

FISCAL YEAR 2026
1ST QUARTER
REVENUE &
EXPENDITURE
REPORT

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EXECUTIVE SUMMARY

This First Quarter Fiscal Year (FY) 2026 Revenue and Expenditure Report provides an overview of the Territory's actual General Fund revenue collections and expenditures for the first quarter of FY 2026, as compared to the same period in FY 2025. The analysis highlights key trends in major revenue streams and expenditure categories and is intended to support the Government's ongoing fiscal monitoring and transparency efforts.

Overall, General Fund revenue performance in the first quarter of FY 2026 reflects mixed results across major revenue categories. While certain revenue sources experienced growth, most major tax categories recorded declines when compared to the first quarter of FY 2025. Gross Receipts Tax collections increased by 2 percent, driven by gains in both districts, with particularly strong growth in St. Thomas. Trade and Excise Tax collections declined modestly by 4 percent overall, reflecting divergent district-level performance. In contrast, Individual Income Tax, Corporate Income Tax, and Real Property Tax collections decreased year-over-year, with Real Property Tax experiencing the most significant decline during the quarter.

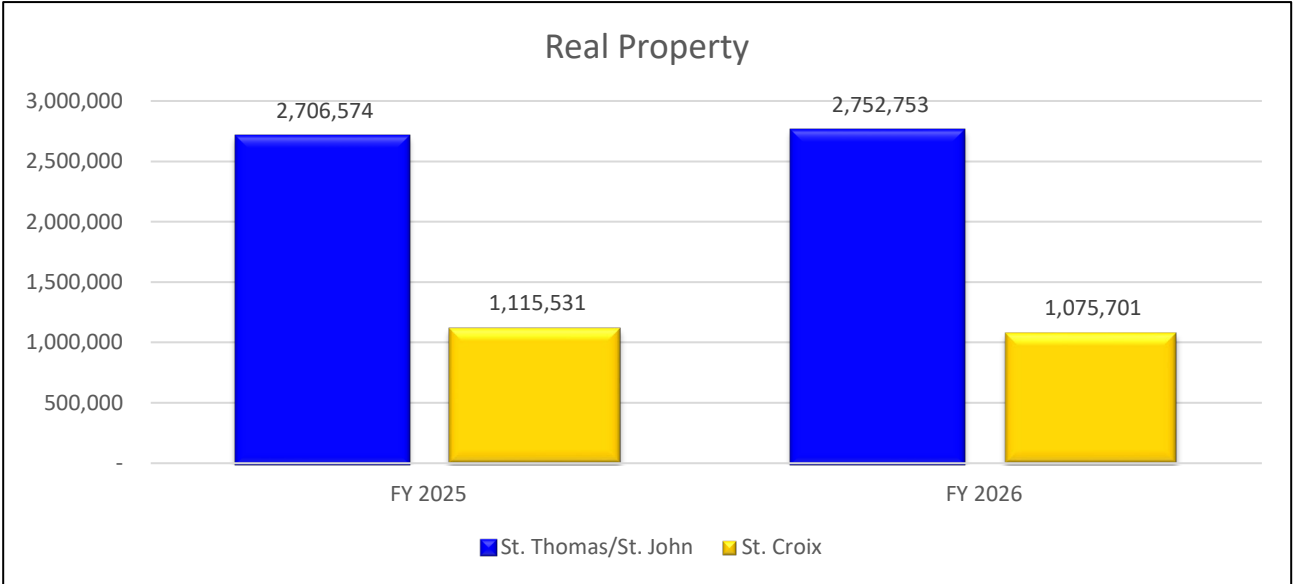
Despite declines across several major revenue categories, Total Other Revenues increased substantially, contributing to an overall increase in total revenue collections when compared to the same fiscal-year-to-date period in the prior year. These results underscore the importance of continued monitoring of revenue trends as collections evolve over the remainder of the fiscal year.

On the expenditure side, General Fund spending during the first quarter of FY 2026 reflects the cyclical nature of government expenditures. Total salary expenditures declined modestly compared to the first quarter of FY 2025, with notable reductions in General Government and Public Safety. Fringe benefit costs remained relatively stable, decreasing slightly overall, while expenditures for Education increased modestly. Spending for Other Services increased during the quarter, driven largely by higher expenditures in Public Housing and Welfare. Capital outlays declined significantly, particularly within Education and General Government, reflecting the timing of capital project activity.

It is important to note that the data presented in this report are preliminary and unaudited and reflect the most accurate information available at the time of preparation. Final audited figures will be published by the Department of Finance in the annual Financial Audit Report. Nevertheless, this quarterly report serves as a critical tool for enhancing fiscal transparency, supporting informed decision-making, and ensuring accountability in the management of public resources.

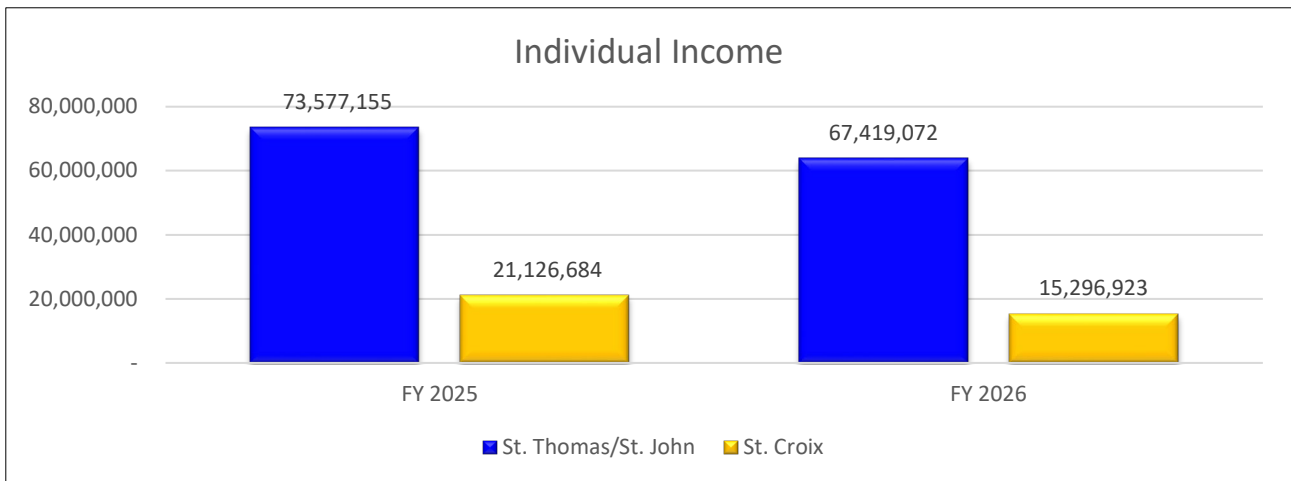
REAL PROPERTY

Compared to the first quarter of FY 2025, Real Property Tax collections in the first quarter of FY 2026 changed little overall. Collections in the St. Thomas/St. John district increased by 2 percent, while collections in the St. Croix district decreased by approximately 4 percent.



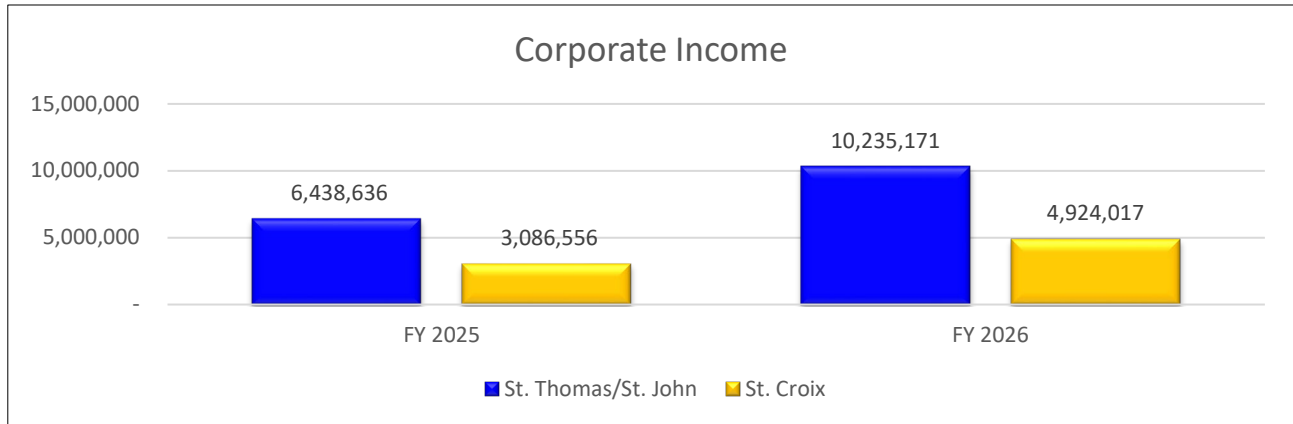
INDIVIDUAL INCOME

Overall, Individual Income Tax collections decreased by approximately 13 percent in the first quarter of FY 2026 when compared to the first quarter of FY 2025. The St. Thomas/St. John district experienced a decline of approximately 8 percent, while collections in the St. Croix district declined by approximately 28 percent. The year-over-year decrease reflects lower withholding and non-withholding receipts during the quarter.



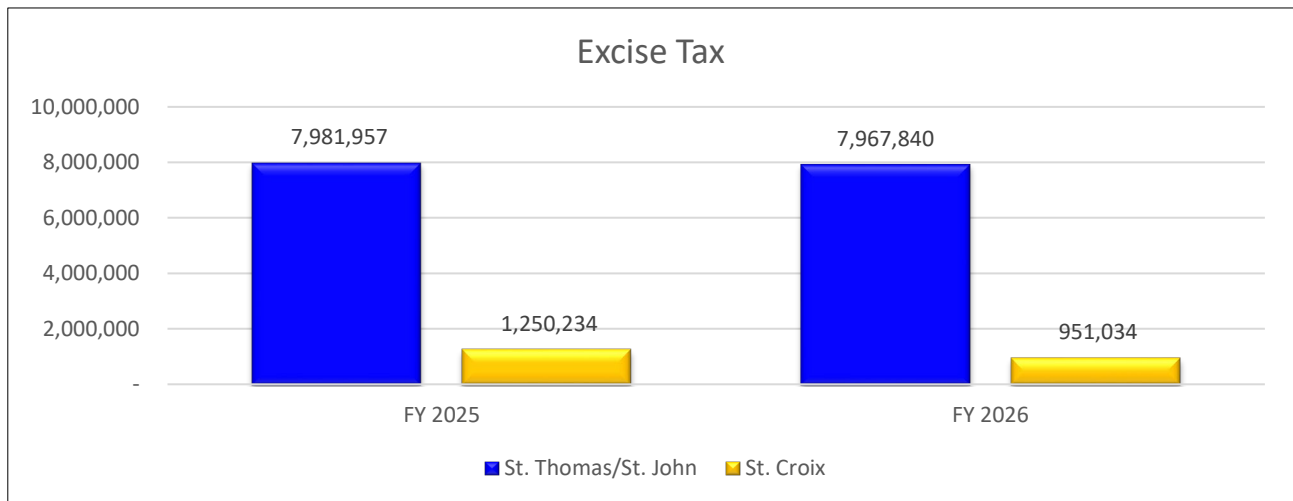
CORPORATE INCOME

Corporate Income Tax collections in the first quarter of FY 2026 increased by approximately 59 percent compared to the same period in FY 2025. The St. Thomas/St. John district recorded an increase of approximately 59 percent, while the St. Croix district experienced an increase of approximately 60 percent. Both District had an overall increase in Corporate Income Tax collections for the quarter.



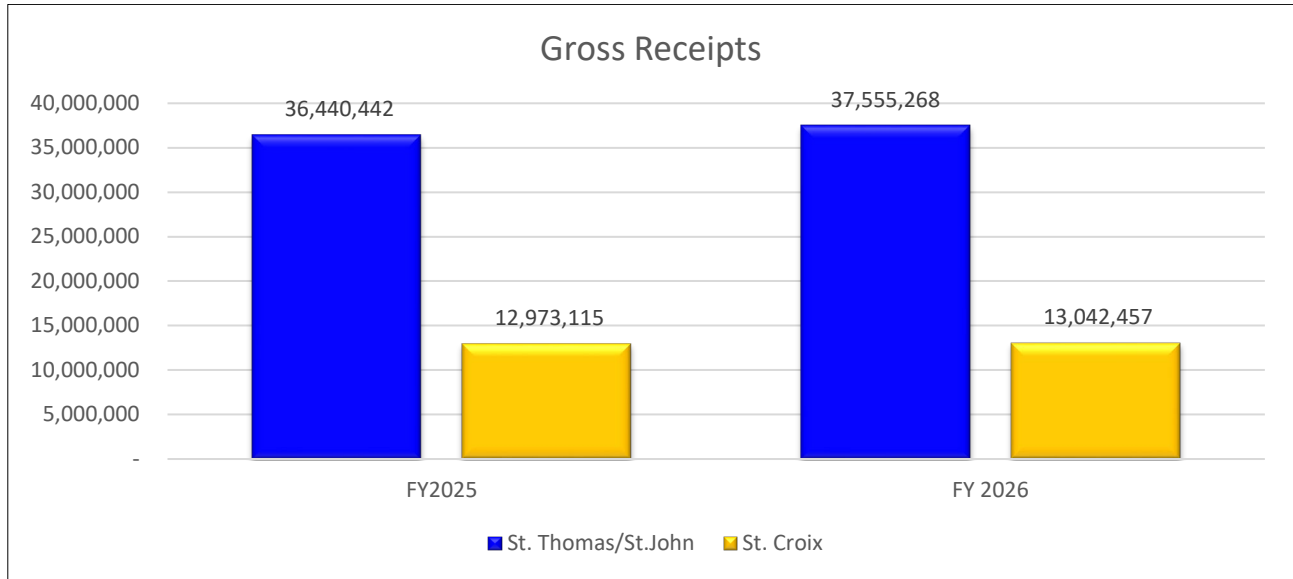
TRADE AND EXCISE

Trade and Excise Tax collections decreased by approximately 3 percent in the first quarter of FY 2026 compared to the first quarter of FY 2025. Collections in the St. Thomas/St. John district showed no net change, while the St. Croix district experienced a decrease of approximately 24 percent. District-level variations offset one another, resulting in a modest net decline overall.



GROSS RECEIPTS

Gross Receipts Tax (GRT) collections in the first quarter of FY 2026 increased by approximately 2 percent compared to the first quarter of FY 2025. The St. Thomas/St. John district had an increase of approximately 3 percent, while collections in the St. Croix district increased by approximately 1 percent. Continued positive performance in Gross Receipts Tax collections is anticipated in the near term, reflecting ongoing economic activity.

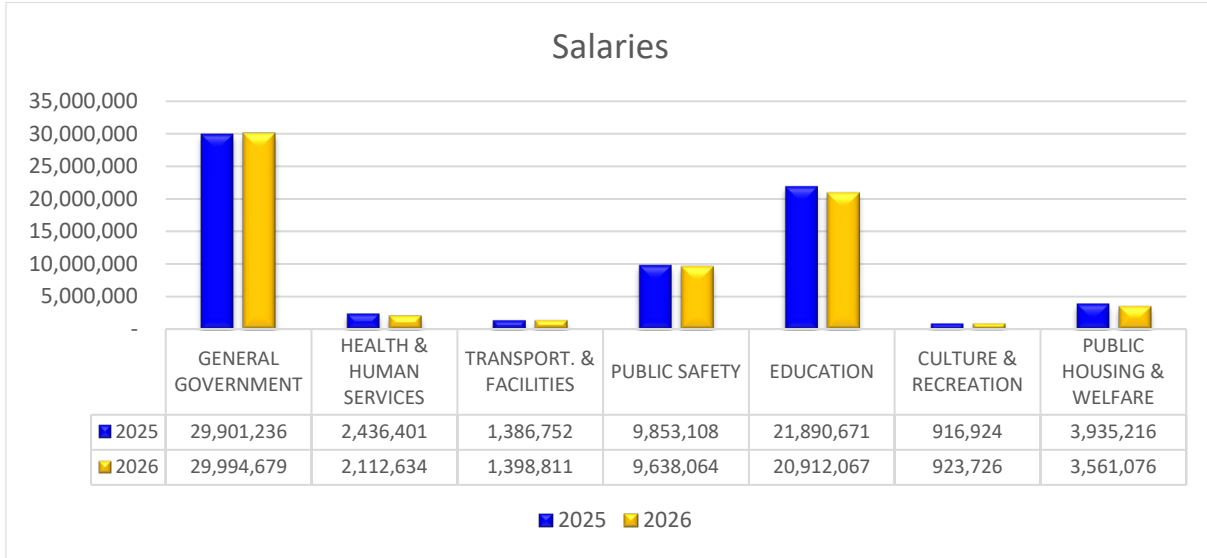


EXPENDITURES

As with previous iterations of this report, expenditures presented reflect amounts appropriated for the Lapsing portion of the General Fund. Expenditures are analyzed by budget category in accordance with the applicable function of government. While trends can be observed based on the data presented, expenditures are cyclical in nature and therefore subject to fluctuation. Caution is advised when interpreting trends due to the preliminary and unaudited status of the data.

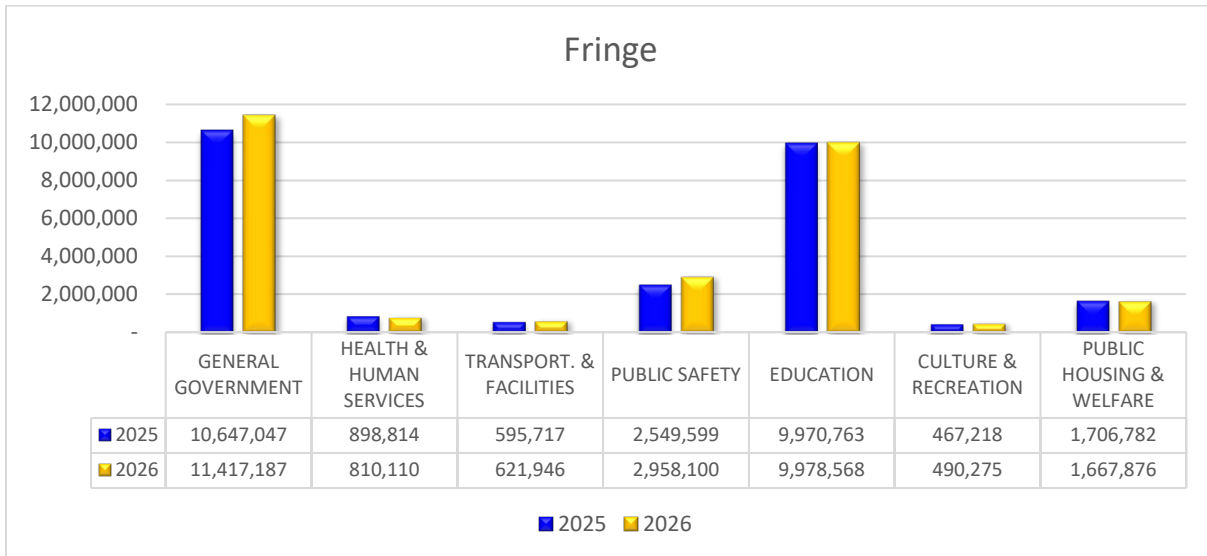
SALARIES

Actual salary expenditures across all functions of government decreased by approximately 2.5 percent in the first quarter of FY 2026 compared to the first quarter of FY 2025. Notable decreases occurred in Health & Human Services (13.3 percent) and Public Housing & Welfare (9.5 percent). Salary expenditures in other functional areas remained relatively stable during the quarter.



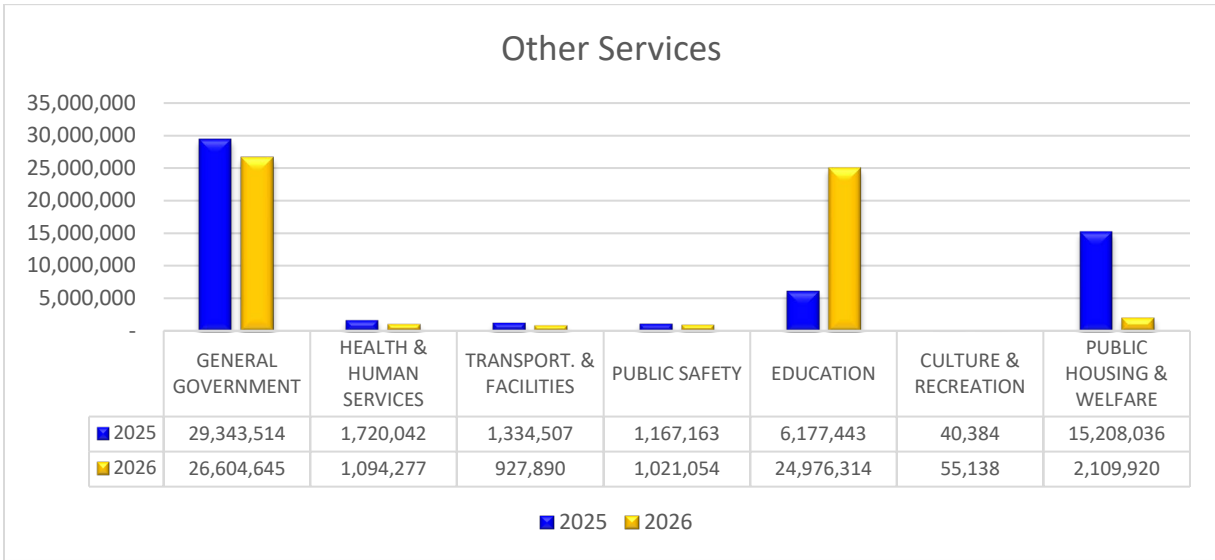
FRINGE BENEFITS

Fringe benefit expenditures increased by approximately 4 percent in the first quarter of FY 2026 compared to the same period in FY 2025. Most functional categories experienced slight decreases; however, Public Safety recorded an increase of approximately 16 percent. Overall, fringe benefit spending remained relatively stable during the quarter.



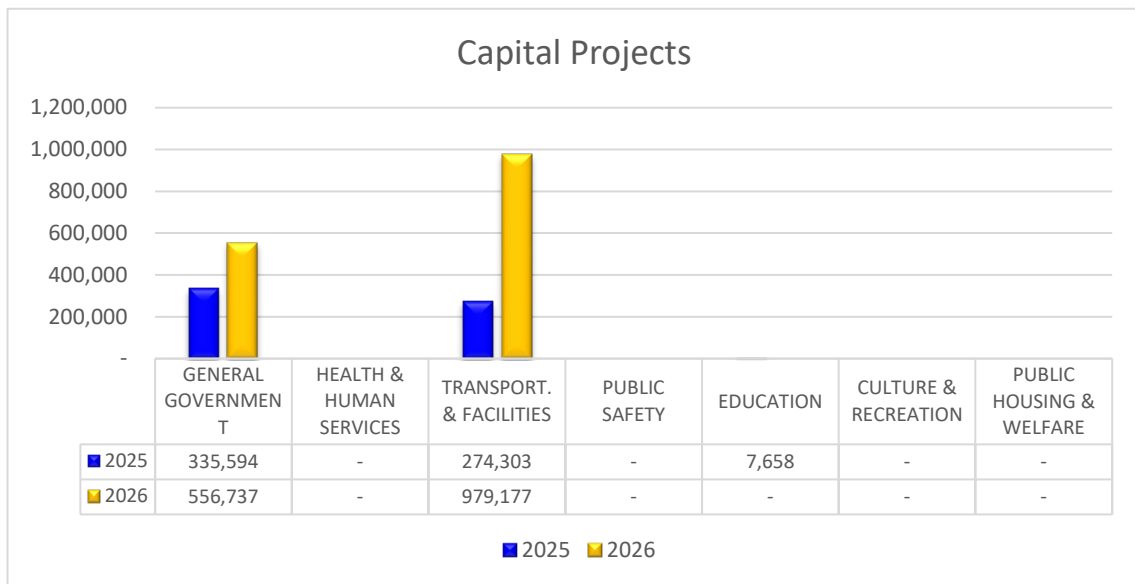
OTHER SERVICES

Expenditures for Other Services increased by approximately 3.3 percent in the first quarter of FY 2026 when compared to the first quarter of FY 2025. The most notable increase occurred in Education, which rose by approximately 304 percent, contributing significantly to the overall increase in this expenditure category.



CAPITAL PROJECTS

Capital project expenditures increased by approximately 148.7 percent in the first quarter of FY 2026 compared to the first quarter of FY 2025. Significant increases were observed in Transport & Facilities and General Government, reflecting the timing of capital project activity during the fiscal year.



SUMMARY

In summary, the Territory's total operating revenues for the first quarter of FY 2026 exhibited mixed performance across major revenue categories. Increases were recorded in Trade and Excise Tax and Gross Receipts Tax, while declines occurred in Individual Income Tax, Corporate Income Tax, and Real Property Tax. Total Other Revenues increased substantially, resulting in an overall increase in total revenue collections compared to the same fiscal-year-to-date period in FY 2025.

On the expenditure side, salary costs decreased overall, while spending increases in Other Services, fringe benefits, and capital projects reflect normal expenditure timing patterns. Collectively, these results highlight the importance of continued monitoring of revenue and expenditure trends throughout the remainder of FY 2026.