

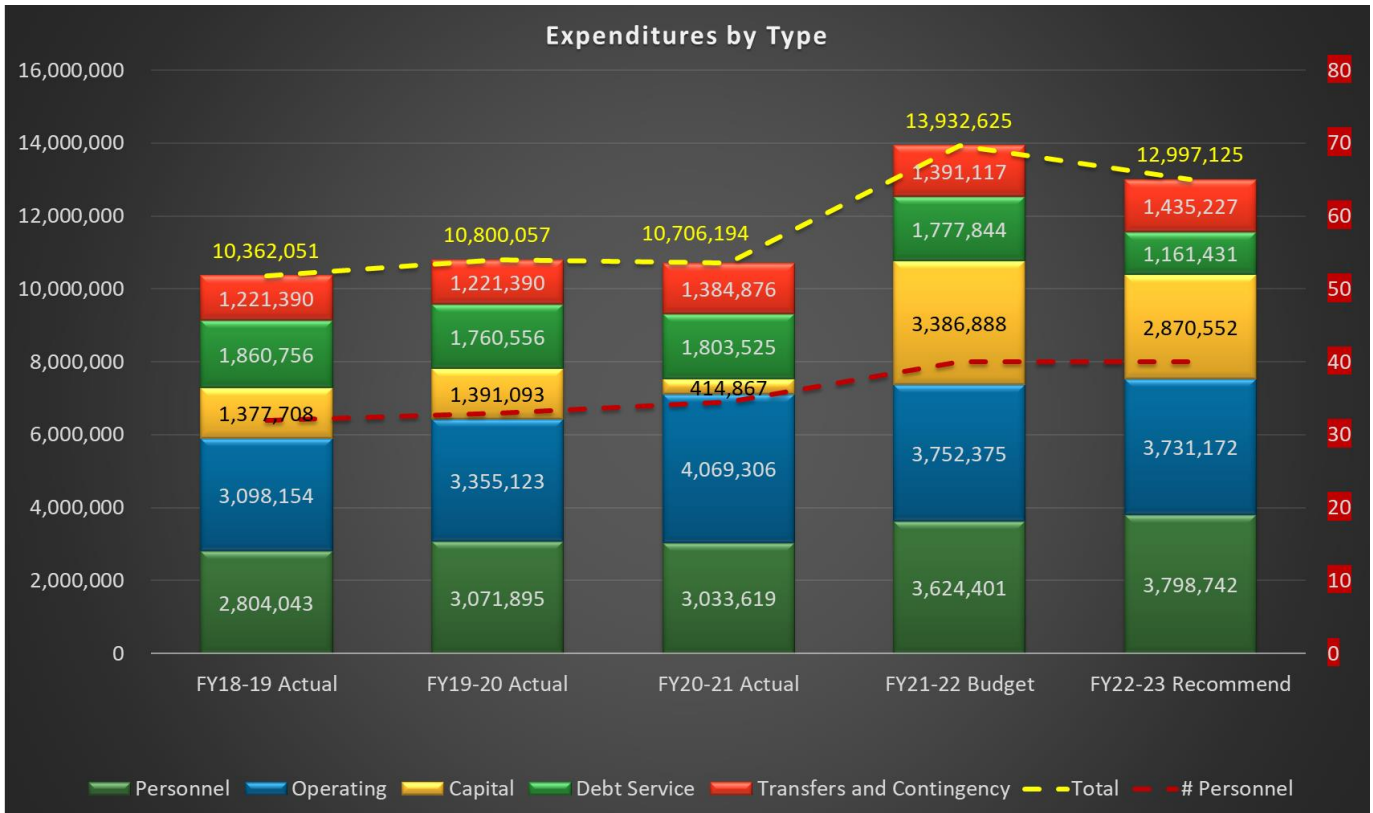


Fiscal Year 2022-23 Budget

This document contains information related to the preparation of the Fiscal Year 2022-23 Budget for the Town of Duck. A more in-depth presentation of this information was made to the Town Council at their meeting on April 20, 2022, during which staff will be asked for guidance relative to Council priorities in order to prepare a balanced budget to present for a Public Hearing on May 4, 2022.

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

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



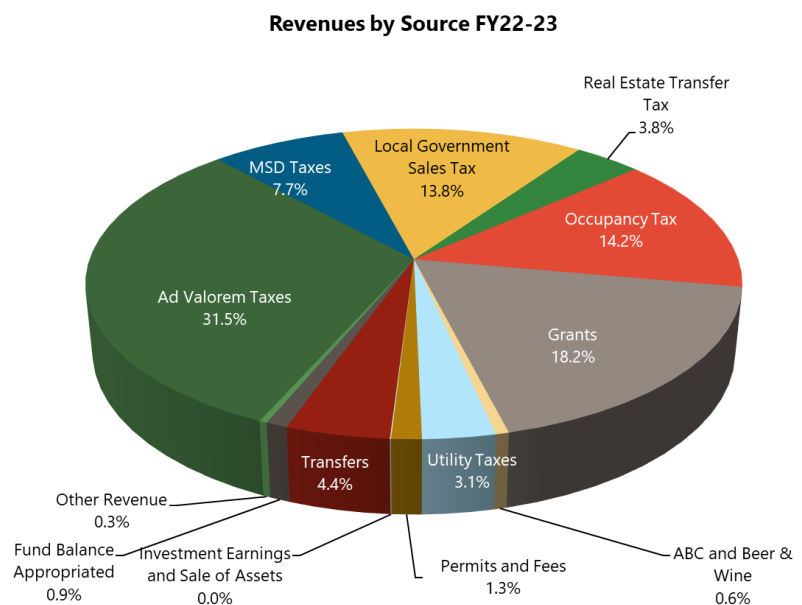
Revenue Summary

This table shows revenue from different sources in our budget and includes a full-year actual revenue, the current fiscal year budget, and the current draft budget for FY 2022-23.

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

Of note, in terms of changes from the FY 2021-22 budget, are increases in Sales, Occupancy, and Real Estate Transfer tax revenue due to current trends as modified by assumptions that the rate of growth in these will be dampened by the current economic climate. The Investment/Sale of Asset line decreases as we will not be selling any surplus vehicles in the coming year. Transfers decrease due to lower debt service payments for Beach Nourishment. Debt Proceeds decreases as we do not plan to issue any debt in the coming year. We plan to appropriate \$120,000 from Fund Balance to fund pavement work on Duck Trail.

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 sources as deemed appropriate. It is important to note that historically well less than half of our revenue comes from Ad Valorem and MSD taxes. In FY 2022-23, we anticipate that only 39.2% of revenue will derive from these sources. The percentage of each source is depicted in this graph.

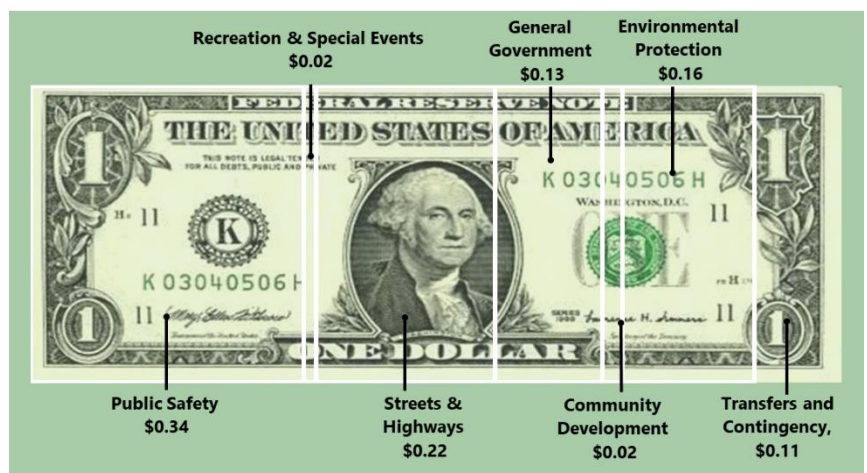


Expenditure Summary

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

- **Governing Body:** Expenses related to the Town Council including election expenses.
- **Administration:** Expenses related to the general administration and management of the Town.
- **Finance:** Expenses for financial services such as financial statement preparation, preparation of the annual audit, and other related services provided by outside professionals.
- **Legal:** Expenses related to our contracted attorney services.
- **Public Facilities:** Formerly Public Buildings, this department accounts for expenses related to the maintenance of our buildings, playground, park, boardwalk and others with the exception of sidewalks/Duck Trail which are accounted for in the Streets & Highways department.
- **Information Technology:** Expenses for our contracted IT support, licenses, subscriptions, etc. for our information technology infrastructure.
- **Police:** Expenses related to the Duck Police Department.
- **Fire:** Expenses, including a direct allocation, for the operation of the Duck Fire Department.
- **Inspections:** Expenses related to our enforcement of the NC Building Code including the issuance of permits and inspections to ensure Code compliance.
- **Ocean Rescue:** Expenses, directly to a contractor, to provide ocean rescue services on the beach in Duck.
- **Streets & Highways:** While we own no streets, this department accounts for expense related to the maintenance of Duck Trail, sidewalks, crosswalks (including lights), and for projects related to improving this infrastructure.
- **Sanitation:** Expenses, paid to our contractors, for the collection of trash and recycling.
- **Environmental Protection:** Formerly Beach Protection, this department accounts for expenses related to Beach Nourishment, beach grass planting, soundside shoreline protection, etc.
- **Community Development:** Expenses related to planning, code enforcement, etc.
- **Recreation & Special Events:** Expenses related to the conduct of special events, such as Jazz Festival, 4th of July, etc. and advertising and marketing for these events and the Town of Duck in general.
- **Transfers:** Transfers to the Beach Nourishment Capital Project fund.
- **Contingency:** A small percentage (1%) of budgeted revenues to allow for unexpected expenditures during the year.

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



This table shows each of the fifteen departments and two additional lines as mentioned above and provides actual expenditures for the one prior complete fiscal year, the current year's budget, and the FY 2022-23 recommended budget.

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

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

Expenditures by Type					
Type	FY20-21 Actual	FY21-22 Budget	FY22-23 Recommend	Variance v. CY	% Change
Personnel	3,033,619	3,624,401	3,798,742	174,341	4.8%
Operating	4,069,306	3,752,375	3,731,172	(21,203)	-0.6%
Capital	414,867	3,386,888	2,870,552	(516,336)	-15.2%
Debt Service	1,803,525	1,777,844	1,161,431	(616,413)	-34.7%
Transfers and Contingency	1,384,876	1,391,117	1,435,227	44,110	3.2%
Total	10,706,194	13,932,625	12,997,125	(935,500)	-6.7%

- **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** – transfer of MSD tax revenue to the Beach Fund and a small Contingency amount for unexpected expenditures.