



BUS DEPRECIATION & BOOK VALUE

DEPRECIATION OF BUSES

Example #1 (Purchase of a bus with trade-in)

1. 2004 model bus purchase price.....	\$ 26,000
Depreciation for 7 years (12.5% x \$26,000 x7) *.....	\$ 22,750
Book Value	\$ 3,250
2. Net amount paid for 2011 model bus.....	\$ 48,750
Book Value of 2004 model bus	\$ 3,250
Book Value of new bus **.....	\$ 52,000
Depreciation per year of new bus (\$52,000 / 8 years) *	\$ 6,500

Example #2 (Purchase of a bus with no trade-in)

Purchase 2011 model bus.....	\$51,000
Depreciation per year (\$51,000 / 8 years) *	\$ 6,375

OUTRIGHT SALE OF BUSES

Example #3 (Sale of bus [not as trade-in] with no book value)

Sale of 2003 model bus.....	\$ 3,000
8 years of depreciation has been claimed; remaining book value is.....	\$ 0
Amount treated as reimbursement (line 5 of transportation report)	\$ 3,000

Example #4 (Sale of bus [not as trade-in] with remaining book value)

Sale of 2006 model bus.....	\$10,000
Book value (purchase price of \$32,000, two years of depreciation remaining @ \$4,000 / year).....	- \$ 8,000
Amount treated as reimbursement (line 5 of transportation report)	\$ 2,000

Note 1: For any reconditioned bus in which the school district retains title, the entire cost of the reconditioning is placed into the cost of transportation during the year of the expense. If a bus is sold to a company which reconditions buses and it is later purchased from that company, the bus would be depreciated over an 8-year period.

Note 2: For any bus which has been leased with an option to purchase or under a lease/ purchase plan the total cost of the lease plan will be depreciated over an 8-year period. For any bus which does not have an option to purchase, the lease price for the year will be placed into the cost of transportation.

* 8-years depreciation equates to 12.5% depreciation per year.

** This amount is depreciated over an 8-year period.