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# STATE OF INDIANA

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DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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## Library CPF Frequently Asked Questions

*Updated July 18, 2011*

### PURCHASES FROM THE CPF (“CPF”)

#### **What kind of vehicles may be purchased from the CPF?**

Any vehicles for library use including bookmobiles, vans, and automobiles may be purchased from the CPF.

#### **May library materials and/or books be purchased from the CPF?**

No. The CPF cannot be used to purchase library materials and/or books, with the exception of computer software.

#### **May the CPF Plan include feasibility studies and architect fees?**

Yes. The planned expenditures should be included in item one (1) (“Planned construction, repair, replacement, or remodeling”) of the CPF plan summary. If the architect fees are to be reimbursed, such as in the formation of a holding corporation, the anticipated reimbursement would be included in the CPF plan summary as other revenue.

#### **May we pay for architect fees to design a building that a holding corporation will purchase at a later date?**

Yes. The CPF plan should anticipate the expenditures under item one on the plan summary. If the library anticipates reimbursement from the holding corporation, the reimbursement should be estimated under “other revenue.”

#### **What are some examples of “replacements” (Item One under current expenditures of the Plan)?**

Replacements may include carpet, shelving, and computer equipment. For specific questions about what is a replacement item, contact the Department (“Department”) or the State Board of Accounts (“SBOA”).

#### **Should we include a narrative section in the Plan format for site development?**

Yes.

**Is landscaping considered part of site development?**

It depends on what type of landscaping. Please refer specific questions to the Department or SBOA.

**APPROPRIATIONS**

**If we spend less than planned in one portion of the CPF Plan, may we transfer the surplus appropriations to another area where we would like to spend more than planned?**

No. A CPF plan cannot be changed once it has been approved by the Department except in the case of an amendment approved for an emergency or an appropriation of an allocation for a future project in a year earlier than planned.

**If we do not spend all of the CPF appropriations for a given year or we have encumbrances, would those amounts be included in the ensuing year's January 1 cash balance?**

The January 1 cash balance on the capital projects plan summary is the estimated or anticipated cash balance for the ensuing year. If you anticipate unexpended appropriations or encumbrances for the current year's plan, then those amounts would be included in the estimated January 1 cash balance for the ensuing year. The January 1 cash balance may also include allocation for future projects from the previous year(s).

**If the CPF Plan is denied and there is a cash balance, can I do an additional appropriation to spend that money?**

No. If the plan is denied, you may not appropriate funds in the CPF.

**THE LIBRARY'S FISCAL BODY**

**Must the fiscal body who approves the CPF Plan advertise for the required public hearing?**

Yes. The fiscal officer must give notice of the public hearing to consider the plan. The notice must be published one (1) time at least ten (10) days before the date of the hearing in accordance with IC 5-3-1-2(b). The Library may offer to publish this notice for the fiscal body to ensure that the advertisement complies with the necessary requirements.

**How do we certify copies of the CPF Plan to the local fiscal body and the Department?**

A certificate of submission, signed by the library board secretary attesting to the actions of the library board in adopting the CPF plan is used for certification. A suggested certification form is included with the CPF memo.

**Can the library pay for the advertisement of the fiscal body’s public hearing?**

Yes, the library may submit the notice to taxpayers to the appropriate newspaper and pay for the advertisement.

**Is there a prescribed format for the Notice to Taxpayers of the public hearing by the fiscal body?**

A suggested format is included with the CPF memo.

**Some fiscal bodies (of the libraries) advertise the entire capital projects fund plan with the Notice to Taxpayers. Is this permissible?**

Yes, but not required. The fiscal body only needs to advertise the date, time, and location of the hearing. The ad should also note that the fiscal body plans to discuss the library capital projects plan. A suggested format of the notice to taxpayers by the fiscal body is included with the CPF memo.

**Is it possible for a fiscal body to approve appropriations for a CPF Plan but not approve a tax rate and levy?**

Yes.

**Can a fiscal body approve a lower tax rate and/or levy than those adopted by the library board?**

Yes, but it is the responsibility of the library board/director to modify the plan to accommodate the lower rate and/or levy.

**PLAN AMENDMENTS (EMERGENCIES)**

**May we amend the CPF Plan for non-emergency reasons?**

No. Libraries may only amend the CPF plan for emergency reasons as outlined in IC 36-12-12-9.

**If an emergency situation occurs and we need to use CPF moneys, how do we contact the Department?**

The Department may be reached by telephone (317-232-0651) and by fax (317-232-8779). A written explanation of the emergency and the proposal for an amendment to the CPF plan must also be submitted.

**What if an emergency situation occurs and the library does not have appropriations in the emergency allocation line item to cover the emergency?**

The library needs to do an amendment its capital projects plan.

**How quickly can an emergency amendment be approved by the Department?**

The Department reviews emergency amendments to the capital projects plan as soon as possible. Please contact the Department for assistance in preparing an amendment to your plan.

**ESTABLISHING THE FUND AND THE BUDGET PROCESS**

**If I receive an order approving the library CPF Plan, must I also go through the normal budget process??**

Yes. The submission of the plan to the Department is for approval of only the library capital projects plan under IC 36-12-12-3. The budget process is subject to IC 6-1.1-17. The library CPF must be advertised and adopted as would any other fund for the ensuing budget year. Failure to do so will result in the appropriations, levy, and rate being denied.

**Is the CPF the same as the Library Improvement Reserve Fund (“LIRF”)?**

No. Funds for accumulation in the LIRF come from the operating fund budget as a transfer to LIRF and fall within the maximum levy limit set for the operating fund. The library may levy a separate tax rate of not more than one and sixty-seven hundredths cents (\$.0167) annually for accumulation of funds in the CPF.

**Does the CPF replace the LIRF?**

No. Both funds are permitted under Indiana law (CPF: IC 36-12-12 and LIRF: IC 36-12-3-11).

**Must I go through the Plan and Budget Procedure to expend funds even if our library does not want a tax rate?**

Yes. Indiana Code 36-12-12-8 states that the Department may approve appropriations from the CPF only if the appropriations conform to a plan that has been advertised and adopted.

**I advertised a \$.0133 rate for my CPF in my annual budget. When I received my budget order, the rate was reduced to \$.005. Why didn't I get the full rate?**

The library CPF is based upon the need shown in the plan. Need refers to the total current expenditures and allocation for future projects. During the budget process, the rate approved will be lowered if current expenditures and allocation for future projects can be funded at a lower rate. Also, the rate could be lower because of the adjustment made per IC 6-1.1-18-12.

**REVENUES , CASH, AND OPERATING BALANCE**

**Where does the January 1 cash balance come from on the CPF Plan Summary?**

A cash balance in the library capital projects plan can only come from allocation for future projects from the previous year(s) or unexpended appropriations from previous year(s).

A narrative within the Plan must indicate the sources of the anticipated January 1 cash balance for the ensuing year. Later year cash balances are reflective of the previous year future allocation amount.

**Isn't my operating balance the same as my future allocations?**

Yes, the operating balance is the amount of future allocations detailed in your plan. Keep in mind that the Department will not approve a future allocation (line 11) that is higher than what is adopted in the Plan.

**ACCOUNTING FOR CPFs**

**What if I have money left over in my CPF and it is not appropriated for anything?**

The money will remain in the fund and will be accounted for in the operating balance.

**If we use the CPF to help pay for a project that includes bonds as part of the financing, do we disburse the bond proceeds through the CPF?**

No. Bond proceeds for a project are disbursed through a construction fund.

**What if my ensuing year's CPF Plan is denied and I have funds left over?**

You will have a CPF with a cash balance. This cash balance cannot be transferred to the library operating fund unless the CPF is declared dormant.

**Does the interest generated from the cash in the CPF need to be receipted to the CPF?**

Yes, refer specific questions about this to the SBOA.

**Do we need to set up a separate fund to account for the CPF Plan?**

Yes.

**Are there any special accounting guidelines associated with the CPF?**

Generally this fund is handled like any other fund. Please refer specific questions to the SBOA.

**Do we include our local matching funds for a CPF project in the estimates of "Other Revenue" in the CPF Plan Summary for each fiscal year?**

No. Local matching funds should be appropriated in the library operating fund, LIRF, or other special fund and should not be included in the CPF plan summary or the CPF budget. A description and explanation of use of the local matching funds should be included as a part of the narrative describing the CPF plan.

## **OTHER**

**Can the public hearing be held on the same day as regular library board meeting? Can the public hearing be held one hour before the board meeting?**

Yes, if advertised correctly beforehand, the public hearing for the CPF may be held on the same day as the library board meeting and can be held an hour before the board meeting or at any time specified by the advertisement of the meeting. The public hearing must be held on the date and time advertised in the notice to taxpayers.

**If I am accumulating money in my future allocations for a new roof (1/3 of the cost each year) and the fiscal body denies my future allocation for the final (third) year, can I still purchase the roof if I have sufficient money in my fund?**

No, but it may be possible to purchase the roof through an emergency amendment. Contact the Department.

**Will the ad from the paper be sufficient proof of publication?**

No, a Proof of Publication from the newspaper is the legal documentation that is required for advertisements associated with the capital projects plan.

**Is the annual cost for telephone lines an allowable expense from the CPF?**

No, telephone lines are not considered equipment, so the rental charges for this item are not an allowable expense.

**Can the cost of internet expenses be used as an allowable expense from the CPF? (This would include educational services provided through the internet.)**

The initial cost for the installation of the lines could be an allowable expense. However, the monthly fees for internet service would not qualify.