TO: School Corporations
FROM: Fred Van Dorp, Budget Director
RE: Amended Bus Replacement Plan, Capital Projects Plan, and School Checklist for Budget Year 2019
DATE: August 24, 2018

Pursuant to IC 20-40-18 and in conjunction with the implementation of HEA 1009-2017 and HEA 1167-2018, the Department of Local Government Finance ("Department") releases this memorandum in addition to amended templates for the capital projects plan, bus replacement plan, and the school checklist that were each released earlier this year. The changes identified in this memorandum are based upon feedback provided by school corporations.

School corporations that have already adopted capital project plans for 2019 should adopt an amended plan that includes the new revenues section using the Department’s new template. Further details on plan amendments may be found later in this memorandum.

Capital Project Plan
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 IC 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.

All plans must conform to the following stipulations:
1. Apply to at least the three (3) years immediately following the year that the plan is adopted;
2. Estimate for each year to which the plan applies the nature and amount of proposed capital expenditures from the fund; and
3. Estimate:
   A. The source of all revenue to be dedicated to the proposed capital expenditures in the upcoming calendar year; and
   B. The amount of property taxes to be collected in the upcoming calendar year and retained in the fund for capital expenditures proposed for a later year.

The revised version of the capital projects plan released today adds a section that may be used by school corporations to estimate revenues.

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 IC 20-40-18-7 including technology related projects.

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 IC 5-3-1-2(b). Other than school corporations that operate on a fiscal calendar pursuant to IC 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.

If a school corporation has already adopted a capital projects plan for 2019 and otherwise identifies no required changes to the plan, it may amend its plan to incorporate the revenues worksheet without making other changes.

**Bus Replacement**

The operations fund is the exclusive fund to be used to pay for the replacement of school buses, either through a purchase agreement or under a lease agreement. A school corporation may use operations fund money to replace school buses if a properly adopted resolution approving the school bus replacement plan or amended plan is submitted to the Department. The resolution and plan must be in the format prescribed by the Department.

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.
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 (3) or for replacement purposes.

The revised plan released along with this memo makes very minor wording updates. If a school corporation has already advertised or adopted a bus replacement plan using the previously-released templates, no changes are required for 2019.

If a school corporation wants to use money in the operations fund during the year to pay for school bus replacement, the governing body must adopt a resolution approving the bus replacement plan or amended plan. 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 IC 5-3-1-2(b). Other than school corporations that operate on a fiscal calendar pursuant to IC 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 to a bus replacement 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. The plan, as proposed to be amended, must comply with the requirements for a plan under IC 20-40-18-9. The school corporation must then submit the resolution, but not the plan itself, to the Department. The amount that may be paid from the fund under IC 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. The allocation of costs to the fund must comply with the accounting standards prescribed by the state board of accounts.

2019 Budget School Information for Review Purposes (2019 School Checklist)

The 2019 School Checklist lists a number of documents that need to be submitted directly to your DLGF Budget Field Representative within 48 hours of your adoption meeting. The amended checklist updates “Section III – Budget Forms” and “Section V – Additional Information to be uploaded in the Budget Application of Gateway.”

In Section III, the Department originally requested a copy of a report that cross walked the information on the Form 2. The amended checklist clarifies that the school shall submit the completed CYFW Excel Transition Workbook.

In Section V, the Department originally requested anticipated transfers. The amended checklist clarifies that school corporation will only need to submit transfer resolutions for the rainy day fund for the last half of 2018.

If you have any questions about the memo or amended templates, please contact your county Budget Field Representative (http://www.in.gov/dlgf/files/Field_Rep_Map_-_Budget.pdf)