



TOWN OF BERLIN, MARYLAND

Office of the Mayor

Dear Town of Berlin Residents and Business Owners,

The Mayor and Council held our General Fund Budget Work Session on Monday, April 20th. Following the meeting, I want to take a moment to speak directly to our community about where we are in the process and what it means for the Town of Berlin.

First and foremost, it is important to understand that we are still early in the budget development process. At this stage, many items remain projections and will continue to be refined as we move toward formal budget introduction. As I shared during the meeting, the same inflationary pressures that families are experiencing at the grocery store, at the gas pump, and in everyday purchases are also affecting the Town government. Since the COVID-19 pandemic, the cost of goods, services, and operations has increased significantly.

Over the past several years, the Town has worked hard to absorb many of these increases without passing them on to our residents, often by strategically utilizing reserve funds. However, it is becoming increasingly clear that most of these costs are not returning to pre-pandemic levels. While we fully recognize the financial strain this creates for our residents, it would not be financially prudent or responsible to rely on reserves as a long-term solution. Our obligation is to ensure the Town remains financially stable, not just today, but for years to come.

I want to address a concern I have already heard from some in the community regarding the idea that the Town is currently operating in a deficit. That is not accurate. I want to reassure our community that the Town of Berlin remains in a very strong financial position and our reserves continue to be maintained above historical trends. Since 2020, our team has made a deliberate effort to rebuild and strengthen our financial resilience, and our independent auditors continue to recognize the Town's solid financial standing in our annual audits. The FY27 draft budget we discussed includes projected gaps that we are actively working to close as part of the normal budget development process, but the Town is not operating in a deficit.

Over the past several weeks, town staff and the Mayor's Office have worked diligently to reduce the projected deficit. At the end of the day, we are required to adopt a balanced budget, and we are making meaningful progress toward that goal. That said, I also want to be transparent about what is not currently included in the draft budget but needs to be considered moving forward. At this time, no funding has been allocated to the contingency line item, which is critical for addressing unexpected costs during the next fiscal year. Additionally, the draft budget does not include increased funding for the Berlin Fire Company or Berlin Fire Company EMS, despite rising operational costs and their request for additional support. There are, however, some positive developments. Our healthcare renewal projections are coming in lower than initially anticipated, and we expect other line items to improve as we continue refining the budget.

As part of the process, I am required to introduce a proposed tax rate at our next meeting on Monday, April 27th, so it can be properly advertised. It is important to note that the Town has not increased the tax rate for the past 3 years, when the tax rate was increased 1.25 cents or \$0.0125 on July 1, 2023. Based on current projections and discussions with our financial team, that rate will likely be introduced at approximately 1.25 cents (\$0.0125, or a penny and a quarter of a penny) higher than our current rate, representing about a 1.5% increase. To put that into perspective, for a home valued at \$500,000, this equates to approximately \$5 more per month. I fully acknowledge that every dollar is meaningful and, for some families, can make a real difference.

However, the Town's financial team and I believe that a modest adjustment, combined with continued budget refinement, potential deferral of certain projects, and responsible fiscal management, positions us to achieve a balanced budget while maintaining the high level of services our residents and business community expect and deserve. Our goal remains clear: to protect the financial integrity of the Town of Berlin while being mindful of the impact on our residents and business community.

We will continue to evaluate, refine, and make adjustments as we move toward budget introduction and final adoption. I encourage residents to stay engaged, attend meetings, and share their feedback as we move through this process together. Thank you for your continued trust and partnership.

Respectfully,

Mayor Zack

Mayor Zack Tyndall
Town of Berlin