



County Technical Assistance Service

Published on e-Li (<http://eli.ctas.tennessee.edu>)

March 25, 2019

Advantages of a Capital Improvements Plan (CIP)

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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 e-Li material.

Sincerely,

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Advantages of a Capital Improvements Plan (CIP)

Reference Number: CTAS-1699

Some of the major advantages of a CIP are—

1. A CIP creates orderly and systematic planning for the acquisition, financing, and use of capital improvements.
 2. An organized CIP provides for a more effective evaluation of alternatives and solutions than the crisis-decision process.
 3. A CIP allows for a more in-depth consideration of hidden costs which affect the operating budgets.
 4. A CIP provides for funding of projects on a priority basis and keeps a governmental unit within its financial bounds.
 5. A CIP can provide for stable payments and tax rates over a period of time.
 6. Since a CIP requires different kinds of information and involves multiple-fiscal years for project completion, a CIP developed at a different time than the operating budgets will provide for a better understanding of needs and alternatives.
 7. A good CIP will promote better planning and installation or construction since the acquisition will be before the crisis time.
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