



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

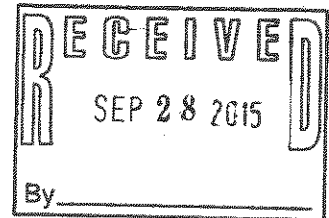
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The Honorable Members of the
Board of Education
Township of Union Public Schools
2369 Morris Avenue
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We are contacting you on a matter of great urgency concerning your annual audit.

Beginning with this year's CAFR, School Districts are required to implement GASB 68 which makes major changes in how state and local governments in the United States will report the finances of their pension liability. The information required to comply with GASB 68 is being compiled by the State of New Jersey and was to be made available September 15, 2015.

Recently we were informed by the State that the information will not be available until late October at the earliest.

N.J.S.A. 18A:23-1 provides the annual audit must be completed no later than five months after the end of the fiscal year (December 1). N.J.S.A. 18A:23-3 requires "...such accountant shall within five days thereafter file two duplicate copies thereof certified under his signature in the office of the commissioner" (December 7, 2015). **No provision is made for the issuance of extensions beyond the statutory due date.**

In short, it is very possible that we will not have the necessary information to complete the FY2015 audit and meet the statutory deadline for filing the audit.

The State's inability to provide the necessary information to implement GASB 68 in a timely manner or to extend the deadline for audit submission will put School Districts in a difficult position in which they will have to make a choice.

The District can choose to issue their audits without the required GASB 68 information. This will force the auditor to "modify" the opinion on the financial statements as they will not be in material compliance with GAAP. The effect of a modified opinion is not to be taken lightly as it could result in State Monitoring, impacts your QSAC and possibly a lower bond rating.

A second option would be to delay the issuance of the report until the information from the State becomes available. This could result in the District not meeting the statutory due date of December 7, 2015. The effect of a report filed after the statutory due date includes a loss of points on the District's Quality Single Accountability Continuum (QSAC) and a potential inability to comply with Secondary Market Disclosure requirements associated with the District's Bond Issues.

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We will be in close contact with your Business Administrator as this situation develops and provide any additional assistance that they may require to allow the District to chose the best course of action.

A handwritten signature in cursive script that reads "Suplee, Clooney & Company".

September 24, 2015