



Financial Policy – Capital Asset and Equipment Purchase Policy

Purpose

The purpose of this policy is to establish clear expectations and procedures for the purchase of capital assets and major equipment by the City of Sidney. This policy ensures appropriate oversight of significant expenditures, promotes fiscal responsibility, and provides transparency in the acquisition of long-term City assets.

Definition of Capital Assets

For purposes of this policy, capital assets and major equipment include tangible items purchased by the City that:

- Have a useful life of more than one year, and
- Have a purchase value of \$5,000 or greater, either individually or as part of a single purchase.

Examples may include, but are not limited to:

- Vehicles and heavy equipment
- Machinery and specialized operational equipment
- Major technology equipment or systems
- Furniture or facility equipment exceeding the threshold
- Infrastructure components purchased separately from construction projects

Capital asset purchases may also include grouped equipment purchases when the combined purchase exceeds the threshold.

Council Oversight of Capital Purchases

Capital asset and equipment purchases exceeding \$5,000 require prior approval by the City Council, regardless of whether the purchase has been included in the adopted annual budget.

Council approval ensures that elected officials maintain oversight of significant equipment and asset purchases and provides transparency in the acquisition of long-term City property.

Approval shall occur during a public meeting and be documented in the official meeting minutes.

Budgeted Capital Purchases

Capital purchases that are included in the City's adopted budget must still receive City Council approval prior to purchase if they exceed the \$5,000 threshold.

The adopted budget authorizes funding for potential expenditures but does not constitute authorization to complete the purchase without Council review when required by this policy.

Procurement Compliance

All capital asset purchases must also comply with the City's adopted Purchasing Policy and applicable provisions of Montana law governing municipal procurement, including competitive bidding requirements when applicable.

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

Emergency Equipment Purchases

In situations where immediate purchase of equipment is necessary to protect public health, safety, or property, the Mayor may authorize an emergency purchase consistent with emergency procurement provisions.

Emergency purchases must:

- Be documented
- Identify the emergency circumstances
- Be reported to the City Council at the next regular meeting

Asset Tracking and Inventory

All capital assets purchased by the City shall be recorded in the City's capital asset inventory and tracked in accordance with the City's financial and accounting procedures.

Asset records should include:

- Description of the asset
- Purchase date
- Purchase cost
- Department responsible for the asset
- Asset identification number when applicable

The Clerk/Treasurer is responsible for maintaining capital asset records in accordance with accounting and audit requirements.

Disposal or Replacement of Capital Assets

Disposal or replacement of capital assets shall follow applicable City policies and Montana law governing the disposition of municipal property. Any disposed or replaced capital assets must be reported to the Clerk/Treasurer for maintaining asset records.

Policy Review

This policy shall be reviewed periodically by the City Council and City administration to ensure compliance with Montana law and best practices in municipal financial management.