

18A: 4-14

LEGISLATIVE HISTORY CHECKLIST

NJSA: 18A: 4-14 and 18A: 4-14.1

(Boards of
Education--standardized
accounting
procedures)

LAWS OF: 1989

CHAPTER: 266

Bill No: S3626

Sponsor(s): Stockman

Date Introduced: June 15, 1989

Committee: Assembly: -----

Senate: Education

Amended during passage: Yes Amendments during passage denoted asterisks.

Date of Passage: Assembly: December 18, 1989

Senate: December 11, 1989

Date of Approval: January 4, 1990

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: No

Senate: Yes

Fiscal Note: No

Veto Message: Yes

Message on signing: No

Following were printed:

Reports: Yes

Hearings: No

ED 1.108 National Center for Education Statistics
Ac2 Financial accounting for local and state school systems.
 U.S.G.P.O., 1980.

[FIRST REPRINT]
SENATE, No. 3626

STATE OF NEW JERSEY

INTRODUCED JUNE 15, 1989

By Senator STOCKMAN

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1 AN ACT concerning the use of generally accepted accounting
2 principles in the fiscal operation of local school districts ¹[and]
3 ¹,¹ amending N.J.S. 18A:4-14 and P.L.1987, c.165 ¹and making
4 an appropriation¹.

5

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

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

9 18A:4-14. The State Board shall prescribe a uniform system of
10 double entry bookkeeping which is consistent with the generally
11 accepted accounting principles established by the Governmental
12 Accounting Standards Board and which is consistent with the
13 financial accounting terminology and classifications established
14 by the National Center for Education Statistics for use in all
15 school districts and compel the maintenance and use of the same.

16 (cf: P.L.1987, c.165, s.1)

17 2. Section 4 of P.L.1987, c.165 (18A:4-14.1) is amended to
18 read as follows:

19 4. By July 1 of the [fourth] sixth year following enactment of
20 this act, all school districts shall conform to the uniform system
21 of double entry bookkeeping prescribed by [section 1 of this act]
22 N.J.S.18A:4-14.

23 (cf: P.L.1987, c.165, s.4)

24 ¹3. There is appropriated from the General Fund to the
25 Department of Education \$85,000 to effectuate the purposes of
26 section 3 of P.L. 1987, c. 165.¹

27 ¹[3.]¹ This act shall take effect immediately.

28

29

EDUCATION

30

Education - Finance and State Aid

31

32 Requires the use of standardized financial accounting
33 terminology and classifications by boards of education and
34 appropriates \$85,000.

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:

¹ Senate SED committee amendments adopted November 30, 1989.

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SENATE, No. 3626

STATE OF NEW JERSEY

INTRODUCED JUNE 15, 1989

By Senator STOCKMAN

1 AN ACT concerning the use of generally accepted accounting
principles in the fiscal operation of local school districts and
3 amending N.J.S.18A:4-14 and P.L.1987, c.165.

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

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

18A:4-14. The State Board shall prescribe a uniform system of
9 double entry bookkeeping which is consistent with the generally
accepted accounting principles established by the Governmental
11 Accounting Standards Board and which is consistent with the
financial accounting terminology and classifications established
13 by the National Center for Education Statistics for use in all
school districts and compel the maintenance and use of the same.

15 (cf: P.L.1987, c.165, s.1)

17 2. Section 4 of P.L.1987, c.165 (18A:4-14.1) is amended to
read as follows:

19 4. By July 1 of the [fourth] sixth year following enactment of
this act, all school districts shall conform to the uniform system
of double entry bookkeeping prescribed by [section 1 of this act]
21 N.J.S.18A:4-14.

(cf: P.L.1987, c.165, s.4)

23 3. This act shall take effect immediately.

25

STATEMENT

27

29 This bill modifies the provisions of P.L.1987, c.165 which
established a requirement for the all local school districts to use
a system of double entry bookkeeping consistent with the
31 generally accepted accounting principles established by the
Governmental Accounting Standards Board. Under this bill the
33 State Board of Education would prescribe the use of financial

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.

1 accounting terminology and classifications which are consistent
with those established by the National Center for Education
3 Statistics. Appropriate terminology and classifications are found
currently in the center's handbook "Financial Accounting for
5 Local and State School Systems," commonly referred to as "2R2".

The bill would also delay the implementation of the uniform
7 system until the 1993-94 fiscal year in order for the Department
of Education to develop and publish a minimum chart of accounts
9 consistent with Handbook 2R2 and to establish programs to train
the staffs of local boards of education and others in the use and
11 application of the new chart of accounts.

The adoption of nationally recognized terminology and
13 classification systems will facilitate the State's compliance with
federal reporting requirements and is supported by Commission
15 on Business Efficiency of the Public Schools and many national
and State organizations that are concerned with school and public
17 finance.

19

EDUCATION

21 Education - Finance and State Aid

23 Requires the use of standardized financial accounting
terminology and classifications by boards of education.

SENATE EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 3626

with committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 30, 1989

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The Senate Education Committee reports this bill with committee amendments.

As amended, this bill modifies the provisions of P.L.1987, c.165 which established a requirement for all local school districts to use a system of double entry bookkeeping consistent with the generally accepted accounting principles established by the Governmental Accounting Standards Board. Under this bill the State Board of Education would prescribe the use of financial accounting terminology and classifications which are consistent with those established by the National Center for Education Statistics. Appropriate terminology and classifications are found currently in the center's handbook "Financial Accounting for Local and State School Systems," commonly referred to as "2R2".

The bill would also delay the implementation of the uniform system until the 1993-94 fiscal year in order for the Department of Education to develop and publish a minimum chart of accounts consistent with Handbook 2R2 and to establish programs to train the staffs of local boards of education and others in the use and application of the new chart of accounts.

The adoption of nationally recognized terminology and classification systems will facilitate the State's compliance with federal reporting requirements and is supported by Commission on Business Efficiency of the Public Schools and many national and State organizations that are concerned with school and public finance.

The committee amendments appropriate \$85,000.00 to the Department of Education to cover the costs of training.

This bill is identical to Assembly Bill No. 5022 with Assembly Education committee amendments.

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

SENATE BILL NO. 3626 (First Reprint)

To the Senate:

Pursuant to Article V, Section I, Paragraph 15 of the Constitution, I am appending to Senate Bill No. 3626 (First Reprint) at the time of signing it my statement of the items, or parts thereof, to which I object so that each item, or part thereof, so objected to, shall not take effect.

This bill modifies the provisions of P.L. 1987, c. 165, which established a requirement for all local school districts to use a system of double-entry bookkeeping consistent with the generally accepted accounting principles established by the Governmental Accounting Standards Board. Pursuant to this bill, the State Board of Education would prescribe the use of financial accounting terminology and classifications which are consistent with those established by the National Center for Education Statistics. The bill also delays the implementation of the uniform system until the 1993-1994 fiscal year to give the Department of Education time to develop and publish a minimum chart of accounts consistent with the new system and to allow the Department to establish programs to train staffs of local boards of education and others in the use and application of the new system.

While I support the adoption of standardized financial accounting terminology and classifications for boards of education, I cannot support this bill's appropriation of \$85,000 from the General Fund at this time due to the current fiscal situation. While there may be some benefit to receiving these funds in the current fiscal year, that benefit is clearly outweighed by the need to reduce spending in this time of fiscal austerity. The \$85,000 provided in this bill to train school employees in the new accounting system's terminology is simply an expense that the Department of Education must bear within the constraints of its existing budget. Consequently, I have deleted the \$85,000 appropriation from this bill.

Accordingly, I herewith append the following statement of objections to the sums, or parts thereof, appropriated by this bill:

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

2

Page 1, Section 3, Lines 24-26: Delete in their entirety

Page 1, Section 4, Line 27: Delete "4." insert "3."

Respectfully,

GOVERNOR

Attest:

Chief Counsel