



Financial Policy – Vacancy Savings and Unbudgeted Expenditures

Purpose

The purpose of this policy is to establish clear expectations regarding the use of vacancy savings and other unspent budget appropriations. This policy promotes fiscal discipline, transparency, and appropriate oversight by the City Council by ensuring that unspent budget funds are not used for unplanned or unnecessary expenditures.

Vacancy Savings Defined

For purposes of this policy, vacancy savings refers to budgeted salary or benefit funds that remain unspent due to:

- A position being vacant for a period of time
- A delayed hiring process
- A position remaining unfilled for part or all of a fiscal year
- Salary savings resulting from turnover or staffing changes

Vacancy savings remain part of the City's available financial resources but do not automatically create spending authority for other purposes.

Unspent Budget Appropriations

Unspent funds remaining within any budget line item, including supplies, services, or other operating accounts, do not constitute automatic authorization for additional or discretionary spending.

Departments shall not make unnecessary or unplanned purchases solely for the purpose of expending remaining budgeted funds prior to the end of the fiscal year.

Unspent appropriations remain under the financial oversight of the City Council and may only be used for legitimate operational needs consistent with City policy.

Use of Vacancy Savings and Unspent Budget

Vacancy savings or other unspent budget appropriations may not be reallocated for purchases or expenditures that were not included in the adopted budget unless approved in advance by the City Council.

Departments may not use these funds to purchase new equipment, initiate new projects, or make discretionary purchases outside of the approved budget without prior Council authorization.

Unbudgeted Expenditures

Expenditures not included in the adopted annual budget must be reviewed and approved by the City Council prior to the purchase or financial commitment when required by this policy.

Requests for unbudgeted expenditures should include:

- Description of the item or service
- Estimated cost
- Explanation of the operational need
- Proposed funding source

The City of Sidney is an equal opportunity employer and provider.

Council Approval Threshold

Any unbudgeted purchase or expenditure must be approved by the Mayor or City Administrator prior to the purchase. The Mayor or City Administrator may authorize limited adjustments within a department budget when the purchase is of the same general type or purpose as the item originally budgeted, provided that the net increase to the budget does not exceed \$15,000.

Any unbudgeted purchase or expenditure that results in a budget increase of \$15,000 or more requires specific prior approval from the City Council, regardless of the funding source. Any change to the budget that would require a formal budget amendment under Montana law must receive prior approval from the City Council.

This requirement applies even if sufficient funds exist within a department's budget due to vacancy savings or other unspent appropriations.

Emergency Expenditures

In cases where immediate action is necessary to protect public health, safety, or City property, emergency expenditures may be authorized consistent with the City's purchasing and procurement policies.

Emergency expenditures shall be documented and reported to the City Council at the next regular meeting.

Relationship to Other Financial Policies

This policy operates in conjunction with the City's adopted:

- Purchasing Policy
- Procurement Policy
- Contract Approval Authority Policy
- Capital Asset and Equipment Purchase Policy
- Budget Authorization vs. Expenditure Authorization Policy

These policies collectively establish the City's financial oversight framework.

Policy Review

This policy shall be reviewed yearly, prior to the budget process, by the City Council and City administration to ensure continued compliance with Montana law and best practices in municipal financial management.