



**NEW JERSEY LEGISLATURE**  
OFFICE OF LEGISLATIVE SERVICES  
OFFICE OF THE STATE AUDITOR

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**EXECUTIVE SUMMARY**

**PERTH AMBOY PUBLIC SCHOOLS  
JULY 1, 2021 TO JUNE 30, 2025**

We found a transfer to the Special Revenue Fund to balance its two-year cumulative year-end unassigned fund balance was the primary cause of the fiscal year 2022 General Fund budgetary deficit of \$13,040,742. The Special Revenue Fund was in a deficit because of the district's prior administration's improper budgeting and accounting errors. We also found financial transactions included in our testing were not always related to the district's programs, reasonable, or properly recorded in the accounting systems. We noted areas meriting management's attention regarding health benefits, preschool eligibility, criminal history background checks, the Application for School State Aid, expenditures, payroll, offline funds, and information technology contingency planning and security. We also made observations regarding the local tax levy and cuts in staff and services.

Perth Amboy is a Schools Development Authority district that received an average of 89 percent of its General Fund funding from the state from fiscal years 2022 to 2024 and is statutorily required to ensure an effective and efficient use of those funds.

**AUDIT HIGHLIGHTS**

- We observed the district did not raise the tax levy for 11 years and missed the opportunity to generate \$6.7 million in revenue. We also observed administrative salaries increased by 13 percent, and the district reduced secretarial, home liaison, and technology positions and eliminated courtesy busing valued at \$4.5 million.
- We found the district could have saved \$49.1 million, and employees \$2.2 million, in health benefits costs if the district had participated in the state's multi-level plans program. We also found the district did not remove ineligible employees from health benefits, costing it \$66,500.
- The district failed to collect and maintain documentation to verify students enrolled in the universal preschool program were district residents, potentially costing the district \$850,000.
- The district did not ensure criminal background checks were completed for 76 employees.
- We were unable to verify the pupil counts reported on the Application for State School Aid, and the district may have received overpayments of \$4.1 million.
- We found internal control weaknesses over the General and Special Revenue Funds resulted in unauthorized payments, incorrect recording, an overpayment, payments charged to the incorrect fund, lack of board approvals, and missing files.
- Lack of controls over payroll expenditures resulted in \$8,300 of inaccurate overtime payments; \$7,500 in miscalculated extra compensation payments; and dual language teachers being paid for full-day class coverage, duties not outside of their contracted agreement.

**AUDITEE RESPONSE**

The district generally concurs with our findings and recommendations.

For the complete audit report or to print this Executive Summary, click on the attached files.