Morristown City Council
Agenda Item Summary

Date: June 16, 2026

Agenda Item: Adopt an Ordinance adopting the FY 2027 Budget for the City of Morristown General Fund and all other associated funds.

Prepared By: Andrew Ellard

Subject: FY 2027 Budget Adoption

Background: A proposed budget was presented to City Council in a work session on May 15th. On May 19th, the City Council subsequently directed the City Administrator to revise the draft budget and present a scenario to exclude any property tax rate increase but still preserve a plan to increase firefighting staffing and other pay recommendations as originally presented.

Findings/Current Activity:

The revised budget presented for first reading includes the elimination of the proposed tax increase, the deferral of certain projects and capital purchases, reduction in the number of new firefighters brought on in FY 2027, reduction in planned paving, and the elimination of a minor pay incentive. Changes also reflect timing changes for an airport project. Impacts focus on the General Fund but also have minor impacts to the original proposal for Solid Waste Fund, Stormwater Fund, and LAMTPO Fund.

Financial Impact:

The revised budget now presented requires additional use of fund balance of $211,623 as compared to the originally proposed version – for a total use of fund balance of $1,049,349. This use of fund balance can be attributed to the $1,200,000 fire apparatus, though it is noted that continued phasing of additional firefighters in later years will likely require reconsideration of tax rates.

Action options/Recommendations:

For City Council consideration.

Attachment: Ordinance. Updated budget book is available at FY27 Proposed Budget

ORDINANCE No. _____

AN ORDINANCE OF THE CITY OF MORRISTOWN, TENNESSEE ADOPTING THE ANNUAL BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2026 AND ENDING JUNE 30, 2027

WHEREAS, Tennessee Code Annotated § 9-1-116 requires that all funds of the State of Tennessee and all its political subdivisions shall first be appropriated before being expended and that only funds that are available shall be appropriated; and

WHEREAS, the Municipal Budget Law of 1982 requires that the governing body of each municipality adopt and operate under an annual budget ordinance presenting a financial plan with at least the information required by that state statute, that no municipality may expend any moneys regardless of the source except in accordance with a budget ordinance and that the governing body shall not make any appropriation in excess of estimated available funds; and

WHEREAS, the Mayor and City Council have published the annual operating budget and budgetary comparisons of the proposed budget with the prior year (actual) and the current year (estimated) in a newspaper of general circulation not less than ten (10) days prior to the meeting where the Council will consider final passage of the budget.

NOW THEREFORE BE IT ORDAINED BY THE MAY AND CITY COUNCIL OF THE CITY OF MORRISTOWN, TENNESSEE AS FOLLOWS:

Section 1: That the governing body projects anticipated revenues from all sources and appropriates planned expenditures for each department, board, office or other agency of the municipality, herein presented together with the actual annual receipts and expenditures of the last preceding fiscal year and the estimated annual expenditures for the current fiscal year, and from those revenues and unexpended and unencumbered funds as follows for fiscal year 2027, and including the projected ending balances for the budget year, the actual ending balances for the most recent ended fiscal year and the estimated ending balances for the current fiscal years:

GENERAL FUND	Actual FY 2025	Estimated Actual FY 2026	Budget FY 2027
Revenues			
Local Taxes	$ 40,599,584	$ 41,033,221	$ 42,418,589
Licenses And Permits	1,095,142	1,202,176	1,212,500
Intergovernmental	7,781,401	13,435,610	14,870,985
Charges For Services	289,204	344,949	436,500
Fines And Forfeitures	470,419	435,630	527,000
Other	2,994,244	2,539,699	3,258,379
Other Financing Sources			
Issuance of Debt / Debt Proceeds	1,059,830	-	-
SBITAs	3,304	-	-
Transfers In - from other funds (PILOT)	3,000,000	1,000,000	-
Other Financing Sources	$ 57,293,128	$ 59,991,285	$ 62,723,953
Appropriations			
Expenditures			
Mayor & Council	$ 220,377	$ 244,220	$ 566,803
City Administrator	915,570	953,230	1,113,793
Finance	1,309,483	1,206,683	1,326,502
Purchasing	85,410	87,370	104,157
Computer Operations	293,275	305,331	414,114
Human Resources	208,855	227,908	266,880
Risk Management	206,280	193,778	330,079
Legal Services	103,491	95,653	110,000
Court Administration	28,622	31,718	82,175
Community Development Administration	589,402	461,158	775,039
Community & Economic Affairs	450,317	218,601	274,678
Codes Enforcement	223,500	1,024,430	733,781
Engineering	217,351	376,601	334,312
GIS	275,421	298,921	326,664
Inspections	480,089	495,260	653,660
Police Department	10,886,134	11,848,114	13,799,722
Fire Department	11,319,399	13,544,781	13,446,181
Public Works	9,485,376	16,208,667	14,098,589
Parks & Recreation	3,159,715	3,184,776	3,875,774
Natural Resource Maintenance	330,512	423,723	501,894
Civic Support	1,979,201	4,305,680	2,267,282
Airport	1,342,570	1,291,624	464,261
Retiree Health Insurance	410,235	676,611	690,000
Debt Service - Principal and Interest	7,703,415	6,304,138	6,381,665
Bond Expenditures	10,068	-	-
Other Financing Uses			
Transfers Out - to other funds	7,118,011	1,450,000	835,489
Total Appropriations	$ 59,352,079	$ 65,458,976	$ 63,773,494
Change in Fund Balance (Revenues - Appropriations)	**(2,058,951)**	**(5,467,691)**	**(1,049,541)**
Beginning Fund Balance July 1	48,079,352	46,020,401	40,552,710
Ending Fund Balance June 30	**$ 46,020,401**	**$ 40,552,710**	**$ 39,503,169**
Ending Fund Balance as a % of Total Appropriations	77.5%	62.0%	61.9%

LAMTPO FUND	Actual FY 2025	Estimated Actual FY 2026	Budget FY 2027
Revenues			
City Revenues	$ 14,854	$ 20,798	$ 127,165
Transportation Planning Reimbursements	71,403	121,821	508,658
Other County Revenue	12,861	-	-
Total Revenues and Other Financing Sources	$ 99,118	$ 142,619	$ 635,823
Appropriations			
Transportation Planning Administration	$ 148,851	$ 109,624	$ 635,823
Total Appropriations	$ 148,851	$ 109,624	$ 635,823
Change in Fund Balance (Revenues - Appropriations)	**(49,733)**	**32,995**	**-**
Beginning Fund Balance July 1	309,226	259,493	292,488
Ending Fund Balance June 30	**$ 259,493**	**$ 292,488**	**$ 292,488**
Ending Fund Balance as a % of Total Appropriations	174.3%	266.8%	46.0%

SOLID WASTE FUND	Actual FY 2025	Estimated Actual FY 2026	Budget FY 2027
Revenues			
Solid Waste Fees	$ 3,103,540	$ 3,106,294	$ 3,000,000
Other Financing Sources	$ 3,103,540	$ 3,106,294	$ 3,000,000
Appropriations			
Sanitation	$ 1,771,647	$ 2,706,662	$ 2,431,477
Recycling	251,322	265,589	$ 394,528
Debt Service	87,674	-	-
Total Appropriations	$ 2,110,643	$ 2,972,251	$ 2,826,005
Change in Fund Balance (Revenues - Appropriations)	**992,897**	**134,043**	**173,995**
Beginning Fund Balance July 1	3,072,626	4,065,523	4,199,566
Ending Fund Balance June 30	**$ 4,065,523**	**$ 4,199,566**	**$ 4,373,561**
Ending Fund Balance as a % of Total Appropriations	192.6%	141.3%	154.8%

NARCOTICS FUND	Actual FY 2025	Estimated Actual FY 2026	Budget FY 2027
Revenues			
Program Income	$ 96,233	$ 61,607	$ 60,000
Sale of Equipment	35,347	1,750	-
Judgements and Restitution	32,087	2,010	10,000
Other Financing Sources	$ 163,667	$ 65,367	$ 70,000
Appropriations			
Narcotics Enforcement	$ 62,341	$ 71,416	$ 135,080
Total Appropriations	$ 62,341	$ 71,416	$ 135,080
Change in Fund Balance (Revenues - Appropriations)	**101,326**	**(6,049)**	**(65,080)**
Beginning Fund Balance July 1	60,791	162,117	156,068
Ending Fund Balance June 30	**$ 162,117**	**$ 156,068**	**$ 90,988**
Ending Fund Balance as a % of Appropriations	260.0%	218.5%	67.4%

Storm Water Fund	Actual FY 2025	Estimated Actual FY 2026	Budget FY 2027
Operating Revenues			
Storm water Charges	$ 2,011,250	$ 1,905,378	$ 2,018,353
Non-Operating Revenues, Grants, Contributions, & Transfers In			
Investment Income	54,234	28,806	20,000
Gains/Losses	23,579	-	-
Grants - Capital	66,822	128,360	-
Transfers In - from ARPA Fund	-	182,626	-
Total Revenues	$ 2,155,885	$ 2,245,170	$ 2,038,353
Appropriations			
Operating Expenses			
Administration	$ 392,851	$ 382,366	$ 446,984
Drainway Management	614,042	1,748,725	3,298,236
Depreciation	352,031	417,055	470,000
Non-Operating Expenses and Transfers Out			
Debt Service - Interest	98,977	139,400	470,000
Other	43,089	134	150
Total Appropriations	$ 1,500,990	$ 2,687,680	$ 4,685,370
Change in Net Position (Revenues - Appropriations)	**654,895**	**(442,510)**	**(2,647,017)**
Beginning Net Position July 1	6,287,222	6,942,117	6,499,607
Ending Net Position June 30	**$ 6,942,117**	**$ 6,499,607**	**$ 3,852,590**

MORRISTOWN LANDING OPERATIONS FUND	Actual FY 2025	Estimated Actual FY 2026	Budget FY 2027
Revenues			
Lease / Rentals	$ 71,153	$ 65,680	$ 65,680
Sale from City Property	-	3,150	-
Other Financing Sources			
Transfers In - from General Fund	850,000	700,000	700,000
Total Revenues and Other Financing Sources	$ 921,153	$ 768,830	$ 765,680
Appropriations			
Other Social Cultural, and Recreational	$ 1,040,389	$ 724,500	$ 725,000
Total Appropriations	$ 1,040,389	$ 724,500	$ 725,000
Change in Fund Balance (Revenues - Appropriations)	**(119,236)**	**44,330**	**40,680**
Beginning Fund Balance July 1	379,041	259,805	304,135
Ending Fund Balance June 30	**$ 259,805**	**$ 304,135**	**$ 344,815**
Ending Fund Balance as a % of Total Appropriations	25.0%	42.0%	47.6%

SECTION 2: At the end of the fiscal year 2027, the governing body estimates fund balances or deficits as follows:

Fund	Estimated Fund Balance/Net Position at June 30, 2026
General Fund	$ 40,552,710
Solid Waste Fund	4,199,566
LAMTPO Fund	292,488
Drug Fund	156,068
Morristown Landing Operations Fund	304,135
E-Citation Fund	447
Storm Water Fund	6,499,607

SECTION 3: That the governing body herein certifies that the condition of its sinking funds, if applicable, are compliant pursuant to its bond covenants, and recognizes that the municipality has outstanding bonded and other indebtedness as follows:

Bonded or Other Indebtedness	Debt Authorized and Unissued	Principal Outstanding at June 30, 2026	FY2027 Principal Payment	FY2027 Interest Payment
Bonds -				
2017 General Obligation Bonds	$ -	$ 6,925,000	$ 340,000	$ 230,363
2018 General Obligation Bonds	$ -	$ 9,500,000	$ 1,565,000	$ 356,600
2019B General Obligation Bonds	$ -	$ 31,345,000	$ 1,165,000	$ 1,011,488
2021A General Obligation Bonds	$ -	$ 2,000,000	$ 215,000	$ 40,000
2022 General Obligation Bonds - Landfill	$ -	$ 3,755,000	$ 275,000	$ 155,850
2023 General Obligation Bonds	$ -	$ 8,360,000	$ 495,000	$ 366,375
2024 General Obligation Bonds Refunding Series 2009	$ -	$ 941,690	$ 123,140	$ 36,525
2024 General Obligation Bonds	$ -	$ 2,250,000	$ 125,000	$ 90,000
Notes -				
2025 - General Obligation Capital Outlay Note - Landfill	$ -	$ 590,000	$ 75,000	$ 21,824

SECTION 4: During the coming fiscal year (2027) the governing body has pending and planned capital projects with proposed funding as follows:

Pending Capital Projects	Pending Capital Projects - Total Expense	Pending Capital Projects Expense Financed by Estimated Revenues and/or Reserves	Pending Capital Projects Expense Financed by Debt Proceeds
Pickleball Complex	$ 332,165.00	$ 200,000.00	$ 332,165.00
Resurface City Streets - 9.5 Miles	$ 2,375,000	$ 2,375,000	$ -
Rejuvinate City Streets - 5 Miles	$ 100,000	$ 100,000	$ -
Central Church Road Widening	$ 1,543,135	$ 1,543,135	$ -
Sidewalk Improvements East-West Corridor	$ 1,010,000	$ 1,010,000	$ -
Site Development - Lot 10 ETPC			$ -
Stormwater Projects - Havely Springs & MAID	$ 1,605,416	$ -	$ 1,605,416
Airport Terminal Improvements		$ -	$ -
Freddie Kyle Greenway Phase V	$ 985,000	$ 985,000	$ -
Fred Miller Playground	$ 410,000	410,000	$ -

Proposed Future Capital Projects	Proposed Future Capital Projects - Total Expense	Proposed Future Capital Projects Expense Financed by Estimated Revenues and/or Reserves	Proposed Future Capital Projects Expense Financed by Debt Proceeds
Spout Springs Study	$ 150,000	$ 150,000	$ -
Veterans Parkway Traffic Study & Conceptual Pla	$ 150,000	$ 150,000	$ -

SECTION 5: No appropriation listed above may be exceeded without an amendment of the budget ordinance as required by the Municipal Budget Law of 1982 (Tenn. Code Ann. § 6-56-208). In addition, no appropriation may be made in excess of available funds except to provide for an actual emergency threatening the health, property or lives of the inhabitants of the municipality and declared by a two-thirds (2/3) vote of at least a quorum of the governing body in accord with Tenn. Code Ann. § 6-56-205.

SECTION 6: Money may be transferred from one appropriation to another in the same fund by the City Administrator, subject to such limitations and procedures as set by the Mayor and City Council pursuant to Tennessee Code Annotated § 6-56-209. Any resulting transfers shall be reported to the governing body at its next regular meeting and entered into the minutes.

SECTION 7: A detailed financial plan will be attached to this budget and become part of this budget ordinance. In addition, the published operating budget and budgetary comparisons shown by fund with beginning and ending fund balances and the number of full-time equivalent employees required by Tennessee Code Annotated § 6-56-206 will be attached.

SECTION 8: There is hereby levied a property tax of $0.9424 per $100 of assessed value on all real and personal property.

SECTION 9: This annual operating and capital budget ordinance and supporting documents shall be submitted to the Comptroller of the Treasury or Comptroller's Designee for approval if the City has debt issued pursuant to Title 9, Chapter 21 of the Tennessee Code Annotated within fifteen (15) days of its adoption. This budget shall not become the official budget for the fiscal year until such budget is approved by the Comptroller of the Treasury or Comptroller's Designee in accordance with Title 9, Chapter 21 of the Tennessee Code Annotated (the "Statutes".) If the Comptroller of the Treasury or Comptroller's Designee determines that the budget does not comply with the Statutes, the Governing Body shall adjust its estimates or make additional tax levies sufficient to comply with the Statutes or as directed by the Comptroller of the Treasury or Comptroller's Designee. If the City does not have such debt outstanding, it will file this annual operating and capital budget ordinance and supporting documents with the Comptroller of the Treasury or Comptroller's Designee.

SECTION 10: All unencumbered balances of appropriations remaining at the end of the fiscal year shall lapse and revert to the respective fund balances.

SECTION 11: All ordinances or parts of ordinances in conflict with any provision of this ordinance are hereby repealed.

SECTION 12: This ordinance shall take effect July 1, 2026, the public welfare requiring it.

Passed on second and final reading the _____ day of _____, 2026.

_____
Mayor

ATTESTED:

_____
City Administrator

SEAL