

RE: BT+ Services

DATE: December 12, 2024

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

SCOPE OF WORK

Baker Tilly agrees to furnish and perform the following services as requested.

A. Accounting and Reporting Support

1. Provide as needed support for accounting and reporting processes related to the computerized accounting system modules of the Client as detailed below:
 - a) General Ledger;
 - b) Check Reconciliation;
 - c) Accounts Payable;
 - d) Cash Collection;
 - e) Payroll;
 - f) Reporting; and
 - g) Other (as necessary)
2. Provide as needed support for accounting and reporting processes for the Client as detailed below:
 - a) Cash and investments management;
 - b) Bond issues and other debt;
 - c) Property taxes;
 - d) Excise taxes;
 - e) Other operating revenues;
 - f) Personnel services;
 - g) Supplies;
 - h) Other services and charges;
 - i) Capital outlays;
 - j) Other disbursements;
 - k) Non-financial activity; and
 - l) Other accounting and reporting processes (as necessary)

3. Support services will be directed by the Client based on the scope and nature of the event. Baker Tilly's services include:
 - a) On-site support as needed;
 - b) Telephone support as needed;
 - c) E-mail support as needed;
 - d) Written communication as needed; and
 - e) Remote support via Internet as needed

B. Gateway Annual Report (if requested)

1. Client will provide Baker Tilly a detailed trial balance and any supporting schedules necessary to support the trial balance totals.
2. Client will provide Baker Tilly supporting documentation for Grants to include local project name, federal program title, federal agency, pass through agency, CFDA Number, award name, award number, grant type, local fund number, grant receipts, grant disbursements, amount provided to sub-recipients, amount of loans outstanding, amount of non-cash assistance for the year and amount of insurance in effect for the year.
3. Client will provide Baker Tilly with non-depreciable and depreciable capital asset additions and deletions for the reporting year. Baker Tilly will assist Client to compute depreciation expense and accumulated depreciation based on Client's capital asset policy.
4. Client will provide Baker Tilly with information on all outstanding leases including the lessor, description of the lease, annual lease payment, beginning date of lease and ending date of lease.
5. Client will provide Baker Tilly with information on financial assistance to non-governmental entities including the name, federal tax identification number, address, contact information, source of funding, amount of funding and type of entity.
6. Client will provide Baker Tilly with information necessary to complete the reporting requirements for Public Official Surety Bonds including position, type, name, amount of bond and term.
7. Client will complete the Risk Assessment questionnaire:
 - a) Assist Client to upload supporting documentation for the risk assessment questionnaire.
 - b) Assist with other parts as needed, but not in lieu of management control.
8. Data upload into Gateway:
 - a) Assist Client to download text files from the Client's accounting and reporting software in accordance with Gateway reporting requirements, as applicable.
 - b) Assist Client to upload text files into Gateway, as applicable.
 - c) Or; Assist Client to generate data totals for manual entry into Gateway, as applicable.
9. Assist Client to tie beginning balances to prior Gateway Annual Report.
10. Assist Client to tie receipts, disbursements and ending balances to current year financial information.
11. Assist Client to analyze transfers in equal transfers out.
12. Assist Client to compute receivables and payables as of December 31.
13. Assist Client to complete debt service reporting.
14. Assist Client to complete pension reporting.

C. Debt Management (if requested)

1. Client will provide Baker Tilly with a detailed trial balance and any supporting schedules required by Baker Tilly.
2. Assist Client to input basic debt information into Gateway to include debt name, type of debt, base CUSIP number, if applicable, and property tax cap exemption status.
3. Assist Client to input the authorizing Indiana Code cite for the debt.
4. Assist Client to input information on debt limitations to include issuer, current debt limit and current debt capacity, as applicable.
5. Assist Client to input applicable bond sale information which may include:
 - a) Date of preliminary determination.
 - b) Date of publication and newspapers.
 - c) Date of appropriation resolution.
 - d) Date of debt sale.
 - e) Date of debt closing.
6. Assist Client to disclose results of petition/remonstrance, if applicable.
7. Assist Client to disclose debt rating, if applicable.
8. Assist Client to disclose the security on the debt and source of repayment.
9. Assist Client to disclose the purpose and total project cost of the debt.
10. Assist Client to disclose the sources and uses of funding for the debt.
11. Assist Client to disclose the dates of bids, start of construction and estimated date of substantial completion, as applicable.
12. Provide an amortization schedule of the debt.

D. Financial Management Report

1. Analyze the historical financial information of the Utility.
2. Analysis of year-to-date revenues and expenditures in comparison with the Utility's revenues and expenditures budget, as necessary.
 - a) Identify unusual variations from the revenues and expenditures budget.
 - b) Provide explanation of adjustments as necessary.
3. Expenditure analysis of the transactions for the period to determine appropriateness and consistency of transaction posting.
 - a) Provide proposed adjusting transactions if necessary for the Client's approval.
 - b) Provide explanation of adjustments as necessary.
4. Analyze Utility fund balances for compliance with outstanding bond ordinances and other legal and local requirements.
 - a) Provide a schedule of suggested fund transfers and explanations as necessary.
 - b) Analyze fund balances for funds available for capital expenditures.

5. Assist the Utility to prepare an annual budget of estimated revenues and expenditures, as necessary.
6. Obtain information from Client officials, the Client's consulting engineers and/or other sources necessary to assist the Client in the development of a capital budget.
7. Provide evaluation of current rates.
8. Provide a report and attend meetings with the Client to discuss findings and recommendations.
9. Provide email and telephone support for the Client's staff regarding accounting and financial questions.

E. Comprehensive Financial Plan

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 and sales 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, and statistical data and trends for the funds included in the analysis.

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

- a) Revenues from all sources.
- b) Expenditures.
- c) Cash reserves.
- d) Fund balances.
- e) Outstanding debt.
- f) Capital improvements and funding sources.
- g) Tax base.
- h) Population.
- i) Capital Improvement Plan.

3. Develop preliminary financial plan
 - a) Develop schedules of receipts, disbursements, and fund balances of all analyzed funds of the Client for the previous three 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 fund balances within non-major funds that may be available to fund General Fund or other operating expenditures.
 - 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. Prepare 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. The report will include the current year plus following three years.
 - b) Present the Long-Term Financial Plan Report to the Client.
5. Meetings

Attend meetings with the client as requested.

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

F. Interactive Department Level Budget Process (if requested)

1. For client selected departments, develop an account level budget worksheet based-on historical trending and YTD spending.
2. Compare line-by-line draft budgets to historical trends to identify outliers.
3. Compare draft budgets to estimated revenues to identify cash flow impacts of proposed budgets to client selected departments.
4. Work with the Client toward budget goals (ex: balanced budget, zero based budget)
5. Provide suggestions, as available, to bridge funding gaps, reduce overstated budgets and improve the transparency of the annual budget process.

G. Budget Assistance

1. Meet with the Client to discuss the budget process and collect data for budget preparation.
2. Develop or analyze the budget calendar for consideration by the legislative body.
3. Compute state distributed revenues based on certifications, and other information provided by the Department of Local Government Finance (DLGF) and the Auditor of State.
4. Develop or analyze miscellaneous revenues based on historical information provided by the Client.
5. Develop or analyze the estimated maximum levy.
6. Develop or analyze the estimated tax rate and levy by fund.
7. Assist with the preparation of prescribed forms related to the annual budget.

8. Assist the Client with entering budget data into the Indiana Gateway program.
9. Monitor the completion of the required steps of the budget process with the Client.
10. Analyze the 1782 Budget Notice on behalf of the Client to ensure accuracy and completeness.
11. Provide periodic budget management assistance through telephone, remote and on-site support.

H. Property Tax Levy Appeals (if requested)

1. Assist the Client with determining its eligibility to apply for a property tax levy appeal with the DLGF.
2. Assist with the preparation of the State appeal application and supporting documentation for levy appeals.
3. Submit the levy appeal petition and application to the DLGF.
4. Monitor the completion of the required steps of the levy appeal process with the Client.

I. Annual Additional Appropriation Scrub (if requested)

1. Obtain year-to-date appropriation report as of September or October
2. Analyze historical trends, YTD spend and appropriations to create additional appropriation likelihood report
3. Provide efficiency roadmap for completing reclassification entries and/or additional appropriations.
4. Develop a timeline for the steps required to request approval of an additional appropriation from the DLGF.
5. Analyze estimated receipts and cash on hand to determine ability to fund requested appropriation.
6. Assist with State prescribed additional appropriation documents.
7. Assist the Client to monitor completion of the required steps of the additional appropriation process.

J. Additional Appropriations (if requested)

1. Develop a timeline for the steps required to request approval of an additional appropriation from the DLGF.
2. Analyze estimated receipts and cash on hand to determine ability to fund requested additional appropriation.
3. Assist with State prescribed additional appropriation documents.
4. Assist the Client to monitor completion of the required steps of the additional appropriation process.

K. Continuing Disclosure Services

Baker Tilly will commence continuing disclosure services for debt obligations as set forth in any continuing disclosure undertaking for the debt obligations (CDU) that the Client will execute upon settlement. Annually, the Firm will check in with the Client to confirm the engagement for the next annual reporting period.

In carrying out its duties, Baker Tilly shall do the following:

1. Preparation and filing of annual reporting

The Client will provide Baker Tilly with the executed CDU, including any master or supplemental CDUs.

Baker Tilly will:



- a) Identify the Client's reporting obligations, assist, as needed, with any necessary operating data, and file any required annual report and financial statements, including the audit if available, as provided for in each CDU for the reporting period;
- b) Provide to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access System (EMMA), the annual information required under each respective CDU;
- c) Provide additional reporting to purchasers, as set forth in bond related agreements; and
- d) If not filed at the time of the annual report, file the audit as set forth in the CDU.

2. Assistance filing reportable events on EMMA

Upon notification of one of the events listed as set forth in each CDU (collectively, Reportable Events), Baker Tilly will assist the Client with filing any Reportable Events. Most Reportable Events are required by the Rule to be filed within ten business days of the occurrence. Client will notify Baker Tilly as soon as possible when they believe a reportable event has or may have occurred to enable Baker Tilly to file a timely notice on EMMA. It is the Client's sole responsibility to notify Baker Tilly of the potential occurrence of a Reportable Event.

3. Compliance Check

- a) At the time of issuance, Baker Tilly will prepare the Client's post issuance policies and procedures. If these policies and procedures are already in place, Baker Tilly will review with the Client.
- b) At the time that Baker Tilly conducts services annually under item 1, Baker Tilly will update the compliance check.
- c) If a deficiency is found and the bonds remain outstanding at the time of Baker Tilly's compliance check, Baker Tilly will prepare any necessary reporting or notices to meet the CDU obligations. Baker Tilly will provide the Client with documentation that the EMMA filing has occurred.

4. Other post issuance services (Upon Request)

If requested, Baker Tilly will provide to the Client other post issuance services including, but not limited to, consultation related to disclosure operating procedures, rating surveillance support, and debt management.

Client agrees to provide Baker Tilly with the audit and accurate information with respect to the annual report in a timely manner and to fully disclose to Baker Tilly any Reportable Events as they occur.

L. Capital Assets

Baker Tilly will assist the Client to assemble existing data into a reportable format, update the Client's capital asset policy and work with the Client to update capital asset lists and accumulated depreciation by utilizing department verifications, and other corroborating data (such as client records, information provided by the consulting engineer, insurance data, GIS data, and other readily available source information). The anticipated result is a ledger in accordance with accounting and reporting standards set forth by the Indiana State Board of Accounts. Baker Tilly is also available to assist the Client to load data into the Client's computerized capital asset system.

COMPENSATION AND INVOICING

Fees for services set forth in the Scope Appendix will be Four Thousand Three Hundred Dollars (\$4,300) per month and Two Hundred Five hours (205) allowed per year.

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 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



Eric J. Walsh, Principal

Signature Section:

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

Name: _____

Title: _____

Date: _____