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MUNICIPALITY OF SKAGWAY PRICE PROPOSAL

The following is our price proposal for the attestation services for the Municipality of Skagway (“the Borough”) for the years ended December 31, 2022 and 2023.

The price quotes are estimates based on 665 total hours. They are based on the size and complexity understood as of the date of this proposal. Should the actual size and complexity change substantially, we will discuss the effect it will have on our actual prices. Possible changes in complexity could include operational changes, changes in governmental accounting standards, significant or unusual transactions, or newly received grants.

With the change in the regulations for State single audit and significant additional work required for Federal single audits related to changes at the federal level, this price proposal has been adjusted from what was presented in 2021 for those areas. However, the change in the State regulations will significantly reduce the number of major programs required to be tested, which should offset this increase. Other fees have increased at CPI of 7.2 % as outlined in the 2021 fee proposal. We anticipate the same CPI adjustment for 2023. Please note that the plan is to be onsite for fieldwork in July 2023, which will result in additional out of pocket costs.

| Description of Services | 2021 (for comparability) | 2022 | 2023 |
|--|--------------------------------|----------------|--------------|
| Financial statement audit | 42,000 | 45,000 | CPI increase |
| Technical assistance with draft of financial statements - including assistance with GASB 34 conversion, GASB 68/75 calculations and disclosures, cash flow statements, proforma of MD&A. | 20,000 | 21,400 | CPI increase |
| Federal compliance audit - per major program | 7,500 x 1 program = 7,500 | 12,500 | CPI increase |
| State compliance audit - per major program | 5,000 x 4 programs = 20,000 | 7,500 | CPI increase |
| GASB 87 adoption (note 1) | - | 2,500 | n/a |
| Out of pocket costs (administrative fee per hour) | 6,000 | 6,665 | CPI increase |
| Out of pocket costs (travel and other) | 750 | 7,750 | CPI increase |
| Additional costs for software conversion | 11,410 | - | n/a |
| Annual total | 107,660 | 103,315 | |

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Note 1: Governmental Accounting Standards Board (“GASB”) Statement No. 87, Leases, is effective for the year ending December 31, 2022. The impact to the Borough financial statements will be based on leases outstanding (whether the Borough is the lessor or lessee) and is estimated at 14 hours of manager/partner level time to audit. Additional assistance with implementation will be billed hourly (evaluation of lease agreements, calculation of amortization).

Hourly rates for additional services are as follows (unchanged from 2021 proposal):

| Level | Hourly Rate |
|--------------------|-------------|
| National Technical | \$ 400 |
| Partner / Director | 350 |
| Senior Manager | 275 |
| Manager | 215 |
| Senior | 150 |
| Associate | 125 |

We will provide accounting assistance for bond issuance and refunding entries as needed on an hourly basis.

We will also charge actual expenses for out-of-pocket travel related costs, including airfare, hotel, and per diem. We will also bill \$10 per hour for technology costs. At an estimated 660 hours, this is estimated to be \$6,600.

We are grateful to have served the Borough and hope to build on our understanding of and service to the Borough in years to come.

Sincerely,

Joy Merriner
Partner
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