



Fiscal Year 2026-27 Draft Budget

This document contains information related to the preparation of the Fiscal Year 2026-27 Budget for the Town of Duck. A more in-depth presentation of this information was made to the Town Council at their meeting on April 15, 2026 during which staff asked 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, capital projects, and purchases following the draft Capital Improvement Plan. After some significant (\$1.2 million) initial reductions, and further changes during the conversation with Town Council, the draft budget is balanced and includes **no increase in the property tax rate**.

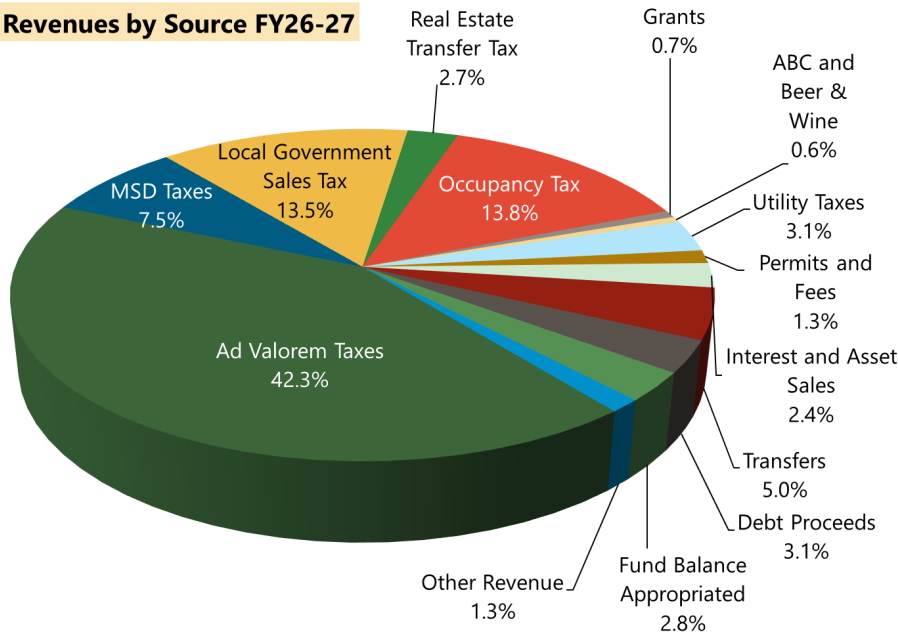
Revenue Summary

The table below shows revenue from different sources in our budget and includes a full-year actual revenue, the current fiscal year budget, the initial budget request, and the current draft budget for FY 2026-27.

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%

Of note in terms of changes from the FY 2025-26 budget are decreases in transfers from the Beach Nourishment fund and the reduction in Fund Balance appropriated. Fund Balance was used in FY 2025-26 for the Town Park shoreline project, for purchase orders carried over from the prior fiscal year, and a realignment of the Ocean Rescue contract to a new calendar year term.

Revenues by Source FY26-27



The other revenues shown above fell short of initially expressed budget needs. Even after significant reductions, we still had a revenue shortfall that was addressed by appropriating a small amount of Fund Balance for some needed capital projects. We remain aware of and seek any other sources of revenue, whether through grants or other sources, as deemed appropriate. In FY 2026-27 we anticipate that 49.8% of revenue will derive from the Ad Valorem and MSD tax levies.

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 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 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 the draft budget 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.

This table shows each of the fifteen departments and two additional lines, for transfers and contingency, and provides actual expenditures for the one prior complete fiscal year, the current year's budget, the revised initial budget request, and the FY 2026-27 recommended budget. The large decrease in expenditures is driven by non-recurring items such as the purchase of a ladder truck and the completion of the Town Park shoreline project in FY 25-26.

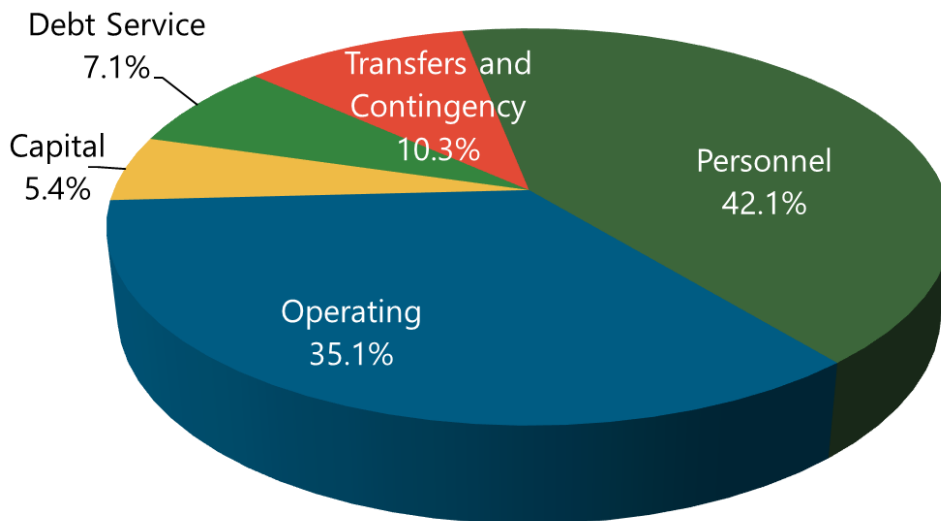
Expenditures by Department						
Department Expenditures	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Governing Body	155,218	177,124	184,181	184,181	7,057	3.98%
Administration	427,681	460,329	496,886	496,886	36,557	7.94%
Finance & Human Resources	241,482	260,127	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%

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

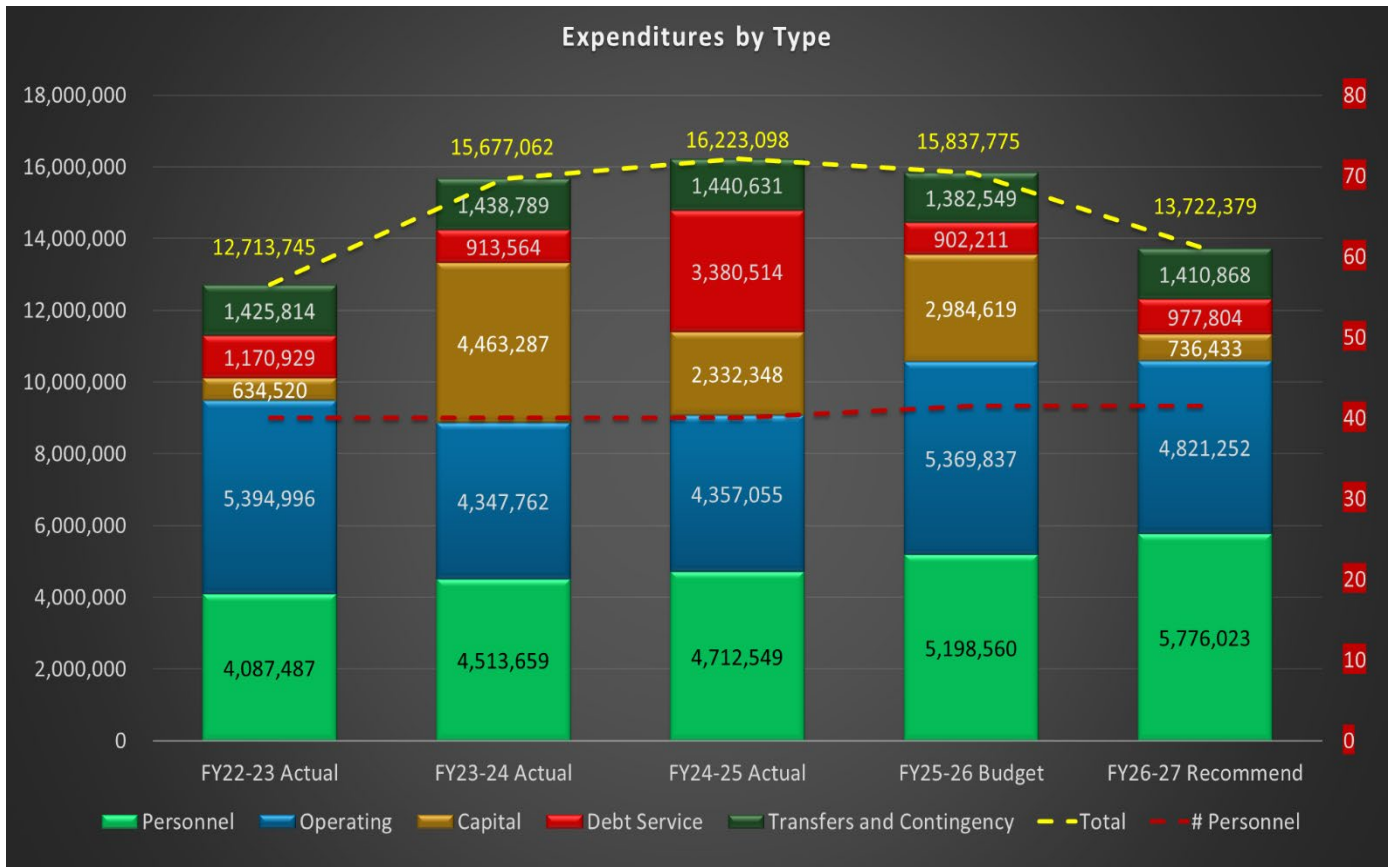
Expenditures by Type						
Type	FY24-25 Actual	FY25-26 Budget	FY26-27 Request	FY26-27 Recommend	Variance v. CY	% Change
Personnel	4,712,549	5,198,560	5,776,023	5,776,023	577,463	11.1%
Operating	4,357,055	5,369,837	4,821,252	4,821,252	(548,585)	-10.2%
Capital	2,332,348	2,984,619	736,433	736,433	(2,248,186)	-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	15,837,775	13,722,378	13,722,379	(2,115,396)	-13.4%

- **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.

Expenditures by Type FY26-27



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 2023-24 contains just over \$4.5 million for the partially grant-funded Highway 12 elevation project, \$2 million in FY 2024-25 for the Herron property, and \$1.7 million in FY 2025-26 for the purchase of a ladder truck.



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.

