

EFFICIENCY MAINE TRUST

**Reports Required by *Government Auditing
Standards* and OMB Uniform Guidance**

For the Year Ended June 30, 2024

DRAFT

EFFICIENCY MAINE TRUST
Reports Required by *Government Auditing Standards*
and OMB Uniform Guidance
For the Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Efficiency Maine Trust

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund, of Efficiency Maine Trust, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Efficiency Maine Trust's basic financial statements, and have issued our report thereon dated _____.

Report on Internal Control over Financial Reporting

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

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

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

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, CONTINUED

Report on Compliance and Other Matters

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

Purpose of This Report

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

South Portland, Maine

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Efficiency Maine Trust

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Efficiency Maine Trust's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Efficiency Maine Trust's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED

Report on Internal Control over Compliance

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Efficiency Maine Trust as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Efficiency Maine Trust's basic financial statements. We issued our report thereon dated _____, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

EFFICIENCY MAINE TRUST
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through Number	Federal Expenditures	Assistance	
				Listing/Cluster Totals	Passed Through to Subrecipients
U.S. Department of the Treasury, Passed through Maine Department of Administrative and Financial Services: Coronavirus State and Local Fiscal Recovery Funds - ARPA	21.027	N/A	12,783,032		-
Passed through the Maine Department of Transportation: Coronavirus State and Local Fiscal Recovery Funds - ARPA	21.027	N/A	1,019,888		-
Total U.S. Department of the Treasury			13,802,920		-
U.S. Department of Energy, Direct: ARRA Better Building RLF Fund	81.128	N/A	588,956		-
Total U.S. Department of Energy			588,956		-
U.S. Department of Transportation, Passed through the Maine Department of Transportation: Highway Planning and Construction	20.205	N/A	55,593		-
Total U.S. Department of Transportation			55,593		-
Total federal expenditures			14,447,469		-

See accompanying notes to schedule of expenditures of federal awards.

EFFICIENCY MAINE TRUST
Notes to Schedule of Expenditures of Federal Awards
June 30, 2024

PURPOSE OF THE SCHEDULE

Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal award program as identified in the Assistance Listings in the System for Awards Management.

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all federal award programs of Efficiency Maine Trust for the fiscal year ended June 30, 2024. The reporting entity is defined in Notes to Basic Financial Statements of Efficiency Maine Trust.
- B. Basis of Presentation - The information in the accompanying Schedule of Expenditures of Federal Awards is presented in accordance with the Uniform Guidance.
1. Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations.
 2. Major Programs - the Uniform Guidance establishes the level of expenditures to be used in defining major federal financial award programs. Major programs for the Trust have been identified in the attached Schedule of Findings and Questioned Costs – Summary of Auditor’s Results.
- C. Basis of Accounting - The information presented in the Schedule of Expenditures of Federal Awards is presented on a modified accrual basis of accounting, which is a basis consistent with the Trust’s fund financial statements. The grants included are all accounted for on a modified accrual basis of accounting as described in the notes to the basic financial statements.
- D. Indirect Cost Rate - Efficiency Maine Trust has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

EFFICIENCY MAINE TRUST
Schedule of Findings and Questioned Costs
June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial
Statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
Material weaknesses identified? No

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:
Material weaknesses identified? No

Significant deficiencies identified? None reported

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

Any audit findings disclosed that are required
to be reported in accordance with
the Uniform Guidance, Section 200.516? Yes

Identification of major federal programs:

Assistance Listings

Name of Federal Program or Cluster

<u>Assistance Listings</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish
between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

EFFICIENCY MAINE TRUST
Schedule of Findings and Questioned Costs, Continued

Section II - Findings Required to be Reported Under *Government Auditing Standards*

2024-001 – Uniform Guidance Procurement Standards

Criteria: One of the more significant provisions of the Uniform Guidance that affects the Trust is the procurement standards under 2 CFR sections 200.318 through 200.326. Under the procurement standards, the Trust is required to have a documented purchasing policy, which at a minimum, incorporates the provisions of the Uniform Guidance.

Statement of Condition: The Office of Management and Budget (OMB) revised regulations applicable to federally funded programs. The new regulations are contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Uniform Guidance replaced OMB Circulars A-133, A-87, and A-110 and incorporates new requirements for grant recipients. The Uniform Guidance includes not only protocols for program management and administration, but also updates compliance regulations for federal awards. Currently, the Trust does not have a formal written procurement policy that incorporates all provisions of the Uniform Guidance procurement standards.

Cause: The Trust has not adopted a procurement policy that covers all aspects required by the Uniform Guidance. However, during our testing of procurement over federal expenditures, we did not notate any violations of the Uniform Guidance procurement standards.

Effect: Items required by the Uniform Guidance procurement standards that are not currently addressed in the Trust's procurement policy are as follows:

- Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms
- Bonding requirements
- Contract provisions
- Subrecipient and contractor determinations
- Retention requirements for records

Recommendation: We recommend that management review the applicable provisions of the Uniform Guidance procurement standards and update the Trust's procurement policy appropriately. This would include adding any missing components to the Trust's current procurement policy and updating definitions of types of procurement, i.e., micro-purchases, small purchases, and small acquisition threshold, to match the language used in the Uniform Guidance procurement standards.

Management response/corrective action plan: *Efficiency Maine has delegated a staff person to work with outside counsel to revise our procurement policy as it relates to federal funds in order to properly address all requirements of the Uniform Guidance.*

EFFICIENCY MAINE TRUST
Schedule of Findings and Questioned Costs, Continued

Section III - Findings and Questioned Cost for Federal Awards

None

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EFFICIENCY MAINE TRUST
Schedule of Findings and Questioned Costs, Continued

Section IV - Status of Prior Year Findings and Questioned Costs for Federal Awards

None

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