

Town of Chincoteague FY26 Budget Presentation

April 17, 2025

Prepared by,
Michael Tolbert,
Town Manager



Town of Chincoteague, Inc.



TO: Mayor Bowden and Members of Council
FROM: Michael Tolbert, Town Manager
DATE: April 17, 2025
SUBJECT: FY26 Budget Presentation

Enclosed for your review and consideration is the proposed FY26 Budget. The goal of this budget as always is to provide and maintain high quality services and facilities while using the Town's resources and taxpayer funds both wisely and efficiently.

This budget is the product of many hours of research and planning by the Town staff and Council. The FY26 Budget by fund is as follows:

1. General Fund	\$8,689,910
a. General Government	\$2,742,024
b. Emergency Services	\$1,499,959
c. Public Works	\$1,317,243
d. Mosquito Control	\$ 183,986
e. Roads	\$ 954,000
f. Police	\$1,684,450
g. Dispatch	\$ 308,248
2. Harbor Fund	\$ 831,993
3. Trolley Fund	\$ 396,367
4. Water Fund	\$1,046,000
5. Center Fund	\$ 250,500
Total FY2025 Budget	\$11,214,770

Town of Chincoteague, Inc.

Highlights of this budget are:

- An increase in health care contributions of 5% for all employees.
- The addition of a full-time Town Planner.
- Continued funding of street maintenance and paving.
- The Town's first public sewer collection system.
- Contributions to Curtis Merritt Harbor Long Term Savings.
- Contributions to Water long term savings plant filter upgrades.

The following presentation attempts to explain the budget process as well as the Town's sources of revenue, operational expenses, capital improvements and reserves in an effort to provide the citizens of Chincoteague with a clearer understanding of the use of their tax dollars.

The Budget Process

Preparation

- *October - The Town Manager Meets with Department heads to review needs for the next fiscal year.*
- *January - Year to date expenditures are reviewed to gauge budget discipline and forecast accuracy.*

Budget Construction

- *December - The first draft budget is constructed by the Town Manager and presented as unbalanced with all department requests and Capital Improvement items included.*
- *February – Subsequent drafts are fine tuned with input from Budget and Personnel Committee and Council and finally presented in balanced form.*

Approval

- *April - Per Virginia State Code, a summary of the budget must be advertised in the local paper.*
- *April / May - The budget is formally presented at a public hearing where the citizens have an opportunity to offer comment on the completed document.*
- *May - After the required waiting time, The Council votes to approve and appropriate the budget.*

Budget Structure

The Town's Budget consists of 5 separate funds.

- General Fund (Government)
- Harbor Fund (Enterprise)
- Trolley Fund (Hybrid)
- Water Fund (Enterprise)
- Center Fund (Hybrid)

Government General Fund receives revenue primarily from Taxes.

Enterprise Funds receive revenue primarily from user fees and services.

Each fund must balance independently.

A grayscale background image of a tall, cylindrical water tower with a spiral staircase winding around its exterior. The tower is supported by a lattice of metal beams. The image is faded to serve as a background for the text.

Budget Priorities

- *Public Safety*
- *Employee Compensation*
- *An increase in employee health care contributions of 5%*
- *Continued funding of street maintenance and paving*

The FY 26 Budget Summary

1. General Fund	\$8,689,910
<i>a. General Government</i>	\$2,742,024
<i>b. Emergency Services</i>	\$1,499,959
<i>c. Public Works</i>	\$1,317,243
<i>d. Mosquito Control</i>	\$ 183,986
<i>e. Roads</i>	\$ 954,000
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<i>g. Dispatch</i>	\$ 308,248
2. Harbor Fund	\$ 831,993
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5. Center Fund	\$ 250,500
<u>Total FY2026 Proposed Budget</u>	<u>\$11,214,770</u>



Revenues

WATER

\$1,046,000

Real Estate Taxes

\$680,000

Harbor

\$831,993

Meals Tax

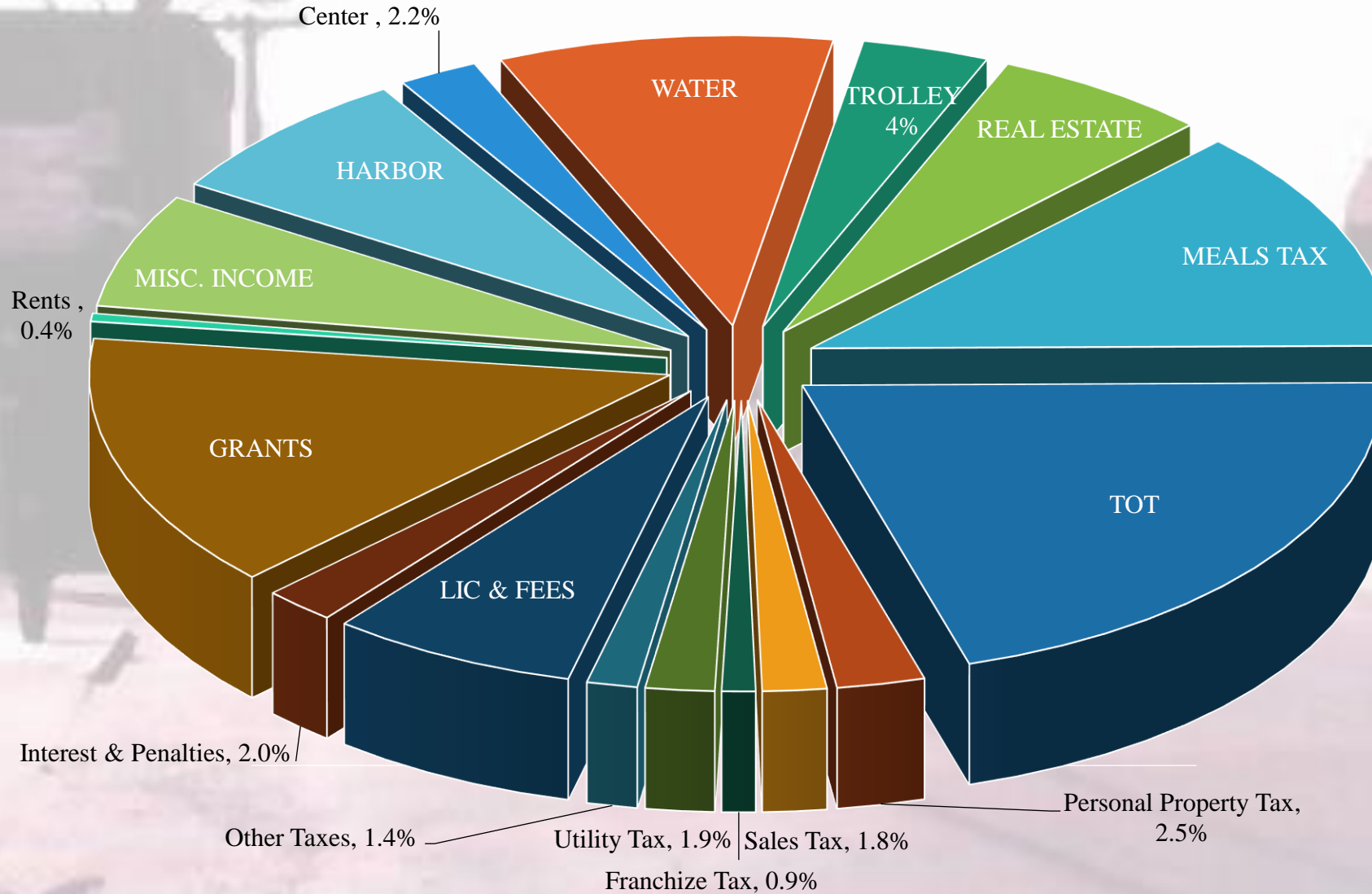
\$1,400,000

Grants

\$1,667,410

Transient Occupancy Tax

\$2,300,000



Tax Revenue

\$5,333,000 - 47% of Total Rev.



EXPENDITURES

Water
\$1,046,000

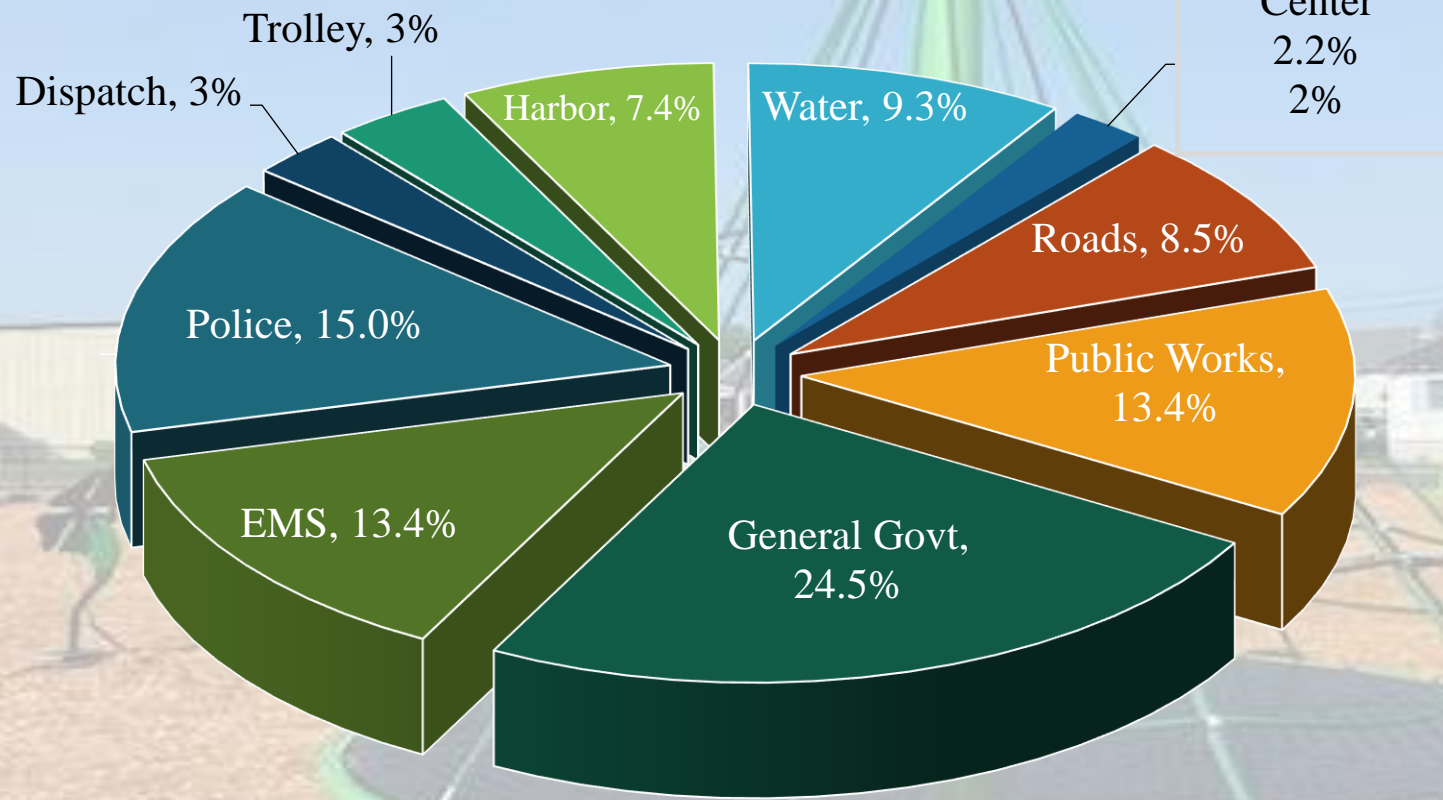
*General
Government*
\$2,742,024,

Harbor
\$831,993

EMS
\$1,499,959

Public Works
\$1,501,229

Police
\$1,684,450,



Town wide Expenditures

\$11,214,770



General Fund

Expenditures

❑ General Government - \$2,742,024

❑ Police - \$1,684,450

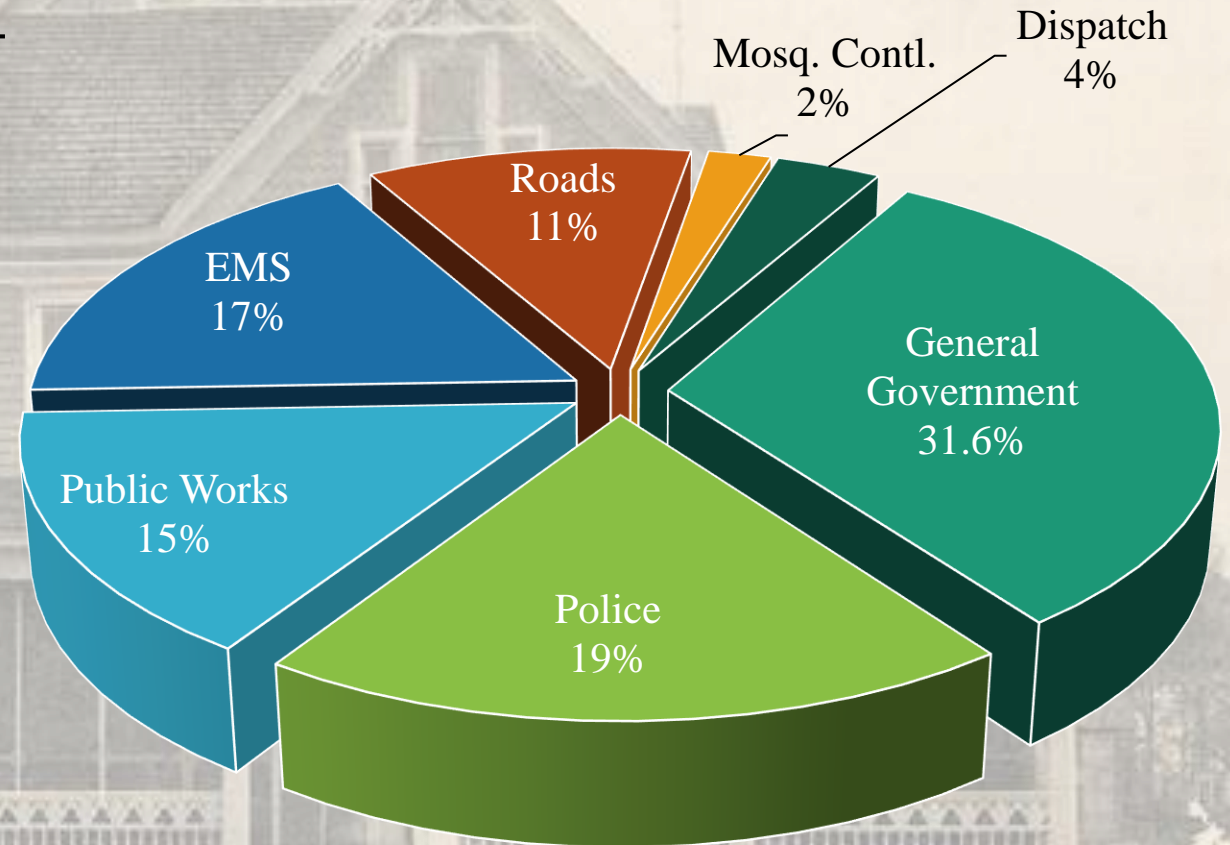
❑ Dispatch - \$308,248

❑ Public Works - \$1,317,243

❑ EMS - \$1,499,959

❑ Roads - \$954,000

❑ Mosquito Control - \$183,986



Harbor Fund

☐ Capital Improvements - \$263,457

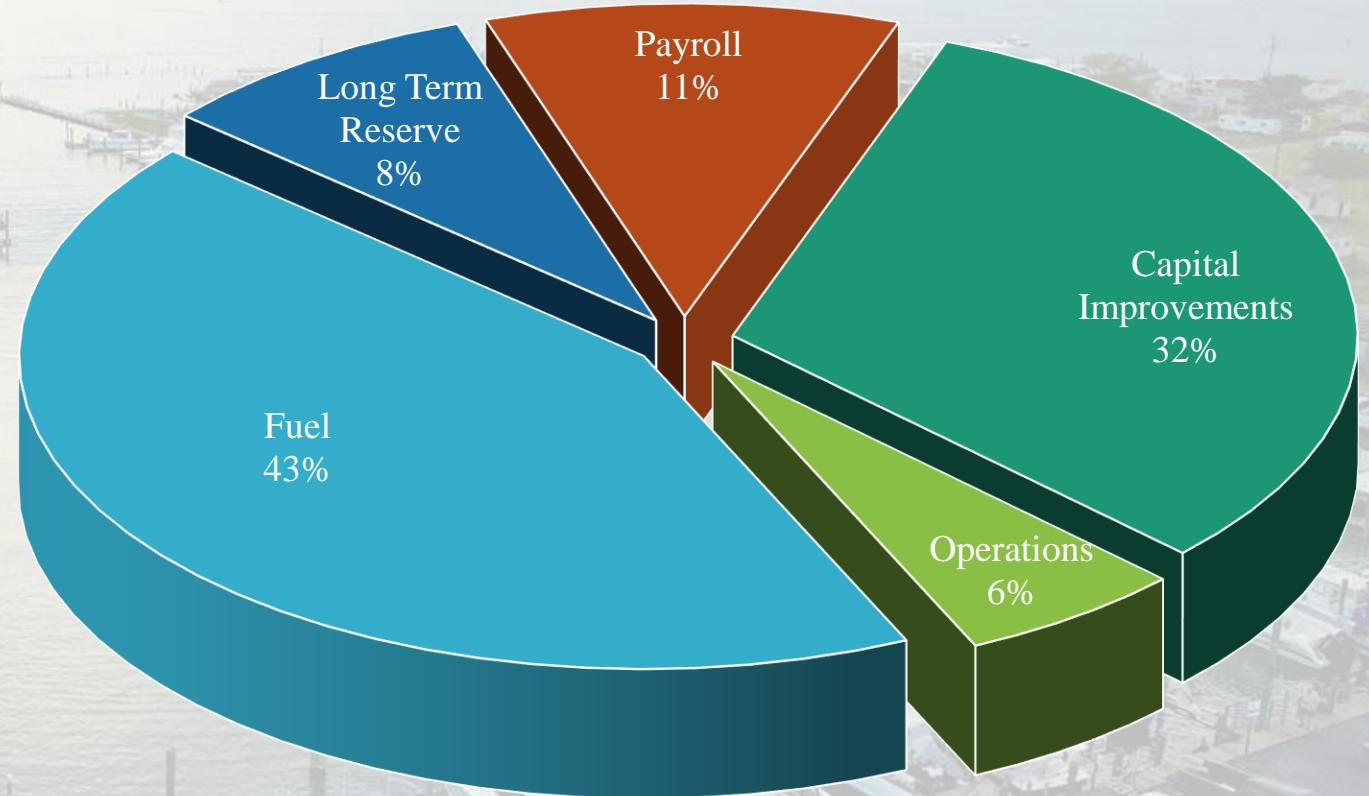
☐ Fuel - \$360,000

☐ Payroll - \$89,138

☐ Long Term Reserve - \$70,398

☐ Operations - \$49,000

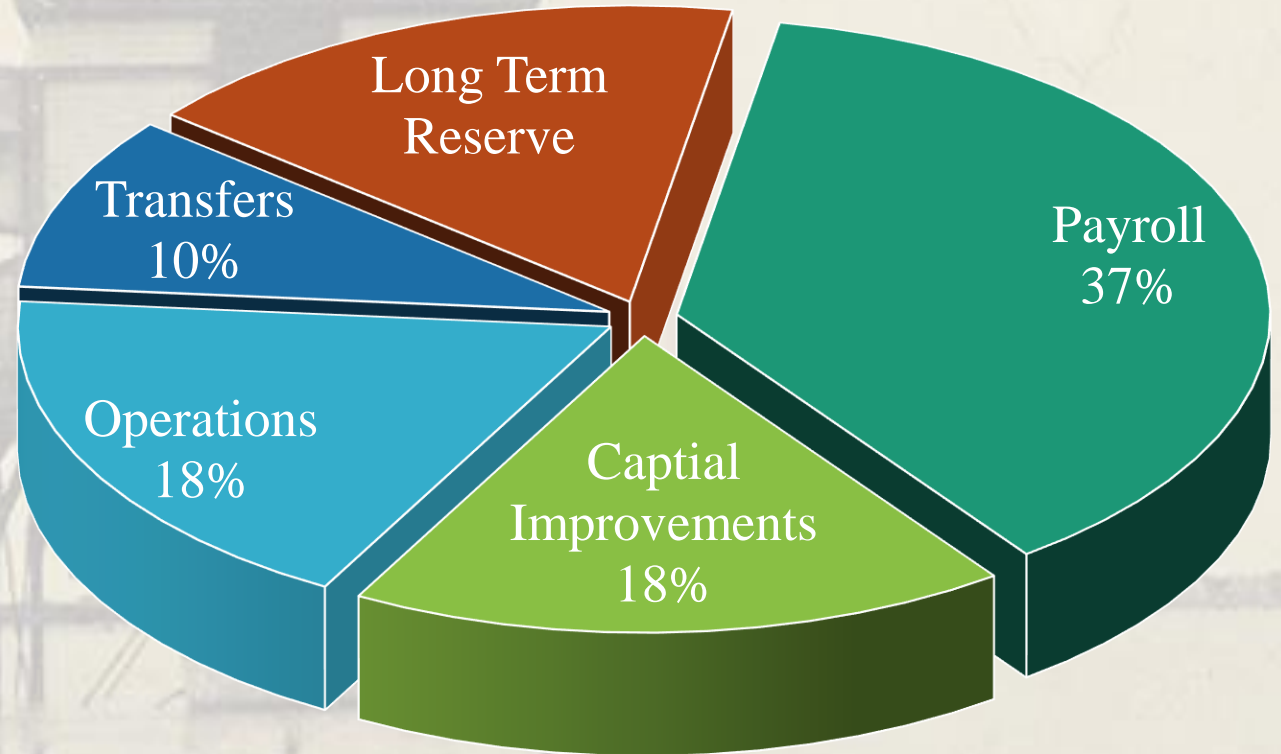
Expenditures



Water Fund

- ❑ Payroll - \$390,280
- ❑ Capital Improvement -\$189,028
- ❑ Long Term Reserves -\$174,092
- ❑ Transfers - \$100,000
- ❑ Operations - \$192,600

Expenditures



Trolley Fund

Expenditures

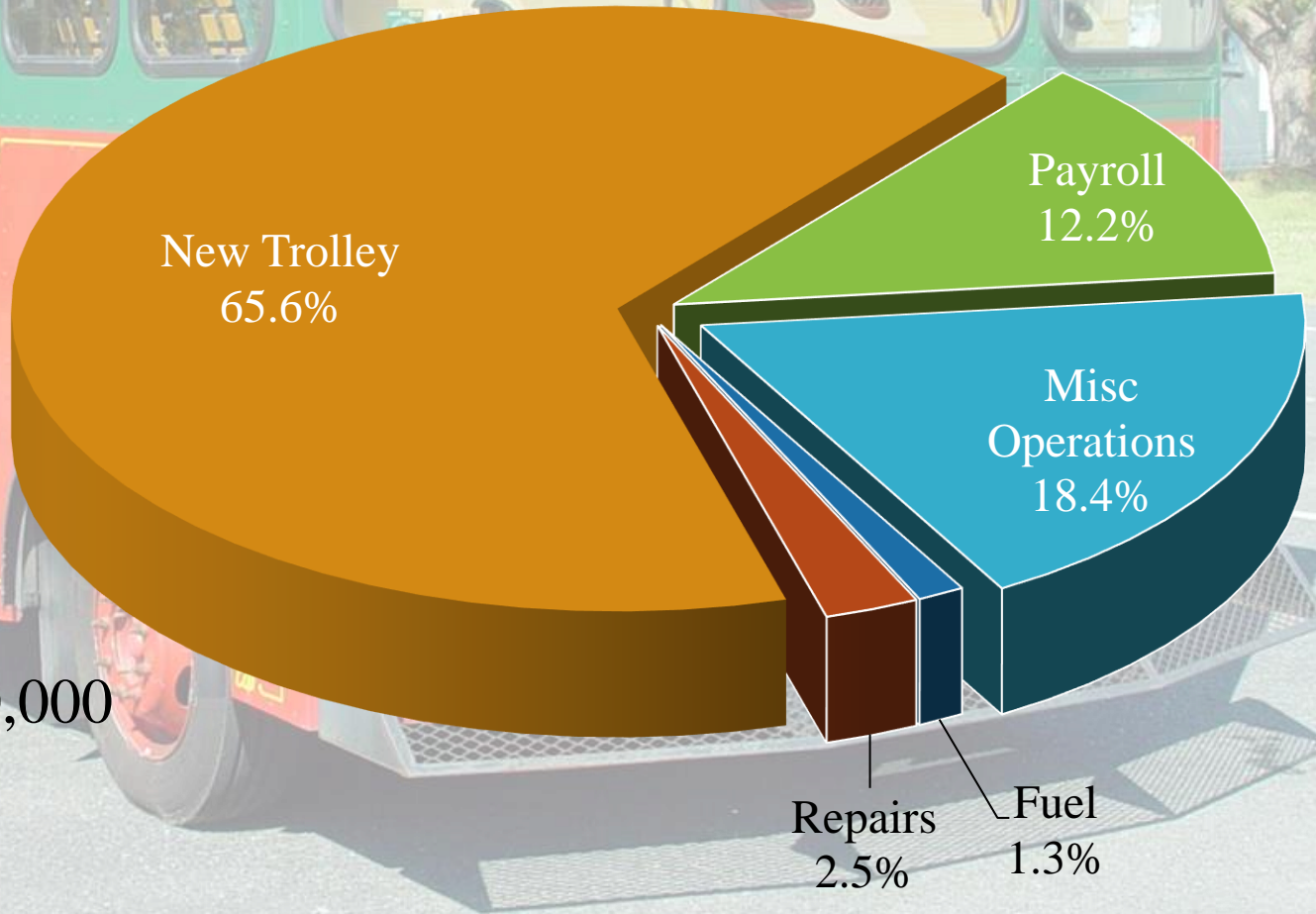
☐ Payroll - \$48,424

☐ Operations - \$32,943

☐ Fuel - \$5,000

☐ Repairs - \$10,000

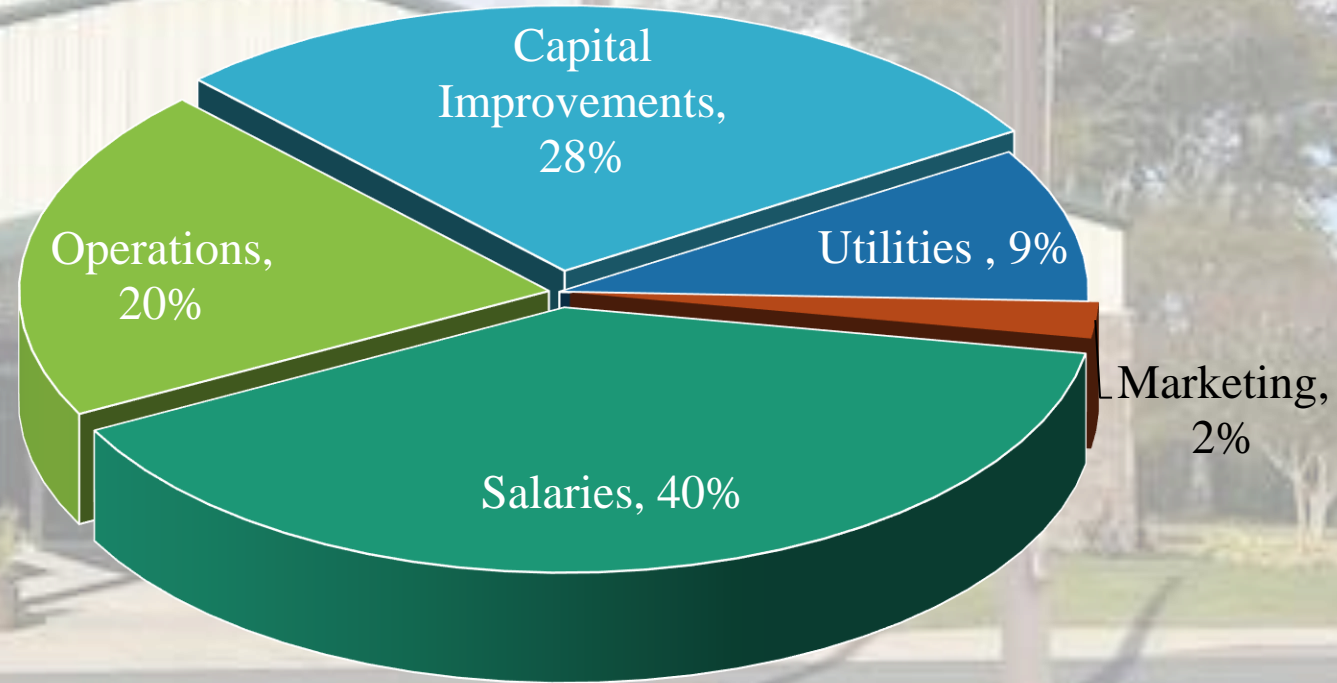
☐ Capital Improvements – \$300,000



Center Fund

- ❑ Capital Improvements - \$71,000
- ❑ Operations and Payroll - \$152,000
- ❑ Utilities - \$22,000
- ❑ Marketing - \$5,500

Expenditures



Reserve Commitment

To properly address emergencies as well as future long-term needs, The Town of Chincoteague has established several reserve funds.

General Fund Reserve

Harbor Fund Reserve

Water Fund Reserve

Center Fund Reserve

Community Center Reserve



- The Community Center is our newest reserve account. Reserves for the center are allocated by Council from surplus budgets and savings from Center projects. There are no dedicated annual allocations to this account.
- Current Center Reserves are \$107,702.

Curtis Merritt Harbor Reserves

Current Town financial policies require the Harbor to maintain reserves equal to 90 days of operations and maintenance costs or 25% of annual operating revenues.

The proposed FY26 budget establishes annual operating revenues of \$831,993 dictating a reserve of \$207,998.

Currently CMH reserves consist of \$140,026 in LGIP and \$336,004 in our Long-Term Savings totaling \$476,030 in reserves or 57% of the annual operating revenue.

Adequately Reserved



Water Fund Reserves

The Town of Chincoteague is blessed with excellent water quality, a very reliable distribution system and well trained, licensed and efficient operations personnel . Maintaining reserves for this system in the event of any unforeseen issues is one of the Town's most important responsibilities.



Financial Policy:

“The Town will establish and maintain within the Water Fund a 180-day Operations and Maintenance (O&M) Reserve (i.e., 50% of annual operating revenues) to provide liquidity in the event of unanticipated reductions in revenues, unplanned expenses, and economic disruption.”

“At the close of each fiscal year, the Water Fund Unrestricted Net Position, including the 180-day O&M Reserve, should be equal to no less than 75% of annual operating revenues, excluding availability fees.”

The Water Fund’s Unrestricted Net Position is defined as that portion of assets that can be used for any purpose consistent with its mission or the portion of its assets that are not tied up in specific projects or designated for particular purposes.

<u>FY26 Water Fund Revenues.</u>	<u>\$1,046,000</u>
Required180 days O&M or 50% of Revenues	\$ 523,000
Required 75% of FY26 Operating Budget	\$ 784,500
Water Fund Reserves – LGIP	\$ 923,417
Water Fund Reserves – Long Term Savings	\$ 858,285
Total Water Fund Reserves	<u>\$1,784,702</u>

Adequately Reserved



General Fund Reserves: Policy



“The General Fund Unassigned Fund Balance shall be maintained at a level equal to a minimum of 50% of total General Fund revenues. The Town Council has determined that this level is commensurate with such risk factors as revenue source stability, maintenance requirements for infrastructure, vulnerability to extreme events, and takes into account the size of the locality.”

General Fund Reserves

	<u>LGIP</u>	<u>Long Term Savings</u>	<u>Total</u>
General Fund Savings			
- General (Unassigned)	\$2,730,960	\$1,790,398	\$4,521,358
- Drainage	\$ 243,235	\$ 0	\$ 243,235
- Boat Ramp	\$ 0	\$ 100,000	\$ 100,000
- Land Acquisition	\$ 193,600	\$ 50,000	\$ 243,600
- Playground Equipment	\$ 0	\$ 50,000	\$ 50,000
- Beach/Rec/Tourism	\$ 954,482	\$ 50,000	\$1,004,482
- Public Safety	\$ 0	\$ 1,264,517	\$1,264,517
- Old Fire House Reserve	\$ 0	\$ 101,133	\$ 101,133
- Beach Access Committee	\$ 22,000	\$ 0	\$ 22,000
- Retiree Prescriptions	\$ 38,127	\$ 0	\$ 38,127
- Mosquito Control	\$ 119,104	\$ 45,000	\$ 164,104
- Mosquito Control Drainage	\$ 20,451	\$ 0	\$ 20,451
Total General Fund Reserves	\$ 4,321,959	\$3,451,048	\$7,773,007



General Fund Reserves: Policy



“The General Fund Unassigned Fund Balance shall be maintained at a level equal to a minimum of 50% of total General Fund revenues. The Town Council has determined that this level is commensurate with such risk factors as revenue source stability, maintenance requirements for infrastructure, vulnerability to extreme events, and takes into account the size of the locality.”

FY26 General Fund Revenues	\$8,689,910
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Required GF Reserve 50%	\$4,344,955
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<u>FY26 Unassigned Fund Balance</u>	<u>\$4,521,358</u>
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Adequately Reserved

Current Assets:

The Town maintains balances in both local bank accounts and investment funds the total of which represent all non-physical assets.

These assets total \$15,920,050

As of 04-14-25

FY26 Capital Improvement Project Highlights

1. **New Public Restrooms at the Chamber Building \$125,000**
2. **Body worn and in-car Cameras, CPD \$150,000**
3. **New patrol vehicle, CPD**
4. **Water Meter Bonds \$103,000**
5. **High Rise Lift Pump, Water Plant \$30,000**
6. **Tank Maintenance Contract \$41,000**
7. **Harbor Long Term Replacement Reserve \$70,000**
8. **Pier construction Robert Reed Park \$208,000**
9. **New Trolley, \$260,000**
10. **Stage Replacement, Center \$30,000**





Questions?

