

[First Reprint]

ASSEMBLY, No. 4722

STATE OF NEW JERSEY

220th LEGISLATURE

INTRODUCED OCTOBER 11, 2022

Sponsored by:

Assemblyman JOHN F. MCKEON

District 27 (Essex and Morris)

Co-Sponsored by:

**Assemblymen Sauickie, Umba, Torrissi, Assemblywomen Eulner and
Piperno**

SYNOPSIS

Permits certain school districts to establish State military impact aid reserve account.

CURRENT VERSION OF TEXT

As reported by the Assembly Education Committee on March 16, 2023, with amendments.



(Sponsorship Updated As Of: 3/30/2023)

1 AN ACT ¹**concerning school district reserve accounts and**
2 **amending P.L.2007, c.62** permitting the establishment of a State
3 military impact aid reserve account¹.
4
5

6 **BE IT ENACTED** *by the Senate and General Assembly of the State*
7 *of New Jersey:*
8

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

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

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

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

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

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

43 As used in this paragraph, "school security improvements"
44 means school security improvements, including improvements to
45 school facilities, which are limited to safety and security measures
46 involving building monitoring and communication technology

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:

¹Assembly AED committee amendments adopted March 16, 2023.

1 designed to address school crime and the safety of students, staff,
2 and visitors to school facilities. School security improvements may
3 include, but need not be limited to: security cameras to monitor the
4 school; an electronic notification system that automatically notifies
5 parents in case of a school-wide emergency; an automatic door
6 locking system for access control; and a badge system for school
7 employees.

8 (2) Debt service reserve account in the debt service fund for
9 proceeds from the sale of district property. Notwithstanding the
10 provisions of any law or regulation to the contrary, the debt service
11 reserve account may be supplemented through a transfer by board
12 resolution at year end of any unanticipated revenue or unexpended
13 line-item appropriation amounts, or both. The funds in the reserve
14 shall be used to retire outstanding debt service obligations of the
15 district. The reserve shall be liquidated within the lesser of five
16 years from its inception or the remaining term on the obligations.
17 Any remaining balance shall be used for tax relief.

18 (3) Federal impact aid reserve account in the case of a school
19 district that receives federal impact aid pursuant to section 8002,
20 8003, 8007, or 8008 of the Elementary and Secondary Education
21 Act of 1965 (20 U.S.C. s.7702, 7703, 7707, or 7708). A board of
22 education may appropriate federal impact aid funds to establish or
23 supplement the reserve account in the district's annual budget, or
24 through a transfer by a two-thirds affirmative vote of the authorized
25 membership of the board between June 1 and June 30, for
26 withdrawal in any subsequent school year. Notwithstanding the
27 provisions of any law or regulation to the contrary, the federal
28 impact aid reserve account may also be supplemented through a
29 transfer by board resolution at year end of any unanticipated
30 revenue or unexpended line-item appropriation amounts, or both,
31 for withdrawal in any subsequent school year. Any transfer to the
32 reserve account shall not exceed the total amount of federal impact
33 aid received in the fiscal year. The board, at its discretion, may use
34 the funds in the reserve account to finance the district's general fund
35 or to finance school facilities projects, in a manner consistent with
36 federal law. The total amount of funds on deposit in the reserve
37 account shall not be limited.

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

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

45 (a) report the amount of federal impact aid received, expended,
46 and on deposit in the federal impact aid reserve account in its
47 annual audit pursuant to N.J.S.18A:23-1, and in the budget made

1 available in a "user-friendly" format using plain language pursuant
2 to N.J.S.18A:22-8;

3 (b) report the amount of federal impact aid received, expended,
4 and on deposit in the federal impact aid reserve account at each
5 board of education meeting, and shall include the information in the
6 board secretary's monthly report in a format to be determined by the
7 commissioner; and

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

11 (cf: P.L.2016, c.100, s.1)】¹

12
13 ¹1. a. Notwithstanding the provisions of any law, rule, or
14 regulation to the contrary, a board of education or board of school
15 estimate, as appropriate, of a school district that received unanticipated
16 State military impact aid revenue in the 2021-2022 school year
17 pursuant to P.L.2022, c.19 may, through board resolution, establish a
18 State military impact aid reserve account. A board may appropriate the
19 unanticipated State military impact aid revenue to establish the reserve
20 account in the district's annual budget, or through transfer by a two-
21 thirds affirmative vote of the authorized membership of the board
22 between June 1 and June 30, for withdrawal in any subsequent school
23 year. Any transfer to the reserve account shall not exceed the total
24 amount of State military impact aid revenue received pursuant to
25 P.L.2022, c.19. The board, at its discretion, may use the funds in the
26 reserve account for general fund expenses.

27 b. The State military impact aid reserve account shall be
28 established and held in accordance with GAAP and shall be subject to
29 annual audit.¹

30
31 2. This act shall take effect immediately.