

County of Alpena

Notes to the Financial Statements

Note 1--Summary of Significant Accounting Policies. (continued)

**Receivables.** Consist of amounts due from property taxes, accounts receivable related to charges for services, interest receivable, and mortgage loans issued by the Home Improvement Program owed to the County at year end.

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

**Interfund Receivables and Payables.** In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

**Inventories and Prepaid Items.** Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets.** Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and other), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

\$10,000-

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

- Land Improvements 10 to 50 years
- Buildings 10 to 50 years
- Building Improvements 5 to 50 years
- Vehicles 3 to 20 years
- Office and Computer Equipment 3 to 30 years
- Infrastructure - Roads 5 to 30 years
- Infrastructure - Bridges 12 to 50 years
- Infrastructure - Traffic Signals 15 years

**Leases.** The County is a lessee for noncancellable leases of vehicles. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental or business-type activities column in the government-wide financial statements. The County recognizes lease assets and liabilities with an initial value of \$5,000 or more.

\$10,000-

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.