



Fiscal Year 2026-2027

Annual Budget

Town Council

Monica Thibodeau, Mayor
Sandy Whitman, Mayor Pro-Tempore
Brenda Chasen
Kevin Lingard
Marc Murray

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
Kay Nickens, Public Information and Events Director
Connor Winstead, Development & Infrastructure/Assistant Town Manager

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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.

Administration						
Account Description	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Reccomend	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						
TOTAL						

Line item description

Department Name (or grouping name)

Gross "needs" budget after initial reductions

Recommended budget

Prior year actual data from audit

Current year budget as amended

Change between current budget and the recommended budget

Performance Measurement

The Town of Duck, like many local governments, use performance measures to track, analyze, and report data on service effectiveness, ensuring accountability and data-driven decision-making. These measures help identify operational strengths and areas for improvement, and help drive decisions to allocate scarce resources efficiently, improve service quality to meet citizen needs, and foster a culture of continuous improvement.

All data collected is shown in a table near the end of this document. The “category” reflects the type of information being gathered and reported, the Performance or Workload Indicator is the actual data type. A workload indicator is simply a data point reported to show the level of service demand acknowledging how high demand can impact other performance metrics. The “why it matters” section indicates why this indicator is important to the performance of the department. Our intent is to not invest time in gathering and reporting information that does not impact performance in meeting service goals. The goal column contains the stated goal of the department, and the Current Year Measure column reflects the actual data recorded during the prior calendar year. We use the calendar year as opposed to the fiscal year (July 1 – June 30) so we have a full year of data to evaluate as budget requests are formulated so that any needed performance improvements that require budgeted resources may be addressed more quickly.

Category	Performance or Workload Indicator	Why it Matters	Goal	Current Year Measure



Budget Message

May 6, 2026

Dear Mayor Thibodeau 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, 2026, and ending June 30, 2027 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 2026-2027 (FY26-27) 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 FY26-27 Budget totals \$13,722,379 for all Town operations, capital improvements, and debt service requirements. This is \$2,115,396 (13.4%) less than the FY25-26 Budget. Following Town Council's direction, the budget is balanced with a tax rate of **\$0.18**, which is unchanged from the FY 2025-26 budget. The effects of inflation on operational and personnel expenses, and a desire to maintain and improve the community, required the sacrifice of some planned capital projects in order to keep expenditures at a level where a tax rate increase was not necessary.

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 15.16% 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 \$13,722,379, a 13.4% decrease compared to the FY25-26 Budget. The majority of the decrease in revenue is due to larger than normal carry-over of project expenditures from the FY 24-25 budget into the FY 25-26 budget and the need to appropriate Fund Balance for those expenses.

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 \$5,803,023 or 42.3% of the revenue for our General Fund in FY26-27. In addition, MSD taxes account for an additional \$1,029,445, or 7.5% 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 budgeted for a collection rate of 99.94% as prescribed by State law.

A significant portion of our revenue comes from our share of the statewide sales tax, which includes two main components: the Sales Tax on the retail sale or lease of tangible personal property, services, and hotel room rentals, and the Use Tax, an excise tax on the use or consumption of property in North Carolina or from out-of-state. Of particular importance to our community is the revenue generated from the 6% occupancy and meals tax in Dare County. As a popular tourist destination, this tax provides a vital and consistent source of funding, reflecting the economic activity driven by visitors to the area. These taxes are collected by the State and distributed to all 100 counties based on statutory formulas, with each county sharing its portion with the incorporated cities and towns within it.

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 FY26-27 Recommended Budget totals \$13,722,379 for all Town operations, capital improvements, and debt service requirements. This is \$2,115,396 (13.4%) less than the FY25-26 Budget. This decrease is due to the large expenditures in FY 25-26 to purchase a new ladder truck for the Fire Department and the fact that we completed the Town Park Shoreline Protection project in FY25-26.

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 \$5,776,023. This represents a total of 42.1% of the total budget. This budget includes the addition of one staff member to the Fire Department to allow the department to have four personnel on duty and allow for our Fire Marshal to be a dedicated position as opposed to a ancillary duty of one of our Captains. It also includes a merit increase pool of 5% of total salaries to remain competitive in the local employment market. Additionally, included are small increases in Workers' Compensation insurance rates, retirement contribution rates, and an increase in medical insurance rates. Also to remain competitive in our labor market, the budget includes an increase in the Longevity Bonus amounts paid to our employees. 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 26-27.

Personnel by Department						
Department	FY 23-24	FY 24-25	FY 25-26	FY 26 - 27 Recommend	# Change	Percent Change
Administration	5.5	2.5	2.5	2.5	0.0	0%
Finance & Human Res		1.0	1.0	1.0	0.0	0%
Public Facilities	1.5	1.5	1.5	1.5	0.0	0%
Police	14.5	14.5	15.5	15.5	0.0	0%
Fire	14.5	14.5	14.5	15.5	1.0	7%
Inspections	2	2.0	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	2.0	0.0	0%
Total	40.5	40.5	41.5	42.5	1	2.4%

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 last year.

While this section does not cover detailed expenses for all fifteen operational departments, it highlights several significant expenditures and proposed changes in staffing levels. The Capital Improvement Plan, included near the end of this budget document, provides additional details on the capital projects and purchases referenced below.

- **Governing Body:**
Expenses related to the Town Council and all Property and Liability Insurance premiums.
- **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. Additionally, 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 are costs related to a grant match for security upgrades and a cyber-attack response plan.
- **Police:**
Expenses related to the Duck Police Department. Included this year are a replacement speed sign and the scheduled replacement of three police vehicles.
- **Fire:**
Expenses for the operation of the Duck Fire Department and includes a new full-time Fire Marshal position as explained in the Personnel section of this document. It also includes the replacement of two command vehicles, new debt service for a replacement ladder truck, and planned replacement of turn out gear, hose, and nozzles.
- **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, 4th 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 26-27 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.
- **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	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
General Government	3,787,442	2,124,825	2,085,985	1,880,185	(244,640)	-11.5%
Public Safety	5,320,396	7,672,789	6,574,248	6,567,248	(1,105,541)	-14.4%
Streets & Highways	211,464	517,751	336,938	336,938	(180,813)	-34.9%
Community Development	394,939	400,271	499,380	499,380	99,109	24.8%
Environmental Protection	4,561,807	3,200,385	2,442,051	2,442,051	(758,334)	-23.7%
Communications & Special Events	506,419	539,206	585,708	585,708	46,503	8.6%
Transfers and Contingency	1,440,631	1,382,549	1,410,867	1,410,868	28,319	2.0%
Total	16,223,098	15,837,775	13,935,178	13,722,379	(2,115,396)	-13.4%

Fund Balance

The North Carolina Local Government Commission recommends that local governments maintain a minimum unassigned fund balance of no less than eight percent (8%) of expenditures. The Town of Duck has adopted a formal fund balance policy establishing a goal of maintaining a fund balance for the General Fund of 75% of expenditures after deducting debt service payments related to Beach Nourishment. The Town of Duck’s estimated non-committed or non-restricted fund balance as of June 30, 2026, is estimated to be \$8.56 million or 65% of FY25-26 expenditures. This budget appropriates \$389,292 from Fund Balance to fund some capital projects and keep the budget balanced without the need for a tax rate increase.

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 along with some larger capital projects that are currently in the planning process. It is the economic unknowns and the planning we do for capital projects that will 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 2026 – 2027 Annual Budget

Budget Ordinance

BE IT ORDAINED by the Town Council of the Town of Duck, North Carolina that the following anticipated fund revenues and departmental expenditures, together with certain fees and schedules, and with certain restrictions and authorizations, are hereby appropriated and approved for the operation of the Town government and its activities for the fiscal year beginning July 1, 2026 and ending June 30, 2027.

Section 1: General Fund

General Fund Revenues	
Ad Valorem Taxes	\$5,803,023
MSD Taxes	\$1,029,445
Local Government Sales Tax	\$1,850,000
Real Estate Transfer Tax	\$375,000
Occupancy Tax	\$1,900,000
Grants	\$94,822
ABC and Beer & Wine	\$78,000
Utility Taxes	\$420,000
Permits and Fees	\$177,000
Interest and Asset Sales	\$327,000
Transfers	\$679,287
Debt Proceeds	\$426,209
Fund Balance Appropriated	\$389,292
Other Revenue	\$173,300
Total Revenues	\$13,722,379

General Fund Expenditures	
Governing Body	\$184,181
Administration	\$496,886
Finance & Human Resources	\$288,981
Legal	\$66,720
Information Technology	\$206,068
Police	\$2,839,380
Fire	\$2,643,648
Ocean Rescue	\$792,290
Communications & Special Events	\$585,708
Community Development	\$499,380
Inspections	\$291,931
Public Facilities	\$637,350
Streets & Highways	\$336,938
Sanitation	\$1,531,264
Environmental Protection	\$910,787
Transfers	\$1,309,867
Contingency	\$101,001
Total Expenditures	\$13,722,379

Section 2: Beach Nourishment Capital Reserve Fund

Beach Nourishment Capital Reserve Fund Revenues

Transfer from General Fund (MSD Tax Revenue)	\$1,029,445
Transfer from General Fund (Restricted Sales Tax Revenue)	\$280,422
Fund Balance Appropriated	\$0
Total Revenues	\$1,309,867

Beach Nourishment Capital Reserve Fund Expenditures

Transfer to General Fund	\$0
Reserved for Future Expenditures	\$1,309,867
Total Expenditures	\$1,309,867

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, 2026, for the purpose of raising the revenue listed Ad Valorem Taxes 2026-2027 in Section 1: General Fund of this ordinance. This rate is based on a valuation of property for purposes of taxation of \$3,202,404,815 and an estimated rate of collection of 99.96%.

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

There is hereby levied a tax at the rate of \$0.0798 (seven point nine-eight cents) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2026 in Municipal Service District - A (MSD-A), for the purpose of raising the revenue listed MSD Taxes 2026-2027 in Section 1: General Fund of this ordinance. This rate is based on a valuation of property for purposes of taxation of \$836,977,065 and an estimated rate of collection of 99.96%.

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

There is hereby levied a tax at the rate of \$0.189 (eighteen point nine cents) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2026 in Municipal Service District - B (MSD-B), for the purpose of raising the revenue listed MSD Taxes 2026-2027 in Section 1: General Fund of this ordinance. This rate is based on a valuation of property for purposes of taxation of \$191,507,775 and an estimated rate of collection of 99.96%.

Section 6: Fees & Charges

There is hereby established, for Fiscal Year 2026-2027, 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 2026-2027, 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, 2026.

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 2026-2027. 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 3rd day of June, 2026.

Attest:

Monica Thibodeau, Mayor

Lori A. Ackerman, Town Clerk

Salary Schedule and Position Classification Table

Effective July 1, 2026

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 2026-27 budget and adopted as shown in Section 7 of the Budget Ordinance. The Personnel section of the budget document contains information regarding the number of employees in each department and in each job classification.

Salary Schedule

GRADE	HIRING RATE	MINIMUM	MID POINT	MAXIMUM
1	41,532	43,609	52,954	64,375
2	43,609	45,789	55,602	67,594
3	45,789	48,078	58,381	70,973
4	48,078	50,482	61,300	74,521
5	50,482	53,006	64,365	78,247
6	53,006	55,656	67,583	82,159
7	55,656	58,439	70,962	86,267
8	58,439	61,361	74,510	90,580
9	61,361	64,429	78,236	95,110
10	64,429	67,650	82,147	99,865
11	67,650	71,033	86,254	104,858
12	71,033	74,585	90,567	110,101
13	74,585	78,314	95,096	115,607
14	78,314	82,230	99,851	121,387
15	82,230	86,342	104,844	127,457
16	86,342	90,659	110,086	133,830
17	90,659	95,192	115,590	140,521
18	95,192	99,952	121,370	147,548
19	99,952	104,950	127,439	154,926
20	104,950	110,198	133,812	162,673
21	110,198	115,708	140,503	170,807
22	115,708	121,493	147,528	179,347
23	121,493	127,568	154,904	188,314
24	127,568	133,946	162,649	197,730
25	133,946	140,643	170,781	207,616
26	140,643	147,675	179,320	217,997
27	147,675	155,059	188,286	228,896
28	155,059	162,812	197,700	240,341
29	162,812	170,953	207,586	252,359
30	170,953	179,501	217,965	264,977

Classification Table

GRADE	CLASSIFICATION	FLSA STATUS	HIRING RATE	MINIMUM	MID POINT	MAXIMUM
5	Maintenance Technician		50,482	53,006	64,365	78,247
7	Administrative Assistant Firefighter Police Officer Code Enforcement Technician		55,656	58,439	70,962	86,267
8	Permit Technician (Deputy Town Clerk) Public Safety Office Administrator Master Firefighter Senior Police Officer		58,439	61,361	74,510	90,580
9	Master Firefighter/Acting Company Officer Master Police Officer Planner I (Community Planner)		61,361	64,429	78,236	95,110
10	Community Engagement Coordinator Fire Engineer Police Corporal Finance Administrator		64,429	67,650	82,147	99,865
11	Fire Captain Police Sergeant Town Clerk Senior Planner	E	67,650	71,033	86,254	104,858
13	Building Codes and Maintenance Administrator Planning Manager Fire Captain - Fire Marshal		74,585	78,314	95,096	115,607
14	Finance and Human Resources Manager	E	78,314	82,230	99,851	121,387
16	Deputy Fire Chief Deputy Police Chief	E	86,342	90,659	110,086	133,830
18	Public Information and Events Director	E	95,192	99,952	121,370	147,548
20	Community Development Director Fire Chief Police Chief	E E E	104,950	110,198	133,812	162,673
22	Development & Infrastructure Director/Assistant Town Manager	E	115,708	121,493	147,528	179,347
25	Town Manager	E	133,946	140,643	170,781	207,616
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, 2026

Changes from 2025 Schedule shown in red

Section I Building Permits & Inspections

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

*Minimum building permit fee is \$100.00

**Excludes projects where Flat Fees are charged

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

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

Construction must begin within 6 months or permits will expire.

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

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

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

Beach Stairs/Dune Access:

New/Complete Replacement Stairs	\$100.00
Minor Repairs	\$25.00
Signs:	
Roof signs	\$50.00 + sign permit fees
Ground Mounted/Freestanding Signs	\$100.00 + sign permit fees

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

Failure to Call for Inspection 50% of the original permit cost

Inspections Not Otherwise Listed \$50.00

Section II Five (5) Building Permit system.

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

- Building Permit
- Electrical Permit
- Plumbing Permit
- Mechanical Permit
- Gas Permit

2. When a building permit is issued there will be no charge for associated electrical, plumbing, or mechanical permits as outlined above in Section II (A) above.

3. Above & Below ground propane tanks are not subject to Section II (B) above and may require additional permits.

Section III Other fees, not covered in sections above:

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

4. House Moving (into or within Town)	
(fees do not include any necessary building or trade permits & additional fees for escort may apply)	
Moving into Town of Duck	\$1,000.00
Moving within the Town of Duck	\$750.00
Moving on the Same Lot	\$500.00
Moving out of Town of Duck	\$250.00
5. Pools/Spas & Hot Tubs	
Permanently Installed Swimming Pools	\$300.00 flat fee **
In-Ground Hot Tubs	\$300.00 flat fee **
Free Standing/Portable Hot Tubs	\$150.00 flat fee **
6. Gas Pumps	\$100.00 per pump
7. Structural Demolition	
(Asbestos Report required if commercial or ever used as commercial)	
Residential Demolition in AEC zone	\$350.00 flat fee **
Residential Demolition not in AEC Zone	\$250.00 flat fee **
Non-Residential Demolition in AEC zone	\$600.00 flat fee **
Non-Residential Demolition not in AEC zone	\$400.00 flat fee **
8. Fuel Tanks	
Above Ground: 0-5,000 gallons	\$400.00
Above Ground: Above 5,000 gallons	\$600.00
Underground: 0-5,000 gallons	\$500.00
Underground: Above 5,000 gallons	\$700.00
9. Bulkheads & Retaining Walls	\$2.00 per linear ft.
requiring a building permit up to 50 Ft.	
Each additional foot over 50 feet	\$1.00 per linear ft.
Piers	\$1.00 per linear ft.
10. Flood Development Permit (<i>in addition to other applicable building permit or land disturbance fees</i>)	
Repairs & Maintenance	No Fee
Remodels/Renovations	No Fee
Additions	\$50.00
New Construction/Substantial Improvements	\$100.00
11. Occupancy Permit (New Construction only)	\$50.00
Temporary Residential	\$300.00
Temporary Commercial	\$500.00

12. Communication Tower/Water Tank \$20.00/vertical foot

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 plus \$10.00 per fixture

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

Minimum Permit Fee \$100.00 plus 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 plus \$20.00 per appliance

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	
<u>False Alarm Fees</u>	
First false alarm in a 30-day period	No charge
Second false alarm in a 30-day period	\$25.00
Third false alarm in a 30-day period	\$50.00
Fourth or subsequent false alarm in a 30-day period	\$100.00
22. Minor Home Occupation	\$50.00
23. Peddler/Itinerant Merchant Permit	\$100.00
24. 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
(at Petitioner/Applicant's request) | \$250.00 |
| 2. Copy of Agenda Package
(available free online) | per page charge below |
| 3. Copy of Zoning Ordinance
(available free online) | per page charge below |
| 4. Copy of Land Use Plan
(available free online) | per page charge below |
| 5. Copy of Budget Document
(available free online) | per page charge below |
| 6. Copies of Requested Documents
8 ½ x 11, 11 x14 & 11 x17
(after the 5 th sheet)
(after the 3 rd sheet) | \$.25 black & white per page
\$.30 color per page |
| 7. Insufficient Funds Charge (returned checks)
<i>(The Town Manager may require cash or cashier's check for future payments from applicants who have submitted checks that were returned for insufficient funds)</i> | \$25.00 first time |
| 8. Police Off-Duty | \$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 |
|--|---------|

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.



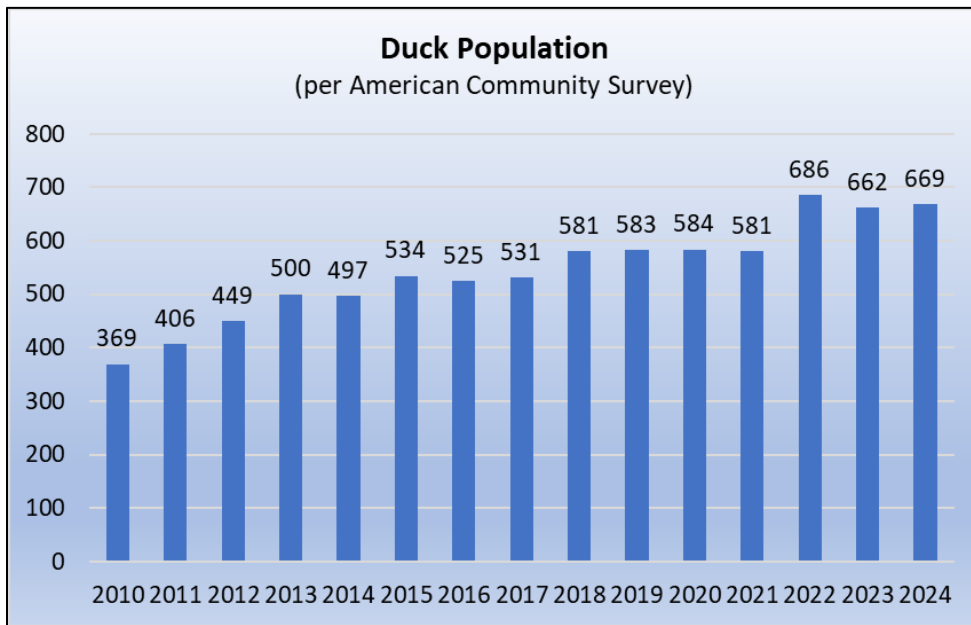
The Town contains 2.32 square miles and the Town's shoreline stretches for seven miles along the Atlantic Ocean. On the west side of Town is Currituck Sound featuring a nearly mile-long boardwalk. These natural features, along with the shops, restaurants, and the other built environment enhance the reputation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

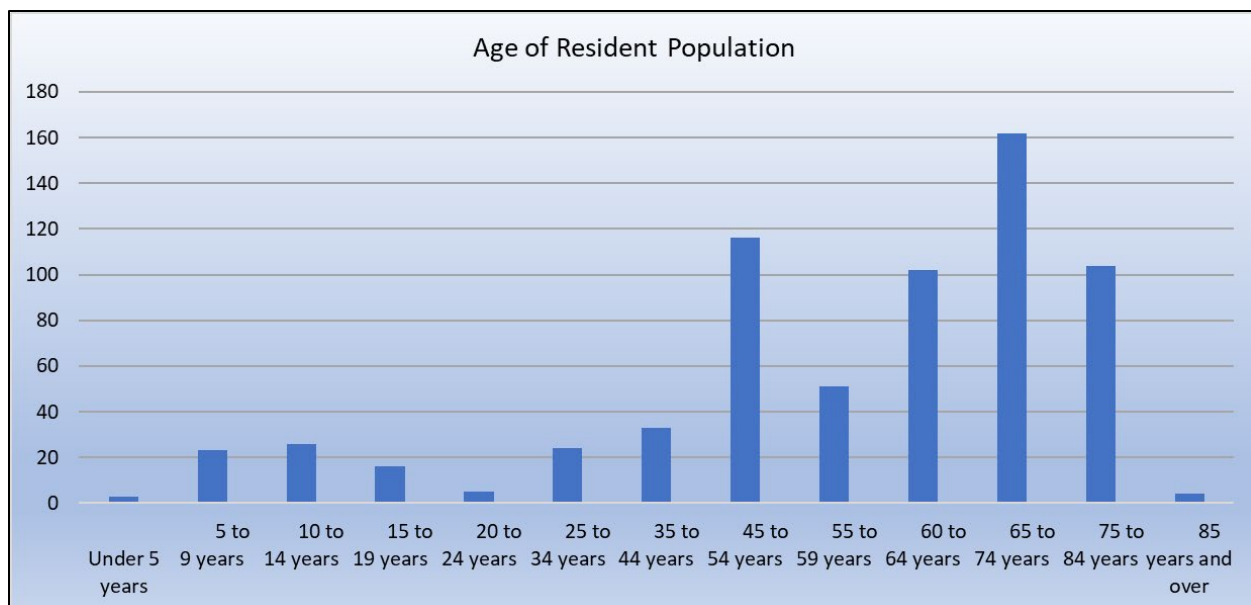


Demographics

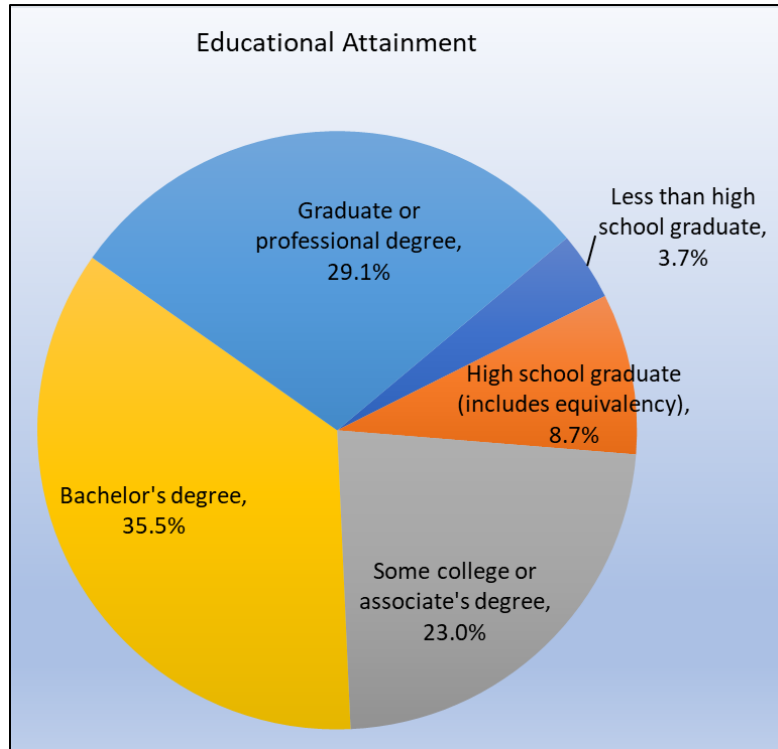
According to the US Census Bureau’s American Community Survey (ACS), the Town of Duck has a resident population of 662 as of July 2023. The chart below shows a pattern of relatively little growth in the number of permanent residents of this community. The initial 2020 Census data indicated a total population 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.



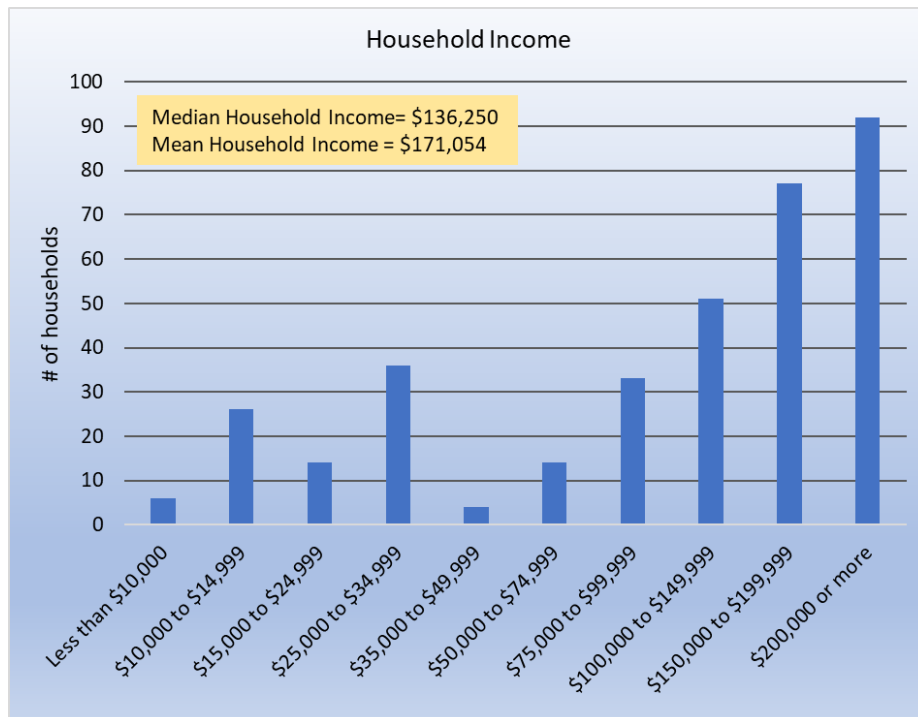
Our resident population, as shown on the chart below, tends to be older than typically seen in other parts of the state, which is not unusual given our location and, in particular, distance from major employment centers.



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 \$136,250 compared to a County MHI of \$88,994 and a State MHI of \$73,958.



Local Employment

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

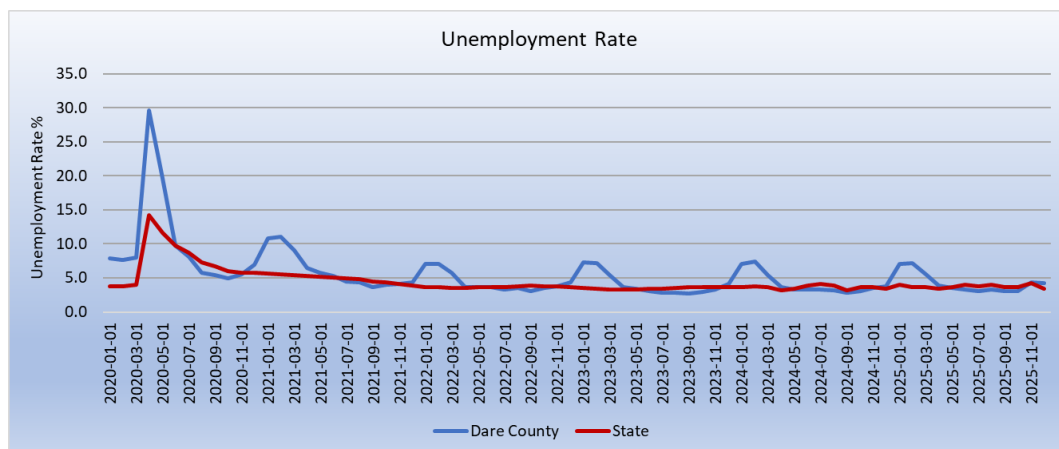
Employer	Employees ⁽¹⁾	Percentage of Total County Employment ⁽²⁾
County of Dare	752	3.48%
Dare County Schools	713	3.38%
East Carolina Health	250-499	1.74%
Professional Enterprises of Hatteras	100-249	1.74%
NC Department of Transportation	100-249	1.74%
Carolina Designs Realty, Inc.	100-249	0.81%
Food Lion	100-249	0.81%
Propel Peo	100-249	0.81%
Wal-Mart Associates, Inc.	100-249	0.81%
Twiddy & Company	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 2024-25.

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:

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.

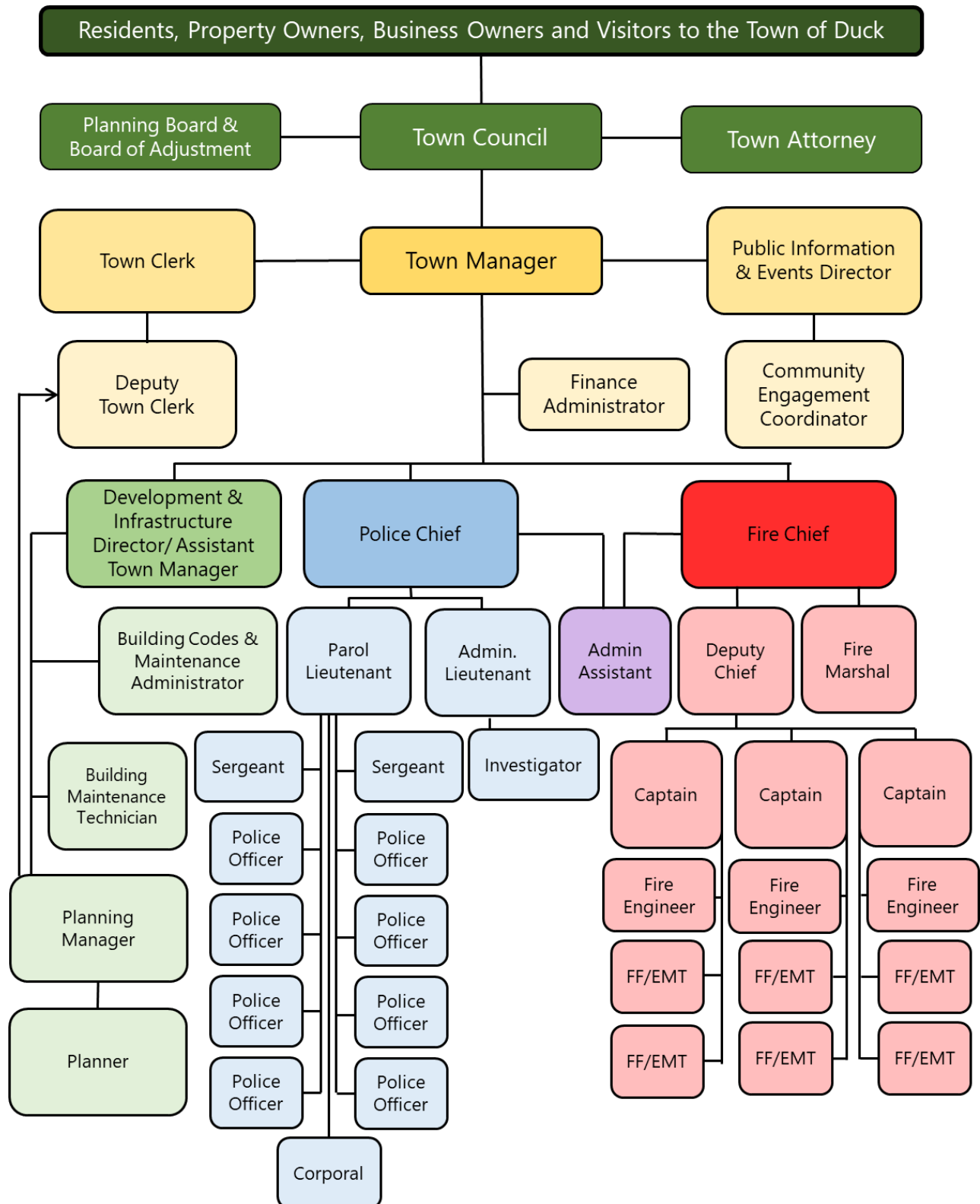
The Council appoints volunteer boards to serve in advisory, planning and quasi-judicial capacities in accordance with their duties. Following is a brief description of each advisory board.

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 in 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:

September 30, 2025: Issue FY 2027 CIP forms to Department Heads

November 10, 2025: Deadline for submission of CIP forms to Assistant Town Manager

November 24, 2025: Draft CIP Worksheet Reviewed by Department Heads

<u>December 1, 2025:</u>	New Line-Item Additions due to Finance Administrator
<u>December 9, 2025:</u>	New Position Requests and Five-Year Staff Projections due to Town Manager
<u>January 5, 2026:</u>	Preliminary FY 2027 Budget Worksheets Distributed to Department Heads
<u>January 21, 2026:</u>	Town Council Strategic Planning Session (mid-month meeting)
<u>February 24-25, 2026:</u>	Town Council Retreat – Including CIP Review
<u>March 2, 2026:</u>	Preliminary Revenue Projections Completed
<u>March 6, 2026:</u>	Deadline for submission of budget requests to Town Manager
<u>March 16, 2026:</u>	Department Head Meeting – Preliminary Budget Review
<u>April 10, 2026:</u>	Town Manager completes FY 2027 revenue estimates
<u>April 15, 2026:</u>	Town Manager discussion of FY 2027 budget with Town Council (mid-month meeting)
<u>April 16, 2026:</u>	Notice for public hearing posted and submitted to newspaper
<u>May 6, 2026:</u>	Public Hearing regarding the Draft FY 2027 Budget
<u>May 20, 2026:</u>	Town Council Work Session concerning FY 2027 budget (mid-month meeting – if required)
<u>June 3, 2026:</u>	Adoption of FY 2027 Budget and Capital Improvement Plan (regular meeting)

The Budget Process Cycle

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

Goal Setting & Direction

Because the budget is such an important tool, it is important that clear goals and direction be established before actual preparation begins. Staff use the Vision 2032 document, approved plans, and input from the Council during the Strategic Planning session and annual Retreat to understand the goals for the coming year's budget.

Preparation & Requests

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

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

During the first week in April, using local and state (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. 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

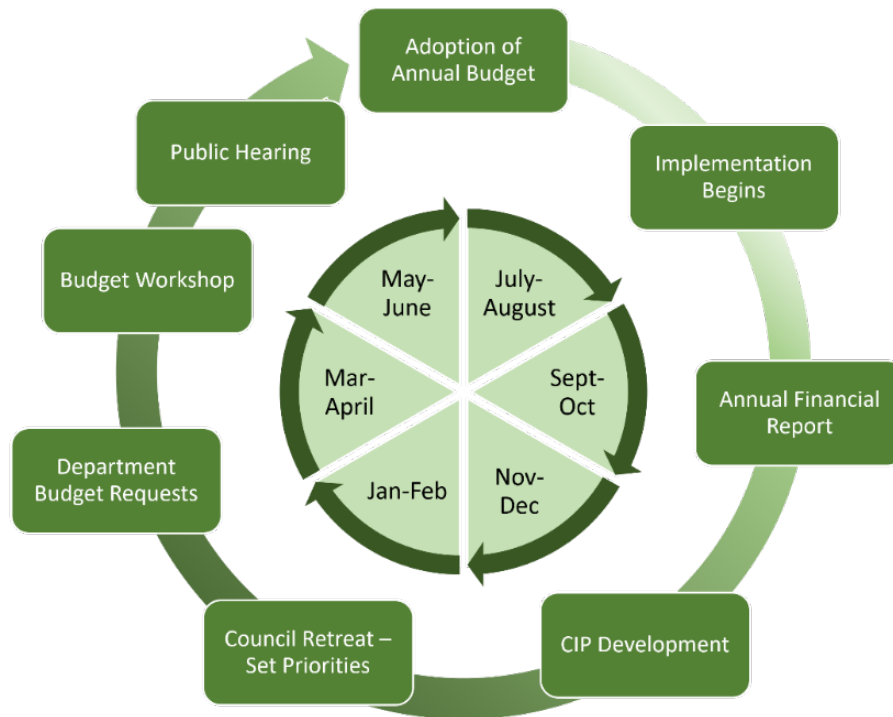
Once the budget is adopted, departments have the ability to expend funds in accordance with the approved budget. The implementation phase may also include budget transfers and budget amendments throughout the fiscal year. Changes in revenues and expenditures can occur that require the budget to be amended 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 \$2,274,917, the majority of which is for the bond issue to pay for the 2022 Beach Nourishment project.

Assessed Value of Real and Personal Property:	\$ 3,227,869,370 (2026 assessment)
Debt Limit (8% of assessed value):	\$ 258,229,550
Debt (net) Applicable to Limit (as of 7/1/2026):	\$ 2,274,917
Legal Debt Margin:	\$ 256,600,206

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% 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, 2026, the Town’s debt obligation, or total outstanding debt, is \$4,044,409. 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 2026-27 Principal	FY 2026-27 Interest	Total Debt Service
2024	Herron Land	Installment Purchase	2,000,000	10	4.08%	200,000.00	69,360.00	269,360.00
2026	Truck 11 Replacement	Installment Purchase	1,769,492	10	3.98%	147,519.40	70,425.78	217,945.18
2022	Beach Nourishment	Special Obligation Bond	2,407,148	5	1.84%	474,917.40	4,369.24	479,286.64
TOTAL								966,591.82

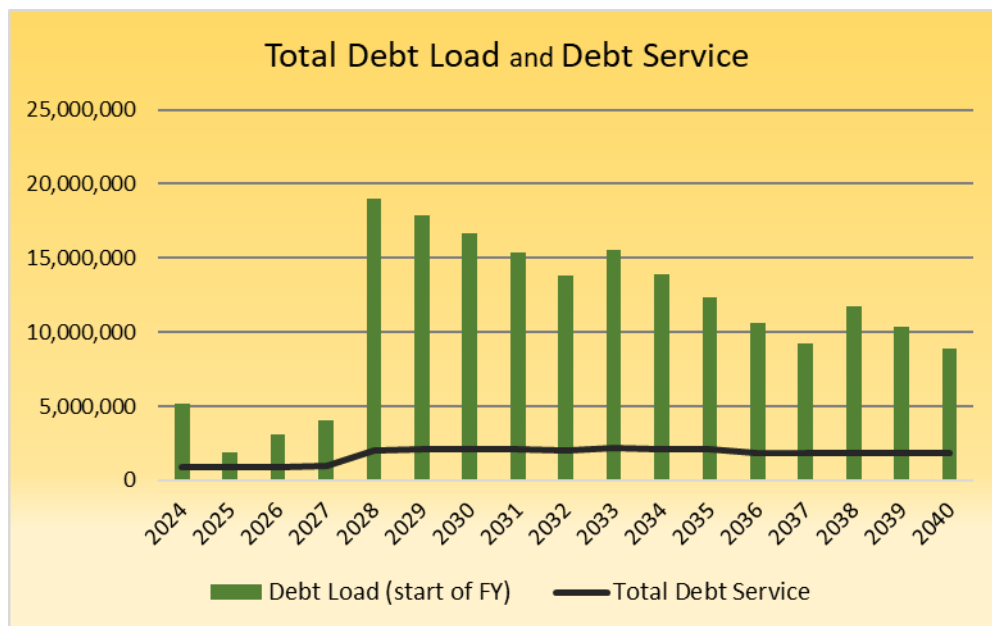
The table on the next page shows the remaining debt on each of these outstanding loans plus future debt service per the Capital Improvement Plan.

Current and Planned Debt												
Herron Land			Patrol Vehicles			Beach Renourishment			Command Vehicle Replacement			
Amount	2,000,000		238,623		2,407,148		150,000					
Term	10 years (2024)		3 years (2022)		5 years (2022)		3 years (2027)					
Interest	0.0408		1.22% (IF) Current (4% projected)		1.84% (SOB)		5% (IF)					
Fiscal Year	Principal	Interest	Total	Debt Load (start of FY)	Principal	Interest	Total	Debt Load (start of FY)	Principal	Interest	Total	Debt Load (start of FY)
2024	0	0	0	0	474,917	30,585	505,502	1,899,670	0	0	0	0
2025	0	40,800	0	0	474,917	21,846	496,764	1,424,752	0	0	0	0
2026	200,000	77,520	277,520	2,000,000	474,917	13,108	488,025	949,835	0	0	0	0
2027	200,000	69,360	269,360	1,800,000	474,917	4,369	479,287	474,917	0	0	0	0
2028	200,000	61,200	261,200	1,600,000	372,963	70,000	442,963	2,000,000	47,581	7,500	55,081	150,000
2029	200,000	53,040	253,040	1,400,000	386,016	56,946	442,963	1,627,037	49,960	5,121	55,081	102,419
2030	200,000	44,880	244,880	1,200,000	399,527	43,436	442,963	1,241,021	52,458	2,623	55,081	52,458
Amount	13,200,000								TOTAL			
Term	20 years (2028)											
Interest	3.5% LOB											
Fiscal Year	Principal	Interest	Total	Debt Load (start of FY)	Principal	Interest	Total	Debt Load (start of FY)	Principal	Interest	Total	Debt Load (start of FY)
2024	0	0	0	0					554,455	32,537	586,992	2,059,714
2025	0	0	0	0					555,425	63,628	578,253	1,505,260
2026	0	0	0	0					674,917	90,628	765,545	2,949,835
2027	0	0	0	0	147,519	70,426	217,945	1,769,492	822,437	144,155	966,592	4,044,409
2028	466,766	462,000	928,766	13,200,000	153,391	64,555	217,945	1,621,973	1,329,184	676,303	2,005,487	18,848,182
2029	483,103	445,663	928,766	12,733,234	159,496	58,450	217,945	1,468,582	1,438,951	635,264	2,074,215	17,732,370
2030	500,012	428,755	928,766	12,250,131	165,844	52,102	217,945	1,309,086	1,555,035	590,215	2,145,250	16,513,191

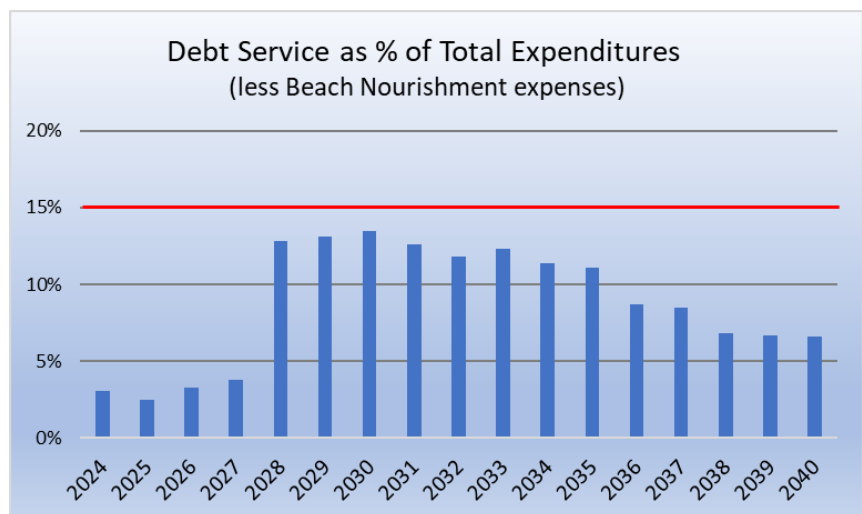
Debt Ratios

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.

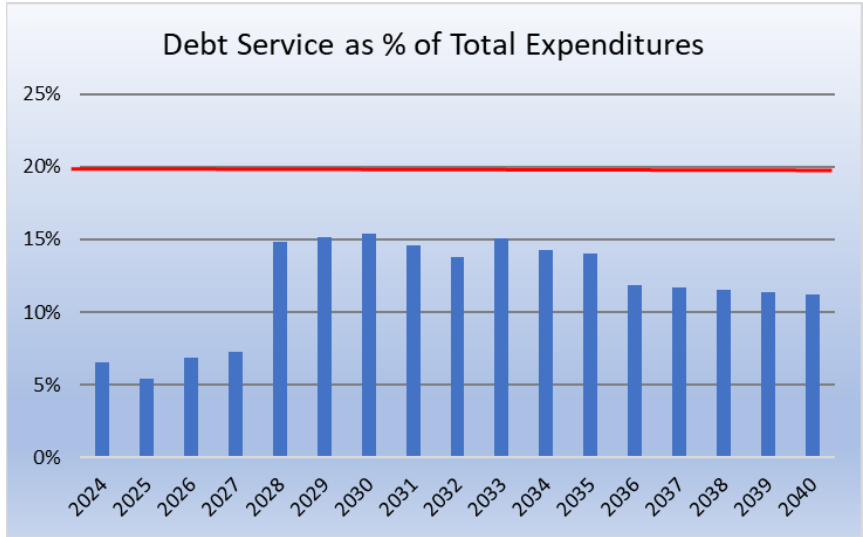
The chart below shows the total debt load (amount of principal outstanding) at the beginning of each fiscal year and the amount of debt service (principal and interest) due in that year for all outstanding debt and future debt contemplated by the CIP.



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, 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, we remain below this target even with issuing the 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.



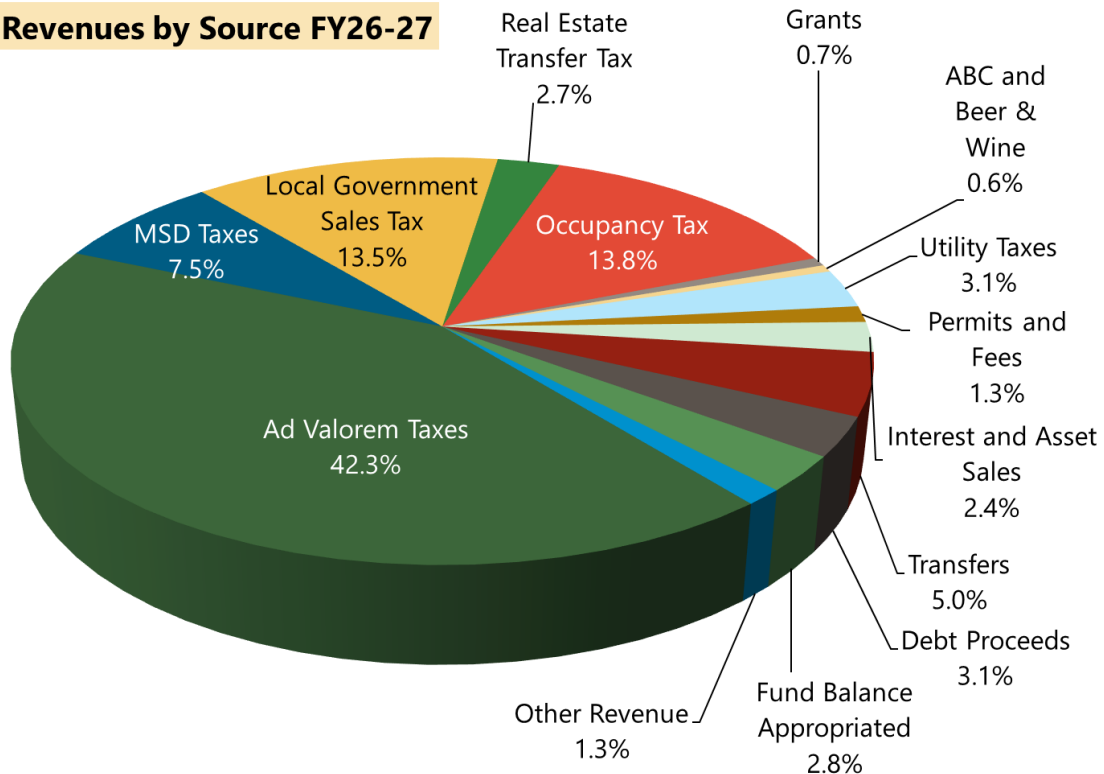
Our goal is to amortize at least 55% of our total debt in 10 years or less. Assuming new debt service is issued per the CIP, we will be outside of this goal and remain outside until debt is retired for the anticipated construction of the Public Safety building and ladder truck purchase. This ratio will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



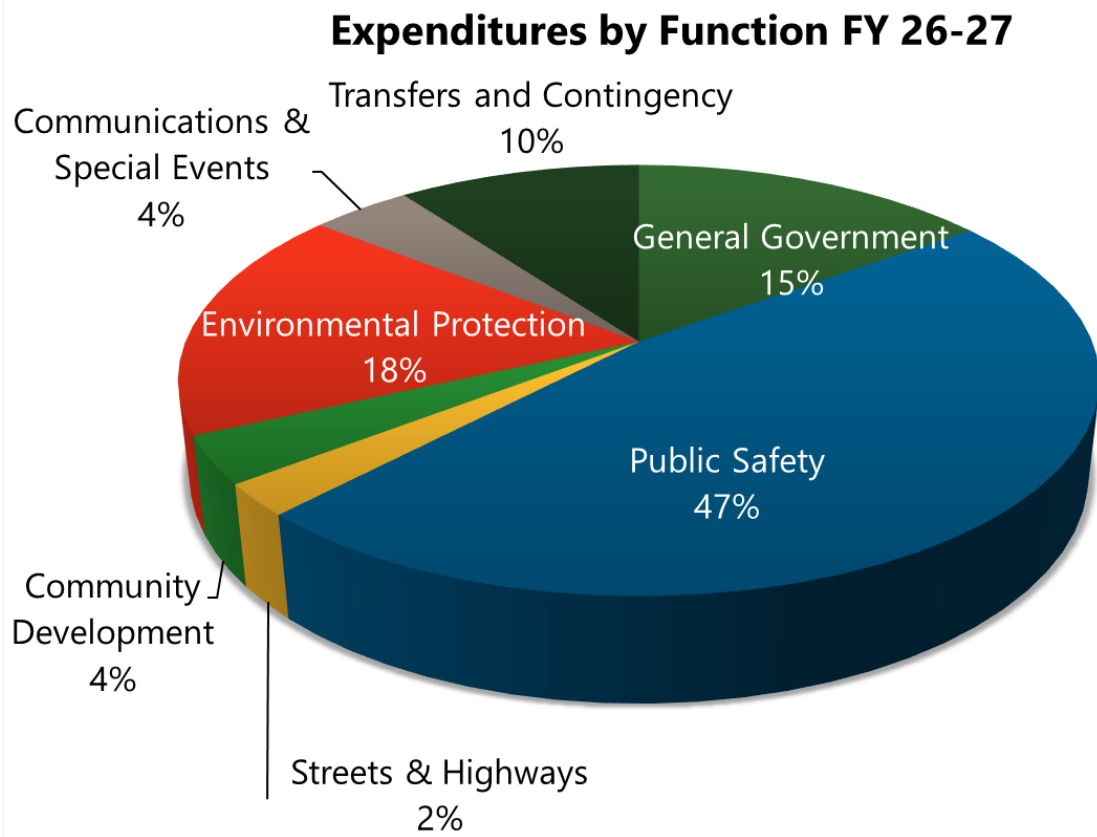
Budget Summary

Revenues by Source						
Source	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Ad Valorem Taxes	4,811,438	5,566,115	5,803,023	5,803,023	236,908	4.3%
MSD Taxes	1,026,820	1,024,119	1,029,445	1,029,445	5,327	0.5%
Local Government Sales Tax	2,112,138	1,800,000	1,850,000	1,850,000	50,000	2.8%
Real Estate Transfer Tax	501,391	375,000	375,000	375,000	0	0.0%
Occupancy Tax	2,032,307	1,900,000	1,900,000	1,900,000	0	0.0%
Grants	59,710	196,986	94,822	94,822	(102,164)	-51.9%
ABC and Beer & Wine	79,160	93,000	78,000	78,000	(15,000)	-16.1%
Utility Taxes	495,502	420,000	420,000	420,000	0	0.0%
Permits and Fees	197,705	177,000	177,000	177,000	0	0.0%
Interest and Asset Sales	437,702	325,000	327,000	327,000	2,000	0.6%
Transfers	557,159	905,525	679,287	679,287	(226,238)	-25.0%
Debt Proceeds	2,000,000	0	426,209	426,209	426,209	
Fund Balance Appropriated	0	2,790,946	0	389,292	(2,401,654)	-86.1%
Other Revenue	206,831	264,085	173,300	173,300	(90,785)	-34.4%
Total	14,517,864	15,837,776	13,333,087	13,722,379	(2,115,397)	-13.4%

Revenues by Source FY26-27



Expenditures by Function						
Function	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
General Government	3,787,442	2,124,825	2,085,985	1,880,185	(244,640)	-11.5%
Public Safety	5,320,396	7,672,789	6,574,248	6,567,248	(1,105,541)	-14.4%
Streets & Highways	211,464	517,751	336,938	336,938	(180,813)	-34.9%
Community Development	394,939	400,271	499,380	499,380	99,109	24.8%
Environmental Protection	4,561,807	3,200,385	2,442,051	2,442,051	(758,334)	-23.7%
Communications & Special Events	506,419	539,206	585,708	585,708	46,503	8.6%
Transfers and Contingency	1,440,631	1,382,549	1,410,867	1,410,868	28,319	2.0%
Total	16,223,098	15,837,775	13,935,178	13,722,379	(2,115,396)	-13.4%



Revenue

This section outlines the basis for the budget numbers we use in the revenue portion of our budget. Each major source is explained below to give some background on the source of the revenue, and to give the reader an indication of the stability of the sources. We 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	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Ad Valorem Tax - Current Year	4,748,544	5,523,584	5,762,023	5,762,023	238,439	4.32%
Ad Valorem Tax - Prior Year	2,603				0	
Prior Year Tax, Penalties & Interest	6,428	6,351	5,000	5,000	(1,351)	-21.27%
Motor Vehicle Tax	53,863	36,180	36,000	36,000	(180)	-0.50%
Occupancy Tax	2,032,307	1,900,000	1,900,000	1,900,000	0	
MSDA	660,166	664,186	667,641	667,641	3,455	0.52%
MSDB	359,117	359,933	361,805	361,805	1,872	0.52%
Real Estate Transfer Tax	501,391	375,000	375,000	375,000	0	
MSD - Prior Year	237				0	
MSD-A-Vehicle	5,280				0	
MSD-B-Vehicle	2,020				0	
ABC and Mixed Beverage Profits	76,065	90,000	75,000	75,000	(15,000)	-16.67%
Beer and Wine	3,095	3,000	3,000	3,000	0	
Local Government Sales Tax	2,112,138	1,800,000	1,850,000	1,850,000	50,000	2.78%
Solid Waste Disposal Tax	598	300	300	300	0	
Utility Franchise Tax	495,502	420,000	420,000	420,000	0	
Investment Earnings	336,775	300,000	300,000	300,000	0	
FEMA Sinking Fund Interest	17,256				0	
Building Rental Fees	44,835	49,000	35,000	35,000	(14,000)	-28.57%
Building Permits	182,037	170,000	170,000	170,000	0	
Other Permits	15,669	7,000	7,000	7,000	0	
Visitor's Bureau Grant	13,549	13,000	8,000	8,000	(5,000)	-38.46%
Shoreline Grant (County)	24,000	24,000	24,000	24,000	0	
Government Access Channel Grant (LDPI)	2,000	5,000	5,000	5,000	0	
Superior Clerk of Court	279	300	300	300	0	
State, County, NCLM, NCACP Grants	19,882	154,686	57,522	57,522	(97,164)	-62.81%
Memory Lane	11,041	45,000	10,000	10,000	(35,000)	-77.78%
Police Donations	10,275	37,785	5,000	5,000	(32,785)	-86.77%
Sponsorship Revenue	92,630	100,000	54,000	54,000	(46,000)	-46.00%
Forfeiture to BOA	395				0	
Gain on sale of vehicles & Other Surplus Assets	83,671	25,000	27,000	27,000	2,000	8.00%
Debt Proceeds	2,000,000		426,209	426,209	426,209	
Miscellaneous Income - Other	26,656	10,000	45,000	45,000	35,000	350.00%
Merchandise Revenue	20,401	22,000	24,000	24,000	2,000	9.09%
Transfers from Capital Reserve	557,159				0	
Transfers from Beach Nourishment Fund		905,525	679,287	679,287	(226,238)	-24.98%
Fund Balance		2,790,946		389,292	(2,401,654)	-86.05%
Total	14,517,864	15,837,776	13,333,087	13,722,379	(2,115,397)	-13.36%

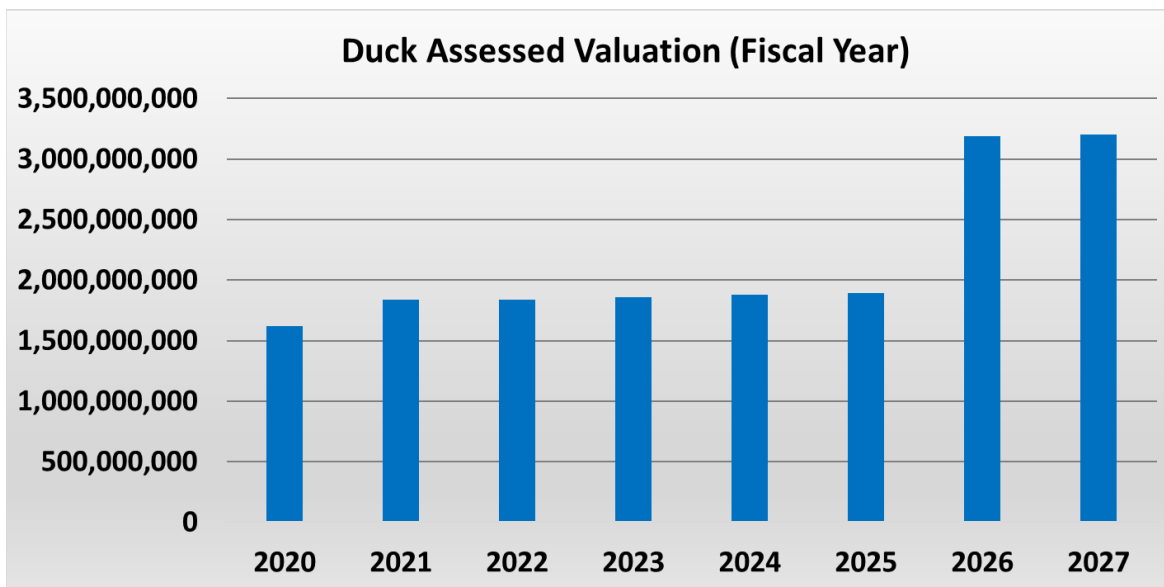
Ad Valorem Property Tax

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.

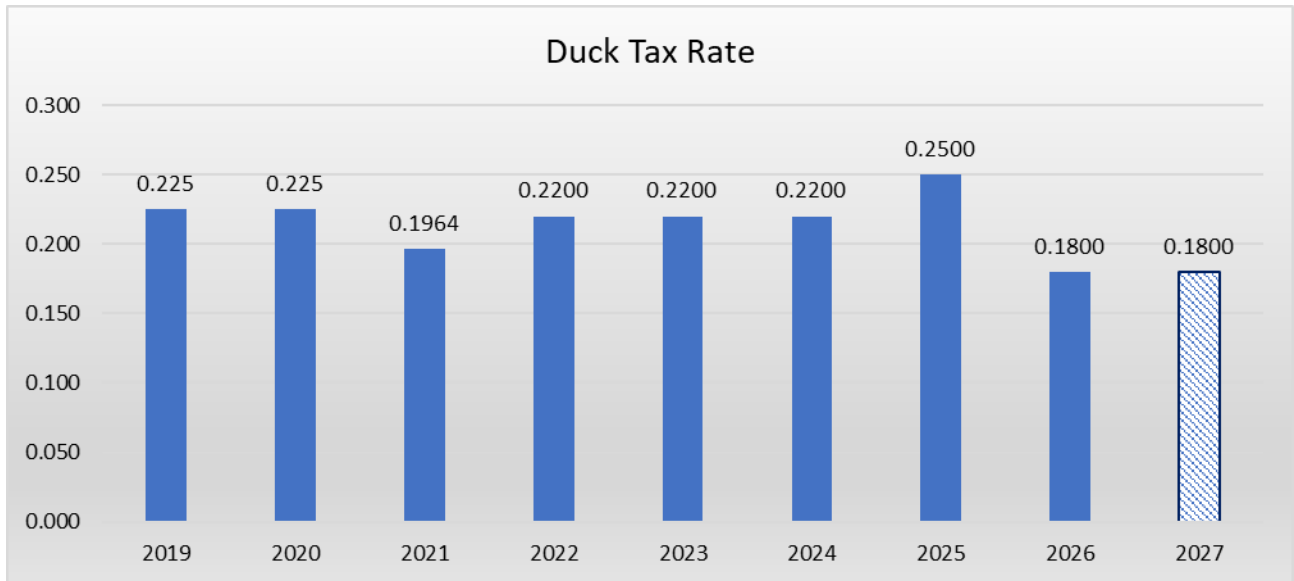
North Carolina law requires all counties to reappraise or revalue real property at least once every eight years. The purpose is to make sure assessed property values accurately reflect their market value so that the property tax burden is spread equitably among all property types. Dare County departed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

Our tax base, as shown in the chart below, increased over \$202 million or 12.5% in FY 2021 due to the revaluation by Dare County and increased approximately \$1.2 billion based upon the 2026 revaluation.

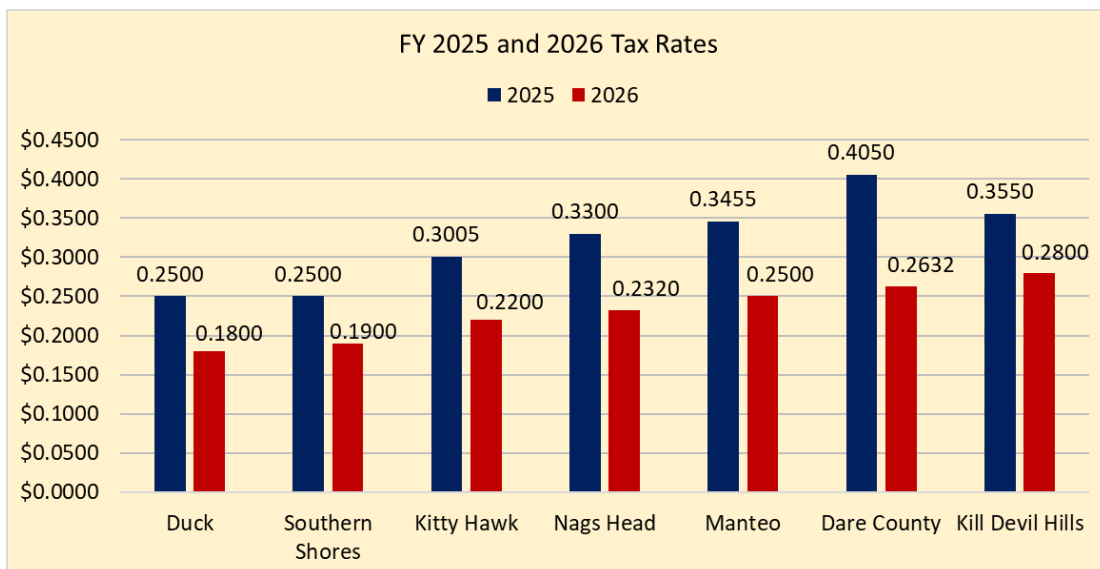


As shown on the chart below, the tax rate remained stable since 2022 when it was increased from the revenue neutral rate of 19.64 cents to 22 cents per \$100 of assessed valuation. For FY 2025, the rate was increased to 25 cents to attempt to keep pace with higher costs due to inflation while still accomplishing needed projects. In FY 2026 the rate was set at \$0.18 which was 2.45 cents above the revenue-neutral rate.

For the purposes of the draft budget, and per Council general direction, the current tax rate of \$0.18 is used for FY 2027.



This chart shows how our rate compared to other towns in Dare County in FY 2024-25 and FY 2025-26 and shows the County's rate as well. Even with the tax rate increase last year, we have the lowest tax rate of all the towns in Dare County.



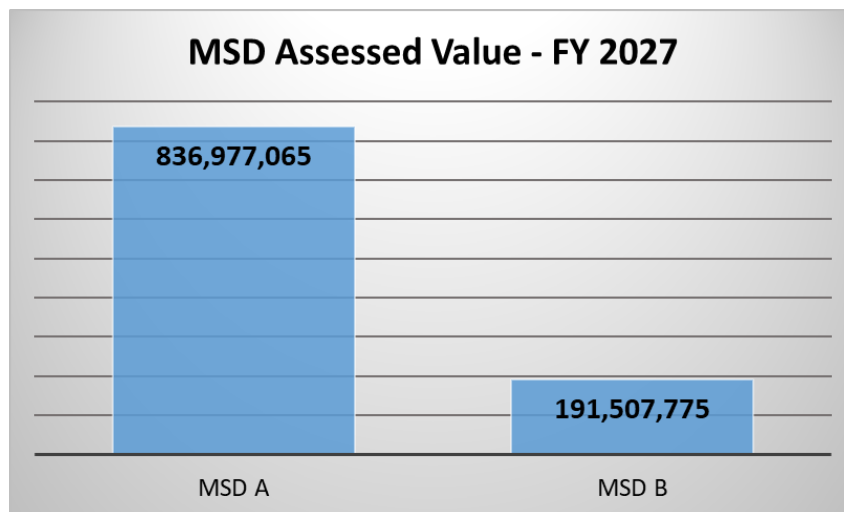
Municipal Service District (MSD) Tax Rates

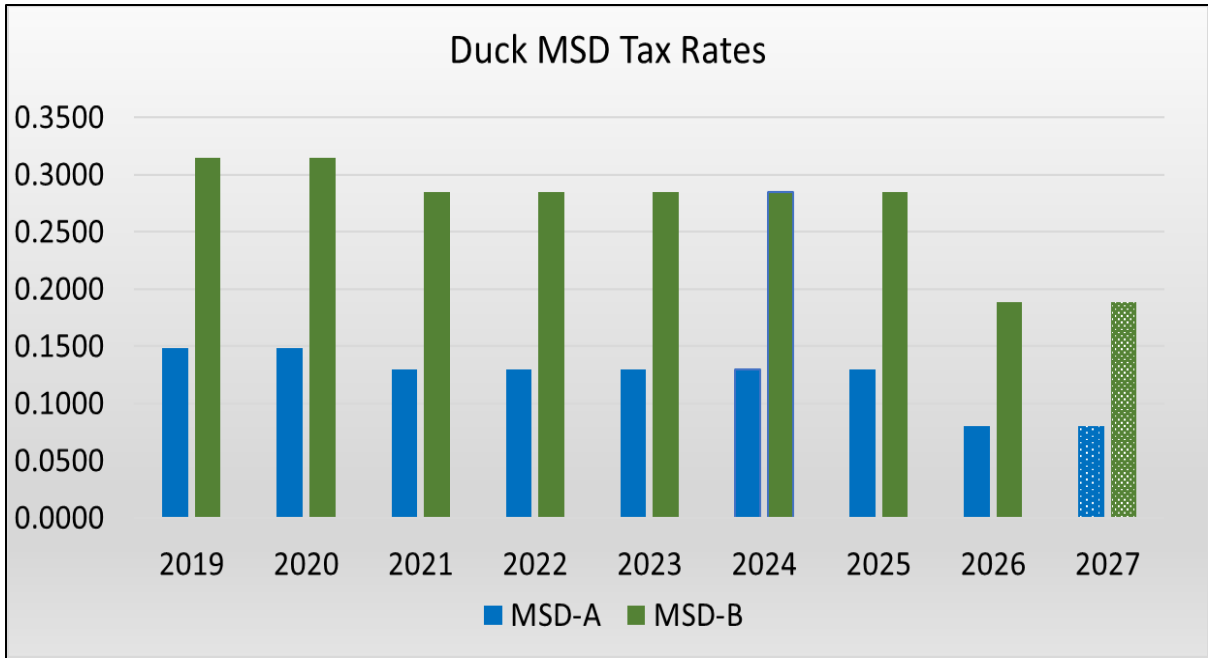
In addition to the Town-wide property tax rate, the Town of Duck was granted authority to create two Municipal Service Districts (MSDs) and collect a separate tax on properties in each, with the revenue from this tax restricted to expenses related to beach nourishment projects. The original rates associated 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 the local government sales tax that would also come into the beach nourishment fund.

In FY 2025-26, following the revaluation, the rates for both MSDs were set to the revenue neutral rate. The current draft budget maintains these rates (MSD-A \$0.0798 and MSD-B \$0.1890) as they are adequate to cover debt service and other expenses related to beach nourishment.

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.

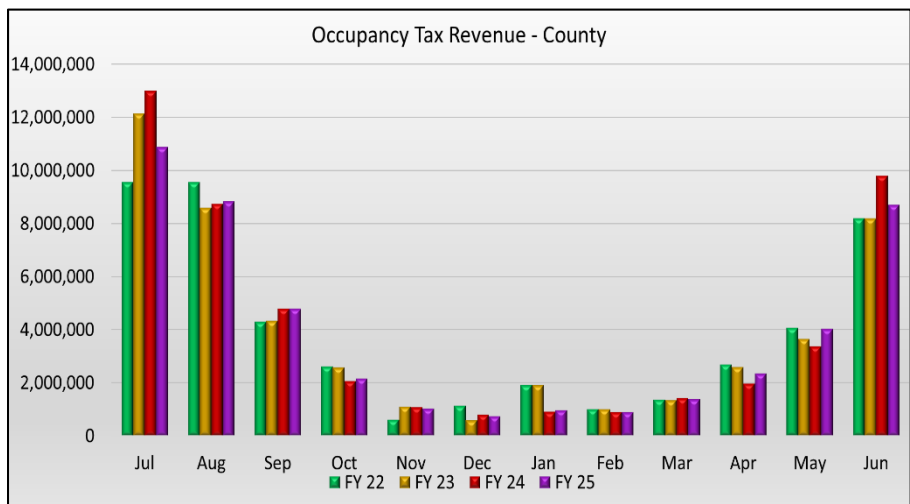




Occupancy Tax

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.



The tax 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. 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 six 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 associated with non-hardening activities such as the planting of vegetation, the building of dunes, and the placement of sand fences.

Gross	46,944,134
Cost of Collection	53,391
Dare County	7,501,018
Kill Devil Hills	4,530,053
Kitty Hawk	2,029,119
Manteo	943,628
Nags Head	4,694,231
Southern Shores	1,710,326
Duck	2,032,307
Tourism Board	7,816,687
Beach Nourishment	15,633,374

This table shows how the gross amount of Occupancy Taxes collected in Fiscal Year 2024-25 was distributed.

The table below shows the annual revenue received by the Town over the past four full fiscal years. In FY 2024-25, the revenue from this tax, as predicted, decreased compared to the prior year. In FY 2025-26, we budgeted for a slight decline from the actual amount received in 2024-25 and, based upon current trends, we expect to meet or slightly exceed what is in the current budget. While we expect this revenue source to remain strong, we do not predict an increase over what is received in FY 2025-26.

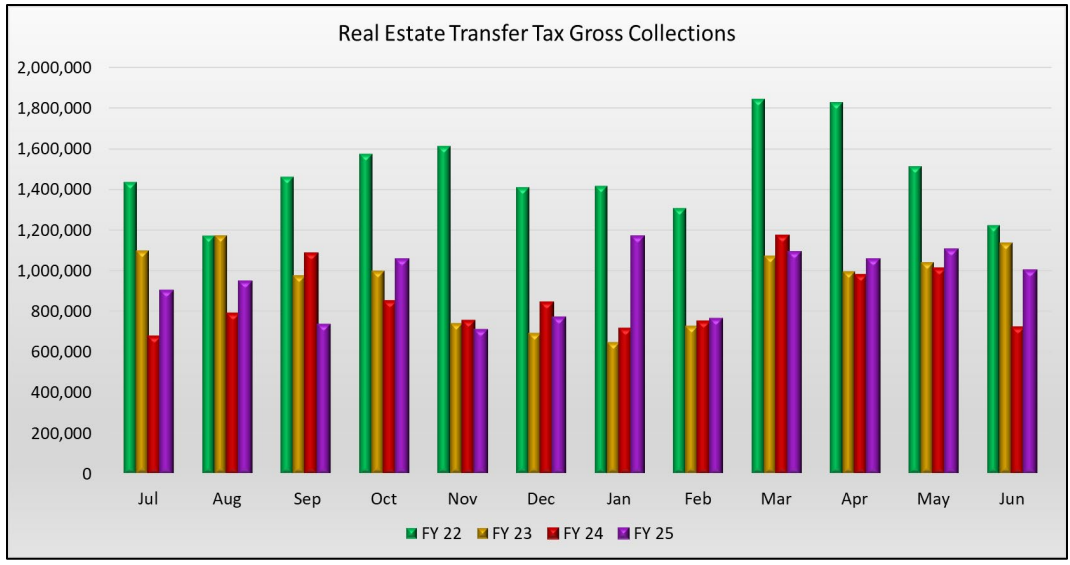
	2021-22	2022-23	2023-24	2024-25
Revenue	2,131,759	2,233,398	2,265,416	2,032,307
Change	2.15%	4.77%	1.43%	-10.29%
			4-year average	-0.48%

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 2021-22 being a record setting year. In FY 2023-24 we saw a reduction in this source of revenue and a small increase in FY 2024-25. Thus far in FY 2025-26 we are seeing a small increase in revenue compared to the prior fiscal year when looking at gross tax collections.



Our budget is based upon an assumption of a continuation of the activity level we saw last fiscal year and thus far this fiscal year.

	2021-22	2022-23	2023-24	2024-25
Revenue	826,337	535,483	489,290	501,391
Change	-3.18%	-35.20%	-8.63%	2.47%
			4-year average	-11.13%

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 moderation in this revenue source will continue and predicts a slight decrease in total revenue.

	2021-22	2022-23	2023-24	2024-25
ABC Profit Distribution	84,416	81,540	86,170	76,065
Change	51.91%	-3.41%	5.68%	-11.73%
	4- year average			10.61%

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 2024-25.

	2021-22	2022-23	2023-24	2024-25
Beer and Wine Tax	2,953	3,445	3,749	3,095
Change	74.58%	16.65%	8.84%	-17.45%
	4- year average			20.65%

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.

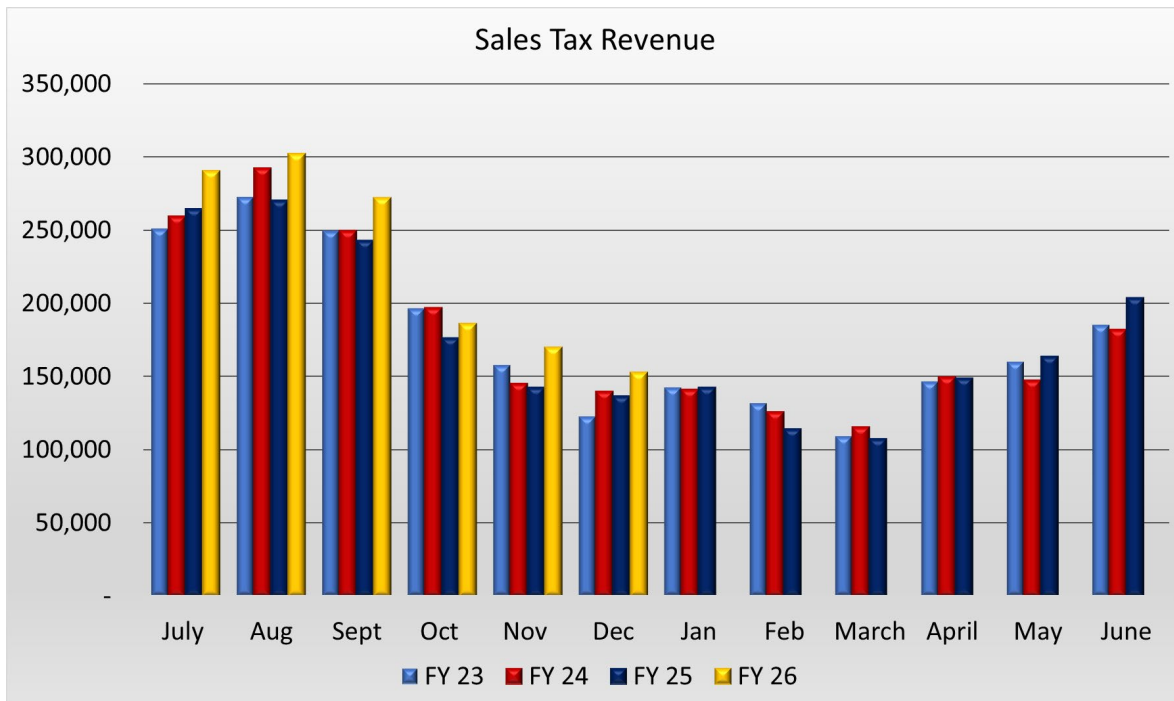
All local sales taxes are collected by the State, along with their 4.75% sales tax, and the local portion is distributed (after the State subtracts collection costs) to the 100 counties in the state. Once the County receives the proceeds, it distributes them to the localities within that county by one 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 2025 levy in each town and the corresponding proportion of the total levy.

2025	Levy	% of Total	Tax Rate
DARE COUNTY	83,096,071	66.48%	0.4050
DUCK	5,821,864	4.66%	0.2500
KILL DEVIL HILLS	11,861,242	9.49%	0.3550
KITTY HAWK	5,241,346	4.19%	0.3005
MANTEO	2,455,299	1.96%	0.3455
NAGS HEAD	12,073,278	9.66%	0.3300
SOUTHERN SHORES	4,449,595	3.56%	0.2358
TOTAL	124,998,695	100.00%	

We track each of the components of the sales tax and attempt to be alert to significant trends as they occur. We also attend economic briefings that allow us to maintain a state and national perspective on the factors that might impact our local economy, and thus our revenue. While we anticipated a significant negative impact on this revenue due to the pandemic in FY 2020-21 and were cautious in FY 2021-22, we saw fairly significant growth in this revenue stream during the pandemic and in the years that followed. In the current fiscal year (FY 2025-26), we are seeing a small increase 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.

	2021-22	2022-23	2023-24	2024-25
Sales Tax	1,913,101	2,124,121	2,143,722	2,112,138
Change	7.85%	11.03%	0.92%	-1.47%
		4 - year average		4.58%

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, the draft budget reflects only a small change 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 15.2% of our sales tax revenue must be transferred to the Beach Nourishment fund and used only for that purpose.

Solid Waste Disposal Tax

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.

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 2024-25 we received \$465,006 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 2024-25 we received \$27,693 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 2024-25 we received \$2,804 in revenue from this tax.

This budget reflects a moderation in this revenue and keeps the budgeted amount the same as in the FY 2025-26 budget for the combination of all three tax components.

	2021-22	2022-23	2023-24	2024-25
Utility Franchise Tax	389,091	419,868	452,718	495,502
Change	1.41%	7.91%	7.82%	9.45%
	4- year average			6.65%

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 2025-26 budget.

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.

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 two years ago, so smaller repair/improvement jobs will no longer require a permit.

	2021-22	2022-23	2023-24	2024-25
Permits and Inspections	201,650	203,524	190,058	197,705
Change	-1.70%	0.93%	-6.62%	4.02%
		4- year average		-0.84%

FY 2025-26 revenue is fairly close to our expectations and while we have seen some increase in activity, there is nothing to indicate that this will continue to increase or 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 2025-26.

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 2026-27 we are anticipating the receipt of funding from:

Dare County Visitors’ Bureau – for assistance with the production of the 2027 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.

NC Cyber Security Grant – this grant will help fund improvement in our cyber security infrastructure, policies, and incident response planning. Our required 30% match for this \$49,522 grant is budgeted in the IT department.

State, County, NCLM, NCACP Grants – Included in this line are a \$3,000 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 2026-27, receiving \$5,000 to offset some of the costs video content for TV and social media.

Clerk of Superior Court

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

Memory Lane

This line contains the revenue from the Memory Lane brick project begun in FY 2022-23. The expense for brick purchases is shown in the Public Facilities department.

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 501[c](3) 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.

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 2026-27 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.

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 2026-27 budget reflects the fact that we plan to surplus four police vehicles, one light duty truck, and some other miscellaneous items.

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 2026-27, we plan to issue debt to purchase four replacement police patrol vehicles and two replacement light duty "command" vehicles for the fire department.

Miscellaneous Revenue – Other

This line contains other non-classified miscellaneous revenue.

Merchandise Revenue

This was a new line three years ago to account for revenue from the sale of merchandise at 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 allows for ease of tracking profit/loss for these sales.

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, and in the case of the transfer in FY 2026-27, it represents a transfer from the Beach Nourishment fund to make debt service payments for the 2022 beach renourishment project and for expenses related to the preparation for the 2027 renourishment project.

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. The 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 2026-27 we plan to appropriate some fund balance in order to complete some capital projects without modifying the tax rate.

Revenue Summary

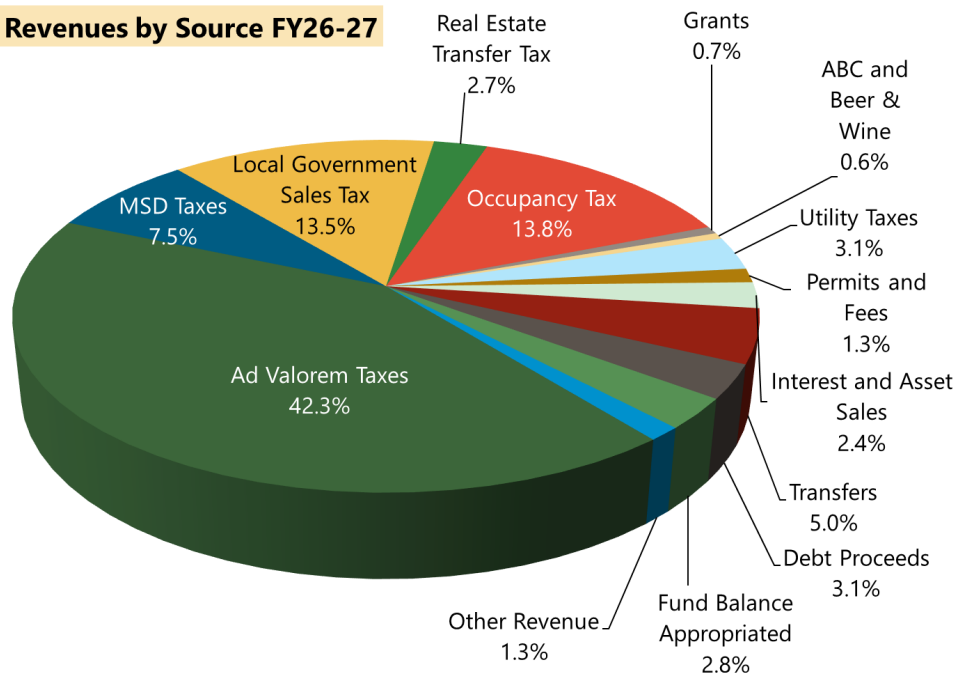
While we enjoyed strong revenue growth emerging from the pandemic, we have seen these rates of growth moderate over the past few years. Because of this, we have opted to remain cautious in our estimation of revenue sources that are dependent upon a robust national economic climate. While most experts seem to agree that there will be continued inflationary pressure on the economy, we do anticipate that inflation data will continue to show rates approaching 3% when compared to the prior year. Some experts are predicting rate changes as lower than 3%, based upon the Federal Reserve (the Fed) 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 2026 around 6%. 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, slightly 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 2026-27, we anticipate that 49.8% 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.

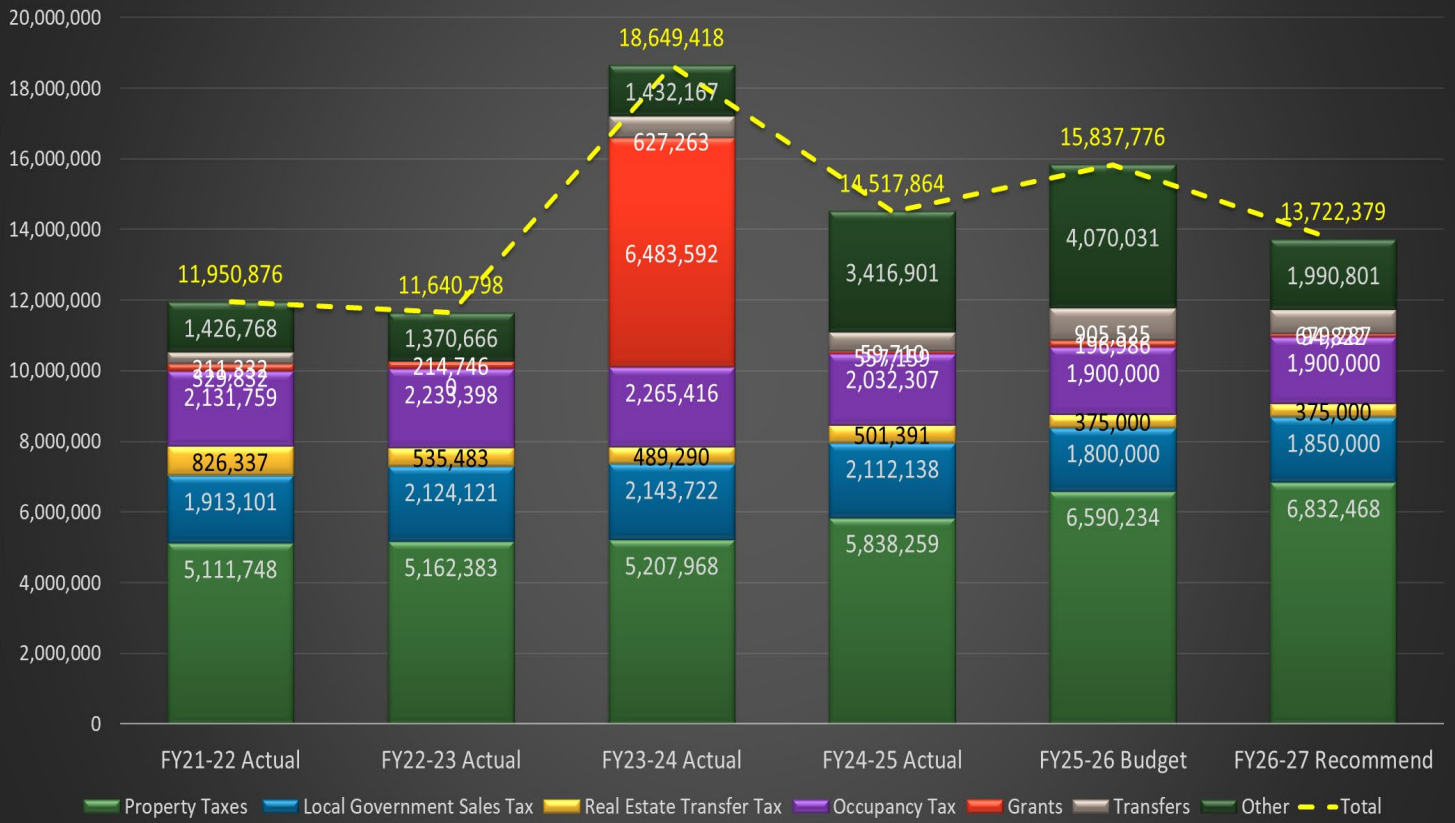
Revenues by Source						
Source	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Ad Valorem Taxes	4,811,438	5,566,115	5,803,023	5,803,023	236,908	4.3%
MSD Taxes	1,026,820	1,024,119	1,029,445	1,029,445	5,327	0.5%
Local Government Sales Tax	2,112,138	1,800,000	1,850,000	1,850,000	50,000	2.8%
Real Estate Transfer Tax	501,391	375,000	375,000	375,000	0	0.0%
Occupancy Tax	2,032,307	1,900,000	1,900,000	1,900,000	0	0.0%
Grants	59,710	196,986	94,822	94,822	(102,164)	-51.9%
ABC and Beer & Wine	79,160	93,000	78,000	78,000	(15,000)	-16.1%
Utility Taxes	495,502	420,000	420,000	420,000	0	0.0%
Permits and Fees	197,705	177,000	177,000	177,000	0	0.0%
Interest and Asset Sales	437,702	325,000	327,000	327,000	2,000	0.6%
Transfers	557,159	905,525	679,287	679,287	(226,238)	-25.0%
Debt Proceeds	2,000,000	0	426,209	426,209	426,209	
Fund Balance Appropriated	0	2,790,946	0	389,292	(2,401,654)	-86.1%
Other Revenue	206,831	264,085	173,300	173,300	(90,785)	-34.4%
Total	14,517,864	15,837,776	13,333,087	13,722,379	(2,115,397)	-13.4%

Revenues by Source FY26-27



Revenue						
Account Description	FY24-25 Actual	FY25-26 Budget	FY25-26 Estimate	FY26-27 Recommend	Variance v. CY	% Change
Ad Valorem Tax - Current Year	4,748,544	5,523,584	5,695,537	5,762,023	238,439	4.32%
Ad Valorem Tax - Prior Year	2,603		0		0	
Prior Year Tax, Penalties & Interest	6,428	6,351	1,000	5,000	(1,351)	-21.27%
Motor Vehicle Tax	53,863	36,180	36,180	36,000	(180)	-0.50%
Occupancy Tax	2,032,307	1,900,000	2,000,000	1,900,000	0	
MSDA	660,166	664,186	678,671	667,641	3,455	0.52%
MSDB	359,117	359,933	379,455	361,805	1,872	0.52%
Real Estate Transfer Tax	501,391	375,000	400,000	375,000	0	
MSD - Prior Year	237		150		0	
MSD-A-Vehicle	5,280		2,100		0	
MSD-B-Vehicle	2,020		300		0	
ABC and Mixed Beverage Profits	76,065	90,000	80,000	75,000	(15,000)	-16.67%
Beer and Wine	3,095	3,000	3,000	3,000	0	
Local Government Sales Tax	2,112,138	1,800,000	2,000,000	1,850,000	50,000	2.78%
Solid Waste Disposal Tax	598	300	300	300	0	
Utility Franchise Tax	495,502	420,000	420,000	420,000	0	
Investment Earnings	336,775	300,000	350,000	300,000	0	
FEMA Sinking Fund Interest	17,256				0	
Building Rental Fees	44,835	49,000	50,000	35,000	(14,000)	-28.57%
Building Permits	182,037	170,000	170,000	170,000	0	
Other Permits	15,669	7,000	8,000	7,000	0	
Visitor's Bureau Grant	13,549	13,000	13,000	8,000	(5,000)	-38.46%
Shoreline Grant (County)	24,000	24,000	24,000	24,000	0	
Government Access Channel Grant (LDPI)	2,000	5,000	5,000	5,000	0	
Superior Clerk of Court	279	300	400	300	0	
State, County, NCLM, NCACP Grants	19,882	154,686	154,000	57,522	(97,164)	-62.81%
Memory Lane	11,041	45,000	13,500	10,000	(35,000)	-77.78%
Police Donations	10,275	37,785	33,035	5,000	(32,785)	-86.77%
Sponsorship Revenue	92,630	100,000	47,000	54,000	(46,000)	-46.00%
Forfeiture to BOA	395				0	
Gain on sale of vehicles & Other Surplus Assets	83,671	25,000	25,000	27,000	2,000	8.00%
Debt Proceeds	2,000,000			426,209	426,209	
Miscellaneous Income - Other	26,656	10,000	33,000	45,000	35,000	350.00%
Merchandise Revenue	20,401	22,000	22,000	24,000	2,000	9.09%
Transfers from Capital Reserve	557,159				0	
Transfers from Beach Nourishment Fund		788,025	788,025	679,287	(108,738)	-13.80%
Fund Balance		2,790,946	1,021,454	389,292	(2,401,654)	-86.05%
Total	14,517,864	15,720,276	14,454,107	13,722,379	(1,997,897)	-12.71%

Revenue by Type



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:

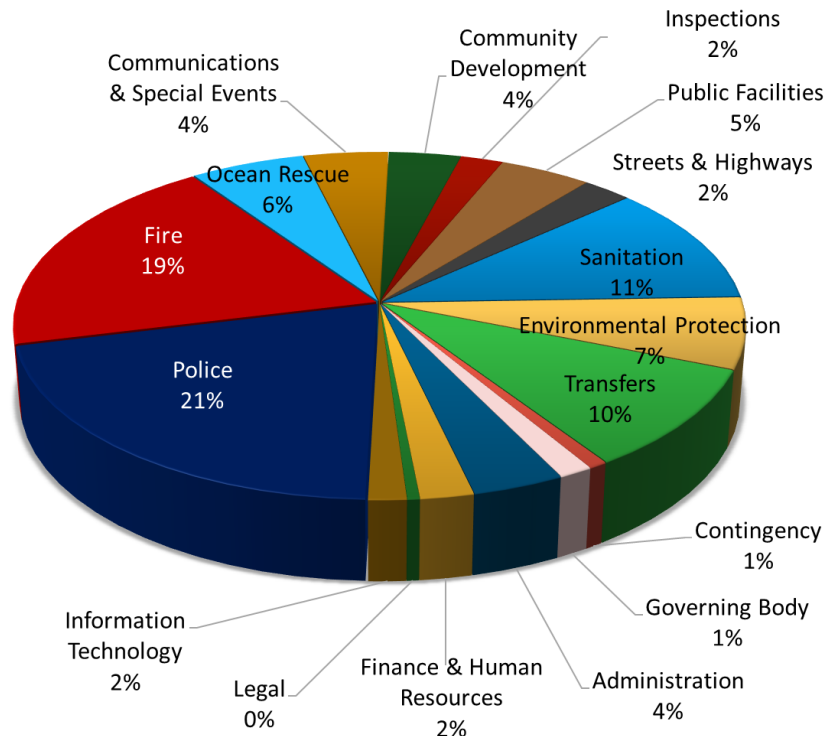
- **Governing Body:**
 - Expenses related to the Town Council and all Property and Liability Insurance premiums.
- **Administration:**
 - Expenses related to the general administration and management of the Town.
- **Finance and Human Resources:**
 - Expenses for financial services such as financial 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. Additionally it includes 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 are costs related to a grant match for security upgrades and a cyber-attack response plan.
- **Police:**
 - Expenses related to the Duck Police Department. Included this year are a replacement speed sign and the scheduled replacement of three police vehicles.
- **Fire:**
 - Expenses for the operation of the Duck Fire Department and include a new full-time Fire Marshal position as explained in the Personnel section of this document. It also includes the replacement of two command vehicles, new debt service for a replacement ladder truck, and planned replacement of turn out gear, hose, and nozzles.
- **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, 4th 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 26-27 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.
- **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.

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 2026-27 requested budget that reflects a significant reduction in expenditures compared to the initial gross needs budget presented by Department Directors.

Expenditures by Department						
Department Expenditures	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Governing Body	155,218	177,124	184,181	184,181	7,057	3.98%
Administration	427,681	460,329	496,886	496,886	36,557	7.94%
Finance & Human Resources	241,482	260,127	313,981	288,981	28,854	11.09%
Legal	64,544	91,720	66,720	66,720	(25,000)	-27.26%
Information Technology	158,674	186,706	256,068	206,068	19,361	10.37%
Police	2,294,133	2,508,602	2,846,380	2,839,380	330,777	13.19%
Fire	2,026,202	3,855,765	2,643,648	2,643,648	(1,212,116)	-31.44%
Ocean Rescue	764,283	1,037,795	792,290	792,290	(245,505)	-23.66%
Communications & Special Events	506,419	539,206	585,708	585,708	46,503	8.62%
Community Development	394,939	400,271	499,380	499,380	99,109	24.76%
Inspections	235,778	270,627	291,931	291,931	21,304	7.87%
Public Facilities	2,739,843	948,819	768,150	637,350	(311,469)	-32.83%
Streets & Highways	211,464	517,751	336,938	336,938	(180,813)	-34.92%
Sanitation	1,445,702	1,501,220	1,531,264	1,531,264	30,045	2.00%
Environmental Protection	3,116,104	1,581,665	910,787	910,787	(670,878)	-42.42%
Transfers	1,440,631	1,305,655	1,309,867	1,309,867	4,212	0.32%
Contingency	0	76,894	101,000	101,001	24,107	31.35%
Total	16,223,098	15,720,275	13,935,178	13,722,379	(1,997,896)	-12.7%

Expenditures by Department FY 2026-27



The reductions made from the original gross needs budget are shown in the attached "Budget Changes" document. While this summary shows a fairly significant decrease in expenditures, they are mostly due to the purchase of a ladder truck and the Town Park shoreline project in the current fiscal year.

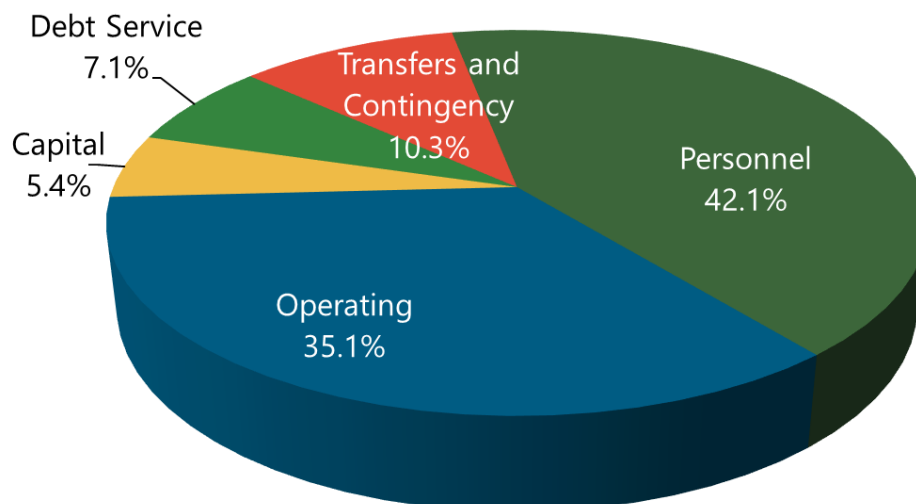
Expenditures by Type

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

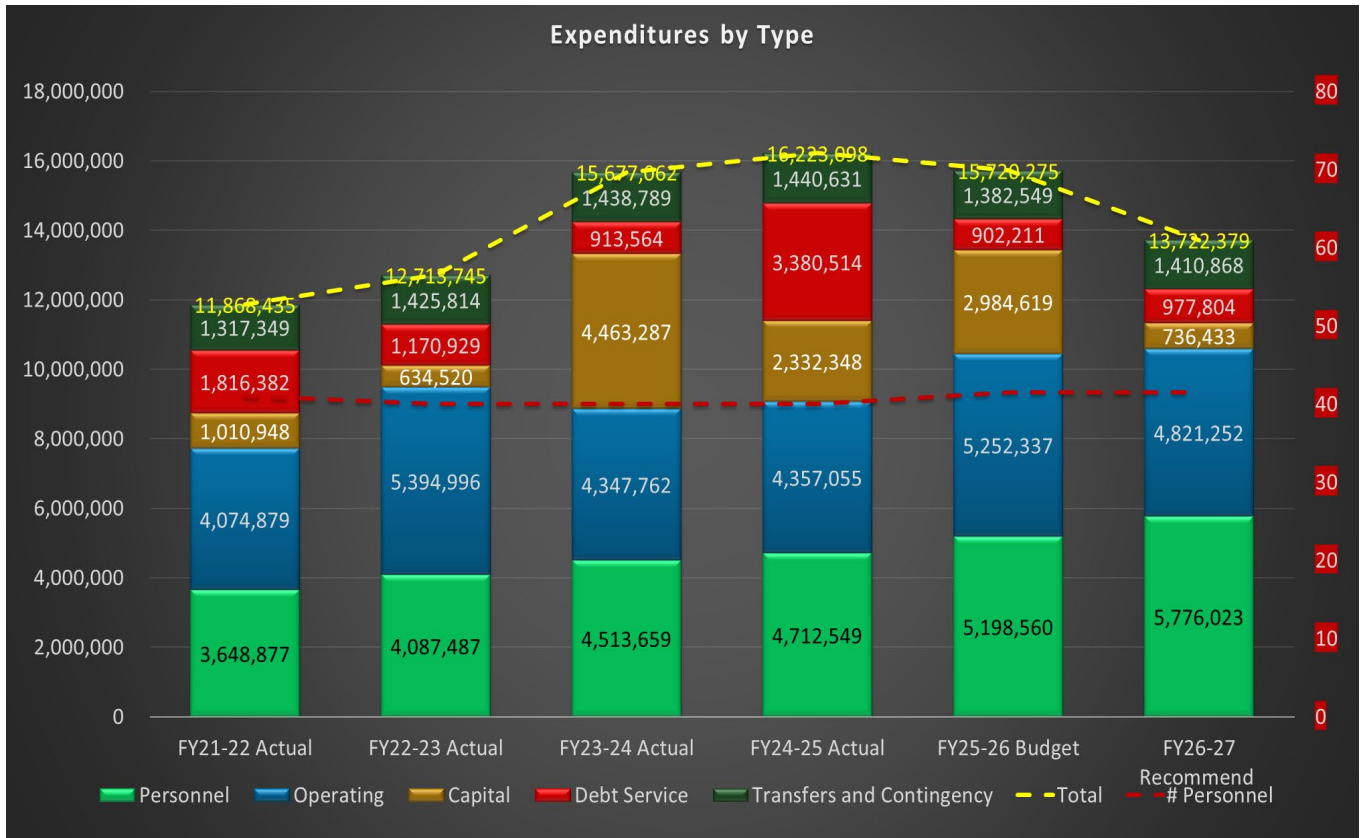
- **Personnel** – accounts for salaries, overtime, FICA, retirement, 401k, medical insurance, and workers' compensation insurance.
- **Operating** – accounts for all expenses for contracted services, professional services, supplies and materials, and small item purchases.
- **Capital** – accounts for 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	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Personnel	4,712,549	5,198,560	5,776,023	5,776,023	577,463	11.1%
Operating	4,357,055	5,252,337	4,821,252	4,821,252	(431,085)	-8.2%
Capital	2,332,348	2,984,619	736,433	736,433	(2,248,186)	-75.3%
Debt Service	3,380,514	902,211	977,804	977,804	75,593	8.4%
Transfers and Contingency	1,440,631	1,382,549	1,410,867	1,410,868	28,319	2.0%
Total	16,223,098	15,720,275	13,722,378	13,722,379	(1,997,896)	-12.7%

Expenditures by Type FY26-27



This chart shows the changes in each type over the past five years and what is currently contained in the budget for FY 2025-26 and FY 2026-27 recommended budget.



This table shows the capital items remaining in the draft budget. These were discussed at the Retreat and are contained in the Capital Improvement Plan.

Capital (Red indicates CIP item)		
Department	Item	Cost
Police	Patrol Vehicles (4)	276,209
Police	Radar Speed Sign Replacement	7,000
Fire	Command Vehicle Replacement (2)	150,000
Fire	Replacement of Turnout Gear	22,000
Fire	Hose and Appliances	12,000
Public Facilities	Town Park Irrigation Lines	10,000
Streets	Retaining Wall Replacement	25,000
Streets	Duck Trail Repaving	75,000
Streets	NC 12 Stormwater Improvements	130,000
Environmental Protection	Septic Health Initiative	15,000
	Total	722,209

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 \$0.429 if we didn't have all the other revenue sources including shared revenues and grants.

Expenditures by Department			
Department Expenditures	FY26-27 Recommend	% of GF Total	Tax Rate Equiv
Governing Body	184,181	1.34%	\$0.006
Administration	496,886	3.62%	\$0.016
Finance & Human Resources	288,981	2.11%	\$0.009
Legal	66,720	0.49%	\$0.002
Information Technology	206,068	1.50%	\$0.006
Police	2,839,380	20.69%	\$0.089
Fire	2,643,648	19.27%	\$0.083
Ocean Rescue	792,290	5.77%	\$0.025
Communications & Special Events	585,708	4.27%	\$0.018
Community Development	499,380	3.64%	\$0.016
Inspections	291,931	2.13%	\$0.009
Public Facilities	637,350	4.64%	\$0.020
Streets & Highways	336,938	2.46%	\$0.011
Sanitation	1,531,264	11.16%	\$0.048
Environmental Protection	910,787	6.64%	\$0.028
Transfers	1,309,867	9.55%	\$0.041
Contingency	101,001	0.74%	\$0.003
Total	13,722,379	100%	\$0.429

Personnel

Personnel expenditures which, for Duck, make up approximately 40% (FY 2025-26) of our total budgeted expenditures, are one of our most significant but yet critical expenditures. In FY 2025-26, we added one position in the Police Department to bring our staff to a level that, while lean, allows us to provide high levels of quality service.

Position Requests

For FY 2026-27, Department Directors were asked to submit new position requests, based upon defined needs, for inclusion in the budget. One such request was submitted from the Fire Department. Justification for the position request is as follows:

Addition of a Firefighter/EMT

When evaluating operational readiness and personnel safety for the Town of Duck, the Fire Department's goal remains to always maintain a minimum of four career personnel on duty. According to National Fire Protection Association (NFPA) 1710, the foremost standard for organization and deployment in career fire departments, engine companies must be staffed with a minimum of four on-duty personnel, including a company officer, to meet safe, effective fireground performance.

In addition to this standard, local operational realities reinforce the need to meet or approach this staffing level:

1. Elevated Fire Risk in a Unique Residential and Tourist Environment
 - Although much of Duck consists of single-family homes, these structures are typically large, multi-thousand-square-foot, open-plan residences built in a coastal, wind-exposed environment. Fires in these buildings spread rapidly and are often wind-driven, creating hazards far more severe than those assumed in the "typical" 2,000-square-foot home used in NFPA 1710 staffing models.
 - NFPA 1710 establishes staffing baselines to ensure safe and effective fireground operations. Given Duck's building characteristics and fire behavior, a four-person engine company is necessary to meet the intent of the standard, even though local conditions present risks that exceed those reflected in the national template.
 - During peak tourist season, Duck's population surges to more than 25,000 people within just 2.32 square miles, dramatically increasing exposure, call volume, and life-safety risk. This seasonal density further underscores the need for staffing levels that meet or exceed NFPA standards.
2. Geographic Constraints and Mutual Aid Response Delays
 - NFPA 1710 recognizes that engine companies should be staffed with a minimum of four personnel under normal operating conditions to ensure safe and effective fireground operations.

- Due to Duck’s location at the northern end of the Outer Banks, mutual aid—while available—requires significant travel time. During that 10–15 minute window, the first-due engine must operate alone. In those critical moments, having one additional on-duty firefighter can determine whether crews are able to deploy a second hose line, conduct a rescue, or are constrained by insufficient staffing.

3. Decline in Volunteer Participation — Reliance on Career Staffing

- NFPA 1710 is written for career fire departments and is premised on the availability of on-duty, immediately deployable personnel.
- As volunteer firefighter availability has declined—both locally and nationally—and the volunteer cohort continues to age, reliance on volunteer response as part of real-time deployment has become increasingly unreliable. Career staffing is therefore the only dependable means of meeting NFPA minimums and ensuring consistent, safe coverage.

4. Simultaneous Calls and Overlapping Emergencies

- NFPA 1710 not only establishes minimum staffing for individual engine companies, but also defines “initial alarm” deployment requirements based on building occupancy and hazard type.
- While full initial-alarm staffing may not always be required for low-hazard residential incidents, maintaining a minimum on-duty staffing level of four—or a realistic near-four model—provides essential operational flexibility. It allows the department to manage multiple incidents simultaneously without compromising safety or delaying response due to insufficient manpower.
- Over the past five years, 7.4% of all incidents have involved overlapping calls, further reinforcing the need for adequate baseline staffing to maintain effective coverage.

The addition of a Firefighter/EMT will allow the Fire Marshal, a position occupied by a current Shift Captain, to move off a set shift and have a schedule similar to that of the Deputy Chief. When the Fire Department moved the Deputy Chief from a primarily administrative position working five days per week to being on the same 24 on/48 off schedule of our response personnel, the Fire Department saw an increase in the number of days when four response-ready personnel were available for a call. By having the Fire Marshall on the same type of schedule, the Fire Department will pick up more days with full staffing and allow more flexibility in scheduling for the “on call” Chief Officer.

The total cost for this change is \$91,581 and includes the salary and benefits for a new Firefighter/EMT and the costs associated with promoting an Engineer to Captain and a Firefighter/EMT to Engineer. Moving the current Captain/Fire Marshal off a shift, creates the Captain vacancy thus requiring these two internal promotions.

Current Deployment

The table below shows the current assignment of personnel into our operational departments and includes the additional position in the Fire Department as described above.

Personnel by Department								
Department	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26 - 27 Recommend	# Change	Percent Change
Administration	5.5	5.5	5.5	2.5	2.5	2.5	0.0	0%
Finance & Human Res				1.0	1.0	1.0	0.0	0%
Public Facilities	1	1	1.5	1.5	1.5	1.5	0.0	0%
Police	14.5	14.5	14.5	14.5	15.5	15.5	0.0	0%
Fire	15.5	14.5	14.5	14.5	14.5	15.5	1.0	7%
Inspections	2	2	2	2.0	2.0	2.0	0.0	0%
Community Development	2.5	2.5	2.5	2.5	2.5	2.5	0.0	0%
Communications & Events				2.0	2.0	2.0	0.0	0%
Total	41	40	40.5	40.5	41.5	42.5	1	2.4%

Reorganization – Police Department

With the potential retirement of senior leadership during the coming fiscal year, Department management has evaluated how best to preserve leadership capacity while maintaining organizational stability and avoiding unnecessary growth. One position expected to become vacant is the Deputy Chief, which was previously titled Lieutenant but was retitled to reflect its expanded scope of responsibility.

While the Deputy Chief role has historically focused primarily on patrol leadership and operational supervision, the Department’s needs have continued to grow in the areas of professional standards, technology, and community engagement. Leadership has determined that these functions require more focused oversight and cannot be effectively added to an already full-time patrol leadership role.

For this reason, the Department is proposing to eliminate the Deputy Chief position and replace it with two Lieutenant positions and one patrol officer. This approach allows patrol supervision to remain strong while creating dedicated leadership capacity for professional standards, technology, and community engagement without overloading a single position.

The proposed restructuring also creates clear and sustainable promotional pathways. Two current Sergeants would be promoted to Lieutenant, and two Corporals would be promoted to Sergeant. One of the two existing Corporal positions would be eliminated, as the addition of Lieutenant positions reduces supervisory demand at the Sergeant level. The remaining Corporal will function in a floating assignment to support Sergeants across both squads and to provide overlapping coverage to meet scheduling needs. The additional patrol officer position would backfill a patrol vacancy created by the promotion of a Master Police Officer to Corporal.

The total cost of this change is actually a savings of approximately \$39,110. By essentially exchanging a high-level position for an entry level one, the additional costs due to promotions is easily covered.

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.

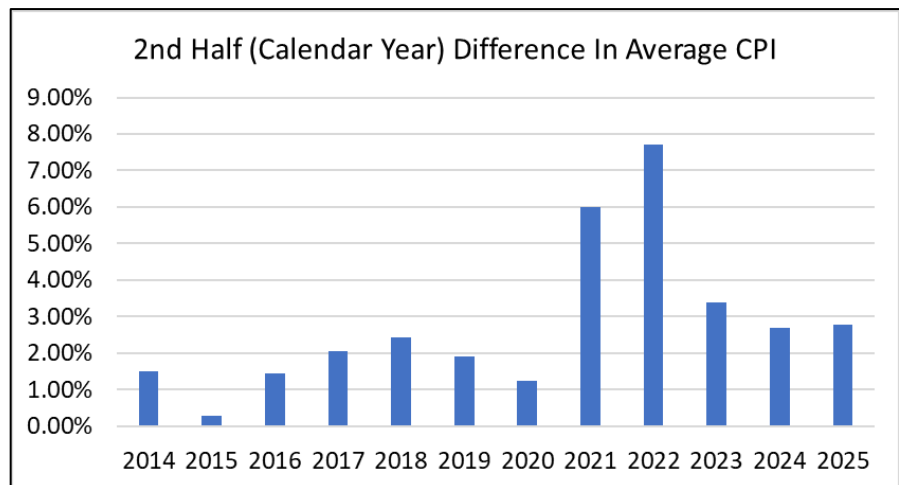
That said, in a very tight market for entry level law enforcement officers we are seeing, once again, that our entry level rate of pay is below what other towns in our market area are offering.

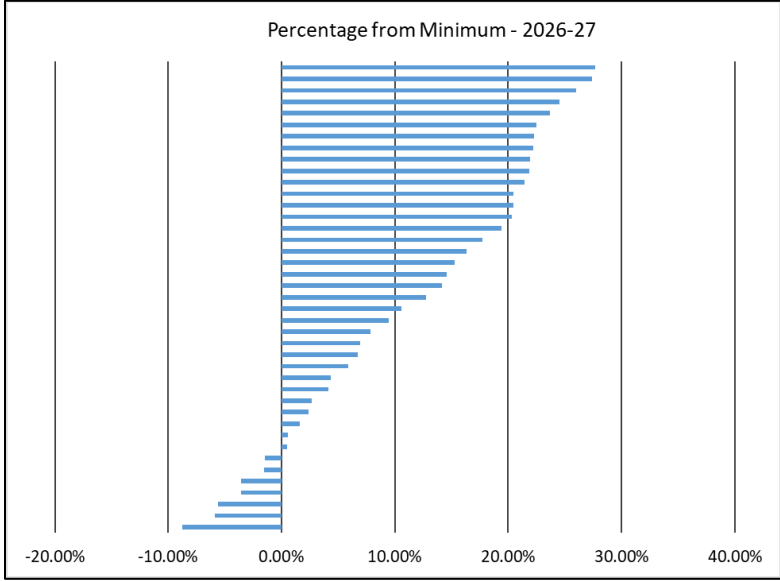
This table shows the entry level pay rate for each of the departments in our area:

Manteo	\$52,519
Duck	\$53,722
Dare County	\$55,277
Kitty Hawk	\$56,713
Southern Shores	\$56,724
Kill Devil Hills	\$56,910
Nags Head	\$57,633

While our entry level pay rates, and thus our pay for newer employees, lags behind other communities, our merit pay and, in public safety, career development increases, keeps the compensation for longer-serving employees competitive in the market. In order to bring our entry level rates up, we are proposing to increase the salary schedule by 6%. This, in addition to the inflation adjustment noted above, will bring our rate more in line with others even with the knowledge that others may be making market adjustments as well.

This table shows the rate of change in the 2nd half average Consumer Price Index (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 2.78%.

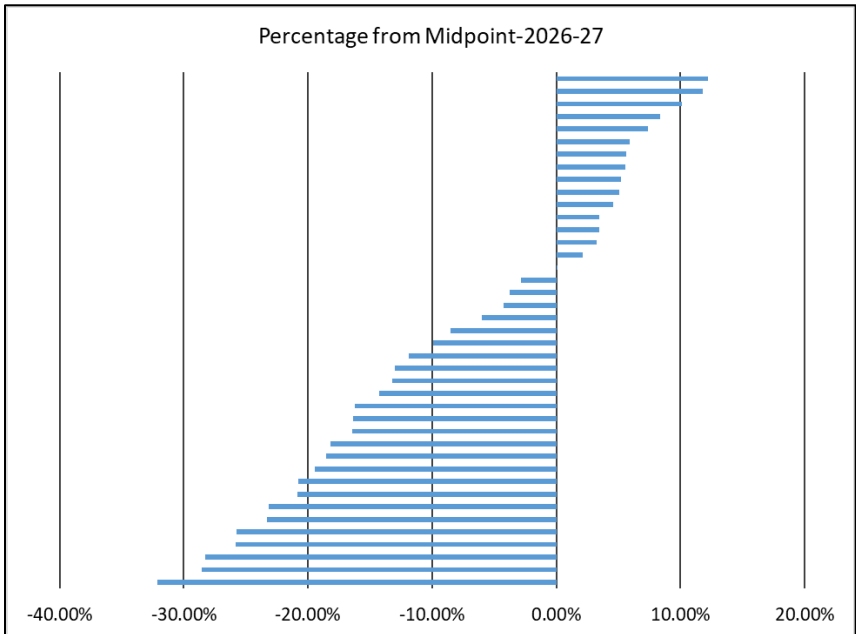




This chart shows all 41 of our current employees and where their salaries are coming into the FY 2026-27 budget preparation cycle. The percentages shown are how far above or below the minimum for the pay grade each employee was once the range for each grade was adjusted for CPI per our policy and by the 6% market adjustment mentioned above. You will notice that the market and CPI adjustments cause seven staff members to fall below the minimum for their salary range. In accordance with

our policy, the salaries for these seven employees will, if the market adjustment is approved, have their salaries adjusted to the minimum of the range in their grade.

This helps show that the change we made, along with professional development and promotional opportunities, have mitigated against compression in our compensation plan for most of our team members. 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 Service Ownership, Accountability, Respect (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 2025-26 we budgeted for a 5% merit increase pool. For the coming year, knowing the impact of inflation (2.78%) 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.

Longevity Pay

Full-time employees of the Town may be compensated for completed years of service by payment of a longevity supplement based on continuous years of service completed as of December 31st of each year as budgeted. Continuous service is continuous employment with the Town including any time on approved leave or time not actively employed due to involuntary reduction in force. This bonus pay is provided in a separate "check" to each eligible employee and is taxed (and benefited) as income.

The table below shows the current amount and a proposed increase in these amounts in order to remain competitive with other towns in the county. We currently lag well behind what other towns offer in terms of this benefit.

<u>Years of Service</u>	<u>Current Amount</u>	<u>Triple Amount</u>
Greater than 1 but less than 5	\$ 100	\$ 300
5 years but less than 10	\$ 350	\$1,050
10 years but less than 15	\$ 600	\$1,800
15 years but less than 20	\$ 750	\$2,250
20 years but less than 25	\$ 1,000	\$3,000
25 years or more	\$ 1,250	\$3,750

The total cost (bonus + benefits) to triple the rate is \$42,600, an increase of \$28,400. Tripling our current rates puts us close to or ahead of other towns without changing our years of service "bands" to match other Towns. To do that, because we are the only town paying this bonus for under five years of service, would mean thirteen of our employees who currently receive this benefit would not receive anything.

Shift Differential

Our Police Chief is requesting that we consider implementing shift differential payment for officers who work the night shift. This is something that one other town in Dare County currently offers as a benefit. While the other towns, and Currituck County, pay an additional \$1.00 per hour worked between 6:00 p.m. and 6:00 a.m., our Chief is recommending that we have our rate set at \$2.00 per hour to really set us apart in this regard. Officers would need to work at least two consecutive hours during this time range to receive the differential. Any overtime rate would be calculated on the officers' base pay rate and the differential added to that overtime rate if the overtime occurred during the time range. The total annual cost to add this benefit is estimated to be \$31,789 including costs for FICA, retirement, and 401k.

In summary, we made seven changes that are reflected in the FY 2026-27 budget request:

1. Adjust the pay scales, per policy, by 2.78% (2nd half CPI change 2024 v 2025)
2. Adjust the pay scales an additional 6% to account for entry level wage differences, particularly in public safety (\$31,714 salary + benefits).
3. Set the merit increase pool to 5% of base salaries (\$220,513 salary+benefits).
4. Add Firefighter/EMT (\$91,581 salary+benefits)
5. Transition from Deputy Police Chief to two Lieutenants and add a Police Officer (Saves \$39,110)
6. Increase the Longevity Bonus for all employees (\$28,400 salary+benefits)
7. Adding a shift differential for police officers. (\$31,789 salary+benefits)

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 insurance 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. We already receive notice that the rates for FY 2026-27 will be 15.1% for non-law enforcement and to 17.1% for law enforcement positions increases of 5.2% and 6.3% respectively.

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 is provided by Community Eye Care. We estimate another rate increase, similar to what we saw during FY 2024-25 (there was no increase in FY 2025-26), so the rates shown in the budget reflect a 12% increase in December of 2026.

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. 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 will have one retired officer 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 the implementation of this benefit; instead, two years ago, we established a policy that provides 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 through the North Carolina Local Government Employees' Retirement System (LGERS), and who have served a minimum of 15 years with the Town of Duck, shall be eligible to remain on the Town's current health and dental insurance plan, which may change from time to time, at their own expense that is provided to full-time employees. This eligibility will expire at the time in which 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 enrolled in the Town's health and dental insurance plan, the retired employee must pay their portion of the premium, by the due date established by the Finance Administrator, before the stipend is applied. If the premium is not paid when due, insurance coverage may be terminated and 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 is likely to be one retiree (police) eligible for the stipend in FY26-27 so the annualized amount is included within the salary budget line for the police department.

We also plan to budget for, so we have accurate data, a study to determine the actual long-term costs of moving to a retiree health insurance program similar to what is offered by other towns in Dare County.

Tuition Assistance

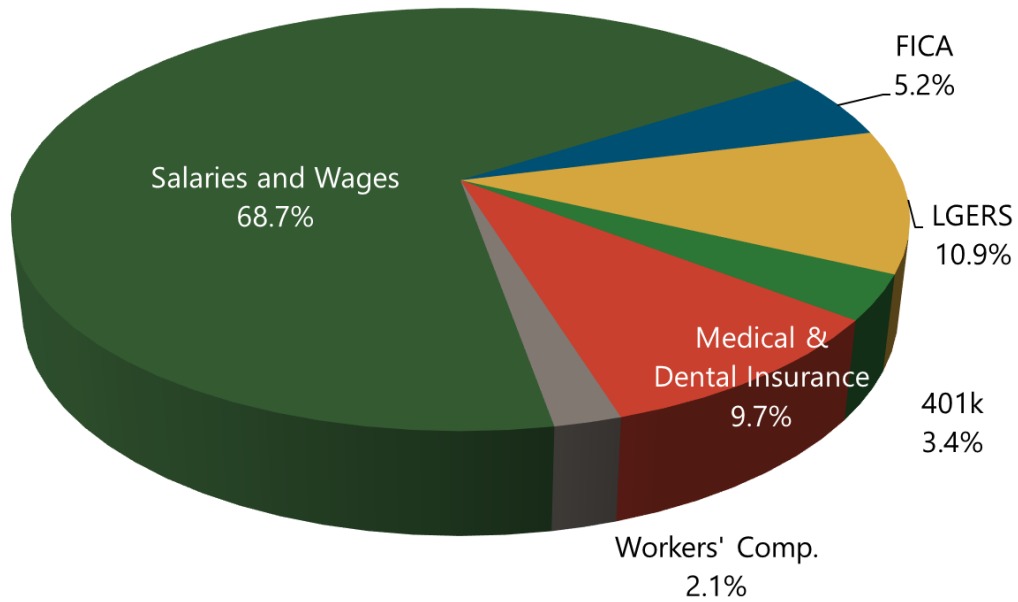
One benefit that some other local governments offer that we added in FY23-24 is a small amount of tuition assistance to encourage employees to further their formal education. In FY25-26 we budgeted for 3 employees to receive up to \$1,200 in tuition assistance and we only had one employee use this benefit. The FY26-27 budget includes funding for three employees to use this benefit.

Summary

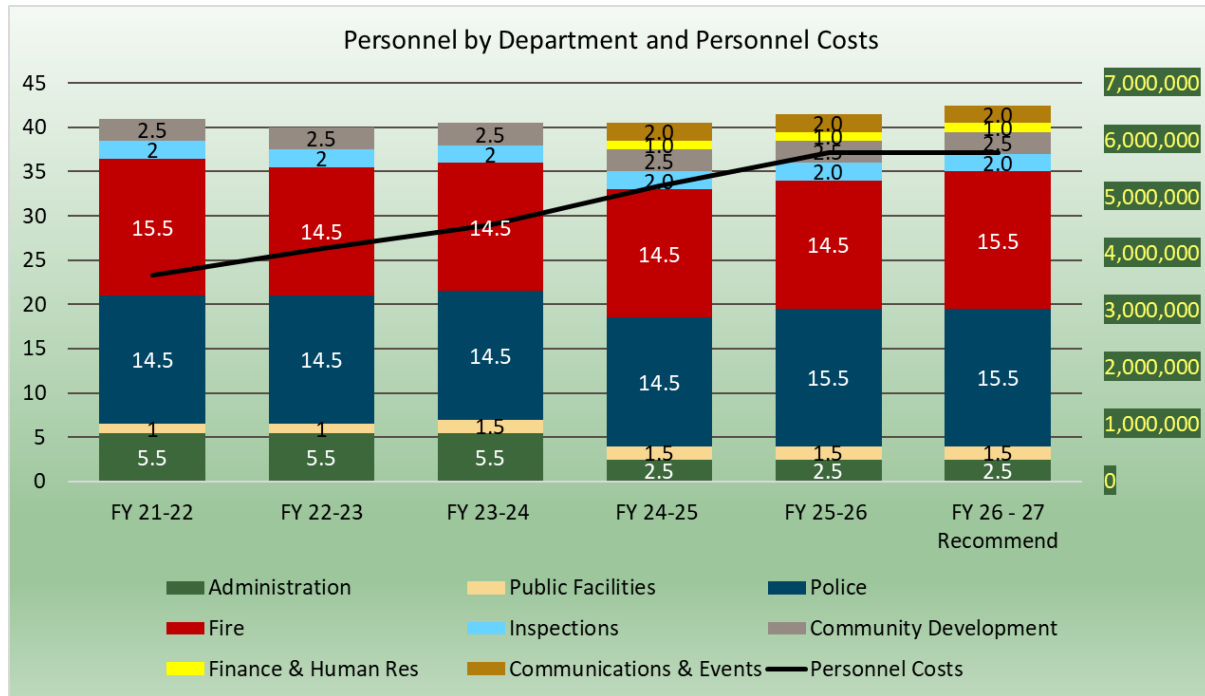
The table and graph below show how the total personnel cost is broken down. Earnings account for 69% of the total cost of personnel and the salaries and wages numbers include stipends paid to the Town Council and Planning Board.

Personnel Expenditures by Type						
Type	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Salaries and Wages	3,328,785	3,611,204	3,970,100	3,970,100	358,896	9.9%
FICA	245,543	275,691	298,669	298,669	22,978	8.3%
LGERS	457,454	545,950	628,704	628,704	82,754	15.2%
401k	162,615	180,762	198,204	198,204	17,442	9.6%
Medical & Dental Insurance	411,568	475,844	561,826	561,826	85,982	18.1%
Workers' Comp.	106,586	109,108	118,520	118,520	9,412	8.6%
Total	4,712,549	5,198,560	5,776,023	5,776,023	577,463	11.1%

Personnel Costs by Type FY26-27



The chart below shows the change in total personnel costs over time. In FY 2022 we added five new full-time positions, added one full-time position last year, and we are looking to add 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	224,166
Pay Scale Adjustment	31,174
Increase Longevity Bonus	28,400
New Position - Fire	91,581
Reorganization - Police	-39,110
Shift Differential - Police	31,789
Career Development - Police	28,795
Career/Professional Development - Fire	18,766
Total Personnel	415,561

Operating

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

Capital

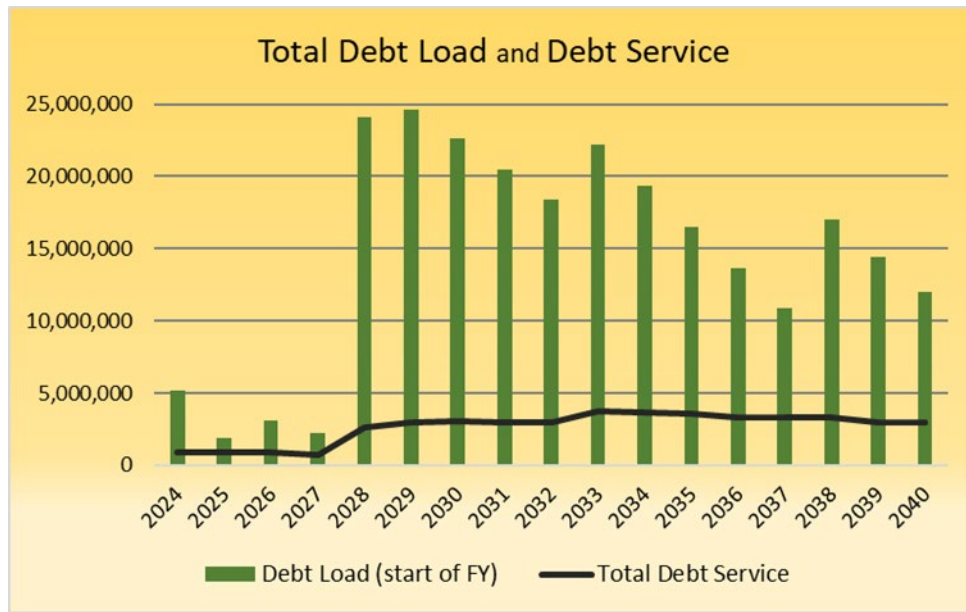
Also on the attached Department pages are capital projects/items. Shown below are the Capital items in this budget. The items in red reflect expenditures that are offset by grant or loan proceed revenue.

Capital (Red indicates CIP item)		
Department	Item	Cost
Fire	Replacement of Turnout Gear	22,000
Fire	Hose and Appliances	12,000
Streets	Retaining Wall Replacement	25,000
Streets	Duck Trail Repaving	75,000
Streets	NC 12 Stormwater Improvements	130,000
Environmental Protection	Septic Health Initiative	15,000
	Total	279,000

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 \$4,044,409.

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 details 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 2026-27 for outstanding debt issuances:

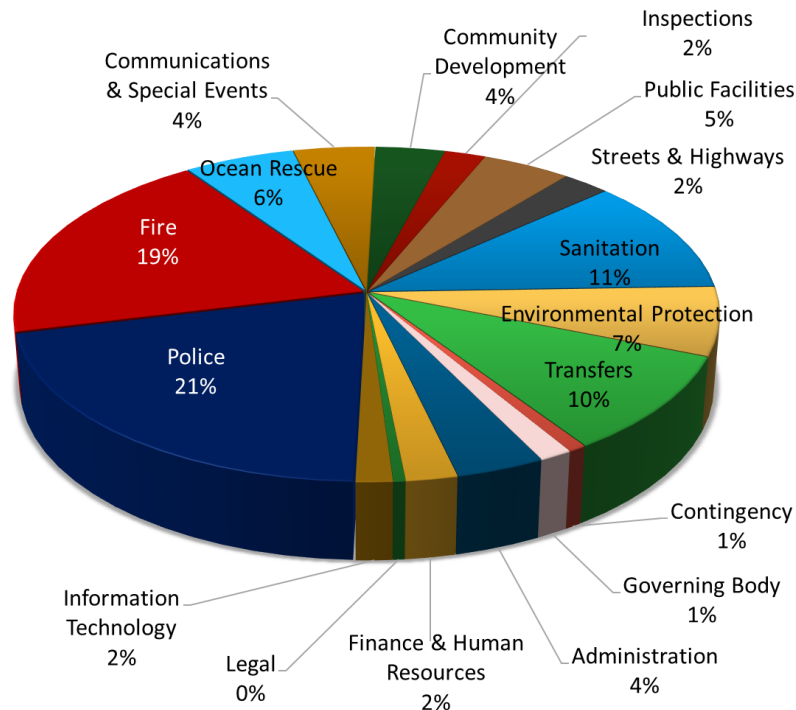
Issue Year	Project	Finance Type	Amount Issued	Term Years	Interest Rate	FY 2026-27 Principal	FY 2026-27 Interest	Total Debt Service
2024	Herron Land	Installment Purchase	2,000,000	10	4.08%	200,000.00	69,360.00	269,360.00
2026	Truck 11 Replacement	Installment Purchase	1,769,492	10	3.98%	147,519.40	70,425.78	217,945.18
2022	Beach Nourishment	Special Obligation Bond	2,407,148	5	1.84%	474,917.40	4,369.24	479,286.64
TOTAL								966,591.82

Expenditures by Department

This table shows the total amount of each department's budget for FY 2026-27, the current FY 2025-26 budget, the current estimate for the end of FY 2025-26, and what was actually spent in FY 2024-25.

Expenditures by Department						
Department Expenditures	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Governing Body	155,218	177,124	184,181	184,181	7,057	3.98%
Administration	427,681	460,329	496,886	496,886	36,557	7.94%
Finance & Human Resources	241,482	260,127	313,981	288,981	28,854	11.09%
Legal	64,544	91,720	66,720	66,720	(25,000)	-27.26%
Information Technology	158,674	186,706	256,068	206,068	19,361	10.37%
Police	2,294,133	2,508,602	2,846,380	2,839,380	330,777	13.19%
Fire	2,026,202	3,855,765	2,643,648	2,643,648	(1,212,116)	-31.44%
Ocean Rescue	764,283	1,037,795	792,290	792,290	(245,505)	-23.66%
Communications & Special Events	506,419	539,206	585,708	585,708	46,503	8.62%
Community Development	394,939	400,271	499,380	499,380	99,109	24.76%
Inspections	235,778	270,627	291,931	291,931	21,304	7.87%
Public Facilities	2,739,843	948,819	768,150	637,350	(311,469)	-32.83%
Streets & Highways	211,464	517,751	336,938	336,938	(180,813)	-34.92%
Sanitation	1,445,702	1,501,220	1,531,264	1,531,264	30,045	2.00%
Environmental Protection	3,116,104	1,699,165	910,787	910,787	(788,378)	-46.40%
Transfers	1,440,631	1,305,655	1,309,867	1,309,867	4,212	0.32%
Contingency	0	76,894	101,000	101,001	24,107	31.35%
Total	16,223,098	15,837,775	13,935,178	13,722,379	(2,115,396)	-13.4%

Expenditures by Department FY 2026-27



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 and all Property and Liability Insurance premiums.
- **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 are costs related to a grant match for security upgrades and a cyber-attack response plan.
- **Police:** Expenses related to the Duck Police Department. Included this year is the scheduled replacement of four police vehicles.
- **Fire:** Expenses for the operation of the Duck Fire Department and include a new full-time Fire Marshal position as explained in the Personnel section of this document. It also includes the replacement of two command vehicles, new debt service for a replacement ladder truck, and planned replacement of turn out gear, hose, and nozzles.
- **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, 4th 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 26-27 include replacing a portion of the irrigation system in the Town Park.

- **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.
- **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.

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

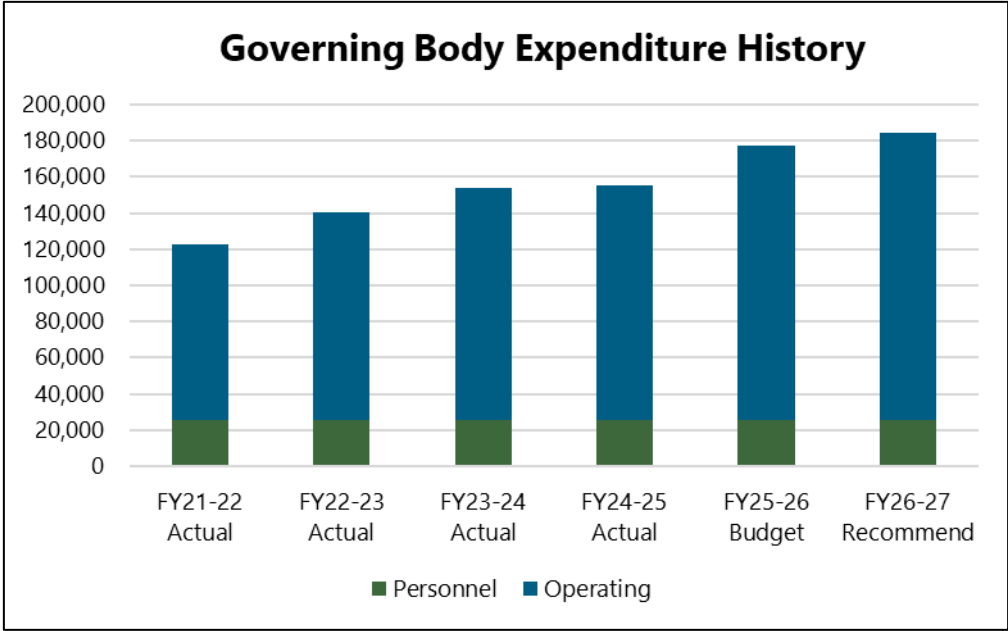
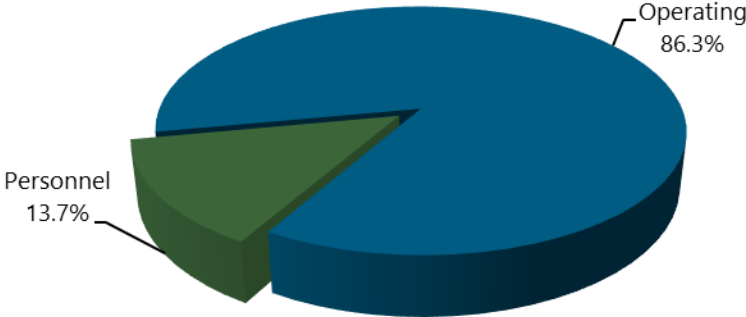
- Held an election where a new Council member was elected.
- Established the Duck Parks & Recreation Advisory Committee.
- Held a Strategic Goals Session to discuss priorities for the upcoming fiscal year.
- Held a Winter Celebration and a Volunteer Appreciation Celebration.
- Council members and certain 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, and the Parks & Recreation Advisory Committee.

FY 2026-2027 Budget Highlights

- The Governing Body Department budget increases 3.98% in FY26-27 mostly due to increases in property and liability insurance. These increases are due to increases seen in the national reinsurance market.
- The Governing Body budget accounts for 1.34% of the General Fund budget and is equivalent to \$0.006 on the tax rate.

Expenditures by Type							
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Personnel	25,229	25,235	25,237	25,237	25,239	25,239	0.00%
Operating	97,778	115,412	128,871	129,981	151,885	158,942	4.65%
Capital	0	0	0	0	0	0	
Total	123,006	140,647	154,108	155,218	177,124	184,181	3.98%

Governing Body Expenditures by Type



Line Item Expenditures

Governing Body						
Governing Body	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 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	0.00%
Workers' Compensation	47	48	48	48	0	0.00%
Professional Services	0	0			0	
Contracted Services		6,000	0	0	(6,000)	-100.00%
Travel and Training	983	1,800	3,000	3,000	1,200	66.67%
Uniforms	921	500	550	550	50	10.00%
Advertising	1,500	2,000	2,000	2,000	0	0.00%
Insurance and Bonding	107,256	118,000	129,200	129,200	11,200	9.49%
Communications	239	870	885	885	15	1.72%
Dues and Subscriptions	6,467	7,910	8,125	8,125	215	2.72%
Printing and Binding					0	
Supplies and Materials	433	650	650	650	0	0.00%
Leased Equipment	3,747	3,475	3,832	3,832	357	10.27%
Miscellaneous	8,437	10,680	10,700	10,700	20	0.19%
TOTAL	155,218	177,124	184,181	184,181	7,057	3.98%

Notes

Salaries and Wages

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

Travel and Training

NCLM Conference and Other Training	<u>3,000</u>
	3,000

Uniforms

Logo Attire	550
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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	295
NCLM - Ordinance Service	3,800
Carolina Dunes Association	200
UNC School of Government	130
	<hr/>
	8,125

Communications

Postage	885
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Leased Equipment

Copier	3,309
Postage Meter	523
	<hr/>
	3,832

Insurance and Bonding

Property and Liability	118,800
Flood	6,300
Deductibles and Endorsements	4,100
	<hr/>
	129,200

Misc

Council Retreat Food	700
Winter Council/Staff Celebration	5,000
Volunteer Celebration	5,000
	<hr/>
	10,700

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 represented Duck by serving on the Outer Banks Housing Task Force until its transition to become the Housing Foundation.
- The Town Manager served on the Board of Directors for the North Carolina City and County Management Association.

FY 2026-2027 Budget Highlights

- The Administration Department budget increases 7.9% in FY26-275 mostly due to changes in salary and benefit costs.
- The Administration budget accounts for 3.62% of the General Fund budget and is equivalent to \$0.016 on the tax rate.

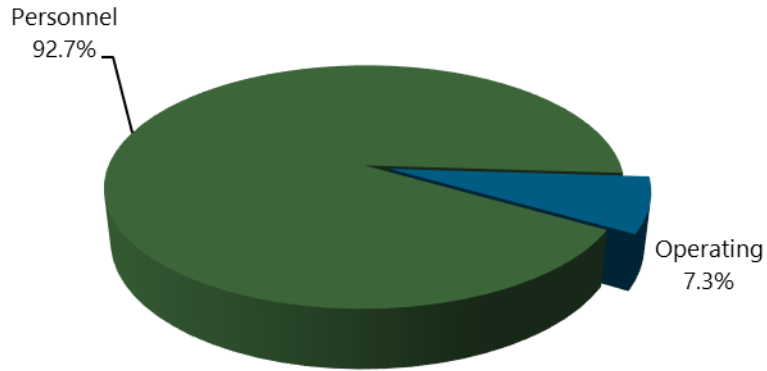
Expenditures by Type							
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Personnel	572,881	616,469	681,044	397,024	424,262	460,447	8.53%
Operating	73,991	74,156	74,737	27,183	36,067	36,439	1.03%
Capital	0	4,700	5,143	3,474	0	0	
Total	646,872	695,325	760,925	427,681	460,329	496,886	7.94%

Personnel					
Type	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Full-time	5.5	2.5	2.5	2.5	0.00%
Part-time					
Total	5.5	2.5	2.5	2.5	0.00%

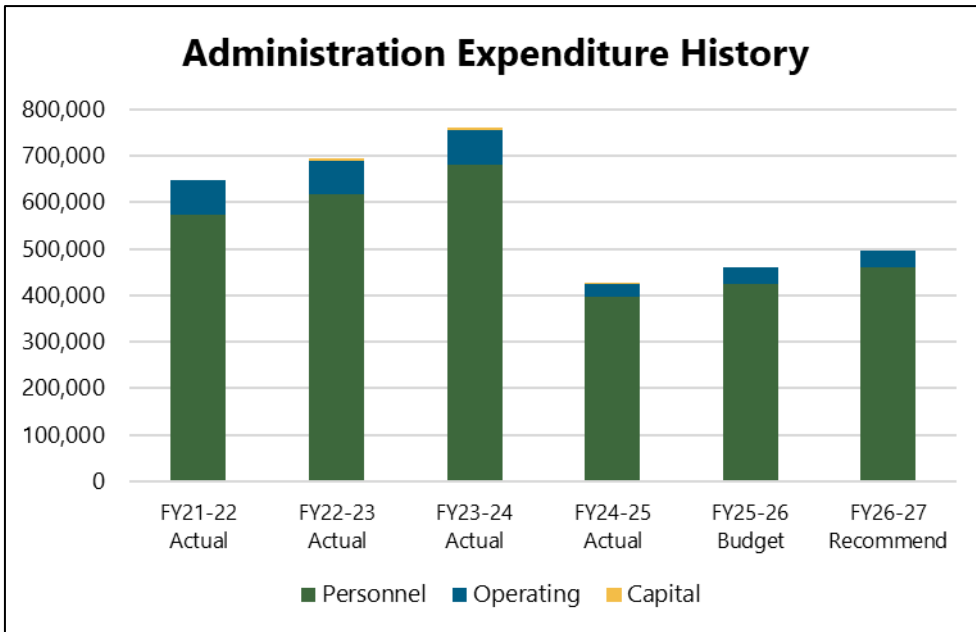
The reduction in total personnel in this department in FY 24-25 is due to the reallocation of staff to other operational departments.

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

Administration Expenditures by Type



Administration Expenditure History



Administration						
Account Description	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Salaries and Wages	295,326	306,881	331,780	331,780	24,900	8.11%
FICA	21,788	23,476	25,381	25,381	1,905	8.11%
Supplemental Retirement (LGERS)	39,876	44,344	50,099	50,099	5,755	12.98%
401k	14,660	15,344	16,589	16,589	1,245	8.11%
Medical/Dental Insurance	24,615	32,254	34,488	34,488	2,234	6.93%
Workers' Compensation	758	635	687	687	52	8.11%
Life/ADD/Short Term Disability		1,328	1,423	1,423	95	7.15%
Professional Services		1,000	1,000	1,000	0	0.00%
Contracted Services	978	1,000	1,000	1,000	0	0.00%
Travel and Training	569	13,600	13,600	13,600	0	0.00%
Uniforms	5,199	450	450	450	0	0.00%
Advertising	402	1,000	1,000	1,000	0	0.00%
Technology Hardware & Accessories	1,896	0	0	0	0	
Communications	1,170	1,782	1,797	1,797	15	0.84%
Dues and Subscriptions	4,650	3,760	3,760	3,760	0	0.00%
Printing and Binding	0	1,000	1,000	1,000	0	0.00%
Supplies and Materials	3,203	4,000	4,000	4,000	0	0.00%
Capital Outlay - Over \$5,000	3,474				0	
Leased Equipment	0	3,475	3,832	3,832	357	10.27%
Miscellaneous	9,117	5,000	5,000	5,000	0	0.00%
TOTAL	427,681	460,329	496,886	496,886	36,557	7.94%

Line Item Expenditures 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
 Manager - winter and summer
 NCCMA 2,500 conference

Other training, including ethics training	1,000
	<u>13,600</u>

Dues and Subscriptions

For the Record	1,650	Transcription software for Clerks
ICMA	1,100	Manager - Dues
NCCCMA	325	Manager - Dues
NGFOA	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
	<u>3,760</u>	

Communications

Postage	885
Mobile Phones/iPad	912
	<u>1,797</u>

Leased Equipment

Copier	3,309
Postage Meter	523
	<u>3,832</u>

Printing and Binding

Miscellaneous	1,000
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Miscellaneous

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

Finance and Human Resources

Description

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

Recent Accomplishments

- Our independent auditor completed the FY 2024-25 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 101.47% of real property taxes due to the Town according to the FY 2024-25 audit report.
- Collaborated with the CPA to review and reconcile financial records, ensuring accuracy.
- Performance measures/benchmarking for the Finance Department were created and measured specifically relating to the payroll and accounts payable functions.
- Contracted for an actuarial study to examine the possibility of offering health insurance to retirees.
- Increased cross-training with Clerk to build proficiency in benefits administration and benefits accounts payable including the 401K and LGERS, ensuring stronger coverage and knowledge redundancy within the team.
- Developed and maintained user-friendly cheat sheets for accounts payable, utility payments, and benefits to support consistency and training for both current and future team members.
- Internal control procedures were evaluated and improved in accordance with policy and best practices.
- Finance Administrator completed the following UNC School of Government classes, Introductions to Government Finance, Governmental Accounting and Financial Reporting, and Effective Internal Controls for Local Government.
- The Finance Administrator completed the Flock Academy Spring of 2025 and the following NC League of Municipalities classes: Municipal Finance, Additional Cash Management, Budget Preparation and Bank Reconciliation.

Upcoming Projects

- Streamline and document year-end tasks/processes by reviewing current processes and identifying opportunities for efficiency and improvement.
- Creation and maintenance of revenue folders and other documents in preparation for audit.
- Finance Administrator will continue to attend and complete UNC School of Government courses for further Government Finance education.

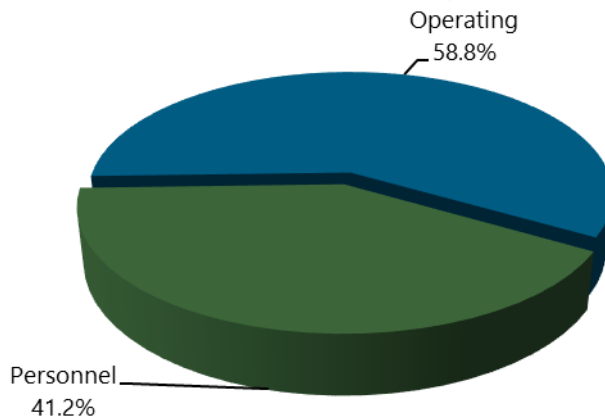
- During the first part of FY 2026-27, we will assist our Auditor and Financial Consultant in the preparation of the annual financial statements and audit.
- Continued efforts will be focused on further improvements to the Budget and CIP documents specifically to include performance measures.
- Continued 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.

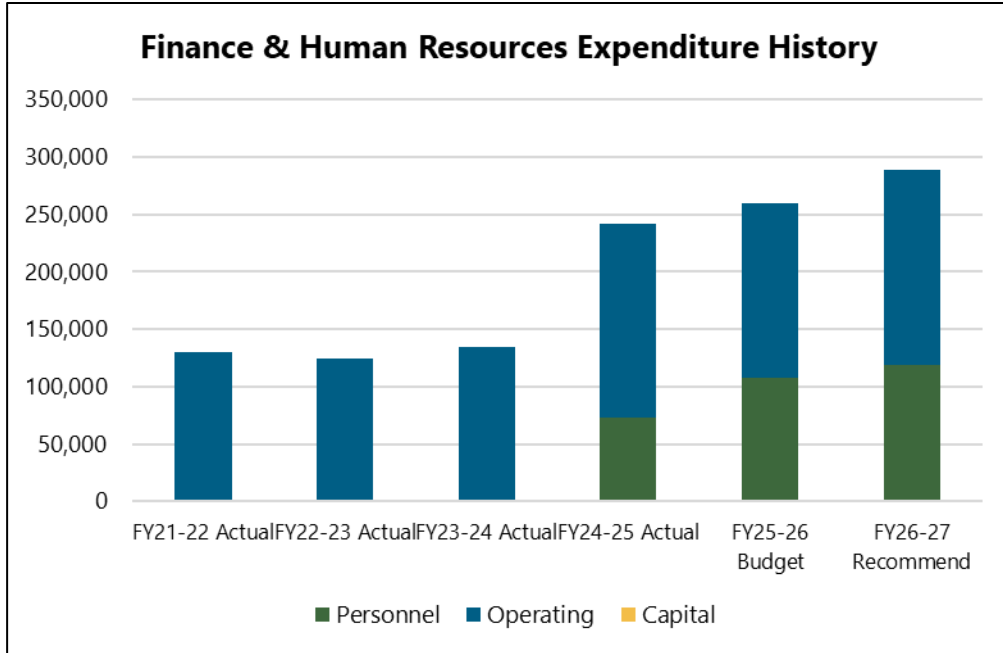
FY 2026-2027 Budget Highlights

- The Finance and Human Resources Department budget increased by 11.09% mostly due to the addition of expenses for our financial software and to increases in personnel costs.
- The Finance and Human Resources budget accounts for 2.11% of the General Fund budget and is equivalent to \$0.009 on the tax rate.

Expenditures by Type							
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Personnel	0	0	0	73,123	108,007	119,088	
Operating	129,967	124,089	134,470	168,359	152,119	169,893	11.68%
Capital							
Total	129,967	124,089	134,470	241,482	260,127	288,981	11.09%

Finance & Human Resources Expenditures by Type





Personnel					
Type	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Full-time		1.0	1.0	1.0	0.00%
Part-time					
Total	-	1.0	1.0	1.0	0.00%

Staffing	
Position Title	Count
Finance Administrator	1
	• 1

Line Item Expenditures

Finance & Human Resources						
Account Description	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Salaries and Wages	49,161	67,353	74,278	74,278	6,925	10.28%
FICA	3,497	5,152	5,682	5,682	530	10.28%
Supplemental Retirement (LGERS)	6,704	9,732	11,216	11,216	1,484	15.24%
401k	2,465	3,368	3,714	3,714	346	10.28%
Medical/Dental Insurance	10,937	20,935	22,621	22,621	1,686	8.06%
Workers' Compensation	201	139	154	154	14	10.28%
Life/ADD/Short Term Disability	158	1,328	1,423	1,423	95	7.15%
Professional Services	63,916	31,400	57,400	32,400	1,000	3.18%
Contracted Services	91,669	100,058	119,122	119,122	19,064	19.05%
Travel and Training	3,343	8,500	8,500	8,500	0	0.00%
Uniforms		150	150	150	0	0.00%
Technology Hardware & Accessories					0	
Communications	135	621	621	621	0	0.00%
Bank Charges	8,198	10,500	7,000	7,000	(3,500)	-33.33%
Dues and Subscriptions	155	90	100	100	10	11.11%
Supplies and Materials	943	100	100	100	0	0.00%
Supplies and Materials - Employee Engage	0	700	700	700	0	0.00%
Miscellaneous	0	0	1,200	1,200	1,200	
TOTAL	241,482	260,127	313,981	288,981	28,854	11.09%

Notes

Professional Services

Audit	20,000
Financial Statement Prep	5,000
Other Financial Assistance	7,000
Retiree Health Actuarial Study	25,000
Separation Allowance Actuarial Work	400
	<u>57,400</u>

Contracted Services

Tax Collection - Dare County	111,000	1.5% of total collection
Black Mountain Software	<u>8,122</u>	
	119,122	

Supplies and Materials - Employee Engagement

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

Uniforms

Logo Attire	150
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Travel and Training

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

Dues and Subscriptions

NCGFOA	100	Finance Administrator Dues
	<u>100</u>	

Communications

Mobile Phone	537
Enhanced Push-to-Talk	84
	<u>621</u>

Bank Charges

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

Miscellaneous

WageWorks Monthly Admin Fees	1,200
	<u>1,200</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.

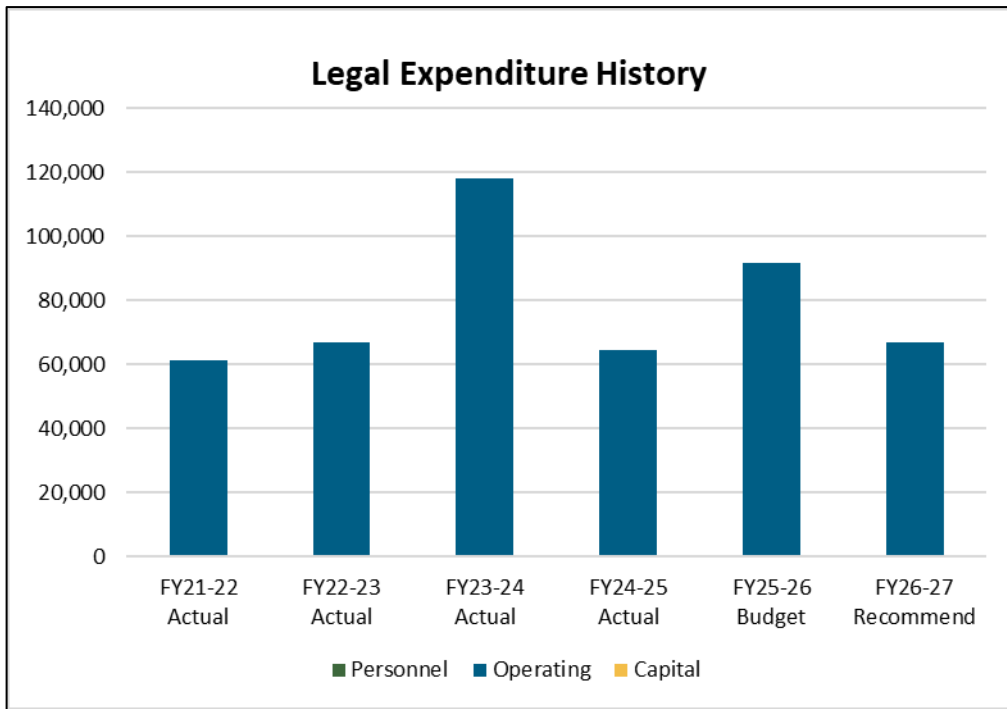
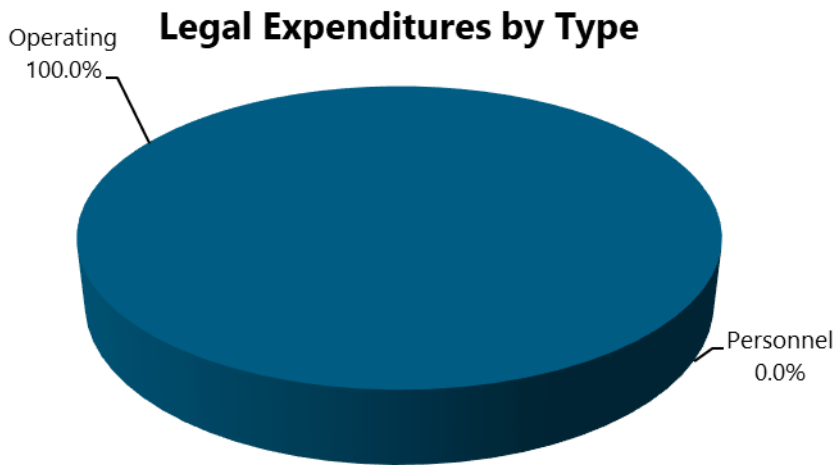
Upcoming Projects

- Continued legal representation for the Town.

FY 2025-2026 Budget Highlights

- The Legal Department budget decreases 27.26% compared to the FY 2025-26 amended budget due to the significant amount of legal work required in that year for land use issues and other matters requiring extensive work.
- The monthly retainer, which includes attendance at Council meetings, does not increase nor does the hourly rate for work outside of the retainer.
- The Legal budget accounts for 0.49% of the General Fund budget and is equivalent to \$0.002 on the tax rate.

Expenditures by Type							
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Personnel	0	0	0	0	0	0	
Operating	61,055	66,859	117,940	64,544	91,720	66,720	-27.26%
Capital	0	0	0	0	0	0	
Total	61,055	66,859	117,940	64,544	91,720	66,720	-27.26%



Line Item Expenditures

Legal						
Account Description	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Professional Services	64,544	91,720	66,720	66,720	(25,000)	-27.26%
TOTAL	64,544	91,720	66,720	66,720	(25,000)	-27.26%

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

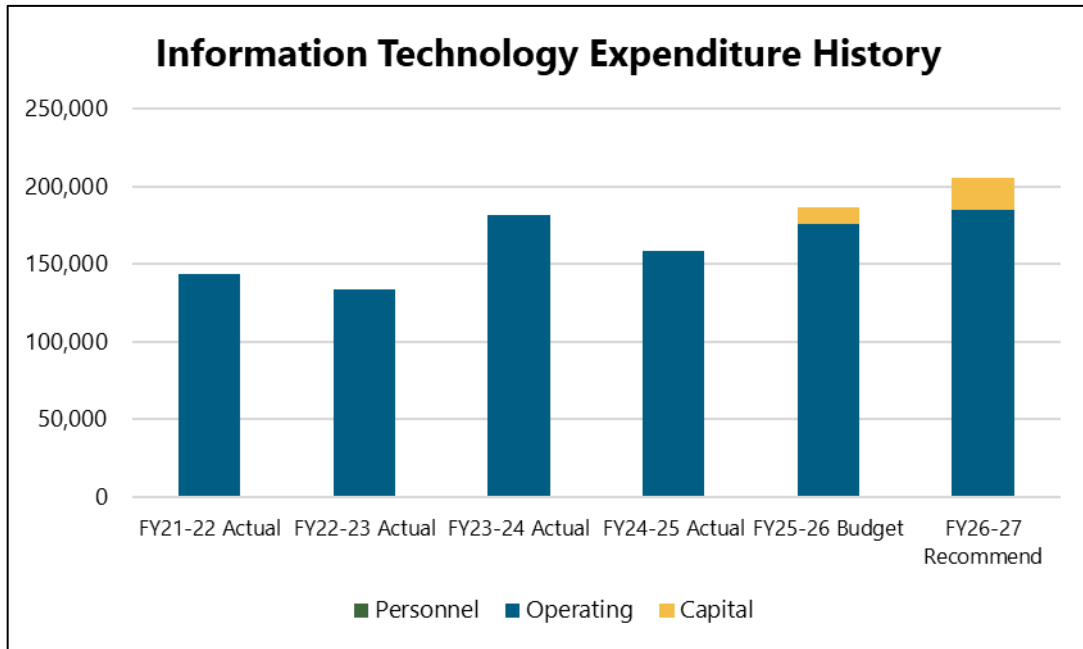
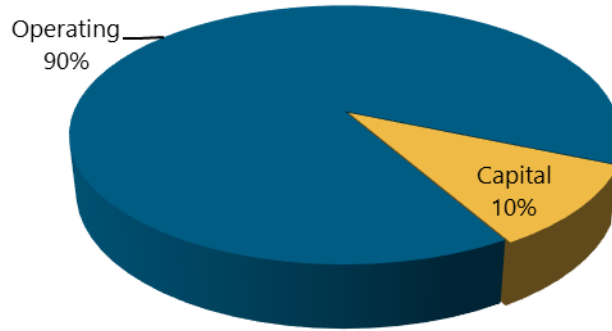
- Continue to evaluate technology to help improve efficiency and reduce costs.
- Use grant funds to match local investment to develop a cyber incident response plan and implement IT security improvements.

FY 2026-2027 Budget Highlights

- The IT Department budget increased 10.37% compared to the FY 2025-26 budget due to changes in costs for contracted services and the added one-time cost for a partially grant-funded project to improve cyber security and to create a cyber incident response plan.
- The IT Department budget accounts for 1.50% of the General Fund budget and is equivalent to \$0.006 on the tax rate.

Expenditures by Type							
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Personnel							
Operating	144,066	133,686	182,053	158,674	175,956	184,844	5.05%
Capital	0	0	0	0	10,750	21,224	97.43%
Total	144,066	133,686	182,053	158,674	186,706	206,068	10.37%

Information Technology Expenditures by Type



Line Item Expenditures

Information Technology						
Account Description	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Contracted Services	85,928	90,427	98,449	98,449	8,022	8.87%
Telephone & Communications	26,942	38,572	38,572	38,572	0	0.00%
Cable Access Channel	25,935	28,000	28,000	28,000	0	0.00%
Dues and Subscriptions	19,868	18,957	19,823	19,823	866	4.57%
Capital Outlay - over \$5,000		10,750	71,224	21,224	10,474	
TOTAL	158,674	186,706	256,068	206,068	19,361	10.37%

Notes

<u>Contracted Services</u>	Annual	Monthly	
Shoshin	76,200	6,350	Managed Services (Workstation)
Shoshin	2,400	200	Managed Services (Site - network)
Shoshin	2,376	198	Cloud Back-up RMS Server
Shoshin	11,203	934	AWS Resources - Virtual Servers
Wireless Bridge Replacement	2,770		
Camera System separation	500		
Shoshin and others	3,000		Other as needed
	<u>98,449</u>	<u>7,682</u>	

Dues and Subscriptions (Annual)

Adobe Pro DC (11 @149.95)	1,649
Adobe Creative Cloud (3 @ 885.95)	2,658
Office 365 Services (1160.40/month)	13,925
Sonic Wall	1,590
	<u>19,823</u>

Telephone & Communications

Charter Communications (Internet/Cable)	18,522
Century Link (Alarm Lines)	8,097
5G Failover	990
VOIP Phones	10,963
	<u>38,572</u>

Capital Outlay Over \$5,000

Cyber Security - State Grant Match	<u>21,224</u>	1,263	sonic wall NSM addition
	21,224		

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

- An Investigator position was added which has dramatically increased the Department's service level. The Investigator is a veteran officer who is specially trained to conduct various types of investigations of actual or alleged criminal activities. In addition, the Investigator heads up the Department's Community Outreach Program. Several successful inaugural community engagement events were held recently.
- Fifteen mobile data terminals (ruggedized laptop computers) were replaced. Over \$32,000 in funds for this project were donated.
- Two patrol vehicles were replaced pursuant to the established capital equipment replacement schedule.
- Two public facing live traffic cameras were added at key locations along Duck Road.
- A police drone program was 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 collaboration with all Town Departments, a cellular based push-to-talk radio network was established to provide a redundant internal communications platform that will be used by Town staff and event volunteers. This network will be vital during special events and natural disasters.
- One traffic radar speed sign will be replaced.

Upcoming Projects

- The Department's Axon body camera and TASER contract will be rewritten to extend the contract for five years and integrate FUSUS Pro, which is a real time operations and intelligence software that unifies live body camera, in-car, drone, and security camera footage and ALPR alerts into one view so officers can act faster and coordinate with clarity.
- The Department's two-year Flock Automatic License Plate Reader (ALPR) contract will be renewed at a savings of \$2,000 annually.
- Four patrol vehicles will be replaced pursuant to the established capital equipment replacement schedule.

FY 2026-2027 Budget Highlights

- The Police Department budget increases 13.19% in FY 2025-26 due mostly to changes in personnel costs and to the purchase (debt funded) of replacement police vehicles.
- The Police budget accounts for 20.69% of the General Fund budget and is equivalent to \$0.089 on the tax rate.

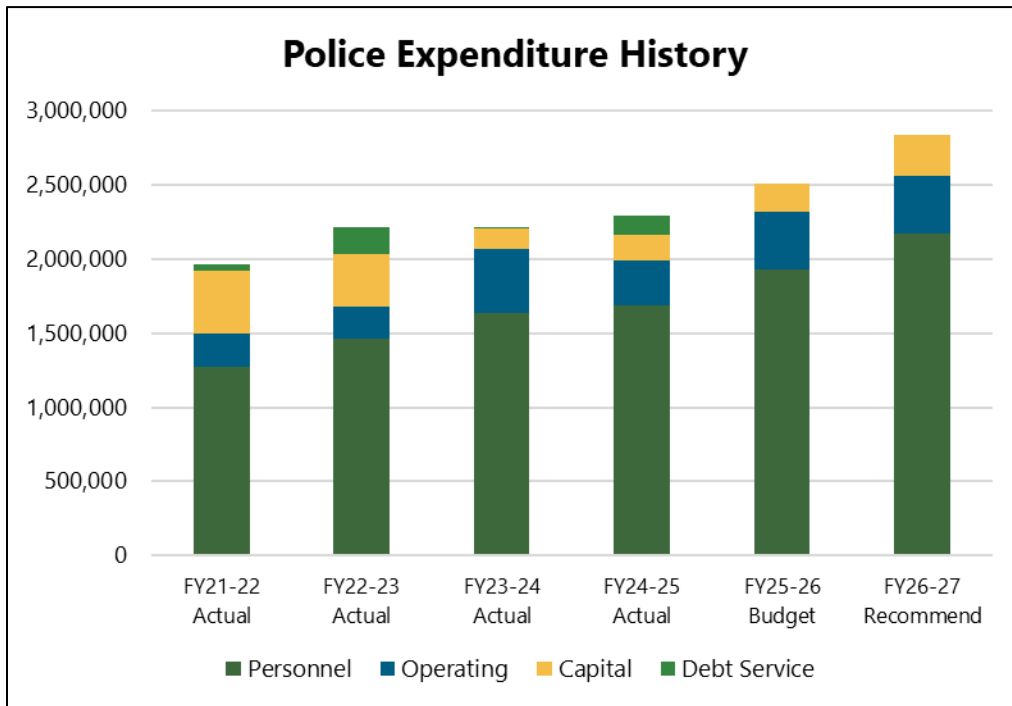
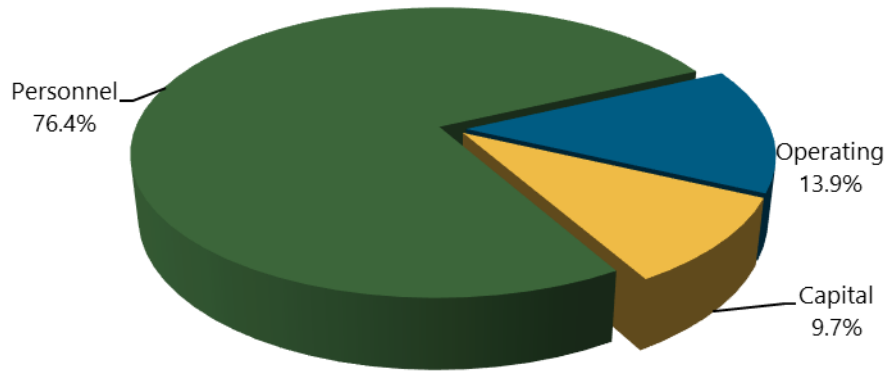
Expenditures by Type							
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Personnel	1,275,575	1,464,339	1,637,118	1,687,906	1,932,357	2,168,212	12.21%
Operating	220,735	213,760	434,808	304,799	383,147	394,958	3.08%
Capital	422,459	358,858	132,547	168,736	193,098	276,209	43.04%
Debt Service	48,218	179,938	2,561	132,692	0	0	
Total	1,966,987	2,216,895	2,207,034	2,294,133	2,508,602	2,839,380	13.19%

Personnel					
Type	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Full-time	14.5	14.5	15.5	15.5	0.00%
Part-time					
Total	14.5	14.5	15.5	15.5	0.00%

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

Staffing	
Position Title	Count
Police Chief	1
Lieutenant	2
Sergeant	2
Corporal	2
Police Officer	8
Public Safety Office Administrator	0.5
	15.5

Police Expenditures by Type



Line Item Expenditures

Police						
Account Description	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Salary and Wages	1,117,264	1,239,413	1,343,135	1,343,135	103,721	8.37%
Salaries and Wages (overtime)	65,605	80,129	100,000	100,000	19,871	24.80%
Police Sep Allow Salaries	9,273	5,332	20,150	20,150	14,818	277.91%
FICA	87,761	101,353	111,941	111,941	10,588	10.45%
Supplemental Retirement (LGERS)	177,128	225,803	262,780	262,780	36,977	16.38%
401k	59,136	69,984	77,037	77,037	7,053	10.08%
Medical/Dental Insurance	128,522	158,315	197,442	197,442	39,127	24.71%
Workers' Compensation	38,467	46,664	50,094	50,094	3,430	7.35%
Life/ADD/Short Term Disability	4,749	5,365	5,633	5,633	268	5.00%
Contracted Services	137,445	168,799	187,092	187,092	18,293	10.84%
Travel and Training	17,822	33,437	28,700	28,700	(4,737)	-14.17%
Uniforms	16,530	29,211	21,915	21,915	(7,296)	-24.98%
Advertising	462	500	500	500	0	0.00%
Repairs and Maintenance	2,491	3,000	3,250	3,250	250	8.33%
Vehicle Repairs and Maintenance	23,240	22,476	20,300	20,300	(2,176)	-9.68%
Communications	24,300	24,566	24,055	24,055	(511)	-2.08%
Dues and Subscriptions	15,132	15,697	16,609	16,609	912	5.81%
Printing and Binding	1,155	1,400	1,450	1,450	50	3.57%
Supplies and Materials	11,399	3,800	8,400	8,400	4,600	121.05%
Vehicle Supplies and Materials	28,790	36,482	42,287	42,287	5,805	15.91%
Police Supplies and Materials	12,672	29,762	28,675	28,675	(1,087)	-3.65%
Police Supplies and Materials - Donated Func	6,578	4,811	4,725	4,725	(86)	-1.79%
Capital Outlay - over \$5,000	168,736	193,098	283,209	276,209	83,111	43.04%
Debt Service	132,692				0	
Leased Equipment	1,801	4,206	2,000	2,000	(2,206)	-52.45%
Miscellaneous	4,981	5,000	5,000	5,000	0	0.00%
TOTAL	2,294,133	2,508,602	2,846,380	2,839,380	330,777	13.19%

Notes

Contracted Services

Axon In-Car Camera Contract (Yr 4 of 6)	37,336
Axon Body Camera/Taser Contract (Yr 1 of 5)	61,657
Axon Pro License (PS Office Administrator)	585
Axon Air Contract (Year 1 of 5)	7,010
Annual Radar/Lidar Re-Certification	800
Annual Fire Extinguisher Inspection/Testing	650
Police Department Office Cleaning Contract	8,800
Police Officer Wellness Visits/Assessments	6,000
Mental Health Clinician Annual Retainer	4,320
Motorola FLEX Software Maintenance (Yr 5 of 5)	26,298
TLO XP for Law Enforcement	1,515

Flock ALPR Contract Renewal (Yr 1 of 2)	17,000
Essential Personnel Software Subscription	2,216
Pre-Employment Psychological/Medical/Drug Testing (3)	3,495
Hepatitis B Vaccines for New Employees (3)	600
Lexipol Police Policy Maintenance Software	8,810
	<hr/>
	187,092

Travel and Training

Annual Indoor Firing Range Use Fee	2,000
Police Officer Training and Travel	10,000
Supervisory Staff Training and Travel	8,000
Public Safety Office Administrator Training and Travel	1,000
Executive Training and Travel	2,000
BLET Fees, Books and Travel Stipend (3 Recruits)	5,700
	<hr/>
	28,700

Uniforms

New and Replacement Ballistic Vests (7)	9,415
New and Replacement Uniforms	12,000
Investigator Clothing Allowance	500
	<hr/>
	21,915

Repairs and Maintenance

Unanticipated Equipment Repairs	2,000
Routine Equipment Maintenance	3,250

Vehicle Repairs and Maintenance

Fleet Car Wash Service (Monthly Fleet Package)	5,300
Cost to Decommission Two Patrol Vehicles	0
Vehicle Repairs and Maintenance	15,000
	<hr/>
	20,300

Communications

Wireless Telephones with Data Service	8,496
Wireless Data Services (Patrol Fleet)	7,427
Wireless Data Services (Video Network)	4,256
Wireless Data Services (Police Drone)	457
FirstNet Push-to-Talk Service	989
Cradlepoint NetCloud Subscriptions	2,430
	<hr/>
	24,055

Dues and Subscriptions

DCIN Terminal Fees	2,604
Southern Software Annual Software Support	1,613
eCrash Annual Software Licensing Fee	1,100

Dare County VPN Licensing	2,165
Professional Organization Membership Dues	855
Aladtec Scheduling Software Fee	1,845
Vehicle Telematics/AVL	3,840
ERAD Software Fees	705
Motorola Smart Connect Subscription Fee	1,632
FMRT Group Annual Technology Fee	250
	<hr/> 16,609

Printing and Binding

Custom Printed Goods	1,100
Golf Cart Permit Decals	350
	<hr/> 1,450

Supplies and Materials

Office Supplies	2,500
Cleaning Supplies and Paper Products (50% Split w/ FD)	5,500
Shipping/Postage	400
	<hr/> 8,400

Vehicle Supplies and Materials

Fuel	42,287
	<hr/> 42,287

Police Supplies and Materials

Ammunition (Qualification & Training)	2,375
Replacement Ballistic Shield	3,800
Project Lifesaver Supplies	300
UAS Supplies	700
Community Engagement Supplies	5,000
Community Engagement Event Costs	4,000
Replacement Sidearm (Retiring Member)	1,500
Automated External Defibrillator (AED)	0
Investigative Equipment	1,000
General Police Supplies and Materials	10,000
	<hr/> 28,675

Police Supplies and Materials - Donated Funds

Annual PBA Membership	4,725
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Capital Outlay Over \$5,000

Patrol Vehicles (4)	276,209
	<hr/> 276,209

Miscellaneous

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

Leased Equipment

Printer/Copier/Fax/Scanner	2,000
	<hr/>
	2,000

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. The Department was 100% volunteer, but as the workload and call volume increased the members of Duck Fire recognized the need for a full-time paid Chief to supervise the operations of the Department.

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 continued to supplement 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 the Duck Fire Volunteer Fire Department 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 construction 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. Today, T-shirt sales supplement operations and support retention efforts, volunteer physicals, small projects, and training costs. 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

- Development of a “Rescue Swimmer” program to supplement the Ocean Rescue service and provide more effective water rescue capability year-round.
- Career Development Plan – Employees continue to attend career development training in addition to in-house classes for instruction in leadership and training.
- Public Safety Building – Continued to make repairs to maintain a safe and comfortable work environment while maintaining fiscal responsibility pending the construction of a new facility.
- Placed Paratech Rescue Struts in service to enhance rescue capability for vehicle extrication and structural collapse, along with rope rescue equipment for enhanced high and low angle rescue operations.
- Placed an order for a new Ladder Truck.
- Personnel – Established a Captain / Fire Marshal position to oversee the fire inspection and prevention program.
- Health and Safety - Completed NFPA compliant physicals for the entire staff, including enhanced cancer screening and stress-testing.
- 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

- Replacement of Command Vehicles
- Staffing changes to provide more consistent supervisory coverage and to expand the role of the Fire Marshal in the field of community risk reduction.
- Cross Training with the Ocean Rescue contractor for more efficient operations
- Continue collaboration with Town staff on Emergency Planning, and the Town-wide safety program.
- Continued planning for the new Public Safety Building.
- Continue to provide training and educational opportunities for all firefighters to reinforce our operational effectiveness while increasing our response capabilities.

FY 2026-2027 Budget Highlights

- The Fire Department budget decreased 31.44% mostly due to the purchase of a ladder truck in FY 25-26.
- The Fire budget accounts for 19.27% of the General Fund budget and is equivalent to \$0.083 on the tax rate.

Expenditures by Type							
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Personnel	1,271,127	1,409,555	1,547,197	1,599,800	1,725,807	1,941,671	12.51%
Operating	981,578	257,634	281,395	306,594	310,920	288,820	-7.11%
Capital	289,162	114,233	43,704	32,124	1,819,038	184,000	-89.88%
Debt Service	82,859	171,120	145,406	87,685	0	229,157	
Total	2,624,725	1,952,542	2,017,702	2,026,202	3,855,765	2,643,648	-31.44%

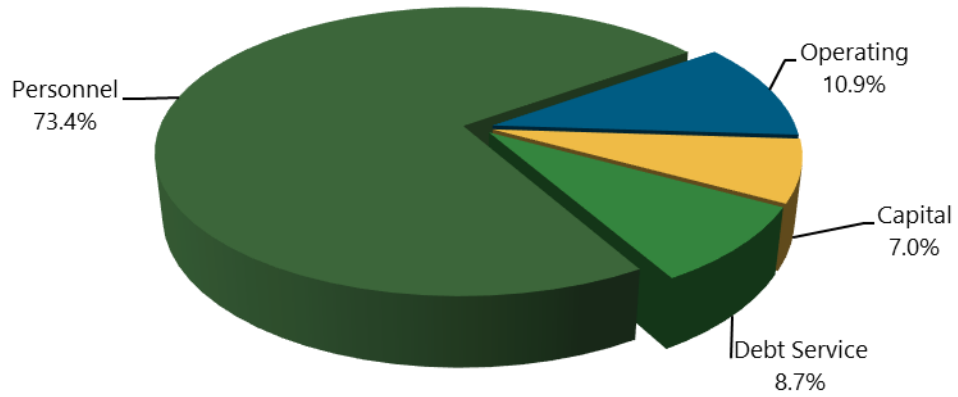
Personnel					
Type	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Full-time	14.5	14.5	14.5	15.5	6.90%
Part-time					
Total	14.5	14.5	14.5	15.5	6.90%

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

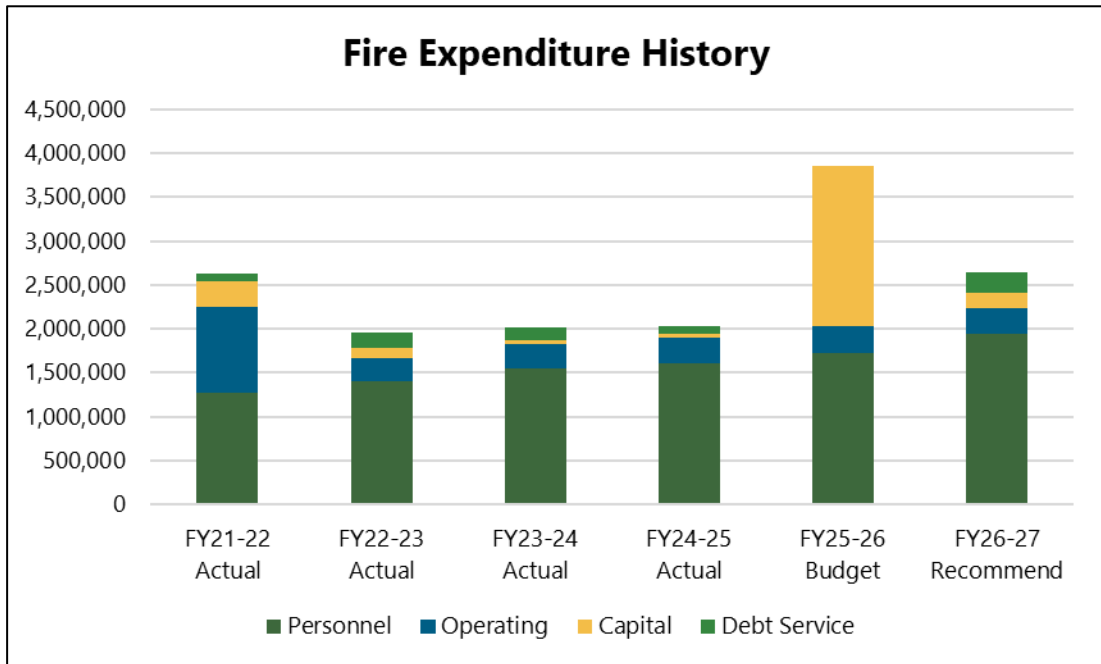
Staffing	
Position Title	Count
Fire Chief	1
Deputy Fire Chief	1
Fire Marshal	1
Captain	3
Fire Engineer	3
Firefighter	6
Public Safety Office Administrator	0.5

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	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Salaries and Wages	1,036,828	1,120,354	1,244,706	1,244,706	124,353	11.10%
Salaries and Wages (part time)	17,218	15,000	15,000	15,000	0	0.00%
Salary and Wages (overtime)	52,035	52,000	56,000	56,000	4,000	7.69%
FICA	81,838	90,833	96,227	96,227	5,395	5.94%
Supplemental Retirement (LIGERS)	148,319	169,405	196,407	196,407	27,002	15.94%
401k	54,201	58,618	65,035	65,035	6,418	10.95%
Medical/Dental Insurance	154,361	170,291	213,933	213,933	43,643	25.63%
Workers' Compensation	50,984	44,537	49,356	49,356	4,819	10.82%
Life/ADD/Short Term Disability	4,015	4,770	5,007	5,007	237	4.96%
Professional Services		14,000	14,000	14,000	0	0.00%
Contracted Services		36,950	27,010	27,010	(9,940)	-26.90%
Travel and Training		22,000	18,000	18,000	(4,000)	-18.18%
Uniforms	49	18,000	18,000	18,000	0	0.00%
Technology Hardware & Accessories		0	0	0	0	
Repairs and Maintenance		12,000	15,000	15,000	3,000	25.00%
Vehicle Repairs and Maintenance		55,000	55,000	55,000	0	0.00%
Insurance and Bonding		56,000	62,000	62,000	6,000	10.71%
Communications	5,497	11,320	7,460	7,460	(3,860)	-34.10%
Utilities		14,000	15,600	15,600	1,600	11.43%
Dues and Subscriptions	55	6,500	5,000	5,000	(1,500)	-23.08%
Supplies and Materials		23,000	15,750	15,750	(7,250)	-31.52%
Vehicle Supplies and Materials	1,558	17,000	14,500	14,500	(2,500)	-14.71%
Fire Supplies and Materials		13,650	11,500	11,500	(2,150)	-15.75%
Rescue 11 Supplies and Materials		7,000	8,000	8,000	1,000	14.29%
Fire Prevention Supplies and Materials		3,000	1,500	1,500	(1,500)	-50.00%
Capital Outlay - over \$5,000	14,406	1,769,492	150,000	150,000	(1,619,492)	-91.52%
Capital Outlay - under \$5,000	17,718	49,546	34,000	34,000	(15,546)	-31.38%
Subsidies and Allocations	299,125	0	0	0	0	
Debt Service	87,685	0	229,157	229,157	229,157	
Miscellaneous	309	1,500	500	500	(1,000)	-66.67%
TOTAL	2,026,202	3,855,765	2,643,648	2,643,648	(1,212,116)	-31.44%

Notes

Professional Services

Firefighter Physicals	12,000
Wellness	2,000
	<u>14,000</u>

Contracted Services

Data Management	10,900
SCBA & Compressor Testing	2,500
Pump, Hose & Ground Ladder Testing	8,200
Aerial Ladder Testing	2,500

Hydro Testing	1,000
Copier Contract	1,310
Pest Control	600
	<hr/>
	27,010

Travel and Training

Leadership and Supervision Training	5,000
HOT Classes (Hands on Training)	6,000
Conferences	4,000
Continuing Education	3,000
	<hr/>
	18,000

Insurance and Bonding

Vehicles, Facilities, Contents	55,000
Volunteer Workers Comp	7,000
	<hr/>
	62,000

Communications

Mobile Phones	2,270
CAD	800
Enhanced Push to Talk	990
MiFi	1,370
Repairs and Maint - Radios and Pagers	2,030
	<hr/>
	7,460

Utilities

Power	11,000
Water	2,000
Telephone	2,600
	<hr/>
	15,600

Dues and Subscriptions

NC Firefighter's Pension Fund	2,500
NCSFA/NVFC Dues	2,000
Publications	250
Other Dues and Subscriptions	250
	<hr/>
	5,000

Supplies and Materials

Living Quarters	2,000
Fitness Facility	1,000
Bays / Vehicle Storage Area	2,250
Office	3,000

Propane	2,000
Shared Station Supplies (PD/FD Split) @5500/ea	<u>5,500</u>
	15,750

Vehicle Supplies and Materials

Fuel	12,000
Vehicle Upgrades	<u>2,500</u>
	14,500

Fire Supplies and Materials

Repair & Maint - Turnout Gear	3,000
Rehab 11 Supplies	500
PPE wear items (gloves, hoods)	1,500
SCBA Repair and Maintenance	4,000
Equipment Upgrades and replacement	<u>2,500</u>
	11,500

Rescue 11 Supplies and Materials

EMS Consumables	6,000
Oxygen	1,000
Surf Rescue PPE	<u>1,000</u>
	8,000

Fire Prevention Supplies and Materials

Prevention and Education	500
Hydrant Maintenance	500
Reflective Signs	<u>500</u>
	1,500

Capital Outlay Over \$5,000

Command Vehicle Replacement (2)	<u>150,000</u>
	150,000

Capital Outlay Under \$5,000

Replacement of Turnout Gear	22,000
Hose and Appliances	<u>12,000</u>
	34,000

Debt Service

Truck 11	
	<u>229,157</u>
	229,157

Miscellaneous

Miscellaneous

500

500

Ocean Rescue

Description

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

Recent Accomplishments

- The contractor provided coverage in fixed stands and roving patrols during a busy summer of 2025.
- A Request for Proposals for lifeguard service was developed and responses evaluated, in conjunction with the Town of Southern Shores. At the end of this process, the Town selected a new contractor to provide this service.

Upcoming Projects

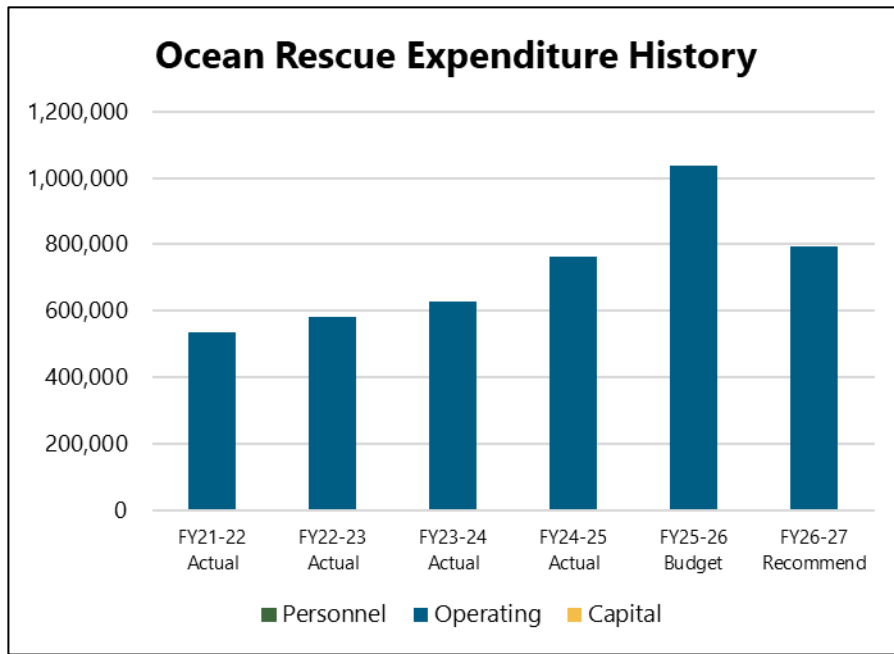
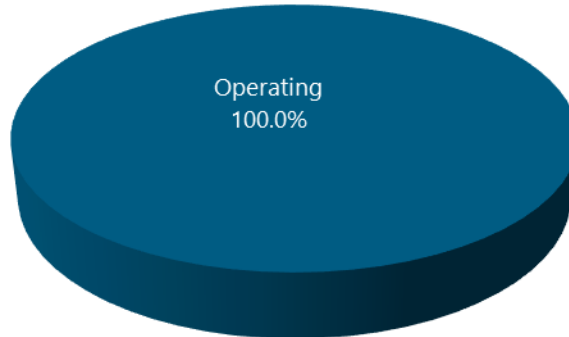
- The contractor will replace stands as needed and will be evaluating stand locations for future years based upon data collected during the 2026 summer season.

FY 2026-2027 Budget Highlights

- The Ocean Rescue Department budget decreases 23.7% from the FY2025-26 budget due to timing of payments for the new contract term. The actual contract cost decreased as compared to the prior contract term.
- The Ocean Rescue budget accounts for 5.77% of the General Fund budget and is equivalent to \$0.025 on the tax rate.

Expenditures by Type							
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Personnel	0	0	0	0	0	0	
Operating	535,340	580,069	628,270	764,283	1,037,795	792,290	-23.66%
Capital	0	0	0	0	0	0	
Total	535,340	580,069	628,270	764,283	1,037,795	792,290	-23.66%

Ocean Rescue Expenditures by Type



Line Item Expenditures

Ocean Rescue						
Account Description	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Contracted Services	760,000	1,034,072	789,790	789,790	(244,282)	-23.62%
Communications	4,205	2,223	0	0	(2,223)	-100.00%
Supplies and Materials	77	1,500	2,500	2,500	1,000	
TOTAL	764,283	1,037,795	792,290	792,290	(245,505)	-23.66%

Communications & Special Events

Description

Formerly known as 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.
- 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.
- The Volunteer Appreciation Celebration was held in April 2025 to recognize the volunteers that dedicate their time and generosity to the Town. In 2024, volunteers contributed over 1,200 hours at events, beach grass planting, Duck Sweep, and administrative office assistance.
- 160 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.
- In October we hosted another successful Trunk-or-treat and movie night event in the Town park. Participants included Duck Public Safety and 18 local businesses and a roving street magician. 350 participants came to enjoy the event.
- Created a Holiday Directory to feature Duck businesses during the holiday season to encourage patronage at local businesses during the holiday season.
- 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 summer programs included Duck Unplugged Acoustic nights in the Amphitheater, Christmas in July event week with holiday themed programming, and 4 weeks of an additional fitness class.
- New wellness programs- Chair Yoga, Sound Healing and Meditation- were introduced during the off-season.
- Hosted new educational programs about the moon and pollinators led by Rhana Paris during the spring.
- The department participates as a resource to the newly formed Town Parks and Recreation Advisory Committee.
- Introduced new volunteer mixer to both say thank you and recruit new volunteers.
- Secured new and returning sponsors for Town events.

- Invited local businesses to attend a free Shoplifting Prevention program led by Detective Gilreath.
- Worked with Detective Gilreath to host the first National Night Out in Duck. The family event included Community Watch information, a taser demonstration, refreshments, and games for the family.
- Social media following grew 4.4% across all platforms (Town of Duck Facebook, Town of Duck Police Department Facebook, Duck Jazz Festival Facebook, Duck Jazz X, Town of Duck X, Town of Duck Instagram) for a total of 74,874 followers. Impressions increased 1.2K% across all platforms. Post engagement for 2025 was 3.79%, a 14.4% increase from 2024.
- The Town of Duck FLOCK (Fundamentals of Citizen Learning) Academy had 13 graduates in the 2025 cohort. Thirteen participants are enrolled in the 2026 cohort. The FLOCK Academy was designed to give residents an inside look at how local government works. Participants attend sessions on the second and fourth Tuesdays of the month to view presentations from Department Directors. Sessions conclude with an interactive activity as an opportunity for participants to use their knowledge in simulated scenarios.
- Episodes for The Sitting Duck: A Town of Duck Podcast continue to be released. The podcast has garnered 2.2k downloads across every platform.
- 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.
- Author Events were offered in collaboration with Duck's Cottage Coffee and Books to offer off- season events to our community. Local and national authors were invited to speak about their work and engage with the community for a lecture and book- signing.
- Roots in Duck was created to offer the community a way to help protect, preserve, and promote the environment by adopting a bald cypress tree sapling. Fifty saplings were adopted by Duck residents, business owners, and residents of neighboring towns.
- Expanded and consistently delivered the weekly E-News, keeping residents and visitors informed on town updates, meetings, and events.
- Continued development and upkeep of the Town's official website, serving as a central hub for news, alerts, and resources.
- Branded and marketed "Our Herron" to encourage the community to be active in the planning process for the newly purchased Herron property.
- Produced several videos for Destination Dare including: Lithium Battery Safety, Shoreline Stabilization, Septic Health, Why Duck is for the Birds, and a Fire Safety video.
- Published monthly internal employee newsletters to keep employees informed, engaged, and connected with teammates.
- Coordinated the Mighty Duck Award Program- an employee recognition program that recognizes employees that demonstrate SOAR values in their daily duties.
- Despite the 2025 Duck Jazz Festival being cancelled, the event brochure won "Best Brochure" at the NC Association of Festivals and Events.

- Acted as a co-sponsor for the return of the Duck Turkey Trot hosted by the First Flight Track Club. This event's return brought over 700 runners/ walkers and their families to Duck over the Thanksgiving holiday.

Upcoming Projects

- Work with a production company to bring quality and new programs to the Duck Amphitheater. GVI Productions out of Virginia Beach will perform two of their original historical mini musicals during the summer season.
- Plan and execute a celebration honoring Duck's 25th year as an incorporated Town of Dare County.
- "Take a Duck, Leave a Duck" will be a year-round community engagement program. People will be encouraged to find the "duck pond" that will be placed in the park. Once found, they can take a duck that makes them happy and/or leave a duck to make someone else smile.
- Expand support of local non-profit organizations. Partner with the Theater of Dare to bring some of their summer camp productions to the Duck Amphitheater.
- An additional day of fitness classes over 12 weeks will be added to the summer event line-up. This class will rotate instructors representing three local businesses: Mind Spring Fitness, Sound Side Studio, and Soul Sessions.
- Perform an overhaul of the Town's website to comply with current WCAG ADA guidelines and perform staff- training to ensure ongoing compliance and education of ADA guidelines.
- Work with the Duck Police Department to host Quiet Connections: An Autism Awareness and Community Resources event to provide an inclusive event to the community.
- Work with the Duck Police Department to host the first Blue Crab Rodeo in July.
- Launch the Septic Health Initiative to educate the public about the importance of septic health and the effect of such on the environment. This will involve the launch of a program to provide complimentary septic inspections in collaboration with the Outer Banks Association of Realtors.
- Work with a local videographer to develop an updated historical video of the Town of Duck.

FY 2026-2027 Budget Highlights

- The Communications & Special Events Department budget increased 8.62% from the FY 2025-26 budget mostly due to increases in event related expenses, personnel costs, and the costs to bring our website into compliance with ADA.
- The Communications & Special Events Department budget accounts for 4.27% of the General Fund budget and is equivalent to \$0.018 on the tax rate.

Expenditures by Type							
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Personnel	0	0	0	231,240	249,335	266,252	6.78%
Operating	89,201	217,589	231,945	275,179	289,870	319,456	10.21%
Capital	0	0	0	0	0	0	
Debt Service	0	0	0	0	0	0	
Total	89,201	217,589	231,945	506,419	539,206	585,708	8.62%

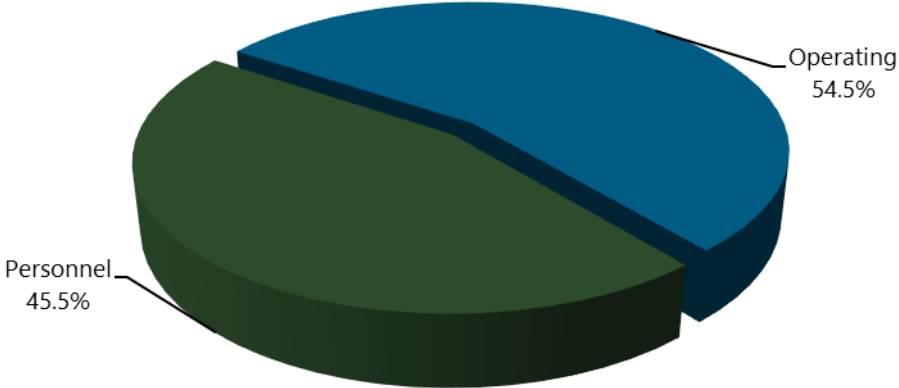
This table shows that we will not be adding any positions this year.

Personnel					
Type	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Full-time		2.0	2.0	2.0	0.00%
Part-time					
Total	-	2.0	2.0	2.0	0.00%

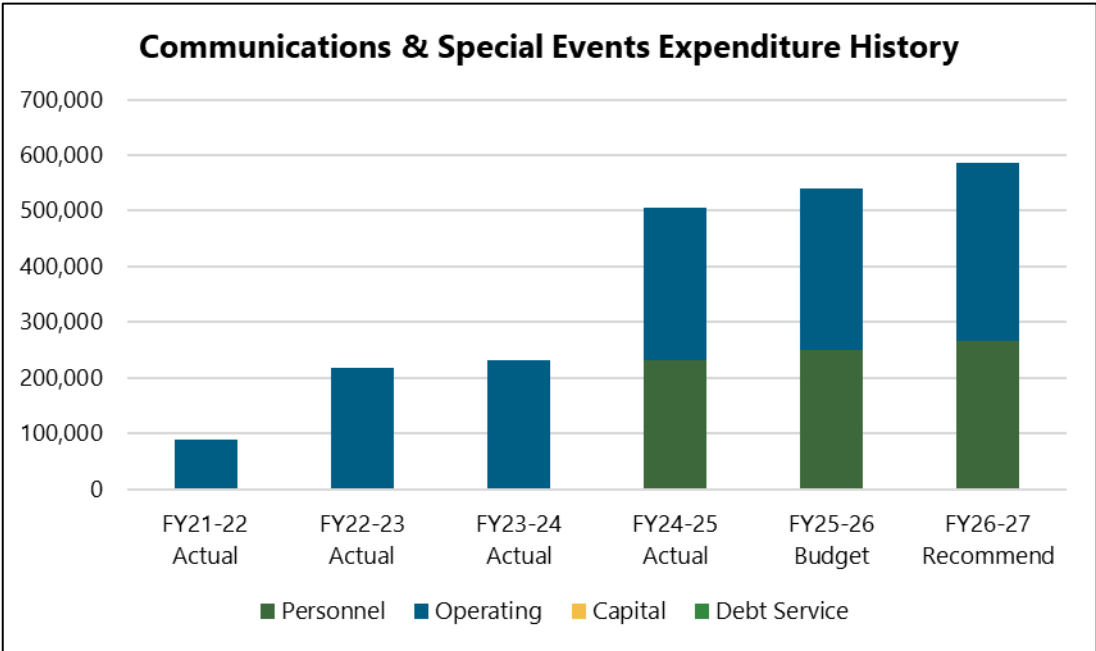
Staffing	
Position Title	Count
Public Information and Events Director	1
Community Engagement Coordinator	1
	2

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	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Salaries and Wages	169,137	179,565	191,106	191,106	11,540	6.43%
FICA	12,889	13,737	14,620	14,620	883	6.43%
Supplemental Retirement (LGERS)	22,914	25,947	28,857	28,857	2,910	11.21%
401k	8,424	8,978	9,555	9,555	577	6.43%
Medical/Dental Insurance	12,847	16,216	16,917	16,917	702	4.33%
Workers' Compensation	4,318	4,115	4,380	4,380	264	6.43%
Life/ADD/Short Term Disability	710	777	818	818	41	5.25%
Contracted Services	194,424	200,900	215,600	215,600	14,700	7.32%
Travel and Training	714	2,995	5,645	5,645	2,650	88.48%
Uniforms	249	300	300	300	0	0.00%
Advertising	24,215	31,000	37,000	37,000	6,000	19.35%
Communications	1,932	1,848	2,308	2,308	460	24.88%
Dues and Subscriptions	16,414	17,427	16,303	16,303	(1,124)	-6.45%
Printing and Binding	6,818	6,800	7,300	7,300	500	7.35%
Supplies and Materials	8,616	7,000	10,000	10,000	3,000	42.86%
Merchandise for Resale	11,997	12,000	16,000	16,000	4,000	33.33%
Miscellaneous		0	0	0	0	
Miscellaneous - Events	9,800	9,600	9,000	9,000	(600)	-6.25%
TOTAL	506,419	539,206	585,708	585,708	46,503	8.62%

Notes

Contracted Services

Access Design	2,000	
Events: Performers, Tents, Stage, Lights, etc.	210,000	\$120k for jazz, \$90k non-jazz
Newsletter	3,600	(printing and postage)
	<u>215,600</u>	

Travel and Training

NC3C Conference	1,400	Kay
3CMA Conference	2,400	Kay
OBX Economic summit	30	
OBX Tourism summit	65	
Misc. Continuing Education	500	
Showfest Conference	<u>1,250</u>	Betsy
	5,645	

Uniforms

Logo attire - staff	300
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Advertising

Print and Digital Advertising	37,000
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Communications

Phone Upgrades	800
Mobile Phones/iPad	1,508
	<hr/>
	2,308

Dues and Subscriptions

ASCAP	458	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 Comm and Marktng Assn
NC3C	100	NC Communications Association
GoDaddy Website Domain	300	Website
Canva	119	Social Media
Outer Banks Media	1,700	Website Hosting and Monitoring
Zoom	650	Virtual Meetings
Mail Chimp	550	E-newsletter
Hoot Suite	1,800	Social Media
Archive Social	7,925	Social Media
Rave Alerts	443	OBX alerts
OptiSigns - Town Hall Lobby monitor	180	
	<hr/>	
	16,303	

Printing and Binding

Brochure	4,500	includes shipping
Jazz Brochure/ Save the Date	2,800	includes shipping
	<hr/>	
	7,300	

Supplies and Materials

Event Supplies	10,000	Event supplies, FLOCK Academy
	<hr/>	
	10,000	

Merchandise for Resale

Duck/Event themed merchandise	16,000	Includes jazz shirts for resale
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Miscellaneous - Events

July 4th Parade - Barricades, Signs, Vehicles	9,000	Spivey Rentals for barricades
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Community Development

Description

Under the direct responsibilities of the Planning & Permits Manager and Community Planner, and administrative management of the Assistant Town Manager, 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, one special use permit application was presented for review by the Town Council over the past year.
- Advised the Planning Board and Town Council during the consideration and adoption of five ordinance text amendments over the past year.
- Facilitated variance application and administrative appeal hearings before the Board of Adjustment.
- Liaised with the Parks and Recreation Advisory Committee to implement improvements to the pollinator garden at Duck Town Park and initiate a bald cypress foster-a-tree program.

Upcoming Projects

- Work with the Parks and Recreation Advisory Committee to develop and adopt a Townwide Recreation Plan to define community needs as a prerequisite for future Parks and Recreation Trust Fund (PARTF) funding.
- Conduct a diagnostic assessment of Chapter 156 (Zoning) of the Town Code of Ordinances.
- Engage community stakeholders with information about upcoming projects and opportunities for input.

FY 2026-2027 Budget Highlights

- The Community Development Department budget increases 24.8% from the FY 2025-26 budget due mostly changes in personnel costs and the cost for the Zoning Ordinance work noted above.
- The Community Development Department budget accounts for 3.64% of the General Fund budget and is equivalent to \$0.016 on the tax rate.

Expenditures by Type							
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Personnel	274,007	296,018	317,292	365,378	352,749	387,156	9.75%
Operating	34,571	34,618	25,828	29,561	47,522	112,224	136.15%
Capital	0	0	0	0	0	0	
Debt Service	0	0	0	0	0	0	
Total	308,578	330,636	343,120	394,939	400,271	499,380	24.76%

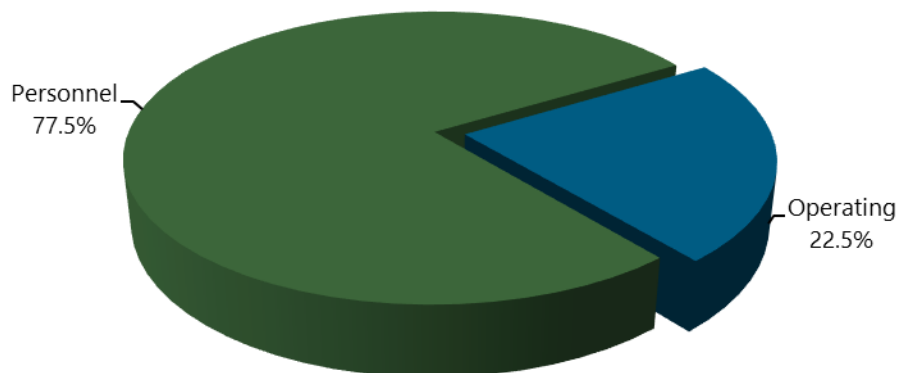
Personnel					
Type	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Full-time	2.5	2.5	2.5	2.5	0.00%
Part-time					
Total	2.5	2.5	2.5	2.5	0.00%

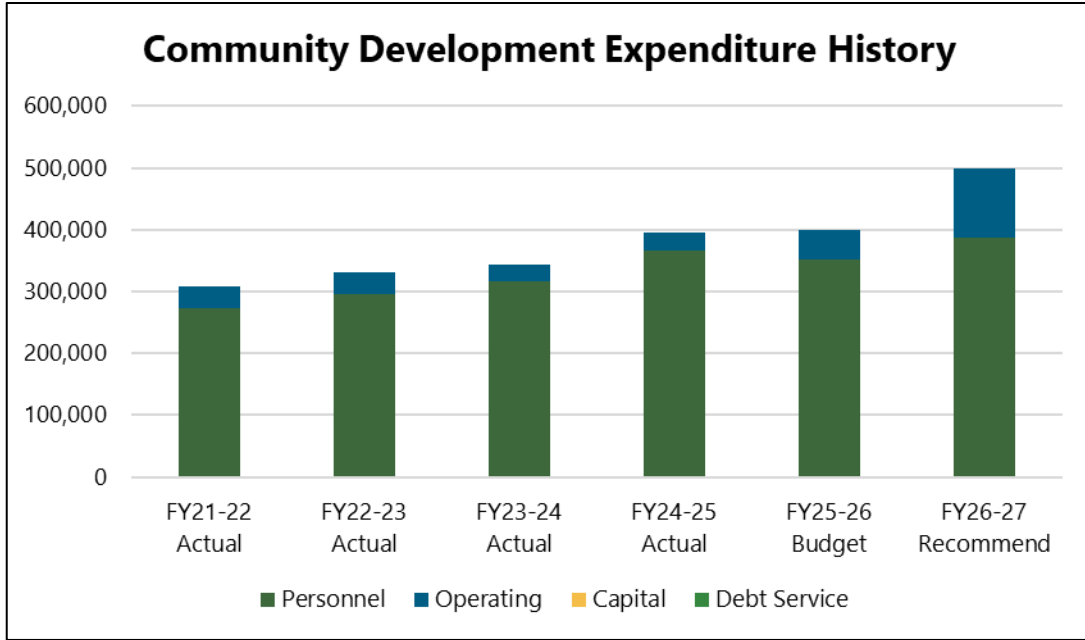
This table shows that we will not be adding any positions this year.

Staffing	
Position Title	Count
ATM/Development & Infrastructure Director	1
Planning & Permits Manager	0.5
Community Planner	1

This table shows the staffing for the department.

Community Development Expenditures by Type





Line Item Expenditures

Community Development						
Account Description	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Salaries and Wages	244,941	243,962	274,020	274,020	30,058	12.32%
Board Stipends	4,925	7,400	8,100	8,100	700	9.46%
FICA	17,939	18,663	20,963	20,963	2,299	12.32%
Supplemental Retirement (LGERS)	31,560	35,253	39,565	39,565	4,313	12.23%
401k	12,348	12,198	13,101	13,101	903	7.40%
Medical/Dental Insurance	47,549	28,626	24,277	24,277	(4,349)	-15.19%
Workers' Compensation	5,061	5,591	6,005	6,005	414	7.40%
Life/ADD/Short Term Disability	1,056	1,056	1,126	1,126	69	6.54%
Professional Services	906	19,475	82,000	82,000	62,525	321.05%
Travel and Training	8,878	9,300	11,000	11,000	1,700	18.28%
Uniforms	273	600	750	750	150	25.00%
Advertising	499	1,200	1,000	1,000	(200)	-16.67%
Technology Hardware & Accessories	2,331	0	0	0	0	
Vehicle Repairs and Maintenance	649	1,200	1,000	1,000	(200)	-16.67%
Communications	5,645	3,532	3,652	3,652	120	3.41%
Dues and Subscriptions	3,395	4,300	5,250	5,250	950	22.09%
Printing and Binding	0	240	240	240	0	0.00%
Supplies and Materials	1,829	1,500	1,250	1,250	(250)	-16.67%
Vehicle Supplies and Materials	1,130	700	500	500	(200)	-28.57%
Leased Equipment	3,749	3,475	3,832	3,832	357	10.27%
Miscellaneous	278	2,000	1,750	1,750	(250)	-12.50%
TOTAL	394,939	400,271	499,380	499,380	99,109	24.76%

Notes

Board Stipends

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

Professional Services

Engineering Services	7,000
Ordinance Revision	75,000
	<hr/>
	82,000

Travel and Training

APA/Planning (Staff)	2,000
APA/Planning (Planning Board)	1,200
CRAC/CRC	600
NCFPM/ASFPM/Flooding	1,200
NCBIWA	1,400
UNC-SOG (Incl NCCCMA)	3,000
NC Bike Walk Summit	600
Other	1,000
	<hr/>
	11,000

Uniforms

Logo attire - staff and Planning Board	750
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Communications

Mobile Phones	2,530
Postage	870
Enhanced Push-to-Talk	252
	<hr/>
	3,652

Dues and Subscriptions

APA Dues (Staff & Planning Board)	2,200
NCBIWA	1,000
NCFPM/ASFPM	600
ICMA/NCCCMA	950
Other Dues	500
	<hr/>
	5,250

Supplies and Materials

Signs/Stakes/Tools	300
Other	950
	<hr/>
	1,250

Leased Equipment

Copier	3,309
Postage Meter	523
	<hr/>
	3,832

Inspections

Description

Under the direct responsibility of the Building Codes and Maintenance Administrator and general direction of the Assistant Town Manager, 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 Planning and Permits Manager 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

- Issued 844 permits and conducted 1,627 building inspections.
- Continued the 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.
- Improved the use of Citizenserve permitting software features to enhance its capabilities and level of service to the public.
- The Building Inspector completed required coursework relating to Level 3 inspector certifications in all trades to maintain a high level of service to the development community.

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 2026-2027 Budget Highlights

- The Inspections Department budget increased 7.87% from the FY 2025-26 budget due mostly to changes in personnel costs.
- The Inspections budget accounts for 2.13% of the General Fund budget and is equivalent to \$0.009 on the tax rate.

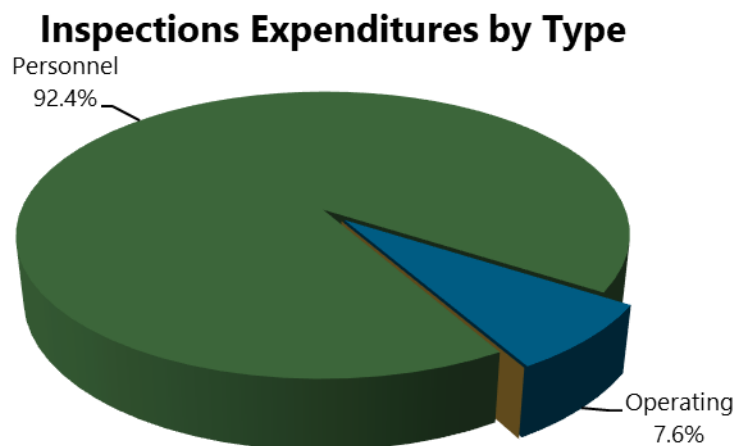
Expenditures by Type							
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Personnel	157,054	190,760	208,386	217,807	248,306	269,706	8.62%
Operating	16,050	13,397	20,283	17,970	22,321	22,224	-0.43%
Capital	0	0	0	0	0	0	
Debt Service	0	0	0	0	0	0	
Total	173,104	204,158	228,669	235,778	270,627	291,931	7.87%

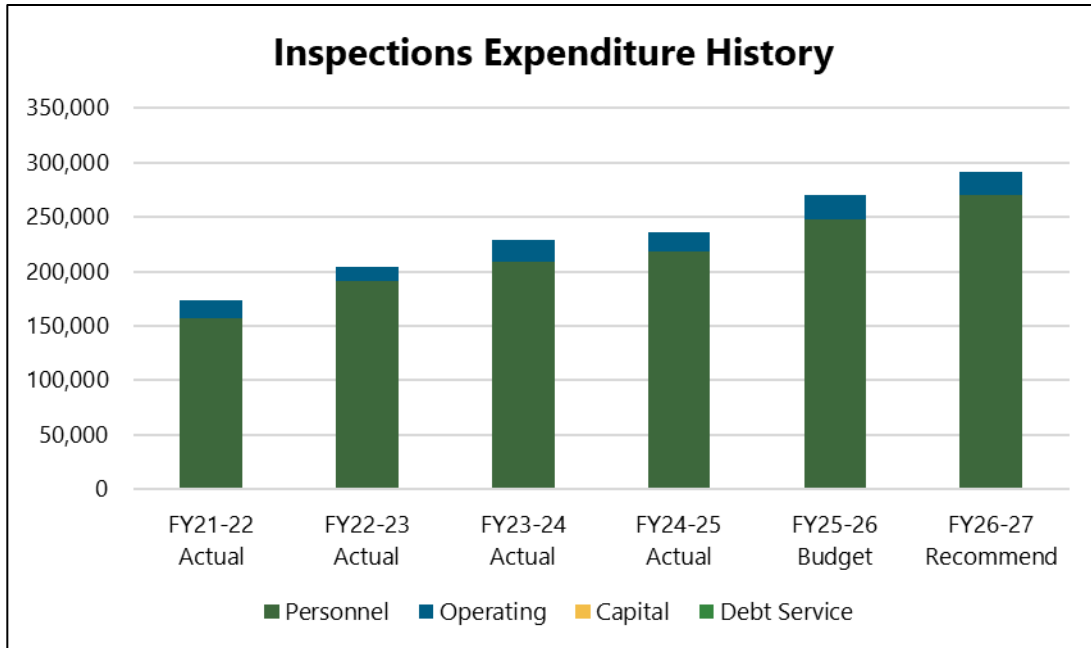
This table shows that we will not be adding any positions this year.

Personnel					
Type	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Full-time	2.0	2.0	2.0	2.0	0.00%
Part-time	-	-	-	-	
Total	2.0	2.0	2.0	2.0	0.00%

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.





Line Item Expenditures

Inspections						
Account Description	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Salaries Wages	159,506	172,166	186,450	186,450	14,284	8.30%
FICA	11,686	13,171	14,263	14,263	1,093	8.30%
Supplemental Retirement (LGERS)	21,589	24,878	28,154	28,154	3,276	13.17%
401k	7,937	8,608	9,323	9,323	714	8.30%
Medical/Dental Insurance	14,168	25,415	27,129	27,129	1,714	6.74%
Workers' Compensation	2,398	3,324	3,589	3,589	265	7.97%
Life/ADD/Short Term Disability	522	744	798	798	54	7.29%
Travel and Training	1,307	2,000	2,000	2,000	0	0.00%
Uniforms	95	400	300	300	(100)	-25.00%
Technology Hardware & Accessories		0	0	0	0	
Vehicle Repairs and Maintenance	367	1,500	1,500	1,500	0	0.00%
Communications	1,334	1,646	1,692	1,692	46	2.80%
Dues and Subscriptions	9,695	9,800	9,800	9,800	0	0.00%
Supplies and Materials	87	500	300	300	(200)	-40.00%
Vehicle Supplies and Materials	544	1,000	800	800	(200)	-20.00%
Leased Equipment	3,749	3,475	3,832	3,832	357	10.27%
Miscellaneous	792	2,000	2,000	2,000	0	0.00%
TOTAL	235,778	270,627	291,931	291,931	21,304	7.87%

Notes

Travel and Training

Building Inspector Classes and Exams	500
Miscellaneous Training	1500
	<hr/>
	2,000

Communications

Mobile Phones	958
Enhanced Push-to-Talk	84
Postage	650
	<hr/>
	1,692

Dues and Subscriptions

Permitting Software	9600
Other Dues and Subscriptions	200
	<hr/>
	9,800

Leased Equipment

Copier	3,309
Postage Meter	523
	<hr/>
	3,832

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 Assistant Town Manager, 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, Don Kingston Pavilion, Soundside Boardwalk, Town's rental house, and some maintenance of the Public Safety facility.

Recent Accomplishments

- Coordinated the development of a land use plan for the former Herron Property.
- Installed Memory Lane bricks/walkway.
- Repaired necessary decking and railing along the boardwalk.
- Made repairs to the Public Safety Building and Amphitheater.
- Coordinated improvements to the Town's rental house.
- Completed design work for a new Public Safety Building.
- Replaced the generator at the Public Safety building and repaired the generator at the Administration Building.
- Continued to replace boardwalk benches.
- Replaced playground equipment at the Town Park.

Upcoming Projects

- Replace irrigation lines in the Town Park.
- Maintain Town Hall/Park parking lots.
- Continue maintenance and repair of boardwalk.

FY 2026-2027 Budget Highlights

- The Public Facilities Department budget decreased 32.8% compared to the FY 2025-26 budget due to less funding needed for professional services and to a large repair item required in the prior year
- The Public Facilities budget accounts for 4.64% of the General Fund budget and is equivalent to \$0.020 on the tax rate.

Expenditures by Type							
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Personnel	73,004	85,111	97,384	115,033	132,497	138,251	4.34%
Operating	215,443	400,478	279,163	372,844	378,136	219,739	-41.89%
Capital	15,915	3,190	23,099	2,074,499	24,000	10,000	-58.33%
Debt Service	239,969	224,375	138,333	177,467	414,186	269,360	-34.97%
Total	544,330	713,154	537,979	2,739,843	948,819	637,350	-32.83%

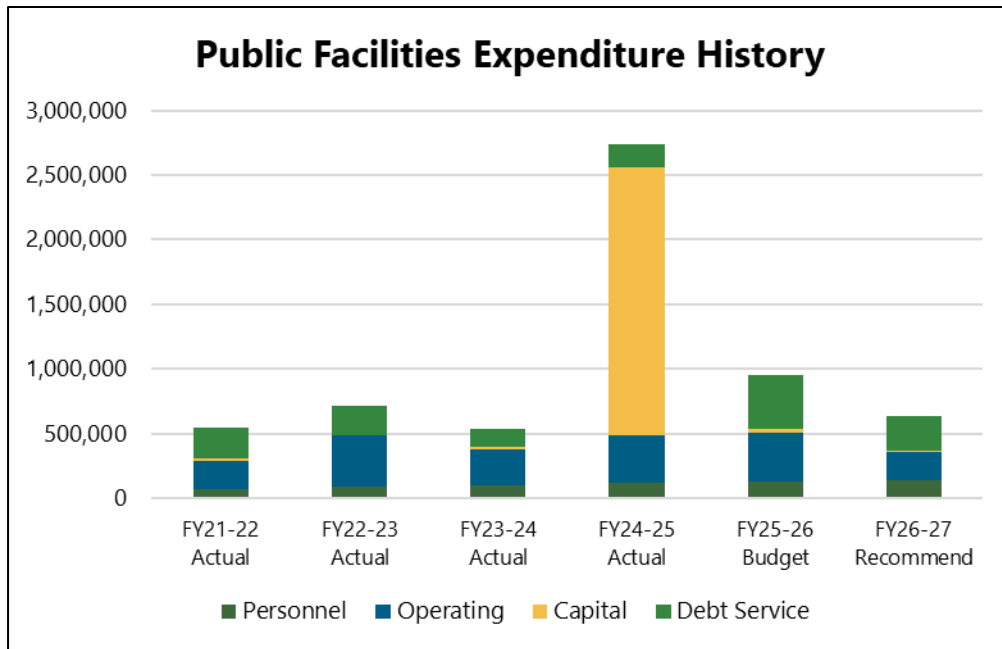
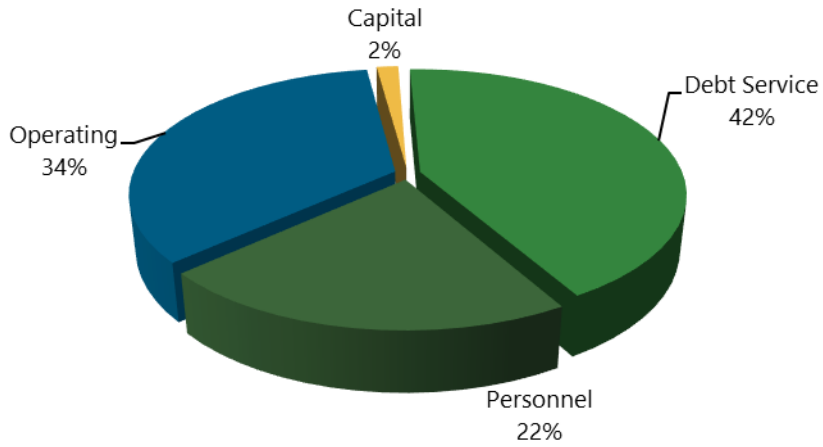
This table shows that we will not be adding any positions this year.

Personnel					
Type	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Full-time	1.0	1.0	1.0	1.0	0.00%
Part-time		0.5	0.5	0.5	0.00%
Total	1.0	1.5	1.5	1.5	0.00%

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



Line Item Expenditures

Public Facilities						
Account Description	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Salaries and Wages	70,296	73,275	77,000	77,000	3,725	5.08%
Salaries and Wages (PT)	13,868	24,975	24,975	24,975	0	0.00%
FICA	6,354	7,516	7,801	7,801	285	3.79%
Supplemental Retirement (LIGERS)	9,363	10,588	11,627	11,627	1,039	9.81%
401k	3,442	3,664	3,850	3,850	186	5.08%
Medical/Dental Insurance	7,030	8,108	8,459	8,459	351	4.33%
Workers' Compensation	4,351	4,053	4,207	4,207	154	3.79%
Life/ADD/Short Term Disability	328	318	333	333	15	4.68%
Professional Services	63,967	64,852	0	0	(64,852)	-100.00%
Contracted Services	162,245	154,105	153,868	153,868	(237)	-0.15%
Uniforms	230	300	300	300	0	0.00%
Repairs and Maintenance	89,547	106,906	47,800	17,000	(89,906)	-84.10%
Boardwalk Repairs	6,954	11,000	7,500	7,500	(3,500)	-31.82%
Vehicle Repairs and Maintenance	286	1,000	1,000	1,000	0	0.00%
Communications	447	597	623	623	26	4.36%
Utilities	18,009	19,876	20,848	20,848	972	4.89%
Dues and Subscriptions	955	900			(900)	-100.00%
Technology Hardware & Accessories			0	0	0	
Supplies and Materials	29,484	15,000	15,000	15,000	0	0.00%
Vehicle Supplies and Materials	313	600	600	600	0	0.00%
Capital Outlay	2,074,499	24,000	110,000	10,000	(14,000)	-58.33%
Capital Outlay - Under \$5,000			0	0	0	
Debt Service	177,467	414,186	269,360	269,360	(144,826)	-34.97%
Miscellaneous	408	3,000	3,000	3,000	0	0.00%
TOTAL	2,739,843	948,819	768,150	637,350	(311,469)	-32.83%

Notes

Contracted Services

Park & Boardwalk Landscaping	57,182
Pest Control	1,200
Elevator Service Agreement	2,200
Cleaning	64,354
Additional Plants & Landscaping	13,000
Carpet, tile, and window cleaning	4,460
Generator Maintenance Contract	1,220
Alarm Service	1,200
HVAC Maintenance Agreement	6,000
Trash Roll In/Out - Rental House	252
Septic Maintenance	2,800
	<hr/>
	153,868

Repairs and Maintenance

Town Hall Generator Repair	25,000	Fuel Tank
Tree Removal/Pruning	5,000	
Parking Lot Stone Surface	4,000	
Bench Replacement/Repair (3)	1,800	
Other Repairs and Maintenance	12,000	
	<u>47,800</u>	

Communications

Mobile Phone	539
Enhanced Push-to-Talk	84
	<u>623</u>

Utilities

Power	17,640
Water	2,751
Cell Service for Boardwalk Cameras	457
	<u>20,848</u>

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
Playground Equipment Replace/Expand	100,000
	<u>110,000</u>

Debt Service

Land Purchase (Herron)	269,360
	<u>269,360</u>

Streets & Highways

Description

The Town of Duck, unlike many towns, does not presently own or maintain any streets; however, under the general direction of the Assistant Town Manager and coordination by the Planning & Permits Manager 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 adjoining the Georgetown Sands neighborhood.
- Repaved a section of the Duck Trail between Pintail Dive and Wood Duck Drive.
- Installed markings on Duck Trail to enhance the safety and traveling experience for pedestrians and bicycle riders within and leading into Duck Village.

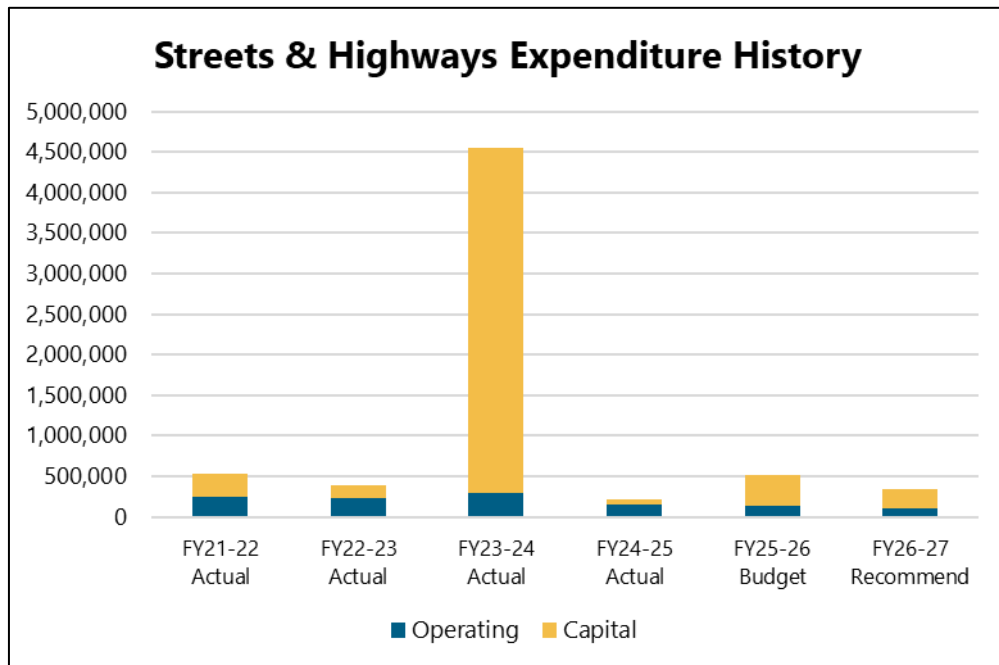
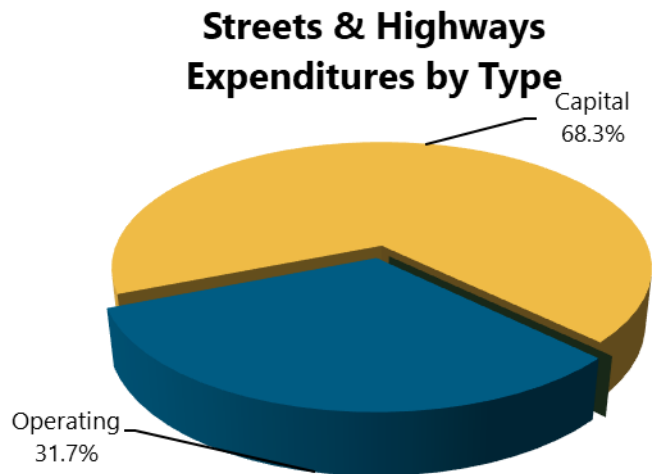
Upcoming Projects

- Complete construction of nature-based stormwater management improvements in the Teresa Court cul-de-sac.
- Seeking funding in coordination with Southern Shores for stormwater mitigation improvements along Duck Road from Charles Jenkins Lane to Sea Oats Trail.
- Repaving a section of the Duck Trail from Sound Sea Avenue to Sea Tern Drive.
- Replacing retaining walls along the Duck Trail near Canvasback Drive.

FY 2026-2027 Budget Highlights

- The Streets & Highways Department budget decreases 34.9% from the FY 2025-26 budget due to lower level of capital improvement needs in the coming year.
- The Streets & Highways Department budget accounts for 2.46% of the General Fund budget and is equivalent to \$0.011 on the tax rate.

Expenditures by Type							
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Personnel	0	0	0	0	0	0	
Operating	248,160	228,294	286,429	157,949	128,578	106,938	-16.83%
Capital	283,412	153,539	4,258,794	53,515	389,173	230,000	-40.90%
Total	531,573	381,833	4,545,223	211,464	517,751	336,938	-34.92%



Line Item Expenditures

Streets & Highways						
Account Description	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Professional Services	48,644	25,500	10,000	10,000	(15,500)	-60.78%
Contracted Services	85,286	72,763	74,268	74,268	1,505	2.07%
Repairs and Maintenance	12,780	18,645	11,000	11,000	(7,645)	-41.00%
Utilities	6,401	4,670	4,670	4,670	0	0.01%
Supplies and Materials	2,364	5,000	5,000	5,000	0	0.00%
Capital Outlay-over \$5,000	53,515	389,173	230,000	230,000	(159,173)	-40.90%
Capital Outlay-under \$5,000			0	0	0	
Miscellaneous	2,474	2,000	2,000	2,000	0	0.00%
TOTAL	211,464	517,751	336,938	336,938	(180,813)	-34.92%

Notes

Professional Services

Miscellaneous Engineering	10,000
	10,000

Contracted Services

Caribbean Landscaping (Duck Village Sidewalks)	35,428
Coinjock Lawncare (Duck Trail & Multi-Use Path)	32,040
Clean-Out Caffey's Inlet	4,000
ECO Counter Subscription	2,300
Sump Pump Maintenance	500
	74,268

Repairs and Maintenance

Storm water pump and piping	6,000
Crosswalk Lights/Poles	2,000
Other repairs and maintenance	3,000
	11,000

Utilities

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

Supplies and Materials

Street Signs/Markings	2,500
Other Supplies (includes landscaping)	2,500
	5,000

Capital Outlay-over \$5,000

Retaining Wall Replacement	25,000
Duck Trail Repaving	75,000
NC 12 Stormwater Improvements	<u>130,000</u>
	230,000

Sanitation

Description

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

Recent Accomplishments

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

Upcoming Projects

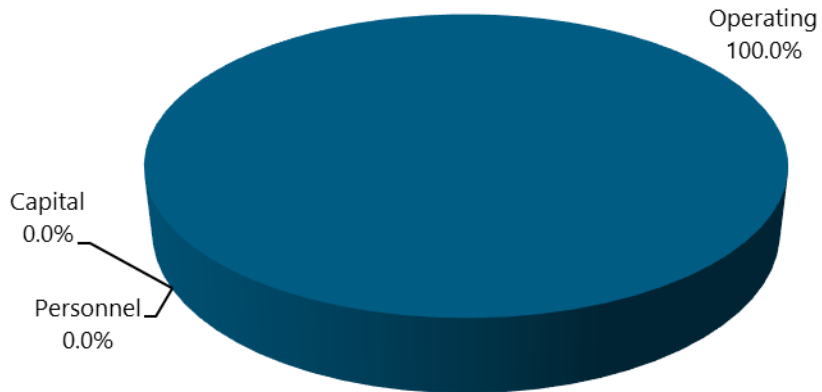
- Continued evaluation of current pick-up schedules and monitoring of contracted services to ensure compliance with contract terms and service expectations.

FY 2026-2027 Budget Highlights

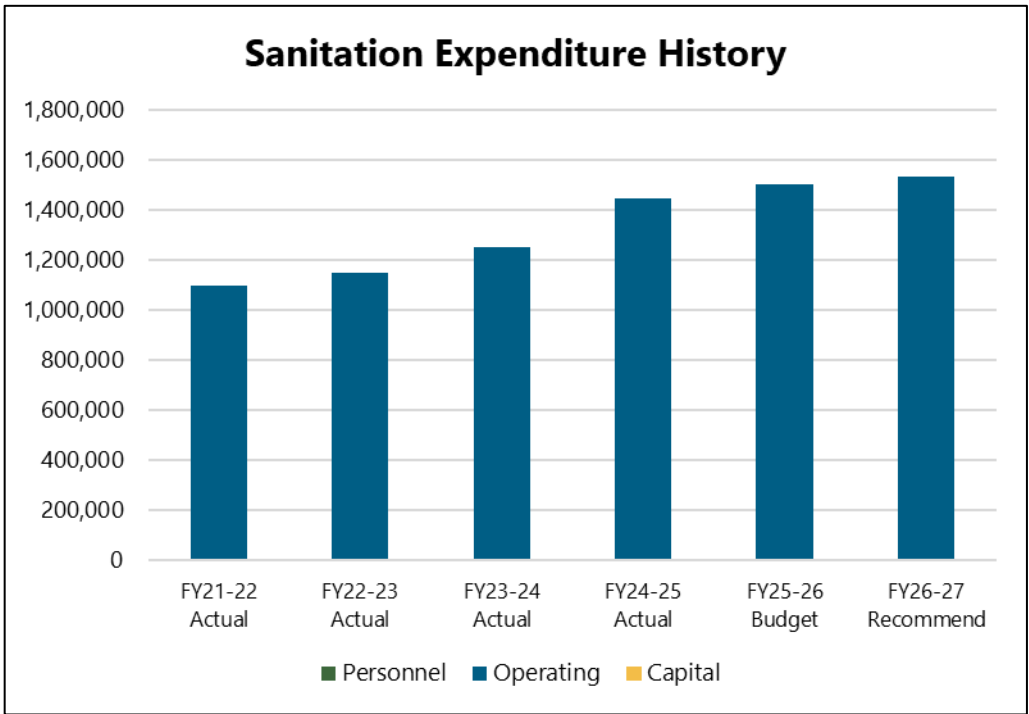
- The Sanitation Department budget increased 2% from the FY 2025-26 budget due to predicted increases in the costs for these services in accordance with contract terms.
- The Sanitation budget accounts for 11.16% of the General Fund budget and is equivalent to \$0.048 on the tax rate.

Expenditures by Type							
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Personnel	0	0	0	0	0	0	
Operating	1,097,385	1,146,553	1,252,653	1,445,702	1,501,220	1,531,264	2.00%
Capital	0	0	0	0	0	0	
Total	1,097,385	1,146,553	1,252,653	1,445,702	1,501,220	1,531,264	2.00%

Sanitation Expenditures by Type



Sanitation Expenditure History



Line Item Expenditures

Sanitation						
Account Description	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Contracted - Garbage	1,125,732	1,178,657	1,207,735	1,207,735	29,078	2.47%
Contracted - Recycling	318,688	322,562	323,529	323,529	967	0.30%
Contracted Services (includes debris)	1,283					
TOTAL	1,445,702	1,501,220	1,531,264	1,531,264	30,045	2.00%

Notes

Garbage		Residential	Commercial	Total
July - Sept		199,527	110,823	310,350
Oct - June		640,996	247,740	888,736
Special Collection Day	Fall	4,138		4,138
	Spring	4,510		4,510
TOTAL		809,028	325,294	1,207,735

Recycling		Residential	Commercial	Total
July - Sept		56,308	30,210	86,518
Oct - June		148,681	88,330	237,011
TOTAL		204,989	118,540	323,529

Environmental Protection

Description

Under the general direction of the Assistant Town Manager and coordination by the Planning & Permits Manager 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

- Over 40 volunteers planted 80,000 sprigs of beach grass along the oceanfront dunes. The Town contracted for an additional 210,000 sprigs of American Beach Grass, 20,000 sprigs of Sea Oats, and 4,500 sprigs of Bitter Panicum to be planted along the oceanfront.
- Installed sand fencing within the beach renourishment area.
- Installed 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.
- Awarded grant funding to implement a septic health initiative to educate the public about wastewater issues.

Upcoming Projects

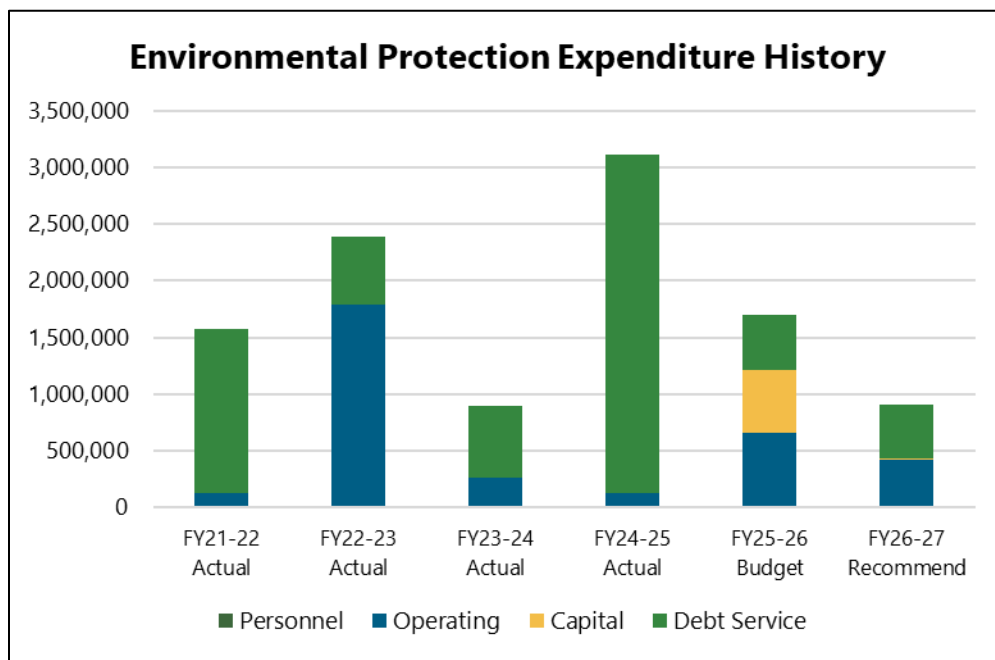
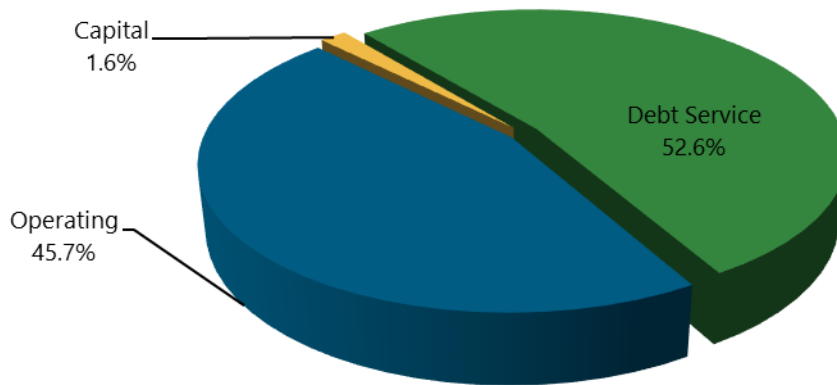
- Continue to study and monitor dune and shoreline changes along the entire beachfront and living shoreline project area.
- Educate the public about environmental resources, issues, and nature-based solutions.
- Coordinate the annual planting and fertilization of beach vegetation and installation of 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 2026-2027 Budget Highlights

- The Environmental Protection Department budget decreased 42.42% from the FY 2025-26 budget due to the large expense for the Shoreline Protection project paid in that year.
- The Environmental Protection Department budget accounts for 6.64% of the General Fund budget and is equivalent to \$0.028 on the tax rate.

Expenditures by Type							
Type	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Actual	FY25-26 Budget	FY26-27 Recommend	Percent Change
Personnel							-
Operating	129,560	1,788,401	268,918	133,434	662,580	416,500	-37.14%
Capital	0	0	0	0	548,560	15,000	-97.27%
Debt Service	1,445,337	595,495	627,263	2,982,670	488,025	479,287	-1.79%
Total	1,574,897	2,383,896	896,180	3,116,104	1,699,165	910,787	-46.40%

Environmental Protection Expenditures by Type



Line Item Expenditures

Environmental Protection						
Account Description	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Professional Services	33,324	367,000	267,000	267,000	(100,000)	-27.25%
Contracted Services	71,742	139,580	112,500	112,500	(27,080)	-19.40%
Repairs and Maintenance	12,079	16,500	12,500	12,500	(4,000)	-24.24%
Supplies and Materials	16,217	20,500	23,000	23,000	2,500	12.20%
Capital Outlay-over \$5,000		548,560	15,000	15,000	(533,560)	-97.27%
Debt Service	2,982,670	488,025	479,287	479,287	(8,738)	-1.79%
Miscellaneous	72	119,000	1,500	1,500	(117,500)	-98.74%
TOTAL	3,116,104	1,699,165	910,787	910,787	(788,378)	-46.40%

Notes

Professional Services

Annual Beach Monitoring Survey (CPE)	60,000
Design, Permitting (2027)	200,000
Living Shoreline Monitoring (RCOAST)	7,000
	<u>267,000</u>

Contracted Services

Caribbean Landscaping (Beach Grass)	112,500
	<u>112,500</u>

Repairs and Maintenance

Dune Grading	7,500
Storm Debris Removal	5,000
	<u>12,500</u>

Supplies and Materials

Beach Grass, etc.	12,000
Living Shoreline Plants/Treatment	10,000
Other Supplies & Materials	1,000
	<u>23,000</u>

Capital Outlay - over \$5,000

Septic Health Initiative	15,000
	<u>15,000</u>

Debt Service

Beach Nourishment (2022)	
Series 2021 A (Town Portion)	
Principal	474,917
Interest	4,369
Total	<u>479,287</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 2026-27 budget we are budgeting to transfer all revenue received from MSD taxes along with 15.16% 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 approximately 1% of total budgeted expenditures less those for debt service and capital expenses. This contingency budget helps allow for unexpected expenditures during the year.

Other						
Account Description	FY24-25 Actual	FY25-26 Budget	Request % Change	FY26-27 Recommend	Variance v. CY	% Change
Transfer to Beach Fund MSD-A	665,683	664,186	0.52%	667,641	3,455	0.52%
Transfer to Beach Fund MSD-B	361,138	359,933	0.52%	361,805	1,872	0.52%
Sales Tax Proportion	413,811	281,536	-0.40%	280,422	(1,114)	-0.40%
Total Transfers	1,440,631	1,305,655	0.32%	1,309,867	4,212	0.32%
				-		
Account Description						
Contingency		76,894	31.35%	101,894	28,126	38.13%
		76,894	31.35%	101,894	28,126	38.13%

Expenditure Summary

The total budgeted expenditures for the General Fund, including transfers, is \$13,722,379 which represents a 12.7% or \$1,997,896 decrease from budgeted expenditures in the 2025-26 fiscal year. The table below shows the total for each department and the change compared to the budget for 2025-26.

Expenditures by Department						
Department Expenditures	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Governing Body	155,218	177,124	184,181	184,181	7,057	3.98%
Administration	427,681	460,329	496,886	496,886	36,557	7.94%
Finance & Human Resources	241,482	260,127	313,981	288,981	28,854	11.09%
Legal	64,544	91,720	66,720	66,720	(25,000)	-27.26%
Information Technology	158,674	186,706	256,068	206,068	19,361	10.37%
Police	2,294,133	2,508,602	2,846,380	2,839,380	330,777	13.19%
Fire	2,026,202	3,855,765	2,643,648	2,643,648	(1,212,116)	-31.44%
Ocean Rescue	764,283	1,037,795	792,290	792,290	(245,505)	-23.66%
Communications & Special Events	506,419	539,206	585,708	585,708	46,503	8.62%
Community Development	394,939	400,271	499,380	499,380	99,109	24.76%
Inspections	235,778	270,627	291,931	291,931	21,304	7.87%
Public Facilities	2,739,843	948,819	768,150	637,350	(311,469)	-32.83%
Streets & Highways	211,464	517,751	336,938	336,938	(180,813)	-34.92%
Sanitation	1,445,702	1,501,220	1,531,264	1,531,264	30,045	2.00%
Environmental Protection	3,116,104	1,699,165	910,787	910,787	(788,378)	-46.40%
Transfers	1,440,631	1,305,655	1,309,867	1,309,867	4,212	0.32%
Contingency	0	76,894	101,000	101,001	24,107	31.35%
Total	16,223,098	15,837,775	13,935,178	13,722,379	(2,115,396)	-13.4%

Fund Balance

The Town plans to appropriate \$389,302 from the General Fund balance for FY 2026-27 in order to balance the budget without increasing the tax rate while also doing some important capital projects. Fund balance is the difference between the assets and liabilities in a fund. Fund balance acts as a reserve or “rainy day” fund for unanticipated incidents or opportunities. Revenues and expenditures in the budget are estimates for the current fiscal year. Often, revenues and expenditures do not exactly offset each other at the end of the fiscal year. If revenues exceed expenditures, the result is a surplus of money added to the fund balance. If expenditures exceed revenues, the result is a deficit, and the Town withdraws money from the fund balance to balance the budget.

The North Carolina Local Government Commission (LGC) recommends units of government retain an amount of unreserved fund balance in the General Fund of at least 8% 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.

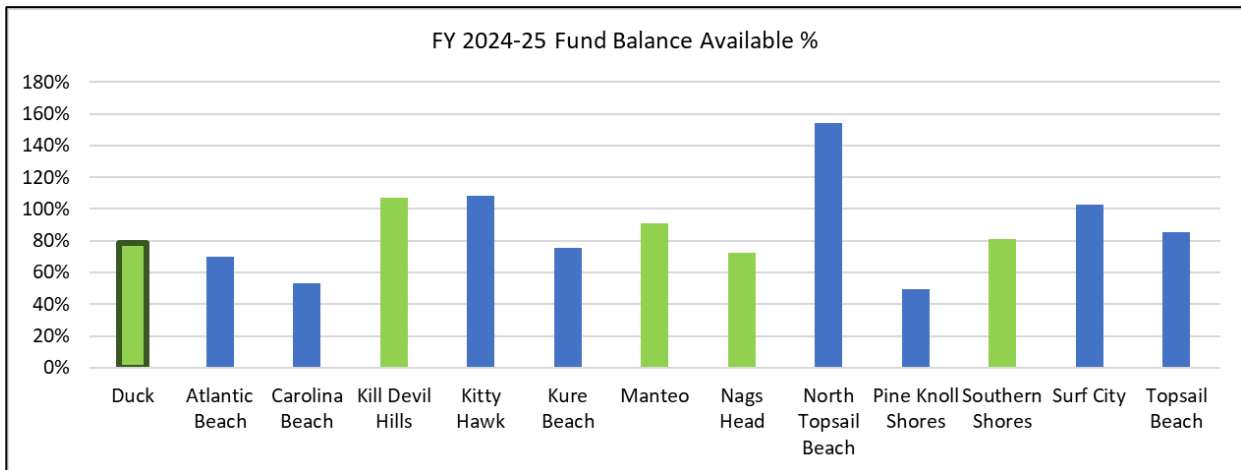
Amount of Fund Balance

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.

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

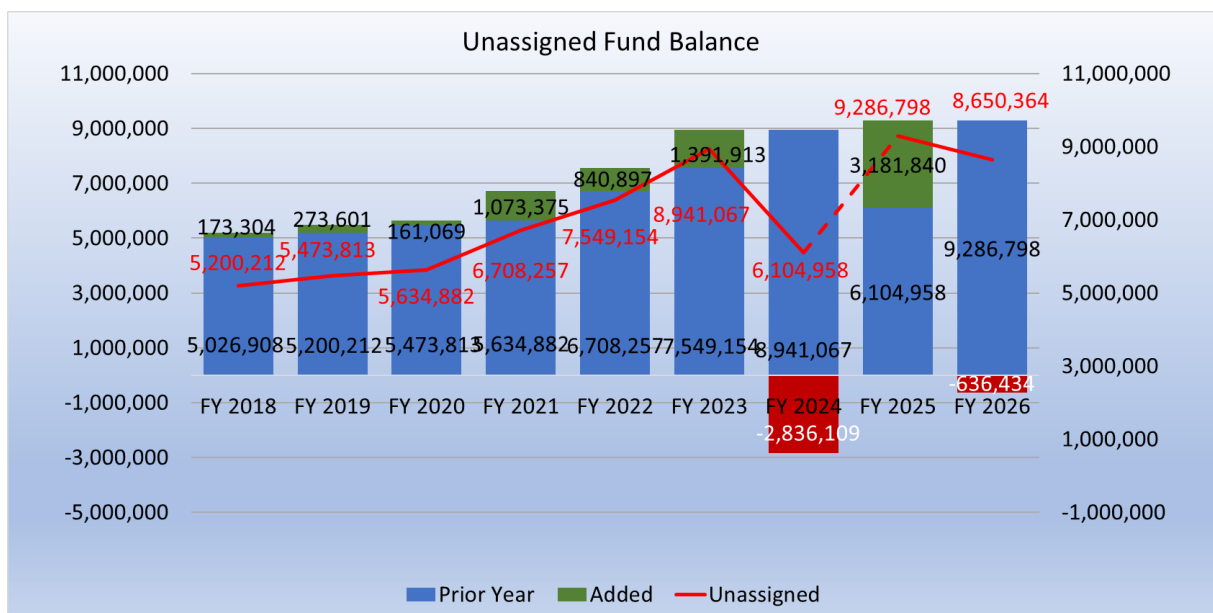
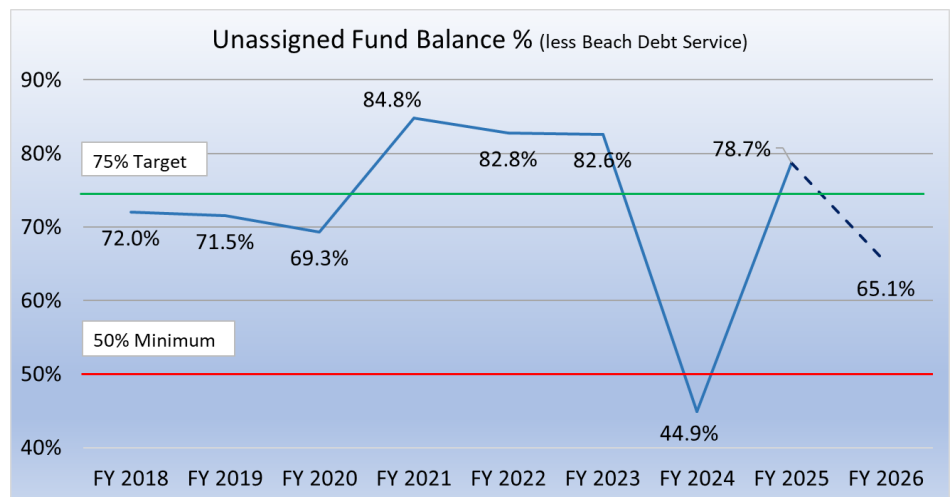
Fund Balance Available (per LGC) as a % of GF Net Expenditures	FY 2024-25
Duck	78.70%
Atlantic Beach	69.97%
Carolina Beach	53.08%
Kill Devil Hills	107.19%
Kitty Hawk	108.16%
Kure Beach	75.71%
Manteo	90.81%
Nags Head	72.08%
North Topsail Beach	153.90%
Pine Knoll Shores	49.32%
Southern Shores	81.26%
Surf City	102.50%
Topsail Beach	85.38%
Average of All Above	87.45%
Average of Green Above	85.73%



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.

The charts to the right and below use data from our audited financial statements, and our FY 2026 year-end estimates. We were, as predicted, below our target at the end of FY 2024 as we awaited grant reimbursement, but recovered in FY 2025 when the funds were received and we had revenue in excess of expenditures at the end of the year. In FY 2026 we plan to use some fund balance for the Town Park Shoreline project, for carried-over purchase orders from the prior fiscal year, and for the realignment of the timing of payments for our Ocean Rescue contract. The FY 2026 estimate is conservative, so we are likely to see a higher percentage once the year ends and the financial statements are prepared.



Five-Year Financial Forecast

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

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

What follows is a list of some of the assumptions that underlie the forecast for FY2027-FY2032:

Expenditures

Personnel

- 5% merit increase pool included for future years.
- Local Government Employees Retirement System Employer Contribution Rate as provided by 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

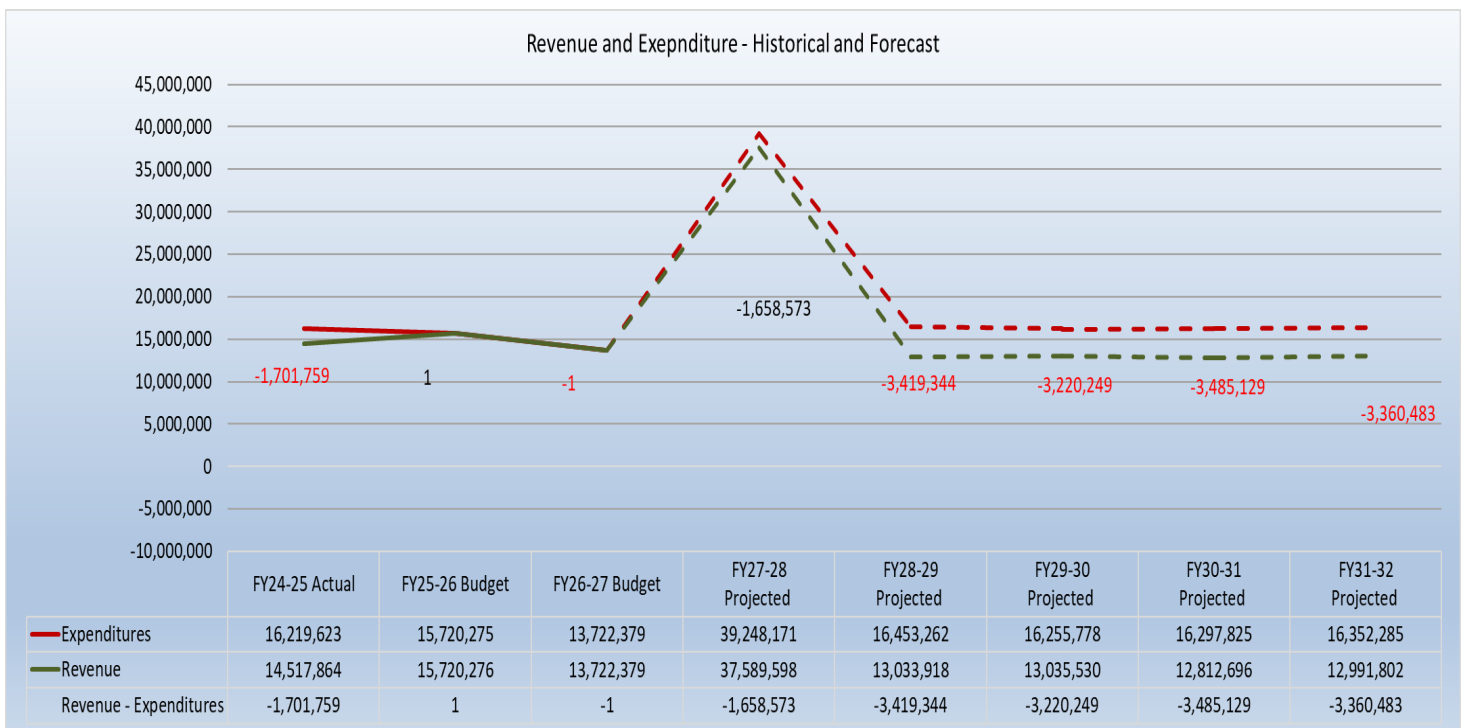
- Follows current debt service schedule.
- Adds new debt following the CIP including Beach Renourishment, Vehicles, and the Public Safety Building.

Transfers and Contingency

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

Revenue

- Assessed value increase of 0.50% per year. No change in Ad Valorem or MSD tax rates.
- No increase in Motor Vehicle tax revenue.
- 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.
- No 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	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	FY31-32
	Actual	Actual	Budget	Budget	Projected	Projected	Projected	Projected	Projected
Ad Valorem Tax	4,139,950	4,748,544	5,523,584	5,762,023	5,776,428	5,790,869	5,805,346	5,819,860	5,834,409
MSDA	660,190	665,683	664,186	667,641	669,310	670,983	672,660	674,342	676,028
MSDB	356,798	361,138	359,933	361,805	362,709	363,616	364,525	365,437	366,350
Motor Vehicle Tax	46,201	53,863	36,180	36,000	36,090	36,180	36,271	36,361	36,452
Prior Year Tax, Penalties & Interest	4,829	9,031	6,351	5,000	2,940	2,940	2,940	2,940	2,940
Local Government Sales Tax	2,143,722	2,112,138	1,800,000	1,850,000	2,133,259	2,154,592	2,176,138	2,197,899	2,219,878
Real Estate Transfer Tax	489,290	501,391	375,000	375,000	489,290	489,290	489,290	489,290	489,290
Occupancy Tax	2,265,416	2,032,307	1,900,000	1,900,000	2,032,307	2,032,307	2,032,307	2,032,307	2,032,307
Visitor's Bureau Grant	225,806	13,549	13,000	8,000	10,000	10,000	10,000	10,000	10,000
State Grants	2,176,038	19,882	154,686	57,522					
Shoreline Grant (County)	24,000	24,000	24,000	24,000	5,624,000	24,000	24,000	24,000	24,000
Government Access Channel Grant	5,000	2,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Federal Grants	3,668,331	0	0	0					
FEMA Grants		0	0	0					
NFWF Grant	384,011	0	0	0					
COVID-19 Relief Fund	0	0	0	0	63,102				
Beer and Wine	3,749	3,095	3,000	3,000	3,779	3,816	3,855	3,893	3,932
Utility Franchise Tax	452,718	495,502	420,000	420,000	424,955	429,205	433,497	437,832	442,210
Building Permits	190,059	182,037	170,000	170,000	173,400	176,868	180,405	184,013	187,694
Reinspection Fees					0	0	0	0	0
Other Permits	0	15,669	7,000	7,000	7,140	9,128	17,410	7,488	9,278
Permits and Fees - Other									
Superior Clerk of Court	407	279	300	300					
Solid Waste Disposal Tax	601	598	300	300					
Gain on sale of vehicles	15,460	83,671	25,000	27,000	40,000	20,000	30,000		
Investment Earnings	460,274	354,031	300,000	300,000	200,000	200,000	200,000	200,000	200,000
ABC and Mixed Beverage Profits	86,170	76,065	90,000	75,000	75,000	75,000	75,000	75,000	75,000
Other	0	11,041	45,000	10,000					
Sponsorship Revenue	83,592	92,630	100,000	54,000	13,000	13,000	13,000	13,000	13,000
Merchandise Revenue	16,630	20,401	22,000	24,000	24,034	24,034	24,034	24,034	24,034
Building Rental Fees	43,986	44,835	49,000	35,000	40,000	40,000	40,000	40,000	40,000
Miscellaneous Income - Other	62,637	27,052	10,000	45,000	45,000	45,000	45,000	45,000	45,000
Police Donations	16,292	10,275	37,785	5,000	5000	5000	5000	5000	5000
Transfers from Capital Reserve	627,263	557,159	0	0					
Transfers from Beach Nourishment	0	0	905,525	679,287	6,000,000	200,000	132,500	120,000	250,000
Debt Proceeds	0	2,000,000		426,209	13,333,855	213,090	217,352	0	0
Fund Balance	0	0	2,790,946	389,292					
TOTAL REVENUE	18,649,418	14,517,864	15,837,776	13,722,379	37,589,598	13,033,918	13,035,530	12,812,696	12,991,802

Expenditures									
	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	FY31-32
	Actual	Actual	Budget	Budget	Projected	Projected	Projected	Projected	Projected
Governing Body	154,108	155,218	177,124	184,181	193,410	203,189	213,539	224,494	236,089
Personnel	25,237	25,237	25,239	25,239	25,229	25,229	25,230	25,230	25,230
Operating	128,871	129,981	151,885	158,942	168,181	177,960	188,310	199,264	210,858
Capital									
Debt Service									
Administration	760,925	424,207	460,329	496,886	511,761	542,206	574,685	609,383	646,544
Personnel	681,044	397,024	424,262	460,447	473,500	502,032	532,502	565,091	600,037
Operating	74,737	27,183	36,067	36,439	38,261	40,174	42,183	44,292	46,507
Capital	5,143	0	0	0					
Debt Service									
Finance & Human Resources	134,470	241,482	260,127	288,981	302,301	319,381	337,517	356,789	377,293
Personnel	0	73,123	108,007	119,088	123,913	132,074	140,845	150,283	160,461
Operating	134,470	168,359	152,119	169,893	178,388	187,307	196,673	206,506	216,832
Capital	0	0	0	0					
Debt Service									
Legal	117,940	64,544	91,720	66,720	70,056	73,559	77,237	81,099	85,154
Personnel	0	0	0	0	0	0	0	0	0
Operating	117,940	64,544	91,720	66,720	70,056	73,559	77,237	81,099	85,154
Capital	0	0	0	0					
Debt Service									
Public Facilities	537,979	2,739,843	948,819	637,350	14,771,705	2,441,818	1,370,275	1,395,175	1,421,641
Personnel	97,384	115,033	132,497	138,251	165,213	175,791	187,134	199,315	212,426
Operating	279,163	372,844	378,136	219,739	230,726	242,262	254,375	267,094	280,448
Capital	23,099	2,074,499	24,000	10,000	13,447,000	1,095,000			
Debt Service	138,333	177,467	414,186	269,360	928,766	928,766	928,766	928,766	928,766
Information Technology	182,053	158,674	186,706	206,068	151,269	158,833	166,774	175,113	183,869
Personnel	0	0	0	0	0	0	0	0	0
Operating	182,053	158,674	175,956	184,844	151,269	158,833	166,774	175,113	183,869
Capital	0	0	10,750	21,224					
Debt Service									
Police	2,207,034	2,294,133	2,508,602	2,839,380	2,669,752	2,838,104	3,115,552	3,259,058	3,371,861
Personnel	1,637,118	1,687,906	1,932,357	2,168,212	2,157,157	2,304,619	2,460,087	2,610,919	2,782,086
Operating	434,808	304,799	383,147	394,958	320,039	336,041	352,843	370,485	389,009
Capital	132,547	168,736	193,098	276,209	93,024	21,024	47,008	40,000	40,000
Debt Service	2,561	132,692	0	0	99,532	176,420	255,615	237,654	160,766

Fire	2,017,702	2,026,202	3,855,765	2,643,648	2,885,589	3,019,600	3,102,478	3,223,037	3,386,002
Personnel	1,547,197	1,599,800	1,725,807	1,941,671	2,046,721	2,199,554	2,375,531	2,552,345	2,751,757
Operating	281,395	306,594	310,920	288,820	321,923	338,019	354,920	372,666	391,300
Capital	43,704	32,124	1,819,038	184,000	299,000	209,000	99,000	25,000	25,000
Debt Service	145,406	87,685	0	229,157	217,945	273,026	273,026	273,026	217,945
Inspections	228,669	235,778	270,627	291,931	299,356	317,658	337,225	358,171	380,647
Personnel	208,386	217,807	248,306	269,706	280,487	297,846	316,422	336,328	357,711
Operating	20,283	17,970	22,321	22,224	18,869	19,812	20,803	21,843	22,935
Capital	0	0	0	0					
Debt Service	0	0	0	0					
Ocean Rescue	628,270	764,283	1,037,795	792,290	787,211	810,827	835,152	860,207	886,013
Personnel	0	0	0	0					
Operating	628,270	764,283	1,037,795	792,290	787,211	810,827	835,152	860,207	886,013
Capital	0	0	0	0					
Debt Service									
Streets & Highways	4,545,223	211,464	517,751	336,938	787,846	1,314,138	1,552,845	1,031,987	351,587
Personnel	0	0	0	0					
Operating	286,429	157,949	128,578	106,938	165,846	174,138	182,845	191,987	201,587
Capital	4,258,794	53,515	389,173	230,000	622,000	1,140,000	1,370,000	840,000	150,000
Debt Service									
Sanitation	1,252,653	1,445,702	1,501,220	1,531,264	1,517,988	1,593,887	1,673,581	1,757,260	1,845,123
Personnel	0	0	0	0					
Operating	1,252,653	1,445,702	1,501,220	1,531,264	1,517,988	1,593,887	1,673,581	1,757,260	1,845,123
Capital	0	0	0	0					
Debt Service									
Environmental Protection	896,180	3,116,104	1,699,165	910,787	11,820,106	277,111	286,967	282,190	420,300
Personnel	0	0	0	0					
Operating	268,918	133,434	662,580	416,500	140,106	147,111	154,467	162,190	170,300
Capital	0	0	548,560	15,000	11,680,000	130,000	132,500	120,000	250,000
Debt Service	627,263	2,982,670	488,025	479,287					
Community Development	343,120	394,939	400,271	499,380	427,318	452,335	481,328	511,194	543,237
Personnel	317,292	365,378	352,749	387,156	396,279	419,744	447,107	475,263	505,508
Operating	25,828	29,561	47,522	112,224	31,039	32,591	34,221	35,932	37,728
Capital	0	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0					
Communications & Special Events	231,945	506,419	539,206	585,708	565,163	596,281	629,254	664,224	701,369
Personnel	0	231,240	249,335	266,252	276,225	292,896	310,700	329,743	350,163
Operating	231,945	275,179	289,870	319,456	288,938	303,385	318,554	334,482	351,206
Capital	0	0	0	0		0	0	0	0
Debt Service	0	0	0	0					
Transfers	1,438,789	1,440,631	1,305,655	1,309,867	1,373,341	1,379,334	1,385,368	1,391,442	1,397,558
Contingency	0	0	76,894	101,001	114,000	115,000	116,000	117,000	118,000
TOTAL EXPENDITURE	15,677,062	16,219,623	15,837,775	13,722,379	39,248,171	16,453,262	16,255,778	16,297,825	16,352,285

	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	FY31-32
	Actual	Actual	Budget	Budget	Projected	Projected	Projected	Projected	Projected
Revenue - Expenditures	2,972,357	-1,701,759	1	-1	-1,658,573	-3,419,344	-3,220,249	-3,485,129	-3,360,483

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	Cost	Reduced	Increased	Rationale
Finance & Human Resources	Professional Services	Retiree Health Insurance Actuarial Study	25,000	25,000		Advancing this project to FY 26
	Contracted Services	Black Mountain Software	0		8,122	Not included in first draft
	Bank Charges	Bank Charges	10,500	3,500		Based upon current charges
	Dues and Subscriptions	PSHRA	40	40		Unnecessary
Information Technology	Capital Outlay	Website ADA Compliance	50,000	50,000		Advancing this project to FY 26
Police	Contracted Services	Axon In-Car Camera Contract Addendum	5,550	5,550		No camera in "travel" vehicle
	Contracted Services	Axon Body Camera/Taser Contract (Yr 1 of 5)	65,028	3,371		Updated contract amount
	Contracted Services	Axon Air Contract (Year 1 of 5)	12,392	5,382		Will not pre-pay drone replacement
	Contracted Services	Flock ALPR Contract Renewal (Yr 1 of 2)	19,000	2,000		Updated contract cost
	Travel and Training	Police Officer Training and Travel	12,500	2,500		Reduce to \$1,000 per officer
	Travel and Training	Supervisory Staff Training and Travel	10,000	2,000		Reduce to \$1,000 per officer
	Travel and Training	Executive Training and Travel	5,700	3,700		Reduce number of conferences
	Uniforms	New and Replacement Uniforms	16,000	4,000		New holsters in Axon contract
	Uniforms	Investigator Clothing Allowance	750	250		Based upon utilization
	Vehicle Repairs and Maintenance	Cost to Decommission Two Patrol Vehicles	2,400	2,400		Will do in-house
	Communications	Wireless Data Services (Patrol Fleet)	7,922	495		No camera in "travel" vehicle
	Communications	Wireless Data Services (Video Network)	9,589	5,333		Pausing boardwalk camera expansion
	Dues and Subscriptions	Professional Organization Membership Dues	2,810	1,955		Reducing memberships
	Police Supplies and Materials	UAS Supplies	950	250		Only batteries needed
	Police Supplies and Materials	Automated External Defibrillator (AED)	1,735	1,735		Not need for spare vehicle
	Police Supplies and Materials	Investigative Equipment	1,500	500		Adjusted needs
	Capital Outlay	Radar Speed Sign Replacement (3)	21,023	21,023		Will purchase one in FY 2026
Capital Outlay	Replacement of Mobile Data Terminals	34,970	34,970		Advancing this project to FY 26	
Fire	Communications	Repairs and Maint - Radios and Pagers	5,000	2,970		Will control costs as much as
	Dues and Subscriptions	Dues and Subscriptions	7,000	1,000		Reduce subscriptions
	Supplies and Materials	Living Quarters	4,000	1,000		Potential to use Tee Shirt Revenue
	Supplies and Materials	Fitness Facility	5,000	2,000		Potential to use Tee Shirt Revenue
	Supplies and Materials	Bays / Vehicle Storage Area	4,750	1,250		Potential to use Tee Shirt Revenue
	Supplies and Materials	Office	5,000	1,000		Potential to use Tee Shirt Revenue
	Vehicle Supplies and Materials	Vehicle Upgrades	7,500	2,500		Less upfit needed
	Fire Supplies and Materials	PPE wear items (gloves, hoods)	2,500	500		Cost control
	Fire Supplies and Materials	SCBA Repair and Maintenance	6,000	1,000		Cost control
	Fire Supplies and Materials	Equipment Upgrades and replacement	7,500	2,500		Cost control
	Fire Prevention Supplies and	Prevention and Education	1,500	1,000		Have some in stock
	Fire Prevention Supplies and	Hydrant Maintenance	1,000	500		Materials in stock
	Capital Outlay	Fire/Rescue Boat	146,000	146,000		Defer to future year
	Capital Outlay	SCBA Replacement	75,000	75,000		Begin three-year project in FY28
Miscellaneous	Miscellaneous	1,500	500		Cost control	
Communications & Special Events	Advertising	Print and Digital Advertising	40,000	3,000		Will fund one campaign in FY 26
Community Development	Professional Services	Ordinance Revision	150,000	75,000		Phase over two years
Public Facilities	Repairs and Maintenance	Lighting - Parking/Crosswalks	1,500	1,500		Not needed
	Repairs and Maintenance	Town Hall Generator Repair	25,000	25,000		Advancing this project to FY 26
	Repairs and Maintenance	Parking Lot Stone Surface	4,000	4,000		Advancing this project to FY 26
	Repairs and Maintenance	Bench Replacement/Repair (3)	1,800	1,800		Advancing this project to FY 26
	Boardwalk Repairs	Materials, etc.	7,500		500	Increased funding
	Dues and Subscriptions	Maintenance Software	900	900		Not utilized
	Capital Outlay	Tractor	24,000	24,000		Defer to future year
	Capital Outlay	Public Restrooms - Parking Lot	120,000	120,000		Defer to future year
	Capital Outlay	Boardwalk - Northern Extension	120,000	120,000		Defer to future year
	Capital Outlay	Video Surveillance System	30,000	30,000		Defer to future year
Capital Outlay	Playground Equipment Replacement	100,000	100,000		Advancing this project to FY 26	
Capital Outlay	Admin Building Siding/Paint	40,000	40,000		Defer to future year	
Streets & Highways	Repairs and Maintenance	Crosswalk Lights/Poles	5,000	2,000		Refined needs
	Capital Outlay	Duck Trail Repaving	135,000	60,000		Based upon recent project
	Capital Outlay	Duck Road West Side Trail	450,000	450,000		Defer to future year
TOTAL			1,849,309	1,471,874	8,622	

Performance Measurement

The Town of Duck, like many local governments, use performance measures to track, analyze, and report data on service effectiveness, ensuring accountability and data-driven decision-making. These measures help identify operational strengths and areas for improvement, and help drive decisions to allocate scarce resources efficiently, improve service quality to meet citizen needs, and foster a culture of continuous improvement.

On the table below, the “Category” reflects the type of information being gathered and reported, the Performance or Workload Indicator is the actual data type. The Performance or Workload indicator is simply a data point reported to show the level of service demand acknowledging how high demand can impact other performance metrics. The “Why it Matters” section indicates why this indicator is important to the performance of the department. Our intent is to not invest time in gathering and reporting information that does not impact performance in meeting service goals. The Goal column contains the stated goal of the department, and the Current Year Measure column reflects the actual data recorded during the prior calendar year. We use the calendar year as opposed to the fiscal year (July 1 – June 30), so we have a full year of data to evaluate as budget requests are formulated so that any needed performance improvements that require budgeted resources may be addressed more quickly.

Administration				
Category	Performance or Workload Indicator	Why it Matters	Goal	Current Year Measure
Agenda Management	Town Council Agenda packages completed and to Council and public five days before the meeting.	To allow Council to prepare for the meeting and for the public to be informed regarding the business the Council will take up at their meeting.	100%	99%
Town Council Meeting Minutes	Town Council minutes completed and ready for review by Council in the subsequent agenda package	To allow the public to have a record of prior Council meetings and for the Town to maintain minutes as a historical record of Council action.	100%	96%
Public Records Requests	Respond within three business days to records requests	To enhance transparency by providing records access without delay.	100%	100%

Ordinance Codification	Submit ordinance revisions for codification quarterly as needed	Ensures the Town Code, accessible via the Town's Website, is as up-to-date as possible.	100%	100%
Bank Deposits	Make daily bank deposits as required by Financial Policies	Depositing funds ensures the funds are accurately accounted for, are secure, and are earning interest.	100%	100%

Finance and Human Resources

Category	Performance or Workload Indicator	Why it Matters	Goal	Current Year Measure
Payroll	Payroll accuracy <1% error rate	Minimizes rework, over/under payments, reduces employee dissatisfaction	<1%	1%
Payroll	Payroll runs completed on time	Ensures compliance and enhances employee trust	100%	100%
Payroll	Ensure accurate withholding and timely filing/reporting for each payroll run	Helps avoid penalties and re-work	100%	100%
Accounts Payable	Number of invoices processed	Workload-Helps assess efficiency and staffing needs		98 per month
Accounts Payable	Invoices processed for payment within 2 weeks	Timely payments to vendors and avoid penalties or fees	100%	100%
Accounts Payable	Respond to vendor inquiries within 2 business days	Reflects customer service quality	100%	100%
Accounts Payable	Pay invoices prior to or on the due date	Timely payments to vendors and avoid penalties or fees	> 95%	97%
Accounts Payable	Set-up new vendors within 2 business days	Impacts purchase order submission and timely payments	100%	100%
Accounts Payable	Duplicate Payment Incidents	Avoids unnecessary payments/refunds	0	0

Police

Category	Performance or Workload Indicator	Why it Matters	Goal	Current Year Measure
Incidents	Annual number of calls for service	Demonstrates annual workload	+/- 10% over prior year	+39.1% over 2024

Incidents	Self-initiated calls for service as a percentage of total annual calls for service	Demonstrates a commitment to proactive policing	>80%	90.6%
Incidents	Annual traffic crashes per lane mile on Duck Road	Measures the effectiveness of traffic enforcement measures	<10	7
Incidents	Annual issuance of traffic warnings vs criminal citations	Demonstrates that education is a highly effective approach to traffic safety in a transient community	<Ratio of 3:1	4:1
Incidents	Response time to dispatched calls	Demonstrates a quick response for service and incident mitigation	< 5 minutes	0:04:05
Incidents	Reported misdemeanor crimes	Demonstrates annual workload and crime trends	<75	49
Incidents	Reported felony crimes	Demonstrates annual workload and crime trends	<25	22
Incidents	Felony cases cleared	Measures investigatory effectiveness	>50%	86.3%
Training	Annual officer training hours	Demonstrates a commitment to continued learning	>1,500	1,940
Staffing	Average number of hours where the Department failed to meet the target minimum staffing level of two officers on duty	Ensures sufficient staffing to perform effective policing and adequate backup for officers	0 Hours	83 Hours
Community relations	Annual community contacts	Demonstrates support and engagement for an active community	>300	313
Community relations	Annual business contacts	Demonstrates support and engagement for an active business community	>1200	1,447
Community relations	Annual average of social media views per month	Demonstrates the level of community engagement through widely used social media platforms	>50,000	58,800

Fire

Category	Performance or Workload Indicator	Why it Matters	Goal	Current Year Measure
Incidents	Fire	Workload		248
Incidents	EMS	Workload		255

Incidents	Simultaneous Incidents	Timely response		35
Incidents	Turn-out time (from alarm to responding)	Timely response to mitigate incident growth	< 90 seconds	69 seconds
Incidents	Fires contained to room of origin	Mitigate property loss		1
Incidents	Mutual Aid Given	Workload		10
Incidents	Mutual Aid Received	Workload		3
Incidents	Fires contained to structure of origin	Mitigate property loss	100%	100%
Incidents	Property value lost	Exposure valuation		\$2,134,000
Incidents	Property value saved	Exposure valuation		\$5,792,200
Staffing	Average daily staffing	Assure effective response	4	3.55
Staffing	Volunteer standby hours	Assure effective response and build capabilities	416	301.8
Staffing	Average volunteer response	Assure effective response	4	1.2
Community Risk Reduction	Number of fire inspections	Workload		120
Community Risk Reduction	Number of violations	Risk reduction	0	22
Community Risk Reduction	Violations resolved within 90 days	Compliance	100%	100%
Community Risk Reduction	Fire safety education events	Workload	20	22
Community Risk Reduction	Social Media views per month	Community engagement		8500
Training	Career training hours	Performance improvement	3360	4514
Training	Volunteer training hours	Performance improvement		

Communications and Special Events

Category	Performance or Workload Indicator	Why it Matters	Goal	Current Year Measure
Communication and Public Information	Council meeting involvement - meeting video views	Promotes an engaged community	2.9k	2.9k

E-news	Open rate	Assures accurate and timely information reaching subscribers	28.30%	40.04%
Social media	Town of Duck Facebook-Follower growth rate	Demonstrates growing awareness of and interest in government information, services, and activities.	2%	6.80%
Social media	Instagram - Follower growth rate	Demonstrates growing awareness of and interest in government information, services, and activities.	2%	10.90%
Events	Attendance	Indicates the level of community engagement and interest in municipal activities, programs, and services.	11,000	11,420
Social media	X - Follower growth rate	Demonstrates growing awareness of and interest in government information, services, and activities.	1%	-1.20%
Communication and Public Information	FLOCK Academy enrollment	Help create active and informed citizens	Full enrollment	13
Communication and Public Information	Public Surveys Conducted	Promotes a responsive government		2
Communication and Public Information	Council meeting involvement - Attendance	Promotes an engaged community	15	
Communication and Public Information	Council meeting involvement - Recap views	Promotes an engaged community	50	50
	Planning Board meeting involvement- video views	Promotes an engaged community	550	605
Crisis communication	Time from identifying an issue to issuing a statement	Timely communication for transparency and incident mitigation	Within 12 hours for a press release; within 2-5 hours for social media/ web post	Within 12 hours for a press release; within 2-5 hours for social media/ web post

Press release	Press releases issued to media/ public	Timely communication for transparency		8
E-news	Click-through rate	Shows that readers are seeking additional, detailed information	4.10%	3.27%
Website	Total sessions	Demonstrates that stakeholders are actively accessing official, up-to-date information from the primary government source	250k	281k
Website	Page views	Indicates which topics, services, or updates residents are actively seeking, helping evaluate the effectiveness and relevance of individual communications.	450k	504k
Website	Unique visits	Indicates how many individual users are accessing official information	150k	154k
Website	Live Traffic Cameras - Town of Duck, North Carolina	Indicates how many individual users are accessing official information		97,434
Website	Visit Duck, NC on the Outer Banks Town of Duck	Indicates how many individual users are accessing official information		82,803
Website	Town Park & Boardwalk - Town of Duck, North Carolina	Indicates how many individual users are accessing official information		29,286
Website	Live Boardwalk Cam - Town of Duck, North Carolina	Indicates how many individual users are accessing official information		26,649
Website	Duck Jazz Festival Outer Banks, NC Town of Duck, North Carolina	Indicates how many individual users are accessing official information		14,469
Social media	Town of Duck Facebook- Total followers	Demonstrates how people choose to receive government information, supporting accessible and multi-channel communication		45.2k
Social media	Instagram -Total followers	Demonstrates how people choose to receive government information, supporting accessible and multi-channel communication		17.7k

Social media	X - Total followers	Demonstrates how people choose to receive government information, supporting accessible and multi-channel communication		6,985
Social media	Duck Jazz Festival Facebook - Total followers	Demonstrates how people choose to receive government information, supporting accessible and multi-channel communication		2,973
Social media	Duck Police Department Facebook - Total followers	Demonstrates how people choose to receive government information, supporting accessible and multi-channel communication		1,148
Social media	Duck Jazz Festival Facebook - Follower growth rate	Demonstrates growing awareness of and interest in government information, services, and activities.	2%	5.70%
Social media	Duck Police Department Facebook - Follower growth rate	Demonstrates growing awareness of and interest in government information, services, and activities.	2%	333%
Social media	Town of Duck Facebook - Engagement rate	Indicates how well messages resonate, showing whether content is being noticed, understood, and acted upon.	3%	3.81%
Social media	Instagram -Engagement rate	Indicates how well messages resonate, showing whether content is being noticed, understood, and acted upon.	3%	2.70%
Social media	X - Engagement rate	Indicates how well messages resonate, showing whether content is being noticed, understood, and acted upon.	3%	3.24%
Social media	Duck Jazz Festival Facebook - Engagement rate	Indicates how well messages resonate, showing whether content is being noticed, understood, and acted upon.	3%	6.78%
Social media	Duck Police Department Facebook - Engagement rate	Indicates how well messages resonate, showing whether content is being noticed, understood, and acted upon.	3%	10.62%

Social media	Town of Duck Facebook - Impressions	Helps demonstrate that information is being presented widely, supporting equitable access to government communications.	5%	12%
Social media	Instagram - Impressions	Helps demonstrate that information is being presented widely, supporting equitable access to government communications.	5%	250%
Social media	X - Impressions	Helps demonstrate that information is being presented widely, supporting equitable access to government communications.	1%	27%
Social media	Duck Jazz Festival Facebook - Impressions	Helps demonstrate that information is being presented widely, supporting equitable access to government communications.	2%	0
Social media	Duck Police Department Facebook - Impressions	Helps demonstrate that information is being presented widely, supporting equitable access to government communications.	2%	3.20%
Social media	Town of Duck Facebook - Video Views	Indicates how many people are actively viewing video content, supporting access to meetings, briefings, and informational updates.	2% Increase from prior year	2.9k%
Social media	Instagram - Video Views	Indicates how many people are actively viewing video content, supporting access to meetings, briefings, and informational updates.	2% Increase from prior year	3.3k%
Social media	Duck Jazz Festival Facebook - Video Views	Indicates how many people are actively viewing video content, supporting access to meetings, briefings, and informational updates.	2% Increase from prior year	1.6k%
Social media	Duck Police Department Facebook - Video Views	Indicates how many people are actively viewing video content, supporting access to meetings, briefings, and informational updates.	2% Increase from prior year	1k%
Events	Total number of events	Measures the number of opportunities available for residents to participate in civic,	100	120

		cultural, educational, or recreational activities.		
Volunteers	Volunteer opportunities	Indicates opportunities for people to build relationships, share skills, and contribute to the well-being of their community.	100	104
		Shows how volunteer involvement helps extend the reach and effectiveness of services, creating greater value for the community.	240	247
Volunteers	Number of volunteers	Shows the level of active participation and commitment, strengthening connections between the community and Town.	1,000	1,275
Volunteers	Volunteer hours	Demonstrates that volunteers find value and purpose in their roles, fostering stronger ties between residents and the Town.	150	170
Volunteers	Volunteer retention	Shows how well outreach and promotion efforts generate interest and bring new participants into Town events.	25	32
Volunteers	New volunteers	Indicates active involvement from local businesses in supporting Town events and initiatives.	10	10
Business participation	Number of businesses that sponsor non-jazz events	Demonstrates local businesses' commitment to supporting Town events that benefit the community.	\$13,000	\$14,700
Business participation	Amount of financial support from local businesses for non-jazz events	Reflects efforts to build partnerships that foster a more connected community	3	2
Community partnerships	Non-profit engagement			
Outreach events	Open house, stakeholder meetings, etc.	Demonstrates the Town's commitment to providing opportunities for stakeholders to learn, ask questions, and provide input on government initiatives.	12	9

Community Development				
Category	Performance or Workload Indicator	Why it Matters	Goal	Current Year Measure
Permits	Processing time for residential permits	Customer service	10 days	17 days
Permits	Processing time for commercial permits	Customer service	10 days	34 days
Permits	Processing time for CAMA permits	Customer service	25 days	20 days
Permits	Zoning plan reviews	Workload		798
Permits	Trade permits issued	Workload		351
Permits	Residential permit revenue	Statutory Compliance		\$172,056.90
Permits	Commercial permit revenue	Statutory Compliance		\$11,322.80
Permits	Permits issued for new residential structures	Workload		9
Permits	Permits issued for new commercial structures	Workload		0
Permits	Permits issued for residential structure alteration	Workload		185
Permits	Permits issued for commercial structure alteration	Workload		4
Permits	Zoning inspections	Workload		134
Permits	Processing time for land disturbance permits	Customer service	10 days	11 days
Inspections				
Category	Performance or Workload Indicator	Why it Matters	Goal	Current Year Measure
Inspections	Residential plan review	Workload		765
Inspections	Commercial plan review	Workload		31
Inspections	Residential inspections	Workload		1234
Inspections	Commercial inspections	Workload		47

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 Principles, and Council's adopted priorities.
5. The Town will appropriate, within the annual budget, a Contingency appropriation each fiscal year. The minimum level of Contingency is 1% of budgeted general fund expenditures, not to include debt service expenditures and transfers, and the maximum is an amount equal to the revenue generated by a \$.01 ad valorem tax rate.
6. The Budget Officer may transfer appropriations within a fund as follows:

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

III. Revenue Policy

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

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

IV. Revenue Spending Policy

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

V. Expenditure Policy

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

VI. Reserve/Fund Balance Policy

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

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

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

VII. Asset-Liability Management

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

VIII. Capital Improvements Policy

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

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

2. Capital Formation

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

3. Fixed Assets

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

IX. Debt Policy

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

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

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

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

X. Accounting, Auditing and Financial Reporting

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

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

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

XI. Cash Management Policy

1. Receipts

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

2. Cash Disbursements

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

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

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

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

XII. Internal Controls

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

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

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

3. Internal Control Procedures - General and Statutory

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

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

4. Internal Control Procedures for Cash Receipts

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

5. Internal Control Procedures for Deposits in Financial Institutions

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

6. Internal Control Procedures for Cash Disbursements

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

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

7. Internal Control Procedures Specific to Payroll Disbursement

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

- b. Any changes in an employee's status shall be supported by the appropriate documentation in the employees' personnel file.
 - c. All employees of the Town shall be required to sign up for the direct deposit of their salaries.
 - d. Payroll shall be handled like other cash disbursements except that a time sheet or card signed by the employee and approved by the appropriate supervisor will be the supporting documentation for disbursement for employees paid on an hourly rate.
 - e. The Town shall maintain a written personnel policy prohibiting employment practices that result in nepotism, conflicts of interest, or discrimination.
8. Internal Control Procedures Specific to Travel Expenditures
- a. The Town shall have a definite, written policy for requesting travel advances, reporting travel expenses, and reimbursing the unit for unexpended advances.
 - b. All travel advances shall be approved by a department head and effectively controlled.
 - c. All employees shall be required to give an adequate accounting of actual expenses incurred subsequent to the issuance of a travel advance.
 - d. All reimbursed travel expenses should be made in accordance with the Town's Travel Policy.
9. Internal Control Procedures for Accounts Payable, Expenditures, and Encumbrances
- a. Expenditures shall be controlled using the Budget Ordinance. For any annually budgeted fund, all expenditures must be budgeted, and there must be sufficient budgeted revenues or available fund balance to cover each expenditure.
 - b. All budget appropriations in the current year shall be recorded in the appropriate expenditure account.
 - c. All expenditures must be charged against an appropriation account. The exact timing of the accounting entry will vary depending on the type of transaction.
10. Internal Control Procedures for Purchasing and Contracting
- a. All purchase requests shall be approved prior to ordering.

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

11. Internal Control Procedures for Fixed Asset Management

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

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

12. Internal Control Procedures for Long-Term Debt

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

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

13. Control Procedures related to Computer Systems

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

XIII. Investment Policy

1. Policy Statement

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

2. Scope of Policy

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

3. Standard of Prudence

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

4. Authorized Staff

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

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

5. Portfolio Management Objectives

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

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

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

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

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

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

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

8. Internal Control

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

9. Collateralization

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

10. Delivery and Custody

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

11. Authorized Investments

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

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

12. Prohibited Forms of Authorized Investments

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

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

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

- c. The Finance Officer is responsible for monitoring compliance with the above restrictions. If a violation occurs, the Finance Officer shall report such to the Town Manager and to the Council along with a plan to address the violation.
14. Maximum Maturities - To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements. Beyond identified cash flow needs, investments will be purchased so that maturities are staggered. The following maturity limits are set for the Town's investment portfolio:
 - a. At least 60% of the investment portfolio will have maturities of no more than 3 years from the date of purchase.
 - b. At least 80% of the investment portfolio will have maturities of no more than 5 years from the date of purchase.
 - c. At least 95% of the investment portfolio will have maturities of no more than 10 years from the date of purchase.
 - d. No investments maturing more than 15 years from the date of purchase may be purchased.
 - e. For purposes of this section, for any variable rate demand obligation, the purchase date is considered to be the last reset and remarketing date and the maturity date is considered to be the next reset and remarketing date.
 - f. If any change is made to the Town's policy for available fund balance in the General Fund, then other sections of this policy must be concurrently revised.
 15. Selection of Securities - The Finance Officer will determine which investments shall be purchased and sold and the desired maturity date(s) that are in the best interest of the Town. The selection of an investment will involve the evaluation of, but not limited to, the following factors: cash flow projections and requirements; current market conditions; and overall portfolio balance and makeup.
 16. Responses to Changes in Short Term Interest Rates
 - a. The Town will seek to employ the best and most appropriate strategy to respond to a declining short term interest rate environment. The strategy may include, but does not have to be limited to, purchases of callable "cushion" bonds, lengthening of maturities in the portfolio, and increases in the percentage of ownership of treasury notes relative to that of treasury bills.
 - b. The Town will seek to employ the best and most appropriate strategy to respond to an increasing short term interest rate environment. That strategy may include, but does not have to be limited to, purchases of "step-up" securities, shortening of

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

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

23. Policy Considerations

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

XIV. Review and Revision

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

XV. Resolution of Adoption of Policy

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

Resolution 21-04

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

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

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

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

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

Adopted this 21st Day of April, 2021.

Mayor

ATTEST:

Town Clerk



Town of Duck
DRAFT
Capital Improvement Plan
Fiscal Year 2027 - 2031

May 2026

Capital Improvement Plan Message

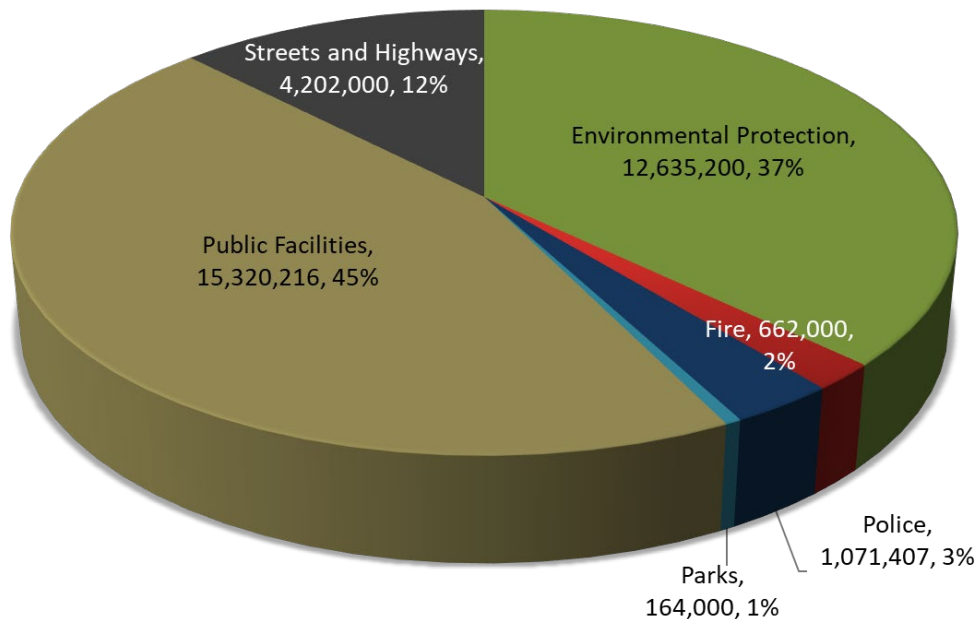
Dear Mayor Thibodeau and Members of Town Council:

I am pleased to present the Recommended FY 2027-31 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 2026-27) 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.

FY27-31 CIP Overview

The Recommended FY 2027-31 CIP includes 25 projects totaling \$34,054,823. 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 2026-27. The net debt service to expenditures is 5.62%. 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 .070% remains well below the policy maximum of 1%, and the ten-year principal payout ratio will be 100% for FY 2026-27.

General Fund Fiscal Indicators and Key Debt Ratios

Fiscal Indicators and Key Debt Ratios		
	Target	Projected
Net Debt Service to Expenditures	< 20%	5.62%
Net Debt to Assessed Valuation	< 1%	0.070%
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 2026-27 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 2027-31 CIP includes 26 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. A septic health initiative project is 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 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Cost
Beach Renourishment	200,000	11,645,200	0	100,000	0	11,945,200
Beach Planting/ Sand Fencing	112,500	75,000	115,000	117,500	120,000	540,000
Sea Level Rise Analysis/Climate Adaptation Plan	0	90,000	0	0	0	90,000
Septic Health Initiative	15,000	15,000	15,000	15,000	0	60,000
Total	327,500	11,825,200	130,000	232,500	120,000	12,635,200



Continuous Projects

Beach Renourishment

\$11,945,200

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-\$120,000

Annually

These projects include the annual planting and fertilization of beach vegetation and installation of sand fencing along dunes, as well as annual profile surveys documenting the condition of the beach and dunes throughout the Town. Consistent 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 2026-27

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

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 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Cost
Fire/Rescue Boat and Infrastructure	0	146,000	0	0	0	146,000
Replacement of SCBA (Airpacks)	0	75,000	75,000	75,000	0	225,000
Replacement of Turnout Gear	22,000	22,000	24,000	24,000	25,000	117,000
Hose, Nozzles, and Appliances	12,000	12,000	0	0	0	24,000
Command Vehicle Replacement	150,000	0	0	0	0	150,000
Total	184,000	255,000	99,000	99,000	25,000	662,000

Continuous Projects



Replacement of Turnout Gear

\$22,000 - \$25,000
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

\$12,000
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.

Replacement of SCBA (Airpacks)

\$75,000
Annually

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 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 beginning in FY 2028 and concluding in FY 2030. The project includes an estimate of \$10,000 per pack (with bottle and spare) for each fixed apparatus seat, plus two spares.

FY 2026-27

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

Fire/Rescue Boat and Infrastructure

\$146,000

This project includes adding a vessel that will support a wide range of operations, including water rescues, medical emergencies, fire suppression, and storm response. It will be equipped with GPS navigation, sonar, firefighting capabilities, and patient transport systems. The boat will be fully integrated into the Town's existing Water Rescue operations, enhancing coordination between lifeguards and fire personnel during emergencies. This unified approach will allow for faster response times, improved communication, and expanded rescue reach beyond the shoreline.

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 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Cost
Replacement of Ruggedized Laptop Computers	0	0	0	0	28,000	28,000
Patrol Vehicles: Replacement	256,021	208,912	213,090	217,352	0	895,375
Replacement of 800MHz Radios	0	0	40,000	40,000	40,000	120,000
Radar Speed Sign Replacement	0	21,024	7,008	0	0	28,032
Total	256,021	229,936	260,098	257,352	68,000	1,071,407



Continuous Project

Replacement Police Patrol Vehicles

\$208,912 – 256,021
Annually

This project represents the scheduled replacement of police patrol vehicles. One patrol vehicle is assigned to each police officer. Patrol vehicles are replaced at the end of their safe and serviceable lifespan, which is six years on average. Four vehicles are scheduled to be replaced in FY2027. Replacement radar units, in-car printers, emergency lighting, graphics, highway use tax, and upfitting labor are included in the replacement cost of vehicles. In order to achieve omnipresence, the police department uses the same make and model vehicle for its fleet. The estimated pricing in FY2028 and beyond reflects a 2% annual price increase over FY2027 contract pricing.

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 2027-28

Fixed Radar Speed Sign Replacement

\$21,024
Additional \$7,008 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. It is recommended that three signs be replaced in FY2028, and a fourth sign be replaced in FY2029.

FY 2028-29



Replacement of 800MHz Radios \$40,000
Additional \$40,000 in 2030 and \$40,000 in 2031

Dare County operates an 800 MHz public safety radio system for all public safety agencies in Dare County. Individual agencies are responsible for providing end users with radio equipment. Currently, each police patrol vehicle is equipped with a mobile radio and each officer is assigned a portable radio. The current radios are approaching end of life and will need to be replaced in coming years. A phased replacement schedule over four years will lessen the fiscal impact.

The need for mobile radios in patrol vehicles will be eliminated by new portable radio technology that utilizes embedded cellular technology for signal redundancy when the radio network is disrupted by tower outages or poor signal quality. New radios will include voice activated AI technology to boost officer safety.

FY 2030-31

Replacement of Ruggedized Laptop Computers \$28,000

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 four years.

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 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Cost
Playground Equipment Replace/Expand	0	10,000	100,000	0	0	110,000
Town Park Irrigation System Replacement	10,000	10,000	10,000	0	0	30,000
Tractor	0	24,000	0	0	0	24,000
Total	10,000	44,000	110,000	0	0	164,000



FY 2026-27

Town Park Irrigation System Replacement

\$10,000

Additional \$10,000 in two subsequent years

Over the next four years, this project will continue the replacement and upgrade of 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 2027-28

Playground Equipment Replacement/Expansion

\$10,000

Additional \$100,000 in 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.

Tractor

\$24,000

This project involves the purchasing of a subcompact tractor with loader bucket and box blade that would allow staff to better maintain parking lots and trails with the spreading and grading of stone and gravel. It would also be useful for various landscaping needs on Town property. A subcompact tractor would be small enough to maneuver on Duck Trail.



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 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Cost
Public Safety Building	13,767,000	0	0	0	0	13,767,000
Public Restroom	0	213,216	0	0	0	213,216
Boardwalk - Northern Extension (Phase 5)	0	120,000	1,087,000	0	0	1,207,000
Video Surveillance System	0	30,000	45,000	0	0	75,000
Public Facilities Repair/Maintenance/Improvement	0	50,000	8,000	0	0	58,000
Total	13,767,000	413,216	1,140,000	0	0	15,320,216



FY 2026-27

Public Safety Building

\$13,767,000

This project remains a priority within the Town Council's three-to-five-year goals, as outlined in the 2032 Vision and the Comprehensive Land Use Plan. The current Public Safety Building, owned by the Duck Volunteer Fire Department, Inc., has reached the end of its useful life as a headquarters for a full-time Fire and Police Department. Originally built for a volunteer fire department, it has been retrofitted over time to support career staff with sleeping quarters, kitchen facilities, and other basic needs. While both departments have adapted, the building no longer adequately meets operational demands, and a modern, safe, and efficient facility is overdue. After initial space needs assessments, the Town issued a request for qualifications and selected an architectural firm to lead the design process. We are finalizing the needs study and will advance to construction drawings once the long-term site lease is secured. The project will involve either building a new facility or fully renovating and expanding the existing one. Grants will be sought to assist with construction costs and other funding will be through long-term borrowing.

FY 2027-28

Public Restroom

\$213,216

This project will add an 8'x16' building on the east side of the maintenance garage and north of the playground at Town Park to create two 145 square foot ADA compliant unisex public restrooms. These additional restrooms would be open the same as the public restrooms at the Admin Building. Adding restrooms at the Town Park would benefit the public due to the proximity of the parking area and the playground. It would also reduce porta potty requirements for Jazz Fest. Grants are available to assist with funding this project.

Boardwalk – Northern Extension (Phase 5)

\$120,000

Additional \$1,087,000 in 2029 for construction

This project involves the extension of the Town's existing soundside boardwalk to a northern terminus adjoining the former Resort Realty property. A connection to the Duck Village sidewalk and public amenities (such as an observation tower overlooking the Currituck Sound and living shoreline) could occur at the northern end of the project. To be constructed in partnership with Resort Realty, the extension will link the redeveloped Resort Realty site to other commercial areas along the boardwalk. This project will provide valuable pedestrian connections and an opportunity to highlight the living shoreline and educate the public about its importance. Substantial grants are available to assist with funding this project.



Video Surveillance System

\$30,000

Additional \$45,000 in 2029

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 2028, it is proposed that cameras be added to cover the remaining southern section of the boardwalk (\$30,000). In FY 2029, it is proposed that cameras be added to cover the northern section of the boardwalk (\$45,000).

Public Facilities Repair/Maintenance/Improvement

\$40,000

Additional \$8,000 in 2029

Town Hall/Meeting Hall/Gazebo Painting: 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. Shake siding on the west side second floor of Town Hall has become twisted and dried out and is in need of replacement.

Stone Replenishment/Parking Lot Repairs: 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 was funded 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.



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 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Cost
Duck Trail Repaving	75,000	140,000	145,000	150,000	0	510,000
Retaining Wall Replacement	25,000	32,000	0	0	0	57,000
Duck Road West Side Shared Use Trail	0	450,000	995,000	1,220,000	840,000	3,505,000
NC -12 Stormwater Management Improvements	130,000	0	0	0	0	130,000
Total	230,000	622,000	1,140,000	1,370,000	840,000	4,072,000



Continuous Projects

Duck Trail Repaving

\$75,000 - \$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 FY27 involves replacing a section with stormwater ponding issues between Sound Sea Avenue to Sea Tern 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

\$25,000 in FY 2026-27
Additional \$32,000 in 2028

This project involves funding for the replacement of public retaining walls in poor condition along the Duck Trail/NC 12. The proposed project for FY27 involves replacement of an existing retaining wall near Canvasback Drive. 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

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.

FY 2027-28

Duck Road West Side Shared Use Trail

\$450,000

Additional \$3,055,000 in FY 2029, 2030, and 2031

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 FY28 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 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Cost
Environmental Protection	327,500	11,825,200	130,000	232,500	120,000	12,635,200
Fire	184,000	255,000	99,000	99,000	25,000	662,000
Police	256,021	229,936	260,098	257,352	68,000	1,071,407
Parks	10,000	44,000	110,000	0	0	164,000
Public Facilities	13,767,000	413,216	1,140,000	0	0	15,320,216
Streets and Highways	230,000	622,000	1,140,000	1,370,000	840,000	4,202,000
Total	14,774,521	13,389,352	2,879,098	1,958,852	1,053,000	34,054,823
Revenue Source Totals	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
Grant	24,000	5,648,000	24,000	24,000	24,000	5,744,000
Interlocal	0	0	0	0	0	0
Town Funds	1,182,500	5,532,440	2,642,008	1,717,500	1,029,000	12,103,448
Debt Issued	13,568,021	2,208,912	213,090	217,352	0	16,207,375
Total	14,774,521	13,389,352	2,879,098	1,958,852	1,053,000	34,054,823

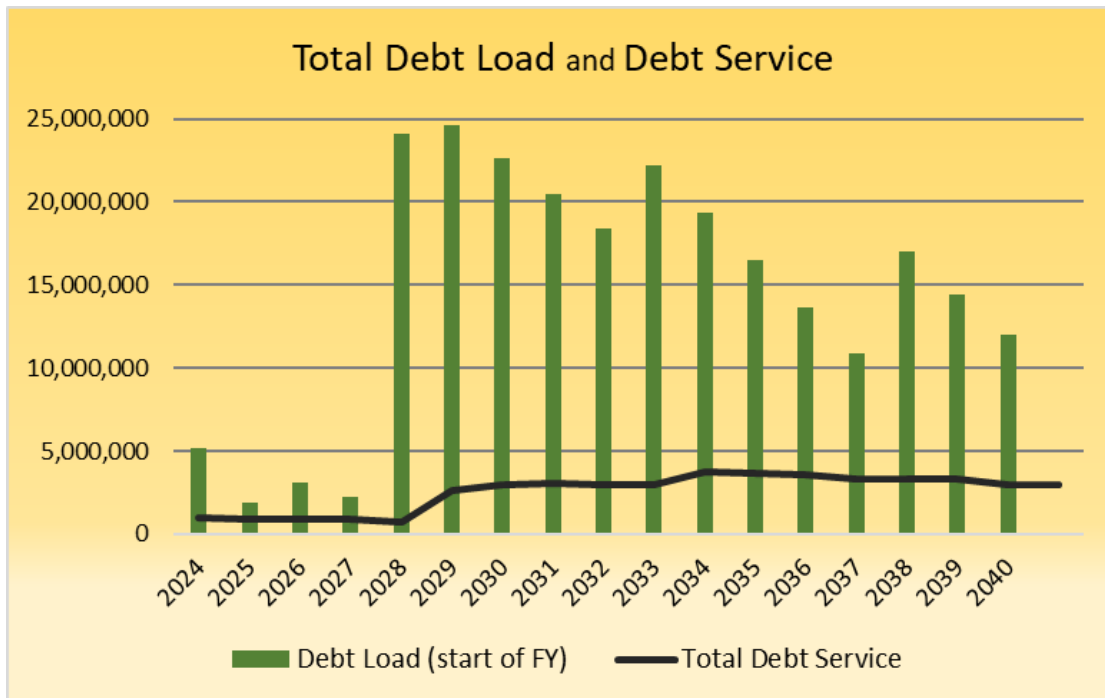
Section 4: CIP Financial Impact Analysis on Town Finances

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.

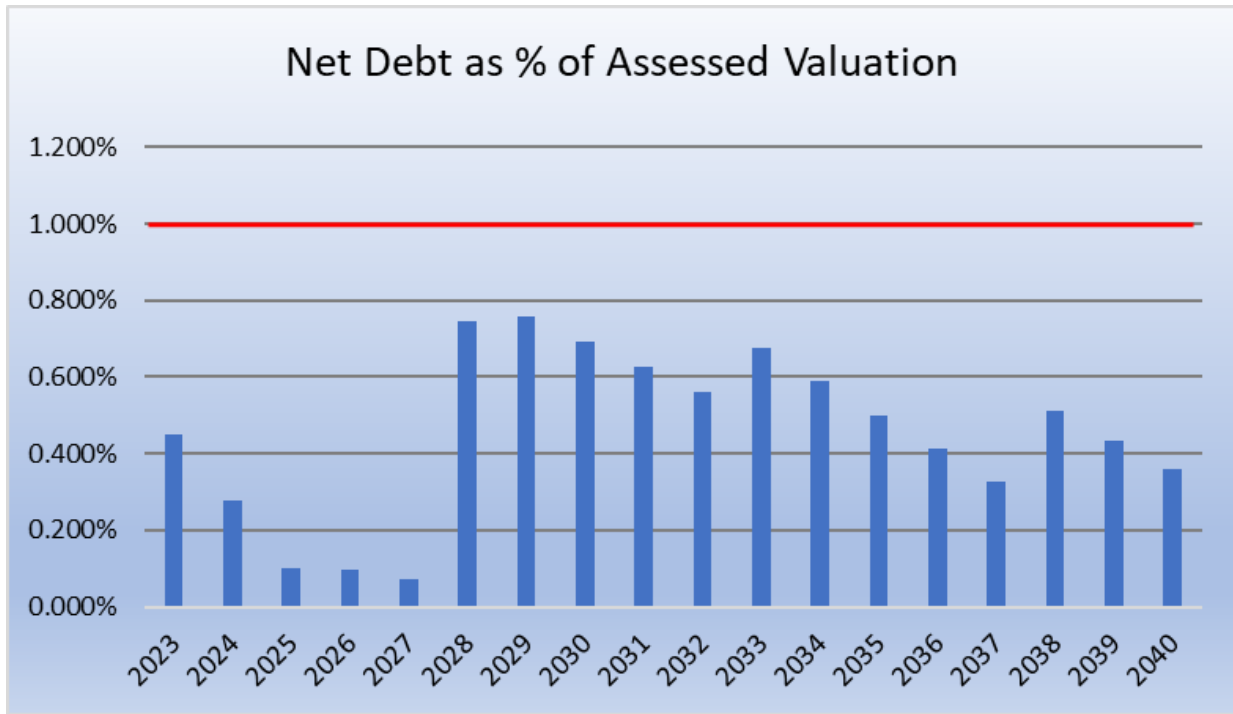
Debt Ratios

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.

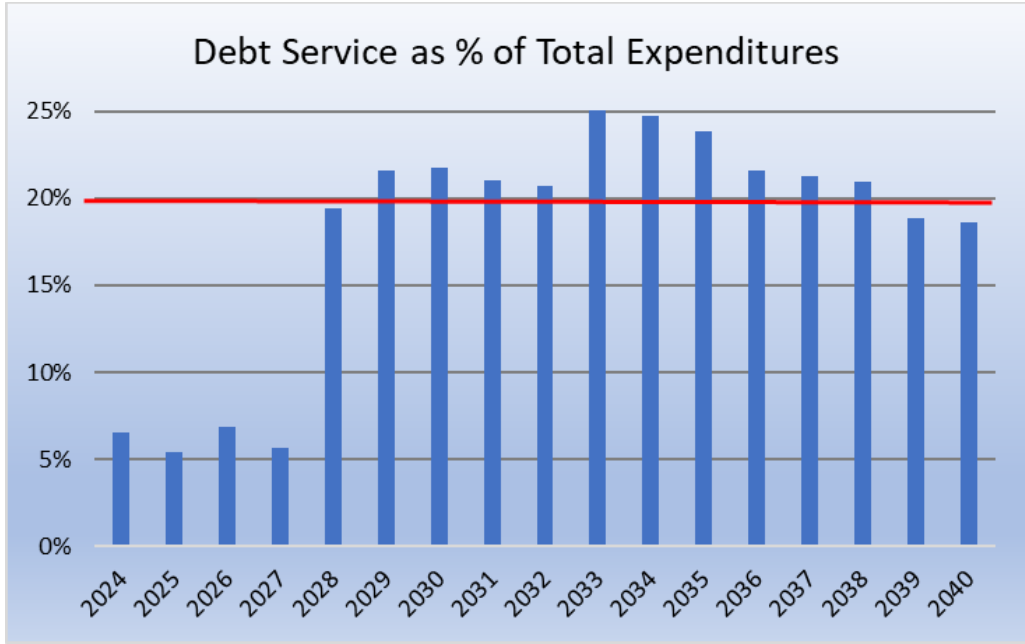
The chart below shows the total debt load (amount of principal outstanding) at the beginning of each fiscal year and the amount of debt service (principal and interest) due in that year for all outstanding debt.



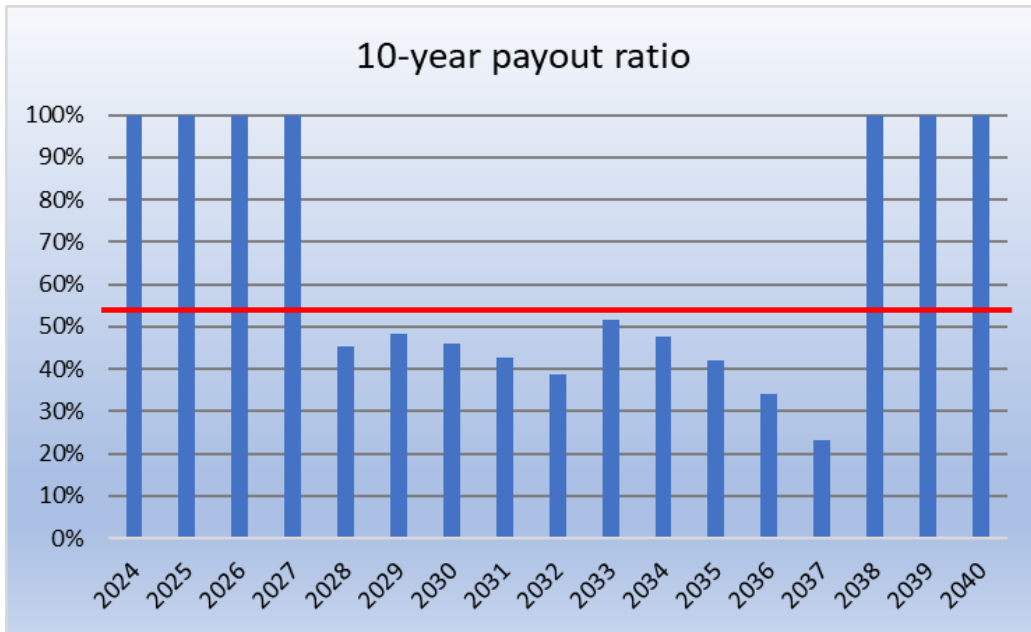
Net debt per assessed valuation is an important indicator because it considers the Town’s largest revenue source and greatest means for repaying debt. This is a measure of debt capacity as well as debt burden. This ratio divides the Town’s net debt by its total assessed value, where net debt is defined 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 FY26-27 is 0.125%. Upcoming projects in the CIP will require additional debt financing and will increase the Town’s ratio to a high of 0.586% by FY28-29. Duck’s legal debt limit, based on the July 1, 2025 audited valuation is \$2,274,917. The CIP includes a maximum debt obligation of \$18,995,701 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 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 FY26-27, the debt service ratio is 7.04% and reaches a high of 14.95% in FY29-30 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 10 and 15% 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 9% in FY36-37. 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 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Spending
Reserve Funds	0	3,000,000	0	0	0	19,034,144
Current Funds	1,216,500	1,579,240	2,776,008	1,641,500	1,053,000	8,266,248
New Debt Service		2,497,176	2,570,295	2,644,877	2,576,261	10,288,609
Existing Debt Service	479,287	0	0	0	0	479,287
Total	1,695,787	7,076,416	5,346,303	4,286,377	3,629,261	22,034,144

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 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Cost
Beach Renourishment	Total	200,000	11,645,200	0	100,000	0	11,945,200
	Grant		5,624,000				5,624,000
	Interlocal						0
	Town Funds	200,000	4,021,200		100,000		4,321,200
	Debt Issued		2,000,000				2,000,000
Beach Planting/ Sand Fencing	Total	112,500	75,000	115,000	117,500	120,000	540,000
	Grant	24,000	24,000	24,000	24,000	24,000	120,000
	Interlocal						0
	Town Funds	88,500	51,000	91,000	93,500	96,000	420,000
	Debt Issued						0
Sea Level Rise Analysis/Climate Adaptation Plan	Total	0	90,000	0	0	0	90,000
	Grant						0
	Interlocal						0
	Town Funds		90,000				90,000
	Debt Issued						0
Septic Health Initiative	Total	15,000	15,000	15,000	15,000	0	60,000
	Grant						0
	Interlocal						0
	Town Funds	15,000	15,000	15,000	15,000		60,000
	Debt Issued						0
Total							
	Total	327,500	11,825,200	130,000	232,500	120,000	12,635,200
	Grant	24,000	5,648,000	24,000	24,000	24,000	5,744,000
	Interlocal	0	0	0	0	0	0
	Town Funds	303,500	4,177,200	106,000	208,500	96,000	4,891,200
	Debt Issued	0	2,000,000	0	0	0	2,000,000

Fire							
Item/Project		FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Cost
Fire/Rescue Boat and Infrastructure	Total	0	146,000	0	0	0	146,000
	Grant						0
	Interlocal						0
	Town Funds		146,000				146,000
	Debt Issued						0
Replacement of SCBA (Airpacks)	Total	0	75,000	75,000	75,000	0	225,000
	Grant						0
	Interlocal						0
	Town Funds		75,000	75,000	75,000		225,000
	Debt Issued						0
Replacement of Turnout Gear	Total	22,000	22,000	24,000	24,000	25,000	117,000
	Grant						0
	Interlocal						0
	Town Funds	22,000	22,000	24,000	24,000	25,000	117,000
	Debt Issued						0
Hose, Nozzles, and Appliances	Total	12,000	12,000	0	0	0	24,000
	Grant						0
	Interlocal						0
	Town Funds	12,000	12,000				24,000
	Debt Issued						0
Command Vehicle Replacement	Total	150,000	0	0	0	0	150,000
	Grant						0
	Interlocal						0
	Town Funds						0
	Debt Issued	150,000					150,000
Total	Total	184,000	255,000	99,000	99,000	25,000	662,000
	Grant	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0
	Town Funds	34,000	255,000	99,000	99,000	25,000	512,000
	Debt Issued	150,000	0	0	0	0	150,000

Police							
Item/Project		FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Cost
Replacement of Ruggedized Laptop Computers	Total	0	0	0	0	28,000	28,000
	Grant						0
	Interlocal						0
	Town Funds					28,000	28,000
	Debt Issued						0
Patrol Vehicles: Replacement	Total	256,021	208,912	213,090	217,352	0	895,375
	Grant						0
	Interlocal						0
	Town Funds						0
	Debt Issued	256,021	208,912	213,090	217,352		895,375
Replacement of 800MHz Radios	Total	0	0	40,000	40,000	40,000	120,000
	Grant						0
	Interlocal						0
	Town Funds			40,000	40,000	40,000	120,000
	Debt Issued						0
Radar Speed Sign Replacement	Total	0	21,024	7,008	0	0	28,032
	Grant						0
	Interlocal						0
	Town Funds		21,024	7,008			28,032
	Debt Issued						0
Total	Total	256,021	229,936	260,098	257,352	68,000	1,071,407
	Grant	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0
	Town Funds	0	21,024	47,008	40,000	68,000	176,032
	Debt Issued	256,021	208,912	213,090	217,352	0	895,375

Parks							
Item/Project		FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Cost
Playground Equipment Replace/Expand	Total	0	10,000	100,000	0	0	110,000
	Grant						0
	Interlocal						0
	Town Funds		10,000	100,000			110,000
	Debt Issued						0
Town Park Irrigation System Replacement	Total	10,000	10,000	10,000	0	0	30,000
	Grant						0
	Interlocal						0
	Town Funds	10,000	10,000	10,000			30,000
	Debt Issued						0
Tractor	Total	0	24,000	0	0	0	24,000
	Grant						0
	Interlocal						0
	Town Funds		24,000				24,000
	Debt Issued						0
Total							
Total	Total	10,000	44,000	110,000	0	0	164,000
	Grant	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0
	Town Funds	10,000	44,000	110,000	0	0	164,000
	Debt Issued	0	0	0	0	0	0

Public Facilities							
Item/Project		FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Cost
Public Safety Building	Total	13,767,000	0	0	0	0	13,767,000
	Grant						0
	Interlocal						0
	Town Funds	605,000					605,000
	Debt Issued	13,162,000					13,162,000
Public Restroom	Total	0	213,216	0	0	0	213,216
	Grant						0
	Interlocal						0
	Town Funds		213,216				213,216
	Debt Issued						0
Boardwalk - Northern Extension (Phase 5)	Total	0	120,000	1,087,000	0	0	1,207,000
	Grant						0
	Interlocal						0
	Town Funds		120,000	1,087,000			1,207,000
	Debt Issued						0
Video Surveillance System	Total	0	30,000	45,000	0	0	75,000
	Grant						0
	Interlocal						0
	Town Funds		30,000	45,000			75,000
	Debt Issued						0
Public Facilities Repair/Maintenance/Improvement	Total	0	50,000	8,000	0	0	58,000
	Grant						0
	Interlocal						0
	Town Funds		50,000	8,000			58,000
	Debt Issued						0
Total	Total	13,767,000	413,216	1,140,000	0	0	15,320,216
	Grant	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0
	Town Funds	605,000	413,216	1,140,000	0	0	2,158,216
	Debt Issued	13,162,000	0	0	0	0	13,162,000

Streets and Highways							
Item/Project		FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Cost
Duck Trail Repaving	Total	75,000	140,000	145,000	150,000	0	510,000
	Grant						0
	Interlocal						0
	Town Funds	75,000	140,000	145,000	150,000		510,000
	Debt Issued						0
Retaining Wall Replacement	Total	25,000	32,000	0	0	0	57,000
	Grant						0
	Interlocal						0
	Town Funds	25,000	32,000				57,000
	Debt Issued						0
Duck Road West Side Shared Use Trail	Total	0	450,000	995,000	1,220,000	840,000	3,505,000
	Grant						0
	Interlocal						0
	Town Funds		450,000	995,000	1,220,000	840,000	3,505,000
	Debt Issued						0
NC -12 Stormwater Management Improvements	Total	130,000	0	0	0	0	130,000
	Grant						0
	Interlocal						0
	Town Funds	130,000					130,000
	Debt Issued						0
Total	Total	230,000	622,000	1,140,000	1,370,000	840,000	4,202,000
	Grant	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0
	Town Funds	230,000	622,000	1,140,000	1,370,000	840,000	4,202,000
	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 dunescapes. Residents and visitors alike are drawn to neighborhoods that reflect our small-town atmosphere. Our village is a source of pride, offering diverse experiences by way of a cohesive and eclectic mix of independent businesses, shops, and restaurants. At the hub of our community is the Town Hall and Park, where we interact, share ideas, and build connections. Duck's vitality, founded on grassroots engagement, encourages meaningful participation from all of its stakeholders. Long-term financial stability, sustainable services, measured growth and a focus on quality of life distinguish Duck as a preeminent destination for everyone.

THE SIX UNIFYING PRINCIPLES

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

DUCK AND OUR VILLAGE



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

ENHANCED MOVABILITY



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

ENVIRONMENTAL STEWARDSHIP



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

ACTIVE, ENGAGED COMMUNITY



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

VIBRANT, THRIVING BUSINESS COMMUNITY



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

RESPONSIVE AND RESPONSIBLE LEADERSHIP



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

THREE TO FIVE-YEAR GOALS

The goals listed on the following pages were established in 2022 during the Vision 2032 process and are each tied to one of the unifying principles. The goals shown with a red number are new goals as compared to those shown in the Vision 2027 goals list.

Duck and Our Village

1	Continue to partner with and support the business community including increasing the exposure and accessibility of all businesses		
		· Facilitate conversations about issues merchants encounter	
2	Explore more town parking through land purchase(s), use of the park, and/or ratios in development		
		· Population is growing	
		· Be ready to seize opportunities	
3	Review land use regulations to ensure they compel adherence to the style and scale we have in place and steer away from development that would detract from the current state		
		· Review situations in which clarification was needed for updates	
		· Include follow up process to ensure compliance on what we approve	
		· Consider whether Planning Board should have multiple reviews where changes occur	
		· Include ongoing review of issues identified during development	

Enhanced Movability

1	Finalize the last section of the boardwalk by connecting to the property at 1248 Duck Road
2	Continue to advocate for traffic improvements including the construction of the Mid-Currituck Bridge and enhance public understanding of traffic issues
	<ul style="list-style-type: none"> · 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 2026-27 Town Council Goals

Weighted tally of "votes" assigning a numerical value of 3 to "stars"							
		Monica	Sandy	Kevin	Bren	Marc	Total
	Aggressively pursue public safety building solutions	3	3	1	3		10
	Prioritize the design and construction of West Side Duck Trail improvements	1		3	1	1	6
	Support efforts for soundside stabilization to mitigate erosion and improve water quality	1		1	1	3	6
	Replace playground equipment	1	1	2	1		5
	Maintain Town infrastructure	1	1		1	1	4
	Review and update Zoning Ordinances		1	1		1	3
	Review and approve plans for the use of the Herron Property		1			1	2
	Pursue and implement stormwater management plans				1	1	2
	Maintain and grow the fund balance with little or no tax increase		1		1		2
	Increase engagement with businesses and all property owners	1		1			2
	Comprehensively review the interaction of e-bikes and Duck Trail					1	1
	Maintain commitment to the Dare Housing Foundation toward finding solutions to the workforce housing issue	1					1
	Explore creative solutions for code enforcement duties/continue enforcement of SUPs		1				1
	Investigate more parking and restrooms in the Town Park						0
	Continue to monitor traffic information and review the impact of LSVs						0
		Monica	Sandy	Kevin	Bren	Marc	
		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	