



DATE	3/7/26
APPROVED BY CITY OF ELKHART	
BOARD OF PUBLIC WORKS	Andy Jones
	Meloke
	Resubmit

MEMORANDUM

To: Board of Public Works
From: Kristie Wendorf, Controller
Date: 03/06/2026
Regarding: Baker Tilly Engagement

Attached you will find an Engagement Letter Agreement from Baker Tilly Advisory Group. The administration and our office would like your approval for an amendment to our previously approved agreement with Baker Tilly for assistance with the various items previously pertaining to the Comprehensive Financial Plan, Legislative Session Impact Analysis by the City of Elkhart and other additional financing needs. Legal has reviewed this contract.

It is requested that the Board of Public Works approves and authorizes the Controller to execute and sign the agreement with Baker Tilly Advisory Group, LP.

Approved as to form and legality

City Controllers Office
229 S Second St.
Elkhart IN 46546
574.294.5473

RE: 2025 Legislative Session Impact Analysis Services

DATE: June 16, 2025

This Scope Appendix is attached by reference to the above-named engagement letter (the Engagement Letter) between City of Elkhart, 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 in relation to legislative changes arising from the 2025 session of the Indiana General Assembly (2025 Session).

A. 2025 Legislative Property Tax Impact Analysis and Comprehensive Financial Plan (“CFP”)

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 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.

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) Capital Improvement Plan.
- i) Outstanding debt obligations

- j) Current property tax rates
 - k) The Client's position related to the referendum and controlled project thresholds as changed through the 2025 Session
3. Develop preliminary financial plan
- a) Develop schedules of receipts, disbursements, and fund balances of all analyzed funds of the Client for the previous one (1) year ended December 31 based upon reports and records of the Client, to identify trends in revenues, expenditures, and fund balance.
 - b) Provide summary information regarding changes implemented in the property tax system through bills signed into law following the 2025 Session.
 - c) Using information provided by the County Auditor's and Assessor's offices, provide summary information for the Client's property tax base, including but not limited to:
 - 2025 assessed values by property classification related to the application of Circuit Breaker Tax Credits (e.g. 1%, 2%, and 3% credit levels).
 - 2025 assessed value information related to Business Personal Property (BPP).
 - d) County-Wide Parcel-by-Parcel Analysis
 - (1) Obtain and analyze county-wide parcel-by-parcel data from the County Auditor's and Assessor's offices to estimate property tax revenue impacts.
 - (2) Factor in deduction changes, tax rate impacts, Circuit Breakers and other variables resulting from the 2025 Session property tax framework changes.
 - (3) Provide estimated information related to:
 - (a) The fiscal impacts of the changed and new property deductions and tax credits for certain property classes.
 - (b) The fiscal impacts of the new assessment treatment of BPP.
 - (c) The fiscal impacts of the new maximum levy limitations.
 - (d) Together with Scope Section C, the fiscal impacts of the new Local Income Tax structure.
 - (4) Compare net property tax levy post 2025 Session to baseline pre-2025 Session.
 - (5) If desired, model out beyond 2028 to account for extended impacts of business personal property changes, property deductions, and tax credits.
 - (6) Create a baseline financial model of all analyzed operating funds of the Client for the current and next six (6) calendar years ending. Analysis will include estimates of revenues on a major category basis and expenditures by function on a major category basis.
 - (7) Recommend a level of minimum fund balances to be maintained.
 - (8) Identify fund balances within non-major funds that may be available to fund General Fund or other operating expenditures.
 - (9) Identify potential shortfalls in revenues and provide suggestions, as available, to bridge funding gaps.
 - (10) Analyze preliminary baseline financial model with the Client. Based on that analysis, Baker Tilly may modify the baseline model 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.
 - b) Present the Long-Term Financial Plan Report to the Client.
5. Meetings

Attend up to three meetings with the client as follows: working group meeting, presentation of draft report to Client representatives, and final presentation to the Client's fiscal body.

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. Local Income Tax (LIT) Analysis

1. Obtain and summarize the current local income taxes generated and the distribution thereof.
2. Provide an explanation as to the legal uses of the local income taxes being generated.
3. Provide a summary explanation of the current mix of local income taxes.
4. Provide a description as to the potential changes to the LIT as warranted based on discussions with the Client.
5. Under the existing LIT structure prior to 2028 reorganization resulting from the 2025 Session, model potential changes to LIT revenues, as warranted, based on either a change in revenue allocation under the same total rates; a change in rates available under LIT; or a combination thereof. Such analysis will include potential impact on LIT distributions, effective net property tax rates, and if requested by the Client, impact on Circuit Breaker property tax credits.

6. Under the reorganized LIT structure beginning in 2028 resulting from the 2025 Session, analyze potential revenues to be generated from the new Municipal Local Income Tax rate. Quantify revenues generated from various rate increments under the maximum allowable 1.2%. If requested, provide calculation on LIT revenues resulting from 1.2% county services, 0.4% fire protection and EMS services, and 0.2% non-municipal units. Provide guidance on revenue swings anticipated to result from the updated LIT structure.
7. Provide guidance on required processes and actions to adjust and adopt rates, including applicable timing and deadlines.
8. The results of the above analysis will be summarized into a report to be presented to the Client. Baker Tilly will attend a meeting to present information and answer any questions.

C. Information and Analysis of New Wheel Tax Landscape

1. Utilizing vehicle and mileage data, model potential changes to County Wheel Tax and surtax revenues, as warranted, based on a change in rates.
2. Model potential revenues of a Municipal Wheel Tax for the Client and/or other qualifying cities or towns located within the County.
3. Summarize information above with a report and present to the Client.

D. Food and Beverage Tax Fund Analysis

1. Meet with Client representatives to discuss proposed project scope in terms of estimated costs, assumed timing, and other relevant information.
2. Gather historical financial information on sources of revenue for the Client including, but may not be limited to, the Food and Beverage Tax. In addition, gather information related to any outstanding pledges or other considerations against the revenue streams. Analyze revenue streams for any warranted adjustments in order to identify pro forma revenue streams for 2025 and going forward.
3. If requested, based on information and data gathered in I. – III. above, develop financing models for consideration by the Client taking into account revenue sources, reserve and credit enhancement alternatives, interest rate market, bond coverage recommendations, statutory or constitutional debt limits if applicable, tax-exempt vs. taxable interest (i.e. public/private purpose) considerations, and other related matters.
4. Prepare report(s) and summaries of analysis prepared in III and IV above that reflect the current financial status of the Client's Food and Beverage Tax Fund and, if requested, potential impact of the project financing to revenue sources and/or identify gap in funding that may exist due to existing revenue sources not being adequate. In addition, identify as applicable other financial areas for Client to consider for further thought and analysis if project moves forward such as operations funding, estimated project revenues, capital asset replacement/reserves, etc.
5. Provide Client with written reports and meet as needed to present information and results of analysis and address questions.

E. Annual Budget Assistance and Analysis

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 Client prepared budget estimates.
 - a) Provide an overview to Department Heads and other Client officials of available revenue sources for the budget year
 - b) Meet with Department Heads and other Client officials to provide assistance with developing sustainable budgets
8. Assist with the preparation of prescribed forms related to the annual budget.
9. Assist the Client with entering budget data into the Indiana Gateway program.
10. Monitor the completion of the required steps of the budget process with the Client.
11. Analyze the 1782 Budget Notice on behalf of the Client to ensure accuracy and completeness.
12. Provide periodic budget management assistance through telephone, remote and on-site support.

F. Other Support Services

Support services will be directed by the Client based on the scope and nature of the event. Baker Tilly's services include:

- > On-site support as needed;
- > Telephone support as needed;
- > E-mail support as needed;
- > Written communication as needed; and
- > Remote support via Internet as needed
- > Attendance at meetings not covered in Scoped Appendix A through E.

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. Estimated fees are as follows:

Section A (2025 Legislative Property Tax Impact Analysis and CFP).....	Not to Exceed \$60,000
Section B (Local Income Tax Analysis)	Not to Exceed \$5,000
Section C (Wheel Tax).....	Not to Exceed \$5,000
Section D (Food and Beverage)	Not to Exceed \$5,000
Section E (Annual Budget Assistance and Analysis).....	Time and expense
Section F (Other Support Services).....	Time and expense

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.

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.
- > 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

Jeffrey P. Rowe

Jeffrey P. Rowe, Principal

I

Signature Section:

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

Name: *Eickhoorn*

Title: *Interim Controller*

Date: *7/1/25*

January 29, 2026

City of Elkhart, Indiana
229 S. Second Street
Elkhart, IN 46516

Baker Tilly Advisory Group, LP
112 IronWorks Avenue, Suite C
Mishawaka, IN 46544
United States of America

T: 1+ (574) 935 5178
F: 1+ (574) 935 5928

bakertilly.com

Dear Megan and Kristie:

Per our previous discussion, we have met the not-to-exceed fee under Section A that was part of our original engagement letter dated June 16, 2025, pertaining to the Comprehensive Financial Planning and Legislative Session Impact Analysis by the City of Elkhart. This was due in part to multiple report iterations associated with the CIP beyond the original scope of work and other related tasks.

As a result, we have increased the not-to-exceed amount for services set forth in Section A of the Scope Appendix from Sixty Thousand Dollars (\$60,000) to Eighty-five Thousand Dollars (\$85,000) billed at our standard billing rates based upon the actual time and expenses incurred.

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

As always, we appreciate and value your business and respectfully ask for the City's concurrence in the fee adjustment. If you have any questions or if you would like to discuss the change of fee, please let me know. Otherwise, if you agree with the adjustment, please **acknowledge your acceptance by signing below**.

Sincerely,

BAKER TILLY ADVISORY GROUP, LP



Jeffrey P. Rowe, Principal

Signature Section:

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

Name: Andy Jones

Title: Vice President Board of Works

Date: 3/17/26