
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: School Corporations

FROM: Fred Van Dorp, Budget Director

RE: Bus Replacement Plan and Capital Projects Plan

DATE: July 13, 2022

Pursuant to Ind. Code § 20-40-18, the Department of Local Government Finance (“Department”) releases this memorandum and templates for the capital projects plan and bus replacement plan.

Effective January 1, 2020, the governing body shall submit the proposed capital projects expenditure plan or amended plan to the Department's computer gateway at least ten (10) days before the hearing on the adoption of the resolution. The Department shall make the proposed plan available to taxpayers through Gateway. If an amendment to a capital projects expenditure plan is being proposed, the governing body must declare the nature of and the need for the amendment in the resolution to adopt the amendment to the plan.

Steps for completing the new submission can be found in the information below.

Capital Project Plan

Ind. Code § 20-40-18-6(c) states that if a school corporation wants to use money in the operations fund for expenditures related to capital asset acquisition or expenditures that are capital in nature, the governing body must adopt a resolution approving the plan or amended plan. Then, as per Ind. Code § 20-40-18-6(d), if a governing body adopts the resolution specified in subsection (c), the school corporation must then submit the resolution, and not the plan itself, to the Department.

Under Ind. Code § 20-40-18-6(a), plans must contain a listing of all proposed expenditures that exceed \$10,000 and are for:

- (1) Capital assets; or
- (2) Projects that are considered capital in nature a listed in Ind. Code § 20-40-18-7 including technology related projects.

Under Ind. Code § 20-40-18-6(b), all plans must conform to the following stipulations:

- (1) The plan applies to at least the three (3) years immediately following the year that the plan is adopted.
- (2) The plan estimates for each year to which the plan applies the nature and amount of proposed capital expenditures from the fund.

As required by Ind. Code § 20-40-18-6(c), the school corporation shall post the proposed plan or proposed amended plan on the school corporation's website before the hearing and shall publish a notice of the hearing in accordance with Ind. Code § 5-3-1-2(b). Other than school corporations that operate on a fiscal calendar pursuant to Ind. Code § 6-1.1-17-5.6, the governing body must hold a hearing on the adoption of the resolution after January 1 and not later than November 1 of the immediately preceding year. The governing body may hold the hearing and include the notice as part of a regular governing body meeting or part of the same hearing and notice for a bus replacement plan.

Bus Replacement Plan

Ind. Code § 20-40-18-9 provides that before a school corporation may use money in the operations fund for replacing school buses, a resolution approving the school bus replacement plan or amended plan must be submitted to the Department. Ind. Code § 20-40-18-9(b) states that the resolution and plan must be in the format prescribed by the Department.

Under Ind. Code § 20-40-18-9(b), all plans must apply to at least the five (5) budget years immediately following the year the plan is adopted and include at least the following:

- (1) An estimate for each year to which it applies of the nature and amount of proposed expenditures from the fund.
- (2) If the school corporation is seeking to acquire or contract for transportation services for additional school buses or school buses with a larger seating capacity as compared with the number and type of school buses from the prior school year, provide evidence of a demand for increased transportation services within the school corporation.
- (3) If the school corporation is seeking to require a contractor to replace a school bus, evidence that the need exists for the replacement of the school bus. This only applies if the contracted services are to be paid from the operations fund.
- (4) Evidence that the school corporation seeking to acquire additional school buses under this section is acquiring or contracting for the school buses only for the purposes specified in subdivision (2) or for replacement purposes.

As required by Ind. Code § 20-40-18-9(c), the school corporation shall post the proposed plan or proposed amended plan on the school corporation's website before the hearing and publish a notice of the hearing in accordance with Ind. Code § 5-3-1-2(b). Other than school corporations that operate on a fiscal calendar pursuant to Ind. Code § 6-1.1-17-5.6, a school corporation must hold a hearing on the adoption of the resolution after January 1 and not later than November 1 of the immediately preceding year. The governing body may hold the hearing and include the notice as part of a regular governing body meeting or part of the same hearing and notice for a capital projects expenditure plan.

If an amendment is being proposed, the governing body must declare the nature of and the need for the amendment in the resolution. The amended plan must comply with the requirements for a plan under Ind. Code § 20-40-18-9. Under Ind. Code § 20-40-18-9(d), the school corporation must then submit the resolution, but not the plan itself, to the Department. Under Ind. Code § 20-40-18-9(g), the amount that may be paid from the fund under Ind. Code § 20-40-18-9 in a school year is equal to the fair market lease value in the school year of each school bus, school bus

chassis, or school bus body used under the contract, as substantiated by invoices, depreciation schedules, and other documented information available to the school corporation. Under Ind. Code § 20-40-18-9(h), the allocation of costs to the fund must comply with the accounting standards prescribed by the state board of accounts.

If you have any questions, please contact your [Budget Field Representative](#).