

Fiscal Year 2021-2022

Annual Budget

Town Council

Don Kingston, Mayor
Monica Thibodeau, Mayor Pro-Tem
Nancy Caviness
Rob Mooney
Sandy Whitman



Administration and Department Directors

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

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Budget Guide

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

The Budget Document

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

Budget Message & Ordinance

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

Community & Organizational Profile

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

Financial Summaries

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

Funds & Line Items

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

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

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

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

Capital Improvement Plan

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

Supplemental Information

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

How to Read the Budget Document

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

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

Interpreting Tables & Charts

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

Administration						
Account Description	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Salaries and Wages						
Salaries and Wages (PT)						
FICA						
Workers' Compensation						
Supplemental Retirement (LERS)						
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, 2021

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, 2021 and ending June 30, 2022 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 2021-2022 (FY21-22) Budget, Town staff followed guidance from Town Council's adopted Vision 2027 which contains the following:

THE SIX UNIFYING PRINCIPLES

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

DUCK AND OUR VILLAGE

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

ENHANCED MOVABILITY

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

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

ENVIRONMENTAL STEWARDSHIP

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

ACTIVE, ENGAGED COMMUNITY

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

VIBRANT, THRIVING BUSINESS COMMUNITY

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

RESPONSIVE AND RESPONSIBLE LEADERSHIP

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

The FY21-22 Recommended Budget totals \$13,932,965 for all Town operations, capital improvements, and debt service requirements. This is \$2,456,175 (21.4%) more than the FY20-21 Amended Budget as of April 1, 2021. Following Town Council's direction, the budget is balanced with a tax rate of \$0.22, an increase of \$.0236 from the current tax rate 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 20% 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. FY21-

22 is the last year for debt service for the 2017 Nourishment project and contains expenses related to preparing for the 2022 Renourishment project.

Revenue

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

Revenues are budgeted at \$13,932,965, a 21.4% increase compared to the FY20-21 Amended Budget as of April 1, 2021. 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 \$4,092,304 or only 29.4% of the revenue for our General Fund in FY21-22. In addition, MSD taxes account for an additional 1,000,971, or 7.2% of our revenue. This means that nearly two-thirds of the services that we provide in the are paid for with sources other than local property tax revenue. State law limits the rate a locality may charge for this tax to \$1.50 per \$100 of valuation.

The Town of Duck contracts with the Dare County tax office to collect our taxes. This enables our residents to receive one tax bill and remit payment to one place. It also allows us to enjoy an excellent collection rate for real and personal property taxes. In FY21-22, we have budgeted for a collection rate of 99.85% 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 FY21-22 Recommended Budget totals \$13,932,625 for all Town operations, capital improvements, and debt service requirements. This is \$2,456,175 (21.4%) more than the FY20-21 Amended Budget as of April 1, 2021.

One of the largest expenditures for Duck, and for most localities, is the cost of personnel. Our professional staff allows the Town to continue to provide quality service to our residents. The total of all personnel related expenses, including wages and benefits, is budgeted at \$3,624,400. This represents a total of 26% of the total budget. Due mainly to adding 5 new staff members and increasing a part-time staff member to full time, this budget reflects a total personnel cost increase of 149% over the FY 2020-21 adopted budget. This budget does contain provisions for a 1.5% merit increase and a 3% for merit bonuses in accordance with current Town practice.

This budget also, following the recommendations from the Pay & Classification Plan and Personnel Policy revision work done in FY 20-21, includes \$12,482 for longevity bonuses for staff and a similarly modest amount to implement a career progression program for our patrol officers. The Pay Plan updates, which were designed to ensure we remain competitive in this market to recruit and retain quality employees, results in a gross increase in total salaries of \$53,966.

This table shows the total number of personnel in each department over the last three years and what is proposed for FY 21-22.

Personnel by Department						
Department	FY 18-19	FY 19-20	FY 20-21	FY 21-22 Proposed	# Change	Percent Change
Administration	4	5	5	5.5	0.5	10%
Public Facilities	0	0	0	1	1	100%
Police	12.5	12.5	12.5	14.5	2	16%
Fire	12.5	12.5	12.5	14.5	2	16%
Inspections	1.5	1.5	2.5	2	-0.5	-20%
Community Development	1.5	1.5	2	2.5	0.5	25%
Total	32	33	34.5	40	5.5	15.9%

The changes shown in the chart above are as follows:

- Administration – reallocation of current Permits Coordinator duties to add Deputy Town Clerk duties
- Public Facilities – moves the part time Maintenance Technician from Inspections to Public Facilities and increases this to a full-time position
- Police – adds two full-time patrol officers
- Fire – adds two full-time firefighter/EMTs
- Inspections – moves the part-time Maintenance Technician as described above
- Community Development – moves the Permits Coordinator allocation to Administration and adds a new Planner position

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 noted above, 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

- Election expense estimated per Dare County Board of Elections
- Laptops to replace older iPads
- Property and Liability insurance increase due to reinsurance rates and experience. \$7,428 (14.2%)

Administration

- Three computer replacements per schedule

Finance

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

Legal

- Monthly retainer increases (\$300) to \$2,800 per month. First increase since 2007

Public Facilities

- Formerly Public Buildings
- Part-Time Maintenance Technician moved from Inspections and now full-time
- New microphones and display screens for Meeting Hall
- Acoustic improvements for Meeting Hall to improve sound quality

Information Technology

- Includes \$535 for security training for all system users

Police

- Two new patrol officers
- Two computer replacements – one split with Fire
- Purchase of 12 (Automated External Defibrillators) AEDs
- Replacing mobile and portable radios
- Three replacement vehicles
- Two new vehicles for new positions

Fire

- Two new firefighter/EMTs
- Three computer replacements – one split with Police
- Replacing mobile and portable radios
- Replacing turnout gear – per schedule
- Replacing Thermal Imaging Cameras

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- SCBA replacement – per schedule
- Hose and appliance replacement – per schedule
- Extrication equipment replacement
- Subsidy to Duck Volunteer Fire Department - \$22,000 increase
- \$6,000 for roof repairs

Inspections

- Part-time maintenance technician moved to Public Facilities

Ocean Rescue

- Increase of \$8,500 per contract
- No change in service provided

Streets & Highways

- Professional Services for construction administration for the Highway 12 project and additional for work related to Duck Trail maintenance
- Repaving Duck Trail – annual
- Stormwater management along Duck Trail
- Retaining wall replacement along Duck Trail per study
- Highway 12 project including living shoreline, phase IV of the Duck Village sidewalk project and the elevation of Highway 12

Sanitation

- Cost increases per contracts for trash and recycling service

Environmental Protection

- Formerly Beach Protection
- Professional Services (Engineering, Financial Advisor) related to Beach Renourishment
- Professional Service for engineering related to Town Park shoreline project (future)
- Beach grass planting, beach monitoring, etc.

Community Development

- New Planner position
- Drone – for beach and wetland monitoring and flooding evaluation

Recreation and Special Events

- Formerly Parks
- Park and Beach signage
- Event expenses – performers, stage, lighting, etc.

Expenditures by Function					
Function	FY19-20 Actual	FY20-21 Budget	FY21-22 Recommend	Variance v. CY	% Change
General Government	1,484,426	1,897,892	1,661,947	(235,945)	-12.4%
Public Safety	3,664,232	3,534,401	4,533,827	999,426	28.3%
Streets & Highways	1,032,502	1,408,174	2,904,586	1,496,412	106.3%
Community Development	359,230	326,229	304,625	(21,604)	-6.6%
Environmental Protection	2,725,505	3,051,172	2,949,623	(101,549)	-3.3%
Cultural & Recreation	312,772	243,039	186,900	(56,139)	-23.1%
Transfers and Contingency	1,221,390	1,015,543	1,391,117	375,574	37.0%
Total	10,800,057	11,476,450	13,932,625	2,456,175	21.4%

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 at least 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, 2021, is \$6.44 million or 63.4% of FY21-22 expenditures. The recommended budget does not include use of fund balance. We do not use reserves for operating costs and carefully evaluate any use of fund balance for unanticipated opportunities and capital expenses.

Conclusion

It remains important to concentrate our annual budgeting efforts on maintaining current levels of service and maintenance of Town-owned property and infrastructure, ensure we are providing competitive compensation for our small staff while attempting to avoid any large increase in rates and fees. The budget being presented for your consideration accomplishes these goals. Each year we are faced with different challenges and opportunities. Last year, it was the COVID-19 Pandemic and widespread civil unrest. As of today, there are still many unknowns related to the long-term effects of COVID-19 on our national, state and local economies and budgets.

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 2021 – 2022 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, 2021 and ending June 30, 2022.

Section 1: General Fund

General Fund Revenues

Ad Valorem Taxes	\$4,092,304
MSD Taxes	\$1,000,971
Local Government Sales Tax	\$1,581,889
Real Estate Transfer Tax	\$397,280
Occupancy Tax	\$1,548,771
Grants	\$2,436,782
ABC and Beer & Wine	\$64,913
Utility Taxes	\$409,790
Permits and Fees	\$171,248
Investment Earnings and Sale of Assets	\$48,800
Transfers	\$1,476,489
Debt Proceeds	\$650,888
Fund Balance Appropriated	\$0
Other Revenue	\$52,500
Total Revenues	\$13,932,625

General Fund Expenditures

Governing Body	\$146,159
Administration	\$659,090
Finance	\$100,290
Legal	\$82,200
Public Facilities	\$521,593
Information Technology	\$152,615
Police	\$1,909,688
Fire	\$1,887,873
Inspections	\$204,767
Ocean Rescue	\$531,500
Streets & Highways	\$2,904,586
Sanitation	\$1,187,286
Environmental Protection	\$1,762,338

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Community Development	\$304,625
Recreation & Special Events	\$186,900
Transfers	\$1,317,349
Contingency	\$73,768
Total Expenditures	\$13,932,625

Section 2: Beach Nourishment Capital Reserve Fund

Beach Nourishment Capital Reserve Fund Revenues

Transfer from General Fund (MSD Tax Revenue)	\$1,000,971
Transfer from General Fund (Restricted Sales Tax Revenue)	\$316,378
Fund Balance Appropriated	\$159,140
Total Revenues	\$1,476,489

Beach Nourishment Capital Reserve Fund Expenditures

Transfer to General Fund	\$1,476,489
Reserved for Future Expenditures	\$0
Total Expenditures	\$1,476,489

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, 2021, for the purpose of raising the revenue listed Ad Valorem Taxes 2021-2022 in Section 1: General Fund of this ordinance. This rate is based on a valuation of property for purposes of taxation of \$1,844,244,529 and an estimated rate of collection of 99.85%.

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, 2021 in Municipal Service District - A (MSD-A), for the purpose of raising the revenue listed MSD Taxes 2021-2022 in Section 1: General Fund of this ordinance. This rate is based on a valuation of property for purposes of taxation of \$498,701,426 and an estimated rate of collection of 99.85%.

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, 2021 in Municipal Service District - B (MSD-B), for the purpose of raising the revenue listed MSD Taxes 2021-2022 in Section 1: General Fund of this ordinance. This rate is based on a valuation of property for purposes of taxation of \$124,967,581 and an estimated rate of collection of 99.85%.

Section 6: Fees & Charges

There is hereby established, for Fiscal Year 2021-2022, 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 2021-2022, a Salary Schedule and Position Classification Table as shown on in attachment to this document in order to implement and 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, 2021.

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 2021-2022. 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 2nd day of June, 2021.



Donald Kingston, Mayor

Attest:



Lori A. Ackerman, Town Clerk



Schedule of Rate and Fees

Town of Duck Fee Schedule Effective July 1, 2021

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

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9. Bulkheads & Retaining Walls	\$2.00 per lineal ft.
requiring a building permit up to 50 Ft.	
Each additional foot over 50 feet	\$1.00 per lineal ft.
 Piers	 \$1.00 per lineal ft.
10. Flood Development Permit (<i>in addition to other applicable building permit or land disturbance fees</i>)	
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>
 Inspections Not Otherwise Listed	 \$50.00
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

Section IV Electrical Permit Fees for Repairs/Replacement/Extension of Service:

Temporary Service Pole	\$75.00 flat fee **
Conditional Power Residential	\$300.00
Conditional Power Commercial	\$400.00
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)

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

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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	

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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
<u>Police False Alarm Fees</u>	
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 \$250.00
(at Petitioner/Applicant's request)
2. Copy of Agenda Package per page charge below
(available free on line)
3. Copy of Zoning Ordinance per page charge below
(available free on line)
4. Copy of Land Use Plan per page charge below
(available free on line)
5. Copy of Budget Document per page charge below
(available free on line)
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. 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),

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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.

10. Duck Town Park Special Events Fees

Application Fee	\$25	(non-refundable)
Deposit*	\$200	(refundable)

Event where Town is major sponsor	None
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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.

Salary Schedule and Position Classification Table

Effective July 1, 2021

Following the recommendations of a Classification and Pay Study performed by The MAPS Group, the Salary Schedule and Classification Table shown below are incorporated into the personnel costs shown in the FY 2021-22 budget and adopted as shown in Section 6 of the Budget Ordinance. The Personnel section of the budget document contains information regarding the number of employees in each department and in each job classification.

Salary Schedule

GRADE	HIRING RATE	MINIMUM	MID POINT	MAXIMUM	GRADE
1	31,500	33,075	40,163	48,825	1
2	33,075	34,729	42,171	51,266	2
3	34,729	36,465	44,280	53,830	3
4	36,465	38,288	46,493	56,521	4
5	38,288	40,202	48,817	59,346	5
6	40,202	42,212	51,258	62,313	6
7	42,212	44,323	53,821	65,429	7
8	44,323	46,539	56,512	68,701	8
9	46,539	48,866	59,337	72,135	9
10	48,866	51,309	62,304	75,742	10
11	51,309	53,874	65,419	79,529	11
12	53,874	56,568	68,690	83,505	12
13	56,568	59,396	72,124	87,680	13
14	59,396	62,366	75,730	92,064	14
15	62,366	65,484	79,517	96,667	15
16	65,484	68,758	83,492	101,500	16
17	68,758	72,196	87,667	106,575	17
18	72,196	75,806	92,050	111,904	18
19	75,806	79,596	96,653	117,499	19
20	79,596	83,576	101,485	123,374	20
21	83,576	87,755	106,560	129,543	21
22	87,755	92,143	111,888	136,020	22
23	92,143	96,750	117,483	142,822	23
24	96,750	101,588	123,357	149,963	24
25	101,588	106,667	129,525	157,461	25
26	106,667	112,000	136,001	165,334	26
27	112,000	117,600	142,800	173,600	27
28	117,600	123,480	149,940	182,280	28
29	123,480	129,654	157,437	191,394	29
30	129,654	136,137	165,309	200,964	30
31	136,137	142,944	173,575	211,012	31
32	142,944	150,091	182,254	221,563	32
33	150,091	157,596	191,366	232,641	33
34	157,596	165,476	200,935	244,274	34
35	165,476	173,750	210,982	256,488	35
36	173,750	182,438	221,532	269,313	36
37	182,438	191,560	232,609	282,779	37
38	191,560	201,138	244,239	296,918	38

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Classification Table

GRADE	CLASSIFICATION	FLSA STATUS	HIRING RATE	MAXIMUM
3			34,729	53,830
4			36,465	56,521
5	Maintenance Technician		38,288	59,346
6			40,202	62,313
7	Administrative Assistant Firefighter Police Officer		42,212	65,429
8	Deputy Town Clerk Master Firefighter		44,323	68,701
9	Fire Engineer Police Detective Community Planner		46,539	72,135
10	Public Information and Events Coordinator		48,866	75,742
11	Fire Captain Police Sergeant Town Clerk Zoning and Projects Administrator / Senior Planner	E	51,309	79,529
12			53,874	83,505
13	Building Codes and Maintenance Administrator		56,568	87,680
14	Finance Officer	E	59,396	92,064
15			62,366	96,667
16	Deputy Fire Chief Police Lieutenant	E E	65,484	101,500
17			68,758	106,575
18	Public Information and Events Director	E	72,196	111,904
19			75,806	117,499
20	Community Development Director Fire Chief Police Chief	E E E	79,596	123,374
21			83,576	129,543
22			87,755	136,020
23			92,143	142,822
24			96,750	149,963
25	Town Manager	E	101,588	157,461
26			106,667	165,334
27			112,000	173,600
28			117,600	182,280
E = Exempt from the Wage and Hour provisions of the Fair Labor Standards Act (FLSA)				

Community and Organizational Profile

History

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



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



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

From 1986 to 1988, the community agreed 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 in 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.



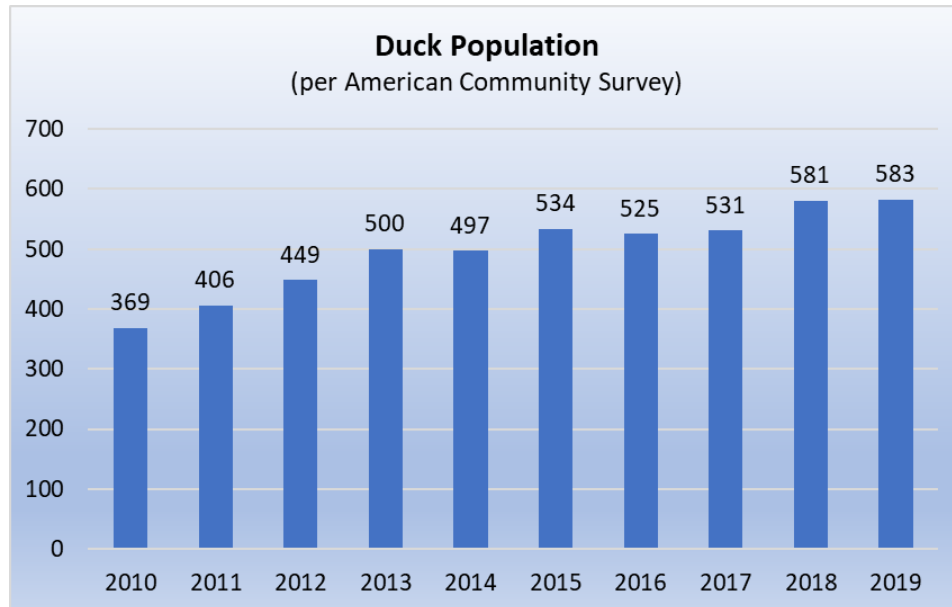
The Town contains 2.32 square miles and the Town's shoreline stretches for seven miles along the Atlantic Ocean and on the west side of Town is Currituck Sound featuring a nearly mile-long boardwalk. These natural features, along with the shops, restaurants, and the other built environment enhance the 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.

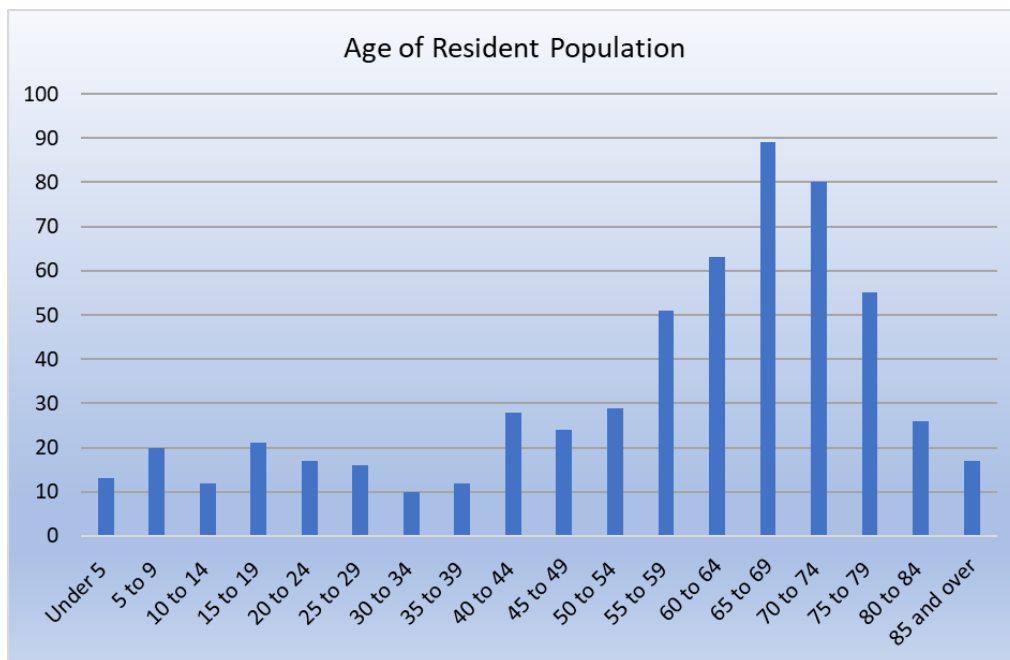


Demographics

According to the US Census Bureau’s American Community Survey (ACS), the Town of Duck has a resident population of 583 as of July 2019. The chart below shows a pattern of relatively little growth in the number of permanent residents of this community.

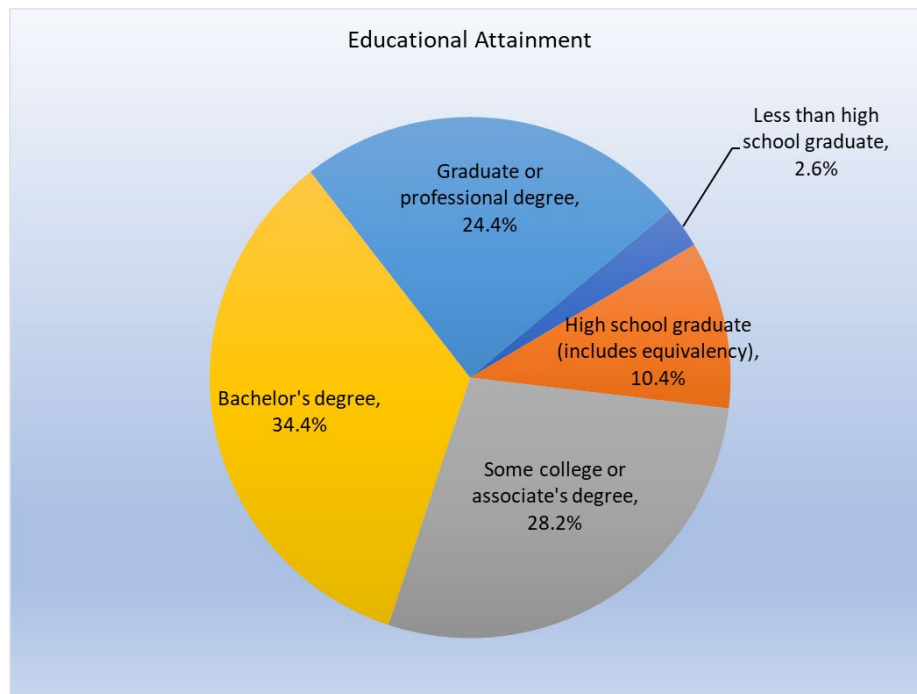


Our resident population, as shown on the chart below, tends to be older than typically seen in other parts of the state which is not unusual given our location and, in particular, distance from major employment centers.

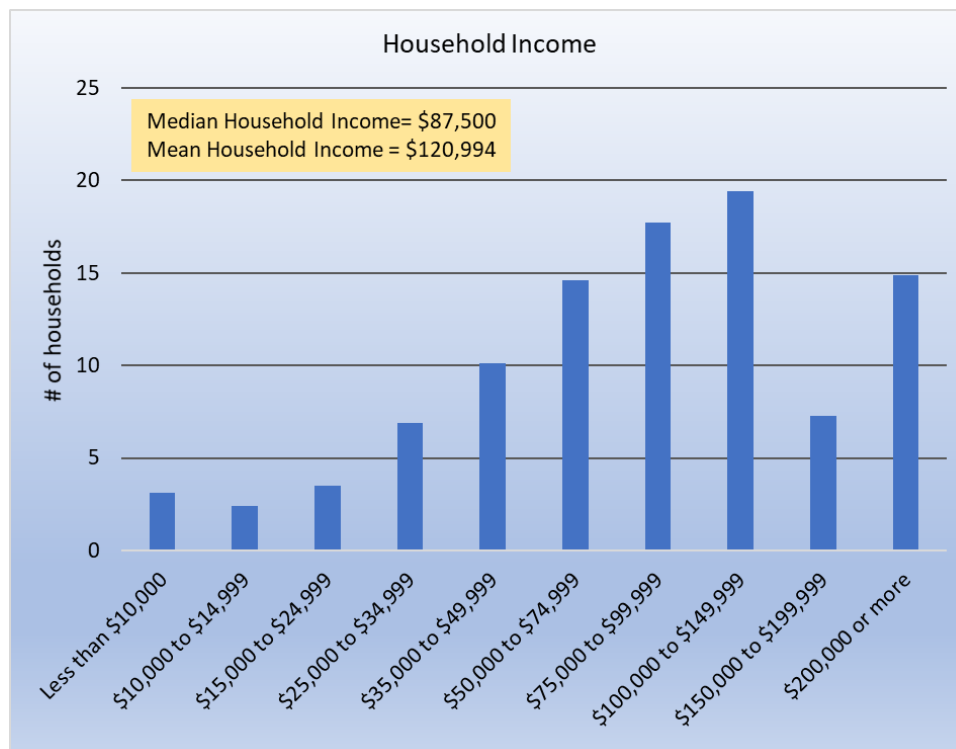


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The resident population, according to the ACS, is predominately white (99%), well educated, and compared to the County and State, have higher earnings.



Our median household income (MHI) is reported to be \$87,500 compared to a County MHI of \$59,381 and State MHI of \$54,602.



Local Employment

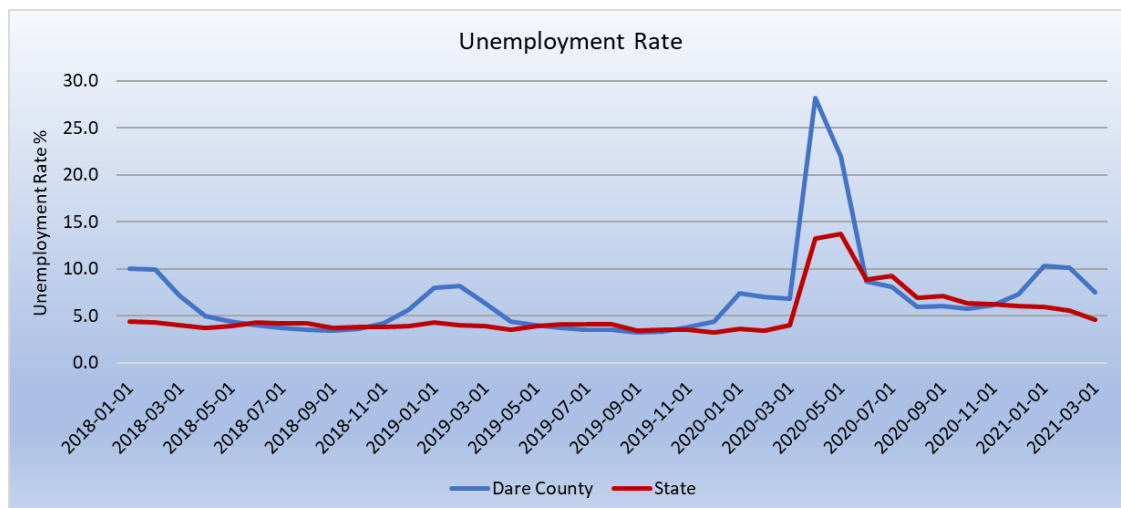
While Dare County, beyond the hospitality industry as a whole, does not have major employment centers, there are two that employ over 500 people. The table below shows the County's top ten employers.

Employer	Employees ⁽¹⁾	Percentage of Total County Employment ⁽²⁾
County of Dare	761	3.32%
Dare County Schools	713	3.11%
Viadant Medical Center	250-499	1.63%
Food Lion	250-499	1.63%
NC Department of Transpiration	250-499	1.63%
Wal-Mart Associates, Inc.	100-249	0.76%
Hospitality Employee Group, LLC	100-249	0.76%
Village Realty	100-249	0.76%
Lowes	100-249	0.76%
Spencer Yachts, Inc.	100-249	0.76%

- (1) Employment data are only available in ranges. North Carolina Department of Commerce, D-4 Demand Driven Delivery System.
- (2) Total employment per Regional Economic Information System, Bureau of Economic Analysis, U. S. Department of Commerce. Percentage of total employment based upon midpoints of ranges.

Source: Dare County, NC Comprehensive Annual Financial Report, Fiscal Year 2019-20.

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 2018.



Land Use

According to the 2019 ACS, Duck had 2,958 housing units, 94% of which are single family homes, and 288 households. This is reflective of the large number of rental/second homes in Duck. Below is descriptive language and other information from our recent CAMA Land Use Plan update.

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

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

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

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

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

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

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

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

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

The following assumptions are made:

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

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

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

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

Town Government

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

The Mayor is elected by and from among the Town Council, is the presiding officer at Council meetings, and has other duties as prescribed by the Town Charter. The Mayor Pro-Tem, also a member of the Town Council and elected by same, serves in the role of Mayor should the Mayor be absent or otherwise unable to serve.

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

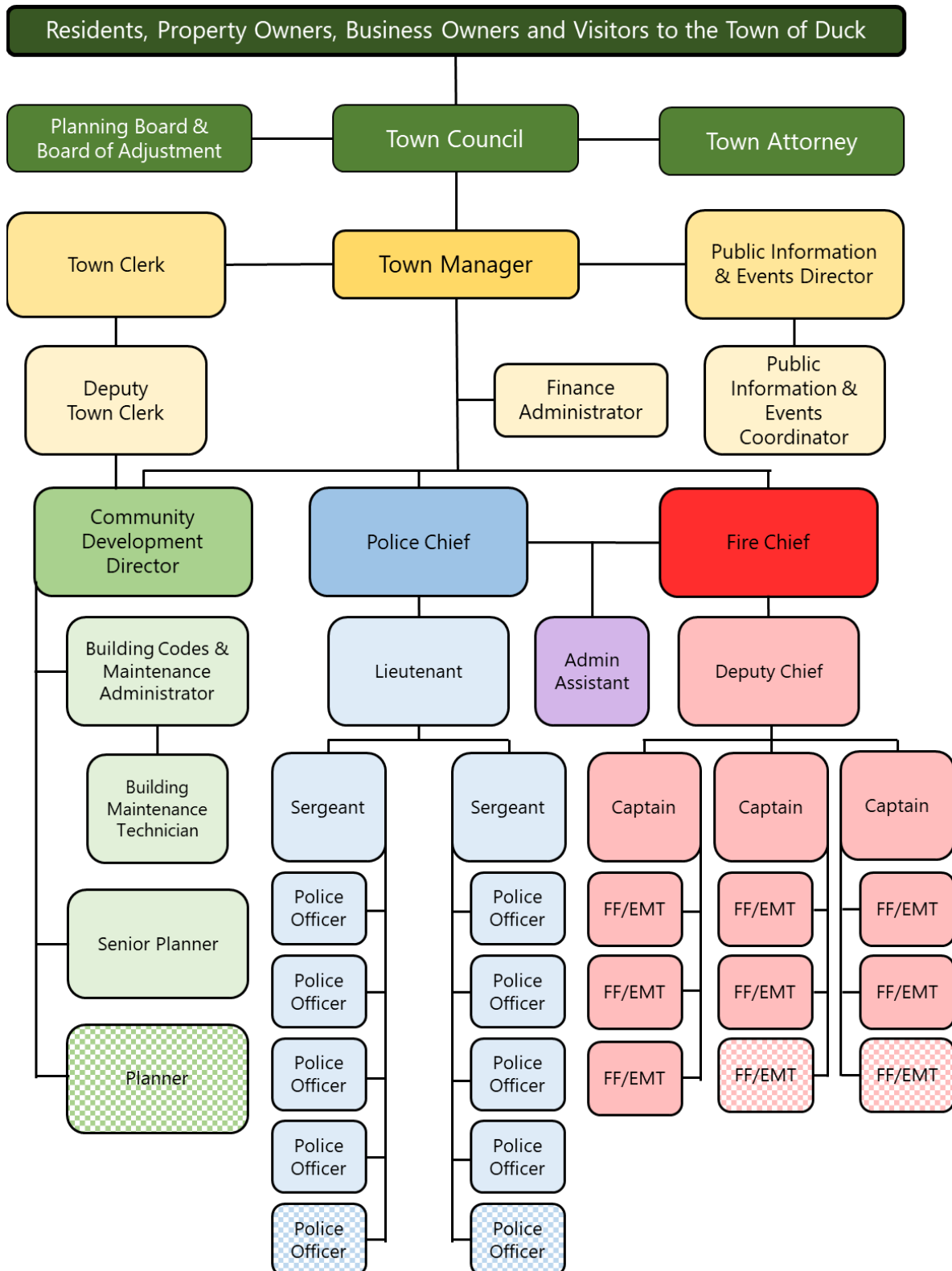
The Council appoints volunteer boards to serve in advisory, planning and quasi-judicial capacities in accordance with their duties. Following is a brief description of each advisory board.

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

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

Organizational Chart

This organizational chart reflects, in checked boxes, the new positions included in this budget.



Introduction to the Budget

Basis of Accounting

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

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

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

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

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

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

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

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

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

Chart of Accounts and other Budget Structure Changes

As we began work on this year's budget, it was apparent that there were many instances where "object codes", which are the three-digit codes used on each budget line to describe what the expenditure is for, were not consistent. For instance, there were several instances of the same code being used for different expense descriptions and several other instances where a particular expense description had more than one code associated with it.

In order to clear up this confusion and create some new codes to allow for better separation of expenditures, we created a new Chart of Accounts – Object Codes, as shown on the following page. Here are the Object Codes added or changed:

- FICA (was in "Fringe Benefits")
- 401k (was in "Supplemental Retirement")
- Supplemental Retirement (now just LEGRS)
- Medical and Dental Insurance (was in "Fringe Benefits")
- Contracted Services (formerly in Fixed Charges, Professional Service, and Subsidies/Allocations)
- Technology Hardware & Accessories
- Leased Equipment
- Merchandise for Resale
- Travel and Training (formerly "Travel")
- Fixed Charges no longer in use

In addition, we shifted some expenditures to ensure a clearer picture of what it costs to operate each functional department and renamed departments to better reflect their actual functions. Here are some of the items that reflect these changes:

- Workers' Compensation Insurance, formerly all in Governing Body, now in each applicable department.
- Public Facilities department, formerly Public Buildings, now contains the expenses for the Maintenance Technician, repairs and maintenance of public buildings, grounds, and other facilities other than sidewalks (Streets).
- Environmental Protection department, formerly known as Beach Protection.
- Recreation and Special Events department, formerly known as Parks.

Chart of Accounts – Object Codes

New	Purpose	
121	Salaries and Wages	
122	Salaries and Wages (overtime)	
123	Salaries and Wages (part-time)	
125	Police Separation Allowance	
126	Board Stipends	
130	FICA	
132	Workers' Compensation Insurance	In each dept that has payroll
133	Supplemental Retirement	NCLGERS
134	401k	
180	Medical/Dental Insurance	
190	Professional Services	Legal, Accounting, Auditing, Engineering, etc.
195	Contracted Services	Cleaning, Landscaping, Surf Rescue, IT, etc.
196	Temporary Help Services	
200	Supplies and Materials	Other than technology, fuel, etc.
212	Uniforms	For all departments - logo items for staff included
215	Police Supplies and Materials	Weapons, Ammunition, Duty Gear, etc.
220	Animal Supplies and Materials	
250	Vehicle Supplies and Materials	Fuel, cleaning supplies, etc.
255	Technology Hardware & Accessories	Computers, Monitors, UPS, etc.
310	Travel and Training	
315	Dues and Subscriptions	
320	Communications	Phones, fiber, Postage
330	Utilities Elec, Water, Gas	
335	Leased Equipment	Copier, Postage Meter
340	Printing and Binding	Outsourced printing services
342	Advertising	Paid advertising whether on-line or in print
341	Bank Charges	
345	Insurance and Bonding	Property, Liability, Bonding
390	Other Services	
400	Fixed Charges	
450	Repairs and Maintenance	Repairs of buildings and other fixed facilities
451	Repairs and Maintenance - Boardwalk	
453	Vehicle Repairs and Maintenance	
490	Merchandise for Resale	
499	Miscellaneous	
500	Capital Outlay - over \$5,000	
501	Capital Outlay - under \$5,000	
600	Subsidies and Allocations	Fire Department Only
601	Cable Access Channel	
650	Garbage	
651	Recycling	
675	Disaster Debris Clean-Up	
700	Debt Service	
991	Contingency	
992	Priors Year's Deficit	

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:

December 17, 2020: Issue FY 2022 CIP forms to Department Heads.

January 15, 2021: Deadline for submission of CIP forms to Town Manager.

February 5, 2021: Issue FY 2022 budget forms to Department Heads.

March 12, 2021:	Deadline for submission of budget requests to Town Manager.
March 26, 2021:	Town Manager meets with Department Heads.
April 9, 2021:	Town Manager develops FY 2022 revenue estimates.
April 21, 2021:	Town Manager presents proposed FY 2022 budget to Town Council (mid-month meeting).
May 19, 2021:	Work session concerning FY 2022 budget (mid-month meeting).
May 20, 2021:	Notice for public hearing posted and submitted to newspaper.
June 2, 2021:	Public hearing and adoption of FY 2022 budget (regular meeting).
May/June 2021:	Additional work sessions/meetings as needed.

The Budget Process Cycle

Five phases shape the budget process: 1) goal setting and direction, 2) preparation and requests, 3) adoption, 4) implementation, and 5) summary of transactions. These phases have some overlap and show that the budget is not just a once-a-year task, it's something that is developed and interacted with throughout the year.

Goal Setting & Direction

Because the budget is such an important tool, it is important that clear goals and direction be established before actual preparation begins. Staff uses the Vision 2027 document, approved plans, and input from the Council during the 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 February, 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 12th. The Town Manager then meets with Department directors and others to discuss budget requests to prepare a “gross needs” expenditure budget. This includes all personnel requests, capital items, non-capital purchases, debt service, and program expenses.

During first week in April, using local and state (NCLM) resources, the Town Manager develops estimates for revenue for each of the sources. Once revenue is estimated, the Town Manager and Department directors meet to discuss the need for reducing the expenditure side of the budget in order to present a draft budget, without adjustment to tax revenue, to the Town Council at their mid-month meeting in April. The Town Manager will present, with this draft, a list of personnel, purchase, etc. contained in the “gross needs” budget to the Town Council to provide a look at the needs in the unbalanced budget in order to get guidance from the elected leaders as to their relative priorities in terms of these needs.

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

Adoption

At their regular June meeting, Town Council conducts a public hearing on the draft budget and officially votes to adopt the budget by approving a budget ordinance. Should more work be necessary on the budget following the hearing, Council may delay adoption until their mid-month meeting in June. The budget ordinance establishes the spending limits for each department in the upcoming fiscal year. The adopted budget document is a guide that provides Town Council and management staff with a mechanism for evaluating budgetary and organizational performance.

Implementation

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

Debt

Computation of Legal Debt Margin

North Carolina General Statutes impose a limit on the amount of 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, 2021 our gross debt obligation is \$2,359,657, the majority of which is the last payment for the 2017 Beach Nourishment project.

Assessed Value of Real and Personal Property:	\$ 1,835,069,183 (2020 assessment)
Debt Limit (8% of assessed value):	\$ 146,805,535
Debt (net) Applicable to Limit (as of 7/1/2020):	\$ 2,359,657
Legal Debt Margin:	\$ 144,265,878

Types of Debt Financing

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

General Obligation Bonds

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

Revenue Bonds

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

Special Obligation Bonds

A special obligation is secured by a pledge of any revenue source or asset available to the borrowing government, except the unit's taxing power. In a broad sense a revenue bond is a type of special obligation bond. The term special obligation, as used in North Carolina, however, refers

to debts secured by something other than (or in addition to) the revenues from the asset or system being financed. In our case, we pledge proceeds from MSD taxes, Occupancy Tax revenue, and Land Transfer Tax revenue in order to provide sufficient coverage for the debt service for these bonds.

The authority to issue special obligation (SO) bonds is very limited and includes allowing a municipality to issue SO bonds for any project for which a municipality is authorized to create a municipal service district (MSD). Because the debt market perceives the security for special obligation debt as weaker than the security for general obligation debt, the market normally demands of special obligation debt some of the same covenants and other safeguards demanded of revenue bonds.

Installment Purchase Agreements

Installment purchase (IP) (or lease-purchase) financing can be either short-term or long-term. This type of obligation is privately placed with a financial institution or vendor. The security for the obligation is typically the asset being purchased or constructed. Bank qualified IP agreements, when less than \$10 million borrowed in the calendar year, allow local governments to borrow money at a lower rate than conventional loans because lenders do not have to pay taxes on the interest portion of the payments it receives. This type of financing is typically used by the Town for items such vehicles, equipment, and some facilities. For large IP agreements, the LGC must approve the debt.

Certificates of Participation

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

Tax Increment Financing Bonds

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

Town of Duck – Fiscal Year 2021–2022 Annual Budget

property values will increase enough to repay the associated debt. TIF bonds can be financed for up to thirty years.

Our Debt Obligation

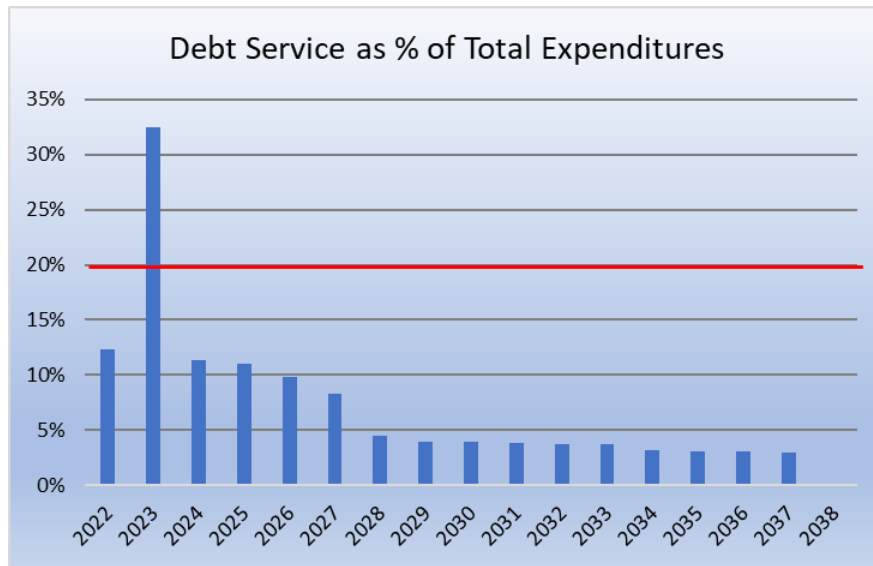
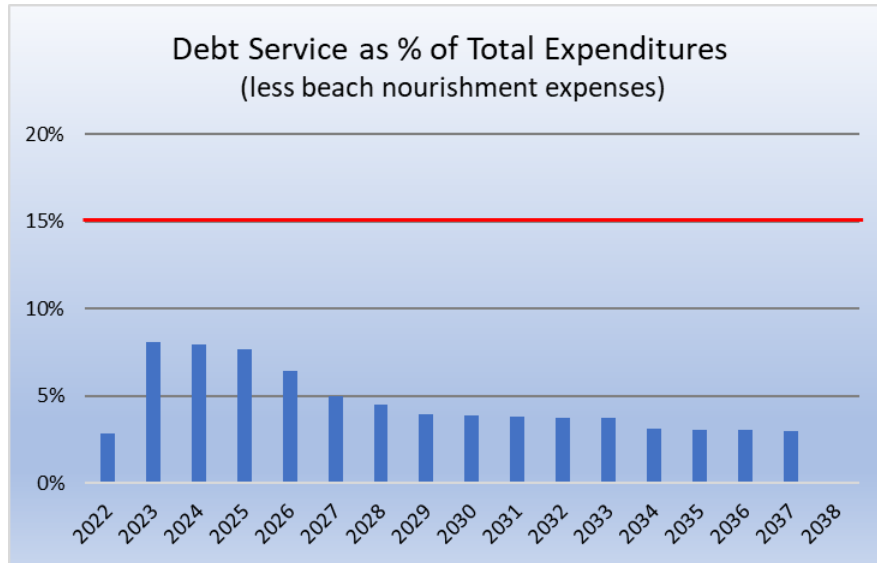
As of June 30, 2021, the Town's debt obligation, or total outstanding debt, is \$2,359,657. The table below shows the amount budgeted to pay for the debt service on outstanding debt issuances.

Issue Year	Project	Finance Type	Amount Issued	Term Years	Interest Rate	FY 2021-22 Principal	FY 2021-22 Interest	Total Debt Service
2010	Town Hall and Park Refinance	Installment Purchase	3,000,000	15	3.21%	216,667	26,750	243,417
2019	Vehicles (4)	Installment Purchase	211,362	4	2.12%	70,107	2,998	73,105
2016	Beach Nourishment	Special Obligation Bond	6,963,000	15	1.58%	1,392,600	11,001	1,403,601
2012	Fire Engine (engine 111)	Installment Purchase	500,000	10	2.70%	53,287	4,434	57,721
TOTAL								1,777,844

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

Current Debt																		
	Town Hall and Park Refinance					Vehicles (4)		Vehicles (4)		Beach Nourishment					Engine 111			
Amount	3,000,000					211,362		159,547		6,963,000					500,000			
Term	15 years (2010)					4 years (2019)		4 years (2017)		5 years (2016)					10 years			
Interest	3.21%					2.116%		2.20%		1.58% (SOB)					2.7% (IF)			
	Principal	Interest	Total	Debt Load (start of FY)		Principal	Interest	Total	Debt Load (start of FY)	Principal	Interest	Total	Debt Load (start of FY)		Principal	Interest	Total	Debt Load (start of FY)
2022	216,667	26,750	243,417	833,333		70,107	2,998	73,105	142,058	1,392,600	11,001	1,403,601	1,392,600		53,287	4,434	57,721	164,218
2023	216,667	19,795	236,462	616,666		71,951	1,515	73,466	71,951				0		54,726	2,995	57,721	110,930
2024	133,333	12,840	146,173	399,999					0				0		56,204	1,518	57,721	56,204
2025	133,333	8,560	141,893	266,666					0				0					0
2026	133,333	4,280	137,613	133,333					0				0					0

As an indicator of debt burden, our Financial Policies require debt service to be no more than 15% of General Fund expenditures after deducting Beach Nourishment debt service expenses. Using the CIP to inform projections for future debt issues, this chart shows that we will remain well within policy.



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

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

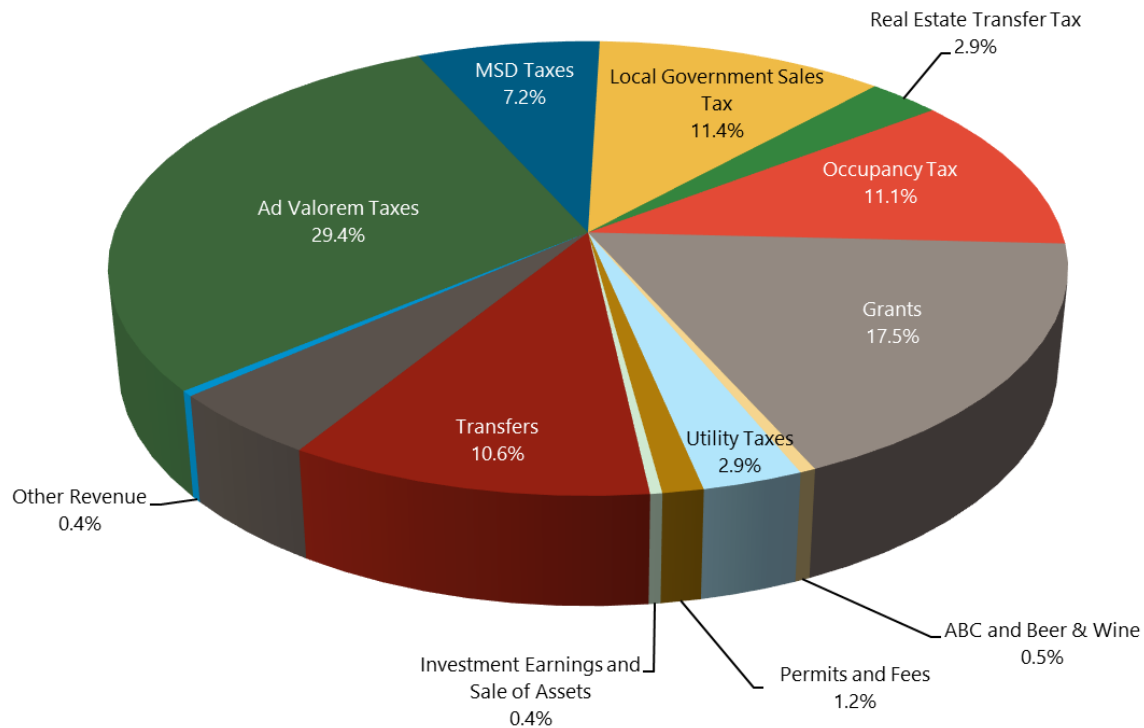
Our goal is to amortize at least 55% of our total debt in 10 years or less. Assuming new debt service is issued per the CIP, we fall short of that goal In FY 2025, 2026, and 2027 but then return to 100% the following year. This is due to new beach nourishment borrowing and borrowing, for a longer term, for a new public safety building. This can be altered by shortening the term of the loan, but that has impacts on other parts of the budget.



Budget Summary

Revenues by Source						
Source	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Ad Valorem Taxes	3,652,458	3,662,390	3,739,372	4,092,304	429,914	11.7%
MSD Taxes	992,098	995,043	1,004,993	1,000,971	5,928	0.6%
Local Government Sales Tax	1,451,274	1,309,433	1,523,838	1,581,889	272,456	20.8%
Real Estate Transfer Tax	374,793	372,408	397,280	397,280	24,872	6.7%
Occupancy Tax	1,427,438	1,507,042	1,505,947	1,548,771	41,729	2.8%
Grants	716,403	761,031	2,436,782	2,436,782	1,675,751	220.2%
ABC and Beer & Wine	63,694	52,500	64,913	64,913	12,413	23.6%
Utility Taxes	405,733	405,000	409,790	409,790	4,790	1.2%
Permits and Fees	151,924	143,000	154,804	171,248	28,248	19.8%
Investment Earnings and Sale of Assets	145,777	0	31,800	48,800	48,800	
Transfers	1,815,374	1,258,223	1,476,489	1,476,489	218,266	17.3%
Debt Proceeds	211,362	0	650,888	650,888	650,888	
Fund Balance Appropriated	0	663,380	0	0	(663,380)	-100.0%
Other Revenue	67,549	347,000	52,500	52,500	(294,500)	-84.9%
Total	11,475,877	11,476,450	13,449,398	13,932,625	2,456,175	21.4%

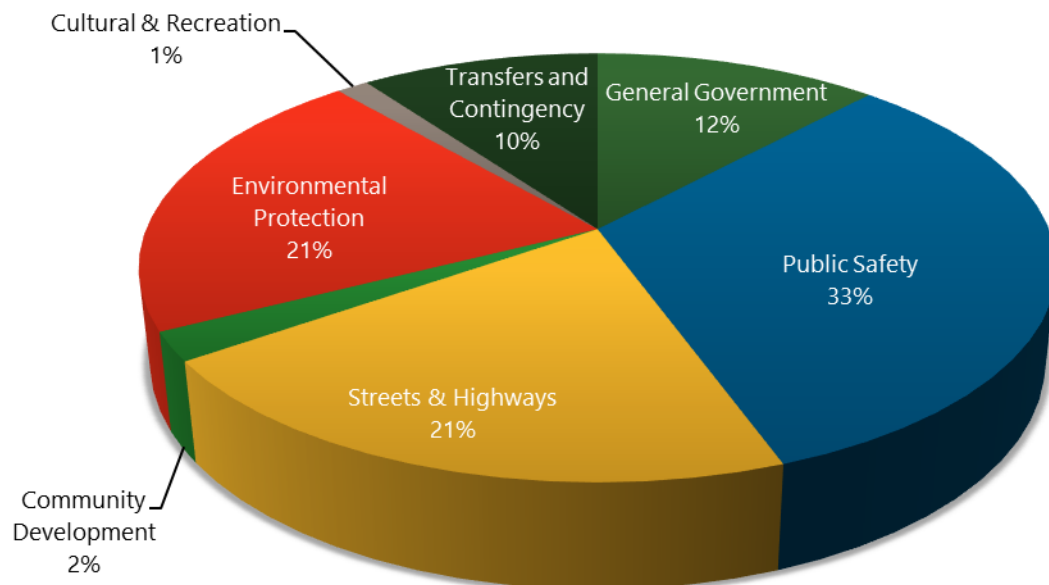
Revenues by Source FY21-22



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Expenditures by Function						
Function	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
General Government	1,484,426	1,897,892	2,109,101	1,661,947	(235,945)	-12.4%
Public Safety	3,664,232	3,534,401	4,553,226	4,533,827	999,426	28.3%
Streets & Highways	1,032,502	1,408,174	2,904,586	2,904,586	1,496,412	106.3%
Community Development	359,230	326,229	314,456	304,625	(21,604)	-6.6%
Environmental Protection	2,725,505	3,051,172	2,949,623	2,949,623	(101,549)	-3.3%
Recreation & Special Events	312,772	243,039	186,900	186,900	(56,139)	-23.1%
Transfers and Contingency	1,221,390	1,015,543	1,403,411	1,391,117	375,574	37.0%
Total	10,800,057	11,476,450	14,421,303	13,932,625	2,456,175	21.4%

Expenditures by Function FY 21-22



General Fund Revenue

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

Revenue Sources

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

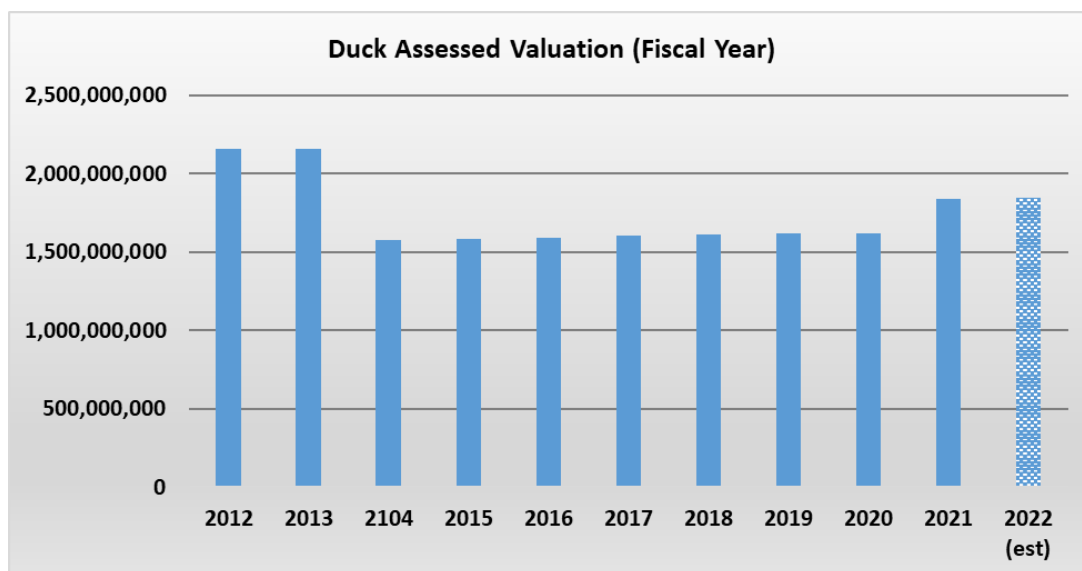
Revenue						
Account Description	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Ad Valorem Tax	3,610,281	3,662,390	3,699,014	4,051,252	388,862	10.62%
MSDA	641,443	643,581	650,017	645,348	1,767	0.27%
MSDB	350,655	351,462	354,977	355,623	4,161	1.18%
Motor Vehicle Tax	34,665		35,359	36,052	36,052	
Prior Year Tax, Penalties & Interest	7,512		5,000	5,000	5,000	
Local Government Sales Tax	1,451,274	1,309,433	1,523,838	1,581,889	272,456	20.81%
Real Estate Transfer Tax	374,793	372,408	397,280	397,280	24,872	6.68%
Occupancy Tax	1,427,438	1,507,042	1,505,947	1,548,771	41,729	2.77%
Visitor's Bureau Grant	305,454	147,806	147,806	147,806	0	0.00%
State Grants	51,189				0	
Shoreline Grant (County)	250,218	228,214	206,212	206,212	-22,002	-9.64%
Government Access Channel Grant	10,000		5,000	5,000	5,000	
Federal Grants	1,002	1,000			-1,000	-100.00%
FEMA Grants	42,006		1,693,753	1,693,753	1,693,753	
NFWF Grant		384,011	384,011	384,011	0	0.00%
COVID-19 Relief Fund	56,534				0	
Beer and Wine	1,720	1,500	1,700	1,700	200	13.33%
Utility Franchise Tax	405,733	405,000	409,790	409,790	4,790	1.18%
Building Permits	93,583	95,000	143,400	159,844	64,844	68.26%
Reinspection Fees	47,271	38,000	250	250	-37,750	-99.34%
Other Permits	9,465	10,000	9,654	9,654	-346	-3.46%
Permits and Fees - Other					0	
Gain on sale of vehicles & Other Surplus Assets	50,289		30,000	47,000	47,000	
Investment Earnings	95,488		1,800	1,800	1,800	
ABC and Mixed Beverage Profits	61,974	51,000	63,213	63,213	12,213	23.95%
Other	67,549	347,000			-347,000	-100.00%
Sponsorship Revenue			40,400	40,400	40,400	
Merchandise Revenue			12,100	12,100	12,100	
Building Rental Fees	1,605		1,500	1,500	1,500	
Miscellaneous Income - Other					0	
Transfers from Capital Reserve	1,815,374	1,258,223	1,476,489	1,476,489	218,266	17.35%
Debt Proceeds	211,362		650,888	650,888	650,888	
Fund Balance		663,380			-663,380	-100.00%
Total	11,475,877	11,476,450	13,449,398	13,932,625	2,456,175	21.40%

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.

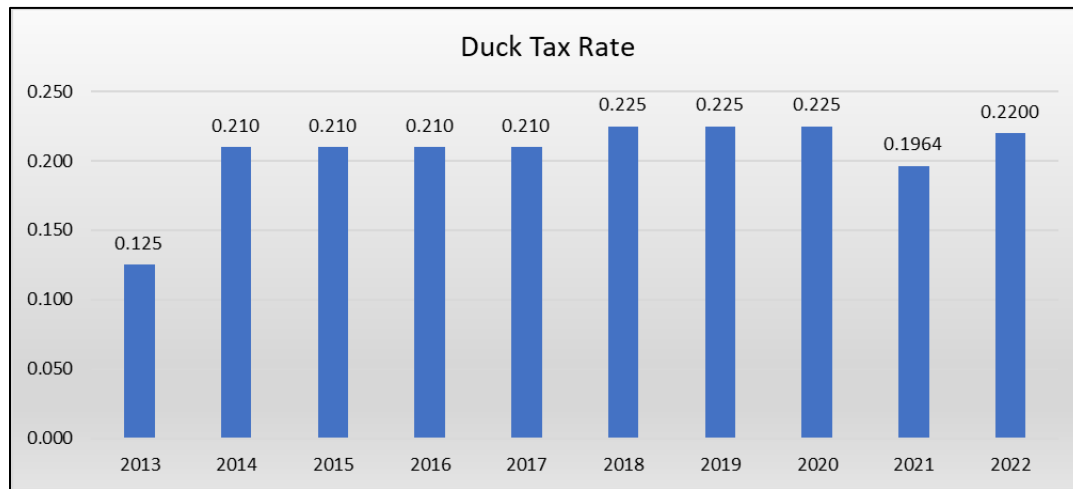
Our tax base, as shown in the chart that follows, increased over \$202 million or 12.5% in FY 2021 due to the latest revaluation by Dare County. North Carolina law requires all counties to reappraise or revalue real property at least once every eight years. The purpose is to make sure property values 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 0.5% greater than the base in FY 2020-21, as modified by our actual rate of tax collection in the previous year. 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.

Town of Duck – Fiscal Year 2021–2022 Annual Budget

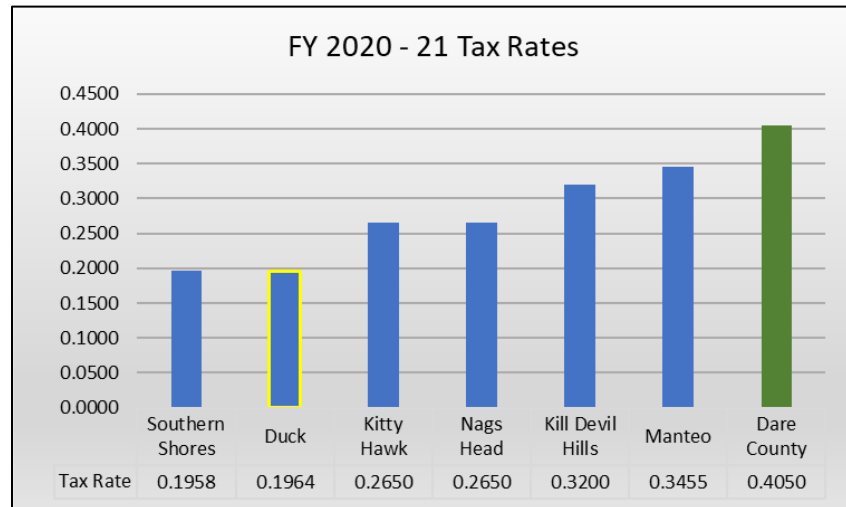
In this budget, our proposed rate increases from \$0.1964 to \$0.22 per \$100 of assessed valuation. This is the first effective tax rate increase since FY 2017-18. The rate dropped in FY 2020-21 due to revaluation and reflects a revenue neutral rate, thus no real change in tax revenue.



This table shows the impact of the change in tax rate based upon the assessed value of the property. 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.

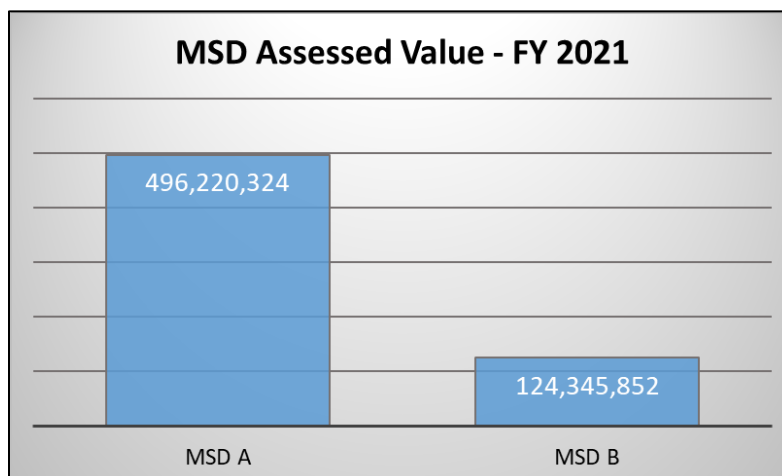
Assessed Value	Annual Bill at 0.1964	Annual Bill at 0.22	Increase in Tax Bill	
			Annual	Monthly
250,000	491	550	59	5
300,000	589	660	71	6
350,000	687	770	83	7
400,000	786	880	94	8
450,000	884	990	106	9
500,000	982	1,100	118	10
550,000	1,080	1,210	130	11
600,000	1,178	1,320	142	12
650,000	1,277	1,430	153	13
700,000	1,375	1,540	165	14
750,000	1,473	1,650	177	15
800,000	1,571	1,760	189	16
850,000	1,669	1,870	201	17
900,000	1,768	1,980	212	18
950,000	1,866	2,090	224	19
1,000,000	1,964	2,200	236	20
1,100,000	2,160	2,420	260	22
1,200,000	2,357	2,640	283	24
1,300,000	2,553	2,860	307	26
1,400,000	2,750	3,080	330	28
1,500,000	2,946	3,300	354	30
1,600,000	3,142	3,520	378	31
1,700,000	3,339	3,740	401	33
1,800,000	3,535	3,960	425	35
1,900,000	3,732	4,180	448	37
2,000,000	3,928	4,400	472	39

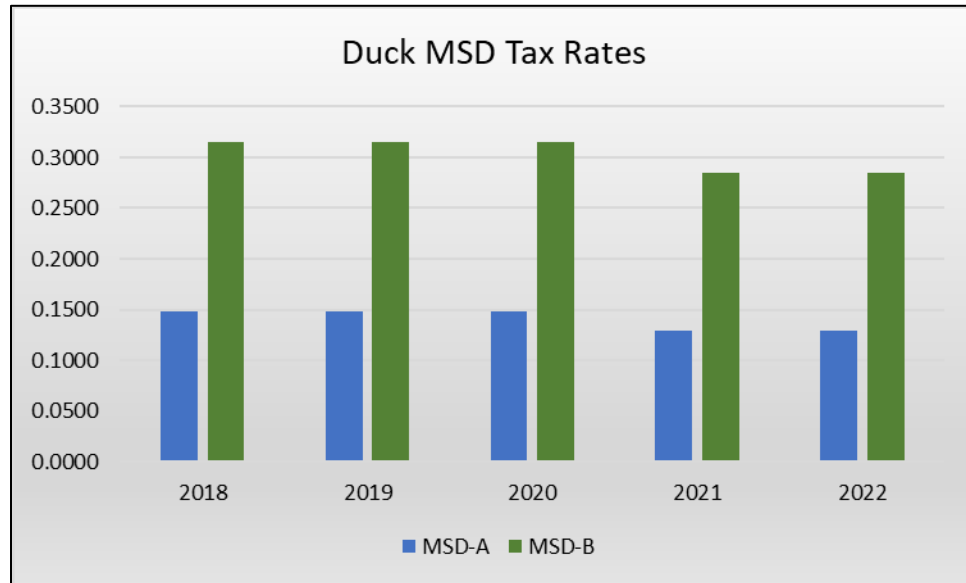
This chart shows how our rate compared to other towns in Dare County in FY 2020-21 and shows the County's rate as well. Even with a proposed increase, and absent knowing if other towns are adjusting their rates, we still have one of the lowest rates in the County.



In addition to the Town-wide property tax rate, the Town of Duck was granted authority to create two municipal service districts (MSDs) and collect a separate tax on properties in each, with the revenue from this tax restricted to expenses related to beach nourishment projects. The original rates associated with these MSDs were, in FY 2020-21, determined to no longer be necessary to fund the debt for the 2017 project so the rates were adjusted to a level that continues to cover debt service. Specifically, estimated debt service principal costs for the renourishment project were proposed to be divided equally between MSD-A (all properties in the project area) and MSD-B (only oceanfront properties in the project area) while accounting for a percentage of needed revenue from other general fund sources.

In Fiscal Year 2020-21 the tax rate for MSD-A dropped to \$0.1296 and MSD-B to \$0.285 due to both the revaluation and the adjustment in the amount of funding required to meet debt obligations. In order to fund the final debt service payment for the 2017 project, the rates for both MSDs are proposed to remain unchanged in the FY 2021-22 budget. Maintenance of the project through renourishment is expected to occur in calendar year 2022 and the actual debt service payments, beginning in FY 2022-23 will require continued collection of MSD taxes at rates set during the preparation of that budget approximately a year from now.





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.

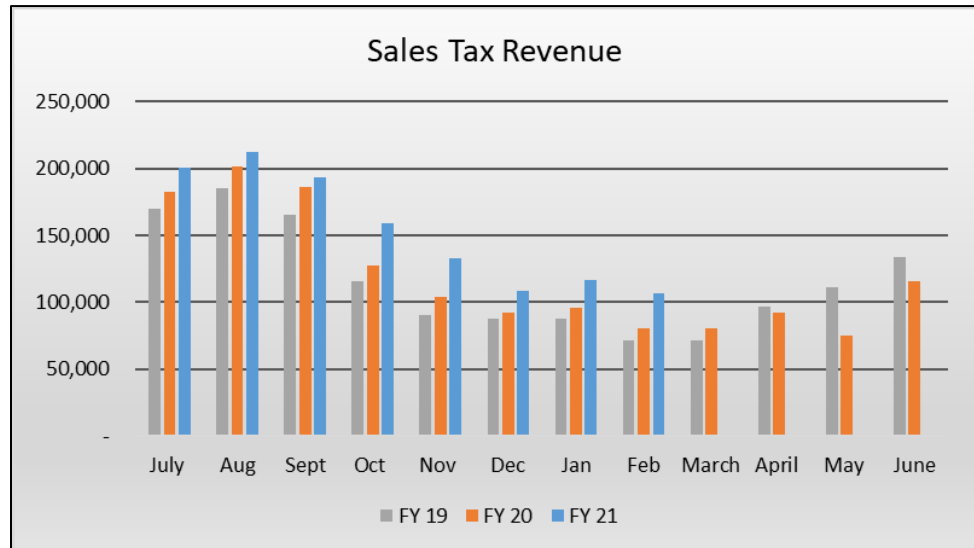
This table shows the 2020 levy in each town and the corresponding proportion of the total levy.

DARE	(AD VALOREM)	\$	
	DUCK	\$ 72,357,368.00	68.67459%
	KILL DEVIL HILLS	\$ 4,623,888.00	4.38855%
	KITTY HAWK	\$ 9,370,853.00	8.89390%
	KITTY HAWK	\$ 4,578,022.00	4.34501%
	MANTEO	\$ 2,180,886.00	2.06989%
	NAGS HEAD	\$ 9,200,327.00	8.73206%
	SOUTHERN SHORES	\$ 3,051,301.00	2.89600%
	TOTAL	\$ 105,362,645.00	100.00000%

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, the opposite has been seen through just over one-half of the fiscal year.

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 February number shown is the last available.



The table below shows the actual tax revenue collected in each of the past five fiscal years.

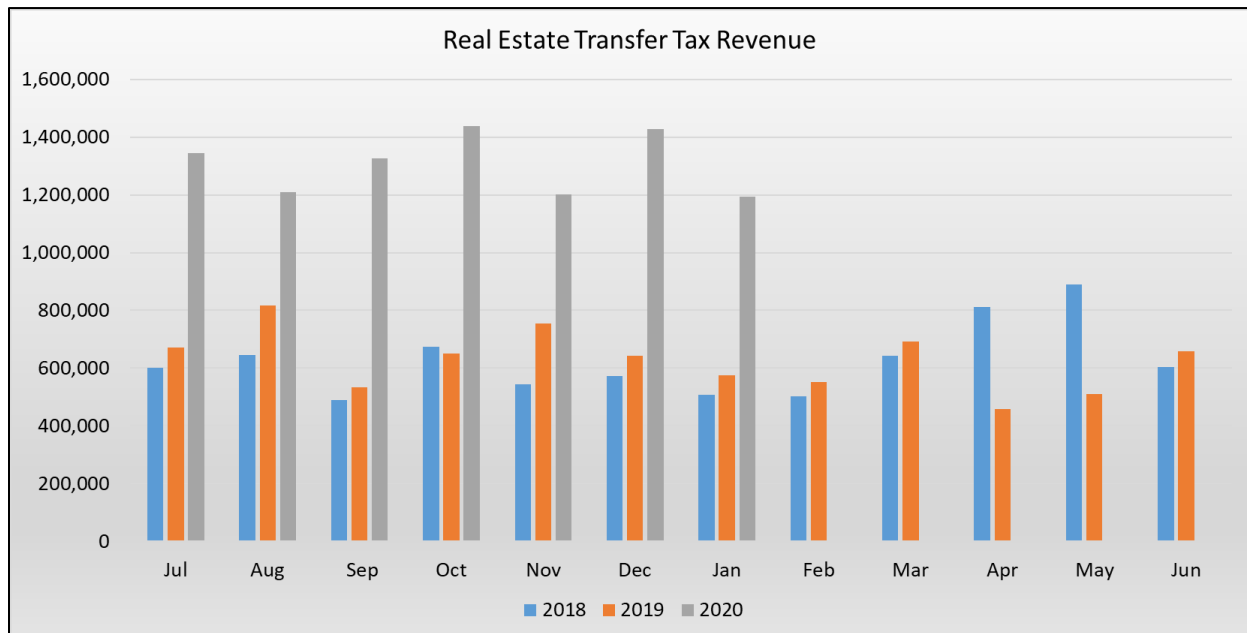
	2015-16	2016-17	2017-18	2018-19	2019-20
Sales Tax	1,025,626	1,354,115	1,409,518	1,372,630	1,451,274
Change	3.80%	32.03%	4.09%	-2.62%	5.73%
				4 - year average	9.81%

While there is cause for some optimism regarding this revenue source, it is prudent to continue to budget conservatively as we do not know how the economy will react as we come out of the pandemic and to other factors shape our overall economy. To that end, this budget reflects a predicted 9% increase over the FY 2019-20 amount received. Thus far FY 2020-21 is far outpacing predictions and what some think to be a sustainable level of revenue.

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

Land Transfer Tax

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



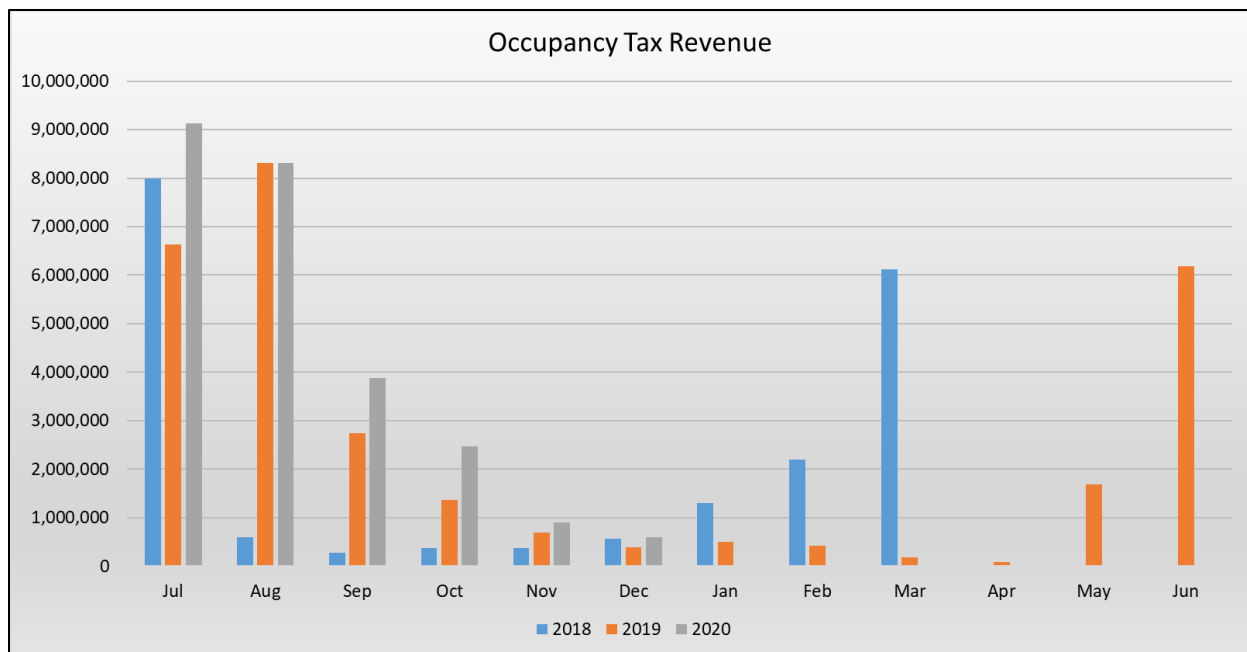
After the initial twelve years of this tax where 100% of the proceeds went to the County, the proceeds are shared with the six towns in Dare County with 65% of the revenue retained by the County and 35% being distributed based upon the proportion of ad valorem taxes (including MSD taxes) levied by each town for the preceding fiscal year. Our proportion of the levy is shown in the Sales/Use Tax section of this document.

Like sales tax revenue, we do not predict that the current elevated amount of tax received from this source will continue at FY 2021 levels. Dare County is predicting this revenue to decline 38.24% for FY 2022 versus the estimated total collection for FY 2021. Our budget is based upon a 4-year average of annual differences in revenue, and a 6% increase applied to the FY 2020 total received.

	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue	270,329	327,516	364,462	362,418	374,793
Change	-4.16%	21.15%	11.28%	-0.56%	3.41%
				4-year average	8.82%

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 2020-21, the revenue from this tax is exceeding prior years as more people are visiting during the traditional “off season” due to remote work/learning being more prevalent during the current pandemic and the lower levels air travel being seen in the current economy. The table below shows the total collection for Dare County for this tax revenue.



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

3% Room Occupancy Tax

- Distribution must be used only for tourist-related purposes, including construction and maintenance of public facilities and buildings, garbage, refuse, solid waste collection and disposal, police protection and emergency services.
- 2/3 of this revenue goes to the 6 towns (Duck, Southern Shores, Kitty Hawk, Kill Devil Hills, Nags Head, Manteo) in proportion to the amount of ad valorem tax levied by each Town for the preceding fiscal year.
- Dare County has earmarked their share of this 3% occupancy tax as follows:
 - 25% for garbage, refuse, and solid waste collection and disposal

- 25% for police protection (Sheriff's Office)
- 50% for emergency services (Communications, Emergency Medical services, Emergency Medical Helicopter, and Emergency Management).
- The Town of Duck pledges revenue from this tax as collateral for the Special Obligation Bonds issued for Beach Nourishment.

1% Room Occupancy and Tourism Development Tax

- 75% must be used for the cost of administration and to promote tourism, including the following:
 - advertising to promote less than peak season events and programs
 - marketing research
 - a mail and telephone inquiry response program
 - welcoming and hospitality functions
- 25% must be used for services or programs needed due to the impact of tourism on the county.

2% Room Occupancy and Tourism Development Tax for Beach Nourishment

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

Gross	29,203,456
Cost of Collection	42,431
Dare County	4,664,831
Kill Devil Hills	2,740,880
Kitty Hawk	1,405,630
Manteo	660,190
Nags Head	2,741,871
Southern Shores	936,756
Duck	1,427,438
Tourism Board	4,861,143
Beach Nourishment	9,722,286

This table shows how the gross amount of Occupancy Taxes collected in Fiscal Year 2019-20 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 2021 levels. Dare County is predicting this revenue to decline 9.8% for FY 2022 versus the estimated total collection for FY 2021. Our budget is based upon a 5-year average of annual differences in revenue, with an increase of 8.5% applied to the FY 2020 total received. The table below shows the annual revenue received by the Town over the past five full fiscal years.

	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue	1,082,978	1,364,909	1,487,537	1,464,700	1,427,438
Change	-3.17%	26.03%	8.98%	-1.54%	-2.54%
				4-year average	7.73%

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 2021-22 we are anticipating the receipt of funding from:

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

Shoreline Grant – This is a grant from the County that was established with the 2017 Beach Nourishment project to help the towns who were part of that project with meeting debt coverage ratios. This is a gradually reducing grant amount with the last funding from this source coming in FY 2021-22. In addition, the County provides \$24,000 in annual funding to support beach grass planting efforts. This amount is included in this same budget line.

Government Access Channel Grant

Funding comes to each city and town from the state of North Carolina's use tax on cable and satellite fees. In Dare County, the 10 entities that partner with the Government Access Channel remit these funds to the Committee, of which we are a member, that operates this service, along with a membership fee of \$1,000. These funds allow the operation of two government access channels in Dare County. Part of this revenue is returned to participating local governments in the form of grants to fund projects to enhance ability to provide good quality video and audio from public meetings to be broadcast on the channels. We anticipate, in FY 2021-22, to receive \$5,000 to offset some of the costs of upgrading microphones and making acoustic improvements in the Meeting Hall.

FEMA Grant

FEMA (Federal Emergency Management Agency) Grant – Under a new program called BRIC (Building Resilient Infrastructure and Communities), FEMA made \$500 million available to states and local governments to mitigate risks to infrastructure and community lifelines. Town staff, assisted by our consulting engineer, submitted an application for grant funding to elevate NC Highway 12 south of Sunset Grill where soundside flooding essentially cuts the northern part of Town off from the southern part making emergency response difficult and the normal flow of traffic unsafe. Our application was sent to the State of NC Department of Emergency Management for review and scoring along with other applications from local governments in the state. Our project was ranked number one among NC projects and forwarded to FEMA for consideration. We expect to hear from FEMA in June or July of 2021 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 2019-20.

	2015-16	2016-17	2017-18	2018-19	2019-20
Beer and Wine Tax	1,698	1,774	1,715	1,720	1,720
Change	-7.52%	4.48%	-3.33%	0.29%	0.00%
			4- year average		0.36%

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 2019-20 we received \$374,585 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 2019-20 we received \$2,626 in revenue from this tax.

Telecommunications Tax: Revenue comes from a pool created by 18.03% of the telecommunications sales tax imposed by all 100 counties (after the first \$2.6 million is deducted) and is also shared by all cities. Our share is determined by the proportion our old franchise fee contributed to the pool when it was created in 2001. Therefore, our share of the pool remains constant, but the pool can fluctuate based upon taxes collected. We continue to see a trend, statewide, in the decline of this revenue source due to fewer home having landline phones. In FY 2019-20 we received \$28,522 in revenue from this tax.

This budget reflects an increase of 1% over the actual receipts in FY 2019-20 for the combination of all three tax components.

	2015-16	2016-17	2017-18	2018-19	2019-20
Utility Franchise Tax	375,831	383,298	388,783	403,549	405,733
Change	18.24%	1.99%	1.43%	3.80%	0.54%
				4- year average	1.94%

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 2020-21 revenue is outpacing expectations and while this 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 total increase, when combining building permits and reinspection fees, of 10%, and 2% for “other permits” over what was received in FY 2019-20.

	2015-16	2016-17	2017-18	2018-19	2019-20
Permits and Inspections	166,429	148,699	162,126	216,840	150,319
Change	-21.47%	-10.65%	9.03%	33.75%	-30.68%
				4- year average	0.36%

Gain on the Sale of Vehicles and Surplus Property

When vehicles in our fleet age out, we put them up for sale on an open auction site called “GovDeals”. The buyer pays all fees related to the auction and the Town receives the bid price. We set a reserve amount on the bids to ensure we do not sell something for below what we believe it to be worth. The amount shown in the FY 2021-22 budget reflects the estimated value of the three police vehicles planned to be replaced, the sale of police and fire radios as we replace those, and other miscellaneous surplus property.

ABC Revenue

State law allows the Dare County ABC Board to distribute both net profits from local ABC stores and from mixed beverage alcohol sold in Dare County. Net store profits are distributed as follows: 42.5% to Dare County Social Services; up to 20% retained by the ABC Board for capital improvements; 15% of store profits to incorporated towns in the County; and the remaining percentage to the Dare County General Fund. Mixed beverage profits are distributed as follows; 15% to the Dare County General Fund, and 85% split evenly among the six incorporated towns in the County. This budget reflects an increase of 2% over the actual receipts in FY 2019-20.

	2015-16	2016-17	2017-18	2018-19	2019-20
ABC Profit Distribution	59,175	55,571	57,717	58,947	61,794
Change	73.33%	-6.09%	3.86%	2.13%	4.83%
			4- year average		1.18%

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 have been more limited and thus our need for sponsorship revenue. For FY 2021-22 we anticipate funding approximately 27% of the cost of the events from sponsorship revenue as follows:

Anticipated cash sponsorship	
Jazz Festival	\$ 26,700
Summer	\$ 13,000
Shoulder Seasons	\$ 700
	\$ 40,400

This revenue source, and the one that follows (Merchandise) was formerly called “Other” in the revenue portion of the budget.

Merchandise Revenue

This is a new line where we will account for revenue from the sale of merchandise at festivals/events and other unplanned sales. This is 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.

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 2021-22 it represents a transfer from the Beach Nourishment fund to make the last debt service payment for the 2017 nourishment project and expenses in preparation for the 2022 renourishment project.

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 2021-22 this represents borrowing for three replacement and two new police vehicles, and for replacing radios for fire and police.

Debt Proceeds	
Police (radios)	151,363
Fire (radios)	259,525
Police Cars (3 replacement & 2 new positions)	240,000
Total	650,888

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 2021-22 we do not plan to appropriate any Fund Balance.

Investment Earnings

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

General Fund Revenue Summary

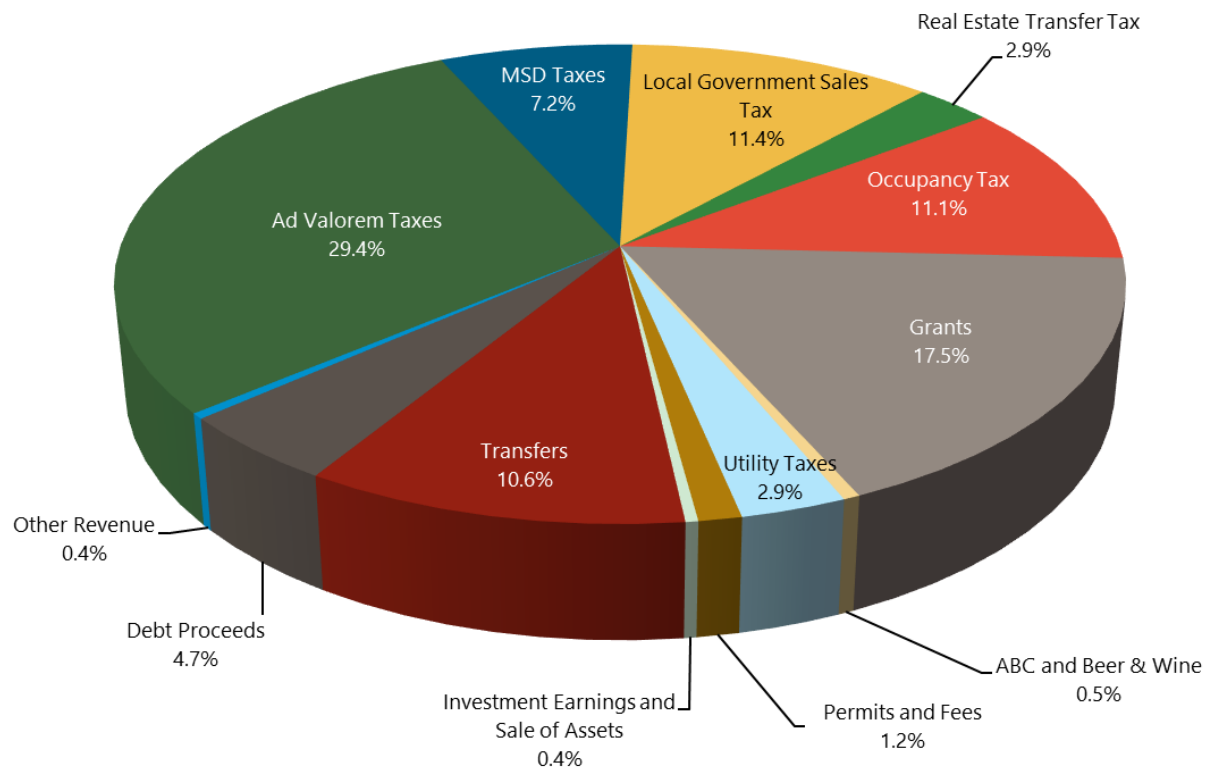
While there is some cause for optimism regarding some revenue sources as we emerge from the pandemic, we have opted to remain cautious in our estimation of revenue sources that are dependent upon a robust national economic climate. While most experts seem to agree that there will be continued inflationary pressure on the economy, they do not expect to see those rates too much in excess of 2% and likewise they seem to agree that mortgage interest rates (30 year) could push upward to around 3.5% by the end of the calendar year which is still a relatively low rate. This, combined with only modest inflation predictions, seem to point to the continuation of an economic climate that should continue to spur investment in currently owned properties, purchase of properties, and a continuation of availability of income to use for travel – an important part of our local economy.

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 2021-22, we anticipate that only 36.6% of revenue will derive from these sources. The amount and percentage of each source is depicted in the table and graph on the next page.

Town of Duck – Fiscal Year 2021–2022 Annual Budget

Revenues by Source						
Source	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Ad Valorem Taxes	3,652,458	3,662,390	3,739,372	4,092,304	429,914	11.7%
MSD Taxes	992,098	995,043	1,004,993	1,000,971	5,928	0.6%
Local Government Sales Tax	1,451,274	1,309,433	1,523,838	1,581,889	272,456	20.8%
Real Estate Transfer Tax	374,793	372,408	397,280	397,280	24,872	6.7%
Occupancy Tax	1,427,438	1,507,042	1,505,947	1,548,771	41,729	2.8%
Grants	716,403	761,031	2,436,782	2,436,782	1,675,751	220.2%
ABC and Beer & Wine	63,694	52,500	64,913	64,913	12,413	23.6%
Utility Taxes	405,733	405,000	409,790	409,790	4,790	1.2%
Permits and Fees	151,924	143,000	154,804	171,248	28,248	19.8%
Investment Earnings and Sale of Assets	145,777	0	31,800	48,800	48,800	
Transfers	1,815,374	1,258,223	1,476,489	1,476,489	218,266	17.3%
Debt Proceeds	211,362	0	650,888	650,888	650,888	
Fund Balance Appropriated	0	663,380	0	0	(663,380)	-100.0%
Other Revenue	67,549	347,000	52,500	52,500	(294,500)	-84.9%
Total	11,475,877	11,476,450	13,449,398	13,932,625	2,456,175	21.4%

Revenues by Source FY21-22



Town of Duck – Fiscal Year 2021–2022 Annual Budget

Revenue						
Account Description	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Ad Valorem Tax	3,610,281	3,662,390	3,699,014	4,051,252	388,862	10.62%
MSDA	641,443	643,581	650,017	645,348	1,767	0.27%
MSDB	350,655	351,462	354,977	355,623	4,161	1.18%
Motor Vehicle Tax	34,665		35,359	36,052	36,052	
Prior Year Tax, Penalties & Interest	7,512		5,000	5,000	5,000	
Local Government Sales Tax	1,451,274	1,309,433	1,523,838	1,581,889	272,456	20.81%
Real Estate Transfer Tax	374,793	372,408	397,280	397,280	24,872	6.68%
Occupancy Tax	1,427,438	1,507,042	1,505,947	1,548,771	41,729	2.77%
Visitor's Bureau Grant	305,454	147,806	147,806	147,806	0	0.00%
State Grants	51,189				0	
Shoreline Grant (County)	250,218	228,214	206,212	206,212	-22,002	-9.64%
Government Access Channel Grant	10,000		5,000	5,000	5,000	
Federal Grants	1,002	1,000			-1,000	-100.00%
FEMA Grants	42,006		1,693,753	1,693,753	1,693,753	
NFWF Grant		384,011	384,011	384,011	0	0.00%
COVID-19 Relief Fund	56,534				0	
Beer and Wine	1,720	1,500	1,700	1,700	200	13.33%
Utility Franchise Tax	405,733	405,000	409,790	409,790	4,790	1.18%
Building Permits	93,583	95,000	143,400	159,844	64,844	68.26%
Reinspection Fees	47,271	38,000	250	250	-37,750	-99.34%
Other Permits	9,465	10,000	9,654	9,654	-346	-3.46%
Permits and Fees - Other					0	
Gain on sale of vehicles & Other Surplus Assets	50,289		30,000	47,000	47,000	
Investment Earnings	95,488		1,800	1,800	1,800	
ABC and Mixed Beverage Profits	61,974	51,000	63,213	63,213	12,213	23.95%
Other	67,549	347,000			-347,000	-100.00%
Sponsorship Revenue			40,400	40,400	40,400	
Merchandise Revenue			12,100	12,100	12,100	
Building Rental Fees	1,605		1,500	1,500	1,500	
Miscellaneous Income - Other					0	
Transfers from Capital Reserve	1,815,374	1,258,223	1,476,489	1,476,489	218,266	17.35%
Debt Proceeds	211,362		650,888	650,888	650,888	
Fund Balance		663,380			-663,380	-100.00%
Total	11,475,877	11,476,450	13,449,398	13,932,625	2,456,175	21.40%

General Fund 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 now accounts for expenses related to the maintenance of our buildings, playground, park, boardwalk and others with the exception of sidewalks/Duck Trail which are accounted for in the Streets & Highways department.
- **Information Technology**
 - Expenses for our contracted IT support, licenses, subscriptions, etc. for our information technology infrastructure.
- **Police**
 - Expenses related to the Duck Police Department.
- **Fire**
 - Expenses, including a direct allocation, for the operation of the Duck Fire Department.
- **Inspections**
 - Expenses related to our enforcement of the NC Building Code including the issuance of permits and inspections to ensure Code compliance.
- **Ocean Rescue**
 - Expenses, directly to a contractor, to provide ocean rescue services on the beach in Duck.
- **Streets & Highways**
 - While we own no streets, this department accounts for expense related to the maintenance of Duck Trail, sidewalks, crosswalks (including lights), and for projects related to improving this infrastructure.
- **Sanitation**
 - Expenses, paid to our contractors, for the collection of trash and recycling.
- **Environmental Protection**
 - Formerly Beach Protection, this department accounts for expenses related to Beach Nourishment, beach grass planting, soundside shoreline protection, etc.

Town of Duck – Fiscal Year 2021–2022 Annual Budget

- **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, and the FY 2021 – 22 request as part of the "gross needs budget, and the current recommended budget.

Expenditures by Department						
Department Expenditures	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Governing Body	202,469	218,290	145,813	146,159	(72,131)	-33.0%
Administration	531,876	563,730	658,457	659,090	95,360	16.9%
Finance	72,439	71,000	100,290	100,290	29,290	41.3%
Legal	82,631	505,000	82,200	82,200	(422,800)	-83.7%
Public Facilities	433,207	411,372	969,725	521,593	110,221	26.8%
Information Technology	161,804	128,500	152,615	152,615	24,115	18.8%
Police	1,633,557	1,464,518	1,924,627	1,909,688	445,170	30.4%
Fire	1,365,372	1,342,918	1,892,523	1,887,873	544,955	40.6%
Inspections	179,303	186,965	204,576	204,767	17,802	9.5%
Ocean Rescue	486,000	540,000	531,500	531,500	(8,500)	-1.6%
Streets & Highways	1,032,502	1,408,174	2,904,586	2,904,586	1,496,412	106.3%
Sanitation	1,087,979	1,045,000	1,187,286	1,187,286	142,286	13.6%
Environmental Protection	1,637,525	2,006,172	1,762,338	1,762,338	(243,834)	-12.2%
Community Development	359,230	326,229	314,456	304,625	(21,604)	-6.6%
Recreation & Special Events	312,772	243,039	186,900	186,900	(56,139)	-23.1%
Transfers	1,221,390	995,043	1,324,999	1,317,349	322,306	32.4%
Contingency	0	20,500	78,412	73,768	53,268	259.8%
Total	10,800,057	11,476,450	14,421,303	13,932,625	2,456,175	21.4%

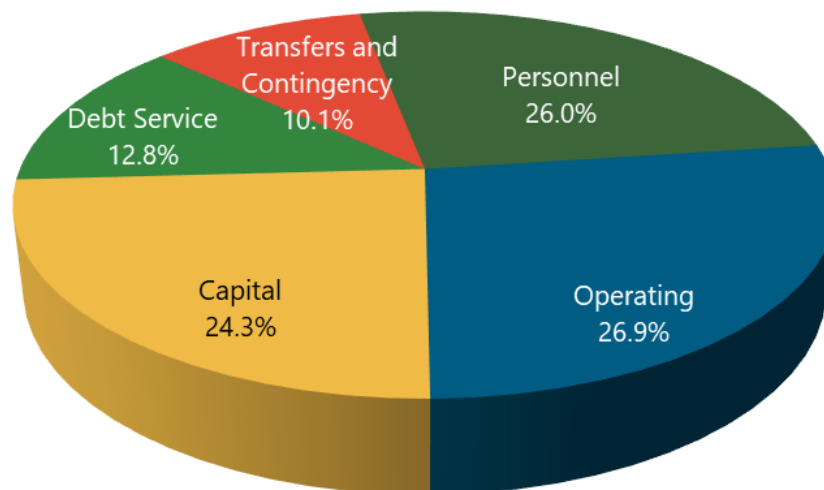
Expenditures by Type

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

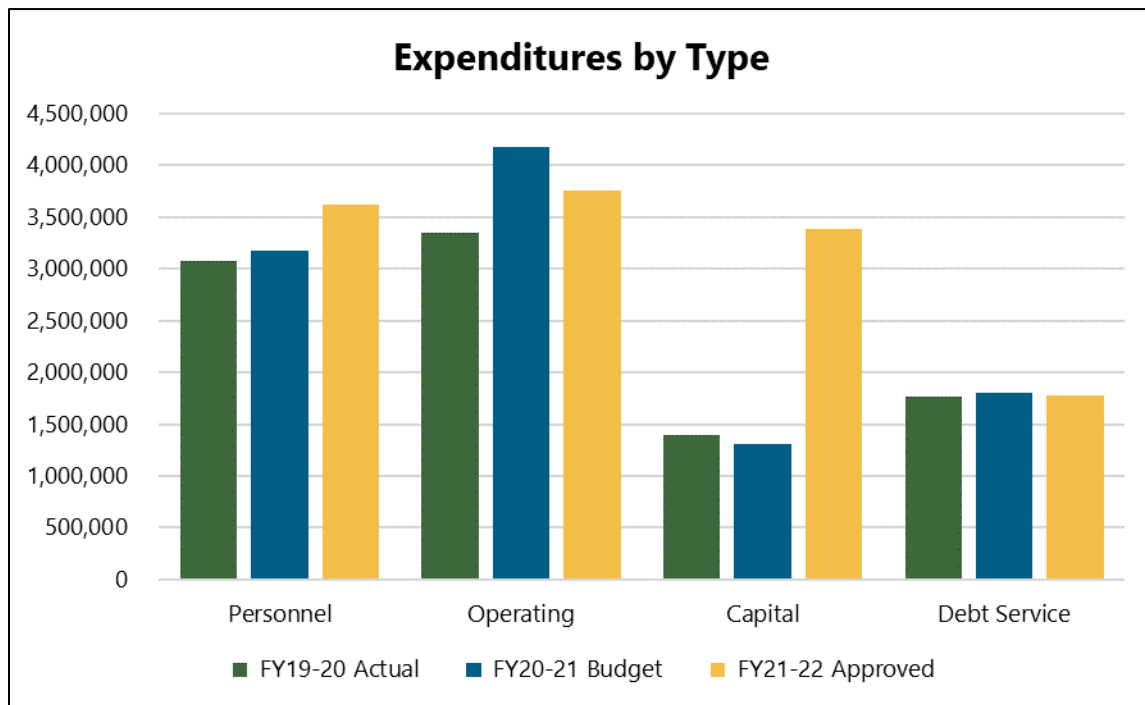
- **Personnel** – accounts for salaries, overtime, FICA, retirement, 401k, medical insurance, and workers' compensation insurance.
- **Operating** – accounts for all expenses for contracted services, professional services, supplies and materials, and small item purchases.
- **Capital** – accounts for 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	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Personnel	3,071,895	3,178,259	3,624,400	3,624,400	446,141	14.0%
Operating	3,355,123	4,175,207	3,752,375	3,752,375	(422,832)	-10.1%
Capital	1,391,093	1,303,990	3,386,888	3,386,888	2,082,898	159.7%
Debt Service	1,760,556	1,803,451	1,777,845	1,777,845	(25,606)	-1.4%
Transfers and Contingency	1,221,390	1,015,543	1,403,411	1,391,117	375,574	37.0%
Total	10,800,057	11,476,450	13,944,919	13,932,625	2,456,175	21.4%

Expenditures by Type FY21-22



This chart shows the changes in each Type over the past two years and what is currently contained in the budget for FY 2021-22. 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 2021-22 budget.



Personnel

The total of all personnel related expenses, including wages and benefits, is budgeted at \$3,626,063. This represents a total of 26% of the total budget. Due mainly to adding 5 new staff members and increasing a part-time staff member to full time, this budget reflects a total personnel cost increase of 15.9% over the FY 2020-21 adopted budget. This budget does contain provisions for a 1.5% merit increase and a 3% for merit bonus in accordance with current Town practice.

Personnel by Department						
Department	FY 18-19	FY 19-20	FY 20-21	FY 21-22 Proposed	# Change	Percent Change
Administration	4	5	5	5.5	0.5	10%
Public Facilities	0	0	0	1	1	100%
Police	12.5	12.5	12.5	14.5	2	16%
Fire	12.5	12.5	12.5	14.5	2	16%
Inspections	1.5	1.5	2.5	2	-0.5	-20%
Community Development	1.5	1.5	2	2.5	0.5	25%
Total	32	33	34.5	40	5.5	15.9%

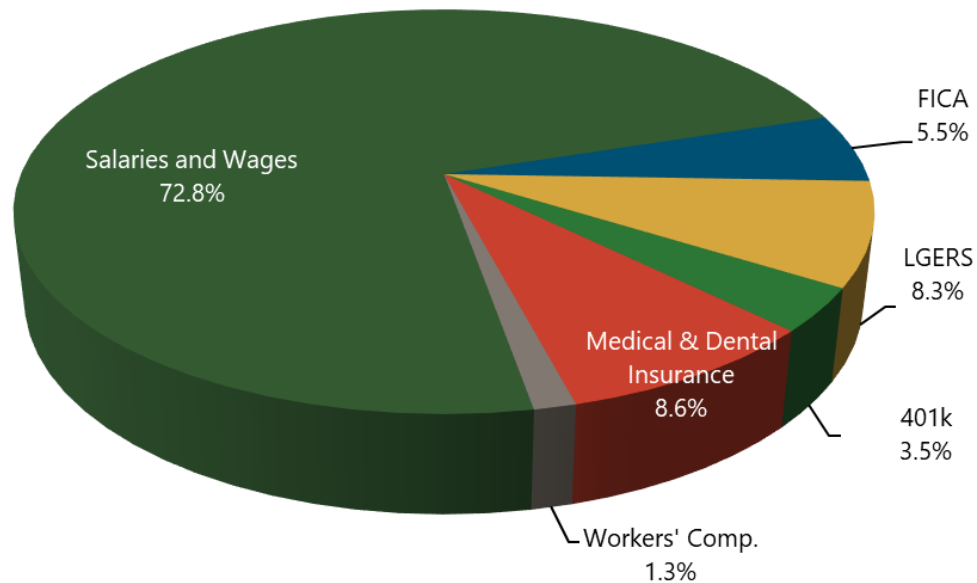
The changes shown in the chart above are as follows:

- Administration – reallocation of current Permits Coordinator duties to add Deputy Town Clerk duties.
- Public Facilities – moves the part-time Maintenance Technician from Inspections to Public Facilities and increases this to a full-time position.
- Police – adds two full-time patrol officers, one in July and the other in November.
- Fire – adds two full-time firefighter/EMTs
- Inspections – moves the part-time Maintenance Technician as described above.
- Community Development – moves the Permits Coordinator allocation to Administration and adds a new Planner position in September.

The table to the right and the graph below shows how the total personnel cost is broken down. Earnings account for 72.8% 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 Approved
Salaries and Wages	2,632,939
FICA	199,062
LGERS	299,521
401k	129,311
Medical & Dental Insurance	313,482
Workers' Comp.	50,085
Total	3,624,400

Personnel Costs by Type FY21-22



Employee Benefits

Competitive Salary

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

Social Security (FICA)

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

Retirement

All Town employees are members of the Local Government Employees’ Retirement System (LGERS), which is managed by the North Carolina State Treasurer’s office. Both the Town and employees contribute to the retirement system. The employer’s contribution rate increased for fiscal year 2011 for the first time in over thirty years and continues to change each year to respond to changes in the financial performance of funds invested for local government retirees. Effective July 1, 2021, the rate increased to 11.35% for non-law enforcement and to 12.04% for law enforcement positions.

401(k)

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

Medical and Dental Insurance

The Town pays the full costs of medical and dental insurance for all employees and 75% of the cost to cover spouse and/or children. Coverage is provided by Blue Cross & Blue Shield of North Carolina.

Workers' Compensation Insurance

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

Holidays

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

Vacation

Employees accrue vacation leave time at rates based upon years of service and are limited to 240 hours in the total amount they may accrue. Excess earned leave is converted to sick leave at the end of each year or upon separation from employment.

Sick Leave

Employees earn sick leave time at rates based upon years of service. Unused time may be converted to service credit according to terms established by the North Carolina Local Government Employees' Retirement System.

Uniforms

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

Law Enforcement Separation Allowance

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

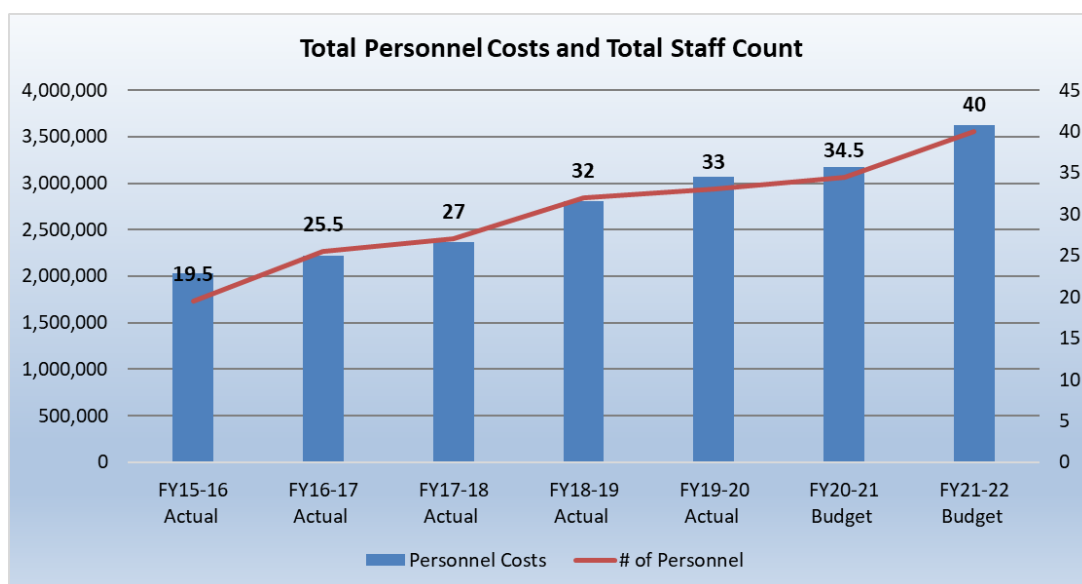
average final compensation as determined by the LGERS. The requirements for this separation allowance are as follows:

1. The employee must be eligible for basic retirement at full benefits from the LGERS; and
2. The employee must not have attained sixty two (62) years of age; and
3. At least 50% of creditable service is as a law enforcement employee and must be employed in a law enforcement position with the Town of Duck at time of retirement. No employee shall receive the Special Separation Allowance if he/she retires on disability; and
4. Payment of this Separation Allowance shall cease at the death of the employee or on the last day of the month in which he/she attains sixty two (62) years of age, or upon the first day of employment of the employee by any State of North Carolina department, agency or institution. Should the special separation allowance for law enforcement officers, now required by law, be rescinded, this separation allowance shall be rescinded all at the same time; and
5. The Special Separation Allowance does not replace any benefits to which a retired employee may be entitled from state, federal, or private retirement systems.

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

Summary

The chart below shows the change in total personnel costs over time. As noted above, the numbers for FY 2021-22 include five new positions which adds a total of \$433,152 to the total budget. Additionally, these numbers include conversion of a part-time to full-time position as noted above, and the costs for implementing the changes in the pay plan as a result of the MAPS study mentioned above.



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Personnel	
Implement Pay Plan Recommendations	76,100
Longevity Bonus	12,919
Police Career Development	10,495
Upgrade Maintenance Technician to Full-Time	35,749
New Position - Planner (start 9/1/2021)	60,999
New Position - Police Officer	69,785
New Position - Police Officer (start 11/1/2021)	47,011
New Position - Firefighter	63,280
New Position - Firefighter	63,280
Total Personnel	439,619

The table to the left shows the total costs for each new position, the cost to upgrade the part-time position, and the cost to implement the pay plan changes.

Operating

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

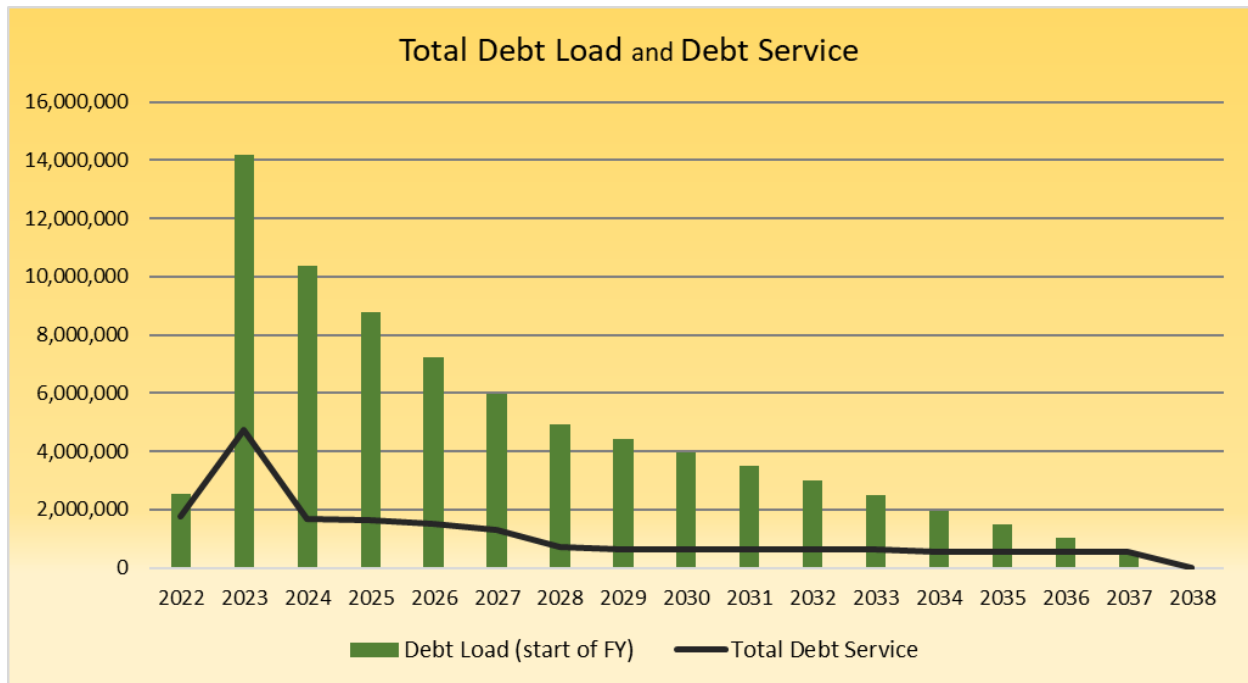
Capital

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		
Sand Fencing/Beach Planting/Fertilization/Monitoring	150,000	Annual in CIP
Shoreline Stabilization (Highway 12)	384,012	Local Funds
Pedestrian Plan Implementation (Highway 12)	340,151	Local Funds
Duck Trail Repaving	110,000	CIP
Stormwater Management	25,000	CIP
Retaining Wall Replacement	60,000	CIP
NC Highway 12 Elevation	1,209,617	Offset by grant funding
Replacement of SCBA Bottles	10,000	Annual in CIP
Replacement of Turnout Gear	15,000	Annual in CIP
Additional Hose - Appliances	3,000	Annual in CIP
Thermal Imaging Camera	7,000	CIP - recurring by not annual
Extrication Equipment	7,000	CIP - recurring by not annual
AED Replacement	18,300	CIP
Replacement Police Cars (3)	144,000	Offset by Loan proceeds
New Police Cars (2) for new positions	96,000	Offset by Loan proceeds
Radio Replacement - Police	151,363	Offset by Loan proceeds
Radio Replacement - Fire	259,525	Offset by Loan proceeds
Total	2,989,968	

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, 2021, the Town's debt obligation is \$2,359,657. This chart shows both the debt load, or total principal outstanding, and debt service through FY 2037-38. More detail about our debt load and ratios are shown in the Debt section of this document.



This table shows the amount owed in FY 2021-22 for outstanding debt issuances:

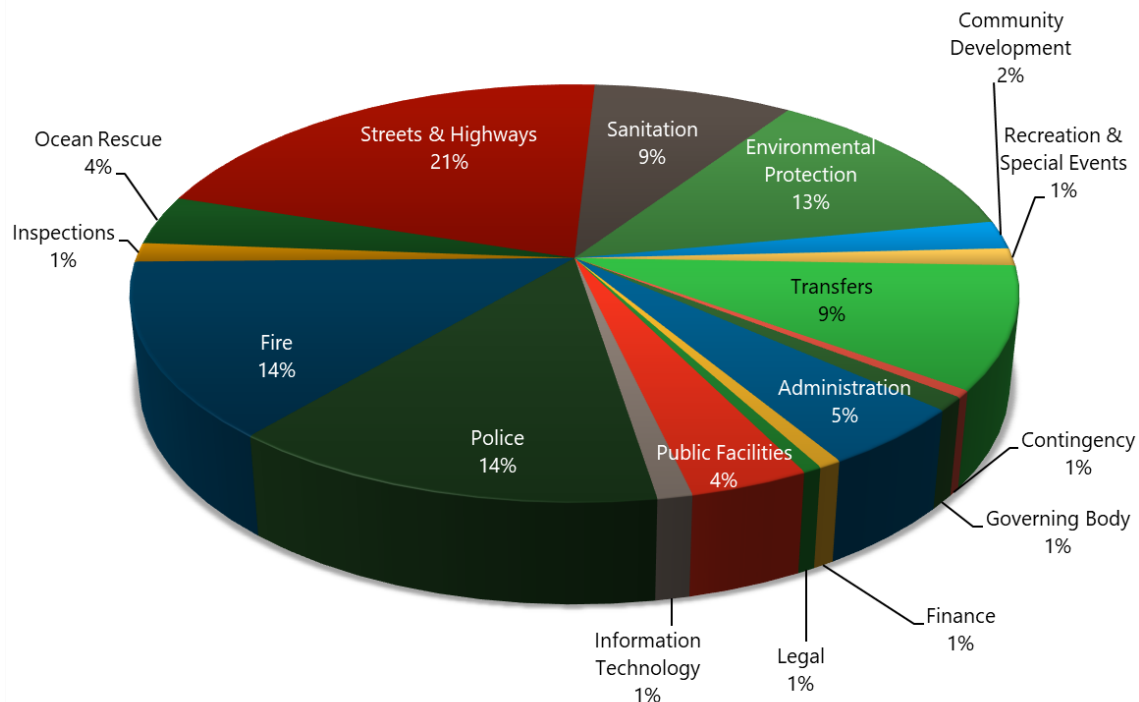
Issue Year	Project	Finance Type	Amount Issued	Term Years	Interest Rate	FY 2021-22 Principal	FY 2021-22 Interest	Total Debt Service
2010	Town Hall and Park Refinance	Installment Purchase	3,000,000	15	3.21%	216,667	26,750	243,417
2019	Vehicles (4)	Installment Purchase	211,362	4	2.12%	70,107	2,998	73,105
2016	Beach Nourishment	Special Obligation Bond	6,963,000	15	1.58%	1,392,600	11,001	1,403,601
2012	Fire Engine (engine 111)	Installment Purchase	500,000	10	2.70%	53,287	4,434	57,721
TOTAL								1,777,844

Expenditures by Department

This table shows the total amount of each department's budget for FY 2021-22, the current (as amended) FY 2020-21 budget and the actual spent in FY 2019-20.

Expenditures by Department						
Department Expenditures	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Governing Body	202,469	218,290	145,813	146,159	(72,131)	-33.0%
Administration	531,876	563,730	658,457	659,090	95,360	16.9%
Finance	72,439	71,000	100,290	100,290	29,290	41.3%
Legal	82,631	505,000	82,200	82,200	(422,800)	-83.7%
Public Facilities	433,207	411,372	969,725	521,593	110,221	26.8%
Information Technology	161,804	128,500	152,615	152,615	24,115	18.8%
Police	1,633,557	1,464,518	1,924,627	1,909,688	445,170	30.4%
Fire	1,365,372	1,342,918	1,892,523	1,887,873	544,955	40.6%
Inspections	179,303	186,965	204,576	204,767	17,802	9.5%
Ocean Rescue	486,000	540,000	531,500	531,500	(8,500)	-1.6%
Streets & Highways	1,032,502	1,408,174	2,904,586	2,904,586	1,496,412	106.3%
Sanitation	1,087,979	1,045,000	1,187,286	1,187,286	142,286	13.6%
Environmental Protection	1,637,525	2,006,172	1,762,338	1,762,338	(243,834)	-12.2%
Community Development	359,230	326,229	314,456	304,625	(21,604)	-6.6%
Recreation & Special Events	312,772	243,039	186,900	186,900	(56,139)	-23.1%
Transfers	1,221,390	995,043	1,324,999	1,317,349	322,306	32.4%
Contingency	0	20,500	78,412	73,768	53,268	259.8%
Total	10,800,057	11,476,450	14,421,303	13,932,625	2,456,175	21.4%

Expenditures by Department



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

- Election expense estimated per Dare County Board of Elections
- Laptops to replace older iPads
- Property and Liability insurance increase due to reinsurance rates and experience. \$7,428 (14.2%)
- Workers' Compensation insurance allocated to appropriate departments
- Accounting and Auditing expenses moved to Finance
- Funding for 20th Anniversary and Volunteer appreciation events

Administration

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

Finance

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

Legal

- Monthly retainer increases (\$300) to \$2,800 per month. First increase since 2007
- As needed services at new hourly rates

Public Facilities

- Formerly Public Buildings
- Part-Time Maintenance Technician moved from Inspections and now full-time
- Maintenance contracts for grounds (Town Hall, Park, etc.), trash can service, and cleaning of Town Hall and Keller Meeting Hall.
- Tree "removal" for maintenance (trimming, vine removal, and removal of any dead trees)
- Irrigation maintenance as needed while full-time staff member learns the systems
- New microphones and display screens for Meeting Hall
- Acoustic improvements for Meeting Hall to improve sound quality

Information Technology

- Contracted services to manage servers and support workstations/devices
- Includes \$535 for security training for all system users
- Expenses for fiber/cable and telephone services

Police

- Two new patrol officers
- Two computer replacements – one split with Fire
- Purchase of 12 AEDs
- Replacing mobile and portable radios

- Three replacement vehicles
- Two new vehicles for new positions

Fire

- Two new firefighter/EMTs
- Three computer replacements – one split with Police
- Replacing mobile and portable radios
- Replacing turnout gear – per schedule
- Replacing Thermal Imaging Cameras
- SCBA replacement – per schedule
- Hose and appliance replacement – per schedule
- Extrication equipment replacement
- Subsidy to Duck Volunteer Fire Department - \$22,000 increase
 - Travel and training now included in subsidy
 - Increase supplies and materials by \$3,000 and reduced Police by \$3,000. Fire to now purchase “building supplies” (paper towels, cleaners, etc.)

Inspections

- Part-time maintenance technician moved to Public Facilities
- Copier shared as noted above under Administration

Ocean Rescue

- Increase of \$8,500 per contract
- No change in service provided

Streets & Highways

- Professional Services for construction administration for the Highway 12 project and additional for work related to Duck Trail maintenance
- Contracted services for maintenance of sidewalks/plantings in the village and along Duck Trail
- Repaving Duck Trail – annual
- Stormwater management along Duck Trail
- Retaining wall replacement along Duck Trail per study
- Highway 12 project including living shoreline, phase IV of the village sidewalk project and the elevation of Highway 12

Sanitation

- Cost increases per contracts for trash and recycling service

Environmental Protection

- Formerly Beach Protection
- Professional Services (Engineering, Financial Advisor) related to Beach Renourishment
- Professional Service for engineering related to Town Park shoreline project (future)
- Beach grass planting, beach monitoring, etc.

Community Development

- New Planner position
- Training for Director, Senior Planner, and new Planner
- Copier shared as noted above under Administration
- Drone – for beach and wetland monitoring and flooding evaluation

Recreation and Special Events

- Formerly Parks
- 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 \$0.755 if we didn't have all the other revenue sources including shared revenues and grants.

Expenditures by Department			
Department Expenditures	FY21-22 Approved	% of GF Total	Tax Rate Equiv
Governing Body	146,159	1.05%	\$0.008
Administration	659,090	4.73%	\$0.036
Finance	100,290	0.72%	\$0.005
Legal	82,200	0.59%	\$0.004
Public Facilities	521,593	3.74%	\$0.028
Information Technology	152,615	1.10%	\$0.008
Police	1,909,688	13.71%	\$0.104
Fire	1,887,873	13.55%	\$0.102
Inspections	204,767	1.47%	\$0.011
Ocean Rescue	531,500	3.81%	\$0.029
Streets & Highways	2,904,586	20.85%	\$0.157
Sanitation	1,187,286	8.52%	\$0.064
Environmental Protection	1,762,338	12.65%	\$0.096
Community Development	304,625	2.19%	\$0.017
Recreation & Special Events	186,900	1.34%	\$0.010
Transfers	1,317,349	9.46%	\$0.071
Contingency	73,768	0.53%	\$0.004
Total	13,932,625	100%	\$0.755

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

- Much of FY 2020-21 was spent responding to the impacts of the COVID-19 Pandemic.
- After the resignation of the long-serving Town Manager, the Town Council, working with a consultant, conducted a search, screening, and selection process for a new Town Manager who started work in February of 2021.
- Council members continue to represent Duck on the Tourism Board, the Government Access Channel Board, and as a liaison to our Planning Board. The Mayor continued service on the North Carolina League of Municipalities Board of Directors.

Upcoming Projects

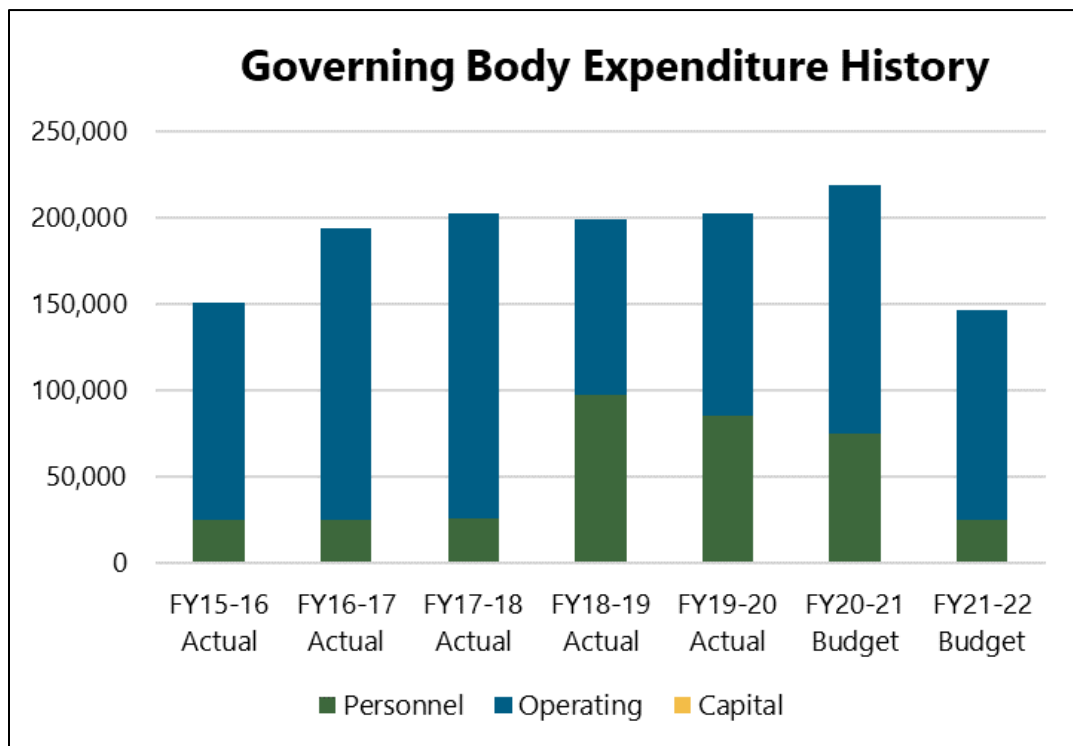
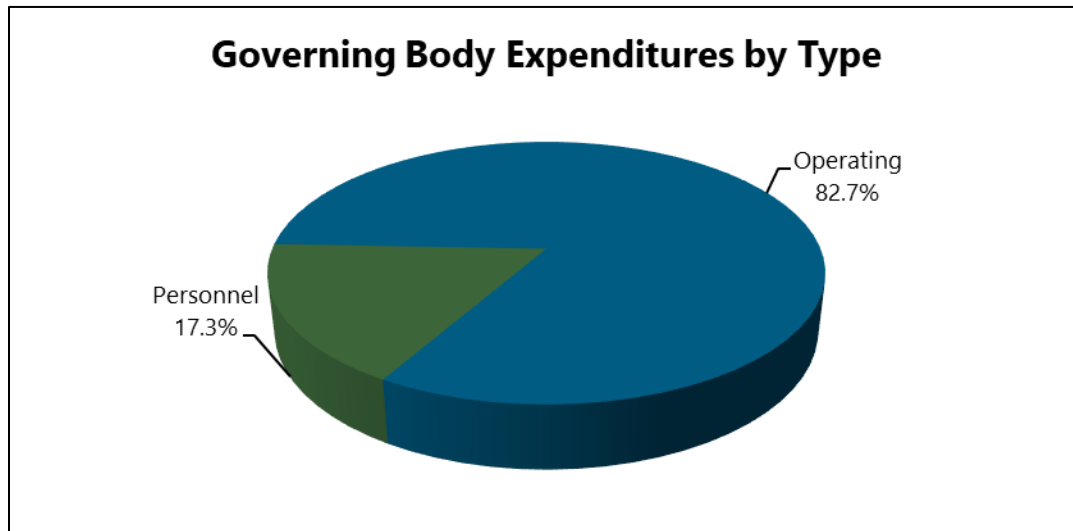
- This is an election year, and the Board of Elections has provided an estimated cost for their services as shown in this budget.
- Annual Winter Volunteer Celebration
- 20th Anniversary Celebration
- Replacing older iPads with laptop computers for improved functionality

FY 2021-2022 Budget Highlights

- The Governing Body Department budget decreased 33.2 percent in FY21-22 mostly due to shifting the allocation of Workers' Compensation insurance expenses to appropriate departments, and putting the expenses for auditing and financial consulting in the Finance Department.
- The Governing Body budget accounts for 1.05% of the General Fund budget and is equivalent to \$0.008 on the tax rate.

Town of Duck – Fiscal Year 2021–2022 Annual Budget

Expenditures by Type								
Type	FY15-16 Actual	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Budget	FY21-22 Budget	Percent Change
Personnel	25,022	25,147	25,643	97,005	85,427	75,200	25,230	-66.45%
Operating	125,763	168,590	176,459	102,007	117,042	143,090	120,930	-15.49%
Capital				0	0	0	0	-
Total	150,785	193,737	202,102	199,011	202,469	218,290	146,159	-33.04%



Line Item Expenditures

Governing Body						
Account Description	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Salaries and Wages	23,400	25,000	23,400	23,400	(1,600)	-6.40%
FICA			1,790	1,790	1,790	
Fringe Benefits	2,134	2,200			(2,200)	-100.00%
Workers' Compensation	59,892	48,000	43	39	(47,961)	-99.92%
Professional Services	30,592	52,590	5,000	5,000	(47,590)	-90.49%
Contracted Services			7,000	7,000	7,000	
Supplies and Materials	183	500	500	500	0	0.00%
Uniforms			500	500	500	
Technology Hardware & Accessories			6,227	6,227	6,227	
Travel and Training	200	1,500	2,000	2,000	500	33.33%
Dues and Subscriptions	8,139	7,000	7,605	7,955	955	13.64%
Communications	1,059	1,000	600	600	(400)	
Leased Equipment			8,718	8,718	8,718	
Printing and Binding	4,020	8,000	0	0	(8,000)	-100.00%
Advertising	2,458	2,500	2,500	2,500	0	0.00%
Insurance and Bonding	53,168	55,000	67,330	67,330	12,330	22.42%
Miscellaneous	17,223	15,000	12,600	12,600	(2,400)	-16.00%
TOTAL	202,469	218,290	145,813	146,159	(72,131)	-33.04%

Notes

Salaries and Wages

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

Professional Services

Misc. Prof Services	5,000
<i>Accounting, Audit, Engineering, etc. moved to appropriate departments</i>	

Contracted Services

Election Expense (Dare County Brd of Elect)	7,000	per BOE on 3/29/2021
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Uniforms

Logo Attire	500
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Technology Hardware & Accessories

Laptops for Council (5)	6,227	4,995	Hardware
		337	Tax
		895	Warranty
		<u>6,227</u>	

Town of Duck – Fiscal Year 2021–2022 Annual Budget

Dues and Subscriptions

League of Women Voters - Dare County	250
Government Access Channel	1,000
Albemarle Commission	350
	1,007
ASBPA	500
NCLM	973
Outer Banks Chamber of Commerce	275
NCLM - Ordinance Service	3,500
UNC School of Government	100
	<u>7,955</u>

Communications

Postage meter	600
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Leased Equipment

Copier	8,195
Postage Meter	523
	<u>8,718</u>

Insurance and Bonding

Property and Liability	59,634	Increase of \$7,428 (14.2%) 5% increase estimated
Flood	4,696	
Deductibles	<u>3,000</u>	
	67,330	

Misc

Council Retreat Food	600
20th Anniversary	5,000
Winter Vol Celebration	<u>7,000</u>
	12,600

Salaries and Wages

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

Professional Services

Misc. Prof Services	5,000
<i>Accounting, Audit, Engineering, etc. moved to appropriate departments</i>	

Contracted Services

Election Expense (Dare County Brd of Elect)	7,000	per BOE on 3/29/2021
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Town of Duck – Fiscal Year 2021–2022 Annual Budget

Uniforms

Logo Attire	500
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Technology Hardware & Accessories

Laptops for Council (5)	6,227	4,995	Hardware
		337	Tax
		895	Warranty
		6,227	

Dues and Subscriptions

League of Women Voters - Dare County	250
Government Access Channel	1,000
Albemarle Commission	350
	1,007
ASBPA	500
NCLM	973
Outer Banks Chamber of Commerce	275
NCLM - Ordinance Service	3,500
UNC School of Government	100
	7,955

Communications

Postage meter	600
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Leased Equipment

Copier	8,195
Postage Meter	523
	8,718

Insurance and Bonding

Property and Liability	59,634	Increase of \$7,428 (14.2%) 5% increase estimated
Flood	4,696	
Deductibles	3,000	
	67,330	

Misc

Council Retreat Food	600
20th Anniversary	5,000
Winter Vol Celebration	7,000
	12,600

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

- Microfiched all Town Council Minute Books
- Incorporated a new position of Deputy Town Clerk
- Spring/Summer newsletter mailed to all Duck property owners

Upcoming Projects

- Deputy Town Clerk will become an IIMC Certified Municipal Clerk and joining the NC Association of Municipal Clerks
- Adopting an Electronic Records Policy
- Town Clerk will be attending Human Resource classes
- Fireproof locking cabinets will be installed in Town Clerk's office to better protect critical documents
- Updates to Archive Social to add retention of our website. This company currently captures and retains our social media records. An increase to \$4,800 per year to meet record retention goals in a format that is easily searchable.

FY 2021-2022 Budget Highlights

- The Administration Department budget increased 16.9% in FY21-22 due in part to personnel reallocation as explained below.

Town of Duck – Fiscal Year 2021–2022 Annual Budget

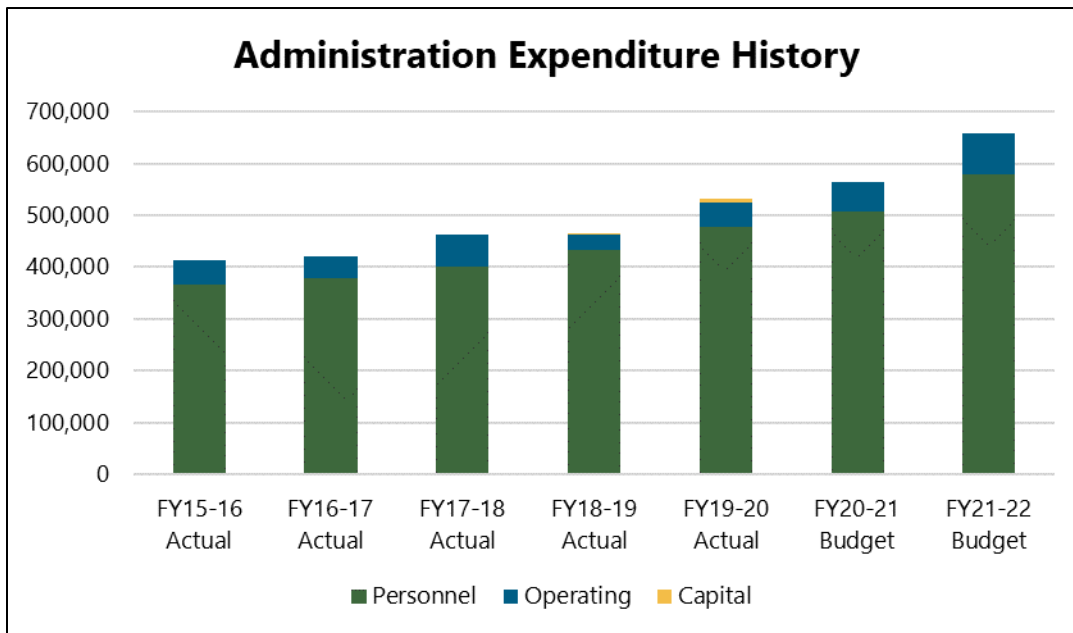
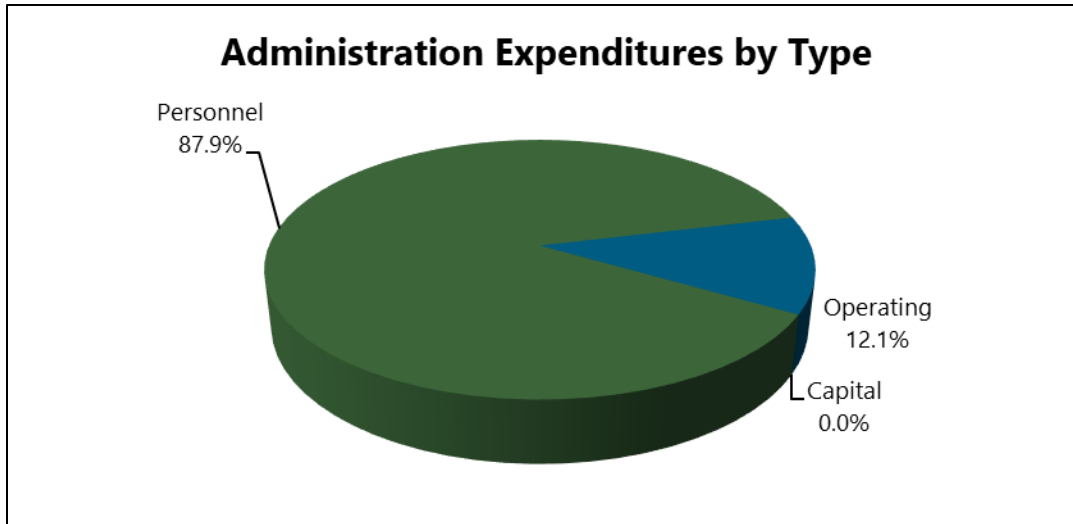
- The Administration budget accounts for 4.73% of the General Fund budget and is equivalent to \$0.036 on the tax rate.

Expenditures by Type								
Type	FY15-16 Actual	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Budget	FY21-22 Budget	Percent Change
Personnel	365,454	379,342	399,778	432,343	478,709	508,230	579,636	14.05%
Operating	47,677	41,662	62,705	31,421	45,741	55,500	79,454	43.16%
Capital	0	0	0	1,035	7,427	0	0	-
Total	413,131	421,004	462,483	464,799	531,876	563,730	659,090	16.92%

Personnel					
Type	FY18-19 Actual	FY19-20 Actual	FY20-21 Budget	FY21-22 Budget	Percent Change
Full-time	4	5.0	5.0	5.5	10.00%
Part-time					
Total	4.0	5.0	5.0	5.5	10.00%

Changes the allocation of the current split for the Deputy Town Clerk/Permits Coordinator to account for one-half of the personnel costs for that position in the Administration department and the other half in the Inspections department.

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



Line Item Expenditures

Administration						
Account Description	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Salaries and Wages	379,404	392,966	434,144	435,494	42,528	10.82%
Salaries and Wages (PT)	506				0	
FICA			33,212	33,315	33,315	
Workers' Compensation			1,965	1,924	1,924	
Supplemental Retirement (LGRS)	55,941	52,391	49,275	49,429	(2,962)	-5.65%
401k			21,707	21,775	21,775	
Medical/Dental Insurance	42,858	62,873	37,700	37,700	(25,173)	-40.04%
Professional Services	0	10,000	10,000	10,000	0	0.00%
Contracted Services			8,000	8,000	8,000	
Supplies and Materials	1,847	3,000	3,000	3,000	0	0.00%
Uniforms			900	900	900	
Technology Hardware & Accessories			5,902	5,902	5,902	
Travel and Training	14,417	17,000	10,000	9,000	(8,000)	-47.06%
Dues and Subscriptions	5,148	6,500	15,414	15,414	8,914	137.14%
Communications	4,427	7,000	4,220	4,220	(2,780)	-39.71%
Leased Equipment			8,718	8,718	8,718	
Printing and Binding	6,387	1,000	9,300	9,300	8,300	830.00%
Advertising	735	1,000	1,000	1,000	0	0.00%
Miscellaneous	6,745	3,000	4,000	4,000	1,000	33.33%
Capital Outlay - under \$5,000	7,427	0			0	
Fixed Charges	6,035	7,000			(7,000)	-100.00%
TOTAL	531,876	563,730	658,457	659,090	95,360	16.92%

Notes

Professional Services

As needed consulting, etc.

Contracted Services

Misc.	3,000
Newsletter - 2 x per year	5,000
	<hr/>
	8,000

Uniforms

Logo Attire	900
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Technology Hardware & Accessories

Town Clerk	1,609
Public Information & Events Director	1,900

Town of Duck – Fiscal Year 2021–2022 Annual Budget

Public Information & Events	
Coordinator	2,020
Sales Tax	373
	5,902

Travel and Training

NC3C Conference	1,250	PIO - 2 people
OBX Economic summit	25	PIO
OBX Tourism summit	50	PIO
Misc. Continuing Ed	2,250	Misc. Continuing Education
NCAZO	600	Admin - Kay - Zoning
NCAMC Conferences (Clerk and Deputy)	1,000	Clerk & Deputy for Winter & Summer Conferences
NCCMA	2,400	Manager - winter and summer conference
	7,575	

Dues and Subscriptions

For the Record	4,194	Clerk - Transcription software for DC
ICMA	1,040	Manager - Dues
NCCMA	325	Manager - Dues
ASCAP	350	PIO - Music License
SESAC	120	PIO - Music License
BMI	350	PIO - Music License
NC Assoc. of Festivals & Events	150	PIO - Membership
NC3C	100	PIO - NC Communications Ass'n Membership
DMA	150	PIO - Social Media
Leave No Trace	150	PIO - Social Media
AP Styleguard	120	PIO - Social Media
Canva	119	PIO - Social Media
Outer Banks Media	1,200	PIO - Website Hosting
Zoom	700	PIO - Virtual Meetings
Mail Chimp	370	PIO - E-newsletter
Hoot Suite	1,176	PIO - Social Media
Archive Social	4,800	PIO - Social Media
	15,414	

Communications

Postage	1,000
Mobile Phones/iPad	3,220
	4,220

Town of Duck – Fiscal Year 2021–2022 Annual Budget

Leased Equipment

Copier	8,195
Postage Meter	523
	<hr/>
	8,718

Printing and Binding

Beach Nourishment	1,200
Brochure	7,100
Rack Cards	1,000
	<hr/>
	9,300

Miscellaneous

Bulk waste permits	3,000
Other	1,000
	<hr/>
	4,000

Finance

Description

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

Recent Accomplishments

- Our independent auditor completed the FY 2019-20 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 made beginning in March.
- Under contract with Dare County, we collected over 99% of real property taxes due to the Town.
- Town Council adopted a set of comprehensive financial and budgetary policies.
- 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.

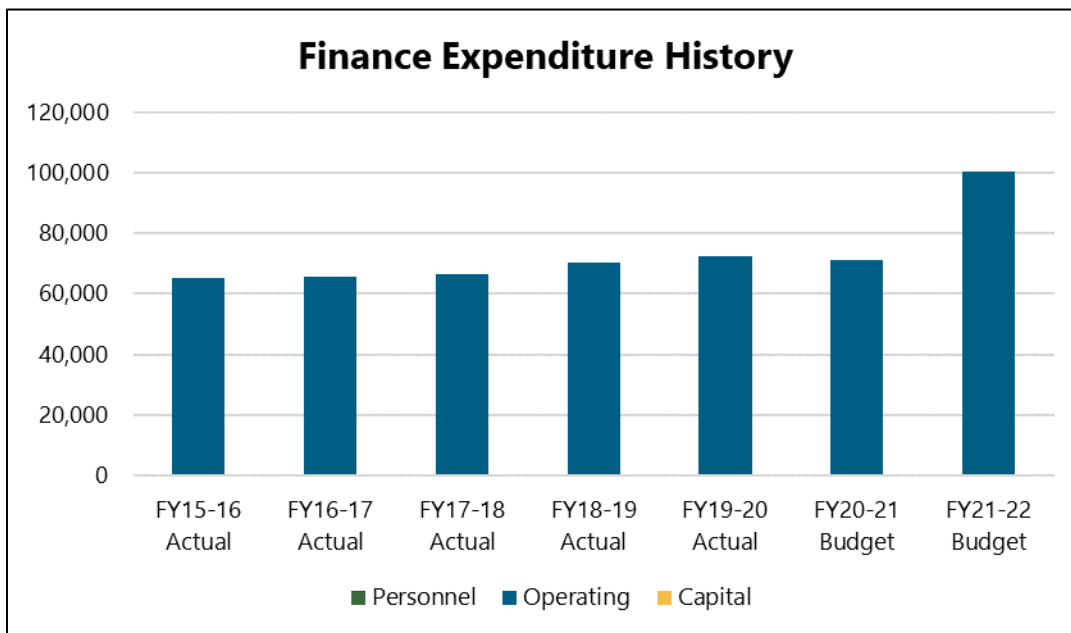
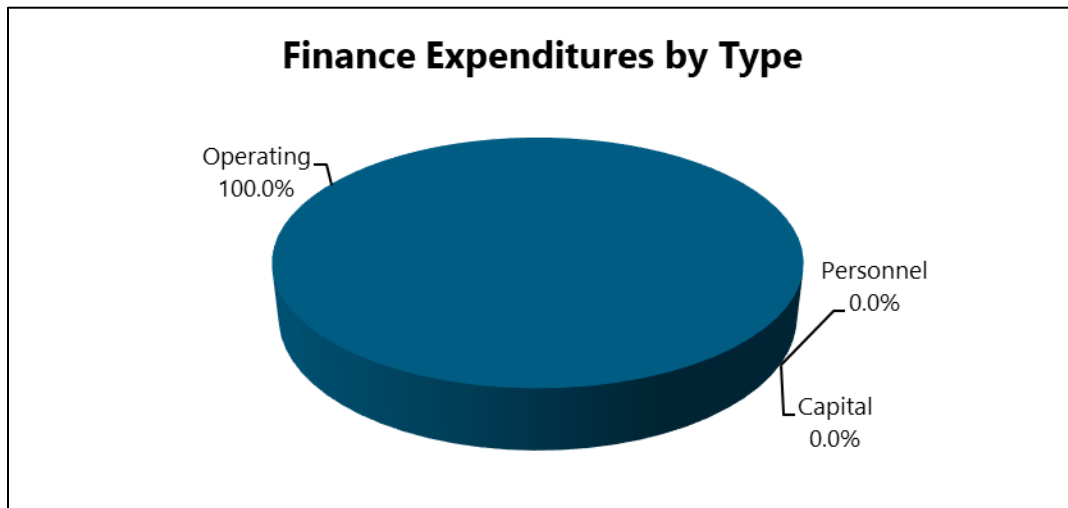
Upcoming Projects

- During the first part of FY 2021-22, we will assist our Auditor and Financial consultant in preparing the annual financial statements and audit.
- Policies regarding credit card use, purchasing, and others will be reviewed and changes recommended to Council for consideration.
- Continued efforts will be focused on further improvements to the Budget and CIP documents specifically to include performance measures. These efforts are focused on submitting our FY 2022-23 Budget document to the GFOA for consideration under their Distinguished Budget Presentation Award program.

FY 2021-2022 Budget Highlights

- The Finance Department budget increased 41.5% mostly due to budgeting the expenses for the annual audit and other financial consulting in the Finance department as opposed to in Governing Body.
- The Finance budget accounts for 0.72% of the General Fund budget and is equivalent to \$0.005 on the tax rate.

Expenditures by Type								
Type	FY15-16 Actual	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Budget	FY21-22 Budget	Percent Change
Personnel				0	0	0	0	-
Operating	65,322	65,788	66,661	70,311	72,439	71,000	100,290	41.25%
Capital				0	0	0	0	-
Total	65,322	65,788	66,661	70,311	72,439	71,000	100,290	41.25%



Line Item Expenditures

Finance						
Account Description	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Professional Services		0	29,200	29,200	29,200	
Contracted Services		-	71,090	71,090	71,090	
Bank Charges					0	
Subsidies and Allocations	72,439	71,000			(71,000)	-100.00%
TOTAL	72,439	71,000	100,290	100,290	29,290	41.25%

Notes

Professional Services

Audit	17,000	formerly in Governing Body - Professional Services
Financial Statement Prep and other Assistance	5,000	formerly in Administration - Professional Services
Other Financial Assistance	<u>7,200</u>	formerly in Administration - Professional Services
	29,200	

Contracted Services

Tax Collection - Dare County	71,090	1.5% of total collection formerly Subsidies and Allocations
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Legal

Description

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

Recent Accomplishments

- Our contracted law firm's attorneys handled a number of routine and extraordinary matters for the Town in FY 2020-21 including several sensitive matters involving personnel.
- Review of proposed changes to the Town's personnel policies.

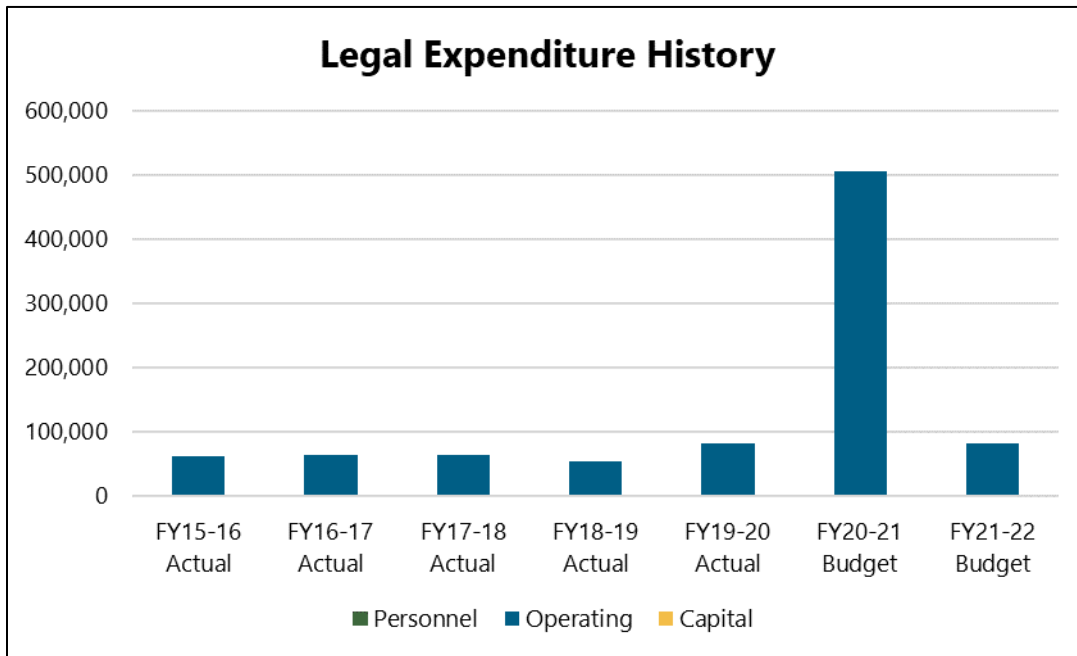
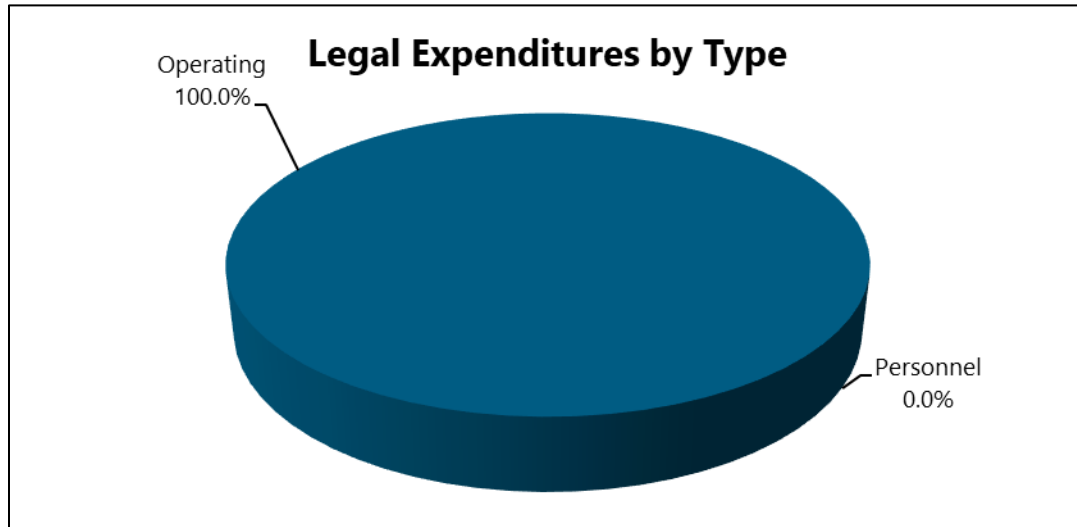
Upcoming Projects

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

FY 2021-2022 Budget Highlights

- The Legal Department budget decreased 83.7% compared to the FY 2020-21 amended budget due mostly to the high costs associated with numerous personnel matters.
- The monthly retainer, which includes attendance at Council meetings, increases by \$300, the first increase since 2007.
- The Legal budget accounts for 0.59% of the General Fund budget and is equivalent to \$0.004 on the tax rate.

Expenditures by Type								
Type	FY15-16 Actual	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Budget	FY21-22 Budget	Percent Change
Personnel				0	0	0	0	-
Operating	61,522	64,596	64,051	54,593	82,631	505,000	82,200	-83.72%
Capital				0	0	0	0	-
Total	61,522	64,596	64,051	54,593	82,631	505,000	82,200	-83.72%



Line Item Expenditures

Legal						
Account Description	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Professional Services	82,631	505,000	82,200	82,200	(422,800)	-83.72%
TOTAL	82,631	505,000	82,200	82,200	(422,800)	-83.72%

Notes

Professional Services

Monthly Retainer (\$2,800)	33,600
As Needed Additional Services	<u>48,600</u>
	82,200

Change from 2,500 to 2,800 for monthly retainer. Unchanged since 2007

Hourly rate Attorney 225 up from 200 (since 2016)

Paralegal 135 up from 110 (since 2016)

Per R. Hobbs (4-14-2021) represents a discount of approximately 20% from their standard rates

per month		
3,375	15	hours lawyer
<u>675</u>	5	hours paralegal
4,050		

Public Facilities

Description

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

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

Recent Accomplishments

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

Upcoming Projects

- Installing new monitor screens, microphones, and acoustic improvements in Keller Meeting Hall to improve the in-person and on-line experience for those attending our public meetings.
- Repair decking/seating at the Town Park boardwalk entrance.
- Complete electrical upgrades to accommodate the Jazz Festival.
- Evaluate and select replacement playground equipment.
- Develop maintenance schedules and responsibilities.

FY 2021-2022 Budget Highlights

- The Public Facilities Department budget increased 26.8% compared to the FY 2020-21 budget due mostly to reallocation of personnel from other departments and associated costs.
- The Public Facilities budget includes an increase in the duties and responsibilities of the Maintenance Technician position, necessitating an upgrade from part-time to a full-time.
- The Public Facilities budget accounts for 3.74% percent of the General Fund budget and is equivalent to \$0.028 on the tax rate.

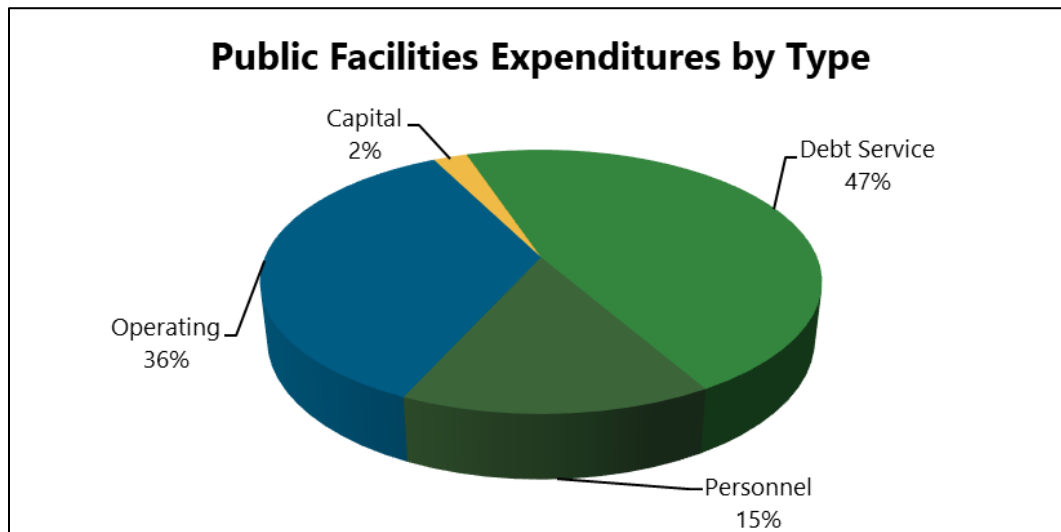
Town of Duck – Fiscal Year 2021–2022 Annual Budget

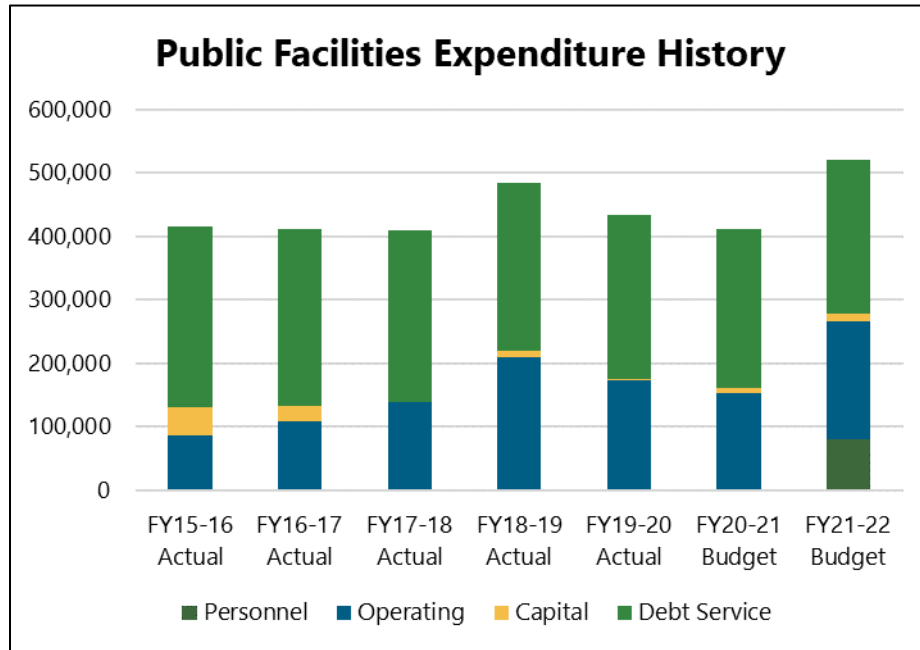
Expenditures by Type								
Type	FY15-16 Actual	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Budget	FY21-22 Budget	Percent Change
Personnel				0	0	0	80,233	-
Operating	86,382	107,724	138,419	208,710	173,548	153,000	185,843	21.47%
Capital	44,624	25,691	0	11,643	2,333	8,000	12,100	51.25%
Debt Service	285,147	278,192	271,237	264,282	257,327	250,372	243,417	
Total	416,153	411,607	409,656	484,634	433,207	411,372	521,593	26.79%

Personnel					
Type	FY18-19 Actual	FY19-20 Actual	FY20-21 Budget	FY21-22 Budget	Percent Change
Full-time	-	-	-	1.0	
Part-time					
Total	-	-	-	1.0	

This budget moves the Maintenance Technician from Inspections to Public Facilities and increases the position from part-time to full-time.

Staffing	
Position Title	Count
Maintenance Technician	1





Line Item Expenditures

Public Facilities						
Account Description	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Salaries and Wages			58,687	58,787	58,787	
Salaries and Wages (PT)					0	
FICA			4,490	4,497	4,497	
Workers' Compensation			1,225	1,491	1,491	
Supplemental Retirement (LGERS)			6,661	6,672	6,672	
401k			1,457	2,939	2,939	
Medical/Dental Insurance			5,847	5,847	5,847	
Professional Services	24,747		450,000		0	
Contracted Services			126,773	126,773	126,773	
Supplies and Materials	5,444	4,000	3,000	3,000	(1,000)	-25.00%
Uniforms			500	500	500	
Vehicle Supplies and Materials			1,200	1,200	1,200	
Technology Hardware & Accessories					0	
Communications	1,100	1,500	0	0	(1,500)	-100.00%
Utilities	11,996	12,000	11,120	11,120	(880)	-7.33%
Other Services	51,535	92,500			(92,500)	-100.00%
Repairs and Maintenance	64,464	25,000	25,000	25,000	0	0.00%
Boardwalk Repairs	11,672	15,000	15,000	15,000	0	0.00%
Vehicle Repairs and Maintenance			1,250	1,250	1,250	
Miscellaneous	2,591	3,000	2,000	2,000	(1,000)	-33.33%
Capital Outlay					0	
Capital Outlay - Under \$5,000	2,333	8,000	12,100	12,100	4,100	51.25%
Debt Service	257,327	250,372	243,417	243,417	(6,955)	-2.78%
TOTAL	433,207	411,372	969,725	521,593	110,221	26.79%

Notes

Contracted Services

Park & Boardwalk Landscaping	54,303	
Trash Can Servicing	4,250	
Pest Control	600	
Cleaning	67,620	formerly in Other Services
	<u>126,773</u>	

Communications

Mobile Phone	513
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Utilities

Power	10,620
Water	<u>500</u>
	11,120

Repairs and Maintenance

Tree removal	8,000
Irrigation	<u>5,000</u>
	13,000

Capital Outlay - Under \$5,000

Microphones	8,500
Screens	2,100
Acoustic Improvements	<u>1,500</u>
	12,100

Debt Service

Land Purchase (Town Hall + Park Refinance)
--

Information Technology

Description

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

Recent Accomplishments

- Provided information relative to IT equipment scheduled for replacement in the coming fiscal year.
- Assisted with records requests and on-boarding of new staff from a technology perspective.

Upcoming Projects

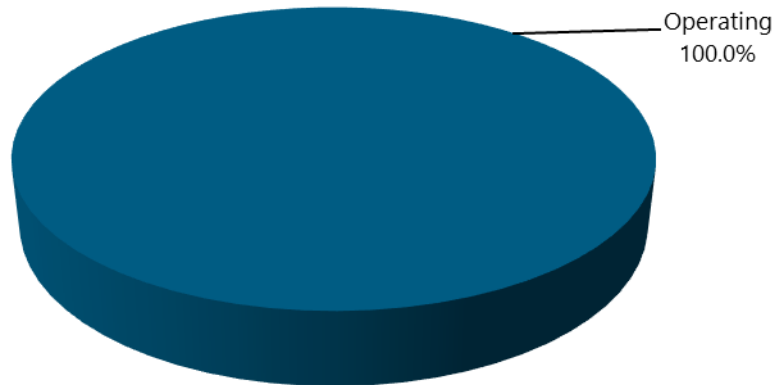
- Continued evaluation of the potential to migrate to a voice-over-IP phone system in the coming years as our current phone system ages.

FY 2021-2022 Budget Highlights

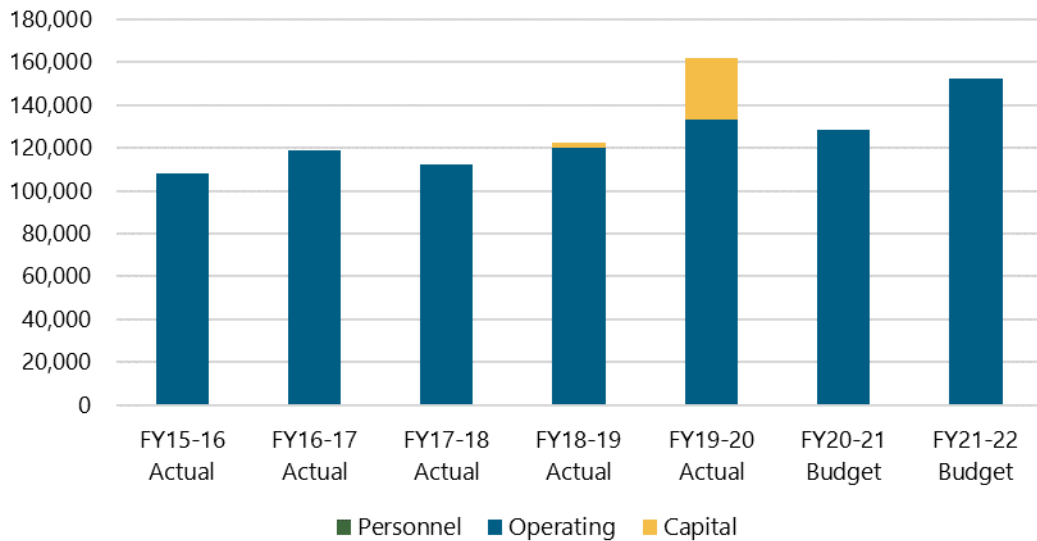
- The IT Department budget increased 18.8% compared to the FY 2020-21 budget due mostly to moving the cost of our fiber optic and phone line service from the Fire Department budget to this department.
- The IT Department budget accounts for 1.1% of the General Fund budget and is equivalent to \$0.008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

Expenditures by Type								
Type	FY15-16 Actual	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Budget	FY21-22 Budget	Percent Change
Personnel								-
Operating	108,064	118,839	112,513	120,141	133,123	128,500	152,615	18.77%
Capital	0	0	0	2,511	28,681	0	0	-
Total	108,064	118,839	112,513	122,652	161,804	128,500	152,615	18.77%

Information Technology Expenditures by Type



Information Technology Expenditure History



Line Item Expenditures

Information Technology						
Account Description	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Contracted Services			71,967	71,967	71,967	
Dues and Subscriptions			18,125	18,125	18,125	
Telephone & Communications			34,023	34,023	34,023	
Fixed Charges	42,628	35,000			(35,000)	-100.00%
Capital Outlay - over \$5,000	-				0	
Capital Outlay - under \$5,000	28,681				0	
Subsidies and Allocations	63,189	64,000			(64,000)	-100.00%
Cable Access Channel	27,307	29,500	28,500	28,500	(1,000)	-3.39%
TOTAL	161,804	128,500	152,615	152,615	24,115	18.77%

Notes

Contracted Services

		Managed Services (\$2,500 / month) Workstation support
Shoshin	30,000	
Shoshin	37,767	Managed Service - Servers and Network
Shoshin and others	4,200	Other as needed
	<u>71,967</u>	

Dues and Subscriptions

Adobe Pro DC (10 @ 203.83)	2,038	
Adobe Pro DC set-up	125	
Adobe Creative Cloud (3 @ 959.88)	2,880	(includes 33.75 sales tax)
E-Mail Security Training	534	(includes 97.88 sales tax)
Sonic Wall (firewall) 2 @ 725	1,548	
Microsoft	11,000	Office 365 Licenses
	<u>18,125</u>	Formerly Subsidies and Allocations

Telephone & Communications

Charter Communications (Fiber/Cable)	20,226
Century Link (Phone)	13,797
	<u>34,023</u>

Police Department

Description

The mission of the Police Department is to provide 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. Our mission is accomplished by maintaining 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 open communication and a commitment to finding lasting solutions to problems facing our community.

Recent Accomplishments

- Endorsement of the North Carolina Association of Chiefs of Police recommendations on the evolution of 21st Century Policing by training officers and supervisors to ensure they advance professionalism in policing and enacting Departmental Policy that prohibits the use of neck holds, and mandating that officers intervene and report misconduct or misuse of force by another officer.
- Department reputation and diligent recruitment efforts allowed the Department to fill several unanticipated vacancies with highly qualified police officers.
- Revisions to the police department webpage increased transparency and the availability of police information and crime data to the community.
- Implemented a police fleet-wide telematics program using the combination of existing technology and industry leading software. The program provides real-time fleet tracking, vehicle diagnostics, maintenance management, alerts and notifications, vehicle activity reporting and integration with the Town's fleet fueling service to monitor and improve patrol vehicle fuel consumption.
- Creation of a work culture that focuses on work-life balance, empowerment to creatively solve problems, police officer mental and physical well-being, open communication, and a healthy and inclusive work environment.
- Renewed focus on collaboration with law enforcement agencies in Dare County and other public safety partners to improve our level of service, information sharing, and partnerships on major projects and initiatives.
- The Police Department held several highly successful unused medication take back events in 2020-2021.

Upcoming Projects

- A three-year technology plan that moves all patrol level technology into the field by leveraging current mobile broadband technology to make patrol vehicles true mobile workstations. The plan reduces the need for costly fixed infrastructure, significantly increases officer efficiency and productivity, and allows officers to spend the bulk of their time in the community.

- Continued creation of Departmental Policy that meets the risk reduction criteria established by the Town's liability insurance carrier and nationwide best practices. A new partnership with Lexipol, the industry's leading public safety policy and training solution, will reduce the administrative workload related to policy creation, ensure the Department's policy is vetted by legal experts, and will provide the Department with a state-of-the-art training platform.
- Replacement of 12 automatic external defibrillators with the same model currently in use by the fire department, less a feature designed for responders with a higher level of medical training. This project will allow all public safety personnel to be trained on the same equipment and will allow the police and fire department to share material costs.
- Examine the feasibility of moving the radar speed sign currently located in the area of Four Seasons Lane, to a location just south of Plover Drive in order to slow traffic down before it enters the Village. The conversion of the sign to solar power will also be examined.
- Recognizing that our personnel are our greatest resource, we seek to implement the pay and classification study, and the Police Department's Career Development Program, to allow the Department to continue recruiting and retaining the best and brightest team members.
- Planning for the launch of a County-wide public safety software platform, as a joint project between the Dare County Sheriff's Office and Dare County's six municipal police departments, is expected to begin this year. This end-to-end solution will replace the Department's antiquated records management software and a number of database programs into a modern web-based software platform. This project will result in significant cost savings over time, increased efficiency, productivity, and will eliminate the need to print and house most paper records.

FY 2021-2022 Budget Highlights

- The Police Department budget increased 30.2% in FY 2021-22 due mostly to the addition of two new full-time patrol officers.
- The Police budget accounts for 13.7% of the General Fund budget and is equivalent to \$0.103 on the tax rate.
- Major budget changes include a 7.6% increase in personnel costs and a 7.5% increase in operating expenses both of which are directly related to two requested full-time positions and the implementation of the pay and classification study. This includes an additional \$13,979 to create a career development pathway, with incentives, for long-serving and experienced officers not of supervisory rank.
- The \$409,666 request in capital expenditures will fund the purchase of vehicles and radios. The capital request will be balanced with revenues from the loan proceeds, as debt service will be used to fund both capital purchases.
- The request for two additional full-time police officers will dramatically increase police officer safety by providing sufficient patrol personnel to ensure no less than two police officers are on duty at any time. Two officer coverage was only achieved 58% of the year in 2020. In addition, the two requested positions will also complete the organizational buildout and improve the investigative function of the Department.

Town of Duck – Fiscal Year 2021–2022 Annual Budget

- The purchase of five identically marked and equipped Ford Police Interceptor Utility police patrol vehicles to replace three six-year-old vehicles and add two new vehicles for the requested positions. Under this plan, the police fleet will remain uniform to ensure omnipresence.
- A joint request from the police and fire departments replaces all mobile and portable 800 MHz radios with standardized radio equipment that complies with an unfunded state mandate and ensures interoperability for Duck’s public safety team. A project of this scale would generally be phased in over time, but immediate funding has been requested in order to leverage historically low interest rates, receive a bulk purchasing discount, and dispose of existing equipment while it is still marketable to agencies outside of North Carolina.

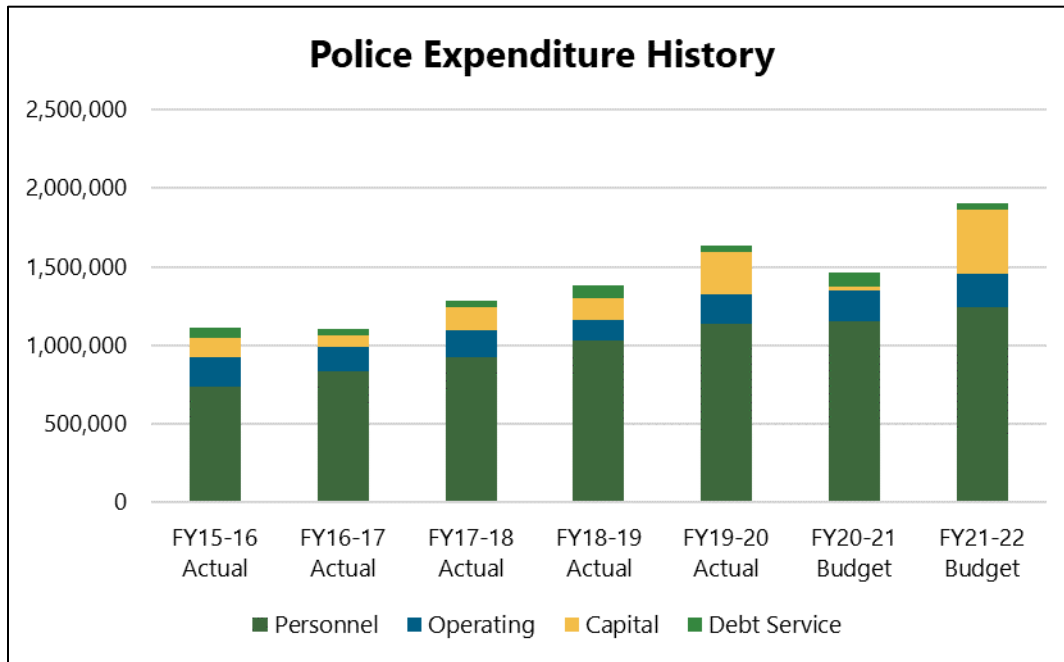
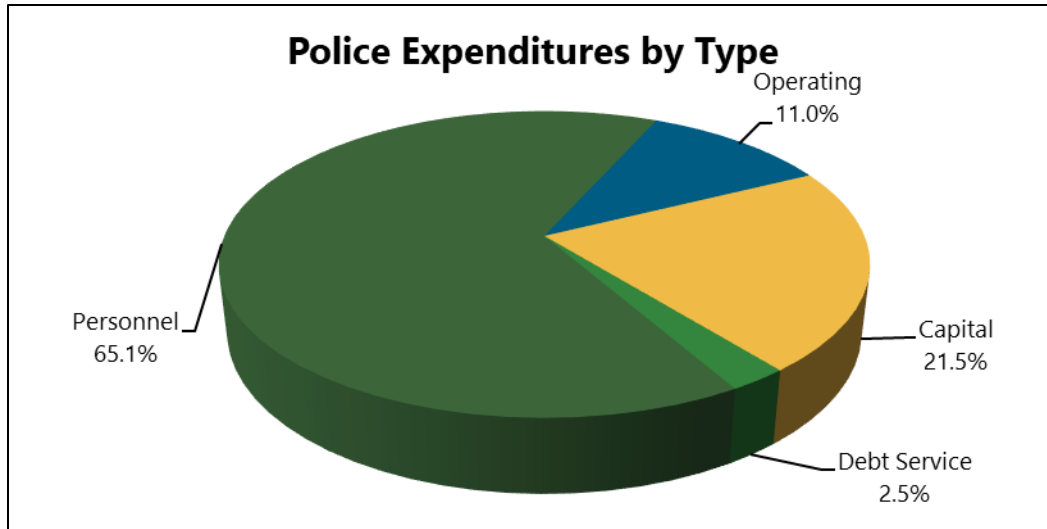
Expenditures by Type								
Type	FY15-16 Actual	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Budget	FY21-22 Budget	Percent Change
Personnel	732,696	831,509	923,469	1,028,999	1,141,059	1,152,059	1,242,288	7.83%
Operating	192,920	155,712	176,545	134,272	180,280	195,103	209,641	7.45%
Capital	120,204	74,379	141,758	135,226	274,952	26,100	409,666	1469.60%
Debt Service	70,156	42,249	42,249	84,325	37,267	91,256	48,093	
Total	1,115,976	1,103,849	1,284,021	1,382,823	1,633,557	1,464,518	1,909,688	30.40%

Personnel					
Type	FY18-19 Actual	FY19-20 Actual	FY20-21 Budget	FY21-22 Budget	Percent Change
Full-time	12.5	12.5	12.5	14.5	16.00%
Part-time					
Total	12.5	12.5	12.5	14.5	16.00%

This table reflects the addition of two new patrol officers. One will be hired in July and the other in November to both soften the first year impact on the budget, but also due to the unavailability of new police vehicles until November.

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

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



Town of Duck – Fiscal Year 2021–2022 Annual Budget

Line Item Expenditures

Police						
Account Description	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Salary and Wages	821,572	806,722	871,713	865,769	59,047	7.32%
Salaries and Wages (overtime)	35,020	40,000	26,000	26,000	(14,000)	-35.00%
Salaries and Wages (part time)	8,317	10,000	0	0	(10,000)	-100.00%
Police Sep Allow Salaries			9,250	9,250	9,250	
FICA			66,924	66,499	66,499	
Workers' Compensation			19,865	18,386	18,386	
Supplemental Retirement (LGRS)	123,216	127,652	107,916	107,201	(20,451)	-16.02%
401k			43,279	44,588	44,588	
Medical/Dental Insurance	152,934	167,685	100,209	104,594	(63,091)	-37.62%
Contracted Services			78,108	75,108	75,108	
Supplies and Materials	11,323	10,000	7,000	7,000	(3,000)	-30.00%
Uniforms	10,281	10,000	10,000	10,000	0	0.00%
Police Supplies and Materials	17,914	15,000	15,000	15,000	0	0.00%
Vehicle Supplies and Materials	35,226	35,000	35,000	35,000	0	0.00%
Technology Hardware & Accessories			10,009	3,246	3,246	
Travel and Training	23,098.09	25,000	25,000	15,000	(10,000)	-40.00%
Dues and Subscriptions	1,996	1,600	1,345	9,037	7,437	464.81%
Communications	19,622	15,000	17,335	17,335	2,335	15.57%
Leased Equipment			1,914	1,914	1,914	
Printing and Binding	672	1,000	1,000	1,000	0	0.00%
Advertising	455	1,000	1,000	1,000	0	0.00%
Other Services		-			0	
Repairs and Maintenance	91	3,000	3,000	3,000	0	0.00%
Vehicle Repairs and Maintenance	18,600	11,000	11,000	11,000	0	0.00%
Miscellaneous	4,830	5,000	5,000	5,000	0	0.00%
Capital Outlay - over \$5,000	188,828	-	240,000	240,000	240,000	
Capital Outlay - under \$5,000	86,125	26,100	169,666	169,666	143,566	550.06%
Debt Service	37,267	91,256	48,093	48,093	(43,163)	-47.30%
Fixed Charges	36,170	62,503			(62,503)	-100.00%
TOTAL	1,633,557	1,464,518	1,924,627	1,909,688	445,170	30.40%

Notes

Contracted Services

DCIN Terminal Fees	2,320
License Plate Reader	2,000
Axon (car and body camera data)	49,155
Firing Range (indoor and outdoor)	3,000
Equipment Certifications	1,100
Cleaning	8,320
Lexipol (Police Policy Development/Training)	9,213
	<u>75,108</u>

Town of Duck – Fiscal Year 2021–2022 Annual Budget

Technology Hardware & Accessories

Police Chief	1,911
Administrative Assistant (split with fire)	1,130
Sales Tax	205
	<hr/> 3,246

Dues and Subscriptions

Software Licenses/Fees	7,692
IACP, NCACP, FBI-LEEDA, etc.	1,345
	<hr/> 9,037

Communications

Cell, Data, LPR

Leased Equipment

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

Printing and Binding

Business Cards
Letterhead

Capital Outlay Over \$5,000

Patrol Cars - replacement (3)	144,000
Patrol Cars - new positions (2)	96,000
	<hr/> 240,000

Capital Outlay Under \$5,000

12 Automated External Defibrillators (AED)	18,303
800 MHz Radios	151,363
	<hr/> 169,666

Debt Service

2019 Vehicle Purchase	48,093
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Fire Department

Description

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

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

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

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

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

With a growing town, came increased building and tourism and a more consistent call volume. Duck lost much of its working age (firefighter age) population and gained a more retired population. Over time staffing was added as the volunteer availability and physical capabilities changed. While the fire department is a 501 (c)(3), with both volunteer and paid firefighters, it is a seamless collaboration with the Town in providing services. Primary funding is through taxes. T-shirt sales supplement the operations focused on retention, volunteer physicals, duty uniforms, and small projects. The Chief oversees the day-to-day operations of the department and works in collaboration with the Board of Directors and Town Manager for budgeting. The Duck Fire Department welcomes individuals willing to serve their community as a volunteer firefighter.

Recent Accomplishments

- Developed Chapter 96 Provisions for Fire Prevention and Protection for Town Council Approval.
- Implemented EMS Deployment Strategy.
- With Town Council approval, secured one full-time firefighter/EMT position.
- Integrated scheduling/data management software to meet current operational demand.
- Maintained operational readiness through the challenges of COVID-19.
- Completed Scheduled Fire Inspections.

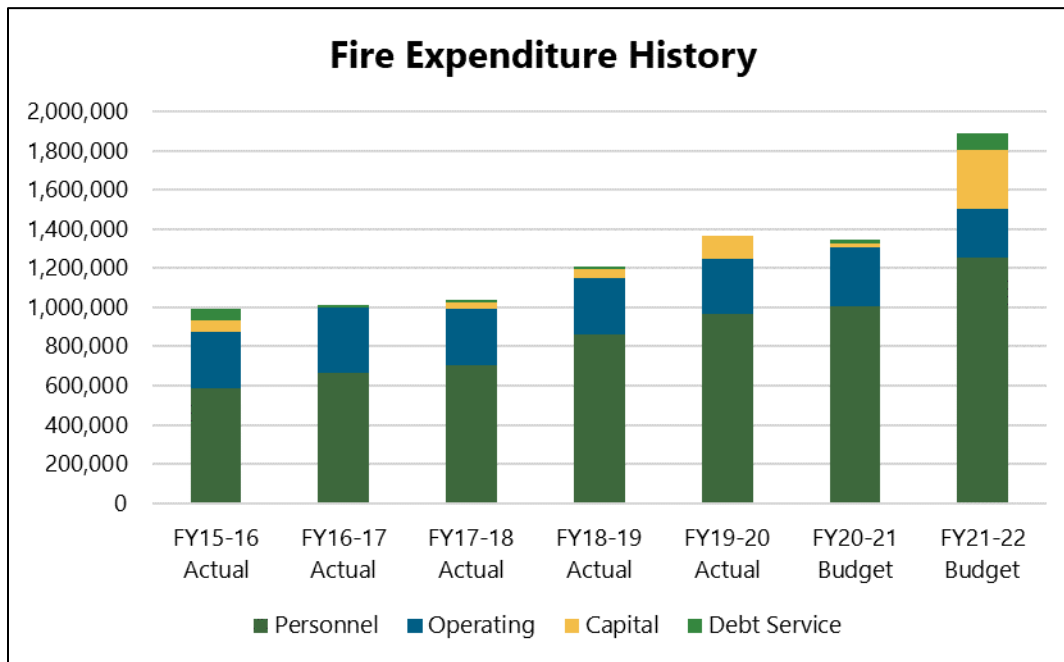
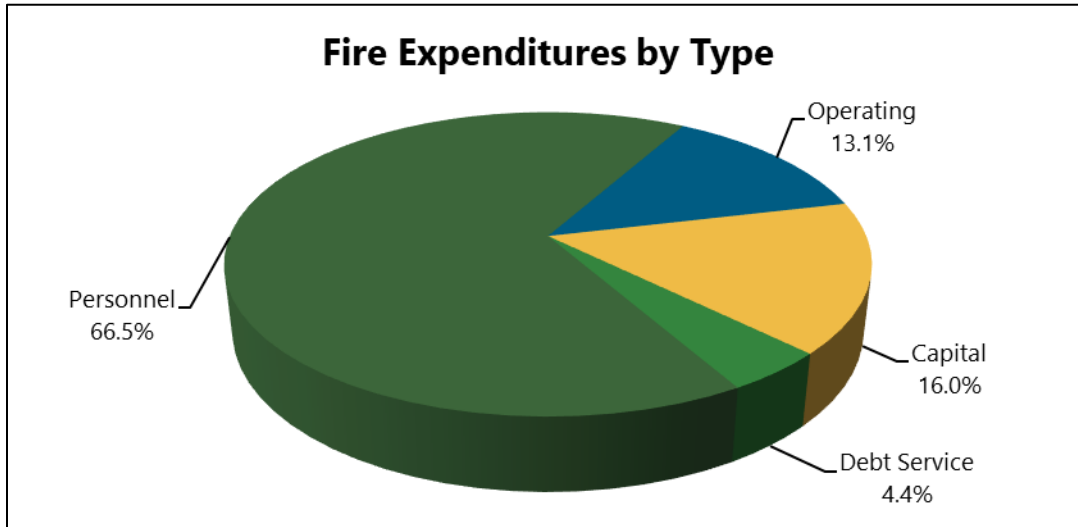
Upcoming Projects

- Standard Operating Guidelines/Risk Management Project.
- Collaboration with Town Staff on Continuity of Operations Plan (COOP).
- Update of Emergency Operations Plan.
- Continued planning of Public Safety Building as needed.
- Begin compiling preliminary specifications for Engine 11 replacement.

FY 2021-2022 Budget Highlights

- The Fire Department budget increased 40.6% in FY 2021-22 mostly due to the addition of two new firefighters and the need for some capital equipment purchases.
- The Fire budget accounts for 13.6% of the General Fund budget and is equivalent to \$0.102 on the tax rate.
- Priority request for Duck Fire is for two full-time Firefighter/EMT positions: The addition of 2 positions will give the department the ability to maintain a minimum of 3 firefighters on duty 24/7. This allows for an immediate response to all calls for service, decreases response time, and provides for consistent, qualified, personnel with all-hazards capabilities.
- A modest increase in a direct allocation is requested to meet the rising costs of utilities, data management systems and insurance (see table below).
- CIP requests include equipment, such as SCBA, turnout gear, etc. on a gradual replacement schedule. In FY 2020-21 the only CIP item to be funded was turnout gear so that additional funding could be allocated to part-time to help fill full-time firefighter gaps.
- The CIP radio request is in anticipation of the NC Department of Public Safety/Dare County Communications mandate for all radios to be TDMA capable July 1, 2025.

Expenditures by Type								
Type	FY15-16 Actual	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Budget	FY21-22 Budget	Percent Change
Personnel	587,501	668,717	702,522	864,886	965,545	1,006,331	1,256,183	24.83%
Operating	290,372	330,599	288,668	284,031	283,955	297,311	247,431	-16.78%
Capital	56,839	0	33,500	43,296	115,872	21,000	301,525	1335.83%
Debt Service	57,256	14,083	14,083	14,083	0	18,276	82,733	
Total	991,968	1,013,399	1,038,773	1,206,296	1,365,372	1,342,918	1,887,873	40.58%



Line Item Expenditures

Fire						
Account Description	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Salaries and Wages	616,626	660,186	846,667	850,967	190,781	28.90%
Salary and Wages (overtime)	48,707	25,000	25,000	25,000	0	0.00%
Salaries and Wages (part time)	57,693	38,500	15,000	15,000	(23,500)	-61.04%
FICA			67,830	68,159	68,159	
Supplemental Retirement (LGERS)	95,793	103,266	98,934	99,422	(3,844)	-3.72%
401k			43,583	43,798	43,798	
Medical/Dental Insurance	146,725	179,379	129,368	129,368	(50,011)	-27.88%
Workers' Compensation			22,451	24,469	24,469	
Uniforms					0	
Vehicle Supplies and Materials	2,212	6,000	6,000	6,000	0	0.00%
Technology Hardware & Accessories			4,971	4,971	4,971	
Travel and Training		4,000	0	0	(4,000)	-100.00%
Communications	17,932	17,500	2,460	2,460	(15,040)	-85.94%
Vehicle Repairs and Maintenance		3,000	3,000	3,000	0	0.00%
Miscellaneous	89	-	0	0	0	
Capital Outlay - over \$5,000	70,511	-			0	
Capital Outlay - under \$5,000	45,361	21,000	313,525	301,525	280,525	1335.83%
Subsidies and Allocations	263,721	266,811	231,000	231,000	(35,811)	-13.42%
Debt Service		18,276	82,733	82,733	64,457	352.69%
TOTAL	1,365,372	1,342,918	1,892,523	1,887,873	544,955	40.58%

Notes

Technology Hardware & Accessories

2 mini-tower replacements	3,530
Administrative Assistant (split with police)	1,130
Sales Tax	311
	<u>4,971</u>

Communications

Phones	1,091
I-Pads	913
MiFi	457
	<u>2,460</u>

Capital Outlay Under \$5,000

800 MHz Radios	259,525
Turnout Gear	15,000
Thermal Imaging Cameras	7,000
SCBA Replacement	10,000
House and Appliance Replacement	3,000
Extrication Equipment Replacement	7,000
	<u>301,525</u>

Town of Duck – Fiscal Year 2021–2022 Annual Budget

Debt Service

Command Vehicle Replacement (2019)	25,012
Engine 111 (2014)	57,721
	<u>82,733</u>

Subsidies and Allocations

Please refer to the summary below

FIRE ALLOCATION			
	Approved FY 19-20	Approved FY 20-21	Request FY 21-22
REVENUE			
Town of Duck	\$206,000.00	\$209,000.00	\$231,000.00
TOTAL	\$206,000.00	\$209,000.00	\$231,000.00
EXPENSE			
Operating/Supplies	\$37,317.53	\$38,000.00	\$43,000.00
Utilities	\$18,217.27	\$18,500.00	\$18,500.00
Testing/Data Management	\$14,054.94	\$20,000.00	\$22,600.00
Building	\$8,219.84	\$8,000.00	\$7,000.00
Fleet	\$17,263.43	\$21,000.00	\$24,000.00
Equipment	\$9,846.73	\$12,000.00	\$10,000.00
Pagers-Radios	\$8,065.98	\$5,000.00	\$4,400.00
Professional	\$6,711.00	\$7,000.00	\$7,000.00
Insurance	\$41,501.00	\$43,600.00	\$43,600.00
Training	\$19,968.38	\$12,000.00	\$24,000.00
Rescue 11	\$5,106.15	\$4,000.00	\$5,000.00
Registrations-Dues-Publications	\$3,093.24	\$3,500.00	\$4,000.00
Firefighter Costs	\$8,981.20	\$11,400.00	\$11,400.00
Personal Protective Equipment	\$6,060.85	\$3,500.00	\$5,000.00
Prevention	\$2,796.12	\$1,500.00	\$1,500.00
TOTAL	\$207,203.66	\$209,000.00	\$231,000.00

Inspections

Description

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

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

Recent Accomplishments

- Even with two months closure due to COVID-19 measures, the Inspections Department issued 655 permits and conducted 1,056 inspections in 2020 (the highest level of per month activity in the past decade).
- Permit and inspection activity has increased an additional 4% so far in FY 2021.
- In response to COVID-19 concerns, the Inspections Department implemented on-line applications and remote permitting systems to minimize direct contact and improve its level of service to contractors and property owners.

Upcoming Projects

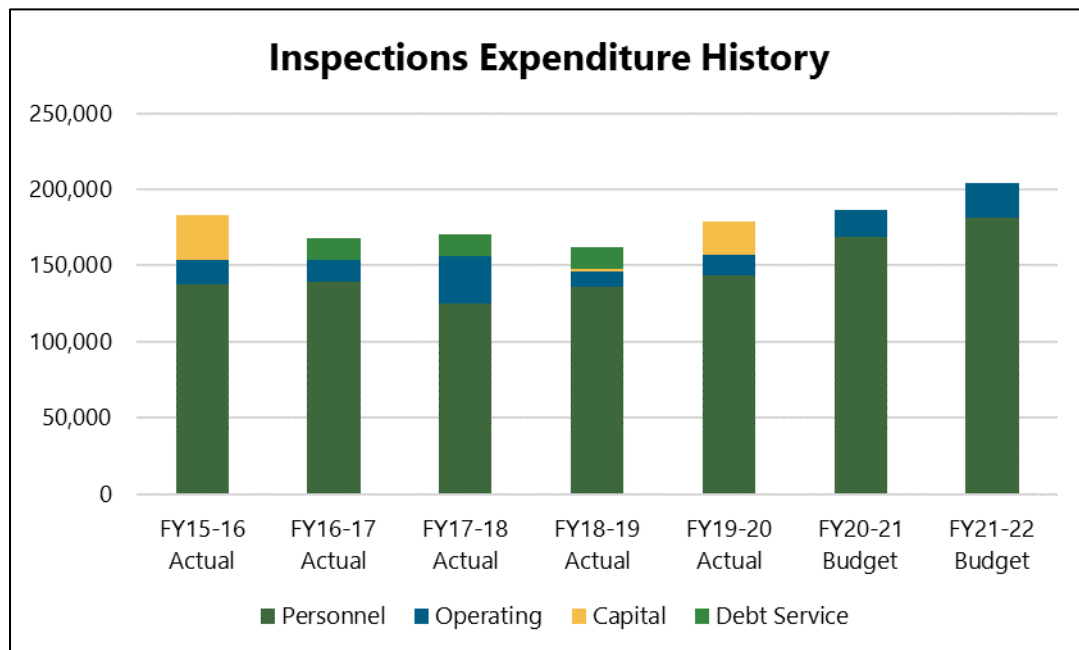
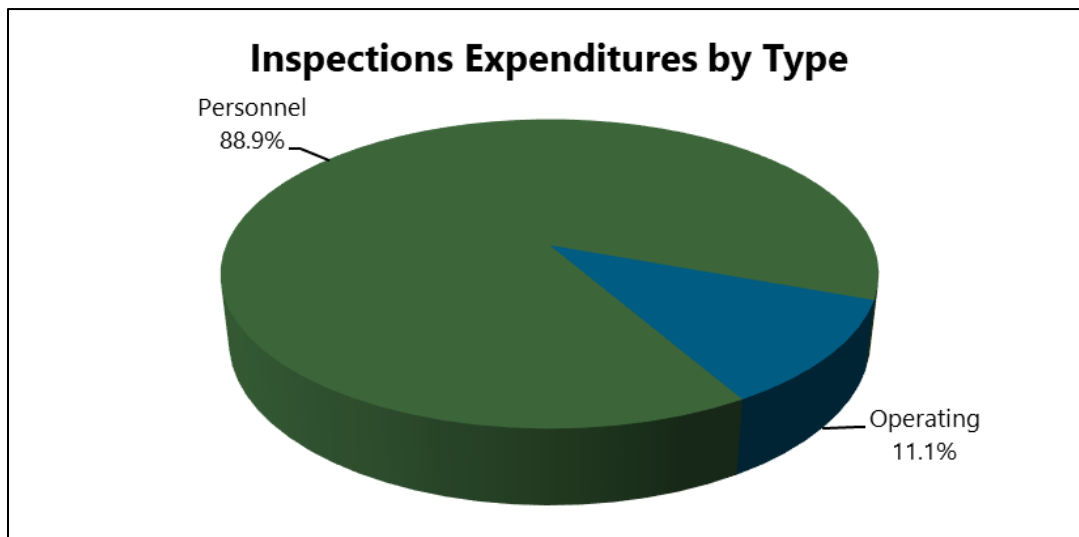
- Based on feedback from the Outer Banks Home Builders' Association and the Outer Banks Association of Realtors, local permitting and inspection activity is expected to be substantial through at least the spring of 2022.
- Staff will continue to fine tune remote permitting options for contractors and property owners.
- Seek additional certifications and training for back-up building inspector duties for our Facilities Maintenance Technician.

FY 2021-2022 Budget Highlights

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

Town of Duck – Fiscal Year 2021–2022 Annual Budget

Expenditures by Type								
Type	FY15-16 Actual	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Budget	FY21-22 Budget	Percent Change
Personnel	137,512	139,430	124,764	136,030	143,406	168,965	182,115	7.78%
Operating	16,463	14,491	31,789	10,261	13,578	18,000	22,652	25.85%
Capital	29,578	0	0	1,909	22,318	0	0	-
Debt Service	0	14,083	14,083	14,083	0	0	0	
Total	183,553	168,004	170,636	162,284	179,303	186,965	204,767	9.52%



Line Item Expenditures

Inspections						
Account Description	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Salaries Wages	102,991	103,485	134,034	134,184	30,699	29.67%
Salaries and Wages (part time)	-	28,000			(28,000)	-100.00%
FICA			10,254	10,265	10,265	
Workers' Compensation			1,257	1,262	1,262	
Supplemental Retirement (LGRS)	14,390	14,986	15,213	15,230	244	1.63%
401k			6,702	6,709	6,709	
Medical/Dental Insurance	26,025	22,494	14,465	14,465	(8,029)	-35.69%
Professional Services	76	500			(500)	-100.00%
Supplies and Materials	206	1,500	1,500	1,500	0	0.00%
Uniforms			600	600	600	
Vehicle Supplies and Materials	1,365	3,000	1,500	1,500	(1,500)	-50.00%
Technology Hardware & Accessories					0	
Travel and Training	1,801	2,000	2,000	2,000	0	0.00%
Dues and Subscriptions	350	500	4,100	4,100	3,600	720.00%
Communications	1,706	2,500	1,484	1,484	(1,016)	-40.63%
Leased Equipment			8,718	8,718	8,718	
Vehicle Repairs and Maintenance		1,000	1,250	1,250	250	25.00%
Miscellaneous	2,041	1,000	1,500	1,500	500	50.00%
Capital Outlay - over \$5,000	22,318				0	
Capital Outlay - under \$5,000					0	
Debt Service					0	
Fixed Charges	6,033	6,000			(6,000)	-100.00%
TOTAL	179,303	186,965	204,576	204,767	17,802	9.52%

Notes

Dues and Subscriptions

Permitting Software	3,600
Misc	500
	<u>4,100</u>

Communications

Mobile Phones/iPad	1,484
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Leased Equipment

Copier	8,195
Postage Meter	523
	<u>8,718</u>

Miscellaneous

Includes Homeowner's Recovery Pass-through

Ocean Rescue

Description

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

Recent Accomplishments

- The contractor provided extended coverage into the fall of 2020 to reflect the higher than normal beach usage being seen.

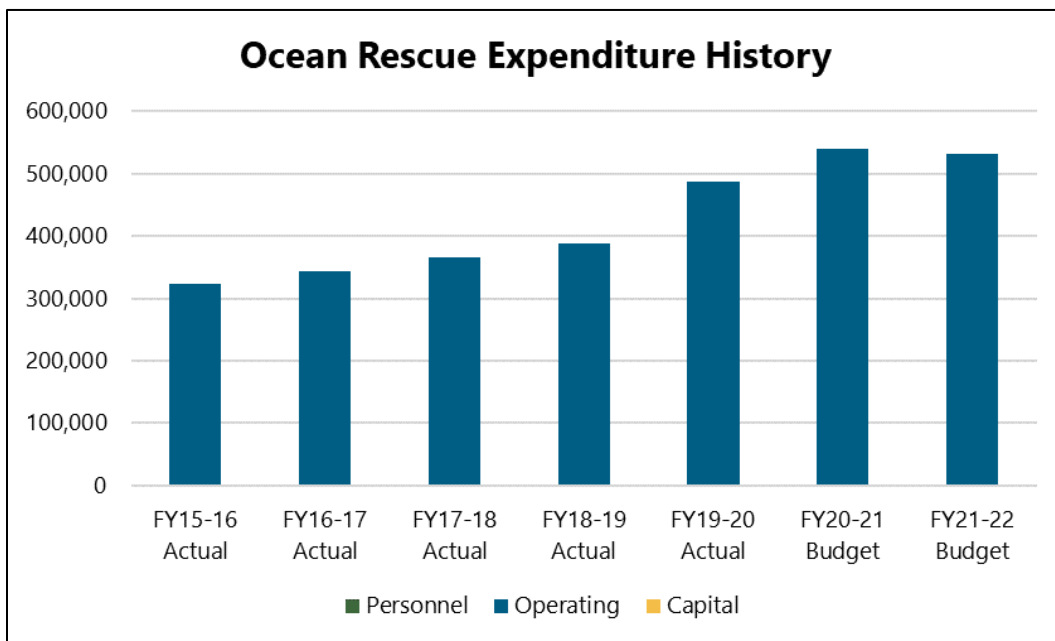
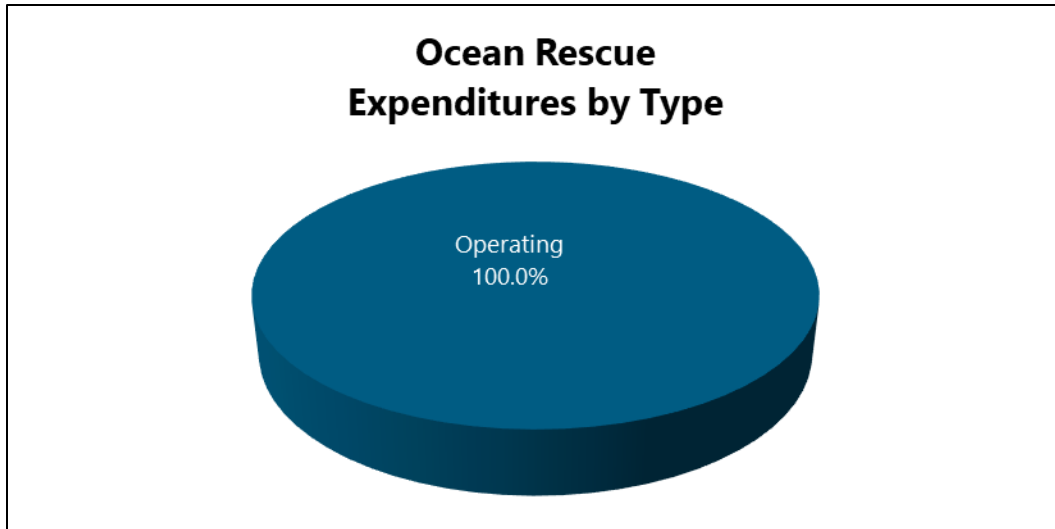
Upcoming Projects

- The contractor continues to replace old lifeguard stands with new and is replacing the storage shed used for their equipment located near the public safety building.

FY 2021-2022 Budget Highlights

- The Ocean Rescue Department budget decreased 1.6% from the amended FY 2020-21 budget due to the extra spending this past fall for additional services rendered which were more than the amount of the contract cost increase (1.6%).
- The Ocean Rescue budget accounts for 3.8% of the General Fund budget and is equivalent to \$0.029 on the tax rate.

Expenditures by Type								
Type	FY15-16 Actual	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Budget	FY21-22 Budget	Percent Change
Personnel				0	0	0	0	-
Operating	323,000	343,000	365,000	387,139	486,000	540,000	531,500	-1.57%
Capital	0	0	0	0	0	0	0	-
Total	323,000	343,000	365,000	387,139	486,000	540,000	531,500	-1.57%



Line Item Expenditures

Ocean Rescue						
Account Description	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Subsidies and Allocations	486,000	540,000			(540,000)	-100.00%
Contracted Services			531,500	531,500	531,500	
TOTAL	486,000	540,000	531,500	531,500	(8,500)	-1.57%

Notes

n/a

Streets & Highways

Description

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

Recent Accomplishments

- Facilitated new maintenance contracts that split the responsibility for maintaining the Duck Village sidewalk landscaping and maintaining the Duck Trail landscaping.
- Replaced 2,416 linear feet (0.46 mile) of the Duck Trail needing repair with a concrete shared use path.
- Designed, obtained easements, and arranged significant grant funding for a coastal resiliency project including a living shoreline, pedestrian/bicycle improvements, and elevation of N.C. Highway 12 for a quarter-mile stretch in the northern section of Duck Village.

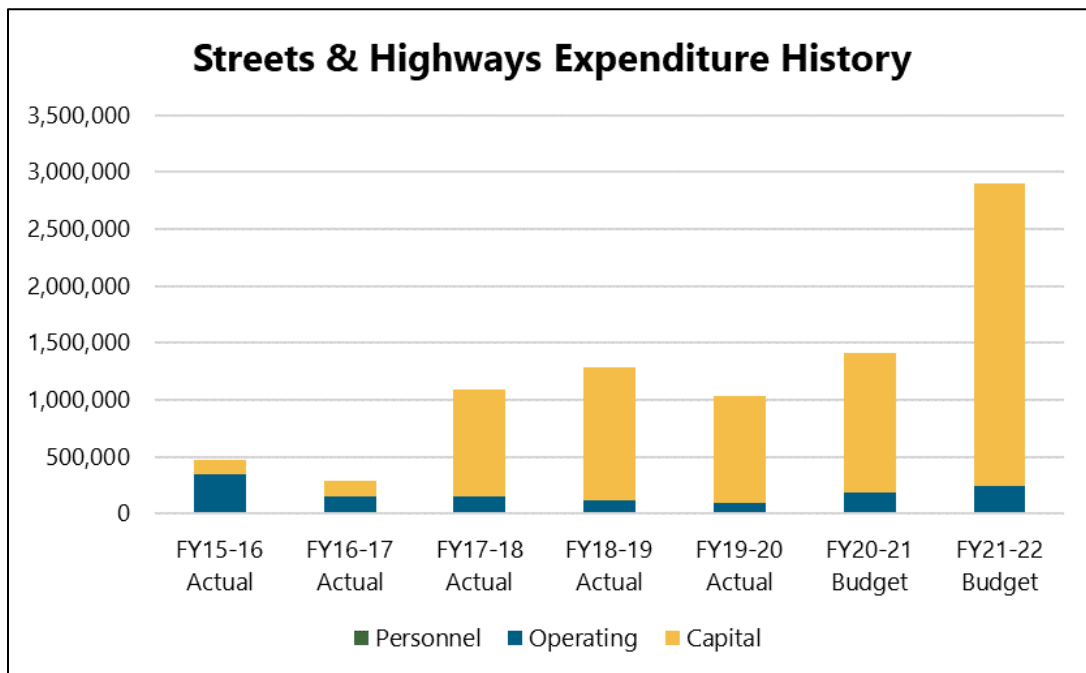
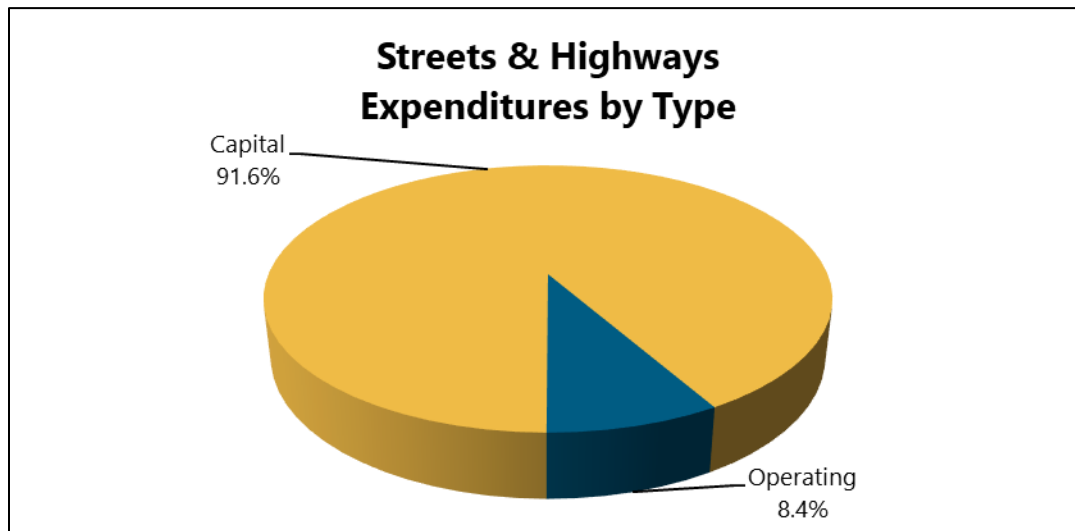
Upcoming Projects

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

FY 2021-2022 Budget Highlights

- The Streets & Highways Department budget increased 106.3% in FY2021-22 due to the large Highway 12 elevation, living shoreline, and sidewalk improvement (phase IV) project.
- The Streets & Highways department budget accounts for 20.9% of the General Fund budget and is equivalent to \$0.157 on the tax rate.

Expenditures by Type								
Type	FY15-16 Actual	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Budget	FY21-22 Budget	Percent Change
Personnel				0	0	0	0	-
Operating	348,878	158,369	149,937	118,236	95,485	185,000	243,989	31.89%
Capital	124,770	127,480	938,877	1,167,192	937,018	1,223,174	2,660,597	117.52%
Total	473,648	285,849	1,088,814	1,285,428	1,032,502	1,408,174	2,904,586	106.27%



Line Item Expenditures

Streets & Highways						
Account Description	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Professional Services	10,550	90,000	163,100	163,100	73,100	81.22%
Contracted Services			50,649	50,649	50,649	
Temporary Help Services	36,085	60,000			(60,000)	-100.00%
Supplies and Materials	1,751	2,000	2,000	2,000	0	0.00%
Utilities	4,170	10,000	1,240	1,240	(8,760)	-87.60%
Repairs and Maintenance	40,153	20,000	25,000	25,000	5,000	25.00%
Miscellaneous	2,776	3,000	2,000	2,000	(1,000)	-33.33%
Capital Outlay-over \$5,000	6,258	200,000	2,660,597	2,660,597	2,460,597	1230.30%
Capital Outlay-under \$5,000					0	
Capital Outlay - Ped. Improvement	930,760	340,151			(340,151)	-100.00%
Capital Outlay Living Shoreline		683,023			(683,023)	-100.00%
TOTAL	1,032,502	1,408,174	2,904,586	2,904,586	1,496,412	106.27%

Notes

Professional Services

VHB - BRIC/Sidewalk	155,100
Duck Trail	8,000
	<u>163,100</u>

Contracted Services

Caribbean Landscaping (Duck Village Sidewalks)	20,300
Coinjock Lawncare (Duck Trail & Multi-Use Path)	30,349
	<u>50,649</u>

Supplies and Materials

Street Signs
Pump, etc.

Utilities

Power	420	Sump Pump
Water	820	Water Fountains and Irrigation
	<u>1,240</u>	

Capital Outlay-over \$5,000

Repaving Duck Trail	110,000
Stormwater Management	25,000
Retaining Wall Replacement	60,000
Pedestrian Improvement (Phase 4)	487,957
Living Shoreline (part of Highway 12 project)	768,023
NC Highway 12 Elevation	1,209,617
	<u>2,660,597</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

- Recently renegotiated contracts for both services with each ending in September of 2023.
- Changed from one collection zone to two collection zones for residential trash service on an experimental basis to see if the change helps improve service levels.

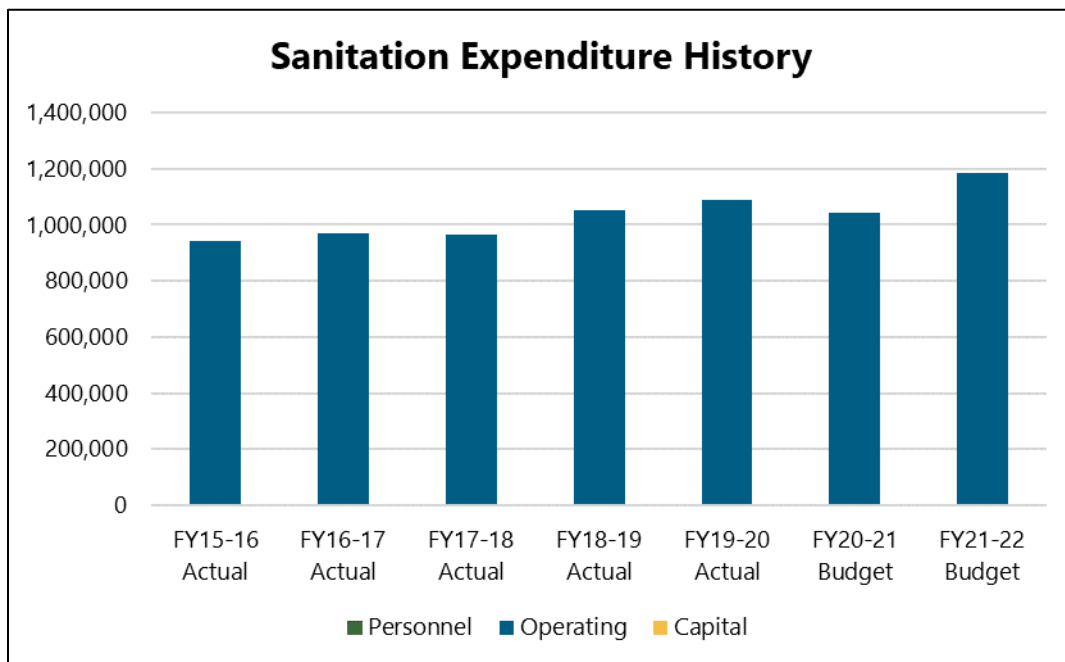
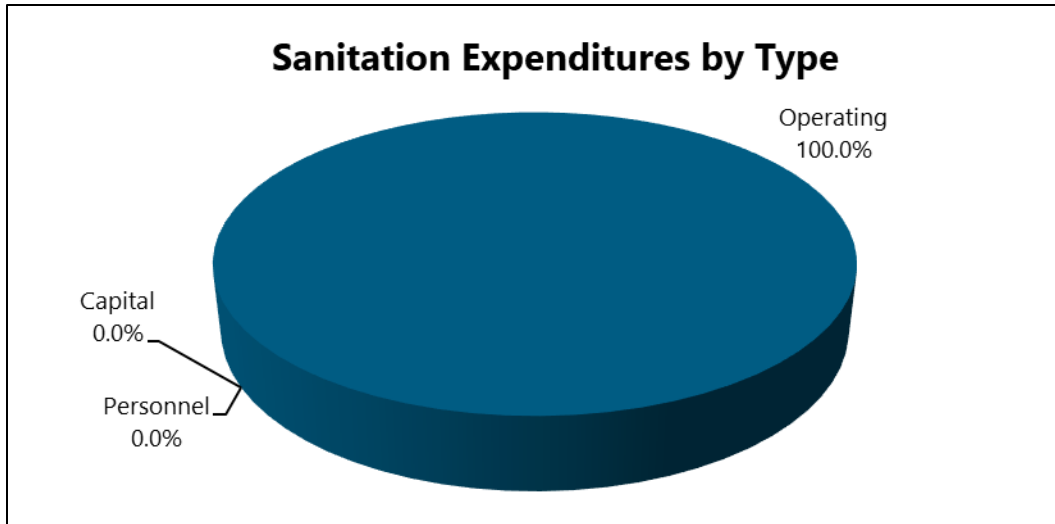
Upcoming Projects

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

FY 2021-2022 Budget Highlights

- The Sanitation Department budget increased 13.6% from the FY 2020-21 budget due to contracted service fee increases and an increase in the number of units collected.
- The Sanitation budget accounts for 8.5% of the General Fund budget and is equivalent to \$0.064 on the tax rate.

Expenditures by Type								
Type	FY15-16 Actual	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Budget	FY21-22 Budget	Percent Change
Personnel				0	0	0	0	-
Operating	944,657	971,013	967,258	1,054,665	1,087,979	1,045,000	1,187,286	13.62%
Capital				0	0	0	0	-
Total	944,657	971,013	967,258	1,054,665	1,087,979	1,045,000	1,187,286	13.62%



Line Item Expenditures

Sanitation						
Account Description	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Contracted - Garbage	891,115	868,000	940,990	940,990	72,990	8.41%
Contracted - Recycling	171,289	177,000	246,296	246,296	69,296	39.15%
Contracted - Disaster Debris Clean-Up	25,575	-			0	
TOTAL	1,087,979	1,045,000	1,187,286	1,187,286	142,286	13.62%

Notes

Garbage

	Residential	Commercial		
	\$/month	\$/month	Total/month	Annual
July - Sept (based upon Oct - March)	49,100	27,300	76,400	229,200
Oct - June (+ CPI)	50,328	27,983	78,310	704,790
				933,990
Special Collection Day	2 per year	at	3,500 each	7,000
	TOTAL		940,990	

Recycling

	Monthly		Total		
	Residential	Commercial	Residential	Commercial	TOTAL
July - Sept	See	5,175	50,945	15,525	66,470
Oct - June (+ CPI)	Below	5,304	132,086	47,739	179,825
		10,479	183,031	63,264	246,296

Environmental Protection

Description

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

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

Recent Accomplishments

- Volunteers (87 total) planted beach grass along over 5,800 feet of beachfront contributing 388 hours of effort to plant 97,000 sprigs. Our contractor planted another 240,000 sprigs of beach grass along 17,000 feet of beachfront and planted Sea Oats and Bitter Panicum.
- In partnership with a local Boy Scout troop, placed 750 recycled Christmas trees on the beach to help capture sand along the toe of the dunes.
- Obtained technical assistance and grant funding through the Resilient Coastal Communities Program.
- Obtained easements and submitted studies, designs, and technical information to obtain necessary permits for a beach nourishment project in Summer 2022.

Upcoming Projects

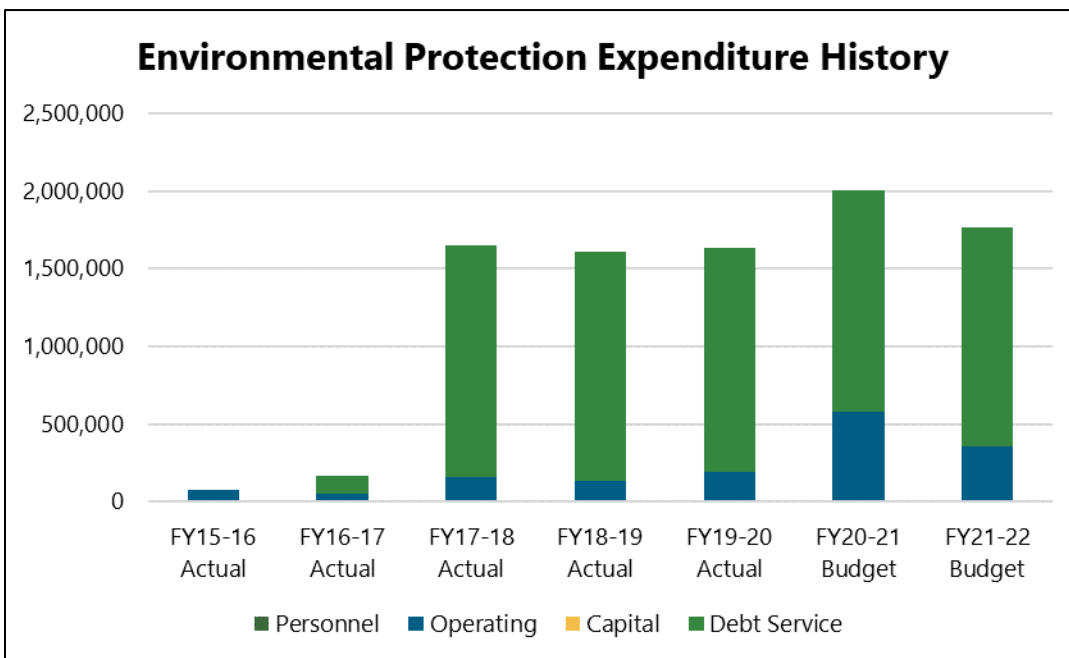
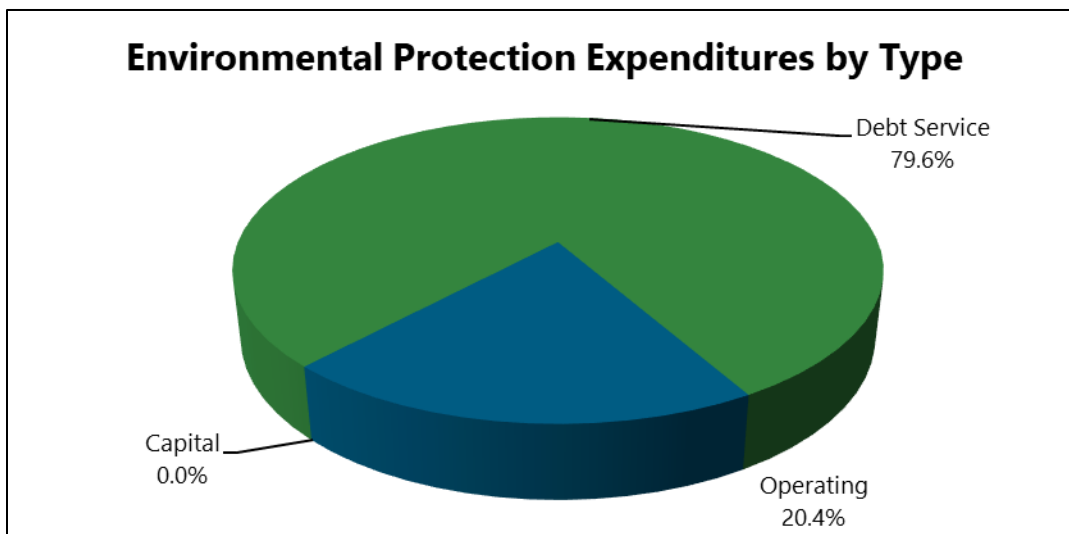
- Conduct the permitting and bid processes for renourishment of a 1.7 mile stretch of beach north of the USACE Field Research Facility.
- Complete necessary aspects of the community assessment, citizen participation, and project prioritization for the Resilient Coastal Communities Program with the objective of funding a neighborhood flooding management study during the next phase.
- Contract the final design and permitting for a shoreline protection project along the Currituck Sound shoreline adjoining the Town Park property.
- Continue to educate the public about environmental resources, issues, and nature-based solutions.
- Improve drone capabilities documenting conditions on the oceanfront and soundside.

FY 2021-2022 Budget Highlights

- The Environmental Protection department budget decreased 12.15% from the FY 2020-21 budget due to reductions in professional service fees and debt service.
- The Environmental Protection department budget accounts for 12.7% of the General Fund budget and is equivalent to \$0.096 on the tax rate.

Town of Duck – Fiscal Year 2021–2022 Annual Budget

Expenditures by Type								
Type	FY15-16 Actual	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Budget	FY21-22 Budget	Percent Change
Personnel								-
Operating	71,176	54,080	158,165	135,953	189,918	580,567	358,737	-38.21%
Capital	0	0	0	0	0	0	0	-
Debt Service	0	111,544	1,491,614	1,469,611	1,447,608	1,425,605	1,403,601	
Total	71,176	165,624	1,649,779	1,605,564	1,637,525	2,006,172	1,762,338	-12.15%



Line Item Expenditures

Environmental Protection						
Account Description	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Professional Services	125,187	498,067	275,100	275,100	(222,967)	-44.77%
Supplies and Materials	16,044	10,000	10,000	10,000	0	0.00%
Repairs and Maintenance	48,687	71,000	72,137	72,137	1,137	1.60%
Miscellaneous	-	1,500	1,500	1,500	0	0.00%
Debt Service	1,447,608	1,425,605	1,403,601	1,403,601	(22,004)	-1.54%
TOTAL	1,637,525	2,006,172	1,762,338	1,762,338	(243,834)	-12.15%

Notes

Professional Services

CPE (Beach Nourishment construction mgmt)	155,100
DEC Associates (Financial Advisors)	55,000
VHB - Town Park Shoreline	20,000
CPE (Beach Monitoring)	45,000
	<u>275,100</u>

Supplies and Materials

Beach Grass, etc.

Repairs and Maintenance

Emerald Forest - Beach Grass and Sand Fence	65,137
Christmas Tree Installation	<u>7,000</u>
	72,137

Debt Service

Beach Nourishment (2016)	1,403,601
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Community Development

Description

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

Recent Accomplishments

- In addition to administrative review of 94 development proposals and 21 CAMA permits, six 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.
- Partnered with Western Carolina University to prepare a vulnerability assessment for commercial properties and public infrastructure.
- Partnered with other communities and stakeholders in Dare and Currituck counties to develop and adopt the Outer Banks Regional Hazard Mitigation Plan.
- Conducted a thorough public participation process during the development and adoption of an updated Comprehensive & Land Use Plan.
- Updated Town standards for compliance with the planning enabling legislation in NCGS Chapter 160D.

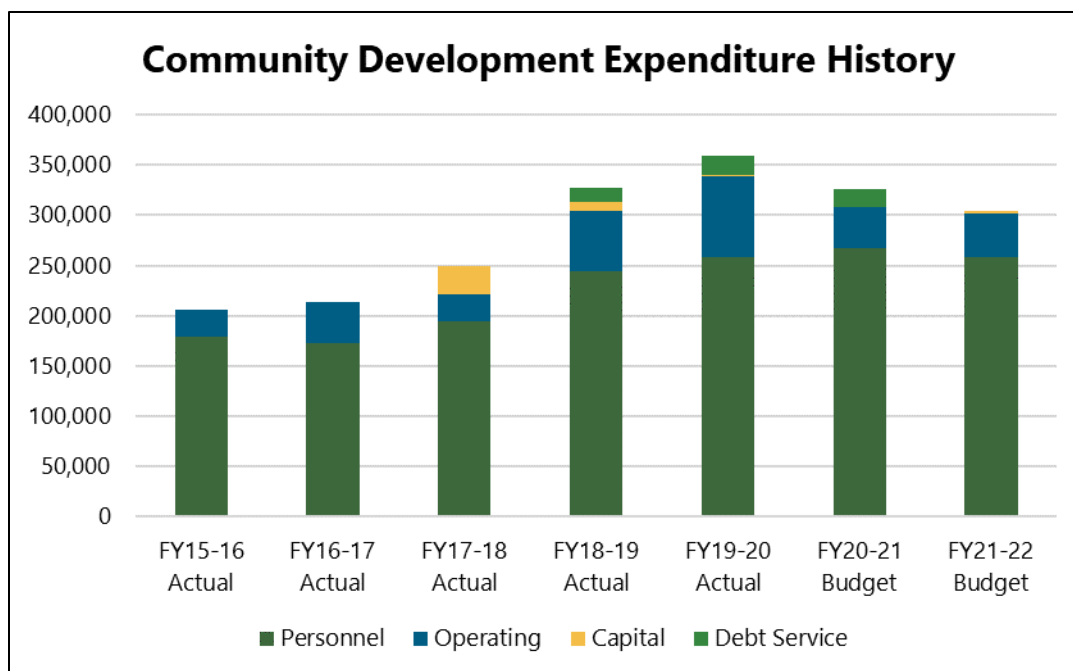
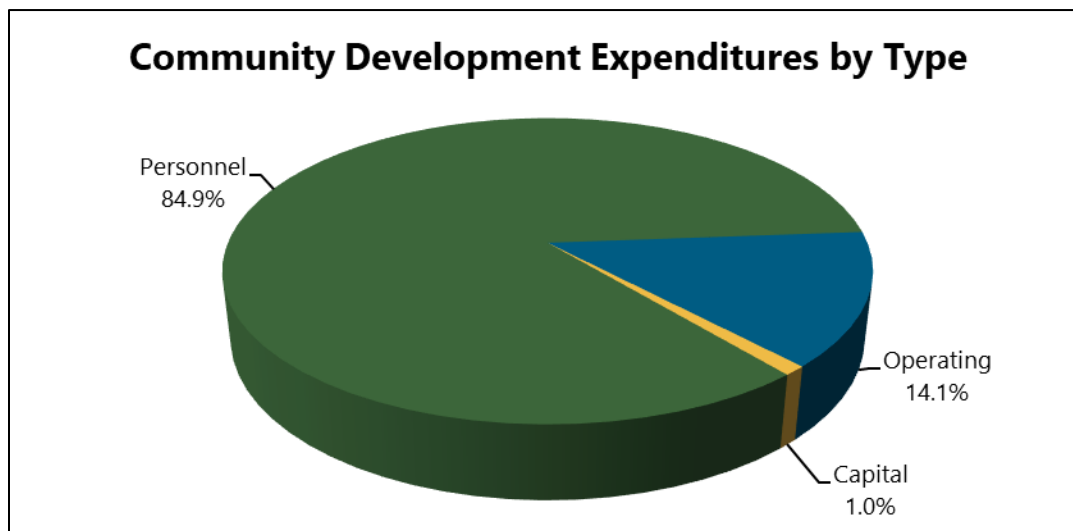
Upcoming Projects

- Hire an additional full-time staff member (in September) to assist with planning, development review, GIS mapping, and grant application/management.
- 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 2021-2022 Budget Highlights

- The Community Development department budget decreased 6.6% from the FY 2020-21 budget due to mostly to debt service ending as the loan to purchase a vehicle ended in FY 2020-21.
- The Community Development department budget accounts for 2.2% of the General Fund budget and is equivalent to \$0.017 on the tax rate.

Expenditures by Type								
Type	FY15-16 Actual	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Budget	FY21-22 Budget	Percent Change
Personnel	178,970	172,587	194,269	244,780	257,750	267,474	258,716	-3.27%
Operating	26,498	41,461	26,681	59,940	80,633	40,813	42,909	5.13%
Capital	0	0	28,480	8,471	2,492	0	3,000	-
Debt Service	0	0	0	14,373	18,355	17,942	0	
Total	205,468	214,048	249,430	327,564	359,230	326,229	304,625	-6.62%



Line Item Expenditures

Community Development						
Account Description	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Salaries and Wages	184,801	187,036	189,471	181,887	(5,149)	-2.75%
Salaries and Wages (part time)	11,474	10,000			(10,000)	-100.00%
Board Stipends	4,900	7,200	7,200	7,200	0	0.00%
FICA			15,147	14,537	14,537	
Workers' Compensation			1,871	2,515	2,515	
Supplemental Retirement (LGERS)	21,311	23,163	22,473	21,568	(1,595)	-6.89%
401k			9,900	9,501	9,501	
Medical/Dental Insurance	35,263	40,075	22,485	21,509	(18,566)	-46.33%
Professional Services	56,622	11,313	5,000	5,000	(6,313)	-55.80%
Supplies and Materials	823	1,500	2,000	2,000	500	33.33%
Uniforms			650	650	650	
Vehicle Supplies and Materials	-	500	500	500	0	0.00%
Technology Hardware & Accessories					0	
Travel and Training	5,159	8,000	11,400	11,400	3,400	42.50%
Dues and Subscriptions	954	1,500	7,400	7,400	5,900	393.33%
Communications	3,401	4,000	3,740	3,740	(260)	-6.49%
Printing and Binding	255				0	
Advertising	814	1,500	1,500	1,500	0	0.00%
Leased Equipment			8,718	8,718	8,718	
Vehicle Repairs and Maintenance	597	500	1,000	1,000	500	100.00%
Miscellaneous	1,176	-	1,000	1,000	1,000	
Capital Outlay - under \$5,000	2,492	-	3,000	3,000	3,000	
Debt Service	18,355	17,942			(17,942)	-100.00%
Fixed Charges	10,833	12,000			(12,000)	-100.00%
TOTAL	359,230	326,229	314,456	304,625	(21,604)	-6.62%

Notes

Board Stipends

Planning Board - paid per meeting attended 7,200

Professional Services

Engineering and other services 5,000

Uniforms

Logo attire - staff and Planning Board 650

Travel and Training

APA/APA-NC (Staff) 3,200
 APA/APA-NC (PB) 1,600
 NCFPM/Flooding 2,000
 NCAZO 600
 NCBIWA 1,200

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UNC-SOG	800
NCLM/NLC	1,000
Other	1,000
	<hr/>
	11,400

Dues and Subscriptions

APA Dues (Staff)	1,800
APA Dues (PB)	700
GIS Licensing	4,400
Other Dues	500
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	7,400

Communications

Mobile Phones/iPad	1,740
Postage	2,000
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	3,740

Leased Equipment

Copier	8,195
Postage Meter	523
	<hr/>
	8,718

Capital Outlay - under \$5,000

Drone	2,500	Beach monitoring, wetland monitoring, flooding, etc.
Water Level Gauge	500	
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	3,000	

Recreation & Special Events

Description

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

Recent Accomplishments

- Spring Sound and Park cleanup – over 40 volunteers and 261 pounds of trash collected over 8 miles.

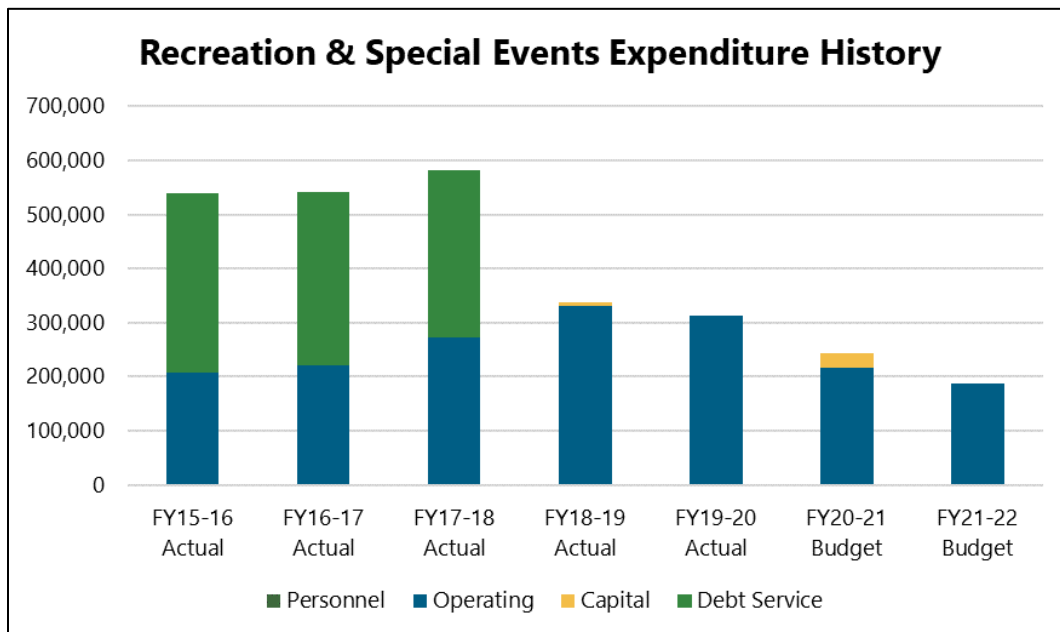
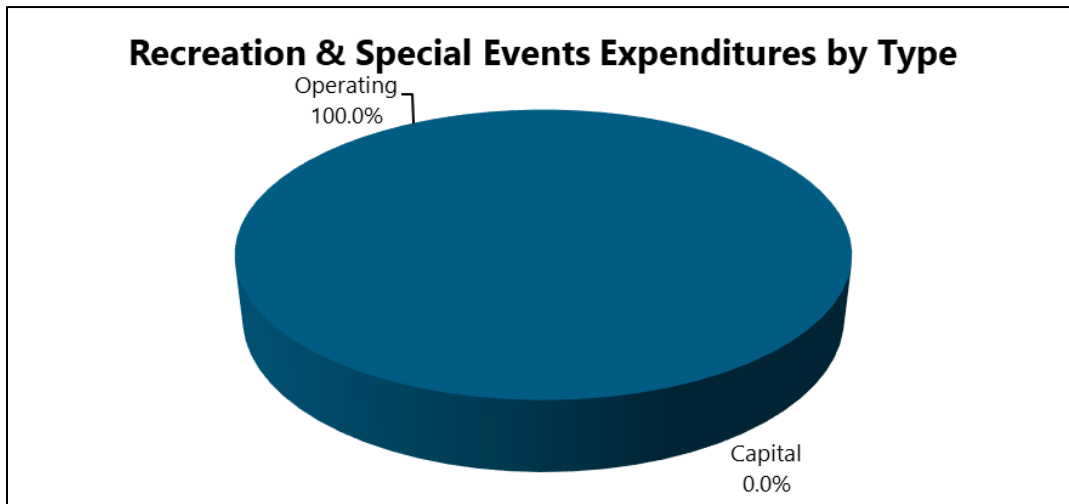
Upcoming Projects

- The Jazz Festival and some summer events will return in FY 2022. We expect lower than normal sponsorship revenue this year due to remaining COVID effects.
- Planning to introduce an annual volunteer appreciation event.
- 20th Anniversary celebration.

FY 2021-2022 Budget Highlights

- The Recreation & Special Events department budget decreased 23.1% from the FY 2020-21 budget due to mostly to moving Parks maintenance expenses to Public Facilities and a reduction in event related expenses.
- The Recreation & Special Events department budget accounts for 1.3% of the General Fund budget and is equivalent to \$0.010 on the tax rate.
- New line item for merchandise for resale to better track these items. This budget also includes a new revenue line for the sale of these items.

Expenditures by Type								
Type	FY15-16 Actual	FY16-17 Actual	FY17-18 Actual	FY18-19 Actual	FY19-20 Actual	FY20-21 Budget	FY21-22 Budget	Percent Change
Personnel								-
Operating	207,132	221,301	271,693	331,960	312,772	217,323	186,900	-14.00%
Capital	0	0	0	6,425	0	25,716	0	-100.00%
Debt Service	331,590	321,060	310,530					
Total	538,722	542,361	582,223	338,384	312,772	243,039	186,900	-23.10%



Line Item Expenditures

Recreation and Special Events						
Account Description	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Professional Services	41,203	-			0	
Contracted Services			137,500	137,500	137,500	
Temporary Help Services	68,498	65,000			(65,000)	-100.00%
Supplies and Materials	512	3,000	7,400	7,400	4,400	146.67%
Dues and Subscriptions					0	
Utilities		5,000			(5,000)	-100.00%
Printing and Binding	2,874				0	
Advertising	42,259	33,000	30,000	30,000	(3,000)	-9.09%
Repairs and Maintenance	17,456	25,000			(25,000)	-100.00%
Merchandise for Resale			12,000	12,000	12,000	
Miscellaneous	5,155	6,000			(6,000)	-100.00%
Capital Outlay - over \$5,000		25,716			(25,716)	-100.00%
Fixed Charges	363	500			(500)	-100.00%
Miscellaneous - Events	134,452	79,823			(79,823)	-100.00%
TOTAL	312,772	243,039	186,900	186,900	(56,139)	-23.10%

Notes

Contracted Services

Access Design	3,500
Beach/park signage	4,000
Events: Performers, Tents, Stage, Lights, etc.	130,000
	<u>137,500</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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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 2021-22 budget we are budgeting to transfer all revenue received from MSD taxes along with 20% of Sales Tax revenue, per Statute as described earlier in this document, to the Beach Nourishment fund.

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

Other						
Account Description	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Transfer to Beach Fund MSD-A	1,221,390	643,581	650,017	645,348	1,767	0.27%
Transfer to Beach Fund MSD-A		351,462	354,977	355,623	4,161	1.18%
Sales Tax Proportion			320,006	316,378	316,378	
Total Transfers	1,221,390	995,043	1,324,999	1,317,349	322,306	32.39%
Account Description						
Contingency	-	20,500	-	73,768		
	-	20,500	-	73,768		259.84%

Expenditure Summary

The total budgeted expenditures for the General Fund, including transfers, is \$13,928,033 which represents a 21.4% or \$2,451,583 increase over budgeted expenditures in the 2020-21 fiscal year. The table below shows the total for each department and the change compared to the budget for 2020-21.

Expenditures by Department						
Department Expenditures	FY19-20 Actual	FY20-21 Budget	FY21-22 Request	FY21-22 Approved	Variance v. CY	% Change
Governing Body	202,469	218,290	145,813	146,159	(72,131)	-33.0%
Administration	531,876	563,730	658,457	659,090	95,360	16.9%
Finance	72,439	71,000	100,290	100,290	29,290	41.3%
Legal	82,631	505,000	82,200	82,200	(422,800)	-83.7%
Public Facilities	433,207	411,372	969,725	521,593	110,221	26.8%
Information Technology	161,804	128,500	152,615	152,615	24,115	18.8%
Police	1,633,557	1,464,518	1,924,627	1,909,688	445,170	30.4%
Fire	1,365,372	1,342,918	1,892,523	1,887,873	544,955	40.6%
Inspections	179,303	186,965	204,576	204,767	17,802	9.5%
Ocean Rescue	486,000	540,000	531,500	531,500	(8,500)	-1.6%
Streets & Highways	1,032,502	1,408,174	2,904,586	2,904,586	1,496,412	106.3%
Sanitation	1,087,979	1,045,000	1,187,286	1,187,286	142,286	13.6%
Environmental Protection	1,637,525	2,006,172	1,762,338	1,762,338	(243,834)	-12.2%
Community Development	359,230	326,229	314,456	304,625	(21,604)	-6.6%
Recreation & Special Events	312,772	243,039	186,900	186,900	(56,139)	-23.1%
Transfers	1,221,390	995,043	1,324,999	1,317,349	322,306	32.4%
Contingency	0	20,500	78,412	73,768	53,268	259.8%
Total	10,800,057	11,476,450	14,421,303	13,932,625	2,456,175	21.4%

Fund Balance

The Town does not plan to appropriate funds from the General Fund fund balance for FY 2021-22. 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 25 percent for the General Fund.

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.

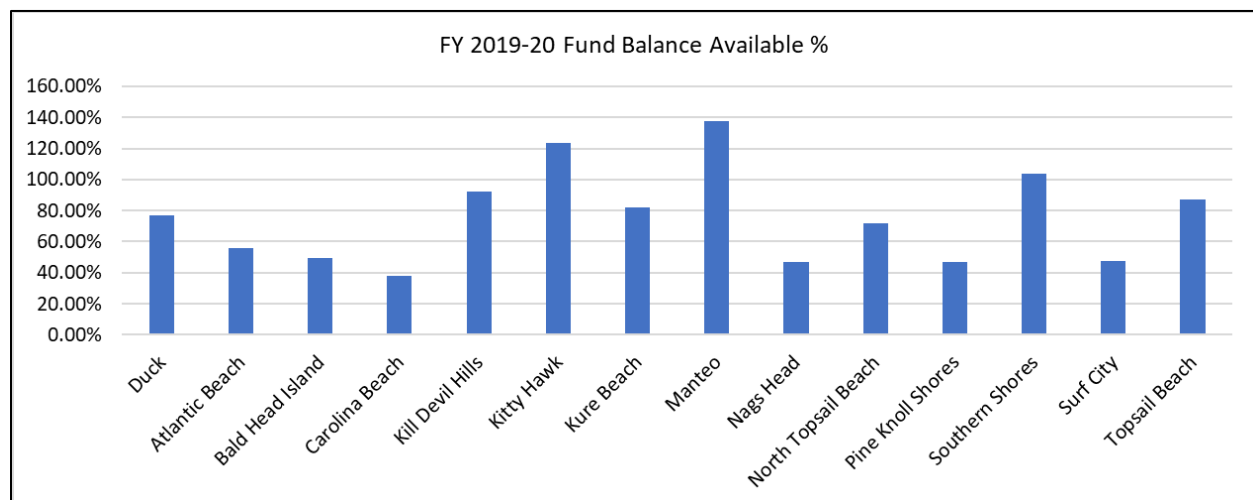
Amount of Fund Balance

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.

The chart below shows the same data graphically to show that our fund balance is comparable to our peer communities.

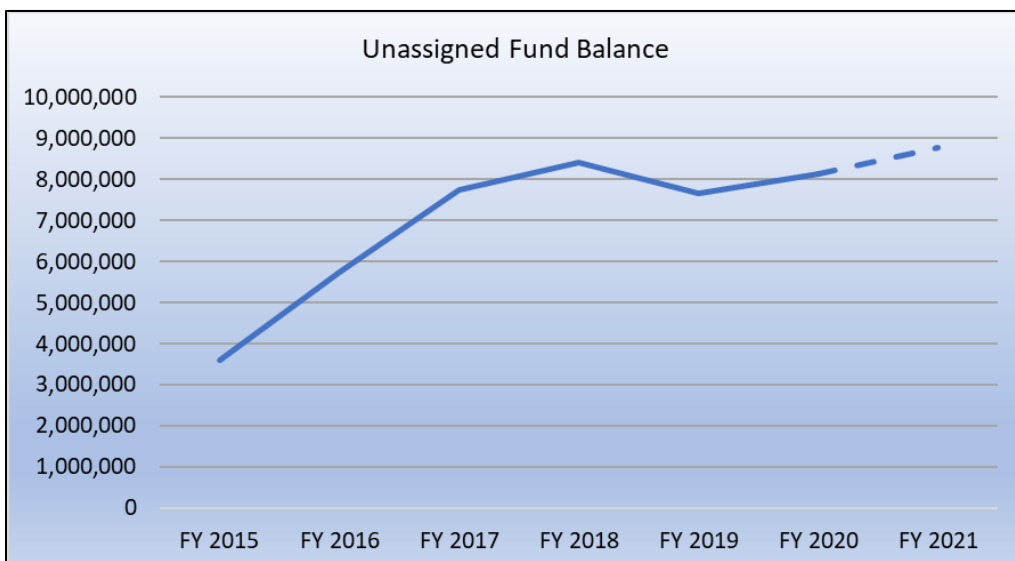
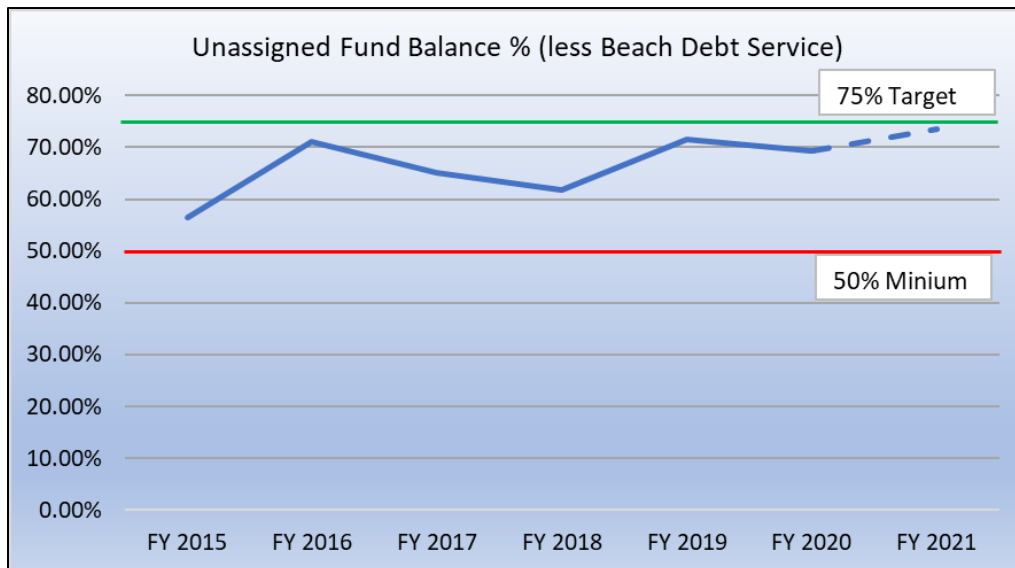
Fund Balance Available (per LGC) as a % of GF Net Expenditures	FY 2019-20
Duck	77.01%
Atlantic Beach	56.06%
Bald Head Island	49.52%
Carolina Beach	38.16%
Emerald Isle	not reported
Kill Devil Hills	92.35%
Kitty Hawk	123.61%
Kure Beach	82.32%
Manteo	137.74%
Nags Head	47.10%
North Topsail Beach	71.60%
Pine Knoll Shores	47.11%
Southern Shores	103.87%
Surf City	47.80%
Topsail Beach	87.00%
Average of All Above	75.71%
Average of Green Above	79.26%



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 below, using data from our audited financial statements, we remain slightly under the target, but well above the minimum percentage with over \$8 million in unassigned funds.



Five-Year Financial Forecast

A financial forecast assists the Town in planning for future expenditures and revenues and estimating the financial resources required to maintain adequate services and reserves. By capturing known or planned expenditures and predicting, based on historical data, future expenditures we are able to develop a reasonable estimate of trends over the next five years. The forecast is based upon a set of assumptions that are, following the philosophy of the elected body, quite conservative in estimating revenue and realistic in predicting expenditures.

These projections are reviewed annually to see how they correlate to actual expenditures and to determine if changes in the economic climate warrant changes in the underlying assumptions.

What follows is a list of some of the assumptions that underlie the forecast for FY2023-FY2026:

Expenditures

Personnel

- 1.5% merit increase pool and 3% merit bonus funding included.
- No change in staffing level from FY 2021-22 levels.
- Local Government Employees Retirement System Employer Contribution Rate as provided by LGC is used and escalated based upon recent historical changes.
- 10% per year increase in medical insurance premiums.
- 1% per year increase in workers' compensation insurance.

Operations

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

Capital

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

Debt Service

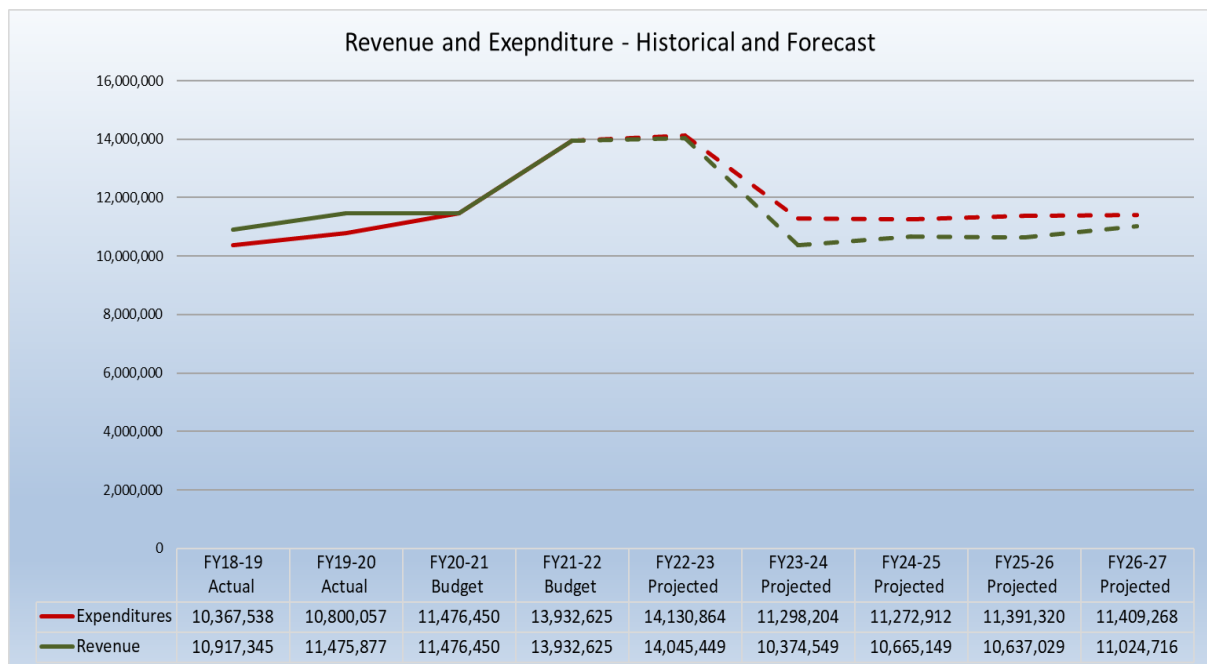
- Follows current debt service schedule.
- Adds new debt following the CIP (includes Beach Renourishment, Public Safety Building, and Vehicles).

Transfers and Contingency

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

Revenue

- Assessed value increase of 0.5% per year. No change in Ad Valorem or MSD tax rates.
- 1% per year increase in Motor Vehicle tax revenue.
- No change in Penalty and Interest Revenue
- 5% increase in sales tax revenue
- 3% increase in Occupancy and Land Transfer tax revenue
- Visitor's Bureau Grant estimated to handle portions of smaller projects as a larger project has not yet been evaluated to the point of having costs.
- No State Grant revenue shown as no projects are identified.
- Shoreline Grant reflects a continuation of County support of beach grass planting.
- Government Access Channel Grant revenue assumes having appropriate improvement projects that align with grant requirements.
- Federal/FEMA/NFWF grants show no revenue due to a lack of data/information to determine if this source is appropriate for some projects.
- 1% per year increase in Beer and Wine tax revenue.
- 1% per year increase in Utility Franchise Tax revenue
- 2% per year increase, using FY 2020 as the base, in permits revenue.
- Gain on the sale of vehicles follows the CIP replacement of current vehicles.
- Investment earnings assumes a continuation of the low interest rate environment in which we are currently operating.
- 1% per year increase in ABC and Mixed Beverage Profit revenue.
- 1% increase Sponsorship revenue (events).
- Transfers from Capital Reserve is for Debt Service related to Beach Nourishment and other expenditures directly related to Beach Nourishment.



Town of Duck – Fiscal Year 2021–2022 Annual Budget

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									
	FY18-19 Actual	FY19-20 Actual	FY20-21 Budget	FY21-22 Budget	FY22-23 Projected	FY23-24 Projected	FY24-25 Projected	FY25-26 Projected	FY26-27 Projected
Ad Valorem Tax	3,612,081	3,610,281	3,662,390	4,051,252	4,057,338	4,077,625	4,098,013	4,118,503	4,139,095
MSDA	639,573	641,443	643,581	645,348	646,317	649,549	652,796	656,060	659,341
MSDB	351,561	350,655	351,462	355,623	356,158	357,938	359,728	361,527	363,334
Motor Vehicle Tax	30,972	34,665	0	36,052	36,412	36,777	37,144	37,516	37,891
Prior Year Tax, Penalties & Interest	7,662	7,512	0	5,000	5,000	5,000	5,000	5,000	5,000
Local Government Sales Tax	1,372,630	1,451,274	1,309,433	1,581,889	1,660,984	1,744,033	1,831,234	1,922,796	2,018,936
Real Estate Transfer Tax	362,418	374,793	372,408	397,280	409,199	421,475	434,119	447,142	460,557
Occupancy Tax	1,464,700	1,427,438	1,507,042	1,548,771	1,595,234	1,643,091	1,692,383	1,743,155	1,795,449
Visitor's Bureau Grant	320,351	305,454	147,806	147,806	10,000	10,000	10,000	10,000	10,000
State Grants	22,192	51,189	0	0					
Shoreline Grant (County)	272,221	250,218	228,214	206,212	24,000	24,000	24,000	24,000	24,000
Government Access Channel Grant	10,000	10,000	0	5,000	10,000	10,000	10,000	10,000	10,000
Federal Grants	0	1,002	1,000	0					
FEMA Grants	45,061	42,006	0	1,693,753	2,972,456				
NFWF Grant	0	0	384,011	384,011					
COVID-19 Relief Fund	0	56,534	0	0					
Beer and Wine	1,720	1,720	1,500	1,700	1,717	1,734	1,752	1,769	1,787
Utility Franchise Tax	403,549	405,733	405,000	409,790	413,888	418,027	422,207	426,429	430,693
Building Permits	144,373	93,583	95,000	159,844	96,780	98,716	100,690	102,704	104,758
Reinspection Fees	54,718	47,271	38,000	250	47,276	38,946	1,029	47,296	39,891
Other Permits	17,749	9,465	10,000	9,654	9,658	10,193	9,858	9,855	10,390
Permits and Fees - Other	0	0	0	0					
Gain on sale of vehicles	0	50,289	0	47,000	40,000	20,000	30,000		
Investment Earnings	135,447	95,488	0	1,800	10,000	10,000	10,000	10,000	10,000
ABC and Mixed Beverage Profits	58,947	61,974	51,000	63,213	51,632	51,516	63,729	52,269	52,039
Other	84,355	67,549	347,000	0					
Sponsorship Revenue	0	0	0	40,400	40,804	41,212	41,624	42,040	42,461
Merchandise Revenue	0	0	0	12,100	12,221	12,343	12,467	12,591	12,717
Building Rental Fees	2,038	1,605	0	1,500	1,500	1,500	1,500	1,500	1,500
Miscellaneous Income - Other	0	0	0	0					
Transfers from Capital Reserve	1,503,027	1,815,374	1,258,223	1,476,489	594,876	594,876	594,876	594,876	794,876
Debt Proceeds		211,362		650,888	942,000	96,000	221,000		
Fund Balance	0	0	663,380	0					
TOTAL REVENUE	10,917,345	11,475,877	11,476,450	13,932,625	14,045,449	10,374,549	10,665,149	10,637,029	11,024,716

Town of Duck – Fiscal Year 2021–2022 Annual Budget

Expenditures									
	FY18-19 Actual	FY19-20 Actual	FY20-21 Budget	FY21-22 Budget	FY22-23 Projected	FY23-24 Projected	FY24-25 Projected	FY25-26 Projected	FY26-27 Projected
Governing Body	199,011	202,469	218,290	146,159	149,879	153,722	157,695	161,804	166,053
Personnel	97,005	85,427	75,200	25,230	25,234	25,234	25,235	25,235	25,236
Operating	102,007	117,042	143,090	120,930	124,646	128,488	132,460	136,569	140,818
Capital	0	0	0	0					
Debt Service									
Administration	464,799	531,876	563,730	659,090	675,296	693,788	712,973	732,897	753,611
Personnel	432,343	478,709	508,230	579,636	594,253	611,123	628,655	646,893	665,887
Operating	31,421	45,741	55,500	79,454	81,043	82,664	84,317	86,004	87,724
Capital	1,035	7,427	0	0					
Debt Service									
Finance	70,311	72,439	71,000	100,290	102,296	104,342	106,429	108,558	110,729
Personnel	0	0	0	0	0	0	0	0	0
Operating	70,311	72,439	71,000	100,290	102,296	104,342	106,429	108,558	110,729
Capital	0	0	0	0					
Debt Service									
Legal	54,593	82,631	505,000	82,200	83,844	85,521	87,231	88,976	90,755
Personnel	0	0	0	0	0	0	0	0	0
Operating	54,593	82,631	505,000	82,200	83,844	85,521	87,231	88,976	90,755
Capital	0	0	0	0					
Debt Service									
Public Facilities	484,634	433,207	411,372	521,593	1,057,684	1,117,546	979,262	984,939	856,773
Personnel	0	0	0	80,233	82,158	84,567	86,247	89,692	92,423
Operating	208,710	173,548	153,000	185,843	191,418	197,160	203,075	209,167	215,442
Capital	11,643	2,333	8,000	12,100	8,000	150,000	8,400	8,820	9,261
Debt Service	264,282	257,327	250,372	243,417	776,109	685,820	681,540	677,260	539,647
Information Technology	122,652	161,804	128,500	152,615	165,167	158,780	161,956	165,195	168,499
Personnel	0	0	0	0	0	0	0	0	0
Operating	120,141	133,123	128,500	152,615	155,667	158,780	161,956	165,195	168,499
Capital	2,511	28,681	0	0	9,500				
Debt Service									
Police	1,382,823	1,633,557	1,464,518	1,909,688	1,807,282	1,818,107	1,803,355	1,759,729	1,738,043
Personnel	1,028,999	1,141,059	1,152,059	1,242,288	1,259,139	1,296,783	1,336,075	1,377,137	1,420,099
Operating	134,272	180,280	195,103	209,641	213,834	218,110	222,472	226,922	231,460
Capital	135,226	274,952	26,100	409,666	145,190	93,000			
Debt Service	84,325	37,267	91,256	48,093	189,120	210,214	244,807	155,671	86,484

Town of Duck – Fiscal Year 2021–2022 Annual Budget

Fire	1,206,296	1,365,372	1,342,918	1,887,873	1,754,164	1,845,318	1,830,767	1,837,395	1,881,114
Personnel	864,886	965,545	1,006,331	1,256,183	1,271,680	1,309,681	1,340,203	1,395,353	1,440,715
Operating	284,031	283,955	297,311	247,431	252,380	257,427	262,576	267,827	273,184
Capital	43,296	115,872	21,000	301,525	54,000	35,000	42,000	54,000	47,000
Debt Service	14,083	0	18,276	82,733	176,104	243,210	185,988	120,215	120,215
Inspections	162,284	179,303	186,965	204,767	210,318	216,287	222,498	228,968	235,715
Personnel	136,030	143,406	168,965	182,115	187,213	192,720	198,459	204,448	210,705
Operating	10,261	13,578	18,000	22,652	23,105	23,568	24,039	24,520	25,010
Capital	1,909	22,318	0	0					
Debt Service	14,083	0	0	0					
Ocean Rescue	387,139	486,000	540,000	531,500	548,000	566,000	582,980	600,469	618,483
Personnel	0	0	0	0	0	0	0	0	0
Operating	387,139	486,000	540,000	531,500	548,000	566,000	582,980	600,469	618,483
Capital	0	0	0	0					
Debt Service									
Streets & Highways	1,285,428	1,032,502	1,408,174	2,904,586	446,308	388,847	396,613	404,611	382,850
Personnel	0	0	0	0	0	0	0	0	0
Operating	118,236	95,485	185,000	243,989	251,308	258,847	266,613	274,611	282,850
Capital	1,167,192	937,018	1,223,174	2,660,597	195,000	130,000	130,000	130,000	100,000
Debt Service									
Sanitation	1,054,665	1,087,979	1,045,000	1,187,286	1,222,904	1,259,591	1,297,379	1,336,301	1,376,390
Personnel	0	0	0	0	0	0	0	0	0
Operating	1,054,665	1,087,979	1,045,000	1,187,286	1,222,904	1,259,591	1,297,379	1,336,301	1,376,390
Capital	0	0	0	0					
Debt Service									
Environmental Protection	1,605,564	1,637,525	2,006,172	1,762,338	3,972,417	918,105	925,570	933,184	940,950
Personnel	0	0	0	0	0	0	0	0	0
Operating	135,953	189,918	580,567	358,737	365,911	373,230	380,694	388,308	396,074
Capital	0	0	0	0					
Debt Service	1,469,611	1,447,608	1,425,605	1,403,601	3,606,506	544,876	544,876	544,876	544,876
Community Development	327,564	359,230	326,229	304,625	324,610	333,784	343,328	353,267	363,630
Personnel	244,780	257,750	267,474	258,716	277,693	285,834	294,320	303,175	312,426
Operating	59,940	80,633	40,813	42,909	43,767	44,642	45,535	46,446	47,375
Capital	8,471	2,492	0	3,000	3,150	3,308	3,473	3,647	3,829
Debt Service	14,373	18,355	17,942	0					
Recreation & Special Events	338,384	312,772	243,039	186,900	195,638	199,701	203,852	208,095	212,430
Personnel	0	0	0	0	0	0	0	0	0
Operating	331,960	312,772	217,323	186,900	190,638	194,451	198,340	202,307	206,353
Capital	6,425	0	25,716	0	5,000	5,250	5,513	5,788	6,078
Debt Service	0	0	0	0					
Transfers	1,221,390	1,221,390	995,043	1,317,349	1,334,671	1,356,294	1,378,771	1,402,146	1,426,462
Contingency	0	0	20,500	73,768	80,383	82,470	82,253	84,786	86,781
TOTAL EXPENDITURE	10,367,538	10,800,057	11,476,450	13,932,625	14,130,864	11,298,204	11,272,912	11,391,320	11,409,268

	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
	Actual	Actual	Budget	Budget	Projected	Projected	Projected	Projected	Projected
Revenue - Expenditures	549,807	675,820	0	0	-85,415	-923,655	-607,763	-754,291	-384,552

Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NCLM - North Carolina League of Municipalities

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

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

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

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

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

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

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

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

Surplus – The amount by which revenues exceed expenditures.

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

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

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

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

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

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

Town of Duck

Financial and Budgetary Policies



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.

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

Resolution No. 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

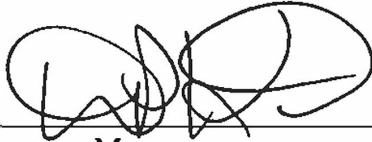
WHEREAS, the establishment of and compliance with such policies provide reasonable assurance of compliance with statutory requirements, financial best practices, and the reliability of financial reporting; and

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 5th day of May, 2021, that the Town Council of the Town of Duck, North Carolina, hereby approves and adopts the "Financial and Budgetary Policies" document as presented by Town staff, effective July 1, 2021.

Adopted this 5th day of May 2021.



Mayor

ATTEST:



Clerk





TOWN OF DUCK

Capital Improvement Plan

Fiscal Year 2022 - 2026

May 2021

Capital Improvement Plan Message

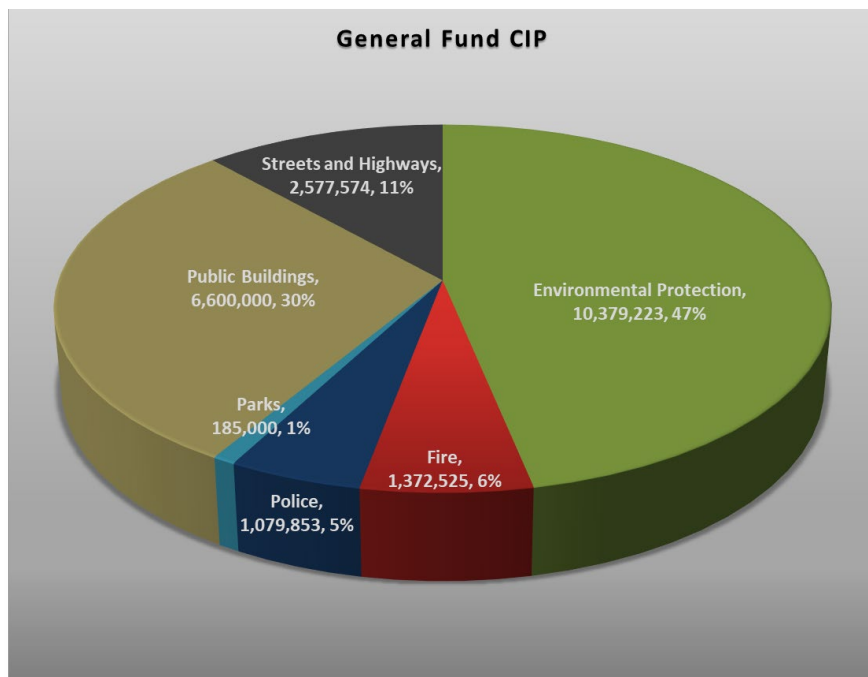
Dear Mayor Kingston and Members of Town Council:

I am pleased to present the Recommended FY 2022-26 Capital Improvement Plan (CIP) for your review and consideration. The Town's CIP represents a guide for maintenance and acquisition of capital assets. The CIP is an important management tool, as it evaluates the effects of capital costs on the Town's operating budget and the Town's financial standing in terms of debt burden and capacity. The entire CIP is not an adopted budget. Only the first year of the CIP (FY 2021-22) will become part of the Town's annual budget document, once approved. The CIP is a dynamic planning tool, as it is evaluated annually and adjusted according to Town Council's goals and financial considerations.

Town Council will find that the proposed capital improvement plan addresses Council's goals with projects focusing on items responsive to the 2027 Vision, Hazard Mitigation Plan, and Comprehensive Land Use Plan. The underlying principals from the 2027 Vision (see Appendix A) guide the work to develop this CIP. These principals; Duck and our Village; Enhanced Movability; Environmental Stewardship; Active, Engaged Community; Vibrant, Thriving Business Community; Responsive and Responsible Leadership, are reflected in the projects proposed in this CIP.

FY21-22 CIP Overview

The Recommended FY 2022-26 CIP includes 28 projects totaling \$48,991,450 for the General Fund. Environmental Protection projects account for nearly half of the total expenditures in this CIP, with \$8.4 million for the Beach Nourishment project being the largest single expenditure shown in this plan. The chart below shows the total amount of funding for each CIP element, and the percentage of the total each element represents.



Financial Impact

Debt burden and capacity ratios remain within acceptable levels for FY 2021-22. The General Fund net debt service to expenditures is 16.5 percent. This indicates the Town's debt is a small percentage of its overall expenditures and within an acceptable range. The General Fund net debt per assessed valuation of .137 percent remains well below the policy maximum of 1 percent, and the 10-year principal payout ratio will be 100 percent for FY 2021-22.

General Fund Fiscal Indicators and Key Debt Ratios

Fiscal Indicators and Key Debt Ratios		
	Target	Projected
Net Debt Service to Expenditures	< 20%	16.5%
Net Debt to Assessed Valuation	< 1%	0.14%
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 General Fund operating budget in FY 2021-22, 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 2022- 26 CIP includes 28 projects in the General Fund each representing an investment in the Town and the Duck experience. The CIP addresses concerns related to debt management and the effects on the operating budget, and the capital projects address Town needs while adhering to the Town Council's goals. If implemented, the CIP will provide the Town with a plan to maintain and acquire capital assets that improve the Town's ability provide exceptional services as well as provide the foundation for the Town's future.

Respectfully submitted,

Drew Havens

Drew Havens,
Town Manager

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Section 1: Overview of the Capital Improvement Plan

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

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

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

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

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

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

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

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

Capital Improvement Funding

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

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

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

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

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

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

Section 2: General Fund CIP

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 Buildings 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 2027 Principle:

Environmental Stewardship

Vision 2027 Goal:

Implement the Town of Duck Beach Nourishment Project, develop a maintenance plan for the current project, and continue to monitor all areas of the Town to identify possible future projects.

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



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

Environmental Protection							
Item/Project	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Beyond 2026	Total Cost
Beach Planting/ Sand Fencing	150,000	110,000	150,000	150,000	150,000	150,000	860,000
Neighborhood Flooding	30,000	120,000	100,000	100,000	100,000	100,000	550,000
Shoreline Stabilization	768,023	238,000	0	0	0	0	1,006,023
Beach Renourishment	0	7,963,200	0	0	0	0	7,963,200
Total	948,023	8,431,200	250,000	250,000	250,000	250,000	10,379,223



Continuous Projects

Sand Fencing/Beach Planting/Fertilization/Monitoring	\$150,000
	Annually

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

Neighborhood Flooding Planning & Mitigation	\$150,000
	Initial Cost
	(\$100,00 annually from FY 2024 forward)

This project, consistent with the Hazard Mitigation Plan and Comprehensive & Land Use Plan, includes the completion of initial studies, development of a stormwater management plan, and implementation of stormwater management projects addressing repetitive flooding in certain neighborhoods. The projects are intended to address nuisance flooding after heavy rain events that inundates properties and blocks emergency vehicle access. A grant application has been submitted through the N.C. Resilient Coastal Communities Program to assist with funding during the first three years of this project.

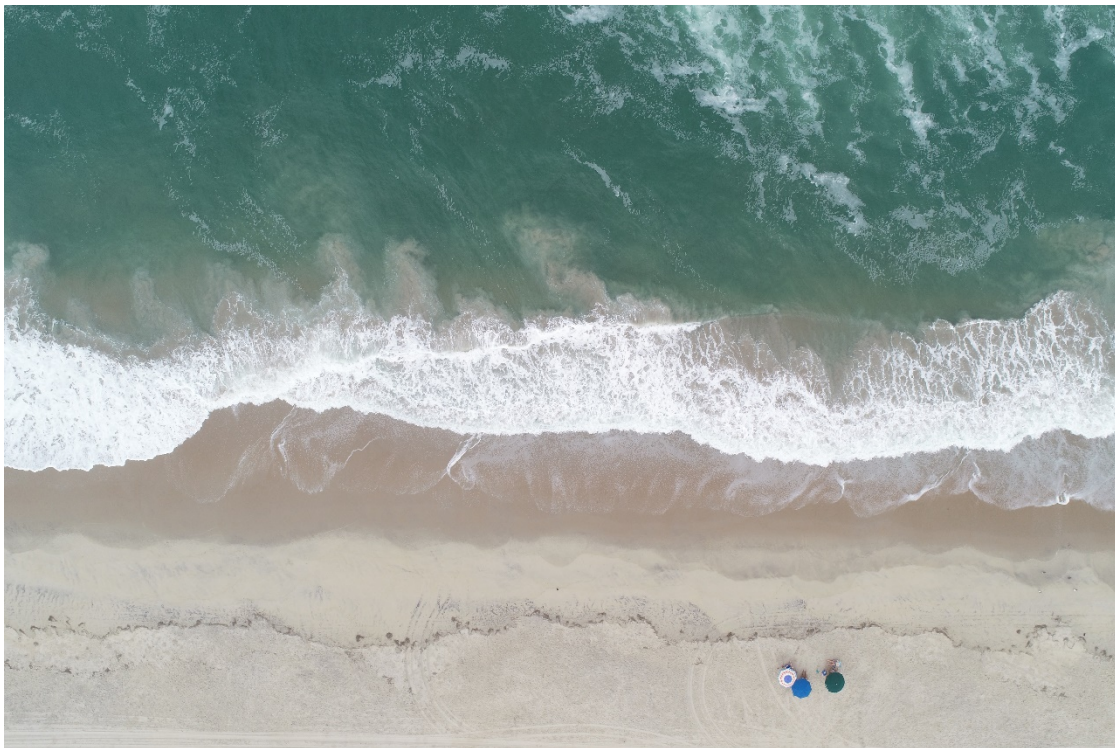
FY 2021-22

Shoreline Stabilization Projects	\$1,006,023
	(\$768,023 in FY 2022 and \$238,000 in FY 2023)

This project, consistent with the Hazard Mitigation Plan, Comprehensive & Land Use Plan, and 2027 Vision, includes the permitting and construction of a living shoreline to restore natural marsh, stabilize the shoreline, and protect low-lying stretches of NC Highway 12. In addition, this project includes the construction of breakwater sills in Currituck Sound along the western edge of the Town Park property. The living shoreline project will help mitigate shoreline erosion and minimize flooding inundation of N.C. Highway 12. A grant in the amount of \$384,011 has been awarded by the National Fish & Wildlife Foundation in support of this project. The sill project is intended to prevent or slow further erosion and flooding along the western edge of the Town Park/Town Hall property. Grant funds will be sought to assist in the funding of this project.

**FY 2022-23****Beach Renourishment****\$7,963,200**

Consistent with the goals of the Hazard Mitigation Plan, Comprehensive & Land Use Plan, and 2027 Vision, in May of 2015, the Town Council approved the recommendations of an Erosion and Shoreline Management Feasibility Study that recommended a beach nourishment project for a 1.7 mile stretch of beach north of the Army Corps FRF property. This project was completed in 2017. Renourishment of this project will involve a partnership with Dare County, Kill Devil Hills, Kitty Hawk, and Southern Shores and is anticipated during the summer months of 2022. Dare County is providing approximately \$1 million, a FEMA grant for Dorian related damaged accounts for approximately \$2.9 million, and a state grant will pay approximately \$1.4 million. The remaining \$2.5 million will come through the issuance of Special Revenue Bonds, with debt service funded through MSD tax revenue, and General Fund appropriations.





Fire Element Projects

Projects Funded:

Apparatus and capital equipment purchases along with the recurring purchases of items such as air packs and turnout gear.

Vision 2027 Principle:

Responsive and Responsible Leadership

Vision 2027 Goal: n/a

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



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

Fire							
Item/Project	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Beyond 2026	Total Cost
Replacement of SCBA Bottles	14,000	14,000	14,000	14,000	14,000	14,000	84,000
Replacement of Turnout Gear	15,000	15,000	15,000	15,000	15,000	15,000	90,000
Additional Hose - Appliances	6,000	6,000	6,000	6,000	6,000	6,000	36,000
Extrication Equipment	7,000	7,000	0	7,000	7,000	0	28,000
800 MHz Radios	259,525	0	0	0	0	0	259,525
Thermal Imaging Camera	12,000	12,000	0	0	12,000	12,000	48,000
Replacement of Engine 11	0	750,000	0	0	0	0	750,000
Command Vehicle Replacement	0	0	0	77,000	0	0	77,000
Total	313,525	804,000	35,000	119,000	54,000	47,000	1,372,525



Continuous Projects

Replacement of SCBA Bottles/Equipment

\$14,000
Annually

This project provides phased replacement of Self-Contained Breathing Apparatus (SCBA) units, facepieces, and bottles. 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. This project ensures uniformity in equipment used while taking advantage of updated features that include technological advancements in this critical piece of protective equipment.

Replacement of Turnout Gear

\$15,000
Annually

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

Purchase of Replacement Hose and Appliances

\$6,000
Annually

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

Replacement/Purchase of Extrication Equipment

\$7,000
Per year in FY 2022, 2023, 2025, and beyond

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.



FY 2021-22

800 MHz Radios (Portable and Mobile)

\$259,525

In FY 2011 the Town purchased 800 MHz radios for the Police and Fire Departments after the County switched radio systems in response to a federal mandate. This joint project between Police and Fire allows for many different non-compliant radio models to be replaced with standardized radio equipment across Public Safety. This creates interoperability and ensures that all end users are trained to use the new radios simultaneously. Many of the fire department's current 800 MHz radios have been discontinued by the manufacturer and do not include a programming feature called TDMA, which the NC Department of Public Safety has mandated for all radios using their VIPER network by July 1, 2025. There are currently three different model 800 MHz radios in use by the fire department, each using a different battery type. Replacing all radios at once also allows for bulk pricing and the disposal of all current radios while they still have some market value.

Purchase of Thermal Imaging Camera(s)

\$12,000

Per year in FY 2022, 2023, 2025, and beyond

This project represents the purchase of replacement thermal imaging cameras (TIC), a tool used by firefighters for searching for victims in a fire, lost/missing individuals by capturing a heat signature, or finding the level of a hazardous material remaining in a tank. Additionally, the TIC provides a significant savings in both time and property damage when used to non-destructively investigate possible hidden fires, or smoke alarms sounding for unknown reasons. Two of our TICs, housed on our three main pieces of fire apparatus, are 10 years old and technology has dramatically improved in function and design for firefighters.

FY 2022-23

Replacement of Engine 11

\$750,000

The Fire Department had previously identified the need to replace Truck 11 (aerial platform) in prior CIP presentations. Current operations, concerns with Engine 11's pump reliability, and financial implications of such purchasing a new Truck is leading the department to propose replacing Engine 11 first. The cost to replace Truck 11 is approximately \$1,500,000, whereas the cost to replace Engine 11 is approximately \$750,000. Truck 11 was purchased in 2002 and Engine 11 in 2005. Suggested replacement cycle of a truck is 25 years and 20 years for an Engine.



FY 2024-25

Replacement of Fire Command/Response Vehicle

\$77,000

This project maintains the replacement schedule for our two command/response vehicles, one used by the Chief and the other by the Deputy Chief. These officers respond directly to major incidents and other service calls and their vehicles carry personal protective equipment, incident command supplies/materials, first aid supplies/equipment and other necessary tools. The estimated vehicle service life is between 8 and 10 years. Based upon this schedule, the vehicle assigned to the Chief should be replaced in FY 2025.



Police Element Projects



Projects Funded:

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

Vision 2027 Principle:

Responsive and Responsible Leadership

Vision 2027 Goal: n/a

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



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

Police							
Item/Project	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Beyond 2026	Total Cost
800 MHz Radios	151,363	0	0	0	0	0	151,363
AED Equipment Replacement	18,300	0	0	0	0	0	18,300
Patrol Vehicles: New and Replacement	240,000	192,000	96,000	144,000	0	0	672,000
License Plate Reader Replacement	0	48,000	40,000	0	0	0	88,000
Replacement of Mobile Data Terminals	0	24,000	28,000	0	0	0	52,000
Cargo Trailer Replacement	0	10,000	0	0	0	0	10,000
Traffic Safety Device and Trailer	0	0	25,000	0	0	0	25,000
Records Management Replacement	0	63,190	0	0	0	0	63,190
Total	409,663	337,190	189,000	144,000	0	0	1,079,853

**FY 2021-22****New and Replacement 800 MHz Radios****\$151,363**

In FY 2011 the Town purchased 800 MHz radios for the Police and Fire departments after the County switched radio systems in response to a federal mandate. This joint project between Police and Fire allows for many different non-compliant radio models to be replaced with standardized radio equipment across Public Safety. This creates interoperability and ensures that all end users are trained to use the new radios simultaneously. Many of the police department's current 800 MHz radios have been discontinued by the manufacturer and do not include a programming feature called TDMA, which the NC Department of Public Safety has mandated for all radios using their VIPER network by July 1, 2025. There are currently five different model 800 MHz radios in use by the police, each using a different battery type. Replacing all radios at once also allows for bulk pricing and the disposal of all current radios while they still have some market value.

Automated External Defibrillator Replacement**\$18,300**

This project funds the replacement of the department's automated external defibrillators (AEDs). The department currently has three different make/models of AED in use. Many of the AEDs are beyond their useful lifespan and are no longer supported by the manufacturers. Replacing all AEDs at once will allow for uniformity both within the Police Department and with those used by the Fire Department. This will simplify training and allow for the Department to maintain an inventory of supplies for one model versus three.

New and Replacement Police Patrol Vehicles (5)**\$240,000**

This project represents the scheduled replacement of three police patrol vehicles and the addition of two vehicles for requested positions in FY-2022. 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 2022-23****Automatic License Plate Reader Replacement****\$48,000**

Additional \$40,000 in FY 2023-24

This project will allow for the scheduled replacement of the police department's two fixed automatic license plate reader (ALPR) systems. The department's ALPR systems have a limited lifespan due to our challenging environment and rapidly advancing technology. Because of the high cost, we propose phasing the ALPR system replacement over two budget cycles to reduce the fiscal impact. The south ALPR system would be replaced in FY2023 and a third camera would be added at that time. The north site would be replaced in FY2024.

Replacement of Police Mobile Data Terminals**\$24,000**

Additional \$28,000 in FY 2023-24

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 are vital to officer safety and a key productivity tool. MDTs have an average lifespan of four years due to their operating environment and rapidly changing computer technology. MDTs have historically been replaced over two budget cycles to minimize the fiscal impact.

Public Safety Cargo Trailer Replacement**\$10,000**

The Public Safety cargo trailer will be 16 years old at the time of requested replacement. The replacement trailer will be larger so that it can continue to be used to store and transport emergency equipment such as trash pumps, hose, tools, generators, etc., but also can be used as a shelter for command operations during Town events and natural disasters.

Replacement Police Patrol Vehicles (4)**\$192,000**

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

Replacement of Police Records Management System**\$75,000**

Our current Records Management System (RMS) has been in use since 2003. The police department began seeking an RMS that is modern, web-based, and capable of data sharing with local and regional law enforcement partners. As this CIP was being prepared, our Chief of Police and all municipal law



enforcement agencies in Dare County agreed to partner with the Dare County Sheriff's Office to replace multiple outdated agency owned records management software platforms with a single countywide public safety software suite. The partnership will allow criminal justice information to be shared in real time and will allow the Duck Police Department full access to integrated software modules chosen based on agency need. This single source solution will allow the Duck Police Departments to leverage CAD, all of its records, data, and audio/video files, including our in-car and body camera data, from a single web-based software platform. This will result in cost savings, increased efficiency, and productivity. In year one of this project, the Town will pay its portion of the software cost. In subsequent years, the Town will be responsible for annual software maintenance fees".

FY 2023-24

Traffic Safety Device Replacement and New Trailer \$25,000

The Town's current inventory of traffic safety devices (reflective traffic cones, traffic topper cones and barricades, etc.) are showing signs of extensive wear and will need to be replaced in the coming years. A lack of indoor storage space at the Public Safety Complex means traffic safety devices must be stored outdoors, which speeds up the aging process. The majority of the replacement traffic safety equipment would be stored on a new flatbed trailer, which would allow for the immediate deployment of the equipment in an emergency situation. Grant funding will be explored for this project.

Replacement Police Patrol Vehicles (2) \$96,000

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

FY 2024-25

Replacement Police Patrol Vehicles (3)
\$144,000

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

Parks Element Projects



Projects Funded:

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

Vision 2027 Principle:

Duck and Our Village

Vision 2027 Goal: n/a

Our parks resources, including the Town Park, Amphitheater, Sound-side 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 2022	FY 2023	FY 2024	FY 2025	FY 2026	Beyond 2026	Total Cost
Playground Equipment Replacement/Expansion	0	85,000	10,000	90,000	0	0	185,000
Total	0	85,000	10,000	90,000	0	0	185,000



FY 2021-22

Playground Equipment Replacement/Expansion

\$185,000

Most of the current playground equipment at the Town Park was erected in 2007 and is heavily used by the community. Although the equipment is currently in safe condition, parts are nearing the end of their expected life and will need to be replaced in coming years to ensure safe use of the playground. This project, which includes the potential to expand the playground to accommodate more users, is phased to allow for design, expansion, and replacement to occur in a logical order.



Public Buildings 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 2027 Principle:

Responsive and Responsible Leadership

Vision 2027 Goal:

Complete the long-term plan for the renovation or reconstruction of the public safety building.

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



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

Public Buildings							
Item/Project	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Beyond 2026	Total Cost
Public Safety Building	450,000	6,000,000	0	0	0	0	6,450,000
Maintenance Building Construction	0	0	150,000	0	0	0	150,000
Total	450,000	6,000,000	150,000	0	0	0	6,600,000

**FY 2021-22****Public Safety Building Construction****\$6,450,000**

This project is part of the Town Council's 3-to-5-year goals as identified by the 2027 Vision and in the Comprehensive & Land Use Plan. The building housing the Town's Public Safety personnel and equipment is 40 years old and in need of significant repairs/upgrades. A long-term plan for the renovation or reconstruction of the Public Safety Building has been completed and conceptual plan has been developed pending a request to the Army Corps of Engineers to lease additional land. It is anticipated that this decision will occur in FY 2022, with final design commencing at that point. This project includes the final design and bid phase for a new Public Safety Building housing the Fire Department, Police Department, and other emergency services. Final design is anticipated to occur in FY 2022 with construction beginning in FY 2023.

Maintenance/Storage Building Construction**\$150,000**

As the Town has built out its physical facilities over the past two decades (Town Hall, Town Park, amphitheater, boardwalk, etc.), the need for facility maintenance has grown much greater. A maintenance building will allow the Town to consolidate much of its equipment, tools, and materials in a single, secure location. The file room in Town Hall is also reaching its capacity to store required documents, permits, and supplies. The restroom will serve Town employees and contractors working on projects in the area. The proposed building is planned to be metal with an improved front façade. The building will be approximately 30' x 40' in size and contain an office, bathroom, and large storage area to house files, equipment, tools, and materials for building and grounds maintenance and other departments.



Streets and Highways Element Projects



Projects Funded:

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

Vision 2027 Principle:

Enhanced Movability

Vision 2027 Goal:

Implement all facets of the Town of Duck Comprehensive Pedestrian Plan

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



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

Streets and Highways							
Item/Project	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Beyond 2026	Total Cost
Duck Trail Repaving	110,000	100,000	100,000	100,000	100,000	100,000	610,000
Pedestrian Plan Implementation	487,957	0	0	0	0	0	487,957
NC Highway 12 Elevation	1,209,617	0	0	0	0	0	1,209,617
Retaining Wall Replacement	60,000	30,000	30,000	30,000	30,000	0	180,000
Stormwater Management	25,000	65,000	0	0	0	0	90,000
Total	1,892,574	195,000	130,000	130,000	130,000	100,000	2,577,574



Continuous Projects

Duck Trail Repaving \$610,000

Portions of the Duck Trail are over twenty years old and need to be repaired and repaved due to general wear and tear, utility work, and stormwater management needs. This project will involve repaving portions of the Duck Trail on an annual basis. The repaving may include subgrade repairs and stormwater management improvements where needed. In FY2022, repaving is planned for the remaining section north of Oyster Catcher Lane adjoining the Sanderling neighborhood.

Pedestrian Plan Implementation - Phase 4 \$487,957

As it addresses significant safety concerns for pedestrians and cyclists traveling in Duck Village, this project is consistent the goals of the Comprehensive Pedestrian Plan, Comprehensive & Land Use Plan, and 2027 Vision. The Town has received a grant from the Dare County Tourism Board totaling \$1,050,666 for the first three phases of the project and an additional DCTB grant in the amount of \$147,806 will help fund the fourth (current) phase. This project involves a series of improvements in Duck Village including sidewalks, dedicated bicycle lanes, crosswalks, lighting, and intersection improvements. This fourth phase will fund improvements on the west side of NC Highway 12 in the north section of Duck Village.

NC Highway 12 Elevation \$1,209,617

Identified as a priority in a recent Vulnerability Assessment, this project is consistent with the goals of the Hazard Mitigation Plan and Comprehensive & Land Use Plan. This project involves elevation of the existing roadbed of NC Highway 12 above the 100-year flood elevation in the north section of Duck Village. The project also includes stormwater management features necessary with the road elevation. A BRIC grant in the amount of \$1.6 million is being sought to help fund this project and related projects, including a living shoreline and pedestrian/bicycle improvements, which are identified separately in the CIP. If the BRIC grant is obtained, the Town's matching funding will be significantly reduced for all three projects.

NC Highway 12 Retaining Wall Replacement \$180,000

We conducted a study identifying 21 retaining walls along the Duck Trail/N.C. Highway 12 that are in some degree of disrepair and need replacement or further evaluation. This annual replacement program is intended to improve public safety and Town liability by minimizing the likelihood of retaining wall failure. The replacement is proposed to proceed by addressing the retaining walls in poorest condition first. The replacement schedule for FY 2022 includes existing retaining walls north of Pintail Drive, south of Nor'Banks Drive, and south of Tuckahoe Drive.

FY 2021-22



Stormwater Management

\$25,000

Additional \$65,000 in FY 2023

This project will involve addressing stormwater drainage issues along NC Highway 12 and the Duck Trail. Portions of the Duck Trail adjoining the Sanderling neighborhood are prone to flooding. Replacement with permeable concrete is recommended by Town engineers to improve this situation. Drainage features along NC Highway 12 near Wee Winks/Duck Church do not have a functional drainage outfall and are prone to flooding. Drainage improvements will resolve that situation. Specific projects include northern Duck Trail drainage improvements in FY 2022 and Duck Road drainage improvements near Wee Winks/Duck Church in FY 2023.



Section 3: General Fund Summary

The table below shows the total of the capital needs in each of the CIP elements supported by the General Fund 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, we have used an interest rate of 4% for installment finance and 3% for bond debt issues.

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

General Fund Element Totals	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Beyond 2026	Total Cost
Environmental Protection	948,023	8,431,200	250,000	250,000	250,000	250,000	10,379,223
Fire	313,525	804,000	35,000	119,000	54,000	47,000	1,372,525
Police	409,663	337,190	189,000	144,000	0	0	1,079,853
Parks	0	85,000	10,000	90,000	0	0	185,000
Public Buildings	450,000	6,000,000	150,000	0	0	0	6,600,000
Streets and Highways	1,892,574	195,000	130,000	130,000	130,000	100,000	2,577,574
Total	4,013,785	15,852,390	764,000	733,000	434,000	397,000	22,194,175
Revenue Source Totals	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Beyond 2026	Total Cost
Grant	1,771,434	4,463,377	100,000	100,000	0	0	6,434,811
Interlocal	0	1,044,451	0	0	0	0	1,044,451
Town Funds	1,591,463	907,190	568,000	412,000	434,000	397,000	4,309,653
Debt Issued	650,888	9,437,372	96,000	221,000	0	0	10,405,260
Total	4,013,785	15,852,390	764,000	733,000	434,000	397,000	22,194,175

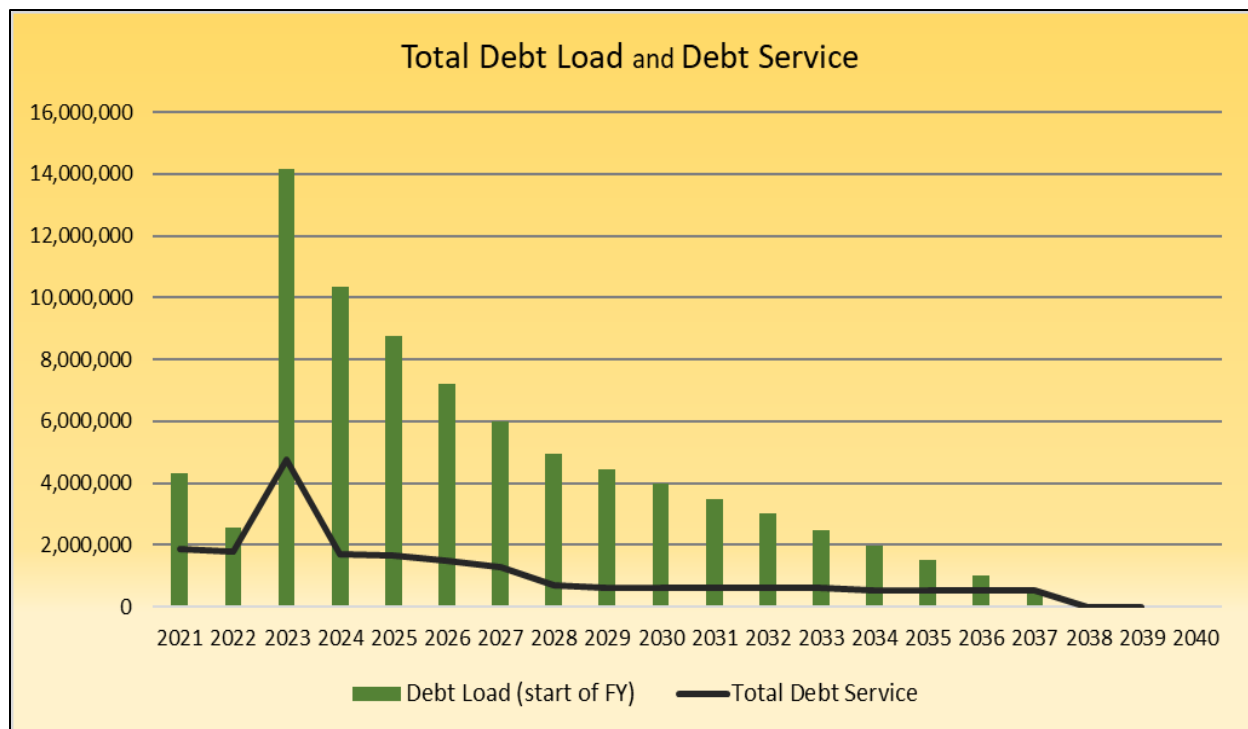
Section 4: CIP Financial Impact Analysis on General Fund

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

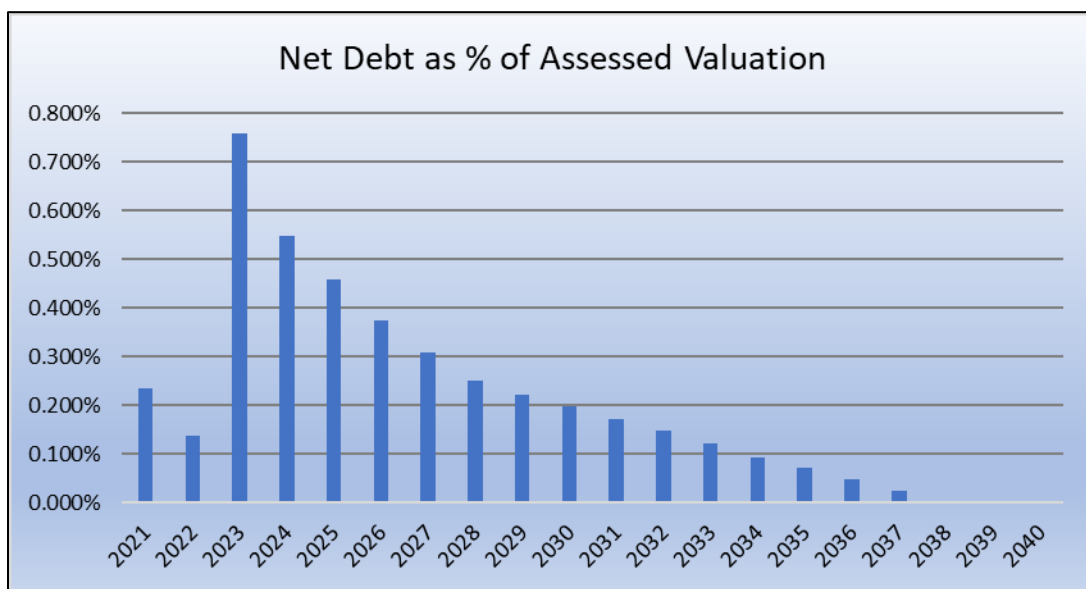
Debt Ratios

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

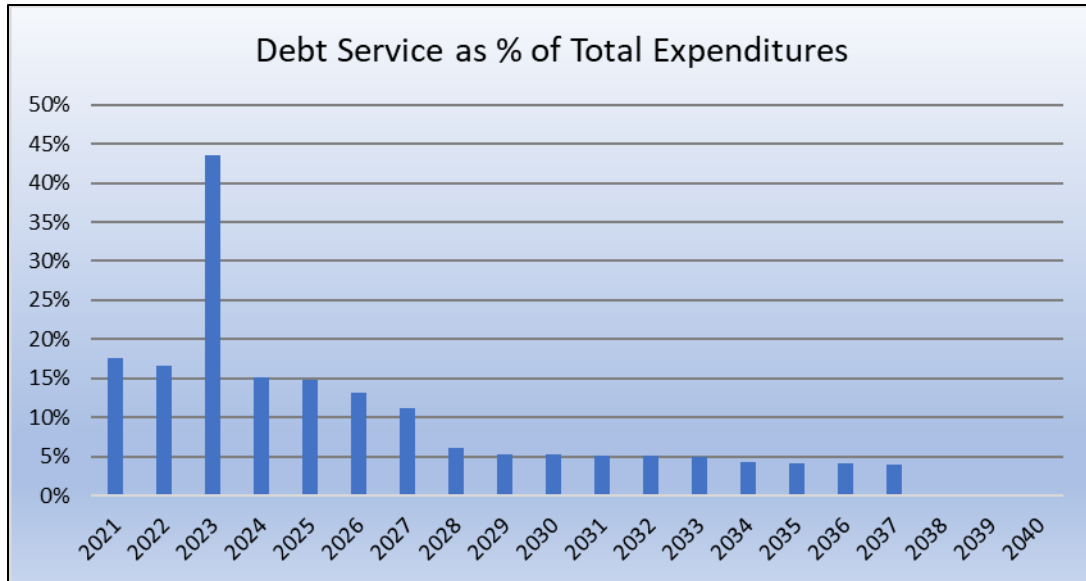
The chart below shows the total debt load – amount of principal outstanding – at the beginning of each fiscal year and the amount of debt service – principal and interest – due in that year for all outstanding debt.



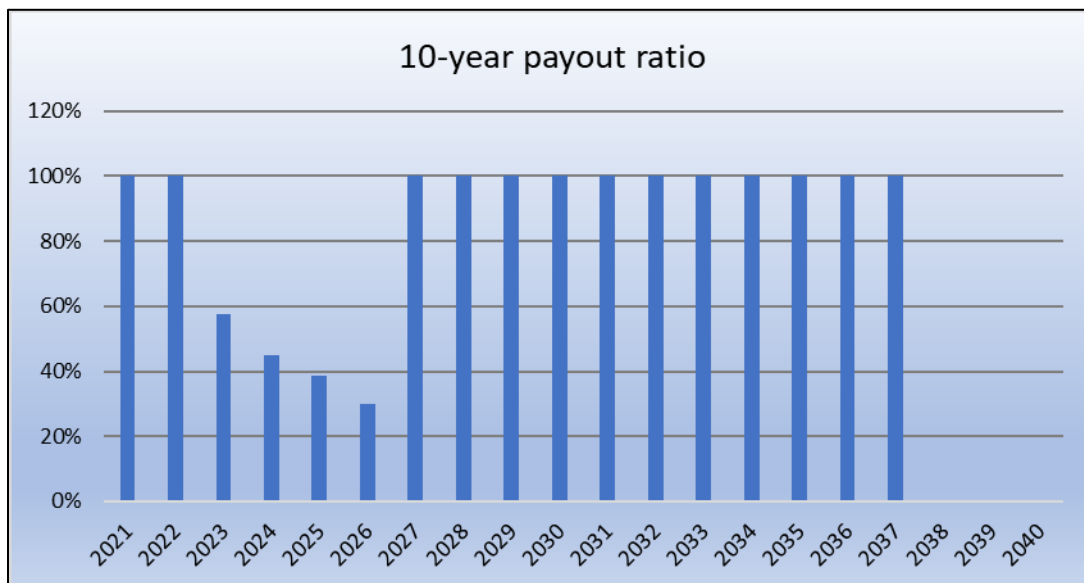
Net debt per assessed valuation is an important indicator because it takes into account the Town's largest revenue source and greatest means for repaying debt. This is a measure of debt capacity as well as debt burden. This ratio divides the Town's net debt by its total assessed value, where net debt is defined as all tax-supported debt. Town policy states that its net debt per assessed valuation should not exceed 1.0 percent. Duck's expected debt-to-assessed valuation ratio for FY21-22 is .137 percent. Upcoming projects in the CIP will require additional debt financing and will increase the Town's ratio to a high of .757 percent by FY22-23. This spike is primarily due to the issuance of a one-year bond in anticipation of FEMA Grant revenue for the beach nourishment project. 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 or less of a local government's total property valuation. Duck's legal debt limit, based on the July 1, 2020 audited valuation is \$146,805,535. The CIP includes a maximum debt obligation of \$14,175,553 in FY22-23.



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 General Fund 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 FY21-22, the General Fund debt service ratio is 16.5 percent and reaches a high of 44.1 percent in FY23-24. This spike is primarily due to the issuance of a one-year bond in anticipation of FEMA Grant revenue for the beach nourishment project. Absent significant changes to the CIP, the debt service ratio will remain below 20 percent for the length of the current CIP.



The 10-year payout ratio measures the amount of principal being retired in the next 10 years. As an indicator, it determines if debt is backloaded, which can cause concern for long-term financial stability. Duck has a policy that establishes a minimum 10-year payout ratio of 55 percent. The CIP includes issuance of Special Obligation Bonds as well new installment purchase financing. The new debt, particularly a 15-year borrowing for the Public Safety Station, brings the payout ratio down from a high of 100 percent in FY20-21 to a low of 29 percent in FY25-26, which is below the Town’s minimum mostly due to the low total debt load and the fact that most of the debt load in this year (\$5.1 million of \$7.1 million total) is for this one project.



Pay-as-go financing can help keep key debt ratios in acceptable range by eliminating new debt obligations and annual debt service payments. The proposed CIP indicates differences from year to year in pay-as-go financing over the five-year period. This is due to the significant costs associated with some larger projects such as roads or a new fire station. If debt ratios begin to approach unacceptable ranges, delaying projects or using pay-as-go financing should be considered to keep the Town in good financial standing and reduce fiscal strain.

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

Cash Demand	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Beyond 2026	Total Spending
Reserve Funds	0	0	0	0	0	0	0
Current Funds	1,591,463	907,190	568,000	412,000	434,000	397,000	4,309,653
New Debt Service	0	4,380,699	1,480,724	1,515,318	1,360,408	7,322,134	16,059,282
Existing Debt Service	1,777,345	367,150	203,395	141,893	137,613	0	2,627,396
Total	3,368,808	5,655,039	2,252,119	2,069,211	1,932,021	7,719,134	22,996,331

Section 5: Project Funding Detail

General Fund Element Totals	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Beyond 2026	Total Cost
Environmental Protection	948,023	8,431,200	250,000	250,000	250,000	250,000	10,379,223
Fire	313,525	804,000	35,000	119,000	54,000	47,000	1,372,525
Police	409,663	337,190	189,000	144,000	0	0	1,079,853
Parks	0	85,000	10,000	90,000	0	0	185,000
Public Buildings	450,000	6,000,000	150,000	0	0	0	6,600,000
Streets and Highways	1,892,574	195,000	130,000	130,000	130,000	100,000	2,577,574
Total	4,013,785	15,852,390	764,000	733,000	434,000	397,000	22,194,175
Revenue Source Totals	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Beyond 2026	Total Cost
Grant	1,771,434	4,463,377	100,000	100,000	0	0	6,434,811
Interlocal	0	1,044,451	0	0	0	0	1,044,451
Town Funds	1,591,463	907,190	568,000	412,000	434,000	397,000	4,309,653
Debt Issued	650,888	9,437,372	96,000	221,000	0	0	10,405,260
Total	4,013,785	15,852,390	764,000	733,000	434,000	397,000	22,194,175

The following pages contain project funding details for the projects in each of the elements shown in the table above.

Town of Duck – Fiscal Year 2021–2022 Annual Budget

Environmental Protection								
Item/Project		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Beyond 2026	Total Cost
Beach Renourishment	Total		7,963,200					7,963,200
	Grant		4,423,377					4,423,377
	Interlocal		1,044,451					1,044,451
	Town Funds							0
	Debt Issued		2,495,372					2,495,372
Beach Planting/ Sand Fencing	Total	150,000	110,000	150,000	150,000	150,000	150,000	860,000
	Grant							0
	Interlocal							0
	Town Funds	150,000	110,000	150,000	150,000	150,000	150,000	860,000
	Debt Issued							0
Shoreline Stabilization	Total	768,023	238,000	0	0	0	0	1,006,023
	Grant	384,011						384,011
	Interlocal							0
	Town Funds	384,012	238,000					622,012
	Debt Issued							0
Neighborhood Flooding	Total	30,000	120,000	100,000	100,000	100,000	100,000	550,000
	Grant	30,000	40,000	100,000	100,000			270,000
	Interlocal							0
	Town Funds		80,000			100,000	100,000	280,000
	Debt Issued							0
Total	Total	948,023	8,431,200	250,000	250,000	250,000	250,000	10,379,223
	Grant	414,011	4,463,377	100,000	100,000	0	0	5,077,388
	Interlocal	0	1,044,451	0	0	0	0	1,044,451
	Town Funds	534,012	428,000	150,000	150,000	250,000	250,000	1,762,012
	Debt Issued	0	2,495,372	0	0	0	0	2,495,372

Town of Duck – Fiscal Year 2021–2022 Annual Budget

Fire								
Item/Project		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Beyond 2026	Total Cost
800 MHz Radios	Total	259,525	0	0	0	0	0	259,525
	Grant							0
	Interlocal							0
	Town Funds							0
	Debt Issued	259,525						259,525
Replacement of SCBA Bottles	Total	14,000	14,000	14,000	14,000	14,000	14,000	84,000
	Grant							0
	Interlocal							0
	Town Funds	14,000	14,000	14,000	14,000	14,000	14,000	84,000
	Debt Issued							0
Replacement of Turnout Gear	Total	15,000	15,000	15,000	15,000	15,000	15,000	90,000
	Grant							0
	Interlocal							0
	Town Funds	15,000	15,000	15,000	15,000	15,000	15,000	90,000
	Debt Issued							0
Additional Hose - Appliances	Total	6,000	6,000	6,000	6,000	6,000	6,000	36,000
	Grant							0
	Interlocal							0
	Town Funds	6,000	6,000	6,000	6,000	6,000	6,000	36,000
	Debt Issued							0
Thermal Imaging Camera	Total	12,000	12,000	0	0	12,000	12,000	48,000
	Grant							0
	Interlocal							0
	Town Funds	12,000	12,000	0	0	12,000	12,000	48,000
	Debt Issued							0

Town of Duck – Fiscal Year 2021–2022 Annual Budget

Extrication Equipment	Total	7,000	7,000	0	7,000	7,000	0	28,000
	Grant							0
	Interlocal							0
	Town Funds	7,000	7,000	0	7,000	7,000	0	28,000
	Debt Issued							0
Command Vehicle Replacement	Total	0	0	0	77,000	0	0	77,000
	Grant							0
	Interlocal							0
	Town Funds							0
	Debt Issued				77,000			77,000
Replacement of Engine 11	Total	0	750,000	0	0	0	0	750,000
	Grant							0
	Interlocal							0
	Town Funds							0
	Debt Issued		750,000					750,000
Total	Total	313,525	804,000	35,000	119,000	54,000	47,000	1,372,525
	Grant	0	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0	0
	Town Funds	54,000	54,000	35,000	42,000	54,000	47,000	286,000
	Debt Issued	259,525	750,000	0	77,000	0	0	1,086,525

Town of Duck – Fiscal Year 2021–2022 Annual Budget

Police								
Item/Project		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Beyond 2026	Total Cost
800 MHz Radios	Total	151,363	0	0	0	0	0	151,363
	Grant							0
	Interlocal							0
	Town Funds							0
	Debt Issued	151,363						151,363
AED Equipment Replacement	Total	18,300	0	0	0	0	0	18,300
	Grant							0
	Interlocal							0
	Town Funds	18,300						18,300
	Debt Issued							0
Records Management Replacement	Total	0	63,190	0	0	0	0	63,190
	Grant							0
	Interlocal							0
	Town Funds		63,190					63,190
	Debt Issued							0
License Plate Reader Replacement	Total	0	48,000	40,000	0	0	0	88,000
	Grant							0
	Interlocal							0
	Town Funds		48,000	40,000				88,000
	Debt Issued							0
Patrol Vehicles: New and Replacement	Total	240,000	192,000	96,000	144,000	0	0	672,000
	Grant							0
	Interlocal							0
	Town Funds							0
	Debt Issued	240,000	192,000	96,000	144,000			672,000

Town of Duck – Fiscal Year 2021–2022 Annual Budget

Replacement of Mobile Data Terminals	Total	0	24,000	28,000	0	0	0	52,000
	Grant							0
	Interlocal							0
	Town Funds		24,000	28,000				52,000
	Debt Issued							0
Traffic Safety Device and Trailer	Total	0	0	25,000	0	0	0	25,000
	Grant							0
	Interlocal							0
	Town Funds			25,000				25,000
	Debt Issued							0
Cargo Trailer Replacement	Total	0	10,000	0	0	0	0	10,000
	Grant							0
	Interlocal							0
	Town Funds		10,000					10,000
	Debt Issued							0
Total	Total	409,663	274,000	189,000	219,000	0	0	1,091,663
	Grant	0	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0	0
	Town Funds	18,300	82,000	93,000	75,000	0	0	268,300
	Debt Issued	391,363	192,000	96,000	144,000	0	0	823,363

Town of Duck – Fiscal Year 2021–2022 Annual Budget

Parks								
Item/Project		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Beyond 2026	Total Cost
Playground Equipment Replace/Expand	Total	0	85,000	10,000	90,000	0	0	185,000
	Grant							0
	Interlocal							0
	Town Funds		85,000	10,000	90,000			185,000
	Debt Issued							0
Total	Total	0	85,000	10,000	90,000	0	0	185,000
	Grant	0	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0	0
	Town Funds	0	85,000	10,000	90,000	0	0	185,000
	Debt Issued	0	0	0	0	0	0	0

Town of Duck – Fiscal Year 2021–2022 Annual Budget

Public Buildings								
Item/Project		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Beyond 2026	Total Cost
Public Safety Building	Total	450,000	6,000,000	0	0	0	0	6,450,000
	Grant							0
	Interlocal							0
	Town Funds	450,000						450,000
	Debt Issued		6,000,000					6,000,000
Maintenance Building Construction	Total	0	0	150,000	0	0	0	150,000
	Grant							0
	Interlocal							0
	Town Funds			150,000				150,000
	Debt Issued							0
Total	Total	450,000	6,000,000	150,000	0	0	0	6,600,000
	Grant	0	0	0	0	0	0	0
	Interlocal	0	0	0	0	0	0	0
	Town Funds	450,000	0	150,000	0	0	0	600,000
	Debt Issued	0	6,000,000	0	0	0	0	6,000,000

Town of Duck – Fiscal Year 2021–2022 Annual Budget

Streets and Highways								
Item/Project		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Beyond 2026	Total Cost
Duck Trail Repaving	Total	110,000	100,000	100,000	100,000	100,000	100,000	610,000
	Grant							0
	Interlocal							0
	Town Funds	110,000	100,000	100,000	100,000	100,000	100,000	610,000
	Debt Issued							0
Stormwater Management	Total	25,000	65,000	0	0	0	0	90,000
	Grant							0
	Interlocal							0
	Town Funds	25,000	65,000					90,000
	Debt Issued							0
Pedestrian Plan Implementation	Total	487,957	0	0	0	0	0	487,957
	Grant	147,806						147,806
	Interlocal							0
	Town Funds	340,151						340,151
	Debt Issued							0
NC Highway 12 Elevation	Total	1,209,617	0	0	0	0	0	1,209,617
	Grant	1,209,617						1,209,617
	Interlocal							0
	Town Funds							0
	Debt Issued							0

Town of Duck – Fiscal Year 2021–2022 Annual Budget

Retaining Wall Replacement	Total	60,000	30,000	30,000	30,000	30,000	0	180,000
	Grant							0
	Interlocal							0
	Town Funds	60,000	30,000	30,000	30,000	30,000		180,000
	Debt Issued							0
Total	Total	1,892,574	195,000	130,000	130,000	130,000	100,000	2,577,574
	Grant	1,357,423	0	0	0	0	0	1,357,423
	Interlocal	0	0	0	0	0	0	0
	Town Funds	535,151	195,000	130,000	130,000	130,000	100,000	1,220,151
	Debt Issued	0	0	0	0	0	0	0



THE 2027 VISION

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

THE SIX UNIFYING PRINCIPLES

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

DUCK AND OUR VILLAGE

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

ENHANCED MOVABILITY

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

ENVIRONMENTAL STEWARDSHIP

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

ACTIVE, ENGAGED COMMUNITY

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

VIBRANT, THRIVING BUSINESS COMMUNITY

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

RESPONSIVE AND RESPONSIBLE LEADERSHIP

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

THREE TO FIVE YEAR GOALS

1. Continue to partner with and support the business community and the Duck Merchants Association, including increasing the exposure and accessibility of all businesses.
2. Implement the Town of Duck Beach Nourishment Project, develop a maintenance plan for the current project, and continue to monitor all areas of the Town to identify possible future projects.
3. Maintain the amenities of the Town to their current standard and make improvements where necessary and/or appropriate, including modifications and enhancements to improve the Duck experience.
4. 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 stable or limited 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
5. Continue to explore and analyze the feasibility of a northern extension of the boardwalk.
6. Continue to implement thoughtful strategies designed to engage the stakeholders of the Town.

- Foster community participation with ongoing events, including shoulder and off-season experiences.
 - Maintain high level of communication and inclusion.
 - Enhance our network of volunteers and ensure continuity.
 - Learn more about seasonal stakeholders.
 - Explore strategies/forums for HOAs to connect and engage with the Town and each other, including the use of technology.
7. Complete the long term plan for the renovation or reconstruction of the Public Safety Building
 8. Continue to advocate for traffic improvements including the construction of the Mid-Currituck Bridge, opposition to the widening of NC12, evaluation and implementation of stormwater improvements, and evaluation of public parking alternatives.
 9. Develop a strong relationship between the property managers and the Town ensuring that:
 - there is a strong awareness of public safety interface
 - appropriate information is shared with property owners and visitors
 10. Implement all facets of the Town of Duck Comprehensive Pedestrian Plan