City of Dunn
Special Called City
Thursday, July 16, 2026
6:30 p.m., Dunn Municipal Building

Minutes

PRESENT: Mayor William P. Elmore Jr., Mayor Pro Tem April Gaulden, Council Members J. Wesley Sills, Raquel McNeil, Billy N. Tart, Alan Hargis, and Dr. David L. Bradham.

Also present: City Manager Justin Hembree, Assistant City Manager Billy R. Godwin, Finance Director Cary McNallan, Administrative Support Specialist Christy Sweeney, City Attorney Tilghman Pope and City Clerk Melissa Matti.

CALL TO ORDER
Mayor Elmore called the Special Called Meeting of the Dunn City Council to order at 6:30 p.m. The Mayor welcomed those in attendance and stated that the purpose of the meeting was to consider revisions to the Fiscal Year 2026–2027 Budget resulting from recent changes in State Legislation regarding Property Tax Valuations.

INVOCATION
Council Member J. Wesley Sills delivered the invocation.

PLEDGE OF ALLEGIANCE
Council Member J. Wesley Sills led in reciting the Pledge of Allegiance.

BUDGET AMENDMENT AND TAX RATE
Staff presented the proposed Amended Budget Ordinance and explained that the primary purpose of the amendment was to adjust the Property Tax rate back to **$0.54 per $100 of assessed valuation**, reflecting the updated County property valuations. Staff also noted a minor administrative adjustment related to equipment purchases, rounding some fees to account for the penny shortage, and recommended approval of the amendment.

Council Discussion:
Council members discussed the relationship between the proposed tax rate, the adopted budget, and the County's recent property revaluation. Questions were raised regarding the timing of the vote, specifically whether the Council was voting on the Budget itself or only on the tax rate.

City Manager Hembree clarified that:

- The Budget had previously been adopted using the schedule of property valuations authorized by S889. The adopted Budget included a property tax rate of $0.60 per $100 of assessed valuation.
- After adoption of the Budget, S474 became law which authorized use of the new 2026 schedule of values that increased the tax revenue to the City.
- State law allows adjustment of the adopted tax rate if revenues are substantially different than anticipated and therefore the current amendment primarily adjusts the tax rate back to $0.54 per $100 of assessed valuation.
- Additional property tax revenue generated by the updated property valuations would be placed into Reserves rather than immediately appropriated for spending.
- Any future use of Reserve funds would require additional Council approval through a Budget Amendment.

Council Member Alan Hargis expressed concern that the revised revenue projections appeared to increase available funding by approximately $1 million compared to earlier budget discussions and he pointed out that the adopted budget indicated the City could live on the numbers in that budget. He then asked why the increase was necessary and whether the additional revenue should instead be reflected through an even lower tax rate.

Council Member Raquel McNeil asked for additional explanation on the changed numbers and expressed concern that that a vote on the Budget Amendment would take place before the new numbers were adequately explained. She asked for a more detailed explanation of the changes. City Manager Hembree noted that the change was the tax rate and the additional funds were being moved into Reserve and he then called upon Finance Director Cary McNallan for further explanation.

Finance Director McNallan explained that:

- The increase resulted from updated county property valuations authorized by S474 rather than increased spending.
- The additional Revenue would remain in Reserves until the Council determined how it should be used.
- Maintaining adequate Reserves is considered a sound financial practice and helps prepare the City for unexpected infrastructure repairs, emergency expenses, and future obligations such as employee compensation adjustments and retirement costs.
- Previous budgets had relied on reserve funds to balance operations, and the goal was to reduce that practice and strengthen the City's financial position.

Additional discussion included:

- The uncertainty surrounding pending property tax appeals and how they could affect future Revenues.
- That some previous years' budgets, including last year's, was balanced using Reserves.
- The City's target Reserve levels and maintaining financial stability.
- Potential future uses of Reserve funds, including employee cost-of-living adjustments and other Council priorities, which would be considered during future budget workshops.
- Concerns about ageing infrastructure and the need to maintain sufficient funding for Repairs and Capital Improvements.

City Manager Hembree noted the transparency of the budget process for this year and that the laws impacting the budget changed before and after the budget preparation process. Following discussion, council members noted that failure to adopt the Amended tax rate would leave the previously advertised higher Tax Rate in effect. The discussion concluded with the Council preparing to vote on the fiscal year tax rate amendment.

Motion by Council Member Dr. David Bradham, second by Mayor Pro Tem April Gaulden to adopt attachments A, B, and B-1, related to the FY27 fiscal year. All in favor. The motion passed unanimously.

ADJOURNMENT:

Motion by Council Member J. Wesley Sills, second by Mayor Pro Tem April Gaulden to adjourn. All in favor. The motion passed unanimously.

The meeting adjourned at 7:00 p.m.

William P. Elmore, Jr.
City Clerk

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NORTH CAROLINA

Melissa R. Matti
City Clerk