

News Release

Farm Credit Administration
1501 Farm Credit Drive
McLean, Virginia 22102-5090



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Contact: Martha Schober or Christine Quinn,
703-883-4056
E-mail: info-line@fca.gov
Web site: www.fca.gov

FCA Board Hears Auditor's Report on FCA's FY 2007/2006 Financial Statements

McLEAN, Va., January 10, 2008 — The Farm Credit Administration (FCA or Agency) Board today heard the auditor's report on FCA's fiscal year 2007/2006 financial statements.

Brown & Company CPAs, the independent auditing firm that reviewed the statements, concluded that the Agency's principal financial statements presented fairly, in all material respects, the financial position of FCA as of September 30, 2007 and 2006, in conformity with generally accepted accounting principles.

In addition, the auditor found no material weaknesses in internal control over financial reporting. The auditor also noted no reportable instances of statutory or regulatory noncompliance that could have a direct and material effect on the determination of financial statement amounts.

FCA's Inspector General concurred with the reports and stated that Brown & Co.'s work provided a reasonable basis for its opinion.

The Board also received a quarterly report from the Office of Examination (OE) on the condition of the Farm Credit System (FCS or System) and an overview of economic conditions facing the FCS. According to this report, the System's asset levels continued to grow in 2007, and the FCS remains safe and sound, with strong capital levels, asset quality, and earnings. In addition, while the United States' general economy showed signs of emerging risk, its agricultural economy remained strong. OE also provided the Board an overview of its FY 2007 operations. During the closed session of the meeting, it provided an update on its oversight activities and its supervision of specific institutions.

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Notational Votes

Since the December 13 FCA Board meeting, three notational votes have occurred. Notational votes are actions taken by the FCA Board between Board meetings.

1. The Board approved the 2008 compensation program for FCA employees.
2. The Board approved the October 25, 2007, request to allow the two production credit association (PCA) subsidiaries of United FCS, ACA, to merge and United's two Federal land credit association (FLCA) subsidiaries to merge. These mergers became effective December 31, 2007. The FCS of North Central Wisconsin, PCA, merged into the FCS of Minnesota Valley, PCA, and the name of the resulting institution became United FCS, PCA. The FCS of North Central Wisconsin, FLCA, merged into the FCS of Minnesota Valley, FLCA, and the name of the resulting institution became United FCS, FLCA.
3. The Board provided that affected FCS banks should adjust their net collateral ratio calculations to eliminate the effects of Statement of Financial Accounting Standards No. 158 ("Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans").

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The Farm Credit Administration is the safety and soundness regulator of the cooperative Farm Credit System. FCA charters, regulates, and examines the 107 banks, associations, and service corporations of the FCS. System institutions make loans to agricultural producers and their cooperatives nationwide. Members of the FCA Board are Nancy C. Pellett, Chairman and CEO; Dallas P. Tonsager; and Leland A. Strom.

Note: FCA news releases are available on the FCA Web site at www.fca.gov.