Policy Number 04.01.002

Allegany College of Maryland

DEBT POLICY

Adopted: 11/16/2009
Revised Date (if applicable)
Approved by Board of Trustees: 11/16/2009
Revision Approved by BOT: 10/17/2022
Type of Policy: Finance – State Mandated

BACKGROUND AND PURPOSE

Pursuant to Article 95, Section 22F(d) of the Annotated Code of Maryland, Allegany College of Maryland was required to adopt a debt policy that is consistent with the Maryland Constitution, Articles 23A, 24 and 31 of the Annotated Code of Maryland and all other applicable statutes, charters, and local laws.

POLICY

I. SCOPE OF THE POLICY

This policy pertains to the use of debt to finance college operations or purchase capital assets and equipment.

II. POLICY STATEMENT

Allegany College of Maryland will not use long-term debt to fund current operating costs.

Allegany College of Maryland will only use long-term debt for capital leasing or financing for capital items, such as equipment, machinery, and fixtures. 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 Allegany College of Maryland does issue debt, it will not use variable rate debt instruments, interest rate exchange agreements or swaps, and other derivatives including futures and options.

Allegany College of Maryland will avoid the use of short-term debt for non-capital purposes except when necessitated by cash flow or other “emergency” situations.

Allegany College of Maryland will maintain good communications with Allegany County about its financial condition and will follow a policy of full and open disclosure on financial reports.

III. Procedures

Prior to each fiscal year, an annual budget will be prepared and submitted to the Board of Trustees showing the capital requirements for the upcoming budget year and the expected sources of funds for the capital requirements. Allegany College of Maryland will follow the Board approved budget.

IV. Administration of Policy

The policy will be administered and periodically reviewed by the Finance and Accounting department of the College, under the oversight of the Vice President of Finance and Administration.

V. Changes

Substantive changes to this policy require approval by the Board of Trustees; editorial changes, title/position changes, and/or changes to its implementation procedures may be made as required by federal or state mandate and/or institutional need with timely notice to students and employees.