

This report will focus on a multi-year look at Seabrook’s overall finances, including the tax levy (overall dollars raised), where those dollars came from, (commercial, industrial, and utility, with NextEra broken out separately,) the tax rate, and budgets broken out by category. We will look at where our dollars are going, the stress on our tax rate, and what is causing that stress. In order to make informed budgetary policy decisions we need to understand where our tax dollars are coming from, and where they are going. There is, unfortunately, much misunderstanding of budgeting and taxes, and the hope is that we can use this report to help foster a fuller understanding of budgets, taxation, and the overall tax burden on Seabrook residents. There is a lot of data contained within this report that sheds real light on the trend lines in budgeting and taxation in Seabrook. The Executive Summary will attempt to focus more specifically on the 2022 fiscal cycle.

The numbers in the below table are the total dollars raised through property taxes in Seabrook for the years 2014-2022. As you can see the total “levy” increased by \$2,849,658 in 2022, or by 6.6%. That levy increase is the largest since the 2017 levy increase, but that does not tell us the whole story. We will examine that number in more detail later in the report, and in the executive summary. In the measured nine year period the levy increase has been \$8,373,650, or 2.5% per year. That is an extraordinary record. What it tells us is that the overall basis for taxation, which is the tax levy, has gone up by a very modest 2.5% annually. We will come back to that number frequently, as this report sheds real light on taxation in Seabrook.

| Dollars Raised Through Taxation | Total Tax Levy |
|---------------------------------|----------------|
| 2014                            | \$37,103,286   |
| 2015                            | \$37,677,692   |
| 2016                            | \$36,999,500   |
| 2017                            | \$39,810,446   |
| 2018                            | \$41,619,442   |
| 2019                            | \$40,648,050   |
| 2020                            | \$41,088,692   |
| 2021                            | \$42,627,278   |
| 2022                            | \$45,476,936   |

How we arrive at the total tax levy is very important, and we shall show the component parts of the spending below. For now we can look at these top-line numbers. The tax levy went up over these nine years by \$8,373,560, or a 2.5% annual increase. The amount of tax dollars required to be raised comes from the budget, with the addition of warrant articles (capital spending) less the amount of “local revenue” raised, and the application of “fund balance” to subsidize the tax rate or fund warrant articles. Local revenue includes water and sewer revenues, I have attached the 2022 water report, and the 2022 sewer report. Local revenues are a key component in the tax rate as we can see from examining that increasing number.

Let us take a look at how the overall tax burden in Seabrook has developed, year by year, starting in 2014.

| 2014                | TAX RATE | TAX LEVY     | PERCENT OF LEVY |
|---------------------|----------|--------------|-----------------|
| <b>Total</b>        | \$15.27  | \$37,103,286 |                 |
| <b>Town</b>         | \$6.37   | \$16,986,651 | 45.8%           |
| <b>Local School</b> | \$5.42   | \$14,453,735 | 39%             |
| <b>State School</b> | \$2.52   | \$3,366,006  | 9.9%            |
| <b>County</b>       | \$0.96   | \$2,555,394  | 6.89%           |

In 2014, including water and sewer, our “local revenues” were \$5,885,678. The Fund Balance at the close of 2014 was \$4,475,677, and no fund balance was applied to offset the tax rate. The combined percentage for education was 48.9%.

| 2015                | TAX RATE | TAX LEVY     | PERCENT OF LEVY |
|---------------------|----------|--------------|-----------------|
| <b>Total</b>        | \$14.79  | \$37,677,692 |                 |
| <b>Town</b>         | \$6.29   | \$17,491,429 | 46.42%          |
| <b>Local School</b> | \$5.17   | \$14,393,160 | 38.20%          |
| <b>State School</b> | \$2.37   | \$3,363,153  | 8.93%           |
| <b>County</b>       | \$0.96   | \$2,684,150  | 7.12%           |

In 2015 the Town number rose by \$504,778, which was the bulk of the increase in the total tax levy, which rose by \$574,406. In that cycle the Town held its budgeted spending steady, but voter approved capital spending accounted for the entire increase. (Aggregate approved warrant articles that year were over \$2.5 million) The relative split between the four categories was roughly the same, with a slight increase in the Town share of the overall burden. No fund balance was used to offset the tax rate. Local revenues were \$4,797,183. The ending Fund Balance was \$6,356,963. The combined percentage for education was 47.13%.

| 2016                | TAX RATE | TAX LEVY     | PERCENT OF LEVY |
|---------------------|----------|--------------|-----------------|
| <b>Total</b>        | \$14.79  | \$36,999,500 |                 |
| <b>Town</b>         | \$6.06   | \$16,351,179 | 44.19%          |
| <b>Local School</b> | \$5.40   | \$14,577,887 | 39.40%          |
| <b>State School</b> | \$2.31   | \$3,559,778  | 9.62%           |
| <b>County</b>       | \$1.02   | \$2,757,156  | 7.45%           |

This 2016 fiscal cycle saw the average tax burden rise by about 12%, a sharp increase. The numbers above should not have brought that type of increase, but of course these numbers do not tell the whole story. The overall "tax levy" was down by \$678,190 (meaning that the Town raised that much less in property taxes) and the Town levy was down by \$1,140,250. The Town drove the Fund Balance up to \$9,165,185, but then applied \$2,250,000 of that to offset the tax rate. That accounts for the drop in the Town tax levy. The Town also authorized, with voter approval, the utilization of \$325,000 for capital spending directly from the Fund Balance. That pushed the Fund Balance number down to \$6,590,185. We will add, below, some additional data on the NextEra tax payments that will bring a fuller understanding of what is driving the relative tax burden in Seabrook. Local revenues were \$5,560,176, with that number dropping to \$3,908,233 after the removal of water and sewer revenue, as well as other inter-governmental transfers. The Town percentage of the overall levy dropped by 2.23%. The combined educational percentage was 49.02%.

| 2017                | TAX RATE | TAX LEVY     | PERCENT OF LEVY |
|---------------------|----------|--------------|-----------------|
| <b>Total</b>        | \$16.25  | \$39,810,446 |                 |
| <b>Town</b>         | \$6.67   | \$17,309,362 | 43.48%          |
| <b>Local School</b> | \$6.35   | \$16,498,709 | 41.44%          |
| <b>State School</b> | \$2.31   | \$3,609,848  | 9.07%           |
| <b>County</b>       | \$0.92   | \$2,392,527  | 6.01%           |

These 2017 numbers also brought us a tax increase, but this time it is easier to see why. The overall tax levy was up by \$2,810,946, with the Town portion up by \$958,183, and the Schools up by \$1,920,822. Once again Town side spending was driven by voter approved capital spending, with that number exceeding \$2 million. Local revenues were \$5,887,849, with that number dropping to \$4,421,747 after the removal of water and sewer revenues and inter-governmental transfers. The Fund Balance was raised back up to \$8,380,584 from the 2016 ending number of \$6,590,185, an increase of \$1,790,399. That increase enabled a Fund Balance allocation of \$2 million to reduce the tax rate, with \$270,000 also utilized for voter approved capital projects. That brought the ending Fund Balance down to \$6,110,584, a decrease of only \$479,601 from the ending 2016 number, despite the utilization of \$2,270,000 of Fund Balance. The combined educational percentage was 50.51%.

| 2018                | TAX RATE | TAX LEVY     | PERCENT OF LEVY |
|---------------------|----------|--------------|-----------------|
| <b>Total</b>        | \$16.25  | \$41,619,442 |                 |
| <b>Town</b>         | \$7.00   | \$18,893,219 | 45.40%          |
| <b>Local School</b> | \$6.22   | \$16,767,508 | 40.29%          |
| <b>State School</b> | \$2.13   | \$3,537,626  | 8.50%           |
| <b>County</b>       | \$0.90   | \$2,421,089  | 5.82%           |

This is the 2018 data, and it requires some explanation and analysis. The total “levy” (the amount raised by taxation) rose by \$1,808,996, or 4.5%. The total school portion of the amount raised by taxation is \$20,305,134, or 48.79% of the total. The Town percentage, as shown in the above table, is at 45.4%. In 2018, on a year to year basis, the percentage of the total levy attributed to schools declined slightly, while the Town percentage was up slightly. If we look at the data from 2014 the breakdown between that year and 2018 has essentially stayed the same. In 2018 local revenues were \$5,041,131, and the authorized expenditure from the fund balance was \$975,000 (\$495,000 to subsidize the tax rate, \$480,000 to fund the warrant article for the sewer outfall pipe.) The NextEra assessment for 2018 led to a tax bill of \$12,500,000, up from \$12,380,000 in 2017, as there was no agreement at tax setting time. A three year deal was struck in 2019 (that included 2018) at \$36,000,000, which has an implication for how we look at the overall tax levy for 2018. This agreement will also have ramifications for 2019. We will further explore those issues in the NextEra portion of the report. The combined educational percentage was 48.79%.

| 2019                | TAX RATE | TAX LEVY     | PERCENT OF LEVY |
|---------------------|----------|--------------|-----------------|
| <b>Total</b>        | \$15.75  | \$40,648,050 |                 |
| <b>Town</b>         | \$6.57   | \$17,950,073 | 44.16%          |
| <b>Local School</b> | \$6.21   | \$16,956,127 | 41.71%          |
| <b>State School</b> | \$2.08   | \$3,560,050  | 8.76%           |
| <b>County</b>       | \$0.89   | \$2,440,800  | 6.00%           |

Above are the 2019 numbers, and they break down the tax levy numbers discussed at the top of the report by category. We see a decline in the town portion of the tax levy, from \$18,893,219 down to \$17,950,073, a decline of \$943,146, which essentially accounts for all of the decrease in the overall tax levy. Based on that the total percentage of tax dollars raised going to the Town declined by 1.24%, while the combined school percentage went up by 1.68%, with the schools taking over 50% of all property tax dollars raised in 2019. It is worth noting here that the goal of the Board of Selectmen was to end the massive subsidy going from the taxpayer to water and sewer users, and that has largely been accomplished. The tax rate, and the overall tax levy, for 2019, has been stabilized. The combined educational percentage was 50.47%

| 2020                | TAX RATE | TAX LEVY     | PERCENT OF LEVY |
|---------------------|----------|--------------|-----------------|
| <b>Total</b>        | \$15.97  | \$41,088,692 |                 |
| <b>Town</b>         | \$6.57   | \$17,926,201 | 43.63%          |
| <b>Local School</b> | \$6.41   | \$17,503,975 | 42.60%          |
| <b>State School</b> | \$2.07   | \$3,560,072  | 8.66%           |
| <b>County</b>       | \$0.92   | \$2,510,694  | 6.11%           |

While the tax rate and the total levy both increased in 2020 the Town levy actually decreased slightly from year to year, while the Town tax rate remained constant at \$6.57. The schools exceeded 51% of the total levy, and the total levy to support the schools exceeded the Town side number by \$3.1 million. The combined educational percentage was 51.26%

| 2021                | TAX RATE       | TAX LEVY            | PERCENT OF LEVY |
|---------------------|----------------|---------------------|-----------------|
| <b>Total</b>        | <b>\$13.73</b> | <b>\$42,627,278</b> |                 |
| <b>Town</b>         | <b>\$6.01</b>  | <b>\$19,277,067</b> | <b>45.22%</b>   |
| <b>Local School</b> | <b>\$5.33</b>  | <b>\$17,449,256</b> | <b>40.93%</b>   |
| <b>State School</b> | <b>\$1.64</b>  | <b>\$3,456,679</b>  | <b>8.11%</b>    |
| <b>County</b>       | <b>\$0.75</b>  | <b>\$2,444,276</b>  | <b>5.73%</b>    |

The 2021 numbers show that the Town levy went up \$1,350,866, or 7.5%, which was a major increase. The town percentage of the total levy rose to 45.22%, an increase of 1.59%. The combined school percentage of the levy is 49.04%, down from the 2020 percentage of 51.26%. The county portion was also down slightly. Despite the increase in the town levy the schools made up almost half of the total levy, and are 3.82% above the town as far as levy utilization. There is substantially more to the numbers in 2021, and they are examined in different ways in this report, and in the 2021 executive summary.

| 2022                | TAX RATE       | TAX LEVY            | PERCENT OF LEVY |
|---------------------|----------------|---------------------|-----------------|
| <b>Total</b>        | <b>\$13.25</b> | <b>\$45,476,936</b> |                 |
| <b>Town</b>         | <b>\$6.31</b>  | <b>\$22,221,265</b> | <b>48.86%</b>   |
| <b>Local School</b> | <b>\$5.13</b>  | <b>\$18,408,152</b> | <b>40.48%</b>   |
| <b>State School</b> | <b>\$1.13</b>  | <b>\$2,418,784</b>  | <b>5.32%</b>    |
| <b>County</b>       | <b>\$0.68</b>  | <b>\$2,428,735</b>  | <b>5.34%</b>    |

As mentioned above the 2022 levy number needs examination in light of the large year to year increase in that number. In 2022 the schools made up 45.8% of the total levy, down from 49.04% in 2021. The Town moved up to 48.86% of the total levy, from 45.22% in 2021. What happened in 2022 to shift those numbers around? The answer lies in the next part of the report that deals with the piece of

the Town revenue stream that has been the prime mover of the relative tax burden in Seabrook since the beginning of the measured period.

The prime mover above referenced is NextEra. The below tables give us critical historical data for NextEra as well as the other classes of property taxed in Seabrook. The total levy number will differ slightly from above due to overlay and statutory exemptions, but that difference is insignificant. Let us look at those numbers, which will answer some of the questions raised by the numbers above.

| <b>2014</b>            | <b>TAX LEVY</b> | <b>PERCENT OF LEVY</b> |
|------------------------|-----------------|------------------------|
| <b>Total</b>           | \$37,132,224    |                        |
| <b>NextEra</b>         | \$15,630,000    | 42.09%                 |
| <b>Other Utilities</b> | \$1,350,094     | 3.64%                  |
| <b>Commercial</b>      | \$5,746,280     | 15.48%                 |
| <b>Residential</b>     | \$14,405,850    | 38.80%                 |

| <b>2015</b>            | <b>TAX LEVY</b> | <b>PERCENT OF LEVY</b> |
|------------------------|-----------------|------------------------|
| <b>Total</b>           | \$37,704,890    |                        |
| <b>NextEra</b>         | \$15,630,000    | 41.45%                 |
| <b>Other Utilities</b> | \$1,353,955     | 3.59%                  |
| <b>Commercial</b>      | \$6,407,459     | 16.99%                 |
| <b>Residential</b>     | \$14,313,476    | 37.96%                 |

| 2016                   | TAX LEVY     | PERCENT OF LEVY |
|------------------------|--------------|-----------------|
| <b>Total</b>           | \$37,020,380 |                 |
| <b>NextEra</b>         | \$12,880,000 | 34.79%          |
| <b>Other Utilities</b> | \$1,579,489  | 4.27%           |
| <b>Commercial</b>      | \$6,464,472  | 17.46%          |
| <b>Residential</b>     | \$16,096,419 | 43.48%          |

| 2017                   | TAX LEVY     | PERCENT OF LEVY |
|------------------------|--------------|-----------------|
| <b>Total</b>           | \$39,582,296 |                 |
| <b>NextEra</b>         | \$12,380,000 | 31.28%          |
| <b>Other Utilities</b> | \$1,998,632  | 5.05%           |
| <b>Commercial</b>      | \$7,337,322  | 18.54%          |
| <b>Residential</b>     | \$17,866,342 | 45.14%          |

| 2018            | TAX LEVY     | PERCENT OF LEVY |
|-----------------|--------------|-----------------|
| <b>Total</b>    | \$41,619,442 |                 |
| NextEra         | \$12,500,000 | 30.03%          |
| Other Utilities | \$2,121,841  | 5.10%           |
| Commercial      | \$7,604,466  | 18.27%          |
| Residential     | \$19,393,143 | 46.60%          |

In light of the eventual agreement with NextEra their number was converted to \$12,000,000 in 2019, with the Board determining that abating the \$500,000 overage assessed in 2018 would be the best way forward. That abatement was paid in 2019. If NextEra is calculated at \$12,000,000 then their percentage of the

levy drops to 28.8%. That would be a reduction of 2.48% in their relative tax burden, which we have pushed out to 2019. That is a substantial reduction year to year, and a huge reduction from the 42% they paid in 2014. Again that impact has been pushed into 2019 but it continues the trend of NextEra paying less of the overall tax burden, and residential taxpayers picking up that difference. (The NextEra Shift) That NextEra Shift saw the residential tax levy increase by \$1,526,801 in 2018, which is 84% of the total levy increase. With NextEra paying less overall that percentage has largely been shifted to the residential category.

| 2019            | TAX LEVY     | PERCENT OF LEVY |
|-----------------|--------------|-----------------|
| <b>Total</b>    | \$40,648,050 |                 |
| NextEra         | \$12,130,000 | 29.84%          |
| Other Utilities | \$1,850,585  | 4.55%           |
| Commercial      | \$7,333,334  | 18.04%          |
| Residential     | \$19,334,132 | 47.56%          |

As mentioned the 2019 tax year managed to slow some trends that were not favorable for the Town, and especially to residential taxpayers. The actual dollars paid by residential taxpayers actually **declined** in 2019 (residential tax levy) although that category slightly increased as a percentage of the overall levy. (Due to the large decrease in the overall levy) The NextEra percentage increased slightly, stopping, at least for 2019, the steep decline in their percentage of the overall levy. (\$12,000,000 on the negotiated tax agreement, and \$130,000 for ancillary properties.) Another item of note is the decline in the category of other utilities, which is a function of state legislation laying out valuation methodology for these utilities, as well as some negotiated settlements of long standing tax cases in this category. Even with that the combined commercial/utility category accounted for \$9,183,919 or 22.59% of all property tax dollars raised in Seabrook.

| 2020            | TAX LEVY     | PERCENT OF LEVY |
|-----------------|--------------|-----------------|
| <b>Total</b>    | \$41,088,692 |                 |
| NextEra         | \$12,130,000 | 29.52%          |
| Other Utilities | \$1,891,280  | 4.60%           |
| Commercial      | \$7,398,224  | 18.01%          |
| Residential     | \$19,669,187 | 47.87%          |

| 2021            | TAX LEVY     | PERCENT OF LEVY |
|-----------------|--------------|-----------------|
| <b>Total</b>    | \$42,627,278 |                 |
| NextEra         | \$12,097,634 | 28.4%           |
| Other Utilities | \$2,069,138  | 4.9%            |
| Commercial      | \$6,648,167  | 15.6%           |
| Residential     | \$21,812,339 | 51.2%           |

The 2021 numbers continued a negative trend for residential taxpayers. This is the data that, up to this point, shows NextEra declining as an overall share of the tax levy from 42% in 2014 to 28.4% in 2021. (The NextEra shift) The NextEra percentage of the total levy declined by 1.12% from 2020.

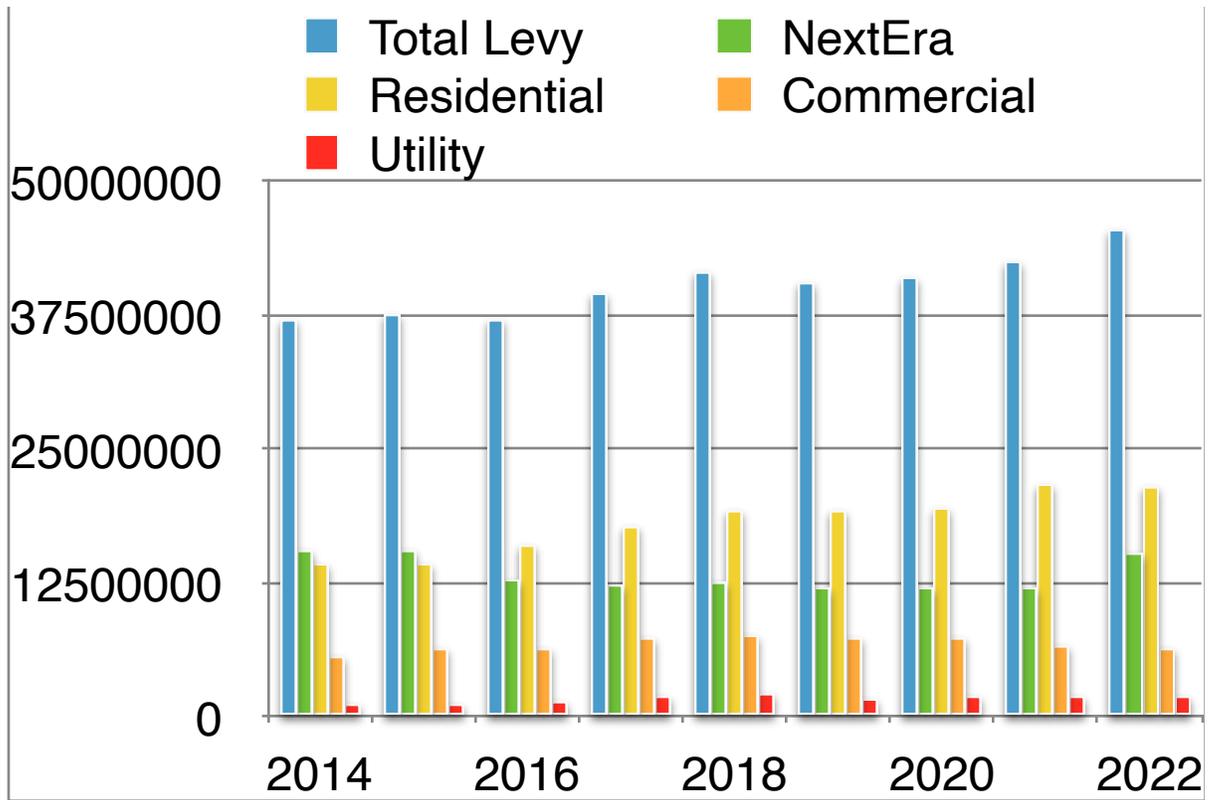
| 2022            | TAX LEVY     | PERCENT OF LEVY |
|-----------------|--------------|-----------------|
| <b>Total</b>    | \$45,476,936 |                 |
| NextEra         | \$15,324,047 | 33.7%           |
| Other Utilities | \$2,085,145  | 4.6%            |
| Commercial      | \$6,549,630  | 14.4%           |
| Residential     | \$21,518,114 | 47.3%           |

In the 2021 cycle, referenced above, this report (2021) highlighted the fact that no tax agreement had been reached with NextEra. It also discussed the relative merits of the fixed dollar tax agreements reached in the past with NextEra, especially in light of the “changing energy markets.” As we look at the 2022 numbers there is still no agreement with NextEra, and the energy markets have indeed changed dramatically. The above table helps us to understand the dramatic increase in the overall tax levy that we experienced in 2022. The NextEra dollar increase was \$3.2 million, which accounts for more than the overall levy increase. We will examine that number in more detail in the executive summary but these numbers bear a closer look right here. First let us look at the raw levy dollars referred to above. The total levy increased by \$2,849,658 but NextEra’s tax increase was \$3,226,413. How is it possible that NextEra went up by \$3.2 million while the levy went up by only \$2.8 million? The answer lies in the other categories of taxpayers, principally residential. As a percentage of the total levy residential taxpayers went from 51.2% of the total to 47.3% of the total, reversing 8 years of steadily increasing percentages paid by residential taxpayers. What that means, in plain English, is that in 2022 residential taxpayers, as a class, received a tax cut. This reference is not to a cut in the tax rate, which did occur, but a cut in the total dollars paid. That is extraordinary.

The commercial sector, including non-NextEra utilities, also saw their percentage of the overall levy decline, from 20.5% to 19%. The dollars paid in that category remained fairly constant, declining by about \$82,000. When you combine all three commercial categories their percentage of the total dollars raised moved to 52.7%, from 48.9%, again reversing a trend that has been negative for residential taxpayers.

Relative to the NextEra Shift and its impacts on residential taxpayers from 2014 to 2021 the following simplified example shows us that impact.

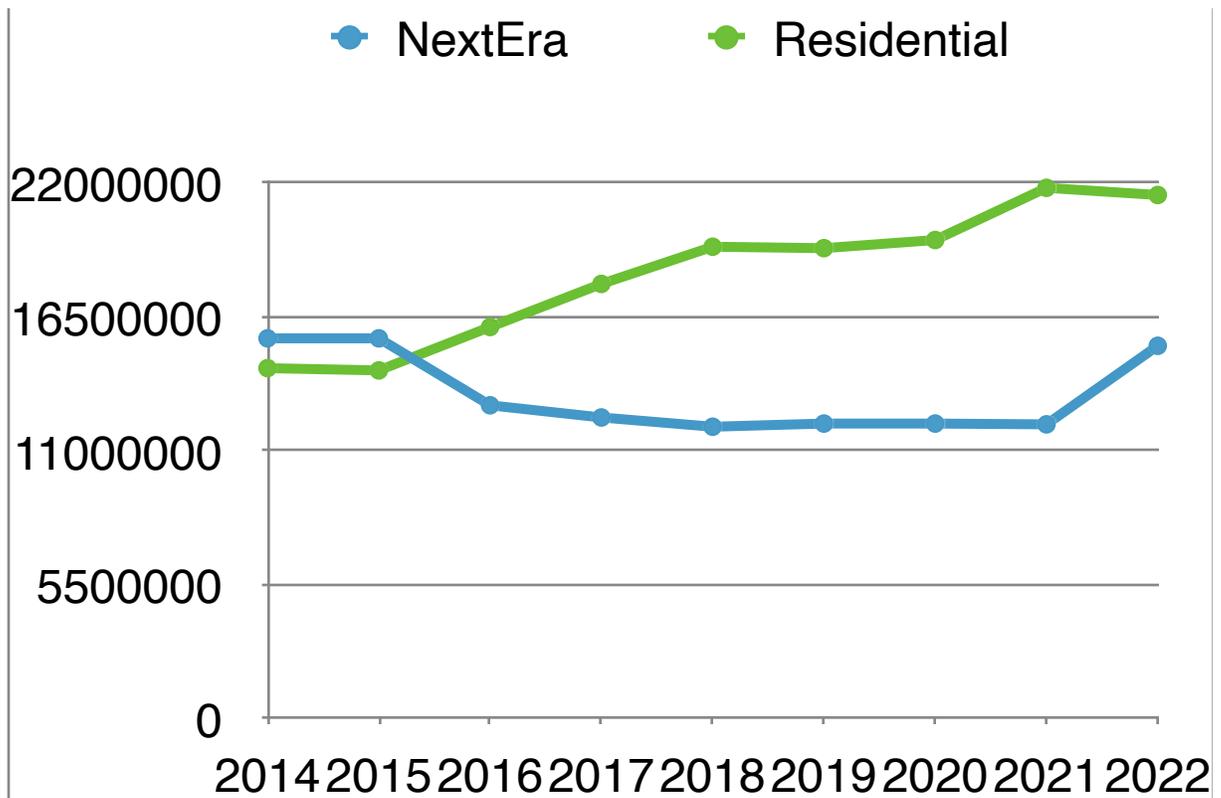
*If the Seabrook tax levy was \$100 in 2014 NextEra would have paid \$42 and residential taxpayers would be paying \$38. In 2021 NextEra would be paying \$28, and residential taxpayers would have paid \$51. Residential taxpayers see a tax increase of \$13 without any other changes. (due to the NextEra shift.) That is substantial, and shows that the burden has shifted, in that period, away from NextEra and onto residential.*



The assessed value of Seabrook Station, year to year.

| Year | Value           | Tax Dollars  |
|------|-----------------|--------------|
| 2016 | \$1,021,634,600 | \$12,750,000 |
| 2017 | \$878,766,150   | \$12,250,000 |
| 2018 | \$885,269,100   | \$12,500,000 |
| 2019 | \$877,834,700   | \$12,000,000 |
| 2020 | \$863,309,350   | \$12,000,000 |
| 2021 | \$1,151,000,000 | \$12,097,634 |
| 2022 | \$1,253,710,900 | \$15,324,047 |

The trend lines as shown by the graphs, highlight the points made above. The graphs above and below show us the intersection of residential and NextEra (below) in 2016 and the climb in residential relative to the other categories, with the noted trend reversal in 2022. (above) and the slight bend upwards in 2022 for NextEra (below)

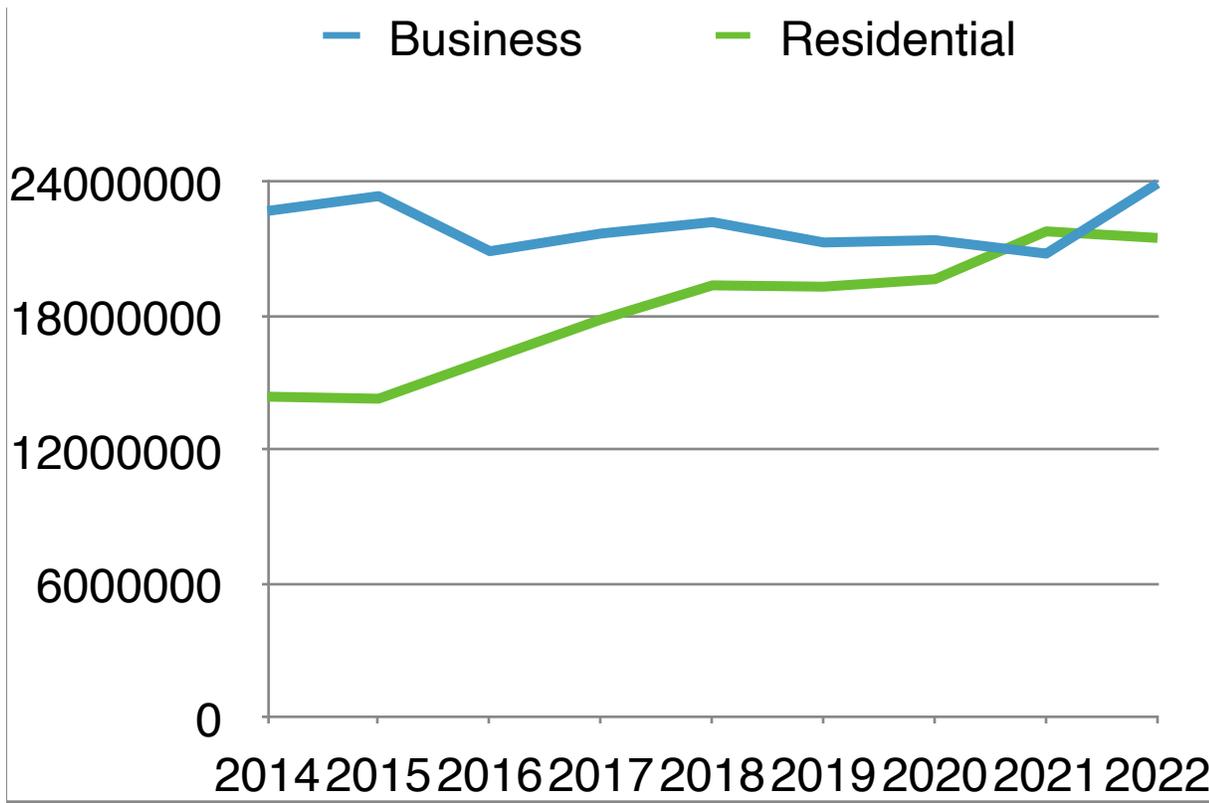


One data set that we have included recently is a relatively simple one, comparing residential dollars raised in comparison with all other (business) categories combined. The trend lines are contained in the below graph which shows residential taxpayers, in 2022, reversing the trend, and moving below 50% of total dollars raised.

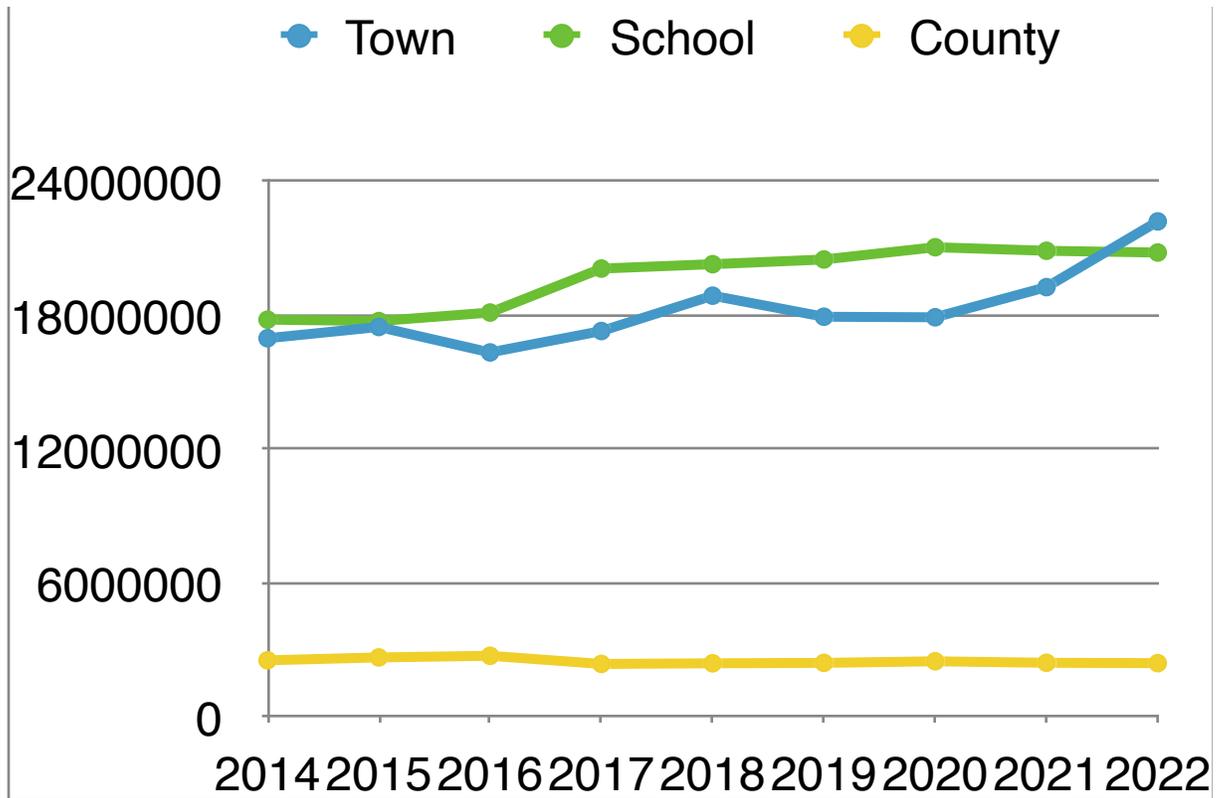
| <b>2020</b> |              |     |
|-------------|--------------|-----|
| Total Levy  | \$41,088,692 |     |
| Business    | \$21,419,505 | 52% |
| Residential | \$19,669,187 | 48% |

| <b>2021</b> |              |        |
|-------------|--------------|--------|
| Total Levy  | \$42,627,278 |        |
| Business    | \$20,814,939 | 48.83% |
| Residential | \$21,812,339 | 51.17% |

| <b>2022</b> |              |        |
|-------------|--------------|--------|
| Total Levy  | \$45,476,936 |        |
| Business    | \$23,958,822 | 52.68% |
| Residential | \$21,518,114 | 47.32% |



The report looks at both where we are getting our tax dollars, and where they are going. The below graph combines local and state education spending into one category. Over the measured period combined school call on the levy has risen by \$3,007,195, a nine year increase of 16.87%, or 1.87% annually. The Town side has seen an increase of \$5,234,614, an overall increase of 30.81%, or 3.42% annually. This number is slightly skewed by the large upward change from NextEra in 2022, but even with that reflects a modest 3.42% average rise in the Town portion of the levy.



The Town has driven up, on an annual basis, the unexpended fund balance, and has used that fund balance to both subsidize the tax rate as well as to fund expenses. As we look at those figures in the below table we see that the successful building of fund balance has allowed the use of \$10,395,000 to subsidize the tax rate, as well as \$1,844,464 to fund critical capital projects. (\$12,239,464 in total.) This fund balance remains at about \$4.6 million (unofficially) despite the withdrawal of the \$12 million referenced above. Fund balance is a major success story for the Town, and has been a significant factor in our ability to hold down the tax levy numbers. The FY 2022 independent audit will give us the official number being carried for fund balance, but the estimate shows a 10% increase in fund balance year to year.

| Year          | Fund Balance | Fund Balance Used<br>(Tax) | Fund Balance Used<br>(Capital) |
|---------------|--------------|----------------------------|--------------------------------|
| 2014          | \$4,475,677  | \$0                        |                                |
| 2015          | \$6,356,963  | \$0                        |                                |
| 2016          | \$9,165,185  | \$2,250,000                | \$325,000                      |
| 2017          | \$8,380,584  | \$2,000,000                | \$270,000                      |
| 2018          | \$7,600,025  | \$495,000                  | \$480,000                      |
| 2019          | \$7,035,744  | \$750,000                  | \$274,464                      |
| 2020          | \$8,100,000  | \$900,000                  | \$495,000                      |
| 2021          | \$4,161,000  | \$4,000,000                | \$0                            |
| 2022 estimate | \$4,611,310  | \$0                        | \$0                            |

|      | Capital Spending (Authorized) | Human Service |
|------|-------------------------------|---------------|
| 2013 | \$1,333,400                   | \$165,879     |
| 2014 | \$2,021,600                   | \$173,414     |
| 2015 | \$2,519,709                   | \$160,487     |
| 2016 | \$2,153,950                   | \$110,720     |
| 2017 | \$2,385,800                   | \$141,897     |
| 2018 | \$1,439,500                   | \$94,611      |
| 2019 | \$3,864,700                   | \$95,130      |
| 2020 | \$1,354,307                   | \$99,130      |
| 2021 | \$4,244,137                   | \$103,530     |
| 2022 | \$874,000                     | \$47,724      |

I will provide a more detailed multi-year look at Seabrook capital spending in a separate report. The 2022 capital number is a total number for all approved warrant articles, but requires a bit of clarification. That number, in terms of tax impact, is \$298,200, as a large portion of approved articles were funded through non tax levy sources. (water capital reserve, as well as highway block grant and transportation revenue.)

A look at the municipal side budgets over the past nine years will show us the impacts of capital spending, and how the Budget Committee budget number submitted, debated, and voted on is only part of the story. Here is the nine year history of submitted municipal budgets, and the change to that number after the warrant was voted. The 2021 capital spending number is the largest in the measured period, and despite the application of fund balance obviously skews the budgetary number up. With that surge in capital spending the Budget Committee number moved beyond \$30 million, as shown in the below table.

| Year | Budget Committee Number | MS-232       |
|------|-------------------------|--------------|
| 2014 | \$20,220,353            | \$21,234,702 |
| 2015 | \$19,971,001            | \$21,837,501 |
| 2016 | \$21,540,733            | \$23,865,403 |
| 2017 | \$22,374,925            | \$24,954,390 |
| 2018 | \$22,903,403            | \$24,437,514 |
| 2019 | \$23,523,145            | \$27,517,263 |
| 2020 | \$24,249,098            | \$25,871,906 |
| 2021 | \$26,431,800            | \$30,799,467 |
| 2022 | \$28,171,007            | \$29,062,731 |
| 2023 | \$30,143,574            | ?            |

The MS-232 number, shown in the above table, exhibits the growth in the budget after inclusion of the warrant articles. It is submitted annually to the DRA, and reflects the true budget after the warrant. So what do these town side numbers

show us? The overall growth in the “budget committee” number was \$9,923,221 over ten years. That is a growth rate of 4.9% annually. The importance of the capital budget cannot be over-estimated. For 2023 the MS-232 number will be determined after the March Town Meeting determines the warrant articles.

The below table, on health care costs, shows us what has been a main driver of fixed costs in our budget. The 2022 health care number showed a pretty steep decline as a percentage of the total budget , and in aggregate dollars.

| Year | Health Care Costs | % of Bud Com Budget |
|------|-------------------|---------------------|
| 2014 | \$3,230,593       | 15.97%              |
| 2015 | \$2,960,812       | 14.82%              |
| 2016 | \$2,983,044       | 13.84%              |
| 2017 | \$3,461,048       | 15.46%              |
| 2018 | \$3,487,453       | 15.22%              |
| 2019 | \$3,268,166       | 13.89%              |
| 2020 | \$3,749,527       | 15.46%              |
| 2021 | \$3,759,045       | 14.22%              |
| 2022 | \$3,329,878       | 11.05%              |

One of the numbers that we need to include is what would be called the “new growth” number, representing taxes collected on new construction. In 2022 new growth more than doubled, bringing in additional tax revenue.

| New Growth | Value        | Taxes       |
|------------|--------------|-------------|
| 2014       | \$28,500,000 | \$434,000   |
| 2015       | \$68,000,000 | \$1,000,000 |
| 2016       | \$27,000,000 | \$400,000   |
| 2017       | \$15,000,000 | \$244,000   |
| 2018       | \$15,000,000 | \$244,000   |
| 2019       | \$10,000,000 | \$157,500   |
| 2020       | \$11,000,000 | \$175,000   |
| 2021       | \$11,000,000 | \$175,000   |
| 2022       | \$23,000,000 | \$304,750   |

### **Summary and Conclusions**

This report is filed annually, and we attempt to focus some attention on areas where the numbers stand out.

1. The three year tax agreement with NextEra expired in 2020. That agreement was for \$36 million and no new agreement has been reached as of this writing. NextEra has filed an appeal of their 2021 assessment. Some progress has been made towards a new agreement.
2. The 2022 numbers showed that Seabrook residential taxpayers received a 2% tax cut in 2022. That number includes beach residential.
3. We continue to run an operational deficit in our sewer operations. Both the independent audit, and financial best practices, suggest that we should immediately take steps to close that deficit. In line with that the time may be

ripe for discussion of making water and sewer ratepayers responsible for costs both operational and capital. Such a change would have a very large positive impact for Seabrook taxpayers.

4. In line with item 3 the Board of Selectmen have discussed the entire fee structure associated with Seabrook departmental operations. While non-water/sewer and non-clerk fees would not alter tax impacts in a massive way changes that reflect current pricing for municipal fees would bring a smaller, but positive impact to Seabrook taxpayers.
5. I will provide some comparative numbers with other communities in the executive summary.
6. I have listed the revolving fund balances at the end of 2022 below. These numbers are unaudited.

**Revolving Fund 2022 Ending Balances (Unaudited)**

1. Ambulance \$434,365.72
2. Recycling \$207,244
3. Recreation \$60,891.17
4. Cemetery \$17,179.34
5. Scholarship Funds \$1,431,520.21
6. Communication \$256,157.60