

ADOPTED: November 17, 1994
REVIEWED: November 21, 2002
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FILE: DO

MSAD 54

TRUST FUNDS

It is the intent of the Board of Directors to attract and encourage grants and special donations from public and private sources, which are to be used for specific purposes beneficial to the district and its students. In accepting funds or property, the Board recognizes its fiduciary responsibility for ensuring that the funds are expended for the purposes agreed upon, safeguarding of assets, and applying proper accounting principles in recording and reporting such transactions.

The Board will accept money or other property for trust and scholarships funds, which in the judgment of the Board will be beneficial to the district and its students. Trust and scholarship funds established by the Board shall be classified as non-expendable or expendable trust funds as documented in the fund agreement. The assets of the respective funds may only be used or expended as prescribed in the Trust Fund Agreement. If the balance of a trust fund is below \$100, the trust will be closed and the remaining funds will be expended on a similar usage to its original agreement.

All requests for the establishment of trust funds shall be reviewed by the Director of Finance and approved by the Superintendent of Schools. Except for pre-existing trust funds, there shall exist no trust fund agreement within the district, without formal approval of the Superintendent of Schools. Furthermore, the district or any of its employees shall not accept money or other assets for establishment of a trust fund without approval.

The Director of Finance shall be responsible for the financial administration, accounting and recording of trust and scholarship fund transactions. The Director of Finance shall be responsible for administering the process for selecting the award recipients, in accordance with the Trust Fund Agreement.

It is the Policy of the Board to centralize and consolidate the accounting and cash management of trust fund assets. It is the Board's intent to maximize interest earnings, for trust funds, through the use of Certificates of Deposit and similar safe and prudent deposits in interest bearing accounts, in local banking institutions, which shall fully insure such deposits. The designated individual is responsible for the prudent management of trust fund investments.

DEFINITIONS:

1. Expendable Trust Fund: An expendable Trust is created by the Board of Directors to account for money and other property that is received by a school system which is to be held in trust and is to be used in accordance with the terms of a trust agreement. All assets of an expendable trust fund may be used, and thus expended, to carry out the objectives of the trust agreement, which generally restricts the purpose for which assets of the expendable fund may be used.
2. Non-Expendable Trust Fund: A non-expendable trust fund is created by the Board of Directors to account for money and/or property received by a school system, the principal amount of which is to be retained intact, the income of which is restricted by a trust agreement.
3. Limited-Life Trust: A non-expendable trust, which continues its operation for a time specified by the trust agreement. At the expiration of the time prescribed, the non-expendable trust becomes an expendable trust, thereby permitting the assets of the fund to be used, distributed, or expended for the purposes prescribed by the trust agreement.
4. Perpetual Trust: A non-expendable trust, which by its terms is to continue in operation as long as the principal amount is retained intact or as long as the school system continues its operations.
5. Trust Agreement: Written agreement between donor and unit, which prescribes the purpose of the trust, restrictions placed upon money or property, life of the trust, and other information pertinent to carrying out the wishes of the donor.
6. Trust Fund Principal: The amount of the original contribution in establishing a trust fund.

**MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 54
REQUEST FOR ESTABLISHMENT OF A TRUST FUND**

Date _____

Name(s) of Contributor(s) _____

Name of Trust Fund _____

School Identified _____

Trust Fund Principal _____

Individual Responsible _____

Classification of Trust Fund Principal: Non-Expendable _____

Expendable _____

Term of Trust Fund: Perpetual _____

Limited-Life _____

TRUST FUND AGREEMENT:

Purpose:

Assets are restricted and may only be expanded as follows:

In the event of discontinuance of a school or consolidation of the RSU 54/MSAD 54 school system, or similar event, describe how the assets of the Fund should be disposed:

I agree to the above terms and conditions, and I understand that it is the policy of the Board of Directors to maximize interest earnings for trust funds through the Purchase of Certificates of Deposit and similar safe and prudent deposits in interest bearing accounts, in local banking institutions who shall fully insure, or collateralize such deposits. I also understand that in order to maximize interest earnings and to centralize accounting functions, the district may use a cash-pool approach in managing the assets and for distributing interest earnings.

Signature of Contributor(s)

Reviewed by:

Director of Finance

Approved by:

Superintendent of Schools

Date