

Debt Policy

BOT Approved: October 20, 2009;
Revised April 17, 2012 and 10/15/19.

PURPOSE:

The debt policy is intended to promote proper fiscal management, maintain intergenerational equity and meet with the individual needs of Garrett College.

POLICY:

The Board of Trustees of Garrett College is required, pursuant to 17-207, and 17-208 of the Annotated Code of Maryland to adopt a debt policy that is consistent with the Maryland Constitution and all other State and local laws. The Board’s borrowing authority is limited by the applicable provisions of Title 16 of the Education Article of the Annotated Code of Maryland and the Board wishes to provide and formalize such a written policy to promote the continued sound financial management of Garrett College.

PROCEDURES:

- Within each budget cycle, the Chief Financial Officer will prepare and submit to the Board for approval a capital plan showing the requirements for the upcoming budget year and which shows the expected sources of funds for each capital project. Garrett College will follow the Board approved budget.
- Garrett College will not use long-term debt to fund current operating costs.
- Garrett College will only use long-term debt for capital leasing or financing of equipment, machinery, personalty, and fixtures. **However, the Garrett College Foundation, Inc., (GCF) can borrow funds for real estate properties and the College can enter into long-term capital leases with GCF to utilize these properties.** Such capital leasing or financing will not be for a term more than the useful life of the items leased or financed.
- In the event Garrett College does issue debt, it will not use variable rate debt instruments, interest rate exchange agreements or swaps, and other derivatives including futures and options.
- Garrett College will avoid the use of short-term debt for non-capital purposes except when necessitated by cash flow or other “emergency” situations.
- Garrett College will maintain good communications with its support county about its financial condition and will follow a policy of full and open disclosure on financial reports.

The Garrett College Debt Policy shall be reviewed and revised as necessary.