

SOUTHERN MARIN EMERGENCY MEDICAL PARAMEDIC SYSTEM
CAPITAL ASSETS & DEPRECIATION POLICY

Section: Administration

Effective Date: July 1, 2026

Pages: 3

Purpose:

The purpose of this Capital Assets & Depreciation Policy (“Policy”) is to establish consistent accounting and financial reporting standards for the recognition, capitalization, tracking, and depreciation of the capital assets of Southern Marin Emergency Medical Paramedic System (“SMEMPS”). This policy ensures that capital assets are recorded and reported in accordance with generally accepted accounting principles applicable to governmental entities, including guidance issued by the Governmental Accounting Standards Board (GASB). This Policy also establishes the process and requirements for the disposal and sale of Surplus Property, such as vehicles and equipment.

This Policy is intended to:

1. Define the criteria for identifying and capitalizing capital assets.
2. Establish a capitalization threshold and asset classification framework appropriate to the SMEMPS’ operational environment.
3. Provide guidance for recording, safeguarding, and maintaining accurate records of capital assets.
4. Establish consistent methodologies for depreciating capital assets over their estimated useful lives.
5. Ensure that SMEMPS’ financial statements accurately reflect the value and consumption of long-lived assets used to provide emergency medical services.

By implementing this policy, SMEMPS seeks to promote financial transparency, support sound asset management practices, and ensure compliance with applicable accounting standards and audit requirements.

Authority:

This Policy is adopted by the SMEMPS Board of Directors (“Board”) as authorized by the Amended and Restated Joint Powers Agreement for the Southern Marin Emergency Medical Paramedic System dated June 9, 2026 and associated Bylaws. This Policy may be reviewed and revised by the Board from time to time in its discretion, to reflect legal requirements and best practices.

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Capital Asset Definition:

Capital assets are defined as assets with an initial, individual acquisition cost equal to or greater than the capitalization threshold established in this policy and an estimated useful life greater than one year.

Groups of similar assets with individual costs below the capitalization threshold may be capitalized when the total acquisition cost of the group equals or exceeds the capitalization threshold and the assets are acquired at the same time and have similar useful lives.

Capitalization Threshold:

SMEMPS' capitalization threshold shall be \$20,000. Vehicles shall always be capitalized regardless of their cost. The Board of Directors may revise the capitalization threshold from time to time as necessary to reflect changes in asset values, inflation, or operational needs.

Valuation of assets:

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated acquisition value on the date contributed.

Capital assets acquired through grants, donations, or other non-exchange transactions shall be recorded as capital assets if S MEMPS obtains ownership or control of the asset. Such assets shall be recorded at their estimated acquisition value at the date received and depreciated in accordance with this policy.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' life are not capitalized. Major repairs, refurbishments, or remounts that materially extend the useful life of a vehicle or significantly increase its service capacity shall be capitalized and depreciated over the remaining or revised useful life of the asset.

Depreciation methodology:

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expenses each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated.

Useful Life Schedule:

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The Treasurer or their designee shall establish the useful life of all capitalized assets according to the following guidelines:

- Vehicles..... 8 years
- Equipment..... 5-8 years

Depreciation shall begin in the fiscal year following the acquisition of the asset, resulting in a full year of depreciation expense in the first year recorded.

Non-capital asset inventory / control:

Items below the capitalization threshold that are considered sensitive, portable, and/or operationally significant may be tracked through the member agencies' equipment inventory systems to ensure accountability and proper stewardship of public resources.

Surplus Property:

Surplus Property is defined as any tangible personal property such as a vehicle or piece of equipment, that is no longer required, needed, or effective, because it is obsolete, uneconomical to repair, or otherwise unusable. The initial determination of Surplus Property shall be made by the Executive Officer or designee. Surplus Property shall not include real property as defined by State law. Surplus Property shall be disposed of as follows:

1. Value Exceeding \$5,000. If the current value of the property exceeds \$5,000 per item, the Board shall approve of its sale or disposal by resolution. The Board shall first determine if the property qualifies as Surplus Property pursuant to this Section and may authorize the Executive Director to sell or otherwise dispose of the Surplus Property.
2. Value of \$5000 or less.
 - a. If the current value of the Surplus Property is \$5,000 or less per item, the Executive Director may authorize the sale or disposition of the Surplus Property by any method he/she determines most advantageous to SMEMPS considering the value and nature of property and money to be recouped by sale, if any.
 - b. The Executive Officer is authorized to sell Surplus Property under this Subsection to another California public entity for its current market value or equivalent in trade.
3. Any disposal of Surplus Property pursuant to this section shall be "as-is" without warranty, express or implied.
4. Any funds from the disposal of Surplus Property shall be deposited in the general fund of SMEMPS.
5. The Treasurer shall maintain records of all sales and dispositions of Surplus Property under this Section including, but not limited to: a description of the item(s); amount of

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money received/disposition result; name of transferee; and date of transfer. Said records shall be maintained for a minimum of two (2) years.

- 6. Surplus Property may be donated to a non-profit, 501(c)(3) organization consistent with this Section if it is determined to be in the public interest.