

TRUST FUNDS

It is the intent of the Mt. Blue Regional School District Board of Directors (Board) to attract and encourage grants and special sums of money from public and private sources which are to be used for certain purposes beneficial to the district and its students. In receiving such sums of money 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 may accept, on behalf of the school unit, any bequest or gift of money or property for a purpose deemed suitable by the Board in accordance with state law. Per state law, gifts such as buildings or land must be put before district voters for approval prior to acceptance by the Board. Trust funds established by the Board shall be classified as non-expendable trust funds or expendable trust funds as may apply. The assets of the respective funds may only be used or expended as prescribed in the Trust Fund Agreement.

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

The Director of Finance is designated by the Superintendent to be responsible for the financial administration, accounting and recording of trust fund transactions. The Superintendent shall be responsible for administering the process for determining award recipients (not including student scholarships), 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 institutions, who 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. Limited-Life Trust: A nonexpendable trust which continues its operation for a time specified by the trust agreement. At the expiration of the time prescribed, the

nonexpendable 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.

3. Perpetual Trust: A nonexpendable 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.
4. Nonexpendable Trust Fund: A nonexpendable 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.
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.

Cross References:

DO-E Request to Establish Trust Fund Form
KCD Public Donations/Gifts to Schools

Approved: June 17, 1997

Reviewed: January 22, 2002, March 31, 2009

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