
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: Township Trustees

FROM: Fred Van Dorp, Budget Division Director

SUBJECT: HEA 1177-2019 Capital Project Plan Overview and Guidelines

DATE: February 11, 2020

The Department of Local Government Finance (“Department”) has released the memo below to provide additional guidance on the interpretation, implementation, certification, and submission of by townships of the capital improvement plan (“CIP”) as outlined in HEA 1177-2019. This version expands on the information about the Department’s CIP template and submission procedures. This memorandum explains this requirement. Please note that this memorandum is for informative purposes only and is not a substitute for reading the law.

Accompanying this memo is the Department’s CIP template. The template is a multi-tabbed Excel workbook designed to meet all requirements outlined in statute. All qualifying townships must complete and submit an unaltered version of the Department’s CIP template. This does not prevent townships from providing supplemental information about their CIP funding, planning, expenses, and revenues. This additional information may be in the form of a narrative or a spreadsheet-style report that expands on the required portion of the plan.

All townships required to adopt plans must do so no later than September 30, 2020. Failure to adopt a plan results in the township not being able to collect property taxes for a capital improvement fund in the ensuing year. After a plan is adopted it may be amended. Upon approval by the township board, the plan may be amended to:

- (1) provide money for the purposes of a capital improvement fund; or
- (2) supplement money accumulated in a capital improvement fund for the purposes of the capital improvement fund.

While any township may decide to complete the CIP, a township must adopt a capital improvement plan if the total amount in the township’s capital improvement funds exceeds both of the following thresholds:

- (1) one hundred fifty percent (150%) of the township’s total annual budget estimate prepared under IC 6-1.1-17-2 for the ensuing year; and
- (2) two hundred thousand dollars (\$200,000).

The Department wishes to clarify two terms. First, “total annual budget estimate” includes all funds certified by the Department for a given year. This total will include all debt funds and non-

capital related funds like township assistance. Second, “capital improvement funds,” means a township fund which may be used for the payment of capital improvements. This includes the following funds:

- (1) the general fund;
- (2) the township fire fund under IC 36-8-13;
- (3) the cumulative fire fund under IC 36-8-14;
- (4) an equipment replacement fund for a fire protection territory under IC 36-8-19-8.5;
- (5) a cumulative township vehicle and building fund under IC 36-9-17.5;
- (6) a cumulative building fund under IC 36-10-7.5-19;
- (7) a public park fund under IC 36-10-7-7; and
- (8) any other fund established by a township for the payment of capital improvements.

Note that debt funds and township assistance are not included in the listing of capital improvement funds.

In order to determine if a CIP is required, each township will need to compare the cash balance for each of the capital improvement funds as of December 31 of the previous year to the certified budget for the current year. More specifically, if a township is considering adopting a plan in the calendar year 2020, the township would compare their cash balances for the capital improvement funds as of December 31, 2019, to their 2020 Certified Budget.

On the “Main” tab of the Department’s CIP template, information necessary to determine whether or not your township qualifies is listed. After selecting the county and the township, the information from the 2020 Certified Budget will be listed. The townships will manually populate the December 31 cash balances for the appropriate funds. The bottom of the main page will indicate whether or not both criteria are met and how to proceed with the remainder of the plan. Information from the Main tab will populate portions of the other spreadsheets in workbook.

The township trustee shall prepare the plan and the township board shall adopt the plan. The board must hold a public hearing on a proposed plan or amended plan prior to adoption. HEA 1177 does not specify that notice be given under IC 5-3-1, however, the hearing must still comply with the requirements of the Open Door Law. After adopting a plan, the township must submit a copy of the adopted plan to the Department. Submissions to the Department must be made via Gateway upload. Units will upload the plan in Gateway using the “File Type” of “Signed Bgt. Ordinance/Resolution.” The plan will also be submitted locally to the county council. The county council must consider the plan in reviewing a township’s budget under IC 6-1.1-17-3.6.

Questions pertaining to the CIP requirement may be directed to the Department’s [Budget Field Representative Team](#).