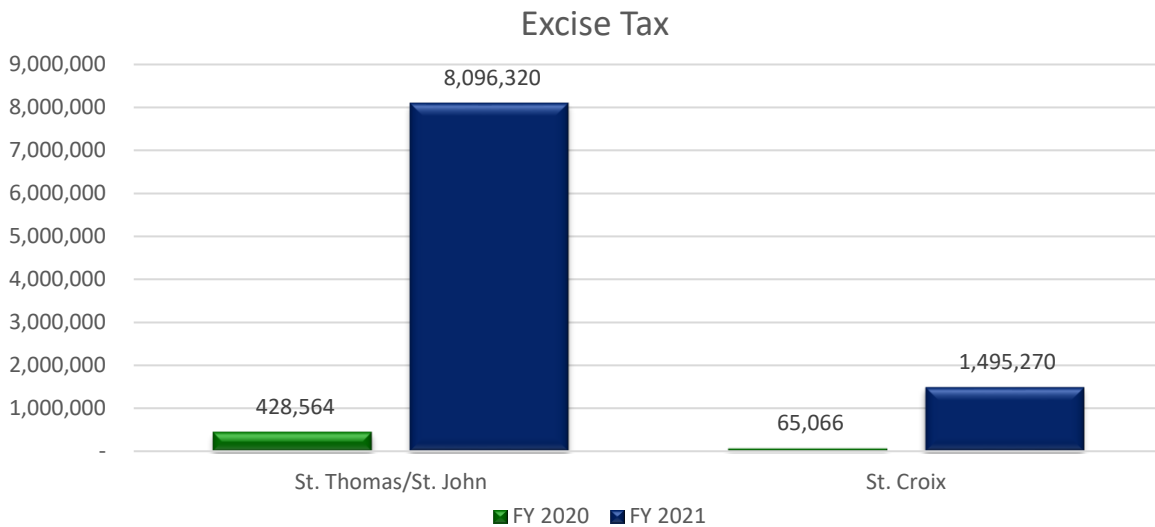
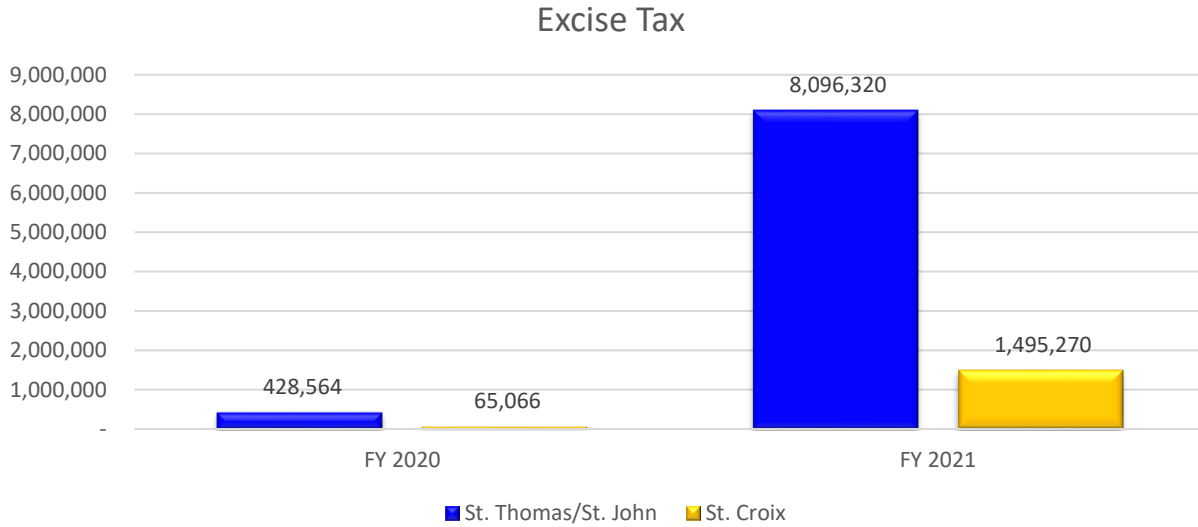
CORPORATE INCOME

The fourth quarter performance for Corporate Income has decreased by 62% compared to FY 2020. The STT/STJ District saw a 74% decrease and the STX district saw a 31% decrease in fourth quarter collections in FY 2021 compared to fourth quarter FY 2020. The decrease 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.



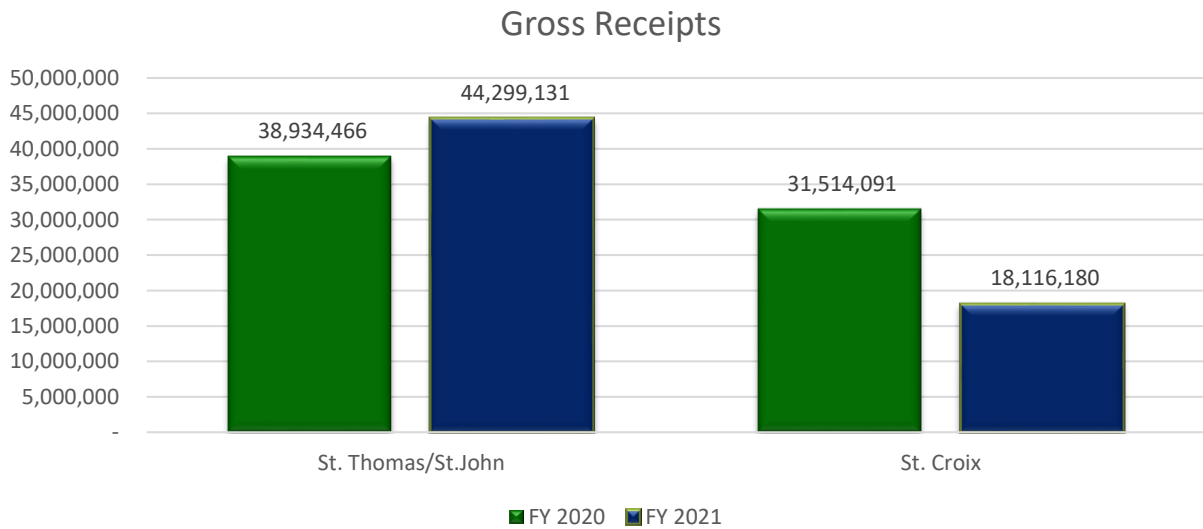
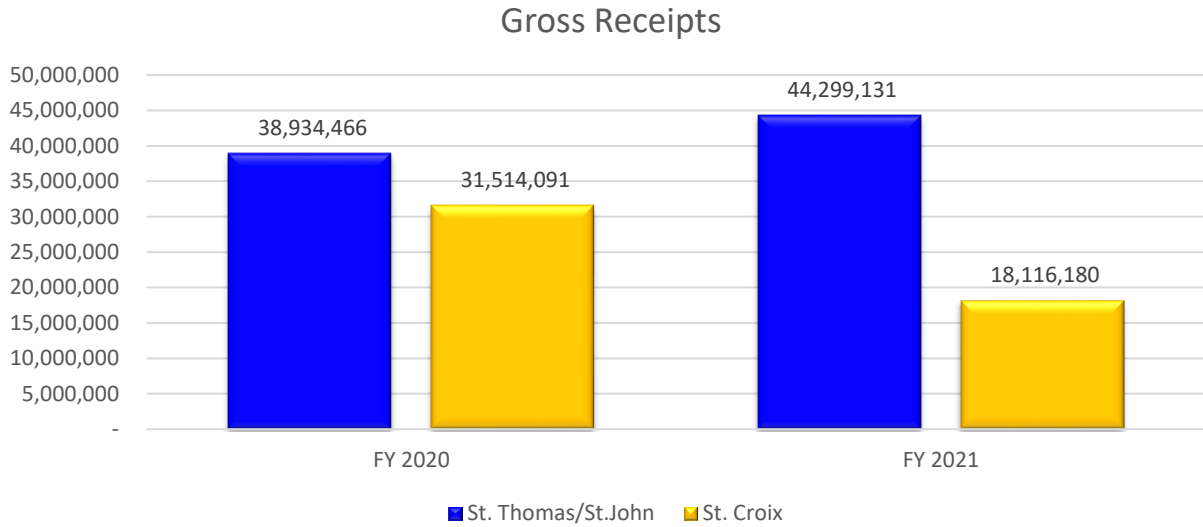
TRADE AND EXCISE

The collection of Trade and Excise Tax resumed towards the end of the second quarter on March 15, 2021. Overall, the Territory saw a 1843% increase in the fourth quarter of FY 2021 compared to FY 2020. STT/STJ District saw collections increase by 1789% and STX District an increase of 2198% compared to FY 2020.



GROSS RECEIPTS

FY 2021 fourth quarter collections for Gross Receipts Tax (GRT) decreased by 11% as compared to FY 2020. The STT/STJ district increased by 14% and STX decreased by 43%. With the anticipated increase in recovery spending, we expect gross receipt collections to increase over the next quarter.

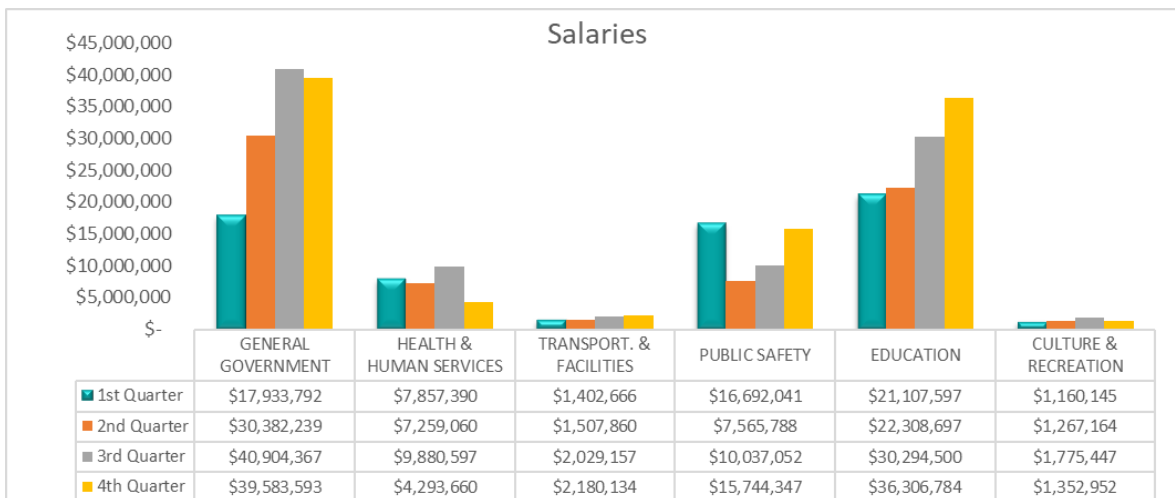
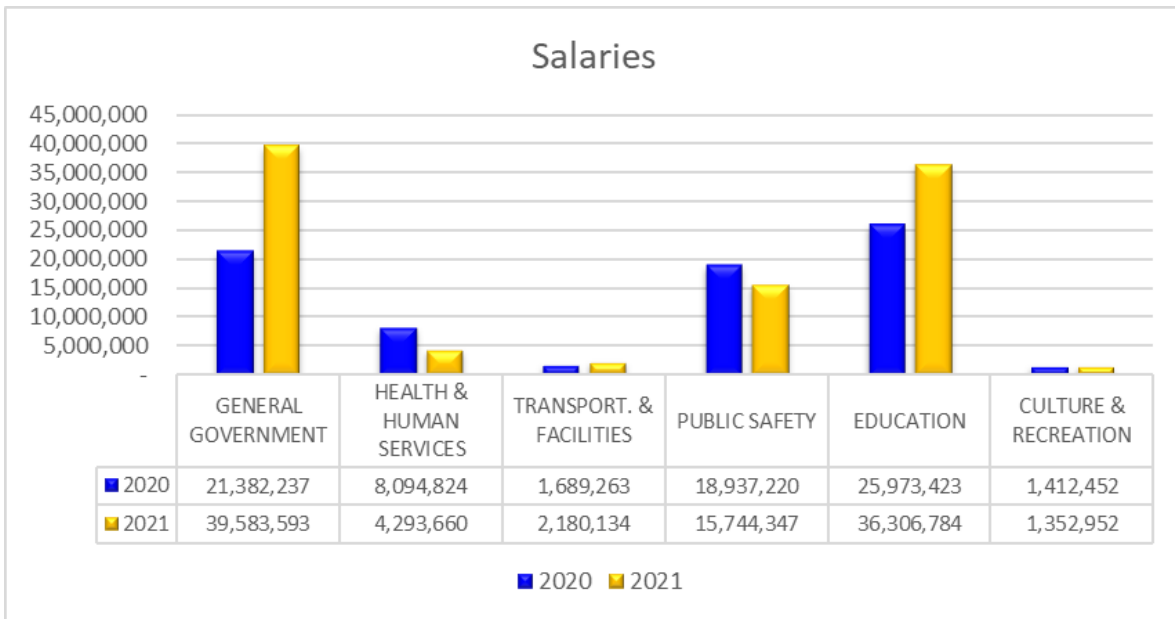


EXPENDITURES

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.

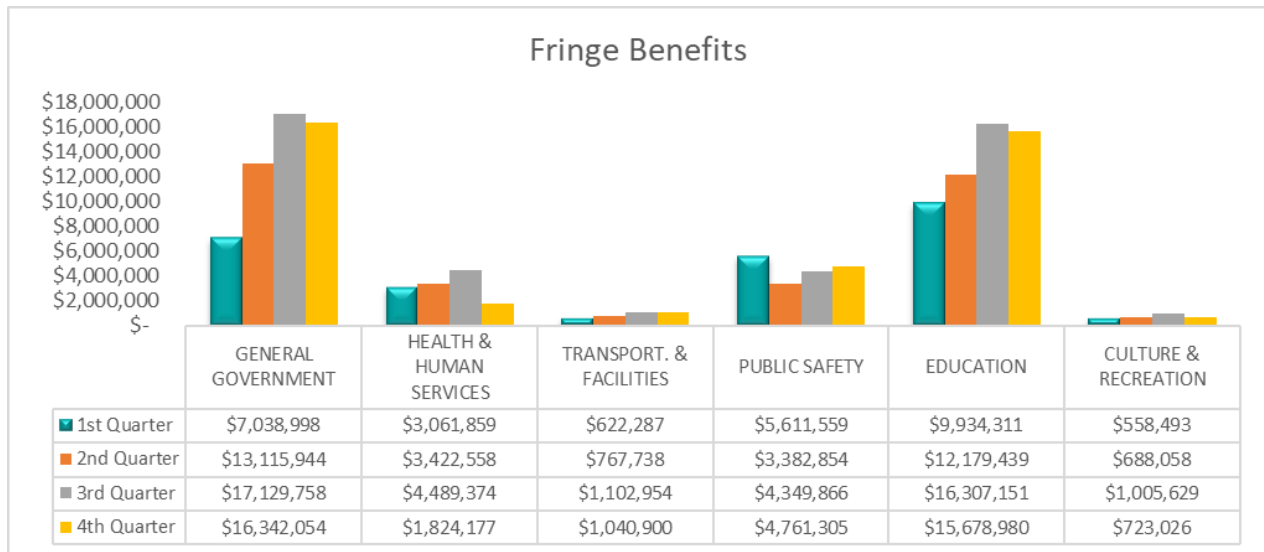
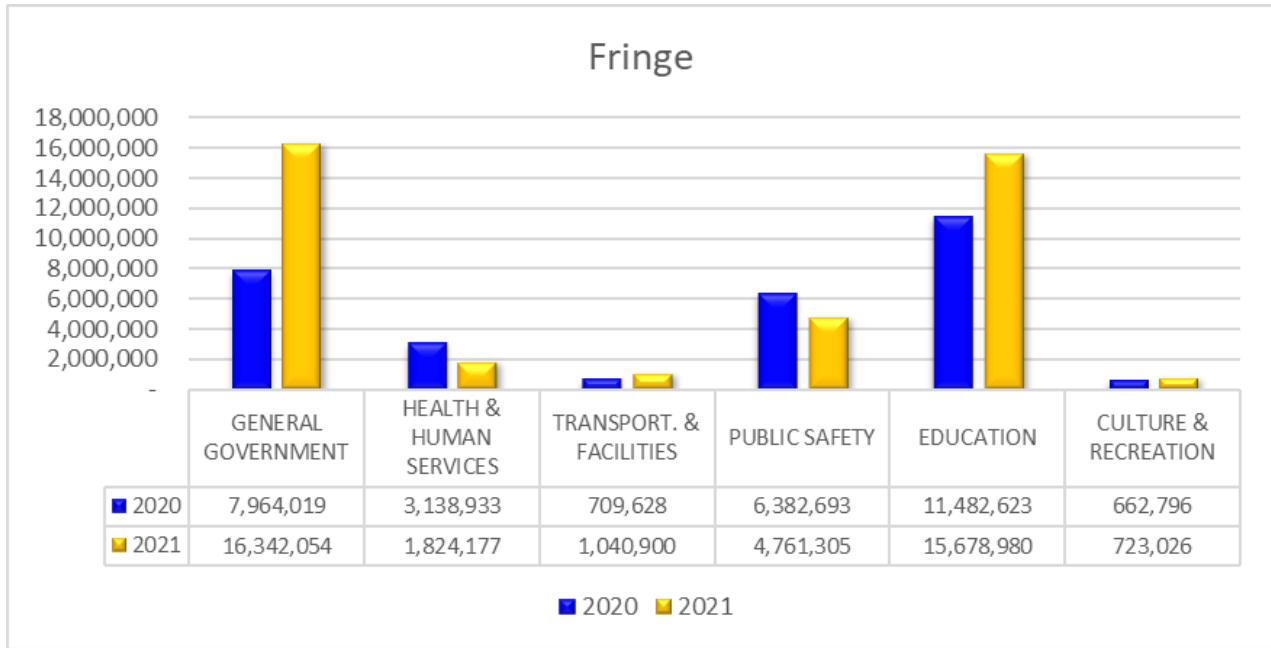
SALARIES

Actual salaries across all functions of government increased by 28% for fourth quarter FY 2021 as compared to fourth quarter FY 2020. The most significant increase of 85% occurred in General Government, Education by 39%, and 29% for Transportation. The most significant decreases of 16% occurred in Public Safety and Health and Human Services by 46%.



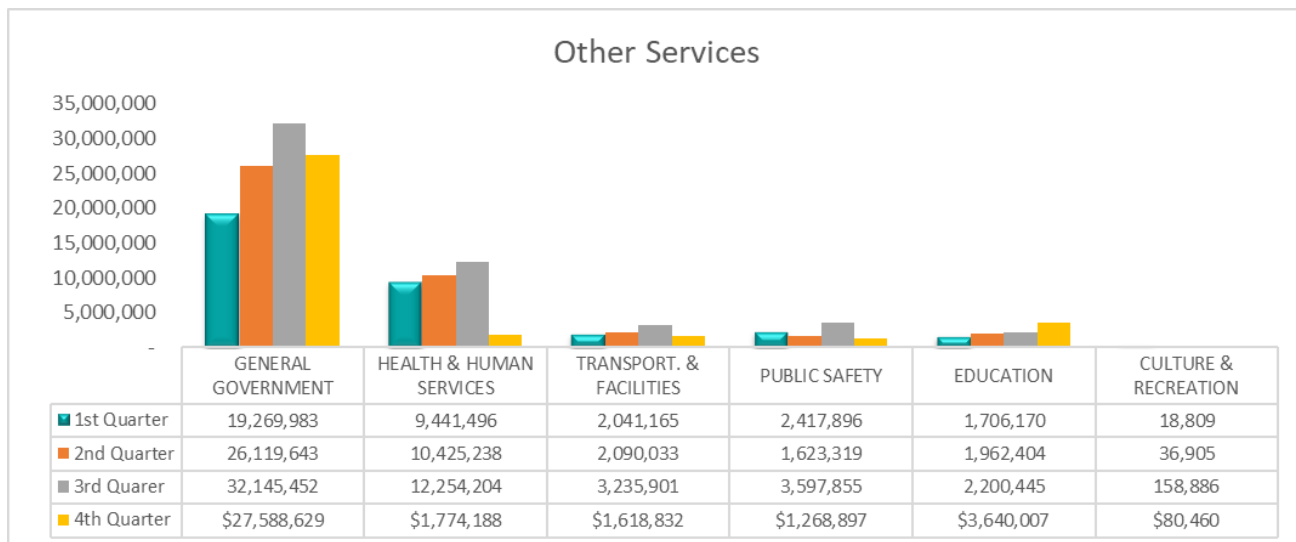
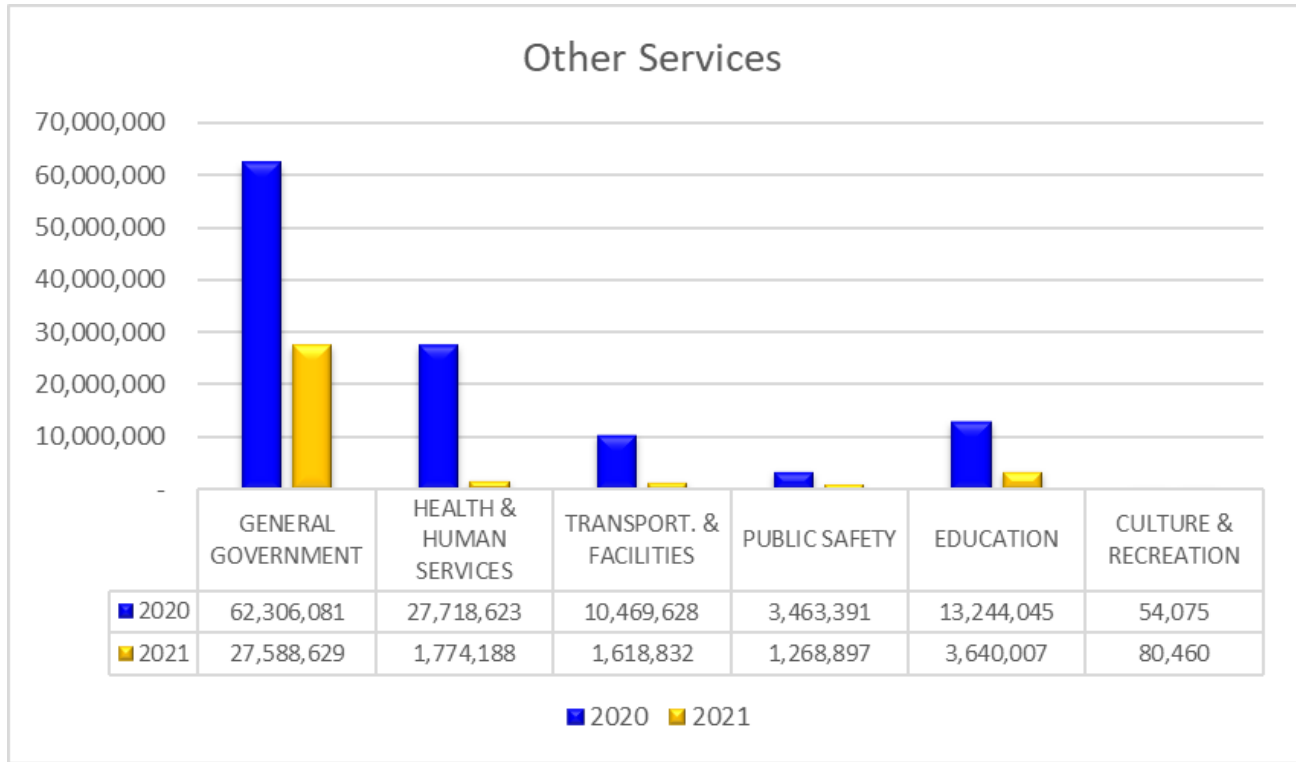
FRINGE BENEFITS

Fringe Benefits increased by 33% in the fourth quarter FY 2021 compared to fourth quarter FY 2020. The most notable increases were in General Government at 105%, Education by 36% and Transportation by 46%. The two categories that saw a decrease is Health and Human Services at 41% and Public Safety, at 25%.



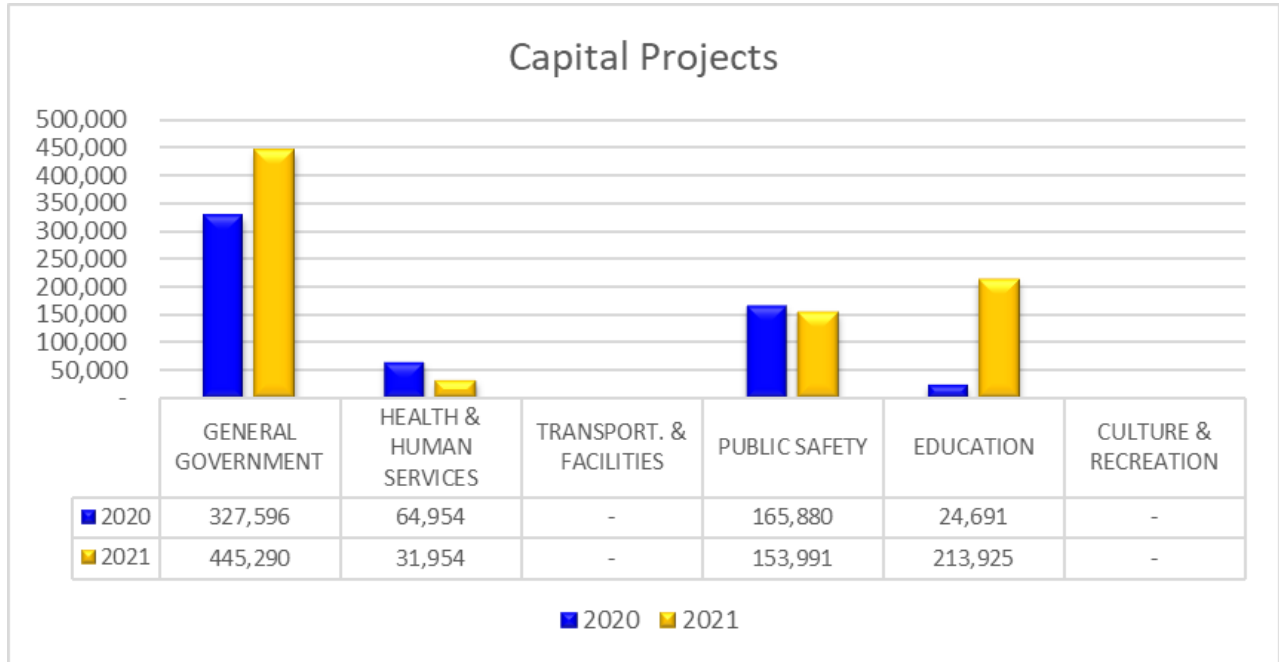
OTHER SERVICES

Other Services saw an overall a decrease of 69% in fourth quarter FY 2021 compared to the same quarter in FY 2020. All expenditure categories saw reductions in FY 2021 as compared to FY 2020.



CAPITAL PROJECTS

Capital projects increased 45% in fourth quarter FY 2021 as compared to FY 2020. The most notable increases were seen in General Government at 26%, and Education at 88%. Notable decrease was found in Health and Human Services at 88%.



SUMMARY

In summary, the Territory saw an overall decrease of 3% in Total Operating Income. Specifically, Total Taxes decreased by 3% while Total Other Revenues decreased by 9%. Overall, this represented a 12% increase in Total Revenue collections for fourth quarter FY 2021 when compared to FY 2020*. The most notable decreases were seen in Miscellaneous Revenues at 63% and Real Property Tax at 40%. By contrast the most notable increases are Excise Tax at 973%, Corporate Franchise at 100%, and Stamp Tax at 38%. The Total Revenues as of September for FY 2021 was \$1.57 billion compared to \$928.3 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 \$531.2 million. From a cash flow perspective, at the end of the Fourth quarter FY 2021, specifically the week ended October 1, 2021, the Territory had a positive cash flow of \$29.8 million and a positive cash balance of \$161 million with 59 days cash on hand.

*Removing \$531.2M for the American Rescue Plan Act