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Old Bridge officials discuss looming budget deficit

Councilman says deficit may lead officials to consider takeover of OBMUA
BY CHRIS ZAWISTOWSKI Staff Writer

OLD BRIDGE — While the township received a positive review in an audit of the 2010 budget, it was the upcoming budget that caused a stir at the Nov. 14 Township Council meeting.

Auditor Bob Morrison, with the firm Hodulik & Morrison, said that his report gave Old Bridge an unqualified opinion on its financial statements, internal control structure and compliance. Morrison said he had one minor recommendation for the township, which deals with the timely depositing of funds by officials other than those in the finance department, but Morrison is confident that it can be fixed.

Mayor Patrick Gillespie said in an interview after the meeting that this opinion is important because it wasn't always the case in Old Bridge and still isn't the case in many towns across the state.

"We had auditors coming in telling us that we couldn't do an audit, period, because the documents were in such bad shape," Gillespie said.

But over the years, Gillespie said that audits have continued to improve, and the number of recommendations has steadily decreased. He said that all this reinforces Moody's report that reaffirmed the township's Aa2 credit rating earlier this year.

"With respect to planning, moving forward, financial management, our report backs up what Moody's said, in that we are well run in terms of our fiscal integrity," Gillespie said.

But Morrison noted that the unqualified opinion does not address the soundness of the township's financial condition and, rather, is an indication that the financial statements are fair and accurate.

And with significant non-recurring revenue in the municipal budget — including the township's controversial \$5.6 million land sale to the Old Bridge Municipal Utilities Authority this year — Morrison said that the township will need to work hard "just to hold everything constant" in next year's budget.

"Old Bridge is definitely facing a challenging 2012," Morrison said. "There is no doubt about it. There are significant nonrecurring revenues in the budget."

With Republicans claiming that the township faces an \$8 million budget deficit next year, a number that Gillespie called "fictional," Councilman Rich Greene said the issue of a township takeover of the OBMUA is sure to come up in the future.

Morrison said that while there could be a short-term benefit to a township takeover of the water and sewer utility, it could come with a potential long-term detriment.

"If you do it to improve the delivery of services, make it a more efficient operation, save on administrative overhead costs, then it is a good idea," Morrison said. "But if you are doing it simply to get at the reserves, then it is a good idea for one or two years, [but] becomes your next one-time non-recurring revenue."

Township Finance Director Himanshu Shah said that the township does not face an \$8 million budget hole, and that employee attrition and a net savings in pension costs will help in figuring into next year's budget.

He said he is working on a full review of the budget and has received most of the department budget requests.

Mayor-elect Owen Henry said he and his transition team, led by Greene, are working with the administration on the upcoming budget.

"They have been very cooperative," Henry said. "We look forward to a smooth transition."