
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058
INDIANAPOLIS, IN 46204
PHONE (317) 232-3777
FAX (317) 974-1629

TO: School Corporations

FROM: Courtney L. Schaafsma, Commissioner

RE: Bus Replacement Fund Notices and Plan Template for Budget Year 2017

DATE: June 17, 2016

Pursuant to IC 20-46-5-11, a school corporation desiring to have a Bus Replacement Fund (“Fund”) budget or tax levy must adopt a Bus Replacement Plan (“Plan”) for the upcoming budget year. Prior to the adoption of the Plan, the school corporation must provide its taxpayers with proper notice of the proposed Plan. The Department of Local Government Finance (“Department”) is providing the attached notice template to assist school corporations in meeting this notice requirement. In addition, the Plan template to be used for 2017 also accompanies this memorandum.

Notice to Taxpayers

While IC 6-1.1-17-3 requires only online posting of a unit’s overall Notice to Taxpayers (Budget Form 3), the Bus Replacement Notice to Taxpayers is still required to be published in the newspaper. The Bus Replacement Notice to Taxpayers must be published one (1) time, at least ten (10) days before the date of the public hearing on the Bus Replacement Plan. The Bus Replacement Notice to Taxpayers must be published in two (2) newspapers published in the school corporation. If only one (1) newspaper is published in the school corporation, then publication in that newspaper alone is sufficient. If no newspaper is published in the school corporation, then publication must be made in a newspaper published in the county in which the school corporation is located and that circulates within the school corporation.

The Notice to Taxpayers notifies taxpayers of the date, time, and location at which a public hearing will be held on the proposed Plan. For schools subject to binding adoption by the fiscal body of a county, city, or town, the public hearing and the adoption of the Bus Replacement Plan must be completed by the *School Board* pursuant to IC 20-46-5-6.1 and IC 20-46-5-7. In other words, the appropriate fiscal body will conduct the school corporation’s public hearing and overall budget adoption, but the school corporation itself is responsible for the Plan public hearing and Plan adoption.

The Notice to Taxpayers also provides a summary of the proposed Plan, which includes the proposed number of buses to be replaced and the total estimated replacement cost. **PLEASE NOTE that the cost of bus leases must be included in the replacement cost documented in the Plan.**

In addition to the proposed bus replacements, the Notice to Taxpayers must identify the sources of revenue that will be available to fund the Plan. The detailed items to be included in the Notice to Taxpayers are as follows:

REVENUES

- Projected January 1 Cash Balance for the year identified.
 - This should be the cash balance projected at the start of the budget year, January 1, 2017.
- Encumbrances Carried Forward from Previous Year.
 - These are encumbrances anticipated to be carried over from 2016 into the 2017 budget year.
- Estimated Cash Balance Available for the Plan – Calculated by subtracting the encumbrances identified above from the projected January 1 cash balance.
- Property Tax Revenue – Proposed property tax levy for the year identified.
- Estimated Property Tax Cap Impact – School corporations should utilize the estimates of property tax cap impacts provided by the Department. This figure should be shown as a negative on the Notice to Taxpayers.
- Auto Excise, CVET, and FIT Receipts – Estimated revenues for the year identified.
- Other Revenue – Includes interest income and any other available or anticipated revenues not identified above.

PLEASE NOTE: The property tax revenue value identified on the Notice to Taxpayers for the ensuing budget year will be used as a determining factor by the Department in approving the corresponding levy. An erroneous entry for Property Tax Revenue for the ensuing budget year may result in a reduced or denied levy for the Fund. Please ensure that this value is correct prior to submitting the Notice to Taxpayers to the newspaper(s) for publication. On the attached template, you will notice that this cell is highlighted in yellow. This highlight will go away once a value is entered in this cell. In addition, you will see two warning messages to the right of the cell. Before a value is entered into the cell, the warning will read, “Please enter the proposed tax levy for the budget year.” After a value is entered, the warning will read, “Please ensure correct proposed tax levy prior to publication of this notice.” These warnings are for informational purposes only and are not to be published.

Lastly, the Notice to Taxpayers provides details on increased transportation needs and the need to replace a bus earlier than anticipated, as applicable. If these situations pertain to your school corporation, the school corporation should ensure that the proper statements are included in the notice. For school corporations looking to add buses, please specify the number of additional buses included in the Plan and the total cost of the additional buses.

Accurate completion of the attached notice and appropriate publication of this notice is crucial for the successful and timely completion of budget reviews by the Department. Your assistance in meeting these requirements is appreciated.

Amending the Plan

Indiana Code 20-46-5-10 provides that a School Board may amend a Plan. When an amendment to a Plan is required, the School Board must declare the nature of and the need for the

amendment and show cause as to why the original Plan no longer meets the needs of the school corporation.

The School Board must then give notice (the School Board must publish a notice of the public hearing and the proposed amendment to the plan in accordance with IC 5-3-1-2(b), as explained above) and conduct a public hearing on and pass a resolution to adopt the amendment to the Plan. The Plan, as proposed to be amended, must comply with the statutory requirements (see IC 20-46-5-8) that governed the original plan.

There is no specific deadline for amending a Plan. However, the amendment must be submitted to the Department for its consideration and is subject to approval, disapproval, or modification in accordance with the procedures for adopting a Plan under IC 20-46-5.

By way of example, if a school corporation determines that it needs to replace a bus sooner than originally planned, either because an existing bus is becoming too costly to repair or because an existing bus has been totaled in an accident, the school corporation should amend its Plan, completing the “Amendment” tab on the bus plan spreadsheet, and documenting the additional bus in Section II and Section III, question 2, of the Plan.

Bus Replacement Fund Plan

The attached Plan template is the same template that was used for the 2016 budget year. The only change for 2017 has been an update to the years shown on the Plan for the purposes of annualization. Note that there is a tab that should be used if a Plan is being amended.

If you have any questions about the attached notice or Plan template, please contact Courtney Schaafsma, Commissioner, at cschaafsma@dlgf.in.gov or (317) 234-5720.