



Fiscal Year 2023-2024

Annual Budget

Town Council

Don Kingston, Mayor
Monica Thibodeau, Mayor Pro-Tempore
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
Kay Nickens, Communications and Events Director

Town of Duck
1200 Duck Road
Duck, North Carolina 27949
252-255-1234
www.townofduck.com

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Budget Guide

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

The Budget Document

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

Budget Message & Ordinance

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

Community & Organizational Profile

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

Financial Summaries

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

Funds & Line Items

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

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

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

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

Capital Improvement Plan

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

Supplemental Information

This section contains a glossary of terms used throughout the document, our Financial and Budgetary Policies, our Capital Improvement Plan, and the Town of Duck Vision 2032.

How to Read the Budget Document

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

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

Interpreting Tables & Charts

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

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 after initial reductions**: Points to the 'FY23-24 Request' column.
- Approved budget after reductions and corrections**: Points to the 'FY23-24 Approved' column.
- Prior year actual data from audit**: Points to the 'FY21-22 Actual' column.
- Current year budget as amended**: Points to the 'FY22-23 Budget' column.
- Change between current budget and approved budget**: Points to the 'Variance v. CY' and '% Change' columns.

Administration						
Account Description	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Salaries and Wages						
Salaries and Wages (PT)						
FICA						
Workers' Compensation						
Supplemental Retirement (LGERS)						
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 3, 2023

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, 2023 and ending June 30, 2024 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 2023-2024 (FY23-24) Budget, Town staff followed guidance from Town Council's adopted Vision 2032 which contains the following:

THE SIX UNIFYING PRINCIPLES

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

DUCK AND OUR VILLAGE

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

ENHANCED MOVABILITY

Duck is a pedestrian first community that is safe and easy to navigate by walking and cycling. Our multi-use trail, sidewalks, soundside boardwalk, and beach provide a variety of ways to explore and discover Duck. Collaboration with

various organizations enables us to optimize our traffic flow in our unique seasonal environment.

ENVIRONMENTAL STEWARDSHIP

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

ACTIVE, ENGAGED COMMUNITY

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

VIBRANT, THRIVING BUSINESS COMMUNITY

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

RESPONSIVE AND RESPONSIBLE LEADERSHIP

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

The FY23-24 Recommended Budget totals \$14,132,240 for all Town operations, capital improvements, and debt service requirements. This is \$839,782 (6.3%) more than the FY22-23 Budget. Following Town Council's direction, the budget is balanced with a tax rate of \$0.22, which is unchanged from FY 22-23, 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 19.7% 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 emerged from the grip of the COVID-19 pandemic, we were all pleasantly surprised by the minimal negative impact to our local economy and resulting increases in tourism throughout the

years that followed. While the national economy continues to deal with effects of inflation, interest rate increases, and the like, 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 \$14,132,240, a 6.3% increase compared to the FY22-23 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 \$4,141,643 or 29.3% of the revenue for our General Fund in FY23-24. In addition, MSD taxes account for an additional \$1,009,030, or 7.1% of our revenue. This means that over half of the services that we provide 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 FY23-24, 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 FY23-24 Recommended Budget totals \$14,132,240 for all Town operations, capital improvements, and debt service requirements. This is \$839,782 (6.3%) more than the FY22-23 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 \$4,367,233. This represents a total of 30.9% of the total budget. This budget does not include any additional staff, but does include an 8.5% across the board salary adjustment for all employees at the beginning

of the fiscal year and a merit increase pool of 6% of total salaries. Also included are small increases in Workers' Compensation insurance rates, retirement contribution rates, and a more significant increase in medical insurance rates. Please refer to the Personnel section of the budget document for a thorough explanation of all changes being proposed in compensation and benefits.

This table shows the total number of personnel in each department over the last three years and what is proposed for FY 23-24.

Personnel by Department						
Department	FY 20-21	FY 21-22	FY 22-23	FY 23-24 Requested	# Change	Percent Change
Administration	5	5.5	5.5	5.5	0	0%
Public Facilities	0	1	1	1	0	0%
Police	12.5	14.5	14.5	14.5	0	0%
Fire	12.5	14.5	14.5	14.5	0	0%
Inspections	2.5	2	2	2	0	0%
Community Development	2	2.5	2.5	2.5	0	0%
Total	34.5	40	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 two years ago, 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

- Salaries for Mayor and Town Council
- Contracted Services include charges from the Dare County Board of Elections to conduct the Duck Town Council election in November
- Property and Liability insurance increase approximately 20% 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
- Tuition Reimbursement for up to 8 employees
- 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
- Finance and payroll software charges
- Bank fees now offset by interest

Legal

- Monthly \$2,800 per month. Same rate as FY 2022-23
- As needed service rates increase to \$245 per hour for attorneys, \$150 per hour for paralegals, and \$185 per hour for summer law students.

Public Facilities

- Salary for full-time Maintenance Technician
- May use savings from trash can servicing contract to hire some part-time assistance
- Maintenance contracts for grounds (Town Hall, Park, etc.), trash can service, and cleaning of Town Hall and Keller Meeting Hall. Grounds contract expires in December and new bids are reflected in the budget
- Tree "removal" for maintenance (trimming, vine removal, and removal of any dead trees)
- Irrigation maintenance as needed
- Boardwalk repair materials
- Bench replacement
- Bricks for Memory Lane brick project – second year
- Replacing irrigation system

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
- Convert internet back-up from DSL (telco) to wireless (5g)
- Display and livestream upgrades for Meeting Hall

Police

- Police officer wellness and mental health initiative
- Records management system renewal
- License plate reader licensing
- Training for all personnel including Spanish Immersion training for 2 officers
- Vehicle counting sensors
- Mobile Data Terminal replacements

Fire

- Replacing turnout gear – per schedule
- SCBA replacement – per schedule
- Hose replacement – per schedule
- Turnout gear replacement – per schedule
- CAD & Mobile Data Terminal equipment – first year
- Subsidy to Duck Volunteer Fire Department - \$34,400 increase

Inspections

- Permitting software – increased to four “seats” to allow multiple simultaneous users
- Travel and Training includes Maintenance Technician to work toward inspector certification to serve as a backup to the full-time inspector
- Copier shared as noted above under Administration

Ocean Rescue

- Increase of \$48,000 per contract as amended
- Allocating phones and iPads used by the lifeguards to this department

Streets & Highways

- Professional Services for construction administration for the Highway 12 project and additional funding for work related to Duck Trail maintenance
- Contracted services for maintenance of sidewalks/plantings in the village and along Duck Trail. These contracts expire in December and the new bids are reflected in the budget
- 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 based upon new bids received. The incumbent providers were the low bidders for these services.

Environmental Protection

- Professional Services related to Beach Renourishment
- Beach grass planting, beach monitoring, etc.
- Stormwater Management project resulting from RCCP grant-funded studies
- Debt service for Beach Nourishment bonds

Community Development

- Stipends for Planning Board and Board of Adjustment
- Training for Director, Senior Planner, and Community Planner
- Copier shared as noted above under Administration

Recreation and Special Events

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

Expenditures by Function						
Function	FY21-22 Actual	FY22-23 Budget	FY22-23 Estimate	FY23-24 Recommend	Variance v. CY	% Change
General Government	1,653,791	1,752,825	1,708,251	1,728,960	(23,865)	-1.4%
Public Safety	5,311,019	4,516,976	4,702,155	4,822,285	305,309	6.8%
Streets & Highways	531,573	2,880,720	458,940	3,248,994	368,274	12.8%
Community Development	308,578	325,383	329,666	373,828	48,445	14.9%
Environmental Protection	2,672,282	2,155,878	2,025,836	2,260,495	104,618	4.9%
Recreation & Special Events	89,201	225,449	224,600	227,000	1,551	0.7%
Transfers and Contingency	1,317,349	1,435,227	1,359,928	1,470,677	35,450	2.5%
Total	11,883,792	13,292,458	10,809,375	14,132,240	839,782	6.3%

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, 2023, is estimated to be \$7.76 million or 75.5% of FY22-23 expenditures. This is inclusive of the purchase of four police vehicles and the use of approximately \$458,904 of additional revenue expected in excess of revenues due to conservative budgeting of revenue sources and favorable predicted actual revenue.

Conclusion

It remains important to concentrate our annual budgeting efforts on maintaining current levels of service and maintenance of Town-owned property and infrastructure, ensuring we are providing competitive compensation for our small staff while attempting to avoid any large increase in rates and fees. The budget being presented for your consideration accomplishes these goals. Each year we are faced with different challenges and opportunities. The coming year looks to bring challenges caused by workforce, 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 2023 – 2024 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, 2023 and ending June 30, 2024.

Section 1: General Fund

General Fund Revenues	
Ad Valorem Taxes	\$4,141,643
MSD Taxes	\$1,009,030
Local Government Sales Tax	\$1,900,000
Real Estate Transfer Tax	\$425,000
Occupancy Tax	\$2,000,000
Grants	\$2,902,239
ABC and Beer & Wine	\$91,800
Utility Taxes	\$405,000
Permits and Fees	\$176,500
Investment Earnings and Sale of Assets	\$405,000
Transfers	\$566,868
Debt Proceeds	\$0
Fund Balance Appropriated	\$0
Other Revenue	\$109,160
Total Revenues	\$14,132,240

General Fund Expenditures	
Governing Body	\$153,231
Administration	\$768,090
Finance	\$122,119
Legal	\$65,460
Public Facilities	\$460,708
Information Technology	\$159,352
Police	\$1,974,047
Fire	\$1,983,189
Inspections	\$236,949
Ocean Rescue	\$628,100
Streets & Highways	\$3,248,994
Sanitation	\$1,347,410
Environmental Protection	\$913,086
Community Development	\$373,828
Recreation & Special Events	\$227,000
Transfers	\$1,384,288
Contingency	\$86,389
Total Expenditures	\$14,132,240

Section 2: Beach Nourishment Capital Reserve Fund**Beach Nourishment Capital Reserve Fund Revenues**

Transfer from General Fund (MSD Tax Revenue)	\$1,009,710
Transfer from General Fund (Restricted Sales Tax Revenue)	\$374,578
Fund Balance Appropriated	\$0
Total Revenues	\$1,384,288

Beach Nourishment Capital Reserve Fund Expenditures

Transfer to General Fund	\$606,687
Reserved for Future Expenditures	\$777,601
Total Expenditures	\$1,384,288

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, 2023, for the purpose of raising the revenue listed Ad Valorem Taxes 2023-2024 in Section 1: General Fund of this ordinance. This rate is based on a valuation of property for purposes of taxation of \$1,867,978,859 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, 2023 in Municipal Service District - A (MSD-A), for the purpose of raising the revenue listed MSD Taxes 2023-2024 in Section 1: General Fund of this ordinance. This rate is based on a valuation of property for purposes of taxation of \$503,345,729 and an estimated rate of collection of 99.99%.

Section 5: 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, 2023 in Municipal Service District - B (MSD-B), for the purpose of raising the revenue listed MSD Taxes 2023-2024 in Section 1: General Fund of this ordinance. This rate is based on a valuation of property for purposes of taxation of \$125,191,250 and an estimated rate of collection of 99.99%.

Section 6: Fees & Charges

There is hereby established, for Fiscal Year 2023-2024, various fees and charges as contained in the Fee Schedule attached to this document. All mileage reimbursements for the use of personal vehicles shall be the same as the allowable IRS rate in effect on the date of travel.

Section 7: Position Classification and Salary Schedule

There is hereby established, for Fiscal Year 2023-2024, 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 8: Special Authorization of the Budget Officer

- a) The Budget Officer shall be authorized to reallocate fund appropriations among the various objects of expenditure as he deems necessary, provided such reallocations do not increase or decrease the total budget for any department.
- b) The Budget Officer shall be authorized to amend this budget as necessary to fulfill all obligations evidenced by a purchase order outstanding on June 30, 2023.

Section 9: Use of the Budget and the Budget Ordinance


This Ordinance and the budget document shall be the basis for the financial plan of the Town of Duck for Fiscal Year 2023-2024. The Budget Officer shall administer the budget and the Finance Officer shall establish records which are in agreement with the budget, this ordinance, and the appropriate statutes of the State of North Carolina.

Section 10: Distribution

Copies of this ordinance shall be furnished to the Budget Officer and the Finance Officer of the Town of Duck so that they may keep this ordinance on file for their direction and disbursement of funds.

Adopted this the 7th day of June, 2023.


Donald Kingston, Mayor

Attest:

Lori A. Ackerman, Town Clerk



Salary Schedule and Position Classification Table

Effective July 1, 2023

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 2023-24 budget and adopted as shown in Section 7 of the Budget Ordinance. The Personnel section of the budget document contains information regarding the number of employees in each department and in each job classification.

Salary Schedule

	HIRING				
GRADE	RATE	MINIMUM	MID POINT	MAXIMUM	
1	35,968	37,766	45,859	55,750	
2	37,766	39,654	48,152	58,537	
3	39,654	41,637	50,559	61,464	
4	41,637	43,719	53,087	64,537	
5	43,719	45,905	55,742	67,764	
6	45,905	48,200	58,529	71,153	
7	48,200	50,610	61,455	74,710	
8	50,610	53,141	64,528	78,446	
9	53,141	55,798	67,755	82,369	
10	55,798	58,588	71,143	86,487	
11	58,588	61,517	74,700	90,811	
12	61,517	64,593	78,434	95,351	
13	64,593	67,823	82,356	100,119	
14	67,823	71,214	86,475	105,126	
15	71,214	74,775	90,798	110,382	
16	74,775	78,514	95,338	115,901	
17	78,514	82,440	100,106	121,697	
18	82,440	86,562	105,111	127,782	
19	86,562	90,890	110,367	134,171	
20	90,890	95,435	115,885	140,880	
21	95,435	100,207	121,680	147,924	
22	100,207	105,217	127,764	155,321	
23	105,217	110,478	134,152	163,086	
24	110,478	116,002	140,860	171,241	
25	116,002	121,802	147,903	179,803	
26	121,802	127,892	155,298	188,793	
27	127,892	134,287	163,063	198,233	
28	134,287	141,001	171,216	208,145	
29	141,001	148,051	179,777	218,552	
30	148,051	155,454	188,765	229,479	
31	155,454	163,227	198,204	240,954	
32	163,227	171,388	208,115	253,002	
33	171,388	179,957	218,520	265,651	
34	179,957	188,955	229,445	278,933	
35	188,955	198,403	240,918	292,880	
36	198,403	208,323	252,964	307,525	
37	208,323	218,739	265,612	322,901	
38	218,739	229,676	278,892	339,045	

Classification Table

GRADE	CLASSIFICATION	FLSA STATUS	HIRING RATE	MINIMUM	MID POINT	MAXIMUM
5	Maintenance Technician		43,719	45,905	55,742	67,764
7	Administrative Assistant		48,200	50,610	61,455	74,710
	Firefighter					
	Police Officer					
8	Deputy Town Clerk		50,610	53,141	64,528	78,446
	Public Safety Office Administrator					
	Master Firefighter					
	Senior Police Officer					
9	Fire Engineer		53,141	55,798	67,755	82,369
	Master Police Officer					
	Planner I (Community Planner)					
10	Public Information and Events Coordinator		55,798	58,588	71,143	86,487
	Finance and HR Administrator	E				
	Police Corporal (new position by promotion)					
11	Fire Captain		58,588	61,517	74,700	90,811
	Police Sergeant					
	Town Clerk	E				
	Senior Planner					
13	Building Codes and Maintenance Administrator		64,593	67,823	82,356	100,119
16	Deputy Fire Chief	E	74,775	78,514	95,338	115,901
	Deputy Police Chief (title change)	E				
18	Public Information and Events Director	E	82,440	86,562	105,111	127,782
20	Community Development Director	E	90,890	95,435	115,885	140,880
	Fire Chief	E				
	Police Chief	E				
25	Town Manager	E	116,002	121,802	147,903	179,803
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, 2023

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 review fee has been paid
- Site plan approval has expired
- 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 online) per page charge below
3. Copy of Zoning Ordinance
(available free online) per page charge below
4. Copy of Land Use Plan
(available free online) per page charge below
5. Copy of Budget Document
(available free online) per page charge below
6. Copies of Requested Documents
8 ½ x 11, 11 x14 & 11 x17
(after the 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 1900s, just a few decades after the county was formed.



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



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

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

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



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

Geography

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



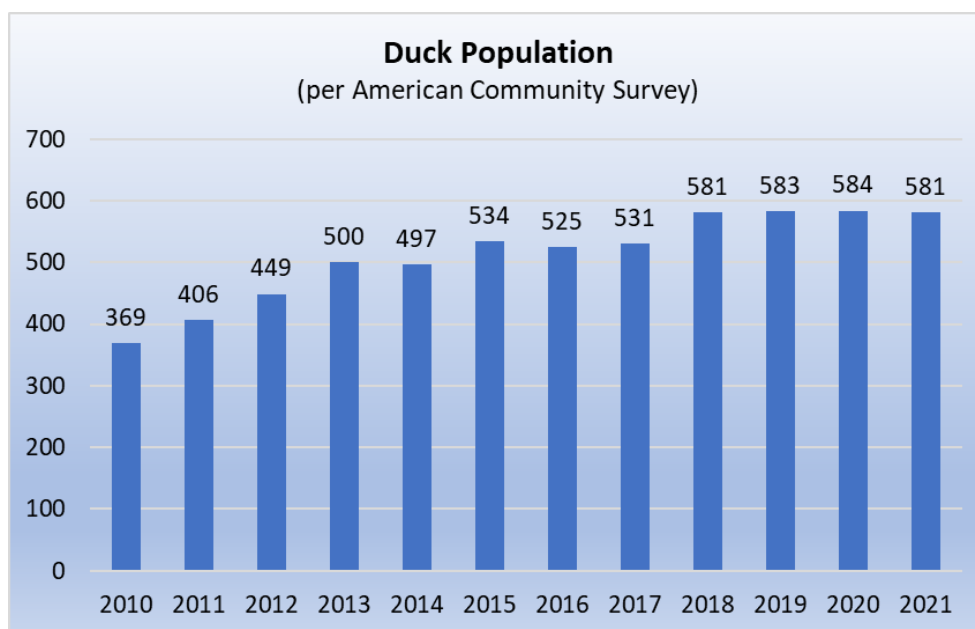
The Town contains 2.32 square miles and the Town's shoreline stretches for seven miles along the Atlantic Ocean. On the west side of Town is Currituck Sound featuring a nearly mile-long boardwalk. These natural features, along with the shops, restaurants, and the other built environment enhance the reputation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

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

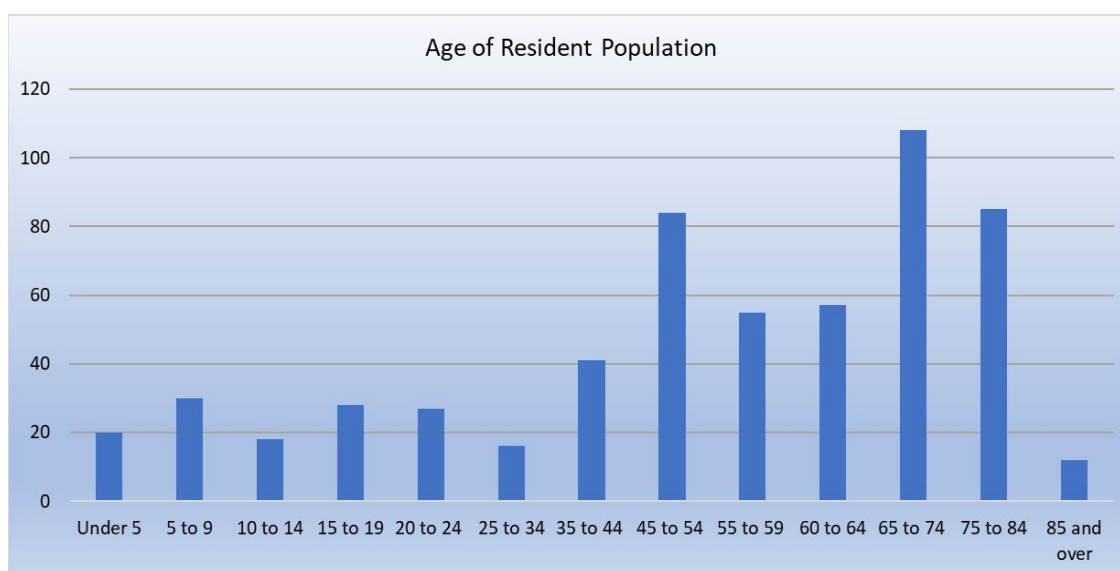


Demographics

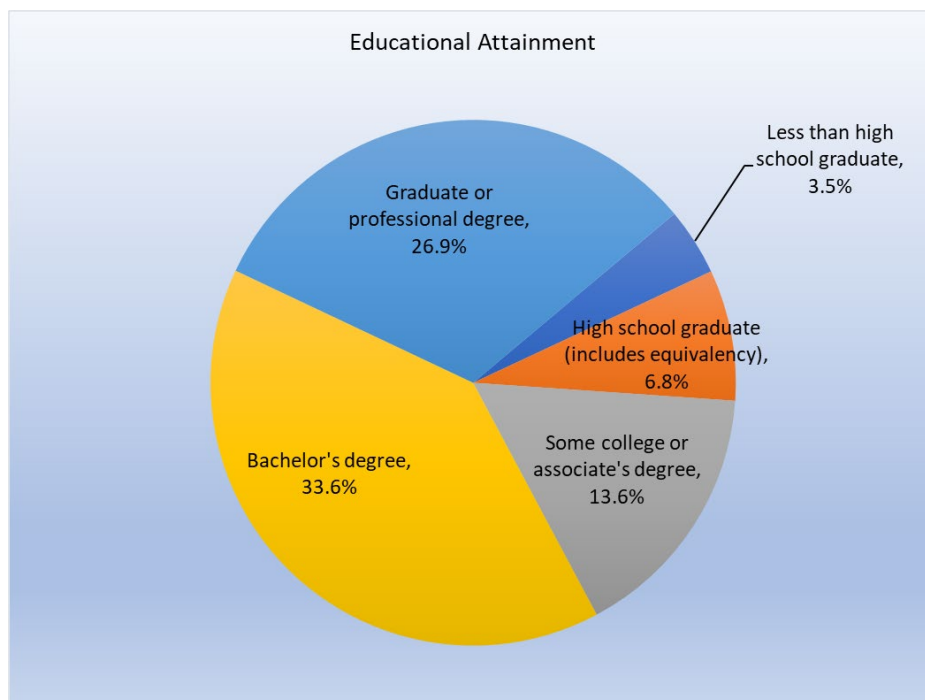
According to the US Census Bureau's American Community Survey (ACS), the Town of Duck has a resident population of 581 as of July 2021. The chart below shows a pattern of relatively little growth in the number of permanent residents of this community. The initial 2020 Census data indicated a total population of 742, but the most recent dataset, the 2021 ACS, shows a population of 581.



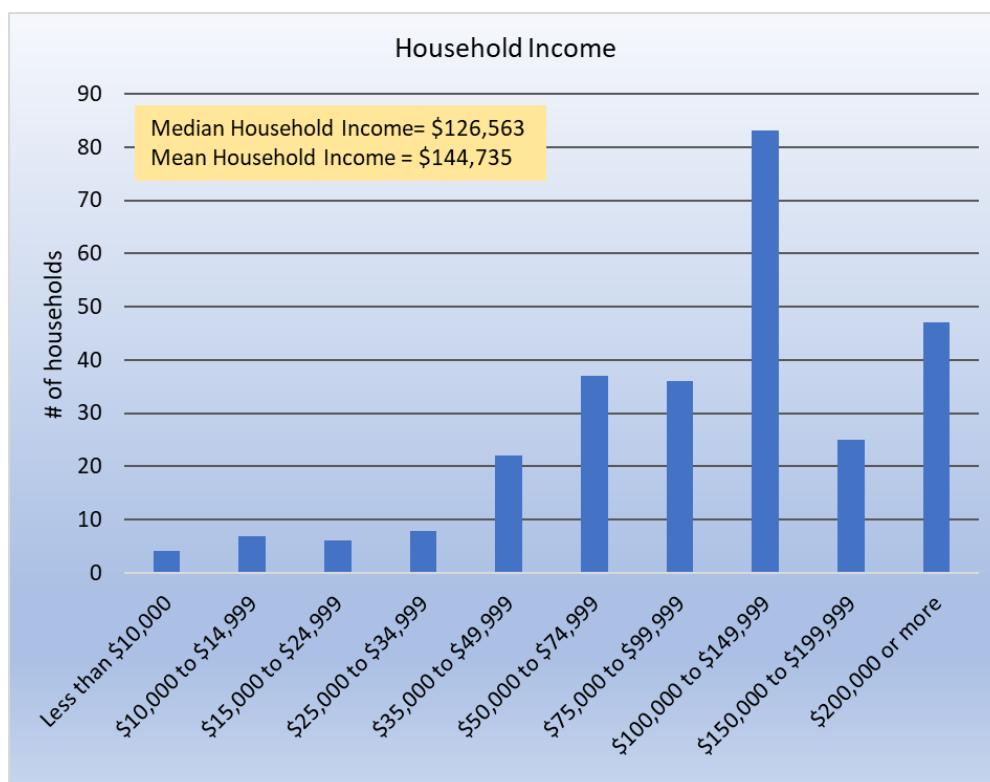
Our resident population, as shown on the chart below, tends to be older than typically seen in other parts of the state which is not unusual given our location and, in particular, distance from major employment centers.



The resident population, according to the ACS, is predominately white (98%), well-educated, and compared to the County and State, has higher earnings.



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



Local Employment

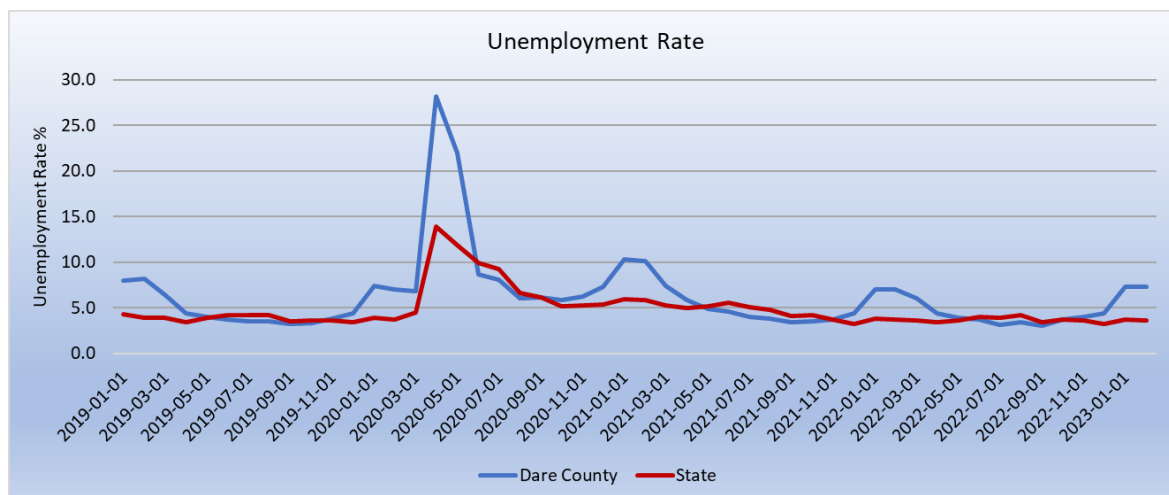
While Dare County, beyond the hospitality industry as a whole, does not have major employment centers, there are two that employ over 500 people. The table below shows the County's top ten employers.

Employer	Employees ⁽¹⁾	Percentage of Total County Employment ⁽²⁾
County of Dare	751	3.36%
Dare County Schools	735	3.29%
Vidant Medical Center	250-499	1.68%
Village Realty	250-499	1.68%
Food Lion	250-499	1.68%
NC Department of Transportation	250-499	0.78%
Carolina Designs Realty, Inc.	100-249	0.78%
Twiddy & Company	100-249	0.78%
Wal-Mart Associates, Inc.	100-249	0.78%
Surf or Sound Realty	100-249	0.78%

- (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 2021-22.

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 2,941 housing units, 83% of which are single-family homes, and 275 households. This is reflective of the large number of rental/second homes in Duck. Below is descriptive language and other information from our recent CAMA Land Use Plan update.

Duck's linear form significantly defines its character. Duck Road runs north-south along the Currituck Sound and is Duck's main commercial road. Most residential roads, which are typically private, are cul-de-sacs that extend east from the Highway.

Development and density in Town are limited by zoning restrictions and the dependence on septic for wastewater treatment. With these limitations, development in Duck is generally of a cozier, more relaxed scale than neighboring towns.

Duck Village - Buildings in Duck Village typify the coastal style popular around Town and generally include pitched roofs. Commercial sites are usually one of two types: a single building on a parcel with parking often to the side of the building or between the building and the street, or a multi-building development around shared parking. Unlike typical town centers, which feature a prominent main street onto which buildings and their tenants face, Duck has a linear center with two fronts: Duck Road and the boardwalk. Buildings on the east side of Duck Road face the road and are sometimes set back by parking. Buildings on the west side of the road often have activity focused on the boardwalk and sound side as well.

Roadside Commercial- These parcels frequently house commercial and recreational uses between Duck Road and the Currituck Sound. Buildings are stylishly coastal and are generally no more than two stories high. The structures are set back from the street to allow for access to the water.

The Sanderling Resort- The Sanderling Resort's buildings contain a range of uses and are larger in scale than most of the Town's development. Much of the open space contains recreational amenities.

Single-Family Residential - In a sense, Duck is a collection of neighborhood associations. Detached homes in Duck represent over 65% of the land area. While there are some single-story homes, many have two to three stories of livable space set over a parking area. Homes on the interior of the island are sited to take advantage of the street. Along the beaches and the Sound, homes are accessible from the street but front the water, with patios and pools set within the dunes on the ocean side.

Attached Residential - Multifamily housing in Duck varies in scale, typology, and layout. These homes are some of the taller buildings in the Town, reaching four stories in some locations. Developments generally contain several distinct buildings of clustered homes with shared parking.

Accessory Dwellings - There are Accessory Dwelling Units (ADUs) in residential and Village Commercial areas of the town. Many apartments are located above businesses and often function as seasonal or workforce housing.

Data on the overall number of short-term rentals is difficult to ascertain. The most current data from the 2017 American Community Survey Estimates indicate there are 2,633 vacant housing units for seasonal or recreational use. For comparison, AirDNA 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-Tempore, also a member of the Town Council and elected by same, serves in the role of Mayor should the Mayor be absent or otherwise unable to serve.

The Council appoints a Town Manager to direct the administrative and day-to-day affairs of the Town. The Manager works for the Town Council as a whole and is the supervisor of Town staff and, by law, the Town's Budget Officer. The Manager provides the Council with regular reports regarding the operational and financial condition of the Town and works with the Council to establish and implement long-range plans. Other duties of the Town Manager are prescribed as a matter of law in Chapter 160A-148 of North Carolina General Statutes.

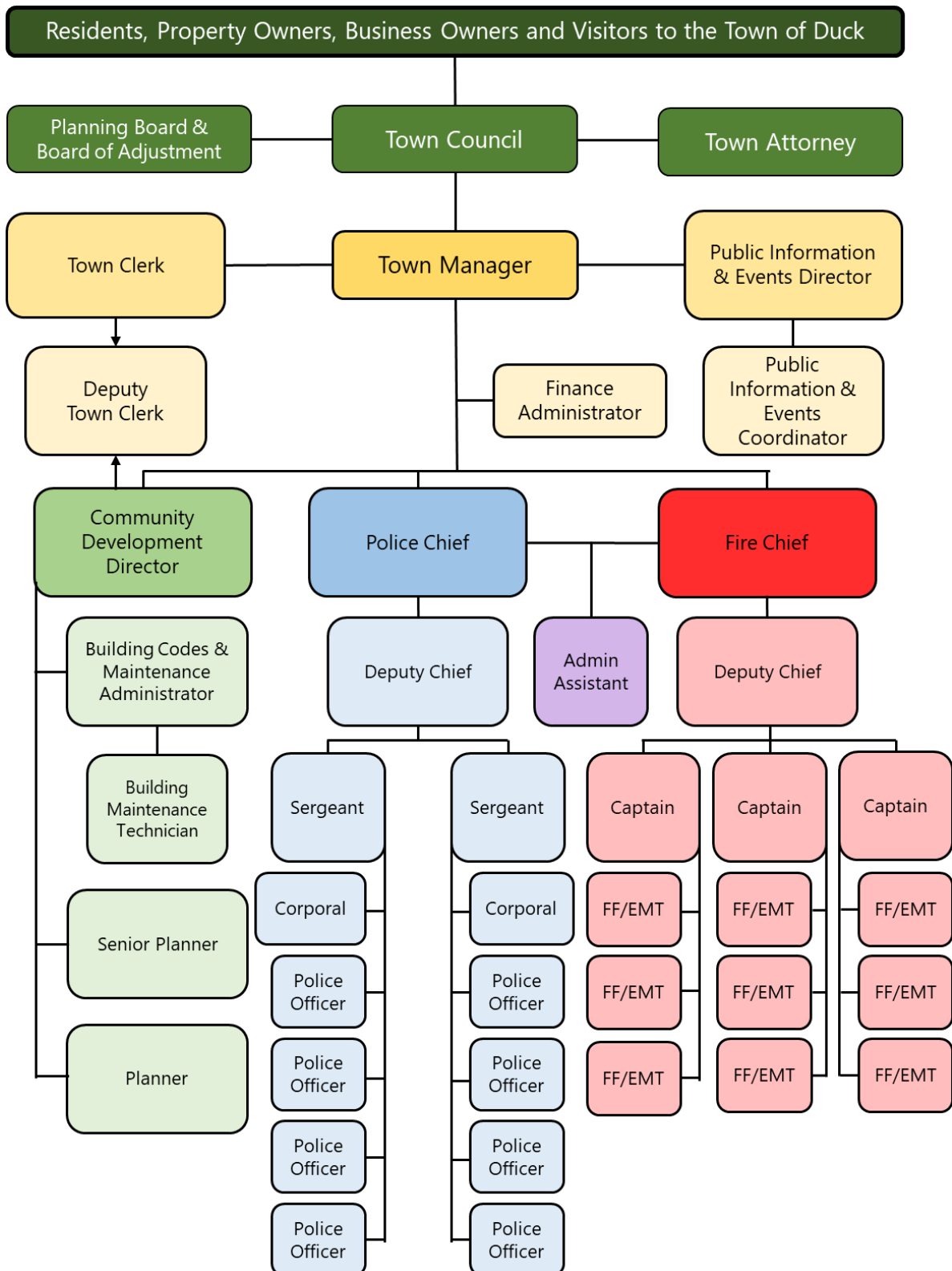
The Council appoints volunteer boards to serve in advisory, planning and quasi-judicial capacities in accordance with their duties. Following is a brief description of each advisory board.

Planning Board - The five-member Planning Board, according to our Code of Ordinances (Section 30.38) shall have the duty of to prepare plans and to coordinate the plans of the Town and those of others so as to bring about a coordinated and harmonious development of the area.

Board of Adjustment -The five members and two alternates are a "quasi-judicial" administrative body appointed by Town Council to interpret and apply the Town of Duck Code of Ordinances. This Board will hear and decide appeals from any administrative official charged with enforcing the Town of Duck Code of Ordinances; they will also hear special exception and variance requests as allowed by in the Town of Duck Code of Ordinances. This Board meets on an "as-needed" basis.

Organizational Chart

This organizational chart reflects each of our full-time positions.



Introduction to the Budget

Basis of Accounting

This budget is prepared using the modified accrual method of accounting for all funds, the same method used for our accounting practices and for our audited financial statements. This approach to accounting recognizes revenues when they become measurable and expenditures at the time the liability is incurred. All revenues and expenditures must be included in the annual budget ordinance, or the appropriate capital project ordinances. Any operational appropriations that are not expended or encumbered at the end of the fiscal year shall lapse.

The accounts of the Town are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The account groups are not funds but rather a reporting device used to account for certain assets and liabilities of the governmental funds that are not recorded directly in those funds. The Town of Duck maintains one major fund: The General Fund. Capital expenditures associated with beach nourishment in this fund are accounted for in a Beach Nourishment Capital Reserve Fund.

The General Fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund. This fund is established at the inception of a government and exists throughout the government's life.

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

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

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

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

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

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

Annual Budget Process

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

Budget Calendar

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

N.C.G.S. prescribed dates:

N.C.G.S. 159-10

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

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

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

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

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

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

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

October 3, 2022:	Issue FY 2024 CIP forms to Department Heads
November 14, 2022:	Deadline for submission of CIP forms to Town Manager
November 28, 2022:	Draft CIP Worksheet Reviewed by Department Heads

December 1, 2022:	New Line-Item Additions due to Finance Administrator
January 6, 2023:	Preliminary FY 2024 Budget Worksheets Distributed to Department Heads
January 18, 2023:	Town Council Strategic Planning Session (mid-month meeting)
February 3, 2023:	Position Reclassification and Career Development Requests to Town Manager
February 15-16, 2023	Town Council Retreat – Including CIP Review
March 1, 2023:	Preliminary Revenue Projections Completed
March 1, 2023:	Deadline for submission of budget requests to Town Manager
March 6, 2023:	Department Head Meeting – Preliminary Budget Review
April 10, 2023:	Town Manager develops FY 2024 revenue estimates
April 19, 2023:	Town Manager discussion of FY 2024 budget with Town Council (mid-month meeting)
April 20, 2023:	Notice for public hearing posted and submitted to newspaper
May 3, 2023:	Public Hearing regarding the Draft FY 2024 Budget
May 17, 2023:	Town Council Work Session concerning FY 2024 budget (mid-month meeting – if required)
June 7, 2023:	Adoption of FY 2024 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 2032 document, approved plans, and input from the Council during the Strategic Planning session and annual Retreat to understand the goals for the coming year's budget.

Preparation & Requests

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

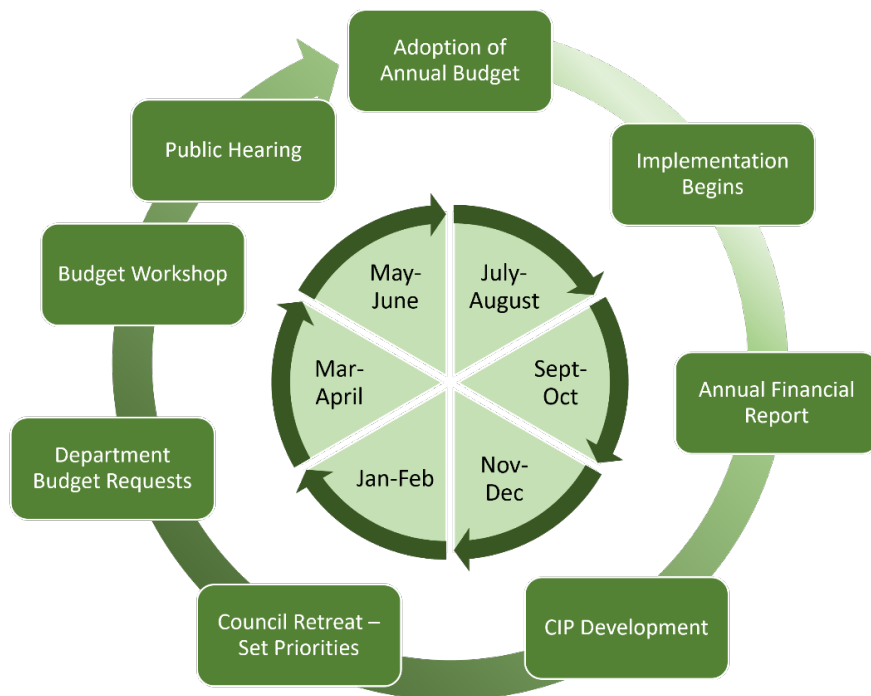
Once the budget is adopted, departments have the ability to expend funds in accordance with the approved budget. The implementation phase may also include budget transfers and budget amendments throughout the fiscal year. Changes in revenues and expenditures can occur that

require the budget to be amended or funds to be transferred between accounts to adjust to the changes. Transfers and amendments allow Town Council and management staff to be proactive in addressing changes in the economy or taking advantage of unforeseen opportunities. Budget transfers and amendments must adhere to the balanced budget requirements and impose no additional tax levy liability on citizens. The Town Manager can make line-item adjustments within a department, however, all budget amendments, per Town policy, must be approved by the Town Council.

Summary of Transactions

The final phase of the budget process involves reporting on all financial transactions throughout the fiscal year and performing a financial audit. Town staff prepare monthly reports throughout the fiscal year so that the Town Council can monitor the Town's expenditures and revenues. At the end of the year, the Town Manager is responsible for generating an end-of-year report that details the Town's expenditures and revenues. This is done with the help of an independent accountant who prepares annual financial statements and an independent auditor who annually reviews the Town's finances in order to certify that the final reports accurately represent the Town's financial condition. The Annual Financial Information Report (AFIR) must be submitted to the NC Department of State Treasurer by November 1, of the following fiscal year. Current and past annual reports are available for citizen review at Town Hall or online through the NC Department of State Treasurer website.

The diagram below shows the cyclical nature of the budget cycle with no real time spent not interacting with the annual budget, either the one currently in effect, the one from the prior year, or the one for the subsequent year.



Debt

Computation of Legal Debt Margin

North Carolina General Statutes impose a limit on the amount of bond debt any local government can incur. This debt ceiling is eight percent (8%) of the total assessed value of real and personal property. As of July 1, 2023, our gross debt obligation is \$5,213,916, 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:	\$ 1,858,685,432 (2023 assessment)
Debt Limit (8% of assessed value):	\$ 149,066,572
Debt (net) Applicable to Limit (as of 7/1/2023):	\$ 4,325,181
Legal Debt Margin:	\$ 144,741,391

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 similarly to an IP except that the debt is publicly traded rather than privately placed. COPs typically have higher interest rates than GO bonds because the debt is secured by a pledge of the asset being purchased or constructed and funds resulting from the project being financed and cannot be secured by the "full faith and credit" of the government. The local government uses revenue to pay off debt on a capital project. Unlike revenue bonds, local governments can use the revenue from the entire unit to pay off the debt and are not limited to using revenue only produced by the financed project. COPs are typically financed for ten- to twenty-year terms. This type of financing is typically considered for a revenue-generating project.

Tax Increment Financing Bonds

Tax Increment Financing (TIF) bonds are high risk for investors because the debt is secured on anticipated increases in property value. A TIF project begins by designating an area as a TIF district and determining a base property value. The base valuation is set for a specific number of years, during which time public and private investments should improve the property. The increase in value over the base valuation is the increment. Local governments continue to accrue taxes levied on the base valuation for normal operations. Additional taxes levied on the increment are for the repayment of debt service or other qualifying needs associated with the TIF. At the end of the specified time, all debt associated with the TIF is amortized and all tax revenues can be used at the discretion of the local government. A successful TIF project is dependent upon an increase in the property value of the designated district. The inherent risk in TIF is the assumption that property values will increase enough to repay the associated debt. TIF bonds can be financed for up to thirty years.

Our Debt Obligation

As of June 30, 2023, the Town's debt obligation, or total outstanding debt, is \$5,213,916. 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 that was renewed, in FY 2022-23, for an additional year due to project delays. Therefore, we would pay the principal of the current bond using proceeds from the newly issued bond 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 2023-24 Principal	FY 2023-24 Interest	Total Debt Service
2010	Town Hall and Park Refinance	Installment Purchase	3,000,000	15	1.25%	133,333	5,000	138,333
2022	Vehicles (5)	Installment Purchase	238,623	4	1.22%	79,537	1,953	81,490
2022	Radios	Installment Purchase	406,273	4	1.22%	135,418	3,324	138,742
2022	Beach Nourishment	Special Obligation Bond	2,407,148	5	1.84%	474,917	30,585	505,502
2022	Beach Nourishment (FEMA)	Special Obligation Bond	2,425,511	1	1.64%	2,425,511	61,365	2,486,876
2012	Fire Engine (engine 111)	Installment Purchase	500,000	10	2.70%	56,204	1,518	57,721
TOTAL								3,408,664

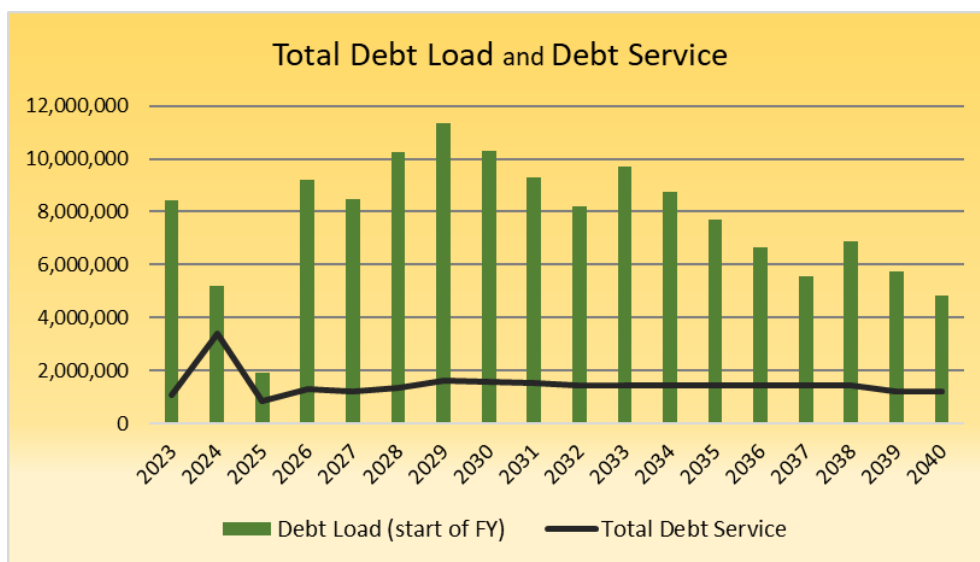
The table on the next page shows the remaining debt on each of these outstanding loans.

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				0								
2028				0								
	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				0								
2027				0								
2028				0								
	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				0								
2026				0								
2027				0								
2028				0								
	Patrol Vehicles											
	238,623											
	3 years (2022)											
	1.22% (IF) Current											
Fiscal Year	Principal	Interest	Total	Debt Load (start of FY)								
2023	78,578	2,911	81,490	238,623								
2024	79,537	1,953	81,490	160,045								
2025	80,507	982	81,490	80,507								
2026				0								
2027				0								
2028				0								
	Beach Renourishment											
Amount	2,407,148											
Term	5 years (2022)											
Interest	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								
2028				0								
	Beach Renourishment (FEMA)											
	2,425,511											
	1 year (2022)											
	5.06% (SOB)											
Fiscal Year	Principal	Interest	Total	Debt Load (start of FY)								
2023	2,425,511	39,778	2,465,289	4,851,022								
2024	2,425,511	61,365	2,486,876	2,425,511								
2025				0								
2026				0								
2027				0								
2028				0								
	TOTAL											
	Principal	Interest	Total	Debt Load (start of FY)								
2023	3,384,186	97,673	3,481,858	8,598,101								
2024	3,304,920	103,744	3,408,664	5,213,916								
2025	825,828	27,834	853,662	1,908,995								
2026	608,250	14,775	623,026	1,083,168								
2027	474,917	4,369	479,287	474,917								
2028	0	0	0	0								

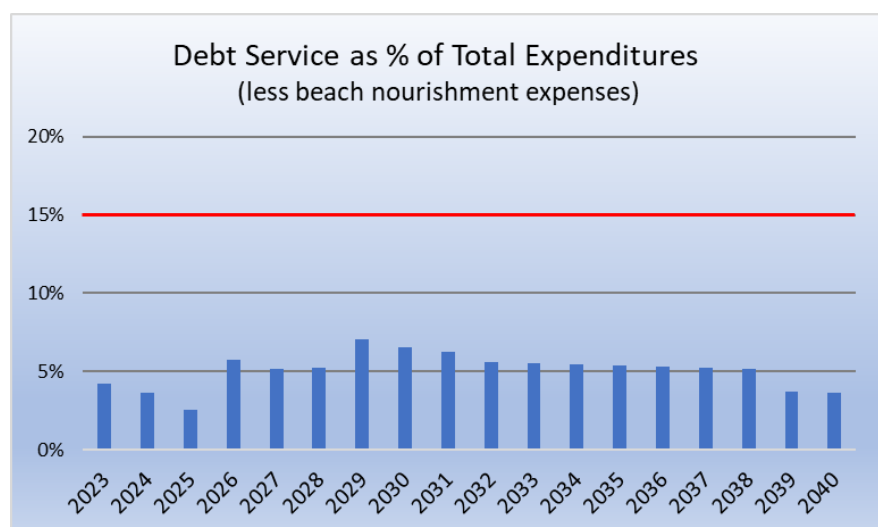
Debt Ratios

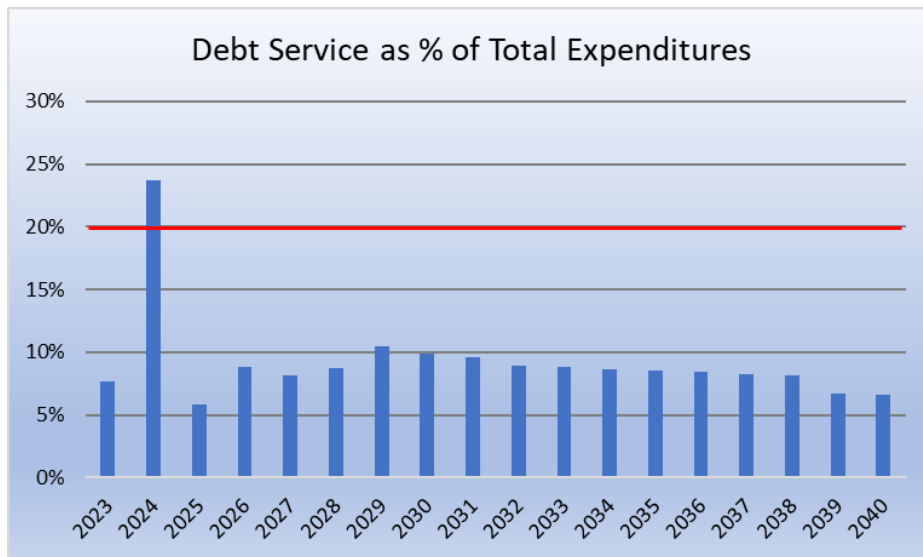
The large costs associated with future capital projects, as described in the Capital Improvement Plan, may require financing, which results in debt obligation for the Town. The Local Government Commission (LGC) and bond rating agencies assess the Town's ability to incur and repay debt through various debt capacity ratios and indicators. The Town evaluates net debt as a percentage of total assessed value of taxable property, the aggregate ten-year principal payout ratio, and the ratio of debt service expenditures as a percent of total fund expenditures.

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



As an indicator of debt burden, our Financial Policies require debt service to be no more than 15% of General Fund expenditures after deducting Beach Nourishment debt service expenses. Using the CIP to inform projections for future debt issues, and not including the one-year borrowing for the FEMA portion of the Beach Nourishment project, this chart shows that we will remain well within policy.

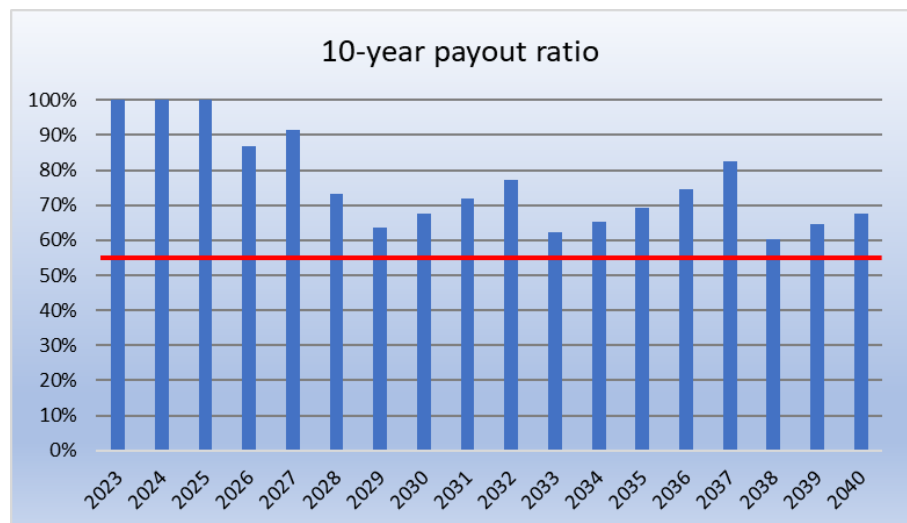




When Beach Nourishment debt service expenses are included, our policy sets the target at no greater than 20% of total expenditures. This chart shows that, in FY 2024 we exceed this target for just one year. This is due to the short-term borrowing we will need to do in anticipation of reimbursement from

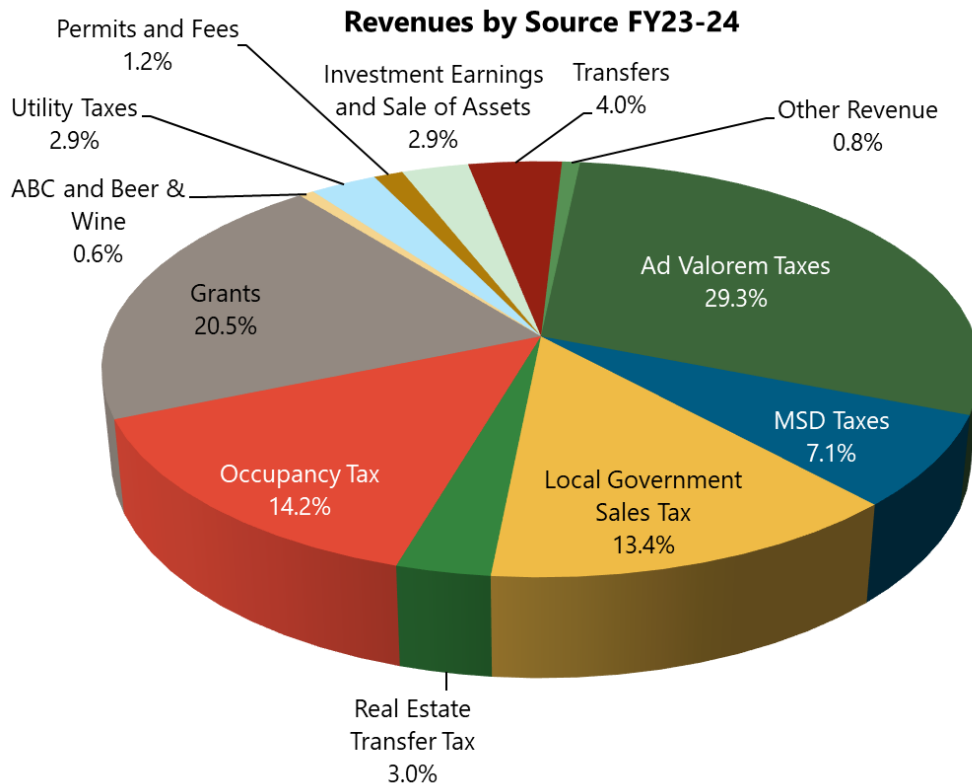
FEMA for Hurricane Dorian-related damage being repaired in our beach nourishment project. We borrowed \$2.4 million in FY 2022 and renewed the bond in FY 2023. We will retire this debt with revenue from FEMA once our project is complete and closed out. Absent this short-term, and atypical borrowing, 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 should be within this goal, but come close in FY 2028-29 due to new debt for the next beach nourishment project and some longer-term debt for a new public safety building by shortening the term of the loan, but that has impacts on other parts of the budget.

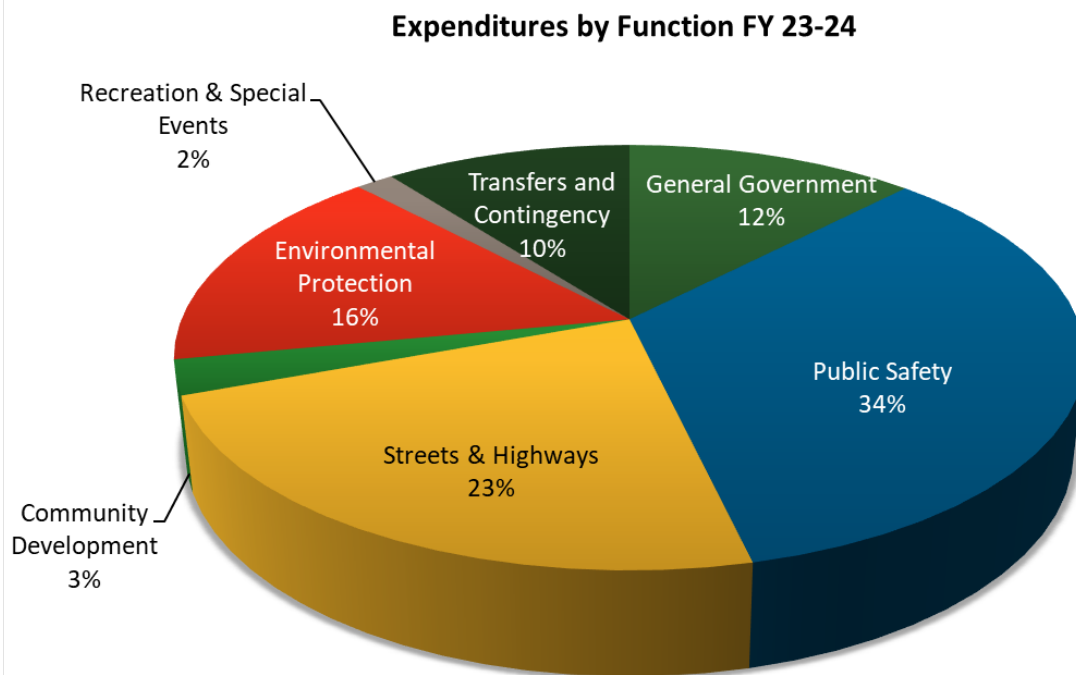


Budget Summary

Revenues by Source				
Source	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Ad Valorem Taxes	4,141,643	4,141,643	44,813	1.1%
MSD Taxes	1,009,030	1,009,030	5,747	0.6%
Local Government Sales Tax	1,900,000	1,900,000	100,000	5.2%
Real Estate Transfer Tax	425,000	425,000	(75,000)	-9.1%
Occupancy Tax	2,000,000	2,000,000	150,000	7.0%
Grants	2,902,239	2,902,239	540,067	256.3%
ABC and Beer & Wine	91,800	91,800	20,100	23.0%
Utility Taxes	410,000	405,000	2,000	0.5%
Permits and Fees	176,500	176,500	10,000	4.9%
Investment Earnings and Sale of Assets	405,000	405,000	369,000	489.6%
Transfers	566,868	566,868	(7,262)	-2.2%
Debt Proceeds	0	0	0	0.0%
Fund Balance Appropriated	0	0	(332,161)	
Other Revenue	109,160	109,160	12,478	43.6%
Total	14,137,240	14,132,240	839,782	6.3%



Expenditures by Function				
Function	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
General Government	1,904,704	1,728,960	(23,865)	-1.4%
Public Safety	4,923,225	4,822,285	305,309	6.8%
Streets & Highways	3,328,994	3,248,994	368,274	12.8%
Community Development	376,148	373,828	48,445	14.9%
Environmental Protection	2,360,495	2,260,495	104,618	4.9%
Recreation & Special Events	227,000	227,000	1,551	0.7%
Transfers and Contingency	1,459,587	1,470,677	35,450	2.5%
Total	14,580,154	14,132,240	839,782	6.3%



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 on page 1)

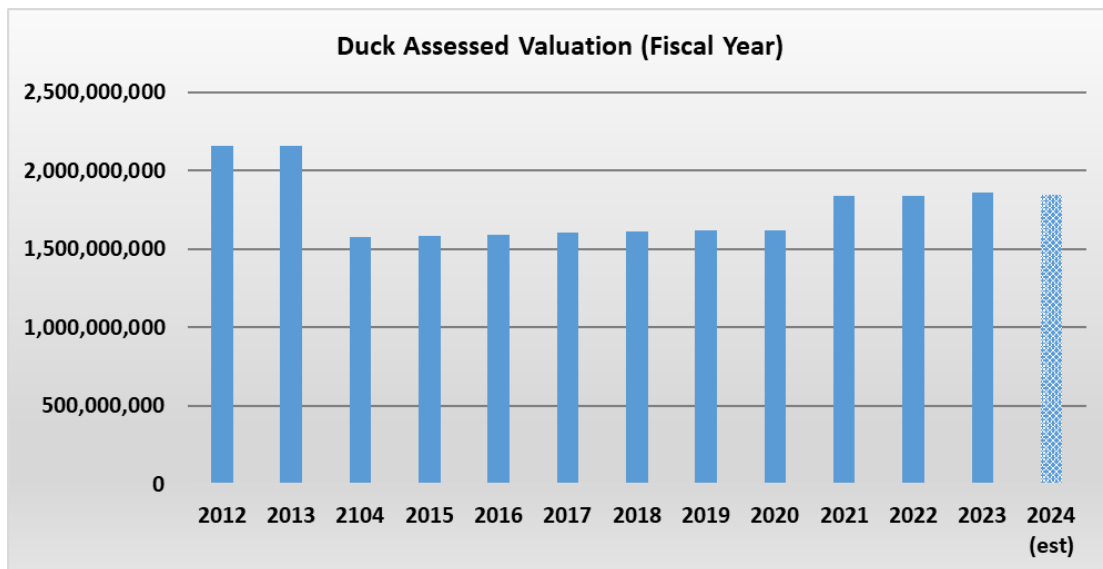
Revenue						
Account Description	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Ad Valorem Tax	4,065,144	4,060,329	4,109,143	4,109,143	48,813	1.20%
MSDA	649,949	647,411	652,271	652,271	4,860	0.75%
MSDB	355,633	355,872	356,759	356,759	887	0.25%
Motor Vehicle Tax	36,662	35,000	27,500	27,500	(7,500)	-21.43%
Prior Year Tax, Penalties & Interest	4,361	1,500	5,000	5,000	3,500	233.33%
Local Government Sales Tax	1,913,101	1,800,000	1,900,000	1,900,000	100,000	5.56%
Real Estate Transfer Tax	826,337	500,000	425,000	425,000	(75,000)	-15.00%
Occupancy Tax	2,131,759	1,850,000	2,000,000	2,000,000	150,000	8.11%
Visitor's Bureau Grant		147,806	225,806	225,806	78,000	52.77%
State and County Grants		44,500	569,669	569,669	525,169	1180.16%
Shoreline Grant (County)	206,212	24,000	24,000	24,000	0	0.00%
Government Access Channel Grant	4,504	5,000	5,000	5,000	0	0.00%
Federal Grants		0			0	#DIV/0!
FEMA Grants		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)	-100.00%
Beer and Wine	2,953	1,700	1,800	1,800	100	5.88%
Utility Franchise Tax	389,091	403,000	410,000	405,000	2,000	0.50%
Building Permits	184,423	160,000	170,000	170,000	10,000	6.25%
Reinspection Fees	0	0			0	
Other Permits	17,227	6,000	6,000	6,000	0	0.00%
Permits and Fees - Other	160	0			0	
Superior Clerk of Court	617	350	500	500	150	42.86%
Solid Waste Disposal Tax	561	560	560	560	0	0.00%
Gain on sale of vehicles & Other Surplus Assets	60,059	5,000	55,000	55,000	50,000	1000.00%
Investment Earnings	15,304	31,000	350,000	350,000	319,000	1029.03%
ABC and Mixed Beverage Profits	84,416	70,000	90,000	90,000	20,000	28.57%
Other	10,714	8,000	8,000	8,000	0	0.00%
Sponsorship Revenue	13,000	22,500	35,000	35,000	12,500	55.56%
Merchandise Revenue	3,384	12,000	20,000	20,000	8,000	66.67%
Building Rental Fees	223	500	500	500	0	0.00%
Miscellaneous Income - Other	357	53,172	45,000	45,000	(8,172)	-15.37%
Police Donations		100	100	100	0	0.00%
Transfers from Capital Reserve					0	
Transfers from Beach Nourishment Fund	329,832	574,130	566,868	566,868	(7,262)	-1.26%
Debt Proceeds	644,896	0			0	
Fund Balance		332,161			(332,161)	-100.00%
Total	11,950,876	13,292,458	14,137,240	14,132,240	839,782	6.32%

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.

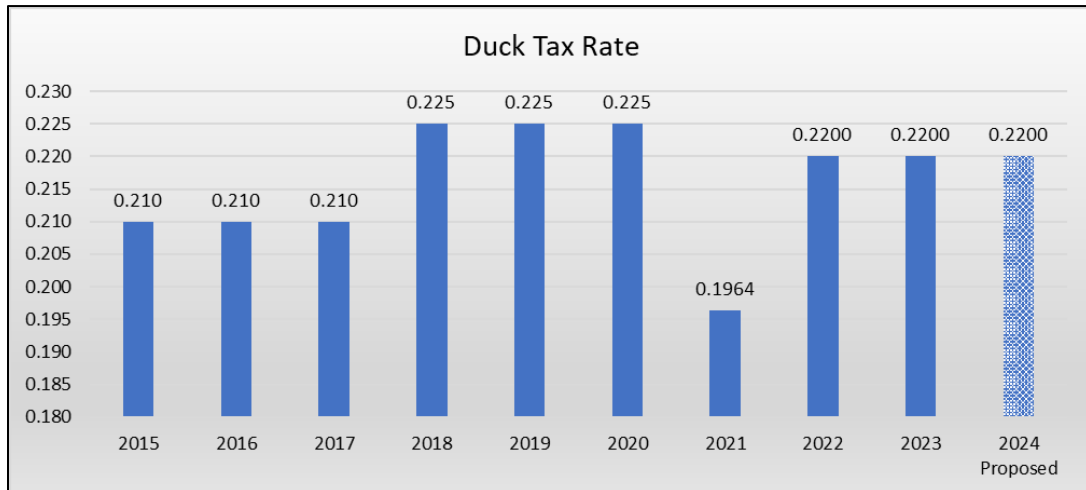
Our tax base is determined by assessments performed by the County assessor’s office and taxes are collected with County taxes and remitted to us. We pay the County a 1.5% fee to collect Real and Personal Property Taxes.

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 2022-23, 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.

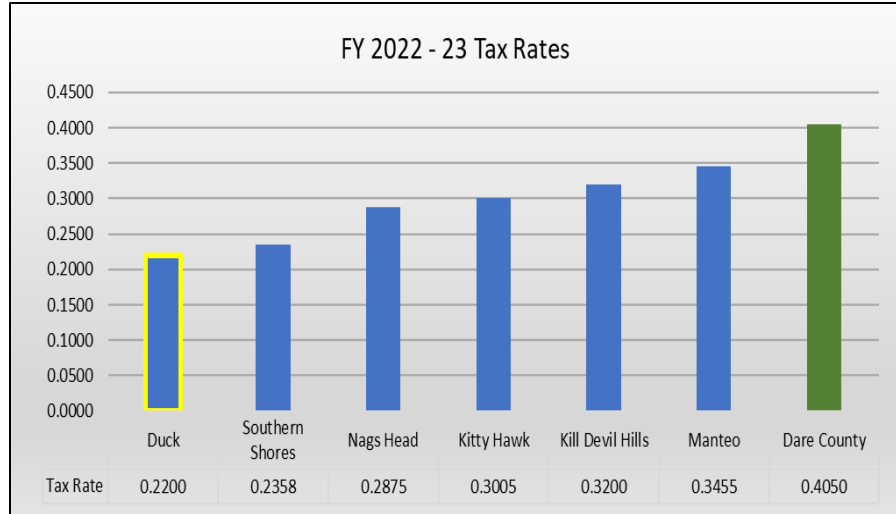
In this budget, our proposed rate remains unchanged at \$0.22 per \$100 of assessed valuation. The rate dropped in FY 2020-21 due to revaluation and reflects a revenue-neutral rate, thus no real change in tax revenue. It was increased in FY 2021-22 to meet the needs of a growing community, staff, and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

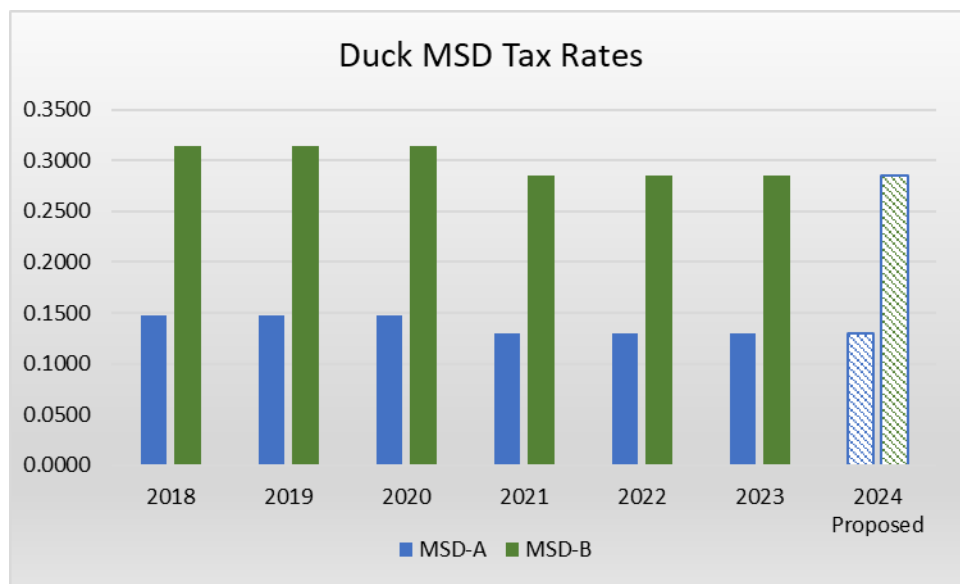
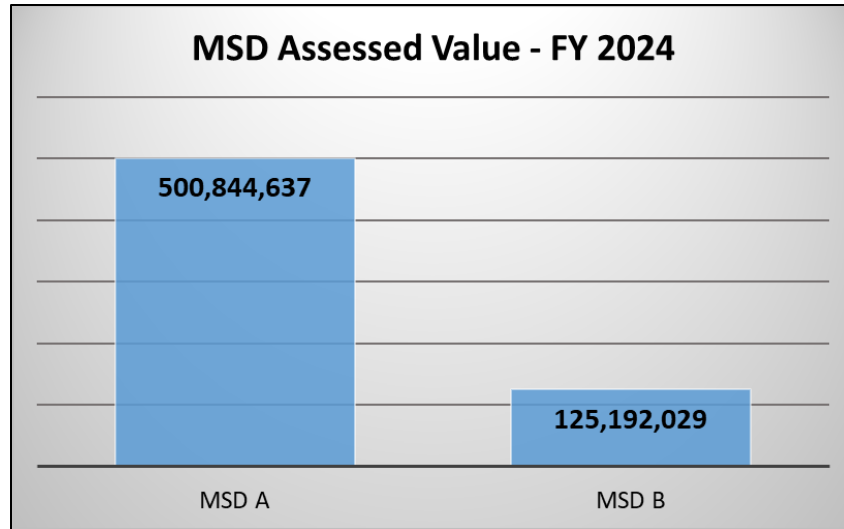
This chart shows how our rate compared to other towns in Dare County in FY 2022-23 and shows the County's rate as well. Even with the tax rate increase two years ago, we had the lowest tax rate of all the towns in Dare County.



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 FY 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 2023-24 budget. Maintenance of the project through renourishment occurred in the spring of 2023, and the actual debt service payments, which began 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, even after purchasing a property in the nourishment area to assure long-term access for nourishment and maintenance operations.

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.

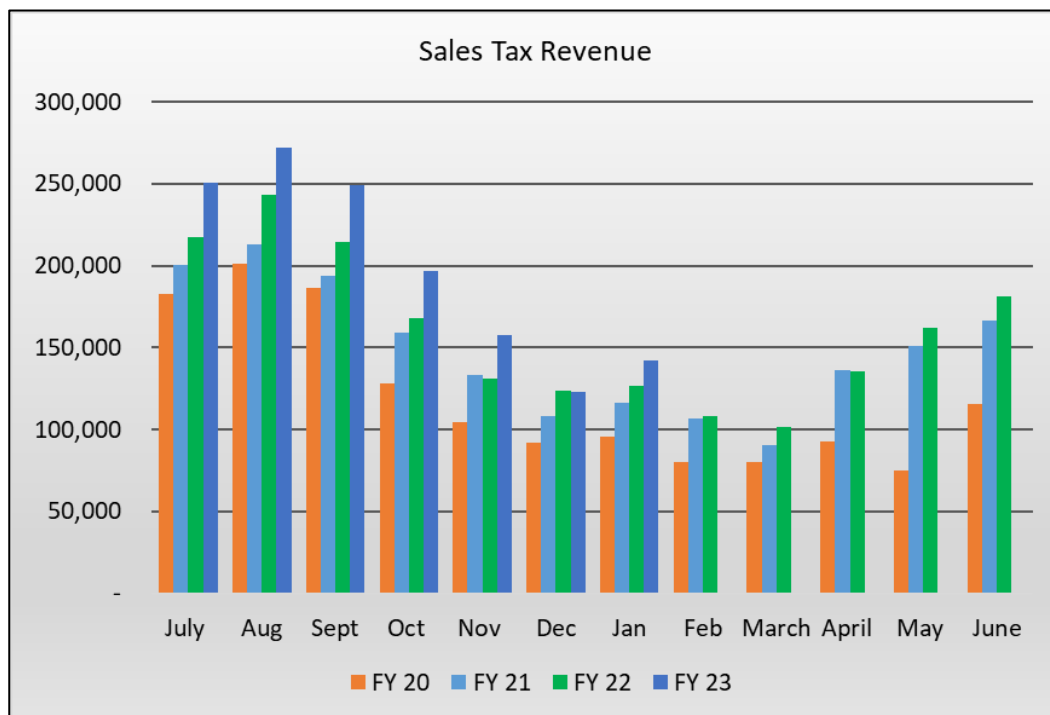
The County, at its discretion, may change the distribution method during the month of April each year with the change effective the following year.

This table shows the 2022 levy in each town and the corresponding proportion of the total levy.

2022	Levy	% of Total	Tax Rate
DARE COUNTY	78,240,894	67.62%	0.4050
DUCK	5,102,174	4.41%	0.2200
KILL DEVIL HILLS	10,150,219	8.77%	0.3200
KITTY HAWK	5,040,275	4.36%	0.3005
MANTEO	2,346,963	2.03%	0.3455
NAGS HEAD	10,562,275	9.13%	0.2875
SOUTHERN SHORES	4,256,696	3.68%	0.2358
TOTAL	115,699,496	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 and in the years that followed.

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.

	2017-18	2018-19	2019-20	2020-21	2021-22
Sales Tax	1,409,518	1,372,630	1,451,274	1,773,897	1,913,101
Change	4.09%	-2.62%	5.73%	22.23%	7.85%
				4 - year average	8.30%

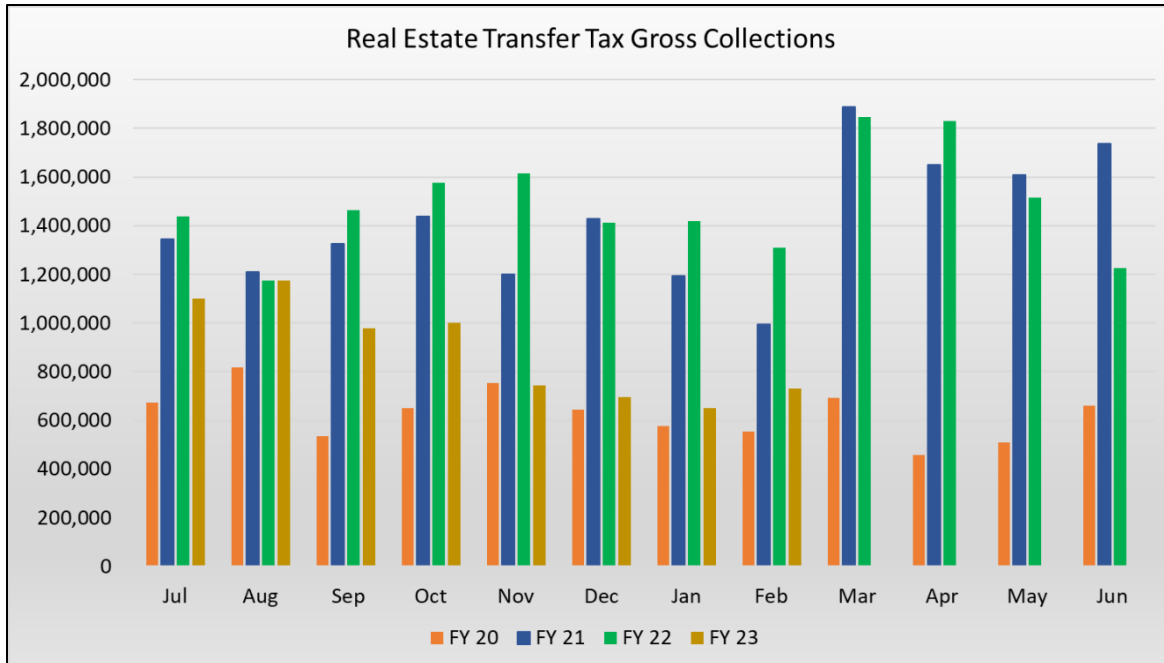
While there is cause for some optimism regarding this revenue source, it is prudent to continue to budget conservatively as we do not have a full understanding of how the current inflationary environment and the general state of our national and global economy will affect how people spend and thus generate tax revenue. To that end, this budget reflects a predicted increase of just under 1.5% over the FY 2021-22 amount received. Thus far FY 2022-23 is far outpacing predictions and reflects what some think to be a sustainable level of revenue. In fact, the Dare County Finance Officer is predicting this revenue to increase by 2.6% over the current fiscal year. While our projection is more conservative in nature, our posture has been to take that approach with this revenue source in light of economic conditions.

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. In FY 2021-22 we saw another record set and we continued to enjoy significant revenue from this source. Through January of 2023, we are seeing a decrease in monthly revenue from this source as the real estate market is hit with both a reduced supply of homes on the market and higher interest rates which can have a chilling effect, especially on the second/investment home market.

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.



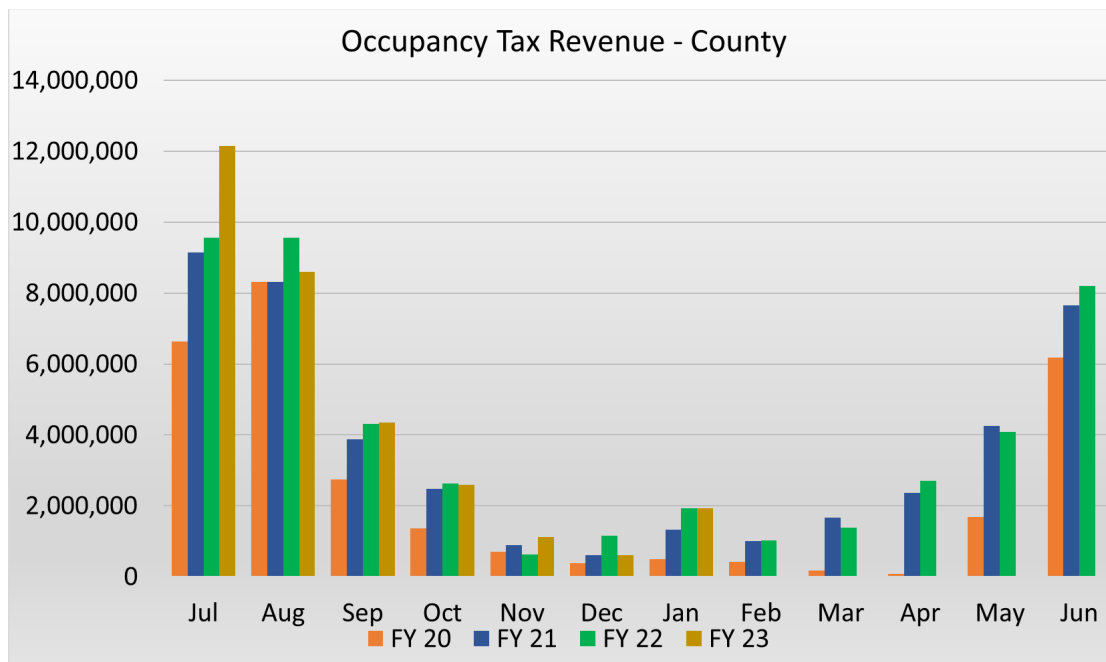
	2017-18	2018-19	2019-20	2020-21	2021-22
Revenue	364,462	362,418	374,793	853,475	826,337
Change	11.28%	-0.56%	3.41%	127.72%	-3.18%
				4-year average	31.85%

Like sales tax revenue, we do not predict that the current elevated amount of tax received from this source will continue at FY 2023 levels. While our four-year rolling average increase is in excess of 30%, we do not see this rate of revenue growth to be sustainable given the current state of the economy. 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 2022-23, the revenue from this tax continues to exceed prior year (FY 2021-22) numbers which were significantly higher than the year the pandemic began (FY 2019-20). We expect the FY 2022-23 final revenue to be ahead of budget, and with the summer of 2023 showing high reservation numbers and 2024 reservations beginning

to be made, 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 associated with non-hardening activities such as the planting of vegetation, the building of dunes, and the placement of sand fences.

Gross	47,161,724
Cost of Collection	45,779
Dare County	7,537,044
Kill Devil Hills	4,587,045
Kitty Hawk	2,288,717
Manteo	1,079,493
Nags Head	4,457,313
Southern Shores	1,471,890
Duck	2,131,759
Tourism Board	7,854,228
Beach Nourishment	15,708,456

This table shows how the gross amount of Occupancy Taxes collected in Fiscal Year 2021-22 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 2023 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 2.7% over what was budgeted in FY 2022-23, which was quite conservative given the actual revenue in FY 2021-22 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 slowdown in this spending as noted above. The Dare County Finance Director is estimating a 3%

increase in revenue over what is collected in the current year. The table below shows the annual revenue received by the Town over the past five full fiscal years.

	2017-18	2018-19	2019-20	2020-21	2021-22
Duck Total	1,487,537	1,464,700	1,427,438	2,086,895	2,131,759
	8.98%	-1.54%	-2.54%	46.20%	2.15%
				4-year average	11.07%

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 2023-24 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 (\$147,806) and for Duck Trail improvements at Ocean Crest (\$78,000). 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 Grant, reflects \$20,000 from the Soil and Water Conservation District for the NC12 elevation project and \$549,659 from NC Department of Emergency Management for the NC12 elevation project.

Shoreline Grant – This is a grant from the County, from their beach fund, to provide \$24,000 in annual funding to support beach grass planting efforts.

Government Access Channel Grant

Funding comes to each city and town from the state of North Carolina's use tax on cable and satellite fees. In Dare County, the 10 entities that partner with the Government Access Channel remit these funds to the Committee, of which we are a member, that operates this service, along with a membership fee of \$1,000. These funds allow the operation of two government access channels in Dare County. Part of this revenue is returned to participating local governments in the form of grants to fund projects to enhance the ability to provide good quality video and audio from public meetings to be broadcast on the channels. We anticipate, in FY 2023-24, 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 relatively 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 2023 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.

	2017-18	2018-19	2019-20	2020-21	2021-22
Beer and Wine Tax	1,715	1,720	1,720	1,692	2,953
Change	-3.33%	0.29%	0.00%	-1.66%	74.58%
				4- year average	18.30%

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 2021-22 we received \$358,440 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 2021-22 we received \$27,894.18 in revenue from this tax.

Telecommunications Tax: Revenue comes from a pool created by 18.03% of the telecommunications sales tax imposed by all 100 counties (after the first \$2.6 million is deducted) and is also shared by all cities. Our share is determined by the proportion our old franchise fee contributed to the pool when it was created in 2001. Therefore, our share of the pool remains constant, but the pool can fluctuate based upon taxes collected. We continue to see a trend, statewide, in the decline of this revenue source due to fewer homes having landline phones. In FY 2021-22 we received \$2,757 in revenue from this tax.

This budget reflects an increase of 9% over the actual receipts in FY 2020-21 for the combination of all three tax components. This amount reflects that our revenue in FY 2022-23 is expected to exceed our budget, but does not budget to receive the same level of revenue in FY 2023-24 owing to our posture of being conservative when estimating revenue.

	2017-18	2018-19	2019-20	2020-21	2021-22
Utility Franchise Tax	388,783	403,549	405,733	383,697	389,091
Change	1.43%	3.80%	0.54%	-5.43%	1.41%
				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 a slight increase in revenue from this source, but does not predict activity at the levels seen in FY 2020-21 and 22.

	2017-18	2018-19	2019-20	2020-21	2021-22
Permits and Inspections	162,126	216,840	150,319	205,135	201,650
Change	9.03%	33.75%	-30.68%	36.47%	-1.70%
				4- year average	9.46%

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 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, or we have other surplus property, we put these items up for sale on an open auction site called "GovDeals". The buyer pays all fees related to the auction and the Town receives the bid price. We can set a reserve amount on the bids to ensure we do not sell something for below what we believe it to be worth. The amount shown in the FY 2023-24 budget reflects the fact that we plan to surplus four police vehicles, some IT equipment, old traffic cones, and some miscellaneous office furniture.

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 an increase over the actual receipts in FY 2021-22 and are more reflective of the collections, year-to-date, in FY 2022-23 which is outpacing all prior years.

	2017-18	2018-19	2019-20	2020-21	2021-22
ABC Profit Distribution	57,717	58,947	61,794	55,568	84,416
Change	3.86%	2.13%	4.83%	-10.07%	51.91%
				4- year average	12.20%

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 2023-24, we again 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.

Miscellaneous Revenue – Other

This line contains the revenue from the Memory Lane brick project begun in FY 2022-23.

Police Donations

The Police department receives revenue from 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 are 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 2023-24 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 2023-24 we do not plan to issue any 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 2023-24 we are not budgeting any appropriation of Fund Balance, but may bring Budget Amendments for such appropriation during the Fiscal Year as an option to fund unplanned expenses.

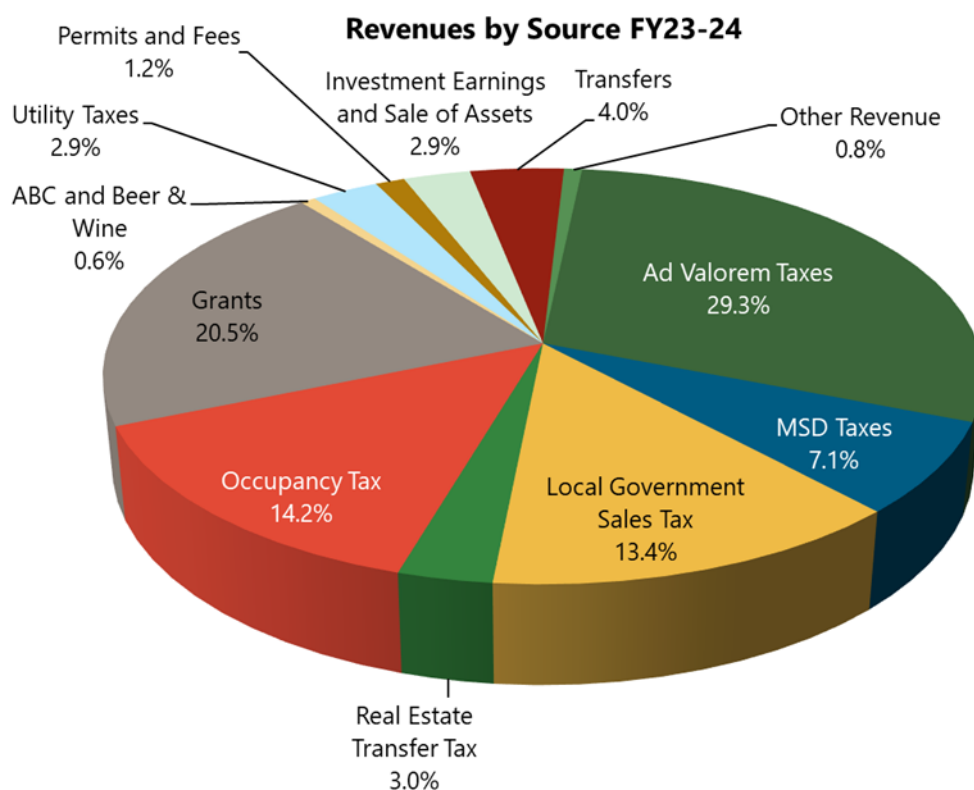
Investment Earnings

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 CDs and money market accounts. Since the last budget was written, we have seen a significant increase in this revenue due to the increases in interest rates as the Federal Reserve attempts to put pressure on the economy in an attempt to slow the rate of inflation.

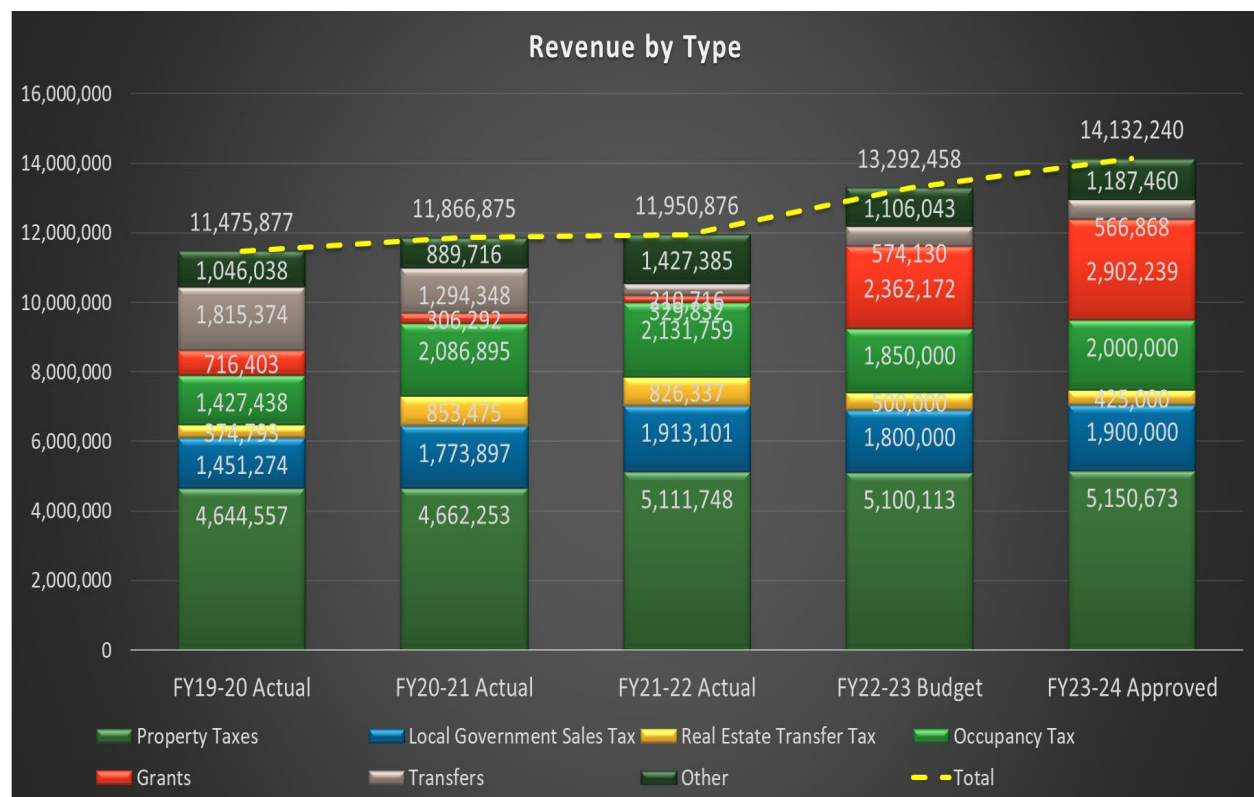
Revenue Summary

While we have enjoyed strong revenue growth emerging 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, but there is no clear consensus. The Fed Rate will continue to adjust interest rates to hold down the rate of inflation, and this has a corresponding impact upon mortgage interest rates where experts are forecasting these to finish calendar year 2023 well over 5%. Higher interest rates have had an effect upon the real estate market, and likely will continue to also have an impact upon construction of new homes and commercial buildings.

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 2023-24, we anticipate that only 37.4% of revenue will derive from these sources. The amount and percentage of each source are depicted in the table on the next page and graph below.



Revenues by Source						
Source	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Ad Valorem Taxes	4,106,167	4,096,829	4,141,643	4,141,643	44,813	1.1%
MSD Taxes	1,005,581	1,003,283	1,009,030	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	425,000	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	2,902,239	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	176,500	176,500	10,000	4.9%
Investment Earnings and Sale of Assets	75,364	36,000	405,000	405,000	369,000	489.6%
Transfers	329,832	574,130	566,868	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	109,160	109,160	12,478	43.6%
Total	11,950,876	13,292,458	14,137,240	14,132,240	839,782	6.3%



Revenue						
Account Description	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Ad Valorem Tax	4,065,144	4,060,329	4,109,143	4,109,143	48,813	1.20%
MSDA	649,949	647,411	652,271	652,271	4,860	0.75%
MSDB	355,633	355,872	356,759	356,759	887	0.25%
Motor Vehicle Tax	36,662	35,000	27,500	27,500	(7,500)	-21.43%
Prior Year Tax, Penalties & Interest	4,361	1,500	5,000	5,000	3,500	233.33%
Local Government Sales Tax	1,913,101	1,800,000	1,900,000	1,900,000	100,000	5.56%
Real Estate Transfer Tax	826,337	500,000	425,000	425,000	(75,000)	-15.00%
Occupancy Tax	2,131,759	1,850,000	2,000,000	2,000,000	150,000	8.11%
Visitor's Bureau Grant		147,806	225,806	225,806	78,000	52.77%
State and County Grants		44,500	569,669	569,669	525,169	1180.16%
Shoreline Grant (County)	206,212	24,000	24,000	24,000	0	0.00%
Government Access Channel Grant	4,504	5,000	5,000	5,000	0	0.00%
Federal Grants		0			0	#DIV/0!
FEMA Grants		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)	-100.00%
Beer and Wine	2,953	1,700	1,800	1,800	100	5.88%
Utility Franchise Tax	389,091	403,000	410,000	405,000	2,000	0.50%
Building Permits	184,423	160,000	170,000	170,000	10,000	6.25%
Reinspection Fees	0	0			0	
Other Permits	17,227	6,000	6,000	6,000	0	0.00%
Permits and Fees - Other	160	0			0	
Superior Clerk of Court	617	350	500	500	150	42.86%
Solid Waste Disposal Tax	561	560	560	560	0	0.00%
Gain on sale of vehicles & Other Surplus Assets	60,059	5,000	55,000	55,000	50,000	1000.00%
Investment Earnings	15,304	31,000	350,000	350,000	319,000	1029.03%
ABC and Mixed Beverage Profits	84,416	70,000	90,000	90,000	20,000	28.57%
Other	10,714	8,000	8,000	8,000	0	0.00%
Sponsorship Revenue	13,000	22,500	35,000	35,000	12,500	55.56%
Merchandise Revenue	3,384	12,000	20,000	20,000	8,000	66.67%
Building Rental Fees	223	500	500	500	0	0.00%
Miscellaneous Income - Other	357	53,172	45,000	45,000	(8,172)	-15.37%
Police Donations		100	100	100	0	0.00%
Transfers from Capital Reserve					0	
Transfers from Beach Nourishment Fund	329,832	574,130	566,868	566,868	(7,262)	-1.26%
Debt Proceeds	644,896	0			0	
Fund Balance		332,161			(332,161)	-100.00%
Total	11,950,876	13,292,458	14,137,240	14,132,240	839,782	6.32%

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 expenses related to the maintenance of Duck Trail, sidewalks, crosswalks (including lights), and for projects related to improving this infrastructure.
- **Sanitation**
 - Expenses, paid to our contractors, for the collection of trash and recycling.
- **Environmental Protection**
 - 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 2023-24 request as part of the "gross needs" budget.

Expenditures by Department						
Department Expenditures	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Governing Body	127,501	145,981	153,231	153,231	7,250	5.0%
Administration	646,872	654,422	773,590	768,090	113,668	17.4%
Finance	129,967	114,079	122,119	122,119	8,040	7.0%
Legal	61,055	62,760	65,460	65,460	2,700	4.3%
Public Facilities	544,330	599,818	637,908	460,708	(139,110)	-23.2%
Information Technology	144,066	175,765	152,396	159,352	(16,413)	-9.3%
Police	1,966,987	1,914,332	1,998,547	1,974,047	59,714	3.1%
Fire	2,635,587	1,818,813	2,057,409	1,983,189	164,376	9.0%
Inspections	173,104	203,830	239,169	236,949	33,119	16.2%
Ocean Rescue	535,340	580,001	628,100	628,100	48,099	8.3%
Streets & Highways	531,573	2,880,720	3,328,994	3,248,994	368,274	12.8%
Sanitation	1,097,385	1,216,360	1,347,410	1,347,410	131,050	10.8%
Environmental Protection	1,574,897	939,518	1,013,086	913,086	(26,432)	-2.8%
Community Development	308,578	325,383	376,148	373,828	48,445	14.9%
Recreation & Special Events	89,201	225,449	227,000	227,000	1,551	0.7%
Transfers	1,317,349	1,359,928	1,384,288	1,384,288	24,360	1.8%
Contingency		75,299	75,299	86,389	11,090	14.7%
Total	11,883,792	13,292,458	14,580,154	14,132,240	839,782	6.3%

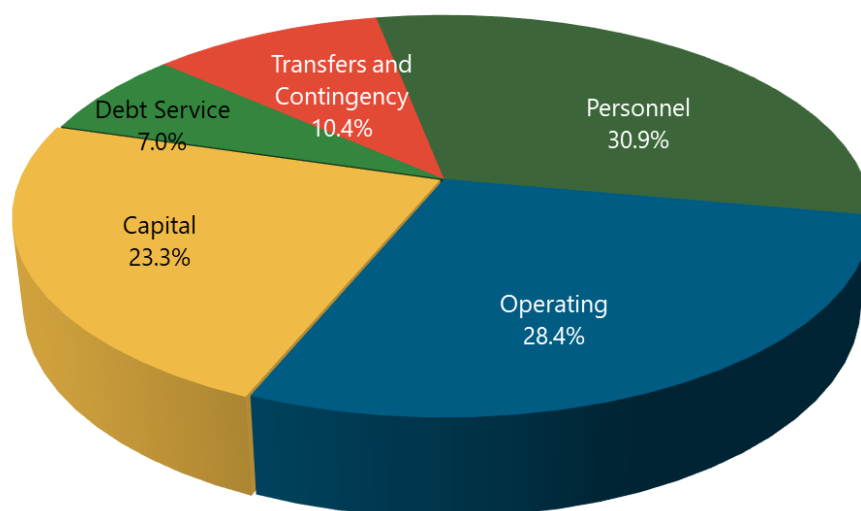
Expenditures by Type

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

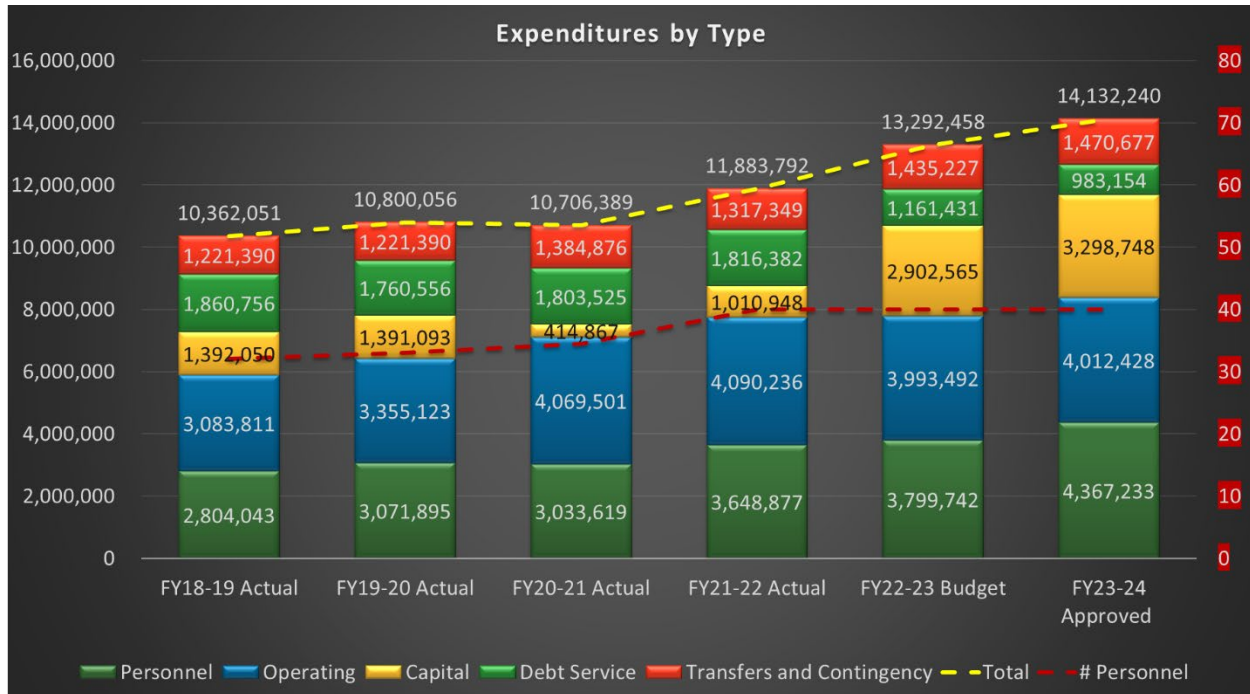
- **Personnel** – accounts for salaries, overtime, FICA, retirement, 401k, medical insurance, and workers' compensation insurance.
- **Operating** – accounts for all expenses for contracted services, professional services, supplies and materials, and small item purchases.
- **Capital** – accounts for 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	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Personnel	3,648,877	3,799,742	4,367,233	4,367,233	718,356	19.7%
Operating	4,090,236	3,993,492	4,012,428	4,012,428	(77,808)	-1.9%
Capital	1,010,948	2,902,565	3,298,748	3,298,748	2,287,800	226.3%
Debt Service	1,816,382	1,161,431	983,154	983,154	(833,228)	-45.9%
Transfers and Contingency	1,317,349	1,435,227	1,459,587	1,470,677	153,328	11.6%
Total	11,883,792	13,292,458	14,121,150	14,132,240	2,248,448	18.9%

Expenditures by Type FY23-24



This chart shows the changes in each type over the past five years and what is currently contained in the budget for FY 2022-23 and FY 2023-24 requests. 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 2023-24 budget.



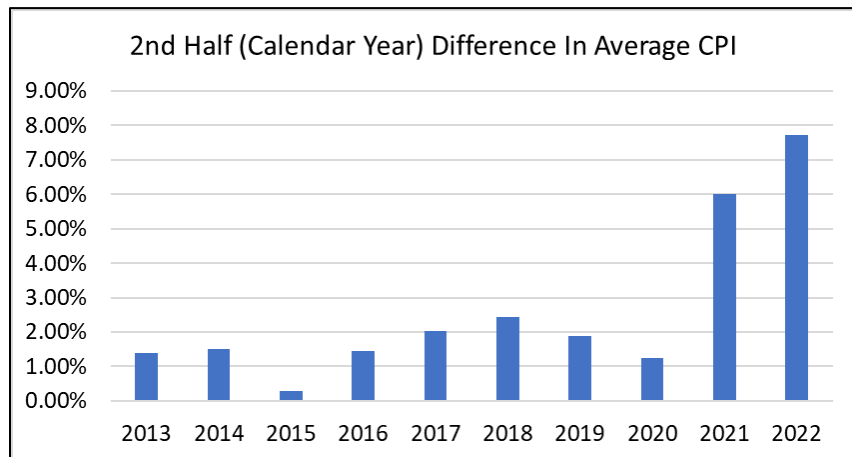
Personnel

Personnel expenditures which, for Duck, make up approximately 30% (FY 2022-23) of our total budgeted expenditures, are one of our most significant yet critical expenditures. In FY 2021-22, we added staff in police, fire, and public facilities to bring our staff to a level that, while lean, allows us to provide high levels of quality service. As shown below, we do not propose to add any staff in this coming fiscal year.

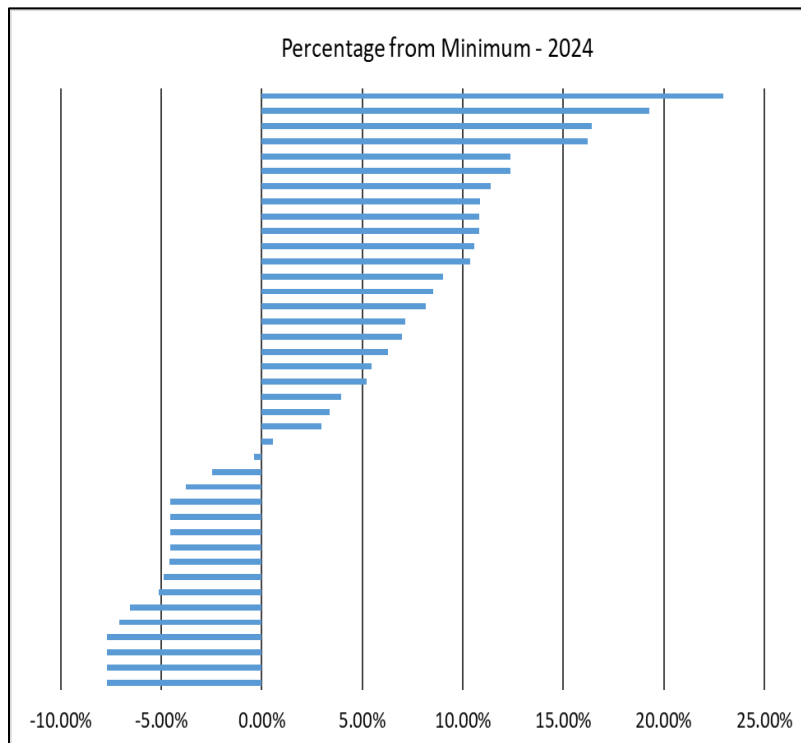
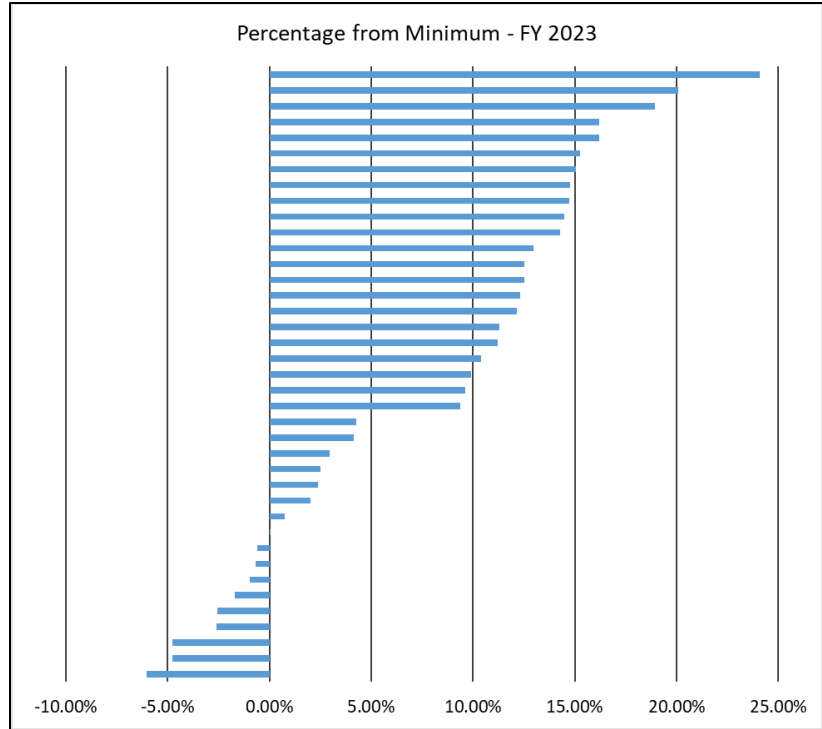
Personnel by Department							
Department	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24 Approved
Administration	4	4	5	5	5.5	5.5	5.5
Public Facilities		0	0	0	1	1	1
Police	10.5	12.5	12.5	12.5	14.5	14.5	14.5
Fire	8.5	12.5	12.5	12.5	14.5	14.5	14.5
Inspections	1.5	1.5	1.5	2.5	2	2	2
Community Development	1.5	1.5	1.5	2	2.5	2.5	2.5
Total	26	32	33	34.5	40	40	40

As we continue to pursue a desire to retain and attract quality employees, we must, especially in a very competitive employment market, provide compensation and benefit packages that help achieve these goals. Following a complete pay and classification study that was implemented in Fiscal Year 2021-22, we continue to lag behind the local market for many positions. This is less due to our pay scales as set by the study and adjusted by inflation indicators per policy, and more due to salary increases for current employees not keeping pace with inflation. In FY 2021-22 our maximum, merit-based, salary increase was 1.5% and in FY 2022-23 it was 3%. While additional merit "bonuses" of similar percentages provided additional compensation, the inflation-driven pay scale increases outpaced merit increases thus keeping some current employees at the bottom of the pay range.

This table shows the rate of change in the 2nd half average CPI (All Consumers, Not Seasonally Adjusted) over the past 10 years. This is the index we use for pay plan adjustments, so this year's increase will be 7.71%.



This chart shows all 40 of our employees and where their salaries fell coming into the FY 2022-23 budget preparation cycle. The percentages shown are how far above or below the minimum for the pay grade each employee was once the range for each grade was adjusted for CPI per our policy. The result of this was that 9 employees' salaries were adjusted, per policy, to the minimum of the pay grade. Most of these were more recent hires or promotions, but one has been with the Town for a few years.

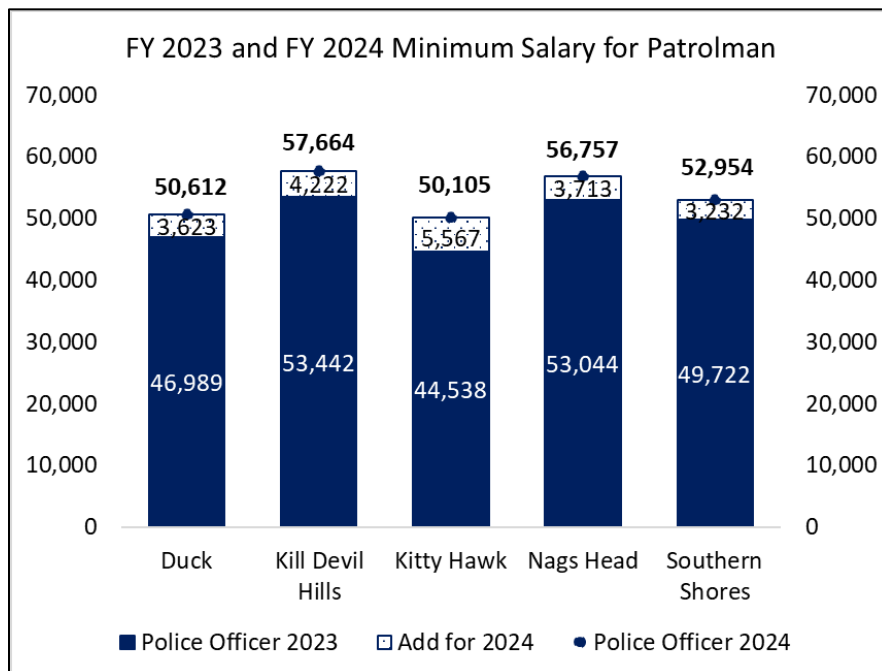


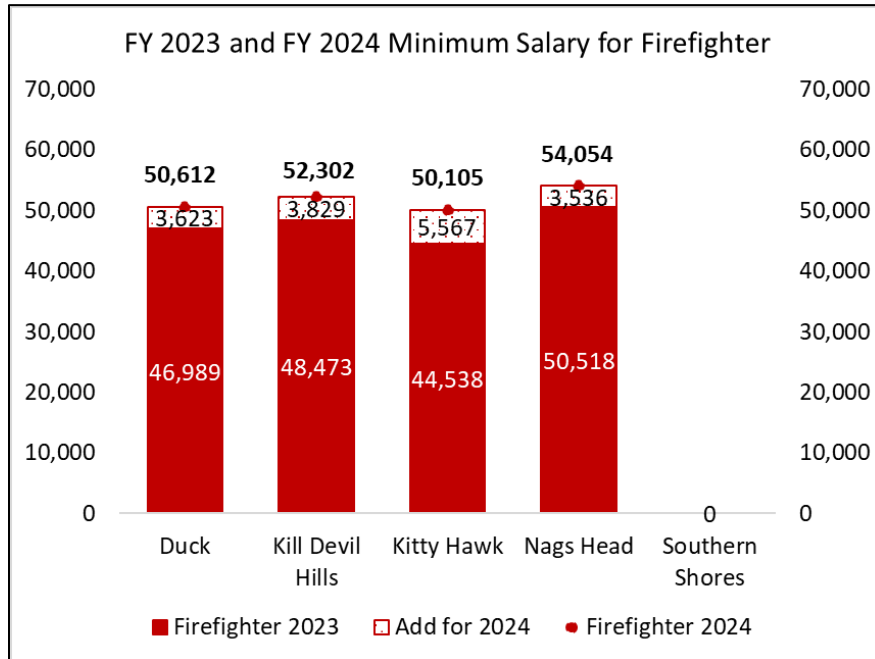
As we come into the preparation of the FY 2023-24 budget, we once again looked at where salaries will fall once the pay plan is adjusted for inflation. Because the rate of inflation continues to outpace even the maximum merit increase an employee can earn, we now see, on the chart to the left, that 16 employees, including a few long-serving people, have salaries below the minimum for their pay range. Adjustments, per policy, to bring these salaries to the minimum of the range, would cost just over \$44,000 not including salary-related benefits.

The issue described above, called “compression” is felt most significantly when we hire new employees and their starting pay is at the bottom of the pay range and we have a two or three-year employee that also is at the bottom of the pay range due to merit increases lagging behind inflation. This results in an experienced employee being paid the same as someone new to a position and, in essence, devalues experience and longevity.

Where we are in the most direct competition with other towns, sometimes to the point where they are actively recruiting our personnel, is in Public Safety. This, unfortunately, is where we see much of the compression happening and where we are lagging the market in terms of starting salary, and more so in salaries for longer-serving employees. What we are hearing from other towns is there are plans to also move their salary ranges by percentages ranging from 6.5% to 12.5% and starting plans to increase wages for current employees at the beginning of the fiscal year in order to minimize compression.

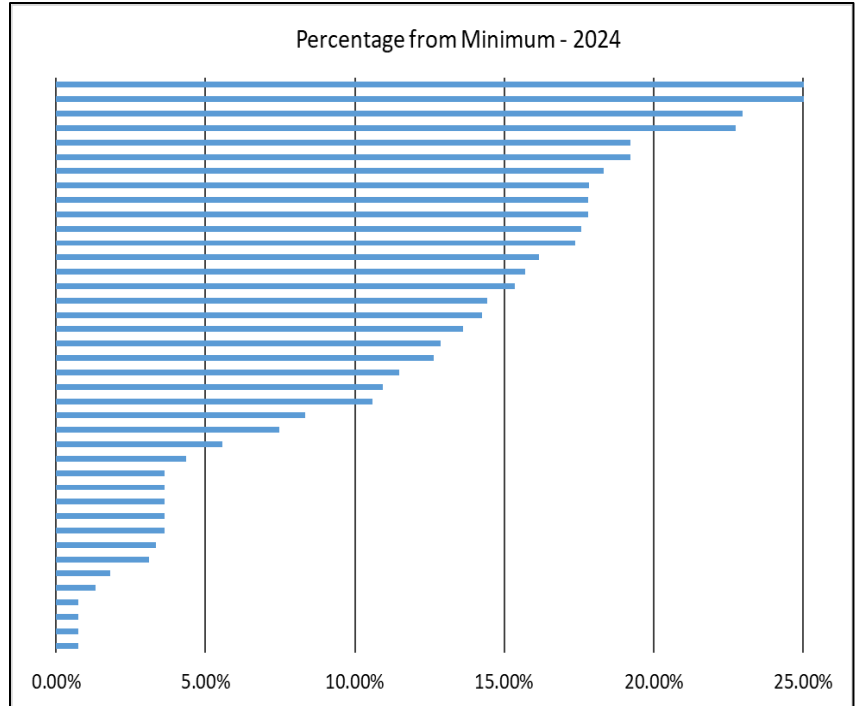
These charts show the minimum salary for entry-level police officers and firefighters based upon each town’s current compensation plan. We also include the proposed amount of adjustment to each of these minimums based upon current information. You will see that in FY 2023 we lag behind all but Kitty Hawk and with our CPI adjustment and the adjustments others are indicating they will be making, we remain lagging behind all but Kitty Hawk. That said, with our adjustments, we are fairly close to the other communities and will compete well given our benefits and work environment.





What we have less reliable data on, due to a number of factors including longevity, performance/extra duty-based changes, etc. is what current employees are actually paid in these towns. Anecdotal information is that, due to the compression mentioned above, our employees significantly lag other town's employees with similar levels of service and experience. Our inclusion of career development/progression as part of our public safety "rank" structure, allows employees to move off the minimum and begin to close the gap, but our starting point for current employees and the fact that their salary change due to a merit increase is less than the rate of inflation leads to a disparity between our compensation and what an employee could be earning in another community.

What we are proposing, in addition to moving our pay ranges as noted above, is that we apply an increase in each employee's salary of 8.5% at the beginning of the fiscal year in order to bring our salaries closer to the actual salaries being paid by competing communities. As shown on the chart to the right, this will have the effect of moving many of our employees' salaries further from the minimum for their pay range. The ones that are closest to the minimum are two vacant positions and our two new firefighters. The cost to do this, fully loaded, would be \$275,812 more than if we simply adjusted the pay scales and moved those who fell below the minimum up to that level.



Performance Evaluations and Merit Increases

Our traditional method of recognizing performance is through using a combination of merit increases to salaries and merit bonuses that are a percentage of the employees' salary based upon the result of their performance evaluation. During the past year, we have been working on a new performance evaluation instrument and process. Our instrument was outdated and did not fully capture the performance of each employee compared to the expectations for their position as outlined in the position description. There was one form used for every employee and there was a mathematical formula to assign the merit increase and bonus percentage.

Working with our leadership team and all staff members, we created a basic form that will require evaluation of performance against our values (SOAR) for all employees, and position-specific forms that capture the different requirements of each position. The new form and process will require more effort on the part of supervisors and employees, but we believe that the time invested in this process will help ensure all are evaluated fairly with high performance recognized and lapses in performance addressed with a plan to move toward higher performance.

We will now perform evaluations for each employee using the fiscal year as the rating period as opposed to our prior practice of evaluating people as of their employment anniversary date. This will allow for more consistency in ratings and allow for more accurate budgeting for merit-based increases which, under this new system, will be applied effective in October.

With this improved evaluation instrument and process, we are proposing to move away from the merit increase/bonus combination, an approach that is uncommon in North Carolina, to a system

that only includes a merit increase. By doing this we allow employees to earn a higher salary to help move them away from the minimum of their pay range and thus reduce the compression issue noted above. The effect of this method, in future years, is an increase in total compensation costs. In the current method, where a base salary is increased by a smaller amount, the following year's base salary is less than it will be under the proposed method. This "compounding" effect does increase total compensation costs in future years but does help keep our salaries in line with others in our market area. The hope would be that by increasing salaries by a maximum rate established during the preparation of the budget, both effects of inflation and performance can be accounted for in the merit increase pool made available.

So, in FY 2023-24 rather than budgeting for a 3% merit increase and 3% merit bonus, we are proposing to budget for a 6% merit increase pool. This change does not result in any additional cost in the budget for the coming fiscal year, but the percentage will need to be evaluated annually during the budget preparation process.

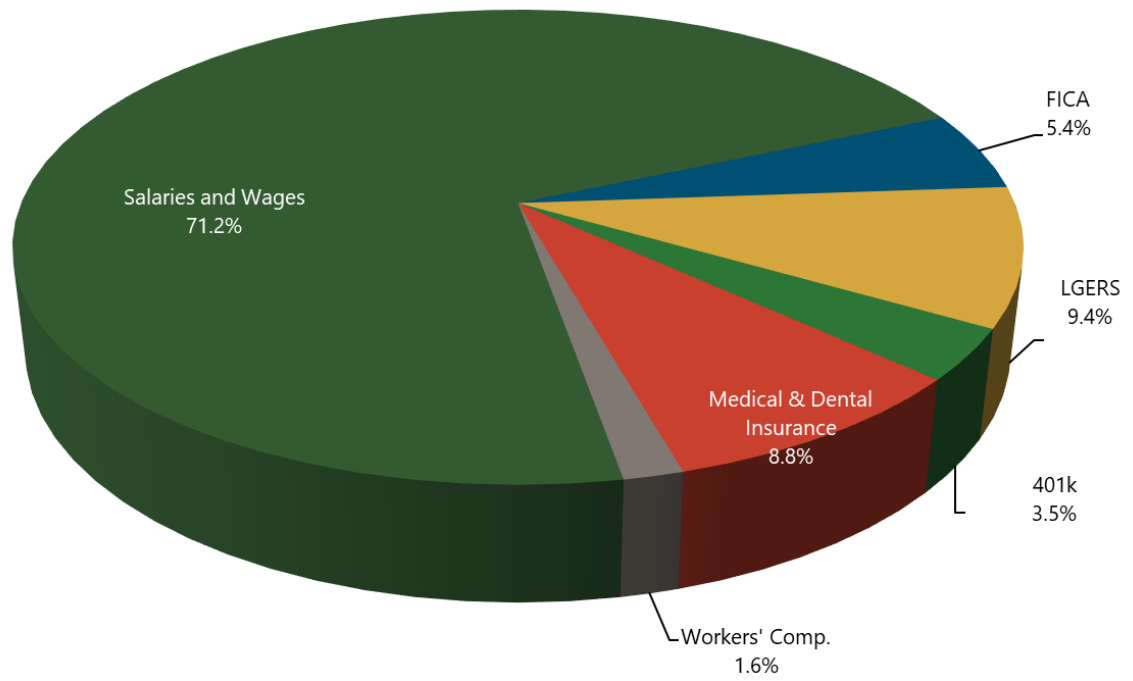
Compensation and Benefits Cost Summary

In addition to the changes in compensation proposed above, we are also dealing with an increase in medical insurance premiums, an increase in Workers' Compensation Rates, and an increase in the state retirement contribution rate. We are meeting with benefits advisors to see if there are other options for medical insurance that may improve our benefits without impacting costs. We have, in the past, asked our current broker to provide creative options, but none have been provided. This is what is driving us to talk with other advisors/brokers to see if there is someone else willing to help us think about how to maximize our investment in this benefit.

The table and graph below show how the total personnel cost is broken down. Earnings account for 71% 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	FY21-22 Actual	FY22-23 Budget	FY23-24 Approved	Variance v. CY	% Change
Salaries and Wages	2,765,262	2,861,098	3,109,987	248,888	8.7%
FICA	114,270	150,719	236,480	85,760	56.9%
LGERS	212,360	252,970	412,018	159,047	62.9%
401k	205,162	185,148	152,179	(32,969)	-17.8%
Medical & Dental Insurance	240,218	245,698	384,467	138,769	56.5%
Workers' Comp.	195,995	172,356	70,796	(101,560)	-58.9%
Total	3,733,267	3,867,990	4,365,926	497,936	12.9%

Personnel Costs by Type FY23-24



Employee Benefits

Social Security (FICA)

The Town and employees both contribute to the Social Security System in accordance with the law. In prior budgets, this item was either included in salary numbers or shown as a "fringe benefit". Being neither, we felt it most appropriate to show this number on its own line in the budget.

Retirement

All Town employees are members of the Local Government Employees' Retirement System (LERS), 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, 2023, the rate increased to 12.85% for non-law enforcement and to 14.10% 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 to 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

Currently, employees accrue vacation leave time at rates based upon years of service with the Town and are limited to 240 hours in the total amount they may accrue. Excess earned leave is converted to sick leave at the end of each year or upon separation from employment. The table to the right shows the rate of accrual contained in our Personnel Policy.

Years of Service	Days per Year
1 - < 5	12
5 - < 10	15
10 - < 20	20
20 +	22

We are proposing, as a way to improve this benefit, changing the wording in our Personnel Policy to allow prior local/state/federal government service to count toward vacation accrual rates. This will assist in recruiting experienced people from other towns who often express a hesitancy to “start over” in terms of building the accrual rate for this benefit. It will also help retain folks who don’t want to start over somewhere else. This change, if approved, would impact 16 of our 40 employees with all but three of those being in public safety.

This is a Personnel Policy change that will be considered by the Town Council independent of the Budget approval process.

Sick Leave

New employees earn one day of sick leave per month. Those employed by the Town prior to July 1, 2021 earn sick leave time at rates based upon years of service as of that date. Unused time may be converted to service credit according to terms established by the North Carolina Local Government Employees’ Retirement System.

Uniforms

Uniforms and/or safety shoes are provided to certain employees where needed, such as police, fire, public facilities, and inspections. Town logo attire is also considered a form of a uniform and provided in more limited quantities to other personnel as appropriate.

Law Enforcement Separation Allowance

The Town also, in conformance with State law, provides for supplemental retirement benefits for law enforcement personnel. Per the law and our policy, law enforcement employees who meet the following requirements shall receive, beginning on the last day of the month in which he or she retires, a special separation allowance equal to eighty-five hundredths percent (0.85%) of the average final compensation as determined by the LGERS. The requirements for this separation allowance are as follows:

1. The employee must be eligible for basic retirement at full benefits from the LGERS; and
2. The employee must not have attained sixty-two (62) years of age; and
3. At least 50% of creditable service is as a law enforcement employee and must be employed in a law enforcement position with the Town of Duck at the time of retirement. No employee shall receive the Special Separation Allowance if he/she retires on disability; and

4. Payment of this Separation Allowance shall cease at the death of the employee or on the last day of the month in which he/she attains sixty-two (62) years of age, or upon the first day of employment of the employee by any State of North Carolina department, agency or institution. Should the special separation allowance for law enforcement officers, now required by law, be rescinded, this separation allowance shall be rescinded all at the same time; and
5. The Special Separation Allowance does not replace any benefits to which a retired employee may be entitled from state, federal, or private retirement systems.

The Town 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.

Retiree Health Insurance Stipend

One of the benefits that many of our competing communities offer and we do not is health insurance for retired employees. The structure of this benefit, in terms of years of service, percentage paid by the Town, etc. varies but all end up, per governmental accounting standards, carrying a fairly significant liability on their balance sheet as a result of this benefit. We are not advocating for beginning to provide this benefit, but, rather, are offering an alternative.

Our leadership team discussed some options and arrived at the thought of offering the ability for retirees to remain on our health insurance program until they turn 65 and providing a monthly stipend to offset some of the premium cost. Currently, the Town pays the full cost of medical and dental insurance for all active employees and 75% of the total cost of employee + spouse/children/family coverage.

We are proposing a stipend amount of \$200 per month (\$2,400 per year) which equates to 37.5% of the estimated employee-only premium for the coming fiscal year. If they opt to move away from our plan, this stipend could still be provided if we are given evidence of coverage being paid for by the retiree (or spouse) and with agreement that this stipend is to be used for no other purpose.

We propose that to be eligible for this benefit, an employee would have to be eligible for unreduced retirement benefits according to the NC Local Government Employees Retirement System (LGERS) and have served a minimum of 15 years with the Town of Duck.

Based upon the age, years to "full retirement", and years with the Town of Duck at that time, the graph below shows the financial impact of this benefit in future years. Seven of our current staff members will not meet eligibility thresholds due to time in Duck and age, but the remaining 33 employees will hit the marks and average 6.6 years of receiving this benefit. In the short term there is no financial liability, but it does build to \$38,000 for FY 2044-45 assuming the stipend amount is not increased in future years.

While not a true retiree health insurance benefit like others in the area offer, it is a benefit aimed at encouraging retention and showing appreciation for those who invest their career with the Town of Duck.

This is a Personnel Policy change that will be considered by the Town Council independent of the Budget approval process.

Tuition Assistance

One benefit that some other local governments offer is a small amount of tuition assistance to encourage employees to further their formal education. In the past, we have seen these programs offer reimbursement, but best practice is transitioning to having this assistance provided when an employee registers for a class in order to help with their personal cash flow.

Here are some of the points from the current draft of our proposed policy:

1. The amount of educational assistance provided per employee will be determined annually, based on the approved budget of the Town.
2. Employees are expected to pursue coursework outside regular work hours, on their own time.
3. To be eligible for tuition assistance consideration, employees must have completed their probationary period prior to the application period.
4. Priority will be given to employees in a degree program for which approval has been given in the prior budget year (assuming the employee continues to meet all policy requirements).
5. The institution of higher education where the employee is attending instructional classes must be an accredited institution.
6. Town of Duck will advance the costs of registration, fees, tuition, student, and lab fees, up to a maximum of \$1,200 per fiscal year per employee.
7. Upon completion of the course, the employee will provide certification from the institution that final grades meet the standards of the Town which require a "C" or better. For classes that are considered Pass/Fail, a "Pass" for the course will be considered a satisfactory completion.
8. If the course is not satisfactorily completed, as noted above, the employee will be required to reimburse the Town the amount of tuition assistance provided for that course.
9. Approved employees are expected to continue Town employment for one year from the date of the education assistance. Employees separating from Town employment prior to the one year from the date of assistance must repay the Town the total amount of the assistance received for the year calculated by counting backward one year from the last day of work. Tuition assistance monies owed to the Town may be deducted from any compensation received upon the employee's separation from employment.
10. Employees interested in pursuing a degree from an accredited university or college shall submit a Tuition Assistance Application form annually for Town approval.
11. The Human Resources Administrator will notify the employees of the application period for participation in the Tuition Assistance Program.
12. Applications submitted to the Human Resources Administrator are subject to the review and approval of the Department Director and Town Manager, subject to the availability of funds.

13. If there are not enough budgeted funds to provide tuition assistance for all applicants for that fiscal year, priority will first be given to those previously approved in the prior year as noted in Number 4 above.

We don't have a solid handle on how much this benefit will be used, but the fact that the Town offers such assistance really does demonstrate a commitment to our staff.

This is a Personnel Policy change that will be considered by the Town Council independent of the Budget approval process.

Classification/Title Change

In order to achieve parity between the second in command in the fire and police departments, the Chief of Police is requesting that the Classification for the department's second in command be changed from Lieutenant to Deputy Chief. The Chief stated, in a memorandum, that this would "bring the title in line with the essential functions, qualifications, and the knowledge, skills, and abilities required of the position". Further, he wrote, this would "adopt the current title used for like positions at the Southern Shores, Kill Devil Hills, and Nags Head Police Departments".

This change would not result in any change in the pay grade for the position, nor will it result in any change in the rate of pay as the position requirements remain the same.

The Police Department requested the creation of a "Corporal" position with a classification at Grade 10 in the Town's Classification Table. This new classification does not increase staffing, but will allow the Department to promote two existing Master Police Officers to the rank of Corporal. One Corporal will be assigned to work from 3:00 PM to 3:00 AM on each of the department's two five-officer patrol squads, which work opposite one another. The promotions will allow for greater supervision and accountability at the patrol level, while the sergeants focus on oversight and administrative tasks. The Corporals will be tasked with information dissemination, weekly training development and delivery, as well as implementation of the department's new officer field training program. The Corporals will also be expected to fill all planned shift vacancies on the night shift, which occur when officers attend off-site training or are out on approved leave. This change in classification would come with a five-percent increase in salary to account for the additional responsibilities.

Summary of Changes

In summary, we are proposing nine changes that will be reflected in the first draft of the FY 2023-24 budget:

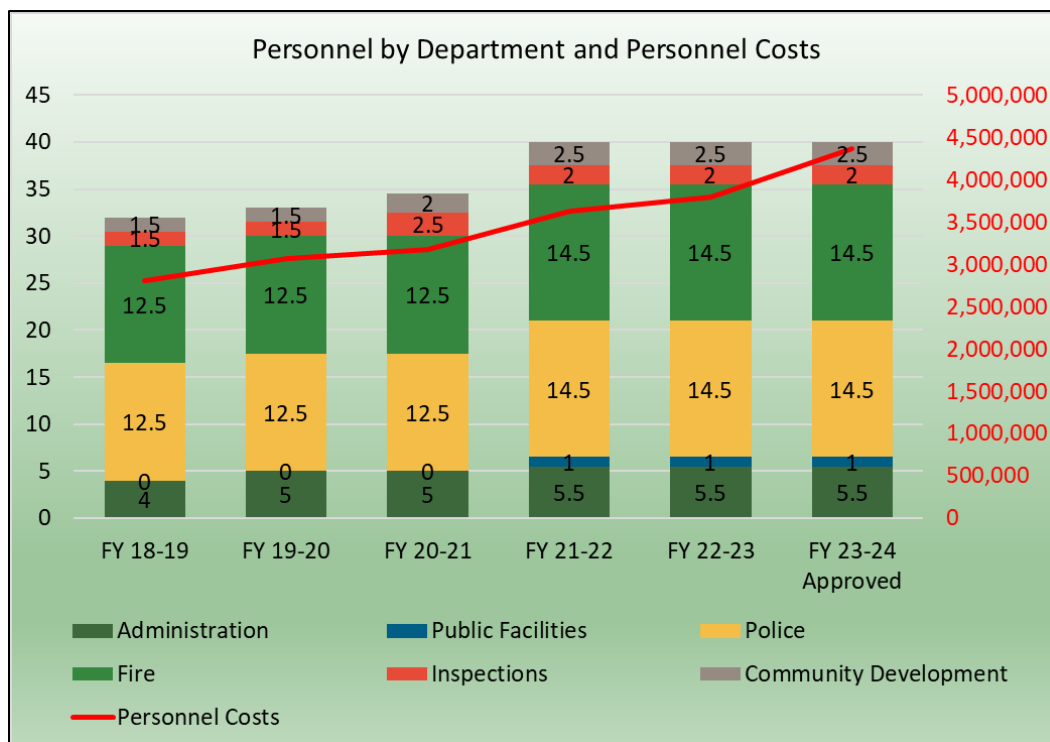
1. Adjust the pay scales, per policy, by 7.71% (2nd half CPI change 2021 v 2022)
2. Apply an 8.5% increase to each employee's salary (exclusive of the Town Manager) on July 1st.
3. Transition from a merit increase and merit bonus system to a merit increase-only system with all increases effective at the beginning of October each year.
4. Set the merit increase pool to 6% of base salaries.

5. Change the wording in our personnel policy regarding vacation time accrual to allow prior state and local government service to count toward total years of service.
6. Implement a retiree health insurance supplement of \$2,400 per year for employees who meet the eligibility requirements described above and retire after July 1, 2023. This includes allowing retirees who retire after July 1, 2023 to participate in the Town's health insurance plan.
7. Implement a Tuition Assistance program as discussed above.
8. Reclassify the position of Police Lieutenant to Deputy Police Chief.
9. Promote (and change pay grade for) two Master Police Officers to Police Corporal.

We realize that these are a lot of changes and some come with a fairly hefty price tag. However, as noted earlier in this document, we want to continue to attract and retain the best employees we can in this highly competitive market. To do so, we must be willing to invest in our human capital through compensation, benefits, opportunities for advancement, and opportunities for education and training.

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 as described in the preceding pages.

Personnel		
Item	Cost	Cut
8.5% across the board increase on July 1, 2023	276,125	
Tuition Assistance	9,600	10,200
Promote 2 Master Police Officers to Police Corporal	8,235	
Total Personnel	293,960	10,200

Operating

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

Capital

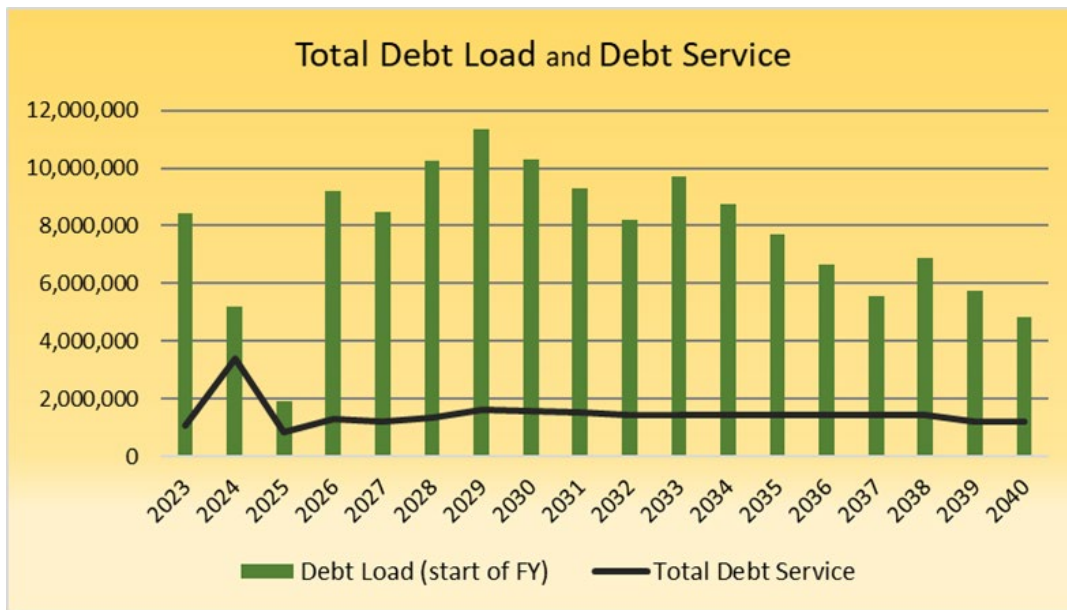
Also on the attached Department pages are capital projects/items. Shown below are the Capital items in this budget. The items in red reflect expenditures that are offset by grant or loan proceed revenue.

Capital (Red indicates CIP item)		
Department	Item	Cost
Environmental Protection	Neighborhood Stormwater Management	146,718
Fire	SCBA Replacement	7,000
Fire	Turnout Gear	20,000
Fire	Hose and Appliance Replacement	8,000
Fire	Mobile Data Terminals	10,000
Police	Vehicle Counting Sensors	20,000
Police	Mobile Data Terminal Replacement	23,800
Public Facilities	Irrigation Replacement	10,000
Streets & Highways	Ocean Crest Trail Improvements	111,000
Streets & Highways	Duck Village Pedestrian Enhancements	32,000
Streets & Highways	Retaining Wall Replacement	25,000
Streets & Highways	Stormwater Management	80,000
Streets & Highways	Coastal Resiliency Project	2,795,230
	Total	3,288,748

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, 2023, the Town's debt obligation is \$5,213,916.

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.



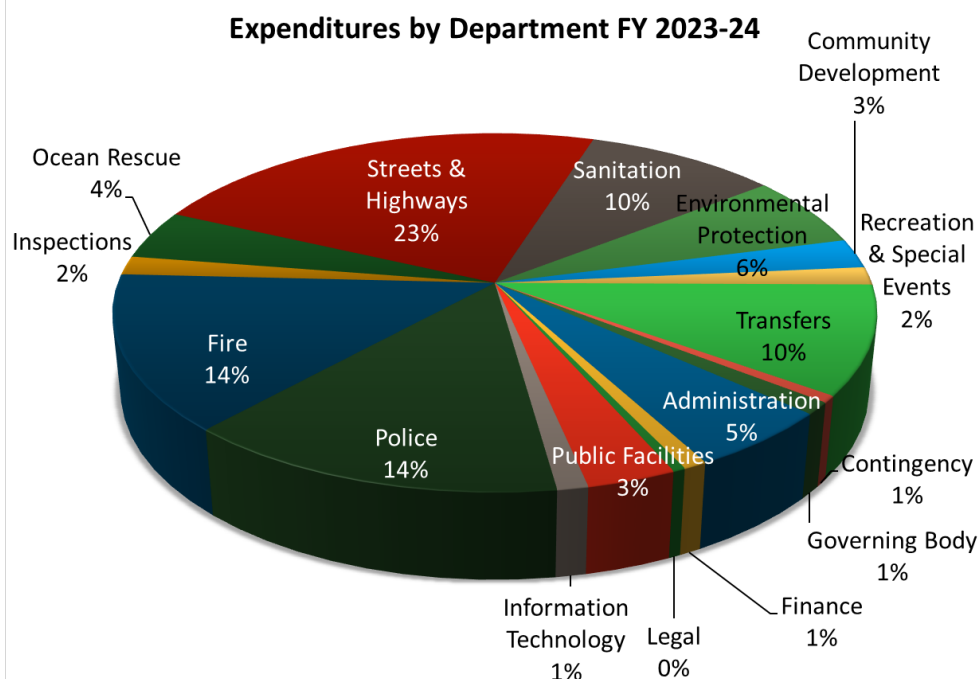
This table shows the amount owed in FY 2023-24 for outstanding debt issuances:

Issue Year	Project	Finance Type	Amount Issued	Term Years	Interest Rate	FY 2023-24 Principal	FY 2023-24 Interest	Total Debt Service
2010	Town Hall and Park Refinance	Installment Purchase	3,000,000	15	1.25%	133,333	5,000	138,333
2022	Vehicles (5)	Installment Purchase	238,623	4	1.22%	79,537	1,953	81,490
2022	Radios	Installment Purchase	406,273	4	1.22%	135,418	3,324	138,742
2022	Beach Nourishment	Special Obligation Bond	2,407,148	5	1.84%	474,917	30,585	505,502
2022	Beach Nourishment (FEMA)	Special Obligation Bond	2,425,511	1	5.06%	2,425,511	61,365	2,486,876
2012	Fire Engine (engine 111)	Installment Purchase	500,000	10	2.70%	56,204	1,518	57,721
TOTAL								3,408,664

Expenditures by Department

This table shows the total amount of each department's approved budget for FY 2023-24, what was requested for FY 2023-24, the current FY 2022-23 budget, and what was actually spent in FY 2021-22.

Expenditures by Department						
Department Expenditures	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Governing Body	127,501	145,981	153,231	153,231	7,250	5.0%
Administration	646,872	654,422	773,590	768,090	113,668	17.4%
Finance	129,967	114,079	122,119	122,119	8,040	7.0%
Legal	61,055	62,760	65,460	65,460	2,700	4.3%
Public Facilities	544,330	599,818	637,908	460,708	(139,110)	-23.2%
Information Technology	144,066	175,765	152,396	159,352	(16,413)	-9.3%
Police	1,966,987	1,914,332	1,998,547	1,974,047	59,714	3.1%
Fire	2,635,587	1,818,813	2,057,409	1,983,189	164,376	9.0%
Inspections	173,104	203,830	239,169	236,949	33,119	16.2%
Ocean Rescue	535,340	580,001	628,100	628,100	48,099	8.3%
Streets & Highways	531,573	2,880,720	3,328,994	3,248,994	368,274	12.8%
Sanitation	1,097,385	1,216,360	1,347,410	1,347,410	131,050	10.8%
Environmental Protection	1,574,897	939,518	1,013,086	913,086	(26,432)	-2.8%
Community Development	308,578	325,383	376,148	373,828	48,445	14.9%
Recreation & Special Events	89,201	225,449	227,000	227,000	1,551	0.7%
Transfers	1,317,349	1,359,928	1,384,288	1,384,288	24,360	1.8%
Contingency		75,299	75,299	86,389	11,090	14.7%
Total	11,883,792	13,292,458	14,580,154	14,132,240	839,782	6.3%



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
- Contracted Services include charges from the Dare County Board of Elections to conduct the Duck Town Council election in November
- Property and Liability insurance increase approximately by 20% 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
- Tuition Reimbursement for up to 8 employees
- 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
- Finance and payroll software charges
- Bank fees not offset by interest

Legal

- Monthly \$2,800 per month. Same rate as FY 2022-23
- As needed service rates increase to \$245 per hour for attorneys, \$150 per hour for paralegals, and \$185 per hour for summer law students.

Public Facilities

- Salary for full-time Maintenance Technician
- May use savings from trash can servicing contract to hire some part-time assistance
- Maintenance contracts for grounds (Town Hall, Park, etc.), trash can service, and cleaning of Town Hall and Keller Meeting Hall. Grounds contract expires in December and new bids are reflected in the budget
- Tree "removal" for maintenance (trimming, vine removal, and removal of any dead trees)
- Irrigation maintenance as needed
- Boardwalk repair materials
- Bench replacement
- Bricks for Memory Lane brick project – second year
- Replacing irrigation system

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
- Convert internet back-up from DSL (telco) to wireless (5g)
- Upgrades to displays and livestream infrastructure in the Keller Meeting Hall

Police

- Police officer wellness and mental health initiative
- License plate reader licensing
- Training for all personnel including Spanish Immersion training for 2 officers
- Vehicle counting sensors
- Mobile Data Terminal replacements

Fire

- Replacing turnout gear – per schedule
- Hose and SCBA replacement per schedule
- CAD & Mobile Data Terminal equipment – first year
- Subsidy to Duck Volunteer Fire Department - \$34,400 increase

Inspections

- Permitting software – increased to four “seats” to allow multiple simultaneous users
- Travel and Training includes Maintenance Technician to work toward inspector certification to serve as a backup to the full-time inspector
- Copier shared as noted above under Administration

Ocean Rescue

- Increase of \$48,000 per contract as amended
- Allocating phones and iPads 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. These contracts expire in December and the new bids are reflected in the budget
- 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 based upon new bids received. The incumbent providers were the low bidders for these services.

Environmental Protection

- Professional Services related to Beach Renourishment
- Professional Services for engineering related to Stormwater Management Plan
- Beach grass planting, beach monitoring, etc.
- Stormwater Management project resulting from RCCP grant-funded studies
- Debt service for Beach Nourishment bonds

Community Development

- Stipends for Planning Board and Board of Adjustment
- Training for Director, Senior Planner, and Community Planner
- Copier shared as noted above under Administration

Recreation and Special Events

- Park and Beach signage
- Event expenses – performers, stage, lighting, etc.
- 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 \$0.79 if we didn't have all the other revenue sources including shared revenues and grants.

Expenditures by Department			
Department Expenditures	FY23-24 Approved	% of GF Total	Tax Rate Equiv
Governing Body	153,231	1.08%	\$0.008
Administration	768,090	5.44%	\$0.041
Finance	122,119	0.86%	\$0.007
Legal	65,460	0.46%	\$0.004
Public Facilities	460,708	3.26%	\$0.025
Information Technology	159,352	1.13%	\$0.009
Police	1,974,047	13.97%	\$0.106
Fire	1,983,189	14.03%	\$0.107
Inspections	236,949	1.68%	\$0.013
Ocean Rescue	628,100	4.44%	\$0.034
Streets & Highways	3,248,994	22.99%	\$0.175
Sanitation	1,347,410	9.53%	\$0.072
Environmental Protection	913,086	6.46%	\$0.049
Community Development	373,828	2.65%	\$0.020
Recreation & Special Events	227,000	1.61%	\$0.012
Transfers	1,384,288	9.80%	\$0.074
Contingency	86,389	0.61%	\$0.005
Total	14,132,240	100%	\$0.760

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

- Using an outside consultant, examined our current mission and vision statements and made some slight changes as we look ahead to the next 10 years. This was the five-year refreshing of our Vision 2027 and created Vision 2032.
- Deployed new laptops for the Council to replace aging iPads.
- Held a Winter Celebration and a 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 completed service on the North Carolina League of Municipalities Board of Directors.

Upcoming Projects

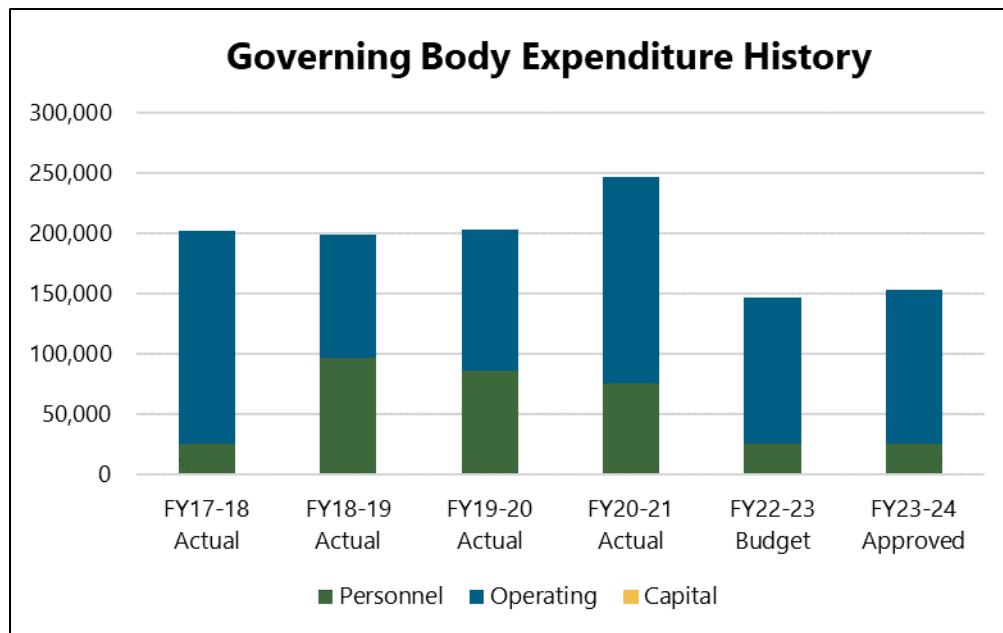
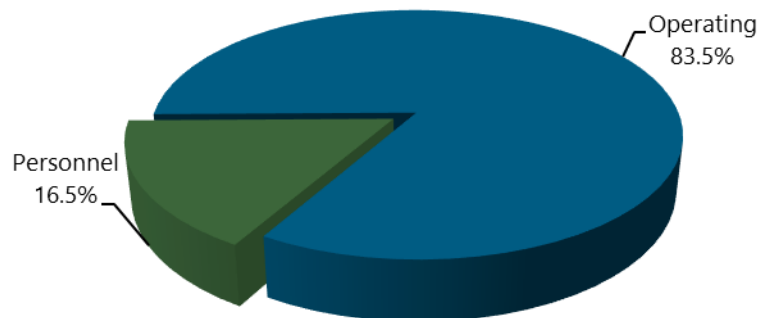
- Using the Dare County Board of Elections, we will have an election for all five Town Council seats.
- In advance of the election, staff will conduct a Candidate Information Session to help provide information to candidates about local government in North Carolina and the roles of Council and staff.

FY 2023-2024 Budget Highlights

- The Governing Body Department budget increases 4.97% in FY23-24 mostly due to this being an election year and, due to increases in property and liability insurance. These increases are due to increases seen in the national reinsurance market.
- The Governing Body budget accounts for 1.08% of the General Fund budget and is equivalent to \$0.008 on the tax rate.

Expenditures by Type								
Type	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Approved	Percent Change
Personnel	25,643	97,005	85,427	75,044	25,229	25,230	25,237	0.04%
Operating	176,459	102,007	117,042	171,290	102,273	120,751	127,994	25.15%
Capital		0	0	0	0	0	0	-
Total	202,102	199,011	202,469	246,334	127,501	145,981	153,231	4.97%

Governing Body Expenditures by Type



Line Item Expenditures

Governing Body						
Account Description	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 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	1,790	0	0.00%
Workers' Compensation	38	40	47	47	7	17.65%
Professional Services	2,117	15,000	5,000	5,000	(10,000)	-66.67%
Contracted Services	5,726		5,200	5,200	5,200	
Supplies and Materials	778	500	600	600	100	20.00%
Uniforms	452	500	500	500	0	0.00%
Technology Hardware & Accessories	4,495			0	0	
Travel and Training	1,676	1,500	1,000	1,000	(500)	-33.33%
Dues and Subscriptions	4,552	8,388	6,906	6,906	(1,482)	-17.66%
Communications	345	600	600	600	0	0.00%
Leased Equipment	4,557	3,369	3,604	3,604	235	6.97%
Printing and Binding	223			0	0	
Advertising	2,067	2,500	2,000	2,000	(500)	-20.00%
Insurance and Bonding	66,781	76,294	91,983	91,983	15,690	20.57%
Miscellaneous	8,504	12,100	10,600	10,600	(1,500)	-12.40%
TOTAL	127,501	145,981	153,231	153,231	7,250	4.97%

Notes

Salaries and Wages

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

Professional Services

Misc. Prof Services	5,000
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Contracted Services

Election (Dare County)	5,200
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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	1,497
NC Mayor's Association	100
National League of Cities	285
Outer Banks Chamber of Commerce	275
Vital Records Control	32
NCLM - Ordinance Service	1,500
UNC School of Government	110
	<hr/> 6,906

Communications

Postage	600
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Leased Equipment

Copier	3,430
Postage Meter	174
	<hr/> 3,604

Insurance and Bonding

Property and Liability	85,340
Flood	3,644
Deductibles	3,000
	<hr/> 91,983

Misc.

Council Retreat Food	600
Winter Council/Staff Celebration	5,000
Volunteer Celebration	5,000
	<hr/> 10,600

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

- Recruited and selected a Public Information and Events Director.
- Recruited and selected a Deputy Town Clerk after a vacancy that occurred due to an internal promotion.
- Completed our internal culture definition and presented "SOAR" to the Council and the public. This was a multi-month project that began with a meeting of all 40 employees with a consultant and was moved forward by a committee of employees who refined and developed these value statements.
- Modified our performance appraisal instrument and process to more thoroughly evaluate performance and hold all employees accountable to agreed-upon behavior standards.
- Improved our open enrollment process for Town Employees.
- Moved to a new health insurance brokerage firm that can provide more resources and support to our employees and Human Resources Administrator.
- Began working on new benefit policies such as Tuition Assistance, Retiree Health Stipend and Vacation Leave Accrual changes to propose to Council.
- Began working on an internal Employee Recognition Program related to the "SOAR" Core Values.
- Spring/Summer newsletter mailed to all Duck property owners.
- Significant design and functionality improvements made to the Town's website.

Upcoming Projects

- Install an additional privacy panel around the three cubicles in the center of the second-floor office area.

FY 2023-2024 Budget Highlights

- The Administration Department budget increases 17.37% in FY23-24 due to increases in personnel costs and implementing a tuition assistance policy.
- The Administration budget accounts for 5.44% of the General Fund budget and is equivalent to \$0.041 on the tax rate.

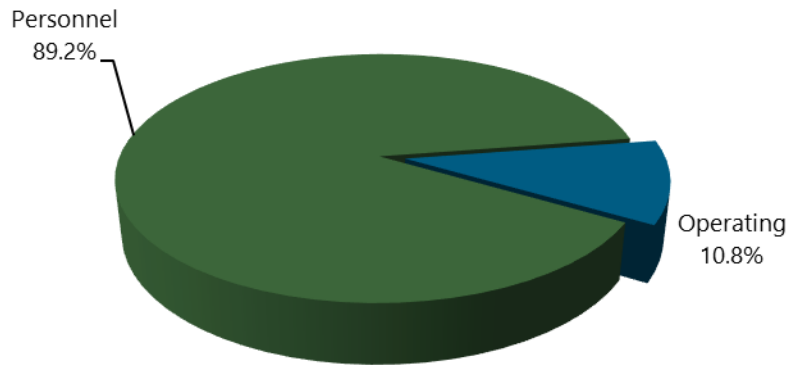
Expenditures by Type								
Type	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Approved	Percent Change
Personnel	399,778	432,343	478,708	416,493	572,881	594,037	685,497	15.40%
Operating	62,705	25,934	45,741	88,993	73,991	55,684	82,594	48.33%
Capital	0	1,035	7,427	21,971	0	4,701	0	-100.00%
Total	462,483	459,313	531,876	527,457	646,872	654,422	768,090	17.37%

Personnel					
Type	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Approved	Percent Change
Full-time	5.0	5.5	5.5	5.5	0.00%
Part-time					
Total	5.0	5.5	5.5	5.5	0.00%

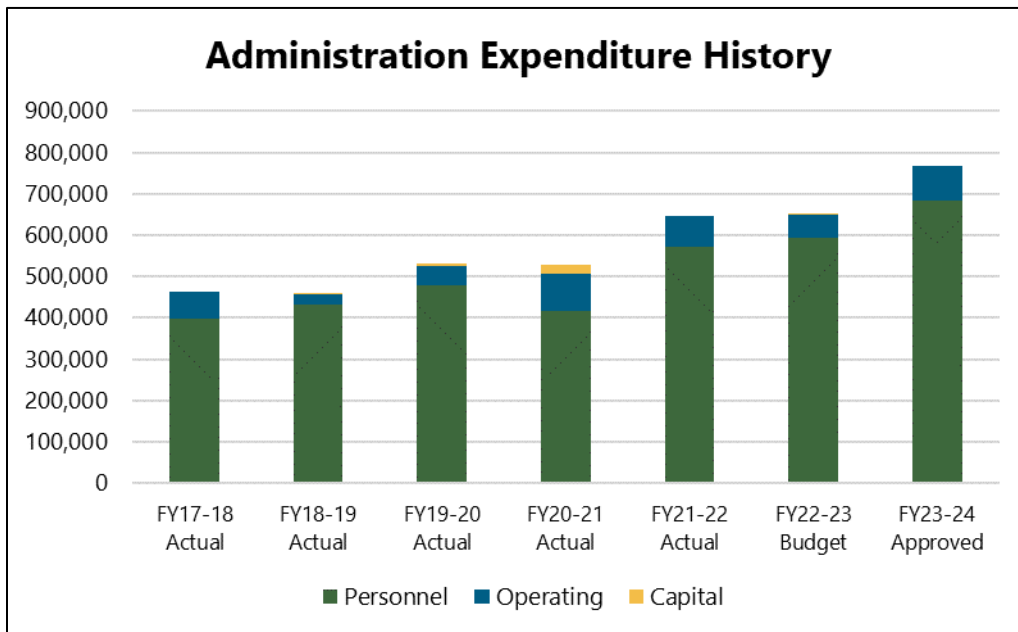
There are no changes in personnel numbers or allocations.

Staffing	
Position Title	Count
Town Manager	1
Town Clerk	1
Deputy Town Clerk	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	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Salaries and Wages	420,317	446,596	502,455	502,455	55,859	12.51%
FICA	35,228	34,165	38,438	38,438	4,273	12.51%
Workers' Compensation	1,870	2,017	2,629	2,629	611	30.30%
Supplemental Retirement (LGERS)	53,340	54,050	64,565	64,565	10,515	19.45%
401k	21,901	22,330	25,123	25,123	2,793	12.51%
Medical/Dental Insurance	40,225	34,879	52,065	52,065	17,186	49.27%
Life/ADD/Short Term Disability			222	222	222	
Professional Services	1,480	5,000	5,000	5,000	0	0.00%
Contracted Services	6,348	8,000	8,600	8,600	600	7.50%
Supplies and Materials	4,040	0	4,000	4,000	4,000	
Uniforms	402	900	900	900	0	0.00%
Technology Hardware & Accessories	5,090	1,000	0		(1,000)	-100.00%
Travel and Training	9,819	9,630	27,855	27,855	18,225	189.25%
Dues and Subscriptions	17,716	13,177	16,027	16,027	2,850	21.63%
Communications	3,604	4,108	4,108	4,108	0	0.00%
Leased Equipment	5,959	3,369	3,604	3,604	235	6.97%
Printing and Binding	13,413	6,500	6,500	6,500	0	0.00%
Advertising	0	0	1,000	1,000	1,000	
Miscellaneous	6,120	4,000	5,000	5,000	1,000	25.00%
Capital Outlay - Over \$5,000		0	5,500	0	0	
Capital Outlay - under \$5,000		4,701			(4,701)	-100.00%
TOTAL	646,872	654,422	773,590	768,090	113,668	17.37%

Notes

Professional Services

As needed consulting, etc. 5,000

Contracted Services

Misc. 3,000
 Newsletter - 2 x per year 5,600
 8,600

Uniforms

Logo Attire 900

Travel and Training

Tuition Reimbursement 9,600
 NC3C Conference 1,300 PIO - 2 people
 OBX Economic summit 30 PIO
 OBX Tourism summit 50 PIO
 Showfest Conference 950 PIO- Betsy

Misc. Continuing Ed	2,250	Misc. Continuing Education
Planning & Development Regulation	1,275	Deputy Clerk
Vehicle Allowance - Town Manager	3,600	
NCAMC Conferences (Clerk and Deputy)	3,000	Admin - Clerk and Deputy for Winter and Summer Conferences
IIMC Clerk Institute Certification	3,300	Clerk certification for Melissa
NCCMA	2,500	Manager - winter and summer conference
	<u>27,855</u>	

Dues and Subscriptions

For the Record	1,450	Transcription software for Clerks
ICMA	1,100	Manager - Dues
NCCMA	325	Manager - Dues
NCGFOA	100	Finance Administrator and TM - Dues
International Inst of Muni Clerks	370	Clerk and Dep Clerk
NC Assoc. of Muni Clerks	160	Clerk and Dep Clerk
NC Assn of CZO	75	Deputy Clerk Dues
ASCAP	390	PIO - Music License
SESAC	130	PIO - Music License
BMI	490	PIO - Music License
NC Assoc. of Festivals & Events	150	PIO - Membership
		PIO - City- County Communications and Marketing Association
3CMA	400	
NC3C	100	PIO - NC Communications Association Membership
DMA	150	PIO - Social Media
GoDaddy Website Domain	600	PIO - Social Media
Canva	119	PIO - Social Media
Outer Banks Media	1,700	PIO - Website Hosting and Monitoring
Zoom	550	PIO - Virtual Meetings
Mail Chimp	480	PIO - E-newsletter
Hoot Suite	1,200	PIO - Social Media
Archive Social	5,988	PIO - Social Media
	<u>16,027</u>	

Communications

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

Leased Equipment

Copier	3,430
Postage Meter	174
	<u>3,604</u>

Printing and Binding

Beach Nourishment	1,200	Mailings
Brochure	4,300	
Rack Cards	<u>1,000</u>	Safety campaign/ bike and pedestrian safety
	6,500	

Miscellaneous

Bulk waste permits	3,000	60 at 50 each
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's personnel costs are accounted for in the Administration Department and has duties other than just related to finance.

Recent Accomplishments

- Our independent auditor completed the FY 2021-22 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.
- Transitioned the primary checking account to one that is interest bearing.

Upcoming Projects

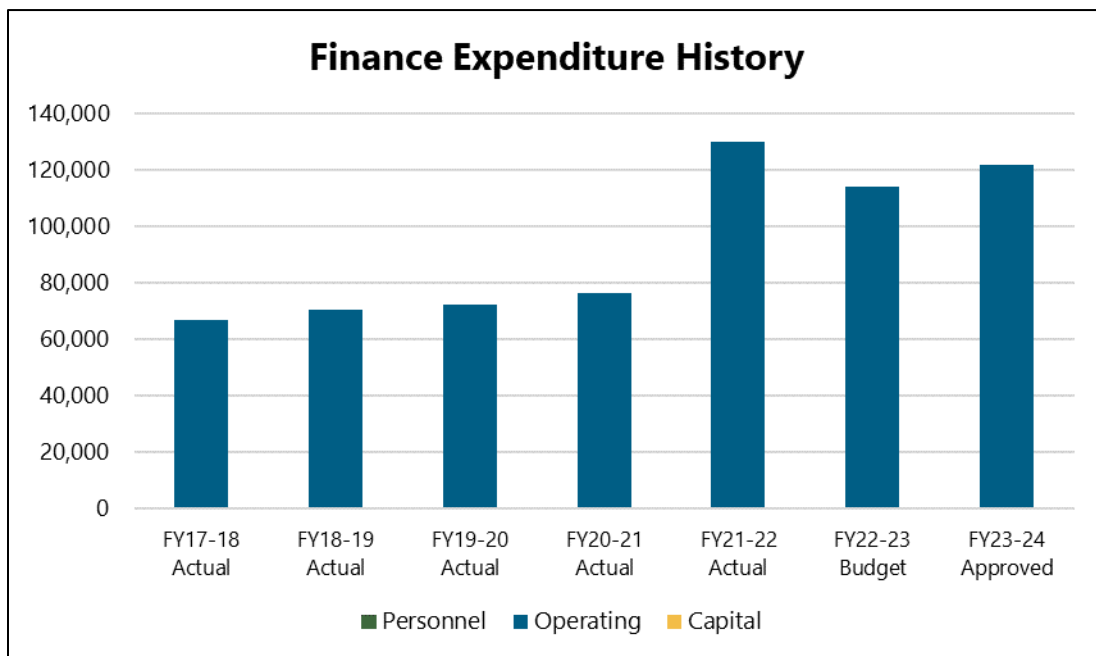
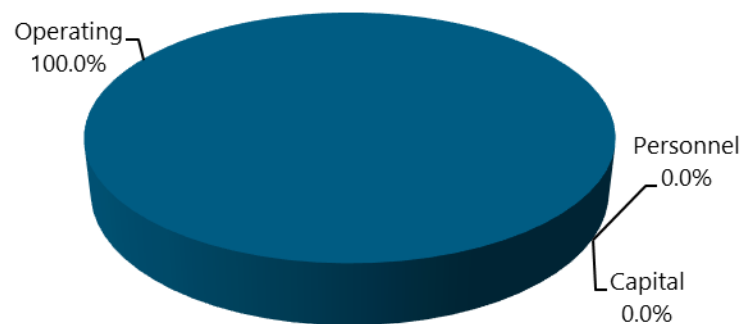
- During the first part of FY 2023-24, we will assist our Auditor and Financial consultant in preparing the annual financial statements and audit.
- Internal control procedures will be evaluated and improved in accordance with policy and best practices.
- Continued efforts will be focused on further improvements to the Budget and CIP documents specifically to include performance measures.

FY 2023-2024 Budget Highlights

- The Finance Department budget increased 7.05% mostly due to budgeting for tax collection.
- The Finance budget accounts for 0.86% of the General Fund budget and is equivalent to \$0.007 on the tax rate.

Expenditures by Type								
Type	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Approved	Percent Change
Personnel		0	0	0	0	0	0	-
Operating	66,661	70,311	72,439	76,487	129,967	114,079	122,119	7.05%
Capital		0	0	0	0	0	0	-
Total	66,661	70,311	72,439	76,487	129,967	114,079	122,119	7.05%

Finance Expenditures by Type



Line Item Expenditures

Finance						
Account Description	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Professional Services	39,725	31,000	35,000	35,000.00	4,000	112.90%
Contracted Services	80,119	79,579	81,119	81,119.09	1,540	101.94%
Bank Charges	10,123	3,500	6,000	6,000.00	2,500	171.43%
TOTAL	129,967	114,079	122,119	122,119	8,040	7.05%

Notes

Professional Services

Audit	24,000
Financial Statement Prep	5,000
Other Financial Assistance	6,000
	<u>35,000</u>

Contracted Services

Tax Collection - Dare County	77,185	1.5% of total collection
QuickBooks Fees (payroll and accounting)	<u>3,934</u>	
	81,119	

Bank Charges

Account Service Charges	6,000
	<u>6,000</u>

Legal

Description

The Legal Department contains expenses for contracted legal services. The Town does not have an attorney or any legal paraprofessionals on staff, but opts to contract with the firm of Hornthal, Riley, Ellis & Maland, LLP to provide our routine legal service as the officially appointed Attorney for the Town of Duck.

Recent Accomplishments

- Our contracted law firm's attorneys handled the acquisition of a beachfront property, worked on an agreement with the beach nourishment contract to ensure the Town was made whole due to a delay in that project, and worked on several easements related to both the beach nourishment and Highway 12 project.

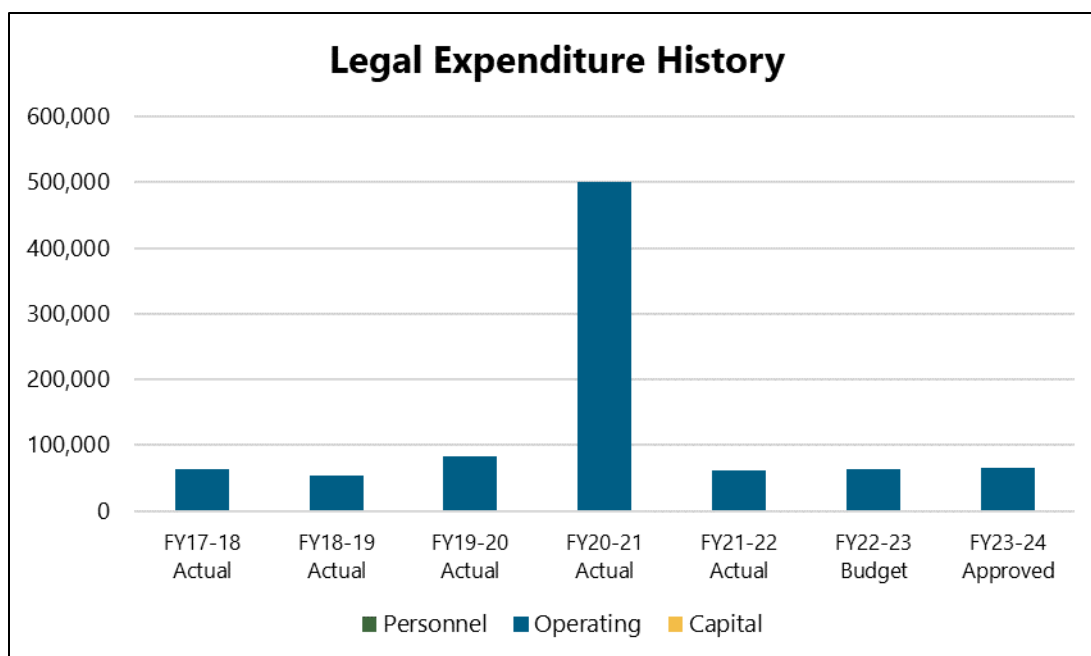
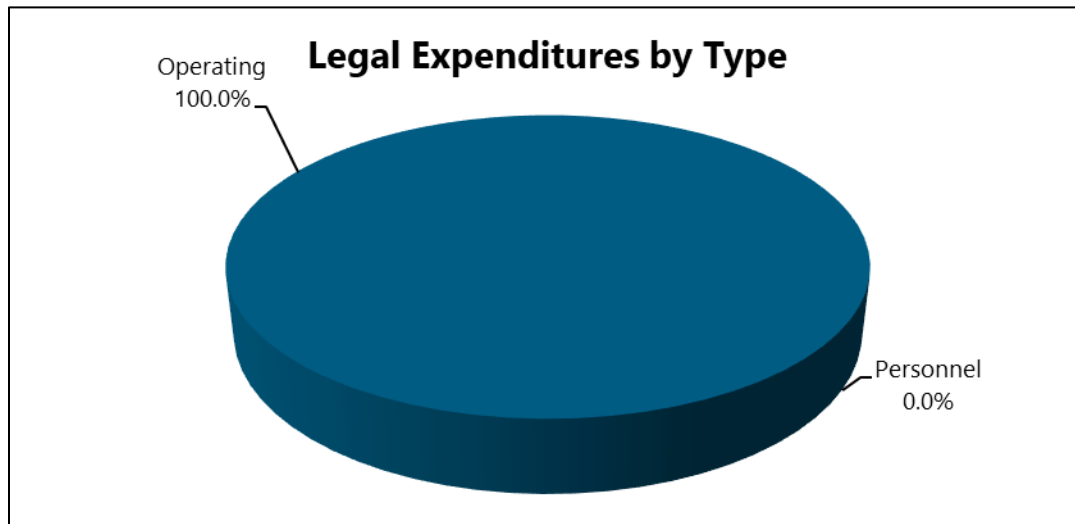
Upcoming Projects

- Continued legal representation for the Town.

FY 2023-2024 Budget Highlights

- The Legal Department budget increased by 4.3% compared to the FY 2022-23 budget due to a slight increase in hourly rates for work beyond what is covered under the monthly retainer.
- The monthly retainer, which includes attendance at Council meetings, does not increase.
- The Legal budget accounts for 0.46% of the General Fund budget and is equivalent to \$0.004 on the tax rate.

Expenditures by Type								
Type	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Approved	Percent Change
Personnel		0	0	0	0	0	0	-
Operating	64,051	54,593	82,631	501,039	61,055	62,760	65,460	4.30%
Capital		0	0	0	0	0	0	-
Total	64,051	54,593	82,631	501,039	61,055	62,760	65,460	4.30%



Line Item Expenditures

Legal							
Account Description	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Professional Services	501,039	61,055	62,760	65,460	65,460	2,700	4.30%
TOTAL	501,039	61,055	62,760	65,460	65,460	2,700	4.30%

Notes

Professional Services

Monthly Retainer (\$2,800)	33,600
As Needed Additional Services	<u>31,860</u>
	65,460

Professional Services

Monthly Retainer (\$2,800)
As Needed Additional Services

Public Facilities

Description

Under the general direction of the 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 general landscape maintenance of 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.

Recent Accomplishments

- Completed an addition and expansion of the maintenance shop/storage facility.
- Reconstructed the Town dumpster enclosure in a new location.
- Started construction of a new stairway providing emergency egress to the second floor of the Town Hall.
- Repaired/replaced necessary components of the soundside boardwalk.
- Installed a sunshade at the amphitheater.
- Installed a bulletin board for public notices outside of Town Hall.
- Replaced lighting in the Keller Meeting Hall.

Upcoming Projects

- Addition of a public restroom and wash area for maintenance personnel on the west side of the maintenance garage.
- Repair decking/seating at the Town Park boardwalk entrance.
- Replace two BigBelly trash/recycling compactors in the Town Park.
- Install the first phase of improvements to the irrigation systems in the Town Park.
- Construct Nature at Play playground area in the Town Park with the assistance of a local Scout Troop.
- Evaluate and select replacement playground equipment.
- Develop maintenance schedules and responsibilities.

FY 2023-2024 Budget Highlights

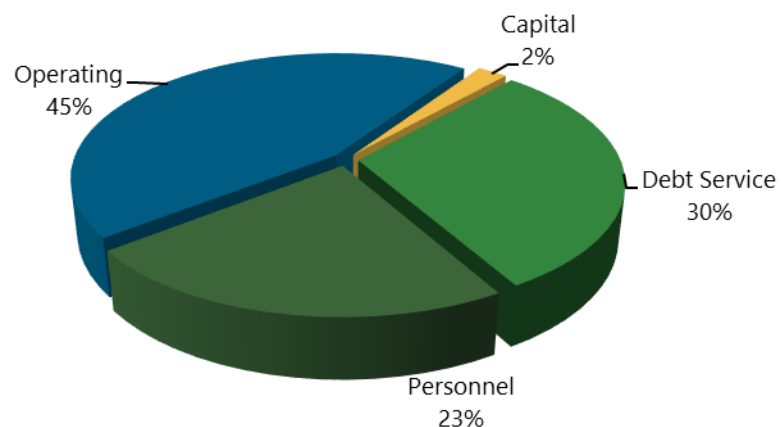
- The Public Facilities Department budget decreased 23.19% compared to the FY 2022-23 budget due to reduction in debt service and lower costs of maintenance projects.
- The Public Facilities budget accounts for 3.26% percent of the General Fund budget and is equivalent to \$0.025 on the tax rate.

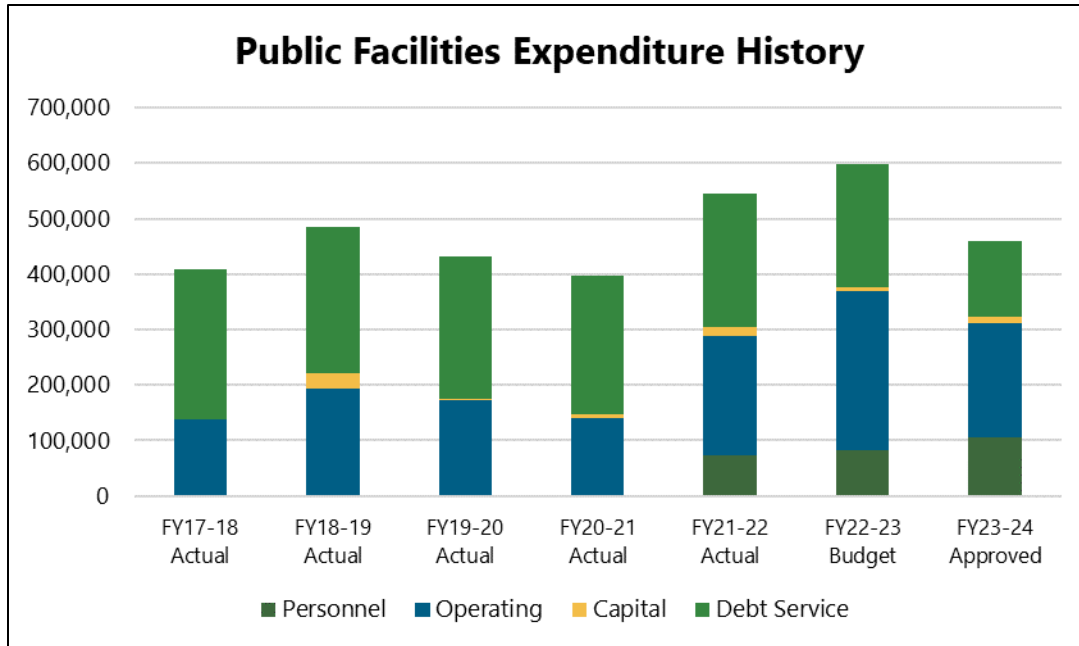
Expenditures by Type								
Type	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Approved	Percent Change
Personnel		0	0	0	73,004	81,535	105,298	29.15%
Operating	138,419	194,368	173,548	139,714	215,443	287,058	207,077	-27.86%
Capital	0	25,985	2,333	8,000	15,915	6,850	10,000	45.99%
Debt Service	271,237	264,282	257,327	250,372	239,969	224,375	138,333	-38.35%
Total	409,656	484,634	433,207	398,086	544,330	599,818	460,708	-23.19%

Personnel					
Type	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Approved	Percent Change
Full-time	-	1.0	1.0	1.0	0.00%
Part-time					
Total	-	1.0	1.0	1.0	0.00%

Staffing	
Position Title	Count
Maintenance Technician	1

Public Facilities Expenditures by Type





Line Item Expenditures

Public Facilities						
Account Description	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Salaries and Wages	57,246	59,642	68,623	68,623	8,981	15.06%
Salaries and Wages (PT)		0	10,650	10,650	10,650	
FICA	4,435	4,563	5,250	5,250	687	15.06%
Workers' Compensation	1,449	1,543	2,092	2,092	549	35.59%
Supplemental Retirement (LGRS)	3,212	7,217	8,818	8,818	1,601	22.18%
401k	1,415	2,982	3,431	3,431	449	15.06%
Medical/Dental Insurance	5,247	5,588	6,404	6,404	816	14.61%
Life/ADD/Short Term Disability	0		30	30	30	
Professional Services		0	0	0	0	
Contracted Services	150,424	144,657	144,286	144,286	(371)	-0.26%
Supplies and Materials	9,339	63,172	25,000	25,000	(38,172)	-60.43%
Uniforms	244	300	300	300	0	0.00%
Vehicle Supplies and Materials	0	1,500	1,000	1,000	(500)	-33.33%
Technology Hardware & Accessories		0		0	0	
Dues and Subscriptions	99	780	780	780	0	0.00%
Communications	365	511	511	511	0	0.00%
Utilities	11,746	11,000	15,300	15,300	4,300	39.09%
Repairs and Maintenance	38,774	51,638	169,400	9,400	(42,238)	-81.80%
Boardwalk Repairs	1,889	11,000	8,000	8,000	(3,000)	-27.27%
Vehicle Repairs and Maintenance	0	500	500	500	0	0.00%
Miscellaneous	2,561	2,000	2,000	2,000	0	0.00%
Capital Outlay	0	6,850	27,200	10,000	3,150	45.99%
Capital Outlay - Under \$5,000	15,915	0		0	0	
Debt Service	239,969	224,375	138,333	138,333	(86,042)	-38.35%
TOTAL	544,330	599,818	637,908	460,708	(139,110)	-23.19%

Notes

Contracted Services	
Park & Boardwalk Landscaping	56,760
Trash Can Servicing	2,387
Pest Control	600
Elevator Service Agreement	3,600
Cleaning	62,479
Additional Plants & Landscaping	12,000
Window cleaning	1,000
Generator Maintenance Contract	1,220
Alarm Service	1,200
HAVC Maintenance Agreement	1,840
Septic Maintenance	1,200
	<u>144,286</u>
Supplies and Materials	
Bricks for Memory Lane Project	15,000
Other Supplies and Materials	10,000
	<u>25,000</u>
Dues and Subscriptions	
MaintenX	780
Communications	
Mobile Phone	511
Utilities	
Power	11,940
Water	3,360
	<u>15,300</u>
Repairs and Maintenance	
Tree removal/pruning	4,000
Bench Replacement/Repair (3)	5,400
	<u>9,400</u>
Capital Outlay - over \$5,000	
Irrigation Replacement	10,000
Debt Service	
Land Purchase (Town Hall + Park Refinance)	138,333

Information Technology

Description

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

Recent Accomplishments

- Provided information relative to IT equipment scheduled for replacement in the coming fiscal year.
- Assisted with records requests and onboarding of new staff from a technology perspective.
- Worked on a records digitization program to help reduce the volume of paper records being stored.
- Switched from DSL to 5G wireless for broadband failover.

Upcoming Projects

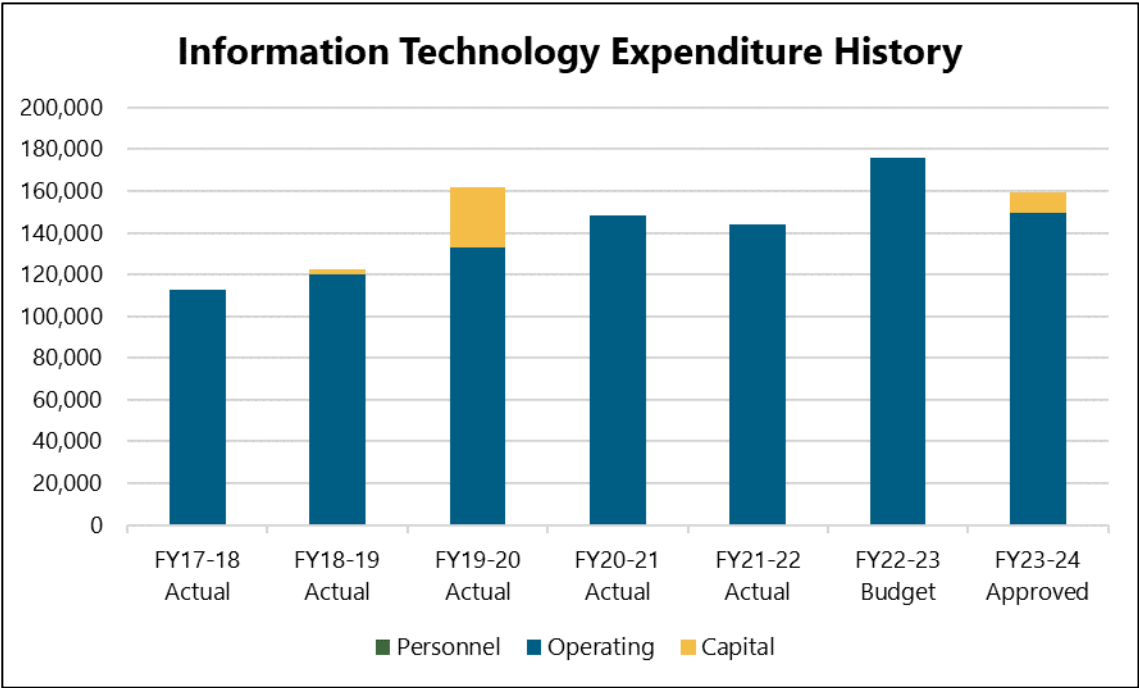
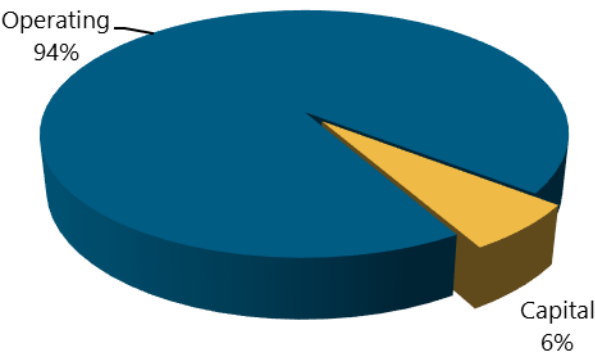
- Continue to evaluate technology to help improve efficiency and reduce costs.
- Replace display screens in the Keller Meeting Hall and invest in improved infrastructure for livestreaming meetings.

FY 2023-2024 Budget Highlights

- The IT Department budget decreased 9.34% compared to the FY 2022-23 budget due to changes in costs for contracted services.
- The IT Department budget accounts for 1.13% of the General Fund budget and is equivalent to \$0.009 on the tax rate.

Expenditures by Type								
Type	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Approved	Percent Change
Personnel								-
Operating	112,513	120,141	133,123	148,566	144,066	175,765	149,352	-15.03%
Capital	0	2,511	28,681	0	0	0	10,000	-
Total	112,513	122,652	161,804	148,566	144,066	175,765	159,352	-9.34%

Information Technology Expenditures by Type



Line Item Expenditures

Information Technology						
Account Description	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Contracted Services	79,530	100,580	74,576	71,532	(29,048)	-28.88%
Dues and Subscriptions	8,396	25,359	26,921	26,921	1,562	6.16%
Telephone & Communications	30,166	21,326	22,399	22,399	1,073	5.03%
Capital Outlay - over \$5,000		0			0	
Capital Outlay - under \$5,000	0	0		10,000	10,000	
Cable Access Channel	25,975	28,500	28,500	28,500	0	0.00%
TOTAL	144,066	175,765	152,396	159,352	(16,413)	-9.34%

Notes

Contracted Services	Annual	Monthly	
Shoshin	35,280	2,940	Managed Services (Workstation)
Shoshin	900	75	Council laptop security service
Shoshin	6,240	520	Managed Services (Servers)
			Managed Services (Network
Shoshin	3,720	310	Devices)
Shoshin	1,680	140	Active Directory
Shoshin	2,760	230	Wireless Management
Shoshin	1,152	96	Device Service Fee
			Network, Back-up, and Server
Shoshin	7,200	600	Services
			Police MDT Support (\$700 per
Shoshin	7,800	650	month)
Shoshin	600	50	CJIS Security
Shoshin and others	4,200		Other as needed
	<u>71,532</u>		

Dues and Subscriptions (Annual)	
Adobe Pro DC (11 @ 194.31)	2,137
Adobe Creative Cloud (3 @ 984.24)	2,953
Tax on Adobe	353
Office 365 Services (1,101.40/month)	13,217
Security Awareness Training	588
Secure Mail Filtering	897
Endpoint Security	576
Sonic Wall and SSI - Security	2,180
QuickBooks Cloud/AWS	1,620
Password Management	2,400
	<u>26,921</u>

Telephone & Communications

Charter Communications (Internet/Cable)	6,913
Century Link (Alarm Lines and Internet Back-up)	5,896
VOIP Phones	<u>9,590</u>
	22,399

Capital Outlay Under \$5,000

Meeting Hall Display/Streaming Equipment	10,000
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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

- To monitor and care for the mental health and wellness of police officers, Duck Police Department became the first agency in the region to implement a Mental Health and Wellness Program. All Duck officers now receive three mandated mental health wellness visits annually, with a local mental health professional. Preparing for and providing support for daily stress and stress following a traumatic incident will assist in minimizing the chances that officers experience negative physical, cognitive, emotional, and behavioral reactions. The program will also provide officers with annual wellness and career survival training, and access to a wide variety of mental and physical health resources and benefits.
- The Department's fixed license plate reader systems were replaced when they reached the end of their useful lifespan. The new systems are equipped with the latest technology which greatly improved the quality of the data collected. The end result is better criminal investigative outcomes and statistical data collection.
- The Duck Police Department, in partnership with the Dare County Sheriff's Department and the five other municipal law enforcement agencies in Dare County, launched a state-of-the-art public safety software suite. This project increased interagency information sharing and provided the Department with modern reporting and records management software, and an all-new computer-aided dispatch system.
- To increase traffic safety, two additional radar speed signs were installed on Duck Road in Sanderling.
- A fleet telematics system was put in place to better monitor the health and safety of Town owned vehicles assigned to the police department. The system allows supervisory access to real-time vehicle location, and vehicle and driver analytics.
- Seven in-car mobile data terminals were replaced pursuant to an established capital equipment replacement schedule.
- New in-car technology was leveraged to eliminate the need for most desktop computers at the police department. This resulted in increased efficiency and will provide a significant cost savings over time.

- Two tire deflation devices were purchased and placed at strategic positions that will allow officers to quickly deploy these countermeasures to stop vehicle chases that originate in or cross into Town.

Upcoming Projects

- The Department will replace its aging in-car cameras with Axon Fleet 3 advanced dual-view camera systems. As part of this project, 10 mobile routers will be replaced with modern Cradlepoint routers, which will increase functionality of all in-car and officer assigned equipment that utilizes mobile broadband.
- Two radar speed signs will be replaced pursuant to the established capital equipment replacement schedule. The signs designated for replacement are at Duck Road near Four Seasons Lane and on the west side of Duck Road near the Field Research Facility. One of the signs being replaced will be moved to Plover Drive at the request of homeowners.
- Four patrol vehicles will be replaced pursuant to the established capital equipment replacement schedule. Replacement cost includes the vehicle, emergency equipment, upfitting, graphics, radar, mobile printer, and highway use tax. The vehicles being replaced will be between six and seven years old at the time of replacement.
- High-definition radar vehicle detectors will be installed at the Town's north and south limits to capture per-vehicle speeds, vehicle counts, average speed, 85th percentile speed, occupancy, and more. The data collected will be used internally for research and planning, and it will be made available to the public. This equipment is not an enforcement tool.
- Seven in-car mobile data terminals will be replaced pursuant to an established capital equipment replacement schedule. The Department has applied for a grant that would provide 100% of the funding for this project if approved.

FY 2023-2024 Budget Highlights

- The Police Department budget increases 3.12% in FY 2023-24 due mostly to changes in personnel costs.
- The Police budget accounts for 13.97% of the General Fund budget and is equivalent to \$0.106 on the tax rate.

Expenditures by Type								
Type	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Approved	Percent Change
Personnel	923,469	1,028,999	1,141,059	1,037,488	1,275,575	1,298,916	1,512,020	16.41%
Operating	176,545	134,272	180,280	205,917	220,734	219,598	285,680	30.09%
Capital	141,758	135,226	274,952	27,149	422,459	164,011	43,800	-73.29%
Debt Service	42,249	84,325	37,267	91,300	48,218	231,807	132,547	-42.82%
Total	1,284,021	1,382,823	1,633,557	1,361,855	1,966,987	1,914,332	1,974,047	3.12%

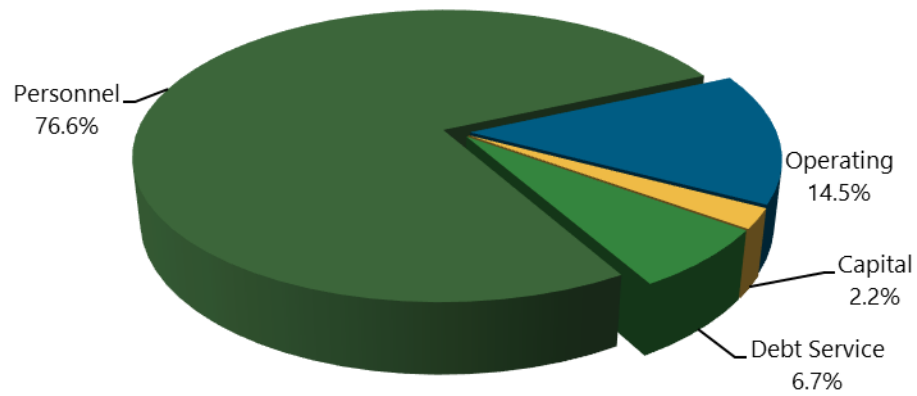
Personnel					
Type	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Approved	Percent Change
Full-time	12.5	14.5	14.5	14.5	0.00%
Part-time					
Total	12.5	14.5	14.5	14.5	0.00%

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

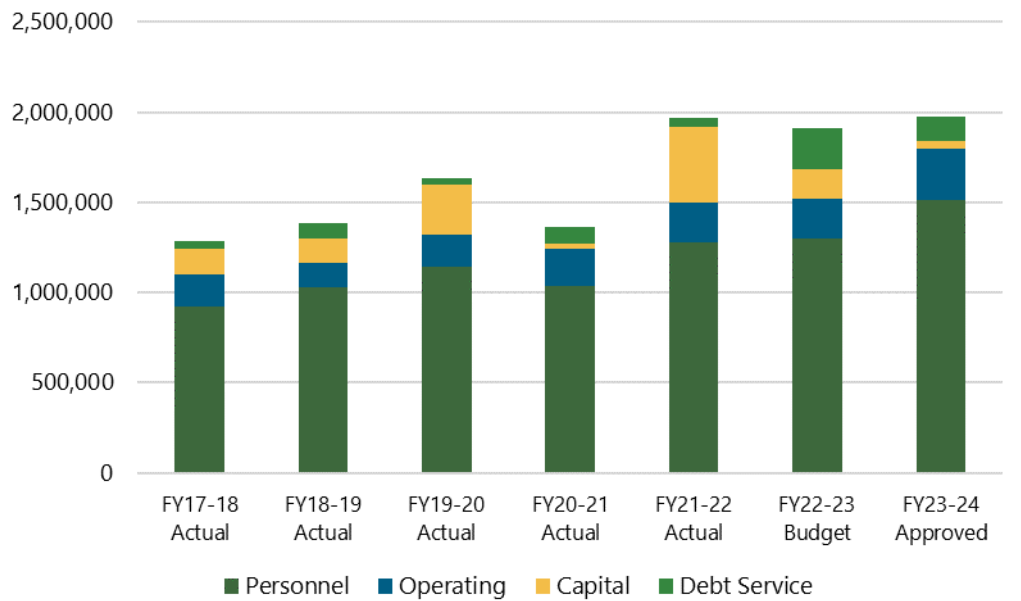
Staffing	
Position Title	Count
Police Chief	1
Deputy Chief	1
Sergeant	2
Corporal	2
Police Officer	8
Public Safety Office Administrator	0.5

This table shows the staffing for the department and reflects the change in title from Lieutenant to Deputy Chief and promoting two police officers to Corporal. The Public Safety Office Administrator position is shared between the Police and Fire departments.

Police Expenditures by Type



Police Expenditure History



Line Item Expenditures

Police						
Account Description	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Salary and Wages	898,268	911,599	1,031,877	1,031,877	120,278	13.19%
Salaries and Wages (overtime)	24,747	26,000	26,000	26,000	0	0.00%
Salaries and Wages (part time)					0	
Police Sep Allow Salaries	9,273	9,250	9,250	9,250	0	0.00%
FICA	70,742	72,434	81,635	81,635	9,201	12.70%
Workers' Compensation	17,877	20,558	27,323	27,323	6,765	32.91%
Supplemental Retirement (LGERS)	111,944	122,582	156,854	156,854	34,272	27.96%
401k	47,228	46,880	52,894	52,894	6,014	12.83%
Medical/Dental Insurance	95,497	89,613	125,738	125,738	36,125	40.31%
Life/ADD/Short Term Disability			448	448	448	
Contracted Services	82,910	68,647	129,812	129,812	61,165	89.10%
Supplies and Materials	6,945	8,000	8,000	8,000	0	0.00%
Uniforms	17,060	11,500	11,500	11,500	0	0.00%
Police Supplies and Materials	18,126	15,000	21,918	14,918	(82)	-0.55%
Police Supplies and Materials - Donated Func	0	3,290	3,290	3,290	0	0.00%
Vehicle Supplies and Materials	30,539	35,000	35,000	35,000	0	0.00%
Technology Hardware & Accessories	2,766				0	
Travel and Training	14,381	25,000	25,000	25,000	0	0.00%
Dues and Subscriptions	8,564	10,037	15,485	15,485	5,448	54.28%
Communications	19,148	17,687	17,702	17,702	15	0.08%
Leased Equipment	1,815	1,914	3,223	3,223	1,309	68.38%
Printing and Binding	1,599	750	750	750	0	0.00%
Advertising	1,318	500	500	500	0	0.00%
Repairs and Maintenance	1,361	3,000	3,000	3,000	0	0.00%
Vehicle Repairs and Maintenance	11,462	12,500	12,500	12,500	0	0.00%
Miscellaneous	2,740	6,773	5,000	5,000	(1,773)	-26.18%
Capital Outlay - over \$5,000	386,383	121,559	37,500	20,000	(101,559)	-83.55%
Capital Outlay - under \$5,000	36,077	42,452	23,800	23,800	(18,652)	-43.94%
Local Law Enforcement Block Grant					0	
Debt Service	48,218	231,807	132,547	132,547	(99,260)	-42.82%
TOTAL	1,966,987	1,914,332	1,998,547	1,974,047	59,714	3.12%

Notes

Contracted Services

Axon In-Car Camera Contract (Yr 2 of 6)	38,613
Axon Body Camera/Taser Contract (Yr 5 of 5)	28,500
Cradlepoint NetCloud Service	1,065
Annual Radar/Lidar Certification	700
Annual Fire Extinguisher Inspection/Testing	425
Police Department Cleaning	8,320
Police Officer Wellness Assessments	5,220
Mental Health Clinician Retainer	1,440
Motorola FLEX Maintenance (Yr 2 of 5)	26,298

Vigilant Solutions ALPR Contract (Yr 2 of 5)	9,980
Lexipol (Police Policy Maintenance/Training)	9,251
	<u>129,812</u>

Supplies and Materials

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

Vehicle Supplies and Materials

Gasoline	32,287
Other Vehicle Supplies	2,713
	<u>35,000</u>

Uniforms

Scheduled Ballistic Vest Replacement (2)	2,250
Other Uniform Items	9,250
	<u>11,500</u>

Police Supplies and Materials

Ammunition (Qualification & Training)	5,436
GPS Antennas (FLEX AVL Option)	1,182
Police Supplies and Materials	8,300
	<u>14,918</u>

Police Supplies and Materials - Donated Funds

Annual PBA Membership	3,290
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Travel and Training

Firing Range (Indoor)	1,100
Advanced Law Enforcement Training	6,000
Professional Conferences/Workshops	2,000
10-Day Spanish Immersion Training (2 Officers)	3,400
Travel, Meals, and Lodging	10,000
Other Training Needs	2,500
	<u>25,000</u>

Dues and Subscriptions

DCIN Terminal Fees	2,028
Southern Software Annual Software Support	1,550
eCrash Annual Software Licensing Fee	1,000
Scheduling Software Annual Fee	1,055
TrafficCloud Service x 4 Radar Signs	6,000
Dare County VPN Licensing	2,607

Professional Organization Membership Dues	1,245
	<u>15,485</u>

Communications

Wireless Telephones with Data Services	6,977	(13 Lines)
Wireless Telephone without Data Service	355	(1 Line)
Wireless Data Services (iPads)	798	(2 Devices)
Wireless Data Services (Patrol Fleet)	7,427	(15 Routers)
Wireless Data Services (ALPRs)	660	(2 Routers)
Wireless Data Services (Video Network)	1,485	(3 Routers)
	<u>17,702</u>	

Leased Equipment

Printer/Copier/Fax/Scanner	2,700
Postage Meter	523
	<u>3,223</u>

Printing and Binding

Custom Printed Goods	750
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Vehicle Repairs and Maintenance

Vehicle Telematics/AVL	2,700
Replacement Tires	3,300
Other Vehicle Repairs and Maintenance	6,500
	<u>12,500</u>

Capital Outlay Over \$5,000

Vehicle Counting Sensors (RADAR based)	20,000
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Capital Outlay Under \$5,000

Mobile Data Terminal Replacement x 7	23,800	(Local LE Block Grant Applied For)
	<u>23,800</u>	

Debt Service

Vehicle Purchase	81,490
Radios	51,057
	<u>132,547</u>

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 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. Overtime staffing was added as the volunteer availability and physical capabilities changed. While the fire department is a 501(c)(3), with both volunteer and paid firefighters, it is a seamless collaboration with the Town in providing services. Primary funding is through taxes. Tee 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

- Completed the NCDOT Public Protection Survey (ISO) visit and received a Class 2 Rating effective October 2022 (Duck Fire was a Class 3). The survey program evaluates the efforts of the fire department and community to provide fire protection services. The department is rated in three areas: emergency communications, fire department to include operational considerations, and water supply. It also includes efforts in community risk reduction through prevention, education, and investigation efforts. The rating is used by most insurance companies to determine premiums for policyholders. Duck Fire is one of 82 departments (out of 1,285) in North Carolina to receive a Class 2 rating. Only 26 have a Class 1. This rating puts Duck in the top 9% of departments in the state.
- Continued review and implementation of policies and procedures for the department. Policies and procedures are constantly evaluated for best practices, changing standards and requirements.
- Career Development/Succession Planning Program written and completed for implementation. This is an important program in setting clear expectations for the employees as they progress through their career in the Town of Duck.
- Completed scheduled fire inspections. Fire inspections are required by code to be done on a regular basis depending on the type of occupancy. Some occupancies such as restaurants are required to be inspected annually, whereas a retail shop is every three years. 95 inspections were conducted in 2022 this includes re-inspections. The fire department takes an educational approach to inspections as the goal is fire safety.
- Firefighters resumed regular trainings and educational opportunities resulting in several firefighters completing certification classes (Fire Inspector, Fire Officer, Fire Instructor, TR classes, NC Fire-Rescue Management Institute). The department logged over 4,440 hours of training.
- The fire department engages with the community through a variety of activities. Firefighters attend all high-volume Town events, conduct on-site tours of the fire department, and host an annual Fire Prevention Open House. The Open House is an opportunity to meet with the community, show our apparatus and equipment, and provide education on fire prevention.
- Began maintenance to the Public Safety Building to include exterior siding repair and painting and repairs to part of the asphalt.
- Purchased new vehicle extrication equipment.
- Purchased a gear extractor (washing machine) to keep turnout gear clean and free from harmful particulates.

Upcoming Projects

- Implementation of a Comprehensive Mental Wellness Program in collaboration with the Police Department for all Town staff.
- Complete build-out of specifications for new a Engine with anticipated delivery in April 2024.
- Continue collaboration with Town staff on Emergency Planning, Continuity of Operations and Town-wide safety program.

- Implementation of Career Development/Succession Planning Program.
- Continued planning of Public Safety Building as needed.
- Integration of Duck Fire's data management system. The department's current records management system is changing. This is giving the department the opportunity to go with an all-inclusive data management system. Currently, incidents and inspections, scheduling, messaging, inventory, and responding are all separate programs. The department is switching to a system where all aspects of operations are under one program. This program will also allow the department to incorporate community risk-reduction activities.

FY 2023-2024 Budget Highlights

- The Fire Department budget increased 3.12% in FY 2023-24 mostly due to increases in personnel-related expenditures.
- The Subsidy to the Duck Volunteer Fire Department increases are due mostly to higher costs for vehicle maintenance.
- The Fire budget accounts for 14.03% of the General Fund budget and is equivalent to \$0.107 on the tax rate.
- CIP requests included in the FY 23-24 budget include equipment, such as SCBA, turnout gear, hose, etc. on a gradual replacement schedule.

Expenditures by Type								
Type	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Approved	Percent Change
Personnel	702,522	864,886	965,545	1,025,733	1,271,127	1,323,560	1,494,602	12.92%
Operating	288,668	284,031	283,955	290,969	992,440	266,030	298,180	12.09%
Capital	33,500	43,296	115,872	14,463	289,162	58,103	45,000	-22.55%
Debt Service	14,083	14,083	0	18,258	82,859	171,119	145,406	-15.03%
Total	1,038,773	1,206,296	1,365,372	1,349,422	2,635,587	1,818,813	1,983,189	9.04%

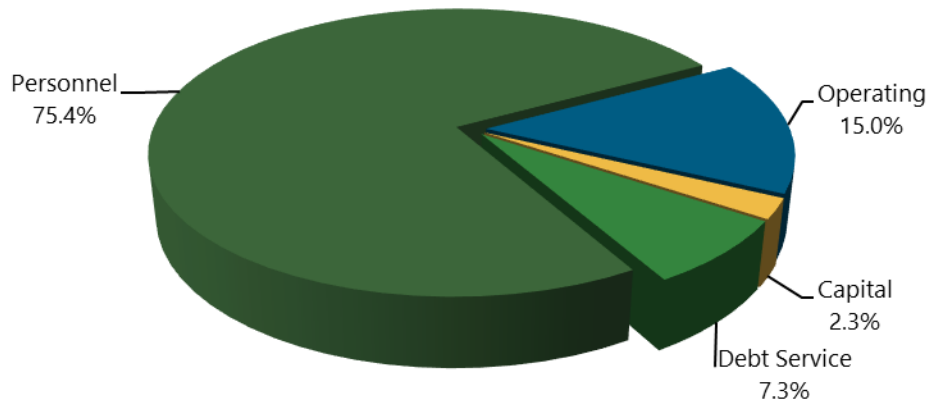
Personnel					
Type	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Approved	Percent Change
Full-time	12.5	14.5	14.5	14.5	0.00%
Part-time					
Total	12.5	14.5	14.5	14.5	0.00%

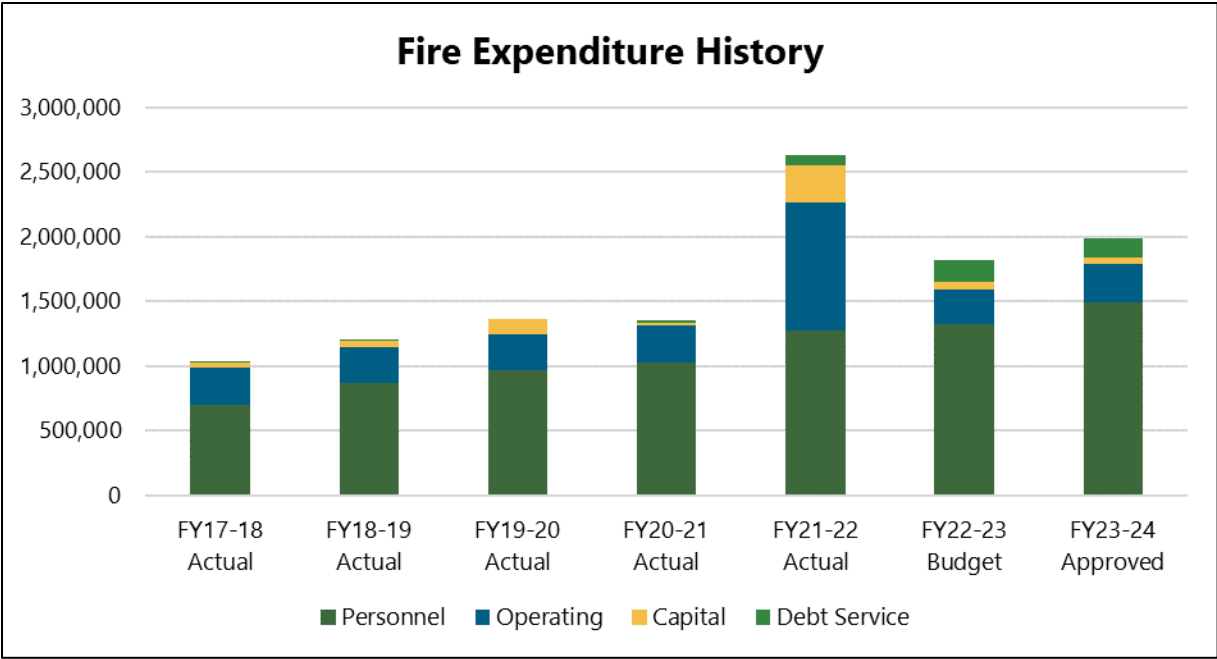
This table reflects the addition of two new firefighters two years ago, and that we will not be adding any positions this year.

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

This table shows the staffing for the department. The Public Safety Office Administrator position is shared between the police and fire departments.

Fire Expenditures by Type





Line Item Expenditures

Fire						
Account Description	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Salaries and Wages	847,901	907,690	1,006,763	1,006,763	99,073	10.91%
Salary and Wages (overtime)	38,629	25,000	25,000	25,000	0	0.00%
Salaries and Wages (part time)	22,359	15,000	15,000	15,000	0	0.00%
FICA	68,602	72,498	80,077	80,077	7,579	10.45%
Workers' Compensation	23,790	26,531	33,345	33,345	6,815	25.69%
Supplemental Retirement (LGRS)	104,072	112,844	132,582	132,582	19,738	17.49%
401k	47,230	46,634	51,588	51,588	4,954	10.62%
Medical/Dental Insurance	118,543	117,363	149,809	149,809	32,446	27.65%
Life/ADD/Short Term Disability	0		438	438	438	
Uniforms	71				0	
Vehicle Supplies and Materials	4,642	4,000	4,000	4,000	0	0.00%
Technology Hardware & Accessories	3,735	0	2,220	0	0	
Travel and Training	0				0	
Communications	5,556	7,230	4,980	4,980	(2,250)	-31.12%
Vehicle Repairs and Maintenance	1,270	3,000	3,000	3,000	0	0.00%
Miscellaneous	0				0	
Capital Outlay - over \$5,000	255,264				0	
Capital Outlay - under \$5,000	33,898	58,103	117,000	45,000	(13,103)	-22.55%
Capital Outlay - DVFD, Inc.					0	
Subsidies and Allocations	977,165	251,800	286,200	286,200	34,400	13.66%
Debt Service	82,859	171,119	87,685	145,406	(25,713)	-15.03%
Debt Service - DVFD, Inc			57,721		0	
TOTAL	2,635,587	1,818,813	2,057,409	1,983,189	164,376	9.04%

Notes

Communications

Mobile Phones	1,091	
I-Pads	913	
MiFi	457	
Portable Radio WiFi Service Fees	2,520	(\$90/yr x 28 Portable Radios)
	4,980	

Capital Outlay Under \$5,000

Replacement of Turnout Gear	20,000
Replacement of SCBA Bottles	7,000
Hose and Appliances	8,000
CAD & Mobile Data Terminals	10,000
	45,000

Debt Service

Radios	87,685	Town
Engine 111 (2014)	57,721	DVFD
	145,406	

Subsidies and Allocations

Please refer to the summary below

Duck Volunteer Fire Department Allocation				
	FY 2021-22	FY 2022-23	Request FY 23-24	Variance
Professional services	7,000	7,500	7,500	-
Contracted Services	22,600	24,000	32,000	8,000
Supplies & Materials	31,200	31,200	31,200	-
Uniforms	8,000	13,000	15,000	2,000
Firefighter Costs	8,400	11,900	18,500	6,600
Fire Supplies & Materials	14,400	15,000	17,000	2,000
Rescue 11 Supplies & Materials	5,000	5,000	5,000	-
Fire Prevention Supplies & Materials	1,500	2,000	2,000	-
Vehicle Supplies and Materials	13,000	15,000	15,000	-
Technology Hardware & Accessories				-
Travel and Training	24,000	24,000	24,000	-
Dues and Subscriptions	4,000	4,000	4,000	-
Communications				-
Utilities	18,500	15,200	16,000	800
Insurance and Bonding	43,600	47,000	47,000	-
Repairs and Maintenance	7,000	10,000	10,000	-
Vehicle Repairs and Maintenance	21,000	25,000	40,000	15,000
Miscellaneous	1,800	2,000	2,000	-
TOTAL	231,000	251,800	286,200	34,400

Inspections

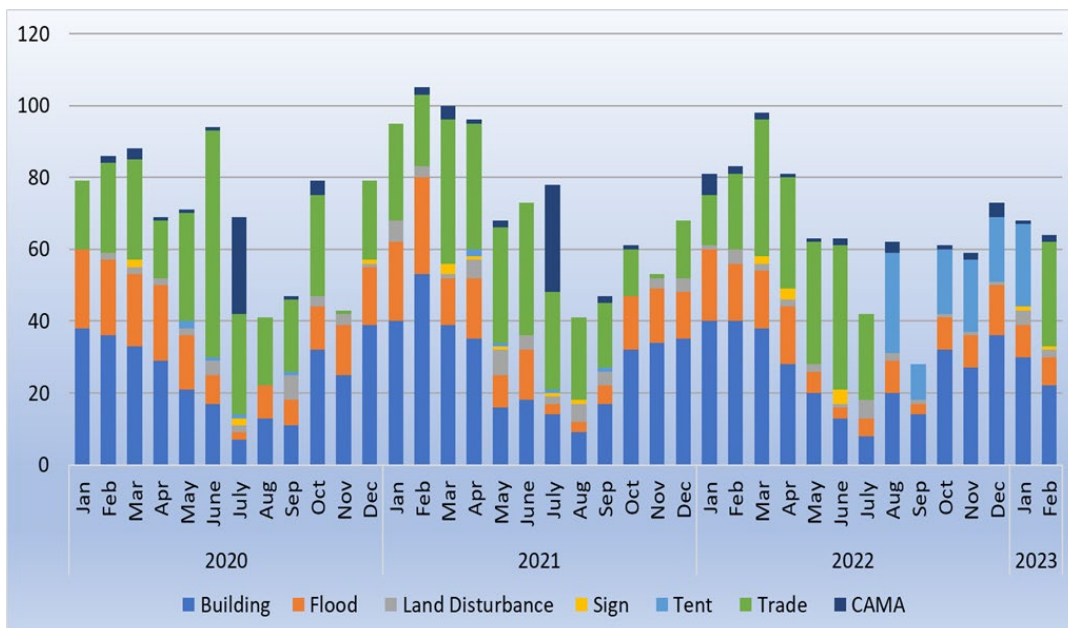
Description

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 N.C. Code Official, also serves as the Maintenance Coordinator for the Town for items related to the maintenance of public facilities. The Permit Technician, Community Planner, 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

- The Inspections Department issued 652 permits (including 22 new residences) and conducted 1,139 building inspections. The chart below shows the total number of permits, by type, issued each month over the past three years.



- The Inspections Department continued its use of on-line applications and remote permitting systems to improve its efficiency and level of service to contractors and property owners.
- The Facilities Maintenance Technician completed required coursework and passed exams to obtain Level 1 inspector certifications in all trades. This accomplishment allows him to serve as a back-up inspector when the Building Inspector is out of the office.
- With the assistance of volunteers, the Inspections Department staff has catalogued permit records and documents for thousands of properties in preparation for scanning and

shredding of old permit files. This project will free up significant storage space at Town Hall and help the department transition to more easily accessible electronic records.

- The Inspections Department successfully transitioned to a new version of Citizenserve permitting software with greater capabilities.

Upcoming Projects

- Complete the transfer to an electronic filing system by cataloguing and shredding older paper permit files and documents.
- Continue to explore and fine-tune remote permitting options to expedite the permitting process and better serve contractors and property owners.
- Continue to work with Citizenserve software to expedite the permitting process and better meet the needs of Inspection Department staff for documentation and reporting.

FY 2023-2024 Budget Highlights

- The Inspections Department budget increased 16.25% in FY23-24 due mostly to changes in personnel costs.
- The Inspections budget accounts for 1.68% of the General Fund budget and is equivalent to \$0.013 on the tax rate.

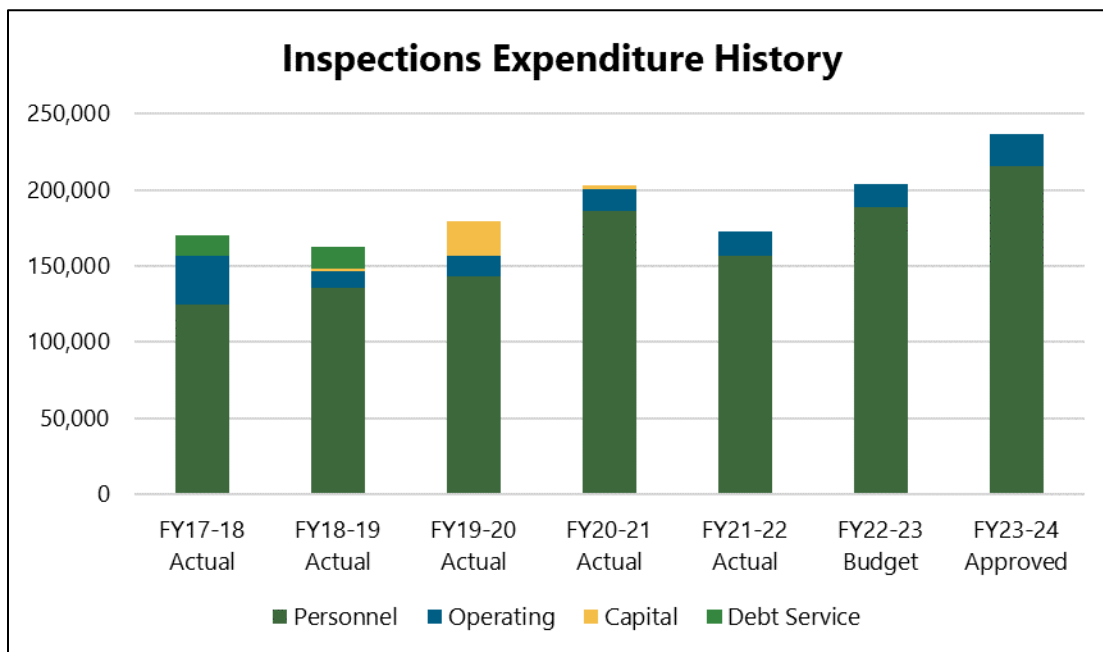
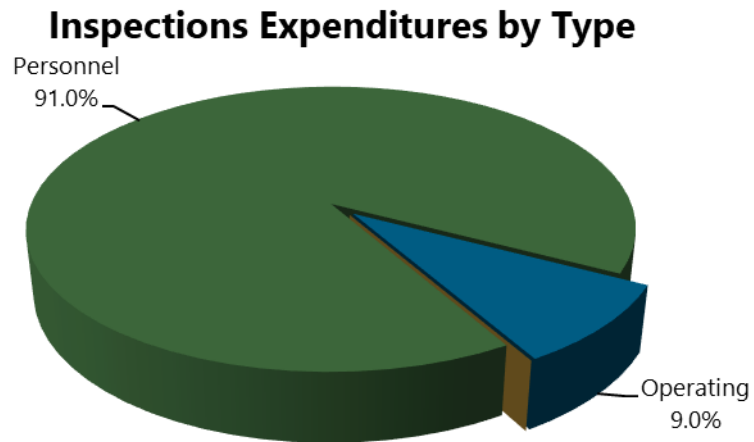
Expenditures by Type								
Type	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Recommend	Percent Change
Personnel	124,764	136,030	143,406	185,876	157,054	188,933	215,618	14.12%
Operating	31,789	10,261	13,578	14,655	16,050	14,897	21,332	43.19%
Capital	0	1,909	22,318	2,968	0	0	0	-
Debt Service	14,083	14,083	0	0	0	0	0	-
Total	170,636	162,284	179,303	203,499	173,104	203,830	236,949	16.25%

Personnel					
Type	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Approved	Percent Change
Full-time	2.0	2.0	2.0	2.0	0.00%
Part-time	0.5	-	-	-	
Total	2.5	2.0	2.0	2.0	0.00%

This table reflects the fact what we will not be adding any positions this year.

Staffing	
Position Title	Count
Building Codes and Maintenance Admin.	1
Deputy Town Clerk	0.5
Senior Planner	0.5

This table shows the staffing for the department. Both the Deputy Town Clerk and Senior Planner provide support services to the Inspections Department.



Line Item Expenditures

Inspections							
Account Description	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Salaries Wages	105,029	114,096	138,961	153,806	153,806	14,845	10.68%
Salaries and Wages (part time)	33,624	0				0	
FICA		7,738	10,631	11,766	11,766	1,136	10.68%
Workers' Compensation		1,227	1,326	1,706	1,706	380	28.67%
Supplemental Retirement (LGRS)	18,981	16,076	16,818	19,764	19,764	2,946	17.51%
401k		7,352	6,948	7,690	7,690	742	10.68%
Medical/Dental Insurance	28,242	10,566	13,249	20,817	20,817	7,568	57.12%
Life/ADD/Short Term Disability				68	68	68	
Professional Services						0	
Supplies and Materials	112	159	600	500	500	(100)	-16.67%
Uniforms		104	400	400	400	0	0.00%
Vehicle Supplies and Materials	2,723	950	1,800	1,600	1,600	(200)	-11.11%
Technology Hardware & Accessories				2,220	0	0	
Travel and Training	719	5,085	1,500	1,500	1,500	0	0.00%
Dues and Subscriptions	6,435	80	4,100	10,100	10,100	6,000	146.34%
Communications	1,551	1,727	1,378	1,378	1,378	0	0.00%
Leased Equipment		4,445	3,369	3,604	3,604	235	6.97%
Vehicle Repairs and Maintenance	1,414	95	1,250	1,250	1,250	0	0.00%
Miscellaneous	1,701	3,406	1,500	1,000	1,000	(500)	-33.33%
Capital Outlay - over \$5,000						0	
Capital Outlay - under \$5,000	2,968					0	
Debt Service						0	
TOTAL	203,499	173,104	203,830	239,169	236,949	33,119	16.25%

Notes

Dues and Subscriptions

Permitting Software	9,600
Other Dues and Subscriptions	500
	<u>10,100</u>

Communications

Mobile Phones/iPad	1,378
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Leased Equipment

Copier	3,430
Postage Meter	174
	<u>3,604</u>

Miscellaneous

Includes Homeowner's Recovery Pass-Through	1,000
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Ocean Rescue

Description

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

Recent Accomplishments

- The contractor provided coverage in fixed stands and roving patrols during a busy summer of 2022.

Upcoming Projects

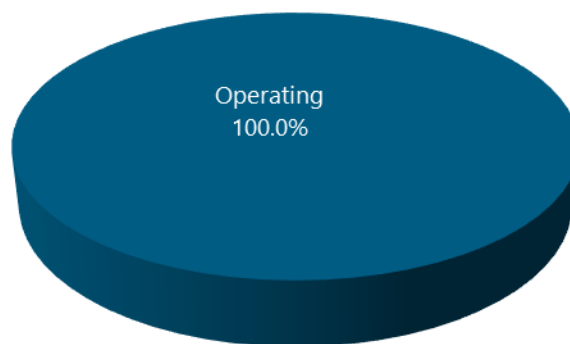
- The contractor continues to replace old lifeguard stands with new ones as needed.

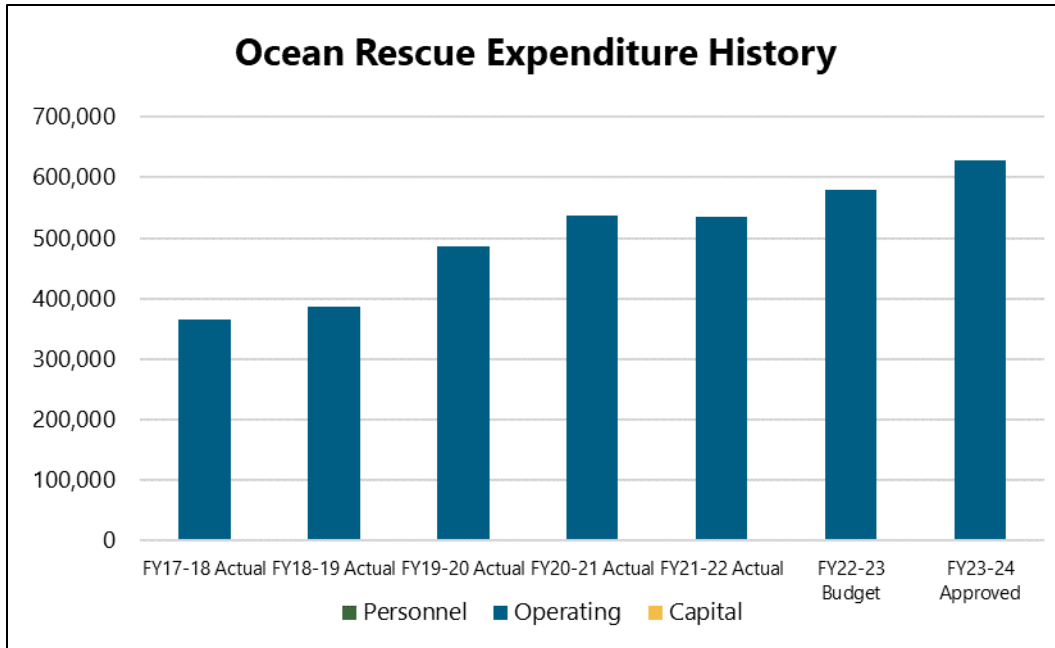
FY 2023-2024 Budget Highlights

- The Ocean Rescue Department budget increases 8.29% from the FY2022-23 budget due to an increase in the contract amount requested by the contractor to account for rising personnel costs due to the rates of pay other similar services are providing in our area.
- The Ocean Rescue budget accounts for 4.44% of the General Fund budget and is equivalent to \$0.034 on the tax rate.

Expenditures by Type								
Type	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Approved	Percent Change
Personnel		0	0	0	0	0	0	-
Operating	365,000	387,139	486,000	538,114	535,340	580,001	628,100	8.29%
Capital	0	0	0	0	0	0	0	-
Total	365,000	387,139	486,000	538,114	535,340	580,001	628,100	8.29%

Ocean Rescue Expenditures by Type





Line Item Expenditures

Ocean Rescue						
Account Description	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Contracted Services	531,500	578,000	626,000	626,000	48,000	8.30%
Supplies and Materials	3,840				0	
Communications		2,001	2,100	2,100	99	4.96%
TOTAL	535,340	580,001	628,100	628,100	48,099	8.29%

Notes

Communications

Mobile Phones/iPad	2,100
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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. Utilizing Public Facilities staff, it maintains stormwater management improvements, crosswalk lighting fixtures, street signs, and makes minor repairs.

Recent Accomplishments

- Managed maintenance contracts and responsibilities for the Duck Village sidewalk landscaping and Duck Trail landscaping.
- Coordinated replacement of 843 linear feet of the asphalt Duck Trail adjoining the Sanderling neighborhood with a concrete shared-use path.
- Redesigned, obtained permits, drafted easements, and arranged significant grant funding extensions 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.
- Designed a turn lane extension to accommodate a significant redevelopment project and existing neighborhood traffic in the northern area of Duck Village.
- Installed a second bicycle/pedestrian counter along the Duck Trail north of Duck Village.
- Implemented two movable pedestrian counters to obtain counts wherever needed along the soundside boardwalk and sidewalks in Duck Village.
- Installed solar crosswalk lighting at five existing crosswalks outside of Duck Village to improve pedestrian visibility and safety.

Upcoming Projects

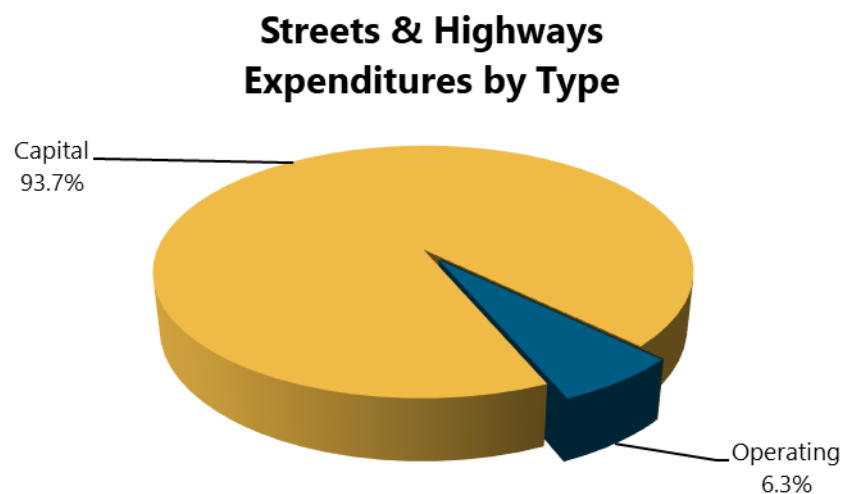
- Complete funding, permitting, and implementation of a multi-faceted coastal resiliency project including a living shoreline, sidewalk/bike lane, N.C. 12 elevation, and stormwater management improvements.
- Replace an aging retaining wall along the Duck Trail north of Plover Drive.
- Replace an existing four-foot (4') wide sidewalk with an eight-foot (8') wide concrete shared use path adjoining the Ocean Crest neighborhood. This project will involve relocation of the pathway to a safer configuration and construction of a new retaining wall.
- Install stormwater management improvements along the northern portion of Duck Trail adjoining the Sanderling neighborhood and drainage features along Duck Road in the area of Wee Winks and Duck Church.
- Install crosswalk improvements and signage to enhance the safety and traveling experience for pedestrians and bicycle riders within and leading into Duck Village.
- Construct nature-based stormwater management improvements in the Teresa Court cul-de-sac to implement recommendations of the Neighborhood Stormwater Management Study and as a model project for other cul-de-sacs throughout the Town.

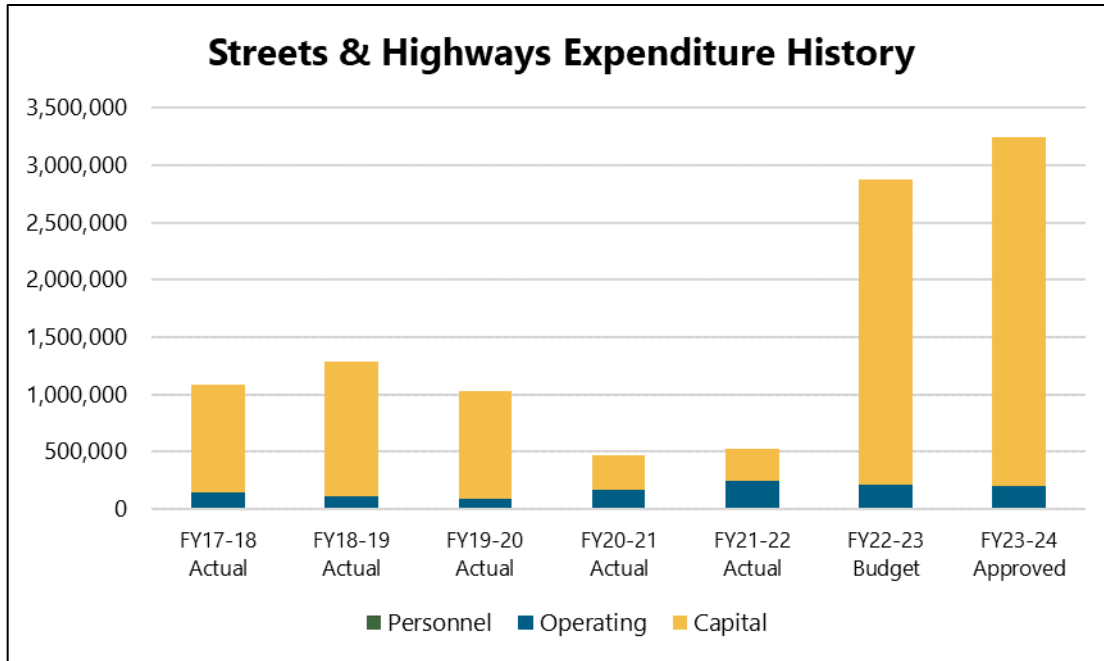
- Complete a feasibility study for an approximately one-mile westside shared use path from the Town's southern boundary to the existing sidewalk terminus at Aqua Restaurant.

FY 2023-2024 Budget Highlights

- The Streets & Highways Department budget increases just 12.78% in FY 2023-24 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 2023-24 and the Ocean Crest shared use path project.
- The Streets & Highways Department budget accounts for 22.99% of the General Fund budget due mostly to the project mentioned above and is equivalent to \$0.175 on the tax rate.

Expenditures by Type								
Type	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Approved	Percent Change
Personnel		0	0	0	0	0	0	-
Operating	149,937	118,236	95,485	166,856	248,160	211,820	205,764	-2.86%
Capital	938,877	1,167,192	937,018	307,602	283,412	2,668,900	3,043,230	14.03%
Total	1,088,814	1,285,428	1,032,502	474,458	531,573	2,880,720	3,248,994	12.78%





Line Item Expenditures

Streets & Highways						
Account Description	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Professional Services	173,518	118,000	200,320	120,320	2,320	1.97%
Contracted Services		54,138	57,464	57,464	3,326	6.14%
Temporary Help Services	62,406				0	
Supplies and Materials	1	13,000	13,000	13,000	0	0.00%
Utilities	2,297	2,980	2,980	2,980	0	0.00%
Repairs and Maintenance	9,378	21,702	10,000	10,000	(11,702)	-53.92%
Miscellaneous	560	2,000	2,000	2,000	0	0.00%
Capital Outlay-over \$5,000	279,152	2,660,000	3,043,230	3,043,230	383,230	14.41%
Capital Outlay-under \$5,000	4,261	8,900			(8,900)	-100.00%
TOTAL	531,573	2,880,720	3,328,994	3,248,994	368,274	12.78%

Notes

Professional Services

VHB - BRIC/Sidewalk	85,320	Bidding and Const Admin
VHB - Traffic Control/Crosswalk Design	10,000	
Stormwater Management Engineering	10,000	
Duck Trail Surveying/Engineering	15,000	
	<u>120,320</u>	

Contracted Services

Caribbean Landscaping (Duck Village Sidewalks)	25,632
Coinjock Lawncare (Duck Trail & Multi-Use Path)	31,432
Sump Pump Maintenance	400
	<u>57,464</u>

Supplies and Materials

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

Utilities

Power	1,500	Sump Pump and Radar Signs
Water	1,480	Water Fountains and Irrigation
	<u>2,980</u>	

Capital Outlay-over \$5,000

Ocean Crest Trail Improvements	111,000
Duck Village Pedestrian Enhancements	32,000
Retaining Wall Replacement	25,000
Stormwater Management	80,000
Coastal Resiliency Project	2,795,230
	<u>3,043,230</u>

Sanitation

Description

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

Recent Accomplishments

- Continued to work with our contractors to provide us with timely and accurate information we can share with our residents regarding delays in collection or other similar matters.
- Updated and began more assertive enforcement of the ordinance related to when trash carts can be placed at the street.
- Developed a request for proposals as the current contract expires on September 30, 2023. Bids were received, evaluated, and new contracts will be negotiated and signed. The incumbent providers were the low bidders.

Upcoming Projects

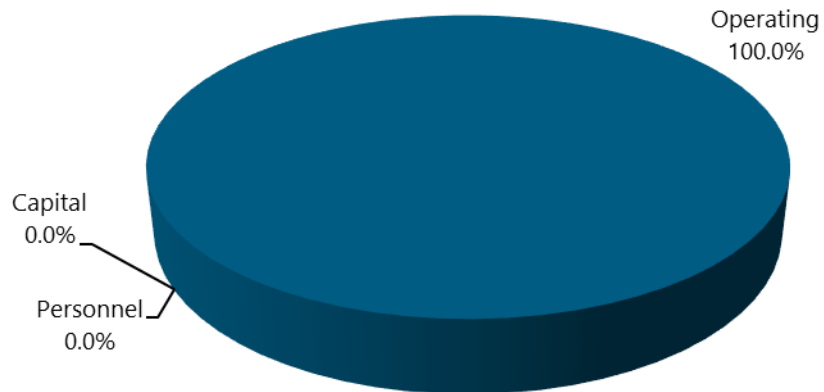
- Continued evaluation of current pick-up schedules and monitoring of contracted services to ensure compliance with contract terms and service expectations.

FY 2023-2024 Budget Highlights

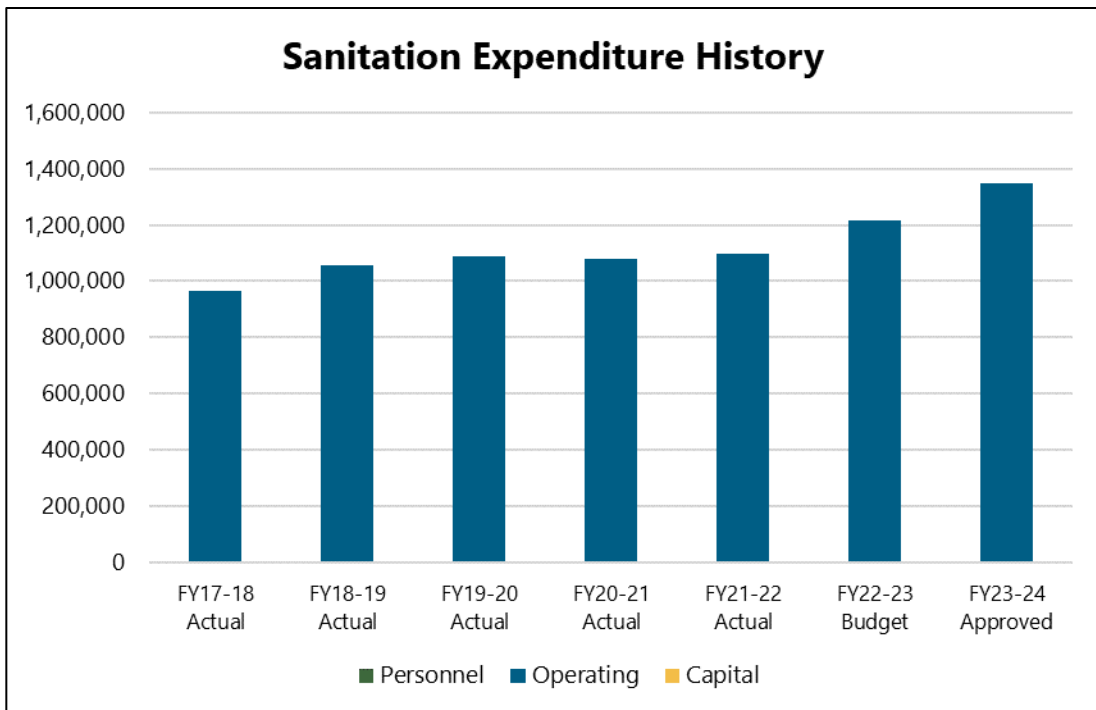
- The Sanitation Department budget increased 10.77% from the FY 2022-23 budget due to increases in the contract costs for these services.
- The Sanitation budget accounts for 9.53% of the General Fund budget and is equivalent to \$0.072 on the tax rate.

Expenditures by Type								
Type	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Approved	Percent Change
Personnel		0	0	0	0	0	0	-
Operating	967,258	1,054,665	1,087,979	1,081,528	1,097,385	1,216,360	1,347,410	10.77%
Capital		0	0	0	0	0	0	-
Total	967,258	1,054,665	1,087,979	1,081,528	1,097,385	1,216,360	1,347,410	10.77%

Sanitation Expenditures by Type



Sanitation Expenditure History



Line Item Expenditures

Sanitation						
Account Description	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Contracted - Garbage	915,349	964,352	1,037,912	1,037,912	73,560	7.63%
Contracted - Recycling	182,036	252,008	309,498	309,498	127,461	50.58%
Contracted - Disaster Debris Clean-Up					0	
TOTAL	1,097,385	1,216,360	1,347,410	1,347,410	131,050	10.77%

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

Garbage

	Residential	Commercial		
	\$/month	\$/month	Total/month	Annual
July - Sept	52,689	28,683	81,372	244,116
Oct - June (New Contract)	62,563			786,158
				1,030,274
Special Collection Day	Fall		3,500	
	Spring		4,138	7,638
	TOTAL			1,037,912

Recycling

	Monthly		Total		
	Residential	Commercial	Residential	Commercial	TOTAL
July - Sept	See	5,437	59,665	16,311	75,976
Oct - June (New Contract)	Below		156,902	76,620	233,522
		5,437	216,567	92,931	309,498

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.

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

- Renourishment of a 1.6 mile stretch of beach north of the USACE Field Research Facility in cooperation with Dare County and the Towns of Southern Shores, Kitty Hawk, and Kill Devil Hills. Lower-than-expected construction costs allowed for additional sand to be placed on the beach during this project.
- Volunteers contributed 290 hours of effort to plant 103,200 sprigs of beach grass along the oceanfront dunes. The Town contracted for another 180,000 sprigs of beach grass, 21,000 Sea Oats, and 5,000 Bitter Panicum along the entire oceanfront dune system.
- Completed a Stormwater Management Study evaluating issues and potential solutions for five flood-prone basins impacting streets in Duck neighborhoods through the Resilient Coastal Communities Program.

Upcoming Projects

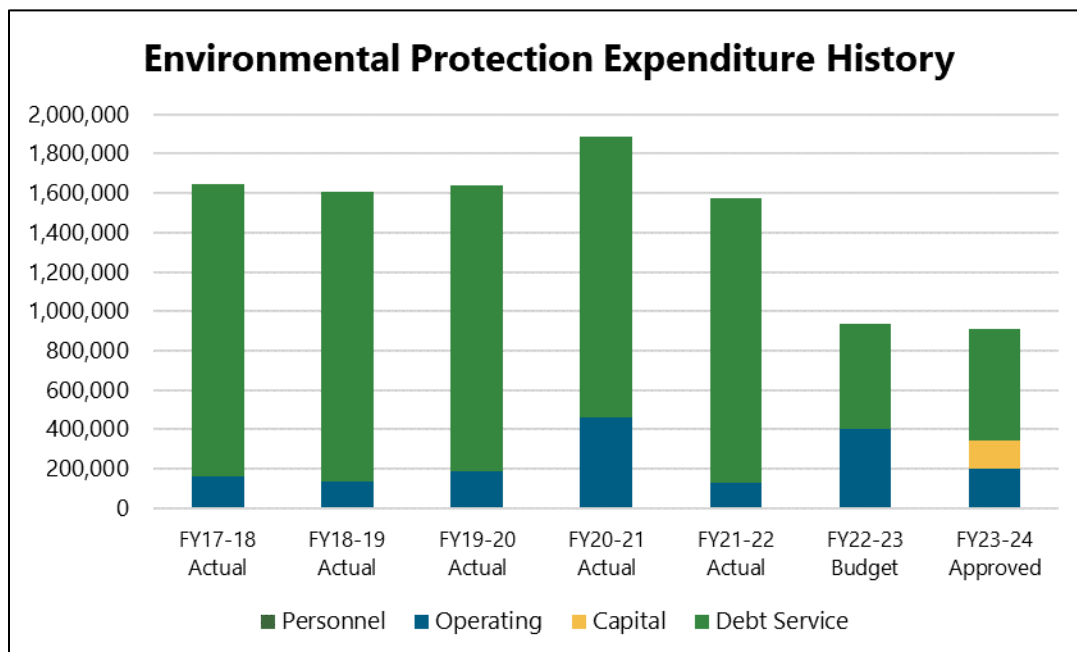
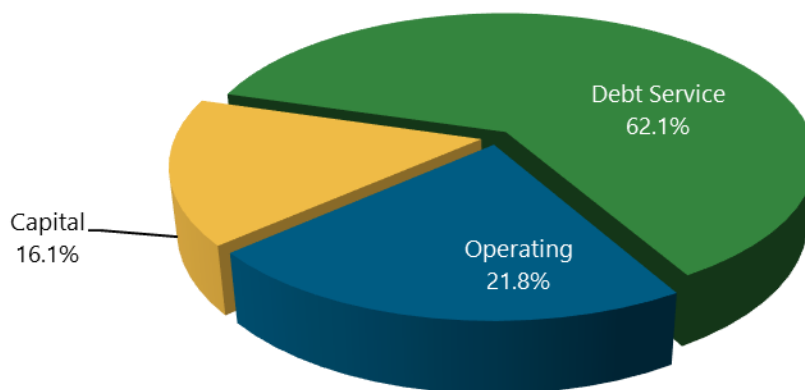
- Complete final design and permitting of breakwater sills in Currituck Sound to minimize erosion along the western edge of the Town Park property.
- Initial implementation of the Stormwater Management Study funded through the Resilient Coastal Communities Program to construct nature-based stormwater management improvements in the Teresa Court cul-de-sac.
- Continue to educate the public about environmental resources, issues, and nature-based solutions.

FY 2023-2024 Budget Highlights

- The Environmental Protection Department budget decreased 2.81% from the FY 2022-23 budget due to reductions in professional services costs as we are done with the beach nourishment project and have built design costs into the total project costs for the Town Hall shoreline project.
- The Environmental Protection Department budget accounts for 6.46% of the General Fund budget and is equivalent to \$0.049 on the tax rate.

Expenditures by Type								
Type	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Approved	Percent Change
Personnel								-
Operating	158,165	135,953	189,918	459,806	129,560	405,388	199,500	-50.79%
Capital	0	0	0	0	0	0	146,718	-
Debt Service	1,491,614	1,469,611	1,447,608	1,425,605	1,445,337	534,130	566,868	6.13%
Total	1,649,779	1,605,564	1,637,525	1,885,411	1,574,897	939,518	913,086	-2.81%

Environmental Protection Expenditures by Type



Line Item Expenditures

Environmental Protection						
Account Description	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Professional Services	15,076	268,888	158,000	58,000	(210,888)	-78.43%
Supplies and Materials	9,540	15,000	20,000	20,000	5,000	33.33%
Repairs and Maintenance	104,874	120,000	120,000	120,000	0	0.00%
Miscellaneous	69	1,500	1,500	1,500	0	0.00%
Capital Outlay-over \$5,000			146,718	146,718	146,718	
Debt Service	1,445,337	534,130	566,868	566,868	32,738	6.13%
TOTAL	1,574,897	939,518	1,013,086	913,086	(26,432)	-2.81%

Notes

Professional Services

CPE (Beach Monitoring/Vulnerability Analysis) 58,000

Supplies and Materials

Beach Grass, etc. 20,000

Repairs and Maintenance

Emerald Forest (Beach Grass) 73,000

Emerald Forest (Sand Fencing) 40,000

Christmas Tree Installation 7,000

120,000

Capital Outlay - over \$5,000

Neighborhood Stormwater Management 146,718

146,718

Debt Service

Beach Nourishment (2022)

Series 2021 A (Town Portion)

Principal 474,917

Interest 30,585

Series 2021 B (FEMA Portion)

Interest 61,365

Total 566,868

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 Permit 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 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

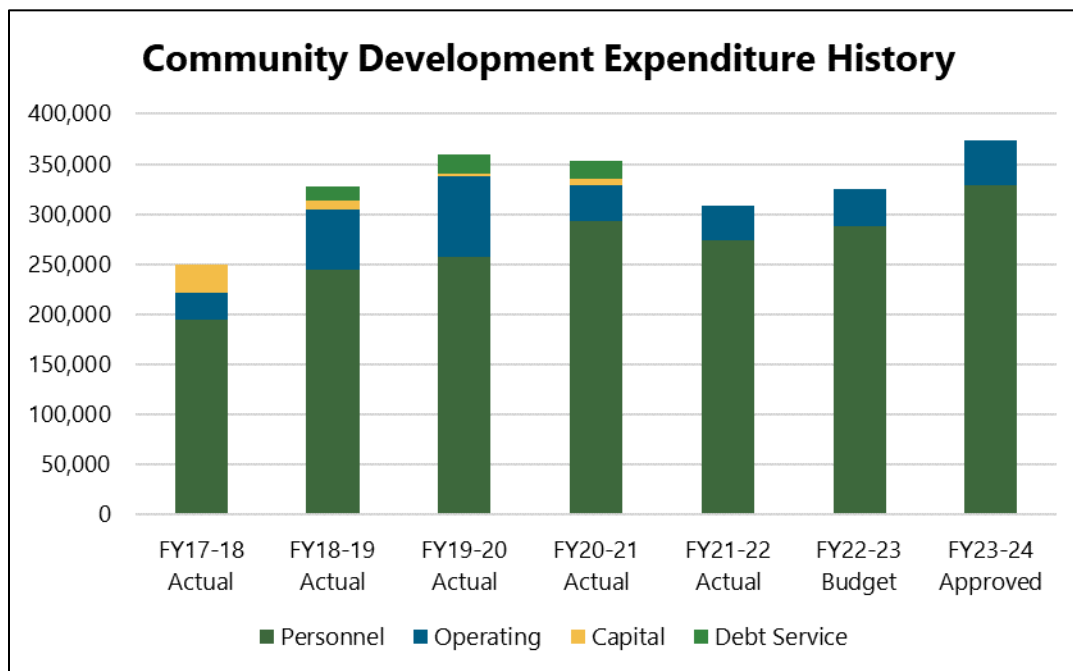
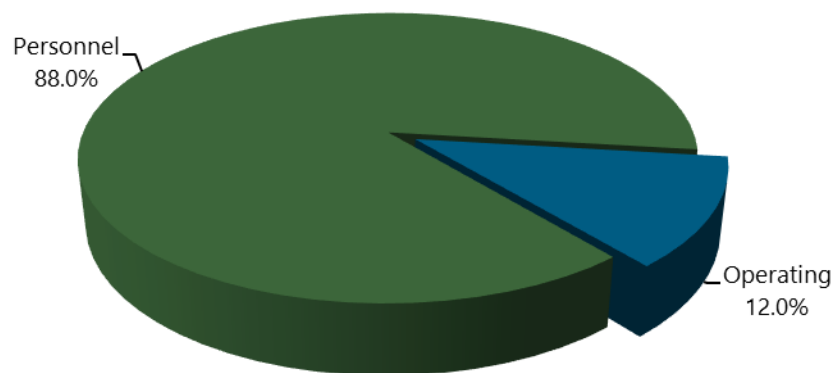
- Facilitate projects and initiatives implementing recommendations of the Town's adopted plans.
- Engage community stakeholders with information about upcoming projects and opportunities for input about prioritizing projects and initiatives.

FY 2023-2024 Budget Highlights

- The Community Development Department budget increases 2.65% from the FY 2022-23 budget due mostly changes in personnel costs.
- The Community Development Department budget accounts for 2.65% of the General Fund budget and is equivalent to \$0.020 on the tax rate.

Expenditures by Type								
Type	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Approved	Percent Change
Personnel	194,269	244,780	257,750	292,985	274,007	287,530	328,961	14.41%
Operating	26,681	59,940	80,633	35,489	34,571	37,853	44,867	18.53%
Capital	28,480	8,471	2,492	6,998	0	0	0	-
Debt Service	0	14,373	18,355	17,991	0	0	0	-
Total	249,430	327,564	359,230	353,464	308,578	325,383	373,828	14.89%

Community Development Expenditures by Type



Line Item Expenditures

Community Development						
Account Description	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Salaries and Wages	194,072	206,795	229,063	229,063	22,268	10.77%
Salaries and Wages (part time)	0	0			0	
Board Stipends	4,550	8,100	8,100	8,100	0	0.00%
FICA	14,943	15,820	17,523	17,523	1,703	10.77%
Workers' Compensation	2,445	2,824	3,653	3,653	829	29.36%
Supplemental Retirement (LGRS)	21,669	25,031	29,435	29,435	4,404	17.59%
401k	9,610	10,340	11,453	11,453	1,113	10.77%
Medical/Dental Insurance	26,718	18,621	29,633	29,633	11,012	59.14%
Life/ADD/Short Term Disability			101	101	101	
Professional Services	5,500	5,000	8,100	8,000	3,000	60.00%
Supplies and Materials	243	1,500	1,500	1,500	0	0.00%
Uniforms	504	500	600	600	100	20.00%
Vehicle Supplies and Materials	598	700	700	700	0	0.00%
Technology Hardware & Accessories			2,220	0	0	
Travel and Training	6,449	14,450	15,550	15,550	1,100	7.61%
Dues and Subscriptions	6,922	5,100	7,280	7,280	2,180	42.75%
Communications	2,040	3,433	3,433	3,433	0	0.00%
Leased Equipment	4,557	3,369	3,604	3,604	235	6.97%
Printing and Binding	223				0	
Advertising	1,333	1,600	1,200	1,200	(400)	-25.00%
Vehicle Repairs and Maintenance	90	1,200	1,000	1,000	(200)	-16.67%
Miscellaneous	6,113	1,000	2,000	2,000	1,000	100.00%
Capital Outlay-over \$5,000					0	
Capital Outlay - under \$5,000		0			0	
Debt Service					0	
TOTAL	308,578	325,383	376,148	373,828	48,445	14.89%

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

- After a two-year hiatus due to the pandemic, the Duck Jazz Festival returned October 7-8, 2023 to a crowd of 6,100 people. Seven regional, national, and local jazz bands performed during this free, non-ticketed two-day festival. Several jazz-themed events returned as part of the festival as well, including the Movie on the Green, a Children's Jazz Story time, Nature on the Boardwalk, and a Jazzy Duck Sweep to clean litter around Town.
- The free Summer Event Series kicked off in June with the return of Fitness on the Green, Concerts on the Green, Movies on the Green, and variety shows including OBXtreme Magic and the NC Aquarium. A total of 14 concerts and 100 events were held over the summer, drawing over 11,028 people in attendance.
- Over 2,500 people attended the return of the 4th of July Parade and Community Celebration. After being cancelled due to the pandemic for two years, this annual one-mile parade returned to the heart of Duck, along with a Community Celebration at the Town Park featuring live music, parade awards, and, new to the parade, the addition of a snow- cone vendor.
- The Memory Lane Brick Program launched in November 2022. This program provides individuals the opportunity to purchase an engraved brick to commemorate a loved one/ memory. Orders are collected throughout the year and submitted to the manufacturer each January to allow for a spring installation. Within two months, November and December, a total of 541 bricks were sold.
- The Memorial Day Summer Kick- Off Concert is scheduled for 2023. This is the first time in three years that the kick-off concert has been scheduled. The USAF Heritage of America Heritage Brass Band will perform on May 29.

Upcoming Projects

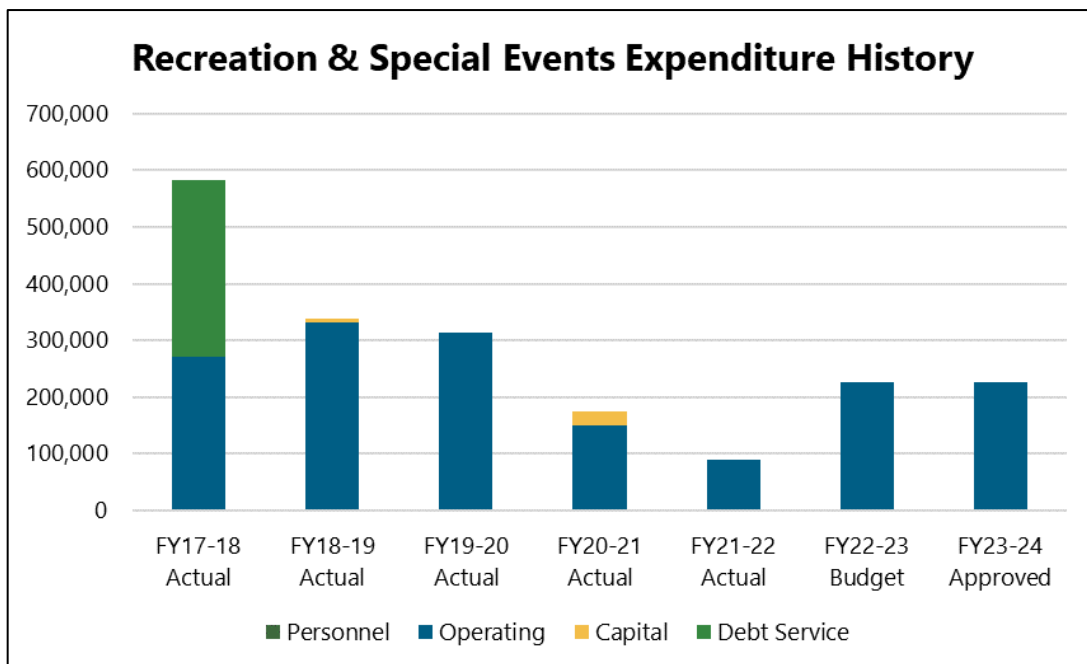
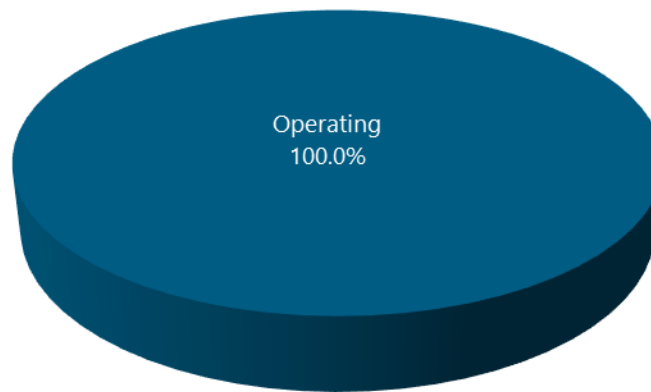
- Host the Volunteer Appreciation Event to recognize the volunteers that dedicate their time and generosity to the Town. In 2022, volunteers contributed over 1,250 hours at events, beach grass planting, Duck Sweep, and administrative office assistance.
- Continue to evaluate Town communications and create a Communication Strategy/ Plan to effectively communicate with and to our stakeholders.
- Continue the implementation of the Memory Lane Brick Program including collecting orders and payments, receiving the bricks, and installation.
- Collaborate with Public Safety to create a safety website with information and guidance for pedestrian/ bicycle activity within the Town.

FY 2023-2024 Budget Highlights

- The Recreation & Special Events Department budget increased 0.69% from the FY 2022-23 budget due to some minor increases in advertising and event costs.
- The Recreation & Special Events Department budget accounts for 1.61% of the General Fund budget and is equivalent to \$0.012 on the tax rate.

Expenditures by Type								
Type	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Actual	FY21-22 Actual	FY22-23 Budget	FY23-24 Approved	Percent Change
Personnel								-
Operating	271,693	331,960	312,772	150,077	89,201	225,449	227,000	0.69%
Capital	0	6,425	0	25,716	0	0	0	-
Debt Service	310,530							-
Total	582,223	338,384	312,772	175,793	89,201	225,449	227,000	0.69%

Recreation & Special Events Expenditures by Type



Line Item Expenditures

Recreation and Special Events						
Account Description	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Professional Services	0				0	
Contracted Services	58,155	180,749	176,000	176,000	(4,749)	-2.63%
Supplies and Materials	27,277	7,400	7,400	7,400	0	0.00%
Printing and Binding					0	
Advertising		18,000	21,000	21,000	3,000	16.67%
Merchandise for Resale	7,157	12,000	12,000	12,000	0	0.00%
Miscellaneous - Events	(3,388)	7,300	10,600	10,600	3,300	45.21%
Miscellaneous	0				0	
Capital Outlay - over \$5,000					0	
TOTAL	89,201	225,449	227,000	227,000	1,551	0.69%

Notes

Contracted Services

Access Design	2,000
Beach/park signage	4,000
Events: Performers, Tents, Stage, Lights, etc.	170,000
	<u>176,000</u>

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	10,600
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Advertising

Print and Digital Advertising	21,000
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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 2023-24 budget we are budgeting to transfer all revenue received from MSD taxes along with 19.71% 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. A small additional amount (\$2,592) was added to this line to balance the budget. This contingency budget helps allow for unexpected expenditures during the year.

Other						
Account Description	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Transfer to Beach Fund MSD-A	639,556	639,556	651,581	651,581	12,026	1.88%
Transfer to Beach Fund MSD-B	351,754	351,754	358,128	358,128	6,375	1.81%
Sales Tax Proportion	326,040	326,040	374,578	374,578	48,539	14.89%
Total Transfers	1,317,349	1,359,928	1,384,288	1,384,288	66,939	1.79%
				-		
Account Description						
Contingency	73,768	75,299	75,299	86,389	12,621	17.11%
	73,768		75,299	86,389	12,621	17.11%

Expenditure Summary

The total budgeted expenditures for the General Fund, including transfers, is \$14,132,240 which represents a 6.3% or \$839,782 increase from budgeted expenditures in the 2022-23 fiscal year. The table below shows the total for each department and the change compared to the budget for 2022-23.

Expenditures by Department						
Department Expenditures	FY21-22 Actual	FY22-23 Budget	FY23-24 Request	FY23-24 Approved	Variance v. CY	% Change
Governing Body	127,501	145,981	153,231	153,231	7,250	5.0%
Administration	646,872	654,422	773,590	768,090	113,668	17.4%
Finance	129,967	114,079	122,119	122,119	8,040	7.0%
Legal	61,055	62,760	65,460	65,460	2,700	4.3%
Public Facilities	544,330	599,818	637,908	460,708	(139,110)	-23.2%
Information Technology	144,066	175,765	152,396	159,352	(16,413)	-9.3%
Police	1,966,987	1,914,332	1,998,547	1,974,047	59,714	3.1%
Fire	2,635,587	1,818,813	2,057,409	1,983,189	164,376	9.0%
Inspections	173,104	203,830	239,169	236,949	33,119	16.2%
Ocean Rescue	535,340	580,001	628,100	628,100	48,099	8.3%
Streets & Highways	531,573	2,880,720	3,328,994	3,248,994	368,274	12.8%
Sanitation	1,097,385	1,216,360	1,347,410	1,347,410	131,050	10.8%
Environmental Protection	1,574,897	939,518	1,013,086	913,086	(26,432)	-2.8%
Community Development	308,578	325,383	376,148	373,828	48,445	14.9%
Recreation & Special Events	89,201	225,449	227,000	227,000	1,551	0.7%
Transfers	1,317,349	1,359,928	1,384,288	1,384,288	24,360	1.8%
Contingency		75,299	75,299	86,389	11,090	14.7%
Total	11,883,792	13,292,458	14,580,154	14,132,240	839,782	6.3%

Fund Balance

The Town does not plan to appropriate funds from the General Fund balance for FY 2023-24. 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.

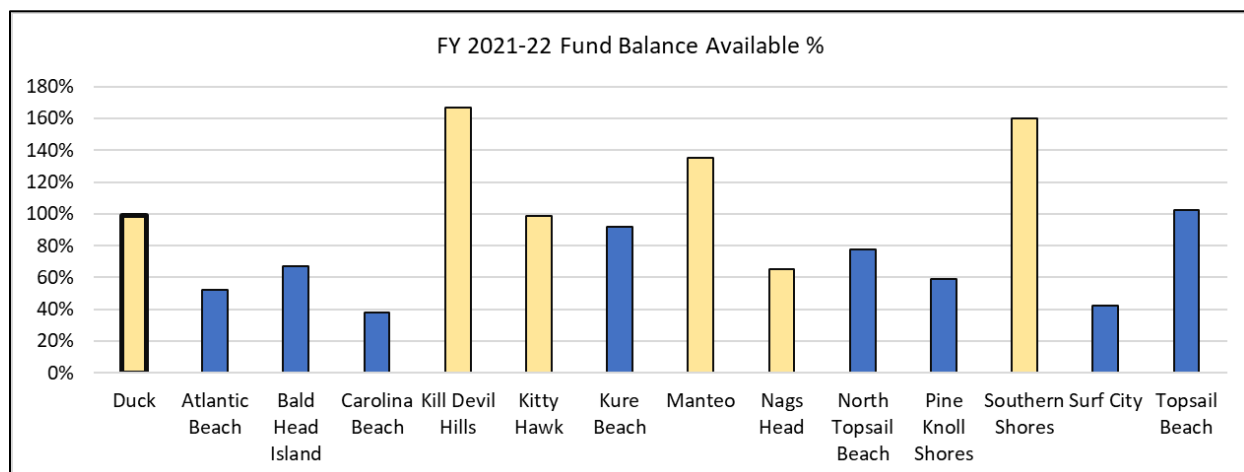
Amount of Fund Balance

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 2021-22
Duck	98.93%
Atlantic Beach	52.08%
Bald Head Island	67.18%
Carolina Beach	37.84%
Kill Devil Hills	166.85%
Kitty Hawk	98.71%
Kure Beach	92.04%
Manteo	135.11%
Nags Head	65.07%
North Topsail Beach	77.55%
Pine Knoll Shores	59.04%
Southern Shores	160.01%
Surf City	41.98%
Topsail Beach	102.52%
Average of All Above	88.92%
Average of Green Above	100.28%

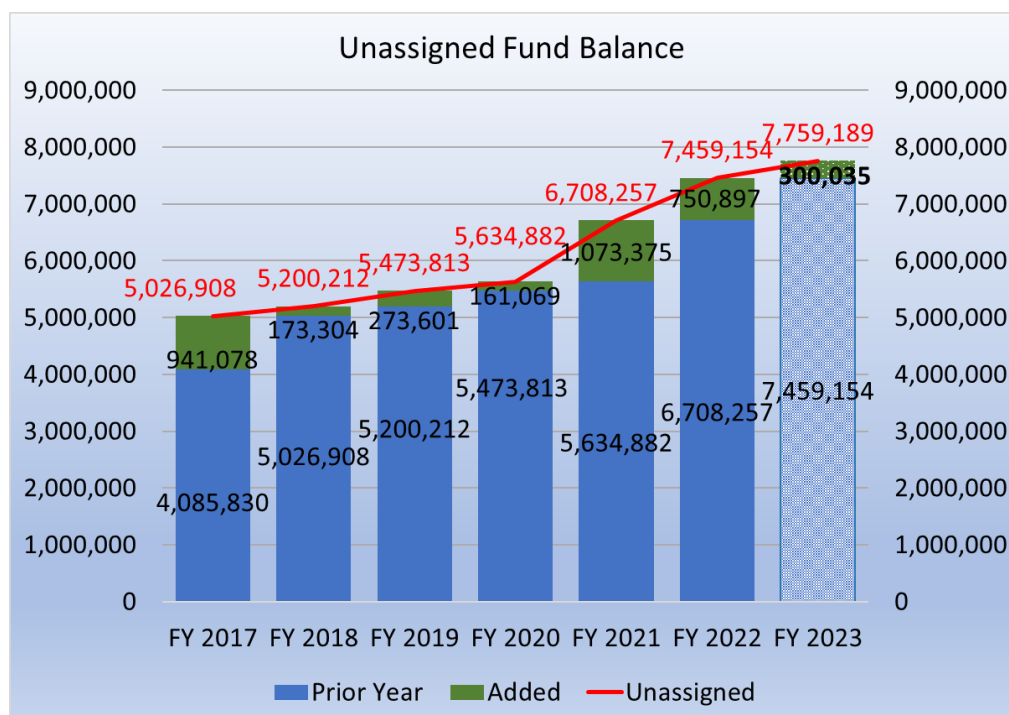
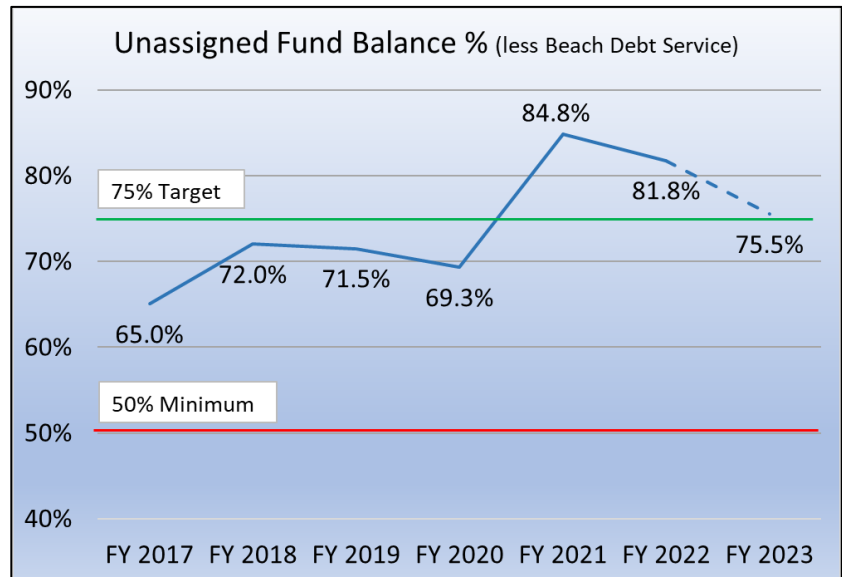
The chart below shows the same data graphically to show that our fund balance is comparable to our peer communities. The yellow bars show the towns in Dare County.



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 2023 projected year-end, after the purchase of four police cars and using \$458,904 of planned revenue in excess of expenditures in FY 2022-23, we will remain above our fund balance percentage target and well above our minimum.



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

- 6% merit increase pool included.
- No change in staffing level from FY 2022-23 levels.
- Local Government Employees Retirement System Employer Contribution Rate as provided by LGC is used and escalated based upon recent historical changes.
- 10-15% 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.
- 6% increase per year for trash and recycling.
- 5% increase in Ocean Rescue contracted services.
- 5% increase per year in Public Facilities.
- 3% increase per year in Streets & Highways due to contracted services.
- 5% increase per year in other operational expenditures.

Capital

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

Debt Service

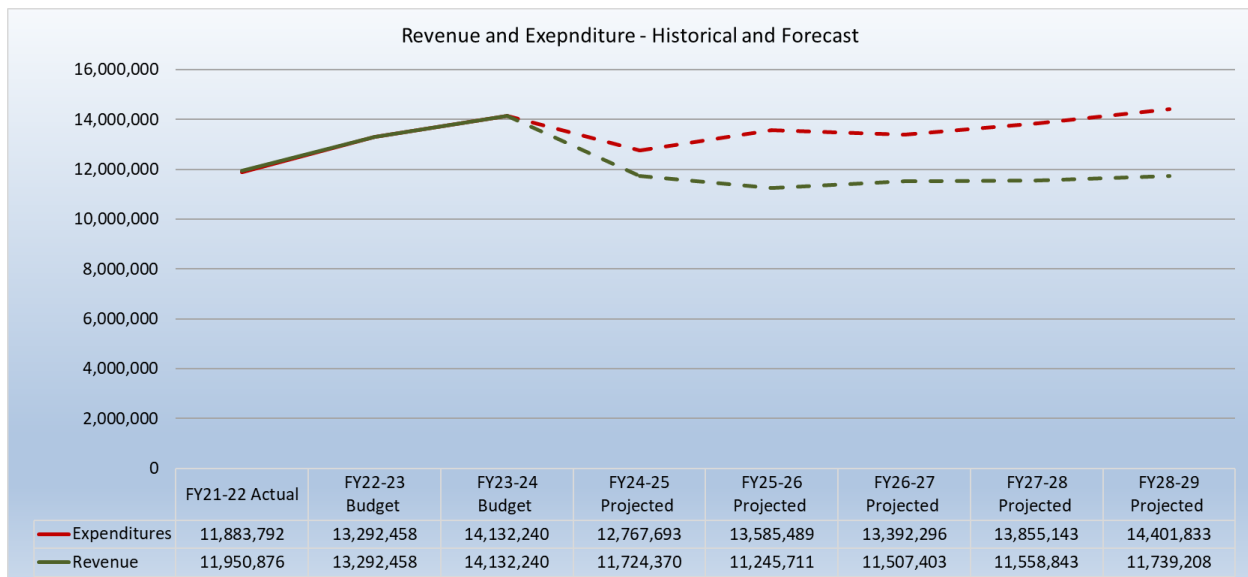
- Follows current debt service schedule.
- Adds new debt following the CIP (includes Beach Renourishment and Vehicles, but does not include the Public Safety Building).

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.
- Return to lower rates of return from interest bearing accounts.
- 4% increase in Sales tax revenue.
- 2% increase in Land Transfer tax revenue.
- 3% increase in Occupancy 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 2022 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								
	FY21-22 Actual	FY22-23 Budget	FY23-24 Budget	FY24-25 Projected	FY25-26 Projected	FY26-27 Projected	FY27-28 Projected	FY28-29 Projected
Ad Valorem Tax	4,065,144	4,060,329	4,109,143	4,093,182	4,103,415	4,113,673	4,123,957	4,134,267
MSDA	649,949	647,411	652,271	651,581	653,210	654,843	656,480	658,122
MSDB	355,633	355,872	356,759	358,128	359,024	359,921	360,821	361,723
Motor Vehicle Tax	36,662	35,000	27,500	27,775	28,053	28,333	28,617	28,903
Prior Year Tax, Penalties & Interest	4,361	1,500	5,000	1,500	1,500	1,500	1,500	1,500
Local Government Sales Tax	1,913,101	1,800,000	1,900,000	1,976,000	2,055,040	2,137,242	2,222,731	2,311,641
Real Estate Transfer Tax	826,337	500,000	425,000	433,500	442,170	451,013	460,034	469,234
Occupancy Tax	2,131,759	1,850,000	2,000,000	2,060,000	2,121,800	2,185,454	2,251,018	2,318,548
Visitor's Bureau Grant	0	147,806	225,806	10,000	10,000	10,000	10,000	10,000
State Grants	0	44,500	569,669	420,000				
Shoreline Grant (County)	206,212	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Government Access Channel Grant	4,504	5,000	5,000	10,000	10,000	10,000	10,000	10,000
Federal Grants	0	0	0					
FEMA Grants	0	1,693,753	1,693,753					
NFWF Grant	0	384,011	384,011					
COVID-19 Relief Fund	0	63,102	0	63,102				
Beer and Wine	2,953	1,700	1,800	1,830	1,848	1,866	1,885	1,904
Utility Franchise Tax	389,091	403,000	405,000	408,837	412,925	417,055	421,225	425,437
Building Permits	184,423	160,000	170,000	173,688	177,162	180,705	184,320	188,006
Reinspection Fees	0	0	0	0	0	0	0	0
Other Permits	17,227	6,000	6,000	9,105	9,167	17,411	9,453	9,356
Permits and Fees - Other	160	0	0					
Superior Clerk of Court	617	350	500					
Solid Waste Disposal Tax	561	560	560					
Gain on sale of vehicles	60,059	5,000	55,000	40,000	20,000	30,000		
Investment Earnings	15,304	31,000	350,000	150,000	150,000	150,000	150,000	150,000
ABC and Mixed Beverage Profits	84,416	70,000	90,000	85,116	56,419	84,980	85,966	57,279
Other	10,714	8,000	8,000					
Sponsorship Revenue	13,000	22,500	35,000	13,130	13,261	13,394	13,528	13,663
Merchandise Revenue	3,384	12,000	20,000	3,418	3,452	3,487	3,522	3,557
Building Rental Fees	223	500	500	500	500	500	500	500
Miscellaneous Income - Other	357	53,172	45,000					
Police Donations	0	100	100					
Transfers from Capital Reserve	0	0	0					
Transfers from Beach Nourishment	329,832	574,130	566,868	505,502	496,764	488,025	479,287	561,568
Debt Proceeds	644,896	0	0	204,475	96,000	144,000	60,000	0
Fund Balance	0	332,161	0					
TOTAL REVENUE	11,950,876	13,292,458	14,132,240	11,724,370	11,245,711	11,507,403	11,558,843	11,739,208

Expenditures								
	FY21-22 Actual	FY22-23 Budget	FY23-24 Budget	FY24-25 Projected	FY25-26 Projected	FY26-27 Projected	FY27-28 Projected	FY28-29 Projected
Governing Body	127,501	145,981	153,231	163,260	169,368	175,750	182,419	189,386
Personnel	25,229	25,230	25,237	25,230	25,230	25,231	25,231	25,232
Operating	102,273	120,751	127,994	138,030	144,138	150,520	157,187	164,154
Capital	0							
Debt Service								
Administration	646,872	654,422	768,090	813,683	871,605	932,431	998,810	1,068,030
Personnel	572,881	594,037	685,497	735,992	790,030	846,777	908,873	973,596
Operating	73,991	55,684	82,594	77,691	81,575	85,654	89,937	94,434
Capital	0	4,701	0					
Debt Service								
Finance	129,967	114,079	122,119	136,465	143,288	150,453	157,975	165,874
Personnel	0	0	0	0	0	0	0	0
Operating	129,967	114,079	122,119	136,465	143,288	150,453	157,975	165,874
Capital	0	0	0					
Debt Service								
Legal	61,055	62,760	65,460	64,108	67,313	70,679	74,213	77,923
Personnel				0	0	0	0	0
Operating	61,055	62,760	65,460	64,108	67,313	70,679	74,213	77,923
Capital								
Debt Service								
Public Facilities	544,330	599,818	460,708	678,120	1,493,192	723,464	620,586	654,247
Personnel	73,004	81,535	105,298	101,572	109,000	116,462	124,984	133,865
Operating	215,443	287,058	207,077	226,215	237,526	249,402	261,872	274,966
Capital	15,915	6,850	10,000	212,000	1,010,000	222,600	233,730	245,417
Debt Service	239,969	224,375	138,333	138,333	136,666	135,001		
Information Technology	144,066	175,765	159,352	160,769	158,833	166,774	175,113	183,869
Personnel				0	0	0	0	0
Operating	144,066	175,765	149,352	151,269	158,833	166,774	175,113	183,869
Capital	0	0	10,000	9,500				
Debt Service								
Police	1,966,987	1,914,332	1,974,047	2,266,560	2,344,644	2,441,650	2,453,281	2,498,370
Personnel	1,275,575	1,298,916	1,512,020	1,642,144	1,765,953	1,892,044	2,034,899	2,182,058
Operating	220,734	219,598	285,680	231,771	243,360	255,528	268,304	281,719
Capital	422,459	164,011	43,800	260,098	133,598	190,298	46,298	0
Debt Service	48,218	231,807	132,547	132,547	201,734	103,780	103,780	34,593

Fire	2,635,587	1,818,813	1,983,189	2,847,688	2,925,452	3,129,039	3,419,863	3,589,383
Personnel	1,271,127	1,323,560	1,494,602	1,627,151	1,768,287	1,910,166	2,071,546	2,240,751
Operating	992,440	266,030	298,180	1,042,062	1,094,165	1,148,873	1,206,317	1,266,633
Capital	289,162	58,103	45,000	54,000	35,000	42,000	54,000	47,000
Debt Service	82,859	171,119	145,406	124,475	28,000	28,000	88,000	35,000
Inspections	173,104	203,830	236,949	248,618	266,706	285,447	306,103	327,680
Personnel	157,054	188,933	215,618	231,766	249,010	266,867	286,594	307,195
Operating	16,050	14,897	21,332	16,853	17,695	18,580	19,509	20,485
Capital	0	0	0					
Debt Service	0	0	0					
Ocean Rescue	535,340	580,001	628,100	548,000	566,000	594,300	624,015	655,216
Personnel								
Operating	535,340	580,001	628,100	548,000	566,000	594,300	624,015	655,216
Capital								
Debt Service								
Streets & Highways	531,573	2,880,720	3,248,994	500,568	438,597	457,277	441,640	456,722
Personnel								
Operating	248,160	211,820	205,764	260,568	273,597	287,277	301,640	316,722
Capital	283,412	2,668,900	3,043,230	240,000	165,000	170,000	140,000	140,000
Debt Service								
Sanitation	1,097,385	1,216,360	1,347,410	1,163,228	1,233,022	1,307,004	1,385,424	1,468,549
Personnel								
Operating	1,097,385	1,216,360	1,347,410	1,163,228	1,233,022	1,307,004	1,385,424	1,468,549
Capital								
Debt Service								
Environmental Protection	1,574,897	939,518	913,086	1,211,540	889,604	888,007	886,768	876,923
Personnel								
Operating	129,560	405,388	199,500	136,038	142,840	149,982	157,481	165,355
Capital	0	0	146,718	570,000	250,000	250,000	250,000	150,000
Debt Service	1,445,337	534,130	566,868	505,502	496,764	488,025	479,287	561,568
Community Development	308,578	325,383	373,828	381,132	408,560	436,782	468,087	500,785
Personnel	274,007	287,530	328,961	344,832	370,445	396,761	426,066	456,662
Operating	34,571	37,853	44,867	36,300	38,115	40,021	42,022	44,123
Capital	0	0	0	0	0	0	0	0
Debt Service	0	0	0					
Recreation & Special Events	89,201	225,449	227,000	98,661	103,594	108,773	114,212	119,923
Personnel								
Operating	89,201	225,449	227,000	93,661	98,344	103,261	108,424	113,845
Capital	0	0	0	5,000	5,250	5,513	5,788	6,078
Debt Service	0	0	0					
Transfers	1,317,349	1,359,928	1,384,288	1,404,910	1,423,242	1,442,213	1,461,848	1,482,173
Contingency		75,299	86,389	80,383	82,470	82,253	84,786	86,781
TOTAL EXPENDITURE	11,883,792	13,292,458	14,132,240	12,767,693	13,585,489	13,392,296	13,855,143	14,401,833

	FY21-22 Actual	FY22-23 Budget	FY23-24 Budget	FY24-25 Projected	FY25-26 Projected	FY26-27 Projected	FY27-28 Projected	FY28-29 Projected
Revenue - Expenditures	67,084	0	0	-1,043,323	-2,339,779	-1,884,893	-2,296,300	-2,662,625

Glossary

Account – A separate financial reporting unit for budgeting, management, or accounting purposes. All budgetary transactions, whether revenue or expenditure, are recorded in accounts.

Accounts Payable – A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by the Town.

Accounts Receivable – An asset account reflecting amounts due from private persons or organizations for goods and services furnished by the Town.

Accrual Basis – The recording of the financial effects on an entity of cash transactions in the periods in which they occur rather than the periods in which the cash is received or expended.

Ad Valorem Taxes – Commonly referred to as property taxes, are levied on the value of real, certain personal, and public utility property according to the property's valuation and tax rate.

Adopted Budget – The budget approved by the Town Council and enacted through a budget ordinance adopted on or before June 30 of each year.

Appropriated Fund Balance - The amount of fund balance budgeted as revenue to offset expenditures that exceed current revenue.

Appropriation – This is the legal authorization granted by the Town Council to expend or obligate funds for specific purposes. An appropriation usually is limited in the amount and time that it may be expended. The Board appropriates annually, at the beginning of each fiscal year, by department, based upon the adopted Budget. Additional appropriations may be approved by the Council during the fiscal year by amending the Budget and appropriating the funds for expenditure.

Assessed Value – The value of real estate or personal property as determined by the Dare County Tax Assessor as a basis for levying property taxes.

Asset – A probable future economic benefit obtained or controlled by the Town as a result of past transactions or events.

Audit – An examination, usually by an official or private accounting firm retained by the Council that reports on the accuracy of the annual financial report.

Authorized Positions - Employee positions that are authorized in the adopted budget to be filled during the fiscal year.

Balanced Budget – Occurs when planned expenditures equal anticipated revenues. In North Carolina, it is a requirement that the budget submitted to the Town Council be balanced.

Basis of Accounting & Basis of Budgeting – The system under which revenues, expenditures, expenses, and transfers – and the related assets and liabilities – are recognized in accounts and reported in financial statements. It specifically relates to the timing of the measurements made.

Bond – a written promise to pay a designated sum of money (the principal) at a specific date in the future, along with periodic interest at a specified rate. The payment on bonds is identified as Debt Service. Bonds are generally used to obtain long-term financing for capital improvements.

Bond Rating – A grade indicating a governmental unit’s investment qualities. Generally speaking, the higher the bond rating, the more favorable the interest rate and the lower the cost of financing capital projects funded by bonds. A high rating is indicative of the government’s strong financial position.

Bond Referendum – An election in which registered voters vote on whether the Town will be allowed to issue debt in the form of interest-bearing bonds.

Budget – A financial plan containing estimated expenditures and resources covering a fiscal year.

Budget Adjustment Transfer – the transfer of funds between line accounts within a function or across functional areas in accordance with policy. Authority is granted by the Town Council to Budget Officer/Town Manager.

Budget Amendment – A revision of the adopted budget that, when approved by the Town Council, replaces the original provision. Budget amendments occur throughout the fiscal year as spending priorities shift.

Budget Calendar – The schedule of key dates which the Town follows in the preparation and adoption of the budget.

Budget Document – The official written statement prepared by the Town’s staff and presented to the Town Council containing the proposed financial plan for the fiscal year.

Budget Message – A written summary of the proposed budget to the Town Council which discusses major budget issues and recommendations.

Budget Ordinance – The official enactment by the Board establishing the legal authority for staff to obligate and expend funds.

Capital Improvement Plan (CIP) – A plan of proposed capital outlay to be incurred each year over a fixed number of years to meet capital needs.

Capital Outlay – Outlays which result in the acquisition (either new or replacement) or additions to fixed assets having a significant value (\$5,000 or more) and possessing a useful life of more than one year.

Capital Project – Major construction, acquisition, or renovation activities that add value to physical assets or significantly increase their useful life.

Capital Project Fund – A fund used to account for financial resources accumulated for the acquisition or construction of major capital facilities.

Capital Reserve Fund - A type of account on a municipality's balance sheet that is reserved for long-term capital investment projects or any other large and anticipated expenditure(s) that will be incurred in the future. This type of reserve fund is set aside to ensure that the company or municipality has adequate funding to at least partially finance the project.

Chart of Accounts – A chart that assigns a unique number and classification to each type of transaction and to each budgetary unit in the organization.

COLA – A Cost-of-Living Adjustment is an increase in salaries to offset the adverse effect of inflation on compensation.

Consumer Price Index (CPI) – A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (economic inflation).

Contingency Account – Account in which funds are set aside for emergency and exceptional expenditures that may become necessary during the year and which have not otherwise been provided for in the context of the annual operating budget.

Debt Service – Payment of interest and repayment of principal on Town debt.

Deficit – The amount by which expenditures exceed revenues during an accounting period.

Department – An organizational unit within the Town which is functionally unique in its delivery of services or activities.

Depreciation – Expiration in the service life of fixed assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. The portion of the cost of a fixed asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a fixed asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of the cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

Encumbrance – The commitment of appropriated funds to purchase an item or service.

Expenditure – The cost of goods or services whether payment has been made or not.

Fees – A general term used for any charge levied by the Town associated with providing a service or permitting an activity.

Fiduciary Fund – A special classification fund used to account for assets held by the Town in a trustee capacity on behalf of outside parties, including other governments.

Fiscal Year (FY) – A twelve-month period that determines the time frame for financial reporting, budgeting, and accounting.

Fixed Assets – Long-lived tangible assets obtained or controlled as a result of past transactions, events, or circumstances.

Fund – A fiscal entity with revenues and expenses that are segregated for the purpose of accounting for an activity(s) with common objectives.

Fund Balance – The excess of the assets of a fund over its liabilities.

GAAP – Generally accepted accounting principles. A uniform minimum standard used by state and local governments for financial recording and reporting; established by the accounting profession through the Governmental Accounting Standards Board.

General Fund – A fund that accounts for most of the basic government services such as public safety, streets and highways, sanitation, parks and recreation, and general government services.

General Obligation Bonds – Bonds issued by a government entity that are backed by its full-faith, credit, and unlimited taxing authority.

Goal – A statement of Council direction, purpose or intent based on the needs of the community. A goal is general and timeless; that is, it is not concerned with a specific achievement in a given time period.

Grants – Contributions or gifts of cash or other assets from another government to be used or expended for a specified purpose, activity, or facility.

Interest – Compensation for the use of borrowed money, generally expressed as an annual percentage of the principal amount.

Interfund Transfers – The movement of monies between funds of the same governmental entity.

Intergovernmental Revenue – Revenue received from another government for general purposes or special intent.

Law Enforcement Officer's (LEO) Special Separation Allowance – A single-employer defined benefit plan that provides retirement benefits to the Town's qualified sworn law enforcement officers.

Lease – A contract for the temporary use of equipment or facilities at a negotiated price.

Levy – To impose taxes for the support of government services and activities.

LGC - Local Government Commission. A division of the State Treasurer's Office that monitors the fiscal health of all local government units, including "authorities" and pre-approves any large debt issuance undertaken by local governments in the state.

Liabilities – Probable future sacrifices of economic benefits arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

Local Government Budget and Fiscal Control Act – General Statute of the State of North Carolina governing budgetary and fiscal affairs of local governments.

Modified Accrual Basis – A method for accounting for the receipt and expenditure of funds whereby revenues are recorded when they become measurable and available and expenditures are recorded when the liability is incurred.

Net Bonded Debt – The amount calculated as gross bonded debt less debt service monies available at year-end less debt payable from Enterprise Revenues, which ultimately equates to amounts to be repaid through property taxes.

NCLM - North Carolina League of Municipalities

Objective – A statement of specific direction, purpose or intent to be accomplished by staff within a program.

Operating Budget – Includes all funds except those accounted for in the capital budget. The Operating Budget is adopted by the Town Council by budget ordinance amendment on a fiscal year basis.

Operating Expenses – The cost of contractual services, materials, supplies and other expenses not related to personnel expenses and capital projects.

Personnel Expenses – Cost of salaries, wages, and fringe benefits such as employer's share of social security contributions, retirement expenses, and health and life insurance payments.

Resources – Assets that can be used to fund expenditures such as property taxes, charges for services, beginning fund balances, or working capital.

Revenue – A term used to represent actual or expected income to a specific fund.

Special Revenue Fund – Funds that are set aside to pay for large expenditure items. The fund provides a means to provide consistent funding from General Fund without competition with other community investment projects or increasing debt.

Standard & Poor's Corporation – A recognized bond rating agency.

Surplus – The amount by which revenues exceed expenditures.

Tax Base – The total assessed valuation of real property within the Town.

Tax Levy – The product when the tax rate is multiplied by assessed values.

Tax Rate – The amount per \$100 of property valuation that is levied for the support of government services or activities.

Transfer – An appropriation to or from another fund. A transfer is the movement of money from one fund to another to wholly or partially support the functions of the receiving fund.

Unencumbered Balance – The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future expenditures.

Unassigned Fund Balance – That portion of resources, which at year's end, exceeded requirements and has not been committed or assigned for some future time for a specific project or use. Money in the unassigned fund balance is not in the Budget and therefore has not been appropriated for expenditure. However, those funds are available for use if the need arises.

Town of Duck

Financial and Budgetary Policies



April 2021

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I. Introduction

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

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

II. Operating Budget

1. The Town's Annual Budget Ordinance will be balanced in accordance with the North Carolina Local Government Budget and Fiscal Control Act (G.S. 159-8(a)).
2. The Town's annual Budget Ordinance will be adopted, by fund and department, by each July 1 (G.S. 159-13(a)).
3. In order to force a higher level of planning throughout all levels of Town government, the annual budget process will focus on future needs through a Capital Improvements Plan, as discussed later in this document.
4. The annual budget process will consist of a series of public meetings where Council and staff discuss needs in relation to the Town's 2027 Vision and Unifying 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 2024 - 2028

February 2023

Capital Improvement Plan Message

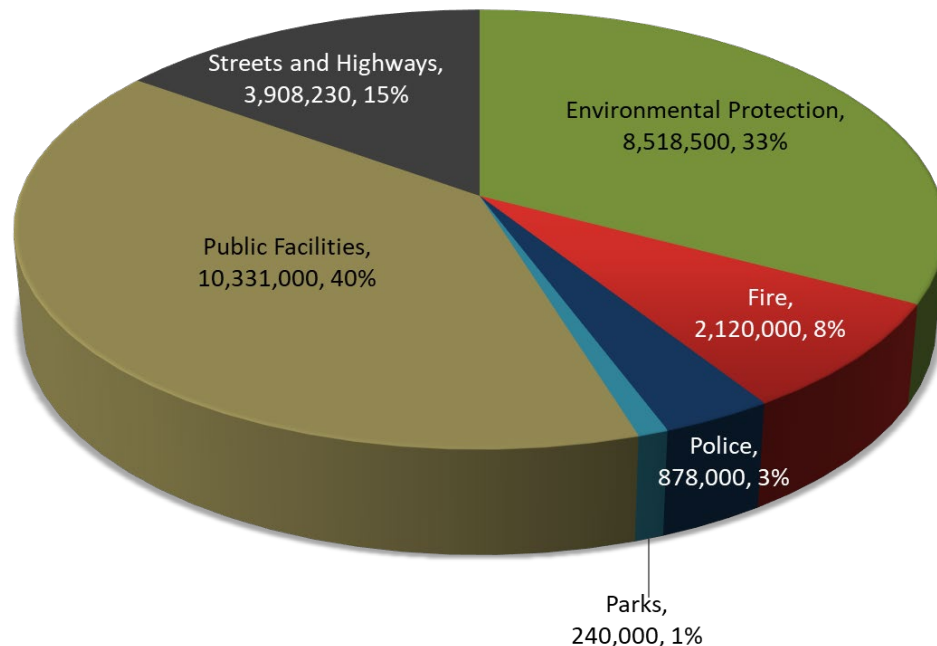
Dear Mayor Kingston and Members of Town Council:

I am pleased to present the Recommended FY 2024-28 Capital Improvement Plan (CIP) for your review and consideration. The Town's CIP represents a guide for the maintenance and acquisition of capital assets. The CIP is an important management tool, as it evaluates the effects of capital costs on the Town's operating budget and the Town's financial standing in terms of debt burden and capacity. The entire CIP is not an adopted budget. Only the first year of the CIP (FY 2023-24) will become part of the Town's annual budget document, once approved. The CIP is a dynamic planning tool, as it is evaluated annually and adjusted according to Town Council's goals and financial considerations.

Town Council will find that the proposed capital improvement plan addresses Council's goals with projects focusing on items responsive to the 2032 Vision, Hazard Mitigation Plan, and Comprehensive Land Use Plan. The underlying principles from the 2032 Vision (see Appendix A) guide the work to develop this CIP. These principles: Duck and our Village; Enhanced Movability; Environmental Stewardship; Active, Engaged Community; Vibrant, Thriving Business Community; Responsive and Responsible Leadership, are reflected in the projects proposed in this CIP as are the goals expressed during the goal-setting session held in January.

FY24-28 CIP Overview

The Recommended FY 2024-28 CIP includes 31 projects totaling \$25,995,730. Environmental Protection and Public Facilities projects account for two-thirds of the total expenditures in this CIP, with \$8 million for the Public Safety Building project being the largest single expenditure shown in this plan. The chart below shows the total amount of funding for each CIP element, and the percentage of the total each element represents.



Financial Impact

Debt burden and capacity ratios remain within acceptable levels for FY 2023-24. The net debt service to expenditures is 6.4 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 .141 percent remains well below the policy maximum of one percent, and the ten-year principal payout ratio will be 100 percent for FY 2023-24. These indicators do not reflect the inclusion of the short-term bond for beach nourishment that will be paid for using reimbursement funds from FEMA.

General Fund Fiscal Indicators and Key Debt Ratios

Fiscal Indicators and Key Debt Ratios		
	Target	Projected
Net Debt Service to Expenditures	< 20%	6.4%
Net Debt to Assessed Valuation	< 1%	0.141%
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 2023-24, 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 2024-28 CIP includes 31 projects each representing an investment in the Town and the Duck experience. The CIP addresses concerns related to debt management and the effects on the operating budget, and the capital projects address Town needs while adhering to the Town Council's goals. If implemented, the CIP will provide the Town with a plan to maintain and acquire capital assets that improve the Town's ability to provide exceptional services as well as provide the foundation for the Town's future.

Respectfully submitted,

Drew Havens

Drew Havens,
Town Manager

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Section 1: Overview of the Capital Improvement Plan

The Capital Improvement Plan (CIP) is the planning mechanism by which the Town Council allocates limited financial resources to implement long-term goals as defined in the Town's Vision 2027 Strategic Plan (See Appendix A), the Land Use Plan, Pedestrian Improvement Plan, and other similar planning documents. The purpose of the CIP is to forecast and match projected revenues and major capital needs over a five-year period. Capital planning is an important management tool that strengthens the linkage between community infrastructure needs and the financial capacity of the Town.

The CIP is a multi-year plan for major capital expenditures such as beach (re)nourishment, the acquisition of land, construction, or significant renovation of public facilities (i.e., buildings/parks), construction of new transportation infrastructure (i.e., sidewalks, multi-use paths), capital equipment to support operations (i.e., vehicles, technology), or any combination of the above. Projects eligible for inclusion in the CIP are those with an asset value of greater than \$5,000 and a useful life of greater than three years.

In addition to identifying the cost of major capital projects and acquisitions, the CIP also identifies proposed funding sources (i.e., general fund, installment purchasing contracts, grants) and the expected impact of the project or item on the operating budget (i.e., increase operating cost, decrease operating costs, etcetera).

When identifying new projects, Staff looks to the long-term priorities and direction set by Town Council and submits formal requests through the CIP process. A formal request includes a description of the project, an explanation of how the project implements an established goal, the estimated cost of the project, and an estimate of the recurring costs associated with a completed project (i.e., additional staff, additional utilities, etc.). The formal request also includes an analysis of alternative solutions, if any, and a statement on the effect on services and/or programs if the project is not funded.

Once adopted by the Town Council, the CIP becomes a statement of Town policy regarding the need, priority, timing, and funding of future capital projects. The Capital Improvement Plan is simply that – a *plan*. As such, projects and funding mechanisms are subject to change based on new or shifting service needs, special financing opportunities, emergency needs, or other directives or priorities established by the Town Council. Future needs and financial constraints may result in changes in priority over the five-year period; and because priorities can change, projects included in outward planning years are not guaranteed funding. The CIP represents the best judgment of Town Administration and Town Council at the time the Plan is adopted. Priorities established in the CIP subsequently guide decisions made by Town Administration and the various boards and commissions appointed by Town Council.

The Town of Duck CIP achieves five major objectives as a component of the Town's budget and financial planning process:

1. Helps the Town rationally and intelligently plan for the repair, replacement, and acquisition of capital items that are necessary for providing high-quality services to the citizens and property owners of, and visitors, to Duck.

2. Assists in fiscal planning by forecasting capital demands together with future revenues and expenditures.
3. Ensures better coordination, evaluation, and planning of projects to serve the community and its needs.
4. Serves, together with the annual budget and other financial plans, as a guide to decision-making for the Town Council, Town Manager, and Staff.
5. Serves as a systematic and comprehensive analysis of capital needs, increasing the probability of making rational budgetary judgments since improvements are identified, prioritized, and matched to the projected fiscal resources of the Town.

Capital Improvement Funding

Some CIP projects are funded through annual operating funds in the General Fund. In these cases, the CIP and the Annual Operating Budget are directly linked as CIP projects become authorized through the adoption of the Annual Operating Budget. Projects funded through debt financing also impact the operating budget through ongoing debt service expenses. Finally, some completed CIP projects will directly impact the operating budget as they will require ongoing expenses for Staff and other operating costs. All of these factors are considered capital purchases and projects are considered.

The sources of funding used to execute the Plan are as important as the capital projects contained in the Plan. Capital Improvements for the Town of Duck are funded using a variety of sources that are broadly categorized as cash or debt financing.

Cash, or pay-as-you-go (paygo), funds: Paygo funds come from sources such as tax revenue), program fees, state revenue, and interest earnings. Some of these sources, such as MSD tax revenue, and certain others, may only be spent to meet certain needs. Other revenue sources come with no restriction on the needs they may be used to address. Major funding sources for the CIP are described below:

General Fund: General Fund revenue, such as ad valorem taxes, sales taxes, utility taxes, and other similar revenues are used to fund Town operations and may be used to fund capital projects such as facility improvements, transportation system improvements, and other similar projects. Compared to other sources, General Fund resources are a flexible revenue source without restrictions on their use.

Debt Financing: For debt financing, the Town uses several types of debt mechanisms, including general obligation bonds, Special Obligation Bonds, and traditional lease-purchase or installment financing. The mechanism selected varies depending on the level of funding needed, the term of the need, and current debt market conditions. General obligation bonds are approved by voters and are backed by the Town's taxing authority to repay the bonds. Special Obligation Bonds pledge the revenue generated by a specific revenue source (i.e., Occupancy Tax revenue).

Reserve from Prior Years: As capital projects are completed, any unspent budgeted amounts accumulate into capital reserves, which are available to fund future projects. Capital reserves can also build up when the Town collects revenue in excess of the amount budgeted.

Section 2: Capital Improvement Plan Elements

The CIP is organized into six functional categories, called “elements,” in order to group projects with similar items that closely align with established functional departments.



1. **Environmental Protection Element:** funds beach (re)nourishment projects along with recurring costs for sand fencing and beach grass planting. Projects related to neighborhood stormwater planning and mitigation are also included.



2. **Fire Element:** funds apparatus and capital equipment purchases along with the recurring purchases of items such as air packs and turnout gear.



3. **Police Element:** funds the purchase of patrol vehicles, large software purchases, mobile data terminals, radios, and other equipment to support the operations of the Police Department.



4. **Parks Element:** funds the purchase of playground equipment, major upgrades to current park facilities, construction of new/expanded facilities (including boardwalk), and the acquisition of park land.



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



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

Environmental Protection Element Projects



Projects Funded:

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

Vision 2032 Principle:

Environmental Stewardship

Vision 2032 Goal:

Continue the ongoing Town of Duck Beach Nourishment Project and continue efforts to monitor other areas of the Town to identify possible future projects.

The regular maintenance of our beach is an investment in the long-term appeal of this coastal community. Beach renourishment, shown to the right, represents one of the largest investments of public funds the Town makes.



The table below shows each of the projects submitted for consideration in this year's CIP process and the estimated cost of the project in each fiscal year in the plan. Section 5 of this document contains detailed information regarding the proposed funding source for each individual project.

Environmental Protection						
Item/Project	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total Cost
Beach Renourishment	100,000	100,000	100,000	500,000	5,900,000	6,700,000
Beach Planting/ Sand Fencing	150,000	150,000	150,000	150,000	120,000	720,000
Town Park Shoreline Protection	478,500	0	0	0	0	478,500
Neighborhood Stormwater Management	200,000	115,000	145,000	130,000	30,000	620,000
Total	928,500	365,000	395,000	780,000	6,050,000	8,518,500



Continuous Projects

Beach Renourishment

\$6,700,000

Consistent with the goals of the Hazard Mitigation Plan, Comprehensive & Land Use Plan, and 2032 Vision, in May of 2015, the Town Council approved the recommendations of an Erosion and Shoreline Management Feasibility Study that recommended a beach nourishment project for a 1.7-mile stretch of beach north of the Army Corps FRF property. This project was completed in 2017, and the renourishment of this project took place in FY 2022-23 and was completed as part of a four-town partnership with Dare County, Kill Devil Hills, Kitty Hawk, and Southern Shores. In the years when there is no active nourishment project, we continue to retain professional engineering services to monitor the project area and prepare for future projects. The next anticipated renourishment will occur in FY 2027-28. Most of the revenue for this work, if grants are not available, comes from the Beach Nourishment reserve fund which receives funds from MSD taxes and a proportionate share of sales tax revenue.

Sand Fencing/Beach Planting/Fertilization/Monitoring

\$150,000
Annually

This ongoing program, which is consistent with the goals of the Hazard Mitigation Plan, Comprehensive Land Use Plan, and Vision 2032, 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 stabilize 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

\$620,000

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 inundate properties and block emergency vehicle access. Technical assistance from an engineering consultant and partial funding for the project have been obtained through a Resilient Coastal Communities Program (RCCP) grant from the NC Division of Coastal Management.



Shoreline Stabilization Projects

\$478,500

This project, is consistent with the Hazard Mitigation Plan and Comprehensive & Land Use Plan. It includes the construction of breakwater sills in the 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 2032 Principle:

Responsive and Responsible Leadership

Vision 2032 Goal: n/a

A well-equipped, staffed, and trained fire department helps ensure the quality of life for residents and visitors by providing proactive and reactive services.



The table below shows each of the projects submitted for consideration in this year's CIP process and the estimated cost of the project in each fiscal year in the plan. Section 5 of this document contains detailed information regarding the proposed funding source for each individual project.

Fire						
Item/Project	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total Cost
Replacement of SCBA Bottles	7,000	7,000	7,000	7,000	7,000	35,000
Replacement of Turnout Gear	20,000	20,000	20,000	20,000	20,000	100,000
Hose and Appliances	8,000	10,000	10,000	10,000	10,000	48,000
Extrication Equipment	55,000	10,000	0	0	10,000	75,000
CAD & Mobile Data Terminals	20,000	10,000	0	0	0	30,000
Command Vehicle Replacement	0	0	0	75,000	0	75,000
Gear Extractor	7,000	0	0	0	0	7,000
Truck 11	0	0	0	0	1,750,000	1,750,000
Total	117,000	57,000	37,000	112,000	1,797,000	2,120,000

Continuous Projects



Replacement of SCBA Bottles and Facepieces

\$113,000
\$7,000 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 costly, critical piece of protective equipment 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 of approximately 15 years. In FY 2023, the Fire Department transitioned to 30-minute bottles because they are lighter, ergonomically better on the firefighter, and decrease firefighter fatigue and injury. The department will slowly phase in the purchase of needed spare bottles and also spread out future bottle replacement. In addition, the department needs to start replacing facepieces that the firefighters wear and attach to the SCBA. This project will allow for the purchase of four bottles and ten face masks each year.

Replacement of Turnout Gear

\$20,000
Annually

This project provides for the gradual replacement of turnout gear which includes helmets, boots, hoods, and accessories as required or needed due to wear and tear. This is the specialized personal protective equipment worn on almost every call by Fire Department personnel. The gear provides thermal and moisture protection required for firefighters to safely operate in high- heat IDLH environments. Due to the increasing incidence of cancer in the fire service, best practices are to provide personnel with two sets of replacement turnout gear, as this allows for immediate laundering after fires. A second set also allows for continuity of operations during repairs and large training events. We continue a systematic approach to replacing the turnout gear to provide personnel with the most up-to-date safety advancements while maintaining uniformity. This project allows for the replacement of four sets per year.

Purchase of Replacement Hose and Appliances

\$8,000 - \$10,000
Annually

This project allows for the systematic replacement of hose and appliances to ensure we have the capability to replace equipment as it fails due to age or damage. It also allows for clean and dry spare hose after fire incidents. This reduces wear and tear caused by reusing wet and dirty hose after fire incidents. Our apparatus requires a designated amount of hose and nozzle types to maintain our North Carolina Response Rating System (NCRRS) rating.



Replacement/Purchase of Extrication Equipment

\$55,000

Plus \$10,000 in FY 2024-25

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. Most of our original equipment is over 20 years old. While the Fire Department has taken a phased approach to replacement, technology and timing of a new engine provide an opportunity to replace extrication equipment with the replacement of Engine 11. The goal is to move to battery-operated tool system which will save space on the new Engine.

CAD and Mobile Data Terminals

\$20,000

Plus \$10,000 in FY 2024-25

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. Equipment is needed for the three large apparatus and the two Command vehicles. The cost in FY 2024 for this project will get all vehicles ready to receive the Mobile Data Terminals (antennas, routers, and VPNs). Additionally, two computers will be purchased in FY 2024 and three 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. We will operate the same system as the police department for redundancy and continuity of operations.

Gear Extractor

\$7,000

A gear extractor is a turnout gear-specific washer designed to clean gear of carcinogens and reduce wear and tear on the fabric. We were anticipating doing this in conjunction with a new building, but that project is still several years away however we have made several improvements in operations to decrease the impacts of carcinogens such as: second sets of gear and hoods, diesel exhaust systems on our apparatus, immediate decontamination, and showering after fire incidents, to name a few. This is a relatively low-cost item that will further protect our firefighters. Currently, we are using a residential washing machine that functions at lower speeds and is not designed to extract nor clean the contaminants to which are gear is exposed and holds.



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 eight and ten 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.

FY 2027-28

Replacement of Truck 11

\$1,750,000

This project reflects the planned replacement of Duck Fire's 100 Foot Ladder Truck. Truck 11 is one of the three large pieces of apparatus required for fire department operations. Best practices recommend a 25-year replacement schedule taking into consideration wear and tear and mechanical integrity. Based upon this life cycle, replacements should occur in FY 2027, but due to relatively low hours/mileage, replacement is planned for FY 2028. Based upon prior practice, it is anticipated that we would use an installment financing arrangement for 10 years to spread out the high cost of this purchase.



Police Element Projects



Projects Funded:

The purchase of patrol vehicles, large software purchases, mobile data terminals, radios, and other equipment to support the operations of the police department.

Vision 2032 Principle:

Responsive and Responsible Leadership

Vision 2032 Goal: n/a

A well-equipped, staffed, and trained police department helps ensure the quality of life for residents and visitors by providing proactive and reactive services.



The table below shows each of the projects submitted for consideration in this year's CIP process and the estimated cost of the project in each fiscal year in the plan. Section 5 of this document contains detailed information regarding the proposed funding source for each individual project.

Police						
Item/Project	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total Cost
Fixed RADAR-Based Vehicle Detectors	20,000	0	0	0	0	20,000
Duck Road Video Camera Network	24,500	0	0	0	0	24,500
Patrol Vehicles: Replacement	224,000	112,000	168,000	0	224,000	728,000
Replacement of Mobile Data Terminals	20,000	0	20,000	20,000	0	60,000
Radar Speed Sign Replacement	13,000	13,000	0	6,500	13,000	45,500
Total	301,500	125,000	188,000	26,500	237,000	878,000



Fixed RADAR-Based Vehicle Detectors**\$20,000**

Presently the Police Department uses detection data from four Automatic License Plate Reader cameras to determine traffic volume. While this method provides good statistical data, the data is subject to inaccuracies because the data is extracted from a system that is not designed to capture traffic volume. In order to collect consistent, accurate, year-round traffic statistics, a purpose-built device is needed. Permanently mounted radar-based automatic vehicle detectors provide vehicle counts and classification, individual vehicle speeds, and average speeds, with pinpoint precision, in all weather conditions, and in slow or congested traffic. Radar-based automatic vehicle detectors are low profile, easy to install on existing utility poles, will integrate with existing power and broadband connectivity, and require virtually no maintenance. This project proposes the purchase of two radar-based automatic vehicle detectors, which would be installed at the existing north and south license plate reader sites.

Duck Road Video Camera Network**\$24,500**

This project will allow the Police Department to purchase and install four high-resolution video cameras to be installed at key locations on NC Highway 12 (Duck Road) throughout the Town. The video feeds from the cameras will be available to the public on the Town's website, which will allow the public to monitor traffic conditions in real-time. This project is being proposed with the public in mind, however, the video feeds will also provide the Police Department with a valuable crime-fighting tool. The video feeds will be used in conjunction with the department's Automatic License Plate Readers to identify the minute details that often provide the nexus between a suspect and their crime. The operating costs are broadband connectivity and power. Much of the physical and technological infrastructure needed for this project is already in place, which allows the department to implement this project at a lower cost. This project was proposed in FY 2023 for competitive grant funding, but unfortunately, the project was not selected. The merits of this project are high, so the Department is requesting the project be considered for current funding in FY 2024.

Replacement of Police Mobile Data Terminals**\$20,000**

Additional \$20,000 in FY 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 officers 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 maintains an inventory of twelve ruggedized laptop computers. Each police officer is issued a laptop computer, which the officer uses to receive computer-aided dispatch calls for service, administer and upload the in-car and body-worn camera audio and video, access criminal justice databases, receive alerts from the department's fixed Automatic License Plate Cameras, and to file reports and access information through the county-wide Motorola FLEX Command Center Software Suite.



Radar Speed Sign Replacement

\$13,000

Additional \$13,000 in FY 2024 and \$6,500 in FY 2027

The Police Department has deployed seven fixed radar speed signs throughout the Town as a highly effective speed education tool for the substantial number of motorists that traverse NC Highway 12 (Duck Road) annually. This project represents the scheduled replacement of fixed radar speed signs that have reached the end of their expected lifespan.

Replacement Police Patrol Vehicles (4)

\$224,000

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)

\$112,000

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)

\$168,000

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 (including boardwalk), and the acquisition of park land.

Vision 2032 Principle:

Active, Engaged Community

Vision 2032 Goal:

Aggressively maintain and improve current facilities to enhance the Duck experience

Our parks resources, including the Town Park, Amphitheater, Soundside Boardwalk, and Playground all enhance the quality of the experience residents and visitors have in Duck Village.



The table below shows each of the projects submitted for consideration in this year's CIP process and the estimated cost of the project in each fiscal year in the plan. Section 5 of this document contains detailed information regarding the proposed funding source for each individual project.

Parks						
Item/Project	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total Cost
Playground Equipment Replace/Expand	10,000	90,000	0	90,000	0	190,000
Town Park Irrigation System Replacement	10,000	10,000	10,000	10,000	10,000	50,000
Total	20,000	100,000	10,000	100,000	10,000	240,000



Playground Equipment Replacement/Expansion

\$10,000

Additional \$90,000 in FY 2025 and \$90,000 in FY 2027

This project involves the replacement and expansion of playground equipment at the Town Park. The project includes the planning, design, and replacement of equipment in FY 2025. This project may include a small increase in the footprint of the playground space to allow for additional activities. Most of the current playground equipment at the Town Park was erected in 2007 and is heavily used by the community. Although recently inspected and found to be in good condition, the existing playground equipment is nearing the end of its expected life and will need to be replaced in the coming years to ensure the safe use of the playground. 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.

Town Park Irrigation System Replacement

\$10,000

Additional \$10,000 in four subsequent years

Over the next five years, this project would replace and upgrade much of the current irrigation system. First- year expenses would be for drilling a new well and replacing a limited number of sprinkler heads. During each of the following years, aging underground lines would be replaced and new sprinkler heads added one section at a time. The irrigation systems throughout the Town Park/Town Hall property are over ten years old and were installed in a piecemeal fashion over time. The function of some sections is so poor that they have been turned off and are not currently in use. Replacing underground lines will prevent leaks and ensure the right size of piping for pressure to the sprinklers. The current well (located behind the gazebo) is only 30-40 feet deep. Its shallowness contributes to the discoloration where sprinkler heads spray at some locations.



Public Facilities Element Projects



Projects Funded:

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

Vision 2032 Principle:

Responsive and Responsible Leadership

Vision 2032 Goal:

Complete the plan for the renovation or reconstruction of the Public Safety Building.

Our public buildings, including Town Hall, the Keller Meeting Hall, Maintenance Garage, and Public Safety Station, house critical Town functions and provide space for public gathering.



The table below shows each of the projects submitted for consideration in this year's CIP process and the estimated cost of the project in each fiscal year in the plan. Section 5 of this document contains detailed information regarding the proposed funding source for each individual project.

Public Facilities						
Item/Project	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total Cost
Public Safety Building	500,000	8,300,000	0	0	0	8,800,000
Public Safety Building - Repairs	160,000	60,000	60,000	25,000	25,000	330,000
Public Restroom (Maintenance Shop)	25,000	0	0	0	0	25,000
Boardwalk - Northern Extension (Phase 5)	100,000	988,000	0	0	0	1,088,000
Video Surveillance System	45,000	0	0	0	0	45,000
Bigbelly Trash Compactor Replacement	17,200	25,800	0	0	0	43,000
Total	847,200	9,373,800	60,000	25,000	25,000	10,331,000



Continuous Projects

Public Safety Building Repairs

\$355,000

The current Public Safety Building is 40 years old and houses over half of the Town Staff including our firefighters who work 24-hour shifts, as well as the volunteer firefighters. The building was not designed nor built to the codes required to sustain this level of use. As the Town awaits a response on the long-term renovation or reconstruction project, there is a need to make repairs to the building as the facility will be occupied for several more years. We will continue to repair the roof as necessary as long as we can prevent leaking. However, the building desperately needs siding replacement, painting, and parking lot resurfacing. The side of the parking lot that is used by the apparatus to exit and park is eroding and sinking. We no longer can hold off on these in hopes of a new facility; we must find the best and most economical repair option. The first-year outlay is predicted to be approximately \$160,000 to help sustain the utility of this facility until it is replaced.

FY 2023-24

Boardwalk – Northern Extension (Phase 5)

\$100,000

Additional \$988,000 in FY 2025 for construction

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

Video Surveillance System

\$45,000

This project replaces the existing video surveillance system at the Town Hall with a modern system with additional cameras throughout the Town campus to better monitor Town Hall, the Paul F. Keller Meeting Hall, Town Park, gazebo stage and Town Green, Town parking areas, the picnic shelter, amphitheater, garage and storage area, and the playground. The current video surveillance has limited functionality and the technology it uses is outdated. This project would replace and 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 Restroom (Maintenance Shop)

\$25,000

This project would involve the construction of a 10'x15' addition on the west side of the garage for a public restroom and wash area for maintenance personnel. A 10'x10' handicap-accessible public restroom would be accessed from outside and contain a toilet, sink, and baby changing station.

Separated by a wall, the remaining 5'x10' area would be accessible from the inside of the garage and contain a deep sink for maintenance cleanup. A small septic system would be added to serve the restroom. The additional public restroom would be a great benefit for contractors working in town as well as the general public due to its proximity to the parking area and the playground. It would also reduce the porta-potty requirements for the Duck Jazz Festival and other large events. The addition would be constructed by Town staff with assistance from necessary subcontractors (septic installer, plumber, etcetera). It can be installed with minimum damage to the existing trees and vegetation in that area.

Public Safety Building Design

\$500,000

This project is part of the Town Council's three-to-five-year goals as identified by the 2032 Vision and in the Comprehensive and 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 a 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 2024, with the 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 a design firm being selected late in FY 2023 to help provide design alternatives for a new facility or a fully renovated and expanded facility on the current site.

Bigbelly Trash Compactor Replacement

\$17,200

Additional \$25,800 in FY 24-25

We currently have five "Bigbelly" combination trash and recycling compactors in place in our park and on the boardwalk. These units took the place of multiple traditional trash cans and helped reduce the space taken up by the discarded materials due to the solar-powered internal compactors. These units were purchased and installed in 2014 and we have begun to experience increased, frequent maintenance issues. Per the manufacturer, they have a lifespan of between eight and ten years, so it is time to begin replacing them. Their current cost, including a full, and customized, graphic wrap, and foot pedals is \$8,600 for each double unit.



FY 2024-25

Public Safety Building Construction

\$8,000,000

As noted in the design phase of this project described above, this project is one of the Town Council's short-range goals. This project, assuming a suitable long-term site lease can be secured, contemplates the construction of a new facility or the full renovation and expansion of the current facility. Grants will be sought to assist with construction costs and other funding will be through long-term borrowing.



Streets and Highways Element Projects

Projects Funded:

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

Vision 2032 Principle:

Enhanced Movability

Vision 2032 Goal:

Implement all facets of the Town of Duck Comprehensive Pedestrian Plan, including exploration of ongoing enhancements to pedestrian walkways, and analyze, investigate and plan the westside multi-use trail.

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



The table below shows each of the projects submitted for consideration in this year's CIP process and the estimated cost of the project in each fiscal year in the plan. Section 5 of this document contains detailed information regarding the proposed funding source for each individual project.

Streets and Highways						
Item/Project	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total Cost
Duck Trail Repaving	116,000	130,000	135,000	140,000	145,000	666,000
Stormwater Management (NC 12)	90,000	0	0	0	0	90,000
Coastal Resiliency Project (NC 12 Elevation)	2,795,230	0	0	0	0	2,795,230
Retaining Wall Replacement	25,000	30,000	30,000	30,000	0	115,000
West Side Sidewalk/Trail	80,000	120,000	0	0	0	200,000
Duck Village Pedestrian Enhancements	42,000	0	0	0	0	42,000
Total	3,148,230	280,000	165,000	170,000	145,000	3,908,230



Continuous Projects

Duck Trail Repaving

\$116,000 in FY 2023-24

\$120,000 - \$145,000 per year

This project involves repaving portions of the Duck Trail with a concrete pathway on an annual basis. The repaving may include subgrade repairs and stormwater management improvements where needed. Portions of the Duck Trail are over twenty years old and need to be repaired and repaved due to general wear and tear, utility work, damage due to root intrusion, and stormwater management needs. New pavement will be concrete to wear better and last longer. With construction costs rising, modest annual increases are included. The project for FY 2023-24 involves removal of an existing four-foot (4') wide sidewalk and construction of an eight-foot (8') wide concrete bicycle/pedestrian pathway adjoining the Ocean Crest neighborhood. Associated improvements include construction of a retaining wall, grading a shallow infiltration basin to assist with stormwater management, and minor revisions to existing landscaping. There have been several documented incidents relating to bicycle safety on this section of the Duck Trail. The proposed pedestrian and bicycle improvements will enhance the safety and traveling experience for pedestrians and bicycle riders along this portion of the Duck Trail leading into Duck Village.

FY 2023-24

NC Highway 12 Elevation

\$2,975,230

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 Highway 12, elevating the NC Highway 12 roadway, and installing stormwater management improvements through 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 Highway 12 will reduce its vulnerability to flooding. Installing a stormwater management system will improve water quality in the Currituck Sound. Lastly, the project will include extending the center turn lane from its current terminus south of Resort Realty to a new terminus north of Dune Road. It is anticipated that the entire project cost will be funded by a combination of six grants (federal, state, and private) with no matching funds from the Town.

Stormwater Management (NC Highway 12)

\$90,000

This project involves the construction of improvements intended to address stormwater drainage issues along NC Highway 12 and the Duck Trail. The specific project in FY 2024 includes stormwater drainage improvements near Wee Winks/Duck United Methodist Church. Drainage features along NC Highway 12 near Wee Winks/Duck Church do not have a functional drainage outfall and backup during storms, causing flooding. Proposed drainage improvements will improve this situation.



Retaining Wall Replacement

\$25,000

Additional \$30,000 in FY 2025, 2026, and 2027

This project involves funding for the replacement of public retaining walls in poor condition along the Duck Trail/NC Highway 12. The improvements for FY 2024 include the replacement of an existing retaining wall north of Plover Drive. The improvements for FY 2025 include the replacement of an existing retaining wall north of Tuckahoe Drive. Figures in the years beyond involve a variety of smaller projects. The Town of Duck conducted a study evaluating 21 retaining walls along the Duck Trail/NC Highway 12, some of which are in disrepair and need replacement or removal. This replacement program is intended to improve public safety and Town liability by minimizing the likelihood of retaining wall failure. The replacement schedule addresses the retaining walls in poorest condition first. Priorities will be set annually by Town Council during the budget process.

Duck Road West Side Sidewalk/Trail

\$120,000

This project involves construction of an eight-foot (8') wide concrete bicycle/pedestrian pathway paralleling Duck Road and adjoining the west side neighborhoods south of Duck Village. The proposed pedestrian and bicycle improvements will enhance the safety and traveling experience for pedestrians and bicycle riders along this portion of the Duck Trail leading into Duck Village. This project is identified in the Town's adopted Comprehensive Pedestrian Plan and 2032 Vision. The Town is seeking an NCDOT grant to fund a majority of the initial feasibility study in FY 2024. Future construction cost estimates are unknown at this time but should be available next year as the feasibility study is completed.

Duck Village Pedestrian Enhancements

\$42,000

These projects involve the addition of crosswalk improvements (including high visibility markings and tubular markers) at the Scarborough Lane Shoppes and Christopher Drive crosswalks. Also, the existing crosswalk at Wee Winks shopping center would be moved south of the entrance. Additional safety and directional signage/markings would be installed prior to transitions at the northern (Sunset Grill) and southern (Aqua) ends of the Duck Village sidewalks. In November 2021, the Town Council received a report and presentation by Brian Mayhew (NCDOT) and Lauren Blackburn (VHB) outlining these recommended crosswalk safety enhancements. The proposed improvements will enhance the safety and traveling experience for pedestrians and bicycle riders within and leading into Duck Village.

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 6% for installment finance and 5% for bond debt issues.

For police and other light vehicle replacement, and for other lease/purchase projects, we use a 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 ten-year term and a twenty- year term for the Public Safety Building. Increasing the length of the term for these issues would result in a lower annual payment, but a higher overall interest cost over the life of the borrowing.

Element Totals	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total Cost
Environmental Protection	928,500	365,000	395,000	780,000	6,050,000	8,518,500
Fire	117,000	57,000	37,000	112,000	1,797,000	2,120,000
Police	301,500	125,000	188,000	26,500	237,000	878,000
Parks	20,000	100,000	10,000	100,000	10,000	240,000
Public Facilities	847,200	9,373,800	60,000	25,000	25,000	10,331,000
Streets and Highways	3,148,230	280,000	165,000	170,000	145,000	3,908,230
Total	5,362,430	10,300,800	855,000	1,213,500	8,264,000	25,995,730
Revenue Source Totals	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total Cost
Grant	3,217,230	24,000	24,000	24,000	24,000	3,313,230
Interlocal	0	0	0	0	0	0
Town Funds	1,921,200	2,164,800	663,000	1,114,500	8,016,000	13,879,500
Debt Issued	224,000	8,112,000	168,000	75,000	224,000	8,803,000
Total	5,362,430	10,300,800	855,000	1,213,500	8,264,000	25,995,730

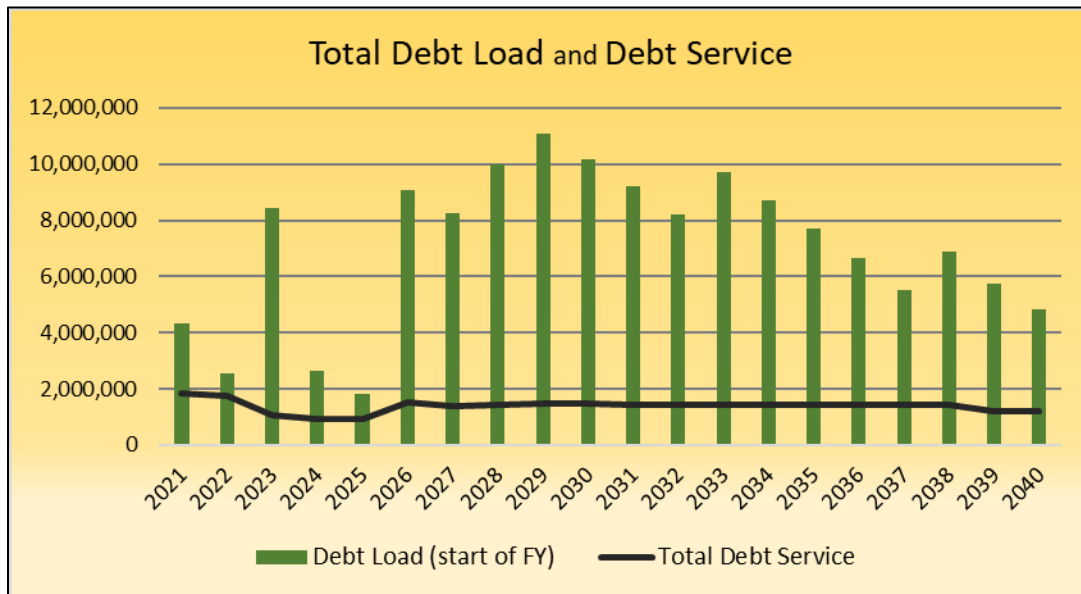
Section 4: CIP Financial Impact Analysis on Town Finances

A key element of the CIP is the financial impact analysis that discusses the effects of capital spending on the Town's operation costs, debt capacity, and other important debt ratios. It is important to understand how capital spending affects these indicators because the Local Government Commission (LGC) and bond rating agencies use them to evaluate the Town's financial condition and to issue ratings. While not currently rated by Standard & Poor's or Moody's Investors Service, it is important for Duck to maintain ratios that show strong financial footing when doing any type of debt issuance. Other factors bond rating agencies consider when assessing a town's financial condition may include the community's wealth, tax base, sources of revenues, and the overall economy. The indicators discussed below do not reflect the inclusion of the short-term bond for beach nourishment that will be paid for using reimbursement funds from FEMA.

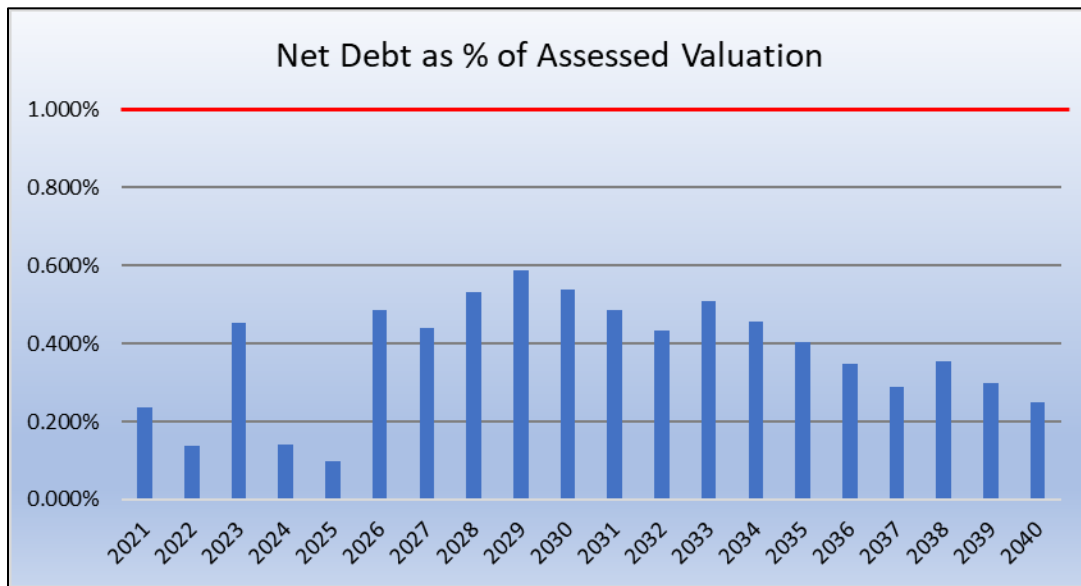
Debt Ratios

The large costs associated with capital projects may require financing, which results in debt obligation for the Town. The LGC and bond rating agencies assess the Town's ability to incur and repay debt through various debt capacity ratios and indicators. The Town evaluates net debt as a percentage of total assessed value of taxable property, the aggregate ten-year principal payout ratio, and the ratio of debt service expenditures as a percent of total fund expenditures.

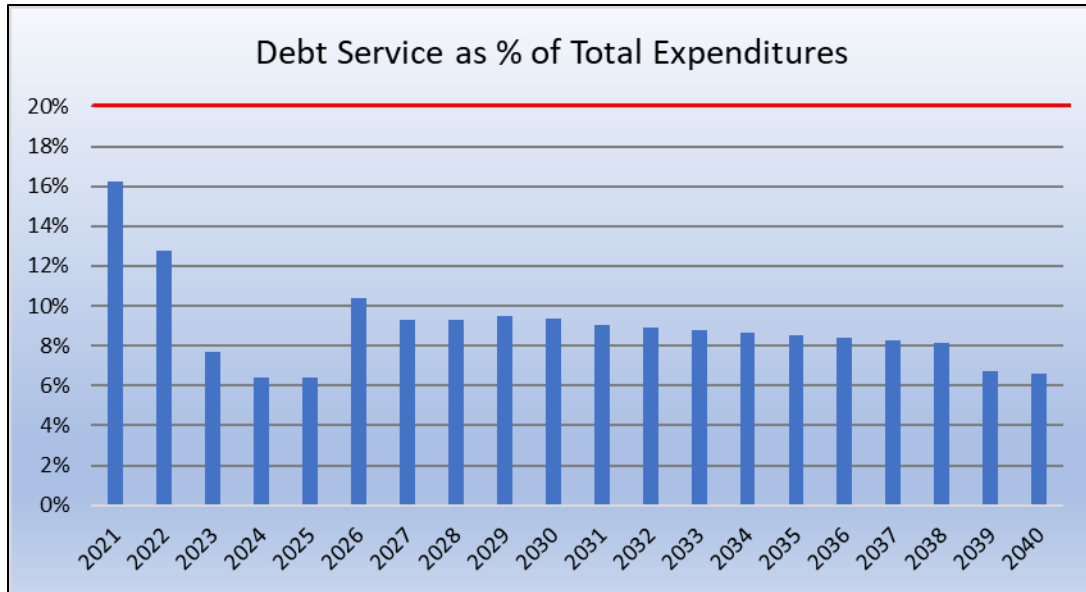
The chart below shows the total debt load (amount of principal outstanding) at the beginning of each fiscal year and the amount of debt service (principal and interest) due in that year for all outstanding debt.



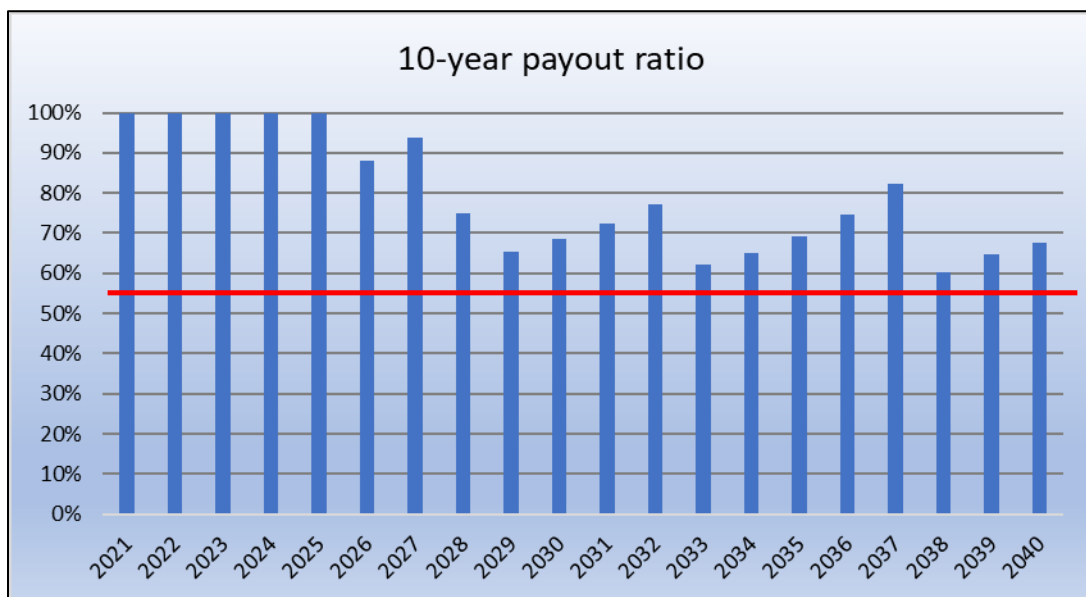
Net debt per assessed valuation is an important indicator because it considers the Town's largest revenue source and greatest means for repaying debt. This is a measure of debt capacity as well as debt burden. This ratio divides the Town's net debt by its total assessed value, where net debt is defined as all tax-supported debt. Town policy states that its net debt per assessed valuation should not exceed 1.0 percent. Duck's expected debt-to-assessed valuation ratio for FY23-24 is .141 percent. Upcoming projects in the CIP will require additional debt financing and will increase the Town's ratio to a high of .587 percent by FY28-29. 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, 2022 audited valuation is \$149,066,572. The CIP includes a maximum debt obligation of \$11,077,156 in FY28-29.



Debt service as a percentage of total expenditures measures annual debt service payments of non-self-supporting projects as a portion of the Town's expenditures. Debt service payments can become a large portion of a town's budget and should be monitored to ensure acceptable levels. Too much debt service may indicate excessive debt and fiscal strain. Bond rating agencies consider a net debt service 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 FY23-24, the debt service ratio is 6.4 percent and reaches a high of 10.4 percent in FY25-26 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 ten years. As an indicator, it determines if debt is backloaded, which can cause concern for long-term financial stability. Duck has a policy that establishes a minimum ten-year payout ratio of 55 percent. The CIP includes the issuance of Special Obligation Bonds as well as new installment purchase financing. The new debt, particularly a 20-year borrowing for the Public Safety Station and the next round of beach nourishment, brings the payout ratio down from a high of 100 percent in FY20-21 to a low of 62 percent in FY32-33, 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-you-go financing can help keep key debt ratios in an acceptable range by eliminating new debt obligations and annual debt service payments. The proposed CIP indicates differences from year to year in pay-as-you-go financing over the five-year period. This is due to the significant costs associated with some larger projects such as roads or a new fire station. If debt ratios begin to approach unacceptable ranges, delaying projects or using pay-as-you-go financing should be considered to keep the Town in good financial standing and reduce fiscal strain.

This table shows the demand on reserve funds, current (budgeted pay-go funds), and debt service (existing and new).

Cash Demand	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total Spending
Reserve Funds	0	0	0	0	5,900,000	5,900,000
Current Funds	2,265,200	2,188,800	687,000	1,138,500	390,000	6,669,500
New Debt Service	588,339	672,139	1,421,142	1,421,142	859,297	4,962,059
Existing Debt Service	0	0	0	0	0	0
Total	2,853,539	2,860,939	2,108,142	2,559,642	7,149,297	17,531,559

Element Totals	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total Cost
Environmental Protection	928,500	365,000	395,000	780,000	6,050,000	8,518,500
Fire	117,000	57,000	37,000	112,000	1,797,000	2,120,000
Police	301,500	125,000	188,000	26,500	237,000	878,000
Parks	20,000	100,000	10,000	100,000	10,000	240,000
Public Facilities	847,200	9,373,800	60,000	25,000	25,000	10,331,000
Streets and Highways	3,148,230	280,000	165,000	170,000	145,000	3,908,230
Total	5,362,430	10,300,800	855,000	1,213,500	8,264,000	25,995,730
Revenue Source Totals	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total Cost
Grant	3,217,230	24,000	24,000	24,000	24,000	3,313,230
Interlocal	0	0	0	0	0	0
Town Funds	1,921,200	2,164,800	663,000	1,114,500	8,016,000	13,879,500
Debt Issued	224,000	8,112,000	168,000	75,000	224,000	8,803,000
Total	5,362,430	10,300,800	855,000	1,213,500	8,264,000	25,995,730

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 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total Cost
Beach Renourishment	Total	100,000	100,000	100,000	500,000	5,900,000	6,700,000
	Grant						0
	Interlocal						0
	Town Funds	100,000	100,000	100,000	500,000	5,900,000	6,700,000
	Debt Issued						0
Beach Planting/ Sand Fencing	Total	150,000	150,000	150,000	150,000	120,000	720,000
	Grant	24,000	24,000	24,000	24,000	24,000	120,000
	Interlocal						0
	Town Funds	126,000	126,000	126,000	126,000	96,000	600,000
	Debt Issued						0
Town Park Shoreline Protection	Total	478,500	0	0	0		478,500
	Grant	220,000					220,000
	Interlocal						0
	Town Funds	258,500					258,500
	Debt Issued						0
Neighborhood Stormwater Management	Total	200,000	115,000	145,000	130,000	30,000	620,000
	Grant	100,000					100,000
	Interlocal						0
	Town Funds	100,000	115,000	145,000	130,000	30,000	520,000
	Debt Issued						0
Total	Total	928,500	365,000	395,000	780,000	6,050,000	8,518,500
	Grant	344,000	24,000	24,000	24,000	24,000	440,000
	Interlocal	0	0	0	0	0	0
	Town Funds	584,500	341,000	371,000	756,000	6,026,000	8,078,500
	Debt Issued	0	0	0	0	0	0

Fire							
Item/Project		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total Cost
Replacement of SCBA Bottles	Total	7,000	7,000	7,000	7,000	7,000	35,000
	Grant						0
	Interlocal						0
	Town Funds	7,000	7,000	7,000	7,000	7,000	35,000
	Debt Issued						0
Replacement of Turnout Gear	Total	20,000	20,000	20,000	20,000	20,000	100,000
	Grant						0
	Interlocal						0
	Town Funds	20,000	20,000	20,000	20,000	20,000	100,000
	Debt Issued						0
Hose and Appliances	Total	8,000	10,000	10,000	10,000	10,000	48,000
	Grant						0
	Interlocal						0
	Town Funds	8,000	10,000	10,000	10,000	10,000	48,000
	Debt Issued						0
Extrication Equipment	Total	55,000	10,000	0	0	10,000	75,000
	Grant						0
	Interlocal						0
	Town Funds	55,000	10,000			10,000	75,000
	Debt Issued						0

Command Vehicle Replacement	Total	0	0	0	75,000	0	75,000
	Grant						0
	Interlocal						0
	Town Funds						0
	Debt Issued				75,000		75,000
CAD & Mobile Data Terminals	Total	20,000	10,000	0	0	0	30,000
	Grant						0
	Interlocal						0
	Town Funds	20,000	10,000				30,000
	Debt Issued						0
Gear Extractor	Total	7,000	0	0	0	0	7,000
	Grant						0
	Interlocal						0
	Town Funds	7,000					7,000
	Debt Issued						0
Truck 11	Total	0	0	0	0	1,750,000	1,750,000
	Grant						0
	Interlocal						0
	Town Funds					1,750,000	1,750,000
	Debt Issued						0
Total	Total	117,000	57,000	37,000	112,000	1,797,000	2,120,000
	Grant	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0
	Town Funds	117,000	57,000	37,000	37,000	1,797,000	2,045,000
	Debt Issued	0	0	0	75,000	0	75,000

Police							
Item/Project		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total Cost
Fixed RADAR-Based Vehicle Detectors	Total	20,000	0	0	0		20,000
	Grant						0
	Interlocal						0
	Town Funds	20,000	0	0	0	0	20,000
	Debt Issued						0
Duck Road Video Camera Network	Total	24,500	0	0	0	0	24,500
	Grant						0
	Interlocal						0
	Town Funds	24,500					24,500
	Debt Issued						0
Patrol Vehicles: Replacement	Total	224,000	112,000	168,000	0	224,000	728,000
	Grant						0
	Interlocal						0
	Town Funds						0
	Debt Issued	224,000	112,000	168,000		224,000	728,000
Replacement of Mobile Data Terminals	Total	20,000	0	20,000	20,000	0	60,000
	Grant						0
	Interlocal						0
	Town Funds	20,000		20,000	20,000		60,000
	Debt Issued						0

Radar Speed Sign Replacement	Total	13,000	13,000	0	6,500	13,000	45,500
	Grant						0
	Interlocal						0
	Town Funds	13,000	13,000		6,500	13,000	45,500
	Debt Issued						0
Total	Total	301,500	125,000	188,000	26,500	237,000	878,000
	Grant	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0
	Town Funds	77,500	13,000	20,000	26,500	13,000	150,000
	Debt Issued	224,000	112,000	168,000	0	224,000	728,000

Parks							
Item/Project		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total Cost
Playground Equipment Replace/Expand	Total	10,000	90,000	0	90,000	0	190,000
	Grant						0
	Interlocal						0
	Town Funds	10,000	90,000		90,000		190,000
	Debt Issued						0
Town Park Irrigation System Replacement	Total	10,000	10,000	10,000	10,000	10,000	190,000
	Grant						0
	Interlocal						0
	Town Funds	10,000	10,000	10,000	10,000	10,000	190,000
	Debt Issued						0
Total	Total	20,000	100,000	10,000	100,000	10,000	240,000
	Grant	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0
	Town Funds	20,000	100,000	10,000	100,000	10,000	240,000
	Debt Issued	0	0	0	0	0	0

Public Facilities							
Item/Project		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total Cost
Public Safety Building	Total	500,000	8,300,000	0	0	0	8,800,000
	Grant						0
	Interlocal						0
	Town Funds	500,000	300,000				800,000
	Debt Issued		8,000,000				8,000,000
Public Safety Building - Repairs	Total	160,000	60,000	60,000	25,000	25,000	330,000
	Grant						0
	Interlocal						0
	Town Funds	160,000	60,000	60,000	25,000	25,000	355,000
	Debt Issued						0
Public Restroom (Maintenance Shop)	Total	25,000	0	0	0	0	25,000
	Grant						0
	Interlocal						0
	Town Funds	25,000					25,000
	Debt Issued						0
Boardwalk - Northern Extension (Phase 5)	Total	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

Video Surveillance System	Total	45,000	0	0	0	0	45,000
	Grant						0
	Interlocal						0
	Town Funds	45,000					45,000
	Debt Issued						0
Bigbelly Trash Compactor Replacement	Total	17,200	25,800	0	0	0	43,000
	Grant						0
	Interlocal						0
	Town Funds	17,200	25,800				43,000
	Debt Issued						0
Total	Total	847,200	9,373,800	60,000	25,000	25,000	10,331,000
	Grant	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0
	Town Funds	847,200	1,373,800	60,000	25,000	25,000	2,356,000
	Debt Issued	0	8,000,000	0	0	0	8,000,000

Streets and Highways							
Item/Project		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total Cost
Duck Trail Repaving	Total	116,000	130,000	135,000	140,000	145,000	666,000
	Grant	78,000					78,000
	Interlocal						0
	Town Funds	38,000	130,000	135,000	140,000	145,000	588,000
	Debt Issued						0
Stormwater Management (NC 12)	Total	90,000	0	0	0	0	90,000
	Grant						0
	Interlocal						0
	Town Funds	90,000					90,000
	Debt Issued						0
Coastal Resiliency Project (NC 12 Elevation)	Total	2,795,230	0	0	0	0	2,795,230
	Grant	2,795,230					2,795,230
	Interlocal						0
	Town Funds						0
	Debt Issued						0
Retaining Wall Replacement	Total	25,000	30,000	30,000	30,000	0	115,000
	Grant						0
	Interlocal						0
	Town Funds	25,000	30,000	30,000	30,000		115,000
	Debt Issued						0

West Side Sidewalk/Trail	Total	80,000	120,000	0	0	0	200,000
	Grant						0
	Interlocal						0
	Town Funds	80,000	120,000				200,000
	Debt Issued						0
Duck Village Pedestrian Enhancements	Total	42,000	0	0	0	0	675,000
	Grant						0
	Interlocal						0
	Town Funds	42,000					42,000
	Debt Issued						0
Total	Total	3,148,230	280,000	165,000	170,000	145,000	3,908,230
	Grant	2,873,230	0	0	0	0	2,873,230
	Interlocal	0	0	0	0	0	0
	Town Funds	275,000	280,000	165,000	170,000	145,000	1,035,000
	Debt Issued	0	0	0	0	0	0

Appendix A

THE 2032 VISION

In 2032, the Town of Duck, North Carolina, is a thriving coastal community. We respect and value our delicate, yet dynamic barrier island environment -- clean waters and beaches, maritime forests, wetlands, and 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



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

ENHANCED MOVABILITY



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

ENVIRONMENTAL STEWARDSHIP



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

ACTIVE, ENGAGED COMMUNITY



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

VIBRANT, THRIVING BUSINESS COMMUNITY



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

RESPONSIVE AND RESPONSIBLE LEADERSHIP



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

THREE TO FIVE-YEAR GOALS

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



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

Enhanced Movability			
1	Finalize the last section of the boardwalk by connecting to the property at 1248 Duck Road		
2	Continue to advocate for traffic improvements including the construction of the Mid-Currituck Bridge and enhance public understanding of traffic issues		
		· Enhance public knowledge regarding the volume of traffic passing through Duck each day	
		· Make data accessible to improve understanding of the issues (i.e. volume, traffic studies, etc.)	
		· Include information about the BRIC project and what it will improve	
3	Implement all facets of the Town of Duck Comprehensive Pedestrian Plan, including exploration of ongoing enhancements to pedestrian walkways		
4	Analyze, investigate and plan the westside multi-use trail		

Environmental Stewardship			
1	Continue the ongoing Town of Duck Beach Nourishment Project and continue efforts to monitor other areas of the Town to identify possible future projects		
2	Evaluate and implement stormwater improvements		
		· Investigate mitigation of stormwater issues in neighborhoods	
		· Stormwater management needs to move into the neighborhoods; many are private roads and neighborhoods don't always know how to address the issue; need to partner with the neighborhoods to provide assistance	
3	Stay abreast of climate change impacts and vulnerability and educate our community as appropriate		
		· Effect of sea level rise and impact	
		· Monitor impact and determine role in working with citizens	
4	Plan for and construct living shoreline and shoreline protection on sound frontage		
		· Address soundside erosion	





Active, Engaged Community			
1	Continue to implement thoughtful strategies designed to engage Town stakeholders		
		· Foster community participation with ongoing events including shoulder and off-season experiences	
		· Leverage technology to maintain a high level of communication and inclusion	
		· Enhance our network of volunteers and ensure continuity	
		· Learn more about seasonal stakeholders	
		· Create structured but relaxed opportunities for staff, council, and stakeholders to come together to share information and ideas	
2	Develop a strong relationship between the property managers and the Town		
		· Ensure that there is a strong awareness of public safety interface	
		· Ensure that appropriate information is shared with visitors	
3	Aggressively maintain and improve current facilities to enhance the Duck experience		
		· Consider additional restrooms, to include assessment of need, impact, and feasibility	
4	Improve trash pick-up in Duck to minimize the amount of the time that trashcans are on the street and to eliminate overflow		
		· Resolve issues with the performance of the vendor	
		· Explore/consider going to a roll in, roll out system	
		· Work with homeowners and property managers as required	

Vibrant, Thriving Business Community	
1	Foster collaboration with businesses to enhance beautification and to maintain their facilities
2	Maintain and enhance our events and help the businesses connect with them
3	Explore workforce housing options to support the business community

Responsive and Responsible Leadership			
1	Continue the 5 Year Financial Plan to optimize our resources		
		· Address human resources, infrastructure, fund balance, revenues, demographics, future circumstances and capacity	
		· Develop a fiscal plan that sets a tax rate designed to reasonably fund projects and services and reflects the desire for flat/slow tax growth	
		· Work to get the most value for our tax dollars and communicate these decisions to all stakeholders	
		· Evaluate outcomes, both qualitatively and quantitatively (performance management)	
2	Complete plan for the renovation or reconstruction of the public safety building		
		· Establish connections and relationships with Army Corps of Engineers	
		· Continue efforts to establish a long-term lease	
		· Focus on vision and take a long term view	
		· May need a different approach to establish the public safety building	
3	Explore ongoing beach management including strategies, ordinances, access, tents, and driving		
4	Explore and understand demographic changes occurring in Duck and use them to shape policy		
5	Provide opportunities for elected leaders and appointed board members to learn about their roles and best practices		

Appendix B

Fiscal Year 2023-24 Town Council Goals

Weighted tally of "votes" assigning a numerical value of 3 to "stars"							
		Total	Don	Monica	Sandy	Rob	Tony
	Maintain/grow fund balance with no/minimal tax increase	9	3		3		3
	Enforce our SUPs and other ordinances	5			1	4	
	Aggressively pursue construction/renovation of the public safety building	4	1		1	1	1
	Initiate studies for additional parking and bathrooms in the Town Park	3	1		1		1
	Continue to evaluate the feasibility of Duck Trail expansion on the west side of NC 12 (north and south of village)	3	1	1			1
	Stormwater Management Programs	3		1	1		1
	Monitor and understand the changing demographic of our Town and the potential impacts and vulnerability	3	1		1	1	
	Maintain/Establish relationships with the USACE	3		3			
	BRIC grant implementation	2	1	1			
	Education on recycling and trash pick up in general	2		1		1	
	Aggressively maintain Town facilities	2			1		1
	Structured, unstructured opportunities to meet with Council and Staff	2		1			1
	Continue to pursue opportunities for land for Town facilities	1	1				
	Carefully consider the unintended impacts of changes in development	1				1	
	Public communications - businesses, residents, vacationers	1		1			
	Advocate for and partner in improvements in broadband infrastructure	1				1	
	Continued maintenance/improvement of existing trail	0					
	Continually evaluate our compensation comparatively with other towns	0					
			Don	Monica	Sandy	Rob	Tony
			9	9	9	9	9
Unifying Principals Icons  Duck and Our Village  Environmental Stewardship  Enhanced Movability  Thriving Business Community  Active Engaged Community  Responsive and Responsible Leadership							