

| Agenda Item | cover sheet

for consideration by the Apex Town Council

Item Type: CONSENT AGENDA

Meeting Date: June 23, 2026

Item Details

Presenter(s): Jon Griffin, Director

Department(s): Finance Director

Requested Motion

Motion to authorize the Finance Director/Officer to revise the purchase order threshold as outlined in the Town's Purchasing Policy for purchase orders to \$5,000 (currently \$2,500) and to revise the asset capitalization threshold to \$10,000 (currently \$10,000) as a temporary adjustment through October 31, 2026.

Approval Recommended?

Yes

Item Details

The Finance Department intended to present a comprehensive revised purchasing policy for approval by Town Council, combining the Town's Purchasing Policy, which covers the acquisition of goods and services using local funds, and the Town's Uniform Guidance and Conflict of Interest Policy, which covers procurement of goods and services when financed through state or federal revenues.

However, on May 29th, 2026, the United States (US) Office of Management and Budget (OMB) announced its intent to promulgate regulations that will provide significant edits to the 2 Code of Federal Regulations Part 200 (the "Uniform Guidance"). This regulatory action is out to public comment through July 13, 2026 and anticipated to go into legal effect October 1, 2026.

Accordingly, it is no longer reasonable for the Town to consider a revised document at this time, since at the end of the public comment and regulation-making period the Town will need to either re-write policies in response to 2 CFR 200 or to acknowledge new provisions 2 CFR 200.

There are two policy changes that would provide an opportunity for administrative streamlining:

- Adjusting the purchase order threshold to \$5,000 (currently \$2,500). This threshold has not been adjusted in several years, despite inflation.

- This does not impact any competitive bidding or pricing requirements of state law. The Town only requires purchase orders from \$2,500 to \$4,999 for tracking budgetary resources purposes.
- Raising the purchase order threshold reduces the amount of data entry that must be performed and reviewed by Purchasing staff and should generally better align data entry with higher prices.
- One example of administrative streamlining is in Parks and Recreation instructors, instructors sign up to facilitate classes with the Parks and Recreation department, but the number of classes they will teach may require tracking via PO, whereas some instructors/class loads do not require it and it can revolve entirely around the number of participants in a class whether or not a purchase order is required.
- Adjusting the fixed asset capitalization threshold to \$10,000 (currently \$5,000).
 - Currently, equipment, fixtures, improvements or other investments that have a useful life of greater than 2 years made by the Town in excess of \$5,000 are recorded on a log of assets and depreciated over their useful lives.
 - Based on a review of the Town's prior annual financial reports, the Town has used \$5,000 for this purpose since the requirement to present capital asset accounting was implemented in FY 2003.
 - The US Bureau of Labor Statistics Core Price Inflation calculator indicates that the buying power of \$5,000 in 2003 is equivalent to \$9,221 in May 2026.
 - At fiscal year end June 30, 2025 - the Town's register of capital assets listed 2,259 individual assets, of which 403 had a value of less than \$10,000. Their aggregated value represented \$2,533,428 or approximately .154% of the register.
 - The federal uniform requirement that would apply to any assets acquired by the Town using federal or state grant funds has already been raised to \$10,000 since October 1, 2024.

Combined, these two minor policy changes reflect a reasonable approach to inflation and the need to focus the Town's financial tracking on items of more significant. These changes would be incorporated and finalized as a part of a forthcoming fully revised Purchasing Policy.

Attachments

- N/A

