

18A: 4-4

LEGISLATIVE HISTORY CHECKLIST

**NJSA:** 18A:4-4; 18A:4-14.1 (School districts-- accounting methods-- require use of standard procedures)

**LAWS OF:** 1987

**CHAPTER:** 165

**Bill No:** A2489

**Sponsor(s):** Garvin and others

**Date Introduced:** May 8, 1986

**Committee:** **Assembly:** Education

**Senate:** Education

**Amended during passage:** Yes Substituted for S1834 (not attached since identical to A2489). Amendments during passage denoted by asterisks.

**Date of Passage:** **Assembly:** June 16, 1986

**Senate:** April 30, 1987

**Date of Approval:** July 7, 1987

**Following statements are attached if available:**

**Sponsor statement:** Yes

**Committee statement:** **Assembly** Yes

**Senate** Yes

**Fiscal Note:** No

**Veto Message:** No

**Message on Signing:** No

**Following were printed:**

**Reports:** Yes

**Hearings:** No

974.901 New Jersey. Commission on Business Efficiency of the Public Schools.  
E26 Annual report . . . 1986. Trenton, 1986.  
(see p. 7)

1. 81  
7. 1. 1.  
[SECOND OFFICIAL COPY REPRINT]

ASSEMBLY, No. 2489

STATE OF NEW JERSEY

INTRODUCED MAY 8, 1986

By Assemblywoman GARVIN, Assemblymen BENNETT, Doria,  
Bryant and McEnroe

AN ACT concerning the use of generally accepted accounting principles in the fiscal operation of local school districts, amending N. J. S. 18A:4-14, supplementing chapter 4 of Title 18A of the New Jersey Statutes and making an appropriation.

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

1 1. N. J. S. 18A:4-14 is amended to read as follows:

2 18A:4-14. The State Board shall prescribe a uniform **\*\*[and**  
3 **simple]\*\*** system of *\*\*double entry\*\** bookkeeping *consistent with*  
4 *the generally accepted accounting principles established by the*  
5 *Governmental Accounting Standards Board* for use in all school  
6 districts and compel the maintenance and use of the same.

1 2. (New section) Within 18 months of the effective date of this  
2 amendatory and supplementary act the State Board of Education  
3 shall adopt rules and regulations pursuant to the "Administrative  
4 Procedure Act," P. L. 1968, c. 410 (C. 52:14B-1 et seq.) necessary  
5 to effectuate the purposes of this amendatory and supplementary  
6 act.

1 3. (New section) Within three years of the effective date of this  
2 act the Commissioner of Education shall develop and publish tech-  
3 nical and training manuals to implement the provisions of section  
4 1 of this amendatory and supplementary act and shall establish  
5 training programs to instruct appropriate local district staff in  
6 the use and application of generally accepted accounting principles  
7 in school district fiscal operations.

**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 printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

\*—Assembly committee amendment adopted June 9, 1986.

\*\*—Senate committee amendments adopted February 19, 1987.

1 4. (New section) \***[On]**\* \*By\* July 1 of the fourth year fol-  
2 lowing enactment of this act, all school districts shall conform to  
3 the uniform \***[and simple]**\* system of \**double entry*\* book-  
4 keeping prescribed by section 1 of this act.

1 5. (New section) There is appropriated from the General Fund  
2 to the Department of Education \$25,000.00 \***[to carry out the pro-**  
3 **visions of this act]**\* \**for consultant services to convert the gen-*  
4 *erally accepted accounting principles to a manual*\*.

1 6. This act shall take effect immediately.

---

EDUCATION—FINANCE AND STATE AID

Requires use of generally accepted accounting principles in the  
fiscal operation of local school districts and appropriates  
\$25,000.00.

---

1 4. (New section) On July 1 of the fourth year following enact-  
 2 ment of this act, all school districts shall conform to the uniform  
 3 and simple system of bookkeeping prescribed by section 1 of this  
 4 act.

1 5. (New section) There is appropriated from the General Fund  
 2 to the Department of Education \$25,000.00 to carry out the pro-  
 3 visions of this act.

1 6. This act shall take effect immediately.

---

#### STATEMENT

This bill would require all local school districts to employ a uniform system of bookkeeping consistent with that body of accounting principles, standards, and practices established by the Governmental Accounting Standards Board and known as the Generally Accepted Accounting Principles.

This new system would not be required of local boards until four years after enactment.

The Governmental Accounting Standards Board is a rule-making body that sets standards for accountants practicing in the public sector. It is made up of individuals who are knowledgeable in governmental accounting and financial reporting. Its current membership includes a former comptroller general of the United States, a State auditor, and a chief financial officer of a school district.

The bill also provides an appropriation of \$25,000.00 for consultant services necessary to convert the GAAP practices into a manual incorporating New Jersey laws and establishes a schedule for the implementation of the provisions of this bill.

---

#### EDUCATION—FINANCE AND STATE AID

Requires use of generally accepted accounting principles in the fiscal operation of local school districts and appropriates \$25,000.00.

---

## ASSEMBLY EDUCATION COMMITTEE

Statement to

ASSEMBLY BILL No. 2489 ACA

Dated: June 5, 1986

The Assembly Education Committee favorably reports Assembly Bill No. 2489 as amended.

This bill requires that all boards of education adopt a uniform system of bookkeeping consistent with the generally accepted accounting principles established by the Governmental Accounting Standards Board.

The Governmental Accounting Standards Board is a rule making body that sets standards for accountants who practice in the public sector. It is made up of individuals who are knowledgeable in governmental accounting and financial reporting.

Currently, boards of education must use a uniform and simple system of bookkeeping as prescribed by the State Board of Education. This may either be program based or line item budgeting.

This bill provides that the Department of Education would have three years to develop and publish technical training manuals and to establish programs to train the staff of local boards of education in the use and application of the generally accepted accounting principles.

School districts would be required to conform to this system of bookkeeping by July 1 of the fourth year following enactment of this bill.

The bill appropriates \$25,000.00 to the Department of Education for the costs of the program.

The committee amendment clarifies the bill's intent to permit districts to adopt the principles at an earlier date.

SENATE EDUCATION COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 2489**

[OFFICIAL COPY REPRINT]

with Senate committee amendments

---

**STATE OF NEW JERSEY**

---

DATED: FEBRUARY 19, 1987

The Senate Education Committee favorably reports Assembly Bill No. 2489 OCR with Senate committee amendments.

As amended, this bill requires that all boards of education adopt a uniform system of double entry bookkeeping consistent with the generally accepted accounting principles established by the Governmental Accounting Standards Board.

The Governmental Accounting Standards Board is a rule making body that sets standards for accountants who practice in the public sector. It is made up of individuals who are knowledgeable in governmental accounting and financial reporting.

Currently, boards of education must use a uniform and simple system of bookkeeping as prescribed by the State Board of Education. This may either be program based or line item budgeting.

This bill provides that the Department of Education would have three years to develop and publish technical training manuals and to establish programs to train the staff of local boards of education in the use and application of the generally accepted accounting principles. School districts would be required to conform to this system of bookkeeping by July 1 of the fourth year following enactment of this bill.

The bill appropriates \$25,000.00 to the Department of Education for the costs of developing the manual for the utilization of the generally accepted accounting principles.

The committee has amended the bill to clarify that the generally accepted accounting principles establish a system of double entry bookkeeping. The amendments also provide that the appropriation of \$25,000.00 is to be used to develop the technical and training manual for use by the department and by school districts in implementing the bookkeeping system.

The Commission on Business Efficiency in the Public Schools has reviewed this bill at the request of the committee. The amendments reflect the recommendations of the commission.

As amended, this bill is identical to Senate Bill No. 1834 with Senate Education Committee amendments.