March 12, 2025

Flow of Money

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained 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 CTAS website material.

Sincerely,

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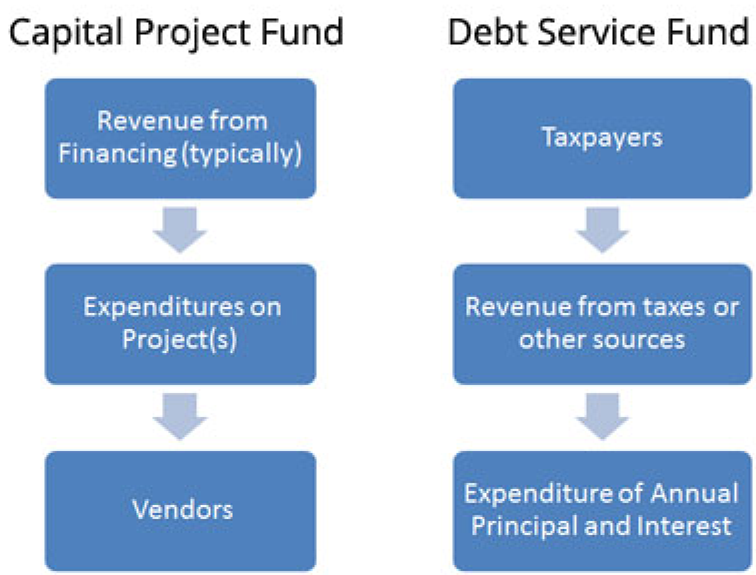
One common misconception when budgeting capital projects is the difference in the flow of money between capital funds and debt service funds. Almost always revenue for debt service will come from property taxes and other county money. As we have already noted, most money for capital projects funds are borrowed from financial institution (banks) by capital outlay notes and bonds are deposited into the respective capital project fund.

The outflow of money from debt service funds and capital project funds is also different. The outflow of money from the debt service fund is to pay back the bank for the expenditures of annual principal and interest. The outflow of money from the capital projects fund is for the expenditures on projects such as paying the vendors.



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