

**RE: Municipal Unit Strategic Task Force (MUST) & Local Income Tax (LIT) Advisory**

**DATE: June 3, 2026**

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

**SCOPE OF WORK**

Baker Tilly agrees to support the Client and its overlapping taxing units in evaluating, negotiating, and implementing Local Income Tax (LIT) structures in response to SEA 1 (2025) and HEA 1210 (2026). This includes facilitation of the Municipal Unit Strategic Taskforce (MUST), financial modeling, and preparation of required submissions to the Indiana Department of Local Government Finance (DLGF).

**A. Phase 1: Pre-Formation Coordination & Stakeholder Alignment**

Establish a foundation for MUST negotiations.

**1. Services**

- a) Facilitate initial stakeholder work sessions with Client identified representatives.
- b) Present an overview of the legislative changes related to LIT.
- c) Facilitate the identification of key priorities, constraints, and policy objectives across taxing units.
- d) Advise on potential areas of disagreement and alignment.
- e) Develop a structured decision-making framework.
- f) Perform preliminary financial modeling of LIT scenarios to inform discussions.

**2. Deliverables**

- a) Stakeholder summary of priorities and issues.
- b) Initial scenario modeling outputs.
- c) Recommend negotiation framework.

**B. Phase 2: MUST Formation & Facilitation**

Support the creation and operation of the MUST.

**1. Services**

- a) Assist in structuring and organizing the MUST taskforce.
- b) Facilitate meetings and discussions among members.
- c) Provide guidance on statutory requirements and best practices.
- d) Assist Client with collaboration among participants.

**2. Deliverables**

- a) Meeting agendas and facilitation materials.
- b) Documentation of discussions and key discussions.
- c) Governance and process recommendations

**C. Phase 3: Financial Modeling & Scenario Analysis**

Provide data-driven insights to support decision-making.

**1. Services**

- a) Develop financial models for Client identified LIT scenarios, including:
  - 1) County-wide municipal LIT rate options.
  - 2) Municipality-specific LIT rate options (e.g., opt-in vs. opt-out scenarios).
- b) Analyze revenue impacts across:
  - 1) Municipalities
  - 2) County government
  - 3) Nonmunicipal units
- c) Evaluate short-term (static) and optional long-term (growth) projections.
- d) Present comparative analysis of options and trade-offs.

**A. Deliverables**

- a. Scenario modeling outputs and summaries.
- b. Revenue impact analysis by unit.
- c. Assumptions and methodology documentation.

**D. Phase 4: Negotiation Support & Agreement Development**

Assist MUST in working toward a LIT consensus.

**1. Services**

- a) Facilitate negotiation sessions among MUST members.
- b) Provide modeling updates.
- c) Advise on policy implications and trade-offs.
- d) Support consensus-building efforts.

**2. Deliverables**

- a) Summarized LIT structure\* and distribution framework.
- b) Supporting financial analysis for selected option.

\*Baker Tilly does not guarantee a unanimous MUST decision or agreement on LIT framework. The outcome is dependent on individual MUST representatives coming to an agreement.

**E. Phase 5: Submission & Compliance**

Assist the Client with reporting and compliance with state requirements.

1. Services

- a) Prepare financial plan and required documentation for submission to DLGF.
- b) Assist with compiling agreement details and supporting analysis.
- c) Coordinate with stakeholders to finalize submissions.

2. Deliverables

- a) Completed DLGF submission package.
- b) Supporting financial plan documentation.

**F. Phase 6: Implementation & Ongoing Support**

Support long-term success and adaptability of LIT agreements.

1. Services

- a) Provide ongoing monitoring of LIT performance and revenues.
- b) Update financial models as new data or legislative changes occur.
- c) Assist with amendments or updates to LIT agreements.
- d) Offer advisory support for future decision-making.

2. Deliverables

- a) Updated models and periodic reports.
- b) Recommendations for adjustments or optimizations.

**G. Optional/Additional Services**

- 1. Long-term revenue forecasting (2027 – 2031+)
- 2. Public communication support and presentation materials.
- 3. Comparative benchmarking with other units of government.

**COMPENSATION AND INVOICING**

Fees for services set forth in the Scope Appendix will be billed at standard billing rates as follows:

Scope Section(s)	Fee	Not to Exceed
A. Pre-Formation & Alignment	Time and Expense*	\$2,000
B. MUST Formation & Facilitation	Time and Expense*	\$2,000
C. Financial Modeling & Scenario Analysis	Time and Expense*	\$8,500
D. Negotiation Support & Iterative Modeling Updates	Time and Expense*	\$15,000
E. Submission & Compliance	Time and Expense*	\$2,500
F. Implementation & Ongoing Support	Time and Expense*	
G. Optional/Additional Services	Time and Expense*	

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.
- > 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

*Paige E. Sansone*

Paige E. Sansone, Principal

**Signature Section:**

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

Name: *Barbara J. Haun*

Title: *Clerk-Treasurer*

Date: *06-22-2026*