



## **Town of Nags Head**

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## **Board of Commissioners Policy**

### **Capital Investment Fund Policy**

Adopted: June 1, 2022  
Amended: July 1, 2024

The Town maintains the Capital Investment Fund (CIF) within the general fund to account separately for capital assets, Capital Improvement Program projects, non-capital outlay major repairs and maintenance, and debt service. As a means to manage fund balance during both strong economic conditions and downturns, the Town will maintain a minimum fund balance within the CIF of 20% of CIF expenditures. A replenishment period will commence if CIF fund balance falls below 20%. Funds will be budgeted beginning with the subsequent fiscal year's adopted budget with a replenishment period not to exceed three consecutive fiscal years.

Funding within the CIF will include the Town's five-year capital improvement plan (CIP) which projects capital needs and expenditures and details the estimated cost, description and anticipated funding sources for capital projects. The first year of the CIP will be the basis of formal appropriations during the annual budget process. If new project needs arise during the year, a budget amendment will identify the funding sources and project appropriations to provide formal budgetary authority for the project.

The Town will emphasize preventive maintenance as a cost-effective approach to infrastructure maintenance. The Town maximizes the use of pay-as-you-go (PAYGO) funding for capital projects to reduce the need for debt financing.

The Capital Investment Fund will contain Capital Improvement Program (CIP) items, as defined by the Town's CIP policy, debt service payments, non-capital outlay major repairs and maintenance, and capital assets as defined by the Town's capital assets policy. Items excluded from this policy are defined in the Capital Reserve Fund, including the use of beach nourishment funds and facility fees.