

18A:17-31

LEGISLATIVE HISTORY CHECKLIST

NJSA 18A:17-31 (Allows Appointment of any suitable person as custodial of school moneys.)

Laws of 1977 Chapter 464

Bill No. S695

Sponsor(s) Cafiero

Date Introduced Pre-filed

Committee: Assembly Education

Senate Education

Amended during passage Yes ~~NO~~ Amendments during passage denoted by asterisks

Date of passage: Assembly Dec. 15, 1976

Senate Dec. 13, 1976

Date of approval March 3, 1978

Following statements are attached if available:

Sponsor statement Yes No

Committee Statement: Assembly Yes No

Senate Yes ~~x No~~

Fiscal Note Yes No

Veto message Yes No

Message on signing Yes No

Following were printed:

Reports Yes No

Hearings Yes No

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SENATE, No. 695

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1976 SESSION

By Senator CAFIERO

AN ACT concerning custodians of school moneys and amending
N. J. S. 18A:17-31.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. N. J. S. 18A:17-31 is amended to read as follows:

2 18A:17-31. The custodian of school moneys of each school dis-
3 trict **which does not contain more than one municipality** shall
4 be the custodian of the moneys of the municipality unless the board
5 of education shall designate the tax collector of the municipality***[**
6 *or]** *;* *provided, however, that if both the custodian of moneys*
7 *of the municipality and the tax collector of the municipality submit*
8 *written notifications to the board that they do not wish to serve as*
9 *custodian of school moneys, the board shall appoint* **[another]****
10 **any other* suitable person *except a member or employee of the*
11 *board*, with a term of office fixed by the board as such custodian***[***
12 *but if]** *.* *If** the school district contains more than one munici-
13 pality, the person designated by law as the custodian of the moneys
14 of the constituent municipality having the largest amount of taxable
15 property shall be custodian of the school moneys of the district
16 unless and until the board shall appoint **[a]*** **any other** suitable
17 person **except a member or employee of the board** and fix his
18 term of office. Any municipal officer acting or designated as
19 custodian of school moneys who ceases to be such officer shall
20 thereupon cease to be such custodian.

1 2. This act shall take effect immediately.

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

11 of New Jersey Cash Management Fund, created pursuant to sec-
12 tion 1 of this amendatory and supplementary act, and thereafter
13 school moneys shall be deposited only in the depository or any of
14 the depositories so named and the custodian shall, upon depositing
15 the same therein, be relieved from liability for any loss thereof
16 which may be caused by reason of such deposit.

1 9. This act shall take effect immediately.

STATEMENT

This bill would create the State of New Jersey Cash Management Fund.

The bill will authorize local governments, on a voluntary basis, to invest moneys in a State-supervised Cash Management Fund. The fund will be operated by the State Division of Investment, which will make short-term investments as permitted under State laws governing the use of State funds.

By pooling local funds for greater investment flexibility and return, participating municipalities should realize significantly increased earnings. A 1975 State Grand Jury presentment suggested that millions of dollars of additional income could be obtained by aggressive investment of underused local moneys.

The program will operate as follows:

1. Any local government, by appropriate ordinance and applications, may receive permission of the State Treasurer to use the fund.

2. As a municipality accumulates cash receipts which are not needed for immediate disbursement, it can instruct its bank to wire those amounts to the fund. (A Federal Reserve Wire Transfer will make the money investable by the fund within 2 hours.)

SENATE EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 695

with Senate committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 15, 1976

SPONSOR: Senator Cafiero.

PROVISIONS OF THE BILL:

This bill would amend N. J. S. 18A:17-31 to provide that the custodian of school moneys of each school district, who at present may be either the custodian of moneys of the municipality or the municipal tax collector, could alternatively be “. . . another suitable person, with a term of office fixed by the board . . .”.

In the case of a school district containing more than one municipality, this statute already permits the appointment of a “suitable person”.

BACKGROUND:

The custodian of school moneys is the treasurer of a school district and must be bonded. His salary is determined by the board of education. He receives and holds in trust all school moneys and, when directed by the board, deposits it in a bank designated as a depository of school moneys, keeping a record of the sums received and paid out and using the system of bookkeeping prescribed by the State board.

He is required to present to the board, monthly and upon request, a detailed account of receipts and warrants signed by him since the last accounting. At the close of the school year and not later than August 1, he is responsible for submitting to the board an annual report showing the amounts received and dispersed during the year, copies of which are filed with the county superintendent.

On occasion, neither the municipal tax collector nor the custodian of municipal moneys wishes to perform these additional duties. The bill is intended to provide an alternative. Because of past opposition to the bill, the Senate Education Committee has amended the bill to give those officials who now are charged with these responsibilities a right of first refusal, so that another person would fill the position only when such officials do not wish to serve as custodian of school moneys. The committee has further amended the bill to insure that the independent judgment of the custodian of school moneys is preserved by requiring the board to appoint a suitable person who is not a member or employee of the board.

The Senate Education Committee supports the passage of this bill as amended because it gives the boards the opportunity to choose a suitable person to serve as custodian of school moneys when the custodian of moneys of the municipality and the tax assessor are not willing to assume the additional responsibility.

FISCAL IMPACT:

The Department of Education has stated there should be no particular fiscal effect from the passage of this legislation. It should be noted, however, that when an unbonded person is hired as custodian of school moneys, the local district would probably have to assume the cost of bonding him or her. It would probably be impossible to estimate how many school districts might incur such costs.

POSITIONS TAKEN ON THE PROPOSED LEGISLATION:

The New Jersey School Boards Association and the Department of Education support the passage of this legislation.