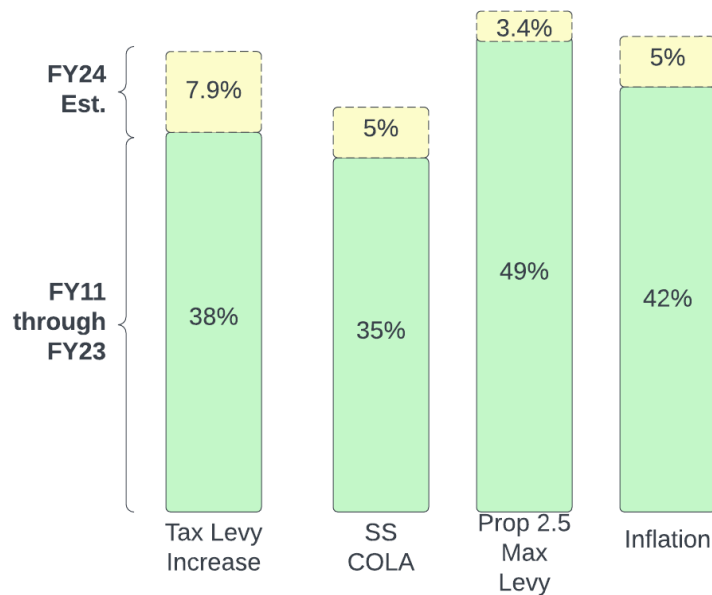


## Benchmarking

### Princeton Taxes FY11 through FY24

Through FY23, Princeton tax levy has kept below the Prop 2.5 max levy with a significant margin. It has also kept under the inflation rate but increased 3% more than the equivalent Social Security Cost of Living Adjustments (COLA). Unfortunately, there are many unknowns when forecasting for next year's budget around actual funding sources. The FY23 budget won't be closed until after July 1<sup>st</sup> end of year so local receipts won't be precisely known (though there are current estimates) plus state funding continues to adjust. One other unknown is the actual amount of new growth which spreads the levy broader. This means that a 7.9% increase in the tax levy does not mean that each individual tax bill would go up 7.9%. The forecast used an average Prop 2.5 max levy increase of 3.4% (2.5% plus 0.9% new growth) which is based on the historical increase in the past decade.



- All FY24 increases are estimates. Actual levy increase won't be known until after new growth assessment is known.
- The FY24 tax levy increase of 7.9% is less than overall budget increase due to application of other funding sources (ARPA, Free Cash, receipts, state funding) reducing the levy portion of funding the budget.
- Social Security Cost of Living Adjustments (COLA) historical increases are from SSA web site.
- The COLA estimated increase is an assumption based on inflation and the historical average of inflation vs COLA.
- Prop 2.5 historical data available from DLS web site.
- Prop 2.5 3.4% increase is average across FY11-FY23 and includes base 2.5% plus new growth.
- Historical inflation data is from BLS web site.
- Inflation estimate is based on news reports.

## Benchmark Towns

While every town must stand alone, it is useful to, at least, understand how Princeton compares to other similar towns. We often compare ourselves to our immediate neighbor towns but most of our immediate neighbors are significantly different in size and commercial development. Using public data available at the Massachusetts Division of Local Services gateway web site, we were able to identify towns that are most like Princeton based on several criteria.

- All in Worcester County making them local but not immediate neighbors.
- Having a Population between 50% of the Princeton population and 200% of the Princeton population.
- Having a Median Household Income between 50% and 200% of Princeton's median household income.
  - Note the use of median rather than average or mean. This avoids a few very high earners from skewing the results higher. By using median, exactly 50% of the households are below the number and 50% of the households are above.
  - Median household income data came from CensusReporter.org web site.
- Having a Per-Capita Equivalent Valuation between 50% and 200% of Princeton's per-capita valuation.
- Having a total Road Miles between 50% and 200% of Princeton's total road miles.

The inclusion of road miles to determine similar towns is because road miles affect DPW budgets as well as policing and fire due to a more spread-out population.

This led to 10 towns that met all the criteria above and could be considered objectively similar. In addition to those metrics, we've included more benchmark data to compare actual Princeton tax levy to the levy applied in other towns.

- The 10 similar towns and their metrics are listed first and a median value across those 10 towns is included. Again, we use median to eliminate any skew from very large or very small actual values.
- The Percent Residential is an indication of how much of the total assessed value of the town is in residential houses as opposed to commercial or industrial properties.
- The single-family tax bill is as reported to the DLS gateway data set.
- The last column is calculated to determine how much of the Median Household Income is needed to pay for the Single-Family Tax Bill.

Municipality	Population	Median Household Income	2022 EQV Per Capita	2018 Total Road Miles	Percent Residential	FY 2023 Single Family Tax Bill	Single-Family Tax Bill as % of Median Household Income
Ashburnham	6,341	104,074	134,432	98	96.20%	5,654	5.43%
Berlin	3,674	106,908	211,064	45	81.74%	7,729	7.25%
Bolton	5,676	167,132	230,426	66	94.67%	12,463	7.46%
Boylston	4,882	127,833	209,683	52	83.12%	7,717	6.04%
Harvard	6,844	167,393	209,527	80	95.67%	12,833	7.67%
Hubbardston	4,312	105,938	136,314	86	94.04%	4,625	4.37%

Mendon	6,251	133,850	196,937	62	89.63%	8,090	
Oakham	1,846	85,078	146,024	50	92.63%	4,115	
Paxton	5,028	123,958	130,816	47	96.01%	7,253	
West Brookfield	3,820	83,079	134,406	66	89.82%	4,034	
<b>Median</b>	<b>4,955</b>	<b>115,433</b>	<b>171,481</b>	<b>64</b>	<b>93.34%</b>	<b>7,485</b>	
<i>Princeton FY23</i>	3,499	148,438	182,830	82.92	96.23%	6,934	
<i>vs Median</i>	71%	129%	107%	130%	103%	93%	
<i>Princeton FY24</i>						7,489	
<i>vs Median</i>						100%	

The bottom rows of the table above compare Princeton to the median summary of the ten towns most like Princeton in Worcester County. The comparison is done based on the known FY23 tax bills and also assuming an 8% increase for FY24, how Princeton would compare then. Note, though, that we'll be comparing Princeton FY24 to every other town's FY23. It is likely that all the other towns will have tax increases as well.

The data provided can provide several insights into how Princeton compares to other towns.

- Even among similar towns, Princeton is a small town (71% of the median population) but also spread out (130% of the median road miles). Also, we have the least commercial/industrial properties among any of these towns with Ashburnham & Paxton very close but still leaving Princeton with the least commercial/industrial assessment.
- Up through FY23, the Princeton single family tax bill has been 7% lower than the median across the other similar towns. But there is a very broad range between the lowest (West Brookfield) and the highest (Harvard).
- When comparing the single-family tax bill to the household income, Princeton has been very good to take less of a bite (as a percentage) out of the resident's paycheck than almost all the similar towns. Hubbardston takes less but does that by getting a lot of state aid.
- Assuming we see an 8% increase in FY24 tax bills, it will bring us inline with the median single family tax bill (though once we see other town FY24 increases, we may still be lower). As a percentage of income, Princeton still is taking a significantly smaller bite than most of the other towns.