

# *Key Ideas*

## *Chapter 9: Library Capital Projects Fund*



*In this section, we will discuss the following:*

- *The uses of a Library Capital Projects Fund.*
- *The timing requirements for establishing a Library Capital Projects Fund.*
- *How to do an emergency amendment to a Library Capital Projects Fund.*
- *How to appropriate funds a year earlier than planned from the fund.*
- *Common questions regarding the Library Capital Projects Fund.*

## LIBRARY CAPITAL PROJECTS FUND

### INTRODUCTION

The purpose of this section is to outline the policy and procedures of the Department of Local Government Finance (DLGF) regarding the Library CPF. The LCPF is a fund for which a Library District may levy property taxes to be used to pay for the following:

- 1) A facility used or to be used by the Library District.
  - a) Planned construction, repair, replacement, or remodeling.
  - b) Site acquisition.
  - c) Site development.
  - d) Repair, replacement or site acquisition that is necessitated by an emergency;
- 2) The purchase, lease or repair of equipment to be used by the Library Districts.
- 3) The purchase, lease, upgrading, maintenance or repair of computer hardware or software.

Before a Library Board may collect property taxes for a CPF in a particular year, the Library Board must, **after January 1st and before May 15** of the immediately preceding year (IC 36-12-12-3):

- 1) Hold a public hearing on a proposed plan.
- 2) Pass a resolution to adopt a plan.
- 3) Submit the plan for approval by the fiscal body.

### **TIMELINE FOR ESTABLISHING A LCPF**

Steps 1 through 4 must be completed after Jan.1 and *before* May 15th. (IC 36-12-12-3)

- 1) The Library Board prepares a proposed **LCPF Plan** and **LCPF Plan Summary** in the year *before* the taxes are to be collected. This plan must specify anticipated expenditures along with revenue estimates, tax rates to be charged and estimated assessed valuation. The library board may, for each year in which a plan is adopted, impose a property tax rate that does not exceed **\$.0167** per \$100 of assessed valuation. Property taxes levied for the plan are included in the library maximum levy limit. The plan must apply to at least the three (3) years immediately following the year the plan is adopted. The format of the LCPF Plan is included in this memo.

- 2) The Library Board must give at least a ten (10) day notice of Public Hearing on the proposed LCPF Plan. A sample of the hearing notice form to be used for the advertising is included in this section. The publication requirement is for one (1) insertion in two (2) newspapers. If two (2) newspapers do not exist in the Library District, the Library Board should refer to IC 5-3-1-4 or the State Board of Accounts "Guide to Publication of Legal Notices" for the proper publication procedure. The notice of the public hearing shall be published one (1) time at least ten (10) days before the date of the hearing. The Notice to Taxpayers must specify planned expenditures and allocations for future projects for a minimum of three (3) years, estimates of revenue, proposed tax rates and estimated assessed valuation for the same years.
  
- 3) After considering the comments and contentions presented at the Public Hearing, the Library Board may pass a resolution to adopt the proposed plan. The Secretary of the Library Board shall submit a copy of the LCPF Plan to the appropriate fiscal officer along with a certificate that the attached is a complete transcript of the proceedings of the LCPF Plan Adoption. The following documents should be maintained in the Library Offices for public inspection:
  - a) A certified copy of the LCPF Plan adopted by the Library Board.
  - b) Proper proofs of publication.
  - c) A copy of the Library Board's resolution adopting the LCPF Plan.
  
- 4) **Within ten (10) days after the Library Board passes a resolution adopting the Plan,** the Library Board shall send a certified copy of the LCPF Plan to the appropriate fiscal body. The fiscal body shall advertise its public hearing to consider the plan one (1) time at least 10 days prior to the hearing in accordance with IC 5-3-1-2. The advertisement should include the date, time, and location of the meeting and does not need to include the complete plan summary. Sample fiscal body notices are included in this section. The appropriate fiscal body, as specified in IC 36-12-12-4, is:
  - a) The Town Council if the Library District is located entirely within the corporation boundaries of a town.
  - b) The City Common Council if the Library District is located entirely within the Corporation boundaries of a city.
  - c) The Township Advisory Board if the Library District is not located entirely within the corporation boundaries of a city or town but is located entirely within the corporation boundaries of a Township.
  - d) The Common Council of each county in which the Library District is located if the Library District is not located entirely within the corporation boundaries of a city, town or single township.

- e) The City-County Council if the Library District is not located entirely within the corporation boundaries of a city, town or township and is located in a county with a consolidated city.
- 5) The appropriate fiscal body shall advertise and hold a public hearing on the LCPF Plan within thirty (30) days after receiving a certified copy of the LCPF Plan from the Library Board. The fiscal body will either reject or approve the plan **before August 1** of the year the plan is received (IC 36-12-12-4). (See sample FISCAL BODY RESOLUTION form included in this section). If the LCPF Plan is approved by the fiscal body, the Library Board shall submit to the DLGF **on or before September 20 of the immediate preceding year the plan is to be effective** the following:
- a) A certified copy of the LCPF Plan including a plan summary sheet and a description of the allocation of future projects if applicable.
  - b) The Library Board's resolution approving the plan.
  - c) Certificate of Submission to the Fiscal Body.
  - d) The Library Fiscal Body's resolution approving/rejecting the plan.
  - e) Proofs of publication of the Library Board's notice of public hearing.
  - f) Proofs of publication of the Fiscal Body's notice of public hearing.

If the DLGF determines that:

1. The Library Board has properly advertised the plan;
2. The plan was timely adopted by the Library Board and timely approved by the appropriate fiscal body;
3. The plan conforms to the format prescribed by the DLGF and;
4. The plan was timely filed with the DLGF;

DLGF will require the Library to publish a Notice of Adoption to local taxpayers of the LCPF plan. If the plan fails to conform to the above requirements, the plan will be returned. Further submissions must conform to the above stated time requirements.

- 6) After receiving the plan and other required documentation, the DLGF will notify the Library Board to advertise one (1) time in the form of the Notice of Adoption. The Department of Local Government Finance will prepare the Notice of Adoption. (A sample Notice of Adoption is included with this section.) This advertising should be made in accordance with IC 5-3-1-2. Ten (10) or more taxpayers who will be affected by the adopted plan may file a petition with the County Auditor of a county in which the library district is located not later than ten (10) days after publication of the Notice of Adoption, setting forth their

objections to the proposed plan. The County Auditor shall immediately certify the petition to the Department of Local Government Finance. (IC 36-12-12-5)

- 7) The DLGF will, within a reasonable time, fix a date for a local hearing on the petition filed. The hearing will be held in a county in which the Library District is located and the DLGF will notify:
  - a) The Library Board, and
  - b) The first ten (10) taxpayers whose names appear upon the petition, and
  - c) This notice will be given at least five (5) days before the date of the hearing. (IC 36-12-12-6)
- 8) After a hearing on the petition, the DLGF will certify its approval, or disapproval or modification of the LCPF Plan to the Library Board and the County Auditor. The action of the DLGF with respect to the plan is final. (IC 36-12-12-7)
- 9) If no petition objecting to the LCPF Plan is filed with the County Auditor, **within ten (10) days following the objection period, the unit must submit proofs of publication of the Notice of Adoption and County Auditors Certificate of No Remonstrance to the DLGF.** Upon receipt, the DLGF will issue its order approving or denying the LCPF Plan. Please note that it is the Library's responsibility to obtain the Auditor's Certificate of no remonstrance from the County Auditor.

### **BUDGET APPROVAL**

In addition to annually adopting a Library Capital Projects Fund Plan, the plan must be incorporated into the ensuing years Library Budget, in accordance with IC 6-1.1-17, to receive funding. All budget forms are to be used in preparing the annual budget for the LCPF. Budget form 4-B is commonly referred to as the sixteen (16)-line statement. Line one (1) of the form 4-B is the annual budget appropriation for the ensuing year. Items one (1) through six (6) of the LCPF Plan Summary Page are to be included on line one (1) of form 4-B. The Allocation For Future Projects - Item seven (7) of the LCPF Plan Summary Page - is included on line eleven (11) of the form 4-B. Line eleven (11) is referred to as the operating balance.

The Library Board will advertise and adopt the appropriations and levy for the LCPF annually using the regular budget calendar. Even though the rate is not advertised with the annual budget, it must be adopted in the plan and on Budget Form 4B.

The Library Board will supply a copy of the LCPF Plan and DLGF approval Order to the DLGF Hearing Officer for review of the annual budget. The budget order issued by the DLGF will approve LCPF appropriations, tax rate and levy where they are consistent with an approved Plan.

## **EMERGENCY AMENDMENT OF LCPF PLAN**

The Library Board may amend its LCPF Plan for an Emergency (IC 36-12-12-9). As per IC 36-12-12-1, "emergency" means:

- 1) when used with respect to repair or replacement, a fire, flood, windstorm, mechanical failure of any part of a structure, or other unforeseeable circumstance; and
- 2) when used with respect to site acquisition, the unforeseeable availability of real property for purchase.

The plan may be amended due to an emergency to:

- a) Provide money for the purposes of repair, replacement or site acquisition that is necessitated by an emergency,
- b) To supplement money accumulated in the Emergency Allocation of the LCPF Plan (IC 36-12-12-2 (b) (4)).

The following steps must be completed to amend a capital projects plan:

- 1) When an emergency arises and the need for funds exceeds the amount accumulated in the Emergency Allocation, the Library Board must immediately apply to the DLGF for a determination that an emergency exists. The DLGF should be notified by telephone and in writing (preferably by fax) of the library's request for amendment of its plan. The request for a determination should include the name of the location of the problem in the library system, a description of the emergency, the proposed amendment, and the changes and/or additions to the expenditures and revenue by plan year necessary to amend the LCPF Plan. The Library Director may contact the Assistant Director of the Budget Division of the DLGF at (317) 232-0651 regarding the amendment. Amendment requests may be faxed to the DLGF Budget Division at (317) 232-8779.
- 2) After the DLGF issues its determination that an emergency exists, the Library Board will amend its plan at a regular public meeting and forward its resolution to the DLGF. The amendment is not subject to the deadlines and procedures for adoption of the original plan. The form of the resolution would be to reduce a designated project(s) and increase the Emergency Allocation. If the amendment requires use of any part of the Allocation for Future Projects, the library will also need to process an additional appropriation.
- 3) The resolution is subject to modification by the DLGF. An amendment adopted may require the payment of eligible emergency costs from:
  - a) Money accumulated in the LCPF for other purposes, or
  - b) Money to be borrowed from other funds of the Library Board or from a financial institution.
- 4) The amendment may also provide for an increase in the property tax rate for the

ensuing budget year for the LCPF to restore money to the fund or to pay principal and interest on a loan. Before the property tax rate may be increased, the Library Board must submit a plan containing the increase to the fiscal body and obtain the approval of that fiscal body as provided in IC 36-12-12-4. **The increase in the property tax rate for the LCPF is effective for property taxes payable for the year next certified by the DLGF.**

### **COMPUTER REPAIR PERSONNEL**

A Library may adopt a LCPF Plan to pay for the services of a full or part-time computer repair personnel. These items should be incorporated into item six (6) on the LCPF SUMMARY (Purchase, lease maintenance, and repair of computer hardware).

### **ALLOCATION FOR FUTURE PROJECTS**

The Allocation for Future Projects allows the library to levy property taxes in a current year for expenditure in a future year, if the specific use is identified in the LCPF Plan. A taxpayer or the DLGF hearing officer should be able to clearly determine the proposed use and cost of the future project. **If the reason for the Allocation for Future Projects is not disclosed, the property tax levy needed to fund the Future Project will not be approved.** When preparing the ensuing year's LCPF budget, the Allocation for Future Projects should be included in line 11 of Budget Form 4-B. It should not be appropriated, since its expenditure is planned for a future year, as documented in the plan.

### **APPROPRIATION IN A YEAR EARLIER THAN PLANNED**

An opportunity also exists to convert the projects planned for second, third or future years of the plan into a current appropriation during the current budget year of the plan.

The following conditions apply:

- 1) The Plan must be specific as to the need to be addressed and the manner in which it will be addressed.
- 2) The library must proceed with an additional appropriation. The Notice to Taxpayers of the additional appropriation must state the fund name, a description of the project and the project cost.
- 3) This course of action results in the appropriation of all or part of the Plan's current year Allocation for Future Projects.

## **LIBRARY CPF PLAN FORMAT**

The LCPF Plan **must be prepared annually** using the following format:

- 1) General description of the Library District
  - a) Library Taxing District.
  - b) Name and location.
  - c) Composition of the governing body.
  - d) Number of employees.
  - e) Current annual budget in Operating, Library Improvement Reserve (LIRF) and Bond and Interest Redemption (BIRF) funds and Capital Projects Fund.
  - f) Current annual property tax rates and levies for all funds
  
- 2) Listing of present facilities operated and maintained by the Library District
  - a) With respect to each facility:
    - 1) Name and location.
    - 2) Year constructed, leased or rented.
    - 3) Estimated current value.
    - 4) Detailed evaluation of condition.
  - b) Identification and description of all land owned for future needs.
  
- 3) Library Service Area
  - a) Area in square miles.
  - b) Population served.
  - c) Annual statistics of service (i.e. circulation of materials, collection size, hours of service, etc.)
  
- 4) Anticipated Capital Projects Fund Resources that will be available for the term of the plan. For each year of the plan (show also on LCPF PLAN SUMMARY PAGE): Include the following:
  - a) Sources and amounts of anticipated income.
  - b) Amount of revenue to be retained for expenditures proposed for a later year.
  - c) Projected assessed valuation of the Library District for each year of the plan.
  - d) Projected tax rates and levies for the LCPF based on the above assessed valuations.
  
- 5) Proposed use of the LCPF
  - A) Includes, by plan year and location, the proposed expenditures from the fund for all specific uses within the following areas:
    - 1) Planned facility needs:
      - a) New construction.
      - b) Repair.
      - c) Replacement.
      - d) Remodeling.

- e) Lease or rental of existing real estate.
- 2) Acquisition of real property
- 3) Site development
- 4) Emergency allocation (repair, replacement or site acquisition that is necessitated by an emergency)
- 5) Purchase, lease, repair and maintenance of Equipment
  - a) Administration.
  - b) Public use.
  - c) Mechanical.
  - d) Furniture.
- 6) Computer hardware and software
  - a) Purchase or lease.
  - b) Maintenance and repair.

B) Includes, by plan year, location and project or specific purpose, allocation for proposed expenditures beyond the upcoming budget year (Allocation for Future Projects).

Failure to comply with the above format may be cause for denial of plan.

### **DISCONTINUING THE CAPITAL PROJECT FUND**

Several years ago the General Assembly combined the Library Operating Fund and the Capital Project Fund (CPF) for purposes of performing the maximum levy calculation. As a result, little incentive remains for a library to undergo the annual process of updating and adopting a new CPF Plan. Several libraries have decided to discontinue the planning process and combine the remaining fund balance in the CPF with the Operating Fund balance or the Rainy Day Fund balance, or both.

The procedure for closing the Capital Project Fund is to not prepare a new Plan for the ensuing budget year. The existing fund and the certified budget remain in existence until year-end. Both revenues and expense may be posted to the fund until year-end. In fact, the fund must remain active to receive the final tax distribution which is typically in December. After the final tax settlement, the fiscal body of the library may adopt an ordinance to close the fund and transfer the remaining fund balances to either the Operating Fund or the Rainy Day Fund. The ordinance may direct any remaining balances to both funds.

Next year's operating fund budget may be prepared by combining the CPF fund balances and appropriations into the operating fund in anticipation of closing the CPF. The Notice to Taxpayers advertisement for the following years budget will show the budget and levy amounts for the operating fund as including the CPF amounts.

**NOTE:** Libraries that prefer to continue spending from the Capital Project Fund must continue to update and adopt the Plan annually.

## **GLOSSARY OF TERMS**

The following definitions apply to LCPF.

- 1) **REPAIR** means the restoration of a piece of equipment, a building or land from worn, damaged or deteriorated condition to or near its original condition,
- 2) **EQUIPMENT** means a mobile or fixed unit of furniture or furnishings, an instrument or set of articles meeting the following conditions:
  - a) It retains the original shape.
  - b) It is non-expendable, which means that if the article is damaged or some of its parts are lost or worn out, it is usually more feasible and economical to repair it than replace it with an entirely new unit.
  - c) It represents an investment of money that makes it feasible and advisable to capitalize the item.
  - d) It does not lose its identity through incorporation into a different or more complex unit.
- 3) **EMERGENCY** is defined with respect to the LCPF as follows:
  - a) Repair or replacement of buildings or equipment caused by a fire, flood, windstorm, mechanical failure, or other unforeseen circumstances, and
  - b) The unforeseeable availability of real property for purchase when referring to site acquisition.

## **COMPLETING THE LIBRARY CAPITAL PROJECTS SUMMARY PAGE:**

The purpose of the LCPF Summary Page is to summarize the expenditures, allocations, transfers, and revenues for your LCPF Plan. The general format is the same as the public notices for the LCPF Plan.

**CURRENT EXPENDITURES** is a summary of the planned expenditures noted in each major classification in your LCPF Plan for each year of the plan for all locations.

**SUBTOTAL CURRENT EXPENDITURES** is the amount of expenditures that you plan to make in a given year which require appropriation.

**ALLOCATION FOR FUTURE PROJECTS (AFP)** is the amount of funds that will accumulate or continue accumulating for projects to be expended in the second, third, or future year of the LCPF Plan. Any AFP(s) should be clearly noted on the appropriate location page(s) in your LCPF Plan. If you plan to expend the AFP in the second or third years, this will increase the current expenditures and decrease the AFP. If you do not intend to spend the AFP in the second or third years, the AFP for those years should show the total that you expect will be accumulated at the end of the year. The AFP budgeted in the third year should include the amount accumulated in years one and two, plus what will be accumulated during year three. The summary page of the AFP should be

cumulative summation of the AFP from each location.

CASH BALANCE AVAILABLE TO FUND THE LCPF PLAN For libraries beginning the first year of their first plan, the beginning cash balance will be zero (0). For libraries that have a LCPF Plan in effect, the January 1st cash balance of the first year will equal the estimated year-end cash balance **plus** the amount of unexpended appropriations. The plan should explain any unexpended appropriation from the prior year and note the total dollar amount of unexpended appropriations. For the second and third years of the Plan, assume that funded appropriations carried forward from the previous year have been exhausted. Under normal circumstances, the projected January 1st cash balance for the second and third years of the LCPF Plan will be the prior years' allocation of future projects (AFP).

ESTIMATED EXCISE, CVET AND FIT is estimates of revenue prepared in the same manner as your annual budget for other funds.

OTHER REVENUE refers to income to the fund other than property taxes such as interest income.

PROJECTED TAX RATE will be the estimated tax rate necessary to fund the plan.

## QUESTIONS ABOUT LIBRARY CAPITAL PROJECTS FUND

### PURCHASES FROM THE LCPF

1. WHAT KIND OF VEHICLES MAY BE PURCHASED FROM LCPF?  
Any vehicles for library use including bookmobiles, vans and automobiles may be purchased from LCPF.
2. MAY LIBRARY MATERIALS AND/OR BOOKS BE PURCHASED FROM LCPF?  
NO- the LCPF cannot be used to purchase library materials and/or books, with the exception of computer software.
3. MAY THE LCPF PLAN INCLUDE FEASIBILITY STUDIES AND ARCHITECT FEES?  
YES- the planned expenditures should be included in item one (1) Planned construction, etc. of the LCPF 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 LCPF PLAN SUMMARY as other revenue.
4. MAY WE PAY FOR ARCHITECT FEES TO DESIGN A BUILDING THAT A HOLDING CORPORATION WILL PURCHASE AT A LATER DATE?  
YES- the LCPF Plan should anticipate the expenditures under Planned Facility Needs (item one (1)) on the Plan Summary. If the library anticipates reimbursement from the holding corporation, the reimbursement should be estimated under "other revenue."
5. WHAT ARE SOME EXAMPLES OF "REPLACEMENTS" (ITEM ONE (1) 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 of Local Government Finance or the State Board of Accounts.
6. SHOULD WE INCLUDE A NARRATIVE SECTION IN THE PLAN FORMAT FOR SITE DEVELOPMENT?  
Yes.
7. WOULD LANDSCAPING BE CONSIDERED SITE DEVELOPMENT?  
It depends on what type of landscaping. Please refer specific questions to the Department of Local Government Finance or State Board of Accounts.

### APPROPRIATIONS

8. IF WE SPEND LESS THAN PLANNED IN ONE PORTION OF THE LCPF PLAN, MAY WE TRANSFER THE SURPLUS APPROPRIATIONS TO

**ANOTHER AREA WHERE WE WOULD LIKE TO SPEND MORE THAN PLANNED?**

No- A LCPF Plan cannot be changed once it has been approved by the DLGF 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.

**9. IF WE DO NOT SPEND ALL OF THE CAPITAL PROJECT FUND 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).

**10. IF THE CAPITAL PROJECTS 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 Capital Projects Fund.

**THE LIBRARY'S FISCAL BODY**

**11. MUST THE FISCAL BODY WHO APPROVES THE 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 5-3-1-4. The Library may offer to publish this notice for the fiscal body to ensure that the advertisement complies with the necessary requirements.

**12. HOW DO WE CERTIFY COPIES OF THE LCPF PLAN TO THE LOCAL FISCAL BODY AND THE DLGF?**

A Certificate of Submission, signed by the Library Board Secretary attesting to the actions of the Library Board in adopting the LCPF Plan is used for certification. A suggested certification form is included with the LCPF memo.

**13. 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 newspaper of the fiscal body's public hearing and pay for the advertisement.

**14. 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 LCPF memo.

**15. SOME FISCAL BODIES (OF THE LIBRARIES) ADVERTISE THE ENTIRE CAPITAL PROJECTS PLAN WITH THE NOTICE TO TAXPAYERS. IS THAT 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 LCPF memo.

**16. IS IT POSSIBLE FOR A FISCAL BODY TO APPROVE APPROPRIATIONS FOR A CAPITAL PROJECTS PLAN BUT NOT APPROVE A TAX RATE AND LEVY?**

Yes.

**17. CAN A FISCAL BODY APPROVE A LOWER TAX RATE AND/OR LEVY THAN ADOPTED BY THE LIBRARY BOARD?**

Yes, however it is the responsibility of the Library Board/Director to modify the plan to accommodate the lower rate and/or levy.

**PLAN AMENDMENTS (EMERGENCIES)**

**18. MAY WE AMEND THE LCPF PLAN FOR NON-EMERGENCY REASONS?**

NO- Libraries may only amend the LCPF Plan for emergency reasons as outlined in IC 36-12-12-9.

**19. IF AN EMERGENCY SITUATION OCCURS AND WE NEED TO USE LCPF MONEYS HOW DO WE CONTACT THE DLGF?**

The DLGF may be reached by telephone (317-232-0651) and by Faxing (317-232-8779) a written explanation of the emergency and the proposal for an amendment to the LCPF Plan.

**20. WHAT IF AN EMERGENCY SITUATION OCCURS AND THE LIBRARY DOES NOT HAVE APPROPRIATIONS IN THE EMERGENCY ALLOCATION LINE ITEM OR THE LIBRARY DOES NOT HAVE ENOUGH APPROPRIATIONS IN THAT ALLOCATION TO COVER THE EMERGENCY?**

The Library needs to do an amendment to their Capital Projects plan.

**21. HOW QUICKLY CAN AN EMERGENCY AMENDMENT BE APPROVED BY THE DEPARTMENT OF LOCAL GOVERNMENT FINANCE?**

The Department of Local Government Finance will not delay approval on emergency amendments to the Capital Projects Plan. Please contact the Department of Local Government Finance for assistance in preparing an amendment to your plan.

## **ESTABLISHING THE FUND AND THE BUDGET PROCESS**

22. IF I RECEIVE AN ORDER APPROVING THE LIBRARY CAPITAL PROJECTS PLAN, MUST I ALSO GO THROUGH THE NORMAL BUDGET PROCESS?

YES – The submission of the plan to the DLGF is for approval of the *Library Capital Projects Plan* under IC 36-12-12. The budget process is subject to IC 6-1.1-17. The *Library Capital Projects Fund* 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.

23. IS THE LCPF 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 LCPF.

24. DOES THE LCPF REPLACE THE LIRF?

NO- both funds are permitted under Indiana Library Law (LCPF: IC 36-12-12 and LIRF: IC 36-12-3-11).

25. MUST I GO THROUGH THE PLAN AND BUDGET PROCEDURE TO EXPEND FUNDS EVEN IF OUR LIBRARY DOES NOT WANT A TAX RATE?

YES – IC 36-12-12-8 states that the Department of Local Government Finance may approve appropriations from the Capital Projects Fund only if the appropriations conform to a plan that has been advertised and adopted.

26. I ADVERTISED A \$.0133 RATE FOR MY CAPITAL PROJECTS FUND 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 Capital Projects Fund 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.

## **REVENUES , CASH AND OPERATING BALANCE**

### **27. WHERE DOES THE JANUARY 1 CASH BALANCE COME FROM ON THE PLAN SUMMARY?**

A cash balance in the Library Capital Projects Plan can only come from:

- (1) Allocation for future projects from the previous year(s)
- (2) 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.

### **28. 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 of Local Government Finance will not approve a future allocation (line 11) that is higher than adopted in the plan.

## **ACCOUNTING FOR CAPITAL PROJECTS FUNDS**

### **29. WHAT IF I HAVE MONEY LEFT OVER IN MY CAPITAL PROJECTS FUND AND IT IS NOT APPROPRIATED FOR ANYTHING?**

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

### **30. IF WE USE THE LCPF TO HELP PAY FOR A PROJECT THAT INCLUDES BONDS AS PART OF THE FINANCING, DO WE DISBURSE THE BOND PROCEEDS THROUGH THE LCPF?**

NO- bond proceeds for a project are disbursed through a Construction Fund.

### **31. WHAT IF MY ENSUING YEAR'S CAPITAL PROJECTS PLAN IS DENIED, AND I HAVE FUNDS LEFT OVER?**

You will have a Capital Projects Fund with a cash balance. This cash balance cannot be transferred to the Library Operating Fund unless the LCPF is declared dormant.

### **32. DOES THE INTEREST GENERATED FROM THE CASH IN THE CAPITAL PROJECTS FUND NEED TO BE RECEIPTED TO THE CAPITAL PROJECTS FUND?**

Yes, refer specific questions about this to the Board of Accounts.

### **33. DO WE NEED TO SET UP A SEPARATE FUND TO ACCOUNT FOR THE CAPITAL PROJECTS PLAN?**

Yes.

34. ARE THERE ANY SPECIAL ACCOUNTING GUIDELINES ASSOCIATED WITH THE CAPITAL PROJECTS FUND?

Generally, this fund is handled like any other fund. Please refer specific questions on this to the Board of Accounts.

35. DO WE INCLUDE OUR LOCAL MATCHING FUNDS FOR A LCPF PROJECT IN THE ESTIMATES OF "OTHER REVENUE" IN THE LCPF 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 LCPF Plan Summary or the LCPF Budget. A description and explanation of use of the local matching funds should be included as a part of the narrative describing the LCPF Plan.

**OTHER**

36. CAN THE PUBLIC HEARING BE HELD ON THE SAME DAY AS A 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 Capital Projects Fund 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. It is important to note that the public hearing must be held on the date and time advertised in the *Notice to Taxpayers* of the hearing.

37. 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 (3RD) 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 of Local Government Finance.

38. WILL THE AD FROM THE PAPER BE SUFFICIENT TO SUBMIT TO THE DEPARTMENT OF LOCAL GOVERNMENT FINANCE?

No, a proof of publication from the newspaper is the legal documentation that is required for advertisements associated with the Capital Projects Plan.

**RESOLUTION TO ADOPT LIBRARY CAPITAL PROJECTS FUND PLAN**

This resolution is adopted by the Library Board of \_\_\_\_\_  
(Library Name)  
Public Library, of \_\_\_\_\_, County, Indiana.

Whereas, a Library Capital Projects Fund has been established; and

Whereas, the Library Board is required under IC 36-12-12-3 to adopt a plan with respect to the Library Capital Projects Fund; and

Whereas, the Library Board held a public hearing on the plan on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ at the \_\_\_\_\_  
(Location)

**THEREFORE BE IT RESOLVED**, by the Library Board that the plan entitled \_\_\_\_\_ of \_\_\_\_\_  
(Title) (Years)  
is hereby incorporated by reference into this resolution, and is adopted as the Library Board's plan with respect to the Library Capital Projects Fund.

**BE IT FURTHER RESOLVED** that the Library Board will submit a certified copy of this resolution (including the adopted plan) to the appropriate local fiscal body for review and the Department of Local Government Finance under IC 36-12-12-5.

**ADOPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_.**

**AYE**

**NAY**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
Secretary of Library Board



**RESOLUTION OF APPROPRIATE FISCAL BODY OF ACTION ON  
LIBRARY CAPITAL PROJECTS PLAN**

WHEREAS, the \_\_\_\_\_, \_\_\_\_\_ County, has adopted  
(Name of Library)

a Library Capital Project Plan as provided for in IC 36-12-12, be it resolved that the

\_\_\_\_\_, being the appropriate Fiscal Body for the library as  
(Name of Fiscal Body)

Designated in IC 36-12-12-4, does hereby \_\_\_\_\_ the Plan as  
(Approve/Reject)

received by this body on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**ADOPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_.**

**AYE**

**NAY**

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**ATTEST:**

\_\_\_\_\_  
Secretary of Fiscal Body

**Instructional Note: Must be adopted before August 1 of the current year.**

**Library Budget Manual: A Guide Through the Process of Local Government Budgeting**

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**NOTICE TO TAXPAYERS OF \_\_\_\_\_ PUBLIC LIBRARY**

Notice is hereby given to the taxpayers of \_\_\_\_\_, \_\_\_\_\_ County, that the Library  
 (Library Name) (County Name)

Board will meet at \_\_\_\_\_, on \_\_\_\_\_ at \_\_\_\_\_ AM/PM for the purpose of  
 (Location) (Date) (Time)

considering a proposal to establish a Library Capital Projects Fund and a proposed plan under IC 36-12-12.

The following is a general outline of the proposed plan.

<b>CURRENT EXPENDITURES:</b>	20__	20__	20__
(1) Planned construction, repair, replacement, or remodeling	_____	_____	_____
(2) Acquisition of real property	_____	_____	_____
(3) Site development	_____	_____	_____
(4) Emergency Allocation	_____	_____	_____
(5) Purchase, lease, repair, and maintenance of equipment	_____	_____	_____
(6) Purchase, lease, repair, and maintenance of computer hardware and computer software	_____	_____	_____
<b>SUBTOTAL CURRENT EXPENDITURES</b>	_____	_____	_____
(7) Allocation for future projects (cumulative totals)	_____	_____	_____
<b>TOTAL EXPENDITURES AND ALLOCATIONS</b>	_____	_____	_____
<b><u>SOURCES AND ESTIMATES OF REVENUE:</u></b>			
(1) January 1, Cash balance (for each year of plan)	_____	_____	_____
(2) Less encumbered appropriations	_____	_____	_____
(3) Cash balance available for current plan [ (1) minus (2) ]	_____	_____	_____
(4) Plus Property Tax Revenue	_____	_____	_____
(5) Plus Auto Excise, CVET and Financial Institutions Tax receipts	_____	_____	_____
(6) Plus Other revenue	_____	_____	_____
<b>TOTAL FUNDS AVAILABLE FOR PLAN</b>	_____	_____	_____
Based upon an anticipated assessed valuation of _____	_____	_____	_____
The Projected Tax Rate for the Library Capital Projects fund will be _____	_____	_____	_____

Taxpayers are invited to attend the meeting for a more detailed explanation of the plan and to exercise their right to be heard on the proposal.

(Show names and titles \_\_\_\_\_  
of board members) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_.

*Township: Sample Notice to Taxpayers by Fiscal Body (Library CPF)*

NOTICE TO TAXPAYERS

The Township Board of \_\_\_\_\_ Township, \_\_\_\_\_ County, Indiana  
will hold a public hearing on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at  
\_\_\_\_\_ a.m./p.m. at the office of the \_\_\_\_\_ Township Trustee, at  
\_\_\_\_\_, Indiana, for the purpose of approving the Library Capital  
(location)  
Projects Fund Plan for years 20\_\_\_\_ - 20\_\_\_\_, for the \_\_\_\_\_.  
(Name of Library)

\_\_\_\_\_  
Township Trustee

**County: Sample Notice to Taxpayers by Fiscal Body (Library CPF)**

NOTICE TO TAXPAYERS

The \_\_\_\_\_ County Council, \_\_\_\_\_ County, Indiana will hold a public hearing on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_\_ a.m./p.m. at the \_\_\_\_\_, \_\_\_\_\_, Indiana,  
(location of meeting) (address)

for the purpose of approving the Library Capital Projects Fund Plan for the year 20\_\_\_\_,  
for the \_\_\_\_\_.  
(Name of Library)

\_\_\_\_\_  
County Auditor

**City or Town: Sample Notice to Taxpayers by Fiscal Body (Library CPF)**

NOTICE TO TAXPAYERS

The \_\_\_\_\_ City (or Town) Council, \_\_\_\_\_ County, Indiana will  
hold a public hearing on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_\_ a.m./p.m. at the  
\_\_\_\_\_, \_\_\_\_\_, Indiana,  
(location of meeting) (address)

for the purpose of approving the Library Capital Projects Fund Plan for the  
\_\_\_\_\_ for the years 2\_\_ - 2\_\_.  
(Name of Library)

\_\_\_\_\_  
Clerk-Treasurer

## NOTICE OF AMENDMENT

Notice is hereby given to the taxpayers of \_\_\_\_\_ Public Library of \_\_\_\_\_, County, Indiana, that the Library Board has determined that the Library Capital Projects Plan it adopted for the years 2\_\_\_\_ to 2\_\_\_\_ should be amended, did adopt a resolution to amend the said plan at a meeting held on \_\_\_\_\_, 2\_\_\_\_. A brief description of the amendment is as follows:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

The following is a general outline of the plan with the proposed amendment:

<b>CURRENT EXPENDITURES</b>	2____	2____	2____
(1) Planned construction, repair, replacement, or remodeling	_____	_____	_____
(2) Acquisition of real property	_____	_____	_____
(3) Site development	_____	_____	_____
(4) Emergency Allocation	_____	_____	_____
(5) Purchase, lease, repair, and maintenance of equipment	_____	_____	_____
(7) Purchase, lease, repair, and maintenance of computer hardware and computer software	_____	_____	_____
<b>SUBTOTAL CURRENT EXPENDITURES</b>	_____	_____	_____
(7) Allocation for future projects	_____	_____	_____
<b>TOTAL EXPENDITURES AND ALLOCATIONS</b>	_____	_____	_____

Ten (10) or more taxpayers in the library district who will be affected by the plan, as amended, may file a petition with the County Auditor of \_\_\_\_\_ County, not later than ten (10) days after the publication of this notice, setting forth their objections to the amendment. Upon filing of the petition, the County Auditor shall immediately certify the same to the Department of Local Government Finance, which Department will fix a date and conduct a public hearing on the plan before issuing its approval or disapproval thereof.

(Show names and titles  
of Board Members)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Attest:

\_\_\_\_\_  
Secretary of Library Board  
Date:

**Library Budget Manual: A Guide Through the Process of Local Government Budgeting**

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PROOFS OF PUBLICATION AND COUNTY AUDITORS CERTIFICATE OF NO REMONSTRANCE MUST BE FORWARDED TO THE DLGF NOT LATER THAN TEN (10) DAYS FOLLOWING THE OBJECTION PERIOD.

**\* THIS IS A SAMPLE ONLY. THE DEPARTMENT OF LOCAL GOVERNMENT FINANCE WILL PREPARE THE SECOND NOTICE AND MAIL TO THE LIBRARY FOR ADVERTISING.**

**NOTICE OF ADOPTION**

There has been filed with the Department of Local Government Finance a certified copy of the resolution adopted by the proper legal officers of (library name) establishing a capital projects fund together with proofs of publication of notice thereof, pursuant to I.C. 36-12-12.

The proper legal officers of (library name) are hereby requested by the Department of Local Government Finance to publish the following notice in accordance with I.C. 36-12-12-5 (a).

**PUBLISH THE FOLLOWING ONLY**

(Library Name)

**CURRENT EXPENDITURES:**

2\_\_      2\_\_      2\_\_

- |   |       |       |       |
|---|-------|-------|-------|
| (1) Planned construction, repair, replacement, or remodeling                            | _____ | _____ | _____ |
| (2) Acquisition of real property  | _____ | _____ | _____ |
| (3) Site development  | _____ | _____ | _____ |
| (4) Emergency Allocation  | _____ | _____ | _____ |
| (5) Purchase, lease, repair, and maintenance of equipment                               | _____ | _____ | _____ |
| (6) Purchase, lease, repair, and maintenance of computer hardware and computer software | _____ | _____ | _____ |

**SUBTOTAL CURRENT EXPENDITURES**

\_\_\_\_\_

- |  |       |       |       |
|--|-------|-------|-------|
| (7) Allocation for future projects (cumulative totals) | _____ | _____ | _____ |
|--|-------|-------|-------|

**TOTAL EXPENDITURES AND ALLOCATIONS**

\_\_\_\_\_

**SOURCES AND ESTIMATES OF REVENUE:**

SAMPLE

- |  |       |       |       |
|--|-------|-------|-------|
| January 1, Cash balance (of each year of plan)                 | _____ | _____ | _____ |
| Less encumbered appropriations                                 | _____ | _____ | _____ |
| Equals Cash balance available for current plan                 | _____ | _____ | _____ |
| Plus Auto Excise, CVET and Financial Institutions Tax receipts | _____ | _____ | _____ |
| Plus Other revenue   | _____ | _____ | _____ |

**TOTAL FUNDS AVAILABLE FOR PLAN**

Based upon an assessed valuation of \_\_\_\_\_

The Projected Tax Rate for the Library Capital Projects fund will be \_\_\_\_\_

Ten or more taxpayers in the library district who will be affected by the plan may file a petition with the County Auditor of \_\_\_\_\_ County, not later than (10) days after publication of this notice, setting forth their objections to the plan. Upon filing of the petition, the County Auditor shall immediately certify the same to the Department of Local Government Finance, which Department will fix a date and conduct a public hearing on the plan before issuing its approval or disapproval thereof.

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

\_\_\_\_\_  
General Counsel

Date:

# *Summary*

## **Chapter 9: Library Capital Projects Fund**



*In this section, we have discussed the following:*

- *What the procedures are for establishment of a Library Capital Projects Fund.*
- *Library Capital Projects Funds require final approval from the Commissioner of the Department of Local Government Finance.*
- *A Library Capital Projects Fund can be used for specific purposes.*
- *Answers to common questions people have regarding a Library Capital Projects Fund.*