

Document Code No.: FIN-12-3-EP

Title: Accounting and Financial Reporting for County Roads and Bridges

Affected Agencies: Dept. of Local Services – Roads Services, Dept. of Executive Services – Finance and Business Operations

Authorities: Revised Code of Washington 43.09.200; Budgeting, Accounting, and Reporting System 3.1.2.20; Government Accounting Standards Board (GASB) Statement 34

Keywords: Roads, Bridges, Financial Accounting, Depreciation

Sponsoring Agency: DES/Finance and Business Operations (FBOD)

Executive signature: 

Date signed and effective: 7.31.19



King County

I. Purpose

To formalize policies and procedures for accounting and reporting of the County's roads and bridges infrastructure, including disclosure of the established condition level at (or above) which the infrastructure will be maintained under the modified approach.

II. Applicability and Audience

This policy applies to the Department of Local Services (DLS) and the Department of Executive Services (DES).

III. Definitions

"Assessment Cycle" means the replicable, systemic assessment of road or bridge conditions using either direct observation or statistical sampling. A cycle is considered complete for the road or bridge network only when condition assessments have been performed for all (or a statistical sample of) assets in that network.

"Established Condition Level" means the overall physical condition of the infrastructure network that would allow it to continue to provide services to the public, in a manner deemed by the government to be satisfactory when considering the intent when the infrastructure was originally constructed.

"Infrastructure" means long-lived capital assets that are normally stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets."

"Maintenance" means outlays that allow a government to continue to use assets during the originally established service life; or if subsequently upgraded, during its enhanced service life.

"Modified Approach" means an alternative method of accounting for infrastructure assets that are part of a network where depreciation is not taken as long as the government commits to preserving and maintaining the assets indefinitely. Under this approach, the overall condition level of the asset is disclosed along with the estimated and actual expenditures to maintain the assets at (or above) the established condition level.

"Preservation" means outlays that extend the useful life of infrastructure but do not add to the asset's capacity or efficiency.

IV. Policy



A. Accounting and Financial Reporting Method

1. DES and DLS shall record accounting transactions in accordance with the “modified approach” for roads and bridges infrastructure under Governmental Accounting Standards Board Statement (GASBS) number 34.
 - a. Outlays associated with preservation and maintenance activities shall be expensed when incurred.
 - b. Outlays associated with constructing a new bridge or road to replace older infrastructure shall be considered preservation costs unless the new infrastructure significantly adds to the capacity and efficiency of the bridge or road network. Only the portion of the outlays associated with the increased efficiency or capacity shall be capitalized.
 - c. DLS shall use the State of Washington Department of Transportation (WSDOT) Bridge Sufficiency Rating in the assessment of bridge conditions.
 - d. DLS shall use the State of Washington County Road Administration Board’s Pavement Condition Index in the assessment of road conditions.
 - e. DLS will assess bridge and road conditions at minimum every three years and transmit the results of those condition assessments to DES by March 30 of the year following the condition assessment.
 - i. Condition assessments for roads and bridges shall be conducted on a cyclical basis in such a way that one hundred percent of the network is evaluated within the assessment cycle.
 - ii. The method of assessment shall be systematic, replicable, and consistently applied over the assessment cycle.

B. Asset Condition Level Targets

DLS has established the following condition level targets, representing a sustainable state of repair for the county’s roads and bridges which assures their long-term service to county residents.

1. Bridges
 - a. County bridges shall be maintained in such a manner that no more than 12 bridges can have a sufficiency rating of 20 or less (on the 0-100 scale) in one complete assessment cycle.
2. Roads
 - a. County roads shall be maintained in such a manner that 50 percent of the network (in lane miles) has a PCI of 40 or better (on the 0-100 scale) over one complete assessment cycle.
3. Sustainability
 - a. If the actual assessed condition level or either roads or bridges falls below the established condition level targets set in sections 1 and 2 above over two consecutive assessment cycles, DLS and FBOD will either prepare a corrective action plan for approval by their respective

Directors and the Director of Performance, Strategy, and Budget or
convert to the depreciation method of financial reporting for roads and
bridges within one year.

C. Asset Management

1. DLS shall maintain an asset management system that meets the following minimum requirements
 - a. maintains an up-to-date inventory of roads and bridges
 - b. retain both the current, and at a minimum the previous three condition assessments, for all roads and bridges
 - c. prepares an annual estimate of the cost necessary to preserve roads and bridges at the target levels established in section IV.B of this policy.

D. Annual Disclosure and Financial Reporting

1. DES shall annually report condition assessment data in conformance with the Budgeting, Accounting, and Reporting System Manual promulgated by the State Auditor.

V. Implementation Plan

- A. This policy becomes effective for DLS and DES on the date that it is signed by the Executive. The Department of Executive Services, Finance and Business Operations Division is responsible for implementation of this policy.
- B. DLS and the DES are responsible for communicating this policy to the management structure within their respective agencies. DES is responsible for forwarding a copy of this policy, including all revisions, to the State Auditor.

VI. Maintenance

- A. This policy will be maintained by Department of Executive Services, Finance and Business Operations Division, or its successor agency.
- B. This policy will automatically expire five (5) years after its effective date. A new, revised, or renewed policy will be initiated by Department of Executive Services, Finance and Business Operations Division, or its successor agency prior to the expiration date.

VII. Consequences for Noncompliance

- A. Failure to comply with this policy will result in the County being required under 43.09.020 RCW to depreciate its capital assets over their remaining useful life beginning on January 1 of the calendar year following the incident of noncompliance.

