

FISCAL YEAR 2025
2ND QUARTER
REVENUE &
EXPENDITURE
REPORT

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EXECUTIVE SUMMARY

This quarterly report presents an overview of the Territory's actual collections of General Fund revenues and expenditures for the second quarter of Fiscal Year (FY) 2025, compared to the same period in FY 2024. The report highlights notable trends across major revenue sources and expenditure categories that are most critical to the General Fund's fiscal performance.

The purpose of this public report is to support ongoing fiscal oversight and transparency. By closely monitoring revenue collections and expenditure patterns on a quarterly basis, the Territory is better positioned to identify emerging trends and proactively respond to changing fiscal conditions. These reports also reinforce the Government's commitment to accountability by providing taxpayers and stakeholders with clear, accessible information on the use and stewardship of public funds.

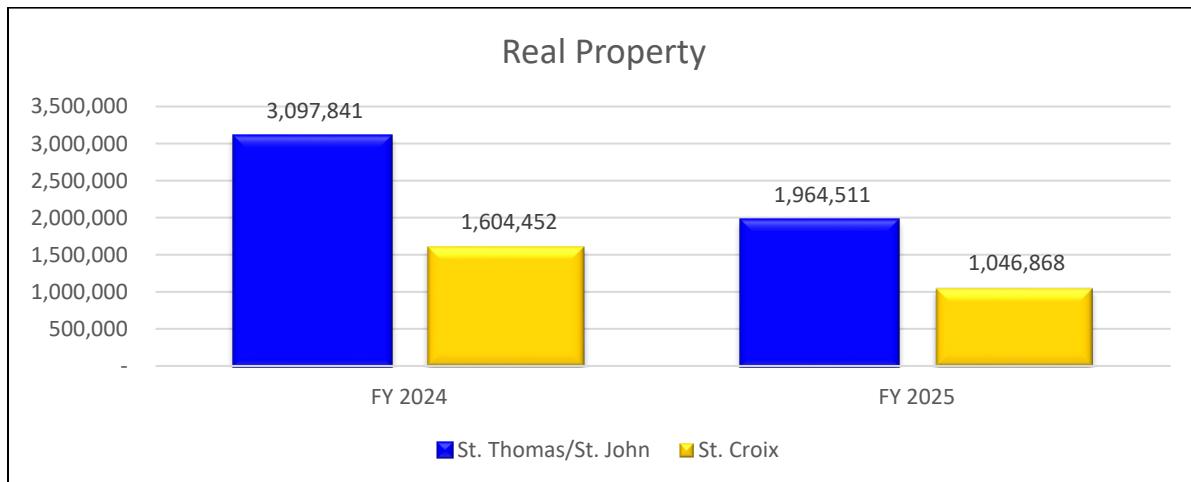
During the second quarter of FY 2025, General Fund revenue performance reflected mixed results across major revenue categories when compared to FY 2024. While certain categories experienced declines, others demonstrated notable growth, underscoring the importance of continued monitoring to assess sustainability and longer-term fiscal implications. This report focuses exclusively on the performance of General Fund revenues and expenditures. Information related to other major funds, including fund balances and supporting legislative authority, is available in the Budget Book published on the Office of Management and Budget's website. Future iterations of this report will seek to expand the scope of analysis beyond the General Fund to provide a more comprehensive view of the Territory's overall fiscal position.

All financial data presented herein reflect the most accurate information available at the time of report preparation. The figures have not been audited and should be considered preliminary and subject to revision. Final audited results will be provided through the Financial Audit Report issued by the Department of Finance.

The primary revenue categories analyzed in this report include Real Property, Individual Income, Corporate Income, Trade and Excise, and Gross Receipts Taxes, which have historically represented the most significant sources of General Fund revenue. Revenues outside of operating income, including transfers to the General Fund, are included where necessary to present a complete picture of overall collections.

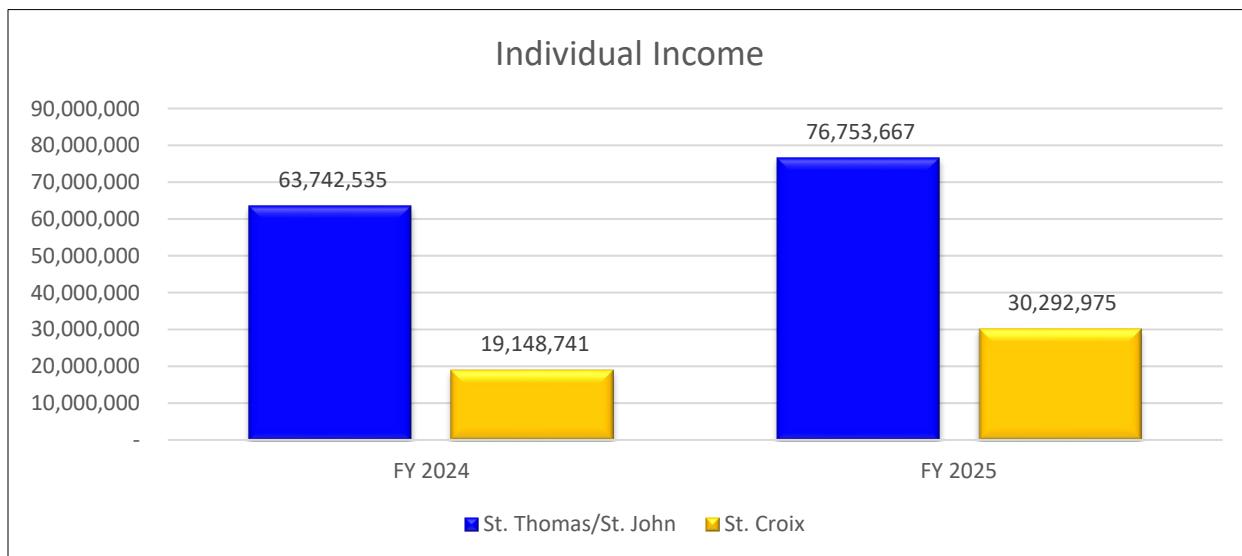
REAL PROPERTY

Real Property Tax collections declined across both districts during the second quarter of FY 2025 compared to FY 2024, representing the largest contraction among major General Fund revenue sources. The continued decline warrants close monitoring given the historical stability of this revenue category.



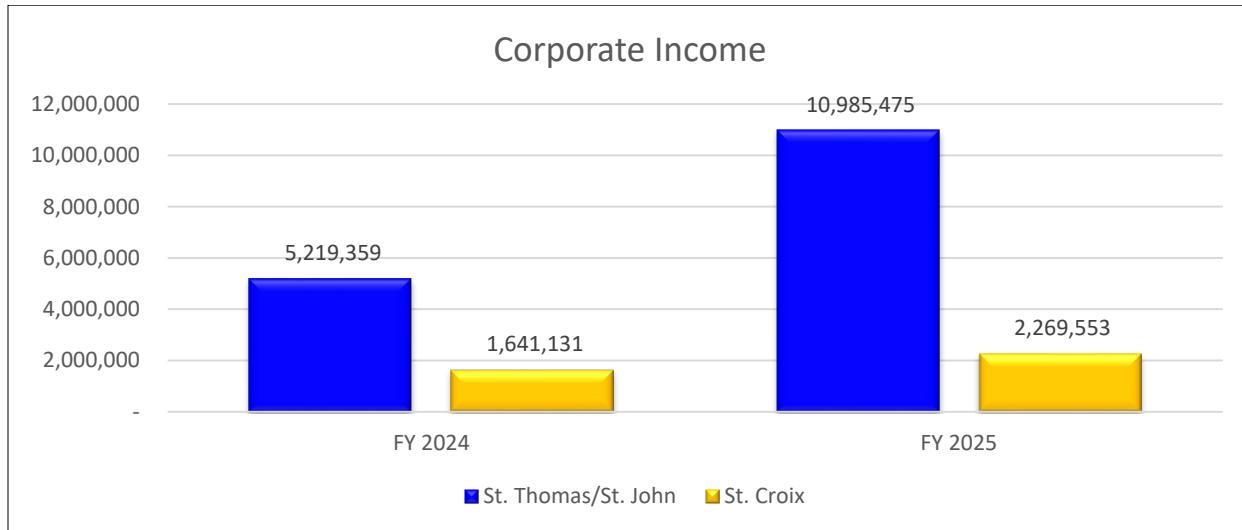
INDIVIDUAL INCOME

Individual Income Tax collections demonstrated strong year-over-year growth during the second quarter of FY 2025. Overall collections increased by 29 percent compared to the second quarter of FY 2024. District-level performance reflected uneven but positive outcomes across both districts. Collections in St. Thomas/St. John (STT/STJ) increased by 20 percent, while St. Croix (STX) experienced a significantly higher increase of 58 percent compared to the same period in FY 2024. The sharp growth in STX materially contributed to overall Individual Income Tax gains during the quarter and reflects improved income tax performance relative to the prior fiscal year.



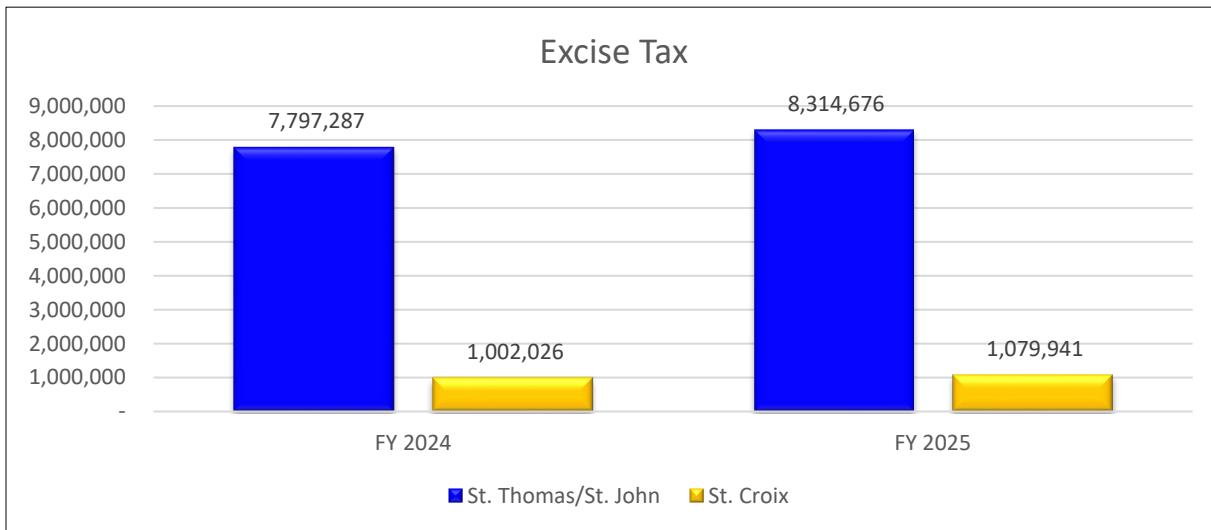
CORPORATE INCOME

Corporate Income Tax collections recorded a substantial increase during the second quarter of FY 2025 when compared to the same period in FY 2024. Total collections increased by 93 percent year-over-year. Growth was primarily driven by the St. Thomas/St. John District, which reported a 110 percent increase over second quarter FY 2024 collections. The St. Croix District also recorded positive growth of 38 percent during the same period. The strong performance across both districts contributed meaningfully to Total Operating Income growth during the quarter.



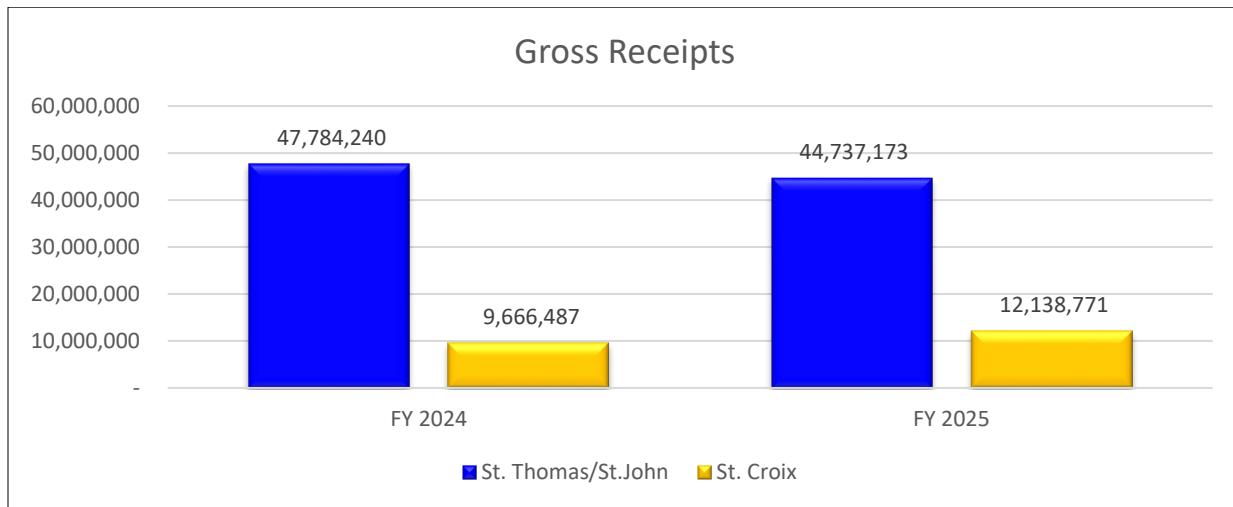
TRADE AND EXCISE

Trade and Excise Tax collections reflected moderate growth during the second quarter of FY 2025. Overall collections increased by 7 percent compared to the second quarter of FY 2024. At the district level, STT/STJ collections increased by 7 percent, while STX collections increased by 8 percent year-over-year. These increases indicate steady consumption and import activity during the reporting period, contributing positively to General Fund revenues despite broader category-level fluctuations.



GROSS RECEIPTS

Gross Receipts Tax (GRT) collections in the second quarter of FY 2025 declined slightly when compared to the same period in FY 2024. Overall collections decreased by 1 percent year-over-year. District-level performance varied significantly. STT/STJ collections declined by 6 percent, while STX collections increased by 26 percent compared to second quarter FY 2024. Despite the overall decline, collections for the remainder of the fiscal year are anticipated to improve in the near term based on current trends.

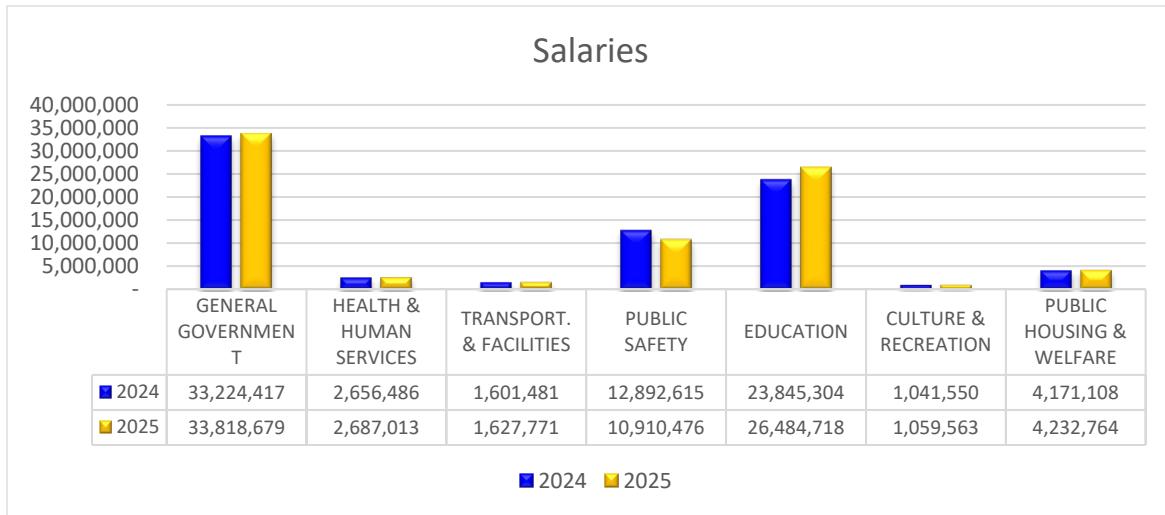


EXPENDITURES

As with previous iterations of this report, the expenditure presented in this report reflects 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 expenditure 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.

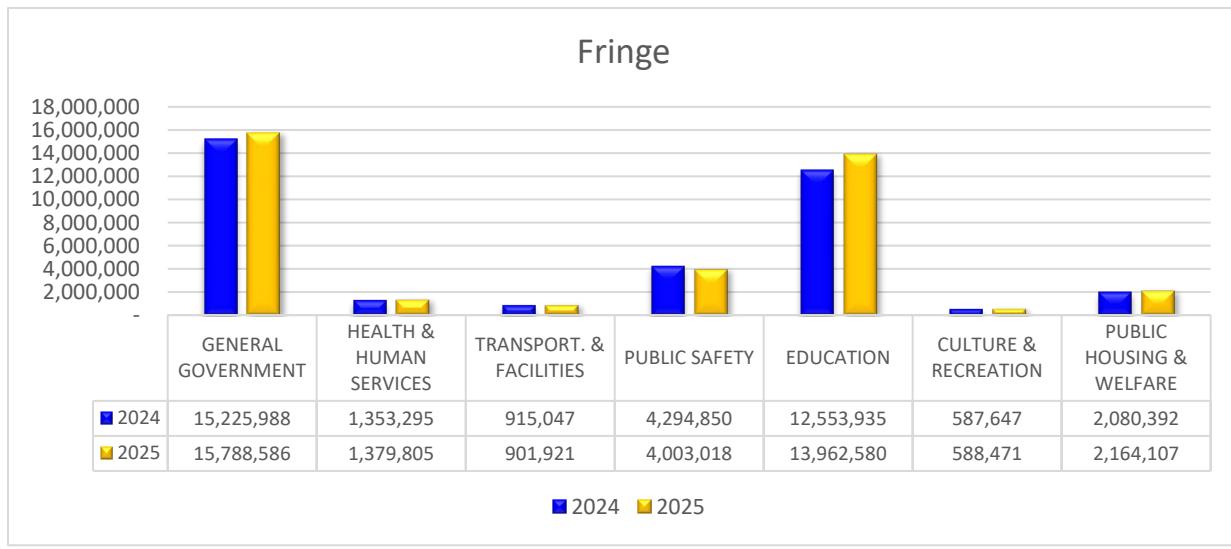
SALARIES

Total General Fund salary expenditures increased by approximately 1.8 percent during the second quarter of FY 2025 compared to the same period in FY 2024. At the functional level, Public Safety experienced the most significant decrease, with expenditures declining by 15.3 percent, while Education recorded a notable increase of 11 percent year-over-year. Other functional categories exhibited modest changes consistent with expected staffing and payroll patterns during the reporting period. Overall, salary expenditures remained relatively stable across most governmental functions.



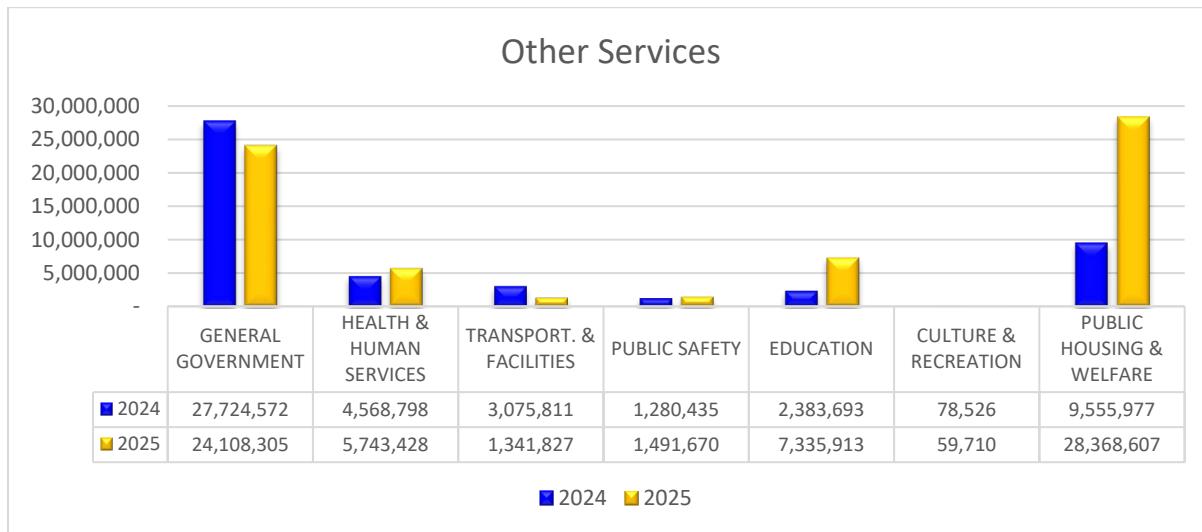
FRINGE BENEFITS

Fringe Benefit expenditures increased by 4.8 percent during the second quarter of FY 2025 compared to the same quarter in FY 2024. Most functional categories experienced either decreases or minimal growth during the quarter. However, Education recorded a significant increase of 11.2 percent, contributing materially to overall growth in fringe benefit expenditures. Conversely, Health & Human Services and Transportation & Facilities experienced decreases during the reporting period.



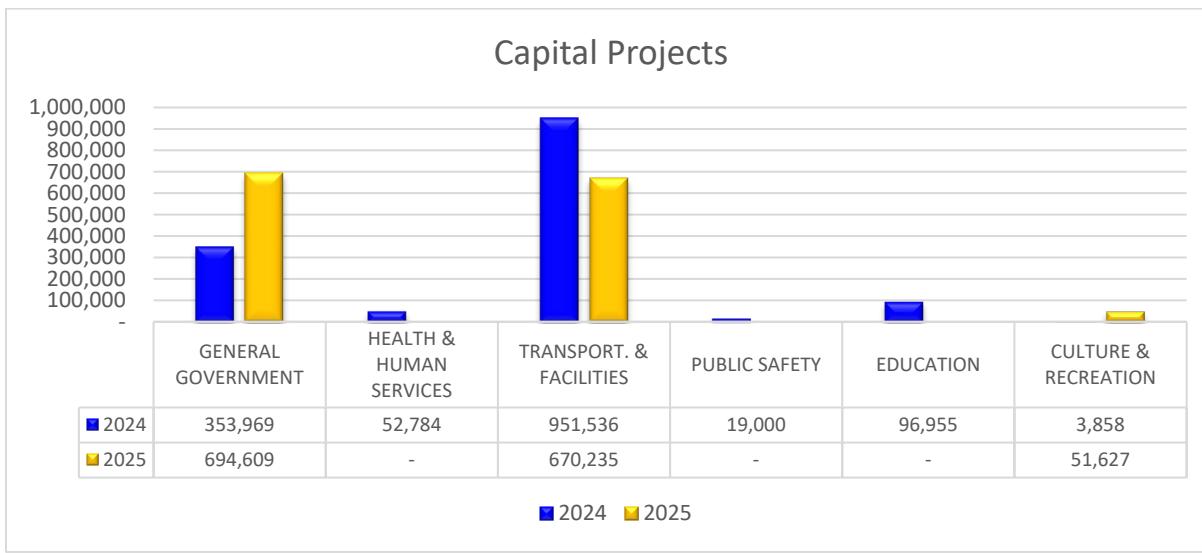
OTHER SERVICES

Expenditures for Other Services increased substantially during the second quarter of FY 2025, rising by 40.7 percent compared to the same quarter in FY 2024. Growth in this category was driven primarily by Education, which recorded a 207 percent increase year-over-year. Additional functional increases were observed in Public Housing & Welfare, while select categories experienced reductions. The significant variance across functions reflects the discretionary and project-driven nature of Other Services expenditures.



CAPITAL PROJECTS

Capital Project expenditures during the second quarter of FY 2025 were lower overall when compared to the same period in FY 2024, reflecting reduced or delayed activity across most functional categories. Despite the overall decline, expenditures within Culture & Recreation increased significantly on a year-over-year basis, reflecting project-specific timing rather than a broader expansion of capital spending. Other functional areas recorded minimal or no capital activity during the quarter. As a result, total Capital Project expenditures for FY 2025 remain below FY 2024 levels.



SUMMARY

During the second quarter of FY 2025, General Fund revenue performance reflected mixed results, with declines in Real Property revenues partially offset by growth in income-based taxes. On the expenditure side, salary costs increased modestly, reflecting compensation-related adjustments, while Fringe Benefits and Other Services recorded higher spending consistent with rising personnel-related costs and programmatic activity in select functional areas. Capital Project expenditures declined overall, despite increased spending within Culture & Recreation driven by project timing.