**Section 120.60 Reimbursable Annual Depreciation Allowances**

a) Annual depreciation allowances shall be based on the principal cost of pupil transportation vehicles or equipment for items costing $2,500 or more and with a useful life in excess of one year.

1) When a vehicle and/or equipment costing $2,500 or more is purchased, leased for 30 days or more, or leased/purchased any time during the fiscal year, depreciation shall be prorated based upon the percentage of the fiscal year for which the item was held, as set forth in subsection (a)(2) of this Section.

2) The depreciation allowance shall be calculated by dividing the number of months the item to be depreciated is retained by the LEA by 12 and multiplying the allowable depreciation rate by the resulting percentage. This prorated depreciation rate shall then be applied to the principal cost.

b) The depreciation of pupil transportation vehicles that are purchased, leased/purchased, or leased for 30 days or more by the district shall be based on an annual rate of 20 percent of the principal cost.

c) The depreciation of pupil transportation equipment not installed in the vehicle that is purchased or leased/purchased or leased for more than 30 days by the district shall be based on an annual rate of ten percent of the principal cost.

d) The depreciation of buildings (including new additions to existing buildings) shall be based on an annual rate of two percent of the principal cost.

e) A repair or modification to a pupil transportation vehicle costing $2,500 or more per item and extending the useful life of the vehicle by more than one year must be capitalized and shall be depreciated at an annual rate of 33⅓ percent. The cost of a repair or modification includes parts, supplies, and labor associated with the completion of the repair or modification.

f) The depreciation of site improvement(s) costing $2,500 or more and having a useful life of more than one year, made to the building(s) or land used for pupil transportation purposes, shall be based on an annual rate of five percent of the principal cost, including installation fees.

g) The depreciation of two-way transportation vehicle communication systems costing $2,500 or more per office or bus shall be based on an annual rate of ten percent of the principal cost.

h) The depreciation of pupil monitoring equipment installed on school buses, including video cameras costing $2,500 or more per bus, shall be based on an annual rate of 33⅓ percent of the principal cost.

i) The depreciation of a service vehicle (such as a tow truck) costing $2,500 or more that is used to service pupil transportation vehicles shall be based on an annual rate of ten percent of the principal cost.

(Source: Amended at 26 Ill. Reg. 1169, effective January 16, 2002)