



# County Technical Assistance Service

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## Recommended Best Practices

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Dear Reader:

The following document was created from the CTAS electronic library known as e-Li. This online library is maintained daily by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other e-Li material.

Sincerely,

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## Recommended Best Practices

**Reference Number:** CTAS-1802

In order to have an effective debt management program, your county must have an understanding of your current debt position and your capital needs. This understanding can be evolutionary in nature due to the changes in laws requiring service and regulating debt issuance; market conditions; and the ever-changing needs of the citizens. Various policies and committees may be established to assist you in understanding debt management.

In summary, you should develop, comply and/or adopt the following:

- Establish a Capital Budget
  - Make all payments of debt from a Debt Service Fund
  - Debt policy should address issuance cost
  - Make sure all parties know where the issuance cost will be charged
  - Allow any excess funds from capital projects to establish other capital projects
  - Establish a permanent Capital Project Fund
  - An official Capital Budget should be established after issuance of debt
  - Make needed budget amendments if interest or principal is paid during the year debt is issued
  - Develop a Capital Improvements Plan/Budget
  - Multi-year debt service budgets
  - Develop a fund balance policy for the Debt Service Fund
  - Establish a Debt Payment Schedule/Calendar
  - Maintain current inventory and insurance schedules
  - Make sure your county complies with GASB standards
  - Become familiar with your county's audit and financial management
  - Have all your county debt instruments in one location
  - Review prior year budgets and audits
  - Establish a Capital Budget and post the budget on the accounting records
  - If you desire to have a financial advisor, request proposals
  - If you select to issue loans, then solicit loan rates and related cost
  - Establish a committee to assist in debt management activities
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