

# AUDIT SUMMARY

## Connecticut Green Bank

www.ctauditors.gov

Fiscal Years Ended June 30, 2022 and 2023

### ABOUT THE AGENCY



The Connecticut Green Bank (Green Bank) supports the Governor's and Legislature's energy strategy to achieve cleaner, cheaper, and more reliable sources of energy while creating jobs and supporting local economic development. Its mission is to confront climate change and provide all of society a healthier and more prosperous future by increasing and accelerating the flow of private capital into markets that energize the green economy.

Pursuant to Section 1-120 of the General Statutes, Green Bank is a quasi-public agency.

### ABOUT THE AUDIT

We have audited certain operations of the Connecticut Green Bank in fulfillment of our duties under Sections 1-122 and 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2022 and 2023. The objectives of our audit were to evaluate the:

1. Agency's significant internal controls over compliance and its compliance with policies and procedures internal to the agency or promulgated by other state agencies, as well as certain legal provisions, including as applicable, but not limited to whether the agency has complied with its regulations concerning affirmative action, personnel practices, the purchase of goods and services, the use of surplus funds, and the distribution of loans, grants and other financial assistance;
2. Agency's internal controls over certain financial and management functions; and
3. Effectiveness, economy, efficiency, and equity of certain management practices and operations, including certain financial transactions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

[Link to full report](#)



**Our audit did not identify internal control deficiencies; instances of noncompliance with laws, regulations, or policies; or a need for improvement in practices and procedures that warrant management's attention.**

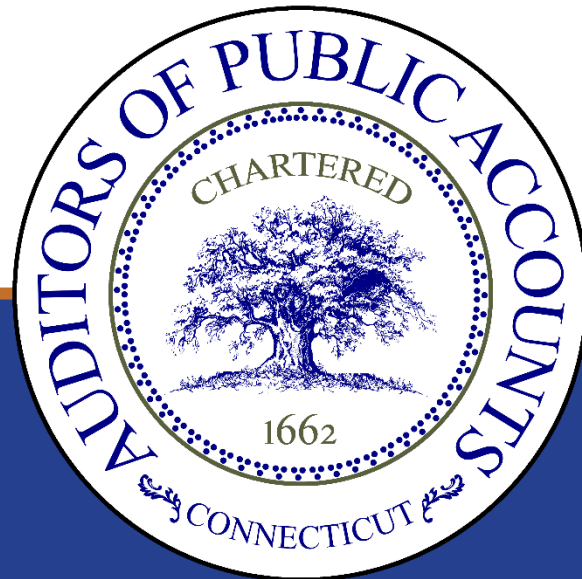
	The Connecticut Green Bank's contracts and agreements should identify false statements as a violation of Section 53a-157b of the General Statutes and a Class A misdemeanor to ensure compliance with Section 1-126 of the General Statutes.	
	The Connecticut Green Bank should design and implement a system to identify and track any surplus funds generated by the sales of bonds and bond anticipation notes to ensure compliance with Chapter XIV of its operating procedures manual.	

# AUDITORS' REPORT

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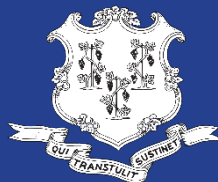
## Connecticut Green Bank

FISCAL YEARS ENDED JUNE 30, 2022 AND 2023



**STATE OF CONNECTICUT**  
Auditors of Public Accounts

**JOHN C. GERAGOSIAN**  
State Auditor



**CRAIG A. MINER**  
State Auditor

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STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

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HARTFORD, CONNECTICUT 06106-1559

CRAIG A. MINER

October 22, 2024

INTRODUCTION

We are pleased to submit this audit of the Connecticut Green Bank for the fiscal years ended June 30, 2022 and 2023 in accordance with the provisions of Sections 1-122 and 2-90 of the Connecticut General Statutes. Our audit did not identify internal control deficiencies; instances of noncompliance with laws, regulations, or policies; or a need for improvement in practices and procedures that warrant management's attention.

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Connecticut Green Bank during the course of our examination.

The Auditors of Public Accounts also would like to acknowledge the auditors who contributed to this report:

A handwritten signature in black ink, appearing to read "Michael Stemmler".

Michael Stemmler  
Principal Auditor

Approved:

A handwritten signature in black ink, appearing to read "John C. Geragosian".

John C. Geragosian  
State Auditor

A handwritten signature in black ink, appearing to read "Craig A. Miner".



Craig A. Miner  
State Auditor

# STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Connecticut Green Bank did not result in any findings.

# STATUS OF PRIOR AUDIT RECOMMENDATIONS

Our [prior audit report](#) on the Connecticut Green Bank contained two recommendations. Both have been implemented or otherwise resolved.

<b>Prior Recommendation</b>	<b>Current Status</b>
The Connecticut Green Bank's contracts and agreements should identify false statements as a violation of Section 53a-157b of the General Statutes and a Class A misdemeanor to ensure compliance with Section 1-126 of the General Statutes.	
The Connecticut Green Bank should design and implement a system to identify and track any surplus funds generated by the sales of bonds and bond anticipation notes to ensure compliance with Chapter XIV of its operating procedures manual.	

# OBJECTIVES, SCOPE, AND METHODOLOGY

We have audited certain operations of the Connecticut Green Bank in fulfillment of our duties under Sections 1-122 and 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2022 and 2023. The objectives of our audit were to evaluate the:

1. Agency's significant internal controls over compliance and its compliance with policies and procedures internal to the agency or promulgated by other state agencies, as well as certain legal provisions, including as applicable, but not limited to whether the agency has complied with its regulations concerning affirmative action, personnel practices, the purchase of goods and services, the use of surplus funds, and the distribution of loans, grants and other financial assistance;
2. Agency's internal controls over certain financial and management functions; and
3. Effectiveness, economy, efficiency, and equity of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, meeting minutes, and other pertinent documents. We interviewed various personnel of the agency and certain external parties. We also tested selected transactions. This testing was not designed to project to a population unless specifically stated. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The accompanying financial information is presented for informational purposes. We obtained this information from various available sources including the agency's management and the agency's information systems. It was not subject to the audit procedures applied in our audit of the agency. For the areas audited, we did not identify

1. Apparent noncompliance with laws, regulations, contracts and grant agreements, policies, or procedures; and
2. Deficiencies in internal controls; and
3. A need for improvement in management practices and procedures that we deemed to be reportable.

# ABOUT THE AGENCY

## Overview

The [Connecticut Green Bank](#) (Green Bank) operates primarily under Chapter 283, Section 16-245n of the General Statutes. Subsection (d)(1)(A) of that section includes Green Bank as a public instrumentality and political subdivision of the state. Pursuant to Section 1-120 of the General Statutes, Green Bank is a quasi-public agency subject to the requirements in Chapter 12. As a quasi-public agency, Green Bank's financial information is included as a component unit in the State of Connecticut's Annual Comprehensive Financial Report.

The Green Bank supports the Governor's and Legislature's energy strategy to achieve cleaner, cheaper, and more reliable sources of energy while creating jobs and supporting local economic development. Its mission is to confront climate change and provide all of society a healthier and more prosperous future by increasing and accelerating the flow of private capital into markets that energize the green economy. In accordance with Section 16-245n(d)(1)(B), Green Bank's purpose includes: (1) developing separate programs to finance and otherwise support clean energy investment in residential, municipal, small business, and larger commercial projects and such others as Green Bank may determine, (2) supporting financing or other expenditures that promote investment in clean energy sources in accordance with a comprehensive plan developed by it to foster the growth, development and commercialization of clean energy sources and related enterprises, and (3) stimulating demand for clean energy and the deployment of clean energy sources within the state that serve end use customers in the state.

## Component Units

The Connecticut Green Bank established eleven for-profit entities that administer its clean energy program:

### **CEFIA Holdings, LLC**

A Connecticut limited liability company, wholly owned by Green Bank, CEFIA Holdings, LLC (CEFIA) was established to acquire and develop a portfolio of commercial and residential solar facilities and, through its CT Solar Lease 2 and CT Solar Lease 3 programs, to enable investment in solar photovoltaic equipment for the benefit of Connecticut homeowners, businesses, not-for-profits, and municipalities. Green Bank's board of directors acts as CEFIA's governing authority. Green Bank appoints its employees to manage CEFIA's operations and is financially responsible for its activities.

### **CT Solar Loan I, LLC**

A limited liability company, wholly owned by CEFIA, CT Solar Loan I, LLC was established to make loans to residential property owners for the purchase and installation of solar photovoltaic equipment. Green Bank's board of directors acts as its governing authority and appoints Green Bank employees to manage its operations. Green Bank is financially responsible for its activities.

### **CEFIA Solar Services, Inc.**

A Connecticut corporation, 100% owned by CEFIA Holdings, LLC, CEFIA Solar Services, Inc. was established to share in the ownership risks and benefits derived from the leasing of solar photovoltaic equipment and the sale of energy under power purchase agreements as managing member of CT Solar



Lease 2, LLC and CT Solar Lease 3, LLC. Green Bank, through CEFIA Holdings, LLC, directly appoints the Solar Services board of directors. The board of directors is comprised exclusively of Green Bank employees.

### **CT Solar Lease 2, LLC**

A Connecticut limited liability company, CT Solar Lease 2, LLC acquires title to the residential and commercial solar projects from the developer, CEFIA Holdings, LLC, using capital from its members along with non-recourse funding from participating banks. Repayment to participating banks is predicated upon the property owner's payment to CT Solar Lease 2, LLC of their obligations under leases and power purchase agreements, as well as revenue earned from production-based incentives. Through December 31, 2022 (the "flip date"), CT Solar Lease 2, LLC was owned by a Delaware limited liability company (99%), as the investor-member and by CEFIA Solar Services, Inc. (1%), as the managing-member. After January 1, 2023, the investor-member owns 5.2% and CEFIA Solar Services, Inc. owns 94.8%.

### **CT Solar Lease 3, LLC**

A Connecticut limited liability company, CT Solar Lease 3, LLC acquires title to commercial solar projects from the developer, CEFIA Holdings, LLC, using capital from its members. Its primary sources of revenue are from the sale of electricity generated by its solar photovoltaic facilities to property owners through power purchase agreements and the sale of renewable energy credits generated from facility electrical production to third parties. It is owned by a Delaware limited liability company (99%), as the investor-member and by CEFIA Solar Services Inc. (1%), as the managing-member.

### **CGB Meriden Hydro, LLC**

CBG Meriden Hydro, LLC is a single member limited liability corporation created for the purchase and leaseback of a hydroelectric facility. The hydroelectric facility was purchased from the facility's developer, Hanover Pond Hydro LLC (Hanover Pond), pursuant to a sale and leaseback agreement. Hanover Pond remits a monthly lease payment to CGB Meriden Hydro equal to the monthly payment made by the city of Meriden to Hanover Pond for the purchase of electricity generated by the hydroelectric facility. CGB Meriden also receives revenues from the sale of renewable energy credits generated by the facility and sold to the local utility company under a sale and purchase contract. Green Bank directly records these revenues and presents them as a blended unit in its financial statements.

### **SHREC ABS 1, LLC**

A Delaware corporation, single member LLC 100% owned by Connecticut Green Bank, SHREC ABS 1, LLC was established on February 19, 2019, as issuer of \$38,600,000 of SHREC Collateralized Notes. The SHREC notes were sold to a single investor on April 2, 2019. The proceeds were used to retire Green Bank's short-term debt and support its investment and operational activities. Quarterly payments of scheduled principal and interest for a period of 14 years are funded by billings to two Connecticut utilities for SHREC revenues generated by approximately 14,000 solar photovoltaic systems on residential rooftops.

### **SHREC Warehouse 1, LLC**

A Connecticut corporation, single member LLC 100% owned by Connecticut Green Bank, SHREC Warehouse 1, LLC was established on April 23, 2019, to collect payments due from two electric utilities pursuant to the master purchase agreement dated July 30, 2018, for the purchase and sale of Solar Home Renewable Energy Credits (SHRECs). SHREC Warehouse 1, LLC acts as the sole borrower under a

revolving loan facility provided by local banks. Payments due from the utilities are pledged as security for the loans. Loans drawn by SHREC Warehouse 1, LLC are advanced to Green Bank to be used for investment and operational activities.

### **CT Solar Lease 1, LLC**

A Connecticut corporation, single member LLC 100% owned by Green Bank, CT Solar Lease 1, LLC was established on April 23, 2019, to hold collateral that supports a \$3,500,000 guaranty on a line of credit. On May 21, 2019, Green Bank assigned its solar lease promissory note portfolio to CT Solar Lease 1, LLC. Solar Lease 1, LLC receives note payments and maintains a loan loss reserve for the portfolio. Advances between Green Bank and Solar Lease 1, LLC involved the transfer of assets and loan loss reserves.

### **CGB C-PACE, LLC**

A Connecticut corporation, single member LLC 100% owned by Green Bank, CGB C-PACE, LLC was established on August 7, 2017. The entity did not have activity until October 2021 when it began originating and warehousing new C-PACE construction projects. Green Bank processed advances to CGB C-PACE, LLC to help fund disbursements for development of new C-PACE construction projects.

### **CGB Green Liberty Notes, LLC**

A Connecticut corporation, 100% owned by CEFIA Holdings, LLC, CGB Green Liberty Notes, LLC was established on October 15, 2021. The entity was formed to offer low and moderate-income investors greater access to green investment by issuing Green Liberty Notes and support the repayment of those notes with revenues from small business, municipal, and state energy efficiency loans in Connecticut through one of Green Bank's partner programs. CGB Green Liberty Notes LLC issues separate financial statements.

## **Board of Directors and Administrative Officials**

Pursuant to Section 16-245n(e) of the General Statutes, the powers of Green Bank are vested in and exercised by a board of directors. The Green Bank board consists of twelve voting and one nonvoting member, each with knowledge and expertise in matters related to the purpose and activities of Green Bank, and includes four members appointed by the Governor, four members appointed by various legislative leaders, the State Treasurer, and commissioners of the Department of Energy and Environmental Protection and Department of Economic and Community Development. In addition, the Green Bank president serves on the board in ex-officio, nonvoting capacity. The Governor appoints the chairperson of the board. The board adopts bylaws and procedures it deems necessary to carry out its functions.

In addition, the board established several committees and subcommittees to assist with its decision making. During the audited period, the Green Bank board had four standing committees: Audit, Compliance and Governance; Budget and Operations; Deployment; and the Joint Committee of the CT Energy Efficiency Board and the Green Bank Board of Directors. Bryan Garcia served as president throughout the audited period and continues to serve in that capacity.

## Significant Legislative Changes

Notable legislative changes that took effect during the audited period are presented below:

- **Public Act 21-115 (Sections 19 through 21)**, effective July 1, 2021, updated the composition of the board from eleven voting and two non-voting members to twelve voting and one non-voting member. The act also expanded Green Bank's duties to include developing separate programs to finance and otherwise support environmental infrastructure and established an Environmental Infrastructure Fund within Green Bank for this purpose. The act increased, from \$100 million to \$250 million, the amount of bonds Green Bank may issue that are backed by a special capital reserve fund (SCRF). SCRF-backed bonds are contingent liabilities of the state; if a SCRF is exhausted, the General Fund automatically replenishes it, regardless of the state spending cap.
- **Public Act 22-6**, effective October 1, 2022, expanded the types of projects that the Connecticut Green Bank's Commercial Property Assessed Clean Energy Program (C-PACE) may finance to include installing on qualifying commercial real property (1) zero emission vehicle refueling infrastructure and (2) resilience improvements.

## Financial Information

### Statement of Net Position

Based on Green Bank's audited financial statements, a summary of assets, liabilities, and net position for the audited period and preceding year follows:

	<b>As of June 30,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Assets</b>			
Current:			
Cash and Cash Equivalents	\$ 42,861,047	\$ 52,277,220	\$ 41,785,218
Receivables:			
Accounts	3,892,590	4,210,087	4,252,423
Program Loans	9,038,575	9,547,825	7,236,385
Utility Remittance	2,044,619	2,041,786	1,852,328
Solar Lease Notes	990,505	1,016,267	1,019,733
SBEA Promissory Notes	1,185,782	1,129,900	1,455,172
Leases	1,058,634	987,476	1,022,443
Interest	1,171,584	1,162,737	1,627,117
Other	111,123	2,085,934	1,709,203
Prepaid Expenses and Other Assets	2,264,815	1,554,577	1,686,574
Prepaid Warranty Management	259,148	261,131	260,389
Total Current Assets:	64,878,422	76,274,940	63,906,985
Non-Current:			
Restricted Cash and Cash Equivalents	21,900,295	21,645,395	22,364,467
Investments	1,231,792	912,217	852,427
Receivables:			

Program Loans	82,898,451	82,287,432	102,369,924
Solar Lease Notes	2,969,206	1,987,394	1,078,444
Renewable Energy Credits	348,716	229,019	174,306
SBEA Promissory Notes	690,752	1,275,487	2,317,443
Leases	17,049,036	16,281,320	15,282,350
Other	3,163,239	4,122,609	7,400,518
Prepaid Warranty Management	3,466,587	3,221,310	2,951,923
Fair Value of Interest Rate Swap	0	93,107	345,708
Capital Assets, Net	79,694,398	76,164,896	72,589,044
Total Non-Current Assets:	213,412,472	208,220,186	227,726,554
<b>Total Assets</b>	<b>278,290,894</b>	<b>284,495,126</b>	<b>291,633,539</b>
<b>Deferred Outflows of Resources</b>			
Deferred Amount for Pension	4,550,879	6,439,478	7,301,972
Deferred Amount for OPEB	5,238,343	5,172,871	6,353,565
Asset Retirement Obligations	2,487,824	2,317,404	2,027,042
<b>Total Deferred Outflows of Resources</b>	<b>12,277,046</b>	<b>13,929,753</b>	<b>15,682,579</b>
<b>Liabilities</b>			
Current:			
Accounts Payable	1,854,763	924,380	987,665
Accrued Payroll and Related Liabilities	1,139,857	1,296,862	1,175,855
Accrued Expenses	6,627,759	8,250,013	10,239,031
Short-Term Notes Payable	0	304,735	1,000,000
Warranty Management	1,358,476	0	0
Line of Credit	100,000	0	0
Long-Term Debt	6,416,721	17,967,814	6,624,848
Performance Bonds	1,626,346	1,138,776	859,485
Unearned Revenue	51,414	24,130	68,798
Total Current Liabilities:	19,175,336	29,906,710	20,955,682
Long-Term:			
Asset Retirement Obligation	4,018,011	4,118,336	4,208,725
Long-Term Debt	102,551,139	79,296,520	71,736,406
Fair Value of Interest Rate Swap	699,023	0	0
Net Pension Liability	20,268,725	21,273,373	17,632,888
Net OPEB Liability	23,688,513	20,516,564	18,041,698
Total Long-Term Liabilities:	151,225,411	125,204,793	111,619,717
<b>Total Liabilities</b>	<b>170,400,747</b>	<b>155,111,503</b>	<b>132,575,399</b>
<b>Deferred Inflows of Resources</b>			
Deferred Amount for Pension	5,071,624	5,424,891	6,176,916
Deferred Amount for OPEB	7,227,544	9,694,281	11,459,840
Deferred Amount for Leases	18,372,780	17,055,935	15,700,397
<b>Total Deferred Inflows of Resources:</b>	<b>30,671,948</b>	<b>32,175,107</b>	<b>33,337,153</b>

<b>Net Position</b>			
Investment in Capital Assets	5,327,187	5,515,929	5,362,778
Restricted Net Position:			
Nonexpendable	62,673,746	57,729,657	57,281,736
Energy Programs	16,881,312	16,865,215	19,123,339
Unrestricted	4,613,000	31,027,468	59,635,713
<b>Total Net Position:</b>	<b>\$ 89,495,245</b>	<b>\$111,138,269</b>	<b>\$141,403,566</b>

Total assets increased by approximately \$6 million in fiscal year 2022 and \$7 million in fiscal year 2023. The growth from fiscal year 2021 to 2022 was primarily due to an increase in cash and cash equivalents from returns of principal on working capital and program loans. The increase from fiscal year 2022 to 2023 was mainly the result of additional program loan receivables due to more loans.

Total liabilities decreased by approximately \$15 million in fiscal year 2022 and \$23 million in fiscal year 2023. The primary cause of the decrease from fiscal year 2021 to 2022 was due to a reduction in long-term debt from increased maturities. The decrease from fiscal year 2022 to 2023 was largely due to further payments of long-term debt.

### Statement of Revenues, Expenses, and Changes in Net Position

The principal source of Green Bank's revenue is utility customer assessments by the Public Utilities Regulatory Authority. These assessments can be used for Green Bank's general, administrative, and program expenses. The Green Bank also receives a portion of Connecticut's funds from the Regional Greenhouse Gas Initiative (RGGI) for the financing of energy efficiency and renewable energy projects. Other sources of revenue include renewable energy certificate (REC) sales, energy system sales, sale of Solar Renewable Energy Credits generated by facilities it has financed, and the federal government. The Green Bank invests over 80 percent of its resources in loans, leases, and credit enhancements, and spends the other 20 percent on program and operating expenses.

Based on Green Bank's audited financial statements, a summary of revenues, expenses, and changes in net position for the audited period and preceding year follows:

	<b>Fiscal Year Ended June 30,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Operating Revenues</b>			
Utility Remittances	\$ 25,144,416	\$ 25,279,305	\$ 24,609,111
Interest Income - Promissory Notes	6,844,741	6,142,849	6,766,463
RGGI Auction Proceeds	6,452,886	11,568,905	9,138,709
Energy System Sales	746,515	451,092	1,328,079
Renewable Energy Credits/Certificate sales	12,189,916	13,065,877	16,833,021
Leases	1,916,347	1,934,519	1,866,025
Other	2,626,604	2,272,830	3,406,116
<b>Total Operating Revenues</b>	<b>55,921,425</b>	<b>60,715,377</b>	<b>63,947,524</b>
<b>Operating Expenses</b>			
Cost of Goods Sold - Energy Systems	746,515	451,092	1,328,079
Provision for Loan Losses	238,942	(3,560,588)	1,533,886
Grants and Incentive Programs	15,879,966	15,997,021	7,738,390

Program Administration	17,569,299	15,683,365	14,657,020
General and Administrative	3,953,481	3,779,852	3,503,070
Depreciation/Amortization	0	3,468,679	3,475,445
<b>Total Operating Expenses</b>	<b>38,388,203</b>	<b>35,819,421</b>	<b>32,235,890</b>
<b>Operating Income (Loss)</b>	<b>17,533,222</b>	<b>24,895,956</b>	<b>31,711,634</b>
<b>Non-Operating Revenues (Expenses)</b>			
Interest Income - Deposits	18,861	141,950	1,364,033
Other Nonoperating Revenues	0	0	131,909
Interest Expense	(3,348,684)	(3,525,746)	(2,690,297)
Debt Issuance Costs	(1,001,139)	(13,500)	(12,500)
Distributions to Member	(526,754)	(600,604)	(347,629)
Gain (Loss) on Disposal of Assets	0	0	(113,398)
Net Change in Fair Value of Investments	(387,299)	(47,162)	(31,056)
Unrealized Gain (Loss) on Interest Rate Swap	465,334	792,130	252,601
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(4,779,681)</b>	<b>(3,252,932)</b>	<b>(1,446,337)</b>
<b>Change in Net Position:</b>	12,753,541	21,643,024	30,265,297
<b>Total Net Position – Beginning of Year</b>	76,741,704	89,495,245	111,138,269
<b>Total Net Position – End of Year</b>	<b>\$ 89,495,245</b>	<b>\$111,138,269</b>	<b>\$141,403,566</b>

Total operating revenue increased by approximately \$5 million in fiscal year 2022 and \$3 million in fiscal year 2023. The increase in fiscal year 2022 was primarily the result of additional proceeds from quarterly Regional Greenhouse Gas Initiative (RGGI) auctions. The growth from fiscal year 2022 to 2023 was largely due to increased sales of renewable energy credits.

Total operating expenses declined by about \$3 million in each fiscal year. The primary cause of these reductions from fiscal year 2021 to 2022 was a decrease in provisions for loan losses related to higher reserves being provided in the prior year in anticipation of loan deferrals because of Covid-19. The reduction from fiscal year 2022 to 2023 was mainly due to decreases in grants and incentive program expenses, as certain programs were closed after 2022.

## Other Audits and Engagements

An independent certified public accountant audited the books and accounts of Green Bank for the 2022 and 2023 fiscal years. Those reports each expressed an unmodified opinion on Green Bank's financial statements. As an integral part of their financial statement audits, the independent public accountants provided reports on compliance and internal control over financial reporting. The reports disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards and reported no significant deficiencies or material weaknesses in internal control.