From:	Amy Cadwell
To:	Cowgill, Christie (SAO)
Cc:	Kostick, Niles (SAO); Young, Joshua (SAO); Hylton, Scott (SAO); Strand, Ann (SAO); Adams, Haji (SAO); Tellers, Stacie (SAO); Crouch, Olivia (SAO); ards@sao.wa.gov; Wolf, Andrew (SAO); Pagio, Kayley (SAO); Vandenburg, Vivian (SAO); Fenton, Crystal (SAO)
Subject:	RE: Response to Client Helpdesk Request 94434
Date:	Thursday, February 1, 2024 2:33:32 PM
Attachments:	image002.png

External Email

Thank you, Christy –

Follow up question – When we have a contract that renews mid-fiscal year, do we add the value of the new software contract to the existing asset record? Alternatively, do we create a new asset for the renewed contract?

Amy Cadwell (she, her, hers) | Accountant
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From: COWGILLC@sao.wa.gov <COWGILLC@sao.wa.gov>
Sent: Wednesday, January 31, 2024 3:00 PM
To: Amy Cadwell <acadwell@Lynnwoodwa.gov>
Cc: kostickn@sao.wa.gov; youngj@sao.wa.gov; hyltons@sao.wa.gov; stranda@sao.wa.gov; adamsh@sao.wa.gov; tellerss@sao.wa.gov; croucho@sao.wa.gov; ards@sao.wa.gov; andrew.wolf@sao.wa.gov; cowgillc@sao.wa.gov; pagiok@sao.wa.gov; vivian.vandenburg@sao.wa.gov; fentonc@sao.wa.gov
Subject: Response to Client Helpdesk Request 94434

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Your request # 94434 for Lynnwood, City of has been resolved.

Your question was:
If the cost of an asset is recorded in multiple different funds and fund types, where should the asset value and depreciation be booked?

The background information you provided was:
The City of Lynnwood has a few different assets, mostly software, that are used by multiple different departments. The cost of the asset has been distributed across funds representing the departments that use the software. These include both governmental and proprietary funds. Should the asset value and depreciation be distributed across the funds, should it be booked in an internal debt service fund, or should it be handled differently?

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Our response is as follows:
Hello,

If there is an internal service fund that "owns" the asset, then that fund would record the asset and depreciation while charging the other funds and departments for the use of the asset.

If there is not an internal service fund, when the asset is purchased it would be allocated across the funds (capital outlay expenditure in the governmental funds, capital asset in proprietary). We would recommend having a depreciation schedule for the asset as a whole and then allocate the depreciation expense to the various funds (no entry in governmental funds, depreciation expense recorded in proprietary funds).

If you have any further questions please let me know.
Christie

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If you have additional follow-up questions, please reference this request number when you contact us again. A copy of this response is provided to your audit team to ensure that we are consistent and efficient when working with you.

Sincerely,
CHRISTIE Cowgill

Disclaimer: Answers are informational only and are based on the specific circumstances presented. As laws and circumstances change, or additional facts are presented, the answer is subject to change. The information provided by the Washington State Auditor's client helpdesk is not a legal or a binding opinion.

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