

Agenda
Town of Duck Council
Paul F. Keller Meeting Hall
April 15, 2026
1:00 p.m.
Mid-Month Meeting

1. Discussion of FY 2026-2027 Draft Budget
2. Adjournment – The Next Meeting will be the Regular Meeting on Wednesday, May 6, 2026 at 1:00 p.m.

AGENDA: April 15, 2026

Mid-Month Meeting

ITEM #1:

Discussion of FY 2026-2027 Draft Budget

RECOMMENDED ACTION:

- Per discussion

SUMMARY OF INFORMATION:

The Town Manager will discuss the FY 2026-2027 Draft Budget for the Town of Duck and will answer questions of the Town Council. The Proposed FY 2026-2027 Budget is planned to be presented at Council's May 6, 2026 Regular Meeting.

ATTACHMENTS:

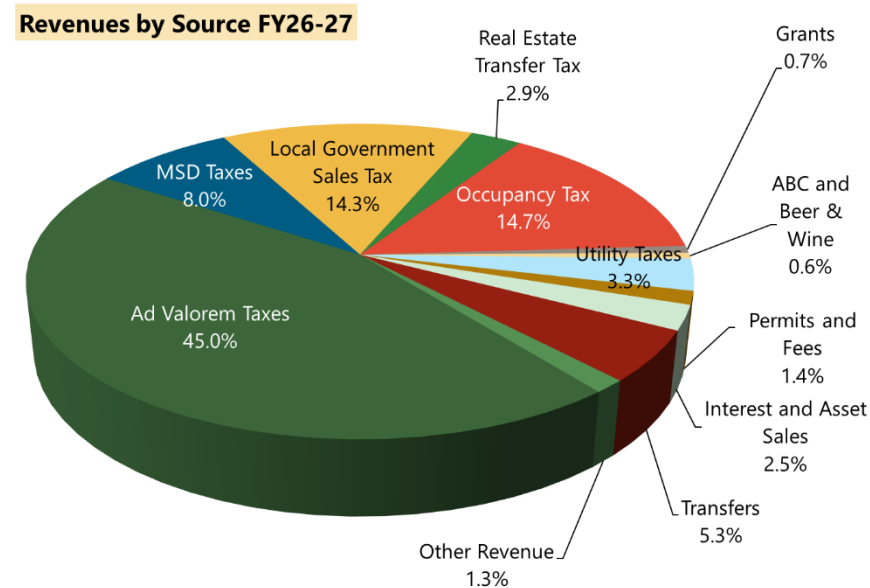
- Fiscal Year 2026-2027 Budget Summary

Revenue Summary

This table shows revenue from different sources in our budget and includes a full-year actual revenue, the current fiscal year budget and year-end estimate, and the current draft budget for FY 2026-27.

Revenues by Source						
Source	FY24-25 Actual	FY25-26 Budget	FY25-26 Estimate	FY26-27 Request	Variance v. CY	Request % Change
Ad Valorem Taxes	4,811,438	5,566,115	5,732,717	5,803,023	236,908	4.3%
MSD Taxes	1,026,820	1,024,119	1,060,676	1,029,445	5,327	0.5%
Local Government Sales Tax	2,112,138	1,800,000	2,000,000	1,850,000	50,000	2.8%
Real Estate Transfer Tax	501,391	375,000	400,000	375,000	0	0.0%
Occupancy Tax	2,032,307	1,900,000	2,000,000	1,900,000	0	0.0%
Grants	59,710	196,986	196,400	94,822	(102,164)	-51.9%
ABC and Beer & Wine	79,160	93,000	83,000	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	178,000	177,000	0	0.0%
Interest and Asset Sales	437,702	325,000	375,000	327,000	2,000	0.6%
Transfers	557,159	788,025	788,025	679,287	(108,738)	-13.8%
Debt Proceeds	2,000,000	0	0	426,209	426,209	
Fund Balance Appropriated	0	2,790,946	1,021,454	0	(2,790,946)	-100.0%
Other Revenue	206,831	264,085	198,835	173,300	(90,785)	-34.4%
Total	14,517,864	15,720,276	14,454,107	13,333,087	(2,387,189)	-15.2%

Of note, in terms of changes from the FY 2025-26 budget, are decreases in the appropriation of Fund Balance and the reduction in grant revenue anticipated. We predict a small increase in Sales and Occupancy Tax revenue due to current trends as modified by assumptions that the rate of growth in these may be impacted by the current economic climate. Other Revenue includes sales of Memory Lane bricks. The currently proposed tax rate (unchanged) and its corresponding revenue, along with the other revenues mentioned above, fell well short of initially expressed budget needs. Even after significant reductions, we still have a revenue shortfall that will need to be addressed as noted above. We remain aware of and seek any other sources of revenue, whether through grants or other sources, as deemed appropriate. It is important to note that historically approximately half of our revenue comes from Ad Valorem and MSD taxes. In FY 2026-27 we anticipate that 53% of revenue will derive from these sources. The percentage of each source is depicted in this graph.

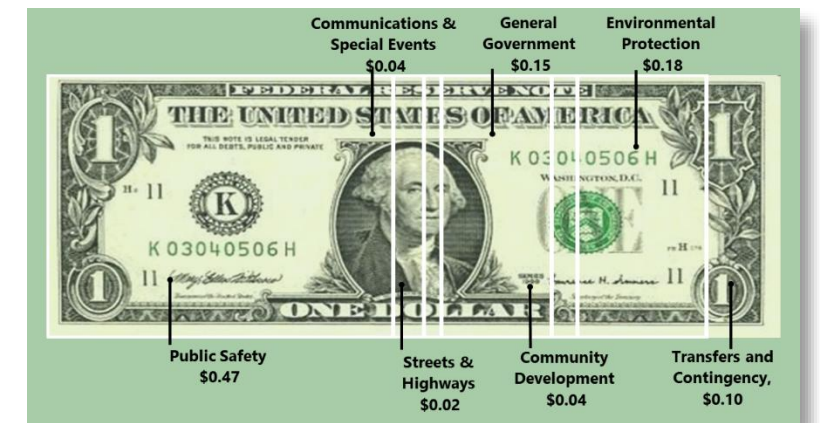


Expenditure Summary

Expenditures are 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 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 property tax revenue. Also, expenditures related to employee engagement 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. 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.
- **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:** 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, replacing our aging playground equipment, 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.

This graphic shows how each dollar of revenue is budgeted. Public Safety (Police and Fire) will remain one of our largest expenses due to how personnel-intensive they are. Environmental Protection includes annual debt service payments for Beach Nourishment.

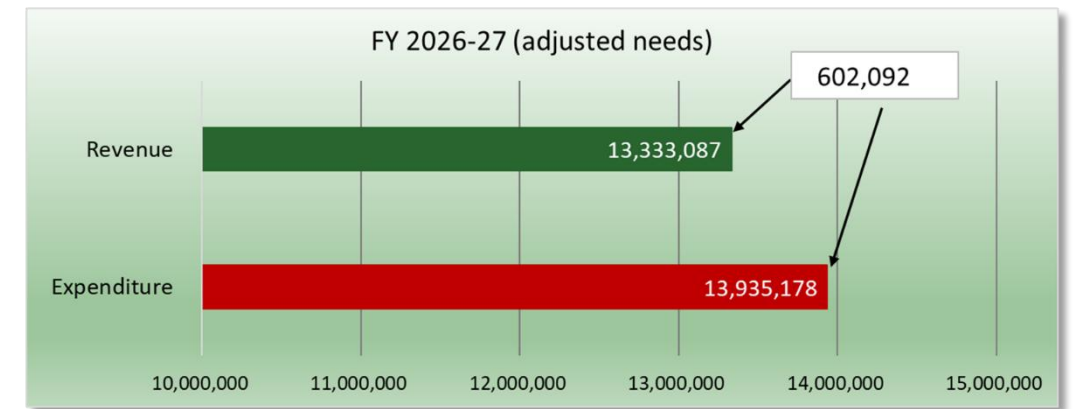




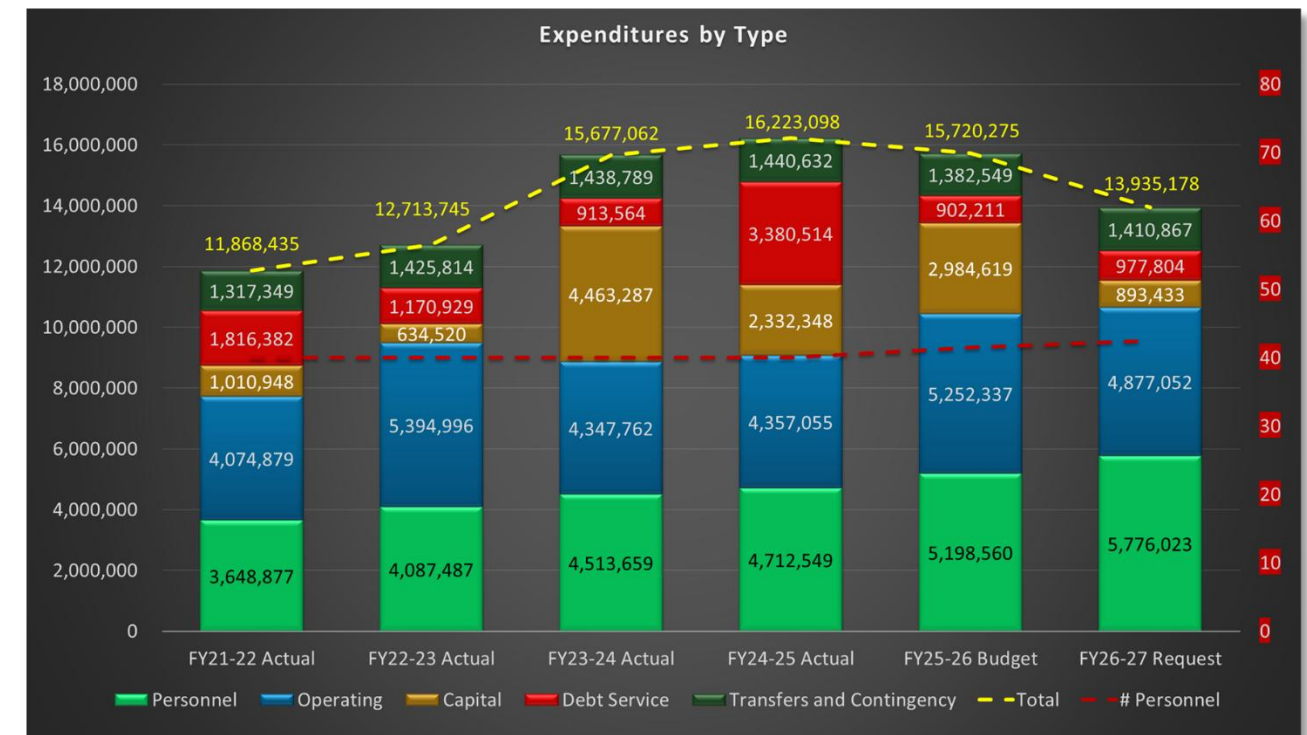
Fiscal Year 2026-27 Budget Conversation – April 15, 2026

This document contains preliminary information related to the preparation of the Fiscal Year 2026-27 Budget for the Town of Duck. A more in-depth presentation of this is being made to the Town Council at their meeting on April 15, 2026 during which staff will ask for guidance relative to Council priorities in order to prepare a balanced budget for presentation at a Public Hearing on May 6, 2026.

Revenue is estimated based upon trends and economic conditions, and expenditures are estimated based upon fixed costs, personnel costs, and capital projects and purchases following the draft Capital Improvement Plan. After some significant (\$2.13 million) initial reductions, the difference to make up is \$602,092. This will need to be accomplished using a combination of additional reductions in expenditures and consideration of other changes.



This graph shows the trend in expenditures, by type, over the past several years. Of note is that the "capital" portion of what is shown in FY 23-24 contains funding for the NC 12 elevation project. In FY 24-25 capital includes the purchase of the Herron property, and in FY 25-26 includes the purchase of a new ladder truck.



This table 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 request as part of the "gross needs" budget. The large decrease in expenditures is mostly driven by the purchase of a ladder truck in FY 2025-26.

Expenditures by Department						
Department Expenditures	FY24-25 Actual	FY25-26 Budget	FY25-26 Estimate	FY26-27 Request	Variance v. CY	Request % Change
Governing Body	155,218	177,124	170,989	184,181	7,057	4.0%
Administration	427,681	460,329	460,029	496,886	36,557	7.9%
Finance & Human Resources	241,482	260,127	261,424	313,981	53,854	20.7%
Legal	64,544	91,720	91,000	66,720	(25,000)	-27.26%
Information Technology	158,674	186,706	185,500	256,068	69,361	37.2%
Police	2,294,133	2,508,602	2,507,719	2,846,380	337,777	13.5%
Fire	2,026,202	3,855,765	2,043,217	2,643,648	(1,212,116)	-31.44%
Ocean Rescue	764,283	1,037,795	1,039,390	792,290	(245,505)	-23.66%
Communications & Special Events	506,419	539,206	478,007	585,708	46,503	8.6%
Community Development	394,939	400,271	372,748	499,380	99,109	24.8%
Inspections	235,778	270,627	258,409	291,931	21,304	7.9%
Public Facilities	2,739,843	948,819	941,646	768,150	(180,669)	-19.04%
Streets & Highways	211,464	517,751	490,173	336,938	(180,813)	-34.92%
Sanitation	1,445,702	1,501,220	1,514,299	1,531,264	30,045	2.0%
Environmental Protection	3,116,104	1,581,665	1,601,830	910,787	(670,878)	-42.42%
Transfers	1,440,632	1,305,655	1,339,661	1,309,867	4,212	0.3%
Contingency	0	76,894	54,251	101,000	24,106	31.3%
Total	16,223,098	15,720,275	13,810,291	13,935,178	(1,785,097)	-11.4%

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

Expenditures by Type						
Type	FY24-25 Actual	FY25-26 Budget	FY25-26 Estimate	FY26-27 Request	Variance v. CY	Request % Change
Personnel	4,712,549	5,198,560	5,042,035	5,776,023	577,463	11.1%
Operating	4,357,055	5,252,337	5,174,576	4,877,052	(375,285)	-7.1%
Capital	2,332,348	2,984,619	1,222,563	893,433	(2,091,186)	-70.1%
Debt Service	3,380,514	902,211	897,842	977,804	75,593	8.4%
Transfers and Contingency	1,440,632	1,382,549	1,393,912	1,410,867	28,318	2.0%
Total	16,223,098	15,720,275	13,730,929	13,935,178	(1,785,097)	-11.4%

- **Personnel** – accounts for salaries, overtime, FICA, retirement, 401k, medical insurance, and workers' compensation insurance. Of note is a proposed 5% merit increase pool based upon outcomes in annual performance evaluations.
- **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** – transfer of MSD tax revenue to the Beach Fund and a small Contingency amount for unexpected expenditures.