



State of Tennessee

Justin P. Wilson, State Comptroller

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Governments Have Four Months to Develop Debt Management Policies

Governments across Tennessee have four more months to develop or revise their debt management policies to conform with standards issued by the State Funding Board.

Last year, the Funding Board agreed to require governments that wish to borrow money to adopt policies no later than Dec. 31, 2011. The requirement applies not only to city and county governments, but other public entities that issue debt, including industrial development boards, utility districts and quasi-governmental agencies.

Comptroller Justin P. Wilson sent letters to local government leaders today, reminding them of the deadline.

The standards designed by the Funding Board are intended to give local governments discretion in crafting their debt management policies, provided they follow four guiding principles. Those principles are:

- 1) Debt transactions should be clearly understood by those involved in making the decisions about them
- 2) Citizens should be able to get clear explanations about the transactions
- 3) Steps should be taken to avoid conflicts of interest among the parties involved in the transactions
- 4) Costs and risks association with the transactions should be clearly disclosed

More information about the standards can be found online at:

<http://www.comptroller1.state.tn.us/sl/DebtManagement.asp>

Many organizations, including the University of Tennessee's Municipal Technical Advisory Service (MTAS) and the County Technical Advisory Service (CTAS), are providing assistance to local governments in developing or refining their debt management policies. Local governments may also seek the help of professionals such as financial advisors or bond lawyers.

Additionally, those with questions about the standards may e-mail IGpublic.Finance@tn.gov or call Ann Butterworth, Assistant to the Comptroller for Public Finance, at (615) 401-7910.

To view the Comptroller's letter online go to:

<http://www.comptroller1.state.tn.us/sl/pdf/20110901ComptrollerLetter.pdf>

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