

| Agenda Item | cover sheet

for consideration by the Apex Town Council

Item Type: CONSENT AGENDA

Meeting Date: December 09, 2025

Item Details

Presenter(s): Jon Griffin, Director

Department(s): Finance

Requested Motion

Motion to approve Budget Ordinance Amendment No. 8 appropriating funds for transactions that are currently accounted for as liabilities to instead be budgeted as revenues and expenditures, consistent with Governmental Accounting Standards Board (GASB) Rule 84 standards.

Approval Recommended?

Yes

Item Details

Budget Ordinance Amendment No. 8 allocates an estimated \$867,000 of funds that pass through the town's accounting records as revenues and expenditures. These resources are already collected by the town, but currently flow through balance sheet accounting lines which is not consistent with GASB 84's rules about reporting non-exchange and fiduciary transactions.

1. Health & Dental Fund - the Town provides a variety of fringe benefits to its employees, including 5 supplemental insurance programs (life, accident, disability, etc.) and 3 flexible spending accounts. These transactions are pass-through in nature but represent the exchange of service in exchange for payroll deductions. Since the Health and Dental fund provides a similar service to town employees, it is reasonable and consist with governmental accounting rules to present these transactions as revenue and expense the same way that the town already presents its health and dental insurance program.
2. As the town budgets employees through 4 funds (General, Electric, Water and Sewer and Stormwater), this creates the need for the Finance Department to maintain 32 individual reconciliations for the pro-rated liabilities associated with each program. Budgeting the collection of these revenues and their expenditures as a single service provided by the Health and Dental fund is also an opportunity for streamlining and clarifying accounting workload.

3. General Fund – NCGS 87-15.6 requires that when a general contractor applies for a permit to construct a single-family residential dwelling unit, the inspections department must collect \$10 from the contractor. Of the \$10, the Town must pass \$9 onto the North Carolina General Contractors Licensing Board and may retain \$1 to offset the cost of collections by the Inspections Department.
4. The town has previously accounted for this as \$9 passing through a liability account with \$1 as revenue in the inspections department, with the corresponding invoice payable to the Licensing Board as charging against the liability account. This is not consistent with GASB 84 – as the town’s inspectors are collecting the \$9, it is revenue for the town. Correspondingly, the payment to the Licensing Board becomes an expense.
5. Penalties, fines and forfeitures collected by local governments have a constitutional requirement to be turned over to operate public schools. The Town of Apex has historically reconciled the collection of fines as an increase in liabilities and the payment to Wake County Public Schools as a reduction in that liability. Pursuant to GASB 84, and the LGC Memorandum 2021-04, the collection of fines and forfeitures should be considered a revenue, and the payment to Wake County Public Schools as an expenditure. Per LGC guidance, fines and forfeitures should be collected and budgeted in a special revenue fund and not in the Town’s general fund.

Attachments

- CN13-A1: Budget Ordinance Amendment No. 8 - Reporting of Non-Exchange and Fiduciary Transactions Consistent w-GASB 84 Rules

