



Fiscal Year 2022-2023

Annual Budget

Town Council

Don Kingston, Mayor
Monica Thibodeau, Mayor Pro-Tem
Rob Mooney
Tony Schiano
Sandy Whitman

Administration and Department Directors

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

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Budget Guide

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

The Budget Document

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

Budget Message & Ordinance

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

Community & Organizational Profile

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

Financial Summaries

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

Funds & Line Items

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

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

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

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

Capital Improvement Plan

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

Supplemental Information

This section contains a glossary of terms used throughout the document, our Financial and Budgetary Policies, our Capital Improvement Plan, and the Town of Duck Vision 2027.

How to Read the Budget Document

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

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

Interpreting Tables & Charts

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

The diagram illustrates the structure of a budget table. Annotations include:

- Line item description**: Points to the 'Account Description' column.
- Department Name (or grouping name)**: Points to the 'Administration' header row.
- Gross "needs" budget prior to reductions**: Points to the 'FY22-23 Request' column.
- Approved budget after reductions and corrections**: Points to the 'FY22-23 Approved' column.
- Prior year actual data from audit**: Points to the 'FY20-21 Actual' column.
- Current year budget as amended**: Points to the 'FY21-22 Budget' column.
- Change between current budget and approved budget**: Points to the 'Variance v. CY' and '% Change' columns.

Administration						
Account Description	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Salaries and Wages						
Salaries and Wages (PT)						
FICA						
Workers' Compensation						
Supplemental Retirement (LGRS)						
401k						
Medical/Dental Insurance						
Professional Services						
Contracted Services						
Supplies and Materials						
Uniforms						
Technology Hardware & Accessories						
Travel and Training						
Dues and Subscriptions						
Communications						
Leased Equipment						
Printing and Binding						
Advertising						
Miscellaneous						
Capital Outlay - under \$5,000						
Fixed Charges						
TOTAL						



Budget Message

May 4, 2022

Dear Mayor Kingston and Duck Town Council:

In accordance with the Local Government Budget and Fiscal Control Act and NC General Statute 159-11, the proposed Annual Budget for Fiscal Year beginning July 1, 2022 and ending June 30, 2023 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, the proposed budget represents a significant amount of careful consideration and study in order for the Town to meet its obligations, fulfill its goals, and remain fiscally healthy.

In preparing the Fiscal Year 2022-2023 (FY22-23) Budget, Town staff followed guidance from Town Council's adopted Vision 2027 which contains the following:

THE SIX UNIFYING PRINCIPLES

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

DUCK AND OUR VILLAGE

Surrounded by our residential neighborhoods, Duck Village is the heart of Duck. 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.

The FY22-23 Recommended Budget totals \$12,997,125 for all Town operations, capital improvements, and debt service requirements. This is \$935,500 (6.7%) less than the FY21-22 Budget. Following Town Council's direction, the budget is balanced with a tax rate of \$0.22, which is unchanged from FY 21-22, and maintains the current MSD tax rates at \$0.1296 for MSD-A and \$0.285 for MSD-B.

In addition to our main, or General, fund, we have a Capital Reserve Fund for our Beach Nourishment project. This fund receives revenue, via transfer from the General Fund, an amount equal to the MSD tax revenue plus a proportionate share of the Sales Tax Revenue that equates to the impact on this revenue due to the MSD tax levy. This proportionate share is estimated to be 19.8% of the total received. Transfers from the Capital Reserve Fund are for debt service, professional services, and other expenses directly related to our Beach Nourishment project.

Revenue

As we emerge from the grip of the COVID-19 pandemic, we are all pleasantly surprised by the minimal negative impact to our local economy and resulting increases in tourism throughout the year. While the national economy continues to adjust to the pandemic's effects, and many people still are out of work and struggling to meet their personal obligations, our local economy remains relatively strong with lack of staff impacting the hospitality industry and rising materials costs impacting the construction industry. This budget contains revenue estimates that, while acknowledging a sense of optimism regarding the continuation of the current economic climate, remains conservative in terms of estimates so as to not create a shortfall in the budget should the climate change.

Revenues are budgeted at \$12,997,125, a 6.7% decrease compared to the FY21-22 Budget. The Town receives revenue from several sources, the largest of which is Ad Valorem taxes. Ad Valorem, from the Latin phrase meaning "according to value," is levied upon the property, and measured by the value of the property, not the owner's ability to pay. While important, Ad Valorem tax revenue generates \$4,096,829 or 31.5% of the revenue for our General Fund in FY22-23. In addition, MSD taxes account for an additional \$1,003,283, or 7.8% of our revenue. This means that over half of the services that we provide in the are paid for with sources other than local property tax revenue. State law limits the rate a locality may charge for this tax to \$1.50 per \$100 of valuation.

The Town of Duck contracts with the Dare County tax office to collect our taxes. This enables our residents to receive one tax bill and remit payment to one place. It also allows us to enjoy an excellent collection rate for real and personal property taxes. In FY22-23, we have budgeted for a collection rate of 99.99% as prescribed by State law.

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

Expenditures

As noted above, the FY22-23 Recommended Budget totals \$12,997,125 for all Town operations, capital improvements, and debt service requirements. This is \$935,500 (6.7%) less than the FY21-22 Budget.

One of the largest expenditures for Duck, and for most localities, is the cost of personnel. Our professional staff allows the Town to continue to provide quality service to our residents. The total of all personnel related expenses, including wages and benefits, is budgeted at \$3,798,742. This represents a total of 29.2% of the total budget. This budget does not include any additional staff and represents a 4.8% increase in expense due to inclusion of provisions for up to a 3% merit increase and 3% merit bonus for full-time employees. Also included are small increases in Workers' Compensation insurance rates, retirement contribution rates, and medical insurance rates.

This budget also, following the recommendations from the Pay & Classification Plan and Personnel Policy revision work done in FY 20-21, includes \$11,400 for longevity bonuses for staff and a similarly modest amount to continue to fund a career progression program for our patrol officers, and implement a career progression program for firefighters and police sergeants.

This table shows the total number of personnel in each department over the last three years and what is proposed for FY 22-23.

Personnel by Department						
Department	FY 19-20	FY 20-21	FY 21-22 Budget	FY 22-23 Proposed	# Change	Percent Change
Administration	5	5	5.5	5.5	0	0%
Public Facilities	0	0	1	1	0	0%
Police	12.5	12.5	14.5	14.5	0	0%
Fire	12.5	12.5	14.5	14.5	0	0%
Inspections	1.5	2.5	2	2	0	0%
Community Development	1.5	2	2.5	2.5	0	0%
Total	33	34.5	40	40	0	0.0%

Through operational efficiencies in the utilization of personnel, leveraging technology to mitigate staffing increases, receiving countless hours of volunteer assistance, and other management strategies, we are able to maintain a lean staffing profile. Subsequent to the new positions added in the last fiscal year, our leadership team has not identified future additional personnel needs absent changes in service level demand.

While not attempting here to cover specifics regarding expenses for all fifteen operational departments, what follows are some highlights of more significant expenses and proposed changes in staffing levels. The Capital Improvement Plan, which is included toward the end of this budget document, contains details about the capital projects/purchases mentioned below.

Governing Body

- Professional services includes funding to update Vision 2027 as part of the five-year cycle of re-examining these priorities
- Property and Liability insurance increase approximately 10% due to reinsurance rates and experience
- Winter staff appreciation and Volunteer appreciation events

Administration

- Website hosting
- Social media and website archiving
- E-mail services for e-news

Finance

- Professional services for Accounting and Audit
- Contracted service with Dare County to collect property taxes – 1.5% of total collection

Legal

- Monthly \$2,800 per month. Same rate as FY 2021-22
- As needed services at same hourly rates as FY 2021-22

Public Facilities

- Maintenance contracts for grounds (Town Hall, Park, etc.), trash can service, and cleaning of Town Hall and Keller Meeting Hall.
- Tree “removal” for maintenance (trimming, vine removal, and removal of any dead trees)
- Irrigation maintenance as needed
- Boardwalk repair materials
- Bench replacement

Information Technology

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

Police

- Police officer mental health initiative
- Records management system replacement (Dare County)
- Radar speed sign replacement/expansion
- Traffic video camera network (grant funded)
- Mobile Data Terminal replacements

Fire

- Replacing turnout gear – per schedule
- SCBA replacement – per schedule
- Hose and appliance replacement – per schedule
- Subsidy to Duck Volunteer Fire Department - \$20,800 increase

Inspections

- Permitting software
- Travel and Training includes Maintenance Technician to work toward inspector certification to serve as a back-up to the full-time inspector

Ocean Rescue

- Increase of \$16,500 per contract
- Adding one lifeguard stand
- Allocating phones and iPad used by the lifeguards to this department

Streets & Highways

- Professional Services for construction administration for the Highway 12 project and additional for work related to Duck Trail maintenance

- Contracted services for maintenance of sidewalks/plantings in the village and along Duck Trail
- Repaving Duck Trail – annual
- Stormwater management along Duck Trail
- Highway 12 project including the elevation of Highway 12

Sanitation

- Cost increases per contracts for trash and recycling service

Environmental Protection

- Formerly Beach Protection
- Professional Services related to Beach Renourishment
- Professional Service for engineering related to Town Park shoreline project (future) and Stormwater Management Plan
- Beach grass planting, beach monitoring, etc.

Community Development

- Training for Director, Senior Planner, and new Planner

Recreation and Special Events

- Park and Beach signage
- Event expenses – performers, stage, lighting, etc. – back to pre-pandemic levels
- Merchandise for resale – Duck branded items

Expenditures by Function					
Function	FY20-21 Actual	FY21-22 Budget	FY22-23 Recommend	Variance v. CY	% Change
General Government	1,897,969	1,661,948	1,630,864	(31,084)	-1.9%
Public Safety	3,452,890	4,533,825	4,473,641	(60,184)	-1.3%
Streets & Highways	474,458	2,904,586	2,871,820	(32,766)	-1.1%
Community Development	353,464	304,625	325,383	20,758	6.8%
Environmental Protection	2,966,938	2,949,624	2,047,490	(902,134)	-30.6%
Recreation & Special Events	175,793	186,900	212,700	25,800	13.8%
Transfers and Contingency	1,384,876	1,391,117	1,435,227	44,110	3.2%
Total	10,706,388	13,932,625	12,997,125	(935,500)	-6.7%

Fund Balance

The North Carolina Local Government Commission recommends that local governments maintain a minimum unassigned fund balance of no less than eight percent 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, 2022, is \$7.3 million or 71% of FY21-22 expenditures. This is inclusive of the funding of a new fire engine in FY 21-22 and the use of approximately \$154,100 of additional revenue expected in excess of revenues due to conservative budgeting of revenue sources and favorable predicted actual revenue.

The recommended budget includes an appropriation of \$120,000 from Fund Balance for repaving work on Duck Trail as explained in the Streets & Highways portion of this document. We do not use reserves for operating costs and carefully evaluate any use of fund balance for unanticipated opportunities and capital expenses.

Conclusion

It remains important to concentrate our annual budgeting efforts on maintaining current levels of service and maintenance of Town-owned property and infrastructure, ensure 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. Last year, it was the lingering effects of the COVID-19 Pandemic and the coming year looks to bring challenges caused by workforce, supply chain, and inflationary influences in the local area, state, and nation. It is these unknowns that continue to influence how we structure our budget.

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

Respectfully Submitted,

Drew Havens

Drew Havens,
Town Manager

Annual Budget Ordinance

Town of Duck, North Carolina FY 2022 – 2023 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, 2022 and ending June 30, 2023.

Section 1: General Fund

General Fund Revenues

Ad Valorem Taxes	\$4,096,829
MSD Taxes	\$1,003,283
Local Government Sales Tax	\$1,800,000
Real Estate Transfer Tax	\$500,000
Occupancy Tax	\$1,850,000
Grants	\$2,362,172
ABC and Beer & Wine	\$71,700
Utility Taxes	\$403,000
Permits and Fees	\$166,500
Investment Earnings and Sale of Assets	\$6,000
Transfers	\$574,130
Debt Proceeds	\$0
Fund Balance Appropriated	\$120,000
Other Revenue	\$43,510
Total Revenues	\$12,997,125

General Fund Expenditures

Governing Body	\$145,981
Administration	\$649,721
Finance	\$114,079
Legal	\$62,760
Public Facilities	\$517,558
Information Technology	\$140,765
Police	\$1,902,100
Fire	\$1,817,710
Inspections	\$203,830
Ocean Rescue	\$550,001
Streets & Highways	\$2,871,820
Sanitation	\$1,216,360

Environmental Protection	\$831,130
Community Development	\$325,383
Recreation & Special Events	\$212,700
Transfers	\$1,359,928
Contingency	\$75,299
Total Expenditures	\$12,997,125

Section 2: Beach Nourishment Capital Reserve Fund

Beach Nourishment Capital Reserve Fund Revenues

Transfer from General Fund (MSD Tax Revenue)	\$1,003,283
Transfer from General Fund (Restricted Sales Tax Revenue)	\$356,645
Fund Balance Appropriated	\$0
Total Revenues	\$1,359,928

Beach Nourishment Capital Reserve Fund Expenditures

Transfer to General Fund	\$574,130
Reserved for Future Expenditures	\$785,798
Total Expenditures	\$1,359,928

Section 3: Levy of Taxes - Ad Valorem

There is hereby levied a tax at the rate of twenty-two cents (\$0.22) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2022, for the purpose of raising the revenue listed Ad Valorem Taxes 2022-2023 in Section 1: General Fund of this ordinance. This rate is based on a valuation of property for purposes of taxation of \$1,845,788,887 and an estimated rate of collection of 99.99%.

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

There is hereby levied a tax at the rate of \$0.1296 (twelve point nine six cents) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2022 in Municipal Service District - A (MSD-A), for the purpose of raising the revenue listed MSD Taxes 2022-2023 in Section 1: General Fund of this ordinance. This rate is based on a valuation of property for purposes of taxation of \$499,595,647 and an estimated rate of collection of 99.99%.

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

There is hereby levied a tax at the rate of \$0.285 (twenty-eight point five cents) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2022 in Municipal Service District - B (MSD-B), for the purpose of raising the revenue listed MSD Taxes 2022-2023 in Section 1: General Fund of this ordinance. This rate is based on a valuation of property for purposes of taxation of \$124,879,829 and an estimated rate of collection of 99.99%.

Section 5: Fees & Charges

There is hereby established, for Fiscal Year 2022-2023, 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 6: Position Classification and Salary Schedule

There is hereby established, for Fiscal Year 2022-2023, a Salary Schedule and Position Classification Table as shown on in attachment to this document in order to maintain the Town's Pay and Classification Plan.

Section 7: 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, 2022.

Section 8: 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 2022-2023. 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 9: 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 1st day of June, 2022.



Donald Kingston, Mayor

Attest:



Lori A. Ackerman, Town Clerk



Salary Schedule and Position Classification Table

Effective July 1, 2022

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 2022-23 budget and adopted as shown in Section 6 of the Budget Ordinance. The Personnel section of the budget document contains information regarding the number of employees in each department and in each job classification.

Salary Schedule

	HIRING				
GRADE	RATE	MINIMUM	MID POINT	MAXIMUM	
1	33,393	35,063	42,576	51,759	
2	35,063	36,816	44,706	54,348	
3	36,816	38,657	46,941	57,065	
4	38,657	40,590	49,288	59,918	
5	40,590	42,620	51,753	62,915	
6	42,620	44,751	54,341	66,061	
7	44,751	46,989	57,058	69,364	
8	46,989	49,338	59,911	72,833	
9	49,338	51,805	62,906	76,474	
10	51,805	54,395	66,052	80,298	
11	54,395	57,115	69,354	84,312	
12	57,115	59,971	72,822	88,528	
13	59,971	62,970	76,463	92,955	
14	62,970	66,119	80,287	97,604	
15	66,119	69,425	84,302	102,484	
16	69,425	72,896	88,517	107,609	
17	72,896	76,541	92,943	112,989	
18	76,541	80,368	97,590	118,639	
19	80,368	84,386	102,469	124,570	
20	84,386	88,605	107,592	130,798	
21	88,605	93,035	112,972	137,338	
22	93,035	97,687	118,620	144,204	
23	97,687	102,571	124,551	151,415	
24	102,571	107,700	130,778	158,985	
25	107,700	113,085	137,318	166,935	
26	113,085	118,739	144,184	175,282	
27	118,739	124,676	151,392	184,045	
28	124,676	130,910	158,962	193,248	
29	130,910	137,456	166,911	202,911	
30	137,456	144,329	175,257	213,057	
31	144,329	151,545	184,020	223,710	
32	151,545	159,122	193,220	234,895	
33	159,122	167,078	202,881	246,639	
34	167,078	175,432	213,025	258,971	
35	175,432	184,204	223,676	271,920	
36	184,204	193,414	234,860	285,516	
37	193,414	203,085	246,603	299,792	
38	203,085	213,239	258,934	314,782	

Classification Table

GRADE	CLASSIFICATION	FLSA STATUS	HIRING RATE	MINIMUM	MID POINT	MAXIMUM
5	Maintenance Technician		40,590	42,620	51,753	62,915
7	Administrative Assistant		44,751	46,989	57,058	69,364
	Firefighter					
	Police Officer					
8	Deputy Town Clerk		46,989	49,338	59,911	72,833
	Public Safety Office Administrator (new in FY 22-23)					
	Master Firefighter					
	Senior Police Officer					
9	Fire Engineer		49,338	51,805	62,906	76,474
	Master Police Officer					
10	Public Information and Events Coordinator		51,805	54,395	66,052	80,298
	Planner I					
	Finance and HR Administrator					
11	Fire Captain		54,395	57,115	69,354	84,312
	Police Sergeant					
	Town Clerk					
	Senior Planner					
13	Building Codes and Maintenance Administrator		59,971	62,970	76,463	92,955
16	Deputy Fire Chief	E	69,425	72,896	88,517	107,609
	Police Lieutenant	E				
18	Public Information and Events Director	E	76,541	80,368	97,590	118,639
20	Community Development Director	E	84,386	88,605	107,592	130,798
	Fire Chief	E				
	Police Chief	E				
25	Town Manager	E	107,700	113,085	137,318	166,935
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, 2022

Section I Building Permit

<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		

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

Section II Five (5) Building Permit system.

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

Building Permit
Electrical Permit
Plumbing Permit
Mechanical Permit
Gas Permit

B. 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.

C. 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.
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10. Flood Development Permit (*in addition to other applicable building permit or land disturbance fees*)

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

11. Re-Inspection Fee	\$75.00 first re-inspect <i>double the fee of the last re-inspect for each subsequent re-inspection for the same item</i>
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Inspections Not Otherwise Listed	\$50.00
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12. Occupancy Permit (New Construction only)	\$50.00
Temporary Residential	\$300.00
Temporary Commercial	\$500.00

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

Temporary Service Pole	\$75.00 flat fee **
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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)
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Receptacles, Lights, Switches and Outlets as follows:

0-49	\$30.00
50-above	\$45.00
Dryer	\$5.00
Baseboard Heat per unit	\$3.00
Miscellaneous	\$5.00

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

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

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

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

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

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

1. Single Family Dwellings	
New Construction	\$150.00 per dwelling unit
Additions/Renovations/Remodels (increased heated space, changes to coverage or increased occupancy ***)	\$75.00 per unit
Additions/Renovations/Remodels (No change to heated space, coverage or occupancy)	\$25.00 per unit
Repairs & Maintenance (within existing footprint)	No Fee
2. Multi Family Dwellings, Duplexes, Condominiums, Townhouses, Apartments	\$150.00 per dwelling unit
3. Motels/Hotels	\$100.00 per unit
4. Commercial Parking Lots, Commercial, Business and Multi-family Accessory Parking Areas (other than single family residence). Note that this fee is in addition to other required review fees for the same project)	\$50.00 per space

5. All other new development not included elsewhere in fee schedule (this fee is based on footprint of proposed development or structure and is in addition to review fees for associated parking areas.)

\$0.75 per square foot

6. Plan of Development \$250.00

7. Lots in a subdivision \$500 plus \$75/lot

Section IX Other Planning and Zoning Review and Application Fees:

1. Text Amendment to the Zoning Ordinance \$350.00

2. Rezoning (Zoning Text/Map Amendment) \$750.00 (*plus \$500/acre or any fraction thereof beyond one acre*)

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 (w/o an approved building permit)	
- Minor	\$25.00
Irrigation	
Minor Grading Associated w/ Landscaping Project	
Septic Repair in Same Location	
- Intermediate	\$100.00
New Septic Installation	
Driveway/Parking Improvements	
Installation of Stormwater Retention Area	
- Major	\$200.00
Significant Topographic Changes (Cutting/Filling)	
Installation of Stormwater Conveyance	
21. Fire/Burglar Alarm Permit (New)	\$50.00
<u>Fire False Alarm Fees</u>	
First, Second, Third	No charge
Fourth	\$150.00
Fifth	Permit revoked; All previous fees to date plus \$200 reinstatement fee

Police False Alarm Fees

First false alarm in a 30 day period	No charge
Second false alarm in a 30 day period	\$25.00
Third false alarm in a 30 day period	\$50.00
Fourth false alarm in a 30 day period	\$100.00. Permit revoked. Must pay all prior fees plus new permit fee.

22. Minor Home Occupation \$50.00

23. Homeowners Recovery Fund Fee Established by state law

Resubmittal of expired site plan approvals

Site plan approvals expire 24 months after the date of approval. After the expiration date of an approved site plan a charge of 50% of initial review fee shall be paid for a re-submittal when the following conditions are met:

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

***Minimum building permit fee is \$100.00**

**** Includes Floodplain Development and Site Plan Fees**

***** Excludes projects where Flat Fees are charged**

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.

Penalty for failing to call for inspections 50% of original permit cost.

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 permitting, U.S. Army Corps of Engineers
- Right-of-way review/dedication, North Carolina Department of Transportation
- Major CAMA permits, North Carolina Coastal Resources Commission

Section X Administrative and Miscellaneous Charges:

1. Re-hearing/advertising
(at Petitioner/Applicant's request) \$250.00
2. Copy of Agenda Package
(available free on line) per page charge below
3. Copy of Zoning Ordinance
(available free on line) per page charge below
4. Copy of Land Use Plan
(available free on line) per page charge below
5. Copy of Budget Document
(available free on line) per page charge below
6. Copies of Requested Documents
8 ½ x 11, 11 x14 & 11 x17
(after the 5th sheet) \$.25 black & white per page
(after the 3rd sheet) \$.30 color per page
Large Plan/Plotter copies \$1.50 per page
7. Insufficient funds charge (returned checks) \$25.00 first time
(The Town Manager may require cash or cashiers check for future payments from applicants who have submitted checks that were returned for insufficient funds)
8. Police Off-Duty \$46.00/hour
9. Special Event Permit Application Fee \$100.00
10. Room and Facility Deposits and Fees:
The following fees shall apply for the use of rooms and facilities unless waived by the Town Manager, separate checks are required for deposits and fees:

Deposit for Rooms and Facilities (per room),
not including the Community/Meeting Hall: \$50.00

Deposit for Community/Meeting Hall: \$150.00

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

Rental Fee for Rooms and Facilities (per room),

not including the Community/Meeting Hall: \$100.00

Rental Fee for Community/Meeting Hall: \$500.00

Cleaning Fee for Rooms and Facilities (per room),
not including the Community/Meeting Hall: \$50.00

Cleaning Fee for Community/Meeting Hall: \$150.00

Monitor Fee for Rooms and Facilities

reserved after 5 p.m. or on holidays or weekends: \$ 15.00 per hr.

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

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

Priority Two: Town departments and Town sponsored events.

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

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

Priority Five: Other individuals, groups, or entities, provided that the activity for which the room or facilities is to be used is non-commercial. Rooms and Facilities in the Town Hall Complex may not be reserved for weddings, or similar events.

Note: It is the policy of the Town that any fees submitted shall not be refunded.

11. Duck Town Park Special Events Fees

Application Fee	\$25 (non-refundable)
Deposit*	\$200 (refundable)
Event where Town is major sponsor	None
Duck based not-for-profit	\$150
Outer Banks not-for-profit	\$300
Non-Outer Banks based not-for-profit	\$1,000
Off Duty Duck Police Officer	\$46/Hr. with four (4) hour minimum
Special Events Staff	Staffing and fees assessed during application process if applicable.

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

Community and Organizational Profile

History

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



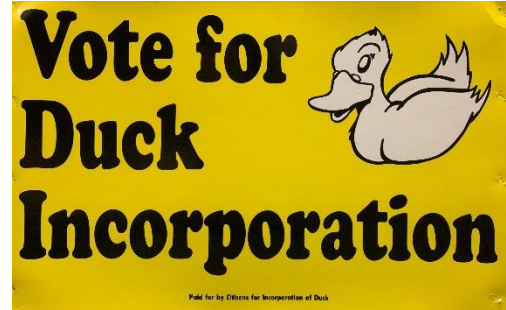
In these early years, the life in the Albemarle Sound and Atlantic Ocean drew fishermen and hunters, but few tourists. With no paved roads until the early 1980's, Duck remained a place for the adventurous visitor.



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

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

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



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

Geography

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



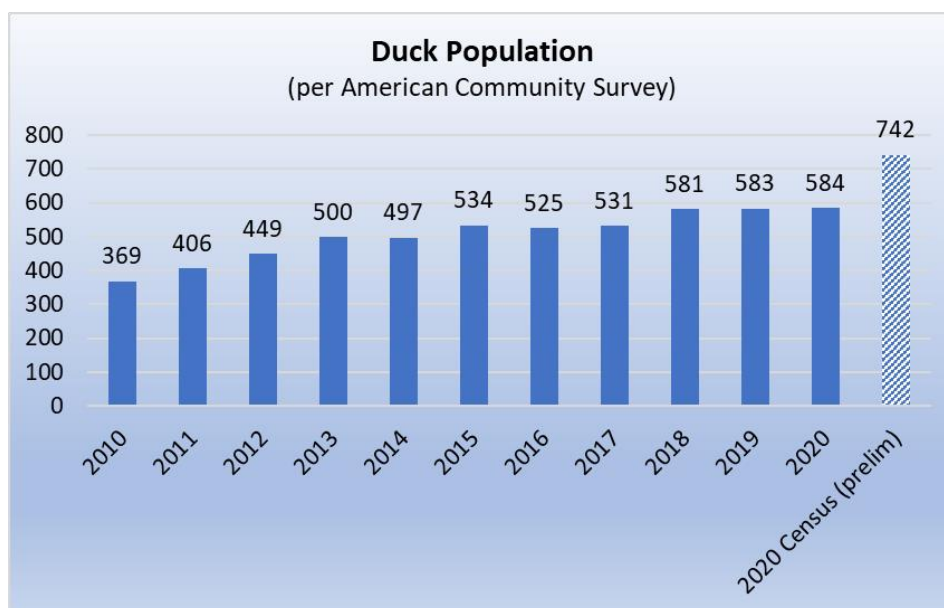
The Town contains 2.32 square miles and the Town's shoreline stretches for seven miles along the Atlantic Ocean. On the west side of Town is Currituck Sound featuring a nearly mile-long boardwalk. These natural features, along with the shops, restaurants, and the other built environment enhance the reputation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

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

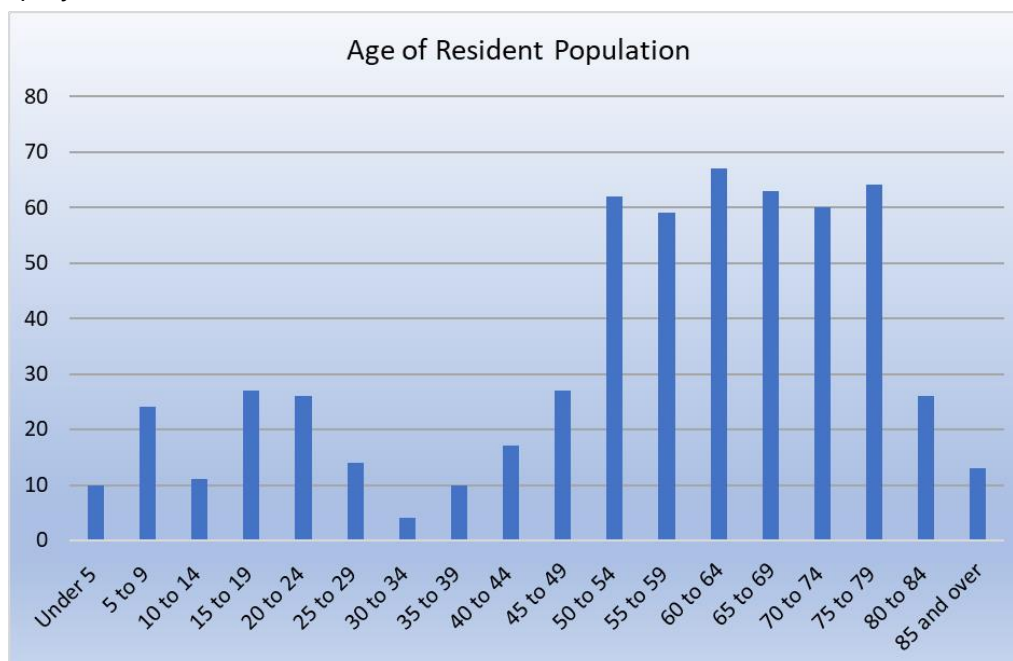


Demographics

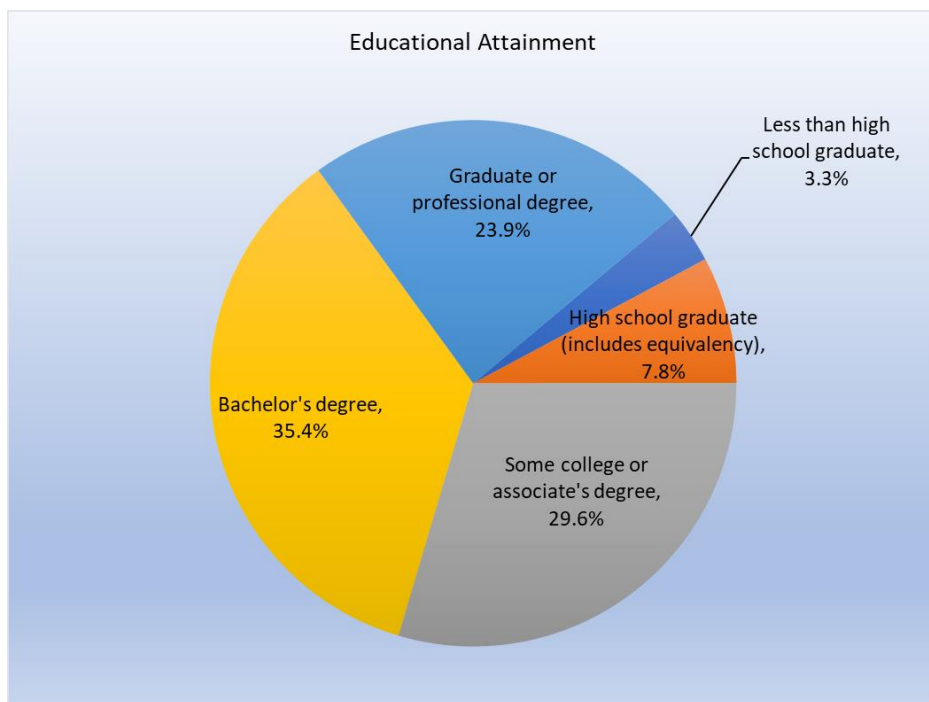
According to the US Census Bureau's American Community Survey (ACS), the Town of Duck has a resident population of 584 as of July 2020. The chart below shows a pattern of relatively little growth in the number of permanent residents of this community. The 2020 Census indicates a total population of 742, but the full dataset was not available when this document was prepared.



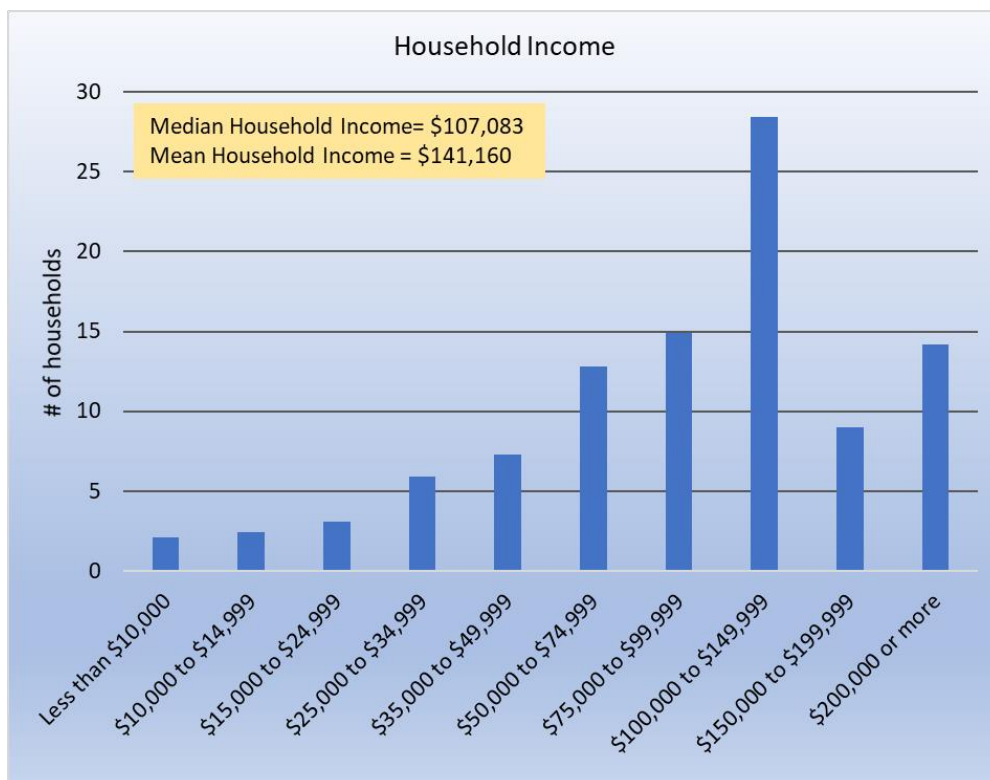
Our resident population, as shown on the chart below, tends to be older than typically seen in other parts of the state which is not unusual given our location and, in particular, distance from major employment centers.



The resident population, according to the ACS, is predominately white (99%), well educated, and compared to the County and State, have higher earnings.



Our median household income (MHI) is reported to be \$107,083 compared to a County MHI of \$65,420 and State MHI of \$56,642.



Local Employment

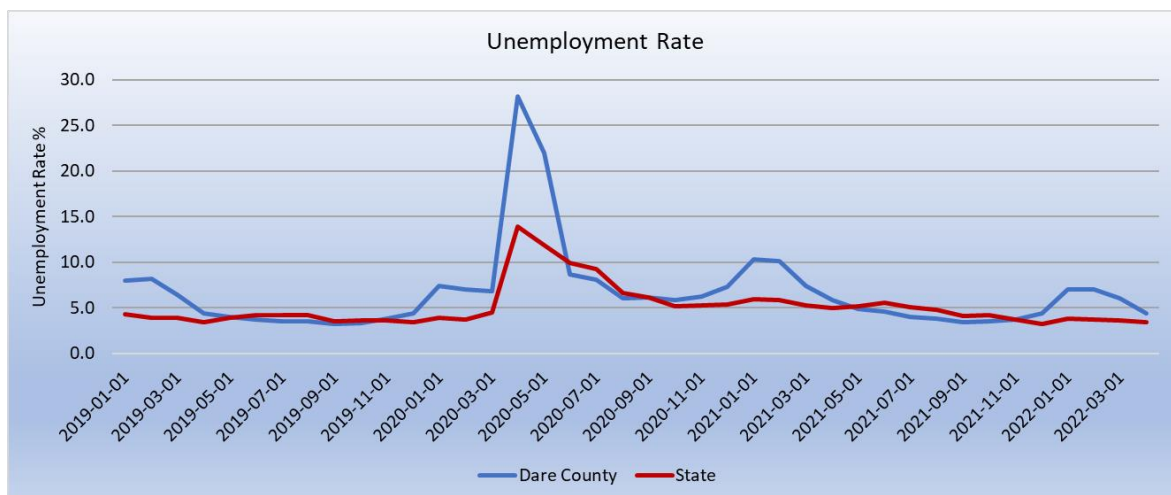
While Dare County, beyond the hospitality industry as a whole, does not have major employment centers, there are two that employ over 500 people. The table below shows the County's top ten employers.

Employer	Employees ⁽¹⁾	Percentage of Total County Employment ⁽²⁾
County of Dare	761	3.32%
Dare County Schools	739	3.11%
Vidant Medical Center	250-499	1.63%
Food Lion	250-499	1.63%
NC Department of Transportation	250-499	1.63%
Village Realty	100-249	0.76%
Wal-Mart Associates, Inc.	100-249	0.76%
Harris Teeter, Inc.	100-249	0.76%
Twiddy & Company	100-249	0.76%
Spencer Yachts, Inc.	100-249	0.76%

- (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 2020-21.

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



Land Use

According to the 2019 ACS, Duck had 2,958 housing units, 94% of which are single family homes, and 288 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 is 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 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. While the most current data from the 2017 American Community Survey Estimates indicates there are 2,633 vacant housing units for seasonal or recreational use. For comparison, AirDNA data pulled in May 2019 indicate 324 active rentals, though this only accounts for listings active on Airbnb and not the whole short-term rental market or second homes which are only seasonally occupied. AirDNA data also indicates a peak month of July with a 100% occupancy, an average rental size of 4.3 bedrooms, with an average of 10.6 guests per rental. "Whole house rentals" are classified as 99% of the rental market. This information is corroborated based on conversations relating to the short-term rental market in the area.

The following assumptions are made:

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

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

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

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

Town Government

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

The Mayor is elected by and from among the Town Council, is the presiding officer at Council meetings, and has other duties as prescribed by the Town Charter. The Mayor Pro-Tem, 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. His other duties are prescribed as a matter of law in Chapter 160A-148 of North Carolina General Statutes.

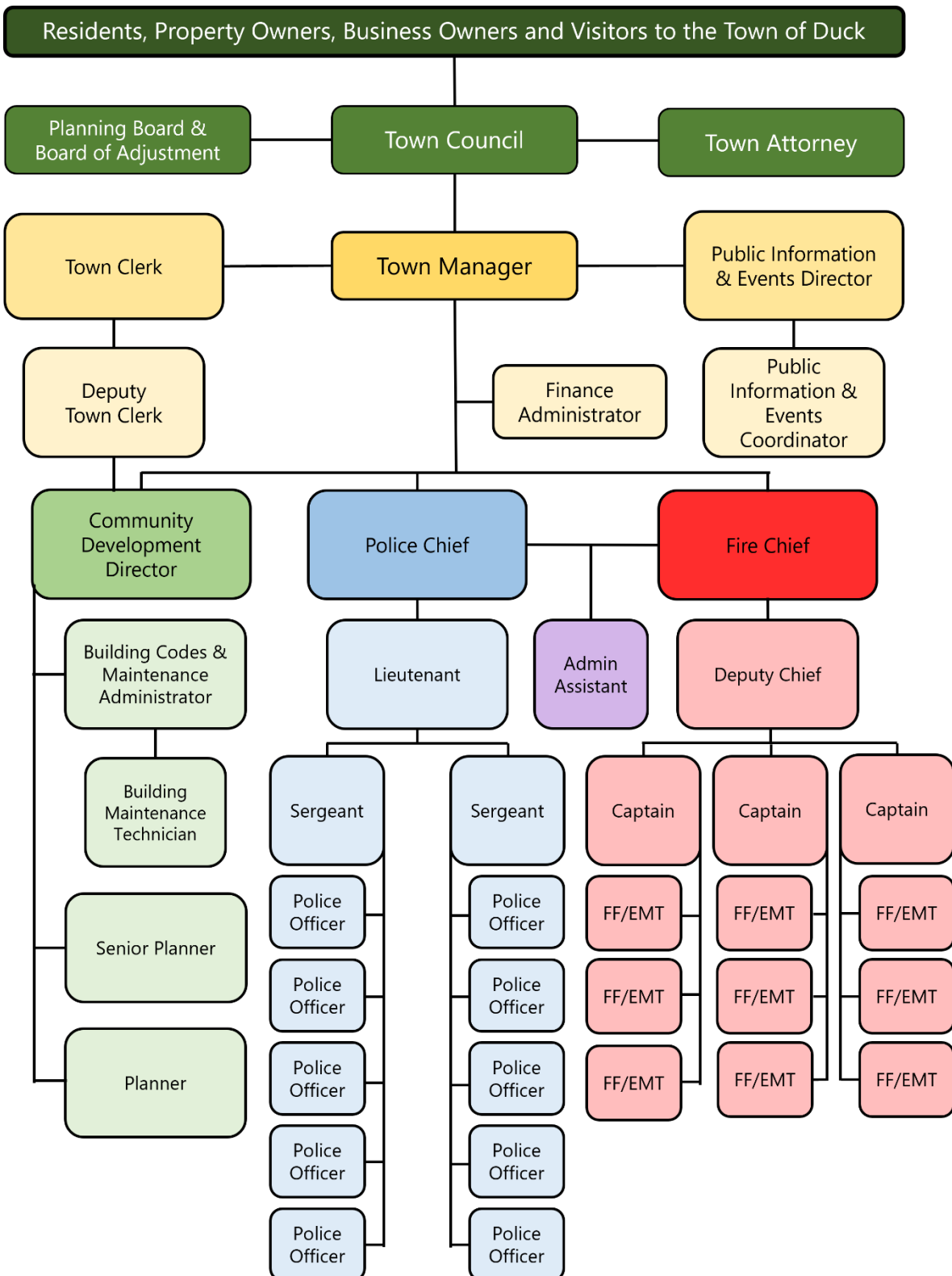
The Council appoints volunteer boards to serve in advisory, planning and quasi-judicial capacities in accordance with their duties. Following is a brief description of each advisory board.

Planning Board - The five-member Planning Board, according to our Code of Ordinances (Section 30.38) shall be the duty of the Planning Board 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 are 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 which are not required legally or by sound financial management to be accounted for in another fund. This fund is established at the inception of a government and exists throughout the government's life.

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

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

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

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

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

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

Annual Budget Process

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

Budget Calendar

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

N.C.G.S. prescribed dates:

N.C.G.S. 159-10

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

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

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

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

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

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

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

October 1, 2021:	Issue FY 2023 CIP forms to Department Heads
November 15, 2021:	Deadline for submission of CIP forms to Town Manager
November 29, 2021:	Draft CIP Worksheet Reviewed by Department Heads

December 1, 2021:	New Line-Item Additions due to Finance Administrator
January 6, 2022:	Preliminary FY 2023 Budget Worksheets Distributed to Department Heads
January 19, 2022:	Town Council Strategic Planning Session (mid-month meeting)
February 16-17, 2022	Town Council Retreat – Including CIP Review
March 1, 2022:	Preliminary Revenue Projections Completed
March 1, 2022:	Deadline for submission of budget requests to Town Manager
March 7, 2022:	Department Head Meeting – Preliminary Budget Review
April 9, 2022:	Town Manager develops FY 2023 revenue estimates
April 20, 2022:	Town Manager discussion of FY 2023 budget with Town Council (mid-month meeting)
April 21, 2022:	Notice for public hearing posted and submitted to newspaper
May 4, 2022:	Public Hearing regarding the Draft FY 2023 Budget
May 18, 2022:	Town Council Work Session concerning FY 2023 budget (mid-month meeting) [If required]
June 1, 2022:	Adoption of FY 2023 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 uses the Vision 2027 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 works 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 first week in April, using local and state (NCLM) resources, the Town Manager develops estimates for revenue for each of the sources. Once revenue is estimated, the Town Manager and Department directors meet to discuss the need for reducing the expenditure side of the budget in order to present a draft budget, without adjustment to tax revenue, to the Town Council at their mid-month meeting in April. The Town Manager will present, with this draft, a list of personnel, purchase, etc. contained in the "gross needs" budget to the Town Council to provide a look at the needs in the unbalanced budget in order to get guidance from the elected leaders as to their relative priorities in terms of these needs.

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

Adoption

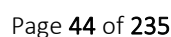
At their regular June meeting, Town Council conducts a public hearing on the draft budget and officially votes to adopt the budget by approving a budget ordinance. Should more work be necessary on the budget following the hearing, Council may delay adoption until their mid-month meeting in June. The 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

Summary of Transactions

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 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, 2022 our gross debt obligation is \$6,005,908, the majority of which is for the two bond issues to pay for the 2022 Beach Nourishment project.

Assessed Value of Real and Personal Property:	\$ 1,841,185,922 (2022 assessment)
Debt Limit (8% of assessed value):	\$ 147,294,874
Debt (net) Applicable to Limit (as of 7/1/2022):	\$ 6,005,908
Legal Debt Margin:	\$ 141,288,966

Types of Debt Financing

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

General Obligation Bonds

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

Revenue Bonds

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

Special Obligation Bonds

A special obligation 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 vehicles, equipment, and some facilities. For large IP agreements, the LGC must approve the debt.

Certificates of Participation

Certificates of Participation (COPs) operate similar 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

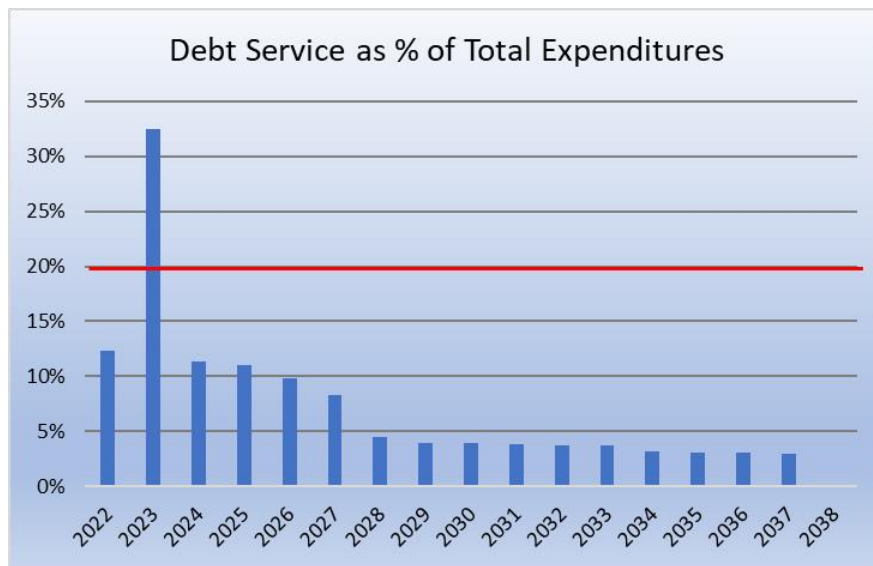
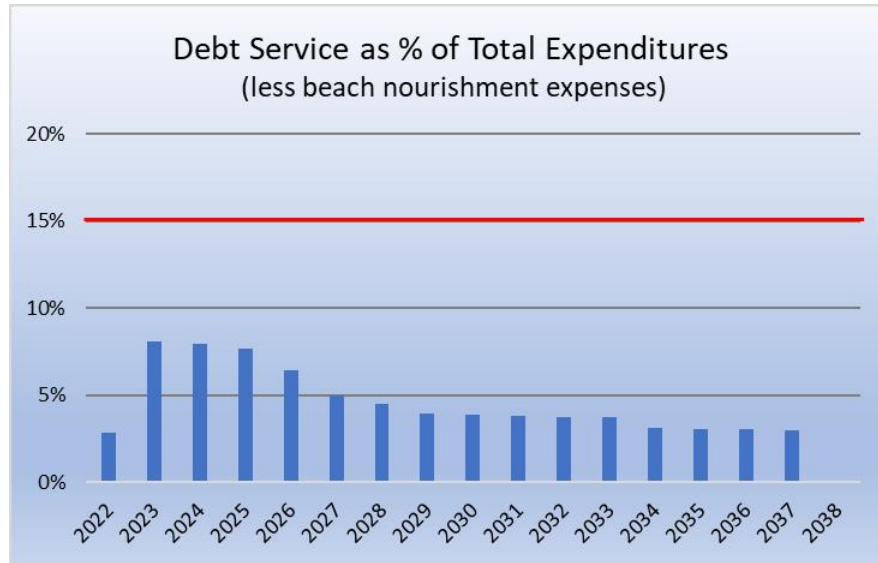
As of June 30, 2021, the Town's debt obligation, or total outstanding debt, is \$6,005,981. The table below shows the amount budgeted to pay for the debt service on outstanding debt issuances. It is worth noting that the FEMA portion of the Beach Nourishment debt is issued as a one year renewable Special Obligation Bond. So we would pay the principal of the current bond using proceeds from the newly issued one as we await reimbursement from FEMA for their portion of the project costs.

Issue Year	Project	Finance Type	Amount Issued	Term Years	Interest Rate	FY 2022-23 Principal	FY 2022-23 Interest	Total Debt Service
2010	Town Hall and Park Refinance	Installment Purchase	3,000,000	15	1.25%	216,667	7,708	224,375
2019	Vehicles (4)	Installment Purchase	211,362	4	2.116%	71,951	1,515	73,466
2022	Vehicles (5)	Installment Purchase	672,000	4	1.22%	78,578	2,911	81,490
2022	Radios	Installment Purchase	406,273	4	1.22%	133,786	4,957	138,742
2022	Beach Nourishment	Special Obligation Bond	2,407,148	5	1.84%	474,917	39,323	514,241
2022	Beach Nourishment (FEMA)	Special Obligation Bond	2,425,511	1	1.64%	2,425,511	39,778	2,465,289
2012	Fire Engine (engine 111)	Installment Purchase	500,000	10	2.70%	54,726	2,995	57,721
TOTAL								3,555,324

The table on the next page shows the remaining debt on each of these four outstanding loans.

Current Debt												
	Town Hall and Park Refinance											
Amount	3,000,000											
Term	15 years (2010)											
Interest	1.25% (reset from 3.21%)											
Fiscal Year	Principal	Interest	Total	Debt Load (start of FY)								
2023	216,667	7,708	224,375	616,666								
2024	133,333	5,000	138,333	399,999								
2025	133,333	3,333	136,666	266,666								
2026	133,333	1,668	135,001	133,333								
2027												
TOTAL	616,666	17,709	634,375									
	Vehicles (4)											
	211,362											
	4 years (2019)											
	2.116%											
Fiscal Year	Principal	Interest	Total	Debt Load (start of FY)								
2023	71,951	1,515	73,466	71,951								
2024												
2025												
2026												
2027												
TOTAL	71,951	1,515	73,466									
	800 MHz Radios											
	406,273											
	3 years (2022)											
	1.22% (IF)											
Fiscal Year	Principal	Interest	Total	Debt Load (start of FY)								
2023	133,786	4,957	138,742	406,273								
2024	135,418	3,324	138,742	272,487								
2025	137,070	1,672	138,742	137,070								
2026												
2027												
TOTAL	406,273	9,953	416,226									
	Engine 111											
	500,000											
	10 years											
	2.7% (IF)											
Fiscal Year	Principal	Interest	Total	Debt Load (start of FY)								
2023	54,726	2,995	57,721	110,930								
2024	56,204	1,518	57,721	56,204								
2025												
2026												
2027												
TOTAL	110,930	4,513	115,443									
	Beach Renourishment											
	2,374,587											
	5 years (2022)											
	1.84% (SOB)											
Fiscal Year	Principal	Interest	Total	Debt Load (start of FY)								
2023	474,917	39,323	514,241	2,374,587								
2024	474,917	30,585	505,502	1,899,670								
2025	474,917	21,846	496,764	1,424,752								
2026	474,917	13,108	488,025	949,835								
2027	474,917	4,369	479,287	474,917								
TOTAL	2,374,587	109,231	2,483,818									
	Beach Renourishment (FEMA)											
	2,425,511											
	1 year (2022)											
	1.64% (SOB)											
Fiscal Year	Principal	Interest	Total	Debt Load (start of FY)								
2023	2,425,511	39,778	2,465,289	2,425,511								
2024				0								
2025				0								
2026				0								
2027				0								
TOTAL	2,425,511	39,778	2,465,289									
	TOTAL											
Amount	9,154,427											
Term	3 years (2022)											
Interest	1.22% (IF)											
Fiscal Year	Principal	Interest	Total	Debt Load (start of FY)								
2023	3,456,137	99,188	3,555,324	6,242,612								
2024	879,409	42,379	921,788	2,786,475								
2025	823,899	29,763	853,662	1,907,066								
2026	608,250	14,775	623,026	1,083,168								
2027	474,917	4,369	479,287	474,917								
TOTAL	6,242,612	190,474	6,433,087									

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.

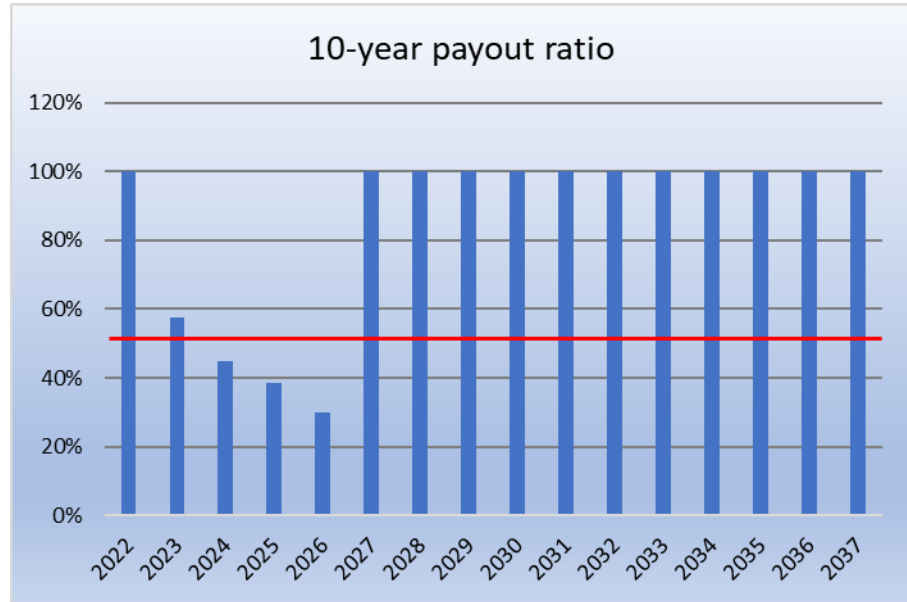


When Beach Nourishment debt services expenses are included, our policy sets the target at no greater than 20% of total expenditures. This chart shows that, in FY 2023 we exceed this target for just one year. This is due to the short term borrowing we will need to do in anticipation of reimbursement from FEMA for Hurricane Dorian related damage being

repaired in our beach nourishment project. We will borrow, for one year, the \$2.5 million needed in FY 2021-22 and pay it all back, with interest, in FY 2022-23. Absent this short term, and atypical borrowing, we remain well within policy guidelines.

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 fall short of that goal In FY 2025, 2026, and 2027 but then return to 100% the following year. This is due to new beach nourishment borrowing and borrowing, for a longer term, for a new public safety building. This can be altered by shortening

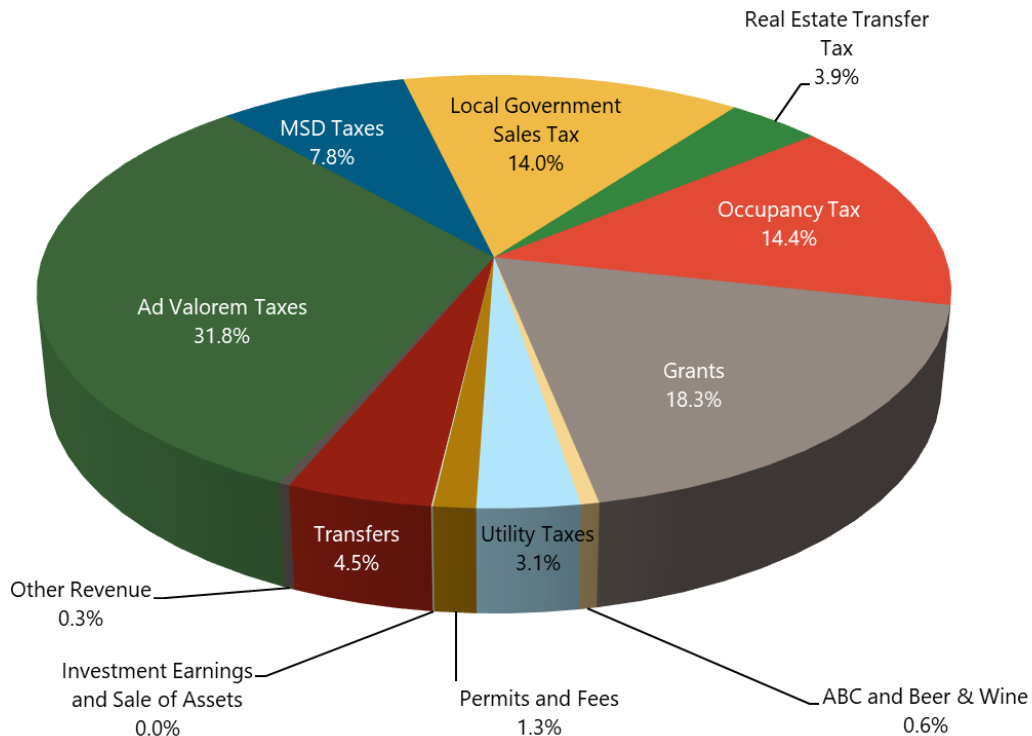
the term of the loan, but that has impacts on other parts of the budget.



Budget Summary

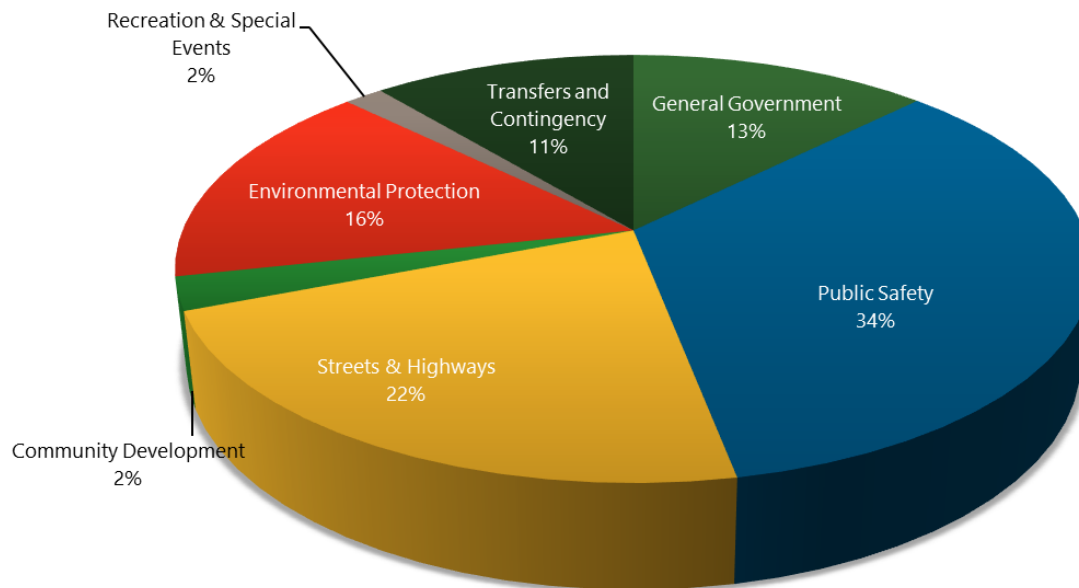
Revenues by Source					
Source	FY21-22 Budget	Request % Change	FY22-23 Approved	Variance v. CY	% Change
Ad Valorem Taxes	4,092,304	0.1%	4,096,829	4,526	0.1%
MSD Taxes	1,000,971	0.2%	1,003,283	2,312	0.2%
Local Government Sales Tax	1,581,889	13.8%	1,800,000	218,111	13.8%
Real Estate Transfer Tax	397,280	25.9%	500,000	102,720	25.9%
Occupancy Tax	1,548,771	19.4%	1,850,000	301,229	19.4%
Grants	2,436,782	-4.1%	2,362,172	(74,610)	-3.1%
ABC and Beer & Wine	64,913	10.5%	71,700	6,787	10.5%
Utility Taxes	409,790	-1.7%	403,000	(6,790)	-1.7%
Permits and Fees	171,248	-2.8%	166,500	(4,748)	-2.8%
Investment Earnings and Sale of Assets	48,800	-87.7%	6,000	(42,800)	-87.7%
Transfers	1,476,489	-61.1%	574,130	(902,359)	-61.1%
Debt Proceeds	650,888	-100.0%	0	(650,888)	-100.0%
Fund Balance Appropriated	0		120,000	120,000	
Other Revenue	52,500	-17.1%	43,510	(8,990)	-17.1%
Total	13,932,625	-7.8%	12,997,125	(935,501)	-6.7%

Revenues by Source FY22-23



Expenditures by Function					
Function	FY21-22 Budget	Request % Change	FY22-23 Approved	Variance v. CY	% Change
General Government	1,661,948	6.4%	1,630,864	(31,084)	-1.9%
Public Safety	4,533,825	-1.0%	4,473,641	(60,184)	-1.3%
Streets & Highways	2,904,586	1.1%	2,871,820	(32,766)	-1.1%
Community Development	304,625	6.8%	325,383	20,758	6.8%
Environmental Protection	2,949,624	-26.5%	2,047,490	(902,134)	-30.6%
Recreation & Special Events	186,900	9.9%	212,700	25,800	13.8%
Transfers and Contingency	1,391,117	3.2%	1,435,227	44,110	3.2%
Total	13,932,625	-4.3%	12,997,125	(935,500)	-6.7%

Expenditures by Function FY 22-23



General Fund Revenue

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

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

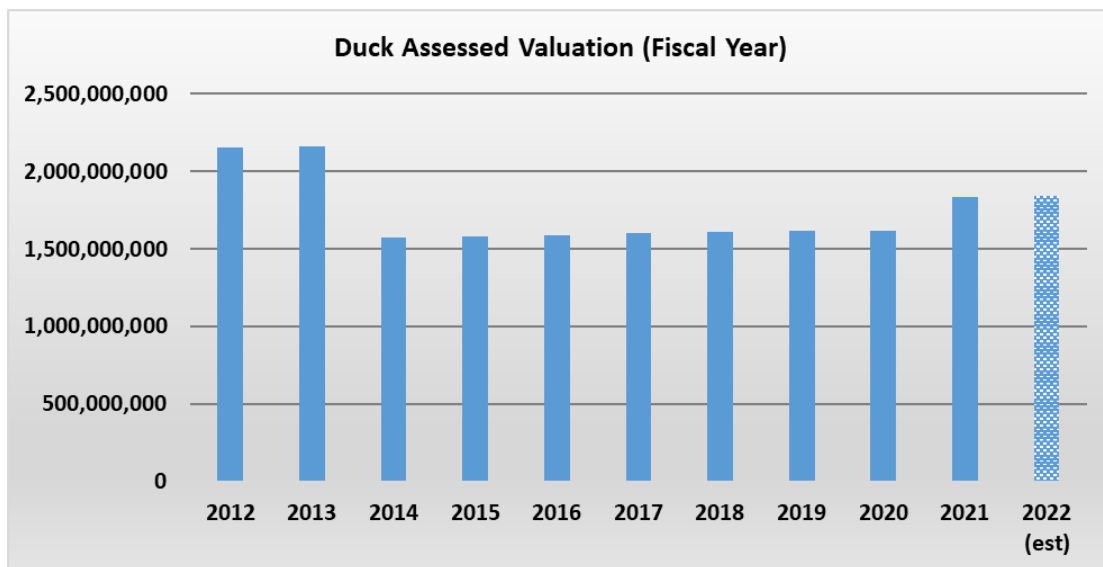
Revenue						
Account Description	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Ad Valorem Tax	3,615,477	4,051,252	4,060,329	4,060,329	9,077	0.22%
MSDA	647,850	645,348	647,411	647,411	2,063	0.32%
MSDB	355,118	355,623	355,872	355,872	249	0.07%
Motor Vehicle Tax	33,404	36,052	35,000	35,000	(1,052)	-2.92%
Prior Year Tax, Penalties & Interest	10,404	5,000	1,500	1,500	(3,500)	-70.00%
Local Government Sales Tax	1,773,897	1,581,889	1,800,000	1,800,000	218,111	13.79%
Real Estate Transfer Tax	853,475	397,280	500,000	500,000	102,720	25.86%
Occupancy Tax	2,086,895	1,548,771	1,850,000	1,850,000	301,229	19.45%
Visitor's Bureau Grant	0	147,806	147,806	147,806	0	0.00%
State and County Grants	5,958		20,000	44,500	44,500	
Shoreline Grant (County)	228,215	206,212	24,000	24,000	(182,212)	-88.36%
Government Access Channel Grant	3,721	5,000	5,000	5,000	0	0.00%
Federal Grants	1,085			0	0	
FEMA Grants	67,312	1,693,753	1,693,753	1,693,753	0	0.00%
NFWF Grant		384,011	384,011	384,011	0	0.00%
COVID-19 Relief Fund/ARP			63,102	63,102	63,102	
Beer and Wine	1,692	1,700	1,700	1,700	0	0.00%
Utility Franchise Tax	383,697	409,790	403,000	403,000	(6,790)	-1.66%
Building Permits	196,150	159,844	160,000	160,000	156	0.10%
Reinspection Fees	0	250	0	0	(250)	-100.00%
Other Permits	8,985	9,654	6,000	6,000	(3,654)	-37.85%
Permits and Fees - Other	610			0	0	
Superior Clerk of Court			350	350	350	
Solid Waste Disposal Tax			560	560	560	
Gain on sale of vehicles & Other Surplus Assets	11,500	47,000	5,000	5,000	(42,000)	-89.36%
Investment Earnings	1,814	1,800	1,000	1,000	(800)	-44.44%
ABC and Mixed Beverage Profits	55,568	63,213	70,000	70,000	6,787	10.74%
Other	223,557		8,000	8,000	8,000	
Sponsorship Revenue		40,400	22,500	22,500	(17,900)	-44.31%
Merchandise Revenue		12,100	12,000	12,000	(100)	-0.83%
Building Rental Fees	345	1,500	500	500	(1,000)	-66.67%
Miscellaneous Income - Other	5,799			0	0	
Police Donations			100	100	100	
Transfers from Capital Reserve	1,294,348	1,476,489	574,130	574,130	(902,359)	-61.12%
Debt Proceeds		650,888	0	0	(650,888)	-100.00%
Fund Balance				120,000	120,000	
Total	11,866,875	13,932,625	12,852,625	12,997,125	(935,501)	-6.71%

Ad Valorem Property Tax

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

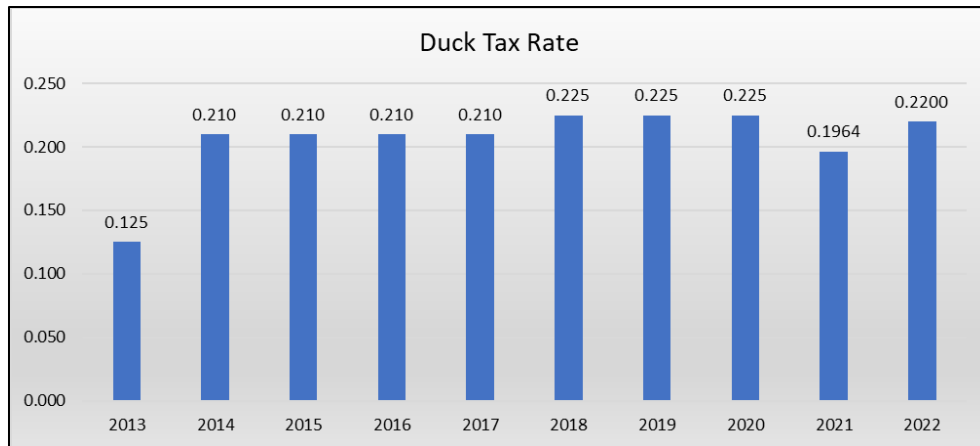
Our tax base is determined by assessments performed by the County assessor’s office and taxes are collected with County taxes and remitted to us. We pay the County a 1.5% fee to collect Real and Personal Property Taxes.

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



The budgeted amount for these revenues, according to State law, must be based upon the total levy from the current tax base, estimated to be 0.25% greater than the base in FY 2021-22, as modified by our actual rate of tax collection in the previous year which was, per the FY 2021-22 Audit Report, 99.99%. State law requires that the tax rate be uniform unless the legislature grants the locality permission to establish a special service district like our Municipal Service Districts. State law also limits the rate a locality may charge to a maximum of \$1.50 per \$100 of assessed valuation.

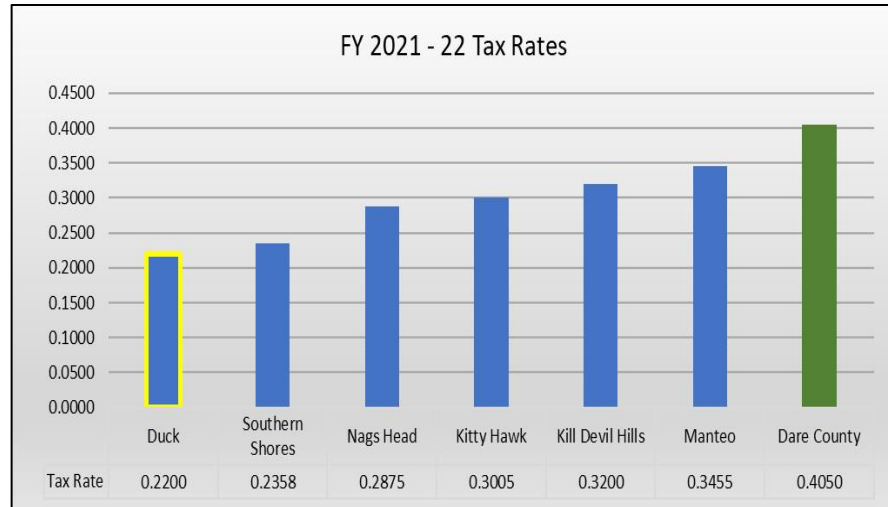
In this budget, our proposed rate remains unchanged at \$0.22 per \$100 of assessed valuation. The rate dropped in FY 2020-21 due to revaluation and reflects a revenue neutral rate, thus no real change in tax revenue. It was increased in FY 2021-22 to meet the needs of a growing community, staff, and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



Assessed Value	Annual Bill at 0.22	Monthly Bill at 0.22
250,000	550	15
300,000	660	17
350,000	770	20
400,000	880	23
450,000	990	26
500,000	1,100	29
550,000	1,210	32
600,000	1,320	35
650,000	1,430	38
700,000	1,540	41
750,000	1,650	44
800,000	1,760	46
850,000	1,870	49
900,000	1,980	52
950,000	2,090	55
1,000,000	2,200	58
1,100,000	2,420	64
1,200,000	2,640	70
1,300,000	2,860	76
1,400,000	3,080	81
1,500,000	3,300	87
1,600,000	3,520	93
1,700,000	3,740	99
1,800,000	3,960	105
1,900,000	4,180	110
2,000,000	4,400	116

This table shows the tax liability for different assessed property values. We show the impact both annually and monthly as there are taxpayers who pay annually and others who pay their tax liability to escrow as part of their monthly mortgage payment.

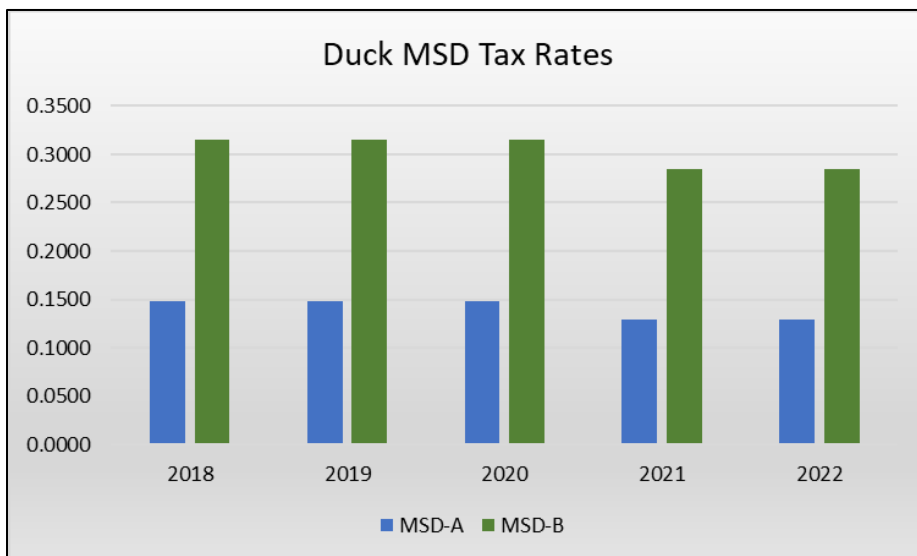
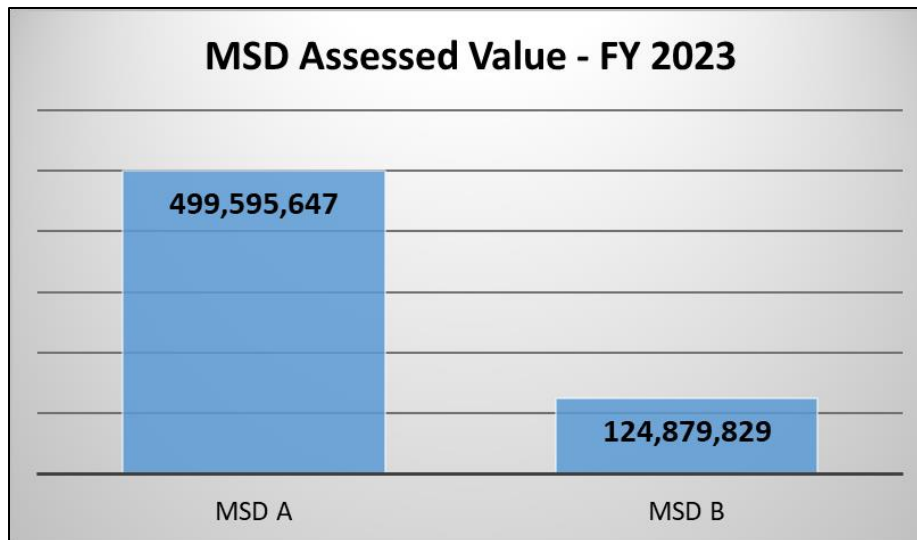
This chart shows how our rate compared to other towns in Dare County in FY 2021-22 and shows the County's rate as well. Even with the tax rate increase last year, we had the lowest tax rate of all the towns in Dare County.



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, determined to no longer be necessary to fund the debt for the 2017 project so the rates were adjusted to a level that continues to cover debt service. Specifically, estimated debt service principal costs for the renourishment project were proposed to be divided equally between MSD-A (all properties in the project area) and MSD-B (only oceanfront properties in the project area) while accounting for a percentage of needed revenue from other general fund sources.

In Fiscal Year 2020-21 the tax rate for MSD-A dropped to \$0.1296 and MSD-B to \$0.285 due to both the revaluation and the adjustment in the amount of funding required to meet debt obligations. The rates for both MSDs are proposed to remain unchanged in the FY 2022-23 budget. Maintenance of the project through renourishment is expected to occur in the summer of 2022, and the actual debt service payments, beginning in FY 2022-23, will require continued collection of MSD taxes at rates set during each year's budget preparation cycle. Based upon current modeling, there does not appear to be any need to increase the MSD rates in the foreseeable future and we predict that the tax revenue generated will allow for a reduction in the need for debt for the next beach maintenance cycle in 2027.

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



Sales/Use Tax

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

All local sales taxes are collected by the State, along with their 4.25% 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 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.

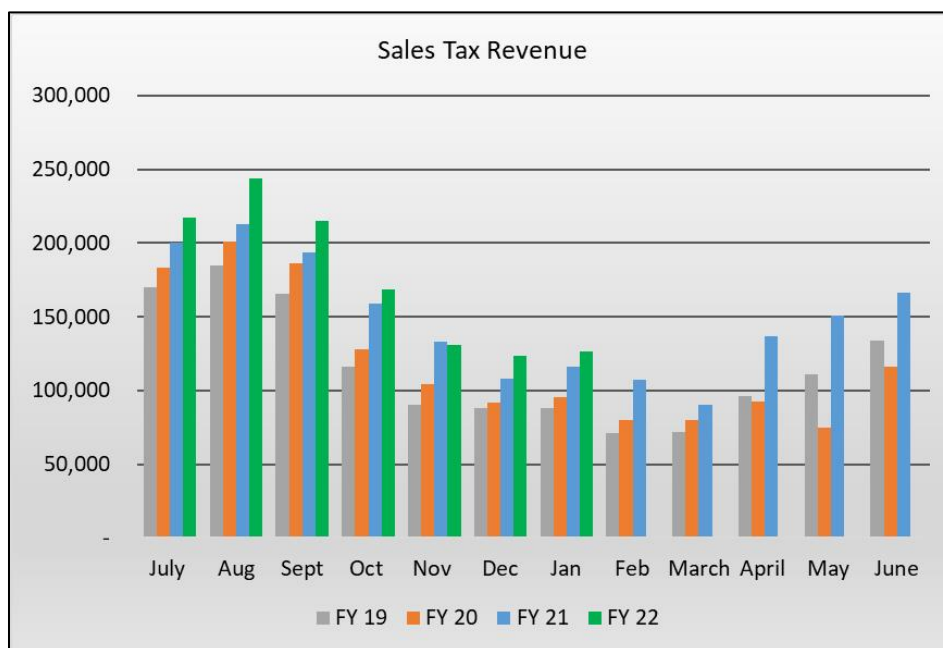
The County, at its discretion, may change the distribution method during the month of April each year with the change effective the following year.

This table shows the 2021 levy in each town and the corresponding proportion of the total levy.

2021	Levy	% of Total
DARE COUNTY	76,488,349	68.67%
DUCK	4,645,461	4.17%
KILL DEVIL HILLS	9,993,244	8.97%
KITTY HAWK	4,983,983	4.47%
MANTEO	2,352,195	2.11%
NAGS HEAD	9,711,448	8.72%
SOUTHERN SHORES	3,207,732	2.88%
TOTAL	111,382,412	100.00%

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

This chart shows our revenue, by month during which the sales were made, for the last two 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 five fiscal years.

	2016-17	2017-18	2018-19	2019-20	2020-21
Sales Tax	1,354,115	1,409,518	1,372,630	1,451,274	1,773,897
Change	32.03%	4.09%	-2.62%	5.73%	22.23%
				4 - year average	7.36%

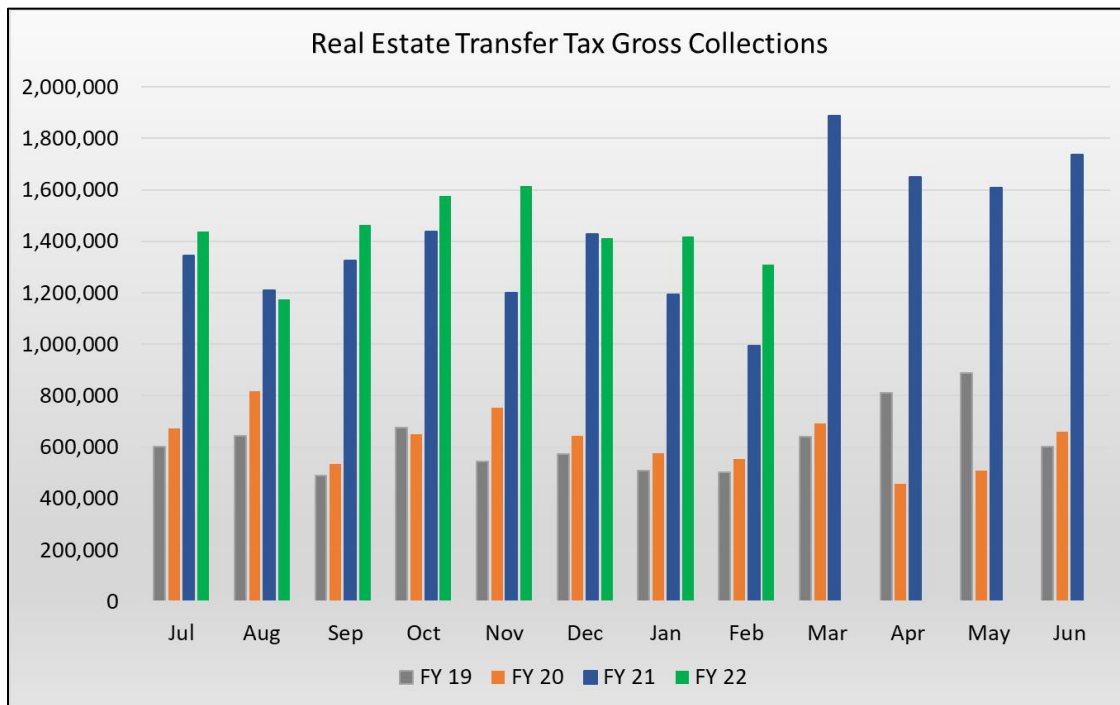
While there is cause for some optimism regarding this revenue source, it is prudent to continue to budget conservatively as we do not have a full understanding of how the current inflationary environment and the general state of our national and global economy will affect how people spend and thus generate tax revenue. To that end, this budget reflects a predicted increase of just under 1.5% over the FY 2020-21 amount received. Thus far FY 2021-22 is far outpacing predictions and what some think to be a sustainable level of revenue.

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

Land Transfer Tax

NC General Statutes require an excise tax on the transfer of certain interests in real property. In Dare County, the tax imposed is \$1 per each \$100 or fraction thereof of the total consideration or value of the interest conveyed. This revenue is restricted by statute whereby the County can only use proceeds for capital expenditures or debt service incurred for capital expenditures for courts, jails and detention facilities, emergency medical services, libraries, recreation, education, administration, water, sewage, health and social services. Revenue distributed to municipalities must be used for capital expenditures or debt service incurred for capital expenditures. The table below shows the total collection for Dare County, with 2020-21 being a record setting year for this revenue source due to the extremely active real estate market and FY 2021-22 predicted to end with an even higher total revenue from this source.

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.



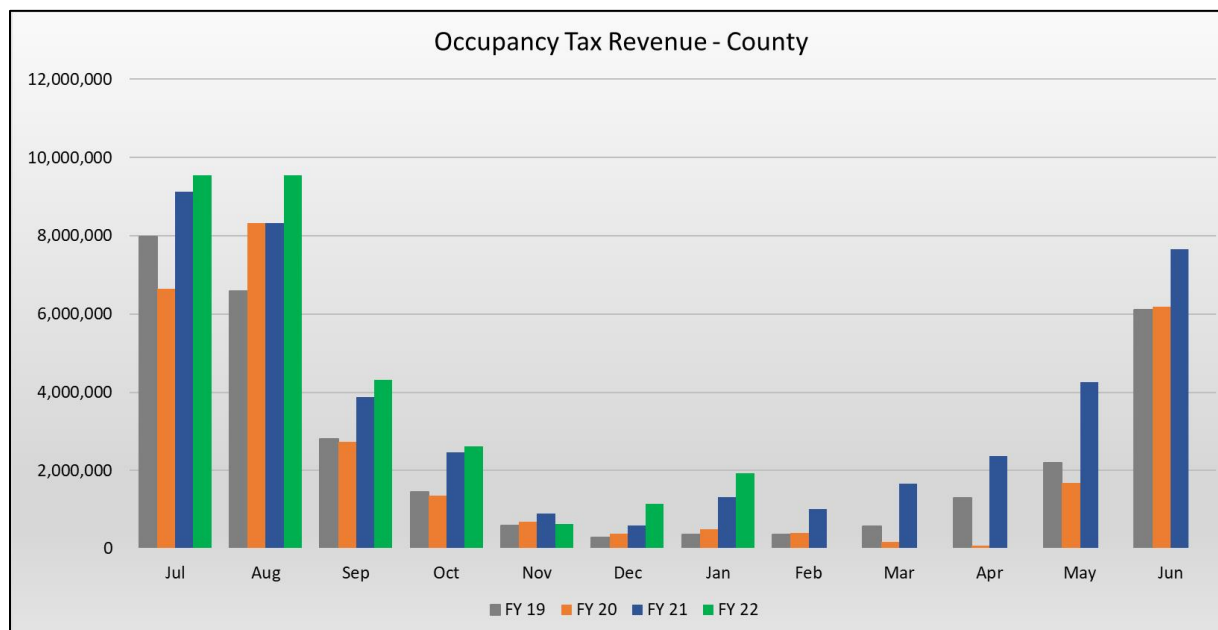
	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue	327,516	364,462	362,418	374,793	853,475
Change	21.15%	11.28%	-0.56%	3.41%	127.72%
				4-year average	35.46%

Like sales tax revenue, we do not predict that the current elevated amount of tax received from this source will continue at FY 2022 levels. While our four-year rolling average increase is in excess of 35%, we do not see this rate of revenue growth to be sustainable given the current state of the economy even when factoring in low interest rates for home loans. Our budget is based upon an assumption of some slowing of transfer activity, that will be closer to, but not as low as, what we saw prior to the pandemic.

Occupancy Tax

The Occupancy Tax rate for Dare County is six percent (6%) of gross receipts derived from the rental of room, lodging, campsite, or similar accommodation furnished by any hotel, motel, inn, or tourist camp and including private residences and cottages rented to transients. This tax does not apply to any private residence or cottage that is rented for less than fifteen (15) days in a calendar year or to any room, lodging, or accommodation supplied to the same person for a period of ninety (90) or more continuous days. In FY 2021-22, the revenue from this tax continues to exceed prior year (FY 2020-21) numbers which were significantly higher than the year the pandemic began (FY 2019-20). We expect the FY 2021-22 final revenue to be well ahead of budget,

and with the summer of 2022 showing high reservation numbers and 2023 reservations beginning strong, we expect to see a continuation of a strong revenue stream from this source. The chart below shows the total collection for Dare County for this tax revenue.



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

3% Room Occupancy Tax

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

1% Room Occupancy and Tourism Development Tax

- 75% must be used for the cost of administration and to promote tourism, including the following:
 - advertising to promote less than peak season events and programs

- marketing research
- a mail and telephone inquiry response program
- welcoming and hospitality functions
- 25% must be used for services or programs needed due to the impact of tourism on the county.

2% Room Occupancy and Tourism Development Tax for Beach Nourishment

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

Gross	43,863,722
Cost of Collection	43,930
Dare County	7,009,765
Kill Devil Hills	4,228,903
Kitty Hawk	2,066,040
Manteo	984,609
Nags Head	4,152,935
Southern Shores	1,376,367
Duck	2,086,895
Tourism Board	7,304,759
Beach Nourishment	14,609,519

This table shows how the gross amount of Occupancy Taxes collected in Fiscal Year 2020-21 was distributed.

Like land transfer tax revenue, we do not predict that the current elevated amount of tax received from this source will continue at FY 2022 levels mainly due to the uncertainty caused by higher fuel costs and other inflationary influences. Our budget is based upon the rate of growth in this revenue of 19% over what was budgeted in FY 2021-22, which was quite conservative given the actual revenue in FY 2020-21 and the revenue trends in the current fiscal year. The budget number used is based upon the current trend in revenue growth moderated by some anticipated

	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue	1,364,909	1,487,537	1,464,700	1,427,438	2,086,895
Change	26.03%	8.98%	-1.54%	-2.54%	46.20%
				4-year average	12.78%

slowdown in this spending as noted above. The table below shows the annual revenue received by the Town over the past five full fiscal years.

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 2022-23 we are anticipating the receipt of funding from:

Dare County Visitors' Bureau – for the final Phase of our Village sidewalk project that is planned to be part of a larger project to elevate NC Highway 12 just south of Sunset Grille. The Bureau makes grants available to local government units for Tourism Impact using funds it receives through the 1% local occupancy and prepared meals tax. The Town has used this grant funding for other projects related to sidewalk improvements as they enhance the experience our visitors enjoy in Duck.

The amount shown under State and County Grants, reflects \$20,000 from the Soil and Water Conservation District for the NC12 elevation project and \$24,500 from the NC Governor's Crime Commission Local Law Enforcement Block Grant for a Traffic Camera System.

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 ability to provide good quality video and audio from public meetings to be broadcast on the channels. We anticipate, in FY 2022-23, to receive \$5,000 to offset some of the costs of continued audio and video improvements in the Meeting Hall and for other video content related purchases and projects.

FEMA Grant

FEMA (Federal Emergency Management Agency) Grant – Under a new program called BRIC (Building Resilient Infrastructure and Communities), FEMA made \$500 million available to states and local governments to mitigate risks to infrastructure and community lifelines. Town staff, assisted by our consulting engineer, submitted an application for grant funding to elevate NC Highway 12 south of Sunset Grill where soundside flooding essentially cuts the northern part of Town off from the southern part making emergency response difficult and the normal flow of traffic unsafe. Our application was sent to the State of NC Department of Emergency Management

for review and scoring along with other applications from local governments in the state. Our project was ranked number one among NC projects and forwarded to FEMA for consideration. We expect to hear from FEMA in the spring of 2022 regarding our application for \$1.69 million.

NFWF Grant

NFWF (National Fish and Wildlife Foundation) has committed \$384,011 toward the living shoreline portion of the NC Highway 12 elevation project. Please refer to the Capital Improvement Plan for a full description of this project.

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 predicting essentially no change from the amount we received in FY 2020-21.

Beer and Wine Tax	1,774	1,715	1,720	1,720	1,692
Change	4.48%	-3.33%	0.29%	0.00%	-1.66%
			4- year average		-1.17%

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 2020-21 we received \$353,609 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 2020-21 we received \$27,904 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 home having landline phones. In FY 2020-21 we received \$2,183 in revenue from this tax.

This budget reflects an increase of 5% over the actual receipts in FY 2020-21 for the combination of all three tax components.

	2016-17	2017-18	2018-19	2019-20	2020-21
Utility Franchise Tax	383,298	388,783	403,549	405,733	383,697
Change	1.99%	1.43%	3.80%	0.54%	-5.43%
				4- year average	0.08%

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.

FY 2022-23 revenue is fairly close to our expectations and while this amount of activity is not a trend likely to continue indefinitely, we are aware that many builders and other contractors are booked for the coming year which supports at least a shorter term increase in revenue anticipated from this source. Opting to be a bit conservative, while acknowledging current trends, this budget reflects the average receipts over the past four fiscal years in order to incorporate both pre-pandemic activity and what occurred during the pandemic.

	2016-17	2017-18	2018-19	2019-20	2020-21
Permits and Inspections	148,699	162,126	216,840	150,319	207,464
Change	-10.65%	9.03%	33.75%	-30.68%	38.02%
				4- year average	12.53%

Clerk of Superior Court

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

Solid Waste Disposal Tax

This revenue item was formerly included in "Other Revenue", but in the interest of transparency, we now include it in its own line. The Solid Waste Disposal Tax is a \$2 per ton tax charged to

haulers to dispose of waste in landfills within the State or delivered to a transfer station for out-of-state disposal. This tax applies to municipal solid waste and construction and demolition debris. 50% of the tax proceeds go to the Inactive Hazardous Sites Cleanup Fund. 12.5% of the proceeds are deposited in the State Solid Waste Management Trust Fund for grants to State agencies and local governments. 18.75% of the proceeds go to counties and 18.75% go to cities, each on a per capita basis for solid waste management programs and services. These funds are restricted in their use to fund solid waste programs within a locality. Our current programs will use more than the projected amount of revenue from this source.

Gain on the Sale of Vehicles and Surplus Property

When vehicles in our fleet age out, we put them 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 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 2022-23 budget reflects the fact that we do not anticipate selling any surplus vehicles or other miscellaneous surplus property.

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 significant increase over the actual receipts in FY 2020-21 and

	2016-17	2017-18	2018-19	2019-20	2020-21
ABC Profit Distribution	55,571	57,717	58,947	61,794	55,568
Change	-6.09%	3.86%	2.13%	4.83%	-10.07%
				4- year average	0.19%

are more reflective of the collections, year-to-date, in FY 2021-22 which are slightly outpacing FY 2019-20.

Sponsorship Revenue

For our annual events, we are delighted to have sponsoring private sector partners who provide funding to support these community events. Due to the pandemic, our events were limited and thus our need for sponsorship revenue. For FY 2022-23 we anticipate a full slate of events with sponsors funding approximately 25% of the cost of the events as follows. This revenue source, and the one that follows (Merchandise) was formerly called "Other" in the revenue portion of the budget.

Merchandise Revenue

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

Building Rental Fees

The Town, from time to time, allows non-government groups, such as homeowner's associations, to rent the Keller Meeting Hall.

Police Donations

The Police department receives revenue for Duck Police tee shirts printed and sold by the Duck Volunteer Fire Department's tee shirt shop. The Department also, at times, receives donations from private citizens. In the past, these funds have been accounted for by the Fire Department's 501c corporation and available for expenditure through their processes. To be more transparent, these funds will flow directly to the Town and any expenses from these funds will be accounted for in a new expenditure line in the Police department budget.

Transfers

Transfers from Capital Reserve funds are accounted for in this line to show where they come into the budget. These funds are tied to specific projects, in the case of the transfer in FY 2022-23 it represents a transfer from the Beach Nourishment fund to make debt service payments for the 2022 beach renourishment project and to pay for additional sand fencing in the Beach Nourishment project area.

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 2022-23 we do not plan to issue any new debt.

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 8 percent of appropriations of the fund. Duck Town Council has adopted a policy recommending the Town maintain a fund balance of 75% for the General Fund. Please refer to the Financial Policies section of this budget document for more information about our Fund Balance Policy.

For FY 2022-23 we are budgeting to appropriate \$120,000 from Fund Balance directly tied to repaving work on Duck Trail. Because, absent additional grant revenue, the Town will be responsible for nearly \$250,000 of expenses related to the Highway 12 elevation project, and we do not wish to get off our schedule of making repairs and improvements to Duck Trail, this is considered to be an appropriate, one-time, use of Fund Balance.

Investment Earnings

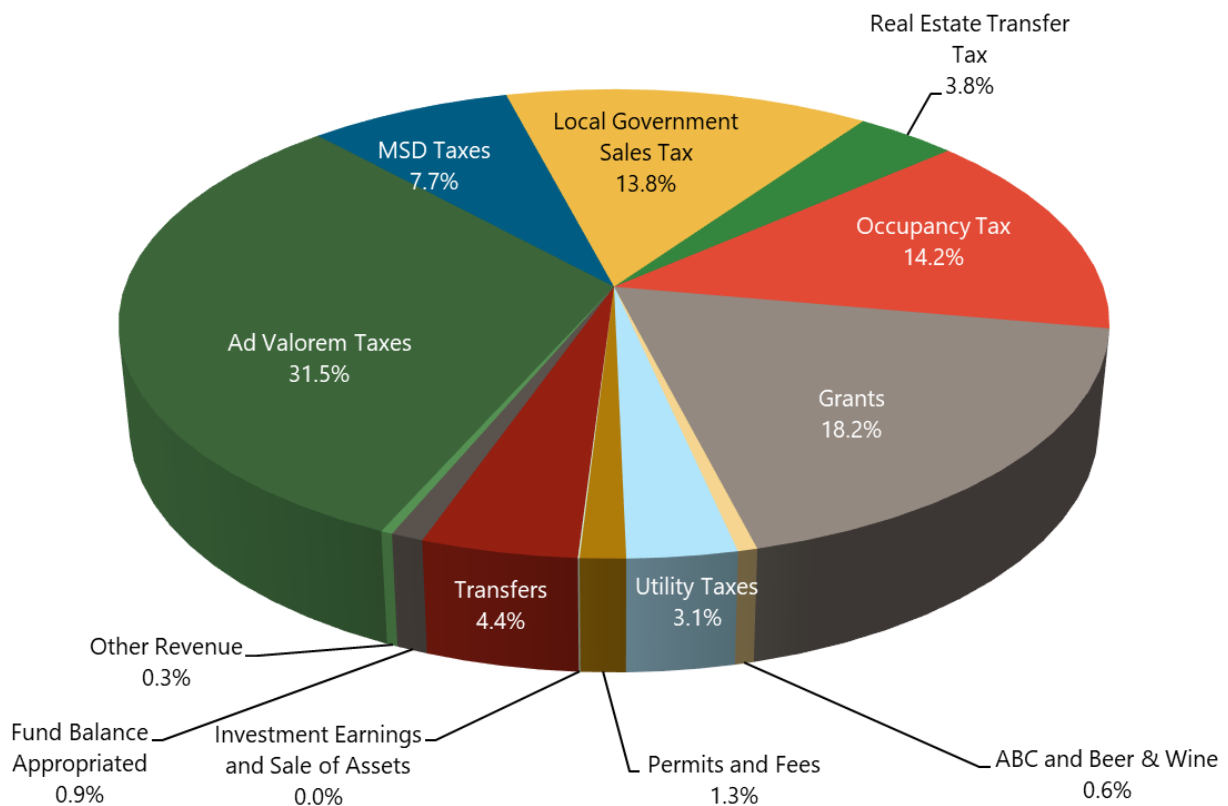
Investment earnings include the return earned on cash and investment balances. Interest is earned on the cash balances invested with the North Carolina Capital Management Trust (NCCMT) and other allowable investments in various CD's and money market accounts. The current low interest rate environment suggests a nominal budget amount for this revenue source.

Revenue Summary

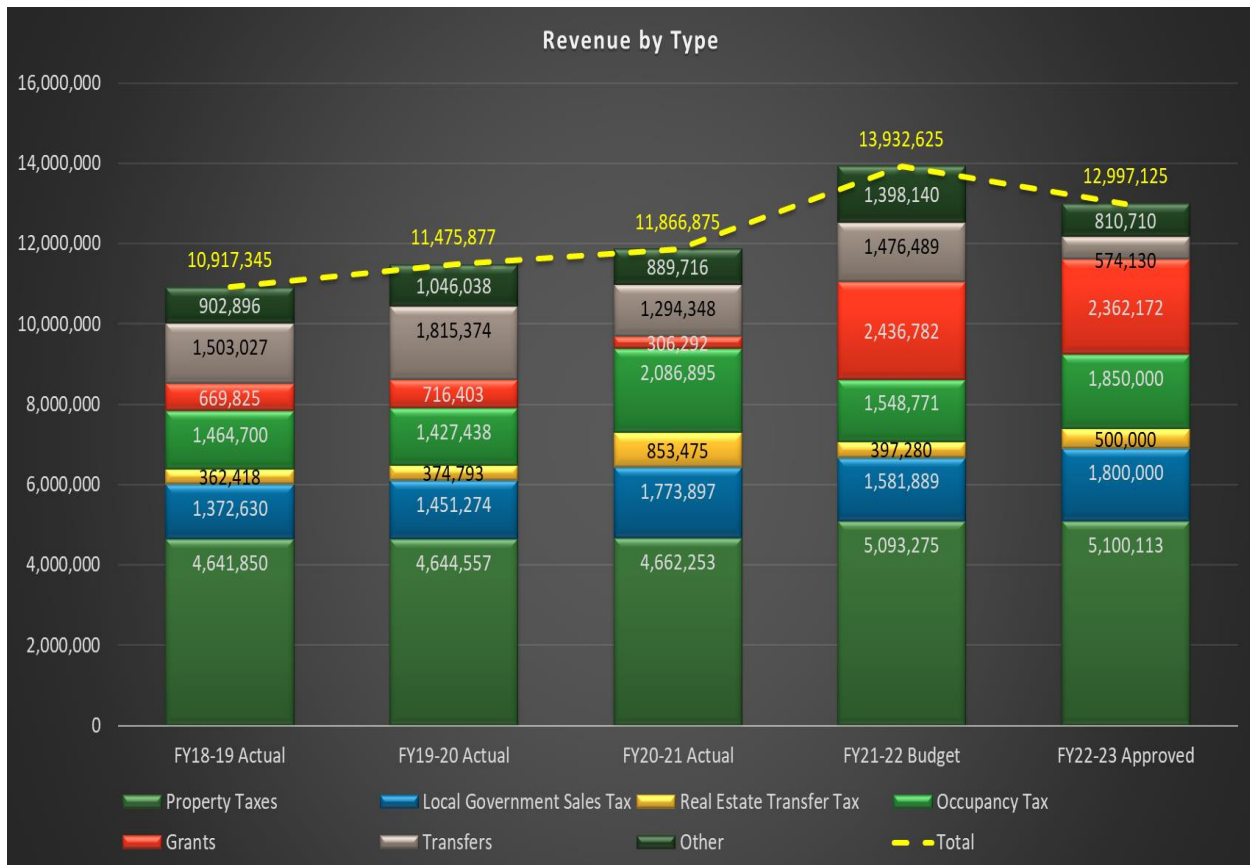
While there is some cause for optimism regarding some revenue sources as we emerge from the pandemic, we have opted to remain cautious in our estimation of revenue sources that are dependent upon a robust national economic climate. While most experts seem to agree that there will be continued inflationary pressure on the economy, we do anticipate that inflation data will continue to show an increase in excess of 5% when compared to the prior year. Some experts are predicting rate changes as low as 3%, based upon the Federal Reserve increasing interest rates. This change in the Fed Rate will have a corresponding impact upon mortgage interest rates where experts are forecasting these to finish calendar year 2022 well over 5%. This may have an impact upon building, real estate transfers, and other commerce that feeds our shared tax revenue.

The proposed tax rate and its corresponding revenue, along with the other revenues mentioned above, will allow us to maintain our current levels of service while looking at the future needs of the community. We remain aware of and seek any other sources of revenue whether through grants or other taxes as deemed appropriate. It is important to note that historically well less than half of our revenue comes from Ad Valorem and MSD taxes. In FY 2022-23, we anticipate that only 39.6% of revenue will derive from these sources. The amount and percentage of each source is depicted in the table on the next page and graph below.

Revenues by Source FY22-23



Revenues by Source						
Source	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Ad Valorem Taxes	3,659,286	4,092,304	4,096,829	4,096,829	4,526	0.1%
MSD Taxes	1,002,968	1,000,971	1,003,283	1,003,283	2,312	0.2%
Local Government Sales Tax	1,773,897	1,581,889	1,800,000	1,800,000	218,111	13.8%
Real Estate Transfer Tax	853,475	397,280	500,000	500,000	102,720	25.9%
Occupancy Tax	2,086,895	1,548,771	1,850,000	1,850,000	301,229	19.4%
Grants	306,292	2,436,782	2,337,672	2,362,172	(74,610)	-3.1%
ABC and Beer & Wine	57,260	64,913	71,700	71,700	6,787	10.5%
Utility Taxes	383,697	409,790	403,000	403,000	(6,790)	-1.7%
Permits and Fees	206,090	171,248	166,500	166,500	(4,748)	-2.8%
Investment Earnings and Sale of Assets	13,314	48,800	6,000	6,000	(42,800)	-87.7%
Transfers	1,294,348	1,476,489	574,130	574,130	(902,359)	-61.1%
Debt Proceeds	0	650,888	0	0	(650,888)	-100.0%
Fund Balance Appropriated	0	0	0	120,000	120,000	
Other Revenue	229,356	52,500	43,510	43,510	(8,990)	-17.1%
Total	11,866,875	13,932,625	12,852,625	12,997,125	(935,501)	-6.7%



Revenue						
Account Description	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Ad Valorem Tax	3,615,477	4,051,252	4,060,329	4,060,329	9,077	0.22%
MSDA	647,850	645,348	647,411	647,411	2,063	0.32%
MSDB	355,118	355,623	355,872	355,872	249	0.07%
Motor Vehicle Tax	33,404	36,052	35,000	35,000	(1,052)	-2.92%
Prior Year Tax, Penalties & Interest	10,404	5,000	1,500	1,500	(3,500)	-70.00%
Local Government Sales Tax	1,773,897	1,581,889	1,800,000	1,800,000	218,111	13.79%
Real Estate Transfer Tax	853,475	397,280	500,000	500,000	102,720	25.86%
Occupancy Tax	2,086,895	1,548,771	1,850,000	1,850,000	301,229	19.45%
Visitor's Bureau Grant	0	147,806	147,806	147,806	0	0.00%
State and County Grants	5,958		20,000	44,500	44,500	
Shoreline Grant (County)	228,215	206,212	24,000	24,000	(182,212)	-88.36%
Government Access Channel Grant	3,721	5,000	5,000	5,000	0	0.00%
Federal Grants	1,085			0	0	
FEMA Grants	67,312	1,693,753	1,693,753	1,693,753	0	0.00%
NFWF Grant		384,011	384,011	384,011	0	0.00%
COVID-19 Relief Fund/ARP			63,102	63,102	63,102	
Beer and Wine	1,692	1,700	1,700	1,700	0	0.00%
Utility Franchise Tax	383,697	409,790	403,000	403,000	(6,790)	-1.66%
Building Permits	196,150	159,844	160,000	160,000	156	0.10%
Reinspection Fees	0	250	0	0	(250)	-100.00%
Other Permits	8,985	9,654	6,000	6,000	(3,654)	-37.85%
Permits and Fees - Other	610			0	0	
Superior Clerk of Court			350	350	350	
Solid Waste Disposal Tax			560	560	560	
Gain on sale of vehicles & Other Surplus Assets	11,500	47,000	5,000	5,000	(42,000)	-89.36%
Investment Earnings	1,814	1,800	1,000	1,000	(800)	-44.44%
ABC and Mixed Beverage Profits	55,568	63,213	70,000	70,000	6,787	10.74%
Other	223,557		8,000	8,000	8,000	
Sponsorship Revenue		40,400	22,500	22,500	(17,900)	-44.31%
Merchandise Revenue		12,100	12,000	12,000	(100)	-0.83%
Building Rental Fees	345	1,500	500	500	(1,000)	-66.67%
Miscellaneous Income - Other	5,799			0	0	
Police Donations			100	100	100	
Transfers from Capital Reserve	1,294,348	1,476,489	574,130	574,130	(902,359)	-61.12%
Debt Proceeds		650,888	0	0	(650,888)	-100.00%
Fund Balance				120,000	120,000	
Total	11,866,875	13,932,625	12,852,625	12,997,125	(935,501)	-6.71%

Expenditures

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

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

- **Community Development**
 - Expenses related to planning, code enforcement, etc.
- **Recreation & Special Events**
 - 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.
- **Transfers**
 - Transfers to the Beach Nourishment Capital Project fund.
- **Contingency**
 - A small percentage (1%) of budgeted revenues to allow for unexpected expenditures during the year.

The table below shows each of the fifteen departments and two additional lines as mentioned above and provides actual expenditures for the one prior complete fiscal year, the current year's budget, the estimate of the year end expenditures, and the FY 2022-23 request as part of the "gross needs" budget.

Expenditures by Department						
Department Expenditures	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Governing Body	246,334	146,159	145,981	145,981	(178)	-0.1%
Administration	527,457	659,091	655,521	649,721	(9,370)	-1.4%
Finance	76,487	100,290	114,079	114,079	13,789	13.7%
Legal	501,039	82,200	62,760	62,760	(19,440)	-23.6%
Public Facilities	398,086	521,593	613,547	517,558	(4,035)	-0.8%
Information Technology	148,566	152,615	175,765	140,765	(11,851)	-7.8%
Police	1,361,856	1,909,686	1,921,500	1,902,100	(7,586)	-0.4%
Fire	1,349,422	1,887,872	1,814,210	1,817,710	(70,162)	-3.7%
Inspections	203,499	204,767	203,830	203,830	(937)	-0.5%
Ocean Rescue	538,114	531,500	550,001	550,001	18,501	3.5%
Streets & Highways	474,458	2,904,586	2,937,418	2,871,820	(32,766)	-1.1%
Sanitation	1,081,528	1,187,286	1,216,360	1,216,360	29,074	2.4%
Environmental Protection	1,885,411	1,762,338	951,130	831,130	(931,208)	-52.8%
Community Development	353,464	304,625	325,383	325,383	20,758	6.8%
Recreation & Special Events	175,793	186,900	205,400	212,700	25,800	13.8%
Transfers	1,384,876	1,317,349	1,358,523	1,359,928	42,579	3.2%
Contingency	0	73,768	76,685	75,299	1,531	2.1%
Total	10,706,388	13,932,625	13,328,093	12,997,125	(935,500)	-6.7%

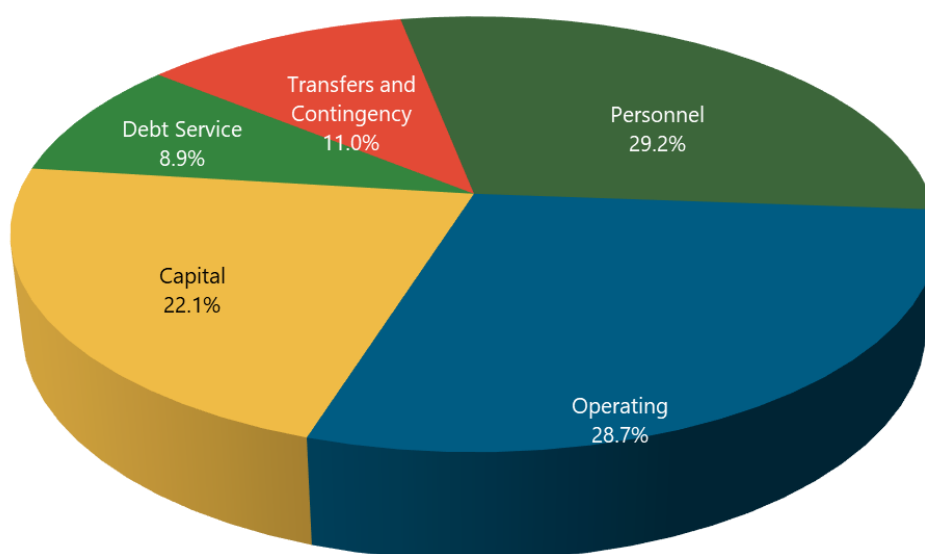
Expenditures by Type

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

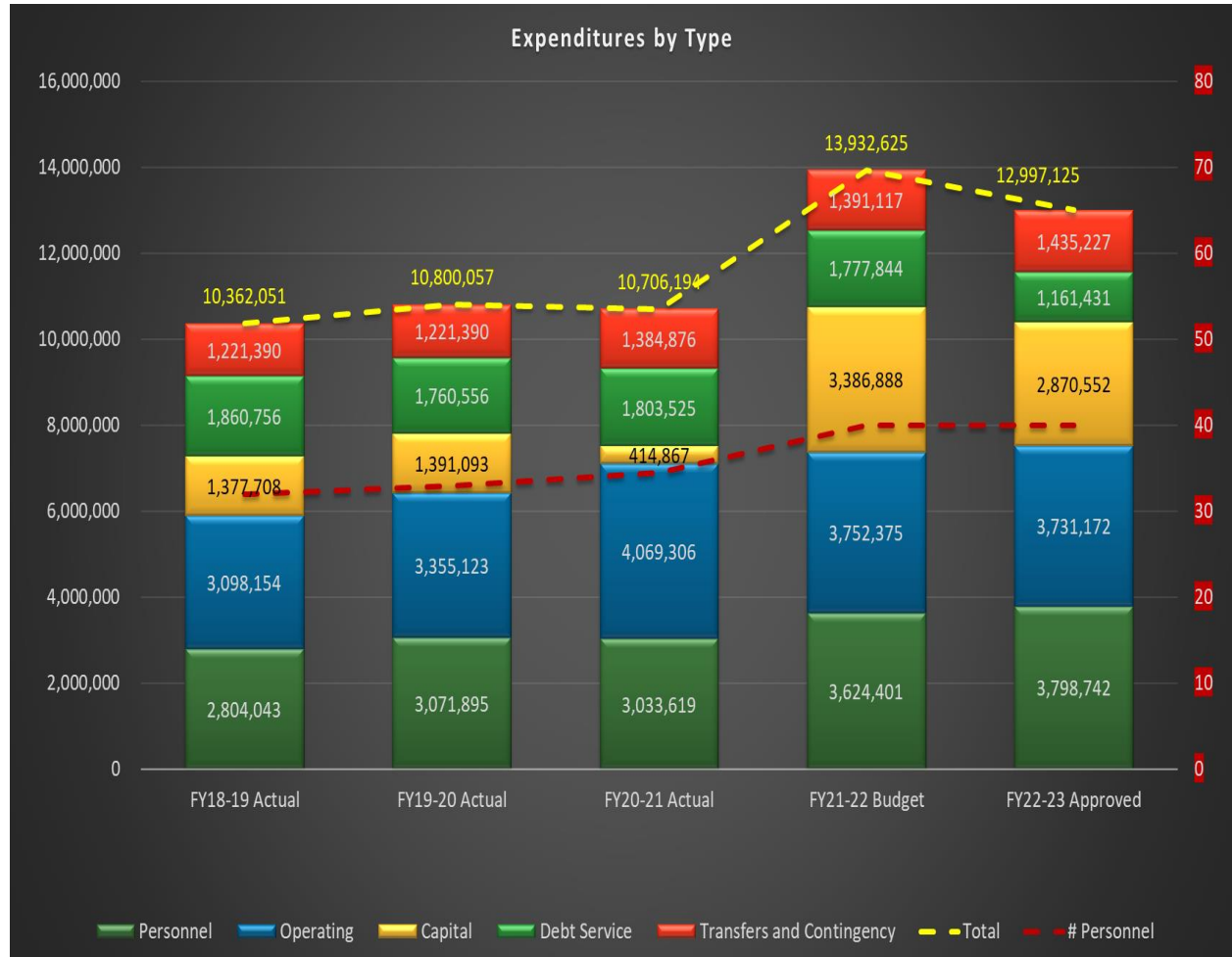
- **Personnel** – accounts for salaries, overtime, FICA, retirement, 401k, medical insurance, and workers' compensation insurance.
- **Operating** – accounts for all expenses for contracted services, professional services, supplies and materials, and small item purchases.
- **Capital** – accounts for 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	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Personnel	3,033,619	3,624,401	3,798,742	3,798,742	174,341	4.8%
Operating	4,069,306	3,752,375	3,731,172	3,731,172	(21,203)	-0.6%
Capital	414,867	3,386,888	2,870,552	2,870,552	(516,336)	-15.2%
Debt Service	1,803,525	1,777,844	1,161,431	1,161,431	(616,413)	-34.7%
Transfers and Contingency	1,384,876	1,391,117	1,435,208	1,435,227	44,110	3.2%
Total	10,706,194	13,932,625	12,997,106	12,997,125	(935,500)	-6.7%

Expenditures by Type FY22-23



This chart shows the changes in each Type over the past five years and what is currently contained in the budget for FY 2021-22 and FY 2022-23 request. Described below are some of the expenses in each of these types to give the reader some information regarding where the more significant changes are in the FY 2022-23 budget.



Personnel

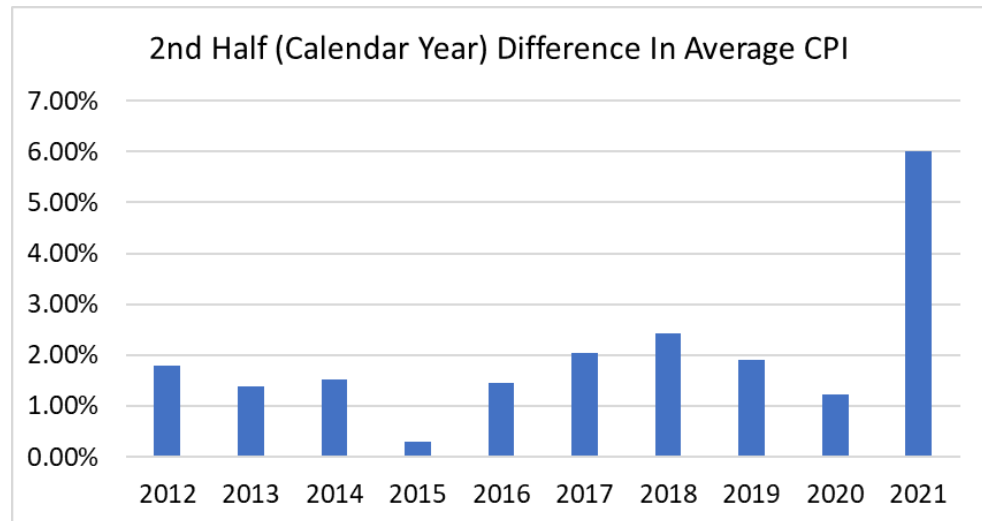
The total of all personnel related expenses, including wages and benefits, is budgeted at \$3,798,742. This represents a total of 29.2% of the total budget. Due to the fact that all personnel are budgeted for the full year (last year 3 new positions were funded for part of the year), and a there is a small increase in the state retirement contribution rate, this budget reflects a total personnel cost increase of 4.8% over the FY 2021-22 adopted budget. This budget does contain provisions for a 3% merit increase, which is comprised of the typical 1.5% plus an additional 1.5% to account for inflationary influences on the economy. It also includes a 3% for merit bonus in accordance with current Town practice.

As shown above, we do not plan to add any staff in this fiscal year. We will make a job title change from Public Safety Administrative Assistant to Public Safety Office Coordinator to better capture the duties performed by this position. In order to maintain internal equity with another similar position, we will change this from a Grade 7 to a Grade 8 and adjust the rate of pay for this position in accordance with our compensation plan. We will also make a small (2.5%) change to the Deputy Fire Chief's rate of compensation to reflect the fact that more time than anticipated in the Pay and Classification study last year is being spent on technical plan review, a role typically filled by a Fire Marshal.

Personnel by Department						
Department	FY 19-20	FY 20-21	FY 21-22 Budget	FY 22-23 Approved	# Change	Percent Change
Administration	5	5	5.5	5.5	0	0%
Public Facilities	0	0	1	1	0	0%
Police	12.5	12.5	14.5	14.5	0	0%
Fire	12.5	12.5	14.5	14.5	0	0%
Inspections	1.5	2.5	2	2	0	0%
Community Development	1.5	2	2.5	2.5	0	0%
Total	33	34.5	40	40	0	0.0%

COLA (Cost of Living Adjustment) is not something we typically include in our budgeting, opting to concentrate on compensation increases tied to performance, the maximum an employee can earn is a 1.5% salary increase and a 3% merit bonus. The total of these two is 4.5% and inflation, looking at the second half of calendar year 2021 CPI average was 6.01% more than the same period in 2020. This is a lagging indicator, but it does help give a glimpse into the change in inflation and its impact upon our personnel. So, in order for someone to not have an effective decrease in compensation, when adjusted for inflation, we are recommending, following Council guidance, to provide for an additional 1.5% merit increase for each full-time employee excluding the Town Manager whose compensation is set, in accordance with an employment agreement, directly by the Town Council.

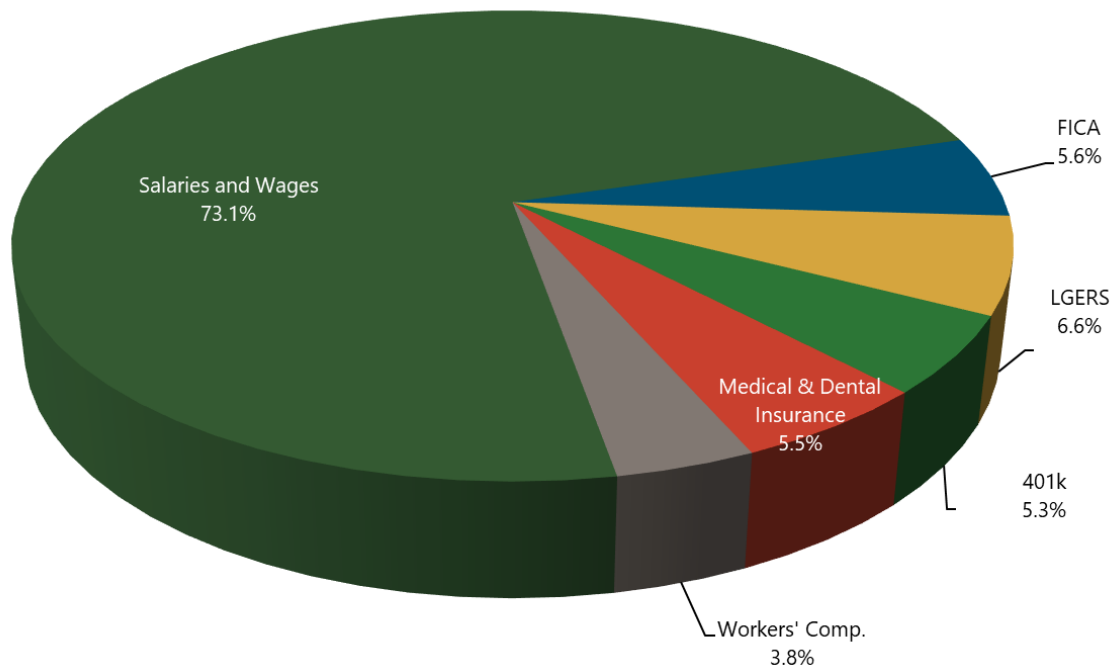
This table shows the rate of change in the 2nd half average CPI over the past 10 years.



The table and graph below shows how the total personnel cost is broken down. Earnings account for 73% 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	FY22-23 Approved	Variance v. CY	% Change
Salaries and Wages	2,778,034	145,096	5.5%
FICA	211,900	12,838	6.4%
LGERS	252,230	(47,292)	-15.8%
401k	202,323	73,013	56.5%
Medical & Dental Insurance	208,584	(104,899)	-33.5%
Workers' Comp.	145,671	95,585	190.8%
Total	3,798,742	174,341	4.8%

Personnel Costs by Type FY22-23



Employee Benefits

Competitive Salary

The Town of Duck contracted with the MAPS Group in FY 2020-21 to perform a thorough study of our compensation structure in an effort to achieve internal balance but also ensure that our compensation was not out of line with the current employment market in which we compete to attract and retain high quality personnel. Each position was studied and recommendations were made to adjust compensation based upon job duties, tenure (in both the current position and with the Town), and the current employment market. The compensation numbers used in this budget reflect adjustments in accordance with the findings and recommendations of this study.

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 (LGERS), which is managed by the North Carolina State Treasurer's office. Both the Town and employees contribute to the retirement system. The employer's contribution rate increased for fiscal year 2011 for the first time in over thirty years and continues to change each year to respond to changes in the financial performance of funds invested for local government retirees. Effective

July 1, 2022, the rate increased to 12.10% for non-law enforcement and to 13.04% for law enforcement positions.

401(k)

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

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. Coverage is provided by Blue Cross & Blue Shield of North Carolina.

Workers' Compensation Insurance

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

Holidays

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

Vacation

Employees accrue vacation leave time at rates based upon years of 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.

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

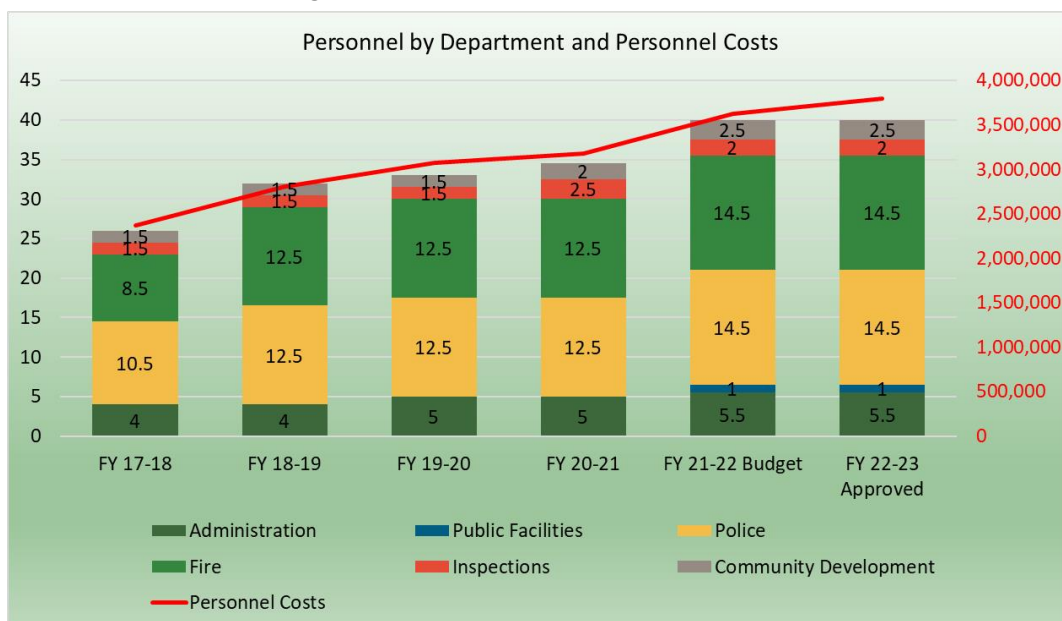
The Town also, in conformance with State law, provides for supplemental retirement benefits for law enforcement personnel. Per the law and our policy, law enforcement employees who meet the following requirements shall receive, beginning on the last day of the month in which he or she retires, a special 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 time of retirement. No employee shall receive the Special Separation Allowance if he/she retires on disability; and
4. Payment of this Separation Allowance shall cease at the death of the employee or on the last day of the month in which he/she attains sixty two (62) years of age, or upon the first day of employment of the employee by any State of North Carolina department, agency or institution. Should the special separation allowance for law enforcement officers, now required by law, be rescinded, this separation allowance shall be rescinded all at the same time; and
5. The Special Separation Allowance does not replace any benefits to which a retired employee may be entitled from state, federal, or private retirement systems.

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

Summary

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



The table below shows the total costs for changes in our personnel spending for the coming year. The Pay Plan adjustment number is to bring six employees up to the minimum of their pay grade once the salary table is adjusted for inflation. This inflationary adjustment is required each year to ensure that, should we have an opening, our salaries remain competitive. The Police Department's Career Development Plan, designed to provide incentives for time in service to Duck and for training/education, will result in promotions of two sergeants to Senior Sergeant, two Senior Patrol Officers to Master Patrol Officer and four Patrol Officers to Senior Patrol Officer. The Fire Department's Career Development Plan, similar to the one for police, will have one Master Firefighter promote to Engineer and funds educational incentive increases for specific training received.

Personnel	
Pay Plan Adjustment	18,302
Police Career Development	30,069
Fire Career Development	21,497
Additional 1.5% Merit Increase	49,561
Total Personnel	119,429

Operating

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

Capital

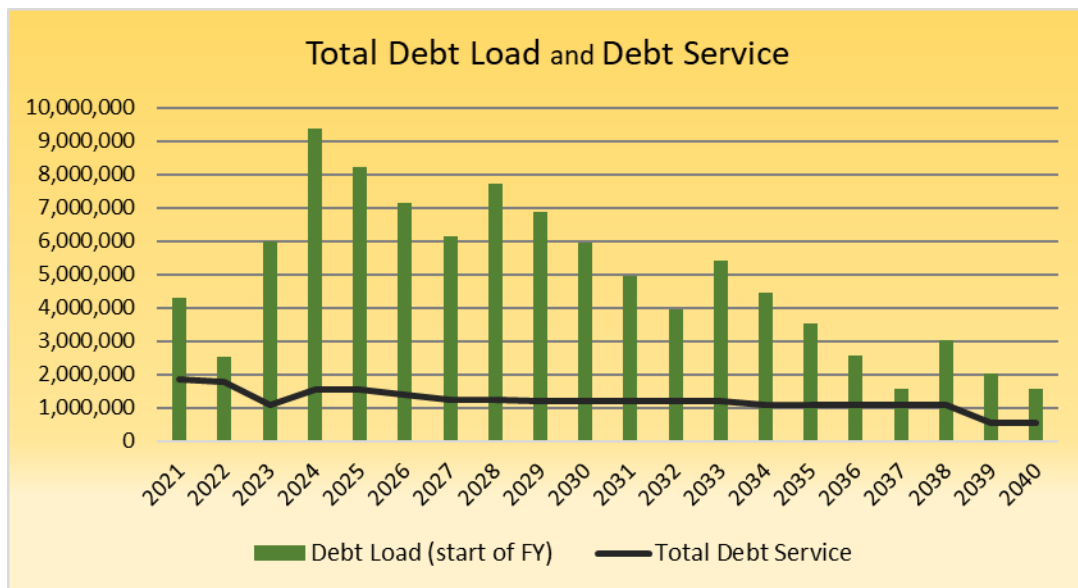
Also on the attached Department pages are capital projects/items. Shown below are the Capital items in this budget. The items in red reflect expenditures that are offset by grant or loan proceed revenue.

Capital			
Department	Item	Cost	Note
Environmental Protection	VHB (Town Park Shoreline Design/Permitting)	120,000	From CIP
Environmental Protection	VHB (Stormwater Management Plan)	102,500	From CIP
Fire	Turnout Gear	15,000	From CIP
Fire	SCBA Replacement	36,000	From CIP
Fire	Hose and Appliance Replacement	6,000	From CIP
Police	Mobile Data Terminal Replacement	38,500	From CIP
Police	Video Camera Network Project	24,500	From CIP
Police	Radar Speed Sign Replacement/Expansion	11,300	From CIP
Police	Motorola Flex Records Management System	79,252	From CIP
Streets & Highways	Repaving Duck Trail	120,000	From CIP
Streets & Highways	Stormwater Management	45,000	From CIP
Streets & Highways	Coastal Resiliency Project	2,588,000	Partially Offset by grant funding
	Total	3,186,052	

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, 2022, the Town's debt obligation is \$6,005,918.

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



This table shows the amount owed in FY 2022-23 for outstanding debt issuances:

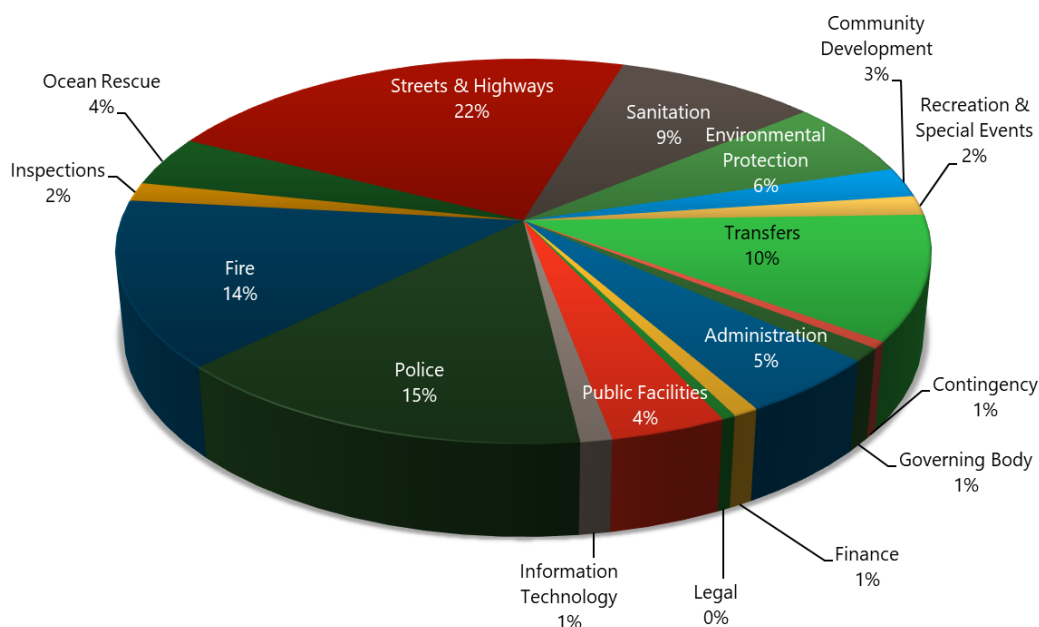
Issue Year	Project	Finance Type	Amount Issued	Term Years	Interest Rate	FY 2022-23 Principal	FY 2022-23 Interest	Total Debt Service
2010	Town Hall and Park Refinance	Installment Purchase	3,000,000	15	1.25%	216,667	7,708	224,375
2019	Vehicles (4)	Installment Purchase	211,362	4	2.116%	71,951	1,515	73,466
2022	Vehicles (6)	Installment Purchase	672,000	4	1.22%	78,578	2,911	81,490
2022	Radios	Installment Purchase	406,273	4	1.22%	133,786	4,957	138,742
2022	Beach Nourishment	Special Obligation Bond	2,407,148	5	1.84%	474,917	39,323	514,241
2022	Beach Nourishment (FEMA)	Special Obligation Bond	2,425,511	1	1.64%	2,425,511	39,778	2,465,289
2012	Fire Engine (engine 111)	Installment Purchase	500,000	10	2.70%	54,726	2,995	57,721
TOTAL								3,555,324

Expenditures by Department

This table shows the total amount of each department's budget for FY 2022-23, the current FY 2021-22 budget and the actually spent in FY 2020-21.

Expenditures by Department						
Department Expenditures	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Governing Body	246,334	146,159	145,981	145,981	(178)	-0.1%
Administration	527,457	659,091	655,521	649,721	(9,370)	-1.4%
Finance	76,487	100,290	114,079	114,079	13,789	13.7%
Legal	501,039	82,200	62,760	62,760	(19,440)	-23.6%
Public Facilities	398,086	521,593	613,547	517,558	(4,035)	-0.8%
Information Technology	148,566	152,615	175,765	140,765	(11,851)	-7.8%
Police	1,361,856	1,909,686	1,921,500	1,902,100	(7,586)	-0.4%
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Inspections	203,499	204,767	203,830	203,830	(937)	-0.5%
Ocean Rescue	538,114	531,500	550,001	550,001	18,501	3.5%
Streets & Highways	474,458	2,904,586	2,937,418	2,871,820	(32,766)	-1.1%
Sanitation	1,081,528	1,187,286	1,216,360	1,216,360	29,074	2.4%
Environmental Protection	1,885,411	1,762,338	951,130	831,130	(931,208)	-52.8%
Community Development	353,464	304,625	325,383	325,383	20,758	6.8%
Recreation & Special Events	175,793	186,900	205,400	212,700	25,800	13.8%
Transfers	1,384,876	1,317,349	1,358,523	1,359,928	42,579	3.2%
Contingency	0	73,768	76,685	75,299	1,531	2.1%
Total	10,706,388	13,932,625	13,328,093	12,997,125	(935,500)	-6.7%

Expenditures by Department FY 2022-23



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

- Salaries for Mayor and Town Council
- Professional services includes funding to update Vision 2027 as part of the five-year cycle of re-examining these priorities
- Property and Liability insurance increase approximately 10% due to reinsurance rates and experience
- Winter staff appreciation and Volunteer appreciation events

Administration

- Training for Town Manager, Town Clerk, Deputy Town Clerk, PIO, and Assistant PIO
- Website hosting
- Social media and website archiving
- E-mail services for e-news
- Copier lease shared with Governing Body, Inspections, Community Development

Finance

- Professional services for Accounting and Audit
- Contracted service with Dare County to collect property taxes – 1.5% of total collection

Legal

- Monthly \$2,800 per month. Same rate as FY 2021-22
- As needed services at same hourly rates as FY 2021-22

Public Facilities

- Salary for full-time Maintenance Technician
- Maintenance contracts for grounds (Town Hall, Park, etc.), trash can service, and cleaning of Town Hall and Keller Meeting Hall.
- Tree "removal" for maintenance (trimming, vine removal, and removal of any dead trees)
- Irrigation maintenance as needed
- Boardwalk repair materials
- Bench replacement

Information Technology

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

Police

- Police officer mental health initiative
- Records management system replacement (Dare County)
- Radar speed sign replacement/expansion
- Traffic video camera network (grant funded)
- Mobile Data Terminal replacements

Fire

- Replacing turnout gear – per schedule
- SCBA replacement – per schedule
- Hose and appliance replacement – per schedule

- Subsidy to Duck Volunteer Fire Department - \$20,800 increase

Inspections

- Permitting software
- Travel and Training includes Maintenance Technician to work toward inspector certification to serve as a back-up to the full-time inspector
- Copier shared as noted above under Administration

Ocean Rescue

- Increase of \$16,500 per contract
- Adding one lifeguard stand
- Allocating phones and iPad used by the lifeguards to this department

Streets & Highways

- Professional Services for construction administration for the Highway 12 project and additional for work related to Duck Trail maintenance
- Contracted services for maintenance of sidewalks/plantings in the village and along Duck Trail
- Repaving Duck Trail – annual
- Stormwater management along Duck Trail
- Highway 12 project including the elevation of Highway 12

Sanitation

- Cost increases per contracts for trash and recycling service

Environmental Protection

- Formerly Beach Protection
- Professional Services related to Beach Renourishment
- Professional Service for engineering related to Town Park shoreline project (future) and Stormwater Management Plan
- Beach grass planting, beach monitoring, etc.

Community Development

- Training for Director, Senior Planner, and new Planner
- Copier shared as noted above under Administration

Recreation and Special Events

- Park and Beach signage
- Event expenses – performers, stage, lighting, etc. – back to pre-pandemic levels
- Merchandise for resale – Duck branded items

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 \$0.723 if we didn't have all the other revenue sources including shared revenues and grants.

Expenditures by Department			
Department Expenditures	FY22-23 Approved	% of GF Total	Tax Rate Equiv
Governing Body	145,981	1.10%	\$0.008
Administration	649,721	4.92%	\$0.036
Finance	114,079	0.86%	\$0.006
Legal	62,760	0.47%	\$0.003
Public Facilities	517,558	4.60%	\$0.033
Information Technology	140,765	1.32%	\$0.010
Police	1,902,100	14.42%	\$0.104
Fire	1,817,710	13.61%	\$0.098
Inspections	203,830	1.53%	\$0.011
Ocean Rescue	550,001	4.13%	\$0.030
Streets & Highways	2,871,820	22.04%	\$0.159
Sanitation	1,216,360	9.13%	\$0.066
Environmental Protection	831,130	7.14%	\$0.052
Community Development	325,383	2.44%	\$0.018
Recreation & Special Events	212,700	1.54%	\$0.011
Transfers	1,359,928	10.19%	\$0.074
Contingency	75,299	0.58%	\$0.004
Total	12,997,125	100%	\$0.723

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. The next election of the Town Council is scheduled for November of this year so expenses for conducting the election, payable to Dare County, are included in this budget.

Recent Accomplishments

- Conducted an election and seated one new member of the Town Council.
- Deployed new laptops for the Council to replace aging iPads.
- Held a 20th Anniversary and Volunteer appreciation celebration.
- Council members continue to represent Duck on the Tourism Board, the Government Access Channel Board, and as a liaison to our Planning Board. The Mayor continued service on the North Carolina League of Municipalities Board of Directors.

Upcoming Projects

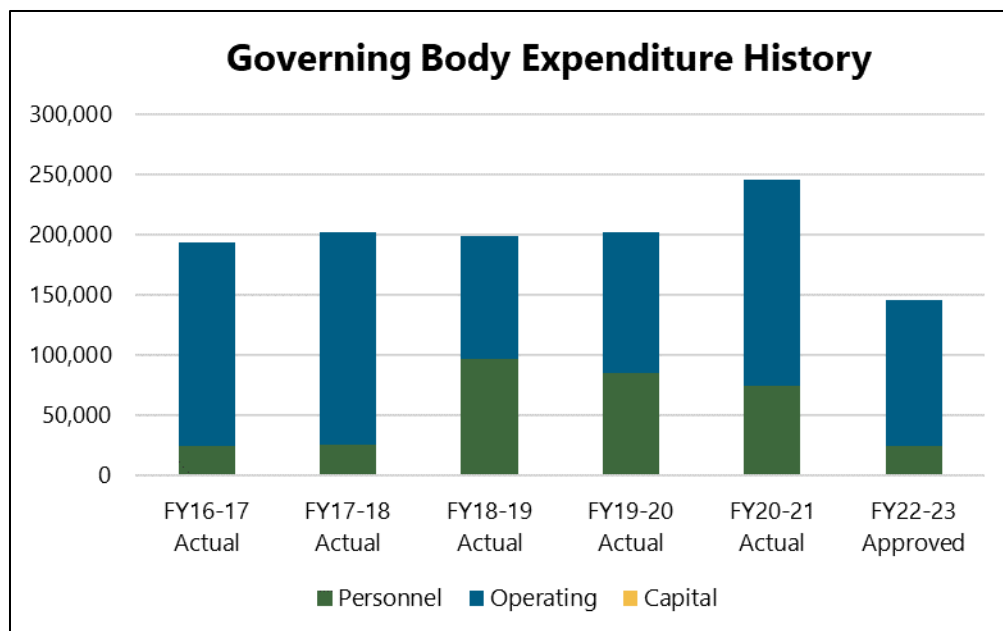
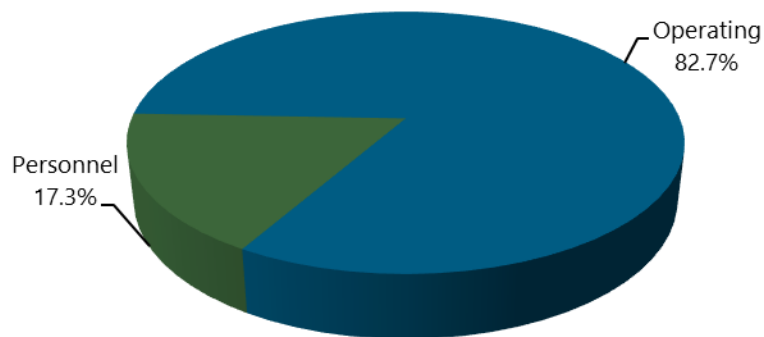
- Using an outside consultant, examine our current mission and vision statements and make any changes as we look ahead to the next 10 years. This will be the five-year refreshing of our Vision 2027.
- Reinitiate the winter Council/Staff celebration.

FY 2022-2023 Budget Highlights

- The Governing Body Department budget decreased 0.12 percent in FY22-23 mostly due to this not being an election year and, due to a new contract, costs for leased office equipment (copiers) was reduced.
- The Governing Body budget accounts for 1.1% of the General Fund budget and is equivalent to \$0.008 on the tax rate.

Expenditures by Type								
Type	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Budget	FY22-23 Approved	Percent Change
Personnel	25,147	25,643	97,005	85,427	75,044	25,229	25,230	0.01%
Operating	168,590	176,459	102,007	117,042	171,290	120,930	120,751	-0.15%
Capital			0	0	0	0	0	-
Total	193,737	202,102	199,011	202,469	246,334	146,159	145,981	-0.12%

Governing Body Expenditures by Type



Line Item Expenditures

Governing Body						
Account Description	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Salaries and Wages	23,400	23,400	23,400	23,400	0	0.00%
FICA		1,790	1,790	1,790	0	
Fringe Benefits	2,460				0	0.00%
Workers' Compensation	49,184	39	40	40	1	0.00%
Professional Services	61,572	5,000	15,000	15,000	10,000	16.24%
Contracted Services		7,000			(7,000)	
Supplies and Materials	207	500	500	500	0	0.00%
Uniforms		500	500	500	0	
Technology Hardware & Accessories		6,227			(6,227)	
Travel and Training	95	2,000	1,500	1,500	(500)	-526.32%
Dues and Subscriptions	9,066	7,955	8,388	8,388	433	4.78%
Communications	299	600	600	600	0	0.00%
Leased Equipment		8,718	3,369	3,369	(5,349)	
Printing and Binding	2,576				0	0.00%
Advertising	2,819	2,500	2,500	2,500	0	0.00%
Insurance and Bonding	83,950	67,330	76,294	76,294	8,964	10.68%
Miscellaneous	10,706	12,600	12,100	12,100	(500)	-4.67%
TOTAL	246,334	146,159	145,981	145,981	(178)	-0.12%

Notes

Salaries and Wages

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

Professional Services

Misc. Prof Services	5,000
Vision 2027 Update	10,000
	<u>15,000</u>

Uniforms

Logo Attire	500
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Dues and Subscriptions

League of Women Voters - Dare County	250
Government Access Channel	1,000
Albemarle Commission	350
Southern City Subscriptions	1,007
ASBPA	500

NCLM	998
NC Mayor's Association	100
National League of Cities	276
Outer Banks Chamber of Commerce	275
Vital Records Control	32
NCLM - Ordinance Service	3,500
UNC School of Government	100
	<hr/> 8,388

Communications

Postage meter	600
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Leased Equipment

Copier	2,846
Postage Meter	523
	<hr/> 3,369

Insurance and Bonding

Property and Liability	69,650	
Flood	3,644	5% increase
Deductibles	3,000	estimated
	<hr/> 76,294	

Misc

Council Retreat Food	600
Winter Council/Staff Celebration	10,000
Volunteer Celebration	1,500
	<hr/> 12,100

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 Communications and Marketing Division is responsible for growing a strategic communication plan that provides a framework for the organization to enhance two-way communication, improve internal and external relationships, and encourage public information and participation. The division also recruits and utilizes volunteers to assist with a large variety of regular and special public events coordinated by the division.

Recent Accomplishments

- Conducted a candidate information session for all town council candidates
- Produced a significantly revised budget document to provide more detail and transparency in terms of revenue and expenditures
- Recruited and selected a Finance and Human Resources Administrator
- Working with an outside consultant, began the process, with all employees, to define our internal culture
- Spring/Summer newsletter mailed to all Duck property owners
- Significant design and functionality improvements made to the town's website
- Fireproof locking cabinets installed in Town Clerk's office to better protect critical documents
- Installed office partitions for the Deputy Town Clerk

Upcoming Projects

- Complete internal culture definition and modify the performance appraisal instrument and process to hold all employees accountable to agreed upon behavior standards
- Adopting an Electronic Records Policy
- Town Clerk will be attending Human Resource classes

FY 2022-2023 Budget Highlights

- The Administration Department budget decreased 1.4% in FY22-23 due in part to savings on leased equipment due to a new lease for copiers using the State contract and to a reduction in the budget for as needed Professional Services.
- The Administration budget accounts for 4.92% of the General Fund budget and is equivalent to \$0.036 on the tax rate.

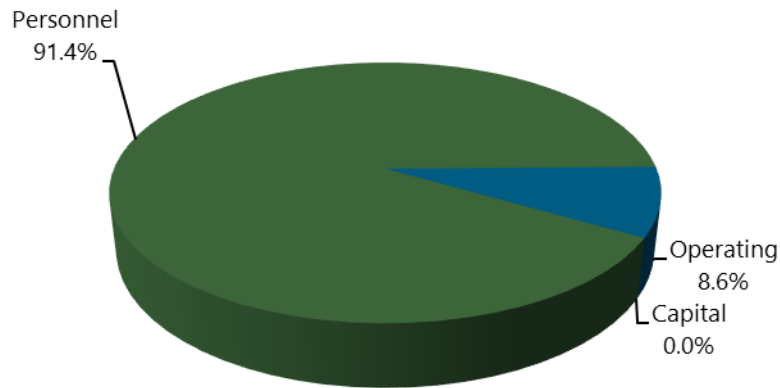
Expenditures by Type								
Type	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Budget	FY22-23 Approved	Percent Change
Personnel	379,342	399,778	432,343	478,709	416,493	579,637	594,037	2.48%
Operating	41,662	62,705	25,934	45,741	88,993	79,454	55,684	-29.92%
Capital	0	0	1,035	7,427	21,971	0	0	-
Total	421,004	462,483	459,313	531,876	527,457	659,091	649,721	-1.42%

Personnel					
Type	FY19-20 Actual	FY20-21 Actual	FY21-22 Budget	FY22-23 Approved	Percent Change
Full-time	5.0	5.0	5.5	5.5	0.00%
Part-time					
Total	5.0	5.0	5.5	5.5	0.00%

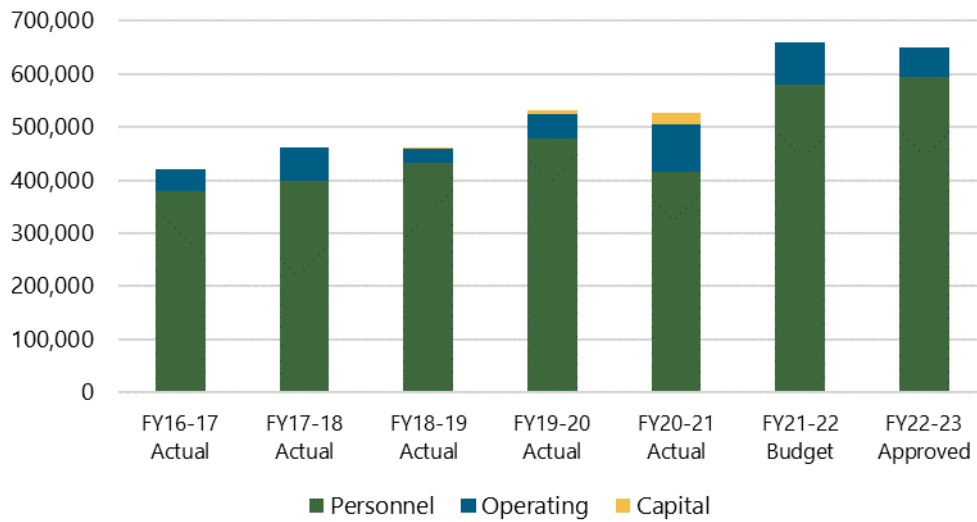
There are no changes in personnel numbers or allocations.

Current Staffing	
Position Title	Count
Town Manager	1
Town Clerk	1
Deputy Town Clerk (Permits Coordinator)	0.5
Public Information and Events Director	1
Public Information and Events Coordinator	1
Finance Administrator	1

Administration Expenditures by Type



Administration Expenditure History



Line Item Expenditures

Administration						
Account Description	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Salaries and Wages	323,801	435,494	446,596	446,596	11,102	2.55%
Salaries and Wages (PT)				0	0	
FICA	0	33,315	34,165	34,165	850	2.55%
Workers' Compensation		1,924	2,017	2,017	93	4.86%
Supplemental Retirement (LIGERS)		49,429	54,050	54,050	4,621	9.35%
401k	49,395	21,775	22,330	22,330	555	2.55%
Medical/Dental Insurance	43,298	37,700	34,879	34,879	(2,821)	-7.48%
Professional Services	30,068	10,000	5,000	5,000	(5,000)	-50.00%
Contracted Services		8,000	8,000	8,000	0	0.00%
Supplies and Materials	7,930	3,000		0	(3,000)	-100.00%
Uniforms		900	900	900	0	0.00%
Technology Hardware & Accessories		5,902	1,000	1,000	(4,902)	-83.06%
Travel and Training	9,366	9,000	9,630	9,630	630	7.00%
Dues and Subscriptions	2,487	15,414	13,177	13,177	(2,237)	-14.51%
Communications	4,024	4,220	4,108	4,108	(112)	-2.66%
Leased Equipment		8,718	3,369	3,369	(5,349)	-61.35%
Printing and Binding	6,006	9,300	6,500	6,500	(2,800)	-30.11%
Advertising	1,581	1,000		0	(1,000)	-100.00%
Miscellaneous	21,117	4,000	5,000	4,000	0	0.00%
Capital Outlay				0	0	
Capital Outlay - under \$5,000	21,971		4,800	0	0	
Fixed Charges	6,415			0	0	
TOTAL	527,457	659,091	655,521	649,721	(9,370)	-1.42%

Notes

Professional Services

As needed consulting, etc. 5,000

Contracted Services

Misc. 3,000
 Newsletter - 2 x per year 5,000
 8,000

Uniforms

Logo Attire 900

Technology Hardware & Accessories

Go Bag items 1,000
 1,000

Travel and Training

NC3C Conference	1,300
OBX Economic summit	30
OBX Tourism summit	50
Misc. Continuing Ed	2,250
NCAZO	600
NCAMC Conferences (Clerk and Deputy)	3,000
NCCCA	2,400
	<hr/> 9,630

PIO - 2 people
PIO
PIO
Misc. Continuing Education
Admin - Kay - Zoning
Admin - Clerk and Deputy for Winter and Summer Conferences
Manager - winter and summer conference

Dues and Subscriptions

For the Record	700
ICMA	1,100
NCCCA	325
NCGFOA	100
International Inst of Muni Clerks	230
NC Municipal Clerk Certifications	210
ASCAP	390
SESAC	125
BMI	258
NC Assoc. of Festivals & Events	150
NC3C	100
DMA	150
GoDaddy Website Domain	600
Canva	119
Outer Banks Media	1,700
Zoom	550
Mail Chimp	370
Hoot Suite	1,200
Archive Social	4,800
	<hr/> 13,177

Transcription software for Clerks
Manager - Dues
Manager - Dues
Finance Administrator and TM - Dues
Clerk and Dep Clerk
Clerk and Dep Clerk
PIO - Music License
PIO - Music License
PIO - Music License
PIO - Membership
PIO - NC Communications Association Membership
PIO - Social Media
PIO - Social Media
PIO - Social Media
PIO - Website Hosting and Monitoring
PIO - Virtual Meetings
PIO - E-newsletter
PIO - Social Media
PIO - Social Media

Communications

Postage	1,000
Mobile Phones/iPad	3,108
	<hr/> 4,108

Leased Equipment

Copier	2,846
Postage Meter	523
	<hr/> 3,369

Printing and Binding

Beach Nourishment	1,200
Brochure	4,300
Rack Cards	<u>1,000</u>
	6,500

Miscellaneous

Bulk waste permits	3,000
Other	<u>2,000</u>
	5,000

Finance

Description

The Finance Department contains expenses for financial services such as financial statement preparation, preparation of the annual audit, and other related services provided by outside professionals. The Finance Administrator, a working title for a currently funded but vacant position, is in the Administration Department and will have duties other than just related to finance. Because this is a new position, or rather one that will be better defined in coming years, this might be transitioned to Finance, but for FY 2021-22, this department will remain one that has no assigned staff.

Recent Accomplishments

- Our independent auditor completed the FY 2020-21 audit and submitted it, as required by law, to the Local Government Commission.
- Regular monthly financial reports were presented to the Town Council with some enhancements continuing to be made.
- Under contract with Dare County, we collected over 99.99% of real property taxes due to the Town.
- Significant updates were made in the presentation of the CIP and Budget documents to make them easier for all to understand in an effort to be even more transparent.
- Updated purchasing and credit card policies implemented

Upcoming Projects

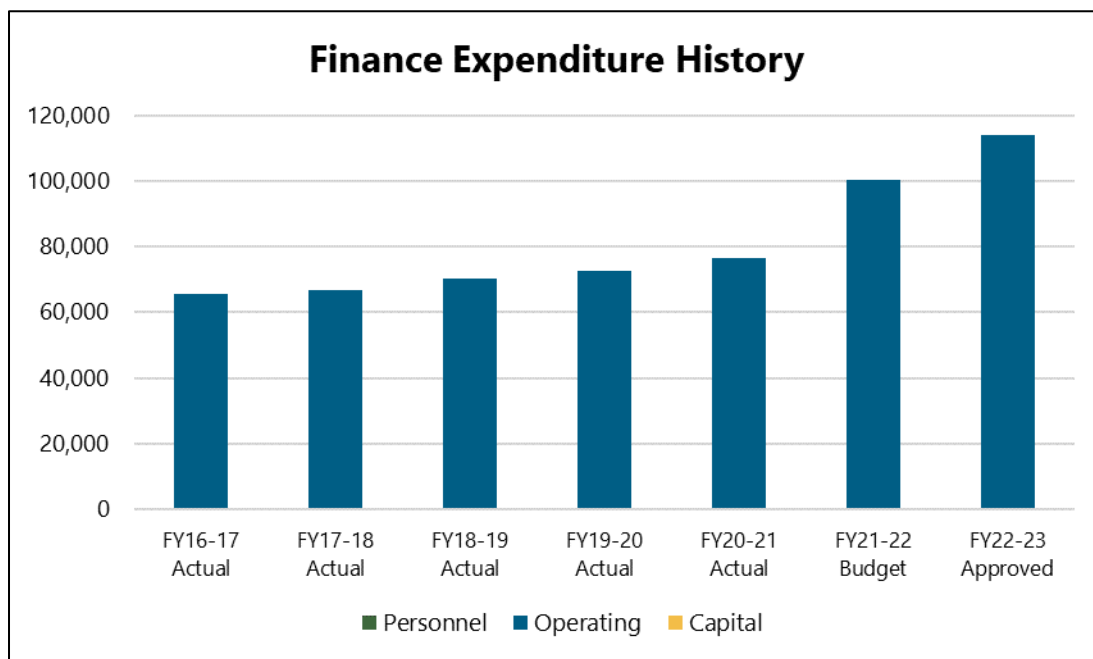
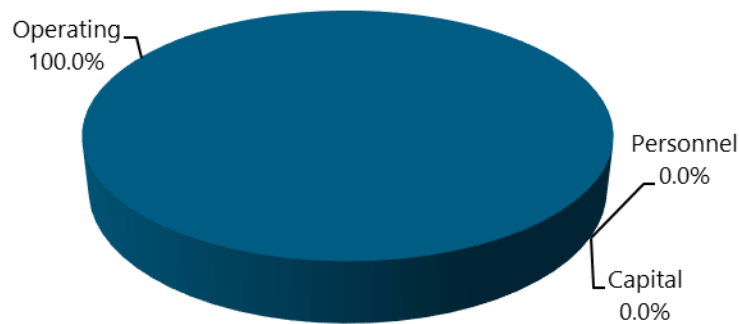
- During the first part of FY 2022-23, we will assist our Auditor and Financial consultant in preparing the annual financial statements and audit.
- Policies regarding credit card use, purchasing, and others will be reviewed and changes recommended to Council for consideration.
- Continued efforts will be focused on further improvements to the Budget and CIP documents specifically to include performance measures. These efforts are focused on submitting our FY 2023-24 Budget document to the GFOA for consideration under their Distinguished Budget Presentation Award program.

FY 2022-2023 Budget Highlights

- The Finance Department budget increased 13.75% mostly due to budgeting for tax collection.
- The Finance budget accounts for 0.86% of the General Fund budget and is equivalent to \$0.006 on the tax rate.

Expenditures by Type								
Type	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Budget	FY22-23 Approved	Percent Change
Personnel			0	0	0	0	0	-
Operating	65,788	66,661	70,311	72,439	76,487	100,290	114,079	13.75%
Capital			0	0	0	0	0	-
Total	65,788	66,661	70,311	72,439	76,487	100,290	114,079	13.75%

Finance Expenditures by Type



Line Item Expenditures

Finance						
Account Description	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Professional Services		29,200	31,000	31,000	1,800	6.16%
Contracted Services		71,090	79,579	79,579	8,489	11.94%
Bank Charges	4,026		3,500	3,500	3,500	
Subsidies and Allocations	72,461			0	0	
TOTAL	76,487	100,290	114,079	114,079	13,789	13.75%

Notes

Professional Services

Audit	20,000	
Financial Statement Prep	5,000	
Other Financial Assistance	6,000	
	<u>31,000</u>	

Contracted Services

Tax Collection - Dare County	76,479	1.5% of total collection
Quickbooks Fees (payroll and accounting)	3,100	
	<u>79,579</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 a number of routine and extraordinary matters for the Town in FY 2020-21 including several sensitive matters involving personnel.
- Review of proposed changes to the Town's personnel policies.

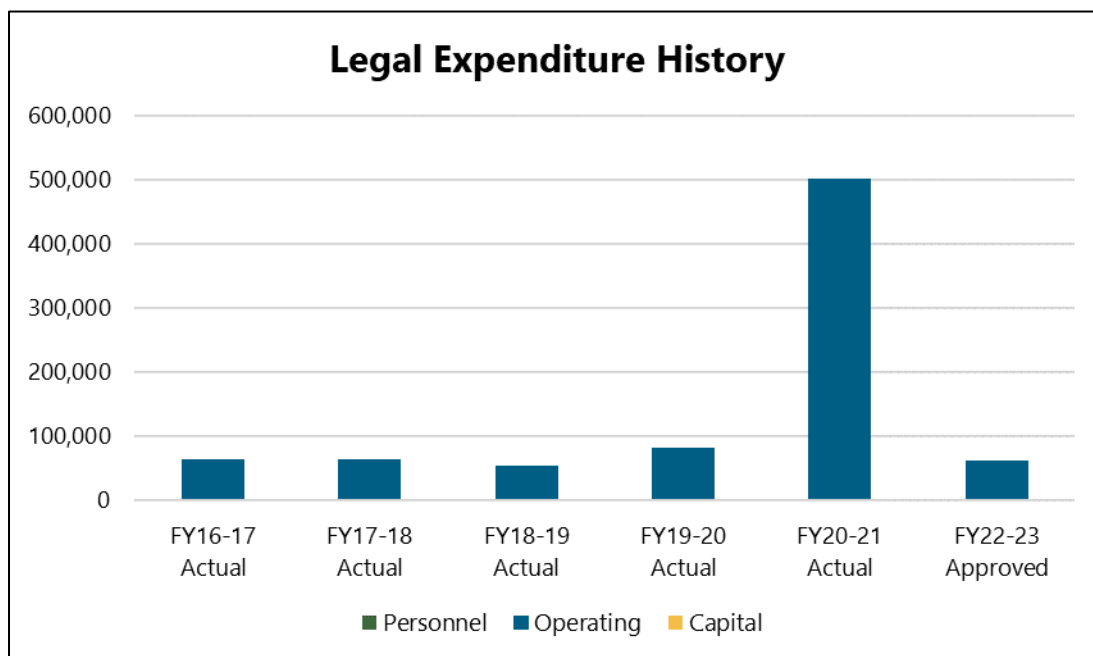
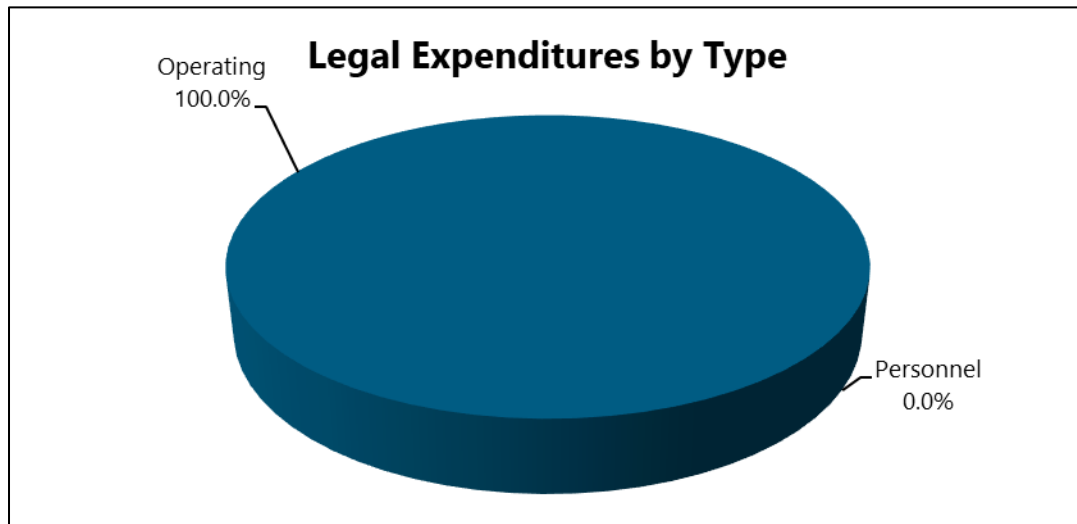
Upcoming Projects

- Continued legal representation for the Town including assistance with easements related to construction projects (Beach Nourishment and Highway 12).

FY 2022-2023 Budget Highlights

- The Legal Department budget decreased 23.6% compared to the FY 2021-22 budget due to lower anticipated costs.
- The monthly retainer, which includes attendance at Council meetings, with no increase in hourly or retainer rates.
- The Legal budget accounts for 0.47% of the General Fund budget and is equivalent to \$0.003 on the tax rate.

Expenditures by Type								
Type	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Budget	FY22-23 Approved	Percent Change
Personnel			0	0	0	0	0	-
Operating	64,596	64,051	54,593	82,631	501,039	82,200	62,760	-23.65%
Capital			0	0	0	0	0	-
Total	64,596	64,051	54,593	82,631	501,039	82,200	62,760	-23.65%



Line Item Expenditures

Legal						
Account Description	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Professional Services	501,039	82,200	62,760	62,760	(19,440)	-23.65%
TOTAL	501,039	82,200	62,760	62,760	(19,440)	-23.65%

Notes

Professional Services

Monthly Retainer (\$2,800)

As Needed Additional Services

Public Facilities

Description

Under the general direction of Building Codes and Maintenance Administrator and the administrative management of the Director of Community Development, the Public Facilities department is responsible for the maintenance, repair, and operation of the Town's public facilities, not including the Town Park. Facilities maintained include the Town Hall, Keller Meeting Hall, Soundside Boardwalk, and some expenses related to maintaining the current Public Safety Facility.

Formerly called "Public Buildings" this department now accounts for all facility maintenance, as noted above, but excluding sidewalks along Highway 12 and Duck Trail.

Recent Accomplishments

- During the COVID-19 stoppage of public events, our team completely reconstructed the seating in the Amphitheater in the Town park using all recycled composite materials which will make it last much longer and be easier to clean and maintain.
- Installed a "rain garden" demonstration project next to Town Hall to improve the management of stormwater in this area and to serve as an example to others who may wish to do similar nature-based stormwater projects.
- Installed and updated ground control points for drone flights.
- Repaired/replaced necessary components of the soundside boardwalk.
- Installed a sunshade at the amphitheater.
- Began upgrades to the maintenance shop facility.
- Began creating an emergency egress stairway from the second floor of Town Hall.
- Installed a bulletin board for public notices outside of Town Hall.

Upcoming Projects

- Repair decking/seating at the Town Park boardwalk entrance.
- Complete electrical upgrades to accommodate the Jazz Festival.
- Evaluate and select replacement playground equipment.
- Develop maintenance schedules and responsibilities.

FY 2022-2023 Budget Highlights

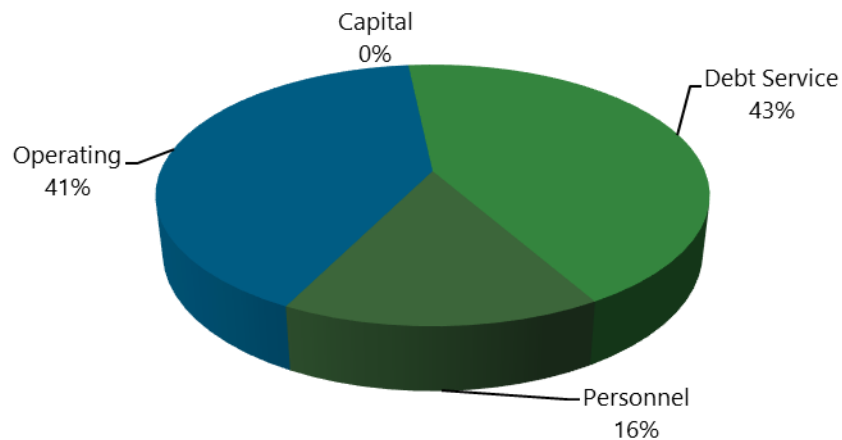
- The Public Facilities Department budget decreased .8% compared to the FY 2020-21 budget due being able to perform some projects planned for FY22-23 in FY21-22.
- The Public Facilities budget accounts for 4.6% percent of the General Fund budget and is equivalent to \$0.033 on the tax rate.

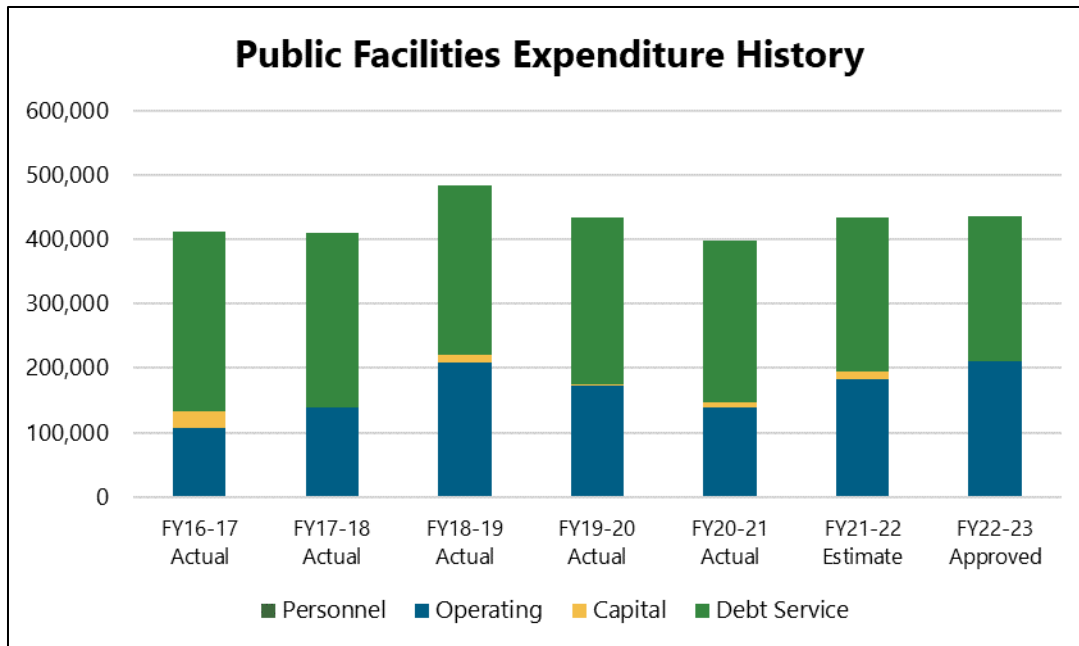
Expenditures by Type								
Type	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Budget	FY22-23 Approved	Percent Change
Personnel			0	0	0	80,233	81,535	1.62%
Operating	107,724	138,419	208,710	173,548	139,714	185,843	211,648	13.89%
Capital	25,691	0	11,643	2,333	8,000	12,100	0	-100.00%
Debt Service	278,192	271,237	264,282	257,327	250,372	243,417	224,375	-7.82%
Total	411,607	409,656	484,634	433,207	398,086	521,593	517,558	-0.77%

Personnel					
Type	FY19-20 Actual	FY20-21 Actual	FY21-22 Budget	FY22-23 Approved	Percent Change
Full-time	-	-	1.0	1.0	0.00%
Part-time					
Total	-	-	1.0	1.0	0.00%

Staffing	
Position Title	Count
Maintenance Technician	1

Public Facilities Expenditures by Type





Line Item Expenditures

Public Facilities						
Account Description	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Salaries and Wages		58,787	59,642	59,642	855	1.45%
Salaries and Wages (PT)				0	0	
FICA		4,497	4,563	4,563	66	1.46%
Workers' Compensation		1,491	1,543	1,543	52	3.46%
Supplemental Retirement (LGRS)		6,672	7,217	7,217	545	8.18%
401k		2,939	2,982	2,982	43	1.47%
Medical/Dental Insurance		5,847	5,588	5,588	(259)	-4.43%
Professional Services				0	0	
Contracted Services		126,773	144,657	144,657	17,884	14.11%
Supplies and Materials	8,534	3,000	10,000	10,000	7,000	233.33%
Uniforms		500	300	300	(200)	-40.00%
Vehicle Supplies and Materials		1,200	1,500	1,500	300	25.00%
Technology Hardware & Accessories				0	0	
Dues and Subscriptions			780	780	780	
Communications	1,200			511	511	
Utilities	12,581	11,120		11,000	(120)	-1.08%
Other Services	85,568			0	0	
Repairs and Maintenance	26,108	25,000	29,400	29,400	4,400	17.60%
Boardwalk Repairs	5,129	15,000		11,000	(4,000)	-26.67%
Vehicle Repairs and Maintenance		1,250		500	(750)	-60.00%
Miscellaneous	593	2,000		2,000	0	0.00%
Capital Outlay		12,100	118,000	0	(12,100)	-100.00%
Capital Outlay - Under \$5,000	8,000	0	3,000	0	0	
Debt Service	250,372	243,417	224,375	224,375	(19,042)	-7.82%
TOTAL	398,086	521,593	613,547	517,558	(4,035)	-0.77%

Notes

Contracted Services

Park & Boardwalk Landscaping	55,931
Trash Can Servicing	4,378
Pest Control	600
Elevator Service Agreement	3,500
Cleaning	69,649
Additional Plants & Landscaping	10,000
Septic Maintenance	600
	<hr/> 144,657

Dues and Subscriptions

MaintenX	780
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Communications

Mobile Phone	511
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Utilities

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

Repairs and Maintenance

Tree removal/pruning	4,000
Boardwalk Repair	20,000
Bench Replacement/Repair (3)	5,400
	<hr/> 29,400

Debt Service

Land Purchase (Town Hall + Park Refinance)
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Information Technology

Description

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

Recent Accomplishments

- Provided information relative to IT equipment scheduled for replacement in the coming fiscal year.
- Assisted with records requests and on-boarding of new staff from a technology perspective.
- Began a records digitization program to help reduce the volume of paper records being stored.
- Contracted for and began using a voice-over-IP phone system that provides additional efficiencies at a lower cost.
- Completed a IT security assessment with the NC National Guard.

Upcoming Projects

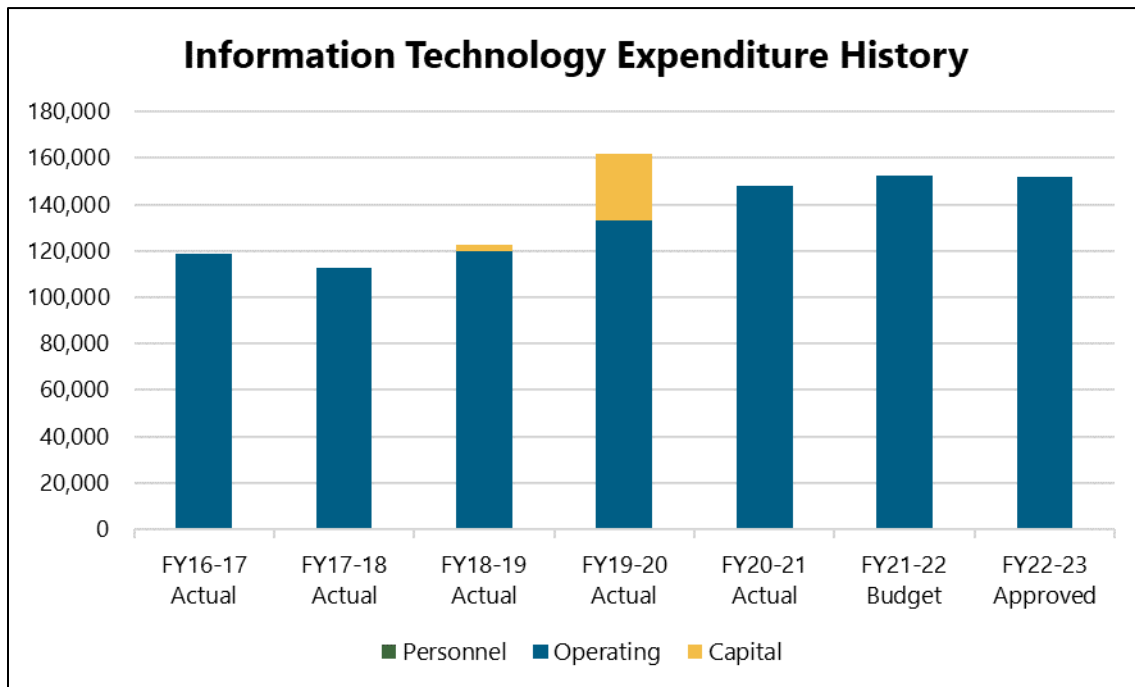
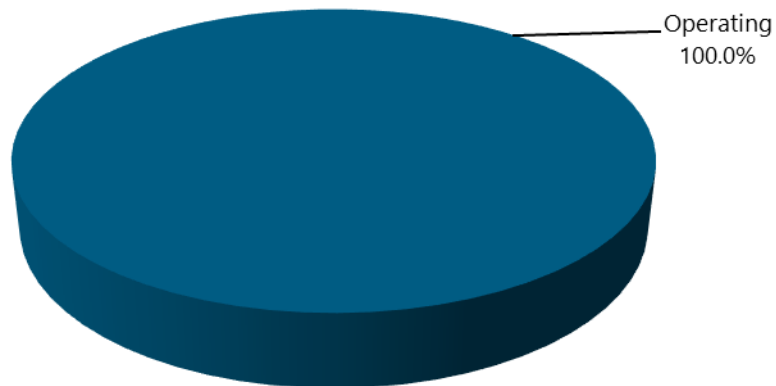
- Continue to evaluate technology to help improve efficiency and reduce costs.

FY 2022-2023 Budget Highlights

- The IT Department budget increased 18.8% compared to the FY 2020-21 budget due mostly to moving the cost of our fiber optic and phone line service from the Fire Department budget to this department.
- The IT Department budget accounts for 1.1% of the General Fund budget and is equivalent to \$0.008 on the tax rate.

Expenditures by Type								
Type	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Budget	FY22-23 Approved	Percent Change
Personnel								-
Operating	118,839	112,513	120,141	133,123	148,371	152,615	140,765	-7.76%
Capital	0	0	2,511	28,681	0	0	0	-
Total	118,839	112,513	122,652	161,804	148,371	152,615	140,765	-7.76%

Information Technology Expenditures by Type



Line Item Expenditures

Information Technology						
Account Description	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Contracted Services	195	71,967	100,580	65,580	(6,387)	-8.87%
Dues and Subscriptions		18,125	25,359	25,359	7,234	39.91%
Telephone & Communications		34,023	21,326	21,326	(12,697)	-37.32%
Fixed Charges	62,310			0	0	
Capital Outlay - over \$5,000				0	0	
Capital Outlay - under \$5,000				0	0	
Subsidies and Allocations	58,344			0	0	
Cable Access Channel	27,717	28,500	28,500	28,500	0	0.00%
TOTAL	148,566	152,615	175,765	140,765	(11,851)	-7.76%

Notes

Contracted Services

Shoshin	36,000	Workstation Support (\$3,000 per month)
Shoshin	16,980	Network, Back-up, and Server Services
Shoshin	8,400	Police MDT Support (\$700 per month)
Shoshin and others	4,200	Other as needed
	<u>65,580</u>	

Dues and Subscriptions

Adobe Pro DC (11 @ 203.88)	2,243
Adobe Creative Cloud (3 @ 927.95)	2,784
Tax on Adobe	339
Password Management	2,050
Sonic Wall and SSI - Security	6,267
Office 365 Services	<u>11,676</u>
	25,359

Telephone & Communications

Charter Communications (Internet/Cable)	4,161
Century Link (Alarm Lines and Internet Back-up)	5,616
Spectrum (Internet & TV)	4,161
VOIP Phones	<u>7,387</u>
	21,326

Police Department

Description

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

Recent Accomplishments

- Two new police officer positions were filled, which has allowed the Department to achieve the long-term goal of having a minimum of two police officers on duty at all times. The result is greater officer safety and a higher level of service to the community.
- A complete overhaul of the Department's outdated and inadequate policy manual was completed. The new policy manual includes 145 individual policies that are current, in line with nationwide best practices and standards, and state and federal law. The new policy manual results in reduced liability exposure and solidifies the Duck Police Department as a professional law enforcement agency.
- Recognizing that its police officers are its greatest asset, the Department, with the support of the Town Council, established a career development program for non-ranking police officers in order to promote long term training goals and professional development. The program further bolstered recruitment and retention efforts.
- The Department's antiquated automatic external defibrillators (AED) were replaced with the same make used by the fire department. This project allowed all public safety personnel to be trained on similar equipment and has allowed the police and fire department to share AED supply costs.
- Though continual cost reduction efforts, the Department was able to identify a savings in its current budget that allowed for the purchase of a radar speed sign on Duck Road near Seabreeze Drive. This public education tool reminds residents and visitors alike of the need to reduce speed as they enter a 25 MPH speed zone that includes a bus stop and heavy pedestrian traffic.
- Two new and three replacement police vehicles were purchased and upfitted in FY-2022. The retired vehicles, which were 6 years old, along with an unneeded street legal utility vehicle, were disposed of at auction. A strong market for used vehicles and the care and maintenance shown to the vehicles during their useful lifespan resulted in the Town receiving very favorable offers for these vehicles.
- The bulk of the Department's inventory of 800 MHz radios were deemed non complaint through an unfunded state mandate. By taking advantage of historically low interest rates, the Department was able to partner with the fire department to finance the replacement of non-complaint radio equipment.

- The Department received \$24,500 in grant funding from the N.C. Governor's Crime Commission to purchase additional 800MHz radios and accessories. No matching funds were required under the grant.
- Began work to install new automatic license plate reader technology for improved data collection and investigative assistance.
- Purchased firesafe storage for ammunition and critical records.
- Using partitions, created office space for the sergeants and Administrative Office Manager.

Upcoming Projects

- To monitor and care for the mental health of police officers, the Department will be implementing an agency-wide mental health wellness program. This first in-region initiative will include annual mental health screenings, mandated training and a speaker series designed to address and promote positive mental health and overall officer wellness.
- The Dare County Sheriff's Department partnered with the six municipal law enforcement agencies in Dare County to launch a state-of-the-art public safety software suite in 2023. This project will dramatically increase interagency information sharing and will provide the Department with modern reporting and records management software, an all-new computer aided dispatch system, and numerous productivity modules.
- The Department will be bringing a public safety video camera network online in FY2023. High-definition cameras along Duck Road will serve an investigative purpose and will allow the public to monitor traffic conditions throughout the Town in real time through live video feeds posted to the Town's website. The bulk of the project cost will be offset by grant funding.
- To increase traffic safety, two additional radar speed signs will be installed on Duck Road in Sanderling to remind motorists of the speed limit as they travel along Duck Road.
- Half of the Department's in-car mobile data terminals will be replaced pursuant to an established capital equipment replacement schedule.
- New technology will be leveraged to eliminate the need for most desktop computers at the police department, which will result in increased efficiency and a significant cost savings over time.
- The Department will seek law enforcement agency accreditation through a program recently established by the NC Department of Justice. Accreditation will result in increased community advocacy, demonstrated support from the Town Council, a stronger defense against civil lawsuits, reduced risk and liability exposure, and greater accountability within the agency.
- The career development program launched in FY-2022 will be expanded in FY-2023 to include the two sergeants' positions.

FY 2022-2023 Budget Highlights

- The Police Department budget decreases 0.4% in FY 2022-23 due mostly the fact that we are not purchasing any new vehicles this year or taking on any large capital projects.

- The Police budget accounts for 14.4% of the General Fund budget and is equivalent to \$0.104 on the tax rate.
- The most significant increase in the budget is for debt service associated with the purchase of vehicles and all new radios in FY 21-22.

Expenditures by Type								
Type	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Budget	FY22-23 Approved	Percent Change
Personnel	831,509	923,469	1,028,999	1,141,059	1,037,488	1,242,287	1,298,916	4.56%
Operating	155,712	176,545	134,272	180,280	205,918	209,640	217,825	3.90%
Capital	74,379	141,758	135,226	274,952	27,149	409,666	153,552	-62.52%
Debt Service	42,249	42,249	84,325	37,267	91,300	48,093	231,807	382.00%
Total	1,103,849	1,284,021	1,382,823	1,633,557	1,361,856	1,909,686	1,902,100	-0.40%

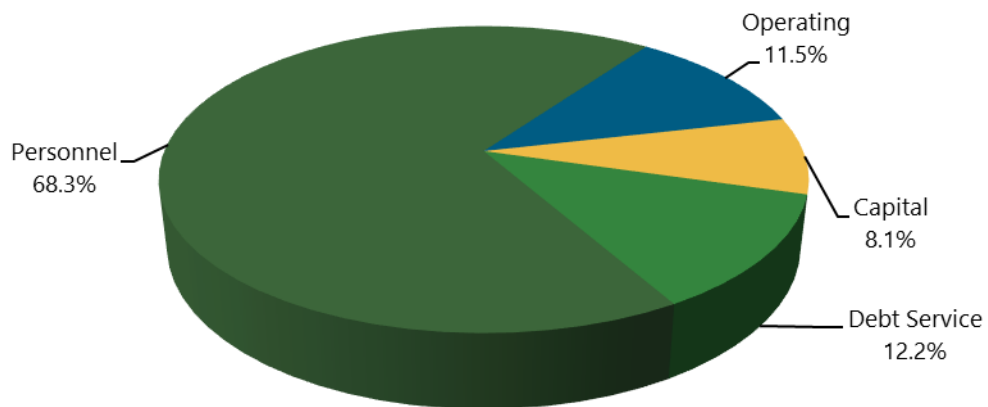
Personnel					
Type	FY19-20 Actual	FY20-21 Actual	FY21-22 Budget	FY22-23 Approved	Percent Change
Full-time	12.5	12.5	14.5	14.5	0.00%
Part-time					
Total	12.5	12.5	14.5	14.5	0.00%

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

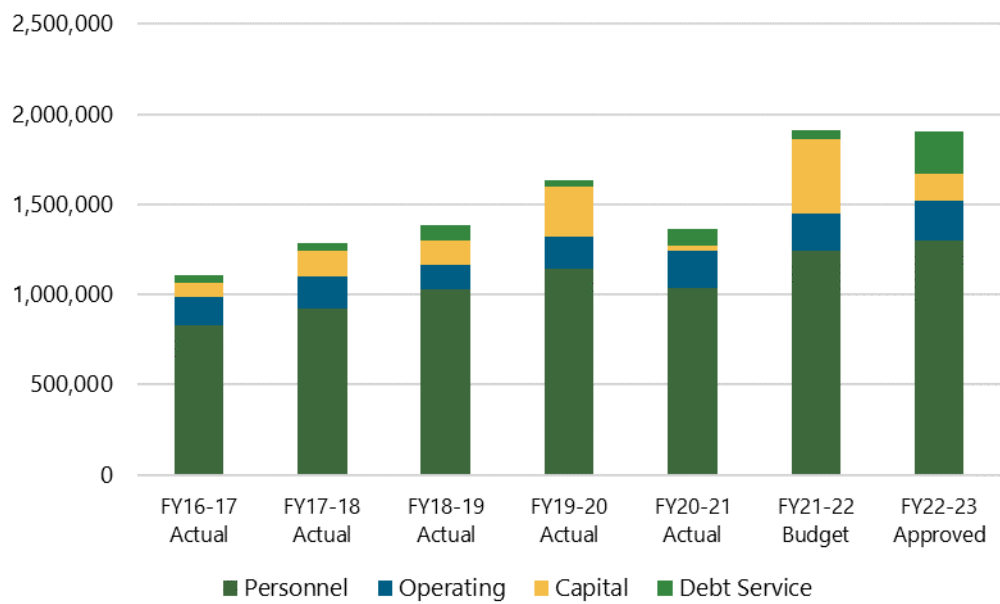
Staffing	
Position Title	Count
Police Chief	1
Lieutenant	1
Sergeant	2
Police Officer	10
Administrative Assistant	0.5

This table shows the staffing for the department. The Administrative Assistant position is shared between the police and fire departments.

Police Expenditures by Type



Police Expenditure History



Line Item Expenditures

Police						
Account Description	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Salary and Wages	742,631	865,769	911,599	911,599	45,830	5.29%
Salaries and Wages (overtime)	39,855	26,000	26,000	26,000	0	0.00%
Salaries and Wages (part time)	4,785			0	0	
Police Sep Allow Salaries	7,927	9,250	9,250	9,250	0	0.00%
FICA		66,499	72,434	72,434	5,935	8.92%
Workers' Compensation		18,386	20,558	20,558	2,172	11.81%
Supplemental Retirement (LGERs)	122,887	107,201	122,582	122,582	15,381	14.35%
401k		44,588	46,880	46,880	2,292	5.14%
Medical/Dental Insurance	119,403	104,594	89,613	89,613	(14,981)	-14.32%
Contracted Services	14497.39	75,108	80,647	68,647	(6,461)	-8.60%
Supplies and Materials	10,895	7,000	8,000	8,000	1,000	14.29%
Uniforms	14,481	10,000	11,500	11,500	1,500	15.00%
Police Supplies and Materials	15,098	15,000	15,000	15,000	0	0.00%
Police Supplies and Materials - Donated Funds			3,290	3,290	3,290	
Vehicle Supplies and Materials	28,190	35,000	35,000	35,000	0	0.00%
Technology Hardware & Accessories		3,246	0	0	(3,246)	-100.00%
Travel and Training	18,236	15,000	25,000	25,000	10,000	66.67%
Dues and Subscriptions	1,014	9,037	10,037	10,037	1,000	11.07%
Communications	15,934	17,335	17,687	17,687	352	2.03%
Leased Equipment		1,914	1,914	1,914	0	0.01%
Printing and Binding	1,087	1,000	750	750	(250)	-25.00%
Advertising	2,127	1,000	500	500	(500)	-50.00%
Other Services	6,960		0	0	0	
Repairs and Maintenance	3,366	3,000	3,000	3,000	0	0.00%
Vehicle Repairs and Maintenance	13,337	11,000	12,500	12,500	1,500	13.64%
Miscellaneous	3,093	5,000	5,000	5,000	0	0.00%
Capital Outlay - over \$5,000	953	240,000	115,052	115,052	(124,948)	-52.06%
Capital Outlay - under \$5,000	26,196	169,666	45,900	38,500	(131,166)	-77.31%
Debt Service	91,300	48,093	231,807	231,807	183,714	382.00%
Fixed Charges	57,602		0	0	0	
TOTAL	1,361,856	1,909,686	1,921,500	1,902,100	(7,586)	-0.40%

Notes

Contracted Services

Axon (car and body camera)	39,627
Cradlepoint NetCloud Service	3,060
Annual Radar/Lidar Certification	700
Annual Fire Extinguisher Inspection/Testing	425
Bi-Weekly Office Cleaning	8,320
Police Officer Mental Health Initiative	7,950
Lexipol (Police Policy Maintenance/Training)	8,565
	<u>68,647</u>

Supplies and Materials

Other Supplies and Materials	8,000
	<u>8,000</u>

Uniforms

Scheduled Ballistic Vest Replacement	3,361
Other Uniform Items	8,139
	<u>11,500</u>

Police Supplies and Materials

Sidearm Lights	1,862
Replacement Duty Holsters	2,400
(2) Tire Deflation Devices w/ Fixed Storage	1,250
Other Police Supplies and Materials	9,488
	<u>15,000</u>

Police Supplies and Materials - Donated Funds

Annual PBA Membership	3,290
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Travel and Training

Firing Range (Indoor)	1,000
Other Travel and Training	24,000
	<u>25,000</u>

Dues and Subscriptions

DCIN Terminal Fees	2,030
Southern Software Annual Software Support	3,483
eCrash Annual Software Licensing Fee	1,000
PlanIT Scheduling Software Annual Fee	995
NetMotion Licensing	1,184
Professional Organization Membership Dues	1,345
	<u>10,037</u>

Communications

Wireless Telephone/Data Services	7,161	(15 Devices)
Broadband Data Services (Patrol Fleet)	7,427	(15 Routers)
Broadband Data Services (ALPRs)	991	(2 Routers)
Broadband Data Services (Video Camera Net)	578	(3 Routers x 7mos.)
		(\$90/yr x 17 Portable
Portable Radio WiFi Service Fees	1,530	Radios)
	<u>17,687</u>	

Leased Equipment

Copier	1,391
Postage Meter	<u>523</u>
	1,914

Fire Department

Description

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

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

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

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

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

With a growing town, came increased building and tourism and a more consistent call volume. Duck lost much of its working age (firefighter age) population and gained a more retired population. Over time 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. T-shirt sales supplement the operations focused on retention, volunteer physicals, duty uniforms, and small projects. The Chief oversees the day-to-day operations of the department and works in collaboration with the Board of Directors and Town Manager for budgeting. The Duck Fire Department welcomes individuals willing to serve their community as a volunteer firefighter.

Recent Accomplishments

- Secured two new firefighter positions and integrated new level of staffing into fire operations.
- Acquired and placed in service P25-Compliant radios.
- Reviewed and revised all fire policies and disseminated to volunteer and career personnel.
- Completed scheduled fire inspections.
- Collected and prepared all materials for the NCDOT Public Protection Survey (ISO).
- Resumed training/travel opportunities for fire personnel.
- Purchased new thermal imaging cameras to assist in search in fire conditions and at hazardous materials incidents.
- Specified and ordered an Engine to replace Engine 11. The new engine is expected to be delivered in approximately two years.

Upcoming Projects

- Review and revise operational procedures to align with updated fire policies.
- Continue collaboration with Town staff on Emergency Planning, Continuity of Operations and Town-wide safety program.
- Implementation of career development/succession planning program for employees.
- Continued planning of Public Safety Building as needed.

FY 2022-2023 Budget Highlights

- The Fire Department budget decreased 3.7% in FY 2022-23 mostly due a reduction in the amount budgeted for capital following a year when we made a significant capital investment in new radios to maintain compliance with current standards.
- The Fire budget accounts for 13.6% of the General Fund budget and is equivalent to \$0.098 on the tax rate.
- A modest increase in a direct allocation is requested to meet the rising costs of uniforms, utilities, repairs, and insurance (see table below).
- CIP requests included in the FY 22-23 budget include equipment, such as SCBA, turnout gear, hose, etc. on a gradual replacement schedule.

Expenditures by Type								
Type	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Budget	FY22-23 Approved	Percent Change
Personnel	668,717	702,522	864,886	965,545	1,025,733	1,256,183	1,323,560	5.36%
Operating	330,599	288,668	284,031	283,955	290,969	247,431	266,030	7.52%
Capital	0	33,500	43,296	115,872	14,463	301,525	57,000	-81.10%
Debt Service	14,083	14,083	14,083	0	18,258	82,733	171,119	106.83%
Total	1,013,399	1,038,773	1,206,296	1,365,372	1,349,422	1,887,872	1,817,710	-3.72%

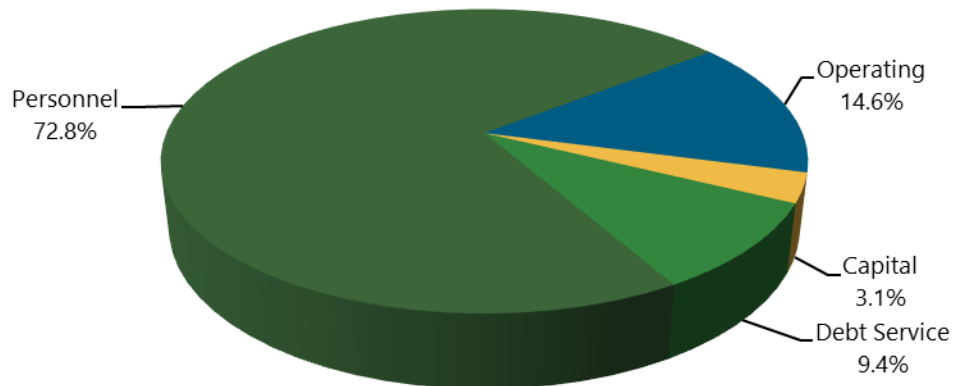
Personnel					
Type	FY19-20 Actual	FY20-21 Actual	FY21-22 Budget	FY22-23 Approved	Percent Change
Full-time	12.5	12.5	14.5	14.5	0.00%
Part-time					
Total	12.5	12.5	14.5	14.5	0.00%

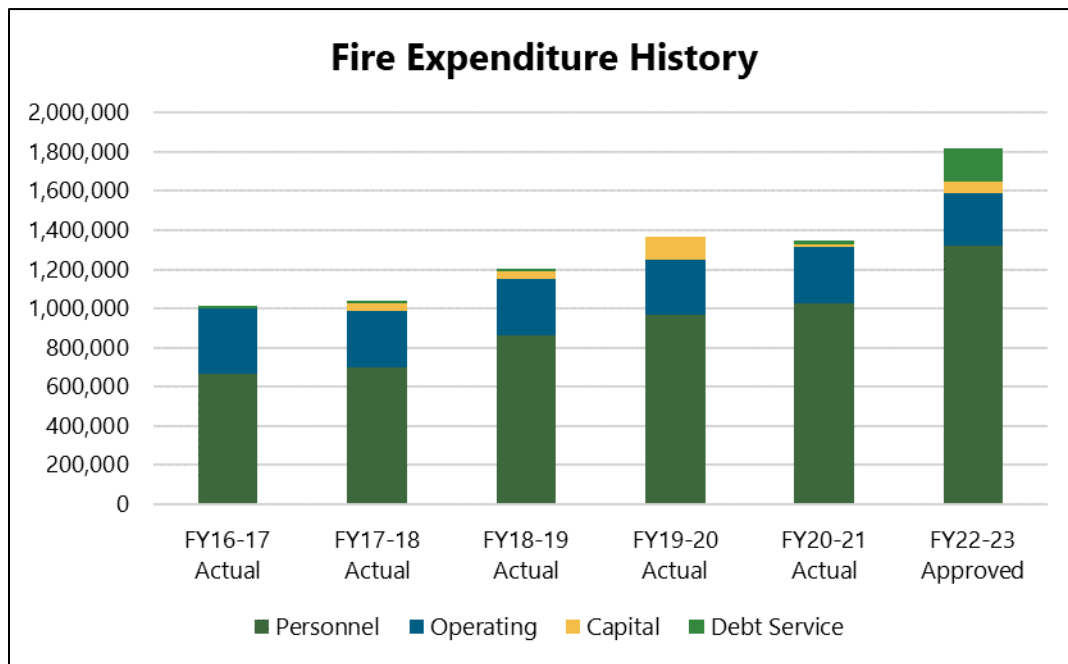
This table reflects the addition of two new firefighters last fiscal year, and that we will not be adding any positions this year.

Staffing	
Position Title	Count
Fire Chief	1
Deputy Fire Chief	1
Captain	3
Fire Engineer	3
Firefighter	6
Administrative Assistant	0.5

This table shows the staffing for the department. The Administrative Assistant position is shared between the police and fire departments.

Fire Expenditures by Type





Line Item Expenditures

Fire						
Account Description	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Salaries and Wages	697,999	850,967	907,690	907,690	56,723	6.67%
Salary and Wages (overtime)	45,821	25,000	25,000	25,000	0	0.00%
Salaries and Wages (part time)	21,751	15,000	15,000	15,000	0	0.00%
FICA		68,159	72,498	72,498	4,339	6.37%
Workers' Compensation		24,469	26,531	26,531	2,062	8.43%
Supplemental Retirement (LGRS)	113,738	99,422	112,844	112,844	13,422	13.50%
401k		43,798	46,634	46,634	2,836	6.48%
Medical/Dental Insurance	146,424	129,368	117,363	117,363	(12,005)	-9.28%
Uniforms					0	
Vehicle Supplies and Materials	2,907	6,000	4,000	4,000	(2,000)	-33.33%
Technology Hardware & Accessories		4,971	0	0	(4,971)	-100.00%
Travel and Training	1,330	0			0	
Communications	16,097	2,460	7,230	7,230	4,770	193.92%
Vehicle Repairs and Maintenance	2,197	3,000	3,000	3,000	0	0.00%
Miscellaneous	1,716				0	
Capital Outlay - over \$5,000					0	
Capital Outlay - under \$5,000	14,463	301,525	53,500	57,000	(244,525)	-81.10%
Subsidies and Allocations	266,721	231,000	251,800	251,800	20,800	9.00%
Debt Service	18,258	82,733	171,119	171,119	88,386	106.83%
TOTAL	1,349,422	1,887,872	1,814,210	1,817,710	(70,162)	-3.72%

Notes

Communications

Mobile Phones	1,091	
I-Pads	913	
MiFi	457	
Portable Radio WiFi Service Fees	4,770	(\$90/yr x 53 Portable Radios)
	7,230	

Capital Outlay Under \$5,000

Turnout Gear	15,000
SCBA Replacement	36,000
Hose and Appliance Replacement	6,000
	57,000

Debt Service

Command Vehicle Replacement (2019)	25,713
Radios	87,685
Engine 111 (2014)	57,721
	171,119

Subsidies and Allocations

Please refer to the summary below

Duck Volunteer Fire Department Allocation				
	FY 2020-21	FY 2021-22	Request FY 22-23	Variance
Professional services	7,000	7,000	7,500	500
Contracted Seviles	20,000	22,600	24,000	1,400
Supplies & Materials	27,200	31,200	31,200	-
Uniforms	6,500	8,000	13,000	5,000
Firefighter Costs	8,400	8,400	11,900	3,500
Fire Supplies & Materials	17,000	14,400	15,000	600
Rescue 11 Supplies & Materials	4,000	5,000	5,000	-
Fire Prevention Supplies & Materials	1,500	1,500	2,000	500
Vehicle Supplies and Materials	12,000	13,000	15,000	2,000
Technology Hardware & Accessories				-
Travel and Training	12,000	24,000	24,000	-
Dues and Subscriptions	3,500	4,000	4,000	-
Communications				-
Utilities	18,500	18,500	15,200	(3,300)
Insurance and Bonding	43,600	43,600	47,000	3,400
Repairs and Maintenance	8,000	7,000	10,000	3,000
Vehicle Repairs and Maintenance	18,000	21,000	25,000	4,000
Miscellaneous	1,800	1,800	2,000	200
TOTAL	209,000	231,000	251,800	20,800

Inspections

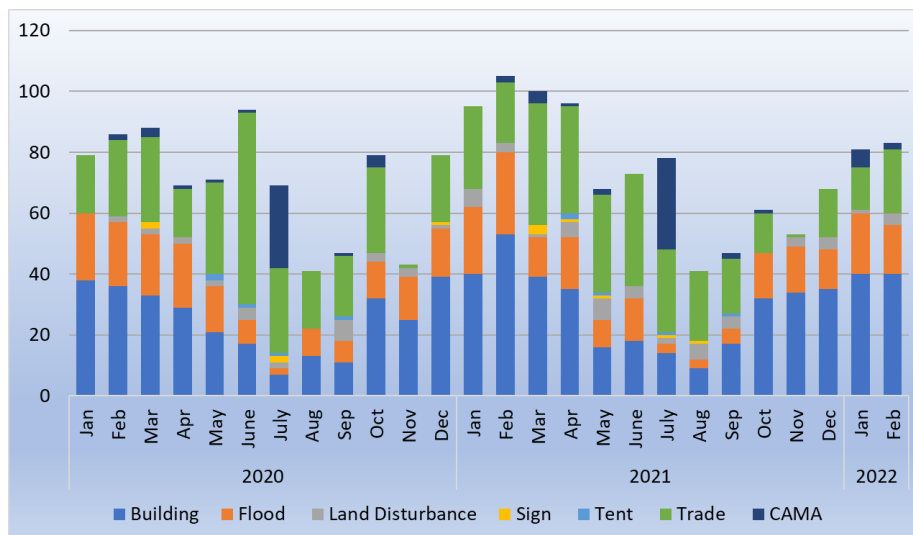
Description

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

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

Recent Accomplishments

- Even with two months closure due to COVID-19 measures, the Inspections Department issued 885 permits (the highest level of per month activity in the past decade).



- In response to COVID-19 concerns, the Inspections Department implemented on-line applications and remote permitting systems to minimize direct contact and improve its level of service to contractors and property owners. We continue to use these process improvements to enhance efficiency during the permitting and inspection process.
- Our Facilities Maintenance Technician began to take classes and examinations related to obtaining Level 1 inspector certifications in all trades to serve as a back-up to our Building Inspector.

Upcoming Projects

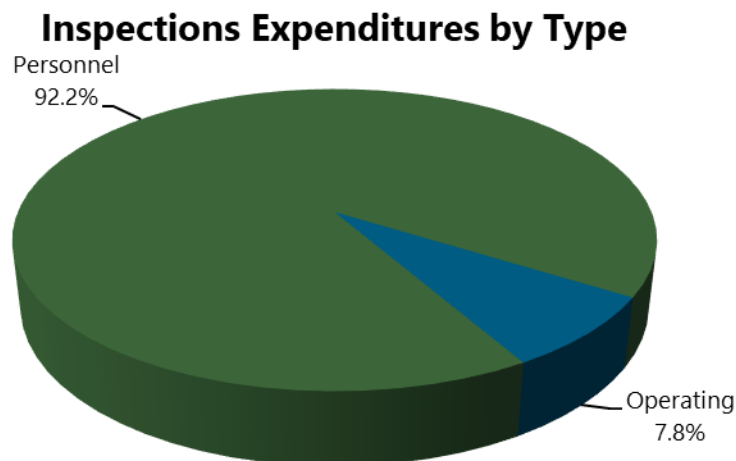
- Staff will continue to fine tune remote permitting options for contractors and property owners.

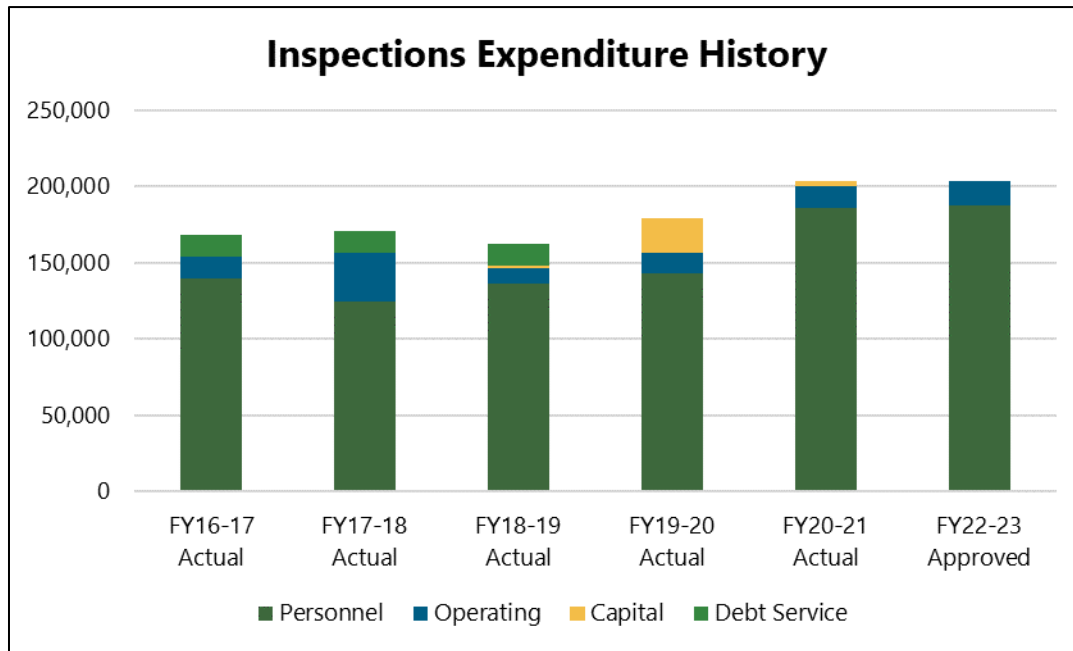
- Seek additional certifications and training for back-up building inspector duties for our Facilities Maintenance Technician.

FY 2022-2023 Budget Highlights

- The Inspections Department budget increased 9.5% in FY21-22 due mostly to the reallocation of personnel as described below.
- The Inspections budget accounts for 1.5% of the General Fund budget and is equivalent to \$0.011 on the tax rate.

Expenditures by Type								
Type	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Budget	FY22-23 Approved	Percent Change
Personnel	139,430	124,764	136,030	143,406	185,876	182,115	187,933	3.19%
Operating	14,491	31,789	10,261	13,578	14,655	22,652	15,897	-29.82%
Capital	0	0	1,909	22,318	2,968	0	0	-
Debt Service	14,083	14,083	14,083	0	0	0	0	-
Total	168,004	170,636	162,284	179,303	203,499	204,767	203,830	-0.46%





Line Item Expenditures

Inspections						
Account Description	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Salaries Wages	105,029	134,184	138,961	138,961	4,777	3.56%
Salaries and Wages (part time)	33,624	0		0	0	
FICA		10,265	10,631	10,631	366	3.56%
Workers' Compensation		1,262	1,326	1,326	64	5.08%
Supplemental Retirement (LIGERS)	18,981	15,230	16,818	16,818	1,588	10.43%
401k		6,709	6,948	6,948	239	3.56%
Medical/Dental Insurance	28,242	14,465	13,249	13,249	(1,216)	-8.41%
Professional Services					0	
Supplies and Materials	112	1,500	600	600	(900)	-60.00%
Uniforms		600	400	400	(200)	-33.33%
Vehicle Supplies and Materials	2,723	1,500	1,800	1,800	300	20.00%
Technology Hardware & Accessories			0	0	0	
Travel and Training	719	2,000	1,500	1,500	(500)	-25.00%
Dues and Subscriptions	20	4,100	4,100	4,100	0	0.00%
Communications	1,551	1,484	1,378	1,378	(106)	-7.16%
Leased Equipment		8,718	3,369	3,369	(5,349)	-61.35%
Vehicle Repairs and Maintenance	1,414	1,250	1,250	1,250	0	0.00%
Miscellaneous	1,701	1,500	1,500	1,500	0	0.00%
Capital Outlay - over \$5,000					0	
Capital Outlay - under \$5,000	2,968				0	
Debt Service					0	
Fixed Charges	6,415				0	
TOTAL	203,499	204,767	203,830	203,830	(937)	-0.46%

Notes

Dues and Subscriptions

Permitting Software	3,600
Other Dues and Subscriptions	500
	<hr/> 4,100

Communications

Mobile Phones/iPad	1,378
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Leased Equipment

Copier	2,846
Postage Meter	523
	<hr/> 3,369

Miscellaneous

Includes Homeowner's Recovery Pass-
Through

Ocean Rescue

Description

Under a contract with Sandski, LLC., the Town provides ocean rescue services along our seven miles of ocean front 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 extended coverage into the fall of 2021 to reflect the higher than normal beach usage being seen.
- Replaced older lifeguard stands and replaced the storage shed used for their equipment located near the public safety building.

Upcoming Projects

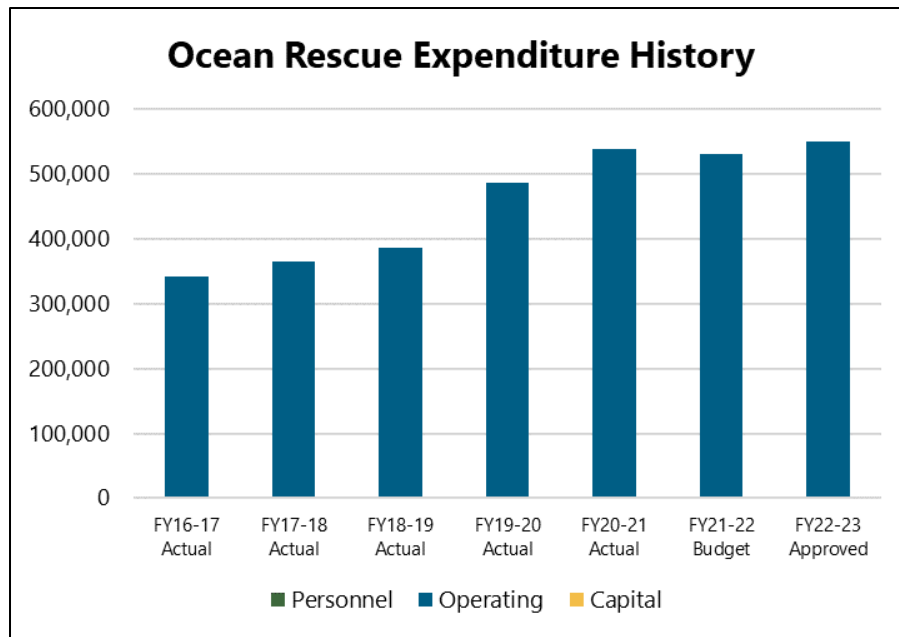
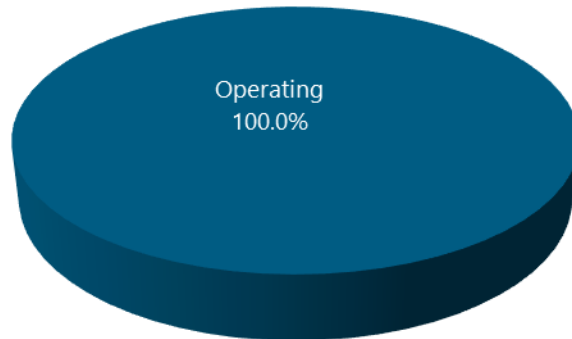
- The contractor continues to replace old lifeguard stands with new ones and will be adding one stand in the summer of 2022.

FY 2022-2023 Budget Highlights

- The Ocean Rescue Department budget increases 3.5% from the FY2021-22 budget due to the cost increase built into the contract and the fact that we are now budgeting expenses related to a mobile phone and iPad used by the lifeguards to this department.
- The Ocean Rescue budget accounts for 4.13% of the General Fund budget and is equivalent to \$0.030 on the tax rate.

Expenditures by Type								
Type	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Budget	FY22-23 Approved	Percent Change
Personnel			0	0	0	0	0	-
Operating	343,000	365,000	387,139	486,000	538,114	531,500	550,001	3.48%
Capital	0	0	0	0	0	0	0	-
Total	343,000	365,000	387,139	486,000	538,114	531,500	550,001	3.48%

Ocean Rescue Expenditures by Type



Line Item Expenditures

Ocean Rescue						
Account Description	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Subsidies and Allocations	538,114					
Communications			2,001	2,001	2,001	
Contracted Services		531,500	548,000	548,000	16,500	3.10%
TOTAL	538,114	531,500	550,001	550,001	18,501	3.48%

Notes

n/a

Streets & Highways

Description

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

Recent Accomplishments

- Facilitated new maintenance contracts that split the responsibility for maintaining the Duck Village sidewalk landscaping and maintaining the Duck Trail landscaping.
- Replaced 1,020 linear feet of the Duck Trail needing repair with a combination of traditional and permeable concrete shared use path.
- Replaced two bulkheads, including one with a shelter, bench, bike rack, and water fountain to provide a rest stop for those using Duck Trail north of the village.
- Designed, obtained easements, and arranged significant grant funding for a coastal resiliency project including a living shoreline, pedestrian/bicycle improvements, and elevation of N.C. Highway 12 for a quarter-mile stretch in the northern section of Duck Village.

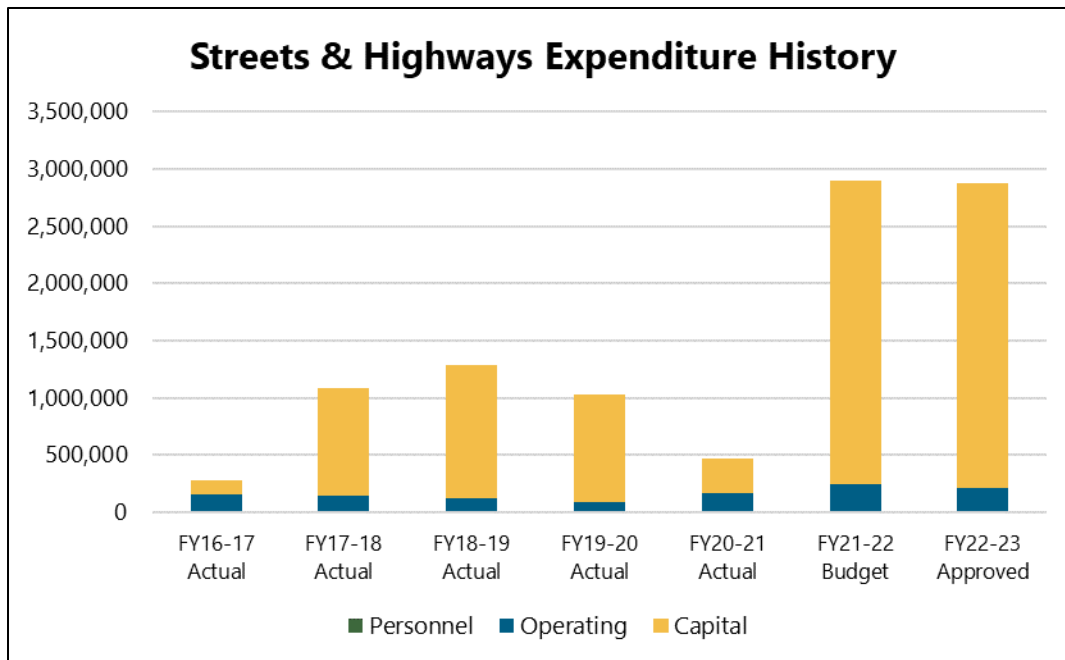
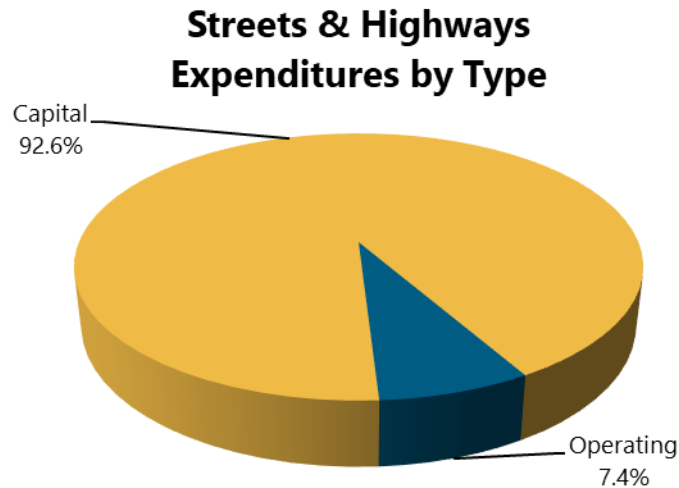
Upcoming Projects

- Complete funding, permit, and implement a multi-faceted coastal resiliency project including a living shoreline, sidewalk/bike lane, N.C. 12 elevation, and stormwater management improvements.
- Replace aging retaining walls along the Duck Trail north of Pintail Drive, south of Nor'Banks Drive, and south of Tuckahoe Drive.
- Replace the remaining section of the Duck Trail north of Oyster Catcher Lane adjoining the Sanderling neighborhood with a concrete shared use path.
- Install stormwater management improvements along the northern portion of Duck Trail adjoining the Sanderling neighborhood and drainage features for N.C. 12 in the village in the area of Wee Winks and Duck United Methodist Church.

FY 2022-2023 Budget Highlights

- The Streets & Highways Department budget decreases just 1.1% in FY 2022-23 as the large Highway 12 elevation, living shoreline, and sidewalk improvement (phase IV) project, planned for FY 2021-22, has been delayed, pending grant funding, to FY 2022-23.
- The Streets & Highways department budget accounts for 22.04% of the General Fund budget due mostly to the project mentioned above, and is equivalent to \$0.159 on the tax rate.

Expenditures by Type								
Type	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Budget	FY22-23 Approved	Percent Change
Personnel			0	0	0	0	0	-
Operating	158,369	149,937	118,236	95,485	166,856	243,989	211,820	-13.18%
Capital	127,480	938,877	1,167,192	937,018	307,602	2,660,597	2,660,000	-0.02%
Total	285,849	1,088,814	1,285,428	1,032,502	474,458	2,904,586	2,871,820	-1.13%



Line Item Expenditures

Streets & Highways						
Account Description	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Professional Services	85,360	163,100	118,000	118,000	(45,100)	-27.65%
Contracted Services		50,649	54,138	54,138	3,489	6.89%
Temporary Help Services	58,518				0	
Supplies and Materials	294	2,000	13,000	13,000	11,000	550.00%
Utilities	2,997	1,240	2,980	2,980	1,740	140.32%
Repairs and Maintenance	19,687	25,000	24,000	21,702	(3,298)	-13.19%
Miscellaneous		2,000	2,000	2,000	0	0.00%
Capital Outlay-over \$5,000	196,542	2,660,597	2,723,300	2,660,000	(597)	-0.02%
Capital Outlay-under \$5,000					0	
Capital Outlay - Ped. Improvement	45,260				0	
Capital Outlay Living Shoreline	65,800				0	
TOTAL	474,458	2,904,586	2,937,418	2,871,820	(32,766)	-1.13%

Notes

Professional Services

		Bidding and Const
VHB - BRIC/Sidewalk	93,000	Admin
VHB - Traffic Control/Crosswalk Design	15,000	
Duck Trail Surveying/Engineering	10,000	
	118,000	

Contracted Services

Caribbean Landscaping (Duck Village Sidewalks)	21,546
Coinjock Lawncare (Duck Trail & Multi-Use Path)	32,192
Sump Pump Maintenance	400
	54,138

Supplies and Materials

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

Utilities

Power	1,500	Sump Pump and Radar Signs
Water	1,480	Water Fountains and Irrigation
	2,980	

Capital Outlay-over \$5,000

Repaving Duck Trail	120,000
Stormwater Management	45,000
Coastal Resiliency Project	<u>2,495,000</u>
	2,660,000

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

- Changed from one collection zone to two collection zones for residential trash service on an experimental basis to see if the change helps improve service levels. When this was not well received by portions of the community, we returned to the prior service model.
- Updated communications materials to attempt to gain greater compliance with ordinances related to when carts can be placed at the street.

Upcoming Projects

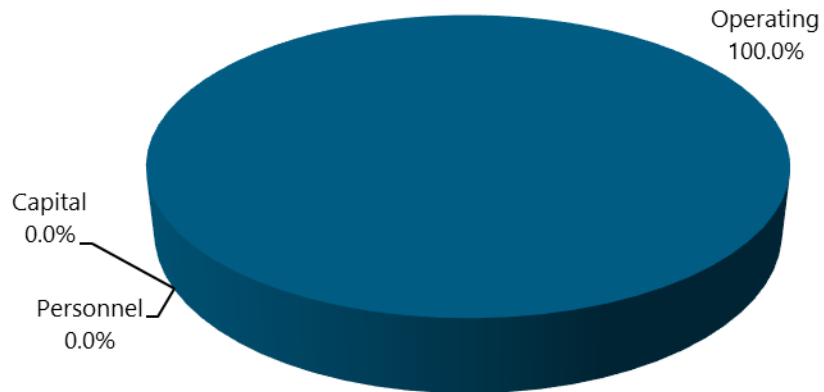
- Continued evaluation of current pick-up schedules and monitoring of contracted service to ensure compliance with contract terms and service expectations.

FY 2022-2023 Budget Highlights

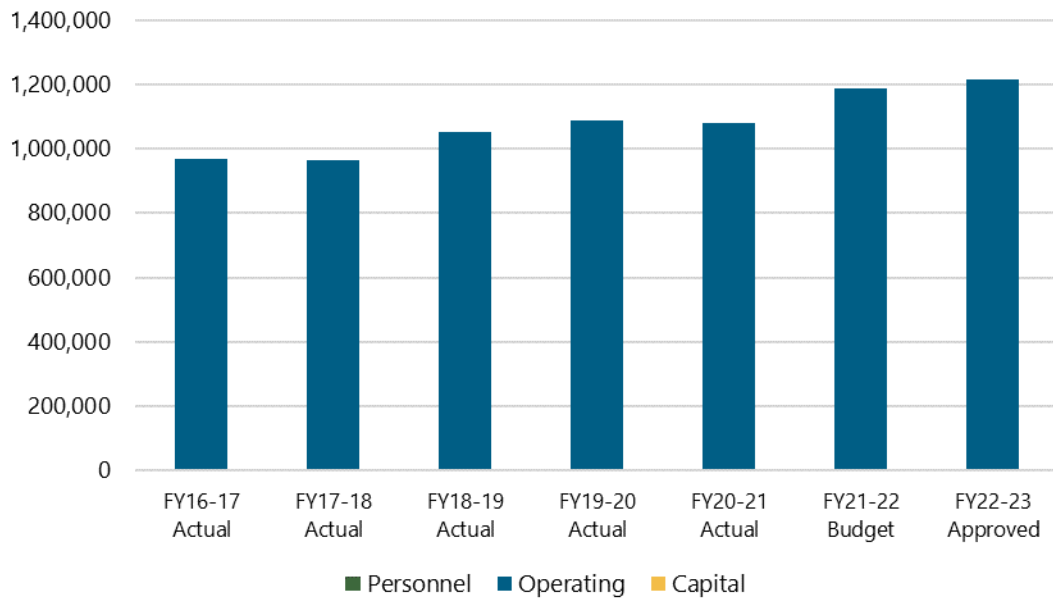
- The Sanitation Department budget increased 2.4% from the FY 2021-22 budget due to contracted service fee increases and an increase in the number of units collected.
- The Sanitation budget accounts for 9.1% of the General Fund budget and is equivalent to \$0.066 on the tax rate.

Expenditures by Type								
Type	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Budget	FY22-23 Approved	Percent Change
Personnel			0	0	0	0	0	-
Operating	971,013	967,258	1,054,665	1,087,979	1,081,528	1,187,286	1,216,360	2.45%
Capital			0	0	0	0	0	-
Total	971,013	967,258	1,054,665	1,087,979	1,081,528	1,187,286	1,216,360	2.45%

Sanitation Expenditures by Type



Sanitation Expenditure History



Line Item Expenditures

Sanitation						
Account Description	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Contracted - Garbage	905,211	940,990	964,352	964,352	23,362	2.48%
Contracted - Recycling	174,998	246,296	252,008	252,008	5,712	2.32%
Contracted - Disaster Debris Clean-Up	1,318				0	
TOTAL	1,081,528	1,187,286	1,216,360	1,216,360	29,074	2.45%

Notes

Garbage

	Residential	Commercial		
	\$/month	\$/month	Total/month	Annual
July - Sept (based upon Oct - March)	50,328	27,983	78,311	234,933
Oct - June (+ CPI)	51,586	28,683	80,269	722,419
				957,352
Special Collection Day	2 per year	at	3,500 each	7,000
	TOTAL		964,352	

Recycling

	Monthly		Total		
	Residential	Commercial	Residential	Commercial	TOTAL
July - Sept	See	5,304	51,272	15,912	67,184
Oct - June (+ CPI)	Below	5,437	135,895	48,929	184,824
		10,741	187,167	64,841	252,008

Environmental Protection

Description

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

Formerly known as Beach Protection, this department also has responsibility for projects related to protecting the soundside shoreline and flood protection/mitigation throughout the Town. To that end, work is underway to envision and seek grants for a project to protect the shoreline along the town hall/park property.

Recent Accomplishments

- Volunteers (82 total) planted beach grass on 21 occasions along 5,950 feet of beachfront contributing 307 hours of effort to plant 93,900 sprigs. Our contractor planted another 180,000 sprigs of beach grass along 23,350 feet of beachfront and planted 21,000 Sea Oats and 5,000 Bitter Panicum along the entire oceanfront.
- Obtained technical assistance and grant funding through the Resilient Coastal Communities Program.
- Obtained easements and submitted studies, designs, and technical information to obtain necessary permits for a beach nourishment project in Summer 2022.
- Working with Dare County and the Towns of Southern Shores, Kitty Hawk, and Kill Devil Hills, specified, bid, and contracted for the summer of 2022 Beach Nourishment project. Lower than expected construction costs allowed for additional sand to be placed on the beach during this upcoming project.

Upcoming Projects

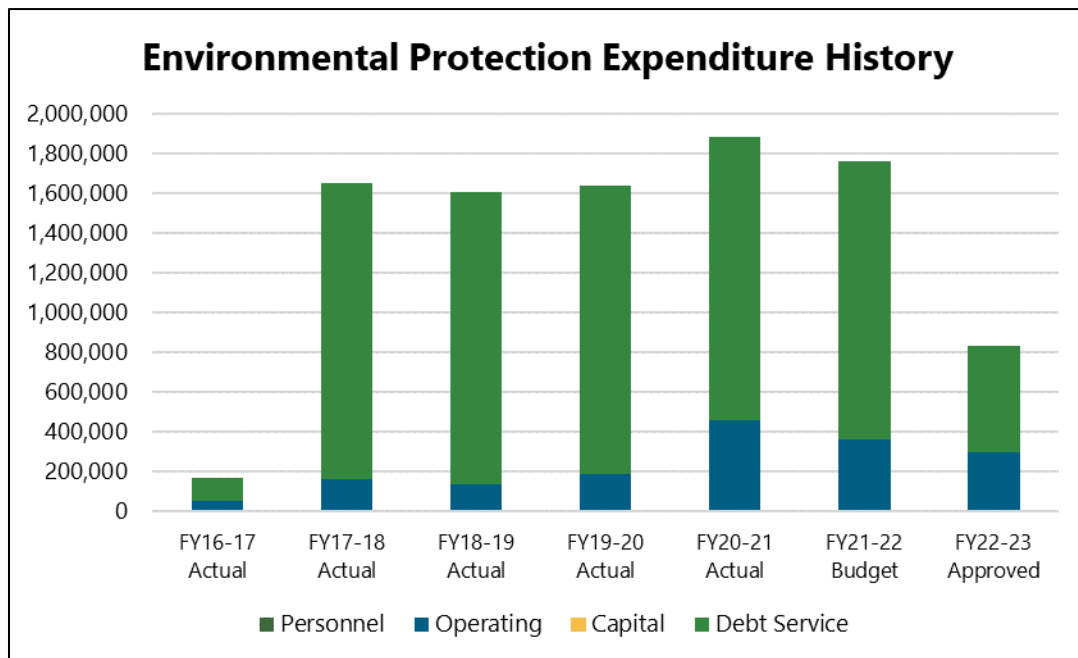
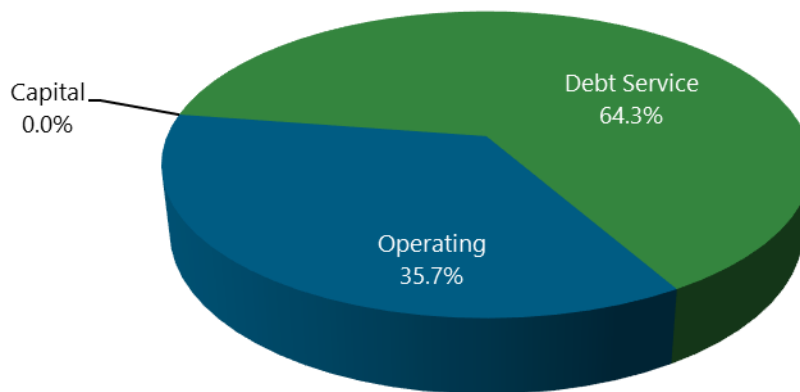
- Construction of the planned renourishment of a 1.7 mile stretch of beach north of the USACE Field Research Facility.
- Complete necessary aspects the Resilient Coastal Communities Program with the objective of funding a neighborhood flooding management study during this phase.
- Continue to educate the public about environmental resources, issues, and nature-based solutions.

FY 2022-2023 Budget Highlights

- The Environmental Protection department budget decreased 52.8% from the FY 2021-22 budget due to reductions in debt service.
- The Environmental Protection department budget accounts for 7.14% of the General Fund budget and is equivalent to \$0.052 on the tax rate.

Expenditures by Type								
Type	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Budget	FY22-23 Approved	Percent Change
Personnel								-
Operating	54,080	158,165	135,953	189,918	459,806	358,737	297,000	-17.21%
Capital	0	0	0	0	0	0	0	-
Debt Service	111,544	1,491,614	1,469,611	1,447,608	1,425,605	1,403,601	534,130	-61.95%
Total	165,624	1,649,779	1,605,564	1,637,525	1,885,411	1,762,338	831,130	-52.84%

Environmental Protection Expenditures by Type



Line Item Expenditures

Environmental Protection						
Account Description	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Professional Services	396,285	275,100	280,500	160,500	(114,600)	-41.66%
Supplies and Materials	14,912	10,000	15,000	15,000	5,000	50.00%
Repairs and Maintenance	48,134	72,137	120,000	120,000	47,863	66.35%
Miscellaneous	475	1,500	1,500	1,500	0	0.00%
Debt Service	1,425,605	1,403,601	534,130	534,130	(869,471)	-61.95%
TOTAL	1,885,411	1,762,338	951,130	831,130	(931,208)	-52.84%

Notes

Professional Services

CPE (Beach Monitoring/Vulnerability Analysis)	58,000
VHB (Stormwater Management Plan)	102,500
	<u>160,500</u>

Supplies and Materials

Beach Grass, etc.	15,000
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Repairs and Maintenance

Emerald Forest (Beach Grass)	73,000
Emerald Forest (Post-Nourishment Sand Fencing)	40,000
Christmas Tree Installation	<u>7,000</u>
	120,000

Debt Service

Beach Nourishment (2022)	
Series 2021 A (Town Portion)	
Principal	474,917
Interest	39,323
Series 2021 B (FEMA Portion)	
Interest	<u>19,889</u>
Total	<u>534,130</u>

Community Development

Description

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

Recent Accomplishments

- In addition to administrative review of development proposals and CAMA permits, conditional use permit/special exception applications were presented for review by the Planning Board and Town Council over the past year.
- To address concerns and the ramifications of newly adopted FEMA flood maps, the Town adopted comprehensive amendments to its flood damage prevention ordinance.
- Updated Town standards for compliance with the planning enabling legislation in NCGS Chapter 160D.
- Hired a full-time Community Planner, in November, to assist with permitting, compliance inspections, and other related duties.

Upcoming Projects

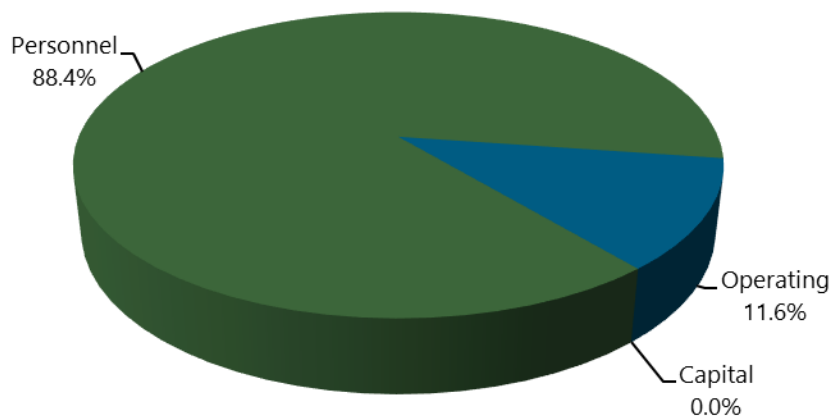
- Facilitate projects and initiatives implementing recommendations of the Town's adopted plans.
- Engage community stakeholders with information about upcoming projects and opportunities for input about prioritizing projects and initiatives.

FY 2022-2023 Budget Highlights

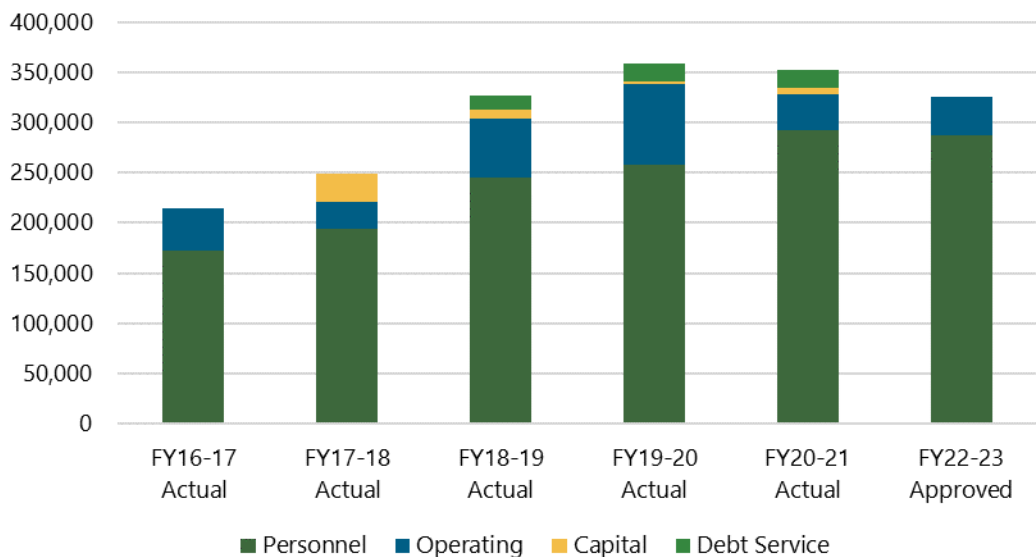
- The Community Development department budget increases 6.8% from the FY 2021-22 budget due mostly to having a full staff for the full year.
- The Community Development department budget accounts for 2.4% of the General Fund budget and is equivalent to \$0.018 on the tax rate.

Expenditures by Type								
Type	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Budget	FY22-23 Approved	Percent Change
Personnel	172,587	194,269	244,780	257,750	292,985	258,717	287,530	11.14%
Operating	41,461	26,681	59,940	80,633	35,489	42,908	37,853	-11.78%
Capital	0	28,480	8,471	2,492	6,998	3,000	0	-100.00%
Debt Service	0	0	14,373	18,355	17,991	0	0	-
Total	214,048	249,430	327,564	359,230	353,464	304,625	325,383	6.81%

Community Development Expenditures by Type



Community Development Expenditure History



Line Item Expenditures

Community Development						
Account Description	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Salaries and Wages	209,854	181,887	206,795	206,795	24,908	13.69%
Salaries and Wages (part time)	11,576	0		0	0	
Board Stipends	3,750	7,200	8,100	8,100	900	12.50%
FICA		14,537	15,820	15,820	1,283	8.82%
Workers' Compensation		2,515	2,824	2,824	309	12.29%
Supplemental Retirement (LGRS)	31,713	21,568	25,031	25,031	3,463	16.06%
401k		9,501	10,340	10,340	839	8.83%
Medical/Dental Insurance	36,092	21,509	18,621	18,621	(2,888)	-13.43%
Professional Services	10,302	5,000	5,000	5,000	0	0.00%
Supplies and Materials	520	2,000	1,500	1,500	(500)	-25.00%
Uniforms		650	500	500	(150)	-23.08%
Vehicle Supplies and Materials		500	700	700	200	40.00%
Technology Hardware & Accessories					0	
Travel and Training	6,623	11,400	14,450	14,450	3,050	26.75%
Dues and Subscriptions	876	7,400	5,100	5,100	(2,300)	-31.08%
Communications	2,255	3,740	3,433	3,433	(307)	-8.20%
Printing and Binding	291				0	
Advertising	512	1,500	1,600	1,600	100	6.67%
Leased Equipment		8,718	3,369	3,369	(5,349)	-61.35%
Vehicle Repairs and Maintenance	604	1,000	1,200	1,200	200	20.00%
Miscellaneous	2,290	1,000	1,000	1,000	0	0.00%
Capital Outlay - under \$5,000	6,998	3,000		0	(3,000)	-100.00%
Debt Service	17,991				0	
Fixed Charges	11,215				0	
TOTAL	353,464	304,625	325,383	325,383	20,758	6.81%

Notes

Board Stipends

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

Professional Services

Engineering Services	4,000
Planning/Other Services	1,000
	<u>5,000</u>

Uniforms

Logo attire - staff and Planning Board	500
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Travel and Training

APA/Planning (Staff)	3,500
APA/Planning (Planning Board)	1,750
NCFPM/ASFPM/Flooding	1,400

NCAZO	1,500
GIS Training	2,200
NCBIWA	1,800
UNC-SOG	1,300
Other	1,000
	<hr/> 14,450

Dues and Subscriptions

APA Dues (Staff & Planning Board)	1,800
NCBIWA	1,500
ESRI GIS Licensing	1,300
Other Dues	500
	<hr/> 5,100

Communications

Mobile Phones/iPad	1,633
Postage	1,800
	<hr/> 3,433

Leased Equipment

Copier	2,846
Postage Meter	523
	<hr/> 3,369

Recreation & Special Events

Description

Formerly known as the Parks department, this department now is focused on providing funding for Town programs such as the annual July 4th celebration, Jazz Festival, and other recurring and special programs.

Recent Accomplishments

- Spring Sound and Park cleanup
- Summer Concert series held
- Numerous events held during the summer months as we emerged from the pandemic-related slow down in activities.
- Held a 20th Anniversary celebration.

Upcoming Projects

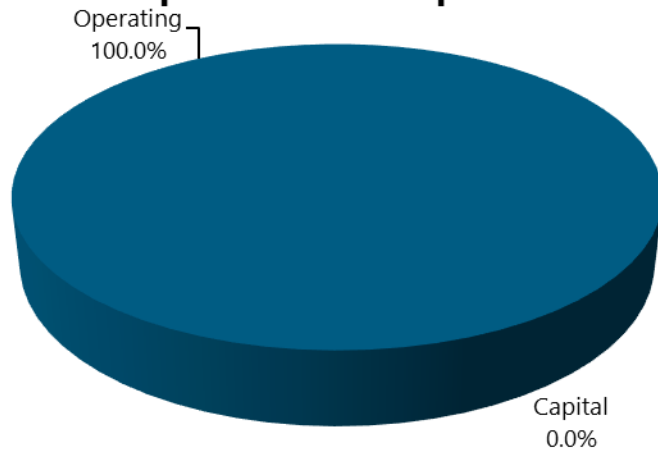
- The Jazz Festival and summer events will return to our full range of activities in FY 2023.
- Introduce an annual volunteer appreciation event.

FY 2022-2023 Budget Highlights

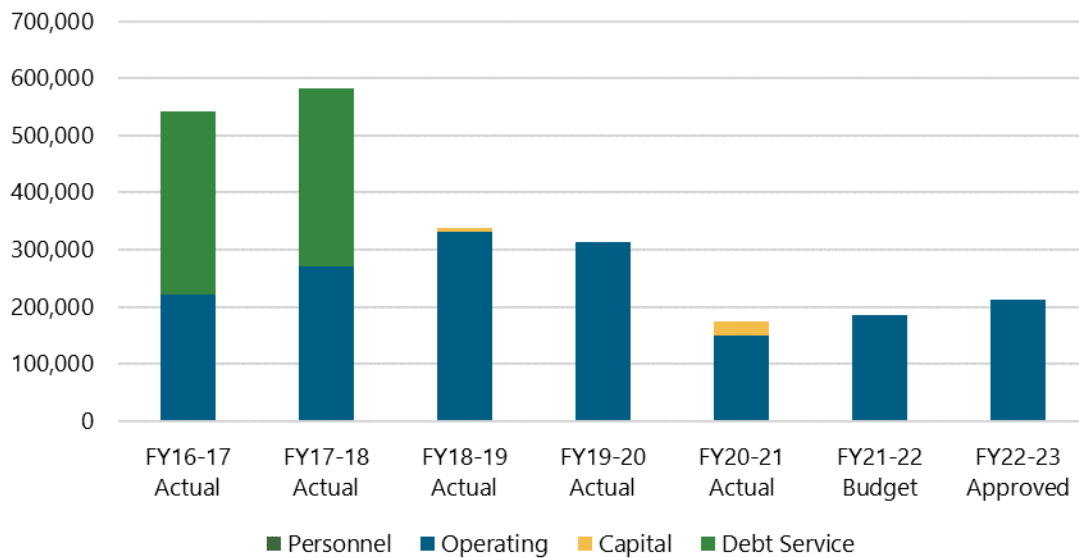
- The Recreation & Special Events department budget increased 3.2% from the FY 2021-22 budget due to mostly to planning to conduct our full range of events.
- The Recreation & Special Events department budget accounts for 1.5% of the General Fund budget and is equivalent to \$0.011 on the tax rate.

Expenditures by Type								
Type	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Budget	FY22-23 Approved	Percent Change
Personnel								-
Operating	221,301	271,693	331,960	312,772	150,077	186,900	212,700	13.80%
Capital	0	0	6,425	0	25,716	0	0	-
Debt Service	321,060	310,530						-
Total	542,361	582,223	338,384	312,772	175,793	186,900	212,700	13.80%

Recreation & Special Events Expenditures by Type



Recreation & Special Events Expenditure History



Line Item Expenditures

Recreation and Special Events						
Account Description	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Professional Services	1,232				0	
Contracted Services		137,500	168,000	168,000	30,500	22.18%
Temporary Help Services	58,202				0	
Supplies and Materials	709	7,400	7,400	7,400	0	0.00%
Dues and Subscriptions					0	
Utilities					0	
Printing and Binding	891				0	
Advertising	32,323	30,000	18,000	18,000	(12,000)	-40.00%
Repairs and Maintenance	33,181				0	
Merchandise for Resale		12,000	12,000	12,000	0	0.00%
Miscellaneous	2,118				0	
Capital Outlay - over \$5,000	25,716				0	
Fixed Charges	367				0	
Miscellaneous - Events	21,056			7,300	7,300	
TOTAL	175,793	186,900	205,400	212,700	25,800	13.80%

Notes

Contracted Services

Access Design	2,000
Beach/park signage	4,000
Events: Performers, Tents, Stage, Lights, etc.	162,000
	168,000

Supplies and Materials

Includes bottled water	7,400
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Merchandise for Resale

Duck/Event themed merchandise	12,000
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Miscellaneous - Events

July 4th Parade - Barricades, Signs, Vehicles	7,300
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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 2022-23 budget we are budgeting to transfer all revenue received from MSD taxes along with 19.81% of Sales Tax revenue, per Statute as described earlier in this document, to the Beach Nourishment fund.

In accordance with our Financial and Budgetary Policies, as shown in this document, we budget 1% of total budgeted expenditures less those for debt service and capital expenses. This contingency budget helps allow for unexpected expenditures during the year.

Other						
Account Description	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Transfer to Beach Fund MSD-A	1,384,876	639,556	646,505	647,411	7,856	1.23%
Transfer to Beach Fund MSD-B		351,754	355,374	355,872	4,118	1.17%
Sales Tax Proportion		326,040	356,645	356,645	30,605	9.39%
Total Transfers	1,384,876	1,317,349	1,358,523	1,359,928	42,579	3.23%
				1,405		
Account Description						
Contingency		73,768	75,299	75,299	1,531	2.08%
	0	73,768	75,299	75,299	1,531	2.08%

Expenditure Summary

The total budgeted expenditures for the General Fund, including transfers, is \$12,997,125 which represents a 6.7% or \$935,500 decrease from budgeted expenditures in the 2021-22 fiscal year. The table below shows the total for each department and the change compared to the budget for 2021-22.

Expenditures by Department						
Department Expenditures	FY20-21 Actual	FY21-22 Budget	FY22-23 Request	FY22-23 Approved	Variance v. CY	% Change
Governing Body	246,334	146,159	145,981	145,981	(178)	-0.1%
Administration	527,457	659,091	655,521	649,721	(9,370)	-1.4%
Finance	76,487	100,290	114,079	114,079	13,789	13.7%
Legal	501,039	82,200	62,760	62,760	(19,440)	-23.6%
Public Facilities	398,086	521,593	613,547	517,558	(4,035)	-0.8%
Information Technology	148,566	152,615	175,765	140,765	(11,851)	-7.8%
Police	1,361,856	1,909,686	1,921,500	1,902,100	(7,586)	-0.4%
Fire	1,349,422	1,887,872	1,814,210	1,817,710	(70,162)	-3.7%
Inspections	203,499	204,767	203,830	203,830	(937)	-0.5%
Ocean Rescue	538,114	531,500	550,001	550,001	18,501	3.5%
Streets & Highways	474,458	2,904,586	2,937,418	2,871,820	(32,766)	-1.1%
Sanitation	1,081,528	1,187,286	1,216,360	1,216,360	29,074	2.4%
Environmental Protection	1,885,411	1,762,338	951,130	831,130	(931,208)	-52.8%
Community Development	353,464	304,625	325,383	325,383	20,758	6.8%
Recreation & Special Events	175,793	186,900	205,400	212,700	25,800	13.8%
Transfers	1,384,876	1,317,349	1,358,523	1,359,928	42,579	3.2%
Contingency	0	73,768	76,685	75,299	1,531	2.1%
Total	10,706,388	13,932,625	13,328,093	12,997,125	(935,500)	-6.7%

Fund Balance

The Town plans to appropriate \$120,000 from the General Fund fund balance for FY 2022-23. Fund balance is the difference between the assets and liabilities in a fund. Fund balance acts as a reserve or “rainy day” fund for unanticipated incidents or opportunities. Revenues and expenditures in the budget are estimates for the current fiscal year. Often, revenues and expenditures do not exactly offset each other at the end of the fiscal year. If revenues exceed expenditures, the result is a surplus of money added to the fund balance. If expenditures exceed revenues, the result is a deficit and the Town withdraws money from the fund balance to balance the budget.

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

Purpose of Fund Balance

Fund Balance is available to help balance the Town’s budget in the event expenditures exceed revenues. A strong fund balance helps the Town achieve a solid bond rating 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, needing available resources to respond to natural disasters, we want to focus on maintaining adequate liquid reserves. Building a strong fund balance requires a substantial amount of time and often includes increases in taxes and fees and/or significant expenditure cuts. For these reasons, fund balance should be managed effectively to ensure it is not regularly used to offset operating deficits. While a strong fund balance provides the Town with flexibility and financial security, excessive fund balance can be an indicator that taxes or fees are too high or that the Town may not be spending money adequately to respond to the needs of citizens or the organization.

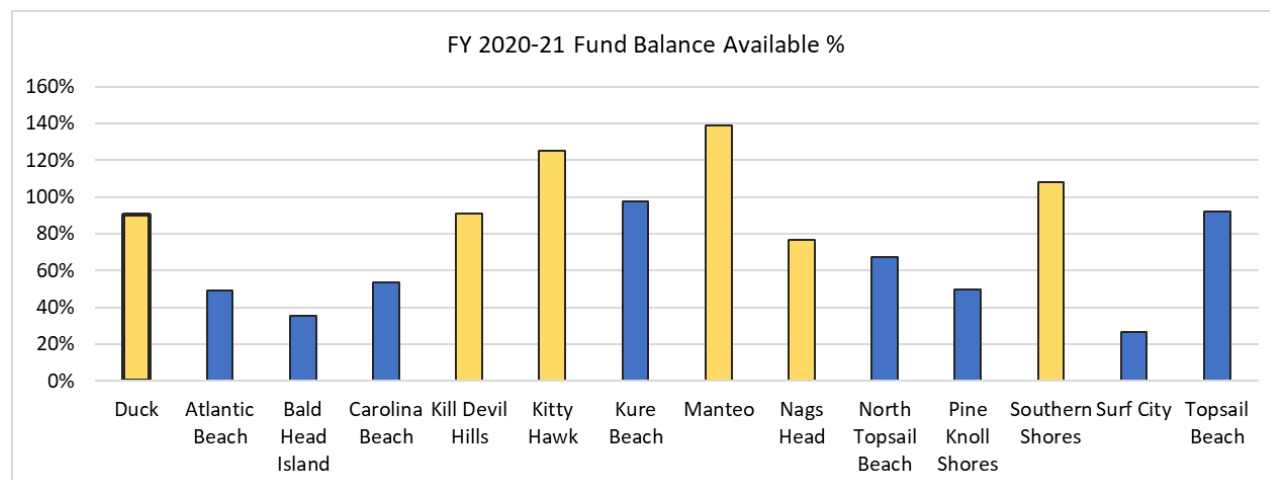
Amount of Fund Balance

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

This table shows the available fund balance, per the LGC, which includes some balances we consider unavailable including our Beach Nourishment Fund balance, 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.

Fund Balance Available (per LGC) as a % of GF Net Expenditures	FY 2020-21
Duck	90.15%
Atlantic Beach	48.94%
Bald Head Island	35.18%
Carolina Beach	53.66%
Kill Devil Hills	90.83%
Kitty Hawk	124.96%
Kure Beach	97.55%
Manteo	139.13%
Nags Head	76.73%
North Topsail Beach	67.50%
Pine Knoll Shores	49.43%
Southern Shores	108.20%
Surf City	26.79%
Topsail Beach	92.23%
Average of All Above	77.78%
Average of Green Above	83.20%

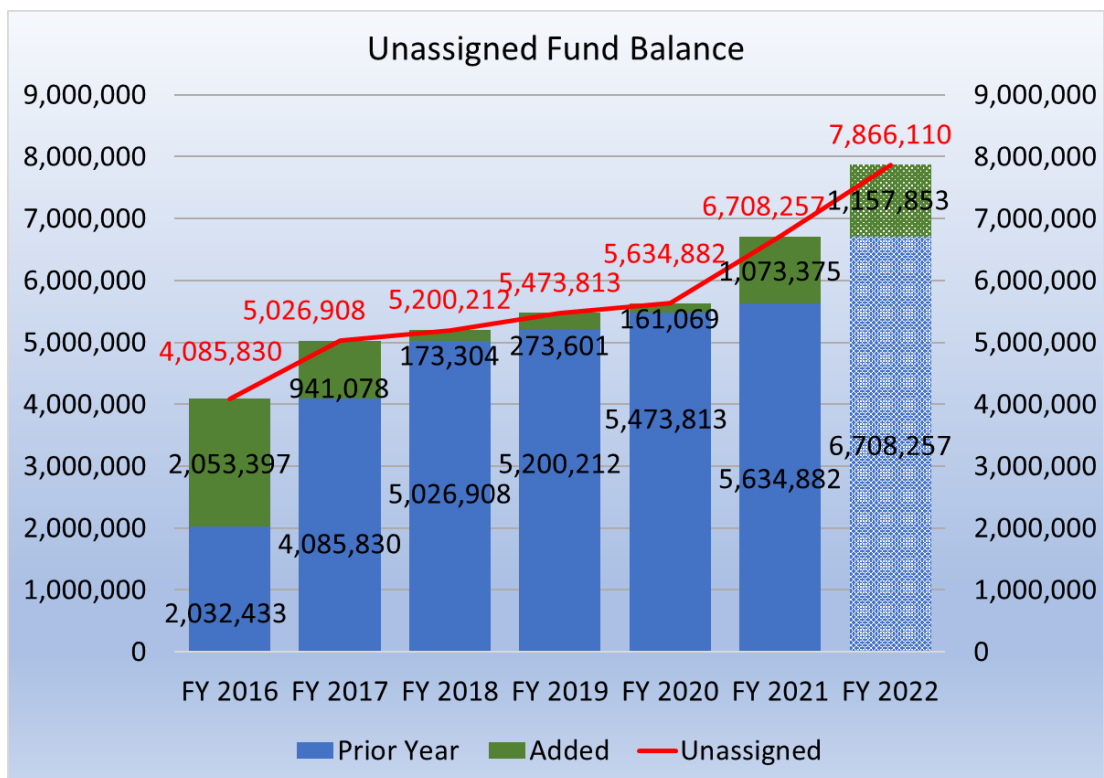
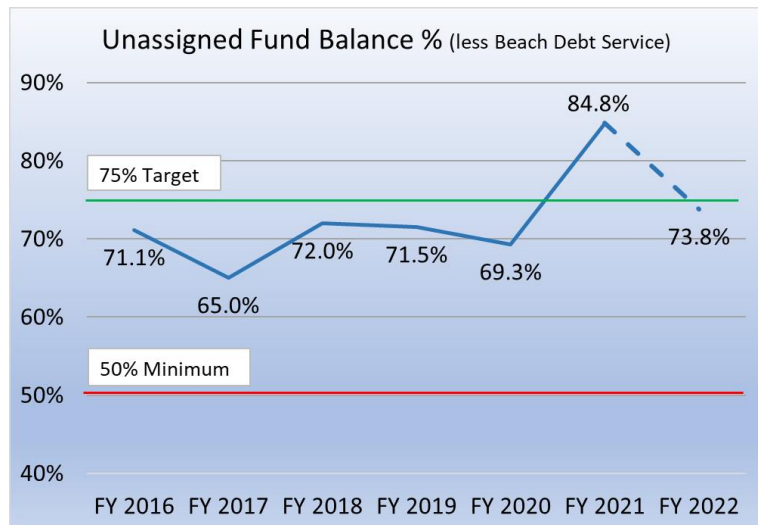
The chart below shows the same data graphically to show that our fund balance is comparable to our peer communities. The yellow bars show the towns in Dare County.



Fund Balance Policy

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

As shown in the charts to the right and below, using data from our audited financial statements, and our FY 2022 projected year end, after the purchase of the fire engine and doing \$158,110 in additional projects in FY 2021-22, we remain slightly under the target, but well above the minimum percentage with approximately \$7.86 million in unassigned funds.



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 FY2024-FY2027:

Expenditures

Personnel

- 1.5% merit increase pool and 3% merit bonus funding included.
- No change in staffing level from FY 2021-22 levels.
- 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

- 4% increase per year in property and liability insurance.
- 3% increase per year for trash and recycling
- 3% increase in Ocean Rescue contracted services for FY 25 and 26. Current contract contains amounts (as shown) for FY 23 and 24.
- 3% increase per year in Public Facilities and Streets & Highways due to contracted services.
- 2% increase per year other operational expenditures.

Capital

- Follows CIP for small capital purchases.
- 5% increase per year in non-CIP capital.
- Does not include debt funded projects (Beach Renourishment, Public Safety Building, and Vehicles).

Debt Service

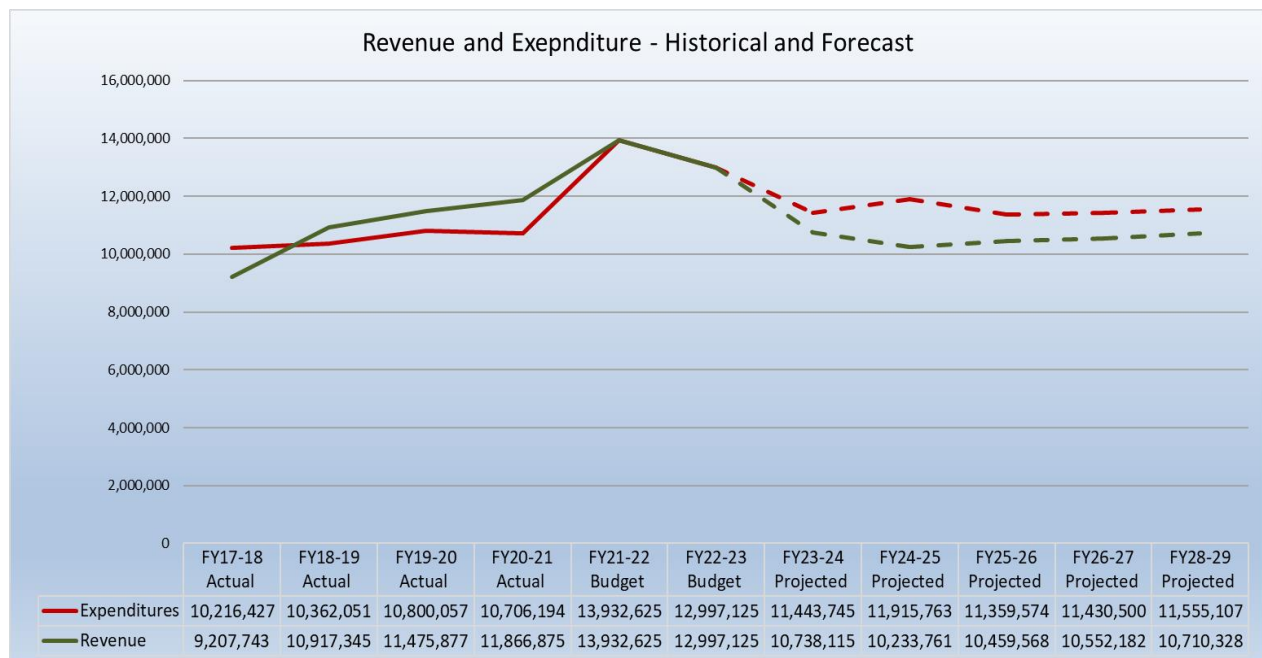
- Follows current debt service schedule.
- Adds new debt following the CIP (includes Beach Renourishment and Vehicles, but does not include the Public Safety Building).

Transfers and Contingency

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

Revenue

- Assessed value increase of 0.25% per year. No change in Ad Valorem or MSD tax rates.
- 1% per year increase in Motor Vehicle tax revenue.
- No change in Penalty and Interest Revenue
- 5% increase in sales tax revenue
- 3% increase in Occupancy and Land Transfer tax revenue
- Visitor's Bureau Grant estimated to handle portions of smaller projects as a larger project has not yet been evaluated to the point of having costs.
- 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.
- Federal/FEMA/NFWF grants show no revenue due to a lack of data/information to determine if this source is appropriate for some projects.
- 1% per year increase in Beer and Wine tax revenue.
- 1% per year increase in Utility Franchise Tax revenue
- 2% per year increase, using FY 2020 as the base, in permits revenue.
- Gain on the sale of vehicles follows the CIP replacement of current vehicles.
- Investment earnings assumes a continuation of the low interest rate environment in which we are currently operating.
- 1% per year increase in ABC and Mixed Beverage Profit revenue.
- 1% increase Sponsorship revenue (events).
- Transfers from Capital Reserve is 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									
	FY19-20 Actual	FY20-21 Actual	FY21-22 Budget	FY22-23 Budget	FY23-24 Projected	FY24-25 Projected	FY25-26 Projected	FY26-27 Projected	FY28-29 Projected
Ad Valorem Tax	3,610,281	3,615,477	4,051,252	4,060,329	4,064,781	4,074,943	4,085,130	4,095,343	4,105,582
MSDA	641,443	647,850	645,348	647,411	648,121	649,741	651,366	652,994	654,627
MSDB	350,655	355,118	355,623	355,872	356,262	357,153	358,046	358,941	359,838
Motor Vehicle Tax	34,665	33,404	36,052	35,000	36,412	36,777	37,144	37,516	37,891
Prior Year Tax, Penalties & Interest	7,512	10,404	5,000	1,500	5,000	5,000	5,000	5,000	5,000
Local Government Sales Tax	1,451,274	1,773,897	1,581,889	1,800,000	1,660,984	1,744,033	1,831,234	1,922,796	2,018,936
Real Estate Transfer Tax	374,793	853,475	397,280	500,000	409,199	421,475	434,119	447,142	460,557
Occupancy Tax	1,427,438	2,086,895	1,548,771	1,850,000	1,595,234	1,643,091	1,692,383	1,743,155	1,795,449
Visitor's Bureau Grant	305,454	0	147,806	147,806	10,000	10,000	10,000	10,000	10,000
State Grants	51,189	5,958	0	44,500	420,000				
Shoreline Grant (County)	250,218	228,215	206,212	24,000	24,000	24,000	24,000	24,000	24,000
Government Access Channel Grant	10,000	3,721	5,000	5,000	10,000	10,000	10,000	10,000	10,000
Federal Grants	1,002	1,085	0	0					
FEMA Grants	42,006	67,312	1,693,753	1,693,753					
NFWF Grant	0	0	384,011	384,011					
COVID-19 Relief Fund	56,534	0	0	63,102	63,102				
Beer and Wine	1,720	1,692	1,700	1,700	1,717	1,734	1,752	1,769	1,787
Utility Franchise Tax	405,733	383,697	409,790	403,000	413,888	418,027	422,207	426,429	430,693
Building Permits	93,583	196,150	159,844	160,000	96,780	98,716	100,690	102,704	104,758
Reinspection Fees	47,271	0	250	0	47,276	946	269	47,281	1,891
Other Permits	9,465	8,985	9,654	6,000	9,658	9,178	9,838	9,855	9,375
Permits and Fees - Other	0	610	0	0					
Superior Clerk of Court	0	0	0	350					
Solid Waste Disposal Tax	0	0	0	560					
Gain on sale of vehicles	50,289	11,500	47,000	5,000	40,000	20,000	30,000		
Investment Earnings	95,488	1,814	1,800	1,000	5,000	5,000	5,000	5,000	5,000
ABC and Mixed Beverage Profits	61,974	55,568	63,213	70,000	56,200	56,130	63,775	56,838	56,698
Other	67,549	223,557	0	8,000					
Sponsorship Revenue	0	0	40,400	22,500	40,804	41,212	41,624	42,040	42,461
Merchandise Revenue	0	0	12,100	12,000	12,221	12,343	12,467	12,591	12,717
Building Rental Fees	1,605	345	1,500	500	1,500	1,500	1,500	1,500	1,500
Miscellaneous Income - Other	0	5,799	0	0					
Police Donations	0	0	0	100					
Transfers from Capital Reserve	1,815,374	1,294,348	1,476,489	574,130	505,502	496,764	488,025	479,287	561,568
Debt Proceeds	211,362	0	650,888	0	204,475	96,000	144,000	60,000	0
Fund Balance	0	0	0	120,000					
TOTAL REVENUE	11,475,877	11,866,875	13,932,625	12,997,125	10,738,115	10,233,761	10,459,568	10,552,182	10,710,328

Expenditures									
	FY19-20 Actual	FY20-21 Actual	FY21-22 Budget	FY22-23 Budget	FY23-24 Projected	FY24-25 Projected	FY25-26 Projected	FY26-27 Projected	FY28-29 Projected
Governing Body	202,469	246,334	146,159	145,981	162,142	167,043	172,123	177,389	182,846
Personnel	85,427	75,044	25,229	25,230	25,230	25,230	25,231	25,231	25,232
Operating	117,042	171,290	120,930	120,751	136,912	141,813	146,893	152,158	157,615
Capital	0	0	0						
Debt Service									
Administration	531,876	527,457	659,091	649,721	690,331	709,872	730,139	751,179	773,041
Personnel	478,709	416,493	579,637	594,037	608,493	625,579	643,317	661,753	680,932
Operating	45,741	88,993	79,454	55,684	81,838	84,293	86,822	89,426	92,109
Capital	7,427	21,971	0	0					
Debt Service									
Finance	72,439	76,487	100,290	114,079	103,299	106,398	109,590	112,877	116,264
Personnel	0	0	0	0	0	0	0	0	0
Operating	72,439	76,487	100,290	114,079	103,299	106,398	109,590	112,877	116,264
Capital	0	0	0	0					
Debt Service									
Legal	82,631	501,039	82,200	62,760	84,666	87,206	89,822	92,517	95,292
Personnel	0	0	0	0	0	0	0	0	0
Operating	82,631	501,039	82,200	62,760	84,666	87,206	89,822	92,517	95,292
Capital	0	0	0	0					
Debt Service									
Public Facilities	433,207	398,086	521,593	517,558	629,208	1,437,718	660,730	550,925	576,643
Personnel	0	0	80,233	81,535	83,740	86,160	87,993	91,302	94,039
Operating	173,548	139,714	185,843	211,648	195,135	204,892	215,137	225,893	237,188
Capital	2,333	8,000	12,100	0	212,000	1,010,000	222,600	233,730	245,417
Debt Service	257,327	250,372	243,417	224,375	138,333	136,666	135,001		
Information Technology	161,804	148,371	152,615	140,765	166,693	161,909	166,767	171,770	176,923
Personnel	0	0	0	0	0	0	0	0	0
Operating	133,123	148,371	152,615	140,765	157,193	161,909	166,767	171,770	176,923
Capital	28,681	0	0	0	9,500				
Debt Service	0	0	0	0					
Police	1,633,557	1,361,856	1,909,686	1,902,100	1,971,770	1,960,698	1,967,534	1,873,595	1,810,275
Personnel	1,141,059	1,037,488	1,242,287	1,298,916	1,363,196	1,402,959	1,444,376	1,487,565	1,532,652
Operating	180,280	205,918	209,640	217,825	215,929	222,407	229,079	235,952	243,030
Capital	274,952	27,149	409,666	153,552	260,098	133,598	190,298	46,298	0
Debt Service	37,267	91,300	48,093	231,807	132,547	201,734	103,780	103,780	34,593

Fire	1,365,372	1,349,422	1,887,872	1,817,710	1,758,774	1,689,877	1,737,916	1,872,318	1,866,875
Personnel	965,545	1,025,733	1,256,183	1,323,560	1,325,445	1,364,378	1,397,541	1,451,833	1,498,035
Operating	283,955	290,969	247,431	266,030	254,854	262,500	270,375	278,486	286,840
Capital	115,872	14,463	301,525	57,000	54,000	35,000	42,000	54,000	47,000
Debt Service	0	18,258	82,733	171,119	124,475	28,000	28,000	88,000	35,000
Inspections	179,303	203,499	204,767	203,830	216,022	222,319	228,868	235,685	242,788
Personnel	143,406	185,876	182,115	187,933	192,690	198,288	204,116	210,190	216,528
Operating	13,578	14,655	22,652	15,897	23,332	24,032	24,752	25,495	26,260
Capital	22,318	2,968	0	0					
Debt Service	0	0	0	0					
Ocean Rescue	486,000	538,114	531,500	550,001	548,000	566,000	594,300	624,015	655,216
Personnel	0	0	0	0	0	0	0	0	0
Operating	486,000	538,114	531,500	550,001	548,000	566,000	594,300	624,015	655,216
Capital	0	0	0	0					
Debt Service	0	0	0	0					
Streets & Highways	1,032,502	474,458	2,904,586	2,871,820	496,188	433,998	452,448	436,570	451,399
Personnel	0	0	0	0	0	0	0	0	0
Operating	95,485	166,856	243,989	211,820	256,188	268,998	282,448	296,570	311,399
Capital	937,018	307,602	2,660,597	2,660,000	240,000	165,000	170,000	140,000	140,000
Debt Service	0	0	0	0					
Sanitation	1,087,979	1,081,528	1,187,286	1,216,360	1,222,905	1,259,592	1,297,379	1,336,301	1,376,390
Personnel	0	0	0	0	0	0	0	0	0
Operating	1,087,979	1,081,528	1,187,286	1,216,360	1,222,905	1,259,592	1,297,379	1,336,301	1,376,390
Capital	0	0	0	0					
Debt Service									
Environmental Protection	1,637,525	1,885,411	1,762,338	831,130	1,445,001	1,127,348	1,130,027	1,133,049	1,127,443
Personnel	0	0	0	0	0	0	0	0	0
Operating	189,918	459,806	358,737	297,000	369,499	380,584	392,002	403,762	415,875
Capital	0	0	0	0	570,000	250,000	250,000	250,000	150,000
Debt Service	1,447,608	1,425,605	1,403,601	534,130	505,502	496,764	488,025	479,287	561,568
Community Development	359,230	353,464	304,625	325,383	334,276	344,082	354,276	364,885	375,935
Personnel	257,750	292,985	258,717	287,530	286,931	295,253	303,917	312,945	322,364
Operating	80,633	35,489	42,908	37,853	44,195	45,521	46,887	48,293	49,742
Capital	2,492	6,998	3,000	0	3,150	3,308	3,473	3,647	3,829
Debt Service	18,355	17,991	0	0					
Recreation & Special Events	312,772	175,793	186,900	212,700	197,507	203,532	209,743	216,146	222,746
Personnel	0	0	0	0	0	0	0	0	0
Operating	312,772	150,077	186,900	212,700	192,507	198,282	204,231	210,358	216,668
Capital	0	25,716	0	0	5,000	5,250	5,513	5,788	6,078
Debt Service	0	0	0	0					
Transfers	1,221,390	1,384,876	1,317,349	1,359,928	1,336,580	1,355,701	1,375,658	1,396,494	1,418,252
Contingency	0	0	73,768	75,299	80,383	82,470	82,253	84,786	86,781
TOTAL EXPENDITURE	10,800,057	10,706,194	13,932,625	12,997,125	11,443,745	11,915,763	11,359,574	11,430,500	11,555,107

	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27	FY28-29
	Actual	Actual	Budget	Budget	Projected	Projected	Projected	Projected	Projected
Revenue - Expenditures	675,820	1,160,681	0	0	-705,629	-1,682,002	-900,005	-878,318	-844,779

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 of 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 which 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 which 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 which 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 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



June 2022

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I. Introduction

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

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

II. Operating Budget

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

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

III. Revenue Policy

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

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

IV. Revenue Spending Policy

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

V. Expenditure Policy

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

VI. Reserve/Fund Balance Policy

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

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

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

VII. Asset-Liability Management

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

VIII. Capital Improvements Policy

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

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

2. Capital Formation

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

3. Fixed Assets

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

IX. Debt Policy

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

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

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

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

X. Accounting, Auditing and Financial Reporting

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

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

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

XI. Cash Management Policy

1. Receipts

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

2. Cash Disbursements

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

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

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

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

XII. Internal Controls

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

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

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

3. Internal Control Procedures - General and Statutory

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

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

4. Internal Control Procedures for Cash Receipts

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

5. Internal Control Procedures for Deposits in Financial Institutions

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

6. Internal Control Procedures for Cash Disbursements

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

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

7. Internal Control Procedures Specific to Payroll Disbursement

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

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

8. Internal Control Procedures Specific to Travel Expenditures

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

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

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

10. Internal Control Procedures for Purchasing and Contracting

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

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

11. Internal Control Procedures for Fixed Asset Management

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

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

12. Internal Control Procedures for Long-Term Debt

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

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

13. Control Procedures related to Computer Systems

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

XIII. Investment Policy

1. Policy Statement

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

2. Scope of Policy

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

3. Standard of Prudence

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

4. Authorized Staff

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

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

5. Portfolio Management Objectives

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

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

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

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

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

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

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

8. Internal Control

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

9. Collateralization

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

10. Delivery and Custody

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

11. Authorized Investments

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

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

12. Prohibited Forms of Authorized Investments

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

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

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

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

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

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

23. Policy Considerations

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

XIV. Review and Revision

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

XV. Resolution of Adoption of Policy

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

Resolution 21-04

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

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

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

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

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

Adopted this 21st Day of April, 2021.

Mayor

ATTEST:

Town Clerk



TOWN OF DUCK

Capital Improvement Plan

Fiscal Year 2023 - 2027

June 2022

Capital Improvement Plan Message

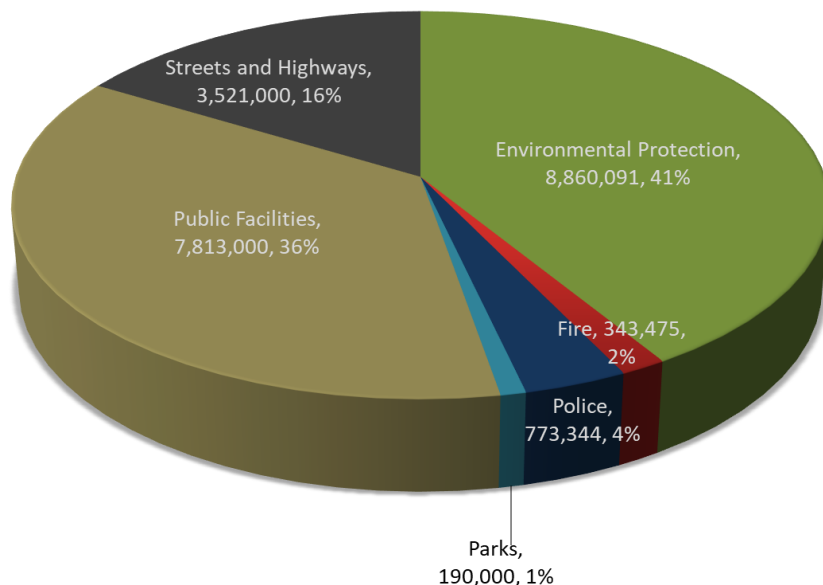
Dear Mayor Kingston and Members of Town Council:

I am pleased to present the Recommended FY 2023-27 Capital Improvement Plan (CIP) for your review and consideration. The Town's CIP represents a guide for 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 2022-23) 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 2027 Vision, Hazard Mitigation Plan, and Comprehensive Land Use Plan. The underlying principals from the 2027 Vision (see Appendix A) guide the work to develop this CIP. These principals; 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.

FY23-27 CIP Overview

The Recommended FY 2023-27 CIP includes 25 projects totaling \$21,500,910. Environmental Protection projects account for over 40% of the total expenditures in this CIP, with \$7 million for the Beach Nourishment 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 2022-23. The net debt service to expenditures is 7.7 percent. This indicates the Town's debt is a small percentage of its overall expenditures and within an acceptable range. The net debt per assessed valuation of .195 percent remains well below the policy maximum of 1 percent, and the 10-year principal payout ratio will be 100 percent for FY 2022-23.

General Fund Fiscal Indicators and Key Debt Ratios

Fiscal Indicators and Key Debt Ratios		
	Target	Projected
Net Debt Service to Expenditures	< 20%	7.7%
Net Debt to Assessed Valuation	< 1%	0.193%
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 2022-23, 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. 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 2023-27 CIP includes 25 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 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 2027 Strategic Plan (See Appendix A), the Land Use, Pedestrian Improvement, 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, etc.

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 for 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 in 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 expense. 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 as 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 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, and the acquisition of park land.



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



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

Environmental Protection Element Projects



Projects Funded:

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

Vision 2027 Principle:

Environmental Stewardship

Vision 2027 Goal:

Implement the Town of Duck Beach Nourishment Project, develop a maintenance plan for the current project, and continue to monitor all 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 2023	FY 2024	FY 2025	FY 2026	FY 2027	Beyond 2027	Total Cost
Beach Renourishment	7,047,591	0	0	0	0	0	7,047,591
Beach Planting/ Sand Fencing	120,000	150,000	150,000	150,000	150,000	150,000	870,000
Town Park Shoreline Protection	0	120,000	320,000	0	0	0	440,000
Neighborhood Stormwater Management	102,500	100,000	100,000	100,000	100,000	0	502,500
Total	7,270,091	370,000	570,000	250,000	250,000	150,000	8,860,091



Continuous Projects

Sand Fencing/Beach Planting/Fertilization/Monitoring

\$150,000
Annually

This ongoing program, which is consistent with the goals of the Hazard Mitigation Plan, Comprehensive Land Use Plan, and Vision 2027, includes the annual planting and fertilization of beach vegetation and installation of sand fencing using funding provided by the Dare County Shoreline Commission. The Town has traditionally supplemented the Shoreline Commission funding to provide for additional fertilization. Also included is funding for annual profile surveys documenting the condition of the beach and dunes throughout the Town. Regular sand fencing and planting is a relatively low-cost measure to mitigate the effects of normal beach erosion and stabilizes the new dune constructed as part of the beach nourishment project. By providing funding in addition to that received from the Shoreline Commission, the Town will be able to implement a comprehensive dune management program including planting, fertilization, and monitoring of shoreline change.

Neighborhood Flooding Planning & Mitigation

\$102,500
Initial Cost
(\$100,000 annually from FY 2024 forward)

This project, consistent with the Hazard Mitigation Plan and Comprehensive & Land Use Plan, includes the completion of initial studies, development of a stormwater management plan, and implementation of stormwater management projects addressing repetitive flooding in certain neighborhoods. The projects are intended to address nuisance flooding after heavy rain events that inundates properties and blocks emergency vehicle access. Technical assistance from an engineering consultant and partial funding for the project has been obtained through a Resilient Coastal Communities Program (RCCP) grant from the NC Division of Coastal Management.

FY 2022-23

Beach Renourishment

\$7,047,591

Consistent with the goals of the Hazard Mitigation Plan, Comprehensive & Land Use Plan, and 2027 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. Renourishment of this project will involve a partnership with Dare County, Kill Devil Hills, Kitty Hawk, and Southern Shores and is anticipated during the summer months of 2022. Dare County is providing \$796,572, a FEMA grant for Dorian related damaged accounts for \$2,425,511, and a state grant (NCDWR) will pay \$1,450,921. The remaining \$2,374,587 will come through the issuance of Special Revenue Bonds, with debt service funded through MSD tax revenue, and General Fund appropriations.



FY 2023-24

Shoreline Stabilization Projects

\$120,000

(\$320,000 in FY 2024 for construction)

This project, consistent with the Hazard Mitigation Plan and Comprehensive & Land Use Plan. This project includes the construction of breakwater sills in Currituck Sound along the western edge of the Town Park property intended to prevent or slow further erosion and flooding along the western edge of the Town Park/Town Hall property, thus minimizing damages to public property and facilities. Grants will be sought to assist with funding this project.





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 2027 Principle:

Responsive and Responsible Leadership

Vision 2027 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 2023	FY 2024	FY 2025	FY 2026	FY 2027	Beyond 2027	Total Cost
Replacement of SCBA Bottles	36,000	5,000	5,000	5,000	5,000	5,000	61,000
Replacement of Turnout Gear	15,000	17,000	17,000	17,000	17,000	17,000	100,000
Hose and Appliances	6,000	6,000	6,000	6,000	6,000	6,000	36,000
Thermal Imaging Camera	0	7,000	0	0	0	7,000	14,000
Extrication Equipment	0	50,000	0	0	0	0	50,000
CAD & Mobile Data Terminals	0	12,475	10,000	0	0	0	22,475
Command Vehicle Replacement	0	0	0	0	60,000	0	60,000
Total	57,000	97,475	38,000	28,000	88,000	35,000	343,475

Continuous Projects



Replacement of SCBA Bottles

\$36,000
In FY 2022-23
then \$5,000 Annually

The SCOTT SCBA currently utilized by fire department personnel is worn on most calls, particularly any call that has a considerable risk of fire, gas spill, hazardous leaks, or a variety of other Immediate Danger to Life or Health (IDLH) incidents. An SCBA unit is a critical piece of protective equipment and are costly (\$8,000) and new technologies continue to add to the cost. Our current model is no longer available, and the fire department has made the decision to maintain the current SCBA units versus replacement. Bottles are roughly \$1,000 each and have a mandated lifespan. Currently the fire department has 45-minute bottles but the department is transitioning to 30-minute bottles because they are lighter, ergonomically better on the firefighter, and decrease firefighter fatigue and injury. The first year of this project will replace all bottles for front line SCBA and future years will phase in the purchase of needed spare bottles.

Replacement of Turnout Gear

\$15,000
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, 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.

Purchase of Replacement Hose and Appliances

\$6,000
Annually

This project allows for systematic replacement of hoses 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 NCRRS rating.



FY 2023-24

Computer Aided Dispatch and Mobile Data Terminals

\$12,475

And \$10,000 in FY 25

As Dare County transitions to a new Computer Aided Dispatch (CAD) system, they plan to include the service for fire departments at no charge, but the departments are required to purchase mobile hardware for apparatus and obtain the mobile data network connections required. The cost in FY 2024 for this project will get the apparatus ready to receive the Mobile Data Terminals we plan to purchase in FY 2025. This system will allow the department to get up to date property and tactical information while responding to incidents and allow for more efficiency in creating incident reports.

FY 2024-25

Replacement/Purchase of Extrication Equipment

\$50,000

This project provides for the replacement of extrication equipment for Engine 11 and the phased purchase of equipment for Engine 111. Extrication equipment is utilized to access victims who are trapped/entangled (typically in a vehicle) and is essential for lifesaving operations. The equipment consists of a power unit, cutters, rams, spreaders, reels, hoses, airbags, rescue struts and hand tools. This equipment is constantly evolving with technology and some equipment such as airbags have a serviceable life and must be replaced. The majority of our original equipment is over 20 years old. While the fire department has taken a phased approach for replacement, technology and timing of a new engine provides an opportunity to replace extrication equipment with the replacement of Engine 11. The goal is to move to a battery-operated tool system which will change the specification requirements on the engine and should provide some cost savings.

FY 2026-27

Replacement of Fire Command/Response Vehicle

\$60,000

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 8 and 10 years. Based upon this schedule, the vehicle assigned to the Chief should be replaced in FY 2025, but due to low mileage and maintenance costs, we are recommending deferring this purchase until FY 2027.

Purchase of Thermal Imaging Camera(s)

\$7,000

This project represents the purchase of replacement thermal imaging cameras (TIC), a tool used by firefighters for searching for victims in a fire, lost/missing individuals by capturing a heat signature, or finding the level of a hazardous material remaining in a tank. Additionally, the TIC provides a significant



savings in both time and property damage when used to non-destructively investigate possible hidden fires, or smoke alarms sounding for unknown reasons. Two of our TICs, housed on our three main pieces of fire apparatus, are 11 years old and technology has dramatically improved in function and design for firefighters.



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 2027 Principle:

Responsive and Responsible Leadership

Vision 2027 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 2023	FY 2024	FY 2025	FY 2026	FY 2027	Beyond 2027	Total Cost
Records Management Replacement	79,252	26,298	26,298	26,298	26,298	0	184,444
Public Highway Video Camera Network	24,500	0	0	0	0	0	24,500
Patrol Vehicles: New and Replacement	0	192,000	96,000	144,000	0	0	432,000
Replacement of Mobile Data Terminals	38,500	20,000	0	20,000	20,000	0	98,500
Radar Speed Sign Replacement/Expansion	11,300	11,300	11,300	0	0	0	33,900
Total	153,552	249,598	133,598	190,298	46,298	0	773,344



Replacement of Police Records Management System

\$79,252

In FY 2022-23
then \$26,298 Annually

This project, which is being undertaken under an agreement between the Dare County Sheriff's Office and the six municipal law enforcement agencies in Dare County, will provide a Countywide public safety software suite. This suite, Spillman Flex by Motorola, will provide a state-of-the-art software ecosystem that includes reporting and records management, an all-new computer aided dispatch system, and numerous other productivity modules that will dramatically increase the department's ability to perform intelligence-led analytics, personnel performance management, and community engagement. This project replaces the department's records management software, which has been in place since 2003, and numerous other antiquated databases, with an all-in-one solution. The Dare County Sheriff's Office will purchase, house, and maintain the IT infrastructure required for this project, which saves the Town a substantial cost. Dare County signed a contract with Motorola for this project in late 2021 and system buildout began shortly after. The Town will be asked to execute a five-year contract in July 2022 for this project, which specifies an initial fee for software, hardware and implementation in the first year, and then a maintenance fee is required annually for the term of the contract. End user training is expected to begin in December 2022 and the system is scheduled to go live on March 1, 2023.

Public Highway Video Camera Network

\$24,500

The department's use of fixed automatic license plate reader technology (ALPR) has proven instrumental in solving many criminal cases; however, the single still image taken of each passing vehicle by the ALPR system lacks the high resolution needed to identify details vital to solving more criminal cases. This projects seeks to strengthen the ALPR project and improve the department's investigative ability by deploying a network of high-resolution video cameras in key locations throughout the Town to monitor and record traffic movement. When a criminal event occurs, officers will be able to examine the video, in conjunction with ALPR data, to identify the minute details that often provide the nexus between a suspect and their crime. Much of the physical and technological infrastructure needed for this project is already in place, and \$24,500 of the project cost will come from an anticipated local law enforcement block grant. Further, the Town expects to live stream the video via its website, so the public can view traffic conditions throughout Town in real time.

Replacement of Police Mobile Data Terminals

\$38,500

Additional \$20,000 in FY 2024, 2026, and 2027

Police mobile data terminals (MDTs) are ruggedized computers designed to be utilized by police officers in a patrol vehicle. MDTs feature touchscreens, backlit keyboards, and built-in security features. These computers are at the center of everything a police officer does including computer aided dispatch, reporting, and control of the officer's in-car and body worn cameras. MDTs have an average lifespan of four years due to their operating environment and rapidly changing computer technology. The police department has traditionally maintained 12 MDTs for field use and eight desktop computers for reporting and administrative work. The primary focus of this project is the scheduled replacement



of MDTs, over a two-year period; however, this project captures an opportunity in FY2023 to make MDTs more versatile by utilizing mobile and office-based docking stations. Doing so eliminates the need for desktop computers at the police department and the redundant software and contracted IT service for them. Computer leasing will be explored for the first time in FY2023. This project will result in a cost savings and a more efficient use of computer technology.

Radar Speed Sign Replacement/Expansion

\$11,300

Additional \$11,300 in FY 2024 and FY 2025

The police department maintains five fixed mounted radar speed signs, which have proven to be highly effective educational speed reminders for the large number of transient motorists who travel through to the Town of Duck. Each sign is equipped with cloud-based traffic analysis functionality. The first two signs were erected in 2016, and additional signs were added in 2018 and 2022. Four of the signs operate on solar power and the fifth sign is hard wired due to its location under a tree canopy. This project represents the scheduled replacement of signs, as they reach the end of their lifespan, and the addition of two new signs. In FY2023, new solar powered signs are proposed, with the first sign on the east side of Duck Road just north of Oyster Catcher Lane and the second sign on the west side of Duck Road just north of Baum Trail. In FY2024, the two signs purchased in 2016 – one solar powered and one hardwired – are scheduled for replacement and in FY2025, the two solar powered signs purchased in 2018 are scheduled for replacement.

FY 2023-24

Replacement Police Patrol Vehicles (4)

\$192,000

This project represents the scheduled replacement of four police patrol vehicles. One vehicle is assigned to each officer and one utility vehicle is maintained for use during unanticipated vehicle breakdowns and for out-of-town travel. Vehicles are replaced at the end of their safe and serviceable lifespan which is, on average, six years. As a lifeline for the public in emergency situations, police vehicles must perform at peak levels. In order to maintain a sense of omnipresence, the police department maintains a uniform patrol fleet. Debt service has traditionally been utilized to spread the fiscal impact of vehicle purchases over several years.

FY 2024-25

Replacement Police Patrol Vehicles (2)

\$96,000

This project represents the scheduled replacement of two police patrol vehicles. One vehicle is assigned to each officer and one utility vehicle is maintained for use during unanticipated vehicle breakdowns and for out-of-town travel. Vehicles are replaced at the end of their safe and serviceable lifespan which is, on average, six years. As a lifeline for the public in emergency situations, police vehicles must perform at peak levels. In order to maintain a sense of omnipresence, the police



department maintains a uniform patrol fleet. Debt service has traditionally been utilized to spread the fiscal impact of vehicle purchases over several years.

FY 2025-26

Replacement Police Patrol Vehicles (3)

\$144,000

This project represents the scheduled replacement of three police patrol vehicles. One vehicle is assigned to each officer and one utility vehicle is maintained for use during unanticipated vehicle breakdowns and for out-of-town travel. Vehicles are replaced at the end of their safe and serviceable lifespan which is, on average, six years. As a lifeline for the public in emergency situations, police vehicles must perform at peak levels. In order to maintain a sense of omnipresence, the police department maintains a uniform patrol fleet. Debt service has traditionally been utilized to spread the fiscal impact of vehicle purchases over several years.

Parks Element Projects



Projects Funded:

The purchase of playground equipment, major upgrades to current park facilities, construction of new/expanded facilities, and the acquisition of park land.

Vision 2027 Principle:

Duck and Our Village

Vision 2027 Goal: n/a

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 2023	FY 2024	FY 2025	FY 2026	FY 2027	Beyond 2027	Total Cost
Playground Equipment Replace/Expand	0	10,000	90,000	90,000	0	0	190,000
Total	0	10,000	90,000	90,000		0	190,000



Playground Equipment Replacement/Expansion

\$10,000

Additional \$90,000 in FY 2025 and \$90,000 in FY 2026

This project involves the replacement and expansion of playground equipment at the Town Park. The project includes planning/design in FY2024, expansion of the playground programs and facilities in FY2025, and replacement of existing equipment in FY2026. Most of the current playground equipment at the Town Park was erected in 2007 and is heavily used by the community. Although the equipment is currently in safe condition, parts are nearing the end of their expected life and will need to be replaced in coming years to ensure safe use of the playground. This project, which includes the potential to expand the playground to accommodate more users, is phased to allow for design, expansion, and replacement to occur in a logical order. Expanding the playground to accommodate more programs and families will increase its value to the community. Grants will be sought to assist with funding this project.



Public Facilities Element Projects



Projects Funded:

The construction of, additions to, or significant repairs of public facilities including Town Hall, the Public Safety Building, the boardwalk, and other associated facilities.

Vision 2027 Principle:

Responsive and Responsible Leadership

Vision 2027 Goal:

Complete the long-term 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 2023	FY 2024	FY 2025	FY 2026	FY 2027	Beyond 2027	Total Cost
Public Safety Building	0	6,500,000	0	0	0	0	6,500,000
Boardwalk - Northern Extension (Phase 5)	0	100,000	988,000	0	0	0	1,088,000
Boardwalk Repairs/Upgrades	20,000	21,000	22,000	23,000	24,000	24,000	134,000
Video Surveillance System	0	91,000	0	0	0	0	91,000
Total	20,000	6,712,000	1,010,000	23,000	24,000	24,000	7,813,000



Continuous Projects

Boardwalk Repairs/Upgrades

\$134,000

This project involves the repair, replacement, and upgrades to the Town's soundside boardwalk to keep it in safe and attractive condition. Town staff plan to complete work on the boardwalk structure, railings, decking, and lighting as needed over time. A recent inspection revealed that the Town's boardwalk is in good shape. Rather than seeking to replace large sections of the boardwalk at one time, it was recommended that the Town conduct regular repairs and upgrades as needed. As a part of the Town's facility maintenance program, staff will ensure that the boardwalk is maintained regularly and issues are addressed promptly.

FY 2023-24

Boardwalk – Northern Extension (Phase 5)

\$100,000

Additional \$988,000 in FY 2025 for construction

This project involves extension of the Town's soundside boardwalk to a northern terminus at the 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) will occur at the northern end of the project. In partnership with Resort Realty this project seeks to extend the soundside boardwalk further northward, terminating in a significant public amenity located just south of the living shore/coastal resiliency project. The extension will link the redeveloped Resort Realty site to other commercial areas along the boardwalk. This project will provide 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

\$91,000

This project replaces the video surveillance system on the Town campus with an expanded Town-wide system that includes additional cameras to better monitor Town Hall, Paul F. Keller Meeting Hall, Town Park, gazebo stage and green, Town parking areas, picnic shelter, amphitheater, garage and storage area, playground, boardwalk, traffic on Duck Road, and the Public Safety Building. This project will also include two live streaming web cameras for the public to view via the internet. The current video surveillance system focuses on the Town Hall, the Paul F. Keller Meeting Hall, and the areas directly around those sites. This proposed project would replace and substantially expand the current video surveillance system in the interest of safety and security for all who work, do business, and visit the Town's facilities.



Public Safety Building Construction**\$6,500,000**

This project is part of the Town Council's 3-to-5-year goals as identified by the 2027 Vision and in the Comprehensive & Land Use Plan. The building housing the Town's Public Safety personnel and equipment is 40 years old and in need of significant repairs/upgrades. A long-term plan for the renovation or reconstruction of the Public Safety Building has been completed and conceptual plan has been developed pending a request to the Army Corps of Engineers to lease additional land. It is anticipated that this decision will occur in FY 2023, with final design commencing at that point. This project includes the final design and bid phase for a new Public Safety Building housing the Fire Department, Police Department, and other emergency services. Final design is anticipated to occur in FY 2024 with construction beginning in FY 2024.

Streets and Highways Element Projects



Projects Funded:

The expansion and significant maintenance of Duck Trail, local costs for highway improvements, pedestrian plan implementation projects, and stormwater improvements associated with public roadways.

Vision 2027 Principle:

Enhanced Movability

Vision 2027 Goal:

Implement all facets of the Town of Duck Comprehensive Pedestrian Plan

Duck is a pedestrian first community that is safe and easy to navigate by walking and cycling. Our multi-use trail, sidewalks, sound side 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 2023	FY 2024	FY 2025	FY 2026	FY 2027	Beyond 2027	Total Cost
Duck Trail Repaving	120,000	125,000	130,000	135,000	140,000	140,000	790,000
Stormwater Management (NC 12)	45,000	80,000	0	0	0	0	125,000
Coastal Resiliency Project (NC 12 Elevation)	2,466,000	0	0	0	0	0	2,466,000
Retaining Wall Replacement	0	35,000	35,000	35,000	35,000	0	140,000
Total	2,631,000	240,000	165,000	170,000	175,000	140,000	3,521,000

Continuous Projects



Duck Trail Repaving

\$790,000

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, and stormwater management needs. This project will involve repaving portions of the Duck Trail on an annual basis by replacing existing asphalt with concrete to increase the service life of the surface. The repaving may include subgrade repairs and stormwater management improvements where needed. In FY2023 we are targeting replacement of approximately 850 linear feet of asphalt pathway between Blue Heron Lane and Waxwing Lane adjoining the Sanderling neighborhood. This is the last segment of trail adjoining Sanderling that has not been repaved.

FY 2022-23

NC Highway 12 Elevation

\$2,466,000

Identified as a priority in a recent Vulnerability Assessment, this project is consistent with the goals of the Hazard Mitigation Plan and Comprehensive & Land Use Plan. This project involves the construction of off-shore sills/living shoreline along the Currituck Sound, a sidewalk/bike lane extension on the west side of NC 12, elevating the NC 12 roadway, and installing stormwater management improvements in a quarter-mile stretch in the northern section of Duck Village. The proposed living shoreline will restore the natural habitat and stabilize the Currituck Sound shoreline. The sidewalk/bike lane/ADA accessibility will provide safe, alternative means of travel for pedestrians and bicyclists. Raising the elevation of NC 12 will reduce its vulnerability to flooding. Installing a stormwater management system will improve water quality in the Currituck Sound. A great percentage of project costs are funded through three grants with only a small percentage of matching funds coming from the Town.

Stormwater Management

\$45,000

Additional \$80,000 in FY 2024

This project involves the construction of improvements intended to address stormwater drainage issues along NC Highway 12 and the Duck Trail. Specific projects include northern Duck Trail drainage improvements in FY2023 and Duck Road drainage improvements near Wee Winks/Duck UM Church in FY2024. Portions of the Duck Trail adjoining the Sanderling neighborhood are prone to flooding. Grading and replacement of sections with permeable concrete are recommended by Town engineers to improve this situation. Drainage features along NC Highway 12 near Wee Winks/Duck Church do not have a functional drainage outfall and back up during storms, causing flooding. Proposed drainage improvements will improve these situations.

**NC Highway 12 Retaining Wall Replacement****\$35,000**

Additional \$35,000 in FY 2025, 2026, and 2027

We conducted a study identifying 21 retaining walls along the Duck Trail/N.C. Highway 12 that are in some degree of disrepair and need replacement or further evaluation. This annual replacement program is intended to improve public safety and Town liability by minimizing the likelihood of retaining wall failure. The replacement is proposed to proceed by addressing the retaining walls in poorest condition first. The replacement schedule for FY2023 includes replacement of an existing retaining wall north of Plover Drive and removal of retaining walls north of the USACE entrance drive and adjoining 1421 Duck Road.



Section 3: Summary

The table below shows the total of the capital needs in each of the CIP elements supported by Town finances and the revenue sources proposed to support these needs. The Grant revenue is explained in the applicable sections above. Interlocal funds are through sources such as Dare County who is contributing to the beach nourishment project. Town Funds is indicative of the need for current year revenue supported funding for some projects/purchases in each year. Section 4 of this document contains detailed information regarding the proposed funding source for each individual project.

The level of capital need reflected in this document necessitates the issuance of additional debt to meet these needs. In the table below, new debt service is shown as a total amount proposed in each fiscal year. Installment purchase is used primarily for debt issues that are shorter in term and/or for relatively small projects. Bond debt is issued for longer term, high-cost projects. Some bond issues cover multiple projects. For the purpose of the estimates shown, and due to the current economic climate, we have used an interest rate of 4% for installment finance and 4% for bond debt issues.

For police and other light vehicle replacement, and for other lease/purchase projects, we use a four-year term with three annualized payments. This makes the first payment due the year after the purchase is made. For fire apparatus we use a 10-year term and 15 for the Public Safety Building. Increasing the length of the term for these issues would result in a lower annual payment, but a higher over-all interest cost over the life of the borrowing.

Element Totals	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Beyond 2027	Total Cost
Environmental Protection	7,270,091	370,000	570,000	250,000	250,000	150,000	8,860,091
Fire	57,000	97,475	38,000	28,000	88,000	35,000	343,475
Police	153,552	249,598	133,598	190,298	46,298	0	773,344
Parks	0	10,000	90,000	90,000	0	0	190,000
Public Facilities	20,000	6,712,000	1,010,000	23,000	24,000	24,000	7,813,000
Streets and Highways	2,631,000	240,000	165,000	170,000	175,000	140,000	3,521,000
Total	10,131,643	7,679,073	2,006,598	751,298	583,298	349,000	21,500,910
Revenue Source Totals	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Beyond 2027	Total Cost
Grant	6,200,502	124,000	24,000	24,000	24,000	24,000	6,420,502
Interlocal	796,572	0	0	0	0	0	796,572
Town Funds	759,982	863,073	1,886,598	583,298	499,298	325,000	4,917,249
Debt Issued	2,374,587	6,692,000	96,000	144,000	60,000	0	9,366,587
Total	10,131,643	7,679,073	2,006,598	751,298	583,298	349,000	21,500,910

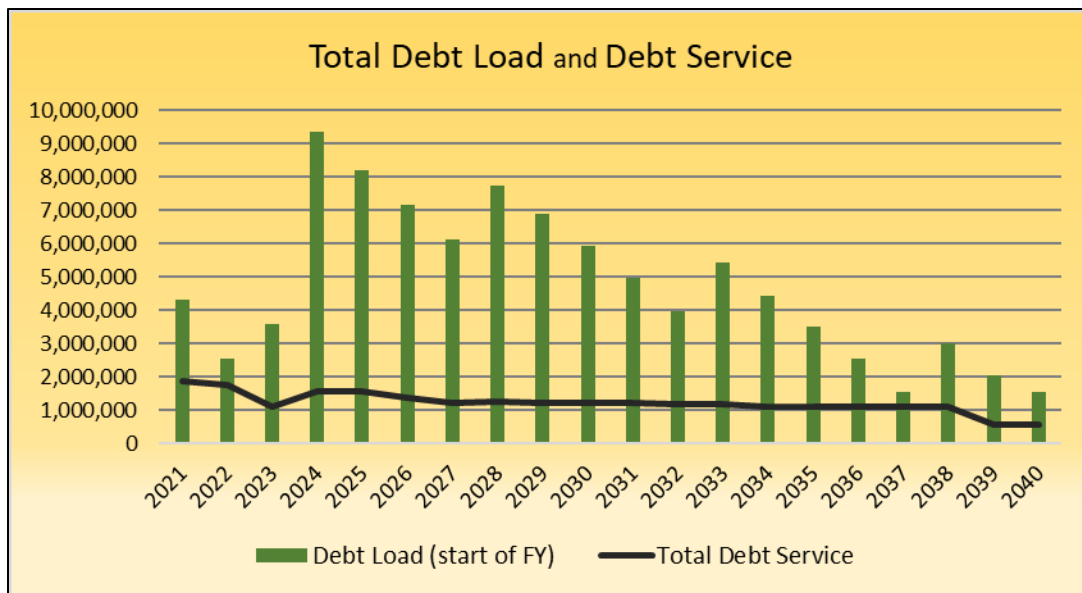
Section 4: CIP Financial Impact Analysis on Town Finances

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.

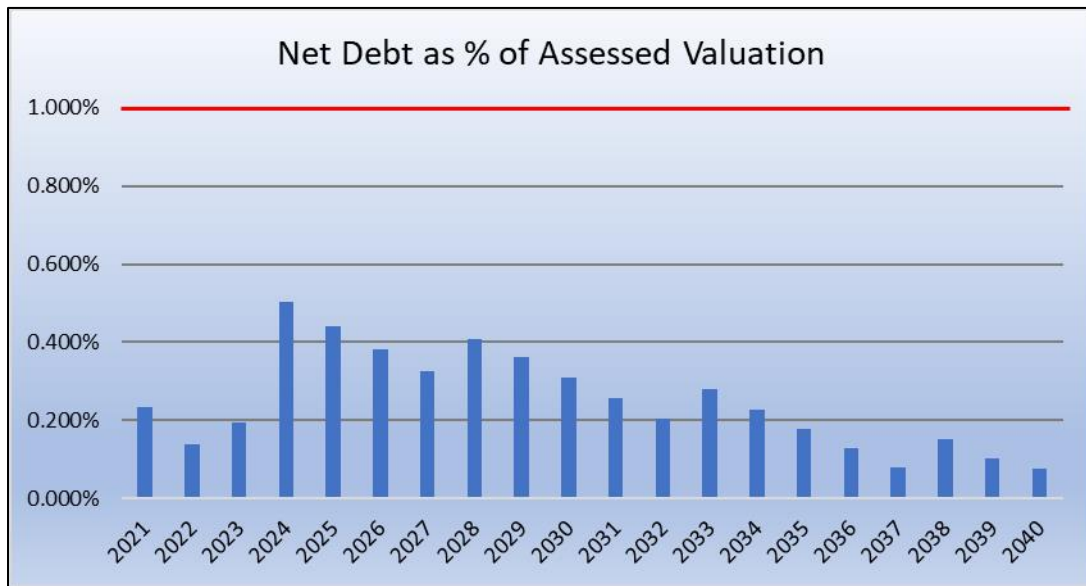
Debt Ratios

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.

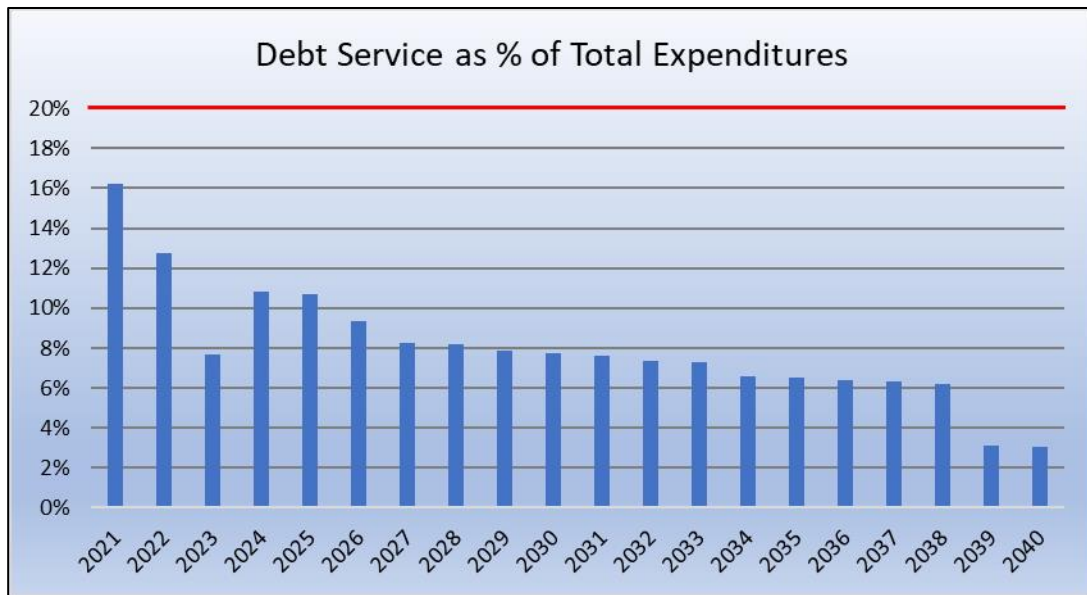
The chart below shows the total debt load – amount of principal outstanding – at the beginning of each fiscal year and the amount of debt service – principal and interest – due in that year for all outstanding debt.



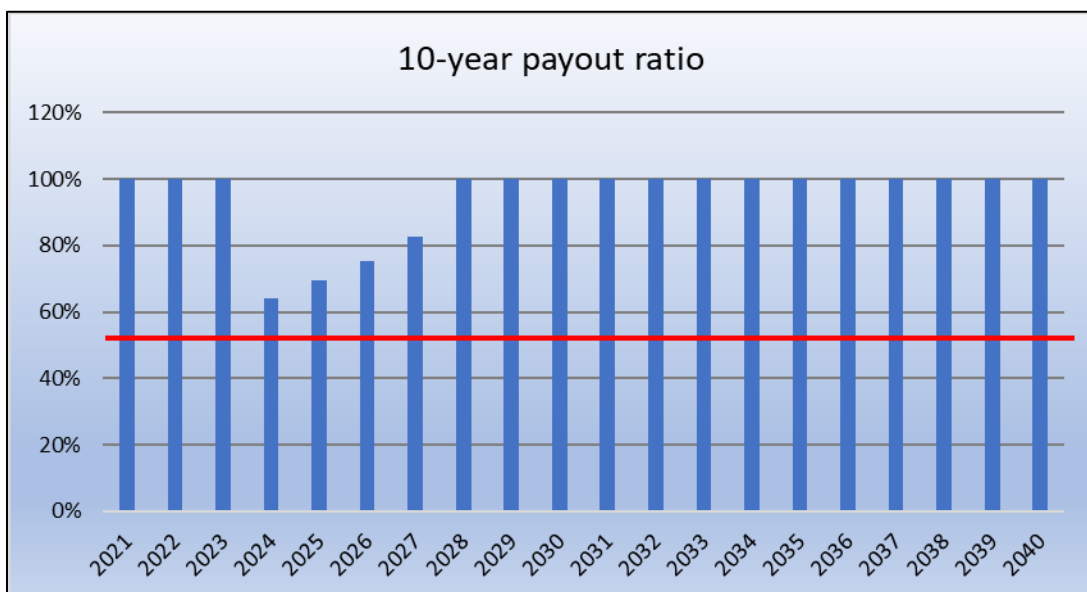
Net debt per assessed valuation is an important indicator because it takes into account the Town's largest revenue source and greatest means for repaying debt. This is a measure of debt capacity as well as debt burden. This ratio divides the Town's net debt by its total assessed value, where net debt is defined as all tax-supported debt. Town policy states that its net debt per assessed valuation should not exceed 1.0 percent. Duck's expected debt-to-assessed valuation ratio for FY22-23 is .193 percent. Upcoming projects in the CIP will require additional debt financing and will increase the Town's ratio to a high of .504 percent by FY23-24. This is well below the Town's maximum and the legal limit set forth by N.C.G.S. 159-55, which limits net debt to eight percent (8%) or less of a local government's total property valuation. Duck's legal debt limit, based on the July 1, 2021 audited valuation is \$147,294,874. The CIP includes a maximum debt obligation of \$9,378,360 in FY23-24.



Debt service as a percentage of total expenditures measures annual debt service payments of non-self-supporting projects as a portion of the Town's expenditures. Debt service payments can become a large portion of a town's budget and should be monitored to ensure acceptable levels. Too much debt service may indicate excessive debt and fiscal strain. Bond rating agencies consider a net debt service percentage between 15 and 20 percent to be high. A ratio below five (5) percent indicates capacity for significant new debt. The Town's policy is to maintain a net debt service ratio of less than 20 percent. For FY22-23, the debt service ratio is 7.7 percent and reaches a high of 10.8 percent in FY23-24 following debt issuance for a new Public Safety Station. Absent significant changes to the CIP, the debt service ratio will remain well below 20 percent for the length of the current CIP.



The 10-year payout ratio measures the amount of principal being retired in the next 10 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 10-year payout ratio of 55 percent. The CIP includes issuance of Special Obligation Bonds as well new installment purchase financing. The new debt, particularly a 15-year borrowing for the Public Safety Station, brings the payout ratio down from a high of 100 percent in FY20-21 to a low of 64 percent in FY25-26, which is still above the Town's minimum but bears monitoring if additional debt is considered for projects not yet included in the CIP.



Pay-as-go financing can help keep key debt ratios in acceptable range by eliminating new debt obligations and annual debt service payments. The proposed CIP indicates differences from year to year in pay-as-go financing over the five-year period. This is due to the significant costs associated with some larger projects such as road improvements or a new fire station. If debt ratios begin to approach unacceptable ranges, delaying projects or using pay-as-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 2023	FY 2024	FY 2025	FY 2026	FY 2027	Beyond 2027	Total Spending
Reserve Funds	0	0	0	0	0	0	0
Current Funds	772,457	1,053,598	1,556,598	595,298	499,298	770,000	5,247,249
New Debt Service	514,241	1,137,617	1,128,878	1,141,761	1,133,022	12,689,788	17,745,308
Existing Debt Service	575,794	416,286	426,085	238,781	103,780	34,593	1,795,320
Total	1,862,492	2,607,501	3,111,561	1,975,840	1,736,101	13,494,382	24,787,877

Element Totals	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Beyond 2027	Total Cost
Environmental Protection	7,270,091	370,000	570,000	250,000	250,000	150,000	8,860,091
Fire	57,000	97,475	38,000	28,000	88,000	35,000	343,475
Police	153,552	249,598	133,598	190,298	46,298	0	773,344
Parks	0	10,000	90,000	90,000	0	0	190,000
Public Facilities	20,000	6,712,000	1,010,000	23,000	24,000	24,000	7,813,000
Streets and Highways	2,631,000	240,000	165,000	170,000	175,000	140,000	3,521,000
Total	10,131,643	7,679,073	2,006,598	751,298	583,298	349,000	21,500,910

Revenue Source Totals	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Beyond 2027	Total Cost
Grant	6,200,502	124,000	24,000	24,000	24,000	24,000	6,420,502
Interlocal	796,572	0	0	0	0	0	796,572
Town Funds	759,982	863,073	1,886,598	583,298	499,298	325,000	4,917,249
Debt Issued	2,374,587	6,692,000	96,000	144,000	60,000	0	9,366,587
Total	10,131,643	7,679,073	2,006,598	751,298	583,298	349,000	21,500,910

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 2023	FY 2024	FY 2025	FY 2026	FY 2027	Beyond 2027	Total Cost
Beach Renourishment	Total	7,047,591						7,047,591
	Grant	3,876,432						3,876,432
	Interlocal	796,572						796,572
	Town Funds							0
	Debt Issued	2,374,587						2,374,587
Beach Planting/ Sand Fencing	Total	120,000	150,000	150,000	150,000	150,000	150,000	870,000
	Grant	24,000	24,000	24,000	24,000	24,000	24,000	144,000
	Interlocal							0
	Town Funds	96,000	126,000	126,000	126,000	126,000	126,000	726,000
	Debt Issued							0
Town Park Shoreline Protection	Total	0	120,000	320,000	0	0	0	440,000
	Grant							0
	Interlocal							0
	Town Funds		120,000	320,000				440,000
	Debt Issued							0
Neighborhood Stormwater Management	Total	102,500	100,000	100,000	100,000	100,000	0	502,500
	Grant	50,000	100,000					150,000
	Interlocal							0
	Town Funds	52,500		100,000	100,000	100,000		352,500
	Debt Issued							0
Total	Total	7,270,091	370,000	570,000	250,000	250,000	150,000	8,860,091
	Grant	3,950,432	124,000	24,000	24,000	24,000	24,000	4,170,432
	Interlocal	796,572	0	0	0	0	0	796,572
	Town Funds	148,500	246,000	546,000	226,000	226,000	126,000	1,518,500
	Debt Issued	2,374,587	0	0	0	0	0	2,374,587

Fire								
Item/Project		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Beyond 2027	Total Cost
Replacement of SCBA Bottles	Total	36,000	5,000	5,000	5,000	5,000	5,000	61,000
	Grant							0
	Interlocal							0
	Town Funds	36,000	5,000	5,000	5,000	5,000	5,000	61,000
	Debt Issued							0
Replacement of Turnout Gear	Total	15,000	17,000	17,000	17,000	17,000	17,000	100,000
	Grant							0
	Interlocal							0
	Town Funds	15,000	17,000	17,000	17,000	17,000	17,000	100,000
	Debt Issued							0
Hose and Appliances	Total	6,000	6,000	6,000	6,000	6,000	6,000	36,000
	Grant							0
	Interlocal							0
	Town Funds	6,000	6,000	6,000	6,000	6,000	6,000	36,000
	Debt Issued							0
Thermal Imaging Camera	Total	0	7,000	0	0	0	7,000	14,000
	Grant							0
	Interlocal							0
	Town Funds	0	7,000	0			7,000	14,000
	Debt Issued							0
Extrication Equipment	Total	0	50,000	0	0	0	0	50,000
	Grant							0
	Interlocal							0
	Town Funds		50,000				0	50,000
	Debt Issued							0

Command Vehicle Replacement	Total	0	0	0	0	60,000	0	60,000
	Grant							0
	Interlocal							0
	Town Funds							0
	Debt Issued					60,000		60,000
CAD & Mobile Data Terminals	Total	0	12,475	10,000	0	0	0	22,475
	Grant							0
	Interlocal							0
	Town Funds		12,475	10,000				22,475
	Debt Issued							0
Total	Total	57,000	97,475	38,000	28,000	88,000	35,000	343,475
	Grant	0	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0	0
	Town Funds	57,000	97,475	38,000	28,000	28,000	35,000	283,475
	Debt Issued	0	0	0	0	60,000	0	60,000

Police								
Item/Project		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Beyond 2027	Total Cost
Records Management Replacement	Total	79,252	26,298	26,298	26,298	26,298	0	184,444
	Grant							0
	Interlocal							0
	Town Funds	79,252	26,298	26,298	26,298	26,298		184,444
	Debt Issued							0
Public Highway Video Camera Network	Total	24,500	0	0	0	0	0	24,500
	Grant	24,500						24,500
	Interlocal							0
	Town Funds	0						0
	Debt Issued							0
Patrol Vehicles: New and Replacement	Total	0	192,000	96,000	144,000	0	0	432,000
	Grant							0
	Interlocal							0
	Town Funds							0
	Debt Issued		192,000	96,000	144,000			432,000
Replacement of Mobile Data Terminals	Total	38,500	20,000	0	20,000	20,000	0	98,500
	Grant							0
	Interlocal							0
	Town Funds	38,500	20,000		20,000	20,000		98,500
	Debt Issued							0
Radar Speed Sign Replacement/Expansion	Total	11,300	11,300	11,300	0	0	0	33,900
	Grant							0
	Interlocal							0
	Town Funds	11,300	11,300	11,300				33,900
	Debt Issued							0
Total	Total	153,552	249,598	133,598	190,298	46,298	0	773,344
	Grant	24,500	0	0	0	0	0	24,500
	Interlocal	0	0	0	0	0	0	0
	Town Funds	129,052	57,598	37,598	46,298	46,298	0	316,844
	Debt Issued	0	192,000	96,000	144,000	0	0	432,000

Parks								
Item/Project		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Beyond 2027	Total Cost
Playground Equipment Replace/Expand	Total	0	10,000	90,000	90,000	0	0	190,000
	Grant							0
	Interlocal							0
	Town Funds		10,000	90,000	90,000			190,000
	Debt Issued							0
Total	Total	0	10,000	90,000	90,000	0	0	190,000
	Grant	0	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0	0
	Town Funds	0	10,000	90,000	90,000	0	0	190,000
	Debt Issued	0	0	0	0	0	0	0

Public Facilities								
Item/Project		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Beyond 2027	Total Cost
Public Safety Building	Total	0	6,500,000	0	0	0	0	6,500,000
	Grant							0
	Interlocal							0
	Town Funds							0
	Debt Issued		6,500,000					6,500,000
Boardwalk - Northern Extension (Phase 5)	Total	0	100,000	988,000	0	0	0	1,088,000
	Grant							0
	Interlocal							0
	Town Funds		100,000	988,000				1,088,000
	Debt Issued							0
Boardwalk Repairs/Upgrades	Total	20,000	21,000	22,000	23,000	24,000	24,000	134,000
	Grant							0
	Interlocal							0
	Town Funds	20,000	21,000	22,000	23,000	24,000	24,000	134,000
	Debt Issued							0
Video Surveillance System	Total	0	91,000	0	0	0	0	91,000
	Grant							0
	Interlocal							0
	Town Funds		91,000					91,000
	Debt Issued							0
Total	Total	20,000	6,712,000	1,010,000	23,000	24,000	24,000	7,813,000
	Grant	0	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0	0
	Town Funds	20,000	212,000	1,010,000	23,000	24,000	24,000	1,313,000
	Debt Issued	0	6,500,000	0	0	0	0	6,500,000

Streets and Highways								
Item/Project		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Beyond 2027	Total Cost
Duck Trail Repaving	Total	120,000	125,000	130,000	135,000	140,000	140,000	790,000
	Grant							0
	Interlocal							0
	Town Funds	120,000	125,000	130,000	135,000	140,000	140,000	790,000
	Debt Issued							0
Stormwater Management (NC 12)	Total	45,000	80,000	0	0	0	0	125,000
	Grant							0
	Interlocal							0
	Town Funds	45,000	80,000					125,000
	Debt Issued							0
Coastal Resiliency Project (NC 12 Elevation)	Total	2,466,000	0	0	0	0	0	2,466,000
	Grant	2,225,570						2,225,570
	Interlocal							0
	Town Funds	240,430						240,430
	Debt Issued							0
Retaining Wall Replacement	Total	0	35,000	35,000	35,000	35,000	0	140,000
	Grant							0
	Interlocal							0
	Town Funds		35,000	35,000	35,000	35,000		140,000
	Debt Issued							0
Total	Total	2,631,000	240,000	165,000	170,000	175,000	140,000	3,521,000
	Grant	2,225,570	0	0	0	0	0	2,225,570
	Interlocal	0	0	0	0	0	0	0
	Town Funds	405,430	240,000	165,000	170,000	175,000	140,000	1,295,430
	Debt Issued	0	0	0	0	0	0	0

Appendix A

THE 2027 VISION

In 2027, the Town of Duck, North Carolina, is a thriving coastal community. We respect and value our delicate, yet dynamic barrier island environment — clean waters and beaches, maritime forests, wetlands, and dunes. Residents and visitors alike are drawn to neighborhoods that reflect our small-town atmosphere. Our village is a source of pride, offering diverse experiences by way of a cohesive and eclectic mix of independent businesses, shops, and restaurants. At the hub of our community is the Town Hall and Park, where we interact, share ideas, and build connections. Duck's vitality, founded on grassroots engagement, encourages meaningful participation from all of its stakeholders. Long-term financial stability, sustainable services, measured growth and a focus on quality of life distinguish Duck as a preeminent destination for everyone.

THE SIX UNIFYING PRINCIPLES

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

DUCK AND OUR VILLAGE



Surrounded by our residential neighborhoods, Duck Village is the heart of Duck. 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 below were established in 2017 during the Vision 2027 process and are each tied to one of the unifying principals. The status update is provided by staff.

THREE TO FIVE YEAR GOALS (Vision 2027 in 2016)				
#	Goal Statement	Principal	Status	
1	Continue to partner with and support the business community and the Duck Merchants Association, including increasing the exposure and accessibility of all businesses	 	Business input has been sought during consideration of relevant issues and while the leadership of the DMA has been challenged during their response to COVID, staff is working with the current president to lend assistance to find business owners to be a part of the board and engage the rest of the business community.	
2	Implement the Town of Duck Beach Nourishment Project, develop a maintenance plan for the current project, and continue to monitor all areas of the Town to identify possible future projects		Nourishment completed in June 2017. Maintenance and monitoring conducted annually.	
3	Maintain the amenities of the Town to their current standard and make improvements where necessary and/or appropriate, including modifications and enhancements to improve the Duck experience		Sidewalk construction was completed in phases in 2018, 2019 & 2020. Duck Trail improvements are made annually. Boardwalk repairs are made annually. Crosswalk and parking lot lighting replaced. Amphitheater seating replaced.	

4	Continue the 5 Year Financial Plan to optimize our resources			
a	Address human resources, infrastructure, fund balance, revenues, demographics, future circumstances and capacity		A pay and classification study was completed in 2021 and implemented in the Fiscal Year 2021-22 budget. Staffing was right-sized in all functional departments to provide an adequate level of service to the community. Available fund balance continues to grow to provide the ability to respond to emergencies and opportunities.	
b	Develop a fiscal plan that sets a tax rate designed to reasonably fund projects and services and reflects the desire for stable or limited tax growth		A five year financial forecast remains part of the annual budgeting process. For Fiscal Year 2021-22, the tax rate was increased to cover the costs associated with staffing, infrastructure improvements and other projects.	
c	Work to get the most value for our tax dollars and communicate these decisions to all stakeholders	 	A more complete budget document explaining all revenue sources and expenditures was developed for the FY 2021-22 fiscal year in order to more thoroughly communicate with community stakeholders. Department directors continue to evaluate all expenditures to ensure we are getting the best value for the dollar.	
d	Evaluate outcomes, both qualitatively and quantitatively		Quantitative (workload) data being shared by various town departments via monthly reports. More work needs to be done to create and report qualitative (efficiency) metrics.	
5	Continue to explore and analyze the feasibility of a northern extension of the boardwalk		Community feedback did not support a full boardwalk extension, but a shorter extension is being discussed with stakeholders including property owners.	
6	Continue to implement thoughtful strategies designed to engage the stakeholders of the Town		Surveys, open houses, and other opportunities for input were important parts of the planning process.	
a	Foster community participation with ongoing events, including shoulder and off-season experiences		Event offerings have grown since the Vision 2027 was formed. Except for 2020 & 2021, in person events have been held nearly year-round, with a focus on summer seasonal guests and the Jazz Festival.	
b	Maintain high level of communication and inclusion	 	Communication methods include our website, social media, semi-annual print newsletters, our brochure, direct emails to stakeholder groups, and direct mailings. Town Council meetings are now live-streamed. Both public safety departments use social media and other channels to push information out to residents and visitors.	
c	Enhance our network of volunteers and ensure continuity		Still work to be done here. We have highly engaged volunteers and in 2022 we're implementing an annual volunteer recognition program.	
d	Learn more about seasonal stakeholders		Many seasonal residents were identified and participated in the planning process. Members of the police department continually engage seasonal stakeholders and bring feedback back to management through the chain of command.	
e	Explore strategies/forum for HOAs to connect and engage with the Town and each other, including the use of technology		An HOA forum formed independently of Town efforts in 2020. The Town maintains a list of HOA representatives and gives notice/seeks input during consideration of relevant projects/issues. The police department is often invited to present information and gather feedback from HOA members at their annual meetings, although COVID has impacted this practice significantly over the past 2 years.	

7	Complete the long term plan for the renovation or reconstruction of the public safety building		Conceptual plans were developed and were moving forward until, in 2021, the USCACE decided they might find value in the existing structure. Since that time, staff has made repeated inquiries regarding the status of a land lease and is awaiting word regarding the USCACE's preferred approach.	
8	Continue to advocate for traffic improvements including the construction of the Mid-Currituck Bridge, opposition to the widening of NC12, evaluation and implementation of stormwater improvements, and evaluation of public parking alternatives		The Mid-Currituck Bridge is in final design /permitting stage. A traffic study was conducted in the summer of 2021 and an evaluation of pedestrian safety was performed by NCDOT during the same time period. Options to widen NC 12 have not been pursued. Stormwater management improvements along NC 12 were made annually. Neighborhood flooding study is ongoing. A parking study was completed in 2020.	
9	Develop a strong relationship between the property managers and the Town ensuring that:		Staff maintains a list of contact information for property managers and sends timely and appropriate information for them to share with their clients (owners and renters).	
a	there is a strong awareness of public safety interface		Duck Police, Fire, and Surf Rescue are involved in public information campaigns aimed at visitors (and residents) to build greater safety awareness. Police department staff have a solid relationship with property management companies, which allows for much easier mitigation of problems as they arise. However, the sudden influx of DIY rentals has been challenging for police, as there generally isn't anyone readily visible to contact when public safety issues arise with the property or the renters.	
b	appropriate information is shared with property owners and visitors		The refrigerator cling was updated in 2021 with new information and shared via property managers (and other avenues) as were updated trash cart stickers.	
10	Implement all facets of the Town of Duck Comprehensive Pedestrian Plan		Sidewalk construction was completed in phases in 2018, 2019 & 2020. Crosswalks, lighting, signage & markings were also included.	



Appendix B

Fiscal Year 2022-23 Town Council Goals

Weighted tally of "votes" assigning a numerical value of 3 to "stars"						
	Goal	Total	Don	Monica	Sandy	Tony
	Grow the fund balance and maintain the tax rate	7	3		3	1
	Address issues regarding residential waste throughout town	5		1		4
	Improve stormwater management on public roads	4	1	1	1	1
	Create a plan to partner with private sector to enhance business vitality	4	1	1	1	1
	Council visibility in policy and training and maintenance, and proper treatment of staff	4	1	3		
	Monitor and understand the impacts(s) of changing demographics	3	1		1	1
	Reenergize the public safety building project	2	1		1	
	Increased communication efforts (esp. Beach Nourishment), livestream all public meetings	2	1		1	
	Explore management of crosswalk efficiency and safety	1		1		
	Explore west side of NC 12 multi-use path	1				1
	Stormwater management education outreach efforts, and connecting HOAs/residents and resources	1		1		
	Strengthen relationship with the US Army Corps of Engineers	1		1		
	Monitor opportunities for property acquisitions to develop Town facilities (parking and restrooms)	0				
	Northern boardwalk extension (wrap around Resort Realty)	0				
	Pilot application of pedestrian signals	0				
	Address sound front erosion	0				
	Update the 2027 Vision	0				
	Buy/Lease office space in the village for the police	0				
	Review of the emergency operations plan	0				
	Enhance surf rescue	0				
	Maintenance of town assets	0				
	Proactive enforcement of CUPs	0				
	Promote volunteer recruitment	0				
	Local business retention	0				
	Themed events	0				
Unifying Principals Icons						
Duck and Our Village						
Environmental Stewardship						
Enhanced Movability						
Thriving Business Community						
Active Engaged Community						
Responsive and Responsible Leadership						