



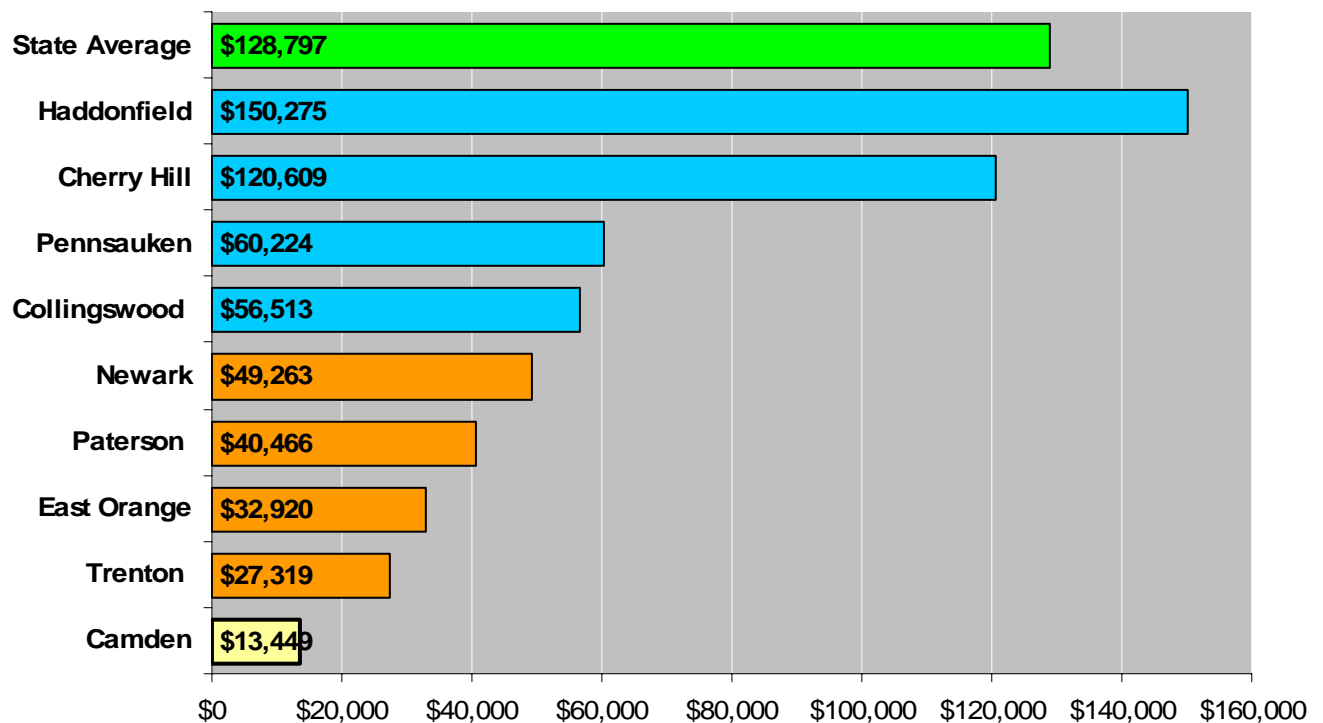
CAMDEN MUNICIPAL BUDGET

CAMConnect is a partnership committed to sharing and using information that will lead to informed decisions and better policy making to improve the quality of life of all Camden citizens. Our partnership includes community and neighborhood groups, government, community-based organizations, hospitals, educational institutions, businesses, and other organizations that use and collect information.

Initial information for this analysis was collected in 2004 and 2005, and updated in May 2006. The full report is available at www.camconnect.org/resources/BudgetandTaxes.htm

Camden's lack of property wealth hampers the ability of the City to generate tax revenue.

Equalized Value per Capita



Source: State of New Jersey, DCA, Division of Local Government Services website. Calendar Year 2005 data.

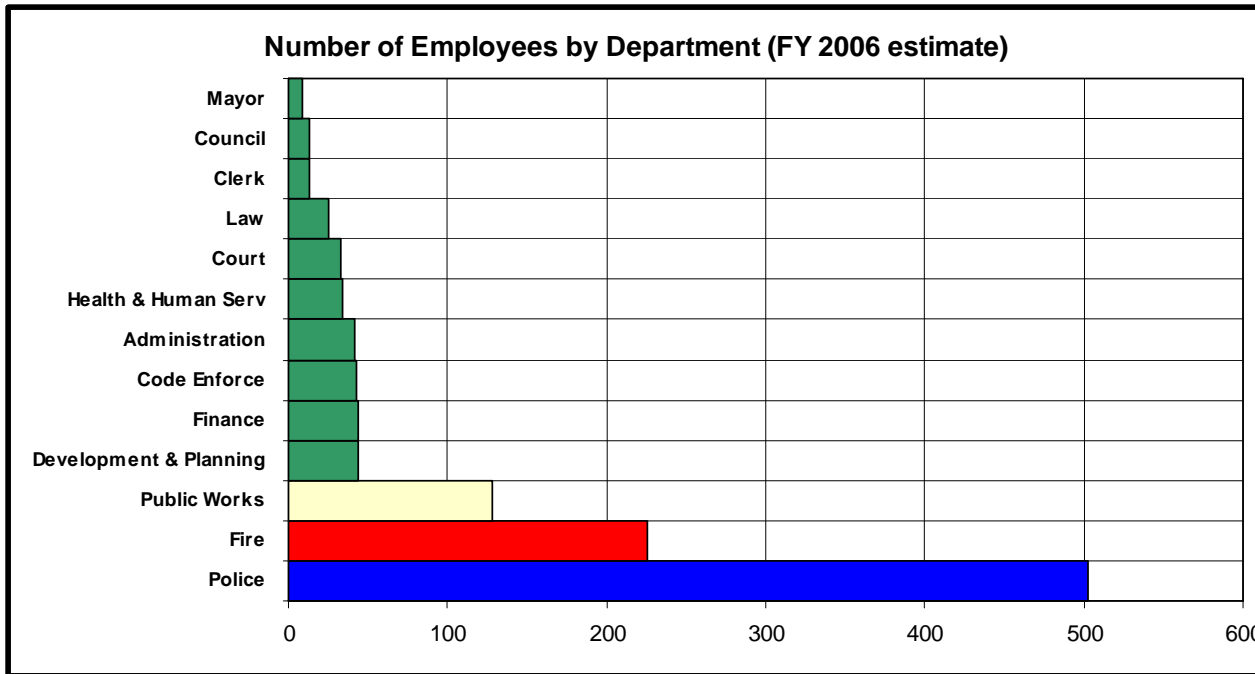
Equalized value is the assessed value (determined by a municipality) multiplied by a county and/or state multiplier. This calculation gives the value of the property to which the tax rate is applied. Because the assessment process varies widely in different municipalities, equalization is used to provide a more accurate comparison of property values between municipalities.

Equalized value per capita represents the total equalized value divided by the number of residents in a given municipality.

MUNICIPAL EXPENDITURES



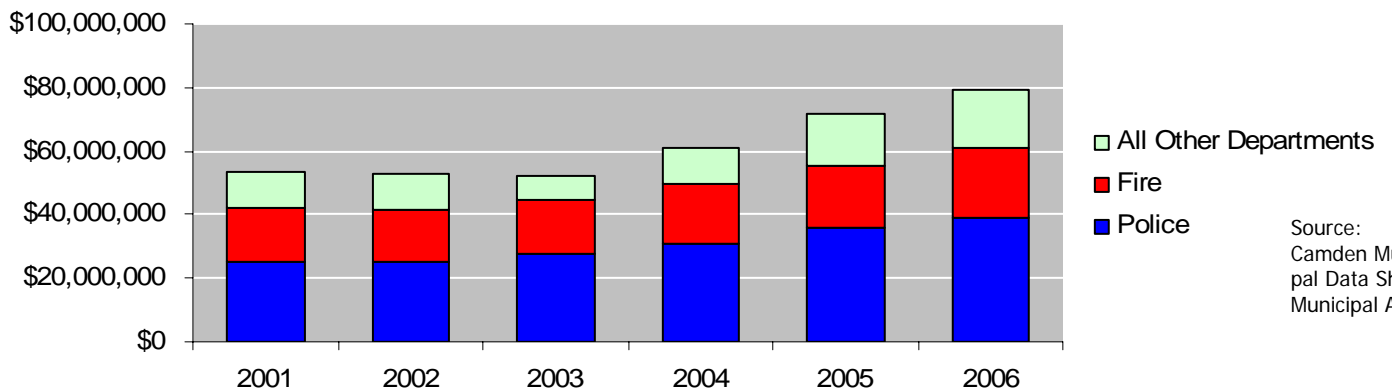
Police and Fire are by far the two largest departments in the City of Camden, with over 60% of the City's approximately 1,200 employees between them.



Source:
City of Camden,
Department of
Finance

Municipal salary expenditures have increased 46% since FY 2003. Between FY 2005 and FY 2006, salary expenditures are projected to increase \$7.75 million, or 10%.

Camden Salary Expenditures



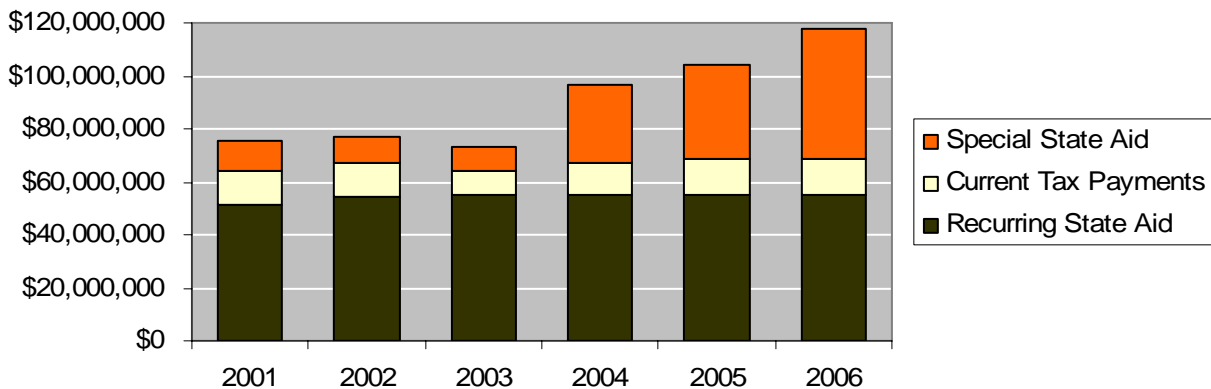
Source:
Camden Municipal
Data Sheet,
Municipal Audit

MUNICIPAL REVENUES



The largest source of operating funds for Camden is the State of New Jersey. Special State Aid has increased from \$9 million in FY 2003 to approximately \$40 million in FY 2006.

Camden Revenues



What explains the growth in Special State Aid?

“During the rehabilitation term, the chief operating officer shall not increase the municipal portion of the general tax rate over the rate established for the year during which the rehabilitation took effect.”

- *Municipal Rehabilitation and Economic Recovery Act (C.52:27BBB-27(a))*

“Continued direct assistance from external resources will be required to fund additional labor costs as well as the City’s other financial obligations unconnected to labor”

- **New Jersey Public Employment Relations Commission Arbitration Ruling, 2/21/03*

In this case, external resources refers to special state aid payments, such as Rehabilitation Aid, which are envisioned temporary solution to budget problems.

The initial period of the Municipal Rehabilitation and Economic Recovery Act (MRERA) expires in 2007. At that point, the State will redefine its relationship to Camden, and it may no longer be statutorily required to provide “Rehabilitation Aid,” which is unique to the city. However, even as Camden strives to grow its tax base, a sustained period of special State support will be necessary.



THE FUTURE

As the end of the initial Recovery period approaches, there are several trends to keep in mind:

- ➔ City property tax revenues have remained flat since 1999, and the total valuation of taxable properties has hovered around \$800 million.
- ➔ Health care costs for municipal employees have increased by over \$6 million (47%) since FY 2001.
- ➔ Costs for salaries and wages have increased by 46% since FY 2003, and 10% between 2005 and 2006.

Assuming expenses increase at 5% annually (lower than the annual rate of increase between FY 2003 and FY 2006), the tax collection rate increases by 1% annually, and that the County and School District amount deducted from municipal property tax revenues remains constant...

In order to eliminate its structural deficit by FY 2015, Camden will need to:

Increase the tax base by 15% annually to a total valuation of over \$3.2 billion in 2015. This would represent a quadrupling of the current tax base.

In order to maintain its structural deficit at the current level of approximately \$40 million annually by FY 2015, Camden will need to:

Increase the tax base by 13% annually to a total valuation of over \$2.7 billion in 2015. This would represent more than tripling the current tax base.

Another way of assessing the need to increase revenue is to look at the Payment in Lieu of Taxes (PILOT) revenue that will be necessary to support the current rate of growth in municipal government.

Currently, L3 Communications pays a PILOT of approximately \$900,000 annually. If municipal expenses increase by 5% annually, the City will need at least six developments on the magnitude of L3 each year just to keep pace.



Source: Camden Municipal Data Sheet, Fiscal 2004, 2005, 2006; Camden Audit 2003, 2004