

[Second Reprint]

ASSEMBLY, No. 2158

STATE OF NEW JERSEY
217th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2016 SESSION

Sponsored by:

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District 19 (Middlesex)

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District 20 (Union)

Assemblywoman ANGELA V. MCKNIGHT

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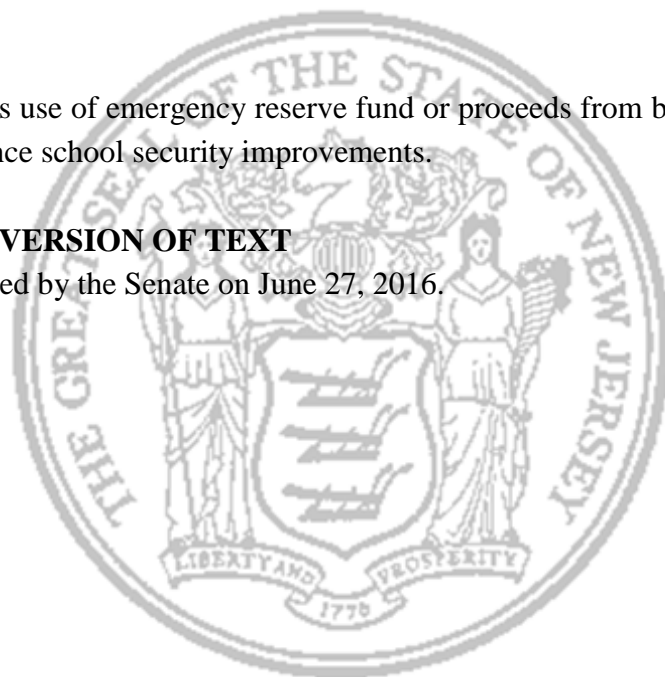
Assemblywoman Pinkin, Assemblymen Chiaravalloti and Schaer

SYNOPSIS

Authorizes use of emergency reserve fund or proceeds from bonds issued by EDA to finance school security improvements.

CURRENT VERSION OF TEXT

As amended by the Senate on June 27, 2016.



(Sponsorship Updated As Of: 4/8/2016)

1 AN ACT concerning the funding of school security improvements,
2 amending P.L.2007, c.62, and supplementing P.L.2000, c.72
3 (C.18A:7G-1 et al.).
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 ¹[1. Section 6 of P.L.2007, c.62 (C.18A:7F-41) is amended to
9 read as follows:

10 6. Notwithstanding the provisions of any law or regulation to
11 the contrary:

12 a. A board of education or board of school estimate, as
13 appropriate, may supplement a capital reserve account through a
14 transfer by board resolution at year end of any unanticipated
15 revenue or unexpended line-item appropriation amounts, or both,
16 for withdrawal in subsequent school years.

17 b. A board of education or board of school estimate, as
18 appropriate, may supplement a maintenance reserve account
19 through a transfer by board resolution at year end of any
20 unanticipated revenue or unexpended line-item appropriation
21 amounts, or both, for withdrawal in subsequent school years.

22 c. A board of education or a board of school estimate, as
23 appropriate, may through the adoption of a board resolution
24 establish the following reserve accounts:

25 (1) Current expense emergency reserve account. The funds in
26 the reserve shall be used to finance unanticipated general fund
27 current expense costs required for a thorough and efficient
28 education, or to finance school security improvements, including
29 improvements to school facilities. The account shall not exceed
30 \$250,000 or one percent of the district's general fund budget up to a
31 maximum of \$1,000,000, whichever is greater. A board of
32 education may appropriate funds to establish or supplement the
33 reserve in the district's annual budget or through a transfer by board
34 resolution at year end of any unanticipated revenue and unexpended
35 line-item appropriation amounts. Withdrawals from the reserve
36 shall require the approval of the commissioner unless the
37 withdrawal is necessary to meet an increase in total health care
38 costs in excess of four percent.

39 (2) Debt service reserve account in the debt service fund for
40 proceeds from the sale of district property. The funds in the reserve
41 shall be used to retire outstanding debt service obligations of the
42 district. The reserve shall be liquidated within the lesser of five
43 years from its inception or the remaining term on the obligations.
44 Any remaining balance shall be used for tax relief.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SED committee amendments adopted June 20, 2016.

²Senate floor amendments adopted June 27, 2016.

1 d. All reserve accounts shall be established and held in
2 accordance with GAAP and shall be subject to annual audit. Any
3 capital gains or interest earned shall become part of the reserve
4 account. A separate bank account is not required, however, a
5 separate identity for each reserve account shall be maintained.

6 (cf: P.L.2007, c.62, s.6)¶¹

7
8 ¶1. Section 6 of P.L.2007, c.62 (C.18A:7F-41) is amended to read
9 as follows:

10 6. Notwithstanding the provisions of any law or regulation to the
11 contrary:

12 a. A board of education or board of school estimate, as
13 appropriate, may supplement a capital reserve account through a
14 transfer by board resolution at year end of any unanticipated revenue
15 or unexpended line-item appropriation amounts, or both, for
16 withdrawal in subsequent school years.

17 b. A board of education or board of school estimate, as
18 appropriate, may supplement a maintenance reserve account through a
19 transfer by board resolution at year end of any unanticipated revenue
20 or unexpended line-item appropriation amounts, or both, for
21 withdrawal in subsequent school years.

22 c. A board of education or a board of school estimate, as
23 appropriate, may through the adoption of a board resolution establish
24 the following reserve accounts:

25 (1) Current expense emergency reserve account. The funds in the
26 reserve shall be used to finance unanticipated general fund current
27 expense costs required for a thorough and efficient education, or to
28 finance school security improvements, including improvements to
29 school facilities. The account shall not exceed \$250,000 or one percent
30 of the district's general fund budget up to a maximum of \$1,000,000,
31 whichever is greater. A board of education may appropriate funds to
32 establish or supplement the reserve in the district's annual budget or
33 through a transfer by board resolution at year end of any unanticipated
34 revenue and unexpended line-item appropriation amounts.
35 Withdrawals from the reserve ²may be made at any time and² shall
36 require the approval of the commissioner unless the withdrawal is
37 necessary to meet an increase in total health care costs in excess of
38 four percent ², or the withdrawal is included in the original budget
39 certified for taxes to finance school security improvements, including
40 improvements to school facilities.

41 As used in this paragraph, "school security improvements" means
42 school security improvements, including improvements to school
43 facilities, which are limited to safety and security measures involving
44 building monitoring and communication technology designed to
45 address school crime and the safety of students, staff, and visitors to
46 school facilities. School security improvements may include, but need
47 not be limited to: security cameras to monitor the school; an electronic
48 notification system that automatically notifies parents in case of a

1 school-wide emergency; an automatic door locking system for access
2 control; and a badge system for school employees².

3 (2) Debt service reserve account in the debt service fund for
4 proceeds from the sale of district property. The funds in the reserve
5 shall be used to retire outstanding debt service obligations of the
6 district. The reserve shall be liquidated within the lesser of five years
7 from its inception or the remaining term on the obligations. Any
8 remaining balance shall be used for tax relief.

9 (3) Federal impact aid reserve account in the case of a school
10 district that receives federal impact aid pursuant to section 8002, 8003,
11 8007, or 8008 of the Elementary and Secondary Education Act of 1965
12 (20 U.S.C. s.7702, 7703, 7707, or 7708). A board of education may
13 appropriate federal impact aid funds to establish or supplement the
14 reserve account in the district's annual budget, or through a transfer by
15 a two-thirds affirmative vote of the authorized membership of the
16 board between June 1 and June 30, for withdrawal in any subsequent
17 school year. Any transfer to the reserve account shall not exceed the
18 total amount of federal impact aid received in the fiscal year. The
19 board, at its discretion, may use the funds in the reserve account to
20 finance the district's general fund or to finance school facilities
21 projects, in a manner consistent with federal law. The total amount of
22 funds on deposit in the reserve account shall not be limited.

23 d. (1) All reserve accounts shall be established and held in
24 accordance with GAAP and shall be subject to annual audit. Any
25 capital gains or interest earned shall become part of the reserve
26 account. A separate bank account is not required, however, a separate
27 identity for each reserve account shall be maintained.

28 (2) A board of education that establishes a federal impact aid
29 reserve account shall:

30 (a) report the amount of federal impact aid received, expended,
31 and on deposit in the federal impact aid reserve account in its annual
32 audit pursuant to N.J.S.18A:23-1, and in the budget made available in
33 a "user-friendly" format using plain language pursuant to
34 N.J.S.18A:22-8;

35 (b) report the amount of federal impact aid received, expended,
36 and on deposit in the federal impact aid reserve account at each board
37 of education meeting, and shall include the information in the board
38 secretary's monthly report in a format to be determined by the
39 commissioner; and

40 (c) provide any additional supporting documentation that may be
41 required by the commissioner pursuant to subsection c. of section 5 of
42 P.L.1996, c.138 (C.18A:7F-5).¹

43 (cf: P.L.2015, c.46, s.1)

44

45 2. (New section) Notwithstanding the provisions of
46 subsection a. of section 14 of P.L.2000, c.72 (C.18A:7G-14) to the
47 contrary, the proceeds of bonds authorized to be issued to fund the
48 State share of the costs of SDA district school facilities projects or

1 the State share of the costs of school facilities projects in all other
2 districts, including county vocational school districts, may be used
3 to fund the cost of a school facilities project designed to improve
4 school security.

5

6 3. This act shall take effect immediately.