

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 10, 2019**

These minutes reflect the business transacted at the January 10, 2019, 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 9:47 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 two members 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 meeting be closed as shown on the Agenda.

**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 13, 2018 (BM-10-JAN-19-01)

**Mr. Hall** moved to approve the minutes for the December 13, 2018, 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-10-JAN-19-01)**

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

## Report

### Auditor's Report on FCA FY 2018/2017 Financial Statements

**Sonya Cerne**, of the **Office of Inspector General** and **Matt Farage** of **Harper, Rains, Knight, and Company** presented the Auditor's Report on FCA FY 2018/2017 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 EXECUTIVE SESSION

**Board Chairman Tonsager** noted that this was a Closed Session and ensured that the public and nonessential staff were not in the room, so the Board could meet in Closed Executive Session with the Auditor and later to receive the report on the 2018 FISMA Audit.

**Board Chairman Tonsager** convened the closed session of the meeting 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.)

### Meeting with Auditor

The **Board** met in executive session with **Matt Farage** of **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.

### Report on 2018 FISMA Audit

Inspector General **Wendy Laguarda**, of the **Office of Inspector General** presented the **Report on 2018 FISMA Audit**. Senior Auditor **Tammy Rapp** was available by phone to answer questions. **Jeannie Shaffer** of the **Office of Information Technology** was also available to answer questions.

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

There were no further questions or discussion.

**Jeannie Shaffer** exited the room and **Tammy Rapp** disconnected from the call, and the Board met further with **Wendy Laguarda** to discuss the Audit.

**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 9:47 a.m.



**STAFF PRESENT AT THE  
FCA REGULAR BOARD MEETING  
January 10, 2019**

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

<b>OFFICE</b>	<b>OPEN SESSION</b>	<b>CLOSED EXECUTIVE SESSION - Tab 3</b>	<b>CLOSED EXECUTIVE SESSION - Tab 4</b>
<b>Office of the Board</b>			
Aultman, Dale	X	X	X
Batta, Todd	X	X	X
Kramp, Kevin	X	X	X
Morris, James	X	X	X
Lopez, Carmen	X		
Roque-Brehm, Awilda	X		
Calhoun, Gaye	X		
<b>COO</b>			
Hoffman, William	X		
<b>OIT</b>			
Golley, Jerald	X		
Amaya, Victor	X		
Shaffer, Jeannie (partial)			X
<b>OCPA</b>			
Stokke, Michael	X		
<b>OSMO</b>			
Rea, Laurie	X		
Hudson, Bruce	X		
<b>OGC</b>			
Rawls, Charles	X	X	X
Strickland, Joy	X		
<b>OE</b>			
Coleman, Robert	X		
Paulsen, Roger	X		
<b>OIG</b>			
Laguarda, Wendy	X	X	X
Cerne, Sonya	X		
Rapp, Tammy (by telephone / partial)			X
Miller, Kevin	X		
<b>ORP</b>			
Van Meter, Gary	X		
Mardock, Barry	X		

<b>OFFICE</b>	<b>OPEN SESSION</b>	<b>CLOSED EXECUTIVE SESSION - Tab 3</b>	<b>CLOSED EXECUTIVE SESSION - Tab 4</b>
<b>OCFO</b>			
Smith, Steve	X		
Gandy, Doug	X		
Soares, Ily	X		
Cabrera, Victoria	X		
<b>OAS</b>			
Bell, Vonda	X		
<b>Harper, Rains, Knight, and Company</b>			
Farage, Matt	X	X	
<b>GENERAL PUBLIC</b>	<b>2</b>	<b>N/A</b>	<b>N/A</b>

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 10, 2019**

**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 10, 2019. 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](mailto:VisitorRequest@FCA.gov). See SUPPLEMENTARY INFORMATION for further information about attendance requests.

**For Further Information Contact:** Dale 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. Please send an e-mail to [VisitorRequest@FCA.gov](mailto: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 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 13, 2018

**Report**

- 2 Auditor's Report on FCA FY 2018/2017 Financial Statements

**Closed Executive Session<sup>1</sup>**

- 3 Meeting with Auditors
- 4 Report on 2018 FISMA Audit

\_\_\_\_\_  
December 28, 2018  
Date

\_\_\_\_\_  
/s/  
Dale Aultman  
Secretary to the Board

<sup>1</sup> Session Closed-Exempt pursuant to 5 U.S.C. Section 552b(c)(2).

Farm Credit Administration

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

**BOARD ACTION ITEM**

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**FCA BOARD ACTION ON**

**Minutes for December 13, 2018 Regular Board Meeting**

**BM-10-JAN-19-01**

**Effective Date:** January 10, 2019

**Effect on Previous Action:** None

**THE FCA BOARD HEREBY:**

Approves the minutes for December 13, 2018, Regular Board Meeting as submitted.

**DATED THIS 10th DAY OF January 2019**

**BY ORDER OF THE BOARD**

\_\_\_\_\_  
/s/  
**Dale L. Aultman**  
**Secretary to the Board**





# Farm Credit Administration

## Fiscal Year 2018 Financial Statements Audit

# Auditors' Report Overview

## Opinion on FCA's FY 2018 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 (80% of total expenditures)
- Investments (84% of total assets)
- Assessments

## Methodology:

- Reliance on controls at service providers
- Testing of controls in place at FCA
- Interim and year-end 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 and Accounts payable.

### Balance Sheets

As of September 30, 2018 and 2017

(In Dollars)

	2018	2017
Fund balance with Treasury (note 2)	\$ 4,127,940	\$ 1,457,378
Accounts payable	1,360,092	578,143

# Financial Statements

## Financial Statement Analysis – Cont'd:

- **Balance Sheet – Cont'd**

- Fund balance with Treasury shows a significant increase from FY2017 to FY2018. Increase is primarily a result of the \$2.65 million increase in available total budgetary resources.
- The change in Accounts payable from FY2017 to FY2018 is primarily a result of a significant increase in accruals on purchase orders for which services or products have been received but not paid for as of the FY2018 yearend.

# Financial Statements

## Financial Statement Analysis – Cont'd:

- **Statement of Net Cost** – Net Cost of Operations increased \$3.75 million from FY2017 to FY2018 due to gross cost increasing more than earned revenue.

### Statements of Net Cost

For the Years Ended September 30, 2018 and 2017  
(In Dollars)

	Program Costs	2018	2017
Public mission	Gross costs	\$20,089,846	\$18,863,584
	Less: Earned revenue	(18,156,025)	(17,954,870)
	Net program cost	\$1,933,821	\$908,714
Safety and soundness	Gross costs	\$55,986,290	\$51,584,478
	Less: Earned revenue	(50,641,483)	(49,163,895)
	Net program cost	\$5,344,807	\$2,420,583
Other activity	Gross costs	\$670,677	\$918,104
	Less: Earned revenue	(487,337)	(541,833)
	Net program cost	\$183,340	\$376,271
Net cost of operations (note 7)		\$7,461,968	\$3,705,568

# Financial Statements

## Financial Statement Analysis – Cont'd:

- **Statement of Net Cost – cont'd**
- Earned Revenues increased \$1.6 million primarily due to increases in assessments of the FCS in FY2018.
- Gross Costs increased \$5.3 million primarily due to increases in employee compensation and benefits and information technology investments.

# Financial Statements

## Financial Statement Analysis – Cont'd:

- **Statement of Changes in Net Position** – Net Position remained materially consistent in FY2018 as compared to FY2017. The significant increase in Net cost of operations was offset by an increase in total imputed financing sources and the net position beginning balance.

### Statements in Changes of Net Position

For the Years Ended September 30, 2018 and 2017  
(In Dollars)

		2018	2017
<b>Cumulative results of operations</b>			
<b>Beginning balances</b>		\$20,915,620	\$18,976,664
<b>Other financing sources (Non-exchange)</b>	<b>Imputed financing sources</b>		
	Federal employee benefits (note 8)	3,070,288	2,044,524
	Rent (note 9)	4,000,000	3,600,000
	<b>Total financing sources</b>	<b>7,070,288</b>	<b>5,644,524</b>
<b>Net cost of operations</b>		(7,461,968)	(3,705,568)
<b>Net change</b>		(391,680)	1,938,956
<b>Cumulative results of operations</b>		\$20,523,940	\$20,915,620
<b>Net position</b>		<b>\$20,523,940</b>	<b>\$20,915,620</b>



# Financial Statements

## Financial Statement Analysis – Cont'd:

- **Statement of Budgetary Resources** –
  - Total budgetary resources available in current year increased by \$2.6 million, primarily due to the unobligated balance from prior year budget authority.
  - Spending authority from offsetting adjustments (e.g. assessments) remained consistent year over year.
  - Unobligated balance, end of year remained consistent year over year.
  - Net Outlays are the difference between collections (assessments) and outlays (obligations). In FY2018 FCA had more total collections than total outlays.

~ Thank You ~  
Inspector General and Staff

&

Chief Financial Officer and Staff



Harper, Rains, Knight & Company

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**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 10, 2019, 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).

\_\_\_\_\_  
January 10, 2019  
Date

\_\_\_\_\_  
/s/  
Charles R. Rawls  
General Counsel