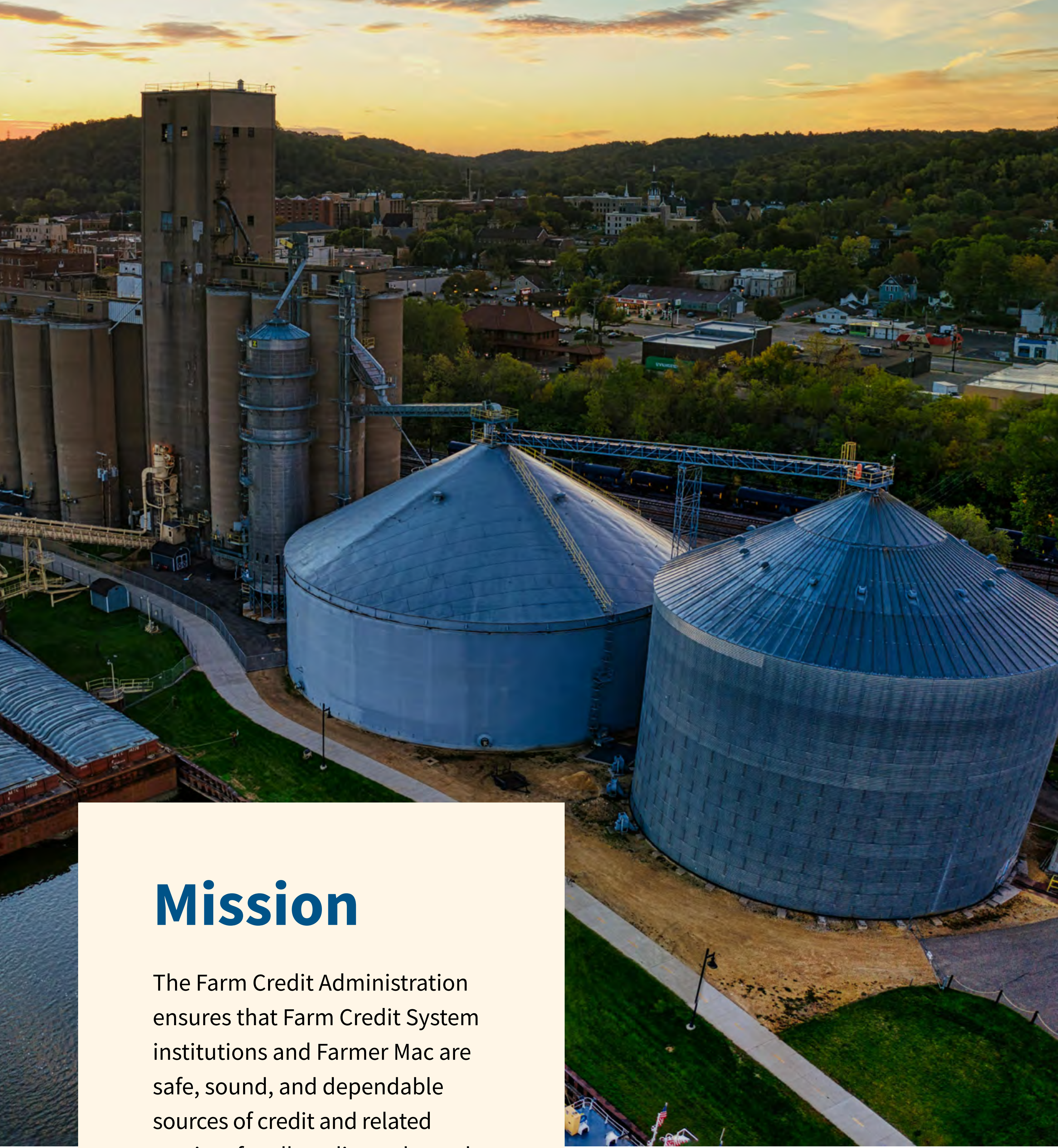
FY 2024

Performance and Accountability Report

Farm Credit Administration

Regulator of the Farm Credit System



Mission

The Farm Credit Administration ensures that Farm Credit System institutions and Farmer Mac are safe, sound, and dependable sources of credit and related services for all creditworthy and eligible persons in agriculture and rural America.

Accessibility

This annual report is illustrated with photos of American farmers and ranchers, farm and ranch landscapes, and farm animals. These photographs are artifacted, and essential graphs and chart graphics are described in readable text.

Contents

Tables Appearing in Report

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List of Abbreviations Appearing in Report

CEO	chief executive officer
CSRS	Civil Service Retirement System
DATA	Digital Accountability and Transparency Act
EEO	equal employment opportunity
Farmer Mac	Federal Agricultural Mortgage Corporation
FCA	Farm Credit Administration
FCS	Farm Credit System
FCSIC	Farm Credit System Insurance Corporation
FCSBA	Farm Credit System Building Association
FERS	Federal Employees Retirement System
FEVS	Federal Employee Viewpoint Survey
FFMIA	Federal Financial Management Improvement Act
FMFIA	Federal Managers' Financial Integrity Act
FIRS	Financial Institution Rating System
FY	fiscal year
IT	information technology
OIG	Office of Inspector General
OIT	Office of Information Technology
OMB	U.S. Office of Management and Budget
OPM	U.S. Office of Personnel Management
OSMO	Office of Secondary Market Oversight
SEP	special emphasis program
SFFAS	Statements of Federal Financial Accounting Standards
USDA	United States Department of Agriculture
YBS	young, beginning, and small (farmers and ranchers)

Statement of the Board Chairman and CEO

November 5, 2024

As board chairman and CEO of the Farm Credit Administration, I am pleased to present our Performance and Accountability Report for Fiscal Year 2024. Unless otherwise indicated, the report covers our activities from Oct. 1, 2023, to Sept. 30, 2024.

In FY 2024, FCA once again achieved the goals outlined in our strategic plan and met all performance targets. In addition, our financial statements received an unmodified opinion from an independent auditor. Based on the results of our internal evaluations, we can assure you that the financial and performance information in this report is complete and reliable. We also did not identify any material weaknesses in our internal controls.

As regulator of the Farm Credit System (System) and the Federal Agricultural Mortgage Corporation (Farmer Mac), we play an enormous role in the health of the nation's agricultural economy. We ensure that System institutions — which hold nearly 46% of U.S. farm business debt — and Farmer Mac are safe, sound, and dependable sources of credit and related services for all creditworthy, eligible persons in agriculture and rural America. Farmer Mac, which provides a secondary market for agricultural real estate mortgages and rural cooperative loans, enhances lenders' ability to offer competitive financing to rural borrowers and farmland investors.

I am happy to report that both the System and Farmer Mac are well capitalized and remain financially safe and sound. Together, System banks and associations held $514 billion in assets as of June 30, 2024, up 6.1% from the year before. Farmer Mac had assets of $30.2 billion as of that date, up 9.2% from the year before.

Examinations are key to System financial health. During the reporting period from July 1, 2023, to June 30, 2024, we prepared 50 formal reports of examination, 57 interim activity letters, and 77 letters regarding FIRS (Financial Institution Rating System) ratings for System institutions and Farmer Mac. We also responded to 29 inquiries and complaints from System borrowers and loan applicants.

Since submitting the 2023 Performance and Accountability Report, we have further strengthened System safety and soundness by approving the following notices of rulemaking:

- A final rule on risk-weighting high-volatility commercial real estate exposures
- A final rule to amend and reorganize regulations governing conservatorships and receiverships
- A proposed rule to require all System banks and certain associations to obtain integrated audits
- An advance notice of proposed rulemaking seeking public input on how FCA should amend aspects of its similar entity lending regulations

Guidance documents are also key to ensuring institutional safety and soundness. We revised bookletters on investment asset management; the capital treatment for certain rural water and wastewater facility exposures; and service to young, beginning, and small farmers and ranchers. We provided guidelines for submitting capital-related requests and requesting certificates of good standing, authenticity, and merger or consolidation. We also notified System institutions of changes to our regulations regarding the Electronic Signatures in Global and National Commerce Act, and kept them current on Consumer Financial Protection Bureau requirements.

To further advance our mission, in January, we issued a news release announcing four interconnected and mutually supporting board priorities (see page 5). The examination work described above and many of our rulemakings and guidance documents support our first priority: ensuring the safety and soundness of the institutions we regulate.

Our second priority, innovation, is essential to maintaining System safety and soundness, and we have made it a centerpiece of our efforts. In January, we released the FCA innovation philosophy policy statement, which describes measures we plan to take to promote responsible innovation in the System and within our agency. In September, we hosted an innovation symposium in Washington, D.C., for System institutions nationwide. There, we explored trends impacting finance and agriculture, innovation in the System, risks associated with emerging fintech, and ways innovation can help the System serve its public mission.

Ensuring service to all creditworthy, eligible borrowers is another board priority. To help achieve this goal, we have employed the principles of diversity, equity, inclusion, and accessibility (DEIA). We issued memorandums to encourage institutions to strengthen service to Native American communities and to our nation's military veterans.

Our fourth priority is maintaining FCA as a best place to work. I am pleased to share that FCA advanced to fifth place among small agencies on the Partnership for Public Service's 2023 list of Best Places to Work in the Federal Government. I am especially pleased to note that the rankings are based on employee responses to the Federal Employee Viewpoint Survey conducted by the Office of Personnel Management. FCA also ranked number 1 in the DEIA: Diversity subcategory among small agencies.

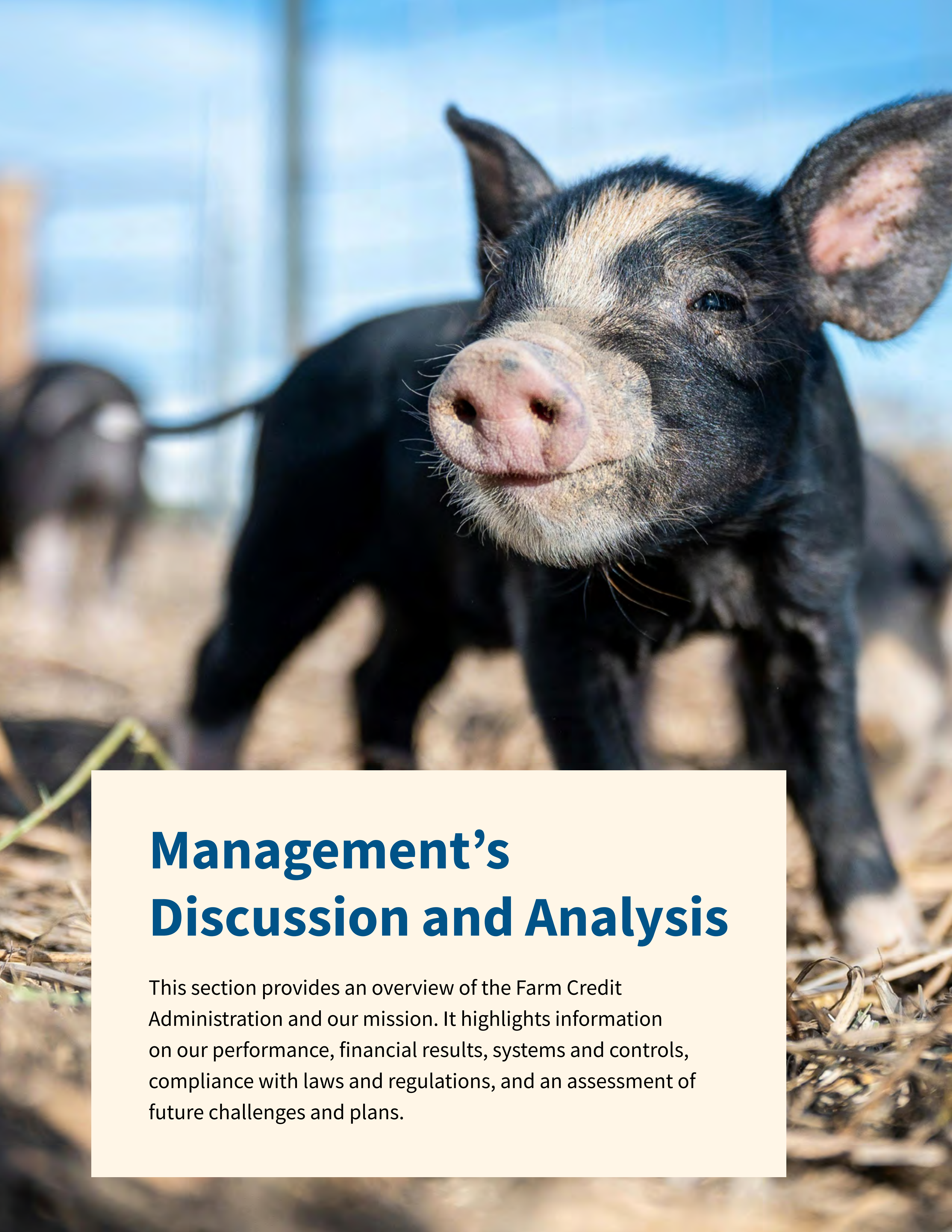
This past year, members of my senior staff and I traveled coast to coast to meet with staff throughout our agency. I have observed firsthand our employees' commitment to fulfilling our mission to ensure a strong pipeline of funding for all creditworthy agricultural and rural borrowers.

I look forward to reporting our accomplishments in FY 2025.

Vincent G. Logan
Board Chairman and CEO

FCA Priorities

- Ensuring the safety and soundness of the Farm Credit System
- Understanding and promoting responsible innovation
- Ensuring service to ALL eligible, creditworthy borrowers
- Maintaining FCA as a best place to work



Management's Discussion and Analysis

This section provides an overview of the Farm Credit Administration and our mission. It highlights information on our performance, financial results, systems and controls, compliance with laws and regulations, and an assessment of future challenges and plans.

FCA at a Glance

The Farm Credit Administration is an independent agency in the executive branch of the U.S. government. We are responsible for regulating and supervising the Farm Credit System (FCS, System): its banks, associations, related entities, and the Federal Agricultural Mortgage Corporation (Farmer Mac).[1]

The System is a nationwide network of borrower-owned financial institutions that provide credit to farmers, ranchers, residents of rural communities, agricultural and rural utility cooperatives, and other eligible borrowers.

FCA is responsible for ensuring that the System remains a dependable source of credit for agriculture and rural America. We do this in two ways:

- We ensure that System institutions and Farmer Mac operate safely and soundly and comply with applicable laws and regulations.
- We issue regulations and policies governing how System institutions and Farmer Mac conduct their business and interact with borrowers.

History highlights

1909	The Country Life Commission studies rural progress in the United States.
1912 & 1913	National commissions study European agricultural credit.
1916	Congress creates the Farm Credit System, establishing 12 federal land banks.
1923	Twelve federal intermediate credit banks are added to the System.
1933	FCA is created; production credit associations and one central bank and 12 regional banks for cooperatives are added to the System.
1939	FCA becomes part of the U.S. Department of Agriculture.
1953	FCA becomes independent agency again.
1968	The System repays government capital.
1971	Congress passes Farm Credit Act of 1971, from which FCA derives its current powers and authorities.
1980	The Farm Credit Act Amendments of 1980 allows System lenders to provide credit and other financial services to additional types of borrowers. They also require federal land banks and production credit associations to develop lending programs for young, beginning, and small farmers and ranchers.
1985	FCA becomes an arm's length regulator with enforcement powers.
1987	The System is authorized to receive $4 billion in federal assistance but uses only $1.3 billion.
1988	The Farm Credit System Insurance Corporation and Farmer Mac are established.
1996	Congress passes the Farm Credit System Reform Act granting Farmer Mac authority to buy and pool loans.
2005	The System repays all federal financial assistance with interest.
2017	FCA capital rule ensures that System institutions hold sufficient regulatory capital.
2018	Congress passes Agriculture Improvement Act of 2018, which enhances FCA's enforcement powers.

1 Although Farmer Mac is a Farm Credit System institution under the Farm Credit Act, we discuss Farmer Mac separately from the other institutions of the FCS. Therefore, throughout this report, unless Farmer Mac is explicitly mentioned, the Farm Credit System refers only to the banks and associations of the System.

FCA history

An executive order by President Franklin D. Roosevelt in 1933 placed all existing agricultural credit agencies under the supervision of a new agency, the Farm Credit Administration. FCA was independent until 1939, when it became part of the U.S. Department of Agriculture (USDA), but became an independent agency again under the Farm Credit Act of 1953. This act created a federal Farm Credit Board with 13 members (one from each of the 12 farm credit districts and one appointed by the secretary of agriculture) to develop policy for FCA. Farmer-borrowers now had a voice at the national level.

FCA also played a pivotal role in the federal credit union movement when, in 1934, it was given responsibility for chartering, examining, and supervising all federal credit unions. Before this oversight was turned over to the Federal Deposit Insurance Corporation in 1942, FCA had chartered more than 4,000 credit unions and examined them annually.

FCA derives its current powers and authorities from the Farm Credit Act of 1971, as amended (12 U.S.C. 2001 – 2279cc). This act gave the banks and associations more flexibility in lending to production agriculture and authorized lending to commercial fishermen and rural homeowners. In 1980, the law was amended to encourage lending to young, beginning, and small (YBS) farmers. The Farm Credit Amendments Act of 1985 restructured FCA to give it increased oversight, regulatory, and enforcement powers similar to those of other federal financial regulatory institutions, making FCA an arm's length regulator of the Farm Credit System. The Agricultural Credit Act of 1987 created Farmer Mac, and the Food, Agriculture, Conservation, and Trade Act Amendments (1991) created the Office of Secondary Market Oversight (OSMO) within FCA for its supervision and regulation.

The U.S. Senate Committee on Agriculture, Nutrition, and Forestry and the U.S. House of Representatives Committee on Agriculture oversee FCA and the Farm Credit System.

For a complete history, see **Historical highlights of FCA and the FCS** on the FCA website.

FCA funding and governance

FCA does not receive a federal appropriation. Instead, we maintain a revolving fund financed primarily by assessments from the institutions we regulate. Other sources of income for the revolving fund are interest earned on investments with the U.S. Treasury and reimbursements for services we provide to federal agencies and others.

FCA's policy, regulatory agenda, and supervisory and examination activities are established by a full-time, three-person board whose members are appointed by the president of the United States with the advice and consent of the Senate.

Board members serve a six-year term and may remain on the board until a successor is appointed. The president designates one member as chairman of the board, who serves in that capacity until the end of that member's term. The chairman also serves as our chief executive officer.

FCSIC

FCA board members also serve as the board of directors for the Farm Credit System Insurance Corporation (FCSIC), which is a separate independent agency. FCSIC was established by the Agricultural Credit Act of 1987 in the wake of the agricultural credit crisis of the 1980s. The purpose of FCSIC is to protect investors in Systemwide debt securities by ensuring the timely payment of principal and interest on certain System notes, bonds, and other obligations purchased by investors. FCSIC does so by maintaining the Farm Credit Insurance Fund, a reserve that represents the equity of FCSIC.

FCA offices

Our headquarters and one field office are in McLean, Virginia. We also have field offices in Bloomington, Minnesota; Dallas, Texas; Denver, Colorado; and Sacramento, California. As of Sept. 30, 2024, FCA had a head count of 345. These employees work in the following offices, with the majority serving in the Office of Examination.

The **FCA board** manages, administers, and establishes policies for FCA. The board approves the policies, regulations, charters, and examination and enforcement activities that ensure a strong Farm Credit System and Farmer Mac. The board also oversees the activities of the FCS Building Association, which acquires, manages, and maintains FCA headquarters and field office facilities. Vincent G. Logan is the board chairman.

The **chairman of the FCA board** serves as the chief executive officer (CEO). The CEO enforces the rules, regulations, and orders of the FCA board. This individual directs the implementation of policies and regulations adopted by the FCA board. The Office of the Chief Executive Officer plans, organizes, directs, coordinates, and controls our day-to-day operations and leads the agency's efforts to achieve and manage a diverse workforce. Vincent G. Logan is the CEO.

The **Office of the Chief of Staff** was established by the FCA board in April 2023. The chief of staff works closely with the board chairman and CEO, the board, and the senior leadership team to advance the agency's mission. Reporting to the chief of staff are the offices of Agency Services, Chief Financial Officer, Congressional and Public Affairs, Data Analytics and Economics, Examination, Information Technology, and Regulatory Policy, as well as the chief risk officer. In addition, the chief of staff oversees the development and implementation of the agency's operating and budget plans, and proposes new program initiatives to satisfy the agency's mission requirements and the objectives of the CEO.

The **Office of Agency Services** manages and delivers human capital, operational, and workforce development services for the agency. It also facilitates the agency's strategic planning efforts. The office consists of three service delivery teams: Human Resources Division, Operations Division, and Learning and Organizational Change Team. Services provided include strategic human capital management, recruiting, workforce planning, succession management, staffing and placement, job evaluation, compensation and benefits, payroll administration, performance management, awards, employee relations, employee training and development, property management, personnel security, continuity of operations and emergency preparedness, supply services, and mail service.

The **Office of the Chief Financial Officer** supports FCA's operations by providing financial management policy advice and reporting the agency's financial results. The office manages the agency's compliance with federal financial management requirements. It also reports on the accuracy and propriety of transactions, the extent to which assets are accounted for and safeguarded, and the adequacy of internal controls to detect and prevent material financial misstatements. It oversees the agency's budget; the investments committee; FCS and Farmer Mac assessments; and the agency's purchasing, credit card, and travel/relocation programs. It also facilitates the enterprise risk management and internal control efforts to help ensure operational and fiscal effectiveness and efficiency.

The **Office of Congressional and Public Affairs** serves as the agency's principal point of contact for Congress, the media, other government agencies, Farm Credit Council, System borrowers, and the public. The office develops and monitors legislation pertinent to FCA and the FCS, serves as the agency's congressional liaison, facilitates intergovernmental relations, and prepares testimony for the chairman and other board members. It also provides information to external audiences through news releases, fact sheets, reports, videos, and other publications. The office cultivates relationships with media representatives who report on matters related to agriculture and rural credit, and it manages the content of the FCA website and social media channels. It also organizes special meetings, briefings for international visitors, and field hearings.

The **Office of Data Analytics and Economics** evaluates strategic risks to the System and agency using data, analytics, economic trends, and other risk factors. Its staff members serve as stewards for agency data and provide information to the board and management for objective, evidence-based decision-making across FCA. The office facilitates an agencywide strategy for analytics and collaborates on business intelligence tools and the development of models to meet the strategic needs of the agency.

The **Office of Equal Employment Opportunity and Inclusion** manages and directs the agencywide diversity, inclusion, and equal employment opportunity (EEO) program for FCA and FCSIC. The office serves as the chief liaison with the Equal Employment Opportunity Commission and the Office of Personnel Management on all EEO, diversity, and inclusion issues. The office provides counsel and leadership to agency management to carry out its continuing policy and program of nondiscrimination, affirmative action, and diversity.

The **Office of Examination** is responsible for examining and supervising each FCS institution in accordance with the Farm Credit Act and applicable regulations. The office completes risk assessments; conducts examinations; monitors the System's condition and current and emerging risks; and develops supervisory strategies to ensure that the System operates in a safe and sound manner, complies with the law and regulations, and fulfills its public policy purpose. For more information about the role of the Office of Examination, go to **fca.gov**, select "board policy statements" under the Law & regulations tab, then select "Examination Philosophy" (FCA-PS-53).

The Office of General Counsel provides the FCA board and staff with legal counsel as well as guidance on the Farm Credit Act and general corporate, personnel, ethics, and administrative matters. The office supports the agency's development and promulgation of regulations, enforcement of applicable laws and regulations, and implementation of conservatorships and receiverships. It represents and advises the agency on civil litigation. It also serves as the liaison to the Federal Register, administers the agency's ethics program, and handles Freedom of Information Act requests.

The **Office of Information Technology** supports the information, solutions, and IT infrastructure that empower FCA to fulfill its mission. It is a respected partner in fulfilling FCA's mission through innovative solutions. The office is responsible for protecting agency technology assets, planning and implementing information technology investments, leading change to improve the efficiency and effectiveness of agency operations, and maintaining compliance with IT regulatory mandates. It is responsible for continuing to leverage FCA's investment in technology by collaborating across agency offices to identify and re-engineer business applications, data systems, and processes.

The **Office of Inspector General** provides independent and objective oversight of agency programs and operations through audits, inspections, evaluations, investigations, and the review of proposed legislation and regulations. The office promotes economy and efficiency within FCA and seeks to prevent and detect fraud, waste, abuse, and mismanagement in the agency's programs and operations.

The **Office of Regulatory Policy** manages policy and regulation development activities, at the direction of the FCA board, to ensure the safety and soundness of the FCS and Farmer Mac and support the System's mission. Policy and regulation development activities include the analysis of policy and strategic risks to the System on the basis of economic trends and other risk factors. The office also evaluates all regulatory and statutory prior approvals for System institutions on behalf of the FCA board, including chartering and other corporate approvals as well as funding approvals.

The **Office of Secondary Market Oversight** provides for the examination, regulation, and supervision of Farmer Mac to ensure its safety and soundness and the accomplishment of its public policy purpose as authorized by Congress. OSMO also ensures that Farmer Mac complies with applicable laws and regulations and manages FCA's enforcement activities with respect to Farmer Mac.

The **chief risk officer** works with agency leaders, the risk committee, and key staff to identify, assess, and mitigate risks to the fulfillment of the agency's mission as regulator of the Farm Credit System and Farmer Mac. To minimize the impact of risks, the chief risk officer develops and implements risk mitigation plans and controls. The chief risk officer collaborates with internal and external stakeholders to ensure that effective risk reduction measures are in place and provides timely reports to the board and executive leaders to support their decision-making.

The **secretary to the board** serves as the parliamentarian for the board and keeps permanent and complete records of the acts and proceedings of the board. This individual ensures that the board complies with statutory, regulatory, and internal operation reporting requirements. The secretary to the board also serves as secretary to the FCSIC board. In addition, the individual serves as the Sunshine Act official for the FCA board.

The **designated agency ethics official** is designated by the FCA chairman to administer the provisions of Title I of the Ethics in Government Act of 1978, as amended, to coordinate and manage FCA's ethics program and to provide liaison to the Office of Government Ethics with regard to all aspects of FCA's ethics program.

FIGURE 1

FCA organizational chart

As of October 2024

For an accessible version of this chart, visit **www.fca.gov/about/fca-organizational-chart**.

FCA Board

Vincent G. Logan
Chairman

Jeffery S. Hall
Member

Glen R. Smith
Member

- **Office of the Board Chairman and Chief Executive Officer**
  Vincent G. Logan
  - **Office of the Chief of Staff**
    Maribel Duran
    - **Office of Examination**
      Michael J. Duffy
    - **Office of Regulatory Policy**
      Kevin Kramp
    - **Office of Data Analytics and Economics**
      Jeremy D'Antoni
    - **Office of Agency Services**
      Vonda Bell
    - **Office of the Chief Financial Officer**
      Douglas Gandy (Acting)
    - **Office of Information Technology**
      Jerry Versace (Acting)
    - **Office of Congressional and Public Affairs**
      Emily Yaghmour (Acting)
    - **Chief Risk Officer**
      S. Robert Coleman
  - **Office of Equal Employment Opportunity and Inclusion**
    Thais Burlew
  - **Office of General Counsel**
    David Grahn*
  - **Office of Secondary Market Oversight†**
    Thomas R. Fay
  - **Designated Agency Ethics Official**
    Jane Virga
  - **Secretary to the Board**
    Ashley Waldron
- **Office of Inspector General**
  Wendy R. Laguarda‡

* Maintains a confidential advisory relationship with each of the board members.

† Reports to the board for policy and to the CEO for administration.

‡ Currently, Nick Novak is the acting inspector general of FCA.

Highlights of FCA's Performance Goals and Results

FCA's mission is to ensure that Farm Credit System institutions and Farmer Mac are safe, sound, and dependable sources of credit and related services for all creditworthy and eligible persons in agriculture and rural America

In our Strategic Plan for Fiscal Years 2022 – 2026, we identified two strategic goals we must meet to fulfill our mission. For each goal, we identified strategic objectives to achieve the goal, as well as a set of performance metrics to monitor our progress in meeting the goal. We also identified three stewardship objectives for supporting workforce development; advancing FCA's data, technology, and cybersecurity work; and managing our agency financial resources. We have been working with the mission support offices to consolidate these stewardship objectives into a comprehensive strategic objective that will be reflected in our updated Strategic Plan for Fiscal Years 2026 – 2030.

Strategic Goals

1 Ensure a sound financial system that provides a sustainable source of credit for agriculture and rural America

Strategic objectives:

1. Ensure compliance with laws and regulations that support the sound financial condition and performance of all System institutions.
2. Ensure the System makes products and services available to all creditworthy and eligible borrowers in an impartial manner.
3. Ensure Farmer Mac provides secondary market programs that increase the availability of credit and liquidity to agriculture, rural communities, and rural infrastructure.
4. Promote opportunities for stakeholder engagement when establishing and reviewing regulatory and policy proposals.
5. Promote System lending for, and investments in, rural infrastructure to foster the vitality of rural communities.
6. Encourage board and workforce diversity at System institutions and Farmer Mac.
7. Ensure the System and Farmer Mac identify and implement safeguards to mitigate the potential impact of established and emerging risks.

2 Foster the long-term viability of the U S agricultural economy while supporting young, beginning, and small (YBS) farmers, ranchers, and aquatic producers.

Strategic objectives:

1. Promote access to YBS lending programs and financial services for eligible borrowers.
2. Encourage effective outreach by System institutions to promote the success of YBS farmers, ranchers, and aquatic producers.

Stewardship Objectives

1 Ensure a well-trained, engaged, and diverse staff working effectively in a safe, efficient, and modern workplace.

Sub-objectives:

1. Enhance FCA's workforce diversity.
2. Ensure employees have clear, measurable performance expectations that are aligned with FCA's mission and strategic plan.
3. Ensure employees receive targeted professional training and development opportunities.
4. Ensure agency policies and practices demonstrate a culture of respect and professionalism toward all individuals, internal and external to FCA.

2 Ensure data and technology assets are accessible, protected, and used effectively in a modern environment

Sub-objectives:

1. Safeguard data and technology assets and provide technology platforms designed to enhance employee productivity.
2. Advance evidence-based policy and organizational decision-making.

3 Ensure sound management and oversight of agency financial resources to achieve strategic goals

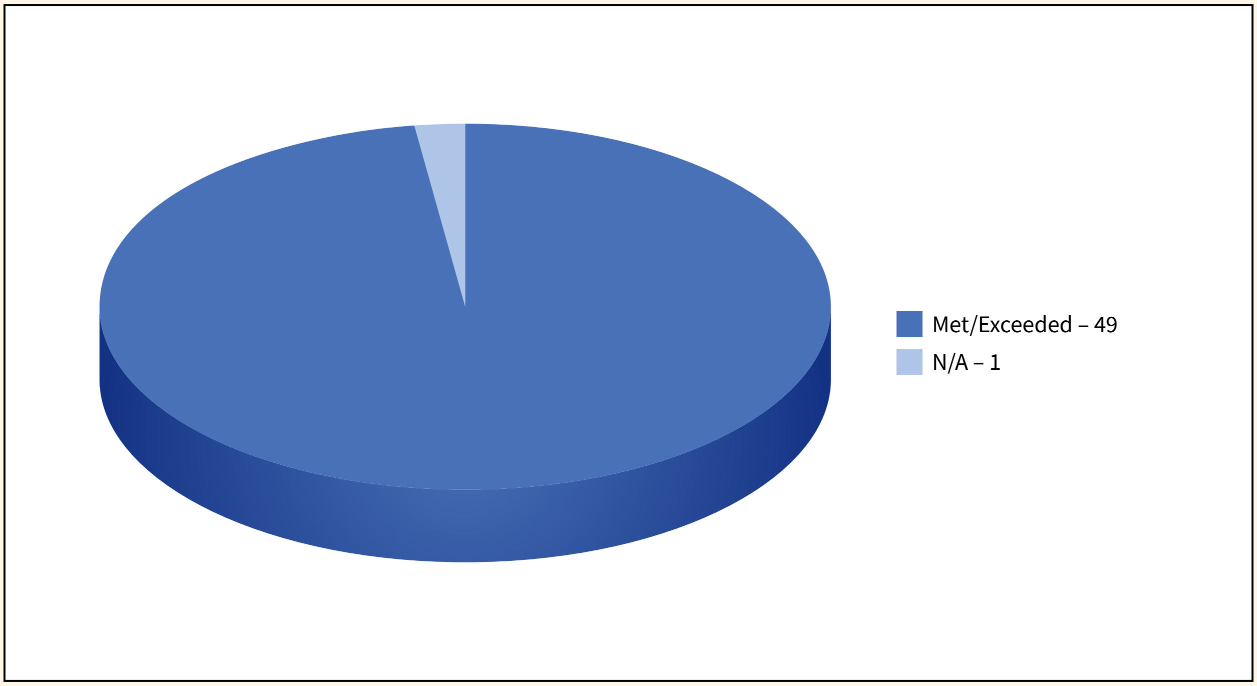
Sub-objectives:

1. Ensure accountability and transparency in the execution of our fiduciary duties and ability to deliver reliable financial information to our stakeholders.
2. Ensure assessments for Farm Credit System institutions are appropriate based on reasonable costs associated with the agency's examination and supervision activities.

Our performance report (page 33) shows that we met the strategic goals and stewardship objectives identified in our strategic plan and met or exceeded most of the performance metrics for which there are data to measure performance. The following is a summary analysis of our performance in reaching our goals.

FIGURE 2

Performance snapshot



Strategic Goals and Stewardship Objectives	Performance Metrics	Met	Not Met	Not Applicable
Strategic goal 1: Ensure a sound financial system that provides a sustainable source of credit for agriculture and rural America.	20	19	-	1
Strategic goal 2: Foster the long-term viability of the U.S. agricultural economy while supporting young, beginning, and small (YBS) farmers, ranchers, and aquatic producers.	5	5	-	-
Stewardship objective 1: Ensure a well-trained, engaged, and diverse staff working effectively in a safe, efficient, and modern workplace.	15	15	-	-
Stewardship objective 2: Ensure data and technology assets are accessible, protected, and used effectively in a modern environment.	7	7	-	-
Stewardship objective 3: Ensure sound management and oversight of agency financial resources to achieve strategic goals.	3	3	-	-

1 STRATEGIC GOAL 1

Ensure a sound financial system that provides a sustainable source of credit for agriculture and rural America.

For strategic goal 1, we have 20 performance metrics (see table 8A on page 38). We achieved or exceeded our targets for 19 metrics associated with goal 1. Metric 2 did not apply during this reporting period because the agency did not have any supervisory agreements in place with FCS institutions.

With more than 600,000 customers and over $400 billion in loans outstanding, the Farm Credit System is the nation's largest source of farm loans. At FCA, everything we do is aimed at ensuring the safety and soundness of the Farm Credit System and its mission fulfillment. We are pleased to report that the System, including the Federal Agricultural Mortgage Corporation (Farmer Mac), remains safe and sound. The System continues to be well-positioned to meet the credit needs of farmers, ranchers, and rural communities.

Performance Metric		Target	Target Met
SO1 1 a	Most objectives listed in the preamble of each final rule were met on the two-year anniversary of the rule's effective or implementation date.	Yes	✓
SO1 1 b	Percentage of System institutions where supervisory agreement requirements were at least substantially met within 18 months of execution.	>80%	N/A
SO1 1 c	Percentage of institutions with satisfactory audit and review programs, including institutions with acceptable corrective action plans.	100%	✓
SO1 1 d	Percentage of System assets with a 1 or 2 composite Financial Institution Rating System (FIRS) rating.	>98%	✓
SO1 2 a	Percentage of FCS institutions providing products and services to creditworthy and eligible persons.	100%	✓
SO1 2 b	FCA solicited comments from the public and other interested parties on certain guidance and all regulations issued by the agency.	Yes	✓
SO1 2 c	Percentage of direct-lender institutions with satisfactory consumer and borrower rights compliance.	>90%	✓
SO1 3 a	The Office of Secondary Market Oversight (OSMO) effectively identified emerging risks as part of the examination and oversight process.	Yes	✓
SO1 3 b	OSMO took appropriate supervisory and corrective actions.	Yes	✓
SO1 3 c	OSMO evaluated whether Farmer Mac's business plan contains strategies to promote and encourage the inclusion of all qualified loans (including loans to small farms and family farmers) in its secondary market programs.	Yes	✓
SO1 3 d	OSMO evaluated Farmer Mac's progress toward achieving its mission to provide a source of long-term credit and liquidity for qualified loans.	Yes	✓
SO1 3 e	OSMO assessed the need for new or revised regulatory and policy guidance for Farmer Mac as new risks emerged.	Yes	✓
SO1 4 a	FCA requested input from persons outside of FCA for at least 90% of pre-rulemaking projects and proposed rules.	Yes	✓
SO1 5 a	FCA mentioned the importance of rural infrastructure in congressional testimony and public communications.	Yes	✓
SO1 5 b	FCA evaluated System institution requests for compliance with agency regulations and guidance regarding investments in rural infrastructure.	Yes	✓
SO1 6 a	FCA responded to comments from System institutions regarding diversity and inclusion challenges.	Yes	✓

Performance Metric		Target	Target Met
SO1 6 b	Percentage of System institutions including Farmer Mac with objectives for addressing board and workforce diversity within the annual business plan.	100%	✓
SO1 7 a	Percentage of System institutions including Farmer Mac with contingency plans to preserve capital adequacy, earnings capacity, and access to funding.	100%	✓
SO1 7 b	Percentage of System institutions including Farmer Mac addressing cybersecurity threats and controls in risk assessments and internal audit plans.	100%	✓
SO1 7 c	FCA published a semiannual Unified Agenda that outlines the agency's planned regulatory actions for the next 12 to 24 months.	Yes	✓

2

STRATEGIC GOAL 2

Foster the long-term viability of the U.S. agricultural economy while supporting young, beginning, and small (YBS) farmers, ranchers, and aquatic producers.

For strategic goal 2, we have five performance metrics (see table 8B on page 42). We achieved or exceeded the targets for all metrics associated with goal 2.

We supported this goal with a number of actions in FY 2024. In October 2023, we issued a final rule that strengthened our YBS-related regulations. In addition to reinforcing the congressional mandate that requires System institutions to have active and robust YBS programs, the rule expands outreach and activities to a diverse population of borrowers.

On December 29, 2023, we issued a revised bookletter 40, which increased the threshold for small farmers from $250,000 in annual sales to those with less than $350,000 in annual gross cash farm income.

In addition, we implemented a new methodology that emerged from a YBS data modernization project we began in 2019. By collaborating with System workgroups to automate the data collection process, we are now able to receive comprehensive, transparent information in a more timely manner. The data enhancements also give us a clearer picture of who is being served and where there may be gaps in service.

Performance Metric		Target	Target Met
SO2 1 a	Percentage of direct-lender institutions with YBS programs in compliance with YBS regulations.	100%	✓
SO2 1 b	FCA published a semiannual Unified Agenda that outlines the agency's planned regulatory actions, including YBS, for the next 12 to 24 months.	Yes	✓
SO2 1 c	Qualitative and quantitative improvements were made to YBS data.	Yes	✓
SO2 2 a	Percentage of System institutions identifying outreach efforts for YBS in their annual business plans.	>90%	✓
SO2 2 b	FCA facilitated sharing of effective YBS practices among System institution decision-makers.	Yes	✓

1 STEWARDSHIP OBJECTIVE 1

Ensure a well-trained, engaged, and diverse staff working effectively in a safe, efficient, and modern workplace.

For the first stewardship objective, we have 15 performance metrics (see table 8C on page 43). We achieved the targets for all metrics associated with stewardship objective 1.

Our performance on the rankings of the Partnership for Public Service's Best Places to Work in the Federal Government reflects our strong performance on this objective. FCA ranked fifth in the small agency category of the Partnership for Public Service's Best Places to Work in the Federal Government based on the results of the 2023 Federal Employee Viewpoint Survey (FEVS). For the second year in a row, FCA was number 1 among small agencies for its commitment to creating "a workplace that promotes diversity through recruitment, promotion, and development opportunities."

To support our ability to meet this objective, our Office of Equal Employment Opportunity and Inclusion ensures that at least 25% of our outreach efforts focus on universities or organizations serving groups that are underrepresented in our workforce.

We are also using the concept of "Workforce 2033" as a tool for anticipating what the System and the financial services industry will look like in 2033 when FCA turns 100. A key aspect of Workforce 2033 is envisioning the changing skills and expertise that our staff will need as financial technologies continue to evolve.

Performance Metric		Target	Target Met
ST1 1 a	Ensured recruiting efforts included outreach to academic institutions with active diversity recruitment programs.	Yes	✓
ST1 1 b	On the 2024 Federal Employee Viewpoint Survey (FEVS), the agency score was at least equal to the composite score for all small agencies on the statement "My supervisor demonstrates a commitment to workforce diversity (e.g., promotion opportunities, development)."	Yes	✓
ST1 1 c	On the 2024 FEVS, the agency score was at least equal to the composite score for all small agencies on the statement "My organization's management practices promote diversity (e.g., outreach, recruitment, promotion opportunities)."	Yes	✓
ST1 2 a	Performance management-related policies and procedures are current (i.e., updated within past two years).	Yes	✓
ST1 2 b	Percentage of employees whose performance plans were established in a timely manner.	>95%	✓
ST1 2 c	Percentage of employees who received midterm performance reviews in a timely manner.	>95%	✓
ST1 2 d	Percentage of employees who received final rating reviews in a timely manner.	>95%	✓
ST1 2 e	On the 2024 FEVS, the agency score was at least equal to the composite score for all small agencies on the following statement: "I know what is expected of me on the job."	Yes	✓
ST1 2 f	On the 2024 FEVS, the agency score was at least equal to the composite score for all small agencies on the following statement: "I know how my work relates to the agency's goals."	Yes	✓
ST1 2 g	At least three training programs were delivered annually on working in a hybrid telework environment.	Yes	✓
ST1 3 a	On the 2024 FEVS, the agency score was at least equal to the composite score for all small agencies on the statement "I receive the training I need to do my job well."	Yes	✓

Performance Metric		Target	Target Met
ST1 3 b	On the 2024 FEVS, the agency score was at least equal to the composite score for all small agencies on the following statement: "Supervisors in my work unit support employee development."	Yes	✓
ST1 4 a	On the 2024 FEVS, the agency score was at least equal to the composite small agency score on the Employee Engagement Index.	Yes	✓
ST1 4 b	On the 2024 FEVS, the agency score was at least equal to the composite score for all small agencies on the following statement: "Employees are protected from health and safety hazards on the job."	Yes	✓
ST1 4 c	On the 2024 FEVS, the agency score was at least equal to the composite score for all small agencies on the following statement: "My supervisor treats me with respect."	Yes	✓

2 STEWARDSHIP OBJECTIVE 2

Ensure data and technology assets are accessible, protected, and used effectively in a modern environment.

For stewardship objective 2, we have seven performance metrics (see table 8D on page 48). We achieved or exceeded the targets for all metrics associated with stewardship objective 2. As further evidence of our success in meeting this objective, the Office of Inspector General's independent evaluation of the agency's information security program, required by the Federal Information Security Modernization Act of 2014, once again rated the FCA information security program "effective."

A number of steps enabled us to achieve this objective in 2024. For example, all end user accounts were secured with multifactor authentication. We modernized our Consolidated Reporting System for Farm Credit System financial data. We also established the FCA Data Inventory, which provides the agency with greater insight and enhances our ability to use the data in the inventory.

We further supported this objective by adopting a final rule on cyber risk management that requires each System institution to develop and implement a comprehensive, written cyber risk management program.

In addition, we established a working group of agency experts charged with using the power of advanced technologies to strengthen our abilities as a regulator. The board issued guidance developed by this group in the **innovation philosophy statement (PDF)** in January 2024. We are also developing FCALabs, a dedicated hub where FCA staff can learn from each other; collaborate; and explore new tools, technologies, and approaches.

Performance Metric		Target	Target Met
ST2 1 a	One aging technology platform was modernized annually. (Target: Yes)	Yes	✓
ST2 1 b	Achieved and maintained not less than 95% vulnerability compliance for scanned assets that are within FCA's vulnerability management operating procedures.	Yes	✓
ST2 1 c	Conducted phishing tests in compliance with the frequency outlined in OIT's Phishing Tests Standard Operating Procedures.	Yes	✓
ST2 1 d	Ensured multifactor authentication of FCA end user accounts unless excepted.	100%	✓
ST2 2 a	Programming languages, analytical tools, and resources were accessible by staff.	Yes	✓
ST2 2 b	Produced quantitative and qualitative deliverables that are responsive to agency needs.	Yes	✓
ST2 2 c	Provided qualitative and quantitative improvements to data inventories and metadata.	Yes	✓

3 STEWARDSHIP OBJECTIVE 3

Ensure sound management and oversight of agency financial resources to achieve strategic goals.

For stewardship objective 3, we have three metrics (see table 8E on page 49). We achieved the targets for all metrics associated with stewardship objective 3. As further evidence of our success in achieving this objective, we received, for the 31st consecutive year, a clean audit opinion in FY 2024. In fact, we have received clean audits every year since the 1990s, when the government mandated executive branch audits.

To ensure that we maintain this record, we issue — in accordance with part 607 of our regulations — assessment notices to System institutions and Farmer Mac that are reasonable and sufficient to cover our operational needs as regulator. Also, in accordance with section 5.15 of the Farm Credit Act of 1971, as amended, we maintain an interest reserve sufficient to ensure that we can address specific, one-time, unforeseen events without increasing assessments.

Performance Metric		Target	Target Met
ST3 1 a	Agency received an unmodified audit opinion from independent auditors.	Yes	✓
ST3 2 a	Assessments met the agency regulatory authority.	Yes	✓
ST3 2 b	Agency maintained interest reserves between two months of operating expenses and less than 30% of agency budget.	Yes	✓

Resources to achieve our strategic goals

The strategic goals, as outlined in the strategic plan, provide a framework for the development of the annual budget request and the performance metrics and targets. We formulate and execute our budget by allocating resources according to the agency's core mission program activities of policy and regulation, and safety and soundness.

When we formulate and execute our budget, we allocate dollars as follows:

- Policy and regulation
- Safety and soundness
- Other activity

Our strategic goals encompass the core program activities of policy and regulation and safety and soundness. For purposes of the performance budget, we established the other activity program to track our reimbursable activities. We track these activities separately from the two agency mission program budgets for policy and regulation, and safety and soundness. Table 1 displays the proportion of our budget allocated to each core program activity and the proportion of the costs associated with each program.

Costs associated with the stewardship objectives in our strategic plan are an inherent part of our ability to fulfill our agency mission.

As shown in table 1, actual costs for agency programs in FY 2024 differed from amounts budgeted; these differences reflect changes in focus during the year. For specifics on the agency resources expended in support of our agency mission, please refer to the program costs and revenues section on page 24.

For more information about our performance results, see the performance results tables on pages 38–49. For governmentwide performance reporting results, please refer to **www.performance.gov**.

TABLE 1

FY 2024 performance budget versus program costs

Agency programs	Percentage of total performance budget	Percentage of total program costs
Policy and regulation	19.2%	25.0%
Safety and soundness	79.5%	74.5%
Other activity	1.3%	0.5%
Total	**100 0%**	**100 0%**

The CAMELS Rating System

The CAMELS rating system is based on an evaluation of six critical elements of a System institution's operations. Its purpose is to provide an accurate and consistent assessment of an institution's capital, asset quality, management, earnings, liquidity, and sensitivity to interest rate risk. Examiners assign a numeric rating between 1 and 5 to each of these components.

CAPITAL — Capital is evaluated and rated based on the quantity and quality of capital, risks that could threaten capital, the ability to capitalize asset growth, and the management of capital. System institutions are expected to maintain capital commensurate with the nature and extent of risks to the institution and the ability of management to identify, measure, monitor, and control these risks.

ASSET QUALITY — Asset quality is evaluated and rated based on the credit risk in loans, investments, other real estate owned, and other assets. Management's ability to identify, measure, monitor, and control credit risk is also reflected here. This evaluation also considers the adequacy of the allowance for credit losses.

MANAGEMENT — Management is evaluated and rated based on the effectiveness of the board and management at identifying, measuring, monitoring, and controlling the risks of the institution's activities; ensuring that the institution operates in a safe, sound, and efficient manner and complies with applicable laws and regulations; and serving its public mission.

EARNINGS — Earnings are evaluated and rated based on the quantity, quality, and sustainability of the institution's earnings. This evaluation considers the adequacy of earnings in relation to the institution's various risk exposures, earnings strategies, operating efficiency, and the adequacy of earnings to fund capital needs.

LIQUIDITY — Liquidity is evaluated and rated based on the institution's ability to fund operations and meet debt obligations and cashflow requirements without incurring unacceptable losses or materially affecting the institution's daily operations and financial condition.

SENSITIVITY — Sensitivity is evaluated and rated based on the degree to which changes in interest rates can adversely affect the institution's earnings and capital. This evaluation addresses asset-liability management practices, hedges, strategies for managing interest rate risk, and risk measurement processes.

Analyses and Highlights of FCA's Financial Statements

Financial Highlights

Financial operation of FCA

We pay for planned administrative expenses from a revolving fund, which is funded primarily by assessments received from Farm Credit System institutions, including the Federal Agricultural Mortgage Corporation (Farmer Mac) and the System's service corporations.

We calculate the assessments using a formula established by FCA regulation. The FCA board approves our budget, and Congress usually imposes a limitation on the dollar amount of obligations that we may incur in a given fiscal year.

In addition to assessments, we receive funds from two other sources:

- **Reimbursable services:** We are reimbursed for the cost of examining the National Cooperative Bank and for performing services for the Farm Credit System Insurance Corporation.
- **Interest earned:** We earn interest on investments with the U.S. Department of the Treasury. We use interest earned on investments to build and maintain an agency reserve. The reserve ensures that we can effectively and efficiently respond to unexpected, unbudgeted expenses without needing to increase assessments.

Table 2 outlines key financial measures for FYs 2024 and 2023. The following sections provide additional detail on these financial data. Our financial statements are provided on pages 57–75.

TABLE 2

Summarized financial data

Key measure	FY 2024	FY 2023
Total assets	$42,450,215	$45,892,497
Total liabilities	$16,609,769	$22,641,411
Net position	$25,840,446	$23,251,086
Total budgetary resources	$119,100,564	$115,056,633
Net outlays	$3,734,177	$2,792,053
Net cost of operations	$7,607,537	$10,924,197
Full-time equivalent employees	334.99	325.40

FCA's assets, liabilities, and net position

As shown in table 3, our total assets (the resources we own) for FY 2024 are composed of the following:

- Fund Balance with Treasury (4.0%)
- Investments (91.4%)
- Accounts receivable and prepayments (0.7%)
- Property and equipment (3.9%)

During FY 2024, total assets decreased by $3,442,282, or 7.5%, from amounts reported in FY 2023. The majority of this decrease is attributable to the decrease in our Fund Balance with Treasury.

As of Sept. 30, 2024, the agency held $1,690,333 in cash (Fund Balance with Treasury). While we invest all excess cash in U.S. Treasury securities, the timing of when cash is collected affects the ending balance. The decrease in our cash balance from FY 2023 to FY 2024 was due to a lower amount of funds collected after the cutoff time for investing on Sept. 30, 2024. Cash collected after the investment cutoff for the day remains as an available cash balance and is invested the following day. The collections on Sept. 30, 2024 were prepaid assessments (that is, assessments due on Oct. 1 but received on or before Sept. 30) from several FCS institutions.

Our investment portfolio, which accounts for the largest portion of our total assets, decreased slightly, by $569,065 in FY 2024. During FY 2024, the par value of our investments remained relatively flat. However, we saw an increase in the number of investments purchased at a discount, which lowered the book value of our investments as of Sept. 30, 2024. We purchased $16,388,596 in U.S. Treasury securities, using an investment strategy that enables us to both maintain a steady cash flow for agency operations and earn interest to build the agency reserve.

We hold the reserve funds in contingency to address specific, onetime, unforeseen events without increasing assessments at a time that may be financially difficult for System institutions. Our policy is to maintain a reserve balance that covers approximately two months of operating expenses.

Section 5.15 of the Farm Credit Act of 1971, as amended, (12 U.S.C. 2250) allows FCA to maintain a necessary reserve. The reserve makes up roughly 45.5% of our total investment portfolio. The remaining balance in the investment portfolio is composed of our funded leave liability, prepaid assessments, agency obligations, and carryover funds from prior years.

Our liabilities, as shown in table 4, consist of the following general categories:

- Accounts payable (5.1%)
- Payroll and benefits (45.3%)
- Employer contributions and taxes payable (6.8%)
- Workers' compensation (8.7%)
- Deferred revenue (34.1%)

Driven primarily by the decrease in accrued liabilities for payroll and benefits and deferred revenue, overall liabilities (what we owe to the public and other government agencies) decreased by $6,031,642, or 26.6%, from FY 2023 to FY 2024.

Accrued liabilities for payroll and related benefits decreased by $2,005,739, or 21.0%, from Sept. 30, 2023, to Sept. 30, 2024. This decrease is primarily the result of a lower year-end payroll accrual in FY 2024. We record a liability (an accrual) for payroll expenses not posted in the financial system as of Sept. 30 each year. Based on the timing of pay periods and when payroll is posted, the year-end accrual could include fewer days in the calculation. For FY 2024, the year-end payroll accrual included nine days less than the FY 2023 accrual. Employer contributions and payroll taxes payable decreased in FY 2024 for the same reason.

Our net position, which represents the cumulative results of operations since the agency began, increased by $2,589,360, or 11.1%, during FY 2024. The net position increased primarily because of the decrease in the net cost of operations (see the Program costs and revenues section). For a breakdown of the net position, see the statement of changes in net position on page 59.

FCA's status of funds

Our budget represents our plan for achieving our mission and strategic goals while operating as effectively and efficiently as possible. Table 5 shows our board-approved budget amounts for FYs 2024 and 2023. The overall FY 2024 budget increased by $5,840,000, or 6.6%, over the FY 2023 budget.

In FY 2024, we continued to carry out our mission, program goals, and objectives within the available budget. Our board-approved budget for FY 2024 was approximately $94.8 million, and the congressional limitation on our spending was $94.3 million. The FY 2023 congressional limitation was $88.5 million. The congressional limitation is the spending limit imposed by Congress on the nonreimbursable activity portion of our budget for the year. It limits the assessment amounts that we may use to pay for agency operations. The limitation includes assessment amounts for the current year as well as assessment carryover from prior years. The assessment funds we used in FY 2024 amounted to 99.8% of our congressional limitation in FY 2024 (see table 6).

TABLE 3

Composition of assets

Assets	FY 2024	FY 2023	Percentage change
Fund balance with Treasury	$1,690,333	$4,562,164	(62.9%)
Investments	38,797,221	39,366,286	(1.4%)
Accounts receivable and prepayments	315,116	207,706	51.7%
Property and equipment	1,647,545	1,756,341	(6.2%)
Total assets	**$42,450,215**	**$45,892,497**	**(7.5%)**

TABLE 4

Composition of liabilities

Liabilities	FY 2024	FY 2023	Percentage change
Accounts payable	$847,129	$846,437	0.1%
Accrued liabilities (payroll and benefits)	7,527,516	9,533,255	(21.0%)
Employer contributions and taxes payable	1,118,772	1,814,294	(38.3%)
Workers' compensation (funded and unfunded)	1,447,316	1,534,012	(5.7%)
Deferred revenue	5,669,036	8,913,413	(36.4%)
Total liabilities	**$16,609,769**	**$22,641,411**	**(26.6%)**

TABLE 5

Agency budget

Budget funding sources	FY 2024	FY 2023	Percentage change
Assessments (current year)	$93,300,000	$85,300,000	9.4%
Assessments (carryover from prior years)	1,000,000	3,200,000	(68.8%)
Reimbursable activity	450,000	410,000	9.8%
Total funding sources	**$94,750,000**	**$88,910,000**	**6.6%**

TABLE 6

Funds used based on congressional limitation

Funds used category	2024 funds used	Congressional limitation	Percentage used
Assessment funds used*	$94,102,355	$94,300,000	99.8%

*Includes amounts used from current year assessed amounts and assessment carryover amounts used to fund the budget.

TABLE 7

Funds used by major budget category

Budget category	FY 2024	FY 2023	Percentage change
Personnel compensation and benefits	$81,324,036	$77,414,574	5.1%
Travel and transportation	2,517,941	2,386,317	5.5%
Contractual services	6,999,933	5,884,553	19.0%
Property and equipment	1,155,932	292,625	295.0%
Other	2,384,384	2,495,270	(4.4%)
Total funds used*	**$94,382,226**	**$88,473,339**	**6 7%**

*The total funds used include reimbursable activity that is not subject to the congressional limitation.

As table 7 shows, in FY 2024 the agency expended $5,908,887 more out of the total budget than in FY 2023. Dollarwise, the largest increases were across personnel compensation and benefits, contractual services, and property and equipment.

Personnel compensation and benefits increased by $3,909,462. This increase is the result of two factors: increases in the number of staff and planned increases in salaries and promotions. Personnel compensation and benefits continue to account for the most significant use of funds at FCA, representing approximately 86.2% of the total funds used in FY 2024.

The second largest increase in funds used in FY 2024 relative to FY 2023 was in contractual services. The 19.0% increase of $1,115,380 allowed us to address agency needs for technology support and maintenance agreements, as well as to obtain required services from other agencies.

Funds used for equipment reflected the largest percentage increase in FY 2024, with a 295.0% increase of $863,307. The agency contracted with a vendor for the lifecycle replacement of the agency laptops. These laptops will be placed into service during FY 2025, at which point they will become part of our capitalized property portfolio.

Program costs and revenues

The statements of net cost present our program costs and revenues for the fiscal years ended Sept. 30, 2024, and Sept. 30, 2023. Because this section focuses on the cost of operations, some data provided here may differ from data provided in sections of this report that are based on budgetary accounting. Balances on the statements of net cost are based on accrual accounting where revenues are recognized when earned and expenses are recognized when a liability is incurred.

Gross costs

We achieve our strategic goals and manage our costs with sound business planning and effective resource management. Gross costs, less any earned revenue, represents the net cost of agency program activities. The net cost of our core program activities totaled $7,607,537 for the year ended Sept. 30, 2024, compared with $10,924,197 for the same period the previous year. While both revenue and expenses increased this past year, the rate of increase in revenue outpaced the increase in expenses. This resulted in a decrease in FY 2024 net cost relative to FY 2023 net cost of $3,316,660.

The total gross cost of our programs for FY 2024 is $103,088,492, compared with $97,715,733 for FY 2023. This represents an increase of $5,372,759, or 5.5%, from 2023. Figure 3 shows the breakdown of FY 2024 and FY 2023 gross costs for each of our core program activities. Most of our costs support our core program activities. The increase in total costs resulted from a combination of increases in the number of staff, higher employee compensation, increases in contractual services, and increased travel.

Employee salaries and benefits represent our greatest overall cost. For FY 2024, employee compensation totaled $87,016,913, or 84.4%, of total gross cost. We recruit and train staff to fill vacancies in accordance with our employment and diversity strategies to meet operational challenges and evolving risks in the FCS, including Farmer Mac. We periodically perform compensation studies to comply with the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, which requires us to keep our salaries and benefits comparable with the salaries and benefits of other federal financial institution regulators. Keeping compensation competitive helps us continue to fulfill our mission to provide the FCS, including Farmer Mac, with effective regulation and oversight.

Earned revenues

Figure 4 shows the breakdown of FY 2024 and FY 2023 gross revenue allocated to each of our core program activities. Earned revenue for FY 2024 totaled $95,480,955, up $8,689,419, or 10.0%, from FY 2023. Earned revenue increased in FY 2024 primarily because of increases in institution assessments.

FIGURE 3

Percentage of gross costs by agency program

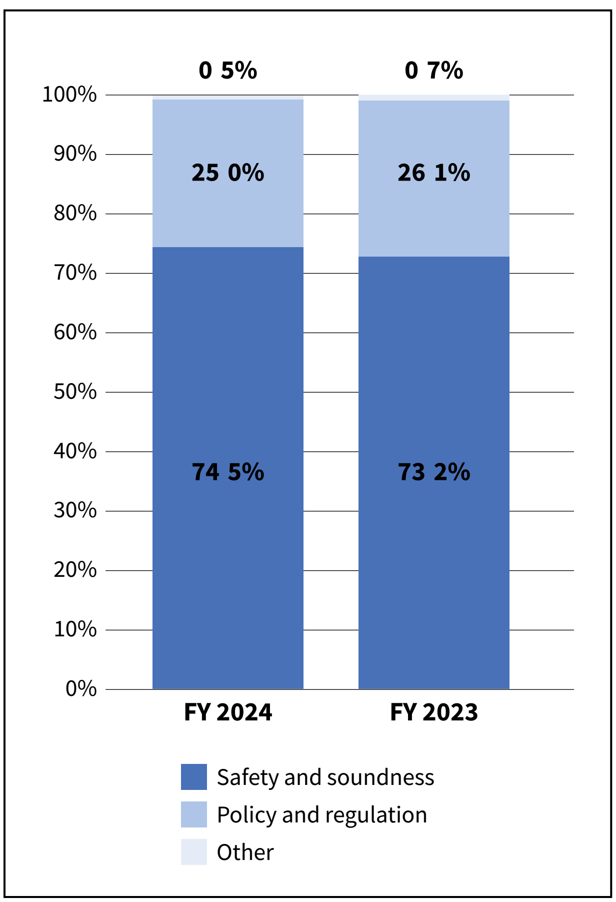


FIGURE 4

Percentage of gross revenue by agency program

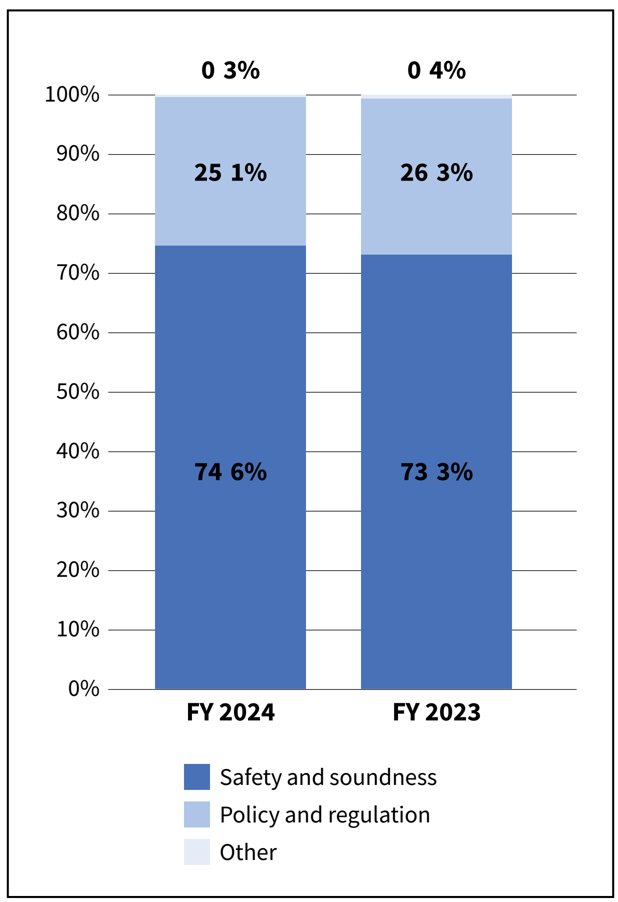


FIGURE 5

FY 2024 sources of revenue

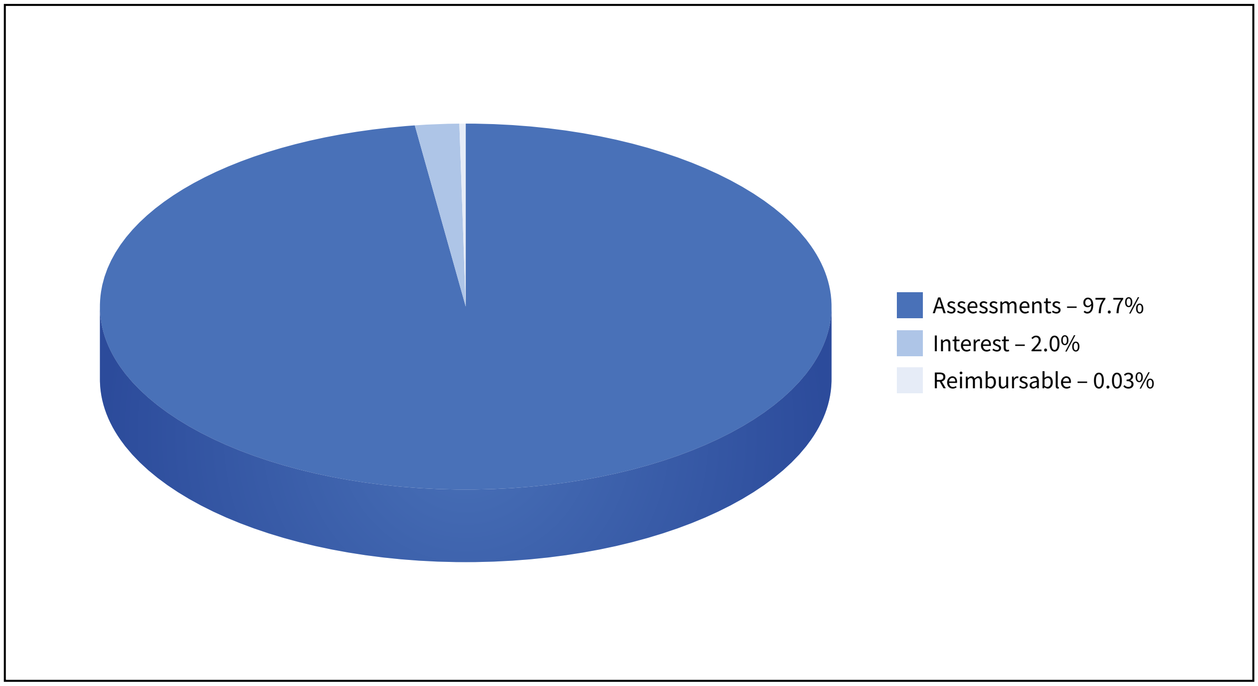


Figure 5 shows the breakdown of our three sources of revenue — assessments, interest on investments, and reimbursable activity. As one would expect, most of our revenue is derived from assessments (97.7%). Those revenues are used to fulfill our primary goals of carrying out our public mission and ensuring the safety and soundness of the System.

Policy and regulation program

We invest significant resources in our policymaking, regulatory, and corporate activity functions to ensure that the FCS, including Farmer Mac, fulfills its policy and regulation mission as mandated by Congress. During FY 2024, we continued to ensure the safe and sound flow of funds to U.S. agriculture and rural areas by providing regulation, policy, and guidance for the FCS and Farmer Mac. The cost of this program also includes the review of borrower complaints and the review and approval of FCS institution mergers.

For the fiscal year ended Sept. 30, 2024, the cost of our policy and regulation activities was $25,775,516, representing an increase of $249,478, or 1.0%, from the same period the previous year. The cost of the policy and regulation program represents 25.0% of our total costs for FY 2024.

Safety and soundness program

We invest heavily in the recruitment and training of examination staff through our Examiner Commissioning Program. These recruiting and training efforts are necessary to meet human resource needs and to offset the impact of unplanned employee attrition and the large number of retirements expected within the next few years. These efforts have enabled us to maintain our level of supervision of the FCS to ensure its safety and soundness.

The cost of the examination and supervision of the FCS and Farmer Mac increased $5,311,035, or 7.4%, to $76,778,077. The cost of the safety and soundness program rose for the same reasons that the cost of the policy and regulation program rose — increases in staff and related compensation and benefit costs. Safety and soundness program costs make up the largest portion of our expenditures at the program level:

74.5%. Most agency staff are dedicated to examination and supervision of the FCS, which is reflected in the large percentage of costs and revenue associated with the safety and soundness program.

Other activity

“Other activity” includes examining and overseeing the National Cooperative Bank and performing reimbursable services for the Farm Credit System Insurance Corporation. Costs associated with this category decreased by $187,754 from 2023 to $534,899. The costs for providing reimbursable services remain relatively low compared with the total costs for our core program activities of policy and regulation, and safety and soundness. Other activity represented approximately 0.5% of our total costs in FY 2024.

Limitations of the financial statements

As required by 31 U.S.C. 3515(b), we have prepared the principal financial statements to report the financial position and results of our operations. We have prepared these statements from our books and records in accordance with U.S. generally accepted accounting principles for federal entities and the formats prescribed by the Office of Management and Budget (OMB). Reports used to monitor and control budgetary resources are prepared from the same records.

As you read these statements, please keep in mind that they are for a component of the U.S. government.

Forward-looking analysis

In FY 2025, we will continue to fulfill our congressional mission: to ensure that Farm Credit System institutions and Farmer Mac are safe, sound, and dependable sources of credit and related services for all creditworthy and eligible persons in agriculture and rural America.

As we stated in an informational memorandum about our National Oversight Plan, we will focus on the following areas when conducting examinations of System institutions in FY 2025:

- Sustainability of capitalization practices
- Innovation through automation and artificial intelligence
- Mission-focused lending
- Sound governance
- Credit and collateral risk exposure
- Cyber risk management

On the regulatory front, we plan to issue several notices of proposed rules and re-propose a previously proposed rule on collateral evaluation. The fall regulatory projects plan, which will soon be available on the FCA website, provides a detailed list of the projects we expect to work on in FY 2025.

In addition to overseeing the System, we will continue to monitor the general and farm economy for risks that may threaten System institutions and their borrowers. Current risks include continued inflation, weakened consumer spending, and declining debt repayment performance. The dollar’s strength reduces the cost of imported goods but negatively affects export-dependent sectors like agriculture.

Major-crop producers will need to be ready for financial pressures ahead caused by relatively high (though declining) interest rates and elevated expenses coupled with failing cash receipts. Comparatively high farmland prices, combined with current interest rates and declining farm income, could increase collateral risk going forward.

While livestock, poultry, and dairy margins improved in 2024, the emergence of highly pathogenic avian influenza in livestock has added some risk and extra costs for producers and may continue to do so. We will continue to monitor the economy for these risks and others and to share our findings with the institutions we regulate.

FCA also addresses sustainability in its day-to-day operations. Vonda Bell, our chief human capital officer and director of the Office of Agency Services, leads our efforts to ensure that the agency has a purposeful approach to identifying and mitigating environmental impacts.

Analysis of FCA's Systems, Controls, and Legal Compliance

Strategy for FCA's financial management system

We partner with the Department of the Treasury's Bureau of the Fiscal Service to provide FCA with several financial management services. This shared-services approach helps us maximize efficiency while maintaining a high standard of financial management and accountability.

This partnership gives us access to core financial systems without our having to maintain the necessary technical and systems architectures. We use Oracle Federal Financials as our financial system of record. Oracle Federal Financials is a commercial, off-the-shelf software package, which is certified under the Joint Financial Management Improvement Program to meet federal government accounting requirements. This web-based software integrates our key activities, such as payroll, travel, purchase card activity, and federal investments.

Although we perform all procurement activities in house, we partner with the Fiscal Service for procurement system services and support. The procurement system is fully integrated with Oracle Federal Financials. This integration enables us to check our funds in real time and to commit and obligate funds as transactions are approved.

By working with the Fiscal Service, we comply with the OMB Financial Management Line of Business initiative, which encourages agencies to improve the cost, quality, and performance of financial management systems by using shared services.

Collaborating with the Fiscal Service also helps us achieve our perennial goal of improving financial management; the collaboration ensures that our financial systems are up to date and in compliance with the latest guidance from the Treasury and OMB. We continue to work on streamlining our business processes to ensure efficient and effective financial management operations.

Federal Managers' Financial Integrity Act

The Federal Managers' Financial Integrity Act (FMFIA) requires federal agencies to establish and maintain a system of internal control to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.

The management control objectives under the FMFIA are to reasonably ensure that our

- obligations and costs comply with applicable laws;
- assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and
- revenues and expenditures are properly recorded and accounted for.

Agencies must evaluate and report on the effectiveness of their internal controls and assess whether their financial management systems comply with requirements outlined in section 4 of the FMFIA.

As a federal agency, we ensure our compliance with the FMFIA through our financial management system strategy, internal control program, and compliance with applicable laws and regulations.

Internal control program

We have established internal controls to meet the objectives of the FMFIA. Our system of internal control conforms with the Government Accountability Office's Standards for Internal Control in the Federal Government (Green Book).

Our internal controls are designed to provide reasonable assurance that transactions are properly recorded, processed, and summarized so that we can prepare financial statements accurately and safeguard our assets.

Our program offices are responsible for implementing and maintaining enterprise risk-management practices and internal controls to ensure the following:

- Alignment of strategic goals with the agency's mission.
- Effective and efficient operations.
- Reliable reporting.
- Compliance with applicable laws and regulations.

We conduct risk-based internal control assessments in accordance with OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, and applicable appendices. Based on the results of the assessments, we have reasonable assurance that controls over operations, reporting, and compliance with laws and regulations are designed and operating effectively.

In addition, our independent financial statement auditor reported that we maintained effective internal control over financial reporting and compliance with applicable laws and regulations. The auditor did not report any material weaknesses or significant deficiencies.

Prompt Payment Act

We follow the Prompt Payment Act guidelines, which calls on agencies to report on efforts to make timely payments to vendors, as well as the amount of interest penalties paid for late payments.

During FY 2024, we paid on time 100% of the invoices subject to the Prompt Payment Act. We use Treasury's Invoice Processing Platform to manage our invoicing process, which streamlines our processing and helps ensure timely payment.

Debt Collection Improvement Act

The Debt Collection Improvement Act of 1996 prescribes standards for carrying out federal agency collection actions and for referring an agency's uncollectible debts to the proper federal agency for collection and litigation. The act has no material effect on us because we operate with virtually no delinquent debt.

This act was amended by the Digital Accountability and Transparency Act of 2014 (DATA Act) to require that debts outstanding for more than 120 days be transferred to the Treasury Department for collection under the Treasury Offset Program. We have transferred applicable debt to the Treasury Department.

Digital Accountability and Transparency Act

The DATA Act was enacted to increase accountability and transparency in federal spending and expand the requirements of the Federal Funding Accountability and Transparency Act of 2006. Since our agency does not receive federal tax dollars, OMB has determined that FCA is not subject to the reporting requirements of the DATA Act.

Inspector General Act

The Inspector General Act of 1978, as amended, requires inspectors general to report to their agency heads and to Congress every six months. The semiannual reports prepared by FCA's Office of Inspector General (OIG) describe its audits, inspections, evaluations, investigations, and other oversight activities.

The FCA OIG posts all audit, inspection, and evaluation reports on its website within three business days of final submission to the FCA board. These reports are also posted on **Oversight.gov**, which contains OIG reports from across the federal government.

Below is a summary of the recommendations in these reports, as well as our progress in taking corrective action.

Summary of OIG audit, inspection, and evaluation activities

OIG issued five audit, inspection, or evaluation reports during FY 2024, resulting in 13 new recommendations. At the beginning of FY 2024, 17 recommendations remained open from prior fiscal years. Over the course of FY 2024, 19 of the 30 open recommendations were closed. As of Sept. 30, 2024, 11 remained open. The reports are available on the FCA OIG's website at **www.fca.gov/about/inspector-general-plans-and-reports**. OIG completed the following reviews in FY 2024.

- Farm Credit Administration's Financial Statements Fiscal Year 2023 (Nov. 14, 2023): The audit produced no recommendations.
- Farm Credit Administration's Compliance with the Payment Integrity Information Act of 2019 for Fiscal Year 2023 (Feb. 5, 2024): The inspection produced no recommendations.
- The Identification and Mitigation Efforts for Key Position and Personnel Dependencies at the Farm Credit Administration (Feb. 20, 2024): The inspection produced five recommendations.
- Farm Credit Administration's Telework and Remote Work Program (July 8, 2024): The audit produced five recommendations.
- 2024 Evaluation of the Farm Credit Administration's Compliance with the Federal Information Security Modernization Act (July 26, 2024): The evaluation produced three recommendations.

Summary of OIG recommendations

Open recommendations as of Oct. 1, 2023	17
New recommendations during FY 2024	13
Recommendations closed during FY 2024	19
Open recommendations as of Sept. 30, 2024	11
Recommendations open more than one year	1

OIG survey of FCS institutions regarding the agency's examination function

OIG conducts a quarterly survey of FCS institutions on the agency's examination function. It issues reports on the survey results to the FCA board and the FCA chief examiner. In FY 2024, OIG issued the following survey reports:

- Third and Fourth Quarters Fiscal Year 2023 (March 29, 2024)
- First and Second Quarters Fiscal Year 2024 (Aug. 14, 2024)

Statement of Assurance

November 5, 2024

The Farm Credit Administration's management is responsible for managing risks and maintaining effective internal control and financial management systems that meet the objectives of sections 2 and 4 of the Federal Managers' Financial Integrity Act (FMFIA).

FCA has considered risk management practices in the design of internal controls and in the assessment of their effectiveness. We conducted our assessment of risk and internal controls in accordance with OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. Based on the results of this assessment, we can provide reasonable assurance that the internal controls over financial reporting and operational and compliance objectives were operating effectively as of Sept. 30, 2024. No material weaknesses were found in the design or operation of the internal controls.

As part of our evaluation process, we considered the results of extensive testing and assessment across the organization, as well as independent audits, to provide our unmodified statement of assurance.

Vincent G. Logan
Board Chairman and Chief Executive Officer
Farm Credit Administration

Program Performance

This section discusses FCA's performance against the performance goals and metrics identified in the agency's strategic plan for fiscal years 2022 – 2026.

FCA Performance Report

FCA's mission is to ensure that System institutions and Farmer Mac are safe, sound, and dependable sources of credit and related services for all creditworthy and eligible persons in agriculture and rural America.

We fulfill our mission by (1) issuing regulations and implementing public policy and (2) identifying risk and taking corrective action.

In FY 2022, we undertook a collaborative and inclusive process to update our strategic plan consistent with guidance from the Office of Management and Budget. The following information outlines the goals and objectives of our strategic plan and explains the purpose of each. The tables at the end of this section include the metrics we adopted in our strategic plan to help us meet our goals and objectives. They also provide the results of those metrics. As the strategic plan for 2022–2026 revised the performance metrics, there are only two years of results available for comparative reporting.

Strategic goals

The FCA board adopted two strategic goals for the current strategic plan:

- Ensure a sound financial system that provides a sustainable source of credit for agriculture and rural America. To achieve this goal, we identified seven strategic objectives, 15 performance goals, and 20 metrics.
- Foster the long-term viability of the U.S. agricultural economy while supporting young, beginning, and small (YBS) farmers, ranchers, and aquatic producers. To achieve this goal, we adopted two strategic objectives, five performance goals, and five metrics.

Goal 1 — Ensure a sound financial system that provides a sustainable source of credit for agriculture and rural America

This strategic goal directly reinforces FCA's mission and addresses the following three focus areas:

- We will consider the challenges facing the System's small versus large associations when evaluating merger proposals and administering its examination and regulatory programs.
- We will evaluate the effectiveness of the contingency plans of System institutions and Farmer Mac in addressing weather and other environmental threats to agriculture that we identify through scenario testing.
- We will assess the preparedness of System institutions and Farmer Mac for cybersecurity threats and events.

Goal 1, Strategic objective 1: Ensure compliance with laws and regulations that support the sound financial condition and performance of all System institutions.

Complying with laws and regulations is crucial for System institutions because it helps maintain their stability, reputation, and overall health. It protects them against legal and operational risks, prevents unethical behavior, and maintains the trust of borrowers and other stakeholders. It also fosters transparency, accountability, and fair practices, which are essential for the long-term success of financial institutions and the broader financial system.

Goal 1, Strategic objective 2: Ensure the System makes products and services available to all creditworthy and eligible borrowers in an impartial manner.

FCA regulations require each direct-lender System institution to include in its operating and strategic business plan a marketing plan with strategies for providing its products and services to all creditworthy and eligible prospective borrowers. Serving all such borrowers in an impartial manner promotes financial inclusion and equity. It allows individuals, regardless of their backgrounds, to access opportunities for economic growth and risk management. This inclusive approach contributes to a healthier farm economy, reduces disparities, and enables more people to prosper.

Goal 1, Strategic objective 3: Ensure Farmer Mac provides secondary market programs that increase the availability of credit and liquidity to agriculture, rural communities, and rural infrastructure.

Farmer Mac helps increase the availability of credit in rural communities by giving lenders greater liquidity and lending capacity, thus enhancing their service to farmers, ranchers, and rural utilities. The statute requires the Farmer Mac board to promote the inclusion of qualified loans for small farms and family farmers in the agricultural mortgage secondary market. FCA, through its Office of Secondary Market Oversight, monitors and oversees Farmer Mac's activities. Ensuring that Farmer Mac provides effective secondary market programs supports agriculture and rural communities by facilitating access to credit and liquidity. This, in turn, contributes to increased agricultural productivity, job creation, and improved living standards in rural areas. Furthermore, secondary market programs can attract more investors to rural investment projects, ultimately stimulating economic growth and resilience in these regions.

Goal 1, Strategic objective 4: Promote opportunities for stakeholder engagement when establishing and reviewing regulatory and policy proposals.

Promoting opportunities for stakeholders to engage in the regulatory and policy development process leads to better decision-making. Involving diverse stakeholders, including industry representatives, borrower advocates, experts, and the public, ensures that we consider different perspectives, concerns, and expertise when setting policy. This collaborative approach helps us identify potential pitfalls, unintended consequences, and alternative solutions. It also increases transparency and accountability, fostering public trust and reducing the likelihood of contentious issues arising later. Ultimately, engaging stakeholders leads to more balanced and well-rounded regulations and policies that are more likely to achieve their intended goals.

Goal 1, Strategic objective 5: Promote System lending for, and investments in, rural infrastructure to foster the vitality of rural communities.

Supporting rural infrastructure fosters the vitality of rural communities by stimulating economic growth, improving agricultural productivity, delivering quality services, and attracting further investment. This makes current rural residents less likely to move away and others more likely to move into rural communities. In essence, promoting System lending for, and investments in, rural infrastructure strengthens rural communities, ensuring they will be there for future generations.

Goal 1, Strategic objective 6: Encourage board and workforce diversity at System institutions and Farmer Mac.

Diverse representation on the board and in the workforce ensures that the policies and programs of System institutions consider the wide range of experiences, challenges, and needs facing all eligible, creditworthy potential borrowers in their territories. Overall, embracing diversity enhances an institution's effectiveness, adaptability, and relevance.

Goal 1, Strategic objective 7: Ensure the System and Farmer Mac identify and implement safeguards to mitigate the potential impact of established and emerging risks.

Identifying and implementing safeguards to mitigate the impact of risk is a fundamental part of the System's and Farmer Mac's responsibility. Doing so is critical to their ability to fulfill their roles in supporting agriculture and rural communities. These safeguards foster financial resilience, stakeholder trust, regulatory compliance, and long-term sustainability.

Goal 2 — Foster the long-term viability of the U S agricultural economy while supporting young, beginning, and small (YBS) farmers, ranchers, and aquatic producers.

Congress requires that System associations maintain programs to provide credit and related services to YBS farmers, ranchers, and aquatic producers. These programs bolster the agriculture industry's ability to provide for the nation's food needs, maintain economic vitality, and address pressing challenges such as sustainability and the transition of agriculture operations from one generation to the next. Achieving this goal supports food security, economic stability, rural development, innovation and sustainability, generational transition, diversity of agriculture, skill development, community vibrancy, environmental stewardship, and global competitiveness.

Goal 2, Strategic objective 1: Promote access to YBS lending programs and financial services for eligible borrowers.

This strategic objective promotes access to YBS services for eligible borrowers. This helps ensure that all eligible borrowers in an institution's territory can take advantage of the services the institution offers to young, beginning, and small producers.

Goal 2, Strategic objective 2: Encourage effective outreach by System institutions to promote the success of YBS farmers, ranchers, and aquatic producers.

This objective helps ensure that System institutions reach out to potential YBS borrowers in their territories. Effective outreach is critical to identifying groups and individuals who might not otherwise know that these services exist. Achieving this objective gives more YBS producers the chance to succeed.

Stewardship objectives

To support the two strategic goals and reinforce the agency's commitment to fulfilling its mission, the FCA board originally adopted three stewardship objectives:

- Ensure a well-trained, engaged, and diverse staff working effectively in a safe, efficient, and modern workplace. To achieve this objective, we have developed 12 performance goals and 15 metrics.
- Ensure that data and technology assets are accessible, protected, and used effectively in a modern environment. For this objective, we have developed nine performance goals and seven metrics.
- Ensure sound management and oversight of agency financial resources to achieve strategic goals. For this objective, we have developed three performance goals and three metrics.

The agency continues to prioritize efforts to advance its mission-support activities in the most meaningful and impactful ways. For example, in FY 2024, the Board announced four key priorities, which you will find on page 5. The work underway both reflects and reinforces the following stewardship objectives and provide a roadmap for the agency's Strategic Plan for Fiscal Years 2026 – 2030.

Stewardship objective 1 — Ensure a well-trained, engaged, and diverse staff working effectively in a safe, efficient, and modern workplace.

With a current employee engagement score of 82%, FCA has consistently been recognized as one of the top 10 best small agencies to work for in the federal government by the Partnership for Public Service based on the results of the Federal Employee Viewpoint Survey (FEVS). This objective reflects our commitment to employing a diverse, modern, and talented workforce while also maintaining a healthy, supportive, and inclusive workplace. We strive to ensure that our employees have the resources and skills they need to excel professionally. The agency achieves this through strategic workforce initiatives that help motivate, engage, and retain a 21st-century workforce.

Stewardship objective 1, Sub-objective 1:
Enhance FCA's workforce diversity.

Enhancing workforce diversity improves overall organizational health. Diverse teams bring together a variety of perspectives, experiences, and ideas, fostering innovation and creative problem-solving. Diversity also fosters more well-rounded decision-making, attracts a wider range of talent, reduces turnover, promotes fairness and equality, and demonstrates responsible public stewardship.

Stewardship objective 1, Sub-objective 2:
Ensure employees have clear, measurable performance expectations that are aligned with FCA's mission and strategic plan.

Having clear, measurable performance expectations that align with our mission and strategic plan is a cornerstone of effective management, employee engagement, and organizational success. Clear expectations ensure that employees understand their roles, priorities, and how their work contributes to the agency's overall objectives. They also provide a basis for evaluating employee performance objectively, fostering accountability and transparency. Clear expectations also promote efficiency and strategic alignment at every level of the agency.

Stewardship objective 1, Sub-objective 3:
Ensure employees receive targeted professional training and development opportunities.

Targeted training and development opportunities foster a skilled, engaged, and adaptable workforce. These opportunities help employees acquire new skills and knowledge, and enhance their capabilities and job performance. Ongoing training helps employees adapt to new technologies, industry trends, and changing job requirements. It also encourages innovation by exposing employees to new ideas, approaches, and best practices. Investing in development shows employees that their growth is valued, which can boost job satisfaction, recruitment, retention, and overall engagement.

Stewardship objective 1, Sub-objective 4:
Ensure agency policies and practices demonstrate a culture of respect and professionalism toward all individuals, internal and external to FCA.

A culture of respect and professionalism is foundational for a healthy and successful agency because the culture affects employee experiences, productivity, and interactions. As a financial regulator, we emphasize ethical conduct among all employees. Maintaining a culture of respect and professionalism enhances employee well-being, increases productivity, improves retention, and fosters collaboration and inclusion.

Stewardship objective 2 — Ensure data and technology assets are accessible, protected, and used effectively in a modern environment

This stewardship objective helps ensure that we have the data and technology we need to fulfill our mission, that we have the means to protect them, and that our employees have the skills to use them effectively.

Stewardship objective 2, Sub-objective 1:
Safeguard data and technology assets and provide technology platforms designed to enhance employee productivity.

Effectively managing our data and technology assets ensures that we can harness our employees' full potential, remain secure, make informed decisions, and maintain relevance in a rapidly evolving environment. Accessible data promotes better decision-making and ensures that our employees can respond to challenges and opportunities more effectively. Effective use of technology and data also fosters innovation by enabling secure exploration and analysis, and the development of responsive solutions. Protecting data safeguards against cyber threats, breaches, and unauthorized access.

Stewardship objective 2, Sub-objective 2:
Advance evidence-based policy and organizational decision-making.

Advancing evidence-based policy and decision-making ensures that FCA makes well-informed, logical, and defensible choices that contribute to the agency's overall success. Decisions rooted in evidence reduce the risk of negative consequences, foster accountability and trust among stakeholders, and support continuous process improvement and strategic alignment.

Stewardship objective 3 — Ensure sound management and oversight of agency financial resources to achieve strategic goals.

This stewardship objective underscores the importance of accountability and transparency as we perform our fiduciary duties.

Stewardship objective 3, Sub-objective 1: Ensure accountability and transparency in the execution of our fiduciary duties and ability to deliver reliable financial information to our stakeholders.

Ensuring accountability and transparency in performing fiduciary duties and financial reporting is essential to our ability to maintain trust, comply with regulations, make informed decisions, and ensure the overall health and sustainability of our agency. We foster good stewardship of our financial resources by ensuring that we balance the amounts assessed to the System and Farmer Mac with the costs of ensuring their safety, soundness, and mission fulfillment.

Stewardship objective 3, Sub-objective 2: Ensure assessments for Farm Credit System institutions are appropriate based on reasonable costs associated with the agency's examination and supervision activities.

Appropriate assessments for Farm Credit System institutions ensure alignment between our regulatory costs and our mandate as a financial system regulator. Our goal is to provide a balanced and effective regulatory framework that contributes to the stability and integrity of the financial sector.

Data validation and verification

FCA ensures the completeness, reliability, and quality of all reported information included in this report through validation of performance data and other information contained in this section. These efforts primarily entail regular internal agency processes for ensuring accurate data generation, entry, and reporting; data integrity; and independent peer review.

FCA's data validation and verification include the following:

- Using applied measurement techniques to identify sources, validate data, and generate meaningful information.
- Identifying and implementing authoritative sources, calculations, and standards.
- Using automated data collection systems and reporting whenever available.
- Using automated data checking procedures and manual verification.
- Analyzing data and identifying possible discrepancies for resolution.
- Implementing controls, such as restricting permissible values, flagging outliers for review, and visually checking results in development stages of dashboards and reports.
- Requiring data owners and users to review data.
- Consolidating and deploying enterprise tools for standardized reporting.
- Performing independent quality assurance reviews before issuing reports.
- Reviewing and discussing performance results with the executive leadership team.

TABLE 8A

Performance measures and results for goal 1

Reporting period for metrics for goal 1 is July 1, 2023, to June 30, 2024.

Metric SO1 1 a: Most objectives listed in the preamble of each final rule were met on the two-year anniversary of the rule's effective or implementation date.	**Results:** Two rules met the reporting requirement. The objectives listed in the preamble of the final rules were met on the two-year anniversary of the implementation date.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric SO1 1 b: Percentage of System institutions where supervisory agreement requirements were at least substantially met within 18 months of execution.	**Results:** The agency does not have any FCS institutions under enforcement. This metric is not applicable as of June 30, 2024.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
>80%	N/A	N/A	**N/A**

Metric SO1 1 c: Percentage of institutions with satisfactory audit and review programs, including institutions with acceptable corrective action plans.	**Results:** Our oversight and examination program emphasizes strong internal controls at all System institutions, including internal controls over financial reporting. In 2024, 100% of institutions had satisfactory audit and review programs, which include acceptable corrective action plans.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
100%	98%	100%	✓

Metric SO1 1 d: Percentage of System assets with a 1 or 2 composite Financial Institution Rating System (FIRS) rating.	**Results:** FCA uses the FIRS to assess the safety and soundness of each FCS institution. Similar to the systems used by other federal banking regulators, FIRS is a framework of component and composite ratings to help examiners evaluate significant financial, asset quality, and management factors. FIRS ratings range from 1 for a sound institution to 5 for an institution likely to fail. In 2024, 99% of all System assets (which include loans to borrowers, System investments, and acquired property) were held by institutions with a 1 or 2 composite FIRS rating, exceeding the target on this metric.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
>98%	99%	99%	▲

The following defines the symbols and abbreviations used to describe targets in the Performance Measures and Results tables: **>** is greater than; **N/A** indicates either that the measure is not applicable or that FCA's performance could not be measured; ▲ indicates we exceeded the FY 2024 target; ✓ indicates we achieved the FY 2024 target; ▼ indicates we did not meet the FY 2024 target. Tables are limited to two years of data because FCA performance is measured against goals and metrics identified in the agency's strategic plan for fiscal years 2022 – 2026.

Metric SO1 2 a: Percentage of FCS institutions providing products and services to creditworthy and eligible persons.	**Results:** FCA regulations require each direct-lender System institution to include in its operating and strategic business plan a marketing plan with strategies for providing the institution's products and services to all creditworthy and eligible persons. The Office of Examination has updated FCA's minimum business plan expectations beyond regulatory compliance, including diversity and inclusion requirements. These expectations are reflected in examination guidance and communications with the System. Annually, we review all System institutions' business plans for compliance with FCA regulations and examination guidance. In 2024, 100% of FCS institutions had satisfactory operating, marketing, and strategic plans for providing products and services to all creditworthy and eligible persons.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
100%	100%	100%	✓

Metric SO1 2 b: FCA solicited comments from the public and other interested parties on certain guidance and all regulations issued by the agency.	**Results:** FCA did not publish any rules for comment in the Federal Register. We conduct outreach with the System on most policy projects. We published the Unified Regulatory Agenda in spring and fall to notify stakeholders of our upcoming regulatory plan. Additionally, after Unified Agenda notification is published and questions arise prior to projects getting underway, we may discuss the subjects at various events with System stakeholders.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric SO1 2 c: Percentage of direct-lender institutions with satisfactory consumer and borrower rights compliance.	**Results:** Our examiners regularly evaluate compliance with consumer and borrower rights regulations by reviewing direct-lender institutions' policies, programs, processes, and loans. In 2024, 100% of direct-lender institutions had satisfactory consumer and borrower rights compliance.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
>90%	100%	100%	▲

Metric SO1 3 a: The Office of Secondary Market Oversight (OSMO) effectively identified emerging risks as part of the examination and oversight process.	**Results:** FCA, through OSMO, monitors and oversees Farmer Mac's activities. We effectively identify risk by completing an annual risk assessment of Farmer Mac's operations to determine where to focus examination resources and time. In addition, we issue an annual informational memorandum to identify specific areas of emphasis during the upcoming examination cycle. We identify these focus areas during our annual planning process and consider them for updates based on the results of our ongoing monitoring and oversight.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric SO1 3 b: OSMO took appropriate supervisory and corrective actions.	**Results:** OSMO is responsible for executing the examination of Farmer Mac. Through OSMO, we issue corrective actions to Farmer Mac that warrant the attention of its board and management; the corrective actions aim to improve the overall safety and soundness of Farmer Mac. We evaluate actions taken to address matters requiring attention and recommendations on a quarterly basis and summarize progress in interim activity letters and the annual report of examination. In 2024, actions taken in response to our examination activities strengthened Farmer Mac's operations, and its efforts to address corrective actions were satisfactory.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

The following defines the symbols and abbreviations used to describe targets in the Performance Measures and Results tables: **>** is greater than; **N/A** indicates either that the measure is not applicable or that FCA's performance could not be measured; ▲ indicates we exceeded the FY 2024 target; ✓ indicates we achieved the FY 2024 target; ▼ indicates we did not meet the FY 2024 target. Tables are limited to two years of data because FCA performance is measured against goals and metrics identified in the agency's strategic plan for fiscal years 2022 – 2026.

Metric SO1 3 c: OSMO evaluated if Farmer Mac's business plan contains strategies to promote and encourage the inclusion of all qualified loans (including loans to small farms and family farmers) in its secondary market programs.	**Results:** Statute requires the Farmer Mac board to promote and encourage the inclusion of qualified loans for small farms and family farmers in the agricultural mortgage secondary market. Through OSMO, we evaluated the contents of Farmer Mac's 2024 business plan. We found that the plan contained strategies for promoting and encouraging the inclusion of all qualified loans, including small and family farm loans, in its secondary market programs. In addition, we reviewed Farmer Mac's mission achievement report, which Farmer Mac submits annually to FCA; this report includes activity related to small and family farms.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric SO1 3 d: OSMO evaluated Farmer Mac's progress toward achieving its mission to provide a source of long-term credit and liquidity for qualified loans.	**Results:** Farmer Mac submits an annual mission achievement report to FCA, which includes activity related to small and family farms and market penetration. Each year during our examination of Farmer Mac, we review its mission achievement report, and we document results and conclusions in our annual report of examination. We included these results in our 2023 report of examination, which was issued to Farmer Mac in October 2023, and we will include these results in our 2024 report.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric SO1 3 e: OSMO assessed the need for new or revised regulatory and policy guidance for Farmer Mac as new risks emerged.	**Results:** Through OSMO, we assess the need for new or revised regulatory and policy guidance for Farmer Mac in our annual operating plan. If new risks emerge during the year, we adjust planned regulatory or policy projects. For example, we evaluated public comments received from the advance notice of proposed rulemaking to consider updating Farmer Mac's regulatory capital framework and for the forthcoming cyber rule.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric SO1 4 a: FCA requested input from persons outside of FCA for at least 90% of pre-rulemaking projects and proposed rules.	**Results:** FCA regulatory and policy workgroups engage in pre-rulemaking and policy drafting outreach to the Farm Credit System and other interested parties in developing positions for board consideration.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric SO1 5 a: FCA mentioned the importance of rural infrastructure in congressional testimony and public communications.	**Results:** As part of the Office of Regulatory Policy's (ORP) efforts with the Office of Equal Employment Opportunity and Inclusion (OEEOI) to increase capital access for agriculture and economic development in Indian Country, staff participated in outreach and public communications with stakeholders on the importance of rural infrastructure. In October 2023, we issued a memorandum to encourage System institutions to strengthen service to Native American communities, which have faced gaps in agricultural infrastructure. In addition, in recent meetings with System institutions and with Native American tribal councils, the chairman has discussed the System's support for rural utilities and other infrastructure.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

The following defines the symbols and abbreviations used to describe targets in the Performance Measures and Results tables: **>** is greater than; **N/A** indicates either that the measure is not applicable or that FCA's performance could not be measured; ▲ indicates we exceeded the FY 2024 target; ✓ indicates we achieved the FY 2024 target; ▼ indicates we did not meet the FY 2024 target. Tables are limited to two years of data because FCA performance is measured against goals and metrics identified in the agency's strategic plan for fiscal years 2022 – 2026.

Metric SO1 5 b: FCA evaluated System institution requests for compliance with agency regulations and guidance regarding investments in rural infrastructure.	**Results:** FCA reviews and analyzes all System requests to complete rural infrastructure investment projects requested through §615.5140(e).		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric SO1 6 a: FCA responded to comments from System institutions regarding diversity and inclusion challenges.	**Results:** FCA reviews and analyzes all comments from System institutions regarding our rules. When comments report challenges related to diversity and inclusion, we address each comment individually, and where appropriate, we tailor our rules in response to comments received. We have not received any diversity and inclusion comments or feedback from the System to date.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric SO1 6 b: Percentage of System institutions including Farmer Mac with objectives for addressing board and workforce diversity within the annual business plan.	**Results:** Our Office of Examination has updated examination guidance and communications with the System on our minimum business plan expectations beyond regulatory compliance, including diversity and inclusion requirements. Annually, we review all System institutions' business plans for compliance with FCA regulations and examination guidance. In 2024, 100% of FCS institutions, including Farmer Mac (monitored and overseen by OSMO), had satisfactory operating, marketing, and strategic plans for addressing board and workplace diversity. Our review of Farmer Mac's 2024 business plan found that the plan adequately addressed diversity.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
100%	100%	100%	✓

Metric SO1 7 a: Percentage of System institutions including Farmer Mac with contingency plans to preserve capital adequacy, earnings capacity, and access to funding.	**Results:** Our examination program emphasizes the adequacy of institutions' strategic business plans, focusing on capital and portfolio planning. Our examiners review each institution's plan to ensure that the evaluation of capital needs and capitalization goals and strategies includes an assessment of key uncertainties in the operating environment. Similarly, we assess whether the institution's stress testing scenarios are sufficient to capture the impacts of macroeconomic stressors on borrower financial performance and portfolio quality. In 2024, 100% of the System's banks and associations had contingency plans to preserve capital adequacy, earnings capacity, and access to funding. Farmer Mac, which is monitored and overseen by OSMO, had sufficient contingency plans.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
100%	Banks and associations 98%	Banks and associations 100%	✓
100%	Farmer Mac 100%	Farmer Mac 100%	✓

The following defines the symbols and abbreviations used to describe targets in the Performance Measures and Results tables: **>** is greater than; **N/A** indicates either that the measure is not applicable or that FCA's performance could not be measured; ▲ indicates we exceeded the FY 2024 target; ✓ indicates we achieved the FY 2024 target; ▼ indicates we did not meet the FY 2024 target. Tables are limited to two years of data because FCA performance is measured against goals and metrics identified in the agency's strategic plan for fiscal years 2022 – 2026.

Metric SO1 7 b: Percentage of System institutions including Farmer Mac addressing cybersecurity threats and controls in risk assessments and internal audit plans.	**Results:** Our oversight and examination program specifically evaluates how System institutions address cybersecurity threats and controls in their risk assessments and internal audit plans. All System institutions addressed cybersecurity threats and controls in their 2024 risk assessments and internal audit plans. Farmer Mac, which is monitored and overseen by OSMO, adequately addressed cybersecurity threats and controls in its 2024 risk assessments and internal audit plan. In October 2023, we approved a final rule on cyber risk management, which requires each System institution to develop and implement a comprehensive, written cyber risk management program. Effective Jan. 1, 2025, this final rule will strengthen cybersecurity and cyber risk management practices at System institutions.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
100%	100%	100%	✓

Metric SO1 7 c: FCA published a semiannual Unified Agenda that outlines the agency's planned regulatory actions for the next 12 to 24 months.	**Results:** The Fall Unified Agenda was published on Feb. 9, 2024, after approval by the Office of Management and Budget (OMB). The Spring Unified Agenda was published on July 5, 2024, after OMB approval.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

TABLE 8B

Performance measures and results for goal 2

Reporting period for metrics for goal 2 is July 1, 2023, to June 30, 2024.

Metric SO2 1 a: Percentage of direct-lender institutions with YBS programs in compliance with YBS regulations.	**Results:** We continue to evaluate the effectiveness of association YBS programs in providing constructive credit to eligible and creditworthy YBS farmers and ranchers. We have also updated examination guidance, as needed, to enhance our ability to assess institution efforts and regulatory compliance in this area.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
100%	100%	100%	✓

Metric SO2 1 b: FCA published a semiannual Unified Agenda that outlines the agency's planned regulatory actions, including YBS, for the next 12 to 24 months.	**Results:** 100%. (See metric SO1.7.c.)		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

The following defines the symbols and abbreviations used to describe targets in the Performance Measures and Results tables: **>** is greater than; **N/A** indicates either that the measure is not applicable or that FCA's performance could not be measured; ▲ indicates we exceeded the FY 2024 target; ✓ indicates we achieved the FY 2024 target; ▼ indicates we did not meet the FY 2024 target. Tables are limited to two years of data because FCA performance is measured against goals and metrics identified in the agency's strategic plan for fiscal years 2022 – 2026.

Metric SO2 1 c: Qualitative and quantitative improvements were made to YBS data.	**Results:** Improvements include implementation of a new data collection and reporting process that provides a more granular view of YBS lending within the Farm Credit System; creation of a new report summarizing the services, education, and outreach activities that institutions employ to serve YBS borrowers; and a revised definition of small farmers to better reflect the current agricultural landscape.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric SO2 2 a: Percentage of System institutions identifying outreach efforts for YBS in their annual business plans.	**Results:** Annually, we review all System institutions' business plans, including the strategies related to their YBS programs, for compliance with FCA regulations and examination guidance. Institutions should include sound, well-considered, and documented strategies and actions for marketing their products and services to all eligible and creditworthy persons — and, specifically, for reaching out to YBS farmers and ranchers. Our examination activities include review of institution annual reports for discussion of how they are meeting their mission and how successful their outreach efforts have been. In 2024, 100% of FCS institutions identified their YBS outreach efforts in their operating, marketing, and strategic plans.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
>90%	100%	100%	▲

Metric SO2 2 b: FCA facilitated sharing of effective YBS practices among System institution decision-makers.	**Results:** FCA's final rule on the Farm Credit System's service to YBS farmers and ranchers, which required updates to the System's YBS planning and additional System coordination, became effective on Feb. 1, 2024. In addition, FCA presented on the implementation of the new YBS data collection and reporting process at the AgFirst Farm Credit Bank conference in June 2024. (See metric SO2.1.c for more information on new data collection and reporting process.)		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

TABLE 8C

Performance measures and results for stewardship objective 1

Note: Reporting period for metrics for stewardship objective 1 is Oct. 1, 2023, to Sept. 30, 2024.

Metric ST1 1 a: Ensured recruiting efforts included outreach to academic institutions with active diversity recruitment programs.	**Results:** During fall 2023 and spring 2024, FCA recruited from 19 colleges, universities, and career fairs with high minority enrollment, including historically Black colleges and universities (HBCUs), Hispanic-serving institutions (HSIs), and tribal colleges and universities (TCUs) and Native American-serving nontribal institutions (NASNTIs). FCA also recruited from military-friendly schools and from the federal Workforce Recruitment Program (WRP), which connects federal and select private-sector employers with college students, graduate students, and recent graduates with disabilities.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

The following defines the symbols and abbreviations used to describe targets in the Performance Measures and Results tables: **>** is greater than; **N/A** indicates either that the measure is not applicable or that FCA's performance could not be measured; ▲ indicates we exceeded the FY 2024 target; ✓ indicates we achieved the FY 2024 target; ▼ indicates we did not meet the FY 2024 target. Tables are limited to two years of data because FCA performance is measured against goals and metrics identified in the agency's strategic plan for fiscal years 2022 – 2026.

<table>
<tr><td>Metric ST1 1 b: On the 2024 Federal Employee Viewpoint Survey (FEVS), the agency score was at least equal to the composite score for all small agencies on the statement. “My supervisor demonstrates a commitment to workforce diversity (e.g., promotion opportunities, development).”</td><td colspan="3">Results: In 2024, 86% of FCA employees responded positively to this statement. By comparison, the small agency composite score was 81%. Our employees consistently rate supervisors high in diversity and inclusion. Based on our 2023 survey results, the Partnership for Public Service ranked us number 1 for diversity among small agencies on its Best Places to Work in the Federal Government rankings.</td></tr>
<tr><td>Target</td><td>2023 Results</td><td>2024 Results</td><td>2024 Results vs Target</td></tr>
<tr><td>Yes</td><td>Yes</td><td>Yes</td><td>✓</td></tr>
</table>

<table>
<tr><td>Metric ST1 1 c: On the 2024 FEVS, the agency score was at least equal to the composite score for all small agencies on the statement “My organization’s management practices promote diversity (e.g., outreach, recruitment, promotion opportunities).</td><td colspan="3">Results: In 2024, 86% of FCA employees responded positively to this statement. By comparison, the small agency composite score was 75%. In addition to striving for diversity in our recruiting, we foster an inclusive work culture that is supported at every level of the agency, starting with our board and senior leadership and flowing through to our employee-led special emphasis programs (SEPs). Here are a few examples:
To celebrate National Native American Heritage Month, the FCA board chairman and CEO and the senior advisor and assistant to the OEEOI director traveled to the Allegany Territory of the Seneca Nation in southwestern New York. The chairman’s historic confirmation as FCA’s first Native American executive prompted the tribe to invite him to attend its annual Veterans Powwow.
During National Hispanic Heritage Month, FCA’s Hispanic Organization for Leadership and Advancement at FCA SEP hosted a hybrid event on leadership. The event featured Latina executives and senior leaders from the private and public sectors, and the FCA chief of staff, who is Latina, moderated. The discussion touched on the richness of the panelists’ Hispanic/Latina backgrounds and the challenges and opportunities they have faced in their careers.
FCA’s Veterans at FCA SEP and the FCA board hosted a ceremony recognizing FCA employees who have served in the U.S. armed forces.
During Black History Month, FCA honored influential African American artists in the visual and performing arts, literature, fashion, folklore, language, film, music, architecture, food and cooking, and other forms of cultural expression. The monthlong event, themed “African Americans and the Arts!”, featured more than 10 influential artists and art by FCA employees.
During Women’s History Month, FCA’s Federal Women’s Program Committee SEP created a video recognizing women who embodied this year’s theme: “Women Who Advocate for Equity, Diversity, and Inclusion.”
During National Arab American Heritage Month, we celebrated with a day of Egyptian folklore, Arabic art exhibits, and traditional Arabic dance, song, and cuisine.
During Pride Month, the PRIDE at FCA SEP raised the Pride flag, published articles, and participated in events promoting recognition and respect for diversity.
In collaboration with the SEPs, the Office of Equal Employment Opportunity and Inclusion hosted the annual FCA Diversity Day. In 2024, employees in our McLean office took a trip around the world through stories, games, and food.</td></tr>
<tr><td>Target</td><td>2023 Results</td><td>2024 Results</td><td>2024 Results vs Target</td></tr>
<tr><td>Yes</td><td>Yes</td><td>Yes</td><td>✓</td></tr>
</table>

The following defines the symbols and abbreviations used to describe targets in the Performance Measures and Results tables: **>** is greater than; **N/A** indicates either that the measure is not applicable or that FCA’s performance could not be measured; ▲ indicates we exceeded the FY 2024 target; ✓ indicates we achieved the FY 2024 target; ▼ indicates we did not meet the FY 2024 target. Tables are limited to two years of data because FCA performance is measured against goals and metrics identified in the agency’s strategic plan for fiscal years 2022 – 2026.

Metric ST1 2 a: Performance management-related policies and procedures are current (i.e., updated within past two years).	**Results:** Noteworthy activities included the following: • FCA published its calendar of key dates in the performance management cycle and issued guidance to help rating officials engage with employees throughout the performance year. The performance management program manager delivered three webinars to explain the guidance and support leaders in fulfilling their roles and responsibilities. • As part of the agency's commitment to ensuring that policy and procedures are current, in March, the FCA board chairman and CEO signed a revised PPM Policy 841, Performance Appraisal System.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric ST1 2 b: Percentage of employees whose performance plans were established in a timely manner.	**Results:** As part of the agency's commitment to ensuring that employees receive timely guidance on performance expectations, rating officials established 96.9% of performance plans in a timely manner.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
>95%	95.8%	96.9%	▲

Metric ST1 2 c: Percentage of employees who received midterm performance reviews in a timely manner.	**Results:** As part of the agency's commitment to ensuring that employees receive timely interim performance feedback during the rating period, rating officials conducted 97.5% of midyear performance appraisals in a timely manner.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
>95%	95.5%	97.5%	▲

Metric ST1 2 d: Percentage of employees who received final rating reviews in a timely manner.	**Results:** As part of the agency's commitment to ensuring employees receive timely end-of-year performance feedback, rating officials conducted 99.7% of end-of-year performance appraisals in a timely manner. Rating and reviewing officials participated in educational webinars to enhance the quality and timeliness of their feedback to employees.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
>95%	97.7%	99.7%	▲

Metric ST1 2 e: On the 2024 FEVS, the agency score was at least equal to the composite score for all small agencies on the following statement: "I know what is expected of me on the job."	**Results:** In 2024, 88% of FCA employees responded positively to this statement. By comparison, the small agency composite score was 83%. The agency's five-part performance appraisal form is designed to foster transparent, timely, constructive, two-way dialogue about expectations and performance. Rating officials collaborate with reviewing officials to establish the initial performance expectations, and the rating officials discuss these with their employees (Parts I and II). Rating officials meet with employees at the midpoint to discuss performance against the goals and identify any issues or challenges (Part III). At the end of the performance year, rating officials rate their employees' performance against the established goals, and provide numerical scores and supporting narratives (Part IV). At the end of the performance year, they also identify appropriate training and development to support employee growth and development (Part V).		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

The following defines the symbols and abbreviations used to describe targets in the Performance Measures and Results tables: **>** is greater than; **N/A** indicates either that the measure is not applicable or that FCA's performance could not be measured; ▲ indicates we exceeded the FY 2024 target; ✓ indicates we achieved the FY 2024 target; ▼ indicates we did not meet the FY 2024 target. Tables are limited to two years of data because FCA performance is measured against goals and metrics identified in the agency's strategic plan for fiscal years 2022 – 2026.

Metric ST1 2 f: On the 2024 FEVS, the agency score was at least equal to the composite score for all small agencies on the following statement: "I know how my work relates to the agency's goals."	**Results:** In 2024, 91% of FCA employees responded positively to this statement. By comparison, the small agency composite score was 88%. One of the ways FCA ensures employees are connected to the agency's mission and goals is its inclusive and transparent strategic planning process. Periodic operating and budget plans and reports cascade from the agency's strategic plan, further helping employees connect their work to organizational goals. Another way the agency ensures this connection is by providing periodic reports, including an annual report for employees that highlights noteworthy accomplishments and an annual performance and accountability report (PAR). The FCA board has instituted four agencywide priorities (see page 5), and we often refer to these priorities in communications with staff. For example, in 2024, we published articles in the FCA employee newsletter that discuss these priorities. Also, as part of Public Service Recognition Week, we invited staff to attend a panel discussion in which senior leaders discussed the four priorities and our plans for achieving them. To further strengthen employee engagement, the FCA board chairman and CEO, the chief of staff, and other senior leaders have increased their visits to our field offices, and they hold listening sessions with employees during these visits. Furthermore, we routinely bring field office employees to headquarters for board meeting presentations, conferences, and other activities.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric ST1 2 g: At least three training programs were delivered annually on working in a hybrid telework environment.	**Results:** To support employees with succeeding in a hybrid work environment, managers and supervisors were given four tip sheets and quick reference guides. Office of Agency Services (OAS) staff provided one-on-one consultations and facilitated small group discussions. OAS also updated the policies and procedures for the agency's flexible workplace program to ensure guidance remains consistent with applicable laws and relevant best practices.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric ST1 3 a: On the 2024 FEVS, the agency score was at least equal to the composite score for all small agencies on the statement "I receive the training I need to do my job well."	**Results:** In 2024, 85% of FCA employees responded positively to this statement. By comparison, the small agency composite score was 70%. To ensure employees receive necessary training, FCA expanded the number of its e-learning platform (Percipio) licenses to include all employees. During the first nine months of enterprisewide access, our employees accessed content on the platform nearly 2,200 times. Through Percipio, employees have access to an extensive library of personal and professional development offerings that they can complete at their own pace. Percipio also provides access to self-guided skills assessments in 19 disciplines (e.g., artificial intelligence. data skills, project management, leadership, business operations, programming, cloud computing). These self-assessments help employees identify their strengths and challenges and available training. Additionally, FCA administers all mandatory training through Percipio. In addition to expanding access to the eLearning platform, office leaders worked closely with the agency's Learning Officer to conduct needs assessments and develop targeted training solutions to support work unit performance. For 2024, some of these solutions included individual and team performance coaching, workshops to improve communications, and a variety of leadership development training in support of the Office of Examination's biannual conference.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

The following defines the symbols and abbreviations used to describe targets in the Performance Measures and Results tables: **>** is greater than; **N/A** indicates either that the measure is not applicable or that FCA's performance could not be measured; ▲ indicates we exceeded the FY 2024 target; ✓ indicates we achieved the FY 2024 target; ▼ indicates we did not meet the FY 2024 target. Tables are limited to two years of data because FCA performance is measured against goals and metrics identified in the agency's strategic plan for fiscal years 2022 – 2026.

Metric ST1 3 b: On the 2024 FEVS, the agency score was at least equal to the composite score for all small agencies on the following statement: “Supervisors in my work unit support employee development.”	**Results:** In 2024, 93% of FCA employees responded positively to this statement. By comparison, the small agency composite score was 85%. FCA supervisors work closely with their staffs to ensure they receive required and desired (dependent on budget) training. The Percipio expansion has assisted with making more just-in-time training opportunities available. FCA employees participated in 360 training sessions, courses, and conferences. Combined with the 2,200 times Percipio was accessed (as reported above), this equates to nearly eight training activities per employee. At the same time, supervisors work closely with their staffs to prepare individual development plans and ensure that appropriate progress is made against agreed-upon activities.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric ST1 4 a: On the 2024 FEVS, the agency score was at least equal to the composite small agency score on the Employee Engagement Index.	**Results:** In 2024, 82% of FCA employees responded positively on this index. By comparison, the small agency composite score was 77%. FCA’s scores on the three subindices were: • Leaders Lead: 72%. This subindex reflects employees’ perceptions of leadership’s integrity, as well as leadership behaviors such as communication and workforce motivation. The FCA chairman and CEO and other board members are present at almost all FCA events, including SEP events and FCA special events. • Supervisors: 93%. This subindex measures the interpersonal relationship between worker and supervisor, including trust, respect, and support. FCA consistently scores very high on this subindex, which testifies to the commitment of our supervisors to making meaningful connections with their team members. • Intrinsic Work Experience: 81%. This subindex measures employees’ motivation and competency relating to their roles in the workplace.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric ST1 4 b: On the 2024 FEVS, the agency score was at least equal to the composite score for all small agencies on the following statement: “Employees are protected from health and safety hazards on the job.”	**Results:** In 2024, 95% of FCA employees responded positively to this statement. By comparison, the small agency composite score was 84%. FCA leaders are committed to the health and safety of our employees. Employees attended agency-hosted health fairs and vaccine clinics. Administrative leave and fee reimbursement for vaccinations were also extended to employees. Activities to ensure workplace safety included regular testing of emergency notification systems, safety drills, and keycard activated office access. Additionally, FCA contracted with Federal Protective Services to provide a more comprehensive suite of physical safety services.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric ST1 4 c: On the 2024 FEVS, the agency score was at least equal to the composite score for all small agencies on the following statement: “My supervisor treats me with respect.”	**Results:** In 2024, 95% of FCA employees responded positively to this statement. By comparison, the small agency composite score was 90%. FCA’s supervisors consistently receive high FEVS ratings for their staff interactions. The agency supports these relationships by providing regular training to help supervisors cultivate positive, productive relationships with the employees they supervise.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

The following defines the symbols and abbreviations used to describe targets in the Performance Measures and Results tables: **>** is greater than; **N/A** indicates either that the measure is not applicable or that FCA’s performance could not be measured; ▲ indicates we exceeded the FY 2024 target; ✓ indicates we achieved the FY 2024 target; ▼ indicates we did not meet the FY 2024 target. Tables are limited to two years of data because FCA performance is measured against goals and metrics identified in the agency’s strategic plan for fiscal years 2022 – 2026.

TABLE 8D

Performance measures and results for stewardship objective 2

Note: Reporting period for metrics for stewardship objective 2 is Oct. 1, 2023, to Sept. 30, 2024.

Metric ST2 1 a: One aging technology platform was modernized annually.	**Results:** FCA continues our work to keep our technology platforms modernized. In the performance period, we modernized our Consolidated Reporting System for Farm Credit System financial data and its performance management platform to facilitate our performance appraisal process.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric ST2 1 b: Achieved and maintained not less than 95% vulnerability compliance for scanned assets that are within FCA's vulnerability management operating procedures.	**Results:** FCA recognizes how critical it is to address vulnerabilities in a timely manner to protect our resources. In FY 2024, FCA exceeded the target for this metric by ensuring that 99% of covered assets were patched or under approved waiver as specified in our vulnerability management operating procedures.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric ST2 1 c: Conducted phishing tests in compliance with the frequency outlined in OIT's Phishing Tests Standard Operating Procedures.	**Results:** Successful phishing attempts continue to be a major contributor to security breaches. FCA conducted a minimum of one phishing scenario per month to promote awareness and defend against such attacks. As a follow-up, we provide tips or one-on-one education to users who fail the tests.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric ST2 1 d: Ensured multifactor authentication of FCA end user accounts unless excepted.	**Results:** Multifactor authentication is a key protection against unauthorized access to FCA systems and information. In FY 2024, all end user accounts were secured with multifactor authentication.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
100%	100%	100%	✓

Metric ST2 2 a: Programming languages, analytical tools, and resources were accessible by staff.	**Results:** Technical staff accessed and employed a variety of programming languages, analytical tools, and resources when answering questions and developing reports that support agency operations and decision-making. Staff throughout the agency accessed these tools for developing analyses, reports, and briefings on topics such as management, examination, and YBS.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

The following defines the symbols and abbreviations used to describe targets in the Performance Measures and Results tables: **>** is greater than; **N/A** indicates either that the measure is not applicable or that FCA's performance could not be measured; ▲ indicates we exceeded the FY 2024 target; ✓ indicates we achieved the FY 2024 target; ▼ indicates we did not meet the FY 2024 target. Tables are limited to two years of data because FCA performance is measured against goals and metrics identified in the agency's strategic plan for fiscal years 2022 – 2026.

Metric ST2 2 b: Produced quantitative and qualitative deliverables that are responsive to agency needs.	**Results:** Products delivered during the performance period include four quarterly reports to the FCA board on economic issues and the financial condition and performance of the Farm Credit System, and the National Oversight Plan, which identifies the focus areas FCA emphasizes when examining and overseeing Farm Credit System.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric ST2 2 c: Provided qualitative and quantitative improvements to data inventories and metadata.	**Results:** During the reporting period, we established the FCA Data Inventory using JIRA Assets. The inventory tracks data collections (logical groupings of data) and databases, and captures metadata about them and linkages between them.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

TABLE 8E

Performance measures and results for stewardship objective 3

Note: Reporting period for metrics for stewardship objective 3 is Oct. 1, 2023, to Sept. 30, 2024.

Metric ST3 1 a: Agency received an unmodified audit opinion from independent auditors.	**Results:** FY 2024 is the 31st consecutive year that we have received an unmodified, or "clean," audit opinion; an unmodified opinion reflects our efforts to ensure proper accounting controls and application of accounting standards. A clean opinion provides assurance that the public can rely on our financial statements and data.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric ST3 2 a: Assessments met the agency regulatory authority.	**Results:** In accordance with part 607 of FCA regulations, we issued assessment notices to System institutions including Farmer Mac, before the Sept. 15 deadline. The assessed amounts were reasonable and sufficient to cover the agency's operational needs in carrying out its mission as an arm's-length regulator.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

Metric ST3 2 b: Agency maintained interest reserves between two months of operating expenses and less than 30% of agency budget.	**Results:** Section 5.15 of the Farm Credit Act of 1971, as amended, allows FCA to maintain a necessary interest reserve. The FCA board established guidelines for maintaining the reserve. These guidelines ensure that we can address specific, one-time, unforeseen events without increasing assessments at a time that may be financially difficult for System institutions. For FY 2024, we maintained the reserve within the levels of this metric.		
Target	**2023 Results**	**2024 Results**	**2024 Results vs Target**
Yes	Yes	Yes	✓

The following defines the symbols and abbreviations used to describe targets in the Performance Measures and Results tables: **>** is greater than; **N/A** indicates either that the measure is not applicable or that FCA's performance could not be measured; ▲ indicates we exceeded the FY 2024 target; ✓ indicates we achieved the FY 2024 target; ▼ indicates we did not meet the FY 2024 target. Tables are limited to two years of data because FCA performance is measured against goals and metrics identified in the agency's strategic plan for fiscal years 2022 – 2026.

Financial Section

In this section, we present our independent auditors' report and our financial statements and notes. We prepared these statements and accompanying notes in compliance with U.S. generally accepted accounting principles for the federal government and OMB Circular A-136, Financial Reporting Requirements.

Statement of the Chief Financial Officer

November 5, 2024

I am honored to join Chairman Logan in presenting the Farm Credit Administration's fiscal year 2024 Performance and Accountability Report. The financial statements and corresponding financial analysis, together with our performance results, demonstrate our commitment to optimizing our financial resources to ensure we carry out our mission as the arm's length regulator of the Farm Credit System, including the Federal Agricultural Mortgage Corporation.

Our agency received an unmodified audit opinion on our financial statements for the 31st consecutive year. The auditors concluded that FCA's financial statements were fairly presented in all material respects, and in accordance with U.S. generally accepted accounting principles. The auditors found no material weaknesses in internal control over financial reporting and no reportable noncompliance with applicable laws and regulations. We are proud of this accomplishment.

Looking ahead to 2025 and beyond, we will continue our focus on enhancing financial analysis and accountability to inform the agency's decision-making while ensuring we support the agency's priorities of safety and soundness; financial innovation; diversity, equity, inclusion, and accessibility; and keeping FCA one of the best places to work in the federal government.

I would like to thank FCA's leadership, the financial management team, and key staff across the agency for their dedication to our fiscal accountability and for their contributions to this report.

Respectfully,

Douglas M. Gandy
Chief Financial Officer (Acting)

Transmittal Letter of Auditor’s Report

FCA OIG
Farm Credit Administration
Office of Inspector General

November 7, 2024

The Honorable Vincent G. Logan, Board Chairman and Chief Executive Officer
The Honorable Jeffery S. Hall, Board Member
The Honorable Glen R. Smith, Board Member
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-5090

Dear Chairman Logan and Board Members Hall and Smith:

The Office of Inspector General contracted with the independent public accounting firm Harper, Rains, Knight & Company P.A. (HRK) to audit the financial statements of the Farm Credit Administration (FCA) as of and for the fiscal years ended September 30, 2024, and 2023, and to provide a report on internal control over financial reporting and compliance with laws and other matters. The contract required that the audit be performed in accordance with *Government Auditing Standards*, Office of Management and Budget audit guidance, and the United States (U.S.) Government Accountability Office/Council of the Inspectors General on Integrity and Efficiency’s *Financial Audit Manual*.

In its audit of FCA, HRK reported:

- the financial statements were fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting; and
- no reportable noncompliance with provisions of laws tested or other matters.

In connection with the contract, we reviewed HRK’s report and related documentation and inquired of its representatives. Our review, as differentiated from an audit of the financial statements, was not intended to enable us to express, and we do not express, opinions on FCA’s financial statements or conclusions about the effectiveness of internal control over financial reporting, or on compliance with laws and other matters. HRK is responsible for the attached auditor’s report dated November 5, 2024, and the conclusions expressed therein. However, our review disclosed no instances where HRK did not comply, in all material respects, with *Government Auditing Standards*.

Respectfully,

Sonya K. Cerne

Sonya K. Cerne
Assistant Inspector General for Audits, Inspections, and Evaluations

Enclosure

1501 Farm Credit Drive, McLean, VA 22102 703-883-4030 www.fca.gov/about/inspector-general

Independent Auditor’s Report

Harper, Rains, Knight & Company

Independent Auditors' Report

The FCA Board and Acting Inspector General
Farm Credit Administration

Report on the Audit of the Financial Statements

Opinion

In accordance with the Accountability of Tax Dollars Act, we have audited the financial statements of the Farm Credit Administration (FCA). FCA's financial statements comprise the balance sheets as of September 30, 2024, and 2023, and the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended, and the related notes to the financial statements.

In our opinion, FCA's financial statements present fairly, in all material respects, FCA's financial position as of September 30, 2024, and 2023, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United States and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FCA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

FCA's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; preparing, measuring, and presenting the Required Supplementary Information (RSI) in accordance with accounting principles generally accepted in the United States of America; preparing and presenting other information included in documents containing the audited financial statements and auditors' report, and ensuring the consistency of that information with the audited financial statements and the RSI; 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.

Certified Public Accountants · Consultants · hrkcpa.com

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The FCA Board and Acting Inspector General
Farm Credit Administration (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with GAAS, GAGAS and OMB Bulletin No. 24-02 will always detect a material misstatement or a material weakness 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 GAAS, GAGAS, and OMB Bulletin No. 24-02, 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 controls 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 FCA'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.
- Perform other procedures we consider necessary in the circumstances.

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 issued by the Federal Accounting Standards Advisory Board (FASAB) require that the information in the Management's Discussion and Analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB who considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with GAAS, which consisted of (1) inquiries of management about the methods of preparing the RSI and (2) comparing the information for consistency with management's responses to the auditors' inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit, and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

The FCA Board and Acting Inspector General
Farm Credit Administration (continued)

Other Information

Our audit was conducted for the purpose of forming an opinion on FCA's financial statements. The information in the Statement of Board Chairman and CEO, Program Performance, and Other Information sections contain a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the Other Information. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control over Financial Reporting

In planning and performing our audit of FCA's financial statements as of and for the year ended September 30, 2024, in accordance with GAGAS, we considered FCA's internal control relevant to the financial statement audit as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of FCA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of FCA's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

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 over financial reporting was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or to express an opinion on the effectiveness of FCA's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses. However, material weaknesses and significant deficiencies may exist that have not been identified.

The FCA Board and Acting Inspector General
Farm Credit Administration (continued)

Report on Internal Control over Financial Reporting (continued)

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

As part of obtaining reasonable assurance about whether FCA's financial statements are free from material misstatement, we performed tests of its compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements that have a direct effect on the determination of material amounts and disclosures in FCA's financial statements, and to perform certain other limited procedures, but not for the purposes of expressing an opinion on FCA's compliance with applicable laws, regulations, contracts, and grant agreements. Accordingly, we do not express such an opinion. We did not test compliance with all laws, regulations, contracts, and grant agreements applicable to FCA. FCA management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the entity.

Our tests of compliance with these selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for the year ended September 30, 2024, that would be reportable under GAGAS or OMB Bulletin No. 24-02. We caution that noncompliance may occur and not be detected by these tests.

***Purpose of the Other Reporting Required by* Government Auditing Standards**

The purpose of the communication described in the Other Reporting Required by GAGAS is solely to describe the scope of our testing of internal control and compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on the effectiveness of FCA's internal control or compliance. These reports are an integral part of an audit performed in accordance with GAGAS and OMB Bulletin No. 24-02 in considering the entity's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

Harper, Rains, Knight & Company, P.A.

November 5, 2024
Washington, DC

Financial Statements

We have prepared the accompanying financial statements in accordance with U.S. generally accepted accounting principles and with the Office of Management and Budget (OMB) Circular A-136, as amended. For comparison purposes, we present our financial statements and notes for FY 2024 and FY 2023. All amounts are in whole dollars. Our financial statements include the following:

- Balance sheets, which show our assets, our liabilities, and our net position (assets minus liabilities).
- Statements of net cost, which show our net cost of operations. We calculate our net costs by subtracting from our gross costs any revenue we earn. We break the statement of net cost into three program components: policy and regulation, safety and soundness, and other activity.
- Statements of changes in net position, which show the changes in our net position over the two-year period ending Sept. 30, 2024.
- Statements of budgetary resources, which show our resources, the status of our resources, and the outlay of resources during the fiscal year.
- Notes to the financial statements, which provide additional detail regarding the amounts in the financial statements.

Not all the statements mentioned in OMB Circular A-136 apply to our agency. For this reason, we do not include a statement of custodial activity, a statement of social insurance, or a statement of changes in social insurance amounts.

Balance sheets

As of Sept. 30, 2024 and 2023
(In dollars)

Balance sheet categories	Description	2024	2023
Assets	**Intragovernmental**		
	Fund Balance with Treasury (note 2)	$1,690,333	$4,562,164
	Investments (note 3)		
	Federal investments	38,625,413	39,194,183
	Interest receivable — investments	171,808	172,103
	Accounts receivable (note 4)	4,448	3,866
	Advances and prepayments	15,678	18,137
	Total intragovernmental	**40,507,680**	**43,950,453**
	With the public		
	Accounts receivable (note 4)	16,167	5,656
	General property, equipment, and software, net (note 5)	1,647,545	1,756,341
	Advances and prepayments	278,823	180,047
	Total with the public	**1,942,535**	**1,942,044**
	Total assets	**$42,450,215**	**$45,892,497**
Liabilities	**Intragovernmental**		
	Accounts payable	$81,704	$53,986
	Other liabilities (note 7)		
	Other liabilities (without reciprocals)	129,088	237,226
	Liability to the General Fund of the U.S. government for custodial and other nonentity assets	0	2
	Benefit program contributions payable	384,119	851,906
	Total intragovernmental	**594,911**	**1,143,120**
	With the public		
	Accounts payable	765,425	792,451
	Actuarial workers' compensation liability (note 6)	1,401,422	1,503,796
	Employer contributions and payroll taxes payable	649,949	755,376
	Deferred revenue	5,669,036	8,913,413
	Accrued payroll and benefits	7,527,516	9,533,255
	Accrued taxes payable	1,510	0
	Total with the public	**16,014,858**	**21,498,291**
	Total liabilities (note 6)	**$16,609,769**	**$22,641,411**
Net position	**Cumulative results of operations–funds from dedicated collections (note 8)**	**$25,840,446**	**$23,251,086**
	Total net position	**25,840,446**	**23,251,086**
	Total liabilities and net position	**$42,450,215**	**$45,892,497**

The accompanying notes are an integral part of these statements.

Statements of net cost

For the years ended Sept. 30, 2024 and 2023
(In dollars)

Agency programs	Program costs	2024	2023
Policy and regulation	Gross costs	$25,775,516	$25,526,038
	Less: Earned revenue	(23,947,870)	(22,806,014)
	Net program cost	$1,827,646	$2,720,024
Safety and soundness	Gross costs	$76,778,077	$71,467,042
	Less: Earned revenue	(71,215,358)	(63,628,856)
	Net program cost	$5,562,719	$7,838,186
Other activity	Gross costs	$534,899	$722,653
	Less: Earned revenue	(317,727)	(356,666)
	Net program cost	$217,172	$365,987
Net cost of operations (note 9 and note 14)		**$7,607,537**	**$10,924,197**
Totals			
Total gross program cost		$103,088,492	$97,715,733
Less: total earned revenue		(95,480,955)	(86,791,536)
Net cost of operations (note 9 and note 14)		**$7,607,537**	**$10,924,197**

Statements of changes in net position

For the years ended Sept. 30, 2024 and 2023
(In dollars)

Description **Cumulative results of operations**		2024	2023
Beginning balances **(includes funds from dedicated collections)** (note 8)		$23,251,086	$25,946,931
Other financing sources (Non-exchange)	**Imputed financing sources**		
	Federal employee benefits (note 10)	6,053,248	4,578,352
	Rent (note 10)	4,150,000	3,650,000
	Other	(6,351)	0
	Total financing sources	10,196,897	8,228,352
Net cost of operations		(7,607,537)	(10,924,197)
Net change		2,589,360	(2,695,845)
Cumulative results of operations **(includes funds from dedicated collections)**		$25,840,446	$23,251,086
Net position		**$25,840,446**	**$23,251,086**

The accompanying notes are an integral part of these statements.

Statements of budgetary resources

For the years ended Sept. 30, 2024 and 2023
(In dollars)

Statement of budgetary resources categories	Line item description	2024	2023
Budgetary resources	Unobligated balance from prior year budget authority, net	$27,262,425	$28,723,578
	Spending authority from offsetting collections	91,838,139	86,333,055
	Total budgetary resources (note 12)	**$119,100,564**	**$115,056,633**
Status of budgetary resources	New obligations and upward adjustments (total)	$93,867,358	$87,794,208
	Unobligated balance, end of year		
	Exempt from apportionment, unexpired accounts	19,564,170	18,349,012
	Exempt from apportionment, not available	5,669,036	8,913,413
	Unobligated balance, end of year (total)	25,233,206	27,262,425
	Total budgetary resources (note 12)	**$119,100,564**	**$115,056,633**
Outlays, net	Outlays, net (total)	$3,736,880	$2,798,562
	Distributed offsetting receipts	(2,703)	(6,509)
	Agency outlays, net (note 14)	**$3,734,177**	**$2,792,053**

The accompanying notes are an integral part of these statements.

Notes to the financial statements

NOTE 1

Summary of significant accounting policies

A. **Reporting entity —** FCA is a component of the U.S. government. For this reason, some of our assets and liabilities may be eliminated for governmentwide reporting purposes because they are offset by assets and liabilities of another U.S. government entity. These financial statements should be read with the realization that they are for a component of the U.S. government. See the section titled FCA at a Glance on page 7 for details on the reporting entity.

B. **Basis of accounting and presentation —** The financial statements have been prepared in accordance with OMB Circular A-136, as amended. In addition, the financial statements have been prepared on an accrual basis from our books and records in accordance with generally accepted accounting principles and the Statements of Federal Financial Accounting Standards (SFFAS) prescribed by the Federal Accounting Standards Advisory Board, the official body for setting accounting standards for the federal government. Under the accrual method, revenues are recognized when earned, and expenses are recognized when goods or services are received, without regard to receipt of funds or payment of cash. FCA is not subject to apportionment. We have applied budgetary accounting to facilitate compliance with legal constraints and control over the use of funds.

C. **Budgetary terms —** The purpose of federal budgetary accounting is to control, monitor, and report on funds made available to federal agencies by law and help ensure compliance with the law. We use the following commonly used budgetary terms in this report:

   - **Budgetary resources:** Amounts available to incur obligations each year. Budgetary resources consist of new budget authority for the current budget fiscal year and unobligated (available) balances of budget authority provided in previous years.
   - **Obligations:** A binding agreement that will result in outlays (cash disbursements), immediately or in the future. Budgetary resources must be available before obligations can be incurred legally.
   - **Offsetting collections:** Payments to the agency that, by law, are credited directly to expenditure accounts. We are authorized to use these funds for the purposes of carrying out our mission without further action from Congress. These funds become our primary form of budget authority each year. Offsetting collections and unobligated balances from prior years account for our total budgetary resources.
   - **Offsetting receipts:** Payments to the agency that are credited to offsetting General Fund receipt accounts and are not funds that we are authorized to use in our operations. We transfer these funds to Treasury at the end of each fiscal year.
   - **Outlays:** A payment to liquidate an obligation, also known as a cash disbursement. Outlays are a measure of government spending.

D. **Fund Balance with Treasury —** We maintain a revolving, no-year account with the U.S. Treasury through which cash receipts and disbursements are processed. We do not receive appropriated funds. See note 2.

E. **Investments** — The Farm Credit Act gives us the authority to invest in public debt securities with maturities suitable to our needs. We invest solely in U.S. Treasury securities, which are normally held to maturity and carried at cost. Investments are adjusted for unamortized premiums or discounts. Premiums and discounts are amortized, and interest is accrued using the level-yield, scientific method of effective interest amortization over the term of the respective issues. We use interest earned on investments to build and maintain an agency reserve, which allows us to respond effectively and efficiently to unexpected, unbudgeted expenses without increasing assessments. See note 3.

F. **Accounts receivable —** Accounts receivable are composed of reimbursements for FCA administrative expenses according to agreements with other federal entities, assessments from institutions in accordance with the Farm Credit Act and FCA regulations, and any amounts owed FCA that are generated through the normal course of business with employees and vendors.

Amounts due from federal agencies are considered fully collectible. An allowance for uncollectible amounts receivable from the public is established when we have determined that the collection is unlikely to occur after considering the debtor's ability to pay.

The Office of the Chief Financial Officer, in conjunction with the agency's accounting service provider, the Bureau of the Fiscal Service, reviews the agency's accounts receivable on a regular basis. We have determined that all accounts receivable as of Sept. 30, 2024, are fully collectible. See note 4.

G. **Advances and prepayments —** Payments made before the receipt of goods and services are recorded as advances or prepaid expenses at the time of prepayment and are recognized as expenses when the goods and services are received. This process helps to minimize large dollar fluctuations in cost and provides for the recognition of cost based on use. When the prepayment amount has minimal impact on our expenses, it is more cost-effective to expense the advance or prepayment at the time of payment. We establish advances for prepaid maintenance agreements over $20,000 and for prepaid training exceeding $15,000.

H. **General property, equipment, and software** — Property (including vehicles), equipment, and software are recorded at cost, net of an allowance for accumulated depreciation. Refer to note 5 for more information.

I. **Accounts payable —** Accounts payable consist of amounts owed to other federal agencies and the public. We strive to make payments in a timely manner in accordance with the Prompt Payment Act. If payments are late, we pay interest penalties.

J. **Liabilities —** Liabilities may or may not be covered by budgetary or other resources. All our liabilities are covered by budgetary resources except for the actuarial workers' compensation liability (see note 6). Intragovernmental liabilities are claims against us by other federal agencies.

K. **Funds from dedicated collections —** Funds from dedicated collections represent agency financing funded by specifically identified revenues, which remain available over time. These specifically identified revenues are required by statute to be used for designated activities, benefits, or purposes, and must be accounted for separately from the government's general revenues. With our primary source of funding coming from the FCS assessments, and intended for the agency's operations by statute, our funds are all considered funds from dedicated collections. See note 8 for additional details.

L. **Inter-entity costs —** Goods and services are received from other entities at no cost or at a cost less than full cost to the providing entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by FCA are recognized as imputed cost on the statement of net cost and are offset by imputed revenue on the statement of changes in net position. FCA's inter-entity costs that are reported as imputed costs include federal employee benefits and rent. See note 10.

M. **Annual, sick, and other leave —** Annual leave, compensatory leave, credit hours, and some other types of leave are accrued as a funded liability when earned, with an offsetting reduction for leave taken. The accrued leave liability for each of these types of leave is calculated using current pay rates. Sick leave and other types of nonvested leave are expensed as the leave is taken. Our methodology for calculating the leave liability includes the cost of benefits associated with the compensation. This ensures that our estimated liability for leave reflects the current composition of our staff; nearly all our employees are under the Federal Employees Retirement System instead of the Civil Service Retirement System.

N. **Assessments —** A substantial portion of our revenues is based on direct assessments billed to the System institutions we regulate or examine. We also recognize revenues based on examination services provided by the Office of Examination. We use a formula established in our regulations to calculate assessments. We base each institution's assessment, in part, on its average risk-adjusted assets and its overall financial health.

O. **Deferred revenue —** Any funds received before the beginning of the new fiscal year are considered unearned revenue and are reported as deferred revenue on the balance sheet. These amounts are also reported as “exempt from apportionment, not available” on the statement of budgetary resources.

P. **Use of estimates —** We have made certain estimates and assumptions when reporting assets, liabilities, revenue, and expenses; we have also made estimates and assumptions in the note disclosures. Actual results could differ from these estimates. Some estimates include year-end accruals and accrued workers compensation.

Q. **Financial data —** All amounts presented in this report are in whole dollars.

R. **Classified activities —** Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information. FCA does not have any classified activities.

S. **Leases —** Effective FY 2024, agencies are required to comply with the SFFAS 54: Leases. Among other things, this standard requires lessees to (1) recognize operating leases as lease assets and lease liabilities on the balance sheet and (2) disclose key information about significant leasing arrangements. As rent is provided to FCA at no cost (see note 10), we have determined this reporting requirement is not applicable to FCA.

NOTE 2

Fund Balance with Treasury

Description	2024	2023
Status of Fund Balance with Treasury		
Unobligated balance		
Available	$19,564,170	$18,349,013
Unavailable	5,669,036	8,913,413
Obligated balance not yet disbursed	14,600,582	16,314,593
Subtotal — Status of fund balance	39,833,788	43,577,019
Funds invested with Treasury, net of unamortized discount	(38,143,455)	(39,014,855)
Total Fund Balance with Treasury	**$1,690,333**	**$4,562,164**

The Fund Balance with Treasury is an asset account that shows our available cash. The balance in the account increases as we collect funds and decreases as we disburse funds. The status of our Fund Balance with Treasury may be classified as unobligated available, unobligated unavailable, or obligated. Unobligated available amounts represent funds available for incurring new obligations. The unobligated unavailable amounts include funds not yet available for use and represent the amount of new fiscal year assessments received before Oct. 1. These unavailable amounts are also classified as deferred revenue on the balance sheet. Amounts noted as "obligated balance not yet disbursed" represent amounts designated for payment of goods and services received and not yet paid.

Unobligated balances noted above agree with unobligated balances reported on the statement of budgetary resources.

No discrepancies exist between the fund balance reflected in the balance sheet and the balances as reported by the Department of the Treasury.

All our funds invested with Treasury are in U.S. Treasury securities.

NOTE 3

Investments

Amounts for 2024 balance sheet reporting

Intragovernmental securities	Cost	Amortized (premium) discount	Investments, net	Interest receivable	9/30/24 Investment balance	Market value disclosure
Nonmarketable: market-based	$38,147,265	$478,148	$38,625,413	$171,808	$38,797,221	$38,846,787

Amounts for 2023 balance sheet reporting

Intragovernmental securities	Cost	Amortized (premium) discount	Investments, net	Interest receivable	9/30/23 Investment balance	Market value disclosure
Nonmarketable: market-based	$39,423,056	$(228,873)	$39,194,183	$172,103	$39,366,286	$38,534,324

Premiums and discounts are amortized, and interest is accrued using the level-yield, scientific method of effective interest amortization over the term of the respective issues. Interest revenue on investments was $1,863,225 and $1,134,715 for FYs 2024 and 2023, respectively.

All our funding is categorized as funds from dedicated collections (see note 8). We deposit the funds collected into the U.S. Treasury in exchange for investments in Treasury securities. These securities provide FCA with the authority to draw upon the U.S. Treasury when redeemed to make future payments or pay for other expenditures.

The U.S. Treasury does not set aside assets to pay expenditures associated with our funds; instead, the cash generated from funds from dedicated collections is used by the U.S. Treasury for general governmental purposes. The government finances the investment redemptions out of cash balances accumulated by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures.

The Treasury securities we purchase are an asset to FCA and a liability to the U.S. Treasury. Because FCA and the U.S. Treasury are both part of the federal government, these assets and liabilities offset each other from the perspective of governmentwide reporting. For this reason, our Treasury securities represent neither an asset nor a liability in the U.S. governmentwide financial statements.

NOTE 4

Accounts receivable

Description	2024	2023
Intragovernmental		
Reimbursements for services provided	$4,448	$3,866
Subtotal	4,448	3,866
With the public		
Reimbursements for services provided	14,650	4,818
Expenditure refunds	1,517	838
Subtotal	16,167	5,656
Total accounts receivable	**$20,615**	**$9,522**

The intragovernmental receivables represent reimbursable services provided to FCSIC but unbilled as of Sept. 30. Receivables for services provided to the public represent amounts not yet collected related to the cost of examining the National Cooperative Bank and employee receivables.

We do not have any uncollectible accounts receivable and therefore do not display any estimate for allowance for uncollectible accounts.

NOTE 5

General property, equipment, and software

As of Sept 30, 2024

Reconciliation of changes in capitalized property, net	
Book value, Oct. 1, 2023	$1,756,341
Property and software additions	274,174
Depreciation expense	(382,970)
Book value, Sept. 30, 2024	**$1,647,545**

Type of asset	Estimated useful life	Depreciation method	Acquisition value	Accumulated/Amortized depreciation	Book value
Equipment	3 years	Straight line	$918,140	$(918,140)	$0
Equipment	5 years	Straight line	555,100	(445,744)	109,356
Equipment	10 years	Straight line	305,304	(289,562)	15,742
Internal use software	5 years	Straight line	3,367,579	(1,845,132)	1,522,447
Total capitalized assets			**$5,146,123**	**$(3,498,578)**	**$1,647,545**

As of Sept 30, 2023

Reconciliation of changes in capitalized property, net	
Book value, Oct. 1, 2022	$1,105,520
Property and software additions	971,082
Depreciation expense	(320,261)
Book value, Sept. 30, 2023	**$1,756,341**

Type of asset	Estimated useful life	Depreciation method	Acquisition value	Accumulated/Amortized depreciation	Book value
Equipment	3 years	Straight line	$918,140	$(918,140)	$0
Equipment	5 years	Straight line	555,100	(408,071)	147,029
Equipment	10 years	Straight line	305,304	(259,032)	46,272
Internal use software	5 years	Straight line	2,321,728	(1,530,364)	791,364
Software in development			771,676	0	771,676
Total capitalized assets			**$4,871,948**	**$(3,115,607)**	**$1,756,341**

Repairs and maintenance costs are expensed as incurred. We capitalize all property and equipment with itemized costs of $50,000 or more and a useful life of two years or more. We also capitalize groups of items that individually are under $50,000 but together meet the bulk purchase criteria of $500,000 or more. We capitalize software when its costs exceed $250,000 and when the software has a useful life of two years or more. We use the straight-line method of depreciation with half-year convention to allocate the cost of capitalized property, equipment, or software over its estimated useful life.

NOTE 6

Liabilities not covered by budgetary resources (actuarial workers' compensation liability)

We record an unfunded liability (liability not covered by budgetary resources) for the actuarial liability under the Federal Employees' Compensation Act (FECA). The actuarial FECA liability is the estimated liability for future benefit payments and is recorded as a component of federal employee benefits. The actuarial liability estimate for benefits under FECA includes the expected liability for costs associated with death, disability, and medical care for approved compensation cases. The estimate also includes costs associated with incurred but unreported claims.

The Department of Labor estimates future workers' compensation liability for specified entities that are preparing statements under the Chief Financial Officers Act and the Government Management Reform Act. Because we are not one of the entities for which the Department of Labor provides individual estimates on a routine basis, we calculated our estimated FECA actuarial liability amount by using the Department of Labor's FY 2024 model.

Liability description	**2024**	**2023**
Federal Employees' Compensation Act actuarial liability	$1,401,422	$1,503,796
Total liabilities not covered by budgetary resources	1,401,422	1,503,796
Total liabilities covered by budgetary resources	15,208,347	21,137,615
Total liabilities	**$16,609,769**	**$22,641,411**

NOTE 7

Other liabilities

There are three categories of intragovernmental other liabilities in our balance sheet. The benefit program contributions payable line represents the employer portion of payroll taxes and benefit contributions, such as retirement, and health and life insurance. These intragovernmental liabilities also include the amount of our funded liability for the FECA. The other liabilities (without reciprocals) line item refers to transactions that are intragovernmental in nature, but no reciprocal balances will be reported by any other federal entity. For FCA, these balances relate to accrued liabilities for employees' withholding taxes under the Federal Insurance Contributions Act and hospital insurance tax.

Other liabilities	**2024**	**2023**
Intragovernmental		
Other liabilities (without reciprocals)	$129,088	$237,226
Liability to the General Fund of the U.S. government for custodial and other non-entity assets	0	2
Benefit program contributions payable	384,119	851,906
Total intragovernmental other liabilities	513,207	1,089,134
Total other liabilities	**$513,207**	**$1,089,134**

NOTE 8

Funds from dedicated collections

Our primary source of funding is the assessment collections from the Farm Credit System and Farmer Mac. By statute, collections of the assessments fund our agency operations and are not general revenues of the federal government. As such, we classify our funds as dedicated collections.

Description	Total funds from dedicated collections (consolidated) FY 2024	Total funds from dedicated collections (consolidated) FY 2023
Balance sheet		
Intragovernmental		
Fund Balance with Treasury	$1,690,333	$4,562,164
Investments, net	38,797,221	39,366,286
Accounts receivable, net	4,448	3,866
Advances and prepayments	15,678	18,137
Total intragovernmental assets	40,507,680	43,950,453
With the public		
Accounts receivable, net	16,167	5,656
General property, plant, and equipment, net	1,647,545	1,756,341
Advances and prepayments	278,823	180,047
Total assets with the public	1,942,535	1,942,044
Total assets	**$42,450,215**	**$45,892,497**
Intragovernmental		
Accounts payable	$81,704	$53,986
Other liabilities	513,207	1,089,134
Total intragovernmental liabilities	594,911	1,143,120
With the public		
Accounts payable	765,425	792,451
Federal employee benefits payable	2,051,371	2,259,172
Advances from others and deferred revenue	5,669,036	8,913,413
Other liabilities	7,529,026	9,533,255
Total liabilities with the public	16,014,858	21,498,291
Total liabilities	**$16,609,769**	**$22,641,411**
Cumulative results of operations	25,840,446	23,251,086
Total liabilities and net position	**$42,450,215**	**$45,892,497**
Statements of net cost		
Gross program costs	$103,088,492	$97,715,732
Less: earned revenues	(95,480,955)	(86,791,535)
Net program costs	7,607,537	10,924,197
Net cost of operations	**$7,607,537**	**$10,924,197**

Description	Total funds from dedicated collections (consolidated) FY 2024	Total funds from dedicated collections (consolidated) FY 2023
Statements of changes in net position		
Cumulative results of operations		
Beginning balance	$23,251,086	$25,946,931
Imputed financing	10,203,248	8,228,352
Other	(6,351)	0
Net cost of operations	**(7,607,537)**	**(10,924,197)**
Net change in cumulative results of operations	2,589,360	(2,695,845)
Cumulative results of operations: ending	25,840,446	23,251,086
Net position, end of period	**$25,840,446**	**$23,251,086**

NOTE 9

Suborganization program costs

The following tables provide a detailed breakout of the statement of net cost for each of the fiscal years ended 2024 and 2023. We display our cost and earned revenue amounts by office within each program.

For the year ended Sept 30, 2024

Agency programs	Program costs	Office of Examination	Office of Regulatory Policy	Office of Secondary Market Oversight	Other offices	Total
Policy and regulation	Gross costs	$241,230	$6,760,564	$435,703	$18,338,019	$25,775,516
	Less: earned revenue	(224,630)	(6,297,986)	(283,670)	(17,141,584)	(23,947,870)
	Net program cost	16,600	462,578	152,033	1,196,435	1,827,646
Safety and soundness	Gross costs	44,503,941	483,873	1,667,434	30,122,829	76,778,077
	Less: earned revenue	(41,384,486)	(450,765)	(1,150,562)	(28,229,545)	(71,215,358)
	Net program cost	3,119,455	33,108	516,872	1,893,284	5,562,719
Other activity	Gross costs	74,472	0	2,046	458,381	534,899
	Less: earned revenue	(44,236)	0	(1,215)	(272,276)	(317,727)
	Net program cost	30,236	0	831	186,105	217,172
Net cost of operations		**$3,166,291**	**$495,686**	**$669,736**	**$3,275,824**	**$7,607,537**

For the year ended Sept 30, 2023

Agency programs	Program costs	Office of Examination	Office of Regulatory Policy	Office of Secondary Market Oversight	Other offices	Total
Policy and regulation	Gross costs	$436,860	$6,533,187	$486,484	$18,069,507	$25,526,038
	Less: earned revenue	(385,919)	(5,744,105)	(429,239)	(16,246,751)	(22,806,014)
	Net program cost	50,941	789,082	57,245	1,822,756	2,720,024
Safety and soundness	Gross costs	41,885,123	341,166	1,176,749	28,064,004	71,467,042
	Less: earned revenue	(37,040,840)	(299,960)	(953,356)	(25,334,700)	(63,628,856)
	Net program cost	4,844,283	41,206	223,393	2,729,304	7,838,186
Other activity	Gross costs	136,740	0	4,985	580,928	722,653
	Less: earned revenue	(67,488)	0	(2,460)	(286,718)	(356,666)
	Net program cost	69,252	0	2,525	294,210	365,987
Net cost of operations		**$4,964,476**	**$830,288**	**$283,163**	**$4,846,270**	**$10,924,197**

NOTE 10

Inter-entity costs

Federal employee benefits

Benefit description	2024	2023
Imputed pension costs	$3,208,670	$1,784,369
Other imputed retirement benefits	2,844,578	2,793,983
Total imputed benefit costs	**$6,053,248**	**$4,578,352**

We report the amount of our pension expense and other retirement benefits in accordance with SFFAS 5, Accounting for Liabilities of the Federal Government. These expenses are treated as an imputed expense, which is recognized when amounts remitted to OPM are less than the full cost to the government. Corresponding amounts of imputed revenue are recorded to offset the imputed cost.

Pension expenses — Our employees are covered under the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS) to which we make contributions according to plan requirements. CSRS and FERS are multiemployer plans. We do not maintain or report information about the assets of the plan, nor do we report actuarial data for accumulated plan benefits. The reporting of such amounts is the responsibility of OPM.

Other retirement benefit expenses — We recognize an expense for the cost of providing health benefits and life insurance to our employees after they retire. OPM provides the factors used to calculate these costs.

Rent

FCA office description	2024	2023
Leased field offices	$1,551,254	$1,499,178
FCA headquarters	2,598,746	2,150,822
Total imputed rent	**$4,150,000**	**$3,650,000**

In accordance with the Farm Credit Act, we occupy buildings owned and leased by the Farm Credit System Building Association (FCSBA). Our administrative headquarters building and land are in McLean, Virginia. In addition, the FCSBA leases office space for field offices on our behalf at various locations throughout the United States. Rent is provided at no cost to us. Our imputed rent expense is an estimate based on the FCSBA's estimated budget for 2024. In accordance with SFFAS 4, Managerial Cost Accounting Concepts and Standards for the Federal Government, the rent expense and the associated imputed revenue are recorded as a nonmonetary transaction.

NOTE 11

Undelivered orders at the end of the period

Undelivered orders are contracts or orders issued for which goods and services have not been received. This includes any orders for which we have paid for in advance but for which delivery of goods or services has not yet occurred. Undelivered orders as of Sept. 30, 2024, and Sept. 30, 2023, are presented in the tables below.

As of Sept. 30, 2024, budgetary resources obligated for undelivered orders were as follows:

Type of undelivered orders	Intragovernmental	With the public	Total
Paid undelivered orders	$15,678	$278,823	$294,501
Unpaid undelivered orders	168,961	5,206,422	5,375,383
Total undelivered orders	**$184,639**	**$5,485,245**	**$5,669,884**

As of Sept. 30, 2023, budgetary resources obligated for undelivered orders were as follows:

Type of undelivered orders	Intragovernmental	With the public	Total
Paid undelivered orders	$18,137	$180,048	$198,185
Unpaid undelivered orders	169,568	4,324,826	4,494,394
Total undelivered orders	**$187,705**	**$4,504,874**	**$4,692,579**

NOTE 12

Explanation of differences between the Statement of Budgetary Resources and the budget of the U S government

SFFAS 7 requires the reporting of material differences between amounts reported in the statement of budgetary resources and the actual amounts reported in the Budget of the United States Government. There are no material differences between the amounts reported in the FY 2023 statement of budgetary resources and the FY 2023 actual amounts reported in the FY 2025 Budget of the United States Government. The FY 2026 Budget of the United States is not yet available to compare the FY 2024 actual amounts to the FY 2024 statement of budgetary resources. The budget is expected to be available in February 2025 at **https://www.whitehouse.gov/omb/budget/**.

NOTE 13

Incidental custodial collections

Our custodial collections include receipts to cover the costs of fulfilling Freedom of Information Act requests; they also include other receipts, such as interest and penalties. During the fiscal year, we include these collections in the Fund Balance with Treasury. However, since these collections are immaterial to the financial statements and incidental to our mission, we do not provide a statement of custodial activity. Custodial collections totaled $9,054 for the year ended Sept. 30, 2024, and $6,583 for the year ended Sept. 30, 2023. The funds collected during FY 2024 were transferred to the Department of the Treasury at the end of FY 2024.

NOTE 14

Reconciliation of net cost to net outlays

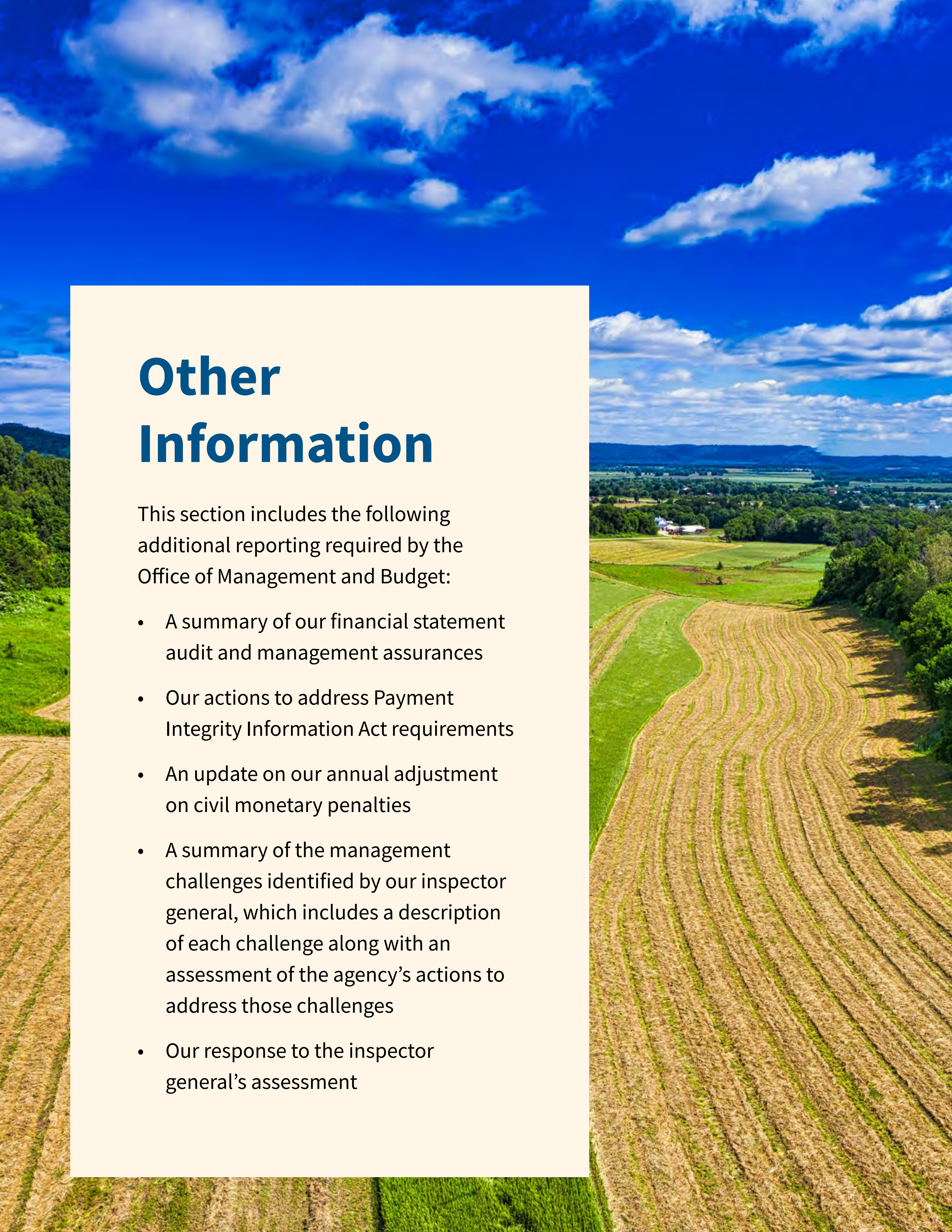
This note explains the relationship between our net cash outlays on a budgetary basis and the net cost of operations during the reporting period. It is a reconciliation between budgetary and financial accounting information. Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash. Financial accounting, which is intended to provide a picture of the government's financial operations and financial position, presents information on an accrual basis. The accrual basis includes information about costs arising from consuming assets and incurring liabilities. The analyses in the tables below illustrate this reconciliation by listing the key differences between net cost and net outlays.

For the year ended Sept 30, 2024

Reconciling items	Intragovernmental	With the public	Total
Net operating cost	**$28,013,147**	**$(20,405,610)**	**$7,607,537**
Components of net operating cost that are not part of budgetary outlays			
General property, equipment, and software depreciation expense	0	(382,970)	(382,970)
Increase/(decrease) in assets			
Accounts receivable	582	10,511	11,093
Advances and prepayments	(2,459)	98,776	96,317
Investments	302,335	0	302,335
(Increase)/decrease in liabilities not affecting budgetary outlays			
Accounts payable	(27,718)	27,026	(692)
Salaries and benefits	0	2,110,845	2,110,845
Pension, post-employment, and veterans benefits payable	0	102,374	102,374
Advances from others and deferred revenue	0	3,244,377	3,244,377
Other liabilities	575,927	(1,189)	574,738
Other financing sources			
Imputed federal employee retirement benefit costs	(6,053,248)	0	(6,053,248)
Imputed rent	(4,150,000)	0	(4,150,000)
Total components of net operating cost that are not part of budgetary outlays	**(9,354,581)**	**5,209,750**	**(4,144,831)**
Components of budgetary outlays that are not part of net operating cost			
Acquisition of capital assets	0	274,174	274,174
Financing sources			
Transfers out (in) without reimbursements	(6,351)	0	(6,351)
Total components of budgetary outlays that are not part of net operating cost	**(6,351)**	**274,174**	**267,823**
Miscellaneous items			
Distributed offsetting receipts	0	(2,703)	(2,703)
Non-entity activity	6,351	0	6,351
Total other reconciling items	**6,351**	**(2,703)**	**3,648**
Net outlays (calculated total)	**$18,658,566**	**$(14,924,389)**	**$3,734,177**
Related amounts on the statement of budgetary resources			
Outlays, net			**$3,734,177**

For the year ended Sept 30, 2023

Reconciling items	Intragovernmental	With the public	Total
Net operating cost	**$25,177,320**	**$(14,253,123)**	**$10,924,197**
Components of net operating cost that are not part of budgetary outlays			
General property, equipment, and software depreciation expense	0	(419,713)	(419,713)
Increase/(decrease) in assets			
Accounts receivable	(9,499)	(15,748)	(25,247)
Other assets	18,137	(112,447)	(94,310)
Investments	(243,855)	0	(243,855)
(Increase)/decrease in liabilities not affecting budgetary outlays			
Accounts payable	76,105	477,975	554,080
Salaries and benefits	0	(20,783)	(20,783)
Other liabilities	(121,569)	(596,420)	(717,989)
Other financing sources			
Imputed federal employee retirement benefit costs	(4,578,352)	0	(4,578,352)
Imputed rent	(3,650,000)	0	(3,650,000)
Total components of net operating cost that are not part of budgetary outlays	**(8,509,033)**	**(687,136)**	**(9,196,169)**
Components of budgetary outlays that are not part of net operating cost			
Acquisition of capital assets	0	1,070,534	1,070,534
Total components of budgetary outlays that are not part of net operating cost	**0**	**1,070,534**	**1,070,534**
Miscellaneous items			
Distributed offsetting receipts	0	(6,509)	(6,509)
Net outlays (calculated total)	**$16,668,287**	**$(13,876,234)**	**$2,792,053**
Related amounts on the statement of budgetary resources			
Outlays, net			**$2,792,053**



Other Information

This section includes the following additional reporting required by the Office of Management and Budget:

- A summary of our financial statement audit and management assurances
- Our actions to address Payment Integrity Information Act requirements
- An update on our annual adjustment on civil monetary penalties
- A summary of the management challenges identified by our inspector general, which includes a description of each challenge along with an assessment of the agency's actions to address those challenges
- Our response to the inspector general's assessment

Summary of Financial Statement Audit and Management Assurances

FCA has no reported material weakness, and we are in conformance with the Federal Managers' Financial Integrity Act (FMFIA).

TABLE 9

Summary of financial statement audit

Audit opinion: Unmodified
Restatement: No

Material weaknesses	Beginning balance	New	Resolved	Consolidated	Ending balance
Total material weaknesses	0	0	0	0	0

TABLE 10

Summary of management assurances

Effectiveness of internal control over financial reporting (FMFIA § 2)
Statement of assurance: Unmodified

Material weaknesses	Beginning balance	New	Resolved	Consolidated	Reassessed	Ending balance
Total material weaknesses	0	0	0	0	0	0

Effectiveness of internal control over operations (FMFIA § 2)
Statement of assurance: Unmodified

Material weaknesses	Beginning balance	New	Resolved	Consolidated	Reassessed	Ending balance
Total material weaknesses	0	0	0	0	0	0

Conformance with federal financial management system requirements (FMFIA § 4)
Statement of assurance: Federal systems conform

Nonconformances	Beginning balance	New	Resolved	Consolidated	Reassessed	Ending balance
Total nonconformance	0	0	0	0	0	0

Compliance with Federal Financial Management Improvement Act (FFMIA § 803[a])
We are not required to report under this act.

Payment Integrity Information Act Reporting

The Payment Integrity Information Act of 2019 requires agencies to report annual improper payment estimates for OMB-designated high-priority programs and programs that are susceptible to significant improper payments. FCA does not have any programs that were designated by OMB as high priority, and as a small agency, we do not have any individual programs with annual outlays greater than $10 million.

In accordance with legislative requirements and OMB guidance, we conduct risk assessments every three years to identify programs that may have a significant risk of improper payments. We perform our assessments on contract payments, claims and vouchers, purchase cards, travel cards, and payroll. Based on our last risk assessment for the period ended Sept. 30, 2023, we determined that our programs and activities remain low risk and are not susceptible to significant improper payments. We will complete the next assessment in FY 2027 for the period ended Sept. 30, 2026.

Given the size of our agency and our low-risk status for improper payments, recovery audits are not cost-effective. The benefits of any recovered amounts would not exceed the cost of a recovery audit program. We work with our service provider to collect any identified overpayments and we continue to use the tools available to prevent and reduce improper payments.

Each executive branch agency must complete the annual data call issued by OMB to provide information related to its respective payment integrity actions. The resulting data on improper payments across federal programs can be found on **PaymentAccuracy.gov**. We present only summary level information on this website because we do not have any individual programs with annual outlays greater than $10 million.

On Feb. 5, 2024, our inspector general published the Office of Inspector General annual report on FCA's compliance with reporting requirements for improper payments. The report concluded that we were in compliance, and there were no recommendations.

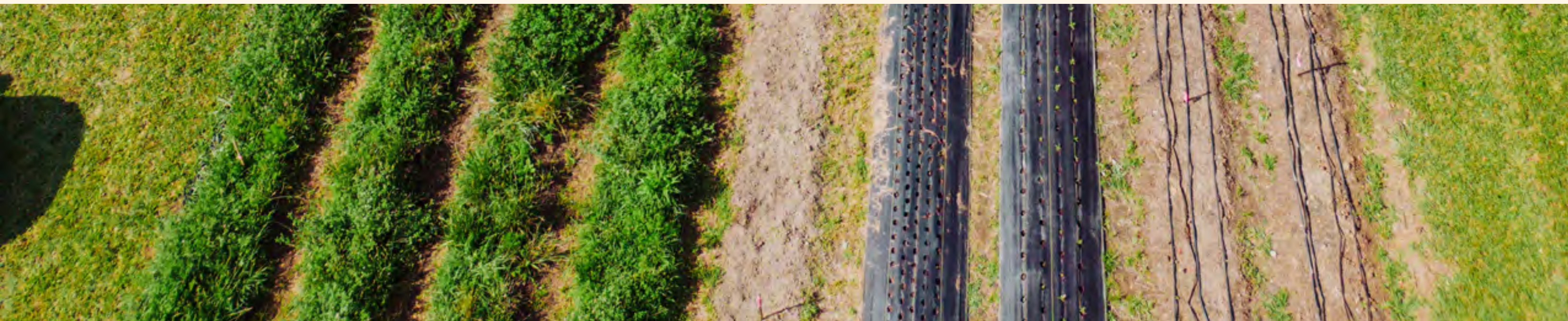
Civil Monetary Penalty Adjustment for Inflation

Under the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, agencies must make annual inflation adjustments to civil monetary penalties and report on these adjustments. Table 11 shows the adjustments FCA has made this year.

TABLE 11

Annual inflation adjustments of civil monetary penalties

Statutory authority	Reason for penalty	Year enacted	Latest year of adjustment (via statute or regulation)	Current penalty (dollar amount)	Location for penalty update details
Section 5.32(a) of the Farm Credit Act of 1971, as amended	Violation of a final order	1985	2024	$2,830	89 FR 2116-17
Section 5.32(a) of the Farm Credit Act of 1971, as amended	Violation of the act or regulation	1985	2024	$1,280	89 FR 2116-17
Section 102(f) of the Flood Disaster Protection Act of 1973	Pattern or practice of committing violations of the National Flood Insurance Program	1994	2024	$2,661	89 FR 2116-17




October 15, 2024
MANAGEMENT CHALLENGES

MANAGEMENT CHALLENGES

The Reports Consolidation Act of 2000 requires the Inspector General to provide a summary perspective on the most serious management and performance challenges facing the Farm Credit Administration (FCA or Agency) and briefly assess the Agency's progress in addressing those challenges. These challenges may reflect ongoing vulnerabilities identified by the Office of Inspector General (OIG) over recent years as well as new and emerging issues. The chart below lists the top management challenges facing FCA and the pages following the chart provide more depth on each challenge.




Regulating and Supervising a Complex Farm Credit System

Innovation in the Farm Credit System and Farm Credit Administration

Agility in Adapting to a Fast-Changing Information Technology World

Recruiting and Retaining a Talented and Diverse Workforce

CHALLENGE ONE: *Regulating and Supervising a Complex Farm Credit System*

Regulating and Supervising a Complex Farm Credit System

As the Farm Credit System (System) evolves and changes, FCA will be challenged to maintain effective oversight. Technology, risk management, data analysis, and automation are advancing at a rapid rate. This environment has a significant impact on the operations of System institutions, and, in turn, oversight needs at FCA. In addition to these changes, agricultural lending is subject to unpredictable economic factors such as interest rates, commodity prices, labor markets, climate, and geopolitical influences. These conditions further contribute to continuous changes in both individual institutions and the System as a whole. FCA will be challenged to develop and maintain appropriate examination resources to respond to the dynamic lending environment. In addition, FCA personnel and plans will need to adapt quickly and be proactive while understanding the impact of changes.

Consolidation across the System also increases complexity and contributes to oversight challenges. Mergers and joint management agreements yield organizational, leadership, geographic, and portfolio benefits and issues. Larger institutions support diversification and technological efficiencies. However, as the number of institutions decreases, FCA must ensure it has the resources to evaluate emerging risks and respond accordingly. Systemwide consolidation also impacts regulatory and supervisory activities. As institutions become more complex, resources and oversight priorities need to shift and align with the most significant risks. Further, FCA will be challenged to provide timely regulations and guidance while acting within statutory limitations.

FCA is responsible for ensuring the System is a dependable source of credit for all eligible borrowers. Underserved communities are an essential component of this mission. FCA will be challenged to ensure the System is positioned to serve and support the diverse needs of rural America. This includes outreach and data analysis to best understand and evaluate whether these needs are being met. This challenge is enhanced by a competitive lending landscape. Effective policies and guidance will bolster diverse, accessible agricultural lending in a safe and sound manner.

Overall, changes across the System will place greater demands on limited Agency resources. Timely and thorough identification of corrective actions and appropriate follow-up are critical to prevent the escalation of issues and maintain safety and soundness. The Agency also needs to predict and respond to challenging scenarios. Internal and external factors can lead to significant changes in conditions that must be managed efficiently. The Agency will be challenged to find the appropriate balance to maintain a robust oversight plan while preparing for unique, difficult, and unexpected scenarios. The Office of Examination's Fiscal Year 2025 National Oversight Plan includes six focus areas: sustainability of capitalization practices; innovation through automation and artificial intelligence (AI); mission-focused lending; sound governance; credit and collateral risk exposure; and cyber risk management.

CHALLENGE TWO: *Innovation in the Farm Credit System and at FCA*

Innovation in the Farm Credit System and Farm Credit Administration

With the proliferation and innovation of financial products and services, FCA will continue to face significant regulatory, oversight, and human capital challenges in the System and at FCA. The field of financial technology encompasses a broad range of products and services that assist System institutions in servicing their customers while remaining competitive. Examples of types of financial technologies include generative and predictive AI, digital lending and credit, distributed ledger technology (including blockchain), automated advisors, and regulatory technology.

FCA is challenged in ensuring policy and examination staff have the required knowledge and expertise of financial technologies in order to provide effective and efficient regulation and oversight of System institutions. Staff that are developing policies to regulate the use of financial technologies must not only understand the current use of the technologies, but also consider future innovations in the field in order to develop lasting requirements that will promote the safety and soundness of System Institutions. Similarly, examination staff must understand the different ways System institutions utilize financial technologies and whether those practices are safe, sound, and consistent with best practices.

Internally, the innovation of existing FCA processes through the use of new and evolving technologies could increase efficiencies throughout the Agency. Specifically, the Agency could benefit from improving prediction of risk, furthering the use of predictive analytical tools, increasing automation, enhancing access and analysis of data, and facilitating remote examinations, as appropriate. As such, understanding the current skills and skills gaps of current staff, planning for and executing a skill development and training strategy that fills current gaps, and recruiting knowledgeable staff all pose challenges to the Agency as innovative tools increase both in the System and internally.

The Agency continues to make strides in addressing the challenges posed by innovation in the System and at FCA. In January 2024, the FCA Board issued an innovation philosophy statement that outlines the Agency's position on innovation in the System and the Agency. Earlier this year, FCA's Office of Data Analytics and Economics (ODAE) completed a project to automate existing processes in the Office of Examination. Additionally, ODAE continues to foster innovation at FCA by providing technical training to staff throughout the Agency. In September 2024, FCA hosted its first innovation symposium with industry and System leaders to better understand and facilitate conversations about innovations that are revolutionizing the financial services industry. Finally, in September 2024, the Agency also developed and launched an AI landing page for the FCA website that outlines existing regulations and how they may need to be considered when utilizing AI. While these are important first steps, FCA will continue to be challenged to plan, design, and implement strategies relating to innovation in the System and internal to FCA.

CHALLENGE THREE: *Agility in Adapting to a Fast-Changing Information Technology World*

FCA faces significant challenges in balancing the need for timely, effective changes with maintaining a robust, strategic information security program. Cybersecurity threats and vulnerabilities, which continue to evolve, present significant challenges to information technology security. These challenges require a security program that is responsive, agile, and forward-looking.

Agility in Adapting to a Fast-changing Information Technology World

The Office of Inspector General performs an annual review to independently assess the effectiveness of FCA's information security program and practices, as required under the Federal Information Security Modernization Act of 2014, using metrics developed by the Office of Management and Budget, the Council of the Inspectors General on Integrity and Efficiency, and other stakeholders. The review assesses progress toward achieving outcomes that strengthen federal cybersecurity, including implementing government-wide priorities and best practices. For fiscal year 2024, FCA received an overall rating of effective, but challenges remain to keep the information security program at an effective level. Three domains were rated below an effective level: information security continuous monitoring, supply chain risk management, and contingency planning. Specifically, FCA remains behind on the implementation of certain requirements in meeting continuous monitoring and contingency plan testing standards. Successful implementation of these requirements will involve costly resources and strategic planning.

Cyber incidents can cause demonstrable harm to national security, agencies, and the American people. Security threats, events, and breaches across the world highlight the prevalence of cybersecurity threats and risks and the importance of robust detection, response, and prevention processes. Cyber attacks have evolved and have become more complex. The tactics and techniques of adversaries increasingly use tools that are harder to detect, and the use of external providers can increase visibility challenges. FCA depends on information technology systems for its operations. The Agency will continue to be challenged in meeting all the requirements and strategies for a robust information technology security program as more resources and approaches may be needed to address emerging threats.

FCA's information security program needs to be able to pivot quickly in certain scenarios to adapt to changing threats and requirements. As a small agency with limited resources, there are difficulties in balancing the resources needed for a properly controlled and secure environment with having an agile workforce that can make changes to internal processes, policies, procedures, and technologies in a responsive, efficient manner.

Overall, information technology and cybersecurity requirements and guidance frequently change to keep pace with evolving threats. It is imperative that FCA's systems and internal processes are able to adapt and change as needed in a timely manner. FCA continues to plan for resources and adopt new technologies that could enhance its ability to improve the everchanging information security program. Looking forward, the Agency needs to ensure there is a strategy to advance the program into a more agile, responsive model. However, implementation in these areas is not easy and will continue to challenge the Agency.

CHALLENGE FOUR: *Recruiting and Retaining a Talented and Diverse Workforce*

Recruiting and Retaining a Talented and Diverse Workforce

Recruiting and retaining a talented and diverse workforce remains a critical challenge facing the Agency. An ever-present concern that is not unique to FCA, human capital management is imperative to achieving the Agency's mission. FCA's success will depend greatly on its capacity to identify current and future staffing needs, to consider the various disciplines and skillsets needed in its McLean, Virginia headquarters and field offices, and to meet those needs through recruitment and retention.

This challenge has been somewhat eased by a cooling labor market. FCA must still compete with private-sector employers and other Federal agencies, however, for a limited pool of highly qualified workers. Additionally, hiring at the mid-career level continues to be a challenge for FCA. The Agency will need to ensure that it can offer compensation and benefits that are suitably competitive to attract candidates for employment. In this regard, FCA is well-served by its authority to maintain comparability with other financial regulatory agencies. The Agency's recruitment efforts will also benefit from educating potential employees on the importance of FCA's mission to the nation's vitality and security.

The Agency must continue to provide training and development opportunities to help ensure that FCA maintains a workforce that meets its needs. In addition, job enrichment and flexibilities will attract skilled personnel. Programs such as job-sharing, rotational details, intra-office assignments, and mentorships can promote career development as well as cultivate a sense that FCA is an employer rich with career opportunities.

Diversity, equity, inclusion, and accessibility (DEIA) are priorities across the federal government and critical aspects to the Agency's recruitment and retention efforts. The Agency must continuously assess and implement strategies, such as evaluating FCA's recruiting data, to meet its strategic goals and ensure its employees feel valued and included. The Agency will need to identify and reduce barriers that may exclude certain groups from full participation, while continuing to foster appreciation in its workforce with programs that celebrate and promote DEIA.

The FCA Board continued to address this ever-present challenge by approving a 2024 compensation program that included merit increases ranging from 1.0% to 3.8%; continuing contributions and matching to the FCA employees' 401(k) accounts; cash awards for length-of-service milestones; and supporting the childcare subsidy and student loan repayment programs. In August, the Board approved performance-based bonus payouts to certain employees in recognition of FY 2023 performance that met or exceeded expectations. The Agency also added other benefits, such as access to passport photo services in its headquarters and an onsite flu vaccination clinic and reimbursement program. These incentives and benefits sought to maintain comparability with other federal bank regulatory agencies and better enable the Agency to recruit and retain employees.

Management's Response to Challenges Identified by FCA's Inspector General

Farm Credit Administration

1501 Farm Credit Drive
McLean, VA 22102-5090
(703) 883-4000

November 5, 2024

Mr. Nick Novak
Acting Inspector General
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-5090

Dear Mr. Novak:

Thank you for sharing the management challenges report with the Farm Credit Administration on Oct. 16. We appreciate your office's assessment and perspective of the management and performance challenges facing FCA. We remain committed to addressing these opportunities for continuous and strategic improvement as we fulfill our mission as the regulator of the Farm Credit System, including Farmer Mac. In response to your analysis of the challenges facing FCA, I offer the following feedback.

My responses are informed by the four priorities of the FCA board, which I announced in February 2024 and are integral to everything we do as an agency:

- Ensuring the safety and soundness of the Farm Credit System
- Understanding and promoting responsible innovation
- Ensuring the System serves all eligible, creditworthy borrowers
- Maintaining FCA as a best place to work

Challenge 1: Regulating and supervising a complex Farm Credit System

FCA recognizes the oversight challenges of regulating an increasingly complex Farm Credit System. We continually assess our capacities, resources, and skills to identify gaps and opportunities to strengthen our ability to regulate and supervise the FCS.

Consolidation of System institutions has contributed to increased complexity. Larger, fewer institutions lead to oversight challenges. While these larger institutions support efficiencies in diversity and technology, among other areas, risks emerge from the decreased number of institutions.

In FY 2024, we took several actions to address these risks and the growing sophistication of System institutions.

On the human capital front, we continued our strategy of hiring midcareer technical experts with skills in critical areas such as credit, finance, data science, and information technology. This, along with our robust recruitment and retention efforts, ensures that our agency is prepared today and into the future to appropriately oversee and examine System institutions.

We also continued to invest in strategic and targeted training and professional development for employees. Our regulatory and examination staff attended courses sponsored by the Federal Financial Institutions Examination Council, which is the interagency body that prescribes uniform principles, standards, and report forms for federal examination of financial institutions. Agency staff also attended other external training courses and conferences, as well as training from our own subject-matter experts in topics such as data analytics and advanced governance.

In addition, the agency has engaged with employees to better understand their skills and learning needs; we have worked collaboratively across offices to develop new internal opportunities, such as brown bag sessions and peer-to-peer learning opportunities for teaching and sharing knowledge and relevant topics of interest.

Consistent with our FY 2025 National Oversight Plan, we are focusing examination efforts on the sustainability of System institutions' capitalization practices, innovation through automation and artificial intelligence (AI), mission-focused lending, sound governance, credit and collateral risk exposure, and cyber risk management. FCA's new cyber risk management rule becomes effective Jan. 1, 2025. Key findings from our examination activities will be shared with System institutions as appropriate.

Additionally, the Office of Examination (OE) continues its "Future of the System and OE" project through various working groups aimed to gather impressions on what the future of the System will look like and what that means for our agency and examination. This effort both reflects and enables our ability to continue to be proactive and strategic through future investments in this area.

Over the past year, I continued my travels to meet with banks, associations, and external stakeholders nationwide. Once again, I had the opportunity to establish and strengthen relationships and gather knowledge that will make FCA stronger and more effective as the System's regulator.

Challenge 2: Innovation at FCA and the Farm Credit System

FCA recognizes the criticality of a changing technological landscape across sectors, including agriculture and finance. While innovation in the federal government is not novel, the approaches, platforms, tools, and speed of how we innovate are changing. We must anticipate the velocity of change and plan for the implications of those changes, including new and emerging products, services, and strategies, and we must also balance increased innovation with a sophisticated risk management strategy that incorporates protections against the operational and cybersecurity risks that innovation can introduce. Additionally, as an agency, we are committed to fostering creative problem solving, delivering operational changes and efficiencies, and improving institutional performance through automation, innovation, and modernization.

In 2024, the board approved the FCA innovation philosophy policy statement, which includes a framework focused on research, outreach, policy and participation, awareness and training, and interagency collaboration. Later this year, the agency held its first innovation symposium, bringing together System leaders and key experts in the public and private sectors to discuss innovation across agriculture, finance, and technology. We also published a page on our website that provides resources from our regulations, our examination manual, and outside sources that guide System institutions in managing the risks associated with AI.

We continue to modernize our technical infrastructure and make necessary investments to further support advanced analytics and examinations. We work collaboratively across offices to identify which initiatives and capital investments will provide the highest value to increase our efficiency and effectiveness.

In addition, we've invested significant resources to enhance how we identify and elevate new, innovative ideas within the agency so that we can efficiently move them into development.

Over the coming year, staff will continue to develop agencywide guidance, training, and initiatives on innovation, with emphasis on generative AI and machine learning. We will continue to build and maintain an organizational culture that embraces innovation within the bounds of safety and soundness.

Challenge 3: Agility in adapting to a fast-changing information technology world

Over the past few years, our IT security program has repeatedly earned effective ratings from the inspector general during the annual Federal Information Security Modernization Act reviews. We have continuously improved and matured the program by increasing awareness, instilling better cyber hygiene practices, and implementing additional technical controls.

However, we recognize that cybersecurity threats and technology-driven risks remain a perennial challenge facing the private and public sectors. Just as the agricultural and Farm Credit System landscapes are becoming more complex, the tools to mitigate risks are becoming more sophisticated. Therefore, we continue to invest in resources to monitor and mitigate risk — and to make decisions on the basis of risk — so that we can deploy our resources effectively and efficiently.

Over the past year, we continued our participation in the mandated Cybersecurity and Infrastructure Security Agency's Continuous Diagnostics and Mitigation Program, further strengthened our multifactor authentication methods, and made other security enhancements. Going forward, we will explore alternatives for enhancing our monitoring capabilities, including maximizing existing resources and researching and investing in the tools needed to facilitate timely changes in policies and procedures.

We must harness IT resources and work together to further the mission of the agency. Strong collaboration and coordination between the Office of Information Technology and other FCA offices, particularly the Office of Data Analytics and Economics and the Office of Examination, will allow us to balance the need for updated technologies with protecting agency information.

Challenge 4: Recruiting and retaining a talented and diverse workforce

FCA is consistently recognized by the Partnership for Public Service as one of the best places to work in the federal government. We were ranked fifth among small agencies in 2024, up one spot from last year. Our engagement and satisfaction score increased by more than 3 percentage points, and we ranked in the top four among small agencies in diversity (number 1), accessibility (number 2), effective leadership and supervision (number 2), and work-life balance (number 4). We also earned a 3.5-percentage point increase in equity.

We continue to prioritize actions that foster an inclusive environment where our employees can thrive, and we are excited to see these efforts reflected in employee feedback. We will continue to use employee feedback to guide our workforce initiatives.

Over the past year, FCA has critically and holistically reviewed staffing, including retirements, succession planning, and recruitment and retention efforts. We continue to educate staff on the multitude of benefits available, both for new employees and the young at heart. In addition, in the FY 2025 budget, the FCA board approved creation of positions to address critical succession-planning needs. These efforts, combined with ongoing training and leadership upskilling, will make FCA successful in 2025 and beyond.

We continue investing in professional development by providing all employees with the Percipio e-learning platform. In addition to an extensive library of self-paced personal and professional development offerings, Percipio provides access to self-guided skills assessments in 19 disciplines and links to relevant training. All mandatory training is offered via Percipio.

Also, office leaders have worked closely with our Learning Officer to conduct needs assessments and develop targeted training solutions to support work-unit performance. In 2024, solutions included individual and team performance coaching, workshops to improve communication, and leadership development training to support OE's biannual conference.

Our Office of Equal Employment Opportunity and Inclusion ensures that at least 25% of our outreach efforts focus on universities or organizations serving groups that are underrepresented in our workforce. We expanded our recruiting efforts by working with 30 colleges and universities, including minority-serving institutions such as historically Black colleges and universities, Hispanic-serving institutions, Native American-serving nontribal institutions, and university-based organizations that serve underrepresented groups, including veterans and persons with disabilities. Additionally, we are developing partnerships with minority-serving organizations such as the Hispanic Association of Colleges and Universities to hire summer interns. We also refined our ambassador program, which was established to increase applicant-pool diversity and awareness of FCA as an employer where individuals of all backgrounds and ethnicities can succeed.

We further support diversity by sponsoring employee-led special emphasis programs, where wide-ranging perspectives and backgrounds are celebrated and encouraged through meetings and special events. Initiatives include a mentoring series and educational special observances.

Concluding thoughts

Thank you again for your insights. Overcoming these challenges requires thoughtful strategies and stakeholder collaboration and knowledge sharing. This year, which was my second as board chairman and CEO, has been an exciting one as we have all worked together to address our challenges.

I am honored to be a member of the talented group of public servants at FCA who work to ensure that the Farm Credit System will be there to meet the credit needs of future generations of U.S. farmers, ranchers, and rural communities. We look forward to working with you and your staff in the coming year.

Sincerely,

Vincent G. Logan
Board Chairman and CEO

Additional Information

Copies of this report are available on the **Farm Credit Administration**'s website at **www.fca.gov/about/reports-publications**.

To request print copies of this report or earlier editions, please contact the Office of Congressional and Public Affairs at the email address or mailing address provided below. You may also call 703-883-4056 to request a copy.

We would like to hear from you! What did you think of our FY 2024 Performance and Accountability Report? Did we present information in a way you could use? How can we improve our report in the future? Any feedback you have time to provide would be most appreciated. Please email your comments to **info-line@fca.gov**.

Or send written comments to the following address:

Office of Congressional and Public Affairs
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-5090

Thank you!

The **Federal Agricultural Mortgage Corporation**'s Annual Report on Form 10-K, as filed with the Securities Exchange Commission, is available from Farmer Mac's website or by contacting Farmer Mac's Secretary at Farmer Mac's Corporate Headquarters. **www.farmermac.com/investors/financial-information/**

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With support from the Farm Credit System banks, the **Federal Farm Credit Banks Funding Corporation** prepares the financial press releases, the System's Annual and Quarterly Information Statements, and the System's combined financial statements. These documents are available on the Funding Corporation's website at **www.farmcreditfunding.com**.

The **Farm Credit System Insurance Corporation**'s annual report is available on its website at **www.fcsic.gov**.

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