

Board of Trustees of the Nebraska State Colleges

Business and Finance

POLICY
NAME: Trust Funds

POLICY
NUMBER: 6701

A. PURPOSE

To identify the sources and uses of Trust Funds.

B. DEFINITIONS

1. **Trust Funds** – Assets held by the Colleges and the System Office in a trustee capacity.

C. POLICY

1. Trust Fund Guidance

1.1. Fiduciary Duty

The general duty of each College is to administer any trusts expeditiously for the benefit of the charitable purpose and the College. All expenditures are to be made in accordance with the terms of any trust agreement(s) which have been adopted.

1.2. Trust Fund Limitations

The following limitations apply to Trust Funds:

- No employee positions shall be funded through the Trust Fund account unless funds have been specifically designated for that purpose.
- No expenditures for parking projects shall be made from the Trust Fund account. Revenues from parking permits and penalties shall be deposited into and expended from the Cash Fund or Revolving Fund accounts, dependent upon the location and purpose of the specific parking lot project.
- Revenues and expenditures from Federal Funds shall not be accounted for in the Trust Fund but shall be recorded in the 4000 Fund account series (Federal Funds).
- These funds do not require appropriation authority when expended.

1.3. Fund Sources

Trust Funds come from funds held by the Colleges generated from student activity fees, funds provided by the foundations or private sources, funds from the Board of Educational Lands and Funds, state appropriations designated for the purpose of funding the Risk Loss Trust Fund, and Cash Funds used to replenish the Risk Loss Trust Fund.

2. Established Board Trust Funds

The Board may deposit and expend funds from the following five (5) Trust Funds: The Normal School Endowment Trust Fund (63280); the State College Endowment Trust Fund (65010); the Education Enhancement Trust Fund (65070), the Davis Scholarship Trust Fund (64960), and the Risk-Loss Trust Fund (65069).

- All expenditures from these funds shall support the role and mission of the System.
- All revenues to be credited to these funds shall be deposited with the State Treasurer.
- The Nebraska Investment Council shall be responsible for investing all funds and reporting on those investments to the System Office.

2.1. Normal School Endowment Fund

The Normal School Endowment Fund (63280) is, by statute, under the control of the Educational Land and Funds and is the depository for the principal received from the sale of Normal School Lands. This principal may not be expended. The interest earnings on the principal shall be transferred to the 65010 account and expended as determined by the Board.

2.2. State College Endowment Fund

The State College Endowment Fund (65010) is the depository for the rental income from the Board of Trustees' farmland and the interest earned from investing funds in the 63280 and 65010 accounts. Other State College receipts may also be deposited to this fund when they are intended for the benefit of the System. Disbursements from this fund shall be limited to those expenditures that will benefit the System.

2.3. Educational Enhancement Trust Fund

The Education Enhancement Trust Fund (65070) is the depository for the tracking of non-federal restricted funds, private or state grants and contracts, or contributions received by the Board from donors for endowed activities or special projects. Disbursements shall be made according to their intended purpose as determined by the Board.

2.4. Davis Scholarship Trust Fund

The Davis Scholarship Trust Fund (64960) is the depository for all contributions received by the Board for student scholarships for the Davis Chambers Scholarship program. Disbursements from this fund shall be limited to scholarships awarded to students.

2.5. Risk-Loss Trust Fund

The Risk-Loss Trust Fund (65069) is the depository for state appropriations designated for the purpose of funding a risk-loss trust as well as other Cash Funds used to replenish the Risk Loss Trust Fund. Disbursements from this fund shall be made for the following purposes:

- Paying losses and expenses incurred by the Colleges from general and professional liability, including but not limited to, judgments, awards, and settlements of claims and suits arising under federal and state law as determined by the Board;
- Damages, destruction or loss of real or personal property; and
- Errors and omissions liability.

3. Student Trust Fund

The Colleges are authorized to establish a Student Trust Fund whereby funds can be collected, held in trust and expended for various student activities. This trust shall be called the Student Trust Fund and no other funds shall be deposited and co-mingled in this trust. Funds designated for Student Trusts are Chadron State College Student Activities (65050), Peru State College Student Activities (65030), and Wayne State College Student Activities (65040).

- Revenue generated by the Student Activity Fee shall be deposited into the Student Trust Fund. The amount of this special fee shall be submitted to the Board for approval as part of the annual fee recommendations.
- The appropriate student organization at each College, following its approved guidelines, shall determine the purposes for which the Student Trust Funds are to be spent. College staff may assist the student organization(s) in administering the fund and the fund use shall follow the guidance in Policy 3300 –Recognized Student Organizations.
- Interest earnings accruing to this fund shall be retained in the fund and used for student-determined activities.

4. Other Trust Funds

The System Office may establish additional Trust Funds, as needed. The Colleges may establish additional Trust Funds for the tracking of non-federal restricted funds, which could include private or state grants and contracts, foundation project funds, student activity fee funds, and funds designated for student housing activities.

5. Trust Fund Sub-Accounts

The Colleges are authorized to establish sub-accounts in the Trust Fund account as long as they meet the fund source requirements to account for each restricted fund separately from all others in the Trust Fund.

FORMS/APPENDICES:

None

SOURCE:

Policy Adopted: November 1995

Policy Revised: June 2012, March 2021, July 2022, January 2023, September 2023