

# APPENDIX A



May 1, 2019

The Honorable Town Council  
Town of Duck, North Carolina

Dear Council Members:

I am pleased to transmit the Proposed FY 2020 Budget to each of you for consideration. Unlike last year when the Council had to make the tough decision to raise the ad valorem tax rate by \$0.015 to \$0.225, this proposed budget does not include a tax increase request. That is not to say that the Council will not have decisions to make regarding the budget; however, there are no items in the proposed budget that have not been previously discussed with the Council and this document represents my best efforts at putting my understanding of the Council's wishes into writing.

To summarize briefly, revenues in the Proposed FY 2020 Budget of \$10,820,932 represent a 0.17% increase from the FY 2019 Amended Budget. This small increase is due to additional anticipated shared revenues (sales, occupancy and transfer taxes) and debt proceeds that offset decreases in grant funds and transfers from other funds, particularly the fund balance. Ad Valorem revenues will increase by a growth factor of 0.25% in total assessed values and shared revenues (sales, occupancy, and land transfer taxes) are expected to increase by 12% for FY 2020 when compared to the FY 2019 Budget. This increase in shared revenues is the result of a higher percentage of return from these revenue sources due to tax rate increases in FY 2019 of \$0.015 approved by the Town Council. Of the remaining revenue sources of the Town, all are expected to be the same or slightly above or below, in FY 2020 as was budgeted for in FY 2019, except for Restricted Intergovernmental (grants) which are expected to be lower than FY 2019. Building related permits and fees are expected to remain strong in FY 2020.

On the expenditure side, the Proposed FY 2020 Budget is also expected to increase 0.17% when compared to the FY 2019 Amended Budget. Notable projects and initiatives that are included in the budget are: the addition of an Assistant to the Town Manager position (\$69,125); the replacement of three police patrol vehicles and one fire command vehicle (\$217,723); funding for Phase III of the Comprehensive Pedestrian Plan Improvements (\$724,558); and debt service on the Town of Duck Beach Nourishment Project (\$1,447,608).

The FY 2020 Budget also includes several initiatives and projects in addition to those listed above and employee and operations costs. Among these are the following, which are elaborated upon in the individual departmental pages: funding for repairs to the current Public Safety Building (\$60,000); contingency funding (\$75,000); direct appropriation to the fund balance (\$110,814); and the transfer to the Beach Capital Reserve Fund related to the Beach Nourishment Project (\$1,447,608). The Capital Improvements Program (CIP) is also funded, with only a few changes from what was presented at the Annual Retreat.

The Proposed FY 2020 Budget that I am transmitting to the Council today represents what I believe to be a pragmatic spending plan for the upcoming fiscal year. As the budget was developed the following goals were used as a guide:

- no ad valorem tax rate increase;
- provide sufficient funding to meet all operational demands of the Town;
- fully fund the CIP;
- provide sufficient funding for the Beach Capital Reserve Fund, not just from the Municipal Service Districts portion, but also the General Fund portion of the annual debt payments;
- provide a 1.5% merit salary increase and a 3% a merit bonus for employees; and,
- provide a direct appropriation of revenue into the fund balance.

Of these goals, my Proposed FY 2020 Budget meets each of them. I look forward to discussing the budget in detail with you over the next several weeks.

Sincerely,



Christopher J. Layton, MPA, ICMA-CM  
Town Manager