

FY27 EXECUTIVE BUDGET OVERVIEW

City Manager Phillip L. Crowell, Jr.

Mayor Harmon, City Councilors, and Auburn Residents:

In accordance with City Charter, I am pleased to submit to the City Council the proposed FY27 Municipal Budget and accompanying Budget Message for the upcoming fiscal year.

EXECUTIVE OVERVIEW HIGHLIGHTS

- The Manager's proposed budget meets the council's directive to preserve current service levels, add no new staff positions, and no new programs, while managing cost pressures which are largely non-discretionary.
- This budget reflects targeted increases driven by healthcare, debt service for the new Public Safety Facility, the Lewiston-Auburn 911 Center, Solid Waste disposal and collection fees, and the Androscoggin County Tax assessment.
- **The manager's budget is \$138,480,796, which is \$9,999,499 (7.78%) over the FY26 Adopted Budget.** This includes the School Department budget based on the Superintendent's proposal presented at the April 6, 2026, council workshop, Androscoggin County's tax assessment, city and school debt service, and the city and school public referendum debt service.
- As in prior years, the proposed budget **prioritizes efficient delivery of core municipal services** in public safety, education partnership, and infrastructure maintenance. It balances near-term needs with long-term sustainability, reflecting contractual wage obligations, health benefits, and inflation on goods and services, while avoiding new programs and seeking efficiencies.
- Staff continue to scrutinize line items, seek procurement savings, and match spending with actuals.
- This budget includes a 33.8% increase in city debt service, reflecting the Public Safety Facility financing and previously authorized infrastructure projects.
- Non-property tax revenue is vital to reducing property tax impacts. FY27 total non-property tax revenue is \$73,959,291, covering 53.41% of the total FY27 proposed budget, an increase of \$3,280,675 (4.64%) over FY26 adopted budget.
- The Capital Improvement Plan (CIP) remains the mechanism for sequencing facility, fleet, street, and equipment investments over a five-year horizon.

FY27 CITY BUDGET DEVELOPMENT

At the joint workshop held on February 2, 2026, with School Committee representatives present, the City Council issued a clear directive to both the City Manager and the School Superintendent: *prepare the FY27 Budget with no new programs or positions, maintaining all existing services.*

When the FY27 budget process formally began, the initial municipal budget reflected an increase of \$7,537,638, a **12.95%** increase on the tax levy over FY26. Over the course of six subsequent workshops – which were focused on priorities, desired outcomes, detailed

review of cost drivers, budget reduction scenarios, and identification of operational efficiencies – staff and Council worked collaboratively to refine and reduce the proposal.

As a result of that work, the **Manager’s Proposed Budget increase is now \$6,335,557**, which is \$1,202,081 lower than the initial submission.

Of the current \$6,335,557 increase, \$5,515,905 is attributable to fixed, non-discretionary obligations, including debt service, county tax, solid waste disposal and collection costs, and obligations related to tax increment financing (TIF). The remaining \$836,652 in operational increase is driven by health insurance, contractual salary adjustments, and cost of goods increases.

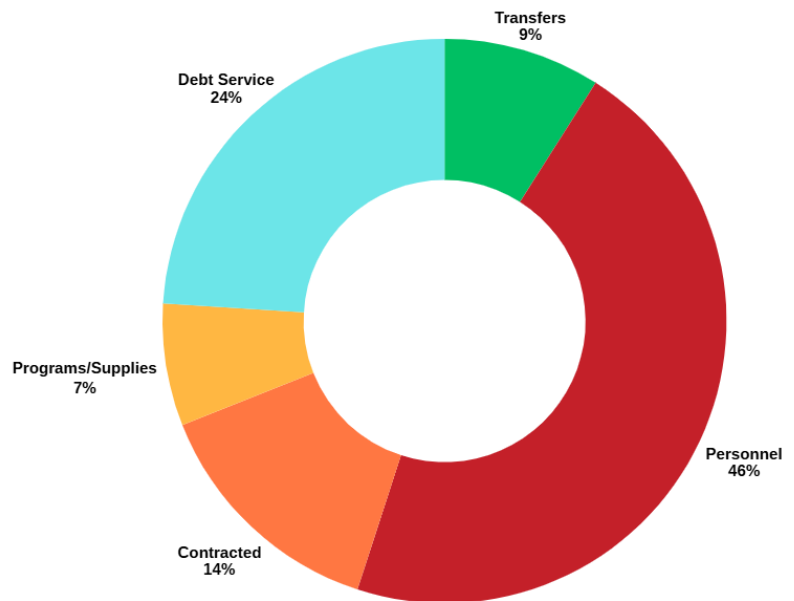
TAX LEVY AT A GLANCE (FY27)

	COUNCIL ADOPTED BUDGET FY 25-26	INITIAL MANAGER BUDGET FY 26-27	Increase (Decrease) from Prior Year Budget	% of Increase (Decrease)	PROPOSED MANAGER BUDGET FY 26-27	Increase (Decrease) from Prior Year Budget	% of Increase (Decrease)
Municipal Operation	18,690,909	21,251,168	2,560,259	13.7%	20,059,087	1,368,178	7.3%
Municipal Debt	12,259,977	16,407,700	4,147,723	33.8%	16,407,700	4,147,723	33.8%
Intergovernmental Operation	5,863,543	6,376,209	512,666	8.7%	6,366,209	502,666	8.6%
School Operation	18,782,179	19,482,920	700,741	3.7%	19,482,920	700,741	3.7%
School Debt	2,206,073	2,205,589	(484)	0.0%	2,205,589	(484)	0.0%
Overlay	383,267	0	(383,267)	-100.0%	-	(383,267)	-100.0%
	58,185,948	65,723,586	7,537,638	12.95%	64,521,505	6,335,557	10.9%

BUDGET EXPENSE ALLOCATION OVERVIEW

To provide a clear picture of how municipal resources are invested, the accompanying pie chart illustrates the distribution of expenditures across the major budget categories.

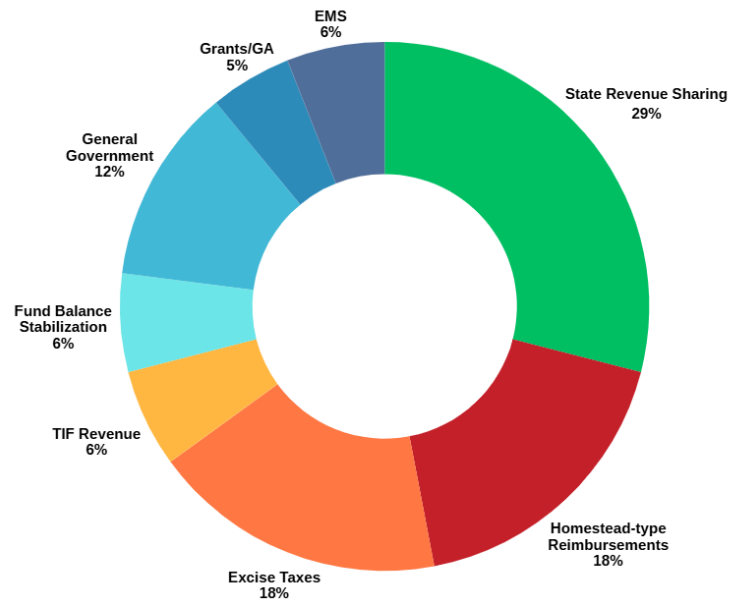
- **Personnel** represents the largest share at 46 percent, reflecting all costs associated with supporting our employees, including salaries, benefits, and training.
- **Debt Service**, at 24 percent, includes payments on the City’s general obligation bonds which include critical infrastructure, and the Public Safety Facility public referendum bond.
- **Contracted Services** account for 14 percent of the budget and encompass outsourced services such as legal support, solid waste management, plowing, maintenance, and technical services.
- **Transfers**, which comprises 9 percent of the total, include TIF funding allocations, emergency reserves, workers’ compensation, county taxes, tax-sharing obligations, and general assistance.
- **Programs and Supplies**, at 7 percent, covers community and recreational programming, special events, sponsorships, library services, road materials such as salt and gravel, equipment, uniforms, and affiliate memberships. This breakdown helps demonstrate how each dollar is used to support essential services and the long-term health of our community.



FY27 REVENUE OUTLOOK

The City’s revenue structure remains stable, with a diverse set of revenue sources that help balance service demands, long-term obligations, and taxpayer capacity. The accompanying pie chart illustrates the primary revenue categories that support municipal operations in the coming fiscal year.

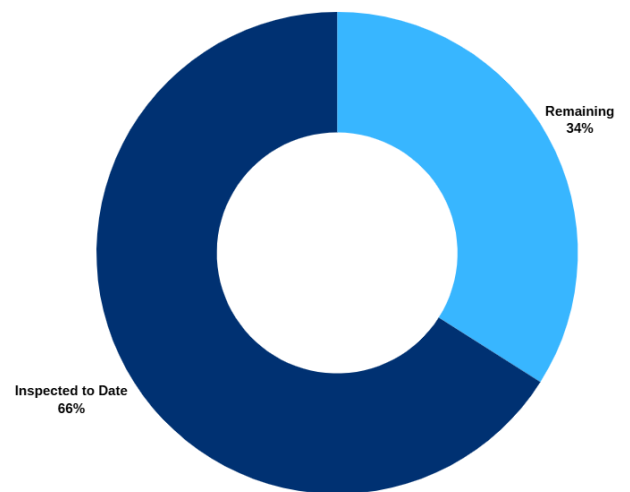
- **State Revenue Sharing** represents the largest source at 29 percent. This funding continues to be a critical component of the City’s operating budget and helps offset the cost of essential services.
- **Homestead-Type Reimbursements**, at 18 percent, includes state reimbursements for property tax relief programs.
- **Excise Taxes**, also accounting for 18 percent, remain a dependable local revenue source driven by vehicle registrations.
- **General Government revenue** contributes 12 percent and includes fees, permits, and other departmental revenue that support day-to-day municipal functions.
- **TIF Revenue**, at 6 percent, reflects captured value within designated districts used to support development-related obligations and investments.
- **Fund Balance Stabilization** contributes another 6 percent, helping to moderate the tax impact while maintaining responsible reserves.
- **EMS revenue**, also at 6 percent, reflects service-related reimbursements.
- **Grants and General Assistance**, at 5 percent, represent state or federal grant receipts and pass-through general assistance funding.



VALUATION

The City continues to monitor assessed valuation trends closely, as growth in the tax base directly impacts our capacity to sustain services without undue burden on taxpayers. **The city has embarked on a full, city-wide revaluation.** This project includes all residential and commercial/industrial improved and vacant parcels, as well as parcels in the agricultural zone. The revaluation process began in the fall of 2024 and new values will be set as of April 1, 2027.

The city assessing office has been mindful of the changing market since 2018, when the state certified ratio began to decline, has made required adjustments as required by state law – Article IX Section 8 of Maine’s Constitution states: “All taxes upon real and personal estate, assessed by authority of this State, shall be apportioned and assessed equally according to just value thereof.”



Auburn has 9,505 total city parcels. As of March 16, 6,235 have been inspected as part of the revaluation process.

In the FY27 budget, the city council's **Senior Tax Relief program** is budgeted at \$150,000. This program served **144 Auburn seniors** in FY26, and the average tax relief distributed was **\$874.40**. We also continue to provide information for the Property Tax Fairness Credit and the State Property Tax Deferral Program.

FUND BALANCE

According to the City's audited financial statements for the fiscal year ending June 30, 2024, the General Fund closed the year with a total fund balance of **\$25,011,296**. Of this amount, unassigned fund balance totaled \$9,041,558, representing the City's **primary source of financial flexibility** and its first line of defense against unexpected economic or operational disruptions.

The City's Fund Balance Policy requires maintaining an unrestricted fund balance in the general fund of no less than 10% and no more than 14% of general fund annual budgeted expenses. As of the last audited report, June 30, 2024, the City's unassigned fund balance represents **13.95%** of expenditures, which was at the top range of the adopted policy. This level of reserves reflects the City's continued commitment to **long-term financial stability**, responsible budgeting practices, and the maintenance of adequate liquidity to support cash flow needs throughout the fiscal year.

Maintaining a healthy fund balance remains a priority, both to ensure financial flexibility and to preserve the City's strong fiscal position. Strategic use of fund balance, coupled with stable revenue streams and careful valuation management, positions the City to navigate future needs responsibly.

FIVE YEAR FISCAL TRENDS

Over the past five fiscal years, Auburn has continued to balance **prudent financial stewardship** with **strategic investments** that strengthen the community's **long-term resilience**. While inflationary pressures, contractual obligations, and regional assessments have created sustained upward pressure on municipal costs, the City has consistently focused on maintaining stable service delivery, controlling operational growth, and aligning spending with Council priorities. This disciplined approach has allowed Auburn to navigate rising costs while still advancing major capital projects, modernizing critical infrastructure, and improving organizational efficiency.

Strategic financial planning, careful debt management, and leveraging outside funding - particularly substantial federal and congressional-directed awards - have allowed Auburn to invest in transformative projects without overburdening local taxpayers. These practices position the City well to manage future obligations, respond to emerging challenges, and continue strengthening Auburn's long-term financial foundation.

STRATEGIC INVESTMENTS, HOUSING GOALS & COMMUNITY ADVANCEMENT

Looking ahead, Auburn is entering a period of significant progress backed by more than **\$20 million in federal funding and congressional directed spending** secured for high-impact community and infrastructure projects. These investments reflect strong federal partnerships, effective advocacy, and alignment with Auburn's long-term goals.

Recent and ongoing accomplishments supported by this funding include:

- **PAL Center Completion** – A major milestone expanding youth engagement, recreation, and community programming in a modern, purpose-built facility.
- **Public Safety Facilities** – A transformative investment in police, fire, and emergency services that enhances response capabilities and positions Auburn to meet public safety needs for decades to come.
- **Infrastructure Improvements Supporting New Housing** – Targeted upgrades to water, sewer, transportation, and site infrastructure that enable additional housing development and support Auburn's growth strategy.
- **Riverwalk Extension Project** – Continued expansion of Auburn's signature riverfront asset, connecting neighborhoods, stimulating economic activity, and enhancing recreation and accessibility.

- **Littlefield Dam Removal** – A forward-looking environmental and public safety initiative that improves fish passage, reduces long-term maintenance costs, and supports watershed restoration.

Auburn continues to make measurable progress toward addressing our community’s **long-term housing needs**. The 2025 Auburn Housing Study identifies that **the City must add 1,300–1,400 new homes by 2030**, an 11% increase in total housing stock, to correct decades of underproduction and to accommodate projected population and workforce growth. This target aligns Auburn with statewide housing production goals established through LD 2003.

Over the past several years, Auburn has undertaken **substantial policy, zoning, and investment reforms** that have positioned the community as a **statewide leader** in modernizing its housing system.

Key Accomplishments:

Auburn has fundamentally **restructured its zoning code** to increase housing diversity, reduce costs, and streamline development. These changes make it possible to build homes that are more attainable to middle-income households and increase production on infill sites where infrastructure already exists. Auburn will accelerate housing production toward its 1,300 –1,400-home goal while prioritizing infill development in areas already served by infrastructure. We will support housing that meets the needs of seniors and young adults by expanding **diverse, attainable options** and **reducing development barriers** through streamlined reviews and modernized codes. Auburn will also leverage state and federal partnerships and closely track key housing indicators to ensure accountability and progress toward long-term goals.

Together, these projects and initiatives demonstrate **Auburn’s commitment to building a healthy, vibrant, and economically competitive community**. They also illustrate how leveraging outside funding, combined with disciplined fiscal management, allows the City to advance major priorities while maintaining stable and predictable local budgeting.

As we move into FY27 and beyond, Auburn is well positioned to continue aligning its financial policies, capital planning, and operational goals with the needs and aspirations of residents, businesses, and future generations.

ACKNOWLEDGMENTS

My thanks to Finance Director Kelsey Earle and the Finance team for their professionalism in preparing Auburn’s budget book and materials, our department directors and municipal employees for delivering exceptional services every day, and our school partners for continued collaboration on facilities and operations.

Respectfully submitted,



Phillip L. Crowell, Jr.
City Manager, City of Auburn