
GOVERNMENT STRATEGY GROUP

Introduction

Government Strategy Group is submitting this companion document in connection with the amended Final Annexation Impact Study to provide a clear and transparent record of all revisions made to the original report.

All changes reflected in the amended report are fully captured in this document. For ease of review, revisions are presented in redline format, with deletions shown as ~~strikethrough red~~ and insertions shown in green text.

The Final Annexation Impact Study has been amended accordingly to incorporate each of the revisions identified herein. Page references included in this document correspond to the pagination of the original report to facilitate straightforward cross-referencing.

Updated Annexation vs. No Annexation Comparison

The following table presents the correct comparison.

Component	Levy W/O Annex	Levy With Annex	Rate W/O Annex	Rate With Annex	% Change
Total County	\$6,406,611	\$8,457,846	0.545	0.473	-13.17%
Local Municipal	\$8,347,283	\$11,182,086	0.710	0.625	-11.90%
Local School	\$602,220	\$602,220	0.051	0.034	-34.23%
Regional School	\$5,503,465	\$8,929,812	0.468	0.499	+6.72%
TOTAL	\$20,859,579	\$29,171,964	1.774	1.631	-8.02%

Assessed Valuation:

- Without Annexation: \$1,176,093,800
- With Annexation: \$1,788,216,500 (+52.04%)

Percent change is calculated as: $(\text{Rate With Annexation} - \text{Rate Without Annexation}) \div \text{Rate Without Annexation}$

Page-by-Page Redlined Changes

Executive Summary (Pages 9–12)

Summary of Key Findings — Tax Reduction Bullet

Location: Page 10, sixth bullet point

~~If annexation proceeds, Seaside Park residents may see an average tax decrease of 40-51% depending on property class, while South Seaside Park residents would see similar reductions. However, this outcome assumes \$8.98M in debt assumption (recommended scenario), \$670K in one-time transition costs, and hiring 13 new employees over 12-18 months, and is impacted by school funding and regionalization laws and developments among other factors.~~ → If annexation proceeds, the overall tax rate is projected to decrease by approximately 8% compared to the projected 2026 rate without annexation (from 1.774 to 1.631). This translates to an estimated annual savings of approximately \$854 on a home assessed at \$600,000. However, this outcome assumes \$8.98M in debt assumption (recommended scenario), \$670K in one-time transition costs, and hiring 13 new employees over 12-18 months, and is impacted by school funding and regionalization laws and developments among other factors.

Summary of Key Findings — Tax Rate Bullet

Location: Page 10, seventh bullet point

~~Under modeled assumptions, municipal tax rates could decrease meaningfully; however, outcomes are highly sensitive to debt allocation methodology, school funding formulas, and implementation decisions.~~ → Under modeled assumptions, the overall tax rate is projected to decrease from 1.774 (2026 projected without annexation) to 1.631 (2026 projected with annexation), a reduction of approximately 8%; however, outcomes are highly sensitive to debt allocation methodology, school funding formulas, and implementation decisions.

Summary of Fiscal Impacts — Revenue Bullet

Location: Page 10, first bullet under “Key fiscal conclusions include:”

~~Operating expenditures increase by approximately \$2.9M annually (Year 1), offset by \$847K in new revenues, a manageable \$2.67M net impact in the first year.~~ → Operating expenditures increase by approximately \$2.9M annually (Year 1), offset by approximately \$282K in new non-property-tax revenues (beach badges, UCC permits, liquor licenses, franchise fees, and court fees, net of interlocal agreement and marina fee losses). In addition, annexation would generate an estimated \$10,620,328 in annual property tax revenue from South Seaside Park ratables. When property tax revenue is included, total new revenues substantially exceed total new costs.

Tax Rate Impacts (Page 184)

Overall Tax Rate Statement

Location: Page 184, second sentence of “Tax Rate Impacts”

~~Based on the projected budget and ratable base of Seaside Park post annexation the general tax rate is estimated to be 1.025%.~~ → Based on the projected budget and ratable base of Seaside Park post annexation the general tax rate is estimated to be 1.631%.

Property Class Comparison Table

Location: Page 184, property class table and narrative

Replaced the table with corrected figures (same three-column format as original):

Property Class	Current Avg Annual Municipal Taxes	Estimated Post-Annexation Avg. Annual Municipal Taxes
1	\$8,690	\$8,169
2	\$9,950	\$9,354
4	\$11,919	\$11,205

Redline for narrative below table:

~~Based on the above, Class 1 properties would see a reduction in annual taxes, on average, of 51%, Class 2 properties would see a reduction of 46% and Class 4 properties would see a decrease of 26%. The impact is less on Class 4 properties annual taxes due to the increase in average Class 4 assessed valuations.~~ → Based on the above, all property classes would see a reduction in average annual taxes of approximately 6%, reflecting the projected decrease in the overall tax rate from 1.735 (2025 actual) to 1.631 (2026 projected with annexation). Compared to the 2026 projected rate without annexation (1.774), the reduction is approximately 8%.

Step 4 — Calculate the New Tax Rates After Annexation (Pages 199–200)

Proportional Allocation Table (DELETED)

Location: Page 199, table showing proportional allocation of \$10,620,328 across levy components
~~this table DELETED in entirety.~~

Paragraph 1 — Tax Proceeds Offset (DELETED)

Location: Page 199, paragraph beginning “The \$10,620,328 in projected additional tax proceeds...”

~~The \$10,620,328 in projected additional tax proceeds resulting from the annexation is allocated proportionally based on each tax levy’s share of Total General Appropriations and Other Taxes for Year 2025. [DELETED]~~

Paragraph 2 — Direct Offset Description (DELETED)

Location: Page 199, paragraph beginning “For purposes of the 2026 budget...”

~~For purposes of the 2026 budget, the annexation-related increase in tax proceeds has been applied as a direct offset to the amount required to be raised by taxation. The additional \$10,620,328 in taxable capacity is proportionally distributed among the municipal, local school, regional school, and county tax levies based on their respective shares of total taxes. This adjustment reduces the overall tax levy requirement while maintaining full funding of appropriations and statutory reserve requirements. [DELETED]~~

Replacement Methodology (INSERTED)

INSERTED the following after the Step 4 heading:

In total, the annexation is projected to add \$612,122,700 in taxable assessed valuation to the Borough’s ratable base, increasing total assessed valuation from \$1,176,093,800 to \$1,788,216,500. This additional valuation is incorporated into the tax base for all levy components — municipal, local school, regional school, and county — resulting in a proportional distribution of tax responsibility across the expanded base.

The tax rate for each component is calculated by dividing that component’s levy by the total assessed valuation with annexation (\$1,788,216,500). The levy amounts reflect the projected 2026 expenditures with annexation as computed in Step 2 (municipal), the local school and regional school projections presented earlier in this section, and the county tax projection presented above.

“Reserve for Uncollected Taxes / Amount to Be Raised by Taxation” Schedule (DELETED)

Location: Pages 199–200, the adjusted “Computation of Appropriation: Reserve for Uncollected Taxes and Amount to Be Raised by Taxation” schedule

~~DELETED this schedule entirely.~~

Charts on Pages 199 & 200 — “Reduction to Tax Assessment” Column

Location: Charts and tables on pages 199–200 that contains a “Reduction to Tax Assessment” column

~~All charts or tables on these pages including a “Reduction to Tax Assessment” column, were removed.~~

Reference to Adjusted Schedule (DELETED/REVISED)

Location: Page 200, paragraph beginning “The resulting 2026 Computation...”

~~The resulting 2026 Computation of Appropriation: Reserve for Uncollected Taxes and Amount to Be Raised by Taxation schedule reflects the increased tax proceeds and the corresponding reduction in the amount required to be raised by taxation. →~~ The resulting tax rate

computation reflects the total levies to be collected from all taxpayers, divided by the expanded assessed valuation that includes South Seaside Park properties.

Below the Chart — Municipal Budget Comparison (REVISED)

Location: Page 200, sentence below the Reserve for Uncollected Taxes schedule

~~The amount to be raised by taxation for the municipal budget of \$5,847,459 is a reduction of \$2,112,252, or 26.54% reduction from the 2025 adopted budget.~~ → The amount to be raised by taxation for the municipal budget with annexation is \$11,182,086, compared to the projected 2026 amount without annexation of \$8,347,283, an increase of \$2,834,803 or 33.96%. However, because this increased levy is spread across the expanded ratable base of \$1,788,216,500 (a 52% increase from \$1,176,093,800), the resulting municipal tax rate decreases from 0.710 (without annexation) to 0.625 (with annexation), a reduction of approximately 11.90%.

Integration with Tax Rate Modeling (REVISED)

Location: Page 200, “Integration with Tax Rate Modeling” section

~~The general tax rate for Seaside Park in 2025 is 1.735. The general tax rate is calculated by dividing the total amount to be raised by taxation by the net taxable value of the municipality. The general tax rate for Seaside Park, post annexation, is calculated as follows:~~ → The projected 2026 general tax rate for Seaside Park without annexation is 1.774, based on the 2026 projected levies and the current assessed valuation of \$1,176,093,800. The general tax rate is calculated by dividing the total taxes to be collected by the net taxable value of the municipality. The general tax rate for Seaside Park with annexation is calculated as follows:
~~Amount to be raised by taxation: \$18,334,895 / Net taxable value: ÷ 1,788,216,500 / Estimated overall tax rate: 1.025%~~ → Total taxes to be collected: \$29,171,964 / Total assessed valuation: ÷ 1,788,216,500 / Estimated overall tax rate: 1.631%

Concluding Comparison (REVISED)

Location: Page 200, concluding sentence of tax rate section

~~Based on the above, post annexation, the Seaside Park general tax rate is estimated to be 1.025 indicating a 40.9%± reduction in overall annual taxes.~~ → Based on the above, the Seaside Park overall tax rate with annexation is projected to be 1.631, compared to the projected 2026 rate without annexation of 1.774, a reduction of approximately 8.02%. This means a homeowner with a property assessed at \$600,000 would see estimated annual tax savings of approximately \$854.

Financial Findings (Pages 204–208)

Key Findings Summary Table

Location: Page 207–208, “Key Findings Summary” table, Tax Impact row

~~Tax Impact: General tax rate expected to decrease by 40.9%; average household tax reductions of 26%–51% depending on property class~~ → Tax Impact: Overall tax rate projected to decrease by approximately 8% compared to 2026 projected rate without annexation (from 1.774 to 1.631); estimated annual savings of approximately \$854 on a \$600,000 assessed home