

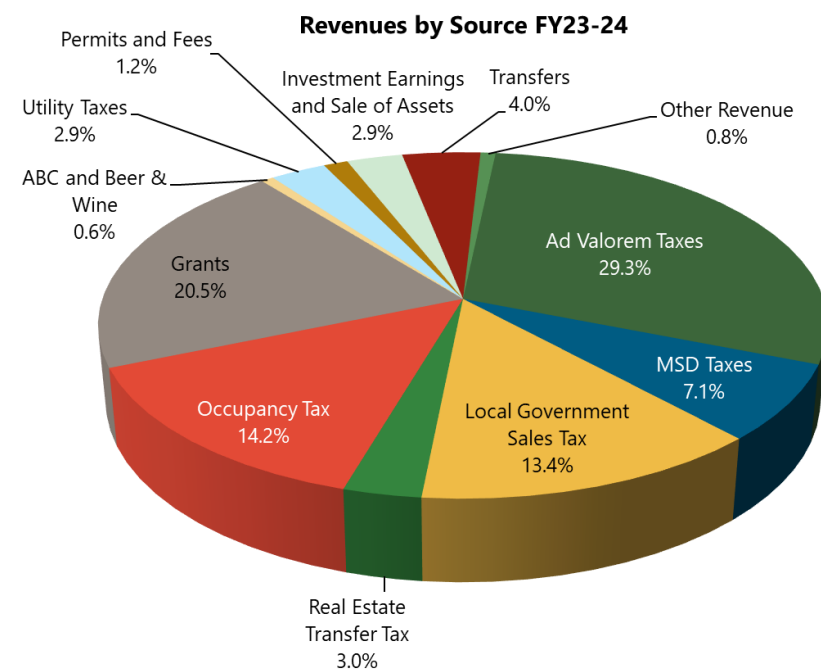
Revenue Summary

This table shows revenue from different sources in our budget and includes a full-year actual revenue, the current fiscal year budget and year-end estimate, and the current draft budget for FY 2023-24.

Revenues by Source						
Source	FY21-22 Actual	FY22-23 Budget	FY22-23 Estimate	FY23-24 Recommend	Variance v. CY	% Change
Ad Valorem Taxes	4,106,167	4,096,829	4,156,500	4,141,643	44,813	1.1%
MSD Taxes	1,005,581	1,003,283	966,000	1,009,030	5,747	0.6%
Local Government Sales Tax	1,913,101	1,800,000	1,900,000	1,900,000	100,000	5.2%
Real Estate Transfer Tax	826,337	500,000	450,000	425,000	(75,000)	-9.1%
Occupancy Tax	2,131,759	1,850,000	2,000,000	2,000,000	150,000	7.0%
Grants	210,716	2,362,172	155,204	2,902,239	540,067	256.3%
ABC and Beer & Wine	87,369	71,700	91,800	91,800	20,100	23.0%
Utility Taxes	389,091	403,000	410,000	405,000	2,000	0.5%
Permits and Fees	202,032	166,500	190,050	176,500	10,000	4.9%
Investment Earnings and Sale of Assets	75,364	36,000	400,500	405,000	369,000	489.6%
Transfers	329,832	574,130	574,130	566,868	(7,262)	-2.2%
Debt Proceeds	644,896	0	0	0	0	0.0%
Fund Balance Appropriated	0	332,161	0	0	(332,161)	
Other Revenue	28,633	96,682	274,130	109,160	12,478	43.6%
Total	11,950,876	13,292,458	11,568,314	14,132,240	839,782	6.3%

Of note, in terms of changes from the FY 2022-23 budget, are increases in Sales and Occupancy Tax revenue due to current trends as modified by assumptions that the rate of growth in these will be dampened by the current economic climate. Investment Earnings will increase due to the higher interest rate environment. Other Revenue includes sales of Memory Lane bricks.

The proposed tax rate (unchanged) 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 sources, as deemed appropriate. It is important to note that historically less than half of our revenue comes from Ad Valorem and MSD taxes. In FY 2023-24, we anticipate that only 36.4% of revenue will derive from these sources. The percentage of each source is depicted in this graph.



Expenditure Summary

Expenditures are broken down into fifteen functional departments and two other expenditure groupings to account for transfers and contingency. These departments are identified as follows:

- **Governing Body:** Expenses related to the Town Council 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:** 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 conducting 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.

This graphic shows how each dollar of revenue is budgeted. Public Safety (Police and Fire) will remain one of our largest expenses due to how personnel-intensive they are. Environmental Protection includes annual debt service payments for Beach Nourishment. Streets & Highways contains a large, one-time, expenditure for the Highway 12 elevation project that is largely grant-funded.





Fiscal Year 2023-24 Draft Budget

This document contains information related to the preparation of the Fiscal Year 2023-24 Budget for the Town of Duck. A more in-depth presentation of this information was made to the Town Council at their meeting on April 19, 2023, during which staff received guidance from the Town Council relative to their priorities in order to prepare a balanced budget to present for a Public Hearing on May 5, 2023.

Revenue is estimated based upon trends and economic conditions, and expenditures are estimated based upon fixed costs, personnel costs, and capital projects and purchases following the draft Capital Improvement Plan. After some initial reductions, and further reductions during the conversation with Town Council, the draft budget is balanced without increasing tax rates or other rates/fees.

This graph shows the trend in expenditures, by type, over the past several years. Of note is that the "capital" portion of what is shown in FY 2021-22, FY 2022-23, and FY 2023-24 contains just over \$2.5 million for the mostly grant-funded Highway 12 elevation project which will be completed in FY 2023-24.

This table shows each of the fifteen departments and two additional lines as mentioned above and provides actual expenditures for the one prior complete fiscal year, the current year's budget, the estimate of the year end expenditures, and the FY 2023-24 request as part of the "gross needs" budget.

Expenditures by Department						
Department Expenditures	FY21-22 Actual	FY22-23 Budget	FY22-23 Estimate	FY23-24 Recommend	Variance v. CY	% Change
Governing Body	127,501	145,981	142,603	153,231	7,250	5.0%
Administration	646,872	654,422	645,316	768,090	113,668	17.4%
Finance	129,967	114,079	127,300	122,119	8,040	7.0%
Legal	61,055	62,760	60,000	65,460	2,700	4.3%
Public Facilities	544,330	599,818	557,731	460,708	(139,110)	-23.2%
Information Technology	144,066	175,765	175,300	159,352	(16,413)	-9.3%
Police	1,966,987	1,914,332	2,118,624	1,974,047	59,714	3.1%
Fire	2,635,587	1,818,813	1,806,744	1,983,189	164,376	9.0%
Inspections	173,104	203,830	196,786	236,949	33,119	16.2%
Ocean Rescue	535,340	580,001	580,000	628,100	48,099	8.3%
Streets & Highways	531,573	2,880,720	458,940	3,248,994	368,274	12.8%
Sanitation	1,097,385	1,216,360	1,160,000	1,347,410	131,050	10.8%
Environmental Protection	1,574,897	939,518	865,836	913,086	(26,432)	-2.8%
Community Development	308,578	325,383	329,666	373,828	48,445	14.9%
Recreation & Special Events	89,201	225,449	224,600	227,000	1,551	0.7%
Transfers	1,317,349	1,359,928	1,359,928	1,384,288	24,360	1.8%
Contingency		75,299		86,389	11,090	14.7%
Total	11,883,792	13,292,458	10,809,375	14,132,240	839,782	6.3%

Expenditures by Type						
Type	FY21-22 Actual	FY22-23 Budget	FY22-23 Estimate	FY23-24 Recommend	Variance v. CY	% Change
Personnel	3,648,877	3,799,742	3,814,175	4,367,233	718,356	19.7%
Operating	4,090,236	3,993,492	3,814,241	4,012,428	(77,808)	-1.9%
Capital	1,010,948	2,902,565	646,394	3,298,748	2,287,800	226.3%
Debt Service	1,816,382	1,161,431	1,174,637	983,154	(833,228)	-45.9%
Transfers and Contingency	1,317,349	1,435,227	1,359,928	1,470,677	153,328	11.6%
Total	11,883,792	13,292,458	10,809,375	14,132,240	2,248,448	18.9%

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. Of note is a proposed 8.5% salary increase for all personnel at the beginning of the fiscal year in order to attempt to remain competitive in the current employment market.
- **Operating** – accounts for all expenses for contracted services, professional services, supplies and materials, and small item purchases.
- **Capital** – accounts for large capital purchases (greater than \$5,000) and small "capital" purchases that, while they do not meet our \$5,000 capitalization threshold, are items we like to capture in a separate category due to their one-time nature for a specific purpose.
- **Debt Service** – accounts for principal and interest on outstanding debt issued by the Town.
- **Transfers and Contingency** – transfer of MSD tax revenue to the Beach Fund and a small Contingency amount for unexpected expenditures.

