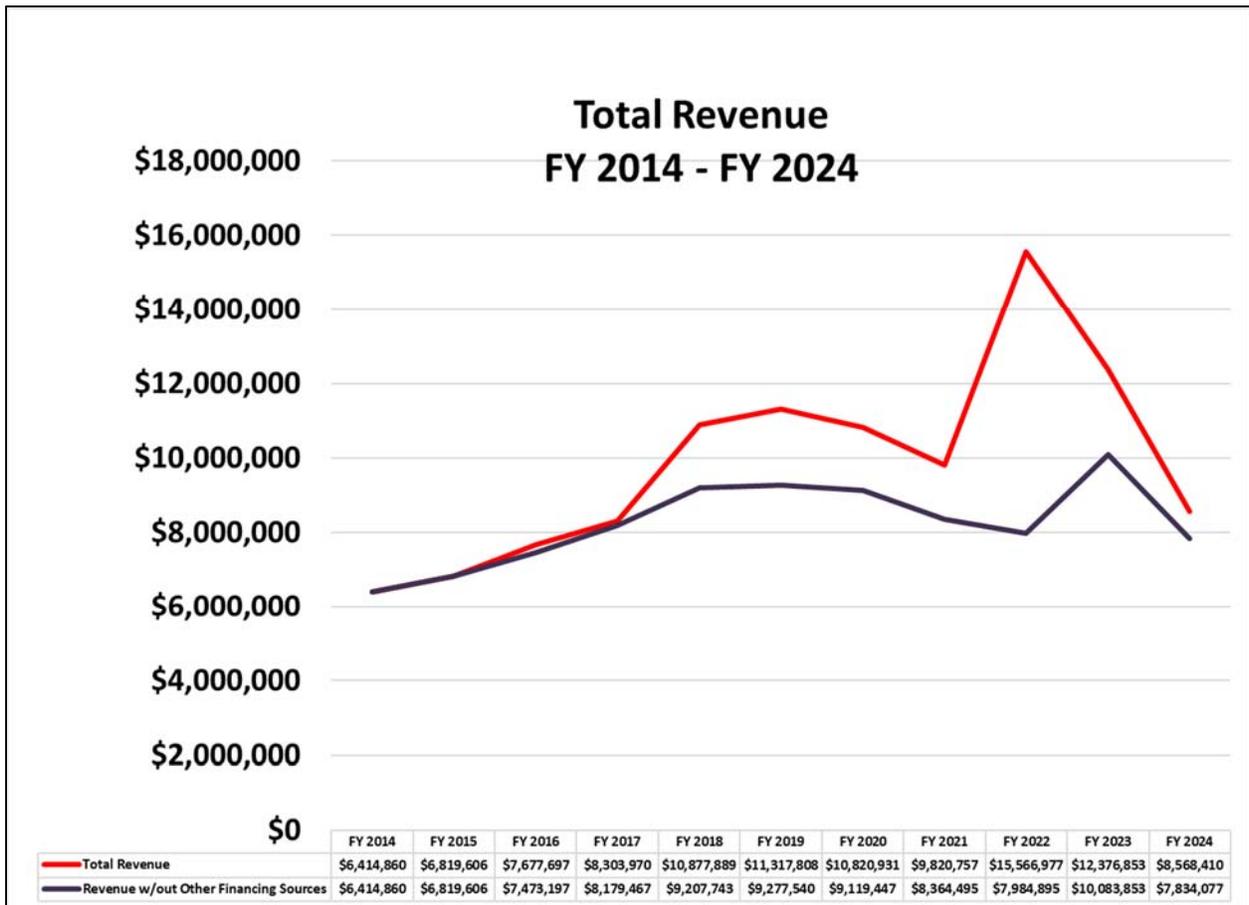


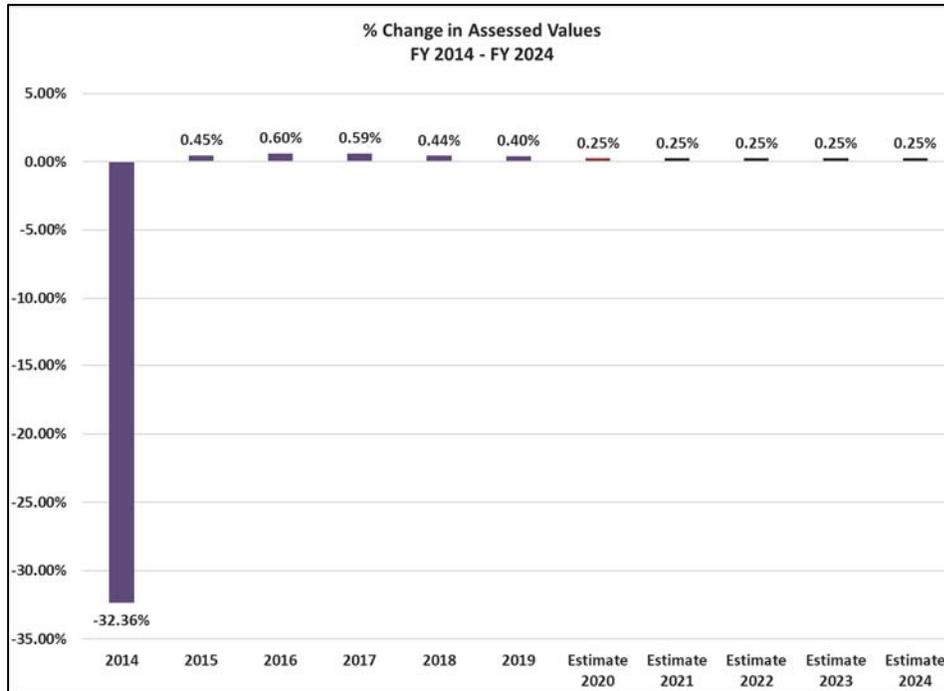
REVENUES

The FY 2020 Budget represents an overall slight, 0.17%, *increase* in revenues 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. The continued implementation of two Municipal Service Districts (MSDs) to assist in funding the Town’s Beach Nourishment Project, remain unchanged from last fiscal year. These two MSDs will generate \$981,978, with MSD-A generating \$633,529 and MSD-B generating \$348,449. This revenue will be transferred to a Capital Reserve - Beach Fund to cover debt service and the project costs in the beach nourishment area. Other revenue sources not listed above are expected to remain virtually unchanged, with a few minor changes. The paragraphs below elaborate on the revenues for the FY 2020 Budget.



Ad Valorem Taxes

Ad valorem revenues are derived from taxes placed on the property in the Town, this



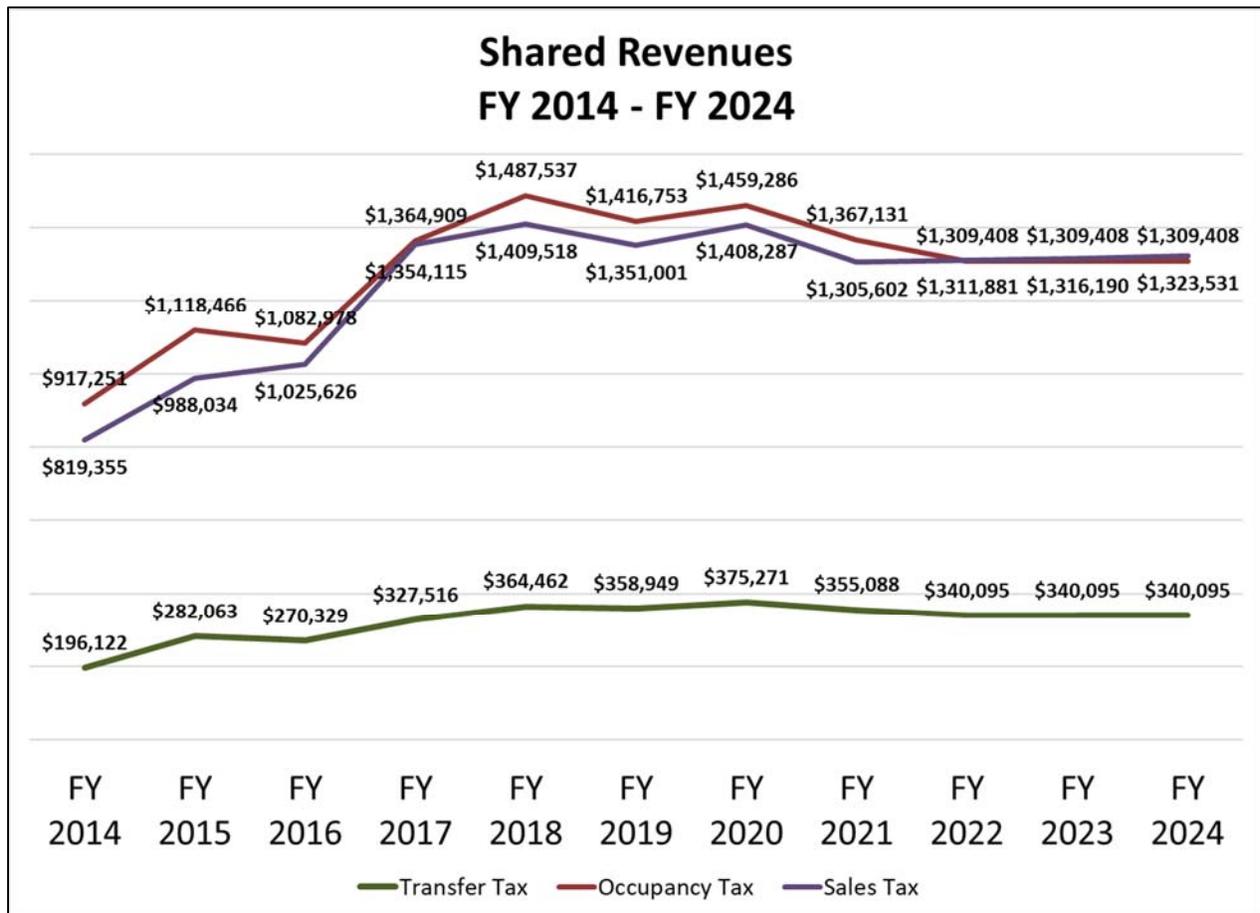
includes real property, personal and business property and motor vehicles. All ad valorem taxes are established by the ad valorem tax rate applied to each \$100 of the assessed value of applicable taxable property. For FY 2020, the ad valorem tax rate for remains at 22.5

cents. As was noted above, effective July 1, 2016, the Town implemented two MSDs to generate revenue to assist in funding debt service payments on the Town’s Beach Nourishment Project. MSD-A applies to all properties in the project area and is expected to generate \$633,529 through an additional ad valorem tax rate of \$0.148. MSD-B applies only to oceanfront properties in the project area and is expected to generate \$348,449 through an additional ad valorem tax rate of \$0.315. The MSDs will remain in place until FY 2020 after which they will be re-evaluated. It is expected that the MSDs will remain in place as long as the current beach nourishment project is being maintained; however, the rate of the tax for the MSDs will like change to a lower amount. Maps showing MSD-A and MSB-B are in the appendix of this document. Above is a chart which illustrates the anticipated percent increase in assessed values.

Shared Revenues

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 dues to tax rate increases in FY 2019 of \$0.015 approved by the Town Council. In FY 2019 the Town of Duck received 13.99% of the occupancy and land transfer taxes returned to the Dare

County towns and 4.28% of sales tax revenues. For FY 2020 these percentages are expected to increase to 14.41% of occupancy and land transfer tax revenues and 4.46% of sales tax revenues. All three shared revenue sources are expected to be strong for FY 2020, with no increase (but no decrease) in gross occupancy tax revenues, an estimated increase in gross land transfer tax revenues of 3%, and a 0.5% increase in estimated gross sales tax revenues expected.



Other Revenue Sources

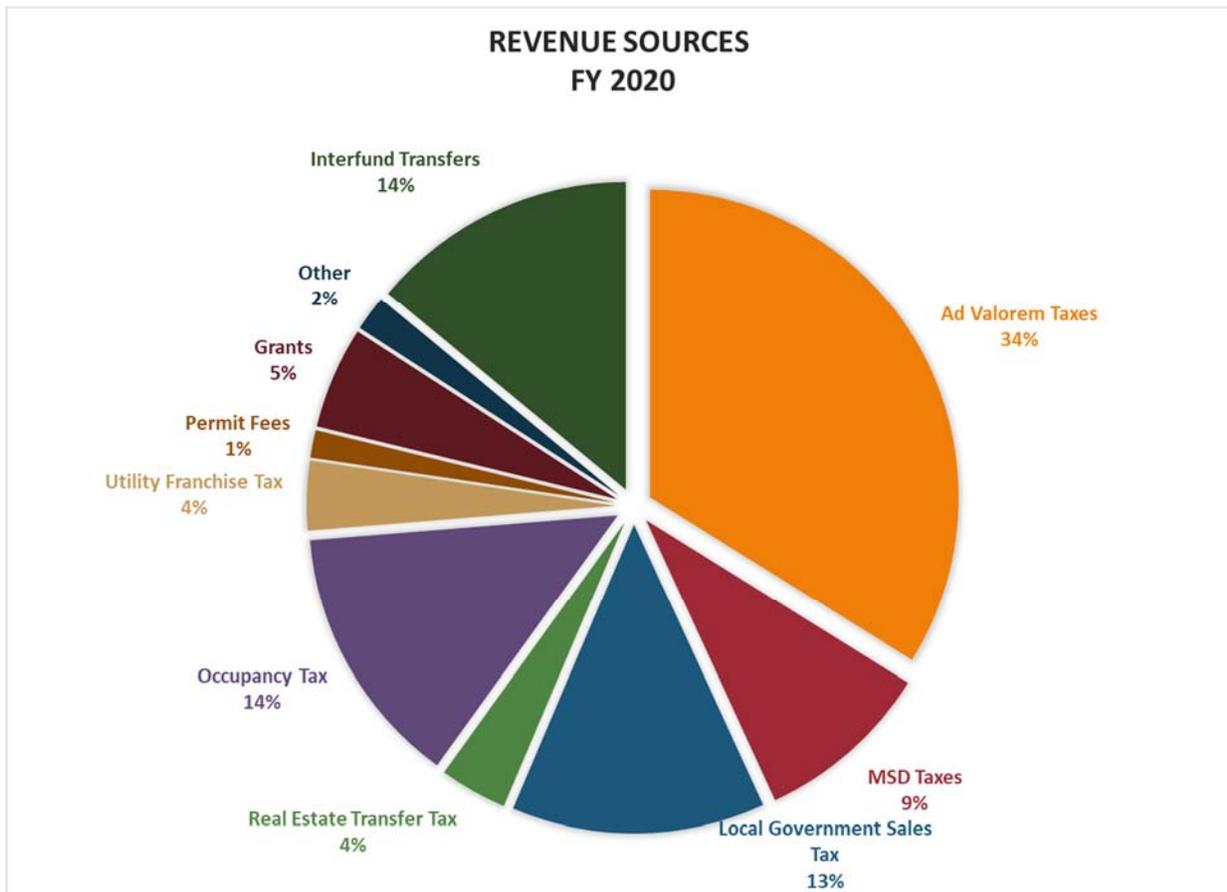
Of the remaining revenue sources of the Town, all are expected to be the same or slightly above or below, in FY 2020 as was budgeted for in FY 2019, except for Restricted Intergovernmental (grants) which are expected to be lower than FY 2019. Building related permits and fees are expected to remain strong in FY 2020.

Interfund Transfers, Debt Proceeds, Appropriated Fund Balance

For FY 2020, the Town of Duck is expected to enter into an installment purchase contract for the purchase of three police vehicles and one fire department command vehicle,

which will result in estimated debt proceeds of \$216,824. In addition, an interfund transfer will be made from the Capital Reserve – Beach Fund to pay for debt associated with the Town’s Beach Nourishment Project and beach profile surveys in the project area (\$1,484,661).

Revenue Sources



As is shown in the chart above, most of the Town of Duck’s revenues are derived from ad valorem taxes and MSD taxes (45%). Shared revenues make up 31% of the Town’s revenues with proceeds from the occupancy tax comprising 14% of revenues, sales tax 13% and land transfer tax 4%. Interfund transfers account for 14% of revenues. Grants account for 5% of revenues and the Utility Franchise Tax comprises 4% of revenues. Miscellaneous (other) revenues account for 2% of revenues and permit fees 1%.