



May 01, 2025

Debt Service Accounting Relationship

Dear Reader:

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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 CTAS website material.

Sincerely,

The University of Tennessee County Technical Assistance Service 226 Anne Dallas Dudley Boulevard, Suite 400 Nashville, Tennessee 37219 615.532.3555 phone 615.532.3699 fax www.ctas.tennessee.edu Debt Service Accounting Relationship3

Debt Service Accounting Relationship

Reference Number: CTAS-1759

Figure 4 shows the Debt Service Accounting relationship. Figure 5 shows the Flow of Money relationship. In summary, monies are borrowed from banks and financial institutions and receipted into an operating fund (other than debt service) or capital fund(s). These operating funds or capital funds are used to purchase the asset(s). The indebtedness due to the borrowed monies is then paid annually by the retiring of this debt by way of the annual debt service operating budget.

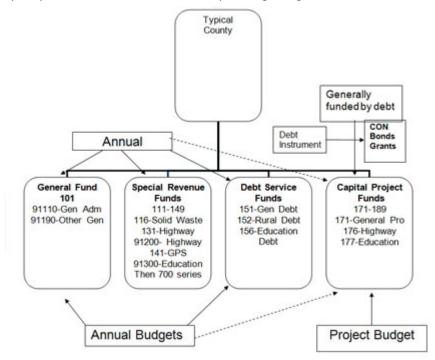


Figure 4

Flow of Money-The Debt Service Fund

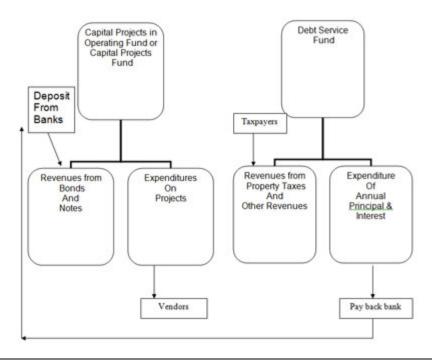


Figure 5

Source URL: https://www.ctas.tennessee.edu/eli/debt-service-accounting-relationship