



# FISCAL YEAR 2025 - 2026 BUDGET



**TOWN OF DUCK**



**252-255-1234**



**DUCKNC.GOV**



## **Fiscal Year 2025-2026**

### **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  
Lauren Creech, Finance Administrator  
Matt Dudek, Fire Chief  
Joe Heard, Director of Community Development  
Kay Nickens, Public Information and Events Director

Town of Duck  
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Duck, North Carolina 27949  
252-255-1234  
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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.

The diagram illustrates a budget table for the 'Administration' department. Annotations identify key components: 'Line item description' points to the 'Account Description' column; 'Department Name (or grouping name)' points to the department header; 'Gross "needs" budget after initial reductions' points to the 'FY25-26 Request' column; 'Recommended amount after budget workshop' points to the 'FY25-26 Recommend' column; 'Prior year actual data from audit' points to the 'FY23-24 Actual' column; 'Current year budget as amended' points to the 'FY24-25 Budget' column; and 'Change between current budget and the recommended budget' points to the 'Variance v. CY' and '% Change' columns.

Administration						
Account Description	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Salaries and Wages						
FICA						
Supplemental Retirement (LGERS)						
401k						
Medical/Dental Insurance						
Workers' Compensation						
Life/ADD/Short Term Disability						
Professional Services						
Contracted Services						
Travel and Training						
Uniforms						
Advertising						
Technology Hardware & Accessories						
Communications						
Dues and Subscriptions						
Printing and Binding						
Supplies and Materials						
Capital Outlay - Over \$5,000						
Leased Equipment						
Miscellaneous						
<b>TOTAL</b>						



## **Budget Message**

May 7, 2025

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, 2025, and ending June 30, 2026 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 2025-2026 (FY25-26) 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 FY25-26 Budget totals \$13,123,845 for all Town operations, capital improvements, and debt service requirements. This is \$3,398,535 (20.6%) less than the FY24-25 Budget. Following Town Council's direction, the budget is balanced with a tax rate of **\$0.18**, which represents a **2.45 cent increase** in this rate above the Revenue Neutral tax rate of \$0.1555. This budget sets the MSD tax rates at their Revenue Neutral levels of \$0.0798 for MSD-A and \$0.189 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 (\$1.6 million) in budget requests.

In addition to our primary (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 15.64% 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

After benefiting from a few years, post COVID-19 pandemic, where we experienced increases in tourism-based revenue that helped mitigate against an increase in the tax rate while still allowing for projects to improve and maintain our facilities, we have seen a return to pre-pandemic levels of revenue from these sources. This budget contains revenue estimates that, while acknowledging a sense of some optimism regarding the continuation of the current economic climate, it remains conservative in terms of estimates so as to not create a shortfall in the budget should the climate change.

Revenues are budgeted at \$13,123,845, a 20.6% decrease compared to the FY24-25 Budget. The majority of the decrease in revenue (\$4.6 million) is due to debt proceeds to purchase the Herron property and a transfer to the general fund to pay off one of the Special Obligations Bonds used to fund the FEMA portion of the Beach Nourishment project.

The Town receives revenue from several sources, the largest of which is Ad Valorem taxes. The Ad Valorem tax is levied upon property, and measured by the value of the property, not the owner's ability to pay. The Ad Valorem tax generates \$5,566,115 or 42.4% of the revenue for our General Fund in FY25-26. In addition, MSD taxes account for an additional \$1,024,119, or 7.8% of our revenue. This means that half of the services that we provide are paid for with sources other than local property tax revenue. MSD tax revenue is restricted to be used for Beach Nourishment related expenses.

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 FY25-26, we have budgeted for a collection rate of 99.94% as prescribed by State law.

Another large 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. We also receive a proportionate share of the 6% occupancy and meals tax charged in Dare County.

In addition to sales tax and occupancy 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 FY25-26 Recommended Budget totals \$13,123,845 for all Town operations, capital improvements, and debt service requirements. This is \$3,398,535 (20.6%) less than the FY24-25 Budget. This decrease is due to the large expenditures in FY 24-25 to purchase the Herron property and retire the FEMA portion of the Beach Nourishment bond debt.

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 \$5,198,559. This represents a total of 39.6% of the total budget. This budget includes the addition of one staff member to the Police Department to address the need for a dedicated investigator. It also includes a merit increase pool of 5% 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 25-26.

Personnel by Department						
Department	FY 22-23	FY 23-24	FY 24-25	FY 25-26 Requested	# Change	Percent Change
Administration	5.5	5.5	2.5	2.5	0.0	0%
Finance & Human Res			1.0	1.0	0.0	0%
Public Facilities	1	1.5	1.5	1.5	0.0	0%
Police	14.5	14.5	14.5	15.5	1.0	7%
Fire	14.5	14.5	14.5	14.5	0.0	0%
Inspections	2	2	2.0	2.0	0.0	0%
Community Development	2.5	2.5	2.5	2.5	0.0	0%
Communications & Events			2.0	2.0	0.0	0%
<b>Total</b>	<b>40</b>	<b>40.5</b>	<b>40.5</b>	<b>41.5</b>	<b>1</b>	<b>2.5%</b>

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 identified future additional personnel needs, but we are able to maintain existing levels of service without increasing staff prior to this year.

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:** 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:** 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 contains the amount paid to Dare County to collect our tax revenue. Also, expenditures related to employee engagement, tuition reimbursement, and other Human Resources related expenses.
- **Legal:** Expenses related to the services of the Town's contracted attorney.
- **Information Technology:** Expenses for our contracted IT support, licenses, subscriptions, etc. for our Information Technology infrastructure. Also included this year is a cost to transition to virtual servers as opposed to investing in on-premises servers that have a limited lifespan.
- **Police:** Expenses related to the Duck Police Department. Included this year are a new Police Investigator position and the scheduled replacement of two police vehicles.
- **Fire:** Expenses for the operation of the Duck Fire Department. This year we are moving away from providing a direct allocation to the Fire Department and budgeting, as we do with other departments, expenses in individual line items. This will also move accounts payable functions from the volunteer fire department to be handled by Town Finance staff.
- **Ocean Rescue:** Expenses, directly to a contractor, to provide ocean rescue services on the beach in Duck.
- **Communications & Special Events:** 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, 4<sup>th</sup> of July, etc. and advertising and marketing for these events and the Town of Duck in general.
- **Community Development:** Expenses related to planning, code enforcement, grant writing, and the Planning Board.
- **Inspections:** Expenses related to our enforcement of the NC Building Code including the issuance of permits and inspections to ensure Code compliance.
- **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. Projects for FY 25-26 include replacing a portion of the irrigation system in the Town Park, and other more routine repairs and upgrades.
- **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:** Expenses related to beach nourishment, beach grass planting, and soundside shoreline protection. Included in this year is funding for the second phase of the Town Park Shoreline Protection project.
- **Transfers:** Transfers to the Beach Nourishment Capital Project fund.
- **Contingency:** A small percentage (1%) of budgeted expenditures (after subtracting debt service and capital) to allow for unexpected expenditures during the year.

Expenditures by Function						
Function	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
General Government	1,887,475	3,827,146	2,035,645	2,013,922	(1,813,224)	-47.4%
Public Safety	5,081,675	5,343,131	5,629,544	5,614,894	271,763	5.1%
Streets & Highways	4,545,223	332,634	408,433	268,433	(64,201)	-19.3%
Community Development	343,120	391,069	398,796	399,796	8,727	2.2%
Environmental Protection	2,148,834	4,713,890	2,880,045	2,880,045	(1,833,845)	-38.9%
Communications & Special Events	231,945	511,404	536,206	539,206	27,802	5.4%
Transfers and Contingency	1,438,789	1,403,106	1,443,175	1,407,549	4,443	0.3%
<b>Total</b>	<b>15,677,062</b>	<b>16,522,380</b>	<b>13,331,843</b>	<b>13,123,845</b>	<b>(3,398,535)</b>	<b>-20.6%</b>

## 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, 2025, is estimated to be \$9.9 million or 70.7% of FY24-25 expenditures. This represents an increase of \$3.8 million in fund balance due to receiving grant reimbursement for the NC 12 elevation project and the FEMA portion of the Beach Nourishment project. This budget appropriates \$385,300 from Fund Balance to pay for the Town Park shoreline 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 and 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 2025 – 2026 Annual Budget

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### 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, 2025 and ending June 30, 2026.

#### Section 1: General Fund

General Fund Revenues	
Ad Valorem Taxes	\$5,566,115
MSD Taxes	\$1,024,119
Local Government Sales Tax	\$1,800,000
Real Estate Transfer Tax	\$375,000
Occupancy Tax	\$1,900,000
Grants	\$52,686
ABC and Beer & Wine	\$93,000
Utility Taxes	\$420,000
Permits and Fees	\$177,000
Interest and Asset Sales	\$325,000
Transfers	\$788,025
Debt Proceeds	\$0
Fund Balance Appropriated	\$385,300
Other Revenue	\$217,600
<b>Total Revenues</b>	<b>\$13,123,845</b>

General Fund Expenditures	
Governing Body	\$177,124
Administration	\$460,329
Finance & Human Resources	\$260,127
Legal	\$66,720
Information Technology	\$186,706
Police	\$2,475,817
Fire	\$2,084,727
Ocean Rescue	\$783,723
Communications & Special Events	\$539,206
Community Development	\$399,796
Inspections	\$270,627
Public Facilities	\$862,916
Streets & Highways	\$268,433
Sanitation	\$1,501,220
Environmental Protection	\$1,378,825
Transfers	\$1,305,655
Contingency	\$101,894
<b>Total Expenditures</b>	<b>\$13,123,845</b>



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

<b>Beach Nourishment Capital Reserve Fund Revenues</b>	
Transfer from General Fund (MSD Tax Revenue)	\$1,024,119
Transfer from General Fund (Restricted Sales Tax Revenue)	\$281,536
Fund Balance Appropriated	\$0
<b>Total Revenues</b>	<b>\$1,305,655</b>
<b>Beach Nourishment Capital Reserve Fund Expenditures</b>	
Transfer to General Fund	\$788,025
Reserved for Future Expenditures	\$517,630
<b>Total Expenditures</b>	<b>\$1,305,655</b>

**Section 3: Levy of Taxes - Ad Valorem**

There is hereby levied a tax at the rate of \$0.18 (eighteen cents) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2025, for the purpose of raising the revenue listed Ad Valorem Taxes 2025-2026 in Section 1: General Fund of this ordinance. This rate is based on a valuation of property for purposes of taxation of \$3,070,500,000 and an estimated rate of collection of 99.94%.

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

There is hereby levied a tax at the rate of \$0.0798 (seven point nine-eight cents) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2025 in Municipal Service District - A (MSD-A), for the purpose of raising the revenue listed MSD Taxes 2025-2026 in Section 1: General Fund of this ordinance. This rate is based on a valuation of property for purposes of taxation of \$832,813,000 and an estimated rate of collection of 99.94%.

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

There is hereby levied a tax at the rate of \$0.189 (eighteen point nine cents) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2025 in Municipal Service District - B (MSD-B), for the purpose of raising the revenue listed MSD Taxes 2025-2026 in Section 1: General Fund of this ordinance. This rate is based on a valuation of property for purposes of taxation of \$190,555,000 and an estimated rate of collection of 99.94%.

**Section 6: Fees & Charges**

There is hereby established, for Fiscal Year 2025-2026, 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 2025-2026, a Salary Schedule and Position Classification Table as shown on an 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, 2025.

**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 2025-2026. 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 4th day of June, 2025.

Attest:

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Donald Kingston, Mayor

---

Lori A. Ackerman, Town Clerk

## Salary Schedule and Position Classification Table

Effective July 1, 2025

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

	HIRING				
GRADE	RATE	MINIMUM	MID POINT	MAXIMUM	
1	36,932	38,778	47,088	57,244	
2	38,778	40,717	49,442	60,106	
3	40,717	42,753	51,914	63,111	
4	42,753	44,891	54,510	66,267	
5	44,891	47,136	57,236	69,581	
6	47,136	49,493	60,099	73,061	
7	49,493	51,968	63,104	76,714	
8	51,968	54,566	66,259	80,550	
9	54,566	57,294	69,572	84,577	
10	57,294	60,159	73,050	88,806	
11	60,159	63,167	76,703	93,246	
12	63,167	66,325	80,538	97,909	
13	66,325	69,641	84,565	102,804	
14	69,641	73,123	88,793	107,944	
15	73,123	76,779	93,232	113,341	
16	76,779	80,618	97,893	119,007	
17	80,618	84,649	102,788	124,958	
18	84,649	88,881	107,928	131,206	
19	88,881	93,325	113,324	137,766	
20	93,325	97,991	118,990	144,654	
21	97,991	102,891	124,939	151,886	
22	102,891	108,036	131,186	159,481	
23	108,036	113,438	137,746	167,456	
24	113,438	119,110	144,634	175,829	
25	119,110	125,066	151,866	184,621	
26	125,066	131,319	159,459	193,852	
27	131,319	137,885	167,432	203,544	
28	137,885	144,779	175,804	213,722	
29	144,779	152,018	184,593	224,407	
30	152,018	159,619	193,823	235,628	
31	159,619	167,600	203,514	247,409	
32	167,600	175,980	213,690	259,780	
33	175,980	184,779	224,375	272,769	
34	184,779	194,018	235,593	286,407	
35	194,018	203,719	247,373	300,728	
36	203,719	213,905	259,742	315,764	
37	213,905	224,600	272,729	331,553	
38	224,600	235,830	286,365	348,130	

## Classification Table

GRADE	CLASSIFICATION	FLSA STATUS	HIRING RATE	MINIMUM	MID POINT	MAXIMUM
5	Maintenance Technician		44,891	47,136	57,236	69,581
7	Administrative Assistant		49,493	51,968	63,104	76,714
	Firefighter					
	Police Officer					
	Code Enforcement Technician					
8	Permit Technician (Deputy Town Clerk)		51,968	54,566	66,259	80,550
	Public Safety Office Administrator					
	Master Firefighter					
	Senior Police Officer					
9	Master Firefighter/Acting Company Officer		54,566	57,294	69,572	84,577
	Master Police Officer					
	Planner I (Community Planner)					
10	Community Engagement Coordinator		57,294	60,159	73,050	88,806
	Fire Engineer					
	Police Corporal					
	Finance Administrator					
11	Fire Captain		60,159	63,167	76,703	93,246
	Police Sergeant					
	Town Clerk	E				
	Senior Planner					
13	Building Codes and Maintenance Administrator		66,325	69,641	84,565	102,804
	Planning Manager					
14	Finance and Human Resources Manager	E	69,641	73,123	88,793	107,944
16	Deputy Fire Chief		76,779	80,618	97,893	119,007
	Deputy Police Chief	E				
18	Public Information and Events Director	E	84,649	88,881	107,928	131,206
20	Community Development Director	E	93,325	97,991	118,990	144,654
	Fire Chief	E				
	Police Chief	E				
22	Development & Infrastructure Director/Assistant Town Manager	E	102,891	108,036	131,186	159,481
25	Town Manager	E	119,110	125,066	151,866	184,621
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, 2025

#### **Section I Building Permits & Inspections**

<u>Building Use</u>	<u>New Construction &amp; Additions</u>	<u>Renovations/Remodels &amp; Repairs<sup>2</sup></u>
<u>Residential – heated space</u>	\$0.65/sq. ft.	\$0.50/sq. ft.
<u>Residential – unheated space<sup>1</sup></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
<sup>1</sup> Unheated space includes attached decks, garages, sheds, and utility rooms.		
<sup>2</sup> 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 permits associated with electrical, plumbing, or mechanical work performed by the licensed contractor named in the permit application.
3. Above & Below ground propane tanks are not subject to Section II (1) 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

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

Piers \$1.00 per linear ft.

#### 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)

Temporary Residential	\$50.00
Temporary Commercial	\$300.00
	\$500.00

#### 12. Communication Tower/Water Tank

\$20.00/vertical foot

**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 Alarms

False Alarm Fees

- 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 or subsequent false alarm in a 30-day period \$100.00.

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:**

***Note: Fees are non-refundable unless otherwise stated.***

- 1. Re-hearing/advertising \$250.00  
(at Petitioner/Applicant's request)
- 2. Copy of Agenda Package per page charge below

(available free online)

- |   |  |
|---|--|
| 3. Copy of Zoning Ordinance<br>(available free online)  | per page charge below                                  |
| 4. Copy of Land Use Plan<br>(available free online)   | per page charge below                                  |
| 5. Copy of Budget Document<br>(available free online)   | per page charge below                                  |
| 6. Copies of Requested Documents<br>8 ½ x 11, 11 x14 & 11 x17<br>(after the 5 <sup>th</sup> sheet)<br>(after the 3 <sup>rd</sup> sheet)   | \$ .25 black & white per page<br>\$ .30 color per page |
| 7. Insufficient Funds Charge (returned checks)<br><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  | \$55.00/hour (4 hour minimum)                          |

\* 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.

- |   |          |
|---|----------|
| 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.

#### 11. Golf Carts

Annual Registration Fee	\$25.00
Fee for Failing to Register	\$50.00

#### 12. Beach Equipment Vendor License

Annual Registration Fee	\$500.00
Annual Deposit (fully refundable assuming no infractions)	\$500.00

**Note: Fees are non-refundable unless otherwise stated.**

## 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.

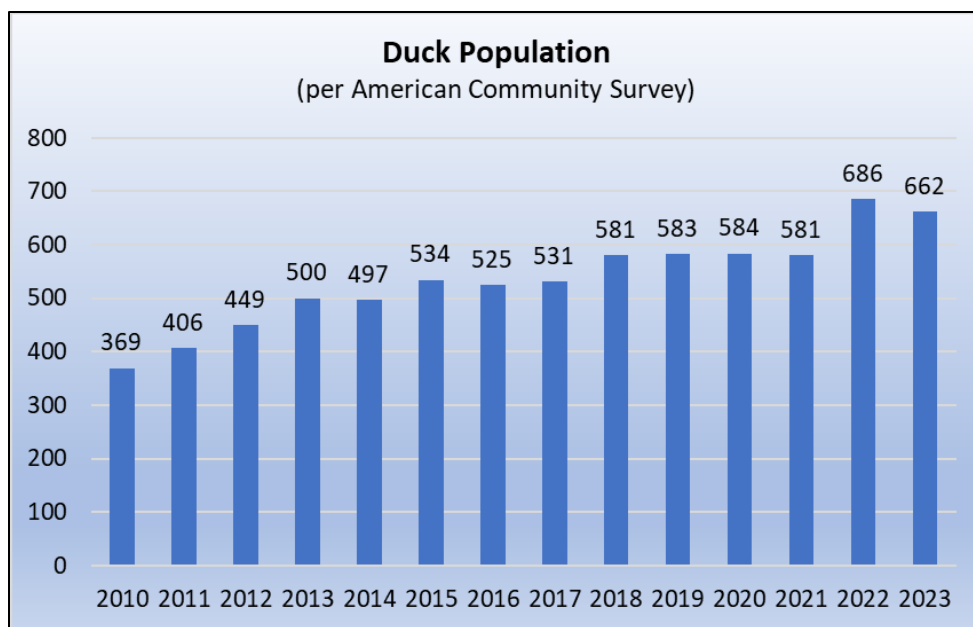
Major employment, shopping, service, and transportation centers are located in the Hampton Roads area of Virginia which is approximately 80 miles away. Elizabeth City, North Carolina, with shopping, service, and employment centers is within 55 miles of Duck. Being as far east in North Carolina as we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



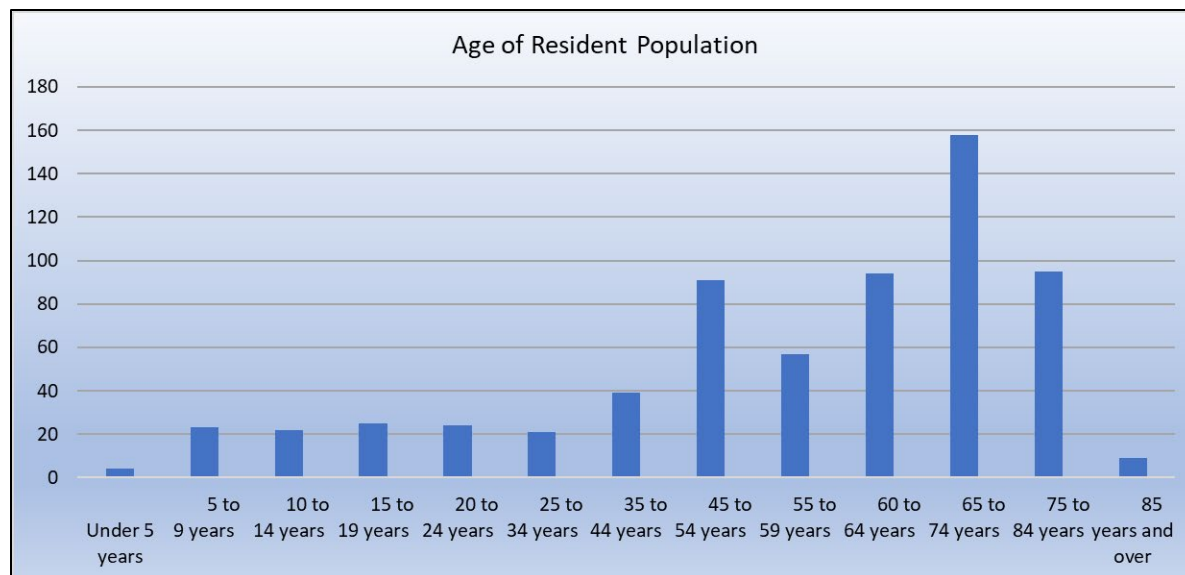


## Demographics

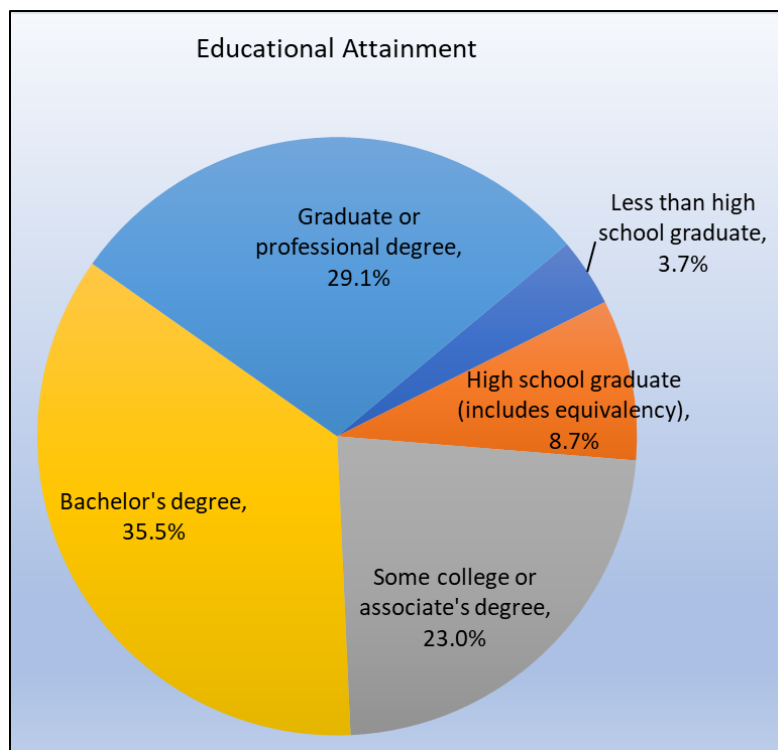
According to the US Census Bureau's American Community Survey (ACS), the Town of Duck has a resident population of 662 as of July 2023. The chart below shows a pattern of relatively little growth in the number of permanent residents of this community. The initial 2020 Census data indicated a total population of 742, but the most recent dataset, the 2023 ACS, shows a population of 662 and the North Carolina State Demographer estimates the population at 776.



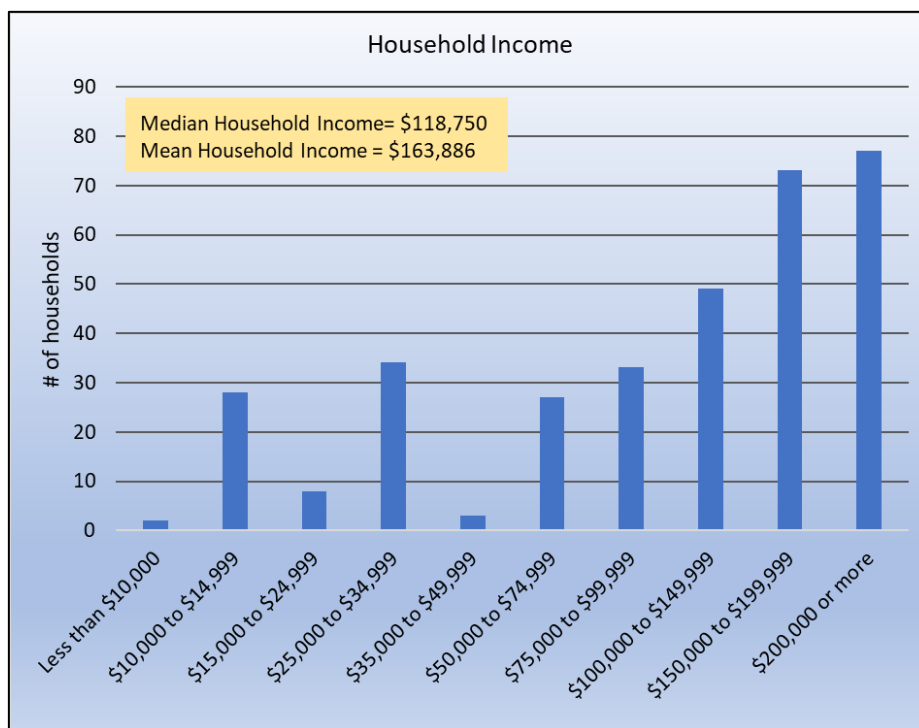
Our resident population, as shown on the chart below, tends to be older than typically seen in other parts of the state, which is not unusual given our location and, in particular, distance from major employment centers.



The resident population, according to the ACS, is predominately white (96%), well-educated, and compared to the County and State, has higher earnings.



Our median household income (MHI) is reported to be \$118,750 compared to a County MHI of \$81,214 and a State MHI of \$70,804.



## 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.

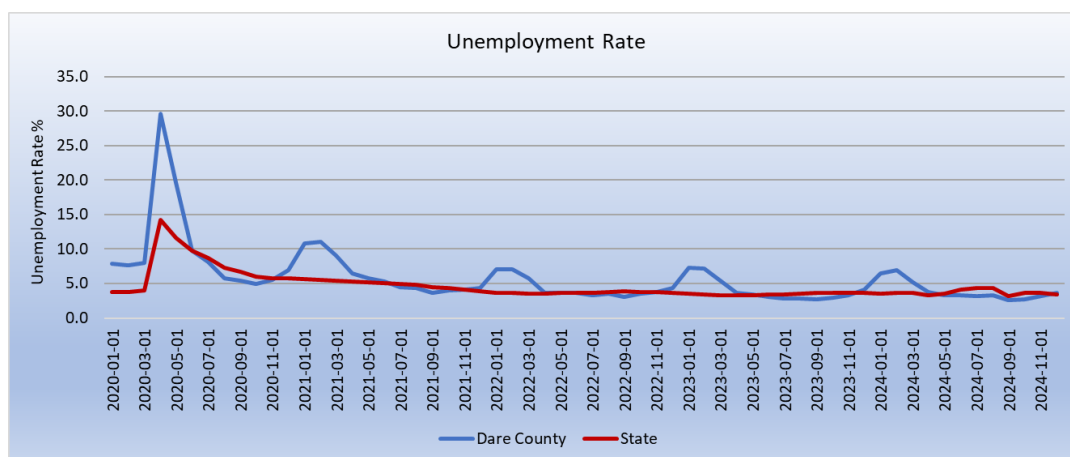
Employer	Employees <sup>(1)</sup>	Percentage of Total County Employment <sup>(2)</sup>
County of Dare	751	3.48%
Dare County Schools	729	3.38%
East Carolina Health	250-499	1.74%
Food Lion	250-499	1.74%
NC Department of Transportation	250-499	1.74%
Surf or Sound Realty	100-249	0.81%
Carolina Designs Realty, Inc.	100-249	0.81%
Twiddy & Company	100-249	0.81%
Village 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 2023-24.

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 2020.





## 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 (firm that collects short term rental data) 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:

<b><i>Estimated Short-Term Occupancy in the Peak Month</i></b>					
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.

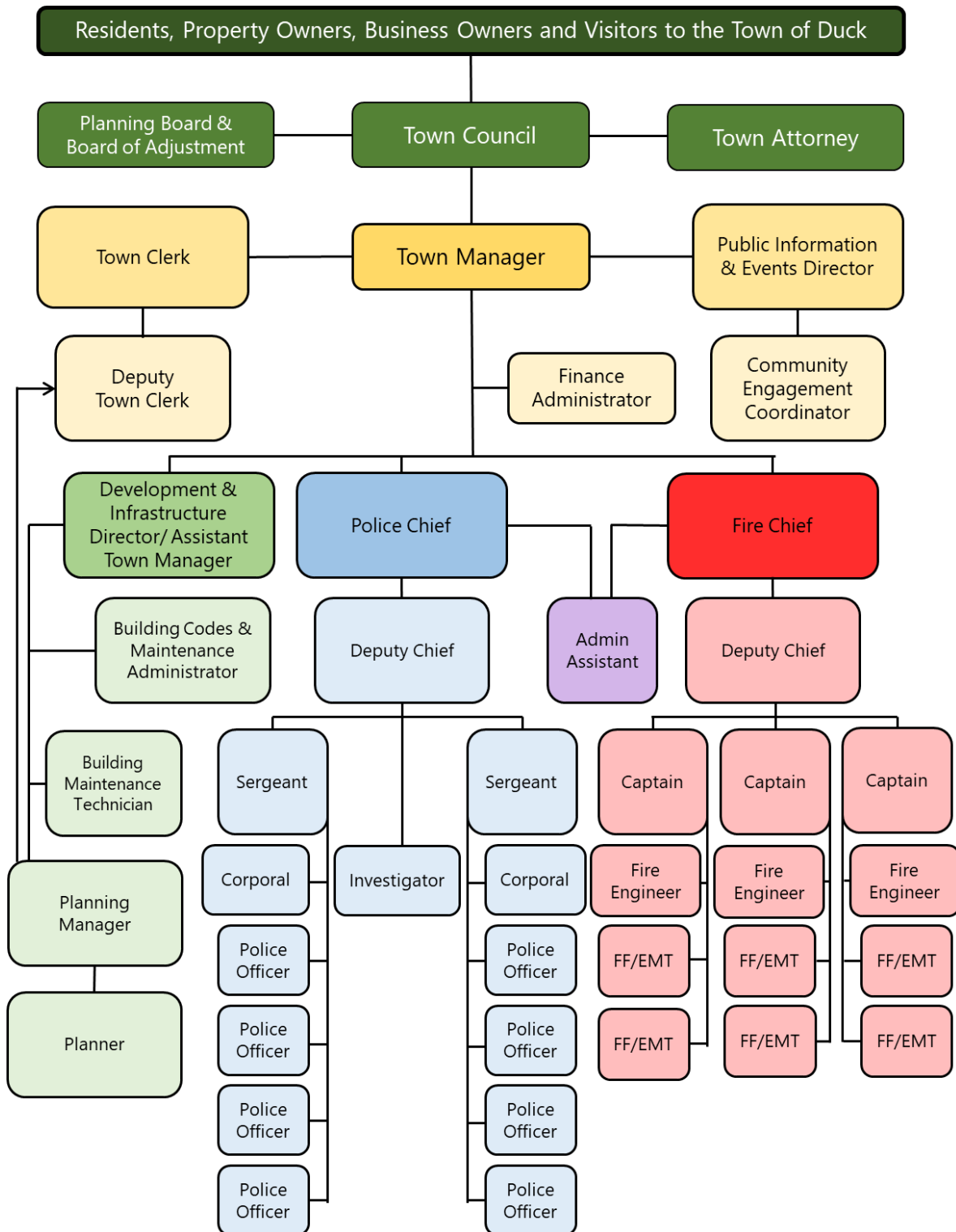
The Council appoints volunteer boards to serve in advisory, planning and quasi-judicial capacities in accordance with their duties. Following is a brief description of each advisory board.

Planning Board - The five-member Planning Board, according to our Code of Ordinances (Section 30.38) shall have the duty 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 4, 2024:	Issue FY 2026 CIP forms to Department Heads
November 13, 2024:	Deadline for submission of CIP forms to Town Manager
November 25, 2024:	Draft CIP Worksheet Reviewed by Department Heads



December 2, 2024:	New Line-Item Additions due to Finance Administrator
December 20, 2024:	New Position Requests and Five-Year Staff Projections due to Town Manager
January 8, 2025:	Preliminary FY 2026 Budget Worksheets Distributed to Department Heads
January 15, 2025:	Town Council Strategic Planning Session (mid-month meeting)
February 19-20, 2025:	Town Council Retreat – Including CIP Review
March 3, 2025:	Preliminary Revenue Projections Completed
March 7, 2025:	Deadline for submission of budget requests to Town Manager
March 17, 2025:	Department Head Meeting – Preliminary Budget Review
April 7, 2025:	Town Manager completes FY 2026 revenue estimates
April 16, 2025:	Town Manager discussion of FY 2026 budget with Town Council (mid-month meeting)
April 17, 2025:	Notice for public hearing posted and submitted to newspaper
May 7, 2025:	Public Hearing regarding the Draft FY 2026 Budget
May 21, 2025:	Town Council Work Session concerning FY 2026 budget (mid-month meeting – if required)
June 4, 2025:	Adoption of FY 2026 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 1<sup>st</sup>. 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 (NC League of Municipalities) 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, purchases, 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.

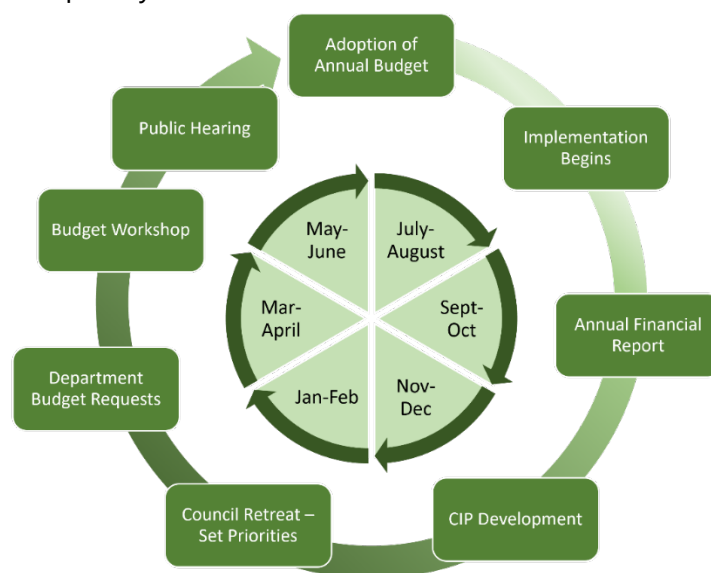
## **Implementation**

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, 2025, our gross debt obligation is \$3,083,168, the majority of which is for the bond issue to pay for the 2022 Beach Nourishment project.

Assessed Value of Real and Personal Property:	\$ 1,895,027,725 (2025 assessment)
Debt Limit (8% of assessed value):	\$ 151,602,218
Debt (net) Applicable to Limit (as of 7/1/2024):	\$ 3,083,168
Legal Debt Margin:	\$ 148,519,050

### 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, 2025, 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 2025-26 Principal	FY 2025-26 Interest	Total Debt Service
2010	Town Hall and Park Refinance	Installment Purchase	3,000,000	15	1.25%	133,333.00	1,667.67	135,000.67
2024	Herron Land	Installment Purchase	2,000,000	10	4.08%	200,000.00	77,520.00	277,520.00
2022	Beach Nourishment	Special Obligation Bond	2,407,148	5	1.84%	474,917.40	13,107.72	488,025.12
<b>TOTAL</b>								<b>900,545.79</b>

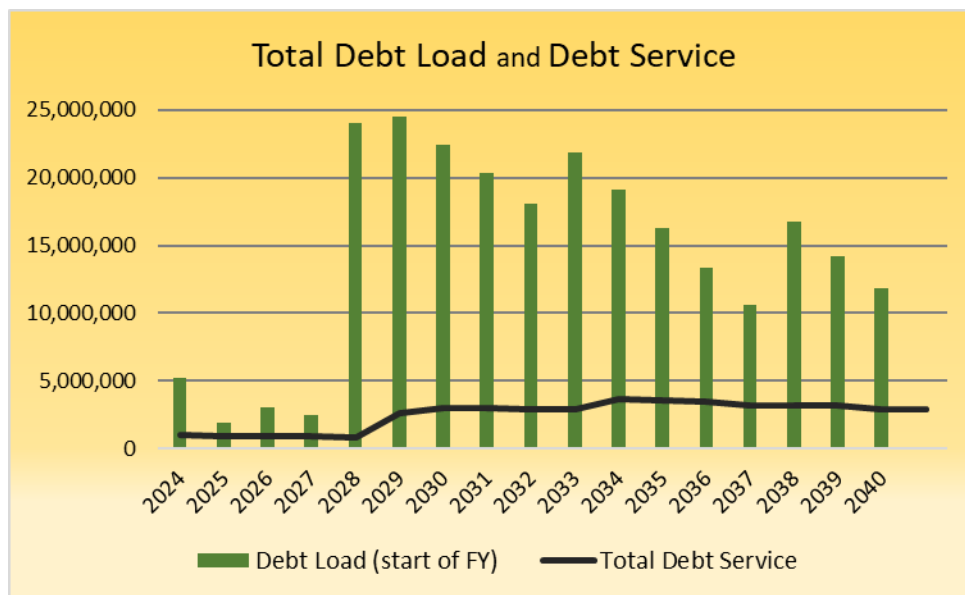
The table on the next page shows the remaining debt on each of these outstanding loans plus future debt service per the Capital Improvement Plan.

Current and Planned Debt												
Town Hall and Park Refinance			Herron Land			Patrol Vehicles			Command Vehicle Replacement			
Amount	3,000,000		2,000,000			238,623			150,000			
Term	15 years (2010)		10 years (2024)			3 years (2022)			3 years (2027)			
Interest	1.25% (reset from 3.21%)		4.08%			1.22% (IF) Current (5% projected)			5% (IF)			
Fiscal Year			Principal			Principal			Principal			
	Interest	Total	Interest	Total	Debt Load (start of FY)	Interest	Total	Debt Load (start of FY)	Interest	Total	Debt Load (start of FY)	
2024	133,333	5,000	138,333	399,999		79,537	1,953	81,490	0	0	0	0
2025	133,333	3,333	136,666	266,666		80,507	982	81,490	0	0	0	0
2026	133,333	1,668	135,001	133,333	200,000	0	0	0	0	0	0	0
2027					200,000	56,622	8,925	65,547	0	0	0	0
2028					200,000	117,773	15,287	133,060	47,581	7,500	55,081	150,000
2029					200,000	183,732	18,867	202,599	49,960	5,121	55,081	102,419
Beach Renourishment			Public Safety Building			Truck 11 Replacement			TOTAL			
Amount	2,407,148		13,000,000			220,000						
Term	5 years (2022)		20 years (2028)			10 years						
Interest	1.84% (SOB)		3% GO			5% (IF)						
Fiscal Year			Principal			Principal			Principal			
	Interest	Total	Interest	Total	Debt Load (start of FY)	Interest	Total	Debt Load (start of FY)	Interest	Total	Debt Load (start of FY)	
2024	474,917	30,585	505,502	1,899,670					687,788	37,537	725,325	2,459,713
2025	474,917	21,846	496,764	1,424,752					688,758	26,162	714,920	1,771,926
2026	474,917	13,108	488,025	949,835					808,250	92,295	900,546	3,083,168
2027	474,917	4,369	479,287	474,917	0	0	0	0	731,539	82,654	814,193	2,453,417
2028	1,130,127	180,000	1,310,127	9,000,000	483,804	390,000	873,804	13,000,000	1,979,286	653,987	2,633,273	24,055,733
2029	1,164,031	146,096	1,310,127	7,869,873	498,318	375,486	873,804	12,516,196	2,270,952	708,610	2,979,561	24,465,818

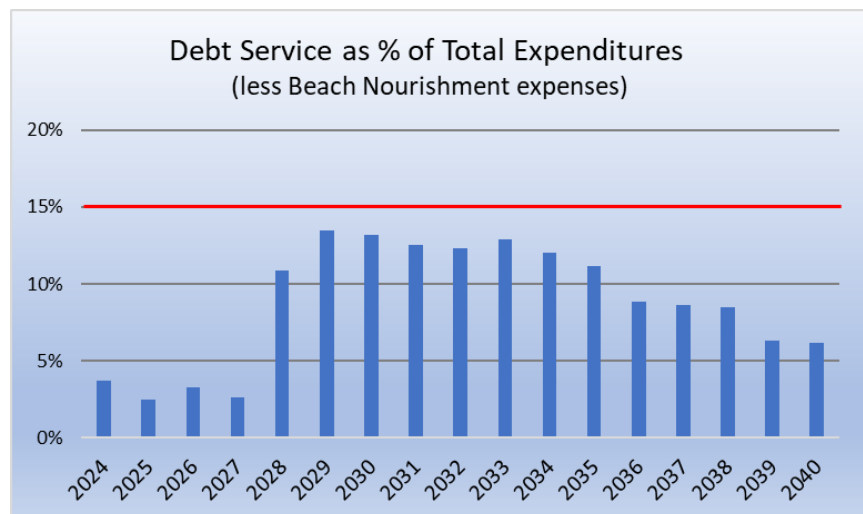
## Debt Ratios

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.

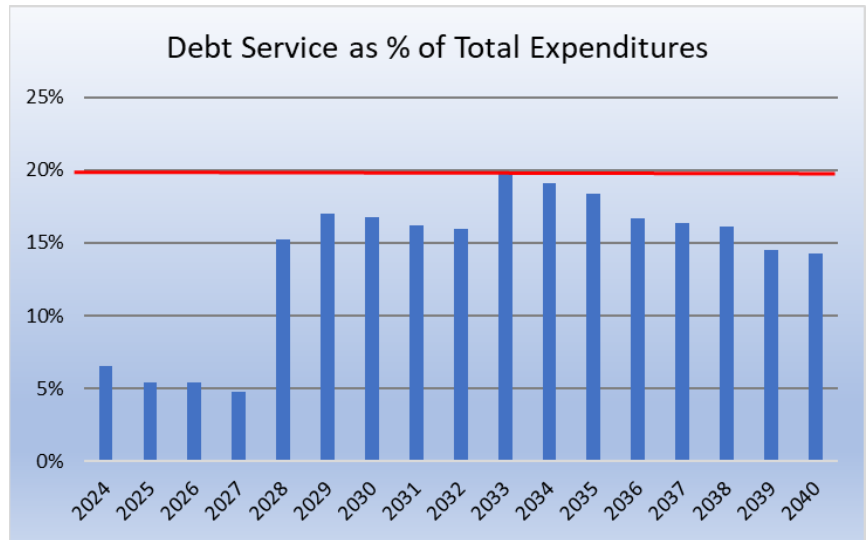


As an indicator of debt burden, our Financial Policies require debt service to be no more than 15% of General Fund expenditures after deducting Beach Nourishment debt service expenses. Using the CIP to inform projections for future debt issues, and not including the one-year borrowing for the FEMA portion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

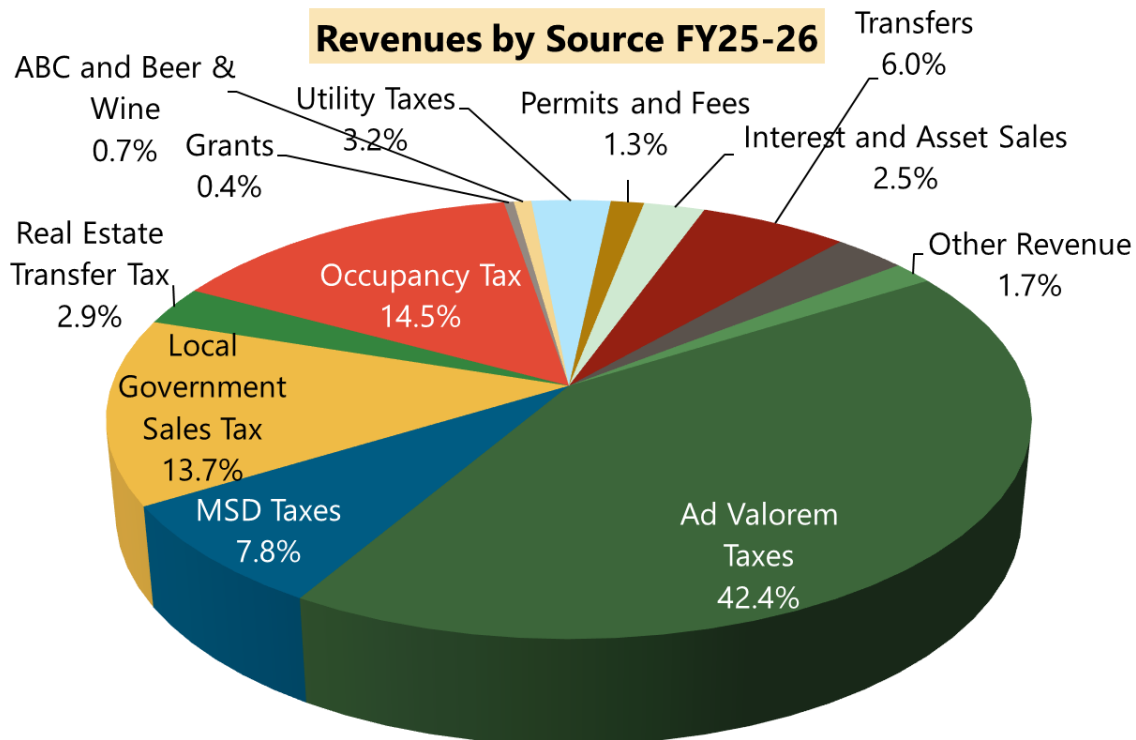


Our goal is to amortize at least 55% of our total debt in 10 years or less. Assuming new debt service is issued per the CIP, we will be outside of this goal and remain outside until debt is retired for the anticipated construction of the Public Safety building and ladder truck purchase. This ratio will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

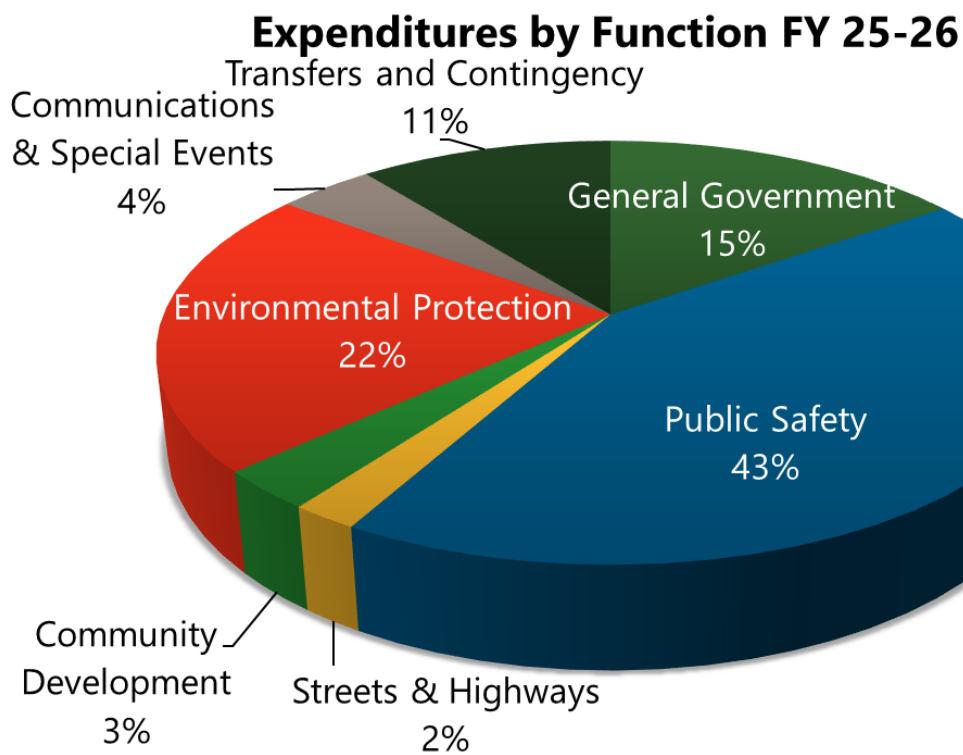


## Budget Summary

Revenues by Source						
Source	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Ad Valorem Taxes	4,190,980	4,741,190	4,814,293	5,566,115	824,925	17.4%
MSD Taxes	1,016,988	1,012,674	1,024,119	1,024,119	11,445	1.1%
Local Government Sales Tax	2,143,722	1,900,000	1,800,000	1,800,000	(100,000)	-5.3%
Real Estate Transfer Tax	489,290	375,000	375,000	375,000	0	0.0%
Occupancy Tax	2,265,416	2,000,000	1,900,000	1,900,000	(100,000)	-5.0%
Grants	6,483,185	186,549	52,686	52,686	(133,863)	-71.8%
ABC and Beer & Wine	89,919	92,500	93,000	93,000	500	0.5%
Utility Taxes	452,718	410,000	420,000	420,000	10,000	2.4%
Permits and Fees	190,059	178,000	177,000	177,000	(1,000)	-0.6%
Interest and Asset Sales	475,734	330,000	325,000	325,000	(5,000)	-1.5%
Transfers	627,263	496,764	788,025	788,025	291,261	58.6%
Debt Proceeds	0	2,000,000	0	0	(2,000,000)	
Fund Balance Appropriated	0	2,650,543	0	385,300	(2,265,243)	-85.5%
Other Revenue	224,144	149,160	217,600	217,600	68,440	45.9%
<b>Total</b>	<b>18,649,418</b>	<b>16,522,380</b>	<b>11,986,723</b>	<b>13,123,845</b>	<b>(3,398,535)</b>	<b>-20.6%</b>



Expenditures by Function						
Function	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
General Government	1,887,475	3,827,146	2,035,645	2,013,922	(1,813,224)	-47.4%
Public Safety	5,081,675	5,343,131	5,629,544	5,614,894	271,763	5.1%
Streets & Highways	4,545,223	332,634	408,433	268,433	(64,201)	-19.3%
Community Development	343,120	391,069	398,796	399,796	8,727	2.2%
Environmental Protection	2,148,834	4,713,890	2,880,045	2,880,045	(1,833,845)	-38.9%
Communications & Special Events	231,945	511,404	536,206	539,206	27,802	5.4%
Transfers and Contingency	1,438,789	1,403,106	1,443,175	1,407,549	4,443	0.3%
<b>Total</b>	<b>15,677,062</b>	<b>16,522,380</b>	<b>13,331,843</b>	<b>13,123,845</b>	<b>(3,398,535)</b>	<b>-20.6%</b>



## 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 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

Revenue						
Account Description	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Ad Valorem Tax	4,139,950	4,710,690	4,771,763	5,523,584	812,894	17.26%
MSDA	660,190	655,062	664,186	664,186	9,124	1.39%
MSDB	356,798	357,612	359,933	359,933	2,321	0.65%
Motor Vehicle Tax	46,201	27,500	36,180	36,180	8,680	31.56%
Prior Year Tax, Penalties & Interest	4,829	3,000	6,351	6,351	3,351	111.70%
Local Government Sales Tax	2,143,722	1,900,000	1,800,000	1,800,000	(100,000)	-5.26%
Real Estate Transfer Tax	489,290	375,000	375,000	375,000	0	0.00%
Occupancy Tax	2,265,416	2,000,000	1,900,000	1,900,000	(100,000)	-5.00%
Visitor's Bureau Grant	225,806	13,549	13,000	13,000	(549)	-4.05%
State, County, NCLM, NCACP Grants	2,176,038	144,000	10,686	10,686	(133,314)	-92.58%
Shoreline Grant (County)	24,000	24,000	24,000	24,000	0	0.00%
Government Access Channel Grant (LDPI)	5,000	5,000	5,000	5,000	0	0.00%
Federal Grants					0	
FEMA Grants	3,668,331				0	
NFWF Grant	384,011				0	
COVID-19 Relief Fund/ARP					0	
Beer and Wine	3,749	2,500	3,000	3,000	500	20.00%
Utility Franchise Tax	452,718	410,000	420,000	420,000	10,000	2.44%
Building Permits	190,059	172,000	170,000	170,000	(2,000)	-1.16%
Reinspection Fees					0	
Other Permits		6,000	7,000	7,000	1,000	16.67%
Permits and Fees - Other					0	
Superior Clerk of Court	407	500	300	300	(200)	-40.00%
Solid Waste Disposal Tax	601	560	300	300	(260)	-46.43%
Gain on sale of vehicles & Other Surplus Assets	15,460	30,000	25,000	25,000	(5,000)	-16.67%
Investment Earnings	460,274	300,000	300,000	300,000	0	0.00%
ABC and Mixed Beverage Profits	86,170	90,000	90,000	90,000	0	0.00%
Other		8,000	10,000	10,000	2,000	25.00%
Sponsorship Revenue	83,592	35,000	100,000	100,000	65,000	185.71%
Merchandise Revenue	16,630	20,000	22,000	22,000	2,000	10.00%
Building Rental Fees	43,986	30,000	35,000	35,000	5,000	16.67%
Miscellaneous Income - Other	62,637	45,000	45,000	45,000	0	0.00%
Police Donations	16,292	10,100	5,000	5,000	(5,100)	-50.50%
Transfers from Capital Reserve	627,263				0	
Transfers from Beach Nourishment Fund		496,764	788,025	788,025	291,261	58.63%
Debt Proceeds		2,000,000		0	(2,000,000)	
Fund Balance		2,650,543		385,300	(2,265,243)	-85.46%
<b>Total</b>	<b>18,649,418</b>	<b>16,522,380</b>	<b>11,986,723</b>	<b>13,123,845</b>	<b>(3,398,535)</b>	<b>-20.57%</b>

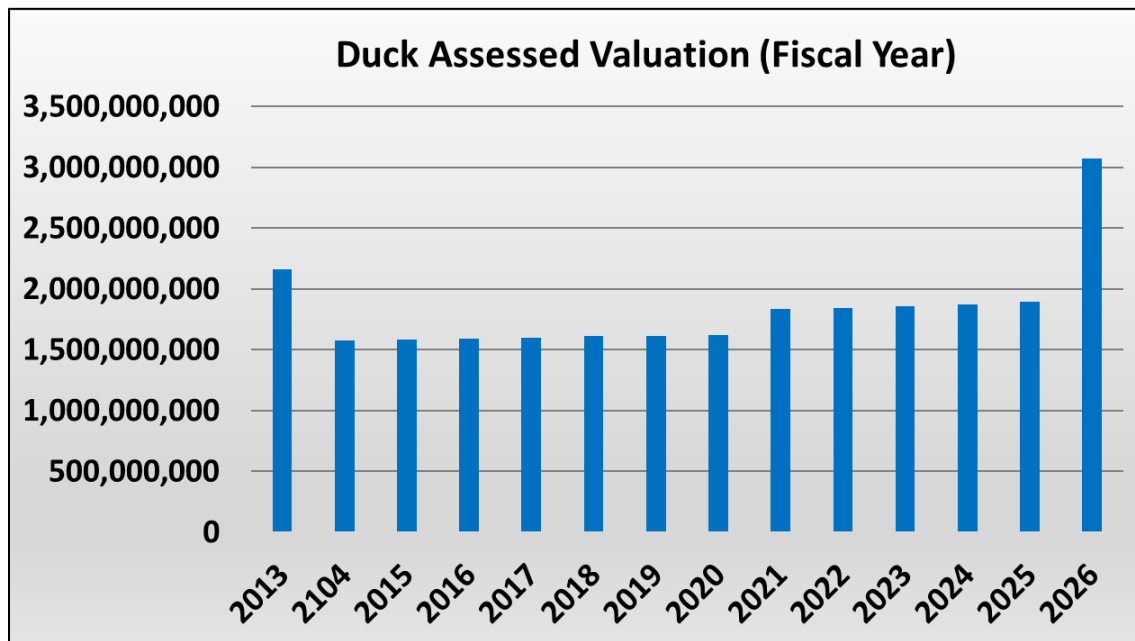
## Ad Valorem Property Tax

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.

North Carolina law requires all counties to reappraise or revalue real property at least once every eight years. The purpose is to make sure assessed property values accurately reflect their market value so that the property tax burden is spread equitably among all property types. Dare County departed from the eight-year standard and conducted the revaluation in 2020 resulting in a seven-year cycle and, effective this year, is now on a five-year cycle.

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 and now has increased approximately \$1.2 billion based upon this year’s revaluation.



## Revenue Neutral Tax Rate

Since reappraisals affect property values, North Carolina General Statute 159-11 requires each “taxing unit” to publish a revenue-neutral tax rate. The revenue-neutral rate serves as a benchmark for taxpayers to compare against the proposed post-revaluation tax rate. While many local governments reduce tax rates following revaluations, property owners may still experience an effective tax increase depending on the extent of the rate adjustment. Including the revenue-neutral rate in the proposed budget provides taxpayers with essential context when evaluating the governing board’s tax decisions for the upcoming fiscal year.

According to General Statute 159-11(e), the revenue-neutral rate is the rate estimated to generate the same revenue in the next fiscal year as the current rate would have produced if no revaluation had occurred. The statute outlines a specific three-step calculation:

1. Identify the rate that would generate the same revenue as the current fiscal year.
2. Adjust for the average annual percentage increase in the tax base due to improvements since the last revaluation.
3. Account for any annexation, deannexation, merger, or similar events.

In practice, this calculation is straightforward, especially since our jurisdiction has no annexations or deannexations to consider. The primary adjustment involves accounting for annual tax base growth over the past five years. Additionally, since we have two municipal service districts, we must perform separate calculations for each based on updated property values. The table below shows the current rates and our preliminary revenue neutral rates.

	Current Rate	Revenue Neutral Rate
Townwide	0.25	0.1555
MSD - A	0.1296	0.0798
MSD - B	0.285	0.189

To assist local governments, the Local Government Commission provides a worksheet for these calculations. The following three worksheets outline the revenue-neutral tax rates for the entire Town and each Municipal Service District (MSD).

Neutral Property Tax Increase (Decrease)				Town of Duck			
Revaluations as of:							
January 1, 2025 and 2020							
Fiscal year		Assessed Valuation as of June 30	Annexation (Deannexation)	Total Adjusted for Annexation or Deannexation	Valuation Increase (Decrease)	Percentage change	
2025-26		3,070,500,000		3,070,500,000			
	Revaluation			1,895,027,725			
	1/1/2025						
2024-25		1,895,027,725		1,895,027,725	19,375,666	1.03%	
				1,875,652,059			
2023-24		1,875,652,059		1,875,652,059	16,966,627	0.91%	
				1,858,685,432			
2022-23		1,858,685,432		1,858,685,432	17,499,510	0.95%	
				1,841,185,922			
2021-22		1,841,185,922		1,841,185,922	6,116,739	0.33%	
				1,835,069,183			
2020-21	Revaluation	1,835,069,183					
	1/1/2020					0.81%	
Last year prior to revaluation					Tax rate	Estimated tax I	
2024-25		1,895,027,725			0.2500	4,737,569	
First year of revaluation					Tax rate to produce equivalent levy		
2025-26		3,070,500,000			0.1543	4,737,569	
					Revenue neutral tax rate, to be included in budget ordinance, adjusted for growth		
Increase (decrease) tax rate for average growth rate							
2025-26		3,070,500,000			0.1555	4,775,821	
					Increase (decrease) in Tax Levy	38,251	
					Average Percentage Increase (Decrease)	0.81%	

Neutral Property Tax Increase (Decrease)				Town of Duck MSD-A		
Revaluations as of:						
January 1, 2025 and 2020						
Fiscal year		Assessed Valuation as of June 30	Annexation (Deannexation)	Total Adjusted for Annexation or Deannexation	Valuation Increase (Decrease)	Percentage change
2025-26		832,813,000		832,813,000		
	Revaluation			509,279,785		
	1/1/2025					
2024-25		509,279,785		509,279,785	6,143,921	1.22%
				503,135,864		
2023-24		503,135,864		503,135,864	872,835	0.17%
				502,263,029		
2022-23		502,263,029		502,263,029	3,913,256	0.79%
				498,349,773		
2021-22		498,349,773		498,349,773	2,129,449	0.43%
				496,220,324		
2020-21	Revaluation	496,220,324				
	1/1/2020					0.65%
Last year prior to revaluation					Tax rate	Estimated tax I
2024-25		509,279,785			0.1296	660,027
First year of revaluation					Tax rate to produce equivalent levy	
2025-26		832,813,000			0.0793	660,027
Increase (decrease) tax rate for average growth rate					Revenue neutral tax rate, to be included in budget ordinance, adjusted for growth	
2025-26		832,813,000			0.0798	664,332
					Increase (decrease) in Tax Levy	4,305
					Average Percentage Increase (Decrease)	0.65%



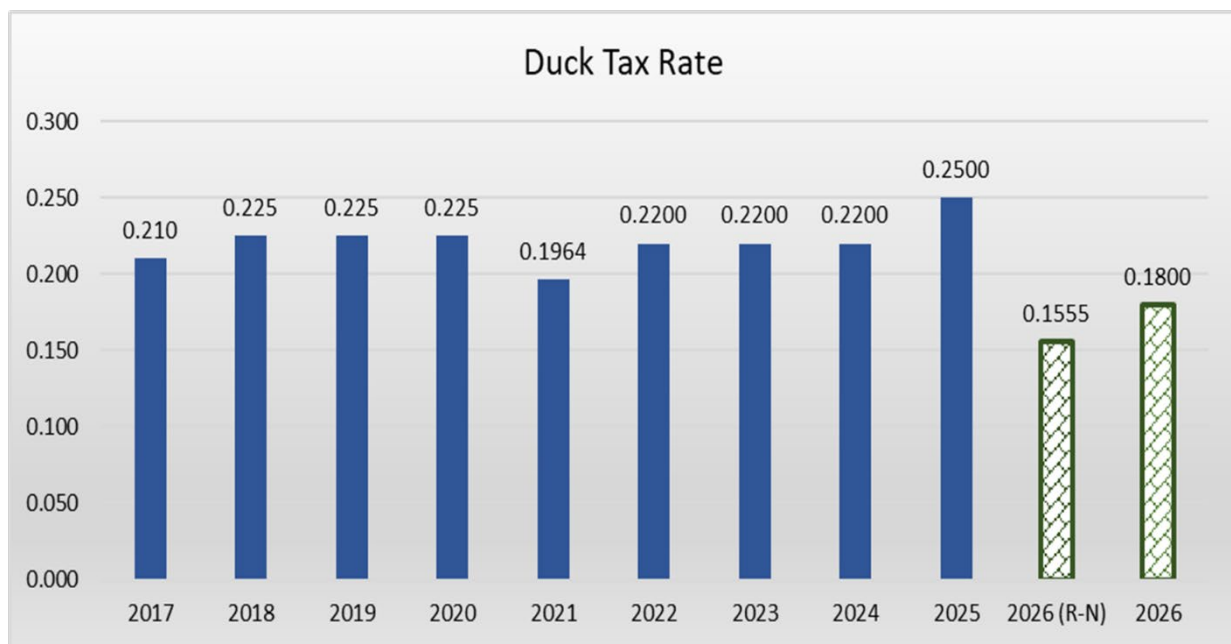
Neutral Property Tax Increase (Decrease)				Town of Duck MSD-B		
Revaluations as of:						
January 1, 2025 and 2020						
Fiscal year		Assessed Valuation as of June 30	Annexation (Deannexation)	Total Adjusted for Annexation or Deannexation	Valuation Increase (Decrease)	Percentage change
2025-26		190,555,000		190,555,000		
	Revaluation			125,966,344		
	1/1/2025					
2024-25		125,966,344		125,966,344	1,062,668	0.85%
				124,903,676		
2023-24		124,903,676		124,903,676	(630,280)	-0.50%
				125,533,956		
2022-23		125,533,956		125,533,956	965,548	0.78%
				124,568,408		
2021-22		124,568,408		124,568,408	222,556	0.18%
				124,345,852		
2020-21	Revaluation	124,345,852				
	1/1/2020					0.33%
Last year prior to revaluation					Tax rate	Estimated tax I
2024-25		125,966,344			0.2850	359,004
First year of revaluation					Tax rate to produce equivalent levy	
2025-26		190,555,000			0.1884	359,004
					Revenue neutral tax rate, to be included in budget ordinance, adjusted for growth	
Increase (decrease) tax rate for average growth rate						
2025-26		190,555,000			0.1890	360,173
					Increase (decrease) in Tax Levy	1,169
					Average Percentage Increase (Decrease)	0.33%

The budgeted amount for these revenues, according to State law, must be based upon the total levy from the current tax base, as modified by our actual rate of tax collection in the previous year which was, per the FY 2023-24 Audit Report, 99.94%. 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 budget conversations with the Town Council, our proposed rate was set to the revenue neutral rate which is \$0.1555 per \$100 of assessed valuation. The rate dropped in FY 2020-21 due to revaluation and reflected the revenue neutral rate, and thus provided no real change in tax revenue. The rate was increased in FY 2021-22 and again in FY 2024-25 to meet the needs of a growing community, staff, and needed capital projects.

As shown on the chart below, the tax rate 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. Last year, the rate was increased to 25 cents to attempt to keep pace with higher costs due to inflation while still accomplishing needed projects.

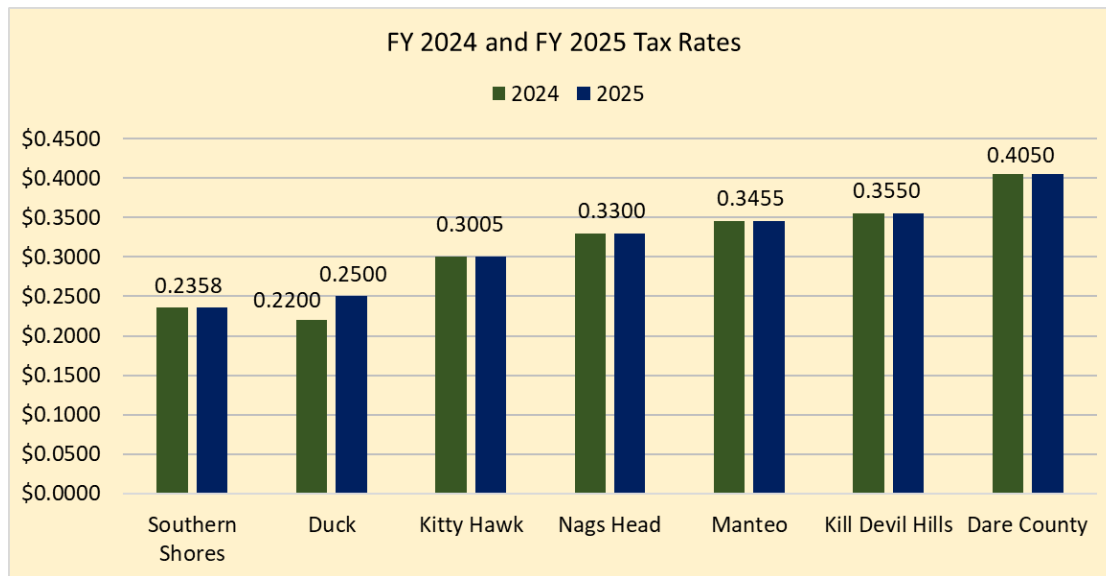
During the budget workshop, following initial expense reductions, it became clear that in order to maintain the current level of service while continuing to invest in the maintenance of facilities and infrastructure, an increase in the tax rate above the revenue neutral rate was necessary. The recommended budget sets this rate at \$0.18 per \$100 in value, \$0.0245 above the revenue neutral rate.



This table shows the effect of the change in tax rate by showing the tax liability under the revenue neutral rate and the rate set in this proposed budget. It also shows the annualized and monthly impact on properties based upon their assessed value.

Assessed Value	Annual Bill at	Monthly Bill at	Annual Bill at	Increase in Tax Bill	
	0.1555	0.1555	0.18	Annual	Monthly
250,000	389	32	450	61	5
300,000	467	39	540	74	6
350,000	544	45	630	86	7
400,000	622	52	720	98	8
450,000	700	58	810	110	9
500,000	778	65	900	123	10
550,000	855	71	990	135	11
600,000	933	78	1,080	147	12
650,000	1,011	84	1,170	159	13
700,000	1,089	91	1,260	172	14
750,000	1,166	97	1,350	184	15
800,000	1,244	104	1,440	196	16
850,000	1,322	110	1,530	208	17
900,000	1,400	117	1,620	221	18
950,000	1,477	123	1,710	233	19
1,000,000	1,555	130	1,800	245	20
1,100,000	1,711	143	1,980	270	22
1,200,000	1,866	156	2,160	294	25
1,300,000	2,022	168	2,340	319	27
1,400,000	2,177	181	2,520	343	29
1,500,000	2,333	194	2,700	368	31
1,600,000	2,488	207	2,880	392	33
1,700,000	2,644	220	3,060	417	35
1,800,000	2,799	233	3,240	441	37
1,900,000	2,955	246	3,420	466	39
2,000,000	3,110	259	3,600	490	41

This chart shows how our rate compared to other towns in Dare County in FY 2023-24 and FY 2024-25 and shows the County's rate as well. Even with the tax rate increase last year, we have the second lowest tax rate of all the towns in Dare County. These rates, of course, will change with all entities dealing with calculating revenue neutral rates.

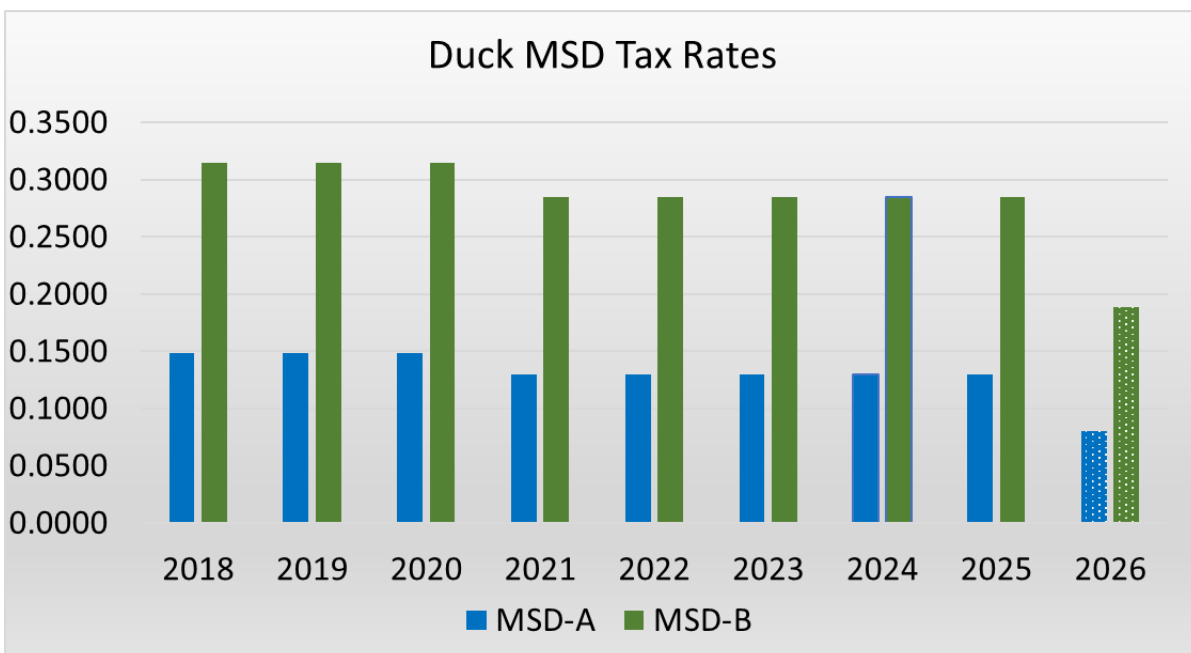
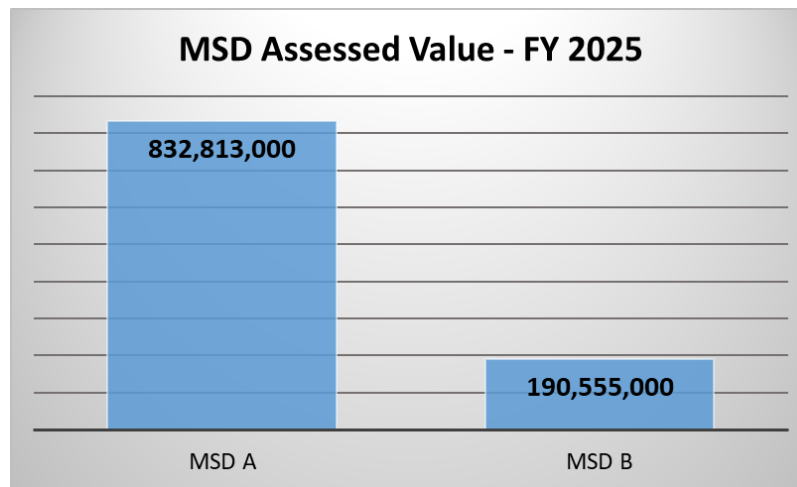


### **Municipal Service District (MSD) Tax Rates**

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, 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, in the current draft budget, are set to the revenue neutral rates shown above (MSD-A \$0.0798 and MSD-B \$0.1890). 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 charts below 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.

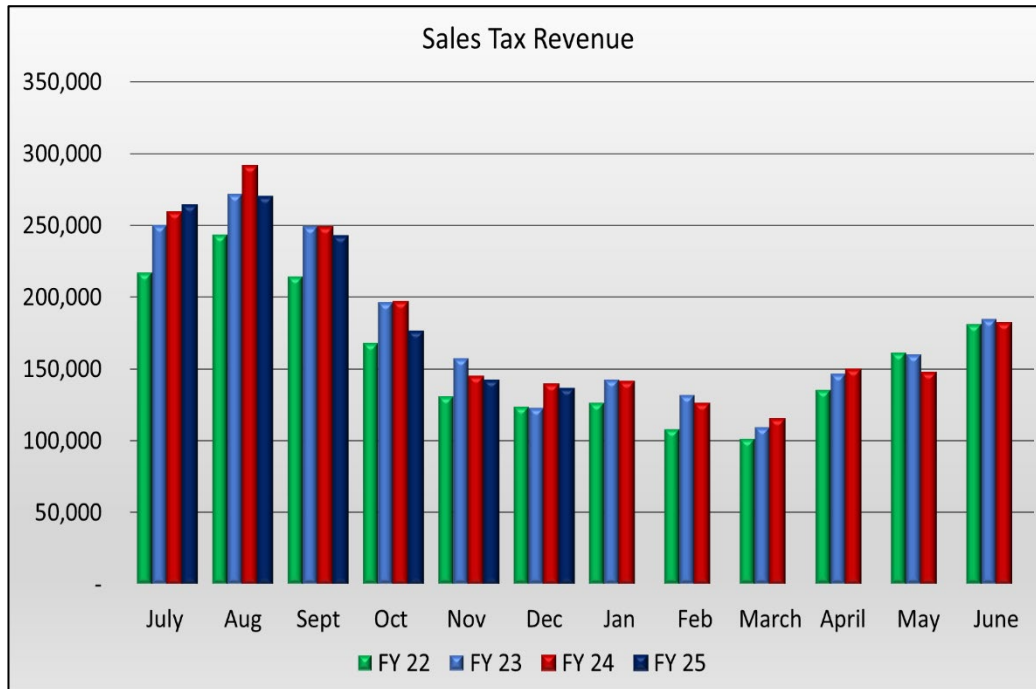
All local sales taxes are collected by the State, along with their 4.75% sales tax, and the local portion is distributed (after the State subtracts collection costs) to the 100 counties in the state. Once the county receives the proceeds, it distributes them to the localities within that county by one 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 2024 levy in each town and the corresponding proportion of the total levy.

2024	Levy	% of Total	Tax Rate
DARE COUNTY	81,646,021	66.70%	0.4050
DUCK	5,197,023	4.25%	0.2200
KILL DEVIL HILLS	11,583,083	9.46%	0.3550
KITTY HAWK	5,188,171	4.24%	0.3005
MANTEO	2,414,833	1.97%	0.3455
NAGS HEAD	12,006,077	9.81%	0.3300
SOUTHERN SHORES	4,372,622	3.57%	0.2358
<b>TOTAL</b>	<b>122,407,830</b>	<b>100.00%</b>	

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 saw fairly significant growth in this revenue stream during the pandemic and in the years that followed. In the current fiscal year (FY 2024-25), we are seeing a small decrease from the amount received in the prior fiscal year to date.

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.

	2020-21	2021-22	2022-23	2023-24
Sales Tax	1,773,897	1,913,101	2,124,121	2,143,722
Change	22.23%	7.85%	11.03%	0.92%
	4 - year average			10.51%

The unpredictability of the national and local economy drives us to remain cautious as we budget revenue from this source. We have not received any outside guidance relative to this revenue source, but our typical approach is to be conservative in nature as we estimate revenue in light of economic conditions. To that end, this budget reflects a small decrease in the amount of revenue from this source as compared to our current fiscal year's budget.

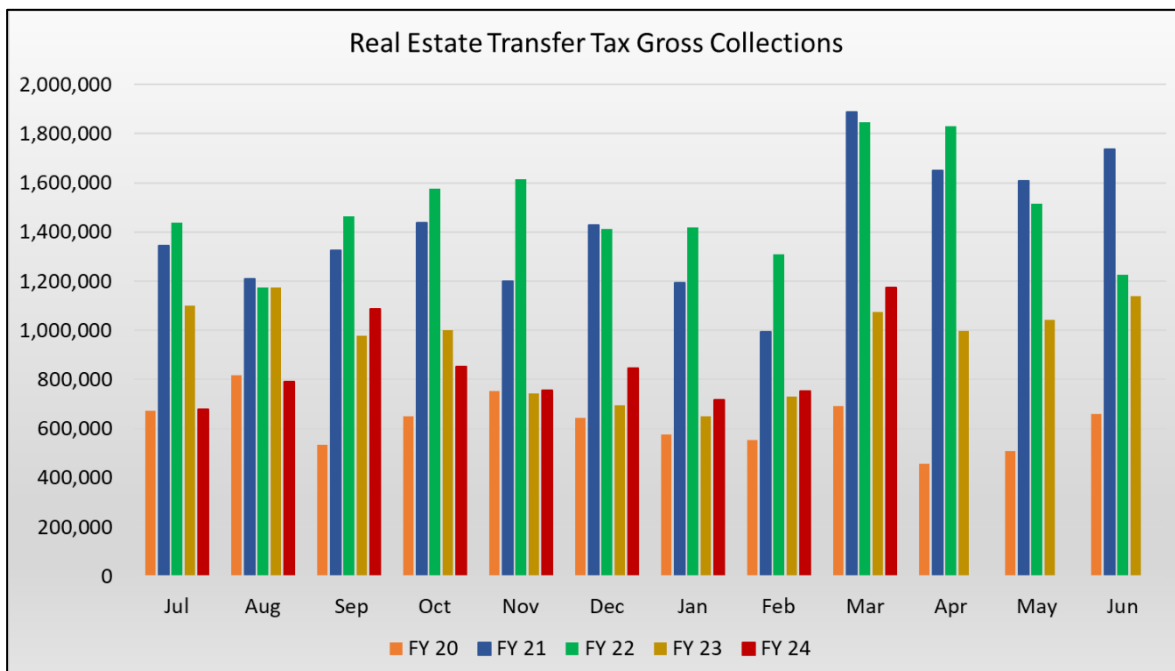
It should be noted that a portion of this revenue source is restricted by State statute. Because we have MSDs and levy taxes on those, a proportionate share of the sales tax revenue must be restricted to the same purpose as the MSDs were created to fund. In our case this means that approximately 17.7% 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.

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.

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. In FY 2023-24 we saw a reduction in this source of revenue. Thus far in FY 2024-25 we are seeing a small increase in revenue compared to the prior fiscal year when looking at gross tax collections.





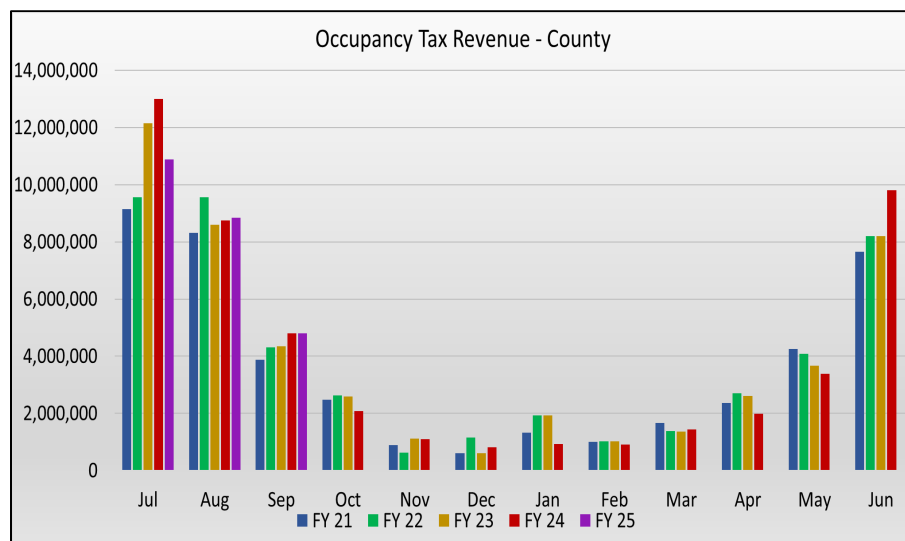
While our four-year rolling average increase is in excess of 20%, we do not see this rate of revenue growth to be sustainable given the current state of the economy. Our budget is based upon an assumption of a continuation of the activity level we have seen last fiscal year and thus far this fiscal year.

	2020-21	2021-22	2022-23	2023-24
Revenue	853,475	826,337	535,483	489,290
Change	127.72%	-3.18%	-35.20%	-8.63%
			4-year average	20.18%

## Occupancy Tax

The Occupancy Tax rate for Dare County is six percent (6%) of gross receipts derived from the rentals of rooms, 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.

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.

<b>Gross</b>	<b>49,016,529</b>
<b>Cost of Collection</b>	<b>50,170</b>
<b>Dare County</b>	<b>7,833,051</b>
<b>Kill Devil Hills</b>	<b>4,527,503</b>
<b>Kitty Hawk</b>	<b>2,245,442</b>
<b>Manteo</b>	<b>1,038,663</b>
<b>Nags Head</b>	<b>4,673,981</b>
<b>Southern Shores</b>	<b>1,894,227</b>
<b>Duck</b>	<b>2,265,416</b>
<b>Tourism Board</b>	<b>8,162,692</b>
<b>Beach Nourishment</b>	<b>16,325,384</b>

This table shows how the gross amount of Occupancy Taxes collected in Fiscal Year 2023-24 was distributed.

The table below shows the annual revenue received by the Town over the past four full fiscal years. In FY 2023-24, the revenue from this tax only exceeded the prior year by a little over \$30,000, so effectively level. We expect the FY 2024-25 final revenue to be slightly ahead of budget, with the summer of 2025 showing a continuation of the trend toward moderating reservation numbers. While we expect this revenue source to remain strong, we do not predict an increase over what is received in FY 2024-25. In fact, in order to maintain a conservative posture in revenue estimation, we include a small decrease in the amount of revenue budgeted.

	2020-21	2021-22	2022-23	2023-24
Revenue	2,086,895	2,131,759	2,233,398	2,265,416
Change	46.20%	2.15%	4.77%	1.43%
			4-year average	10.40%

### **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 2025-26 we are anticipating the receipt of funding from:

Dare County Visitors' Bureau – for assistance with the production of the 2025 Jazz Festival. 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 projects related to sidewalk improvements and lighting improvements to the amphitheater as they enhance the experience our visitors enjoy in Duck.

State, County, NCLM, NCACP Grants – Included in this line are a \$3,136 Federal Ballistic Vest Grant Reimbursement, a \$1,250 North Carolina League of Municipalities Ballistic Vest Grant Reimbursement, and a \$2,000 North Carolina Association of Chiefs of Police Wellness Grant.

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.

### **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 the ability to provide good quality video and audio from public meetings to be broadcast on the channels. We anticipate, in FY 2025-26, 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 2023-24.

	2020-21	2021-22	2022-23	2023-24
Beer and Wine Tax	1,692	2,953	3,445	3,749
Change	-1.66%	74.58%	16.65%	8.84%
	4- year average			24.60%

## 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 2023-24 we received \$422,005 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 2023-24 we received \$27,697 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 \$3,015 in revenue from this tax.

This budget reflects a small increase of over what was budgeted in FY 2024-25 for the combination of all three tax components.

	2020-21	2021-22	2022-23	2023-24
Utility Franchise Tax	383,697	389,091	419,868	452,718
Change	-5.43%	1.41%	7.91%	7.82%
		4- year average		2.93%

## 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 last year, so smaller repair/improvement jobs will no longer require a permit.

	2020-21	2021-22	2022-23	2023-24
Permits and Inspections	205,135	201,650	203,524	190,058
Change	36.47%	-1.70%	0.93%	-6.62%
		4- year average		7.27%

FY 2024-25 revenue is fairly close to our expectations and while we have seen a moderation in the increase of activity, there is nothing to indicate that the current level will reduce in the near term. Opting to be a bit conservative, while acknowledging current trends, this budget reflects no increase in revenue from this source compared to the amount budgeted in FY 2024-25.

## 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 2025-26 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 and money market accounts. Given the unknowns in the economy we are uncertain regarding interest rates, but we do not expect them to increase from the level seen in the current fiscal year. Opting to be conservative in our budgeting, we show no change compared to the FY 2024-25 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 a prediction that recent increases in this revenue source will moderate and remain close to what we anticipate receiving in the current fiscal year.

	2020-21	2021-22	2022-23	2023-24
ABC Profit Distribution	55,568	84,416	81,540	86,170
Change	-10.07%	51.91%	-3.41%	5.68%
	4- year average			11.03%

## Sponsorship Revenue

For our annual events, we are delighted to have sponsoring private sector partners who provide funding to support these community events. For FY 2025-26 we again anticipate a full slate of events with sponsors funding approximately 25% of the cost of our events. 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 two years ago 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. This line also includes revenue from the rental of the Buffell Head house. Expenses related to this property are included in the Public Facilities Department.

## **Miscellaneous Revenue – Other**

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

## **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 2025-26 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 2025-26 we do not, at this point, plan to issue debt, but we still may consider short term debt to purchase the police vehicles that are budgeted to be replaced as we continue to follow our vehicle 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 2025-26 we are budgeting to appropriate \$385,300 from Fund Balance to complete the Town Park shoreline preservation project. This one-time use of these funds, tied to a one-time expense is an appropriate use of reserve funds.

## **Revenue Summary**

While we enjoyed strong revenue growth emerging from the pandemic, we have seen these rates of growth moderate over the past couple of years. Because of this, 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 3% 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 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 2025 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.

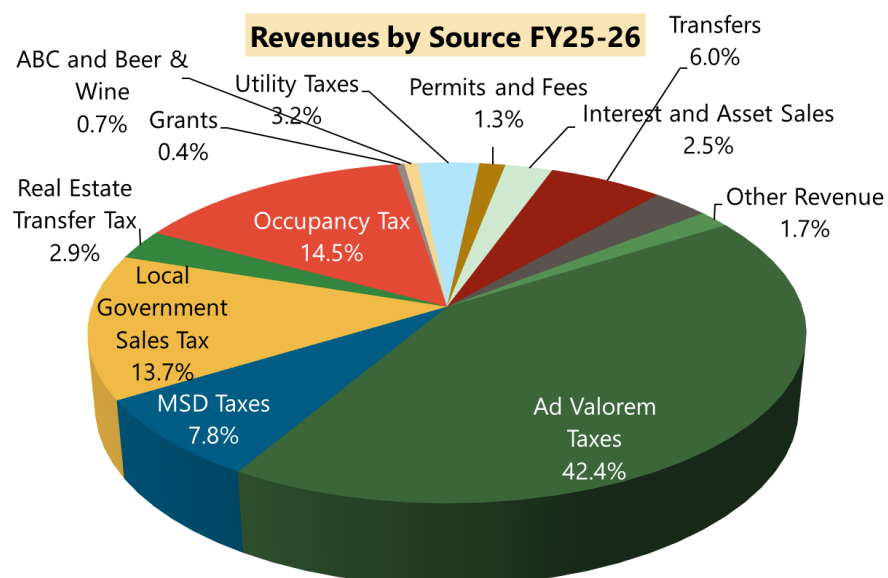
While the tax rates shown in this summary, and the corresponding revenue, along with the other revenues mentioned above, will allow us to maintain our current levels of service while looking at



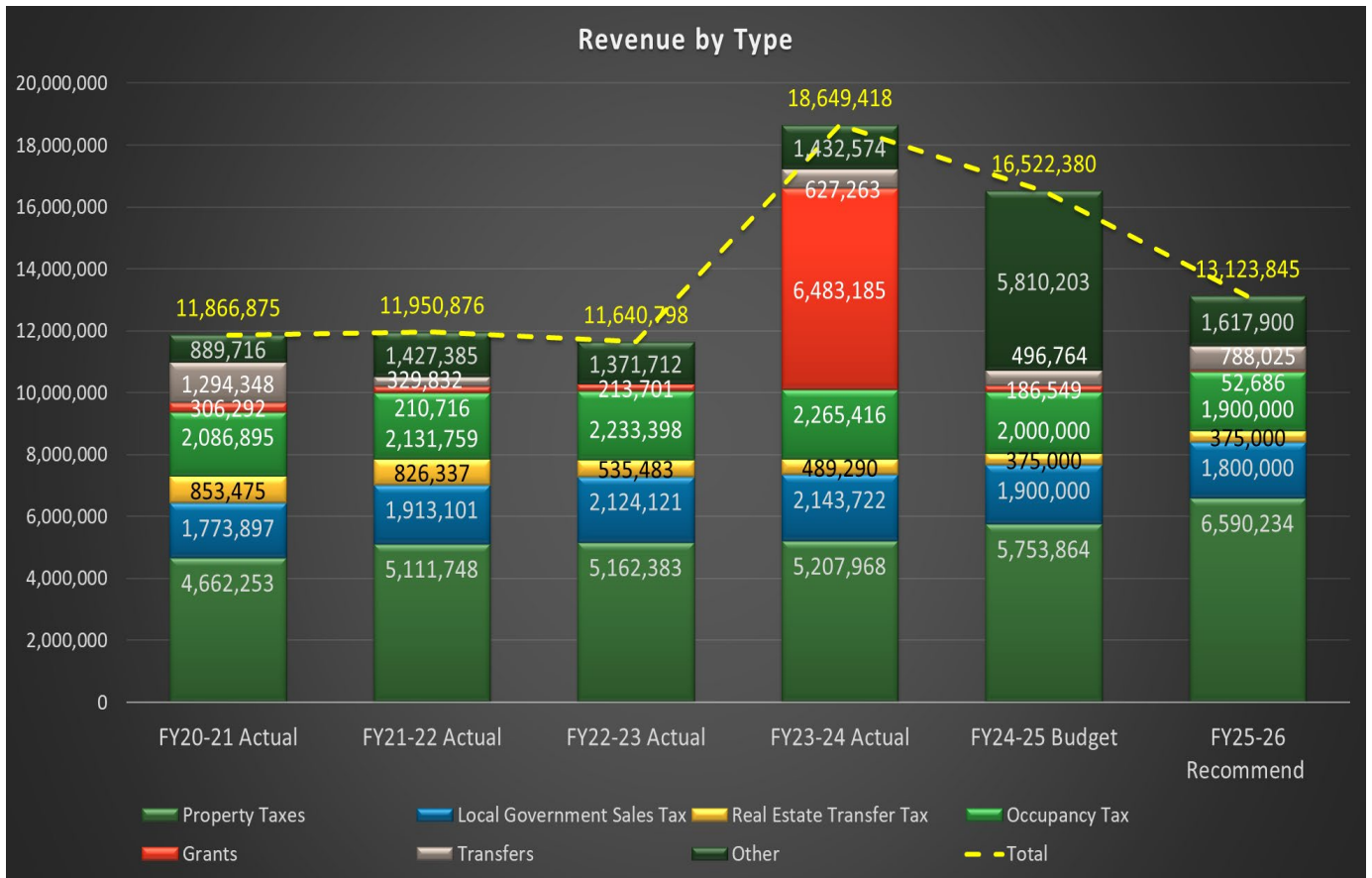
the future needs of the community there is likely to be little room for investment in capital projects or increases in levels of service. We remain aware of and seek any other sources of revenue whether through grants or other taxes as deemed appropriate.

It is important to note that historically, well under half of our revenue has come from Ad Valorem and MSD taxes, particularly when we anticipate receiving significant grant or loan funding. In FY 2025-26, we anticipate that 50% of revenue will derive from these sources while the total amount of revenue remains relatively stable. The amount and percentage of each source are depicted in the table on the next page and graph below.

Revenues by Source						
Source	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Ad Valorem Taxes	4,190,980	4,741,190	4,814,293	5,566,115	824,925	17.4%
MSD Taxes	1,016,988	1,012,674	1,024,119	1,024,119	11,445	1.1%
Local Government Sales Tax	2,143,722	1,900,000	1,800,000	1,800,000	(100,000)	-5.3%
Real Estate Transfer Tax	489,290	375,000	375,000	375,000	0	0.0%
Occupancy Tax	2,265,416	2,000,000	1,900,000	1,900,000	(100,000)	-5.0%
Grants	6,483,185	186,549	52,686	52,686	(133,863)	-71.8%
ABC and Beer & Wine	89,919	92,500	93,000	93,000	500	0.5%
Utility Taxes	452,718	410,000	420,000	420,000	10,000	2.4%
Permits and Fees	190,059	178,000	177,000	177,000	(1,000)	-0.6%
Interest and Asset Sales	475,734	330,000	325,000	325,000	(5,000)	-1.5%
Transfers	627,263	496,764	788,025	788,025	291,261	58.6%
Debt Proceeds	0	2,000,000	0	0	(2,000,000)	
Fund Balance Appropriated	0	2,650,543	0	385,300	(2,265,243)	-85.5%
Other Revenue	224,144	149,160	217,600	217,600	68,440	45.9%
<b>Total</b>	<b>18,649,418</b>	<b>16,522,380</b>	<b>11,986,723</b>	<b>13,123,845</b>	<b>(3,398,535)</b>	<b>-20.6%</b>



Revenue						
Account Description	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Ad Valorem Tax	4,139,950	4,710,690	4,771,763	5,523,584	812,894	17.26%
MSDA	660,190	655,062	664,186	664,186	9,124	1.39%
MSDB	356,798	357,612	359,933	359,933	2,321	0.65%
Motor Vehicle Tax	46,201	27,500	36,180	36,180	8,680	31.56%
Prior Year Tax, Penalties & Interest	4,829	3,000	6,351	6,351	3,351	111.70%
Local Government Sales Tax	2,143,722	1,900,000	1,800,000	1,800,000	(100,000)	-5.26%
Real Estate Transfer Tax	489,290	375,000	375,000	375,000	0	0.00%
Occupancy Tax	2,265,416	2,000,000	1,900,000	1,900,000	(100,000)	-5.00%
Visitor's Bureau Grant	225,806	13,549	13,000	13,000	(549)	-4.05%
State, County, NCLM, NCACP Grants	2,176,038	144,000	10,686	10,686	(133,314)	-92.58%
Shoreline Grant (County)	24,000	24,000	24,000	24,000	0	0.00%
Government Access Channel Grant (LDPI)	5,000	5,000	5,000	5,000	0	0.00%
Federal Grants					0	
FEMA Grants	3,668,331				0	
NFWF Grant	384,011				0	
COVID-19 Relief Fund/ARP					0	
Beer and Wine	3,749	2,500	3,000	3,000	500	20.00%
Utility Franchise Tax	452,718	410,000	420,000	420,000	10,000	2.44%
Building Permits	190,059	172,000	170,000	170,000	(2,000)	-1.16%
Reinspection Fees					0	
Other Permits		6,000	7,000	7,000	1,000	16.67%
Permits and Fees - Other					0	
Superior Clerk of Court	407	500	300	300	(200)	-40.00%
Solid Waste Disposal Tax	601	560	300	300	(260)	-46.43%
Gain on sale of vehicles & Other Surplus Assets	15,460	30,000	25,000	25,000	(5,000)	-16.67%
Investment Earnings	460,274	300,000	300,000	300,000	0	0.00%
ABC and Mixed Beverage Profits	86,170	90,000	90,000	90,000	0	0.00%
Other		8,000	10,000	10,000	2,000	25.00%
Sponsorship Revenue	83,592	35,000	100,000	100,000	65,000	185.71%
Merchandise Revenue	16,630	20,000	22,000	22,000	2,000	10.00%
Building Rental Fees	43,986	30,000	35,000	35,000	5,000	16.67%
Miscellaneous Income - Other	62,637	45,000	45,000	45,000	0	0.00%
Police Donations	16,292	10,100	5,000	5,000	(5,100)	-50.50%
Transfers from Capital Reserve	627,263				0	
Transfers from Beach Nourishment Fund		496,764	788,025	788,025	291,261	58.63%
Debt Proceeds		2,000,000		0	(2,000,000)	
Fund Balance		2,650,543		385,300	(2,265,243)	-85.46%
<b>Total</b>	<b>18,649,418</b>	<b>16,522,380</b>	<b>11,986,723</b>	<b>13,123,845</b>	<b>(3,398,535)</b>	<b>-20.57%</b>



## 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**
  - 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.
- **Legal**
  - Expenses related to our contracted attorney services.
- **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 for the operation of the Duck Fire Department.
- **Ocean Rescue**
  - Expenses, directly to a contractor, to provide ocean rescue services on the beach in Duck.
- **Communications & 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, 4<sup>th</sup> 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 Community Engagement Coordinator are included in this department.
- **Community Development**
  - Expenses related to planning, code enforcement, etc.
- **Inspections**
  - Expenses related to our enforcement of the NC Building Code including the issuance of permits and inspections to ensure Code compliance.

- **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.
- **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.
- **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 2025-26 requested 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 172 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 Actual	FY24-25 Budget	FY25-26 Recommend	Variance v. CY	% Change
Governing Body	140,647	154,108	154,751	177,124	22,373	14.46%
Administration	695,325	760,925	427,390	460,329	32,939	7.71%
Finance & Human Resources	124,089	134,470	251,261	260,127	8,866	3.53%
Legal	66,859	117,940	65,460	66,720	1,260	1.92%
Information Technology	133,686	182,053	182,431	186,706	4,275	2.34%
Police	2,216,895	2,207,034	2,259,300	2,475,817	216,517	9.58%
Fire	1,952,542	2,017,702	2,065,852	2,084,727	18,875	0.91%
Ocean Rescue	580,069	628,270	764,500	783,723	19,223	2.51%
Communications & Special Events	217,589	231,945	511,404	539,206	27,802	5.44%
Community Development	330,636	343,120	391,069	399,796	8,727	2.23%
Inspections	204,158	228,669	253,479	270,627	17,148	6.77%
Public Facilities	713,154	537,979	2,745,853	862,916	(1,882,937)	-68.57%
Streets & Highways	381,833	4,545,223	332,634	268,433	(64,201)	-19.30%
Sanitation	1,146,553	1,252,653	1,442,775	1,501,220	58,445	4.05%
Environmental Protection	2,383,896	896,180	3,271,115	1,378,825	(1,892,290)	-57.85%
Transfers	1,425,167	1,438,789	1,348,855	1,305,655	(43,200)	-3.20%
Contingency	647	0	54,251	101,894	47,643	87.82%
<b>Total</b>	<b>12,713,745</b>	<b>15,677,062</b>	<b>16,522,380</b>	<b>13,123,845</b>	<b>(3,398,535)</b>	<b>-20.6%</b>

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 is also a decrease in revenue from grants and fund balance associated with this same project.

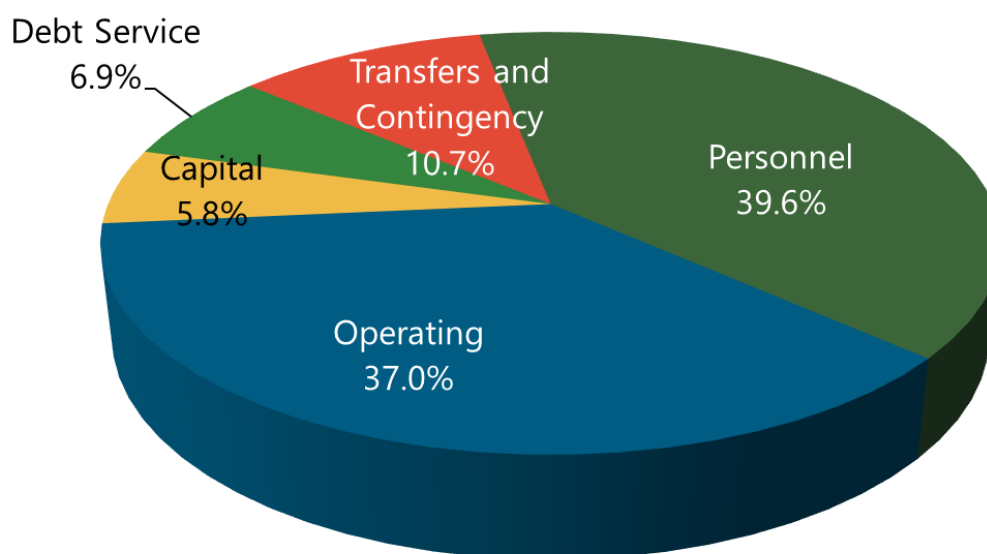
## Expenditures by Type

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

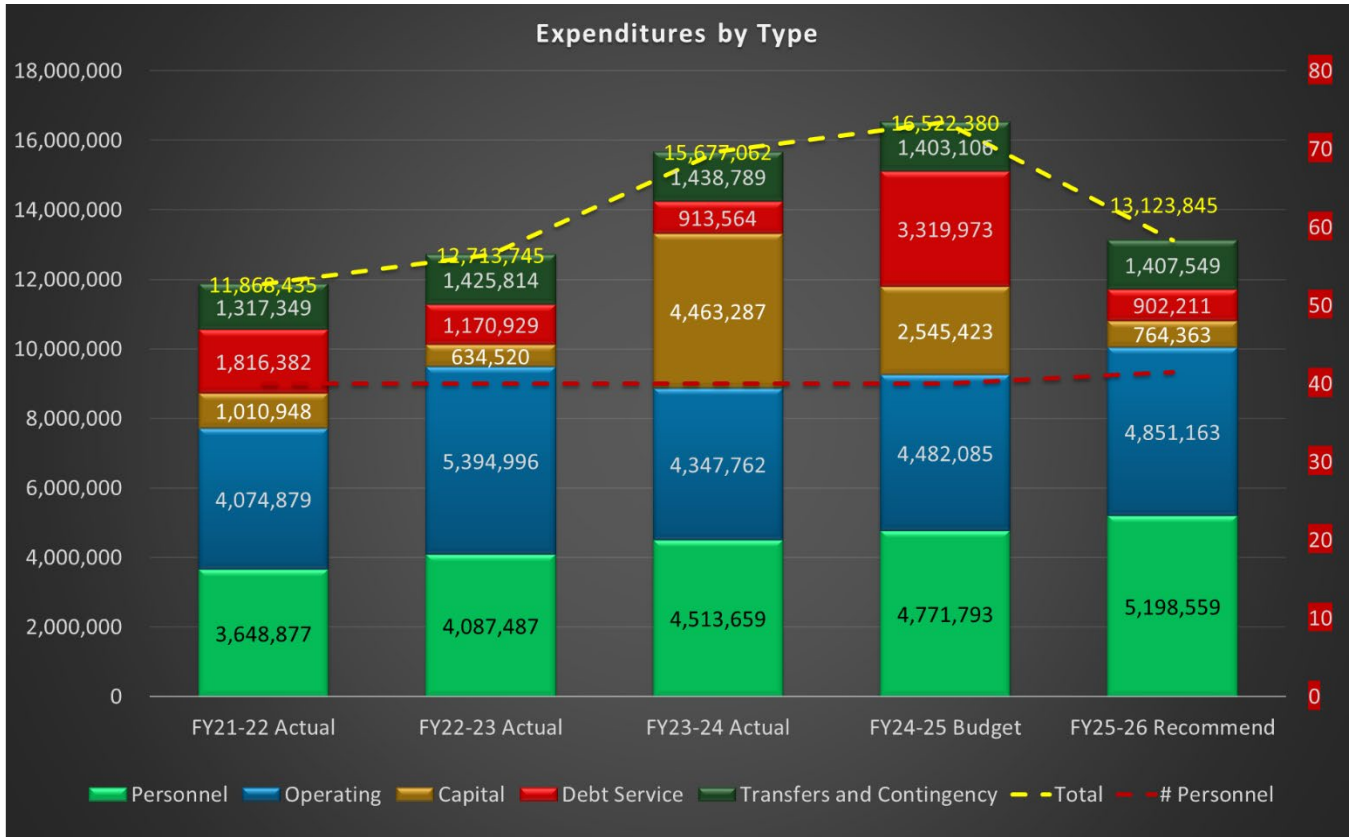
- **Personnel** – accounts for salaries, overtime, FICA, retirement, 401k, medical insurance, and workers' compensation insurance.
- **Operating** – accounts for all expenses for contracted services, professional services, supplies and materials, and small item purchases.
- **Capital** – accounts for 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 Actual	FY24-25 Budget	FY25-26 Recommend	Variance v. CY	% Change
Personnel	4,087,487	4,513,659	4,771,793	5,198,559	426,766	8.9%
Operating	5,394,996	4,347,762	4,482,085	4,851,163	369,078	8.2%
Capital	634,520	4,463,287	2,545,423	764,363	(1,781,060)	-70.0%
Debt Service	1,170,929	913,564	3,319,973	902,211	(2,417,762)	-72.8%
Transfers and Contingency	1,425,814	1,438,789	1,403,106	1,407,549	4,443	0.3%
<b>Total</b>	<b>12,713,745</b>	<b>15,677,062</b>	<b>16,522,380</b>	<b>13,123,845</b>	<b>(3,398,535)</b>	<b>-20.6%</b>

## Expenditures by Type FY25-26



This chart shows the changes in each type over the past five years and what is currently contained in the budget for FY 2024-25 and FY 2025-26 recommended budget. 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 2025-26 budget.





## Personnel

Personnel expenditures which, for Duck, make up approximately 40% 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 2025-26, Department Directors were asked to submit new position requests, based upon defined needs, for inclusion in the budget. Two such requests were submitted, one in Police and one in Fire.

Justification for the two position requests are as follows:

#### Police Investigator

The Duck Police Department remains the only municipal police agency in Dare County without a dedicated Investigator, which has been problematic for the Department and is not in line with best practices for modern policing, risk review, or accreditation. A dedicated Investigator is an experienced police officer who is highly trained in specialized investigative techniques and procedures. A dedicated Investigator would have the ability to respond to an initial crime scene and begin a comprehensive investigation that includes evidence collection, victim and witness interviews, canvassing, formal interviews and interrogation, lead development, complex analysis using technological resources, collaboration with outside investigators and prosecutors, charging, Grand Jury presentation, and ultimately testifying in various courts. While all police officers are trained in basic criminal investigation, they are not experts, and their workload (continuing calls for service and other basic expectations) severely limits their time and flexibility to conduct even basic investigations beyond the initial response and reporting phase. Criminal cases get cold quickly, so they require dedicated attention during the first 48 hours. This is especially critical in our transient environment where most investigations must be completed within a one-week timespan. Our current model of patrol officer self-investigation is failing because patrol officers and supervisors work rotating shifts with uncommon work hours, which erodes the continuity needed for sound criminal investigations. We desire to provide our stakeholders with a higher level of service and the relentless follow-through of investigations.

While Chief Ackerman believes there is sufficient year-round workload for an Investigator, the case load will fluctuate at times. For that reason, this position will be tasked with additional responsibilities to ensure limited downtime. Such responsibilities will include public engagement, maintaining liaison with the Town's Public Information & Events Director to highlight the Police Department and its mission, and coverage of shift vacancies.

## Fire Engineer

Currently the full-time roster is 14 personnel with two Chief Officers and 12 personnel divided over three shifts, with a minimum daily staffing of three firefighters on duty. Staffing levels are currently augmented with part-time personnel, occasional overtime, and by volunteers. This position would not be permanently assigned to a shift and would function as a "float" position to be utilized as needed.

The benefits of the position would be: immediate coverage for long term, unexpected vacancies; greater flexibility in filling vacancies, as an Engineer would be qualified to fill all positions; and an increase in days when four-person staffing would occur, which is optimal.

As we began work on the draft Fiscal Year 2025-26 budget and understanding the challenges regarding revenue being short of expenses, management opted to remove the Fire Engineer position from consideration in the draft budget. This does not reflect the lack of a need, but rather the prioritization of the allocation of funding for personnel.

The table below reflects some realignment of current personnel, that occurred last year, into operational departments to better capture the true costs of providing services. This realignment removed the Finance Administrator position from Administration and placed it in Finance and Human Resources (formerly just called Finance). It also removed the Public Information and Events Director and Community Engagement Coordinator positions from Administration and put them in Communications and Special Events (formerly called Recreation and Special Events). This year, as noted, the Police Department is requesting an additional position.

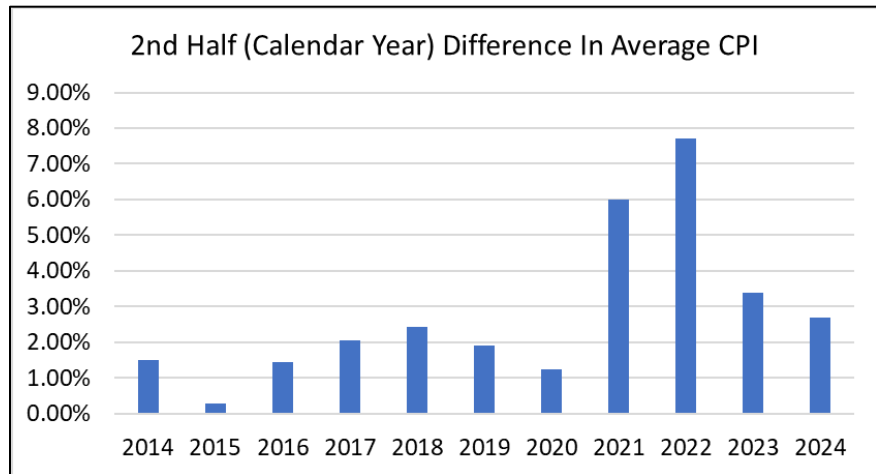
Personnel by Department								
Department	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26 Recommend	# Change	Percent Change
Administration	5	5.5	5.5	5.5	2.5	2.5	0.0	0%
Finance & Human Res					1.0	1.0	0.0	0%
Public Facilities	0	1	1	1.5	1.5	1.5	0.0	0%
Police	12.5	14.5	14.5	14.5	14.5	15.5	1.0	7%
Fire	12.5	14.5	14.5	14.5	14.5	14.5	0.0	0%
Inspections	2.5	2	2	2	2.0	2.0	0.0	0%
Community Development	2	2.5	2.5	2.5	2.5	2.5	0.0	0%
Communications & Events					2.0	2.0	0.0	0%
<b>Total</b>	<b>34.5</b>	<b>40</b>	<b>40</b>	<b>40.5</b>	<b>40.5</b>	<b>41.5</b>	<b>1</b>	<b>2.5%</b>

## Inflation Adjustment to Pay Scale

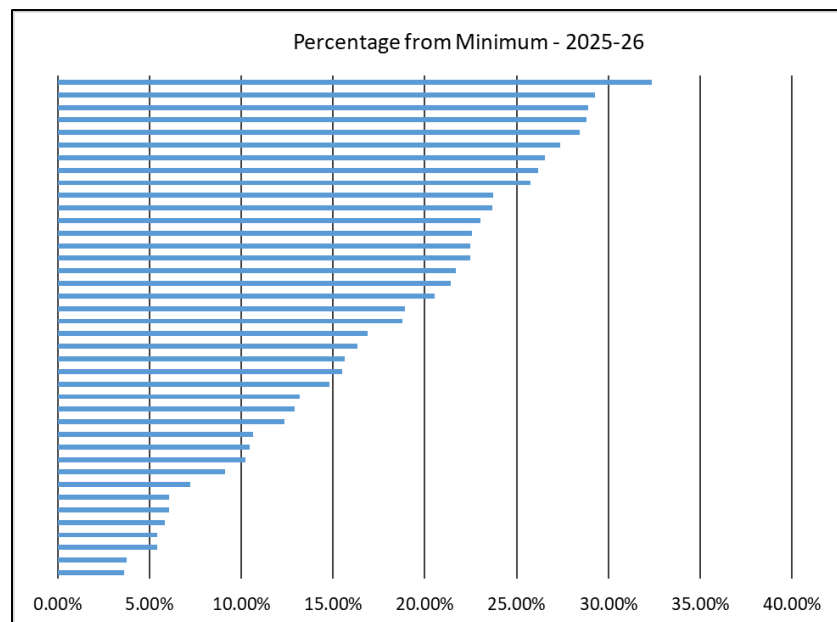
As we continue to pursue a desire to retain and attract quality employees, we must, especially in a very competitive employment market, provide compensation and benefit packages that help achieve these goals. Following a complete pay and classification study that was implemented in Fiscal Year 2021-22, 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 and FY 2024-25 it was 6%. With the shift away from merit bonuses, and a one-time 8.5% across the board market adjustment in FY 22-23, we are better able to keep our salaries more in line with the market.

This table shows the rate of change in the 2<sup>nd</sup> 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 2.68%.

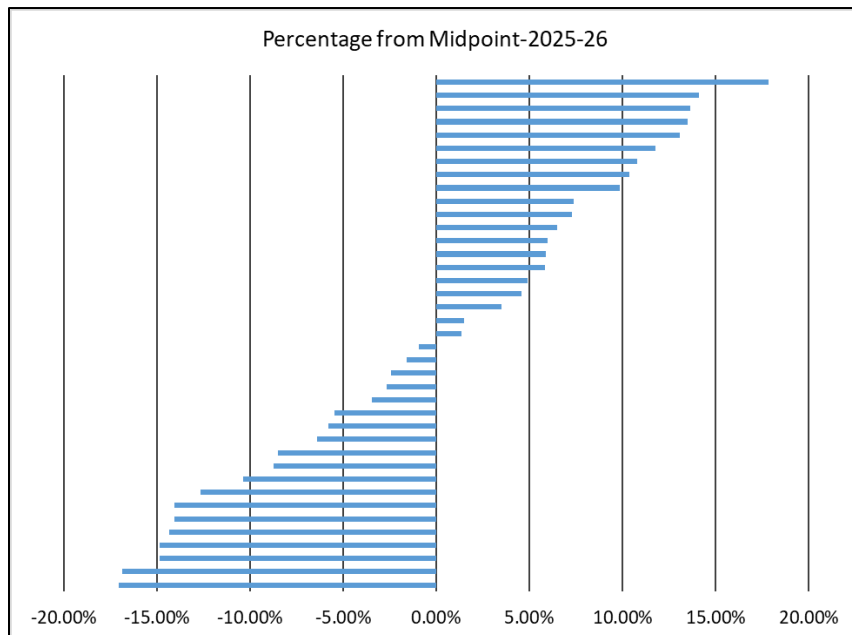


This chart shows all 40 of our current employees and where their salaries fell coming into the FY 2025-26 budget preparation cycle. The percentages shown are how far above or below the minimum for the pay grade each employee was once the range for each grade was adjusted for CPI per our policy. As you will notice, due to the changes we have made in our compensation plan, there are no employees that fall below the minimum of their pay range.



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.



Another metric we like to look at is how far off the mid-point of the salary range employees are. This helps show how employees are progressing through the pay range. If most fall well below the mid-point, there may be a need to modify pay ranges. What the chart shows is that our staff is fairly close to the mid-point and fairly evenly distributed between above and below the mid-point.

#### Performance Evaluations and Merit Increases

We continue to use a performance evaluation instrument that combines position specific performance standards along with behavioral standards based upon our core values (SOAR). While the evaluation 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. Our evaluation period follows 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.

In FY 2024-25 we budgeted for a 6% merit increase pool. For the coming year, knowing the impact of inflation (2.68%) and wanting to provide additional funding for increases beyond inflation, we are proposing a merit pool of 5%. 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 (3%) 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.

In summary, we made three changes that are reflected in the FY 2025-26 budget request:

1. Adjust the pay scales, per policy, by 2.68% (2<sup>nd</sup> half CPI change 2023 v 2024)

2. Set the merit increase pool to 5% of base salaries (\$206,198 salary + benefits).
3. Add Police Investigator position (\$90,312)

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.

#### 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. Our benefits and other personnel related expenses are detailed below.

### **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 (LGRS), 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. While we do not yet have the updated rates, we are estimating the employer contribution rate increase based upon the average of the past three years' increases. For the purposes of the draft budget, we estimate the rates to be 14.45% for non-law enforcement and to 16.17% 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. We estimate another rate increase, similar to what we saw during FY 2024-25, so the rates shown in the budget reflect a 12% increase in December of 2025.

#### 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. We continue to see increases in Workers' Compensation insurance costs due to some claims paid for work-related injuries.

#### 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 FY25-26 budget.

### Tuition Assistance

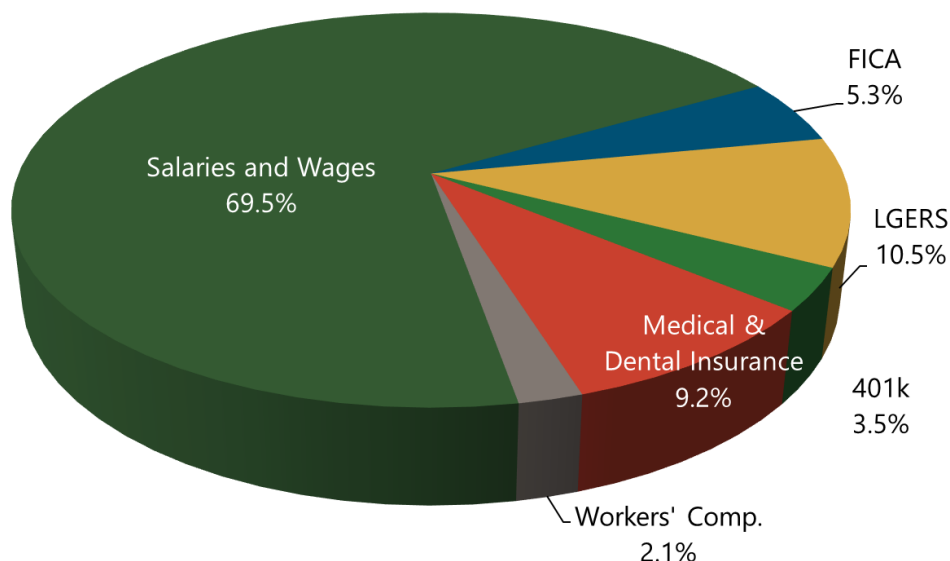
One benefit that some other local governments offer and we added in FY23-24 is a small amount of tuition assistance to encourage employees to further their formal education. In FY24-25 we budgeted for 3 employees to receive up to \$1,200 in tuition assistance and we only had one employee use this benefit. The FY25-26 budget includes funding for three employees to use this benefit.

## Summary

The table and graph below show how the total personnel cost is broken down. Earnings account for 70% of the total cost of personnel and the salaries and wages numbers include stipends paid to the Town Council and Planning Board.

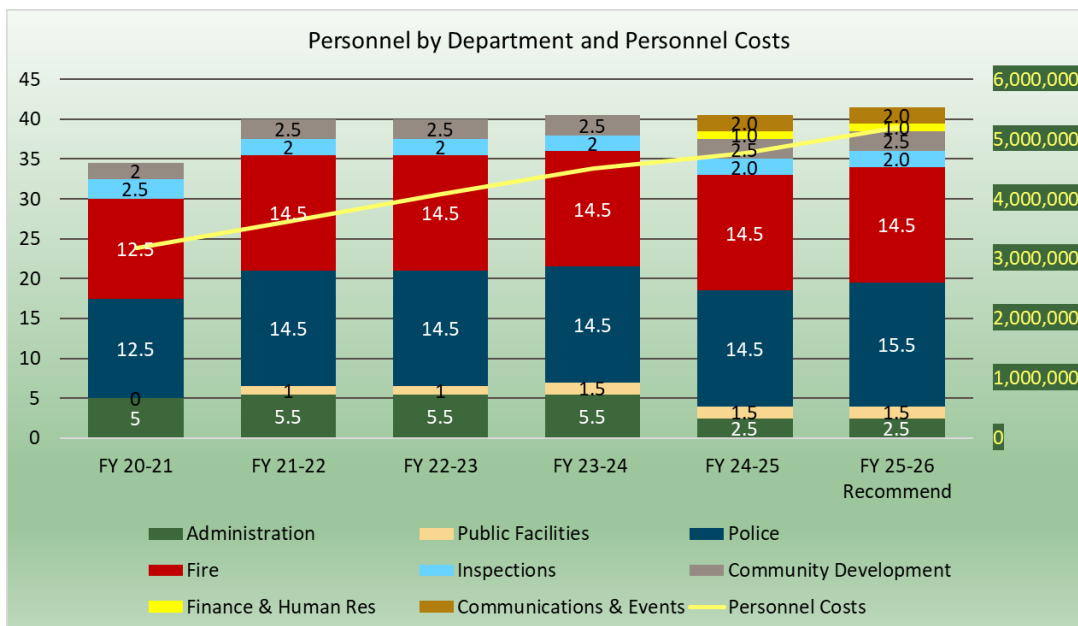
Personnel Expenditures by Type						
Type	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Salaries and Wages	3,237,463	3,362,350	3,610,204	3,611,204	248,854	7.4%
FICA	233,999	266,066	275,691	275,691	9,625	3.6%
LGERS	337,035	486,163	545,950	545,950	59,787	12.3%
401k	248,262	169,305	180,761	180,761	11,456	6.8%
Medical & Dental Insurance	280,257	398,352	475,844	475,844	77,492	19.5%
Workers' Comp.	176,643	89,557	109,108	109,108	19,552	21.8%
<b>Total</b>	<b>4,513,659</b>	<b>4,771,793</b>	<b>5,197,559</b>	<b>5,198,559</b>	<b>426,766</b>	<b>8.9%</b>

**Personnel Costs by Type FY25-26**





The chart below shows the change in total personnel costs over time. In FY 2022 we added five new full-time positions and we are adding one more this year.



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
5% merit pool	206,198
New Position - Police Investigator	90,312
Career Development - Police	19,093
Career/Professional Development - Fire	27,176
<b>Total Personnel</b>	<b>350,116</b>

## Operating

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

## Capital

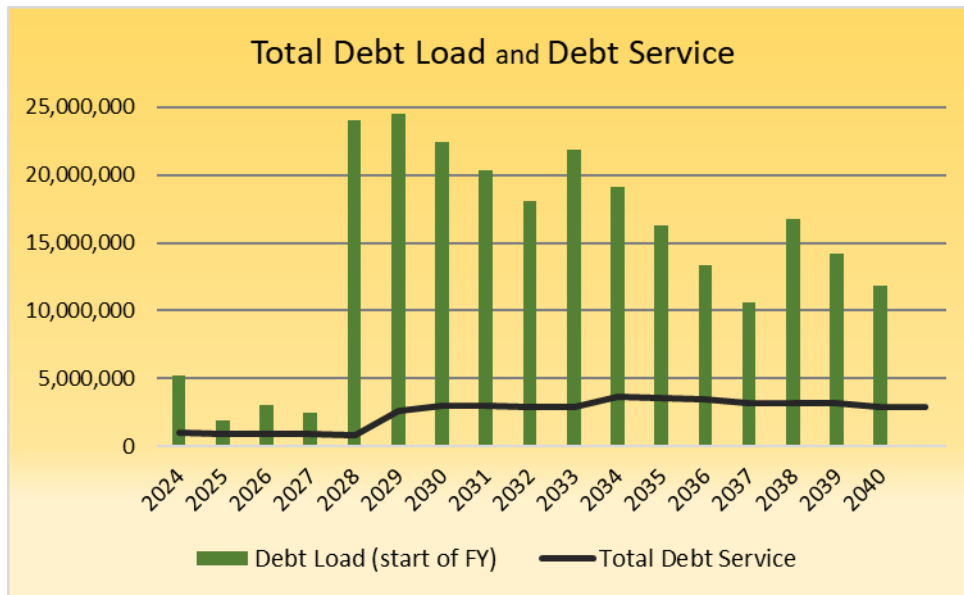
Also on the attached Department pages are capital projects/items. Shown below are the Capital items in this budget. The items in red reflect expenditures that are offset by grant or loan proceed revenue.

Capital (Red indicates CIP item)		
Department	Item	Cost
Information Technology	Server Virtualization	10,750
Police	Mobile Data Terminal Replacement	25,813
Police	Patrol Vehicle Replacement (2)	126,000
Fire	Replacement of Turnout Gear	20,000
Fire	Hose and Appliances	15,000
Fire	Technical Rescue Equipment	13,000
Public Facilities	Town Park Irrigation Lines	10,000
Streets	Retaining Wall Replacement	20,000
Streets	Duck Trail Repaving	130,000
Environmental Protection	Town Park Shoreline Protection	385,300
	<b>Total</b>	<b>755,863</b>

## 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, 2025, the Town's debt obligation is \$3,083,168.

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.



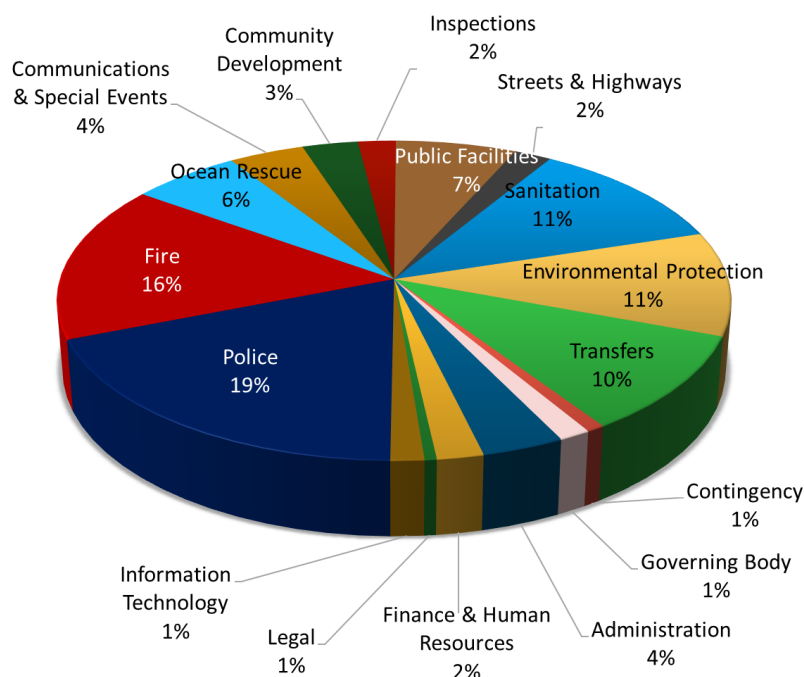
This table shows the amount owed in FY 2025-26 for outstanding debt issuances:

Issue Year	Project	Finance Type	Amount Issued	Term Years	Interest Rate	FY 2025-26 Principal	FY 2025-26 Interest	Total Debt Service
2010	Town Hall and Park Refinance	Installment Purchase	3,000,000	15	1.25%	133,333.00	1,667.67	135,000.67
2024	Herron Land	Installment Purchase	2,000,000	10	4.08%	200,000.00	77,520.00	277,520.00
2022	Beach Nourishment	Special Obligation Bond	2,407,148	5	1.84%	474,917.40	13,107.72	488,025.12
<b>TOTAL</b>								<b>900,545.79</b>

## Expenditures by Department

This table shows the total amount of each department's budget for FY 2025-26, the current FY 2024-25 budget, the current estimate for the end of FY 2024-25, and what was actually spent in FY 2023-24.

Expenditures by Department						
Department Expenditures	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Governing Body	154,108	154,751	177,124	177,124	22,373	14.46%
Administration	760,925	427,390	460,329	460,329	32,939	7.71%
Finance & Human Resources	134,470	251,261	248,849	260,127	8,866	3.53%
Legal	117,940	65,460	66,720	66,720	1,260	1.92%
Information Technology	182,053	182,431	186,706	186,706	4,275	2.34%
Police	2,207,034	2,259,300	2,492,467	2,475,817	216,517	9.58%
Fire	2,017,702	2,065,852	2,082,727	2,084,727	18,875	0.91%
Ocean Rescue	628,270	764,500	783,723	783,723	19,223	2.51%
Communications & Special Events	231,945	511,404	536,206	539,206	27,802	5.44%
Community Development	343,120	391,069	398,796	399,796	8,727	2.23%
Inspections	228,669	253,479	270,627	270,627	17,148	6.77%
Public Facilities	537,979	2,745,853	895,916	862,916	(1,882,937)	-68.57%
Streets & Highways	4,545,223	332,634	408,433	268,433	(64,201)	-19.30%
Sanitation	1,252,653	1,442,775	1,501,220	1,501,220	58,445	4.05%
Environmental Protection	896,180	3,271,115	1,378,825	1,378,825	(1,892,290)	-57.85%
Transfers	1,438,789	1,348,855	1,342,175	1,305,655	(43,200)	-3.20%
Contingency	0	54,251	101,000	101,894	47,643	87.82%
<b>Total</b>	<b>15,677,062</b>	<b>16,522,380</b>	<b>13,331,843</b>	<b>13,123,845</b>	<b>(3,398,535)</b>	<b>-20.6%</b>



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:** 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 contains the amount paid to Dare County to collect our tax revenue. Also, expenditures related to employee engagement, tuition reimbursement, and other Human Resources related expenses.
- **Legal:** Expenses related to the services of the Town's contracted attorney.
- **Information Technology:** Expenses for our contracted IT support, licenses, subscriptions, etc. for our Information Technology infrastructure. Also included this year is a cost to transition to virtual servers as opposed to investing in on-premises servers that have a limited lifespan.
- **Police:** Expenses related to the Duck Police Department. Included this year are a new Police Investigator position and the scheduled replacement of two police vehicles.
- **Fire:** Expenses for the operation of the Duck Fire Department. This year we are moving away from providing a direct allocation to the Fire Department and budgeting, as we do with other departments, expenses in individual line items. This will also move accounts payable functions from the volunteer fire department to be handled by Town Finance staff.
- **Ocean Rescue:** Expenses, directly to a contractor, to provide ocean rescue services on the beach in Duck.
- **Communications & Special Events:** 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, 4<sup>th</sup> of July, etc. and advertising and marketing for these events and the Town of Duck in general.
- **Community Development:** Expenses related to planning, code enforcement, grant writing, and the Planning Board.
- **Inspections:** Expenses related to our enforcement of the NC Building Code including the issuance of permits and inspections to ensure Code compliance.
- **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. Projects for FY 25-26 include replacing a portion of the irrigation system in the Town Park, and other more routine repairs and upgrades.
- **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:** Expenses related to beach nourishment, beach grass planting, and soundside shoreline protection. Included in this year is funding for the second phase of the Town Park Shoreline Protection project.

- **Transfers:** Transfers to the Beach Nourishment Capital Project fund.
- **Contingency:** A small percentage (1%) of budgeted expenditures (after subtracting debt service and capital) 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 \$0.434 if we didn't have all the other revenue sources including shared revenues and grants.

Expenditures by Department			
Department Expenditures	FY25-26 Recommend	% of GF Total	Tax Rate Equiv
Governing Body	177,124	1.33%	\$0.006
Administration	460,329	3.45%	\$0.015
Finance & Human Resources	260,127	1.87%	\$0.008
Legal	66,720	0.50%	\$0.002
Information Technology	186,706	1.40%	\$0.006
Police	2,475,817	18.70%	\$0.081
Fire	2,084,727	15.62%	\$0.068
Ocean Rescue	783,723	5.88%	\$0.026
Communications & Special Events	539,206	4.02%	\$0.017
Community Development	399,796	2.99%	\$0.013
Inspections	270,627	2.03%	\$0.009
Public Facilities	862,916	6.72%	\$0.029
Streets & Highways	268,433	3.06%	\$0.013
Sanitation	1,501,220	11.26%	\$0.049
Environmental Protection	1,378,825	10.34%	\$0.045
Transfers	1,305,655	10.07%	\$0.044
Contingency	101,894	0.76%	\$0.003
<b>Total</b>	<b>13,123,845</b>	<b>100%</b>	<b>\$0.434</b>

## **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**

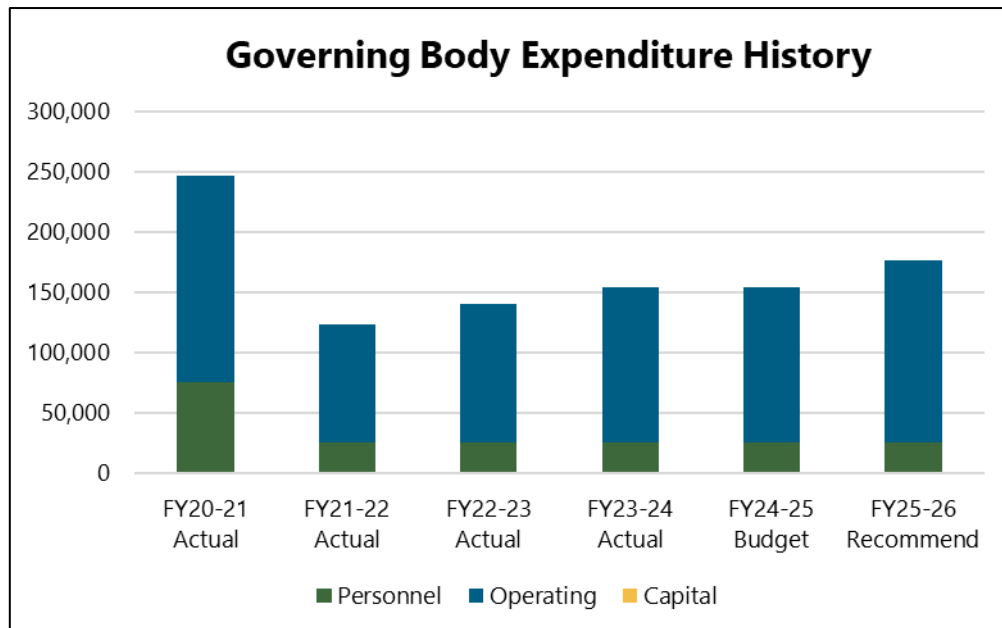
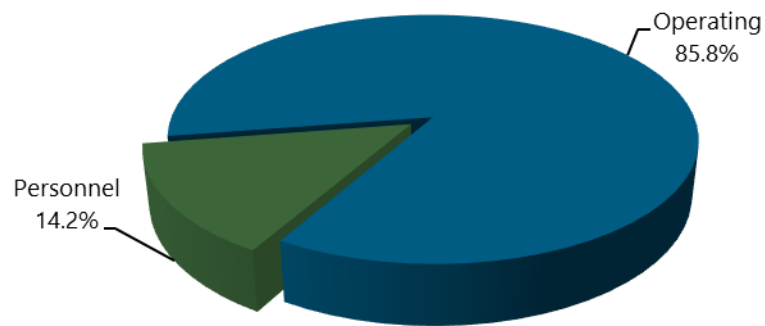
- Discussed and subsequently purchased a \$2 million property in the village area for future public use.
- Held a Strategic Goals Session to discuss priorities for the upcoming fiscal year.
- Held a Winter Celebration and a Volunteer appreciation celebration.
- Council members and certain Town Staff attended required Ethics Training.
- 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 2025-2026 Budget Highlights**

- The Governing Body Department budget increases 14.46% in FY25-26 mostly due to election expenses and 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 \$0.006 on the tax rate.

Expenditures by Type							
Type	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Personnel	75,044	25,229	25,235	25,237	25,244	25,239	-0.02%
Operating	171,290	97,778	115,412	128,871	129,507	151,885	17.28%
Capital	0	0	0	0	0	0	
<b>Total</b>	<b>246,334</b>	<b>123,006</b>	<b>140,647</b>	<b>154,108</b>	<b>154,751</b>	<b>177,124</b>	<b>14.46%</b>

### Governing Body Expenditures by Type





## Line Item Expenditures

Governing Body						
Account Description	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	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	0.01%
Workers' Compensation	47	54	48	48	(6)	-10.30%
Professional Services	370	3,000		0	(3,000)	-100.00%
Contracted Services	4,900	0	6,000	6,000	6,000	
Travel and Training	1,468	1,000	1,800	1,800	800	80.00%
Uniforms	590	500	500	500	0	0.00%
Advertising	1,199	2,000	2,000	2,000	0	0.00%
Insurance and Bonding	95,750	100,882	118,000	118,000	17,118	16.97%
Communications	87	600	870	870	270	45.00%
Dues and Subscriptions	5,988	6,621	7,910	7,910	1,289	19.47%
Printing and Binding	135				0	
Supplies and Materials	1,031	650	650	650	0	0.00%
Leased Equipment	5,143	3,604	3,475	3,475	(129)	-3.57%
Miscellaneous	12,210	10,650	10,680	10,680	30	0.28%
<b>TOTAL</b>	<b>154,108</b>	<b>154,751</b>	<b>177,124</b>	<b>177,124</b>	<b>22,373</b>	<b>14.46%</b>

## Notes

### Salaries and Wages

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

### Contracted Services

Election (Dare County)	6,000
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### Travel and Training

Mandatory Ethics Training	300
Other Travel and Training	1,500
	<u>1,800</u>

### Uniforms

Logo Attire	500
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### Dues and Subscriptions

League of Women Voters - Dare County	150
Government Access Channel	1,000
Albemarle Commission	350
ASBPA	600

NCLM	1,500
NC Mayor's Association	100
Outer Banks Chamber of Commerce	290
NCLM - Ordinance Service	3,800
UNC School of Government	120
	<hr/> 7,910

#### **Communications**

Postage	870
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#### **Leased Equipment**

Copier	2,952
Postage Meter	523
	<hr/> 3,475

#### **Insurance and Bonding**

Property and Liability	108,000
Flood	5,900
Deductibles and Endorsements	4,100
	<hr/> 118,000

#### **Misc**

Council Retreat Food	680
Winter Council/Staff Celebration	5,000
Volunteer Celebration	5,000
	<hr/> 10,680

## **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**

- The Town Manager represents Duck by serving on the Outer Banks Housing Task Force.
- The Town Manager serves on the Board of Directors for the North Carolina City and County Management Association.
- The Town Clerk trained and, after the Human Resources/Finance Administrator departed, continued to train and use the new financial software from Black Mountain Software. The Town Clerk currently works in tandem with the Finance Administrator on Accounting, Payroll, and Cash Receipting in the new software.
- A new Deputy Town Clerk was hired.

### **FY 2025-2026 Budget Highlights**

- The Administration Department budget increases 7.7% in FY24-25 mostly due to changes in salary and benefit costs.
- The Administration budget accounts for 3.45% of the General Fund budget and is equivalent to \$0.015 on the tax rate.

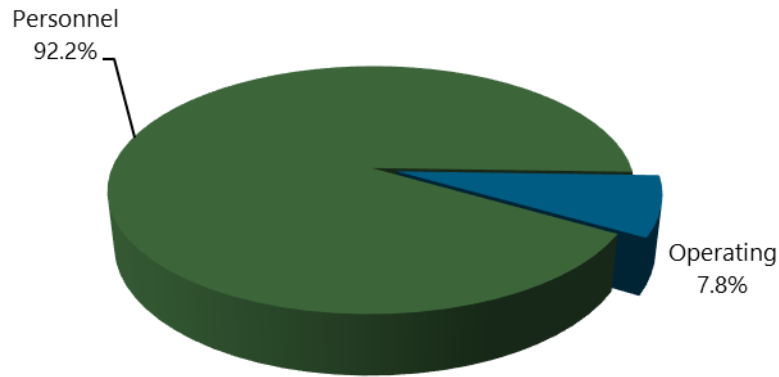
Expenditures by Type							
Type	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Personnel	416,493	572,881	616,469	681,044	387,920	424,262	9.37%
Operating	88,993	73,991	74,156	74,737	39,470	36,067	-8.62%
Capital	21,971	0	4,700	5,143	0	0	
<b>Total</b>	<b>527,457</b>	<b>646,872</b>	<b>695,325</b>	<b>760,925</b>	<b>427,390</b>	<b>460,329</b>	<b>7.71%</b>

Personnel					
Type	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Full-time	5.5	5.5	2.5	2.5	0.00%
Part-time					
<b>Total</b>	<b>5.5</b>	<b>5.5</b>	<b>2.5</b>	<b>2.5</b>	<b>0.00%</b>

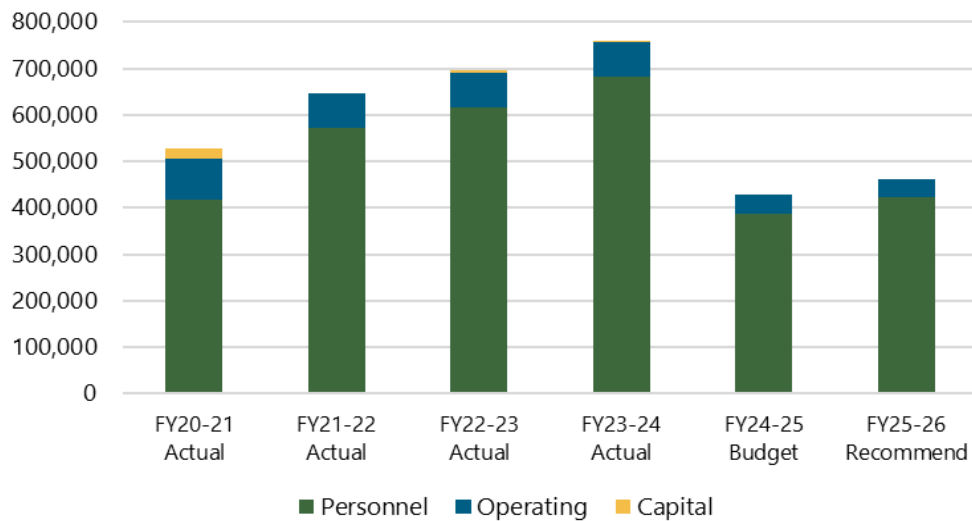
The reduction in total personnel in this department in FY 24-25 is due to the reallocation of staff to other operational departments.

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

## Administration Expenditures by Type



## Administration Expenditure History



## Line Item Expenditures

Administration						
Account Description	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Salaries and Wages	497,891	285,645	306,881	306,881	21,235	7.43%
FICA	33,853	21,852	23,476	23,476	1,625	7.43%
Supplemental Retirement (LGERS)	66,910	38,848	44,344	44,344	5,496	14.15%
401k	24,350	14,282	15,344	15,344	1,062	7.43%
Medical/Dental Insurance	55,310	26,503	32,254	32,254	5,751	21.70%
Workers' Compensation	2,730	664	635	635	(28)	-4.29%
Life/ADD/Short Term Disability		126	1,328	1,328	1,202	
Professional Services	10,400	3,000	1,000	1,000	(2,000)	-66.67%
Contracted Services	7,519	1,000	1,000	1,000	0	0.00%
Travel and Training	18,435	14,875	13,600	13,600	(1,275)	-8.57%
Uniforms	604	450	450	450	0	0.00%
Advertising	1,359	1,000	1,000	1,000	0	
Technology Hardware & Accessories	3,318	0	0	0	0	
Communications	18,700	1,911	1,782	1,782	(129)	-6.75%
Dues and Subscriptions	378	3,630	3,760	3,760	130	3.58%
Printing and Binding	2,421	1,000	1,000	1,000	0	0.00%
Supplies and Materials	5,834	4,000	4,000	4,000	0	
Capital Outlay - Over \$5,000	5,143				0	
Leased Equipment	0	3,604	3,475	3,475	(129)	-3.57%
Miscellaneous	5,769	5,000	5,000	5,000	0	0.00%
<b>TOTAL</b>	<b>760,925</b>	<b>427,390</b>	<b>460,329</b>	<b>460,329</b>	<b>32,939</b>	<b>7.71%</b>

## Notes

### Professional Services

As needed consulting, etc. 1,000

### Contracted Services

Misc. 1,000  
1,000

### Uniforms

Logo Attire 450

### Travel and Training

Misc. Continuing Ed	1,500	Misc. Continuing Education
Vehicle Allowance - Town Manager	3,600	
NCAMC Conferences (Clerk and Deputy)	5,000	Winter and Summer Conferences
NCCMA	2,500	Manager - winter and summer conference
Other training, including ethics training	1,000	
	13,600	

**Dues and Subscriptions**

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For the Record	1,650	Transcription software for Clerks
ICMA	1,100	Manager - Dues
NCCCMMA	325	Manager - Dues
NCGFOA	100	Manager - Dues
International Inst of Muni Clerks	330	Clerk and Dep Clerk
NC Assoc. of Muni Clerks	180	Clerk and Dep Clerk
NC Assn of CZO	75	Deputy Clerk Dues
	<hr/>	
	3,760	

**Communications**

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Postage	870
Mobile Phones/iPad	912
	<hr/>
	1,782

**Leased Equipment**

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Copier	2,952
Postage Meter	523
	<hr/>
	3,475

**Printing and Binding**

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Miscellaneous	1,000
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**Miscellaneous**

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

## **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 2023-24 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 99.94% of real property taxes due to the Town according to the FY 2023-24 audit report.
- 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.
- We have established a process where department directors receive their open purchase order reports and budget detail reports via email each month, ensuring accuracy and facilitating proactive financial management.
- Identified the need for a new procedure for receipting in the financial software system, which has streamlined the bank reconciliation process and improved efficiency.
- Collaborated with the CPA to review and reconcile financial records, ensuring accuracy and cleaning up outstanding items for improved financial reporting.
- Engaged a new auditing firm under a three-year contract after our previous firm discontinued auditing services for governmental entities.

### **Upcoming Projects**

- During the first part of FY 2025-26, 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 benefits package, onboarding, and offboarding processes, as well as implementing a New Employee Orientation.
- Improvement of Human Resources programs to include Employee Engagement activities at little to no cost to the Town.



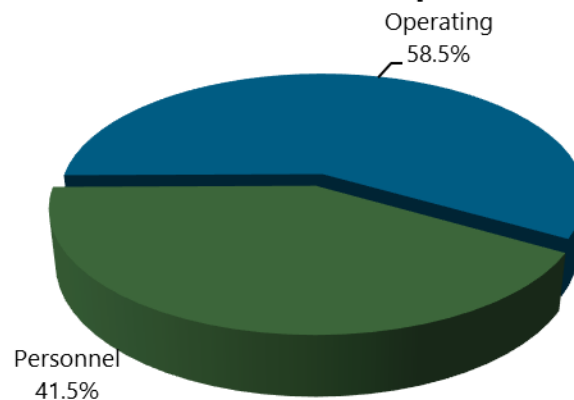
- Continued training and development in the use of Black Mountain Financial Software to ensure all departments maximize their capabilities and utilize every available benefit for improved efficiency and financial management.

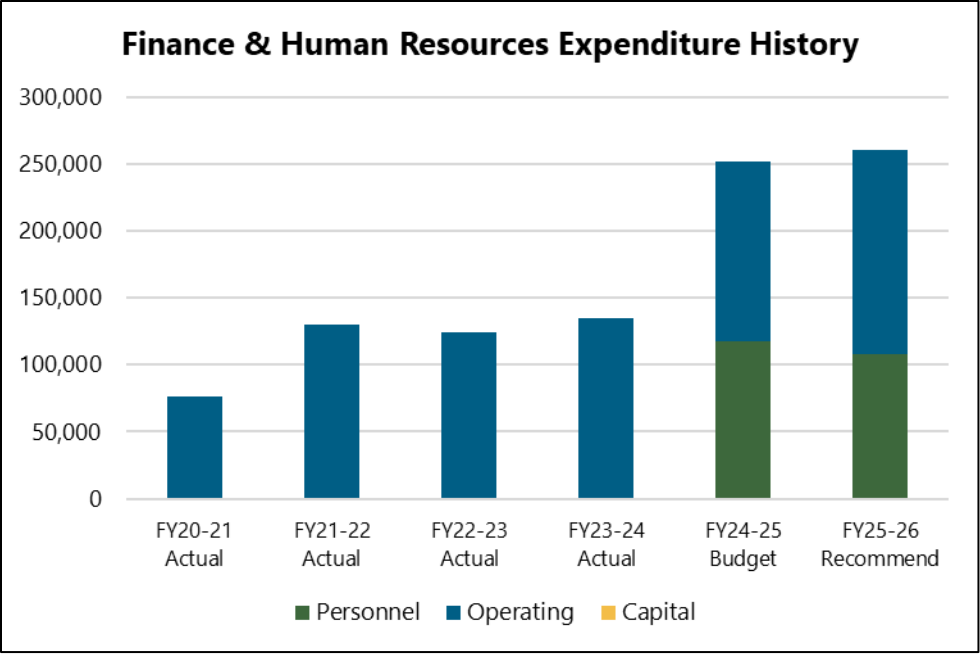
### FY 2025-2026 Budget Highlights

- The Finance and Human Resources Department budget increased by 3.53% mostly due to costs associated with tax collection and professional accounting services.
- The Finance and Human Resources budget accounts for 1.87% of the General Fund budget and is equivalent to \$0.008 on the tax rate.

Expenditures by Type							
Type	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Personnel	0	0	0	0	117,524	108,007	
Operating	76,487	129,967	124,089	134,470	133,737	152,119	13.75%
Capital							
<b>Total</b>	<b>76,487</b>	<b>129,967</b>	<b>124,089</b>	<b>134,470</b>	<b>251,261</b>	<b>260,127</b>	<b>3.53%</b>

**Finance & Human Resources Expenditures by Type**





Personnel					
Type	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Full-time			1.0	1.0	0.00%
Part-time					
<b>Total</b>	-		<b>1.0</b>	<b>1.0</b>	<b>0.00%</b>

Staffing	
Position Title	Count
Finance Administrator	1
	• 1

## Line Item Expenditures

Finance & Human Resources						
Account Description	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Salaries and Wages		79,069	67,353	67,353	(11,717)	
FICA		6,049	5,152	5,152	(897)	
Supplemental Retirement (LGERs)		10,754	9,732	9,732	(1,022)	
401k		3,954	3,368	3,368	(586)	
Medical/Dental Insurance		17,388	20,935	20,935	3,547	
Workers' Compensation		184	139	139	(45)	
Life/ADD/Short Term Disability		126	1,328	1,328	1,202	
Professional Services	39,638	35,400	31,400	31,400	(4,000)	-11.30%
Contracted Services	88,574	77,784	88,781	100,058	22,274	28.64%
Travel and Training		8,500	8,500	8,500		
Uniforms		150	150	150		
Technology Hardware & Accessories						
Communications		513	621	621		
Bank Charges	6,259	10,500	10,500	10,500	0	0.00%
Dues and Subscriptions		90	90	90		
Supplies and Materials		100	100	100		
Supplies and Materials - Employee Engagement		700	700	700		
<b>TOTAL</b>	<b>134,470</b>	<b>251,261</b>	<b>248,849</b>	<b>260,127</b>	<b>8,866</b>	<b>3.53%</b>

## Notes

### Professional Services

Audit	20,000
Financial Statement Prep	5,000
Other Financial Assistance	6,000
Separation Allowance Actuarial Work	400
	<u>31,400</u>

### Contracted Services

Tax Collection - Dare County	98,758	1.5% of total collection
Essential Personnel (HR software)	<u>1,300</u>	
	100,058	

### Supplies and Materials - Employee Engagement

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

### Uniforms

Logo Attire	150
-------------	-----

### Travel and Training

Tuition Reimbursement	3,600	3 employees at \$1,200
Finance Officer Certification Courses (2)	3,400	
NCGFOA Summer Conference	1,500	
	<u>8,500</u>	

#### **Dues and Subscriptions**

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

#### **Communications**

Mobile Phones/iPad	537	
Misc.	84	
	<u>621</u>	

#### **Bank Charges**

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

## 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.

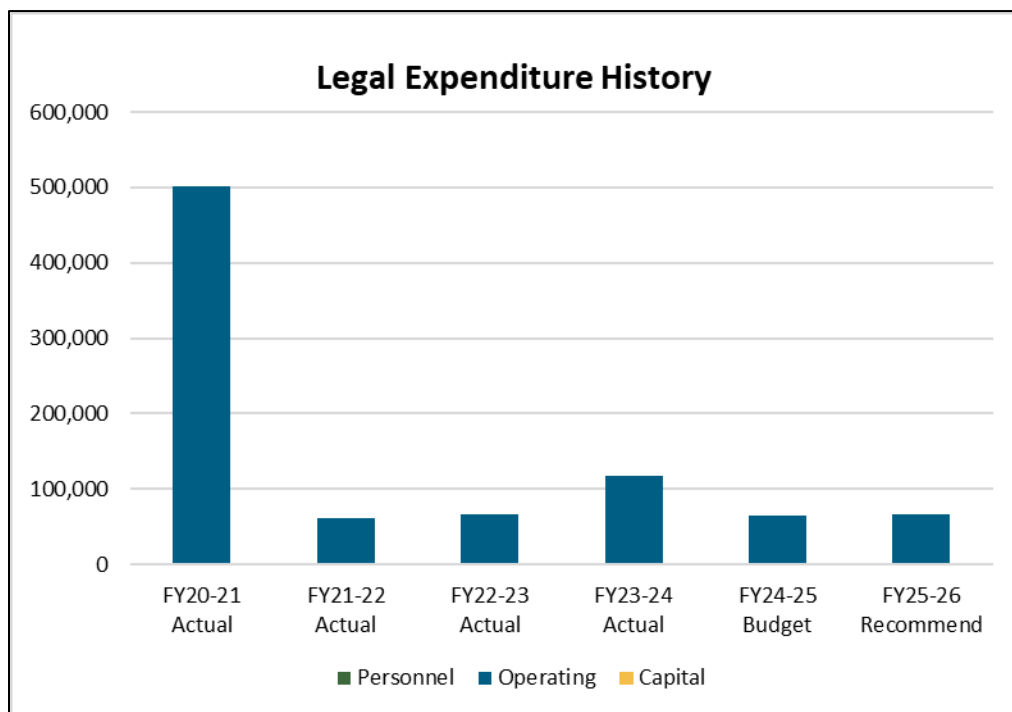
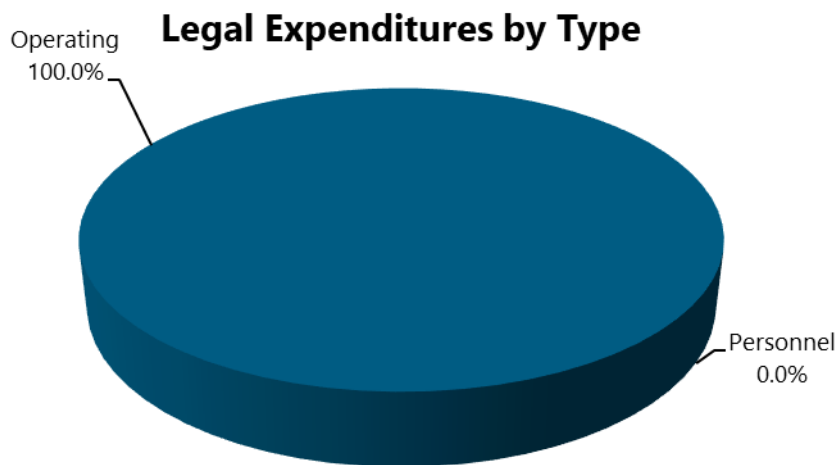
### Upcoming Projects

- Continued legal representation for the Town.

### FY 2025-2026 Budget Highlights

- The Legal Department budget increased by 1.92% compared to the FY 2024-25 amended budget due to a slight change in the hourly rate for our attorneys.
- The monthly retainer, which includes attendance at Council meetings, does not increase.
- The Legal budget accounts for 0.5% of the General Fund budget and is equivalent to \$0.002 on the tax rate.

Expenditures by Type							
Type	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Personnel	0	0	0	0	0	0	
Operating	501,039	61,055	66,859	117,940	65,460	66,720	1.92%
Capital	0	0	0	0	0	0	
<b>Total</b>	<b>501,039</b>	<b>61,055</b>	<b>66,859</b>	<b>117,940</b>	<b>65,460</b>	<b>66,720</b>	<b>1.92%</b>



## Line Item Expenditures

Legal						
Account Description	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Professional Services	117,940	65,460	66,720	66,720	1,260	1.92%
<b>TOTAL</b>	<b>117,940</b>	<b>65,460</b>	<b>66,720</b>	<b>66,720</b>	<b>1,260</b>	<b>1.92%</b>

## Notes

### Professional Services

Monthly Retainer (\$2,800)	33,600
As Needed Additional Services	<u>33,120</u>
	66,720

## 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.
- Switched from DSL to 5G wireless for broadband failover.
- Installed new grant-funded switches and new firewall devices to enhance security.

### Upcoming Projects

- Continue to evaluate technology to help improve efficiency and reduce costs.
- Replace on-site servers with cloud-based servers to reduce capital expenditure, improve reliability/resiliency, and save on energy consumption.

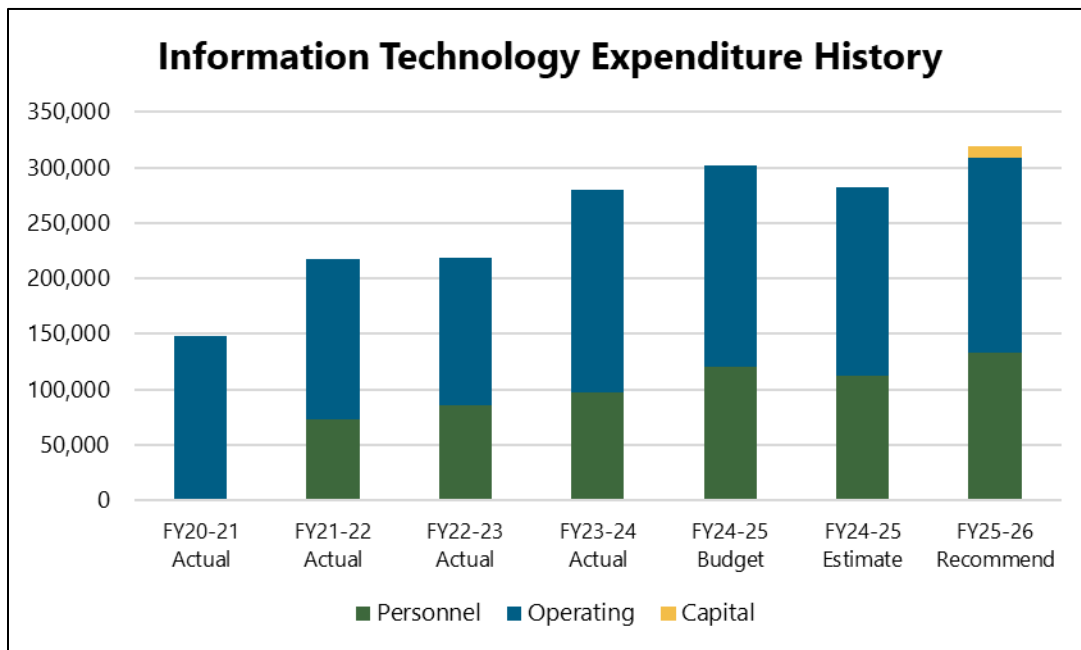
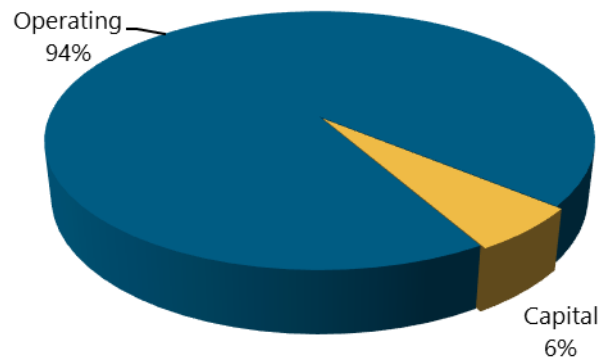
### FY 2025-2026 Budget Highlights

- The IT Department budget increased 2.34% compared to the FY 2024-25 budget due to changes in costs for contracted services and subscriptions and the added one-time cost for server virtualization.
- The IT Department budget accounts for 1.40% of the General Fund budget and is equivalent to \$0.006 on the tax rate.

Expenditures by Type							
Type	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Personnel							
Operating	148,566	144,066	133,686	182,053	182,431	175,956	-3.55%
Capital	0	0	0	0	0	10,750	
<b>Total</b>	<b>148,566</b>	<b>144,066</b>	<b>133,686</b>	<b>182,053</b>	<b>182,431</b>	<b>186,706</b>	<b>2.34%</b>



## Information Technology Expenditures by Type



## Line Item Expenditures

Information Technology						
Account Description	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Contracted Services	131,645	95,291	90,427	90,427	(4,864)	-5.10%
Telephone & Communications	29,852	38,200	38,572	38,572	372	0.97%
Cable Access Channel	12,862	28,000	28,000	28,000	0	0.00%
Dues and Subscriptions	7,694	20,940	18,957	18,957	(1,983)	-9.47%
Capital Outlay - over \$5,000		0	10,750	10,750	10,750	
<b>TOTAL</b>	<b>182,053</b>	<b>182,431</b>	<b>186,706</b>	<b>186,706</b>	<b>4,275</b>	<b>2.34%</b>

## Notes

<b>Contracted Services</b>	Annual	Monthly	
Shoshin	57,600	4,800	Managed Services (Workstation)
Shoshin	2,100	175	Managed Services (Workstation-Secondary)
			Managed Services (Workstation-
Shoshin	2,700	225	Spare)
			Managed Services (Workstation-
Shoshin	9,000	750	Council)
Shoshin	3,600	300	Managed Services (Servers)
			M365 Security Score Monitoring and
Shoshin	600	50	Mitigation
Shoshin	11,203	934	AWS Resources - Virtual Servers
			CJIS
Shoshin	624	52	Security
Shoshin and others	3,000		Other as needed
	90,427		
<b>Dues and Subscriptions (Annual)</b>			
Adobe Pro DC (11 @129.95)	1,429		
Adobe Creative Cloud (3 @ 875.00)	2,625		
Tax on Adobe	274		
Office 365 Services			
(1,219.06/month)	14,629		
	18,957		
<b>Telephone &amp; Communications</b>			
Charter Communications			
(Internet/Cable)	18,522		
Century Link (Alarm Lines)	8,097		
5G Failover	990		
			879.20 per month
VOIP Phones	10,963		12/24
	38,572		
<b>Capital Outlay Over \$5,000</b>			
Server Virtualization	10,750		

## **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, proactive, and professional community policing 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 the community.

### **Recent Accomplishments**

- Two patrol vehicles were replaced pursuant to the established capital equipment replacement schedule.
- The Town entered into a 5-year contract with Axon to replace the Department's body worn cameras and TASER devices with the most modern equipment available, and to provide cloud-based storage, training, and equipment warranty protection.
- All existing Department owned 12-gauge shotguns were converted to less lethal shotguns which utilize a bean bag projectile, which provided all Duck police officers with an additional less lethal defensive option.
- The Department's 800MHz portable radios were upgraded with new firmware that allows the radios to utilize wireless internet connectivity to communicate over the internet when the radio tower is unreachable or out of service. This project dramatically improved officer safety and efficiency.
- Two additional public facing live traffic cameras were added at key locations on Duck Road.
- A police drone program will be initiated to provide the Department with real-time aerial views during critical incidents such as missing persons, natural disasters, search and rescue operations, fires, and large public events. In addition, a police drone will facilitate valuable data collection that will improve our policing strategies. For instance, monitoring traffic patterns during busy summer events can yield insights that lead to more effective and responsive policing. This project includes a payload capable commercial drone equipped with a high resolution/night vision/thermal camera, necessary accessories, annual software subscription costs, and FAA training and certification.

## Upcoming Projects

- An Investigator will be added to improve the Department's service level by having a dedicated police officer with advanced investigator training assigned to conduct various types of investigations of actual or alleged criminal activities, including serious motor vehicle crashes, drug activity, property crimes, fraud, and natural and criminal related deaths.
- Two patrol vehicles will be replaced pursuant to the established capital equipment replacement schedule. Replacement vehicles include all aftermarket emergency equipment, graphics, upfitting, replacement radars, and mobile printers.
- Seven mobile data terminals (ruggedized laptop computers) will be replaced pursuant to the established capital equipment replacement schedule.
- Two additional traffic cameras will be installed to complete our camera network covering Duck Road.

## FY 2025-2026 Budget Highlights

- The Police Department budget increases 9.58% in FY 2024-25 due mostly to changes in personnel costs, including an additional full-time position, and the purchase of two replacement police vehicles.
- The Police budget accounts for 18.7% of the General Fund budget and is equivalent to \$0.081 on the tax rate.

Expenditures by Type							
Type	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Personnel	1,037,488	1,275,575	1,464,339	1,637,118	1,664,735	1,932,357	16.08%
Operating	205,917	220,735	213,760	434,808	327,256	383,147	17.08%
Capital	27,149	422,459	358,858	132,547	134,762	160,313	18.96%
Debt Service	91,300	48,218	179,938	2,561	132,547	0	-100.00%
<b>Total</b>	<b>1,361,855</b>	<b>1,966,987</b>	<b>2,216,895</b>	<b>2,207,034</b>	<b>2,259,300</b>	<b>2,475,817</b>	<b>9.58%</b>

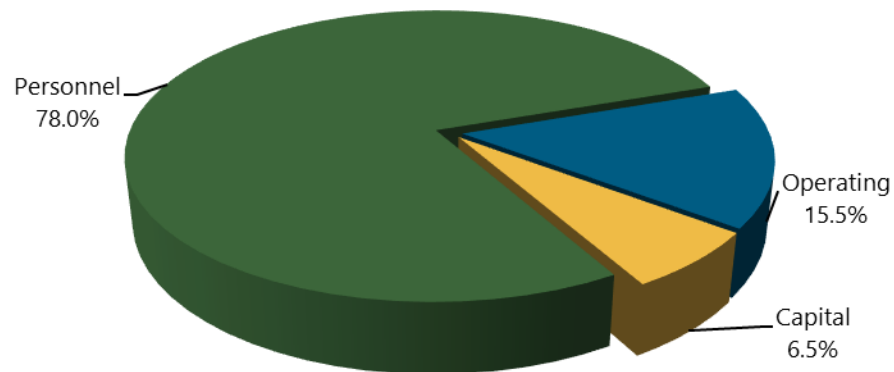
Personnel					
Type	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Full-time	14.5	14.5	14.5	15.5	6.90%
Part-time					
<b>Total</b>	<b>14.5</b>	<b>14.5</b>	<b>14.5</b>	<b>15.5</b>	<b>6.90%</b>

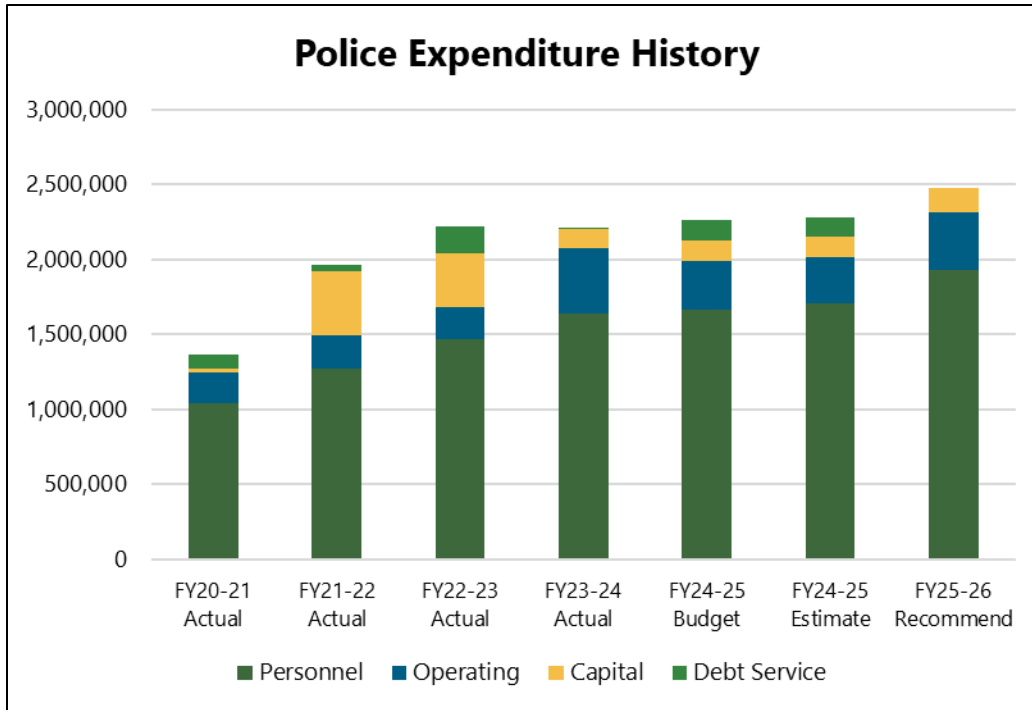
This table reflects the addition of a new position for an Investigator.

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

Staffing	
Position Title	Count
Police Chief	1
Deputy Chief	1
Sergeant	2
Corporal (Includes Investigator)	3
Police Officer	8
Public Safety Office Administrator	0.5
	15.5

### Police Expenditures by Type





## Line Item Expenditures

Police						
Account Description	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Salary and Wages	1,102,889	1,104,015	1,239,413	1,239,413	135,398	12.26%
Salaries and Wages (overtime)	57,846	47,475	80,129	80,129	32,654	68.78%
Police Sep Allow Salaries	9,324	9,250	5,332	5,332	(3,918)	-42.36%
FICA	84,595	93,136	101,353	101,353	8,217	8.82%
Supplemental Retirement (LGERS)	160,841	188,714	225,803	225,803	37,089	19.65%
401k	57,224	59,948	69,984	69,984	10,036	16.74%
Medical/Dental Insurance	136,374	127,277	158,315	158,315	31,038	24.39%
Workers' Compensation	28,026	34,435	46,664	46,664	12,229	35.51%
Life/ADD/Short Term Disability		485	5,365	5,365	4,880	1006.14%
Contracted Services	142,740	156,331	168,799	168,799	12,468	7.98%
Travel and Training	32,796	20,000	31,987	33,437	13,437	67.19%
Uniforms	9,995	10,500	29,211	29,211	18,711	178.20%
Advertising	1,974	500	500	500	0	0.00%
Repairs and Maintenance	699	3,000	3,000	3,000	0	0.00%
Vehicle Repairs and Maintenance	56,860	15,945	22,476	22,476	6,531	40.96%
Communications	18,775	27,000	22,366	24,566	(2,434)	-9.01%
Dues and Subscriptions	19,004	14,981	15,697	15,697	716	4.78%
Printing and Binding	558	750	1,400	1,400	650	86.67%
Supplies and Materials	38,159	11,458	3,800	3,800	(7,658)	-66.84%
Vehicle Supplies and Materials	-1,071	38,390	36,482	36,482	(1,908)	-4.97%
Police Supplies and Materials	808	14,705	28,562	29,762	15,057	102.39%
Police Supplies and Materials - Donated Func	100,660	4,490	4,811	4,811	321	7.15%
Capital Outlay - over \$5,000	132,547	134,762	181,813	160,313	25,551	18.96%
Debt Service	2,561	132,547			(132,547)	-100.00%
Leased Equipment	7,350	4,206	4,206	4,206	(0)	0.00%
Miscellaneous	5,500	5,000	5,000	5,000	0	0.00%
<b>TOTAL</b>	<b>2,207,034</b>	<b>2,259,300</b>	<b>2,492,467</b>	<b>2,475,817</b>	<b>216,517</b>	<b>9.58%</b>

## Notes

### **Contracted Services**

Axon In-Car Camera Contract (Yr 3 of 6)	37,336
Axon Body Camera/Taser Contract (Yr 2 of 5)	50,664
Axon Body Camera/Taser Contract Add. (Investigator)	3,935
Axon Pro License (PS Office Administrator)	585
Annual Radar/Lidar Re-Certification	795
Annual Fire Extinguisher Inspection/Testing	475
Police Department Office Cleaning Contract	8,827
Police Officer Wellness Assessments	1,920
Police Officer Wellness Visits	3,000
Mental Health Clinician Annual Retainer	4,320
Motorola FLEX Software Maintenance (Yr 4 of 5)	23,298
TLO XP for Law Enforcement	1,440
Flock ALPR Contract (Yr 2 of 2)	17,132
Essential Personnel Software Subscription	1,500
Pre-Employment Psychological/Medical/Drug Testing (2)	2,000
Contracted New Employee Background Investigations (2)	3,000
Hepatitis B Vaccines for New Employees	300
Lexipol Police Policy Maintenance Software	8,272
	<hr/>
	168,799

### **Travel and Training**

Annual Indoor Firing Range Use Fee	2,000
NCACP Travel	2,220
BLET Advisory Group Travel	725
Admin Training/Professional Conferences	3,678
Supervisory/Leadership Training	7,200
Police Officer Advanced Law Enforcement Training	15,000
Public Safety Office Administrator Training	500
BLET Books, Fees, and Expenses (One Recruit)	1,264
BLET Travel Stipend (One Recruit)	850
	<hr/>
	33,437

### **Uniforms**

Scheduled Ballistic Vest Replacements (3)	3,600
New Ballistic Vests (2)	2,400
Uniform Shoulder Patches	1,175
BLET Uniforms (One Recruit)	500
New Officer Uniforms (2)	4,289
New and Replacement Class A/B Uniforms	6,735
New and Replacement Winter Jackets and Rainwear	3,848
Investigator Clothing Allowance	750
Footwear Allowance	1,680

Police Ball Caps (24)	807
Storm Gear (waders/boots, etc)	750
Class C Uniform Tee Shirts (96)	1,177
Unanticipated Replacement Uniforms	1,500
	<hr/> 29,211

#### **Repairs and Maintenance**

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

#### **Vehicle Repairs and Maintenance**

Fleet Car Wash Service (Monthly Fleet Package)	4,980
Prisoner Cage for Existing Patrol Vehicle	2,111
Cost to Decommission Two Patrol Vehicles	1,385
Vehicle Repairs and Maintenance	14,000
	<hr/> 22,476

#### **Communications**

Wireless Telephones with Data Service	8,317
Wireless Data Services (Patrol Fleet)	7,922
Wireless Data Services (Existing Video Network)	2,740
Wireless Data Services (Additional Video Network Site)	457
Cradlepoint NetCloud Service	2,130
Starlink Professional Kit (2)	3,000
	<hr/> 24,566

#### **Dues and Subscriptions**

DCIN Terminal Fees	2,885
Southern Software Annual Software Support	1,613
eCrash Annual Software Licensing Fee	1,000
Nest Video Security (Property Room)	80
Dare County VPN Licensing	1,969
Professional Organization Membership Dues	2,005
PowerTime Scheduling Software	1,796
Amazon Business Membership	499
Vehicle Telematics/AVL	3,600
FMRT Group Annual Technology Fee	250
	<hr/> 15,697

#### **Printing and Binding**

Custom Printed Goods	1,000
2026 Golf Cart Permit Decals	400
	<hr/> 1,400



**Supplies and Materials**

Office Supplies	2,000
Cleaning Supplies and Paper Products (50% Spilt w/ FD)	1,500
Shipping/Postage	300
	<u>3,800</u>

**Vehicle Supplies and Materials**

Fuel	36,482
	<u>36,482</u>

**Police Supplies and Materials**

Ammunition (Qualification & Training)	5,202
Automated external defibrillators (3)	4,710
Replacement AED pads/supplies	768
2200W Portable Emergency Generator	1,200
Challenge Coins	2,248
Investigator Issued Equipment and Firearms	7,512
Plastic Junior Police Badges (5000#)	2,450
2026 Quick Reference Statue Guides	320
Project Lifesaver Supplies	352
Police Supplies and Materials	5,000
	<u>29,762</u>

**Police Supplies and Materials - Donated Funds**

Annual PBA Membership	4,811
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**Capital Outlay Over \$5,000**

Patrol Vehicles (2)	126,000
Traffic Camera Network Expansion	8,500
Replacement of Mobile Data Terminals	25,813
	<u>160,313</u>

**Miscellaneous**

Unanticipated Expenses	5,000
	<u>5,000</u>

**Leased Equipment**

Printer/Copier/Fax/Scanner	4,206
	<u>4,206</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 future career 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 the 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 volunteer firefighters.

## **Recent Accomplishments**

- New Engine 11 – Placed in service and fully operational.
- Career Development Plan – Most fire employees now have taken advantage of this program for training, certifications, and requirements to advance within the Department.
- Public Safety Building – Completed roof replacement project.
- Replaced an aging SCBA Filling Cabinet
- Personnel - Successfully on-boarded one new firefighter and underwent a transition in departmental leadership with the appointment of a new Fire Chief.
- Activities (July 1-April 15, 2025):
  - Training – In service training and participation in regional events throughout the year.
  - Fire Prevention Activities – This includes inspections, pre-plans, annual open house and station tours, reflective sign and Knox box installations and maintenance.
  - Town Activities – On duty crews and volunteers continue to support Town events and assist staff.
  - Annual review of policies and procedures for the Department.

## **Upcoming Projects**

- Complete integration of the Department's operational budget with the Town.
- Staffing changes to provide more consistent supervisory coverage.
- Administrative program review with a goal of increased efficiency and cost-effectiveness.
- Continue collaboration with Town staff on Emergency Planning, and Town-wide safety program.
- Continued planning of Public Safety Building as needed.
- Interior repairs to the Public Safety Building.
- 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 to reinforce our operational effectiveness while increasing our response capabilities.

## FY 2025-2026 Budget Highlights

- The Fire Department budget increased 0.91% mostly due to increases in personnel-related expenditures.
- This year we are moving away from providing a direct allocation to the Fire Department and budgeting, as we do with other departments, expenses in individual line items. This will also move accounts payable functions from the volunteer fire department to be handled by Town Finance staff.
- The Fire budget accounts for 15.62% of the General Fund budget and is equivalent to \$0.068 on the tax rate.

Expenditures by Type							
Type	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Personnel	1,025,733	1,271,127	1,409,555	1,547,197	1,646,064	1,725,807	4.84%
Operating	284,558	981,578	257,634	281,395	312,103	310,920	-0.38%
Capital	14,463	289,162	114,233	43,704	20,000	48,000	140.00%
Debt Service	18,258	82,859	171,120	145,406	87,685	0	-100.00%
<b>Total</b>	<b>1,343,011</b>	<b>2,624,725</b>	<b>1,952,542</b>	<b>2,017,702</b>	<b>2,065,852</b>	<b>2,084,727</b>	<b>0.91%</b>

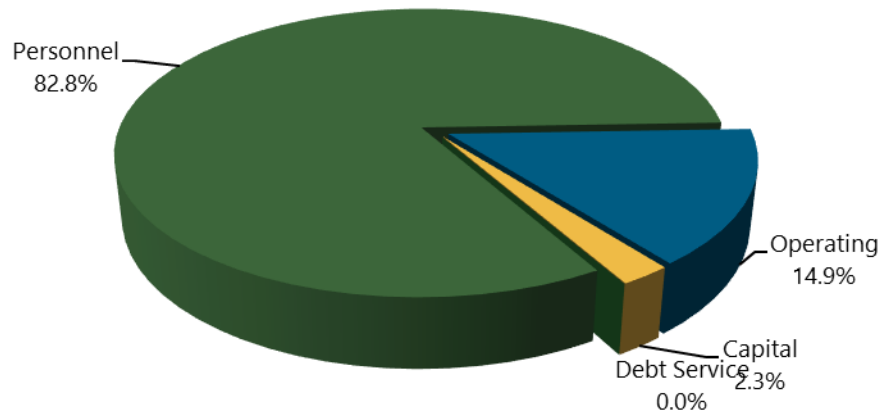
Personnel					
Type	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Full-time	14.5	14.5	14.5	14.5	0.00%
Part-time					
<b>Total</b>	<b>14.5</b>	<b>14.5</b>	<b>14.5</b>	<b>14.5</b>	<b>0.00%</b>

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

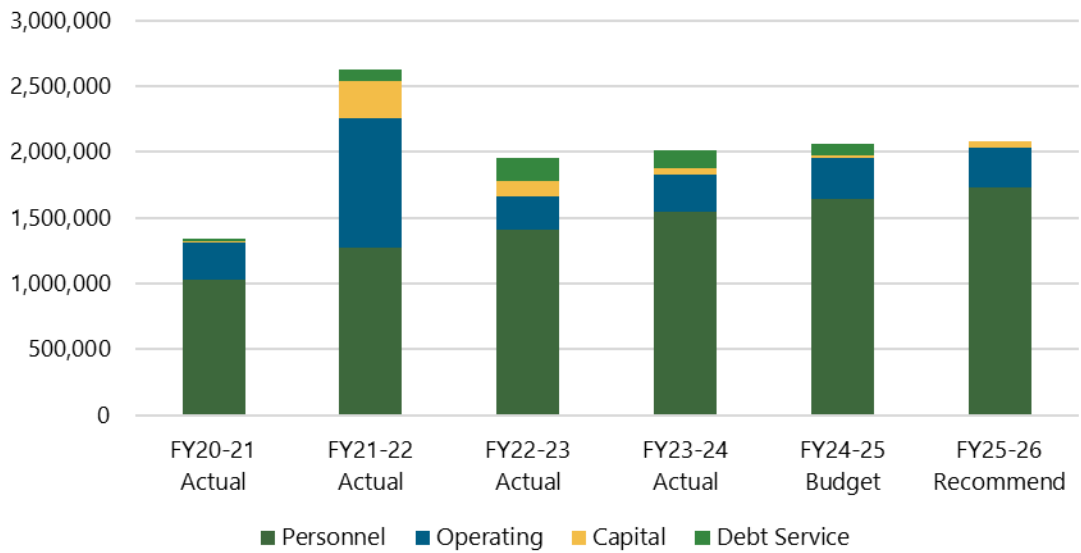
Staffing	
Position Title	Count
Fire Chief	1
Deputy Fire Chief	1
Captain	3
Fire Engineer	3
Firefighter	6
Public Safety Office Administrator	0.5

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 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Salaries and Wages	940,848	1,015,121	1,071,498	1,120,354	1,120,354	48,856	4.56%
Salaries and Wages (part time)	11,300	61,518	15,000	15,000	15,000	0	0.00%
Salary and Wages (overtime)	46,885	19,434	52,000	52,000	52,000	0	0.00%
FICA	73,590	80,273	92,221	90,833	90,833	(1,388)	-1.51%
Supplemental Retirement (LGERs)	120,643	53,299	159,868	169,405	169,405	9,537	5.97%
401k	48,905	144,905	58,775	58,618	58,618	(157)	-0.27%
Medical/Dental Insurance	139,506	33,545	155,474	170,291	170,291	14,817	9.53%
Workers' Compensation	27,879	139,102	40,762	44,537	44,537	3,775	9.26%
Life/ADD/Short Term Disability	0		466	4,770	4,770	4,304	923.58%
Professional Services	7,660	7,500		14,000	14,000	14,000	
Contracted Services	29,946	32,000		36,950	36,950	36,950	
Travel and Training	14,082	24,000		21,000	22,000	22,000	
Uniforms	12,017	15,102	0	18,000	18,000	18,000	
Technology Hardware & Accessories	1,735			0	0	0	
Repairs and Maintenance	19,365	10,000		12,000	12,000	12,000	
Vehicle Repairs and Maintenance	99,177	47,887	3,000	55,000	55,000	52,000	1733.33%
Insurance and Bonding	46,769	47,000		56,000	56,000	56,000	
Communications		4,981	6,103	11,320	11,320	5,217	85.48%
Utilities	12,794	16,000		14,000	14,000	14,000	
Dues and Subscriptions	3,583	4,000		6,500	6,500	6,500	
Supplies and Materials	27,020	31,200		23,000	23,000	23,000	
Vehicle Supplies and Materials	13,810	15,000	4,000	17,000	17,000	13,000	325.00%
Fire Supplies and Materials	27,288	17,000		13,650	13,650	13,650	
Rescue 11 Supplies and Materials	4,477	5,000		7,000	7,000	7,000	
Fire Prevention Supplies and Materials	778	2,000		3,000	3,000	3,000	
Capital Outlay - over \$5,000	5,720	43,704		7,000	0	0	
Capital Outlay - under \$5,000	108,513		20,000	40,000	48,000	28,000	140.00%
Subsidies and Allocations	-62,971		299,000	0	0	(299,000)	-100.00%
Debt Service	171,120	145,406	87,685	0	0	(87,685)	-100.00%
Miscellaneous	104	2,725		1,500	1,500	1,500	
<b>TOTAL</b>	<b>1,952,542</b>	<b>2,017,702</b>	<b>2,065,852</b>	<b>2,082,727</b>	<b>2,084,727</b>	<b>18,875</b>	<b>0.91%</b>

## Notes

### Professional Services

Firefighter Physicals	10,000
Wellness	4,000
	<u>14,000</u>

### Contracted Services

Data Management	22,750
SCBA & Compressor Testing	2,500
Pump, Hose & Ground Ladder Testing	8,200
Aerial Ladder Testing	2,500
Hydro Testing	1,000
	<u>36,950</u>

**Travel and Training**

Breathing Equipment School	3,000	(2 FF annually)
National Fire Academy	5,000	(6 FF Annually)
HOT Classes (Hands on Training)	7,000	(4 FF Annually)
Conferences	4,000	(2 Attendees at each conference - MWC / SAFRE)
Continuing Education	3,000	(EMS, Inspector, Instructor, Chief 101)
	22,000	

**Insurance and Bonding**

Vehicles, Facilities, Contents	55,000
Volunteer Workers Comp	1,000
	56,000

**Communications**

Mobile Phones/iPads	1,500
CAD	800
MiFi	2,580
Repairs and Maint - Radios and Pagers	5,000
Portable Radio WiFi Service Fees	1,440
	11,320

**Utilities**

Power	10,000
Water	1,500
Telephone	2,500
	14,000

**Dues and Subscriptions**

NC Firefighter's Pension Fund	2,500
NCSFA/NVFC Dues	2,000
Publications	1,000
Other Dues and Subscriptions	1,000
	6,500

**Supplies and Materials**

Living Quarters	3,000
Fitness Facility	3,000
Bays / Vehicle Storage Area	3,500
Office	4,000
Propane	1,500
Shared Station Supplies (PD/FD Split) @1500/ea	1,500

Beverages (PD/FD Split) @ 4000/ea	4,000
Station Training Supplies	2,500
	<hr/> 23,000

#### **Vehicle Supplies and Materials**

Fuel	12,000
Vehicle Lighting	2,500
Vehicle Upgrades (equipment mounting)	2,500
	<hr/> 17,000

#### **Fire Supplies and Materials**

Repair & Maint - Turnout Gear	2,700
Rehab 11 Supplies	450
PPE wear items (gloves, hoods)	3,300
Equipment Upgrades and replacement	7,200
	<hr/> 13,650

#### **Rescue 11 Supplies and Materials**

EMS Consumables	6,000
Oxygen	1,000
	<hr/> 7,000

#### **Fire Prevention Supplies and Materials**

Prevention and Education	1,500
Hydrant Maintenance	1,000
Reflective Signs	500
	<hr/> 3,000

#### **Capital Outlay Under \$5,000**

Replacement of Turnout Gear	20,000
Hose and Appliances	15,000
Technical Rescue Equipment	13,000
	<hr/> 48,000

#### **Miscellaneous**

License/Background Checks	200
Miscellaneous	1,300
	<hr/> 1,500



## 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 1<sup>st</sup> and continuing until October 31<sup>st</sup> 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 2024.

### Upcoming Projects

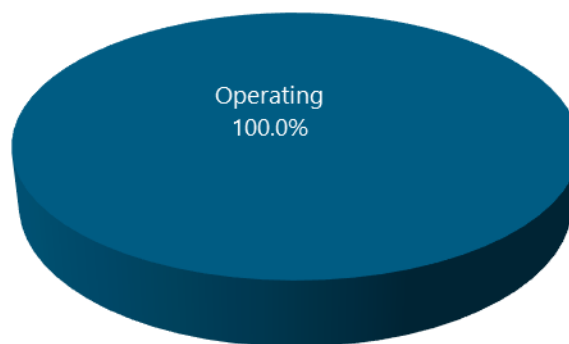
- The contractor continues to replace old lifeguard stands with new ones as needed.

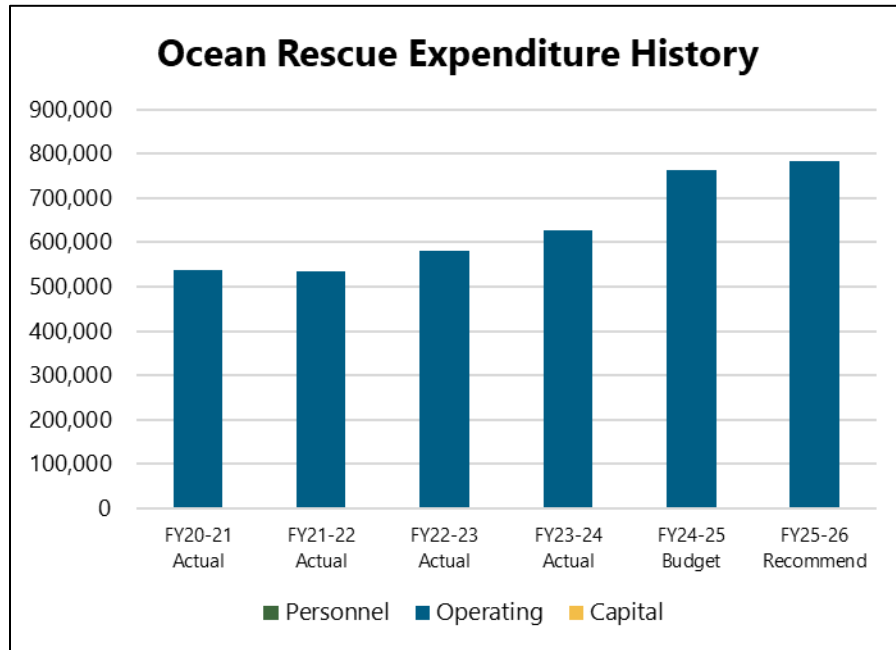
### FY 2024-2025 Budget Highlights

- The Ocean Rescue Department budget increases 2.51% from the FY2024-25 budget due to an increase in the contract amount requested by the contractor to account for rising personnel costs due to the rates of pay other similar services are providing in our area.
- The Ocean Rescue budget accounts for 5.88% of the General Fund budget and is equivalent to \$0.026 on the tax rate.

Expenditures by Type							
Type	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Personnel	0	0	0	0	0	0	
Operating	538,114	535,340	580,069	628,270	764,500	783,723	2.51%
Capital	0	0	0	0	0	0	
<b>Total</b>	<b>538,114</b>	<b>535,340</b>	<b>580,069</b>	<b>628,270</b>	<b>764,500</b>	<b>783,723</b>	<b>2.51%</b>

### Ocean Rescue Expenditures by Type





## Line Item Expenditures

Ocean Rescue							
Account Description	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Contracted Services	578,000	626,000	760,000	780,000	780,000	20,000	2.63%
Communications	2,016	2,270	3,000	2,223	2,223	(777)	-25.91%
Supplies and Materials	53		1,500	1,500	1,500	0	
<b>TOTAL</b>	<b>580,069</b>	<b>628,270</b>	<b>764,500</b>	<b>783,723</b>	<b>783,723</b>	<b>19,223</b>	<b>2.51%</b>

## Notes

### Communications

Mobile Phones/iPad 2,223

## 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

- Free summer event series kicked off in May with Fitness and Movies on the Green. More programs, including Concerts on the Green, OBXtreme Magic Shows, Variety Shows, Story Time and Chalk Art Fun, and more began in June. 100 events welcomed over 10,000 people to the Town Park between May and September.
- New events added for the 2024 season included Story tellers, a visit from the Corolla Wild Horse Fund, Family Music Time, Family Rhythm and Drums, and hosted the Small Plated Choreography Festival.
- Over 2,500 people attended the 4th of July Parade and Community Celebration. The annual one-mile parade occurred in the heart of Duck, along with a Community Celebration at the Town Park featuring live music, parade awards, and snow- cone vendor.
- In October we introduced a Trunk-or-Treat and movie night event at the Town Park. Participants included Duck Public Safety and 17 local businesses and the Soap Bubble Circus performer. 350 participants came to enjoy the event.
- Despite cold temperatures, the Yuletide Celebration took place in December to a crowd of 250 people. Attendees enjoyed live music, snacks, activities, and story time with Santa.
- New programs, including author talks, Stargazing, Chair Yoga, and Data Security Information were created for the Off-Season months.
- The second Volunteer Appreciation Celebration was held in April 2024 to recognize the volunteers that dedicate their time and generosity to the Town. In 2023, volunteers contributed over 1,200 hours at events, beach grass planting, Duck Sweep, and administrative office assistance.
- 132 bricks were sold 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.
- Mallard, the Stallion of Duck was completed in September 2024. This community-driven project centered around the restoration of a donated horse statue, which was transformed into a vibrant tribute to Duck's history. Volunteers from across the community each painted a unique image onto the statue, resulting in more than 100 individual artworks now on display. The completed horse now stands proudly in Town Park.
- The documentary "Winged Horses of the Outer Banks" premiered in September 2024 at the Town of Duck Amphitheater, drawing a crowd of 150 attendees. Funded by an LDPI grant, the film explores the story behind the winged horse statues found throughout the

Outer Banks and highlights the significance of the Mallard project as a celebration of local heritage.

- Relief supplies for Western North Carolina were collected in September 2024 with the help of Town staff and volunteers who sorted, packed, and loaded a 26' truck with supplies to be delivered to Yancey County.
- The Duck Jazz Festival took place over Columbus Day Weekend, October 12-13, 2024 in the Duck Town Park bringing in over 7,500 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 performance by the Elizabeth City State University Choir, a children's story time and rhythm play, and a community litter clean up event.
- The Town received an Outer Banks Visitors Bureau Tourism Impact Grant to enhance lighting and sound systems on both park stages. These upgrades will support expanded evening programming and provide greater flexibility and independence in meeting production needs.
- Town Park and boardwalk maps were replaced with new maps as the previous maps were damaged and illegible.
- Social media audiences grew 3.1% across all platforms (Facebook, Twitter, X) with just under 73,000 followers. Impressions across all platforms have increased around 23% along with a 3.59% engagement rate (like, comment, share).
- The Town of Duck Police Department Facebook page went live, providing a new platform to reach the community and foster a relationship between the police department and stakeholders.
- Coffee with a Cop events have been offered twice as an opportunity for the community to meet officers in a casual setting. These events have been well- attended and are planned for each quarter.
- The Town of Duck FLOCK (Fundamentals Lessons of Citizen Knowledge) Academy returned in March of 2025 with a total of thirteen participants, including eleven full- time residents and two participants 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 Thursdays 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.
- The Sitting Duck: A Town of Duck Podcast launched on all major streaming platforms in May 2024. Interviews have featured Town staff, elected officials, and other members from the community. Seven episodes were produced in 2024.
- Council and Planning Board meeting recaps have been routinely posted and shared following these meetings to provide the public with an annotated update to action items and other Town business in an effort to foster transparency in communications.
- Created a Holiday Directory to feature Duck businesses during the holiday season to encourage patronage at local businesses during the holiday season.
- Installed a digital monitor in Town Hall to have a looping display for visitors with important Town and safety information.
- Hosted the Annual Volunteer Appreciation Event to recognize the volunteers that dedicate their time and generosity to the Town.

- Oversaw the installation of a new marquee/road sign for Town Hall to include an additional line of text and increased height to improve visibility.

### **Upcoming Projects**

- Introduce a new Christmas in July event week with holiday themed programming. During this time, we will also encourage early holiday shopping in local businesses.
- Introduce a new evening program in the Amphitheater using the updated lights and sound system. Duck Unplugged will highlight acoustic musicians for 5 evenings from April through September.
- Produce and develop mini- campaigns for the Duck PD to use on the Duck PD Facebook page to cover topics such as golf- cart/ low- speech vehicle safety, pedestrian safety, etc.
- Create more visual content for social media to include short- form videos and reels. Topics will include vegetation, wildlife, safety, and other Town information. The intent is to create captivating content which resonates with audiences.
- Create content focused on the history of Duck. This will include videos, photos, a dedicated webpage with this information, as well as the exploration of creating a History of Duck gallery in Town Hall.
- Develop a Winged Horses of Duck webpage with a map of horse statues, a guide to the images on Mallard, videos, and descriptions of the various horses in Duck.
- Continue the implementation of the Memory Lane Brick Program including collecting orders and payments, receiving the bricks, and installation.
- The 2025 Summer season will see the return of programs in the Amphitheater with the NC Aquarium on Roanoke Island. This program is being brought back following a year hiatus while the Aquarium hired a new Outreach Coordinator to lead the programs.
- Continue to evaluate Town communications and create a Communication Strategy/ Plan to effectively communicate with and to our stakeholders.
- Produce content for The Sitting Duck: A Town of Duck Podcast to include tandem interviews with expanded material.
- Continue the implementation of the Memory Lane Brick Program including collecting orders and payments, receiving the bricks, and installation.

### **FY 2025-2026 Budget Highlights**

- The Communications & Special Events Department budget increased 5.44% from the FY 2024-25 budget mostly due to increases in event related expenses and personnel costs.
- The Communications & Special Events Department budget accounts for 4.02% of the General Fund budget and is equivalent to \$0.017 on the tax rate.

Expenditures by Type							
Type	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Personnel	0	0	0	0	232,156	249,335	7.40%
Operating	175,793	89,201	217,589	231,945	279,248	289,870	3.80%
Capital	0	0	0	0	0	0	
Debt Service	0	0	0	0	0	0	
<b>Total</b>	<b>175,793</b>	<b>89,201</b>	<b>217,589</b>	<b>231,945</b>	<b>511,404</b>	<b>539,206</b>	<b>5.44%</b>

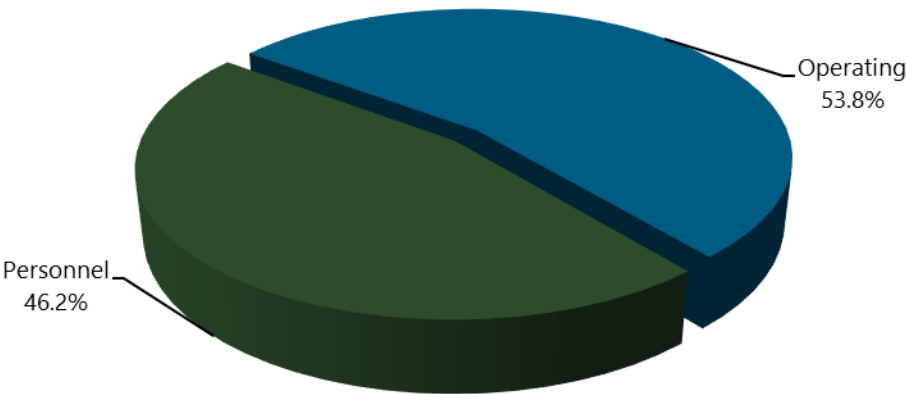
This table shows that we will not be adding any positions this year.

Personnel					
Type	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Full-time			2.0	2.0	0.00%
Part-time					
<b>Total</b>	<b>-</b>		<b>2.0</b>	<b>2.0</b>	<b>0.00%</b>

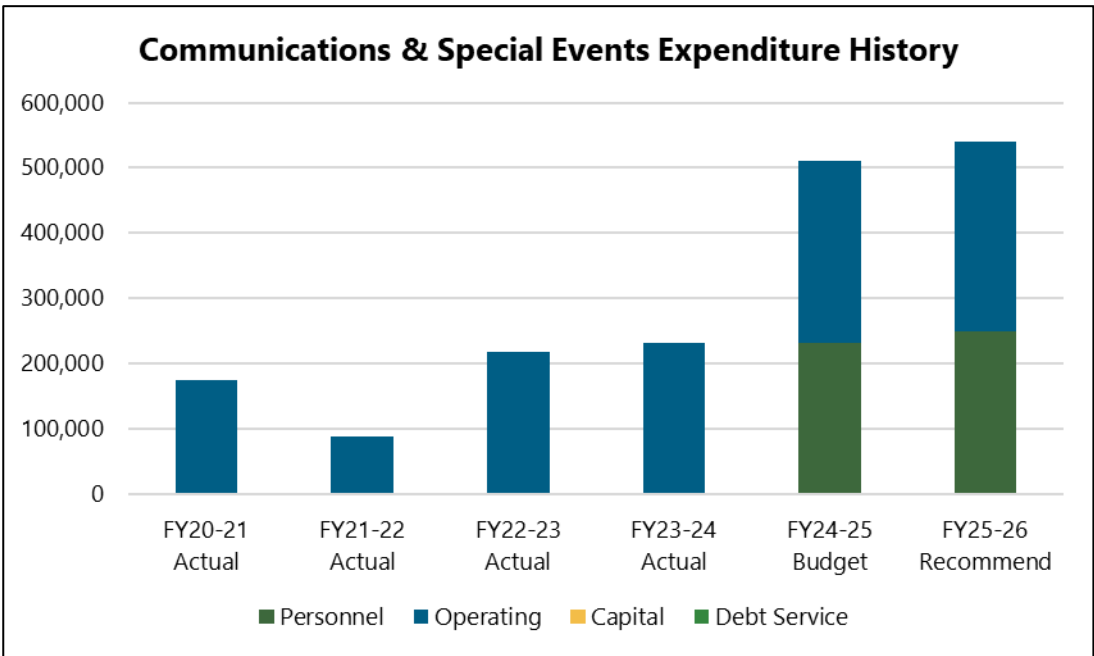
Staffing	
Position Title	Count
Public Information and Events Director	1
Public Information and Events Coordinator	1
	2

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	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Salaries and Wages		170,415	179,565	179,565	9,150	5.37%
FICA		13,037	13,737	13,737	700	5.37%
Supplemental Retirement (LGRS)		23,176	25,947	25,947	2,771	11.96%
401k		8,521	8,978	8,978	457	5.37%
Medical/Dental Insurance		13,160	16,216	16,216	3,056	23.22%
Workers' Compensation		3,772	4,115	4,115	343	9.10%
Life/ADD/Short Term Disability		75	777	777	702	935.72%
Contracted Services	173,762	193,000	198,400	200,900	7,900	4.09%
Travel and Training		3,480	2,995	2,995	(485)	-13.94%
Uniforms		300	300	300	0	0.00%
Advertising	26,267	31,000	31,000	31,000	0	0.00%
Communications		1,846	1,848	1,848	2	0.11%
Dues and Subscriptions	227	14,722	16,927	17,427	2,705	18.38%
Printing and Binding		5,300	6,800	6,800	1,500	28.30%
Supplies and Materials	8,187	7,000	7,000	7,000	0	0.00%
Merchandise for Resale	13,902	12,000	12,000	12,000	0	0.00%
Miscellaneous				0	0	
Miscellaneous - Events	9,600	10,600	9,600	9,600	(1,000)	-9.43%
<b>TOTAL</b>	<b>231,945</b>	<b>511,404</b>	<b>536,206</b>	<b>539,206</b>	<b>27,802</b>	<b>5.44%</b>

## Notes

### Contracted Services

Access Design	2,000	
Events: Performers, Tents, Stage, Lights, etc.	195,500	122,500k for jazz
Newsletter	3,400	(printing and postage)
	200,900	

### Travel and Training

NC3C Conference	1,400	Kay
OBX Economic summit	30	
OBX Tourism summit	65	
Misc. Continuing Education	500	
Showfest Conference	1,000	Betsy
	2,995	

### Uniforms

Logo attire - staff	300
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**Advertising**

Print and Digital Advertising	31,000
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**Communications**

Mobile Phones/iPad	1,848
	1,848

**Dues and Subscriptions**

ASCAP	440	Music License
SESAC	645	Music License
BMI	660	Music License
NC Assoc. of Festivals & Events	150	Membership
Luminair App	100	Lighting control app
X Air	15	Sound control app
PodBean	108	Podcast Hosting
3CMA	400	City- County Communications and Marketing Association
NC3C	100	NC Communications Association Membership
GoDaddy Website Domain	1,200	Website
Canva	119	Social Media
Outer Banks Media	1,700	Website Hosting and Monitoring
Zoom	550	Virtual Meetings
Mail Chimp	550	E-newsletter
Hoot Suite	1,800	Social Media
Archive Social	7,548	Social Media
Rave Alerts	1,162	OBX alerts and panic button
OptiSigns - Town Hall Lobby monitor	180	
	17,427	

**Printing and Binding**

Brochure	4,300
Jazz Brochure/ Save the Date	2,500
	6,800

**Supplies and Materials**

Event Supplies	7,000	Includes increase for jazz staff t-shirts, cost for Volunteer Incentive Program Gifts; supplies for Yuletide, placard for Mallard, etc.)
	7,000	

**Merchandise for Resale**

---

Duck/Event themed  
merchandise

12,000

Includes jazz shirts for resale; new jazz festival  
crewnecks sweatshirts; replenishment of merchandise  
in the FY

**Miscellaneous - Events**

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July 4th Parade -  
Barricades, Signs, Vehicles

9,600

Spivey Rentals for barricades

## 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, nine (9) special use permit applications were presented for review by the 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.
- Facilitated an extensive planning and public engagement process as part of the Westside Trail Study.

### Upcoming Projects

- Work with the Planning Board/oversight committee to develop and adopt a Townwide Recreation Plan to define community needs and a prerequisite for future PARTF funding.
- 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 2025-2026 Budget Highlights

- The Community Development Department budget increases 2.23% from the FY 2024-25 budget due mostly changes in personnel costs.
- The Community Development Department budget accounts for 2.99% of the General Fund budget and is equivalent to \$0.013 on the tax rate.

Expenditures by Type							
Type	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Personnel	292,985	274,007	296,018	317,292	347,716	352,749	1.45%
Operating	35,489	34,571	34,618	25,828	43,353	47,047	8.52%
Capital	6,998	0	0	0	0	0	
Debt Service	17,991	0	0	0	0	0	
<b>Total</b>	<b>353,464</b>	<b>308,578</b>	<b>330,636</b>	<b>343,120</b>	<b>391,069</b>	<b>399,796</b>	<b>2.23%</b>

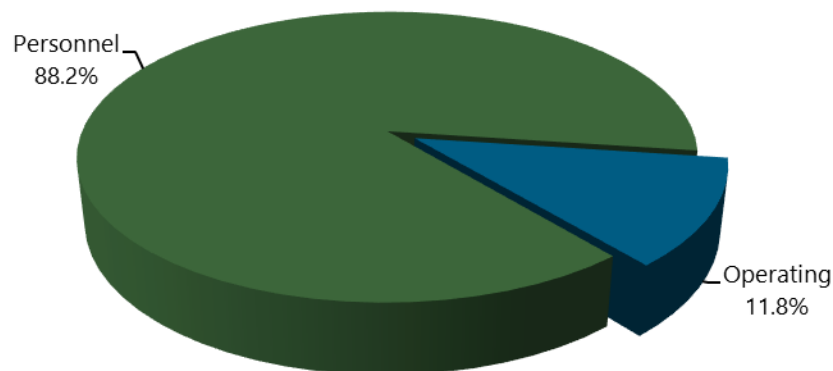
Personnel					
Type	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Full-time	2.5	2.5	2.5	2.5	0.00%
Part-time					
<b>Total</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>	<b>0.00%</b>

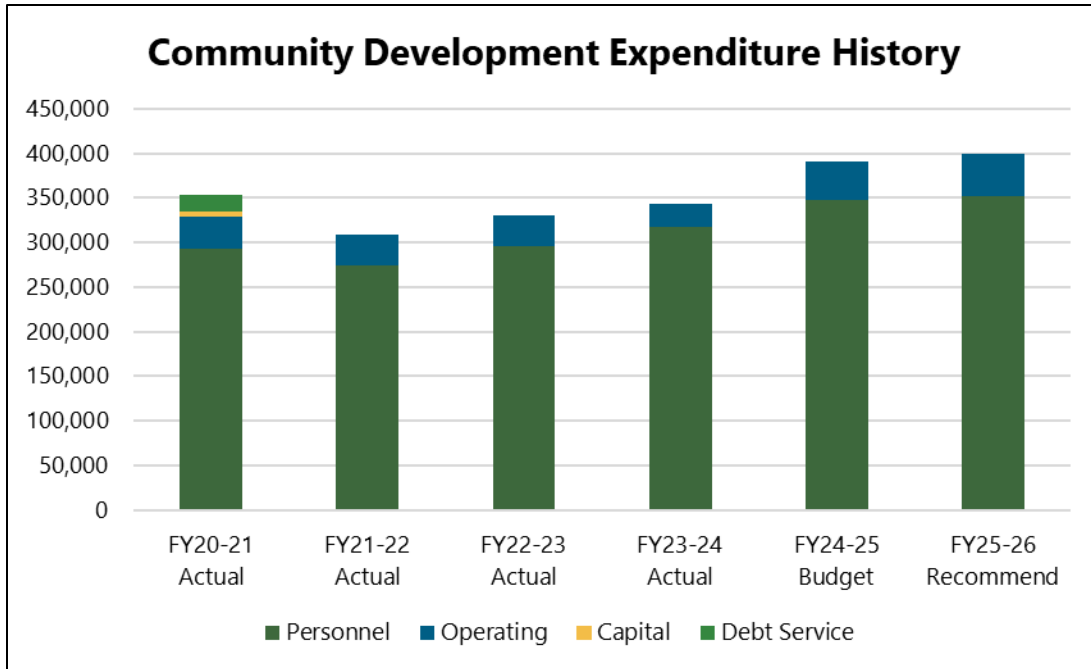
This table shows that we will not be adding any positions this year.

Staffing	
Position Title	Count
Development & Infrastructure Director	1
Planning Manager	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	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Salaries and Wages	224,375	241,981	243,962	243,962	1,981	0.82%
Board Stipends	4,900	8,100	6,400	7,400	(700)	-8.64%
FICA	16,463	18,512	18,663	18,663	151	0.82%
Supplemental Retirement (LERS)	28,570	32,908	35,253	35,253	2,345	7.12%
401k	11,117	12,099	12,198	12,198	99	0.82%
Medical/Dental Insurance	28,510	29,583	28,626	28,626	(957)	-3.24%
Workers' Compensation	3,358	4,426	5,591	5,591	1,165	26.33%
Life/ADD/Short Term Disability		107	1,056	1,056	949	887.34%
Professional Services	33	8,000	19,000	19,000	11,000	137.50%
Travel and Training	8,452	12,850	9,300	9,300	(3,550)	-27.63%
Uniforms	361	600	600	600	0	0.00%
Advertising	779	1,200	1,200	1,200	0	0.00%
Technology Hardware & Accessories	575	2,220		0	(2,220)	-100.00%
Vehicle Repairs and Maintenance	2,145	1,000	1,200	1,200	200	20.00%
Communications	2,661	4,139	3,532	3,532	(607)	-14.67%
Dues and Subscriptions	4,044	4,000	4,300	4,300	300	7.50%
Printing and Binding	375	240	240	240	0	0.00%
Supplies and Materials	1,154	2,800	1,500	1,500	(1,300)	-46.43%
Vehicle Supplies and Materials		700	700	700	0	0.00%
Leased Equipment	5,143	3,604	3,475	3,475	(129)	-3.57%
Miscellaneous	107	2,000	2,000	2,000	0	0.00%
<b>TOTAL</b>	<b>343,120</b>	<b>391,069</b>	<b>398,796</b>	<b>399,796</b>	<b>8,727</b>	<b>2.23%</b>

## Notes

<b>Board Stipends</b>	
Planning Board (12 meetings)	6,000
Board of Adjustment (2 meetings)	1,400
	7,400
<b>Professional Services</b>	
Engineering Services	7,000
Grant Writing/Planning/Other Services	12,000
	19,000
<b>Travel and Training</b>	
APA/Planning (Staff)	1,800
APA/Planning (Planning Board)	1,200
CRAC/CRC	600
NCFPM/ASFPM/Flooding	1,200
NCBIWA	1,400
UNC-SOG	1,500
NC Bike Walk Summit	600
Other	1,000
	9,300
<b>Uniforms</b>	
Logo attire - staff and Planning Board	600
<b>Communications</b>	
Mobile Phones/iPad	2,410
Postage	870
Misc.	252
	3,532
<b>Dues and Subscriptions</b>	
APA Dues (Staff & Planning Board)	2,200
NCBIWA	1,000
NCFPM/ASFPM	600
Other Dues	500
	4,300
<b>Supplies and Materials</b>	
Signs/Stakes/Tools	300
Other	1,200
	1,500
<b>Leased Equipment</b>	
Copier	2,952
Postage Meter	523
	3,475

# Inspections

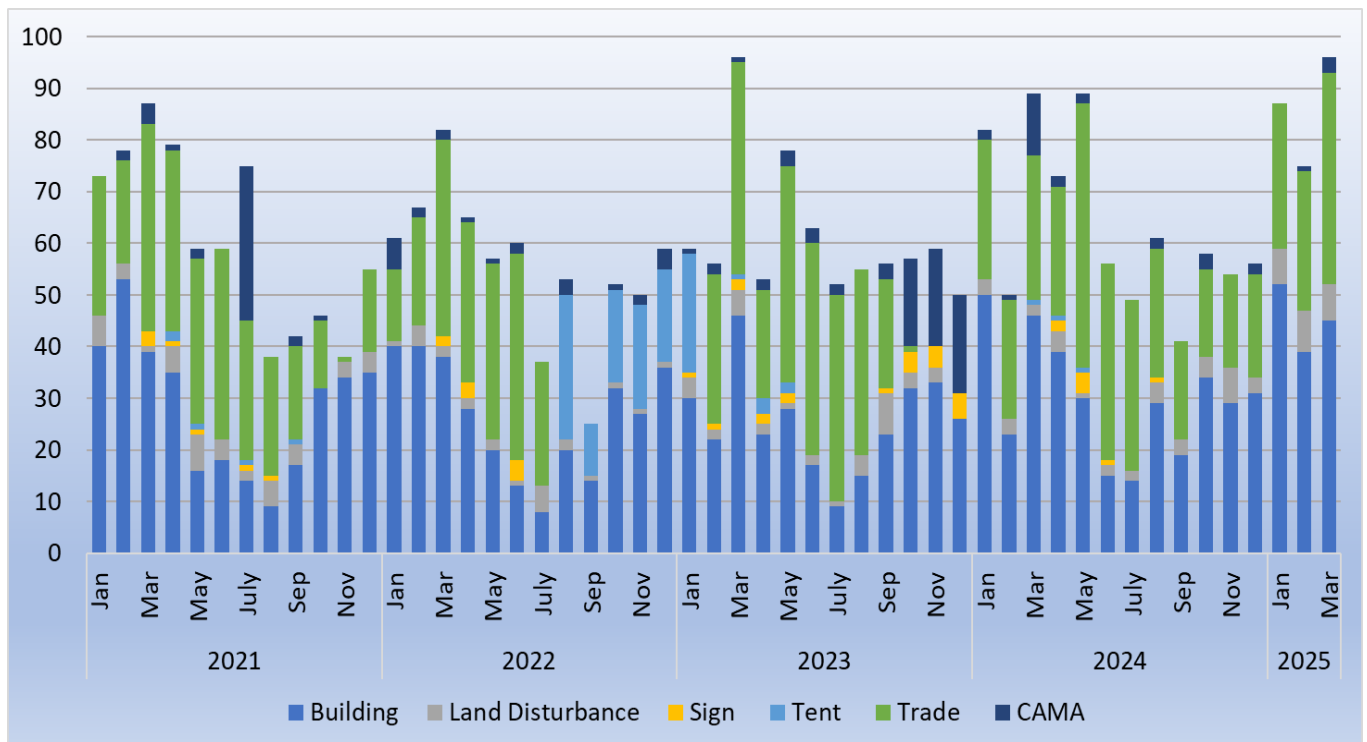
## Description

Under the direct responsibility of the Building Codes and Maintenance Administrator and 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 784 permits (including 10 new residences) and conducted 1,601 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 and instituted an on-line payment system to enhance its efficiency and level of service to contractors and property owners.
- The Inspections Department improved its use of Citizenserve permitting software features to enhance its capabilities and level of service to the public.
- The Inspector completed required coursework relating to Level 3 inspector certifications in all trades to maintain a high level of service to the development community.
- 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.

### 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 2025-2026 Budget Highlights

- The Inspections Department budget increased 6.77% in FY25-26 due mostly to changes in personnel costs.
- The Inspections budget accounts for 2.03% of the General Fund budget and is equivalent to \$0.009 on the tax rate.

Expenditures by Type							
Type	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Personnel	152,252	157,054	190,760	208,386	230,412	248,306	7.77%
Operating	48,279	16,050	13,397	20,283	23,067	22,321	-3.23%
Capital	2,968	0	0	0	0	0	
Debt Service	0	0	0	0	0	0	
<b>Total</b>	<b>203,499</b>	<b>173,104</b>	<b>204,158</b>	<b>228,669</b>	<b>253,479</b>	<b>270,627</b>	<b>6.77%</b>



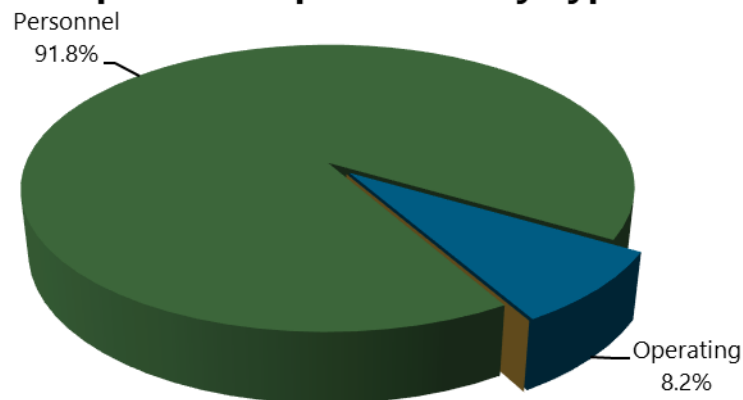
This table shows that we will not be adding any positions this year.

Personnel					
Type	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Full-time	2.0	2.0	2.0	2.0	0.00%
Part-time	-	-	-	-	
<b>Total</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>0.00%</b>

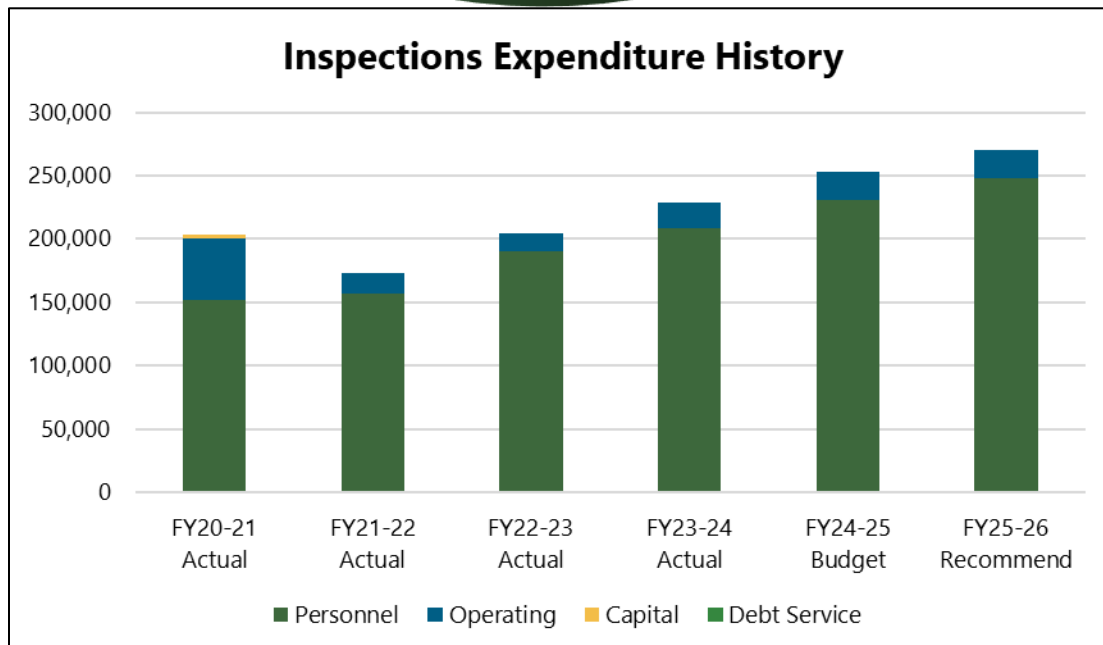
Staffing	
Position Title	Count
Building Codes and Maintenance Admin.	1
Deputy Town Clerk	0.5
Zoning and Projects Administrator	0.5

This table shows the staffing for the department.

### Inspections Expenditures by Type



### Inspections Expenditure History



## Line Item Expenditures

Inspections						
Account Description	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Salaries Wages	148,870	164,236	172,166	172,166	7,930	4.83%
FICA	11,594	12,564	13,171	13,171	607	4.83%
Supplemental Retirement (LGERS)	19,003	22,336	24,878	24,878	2,542	11.38%
401k	7,394	8,212	8,608	8,608	396	4.83%
Medical/Dental Insurance	20,117	20,889	25,415	25,415	4,526	21.67%
Workers' Compensation	1,407	2,103	3,324	3,324	1,221	58.06%
Life/ADD/Short Term Disability		72	744	744	672	
Travel and Training	240	1,700	2,000	2,000	300	17.65%
Uniforms	254	400	400	400	0	0.00%
Technology Hardware & Accessories		0	0	0	0	
Vehicle Repairs and Maintenance	1,539	1,250	1,500	1,500	250	20.00%
Communications	2,224	913	1,646	1,646	733	80.27%
Dues and Subscriptions	7,255	10,100	9,800	9,800	(300)	-2.97%
Supplies and Materials	135	500	500	500	0	0.00%
Vehicle Supplies and Materials	285	1,600	1,000	1,000	(600)	-37.50%
Leased Equipment	4,820	3,604	3,475	3,475	(129)	-3.57%
Miscellaneous	3,531	3,000	2,000	2,000	(1,000)	-33.33%
<b>TOTAL</b>	<b>228,669</b>	<b>253,479</b>	<b>270,627</b>	<b>270,627</b>	<b>17,148</b>	<b>6.77%</b>

## Notes

### Travel and Training

Building Inspector Classes and Exams	800
Miscellaneous Training	1,200
	<u>2,000</u>

### Communications

Mobile Phones/iPad	912
Misc.	84
Postage	650
	<u>1,646</u>

### Dues and Subscriptions

Permitting Software	9,600
Other Dues and Subscriptions	200
	<u>9,800</u>

### Leased Equipment

Copier	2,952
Postage Meter	523
	<u>3,475</u>

### Miscellaneous

Includes Homeowner's Recovery Pass- Through	2,000
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## **Public Facilities**

### **Description**

Under the direct responsibilities of the Maintenance Technician and part-time Assistant, general direction of the Building Codes and Maintenance Administrator, and 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 Public Safety facility.

### **Recent Accomplishments**

- Installed Memory Lane bricks/walkway.
- Repaired necessary decking and railing along the boardwalk.
- Installed/repaired solar light fixtures at designated crosswalks and Town parking areas.
- Assisted the Police Department with installation of cameras and other equipment.
- Added concrete pads to support audio equipment at the gazebo.
- Replaced the public water fountain at the Town Park.
- Made roofing and other repairs to the Public Safety Building.
- Began design work for a new Public Safety Building.
- Replaced the Town Sign/marquee in front of Town Hall.
- Added concrete to alleviate drainage issues at the Picnic Shelter.
- Conducted repairs to the Amphitheater.
- Replaced the public water fountain along the Duck Trail at Four Seasons.

### **Upcoming Projects**

- Replace irrigation lines in the Town Park.
- Replace the generator at the Public Safety building.
- Add stone to Town Hall/Park parking lots.
- Continue to replace boardwalk benches.
- Continue maintenance and repair of boardwalk.

### **FY 2025-2026 Budget Highlights**

- The Public Facilities Department budget decreased 68.57% compared to the FY 24-25 budget due to the large (\$2 million) outlay in that fiscal year for the purchase of the Herron Property.
- The Public Facilities budget accounts for 6.72% percent of the General Fund budget and is equivalent to \$0.029 on the tax rate.

Expenditures by Type							
Type	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Personnel	0	73,004	85,111	97,384	120,022	132,496	10.39%
Operating	139,714	215,443	400,478	279,163	400,124	306,234	-23.47%
Capital	8,000	15,915	3,190	23,099	2,048,241	10,000	-99.51%
Debt Service	250,372	239,969	224,375	138,333	177,466	414,186	133.39%
<b>Total</b>	<b>398,086</b>	<b>544,330</b>	<b>713,154</b>	<b>537,979</b>	<b>2,745,853</b>	<b>862,916</b>	<b>-68.57%</b>

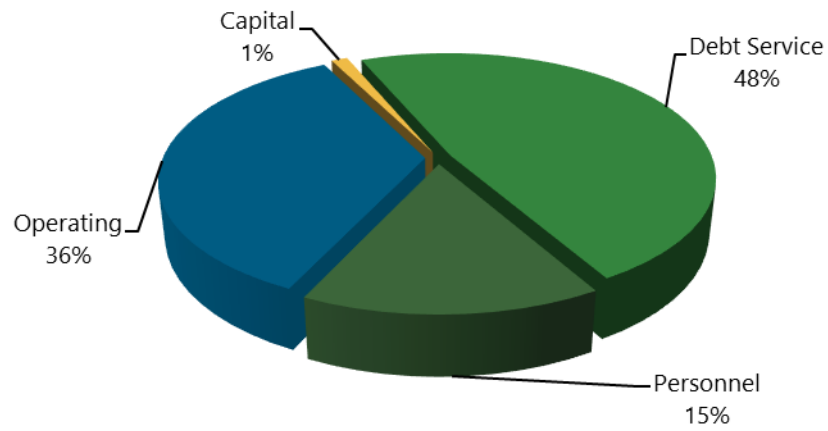
This table shows that we will not be adding any positions this year.

Personnel					
Type	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Full-time	1.0	1.0	1.0	1.0	0.00%
Part-time			0.5	0.5	0.00%
<b>Total</b>	<b>1.0</b>	<b>1.0</b>	<b>1.5</b>	<b>1.5</b>	<b>0.00%</b>

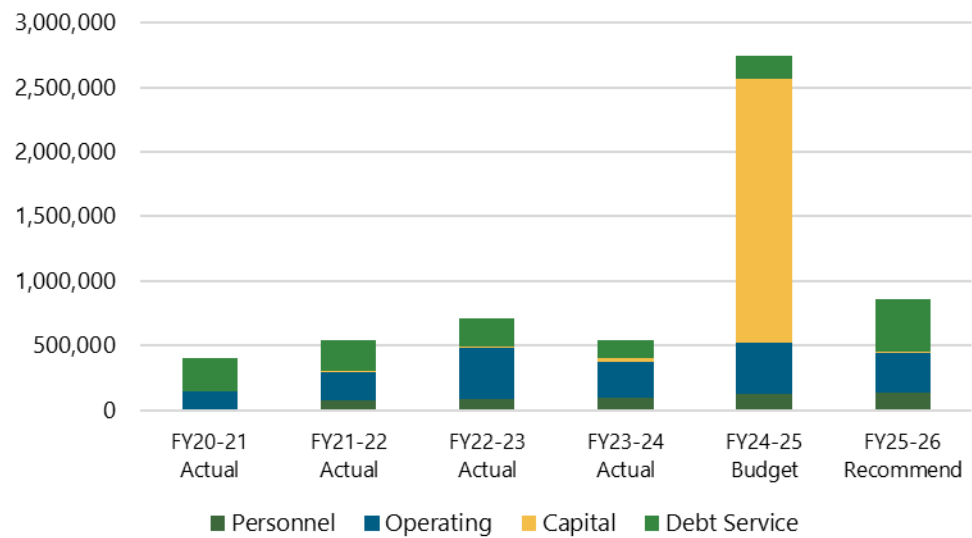
Staffing	
Position Title	Count
Maintenance Technician	1
Maintenance Technician (part-time)	0.5

This table shows the staffing for the department.

## Public Facilities Expenditures by Type



## Public Facilities Expenditure History



## Line Item Expenditures

Public Facilities						
Account Description	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Salaries and Wages	66,026	70,286	73,275	73,275	2,989	4.25%
Salaries and Wages (PT)	5,869	19,980	24,975	24,975	4,995	25.00%
FICA	5,430	6,905	7,516	7,516	611	8.85%
Supplemental Retirement (LGRS)	8,412	9,559	10,588	10,588	1,029	10.77%
401k	3,273	3,514	3,664	3,664	150	4.26%
Medical/Dental Insurance	6,403	6,580	8,108	8,108	1,528	23.22%
Workers' Compensation	1,972	3,157	4,053	4,053	896	28.38%
Life/ADD/Short Term Disability		41	318	318	277	675.09%
Professional Services		88,000	0	0	(88,000)	-100.00%
Contracted Services	134,417	141,032	149,161	151,161	10,129	7.18%
Uniforms	128	600	300	300	(300)	-50.00%
Repairs and Maintenance	83,475	108,400	102,800	102,800	(5,600)	-5.17%
Boardwalk Repairs		16,000	11,000	11,000	(5,000)	-31.25%
Vehicle Repairs and Maintenance	250	500	1,000	1,000	500	100.00%
Communications	1,026	512	597	597	85	16.58%
Utilities	20,972	15,300	19,877	19,877	4,577	29.91%
Dues and Subscriptions	780	780	900	900	120	15.38%
Technology Hardware & Accessories		0	0	0	0	
Supplies and Materials	27,430	25,000	15,000	15,000	(10,000)	-40.00%
Vehicle Supplies and Materials		1,000	600	600	(400)	-40.00%
Capital Outlay	23,099	2,048,241	45,000	10,000	(2,038,241)	-99.51%
Capital Outlay - Under \$5,000			0	0	0	
Debt Service	138,333	177,466	414,186	414,186	236,720	133.39%
Miscellaneous	10,684	3,000	3,000	3,000	0	0.00%
<b>TOTAL</b>	<b>537,979</b>	<b>2,745,853</b>	<b>895,916</b>	<b>862,916</b>	<b>(1,882,937)</b>	<b>-68.57%</b>

## Notes

### Contracted Services

Park & Boardwalk Landscaping	56,350
Pest Control	1,200
Elevator Service Agreement	2,200
Cleaning	62,479
Additional Plants & Landscaping	13,000
Carpet, tile, and window cleaning	4,460
Generator Maintenance Contract	1,220
Alarm Service	1,200
HAVC Maintenance Agreement	6,000
Trash Roll In/Out - Rental House	252
Septic Maintenance	2,800
	<hr/>
	151,161

**Repairs and Maintenance**

Public Safety Building Repairs	73,000	Generator
Tree Removal/Pruning	5,000	
Lighting - Parking/Crosswalks	3,000	
Parking Lot Stone Surface	8,000	
Bench Replacement/Repair (3)	1,800	
Other Repairs and Maintenance	12,000	
	<u>102,800</u>	

**Communications**

Mobile Phone	513
Misc.	84
	<u>597</u>

**Utilities**

Power	16,800
Water	2,620
Cell Service for Boardwalk Cameras	457
	<u>19,877</u>

**Dues and Subscriptions**

MaintainX	900
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**Supplies and Materials**

Bricks for Memory Lane Project	3,000
Other Supplies and Materials	12,000
	<u>15,000</u>

**Capital Outlay - over \$5,000**

Town Park Irrigation Lines	10,000
	<u>10,000</u>

**Debt Service**

Land Purchase (Town Hall + Park Refinance)	136,666
Land Purchase (Herron)	277,520
	<u>414,186</u>

## **Streets & Highways**

### **Description**

While the Town of Duck, unlike many towns, does not presently own or maintain any streets; however, under the general direction of the Director of Community Development and coordination by the Senior Planner and Community Planner, 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 and private contractors, 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.
- Coordinated the design and replacement of a retaining wall along the Duck Trail north of Tuckahoe Drive.
- Obtained a grant through the Resilient Coastal Communities Program to fund construction of nature-based stormwater management improvements in the Teresa Court cul-de-sac as a model project for the community.
- Conducted additional engineering necessary to support future stormwater management improvements along Duck Road in the area of Wee Winks and Duck Church.
- 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.
- Installed crosswalk improvements and signage to enhance the safety and traveling experience for pedestrians and bicycle riders within and leading into Duck Village.

### **Upcoming Projects**

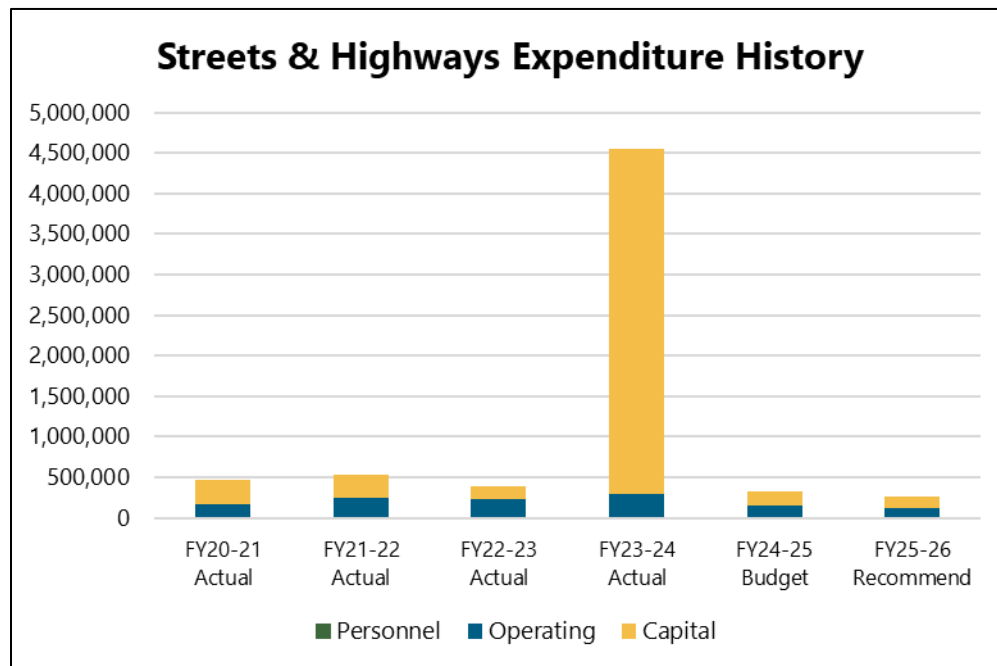
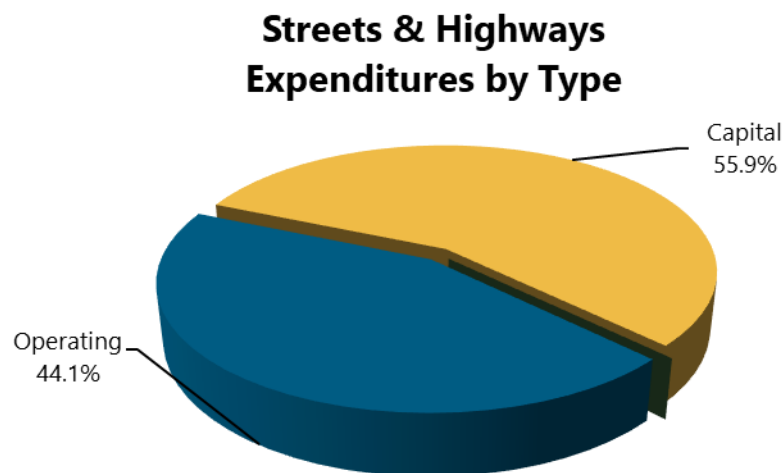
- Replace an aging retaining wall along the Duck Trail adjoining the Georgetown Sands neighborhood.
- Repave a section of the Duck Trail between Pintail Dive and Wood Duck Drive.
- Complete permitting and construction of nature-based stormwater management improvements in the Teresa Court cul-de-sac.
- Seeking funding assistance and facilitating the final design, permitting, and utility relocation included in Phase 1 of the Westside Trail, a concrete bicycle/pedestrian pathway paralleling Duck Road and adjoining the west side neighborhoods south of Duck Village.

### **FY 2025-2026 Budget Highlights**

- The Streets & Highways Department budget decreases 19.03% in FY 2025-26 due to lower level of capital improvements in the coming year.
- The Streets & Highways Department budget accounts for 3.06% of the General Fund budget and is equivalent to \$0.013 on the tax rate.



Expenditures by Type							
Type	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Personnel	0	0	0	0	0	0	
Operating	166,856	248,160	228,294	286,429	158,634	118,433	-25.34%
Capital	307,602	283,412	153,539	4,258,794	174,000	150,000	-13.79%
<b>Total</b>	<b>474,458</b>	<b>531,573</b>	<b>381,833</b>	<b>4,545,223</b>	<b>332,634</b>	<b>268,433</b>	<b>-19.30%</b>



## Line Item Expenditures

Streets & Highways						
Account Description	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Professional Services	203,636	61,000	20,000	20,000	(41,000)	-67.21%
Contracted Services	54,086	62,854	72,763	72,763	9,909	15.76%
Repairs and Maintenance	17,922	15,000	14,000	14,000	(1,000)	-6.67%
Utilities	4,927	4,780	4,670	4,670	(110)	-2.29%
Supplies and Materials	3,733	13,000	5,000	5,000	(8,000)	-61.54%
Capital Outlay-over \$5,000	4,258,794	174,000	290,000	150,000	(24,000)	-13.79%
Capital Outlay-under \$5,000				0	0	
Miscellaneous	2,125	2000	2,000	2,000	0	0.00%
<b>TOTAL</b>	<b>4,545,223</b>	<b>332,634</b>	<b>408,433</b>	<b>268,433</b>	<b>(64,201)</b>	<b>-19.30%</b>

## Notes

### Professional Services

BRIC Grant Submission	10,000
Miscellaneous Engineering	10,000
	<u>20,000</u>

### Contracted Services

Caribbean Landscaping (Duck Village Sidewalks)	34,390
Coinjock Lawncare (Duck Trail & Multi-Use Path)	31,573
Clean-Out Caffey's Inlet	4,000
ECO Counter Subscription	2,300
Sump Pump Maintenance	500
	<u>72,763</u>

### Repairs and Maintenance

Storm water pump and piping	6,000
Crosswalk Lights/Poles	5,000
Other repairs and maintenance	3,000
	<u>14,000</u>

### Utilities

Power	1,740	Sump Pump and Radar Signs
Water	1,104	Water Fountains and Irrigation
AT&T (Cameras)	1,826	
	<u>4,670</u>	

### Supplies and Materials

Street Signs/Markings	2,500
Other Supplies (includes landscaping)	2,500

	5,000
<b>Capital Outlay-over \$5,000</b>	
Retaining Wall Replacement	20,000
Duck Trail Repaving	130,000
	150,000

## 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 1<sup>st</sup> and 3<sup>rd</sup> 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.
- Continued assertive enforcement of the ordinance related to when trash carts can be placed at the street.

### Upcoming Projects

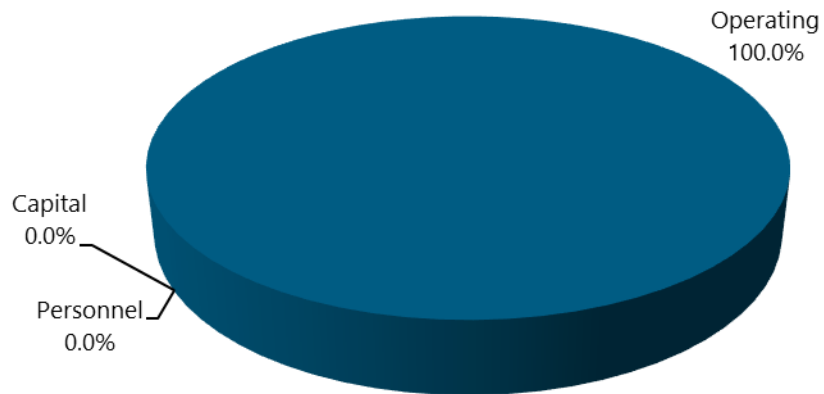
- Continued evaluation of current pick-up schedules and monitoring of contracted services to ensure compliance with contract terms and service expectations.

### FY 2025-2026 Budget Highlights

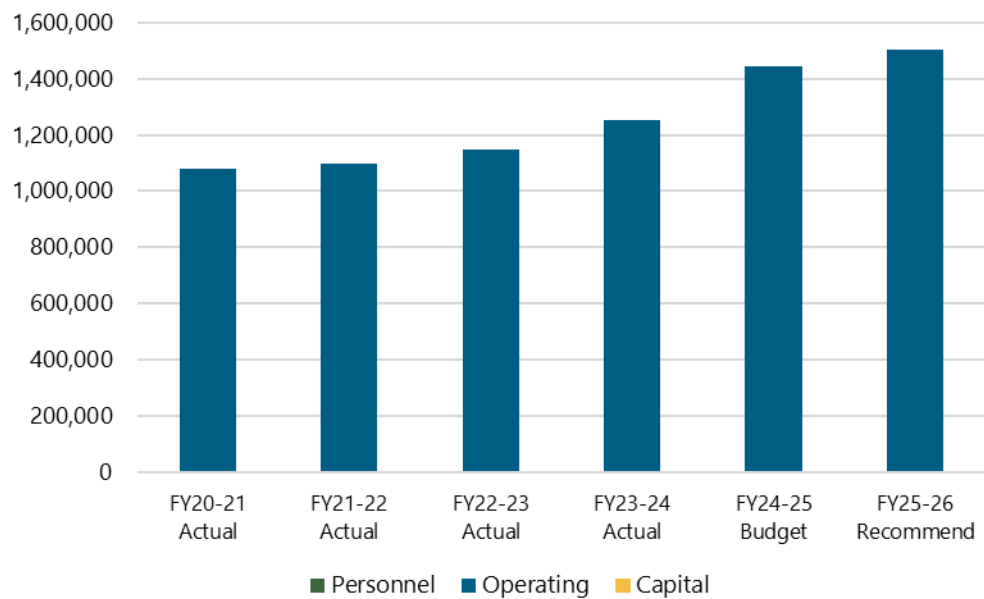
- The Sanitation Department budget increased 4.05% from the FY 2024-25 budget due to predicted increases in the costs for these services in accordance with contract terms.
- The Sanitation budget accounts for 11.26% of the General Fund budget and is equivalent to \$0.049 on the tax rate.

Expenditures by Type							
Type	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Personnel	0	0	0	0	0	0	
Operating	1,081,528	1,097,385	1,146,553	1,252,653	1,442,775	1,501,220	4.05%
Capital	0	0	0	0	0	0	
<b>Total</b>	<b>1,081,528</b>	<b>1,097,385</b>	<b>1,146,553</b>	<b>1,252,653</b>	<b>1,442,775</b>	<b>1,501,220</b>	<b>4.05%</b>

### Sanitation Expenditures by Type



### Sanitation Expenditure History



## Line Item Expenditures

Sanitation						
Account Description	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Contracted - Garbage	1,251,368	1,111,580	1,178,657	1,178,657	67,077	6.03%
Contracted - Recycling	1,286	331,195	322,562	322,562	(8,633)	-2.61%
Contracted Services (includes debris)						
<b>TOTAL</b>	<b>1,252,653</b>	<b>1,442,775</b>	<b>1,501,220</b>	<b>1,501,220</b>	<b>58,445</b>	<b>4.05%</b>

## Notes

<b>Garbage</b>	Residential	Commercial	Total
July - Sept	199,868	102,306	302,174
Oct - June	630,263	237,572	867,835
Special Collection Day	4,138		4,138
	4,510		4,510
<b>TOTAL</b>	<b>809,028</b>	<b>325,294</b>	<b>1,178,657</b>

<b>Recycling</b>	Residential	Commercial	Total
July - Sept	57,083	30,300	87,383
Oct - June	148,270	86,910	235,180
<b>TOTAL</b>	<b>205,352</b>	<b>117,210</b>	<b>322,562</b>

## **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 shoreline management, including the Town's Beach Nourishment Project, annual planting and fertilization of beach grass and sea oats, and 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.

### **Recent Accomplishments**

- 69 volunteers contributed nearly 250 hours of effort to plant 90,800 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 the final design and permitting for a stone revetment and near-shore sills along the western edge of the Town Park property to minimize erosion from the Currituck Sound.

### **Upcoming Projects**

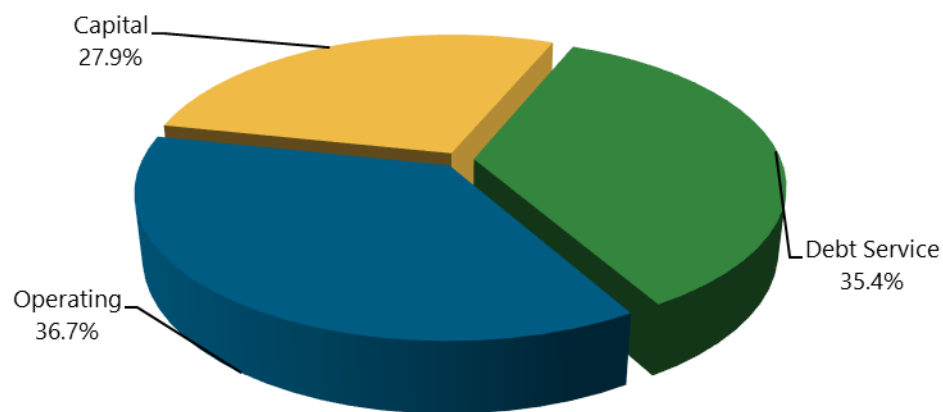
- Install a stone revetment and construct near-shore breakwater sills along the western edge of the Town Park property to minimize erosion from the Currituck Sound.
- Study and monitor dune and shoreline changes along the entire beachfront and living shoreline project area.
- Implement a septic health initiative to educate the public about wastewater issues.
- Educate the public about environmental resources, issues, and nature-based solutions.
- Coordinate the annual planting and fertilization of beach vegetation and installation of sand fencing along dunes throughout the Town including contracted services and community volunteers.
- Seek funding for a sea level rise analysis/climate resilience plan to study and provide recommendations on policies, plans, and projects that should be implemented to address anticipated climate changes and impacts in the future.

### **FY 2025-2026 Budget Highlights**

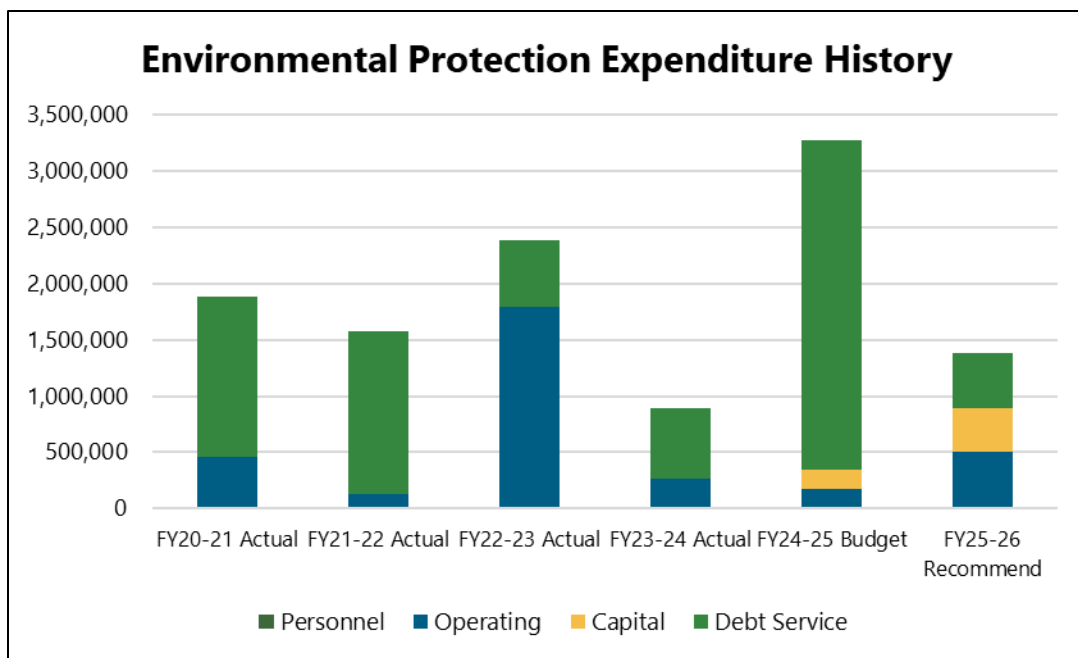
- The Environmental Protection Department budget decreased 57.85% from the FY 2024-25 budget due to the large expense to retire the FEMA portion of the beach nourishment debt service paid in that year.
- The Environmental Protection Department budget accounts for 10.34% of the General Fund budget and is equivalent to \$0.045 on the tax rate.

Expenditures by Type							
Type	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Budget	FY25-26 Recommend	Percent Change
Personnel							-
Operating	459,806	129,560	1,788,401	268,918	180,420	505,500	180.18%
Capital	0	0	0	0	168,420	385,300	128.77%
Debt Service	1,425,605	1,445,337	595,495	627,263	2,922,275	488,025	-83.30%
<b>Total</b>	<b>1,885,411</b>	<b>1,574,897</b>	<b>2,383,896</b>	<b>896,180</b>	<b>3,271,115</b>	<b>1,378,825</b>	<b>-57.85%</b>

### Environmental Protection Expenditures by Type



### Environmental Protection Expenditure History





## Line Item Expenditures

Environmental Protection						
Account Description	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Professional Services	155,232	60,420	367,000	367,000	306,580	507.41%
Contracted Services			100,000	100,000		
Repairs and Maintenance	99,893	106,000	16,500	16,500	(89,500)	-84.43%
Supplies and Materials	12,973	12,500	20,500	20,500	8,000	64.00%
Capital Outlay-over \$5,000	0	168,420	385,300	385,300	216,880	
Debt Service	627,263	2,922,275	488,025	488,025	(2,434,250)	-83.30%
Miscellaneous	820	1,500	1,500	1,500	0	0.00%
<b>TOTAL</b>	<b>896,180</b>	<b>3,271,115</b>	<b>1,378,825</b>	<b>1,378,825</b>	<b>(1,892,290)</b>	<b>-57.85%</b>

## Notes

### Professional Services

Annual Beach Monitoring Survey (CPE)	60,000
Design, Permitting & Borrow Area Study (2027)	300,000
Living Shoreline Monitoring (RCOAST)	7,000
	<u>367,000</u>

### Contracted Services

Caribbean Landscaping (Beach Grass)	100,000
	<u>100,000</u>

### Repairs and Maintenance

Dune Grading	10,000
Storm Debris Removal	6,500
	<u>16,500</u>

### Supplies and Materials

Beach Grass, etc.	12,000
Living Shoreline Plants/Treatment	7,500
Other Supplies & Materials	1,000
	<u>20,500</u>

### Capital Outlay - over \$5,000

Town Park Shoreline Protection	385,300
	<u>385,300</u>

### Debt Service

Beach Nourishment (2022)	
Series 2021 A (Town Portion)	
Principal	474,917
Interest	13,108
<b>Total</b>	<u>488,025</u>

## 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 2025-26 budget we are budgeting to transfer all revenue received from MSD taxes along with 15.64% 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 (\$894) was added to this line to balance the budget. This contingency budget helps allow for unexpected expenditures during the year.

Other						
Account Description	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Transfer to Beach Fund MSD-A	660,190	655,062	664,186	664,186	9,124	1.39%
Transfer to Beach Fund MSD-B	356,798	357,612	359,933	359,933	2,321	0.65%
Sales Tax Proportion	421,801	336,180	318,056	281,536	(54,644)	-16.25%
<b>Total Transfers</b>	<b>1,438,789</b>	<b>1,348,855</b>	<b>1,342,175</b>	<b>1,305,655</b>	<b>(43,200)</b>	<b>-3.20%</b>
				(36,520)		
<b>Account Description</b>						
Contingency	0	54,251	101,000	101,894	28,126	38.13%
Payroll Expenses						
			<b>101,000</b>	<b>101,894</b>	<b>28,126</b>	<b>38.13%</b>

## Expenditure Summary

The total budgeted expenditures for the General Fund, including transfers, is \$13,123,845 which represents a 20.6% or \$3,398,535 decrease from budgeted expenditures in the 2024-25 fiscal year. The table below shows the total for each department and the change compared to the budget for 2024-25.

Expenditures by Department						
Department Expenditures	FY23-24 Actual	FY24-25 Budget	FY25-26 Request	FY25-26 Recommend	Variance v. CY	% Change
Governing Body	154,108	154,751	177,124	177,124	22,373	14.46%
Administration	760,925	427,390	460,329	460,329	32,939	7.71%
Finance & Human Resources	134,470	251,261	248,849	260,127	8,866	3.53%
Legal	117,940	65,460	66,720	66,720	1,260	1.92%
Information Technology	182,053	182,431	186,706	186,706	4,275	2.34%
Police	2,207,034	2,259,300	2,492,467	2,475,817	216,517	9.58%
Fire	2,017,702	2,065,852	2,082,727	2,084,727	18,875	0.91%
Ocean Rescue	628,270	764,500	783,723	783,723	19,223	2.51%
Communications & Special Events	231,945	511,404	536,206	539,206	27,802	5.44%
Community Development	343,120	391,069	398,796	399,796	8,727	2.23%
Inspections	228,669	253,479	270,627	270,627	17,148	6.77%
Public Facilities	537,979	2,745,853	895,916	862,916	(1,882,937)	-68.57%
Streets & Highways	4,545,223	332,634	408,433	268,433	(64,201)	-19.30%
Sanitation	1,252,653	1,442,775	1,501,220	1,501,220	58,445	4.05%
Environmental Protection	896,180	3,271,115	1,378,825	1,378,825	(1,892,290)	-57.85%
Transfers	1,438,789	1,348,855	1,342,175	1,305,655	(43,200)	-3.20%
Contingency	0	54,251	101,000	101,894	47,643	87.82%
<b>Total</b>	<b>15,677,062</b>	<b>16,522,380</b>	<b>13,331,843</b>	<b>13,123,845</b>	<b>(3,398,535)</b>	<b>-20.6%</b>

## **Fund Balance**

For FY 2025-26 we are budgeting to appropriate \$385,300 from Fund Balance to complete the Town Park shoreline preservation project. This one-time use of these funds, tied to a one-time expense is an appropriate use of reserve funds. 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% of appropriations of the fund. Duck Town Council has adopted a policy targeting the Town to maintain a fund balance of 75% for the General Fund and requires action to replenish Fund Balance if the percentage falls below 50%.

### **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.

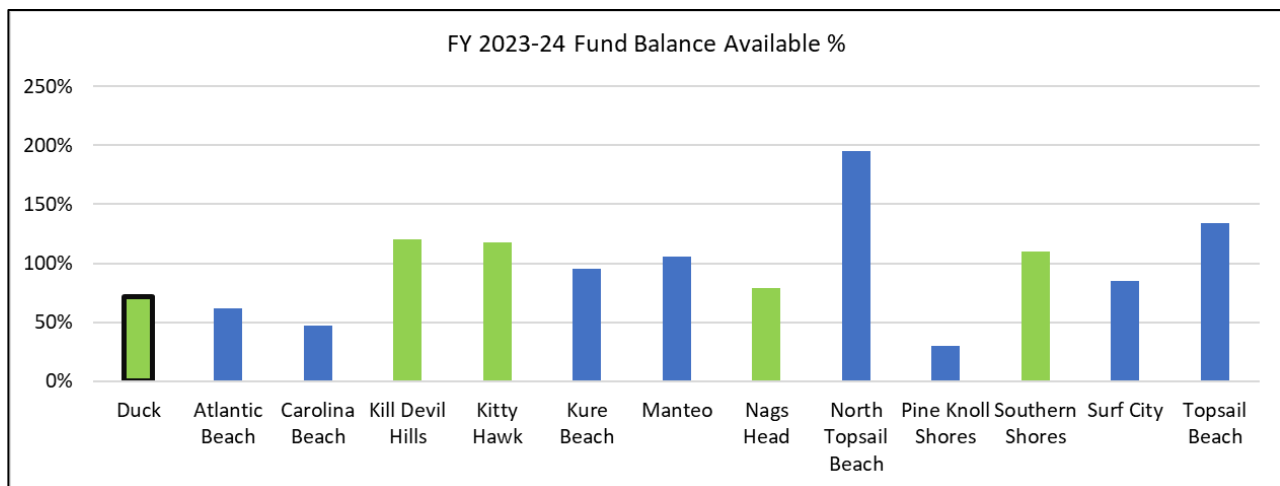
## Amount of Fund Balance

The LGC recommends a minimum fund balance of 8%, 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 2023-24
<b>Duck</b>	<b>71.29%</b>
Atlantic Beach	61.97%
Carolina Beach	47.14%
Kill Devil Hills	120.32%
Kitty Hawk	117.48%
Kure Beach	95.70%
Manteo	105.91%
Nags Head	78.84%
North Topsail Beach	194.96%
Pine Knoll Shores	29.99%
Southern Shores	110.10%
Surf City	84.86%
Topsail Beach	134.34%
<b>Average of All Above</b>	<b>98.47%</b>
<b>Average of Green Above</b>	<b>97.40%</b>

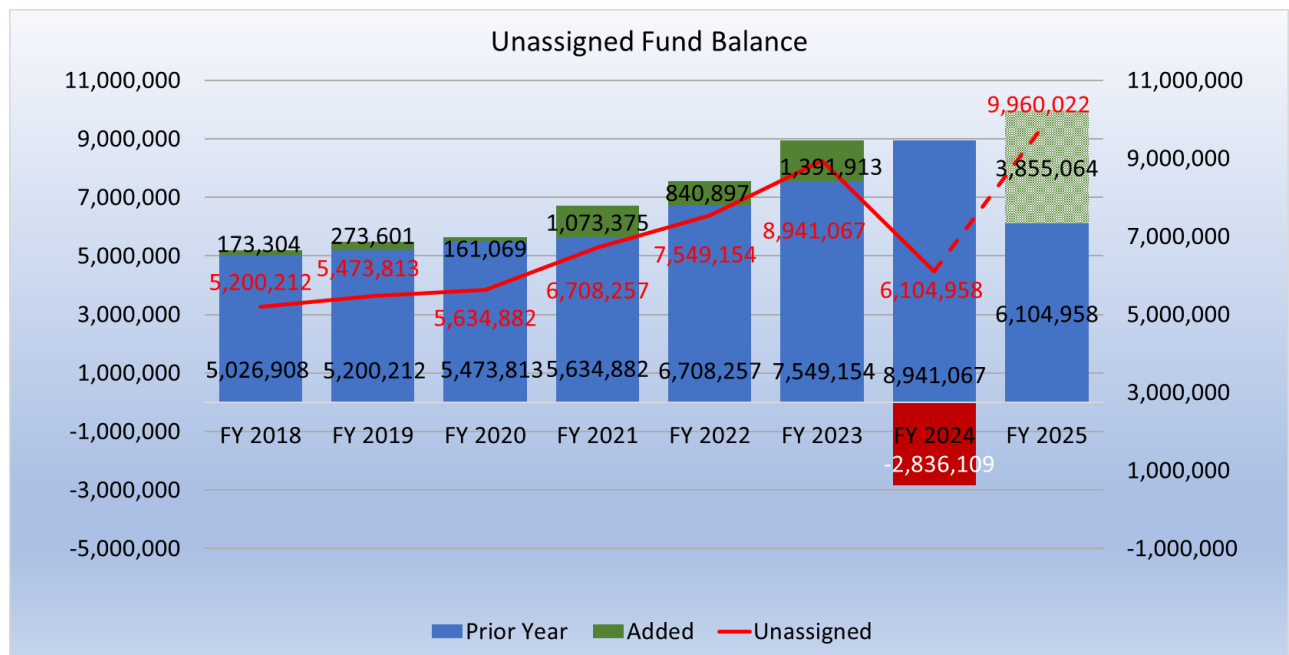
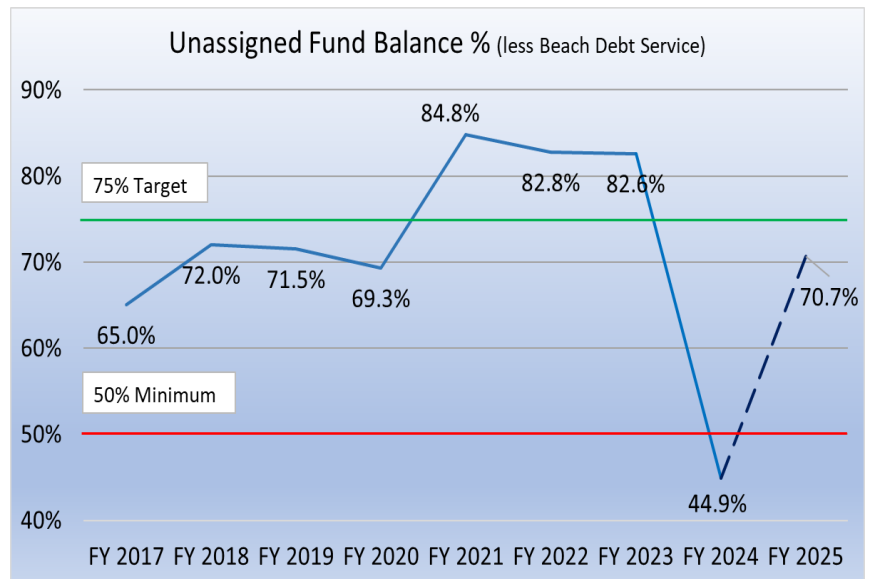
The chart below shows the same data graphically to show that our fund balance is comparable to our peer communities. The yellow bars show the towns in Dare County.



## 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 2025 projected year-end including the receipt of grant funding for the NC 12 elevation project. We were, as predicted, below our target at the end of the last fiscal year, but due to receiving promised grant funds, we should end the current fiscal year well within the range set in our policy.



## Five-Year Financial Forecast

A financial forecast assists the Town in planning for future expenditures and revenues as well as 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 FY2026-FY2031:

### Expenditures

#### Personnel

- 5% merit increase pool included for future years.
- Local Government Employees Retirement System Employer Contribution Rate as provided by the LGC is used and escalated based upon recent historical changes.
- 10% 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.
- 5% 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

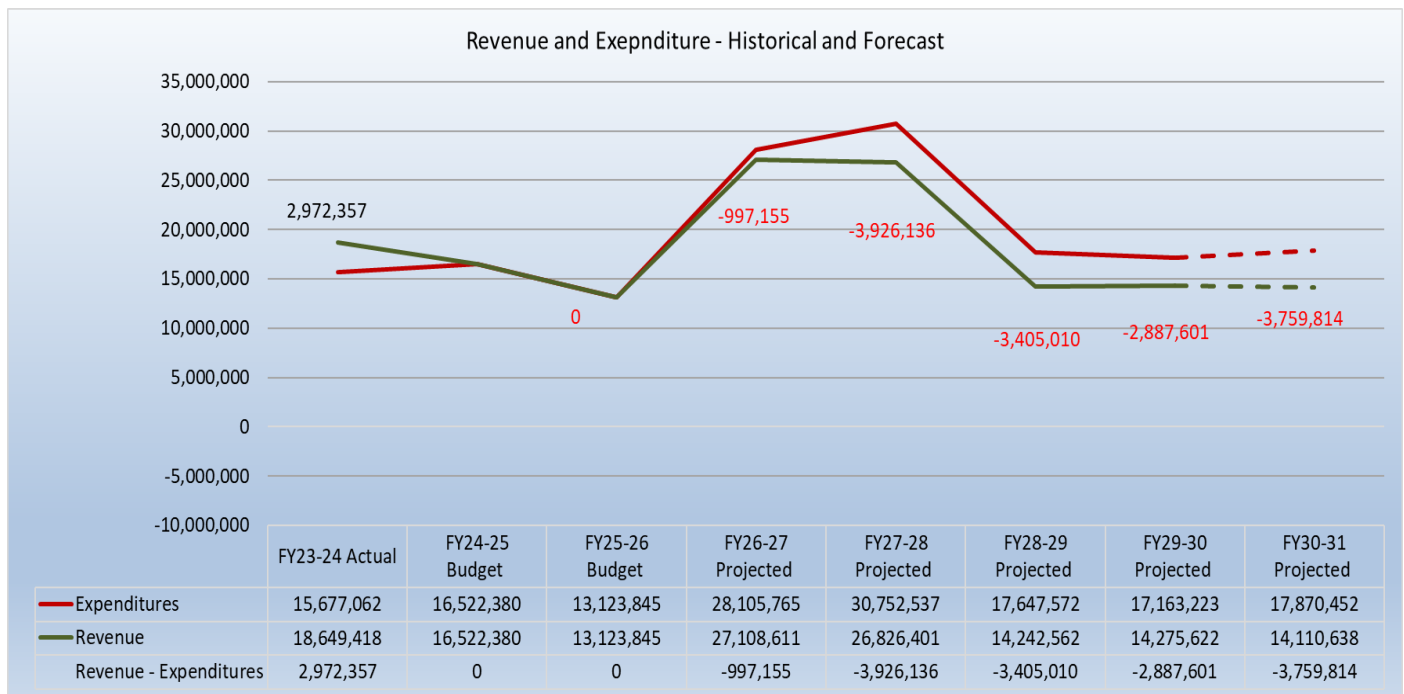
- Follows current debt service schedule.
- Adds new debt following the CIP including Beach Renourishment, Vehicles, and the Public Safety Building.

#### 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.
- 1% 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									
	FY23-24 Actual	FY24-25 Budget	FY25-26 Budget	FY26-27 Projected	FY27-28 Projected	FY28-29 Projected	FY29-30 Projected	FY30-31 Projected	
Ad Valorem Tax	4,139,950	4,710,690	5,523,584	5,546,203	5,573,934	5,601,803	5,629,812	5,657,961	
MSDA	660,190	655,062	664,186	666,906	670,240	673,592	676,960	680,344	
MSDB	356,798	357,612	359,933	361,407	363,214	365,030	366,855	368,689	
Motor Vehicle Tax	46,201	27,500	36,180	46,201	46,201	46,201	46,201	46,201	
Prior Year Tax, Penalties & Interest	4,829	3,000	6,351	2,940	2,940	2,940	2,940	2,940	
Local Government Sales Tax	2,143,722	1,900,000	1,800,000	2,165,159	2,186,811	2,208,679	2,230,766	2,253,073	
Real Estate Transfer Tax	489,290	375,000	375,000	489,290	489,290	489,290	489,290	489,290	
Occupancy Tax	2,265,416	2,000,000	1,900,000	2,265,416	2,265,416	2,265,416	2,265,416	2,265,416	
Visitor's Bureau Grant	225,806	13,549	13,000	10,000	10,000	10,000	10,000	10,000	
State Grants	2,176,038	144,000	10,686	420,000					
Shoreline Grant (County)	24,000	24,000	24,000	24,000	1,524,000	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	3,668,331	0	0						
NFWF Grant	384,011	0	0						
COVID-19 Relief Fund	0	0	0	63,102					
Beer and Wine	3,749	2,500	3,000	3,779	3,816	3,855	3,893	3,932	
Utility Franchise Tax	452,718	410,000	420,000	456,555	461,121	465,732	470,389	475,093	
Building Permits	190,059	172,000	170,000	193,747	197,622	201,574	205,606	209,718	
Reinspection Fees	0	0	0	0	0	0	0	0	
Other Permits	0	6,000	7,000	8,985	9,165	17,411	9,333	9,351	
Permits and Fees - Other	0	0	0						
Superior Clerk of Court	407	500	300						
Solid Waste Disposal Tax	601	560	300						
Gain on sale of vehicles	15,460	30,000	25,000	40,000	20,000	30,000			
Investment Earnings	460,274	300,000	300,000	200,000	200,000	200,000	200,000	200,000	
ABC and Mixed Beverage Profits	86,170	90,000	90,000	85,231	56,420	84,980	86,081	57,281	
Other	0	8,000	10,000						
Sponsorship Revenue	83,592	35,000	100,000	13,130	13,261	13,394	13,528	13,663	
Merchandise Revenue	16,630	20,000	22,000	3,418	3,452	3,487	3,522	3,557	
Building Rental Fees	43,986	30,000	35,000	20,000	20,000	20,000	20,000	20,000	
Miscellaneous Income - Other	62,637	45,000	45,000						
Police Donations	16,292	10,100	5,000						
Transfers from Capital Reserve	627,263	0	0						
Transfers from Beach Nourishment	0	496,764	788,025	679,287	4,310,127	1,310,127	1,310,127	1,310,127	
Debt Proceeds	0	2,000,000	0	13,333,855	8,389,371	195,052	200,903	0	
Fund Balance	0	2,650,543	385,300						
<b>TOTAL REVENUE</b>	<b>18,649,418</b>	<b>16,522,380</b>	<b>13,123,845</b>	<b>27,108,611</b>	<b>26,826,401</b>	<b>14,242,562</b>	<b>14,275,622</b>	<b>14,110,638</b>	

Expenditures								
	FY23-24 Actual	FY24-25 Budget	FY25-26 Budget	FY26-27 Projected	FY27-28 Projected	FY28-29 Projected	FY29-30 Projected	FY30-31 Projected
<b>Governing Body</b>	<b>154,108</b>	<b>154,751</b>	<b>177,124</b>	<b>159,179</b>	<b>166,685</b>	<b>174,616</b>	<b>182,994</b>	<b>191,846</b>
Personnel	25,237	25,244	25,239	25,229	25,229	25,230	25,230	25,230
Operating	128,871	129,507	151,885	133,950	141,456	149,386	157,764	166,615
Capital								
Debt Service								
<b>Administration</b>	<b>760,925</b>	<b>427,390</b>	<b>460,329</b>	<b>485,226</b>	<b>514,097</b>	<b>544,898</b>	<b>577,803</b>	<b>613,042</b>
Personnel	681,044	387,920	424,262	443,783	470,582	499,207	529,827	562,668
Operating	74,737	39,470	36,067	41,443	43,516	45,691	47,976	50,375
Capital	5,143	0	0					
Debt Service								
<b>Finance &amp; Human Resources</b>	<b>134,470</b>	<b>251,261</b>	<b>260,127</b>	<b>254,537</b>	<b>269,121</b>	<b>284,624</b>	<b>301,118</b>	<b>318,690</b>
Personnel	0	117,524	108,007	114,113	121,676	129,807	138,560	148,004
Operating	134,470	133,737	152,119	140,424	147,445	154,817	162,558	170,686
Capital	0	0	0					
Debt Service								
<b>Legal</b>	<b>117,940</b>	<b>65,460</b>	<b>66,720</b>	<b>68,733</b>	<b>72,170</b>	<b>75,778</b>	<b>79,567</b>	<b>83,545</b>
Personnel	0	0	0	0	0	0	0	0
Operating	117,940	65,460	66,720	68,733	72,170	75,778	79,567	83,545
Capital	0	0	0					
Debt Service								
<b>Public Facilities</b>	<b>537,979</b>	<b>2,745,853</b>	<b>862,916</b>	<b>14,354,508</b>	<b>2,857,422</b>	<b>1,757,273</b>	<b>1,784,988</b>	<b>1,813,050</b>
Personnel	97,384	120,022	132,496	160,027	170,287	181,292	193,111	205,833
Operating	279,163	400,124	306,234	743,121	420,130	441,137	463,194	486,353
Capital	23,099	2,048,241	10,000	13,182,000	1,132,000	8,000	10,000	10,500
Debt Service	138,333	177,466	414,186	269,360	1,135,004	1,126,844	1,118,684	1,110,364
<b>Information Technology</b>	<b>182,053</b>	<b>182,431</b>	<b>186,706</b>	<b>151,269</b>	<b>158,833</b>	<b>166,774</b>	<b>175,113</b>	<b>183,869</b>
Personnel	0	0	0	0	0	0	0	0
Operating	182,053	182,431	175,956	151,269	158,833	166,774	175,113	183,869
Capital	0	0	10,750					
Debt Service								
<b>Police</b>	<b>2,207,034</b>	<b>2,259,300</b>	<b>2,475,817</b>	<b>2,642,426</b>	<b>2,851,376</b>	<b>3,097,364</b>	<b>3,256,304</b>	<b>3,462,068</b>
Personnel	1,637,118	1,664,735	1,932,357	2,023,106	2,161,646	2,307,874	2,448,942	2,609,507
Operating	434,808	327,256	383,147	343,619	360,800	378,840	397,782	417,671
Capital	132,547	134,762	160,313	210,155	195,871	208,052	200,903	206,930
Debt Service	2,561	132,547	0	65,547	133,060	202,599	208,677	227,959

<b>Fire</b>	<b>2,017,702</b>	<b>2,065,852</b>	<b>2,084,727</b>	<b>2,390,559</b>	<b>4,865,283</b>	<b>2,912,695</b>	<b>3,090,720</b>	<b>3,237,504</b>
Personnel	1,547,197	1,646,064	1,725,807	1,863,851	2,002,109	2,161,406	2,321,366	2,501,763
Operating	281,395	312,103	310,920	327,708	344,094	361,298	379,363	398,331
Capital	43,704	20,000	48,000	199,000	2,464,000	50,000	50,000	52,500
Debt Service	145,406	87,685	0		55,081	339,991	339,991	284,910
<b>Inspections</b>	<b>228,669</b>	<b>253,479</b>	<b>270,627</b>	<b>287,188</b>	<b>304,720</b>	<b>323,461</b>	<b>343,520</b>	<b>365,041</b>
Personnel	208,386	230,412	248,306	262,967	279,289	296,758	315,482	335,601
Operating	20,283	23,067	22,321	24,220	25,431	26,703	28,038	29,440
Capital	0	0	0					
Debt Service	0	0	0					
<b>Ocean Rescue</b>	<b>628,270</b>	<b>764,500</b>	<b>783,723</b>	<b>787,435</b>	<b>811,058</b>	<b>835,390</b>	<b>860,451</b>	<b>886,265</b>
Personnel	0	0	0					
Operating	628,270	764,500	783,723	787,435	811,058	835,390	860,451	886,265
Capital	0	0	0					
Debt Service								
<b>Streets &amp; Highways</b>	<b>4,545,223</b>	<b>332,634</b>	<b>268,433</b>	<b>1,572,566</b>	<b>1,594,894</b>	<b>1,578,639</b>	<b>342,821</b>	<b>352,462</b>
Personnel	0	0	0					
Operating	286,429	158,634	118,433	166,566	174,894	183,639	192,821	202,462
Capital	4,258,794	174,000	150,000	1,406,000	1,420,000	1,395,000	150,000	150,000
Debt Service								
<b>Sanitation</b>	<b>1,252,653</b>	<b>1,442,775</b>	<b>1,501,220</b>	<b>1,514,914</b>	<b>1,590,659</b>	<b>1,670,192</b>	<b>1,753,702</b>	<b>1,841,387</b>
Personnel	0	0	0					
Operating	1,252,653	1,442,775	1,501,220	1,514,914	1,590,659	1,670,192	1,753,702	1,841,387
Capital	0	0	0					
Debt Service								
<b>Environmental Protection</b>	<b>896,180</b>	<b>3,271,115</b>	<b>1,378,825</b>	<b>996,228</b>	<b>12,189,040</b>	<b>1,648,986</b>	<b>1,761,929</b>	<b>1,790,394</b>
Personnel	0	0	0					
Operating	268,918	180,420	505,500	189,441	198,913	208,859	219,302	230,267
Capital	0	168,420	385,300	327,500	10,680,000	130,000	232,500	250,000
Debt Service	627,263	2,922,275	488,025	479,287	1,310,127	1,310,127	1,310,127	1,310,127
<b>Community Development</b>	<b>343,120</b>	<b>391,069</b>	<b>399,796</b>	<b>419,182</b>	<b>443,575</b>	<b>471,888</b>	<b>501,016</b>	<b>532,250</b>
Personnel	317,292	347,716	352,749	373,662	395,778	421,702	448,320	476,919
Operating	25,828	43,353	47,047	45,521	47,797	50,187	52,696	55,331
Capital	0	0	0	0	0	0	0	0
Debt Service	0	0	0					
<b>Communications &amp; Special Events</b>	<b>231,945</b>	<b>511,404</b>	<b>539,206</b>	<b>566,694</b>	<b>597,790</b>	<b>630,731</b>	<b>665,654</b>	<b>702,734</b>
Personnel	0	232,156	249,335	263,484	279,419	296,441	314,650	334,179
Operating	231,945	279,248	289,870	293,210	307,871	323,264	339,428	356,399
Capital	0	0	0	10,000	10,500	11,025	11,576	12,155
Debt Service	0	0	0					
<b>Transfers</b>	<b>1,438,789</b>	<b>1,348,855</b>	<b>1,305,655</b>	<b>1,374,738</b>	<b>1,383,344</b>	<b>1,392,010</b>	<b>1,400,737</b>	<b>1,409,525</b>
<b>Contingency</b>	<b>0</b>	<b>54,251</b>	<b>101,894</b>	<b>80,383</b>	<b>82,470</b>	<b>82,253</b>	<b>84,786</b>	<b>86,781</b>
<b>TOTAL EXPENDITURE</b>	<b>15,677,062</b>	<b>16,522,380</b>	<b>13,123,845</b>	<b>28,105,765</b>	<b>30,752,537</b>	<b>17,647,572</b>	<b>17,163,223</b>	<b>17,870,452</b>

	<b>FY23-24</b>	<b>FY24-25</b>	<b>FY25-26</b>	<b>FY26-27</b>	<b>FY27-28</b>	<b>FY28-29</b>	<b>FY29-30</b>	<b>FY30-31</b>
	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
<b>Revenue - Expenditures</b>	<b>2,972,357</b>	<b>0</b>	<b>0</b>	<b>-997,155</b>	<b>-3,926,136</b>	<b>-3,405,010</b>	<b>-2,887,601</b>	<b>-3,759,814</b>

## 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.

Department	Account	Description	Reduced	Rationale
Governing Body	Professional Services	Misc. Professional Services	2,000	Undefined need
Administration	Professional Services	As needed consulting services	2,000	Undefined need
	Travel and Training	Misc. Continuing Ed	1,500	Undefined need
Finance & Human Resources	Professional Services	Audit	4,000	Per approved contract
Police	Contracted Services	Axon In-Car Camera Contract Add. (Investigator)	3,754	Using current equipment
	Contracted Services	Police Officer Wellness Visits	840	Based upon utilization
	Contracted Services	Motorola FLEX Software Maintenance (Yr 4 of 5)	3,000	One module discontinued
	Contracted Services	LexisNexis Accurint for Law Enforcement	1,360	Change of vendor
	Contracted Services	Flock ALPR Contract (Yr 2 of 2)	1,868	Prior year billing error
	Contracted Services	Essential Personnel Software Subscription	500	Merge with Fire
	Contracted Services	Hepatitis B Vaccines for New Employees	300	Only need one
	Contracted Services	FirstNet ROIP Professional Services	1,613	Defer to future year
	Travel and Training	Admin Training/Professional Conferences	447	Reduce training
	Travel and Training	NC State Administrative Officers Management	9,519	Made subject to grant funds
	Travel and Training	Public Safety Office Administrator Training	500	Reduce training
	Travel and Training	BLET Books, Fees, and Expenses (Two Recruits)	1,263	Reduced to one
	Travel and Training	BLET Travel Stipend (Two Recruits)	850	Reduced to one
	Uniforms	BLET Uniforms (Two Recruits)	500	Reduced to one
	Vehicle Repairs and	Vehicle Repairs and Maintenance	2,000	Based upon utilization
	Communications	Wireless Data (Tablets)	798	Unnecessary devices
	Communications	Push-to-Talk Smartphone Service	1,302	Defer to future year
	Communications	Wireless Device Replacement	500	Will use lower cost option
	Communications	FirstNet ROIP Equipment	2,775	Defer to future year
	Dues and Subscriptions	Dare County VPN Licensing	493	Will use lower cost option
	Dues and Subscriptions	PowerTime Scheduling Software	1,000	Combining with Fire Dept
	Dues and Subscriptions	Motorola Smart Connect Subscription Fee	1,632	Defer to future year
	Dues and Subscriptions	FirstNet ROIP Licensing	3,240	Defer to future year
	Printing and Binding	Plaques and Awards	250	Delay in retirement
	Printing and Binding	2026 Golf Cart Permit Decals	500	Changed quantity
	Supplies and Materials	Water and Beverages (50% Spilt w/ FD)	4,000	Change in approach
	Supplies and Materials	Micro Cut Paper Shredder	500	Defer to future year
	Police Supplies and Materials	Replacement Duty Weapon (Retiring Member)	1,182	Delay in retirement
	Capital Outlay	Patrol Vehicles (3)	65,833	No new vehicle for Investigator
	Capital Outlay	Replacement of Mobile Data Terminals	3,687	Chief to use one being retired
	Capital Outlay	Radar Speed Sign Replacement	14,171	Change to replace as needed
	Miscellaneous	Retirement Luncheon	1,500	Delay in retirement

Fire	Personnel Costs	New Fire Engineer Position	86,521	Defer to future year
	Contracted Services	Data Management	5,000	Combine with Police
	Communications	Cell Phone PTT / Radio Link	246	Defer to future year
	Communications	First Net ROIP	7,628	Defer to future year
	Dues and Subscriptions	Other Dues and Subscriptions	750	Reduce number of subscriptions
	Supplies and Materials	Living Quarters	500	Reduce scope of work
	Supplies and Materials	Fitness Facility	500	Reduce scope of work
	Supplies and Materials	Bays / Vehicle Storage Area	500	Reduce scope of work
	Supplies and Materials	Office	500	Reduce purchases
	Fire Supplies and Materials	Repair & Maint - Turnout Gear	300	Reduce number of repairs
	Fire Supplies and Materials	Rehab 11 Supplies	50	Reduce purchases
	Fire Supplies and Materials	PPE wear items (gloves, hoods)	300	Reduce purchases
	Fire Supplies and Materials	Equipment Upgrades and replacement	800	Reduce purchases
	Fire Prevention Supplies and	Prevention and Education	500	Reduce purchases
	Capital Outlay	CAD and Mobile Data Terminals	5,000	Defer to future year
Communications & Special Events	Contracted Services	Professional Videography (Summer Events vid;	1,000	Defer to future year
	Contracted Services	Events: Performers, Tents, Stage, Lights, etc. (\$120k	7,000	Based upon prior experience
	Contracted Services	Newsletter - 2 x per year	3,400	Do newsletter once per year
	Travel and Training	Misc. Continuing Education	500	Reduce training
	Advertising	Print and Digital Advertising	1,000	Based upon prior experience
	Communications	Push-to-Talk Radios	2,650	Defer to future year
	Supplies and Materials	Event Supplies	1,000	Based upon prior experience
	Merchandise for Resale	Duck/Event themed merchandise	2,500	Based upon prior experience
	Miscellaneous-Events	July 4th Parade - Barricades, Signs, Vehicles	1,000	Based upon prior experience
Community Development	Board Stipends	Board of Adjustment Meetings	700	Reduce from 3 to 2 meetings
	Travel and Training	NCFPM/ASFPM/Flooding	600	Reduce flood conference cost
	Travel and Training	NCAZO	2,800	Training credits not needed this year
Inspections	Communications	Postage	220	Based upon prior experience
Public Facilities	Professional Services	Public Safety Building Design	595,000	No land lease. Defer design
	Contracted Services	Elevator Service Agreement	500	New vendor at reduced cost
	Contracted Services	Additional Plants & Landscaping	2,000	Reduce number of plants (\$8,000 FY 25)
	Capital Outlay	Public Restroom Addition	68,000	Defer to future year
	Capital Outlay	Video Surveillance System	45,250	Defer to future year
	Capital Outlay	Playground Equipment	80,000	Defer to future year
Streets & Highways	Supplies and Materials	Street Signs/Markings	1,500	Based upon prior expenditure
	Supplies and Materials	Other Supplies (includes landscaping)	1,000	Based upon prior expenditure
	Capital Outlay	NC-12 Stormwater Management	130,000	Defer to future year
	Capital Outlay	Interpretive Historical Signage	10,000	Defer to future year
Environmental Protection	Professional Services	Living Shoreline Monitoring (RCOAST)	7,000	Perform once rather than twice
	Contracted Services	Emerald Forest (Sand Fencing)	10,000	Will not be installing new this year
	Supplies and Materials	Beach Grass	2,000	Reduce purchase for vol planting
TOTAL			1,226,892	

## 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.

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Mayor

ATTEST:

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Town Clerk





# Town of Duck

## Capital Improvement Plan

### Fiscal Year 2026 - 2030

May 2025

## Capital Improvement Plan Message

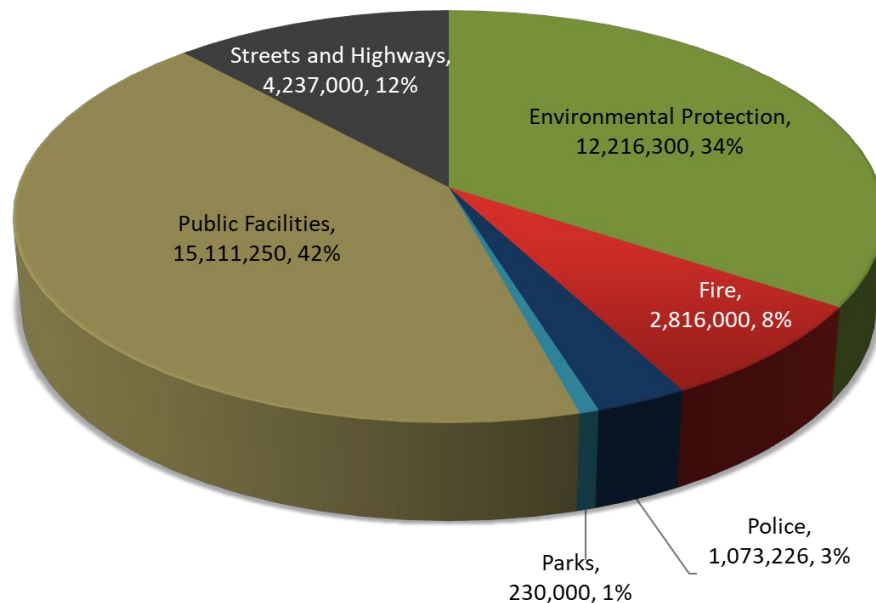
Dear Mayor Kingston and Members of Town Council:

I am pleased to present the Recommended FY 2026-30 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 2025-26) 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 2026-30 CIP includes 29 projects totaling \$35,631,276. Environmental Protection and Public Facilities projects account for three quarters of the total expenditures in this CIP, with \$13 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 2025-26. The net debt service to expenditures is 6.86%. 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 .100% remains well below the policy maximum of 1%, and the ten-year principal payout ratio will be 100% for FY 2025-26.

## General Fund Fiscal Indicators and Key Debt Ratios

Fiscal Indicators and Key Debt Ratios		
	Target	Projected
Net Debt Service to Expenditures	< 20%	6.86%
Net Debt to Assessed Valuation	< 1%	0.100%
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 2025-26 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 2026-30 CIP includes 29 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 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total Cost
Beach Renourishment	361,000	200,000	10,500,000	0	100,000	11,161,000
Beach Planting/ Sand Fencing	100,000	112,500	75,000	115,000	117,500	520,000
Town Park Shoreline Protection	385,300	0	0	0	0	385,300
Sea Level Rise Analysis/Climate Adaptation Plan	0	0	90,000	0	0	90,000
Septic Health Initiative	0	15,000	15,000	15,000	15,000	60,000
<b>Total</b>	<b>846,300</b>	<b>327,500</b>	<b>10,680,000</b>	<b>130,000</b>	<b>232,500</b>	<b>12,216,300</b>





## Continuous Projects

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### Beach Renourishment

\$11,161,000

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

\$75,000-\$117,500

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 with 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. Dune planting is provided by contracted service and community volunteers. Sand fencing is provided as a contracted service. The Town provides these improvements with some financial assistance from the Dare County Shoreline Commission.

## FY 2025-26

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### Town Park Shoreline Protection

Phase 2     \$385,300

This project includes the final design, permitting, and construction of Phase 2 of the shoreline protection measures along the Town Park/Town Hall property and breakwater sills in Currituck Sound. This project was identified and is consistent with the Outer Banks Hazard Mitigation Plan and Town of Duck Comprehensive & Land Use Plan. The proposed sills are intended to prevent or slow further erosion and flooding along the western edge of the property, thus minimizing potential damage to public property and facilities. Grants will be sought to assist with funding this project.



## **FY 2026-27**

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### 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 FY27. 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.

## **FY 2027-28**

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### Sea Level Rise Analysis/Climate Adaptation Plan

**\$90,000**

Proposed in FY28, this project will: 1) research and adopt anticipated water levels based on the anticipated rates of sea level rise/various time horizons; 2) implement higher standards and work with local utilities to improve the resilience of public infrastructure; and 3) provide recommendations on policies, plans, and ordinances that should be updated or developed to address anticipated sea level rise. The sea level rise analysis portion of the work will engage various Federal and State agencies as well as stakeholder groups to pool data and studies previously conducted on sea level rise. This project was identified and is consistent with the Town of Duck Comprehensive & Land Use Plan and adopted Resilience Strategy.



## 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 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total Cost
Replacement of SCBA (Airpacks)	0	0	230,000	0	0	230,000
Replacement of Turnout Gear	20,000	23,000	23,000	24,000	24,000	114,000
Hose and Appliances	13,000	11,000	11,000	11,000	11,000	57,000
Technical Rescue Equipment	15,000	15,000	0	15,000	15,000	60,000
CAD & Mobile Data Terminals	0	5,000	0	0	0	5,000
Command Vehicle Replacement	0	150,000	0	0	0	150,000
Truck 11 Replacement	0	0	2,200,000	0	0	2,200,000
<b>Total</b>	<b>48,000</b>	<b>204,000</b>	<b>2,464,000</b>	<b>50,000</b>	<b>50,000</b>	<b>2,816,000</b>

## Continuous Projects



### Replacement of Turnout Gear

\$20,000 - \$24,000  
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

\$11,000 - \$13,000  
Annually

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.

## FY 2026-27

### Technical Rescue Equipment

\$15,000  
Plus \$15,000 in FY 2027, FY 2029, and FY 2030

In prior years the Duck Fire Department had a CIP item for extrication and then absorbed other emergency equipment within their budget. This year, the project is being retitled to be called Technical Rescue Equipment to allow for higher levels of all-hazard responses. The Fire Department responds to other calls for service besides fire-related incidents. Motor vehicle collisions are most common, however the Department needs to be prepared for hazardous materials incidents such as an overturned chemical-carrying vehicle, a structural collapse such as a deck, or victim removal requiring a rope rescue. Included is an extrication equipment package and rope package that can be used for multiple types of rescues.



## **FY 2026-27**

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### **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.

### **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.

## **FY 2027-28**

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### **Replacement of SCBA (Airpacks)**

**\$230,000**

The Fire Department has taken a practical approach to SCBA replacement. The bulk of our front-line air packs range from 2008-2017 models. SCBA pack replacement has been put on hold as the department did not want to make any purchases until the impending NFPA standards were released which should become effective in January 2026. In lieu of buying new SCBA packs, the Fire Department decided to transition to 30-minute bottles because they are lighter, ergonomically better on the firefighter, and decrease firefighter fatigue and injury. Given the age of our SCBA models and the NFPA standard release, the Fire Department anticipates a full replacement of airpacks in FY 2028. The project includes an estimate of \$10,000 per pack (with bottle and spare) for each fixed apparatus seat, plus two spares.



## 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. Two factors to consider; the Fire Department has no debt on large apparatus, and from design and approval of specifications, there is an approximately four year turn around. The design and specification phase of the project needs to be started no later than the start of FY 2025-2026





## 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 proposed funding source for each individual project.

Police						
Item/Project	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total Cost
Patrol Vehicles: Replacement	126,000	194,670	200,510	206,525	212,721	940,426
Replacement of Mobile Data Terminals	26,000	26,300	0	0	0	52,300
Radar Speed Sign Replacement	0	0	6,500	13,000	0	19,500
Traffic Camera Network	8,500	0	0	0	0	8,500
<b>Total</b>	<b>160,500</b>	<b>220,970</b>	<b>207,010</b>	<b>219,525</b>	<b>212,721</b>	<b>1,020,726</b>

## Continuous Project



### Replacement Police Patrol Vehicles

\$126,000 – 212,000  
Annually

This project represents the scheduled replacement of police patrol vehicles. One patrol vehicle is assigned to each police officer and a 4x4 pickup truck is maintained for use during unanticipated patrol vehicle breakdowns, response to calls on the beach, special events, natural disasters, and out-of-town travel. Patrol vehicles are replaced at the end of their safe and serviceable lifespan, which is six years on average. Replacement radar units, in-car printers, emergency lighting, and upfitting labor are included in the cost of vehicles. For new vehicles, a mobile radio is also included in the cost. In order to achieve omnipresence, the Police Department has chosen the Ford Police Interceptor Utility vehicle for its marked fleet. If an Electric Vehicle (EV) can be purchased at a comparable price, an EV will be considered for the Investigator.

Vehicles have been purchased with debt service, when it makes financial sense, in order to spread the fiscal impact of vehicle purchases over several years. Contract pricing for the 2026 model year Ford Police Interceptor Utility vehicle has not been released, but only a minimal price increase is expected. The estimated pricing in this submission reflects a 2% price increase over FY 2025 pricing and a 3% annual unit cost increase is included in future year estimates. Debt service assumes a rate of 5% with three level annual payments, with the first annual payment deferred to the fiscal year following the vehicle purchase. We will continue to evaluate cash purchasing versus debt funding each year to determine the best approach given cash flow and other Town needs.

## FY 2025-26

### Replacement of Police Mobile Data Terminals

\$30,000  
Additional \$26,300 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.

### Duck Road Video Camera Network

\$8,500

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). 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 four cameras currently on the system have proven valuable to the public and the Police Department. This year's project will place one camera facing north at Twiddy's office and the other on the north end of the village facing north.

## **FY 2027-28**

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Fixed Radar Speed Sign Replacement

\$6,500

Additional \$13,000 in 2029

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. The sign near North Snow Geese Drive and the sign on the east side of the US Army Corps of Engineers Property were scheduled for replacement in FY 2025 but were deferred. Those signs have been moved to FY 2026 for replacement.

## 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 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total Cost
Playground Equipment Replace/Expand	0	80,000	10,000	100,000	0	190,000
Town Park Irrigation System Replacement	10,000	10,000	10,000	10,000	0	40,000
<b>Total</b>	<b>10,000</b>	<b>90,000</b>	<b>20,000</b>	<b>110,000</b>	<b>0</b>	<b>230,000</b>



## FY 2025-26

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### 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 of 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.

## FY 2026-27

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### Playground Equipment Replacement/Expansion

\$80,000

Additional \$10,000 in FY 2029 and \$100,000 in FY 2029

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.



## 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 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total Cost
Public Safety Building	0	13,595,000	0	0	0	13,595,000
Public Safety Building - Repairs	73,000	0	0	0	0	73,000
Public Restroom (Maintenance Shop)	0	68,000	0	0	0	68,000
Boardwalk - Northern Extension (Phase 5)	0	120,000	1,087,000	0	0	1,207,000
Video Surveillance System	0	45,250	30,000	45,000	0	120,250
Public Facilities Repair/Maintenance/Improvement	8,000	32,000	0	8,000	0	48,000
<b>Total</b>	<b>81,000</b>	<b>13,860,250</b>	<b>1,117,000</b>	<b>53,000</b>	<b>0</b>	<b>15,111,250</b>

**Public Safety Building Repairs****\$73,000**

The generator at the Public Safety Building was installed in 2009 and is under an annual service agreement. We have been experiencing issues with the generator and are finding that because the generator and transfer switch are discontinued, replacement parts are difficult to find. This being a critical facility staffed 24 hours a day and housing computer and communication equipment, reliable back-up power is important to operational sustainability. Current maintenance issues include a leaking radiator (no replacement available) and a deterioration of the housing of the transfer switch. Given the uncertainty of the timeline of a new facility being constructed, replacement of the generator with one of sufficient size for a new facility is recommended.

**Public Facilities Repair/Maintenance/Improvement****\$8,000**

Additional \$32,000 in FY 2027 and \$8,000 in FY 2029

Town Hall/Meeting Hall/Gazebo Painting (\$32,000 FY 27 and \$8,000 FY 20). This project would involve repainting the exterior of the Town Hall and Meeting Hall buildings. The main buildings were last painted in 2018. The necessity of repainting should be evaluated in FY27 but actual painting could be deferred if the current paint is still in good condition. The gazebo was last painted in 2020 and should be evaluated for repainting as soon as FY29. The gazebo painting could be conducted by Facilities Maintenance staff.

Stone Replenishment/Parking Lot Repairs (\$8,000). This project would involve the installation and grading of new surface stone in the Town Hall and North parking lots. This portion of the project is proposed in FY26. Both parking areas need to be evaluated to determine whether the sub-base or pervious parking grid surface needs replacement, either partially or in totality. Future costs could vary widely depending on the extent of the work needed.

**FY 2026-27****Public Safety Building Design****\$595,000**

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. We are working through the initial needs study and this funding will allow us to have construction/permit drawings developed.



## Public Restroom (Maintenance Shop)

\$68,000

This project will add a 10' x 30' addition to the west side of the maintenance garage containing two handicap-accessible public restrooms (men's/women's) including a toilet, sink, and baby changing station in each. A 12' x 10' portion of the addition, accessible only from inside 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.

## Video Surveillance System

\$45,250

Additional \$30,000 in FY 2027 and \$45,000 in FY 2028

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 2026, it is proposed that the outdated video surveillance system at Town Hall be replaced with new camera technology that will be better positioned to monitor additional public areas more efficiently (\$35,000), that two new cameras be added to cover additional sections of the boardwalk (\$7,000), and that one new camera be added to cover the playground (\$3,250). In FY 2027, it is proposed that cameras be added to cover the remaining southern section of the boardwalk (\$30,000). In FY 2028, it is proposed that cameras be added to cover the northern section of the boardwalk (\$45,000).

## Boardwalk – Northern Extension (Phase 5)

\$120,000

Additional \$1,087,000 in FY 2028 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.



## Public Safety Building Construction

\$13,000,000

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 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total Cost
Duck Trail Repaving	130,000	135,000	140,000	145,000	150,000	700,000
Interpretive Historical Signage	0	10,000	0	0	0	10,000
Retaining Wall Replacement	20,000	20,000	32,000	0	0	72,000
Duck Road West Side Shared Use Trail	0	270,000	995,000	1,220,000	840,000	3,325,000
NC -12 Stormwater Management Improvements	0	130,000	0	0	0	130,000
<b>Total</b>	<b>150,000</b>	<b>565,000</b>	<b>1,167,000</b>	<b>1,365,000</b>	<b>990,000</b>	<b>4,107,000</b>





## Continuous Projects

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### 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. The proposed project for FY26 involves replacing a section with stormwater ponding issues between Pintail Drive and Wood Duck Drive. Solutions may include the use of permeable concrete. Future projects include replacement of pavement adjoining multiple neighborhoods in the northern area of Duck. New pavement will be concrete to wear better and last longer. With construction costs rising, modest annual increases are included.

### Retaining Wall Replacement

\$20,000 in FY 2025-26  
Additional \$32,000 in FY 2027

This project involves funding for the replacement of public retaining walls in poor condition along the Duck Trail/NC 12. The proposed project for FY26 involves 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/NC 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 the poorest condition.

## FY 2026-27

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### Interpretive Historical Signage

\$10,000

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.



## NC-12 Stormwater Management Improvements

\$130,000

This project involves the construction of improvements intended to address stormwater drainage issues along NC Highway 12 and the Duck Trail. The project includes stormwater drainage improvements near Wee Winks/Duck Church. The stormwater drainage system along NC Highway 12 in this area does not have a functional drainage outfall and backs up during storms, causing flooding in the roadway. Proposed drainage improvements will correct this situation.

## Duck Road West Side Shared Use Trail

\$270,000

Additional \$3,055,000 in FY 2028, 2029, and 2030

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. Expenses in FY26 include more detailed design and engineering for project permitting and some utility relocation. Future construction costs are broken into four phases due to the large cost and allow for construction during the offseason. 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. Grant funding should be available to assist with the costs of the construction.

### 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 are 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 financing is used primarily for debt issues that are shorter in term and/or for relatively small projects while 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 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total Cost
Environmental Protection	846,300	327,500	10,680,000	130,000	232,500	12,216,300
Fire	48,000	204,000	2,464,000	50,000	50,000	2,816,000
Police	160,500	220,970	207,010	219,525	212,721	1,020,726
Parks	10,000	90,000	20,000	110,000	0	230,000
Public Facilities	81,000	13,860,250	1,117,000	53,000	0	15,111,250
Streets and Highways	150,000	565,000	1,167,000	1,365,000	990,000	4,237,000
Total	1,295,800	15,267,720	15,655,010	1,927,525	1,485,221	35,631,276
Revenue Source Totals	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Grant	24,000	24,000	1,524,000	24,000	24,000	1,620,000
Interlocal	0	0	0	0	0	0
Town Funds	1,271,800	1,899,050	5,730,500	1,697,000	1,248,500	11,846,850
Debt Issued	0	13,344,670	8,400,510	206,525	212,721	22,164,426
Total	1,295,800	15,267,720	15,655,010	1,927,525	1,485,221	35,631,276

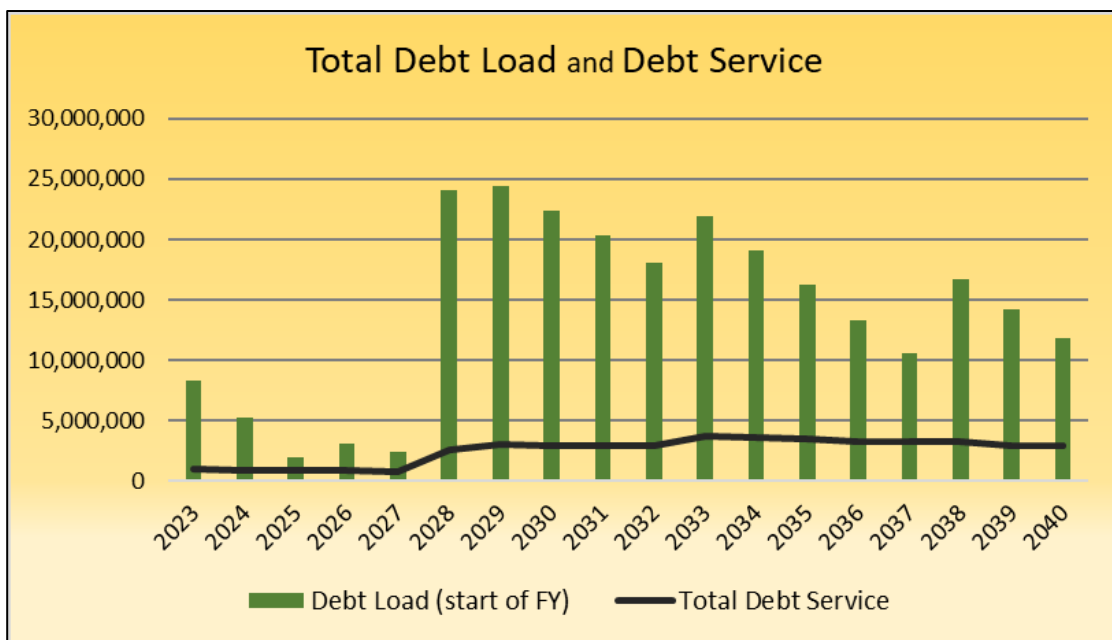
## Section 4: CIP Financial Impact Analysis on Town Finances

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.

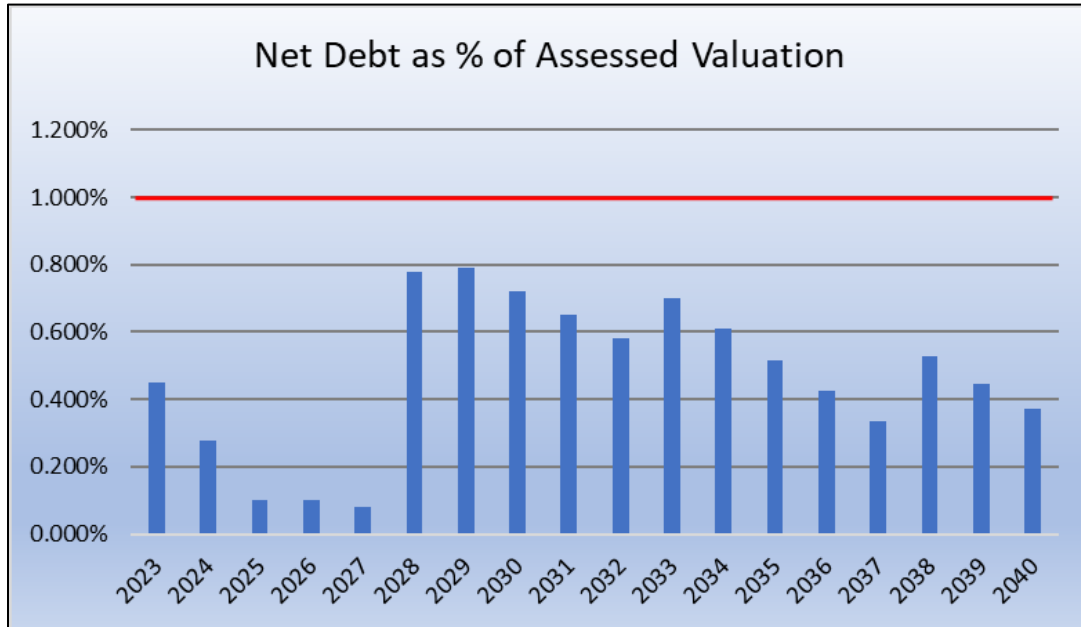
### Debt Ratios

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.

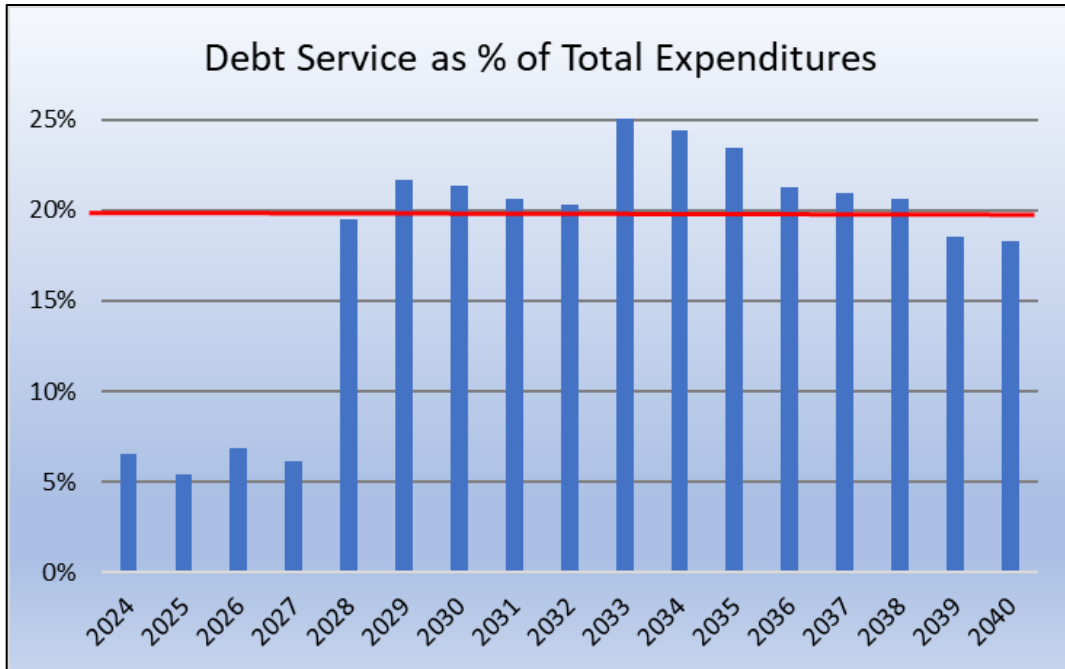
The chart below shows the total debt load (amount of principal outstanding) at the beginning of each fiscal year and the amount of debt service (principal and interest) due in that year for all outstanding debt.



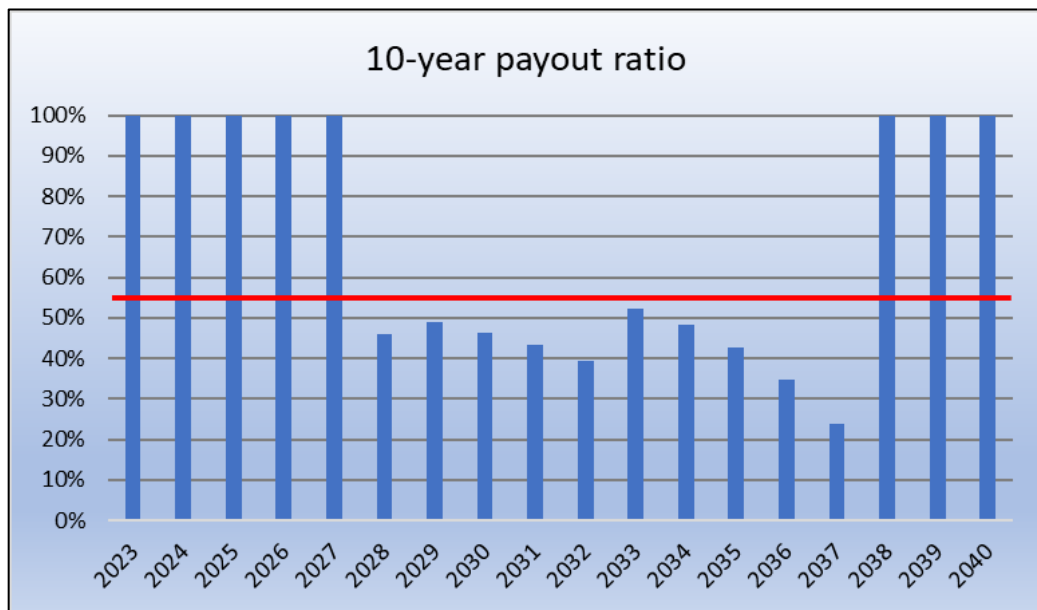
**Net debt per assessed valuation** is an important indicator because it considers the Town's largest revenue source and greatest means for repaying debt. This is a measure of debt capacity as well as debt burden. This ratio divides the Town's net debt by its total assessed value, where net debt is defined as all tax-supported debt. Town policy states that its net debt as a percentage of assessed valuation should not exceed 1.0%. Duck's expected debt-to-assessed valuation ratio for FY25-26 is .100%. Upcoming projects in the CIP will require additional debt financing and will increase the Town's ratio to a high of 0.791% by FY28-29. 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 \$24,465,818 in FY28-29.



**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% to be high. A ratio below 5% indicates capacity for significant new debt. The Town's policy is to maintain a net debt service ratio of less than 20%. For FY25-26, the debt service ratio is 6.86% and reaches a high of 25.31% in FY32-33 following debt issuance for a new Public Safety Station, Ladder Truck, and Beach Nourishment. Absent significant changes to the CIP, the debt service ratio will remain between 16 and 24% 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%. 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% in FY23-24 to a low of 26% 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 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total Spending
Reserve Funds	385,300	0	3,000,000	0	0	17,232,646
Current Funds	784,500	1,936,050	2,754,500	1,721,000	1,172,500	8,368,550
New Debt Service		479,287	2,393,936	2,748,385	2,754,463	8,376,071
Existing Debt Service	488,025	0	0	0	0	488,025
<b>Total</b>	<b>1,657,825</b>	<b>2,415,337</b>	<b>8,148,436</b>	<b>4,469,385</b>	<b>3,926,963</b>	<b>20,617,946</b>

Element Totals	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total Cost
Environmental Protection	846,300	327,500	10,680,000	130,000	232,500	12,216,300
Fire	48,000	204,000	2,464,000	50,000	50,000	2,816,000
Police	160,500	220,970	207,010	219,525	212,721	1,020,726
Parks	10,000	90,000	20,000	110,000	0	230,000
Public Facilities	81,000	13,860,250	1,117,000	53,000	0	15,111,250
Streets and Highways	150,000	565,000	1,167,000	1,365,000	990,000	4,237,000
<b>Total</b>	<b>1,295,800</b>	<b>15,267,720</b>	<b>15,655,010</b>	<b>1,927,525</b>	<b>1,485,221</b>	<b>35,631,276</b>
Revenue Source Totals	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Grant	24,000	24,000	1,524,000	24,000	24,000	1,620,000
Interlocal	0	0	0	0	0	0
Town Funds	1,271,800	1,899,050	5,730,500	1,697,000	1,248,500	11,846,850
Debt Issued	0	13,344,670	8,400,510	206,525	212,721	22,164,426
<b>Total</b>	<b>1,295,800</b>	<b>15,267,720</b>	<b>15,655,010</b>	<b>1,927,525</b>	<b>1,485,221</b>	<b>35,631,276</b>

## 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 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total Cost
<b>Beach Renourishment</b>	<b>Total</b>	<b>361,000</b>	<b>200,000</b>	<b>10,500,000</b>	<b>0</b>	<b>100,000</b>	<b>11,161,000</b>
	Grant			1,500,000			1,500,000
	Interlocal						0
	Town Funds	361,000	200,000	3,000,000		100,000	3,661,000
	Debt Issued			6,000,000			6,000,000
<b>Beach Planting/ Sand Fencing</b>	<b>Total</b>	<b>100,000</b>	<b>112,500</b>	<b>75,000</b>	<b>115,000</b>	<b>117,500</b>	<b>520,000</b>
	Grant	24,000	24,000	24,000	24,000	24,000	120,000
	Interlocal						0
	Town Funds	76,000	88,500	51,000	91,000	93,500	400,000
	Debt Issued						0
<b>Town Park Shoreline Protection</b>	<b>Total</b>	<b>385,300</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>385,300</b>
	Grant						0
	Interlocal						0
	Town Funds	385,300					385,300
	Debt Issued						0

<b>Sea Level Rise Analysis/Climate Adaptation Plan</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>90,000</b>	<b>0</b>	<b>0</b>	<b>90,000</b>
	Grant						0
	Interlocal						0
	Town Funds			90,000			90,000
	Debt Issued						0
<b>Septic Health Initiative</b>	<b>Total</b>	<b>0</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>60,000</b>
	Grant						0
	Interlocal						0
	Town Funds		15,000	15,000	15,000	15,000	60,000
	Debt Issued						0
<b>Total</b>	<b>Total</b>	<b>846,300</b>	<b>327,500</b>	<b>10,680,000</b>	<b>130,000</b>	<b>232,500</b>	<b>12,216,300</b>
	Grant	24,000	24,000	1,524,000	24,000	24,000	1,620,000
	Interlocal	0	0	0	0	0	0
	Town Funds	822,300	303,500	3,156,000	106,000	208,500	4,596,300
	Debt Issued	0	0	6,000,000	0	0	6,000,000

Fire							
Item/Project		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total Cost
Replacement of SCBA (Airpacks)	<b>Total</b>	<b>0</b>	<b>0</b>	<b>230,000</b>	<b>0</b>	<b>0</b>	<b>230,000</b>
	Grant						0
	Interlocal						0
	Town Funds			230,000			230,000
	Debt Issued						0
Replacement of Turnout Gear	<b>Total</b>	<b>20,000</b>	<b>23,000</b>	<b>23,000</b>	<b>24,000</b>	<b>24,000</b>	<b>114,000</b>
	Grant						0
	Interlocal						0
	Town Funds	20,000	23,000	23,000	24,000	24,000	114,000
	Debt Issued						0
Hose and Appliances	<b>Total</b>	<b>13,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>57,000</b>
	Grant						0
	Interlocal						0
	Town Funds	13,000	11,000	11,000	11,000	11,000	57,000
	Debt Issued						0

Technical Rescue Equipment	<b>Total</b>	<b>15,000</b>	<b>15,000</b>	<b>0</b>	<b>15,000</b>	<b>15,000</b>	<b>60,000</b>
	Grant						0
	Interlocal						0
	Town Funds	15,000	15,000		15,000	15,000	60,000
	Debt Issued						0
Command Vehicle Replacement	<b>Total</b>	<b>0</b>	<b>150,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150,000</b>
	Grant						0
	Interlocal						0
	Town Funds						0
	Debt Issued		150,000				150,000
CAD & Mobile Data Terminals	<b>Total</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,000</b>
	Grant						0
	Interlocal						0
	Town Funds		5,000				5,000
	Debt Issued						0
Truck 11 Replacement	<b>Total</b>	<b>0</b>	<b>0</b>	<b>2,200,000</b>	<b>0</b>	<b>0</b>	<b>2,200,000</b>
	Grant						0
	Interlocal						0
	Town Funds						0
	Debt Issued			2,200,000			2,200,000
<b>Total</b>	<b>Total</b>	<b>48,000</b>	<b>204,000</b>	<b>2,464,000</b>	<b>50,000</b>	<b>50,000</b>	<b>2,816,000</b>
	Grant	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0
	Town Funds	48,000	54,000	264,000	50,000	50,000	466,000
	Debt Issued	0	150,000	2,200,000	0	0	2,350,000

Police							
Item/Project		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total Cost
Patrol Vehicles: Replacement	<b>Total</b>	<b>126,000</b>	<b>194,670</b>	<b>200,510</b>	<b>206,525</b>	<b>212,721</b>	<b>940,426</b>
	Grant						0
	Interlocal						0
	Town Funds	126,000					126,000
	Debt Issued		194,670	200,510	206,525	212,721	814,426
Replacement of Mobile Data Terminals	<b>Total</b>	<b>26,000</b>	<b>26,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>52,300</b>
	Grant						0
	Interlocal						0
	Town Funds	26,000	26,300				52,300
	Debt Issued						0
Radar Speed Sign Replacement	<b>Total</b>	<b>0</b>	<b>0</b>	<b>6,500</b>	<b>13,000</b>	<b>0</b>	<b>19,500</b>
	Grant						0
	Interlocal						0
	Town Funds			6,500	13,000		19,500
	Debt Issued						0
Traffic Camera Network	<b>Total</b>	<b>8,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,500</b>
	Grant						0
	Interlocal						0
	Town Funds	8,500					8,500
	Debt Issued						0
<b>Total</b>	<b>Total</b>	<b>160,500</b>	<b>220,970</b>	<b>207,010</b>	<b>219,525</b>	<b>212,721</b>	<b>1,020,726</b>
	Grant	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0
	Town Funds	160,500	26,300	6,500	13,000	0	206,300
	Debt Issued	0	194,670	200,510	206,525	212,721	814,426

Parks							
Item/Project		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total Cost
Playground Equipment Replace/Expand	<b>Total</b>	<b>0</b>	<b>80,000</b>	<b>10,000</b>	<b>100,000</b>	<b>0</b>	<b>190,000</b>
	Grant						0
	Interlocal						0
	Town Funds		80,000	10,000	100,000		190,000
	Debt Issued						0
Town Park Irrigation System Replacement	<b>Total</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>0</b>	<b>40,000</b>
	Grant						0
	Interlocal						0
	Town Funds	10,000	10,000	10,000	10,000		40,000
	Debt Issued						0
<b>Total</b>	<b>Total</b>	<b>10,000</b>	<b>90,000</b>	<b>20,000</b>	<b>110,000</b>	<b>0</b>	<b>230,000</b>
	Grant	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0
	Town Funds	10,000	90,000	20,000	110,000	0	230,000
	Debt Issued	0	0	0	0	0	0

Public Facilities							
Item/Project		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total Cost
Public Safety Building	<b>Total</b>	<b>0</b>	<b>13,595,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,595,000</b>
	Grant						0
	Interlocal						0
	Town Funds		595,000				595,000
	Debt Issued		13,000,000				13,000,000
Public Safety Building - Repairs	<b>Total</b>	<b>73,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>73,000</b>
	Grant						0
	Interlocal						0
	Town Funds	73,000					73,000
	Debt Issued						0
Public Restroom (Maintenance Shop)	<b>Total</b>	<b>0</b>	<b>68,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>68,000</b>
	Grant						0
	Interlocal						0
	Town Funds		68,000				68,000
	Debt Issued						0
Boardwalk - Northern Extension (Phase 5)	<b>Total</b>	<b>0</b>	<b>120,000</b>	<b>1,087,000</b>	<b>0</b>	<b>0</b>	<b>1,207,000</b>
	Grant						0
	Interlocal						0
	Town Funds		120,000	1,087,000			1,207,000
	Debt Issued						0

Video Surveillance System	<b>Total</b>	<b>0</b>	<b>45,250</b>	<b>30,000</b>	<b>45,000</b>	<b>0</b>	<b>120,250</b>
	Grant						0
	Interlocal						0
	Town Funds		45,250	30,000	45,000		120,250
	Debt Issued						0
Public Facilities Repair/Maintenance/Improvement	<b>Total</b>	<b>8,000</b>	<b>32,000</b>	<b>0</b>	<b>8,000</b>	<b>0</b>	<b>48,000</b>
	Grant						0
	Interlocal						0
	Town Funds	8,000	32,000		8,000		48,000
	Debt Issued						0
<b>Total</b>	<b>Total</b>	<b>81,000</b>	<b>13,860,250</b>	<b>1,117,000</b>	<b>53,000</b>	<b>0</b>	<b>15,111,250</b>
	Grant	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0
	Town Funds	81,000	860,250	1,117,000	53,000	0	2,111,250
	Debt Issued	0	13,000,000	0	0	0	13,000,000



<b>Streets and Highways</b>							
Item/Project		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total Cost
Duck Trail Repaving	<b>Total</b>	<b>130,000</b>	<b>135,000</b>	<b>140,000</b>	<b>145,000</b>	<b>150,000</b>	<b>700,000</b>
	Grant						0
	Interlocal						0
	Town Funds	130,000	135,000	140,000	145,000	150,000	700,000
	Debt Issued						0
Interpretive Historical Signage	<b>Total</b>	<b>0</b>	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,000</b>
	Grant						0
	Interlocal						0
	Town Funds		10,000				10,000
	Debt Issued						0
Retaining Wall Replacement	<b>Total</b>	<b>20,000</b>	<b>20,000</b>	<b>32,000</b>	<b>0</b>	<b>0</b>	<b>72,000</b>
	Grant						0
	Interlocal						0
	Town Funds	20,000	20,000	32,000			72,000
	Debt Issued						0

Duck Road West Side Shared Use Trail	<b>Total</b>	<b>0</b>	<b>270,000</b>	<b>995,000</b>	<b>1,220,000</b>	<b>840,000</b>	<b>3,325,000</b>
	Grant						0
	Interlocal						0
	Town Funds		270,000	995,000	1,220,000	840,000	3,325,000
	Debt Issued						0
NC -12 Stormwater Management Improvements	<b>Total</b>	<b>0</b>	<b>130,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>130,000</b>
	Grant						0
	Interlocal						0
	Town Funds		130,000				130,000
	Debt Issued						0
<b>Total</b>	<b>Total</b>	<b>150,000</b>	<b>565,000</b>	<b>1,167,000</b>	<b>1,365,000</b>	<b>990,000</b>	<b>4,237,000</b>
	Grant	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0
	Town Funds	150,000	565,000	1,167,000	1,365,000	990,000	4,237,000
	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.



May 202

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 2025-26 Town Council Goals

Weighted tally of "votes" assigning a numerical value of 3 to "stars"							
		Don	Monica	Sandy	Kevin	Bren	Total
	Maintain and grow the fund balance with little or no tax increase	3		3	1		7
	Aggressively pursue public safety building solutions	1	4	1		1	7
	Prioritize the design and construction of West Side Pedestrian Trail and implementation of Pedestrian Plan	1		1	3		5
	Maintain town facilities and infrastructure	1		1		3	5
	Plan simple and meaningful improvements to the Herron Property	1	1		1	1	4
	Expand public safety and street camera network			1		1	2
	Investigate more parking and restrooms in park	1		1			2
	Explore passenger ferry service options				1	1	2
	Advance shoreline work to protect perk/serve as an example		1			1	2
	Explore creative solutions for code enforcement duties/continue enforcement of SUPs			1	1		2
	Support work of Dare Housing Task Force and explore creative solutions for workforce housing in Duck		1		1		2
	Improve/encourage participation and engagement with business community		1		1		2
	Stormwater management program		1				1
	Monitor and understand the change in demographics in Duck	1					1
	Share the history of the Town					1	1
	Continue to address traffic issues and support construction of the Mid-Currituck Bridge						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				