

Dallas P. Tonsager, Chairman and Chief Executive Officer
Jeffery S. Hall, Board Member
Glen R. Smith, Board Member



**MINUTES OF THE REGULAR MEETING
OF THE
FARM CREDIT ADMINISTRATION BOARD
January 11, 2018**

These minutes reflect the business transacted at the January 11, 2018, Regular Meeting of the Farm Credit Administration Board (FCA Board) pursuant to the Government in the Sunshine Act, 5 U.S.C. § 552b, and the regulations of the Farm Credit Administration (FCA) adopted thereunder.

The FCA Board meeting was held at the FCA office in McLean, Virginia, beginning at 9:00 a.m. and concluding at 9:32 a.m. Members of the Board present were:

Dallas P. Tonsager, Chairman and Chief Executive Officer
Jeffery S. Hall, Member
Glen R. Smith, Member

The above named constitute the full Board.

Others present included **Charles Rawls**, General Counsel; **Dale Aultman**, Secretary to the Board; staff of the FCA; and one member of the general public. (A list of staff attendees is attached as Exhibit A.)

The **Secretary** read a statement that announced the meeting would be conducted according to the requirements of the Government in the Sunshine Act.

Board Chairman Tonsager reviewed the published Agenda. (A copy of the Public Announcement publishing the Agenda for the meeting is attached as Exhibit B.)

Mr. Hall moved to adopt the Agenda as published.

Mr. Smith seconded the motion.

There being no further discussion, **Board Chairman Tonsager** called the question.

The **Secretary** polled the Board Members and the motion carried unanimously.

Mr. Smith noted that the Agenda *did* include portions of the meeting that should be closed to the public as permitted by the Government in the Sunshine Act and therefore moved that the meeting be closed at that point.

Mr. Hall seconded the motion.

There being no further discussion, **Board Chairman Tonsager** called the question.

The **Secretary** polled the Board Members and the motion carried unanimously.

OPEN SESSION

Approval of Minutes

Minutes for December 14, 2017 (BM-11-JAN-18-01)

Mr. Hall moved to approve the minutes for the December 14, 2017, FCA Regular Board Meeting.

Mr. Smith seconded the motion.

There being no further discussion, **Board Chairman Tonsager** called the question.

The **Secretary** polled the Board Members and the motion carried unanimously. **(BM-11-JAN-18-01)**

(A copy of the official "Board Action Item" is attached as Exhibit C.)

Report

Auditor's Report on FCA FY 2017/2016 Financial Statements

Tori Kaufman, in the office of the Inspector General, and auditor **Matthew Farage** from **Harper, Rains, Knight, and Company** presented the **Auditor's Report on FCA FY 2017/2016 Financial Statements**.

Board Chairman Tonsager asked if there were any questions or further discussion from the Board.

There were no further questions or discussion.

(A copy of the PowerPoint presentation is attached as Exhibit D.)

CLOSED SESSION

Board Chairman Tonsager noted that this was a Closed Session and ensured that nonessential staff were not in the room so the Board could meet in Executive Closed Session with the Auditor.

Board Chairman Tonsager convened the closed session of the meeting at 9:14 a.m. and instructed the **Secretary** to activate the electronic recording device so that the proceedings of the closed session were properly recorded as required by the Government in the Sunshine Act.

Board Chairman Tonsager then instructed the **General Counsel** to furnish the **Secretary** with a certification, pursuant to 5 U.S.C. § 552b(f), that the portions of the meeting held in closed session may be properly closed to the public. (A copy of the Certification is attached hereto as Exhibit E.)

Members of the Board present were:

Dallas P. Tonsager, Chairman and Chief Executive Officer
Jeffery S. Hall, Board Member
Glen R. Smith, Board Member

Others present included **Dale Aultman**, Secretary to the Board; and **Charles Rawls**, General Counsel. (A list of staff attendees is attached as Exhibit A).

Executive Meeting with Auditor

The **Board** met in executive session with the Auditor from Harper, Rains, Knight, and Company.

Board Chairman Tonsager asked if there were any questions or further discussion from the Board.

There were no further questions or discussion.

ADJOURNMENT

There being no further business to come before the Board, **Board Chairman Tonsager** indicated he would entertain a motion to adjourn the meeting.

Mr. Smith moved that the meeting be adjourned.

Mr. Hall seconded the motion.

Board Chairman Tonsager called the question.

The **Secretary** polled the Board Members and the motion carried unanimously.

The meeting adjourned at 9:32 a.m.

NOTATIONAL VOTE ACTIONS

There were four notational vote actions approved by the FCA Board from December 15, 2017, through January 10, 2018 as follows:

Item Number	Action Date	Voting Results	Subject
NV 17-31	12/19/2017	Approved	2018 Compensation and Benefits Program
NV 17-32	12/21/2017	Approved	Compeer Financial, ACA Investment in Healthcare Center in rural South Dakota, subject to certain conditions
NV 17-33	12/21/2017	Approved	AgFirst FCB Redeem the Stock of two Other Financing Institutions
NV 18-01	01/04/2018	Approved	Inflation Adjustment to Civil Money Penalties Regulation

The undersigned hereby certify that the foregoing minutes are the official minutes of the Regular Meeting of the Farm Credit Administration Board held on January 11, 2018.

_____/s/_____
 Dallas P. Tonsager
 Board Chairman and Chief Executive Officer

_____/s/_____
 Dale L. Aultman
 Secretary to the Board

Approved: February 8, 2018

**STAFF PRESENT AT THE
FCA REGULAR BOARD MEETING
January 11, 2018**

Dallas P. Tonsager, Chairman and Chief Executive Officer
Jeffery S. Hall, Board Member
Glen R. Smith, Board Member

OFFICE	OPEN SESSION	CLOSED EXECUTIVE SESSION
Office of the Board		
Aultman, Dale	X	X
Batta, Todd		X
Kramp, Kevin	X	X
Stokke, Mike	X	X
Corey, Kathryn	X	
Buccolo, Debra	X	
Calhoun, Gaye	X	
EEOI		
Burlew, Thais	X	
COO		
Hoffman, William	X	
OIT		
Golley, Jerald	X	
OCPA		
Delancey, Toni	X	
Meaux, Willy	X	
OSMO		
Rea, Laurie	X	
OGC		
Rawls, Charles	X	X
Strickland, Joy	X	
Donner, Mary Alice	X	
Grahn, David	X	
OE		
Coleman, Robert	X	
Paulsen, Roger	X	
OIG		
Laguarda, Wendy	X	X
Kaufman, Tori	X	
AUDITOR		
Farage, Matthew (Harper, Rains, Knight and Co.)	X	X
ORP		
Mardock, Barry	X	
OCFO		
Smith, Stephen	X	
Gandy, Doug	X	
Soares, Ily	X	

OFFICE	OPEN SESSION	CLOSED EXECUTIVE SESSION
OAS		
Bell, Vonda	X	
GENERAL PUBLIC	1	

Farm Credit Administration

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



**PUBLIC ANNOUNCEMENT OF
MEETING SUBJECT TO THE GOVERNMENT IN THE SUNSHINE ACT**

**Farm Credit Administration Board
Regular Meeting
January 11, 2018**

Summary: Notice is hereby given, pursuant to the Government in the Sunshine Act (5 U.S.C. Sec. 552b(e) (1)), of the forthcoming regular meeting of the Farm Credit Administration Board.

Date and Time: The regular meeting of the Board will be held January 11, 2018. The meeting is scheduled to be held at the office of the Farm Credit Administration in McLean, Virginia, from 9:00 a.m. until such time as the Board may conclude its business.

Address: Farm Credit Administration, 1501 Farm Credit Drive, McLean, Virginia 22102-5090. Submit attendance requests via e-mail to VisitorRequest@FCA.gov. See SUPPLEMENTARY INFORMATION for further information about attendance requests.

For Further Information Contact: Dale L. Aultman, Secretary to the Farm Credit Administration Board (703) 883-4009. TTY is (703) 883-4056.

Supplementary Information: Parts of this meeting of the Board will be open to the public (limited space available), and parts will be closed to the public. Please send an e-mail to VisitorRequest@FCA.gov at least 24 hours before the meeting. In your e-mail include: name, postal address, entity you are representing (if applicable), and telephone number. You will receive an e-mail confirmation from us. Please be prepared to show a photo identification when you arrive. If you need assistance for accessibility reasons, or if you have any questions, contact Dale L. Aultman, Secretary to the Farm Credit Administration Board, at (703) 883-4009. The matters to be considered at the meeting are:

OPEN SESSION

Approval of Minutes

- 1 December 14, 2017

Report

- 2 Auditor’s Report on FCA FY 2017/2016 Financial Statements

CLOSED SESSION

- 3 Executive Meeting with Auditors¹

Date January 2, 2018

/s/
Dale L. Aultman
Secretary to the Board

¹ Session Closed-Exempt pursuant to 5 U.S.C. Section 552b(c)(8) and (9).

Farm Credit Administration

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

BOARD ACTION ITEM



FCA BOARD ACTION ON

Minutes for December 14, 2017 Regular Board Meeting

BM-11-JAN-18-01

Effective Date: January 11, 2018

Effect on Previous Action: None

THE FCA BOARD HEREBY:

Approves the minutes for December 14, 2017, Regular Board Meeting as submitted.

DATED THIS 11th DAY OF JANUARY 2018

BY ORDER OF THE BOARD

_____/s/
Dale L. Aultman
Secretary to the Board



Farm Credit Administration

Fiscal Year 2017 Financial Statements Audit

Exhibit D

Auditors' Report Overview

Opinion on FCA's FY 2017 Financial Statements

Unmodified Opinion

Report on FCA's Internal Controls over Financial Reporting

No opinion issued

No significant deficiencies or material weaknesses identified

Report on FCA's Compliance and Other Matters

No opinion issued

No instances of non-compliance identified

Audit Strategy

Key Audit Areas:

- Payroll Expenditures (82% of total expenditures)
- Investments (90% of total assets)
- Assessments

Methodology:

- Reliance on controls at service providers
- Testing of controls in place at FCA
- Interim and yearend substantive testing

Financial Statements

Financial Statement Analysis:

- **Balance Sheet** –Line Items were materially consistent with prior year with the exception of Fund balance with Treasury, Investments, and Deferred Revenue.

BALANCE SHEETS

For the Years Ended September 30, 2017 and 2016
(In Dollars)

	2017	2016
Fund Balance with Treasury (Note 2)	\$1,457,378	\$546,292
Investments (Note 3)	32,893,400	29,756,481
Deferred Revenue	5,733,890	4,676,787

Financial Statements

Financial Statement Analysis – Cont'd:

- **Balance Sheet – Cont'd**

- Fund balance with Treasury shows a significant increase from FY2016 to FY2017. Increase is represented by FY2018 assessments received from a number of FCS institutions in FY2017 (deferred revenue). These prepaid assessments were received after the cutoff time for investing, resulting in an excess of cash on hand.
- Investments increase is due to increases in both carryover from prior years and continued growth of investment funds.
- Deferred revenue consists of collections of Fiscal Year 2018 assessments received before September 30, 2017. The increase occurred predominantly because of one of the larger institutions issued payment of assessment in September.

Financial Statements

Financial Statement Analysis – Cont'd:

- **Statement of Net Cost** – Net Cost of Operations decreased \$5 million from FY2016 to FY2017 due to earned revenue increasing more than gross cost.

STATEMENTS OF NET COST

For the Years Ended September 30, 2017 and 2016
(In Dollars)

	Program Costs	2017	2016
Public Mission	Gross costs	\$18,863,584	\$16,908,302
	Less: Earned revenue	(17,954,870)	(14,727,123)
	Net program cost	\$908,714	\$2,181,179
Safety and Soundness	Gross costs	\$51,584,478	\$50,375,754
	Less: Earned revenue	(49,163,895)	(43,866,759)
	Net program cost	\$2,420,583	\$6,508,995
Other Activity	Gross costs	\$918,104	\$840,612
	Less: Earned revenue	(541,833)	(652,420)
	Net program cost	\$376,271	\$188,192
Net Cost of Operations (Notes 7 and 8)		\$3,705,568	\$8,878,366

Financial Statements

Financial Statement Analysis – Cont'd:

- **Statement of Net Cost – cont'd**
- Earned Revenues increased \$8 million due to increases in assessments of the FCS and interest earned on investments.
- Gross Costs increased \$3 million due to increases in number of staff, employee compensation, and information technology investments.

Financial Statements

Financial Statement Analysis – Cont'd:

- **Statement of Changes in Net Position** – Net Position increased in FY2017 due to decrease in Net Cost of Operations and decrease in imputed financing sources (specifically federal employee benefits).

Farm Credit Administration

1501 Farm Credit Drive
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(703) 883-4000



CERTIFICATE OF CLOSED MEETING

The General Counsel, in accordance with the Government in the Sunshine Act, 5 U.S.C. § 552b(f)(1), hereby certifies that the Farm Credit Administration Board regular meeting of January 11, 2018, was properly closed to the public on the basis of the exemption set forth below:

- Information related solely to the internal practices of an Agency – 5 U.S.C. § 552b(c)(2).

/s/

Charles R. Rawls
General Counsel

January 11, 2018

Date