

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



**MINUTES OF THE REGULAR MEETING  
OF THE  
FARM CREDIT ADMINISTRATION BOARD  
January 14, 2021**

These minutes reflect the business transacted at the January 14, 2021, 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 meeting began at 9:00 a.m. and concluded at 10:18 a.m.

Members of the Board present were:

**Glen R. Smith, Chairman and Chief Executive Officer**  
**Jeffery S. Hall, Member**

Others present included **Charles Rawls**, General Counsel; **Dale Aultman**, Secretary to the Board; staff of the FCA and the Farm Credit System Insurance Corporation; and seven members of the general public. (A list of staff attendees is attached as Exhibit A.)

**Chairman Smith** announced that this meeting of the Board is a virtual meeting, and personnel are teleworking due to the COVID 19 pandemic.

**Chairman Smith** asked everyone to say the Pledge of Allegiance with him as the Flag was displayed on the presentation screen.

**Chairman Smith** asked the Secretary to the Board to conduct a roll call and to address a few technical and protocol items.

The **Secretary** conducted the roll call and addressed technical and protocol items.

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

**Chairman Smith** 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.

**Chairman Smith** seconded the motion.

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

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

**Mr. Hall** 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.

**Chairman Smith** seconded the motion.

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

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

## OPEN SESSION

### Approval of Minutes

#### Minutes for December 10, 2020 Regular Board Meeting (BM-14-JAN-21-01)

**Mr. Hall** moved to approve the minutes for the December 10, 2020, FCA Regular Board Meeting.

**Chairman Smith** seconded the motion.

There being no further discussion **Chairman Smith** called the question.

The **Secretary** polled the Board Members and the motion carried unanimously. **(BM-14-JAN-21-01)**

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

### New Business

#### Criminal Referral Bookletter (BM-14-JAN-21-02)

**Mark Johansen** of the **Office of Regulatory Policy**, and **Autumn Agans** of the **Office of General Counsel** presented the Criminal Referral Bookletter.

**Chairman Smith** opened the discussion for questions by the board.

**Chairman Smith** asked if there was any further discussion and asked staff to provide their recommendation. Staff provided their recommendation.

**Chairman Smith** called for a motion on the staff's recommendation.

**Mr. Hall** moved to approve the Criminal Referral Bookletter.

**Chairman Smith** seconded the motion.

**Chairman Smith** asked if there was any further discussion.

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

The **Secretary** polled the Board Members and the motion carried unanimously. **(BM-14-JAN-21-02)**

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

## Report

### Auditor's Report on FCA FY 2020 Financial Statements

**Tori Kaufman**, of the **Office of Inspector General**; and **Matt Farage** and **Hunter Blanks** of **Harper, Rains, Knight, and Company** presented the Auditor's Report on FCA FY 2020 Financial Statements.

**Chairman Smith** 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 E.)

### Farewell Comments for Departure of ORP Director David Grahn

Before beginning the Closed Executive Session, **Chairman Smith** spent a few moments commenting on ORP Director **David Grahn** departing FCA and going to the USDA. **Chairman Smith** thanked David for his efforts in leading ORP and continuing to improve the culture and productivity of that office.

**Mr. Hall** also thanked **David Grahn** for his service at FCA and the Federal Government and wished him the best of luck.

**David Grahn** thanked both Board members for the opportunities provided him at FCA and thanked Senior Staff, ORP, and OGC for all their support.

## CLOSED EXECUTIVE SESSION

**Chairman Smith** noted that this was a Closed Executive Session and ensured that the public and nonessential staff were not at the virtual meeting so the Board could meet in Closed Executive Session with the Financial Statement Auditors and later the FISMA Auditors regarding the 2020 FISMA Audit.

**Chairman Smith** asked OIT staff to disconnect outside visitors and everyone except for the Board Members; Executive Assistants; General Counsel; Secretary to the Board; COO; OIG Director; Tori Kaufman; Sonya Cerne; Matt Farage and Hunter Blanks of Harper, Rains, Knight, and Company; Tony Wang and Ankit Chatly of Williams Adley; Jerry Versace; and Ricardo Matos.

**Chairman Smith** convened the Closed Executive Session of the meeting at 9:40 a.m. and instructed **OIT Staff** to start recording so that the proceedings of the Closed Executive Session were properly recorded as required by the Government in the Sunshine Act.

**OIT Staff** confirmed that only the individuals **Chairman Smith** had listed remained connected and that the recording had started.

**Chairman Smith** 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 F.)

The **Secretary** noted the start time of the Closed Executive Session and called the roll. (Attendees are shown on Exhibit A.)

### **Meeting with Financial Statement Auditors**

The **Board** met in Closed Executive Session with **Matt Farage** and **Hunter Blanks** from **Harper, Rains, Knight, and Company**. (Those in attendance are listed in Exhibit A.)

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

There were no further questions or discussion.

**Chairman Smith** thanked the presenters of **Harper, Rains, Knight, and Company**, and asked them to disconnect from the virtual meeting.

**Chairman Smith** asked OIT staff to ensure that the two presenters of **Harper, Rains, Knight, and Company** had been disconnected so the Board could receive the report on the 2020 FISMA Audit in Executive Session.

**OIT Staff** confirmed the disconnection.

### **Report on 2020 FISMA Audit**

**Sonya Cerne**, of the **Office of Inspector General**; and **Tony Wang** and **Ankit Chatly** of **Williams Adley** presented the **Report on 2020 FISMA Audit**. (Those in attendance are listed in Exhibit A.)

**Chairman Smith** 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, **Chairman Smith** indicated he would entertain a motion to adjourn the meeting.

**Mr. Hall** moved that the meeting be adjourned.

**Chairman Smith** seconded the motion.

**Chairman Smith** called the question.

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

The meeting adjourned at 10:18 a.m.



**STAFF PRESENT AT THE  
FCA REGULAR BOARD MEETING  
January 14, 2021**

Glen R. Smith, Board Chairman / CEO  
Jeffery S. Hall, Board Member

<b>OFFICE</b>	<b>OPEN SESSION (Tabs 1, 2 &amp; 3)</b>	<b>EXECUTIVE CLOSED SESSION (Tab 4 – Meeting with HRK auditors on FCA Financial Statements)</b>	<b>EXECUTIVE CLOSED SESSION (Tab 5 – Meeting with Williams Adley Auditors on FISMA)</b>
<b>Office of the Board</b>			
Smith, Glen	X	X	X
Hall, Jeff	X	X	X
Morris, James	X	X	X
Donner, Mary Alice	X	X	X
Roque-Brehm, Awilda	X		
Calhoun, Gaye	X		
Aultman, Dale	X	X	X
<b>COO</b>			
Coleman, Robert	X	X	X
<b>OIT</b>			
Golley, Jerry	X		
Matos, Ricardo	X	X	X
Versace, Jerry	X	X	X
<b>OCPA</b>			
Stokke, Mike	X		
Middleton, Russell	X		
<b>OGC</b>			
Rawls, Charlie	X	X	X
Kramp, Kevin	X		
Agans, Autumn	X		
Virga, Jane	X		
<b>OE</b>			
Paulsen, Roger	X		
Waldron, Ashley	X		
<b>ODAE</b>			
D'Antoni, Jeremy	X		
<b>OIG</b>			
Laguarda, Wendy	X	X	X
Miller, Kevin	X		
Cerne, Sonya	X	X	X
Kaufman, Tori	X	X	X
Coccaro, Chris	X		

<b>OFFICE</b>	<b>OPEN SESSION (Tabs 1, 2 &amp; 3)</b>	<b>EXECUTIVE CLOSED SESSION (Tab 4 – Meeting with HRK auditors on FCA Financial Statements)</b>	<b>EXECUTIVE CLOSED SESSION (Tab 5 – Meeting with Williams Adley Auditors on FISMA)</b>
<b>OSMO</b>			
Rea, Laurie	X		
<b>ORP</b>			
Grahn, David	X		
Johansen, Mark	X		
<b>OCFO</b>			
Smith, Stephen	X		
Gandy, Doug	X		
Soares, Ily	X		
Briggs, Josh	X		
Roach, Gina	X		
Cabrera, Victoria	X		
<b>OAS</b>			
Bell, Vonda	X		
Clark, Patrina	X		
<b>Harper, Rains, Knight &amp; Co. (Financial Statement Auditors)</b>			
Blanks, Hunter	X	X	
Farage, Matt	X	X	
<b>Williams Adley (FISMA Auditors)</b>			
Wang, Tony	X	X	X
Chatly, Ankit	X	X	X
<b>FCSIC</b>			
Rubin, Howard	X		
Grimaldi, Andrew	X		
<b>GENERAL PUBLIC</b>	<b>7</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 14, 2021**

**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 14, 2021, from 9:00 a.m. until such time as the Board may conclude its business. *Note: Because of the COVID-19 pandemic, we will conduct the board meeting virtually. If you would like to observe the open portion of the virtual meeting, see instructions below for board meeting visitors.*

**Attendance:** To observe the open portion of the virtual meeting, go to FCA.gov, select "Newsroom," then "Events." There you will find a description of the meeting and a link to "Instructions for board meeting visitors." See SUPPLEMENTARY INFORMATION for further information about attendance requests.

**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, and parts will be closed. If you wish to observe the open portion, follow the instructions above in the "Attendance" section at least 24 hours before the meeting. 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 as follows:

**OPEN SESSION**

**Approval of Minutes**

- 1 December 10, 2020

**New Business**

- 2 Criminal Referral Bookletter

**Report**

- 3 Auditor's Report on FCA FY 2020 Financial

**CLOSED EXECUTIVE SESSION**

- 4 Meeting with Auditors<sup>1</sup>
- 5 Report on 2020 FISMA Audit<sup>2</sup>

\_\_\_\_\_  
/s/

Dale Aultman  
Secretary to the Board

January 5, 2021  
Date

<sup>1</sup> Closed session is exempt pursuant to 5 U.S.C. Section 552b(c)(2).

<sup>2</sup> Closed session is exempt pursuant to 5 U.S.C. Section 552b(c)(2).

Farm Credit Administration

1501 Farm Credit Drive  
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**BOARD ACTION ITEM**

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**FCA BOARD ACTION ON**

**Minutes for December 10, 2020**

**BM-14-JAN-21-01**

**Effective Date:** January 14, 2021

**Effect on Previous Action:** None

**THE FCA BOARD HEREBY:**

Approves the minutes for December 10, 2020.

**DATED THIS 14th DAY OF JANUARY 2021**

**BY ORDER OF THE BOARD**

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

Farm Credit Administration

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**BOARD ACTION ITEM**

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**FCA BOARD ACTION ON**

**Criminal Referral Bookletter**

**BM-14-JAN-21-02**

**Effective Date:** January 14, 2021

**THE FCA BOARD HEREBY:**

- Approves the Bookletter that provides additional guidance to Farm Credit System institutions on implementing the FCA Criminal Referral Regulations in Part 612, Subpart B, Known or Suspected Criminal Activity; and
- Authorizes staff to make any technical or grammatical changes that may be necessary prior to publication.

**DATED THIS 14th DAY OF JANUARY 2021**

**BY ORDER OF THE BOARD**

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



# Farm Credit Administration

## Fiscal Year 2020 Financial Statements Audit

# Auditors' Report Overview

## Opinion on FCA's FY 2020 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 (84% of total expenditures)
- Investments (85% 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 the prior year with the exception of Fund balance with Treasury.

### Balance Sheets

As of September 30, 2020 and 2019

(In Dollars)

	2020	2019
Fund balance with Treasury (note 2)	\$ 4,204,180	\$ 1,388,463

# Financial Statements

## Balance Sheet – Cont'd

- Fund balance with Treasury shows a significant increase from FY19 to FY20. The increase is due to a higher influx of funds collected on September 30, 2020 after the cutoff time for investing. The collections on September 30, 2020 were prepaid assessments for FY2021 from several FCS institutions.

# Financial Statements

**Statement of Net Cost** – Net Cost of Operations decreased from FY 2019 to FY 2020 due to the overall decrease in program costs.

## Statements of net cost

For the years ended Sept. 30, 2020 and 2019  
(In dollars)

<b>Agency programs</b>	<b>Program costs</b>	<b>2020</b>	<b>2019</b>
<b>Public mission</b>	Gross costs	\$19,014,091	\$20,472,180
	Less: Earned revenue	<u>(18,082,433)</u>	<u>(18,833,677)</u>
	Net program cost	\$931,658	\$1,638,503
<b>Safety and soundness</b>	Gross costs	\$58,420,531	\$59,441,216
	Less: Earned revenue	<u>(55,535,650)</u>	<u>(54,672,029)</u>
	Net program cost	\$2,884,881	\$4,769,187
<b>Other activity</b>	Gross costs	\$781,411	\$1,005,507
	Less: Earned revenue	<u>(504,831)</u>	<u>(668,273)</u>
	Net program cost	\$276,580	\$337,234
<b>Net cost of operations (note 8 and note 13)</b>		<b><u>\$4,093,119</u></b>	<b><u>\$6,744,924</u></b>

# Financial Statements

## Statement of Net Cost – cont'd

- The decrease in Gross Costs is primarily due to the decrease in travel expenses and other contractual services due to the COVID-19 pandemic.

# Financial Statements

**Statement of Changes in Net Position** – Net Position increases / decreases when financing sources are greater / less than net costs. In FY 2020 net position increased due to an overall decrease in current year net cost as compared to current year financing sources.

## Statements of changes in net position

For the years ended Sept. 30, 2020 and 2019

(In dollars)

<b>Cumulative results of operations</b>		<b>2020</b>	<b>2019</b>
<b>Beginning balances</b>		\$20,901,814	\$20,523,940
<b>Other financing sources</b>	<b>Imputed financing sources</b>		
<b>(Non-exchange)</b>	Federal employee benefits (note 9)	2,435,913	3,472,798
	Rent (note 9)	<u>3,650,000</u>	<u>3,650,000</u>
	Total financing sources	6,085,913	7,122,798
<b>Net cost of operations</b>		<u>(4,093,119)</u>	<u>(6,744,924)</u>
<b>Net change</b>		<u>1,992,794</u>	<u>377,874</u>
<b>Cumulative results of operations</b>		\$22,894,608	\$20,901,814
<b>Net position</b>		<u>\$22,894,608</u>	<u>\$20,901,814</u>

# Financial Statements

## Statement of Budgetary Resources –

- The increase in budgetary resources available in the current year is primarily due to an increase in the board-approved budget coupled with the corresponding increase of the congressional limitation on spending.
- Unobligated balance, end of year increased due to overall decrease in obligations in FY 2020 due to the impacts of COVID-19.
- Net Outlays are the difference between collections (assessments) and outlays (obligations). In FY20 FCA obligations decreased, primarily due to COVID-19, while collections increased due to the increased budget resulting in a decrease to overall net outlays.



QUESTIONS/COMMENTS

~ Thank You ~  
Inspector General and Staff

&

Chief Financial Officer and Staff



Harper, Rains, Knight & Company

**Certified Public Accountants • Consultants • [hrkcpa.com](http://hrkcpa.com)**

1052 Highland Colony Parkway, Suite 100  
Ridgeland, MS 39157  
p: 601-605-0722 • f: 601-605-0733

700 12th Street NW, Suite 700  
Washington, DC 20005  
p: 202-558-5162 • f: 601-605-0733

# Farm Credit Administration

1501 Farm Credit Drive  
McLean, VA 22102-5090  
(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 14, 2021, 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 14, 2021  
Date

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