

RE: Fiscal Sustainability Plan (FSP)

DATE: June 17, 2026

This Scope Appendix is attached by reference to the above-named engagement letter (the Engagement Letter) between 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. Fiscal Sustainability Plan

The purpose of this project is the development of a fiscal sustainability 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
- > Willard
- > Rainy Day
- > Library Improvement Reserve
- > Debt Service

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

- > A fiscal sustainability 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 fiscal sustainability 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 fiscal sustainability plan, to gain an understanding of fiscal 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, statistical data and trends for the funds included in the analysis.
Analyze historical financial performance and trends for the past two (2) years:
 - a) Revenues from all sources.
 - b) Expenditures.
 - c) Cash reserves.
 - d) Fund balances.
 - e) Outstanding debt.
 - f) Tax base.
 - g) Property Tax Credits
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 (2) 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 four (4) calendar years ending. Analysis will include estimates of revenues on a major category basis and expenditures by function on a major category basis.
 - c) Include estimated tax credit losses developed from an analysis of parcel-level data as described in Section B of this Scope Appendix.
 - d) Recommend a level of minimum fund balances to be maintained.
 - e) Identify potential shortfalls in revenues and provide suggestions, as available, to bridge funding gaps.
 - f) 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 Fiscal Sustainability Plan and Report
 - a) Baker Tilly will develop the fiscal sustainability plan and report incorporating the financial model and scenarios, as applicable.
 - b) Attend a meeting to present the fiscal sustainability plan to the Client.

B. Property Tax Parcel Analysis

This analysis will be utilized in the preparation of the Fiscal Sustainability Plan.

1. Estimate property tax credit losses by conducting an analysis of parcel-level data and integrating legislative modifications to the tax system.
2. Estimated net assessed values, tax rates, and levies through 2031.

C. Annual Services / Periodic Services

1. Baker Tilly will be available as necessary and at the discretion of the Client to monitor and update the Fiscal Sustainability 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 Plan, its findings, recommendations, and alternatives.
3. Provide other requested support services
4. Attendance at meetings not covered in Section A above.

Baker Tilly agrees to furnish and perform the requested services as it pertains to legislative changes from the Indiana General Assembly's 2025 and 2026 sessions that impact local income tax.

D. Local Income Tax (LIT) Analysis

- A. Obtain and summarize the current local income taxes generated and the distribution thereof.
- B. Provide an explanation as to the legal uses of the local income taxes generated.
- C. Provide a summary explanation of the current mix of local income taxes.
- D. Provide a description as to the potential changes to LIT as warranted based on discussions with the Client.
- E. Under the reorganized LIT structure beginning in 2029, analyze potential revenues to be generated from the non-municipal local income tax that may be adopted by the County Council. Provide guidance on revenue swings anticipated to result from the updated LIT structure.
6. Provide guidance on required processes and actions to adjust and adopt rates, including applicable timing and deadlines.
7. The results of the above analysis will be summarized into a report and related recommendations to be presented to the Client. Baker Tilly will attend one meeting to present information and answer any questions.

COMPENSATION AND INVOICING

For services as set forth in the scope sections above fees shall be:

Scope Section(s)	Fee	Not to Exceed
A, C	Time and Expense*	\$12,500
B	Time and Expense*	\$3,250
D	Time and Expense*	\$2,500

Standard Hourly Rates by Job Classification
1/1/2026

Title	Hourly Rate
Principals / Directors	\$510 - \$705
Managers / Senior Managers	\$330 - \$480
Consultants / Analysts / Senior Consultants	\$210 - \$320
Support / Paraprofessionals / Interns	\$120 - \$230

**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.

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 other arrangements are made. 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.

SCOPE APPENDIX to
Engagement Letter dated January 14, 2025
Between Evansville Vanderburgh Public Library, Indiana, and
Baker Tilly Advisory Group, LP

- > 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.

Sincerely,

BAKER TILLY ADVISORY GROUP, LP



Jason Tanselle, Director

Signature Section:

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

Name: Mr. Tomlin

Title: Director of Finance

Date: July 1, 2026