

PRESS RELEASE
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PERTH AMBOY PUBLIC SCHOOLS SETS THE RECORD STRAIGHT ON THE AFT'S AND OTHERS' MISCHARACTERIZATION OF RECENT AUDIT: THERE IS NO DEFICIT.

Perth Amboy Public Schools urge all community members, media outlets, and public officials to rely on verified facts rather than sensational claims. The District remains steadfast in its mission to serve every student with integrity, fiscal responsibility, and community trust.

Perth Amboy Public Schools are committed to transparency and accountability at all levels. The District welcomed the audit process and continues to embrace best practices in education administration. Community members and stakeholders are encouraged to review the factual summary of the audit and to reject baseless claims that distract from our shared goal: educating and empowering every student.

MISUSE OF LEGISLATIVE AUDIT FOR POLITICAL GAIN

The legislative audit was conducted as part of a statutory oversight intended to identify areas for operational improvement and fiscal accountability. The State Auditor's report is clear that its findings center around "inherited" challenges and operational deficiencies, not malfeasance. Efforts to mischaracterize this legislative audit as a source or basis of scandal, is an absolute disservice to the hardworking staff and students of Perth Amboy and undermines community confidence and educational continuity.

As Board President, Ms. Marisol Gonzalez' points out "weaponizing an improvement-focused audit for political purposes diverts attention from the collaborative solutions underway and only serves to harm our students and schools."

The audit details procurement, payroll, benefits administration, enrollment reporting, and IT control issues, many of them originating prior to and reported by the current administration's tenure. The legislative audit also provides recommendations the administration had already begun implementing. The audit confirms its scope covered July 1, 2021, through June 30, 2025, and expressly describes "inherited" conditions that predated the corrective actions instituted by current leadership.

THERE IS NO DEFICIT, CORRECTIVE TRANSFER

The State Auditor's document was a review with objectives and methods that differ from a standard annual financial audit by the District's public-school auditor. The legislative audit describes conditions "inherited" by the current administration, including accounting errors that created the false impression of available Special Revenue funds and necessitated the corrective transfer after the current business administrator reported the deficit.

The Office of the State Auditor identifies the reported fiscal year 2022 'deficit' as stemming primarily from an \$11,230,835 corrective transfer from the General Fund to the Special Revenue Fund to eliminate an accumulated, prior-period unassigned fund balance deficit in Special Revenue, which arose from earlier improper budgeting and accounting errors in fiscal years 2020 and 2021, under the watch of the prior business administrator.

"As Business Administrator, my responsibility is to ensure strong internal controls, accurate reporting, and sustainable budgeting," said Mr. Michael LoBrace, Business Administrator. "We have strengthened reconciliation processes, tightened procurement oversight, and enhanced benefits administration to address the weaknesses created by prior business administration and to safeguard taxpayer resources."

REFUTING CLAIMS OF INAPPROPRIATE CONDUCT OR CORRUPTION

Any suggestion that the current Board or administration engaged in inappropriate financial conduct is false and irresponsible. The audit shows that the current administration has been actively identifying longstanding deficiencies and advancing corrective actions across the business office.

The current administration had also escalated concerns of poor prior practices — particularly in areas such as food services procurement, awards of contracts without public bidding and related business processes—to appropriate authorities for review as part of its reform efforts. Those law enforcement authorities and agencies chose not to pursue, either criminally or otherwise, those individuals who were previously employed by the school District.

"Our duty is oversight, accountability, and stewardship of public trust," said Dr. David A. Roman. "We support corrective actions to remediate the deficiencies of the prior business office, insist on rigorous compliance even if tough decisions need to be made, and remain committed to transparent communication with families and taxpayers as improvements continue."

CLARIFYING PUBLIC STATEMENTS

No deficit; correction of prior-period errors: The \$13,040,742 figure frequently cited in public commentary is tied to the fiscal year 2022 budgetary presentation after the corrective Special Revenue transfer and does not reflect fiscal insolvency. The issue with the Special Revenue Fund was identified by the current business administrator but not created by him. The legislative auditor on page 5, is quoted as saying that Mr. LoBrace ““inherited”” this discrepancy. The District's ongoing operations remain fiscally stable and solvent, supported by strengthened controls and proactive review processes.

“As Board counsel, my role is to ensure legal compliance and to protect the integrity of the District’s processes,” said Isabel Machado, Board Attorney. “The audit’s performance scope and findings should be read in context and not conflated with allegations of misconduct. I will continue to guide the Board in implementing policy updates, control enhancements, and disclosures consistent with applicable law.”

LONG-TERM TAX-LEVY

The audit observes that prior Boards of Education did not increase the local tax levy for 11 years and that proposals to utilize permissible increases were recommended to the Board by administration but not adopted. The audit observed that the District did not raise the tax levy for 11 years to reflect an allowable 2 percent annual increase, which could have yielded approximately \$6.658 million at an estimated average total of \$204.24 over eight years for the average homeowner. Prior board members attempted not to burden the taxpayers with tax increases. However, this Board of Education made the tough decision to increase taxes for the 2025-2026 school year, on its own prior to the legislative audit.

INSURANCE AND JOBS

The audit analyzes potential health-benefit savings, broker practices, and plan structure, noting missed opportunities prior to fiscal year 2025 and undisclosed commissions by the broker, and it documents that the District declined proposals to be self-insured while later acting on broker analyses in 2024.

As part of this administration's ongoing efforts, the board approved a new insurance broker and the administration led an effort starting with the 2025-2026 school year to switch its employees to New Jersey State Health Benefits, resulting in cost efficiencies which saved over 300 jobs. These steps were initiated and substantially implemented before the legislative audit was completed.

In its upcoming negotiations with the AFT, the Board will prioritize sustainable, cost-effective health benefit structures, including those benefits currently provided to retirees, in good faith bargaining consistent with statute and contract frameworks.

ADMINISTRATIVE SALARIES

The 13% increase in administrative salaries must be viewed in light of the following factors. Administrative positions were reduced during the same period by 14.46% compared with 4.42% reduction in other staff, including secretaries, security, technology, and certified and non-certified support staff. No instructional staff member was impacted by a reduction. The salary increases during this period were contractual and required under the applicable collective bargaining agreements. Lastly, the non-administrative salaries also increased by more than 15% during this same timeframe.

CONTINUOUS IMPROVEMENT AND MEASURABLE PROGRESS

“With respect to fund balance growth and reserves, there has been over an \$18 million increase and \$9,243,314 designated to maintenance, emergencies, and capital improvements,” states Mr. LoBrace, the current Business Administrator. The District has implemented operational and compliance improvements that support instructional continuity and student services, including policy updates, reconciliation controls, personnel screening, and data integrity steps aligned with audit recommendations and best practices.

COMMITMENT TO TRANSPARENCY AND REFORM

This Board and administration are steadily fixing issues that have developed over decades. The District continues to implement rigorous controls, updating policies, and strengthening oversight across business functions, while maintaining focus on classrooms and student outcomes. All of this is substantiated by our annual audit as prepared by Jump, Perry & Company, including going from 38 audit findings to zero since Mr. LoBrace’s oversight of the business office.

Ms. Gonzalez, Board President concludes by stating that “it is unfortunate that an audit intended to promote improvement and focus on collaboration is being taken out of context, which only detracts from solutions that benefit our students and school.”