



Fiscal Year 2024-2025

Annual Budget

Town Council

Don Kingston, Mayor
Monica Thibodeau, Mayor Pro-Tempore
Brenda Chasen
Kevin Lingard
Sandy Whitman

Administration and Department Directors

Drew Havens, Town Manager and Finance Officer
Jeff Ackerman, Police Chief
Lori Ackerman, Town Clerk
Jessica Barnes, Finance & Human Resources Manager
Donna Black, Fire Chief
Joe Heard, Director of Community Development
Kay Nickens, Communications and Events Director

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Budget Guide

The purpose of the *Budget Guide* is to introduce readers to the budget process and assist readers in understanding the information in the budget document. The budget serves as an operations guide, financial plan, communications device, policy document, and a resource for information about the Town of Duck. The *Budget Guide* will briefly describe the sections contained within the budget document while explaining how to read charts and graphs and interpret numbers.

The Budget Document

The Town of Duck's budget document consists of six major sections: Budget Message and Ordinance, Community and Organizational Profile, Financial Summaries, General Fund, Supplemental Information, and Capital Improvement Plan.

Budget Message & Ordinance

The Budget Message is a letter from the Town Manager to Town Council that provides an overview of the upcoming fiscal year budget and how it fits with Town Council's priorities. The message includes issues facing the development of the budget, significant budgetary items and trends, and the budgetary effect on short and long-term plans. This section also contains the Budget Ordinance, which by statute sets the spending limits for the upcoming budget period (July 1 to June 30) when adopted by the Town Council, and the approved Fee Schedule.

Community & Organizational Profile

This section of the document highlights general information about the Duck community including historical, geographical, demographic, and economic features. Within the organizational profile, the reader will find information about the Town's governmental structure and the financial policies and management systems that guide the budget process.

Financial Summaries

The Financial Summaries provide a summary of revenues, expenditures, fund balance, and debt obligation for the Town's funds. Information provided in both numerical and narrative format easily helps the reader determine how much money each fund is generating and spending.

Funds & Line Items

A fund is an independent fiscal and accounting entity. Funds make it easier to keep track of accounts that operate similar types of activity and share the same set of accounting records. The Town of Duck operates one major fund, the General Fund, and one Capital Reserve Fund for Beach Nourishment.

General Fund. The General Fund accounts for most Town operations such as general government, public safety, and transportation. The reader will find information on each department including a description of the department's purpose, prior year accomplishments, coming year initiatives and projects, budget highlights, budget trends, and personnel counts.

Other Funds. The Town's other fund is the Beach Nourishment Capital Reserve Fund which accounts for revenues and expenditures associated with this special project.

The budget for each fund consists of individual line items that represent specific expenditures and revenues. Examples of line-item expenditures include salaries, insurance, maintenance and repair, supplies, and capital outlay. Examples of line-item revenues include property tax revenues, sales tax revenues, grants, and fees. Line items are the most detailed way to list budgeted expenditure and revenue information.

Capital Improvement Plan

The Duck Capital Improvement Plan (CIP) represents a multiyear forecast of the Town's capital needs. The CIP not only identifies capital projects, but also the financing required for the projects and their impact on the operating budget. The CIP includes project impact analysis and a description of each project.

Supplemental Information

This section contains a glossary of terms used throughout the document, our Financial and Budgetary Policies, our Capital Improvement Plan, and the Town of Duck Vision 2032.

How to Read the Budget Document

The budget document contains an abundance of diverse and valuable information. With all the information and numbers, wading through the document and deciphering what everything means can be difficult for any reader. This section is meant to assist the reader's understanding of presented data and show how the reader can connect the data with other supporting information.

Within each section, bold and underlined headings identify major topics related to that section. Under these headings, the reader may find written information, as well as information presented in table or chart form. Under the General Fund, the reader will find the individual departments. This document places an emphasis on the Town's departments because these sections represent the operational plans for those responsible for directly providing services to citizens.

Interpreting Tables & Charts

The budget document uses tables and charts to summarize information through numbers. The tables and charts allow readers to easily compare funds and departments and identify trends. Most sections contain tables and charts like the ones below. The diagrams identify the major characteristics of each table and chart and explain what information the reader can find.

Line item description	Department Name (or grouping name)	Gross "needs" budget after initial reductions		Approved budget after reductions and corrections		
Administration						
Account Description	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Salaries and Wages						
Salaries and Wages (PT)						
FICA						
Workers' Compensation						
Supplemental Retirement (LGERS)						
401k						
Medical/Dental Insurance						
Professional Services						
Contracted Services						
Supplies and Materials						
Uniforms						
Technology Hardware & Accessories						
Travel and Training						
Dues and Subscriptions						
Communications						
Leased Equipment						
Printing and Binding						
Advertising						
Miscellaneous						
Capital Outlay - under \$5,000						
Fixed Charges						
TOTAL						



Budget Message

June 5, 2024

Dear Mayor Kingston and Duck Town Council:

In accordance with the Local Government Budget and Fiscal Control Act and NC General Statute 159-11, the Annual Budget for Fiscal Year beginning July 1, 2024, and ending June 30, 2025 is balanced and hereby submitted for your consideration.

Multiple factors influence the annual budget process, including the condition of the national, state, and local economies and the emergent and pre-emergent needs identified in our community by elected officials, staff, advisory boards, and citizens as we continue our quest for continual improvement in all our services and offerings.

Taking all these factors into account, this budget represents a significant amount of careful consideration and study in order for the Town to meet its obligations, fulfill some of its goals, and remain fiscally healthy.

In preparing the Fiscal Year 2024-2025 (FY24-25) Budget, Town staff followed guidance from Town Council's adopted Vision 2032 which contains the following:

THE SIX UNIFYING PRINCIPLES

Duck is a community that expresses its beliefs in certain unifying principles:

DUCK AND OUR VILLAGE

Our residential neighborhoods and Duck Village connect to form the fabric of our community. Our collection of small shops, restaurants, offices, parks and boardwalks combine to shape the Duck experience. The development of the Village has a coastal residential style and scale and its continuity creates an energetic and walkable experience. Our quality of life is enhanced through innovative solutions that protect and preserve the Village's unique character and environment.

ENHANCED MOVABILITY

Duck is a pedestrian first community that is safe and easy to navigate by walking and cycling. Our multi-use trail, sidewalks, soundside boardwalk, and beach provide a variety of ways to explore and discover Duck. Collaboration with various organizations enables us to optimize our traffic flow in our unique seasonal environment.

ENVIRONMENTAL STEWARDSHIP

There is a conscious respect for Duck's fragile and extraordinary environment. We protect and preserve opportunities for our residents and visitors to enjoy our ocean, sound, and natural coastal habitats. We value our pristine, safe, uninterrupted beaches, which are our most valuable asset. Our resilience and adaptability, guided by environmental awareness and forward thinking, ensure our sustainability as a community.

ACTIVE, ENGAGED COMMUNITY

Duck is built on participation. We are an inclusive community that welcomes and embraces the diversity, talents, and expertise of all of our stakeholders. Pride and ownership is felt by all who live, work, and visit here. People feel connected by a shared motivation to preserve the unique nature of this special place.

VIBRANT, THRIVING BUSINESS COMMUNITY

The business community plays an essential role in creating the Duck experience. A high level of collaboration and coordination ensures that we have a vibrant town where each and every individual can enjoy the recreation, arts, music, shopping, dining, and lodging unique to Duck.

RESPONSIVE AND RESPONSIBLE LEADERSHIP

Duck maintains a responsive and responsible government. Council, staff, and the community work together to offer high quality services intended to add value to the entire Town. We have an educated, experienced and motivated staff empowered to execute the Town's objectives. Duck is an innovative and respected leader within the Outer Banks region and its solutions are frequently emulated by others. Continuity of leadership preserves our established values and vision.

The FY24-25 Budget totals \$11,842,599 for all Town operations, capital improvements, and debt service requirements. This is \$4,030,135 (25.4%) less than the FY23-24 Budget. Following Town Council's direction, the budget is balanced with a tax rate of **\$0.25**, which represents a **three-cent increase** in this rate, the first change in the tax rate since Fiscal Year 2021-22. This budget maintains the current MSD tax rates at \$0.1296 for MSD-A and \$0.285 for MSD-B. While increasing the tax rate is not an action taken without extensive and careful consideration, the effects of inflation on operational and personnel expenses, and a desire to maintain and improve the community, made an increase necessary even after extensive reductions (\$2.3 million) in budget requests.

In addition to our main, or General, fund, we have a Capital Reserve Fund for our Beach Nourishment project. This fund receives revenue, via transfer from the General Fund, an amount equal to the MSD tax revenue plus a proportionate share of the Sales Tax Revenue that equates to the impact on this revenue due to the MSD tax levy. This proportionate share is estimated to be 17.69% of the total received. Transfers from the Capital Reserve Fund are for debt service, professional services, and other expenses directly related to our Beach Nourishment project.

Revenue

As we emerged from the grip of the COVID-19 pandemic, we were all pleasantly surprised by the minimal negative impact to our local economy and resulting increases in tourism throughout the years that followed. We enjoyed a couple years of revenue in excess of what was budgeted, but the increases we saw in land transfer and occupancy tax revenue have stabilized or even begun to decrease. These excess revenues helped mitigate against an increase in the tax rate while still allowing for projects to improve and maintain our facilities. This budget contains revenue estimates that, while acknowledging a sense of some optimism regarding the continuation of the current economic climate, remains conservative in terms of estimates so as to not create a shortfall in the budget should the climate change.

Revenues are budgeted at \$11,842,599, a 25.4% decrease compared to the FY23-24 Budget. The majority of the decrease in revenue (\$4.5 million) is due to grant funding associated with the NC 12 elevation project being received in FY23-24. The Town receives revenue from several sources, the largest of which is Ad Valorem taxes. Ad Valorem, from the Latin phrase meaning "according to value," is levied upon the property, and measured by the value of the property, not the owner's ability to pay. While important, Ad Valorem tax revenue generates \$4,741,190 or 40% of the revenue for our General Fund in FY24-25. In addition, MSD taxes account for an additional \$1,012,675, or 8.55% of our revenue. This means that over half of the services that we provide are paid for with sources other than local property tax revenue. State law limits the rate a locality may charge for this tax to \$1.50 per \$100 of valuation.

The Town of Duck contracts with the Dare County tax office to collect our taxes. This enables our residents to receive one tax bill and remit payment to one place. It also allows us to enjoy an excellent collection rate for real and personal property taxes. In FY24-25, we have budgeted for a collection rate of 99.96% as prescribed by State law.

The next largest source of revenue comes from our share of the sales tax that we all pay. These are essentially two tax types: the Sales Tax on the retail sale or lease of tangible personal property, services, the rental of hotel rooms, and the Use Tax, which is an excise tax on the right to use or consume property in North Carolina or elsewhere. All taxes are pooled by the State and shared, in accordance with statutory formulas, by all 100 counties. Each county, in turn, shares their portion of the sales tax proceeds with the incorporated cities and towns in the county. In addition to sales tax revenue, the Town also receives revenue from the State reflecting our statutory portion of tax revenues from telecommunication services, video programming, beer and wine sales, and motor fuel sales. With the exception of the proportionate share of sales tax, as noted above, State collected local revenues can be used for any legitimate government function. Please refer to the Revenue section of the budget document for a more detailed explanation of our revenue sources.

Expenditures

As noted above, the FY24-25 Recommended Budget totals \$11,842,599 for all Town operations, capital improvements, and debt service requirements. This is \$4,030,133 (25.4%) less than the FY23-24 Budget.

One of the largest expenditures for Duck, and for most localities, is the cost of personnel. Our professional staff allows the Town to continue to provide quality service to our residents. The total of all personnel related expenses, including wages and benefits, is budgeted at \$4,769,258. This represents a total of 40.3% of the total budget. This budget does not include any additional staff, but does include a merit increase pool of 6% of total salaries in order to remain competitive in the local employment market. Also included are small increases in Workers' Compensation insurance rates, retirement contribution rates, and an increase in medical insurance rates. Please refer to the Personnel section of the budget document for a thorough explanation of all changes being proposed in compensation and benefits.

This table shows the total number of personnel in each department over the last three years and what is proposed for FY 24-25.

Personnel by Department						
Department	FY 21-22	FY 22-23	FY 23-24	FY 24-25 Requested	# Change	Percent Change
Administration	5.5	5.5	5.5	2.5	-3.0	-55%
Finance & Human Resources				1.0	1.0	
Public Facilities	1	1	1.5	1.5	0.0	0%
Police	14.5	14.5	14.5	14.5	0.0	0%
Fire	14.5	14.5	14.5	14.5	0.0	0%
Inspections	2	2	2	2.0	0.0	0%
Community Development	2.5	2.5	2.5	2.5	0.0	0%
Communications & Events				2.0	2.0	
Total	40	40	40.5	40.5	0	0.0%

Through operational efficiencies in the utilization of personnel, leveraging technology to mitigate staffing increases, receiving countless hours of volunteer assistance, and other management strategies, we are able to maintain a lean staffing profile. Subsequent to the new positions added three years ago, our leadership team has identified future additional personnel needs, but we are able to maintain existing levels of service without increasing staff at this time. We did shift the allocation of personnel to have associated costs included in the operational department that contains other expenses for that service area. These changes moved the Finance and Human Resources Administrator from the Administration Department to the Finance and Human Resources Department and the Public Information and Events Director and Coordinator from the Administration Department to the Communications and Events Department.

While not attempting here to cover specifics regarding expenses for all fifteen operational departments, what follows are some highlights of more significant expenses and proposed

changes in staffing levels. The Capital Improvement Plan, which is included toward the end of this budget document, contains details about the capital projects/purchases mentioned below.

Governing Body

- Salaries for Mayor and Town Council
- Property and Liability insurance increase approximately 10% due to reinsurance rates and experience
- Winter staff appreciation and Volunteer appreciation events

Administration

- Training for Town Manager, Town Clerk, Deputy Town Clerk
- Copier lease shared with Governing Body, Inspections, Community Development

Finance and Human Resources

- Professional services for Accounting and Audit
- Contracted service with Dare County to collect property taxes – 1.5% of total collection
- Tuition Reimbursement for up to 3 employees
- Finance and payroll software charges
- Bank fees not offset by interest

Legal

- Monthly \$2,800 per month. Same rate as FY 2023-24
- As needed service rates increase to \$245 per hour for attorneys, \$150 per hour for paralegals, and \$185 per hour for summer law students.

Public Facilities

- Salary for full-time and part-time Maintenance Technician
- Maintenance contracts for grounds (Town Hall, Park, etc.), and cleaning of Town Hall and Keller Meeting Hall.
- Tree “removal” for maintenance (trimming, vine removal, and removal of any dead trees)
- Partial roof replacement on the Public Safety building
- Adding gravel to Town Hall/Park parking lots
- Gazebo improvements
- Irrigation maintenance as needed
- Boardwalk repair materials
- Bench replacement (3)
- Bricks for Memory Lane brick project – third year
- Replacing the outdoor drinking fountain in the playground

Information Technology

- Contracted services to manage servers and support workstations/devices
- Includes security training for all system users
- Expenses for fiber/cable and telephone services

Police

- Police officer wellness and mental health initiative
- Records management system renewal
- License plate reader licensing
- Conversion of shotguns to less-lethal platform
- Replace two patrol vehicles per schedule

Fire

- Turnout gear replacement – per schedule
- Subsidy to Duck Volunteer Fire Department - \$12,800 increase

Inspections

- Permitting software – four “seats” to allow multiple simultaneous users
- Travel and Training includes Maintenance Technician to work toward inspector certification to serve as a backup to the full-time inspector
- Copier shared as noted above under Administration

Ocean Rescue

- Increase of \$134,000 per contract as amended
- Phones and iPads used by the lifeguards

Streets & Highways

- Contracted services for maintenance of sidewalks/plantings in the village and along Duck Trail. These contracts expire in December and the new bids are reflected in the budget
- Retaining wall replacement - Tuckahoe
- Stormwater management along Duck Trail

Sanitation

- Cost increases per contracts for trash and recycling service based upon contract terms

Environmental Protection

- Professional Services related to beach monitoring
- Beach grass planting, sand fencing, etc.
- Debt service for Beach Nourishment bonds

Community Development

- Stipends for Planning Board and Board of Adjustment
- Training for Director, Senior Planner, and Community Planner
- Copier shared as noted above under Administration

Communications and Special Events

- Website hosting
- Social media and website archiving
- E-mail services for e-news
- Event expenses – performers, stage, lighting, etc.
- Merchandise for resale – Duck branded items

Expenditures by Function						
Function	FY22-23 Actual	FY23-24 Budget	FY23-24 Estimate	FY24-25 Recommend	Variance v. CY	% Change
General Government	1,873,759	1,870,551	1,878,353	1,747,335	(123,216)	-6.6%
Public Safety	4,961,374	4,874,475	4,991,231	5,322,671	448,197	9.2%
Streets & Highways	381,833	4,715,811	4,705,824	137,634	(4,578,177)	-97.1%
Community Development	330,636	374,358	353,808	391,069	16,711	4.5%
Environmental Protection	3,530,450	2,364,860	2,181,000	2,288,379	(76,481)	-3.2%
Communications & Special Events	217,589	227,000	234,400	511,405	284,405	125.3%
Transfers and Contingency	1,425,814	1,445,677	1,449,000	1,444,106	(1,571)	-0.1%
Total	12,721,455	15,872,733	15,793,616	11,842,599	(4,030,133)	-25.4%

Fund Balance

The North Carolina Local Government Commission recommends that local governments maintain a minimum unassigned fund balance of no less than eight percent (8%) of expenditures. The Town of Duck has adopted a formal fund balance policy establishing a goal of maintaining a fund balance for the General Fund of 75% of expenditures after deducting debt service payments related to Beach Nourishment. The Town of Duck's estimated non-committed or non-restricted fund balance as of June 30, 2024, is estimated to be \$7.76 million or 50% of FY23-24 expenditures. This represents a decrease of \$1.27 million in fund balance due to the need to fund a portion of the NC 12 elevation project.

Conclusion

It remains important to concentrate our annual budgeting efforts on maintaining current levels of service and maintenance of Town-owned property and infrastructure, ensuring we are providing competitive compensation for our small staff while attempting to avoid any large increase in rates and fees. The budget being presented for your consideration accomplishes these goals. Each year we are faced with different challenges and opportunities. The coming year looks to bring challenges caused by workforce and inflationary influences in the local area, state, and nation. It is these unknowns that continue to influence how we structure our budget.

Maintaining our critical infrastructure and essential services comes at a cost; and Duck, like towns throughout the State, must manage in a fiscal climate marked by economic uncertainty. Town Council members accept their responsibility with great conviction and sincerity and strive to be well-informed and engaged in the operation of this government. This budget reflects the Council's commitment to maintaining and improving this community and positioning it to be financially sound in the future. I believe it to be worthy of your consideration and approval.

Respectfully Submitted,

Drew Havens

Drew Havens,
Town Manager

Annual Budget Ordinance

Town of Duck, North Carolina FY 2024 – 2025 Annual Budget

Budget Ordinance

BE IT ORDAINED by the Town Council of the Town of Duck, North Carolina that the following anticipated fund revenues and departmental expenditures, together with certain fees and schedules, and with certain restrictions and authorizations, are hereby appropriated and approved for the operation of the Town government and its activities for the fiscal year beginning July 1, 2024 and ending June 30, 2025.

Section 1: General Fund

General Fund Revenues	
Ad Valorem Taxes	\$4,741,190
MSD Taxes	\$1,012,675
Local Government Sales Tax	\$1,900,000
Real Estate Transfer Tax	\$375,000
Occupancy Tax	\$2,000,000
Grants	\$42,549
ABC and Beer & Wine	\$92,500
Utility Taxes	\$410,000
Permits and Fees	\$208,000
Interest and Asset Sales	\$330,000
Transfers	\$496,764
Debt Proceeds	\$124,762
Fund Balance Appropriated	\$0
Other Revenue	\$109,160
Total Revenues	\$11,842,599

General Fund Expenditures	
Governing Body	\$154,751
Administration	\$427,390
Finance & Human Resources	\$251,261
Legal	\$65,460
Public Facilities	\$670,362
Information Technology	\$178,111
Police	\$2,238,842
Fire	\$2,065,851
Inspections	\$253,479
Ocean Rescue	\$764,500
Streets & Highways	\$137,634
Sanitation	\$1,442,775
Environmental Protection	\$845,604
Community Development	\$391,069
Communications & Special Events	\$511,405
Transfers	\$1,348,855
Contingency	\$95,251
Total Expenditures	\$11,842,599

Section 2: Beach Nourishment Capital Reserve Fund**Beach Nourishment Capital Reserve Fund Revenues**

Transfer from General Fund (MSD Tax Revenue)	\$1,012,675
Transfer from General Fund (Restricted Sales Tax Revenue)	\$336,180
Fund Balance Appropriated	\$0
Total Revenues	\$1,348,855

Beach Nourishment Capital Reserve Fund Expenditures

Transfer to General Fund	\$606,687
Reserved for Future Expenditures	\$742,168
Total Expenditures	\$1,348,855

Section 3: Levy of Taxes - Ad Valorem

There is hereby levied a tax at the rate of twenty-five cents (\$0.25) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2024, for the purpose of raising the revenue listed Ad Valorem Taxes 2024-2025 in Section 1: General Fund of this ordinance. This rate is based on a valuation of property for purposes of taxation of \$1,885,030,319 and an estimated rate of collection of 99.96%.

Section 4: Levy of Taxes - Municipal Service District-A

There is hereby levied a tax at the rate of \$0.1296 (twelve point nine six cents) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2024 in Municipal Service District - A (MSD-A), for the purpose of raising the revenue listed MSD Taxes 2024-2025 in Section 1: General Fund of this ordinance. This rate is based on a valuation of property for purposes of taxation of \$505,651,543 and an estimated rate of collection of 99.96%.

Section 5: Levy of Taxes - Municipal Service District-B

There is hereby levied a tax at the rate of \$0.285 (twenty-eight point five cents) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2024 in Municipal Service District - B (MSD-B), for the purpose of raising the revenue listed MSD Taxes 2024-2025 in Section 1: General Fund of this ordinance. This rate is based on a valuation of property for purposes of taxation of \$125,528,194 and an estimated rate of collection of 99.96%.

Section 6: Fees & Charges

There is hereby established, for Fiscal Year 2024-2025, various fees and charges as contained in the Fee Schedule attached to this document. All mileage reimbursements for the use of personal vehicles shall be the same as the allowable IRS rate in effect on the date of travel.

Section 7: Position Classification and Salary Schedule

There is hereby established, for Fiscal Year 2024-2025, a Salary Schedule and Position Classification Table as shown on in attachment to this document in order to maintain the Town's Pay and Classification Plan.

Section 8: Special Authorization of the Budget Officer

- a) The Budget Officer shall be authorized to reallocate fund appropriations among the various objects of expenditure as he deems necessary, provided such reallocations do not increase or decrease the total budget for any department.
- b) The Budget Officer shall be authorized to amend this budget as necessary to fulfill all obligations evidenced by a purchase order outstanding on June 30, 2024.

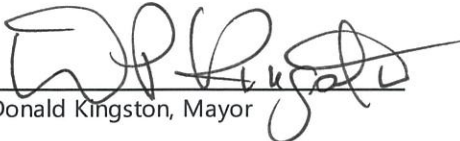
Section 9: Use of the Budget and the Budget Ordinance


This Ordinance and the budget document shall be the basis for the financial plan of the Town of Duck for Fiscal Year 2024-2025. The Budget Officer shall administer the budget and the Finance Officer shall establish records which are in agreement with the budget, this ordinance, and the appropriate statutes of the State of North Carolina.

Section 10: Distribution

Copies of this ordinance shall be furnished to the Budget Officer and the Finance Officer of the Town of Duck so that they may keep this ordinance on file for their direction and disbursement of funds.

Adopted this the 5th day of June, 2024.


Donald Kingston, Mayor

Attest

Lori A. Ackerman, Town Clerk



Salary Schedule and Position Classification Table

Effective July 1, 2024

Following the recommendations of a Classification and Pay Study performed by The MAPS Group in 2021, the Salary Schedule and Classification Table shown below are incorporated into the personnel costs shown in the FY 2024-25 budget and adopted as shown in Section 7 of the Budget Ordinance. The Personnel section of the budget document contains information regarding the number of employees in each department and in each job classification.

Salary Schedule

GRADE	HIRING RATE	MINIMUM	MID POINT	MAXIMUM
1	37,183	39,043	47,409	57,634
2	39,043	40,995	49,780	60,517
3	40,995	43,045	52,269	63,542
4	43,045	45,197	54,883	66,720
5	45,197	47,457	57,626	70,055
6	47,457	49,830	60,508	73,558
7	49,830	52,322	63,534	77,237
8	52,322	54,938	66,711	81,099
9	54,938	57,685	70,046	85,154
10	57,685	60,569	73,549	89,412
11	60,569	63,597	77,226	93,882
12	63,597	66,777	81,086	98,575
13	66,777	70,116	85,141	103,504
14	70,116	73,622	89,398	108,680
15	73,622	77,303	93,868	114,114
16	77,303	81,168	98,562	119,820
17	81,168	85,226	103,489	125,810
18	85,226	89,487	108,663	132,100
19	89,487	93,961	114,096	138,705
20	93,961	98,659	119,801	145,640
21	98,659	103,592	125,790	152,921
22	103,592	108,772	132,080	160,568
23	108,772	114,211	138,685	168,597
24	114,211	119,922	145,619	177,027
25	119,922	125,918	152,901	185,879
26	125,918	132,214	160,546	195,173
27	132,214	138,825	168,573	204,932
28	138,825	145,766	177,002	215,179
29	145,766	153,054	185,852	225,937
30	153,054	160,707	195,144	237,234
31	160,707	168,742	204,902	249,096
32	168,742	177,179	215,146	261,550
33	177,179	186,038	225,903	274,627
34	186,038	195,340	237,199	288,359
35	195,340	205,107	249,059	302,777
36	205,107	215,362	261,512	317,916
37	215,362	226,130	274,587	333,811
38	226,130	237,437	288,316	350,502

Classification Table

GRADE	CLASSIFICATION	FLSA STATUS	HIRING RATE	MINIMUM	MID POINT	MAXIMUM
5	Maintenance Technician		45,197	47,457	57,626	70,055
7	Administrative Assistant		49,830	52,322	63,534	77,237
	Firefighter					
	Police Officer					
	Code Enforcement Technician					
8	Permit Technician (Deputy Town Clerk)		52,322	54,938	66,711	81,099
	Public Safety Office Administrator					
	Master Firefighter					
	Senior Police Officer					
9	Master Firefighter/Acting Company Officer		54,938	57,685	70,046	85,154
	Master Police Officer					
	Planner I (Community Planner)					
10	Community Engagement Coordinator		57,685	60,569	73,549	89,412
	Fire Engineer					
	Police Corporal					
11	Fire Captain		60,569	63,597	77,226	93,882
	Police Sergeant					
	Town Clerk	E				
	Senior Planner					
13	Building Codes and Maintenance Administrator		66,777	70,116	85,141	103,504
14	Finance and Human Resources Manager	E	70,116	73,622	89,398	108,680
16	Deputy Fire Chief	E	77,303	81,168	98,562	119,820
	Deputy Police Chief	E				
18	Public Information and Events Director	E	85,226	89,487	108,663	132,100
20	Community Development Director	E	93,961	98,659	119,801	145,640
	Fire Chief	E				
	Police Chief	E				
25	Town Manager	E	119,922	125,918	152,901	185,879
E = Exempt from the Wage and Hour provisions of the Fair Labor Standards Act (FLSA)						

Schedule of Rate and Fees

Town of Duck Fee Schedule

Effective July 1, 2024

Section I Building Permits & Inspections

<u>Building Use</u>	<u>New Construction & Additions</u>	<u>Renovations/Remodels & Repairs²</u>
<u>Residential – heated space</u>	\$0.65/sq. ft.	\$0.50/sq. ft.
<u>Residential – unheated space¹</u>	\$0.35/sq. ft.	\$0.15/sq. ft.
<u>Multifamily, Hotels/Motels – heated space</u>	\$0.95/sq. ft.	\$0.80/sq. ft.
<u>Multifamily, Hotels/Motels – unheated space</u>	\$0.65/sq. ft.	\$0.45/ sq. ft
<u>Commercial – heated space</u>	\$0.95/sq. ft.	\$0.80/sq. ft.
<u>Commercial – unheated space</u>	\$0.65/sq. ft.	\$0.45/ sq. ft
¹ Unheated space includes attached decks, garages, sheds, and utility rooms.		
² Includes floodplain development fee		

*Minimum building permit fee is \$100.00

**Excludes projects where Flat Fees are charged

A Stop Work Order will be issued for improvements occurring without an issued permit.

Work Without a Permit – A fee double the amount of the required permit will be charged for any permit acquired AFTER work has been started or completed.

Construction must begin within 6 months or permits will expire.

Permit Renewal Fee (must be renewed within 30 days of expiration) \$100.00.

Note that fees/permits/approvals may also be required for construction projects from other local, state, and Federal agencies. Examples:

- Water connection or review fees, health department fees, recordation fees by Dare County
- Wetlands permitted, U.S. Army Corps of Engineers
- Right-of-way review/dedication, North Carolina Department of Transportation
- Major CAMA permits, North Carolina Coastal Resources Commission

Beach Stairs/Dune Access:

New/Complete Replacement Stairs	\$100.00
Minor Repairs	\$25.00

Signs:

Roof signs	\$50.00 + sign permit fees
Ground Mounted/Freestanding Signs	\$100.00 + sign permit fees

Inspections:

\$75.00 first re-inspect
Double the fee of the last re-inspect
for each subsequent re-inspection for
the same item

Failure to Call for Inspection

50% of the original permit cost

Inspections Not Otherwise Listed

\$50.00

Section II Five (5) Building Permit system.

1. There shall be a five (5) permit system with separate permits issued for:

Building Permit
Electrical Permit
Plumbing Permit
Mechanical Permit
Gas Permit

2. When a building permit is issued there will be no charge for associated electrical, plumbing, or mechanical permits as outlined above in Section II (A) above.
3. Above & Below ground propane tanks are not subject to Section II (B) above and may require additional permits.

Section III Other fees, not covered in sections above:

1. Mobile Homes
Single-wide \$350.00
Double-wide \$500.00
Triple-wide \$800.00
Poured footing inspection for mobile home \$100.00
2. Temporary Construction Trailer \$300.00 flat fee **
3. Temporary Tent \$100.00 flat fee **
(>240 sq. ft. requires Flammability certificate)
4. House Moving (into or within Town)

(fees do not include any necessary building or trade permits & additional fees for escort may apply)

Moving into Town of Duck	\$1,000.00
Moving within the Town of Duck	\$750.00
Moving on the Same Lot	\$500.00
Moving out of Town of Duck	\$250.00

5. Pools/Spas & Hot Tubs

Permanently Installed Swimming Pools	\$300.00 flat fee **
In-Ground Hot Tubs	\$300.00 flat fee **
Free Standing/Portable Hot Tubs	\$150.00 flat fee **

6. Gas Pumps

\$100.00 per pump

7. Structural Demolition

(Asbestos Report required if commercial or ever used as commercial)

Residential Demolition in AEC zone	\$350.00 flat fee **
Residential Demolition not in AEC Zone	\$250.00 flat fee **
Non-Residential Demolition in AEC zone	\$600.00 flat fee **
Non-Residential Demolition not in AEC zone	\$400.00 flat fee **

8. Fuel Tanks	Above Ground: 0-5,000 gallons	\$400.00
	Above Ground: Above 5,000 gallons	\$600.00
	Underground: 0-5,000 gallons	\$500.00
	Underground: Above 5,000 gallons	\$700.00

9. Bulkheads & Retaining Walls	\$2.00 per linear ft.
requiring a building permit up to 50 Ft.	
Each additional foot over 50 feet	\$1.00 per linear ft.

Piers	\$1.00 per linear ft.
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10. Flood Development Permit (*in addition to other applicable building permit or land disturbance fees*)

Repairs & Maintenance	No Fee
Remodels/Renovations	No Fee
Additions	\$50.00
New Construction/Substantial Improvements	\$100.00

11. Occupancy Permit (New Construction only)	\$50.00
Temporary Residential	\$300.00
Temporary Commercial	\$500.00

12. Communication Tower/Water Tank	\$20.00/vertical foot
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Section IV Electrical Permit Fees for Repairs/Replacement/Extension of Service:

Temporary Service Pole	\$75.00 flat fee **
Repair Permit Fee	\$50.00
Minimum Permit Fee	\$100.00
(Includes: change out of existing service OR installation of new service up to 200 amps)	
Plus the following:	
Service Upgrade or New Service > 200 amps	\$0.25 per each amp over 200 amps
Receptacles, Lights, Switches and Outlets as follows:	
0-49	\$30.00
50-above	\$45.00
Dryer	\$5.00
Baseboard Heat per unit	\$3.00
Miscellaneous	\$5.00

Section V Plumbing Permit for Repairs/Replacement/Extension of Service:

Repair Permit Fee	\$50.00
Minimum Fee	\$100.00 <u>plus</u> \$10.00 per fixture

Section VI Mechanical Permit for Repairs/Replacement/Extension of Service:

Minimum Permit Fee	\$100.00 <u>plus</u> following:
Change Air Handling Unit	\$30.00
Change Heat Pump	\$30.00
Change Boiler	\$40.00

Section VII Gas Permit for Repairs/Replacement/Extension of Service:

Minimum Permit Fee	\$100.00 <u>plus</u> \$20.00 per appliance
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Section VIII Development and Site Plan Review Fees:

- | | |
|--|----------------------------|
| 1. Single Family Dwellings | |
| New Construction | \$150.00 per dwelling unit |
| Additions/Renovations/Remodels
(increased heated space, changes to coverage
or increased occupancy ***) | \$75.00 per unit |
| Additions/Renovations/Remodels
(No change to heated space, coverage
or occupancy) | \$25.00 per unit |
| Repairs & Maintenance
(within existing footprint) | No Fee |
| 2. Multi Family Dwellings, Duplexes,
Condominiums, Townhouses, Apartments | \$150.00 per dwelling unit |
| 3. Motels/Hotels | \$100.00 per unit |
| 4. Commercial Parking Lots, Commercial, Business and Multi-family Accessory Parking Areas
(other than single family residence). Note that this fee is in addition to other required review fees
for the same project.) | \$50.00 per space |
| 5. All other new development not included elsewhere in fee schedule (this fee is based on footprint
of proposed development or structure and is in addition to review fees for associated parking
areas.) | \$0.75 per square foot |
| 6. Plan of Development | \$250.00 |
| 7. Lots in a Subdivision | \$500 plus \$75/lot |

Section IX Other Planning and Zoning Review and Application Fees:

- | | |
|---|---|
| 1. Text Amendment to the Zoning Ordinance | \$350.00 |
| 2. Rezoning (Zoning Text/Map Amendment) | \$750.00 (<i>plus \$500/acre or any
fraction thereof beyond one acre</i>) |

3. Change of Use Permit if no site plan change is required	\$200.00
4. Change of Use Permit requiring submittal of a new site plan	\$250.00
5. Special Use Permit	\$400.00
6. Special Use Permit for Home Occupation	\$200.00
7. Special Use Amendment	\$250.00
8. Board of Adjustment Variance request	\$500.00
9. Group Development Application Fee	\$500.00
10. Group Development Amendment Fee	\$250.00
11. Exempt Plat Review Fees	\$300.00
12. Board of Adjustment Appeal	\$500.00
13. Zoning Compliance Certificate/Review Letter	\$400.00
14. Fire Marshall Inspections for Commercial Occupancy Permits	
New Building Shell	\$60.00
Completed space > 500 square feet	\$30.00
Completed space 501-5000 square feet	\$60.00
Completed space >5,000 square feet	\$100.00
15. Sign Permit Fees	\$50.00 per sign/max \$200.00
Temporary Sign Permit	\$25.00 per 10-day period + \$50.00 deposit
Community/Association Sign Permit	Fee waived but application still required and building permit may also be necessary
16. Signs removed from public rights of way or within 30' of centerline of public roads and picked up by owner within 10 days—note after 10 days signs will be discarded	\$25.00 per sign

17. Administrative Approvals/Reviews/Uses not otherwise listed	\$250.00
18. Special Planning Board or Town Council Meeting requested by Applicant	\$1,000.00
19. CAMA Minor Permit	Established by CAMA
20. Land Disturbance Permit (without an approved building permit)	
- Minor	\$25.00
Irrigation	
Minor Grading Associated with Landscaping Project	
Septic Repair in Same Location	
- Intermediate	\$100.00
New Septic Installation	
Driveway/Parking Improvements	
Installation of Stormwater Retention Area	
- Major	\$200.00
Significant Topographic Changes (Cutting/Filling)	
Installation of Stormwater Conveyance	
21. Fire/Burglar Alarm Permit (New)	\$50.00
<u>Fire False Alarm Fees</u>	
First, Second, Third	No charge
Fourth	\$150.00
Fifth	Permit revoked. All previous fees to date plus \$200 reinstatement fee
<u>Police False Alarm Fees</u>	
First false alarm in a 30-day period	No charge
Second false alarm in a 30-day period	\$25.00
Third false alarm in a 30-day period	\$50.00
Fourth false alarm in a 30-day period	\$100.00. Permit revoked. Must pay all prior fees plus new permit fee.
22. Minor Home Occupation	\$50.00
23. Homeowners Recovery Fund Fee	Established by State Law
Resubmittal of Expired Site Plan Approvals	
Site plan approvals expire 24 months after the date of approval. After the expiration date of an approved site plan a charge of 50% of initial review fee shall be paid	

for a re-submittal when the following conditions are met:

- a. A review fee has been paid
- b. Site plan approval has expired
- c. No changes are being proposed in the re-submitted site plan

Section X Administrative and Miscellaneous Charges:

1. Re-hearing/advertising (at Petitioner/Applicant's request)	\$250.00
2. Copy of Agenda Package (available free online)	per page charge below
3. Copy of Zoning Ordinance (available free online)	per page charge below
4. Copy of Land Use Plan (available free online)	per page charge below
5. Copy of Budget Document (available free online)	per page charge below
6. Copies of Requested Documents 8 ½ x 11, 11 x14 & 11 x17 (after the 5 th sheet) (after the 3 rd sheet)	 \$.25 black & white per page \$.30 color per page
7. Insufficient Funds Charge (returned checks) <i>(The Town Manager may require cash or cashier's check for future payments from applicants who have submitted checks that were returned for insufficient funds)</i>	\$25.00 first time
8. Police Off-Duty	<u>\$51.00</u> /hour
9. Special Event Permit Application Fee	\$100.00

10. Room and Facility Deposits and Fees:

The following fees shall apply for the use of rooms and facilities unless waived by the Town Clerk, separate checks are required for deposits and fees:

Deposit for Rooms and Facilities (per room),
not including the Paul F. Keller Meeting Hall: \$50.00

Deposit for Paul F. Keller Meeting Hall: \$150.00

Deposits will be refunded after the date for which the room or facility was reserved.

Cleaning Fee for Rooms and Facilities (per room),
not including the Paul F. Keller Meeting Hall: \$50.00
Cleaning Fee for Paul F. Keller Meeting Hall: \$150.00

Monitor Fee for Rooms and Facilities
reserved after 5 p.m. or on holidays or weekends: \$ 15.00 per hour

- Priority One, Two, and Four groups and entities will not be charged any deposits or fees.
- Priority Three groups and entities will be required to pay a deposit, monitor and cleaning fee.
- Priority Four groups or entities may not use a room or facility more than once in any three-month period.

Priority One: Town Council and its respective Boards and Commissions.

Priority Two: Town departments and Town sponsored events.

Priority Three: Homeowner, Property Owner, and similar organizations, provided that the applicant is an organization located in the Town.

Priority Four: Non-profit organizations, including other governmental entities, provided that the use of the room or facilities is for educational, business, or professional meetings.

Rooms and Facilities in the Town Hall Complex may not be reserved for weddings, or similar events.

Note: Fees are non-refundable.

11. Duck Town Park Special Events Fees

Application Fee	\$25 (non-refundable)
Deposit*	\$200 (refundable)
Event where Town is major sponsor	None
Duck based not-for-profit	\$150
Outer Banks not-for-profit	\$300
Non-Outer Banks based not-for-profit	\$1,000
Off Duty Duck Police Officer	\$51/Hour with four (4) hour minimum
Special Events Staff	Staffing and fees assessed during application process if applicable.

* In addition to any other required application fee such as those for the use of required off-duty police officers, a \$200 refundable deposit will be required. This deposit will be refunded following the event once the Town is assured that the Duck Town Park area utilized by the event has been cleaned up and that all requirements of the permit have been complied with. If damage exceeds the amount of the deposit, the event sponsors are responsible for the cost of any additional repairs.

Community and Organizational Profile

History

The land now known as Duck, NC, was relatively uninhabited and unknown in the first few hundred years after settlers arrived in the New World. Originally part of Currituck County, which was formed in 1670 and encompassed much of what we now know as the Outer Banks, Duck was home to only a few inhabitants of European descent. The community became a part of Dare County in the early 1900s, just a few decades after the county was formed.



In these early years, life on the Albemarle Sound and Atlantic Ocean drew fishermen and hunters, but few tourists. With no paved roads until the early 1980s, Duck remained a place for the adventurous visitor.



In 1984, The North Carolina General Assembly established Duck as a North Carolina Beautification District. As a beautification district, an ad valorem tax could be levied to beautify the district and/or protect its citizens. The initial levy provided for the underground installation of power lines throughout the community. The project resulted in an uncluttered skyline, increased safety for evacuation from the area (no downed poles or wires) and maintaining household power through major storm periods.

From 1986 to 1988, the community agreed to continue the tax levy to construct a seven-mile multiple-use trail. These funds were augmented by a \$30,000 grant received from the Dare County Tourism Bureau. Projects such as these preserved the small-town appeal of the area.

In 1987, The Duck Civic Association was established to represent the community in matters of public safety, land use, and other public interests. In February of 1999, the Dare County Planning Director made the DCA aware that a plan was being submitted by Food Lion to build and operate a 31,000 square-foot supermarket in Duck Village, behind Herron's Deli. In response to concerns over this plan, the DCA Board began to explore the possible incorporation of the community. Quick action by the board and community members led to rapid progress. In the late summer and early fall of 2000, the voter signature process to petition for incorporation was completed.



On November 6, 2001, voters voted "for" the incorporation of Duck. Duck was incorporated as the sixth Town in Dare County on May 1, 2002. Since then, the Council and the community have worked to preserve the beauty, welcoming atmosphere, and tranquil environment that have always been at the heart of Duck.

Geography

Duck is located in the northernmost part of Dare County and borders the Town of Southern Shores, Currituck County, the Currituck Sound, and the Atlantic Ocean on the scenic Outer Banks area of North Carolina. Access to Duck is via NC 12 which is also called Duck Road within the Town limits.



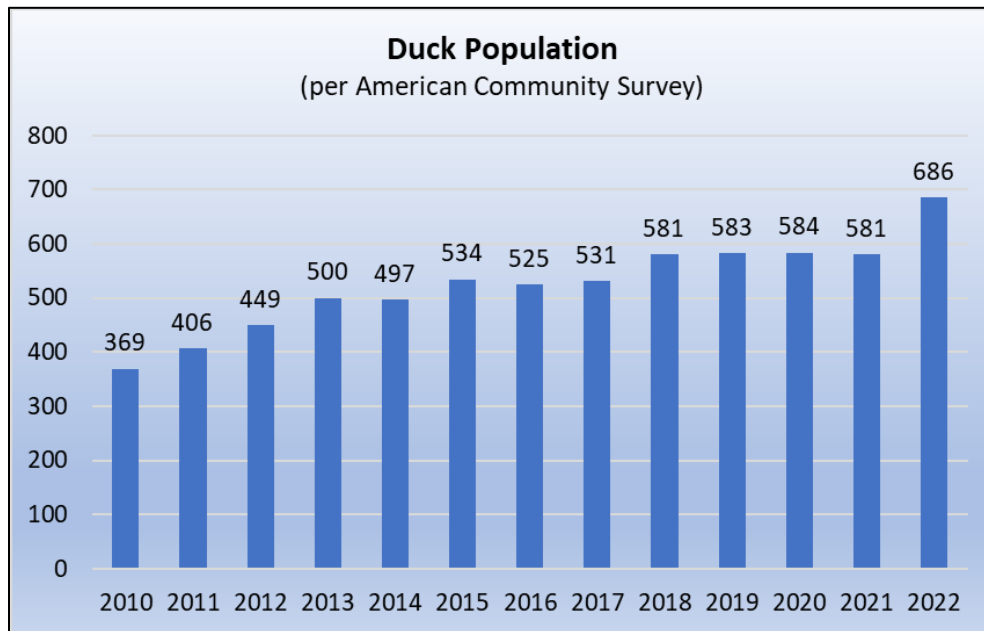
The Town contains 2.32 square miles and the Town's shoreline stretches for seven miles along the Atlantic Ocean. On the west side of Town is Currituck Sound featuring a nearly mile-long boardwalk. These natural features, along with the shops, restaurants, and the other built environment enhance the reputation the Town has as a cottage community, appealing to tens of thousands of tourists yearly.

Major employment, shopping, service, and transportation centers are located in the Hampton Roads area of Virginia which is approximately 80 miles away. Elizabeth City, North Carolina, with shopping, service, and employment centers is within 55 miles of Duck. Being as far east in North Carolina as we are, getting to Raleigh, our state capital, requires 215-mile trip.

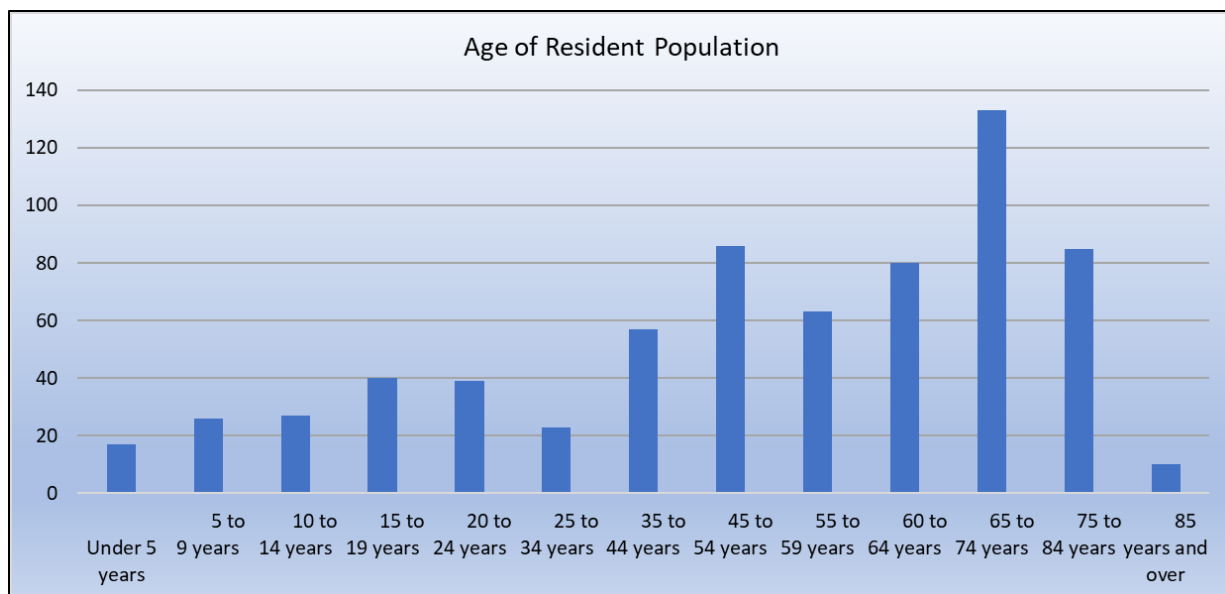


Demographics

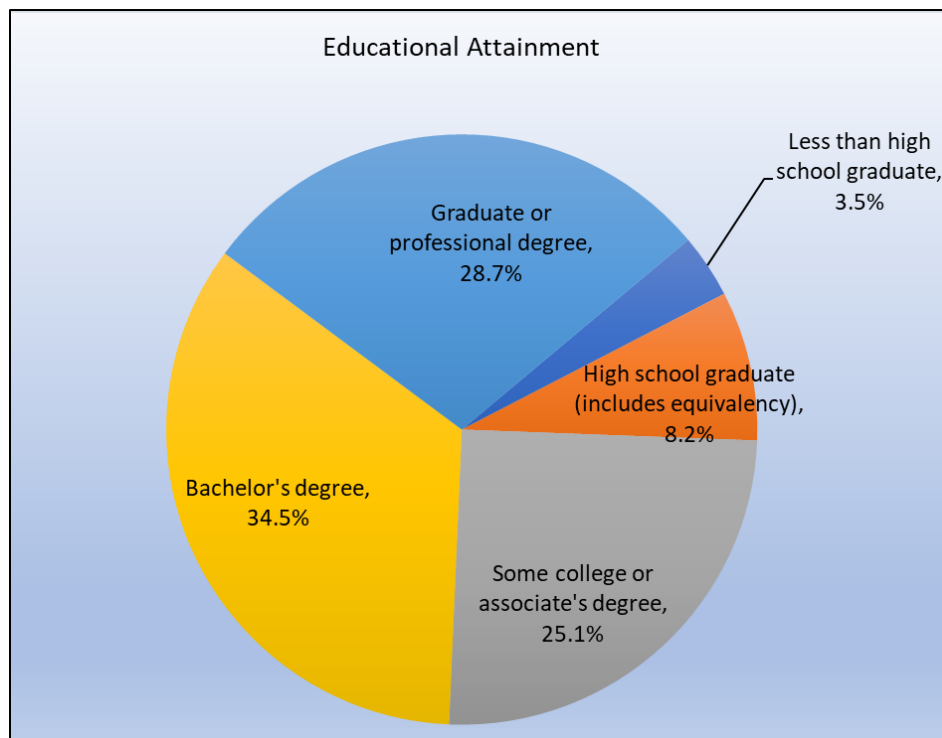
According to the US Census Bureau's American Community Survey (ACS), the Town of Duck has a resident population of 686 as of July 2022. The chart below shows a pattern of relatively little growth in the number of permanent residents of this community. The initial 2020 Census data indicated a total population of 742, but the most recent dataset, the 2022 ACS, shows a population of 686.



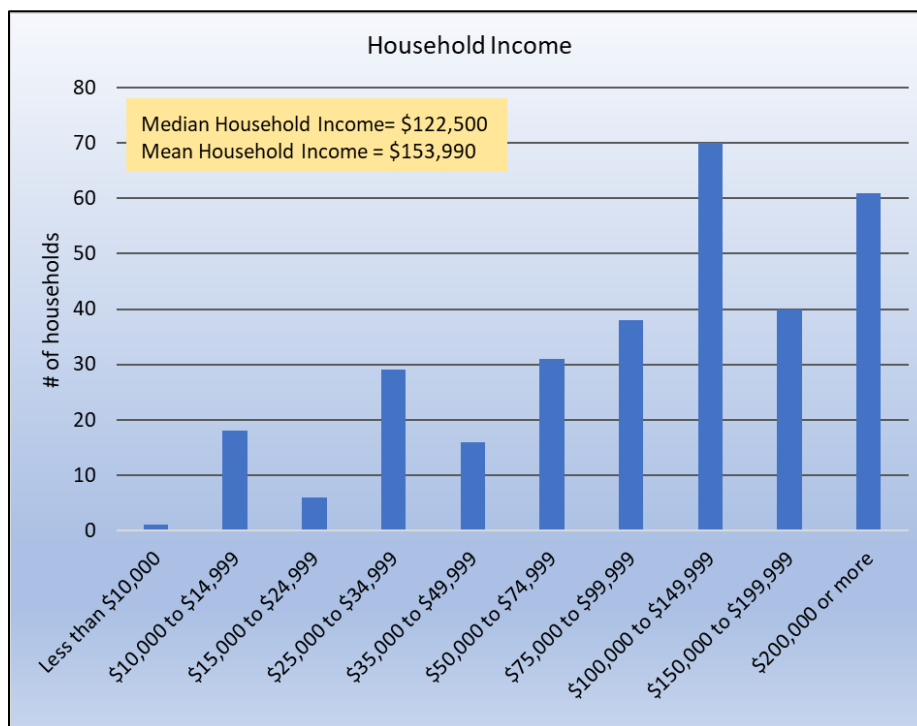
Our resident population, as shown on the chart below, tends to be older than typically seen in other parts of the state, which is not unusual given our location and, in particular, distance from major employment centers.



The resident population, according to the ACS, is predominately white (97%), well-educated, and compared to the County and State, has higher earnings.



Our median household income (MHI) is reported to be \$122,500 compared to a County MHI of \$79,742 and a State MHI of \$66,186.



Local Employment

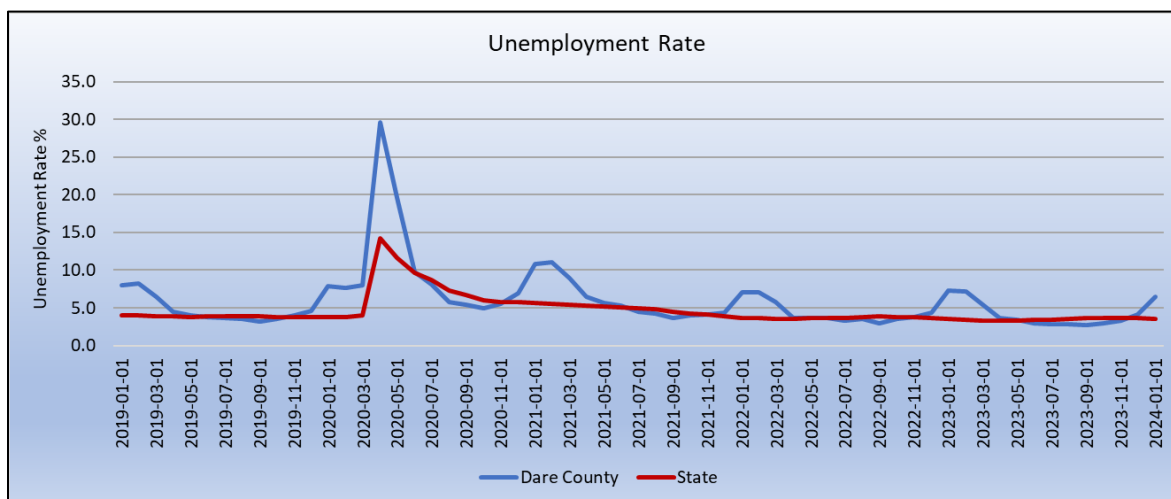
While Dare County, beyond the hospitality industry as a whole, does not have major employment centers, there are two that employ over 500 people. The table below shows the County's top ten employers.

Employer	Employees ⁽¹⁾	Percentage of Total County Employment ⁽²⁾
County of Dare	743	3.44%
Dare County Schools	731	3.36%
Vidant Medical Center	250-499	1.74%
Food Lion	250-499	1.74%
Village Realty	250-499	1.74%
NC Department of Transportation	250-499	0.81%
Twiddy & Company	100-249	0.81%
Carolina Designs Realty, Inc.	100-249	0.81%
Surf or Sound Realty	100-249	0.81%
Wal-Mart Associates, Inc.	100-249	0.81%

- (1) Employment data are only available in ranges. North Carolina Department of Commerce, D-4 Demand Driven Delivery System.
- (2) Total employment per Regional Economic Information System, Bureau of Economic Analysis, U. S. Department of Commerce. Percentage of total employment based upon midpoints of ranges.

Source: Dare County, NC Comprehensive Annual Financial Report, Fiscal Year 2022-23.

During the first few months of the COVID-19 pandemic, the State and the County experienced significant unemployment, but the numbers have mostly returned to pre-pandemic rates with the main employment issue now being the lack of workers in hospitality, construction, and other employment sectors. The chart below shows the County and State unemployment rate beginning in 2019.



Land Use

According to the 2019 ACS, Duck had 2,941 housing units, 83% of which are single-family homes, and 275 households. This is reflective of the large number of rental/second homes in Duck. Below is descriptive language and other information from our recent CAMA Land Use Plan update.

Duck's linear form significantly defines its character. Duck Road runs north-south along the Currituck Sound and is Duck's main commercial road. Most residential roads, which are typically private, are cul-de-sacs that extend east from the Highway.

Development and density in Town are limited by zoning restrictions and the dependence on septic for wastewater treatment. With these limitations, development in Duck is generally of a cozier, more relaxed scale than neighboring towns.

Duck Village - Buildings in Duck Village typify the coastal style popular around Town and generally include pitched roofs. Commercial sites are usually one of two types: a single building on a parcel with parking often to the side of the building or between the building and the street, or a multi-building development around shared parking. Unlike typical town centers, which feature a prominent main street onto which buildings and their tenants face, Duck has a linear center with two fronts: Duck Road and the boardwalk. Buildings on the east side of Duck Road face the road and are sometimes set back by parking. Buildings on the west side of the road often have activity focused on the boardwalk and sound side as well.

Roadside Commercial- These parcels frequently house commercial and recreational uses between Duck Road and the Currituck Sound. Buildings are stylishly coastal and are generally no more than two stories high. The structures are set back from the street to allow for access to the water.

The Sanderling Resort- The Sanderling Resort's buildings contain a range of uses and are larger in scale than most of the Town's development. Much of the open space contains recreational amenities.

Single-Family Residential - In a sense, Duck is a collection of neighborhood associations. Detached homes in Duck represent over 65% of the land area. While there are some single-story homes, many have two to three stories of livable space set over a parking area. Homes on the interior of the island are sited to take advantage of the street. Along the beaches and the Sound, homes are accessible from the street but front the water, with patios and pools set within the dunes on the ocean side.

Attached Residential - Multifamily housing in Duck varies in scale, typology, and layout. These homes are some of the taller buildings in the Town, reaching four stories in some locations. Developments generally contain several distinct buildings of clustered homes with shared parking.

Accessory Dwellings - There are Accessory Dwelling Units (ADUs) in residential and Village Commercial areas of the town. Many apartments are located above businesses and often function as seasonal or workforce housing.

Data on the overall number of short-term rentals is difficult to ascertain. The most current data from the 2017 American Community Survey Estimates indicate there are 2,633 vacant housing units for seasonal or recreational use. For comparison, AirDNA data pulled in May 2019 indicate 324 active rentals, though this only accounts for listings active on Airbnb and not the whole short-term rental market or second homes which are only seasonally occupied. AirDNA data also indicates a peak month of July with a 100% occupancy, an average rental size of 4.3 bedrooms, with an average of 10.6 guests per rental. "Whole house rentals" are classified as 99% of the rental market. This information is corroborated based on conversations relating to the short-term rental market in the area.

The following assumptions are made:

- Census data from 2017 on seasonal, recreational and occasionally occupied units (2,633) was used to calculate the seasonal occupancy. Most of these units exceed four bedrooms.
- The short-term rentals reflect the general housing stock within Duck (based on the number of bedrooms and unit distribution).
- Peak occupancy rate for units used is 90%.
- July is assumed to be the peak month which correlates with AirDNA data and Occupancy Tax data from Dare County.

To develop the seasonal population that corresponds to the short-term occupants, ranges from 1-14 persons per housing unit were assigned based on the number of bedrooms per unit. A low and high estimate of persons is used based on bedrooms for each type of housing unit which corresponds to the general housing stock within Duck:

<i>Estimated Short-Term Occupancy in the Peak Month</i>					
Number of Bedrooms	Occupancy Rate	Housing Unit Distribution (i)	Housing Units	Low Occupancy Estimate	High Occupancy Estimate
Studio	90%	4%	116	104	209
1 Bedroom		6%	153	275	412
2 Bedroom		7%	195	526	877
3 Bedroom		13%	337	1,517	2,502
4 Bedroom		38%	1008	7,261	8,620
5 or more bedrooms		31%	824	7,417	10,380
			2,633	17,100	23,000

i) American Community Survey 2017 data on unit distribution in Duck

Town Government

The Town of Duck operates under the Council-Manager form of government. All five members of the Town Council (Council) are popularly elected, in non-partisan elections, to serve two-year terms with all five members running on the same election cycle. The Town Council is the legislative and policy-setting body.

The Mayor is elected by and from among the Town Council, is the presiding officer at Council meetings, and has other duties as prescribed by the Town Charter. The Mayor Pro-Tempore, also a member of the Town Council and elected by same, serves in the role of Mayor should the Mayor be absent or otherwise unable to serve.

The Council appoints a Town Manager to direct the administrative and day-to-day affairs of the Town. The Manager works for the Town Council as a whole and is the supervisor of Town staff and, by law, the Town's Budget Officer. The Manager provides the Council with regular reports regarding the operational and financial condition of the Town and works with the Council to establish and implement long-range plans. Other duties of the Town Manager are prescribed as a matter of law in Chapter 160A-148 of North Carolina General Statutes.

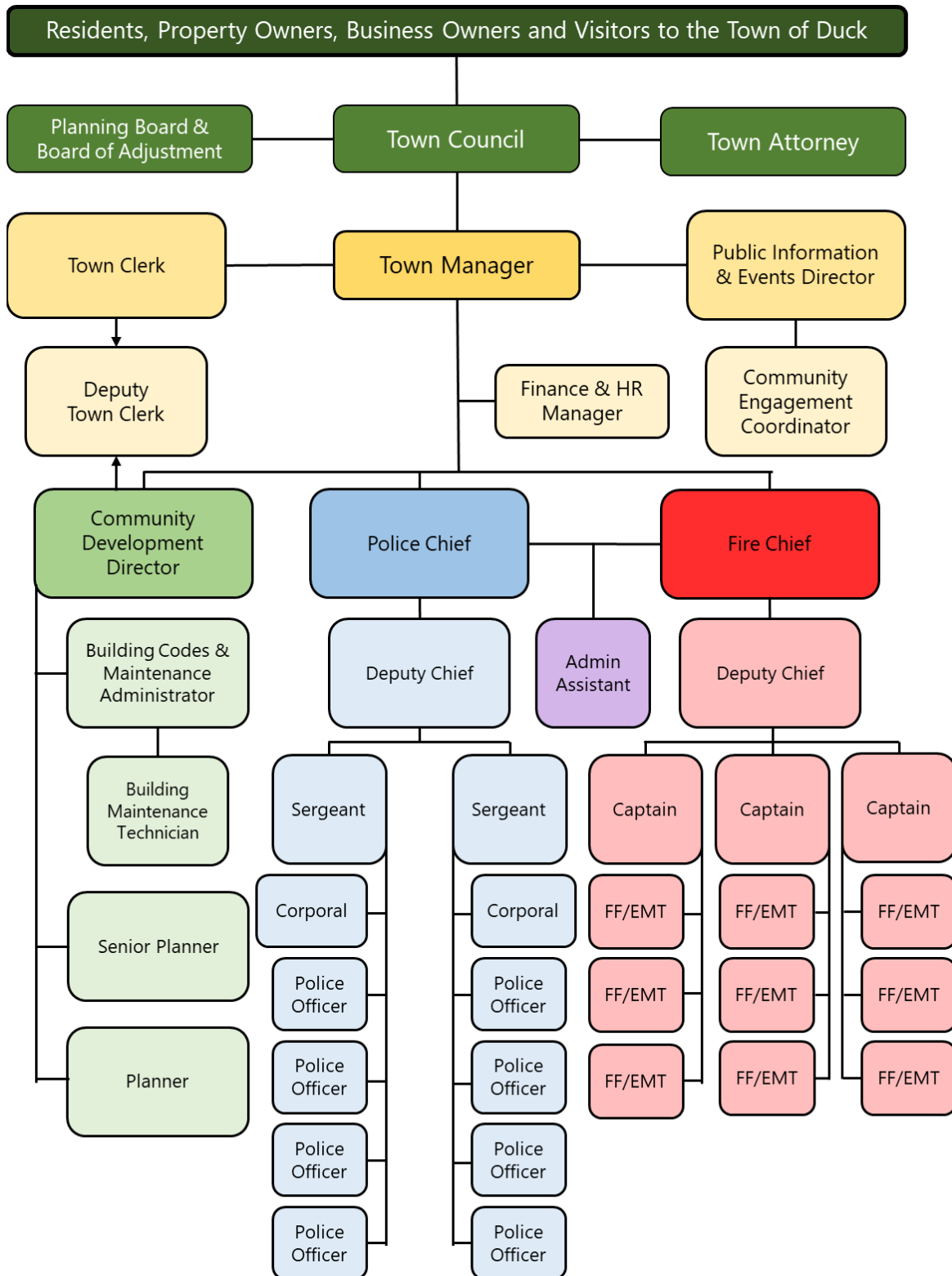
The Council appoints volunteer boards to serve in advisory, planning and quasi-judicial capacities in accordance with their duties. Following is a brief description of each advisory board.

Planning Board - The five-member Planning Board, according to our Code of Ordinances (Section 30.38) shall have the duty of to prepare plans and to coordinate the plans of the Town and those of others so as to bring about a coordinated and harmonious development of the area.

Board of Adjustment -The five members and two alternates are a "quasi-judicial" administrative body appointed by Town Council to interpret and apply the Town of Duck Code of Ordinances. This Board will hear and decide appeals from any administrative official charged with enforcing the Town of Duck Code of Ordinances; they will also hear special exception and variance requests as allowed by in the Town of Duck Code of Ordinances. This Board meets on an "as-needed" basis.

Organizational Chart

This organizational chart reflects each of our full-time positions.



Introduction to the Budget

Basis of Accounting

This budget is prepared using the modified accrual method of accounting for all funds, the same method used for our accounting practices and for our audited financial statements. This approach to accounting recognizes revenues when they become measurable and expenditures at the time the liability is incurred. All revenues and expenditures must be included in the annual budget ordinance, or the appropriate capital project ordinances. Any operational appropriations that are not expended or encumbered at the end of the fiscal year shall lapse.

The accounts of the Town are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The account groups are not funds but rather a reporting device used to account for certain assets and liabilities of the governmental funds that are not recorded directly in those funds. The Town of Duck maintains one major fund: The General Fund. Capital expenditures associated with beach nourishment in this fund are accounted for in a Beach Nourishment Capital Reserve Fund.

The General Fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund. This fund is established at the inception of a government and exists throughout the government's life.

The Chart of Accounts, the listing of all revenue and expense accounts, is reflected on the budget worksheets the reader will see in this document, and is the basis upon which our financial software package manages information. A subsequent section of this document describes the need for changes in our Chart of Accounts and provides a summary of those changes.

The budget worksheets contained in this document show a level of detail that is far greater than shown in the budget ordinance. The budget ordinance is the legal instrument that guides our spending and is adopted by department. The process of amending the budget is described later in this document.

North Carolina Local Government Budget and Fiscal Control Act (the Act)

North Carolina General Statute 159-7(c) states "It is the intent of the General Assembly...to prescribe for local governments and authorities a uniform system of budget adoption and administration and fiscal control." This Act mandates many of the actions the Town takes to prepare, adopt, and administer the annual budget.

Section 159-8 of the Act requires that the Town adopt an ordinance containing a balanced budget for each of the funds managed by the Town and sets the fiscal year as beginning July 1 and ending June 30. According to the Act, a budget is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations. The budget for the General Fund is balanced in accordance with this law. The budget ordinance also includes, as required by the Act, the property tax levy and rate and the MSD tax levies and rates.

Section 159-9 of the Act dictates that, in towns operating under a Council-Manager form of government, like Duck, the Manager is to be the Budget Officer and dictates the timing of the budget process. This is described in a subsequent section of this document.

Annual Budget Process

The importance of the budget cannot be overstated. The budget document outlines policy direction, guides management decisions, and provides citizens with an understanding of how the Town uses public money, establishing accountability. The Town operates under an annual budget ordinance adopted by the Town Council in accordance with the provisions of N.C.G.S. 159, also known as the Local Government Budget and Fiscal Control Act (LGBFCA). The Town Council must adopt a balanced budget before the start of the fiscal year on July 1.

Budget Calendar

North Carolina General Statutes 159-10 through 159-13 set forth requirements for a budget calendar to denote specific days on which certain steps of the budget process are to be performed. The Town's complete budget calendar can be viewed under the Budget Calendar section of the budget document.

N.C.G.S. prescribed dates:

N.C.G.S. 159-10

Before April 30 of each fiscal year (or an earlier date fixed by the budget officer), each department head shall transmit to the budget officer the budget requests and revenue estimates for his department for the budget year.

N.C.G.S. 159-11 (b)

The budget with a budget message shall be submitted to the governing board no later than June 1.

N.C.G.S. 159-1 (a)

Not earlier than 10 days after the day the budget is presented to the board and not later than July 1, the governing board shall adopt a budget ordinance making appropriations and levying taxes for the budget year in such sums as the board may consider sufficient and proper, whether greater or less than the sums recommended in the budget.

Our budget process begins sooner and continues to run ahead of what is required under state law in order to ensure ample time for Town Council direction and public comment.

Here is the budget calendar, as approved by the Town Council:

October 2, 2023:	Issue FY 2025 CIP forms to Department Heads
November 13, 2023:	Deadline for submission of CIP forms to Town Manager
November 27, 2023:	Draft CIP Worksheet Reviewed by Department Heads

December 1, 2023:	New Line-Item Additions due to Finance Administrator
December 18, 2023:	New Position Requests and Five-Year Staff Projections due to Town Manager
January 8, 2024:	Preliminary FY 2025 Budget Worksheets Distributed to Department Heads
January 17, 2024:	Town Council Strategic Planning Session (mid-month meeting)
February 21-22, 2024:	Town Council Retreat – Including CIP Review
March 4, 2024:	Preliminary Revenue Projections Completed
March 4, 2024:	Deadline for submission of budget requests to Town Manager
March 18, 2024:	Department Head Meeting – Preliminary Budget Review
April 12, 2024:	Town Manager completes FY 2025 revenue estimates
April 17, 2024:	Town Manager discussion of FY 2025 budget with Town Council (mid-month meeting)
April 18, 2024:	Notice for public hearing posted and submitted to newspaper
May 1, 2024:	Public Hearing regarding the Draft FY 2025 Budget
May 15, 2024:	Town Council Work Session concerning FY 2025 budget (mid-month meeting – if required)
June 5, 2024:	Adoption of FY 2025 Budget and Capital Improvement Plan (regular meeting)

The Budget Process Cycle

Five phases shape the budget process: 1) goal setting and direction, 2) preparation and requests, 3) adoption, 4) implementation, and 5) summary of transactions. These phases have some overlap and show that the budget is not just a once-a-year task, it's something that is developed and interacted with throughout the year.

Goal Setting & Direction

Because the budget is such an important tool, it is important that clear goals and direction be established before actual preparation begins. Staff use the Vision 2032 document, approved plans,

and input from the Council during the Strategic Planning session and annual Retreat to understand the goals for the coming year's budget.

Preparation & Requests

Preparation for the Town budget begins in December with work beginning on the Capital Improvement Plan (CIP). Department directors work with their teams and the Town Manager to determine capital needs and prepare documentation to put together a draft CIP to share with Council at their Retreat in February. Part of this process also includes identifying funding sources, including any grant opportunities that may exist for projects under consideration. Once CIP requests are made, staff work to develop revenue and expenditure projections to estimate the CIP effects on the Town's operating budget and financial condition.

At the beginning of January, the Town Manager provides each department with a budget packet containing their current operating budget, budget worksheets and instructions. Department directors are responsible for estimating departmental expenditures and submitting their requests and proposed departmental budgets by March 1st. The Town Manager then meets with Department Directors and others to discuss budget requests to prepare a "gross needs" expenditure budget. This includes all personnel requests, capital items, non-capital purchases, debt service, and program expenses.

During the first week in April, using local and state (NCLM) resources, the Town Manager develops estimates for revenue for each of the sources. Once revenue is estimated, the Town Manager and Department Directors meet to discuss the need for reducing the expenditure side of the budget in order to present a draft budget, without adjustment to tax revenue, to the Town Council at their mid-month meeting in April. The Town Manager will present, with this draft, a list of personnel, purchase, etc. contained in the "gross needs" budget to the Town Council to provide a look at the needs in the unbalanced budget in order to get guidance from the elected leaders as to their relative priorities in terms of these needs.

After receiving Council input and direction at the April meeting, the Town Manager and Department Directors work to include the direction from Council in the next draft of the budget which is presented to the Council at their mid-month meeting in May. Following this meeting the notice for the Public Hearing on the proposed budget is published and posted as required by statutes.

Adoption

At their regular May meeting, Town Council conducts a public hearing on the draft budget and officially votes to adopt the budget by approving a budget ordinance at their June meeting. Should more work be necessary on the budget following the hearing, Council may make additional modifications at their mid-month meeting in May. The budget ordinance establishes the spending limits for each department in the upcoming fiscal year. The adopted budget document is a guide that provides Town Council and management staff with a mechanism for evaluating budgetary and organizational performance.

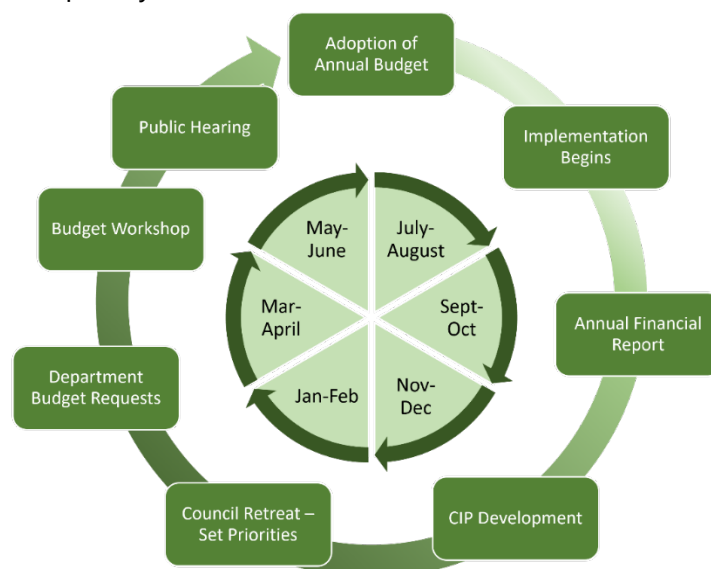
Implementation

Once the budget is adopted, departments have the ability to expend funds in accordance with the approved budget. The implementation phase may also include budget transfers and budget amendments throughout the fiscal year. Changes in revenues and expenditures can occur that require the budget to be amended or funds to be transferred between accounts to adjust to the changes. Transfers and amendments allow Town Council and management staff to be proactive in addressing changes in the economy or taking advantage of unforeseen opportunities. Budget transfers and amendments must adhere to the balanced budget requirements and impose no additional tax levy liability on citizens. The Town Manager can make line-item adjustments within a department, however, all budget amendments, per Town policy, must be approved by the Town Council.

Summary of Transactions

The final phase of the budget process involves reporting on all financial transactions throughout the fiscal year and performing a financial audit. Town staff prepare monthly reports throughout the fiscal year so that the Town Council can monitor the Town's expenditures and revenues. At the end of the year, the Town Manager is responsible for generating an end-of-year report that details the Town's expenditures and revenues. This is done with the help of an independent accountant who prepares annual financial statements and an independent auditor who annually reviews the Town's finances in order to certify that the final reports accurately represent the Town's financial condition. The Annual Financial Information Report (AFIR) must be submitted to the NC Department of State Treasurer by November 1, of the following fiscal year. Current and past annual reports are available for citizen review at Town Hall or online through the NC Department of State Treasurer website.

The diagram below shows the cyclical nature of the budget cycle with no real time spent not interacting with the annual budget, either the one currently in effect, the one from the prior year, or the one for the subsequent year.



Debt

Computation of Legal Debt Margin

North Carolina General Statutes impose a limit on the amount of bond debt any local government can incur. This debt ceiling is eight percent (8%) of the total assessed value of real and personal property. As of July 1, 2024, our gross debt obligation is \$1,908,995, the majority of which is for the two bond issues to pay for the 2022 Beach Nourishment project.

Assessed Value of Real and Personal Property:	\$ 1,875,652,059 (2024 assessment)
Debt Limit (8% of assessed value):	\$ 150,052,165
Debt (net) Applicable to Limit (as of 7/1/2024):	\$ 1,908,995
Legal Debt Margin:	\$ 148,143,171

Types of Debt Financing

The following is a common list of financing options used by local governments in North Carolina to issue debt.

General Obligation Bonds

General Obligation (GO) bonds require voter approval because the debt is secured by the taxing power of the local government. When a local government issues GO bonds, they promise to pay back the loan by using all revenue available at its disposal, including its ability to raise taxes. GO bonds in North Carolina require approval of the North Carolina Local Government Commission (LGC). GO bonds typically have the lowest interest rates and twenty-year terms.

Revenue Bonds

Revenue bonds are secured and repaid from specific revenues and can only be used to finance revenue-producing projects. Revenues earned from these projects repay the bond. These revenues are most often the net earnings from enterprise or self-supporting utilities. Revenue bonds are commonly used to finance electric or water and sewer capital improvements. The LGC requires an independent, nationally recognized consulting firm to conduct a feasibility study and that revenues from the project be 20 percent greater than total debt service costs and operating expenses of the projects.

Special Obligation Bonds

A special obligation bond is secured by a pledge of any revenue source or asset available to the borrowing government, except the unit's taxing power. In a broad sense a revenue bond is a type of special obligation bond. The term "special obligation", as used in North Carolina, however, refers to debts secured by something other than (or in addition to) the revenues from the asset

or system being financed. In our case, we pledge proceeds from MSD taxes, Occupancy Tax revenue, and Land Transfer Tax revenue in order to provide sufficient coverage for the debt service for these bonds.

The authority to issue special obligation (SO) bonds is very limited and includes allowing a municipality to issue SO bonds for any project for which a municipality is authorized to create a municipal service district (MSD). Because the debt market perceives the security for special obligation debt as weaker than the security for general obligation debt, the market normally demands of special obligation debt some of the same covenants and other safeguards demanded of revenue bonds.

Installment Purchase Agreements

Installment purchase (IP) (or lease-purchase) financing can be either short-term or long-term. This type of obligation is privately placed with a financial institution or vendor. The security for the obligation is typically the asset being purchased or constructed. Bank-qualified IP agreements, when less than \$10 million borrowed in the calendar year, allow local governments to borrow money at a lower rate than conventional loans because lenders do not have to pay taxes on the interest portion of the payments it receives. This type of financing is typically used by the Town for items such as vehicles, equipment, and some facilities. For large IP agreements, the LGC must approve the debt.

Certificates of Participation

Certificates of Participation (COPs) operate similarly to an IP except that the debt is publicly traded rather than privately placed. COPs typically have higher interest rates than GO bonds because the debt is secured by a pledge of the asset being purchased or constructed and funds resulting from the project being financed and cannot be secured by the "full faith and credit" of the government. The local government uses revenue to pay off debt on a capital project. Unlike revenue bonds, local governments can use the revenue from the entire unit to pay off the debt and are not limited to using revenue only produced by the financed project. COPs are typically financed for ten- to twenty-year terms. This type of financing is typically considered for a revenue-generating project.

Tax Increment Financing Bonds

Tax Increment Financing (TIF) bonds are high risk for investors because the debt is secured on anticipated increases in property value. A TIF project begins by designating an area as a TIF district and determining a base property value. The base valuation is set for a specific number of years, during which time public and private investments should improve the property. The increase in value over the base valuation is the increment. Local governments continue to accrue taxes levied on the base valuation for normal operations. Additional taxes levied on the increment are for the repayment of debt service or other qualifying needs associated with the TIF. At the end of the specified time, all debt associated with the TIF is amortized and all tax revenues can be used at the discretion of the local government. A successful TIF project is dependent upon an increase in the property value of the designated district. The inherent risk in TIF is the assumption that property values will increase enough to repay the associated debt. TIF bonds can be financed for up to thirty years.

Our Debt Obligation

As of June 30, 2024, the Town's debt obligation, or total outstanding debt, is \$1,908,995. The table below shows the amount budgeted to pay for the debt service on outstanding debt issuances.

Issue Year	Project	Finance Type	Amount Issued	Term Years	Interest Rate	FY 2024-25 Principal	FY 2024-25 Interest	Total Debt Service
2010	Town Hall and Park Refinance	Installment Purchase	3,000,000	15	1.25%	133,333.00	3,333.00	136,666.00
2022	Vehicles (5)	Installment Purchase	238,623	4	1.22%	80,507.44	982.19	81,489.63
2022	Radios	Installment Purchase	406,273	4	1.22%	137,069.80	1,672.25	138,742.05
2022	Beach Nourishment	Special Obligation Bond	2,407,148	5	1.84%	474,917.40	21,846.20	496,763.60
TOTAL								853,661.28

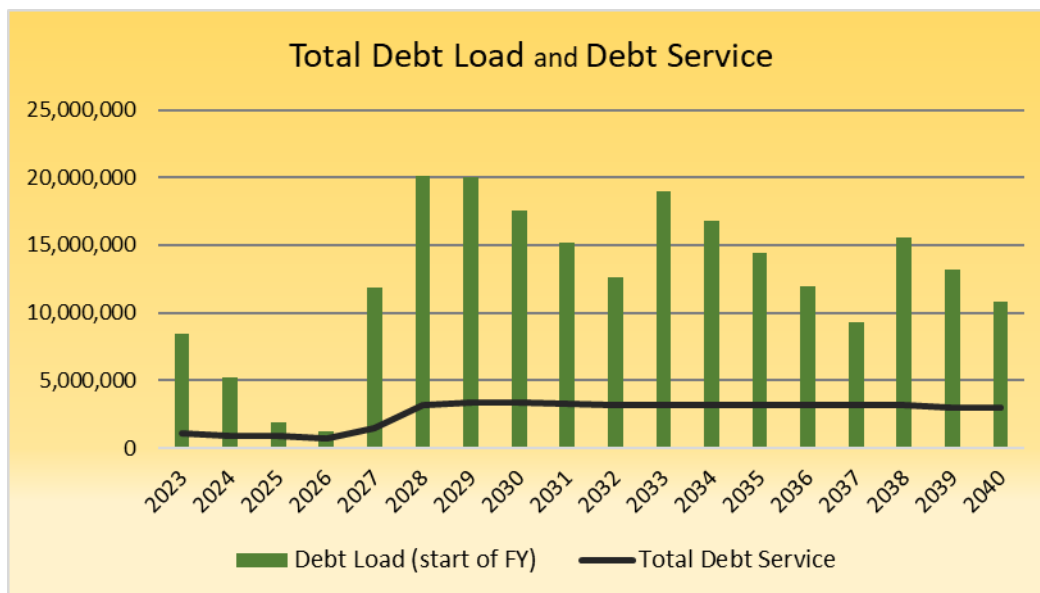
The table on the next page shows the remaining debt on each of these outstanding loans plus future debt service per the Capital Improvement Plan.

Current Debt												
	Town Hall and Park Refinance			800 MHz Radios			Patrol Vehicles			Command Vehicle Replacement		
Amount	3,000,000			406,273			238,623			150000		
Term	15 years (2010)			3 years (2022)			3 years (2022)			3 years (2027)		
Interest	1.25% (reset from 3.21%)			1.22% (IF)			1.22% (IF) Current (5% projected)			6% (IF)		
Fiscal Year	Principal	Interest	Total	Debt Load (start of FY)	Principal	Interest	Total	Debt Load (start of FY)	Principal	Interest	Total	Debt Load (start of FY)
2023	216,667	7,708	224,375	616,666	133,786	4,957	138,742	406,273	78,578	2,911	81,490	238,623
2024	133,333	5,000	138,333	399,999	135,418	3,324	138,742	272,487	79,537	1,953	81,490	160,045
2025	133,333	3,333	136,666	266,666	137,070	1,672	138,742	137,070	80,507	982	81,490	80,507
2026	133,333	1,668	135,001	133,333					36,162	5,700	41,862	114,000
2027									92,213	12,442	104,654	248,838
2028									96,823	7,831	104,654	156,626

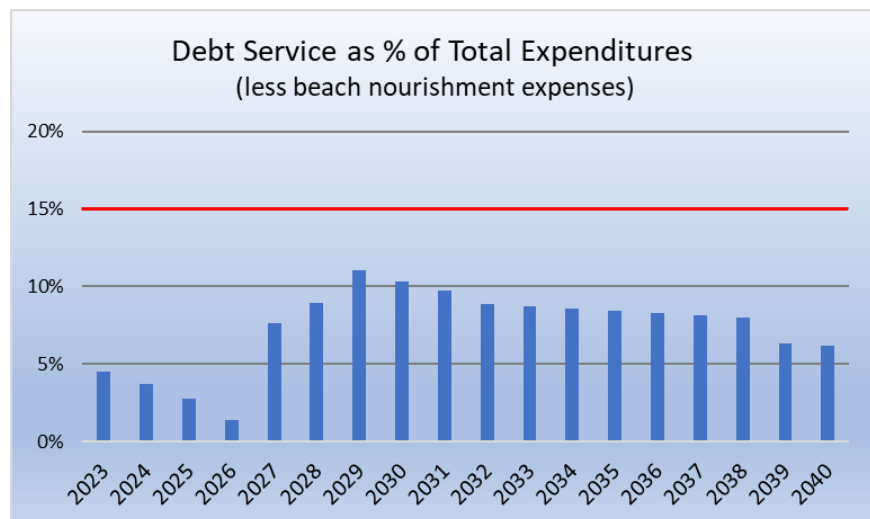
Debt Ratios

The large costs associated with future capital projects, as described in the Capital Improvement Plan, may require financing, which results in debt obligation for the Town. The Local Government Commission (LGC) and bond rating agencies assess the Town's ability to incur and repay debt through various debt capacity ratios and indicators. The Town evaluates net debt as a percentage of total assessed value of taxable property, the aggregate ten-year principal payout ratio, and the ratio of debt service expenditures as a percent of total fund expenditures.

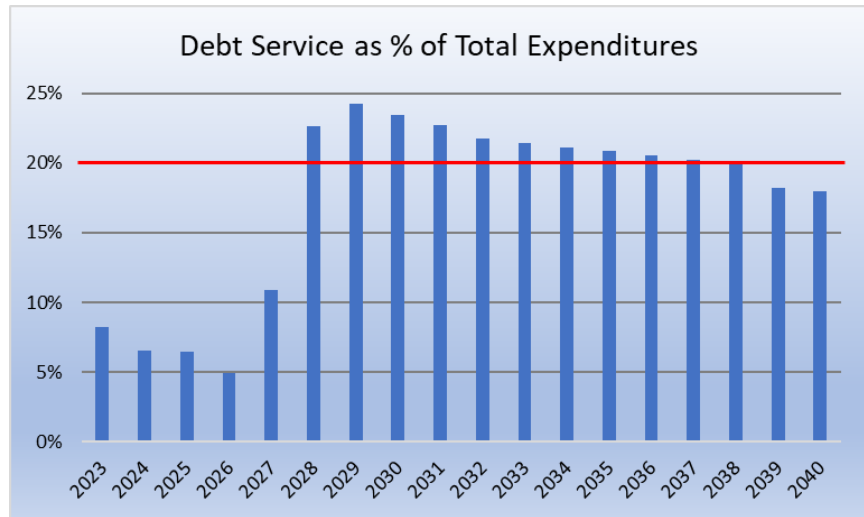
The chart below shows the total debt load (amount of principal outstanding) at the beginning of each fiscal year and the amount of debt service (principal and interest) due in that year for all outstanding debt and future debt contemplated by the CIP.



As an indicator of debt burden, our Financial Policies require debt service to be no more than 15% of General Fund expenditures after deducting Beach Nourishment debt service expenses. Using the CIP to inform projections for future debt issues, and not including the one-year borrowing for the FEMA portion of the Beach Nourishment project, this chart shows that we will remain well within policy.



When Beach Nourishment debt service expenses are included, our policy sets the target at no greater than 20% of total expenditures. This chart shows that, in FY 2028 we will exceed this target due to debt needed for the future Public Safety building, future beach nourishment, and the purchase of a new ladder truck. This is something we will need to keep an eye on as expenses are better defined for these items and as a more accurate outlook on future expenditures is developed.

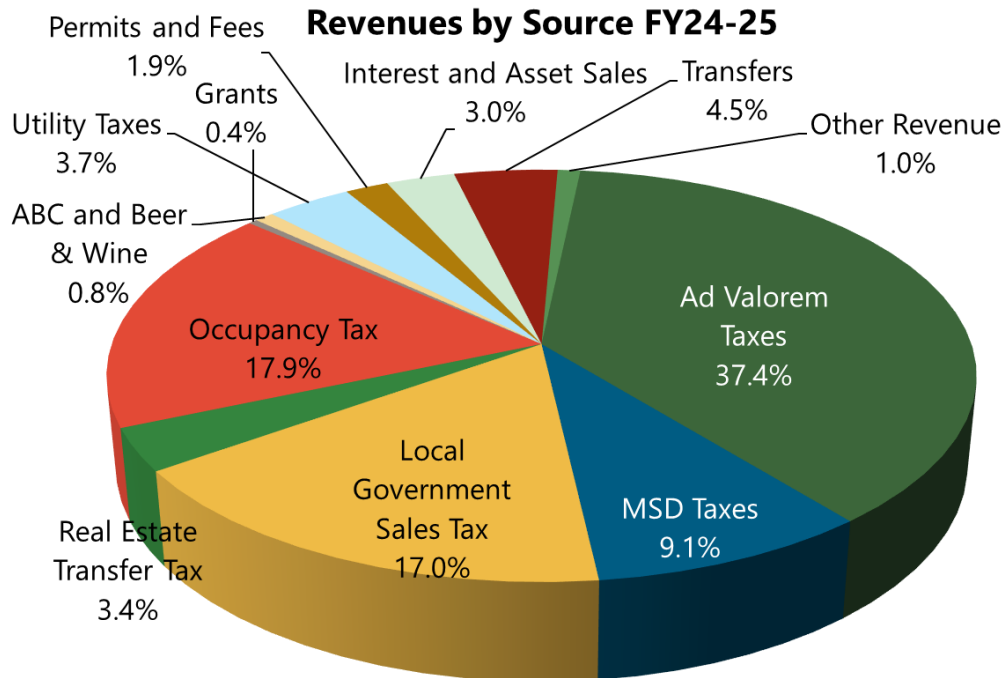


Our goal is to amortize at least 55% of our total debt in 10 years or less. Assuming new debt service is issued per the CIP, we will be outside of this goal and remain outside until debt is retired for the anticipated construction of the Public Safety building and ladder truck purchase. This ratio will need to be monitored as we consider debt issuance for these projects.

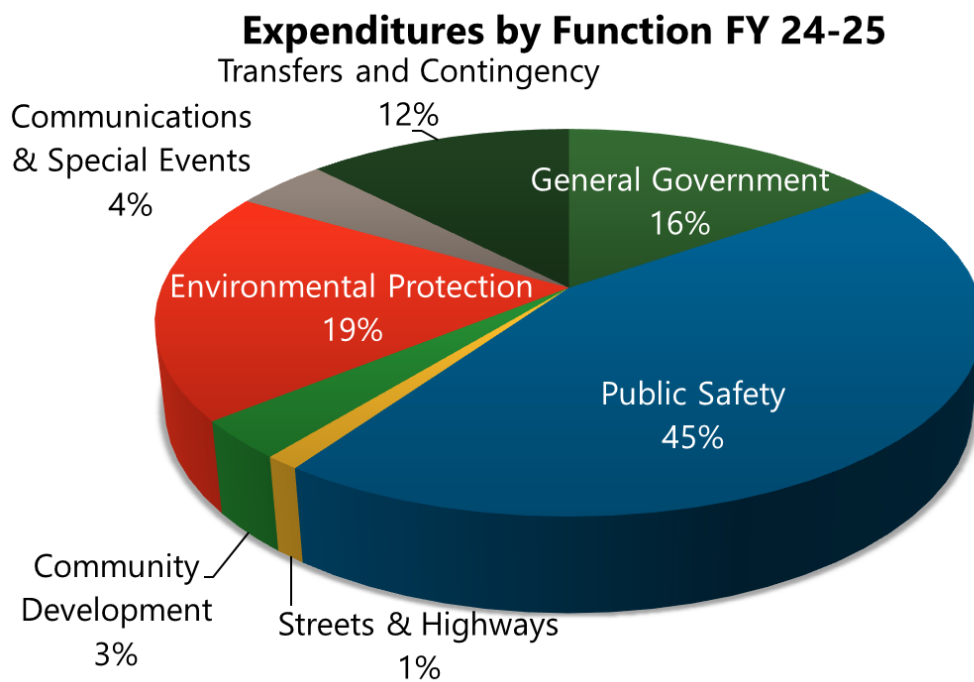


Budget Summary

Revenues by Source						
Source	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Ad Valorem Taxes	4,149,036	4,141,643	4,175,908	4,741,190	599,547	14.5%
MSD Taxes	1,013,347	1,009,030	1,012,675	1,012,675	3,644	0.4%
Local Government Sales Tax	2,124,121	1,900,000	1,900,000	1,900,000	0	0.0%
Real Estate Transfer Tax	535,483	425,000	375,000	375,000	(50,000)	-11.8%
Occupancy Tax	2,233,398	2,000,000	2,000,000	2,000,000	0	0.0%
Grants	213,701	3,057,683	42,549	42,549	(3,015,134)	-98.6%
ABC and Beer & Wine	84,985	91,800	92,500	92,500	700	0.8%
Utility Taxes	419,868	405,000	410,000	410,000	5,000	1.2%
Permits and Fees	253,133	206,500	208,000	208,000	1,500	0.7%
Interest and Asset Sales	427,604	405,000	330,000	330,000	(75,000)	-18.5%
Transfers	0	566,868	496,764	496,764	(70,104)	-12.4%
Debt Proceeds	0	0	124,762	124,762	124,762	
Fund Balance Appropriated	0	1,555,050	0	0	(1,555,050)	-100.0%
Other Revenue	186,123	109,160	109,160	109,160	0	0.0%
Total	11,640,798	15,872,734	11,277,317	11,842,599	(4,030,135)	-25.4%



Expenditures by Function						
Function	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
General Government	1,873,759	1,870,551	1,822,388	1,747,335	(123,216)	-6.6%
Public Safety	4,961,374	4,874,475	5,266,262	5,322,671	448,197	9.2%
Streets & Highways	381,833	4,715,811	137,634	137,634	(4,578,177)	-97.1%
Community Development	330,636	374,358	387,593	391,069	16,711	4.5%
Environmental Protection	3,530,450	2,364,860	2,288,379	2,288,379	(76,481)	-3.2%
Communications & Special Events	217,589	227,000	508,868	511,405	284,405	125.3%
Transfers and Contingency	1,425,814	1,445,677	1,460,996	1,444,106	(1,571)	-0.1%
Total	12,721,455	15,872,733	11,872,121	11,842,599	(4,030,133)	-25.4%



Revenue

This section outlines the basis for the budget numbers we use in the revenue portion of our budget. Each major source is explained below to give some background on the source of the revenue, and to give the reader an indication of the stability of the sources. We then propose an estimate of the growth or reduction for each of the revenues based upon guidance from the North Carolina League of Municipalities' revenue projection report and other reliable sources including Dare County.

Revenue Sources (In the order they appear on the budget worksheet on page 1)

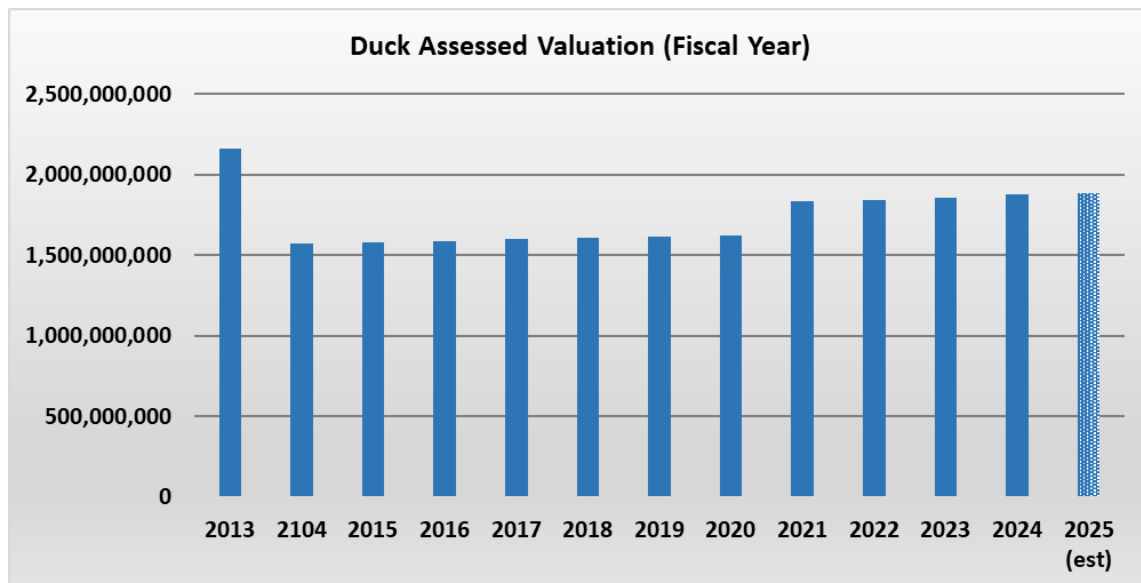
Revenue						
Account Description	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Ad Valorem Tax	4,103,231	4,109,143	4,145,408	4,710,690	601,547	14.64%
MSDA	654,889	652,271	655,062	655,062	2,791	0.43%
MSDB	358,458	356,759	357,612	357,612	853	0.24%
Motor Vehicle Tax	42,865	27,500	27,500	27,500	0	0.00%
Prior Year Tax, Penalties & Interest	2,940	5,000	3,000	3,000	(2,000)	-40.00%
Local Government Sales Tax	2,124,121	1,900,000	1,900,000	1,900,000	0	0.00%
Real Estate Transfer Tax	535,483	425,000	375,000	375,000	(50,000)	-11.76%
Occupancy Tax	2,233,398	2,000,000	2,000,000	2,000,000	0	0.00%
Visitor's Bureau Grant		225,806	13,549	13,549	(212,257)	-94.00%
State and County Grants	58,497	569,669			(569,669)	-100.00%
Shoreline Grant (County)	24,000	24,000	24,000	24,000	0	0.00%
Government Access Channel Grant	5,000	5,000	5,000	5,000	0	0.00%
Federal Grants					0	
FEMA Grants		1,849,197			(1,849,197)	-100.00%
NFWF Grant		384,011			(384,011)	-100.00%
COVID-19 Relief Fund/ARP	126,204				0	
Beer and Wine	3,445	1,800	2,500	2,500	700	38.89%
Utility Franchise Tax	419,868	405,000	410,000	410,000	5,000	1.23%
Building Permits	203,524	170,000	172,000	172,000	2,000	1.18%
Reinspection Fees					0	
Other Permits	12,960	6,000	6,000	6,000	0	0.00%
Permits and Fees - Other					0	
Superior Clerk of Court	1,046	500	500	500	0	0.00%
Solid Waste Disposal Tax	613	560	560	560	0	0.00%
Gain on sale of vehicles & Other Surplus Assets	410	55,000	30,000	30,000	(25,000)	-45.45%
Investment Earnings	427,194	350,000	300,000	300,000	(50,000)	-14.29%
ABC and Mixed Beverage Profits	81,540	90,000	90,000	90,000	0	0.00%
Other	39,831	8,000	8,000	8,000	0	0.00%
Sponsorship Revenue	55,750	35,000	35,000	35,000	0	0.00%
Merchandise Revenue	19,176	20,000	20,000	20,000	0	0.00%
Building Rental Fees	36,649	30,500	30,000	30,000	(500)	-1.64%
Miscellaneous Income - Other	53,638	45,000	45,000	45,000	0	0.00%
Police Donations	16,070	100	100	100	0	0.00%
Transfers from Capital Reserve					0	
Transfers from Beach Nourishment Fund		566,868	496,764	496,764	(70,104)	-12.37%
Debt Proceeds			124,762	124,762	124,762	
Fund Balance		1,555,050		0	(1,555,050)	-100.00%
Total	11,640,798	15,872,734	11,277,317	11,842,599	(4,030,135)	-25.39%

Ad Valorem Property Tax

The property tax is levied against the real property, personal property, and motor vehicle tax bases. The Latin phrase Ad Valorem simply means “according to value”. The value, or the tax base, consists of real property (land, buildings, and other improvements to the land); personal property (boats, business equipment, etc.); the property of public service companies (electric, telephone, railroads, etc.), and automobiles.

Our tax base is determined by assessments performed by the County assessor’s office and taxes are collected with County taxes and remitted to us. We pay the County a 1.5% fee to collect Real and Personal Property Taxes.

Our tax base, as shown in the chart that follows, increased over \$202 million or 12.5% in FY 2021 due to the latest revaluation by Dare County. North Carolina law requires all counties to reappraise or revalue real property at least once every eight years. The purpose is to make sure property values accurately reflect their market value so that the property tax burden is spread equitably among all property types. Dare County departed from this standard and conducted the revaluation in 2020 resulting in a seven-year cycle. The next planned revaluation, in January of 2025, will take effect for FY 2025-26.

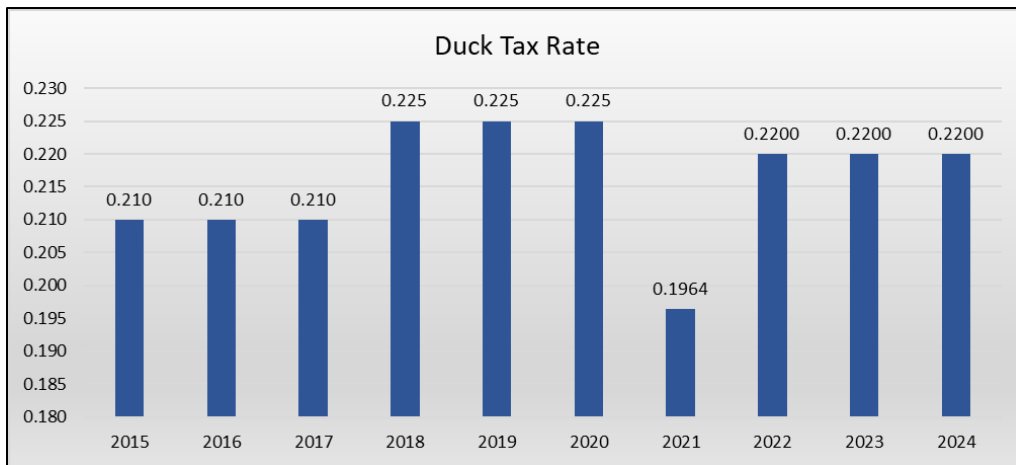


The budgeted amount for these revenues, according to State law, must be based upon the total levy from the current tax base, estimated to be 0.5% greater than the base in FY 2023-24, as modified by our actual rate of tax collection in the previous year which was, per the FY 2022-23 Audit Report, 99.96%. State law requires that the tax rate be uniform unless the legislature grants the locality permission to establish a special service district like our Municipal Service Districts. State law also limits the rate a locality may charge to a maximum of \$1.50 per \$100 of assessed valuation. However, the Town of Duck Charter sets a limit of no more than \$0.10 per \$100 of

assessed valuation above the tax rate set at the incorporation of the Town. That initial rate was \$0.20, meaning our tax rate can be no higher than \$0.30 absent a change in the Charter.

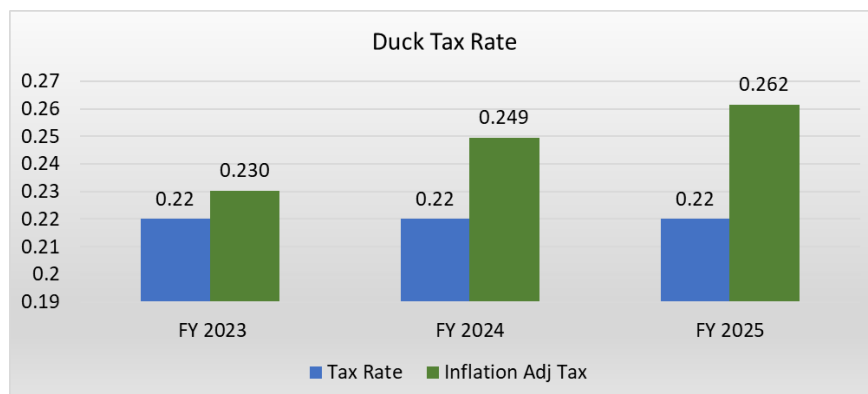
In our initial draft budget, our proposed rate remained unchanged at \$0.22 per \$100 of assessed valuation. The rate dropped in FY 2020-21 due to revaluation and reflects a revenue neutral rate, thus no real change in tax revenue. It was increased in FY 2021-22 to meet the needs of a growing community, staff, and needed capital projects.

As shown on the chart below, the tax rate has remained stable since 2022 when it was increased from the revenue neutral rate of 19.64 cents to 22 cents per \$100 of assessed valuation.



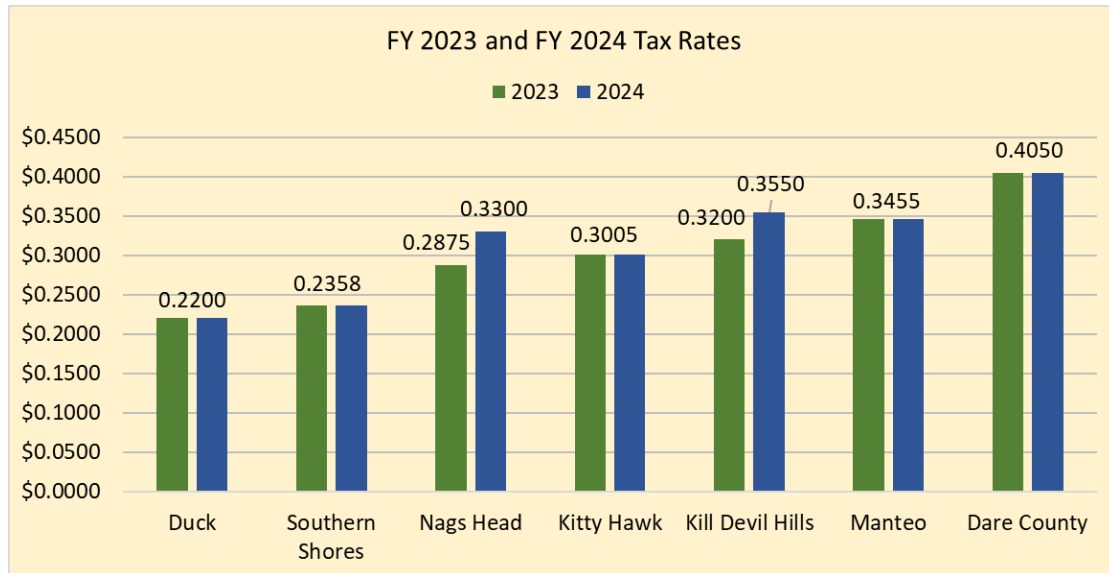
While this demonstrates good fiscal control and reflects the increases we saw in shared revenue from Occupancy, Sales, and Land Transfer taxes, in a period of high inflation such as we have been in over the last three years, an unchanged rate means we are falling behind in terms of revenue being collected compared to increases in costs for personnel, capital, and operations.

If the 22 cent tax rate were modified by the rate of inflation over the past three years, the current rate would need to be 24.9 cents in order to make up just for the effects of inflation. This represents revenue in excess of \$550,000 that the Town did not collect in the current fiscal year and over \$740,000 over the two years since the last increase. The chart below shows what the tax rate would have needed to be to keep up with inflation over past three years and what it would need to be for FY24-25.



Aside from the “loss” in Ad Valorem tax revenue, we are seeing slippage in the percentage of shared revenue, as will be described below, as some other towns in Dare County increase their rates and thus their total tax levy.

This chart shows how our rate compared to other towns in Dare County in FY 2022-23 and FY 2023-24 and shows the County’s rate as well. Even with the tax rate increase three years ago, we have the lowest tax rate of all the towns in Dare County. Both Nags Head and Kill Devil Hills increased their rates for FY 2023-24.



As we emerged from the grip of the COVID-19 pandemic, we were all pleasantly surprised by the minimal negative impact to our local economy and resulting increases in tourism throughout the years that followed. We enjoyed a couple years of revenue in excess of what was budgeted. These excess revenues helped mitigate against an increase in the tax rate while still allowing for projects to improve and maintain our facilities. However, other revenue sources are not predicted to increase beyond current levels. Following Town Council’s direction, the budget is balanced with a **tax rate of \$0.25, which represents a three-cent increase in this rate**, the first change in the tax rate since Fiscal Year 2021-22. While increasing the tax rate is not an action taken without extensive and careful consideration, the effects of inflation on operational and personnel expenses, and a desire to maintain and improve the community, made an increase necessary even after extensive reductions in budget requests.

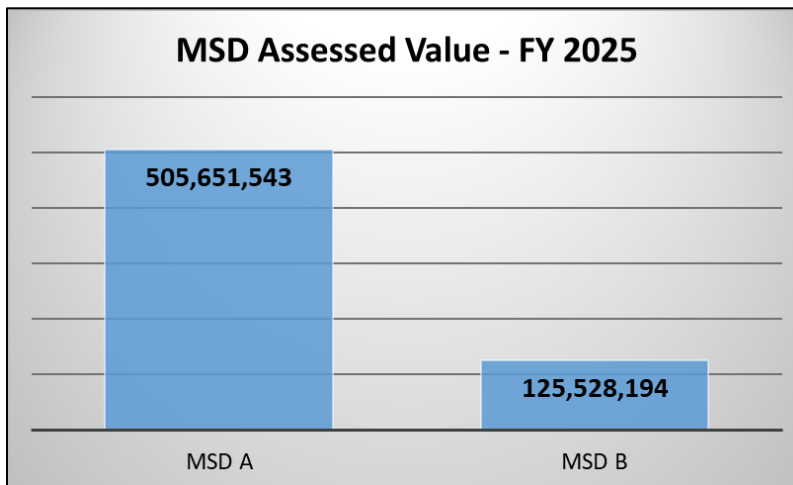
This table shows the tax liability for different assessed property values at both the current tax rate (22 cents) and proposed tax rate (25 cents). We show the impact both annually and monthly as there are taxpayers who pay annually and others who pay their tax liability to escrow as part of their monthly mortgage payment.

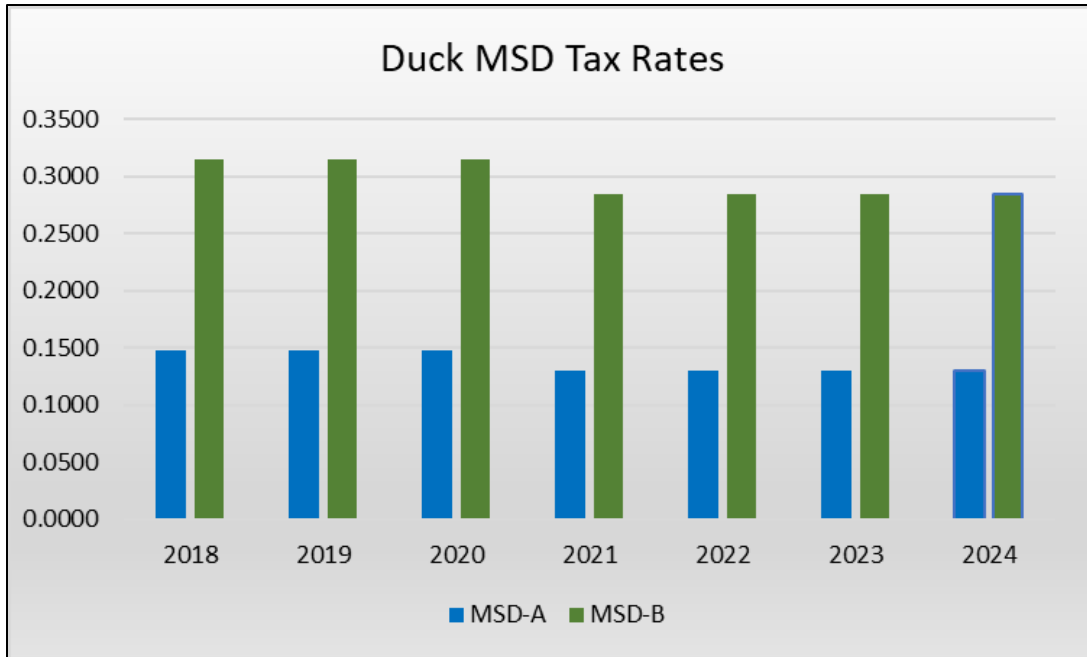
Assessed Value	Annual Bill at	Monthly Bill at	Annual Bill at	Increase in Tax Bill	
	0.22	0.22	0.25	Annual	Monthly
250,000	550	46	625	75	6
300,000	660	55	750	90	8
350,000	770	64	875	105	9
400,000	880	73	1,000	120	10
450,000	990	83	1,125	135	11
500,000	1,100	92	1,250	150	13
550,000	1,210	101	1,375	165	14
600,000	1,320	110	1,500	180	15
650,000	1,430	119	1,625	195	16
700,000	1,540	128	1,750	210	18
750,000	1,650	138	1,875	225	19
800,000	1,760	147	2,000	240	20
850,000	1,870	156	2,125	255	21
900,000	1,980	165	2,250	270	23
950,000	2,090	174	2,375	285	24
1,000,000	2,200	183	2,500	300	25
1,100,000	2,420	202	2,750	330	28
1,200,000	2,640	220	3,000	360	30
1,300,000	2,860	238	3,250	390	33
1,400,000	3,080	257	3,500	420	35
1,500,000	3,300	275	3,750	450	38
1,600,000	3,520	293	4,000	480	40
1,700,000	3,740	312	4,250	510	43
1,800,000	3,960	330	4,500	540	45
1,900,000	4,180	348	4,750	570	48
2,000,000	4,400	367	5,000	600	50

In addition to the Town-wide property tax rate, the Town of Duck was granted authority to create two Municipal Service Districts (MSDs) and collect a separate tax on properties in each, with the revenue from this tax restricted to expenses related to beach nourishment projects. The original rates associated with these MSDs were, in FY 2020-21, were adjusted to a level that continued to cover debt service. Specifically, estimated debt service principal costs for the renourishment project were proposed to be divided equally between MSD-A (all properties in the project area) and MSD-B (only oceanfront properties in the project area) while accounting for a percentage of needed revenue from other general fund sources.

In Fiscal Year 2020-21 the tax rate for MSD-A dropped to \$0.1296 and MSD-B to \$0.285 due to both the revaluation and the adjustment in the amount of funding required to meet debt obligations. The rates for both MSDs are proposed to remain unchanged in the FY 2024-25 budget. Maintenance of the project through renourishment occurred in the spring of 2023, and the actual debt service payments, which began in FY 2022-23, will require continued collection of MSD taxes at rates set during each year's budget preparation cycle. Based upon current modeling, there does not appear to be any need to increase the MSD rates to cover current debt service and related expenditures. We predict that the tax revenue generated will allow for a reduction in the amount of debt required for the next beach maintenance cycle in 2027 even after purchasing a property in the nourishment area to assure long-term access for nourishment and maintenance operations. However, future year tax rates may be impacted by a higher amount of debt service required for future nourishment projects.

The chart below and on the following page show the predicted property valuation in each MSD and the current and historical MSD tax rates.





Sales/Use Tax

Essentially two tax types: The Sales Tax on the retail sale or lease of tangible personal property and on the rental of hotel and motel rooms, and the Use Tax, an excise tax on the right to use or consume property in North Carolina or elsewhere.

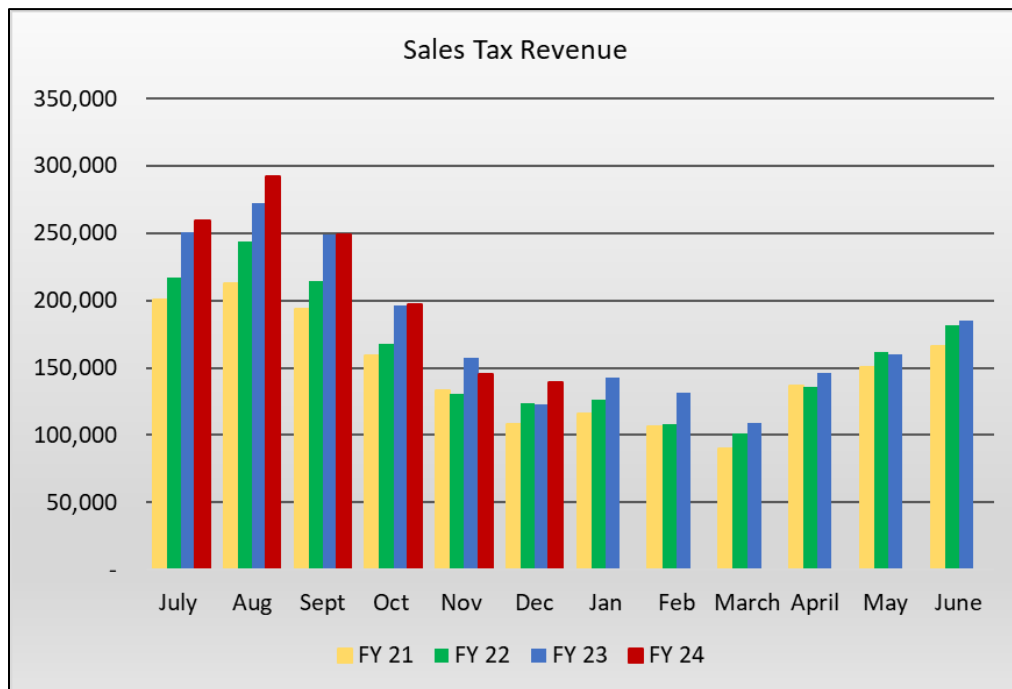
All local sales taxes are collected by the State, along with their 4.75% sales tax, and the local portion is distributed (after the State subtracts collection costs) to the 100 counties in the state. Once the county receives the proceeds, it distributes them to the localities within that county by one of two methods; per capita or Ad Valorem. The method is determined by the Dare County Board of Commissioners. Dare County uses the Ad Valorem method whereby our share is determined by the proportion our tax levy bears to the total levy of all local government units in the County. The County, at its discretion, may change the distribution method during the month of April each year with the change effective the following year.

This table shows the 2023 levy in each town and the corresponding proportion of the total levy.

2023	Levy	% of Total	Tax Rate
DARE COUNTY	79,612,641	67.77%	0.4050
DUCK	5,152,577	4.39%	0.2200
KILL DEVIL HILLS	10,300,889	8.77%	0.3550
KITTY HAWK	5,109,765	4.35%	0.3005
MANTEO	2,363,808	2.01%	0.3455
NAGS HEAD	10,631,622	9.05%	0.3300
SOUTHERN SHORES	4,309,947	3.67%	0.2358
TOTAL	117,481,249	100.00%	

We track each of the components of the sales tax and attempt to be alert to significant trends as they occur. We also attend economic briefings that allow us to maintain a state and national perspective on the factors that might impact our local economy, and thus our revenue. While we anticipated a significant negative impact on this revenue due to the pandemic in FY 2020-21 and were cautious in FY 2021-22, we have seen fairly significant growth in this revenue stream during the pandemic and in the years that followed.

This chart shows our revenue, by month during which the sales were made, for the last three full fiscal years, and this year to date. Distributions and reporting run about three months behind, so the December number shown is the last available.



The table below shows the actual tax revenue collected in each of the past four fiscal years.

	2019-20	2020-21	2021-22	2022-23
Sales Tax	1,451,274	1,773,897	1,913,101	2,124,121
Change	5.73%	22.23%	7.85%	11.03%
		4 - year average		11.71%

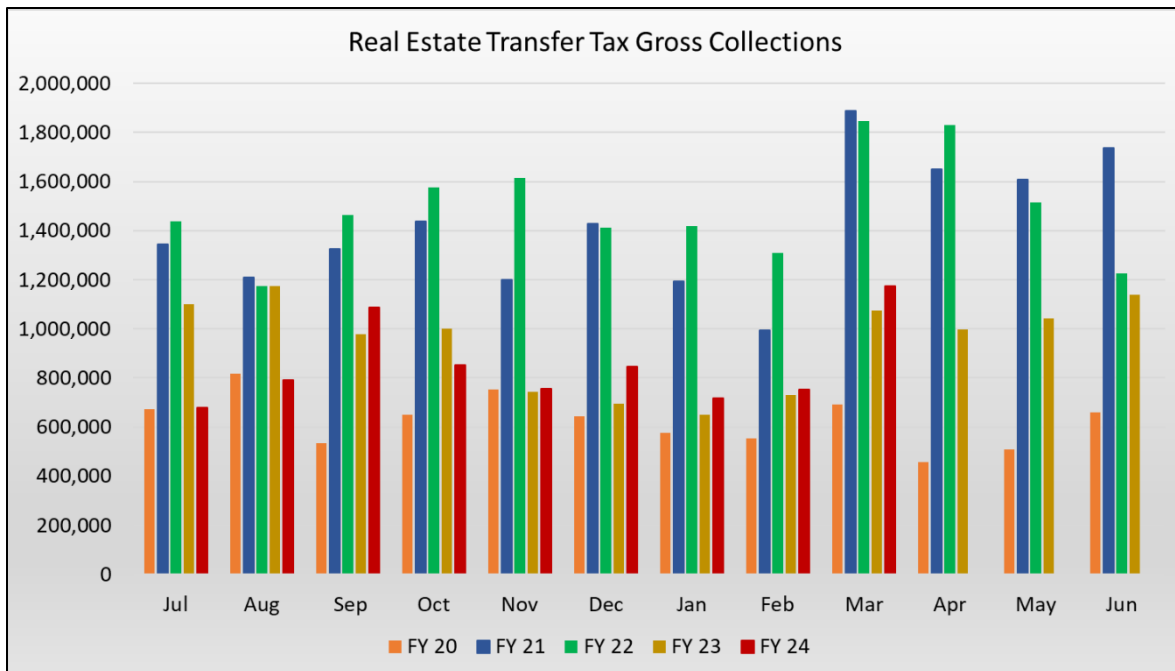
Over the past few years, we have seen significant growth in this revenue source as the economy rebounded from the effects of the pandemic. The unpredictability of the national and local economy drives us to remain cautious as we budget revenue from this source. The Dare County Finance Officer is predicting this revenue to increase by 1% over the current fiscal year. He is also projecting that our revenue will exceed the amount we budgeted. While our projection is more conservative in nature, our posture has been to take that approach with this revenue source in

light of economic conditions. To that end, this budget reflects no increase in the amount of revenue from this source as compared to our current fiscal year's budget.

It should be noted that a portion of this revenue source is restricted by State statute. Because we have MSDs and levy taxes on those, a proportionate share of the sales tax revenue must be restricted to the same purpose as the MSDs were created to fund. In our case this means that approximately 20% of our sales tax revenue must be transferred to the Beach Nourishment fund and used only for that purpose.

Land Transfer Tax

NC General Statutes require an excise tax on the transfer of certain interests in real property. In Dare County, the tax imposed is \$1 per each \$100 or fraction thereof of the total consideration or value of the interest conveyed. This revenue is restricted by statute whereby the County can only use proceeds for capital expenditures or debt service incurred for capital expenditures for courts, jails and detention facilities, emergency medical services, libraries, recreation, education, administration, water, sewage, health and social services. Revenue distributed to municipalities must be used for capital expenditures or debt service incurred for capital expenditures. The chart below shows the total collection for Dare County, with 2020-21 being a record setting year for this revenue source due to the extremely active real estate market. In FY 2021-22 we saw another record set and we continued to enjoy significant revenue from this source. Thus far in FY 2023-24 we see a reduction in this source of revenue as the real estate market was hit with both a reduced supply of homes on the market and higher interest rates which had a chilling effect, especially on the second/investment home market.



After the initial twelve years of this tax where 100% of the proceeds went to the County, the proceeds are shared with the six towns in Dare County with 65% of the revenue retained by the County and 35% being distributed based upon the proportion of ad valorem taxes (including MSD taxes) levied by each town for the preceding fiscal year. Our proportion of the levy is shown in the Sales/Use Tax section of this document.

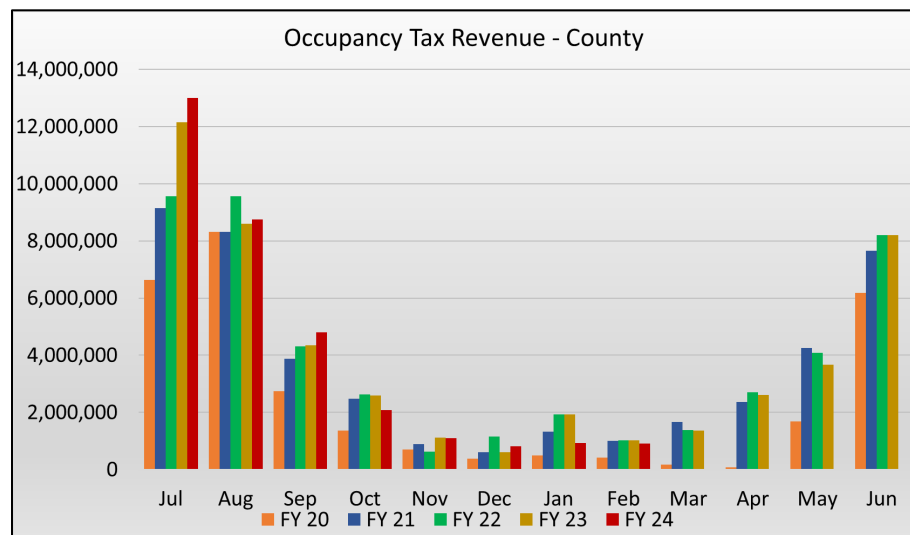
Like sales tax revenue, we do not predict that the current elevated amount of tax received from this source will continue at FY 2023 levels. While our four-year rolling average increase is in excess of 20%, we do not see this rate of revenue growth to be sustainable given the current state of the economy. Our budget is based upon an assumption of continued slowing of transfer activity, that will be closer to what we saw prior to the pandemic.

	2019-20	2020-21	2021-22	2022-23
Revenue	374,793	853,475	826,337	535,483
Change	3.41%	127.72%	-3.18%	-35.20%
			4-year average	23.19%

Occupancy Tax

The Occupancy Tax rate for Dare County is six percent (6%) of gross receipts derived from the rental of room, lodging, campsite, or similar accommodation furnished by any hotel, motel, inn, or tourist camp and including private residences and cottages rented to transients. This tax does not apply to any private residence or cottage that is rented for less than fifteen (15) days in a calendar year or to any room, lodging, or accommodation supplied to the same person for a period of ninety (90) or more continuous days. In FY 2022-23, the revenue from this tax continued to exceed prior year (FY 2021-22) numbers which were significantly higher than the year the pandemic began (FY 2019-20). We expect the FY 2023-24 final revenue to be slightly ahead of budget, with the summer of 2024 showing moderating reservation numbers. While we expect this revenue source to remain strong, we do not predict, and neither does Dare County, an increase over what is received in FY 2023-24.

This chart shows the total collection for Dare County for this tax revenue.



This tax, like the land transfer tax, is shared between the County and towns. General Statutes govern the appropriate uses of this revenue based upon the legislation that enabled it. Here is how the three components of the tax are used:

3% Room Occupancy Tax

- Distribution must be used only for tourist-related purposes, including construction and maintenance of public facilities and buildings, garbage, refuse, solid waste collection and disposal, police protection and emergency services.
- 2/3 of this revenue goes to the 6 towns (Duck, Southern Shores, Kitty Hawk, Kill Devil Hills, Nags Head, Manteo) in proportion to the amount of ad valorem tax levied by each town for the preceding fiscal year.
- Dare County has earmarked their share of this 3% occupancy tax as follows:
 - 25% for garbage, refuse, and solid waste collection and disposal
 - 25% for police protection (Sheriff's Office)
 - 50% for emergency services (Communications, Emergency Medical services, Emergency Medical Helicopter, and Emergency Management).
- The Town of Duck pledges revenue from this tax as collateral for the Special Obligation Bonds issued for Beach Nourishment.

1% Room Occupancy and Tourism Development Tax

- 75% must be used for the cost of administration and to promote tourism, including the following:
 - advertising to promote less than peak season events and programs
 - marketing research
 - a mail and telephone inquiry response program
 - welcoming and hospitality functions
- 25% must be used for services or programs needed due to the impact of tourism on the county.

2% Room Occupancy and Tourism Development Tax for Beach Nourishment

- Distribution includes expenditures for the following:
 - Costs directly associated with qualifying for projects either contracted through the U.S. Army Corps of Engineers or otherwise permitted by all appropriate Federal and State agencies;
 - The non-Federal share of the costs required to construct these projects;
 - The costs associated with providing enhanced public beach access;
 - The costs of associated with non-hardening activities such as the planting of vegetation, the building of dunes, and the placement of sand fences.

Gross	48,286,784
Cost of Collection	47,926
Dare County	7,716,674
Kill Devil Hills	4,443,839
Kitty Hawk	2,205,522
Manteo	1,028,150
Nags Head	4,624,217
Southern Shores	1,862,805
Duck	2,233,398
Tourism Board	8,041,418
Beach Nourishment	16,082,835

This table shows how the gross amount of Occupancy Taxes collected in Fiscal Year 2022-23 was distributed.

As noted, we do not predict that the current elevated amount of tax received from this source will continue at FY 2023 levels mainly due to the uncertainty caused by higher fuel costs and other inflationary influences. Our budget assumes no increase in the amount of revenue received from this source. This posture is consistent with what Dare County is predicting for our share of this revenue. The table below shows the annual revenue received by the Town over the past four full fiscal years.

	2019-20	2020-21	2021-22	2022-23
Revenue	1,427,438	2,086,895	2,131,759	2,233,398
Change	-2.54%	46.20%	2.15%	4.77%
			4-year average	12.64%

Federal, State, and Local Grants

Town staff works to identify grant sources of funding for specific projects and has been successful in being awarded funding in the past. For FY 2024-25 we are anticipating the receipt of funding from:

Dare County Visitors' Bureau – for lighting improvements to the amphitheater. The Bureau makes grants available to local government units for Tourism Impact using funds it receives through the 1% local occupancy and prepared meals tax. The Town has used this grant funding for other projects related to sidewalk improvements as they enhance the experience our visitors enjoy in Duck.

Shoreline Grant – This is a grant from the County, from their beach fund, to provide \$24,000 in annual funding to support beach grass planting efforts.

The largest change in total revenue, as compared to FY 2023-24, is due to not receiving the large FEMA grant in FY 2024-25 as this was a one-time revenue specific to the NC 12 elevation project. Similarly, the grant from NFWF was specific to that project.

Government Access Channel Grant

Funding comes to each city and town from the State of North Carolina's use tax on cable and satellite fees. In Dare County, the 10 entities that partner with the Government Access Channel remit these funds to the Committee, of which we are a member, that operates this service, along with a membership fee of \$1,000. These funds allow the operation of two government access channels in Dare County. Part of this revenue is returned to participating local governments in the form of grants to fund projects to enhance ability to provide good quality video and audio from public meetings to be broadcast on the channels. We anticipate, in FY 2024-25, receiving \$5,000 to offset some of the costs of continued audio and video improvements in the Meeting Hall and for other video content related purchases and projects.

Beer and Wine Tax

The State levies license and excise taxes on liquor and excise taxes on beer and wine. 23.75% of the excise tax on beer, 62% of the excise tax on unfortified wine, and 22% of the excise tax on fortified wine is shared by all cities and counties who permit the sale of these beverages within their limits. Based upon recent trends, we are conservatively predicting close to the same amount we received in FY 2022-23.

	2019-20	2020-21	2021-22	2022-23
Beer and Wine Tax	1,720	1,692	2,953	3,445
Change	0.00%	-1.66%	74.58%	16.65%
		4- year average		22.39%

Utilities Franchise Tax

There are three components of this line, the sales tax on electricity (and natural gas), video programming sales tax, and telecommunications tax.

Electric: As of FY16, the general sales tax rate was applied to both electricity and natural gas and a percentage of the proceeds were to be returned to municipalities. In the case of electricity, that percentage is 44%. That number was chosen with the intention that every municipality could receive at least the same amount of revenue they received in FY13. In the event of excess statewide revenues, those revenues would be distributed on a statewide Ad Valorem basis. In FY 2022-23 we received \$389,023 in revenue from this tax.

Video Programming: As of January 1, 2007, the local cable franchise system was replaced with a statewide video service franchising process. This effectively removed our ability to charge/collect franchise fees directly from the providers. The "pool" of money we share is made up of 7.7% of

the net proceeds of tax collections on telecommunication services, 23.6% of the net proceeds of tax collections on video programming services, and 37.1% of the net proceeds of tax collections on direct-to-home satellite services. After the first \$2 million of this pool is distributed to localities to support public access services, the remainder is divided, based upon population, to cities/towns in the state. In FY 2022-23 we received \$27,696 in revenue from this tax.

Telecommunications Tax: Revenue comes from a pool created by 18.03% of the telecommunications sales tax imposed by all 100 counties (after the first \$2.6 million is deducted) and is also shared by all cities. Our share is determined by the proportion our old franchise fee contributed to the pool when it was created in 2001. Therefore, our share of the pool remains constant, but the pool can fluctuate based upon taxes collected. We continue to see a trend, statewide, in the decline of this revenue source due to fewer homes having landline phones. In FY 2022-23 we received \$3,148 in revenue from this tax.

This budget reflects an increase of 1% over the anticipated receipts in FY 2023-24 for the combination of all three tax components.

	2019-20	2020-21	2021-22	2022-23
Utility Franchise Tax	405,733	383,697	389,091	419,868
Change	0.54%	-5.43%	1.41%	7.91%
		4- year average		1.11%

Building (and other) Permits and Inspection Fees

The Town employs a full-time State Licensed Building Code Official to ensure compliance with the State Building Code. Revenue for building permits and inspections is restricted by State statute to pay for expenses related to the Building Code Official's work. Because this is a fee, it is only paid by those who perform work requiring a building permit. It should be noted that the threshold for when a building permit is required was increased, so smaller repair/improvement jobs will no longer require a permit.

FY 2023-24 revenue is fairly close to our expectations and while this amount of activity is not a trend likely to continue indefinitely, we are aware that many builders and other contractors are booked for the coming year which supports at least a shorter term increase in revenue anticipated from this source. Opting to be a bit conservative, while acknowledging current trends, this budget reflects no increase in revenue from this source compared to the amount predicted to be received in FY 2023-24.

	2019-20	2020-21	2021-22	2022-23
Permits and Inspections	150,319	205,135	201,650	203,524
Change	-30.68%	36.47%	-1.70%	0.93%
		4- year average		1.25%

Clerk of Superior Court

The Town receives a small portion of the Court Costs associated with some matters heard by the courts where our police officers are involved in the case. Fine revenue from Town Ordinance violations and from traffic tickets is, per State Statute, remitted to the Dare County School district.

Solid Waste Disposal Tax

This revenue item was formerly included in "Other Revenue", but in the interest of transparency, we now include it in its own line. The Solid Waste Disposal Tax is a \$2 per ton tax charged to haulers to dispose of waste in landfills within the State or delivered to a transfer station for out-of-state disposal. This tax applies to municipal solid waste and construction and demolition debris. 50% of the tax proceeds go to the Inactive Hazardous Sites Cleanup Fund. 12.5% of the proceeds are deposited in the State Solid Waste Management Trust Fund for grants to State agencies and local governments. 18.75% of the proceeds go to counties and 18.75% go to cities, each on a per capita basis for solid waste management programs and services. These funds are restricted in their use to fund solid waste programs within a locality. Our current programs will use more than the projected amount of revenue from this source.

Gain on the Sale of Vehicles and Surplus Property

When vehicles in our fleet age out, or we have other surplus property, we put these items up for sale on an open auction site called "GovDeals". The buyer pays all fees related to the auction and the Town receives the bid price. We can set a reserve amount on the bids to ensure we do not sell something for below what we believe it to be worth. The amount shown in the FY 2024-25 budget reflects the fact that we plan to surplus two police vehicles and some other miscellaneous items.

Investment Earnings

Investment earnings include the return earned on cash and investment balances. Interest is earned on the cash balances invested with the North Carolina Capital Management Trust (NCCMT) and other allowable investments in various CD's and money market accounts. Since the last budget was written, we have seen a significant increase in this revenue due to the increases in interest rates as the Federal Reserve attempts to put pressure on the economy in an attempt to slow the rate of inflation. While our cash balances are lower than in prior years due, in part, to advance funding the NC 12 Elevation Project, this revenue source remains strong. Opting to be conservative in our budgeting, we show a slight decrease compared to the FY 2023-24 budget.

ABC Revenue

State law allows the Dare County ABC Board to distribute both net profits from local ABC stores and from mixed beverage alcohol sold in Dare County. Net store profits are distributed as follows: 42.5% to Dare County Social Services; up to 20% retained by the ABC Board for capital

improvements; 15% of store profits to incorporated towns in the County; and the remaining percentage to the Dare County General Fund. Mixed beverage profits are distributed as follows; 15% to the Dare County General Fund, and 85% split evenly among the six incorporated towns in the County. This budget reflects an increase over the actual receipts in FY 2022-23 and is more reflective of the collections, year-to-date, in FY 2023-24 which are outpacing all prior years.

	2019-20	2020-21	2021-22	2022-23
ABC Profit Distribution	61,794	55,568	84,416	81,540
Change	4.83%	-10.07%	51.91%	-3.41%
		4- year average		10.82%

Sponsorship Revenue

For our annual events, we are delighted to have sponsoring private sector partners who provide funding to support these community events. Due to the pandemic, our events were limited and thus our need for sponsorship revenue. For FY 2024-25 we again anticipate a full slate of events with sponsors funding approximately 25% of the cost of the events as follows. This revenue source, and the one that follows (Merchandise) was formerly called "Other" in the revenue portion of the budget.

Merchandise Revenue

This was a new line last fiscal year where we account for revenue from the sale of merchandise at festivals/events and other unplanned sales. This was not an item tracked separately in the past and will correspond to an expenditure line item in the Communications & Special Events department called Merchandise for Resale. This will allow for ease of tracking profit/loss for these sales.

Building Rental Fees

The Town, from time to time, allows non-government groups, such as homeowner's associations, to rent the Keller Meeting Hall and Town Hall Conference Room. It also includes revenue from the rental of the Buffell Head house.

Miscellaneous Revenue – Other

This line contains the revenue from the Memory Lane brick project begun in FY 2022-23.

Police Donations

The Police Department receives revenue for Duck Police tee shirts printed and sold by the Duck Volunteer Fire Department's tee shirt shop. The Department also, at times, receives donations from private citizens. In the past, these funds have been accounted for by the Fire Department's 501c corporation and available for expenditure through their processes. To be more transparent,

these funds will flow directly to the Town and any expenses from these funds will be accounted for in a new expenditure line in the Police Department budget.

Transfers

Transfers from Capital Reserve funds are accounted for in this line to show where they come into the budget. These funds are tied to specific projects, in the case of the transfer in FY 2024-25 it represents a transfer from the Beach Nourishment fund to make debt service payments for the 2022 beach renourishment project.

Debt Proceeds

The Town may choose to take on debt through financing to pay for major projects or large equipment. Issuing debt to pay for major projects and equipment allows the Town to reduce its immediate cash burden and allows the cost to be spread out over time and shares the financing burden among the taxpayers who receive the most benefit from the project. The Town typically uses installment financing debt for short-term borrowing for items such as vehicles. Longer term debt may either come in the form of installment financing or voted/non-voted bond debt. The proceeds of the borrowing, or the money we get from the lender for the purchases/projects is shown in this line. For FY 2024-25 we plan to issue installment finance debt to purchase and upfit two police vehicles per our replacement schedule.

Fund Balance Appropriated

Fund balance is the difference between the assets and liabilities in a fund. Fund balance acts as a reserve or "rainy day" fund for unanticipated incidents or opportunities. Revenues and expenditures in the budget are estimates for the current fiscal year. Often, revenues and expenditures do not exactly offset each other at the end of the fiscal year. If revenues exceed expenditures, the result is a surplus of money added to the fund balance. If expenditures exceed revenues, the result is a deficit and the Town withdraws money from the fund balance to balance the budget.

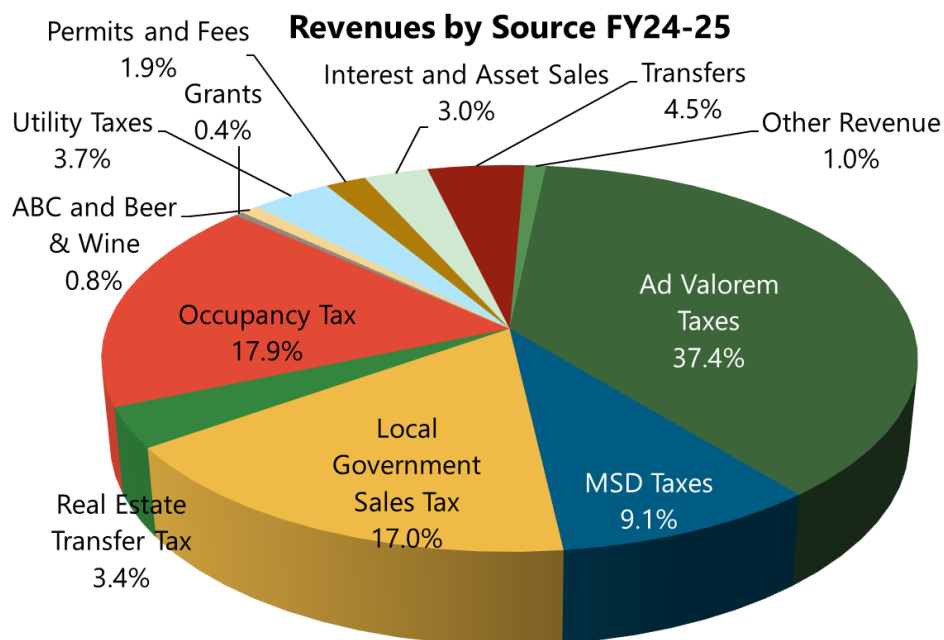
The North Carolina Local Government Commission (LGC) recommends units of government retain an amount of unreserved fund balance in the General Fund of at least eight percent (8%) of appropriations of the fund. Duck Town Council has adopted a policy recommending the Town maintain a fund balance of 75% for the General Fund. Please refer to the Financial Policies section of this budget document for more information about our Fund Balance Policy.

For FY 2024-25 we are not budgeting any appropriation of Fund Balance, but may bring Budget Amendments for such appropriation during the Fiscal Year as an option to fund unplanned expenses.

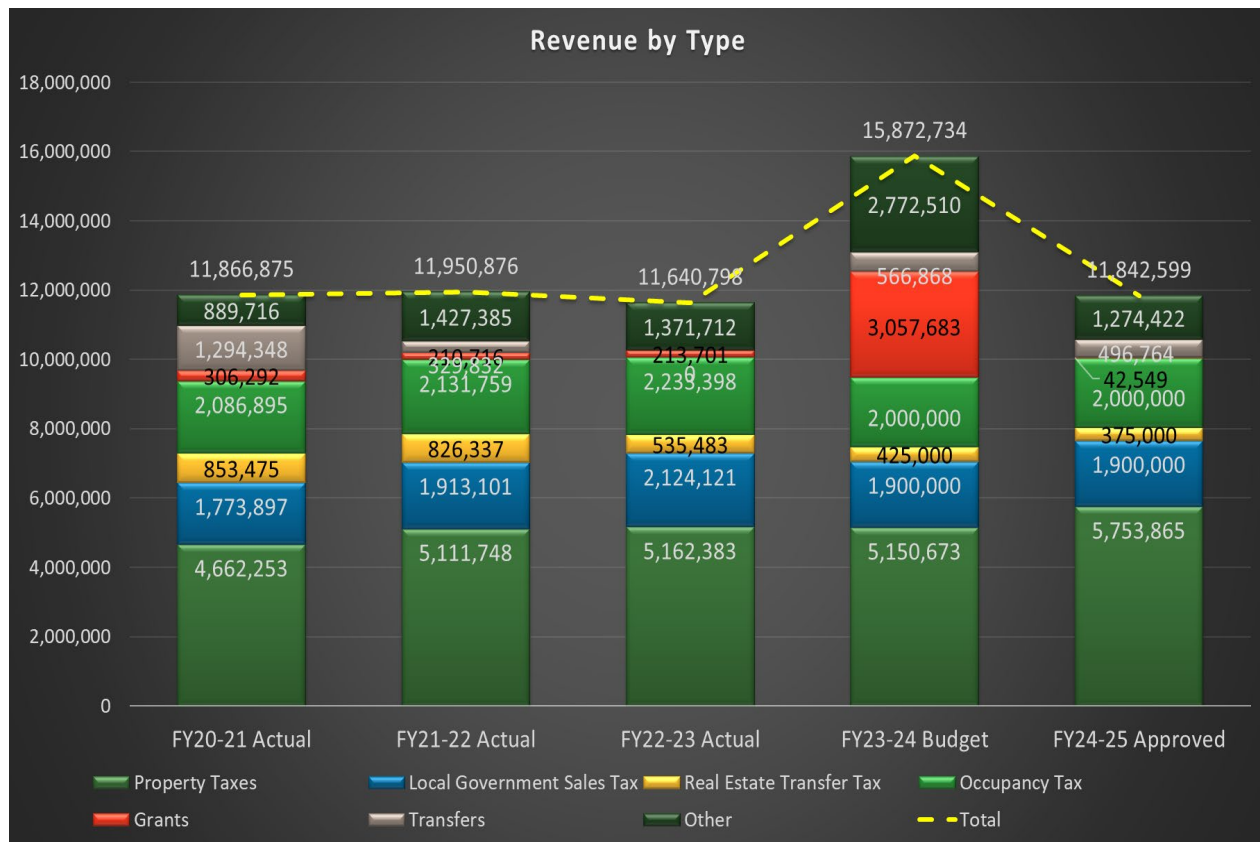
Revenue Summary

While we have enjoyed strong revenue growth emerging from the pandemic, we have opted to remain cautious in our estimation of revenue sources that are dependent upon a robust national economic climate. While most experts seem to agree that there will be continued inflationary pressure on the economy, we do anticipate that inflation data will continue to show an increase in excess of 5% when compared to the prior year. Some experts are predicting rate changes as low as 3%, based upon the Federal Reserve increasing interest rates, but there is no clear consensus. The Fed Rate will continue to adjust interest rates to hold down the rate of inflation, and this has a corresponding impact upon mortgage interest rates where experts are forecasting these to finish calendar year 2023 well over 5%. Higher interest rates have had an effect upon the real estate market, and likely will continue to also have an impact upon construction of new homes and commercial buildings.

The proposed tax rate and its corresponding revenue, along with the other revenues mentioned above, will allow us to maintain our current levels of service while looking at the future needs of the community. We remain aware of and seek any other sources of revenue whether through grants or other taxes as deemed appropriate. It is important to note that historically well less than half of our revenue comes from Ad Valorem and MSD taxes. In FY 2023-24, we anticipate that only 37.4% of revenue will derive from these sources. The amount and percentage of each source are depicted in the table on the next page and graph below.



Revenues by Source						
Source	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Ad Valorem Taxes	4,149,036	4,141,643	4,175,908	4,741,190	599,547	14.5%
MSD Taxes	1,013,347	1,009,030	1,012,675	1,012,675	3,644	0.4%
Local Government Sales Tax	2,124,121	1,900,000	1,900,000	1,900,000	0	0.0%
Real Estate Transfer Tax	535,483	425,000	375,000	375,000	(50,000)	-11.8%
Occupancy Tax	2,233,398	2,000,000	2,000,000	2,000,000	0	0.0%
Grants	213,701	3,057,683	42,549	42,549	(3,015,134)	-98.6%
ABC and Beer & Wine	84,985	91,800	92,500	92,500	700	0.8%
Utility Taxes	419,868	405,000	410,000	410,000	5,000	1.2%
Permits and Fees	253,133	206,500	208,000	208,000	1,500	0.7%
Interest and Asset Sales	427,604	405,000	330,000	330,000	(75,000)	-18.5%
Transfers	0	566,868	496,764	496,764	(70,104)	-12.4%
Debt Proceeds	0	0	124,762	124,762	124,762	
Fund Balance Appropriated	0	1,555,050	0	0	(1,555,050)	-100.0%
Other Revenue	186,123	109,160	109,160	109,160	0	0.0%
Total	11,640,798	15,872,734	11,277,317	11,842,599	(4,030,135)	-25.4%



Revenue						
Account Description	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Ad Valorem Tax	4,103,231	4,109,143	4,145,408	4,710,690	601,547	14.64%
MSDA	654,889	652,271	655,062	655,062	2,791	0.43%
MSDB	358,458	356,759	357,612	357,612	853	0.24%
Motor Vehicle Tax	42,865	27,500	27,500	27,500	0	0.00%
Prior Year Tax, Penalties & Interest	2,940	5,000	3,000	3,000	(2,000)	-40.00%
Local Government Sales Tax	2,124,121	1,900,000	1,900,000	1,900,000	0	0.00%
Real Estate Transfer Tax	535,483	425,000	375,000	375,000	(50,000)	-11.76%
Occupancy Tax	2,233,398	2,000,000	2,000,000	2,000,000	0	0.00%
Visitor's Bureau Grant		225,806	13,549	13,549	(212,257)	-94.00%
State and County Grants	58,497	569,669			(569,669)	-100.00%
Shoreline Grant (County)	24,000	24,000	24,000	24,000	0	0.00%
Government Access Channel Grant	5,000	5,000	5,000	5,000	0	0.00%
Federal Grants					0	
FEMA Grants		1,849,197			(1,849,197)	-100.00%
NFWF Grant		384,011			(384,011)	-100.00%
COVID-19 Relief Fund/ARP	126,204				0	
Beer and Wine	3,445	1,800	2,500	2,500	700	38.89%
Utility Franchise Tax	419,868	405,000	410,000	410,000	5,000	1.23%
Building Permits	203,524	170,000	172,000	172,000	2,000	1.18%
Reinspection Fees					0	
Other Permits	12,960	6,000	6,000	6,000	0	0.00%
Permits and Fees - Other					0	
Superior Clerk of Court	1,046	500	500	500	0	0.00%
Solid Waste Disposal Tax	613	560	560	560	0	0.00%
Gain on sale of vehicles & Other Surplus Assets	410	55,000	30,000	30,000	(25,000)	-45.45%
Investment Earnings	427,194	350,000	300,000	300,000	(50,000)	-14.29%
ABC and Mixed Beverage Profits	81,540	90,000	90,000	90,000	0	0.00%
Other	39,831	8,000	8,000	8,000	0	0.00%
Sponsorship Revenue	55,750	35,000	35,000	35,000	0	0.00%
Merchandise Revenue	19,176	20,000	20,000	20,000	0	0.00%
Building Rental Fees	36,649	30,500	30,000	30,000	(500)	-1.64%
Miscellaneous Income - Other	53,638	45,000	45,000	45,000	0	0.00%
Police Donations	16,070	100	100	100	0	0.00%
Transfers from Capital Reserve					0	
Transfers from Beach Nourishment Fund		566,868	496,764	496,764	(70,104)	-12.37%
Debt Proceeds			124,762	124,762	124,762	
Fund Balance		1,555,050		0	(1,555,050)	-100.00%
Total	11,640,798	15,872,734	11,277,317	11,842,599	(4,030,135)	-25.39%

Expenditures

The General Fund, the only major fund we use, is broken down into fifteen functional departments and two other expenditure groupings to account for transfers and contingency. These departments are identified as follows:

- **Governing Body**
 - Expenses related to the Town Council including election expenses.
- **Administration**
 - Expenses related to the general administration and management of the Town.
- **Finance and Human Resources**
 - Formerly Finance, this department accounts for expenses for financial services such as financial statement preparation, preparation of the annual audit, and other related services provided by outside professionals. Also, expenditures related to employee engagement, tuition reimbursement, and other Human Resources related expenses. New for FY 2024-25, the Finance and Human Resources Manager's salary and benefits were moved to this department from Administration.
- **Legal**
 - Expenses related to our contracted attorney services.
- **Public Facilities**
 - This department accounts for expenses related to the maintenance of our buildings, playground, park, boardwalk and others with the exception of sidewalks/Duck Trail which are accounted for in the Streets & Highways department.
- **Information Technology**
 - Expenses for our contracted IT support, licenses, subscriptions, etc. for our information technology infrastructure.
- **Police**
 - Expenses related to the Duck Police Department.
- **Fire**
 - Expenses, including a direct allocation, for the operation of the Duck Fire Department.
- **Inspections**
 - Expenses related to our enforcement of the NC Building Code including the issuance of permits and inspections to ensure Code compliance.
- **Ocean Rescue**
 - Expenses, directly to a contractor, to provide ocean rescue services on the beach in Duck.
- **Streets & Highways**
 - While we own no streets, this department accounts for expenses related to the maintenance of the Duck Trail, sidewalks, crosswalks (including lights), and for projects related to improving this infrastructure.

- **Sanitation**
 - Expenses, paid to our contractors, for the collection of trash and recycling.
- **Environmental Protection**
 - Formerly Beach Protection, this department accounts for expenses related to Beach Nourishment, beach grass planting, soundside shoreline protection, etc.
- **Community Development**
 - Expenses related to planning, code enforcement, etc.
- **Communications & Special Events**
 - Formerly Recreation and Special Events, this department accounts for expenses for communication platforms, graphic design, and the production of on-line and print communication materials. Also, expenses related to the conduct of special events, such as Jazz Festival, 4th of July, etc. and advertising and marketing for these events and the Town of Duck in general. Salary and benefit expenditures for the Public Information and Events Director and Coordinator were moved to this department from the Administration department.
- **Transfers**
 - Transfers to the Beach Nourishment Capital Project fund.
- **Contingency**
 - A small percentage (1%) of budgeted revenues to allow for unexpected expenditures during the year.

The table below shows each of the fifteen departments, and two additional lines as mentioned above, and provides actual expenditures for the one prior complete fiscal year, the current year's budget, the estimate of the year-end expenditures, and the FY 2024-25 recommended budget that reflects a significant reduction in expenditures compared to the initial gross needs budget presented by Department Directors. The reductions made are shown beginning on Page 165 of this document to give the reader an understanding of what had to be eliminated from this budget in order to balance it even with an increase in the tax rate.

Expenditures by Department						
Department Expenditures	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Governing Body	140,647	153,231	154,744	154,751	1,520	0.99%
Administration	695,325	773,590	423,911	427,390	(346,200)	-44.75%
Finance & Human Resources	124,089	122,119	250,295	251,261	129,142	105.75%
Legal	66,859	90,460	65,460	65,460	(25,000)	-27.64%
Public Facilities	713,154	536,799	749,867	670,362	133,562	24.88%
Information Technology	133,686	194,352	178,111	178,111	(16,240)	-8.36%
Police	2,216,895	2,025,177	2,212,940	2,238,842	213,665	10.55%
Fire	1,960,252	1,983,719	2,037,576	2,065,851	82,132	4.14%
Inspections	204,158	237,479	251,246	253,479	16,000	6.74%
Ocean Rescue	580,069	628,100	764,500	764,500	136,400	21.72%
Streets & Highways	381,833	4,715,811	137,634	137,634	(4,578,177)	-97.08%
Sanitation	1,146,553	1,347,410	1,442,775	1,442,775	95,366	7.08%
Environmental Protection	2,383,896	1,017,451	845,604	845,604	(171,847)	-16.89%
Community Development	330,636	374,358	387,593	391,069	16,711	4.46%
Communications & Special Events	217,589	227,000	508,868	511,405	284,405	125.29%
Transfers	1,425,167	1,384,288	1,385,697	1,348,855	(35,433)	-2.56%
Contingency	647	61,389	75,299	95,251	33,862	55.16%
Total	12,721,455	15,872,733	11,872,121	11,842,599	(4,030,133)	-25.4%

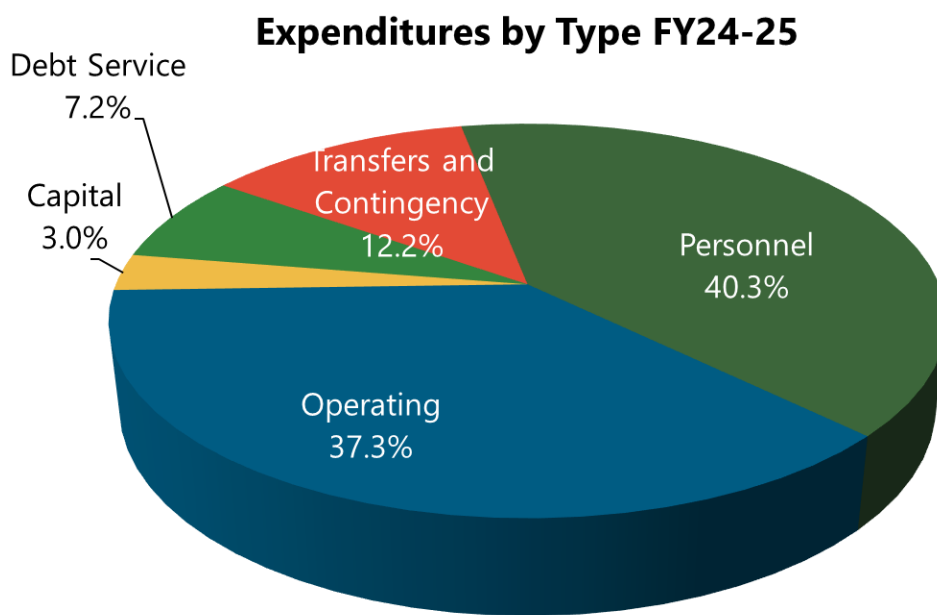
While this summary shows a fairly significant decrease in expenditures mostly due to the NC-12 project being completed in the current year, keep in mind there was a decrease in revenue from grants and fund balance associated with this same project.

Expenditures by Type

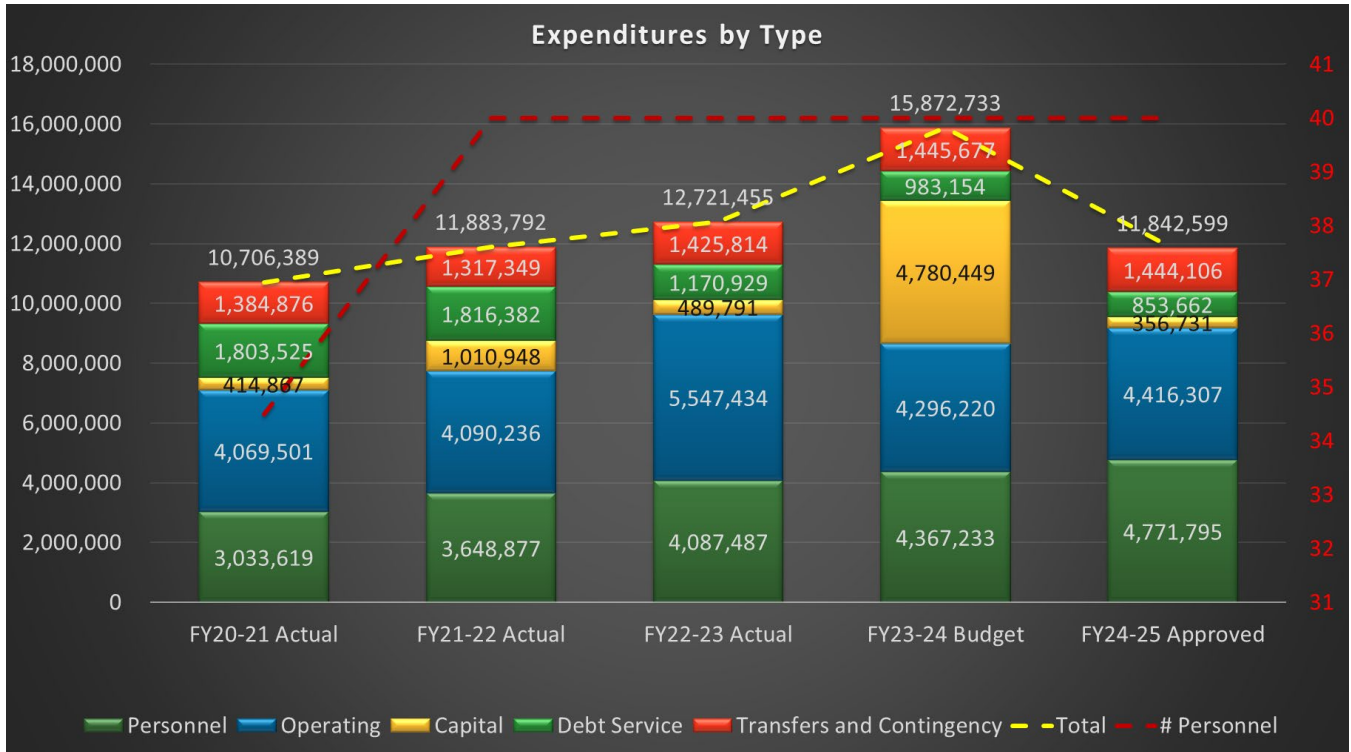
In order to have a clearer picture of how funds are used, we look at types of expenditures that are common across operational departments.

- **Personnel** – accounts for salaries, overtime, FICA, retirement, 401k, medical insurance, and workers' compensation insurance.
- **Operating** – accounts for all expenses for contracted services, professional services, supplies and materials, and small item purchases.
- **Capital** – accounts for large capital purchases (greater than \$5,000) and small "capital" purchases that, while they do not meet our \$5,000 capitalization threshold, are items we like to capture in a separate category due to their one-time nature for a specific purpose.
- **Debt Service** – accounts for principal and interest on outstanding debt issued by the Town.
- **Transfers and Contingency** – as explained above.

Expenditures by Type						
Type	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Personnel	4,087,487	4,367,233	4,771,795	4,771,795	404,562	9.3%
Operating	5,547,434	4,296,220	4,416,307	4,416,307	120,087	2.8%
Capital	489,791	4,780,449	356,731	356,731	(4,423,719)	-92.5%
Debt Service	1,170,929	983,154	853,662	853,662	(129,492)	-13.2%
Transfers and Contingency	1,425,814	1,445,677	1,460,996	1,444,106	(1,571)	-0.1%
Total	12,721,455	15,872,733	11,859,490	11,842,599	(4,030,133)	-25.4%



This chart shows the changes in each type over the past five years and what is currently contained in the budget for FY 2023-24 and FY 2024-25 requests. Described below are some of the expenses in each of these types to give the reader some information regarding where the more significant changes are in the FY 2024-25 budget.



Personnel

Personnel expenditures which, for Duck, make up approximately 28% (FY 2023-24) of our total budgeted expenditures, are one of our most significant but yet critical expenditures. In FY 2021-22, we added staff in Police, Fire, and Public Facilities to bring our staff to a level that, while lean, allows us to provide high levels of quality service. Since then, we have added no new positions.

Position Requests

For FY 2024-25, Department Directors were asked to submit personnel needs requests, based upon defined needs, for inclusion in the budget. Two such requests were submitted, one in Public Facilities and one in Community Development.

Justification for the two position requests are as follows:

Code Enforcement Technician

As the Town Council has placed a greater focus on proactive code enforcement of certain issues in their recent strategic plan and discussions, the current Community Development staff has been stretched to its limits by the addition of these duties on top of permitting, development review, inspections, and project management duties. If the Town Council seeks to increase the level of service provided by the department in this manner, then a position focusing on code enforcement activities such as signs, special use permits, beach tents/equipment, open permits, and stop work orders, will be necessary to ensure that such duties are conducted in a timely manner. The individual in this position would also be cross-trained to assist with other duties such as permitting and the Community Rating System (CRS).

Upgrading from Part-Time to Full-Time Maintenance Technician

An assistant is necessary for the lead Maintenance Technician to complete the great variety of duties assigned to this position including the maintenance/repair of the soundfront boardwalk and other Town facilities, Town Park trash collection, and special projects. This second full-time Maintenance Technician position also has the potential to increase the level of service for landscaping and park maintenance, reducing the Town's reliance on contracted services. The Town recently filled the part-time position which this request upgrades to full-time.

Due to the difference between estimated revenue and the varied and higher priority needs for other items in the FY 2024-25 budget, these position requests are not included in the draft budget.

The table below reflects the realignment of current personnel into operational departments to better capture the true costs of providing services. This realignment removes the Finance and Human Resources Administrator position from Administration and places it in Finance and Human

Resources (formerly just called Finance). It also removes the Public Information and Events Director and Coordinator positions from Administration and puts them in Communications and Special Events (formerly called Recreation and Special Events).

Personnel by Department								
Department	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25 Requested	# Change	Percent Change
Administration	5	5	5.5	5.5	5.5	2.5	-3.0	-55%
Finance & Human Res						1.0	1.0	
Public Facilities	0	0	1	1	1.5	1.5	0.0	0%
Police	12.5	12.5	14.5	14.5	14.5	14.5	0.0	0%
Fire	12.5	12.5	14.5	14.5	14.5	14.5	0.0	0%
Inspections	1.5	2.5	2	2	2	2.0	0.0	0%
Community Development	1.5	2	2.5	2.5	2.5	2.5	0.0	0%
Communications & Events						2.0	2.0	
Total	33	34.5	40	40	40.5	40.5	0	0.0%

Reclassifications

Another proposed change in the FY 2024-25 budget is to reclassify the Finance and Human Resources Administrator position from a Grade 10 to a Grade 14 and retile the position to Finance and Human Resources Manager to more accurately account for the responsibilities of this position. This will come with a change in salary for the person in this position.

We also want to change the classification of our Fire Engineers from Grade 9 to Grade 10 to achieve parity with our mid-level supervisors in the Police Department (Corporal). Due to the salary levels of the personnel in these positions, there is no salary change anticipated. Similarly we want to add a promotional opportunity in the Fire Department, similar to what is in place in police, which will allow a Master Firefighter (Grade 8) to promote to Master Firefighter/Acting Company Officer (Grade 9) based upon training, time in-grade, and the needs of the department. There will be no salary impact in the coming year for this change.

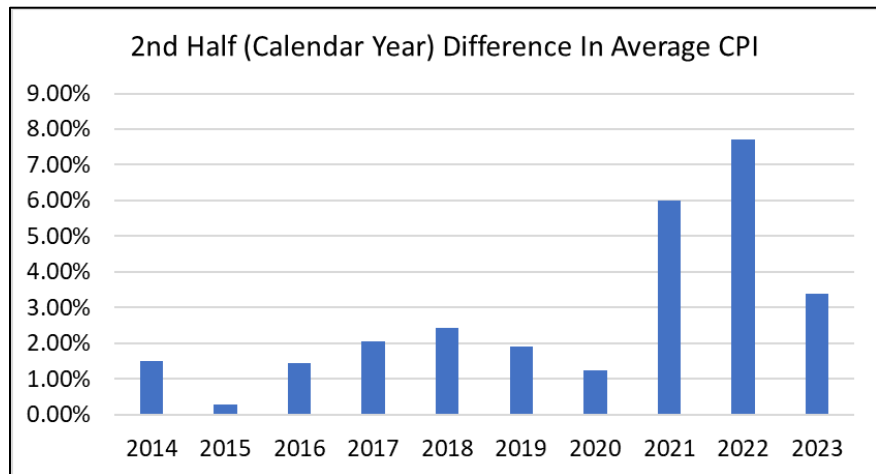
We also want to re-title the Public Information and Events Coordinator position to a new title of Community Engagement Coordinator to more accurately reflect the focus of this position on community events and the coordination of our volunteers. This also helps clearly show that this organization values community engagement and serves as a point of contact for those efforts.

Inflation Adjustment to Pay Scale

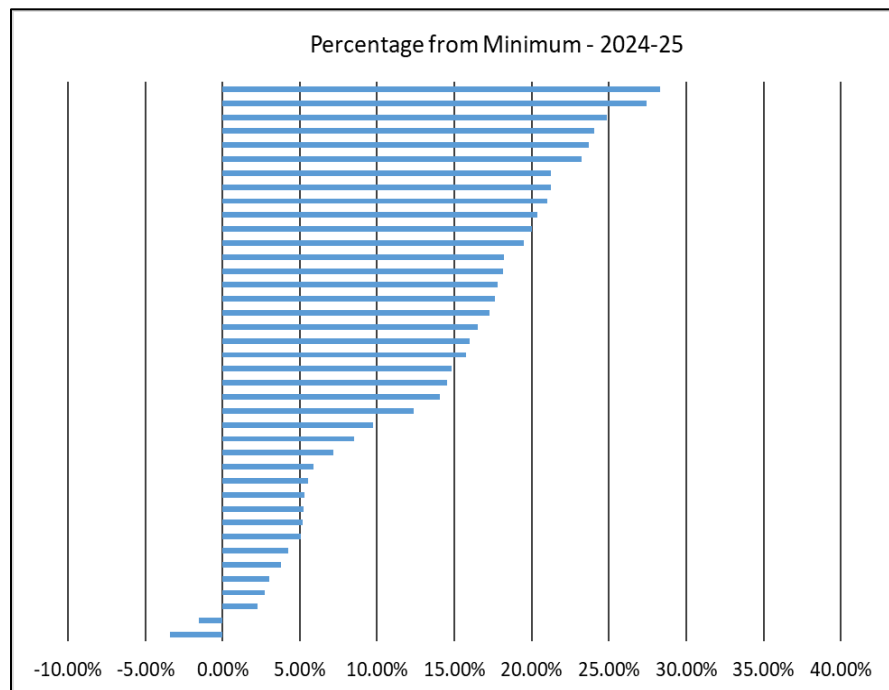
As we continue to pursue a desire to retain and attract quality employees, we must, especially in a very competitive employment market, provide compensation and benefit packages that help achieve these goals. Following a complete pay and classification study that was implemented in Fiscal Year 2021-22, we continued to lag behind the local market for many positions. This was less due to our pay scales as set by the study and adjusted by inflation indicators per policy, and was more due to salary increases for current employees not keeping pace with inflation. In FY 2021-22 our maximum, merit-based, salary increase was 1.5%, in FY 2022-23 it was 3%, and in FY 2023-

24 it was 6%. With the shift away from merit bonuses, and last year's one-time 8.5% across the board market adjustment, we are better able to keep our salaries more in line with the market.

This table shows the rate of change in the 2nd half average CPI (All Consumers, Not Seasonally Adjusted) over the past 10 years. This is the index we use for pay plan adjustments, so this year's increase will be 3.38%.



This chart shows all 40 of our current employees and where their salaries fell coming into the FY 2024-25 budget preparation cycle. The percentages shown are how far above or below the minimum for the pay grade each employee was once the range for each grade was adjusted for CPI per our policy. The result of this was that 2 employees' salaries will need to be adjusted, per policy, to the minimum of the pay grade. These two



were relatively recent hires. This is far better than last year, before we made changes to how merit increases are applied, where we had nine employees that fell below the minimum for their pay grade.

This helps show that the change we made, along with professional development and promotional opportunities, have mitigated against compression in our compensation plan. Compression is felt most significantly when we hire new employees and their starting pay is at the bottom of the pay range and we have a two or three year employee that also is at the bottom of the pay range due to merit increases lagging behind inflation. This results in an experienced employee being paid

the same as someone new to a position and, in essence, devalues experience and longevity. We will need to remain vigilant in mitigating compression in order to remain competitive in this employment market.

Performance Evaluations and Merit Increases

Last year was our first year using a new performance evaluation instrument that combines position specific performance standards along with behavioral standards based upon our core values (SOAR). While the new instrument requires more work on the part of the employee and supervisor, the output is a more meaningful evaluation that provides feedback on prior performance and sets reasonable goals for the coming year. We also changed our evaluation period to follow our fiscal year to make the process easier to follow and allow merit adjustments for all employees to take effect on the same date in October.

Our prior method of recognizing performance was through using a combination of merit increases to salaries and merit bonuses that are a percentage of the employees' salary based upon the result of their performance evaluation. Last year, and using the new evaluation instrument, we transitioned to a system that uses just merit increases and does not include bonuses.

In FY 2023-24 rather than budgeting for a 3% merit increase and 3% merit bonus, we budgeted for a 6% merit increase pool. For the coming year, knowing the impact of inflation (3.38%) and wanting to provide additional funding for increases beyond inflation, we are again proposing a merit pool of 6%. This pool, and the amount requested, is something we evaluate every year during the budget preparation process.

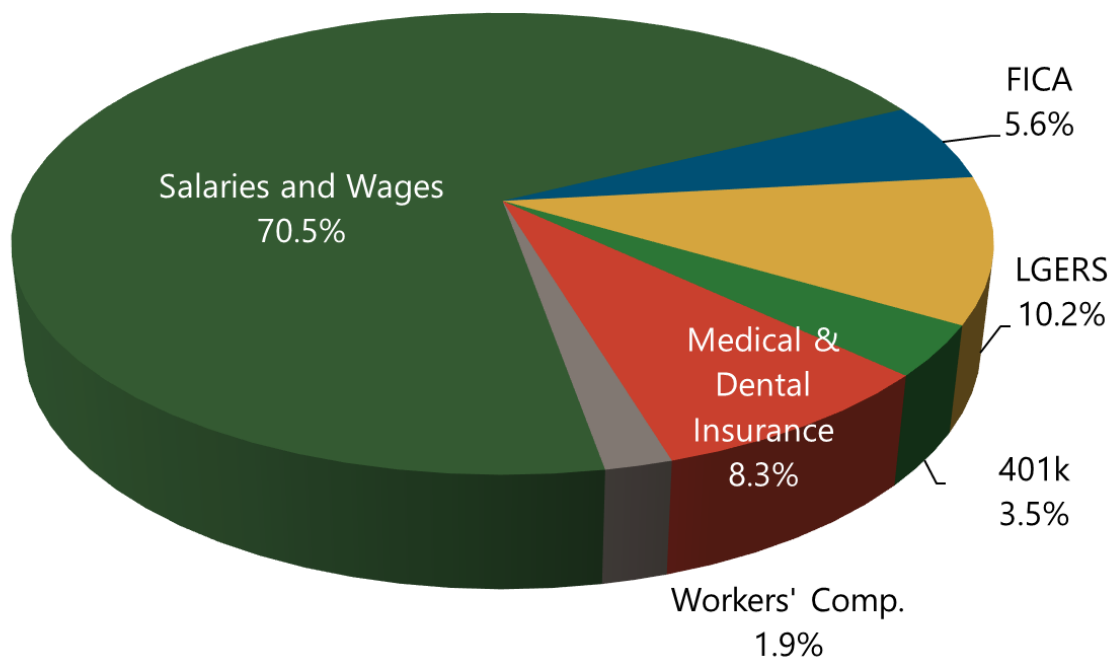
We are currently hearing that some towns are proposing COLA increases on top of merit increases for their employees. Our approach is to build an inflation adjustment into our merit pool under the assumption that an employee who meets all the requirements of their position will merit an increase of at least that much. Beyond the rate of inflation, the merit pool helps recognize performance through pay increases. Other towns rely on a combination of a uniform COLA increase and smaller merit pool.

Compensation and Benefits Cost Summary

In addition to the changes in compensation proposed above, we are also budgeting for an increase in medical insurance premiums, an increase in Workers' Compensation Rates, and an increase in the state retirement contribution rate. We are not proposing any changes in benefits for the coming year. The table and graph below show how the total personnel cost is broken down. Earnings account for 70.5% of the total cost of personnel and the salaries and wages numbers include stipends paid to the Town Council and Planning Board.

Personnel Expenditures by Type					
Type	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Salaries and Wages	3,109,987	3,332,411	3,362,352	252,365	8.1%
FICA	236,480	263,775	266,065	29,586	12.5%
LGERS	412,018	481,864	486,164	74,146	18.0%
401k	152,179	167,808	169,305	17,126	11.3%
Medical & Dental Insurance	385,774	398,353	398,353	12,580	3.3%
Workers' Comp.	70,796	77,328	89,556	18,760	26.5%
Total	4,367,233	4,721,539	4,771,795	404,562	9.3%

Personnel Costs by Type FY24-25



Summary

In summary, we made six changes that are reflected in the FY 2024-25 budget:

1. Adjust the pay scales, per policy, by 3.38% (2nd half CPI change 2022 v 2023)
2. Set the merit increase pool to 6% of base salaries (\$228,490 salary+benefits).
3. Reclassify the Finance and Human Resources Administrator position from Grade 10 to Finance and Human Resources Manager, Grade 14, and adjust the salary for this position (\$13,419 salary+benefits).
4. Reclassify Fire Engineer from Grade 9 to Grade 10.
5. New classification of Master Firefighter/Acting Company Officer at Grade 9.
6. Re-title Public Information Events Coordinator to Community Engagement Coordinator (no salary change).

We realize that some of these changes come at a cost. However, as noted earlier in this document, we want to continue to attract and retain the best employees we can in this highly competitive market. To do so, we must be willing to invest in our human capital through compensation, benefits, opportunities for advancement, and opportunities for education and training.

Employee Benefits

Social Security (FICA)

The Town and employees both contribute to the Social Security System in accordance with the law. In prior budgets, this item was either included in salary numbers or shown as a "fringe benefit". Being neither, we felt it most appropriate to show this number on its own line in the budget.

Retirement

All Town employees are members of the Local Government Employees' Retirement System (LERS), which is managed by the North Carolina State Treasurer's Office. Both the Town and employees contribute to the retirement system. The employer's contribution rate increased for fiscal year 2011 for the first time in over thirty years and continues to change each year to respond to changes in the financial performance of funds invested for local government retirees. Effective July 1, 2024, the rate will increase to 13.60% for non-law enforcement and to 15.04% for law enforcement positions.

401(k)

State law requires that the Town contribute an amount equal to 5% of salaries for sworn police officers into a 401(k). The Town, similar to many others, takes the additional step of providing a 5% contribution to all other full-time staff members' 401(k) plans. Employees can also voluntarily contribute to the account. Each employee chooses how their funds are invested from a menu of investment accounts through Empower Retirement.

Medical and Dental Insurance

The Town pays the full cost of medical and dental insurance for all employees and 75% of the total cost of employee + spouse/children/family coverage. Medical coverage is provided by Blue Cross & Blue Shield of North Carolina, dental coverage is provided Delta Dental, and vision coverage by Community Eye Care.

Workers' Compensation Insurance

In accordance with the law, the Town provides Workers' Compensation insurance through coverage provided by the North Carolina League of Municipalities pool. This expense, in previous budgets, was shown as a lump sum in the Governing Body department. In this budget, the cost is allocated to each department in accordance with the cost of the coverage for employees in that department.

Holidays

In accordance with our Personnel Policy, full-time employees are provided thirteen paid holidays per year.

Vacation

Currently, employees accrue vacation leave time at rates based upon years of government service and are limited to 240 hours in the total amount they may accrue. Excess earned leave is converted to sick leave at the end of each year or upon separation from employment. The table to the right shows the rate of accrual contained in our Personnel Policy.

Years of Service	Days per Year
1 - < 5	12
5 - < 10	15
10 - < 20	20
20 +	22

Sick Leave

New employees earn one day of sick leave per month. Those employed by the Town prior to July 1, 2021 earn sick leave time at rates based upon years of service as of that date. Unused time may be converted to service credit according to terms established by the North Carolina Local Government Employees' Retirement System.

Uniforms

Uniforms and/or safety shoes are provided to certain employees where needed, such as police, fire, public facilities, and inspections. Town logo attire is also considered a form of a uniform and provided in more limited quantities to other personnel as appropriate.

Law Enforcement Separation Allowance

The Town also, in conformance with State law, provides for supplemental retirement benefits for law enforcement personnel. Per the law and our policy, law enforcement employees who meet the following requirements shall receive, beginning on the last day of the month in which he or she retires, a special separation allowance equal to eighty-five hundredths percent (0.85%) of the average final compensation as determined by the LGERS. The requirements for this separation allowance are as follows:

1. The employee must be eligible for basic retirement at full benefits from the LGERS; and
2. The employee must not have attained sixty-two (62) years of age; and
3. At least 50% of creditable service is as a law enforcement employee and must be employed in a law enforcement position with the Town of Duck at the time of retirement. No employee shall receive the Special Separation Allowance if he/she retires on disability; and
4. Payment of this Separation Allowance shall cease at the death of the employee or on the last day of the month in which he/she attains sixty-two (62) years of age, or upon the first day of employment of the employee by any State of North Carolina department, agency or institution. Should the special separation allowance for law enforcement officers, now required by law, be rescinded, this separation allowance shall be rescinded all at the same time; and
5. The Special Separation Allowance does not replace any benefits to which a retired employee may be entitled from state, federal, or private retirement systems.

The Town currently has two retired officers receiving this benefit and we make these payments directly from current funds and do not, at this time, have a special trust account established to fund this liability.

Retiree Health Insurance Stipend

One of the benefits that many of our competing communities offer and we do not is health insurance for retired employees. The structure of this benefit, in terms of years of service, percentage paid by the Town, etc. varies but all end up, per governmental accounting standards, carrying a fairly significant liability on their balance sheet as a result of this benefit. We are not advocating for beginning to provide this benefit, but, rather, last year, created a policy to allow an alternative.

Our leadership team discussed some options and arrived at the thought of offering the ability for retirees to remain on our health insurance program until they turn 65 and providing a monthly stipend to offset some of the premium cost. Currently, the Town pays the full cost of medical and dental insurance for all active employees and 75% of the total cost of employee + spouse/children/family coverage.

Our policy states that full-time employees who become eligible, on or after July 1, 2023, for unreduced retirement benefits according to the NC Local Government Employees Retirement System (LGERS) and have served a minimum of 15 years with the Town of Duck shall be eligible to remain, at their own expense, on the health and dental insurance plan, as may be changed from time to time, provided to full-time employees. This eligibility will expire at the time the retired employee turns 65 or becomes covered under another group health and dental insurance plan.

It further states that the Town Council shall consider, in the annual budget, funding a stipend for retired employees to use to pay a portion of their health and dental insurance premium. If on the Town's health and dental insurance plan, the retired employee must pay their portion of the premium due, by the due date established by the Finance and Human Resources Manager, prior to the stipend being applied. If the premium is not paid when due, insurance coverage may be

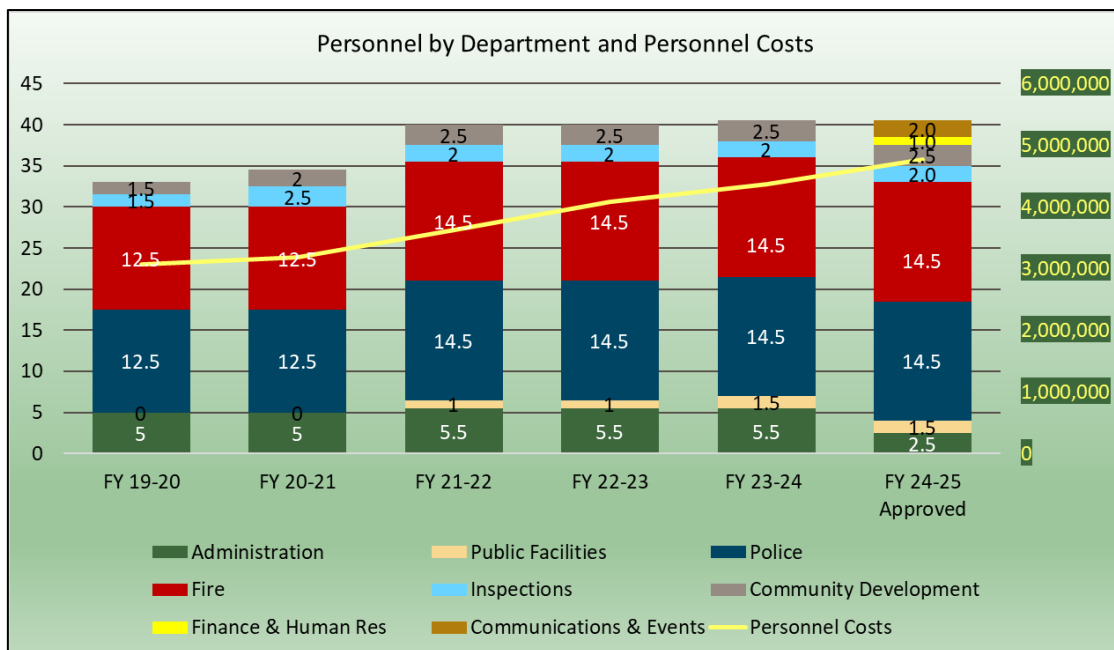
terminated and the eligibility for the stipend forfeited. If not on the Town's health and dental insurance plan, the retired employee must furnish proof of health and dental insurance coverage and proof of premium payment. The initial monthly stipend amount is set at \$200.00 but may be modified during the annual budget approval process. There are currently no retirees eligible for this benefit so no funds are budgeted in the FY24-25 budget.

Tuition Assistance

One benefit that some other local governments offer and we added in FY23-24 is a small amount of tuition assistance to encourage employees to further their formal education. In FY23-24 we budgeted for 8 employees to receive up to \$1,200 in tuition assistance and we only had one employee use this benefit. The FY24-25 budget includes funding for three employees to use this benefit.

Summary

The chart below shows the change in total personnel costs over time. In FY 2022 we added five new full-time positions to bring us to full staff for the foreseeable future.



The table to the right shows the total costs for changes in our personnel spending for the coming year as described in the preceding pages.

Personnel	
Item	Cost
6% merit pool	228,490
Reclass/retitle Fin&HR Pos from Grade from 10 to 14	13,419
Reclassify Fire Engineers from Grade 9 to 10	0
Career Development - Police	4,929
Career/Professional Development - Fire	14,049
Classify Master Firefighter/ACO to Grade 9	0
Total Personnel	260,887

Operating

The pages that follow contain descriptions, department by department, of operating expenditures and highlight non-recurring items.

Capital

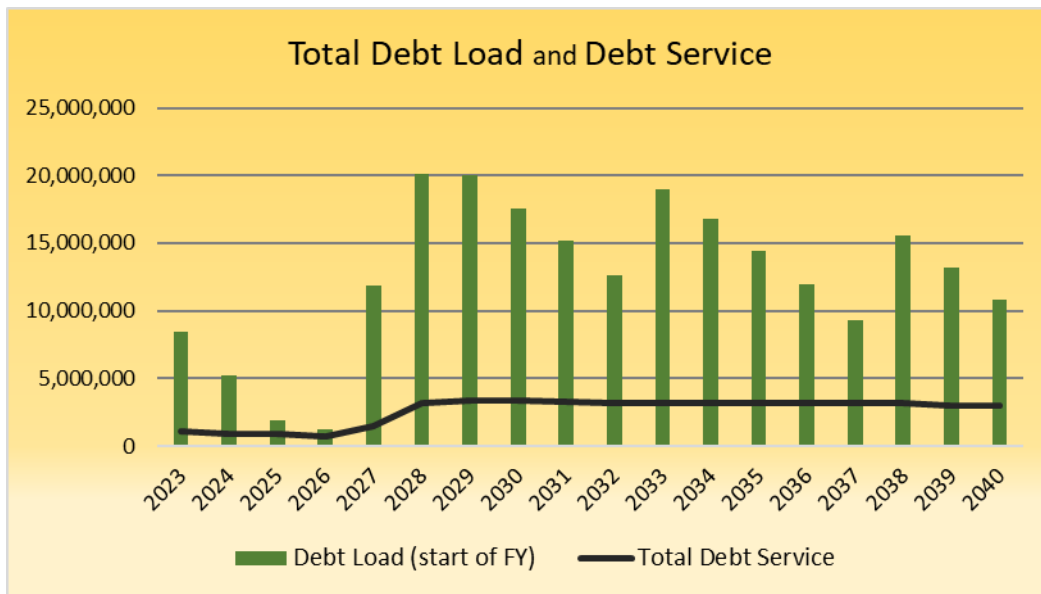
Also on the attached Department pages are capital projects/items. Shown below are the Capital items in this budget. The items in red reflect expenditures that are offset by grant or loan proceed revenue.

Capital (Red indicates CIP item)		
Department	Item	Cost
Public Facilities	Amphitheater Lighting (OBVB Grant)	13,549
Police	Patrol Vehicle Replacement (2) (debt funded)	124,762
Fire	Replacement of Turnout Gear	20,000
Streets & Highways	Retaining Wall Replacement	30,000
Environmental Protection	Town Park Shoreline Protection	110,000
	Total	298,311

Debt Service

One of our primary financial obligations is to make agreed-upon payments to lenders who provided financing for a variety of projects/purchases. As of June 30, 2024, the Town's debt obligation is \$1,908,955.

This chart shows both the debt load, or total principal outstanding, and debt service through FY 2039-40 and includes potential debt issuances in accordance with the Capital Improvement Plan. More detail about our debt load and ratios are shown in the Debt section of this document and in the Capital Improvement Plan.



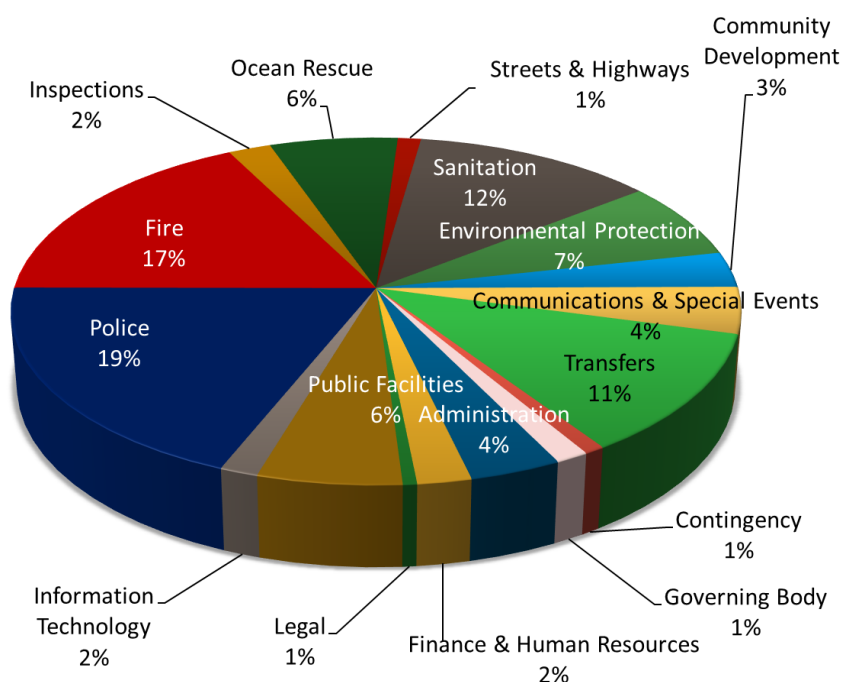
This table shows the amount owed in FY 2024-25 for outstanding debt issuances:

Issue Year	Project	Finance Type	Amount Issued	Term Years	Interest Rate	FY 2024-25 Principal	FY 2024-25 Interest	Total Debt Service
2010	Town Hall and Park Refinance	Installment Purchase	3,000,000	15	1.25%	133,333.00	3,333.00	136,666.00
2022	Vehicles (5)	Installment Purchase	238,623	4	1.22%	80,507.44	982.19	81,489.63
2022	Radios	Installment Purchase	406,273	4	1.22%	137,069.80	1,672.25	138,742.05
2022	Beach Nourishment	Special Obligation Bond	2,407,148	5	1.84%	474,917.40	21,846.20	496,763.60
TOTAL								853,661.28

Expenditures by Department

This table shows the total amount of each department's budget for FY 2024-25, the current FY 2023-24 budget, the current estimate for the end of FY 2023-24, and what was actually spent in FY 2022-23.

Expenditures by Department						
Department Expenditures	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Governing Body	140,647	153,231	154,744	154,751	1,520	0.99%
Administration	695,325	773,590	423,911	427,390	(346,200)	-44.75%
Finance & Human Resources	124,089	122,119	250,295	251,261	129,142	105.75%
Legal	66,859	90,460	65,460	65,460	(25,000)	-27.64%
Public Facilities	713,154	536,799	749,867	670,362	133,562	24.88%
Information Technology	133,686	194,352	178,111	178,111	(16,240)	-8.36%
Police	2,216,895	2,025,177	2,212,940	2,238,842	213,665	10.55%
Fire	1,960,252	1,983,719	2,037,576	2,065,851	82,132	4.14%
Inspections	204,158	237,479	251,246	253,479	16,000	6.74%
Ocean Rescue	580,069	628,100	764,500	764,500	136,400	21.72%
Streets & Highways	381,833	4,715,811	137,634	137,634	(4,578,177)	-97.08%
Sanitation	1,146,553	1,347,410	1,442,775	1,442,775	95,366	7.08%
Environmental Protection	2,383,896	1,017,451	845,604	845,604	(171,847)	-16.89%
Community Development	330,636	374,358	387,593	391,069	16,711	4.46%
Communications & Special Events	217,589	227,000	508,868	511,405	284,405	125.29%
Transfers	1,425,167	1,384,288	1,385,697	1,348,855	(35,433)	-2.56%
Contingency	647	61,389	75,299	95,251	33,862	55.16%
Total	12,721,455	15,872,733	11,872,121	11,842,599	(4,030,133)	-25.4%



What follows are some highlights of expenditures in each department. Many of these are shown in the notes that follow each department's budget worksheet.

- **Governing Body**
 - Expenses related to the Town Council including election expenses.
- **Administration**
 - Expenses related to the general administration and management of the Town.
- **Finance and Human Resources**
 - Formerly Finance, this department accounts for expenses for financial services such as financial statement preparation, preparation of the annual audit, and other related services provided by outside professionals. Also, expenditures related to employee engagement, tuition reimbursement, and other Human Resources related expenses. New for FY 2024-25, the Finance and Human Resources Manager's salary and benefits were moved to this department from Administration.
- **Legal**
 - Expenses related to our contracted attorney services.
- **Public Facilities**
 - This department accounts for expenses related to the maintenance of our buildings, playground, park, boardwalk and others with the exception of sidewalks/Duck Trail which are accounted for in the Streets & Highways department.
- **Information Technology**
 - Expenses for our contracted IT support, licenses, subscriptions, etc. for our information technology infrastructure.
- **Police**
 - Expenses related to the Duck Police Department.
- **Fire**
 - Expenses, including a direct allocation, for the operation of the Duck Fire Department.
- **Inspections**
 - Expenses related to our enforcement of the NC Building Code including the issuance of permits and inspections to ensure Code compliance.
- **Ocean Rescue**
 - Expenses, directly to a contractor, to provide ocean rescue services on the beach in Duck.
- **Streets & Highways**
 - While we own no streets, this department accounts for expenses related to the maintenance of Duck Trail, sidewalks, crosswalks (including lights), and for projects related to improving this infrastructure.
- **Sanitation**
 - Expenses, paid to our contractors, for the collection of trash and recycling.
- **Environmental Protection**
 - Formerly Beach Protection, this department accounts for expenses related to Beach Nourishment, beach grass planting, soundside shoreline protection, etc.

- **Community Development**
 - Expenses related to planning, code enforcement, etc.
- **Communications & Special Events**
 - Formerly Recreation and Special Events, this department accounts for expenses for communication platforms, graphic design, and the production of on-line and print communication materials. Also, expenses related to the conduct of special events, such as Jazz Festival, 4th of July, etc. and advertising and marketing for these events and the Town of Duck in general. Salary and benefit expenditures for the Public Information and Events Director and Coordinator were moved to this department from the Administration department.
- **Transfers**
 - Transfers to the Beach Nourishment Capital Project fund.
- **Contingency**
 - A small percentage (1%) of budgeted revenues to allow for unexpected expenditures during the year.

This table shows the percentage of total budgeted expenditures for which each department accounts. The last column shows the tax rate equivalent, or the number of pennies of Ad Valorem tax each department's expenses would claim absent other sources of revenue. The reader will note that our tax rate would need to be \$0.628 if we didn't have all the other revenue sources including shared revenues and grants.

Expenditures by Department			
Department Expenditures	FY24-25 Approved	% of GF Total	Tax Rate Equiv
Governing Body	154,751	1.31%	\$0.008
Administration	427,390	3.61%	\$0.023
Finance & Human Resources	251,261	2.12%	\$0.013
Legal	65,460	0.55%	\$0.003
Public Facilities	670,362	5.66%	\$0.036
Information Technology	178,111	1.50%	\$0.009
Police	2,238,842	18.90%	\$0.119
Fire	2,065,851	17.44%	\$0.110
Inspections	253,479	2.14%	\$0.013
Ocean Rescue	764,500	6.46%	\$0.041
Streets & Highways	137,634	1.16%	\$0.007
Sanitation	1,442,775	12.18%	\$0.077
Environmental Protection	845,604	7.14%	\$0.045
Community Development	391,069	3.30%	\$0.021
Communications & Special Events	511,405	4.32%	\$0.027
Transfers	1,348,855	11.39%	\$0.072
Contingency	95,251	0.80%	\$0.005
Total	11,842,599	100%	\$0.628

Governing Body

Description

The Town Council, including the Mayor, are the Governing Body for the Town of Duck and are elected at-large every two years by the residents of the Town. The Town Council is the legislative and policy-making body for the Town. They achieve the goals of the electorate through the passage of ordinances and policies that are then implemented by Town staff. The Mayor and Mayor Pro Tempore are selected by the Council from among the members.

Recent Accomplishments

- Appointed an interim Council member to take the place of a resigning member.
- In advance of the election, staff conducted a Candidate Information Session to help provide information to candidates about local government in North Carolina and the roles of Council and staff.
- Conducted an election and seated two new members of the Town Council.
- Held a Strategic Goals Session to discuss priorities for the upcoming fiscal year.
- Changed the time of Council meetings from 6:00 p.m. to 1:00 p.m.
- Held a Winter Celebration and a Volunteer appreciation celebration.
- Council members continue to represent Duck on the Tourism Board, the Government Access Channel Board, the Albemarle RPO Rural Transportation Advisory Committee, and as a liaison to our Planning Board.

FY 2024-2025 Budget Highlights

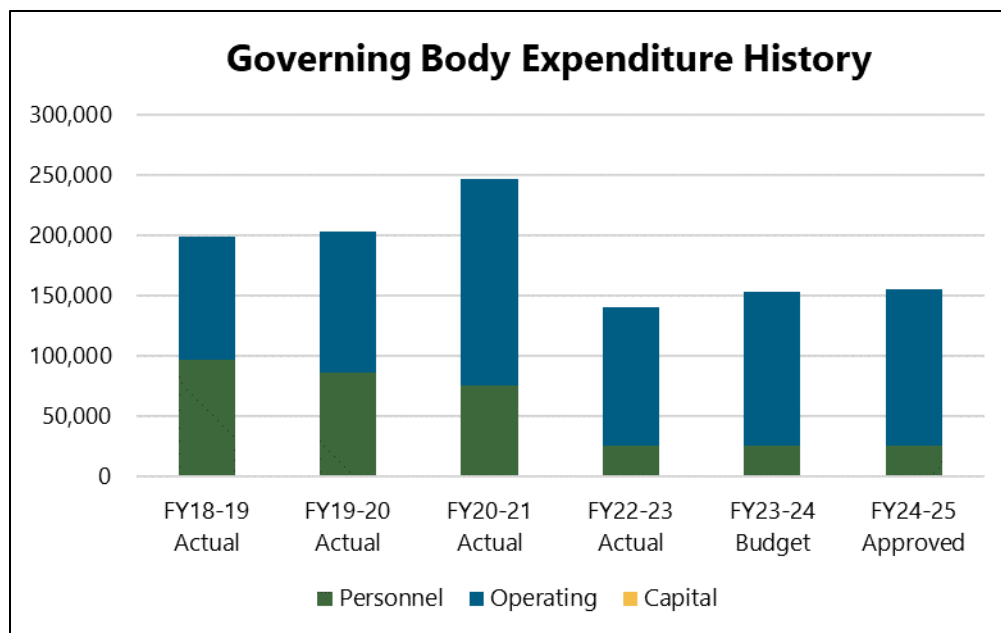
- The Governing Body Department budget increases 0.99% in FY24-25 mostly due to increases in property and liability insurance. These increases are due to increases seen in the national reinsurance market.
- The Governing Body budget accounts for 1.3% of the General Fund budget and is equivalent to \$0.008 on the tax rate.

Expenditures by Type								
Type	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Approved	Percent Change
Personnel	97,005	85,427	75,044	25,229	25,235	25,237	25,244	0.03%
Operating	102,007	117,042	171,290	102,273	115,412	127,994	129,507	1.18%
Capital	0	0	0	0	0	0	0	
Total	199,011	202,469	246,334	127,501	140,647	153,231	154,751	0.99%

Governing Body Expenditures by Type



Governing Body Expenditure History



Line Item Expenditures

Governing Body						
Account Description	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Salaries and Wages	23,400	23,400	23,400	23,400	0	0.00%
FICA	1,790	1,790	1,790	1,790	0	0.00%
Workers' Compensation	45	47	47	54	7	14.75%
Professional Services	11,401	5,000	3,000	3,000	(2,000)	-40.00%
Contracted Services	5	5,200	0	0	(5,200)	
Supplies and Materials	726	600	650	650	50	8.33%
Uniforms	490	500	500	500	0	0.00%
Technology Hardware & Accessories		0			0	
Travel and Training	241	1,000	1,000	1,000	0	0.00%
Dues and Subscriptions	4,505	6,906	6,621	6,621	(285)	-4.13%
Communications	0	600	600	600	0	0.00%
Leased Equipment	3,699	3,604	3,604	3,604	0	0.00%
Printing and Binding	0	0			0	
Advertising	1,932	2,000	2,000	2,000	0	0.00%
Insurance and Bonding	80,699	91,983	100,882	100,882	8,898	9.67%
Miscellaneous	11,714	10,600	10,650	10,650	50	0.47%
TOTAL	140,647	153,231	154,744	154,751	1,520	0.99%

Notes

Salaries and Wages

Mayor	6,000
Mayor Pro-Tem	4,800
Council (\$350/month/member)	12,600
	23,400

Professional Services

Misc. Prof Services	3,000
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Uniforms

Logo Attire	500
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Dues and Subscriptions

League of Women Voters - Dare County	250
Government Access Channel	1,000
Albemarle Commission	350
Southern City Subscriptions	1,007
ASBPA	500
NCLM	1,497
NC Mayor's Association	100
Outer Banks Chamber of Commerce	275

Vital Records Control	32
NCLM - Ordinance Service	1,500
UNC School of Government	110
	<hr/> 6,621

Communications

Postage	600
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Leased Equipment

Copier	3,430
Postage Meter	174
	<hr/> 3,604

Insurance and Bonding

Property and Liability	93,874
Flood	4,008
Deductibles	3,000
	<hr/> 100,882

Misc

Council Retreat Food	650
Winter Council/Staff Celebration	5,000
Volunteer Celebration	5,000
	<hr/> 10,650

Administration

Description

The Administration Department is responsible for general administration of Town operations, policy implementation, compilation and presentation of the annual budget in accordance with budgetary standards, capital improvement programs, and responding to citizen and Town Council concerns. Administration provides information to the public; documents and maintains records of Town Council proceedings; develops and coordinates agendas, ordinances, resolutions, reports; and maintains the directory of Town boards.

The Town Clerk Division ensures accessible and responsive government by preparing and keeping minutes and permanent records, providing administrative support to the Mayor and Town Council, and coordinating the Town's boards and committees. The Division also maintains the Charter and Code of Ordinances and oversees the accurate and timely accumulation, preservation, and accessibility of public records. The Deputy Town Clerk is also part of the Town Clerk Division of the Administration Department.

Recent Accomplishments

- Installed an additional privacy panel around the three cubicles in the center of the second-floor office area.
- Updated the Town's Facility Use Policy.
- A locking safe was installed in the Town Clerk's office to better protect monies received.
- The Town Clerk received her Master Municipal Clerk designation.

FY 2024-2025 Budget Highlights

- The Administration Department budget decreases 44.75% in FY24-25 due to moving personnel to operational departments associated with their function. to increases in personnel costs and implementing a tuition assistance policy.
- The Administration budget accounts for 3.61% of the General Fund budget and is equivalent to \$0.023 on the tax rate.

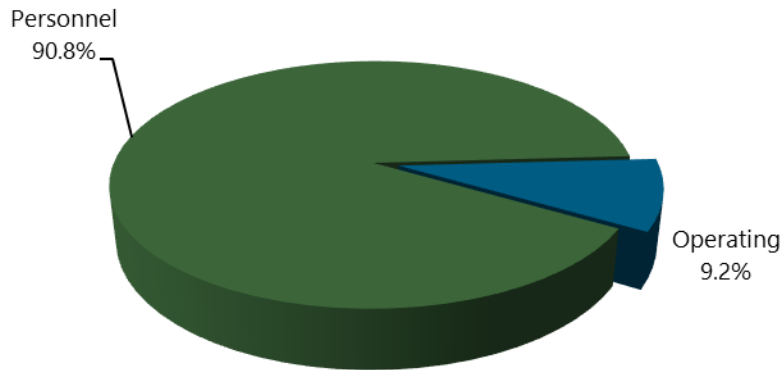
Expenditures by Type								
Type	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY23-24 Estimate	FY24-25 Approved	Percent Change
Personnel	478,708	416,493	572,881	616,469	685,497	690,952	387,920	-43.41%
Operating	45,741	88,993	73,991	74,156	88,094	76,275	39,470	-55.20%
Capital	7,427	21,971	0	4,700	0	5,834	0	
Total	531,876	527,457	646,872	695,325	773,590	773,061	427,390	-44.75%

Personnel					
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Approved	Percent Change
Full-time	5.5	5.5	5.5	2.5	-54.55%
Part-time					
Total	5.5	5.5	5.5	2.5	-54.55%

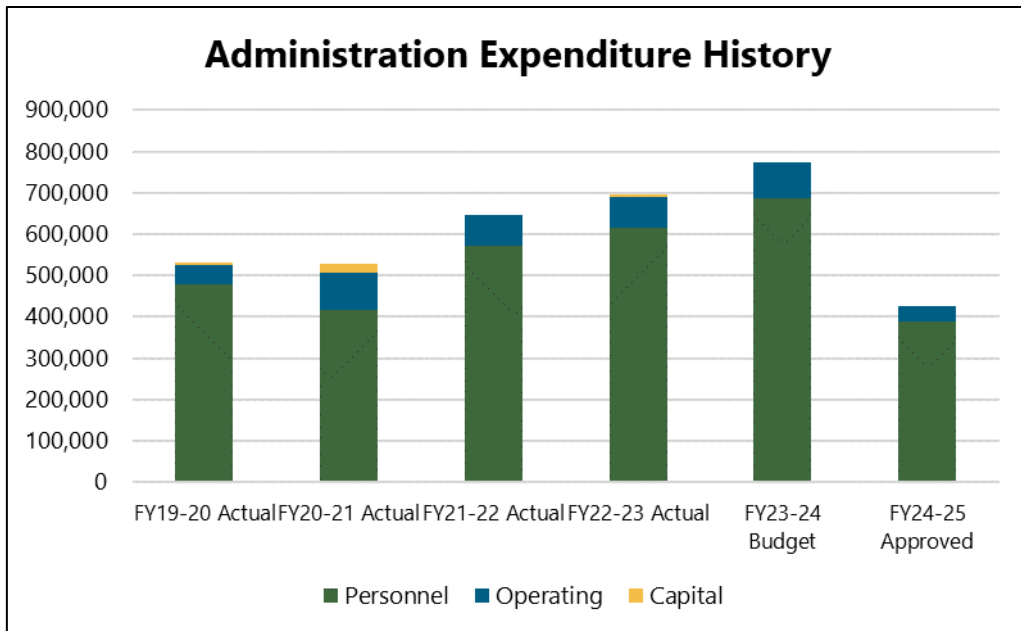
The reduction in total personnel in this department is due to the reallocation of staff to other operation departments as noted above.

Staffing	
Position Title	Count
Town Manager	1
Town Clerk	1
Deputy Town Clerk	0.5
	2.5

Administration Expenditures by Type



Administration Expenditure History



Administration						
Account Description	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Salaries and Wages	454,668	502,455	282,961	285,645	(216,809)	-43.15%
FICA	34,174	38,438	21,647	21,852	(16,586)	-43.15%
Workers' Compensation	928	2,629	573	664	(1,965)	-74.75%
Supplemental Retirement (LGRS)	55,430	64,565	38,483	38,848	(25,718)	-39.83%
401k	22,398	25,123	14,148	14,282	(10,840)	-43.15%
Medical/Dental Insurance	48,872	52,065	26,503	26,503	(25,562)	-49.10%
Life/ADD/Short Term Disability	0	222	126	126	(96)	
Professional Services	10,000	5,000	3,000	3,000	(2,000)	-40.00%
Contracted Services	5,735	8,600	1,000	1,000	(7,600)	-88.37%
Supplies and Materials	2,737	4,000	4,000	4,000	0	
Uniforms	525	900	450	450	(450)	-50.00%
Technology Hardware & Accessories	1,659		0	0	0	
Travel and Training	12,575	27,855	14,875	14,875	(12,980)	-46.60%
Dues and Subscriptions	16,561	16,027	3,630	3,630	(12,397)	-77.35%
Communications	4,132	4,108	1,911	1,911	(2,197)	-53.48%
Leased Equipment	4,752	3,604	3,604	3,604	0	0.00%
Printing and Binding	0	6,500	1,000	1,000	(5,500)	-84.62%
Advertising	4,179	1,000	1,000	1,000	0	
Miscellaneous	11,301	10,500	5,000	5,000	(5,500)	-52.38%
Capital Outlay - Over \$5,000	0	0			0	
Capital Outlay - under \$5,000	4,700				0	
TOTAL	695,325	773,590	423,911	427,390	(346,200)	-44.75%

Line Item Expenditures

Notes

Professional Services

As needed consulting, etc. 3,000

Contracted Services

Misc. 1,000
1,000

Uniforms

Logo Attire 450

Travel and Training

Misc. Continuing Ed	3,000	Misc. Continuing Education
Planning & Development Regulation	1,275	Deputy Clerk
Vehicle Allowance - Town Manager	3,600	
NCAMC Conferences (Clerk and Deputy)	4,500	Winter and Summer Conferences
NCCMA	2,500	Manager - winter and summer conference
	14,875	

Dues and Subscriptions

For the Record	1,500	Transcription software for Clerks
ICMA	1,100	Manager - Dues
NCCCCMA	325	Manager - Dues
NCGFOA	100	Manager - Dues
International Inst of Muni Clerks	370	Clerk and Dep Clerk
NC Assoc. of Muni Clerks	160	Clerk and Dep Clerk
NC Assn of CZO	75	Deputy Clerk Dues
	<u>3,630</u>	

Communications

Postage	1,000
Mobile Phones/iPad	911
	<u>1,911</u>

Leased Equipment

Copier	3,430
Postage Meter	174
	<u>3,604</u>

Printing and Binding

Miscellaneous	1,000
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Miscellaneous

Bulk waste permits	3,000	60 at 50 each
Other	2,000	
	<u>5,000</u>	

Finance and Human Resources

Description

The Finance and Human Resources Department provides a critical service to the Town of Duck and its personnel. The Department contains expenses for financial services such as financial statement preparation, preparation of the annual audit, and other related services provided by outside professionals. This Department also includes expenses for Human Resources programs such as Tuition Reimbursement and the SOAR Employee Recognition Program.

Recent Accomplishments

- Our independent auditor completed the FY 2022-23 audit and submitted it, as required by law, to the Local Government Commission.
- Regular monthly financial reports were presented to the Town Council with some enhancements continuing to be made.
- Under contract with Dare County, we collected over 100.95% of real property taxes due to the Town.
- After being awarded a grant through the NC League of Municipalities, we completed a financial software conversion at no cost to the Town for the first three years. This has improved our reporting and budget tracking capabilities as well as streamlined our payroll process.
- Implemented the SOAR Recognition Program to recognize employees who have demonstrated our internal core values in an exemplary manner.
- Implemented a new Employee Newsletter, which is distributed monthly.
- Initiated a Request for Proposals procedure for Banking Services, to guarantee the Town secures top-tier services at the most competitive rates.
- Completed the lengthy process to request reimbursement of Beach Nourishment Bond funds by FEMA, from the Hurricane Dorian project in 2019.
- With the assistance of our new Insurance Brokerage Firm, further improvement of the open enrollment process was implemented. Additionally, our brokers assisted in improving our employee benefit package for Dental, Vision and Virtual Medical Care with savings incurred from our Medical Insurance renewal rates.

Upcoming Projects

- During the first part of FY 2024-25, we will assist our Auditor and Financial consultant in preparing the annual financial statements and audit.
- Internal control procedures will be evaluated and improved in accordance with policy and best practices.
- Continued efforts will be focused on further improvements to the Budget and CIP documents specifically to include performance measures.
- Continued efforts in improving the employee benefit package, onboarding and offboarding processes, as well as implementing a New Employee Orientation.
- Improvement of Human Resources programs to include Employee Health Challenges and Engagement activities at little to no cost to the Town.

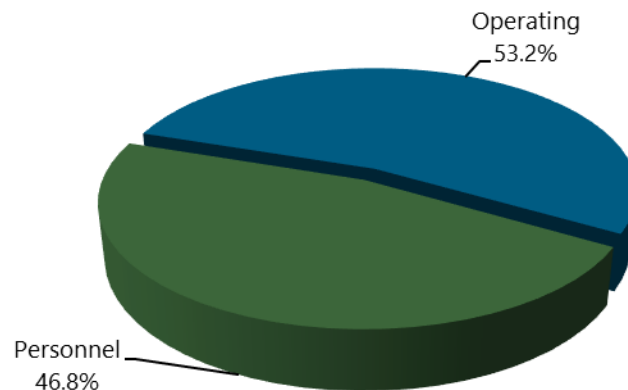
- Continued training and development in the use of Black Mountain Financial Software, to ensure we are utilizing every available benefit to our Finance and Human Resources Department.
- Reclassification of Finance & Human Resources Administrator position to Grade Level 14 as well as a new title of Finance & Human Resources Manager. This is to better align the position with the duties and high-level responsibilities, as well as those of other municipalities completing same or similar functions.

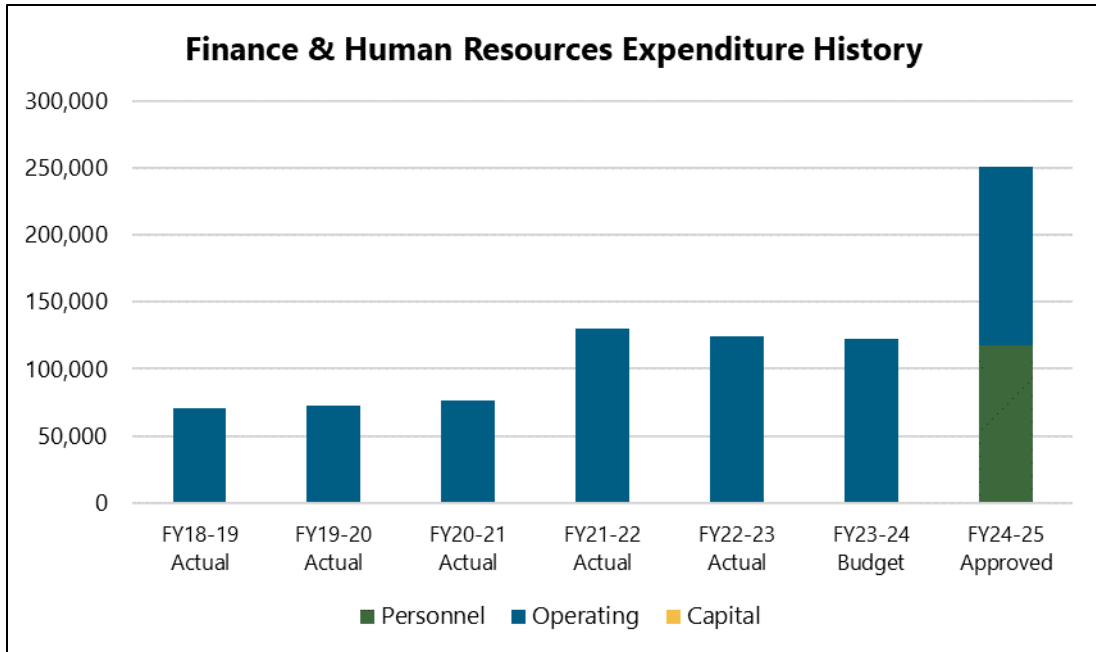
FY 2024-2025 Budget Highlights

- The Finance and Human Resources Department budget increased 105.75% mostly due to relocation of the Finance and Human Resources Administrator's salary and benefits and operating costs that were previously included under the Administration Department.
- The Finance and Human Resources budget accounts for 2.12% of the General Fund budget and is equivalent to \$0.013 on the tax rate.

Expenditures by Type								
Type	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Approved	Percent Change
Personnel	0	0	0	0	0	0	117,524	
Operating	70,311	72,439	76,487	129,967	124,089	122,119	133,737	9.51%
Capital	0	0	0	0	0		0	
Total	70,311	72,439	76,487	129,967	124,089	122,119	251,261	105.75%

Finance & Human Resources Expenditures by Type





Personnel					
Type	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY24-25 Approved	Percent Change
Full-time				1.0	
Part-time					
Total	-	-	-	1.0	

Staffing		
Position Title	Count	Name
Finance & HR Manager	1	Jessica Barnes
	1	

Line Item Expenditures

Finance & Human Resources						
Account Description	FY22-23 Actual	FY23-24 Budget	FY23-24 Estimate	FY24-25 Approved	Variance v. CY	% Change
Salaries and Wages				79,070	79,070	
FICA				6,049	6,049	
Workers' Compensation				184	184	
Supplemental Retirement (LGRS)				10,754	10,754	
401k				3,954	3,954	
Medical/Dental Insurance				17,388	17,388	
Life/ADD/Short Term Disability				126	126	
Professional Services	35,859	35,000	50,000	35,400	400	1.14%
Contracted Services	80,771	81,119	82,000	77,784	(3,335)	-4.11%
Supplies and Materials				100		
Supplies and Materials - Employee Engagement				700		
Uniforms				150		
Technology Hardware & Accessories						
Travel and Training				8,500		
Dues and Subscriptions				90		
Communications				513		
Bank Charges	7,459	6,000		10,500	4,500	75.00%
TOTAL	124,089	122,119	132,000	251,261	129,142	105.75%

Notes

Professional Services

Audit	24,000
Financial Statement Prep	5,000
Other Financial Assistance	6,000
Separation Allowance Actuarial Work	400
	<u>35,400</u>

Contracted Services

Tax Collection - Dare County	77,784	1.5% of total collection
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Supplies and Materials - Employee Engagement

Other Employee Engagement Supplies	<u>700</u>
	700

Uniforms

Logo Attire	150
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Travel and Training

Tuition Reimbursement	3,600	3 employees at \$1,200
Finance Officer Certification Courses (2)	3,400	

NCGFOA Summer Conference	1,500
	<hr/> 8,500

Dues and Subscriptions

NCGFOA	50	Finance Administrator Dues
PSHRA	40	HR Administrator Dues
	<hr/> 90	

Communications

Mobile Phones/iPad	513
	<hr/> 513

Bank Charges

Account Service Charges	10,500
	<hr/> 10,500

Legal

Description

The Legal Department contains expenses for contracted legal services. The Town does not have an attorney or any legal paraprofessionals on staff, but opts to contract with the firm of Hornthal, Riley, Ellis & Maland, LLP to provide our routine legal service as the officially appointed Attorney for the Town of Duck.

Recent Accomplishments

- Our contracted law firm's attorneys handled the acquisition of a beachfront property, worked on an agreement with the beach nourishment contract to ensure the Town was made whole due to a delay in that project, and worked on several easements related to both the beach nourishment and Highway 12 project. They also handled a lawsuit filed against the Town by a resident who also filed suit against a neighbor.

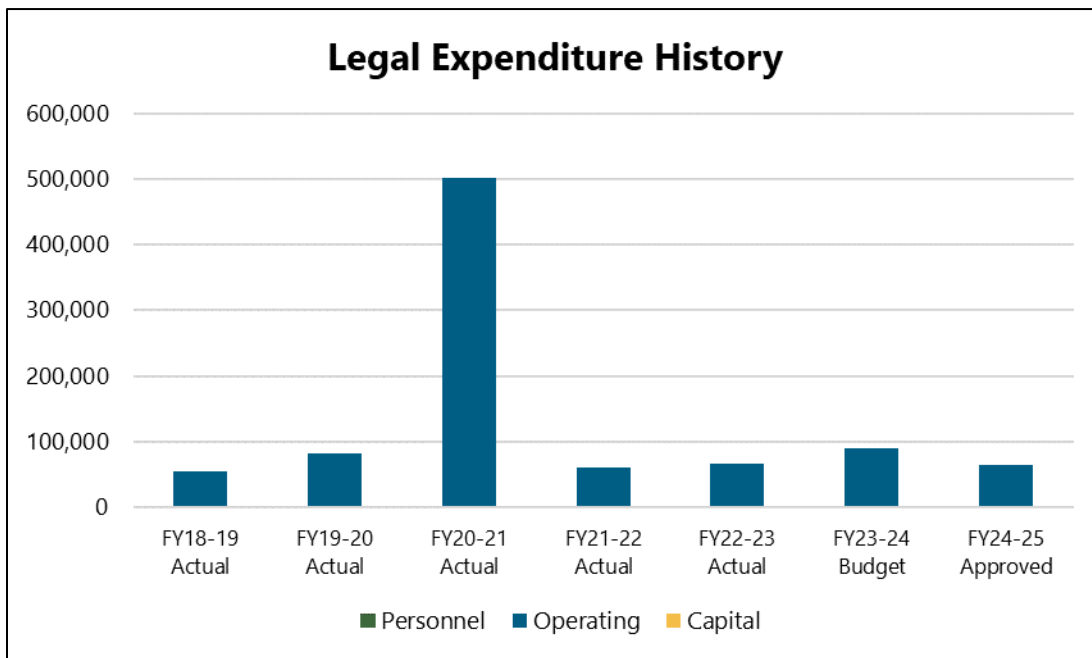
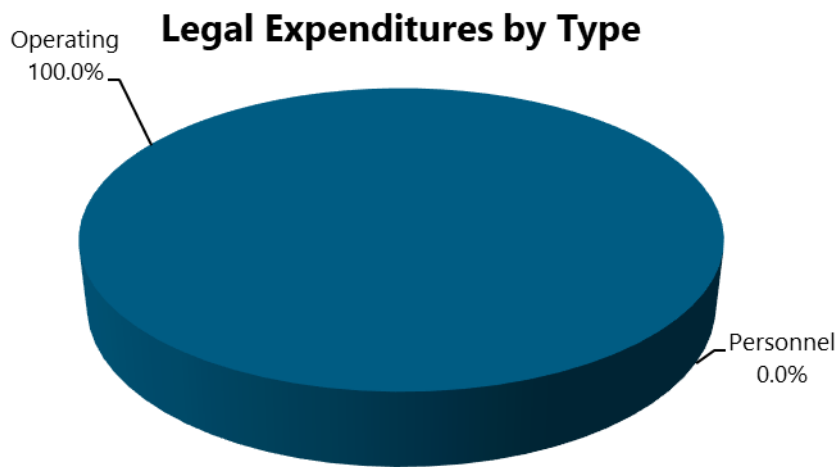
Upcoming Projects

- Continued legal representation for the Town.

FY 2023-2024 Budget Highlights

- The Legal Department budget decreased by 27.64% compared to the FY 2023-24 amended budget due expenses in FY23-24 related to a lawsuit brought by a resident.
- The monthly retainer, which includes attendance at Council meetings, does not increase.
- The Legal budget accounts for 0.55% of the General Fund budget and is equivalent to \$0.003 on the tax rate.

Expenditures by Type								
Type	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Approved	Percent Change
Personnel	0	0	0	0	0	0	0	
Operating	54,593	82,631	501,039	61,055	66,859	90,460	65,460	-27.64%
Capital	0	0	0	0	0	0	0	
Total	54,593	82,631	501,039	61,055	66,859	90,460	65,460	-27.64%



Line Item Expenditures

Legal							
Account Description	FY22-23 Actual	FY23-24 Budget	FY23-24 Actual YTD	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Professional Services	66,859	90,460	66,544	65,460	65,460	(25,000)	-27.64%
TOTAL	66,859	90,460	66,544	65,460	65,460	(25,000)	-27.64%

Notes

Professional Services

Monthly Retainer (\$2,800)	33,600
As Needed Additional Services	<u>31,860</u>
	65,460

Public Facilities

Description

Under the general direction of the Building Codes and Maintenance Administrator and the administrative management of the Director of Community Development, the Public Facilities Department is responsible for the maintenance, repair, and operation of the Town's public facilities, not including general landscape maintenance of the Town Park. Facilities maintained include the Town Hall, Keller Meeting Hall, amphitheater, gazebo, Soundside Boardwalk, Town's rental house, and some maintenance of the current Public Safety facility.

Recent Accomplishments

- Completed construction of a new stairway providing emergency egress from the second floor of Duck Town Hall.
- Installed Memory Lane bricks/walkway.
- Repaired necessary decking and railing along the boardwalk.
- Installed/repaired solar light fixtures at designated crosswalks.
- Replaced two Bigbelly trash/recycling compactors in the Town Park.
- Assisted the Police Department with installation of cameras and other equipment.

Upcoming Projects

- Add concrete pads to support audio equipment at the gazebo.
- Replace the public water fountain at the Town Park.
- Make roofing and other repairs to the Public Safety Building.
- Begin design work for a new Public Safety Building.
- Develop maintenance schedules and responsibilities.

FY 2024-2025 Budget Highlights

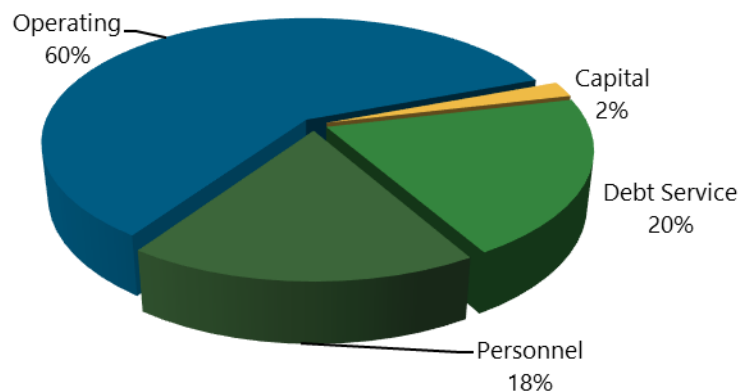
- The Public Facilities Department budget increased 24.88% compared to the FY 2023-24 budget due to inclusion of some improvement projects including Public Safety building repairs and design work for a new building.
- The Public Facilities budget accounts for 5.66% percent of the General Fund budget and is equivalent to \$0.036 on the tax rate.

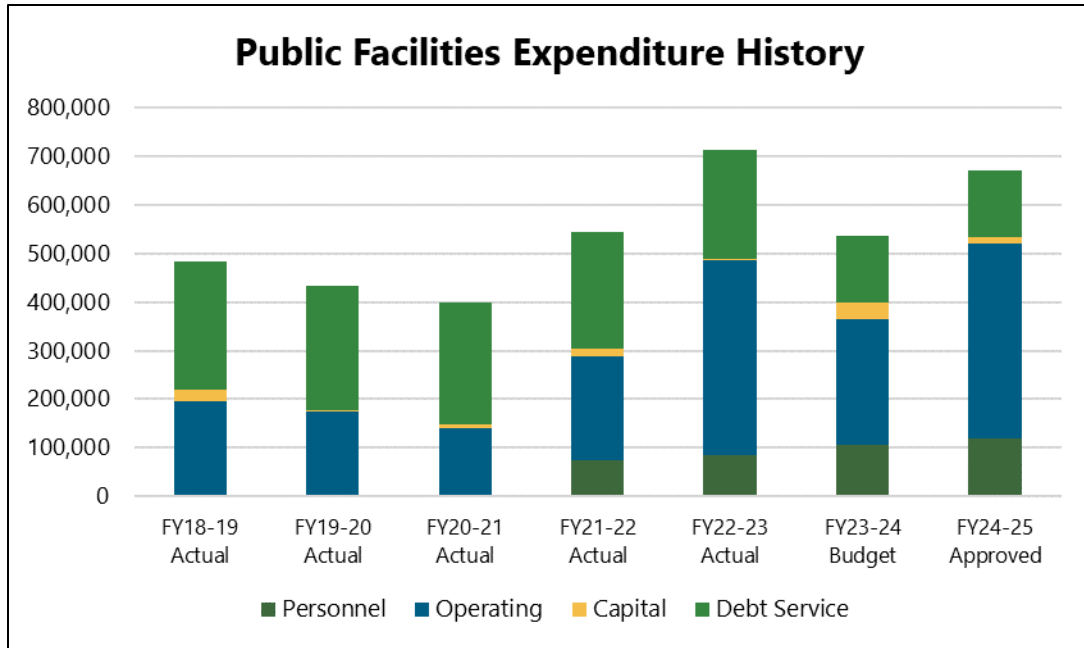
Expenditures by Type								
Type	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Approved	Percent Change
Personnel	0	0	0	73,004	85,111	105,298	120,023	13.98%
Operating	194,368	173,548	139,714	215,443	400,478	259,191	400,124	54.37%
Capital	25,985	2,333	8,000	15,915	3,190	33,977	13,549	-60.12%
Debt Service	264,282	257,327	250,372	239,969	224,375	138,333	136,666	-1.21%
Total	484,634	433,207	398,086	544,330	713,154	536,799	670,362	24.88%

Personnel					
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Approved	Percent Change
Full-time	1.0	1.0	1.0	1.0	0.00%
Part-time			0.5	0.5	
Total	1.0	1.0	1.5	1.5	0.00%

Staffing	
Position Title	Count
Maintenance Technician	1
Maintenance Technician (part-time)	0.5

Public Facilities Expenditures by Type





Line Item Expenditures

Public Facilities						
Account Description	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Salaries and Wages	62,110	68,623	69,624	70,286	1,663	2.42%
Salaries and Wages (PT)	0	10,650	19,980	19,980	9,330	87.61%
FICA	4,790	5,250	6,855	6,905	1,656	31.54%
Workers' Compensation	1,543	2,092	2,731	3,157	1,065	50.94%
Supplemental Retirement (LGERS)	7,575	8,818	9,469	9,559	741	8.40%
401k	3,130	3,431	3,481	3,514	83	2.42%
Medical/Dental Insurance	5,963	6,404	6,580	6,580	176	2.74%
Life/ADD/Short Term Disability	0	30	41	41	10	33.33%
Professional Services	0	0	88,000	88,000	88,000	
Contracted Services	150,479	144,286	141,032	141,032	(3,254)	-2.25%
Supplies and Materials	27,564	25,000	25,000	25,000	0	0.00%
Uniforms	138	300	600	600	300	100.00%
Vehicle Supplies and Materials	10	1,000	1,000	1,000	0	0.00%
Technology Hardware & Accessories		0	0	0	0	
Dues and Subscriptions	780	780	780	780	0	0.00%
Communications	678	511	512	512	0	0.09%
Utilities	12,297	15,300	15,300	15,300	0	0.00%
Repairs and Maintenance	205,809	61,514	106,400	108,400	46,886	76.22%
Boardwalk Repairs	1,806	8,000	16,000	16,000	8,000	100.00%
Vehicle Repairs and Maintenance	347	500	500	500	0	0.00%
Miscellaneous	570	2,000	3,000	3,000	1,000	50.00%
Capital Outlay	3,190	33,977	94,649	13,549	(20,428)	-60.12%
Capital Outlay - Under \$5,000	0	0	0		0	
Debt Service	224,375	138,333	138,333	136,666	(1,667)	-1.21%
TOTAL	713,154	536,799	749,867	670,362	133,562	24.88%

Notes

Professional Services

Public Safety Building Design	88,000
	<u>88,000</u>

Contracted Services

Park & Boardwalk Landscaping	54,709
Pest Control	1,200
Elevator Service Agreement	3,600
Cleaning	62,479
Additional Plants & Landscaping	8,000
Carpet, tile, and window cleaning	3,125
Generator Maintenance Contract	1,220
Alarm Service	1,200
HAVC Maintenance Agreement	3,500
Septic Maintenance	2,000
	<u>141,032</u>

Supplies and Materials

Bricks for Memory Lane Project	15,000
Other Supplies and Materials	10,000
	<u>25,000</u>

Dues and Subscriptions

MaintainX	780
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Communications

Mobile Phone	512
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Utilities

Power	11,940
Water	3,360
	<u>15,300</u>

Repairs and Maintenance

Public Safety Building Repairs	85,000	Roof and some interior
Tree Removal/Pruning	4,000	
Gazebo Improvements	3,000	
Parking Area Maintenance	5,000	gravel/base
Lighting - Parking/Crosswalks	3,000	
Outdoor Drinking Fountain Replacement	5,000	
Bench Replacement/Repair (3)	3,400	
	<u>108,400</u>	

Capital Outlay - over \$5,000

Amphitheater Lighting (OBVB Grant)	13,549
	<hr/> 13,549

Debt Service

Land Purchase (Town Hall + Park Refinance)	136,666
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Information Technology

Description

The Information Technology Department contains expenses for contracted IT services. The Town does not have any IT staff, but opts to contract with Shoshin Technologies, a firm located on the Outer Banks, to handle the support and maintenance of our IT infrastructure and provide professional advice regarding how best to leverage technology in our work environment.

Recent Accomplishments

- Provided information relative to IT equipment scheduled for replacement in the coming fiscal year.
- Assisted with records requests and onboarding of new staff from a technology perspective.
- Worked on a records digitization program to help reduce the volume of paper records being stored.
- Switched from DSL to 5G wireless for broadband failover.

Upcoming Projects

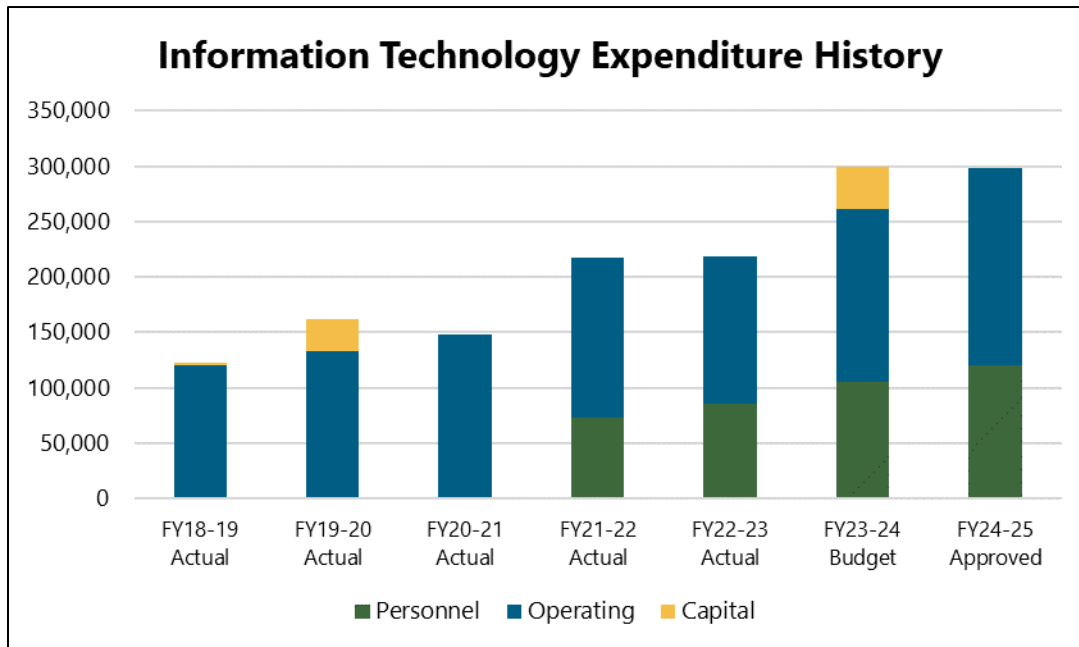
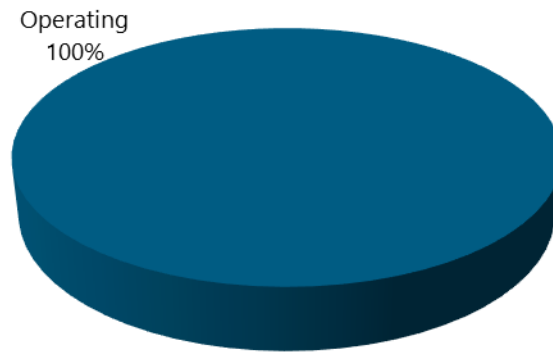
- Continue to evaluate technology to help improve efficiency and reduce costs.
- Replace switches and wireless access points if grant funding is available.

FY 2024-2025 Budget Highlights

- The IT Department budget decreased 8.36% compared to the FY 2023-24 budget due to changes in costs for contracted services.
- The IT Department budget accounts for 1.50% of the General Fund budget and is equivalent to \$0.009 on the tax rate.

Expenditures by Type								
Type	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Approved	Percent Change
Personnel								
Operating	120,141	133,123	148,566	144,066	133,686	155,852	178,111	14.28%
Capital	2,511	28,681	0	0	0	38,500	0	-100.00%
Total	122,652	161,804	148,566	144,066	133,686	194,352	178,111	-8.36%

Information Technology Expenditures by Type



Line Item Expenditures

Notes

Information Technology						
Account Description	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Contracted Services	69,257	106,532	90,971	90,971	(15,561)	-14.61%
Dues and Subscriptions	15,148	26,921	20,940	20,940	(5,981)	-22.22%
Telephone & Communications	23,680	22,399	38,200	38,200	15,801	70.54%
Capital Outlay - over \$5,000	0		0	0	0	
Capital Outlay - under \$5,000	0	10,000		0	(10,000)	-100.00%
Cable Access Channel	25,600	28,500	28,000	28,000	(500)	-1.75%
TOTAL	133,686	194,352	178,111	178,111	(16,240)	-8.36%

Contracted Services	Annual	Monthly	
Shoshin	70,309	5,859	Managed Services (Workstation)
Shoshin	801		Fiber Transition (one time cost)
Shoshin	2,242		Transition to .gov domain
Shoshin	576	48	Proofpoint Mail Filtering
Shoshin	624	52	CJIS Security
			DMARC Enforcement Set-up (plus \$50/month included in Managed Services)
Shoshin	500		MS 365 security monitoring (plus \$50/month included in Managed Services)
Shoshin	500		M 365 Skykick Back-up (monthly fee included in 365 subscription)
Shoshin	250		
Shoshin	12,170	1,014	
Shoshin and others	3,000		Other as needed
	<u>90,971</u>		

Dues and Subscriptions (Annual)	
Adobe Pro DC (11 @ 287.88)	3,060
Adobe Creative Cloud (3 @ 1019.88)	3,167
Tax on Adobe	420
Office 365 Services (1,191.12/month)	14,293
	<u>20,940</u>

Telephone & Communications	
Charter Communications (Internet/Cable)	17,640
Century Link (Alarm Lines)	8,097
5G Failover	1,500
VOIP Phones	10,963
	<u>38,200</u>

Police Department

Description

The Police Department provides the highest possible level of community policing service to the Town's residents, property owners and visitors to keep Duck a safe and enjoyable place for all to live in and visit. The Department maintains public safety through education and the enforcement of criminal and traffic laws, and local ordinances. Police Department personnel continuously train and adjust services to leverage technological advances, and to employ the latest policing practices in an effort to provide courteous, efficient, and proactive professional police services. The Police Department maintains a vital link with the community through transparency, open communication, and a commitment to finding lasting solutions to problems facing our community.

Recent Accomplishments

- The Department replaced its aging in-car cameras with Axon Fleet 3 advanced dual-view camera systems. As part of this project, ten mobile broadband routers were upgraded to increase the functionality of all in-car and officer assigned equipment that utilizes mobile broadband connectivity.
- Four patrol vehicles, two radar speed signs, and seven in-car mobile data terminals were replaced pursuant to the established capital equipment replacement schedule.
- A network of 12 security cameras was installed along the center section of the Town's Soundside boardwalk to increase visitor safety and allow police officers to monitor the area 24 hours a day. As part of this project, a live feed from one of the cameras was made available to the public via the Town's website.
- Through generous donations, an additional camera was added to the Town's existing network of live traffic cameras, and the Police Department was equipped and trained to participate in Project Lifesaver to aid "at risk" residents and visitors who are prone to the life-threatening behavior of wandering.

Upcoming Projects

- Two patrol vehicles will be replaced pursuant to the established capital equipment replacement schedule. This project includes the vehicles, all aftermarket emergency equipment, graphics, upfitting, and replacement radars and mobile printers.
- The Town will enter into a 5-year contract with Axon to replace the Department's body worn cameras and TASER devices with the most modern equipment available, as well as provide cloud-based storage, training, additional equipment, an annual allotment of supplies, and equipment warranty protection.
- All existing officer issued 12-gauge shotguns will be converted to less lethal shotguns, which will provide all Duck police officers with an additional less lethal defensive option.
- The Department's 800MHz portable radios will be upgraded with new software that will allow the radios to utilize an available Wi-Fi signal to communicate over the internet when

the radio tower is unreachable or out of service. This project dramatically improves officer safety and efficiency.

FY 2024-2025 Budget Highlights

- The Police Department budget increases 10.55% in FY 2024-25 due mostly to changes in personnel costs and the purchase of two replacement police vehicles.
- The Police budget accounts for 18.9% of the General Fund budget and is equivalent to \$0.119 on the tax rate.
-

Expenditures by Type								
Type	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Approved	Percent Change
Personnel	1,028,999	1,141,059	1,037,488	1,275,575	1,464,339	1,512,020	1,664,736	10.10%
Operating	134,272	180,280	205,917	220,734	213,760	285,680	316,798	10.89%
Capital	135,226	274,952	27,149	422,459	358,858	94,930	124,762	31.42%
Debt Service	84,325	37,267	91,300	48,218	179,938	132,547	132,547	0.00%
Total	1,382,823	1,633,557	1,361,855	1,966,987	2,216,895	2,025,177	2,238,842	10.55%

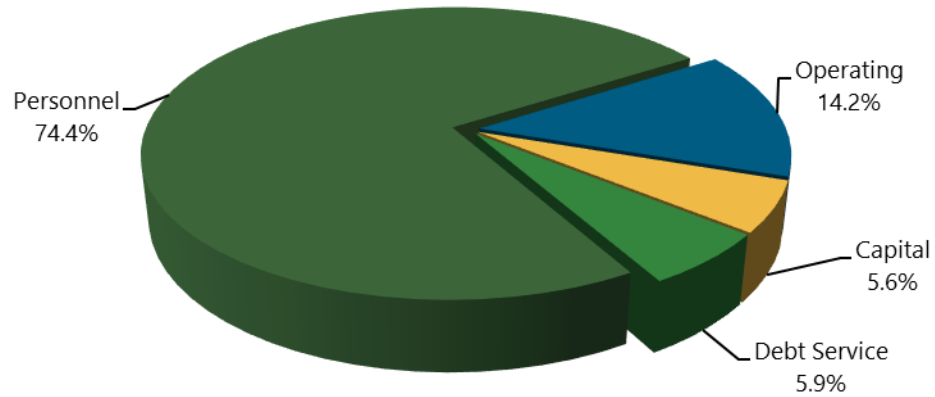
Personnel					
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Approved	Percent Change
Full-time	14.5	14.5	14.5	14.5	0.00%
Part-time					
Total	14.5	14.5	14.5	14.5	0.00%

This table reflects the addition of two new patrol officers three fiscal years ago, and that we will not be adding any positions this year.

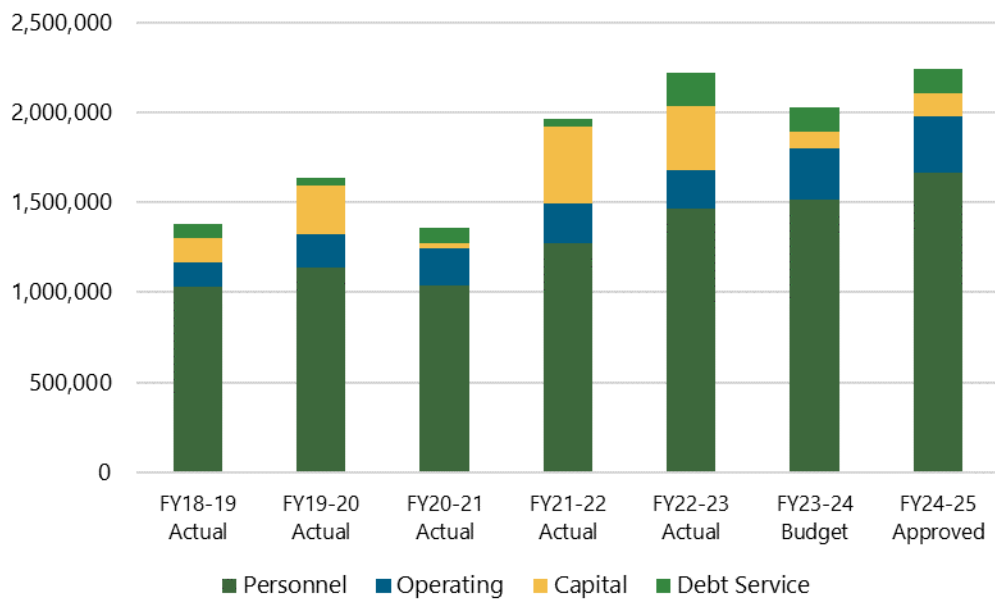
Staffing	
Position Title	Count
Police Chief	1
Deputy Chief	1
Sergeant	2
Corporal	2
Police Officer	8
Public Safety Office Administrator	0.5

This table shows the staffing for the department shows the Public Safety Office Administrator position is shared between the Police and Fire Departments.

Police Expenditures by Type



Police Expenditure History



Line Item Expenditures

Police						
Account Description	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Salary and Wages	1,010,210	1,031,877	1,093,643	1,104,015	72,138	6.99%
Salaries and Wages (overtime)	38,735	26,000	47,475	47,475	21,475	82.60%
Salaries and Wages (part time)					0	
Police Sep Allow Salaries	9,248	9,250	9,250	9,250	0	0.00%
FICA	78,819	81,635	92,343	93,136	11,501	14.09%
Workers' Compensation	21,906	27,323	29,737	34,435	7,112	26.03%
Supplemental Retirement (LGRS)	136,264	156,854	187,075	188,714	31,860	20.31%
401k	52,687	52,894	59,430	59,948	7,054	13.34%
Medical/Dental Insurance	116,469	125,738	127,277	127,277	1,539	1.22%
Life/ADD/Short Term Disability	0	448	485	485	37	
Contracted Services	71,444	129,812	151,331	156,331	26,519	20.43%
Supplies and Materials	7,427	8,000	1,000	1,000	(7,000)	-87.50%
Uniforms	14,963	11,500	10,500	10,500	(1,000)	-8.70%
Police Supplies and Materials	15,663	14,918	14,705	14,705	(214)	-1.43%
Police Supplies and Materials - Donated Func	2,565	3,290	4,490	4,490	1,200	36.47%
Vehicle Supplies and Materials	35,833	35,000	38,390	38,390	3,390	9.69%
Technology Hardware & Accessories					0	
Travel and Training	17,812	25,000	20,000	20,000	(5,000)	-20.00%
Dues and Subscriptions	4,542	15,485	12,101	14,981	(504)	-3.25%
Communications	17,167	17,702	27,000	27,000	9,299	52.53%
Leased Equipment	2,044	3,223	4,206	4,206	983	30.49%
Printing and Binding	1,165	750	750	750	0	0.00%
Advertising	0	500	500	500	0	0.00%
Repairs and Maintenance	3,685	3,000	3,000	3,000	0	0.00%
Vehicle Repairs and Maintenance	14,624	12,500	15,945	15,945	3,445	27.56%
Miscellaneous	4,826	5,000	5,000	5,000	0	0.00%
Capital Outlay - over \$5,000	279,163	71,130	124,762	124,762	53,632	75.40%
Capital Outlay - under \$5,000	79,696	23,800	0	0	(23,800)	-100.00%
Local Law Enforcement Block Grant					0	
Debt Service	179,938	132,547	132,547	132,547	0	0.00%
TOTAL	2,216,895	2,025,177	2,212,940	2,238,842	213,665	10.55%

Notes

Contracted Services

Axon In-Car Camera Contract (Yr 3 of 6)	38,613
Axon Body Camera/Taser Contract (Yr 1 of 5)	45,503
Annual Radar/Lidar Certification	795
Annual Fire Extinguisher Inspection/Testing	425
Police Department Office Cleaning Contract	8,570
Police Officer Wellness Assessments	5,040
Mental Health Clinician Annual Retainer	4,320
Motorola FLEX Software Maintenance (Yr 3 of 5)	26,298
Flock ALPR	17,000
Essential Personnel Software	2,000

Lexipol Police Policy Maintenance Software	7,767
	156,331

Supplies and Materials

Supplies and Consumable Materials	1,000
	1,000

Vehicle Supplies and Materials

Fuel	36,390
Other Vehicle Supplies	2,000
	38,390

Uniforms

Scheduled Ballistic Vest Replacement (2)	2,300
Officer Turnover Ballistic Vest Purchase	1,200
Other Uniform Items	7,000
	10,500

Police Supplies and Materials

Ammunition (Qualification & Training)	4,000
Less Lethal Shotgun Ammunition	994
Less Lethal Shotgun Conversion	2,235
Police Supplies and Materials	7,476
	14,705

Police Supplies and Materials - Donated Funds

Annual PBA Membership	4,490
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Travel and Training

Annual Indoor Firing Range Use Fee	2,000
Training/Professional Organization Conferences	4,000
Internal Advanced Law Enforcement Training	2,000
External Advanced Law Enforcement Training	12,000
	20,000

Dues and Subscriptions

DCIN Terminal Fees	2,604
Southern Software Annual Software Support	1,581
eCrash Annual Software Licensing Fee	1,000
Nest Video Security (Property Room)	80
Dare County VPN/Duo Licensing	2,166
Professional Organization Membership Dues	2,045
PowerDMS "Time" Scheduling Software	2,625
Vehicle Telematics/AVL	2,880
	14,981

Communications

Wireless Telephones with Data Service	6,150	(12 Lines)
Wireless Telephones with Data Service (Spilt w/ FD)	257	(1 Line)
Wireless Data Services (Patrol Fleet)	7,427	(15 Routers)
Wireless Data Services (Existing Video Network)	2,740	(6 Routers)
Motorola SmartConnect Portable Radios Upgrade	8,432	
Cradlepoint NetCloud Service	1,995	(23 Licenses)
	<u>27,000</u>	

Leased Equipment

Printer/Copier/Fax/Scanner	4,206
	<u>4,206</u>

Printing and Binding

Custom Printed Goods	750
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Vehicle Repairs and Maintenance

Replacement Tires (6 Sets)	4,325
Fleet Car Wash Service (Monthly Fleet Package)	4,620
Vehicle Repairs and Maintenance	7,000
	<u>15,945</u>

Repairs and Maintenance

Unanticipated Repairs	2,000
Routine Equipment Maintenance	1,000
	<u>3,000</u>

Capital Outlay Over \$5,000

Patrol Vehicle Replacement (2)	124,762
	<u>124,762</u>

Debt Service

Replacement Vehicle Purchases	81,490
Replacement 800 MHz Radio Purchase	51,057
	<u>132,547</u>

Fire Department

Description

The Duck Fire Department provides fire, emergency medical, rescue, domestic preparedness, hazardous materials mitigation, community risk reduction, and public education services to the residents, businesses, and visitors of the Town of Duck. To accomplish its mission, the Department functions as a combination system where both career firefighters and volunteer firefighters work together to deliver a high level of service to the community.

The Duck Fire Department was incorporated in July 1982 as a 501(c)(3). With the assistance of Dare County, the Department secured a lease with the Department of the Army to build a facility. The current Public Safety building is the same building constructed by volunteers in 1982.

The primary funding source in 1982 was a fire tax for Duck collected by the County. Donations and a "Pig-Pickin" fundraiser supplemented the budget. Volunteer firefighters alone had the capability to provide services to the community. Prior to the Town's incorporation, the members of Duck Fire recognized the need for a full-time paid Chief and created the position under the incorporation.

NC House Bill 882 was introduced, and the Town incorporated in 2002. Within the provisions, it stated that "the Town shall contract with the DVFD, Inc. for fire protection." Primary funding was then provided directly from the Town through collected taxes with the Department included in the annual budget process like any other Town department. Donations and fundraising supplemented the volunteers.

With incorporation and the rapid building within the Town limits, fire service demands increased, and volunteer availability began to decline. The members of Duck Fire recognized the trend and realized that paid staffing could become a necessity over time. In 2004, the members voted to give the Town managerial authority over potential paid staffing. The Chief at the time became an employee of the Town, managing the Fire Department operations and working with the Board of Directors of the incorporation. The Fire Department continued to operate with volunteers.

With a growing town came increased building and tourism and a more consistent call volume. Duck lost much of its working age (firefighter age) population and gained a more retired population. Overtime staffing was added as the volunteer availability and physical capabilities changed. While the Fire Department is a 501(c)(3), with both volunteer and paid firefighters, it is a seamless collaboration with the Town in providing services. Primary funding is through taxes. Tee shirt sales supplement the operations focused on retention, volunteer physicals, duty uniforms, and small projects. The Chief oversees the day-to-day operations of the Department and works in collaboration with the Board of Directors and Town Manager for budgeting. The Duck Fire Department welcomes individuals willing to serve their community as a volunteer firefighter.

Recent Accomplishments

- Mental Wellness Program-initiated the program allowing our firefighters access to quarterly sessions with our provider and one-on-one confidential sessions as needed.
- New Engine 11-the engine committee traveled to Pierce Manufacturing to the on-site meeting. Delivery expected June/July 2024
- Implemented the Career Development Plan-all fire employees now have a roadmap for trainings, certifications, and requirements to advance within the Department.
- Data Management Upgrades- the Chiefs are finishing the development of our records management system and personnel management system to be implemented.
- Public Safety Building-Completed re-siding, painting and asphalt apron at Public Safety Building
- Final payment was made for Engine 111 (10 years)
- Personnel-on-boarded two new firefighters after the loss of two firefighters to other areas. Successfully had an individual go through the fire academy as a trainee and complete certification.
- Activities (July 1-April 15, 2024):
 - Training- 4,279 hours (career and volunteer).
 - Fire Prevention Activities-274 entries for 245 hours (this includes inspections/pre-plans, open house, reflective signs and Knox box installations/maintenance.
 - Town Activities-209 entries for 353 hours (this includes Town events and assisting staff)
 - Station Tours-154 entries for 86 hours.
 - Annual review of policies and procedures for the Department.

Upcoming Projects

- Complete training of staff and fully implement data management upgrades.
- Receive a new Engine 11, provide training for staff on its operation, and put the engine in service.
- Public Safety Building-replace east and north sections of roof, interior repairs as possible.
- Continue collaboration with Town staff on Emergency Planning, and Town-wide safety program.
- Continued planning of Public Safety Building as needed.
- Community Risk Assessment/Standard of Cover Project-This project assesses the different risks in the community by taking an all-hazards approach. It also allows the Fire Department to evaluate service delivery and identify performance objectives and benchmarks.
- Continue to provide training and educational opportunities for all firefighters.

FY 2024-2025 Budget Highlights

- The Fire Department budget increased 4.14% in FY 2024-25 mostly due to increases in personnel-related expenditures.
- The Subsidy to the Duck Volunteer Fire Department increases is due mostly to higher costs for vehicle maintenance.
- The Fire budget accounts for 17.44% of the General Fund budget and is equivalent to \$0.110 on the tax rate.

Expenditures by Type								
Type	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Approved	Percent Change
Personnel	864,886	965,545	1,025,733	1,271,127	1,409,555	1,494,602	1,646,063	10.13%
Operating	284,031	283,955	290,969	992,440	265,343	298,710	312,103	4.48%
Capital	43,296	115,872	14,463	289,162	114,233	45,000	20,000	-55.56%
Debt Service	14,083	0	18,258	82,859	171,120	145,406	87,685	-39.70%
Total	1,206,296	1,365,372	1,349,422	2,635,587	1,960,252	1,983,719	2,065,851	4.14%

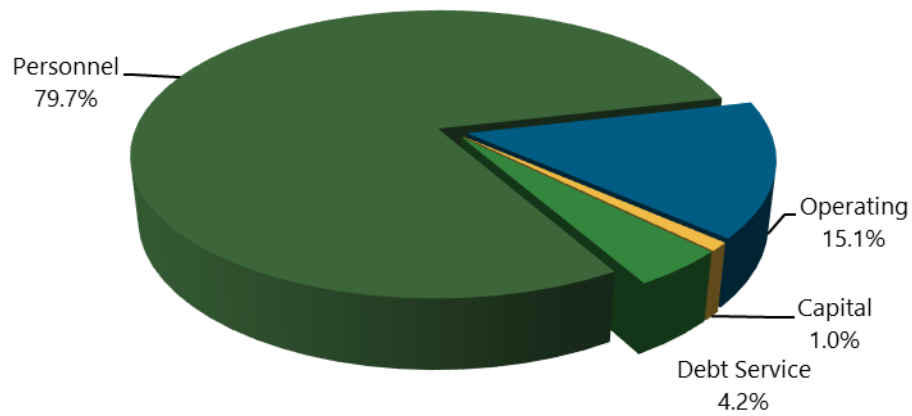
Personnel					
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Approved	Percent Change
Full-time	14.5	14.5	14.5	14.5	0.00%
Part-time					
Total	14.5	14.5	14.5	14.5	0.00%

This table reflects the addition of two new firefighters three fiscal years ago, and that we will not be adding any positions this year.

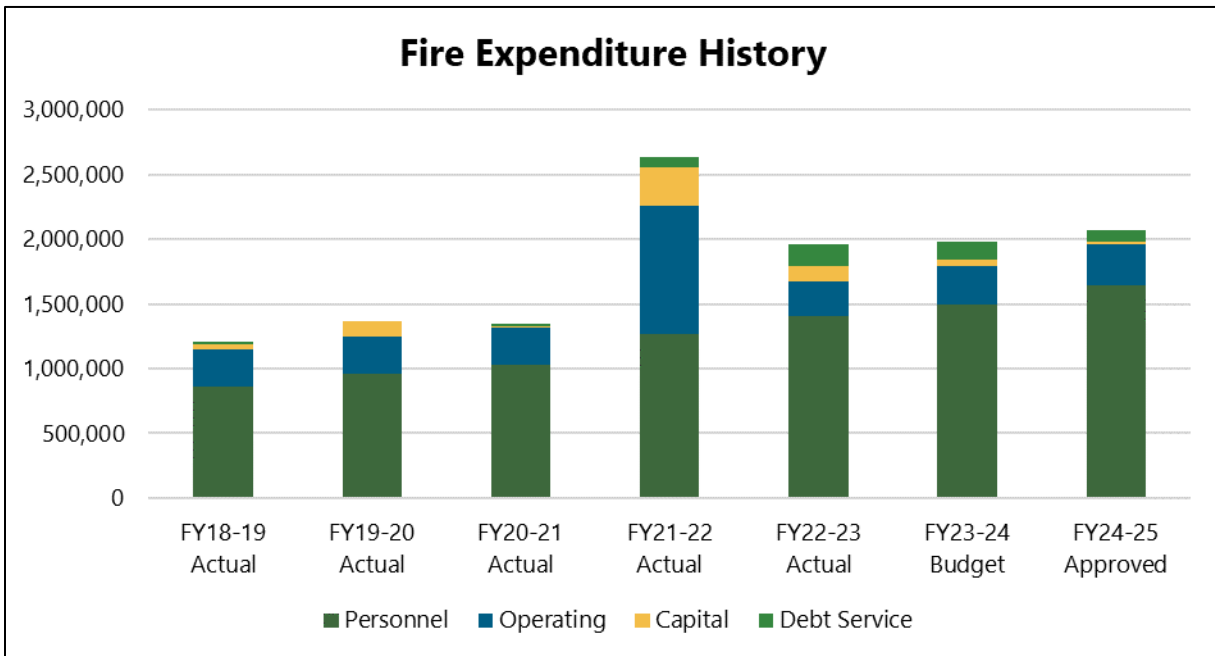
Staffing	
Position Title	Count
Fire Chief	1
Deputy Fire Chief	1
Captain	3
Fire Engineer	3
Firefighter	6
Public Safety Office Administrator	0.5

This table shows the staffing for the department. The Public Safety Office Administrator position is shared between the Police and Fire Departments.

Fire Expenditures by Type



Fire Expenditure History



Line Item Expenditures

Fire						
Account Description	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Salaries and Wages	940,848	1,006,763	1,061,437	1,071,498	64,735	6.43%
Salary and Wages (overtime)	46,885	25,000	52,000	52,000	27,000	108.00%
Salaries and Wages (part time)	11,300	15,000	15,000	15,000	0	0.00%
FICA	73,590	80,077	91,451	92,221	12,143	15.16%
Workers' Compensation	27,879	33,345	35,189	40,762	7,416	22.24%
Supplemental Retirement (LGRS)	120,643	132,582	158,499	159,868	27,286	20.58%
401k	48,905	51,588	58,272	58,775	7,187	13.93%
Medical/Dental Insurance	139,506	149,809	155,474	155,474	5,665	3.78%
Life/ADD/Short Term Disability	0	438	466	466	29	
Uniforms	0		0	0	0	
Vehicle Supplies and Materials	4,182	4,000	4,000	4,000	0	0.00%
Technology Hardware & Accessories	1,735	530	0	0	(530)	
Travel and Training	6,324		0	0	0	
Communications		4,980	6,103	6,103	1,123	22.54%
Vehicle Repairs and Maintenance	1,302	3,000	3,000	3,000	0	0.00%
Miscellaneous	0			0	0	
Capital Outlay - over \$5,000	5,720			0	0	
Capital Outlay - under \$5,000	108,513	45,000	10,000	20,000	(25,000)	-55.56%
Capital Outlay - DVFD, Inc.				0	0	
Subsidies and Allocations	251,800	286,200	299,000	299,000	12,800	4.47%
Debt Service	171,120	145,406	87,685	87,685	(57,721)	-39.70%
Debt Service - DVFD, Inc					0	
TOTAL	1,960,252	1,983,719	2,037,576	2,065,851	82,132	4.14%

Notes

Communications

Mobile Phones	1,283	
CAD	800	
MiFi	2,580	
		(\$90/yr x16 Portable
Portable Radio WiFi Service Fees	1,440	Radios)
	6,103	

Capital Outlay Under \$5,000

Replacement of Turnout Gear	20,000
	20,000

Debt Service

Radios	87,685
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Subsidies and Allocations

Please refer to the summary below

Duck Volunteer Fire Department Allocation

	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Actual	FY 23-24 Budget	FY 24-25 Request	Variance
Professional services	7,000	7,500	7,660	7,500	8,000	500
Contracted Services	18,465	24,000	29,946	32,000	40,000	8,000
Supplies & Materials	23,297	31,200	27,020	31,200	28,000	(3,200)
Uniforms	13,682	13,000	12,017	15,000	15,000	-
Firefighter Costs	10,862	11,900	7,710	18,500	15,000	(3,500)
Fire Supplies & Materials	32,710	15,000	27,288	17,000	21,000	4,000
Rescue 11 Supplies & Materials	5,517	5,000	4,477	5,000	7,000	2,000
Fire Prevention Supplies & Materials	1,017	2,000	778	2,000	3,000	1,000
Vehicle Supplies and Materials	10,475	15,000	9,628	15,000	15,000	-
Technology Hardware & Accessories						-
Travel and Training	17,580	24,000	7,758	24,000	18,000	(6,000)
Dues and Subscriptions	3,735	4,000	3,583	4,000	4,000	-
Communications						-
Utilities	14,535	15,200	12,794	16,000	18,000	2,000
Insurance and Bonding	45,559	47,000	46,769	47,000	56,000	9,000
Repairs and Maintenance	6,205	10,000	19,365	10,000	10,000	-
Vehicle Repairs and Maintenance	40,727	25,000	97,875	40,000	40,000	-
Miscellaneous	9,760	2,000	104	2,000	1,000	(1,000)
TOTAL	261,126	251,800	314,771	286,200	299,000	12,800

Inspections

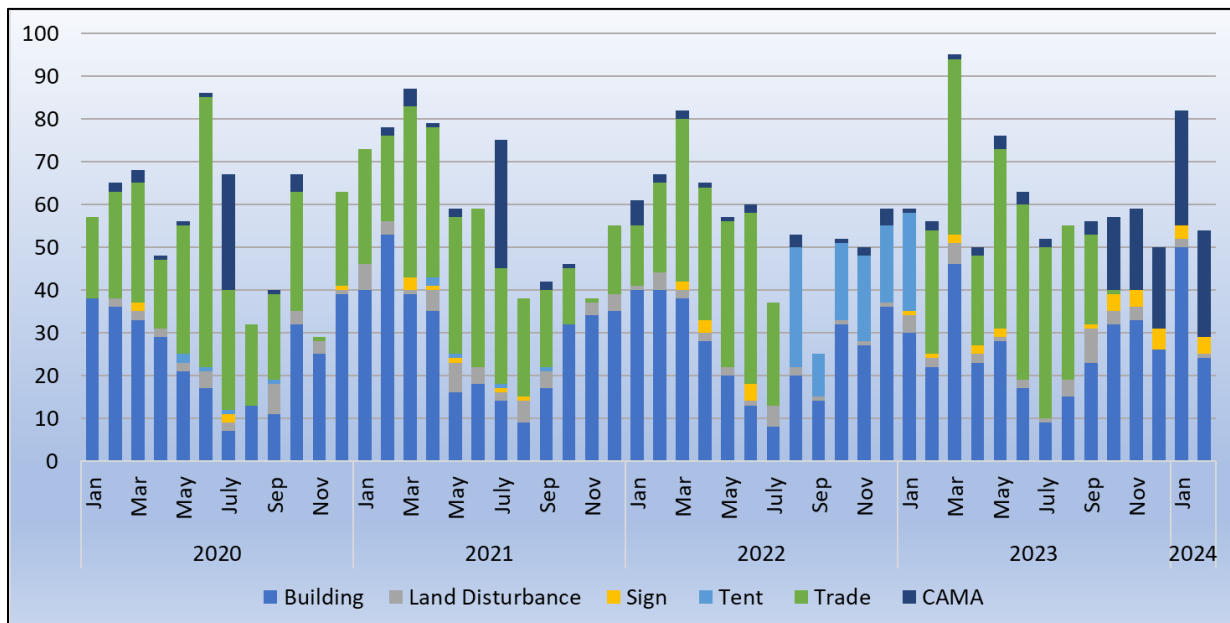
Description

Under the general direction of the Director of Community Development, the Inspections Department is responsible for the implementation and enforcement of the North Carolina Building Code. The Inspector, a sworn and licensed N.C. Code Official, also serves as the Maintenance Coordinator for the Town for items related to the maintenance of public facilities. The Deputy Town Clerk, Community Planner, and Senior Planner assist with administrative duties, permit processing, development review, and associated inspections.

Revenue generated by building permits and inspections by Statute must be used solely for expenses directly related to providing inspection services. Any revenue in excess of expenditures in one fiscal year must be accounted for as restricted for only this use.

Recent Accomplishments

- The Inspections Department issued 652 permits (including 22 new residences) and conducted 1,139 building inspections. The chart below shows the total number of permits, by type, issued each month over the past four years.



- The Inspections Department continued its use of on-line applications and remote permitting systems to enhance its efficiency and level of service to contractors and property owners.
- The Facilities Maintenance Technician completed required coursework relating to Level 1 inspector certifications in all trades. This accomplishment allows him to serve as a back-up inspector when the Building Inspector is out of the office.

- With the assistance of volunteers, the Inspections Department staff catalogued permit records and documents for thousands of properties in preparation for scanning and shredding of old permit files. This project freed up significant storage space at Town Hall and helped the department transition to more easily accessible electronic records.
- The Inspections Department successfully transitioned to a new version of Citizenserve permitting software with greater capabilities.

Upcoming Projects

- Continue to explore and fine-tune remote permitting options to expedite the permitting process and better serve contractors and property owners.
- Continue to work with Citizenserve software to expedite the permitting process and better meet the needs of Inspection Department staff for documentation and reporting.

FY 2024-2025 Budget Highlights

- The Inspections Department budget increased 6.74% in FY24-25 due mostly to changes in personnel costs.
- The Inspections budget accounts for 2.14% of the General Fund budget and is equivalent to \$0.013 on the tax rate.

Expenditures by Type								
Type	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Approved	Percent Change
Personnel	136,030	143,406	185,876	157,054	190,760	215,618	230,412	6.86%
Operating	10,261	13,578	14,655	16,050	13,397	21,862	23,067	5.51%
Capital	1,909	22,318	2,968	0	0	0	0	
Debt Service	14,083	0	0	0	0	0	0	
Total	162,284	179,303	203,499	173,104	204,158	237,479	253,479	6.74%

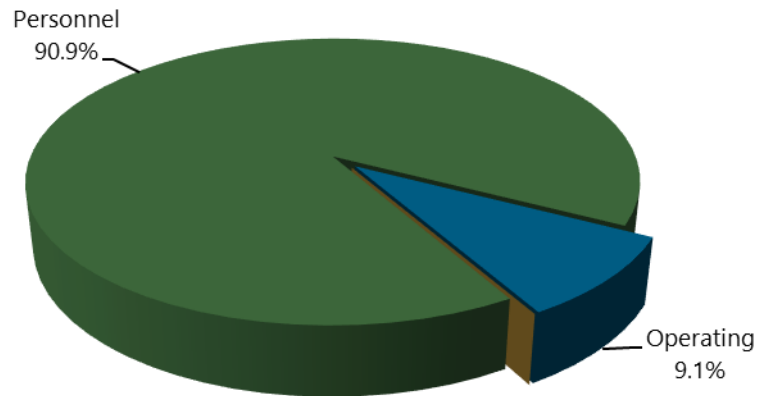
Personnel					
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Approved	Percent Change
Full-time	2.0	2.0	2.0	2.0	0.00%
Part-time	-	-	-	-	
Total	2.0	2.0	2.0	2.0	0.00%

This table shows that we will not be adding any positions this year.

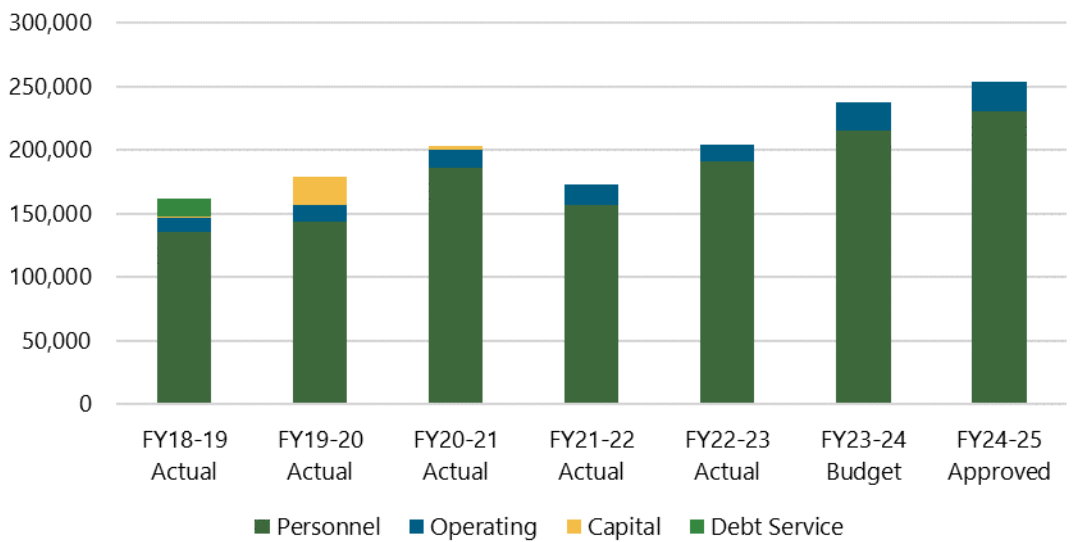
Staffing	
Position Title	Count
Building Codes and Maintenance Admin.	1
Deputy Town Clerk	0.5
Zoning and Projects Administrator	0.5

This table shows the staffing for the department.

Inspections Expenditures by Type



Inspections Expenditure History



Line Item Expenditures

Inspections						
Account Description	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Salaries Wages	140,310	153,806	162,695	164,236	10,430	6.78%
Salaries and Wages (part time)					0	
FICA	9,407	11,766	12,446	12,564	798	6.78%
Workers' Compensation	1,326	1,706	1,815	2,103	396	23.23%
Supplemental Retirement (LIGERS)	16,795	19,764	22,127	22,336	2,572	13.01%
401k	6,730	7,690	8,135	8,212	522	6.78%
Medical/Dental Insurance	16,193	20,817	20,889	20,889	72	0.34%
Life/ADD/Short Term Disability	0	68	72	72	5	
Professional Services					0	
Supplies and Materials	387	500	500	500	0	0.00%
Uniforms	166	400	400	400	0	0.00%
Vehicle Supplies and Materials	562	1,600	1,600	1,600	0	0.00%
Technology Hardware & Accessories	1,670	530	0	0	(530)	
Travel and Training	458	1,500	1,700	1,700	200	13.33%
Dues and Subscriptions	4,918	10,100	10,100	10,100	0	0.00%
Communications	1,519	1,378	913	913	(465)	-33.73%
Leased Equipment	3,104	3,604	3,604	3,604	0	0.00%
Vehicle Repairs and Maintenance	353	1,250	1,250	1,250	0	0.00%
Miscellaneous	261	1,000	3,000	3,000	2,000	200.00%
Capital Outlay - over \$5,000					0	
Capital Outlay - under \$5,000					0	
Debt Service					0	
TOTAL	204,158	237,479	251,246	253,479	16,000	6.74%

Notes

Dues and Subscriptions

Permitting Software	9,600
Other Dues and Subscriptions	500
	<u>10,100</u>

Travel and Training

Building Inspector and Maint. Tech Exams	1,700
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Communications

Mobile Phones/iPad	913
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Leased Equipment

Copier	3,430
Postage Meter	174
	<u>3,604</u>

Miscellaneous

Includes Homeowner's Recovery Pass-Through	3,000
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Ocean Rescue

Description

Under a contract with Sandski, LLC., the Town provides ocean rescue services along our seven miles of oceanfront beach beginning on May 1st and continuing until October 31st of each year. This service uses a combination of fixed stands, 14 during the peak of the summer season, and roving ATV patrols.

Recent Accomplishments

- The contractor provided coverage in fixed stands and roving patrols during a busy summer of 2023.

Upcoming Projects

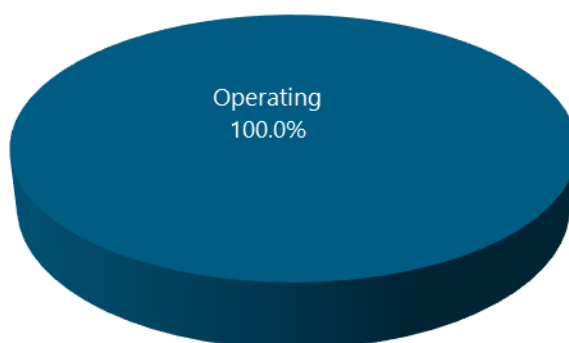
- The contractor continues to replace old lifeguard stands with new ones as needed.

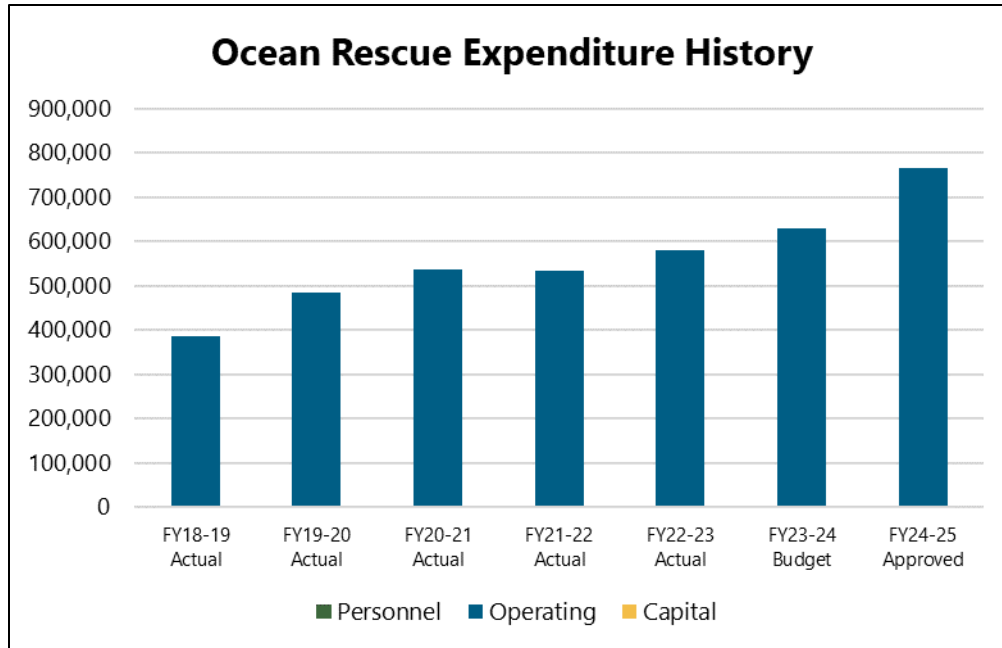
FY 2024-2025 Budget Highlights

- The Ocean Rescue Department budget increases 21.72% from the FY2023-24 budget due to an increase in the contract amount requested by the contractor to account for significant increases in insurance premiums and rising personnel costs due to the rates of pay other similar services are providing in our area.
- The Ocean Rescue budget accounts for 6.46% of the General Fund budget and is equivalent to \$0.041 on the tax rate.

Expenditures by Type								
Type	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Approved	Percent Change
Personnel	0	0	0	0	0	0	0	
Operating	387,139	486,000	538,114	535,340	580,069	628,100	764,500	21.72%
Capital	0	0	0	0	0	0	0	
Total	387,139	486,000	538,114	535,340	580,069	628,100	764,500	21.72%

Ocean Rescue Expenditures by Type





Line Item Expenditures

Ocean Rescue						
Account Description	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Contracted Services	578,000	626,000	760,000	760,000	134,000	21.41%
Supplies and Materials	53		1,500	1,500	1,500	
Communications	2,016	2,100	3,000	3,000	900	42.86%
TOTAL	580,069	628,100	764,500	764,500	136,400	21.72%

Notes

Communications

Mobile Phones/iPad 3,000

Streets & Highways

Description

While the Town of Duck, unlike many towns, does not own any streets, the Streets and Highways Department is responsible for the planning, construction, and maintenance of improvements to the Duck Trail and other pedestrian and vehicle infrastructure. Utilizing Public Facilities staff, it maintains stormwater management improvements, crosswalk lighting fixtures, street signs, and makes minor repairs.

Recent Accomplishments

- Managed maintenance contracts and responsibilities for the Duck Village sidewalk landscaping and Duck Trail landscaping.
- Obtained grant funding and coordinated the relocation/replacement of a narrow pathway adjoining the Ocean Crest neighborhood with approximately 550 linear feet of 8-foot wide, ADA-compliant concrete shared-use path as part of the Duck Trail.
- Arranged substantial grant funding, redesigned, obtained permits and easements, and assisted with construction oversight for a coastal resiliency project including a living shoreline, pedestrian/bicycle improvements, and elevation of N.C. Highway 12 for a quarter-mile stretch in the northern section of Duck Village.
- Assisted with the design and construction oversight for a turn lane extension to accommodate a significant redevelopment project and existing neighborhood traffic in the northern area of Duck Village.
- Coordinated the design and replacement of a retaining wall along the Duck Trail north of Plover Drive.
- Facilitated a substantial public involvement process and completion of a feasibility study for an approximately one-mile westside shared use path from the Town's southern boundary to the existing sidewalk terminus at Aqua Restaurant.
- Implemented two movable pedestrian counters to obtain counts during the Jazz Festival and wherever needed along the soundside boardwalk and sidewalks in Duck Village.

Upcoming Projects

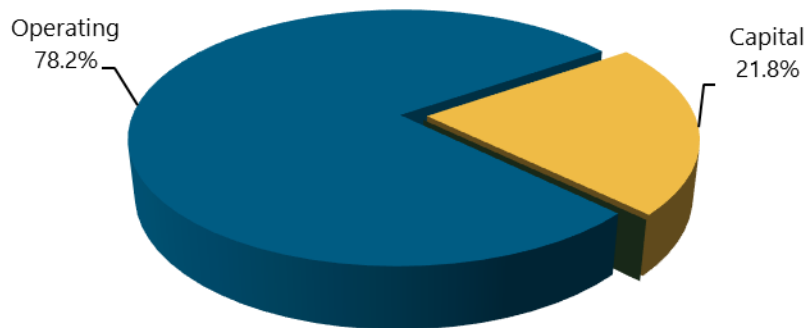
- Replace an aging retaining wall along the Duck Trail north of Tuckahoe Drive.
- Install stormwater management improvements along Duck Road in the area of Wee Winks and Duck Church.
- Install crosswalk improvements and signage to enhance the safety and traveling experience for pedestrians and bicycle riders within and leading into Duck Village.

FY 2024-2025 Budget Highlights

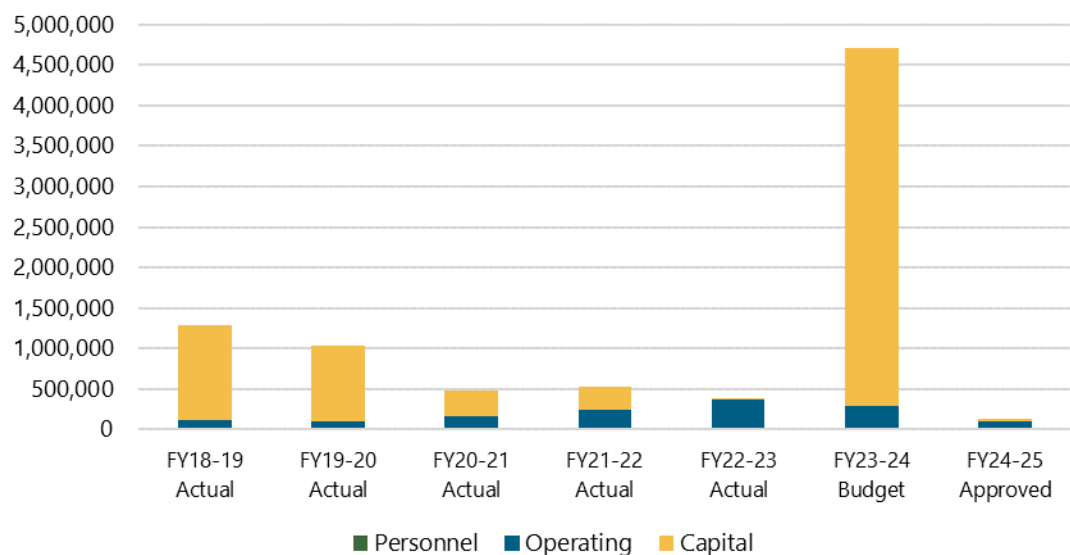
- The Streets & Highways Department budget decreases 97.08% in FY 2024-25 due to completion of the above-mentioned N.C. Highway 12 resiliency project and Ocean Crest shared use path project.
- The Streets & Highways Department budget accounts for 1.16% of the General Fund budget and is equivalent to \$0.007 on the tax rate.

Expenditures by Type								
Type	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Approved	Percent Change
Personnel	0	0	0	0	0	0	0	
Operating	118,236	95,485	166,856	248,160	373,023	294,487	107,634	-63.45%
Capital	1,167,192	937,018	307,602	283,412	8,810	4,421,324	30,000	-99.32%
Total	1,285,428	1,032,502	474,458	531,573	381,833	4,715,811	137,634	-97.08%

Streets & Highways Expenditures by Type



Streets & Highways Expenditure History



Line Item Expenditures

Streets & Highways						
Account Description	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Professional Services	171,799	209,043	10,000	10,000	(199,043)	-95.22%
Contracted Services	51,059	57,464	62,854	62,854	5,390	9.38%
Temporary Help Services				0	0	
Supplies and Materials	0	13,000	13,000	13,000	0	0.00%
Utilities	3,259	2,980	4,780	4,780	1,800	60.40%
Repairs and Maintenance	2,177	10,000	15,000	15,000	5,000	50.00%
Miscellaneous		2,000	2,000	2,000	0	0.00%
Capital Outlay-over \$5,000	144,729	4,421,324	30,000	30,000	(4,391,324)	-99.32%
Capital Outlay-under \$5,000	8,810				0	
TOTAL	381,833	4,715,811	137,634	137,634	(4,578,177)	-97.08%

Notes

Professional Services

Miscellaneous Engineering	10,000
	10,000

Contracted Services

Caribbean Landscaping (Duck Village Sidewalks)	29,841
Coinjock Lawncare (Duck Trail & Multi-Use Path)	30,653
ECO Counter Subscription	1,960
Sump Pump Maintenance	400
	62,854

Supplies and Materials

Street Signs/Markings	5,000
Emergency Pump Rental	5,000
Other Supplies (includes landscaping)	3,000
	13,000

Utilities

Power	1,500	Sump Pump and Radar Signs
Water	1,480	Water Fountains and Irrigation
AT&T (Cameras)	1,800	
	4,780	

Repairs and Maintenance

Storm water pump and piping	5,000
Other repairs and maintenance	10,000
	15,000

Capital Outlay-over \$5,000

Retaining Wall Replacement	30,000
	<hr/>
	30,000

Sanitation

Description

Under a contract with Waste Management for trash and commercial recycling, and with Tidewater Fibre for residential recycling, the Town provides weekly pick-up. For recycling, residential service is performed once per week from May – October and on the 1st and 3rd Mondays from November – April. Residential trash service is provided twice per week from May – October and once per week from November – April.

Recent Accomplishments

- Continued to work with our contractors to provide us with timely and accurate information we can share with our residents regarding delays in collection or other similar matters.
- Updated and began more assertive enforcement of the ordinance related to when trash carts can be placed at the street.

Upcoming Projects

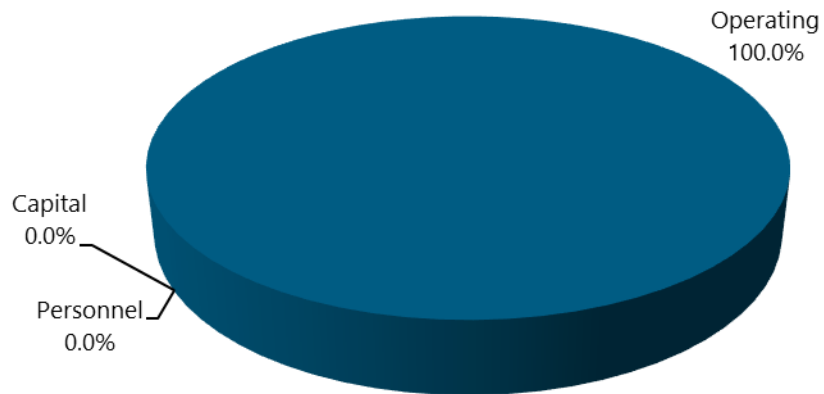
- Continued evaluation of current pick-up schedules and monitoring of contracted services to ensure compliance with contract terms and service expectations.

FY 2023-2024 Budget Highlights

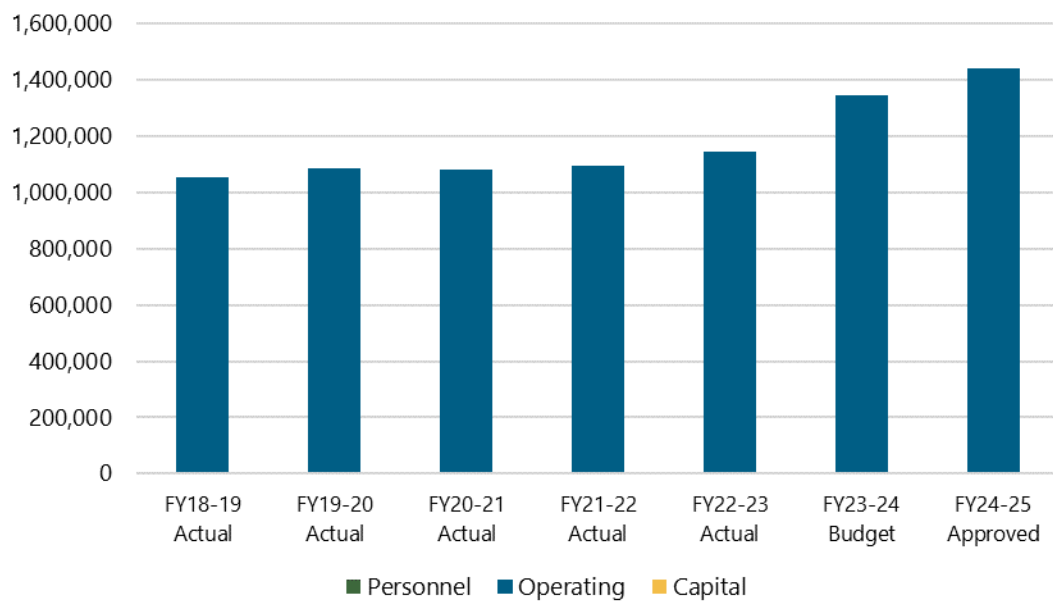
- The Sanitation Department budget increased 7.08% from the FY 2023-24 budget due to predicted increases in the costs for these services in accordance with contract terms.
- The Sanitation budget accounts for 12.18% of the General Fund budget and is equivalent to \$0.077 on the tax rate.

Expenditures by Type								
Type	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Approved	Percent Change
Personnel	0	0	0	0	0	0	0	
Operating	1,054,665	1,087,979	1,081,528	1,097,385	1,146,553	1,347,410	1,442,775	7.08%
Capital	0	0	0	0	0	0	0	
Total	1,054,665	1,087,979	1,081,528	1,097,385	1,146,553	1,347,410	1,442,775	7.08%

Sanitation Expenditures by Type



Sanitation Expenditure History



Line Item Expenditures

Sanitation						
Account Description	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Contracted - Garbage	957,850	1,037,912	1,111,580	1,111,580	73,668	7.10%
Contracted - Recycling	188,704	309,498	331,195	331,195	149,159	48.19%
Contracted - Disaster Debris Clean-Up					0	
TOTAL	1,146,553	1,347,410	1,442,775	1,442,775	95,366	7.08%

Notes

Garbage		Residential	Commercial	Total
July - Sept		188,100	95,613	283,713
Oct - June		593,362	225,857	819,219
Special Collection Day	Fall	4,138		4,138
	Spring	4,510		4,510
TOTAL		809,028	325,294	1,111,580

Recycling		Residential	Commercial	Total
July - Sept		59,071	38,301	97,372
Oct - June		159,111	74,713	233,823
TOTAL		218,181	113,014	331,195

Environmental Protection

Description

Under the general direction of the Director of Community Development and coordination by the Senior Planner and Community Planner, the Environmental Protection Department is responsible for the planning and construction of the Town's Beach Nourishment Project and the annual planting and fertilization of beach grass and sea oats, as well as the monitoring the beach profile. It is in this department that debt service expenses related to the Special Obligation Bonds (SOBs) issued by the Town for Beach Nourishment are shown.

This Department also has responsibility for projects related to protecting the soundside shoreline and flood protection/mitigation throughout the Town. To that end, work is underway to envision and seek grants for a project to protect the shoreline along the Town Hall/Park property.

Recent Accomplishments

- 88 volunteers contributed nearly 300 hours of effort to plant 107,400 sprigs of beach grass along the oceanfront dunes. The Town contracted for another 170,000 sprigs of American Beach Grass, 20,000 Sea Oats, and 5,000 Bitter Panicum along the oceanfront.
- Installed sand fencing within the beach renourishment area.
- Completed a Stormwater Management Study evaluating issues and potential solutions for five flood-prone basins impacting streets in Duck neighborhoods through the Resilient Coastal Communities Program.

Upcoming Projects

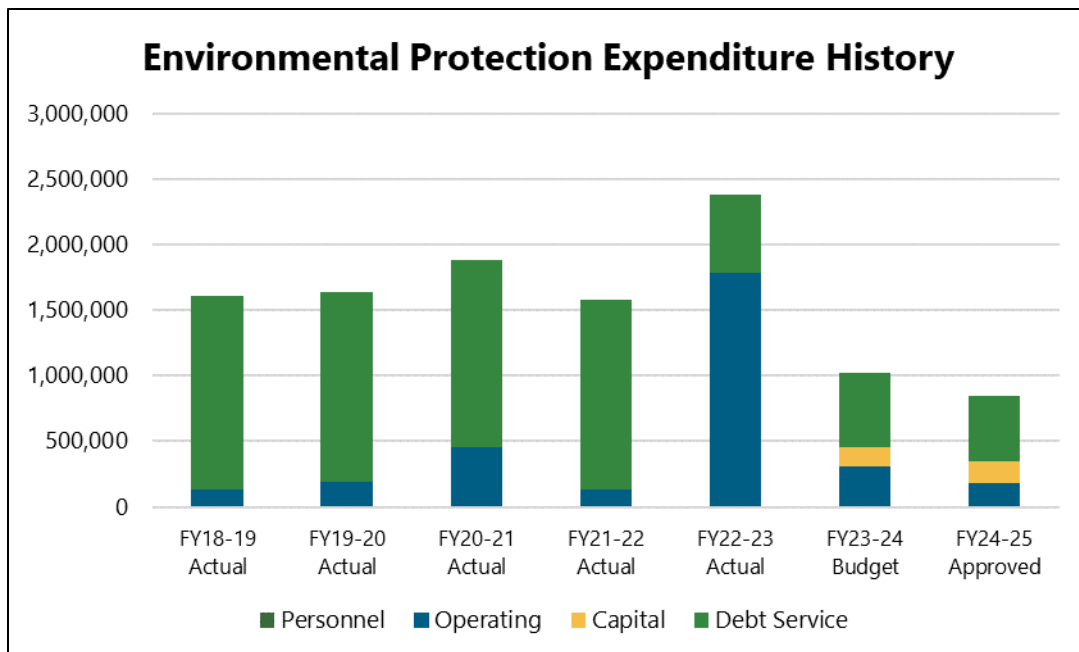
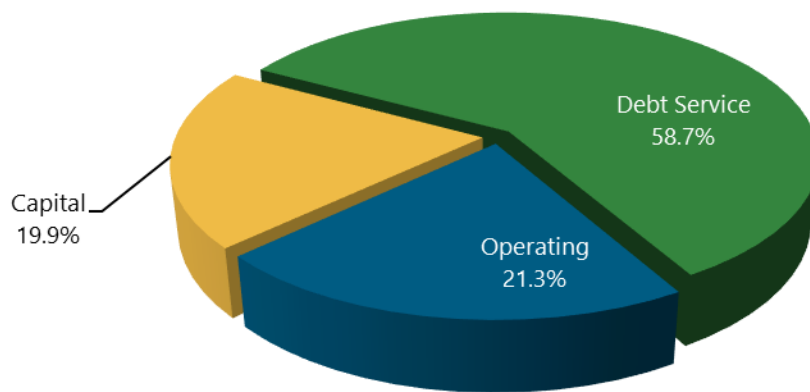
- Complete final design, permitting, and installation of a stone revetment along the western edge of the Town Park property to minimize erosion from the Currituck Sound.
- Study and monitor shoreline changes within and outside the beach renourishment area.
- Implement a septic health initiative to educate the public about wastewater issues.
- Continue to educate the public about environmental resources, issues, and nature-based solutions.

FY 2024-2025 Budget Highlights

- The Environmental Protection Department budget decreased 16.89% from the FY 2023-24 budget due to reductions in professional services costs as we are done with the last beach nourishment project and have built design costs into the total project costs for the Town Hall shoreline project.
- The Environmental Protection Department budget accounts for 7.14% of the General Fund budget and is equivalent to \$0.045 on the tax rate.

Expenditures by Type								
Type	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Approved	Percent Change
Personnel								-
Operating	135,953	189,918	459,806	129,560	1,788,401	303,865	180,420	-40.62%
Capital	0	0	0	0	0	146,718	168,420	14.79%
Debt Service	1,469,611	1,447,608	1,425,605	1,445,337	595,495	566,868	496,764	-12.37%
Total	1,605,564	1,637,525	1,885,411	1,574,897	2,383,896	1,017,451	845,604	-16.89%

Environmental Protection Expenditures by Type



Line Item Expenditures

Environmental Protection						
Account Description	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Professional Services	125,078	162,365	60,420	60,420	(101,945)	-62.79%
Supplies and Materials	14,495	20,000	12,500	12,500	(7,500)	-37.50%
Repairs and Maintenance	26,510	120,000	106,000	106,000	(14,000)	-11.67%
Miscellaneous	1,622,318	1,500	1,500	1,500	0	0.00%
Capital Outlay-over \$5,000	0	146,718	168,420	168,420	21,702	
Debt Service	595,495	566,868	496,764	496,764	(70,104)	-12.37%
TOTAL	2,383,896	1,017,451	845,604	845,604	(171,847)	-16.89%

Notes

Professional Services

CPE (Annual Beach Monitoring Survey)	52,000
Drone flight plans and survey work (if needed)	8,420
	60,420

Supplies and Materials

Beach Grass, etc.	12,500
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Repairs and Maintenance

Emerald Forest (Beach Grass)	75,000
Emerald Forest (Sand Fencing)	15,000
Dune Grading	10,000
Storm Debris Removal	6,000
	106,000

Capital Outlay - over \$5,000

Town Park Shoreline Protection	168,420
	168,420

Debt Service

Beach Nourishment (2022)	
Series 2021 A (Town Portion)	
Principal	474,917
Interest	21,846
Total	496,764

Community Development

Description

The Community Development Department is responsible for facilitating the planning process and implementing plan recommendations. The Department also oversees the development review process and enforces the development standards of the Town. Additionally, the Community Development Department has responsibility for the local implementation and enforcement of some Coastal Area Management Act (CAMA) regulations at the request of the state and provides Local Permit Officer (LPO) and floodplain management services.

Recent Accomplishments

- In addition to administrative review of development proposals and CAMA permits, 10 special use permit applications were presented for review by the Planning Board and Town Council over the past year.
- Advised the Planning Board and Town Council during the consideration and adoption of 14 ordinance text amendments over the past year.

Upcoming Projects

- Facilitate projects and initiatives implementing recommendations of the Town's adopted plans.
- Engage community stakeholders with information about upcoming projects and opportunities for input.

FY 2024-2025 Budget Highlights

- The Community Development Department budget increases 4.46% from the FY 2023-24 budget due mostly changes in personnel costs.
- The Community Development Department budget accounts for 3.30% of the General Fund budget and is equivalent to \$0.021 on the tax rate.

Expenditures by Type								
Type	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Approved	Percent Change
Personnel	244,780	257,750	292,985	274,007	296,018	328,961	347,716	5.70%
Operating	59,940	80,633	35,489	34,571	34,618	45,397	43,353	-4.50%
Capital	8,471	2,492	6,998	0	0	0	0	
Debt Service	14,373	18,355	17,991	0	0	0	0	
Total	327,564	359,230	353,464	308,578	330,636	374,358	391,069	4.46%

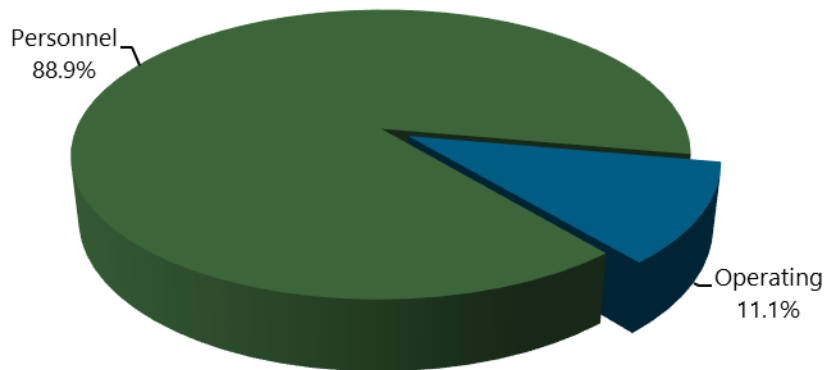
Personnel					
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Approved	Percent Change
Full-time	2.5	2.5	2.5	2.5	0.00%
Part-time					
Total	2.5	2.5	2.5	2.5	0.00%

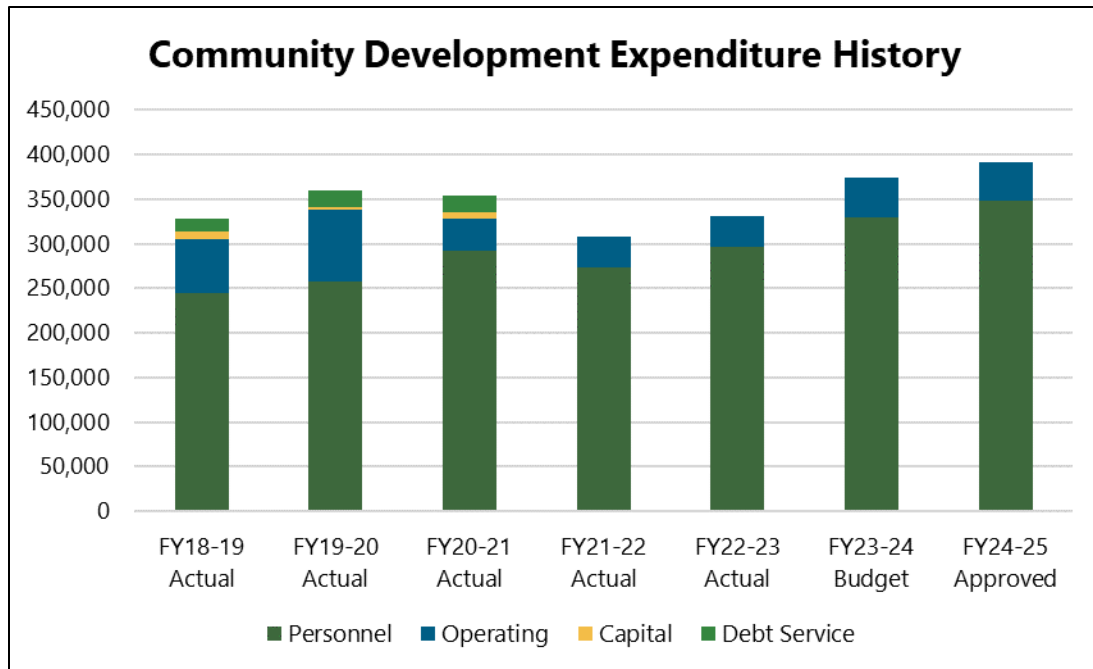
This table shows that we will not be adding any positions this year.

Staffing	
Position Title	Count
Community Development Director	1
Zoning and Projects Administrator	0.5
Planner I	1

This table shows the staffing for the department.

Community Development Expenditures by Type





Line Item Expenditures

Community Development						
Account Description	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Salaries and Wages	210,797	229,063	239,707	241,981	12,918	5.64%
Salaries and Wages (part time)					0	
Board Stipends	4,525	8,100	8,100	8,100	0	0.00%
FICA	16,128	17,523	18,338	18,512	988	5.64%
Workers' Compensation	969	3,653	3,821	4,426	773	21.15%
Supplemental Retirement (LGERS)	25,961	29,435	32,600	32,909	3,475	11.81%
401k	10,555	11,453	11,985	12,099	646	5.64%
Medical/Dental Insurance	27,082	29,633	29,583	29,583	(50)	-0.17%
Life/ADD/Short Term Disability	0	101	107	107	6	
Professional Services	6,475	8,000	8,000	8,000	0	0.00%
Supplies and Materials	1,955	1,500	2,800	2,800	1,300	86.67%
Uniforms	355	600	600	600	0	0.00%
Vehicle Supplies and Materials	611	700	700	700	0	0.00%
Technology Hardware & Accessories	1,837	530	2,220	2,220	1,690	
Travel and Training	8,040	15,550	12,850	12,850	(2,700)	-17.36%
Dues and Subscriptions	2,405	7,280	4,000	4,000	(3,280)	-45.05%
Communications	4,386	3,433	4,139	4,139	706	20.55%
Leased Equipment	3,700	3,604	3,604	3,604	0	0.00%
Printing and Binding	0		240	240	240	
Advertising	1,833	1,200	1,200	1,200	0	0.00%
Vehicle Repairs and Maintenance	897	1,000	1,000	1,000	0	0.00%
Miscellaneous	2,124	2,000	2,000	2,000	0	0.00%
Capital Outlay-over \$5,000					0	
Capital Outlay - under \$5,000					0	
Debt Service					0	
TOTAL	330,636	374,358	387,593	391,069	16,711	4.46%

Notes

Board Stipends

Planning Board (12 meetings)	6,000
Board of Adjustment (3 meetings)	2,100
	<u>8,100</u>

Supplies and Materials

Supplies, Drone, Time Lapse Cameras	2,800
	<u>2,800</u>

Professional Services

Engineering Services	5,000
Planning/Other Services	3,000
	<u>8,000</u>

Uniforms

Logo attire - staff and Planning Board	600
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Travel and Training

APA/Planning (Staff)	2100	
APA/Planning (Planning Board)	750	
NCFPM/ASFPM/Flooding	1,700	CFM Exam - Jim
NCAZO	2400	Sandy &
NCBIWA	2,400	Jim
UNC-SOG	1,800	
NC Bike Walk Summit	700	
Other	1,000	
	<u>12,850</u>	

Dues and Subscriptions

APA Dues (Staff & Planning Board)	1,800
NCBIWA	1,200
NCFPM/ASFPM	500
Other Dues	500
	<u>4,000</u>

Communications

Mobile Phones/iPad	2,339
Postage	1,800
	<u>4,139</u>

Leased Equipment

Copier	3,430
Postage Meter	174
	<u>3,604</u>

Communications & Special Events

Description

Formerly known as the Recreation and Special Events, this department now is focused on providing funding for Town programs such as the annual July 4th celebration, Jazz Festival, other recurring and special programs, as well as communications and outreach. The salaries for the Public Information and Events Director and Community Engagement Coordinator are accounted for in this department. They were previously accounted for in Administration.

Recent Accomplishments

- The Memorial Day Summer Kick- Off Concert returned for the first time in three years in 2023. The USAF Heritage of America Brass Band performed on May 29, bringing 225 attendees to the Town Green.
- The free Summer Event Series kicked off in June with the return of Fitness on the Green, Concerts on the Green, Movies on the Green, and variety shows including OBXtreme Magic and the NC Aquarium. 116 events took place between May through September with 16 concerts and 100 events. Over 11,000 people attended these events.
- The Duck Jazz Festival took place over Columbus Day Weekend, October 8-9, 2023 in the Duck Town Park with a 14.75% increase in attendance, bringing in over 7,000 attendees to this shoulder season event. Eight bands performed at this free, non-ticketed two-day festival. Pre-festival events included a Movie on the Green, a presentation by an Elizabeth City State University's professor of music, a children's story time and rhythm play, and a community litter clean up event.
- Over 2,500 people attended the 4th of July Parade and Community Celebration. The annual one- mile parade returned to the heart of Duck, along with a Community Celebration at the Town Park featuring live music, parade awards, and snow- cone vendor.
- Despite rainy weather, the Yuletide Celebration took place in December to a crowd of 300 people. Attendees enjoyed live music, snacks, activities, and story time with Santa.
- The first Volunteer Appreciation Celebration was held in April 2023 to recognize the volunteers that dedicate their time and generosity to the Town. In 2023, volunteers contributed 1,431 hours at events, beach grass planting, Duck Sweep, and administrative office assistance.
- A total of 442 bricks were sold in 2023 as part of the Memory Lane Brick Program. This program provides individuals the opportunity to purchase an engraved brick to commemorate a loved one/ memory. Orders are collected throughout the year and submitted to the manufacturer each January to allow for a spring installation.
- Audio-visual equipment and lighting upgrades were made to the Paul F. Keller Meeting Hall to resolve audio issues and improve livestreaming capabilities.
- Social media audiences grew 1.9% across all platforms (Facebook, Twitter, X) with just under 70,000 followers. Impressions across all platforms have increased around 19% along with a 12.5% increase in page reach across all platforms.

- The Town of Duck FLOCK (Fundamentals of Citizen Learning) Academy began in March of 2024 with a total of twelve participants, including eleven full- time residents and one participant from a property management company. The FLOCK Academy was designed to give residents an inside look at how local government works. Participants attend sessions on the second and fourth Tuesdays of the month to view presentations from Department Directors. Sessions conclude with an interactive activity as an opportunity for participants to use their knowledge in simulated scenarios.
- New communication efforts have been implemented including: OBXAlerts for Meeting Notices, The Sitting/ Standing Duck, Town Media Kit, and a Project Update page on the website to inform stakeholders of Town projects.
- The Volunteer Incentive Program launched to recruit, retain, and recognize volunteers in Town. This program recognizes volunteers by hours volunteered as well as years served as Town volunteers.
- Created a Holiday Directory to feature Duck businesses during the holiday season to encourage patronage at local businesses during the holiday season.

Upcoming Projects

- Host the Annual Volunteer Appreciation Event to recognize the volunteers that dedicate their time and generosity to the Town.
- Continue to evaluate Town communications and create a Communication Strategy/ Plan to effectively communicate with and to our stakeholders.
- Continue the implementation of the Memory Lane Brick Program including collecting orders and payments, receiving the bricks, and installation.
- Collaborate with Public Safety to create a safety website with information and guidance for pedestrian/ bicycle activity within the Town.
- Launch The Sitting Duck podcast to create a new platform for the Town of Duck to reach stakeholders and inform them about various aspects of the Town.
- Film the Winged Horse Documentary. This documentary is funded by an LDPI grant and will showcase the winged horse statues that exist in Duck including their history and presence along the Outer Banks.
- Install new lighting in the Amphitheater and Main Stage to provide additional events at later hours. This project is funded through a grant awarded by the Outer Banks Visitor's Bureau.
- Replace all Duck Trail and boardwalk map signage with new maps to improve visibility.
- Host the first Trunk-or-Treat event on October 19 to attract off-season business and visitors.

FY 2024-2025 Budget Highlights

- The Communications & Special Events Department budget increased 125.29% from the FY 2023-24 budget mostly due to relocating the Public Information and Events Director and Community Engagement Coordinator salary and benefits and operating costs that were previously included under the Administration Department.

- The Communications & Special Events Department budget accounts for 4.32% of the General Fund budget and is equivalent to \$0.027 on the tax rate.

Expenditures by Type								
Type	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Approved	Percent Change
Personnel							232,157	
Operating	331,960	312,772	150,077	89,201	217,589	227,000	279,248	23.02%
Capital	6,425	0	25,716	0	0	0	0	
Debt Service								
Total	338,384	312,772	175,793	89,201	217,589	227,000	511,405	125.29%

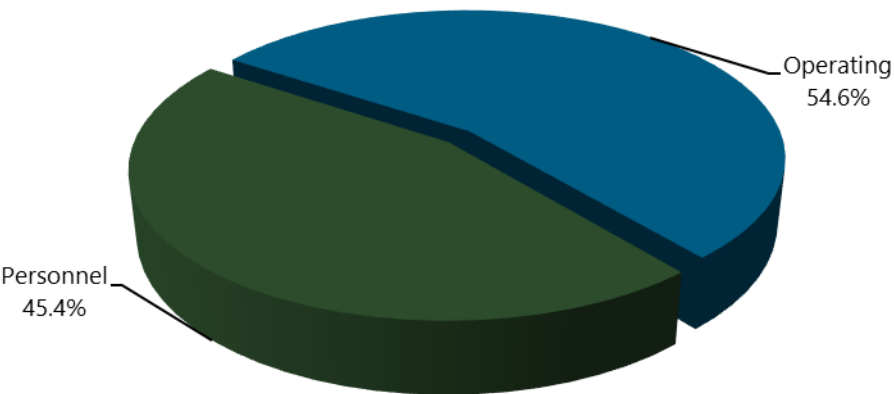
Personnel					
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Budget	FY24-25 Approved	Percent Change
Full-time				2.0	
Part-time					
Total	-	-	-	2.0	

This table shows that we will not be adding any positions this year.

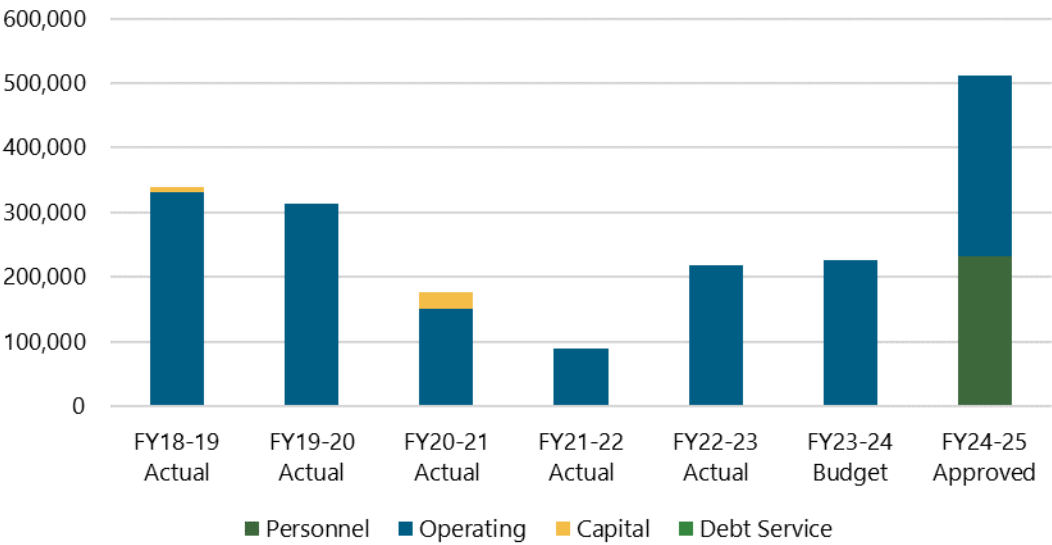
Staffing	
Position Title	Count
Public Information and Events Director	1
Public Information and Events Coordinator	1
	2

This table shows the staffing for the department.

Communications & Special Events Expenditures by Type



Communications & Special Events Expenditure History



Line Item Expenditures

Communications and Special Events						
Account Description	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Salaries and Wages			168,814	170,415		
FICA			12,914	13,037		
Workers' Compensation			3,256	3,772		
Supplemental Retirement (LGRS)			22,959	23,176		
401k			8,441	8,521		
Medical/Dental Insurance			13,160	13,160		
Life/ADD/Short Term Disability			75	75		
Professional Services	0			0	0	
Contracted Services	175,483	176,000	193,000	193,000	17,000	9.66%
Supplies and Materials	9,429	7,400	7,000	7,000	(400)	-5.41%
Uniforms			300	300		47.62%
Technology Hardware & Accessories				0		
Travel and Training			3,480	3,480		
Dues and Subscriptions			14,722	14,722		
Communications			1,846	1,846		
Printing and Binding			5,300	5,300	5,300	0.00%
Advertising	20,261	21,000	31,000	31,000	10,000	0.00%
Merchandise for Resale	9,539	12,000	12,000	12,000	0	
Miscellaneous - Events	2,863	10,600	10,600	10,600	0	
Miscellaneous	14			0	0	
Capital Outlay - over \$5,000	0			0	0	
TOTAL	217,589	227,000	508,868	511,405	284,405	125.29%

Notes

Contracted Services

Access Design	2,000
Events: Performers, Tents, Stage, Lights, etc.	185,000
Newsletter - 2 x per year	6,000
	<u>193,000</u>

Supplies and Materials

Event Supplies	7,000
	<u>7,000</u>

Uniforms

Logo attire - staff	300
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Travel and Training

NC3C Conference	1,400	Kay
OBX Economic summit	30	
OBX Tourism summit	50	
Misc. Continuing Education	1,000	
Showfest Conference	1,000	Betsy
	<u>3,480</u>	

Dues and Subscriptions

ASCAP	440	Music License
SESAC	140	Music License
BMI	660	Music License
NC Assoc. of Festivals & Events	150	Membership
3CMA	400	City- County Communications and Marketing Association
NC3C	100	NC Communications Association Membership
GoDaddy Website Domain	1,620	Social Media
Canva	119	Social Media
Outer Banks Media	1,700	Website Hosting and Monitoring
Zoom	550	Virtual Meetings
Mail Chimp	550	E-newsletter
Hoot Suite	1,200	Social Media
Archive Social	5,988	Social Media
Rave Alerts	1,105	OBX alerts and panic button
	14,722	

Communications

Mobile Phones/iPad	1,846
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Merchandise for Resale

Duck/Event themed merchandise	12,000	For summer and Jazz; tshirt costs for jazz continue to increase
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Miscellaneous - Events

July 4th Parade - Barricades, Signs, Vehicles	10,600	Spivey Rentals for barricades
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Advertising

Print and Digital Advertising	31,000
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Printing and Binding

Brochure	4,300	
Rack Cards	1,000	Safety campaign/ bike pedestrian safety
	5,300	

Transfers & Contingency

Description

Transfers from the General Fund to project funds, like our Beach Nourishment Capital Project Fund, help account for these special purpose funds. In the FY 2024-25 budget we are budgeting to transfer all revenue received from MSD taxes along with 17.69% of Sales Tax revenue, per Statute as described earlier in this document, to the Beach Nourishment Fund.

In accordance with our Financial and Budgetary Policies, as shown in this document, we budget 1% of total budgeted expenditures less those for debt service and capital expenses. A small additional amount (\$3,370) was added to this line to balance the budget. This contingency budget helps allow for unexpected expenditures during the year.

Other						
Account Description	FY22-23 Actual	FY23-24 Budget	FY23-24 Estimate	FY24-25 Approved	Variance v. CY	% Change
Transfer to Beach Fund MSD-A	649,949	651,581	652,000	655,062	3,481	0.53%
Transfer to Beach Fund MSD-B	358,458	358,128	357,000	357,612	(516)	-0.14%
Sales Tax Proportion	416,760	374,578	380,000	336,180	(38,398)	-10.25%
Total Transfers	1,425,167	1,384,288	1,389,000	1,348,855	(35,433)	-2.56%
				(36,842)		
Account Description						
Contingency		86,389	0	95,251	21,483	29.12%
Payroll Expenses	647					
	647		0	95,251	21,483	29.12%

Expenditure Summary

The total budgeted expenditures for the General Fund, including transfers, is \$11,842,599 which represents a 25.4% or \$4,030,133 decrease from budgeted expenditures in the 2023-24 fiscal year. The table below shows the total for each department and the change compared to the budget for 2023-24.

Expenditures by Department						
Department Expenditures	FY22-23 Actual	FY23-24 Budget	FY24-25 Request	FY24-25 Approved	Variance v. CY	% Change
Governing Body	140,647	153,231	154,744	154,751	1,520	0.99%
Administration	695,325	773,590	423,911	427,390	(346,200)	-44.75%
Finance & Human Resources	124,089	122,119	250,295	251,261	129,142	105.75%
Legal	66,859	90,460	65,460	65,460	(25,000)	-27.64%
Public Facilities	713,154	536,799	749,867	670,362	133,562	24.88%
Information Technology	133,686	194,352	178,111	178,111	(16,240)	-8.36%
Police	2,216,895	2,025,177	2,212,940	2,238,842	213,665	10.55%
Fire	1,960,252	1,983,719	2,037,576	2,065,851	82,132	4.14%
Inspections	204,158	237,479	251,246	253,479	16,000	6.74%
Ocean Rescue	580,069	628,100	764,500	764,500	136,400	21.72%
Streets & Highways	381,833	4,715,811	137,634	137,634	(4,578,177)	-97.08%
Sanitation	1,146,553	1,347,410	1,442,775	1,442,775	95,366	7.08%
Environmental Protection	2,383,896	1,017,451	845,604	845,604	(171,847)	-16.89%
Community Development	330,636	374,358	387,593	391,069	16,711	4.46%
Communications & Special Events	217,589	227,000	508,868	511,405	284,405	125.29%
Transfers	1,425,167	1,384,288	1,385,697	1,348,855	(35,433)	-2.56%
Contingency	647	61,389	75,299	95,251	33,862	55.16%
Total	12,721,455	15,872,733	11,872,121	11,842,599	(4,030,133)	-25.4%

Fund Balance

The Town does not plan to appropriate funds from the General Fund balance for FY 2024-25. Fund balance is the difference between the assets and liabilities in a fund. Fund balance acts as a reserve or “rainy day” fund for unanticipated incidents or opportunities. Revenues and expenditures in the budget are estimates for the current fiscal year. Often, revenues and expenditures do not exactly offset each other at the end of the fiscal year. If revenues exceed expenditures, the result is a surplus of money added to the fund balance. If expenditures exceed revenues, the result is a deficit, and the Town withdraws money from the fund balance to balance the budget.

The North Carolina Local Government Commission (LGC) recommends units of government retain an amount of unreserved fund balance in the General Fund of at least 8 percent of appropriations of the fund. Duck Town Council has adopted a policy targeting the Town to maintain a fund balance of 75 percent for the General Fund and requires action to replenish Fund Balance if the percentage falls below 50 percent.

Purpose of Fund Balance

Fund Balance is available to help balance the Town’s budget in the event expenditures exceed revenues. A strong fund balance helps the Town maintain a good credit risk profile but also helps the Town in other ways, including:

- Paying for unexpected expenses or to make up for revenue shortfalls
- Balancing the budget without increasing taxes or rates
- Responding to emergencies
- Taking advantage of unexpected opportunities
- Paying for capital projects or needs without needing to borrow money

Issues Concerning Fund Balance

An inadequate fund balance can lead to cash flow problems, disruption of services, or the inability of the Town to respond in an emergency. In our case, we want to focus on maintaining adequate liquid reserves in order to ensure an appropriate level of available resources to respond to natural disasters. Building a strong fund balance requires a substantial amount of time and often includes increases in taxes and fees and/or significant expenditure cuts. For these reasons, fund balance should be managed effectively to ensure it is not regularly used to offset operating deficits. While a strong fund balance provides the Town with flexibility and financial security, excessive fund balance can be an indicator that taxes or fees are too high or that the Town may not be spending money adequately to respond to the needs of citizens or the organization.

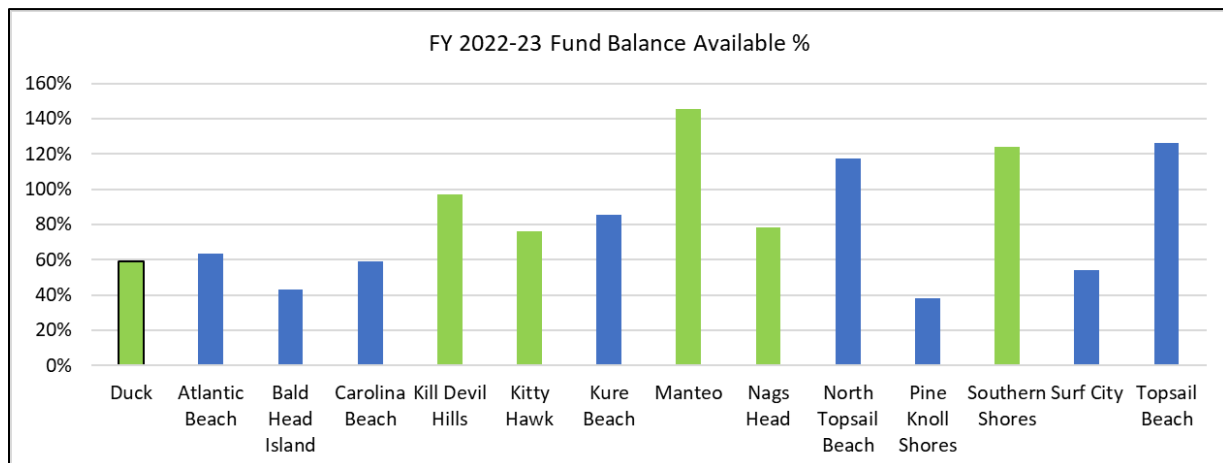
Amount of Fund Balance

The LGC recommends a minimum fund balance of 8 percent, but most local governments carry a higher percentage. Good benchmarks for the appropriate amount of fund balance include ensuring enough revenue to avoid cash flow problems, typically about four to six (4-6) months of operating expenses, and the average fund balance percentage within a peer group. The average fund balance for North Carolina municipalities in Duck's population range is not a great benchmark for us due to our location being a driver of a desire for a higher fund balance than maintained in non-coastal communities.

This table shows the available fund balance, per the LGC, for several coastal towns. Those shaded in green have a total annual budget that is comparable to ours while the others have much higher annual budgets. The percentage calculated by the LGC includes balances and expenditure types that we do not use in our calculations, which also follow best practices in local government accounting. This is why there is a difference between what the LGC shows and what our audited financial statements reflect.

Fund Balance Available (per LGC) as a % of GF Net Expenditures	FY 2022-23
Duck	59.02%
Atlantic Beach	63.27%
Bald Head Island	43.01%
Carolina Beach	58.78%
Kill Devil Hills	97.05%
Kitty Hawk	75.86%
Kure Beach	85.37%
Manteo	145.56%
Nags Head	78.24%
North Topsail Beach	117.51%
Pine Knoll Shores	38.12%
Southern Shores	124.07%
Surf City	53.89%
Topsail Beach	126.01%
Average of All Above	85.13%
Average of Green Above	80.98%

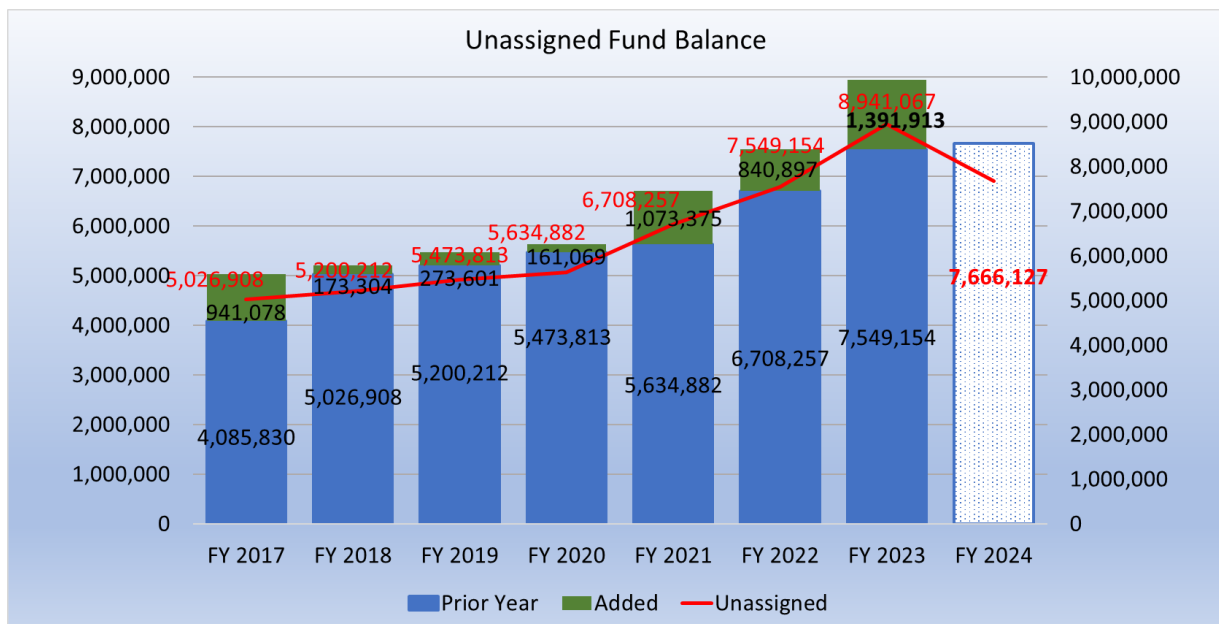
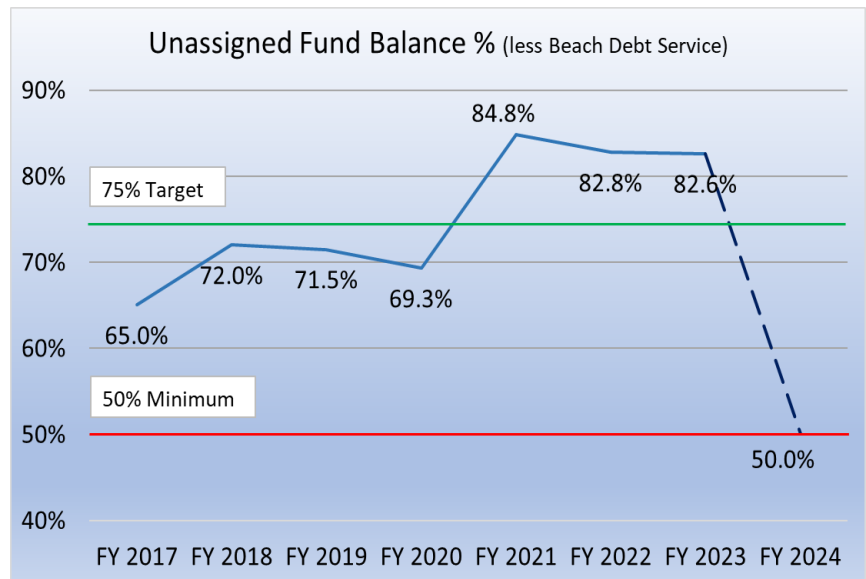
The chart below shows the same data graphically to show that our fund balance is comparable to our peer communities. The yellow bars show the towns in Dare County.



Fund Balance Policy

The Town of Duck, in our Financial and Budgetary Policies, sets a target unassigned fund balance of 75% of total expenditures less beach nourishment debt service. This goal, as shown on the prior page, puts us well in line with our peer group and gives us an adequate reserve to meet unanticipated needs. We also have a minimum unassigned fund balance of 50% and if the balance falls below that, the next budget prepared, and those subsequent to it, must include an appropriation to fund balance equal to one-quarter of the amount needed to bring the balance up to the minimum level.

As shown in the charts to the right and below, using data from our audited financial statements, and our FY 2024 projected year-end including the use of fund balance to cover the gap in funding for the NC 12 elevation project, we will fall below our target fund balance, but should be at, or above, our policy-established minimum.



Five-Year Financial Forecast

A financial forecast assists the Town in planning for future expenditures and revenues and estimating the financial resources required to maintain adequate services and reserves. By capturing known or planned expenditures and predicting, based on historical data, future expenditures we are able to develop a reasonable estimate of trends over the next five years. The forecast is based upon a set of assumptions that are, following the philosophy of the elected body, quite conservative in estimating revenue and realistic in predicting expenditures.

These projections are reviewed annually to see how they correlate to actual expenditures and to determine if changes in the economic climate warrant changes in the underlying assumptions.

What follows is a list of some of the assumptions that underlie the forecast for FY2025-FY2030:

Expenditures

Personnel

- 5% merit increase pool included for future years.
- No change in staffing level from FY 2024-25 levels.
- Local Government Employees Retirement System Employer Contribution Rate as provided by LGC is used and escalated based upon recent historical changes.
- 10-15% per year increase in medical insurance premiums.
- 1% per year increase in workers' compensation insurance.

Operations

- 6% increase per year in property and liability insurance.
- 6% increase per year for trash and recycling.
- 3% increase in Ocean Rescue contracted services.
- 5% increase per year in Public Facilities.
- 3% increase per year in Streets & Highways due to contracted services.
- 5% increase per year in other operational expenditures.

Capital

- Follows CIP for small capital purchases.
- 5% increase per year in non-CIP capital.
- Includes debt-funded projects (Beach Renourishment, Public Safety Building, and Vehicles).

Debt Service

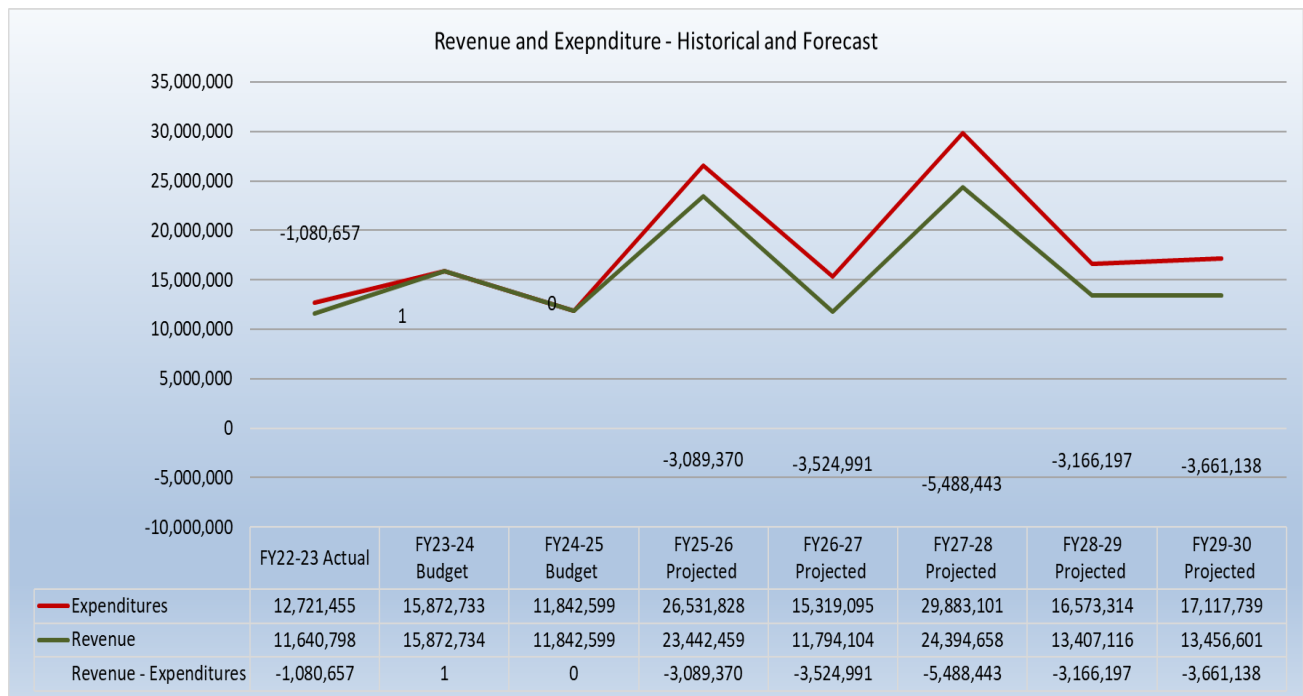
- Follows current debt service schedule.
- Adds new debt following the CIP including Beach Renourishment, Vehicles, and the Public Safety Building.

Transfers and Contingency

- MSD Tax Revenue and Sales Tax Proportion to Beach Fund.
- Contingency 1% per policy.

Revenue

- Assessed value increase of 0.25% per year. No change in Ad Valorem or MSD tax rates.
- No increase in Motor Vehicle tax revenue.
- Return to lower rates of return from interest bearing accounts.
- 2% increase in Sales tax revenue.
- No increase in Land Transfer tax revenue.
- No increase in Occupancy tax revenue.
- Visitor's Bureau Grant estimated to handle portions of smaller projects.
- No State Grant revenue shown as no projects are identified.
- Shoreline Grant reflects a continuation of County support of beach grass planting.
- Government Access Channel Grant revenue assumes having appropriate improvement projects that align with grant requirements.
- 1% per year increase in Beer and Wine tax revenue.
- 1% per year increase in Utility Franchise Tax revenue
- 2% per year increase in permits revenue.
- Gain on the sale of vehicles follows the CIP replacement of current vehicles.
- Investment earnings assumes a continuation of the current rate environment.
- 1% per year increase in ABC and Mixed Beverage Profit revenue.
- 1% increase Sponsorship revenue (events).
- Transfers from Capital Reserve are for Debt Service related to Beach Nourishment and other expenditures directly related to Beach Nourishment.



This table, and those for expenditures, are the result of applying the noted assumptions to the baselines described. Forecasts like this, while not precise, do give an understanding of where trends may lead absent corrective inputs as we work on subsequent years' budgets.

Revenue								
	FY22-23 Actual	FY23-24 Budget	FY24-25 Budget	FY25-26 Projected	FY26-27 Projected	FY27-28 Projected	FY28-29 Projected	FY29-30 Projected
Ad Valorem Tax	4,103,231	4,109,143	4,710,690	4,729,034	4,752,680	4,776,443	4,800,325	4,824,327
MSDA	654,889	652,271	655,062	657,613	660,901	664,206	667,527	670,864
MSDB	358,458	356,759	357,612	359,005	360,800	362,604	364,417	366,239
Motor Vehicle Tax	42,865	27,500	27,500	27,500	27,500	27,500	27,500	27,500
Prior Year Tax, Penalties & Interest	2,940	5,000	3,000	2,940	2,940	2,940	2,940	2,940
Local Government Sales Tax	2,124,121	1,900,000	1,900,000	1,938,000	1,976,760	2,016,295	2,056,621	2,097,754
Real Estate Transfer Tax	535,483	425,000	375,000	425,000	425,000	425,000	425,000	425,000
Occupancy Tax	2,233,398	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Visitor's Bureau Grant	0	225,806	13,549	10,000	10,000	10,000	10,000	10,000
State Grants	58,497	569,669	0	420,000				
Shoreline Grant (County)	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Government Access Channel Grant	5,000	5,000	5,000	10,000	10,000	10,000	10,000	10,000
Federal Grants	0	0	0					
FEMA Grants	0	1,849,197	0					
NFWF Grant	0	384,011	0					
COVID-19 Relief Fund	126,204	0	0	63,102				
Beer and Wine	3,445	1,800	2,500	1,830	1,848	1,866	1,885	1,904
Utility Franchise Tax	419,868	405,000	410,000	408,837	412,925	417,055	421,225	425,437
Building Permits	203,524	170,000	172,000	173,688	177,162	180,705	184,320	188,006
Reinspection Fees	0	0	0	0	0	0	0	0
Other Permits	12,960	6,000	6,000	9,105	9,167	17,411	9,453	9,356
Permits and Fees - Other	0	0	0					
Superior Clerk of Court	1,046	500	500					
Solid Waste Disposal Tax	613	560	560					
Gain on sale of vehicles	410	55,000	30,000	40,000	20,000	30,000		
Investment Earnings	427,194	350,000	300,000	200,000	200,000	200,000	200,000	200,000
ABC and Mixed Beverage Profits	81,540	90,000	90,000	85,231	56,420	84,980	86,081	57,281
Other	39,831	8,000	8,000					
Sponsorship Revenue	55,750	35,000	35,000	13,130	13,261	13,394	13,528	13,663
Merchandise Revenue	19,176	20,000	20,000	3,418	3,452	3,487	3,522	3,557
Building Rental Fees	36,649	30,500	30,000	20,000	20,000	20,000	20,000	20,000
Miscellaneous Income - Other	53,638	45,000	45,000					
Police Donations	16,070	100	100					
Transfers from Capital Reserve	0	0	0					
Transfers from Beach Nourishment	0	566,868	496,764	488,025	479,287	2,078,773	2,078,773	2,078,773
Debt Proceeds	0	0	124,762	11,333,000	150,000	11,028,000	0	0
Fund Balance	0	1,555,050	0					
TOTAL REVENUE	11,640,798	15,872,734	11,842,599	23,442,459	11,794,104	24,394,658	13,407,116	13,456,601

Expenditures									
	FY22-23 Actual	FY23-24 Budget	FY24-25 Budget	FY25-26 Projected	FY26-27 Projected	FY27-28 Projected	FY28-29 Projected	FY29-30 Projected	
Governing Body	140,647	153,231	154,751	159,188	166,694	174,625	183,003	191,855	
Personnel	25,235	25,237	25,244	25,238	25,238	25,239	25,239	25,240	
Operating	115,412	127,994	129,507	133,950	141,456	149,386	157,764	166,615	
Capital									
Debt Service									
Administration	695,325	773,590	427,390	440,844	463,515	487,149	512,202	538,802	
Personnel	616,469	685,497	387,920	399,401	420,000	441,457	464,226	488,427	
Operating	74,156	88,094	39,470	41,443	43,516	45,691	47,976	50,375	
Capital	4,700								
Debt Service									
Finance & Human Resources	124,089	122,119	251,261	256,846	256,074	268,632	281,847	295,762	
Personnel	0	0	117,524	116,422	108,629	113,815	119,289	125,076	
Operating	124,089	122,119	133,737	140,424	147,445	154,817	162,558	170,686	
Capital	0	0	0						
Debt Service									
Legal	66,859	90,460	65,460	68,733	72,170	75,778	79,567	83,545	
Personnel				0	0	0	0	0	
Operating	66,859	90,460	65,460	68,733	72,170	75,778	79,567	83,545	
Capital									
Debt Service									
Public Facilities	713,154	536,799	670,362	13,349,174	1,497,833	1,549,391	1,582,344	1,616,921	
Personnel	85,111	105,298	120,023	101,690	107,035	112,587	118,482	124,650	
Operating	400,478	259,191	400,124	722,151	420,130	441,137	463,194	486,353	
Capital	3,190	33,977	13,549	12,387,000	75,000	100,000	105,000	110,250	
Debt Service	224,375	138,333	136,666	138,333	895,668	895,668	895,668	895,668	
Information Technology	133,686	194,352	178,111	160,769	158,833	166,774	175,113	183,869	
Personnel				0	0	0	0	0	
Operating	133,686	155,852	178,111	151,269	158,833	166,774	175,113	183,869	
Capital	0	38,500	0	9,500					
Debt Service									
Police	2,216,895	2,025,177	2,238,842	2,284,143	2,294,116	2,613,680	2,570,665	2,637,362	
Personnel	1,464,339	1,512,020	1,664,736	1,712,844	1,805,193	1,901,293	2,004,079	2,114,315	
Operating	213,760	285,680	316,798	332,637	349,269	366,733	385,069	404,323	
Capital	358,858	94,930	124,762	196,800	35,000	241,000	35,000	35,000	
Debt Service	179,938	132,547	132,547	41,862	104,654	104,654	146,516	83,724	

Fire	1,960,252	1,983,719	2,065,851	2,039,807	2,321,479	4,568,030	2,724,164	2,874,380
Personnel	1,409,555	1,494,602	1,646,063	1,674,099	1,784,385	1,898,651	2,020,087	2,149,335
Operating	265,343	298,710	312,103	327,708	344,094	361,298	379,363	398,331
Capital	114,233	45,000	20,000	38,000	193,000	2,253,000	43,000	45,000
Debt Service	171,120	145,406	87,685			55,081	281,714	281,714
Inspections	204,158	237,479	253,479	266,121	280,430	295,233	310,965	327,711
Personnel	190,760	215,618	230,412	241,900	254,999	268,530	282,927	298,271
Operating	13,397	21,862	23,067	24,220	25,431	26,703	28,038	29,440
Capital	0	0	0					
Debt Service	0	0	0					
Ocean Rescue	580,069	628,100	764,500	787,435	811,058	835,390	860,451	886,265
Personnel	0	0	0					
Operating	580,069	628,100	764,500	787,435	811,058	835,390	860,451	886,265
Capital	0	0	0					
Debt Service								
Streets & Highways	381,833	4,715,811	137,634	1,519,016	1,538,666	1,519,600	280,830	287,371
Personnel	0	0	0					
Operating	373,023	294,487	107,634	113,016	118,666	124,600	130,830	137,371
Capital	8,810	4,421,324	30,000	1,406,000	1,420,000	1,395,000	150,000	150,000
Debt Service								
Sanitation	1,146,553	1,347,410	1,442,775	1,529,342	1,621,103	1,718,369	1,821,471	1,930,759
Personnel								
Operating	1,146,553	1,347,410	1,442,775	1,529,342	1,621,103	1,718,369	1,821,471	1,930,759
Capital								
Debt Service								
Environmental Protection	2,383,896	1,017,451	845,604	1,240,466	1,343,200	13,052,632	2,563,075	2,559,040
Personnel								
Operating	1,788,401	303,865	180,420	189,441	198,913	208,859	219,302	230,267
Capital	0	146,718	168,420	563,000	665,000	10,765,000	265,000	250,000
Debt Service	595,495	566,868	496,764	488,025	479,287	2,078,773	2,078,773	2,078,773
Community Development	330,636	374,358	391,069	400,666	422,104	444,304	467,886	492,973
Personnel	296,018	328,961	347,716	355,146	374,308	394,118	415,190	437,643
Operating	34,618	45,397	43,353	45,521	47,797	50,186	52,696	55,331
Capital	0	0	0	0	0	0	0	0
Debt Service	0	0	0					
Communications & Special Events	217,589	227,000	511,405	544,678	572,297	601,193	631,677	667,689
Personnel	0	0	232,157	241,467	253,926	266,904	280,673	299,135
Operating	217,589	227,000	279,248	293,210	307,871	323,265	339,428	356,399
Capital	0	0	0	10,000	10,500	11,025	11,576	12,155
Debt Service	0	0	0					
Transfers	1,425,167	1,384,288	1,348,855	1,404,218	1,417,053	1,430,069	1,443,268	1,456,654
Contingency	647	61,389	95,251	80,383	82,470	82,253	84,786	86,781
TOTAL EXPENDITURE	12,721,455	15,872,733	11,842,599	26,531,828	15,319,095	29,883,101	16,573,314	17,117,739

	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29	FY29-30
	Budget	Budget	Budget	Projected	Projected	Projected	Projected	Projected
Revenue - Expenditures	-1,080,657	1	0	-3,089,370	-3,524,991	-5,488,443	-3,166,197	-3,661,138

Budget Reductions

The following tables show what was removed from this budget in order to balance it following the initial submission of the gross needs of the organization. The items shaded in blue were modified following the Town Council's budget workshop.

Department	Account	Description	Reduced	Increased	Rationale
Governing Body	Professional Services	Misc. Professional Services	2,000		Undefined need
Administration	Professional Services	As needed consulting, etc.	2,000		Undefined need
	Contracted Services	Misc. As needed	2,000		Undefined need
	Travel and Training	Clerk Certification for Deputy Town Clerk	3,300		Defer to a future fiscal year
Finance & Human Resources	Professional Services	Separation Allowance Actuarial work		400	Was not included in first draft
	Supplies and Materials - Emp Eng	Tilt Team Development	1,800		Defer to a future fiscal year
	Travel and Training	Tuition Reimbursement	2,400		Reduce from 5 employees to 3 based upon use
	Technology Hardware & Accessories	Computer Monitors	400		Purchased in FY 24
Public Facilities	Personnel Costs	Convert part-time to full-time	55,432		Defer to define need
	Professional Services	Playground Expansion Design	10,000		Defer to a future fiscal year
	Professional Services	Design - Northern Boardwalk Exten	100,000		Defer to a future fiscal year
	Professional Services	Public Safety Building Design	595,000		Reduce scope of work to focus on space needs evaluation and floor plan design
	Contracted Services	Pest Control		600	Increased to include rental house
	Contracted Services	Additional Plants and Landscaping	4,000		Reduced quantities of plants
	Contracted Services	HVAC Maintenance Agreement		1,660	Increased to include rental house
	Contracted Services	Septic Maintenance		800	Increased to include rental house
	Repairs and Maintenance	Public Safety Building Maintenance	75,000		1/2 of total roof cost plus some interior work
	Repairs and Maintenance	Picnic Shelter/Gazebo Improvements	7,000		Defer picnic shelter work to future year
	Repairs and Maintenance	Lighting - Parking/Crosswalks	5,000		Some lights replaced in the current fiscal year
	Repairs and Maintenance	Outdoor Drinking Fountain Replacement	5,000		Defer one fountain to a future year
	Repairs and Maintenance	Bench Replacement/Repair (3)	2,000		Correction on actual cost per bench
	Capital	Playground Equipment Replacement	100,000		Defer to a future fiscal year
	Capital	Irrigation System Upgrade	10,000		Defer to a future fiscal year
	Capital	Bigbelly Replacement	25,800		Defer replacing three sets to a future year
	Capital	Video Surveillance System	74,500		Defer to future fiscal year
	Capital	Restroom Addition	62,500		Defer to future fiscal year
	Capital	Workbook Error	27,200		Included in error in the Capital Outlay under \$5,000 line
Information Technology	Capital	Switch and Wireless Access Point replacement	10,386		Defer to future fiscal year
	Capital	Server Replacement	54,549		Defer to future fiscal year

Police	Supplies and Materials	Supplies and Consumable Materials	6,725		Adjusted to needs
	Supplies and Materials	Replacement Commercial Paper Shredder	275		Defer to future fiscal year
	Vehicle Supplies and Materials	Fuel	5,000		Change in fuel purchasing policy
	Vehicle Supplies and Materials	Other Vehicle Supplies	1,000		Adjusted to needs
	Uniforms	Other Uniform Items	1,000		Adjusted to needs
	Police Supplies and Materials	SCBA Masks for interoperability with Duck FD (5)	3,775		Defer to future fiscal year
	Police Supplies and Materials	Ammunition (Qualification & Training)	2,530		Handgun replacement ammunition not needed
	Travel and Training	External Advanced Law Enforcement Training	6,000		Adjusted to needs
	Dues and Subscriptions	TrafficCloud Service (7 Radar Speed Signs)	9,975		Suspend service
	Dues and Subscriptions	L.E.A. Data Software Annual Upgrade (Inventory)	150		Suspend service
	Dues and Subscriptions	Virtual Academy Training/FTO Software	1,125		Adjusted to needs
	Communications	FirstNet Rapid Response PTT Radio Service	1,745		Defer to future fiscal year
	Communications	Wireless Data Services (Tablets)	798		Suspend service
	Communications	Wireless Data Services (ALPRs)	913		Suspend service
	Communications	Wireless Data Services (Video Network Expansion)	913		Defer to future fiscal year
	Communications	Motorola ROIP App	1,728		Defer to future fiscal year
	Communications	FirstNet LMR Interoperability Project (2 Channels)	8,325		Suspend service
	Capital	Radar Speed Sign Replacement	13,000		Defer to future fiscal year
	Capital	Video Camera Network Expansion	8,000		Defer to future fiscal year
	Capital	Replacement of Public Safety Gym Equipment	4,500		Defer to future fiscal year
	Capital	Police Handgun Replacement	12,500		Defer to future fiscal year
Fire	Communications	FirstNet Rapid Response (14 PTT)	1,745		Defer to future fiscal year
	Capital	Replacement of SCBA Bottles	8,000		Defer to future fiscal year
	Capital	Hose and Appliances	10,000		Defer to future fiscal year
	Capital	CAD & Mobile Data Terminals	5,000		Defer to future fiscal year
	Capital	Extrication Equipment	10,000		Defer to future fiscal year
	Subsidies and Allocations	Various changes	33,000		Adjusted to needs
Inspections	Technology Hardware & Accessories	Workbook Error	2,220		Was included in error
	Includes Homeowner's Recovery Pass-Through	Homeowner's Recovery Pass-Through		2,000	Increased to reflect actual expense. Permit revenue adjusted by the same amount

Streets & Highways	Professional Services	Miscellaneous Engineering	5,000		Reduced anticipated service need
	Professional Services	Duck Trail Surveying/Engineering	10,000		Included in Duck Trail Project
	Capital	Duck Trail Repaving	130,000		Defer to future fiscal year
	Capital	Interpretive Historical Signage	9,200		Defer to future fiscal year
	Capital	West Side (NC 12) Sidewalk/Trail	120,000		Defer to future fiscal year
Sanitation	Contracted - Garbage	Trash and Commercial Recycling Services	22,742		Adjusted anticipated inflation rate
	Contracted - Recycling	Residential Recycling Services		1,413	Adjusted anticipated inflation rate
Environmental Protection	Professional Services	CPE (Beach Monitoring/Vulnerability Analysis)	19,580		Adjusted based upon updated scope of work
	Supplies and Materials	Beach Grass, etc.	7,500		Reduced to reflect recent annual expenses
	Repairs and Maintenance	Emerald Forest (Sand Fencing)	25,000		Reduced to reflect recent annual expenses
	Repairs and Maintenance	Christmas Tree Installation	7,000		Suspend Service
	Capital	Neighborhood Stormwater Management	50,000		Defer to future fiscal year
	Capital	Town Park Shoreline Protection	444,080		Defer sills to future fiscal year
Community Development	Personnel Costs	Code Enforcement Technician	75,964		Defer to future fiscal year
	Supplies and Materials	Supplies, Drone, Time Lapse Cameras	400		Adjusted to needs
	Professional Services	Engineering Services	2,000		Reduced anticipated service need
	Travel and Training	APA/Planning (Staff)	1,400		Utilize more virtual training
	Travel and Training	APA/Planning (Planning Board)	1,000		Utilize more virtual training
	Travel and Training	NCAZO	600		Adjusted to needs
	Travel and Training	GIS Training	2,200		Suspend Service
	Dues and Subscriptions	ESRI GIS Licensing	1,320		Suspend Service
Communications & Special Events	Contracted Services	Beach/park signage	4,000		Using alternate method
	Supplies and Materials	Event Supplies	400		Adjusted to needs
	Supplies and Materials	Radios	1,745		Defer to future fiscal year
	Technology Hardware & Accessories	Podcast Starter Kit	300		Purchased in FY 24
	Technology Hardware & Accessories	Podcast Streaming/ Hosting (Podbean)	108		Purchased in FY 24
	Technology Hardware & Accessories	Monitors for Meeting Hall	2,000		Purchased in FY 24
	Technology Hardware & Accessories	Confidence Monitor	100		Purchased in FY 24
	Printing and Binding	Beach Nourishment	1,200	1,200	Not linked properly in first draft - and Not required
	Printing and Binding	Brochure		4,300	Not linked properly in first draft
	Printing and Binding	Rack Cards		1,000	Not linked properly in first draft
		TOTAL	2,342,048	13,373	

Glossary

Account – A separate financial reporting unit for budgeting, management, or accounting purposes. All budgetary transactions, whether revenue or expenditure, are recorded in accounts.

Accounts Payable – A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by the Town.

Accounts Receivable – An asset account reflecting amounts due from private persons or organizations for goods and services furnished by the Town.

Accrual Basis – The recording of the financial effects on an entity of cash transactions in the periods in which they occur rather than the periods in which the cash is received or expended.

Ad Valorem Taxes – Commonly referred to as property taxes, are levied on the value of real, certain personal, and public utility property according to the property's valuation and tax rate.

Adopted Budget – The budget approved by the Town Council and enacted through a budget ordinance adopted on or before June 30 of each year.

Appropriated Fund Balance - The amount of fund balance budgeted as revenue to offset expenditures that exceed current revenue.

Appropriation – This is the legal authorization granted by the Town Council to expend or obligate funds for specific purposes. An appropriation usually is limited in the amount and time that it may be expended. The Board appropriates annually, at the beginning of each fiscal year, by department, based upon the adopted Budget. Additional appropriations may be approved by the Council during the fiscal year by amending the Budget and appropriating the funds for expenditure.

Assessed Value – The value of real estate or personal property as determined by the Dare County Tax Assessor as a basis for levying property taxes.

Asset – A probable future economic benefit obtained or controlled by the Town as a result of past transactions or events.

Audit – An examination, usually by an official or private accounting firm retained by the Council that reports on the accuracy of the annual financial report.

Authorized Positions - Employee positions that are authorized in the adopted budget to be filled during the fiscal year.

Balanced Budget – Occurs when planned expenditures equal anticipated revenues. In North Carolina, it is a requirement that the budget submitted to the Town Council be balanced.

Basis of Accounting & Basis of Budgeting – The system under which revenues, expenditures, expenses, and transfers – and the related assets and liabilities – are recognized in accounts and reported in financial statements. It specifically relates to the timing of the measurements made.

Bond – A written promise to pay a designated sum of money (the principal) at a specific date in the future, along with periodic interest at a specified rate. The payment on bonds is identified as Debt Service. Bonds are generally used to obtain long-term financing for capital improvements.

Bond Rating – A grade indicating a governmental unit’s investment qualities. Generally speaking, the higher the bond rating, the more favorable the interest rate and the lower the cost of financing capital projects funded by bonds. A high rating is indicative of the government’s strong financial position.

Bond Referendum – An election in which registered voters vote on whether the Town will be allowed to issue debt in the form of interest-bearing bonds.

Budget – A financial plan containing estimated expenditures and resources covering a fiscal year.

Budget Adjustment Transfer – The transfer of funds between line accounts within a function or across functional areas in accordance with policy. Authority is granted by the Town Council to Budget Officer/Town Manager.

Budget Amendment – A revision of the adopted budget that, when approved by the Town Council, replaces the original provision. Budget amendments occur throughout the fiscal year as spending priorities shift.

Budget Calendar – The schedule of key dates which the Town follows in the preparation and adoption of the budget.

Budget Document – The official written statement prepared by the Town’s staff and presented to the Town Council containing the proposed financial plan for the fiscal year.

Budget Message – A written summary of the proposed budget to the Town Council which discusses major budget issues and recommendations.

Budget Ordinance – The official enactment by the Board establishing the legal authority for staff to obligate and expend funds.

Capital Improvement Plan (CIP) – A plan of proposed capital outlay to be incurred each year over a fixed number of years to meet capital needs.

Capital Outlay – Outlays which result in the acquisition (either new or replacement) or additions to fixed assets having a significant value (\$5,000 or more) and possessing a useful life of more than one year.

Capital Project – Major construction, acquisition, or renovation activities that add value to physical assets or significantly increase their useful life.

Capital Project Fund – A fund used to account for financial resources accumulated for the acquisition or construction of major capital facilities.

Capital Reserve Fund - A type of account on a municipality's balance sheet that is reserved for long-term capital investment projects or any other large and anticipated expenditure(s) that will be incurred in the future. This type of reserve fund is set aside to ensure that the company or municipality has adequate funding to at least partially finance the project.

Chart of Accounts – A chart that assigns a unique number and classification to each type of transaction and to each budgetary unit in the organization.

COLA – A Cost-of-Living Adjustment is an increase in salaries to offset the adverse effect of inflation on compensation.

Consumer Price Index (CPI) – A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (economic inflation).

Contingency Account – Account in which funds are set aside for emergency and exceptional expenditures that may become necessary during the year and which have not otherwise been provided for in the context of the annual operating budget.

Debt Service – Payment of interest and repayment of principal on Town debt.

Deficit – The amount by which expenditures exceed revenues during an accounting period.

Department – An organizational unit within the Town which is functionally unique in its delivery of services or activities.

Depreciation – Expiration in the service life of fixed assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. The portion of the cost of a fixed asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a fixed asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of the cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

Encumbrance – The commitment of appropriated funds to purchase an item or service.

Expenditure – The cost of goods or services whether payment has been made or not.

Fees – A general term used for any charge levied by the Town associated with providing a service or permitting an activity.

Fiduciary Fund – A special classification fund used to account for assets held by the Town in a trustee capacity on behalf of outside parties, including other governments.

Fiscal Year (FY) – A twelve-month period that determines the time frame for financial reporting, budgeting, and accounting.

Fixed Assets – Long-lived tangible assets obtained or controlled as a result of past transactions, events, or circumstances.

Fund – A fiscal entity with revenues and expenses that are segregated for the purpose of accounting for an activity(s) with common objectives.

Fund Balance – The excess of the assets of a fund over its liabilities.

GAAP – Generally Accepted Accounting Principles. A uniform minimum standard used by state and local governments for financial recording and reporting; established by the accounting profession through the Governmental Accounting Standards Board.

General Fund – A fund that accounts for most of the basic government services such as public safety, streets and highways, sanitation, parks and recreation, and general government services.

General Obligation Bonds – Bonds issued by a government entity that are backed by its full-faith, credit, and unlimited taxing authority.

Goal – A statement of Council direction, purpose or intent based on the needs of the community. A goal is general and timeless; that is, it is not concerned with a specific achievement in a given time period.

Grants – Contributions or gifts of cash or other assets from another government to be used or expended for a specified purpose, activity, or facility.

Interest – Compensation for the use of borrowed money, generally expressed as an annual percentage of the principal amount.

Interfund Transfers – The movement of monies between funds of the same governmental entity.

Intergovernmental Revenue – Revenue received from another government for general purposes or special intent.

Law Enforcement Officer's (LEO) Special Separation Allowance – A single-employer defined benefit plan that provides retirement benefits to the Town's qualified sworn law enforcement officers.

Lease – A contract for the temporary use of equipment or facilities at a negotiated price.

Levy – To impose taxes for the support of government services and activities.

LGC - Local Government Commission. A division of the State Treasurer's Office that monitors the fiscal health of all local government units, including "authorities" and pre-approves any large debt issuance undertaken by local governments in the state.

Liabilities – Probable future sacrifices of economic benefits arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

Local Government Budget and Fiscal Control Act – General Statute of the State of North Carolina governing budgetary and fiscal affairs of local governments.

Modified Accrual Basis – A method for accounting for the receipt and expenditure of funds whereby revenues are recorded when they become measurable and available and expenditures are recorded when the liability is incurred.

Net Bonded Debt – The amount calculated as gross bonded debt less debt service monies available at year-end less debt payable from Enterprise Revenues, which ultimately equates to amounts to be repaid through property taxes.

NCLM - North Carolina League of Municipalities

Objective – A statement of specific direction, purpose or intent to be accomplished by staff within a program.

Operating Budget – Includes all funds except those accounted for in the capital budget. The Operating Budget is adopted by the Town Council by budget ordinance amendment on a fiscal year basis.

Operating Expenses – The cost of contractual services, materials, supplies and other expenses not related to personnel expenses and capital projects.

Personnel Expenses – Cost of salaries, wages, and fringe benefits such as employer's share of social security contributions, retirement expenses, and health and life insurance payments.

Resources – Assets that can be used to fund expenditures such as property taxes, charges for services, beginning fund balances, or working capital.

Revenue – A term used to represent actual or expected income to a specific fund.

Special Revenue Fund – Funds that are set aside to pay for large expenditure items. The fund provides a means to provide consistent funding from General Fund without competition with other community investment projects or increasing debt.

Standard & Poor's Corporation – A recognized bond rating agency.

Surplus – The amount by which revenues exceed expenditures.

Tax Base – The total assessed valuation of real property within the Town.

Tax Levy – The product when the tax rate is multiplied by assessed values.

Tax Rate – The amount per \$100 of property valuation that is levied for the support of government services or activities.

Transfer – An appropriation to or from another fund. A transfer is the movement of money from one fund to another to wholly or partially support the functions of the receiving fund.

Unencumbered Balance – The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future expenditures.

Unassigned Fund Balance – That portion of resources, which at year's end, exceeded requirements and has not been committed or assigned for some future time for a specific project or use. Money in the unassigned fund balance is not in the Budget and therefore has not been appropriated for expenditure. However, those funds are available for use if the need arises.

Town of Duck

Financial and Budgetary Policies



April 2021

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I. Introduction

The Town of Duck maintains comprehensive financial policies covering a broad range of the elements of the Town's financial plans and financial systems that underlay the management of overall financial resources. These policies have major objectives to be achieved that include:

1. To link long-term financial planning with short-term daily operations and decision making.
2. To maintain and improve the Town's financial position and insulate the Town from fiscal crisis.
3. To maintain and improve the Town's credit ratings by meeting or exceeding the requirements of rating agencies through sound financial policies.
4. To maintain and increase investor confidence in the Town and to provide credibility to the citizens of the Town regarding financial operations.
5. To comply with the North Carolina Budget and Fiscal Control Act and the policies of the North Carolina Local Government Commission (the "LGC").
6. To effectively conduct asset-liability management of the Town's balance sheet.

II. Operating Budget

1. The Town's Annual Budget Ordinance will be balanced in accordance with the North Carolina Local Government Budget and Fiscal Control Act (G.S. 159-8(a)).
2. The Town's annual Budget Ordinance will be adopted, by fund and department, by each July 1 (G.S. 159-13(a)).
3. In order to force a higher level of planning throughout all levels of Town government, the annual budget process will focus on future needs through a Capital Improvements Plan, as discussed later in this document.
4. The annual budget process will consist of a series of public meetings where Council and staff discuss needs in relation to the Town's 2027 Vision and Unifying Principals, and Council's adopted priorities.
5. The Town will appropriate, within the annual budget, a Contingency appropriation each fiscal year. The minimum level of contingency is 1% of budgeted general fund expenditures, not to include debt service expenditures and transfers, and the maximum is an amount equal to the revenue generated by a \$.01 ad valorem tax rate.
6. The Budget Officer may transfer appropriations within a fund as follows:

- a. Between objects of expenditure within the limitations of the department budget.
- b. A budget amendment approved by the Town Council shall be required to transfer amounts between departments or from any contingency fund.

III. Revenue Policy

1. Ad Valorem Tax – As provided by the North Carolina Budget and Fiscal Control Act, estimated revenue from the Ad Valorem Tax levy will be budgeted as follows:
 - a. Assessed valuation will be provided by the Dare County Tax Assessor.
 - b. The estimated percentage of collection will not exceed the actual collection percentage of the preceding fiscal year, in accordance with State law.
 - c. The property tax rate will be set each year based upon the costs of providing general governmental services, meeting debt service obligations, and building or maintaining any reserves or fund balances the Council deems necessary.
2. State revenues fluctuate according to the general economic condition of the state and the county. Accordingly, the Town will budget these revenues in a conservative manner using guidance from the North Carolina League of Municipalities, and other reliable sources, to determine predicted rates of growth in these revenues.
3. User Fees – The Town Council (the “Council”) will set user fees annually by listing such fees within a fee schedule adopted with the annual Budget Ordinance. User fees will maximize charges for services that can be individually identified and where costs are directly related to the provision of or to the level of service provided.
 - a. Emphasis of user fees results in the following benefits:
 1. The burden on the Ad Valorem tax is reduced.
 2. User fees are paid by all users, including those exempt from property taxes.
 3. User fees help minimize subsidization in any instance where there are requirements in order to qualify for the use of the service and the service is not provided to the general public.
 4. User fees produce information on the demand level for services and help to make a connection between the amount paid and the services received.
4. Interest Income – Interest income is subject to variability based upon changes in prevailing interest rates, which cannot be predicted with certainty. Such revenue shall therefore be budgeted in a conservative manner within the annual Budget Ordinance and shall comply with the Asset – Liability Management section of this policy.

5. Grant Funding – Staff will pursue opportunities for grant funding. Application for grant funding will be made after a grant has been evaluated for consistency with the Council's goals and compatibility with Town programs and objectives. Staff must have Council approval to apply for a grant for any amount over \$50,000 and for any grant that requires a local dollar match. All awarded grants can only be accepted by Council action at which time the related budget shall be established.
 - a. Grants that have been awarded in prior years and are recurring in nature will be included and addressed through the annual budget process.
 - b. Grants that fund operating expenditures but have a funding termination date must fully disclose that fact to the Council prior to acceptance.
 - c. The grant manager for each grant shall be the Town Manager. The grant manager is responsible for all grant monitoring, compliance, and reporting. The grant manager will provide copies of all documents to the Finance Officer. The Finance Officer will maintain a grant file by fiscal year for each active grant.
 - d. For grants involving federal funds, the grant manager is responsible for checking the list of federally debarred contractors prior to awarding any contracts.
6. Appropriation of Fund Balance – Fund balance originally appropriated with adoption of the General Fund annual operating budget shall not exceed 10% of the prior fiscal year's budgeted expenditures, unless done per Section VI.3.b. of this policy.
7. Budgetary Responsibilities – The Town Manager shall develop initial budget estimates of revenues and expenditures. These estimates are to be supported by variables (base, rate, etc.) that comprise such revenue. Monitoring of the revenue budget shall be performed by the Finance Officer in a timely manner throughout the fiscal year and shall include an analysis of actual versus budgeted variances.

IV. Revenue Spending Policy

1. The Town will follow a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy as appropriate: bond proceeds, Federal funds, State funds, local non-Town funds, and Town funds.
2. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town. Any such deviation shall be reported to the Town Council at the next regularly scheduled meeting.

V. Expenditure Policy

1. Expenditure budgets shall be monitored throughout the fiscal year by department heads and the Town Manager. Budget compliance is the responsibility of the department head and the Town Manager.
2. Budgeted funds will only be spent for categorical purposes for which they are intended. Budget amendments may be made to reflect unexpected expenses and must be approved by vote of the Council. Appropriations of debt proceeds will be made only for the purpose for which such debt instrument was issued or for the payment of debt principal and interest.
3. Budgeted expenditures for debt service for any variable rate debt or synthetic variable rate debt will be set to at least the average of the prior five years.
4. For continuing contracts, funds will be appropriated in the annual Budget Ordinance to meet current year obligations arising under the contract, in accordance with G.S. 160A-17.
5. Payroll will be processed in accordance with the requirements of the Fair Labor Standards Act. Overtime and benefit payments will be made in accordance with the Town's Personnel Policy.
6. The Town may utilize non-capital operating leases or installment purchase loans for the procurement of vehicles, copiers, multifunction copiers/printer type machines, personal computers, and any other capital item as deemed appropriate in light of cash on hand, cash flow needs, and borrowing costs.
7. The Town will fund current expenditures with current resources and will strive to avoid balancing budgets utilizing one-time revenues.
8. The Town will employ the use of the carryover method for reappropriation of outstanding purchase orders and contracts as of the end of each fiscal year into the new fiscal year. Any such carryover shall be explained in each year's budget process.

VI. Reserve/Fund Balance Policy

1. The Town's Governmental Funds are comprised of the following categories:
 - a. Non-spendable: amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to remain intact.
 - b. Restricted: amounts externally imposed by creditors (such as through debt covenants), grantors, contributors, laws, or regulations of other governments.
 - c. Committed: amounts used for a specific purpose pursuant to constraints imposed by formal action of the Town Council, these are characterized by the following:

1. are amounts set aside based on self-imposed limitations and established and set in place prior to year-end, but can be calculated after year end,
 2. are limitations imposed by the Town Council and must also be modified or removed by the Town Council, and
 3. cannot be ordinances that lapse at the end of the fiscal year.
 - d. Assigned: amounts that are constrained by the Town Council's intent to use them for specific purposes but are neither restricted nor committed.
 - e. Unassigned: amounts that are not reported in any other classification.
2. In accordance with State statute, appropriated fund balance in any fund will not exceed the sum of cash and investments less the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts.
 3. The Town will maintain a General Fund unrestricted and unassigned fund balance that significantly exceeds the minimum eight percent (8%) recommended by the LGC. This "available fund balance" will be defined as funds that remain available for appropriation by the Town Council after all commitments for future expenditures, required reserves defined by State statutes, and Council-established assignments have been calculated. The percentage is to be determined by dividing the available fund balance amount by actual expenditures (less debt service for beach nourishment) of the then completed fiscal year. The goal is to maintain a fund balance of greater than 75%, a majority of which shall be unassigned, but not greater than 100%.
 - a. Purpose of Reserve: As a coastal community that is susceptible to extreme weather conditions that can negatively impact revenues and cause significant increases in expenditures, these funds will be utilized to avoid cash flow interruptions, generate interest income, eliminate the need for short-term borrowing, and maintain the Town's credit ratings.
 - b. Reserve Drawdown: The unassigned fund balance may be purposefully drawn down below the target percentage for emergencies, economic influences, nonrecurring expenditures, or major capital projects. All such drawdowns shall be approved by the Town Council through either the annual budget ordinance or a budget ordinance amendment.
 - c. Reserve Replenishment: If the total fund balance falls below 50%, the Town will replenish funds by direct appropriation beginning in the next budget developed for the fiscal year after the occurrence is known. In that instance, the Town will annually appropriate 25% of the difference between the 50% level and the actual balance until the target level of 50% is met. In the event appropriating 25% is not feasible, the Town will appropriate a lesser amount and shall reaffirm by Council resolution its commitment to fully replenish the fund balance over a longer period of time.

4. Any General Fund available fund balance that exceeds the target goal range may be used to reduce General Fund debt or to fund non-recurring expenditures.

VII. Asset-Liability Management

1. The Town will seek to incorporate coordinated investment and debt structuring decisions with the goal of such coordination being to use each side of the balance sheet to mitigate, or hedge, cash flow risks posed by the other side of the balance sheet.
2. The Town considers short-term investments to be effective hedges to variable rate debt because movements in interest rates should have offsetting impacts upon both.
 - a. Given the prevalent patterns of business, economic, and interest rate cycles, the Town may strive to match temporary increases in interest income to temporary increases in interest expense through the use of variable rate debt or synthetic variable rate debt.
 - b. This recognizes that variable rate debt generally offers lower interest costs and that the use of higher interest income to offset higher interest expense is preferable to creating a budget imbalance due to reliance upon temporarily increased interest income.
3. The Finance Officer is designated to monitor and report on financial market conditions and their impact on performance of debt, investments, and any interest rate hedging measures implemented or under consideration.
4. The Finance Officer is designated as the individual responsible for negotiating financial products and coordinating investment decisions for debt structure. The Finance Officer is designated as the individual responsible for recommending debt structure to the Council for approval.
5. The Town may incorporate the use of variable rate debt or synthetic variable rate debt, as allowed by the Debt Management Section of the LGC, into its debt structure. Unhedged variable or synthetic variable rate debt shall not exceed 20% of the Town's total debt outstanding.

VIII. Capital Improvements Policy

1. Capital Improvements Plan
 - a. The Town will update and readopt annually a five-year capital improvements plan (CIP) which projects capital needs and details the estimated costs, description, and anticipated funding sources for capital projects.

- b. The annual update of the CIP will be conducted in conjunction with the annual operating budget process.
- c. The first year of the five-year CIP will be the basis of formal fiscal year appropriations during the annual budget process.
- d. A programming or cost estimation study is eligible for inclusion in the CIP for a project for which a future request is being considered. Such a study is encouraged in order generate reliable cost estimates for the CIP.
- e. The Town expects to see new capital items generally first appear in the last year of the CIP.
- f. The Town acknowledges pay-as-you-go financing as a significant capital financing source but will ultimately determine the most appropriate financing structure for each capital project both on an individual basis after examining all relevant factors of the project and in conjunction with the funding of the entire CIP.

2. Capital Formation

- a. General fund revenue is the source for the General Fund CIP.
- b. The Beach Nourishment Fund is the funding source for pay-as-you-go financing and for debt service payments for beach nourishment projects in the CIP. MSD tax revenue is the direct source for funding beach nourishment expenditures, including debt service.
- c. Given the historical volatility of state and other revenues, the five-year projections of revenue used to complete the CIP shall be conservative.

3. Fixed Assets

- a. The capitalization threshold for fixed assets shall be \$5,000. The threshold will be applied to individual fixed assets and not to groups of fixed assets. Fixed assets will only be capitalized if they have a useful life of at least three years following the date of acquisition. A physical inventory of capitalized fixed assets will be performed in accordance with Section XII.11.c. of this document.

IX. Debt Policy

- 1. Debt will only be incurred for financing capital assets that, because of their long-term nature or because of budgetary restraints, cannot be acquired from current or budgeted resources. **Debt will not be used for operational needs.** Debt financing can include general obligation bonds, revenue bonds, certificates of participation, lease/purchase

agreements, special obligation bonds, or any other financing instrument allowed under North Carolina law.

2. The Town will seek to structure debt and to determine the best type of financing for each financing need based on the flexibility needed to meet project needs, the timing of the project, taxpayer equity, and the structure that will provide the lowest interest cost in the circumstances.
3. Debt financing will be considered in conjunction with the approval by the Council of the Town's CIP.
4. Debt Term
 - a. Capital projects financed through the issuance of bonds, installment financings or lease financings will be financed for a period not to exceed the expected useful life of the project.
 1. General Fund debt will normally have a term of 20 years or less.
 2. When practical, the term of debt will not exceed 30 years.
5. The Town will strive to maintain a high level of pay-as-you-go financing for its capital improvements.
6. Debt Affordability
 - a. The net debt of the Town, as defined in G.S. 159-55, is statutorily limited to 8% of the assessed valuation of the taxable property within the Town. The Town will strive to maintain a net debt level of no greater than 1%.
 - b. Total General Fund debt service will not exceed any limits imposed by the LGC. As a guide, formulas established by the LGC and rating agencies will be monitored and appropriately applied by the Town. Debt service as a percentage of the total operating budget will be targeted at being less than 20%. Debt service as a percentage of the operating budget after deducting beach nourishment related expenses will be targeted as being less than 15%.
 - c. The Town will strive to achieve amortization of 55% or more of its debt principal within 10 years.
7. The Town will seek to structure debt in the best and most appropriate manner to be consistent with the Asset – Liability Management section of this policy.

8. The Town will seek to employ the best and most appropriate strategy to respond to a declining interest rate environment. That strategy may include, but does not have to be limited to, delaying the planned issuance of fixed rate debt, examining the potential for refunding of outstanding fixed rate debt, and the issuance of variable rate debt. The Town will seek to employ the best and most appropriate strategy to respond to an increasing interest rate environment. That strategy may include, but does not have to be limited to, the issuance of variable rate debt (a historically lower interest cost), and the use of forward delivery fixed rate debt.
9. The Town will monitor the municipal bond market for opportunities to obtain interest rate savings by refunding by forward delivery, currently refunding or advance refunding outstanding debt. The estimation of net present value savings for a traditional fixed rate refunding should be, at a minimum, in the range of 2.5% to 3% of the refunded maturities before a refunding process begins. The estimation of net present value savings for a synthetic fixed rate refunding should be, at a minimum, in the range of 5% to 6% of the refunded maturities before a refunding process begins.
10. The Town will strive for the highest possible bond ratings in order to minimize the Town's interest costs.
11. The Town will normally obtain two debt ratings (Fitch Ratings, Moody's, or Standard & Poor's) for all publicly sold debt issues.
12. For all years that the Town has any publicly sold debt outstanding, the Town will provide annual information updates to each of the debt rating agencies if desired by those agencies.
13. The Town will use the Annual Financial Report as the disclosure document for meeting its obligation under SEC Rule 15c2-12 to provide certain annual financial information to the secondary debt market via various information repositories.
14. The Town recognizes the significance of the debt portfolio and the need for the ability to properly manage and maintain that portfolio. The Finance Officer will maintain a current database of all debt.

X. Accounting, Auditing and Financial Reporting

1. The Town will maintain accounting systems in compliance with the North Carolina Local Government Budget and Fiscal Control Act. The Town will maintain accounting systems that enable the preparation of financial statements in conformity with generally accepted accounting principles (GAAP).
2. The basis of accounting within governmental funds will be modified accrual.

3. Financial systems will be maintained to enable the continuous monitoring of revenues and expenditures or expenses with complete sets of monthly reports provided to the Council, and the Town Manager. Monthly expenditure/expense reports will be provided to each Department Head for their functional area and online, real time, view only, access to the financial system will be made available to department heads and other staff as much as practical given software limitations and its use encouraged.
4. The Town will place emphasis on maintenance of an accounting system which provides strong internal budgetary and financial controls designed to provide reasonable, but not absolute, assurance regarding both the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and reports, as well as the accountability of assets.
5. An annual audit will be performed by an independent certified accounting firm which will issue an opinion on the annual financial statements as required by the Local Government Budget and Fiscal Control Act.
6. The Town will solicit proposals from qualified independent certified public accounting firms for audit services. The principal factor in the audit procurement process will be the auditor's ability to perform a quality audit. The Town may enter into a multiyear agreement with the selected firm for a period of up to three fiscal years. Firms are not barred from consecutive contract awards. The Council, upon recommendation from the Finance Officer, shall approve the contractual relationship with the auditor.
7. The Finance Officer will conduct some form of internal audit procedures at least one time per year, specifically focusing upon cash receipts procedures.
8. *The Town will prepare a Comprehensive Annual Financial Report (CAFR) in compliance with established criteria to obtain the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting and will be submitted to that award program each year. (this may be something to remove from these policies until the cost/benefit can be properly evaluated)*
9. Full and complete disclosure will be provided in all regulatory reports, financial statements and debt offering statements.
10. The Town shall use the Annual Financial Report as the disclosure document for meeting its obligation to provide certain annual financial information to the secondary debt market via various information repositories. The annual disclosure is a condition of certain debt covenants and contracts that are required by SEC Rule 15c2-12.
11. The Finance Officer will develop and maintain a Financial Procedures Manual as a central reference point and handbook for all financial, accounting and recording procedures.

12. The Town Manager will establish, document, and maintain a Computer Disaster Recovery Plan and will provide for the daily backup of data and the offsite storage of the same.

XI. Cash Management Policy

1. Receipts

- a. All aspects of cash receipts shall be subject to proper internal controls with standard controls documented and followed by revenue generating departments as outlined in Section XII of this document.
- b. The Town Manager shall prescribe internal control procedures for departments which address adequate segregation of duties, physical security, daily processing and reconciliation, use of automated resources, and treatment of overpayments.
- c. Cash receipts will be collected as expediently as reasonably possible to provide secure handling of incoming cash and to move these monies into interest bearing accounts and investments.
- d. All incoming funds will be deposited as required by State law and per Section XII.4.d of this document.
- e. The Finance Officer is responsible for conducting at least two unannounced random or risk based internal audits of cash receipting locations per fiscal year.
- f. Upon any suspicion of fraud, the Department Head shall timely notify the Town Manager for further investigation.
- g. Upon any suspicion of non-compliance with internal control directives, the Department Head shall timely notify the Town Manager for further investigation.

2. Cash Disbursements

The Town's objective is to retain monies for investment for the longest appropriate period of time.

- a. Disbursements will be made timely in advance of or on the agreed-upon contractual date of payment unless earlier payment provides greater economic benefit to the Town.
- b. Inventories and supplies will be maintained at minimally appropriate levels for operations in order to increase cash availability for investments purposes.
- c. Dual signatures are required for Town checks per Section XII.6.h of this document. Electronic signature of checks, drafts, and purchase orders, while technically

possible, is not deemed appropriate at this time. The Council may provide by appropriate resolution or ordinance for the use of a signature stamp or similar device in signing checks and drafts and in signing the pre-audit certificate on contracts or purchase orders. The Council shall charge the Finance Officer with the custody of the stamp or device, and the Finance Officer and sureties on his official bond are liable for any illegal, improper, or unauthorized use.

- d. Electronic payments shall be utilized to the fullest extent possible where it is determined to be cost effective by the Finance Officer. Such payments shall be integrated with financial systems and shall have proper data processing controls.

XII. Internal Controls

The following sections discuss specific areas of internal control. Certain essential tasks are identified in each area of operation. These are not intended to be exhaustive lists, but rather are intended to provide guidance in each area.

1. General Internal Controls: Basic internal controls that are an essential part of the Town of Duck's operations.
 - a. The Town shall have an organization chart that clearly defines the lines of authority and responsibility.
 - b. The Town shall maintain up-to-date job descriptions.
 - c. The Town Manager shall prepare monthly financial reports that are reviewed by the Town Council.
 - d. All employees should take annual, uninterrupted vacations. Other adequately trained employees should perform the tasks of those employees on vacation.
 - e. All personnel performing fiscal functions shall be adequately trained to perform those functions. Any staff member in this area who is not adequately trained should be currently enrolled in the proper course(s) to ensure that any deficiencies are eliminated.
 - f. The Town Manager and the Town Council shall take steps to implement suggestions for improvement made by the auditor.
2. Internal Control in the Accounting System: Basic internal controls that are applicable to the Town's accounting system.
 - a. All journals, ledgers, and other accounting records shall be kept up-to-date at all times and should be balanced.

- b. All journal entries and changes to original postings in the accounting system shall be approved, explained, and properly supported with the correct documentation.
- c. The Town shall maintain the minimum number of funds possible to meet legal and operating requirements.
- d. Duties shall be segregated as much as possible between custody of the assets and recording of the transactions.
- e. The Town shall maintain and follow records filing, retention, and disposal policies in compliance with the Public Records Laws, and the guidelines established by the Record Services Branch, Division of Archives and History, and Department of Cultural Resources.
- f. All accounting records shall be maintained in a secure place. Computerized accounting systems shall be controlled with the use of passwords and other safeguarding procedures.
- g. All expenditures made in excess of appropriations and other deviations from the adopted budget shall be investigated and resolved.

3. Internal Control Procedures - General and Statutory

- a. The following transactions shall be approved in the minutes of the meetings of the Town Council:
 - 1. contracts to buy or rent land or other real estate
 - 2. continuing contracts
 - 3. construction contracts
 - 4. requests and approvals for major purchases
 - 5. intergovernmental agreements
 - 6. contracts of an unusual nature
 - 7. any other major contract
- b. All minutes of the governing body shall be maintained in final form in the Town's permanent records.
- c. The Town's official records shall be maintained in a fireproof location after regular business hours.
- d. The Town shall develop, adopt, and approve its budget according to §159-13 of the North Carolina General Statutes. The Town's accounting system shall show in detail the revenues and expenditures as adopted.

- e. All employees who handle public monies or have access to inventories shall be bonded either individually or under a blanket bond as required by the North Carolina General Statutes.
- f. A complete schedule of insurance coverage and limits shall be maintained, showing expiration dates, premiums, coinsurance clauses, and other essential information.

4. Internal Control Procedures for Cash Receipts

- a. Control of incoming cash and checks shall be established at the earliest possible point. A non-accounting staff person shall receive the mail, open it, and list all checks and cash received on a daily collection report. All checks shall be restrictively endorsed immediately upon receipt.
- b. Cash collection shall be centralized to the maximum extent possible without hindering operations.
- c. The staff members and/or cashiers receiving the checks and cash should prepare receipts for all collections. The receipts should be pre-numbered, and all issued numbers should be accounted for with receipt registers or lists. Voided receipts should be marked and recorded as such and not be destroyed. Unissued receipts shall be controlled by the staff member(s) authorized to receive cash.
- d. Bank deposits shall be made daily unless daily cash receipts are less than \$250. All deposits shall be made in official depositories.
- e. After the deposit is made and the duplicate has been validated by the bank, the duplicate shall be compared to the daily collection report to verify that all cash received was deposited.
- f. Cash maintained on the premises of the Town shall not exceed \$150 unless prior approval is obtained from the Finance Officer for special instances such as for a planned event where cash/changes needs dictate having more on premises. All cash shall be kept in a cashier's change fund/petty cash fund. The staff member directly responsible for it shall maintain the cash under strict sole control; no one else shall have access to the cash. The staff member shall reconcile the change fund at the end of each day and maintain written records of each reconciliation bearing their signature as evidence that the reconciliation was performed. Periodic surprise cash counts shall be conducted for the change fund by staff members other than those responsible for the cash. Back-up keys to the cash shall be maintained under dual control at all times so that cash can be obtained in case of emergencies or unexpected absences.

5. Internal Control Procedures for Deposits in Financial Institutions

- a. All deposits shall be in institutions authorized by the Town Council.
- b. All funds held by financial institutions must either be insured by the FDIC or fully collateralized in accordance with §159-31(b) of the North Carolina General Statutes.
- c. The financial institutions that hold the Town's funds shall be instructed to notify the Town Manager and/or the Town Council of any unusual items or transactions occurring on the account, such as insufficient funds notices or checks made payable to cash.
- d. Current signature cards and other documents required by the institution(s) shall be maintained on file with the Town's financial institution(s) at all times, indicating which staff members can sign checks on which accounts. These documents shall be in strict accordance with the authorizations to sign checks as approved by the Town Council.
- e. All bank statements shall be reconciled promptly upon receipt by the Town Manager or Finance Officer. All reconciliation reports shall be maintained with the bank statements. A monthly trial balance and statement of all funds contained in each of the Town's bank accounts shall be provided monthly to the Town Council for review.

6. Internal Control Procedures for Cash Disbursements

- a. Pre-numbered checks shall be used for all disbursements.
- b. The unused check supply shall be secured at all times. Listings of the check numbers in the unused supply shall be maintained so that at any time a check inventory can be obtained and verified.
- c. Voided checks shall be so indicated on the check register. The checks themselves shall be sufficiently defaced so that no one can use them. Voided checks shall be maintained on file in numerical order with other cancelled checks.
- d. Blank checks shall never be signed in advance.
- e. Checks shall never be made payable to cash.
- f. Checks shall be prepared by someone not authorized to sign them.

- g. Check signers shall review documentation supporting the disbursements prior to signing the checks. Check signers shall review documentation for the following:
 - 1. Amounts and payees on documentation (purchase requests and invoices) should agree to the checks.
 - 2. Documentation should be stamped "paid" to prevent duplicate payments. Only original invoices should be paid - photocopies should not be accepted.
 - 3. All purchase requests and contracts or checks and warrants should have properly signed pre-audit certificates
- h. Two signatures are required on all checks. At least one signature shall be that of a member of the Town Council who shall not have access to the accounting records. Both persons signing the checks are equally responsible for reviewing supporting documentation. If facsimile signatures are used, they shall be adequately controlled. If the facsimile is one signature, employees with the authority to sign checks as the second signature shall not have access to the facsimile. If the facsimile is two signatures, the plate shall be under dual control at all times.
- i. Employee expense reports shall be properly completed prior to payment. Reports shall be signed by the employee and approved by the appropriate person(s) as required by the Town's Travel Policy.
- j. All checks shall be mailed or distributed by someone other than the person who prepared the checks.
- k. All items that are outstanding for a lengthy or irregular amount of time shall be investigated. Payment shall be stopped on checks held outstanding for long periods of time.
- l. All wire or other electronic transfers shall be made only by persons authorized by the Town Council. The financial institution shall require written evidence of the authorizations. These authorizations shall be kept current.

7. Internal Control Procedures Specific to Payroll Disbursement

- a. Each employee shall have a personnel file that includes the following at a minimum:
 - 1. hiring authorization
 - 2. salary history
 - 3. hours authorized to work
 - 4. Federal and State withholding forms
 - 5. Medical insurance and retirement deduction information
 - 6. authorization for all other payroll deductions

- b. Any changes in an employee's status shall be supported by the appropriate documentation in the employees' personnel file.
- c. All employees of the Town shall be required to sign up for the direct deposit of their salaries.
- d. Payroll shall be handled like other cash disbursements except that a time sheet or card signed by the employee and approved by the appropriate supervisor will be the supporting documentation for disbursement for employees paid on an hourly rate.
- e. The Town shall maintain a written personnel policy prohibiting employment practices that result in nepotism, conflicts of interest, or discrimination.

8. Internal Control Procedures Specific to Travel Expenditures

- a. The Town shall have a definite, written policy for requesting travel advances, reporting travel expenses, and reimbursing the unit for unexpended advances.
- b. All travel advances shall be approved by a department head and effectively controlled.
- c. All employees shall be required to give an adequate accounting of actual expenses incurred subsequent to the issuance of a travel advance.
- d. All reimbursed travel expenses should be made in accordance with the Town's Travel Policy.

9. Internal Control Procedures for Accounts Payable, Expenditures, and Encumbrances

- a. Expenditures shall be controlled using the Budget Ordinance. For any annually budgeted fund, all expenditures must be budgeted, and there must be sufficient budgeted revenues or available fund balance to cover each expenditure.
- b. All budget appropriations in the current year shall be recorded in the appropriate expenditure account.
- c. All expenditures must be charged against an appropriation account. The exact timing of the accounting entry will vary depending on the type of transaction.

10. Internal Control Procedures for Purchasing and Contracting

- a. All purchase requests shall be approved prior to ordering.

- b. Invoices and other supporting documentation shall be thoroughly reviewed prior to approval being given for payment. The documentation should provide evidence that the item was received and billed as ordered. A pre-audit statement shall be required to be signed prior to payment.
- c. All department purchases should be requisitioned or approved by the Department Head prior to purchase or the Finance Officer as appropriate. This approval should be in writing.
- d. Department Heads shall be provided a detailed list of expenditures, with comparisons to the budget on a monthly basis.
- e. Contracts requiring public bids per §143-128 through 133 of the North Carolina General Statutes shall be handled as required by the statutes. Complete documentation should be maintained on the bids and the awarding of the contract.
- f. The Town Council may provide authorization to the Town Manager to enter into contracts to purchase goods. Typically, the Town Council will provide this authorization when adopting the Budget Ordinance.
- g. No contracts or purchase requests shall be made with persons forbidden by law to sell to the Town.
- h. Accommodation purchases for employees are expressly prohibited. These include purchases of goods made for employees for their personal use from vendors at the Town's contract price.

11. Internal Control Procedures for Fixed Asset Management

- a. Adequate accounting records shall be maintained that identify and classify all fixed assets.
- b. Adequate guidelines should be established and followed to distinguish between expensed items and capital additions. Generally, capital items will be any item valued at more than \$5,000.
- c. Physical inventories of fixed assets with a purchase value of greater than \$1,000 (except computer equipment as shown below) shall be taken on an annual basis. These inventory counts shall be conducted using the previous year's count lists. The count shall be reconciled to the accounting records, with written evidence of the reconciliation maintained.
- d. All fixed assets shall be tagged or identified in an appropriate manner.

- e. All property, buildings, titled equipment and vehicles, and other items shall be held in the name of the Town. All deeds on real property and titles for motor vehicles (and other titled assets) shall be properly recorded and stored in a secure place by the Town Clerk.
- f. All fixed assets purchased, transferred, sold, scrapped, or destroyed shall be recorded as such in a timely manner in the accounting system.
- g. All sales of surplus property shall be conducted in accordance with the North Carolina General Statutes and this policy.
 - 1. The value of any single item deemed surplus will not exceed one thousand dollars (\$1,000) and the value of a group of items deemed surplus will not exceed thirty thousand dollars (\$30,000).
 - 2. Any motor vehicle valued at less than thirty thousand dollars (\$30,000) may be deemed surplus and used as a trade for the purchase of another vehicle provided that the vehicle being purchased has been approved as part of the Town's approved budget.
 - 3. In general, items deemed surplus will be disposed through sale at public or on-line auction, donation to a non-profit organization, or upset bid process.
 - 4. Surplus items not disposed of through the methods listed above, or surplus items of no appreciable value may be discarded or otherwise destroyed.
 - 5. A list of surplus items disposed of including the property disposed of, to whom and when it was sold or exchanged, and the amount of money or other consideration received shall be maintained by the Town Clerk.
- h. Adequate insurance coverage shall be maintained on all real and personal property. An independent review of insurance coverage should be conducted at least every three years.

12. Internal Control Procedures for Long-Term Debt

- a. All lease-purchase agreements, installment contracts to purchase land or other fixed assets, and contracts involving the purchase of realty and assumption of existing debt shall be properly reflected on the financial records as long-term debt and fixed assets.

- b. All contracts shall be approved by the Local Government Commission if the Commission's approval is required.

13. Control Procedures related to Computer Systems

- a. All computer hardware shall be included in the fixed asset inventory. All hardware should be clearly identified as property of the unit and should be tagged.
- b. Computer hardware shall be adequately protected against damage. Surge protectors should be used on all electrical hook- ups. Adequate insurance shall be maintained to cover damage of the equipment.
- c. The purchase of computer equipment for the Town shall be centralized in order to prevent purchasing of incompatible equipment.
- d. All software shall be identified as property of the Town. The Town shall comply with all licensing requirements and an inventory of all software shall be maintained.
- e. Back-up copies of all of the Town's data files shall be maintained.
- f. Access to the equipment, software, and data shall be controlled.
- g. The Town shall have a disaster recovery plan in place to ensure that the Town's operations can resume quickly following any emergency and that critical data is not lost.

XIII. Investment Policy

1. Policy Statement

- a. It is the policy of the Town to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow requirements of the Town and conforming to all State statutes governing the investment of idle funds.

2. Scope of Policy

- a. This investment policy applies to all financial assets of the Town except authorized petty cash, and debt proceeds, which are accounted for and invested separately from pooled cash. The Town pools the cash resources of its various funds into a single pool, as deemed appropriate, in order to maximize investment opportunities and returns. Each fund's portion of total cash and investments is tracked by the financial accounting system.

3. Standard of Prudence

- a. The standard of prudence to be used by authorized staff shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence would exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.
- b. Authorized staff, acting in accordance with procedures and this investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion to the Council and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

4. Authorized Staff

- a. G.S. 159-25(a) 6 delegates management responsibility for the investment program to the Finance Officer. The Finance Officer will establish and maintain procedures for the operation of the investment program which are consistent with this policy. Such procedures will include delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Officer and approved by the Town Council.

The Finance Officer will be responsible for all transactions undertaken and will establish and maintain a system of controls to regulate the activities of subordinates. In the absence of the Finance Officer and those to which he or she has delegated investment authority, the Town Manager or his or her designee is authorized to execute investment activities.

5. Portfolio Management Objectives

- a. The Town’s objectives in managing the investment portfolio, in order of priority, are safety, liquidity, and yield.

Safety - Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To best mitigate against credit risk (the risk of loss due to the failure of the security issuer) diversification is required. To best mitigate against interest rate risk (the risk that changes in interest rates will adversely affect the market value of a

security and that the security will have to be liquidated and the loss realized) the second objective, adequate liquidity, must be met.

Liquidity - The investment portfolio shall remain sufficiently liquid to meet all operating and debt service cash requirements that may be reasonably anticipated. The portfolio will be structured so that securities mature concurrent with cash needs (static liquidity), with securities with an active secondary market (dynamic liquidity), and with deposits and investments in highly liquid money market and mutual fund accounts.

Yield - The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary, economic and interest rate cycles, taking into account investment risk constraints and liquidity needs.

6. Ethics and Conflicts of Interest - Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose to the Town Manager any interests in financial institutions with which they conduct business material to them. They shall further disclose any personal financial or investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individuals with whom business is conducted on behalf of the Town.
7. Authorized Financial Dealers and Financial Institutions
 - a. The Finance Officer will maintain a list of financial institutions that are authorized to provide investment services. Authorized financial institutions will be selected by credit worthiness and must maintain an office in the State of North Carolina. These may include "primary" dealers or regional dealers that qualify under SEC Rule 15C3-1 (uniform net capital rule).
 - b. Any financial institutions and broker dealers that desire to become qualified to conduct investment transactions with the Town must supply the Finance Officer with the following:
 1. Audited financial statements;
 2. Proof of National Association of Securities Dealers certification;
 3. Proof of State registration; and
 4. Certification of having read the Town's investment policy.
 - c. Any previously qualified financial institution that fails to comply or is unable to comply with the above items upon request will be removed from the list of qualified financial institutions.

- d. The Finance Officer shall have discretion in determining the number of authorized financial institutions and may limit that number based upon the practicality of efficiently conducting the investment program. The Finance Officer shall also have the discretion to add or remove authorized financial institutions based upon potential or past performance.

8. Internal Control

- a. The Town Manager is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires the use of estimates and judgments by management.

9. Collateralization

- a. Collateralization is required for certificates of deposit. North Carolina General Statutes allow the State Treasurer and the Local Government Commission to prescribe rules to regulate the collateralization of public deposits in North Carolina banks. These rules are codified in the North Carolina Administrative Code – Title 20, Chapter 7 (20 NCAC 7). The Pooling Method of collateralization under 20 NCAC 7 allows depositories to use an escrow account established with the State Treasurer to secure the deposits of all units of local government. This method transfers the responsibility for monitoring each bank's collateralization and financial condition from the Town to the State Treasurer. The Town will only maintain deposits with institutions using the Pooling Method of collateralization.

10. Delivery and Custody

- a. All investment security transactions entered into by the Town shall be conducted on a delivery versus payment basis. Securities will be held by a third-party custodian designated by the Finance Officer and each transaction will be evidenced by safekeeping receipts and tickets.

11. Authorized Investments

- a. The Town is empowered by North Carolina G.S. 159-30(c) to invest in certain types of investments. The Town Council approves the use of the following investment types, the list of which is more restrictive than G.S. 159-30(c):
 - 1. Obligations of the United States or obligations fully guaranteed as to both principal and interest by the United States.

2. Obligations of the Federal Financing Bank, the Federal Farm Credit Bank, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the United States Postal Service.
3. Obligations of the State of North Carolina.
4. Bonds and notes of any North Carolina local government or public authority that is rated "AA" or better by at least two of the nationally recognized ratings services or that carries any "AAA insured" rating.
5. Fully collateralized deposits at interest or certificates of deposit with any bank, savings and loan association or trust company that utilizes the Pooling Method of collateralization (section VIII.I).
6. Prime quality commercial paper bearing the highest rating of at least one nationally recognized rating service, which rates the particular obligation.
7. Banker's acceptance of a commercial bank or its holding company provided that the bank or its holding company is either (i) incorporated in the State of North Carolina or (ii) has outstanding publicly held obligations bearing the highest rating of at least one nationally recognized rating service and not bearing a rating below the highest by any nationally recognized rating service which rates the particular obligations.
8. Participating shares in a mutual fund for local government investment, provided that the investments of the fund are limited to those qualifying for investment under G.S. 150-30(c) and that said fund is certified by the LGC. (The only such certified fund is the North Carolina Capital Management Trust.)

12. Prohibited Forms of Authorized Investments

- a. The use of repurchase agreements in the normal investment portfolio (not debt proceeds) is prohibited.
- b. The use of collateralized mortgage obligations is prohibited.
- c. The use of any type of securities lending practices is prohibited.

13. Diversification - Investments will be diversified by security type and by institution.

- a. With the exception of United States treasury securities and the North Carolina Capital Management Trust, no more than 30% of the Town's total investment portfolio will be invested in a single security type or with a single financial institution.
- b. The total investment in certificates of deposit shall not exceed 25% of the Town's total investment portfolio and the investment in certificates of deposit with a single financial institution shall not exceed FDIC insurance limitations.

- c. The Finance Officer is responsible for monitoring compliance with the above restrictions. If a violation occurs, the Finance Officer shall report such to the Town Manager and to the Council along with a plan to address the violation.

14. Maximum Maturities - To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements. Beyond identified cash flow needs, investments will be purchased so that maturities are staggered. The following maturity limits are set for the Town's investment portfolio:

- a. At least 60% of the investment portfolio will have maturities of no more than 3 years from the date of purchase.
- b. At least 80% of the investment portfolio will have maturities of no more than 5 years from the date of purchase.
- c. At least 95% of the investment portfolio will have maturities of no more than 10 years from the date of purchase.
- d. No investments maturing more than 15 years from the date of purchase may be purchased.
- e. For purposes of this section, for any variable rate demand obligation, the purchase date is considered to be the last reset and remarketing date and the maturity date is considered to be the next reset and remarketing date.
- f. If any change is made to the Town's policy for available fund balance in the General Fund, then other sections of this policy must be concurrently revised.

15. Selection of Securities - The Finance Officer will determine which investments shall be purchased and sold and the desired maturity date(s) that are in the best interest of the Town. The selection of an investment will involve the evaluation of, but not limited to, the following factors: cash flow projections and requirements; current market conditions; and overall portfolio balance and makeup.

16. Responses to Changes in Short Term Interest Rates

- a. The Town will seek to employ the best and most appropriate strategy to respond to a declining short term interest rate environment. The strategy may include, but does not have to be limited to, purchases of callable "cushion" bonds, lengthening of maturities in the portfolio, and increases in the percentage of ownership of treasury notes relative to that of treasury bills.
- b. The Town will seek to employ the best and most appropriate strategy to respond to an increasing short term interest rate environment. That strategy may include, but does not have to be limited to, purchases of "step-up" securities, shortening of

maturities in the portfolio, the use of floating rate investments, and increases in the percentage of ownership of treasury bills relative to that of treasury notes.

17. Performance Standards - The investment portfolio will be managed in accordance with the parameters specified within this policy. The investment portfolio will strive to obtain a market average rate of return within the constraints of the Town's investment risk profile and cash flow needs. The performance benchmarks for the performance of the portfolio will be rates of return on 90-day commercial paper and on three-year treasury notes.
18. Active Trading of Securities – It is the Town's intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal. However, if economic or market conditions change making it in the Town's best interest to sell or to trade a security before maturity, that action may be taken with the approval of Town Council.
19. Pooled Cash and Allocation of Interest Income - All monies earned and collected from investments other than bond proceeds will be allocated monthly to the various participating funds based upon the average cash balance of each fund as a percentage of the total pooled portfolio. Earnings on bond proceeds will be directly credited to the same proceeds.
20. Marking to Market - A report of the market value of the portfolio will be generated at least semi-annually by the Finance Officer. The Finance Officer will use the reports to review the investment portfolio in terms of value and price volatility, as well as for compliance with GASB Statement #31.
21. Software - The Town recognizes the significance of the size of its investment portfolio and of the requirements contained in this policy. The Town will utilize investment software which enables efficient transaction processing and recording, sufficient portfolio monitoring and the ability to maintain reporting compliance with this policy.
22. Reporting - The Finance Officer will prepare a quarterly investment report that will be submitted to the Town Council for review.
 - a. The quarterly investment report will include a listing of all investments and will show the investment number, the investment description, the purchase, call and maturity dates, the yields to call and to maturity, the weighted average yields to call and to maturity by investment type and in total, the coupon rate, the par value, and the ending amortized value. The report will also include earnings information for the last twelve months with that information compared to the established benchmarks.
 - b. The quarterly investment report will include reporting on the status of diversification compliance.

23. Policy Considerations

- a. A maturity or diversification violation created by fluctuations in the size of the portfolio does not require corrective action. The violation may be cured through an increase in the portfolio size or the maturity of an investment.

XIV. Review and Revision

The Town will formally review this set of financial and budgetary policies at least once every three years.

XV. Resolution of Adoption of Policy

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF DUCK,
NORTH CAROLINA ESTABLISHING FINANCIAL AND BUDGETARY POLICIES**

Resolution 21-04

WHEREAS, the Town Council of the Town of Duck, North Carolina, wishes to establish policies and procedures related to the management of the assets of the Town and to the management of debt and investments; and

WHEREAS, the establishment of and compliance with such policies provide reasonable assurance of compliance with statutory requirements, financial best practices, and the reliability of financial reporting; and

WHEREAS, the stewardship of the public's assets and trust is paramount in the operation of business affairs of the Town; and

WHEREAS, the Town Council has a duty to provide oversight and policy direction in matters related to financial matters.

NOW, THEREFORE, BE IT RESOLVED THIS 21st Day of April, 2021, that the Town Council of the Town of Duck, North Carolina, does hereby approve and adopt the "Financial and Budgetary Policies" document as presented by staff effective July 1, 2021.

Adopted this 21st Day of April, 2021.

Mayor

ATTEST:

Town Clerk



Town of Duck

Capital Improvement Plan

Fiscal Year 2025 - 2029

May 2024

Capital Improvement Plan Message

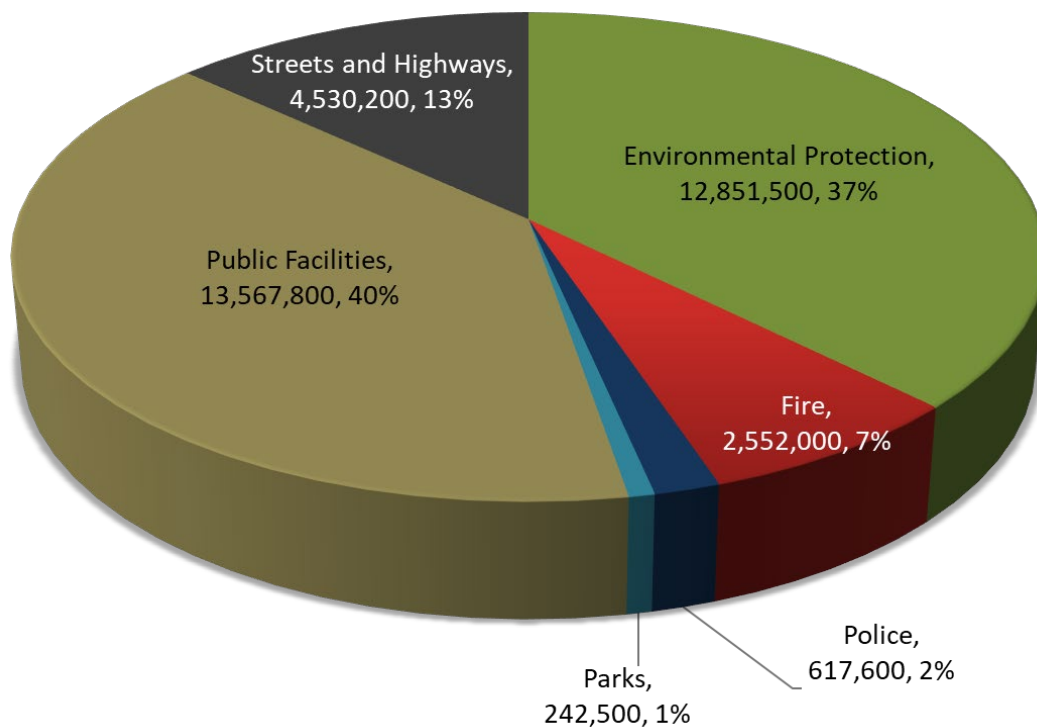
Dear Mayor Kingston and Members of Town Council:

I am pleased to present the Recommended FY 2025-29 Capital Improvement Plan (CIP) for your review and consideration. The Town's CIP represents a guide for the maintenance and acquisition of capital assets. The CIP is an important management tool, as it evaluates the effects of capital costs on the Town's operating budget and the Town's financial standing in terms of debt burden and capacity. The entire CIP is not an adopted budget. Only the first year of the CIP (FY 2024-25) will become part of the Town's annual budget document, once approved. The CIP is a dynamic planning tool, as it is evaluated annually and adjusted according to Town Council's goals and financial considerations.

Town Council will find that the proposed capital improvement plan addresses Council's goals with projects focusing on items responsive to the 2032 Vision, Hazard Mitigation Plan, and Comprehensive Land Use Plan. The underlying principles from the 2032 Vision (see Appendix A) guide the work to develop this CIP. These principles: Duck and our Village; Enhanced Movability; Environmental Stewardship; Active, Engaged Community; Vibrant, Thriving Business Community; Responsive and Responsible Leadership, are reflected in the projects proposed in this CIP as are the goals expressed during the goal-setting session held in January.

FY25-29 CIP Overview

The Recommended FY 2025-29 CIP includes 31 projects totaling \$34,361,600. Environmental Protection and Public Facilities projects account for three quarters of the total expenditures in this CIP, with \$11 million for the Public Safety Building project being the largest single expenditure shown in this plan. The chart below shows the total amount of funding for each CIP element, and the percentage of the total each element represents.



Financial Impact

Debt burden and capacity ratios remain within acceptable levels for FY 2024-25. The net debt service to expenditures is 5.95 percent. This indicates the Town's debt is a small percentage of its overall expenditures and within an acceptable range. The net debt per assessed valuation of .102 percent remains well below the policy maximum of one percent, and the ten-year principal payout ratio will be 100 percent for FY 2024-25. These indicators do not reflect the inclusion of the short-term bond for beach nourishment that will be paid for using reimbursement funds from FEMA.

General Fund Fiscal Indicators and Key Debt Ratios

Fiscal Indicators and Key Debt Ratios		
	Target	Projected
Net Debt Service to Expenditures	< 20%	6.45%
Net Debt to Assessed Valuation	< 1%	0.101%
10-year Principal Payout	> 55%	100%

Balancing capital needs with services and other priorities can place a significant strain on Town revenues. The CIP indicates that capital projects will have a minimal effect on the operating budget in FY 2024-25 due to a reduction in investment in capital projects this fiscal year, but it does indicate a significant impact in future years due to larger projects specifically beach nourishment and the Public Safety building. The potential impact on the tax rate is of concern when prioritizing capital projects and operating costs and will require guidance from the Town Council to balance project needs with available resources. Staff applies for grants to help reduce the burden on the local taxpayer and manages project costs to help ensure the most efficient spending on capital projects and purchases.

In summary, the proposed FY 2025-29 CIP includes 31 projects each representing an investment in the Town and the Duck experience. The CIP addresses concerns related to debt management and the effects on the operating budget, and the capital projects address Town needs while adhering to the Town Council's goals. If implemented, the CIP will provide the Town with a plan to maintain and acquire capital assets that improve the Town's ability to provide exceptional services as well as provide the foundation for the Town's future.

Respectfully submitted,

Drew Havens

Drew Havens,
Town Manager

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Section 1: Overview of the Capital Improvement Plan

The Capital Improvement Plan (CIP) is the planning mechanism by which the Town Council allocates limited financial resources to implement long-term goals as defined in the Town's Vision 2032 Strategic Plan (See Appendix A), the Land Use Plan, Pedestrian Improvement Plan, and other similar planning documents. The purpose of the CIP is to forecast and match projected revenues and major capital needs over a five-year period. Capital planning is an important management tool that strengthens the linkage between community infrastructure needs and the financial capacity of the Town.

The CIP is a multi-year plan for major capital expenditures such as beach (re)nourishment, the acquisition of land, construction, or significant renovation of public facilities (i.e., buildings/parks), construction of new transportation infrastructure (i.e., sidewalks, multi-use paths), capital equipment to support operations (i.e., vehicles, technology), or any combination of the above. Projects eligible for inclusion in the CIP are those with an asset value of greater than \$5,000 and a useful life of greater than three years.

In addition to identifying the cost of major capital projects and acquisitions, the CIP also identifies proposed funding sources (i.e., general fund, installment purchasing contracts, grants) and the expected impact of the project or item on the operating budget (i.e., increase operating cost, decrease operating costs, etcetera).

When identifying new projects, Staff looks to the long-term priorities and direction set by Town Council and submits formal requests through the CIP process. A formal request includes a description of the project, an explanation of how the project implements an established goal, the estimated cost of the project, and an estimate of the recurring costs associated with a completed project (i.e., additional staff, additional utilities, etc.). The formal request also includes an analysis of alternative solutions, if any, and a statement on the effect on services and/or programs if the project is not funded.

Once adopted by the Town Council, the CIP becomes a statement of Town policy regarding the need, priority, timing, and funding of future capital projects. The Capital Improvement Plan is simply that – a *plan*. As such, projects and funding mechanisms are subject to change based on new or shifting service needs, special financing opportunities, emergency needs, or other directives or priorities established by the Town Council. Future needs and financial constraints may result in changes in priority over the five-year period; and because priorities can change, projects included in outward planning years are not guaranteed funding. The CIP represents the best judgment of Town Administration and Town Council at the time the Plan is adopted. Priorities established in the CIP subsequently guide decisions made by Town Administration and the various boards and commissions appointed by Town Council.

The Town of Duck CIP achieves five major objectives as a component of the Town's budget and financial planning process:

1. Helps the Town rationally and intelligently plan for the repair, replacement, and acquisition of capital items that are necessary for providing high-quality services to the citizens and property owners of, and visitors, to Duck.
2. Assists in fiscal planning by forecasting capital demands together with future revenues and expenditures.
3. Ensures better coordination, evaluation, and planning of projects to serve the community and its needs.
4. Serves, together with the annual budget and other financial plans, as a guide to decision-making for the Town Council, Town Manager, and Staff.

5. Serves as a systematic and comprehensive analysis of capital needs, increasing the probability of making rational budgetary judgments since improvements are identified, prioritized, and matched to the projected fiscal resources of the Town.

Capital Improvement Funding

Some CIP projects are funded through annual operating funds in the General Fund. In these cases, the CIP and the Annual Operating Budget are directly linked as CIP projects become authorized through the adoption of the Annual Operating Budget. Projects funded through debt financing also impact the operating budget through ongoing debt service expenses. Finally, some completed CIP projects will directly impact the operating budget as they will require ongoing expenses for Staff and other operating costs. All of these factors are considered capital purchases and projects are considered.

The sources of funding used to execute the Plan are as important as the capital projects contained in the Plan. Capital Improvements for the Town of Duck are funded using a variety of sources that are broadly categorized as cash or debt financing.

Cash, or pay-as-you-go (paygo), funds: Paygo funds come from sources such as tax revenue, program fees, state revenue, and interest earnings. Some of these sources, such as MSD tax revenue, and certain others, may only be spent to meet certain needs. Other revenue sources come with no restriction on the needs they may be used to address. Major funding sources for the CIP are described below:

General Fund: General Fund revenue, such as ad valorem taxes, sales taxes, utility taxes, and other similar revenues are used to fund Town operations and may be used to fund capital projects such as facility improvements, transportation system improvements, and other similar projects. Compared to other sources, General Fund resources are a flexible revenue source without restrictions on their use.

Debt Financing: For debt financing, the Town uses several types of debt mechanisms, including general obligation bonds, Special Obligation Bonds, and traditional lease-purchase or installment financing. The mechanism selected varies depending on the level of funding needed, the term of the need, and current debt market conditions. General obligation bonds are approved by voters and are backed by the Town's taxing authority to repay the bonds. Special Obligation Bonds pledge the revenue generated by a specific revenue source (i.e., Occupancy Tax revenue).

Reserve from Prior Years: As capital projects are completed, any unspent budgeted amounts accumulate into capital reserves, which are available to fund future projects. Capital reserves can also build up when the Town collects revenue in excess of the amount budgeted.

Section 2: Capital Improvement Plan Elements

The CIP is organized into six functional categories, called “elements,” in order to group projects with similar items that closely align with established functional departments.



1. **Environmental Protection Element:** funds beach (re)nourishment projects along with recurring costs for sand fencing and beach grass planting. Projects related to neighborhood stormwater planning and mitigation are also included.



2. **Fire Element:** funds apparatus and capital equipment purchases along with the recurring purchases of items such as air packs and turnout gear.



3. **Police Element:** funds the purchase of patrol vehicles, large software purchases, mobile data terminals, radios, and other equipment to support the operations of the Police Department.



4. **Parks Element:** funds the purchase of playground equipment, major upgrades to current park facilities, construction of new/expanded facilities (including boardwalk), and the acquisition of park land.



5. **Public Facilities Element:** funds the construction of, additions to, or significant repairs of public buildings including Town Hall, the Public Safety Building, and other associated facilities.



6. **Streets and Highways:** funds the expansion and significant maintenance of Duck Trail, local costs for highway improvements, pedestrian plan implementation projects, and stormwater improvements associated with public roadways.

Environmental Protection Element Projects

Projects Funded:



Beach (re)nourishment projects along with recurring costs for sand fencing and beach grass planting. Projects related to neighborhood stormwater planning and mitigation are also included.

Vision 2032 Principle:

Environmental Stewardship


Vision 2032 Goal:

Continue the ongoing Town of Duck Beach Nourishment Project and continue efforts to monitor other areas of the Town to identify possible future projects.

The regular maintenance of our beach is an investment in the long-term appeal of this coastal community. Beach renourishment, shown to the right, represents one of the largest investments of public funds the Town makes.



The table below shows each of the projects submitted for consideration in this year's CIP process and the estimated cost of the project in each fiscal year in the plan. Section 5 of this document contains detailed information regarding the proposed funding source for each individual project.

Environmental Protection 						
Item/Project	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total Cost
Beach Renourishment	61,000	100,000	500,000	10,600,000	100,000	11,361,000
Beach Planting/ Sand Fencing	90,000	120,000	120,000	120,000	120,000	570,000
Town Park Shoreline Protection	110,000	402,500	0	0	0	512,500
Ocean Dunes Stormwater Management	0	50,000	298,000	0	0	348,000
Septic Health Initiative	0	15,000	15,000	15,000	15,000	60,000
Total	261,000	687,500	933,000	10,735,000	235,000	12,851,500

Continuous Projects

Beach Renourishment

\$11,361,000

Consistent with the goals of the Hazard Mitigation Plan, Comprehensive & Land Use Plan, and 2032 Vision, in May of 2015, the Town Council approved the recommendations of an Erosion and Shoreline Management Feasibility Study that recommended a beach nourishment project for a 1.7-mile stretch of beach north of the Army Corps FRF property. This project was completed in 2017, and the renourishment of this project took place in FY 2022-23 and was completed as part of a four-town partnership with Dare County, Kill Devil Hills, Kitty Hawk, and Southern Shores. In the years when there is no active nourishment project, we continue to retain professional engineering services to monitor the project area and prepare for future projects. The next anticipated renourishment will occur in FY 2027-28. Most of the revenue for this work, if grants are not available, comes from the Beach Nourishment reserve fund which receives funds from MSD taxes and a proportionate share of sales tax revenue.

Sand Fencing/Beach Planting/Fertilization/Monitoring

\$90,000-\$120,000

Annually

These projects include the annual planting and fertilization of beach vegetation and installation of sand fencing along dunes, as well as annual profile surveys documenting the condition of the beach and dunes throughout the Town. Consistent the goals of the Town's adopted Hazard Mitigation Plan, Comprehensive & Land Use Plan, and 2032 Vision, these projects implement a comprehensive dune management program including planting, fertilization, sand fencing, and monitoring shoreline changes. These are relatively low cost maintenance measures to mitigate the effects of normal beach erosion and stabilize the new dune constructed as part of the beach nourishment project. The Town provides these improvements with some financial assistance from the Dare County Shoreline Commission.

FY 2024-25

Town Park Shoreline Protection

Phase 1 \$110,000

This project involves construction of breakwater sills in Currituck Sound and the placement of some stone revetment on the shoreline to minimize erosion along the western edge of the Town Park property. Final design and permitting is being completed this fiscal year. This project was identified and is consistent with the Outer Banks Hazard Mitigation Plan and Town of Duck Comprehensive & Land Use Plan. Phase I will involve the placement of the stone revetment, and Phase II will install the breakwater sills. Grants will be sought to assist with funding this project.



Town Park Shoreline Protection

Phase 2 \$402,500

This project involves construction of breakwater sills in Currituck Sound and the placement of some stone revetment on the shoreline to minimize erosion along the western edge of the Town Park property. Final design and permitting is being completed this fiscal year. This project was identified and is consistent with the Outer Banks Hazard Mitigation Plan and Town of Duck Comprehensive & Land Use Plan. Phase I will involve the placement of the stone revetment, and Phase II will install the breakwater sills. Grants will be sought to assist with funding this project.

Ocean Dunes Stormwater Management

\$348,000

This project will be the first phase of implementation for the recommendations of the Town's adopted Neighborhood Resiliency Study. The work under this phase includes the installation of permeable paving, swales, and stormwater detention area in the Teresa Court cul-de-sac and swales along an adjoining segment of Christopher Drive. This project area was selected due to the fact that these are public streets and will provide a good template for similar projects throughout the Town. If necessary, the construction can be broken down into a Teresa Court project (\$120,000) and a Christopher Drive portion (\$178,000). Grants will be pursued to defray the overall cost to the Town.

Septic Health Initiative

\$15,000

Annually

The initial stage of this initiative involves a Town-funded program to conduct septic system inspections of individual properties on a voluntary basis. The proposal includes 100 inspections per year at a cost of \$150 per inspection beginning in FY26. These non-emergency inspections will be performed by local contractors and involve locating the septic system and determining if a tank needs pumping. This project was identified and is consistent with the Outer Banks Hazard Mitigation Plan and Town of Duck Comprehensive & Land Use Plan.

Fire Element Projects



Projects Funded:

Apparatus and capital equipment purchases along with the recurring purchases of items such as air packs and turnout gear.

Vision 2032 Principle:

Responsive and Responsible Leadership

Vision 2032 Goal: n/a

A well-equipped, staffed, and trained fire department helps ensure the quality of life for residents and visitors by providing proactive and reactive services.



The table below shows each of the projects submitted for consideration in this year's CIP process and the estimated cost of the project in each fiscal year in the plan. Section 5 of this document contains detailed information regarding the proposed funding source for each individual project.

Fire						
Item/Project	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total Cost
Replacement of SCBA Bottles	0	8,000	9,000	9,000	9,000	35,000
Replacement of Turnout Gear	20,000	20,000	23,000	23,000	23,000	109,000
Hose and Appliances	0	10,000	11,000	11,000	11,000	43,000
Extrication Equipment	0	10,000	0	10,000	0	20,000
CAD & Mobile Data Terminals	0	5,000	0	0	0	5,000
Command Vehicle Replacement	0	0	150,000	0	0	150,000
Truck 11	0	0	0	2,200,000	0	2,200,000
Total	20,000	53,000	193,000	2,253,000	43,000	2,562,000

Continuous Projects



Replacement of SCBA Bottles and Facepieces

\$35,000

\$8,000 - \$9,000 Annually Beginning in FY 2025-26

The SCOTT SCBA currently utilized by fire department personnel is worn on most calls, particularly any call that has a considerable risk of fire, gas spill, hazardous leaks, or a variety of other Immediate Danger to Life or Health (IDLH) incidents. An SCBA unit is a costly, critical piece of protective equipment and new technologies continue to add to the cost. Our current model is no longer available, and the Fire Department has made the decision to maintain the current SCBA units versus replacement. Bottles are roughly \$1,000 each and have a mandated lifespan of approximately 15 years. In FY 2023, the Fire Department transitioned to 30-minute bottles because they are lighter, ergonomically better on the firefighter, and decrease firefighter fatigue and injury. The department will slowly phase in the purchase of needed spare bottles and also spread out future bottle replacement. In addition, the department needs to start replacing facepieces that the firefighters wear and attach to the SCBA. This project will allow for the purchase of four bottles and ten face masks each year.

Replacement of Turnout Gear

\$20,000 - \$23,000

Annually

This project provides for the gradual replacement of turnout gear which includes helmets, boots, hoods, and accessories as required or needed due to wear and tear. This is the specialized personal protective equipment worn on almost every call by Fire Department personnel. The gear provides thermal and moisture protection required for firefighters to safely operate in high-heat IDLH environments. Due to the increasing incidence of cancer in the fire service, best practices are to provide personnel with two sets of replacement turnout gear, as this allows for immediate laundering after fires. A second set also allows for continuity of operations during repairs and large training events. We continue a systematic approach to replacing the turnout gear to provide personnel with the most up-to-date safety advancements while maintaining uniformity. This project allows for the replacement of four sets per year.

Purchase of Replacement Hose and Appliances

\$43,000

\$10,000 - \$11,000 Annually Beginning in FY 2025-26

This project allows for the systematic replacement of hose and appliances to ensure we have the capability to replace equipment as it fails due to age or damage. It also allows for clean and dry spare hose after fire incidents. This reduces wear and tear caused by reusing wet and dirty hose after fire incidents. Our apparatus requires a designated amount of hose and nozzle types to maintain our North Carolina Response Rating System (NCRRS) rating.



Replacement/Purchase of Extrication Equipment

\$10,000

Plus \$10,000 in FY 2027-28

At the end of the FY 2023 budget year, we were able to purchase the battery-operated tool system for the new Engine 11 and put them into use on Engine 111 pending the arrival of the new engine. Extrication equipment is utilized to access victims who are trapped/entangled (typically in a vehicle) and is essential for lifesaving operations. In addition to the battery-operated tools or the older hydraulic tools, there is other equipment such as airbags, rescue struts, and hand tools. The equipment is constantly evolving with technology and some equipment such as airbags have a serviceable lifespan and must be replaced. With the largest purchase behind us, we can focus on phasing-in the purchase of other equipment.

CAD and Mobile Data Terminals

\$5,000

Dare County's Computer Aided Dispatch (CAD) system provides the opportunity to put mobile data terminals in the three large apparatus and two command vehicles, much like the police department. This will allow fire personnel to get up-to-date property and tactical information while responding to incidents and allow for more efficiency in creating incident reports. In FY 2024 we are able to re-purpose two computers from the police department, and anticipate only needing to buy two additional computers. The project costs have decreased from what was anticipated in the previous Capital Improvement Plan.

Replacement of Fire Command/Response Vehicles

\$150,000

This project maintains the replacement schedule for our two command/response vehicles, one used by the Chief and the other by the Deputy Chief. These officers respond directly to major incidents and other service calls and their vehicles carry personal protective equipment, incident command supplies/materials, first aid supplies/equipment and other necessary tools. The estimated vehicle service life is between eight and ten years. The Chief's vehicle (2015) and the Deputy Chief's vehicle (2019), on a 10-year cycle, would trigger replacement in 2025 and 2029 respectively. Last year, we pushed the Chief's vehicle out to 2027 (12 years) and recommend DC Vehicle replacement in the same year (8 years). The DC Vehicle has greater mileage. This would allow for ease in purchasing going forward and perhaps allow for some savings if purchased together.



Replacement of Truck 11

\$2,200,000

This project maintains the replacement schedule for the 100 Foot Ladder Truck. Truck 11 is one of the three large apparatus required for fire department operations. Best practices recommend a 25-year replacement schedule taking into consideration wear and tear and mechanical integrity. Based upon this life cycle, replacement should have occurred in FY 2027, but due to relatively low hours/mileage, replacement is planned for FY 2028. Based upon prior practice, it is anticipated that we would use an installment financing arrangement for 10 years to spread out the high cost of this purchase. The fire department will have no debt on large apparatus after FY 2024.



Police Element Projects



Projects Funded:

The purchase of patrol vehicles, large software purchases, mobile data terminals, radios, and other equipment to support the operations of the police department.

Vision 2032 Principle:

Responsive and Responsible Leadership

Vision 2032 Goal: n/a

A well-equipped, staffed, and trained police department helps ensure the quality of life for residents and visitors by providing proactive and reactive services.



The table below shows each of the projects submitted for consideration in this year's CIP process and the estimated cost of the project in each fiscal year in the plan. Section 5 of this document contains detailed information regarding the

Police						
Item/Project	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total Cost
Police Handgun Replacement	0	12,500	0	0	0	12,500
Duck Road Video Camera Network	0	8,000	0	0	0	8,000
Patrol Vehicles: Replacement	114,000	171,000	0	228,000	0	513,000
Replacement of Mobile Data Terminals	0	25,800	25,800	0	0	51,600
Radar Speed Sign Replacement	0	13,000	6,500	13,000	0	32,500
Total	114,000	230,300	32,300	241,000	0	617,600

proposed funding source for each individual project.



Replacement Police Patrol Vehicles (2)

\$114,000

This project represents the scheduled replacement of two police patrol vehicles. One vehicle is assigned to each officer and one utility vehicle is maintained for use during unanticipated vehicle breakdowns and for out-of-town travel. Vehicles are replaced at the end of their safe and serviceable lifespan which is, on average, six years. Replacement radar units, in-car printers, graphics, emergency lighting and equipment, and upfitting labor is included in the cost of replacement vehicles. As a lifeline for the public in emergency situations, patrol vehicles must perform at optimum levels. In order to achieve a sense of omnipresence, the police department has chosen the Ford Police Interceptor Utility vehicle for its marked fleet.

FY 2025-26

Police Duty Handgun Replacement

\$12,500

In 2024, the police department's .45 caliber duty handguns will be in need of replacement. Firearm technology and research has advanced greatly over the past ten years, and the Department's choice of replacement firearm will benefit from these advances. The 9mm round has now become the industry standard for police agencies after an extensive study published by the FBI definitively proved the 9mm round to be the most capable and economical option, but the smaller and lighter round also allows officers to carry more rounds per magazine than possible with the current .45 caliber round. The move to a 9mm duty handgun will also match the current round used by the Department's backup firearm, which allows for interoperability between firearms and allows the Department to stock one caliber handgun round for duty and training needs. This project provides a replacement handgun and level III duty holster, and the new addition of a reflex site for each handgun. The handguns being replaced are typically traded to the State contract vendor for credit against the replacement handgun, which often significantly reduces the cost of replacement handguns. Because the trade-in allowance is based on market conditions at the time of the trade, the trade-in amount has not been factored into the estimated cost of this project.

Duck Road Video Camera Network

\$8,000

This project will allow the Police Department to purchase and install two additional high-resolution video cameras to be installed at key locations on NC Highway 12 (Duck Road) throughout the Town. The video feeds from the cameras will be available to the public on the Town's website, which will allow the public to monitor traffic conditions in real-time. This project is being proposed with the public in mind, however, the video feeds will also provide the Police Department with a valuable crime-fighting tool. The video feeds will be used in conjunction with the department's Automatic License Plate Readers to identify the minute details that often provide the nexus between a suspect and their crime. The operating costs are broadband connectivity and power. Much of the physical and technological infrastructure needed for this project is already in place, and the three cameras currently on the system have proven valuable to the public and the police department.



Replacement of Police Mobile Data Terminals

\$25,800

Additional \$25,800 in 2027

Each police officer is issued a ruggedized laptop computer for in-vehicle use. Officers use laptop computers to receive computer aided dispatched calls for service, administer and upload in-car and body worn camera audio and video, access criminal justice databases, receive alerts from the Department's fixed and mobile automatic license plate recognition cameras, and to file reports and access information through the county-wide Motorola FLEX Command Center Software Suite. Ruggedized laptop computers are one the most critical pieces of equipment police officers are issued. Ruggedized laptop computers have an average lifespan of 4 years. To minimize the fiscal impact, the replacement of ruggedized laptop computers is spread over two budget cycles.

Fixed Radar Speed Sign Replacement

\$13,000

Additional \$6,500 in 2027 and \$13,000 in 2028

The Police Department maintains seven fixed radar speed signs along Duck Road, which serve as highly effective educational tools for motorists. Six of the seven signs are solar powered. This project represents the scheduled replacement of fixed radar speed signs that have reached the end of their expected lifespan. Each sign is integrated with web-based software that provides vital statistical data on traffic flow and speed compliance. The software is purchased through an annual subscription. In FY-2025, the sign near North Snow Geese Drive and the sign on the east side of the US Army Corps of Engineers Property are scheduled for replacement.

Replacement Police Patrol Vehicles (3)

\$171,000

This project represents the scheduled replacement of two police patrol vehicles. One vehicle is assigned to each officer and one utility vehicle is maintained for use during unanticipated vehicle breakdowns and for out-of-town travel. Vehicles are replaced at the end of their safe and serviceable lifespan which is, on average, six years. Replacement radar units, in-car printers, graphics, emergency lighting and equipment, and upfitting labor is included in the cost of replacement vehicles. As a lifeline for the public in emergency situations, patrol vehicles must perform at optimum levels. In order to achieve a sense omnipresence, the police department has chosen the Ford Police Interceptor Utility vehicle for its marked fleet.



FY 2027-28

Replacement Police Patrol Vehicles (3)

\$228,000

This project represents the scheduled replacement of two police patrol vehicles. One vehicle is assigned to each officer and one utility vehicle is maintained for use during unanticipated vehicle breakdowns and for out-of-town travel. Vehicles are replaced at the end of their safe and serviceable lifespan which is, on average, six years. Replacement radar units, in-car printers, graphics, emergency lighting and equipment, and upfitting labor is included in the cost of replacement vehicles. As a lifeline for the public in emergency situations, patrol vehicles must perform at optimum levels. In order to achieve a sense omnipresence, the police department has chosen the Ford Police Interceptor Utility vehicle for its marked fleet.

Parks Element Projects



Projects Funded:

The purchase of playground equipment, major upgrades to current park facilities, construction of new/expanded facilities (including boardwalk), and the acquisition of park land.

Vision 2032 Principle:

Active, Engaged Community

Vision 2032 Goal:

Aggressively maintain and improve current facilities to enhance the Duck experience

Our parks resources, including the Town Park, Amphitheater, Soundside Boardwalk, and Playground all enhance the quality of the experience residents and visitors have in Duck Village.



The table below shows each of the projects submitted for consideration in this year's CIP process and the estimated cost of the project in each fiscal year in the plan. Section 5 of this document contains detailed information regarding the proposed funding source for each individual project.

Parks						
Item/Project	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total Cost
Playground Equipment Replace/Expand	0	62,500	10,000	110,000	0	182,500
Town Park Irrigation System Replacement	0	10,000	10,000	10,000	10,000	40,000
Outdoor Drinking Water Fountains	5,000	5,000				10,000
Picnic Shelter/Gazebo Improvements	3,000	7,000				10,000
Total	8,000	84,500	20,000	120,000	10,000	242,500



Outdoor Drinking Water Fountain Replacement

\$5,000

This project will involve the replacement of a free-standing water fountain maintained by the Town by the Town Park Playground Upgrades with the new fountain will include stainless steel fixtures, plumbing upgrades making them easier to winterize, and a hose bib to accommodate pressure washing. The existing water fountain is aging and exposed to the elements (salt air), leading to corrosion of valves and other regular maintenance issues.

Picnic Shelter/Gazebo Improvements

\$3,000

This project calls for the addition of concrete pads on each side of the stage by the gazebo to better support the speaker system for performances.

Playground Equipment Replacement/Expansion

\$62,500

Additional \$10,000 in FY 2027 and \$110,000 in FY 2028

Most of the current playground equipment at the Town Park was erected in 2007 and is heavily used by the community. The existing playground equipment is nearing the end of its expected life and needs to be replaced to ensure safe use of the playground. The ramp into the playground has anchors showing through its base. There are rocks missing from the rock-climbing wall. The slide has some deep scratches that we have sanded down to keep smooth. Future expansion of the playground to accommodate greater use and more families will increase its value to the community. Grants will be sought to assist with funding this project.

Town Park Irrigation System Replacement

\$10,000

Additional \$10,000 in three subsequent years

Over the next four years, this project will continue the replacement and upgrade much of the current irrigation system. Aging underground lines will be replaced and new sprinkler heads added one section at a time. Replacing underground lines will prevent leaks and ensure the right size of piping for pressure to the sprinklers. The irrigation systems throughout the Town Park/Town Hall property are over 10 years old and were installed in a piecemeal fashion over time. The function of some sections is so poor that they have been turned off and are not currently in use. Some of the sprinkler heads have been covered by sediment. The current system has some sections on one timer that should be on another timer. Our irrigation contractor recommends upgrading and standardizing the current irrigation lines.



Outdoor Drinking Water Fountain Replacement

\$5,000

This project will involve the replacement of the free-standing water fountains maintained by the Town along the Duck Trail by the Four Seasons neighborhood. Upgrades with the new fountain will include stainless steel fixtures, plumbing upgrades making them easier to winterize, and a hose bib to accommodate pressure washing (especially helpful for maintaining the park bench at the Four Seasons location). The existing water fountain is aging and exposed to the elements (salt air), leading to corrosion of valves and other regular maintenance issues.

Picnic Shelter/Gazebo Improvements

\$7,000

This project will involve adding a four-inch (4") layer of concrete with a slight slope to the edges under the existing picnic shelter in the Town Park. Presently, the floor of the picnic shelter suffers from poor drainage, resulting in wet and muddy spots. The additional layer of sloped concrete will improve drainage from the picnic shelter floor.

Public Facilities Element Projects



Projects Funded:

Construction of, additions to, or significant repairs of public buildings including Town Hall, the Public Safety Building, and other associated facilities.

Vision 2032 Principle:

Responsive and Responsible Leadership

Vision 2032 Goal:

Complete the plan for the renovation or reconstruction of the Public Safety Building.

Our public buildings, including Town Hall, the Keller Meeting Hall, Maintenance Garage, and Public Safety Station, house critical Town functions and provide space for public gathering.



The table below shows each of the projects submitted for consideration in this year's CIP process and the estimated cost of the project in each fiscal year in the plan. Section 5 of this document contains detailed information regarding the proposed funding source for each individual project.

Public Facilities						
Item/Project	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total Cost
Public Safety Building	88,000	11,757,000	162,000	0	0	12,007,000
Public Safety Building - Repairs	85,000	75,000	0	0	0	160,000
Public Restroom (Maintenance Shop)	0	62,500	0	0	0	62,500
Boardwalk - Northern Extension (Phase 5)	0	100,000	988,000	0	0	1,088,000
Video Surveillance System	0	74,500	75,000	75,000	0	224,500
Bigbelly Trash Compactor Replacement	0	25,800	0	0		25,800
Total	173,000	12,094,800	1,225,000	75,000	0	13,567,800



FY 2024-25

Public Safety Building Design

\$88,000

This project is part of the Town Council's three-to-five-year goals as identified by the 2032 Vision and in the Comprehensive and Land Use Plan. The current Public Safety Building, owned by the Duck Volunteer Fire Department, Inc. is at the end of its functional life to serve as a headquarters for a full-time career Fire Department and Police Department. Originally designed to serve a volunteer fire department, the building has been modified to accommodate career staff including space for sleeping, cooking, and other basic needs. The departments continue to "make it work", but it is well past time to construct a new facility. Following some initial space needs study work, town staff did a request for qualification for and selected a firm to provide architectural design services for the building project. This funding will get us to the point where we will be ready to have construction/permit drawings developed.

Public Safety Building Repairs

\$85,000

As we continue to wait for answers to construct or renovate the Public Safety Building, we can no longer put off repair projects. We were able to re-side and paint the building as well re-surface a section of the parking lot as approved at the end of the FY 2023 budget year. We keep putting off the roof replacement/fortification project. We are at a high risk for leaking as we have had to patch in the bays, so we want to replace much of the roofing in the coming year.

FY 2025-26

Public Safety Building Design

\$595,000

This next phase of the design of a new facility includes developing construction plans, permitting, and bid preparation.

Public Safety Building Repairs

\$75,000

We will need to complete any roofing not done in FY 24-25 and build an electrical room to house our transfer switch for the generator. The switch is exposed and we need to better protect it from the weather. There are multiple areas in the interior spaces that need drywall patches and repainting also reinforcing the need for the roof.

Public Restroom (Maintenance Shop)

\$62,500

This project will add a 10' x 30' addition to the west side of the maintenance garage containing two handicap-accessible public restrooms (mens/womens) including a toilet, sink, and baby changing station in each. A 12' x 10' portion of the addition, accessible only from inside of the garage, will contain a deep sink for cleanup, small office space, and storage area. The addition can be constructed with



minimal damage to trees and vegetation. The estimated cost is for construction conducted by the Maintenance Technician with assistance from a part-time subcontractor and tradesmen as necessary. The location will be a great benefit to the public due to its close proximity to the parking area and playground. It will also lessen the use of existing restrooms at the rear of Town Hall and reduce portable toilet facility needs for large events.

Boardwalk – Northern Extension (Phase 5)

\$100,000

Additional \$988,000 in FY 2026 for construction

This project involves the extension of the Town's existing soundside boardwalk to a northern terminus adjoining the former Resort Realty property. A connection to the Duck Village sidewalk and public amenities (such as an observation tower overlooking the Currituck Sound and living shoreline) could occur at the northern end of the project. To be constructed in partnership with Resort Realty, the extension will link the redeveloped Resort Realty site to other commercial areas along the boardwalk. This project will provide valuable pedestrian connections and an opportunity to highlight the living shoreline and educate the public about its importance. Substantial grants are available to assist with funding this project.

Video Surveillance System

\$74,500

Additional \$75,000 in FY 2026 and \$75,000 in FY 2027

This project continues to bolster the use of video cameras and security technology at Town facilities and along Duck Road to enhance security for staff and visitors, and to allow for the live monitoring of traffic conditions. Further, this project moves all of the video and security technology to a single web-based software platform to allow viewing and access from all police patrol vehicles and staff working at the various Town facilities. With the understanding that video and security technology is a costly investment, this project lays out a phased implementation over several budget cycles. In FY-2025, it is proposed that, 1) the outdated video surveillance system at the Town Hall be replaced with new camera technology that will be better positioned to monitor additional areas more efficiently (\$35,000); 2) two

additional cameras be added to cover additional sections of the boardwalk (\$6,500); 3) a new video intercom portal be installed in the lobby of Town Hall to allow visitors to communicate with Town staff working on the second floor (\$3,000); and 4) a video surveillance system be installed at the Public Safety Building (\$30,000).

In FY-2026, it is proposed that, 1) electronic door access control be added on the first floor of the Town Hall (\$30,000); 2) additional cameras be added to cover the remaining southern section of the boardwalk (\$30,000); and 3) additional cameras be added to cover more of the Town Park (\$15,000). FY-2027, it is proposed that, 1) electronic door access control be added at the Paul F. Keller Meeting Hall (\$30,000); and 2) the camera network on the northern section of the boardwalk be completed (\$45,000).



Bigbelly Trash Compactor Replacement

\$25,800

We currently have five "Bigbelly" combination trash and recycling compactors in place in our park and on the boardwalk. These units took the place of multiple traditional trash cans and helped reduce the space taken up by the discarded materials due to the solar-powered internal compactors. These units were purchased and installed in 2014 and we have begun to experience increased, frequent maintenance issues. Per the manufacturer, they have a lifespan of between eight and ten years, so it is time to begin replacing them. Their current cost, including a full, and customized, graphic wrap, and foot pedals is \$8,600 for each double unit. We replaced two sets in FY 2022-23 and this will replace the remaining five sets.

Public Safety Building Construction

\$11,324,000

As noted in the design phase of this project described above, this project is one of the Town Council's short-range goals. This project, assuming a suitable long-term site lease can be secured, contemplates the construction of a new facility or the full renovation and expansion of the current facility. Grants will be sought to assist with construction costs and other funding will be through long-term borrowing.

Streets and Highways Element Projects



Projects Funded:

The expansion and significant maintenance of the Duck Trail, local costs for highway improvements, Pedestrian Plan implementation projects, and stormwater improvements associated with public roadways.

Vision 2032 Principle:

Enhanced Movability

Vision 2032 Goal:

Implement all facets of the Town of Duck Comprehensive Pedestrian Plan, including exploration of ongoing enhancements to pedestrian walkways, and analyze, investigate and plan the westside multi-use trail.

Duck is a pedestrian-first community that is safe and easy to navigate by walking and cycling. Our multi-use trail, sidewalks, soundside boardwalk, and beach provide a variety of ways to explore and discover Duck. Collaboration with various organizations enables us to optimize our traffic flow in our unique seasonal environment.



The table below shows each of the projects submitted for consideration in this year's CIP process and the estimated cost of the project in each fiscal year in the plan. Section 5 of this document contains detailed information regarding the proposed funding source for each individual project.

Streets and Highways						
Item/Project	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total Cost
Duck Trail Repaving	0	135,000	140,000	145,000	150,000	570,000
Interpretive Historical Signage	0	9,200	0	0	0	9,200
Retaining Wall Replacement	30,000	21,000	30,000	0	0	81,000
Duck Road West Side Shared Use Trail	0	120,000	1,250,000	1,250,000	1,250,000	3,870,000
Total	30,000	285,200	1,420,000	1,395,000	1,400,000	4,530,200



Continuous Projects

Duck Trail Repaving

\$130,000 - \$150,000 per year

This project involves repaving portions of the Duck Trail with a concrete pathway on an annual basis. The repaving may include subgrade repairs and stormwater management improvements where needed. Portions of the Duck Trail are over twenty years old and need to be repaired and repaved due to general wear and tear, utility work, damage due to root intrusion, and stormwater management needs. New pavement will be concrete to wear better and last longer.

Retaining Wall Replacement

\$30,000 in FY 2024-25

Additional \$21,000 in FY 2026 and \$30,000 in FY 2027

This project involves funding for the replacement of public retaining walls in poor condition along the Duck Trail/NC Highway 12. The improvement for FY25 includes replacement of an existing retaining wall north of Tuckahoe Drive. The improvement for FY26 includes replacement of an existing retaining wall adjoining the Georgetown Sands neighborhood. The figure for the following year involves a variety of smaller projects. A staff-directed study evaluated 21 retaining walls along the Duck Trail/N.C. Highway 12 to identify which are in disrepair and need replacement or removal. This replacement program is intended to improve public safety and Town liability by minimizing the likelihood of retaining wall failure. The replacement schedule prioritizes the retaining walls in poorest condition.

FY 2025-26

Interpretive Historical Signage

\$9,200

This project will involve the design, production, and installation of ten (10) interpretive signs along the Duck Trail to help residents and visitors understand the community's unique and rich history. Few "historic" structures remain in Town and these are often overlooked. To many, the history of Duck is limited to the Town Administrative Offices, scarce publications, and elusive archival records. Interpretive signage would provide clear facts meant to inform the public about historically significant subjects (events, people, buildings, etc.). Captivating pictures and vivid narratives would provide the public with a better "sense of place" and help create community pride and ownership. Signs could be viewed 24 hours a day, accessible to pedestrians (ADA compliant), and require little effort for staff to maintain.



Duck Road West Side Shared Use Trail

\$120,000

Additional \$3,750,000 in FY 2026-28 for construction

This project involves the design and construction of a concrete bicycle/pedestrian pathway paralleling Duck Road and adjoining the west side neighborhoods south of Duck Village. An initial feasibility study is being conducted in FY 24. FY 25 expenses include more detailed design and engineering for project permitting. Future construction cost estimates are firmer for Phase 1 in FY 26 but more general estimates for Phases 2 & 3 in FY 27 & 28. The proposed pedestrian and bicycle improvements will enhance the safety and traveling experience for pedestrians and bicycle riders along this portion of the Duck Trail leading into Duck Village. This project is identified in the Town's adopted Comprehensive Pedestrian Plan and 2032 Vision. The Town anticipates being able to obtain grant funding to assist with the costs of the construction phases.

Section 3: Summary

The table below shows the total of the capital needs in each of the CIP elements supported by Town finances and the revenue sources proposed to support these needs. The grant revenue is explained in the applicable sections above. Interlocal funds are through sources such as Dare County who is contributing to the beach nourishment project. Town Funds is indicative of the need for current-year revenue-supported funding for some projects/purchases in each year. Section 4 of this document contains detailed information regarding the proposed funding source for each individual project.

The level of capital need reflected in this document necessitates the issuance of additional debt to meet these needs. In the table below, new debt service is shown as a total amount proposed in each fiscal year. Installment purchase is used primarily for debt issues that are shorter in term and/or for relatively small projects. Bond debt is issued for longer-term, high-cost projects. Some bond issues cover multiple projects. For the purpose of the estimates shown, and due to the current economic climate, we have used an interest rate of 5% for installment finance and 5% for bond debt issues.

For police and other light vehicle replacement, and for other lease/purchase projects, we use a three-year term. This makes the first payment due the year after the purchase is made. For fire apparatus we use a ten-year term and a twenty-year term for the Public Safety Building. Increasing the length of the term for these issues would result in a lower annual payment, but a higher overall interest cost over the life of the borrowing.

Element Totals	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total Cost
Environmental Protection	261,000	687,500	933,000	10,735,000	235,000	12,851,500
Fire	20,000	53,000	193,000	2,253,000	43,000	2,562,000
Police	114,000	230,300	32,300	241,000	0	617,600
Parks	8,000	84,500	20,000	120,000	10,000	242,500
Public Facilities	173,000	12,094,800	1,225,000	75,000	0	13,567,800
Streets and Highways	30,000	285,200	1,420,000	1,395,000	1,400,000	4,530,200
Total	606,000	13,435,300	3,823,300	14,819,000	1,688,000	34,371,600
Revenue Source Totals	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Grant	24,000	24,000	24,000	24,000	24,000	120,000
Interlocal	0	0	0	0	0	0
Town Funds	468,000	2,078,300	3,649,300	3,767,000	1,664,000	11,626,600
Debt Issued	114,000	11,333,000	150,000	11,028,000	0	22,625,000
Total	606,000	13,435,300	3,823,300	14,819,000	1,688,000	34,371,600

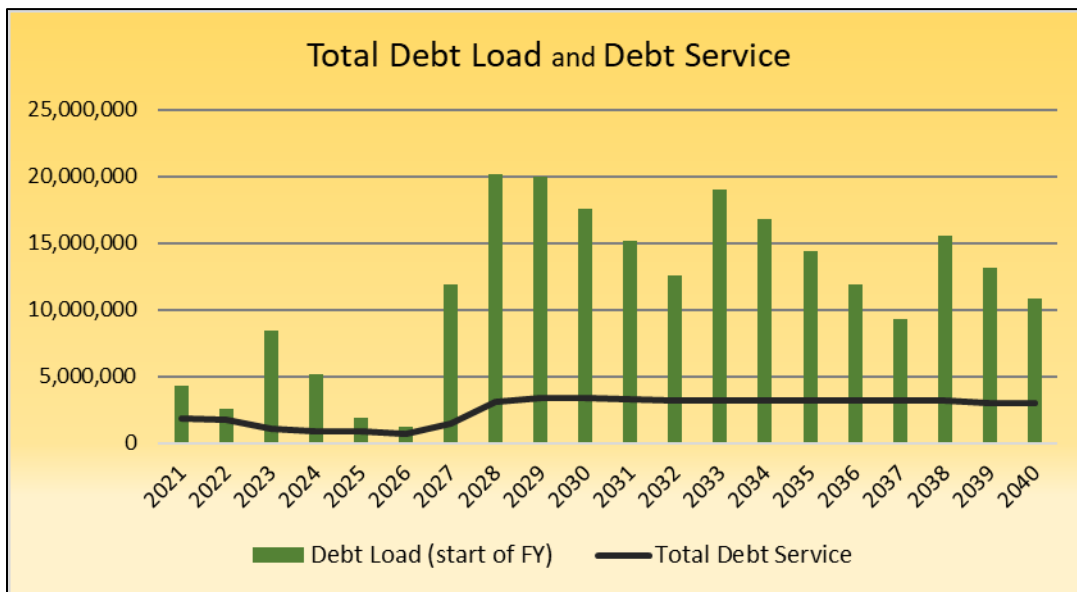
Section 4: CIP Financial Impact Analysis on Town Finances

A key element of the CIP is the financial impact analysis that discusses the effects of capital spending on the Town's operation costs, debt capacity, and other important debt ratios. It is important to understand how capital spending affects these indicators because the Local Government Commission (LGC) and bond rating agencies use them to evaluate the Town's financial condition and to issue ratings. While not currently rated by Standard & Poor's or Moody's Investors Service, it is important for Duck to maintain ratios that show strong financial footing when doing any type of debt issuance. Other factors bond rating agencies consider when assessing a town's financial condition may include the community's wealth, tax base, sources of revenues, and the overall economy. The indicators discussed below do not reflect the inclusion of the short-term bond for beach nourishment that will be paid for using reimbursement funds from FEMA.

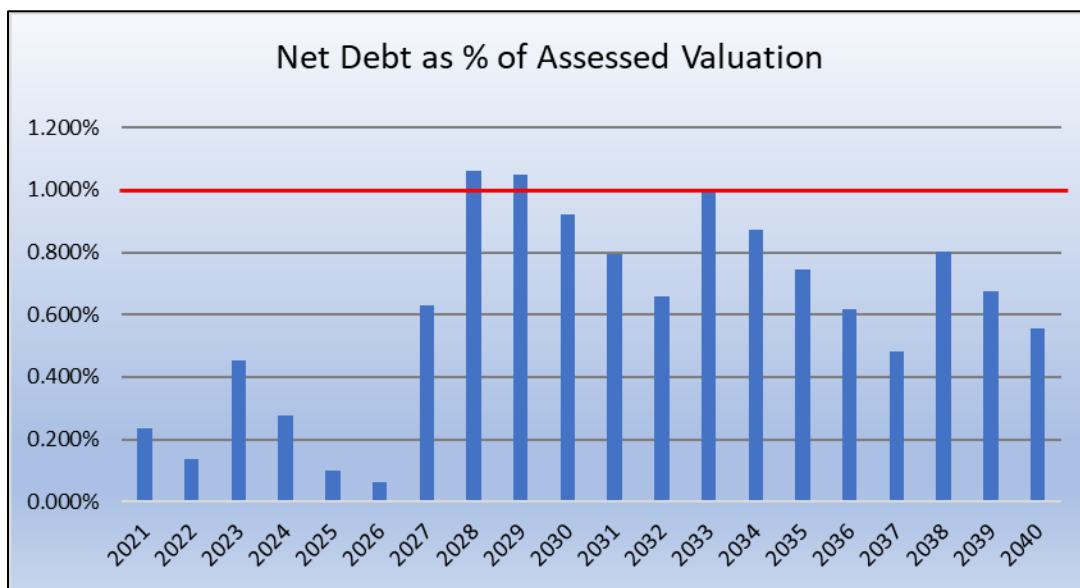
Debt Ratios

The large costs associated with capital projects may require financing, which results in debt obligation for the Town. The LGC and bond rating agencies assess the Town's ability to incur and repay debt through various debt capacity ratios and indicators. The Town evaluates net debt as a percentage of total assessed value of taxable property, the aggregate ten-year principal payout ratio, and the ratio of debt service expenditures as a percent of total fund expenditures.

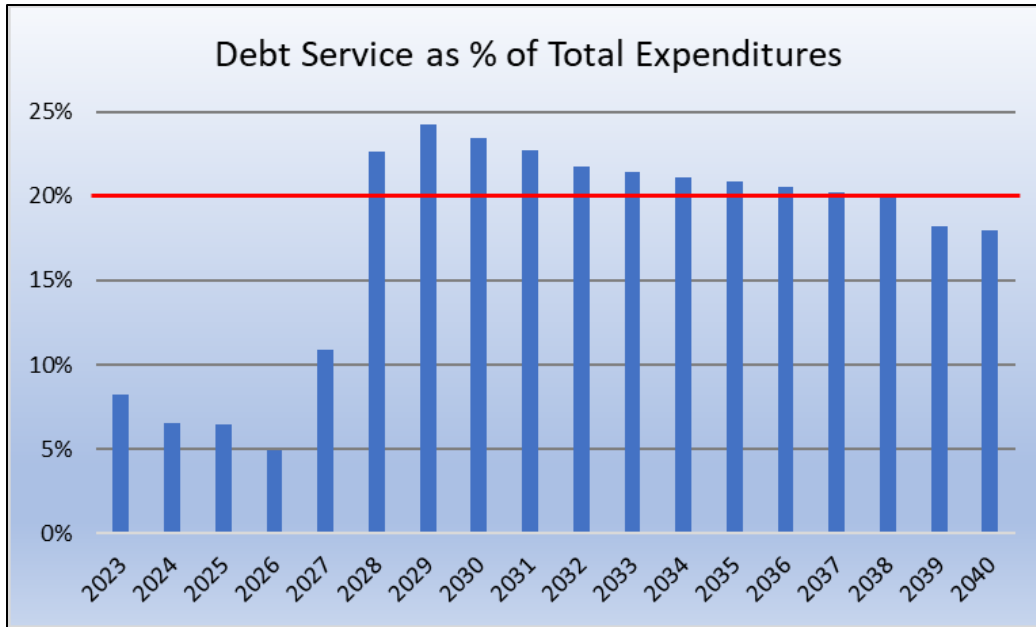
The chart below shows the total debt load (amount of principal outstanding) at the beginning of each fiscal year and the amount of debt service (principal and interest) due in that year for all outstanding debt.



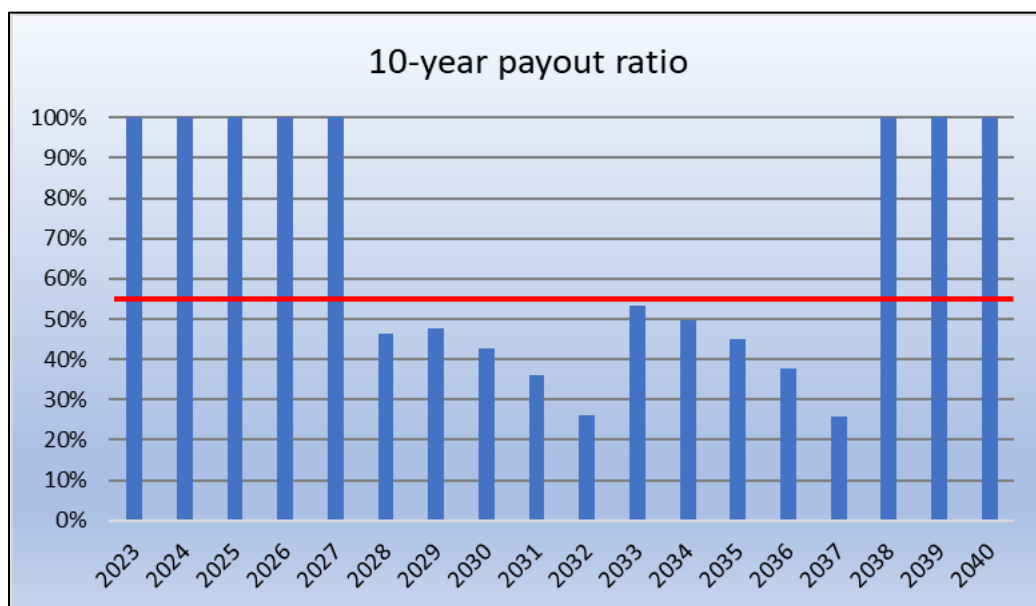
Net debt per assessed valuation is an important indicator because it considers the Town's largest revenue source and greatest means for repaying debt. This is a measure of debt capacity as well as debt burden. This ratio divides the Town's net debt by its total assessed value, where net debt is defined as all tax-supported debt. Town policy states that its net debt as a percentage of assessed valuation should not exceed 1.0 percent. Duck's expected debt-to-assessed valuation ratio for FY24-25 is .101 percent. Upcoming projects in the CIP will require additional debt financing and will increase the Town's ratio to a high of 1.060 percent by FY27-28. This is above the Town's maximum and the legal limit set forth by N.C.G.S. 159-55, which limits net debt to eight percent (8%) or less of a local government's total property valuation. Duck's legal debt limit, based on the July 1, 2024 audited valuation is \$150,052,165. The CIP includes a maximum debt obligation of \$20,131,058 in FY27-28.



Debt service as a percentage of total expenditures measures annual debt service payments of non-self-supporting projects as a portion of the Town's expenditures. Debt service payments can become a large portion of a town's budget and should be monitored to ensure acceptable levels. Too much debt service may indicate excessive debt and fiscal strain. Bond rating agencies consider a net debt service percentage between 15 and 20 percent to be high. A ratio below five (5) percent indicates capacity for significant new debt. The Town's policy is to maintain a net debt service ratio of less than 20 percent. For FY24-25, the debt service ratio is 6.45 percent and reaches a high of 24.22 percent in FY28-29 following debt issuance for a new Public Safety Station and Ladder Truck. Absent significant changes to the CIP, the debt service ratio will remain between 16 and 24 percent for future years once the above referenced debt is issued.



The 10-year payout ratio measures the amount of principal being retired in the next ten years. As an indicator, it determines if debt is backloaded, which can cause concern for long-term financial stability. Duck has a policy that establishes a minimum ten-year payout ratio of 55 percent. The CIP includes the issuance of Special Obligation Bonds as well as new installment purchase financing. The new debt, particularly a 20-year borrowing for the Public Safety Station, Ladder Truck, and the next round of beach nourishment, brings the payout ratio down from a high of 100 percent in FY23-24 to a low of 26 percent in FY31-32. As shown on the chart below, the ratio falls below the target for several years if this plan is followed, so careful consideration of projects and resulting debt will be required as projects move closer to their beginning date.



Pay-as-you-go financing can help keep key debt ratios in an acceptable range by eliminating new debt obligations and annual debt service payments. The proposed CIP indicates differences from year to year in pay-as-you-go financing over the five-year period. This is due to the significant costs associated with some larger projects such as roads or a new fire station. If debt ratios begin to approach unacceptable ranges, delaying projects or using pay-as-you-go financing should be considered to keep the Town in good financial standing and reduce fiscal strain.

This table shows the demand on reserve funds, current (budgeted pay-go funds), and debt service (existing and new).

Cash Demand	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total Spending
Reserve Funds	0	0	0	2,000,000	0	17,197,783
Current Funds	523,000	2,090,300	3,673,300	1,791,000	1,588,000	9,665,600
New Debt Service		548,711	1,507,171	1,505,403	3,382,558	6,943,844
Existing Debt Service	588,339	0	0	0	0	588,339
Total	1,111,339	2,639,011	5,180,471	5,296,403	4,970,558	19,197,783

Element Totals	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total Cost
Environmental Protection	261,000	687,500	933,000	10,735,000	235,000	12,851,500
Fire	20,000	53,000	193,000	2,253,000	43,000	2,562,000
Police	114,000	230,300	32,300	241,000	0	617,600
Parks	8,000	84,500	20,000	120,000	10,000	242,500
Public Facilities	173,000	12,094,800	1,225,000	75,000	0	13,567,800
Streets and Highways	30,000	285,200	1,420,000	1,395,000	1,400,000	4,530,200
Total	606,000	13,435,300	3,823,300	14,819,000	1,688,000	34,371,600
Revenue Source Totals	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Grant	24,000	24,000	24,000	24,000	24,000	120,000
Interlocal	0	0	0	0	0	0
Town Funds	468,000	2,078,300	3,649,300	3,767,000	1,664,000	11,626,600
Debt Issued	114,000	11,333,000	150,000	11,028,000	0	22,625,000
Total	606,000	13,435,300	3,823,300	14,819,000	1,688,000	34,371,600

Section 5: Project Funding Detail

The following pages contain project funding details for the projects in each of the elements shown in the table above.

Environmental Protection							
Item/Project		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total Cost
Beach Renourishment	Total	61,000	100,000	500,000	10,600,000	100,000	11,361,000
	Grant						0
	Interlocal						0
	Town Funds	61,000	100,000	500,000	2,000,000	100,000	2,761,000
	Debt Issued				8,600,000		8,600,000
Beach Planting/ Sand Fencing	Total	90,000	120,000	120,000	120,000	120,000	570,000
	Grant	24,000	24,000	24,000	24,000	24,000	120,000
	Interlocal						0
	Town Funds	66,000	96,000	96,000	96,000	96,000	450,000
	Debt Issued						0
Town Park Shoreline Protection	Total	110,000	402,500	0		0	512,500
	Grant						0
	Interlocal						0
	Town Funds	110,000	402,500				512,500
	Debt Issued						0
Ocean Dunes Stormwater Management	Total	0	50,000	298,000	0	0	348,000
	Grant						0
	Interlocal						0
	Town Funds		50,000	298,000			348,000
	Debt Issued						0

Septic Health Initiative	Total	0	15,000	15,000	15,000	15,000	60,000
	Grant						0
	Interlocal						0
	Town Funds		15,000	15,000	15,000	15,000	60,000
	Debt Issued						0
Total	Total	261,000	687,500	933,000	10,735,000	235,000	12,851,500
	Grant	24,000	24,000	24,000	24,000	24,000	120,000
	Interlocal	0	0	0	0	0	0
	Town Funds	237,000	663,500	909,000	2,111,000	211,000	4,131,500
	Debt Issued	0	0	0	8,600,000	0	8,600,000

Fire							
Item/Project		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total Cost
Replacement of SCBA Bottles	Total	0	8,000	9,000	9,000	9,000	35,000
	Grant						0
	Interlocal						0
	Town Funds		8,000	9,000	9,000	9,000	35,000
	Debt Issued						0
Replacement of Turnout Gear	Total	20,000	20,000	23,000	23,000	23,000	109,000
	Grant						0
	Interlocal						0
	Town Funds	20,000	20,000	23,000	23,000	23,000	109,000
	Debt Issued						0
Hose and Appliances	Total	0	10,000	11,000	11,000	11,000	43,000
	Grant						0
	Interlocal						0
	Town Funds		10,000	11,000	11,000	11,000	43,000
	Debt Issued						0
Extrication Equipment	Total	0	10,000	0	10,000	0	20,000
	Grant						0
	Interlocal						0
	Town Funds		10,000		10,000		20,000
	Debt Issued						0

Command Vehicle Replacement	Total	0	0	150,000	0	0	150,000
	Grant						0
	Interlocal						0
	Town Funds						0
	Debt Issued			150,000			150,000
CAD & Mobile Data Terminals	Total	0	5,000	0	0	0	5,000
	Grant						0
	Interlocal						0
	Town Funds		5,000				5,000
	Debt Issued						0
Truck 11	Total	0	0	0	2,200,000	0	2,200,000
	Grant						0
	Interlocal						0
	Town Funds						0
	Debt Issued				2,200,000		2,200,000
Total	Total	20,000	53,000	193,000	2,253,000	43,000	2,562,000
	Grant	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0
	Town Funds	20,000	53,000	43,000	53,000	43,000	212,000
	Debt Issued	0	0	150,000	2,200,000	0	2,350,000

Police							
Item/Project		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total Cost
Police Handgun Replacement	Total	0	12,500	0		0	12,500
	Grant						0
	Interlocal						0
	Town Funds		12,500				12,500
	Debt Issued						0
Duck Road Video Camera Network	Total	0	8,000	0	0	0	8,000
	Grant						0
	Interlocal						0
	Town Funds		8,000				8,000
	Debt Issued						0
Patrol Vehicles: Replacement	Total	114,000	171,000	0	228,000	0	513,000
	Grant						0
	Interlocal						0
	Town Funds						0
	Debt Issued	114,000	171,000		228,000		513,000

Replacement of Mobile Data Terminals	Total	0	25,800	25,800	0	0	51,600
	Grant						0
	Interlocal						0
	Town Funds		25,800	25,800			51,600
	Debt Issued						0
Radar Speed Sign Replacement	Total	0	13,000	6,500	13,000	0	32,500
	Grant						0
	Interlocal						0
	Town Funds		13,000	6,500	13,000		32,500
	Debt Issued						0
Total	Total	114,000	230,300	32,300	241,000	0	617,600
	Grant	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0
	Town Funds	0	59,300	32,300	13,000	0	104,600
	Debt Issued	114,000	171,000	0	228,000	0	513,000

Parks							
Item/Project		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total Cost
Playground Equipment Replace/Expand	Total	0	62,500	10,000	110,000	0	182,500
	Grant						0
	Interlocal						0
	Town Funds		62,500	10,000	110,000		182,500
	Debt Issued						0
Town Park Irrigation System Replacement	Total	0	10,000	10,000	10,000	10,000	40,000
	Grant						0
	Interlocal						0
	Town Funds		10,000	10,000	10,000	10,000	40,000
	Debt Issued						0
Outdoor Drinking Water Fountains	Total	5,000	5,000	0	0	0	10,000
	Grant						0
	Interlocal						0
	Town Funds	5,000	5,000				10,000
	Debt Issued						0
Picnic Shelter/Gazebo Improvements	Total	3,000	7,000	0	0	0	10,000
	Grant						0
	Interlocal						0
	Town Funds	3,000	7,000				10,000
	Debt Issued						0
Total	Total	8,000	84,500	20,000	120,000	10,000	242,500
	Grant	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0
	Town Funds	8,000	84,500	20,000	120,000	10,000	242,500
	Debt Issued	0	0	0	0	0	0

Public Facilities							
Item/Project		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total Cost
Public Safety Building	Total	88,000	11,757,000	162,000	0	0	12,007,000
	Grant						0
	Interlocal						0
	Town Funds	88,000	595,000	162,000			845,000
	Debt Issued		11,162,000				11,162,000
Public Safety Building - Repairs	Total	85,000	75,000	0	0	0	160,000
	Grant						0
	Interlocal						0
	Town Funds	85,000	75,000				160,000
	Debt Issued						0
Public Restroom (Maintenance Shop)	Total	0	62,500	0	0	0	62,500
	Grant						0
	Interlocal						0
	Town Funds		62,500				62,500
	Debt Issued						0

Boardwalk - Northern Extension (Phase 5)	Total	0	100,000	988,000	0	0	1,088,000
	Grant						0
	Interlocal						0
	Town Funds		100,000	988,000			1,088,000
	Debt Issued						0
Video Surveillance System	Total	0	74,500	75,000	75,000	0	224,500
	Grant						0
	Interlocal						0
	Town Funds		74,500	75,000	75,000		224,500
	Debt Issued						0
Bigbelly Trash Compactor Replacement	Total	0	25,800	0	0	0	25,800
	Grant						0
	Interlocal						0
	Town Funds		25,800				25,800
	Debt Issued						0
Total	Total	173,000	12,094,800	1,225,000	75,000	0	13,567,800
	Grant	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0
	Town Funds	173,000	932,800	1,225,000	75,000	0	2,405,800
	Debt Issued	0	11,162,000	0	0	0	11,162,000

Streets and Highways							
Item/Project		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total Cost
Duck Trail Repaving	Total	0	135,000	140,000	145,000	150,000	570,000
	Grant						0
	Interlocal						0
	Town Funds		135,000	140,000	145,000	150,000	570,000
	Debt Issued						0
Interpretive Historical Signage	Total	0	9,200	0	0	0	9,200
	Grant						0
	Interlocal						0
	Town Funds		9,200				9,200
	Debt Issued						0
Retaining Wall Replacement	Total	30,000	21,000	30,000	0	0	81,000
	Grant						0
	Interlocal						0
	Town Funds	30,000	21,000	30,000			81,000
	Debt Issued						0
Duck Road West Side Shared Use Trail	Total	0	120,000	1,250,000	1,250,000	1,250,000	3,870,000
	Grant						0
	Interlocal						0
	Town Funds		120,000	1,250,000	1,250,000	1,250,000	3,870,000
	Debt Issued						0
Total	Total	30,000	285,200	1,420,000	1,395,000	1,400,000	4,530,200
	Grant	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0
	Town Funds	30,000	285,200	1,420,000	1,395,000	1,400,000	4,530,200
	Debt Issued	0	0	0	0	0	0

Appendix A

THE 2032 VISION

In 2032, the Town of Duck, North Carolina, is a thriving coastal community. We respect and value our delicate, yet dynamic barrier island environment -- clean waters and beaches, maritime forests, wetlands, and dunes. Residents and visitors alike are drawn to neighborhoods that reflect our small-town atmosphere. Our village is a source of pride, offering diverse experiences by way of a cohesive and eclectic mix of independent businesses, shops, and restaurants. At the hub of our community is the Town Hall and Park, where we interact, share ideas, and build connections. Duck's vitality, founded on grassroots engagement, encourages meaningful participation from all of its stakeholders. Long-term financial stability, sustainable services, measured growth and a focus on quality of life distinguish Duck as a preeminent destination for everyone.

THE SIX UNIFYING PRINCIPLES

Duck is a community that expresses its beliefs in certain unifying principles:

DUCK AND OUR VILLAGE



Our residential neighborhoods and Duck Village connect to form the fabric of our community. Our collection of small shops, restaurants, offices, parks and boardwalks combine to shape the Duck experience. The development of the Village has a coastal residential style and scale and its continuity creates an energetic and walkable experience. Our quality of life is enhanced through innovative solutions that protect and preserve the Village's unique character and environment.

ENHANCED MOVABILITY



Duck is a pedestrian-first community that is safe and easy to navigate by walking and cycling. Our multi-use trail, sidewalks, soundside boardwalk, and beach provide a variety of ways to explore and discover Duck. Collaboration with various organizations enables us to optimize our traffic flow in our unique seasonal environment.

ENVIRONMENTAL STEWARDSHIP



There is a conscious respect for Duck's fragile and extraordinary environment. We protect and preserve opportunities for our residents and visitors to enjoy our ocean, sound, and natural coastal habitats. We value our pristine, safe, uninterrupted beaches, which are our most valuable asset. Our resilience and adaptability, guided by environmental awareness and forward-thinking, ensure our sustainability as a community.

ACTIVE, ENGAGED COMMUNITY



Duck is built on participation. We are an inclusive community that welcomes and embraces the diversity, talents, and expertise of all of our stakeholders. Pride and ownership are felt by all who live, work, and visit here. People feel connected by a shared motivation to preserve the unique nature of this special place.

VIBRANT, THRIVING BUSINESS COMMUNITY



The business community plays an essential role in creating the Duck experience. A high level of collaboration and coordination ensures that we have a vibrant town where each and every individual can enjoy the recreation, arts, music, shopping, dining, and lodging unique to Duck.

RESPONSIVE AND RESPONSIBLE LEADERSHIP



Duck maintains a responsive and responsible government. Council, Staff, and the community work together to offer high-quality services intended to add value to the entire Town. We have an educated, experienced and motivated staff empowered to execute the Town's objectives. Duck is an innovative and respected leader within the Outer Banks region and its solutions are frequently emulated by others. Continuity of leadership preserves our established values and vision.

THREE TO FIVE-YEAR GOALS

The goals listed on the following pages were established in 2022 during the Vision 2032 process and are each tied to one of the unifying principles. The goals shown with a red number are new goals as compared to those shown in the Vision 2027 goals list.



Duck and Our Village			
1	Continue to partner with and support the business community including increasing the exposure and accessibility of all businesses		
		· Facilitate conversations about issues merchants encounter	
2	Explore more town parking through land purchase(s), use of the park, and/or ratios in development		
		· Population is growing	
		· Be ready to seize opportunities	
3	Review land use regulations to ensure they compel adherence to the style and scale we have in place and steer away from development that would detract from the current state		
		· Review situations in which clarification was needed for updates	
		· Include follow up process to ensure compliance on what we approve	
		· Consider whether Planning Board should have multiple reviews where changes occur	
		· Include ongoing review of issues identified during development	

Enhanced Movability			
1	Finalize the last section of the boardwalk by connecting to the property at 1248 Duck Road		
2	Continue to advocate for traffic improvements including the construction of the Mid-Currituck Bridge and enhance public understanding of traffic issues		
		· Enhance public knowledge regarding the volume of traffic passing through Duck each day	
		· Make data accessible to improve understanding of the issues (i.e. volume, traffic studies, etc.)	
		· Include information about the BRIC project and what it will improve	
3	Implement all facets of the Town of Duck Comprehensive Pedestrian Plan, including exploration of ongoing enhancements to pedestrian walkways		
4	Analyze, investigate and plan the westside multi-use trail		

Environmental Stewardship			
1	Continue the ongoing Town of Duck Beach Nourishment Project and continue efforts to monitor other areas of the Town to identify possible future projects		
2	Evaluate and implement stormwater improvements		
		· Investigate mitigation of stormwater issues in neighborhoods	
		· Stormwater management needs to move into the neighborhoods; many are private roads and neighborhoods don't always know how to address the issue; need to partner with the neighborhoods to provide assistance	
3	Stay abreast of climate change impacts and vulnerability and educate our community as appropriate		
		· Effect of sea level rise and impact	
		· Monitor impact and determine role in working with citizens	
4	Plan for and construct living shoreline and shoreline protection on sound frontage		
		· Address soundside erosion	
























Active, Engaged Community			
1	Continue to implement thoughtful strategies designed to engage Town stakeholders		
		· Foster community participation with ongoing events including shoulder and off-season experiences	
		· Leverage technology to maintain a high level of communication and inclusion	
		· Enhance our network of volunteers and ensure continuity	
		· Learn more about seasonal stakeholders	
		· Create structured but relaxed opportunities for staff, council, and stakeholders to come together to share information and ideas	
2	Develop a strong relationship between the property managers and the Town		
		· Ensure that there is a strong awareness of public safety interface	
		· Ensure that appropriate information is shared with visitors	
3	Aggressively maintain and improve current facilities to enhance the Duck experience		
		· Consider additional restrooms, to include assessment of need, impact, and feasibility	
4	Improve trash pick-up in Duck to minimize the amount of the time that trashcans are on the street and to eliminate overflow		
		· Resolve issues with the performance of the vendor	
		· Explore/consider going to a roll in, roll out system	
		· Work with homeowners and property managers as required	

Vibrant, Thriving Business Community	
1	Foster collaboration with businesses to enhance beautification and to maintain their facilities
2	Maintain and enhance our events and help the businesses connect with them
3	Explore workforce housing options to support the business community

Responsive and Responsible Leadership			
1	Continue the 5 Year Financial Plan to optimize our resources		
		· Address human resources, infrastructure, fund balance, revenues, demographics, future circumstances and capacity	
		· Develop a fiscal plan that sets a tax rate designed to reasonably fund projects and services and reflects the desire for flat/slow tax growth	
		· Work to get the most value for our tax dollars and communicate these decisions to all stakeholders	
		· Evaluate outcomes, both qualitatively and quantitatively (performance management)	
2	Complete plan for the renovation or reconstruction of the public safety building		
		· Establish connections and relationships with Army Corps of Engineers	
		· Continue efforts to establish a long-term lease	
		· Focus on vision and take a long term view	
		· May need a different approach to establish the public safety building	
3	Explore ongoing beach management including strategies, ordinances, access, tents, and driving		
4	Explore and understand demographic changes occurring in Duck and use them to shape policy		
5	Provide opportunities for elected leaders and appointed board members to learn about their roles and best practices		

Appendix B

Fiscal Year 2024-25 Town Council Goals

Weighted tally of "votes" assigning a numerical value of 3 to "stars"							
		Don	Monica	Sandy	Kevin	Bren	Total
	Maintain or grow fund balance; no or minimal tax increase	3		3			6
	Maintain and improve communication/engagement in the community		3			3	6
	Aggressively pursue Public Safety Building construction	1	1	1	1	1	5
	Continue to implement comprehensive pedestrian plan	1	1	1	1		4
	Maintain infrastructure (esp. boardwalk)	1	2	1			4
	Develop a sand fence strategy/education				3		3
	Advance shoreline work to protect park/serve as an example for owners		1		1	1	3
	Monitor and understand the change in demographics in Duck	1		1	1		3
	Investigate more parking and restrooms in the park	1			1		2
	Enforce SUP's and ordinances	1		1			2
	Stormwater management program		1			1	2
	Investigate opportunities to encourage best practices to improve sustainability				1	1	2
	Restrooms/parking at the north and south end of Town			1			1
	Multi-jurisdictional task force on traffic issues					1	1
	Improve and standardize solid waste and recycling practices in the Town					1	1
	Encourage discussion on Nutria impacts						0
	Share the history of the Town						0
	Improve/encourage participation and engagement with business community						0
		Don	Monica	Sandy	Kevin	Bren	
		9	9	9	9	9	
Unifying Principals Icons							
Duck and Our Village							
Environmental Stewardship							
Enhanced Movability							
Thriving Business Community							
Active Engaged Community							
Responsive and Responsible Leadership	