

Sec. 17a-17-7. Depreciation/use allowance

(a) The straight-line method of calculating depreciation shall be used to compute the useful life of equipment valued at \$500 or more based on the initial acquisition cost. Useful life shall be calculated in accordance with the American Hospital Association publication "Estimated Useful Life of Depreciable Hospital Assets," 1983 Edition.

(b) Treatment centers may convert their existing depreciation reports to schedules which are consistent with the straight-line method as specified above.

(c) Total depreciation charges throughout the useful life of the equipment or real property shall not exceed the original cost of acquisition.

(d) Charges for depreciation shall be supported by adequate property records, including acquisition date and cost, and the depreciation period and the amount charged each cost period where applicable.

(e) Physical inventories shall be taken and documented at least once every two years for depreciable equipment.

(f) Gains or losses on the sale, retirement or other disposition of vehicles and other equipment shall be included as credits or charges in the year in which they occur.

(Effective February 1, 1994)