August 28, 2026

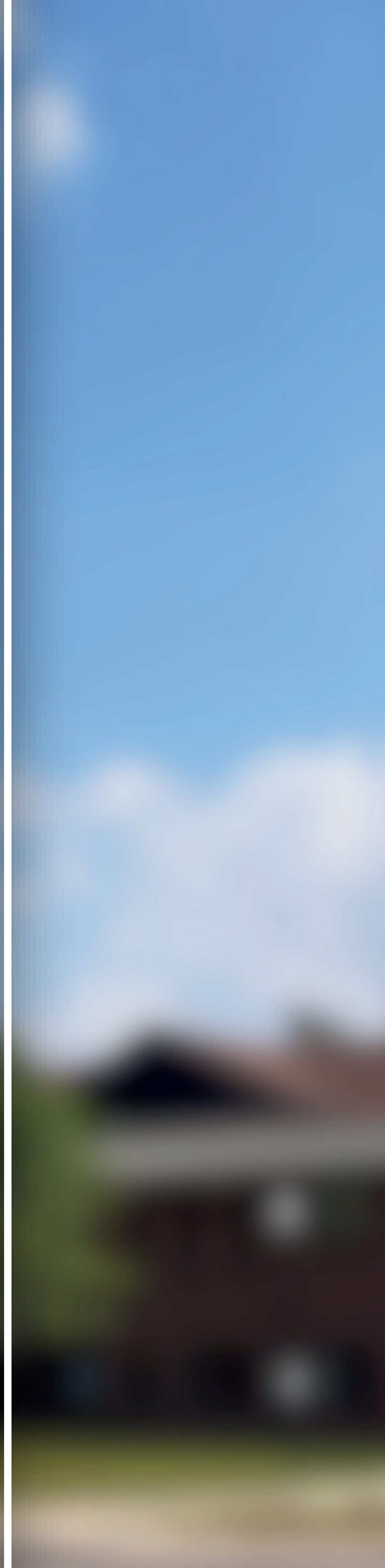
FY 2027 - FY 2031

FINANCIAL FORECAST

Meridian Charter Township

• EST. 1842 •
MERIDIAN
TOWNSHIP

Prepared by the Meridian Township Finance Department



BACKGROUND

The Township Board identified the development of a five-year financial forecast as a 2026 Goal. To current staff's knowledge, this is the first multi-year financial forecast in the Township's history. Financial forecasts have become increasingly common with local governments for multiple reasons. First and foremost, forecasts help identify pending financial challenges, whether on the revenue or expenditure side. Identifying problems earlier allows for more proactive planning and adjustments. Looking forward also provides elected leaders, employees, union representatives, and residents with a better understanding of the organization's financial picture and increases transparency.

While financial forecasts have clear benefits, they remain a projection of future activity. Like forecasting the weather, they will not be 100% accurate. This forecast is intended to be used as a planning tool and is based on the best information available at a given point in time. There are a myriad of assumptions and risk factors that will influence actual financial results. While the 2027 projections align with the budget, the forecast is not meant to be a budget document.

The 2027-2031 Financial Forecast is focused on the Township's General Fund. This is the Township's primary fund that operates most general government activities. Special revenue (Local Roads, Park Millage, etc.), enterprise (Sewer and Water), internal service (Motor Pool), and component unit (BRA, EDC, DDA, CIA) funds are not included in this forecast.

ASSUMPTIONS, RISKS, and UNCERTAINTIES

The 2027-2031 Financial Forecast is based on multiple assumptions and is subject to various risks and uncertainties. It is important to keep these factors in mind when reviewing the forecast given their individual and collective potential to impact the forecast.

PROPERTY TAXES

Property taxes and associated fees represent the single largest General Fund revenue source at nearly 60%. Fortunately, the Township has seen a 4.1% average annual increase in taxable value over the past decade. Increases have been from both new construction and uncapping taxable values when properties sell. The uncapping is subject to Proposal A provisions that limit how much taxable value can increase for properties each year, the greater of the Consumer Price Index or 5%.

Taxable value increases have been partially offset by the Township millage rate declining due to Headlee reductions. The 2026 rate will be 9.9373 mills, down from 10.4227 in 2023. The lower rate is also due to the Central Fire Station debt millage ending.

The net result has been property tax revenue increases averaging 4.0% since 2019. The forecast assumes a more modest annual growth rate of 1.5% due to slower growth, uncertainty in long-term home values, and potential Proposal A reform that may unwind uncapping. Any drastic changes in property values, e.g., the housing crisis during the Great Recession, would impact property taxes in a one to two-year lag.

REVENUE SHARING

State statutory and constitutional revenue sharing represent just over 17% of General Fund revenue. Revenue sharing has been inconsistent over the years. Revenue sharing was up in 2025 but declined each of the two prior years. Over the past decade, revenue sharing has increased an average of 5.8% annually. A decline in revenue sharing is projected for 2027 due to the 2025 road funding agreement. Since 95% of revenue sharing is constitutional and dependent on Michigan sales tax, it remains vulnerable to any significant shifts in the Michigan economy. Meridian Township has benefited from its growing population as the formula is per capita based. A conservative 1.5% annual growth rate is used for future years.

FEES FOR SERVICE

Ambulance fees and building permits are the two most significant fee-based revenues in the General Fund, representing 5.7% and 2.4% of total revenues, respectively. Ambulance fees are dependent on service call volume and collectability. Call volume and fee increases have resulted in an average increase of 4.6% over the last decade but have fluctuated by double-digit percentages depending on the year. Building permit revenue has been strong over the past few years due to the volume of building activity. While overall activity appears to be slowing, possible future projects by local school districts may provide additional revenue.

INFLATION

The Federal Reserve Bank of Cleveland projects inflation over the next five years to range from 2.5% to 3.0%.[1] However, as we have seen in recent years, inflation has been much more volatile compared to the two decades prior to the pandemic, an exception being the start of the Great Recession in 2008. The average Consumer Price Index (CPI) over the past 20 years, 2.6%, is the inflation rate used for most operational expenses. The inflation rate for utilities is 3.5% since those have been trending above CPI.

HEALTH INSURANCE

Health insurance is the most unpredictable and difficult expense to project. After a 25% premium increase in 2026, premium costs will see a slight decline in 2027. However, over the prior five years, healthcare costs have increased an average of 7.5% per year. In the forecast, we assumed an 11% annual cost increase. Future costs may be partially offset by plan changes, including the potential for premium cost sharing with employees.

[1] "Inflation Expectations." Federal Reserve Bank of Cleveland. https://doi.org/10.26509/frbc-infexp. Accessed on July 31, 2026.

PENSION CONTRIBUTIONS

MERS provides the Township with an annual actuarial assessment of the defined benefit pension plan. The defined benefit plan has been altered for all groups, reducing the long-term obligations that would have otherwise accrued. These changes were necessary to ensure the fiscal stability of the plan by allowing the Township time to meet its unfunded obligations. The Township has made significant progress over the past decade, increasing the funding ratio from 58% in 2016 to 80% funded in 2025, but continued supplemental contributions above the annual required contribution are still necessary. The forecast assumes additional contributions in the defined benefit plan of at least $1.5 million per year. This also assumes the 2017 Police and Fire Millage renewal is approved in November 2026.

LABOR AGREEMENTS

There are seven union groups that represent Township employees. Three of those agreements expire December 31, 2026, and another four on December 21, 2027. Consistent with current contracts, annual wage increases are 3.0% for each year going forward. Since personnel costs make up the largest portion of General Fund expenditures, at nearly 78%, changes can have significant implications for the overall budget. Any deviation from this percentage or significant other increase to labor costs are not captured by the forecast.

FEDERAL POLICIES

Federal policies around tariffs, trade, tax, and immigration all present the potential to impact the state and local economies. Future changes may cause short- or long-term changes in economic outlook. The greatest risk for the Township is typically on the expense side with fluctuating prices.

GLOBAL AND NATIONAL ECONOMIC CONDITIONS

The shifting global economy and ongoing potential for geopolitical conflicts pose the potential to impact global and national economic conditions. Like federal policy, these risks are more likely to be associated with increased expenditures in the short- and medium-term. Any extended recessions or other longer-term economic shocks would impact the Township's financial outlook.

5-YEAR FORECAST

MERIDIAN TOWNSHIP · EST. 1842 ·

	FY2025 ACTUAL	FY2026 BUDGET	over 25 actual	FY2026 EXPECTATION	over 25 actual	FY2027 BUDGET	over 26 estimate	FY2028 FORECAST	over 27 forecast	FY2029 FORECAST	over 28 forecast	FY2030 FORECAST	over 29 forecast	FY2031 FORECAST	over 30 forecast
REVENUE															
Property Taxes	16,836,167	17,341,937	3.0%	17,403,433	3.4%	18,060,444	3.8%	18,323,977	1.5%	18,591,526.8	1.5%	18,863,017	1.5%	19,138,505	1.5%
Special Assessments & Marijuana Tax	463,191	500,201	8.0%	608,014	31.3%	621,123	2.2%	623,827	0.4%	626,601.3	0.4%	629,448	0.5%	632,368	0.5%
Intergovernmental Revenue	6,809,870	5,933,348	-12.9%	6,102,938	-10.4%	5,538,780	-9.2%	5,619,679	1.5%	5,701,790.5	1.5%	5,785,134	1.5%	5,869,728	1.5%
Licenses & Permits	1,912,699	1,407,770	-26.4%	1,408,880	-26.3%	1,258,750	-10.7%	1,225,688	-2.6%	1,196,859.4	-2.4%	1,171,851	-2.1%	1,150,291	-1.8%
Charges for Services	2,725,569	2,517,925	-7.6%	2,550,488	-6.4%	2,585,250	1.4%	2,593,103	0.3%	2,601,033.5	0.3%	2,609,044	0.3%	2,617,134	0.3%
Fines & Forfeitures	355,929	190,500	-46.5%	252,000	-29.2%	211,500	-16.1%	211,500	0.0%	211,500.0	0.0%	211,500	0.0%	211,500	0.0%
Other Revenue	2,437,740	1,710,827	-29.8%	1,892,829	-22.4%	1,945,911	2.8%	1,979,939	1.7%	2,014,974.1	1.8%	2,051,050	1.8%	2,088,194	1.8%
TOTAL REVENUE	**31,541,165**	**29,602,508**		**30,218,582**		**30,221,758**		**30,577,711**		**30,944,285.7**		**31,321,044**		**31,707,720**	
Revenue Growth (Decline)	***1.0%***	***-6.1%***		***-4.2%***		***0.0%***		***1.2%***		***1.2%***		***1.2%***		***1.2%***	
CURRENT RESOURCES AVAILABLE FOR OPERATIONS	31,541,165	29,602,508		30,218,582		30,221,758		30,577,711		30,944,286		31,321,044		31,707,720	
Total Fund Balance at Start of Fiscal Year	**12,810,399**	**16,368,074**		**16,368,074**		**15,752,213**		**14,803,849**		**13,030,460**		**10,381,119**		**6,800,126**	
TOTAL FUND RESOURCES	44,351,564	45,970,582		46,586,656		45,973,971		45,381,560		43,974,746		41,702,163		38,507,846	
EXPENDITURES															
Personnel Services															
Salaries & Wages	12,843,018	13,583,544	5.8%	13,807,702	7.5%	14,157,406	2.5%	14,723,702	4.0%	15,312,650	4.0%	15,925,156	4.0%	16,562,163	4.0%
Retirement	6,337,275	7,064,852	11.5%	7,090,354	11.9%	7,204,693	1.6%	7,420,834	3.0%	7,643,459	3.0%	7,872,763	3.0%	8,108,945	3.0%
Health Insurance	1,867,427	2,105,904	12.8%	2,105,904	12.8%	2,350,570	11.6%	2,609,133	11.0%	2,896,137	11.0%	3,214,712	11.0%	3,568,331	11.0%
Other Fringes	443,109	493,006	11.3%	566,206	27.8%	522,776	-7.7%	530,618	1.5%	538,577	1.5%	546,656	1.5%	554,855	1.5%
Total Personnel Serivces	**21,490,829**	**23,247,306**		**23,570,166**		**24,235,445**		**25,284,286**		**26,390,823**		**27,559,287**		**28,794,294**	
Operating Expenditures	**4,038,218**	**4,308,375**	6.7%	**4,835,008**	19.7%	**4,341,831**	-10.2%	**4,462,619**	2.8%	**4,586,834**	2.8%	**4,714,574**	2.8%	**4,845,940**	2.8%
Assessments	**971,390**	**903,821**	-7.0%	**931,609**	-4.1%	**955,277**	2.5%	**945,224**	-1.1%	**935,197**	-1.1%	**925,194**	-1.1%	**915,217**	-1.1%
Capital Outlay	**508,452**	**500,177**	-1.6%	**522,077**	2.7%	**662,968**	27.0%	**674,624**	1.8%	**686,582**	1.8%	**698,851**	1.8%	**711,439**	1.8%
Transfer Out to Other Funds															
Internal Service Fund (Motorpool)	974,601	974,601	0.0%	974,601	0.0%	974,601	0.0%	984,347	1.0%	994,190	1.0%	1,004,132	1.0%	1,014,174	1.0%
Other Funds	-	-		982	100.0%	-		-		-		-		-	
Total Transfers	**974,601**	**974,601**		**975,583**		**974,601**		**984,347**		**994,190**		**1,004,132**		**1,014,174**	
TOTAL EXPENDITURES	**27,983,490**	**29,934,280**		**30,834,443**		**31,170,122**		**32,351,100**		**33,593,626**		**34,902,038**		**36,281,064**	
Expenditure Growth (Decline)	***-9.0%***	***7.0%***		***10.2%***		***1.1%***		***3.8%***		***3.8%***		***3.9%***		***4.0%***	
ACCUMULATION (USE) OF FUND BALANCE	**3,557,675**	(331,772)		(615,861)		(948,364)		(1,773,389)		(2,649,341)		(3,580,994)		(4,573,344)	
Total Fund Balance at Year End	**16,368,074**	**16,036,302**		**15,752,213**		**14,803,849**		**13,030,460**		**10,381,119**		**6,800,126**		**2,226,782**	
AVAILABLE FUND BALANCE REPRESENTED AS % OF OPERATING EXPENDITURES	58%	54%		51%		47%		40%		31%		19%		6%	
MONTHS OF OPERATIONS	7.02	6.43		6.13		5.70		4.83		3.71		2.34		0.74	

GENERAL FUND REVENUE DETAILS

	FY2025 ACTUAL	FY2026 BUDGET	FY2026 EXPECTATION	FY2027 BUDGET	FY2028 FORECAST	FY2029 FORECAST	FY2030 FORECAST	FY2031 FORECAST
Property Taxes								
Property Taxes - Operating	15,444,053	16,018,847	16,079,086	16,612,909	16,861,967	17,114,896	17,371,620	17,632,194
Other Taxes	61,675	46,248	47,505	47,535	48,010	48,490	48,975	49,465
Tax Administration Fee	1,330,439	1,276,842	1,276,842	1,400,000	1,414,000	1,428,140	1,442,421	1,456,846
Total Property Taxes	**16,836,167**	**17,341,937**	**17,403,433**	**18,060,444**	**18,323,977**	**18,591,527**	**18,863,017**	**19,138,505**
Special Assessments-Street Lights	463,191	500,201	499,979	517,123	517,123	517,123	517,123	517,123
Marijuana Tax	-	-	108,035	104,000	106,704	109,478	112,325	115,245
Total Taxes & Special Assessments	**17,299,358**	**17,842,138**	**18,011,447**	**18,681,567**	**18,947,804**	**19,218,128**	**19,492,464**	**19,770,873**
Intergovernmental Revenue								
Grant - Federal	-	-	480,000	38,045	38,045	38,045	38,045	38,045
Grant - State&Local	60,873	27,500	152,035	27,500	27,500	27,500	27,500	27,500
Grant - Fire Protection	81,693	80,000	82,098	80,000	80,000	80,000	80,000	80,000
State Shared Revenue	5,991,743	5,150,848	4,658,135	4,651,605	4,721,379	4,792,200	4,864,083	4,937,044
Local Revenue Sharing	675,561	675,000	730,670	741,630	752,754	764,046	775,506	787,139
Total Intergovernmental Revenue	**6,809,870**	**5,933,348**	**6,102,938**	**5,538,780**	**5,619,679**	**5,701,791**	**5,785,134**	**5,869,728**
Licenses & Permits								
All Departments	1,368,315	982,770	983,880	843,750	852,188	860,709	869,316	878,010
Communications-PEG & Franchise Fees	544,384	425,000	425,000	415,000	373,500	336,150	302,535	272,282
Total Licenses & Permits	**1,912,699**	**1,407,770**	**1,408,880**	**1,258,750**	**1,225,688**	**1,196,859**	**1,171,851**	**1,150,291**
Charges for Services								
General Government	353,764	251,400	273,578	268,400	271,084	273,795	276,533	279,298
Community Planning & Development	162,131	194,500	210,500	155,000	156,550	158,116	159,697	161,294
Parks & Recreation	186,378	194,730	188,630	179,800	181,598	183,414	185,248	187,101
Police Department	200,091	177,295	177,780	182,050	183,871	185,709	187,566	189,442
Fire Department	1,823,205	1,700,000	1,700,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Total Charges for Services	**2,725,569**	**2,517,925**	**2,550,488**	**2,585,250**	**2,593,103**	**2,601,034**	**2,609,044**	**2,617,134**
Fines & Forfeitures								
Fines & Forfeitures	355,929	190,500	252,000	211,500	211,500	211,500	211,500	211,500
Total Fines & Forfeitures	**355,929**	**190,500**	**252,000**	**211,500**	**211,500**	**211,500**	**211,500**	**211,500**
Other Revenue								
Other Revenue	1,328,565	568,376	750,378	771,014	771,014	771,014	771,014	771,014
Internal Transfers	1,109,175	1,142,451	1,142,451	1,174,897	1,208,925	1,243,960	1,280,036	1,317,180
Total Other Revenues	**2,437,740**	**1,710,827**	**1,892,829**	**1,945,911**	**1,979,939**	**2,014,974**	**2,051,050**	**2,088,194**
TOTAL REVENUES	31,541,165	29,602,508	30,218,582	30,221,758	30,577,711	30,944,286	31,321,044	31,707,720
Percentage Change	1.0%	-6.5%	-4.4%	0.0%	1.2%	1.2%	1.2%	1.2%

GENERAL FUND EXPENDITURE DETAILS

	FY2025 ACTUAL	FY2026 BUDGET	FY2026 EXPECTATION	FY2027 FORECAST	FY2028 FORECAST	FY2029 FORECAST	FY2030 FORECAST	FY2031 FORECAST
Personnel Services								
Salaries & Wages	12,843,018	13,583,544	13,807,702	14,157,406	14,723,702	15,312,650	15,925,156	16,562,163
Retirement	6,337,275	7,064,852	7,090,354	7,204,693	7,420,834	7,643,459	7,872,763	8,108,945
Health Insurance	1,867,427	2,105,904	2,105,904	2,350,570	2,609,133	2,896,137	3,214,712	3,568,331
Other Fringes	443,109	493,006	566,206	522,776	530,618	538,577	546,656	554,855
Total Personnel Services	**21,490,829**	**23,247,306**	**23,570,166**	**24,235,445**	**25,284,286**	**26,390,823**	**27,559,287**	**28,794,294**
	-3.9%	12.8%	0.0%	11.6%	11.0%	11.0%	11.0%	11.0%
Operating Expenditures								
Operating Expenses	788,091	764,892	846,686	771,646	791,709	812,293	833,413	855,082
Professional Services	74,692	115,500	179,231	120,100	123,223	126,426	129,713	133,086
Postage	89,672	98,500	106,240	85,000	87,210	89,477	91,804	94,191
Insurance	308,947	335,000	260,000	285,000	292,410	300,013	307,813	315,816
Legal Fees	417,670	410,000	350,000	359,900	369,257	378,858	388,708	398,815
Contractual Services	653,619	858,965	1,320,393	884,075	907,061	930,645	954,841	979,667
IT	509,755	482,500	528,500	543,500	557,631	572,129	587,005	602,267
Utilities	892,902	845,768	845,768	906,750	938,486	971,333	1,005,330	1,040,516
Repair & Maintenance	131,213	160,000	159,440	143,750	147,488	151,322	155,257	159,293
Recreation	61,543	73,300	73,300	72,300	74,180	76,108	78,087	80,118
Lake Lansing Clean Up	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
All Other Expenditures	100,114	153,950	155,450	159,810	163,965	168,228	172,602	177,090
Total Operating Expenditures	**4,038,218.00**	**4,308,375.00**	**4,835,008.00**	**4,341,831.00**	**4,462,619.36**	**4,586,833.84**	**4,714,573.51**	**4,845,940.40**
Assessments								
Drains	971,390	903,821	931,609	955,277	945,224	935,197	925,194	915,217
Total Assessments	**971,390**	**903,821**	**931,609**	**955,277**	**945,224**	**935,197**	**925,194**	**915,217**
Capital Outlay								
Office Equipment & Furniture	30,412	11,900	11,900	11,500	11,799	12,106	12,421	12,743
IT	44,282	158,100	133,000	292,040	299,633	307,423	315,417	323,617
Machinery & Equipment	219,081	98,500	145,500	144,750	148,514	152,375	156,337	160,401
Construction & Improvements	-	17,000	17,000	-	-	-	-	-
Leases	214,677	214,677	214,677	214,678	214,678	214,678	214,677	214,677
Total Capital Outlay	**508,452**	**500,177**	**522,077**	**662,968**	**674,624**	**686,582**	**698,851**	**711,439**
Transfer Out to Other Funds								
Motorpool	974,601	974,601	974,601	974,601	984,347	994,190	1,004,132	1,014,174
Local Roads	-	-	-	-	-	-	-	-
Pension Stabilization Fund	-	-	-	-	-	-	-	-
Capital Projects Fund	-	-	-	-	-	-	-	-
Other Funds	-	-	982	-	-	-	-	-
Total Transfers	**974,601**	**974,601**	**975,583**	**974,601**	**984,347**	**994,190**	**1,004,132**	**1,014,174**
Total Expenditures	27,983,490.00	29,934,280.00	30,834,443.00	31,170,122.00	32,351,100.00	33,593,626.46	34,902,037.51	36,281,063.98
	-	-	-	-				
	-9.9%	6.5%	9.2%	1.1%	3.7%	3.7%	3.7%	3.8%