MID-BAY BRIDGE AUTHORITY

CAPITALIZATION POLICY

Purpose

This accounting policy establishes the minimum cost (capitalization amount) that shall be used to determine the capital assets that are to be recorded in Mid-Bay Bridge Authority's annual financial statements.

Capital Asset Definition

A "Capital Asset" is defined as a unit of tangible property that: (1) has an economic useful life of more than 12 months; and (2) was acquired or produced for a cost of more than $1,000 (including acquisition and installation costs on the same invoice). Capital Assets must be capitalized and depreciated for financial statement purposes.

Capitalization Thresholds

Mid-Bay Bridge Authority establishes $1,000 as the threshold amount for minimum capitalization of tangible property. Any items costing below this amount will be expensed in Mid-Bay Bridge Authority's annual financial statements.

Capitalization Method and Procedure

All Capital Assets are recorded at historical cost or estimated historical cost as of the date acquired. Donated assets are valued at their estimated fair market value on the date donated. Tangible assets costing below the aforementioned threshold amount are recorded as an expense in Mid-Bay Bridge Authority's annual financial statements.

Estimated Useful Lives

Depreciation is computed under the straight-line method over estimated asset lives as follows:

Buildings	40 years
Improvements	40 years
Equipment	5 years

Modified Approach Election

The Mid-Bay Bridge Authority has elected to utilize the modified approach to account for its infrastructure assets. Under the modified approach, infrastructure is treated as an inexhaustible capital asset, thereby eliminating the need for depreciation accounting. Mid-Bay Bridge Authority must demonstrate that they are maintaining the infrastructure assets at a selected condition level to qualify to use the modified approach. The Mid-Bay Bridge Authority's policy is to maintain the condition level of its infrastructure at or above the FDOT performance standard.

Routine Maintenance Definition

Routine maintenance that Mid-Bay Bridge Authority reasonably expects to make more than once to a unit of property, including buildings and improvements, over a 10-year period is not a capital asset and will be expensed.

Materials and Supplies

A "material" or "supply" is generally considered to be tangible property that is used or consumed in the business within twelve months of acquisition, is not inventory, or has a unit cost of less than $1,000. Materials and supplies meeting this definition may be expensed.

Renewal Effective: October 16, 2025

THIS POLICY WILL BE REVIEWED AND RENEWED ANNUALLY BY THE MID-BAY BRIDGE AUTHORITY