

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: Townships

FROM: Anna Culy, Budget Division Director

RE: Township Capital Improvement Plans (Ind. Code § 36-6-9)

DATE: July 24, 2026

On May 1, 2025, Governor Braun signed into law House Enrolled Act 1461-2025 (“HEA 1461”). Effective July 1, 2025, Section 38 of HEA 1461 added Ind. Code § 36-6-9-12 as a new section, which requires townships to adopt a Capital Improvement Plan (“CIP”) on an annual basis.

On March 12, 2026, Governor Braun signed into law House Enrolled Act 1200-2026 (HEA 1200) that, in part, amends Ind. Code § 36-6-9-12. This amendment provides that the start for annual adoption of the CIP under Ind. Code § 36-6-9-12 is now **January 1, 2028**. Before this date, townships with capital improvement funds exceeding 150% of the annual budget and \$200,000 are still required to adopt a CIP no later than September 30 of each calendar year. Townships that do not meet these thresholds are not required to do the full CIP plan.

To aid in determining which townships now must complete the full plan, the Department has created two workbooks. The first workbook will be used by all townships. This workbook will provide a method for determining whether the township has reached the threshold for doing the full plan. The second workbook will be for those townships that meet the threshold and need to do the full plan. The steps below are intended to help townships in meeting these requirements.

For further information on HEA 1200, please see the memo “[Legislation Affecting Local Budgeting Matters](#)” released *July 17, 2026*.

Step 1 – CIP Threshold Calculation

This workbook will have a Main Tab and optional Resolution Template. On the main tab, please select the appropriate options from each drop-down menu:

- 1) Select the county the township resides in:

County **WHITLEY** (REQUIRED FIELD)

- 2) Select the correct township:

Township Name **WASHINGTON TOWNSHIP** (REQUIRED FIELD)

Once those selections are made, the information for the funds on the most recent Budget Order will

be pulled into the form for Section 1 and 2. Section 1 might need data entry in Column D, rows 8-14:

Section 1: Funds from Certified Budget whose cash balances are used in the cash balance verification for CIP.			
Fund Number	Fund Description	2026 Certified Budget	Cash Balance December 31, 2025
0101	GENERAL	\$ 236,025	
1111	FIRE	\$ 50,000	
1190	CUMULATIVE FIRE (Township)	\$ 175,000	
1312	RECREATION	\$ 8,000	

Data
Entry
←

Section 2 will not require any cash balance data entry for Column D.

Section 2: Funds from Certified Budget whose cash balances are not used in the cash balance verification for CIP.		
Fund Number	Fund Description	2026 Certified Budget
0840	TOWNSHIP ASSISTANCE	\$ 7,500

Section 3 will require the most data entry if this section is applicable to the township. You will need to type in the Fund Number, Fund Description (name), and cash balance for the fund. There will be no space for adding the current year budget as it is not part of the certified budget itself.

Section 3: Non Certified funds and other home rule funds with cash balances that must be included in the total cash balance verification for CIP. Example: Rainy Day Fund, Casino Riverboat Fund, Grant Fund, Donation Fund.			
Fund Number	Fund Description		Cash Balance December 31, 2025
<<Fund Number>>	<<Fund Description>>		
<<Fund Number>>	<<Fund Description>>		
<<Fund Number>>	<<Fund Description>>		
<<Fund Number>>	<<Fund Description>>		
<<Fund Number>>	<<Fund Description>>		

Data
Entry
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Once Sections 1-3 are finished, the bottom section of the Main Tab will alert townships to whether they will need to proceed to workbook Step 2 – Full CIP Plan Workbook. An example of what the bottom may look like is below:

IC 36-6-9 Capital Project Requirement Review		
Check 1	(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;	THRESHOLD MET
Check 2	(2) two hundred thousand dollars (\$200,000).	THRESHOLD MET
Note: According to calculations, the unit will need to complete the Step 2 CIP - Full Plan workbook.		

Step 2 – Full CIP Plan Workbook

Under Ind. Code § 36-6-9-12, beginning January 1, 2028, all townships will be required to adopt a CIP that includes:

- 1) The balance of all unrestricted funds exceeding the township budget for the next year and
- 2) The purpose for which all unrestricted funds are being retained.

Section 35 of HEA 1461 added the following definition of “unrestricted funds” to Ind. Code § 36-6-9-4.5. “Unrestricted funds” means cash reserves that are not:

- 1) obligated by a township’s following year budget;
- 2) committed to a township’s capital improvement plan;
- 3) encumbered by a contract or purchase order;
- 4) restricted for a specific use by state or federal law or other applicable state or federal rule;
- 5) restricted by contractual obligation; or
- 6) restricted by a third party.

Section 37 of HEA 1461 amended Ind. Code § 36-6-9-7 to require the adoption of a CIP by townships that meet the threshold requirements of Ind. Code § 36-6-9-5 by **September 30 of each year**. For more details on this, please refer to the Department Memo “[Legislation Affecting Local Budgeting Matters](#)” released on June 10, 2025, and to the full chapter regarding Township CIP (Ind. Code § 36-6-9).

Section 29 of HEA 1200 added a deadline to Ind. Code § 36-6-9-7 for townships that meet the threshold requirements of Ind. Code § 36-6-9-5. A township that meets the threshold requirements must adopt a CIP no later than September 30 and must now submit a copy of the plan to the Department no later than 5 business days after a budget is adopted under IC 6-1.1-17-5(a). For more details on this, please see the Department Memo “[Legislation Affecting Local Budgeting Matters](#)” released on July 17, 2026.

Capital Improvement Plan Template – Using the Template

Indiana Code § 36-6-9-12 also provides that the CIP be filed with the Department in a manner prescribed by the Department. To assist with this requirement, the Department has developed a CIP template. A copy of the template is attached to this memo.

In the same manner as transfers under Ind. Code § 36-1-8-5.1(d)(2)(B)(iii), a township shall transfer 30% of the balance of unrestricted funds (defined by Ind. Code § 36-6-9-4.5 and referenced above) to the Township Road and Infrastructure Fund to ultimately be transferred to a city, town, or county. The template has been designed to analyze the information provided and entered by the township and to assist in the determination of the estimated portion of unrestricted funds subject to the transfer to the new fund required by Ind. Code § 36-6-10-2.

- (1) **Main – Unrestricted Summary** – This tab of the CIP template includes drop-down menus for the user to select the applicable county and township. Once selected, a list of the certified funds, such as Township General, Township Assistance, and Township Fire, will appear. Note: Only lines 5-7 require data entry or selection on this tab; all other information will auto-populate from subsequent tabs.

To ensure the township information appears, select the appropriate options from each drop-down menu:

- (i) Select the county the township resides in:

(a) County	23 - Fountain	<- Click here
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- (ii) Select the correct township:

(b) Township Name	Millcreek Township	<- Click here
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The last piece of information needed on the Main Tab, and the only item that needs data entered on this tab, is the date the plan was adopted by the township board:

(c) Plan Adoption Date (Range: 7/1-9/30/2025)	9/29/2025	<- Data entry
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After completing the other tabs of the workbook, the estimated total amount of unrestricted funds will be calculated. Please note that 30% is not required to be moved from each unrestricted fund. It represents the total estimate. Where the money is pulled from is at the discretion of the township. Please reach out to the State Board of Accounts (“SBOA”) for questions.

- (2) **Unrestricted Fund Tabs** – These tabs collect the information needed to determine the amount of money that should be transferred to the Township Road and Infrastructure Fund, which will then be transferred to a city, town, or county.

- (i) Verify that the information at the top of the Fund page aligns with the expected details. This data will be populated from the Main Tab once the county and township information has been entered.

Capital Improvement Plan	
County Name:	Fountain
Township Name:	Millcreek Township
Fund Description:	0101 - GENERAL

- (ii) Enter the estimated cash balance as of December 31, 2026, found on Form 4B on the Department’s Gateway Budget Application.

Estimated Ending Cash Balances <i>(Can be Found on Line 18 of the Gateway Budget Form 4B)</i>	
Estimated Cash Balance (Including Investments) on December 31, 2026	51,700

- (iii) The next step involves accounting for expenses beyond the anticipated 2026 budget, that will further reduce the amount of unrestricted funds (as defined by Ind. Code § 36-6-9-4.5) available for transfer to the Township Road and Infrastructure Fund.

Adjustments to the Ending Cash Balance	
A. Committed to a Township's Capital Improvement Plan (1) (Not already accounted for in the estimated 12/31/2026 cash balance)	-
B. Encumbered by a Contract or Purchase Order (Not already accounted for in the estimated 12/31/2026 cash balance)	
C. "Third Party" Restrictions (Not already accounted for in the estimated 12/31/2026 cash balance)	
D. Restricted by State or Federal Law or State or Federal Rule (Not already accounted for in the estimated 12/31/2026 cash balance)	
E. Restrictions by a Contractual Obligations (Not included in Expenses Above) (Not already accounted for in the estimated 12/31/2026 cash balance)	

- (iv) The fourth step in this section is to review the calculated estimate for the Township Road and Infrastructure Fund. This should equal 30% of the unrestricted funds identified at the time of the CIP adoption.

Calculated 30% Transfer to the Township Road and Infrastructure Fund IC 36-6-10-5	
Adjusted Estimated December 31, 2026 Cash Balance	51,700
Calculated 30% Transfer to the Township Road and Infrastructure Fund	15,510

- (v) Finally, there is an optional section for notes about the fund balances. This may be useful when the county council reviews the plans, as required by Ind. Code § 36-6-9-11.

Additional Notes and Narrative About Fund Balances

Please note: For any unrestricted fund not certified by the Department (ex: Casino or Donation funds), users will need to enter the fund number used on Gateway, as well as the name of the fund at the top of the tabs labeled "Unrestricted Fund #3," "Unrestricted Fund #4," and "Unrestricted Fund #5."

<u>Capital Improvement Plan</u>	
County Name:	Fountain
Township Name:	Millcreek Township
Fund Description (1):	Unrestricted Fund #3 [Override with fund name, as applicable]

(3) Capital Improvement Plan Tabs – The township will enter information related to planned capital improvements as defined by Ind. Code § 36-6-9-2, as well as the estimated revenues for those projects as defined by Ind. Code § 36-6-9-9.

- a. *CIP (Expense)*: On this tab, the township will list all known and anticipated capital improvement projects for at least three (3) years beyond the adoption year of the plan, as required by Ind. Code § 36-6-9-9.

Example: A township is planning the purchase of a new fire truck as well as a major cemetery reconstruction project. They plan on using a variety of township funds for the purchase and/or implementation of those capital projects. The township will enter these expenditures on the "Capital Projects Plan (Expense)" Tab by year and how much is estimated to be spent on those projects during that year. If this plan is adopted in 2025, the township will complete this for each fund where money may be pulled from for those expenses for 2026, 2027, and 2028.

- b. *Capital Projects Plan (Revenue)*: On this tab, the township will estimate all known revenues that will be held in reserve or used for the identified capital improvement projects in each fund. Per Ind. Code § 36-6-9-9, the revenues must be estimated for each year included in the plan beyond the budget year. Please be advised that the certified funds for the township will populate automatically.

Example: A township is estimating using \$15,000 of property tax, \$1,500 in LIT Certified Shares, and \$50 in FIT/CVET/Excise in the Township General Fund in 2026, 2027, and 2028 to fund a major cemetery restoration project. The township will list these estimates on the "Capital Projects Plan (Revenue)" tab for the general fund as revenue reserved for capital projects.

(4) Resolution (Example) – Indiana Code § 36-6-9-6 specifies that the township board must hold a public hearing on a proposed capital improvement plan or amended plan before the township board adopts the plan. This tab contains an example resolution.

Once data entry has been completed on each applicable tab, the Main Tab will then have a running total of the estimated unrestricted monies subject to the 30% transfer to the Township Road and Infrastructure Fund for transfer in the ensuing year to the budget year in question (i.e., Budget year 2026 calculation for possible transfer in 2027). Again, the plan must be adopted no later than September 30.

Using the Template Beyond the Budget Year

When the transfer to the new township fund is due, a township can utilize the CIP template again. At this time, however, the township can input the actual data to determine the 30% transfer. It should be noted that while the language in the document remains unchanged, the formulas embedded within may assist with calculating the official transfer amount. For questions regarding the process and details of how the transfer should be conducted, please contact SBOA.

Questions about the plan may be directed to your [Budget Field Representative](#).