

**Alaska Energy Authority**  
(A Component Unit of the State of Alaska)

Federal Single Audit Report  
Year Ended June 30, 2024

(With Independent Auditor's Reports Thereon)

**Alaska Energy Authority**  
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**Contents**

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	<u>Page</u>
<b>Report Required under <i>Government Auditing Standards</i></b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1-2
<b>Federal Single Audit Report and Schedules Required Under the Uniform Guidance</b>	
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3-6
Schedule of Expenditures of Federal Awards	7-8
Notes to Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs	10-11



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## **Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Board of Directors  
Alaska Energy Authority  
Anchorage, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Alaska Energy Authority (the “Authority”), a component unit of the State of Alaska, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated October 31, 2024.

Our report includes a reference to other auditors who audited the financial statements of the Power Cost Equalization Endowment Fund (PCE Fund), as described in our report on the Authority’s financial statements. The financial statements of the PCE Fund were not audited in accordance with *Government Auditing Standards*, and, accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the PCE Fund or that are reported separately by those auditors who audited the financial statements of the PCE Fund.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

Anchorage, Alaska  
October 31, 2024



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## **Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Board of Directors  
Alaska Energy Authority  
Anchorage, Alaska

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Alaska Energy Authority’s (the “Authority”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority’s major federal programs for the year ended June 30, 2024. Alaska Energy Authority’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority’s compliance with the compliance requirements referred to above.



### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



## Report on Internal Control Over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.





## Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Authority as of and for the year ended June 30, 2024, and have issued our report thereon dated October 31, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

BDO USA, P.C.

Anchorage, Alaska  
October 31, 2024

**Alaska Energy Authority**  
(A Component Unit of the State of Alaska)  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

<i>Federal Grantor/Program or Cluster Title/Pass-Through Grantor/Grant Name</i>	<i>Federal Assistance Listing Number</i>	<i>Code</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Total Federal Expenditures</i>	<i>Provided to Subrecipients</i>
<b>Department of Defense</b>					
Community Investment					
DO Defense FAIN-HQ00052210045 CIP2019-22-01 (100F)	12.600	31201		\$ 7,612	\$ -
<b>Department of Transportation</b>					
Highway Planning and Construction (Federal-Aid Highway Program)					
Pass-through State of Alaska Department of Transportation RSA DOT NEVI Planning HFHWY00290 T09018	20.205	33096	HFHWY00290	266,554	-
<b>Department of Agriculture</b>					
Wood Utilization Assistance:					
USDA 2019-DG-11100106-811	10.674	31095		144,341	-
USDA Forest Svc 22-DG-11100106-805	10.674	31100		17,040	-
Total ALN 10.674				161,381	-
Assistance to High Energy Cost Rural Communities					
USDA HEC AK0031-E84 Napaskiak	10.859	31099		388,507	388,507
<b>Total Department of Agriculture</b>				<b>549,888</b>	<b>388,507</b>
<b>Environmental Protection Agency</b>					
Diesel Emissions Reduction Act State Grants:					
FFY19-20EPADS-01J63901	66.040	33091		50,371	34,342
FFY21 EPADS-01J94201	66.040	33093		480,673	445,062
<b>Total Environmental Protection Agency</b>				<b>531,044</b>	<b>479,404</b>
<b>Department of Energy</b>					
Research and Development Program Cluster					
Conservation Research and Development					
DE-EE0010625 Alaska ElectVehicle Supply	81.086	31104		25,496	364
Energy Efficiency and Conservation Block Grant Program					
DE-SE0000229 EECBG FormulaGrant IJA PL117-58	81.128	31103		29,588	-
State Energy Program:					
DOE FY22 SEP DE-EE0009472	81.041	31097		534,298	5,671
DOE FY23 SEP IJA DE-EE0010056	81.041	31098		683,598	-
Total ALN 81.041				1,217,896	5,671
<b>Total Department of Energy</b>				<b>1,272,980</b>	<b>6,035</b>
<b>Denali Commission</b>					
Denali Commission Program - Direct:					
DC 01474 Chlkytsk BF	90.100	31371		8,155	-
DC 01485 START Communities Tech Assist	90.100	31372		8,189	4,866
DC 01492 Beaver BF Refurbishmnt	90.100	31374		11,557	8,661
DC 01516 RPS Maint & Improvements	90.100	31379		41,137	16,578
DC 01523 Misc Small Maint & Improv Prjs	90.100	31380		890,997	516,660
DC 01548 RPSUMaint & Improvent Prg	90.100	31385		432,005	300,127

**Alaska Energy Authority**  
(A Component Unit of the State of Alaska)  
Schedule of Expenditures of Federal Awards, Continued  
Year Ended June 30, 2024

<i>Federal Grantor/Program or Cluster Title/Pass-Through Grantor/Grant Name</i>	<i>Federal Assistance Listing Number</i>	<i>Code</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Total Federal Expenditures</i>	<i>Provided to Subrecipients</i>
<b>Denali Commission, Continued</b>					
Denali Commission Program - Direct, Continued:					
DC 01551 Venetie RPSU	90.100	31388		\$ 954,773	\$ 903,047
DC 01557 BargeHeaders & Fill Lines	90.100	31389		558,456	547,366
DC 01571 BF SF Upgrd-Nunapitchuk	90.100	31390		577,244	577,244
DC 01575 RPSU Nelson Lgn	90.100	31394		507,994	471,209
DC 01576 RPSU Rampart Design	90.100	31395		43,551	43,551
DC 01592 Scammon Bay BF	90.100	31397		296,305	263,742
DC 01600 VEEP-Statewide	90.100	31398		138,188	132,107
DC 01611 Engineering Library	90.100	31400		26,901	-
DC 01628 Craig High Sch Biomass	90.100	31401		270,439	266,013
DC 01647 Port Heiden Dist	90.100	31403		522,032	522,032
DC 01646 Bulk Fuel Inv & Assess	90.100	31405		834,256	-
DC 01576 RPSU Rampart Constr	90.100	31406		539,183	519,147
DC 01574 RPSU Nikolai Constr	90.100	31407		9,867	8,666
DC 01666 DOELittoral Power Sys Hydrokint	90.100	31408		31,817	29,356
DC 01704 Chalkyitsik RPSU CDR	90.100	31409		47,985	31,425
DC 01705 MKEC Failure Mitigation Analysis & Plan	90.100	31410		8,553	-
DC 01731 Shungnak BFU	90.100	31411		1,950,858	1,936,117
DC 01771 Dist System Invty & Asses Statewide	90.100	31412		176,719	-
DC 01735 Ruby Powerhouse Leveling	90.100	31413		120,824	107,620
DC 01761 Tuluksak Bulk Fuel M&I	90.100	31414		9,026	4,218
DC 01832 Rampart Elec Dist and Heat Rec	90.100	31420		22,043	-
DC 01767 AVTEC Powerplant Lab Upgrade	90.100	31415		32,541	-
DC 01793 Circle Emergency Powerhse Repairs	90.100	31417		266,353	225,377
DC 01825 Kwethluk Emer Gen Repair & Replace	90.100	31418		37,500	23,715
DC 01830 Kipnuk Distribution Upgrades	90.100	31419		15,710	-
DC 01500 BF Operator Training	90.100	31376		143,151	-
DC 01515 Circuit Rider Program	90.100	31378		98,583	-
DC 01525 Power Plant Operator Training	90.100	31382		3,215	-
DC 01544 Itinerant Utility Training	90.100	31384		129,667	-
DC 01645 O&M Manual Conversion & Training	90.100	31404		784	-
DC 01784 Power Plant Operator Training	90.100	31416		161,459	-
<b>Total Denali Commission</b>				<u>9,928,017</u>	<u>7,458,844</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 12,556,095</u>	<u>\$ 8,332,790</u>

*See accompanying independent auditor's report and notes to schedules of expenditures of federal awards*

**Alaska Energy Authority**  
(A Component Unit of the State of Alaska)

**Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Alaska Energy Authority (the “Authority”) under programs of the federal government for the year ended June 30, 2024. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Alaska Energy Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of Alaska Energy Authority. The Authority’s schedule of expenditures includes presentation of the internal codes it assigns to each grant. The codes have been presented in the schedule to assist internal users in identifying individual grants.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3. Indirect Cost Rate**

Alaska Energy Authority has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Alaska Energy Authority**  
(A Component Unit of the State of Alaska)

**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2024**

**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  (none reported)

Noncompliance material to financial statements noted?  yes  no

***Federal Awards***

Internal control over major federal programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  (none reported)

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  yes  no

Identification of major federal programs:

<i>Assistance Listing Number</i>	<i>Name of Federal Program or Cluster</i>
90.100	Denali Commission Program
81.041	State Energy Program
66.040	Diesel Emissions Reduction Act State Grants

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?  yes  no

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**Alaska Energy Authority**  
(A Component Unit of the State of Alaska)

**Schedule of Findings and Questioned Costs, Continued**  
**Year Ended June 30, 2024**

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**Section II - Financial Statement Findings Required to be Reported in Accordance with  
*Government Auditing Standards***

There were no findings related to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

**Section III - Federal Award Findings and Questioned Costs**

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516(a)) that are required to be reported.