

TOWN OF HARDWICK DEBT MANAGEMENT POLICY

PURPOSE

The purpose of this policy is to ensure that the Town of Hardwick issues and manages debt in a prudent, transparent, and moderately conservative manner that protects taxpayers, maintains long-term financial stability, and supports the Town's capital and infrastructure needs. Debt shall only be issued when necessary and when it is in the best financial interest of the Town.

DEFINITIONS

Debt: An obligation of the Town to repay borrowed money.

Debt Service: Annual principal and interest payments on outstanding debt.

Enterprise Fund: A self-supporting municipal fund supported by user fees.

PROCEDURES

A. Guiding Principles – The Town shall use debt primarily for long-term capital improvements or major equipment purchases; prioritize grants and capital reserve funds before borrowing; avoid borrowing for operating expenses or routine maintenance; and structure debt conservatively.

B. Legal Authority – The Town may incur debt in accordance with Vermont statutes including 24 V.S.A. Chapter 53 and Vermont Municipal Bond Bank requirements. Voter approval shall be obtained when required by law. The Select Board may authorize borrowing for highway equipment and other purposes where permitted by statute.

C. Affordability – The Town shall strive to maintain general fund debt service at or below approximately fifteen percent (15%) of annual general fund expenditures under typical conditions. This guideline applies only to debt supported by the General Fund and is intended to inform long-term financial planning.

Temporary increases above this level, up to approximately twenty percent (20%), may be considered when financing significant long-term capital infrastructure that provides substantial public benefit, provided such levels are determined to be financially manageable and are formally reviewed and documented by the Select Board.

Debt issued for enterprise funds, such as water or sewer utilities, shall be supported by enterprise revenues and user fees and is not included in the general fund debt service guideline.

Total Town indebtedness shall remain within statutory limits and at levels considered manageable relative to the Town's Grand List and overall financial condition.

D. Capital Funding – The Town maintains capital reserve funds for future projects and equipment. Available reserves and grants shall be considered prior to issuing new debt.

E. Types of Debt – The Town may utilize general obligation bonds, Vermont Municipal Bond Bank financing, state revolving loan funds, municipal equipment loans, bond anticipation notes, and tax anticipation notes when necessary for cash flow timing purposes. Short-term borrowing shall not be used to finance operating deficits except in extraordinary circumstances. Any such use must be approved by the Select Board and accompanied by a documented plan to restore structural budget balance.

F. Issuance and Management – The Select Board shall approve all borrowing. The Finance Director shall evaluate affordability, maintain debt schedules, ensure timely payment of debt service, and coordinate with lenders and bond counsel. Debt service shall be included in the annual budget.

G. Compliance – The Town shall maintain appropriate records and comply with all lender, state, and federal requirements for the life of any outstanding debt.

H. Review – This policy shall be reviewed on an as needed basis by the Select Board and Finance Director and updated if necessary.

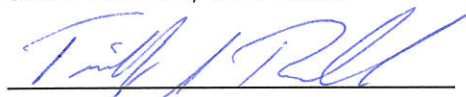
The foregoing Policy is hereby adopted by the Select Board of the Town of Hardwick, Vermont, this 7th day of May 2026 and is effective as of this date until amended or repealed.



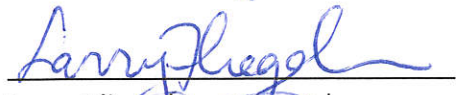
Ceilidh Galloway Kane, Chair



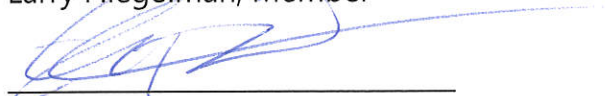
Shari Cornish, Vice Chair



Tim Ricciardello, Member



Larry Fliegelman, Member



Derek Richardson, Member