

RE: Comprehensive Financial Plan (CFP)

DATE: January 27, 2025

This Scope Appendix is attached by reference to the above-named engagement letter (the Engagement Letter) between the Evansville Vanderburgh Public Library, Indiana, (the Client) and Baker Tilly Advisory Group, LP (Baker Tilly).

SCOPE OF WORK

Baker Tilly agrees to furnish and perform the following services.

A. Comprehensive Financial Plan

The purpose of this project is the development of a long-term financial plan that will assist the Client in financial planning, management of its financial resources, debt management, and capital improvement planning. The plan will include the following funds:

- > Operating Fund.
- > Willard Fund.
- > Rainy Day Fund.
- > Library Improvement Reserve Fund.
- > Debt Service Fund

Baker Tilly will develop a long-term financial plan for the Client working in concert with Client officials and staff. The financial planning model will incorporate assumptions regarding revenue and expenditure estimates, tax base changes, capital outlays, existing and estimated debt service, and estimated property tax rates over the specified planning period. Features of the long-term financial planning model include:

- > A long-term financial planning model.
- > Details regarding assumptions utilized for both revenue and expenditure estimates.
- > Charts, graphs, and tables depicting historical trends and future estimates.
- > Summary of outstanding debt related to the financing of previous capital expenditures.

The long-term financial plan will be developed for a baseline scenario representing the most likely or expected conditions. Scenarios may also be developed representing favorable and unfavorable scenarios to capture a range of potential financial outcomes.

1. Information Gathering

- a) Meet with the Client, as necessary, to seek input into the development of the long-term financial plan, to gain an understanding of long-term financial goals, services and service levels, and desired future state of Client finances.
- b) Meet with the Client, as necessary, to discuss historical trends in revenues and expenditures and thoughts about potential future performance.
- c) Gather historical financial data from the client.

2. Analyze historical financial, economic, statistical data and trends for the funds included in the analysis.

Analyze historical financial performance and trends for the past two years:

- a) Revenues from all sources.
- b) Expenditures.
- c) Cash reserves.
- d) Fund balances.
- e) Outstanding debt.
- f) Tax base.

3. Develop preliminary financial plan

- a) Develop schedules of receipts, disbursements, and fund balances of all analyzed funds of the Client for the previous two years ended December 31 based upon reports and records of the Client, to identify trends in revenues, expenditures, and fund balances.
- b) Create a baseline financial model of all analyzed operating funds of the Client for the current and next three calendar years ending. Analysis will include estimates of revenues on a major category basis and expenditures by function on a major category basis.
- c) Recommend a level of minimum fund balances to be maintained.
- d) Identify potential shortfalls in revenues and provide suggestions, as available, to bridge funding gaps.
- e) Analyze preliminary baseline financial model and additional scenarios (as applicable) with the Client. Based on that analysis, Baker Tilly may modify the baseline model and additional scenarios as appropriate.

4. Develop Long-Term Financial Plan and Report

- a) Baker Tilly will develop the long-term financial plan and report incorporating the financial model and scenarios, as applicable.
- b) Present the Long-Term Financial Plan Report to the Client.

5. Meetings

Attend meetings with the client as requested that may include the following: working group meeting, presentation of draft report to Client representatives, and final presentation to the Client's fiscal body. Additional meetings covered under Section B.

EXPECTATIONS

The Client will identify a member of their staff to serve as a contact person between Baker Tilly and the Client. This person will be responsible for assisting Baker Tilly in the gathering of accurate and timely information necessary to complete the project and arranging for and coordinating required meetings. Baker Tilly acknowledges some of this information may be available in our files and/or on the Client's website. At a minimum, the following information will be needed to complete the study:

- > Copies of the Client's most recent and prior two years' financial statements.
- > A trial balance or similar report generated from the Client's accounting system for the most recent year-ended and current year-to-date.

- > Copies of the Client's adopted budgets for the last two years, the current year, and the ensuing year, if available.
- > Capital Improvement Plan for the current year and for the following three years (if available).
- > Current fiscal policies.
- > Copies of existing Client debt schedules for any outstanding debt (i.e. bonds, equipment leases, lease-purchase agreements, etc.).
- > Information related to the anticipated growth in residential and commercial/industrial tax base during the planning period (if available).
- > Other relevant information.

DELIVERABLES

At the conclusion of this project, we will provide the Client with a Long-Term Financial Plan Report

B. Annual Services / Periodic Services

1. After the initial setup of the Financial Plan, Baker Tilly will be available as necessary and at the discretion of the Client to monitor and update the Financial Plan, update the model for various scenarios, attend working group meetings, and provide ongoing financial strategy and advice as warranted.
2. Meet, as needed, with Client officials to discuss and answer questions on the Financial Plan, its findings, recommendations, and alternatives.
3. Assist with financial or operational issues of the Client that do not fall within the categories as described in Section A above.
4. Attendance at meetings not covered in Section A above.

COMPENSATION AND INVOICING

Fees for services set forth in the Scope Appendix will be billed at standard billing rates based upon the actual time and expenses incurred and will not exceed Fifteen Thousand Dollars (\$15,000) without further authorization from the Client.

Standard Hourly Rates by Job Classification
9/1/2024

Title	Hourly Rate
Principals / Directors	\$420 - \$660
Managers / Senior Managers	\$290 - \$440
Consultants / Analysts / Senior Consultants	\$185 - \$300
Support / Paraprofessionals / Interns	\$115 - \$195

**Billing rates are subject to change periodically due to changing requirements and economic conditions. The Client will be notified thirty (30) days in advance of any change to fees. If Client does not dispute such change in fees within that thirty (30) day period, Client will be deemed to have accepted such change. The fees billed will be the fees in place at the time services are provided. Actual fees will be based upon experience of the staff assigned and the complexity of the engagement.*

The above fees shall include all expenses incurred except for direct, project-related expenses such as travel costs.

Payment of professional fees is not contingent upon project completion by Client nor material timing changes in project completion. Professional fees provided according to the Scope Appendix are due within 30 days of being invoiced, regardless of project status. If necessary, monthly payment plan arrangements may be negotiated upon request.

BILLING PROCEDURES

Normally, you will receive a monthly statement showing fees and costs incurred in the prior month.

Occasionally, we may bill on a less frequent basis if the time involved in the prior month was minimal or if arrangements are made for the payment of fees from bond proceeds. The account balance is due and payable on receipt of the statement.

Nonattest Services

As part of this engagement, we will perform certain nonattest services. For purposes of the Engagement Letter and this Scope Appendix, nonattest services include services that the *Government Auditing Standards* refers to as nonaudit services.

We will not perform any management functions or make management decisions on your behalf with respect to any nonattest services we provide.

In connection with our performance of any nonattest services, you agree that you will:

- > Continue to make all management decisions and perform all management functions, including approving all journal entries and general ledger classifications when they are submitted to you.
- > Designate an employee with suitable skill, knowledge, and/or experience, preferably within senior management, to oversee the services we perform.
- > Evaluate the adequacy and results of the nonattest services we perform.



- > Accept responsibility for the results of our nonattest services.
- > Establish and maintain internal controls, including monitoring ongoing activities related to the nonattest function.

Conflicts of Interest

Attachment A to the Engagement Letter contains important disclosure information that is applicable to this Scope Appendix.

We are unaware of any additional conflicts of interest related to this Scope Appendix that exist at this time.

Termination

This Scope Appendix will terminate according to the terms of the Engagement Letter.

If this Scope Appendix is acceptable, please sign below and return one copy to us for our files. We look forward to working with you on this important project.

Signature,

BAKER TILLY ADVISORY GROUP, LP

Belvia B. Gray

Belvia B. Gray, Principal

Signature Section:

The services and terms as set forth in this Scope Appendix are agreed to on behalf of the Client by:

Name: *Ari Tomlin*

Title: *Director of Finance*

Date: *1-30-2025*