

**EFFICIENCY MAINE TRUST**

**Annual Financial Report**

**For the Year Ended June 30, 2023**

**EFFICIENCY MAINE TRUST**  
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**For the Year Ended June 30, 2023**

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## Independent Auditor's Report

Board of Trustees  
Efficiency Maine Trust  
Augusta, Maine

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and the major fund of the Efficiency Maine Trust (the Trust), a component unit of the State of Maine, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Efficiency Maine Trust, as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Efficiency Maine Trust, and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Efficiency Maine Trust's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Efficiency Maine Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Efficiency Maine Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison for the special revenue fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Efficiency Maine Trust's basic financial statements. The Combining Schedule of Loans Receivable Activity and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2023, on our consideration of the Efficiency Maine Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Efficiency Maine Trust's internal control over financial reporting and compliance.



October 10, 2023  
South Portland, Maine

**EFFICIENCY MAINE TRUST**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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The following narrative overview and analysis is intended to assist the reader in understanding the financial activities of Efficiency Maine Trust (the Trust) for the fiscal year ended June 30, 2023. Information contained within the discussion and analysis should be considered in conjunction with the basic financial statements when focusing on significant financial issues and identifying any significant changes in financial position.

**Financial Highlights**

The Trust's revenues and expenditures presented in the fiscal year 2023 Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Fund are \$94,755,707 and \$86,663,856, respectively, plus another \$107,420 sent to state agencies resulting in an increase to fund balance of \$7,984,431. The Trust's governmental fund balance as of June 30, 2023, is \$100,274,205 of which \$74,143,658 is restricted for operations and programs and \$26,130,547 (\$4,000,000 of which is included in the RGGI program and committed for revolving loans) is restricted for grant and revolving loan activity.

The Trust's net position as of June 30, 2023, is \$100,331,379. The term "net position" refers to the difference between assets and liabilities. The change in net position for the year ended June 30, 2023, was an increase of \$8,047,390.

**Overview of the Financial Statements**

The financial statements are designed to provide the reader with an overview of the Trust's financial resources, expenditures, and remaining resources available for future periods.

The financial statements on pages 15 and 16 represent the Trust's Statement of Net Position and Statement of Activities, respectively. These statements focus on the net position remaining as an indicator of the Trust's financial health. The statements include all assets and liabilities using the accrual basis of accounting, which is an accounting method used by most private-sector companies.

The financial statements on pages 17 and 18 represent the Trust's special revenue fund. The fund focuses on how money flows into and out of the Trust and balances left at the end of the reporting period on the modified accrual basis of accounting. The modified accrual basis of accounting measures cash and all other financial assets that can be readily converted into cash. The fund financial statements provide a short-term perspective on financial sources and any fund balance that can be spent in the near future on the Trust's programs.

The required supplementary budgetary comparison schedule is presented on page 34. This schedule presents the original budget and final budget compared to actual results based on the accounting method used to prepare the budget. Additional information is discussed in the financial analysis section regarding the budget compared to actual results.

**EFFICIENCY MAINE TRUST**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2023**

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**Financial Analysis**

The following comparative analysis is presented at the fund level and not the government-wide level due to the fact there are no significant adjustments between the Special Revenue Fund to the Statement of Net Position and Statement of Activities. The difference between the Statement of Net Position and the Balance Sheet of the Special Revenue Fund is \$57,174, which represents assets that have been capitalized and the amortization of leased liabilities. Below is a condensed comparative analysis of significant financial totals from the governmental fund statements comparing June 30, 2023 and 2022.

**Balance Sheet – Governmental Fund (FY 2023 compared to FY 2022)**

	<b>2023</b>	<b>2022</b>	<b>(Decrease)</b>
<b>ASSETS</b>			
Cash and investments	\$ 83,723,710	\$ 86,572,175	(2,848,465)
Receivables	22,068,941	20,073,187	1,995,754
Other	28,685	95,398	(66,713)
<b>Total assets</b>	<b>\$ 105,821,336</b>	<b>\$ 106,740,760</b>	<b>(919,424)</b>
<b>LIABILITIES</b>			
Accounts payable	2,583,506	4,864,529	(2,281,023)
Other	2,963,625	9,586,457	(6,622,832)
Total liabilities	\$ 5,547,131	\$ 14,450,986	(8,903,855)
<b>FUND BALANCE</b>			
Nonspendable	25,884	92,597	(66,713)
Restricted	100,248,960	92,197,177	8,051,783
Unassigned	(639)	-	(639)
Total fund balance	\$ 100,274,205	\$ 92,289,774	7,984,431
<b>Total liabilities and fund balance</b>	<b>\$ 105,821,336</b>	<b>\$ 106,740,760</b>	<b>(919,424)</b>

**EFFICIENCY MAINE TRUST**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2023**

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**Fund Balances**

Approximately \$20,444,000 of FY 2023 fund balance reflects the restricted amount from the federal Better Buildings grant that is reserved for the PACE, PowerSaver, and Efficiency Maine Energy Loan revolving loan funds (RLFs). Additionally, the Small Business RLF has a fund balance of approximately \$1,300,000, the RGGI SEI RLF has approximately \$300,000 and ARRA SEP RLF has approximately \$50,000. Finally, \$4,039,000 of RGGI fund balance is reserved for residential loans.

These fund balances, totaling approximately \$26,131,000 (including \$4,039,000 in the RGGI program), represent amounts that are reserved solely for the RLFs, and loan administration and support costs. The remaining fund balance, totaling approximately \$74,144,000, reflects the results of activity within our local and regional funds that are available for programs and operations. The Trust experienced an increase in fund balance for all funds of \$7,984,431 from last year.

A component of the available fund balance is the amount reserved for unliquidated contracts that are carried into the new year. Approximately \$8.1 million is encumbered as unliquidated contracts of large efficiency projects being undertaken by commercial and industrial (C&I) customers through the C&I Custom Program, as well as for contracts that are awarded and pending execution through this program. In addition, the C&I Prescriptive Program committed approximately \$8.8 million to projects that, as of June 2023, were either pre-approved or in the final stages prior to payment. The larger projects encumbered through the Trust's C&I programs are typically complex and have longer lead times between the time the Trust initially commits funds to them and the time the projects are completed and the incentives are paid out. Low Income Initiatives had committed funds totaling approximately \$3.2 million as of year-end, reflecting pre-approved projects for projects under a pilot affordable housing initiative, reserved heat pump water heaters in the direct install program, and reservations or pending rebates for high-performance heat pumps. Meanwhile, the Electric Vehicle Supply Equipment program had committed funds of approximately \$2.1 million; the Electric Vehicle Rebates program had approximately \$700,000 in committed funds.

The Innovation and Evaluation, Measurement, and Verification (EM&V) programs had committed carryforward for awarded or ongoing projects in the amounts of approximately \$2.1 million and \$700,000, respectively. Additionally, the Board of Trustees approved reserving \$5 million of carryforward to fund a battery storage pilot program, which is transitioning out of pilot status and into an initiative supported by electric procurement. The Agricultural Fair Assistance Program had approximately \$512,000 in committed carryforward for awarded projects, scheduled for completion in FY 2024. The Trust's Public Information and Outreach initiative had awarded or ongoing work worth approximately \$148,000. Other encumbered, but not yet spent, amounts include approximately \$193,000 for Lead By Example, \$400,000 for Renewables, and \$358,000 for Demand Management.

Although not encumbered on contracts, the Trust obtained approval to reserve anticipated uncommitted carryforward for use in FY 2023. The Trust forecasted carryforward in advance of the close of the Fiscal Year instead of waiting until September after the audit is complete. The Trust did this to provide information to the Maine Public Utilities Commission (PUC) in support of the Trust's request to use carryforward from FY2023 to reduce the amount of assessment that would need to be collected from electric and natural gas utility ratepayers for FY 2024. The Trust Board approved allocating \$15,831,000 of the estimated unspent, uncommitted carryforward to offset FY 2024's electric procurement and \$891,200 of the estimated unspent, uncommitted carryforward to offset FY 2024's natural gas assessment. The Trust provided the PUC with these allocations of the carryforward estimates for electric procurement and for gas procurement in a filing made May 1, 2023 and the request was approved by order of the PUC on June 14, 2023.

**EFFICIENCY MAINE TRUST**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2023**

**Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund**

	<u>2023</u>	<u>2022</u>	<u>Increase/ (Decrease)</u>
<b>Revenue</b>			
Intergovernmental, Electric Procurement, Natural Gas Procurement	\$ 53,214,101	\$ 49,376,879	\$ 3,837,222
Forward Capacity Market Credits	7,248,449	9,296,663	(2,048,184)
Regional Greenhouse Gas Initiative proceeds	25,243,465	25,636,624	(393,159)
NECEC Settlement Proceeds	-	7,625,000	(7,625,000)
Federal Revenues	7,745,200	-	7,745,200
Interest and other income	1,304,492	1,031,802	272,690
<b>Total Revenue</b>	<u>94,755,707</u>	<u>92,966,968</u>	<u>1,788,739</u>
<b>Expenditures</b>			
Low Income Initiatives	14,069,623	10,053,644	4,015,979
Retail Initiatives	6,915,668	7,658,913	(743,245)
Home Energy Savings Program	27,330,213	20,611,557	6,718,656
Commercial & Industrial Prescriptive Program	14,170,763	8,611,783	5,558,980
Commercial & Industrial Custom Program	5,820,778	3,721,666	2,099,112
Small Business Initiative	-	2,858,225	(2,858,225)
Distributor Initiatives	8,643,902	9,458,334	(814,432)
EV Supply Equipment	781,671	336,275	445,396
EV Rebate Program	1,690,688	2,348,460	(657,772)
Demand Management	470,696	-	470,696
Thermal Energy Investment Program	6,591	-	6,591
Lead by Example	305,998	34,118	271,880
Agricultural Fair Assistance Program	9,920	7,680	2,240
Renewables	-	83,444	(83,444)
Administration & Strategic Initiatives	6,447,345	6,010,447	436,898
Inter-agency Transfers	107,420	99,167	8,253
<b>Total Expenditures</b>	<u>86,771,276</u>	<u>71,893,713</u>	<u>14,877,563</u>
Excess (deficiency) of Revenues over (under) Expenditures	7,984,431	21,073,254	(13,088,823)
<b>Fund Balance, Beginning</b>	<u>92,289,774</u>	<u>71,216,520</u>	<u>21,073,254</u>
<b>Fund Balance, Ending</b>	<u><u>\$ 100,274,205</u></u>	<u><u>\$ 92,289,774</u></u>	<u><u>\$ 7,984,431</u></u>

**EFFICIENCY MAINE TRUST**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2023**

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**Revenues**

Revenues overall increased approximately \$1.8 million in FY 2023 from FY 2022 and was driven by multiple factors:

- Intergovernmental, Electric Procurement, and Natural Gas Procurement, +\$3.8 million due to the following changes:
  - Electric Procurement, -\$1.5 million due primarily from the end of LED lamp incentives on January 1, 2023,
  - Natural Gas Assessment, +\$1.0 million due to new revenue associated with MACE funding, without the level of offset from prior year carryforward that occurred in FY 2022,
  - MPRP, -\$500,000 due to the expected sunset of the funding at the end of FY 2022,
  - Alternative Compliance Payments, +\$783,000 due to Renewable Portfolio Standard (RPS) revenue and the new Thermal Energy Investment Program (TEIP),
  - Agricultural Fair Assistance Program, +\$100,000 due to new procurement,
  - LD 1995 Revenues, +\$3,500,000 due to a one-time appropriation by the State of Maine to be used for EV rebates, and
  - Industrial Climate Initiative, +\$500,000 due to a one-time appropriation by the State of Maine;
- Forward Capacity Credits, -\$2.0 million due to lower revenue plus a payment to meet financial assurance requirements;
- Regional Greenhouse Gas Initiative proceeds, -\$393,000 due to relatively lower auction revenue, albeit compared to a higher-than-anticipated amount of proceeds in FY 2022;
- NECEC Settlement Proceeds, -\$7.6 million due to a suspension of payments because of ongoing litigation about the regional corridor project;
- Federal Revenues, +\$7.7 million due to new funding available through federal sources, including American Rescue Plan Act (ARPA) and Bipartisan Infrastructure Law (BIL); and
- Interest and Other Income, +\$273,000 due to:
  - Bank Interest, +\$123,000 due to higher interest rates,
  - Voluntary Renewable Resource Fund Contributions, +\$7,000 due to more voluntary contributions, and
  - Loan Interest Income, +\$143,000 due to a larger number of outstanding loans compared to FY 2022.

**EFFICIENCY MAINE TRUST**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2023**

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**Expenditures**

The Trust had total expenditures that were \$14.9 million higher in FY 2023 than in FY 2022. The following programs experienced noteworthy increases in spending compared to FY 2022:

- Low Income Initiatives, +\$4.0 million due primarily to new incentives and an outreach campaign to invest significant funding for weatherization from the Maine Jobs and Recovery Plan (MJRP) (which is funded through the federal ARPA);
- Home Energy Savings Program, +\$6.7 million due to significant activity in weatherization driven by increased incentives and a marketing campaign, and the installation of high-performance heat pumps;
- Commercial and Industrial Prescriptive Initiatives, +\$5.6 million due to several promotions to invest significant MJRP funding and increased HVAC projects, much more than offsetting the end of incentives for screw-in LED lamps starting January 2023.
- Commercial and Industrial Custom Program, +\$2.1 million, due to a greater number of projects completed during FY 2023;
- EV Supply Equipment, +\$445,396, due to more completed charging locations compared to the prior year;
- Demand Management, +\$470,696, due to increased activity in this new program that started in FY 2023;
- Lead by Example, +\$271,880, due to a greater number of projects completed during FY 2023;
- Administration and Strategic Initiatives, +\$436,898 million, due to the timing of completed studies and innovation grants; and
- Other programs, including the Agricultural Fair Assistance Program, and the Thermal Energy Investment Program, all had small increases of less than \$100,000 each.

The following programs experienced decreases in spending compared to FY 2022:

- Retail initiatives Program, -\$743,245 due to price and inventory pressures on the heat pump water heater market, as well as a delay of the instant discount initiative for heat pump water heaters at one large retailer;
- Distributor Initiatives, -\$841,432 due to price and inventory pressures on the heat pump water heater market;
- EV Rebate Program, -\$657,772, due to continued limited inventory and changes in the federal tax credits;
- Small Business Program, -\$2.9 million due to the end of a stand-alone program for small businesses, incentives which was incorporated into the Commercial and Industrial Prescriptive Initiatives program starting in FY 2023.

**EFFICIENCY MAINE TRUST**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2023**

**Budgetary Comparison Schedule - Special Revenue Fund (FY 2023)**

	<u>Budget</u>	<u>Actual</u>	<u>(negative)</u>
<b>REVENUES</b>			
Intergovernmental, Electric Procurement, and Natural Gas Procurement	\$ 53,214,083	53,214,101	18
Forward capacity market credits	8,422,909	7,248,449	(1,174,460)
Regional Greenhouse Gas Initiative credits	25,242,835	25,243,465	630
Federal grant revenues	12,022,500	7,745,200	(4,277,300)
Interest and other income	1,000,100	1,304,492	304,392
<b>Total revenues</b>	<b>99,902,427</b>	<b>94,755,707</b>	<b>(5,146,720)</b>
Interfund transfers in	4,603,017	3,921,652	(681,365)
Total revenues and transfers	104,505,444	98,677,359	(5,828,085)
Use of fund balance	52,380,787	-	(52,380,787)
<b>Total funds available</b>	<b>156,886,231</b>	<b>98,677,359</b>	<b>(58,208,872)</b>
<b>EXPENDITURES</b>			
Low income initiatives	17,182,010	14,069,623	3,112,387
Retail initiatives program	11,148,336	6,915,668	4,232,668
Home energy savings program	32,024,281	27,330,213	4,694,068
Commercial & industrial prescriptive program	27,891,683	14,170,763	13,720,920
Commercial & industrial custom program	16,320,247	5,820,778	10,499,469
Industrial climate initiative	500,000	-	500,000
Agricultural fair initiatives	524,480	9,920	514,560
Distributor initiatives	13,344,332	8,643,902	4,700,430
Electric vehicle supply equipment	2,884,684	781,671	2,103,013
Electric vehicle rebate program	1,960,189	1,690,688	269,501
Demand Management	1,031,773	470,696	561,077
Thermal energy investment program	692,350	6,591	685,759
Lead by example initiative	597,725	305,998	291,727
Renewables	397,137	-	397,137
Administrative & strategic initiatives	12,438,402	6,447,345	5,991,057
Inter-agency transfers	871,886	107,420	764,466
<b>Total expenditures</b>	<b>139,809,515</b>	<b>86,771,276</b>	<b>53,038,239</b>
Interfund transfers out	4,603,017	3,921,652	681,365
<b>Total use of funds</b>	<b>144,412,532</b>	<b>90,692,928</b>	<b>53,719,604</b>
Net change in fund balance	12,473,699	7,984,431	(4,489,268)
Fund balance, beginning		92,289,774	
<b>Fund balance, ending</b>		<b>\$ 100,274,205</b>	

**EFFICIENCY MAINE TRUST**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2023**

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**Budget**

The base budget for fiscal year 2023 included total revenues, inter-fund transfers, and carryforward of \$98,801,161 and total expenditures and inter-fund transfers of \$98,713,039. The budget was adopted by the Trust's Board on May 25, 2022. During the fiscal year, the Trust added \$44,642,532 to the revenue budget from fund balance representing contract and program balances from the prior year. Revenues were further increased during the year to add \$11,342,835 from RGGI auctions that performed stronger than what was forecasted at the beginning of the fiscal year; \$4,000,000 of funding from the State of Maine to support electric vehicle rebate incentives (\$3,500,000) and the Industrial Climate Initiative (\$500,000); and \$797,150 for Alternative Compliance Mechanism payments used to support Renewables program and the Thermal Energy Investment Program. These additions to the budget were offset by reductions to federal revenues (\$2,477,500), Agricultural Fair Assistance Program revenues (\$193,447), and interfund transfers (\$26,500). The cumulative effect of the adjustments to revenues resulted in a budget at year's end of \$156,886,231.

The FY 2023 revenue adjustments described above entail corresponding adjustments to the expenditure budget. Over the course of FY 2023, the Trust also amended the budget by shifting funds between programs. Low Income Initiatives and the Home Energy Savings Program were increased by \$8,448,576 and \$12,560,689, respectively, to accommodate growing demand for thermal measures such as weatherization and heat pump retrofits due to new incentives and an expanded outreach campaign. The Low Income Initiatives portion benefitted from an influx of significant federal funds allocated for this purpose through the State of Maine's MJRP. Meanwhile, the Retail Initiatives program budget was decreased by \$1,320,000 (adjusting for the end of LED lamp incentives on January 1), the C&I Prescriptive program was increased by \$10,410,920, and the C&I Custom Program was increased by \$6,083,098. The increases in C&I program budgets primarily reflect committed carryforward for projects awarded in FY 2022 and new federal funding (through the State of Maine's MJRP). The Agricultural Fair Assistance Program revenues were increased by \$184,631 to account for new procurement, and the Distributor Initiatives program was increased by \$986,335 to provide sufficient resources to meet potential customer demand. The Electric Vehicle Supply Equipment's budget was decreased by \$25,316 to bring the budget in line with available funding. The Electric Vehicle Rebates Program had its budget increased by \$1,960,189, supported in part by funds from the State of Maine. Lead by Example was increased by \$597,725 to bring it in line with the total available funding for that initiative and expected customer uptake. The Renewables program was increased by \$364,637, due to received alternative compliance mechanism payments. The Administrative and Strategic Initiatives budget was increased by \$3,932,159, reflecting FY 2022 carryforward funding for ongoing and expanded innovation pilots as well as a share of new program funding. Lastly, the Industrial Climate Initiative, Demand Management, and Thermal Energy Investment Program were new initiatives that were added in FY 2023. The Industrial Climate Initiative and Thermal Energy Investment Program were established with budgets of \$500,000 and \$692,350 respectively. Demand Management (previously a pilot program) meanwhile added \$350,000 to its overall budget during the year. These adjustments resulted in a total expenditure budget at year's end of \$144,412,529.

The \$12,473,699 difference between the revenue and expenditure budget comprises:

- \$2,491,000 of Electric Procurement revenues relating to the end of LED lamp incentives, affecting Retail Initiatives, Distributor Initiatives, and Strategic Initiatives;
- \$6,526,080 of RGGI for pending and ongoing innovation pilots and Q4 auction proceeds reserved for use in FY 2024;
- \$3,500,000 of State of Maine revenues reserved for electric vehicle rebates in FY 2024;
- Projected revenues in excess of expenditures within the Revolving Loan Funds for FY 2023.
- Budgeted use of prior year fund balance totaling \$131,500 in excess of FY 2023 funding in the Admin Fund.

**EFFICIENCY MAINE TRUST**  
**Management’s Discussion and Analysis, Continued**  
**June 30, 2023**

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**Revenues – Budget to Actual**

Two of the Trust’s main revenue sources in FY 2023 were the electric procurement and natural gas assessments. The Maine Public Utilities Commission (PUC) ordered the transmission and distribution (electric) utilities to remit approximately \$47.1 million to the Trust for the FY 2023 electric efficiency and conservation program budgets approved in the Trust’s Fifth Triennial Plan. As noted above, this level of new funding plus the prior-year carryforward applied to offset the need for new procurement were deemed necessary to meet the statutorily mandated standard of capturing the maximum, achievable cost-effective (MACE) savings from efficiency measures. Pursuing a similar standard for natural gas, the PUC ordered the assessment of \$1,172,931, which, when combined with the FY 2022 carryforward used to offset the need for new procurement, represented the MACE amount of natural gas savings.

The Trust also participates in the ISO New England (ISO-NE) Forward Capacity Market (FCM) by bidding and delivering capacity resources associated with its projects. The annual auction is for capacity three years hence, and if the Trust succeeds in delivering sufficient resources to meet the amount bid, it will receive a revenue stream for up to five years. Midway through FY 2023 Staff recognized that FCM revenues were going to come in under budget. Based on year-to-date spending at that time, Staff elected to take no action as funding was sufficient to cover expenditures for the year.

In June 2023, the Trust amended the budget to bring the expenditure budget in line with what anticipated year-end expenditures were trending towards. This decision was made to reflect more accurately what was occurring in the marketplace (particularly with electric vehicles and projects with longer lead times) when compared with all the available funding. Rather than show all available funds in the current year budget, the Trust elected to reduce the budget, effectively reserving those funds for use in FY 2024.

**Expenditures – Budget to Actual**

FY 2023 marked the first year of the Trust’s Fifth Triennial Plan. The Plan includes the following major program areas:

- Low Income Initiatives,
- Retail Initiatives Program,
- Distributor Initiatives Program,
- Home Energy Savings Program,
- Commercial & Industrial Prescriptive Initiatives,
- Commercial & Industrial Custom Program,
- Demand Management Program, and
- Electric Vehicle Initiatives
  - EV Supply Equipment Program, and
  - EV Rebates Program.

**EFFICIENCY MAINE TRUST**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2023**

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Low Income Initiatives expended 81.9% of its budget in FY 2023 with another 18.3% committed, a significant increase in prior years due to the influx of federal funding and resulting ability to increase incentives and expand outreach campaigns. More customers and installers became aware of the program's online form for requesting verification of income eligibility, and the program expanded the scope of its initiatives to moderate-income households.

The Retail Initiatives program spent 62.0% of available funds, and the Distributor Initiatives Program spent 64.8% of its budget. Both programs saw impressive activity compared to prior years, but market conditions affected the ability to fully invest available funding.

The Home Energy Savings Program (HESP) spent 85.3% of budget, seeing increased uptake of weatherization projects due to higher incentives and a comprehensive marketing campaign as well as continued strong activity in the installation of high-performance heat pumps.

The Commercial and Industrial Prescriptive program expended 50.8% and had committed an additional 31.4% of its budget at year end. The Commercial and Industrial Custom program expended 35.7% of its budget and had an additional 49.8% under contract or awarded at year end. The Electric Vehicle Supply Equipment (EVSE) initiative spent 27.1% of its budget, with an additional 72.9% committed in awarded bids; resources are available in fund balance to support investments over multiple years. Similarly, the Electric Vehicle Rebate initiative spent 86.3% of its budget, with another 9.4% in pending rebates and pre-approvals; as with EVSE, additional funds are available in fund balance to support future rebates.

The Renewables program expended none of its budget on awarded projects, but fully encumbered available funding on a project launched in FY 2023 related to hydronic heating using heat pump technology. The Demand Management program expended 45.6% and committed another 34.6% towards projects currently in progress. The Lead by Example initiative expended 51.2% of its annual budget and committed 32.3% for awarded projects.

Administrative and Strategic Initiatives spent 49.2% of their budgets, with another 11.3% committed. The Agricultural Fair Assistance Program expended less than 2% of its budget, but encumbered nearly all (97.6%) of the available funds on projects awarded in FY 2023. Industrial Climate initiative and Thermal Energy Investment Program (TEIP) expended less than 2.0% of their respective budgets in FY 2023; the TEIP committed an additional 8.7% of available funding on awarded projects. Contract and program balances will be carried forward into FY 2023 ensuring that program funds are available to honor all commitments at year end.

**EFFICIENCY MAINE TRUST**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2023**

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**Other Financial Information**

The Trust had no borrowing activity during the year. The Trust is monitoring loan activity and may raise funds in future years to recapitalize its Revolving Loan Funds (RLF) for the PACE and EMEL loan products, or otherwise modify the financing products and/or terms of existing products. One of the ARRA programs was used to develop a revolving loan fund for home energy savings projects.

This financial report is intended to provide the reader with a general overview of Efficiency Maine Trust's finances and show accountability for expenditures relating to its program activities. Questions regarding this report or requests for additional information should be directed to the Executive Director of Efficiency Maine Trust.

## **BASIC FINANCIAL STATEMENTS**

**EFFICIENCY MAINE TRUST**  
**Statement of Net Position**  
**June 30, 2023**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 81,052,817
Investments	2,670,893
Receivables:	
Other	781,287
Loans, less allowance for loan losses	21,287,654
Prepaid expenses	25,884
Other assets	2,801
Capital assets, net of accumulated depreciation and amortization	393,806
Total assets	106,215,142
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	2,540,531
Intergovernmental payables	42,975
Accrued payroll and benefits	230,390
Unearned revenue	2,733,235
Current portion of lease liability	133,211
Total current liabilities	5,680,342
Noncurrent liabilities:	
Long term lease, net current portion	203,421
Total noncurrent liabilities	203,421
Total liabilities	5,883,763
<b>NET POSITION</b>	
Restricted:	
Energy efficiency and conservation programs	99,937,573
<b>Total net position</b>	<b>\$ 100,331,379</b>

*See accompanying notes to basic financial statements.*

**EFFICIENCY MAINE TRUST**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

Functions/programs	Expenses	Indirect expense allocation	Expenses after indirect expense allocation	Program revenues			Net (expense) revenue and change in net position
				Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government Governmental activities
Primary government:							
Governmental activities:							
Administrative	\$ 4,236,369	(4,026,205)	210,164	-	210,164	-	-
Low income initiatives	7,798,293	687,762	8,486,055	-	8,237,613	-	(248,442)
Low income initiatives - ARPA	6,271,330	-	6,271,330	-	6,320,854	-	49,524
Retail initiatives	6,915,668	338,057	7,253,725	-	8,629,334	-	1,375,609
Home energy savings program	27,330,213	1,335,976	28,666,189	-	29,717,271	-	1,051,082
Commercial and industrial prescriptive program	13,044,463	692,706	13,737,169	-	16,046,573	-	2,309,404
CIPP-ARPA	1,126,300	-	1,126,300	-	1,163,508	-	37,208
Commercial and industrial custom program	5,659,662	284,536	5,944,198	-	5,542,808	-	(401,390)
CICP-ARPA	161,116	-	161,116	-	168,742	-	7,626
Distributor initiatives	8,643,902	422,538	9,066,440	-	10,794,416	-	1,727,976
Electric vehicle supply equipment	689,575	38,210	727,785	-	43	-	(727,742)
EV supply equipment-ARPA	92,096	-	92,096	-	92,096	-	-
Electronic vehicle rebates	1,690,688	82,645	1,773,333	-	3,501,629	-	1,728,296
Demand management	470,696	23,009	493,705	-	587,165	-	93,460
Thermal energy investment	6,591	322	6,913	-	692,672	-	685,759
Agricultural fairs	9,920	485	10,405	-	146,470	-	136,065
Lead by example	305,998	14,958	320,956	-	-	-	(320,956)
Strategic initiatives (information, innovation, evaluation)	2,148,017	105,001	2,253,018	-	2,629,244	-	376,226
Intra-entity grants - State agencies	107,420	-	107,420	-	275,105	-	167,685
Total governmental activities	86,708,317	-	86,708,317	-	94,755,707	-	8,047,390
Change in net position							8,047,390
Net position - beginning							92,283,989
<b>Net position - ending</b>							<b>\$ 100,331,379</b>

*See accompanying notes to basic financial statements.*

**EFFICIENCY MAINE TRUST**  
**Balance Sheet**  
**Governmental Fund**  
**June 30, 2023**

	<b>Special Revenue Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 81,052,817
Investments	2,670,893
Receivables:	
Other	781,287
Loans, less allowance for loan losses	21,287,654
Prepaid expenditures	25,884
Other assets	2,801
<b>Total assets</b>	<b>105,821,336</b>
<b>LIABILITIES</b>	
Accounts payable	2,540,531
Intergovernmental payables	42,975
Accrued payroll and benefits	230,390
Unearned revenue	2,733,235
<b>Total liabilities</b>	<b>5,547,131</b>
<b>FUND BALANCE</b>	
Nonspendable:	
Prepaid expenditures	25,884
Restricted:	
Energy efficiency and conservation programs	100,248,960
Unassigned	(639)
<b>Total fund balances</b>	<b>100,274,205</b>
<b>Total liabilities and fund balances</b>	<b>105,821,336</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and right-to-use assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	393,806
Long-term liabilities, including leases payable, are not due and payable in the current period and therefore, are not reported in the funds.	(336,632)
<b>Net position of governmental activities</b>	<b>\$ 100,331,379</b>

*See accompanying notes to basic financial statements.*

**EFFICIENCY MAINE TRUST**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Fund**  
**For the Year Ended June 30, 2023**

	<b>Special Revenue Fund</b>
Revenues:	
Alternative compliance mechanism	\$ 797,150
Federal grants	7,745,200
Interest income:	
Investments	196,752
Loans	1,053,383
State initiatives	4,000,000
Electric procurement	47,097,600
Natural gas assessment	1,172,949
Renewable resource	54,357
Agricultural fairs	146,402
Forward capacity market credits	7,248,449
Regional Greenhouse Gas Initiative proceeds	25,243,465
Total revenues	94,755,707
Expenditures:	
Current:	
Low income initiatives	14,069,623
Retail initiatives	6,915,668
Home energy savings program	27,330,213
Commercial and industrial prescriptive program	14,170,763
Commercial and industrial custom program	5,820,778
Distributor initiatives	8,643,902
Electric vehicle supply equipment	781,671
Electric vehicle rebates	1,690,688
Demand management	470,696
Thermal energy investment	6,591
Agricultural fair	9,920
Lead by example	305,998
Administration and strategic initiatives	6,447,345
Total expenditures	86,663,856
Excess of revenues over expenditures	8,091,851
Other financing uses:	
Intra-entity grants - state agencies	(107,420)
Net change in fund balance	7,984,431
Fund balance, beginning of year	92,289,774
<b>Fund balance, end of year</b>	<b>\$ 100,274,205</b>

*See accompanying notes to basic financial statements.*

**EFFICIENCY MAINE TRUST**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance of the Governmental Fund**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2023**

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Net change in fund balance - governmental fund (from Statement 4)	\$	7,984,431
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciated expense.

This is the change in capital assets and related amounts:

Depreciation and amortization expense.		(138,760)
Capital outlays		88,143

The issuance of leases provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Payment of rent increases expenditures in the governmental funds, but reduces the lease liability in the statement of net position.

The following are changes in the lease liabilities and related amounts:

Amortization of lease liabilities		113,576
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<b>Change in net position of governmental activities (see Statement 2)</b>	<b>\$</b>	<b>8,047,390</b>
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*See accompanying notes to basic financial statements.*

**EFFICIENCY MAINE TRUST**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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Under the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by subsequent statements, as outlined below under Reporting Entity, Efficiency Maine Trust (the Trust) is considered a component unit of the State of Maine. Accordingly, the financial statements of the Trust will be incorporated into the State of Maine's financial statements.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

**A. Reporting Entity**

In evaluating the Trust as a reporting entity, management has addressed all potential component units for which the Trust may be financially accountable and, as such, should be included within the Trust's financial statements. In accordance with GASB Statement No. 14 as amended by subsequent statements, the Trust is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the organization. Additionally, the Trust is required to consider other organizations for which the nature and significance of their relationship with the Trust are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the application of these criteria, there are no other entities that should be included as part of these financial statements.

On June 12, 2009, *An Act Regarding Maine's Energy Future* (LD 1485) was signed into law "for the purposes of developing, planning, coordinating and implementing energy efficiency and alternative energy resources programs" in Maine. That law is now codified as 35-A MRSA c 97.

The legislation established the new, independent Efficiency Maine Trust. The law states that on July 1, 2010, administrative authority and duties of the existing Efficiency Maine programs were to be transferred from the Maine Public Utilities Commission (MPUC) to the Trust and merged with the existing Energy and Carbon Savings Trust programs. The Trust is governed by an independent, nine-member Board of Trustees representing diverse State agencies, customer classes, and expertise and is subject to oversight by the MPUC. Seven trustees are appointed by the Governor of the State of Maine and confirmed by the State Senate. The other two trustees are *ex-officio* members, who are the directors from Maine State Housing Authority and the Governor's Energy Office.

The Trust was directed by statute to develop a three-year plan, known as the "Triennial Plan", based on a balanced approach to capturing all cost-effective energy efficiency opportunities across all fuels, involving all customer groups, and addressing new, innovative energy technologies. The Plan is reviewed and approved by the Trust's Board by at least a two-thirds vote, and is then filed at the MPUC for its review and approval if it is found to capture the maximum achievable cost-effective energy efficiency savings and is consistent with the legislation and if it reasonably explains how the Plan will achieve its objectives and metrics of performance.

**EFFICIENCY MAINE TRUST**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**A. Reporting Entity, Continued**

The first Plan covered the period from July 1, 2010 through June 30, 2013. The second Plan covered from July 2013 through June 30, 2016. The third Plan covered from July 1, 2016 through June 30, 2019. The fourth plan covered from July 1, 2019 through June 30, 2022. The fifth plan was approved on May 17, 2022 by the Public Utilities Commission and covers the period beginning July 1, 2022 through June 30, 2025. The Plan, as updated from time to time, has been designed to provide the State of Maine with a broad array of economic and environmental benefits. Key "targets" outlined in the Plan, consistent with the goals laid out in statute, include:

- Reducing energy costs, including heating costs,
- For the period beginning January 1, 2020 and ending January 1, 2030, weatherizing 35,000 homes and businesses, with at least 10,000 of such weatherization projects completed in low income households through the combined efforts of the Trust and the Maine State Housing Authority,
- Reducing peak-load electric energy consumption by the maximum achievable cost effective amount,
- Achieving the maximum achievable cost effective electricity and natural gas program savings, as defined in and determined pursuant to the performance metrics approved by the commission under section 10120,
- Building stable private sector jobs providing clean energy and energy efficiency products and services in the State,
- Contributing to the effort to reduce greenhouse gas emissions in the State by amounts consistent with the greenhouse gas emission levels established in Title 38, section 576A and in a manner consistent with the State's climate action plan adopted and updated under Title 38, section 577,
- Promoting the purchase of high efficiency heat pump systems to achieve by 2030 the goal of at least 115,000 households in the State wholly heated by heat pumps and an additional 130,000 households in the State partially heated by heat pumps, and,
- Promoting the purchase of battery electric vehicles and plug in hybrid vehicles to achieve by 2030 the goal of at least 220,000 such vehicles registered in the State.<sup>1</sup>

The Efficiency Maine Trust Act (Title 35-A MRSA Sec. 10101 *et seq.*) directs and authorizes the Trust to design programs that will address both electric and thermal energy needs of customers as well as electrification of transportation. Energy efficiency and alternative energy projects are eligible for funding from these programs, so long as they meet the standards and criteria specified in state law, such as tests for "cost-effectiveness" and conform to the Trust's program requirements.

The following funds or programs are provided for in the Act:

- Regional Greenhouse Gas Initiative (RGGI) Trust Fund
- Electric Efficiency and Conservation Fund
- Natural Gas Efficiency and Conservation Fund
- The Energy Efficiency and Renewable Resource Fund

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<sup>1</sup> 35-A MRS §10104(4)(F). These goals were modified in 2021, part-way through the third year of Triennial Plan IV, pursuant to the passage of LD 385, An Act to Resolve Conflicts in and Make Other Changes to the Laws Governing the Efficiency Maine Trust.

**EFFICIENCY MAINE TRUST**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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- Federal Energy Programs
- Public Information and Outreach
- Heating Fuels Efficiency and Weatherization Fund
- Electric Vehicle Charging Infrastructure Fund and the Electric Vehicle Fund
- Certain finance initiatives, including the Clean Energy and Sustainability Accelerator, the Commercial PACE Loan program, and the Property Assessed Clean Energy Program
- Any grants or other funds approved by the Board and received by or from any entity with which the Trust has an agreement or contract pursuant to chapter 97 of Title 35-A of the Maine Revised Statutes if the Board determines that receipt of those funds is consistent with the purposes of this chapter.

The Act also provides for an administration fund to be established to be used solely to defray administrative costs. The Trust may annually deposit funds authorized to be used for administrative costs from program funds into the administration fund. Any interest on funds in the administration fund must be credited to the administration fund and any funds unspent in any fiscal year must either remain in the administration fund to be used to defray administrative costs or be transferred to the program funds.

During the First Session of the 131<sup>st</sup> Maine Legislature, adjourning in the summer of 2023, there were several pieces of legislation enacted that impacted the Trust’s authority, duties, or activities. The relevant bills that were passed were:

- Public Law Ch. 328 (LD 1724), 131<sup>st</sup> Legislature (2023), establishing the Beneficial Electrification Policy, which directs the Trust to develop a three-year plan promoting beneficial electrification and to incorporate the costs of implementing such a plan into future iterations of the Triennial Plan (and updates to it) which the law will require the Public Utilities Commission to add to the amount of funding to be remitted from the electric utilities to the Trust;
- Public Law Ch. 306 (LD 187), 131<sup>st</sup> Legislature (2023), repealing the Energy Efficiency and Renewable Resource Fund formerly administered by the Trust;
- Public Law Ch. 412 (LD 258), 131<sup>st</sup> Legislature (2023), clarifying the Trust’s authority to administer federal funds from the US Department of Energy’s State Energy Program and other federal funds and projects “related to trust programs”;
- Public Law Ch. 194 (LD 815), 131<sup>st</sup> Legislature (2023), requiring the Trust to provide program outreach and access to programs for low-income residents of manufactured homes;
- Public Law Ch. 259 (LD 1101), 131<sup>st</sup> Legislature (2023), directing the Trust to establish the Home Energy Scoring System developed by the US Department of Energy and to develop a means for completed scores to be reported, on a voluntary basis, to the Trust.

**B. Basis of Presentation**

The Trust's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**EFFICIENCY MAINE TRUST**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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*Government-wide Financial Statements:*

The statement of net position and the statement of activities display information about the Trust's special-purpose activities. These statements reflect the financial activity of the Trust's governmental program. The governmental activity is generally financed through federal and state operating grants and system benefit charges and fees that are restricted to meet the operational requirements of particular function or program.

*Fund Financial Statements:*

Separate financial statements are provided for the governmental funds. The fund financial statements provide information about the Trust's governmental funds.

The Trust reports the following governmental fund:

*Special Revenue Fund:*

The Special Revenue Fund is a governmental fund type used to account for federal, state and other financial programs. Project accounting is employed to maintain integrity for the various sources of funds. Generally, revenues in the Special Revenue Fund are restricted to expenditures for specified purposes.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

**Government-wide Financial Statements**

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Grants and similar items are recognized as revenue as soon as all of the eligibility requirements imposed by the provider have been satisfied.

**Governmental Fund**

The governmental fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. General capital asset acquisitions are reported as expenditures in the governmental fund.

**D. Estimates**

The presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**EFFICIENCY MAINE TRUST**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**E. Loans Receivable**

Loans receivable are stated at the amount management expects to collect from outstanding balances. Management of the Trust has established an allowance for loan losses to provide for probable losses. The amount of the allowance, which is established through a provision for losses on loans charged to expenditures, is based on management's estimation of the probable losses within the portfolio. In estimating the adequacy of the allowance for loan losses, management considers such factors as the nature and volume of the portfolio, delinquency trends, specific problem loans, and current economic conditions that may affect the borrowers' ability to repay. Actual results could differ from those estimates. The allowance for loan losses was \$192,422 at June 30, 2023.

**F. Prepaid Expenditures**

Payments made to vendors for services and amounts withheld by the State that will benefit periods beyond June 30, 2023 are recorded as prepaid expenditures.

**G. Capital Assets**

Capital assets consist of office equipment, computer software, right-to-use leased assets for office space, and subscription assets. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

Capital assets are defined by the Trust as assets with initial individual costs of five thousand dollars or more and an estimated useful life of two or more years and are depreciated under the straight-line method over the respective estimated useful lives of the assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful</u>
Office equipment	5 years
Computer software	3 years
Right-to-use assets	5-20 years
Subscription assets	5-20 years

Capital assets are recorded as expenditures of the current period in the fund financial statements.

**H. Unearned Revenue**

Unearned revenue represents payments received in the current fiscal year for the next fiscal year's assessment or grant revenues received but not yet spent.

**EFFICIENCY MAINE TRUST**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**I. Fund Balance**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Trust is bound to honor constraints on the specific purposes for which amounts in the governmental fund can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable by the Trust are nonspendable in form. The Trust has not reported any amounts that are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to actions taken by the Board of Trustees. Commitments may be modified or rescinded only through approval of the Board of Trustees.
- Assigned – includes amounts that the Trust intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance.
- Unassigned – includes negative residual fund balance that cannot be eliminated by the offsetting of assigned fund balance amounts within the special revenue fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Trust considers restricted funds to have been spent first. When an expenditure is incurred for which committed or assigned fund balances are available, the Trust considers amounts to have been spent first out of committed funds, then assigned funds, as needed.

**J. Restriction on Net Position**

The Trust's net position is restricted by State of Maine legislation which established the Trust and governs its activities.

**K. Budgetary Accounting**

Budgets are formally adopted through the Board of Trustees and prepared on a basis consistent with GAAP, which are reflected in revenue and expenditures in the Required Supplementary Information: Budgetary Comparison Schedule - Special Revenue Fund.

Encumbrances are recorded when purchase orders and contracts are issued, but are not considered expenditures for GAAP purposes until liabilities for payments are incurred. The Trust had approximately \$43,447,523 in outstanding purchase orders or contracts as of June 30, 2023.

The original revenue and expenditure budgets for the fiscal year ending June 30, 2023 were \$98,801,161 and \$98,713,039, respectively. The revenue and expenditure budgets, including amendments made through the date of issuance of these financial statements, are \$156,886,231 for revenues and \$144,412,532 for expenditures.

**EFFICIENCY MAINE TRUST**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**L. Leases**

Efficiency Maine Trust is a lessee for two noncancellable leases of office space. The Trust recognizes a lease liability and an intangible right-to-use asset (lease asset) in the government-wide financial statements. The Trust recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, Efficiency Maine Trust initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line bases over its useful life.

Key estimates and judgments related to leases include how the Trust determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Trust uses the interest rate charged by the lessor as the discount rate. When the interest rate charged is not provided, the Trust generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Trust is reasonably certain to exercise.

Efficiency Maine Trust monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**M. Subscriptions**

Efficiency Maine Trust is engaged in a noncancellable subscription for hosting services. The Trust recognizes a subscription liability and an intangible right-to-use asset (subscription asset) in the government-wide financial statements. The Trust recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a subscription, Efficiency Maine Trust initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line bases over its useful life.

Key estimates and judgments related to subscriptions include how the Trust determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

**EFFICIENCY MAINE TRUST**  
**Notes to Basic Financial Statements, Continued**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

- The Trust uses the interest rate charged by the lessor as the discount rate. When the interest rate charged is not provided, the Trust generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the Trust is reasonably certain to exercise.

Efficiency Maine Trust monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

**DEPOSITS AND INVESTMENTS**

*Custodial Credit Risk-Deposits:* Custodial credit risk is the risk that in the event of a bank failure, the Trust's deposits may not be returned to it. As of June 30, 2023, the Trust had bank balances of \$82,358,114 of which all amounts were covered by FDIC coverage or collateralized by securities held by the pledging financial institution.

Collateralization is provided on the REPO Sweep account through securities pledged by Camden National Bank to the Trust. The fair value of the pledged securities on June 30, 2023 was \$83,774,682.

The Trust has an investment policy that identifies various authorized investment instruments and investment ratings. Authorized investments include obligations of the United States Government and its agencies that are fully guaranteed. Additionally, the Trust is permitted under the policy to invest in money market mutual funds to secure the Trust's position in regional programs.

The Trust held the following investments at June 30, 2023:

Investment type:	Carrying Amount/ Fair Value	Investment Maturity Less Than 1 Year
Mutual fund	\$ 2,670,893	N/A
<b>Total</b>	<b>\$ 2,670,893</b>	<b>N/A</b>

*Credit Risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This credit risk is measured by the credit quality ratings of investments as described by nationally recognized statistical rating organizations.

*Custodial Credit Risk-Investments:* Custodial credit risk is the risk that, in the event of failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Trust limits custodial credit risk by regularly monitoring the credit quality ratings of the counterparties and the adequacy of the collateral accounts. The Trust drafted a custodial credit risk policy that was utilized during the fiscal year to minimize risk. The policy was adopted by the Board of Trustees in April 2014.

**EFFICIENCY MAINE TRUST**  
**Notes to Basic Financial Statements, Continued**

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**DEPOSITS AND INVESTMENTS, CONTINUED**

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The Trust categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Trust has the following recurring fair value measurements as of June 30, 2023: Mutual fund accounts of \$2,670,893 are valued using quoted prices (Level 1 input).

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**LOAN RECEIVABLES**

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The Trust lends to individuals and businesses throughout the State of Maine under its PACE, PowerSaver, Efficiency Maine Energy Loan (EMEL), Small Business, and other loan programs. The loans have varying fixed rates and are either unsecured or secured through a mortgage which is typically not a first position on the property for which energy efficiency improvements were made. The loan activity for the year ended June 30, 2023 is as follows:

	<u>Residential</u>	<u>Business</u>	<u>Total</u>
Beginning balance:	\$ 18,201,817	1,100,665	19,302,482
Loans issued	8,526,796	14,404	8,541,200
Repayments and write offs	<u>(6,095,963)</u>	<u>(267,643)</u>	<u>(6,363,606)</u>
Ending balance	20,632,650	847,426	21,480,076
Allowance for loan losses	<u>(137,471)</u>	<u>(54,951)</u>	<u>(192,422)</u>
<b>Loan receivable, net of allowance for loan losses</b>	<b><u>\$ 20,495,179</u></b>	<b><u>792,475</u></b>	<b><u>21,287,654</u></b>

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**CAPITAL ASSETS**

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Capital asset activity is as follows for the year ended June 30, 2023:

	Balance June 30, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2023</u>
Capital assets, being depreciated/amortized:				
Office equipment and computer software	\$ 184,931	88,140	74,927	198,144
Right-to-use subscription asset	-	135,255	-	135,255
Right-to-use leased asset	<u>409,065</u>	<u>-</u>	<u>-</u>	<u>409,065</u>
Total capital assets being depreciated	593,996	223,395	74,927	742,464
Less accumulated depreciation/amortization for:				
Office equipment and computer software	184,931	21,953	74,927	131,960
Right-to-use subscription asset	-	16,907	-	16,907
Right-to-use leased asset	<u>99,897</u>	<u>99,897</u>	<u>-</u>	<u>199,794</u>
Total accumulated depreciation/amortization	284,828	138,760	74,927	348,658
Total capital assets being depreciated, net	<u>309,168</u>	<u>84,635</u>	<u>-</u>	<u>393,806</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 309,168</u></b>	<b><u>84,635</u></b>	<b><u>-</u></b>	<b><u>393,806</u></b>

**EFFICIENCY MAINE TRUST**  
**Notes to Basic Financial Statements, Continued**

**CAPITAL ASSETS, CONTINUED**

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Administrative \$ 138,760

**Total amortization/depreciation – governmental activities \$ 138,760**

**CHANGES IN LONG-TERM LIABILITIES**

The following is a summary of long-term liability transactions of the Trust for the year ended June 30, 2023:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>balance</u>	Due within <u>one year</u>
Subscriptions	\$ -	135,255	15,528	119,727	31,074
<u>Leases</u>	<u>314,953</u>	<u>-</u>	<u>98,048</u>	<u>216,905</u>	<u>102,137</u>
<b><u>Total long-term liabilities</u></b>	<b><u>\$ 314,953</u></b>	<b><u>135,255</u></b>	<b><u>113,576</u></b>	<b><u>336,632</u></b>	<b><u>133,211</u></b>

**LEASES**

On July 1, 2020, the Trust entered into a lease agreement for its primary office space expiring in December 2023. At the end of the lease, the Trust has the option for one two-year extension of the existing terms. As of June 30, 2023, the value of the lease liability was \$167,885. The lease provides for a three-year and six-month term of \$5,816 per month plus 83% of CAM costs. The value of the right-to-use asset as of the end of the current fiscal year was \$293,426 and had accumulated amortization of \$130,409.

In October 2019, the Trust entered into a lease agreement for office space starting on November 1, 2019. The lease provides for a three-year term with the option to extend for one additional two-year term. As of June 30, 2023, the value of the lease liability was \$49,020. The monthly rent in the first year of the lease is \$2,801. In each subsequent year, the monthly rent will increase by 3%. The value of the right-to-use asset as of the end of the current fiscal year was \$115,639 and had accumulated amortization of \$69,385.

The future principal and interest lease payments as of June 30, 2023 were as follows:

	<b>Lease Payable</b>		
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2024	\$ 102,137	5,114	107,251
2025	80,178	2,220	82,398
2026	34,590	303	34,893
<b>Totals</b>	<b>\$ 216,905</b>	<b>\$7,637</b>	<b>\$ 224,542</b>

**EFFICIENCY MAINE TRUST**  
**Notes to Basic Financial Statements, Continued**

**SUBSCRIPTIONS**

On January 1, 2023, the Trust entered into a subscription agreement for hosting expiring in December 2026. As of June 30, 2023, the value of the subscription liability was \$119,727. The monthly payment over the term of the subscription is \$3,250. The value of the right-to-use asset as of the end of the current fiscal year was \$135,255 and had accumulated amortization of \$16,907.

The future principal and interest payments as of June 30, 2023 were as follows:

	<b>Subscription Payable</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 31,074	7,926	39,000
2025	33,487	5,513	39,000
2026	36,086	2,914	39,000
2027	19,080	420	19,500
<b>Totals</b>	<b>\$ 119,727</b>	<b>\$16,733</b>	<b>\$ 136,500</b>

**RESTRICTED FUND BALANCE**

The following program fund balances have purpose restrictions that were either created through a grant agreement or legislation. Program balances as of June 30, 2023 are as follows:

Restricted for operations/programs:	
Administration Fund	\$ 1,097,605
Regional Greenhouse Gas Initiative Trust Fund*	30,094,883
Conservation Program Fund	29,138,690
MPRP Settlement Fund	320,380
Forward Capacity Market	636,601
Forward Capacity Market Heat Pump Initiative Fund	1,823,128
Renewable Resources Fund	399,969
Agricultural Fair	514,560
VW Lead by Example	3,290,755
VW EV Settlement Fund	615,180
VW AG Settlement Fund	27,742
NECEC Heat Pump Initiative	423,889
NECEC Hydro-Quebec Electronic Vehicles	1,917,714
NECEC Dirigo Fund	2,270,055
Natural Gas Conservation – Unitil	763,961
Natural Gas Conservation – Maine Natural Gas	188,552
Natural Gas Conservation – Bangor Natural Gas	239,298
Natural Gas Conservation – Summit	192,576
Thermal Energy Investment	685,759
State of Maine - Electric Vehicle Rebates	3,500,000
<b>Total restricted for operations/programs</b>	<b>78,141,297</b>

\*Within this balance, \$4,000,000 has been reserved for residential loans.

**EFFICIENCY MAINE TRUST**  
**Notes to Basic Financial Statements, Continued**

**RESTRICTED FUND BALANCE, CONTINUED**

Restricted for grants, revolving loan funds, and other:	
Small Business Energy Conservation Revolving Loan Fund	\$ 1,300,270
ARRA State Energy Program Revolving Loan Fund	50,004
SEI Revolving Loan Fund	300,172
ARRA Better Buildings Fund	20,443,785
RGGI RLF	39,316
<u>Total restricted for grants, revolving loan funds, and other</u>	<u>22,133,547</u>
<b><u>Total</u></b>	<b><u>\$ 100,274,844</u></b>

Note: The balance above excludes the NECEC Low Income Initiative as that program had a deficit balance as of June 30, 2023 of \$639. This deficit will be funded by future revenues.

**PENSION PLAN**

The Trust has a pension plan under Section 401(k) of the Internal Revenue Code. All non-state employees who normally work more than 20 hours per week are eligible to participate in the Plan. Participation with respect to employee deferral starts on the date of hire. During 2012, the Trust moved its 401(k) services to International City Management Association – Retirement Corporation (ICMA-RC). Upon this transfer, all of the assets were transferred to a 401(a) account. Employee contributions were credited to a 457 plan account and the Trusts’ matching contributions into a 401(a) account. Non-state employees who have completed one month of service and are eighteen years old are eligible to receive employer contributions. The Trust matches 100% of employee deferrals up to 5% of employee contributions. The Trust’s contributions were \$108,707 for the year ended June 30, 2023. In June 2021, ICMA RC rebranded as and began doing business as Mission Square Retirement.

**INTERGOVERNMENTAL PAYABLES**

Intergovernmental payables consisted of the following at June 30, 2023:

State of Maine:	
Maine Department of Economic Development (MTI)	\$ 19,025
Maine Department of Environmental Protection	23,950
<b><u>Total State of Maine</u></b>	<b><u>\$ 42,975</u></b>

**TRANSACTIONS WITH THE STATE OF MAINE AND ITS COMPONENT UNITS**

**A. Revenue**

In FY 2020, the Maine Public Utilities Commission amended the method by which the natural gas utilities remitted payments to the Trust, ordering the utilities to remit payments directly to the Trust. This change significantly reduced the revenues that were derived from transactions with the State of Maine and its component units for the year ended June 30, 2021 and 2022. In FY 2023, the Trust received revenues related to Alternative Compliance Mechanism payments from the State of Maine and its component units, which totaled \$797,150, revenues related to an electric vehicle rebate program totaling \$3,500,000, and revenues related to the Industrial Climate Initiative totaling \$500,000.

**EFFICIENCY MAINE TRUST**  
**Notes to Basic Financial Statements, Continued**

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**TRANSACTIONS WITH THE STATE OF MAINE AND ITS COMPONENT UNITS, CONTINUED**

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**B. Expenditures**

LD 1485 provided state employees of the Maine Public Utilities Commission, who were hired by the Trust, with the option of retaining their status and benefits as state employees. Four employees elected to retain their state employment status. Two state employees have retired from state service under a special legislative provision and were then rehired as Trust employees.

Under a Memorandum of Understanding between the Trust and the State of Maine, those employees are paid through the State of Maine's personnel system which is overseen by the Department of Administrative and Financial Services (DAFS) of the State of Maine. The Trust reimburses the State of Maine for those payroll and personnel servicing costs.

During the year ended June 30, 2023, the Trust reimbursed the State of Maine approximately \$139,882 for payroll costs and personnel servicing costs.

Intra-entity grants to State of Maine agencies and component units during the year ended June 30, 2023 are as follows:

Maine Department of Environmental Protection	\$ 23,950
Department of Economic and Community Development	19,025
<b>Total</b>	<b>\$ 42,975</b>

The table above does not include payments totaling \$64,445 made to RGGI, Inc. on behalf of the Maine Department of Environmental Protection, which are included in the Intra-entity grants – state agencies line on Statement 4 of these financials.

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**INDIRECT COST ALLOCATION**

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Indirect costs in the Statement of Activities are allocated to the governmental activities based on a proration of each function's expenditures as a percentage of total expenditures.

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**COMMITMENTS AND CONTINGENCIES**

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The Trust is also party to an agreement with National Energy Improvement Fund LLC (NEIF) whereby NEIF provides loan origination and servicing for the Trust's PACE, PowerSaver, EMEL and SEI loans. Prior to May 1, 2015, the Department of Housing and Urban Development (HUD) grant funds awarded to NEIF were to be used for PowerSaver approved loan costs as established in the contract fee schedule and consistent with HUD guidelines. Terms of the agreements contain a fee schedule which includes loan origination fees, loan closing fees, loan servicing fees, settlement fees, and loan documentation preparation fees. These fee amounts can be up to \$1,150 per loan application for PACE loans and up to \$1,440 for PowerSaver loans. The agreements include an annual 1.99% or 2.99% loan servicing fee on the total unpaid principal balance of all closed loans that is paid monthly. During the year ended June 30, 2023, the Trust paid approximately \$684,450 to the National Energy Improvement Fund, LLC for their services.

**EFFICIENCY MAINE TRUST**  
**Notes to Basic Financial Statements, Continued**

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**COMMITMENTS AND CONTINGENCIES, CONTINUED**

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The Trust had no commitments to extend credit for loans under the PACE loan program as of June 30, 2023. Commitments to extend credit are agreements to lend to a borrower as long as there is no violation of any condition established in the commitment agreement.

**Federal and State Grant Programs**

The Trust participates in federal and state grant programs, which are governed by various rules and regulations of the respective oversight agencies. Costs charged to the programs and claims for reimbursement are subject to audit and adjustment by the respective oversight agencies. Therefore, to the extent that the Trust has not complied with rules and regulations governing the programs, refunds of any money received may be required. In the opinion of the Trust, there is no significant contingent liability relating to compliance with the rules and regulations governing these programs. Additionally, no determination has been made with respect to refunding of interest earned on federal and state funds. The amount of refund, if any, would be immaterial to the financial statements taken as a whole. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**EFFICIENCY MAINE TRUST**  
**Required Supplementary Information**  
**Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2023**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues:</b>				
Alternative compliance mechanism	\$ -	797,150	797,150	-
Federal grants	14,500,000	12,022,500	7,745,200	(4,277,300)
Interest income:				
Investments	-	-	196,752	196,752
Loans	950,100	950,100	1,053,383	103,283
State initiatives	-	4,000,000	4,000,000	-
Electric procurement	47,097,600	47,097,600	47,097,600	-
Natural gas assessment	1,711,186	1,172,931	1,172,949	18
Renewable resource	50,000	50,000	54,357	4,357
Agricultural fairs	339,849	146,402	146,402	-
Forward capacity market credits	8,422,909	8,422,909	7,248,449	(1,174,460)
Regional Greenhouse Gas Initiative proceeds	13,900,000	25,242,835	25,243,465	630
Total revenues	86,971,644	99,902,427	94,755,707	(5,146,720)
<b>Expenditures:</b>				
Current:				
Programs:				
Low income initiatives	8,733,434	17,182,010	14,069,623	3,112,387
Retail initiatives	12,468,336	11,148,336	6,915,668	4,232,668
Home energy savings program	19,463,592	32,024,281	27,330,213	4,694,068
Commercial and industrial prescriptive program	17,480,763	27,891,683	14,170,763	13,720,920
Commercial and industrial custom program	10,237,149	16,320,247	5,820,778	10,499,469
Industrial climate initiative	-	500,000	-	500,000
Agricultural fair initiatives	339,849	524,480	9,920	514,560
Distributor initiatives	12,357,997	13,344,332	8,643,902	4,700,430
Electric vehicle supply equipment	2,910,000	2,884,684	781,671	2,103,013
Electric vehicle rebate program	-	1,960,189	1,690,688	269,501
Demand management	681,773	1,031,773	470,696	561,077
Thermal energy investment	-	692,350	6,591	685,759
Lead by example	-	597,725	305,998	291,727
Renewables	32,500	397,137	-	397,137
Subtotal programs	84,705,393	126,499,227	80,216,511	46,282,716
Administration and strategic initiatives:				
Innovation	711,680	3,187,415	1,068,587	2,118,828
Public information	389,039	788,039	562,218	225,821
Administration	5,584,823	5,739,826	4,299,328	1,440,498
Evaluation, measurement and verification	1,798,701	2,723,122	517,212	2,205,910
Intra-entity grants - state agencies	893,886	871,886	107,420	764,466
Subtotal administration and strategic initiatives	9,378,129	13,310,288	6,554,765	6,755,523
Total expenditures	94,083,522	139,809,515	86,771,276	53,038,239
Excess (deficiency) of revenues over (under) expenditures	(7,111,878)	(39,907,088)	7,984,431	47,891,519
<b>Other financing sources (uses):</b>				
Use of fund balance	7,200,000	52,380,787	-	(52,380,787)
Transfers to administration	(4,629,517)	(4,603,017)	(3,921,652)	681,365
Transfers from other funds	4,629,517	4,603,017	3,921,652	(681,365)
Total other financing sources	7,200,000	52,380,787	-	(52,380,787)
Net change in fund balance	88,122	12,473,699	7,984,431	(4,489,268)
Fund balance, beginning of year			92,289,774	
<b>Fund balance, end of year</b>			<b>\$ 100,274,205</b>	

**EFFICIENCY MAINE TRUST**  
**Combining Schedule of Loans Receivable Activity**  
**For the Year Ended June 30, 2023**

	Residential Loans					Business Loans			Total Loans - All Types
	PACE	PowerSaver	EMEL	EMEL	Total Residential Loans	Small Business	UMS	Total Business Loans	
	ARRA Better Building	ARRA Better Building	ARRA Better Building	RGGI		SEP	ARRA Better Building		
<b>Beginning balance</b>	\$ 413,597	174,219	17,614,001	-	18,201,817	62,663	1,038,002	1,100,665	19,302,482
Loans issued	77,041	-	4,634,556	3,815,199	8,526,796	14,404	-	14,404	8,541,200
Repayments and write offs	(139,733)	(61,342)	(5,454,777)	(440,111)	(6,095,963)	(8,142)	(259,501)	(267,643)	(6,363,606)
<b>Ending balance</b>	350,905	112,877	16,793,780	3,375,088	20,632,650	68,925	778,501	847,426	21,480,076
<b>Allowance for loan losses</b>	(7,402)	(2,757)	(117,715)	(9,597)	(137,471)	(54,951)	-	(54,951)	(192,422)
<b>Loans receivable, net</b>	<b>\$ 343,503</b>	<b>110,120</b>	<b>16,676,065</b>	<b>3,365,491</b>	<b>20,495,179</b>	<b>13,974</b>	<b>778,501</b>	<b>792,475</b>	<b>21,287,654</b>

**EFFICIENCY MAINE TRUST**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2023**

	Special Revenue Fund									
	Administration	RGGI Trust	Conservation Program	MPRP Settlement	Forward Capacity Market	FCM Heat Pump Initiative	Renewable Resources	Agricultural Fair	Lead by Example	VW EV Settlement
<b>Revenues:</b>										
Alternative compliance mechanism	\$ -	-	-	-	-	-	104,800	-	-	-
Federal grants	-	-	-	-	-	-	-	-	-	-
Interest income:										
Investments	196,747	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
State initiatives	-	500,000	-	-	-	-	-	-	-	-
Change in loan allowance	-	-	-	-	-	-	-	-	-	-
Electric procurement	-	-	47,097,600	-	-	-	-	-	-	-
Natural gas assessment	-	-	-	-	-	-	-	-	-	-
Renewable resource	-	-	-	-	-	-	54,357	-	-	-
Agricultural fairs	-	-	-	-	-	-	-	146,402	-	-
Forward capacity market credits	-	-	-	-	-	7,248,449	-	-	-	-
Regional Greenhouse Gas Initiative proceeds	-	25,243,465	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>196,747</b>	<b>25,743,465</b>	<b>47,097,600</b>	<b>-</b>	<b>-</b>	<b>7,248,449</b>	<b>159,157</b>	<b>146,402</b>	<b>-</b>	<b>-</b>
<b>Expenditures:</b>										
Current:										
Programs:										
Low income initiatives	-	3,656,844	1,579,951	-	-	2,228,101	-	-	-	-
Retail initiatives	-	38,743	6,876,925	-	-	-	-	-	-	-
Home energy savings program	-	10,996,356	6,455,594	-	-	8,614,554	-	-	-	-
Commercial and industrial prescriptive program	-	2,171,775	10,299,102	-	-	-	-	-	-	-
Commercial and industrial custom program	-	1,375,632	2,833,255	321,930	899,486	-	-	-	-	-
Distributor initiatives	-	319,691	8,297,227	-	-	-	-	-	-	-
Electric vehicle supply equipment	-	-	-	-	-	-	-	-	-	659,164
Electric vehicle rebate program	-	-	-	-	-	-	-	-	-	-
Demand management	-	-	470,696	-	-	-	-	-	-	-
Thermal energy investment	-	-	-	-	-	-	-	-	-	-
Agricultural fair	-	-	-	-	-	-	-	9,920	-	-
Lead by example	-	-	-	-	-	-	-	-	305,998	-
<b>Subtotal programs</b>	<b>-</b>	<b>18,559,041</b>	<b>36,812,750</b>	<b>321,930</b>	<b>899,486</b>	<b>10,842,655</b>	<b>-</b>	<b>9,920</b>	<b>305,998</b>	<b>659,164</b>
Administration and strategic initiatives:										
Innovation	-	456,496	559,720	2,667	-	49,704	-	-	-	-
Public information	-	377,205	185,013	-	-	-	-	-	-	-
Administration	4,118,396	73	-	-	-	73,160	-	-	972	140
Evaluation, measurement and verification	-	166,541	215,512	850	-	134,309	-	-	-	-
<b>Subtotal administration and strategic initiatives</b>	<b>4,118,396</b>	<b>1,000,315</b>	<b>960,245</b>	<b>3,517</b>	<b>-</b>	<b>257,173</b>	<b>-</b>	<b>-</b>	<b>972</b>	<b>140</b>
<b>Total expenditures</b>	<b>4,118,396</b>	<b>19,559,356</b>	<b>37,772,995</b>	<b>325,447</b>	<b>899,486</b>	<b>11,099,828</b>	<b>-</b>	<b>9,920</b>	<b>306,970</b>	<b>659,304</b>
Excess (deficiency) of revenues over (under) expenditures	(3,921,649)	6,184,109	9,324,605	(325,447)	(899,486)	(3,851,379)	159,157	136,482	(306,970)	(659,304)
<b>Other financing sources (uses):</b>										
Interfund transfers in (out)	3,921,652	(728,969)	(3,095,344)	-	-	-	-	-	-	-
Intra-entity grants - state agencies	-	(88,395)	-	-	-	-	(19,025)	-	-	-
<b>Total other financing sources (uses)</b>	<b>3,921,652</b>	<b>(817,364)</b>	<b>(3,095,344)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19,025)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>3</b>	<b>5,366,745</b>	<b>6,229,261</b>	<b>(325,447)</b>	<b>(899,486)</b>	<b>(3,851,379)</b>	<b>140,132</b>	<b>136,482</b>	<b>(306,970)</b>	<b>(659,304)</b>
Fund balances, beginning of year	1,097,602	24,728,138	22,909,429	645,827	1,536,087	5,674,507	259,837	378,078	3,597,725	1,274,484
<b>Fund balances (deficits), end of year</b>	<b>\$ 1,097,605</b>	<b>30,094,883</b>	<b>29,138,690</b>	<b>320,380</b>	<b>636,601</b>	<b>1,823,128</b>	<b>399,969</b>	<b>514,560</b>	<b>3,290,755</b>	<b>615,180</b>

**EFFICIENCY MAINE TRUST**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2023**

	Special Revenue Fund									
	VW AG Settlement	NECEC Heat Pump Initiative	NECEC Low Income Initiative	NECEC Hydro-Quebec Electronic Vehicles	NECEC Dirigo Fund	Natural Gas Conservation - Unitil	Natural Gas Conservation - Maine	Natural Gas Conservation - Bangor	Natural Gas Conservation - Summit	Small Business EC - RLF
Revenues:										
Alternative compliance mechanism	\$	-	-	-	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-	-	-	-	-
Investment income:										
Investments	-	-	-	-	-	-	-	-	-	5
Loans	-	-	-	-	-	-	-	-	-	541
State initiatives	-	-	-	-	-	-	-	-	-	-
Change in loan allowance	-	-	-	-	-	-	-	-	-	-
Electric procurement	-	-	-	-	-	-	-	-	-	-
Natural gas assessment	-	-	-	-	-	667,060	176,749	277,315	51,825	-
Renewable resource	-	-	-	-	-	-	-	-	-	-
Agricultural fairs	-	-	-	-	-	-	-	-	-	-
Forward capacity market credits	-	-	-	-	-	-	-	-	-	-
Regional Greenhouse Gas Initiative proceeds	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	-	-	-	-	-	667,060	176,749	277,315	51,825	546
Expenditures:										
Current:										
Programs:										
Low income initiatives	-	235,300	84,615	-	-	9,962	600	2,920	-	-
Retail initiatives	-	-	-	-	-	-	-	-	-	-
Home energy savings program	-	-	-	-	-	342,017	86,385	111,090	-	-
Commercial and industrial prescriptive program	-	204,111	-	-	-	130,746	63,831	157,665	16,905	328
Commercial and industrial custom program	-	-	-	-	-	66,269	8,203	122,095	32,792	-
Distributor initiatives	-	-	-	-	-	12,853	400	13,731	-	-
Electric vehicle supply equipment	67	-	-	30,344	-	-	-	-	-	-
Electric vehicle rebate program	2,100	-	-	-	1,688,588	-	-	-	-	-
Demand management	-	-	-	-	-	-	-	-	-	-
Thermal energy investment	-	-	-	-	-	-	-	-	-	-
Agricultural fair	-	-	-	-	-	-	-	-	-	-
Lead by example	-	-	-	-	-	-	-	-	-	-
<b>Subtotal programs</b>	2,167	439,411	84,615	30,344	1,688,588	561,847	159,419	407,501	49,697	328
Administration and strategic initiatives:										
Innovation	-	-	-	-	-	-	-	-	-	-
Public information	-	-	-	-	-	-	-	-	-	-
Administration	1,606	1,130	639	627	1,546	-	-	-	-	-
Evaluation, measurement and verification	-	-	-	-	-	-	-	-	-	-
<b>Subtotal administration and strategic initiatives</b>	1,606	1,130	639	627	1,546	-	-	-	-	-
<b>Total expenditures</b>	3,773	440,541	85,254	30,971	1,690,134	561,847	159,419	407,501	49,697	328
Excess (deficiency) of revenues over (under) expenditures	(3,773)	(440,541)	(85,254)	(30,971)	(1,690,134)	105,213	17,330	(130,186)	2,128	218
Other financing sources (uses):										
Interfund transfers in (out)	-	-	-	-	-	(60,547)	(11,779)	(19,015)	(5,998)	-
Intra-entity grants - state agencies	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	-	-	(60,547)	(11,779)	(19,015)	(5,998)	-
<b>Net change in fund balances</b>	(3,773)	(440,541)	(85,254)	(30,971)	(1,690,134)	44,666	5,551	(149,201)	(3,870)	218
Fund balances, beginning of year	31,515	864,430	84,615	1,948,685	3,960,189	719,295	183,001	388,499	196,446	1,300,052
<b>Fund balances (deficits), end of year</b>	\$ 27,742	423,889	(639)	1,917,714	2,270,055	763,961	188,552	239,298	192,576	1,300,270

**EFFICIENCY MAINE TRUST**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2023**

	Special Revenue Fund											Total Special Revenue Funds
	ARRA SEP RLF	SEI RLF	ARRA Better Buildings	RGGI RLF	Thermal Energy Investment	ARPA LI Weatherization	ARPA Tourism and Hospitality	ARPA Local Govt. and Schools	ARPA Manufacturing	Electric Vehicle Rebates	MDOT EV Charging MJRP	
<b>Revenues:</b>												
Alternative compliance mechanism	\$ -	-	-	-	692,350	-	-	-	-	-	-	797,150
Federal grants	-	-	-	-	-	6,320,854	785,487	378,021	168,742	-	92,096	7,745,200
<b>Investment income:</b>												
Investments	-	-	-	-	-	-	-	-	-	-	-	196,752
Loans	-	-	944,475	117,964	-	-	-	-	-	-	-	1,062,980
State initiatives	-	-	-	-	-	-	-	-	3,500,000	-	-	4,000,000
Change in loan allowance	-	-	-	(9,597)	-	-	-	-	-	-	-	(9,597)
Electric procurement	-	-	-	-	-	-	-	-	-	-	-	47,097,600
Natural gas assessment	-	-	-	-	-	-	-	-	-	-	-	1,172,949
Renewable resource	-	-	-	-	-	-	-	-	-	-	-	54,357
Agricultural fairs	-	-	-	-	-	-	-	-	-	-	-	146,402
Forward capacity market credits	-	-	-	-	-	-	-	-	-	-	-	7,248,449
Regional Greenhouse Gas Initiative proceeds	-	-	-	-	-	-	-	-	-	-	-	25,243,465
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>944,475</b>	<b>108,367</b>	<b>692,350</b>	<b>6,320,854</b>	<b>785,487</b>	<b>378,021</b>	<b>168,742</b>	<b>3,500,000</b>	<b>92,096</b>	<b>94,755,707</b>
<b>Expenditures:</b>												
<b>Current:</b>												
<b>Programs:</b>												
Low income initiatives	-	-	-	-	-	6,271,330	-	-	-	-	-	14,069,623
Retail initiatives	-	-	-	-	-	-	-	-	-	-	-	6,915,668
Home energy savings program	-	-	655,166	69,051	-	-	-	-	-	-	-	27,330,213
Commercial and industrial prescriptive program	-	-	-	-	-	-	766,883	359,417	-	-	-	14,170,763
Commercial and industrial custom program	-	-	-	-	-	-	-	-	161,116	-	-	5,820,778
Distributor initiatives	-	-	-	-	-	-	-	-	-	-	-	8,643,902
Electric vehicle supply equipment	-	-	-	-	-	-	-	-	-	-	92,096	781,671
Electric vehicle rebate program	-	-	-	-	-	-	-	-	-	-	-	1,690,688
Demand management	-	-	-	-	-	-	-	-	-	-	-	470,696
Thermal energy investment	-	-	-	-	6,591	-	-	-	-	-	-	6,591
Agricultural fair	-	-	-	-	-	-	-	-	-	-	-	9,920
Lead by example	-	-	-	-	-	-	-	-	-	-	-	305,998
<b>Subtotal programs</b>	<b>-</b>	<b>-</b>	<b>655,166</b>	<b>69,051</b>	<b>6,591</b>	<b>6,271,330</b>	<b>766,883</b>	<b>359,417</b>	<b>161,116</b>	<b>-</b>	<b>92,096</b>	<b>80,216,511</b>
<b>Administration and strategic initiatives:</b>												
Innovation	-	-	-	-	-	-	-	-	-	-	-	1,068,587
Public information	-	-	-	-	-	-	-	-	-	-	-	562,218
Administration	-	-	6,681	-	-	49,524	18,604	18,604	7,626	-	-	4,299,328
Evaluation, measurement and verification	-	-	-	-	-	-	-	-	-	-	-	517,212
<b>Subtotal administration and strategic initiatives</b>	<b>-</b>	<b>-</b>	<b>6,681</b>	<b>-</b>	<b>-</b>	<b>49,524</b>	<b>18,604</b>	<b>18,604</b>	<b>7,626</b>	<b>-</b>	<b>-</b>	<b>6,447,345</b>
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>661,847</b>	<b>69,051</b>	<b>6,591</b>	<b>6,320,854</b>	<b>785,487</b>	<b>378,021</b>	<b>168,742</b>	<b>-</b>	<b>92,096</b>	<b>86,663,856</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>-</b>	<b>282,628</b>	<b>39,316</b>	<b>685,759</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,500,000</b>	<b>-</b>	<b>8,091,851</b>
<b>Other financing sources (uses):</b>												
Interfund transfers in (out)	-	-	-	-	-	-	-	-	-	-	-	-
Intra-entity grants - state agencies	-	-	-	-	-	-	-	-	-	-	-	(107,420)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(107,420)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>282,628</b>	<b>39,316</b>	<b>685,759</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,500,000</b>	<b>-</b>	<b>7,984,431</b>
<b>Fund balances, beginning of year</b>	<b>50,004</b>	<b>300,172</b>	<b>20,161,157</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>92,289,774</b>
<b>Fund balances (deficits), end of year</b>	<b>\$ 50,004</b>	<b>300,172</b>	<b>20,443,785</b>	<b>39,316</b>	<b>685,759</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,500,000</b>	<b>-</b>	<b>100,274,205</b>