

FLORIDA MUNICIPAL POWER AGENCY

Financial Statements

For The Fiscal Year Ended September 30, 2015

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Member Cities

- Alachua
- Bartow
- Bushnell
- Blountstown
- Chattahoochee
- Clewiston
- Fort Meade
- Fort Pierce
- Gainesville
- Green Cove Springs
- Havana
- Homestead
- Jacksonville Beach
- Key West
- Kissimmee
- Lake Worth
- Lakeland
- Leesburg
- Moore Haven
- Mount Dora
- New Smyrna Beach
- Newberry
- Ocala
- Orlando
- Quincy
- St. Cloud
- Starke
- Vero Beach
- Wauchula
- Williston
- Winter Park



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INDEPENDENT AUDITORS' REPORT

Board of Directors and Executive Committee
Florida Municipal Power Agency
Orlando, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Florida Municipal Power Agency (the Agency) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Certified Public Accountants

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors and Executive Committee
Florida Municipal Power Agency
Orlando, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Agency, as of September 30, 2015, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information and Schedule of Funding Progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying supplementary information listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2016, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Durvis, Gray and Company, LLP

January 6, 2016
Ocala, Florida

MANAGEMENT'S DISCUSSION & ANALYSIS

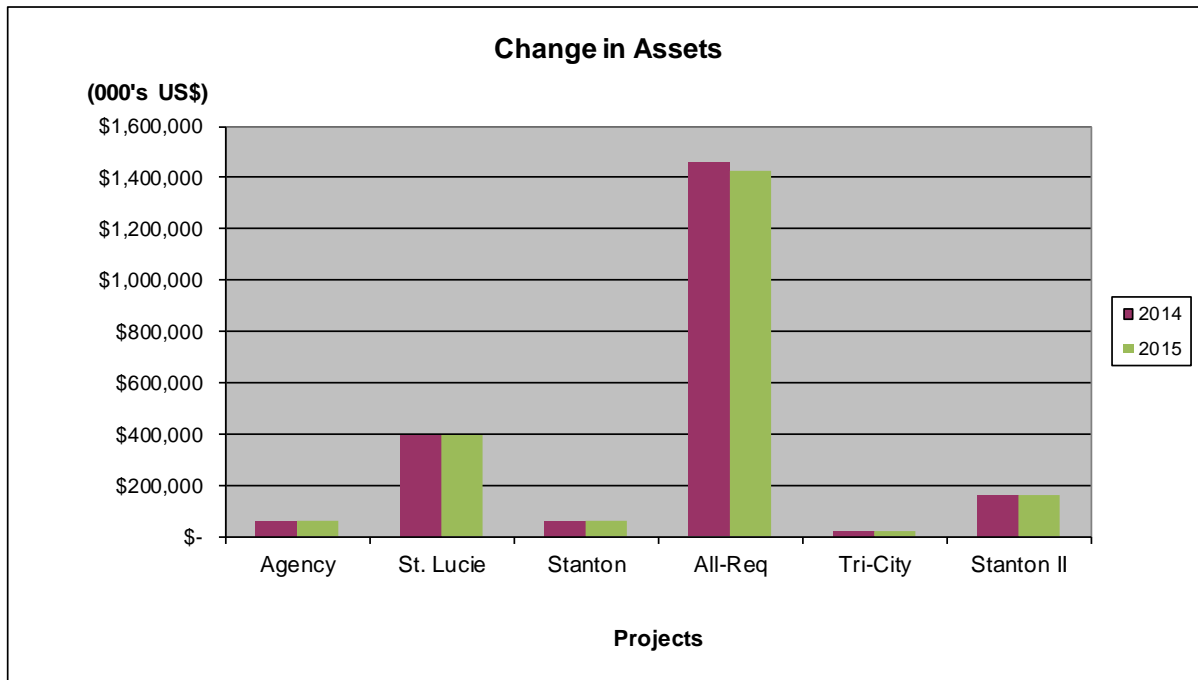
For Fiscal Year Ended September 30, 2015

This discussion and analysis is intended to serve as an introduction to Florida Municipal Power Agency's (FMPA's) basic financial statements, which are comprised of individual project or fund financial statements and the notes to those financial statements.

FMPA's financial statements are designed to provide readers with a broad overview of FMPA's financial condition in a manner similar to a private-sector business. It is important to note that, due to contractual arrangements which are the basis of each power project, no monies are shared among the projects.

FINANCIAL HIGHLIGHTS

Total Assets at September 30, 2015, of FMPA's Agency Fund and other projects decreased \$37.1 million from the prior year. Decreases included \$87.9 million of depreciation of Plant Asset. Increases in total assets included \$21.7 million of new depreciable assets, \$29.8 million of Long-Term Due from Participants and \$9.0 million in cash and investments.



Change in Assets (000's US\$)							
Year	Agency	St. Lucie	Stanton	All-Req	Tri-City	Stanton II	Total
2014	\$ 58,920	\$ 396,389	\$ 63,297	\$ 1,456,508	\$ 21,818	\$ 162,391	\$ 2,159,323
2015	\$ 60,375	\$ 396,926	\$ 61,425	\$ 1,424,560	\$ 21,105	\$ 157,816	\$ 2,122,207
Variance	\$1,455	\$537	(\$1,872)	(\$31,948)	(\$713)	(\$4,575)	(\$37,116)

MANAGEMENT'S DISCUSSION & ANALYSIS

For Fiscal Year Ended September 30, 2015

FINANCIAL HIGHLIGHTS (CONTINUED)

Total Liabilities at September 30, 2015, for FMPA's Agency Fund and other projects decreased by \$36.5 million during the current fiscal year. The decrease in total liabilities is mainly due to bond principle payments.

Long-Term Liability balance outstanding at September 30, 2015, for FMPA's Agency Fund and Projects was \$1.9 billion, a decrease of \$33.3 million during the current fiscal year.

Long-Term Bonds balance, less current portion, was \$1.8 billion, including All-Requirements balance of \$1.2 billion.

Total Revenue for Agency and all projects decreased by \$67.6 million for the current fiscal year, primarily due to the All-Requirements Billings to participants decreasing \$93.2 million primarily due to lower fuel costs.

Comparative years' Assets, Liabilities and Net Position, as well as Revenues, Expenses are summarized on the following pages.

MANAGEMENT'S DISCUSSION & ANALYSIS

For Fiscal Year Ended September 30, 2015

FINANCIAL HIGHLIGHTS (CONTINUED)

Statement of Net Position Proprietary funds September 30, 2015 (000's US\$)

2015	Business-Type Activities- Proprietary Funds						Totals
	Agency Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	
Assets:							
Capital Assets, Net	\$ 3,410	\$ 74,133	\$ 31,623	\$ 814,271	\$ 12,436	\$ 102,865	\$ 1,038,738
Current Unrestricted Assets	17,444	107,711	26,893	230,449	7,058	43,034	432,589
Non-Current Restricted Assets	39,521	158,082	2,909	44,187	1,611	11,917	258,227
Other Non Current Assets	-	57,000	-	335,653	-	-	392,653
Deferred Outflows of Resources	-	44,407	353	31,844	515	20,327	97,446
Total Assets & Deferred Outflows	\$ 60,375	\$ 441,333	\$ 61,778	\$ 1,456,404	\$ 21,620	\$ 178,143	\$ 2,219,653
Liabilities:							
Long-Term Liabilities	\$ 42,471	\$ 424,539	\$ 32,875	\$ 1,334,149	\$ 12,748	\$ 162,637	\$ 2,009,419
Current Liabilities	2,216	16,794	8,137	122,255	3,498	11,912	164,812
Deferred Inflows of Resources	-	-	20,766	-	5,374	3,594	29,734
Total Liabilities & Deferred Inflows	\$ 44,687	\$ 441,333	\$ 61,778	\$ 1,456,404	\$ 21,620	\$ 178,143	\$ 2,203,965
Net Position:							
Investment in capital assets	\$ 2,590	\$ (222,947)	\$ (7,297)	\$ (453,372)	\$ (2,815)	\$ (30,948)	\$ (714,789)
Restricted	-	98,751	9,174	83,457	4,581	17,192	213,155
Unrestricted	13,098	124,196	(1,877)	369,915	(1,766)	13,756	517,322
Total Net Position	\$ 15,688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,688

Statement of Net Position Proprietary funds September 30, 2014 (000's US\$)

2014	Business-Type Activities- Proprietary Funds						Totals
	Agency Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	
Assets:							
Capital Assets, Net	\$ 3,185	\$ 89,129	\$ 32,939	\$ 864,876	\$ 12,999	\$ 106,356	\$ 1,109,484
Current Unrestricted Assets	17,252	100,967	28,559	243,594	7,588	43,182	441,142
Non-Current Restricted Assets	38,372	147,606	1,799	46,280	1,231	8,730	244,018
Other Non Current Assets	111	58,687	-	301,758	-	4,123	364,679
Deferred Outflows of Resources	-	44,851	527	18,679	755	19,663	84,475
Total Assets & Deferred Outflows	\$ 58,920	\$ 441,240	\$ 63,824	\$ 1,475,187	\$ 22,573	\$ 182,054	\$ 2,243,798
Liabilities:							
Long-Term Liabilities	\$ 41,131	\$ 428,520	\$ 39,310	\$ 1,342,161	\$ 15,771	\$ 170,477	\$ 2,037,370
Current Liabilities	2,656	12,720	9,510	133,026	3,921	11,577	173,410
Deferred Inflows of Resources	-	-	15,004	-	2,881	-	17,885
Total Liabilities & Deferred Inflows	\$ 43,787	\$ 441,240	\$ 63,824	\$ 1,475,187	\$ 22,573	\$ 182,054	\$ 2,228,665
Net Position:							
Investment in capital assets	\$ 2,180	\$ (216,012)	\$ (11,924)	\$ (333,367)	\$ (4,937)	\$ (37,245)	\$ (601,305)
Restricted	-	90,349	7,879	83,795	4,106	13,820	199,949
Unrestricted	12,953	125,663	4,045	249,572	831	23,425	416,489
Total Net Position	\$ 15,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,133

MANAGEMENT'S DISCUSSION & ANALYSIS

For Fiscal Year Ended September 30, 2015

FINANCIAL HIGHLIGHTS (CONTINUED)

Statements of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For Fiscal Year Ended September 30, 2015 (000's US\$)

2015	Business-Type Activities- Proprietary Funds						
	Agency Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
Revenues:							
Billings to participants	\$ 13,297	\$ 54,511	\$ 27,716	\$ 399,979	\$ 10,873	\$ 52,204	\$ 558,580
Sales to others		2,302	322	45,656	115	505	48,900
Amounts to be recovered from (refunded to) participants		(1,134)	10	7,798	101	(1,152)	5,623
Investment Income (loss)	183	12,362	450	(29,780)	27	778	(15,980)
Total Revenue	\$ 13,480	\$ 68,041	\$ 28,498	\$ 423,653	\$ 11,116	\$ 52,335	\$ 597,123
Expenses:							
Operation, maintenance & Nuclear Fuel Amortization	\$ -	\$ 15,864	\$ 4,225	\$ 60,693	\$ 1,511	\$ 6,495	\$ 88,788
Purchased power, Transmission & Fuel Costs		4,425	12,537	263,360	4,776	25,263	310,361
Administrative & General	12,539	2,998	1,235	21,729	696	1,831	41,028
Depreciation & Decommissioning	350	28,211	2,759	54,464	1,078	5,194	92,056
Interest & Amortization	36	14,855	1,980	59,185	562	5,834	82,452
Write-off Development Project							
Total Expense	\$ 12,925	\$ 66,353	\$ 22,736	\$ 459,431	\$ 8,623	\$ 44,617	\$ 614,685
Change in net position before regulatory asset adjustment	\$ 555	\$ 1,688	\$ 5,762	\$ (35,778)	\$ 2,493	\$ 7,718	\$ (17,562)
Net cost recoverable from future regulatory asset adjustment		(1,688)	(5,762)	35,778	(2,493)	(7,718)	18,117
Change in Net Position After Regulatory Adj	\$ 555	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 555
Net position at beginning of year	15,133						15,133
Net position at end of year	\$ 15,688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,688

Statements of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For Fiscal Year Ended September 30, 2014 (000's US\$)

2014	Business-Type Activities- Proprietary Funds						
	Agency Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
Revenues:							
Billings to participants	\$ 13,251	\$ 52,338	\$ 30,967	\$ 493,159	\$ 10,971	\$ 44,411	\$ 645,097
Sales to others		2,235	419	25,767	150	657	29,228
Amounts to be recovered from (refunded to) participants		473	(1,005)	5,205	(258)	(1,055)	3,360
Investment Income (loss)	69	17,530	392	(32,150)	81	1,151	(12,927)
Total Revenue	\$ 13,320	\$ 72,576	\$ 30,773	\$ 491,981	\$ 10,944	\$ 45,164	\$ 664,758
Expenses:							
Operation, maintenance & Nuclear Fuel Amortization	\$ -	\$ 16,325	\$ 3,567	\$ 55,621	\$ 1,262	\$ 5,871	\$ 82,646
Purchased power, Transmission & Fuel Costs		4,931	15,723	337,452	5,678	26,099	389,883
Administrative & General	12,253	2,716	1,187	21,957	687	1,770	40,570
Depreciation & Decommissioning	244	25,731	2,647	54,252	1,041	5,082	88,997
Interest & Amortization	36	15,018	2,255	60,546	731	6,063	84,649
Write-off Development Project	659						659
Total Expense	\$ 13,192	\$ 64,721	\$ 25,379	\$ 529,828	\$ 9,399	\$ 44,885	\$ 687,404
Change in net position before regulatory asset adjustment	\$ 128	\$ 7,855	\$ 5,394	\$ (37,847)	\$ 1,545	\$ 279	\$ (22,646)
Net cost recoverable from future regulatory asset adjustment		(7,855)	(5,394)	37,847	(1,545)	(279)	22,774
Change in Net Position After Regulatory Adj	\$ 128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128
Net position at beginning of year							
Net position at end of year	\$ 15,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,133

MANAGEMENT'S DISCUSSION & ANALYSIS

For Fiscal Year Ended September 30, 2015

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to FMPA's basic financial statements, which are comprised of two components: (1) individual project or fund financial statements and (2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

FMPA's **Entity-Wide Financial Statements** are designed to provide readers with a broad overview of FMPA's finances in a manner similar to a private-sector business. It is very important to note that, due to contractual arrangements that are the basis of each power project, no monies can be shared among projects.

The cash flow of one power project, although presented with all others in the financial statement presentation as required by financial reporting requirements, cannot and should not be considered available for any other project. Management encourages readers of this report, when evaluating the financial condition of FMPA, to remember that each power project or fund is a stand-alone entity.

The **Statements of Net Position** presents information on all of FMPA's assets and liabilities with the differences between the two reported as Net Position. As a result of a decision by the governing bodies of FMPA, billings and revenues in excess (deficient) of actual costs are returned to (collected from) the participants in the form of billing credits (charges). The assets within the Agency Fund represent those required for staff operations, which coordinate all of the power projects described herein. Restricted Cash and Investments in the Agency Fund were held in trust for Crystal River Unit 3 participants (for nuclear decommissioning) which was disbursed to Duke Energy on October 30, 2015 as part of a settlement(see Note II.B.), and for individual members (rate stabilization).

The **Statements of Revenues, Expenses and Changes in Fund Net Position** present information regarding how FMPA's net position has changed during the fiscal year ended September 30, 2015. All changes in net position are reported as the underlying event giving rise to the change as it occurs, regardless of the timing of related cash flows. Therefore, some revenues and expenses that are reported in these statements for some items will only result in cash flows in future fiscal periods, such as unrealized gains or losses from investment activities, uncollected billings and earned but unused vacation.

The **Statements of Cash Flows** provide information about FMPA's Agency Fund and each project's cash receipts and disbursements during the fiscal year. These statements report cash receipts, cash payments and net changes in cash resulting from operating, investing and capital & related financing activities.

All of the activities of FMPA are of a business type, as compared to governmental activities. FMPA has no component units to report. The Financial Statements can be found on pages 13 through 15 of this report.

The **Fund Financial Statements** are comprised of a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. FMPA, like governments and other special agencies or districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of FMPA are reported on the proprietary basis.

MANAGEMENT'S DISCUSSION & ANALYSIS

For Fiscal Year Ended September 30, 2015

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

FMPA maintains only one type of **Proprietary Fund**, the Enterprise Fund type. Enterprise Funds are used to report the same functions presented as business-type activities in the financial statements. FMPA uses enterprise funds to account for all of its power projects, as well as the Agency business operations. Each of the funds is considered a "major fund" according to specific accounting rules. A summary of FMPA's activities for years 2015 and 2014 is shown on pages 6 and 7. A more detailed version of the major fund proprietary financial statements can be found on pages 13 through 15 of this report.

The **Notes to Financial Statements** provide additional information that is essential to understanding the data provided in both the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 16 through 55 of this report.

ENTITY-WIDE FINANCIAL ANALYSIS

As noted earlier, when readers use the financial presentations to evaluate FMPA's financial position and results of operations, it is essential to remember the legal separation that exists among the projects. Nevertheless, broad patterns and trends may be observed at this level that should lead the reader to study carefully the financial statements of each fund and project. For example, total revenue decreased \$67.6 million primarily due to lower fuel costs. The St Lucie Project, Stanton, All-Requirements and Tri-City Project total revenue decreased primarily due to lower fuel costs. Total revenues for the Agency Fund and Stanton II increased primarily due to higher investment income and more plant usage respectively.

FINANCIAL ANALYSIS OF FMPA'S FUNDS AND PROJECTS

FMPA uses fund accounting, Federal Energy Regulatory Commission accounting and special utility industry terminology to ensure and demonstrate compliance with finance-related legal requirements. The projects and funds are presented below and in the financial statements in the order in which they were established.

The **Agency Fund** accounts for the administrative activities of FMPA. The expenses incurred while operating the projects and administrative activities are allocated to the power projects, net of any miscellaneous receipts. Total General and Administrative expenses increased \$286,000 from fiscal year 2014 to fiscal year 2015.

On September 30, 2015, long-term notes payable debt was \$630,000, which is accounted for in the FMPA Agency Fund and represents the Loan outstanding for the Agency's office building.

MANAGEMENT'S DISCUSSION & ANALYSIS

For Fiscal Year Ended September 30, 2015

FINANCIAL ANALYSIS OF FMPA'S FUNDS AND PROJECTS (CONTINUED)

The **St. Lucie Project** consists of an 8.806% undivided ownership interest in St. Lucie Unit 2. This unit is a nuclear power plant primarily owned and operated by Florida Power & Light (FPL). FPL requested and received a 20-year extension of the operating license from the Nuclear Regulatory Commission (NRC) for Units 1 and 2. The license will allow Unit 1 to operate until 2035 and Unit 2 to operate until 2043.

The Project billed 684,526 Megawatt-hours (MWh) in fiscal year 2015. The average all-inclusive billing rate, which includes budgeted Demand, Energy and Transmission expenses, decreased 2% to \$79.63 in fiscal year 2015. This was due to increased capacity utilization in 2015 from timing of refueling outages.

The **Stanton Project** derives its power from a 14.8193% ownership interest in Stanton Unit 1, a 441 Megawatt coal-fired power plant operated by its primary owner, Orlando Utilities Commission (OUC).

The Project billed 284,081 MWh in fiscal year 2015. The average all-inclusive billing rate which includes budgeted Demand, Energy and Transmission expenses increased 1% to \$97.56 per MWh in fiscal year 2015 due to lower utilization.

The **All-Requirements Project** (ARP) consists of 13 active participants. The ARP energy resources are part of the Florida Municipal Power Pool (FMPP), a consortium of three municipal energy suppliers - ARP, Lakeland Electric and OUC - which have agreed to dispatch resources on an economic cost and availability basis in order to meet combined loads. The average billed rate to ARP member cities was \$73.17 per MWh in fiscal year 2015, which is all-inclusive of Energy, Demand and Transmission expenses. The billed Megawatt hours for fiscal year 2015 were 5,466,149.

Billings to ARP participants in fiscal year 2015 were 19% lower, decreasing from \$493 million to \$400 million.

The All-Requirements participant net cost of power decreased to \$74.60 per MWh in fiscal year 2015, a 19% decrease from fiscal year 2014. This decrease was primarily due to lower natural gas fuel prices. The fuel supply mix was 83.9% for natural gas, 15.6% for coal, 0.4% for renewables and 0.1% for oil.

After consideration of amounts to be refunded to or recovered from Project participants, the net position of the All-Requirements Project was zero (by design) again in fiscal year 2015. The All-Requirements project adjusts the Demand, Energy, and Transmission rates each month based on the current expenses, estimated future expenses, and over/under collections to meet its 60-day cash target. The over/under collection amounts are shown in the Statements of Revenues, Expenses and Changes in Fund Net Position as an addition or reduction to "Billings to Participants" and as "Due from Participants" or "Due to Participants" in the accompanying Statement of Net Position.

MANAGEMENT'S DISCUSSION & ANALYSIS

For Fiscal Year Ended September 30, 2015

FINANCIAL ANALYSIS OF FMPA'S FUNDS AND PROJECTS (CONTINUED)

The **Tri-City Project** consists of a 5.3012% ownership interest in Stanton Unit 1. The Project billed 106,538 MWh in fiscal year 2015. The average all-inclusive billing rate, which includes budgeted Demand, Energy and Transmission expenses, increased 13% to \$102.06 per MWh during fiscal year 2015 resulting from lower utilization of the plant.

The **Stanton II Project** consists of a 23.2367% ownership interest in Stanton Unit 2, a coal-fired power plant operated by its primary owner; Orlando Utilities Commission (OUC). The Project billed 620,796 MWh in fiscal year 2015. The average all-inclusive billing rate, which includes budgeted Demand, Energy, and Transmission expenses, increased by 1% to \$84.09 per MWh in fiscal year 2015. This was caused by more capacity utilization in 2015.

BUDGETARY HIGHLIGHTS

The FMPA Board of Directors approves the non All-Requirements Project budgets, and the Executive Committee approves the Agency and All-Requirements Project budgets, establishing legal boundaries for expenditures. For fiscal year 2015, the Stanton, Tri-City and Stanton II budgets were amended at the beginning of the fiscal year to increase expenditures \$861 thousand, \$590 thousand and \$1.1 million respectively due to final OUC budgets having higher O & M expenses than the preliminary budgets. At the end of fiscal year 2015, the Stanton and Tri-City budgets were increased \$3.6 million & \$1.5 million respectively due to higher fuel costs due to higher utilization of the Stanton I unit than expected.

CAPITAL ASSETS AND LONG-TERM DEBT

FMPA's investment in **Capital Assets**, as of September 30, 2015, was \$1.0 billion, net of accumulated depreciation and inclusive of work-in-process and development projects. This investment in capital assets includes operational and construction projects in progress of generation facilities, transmission systems, land, buildings, improvements, and machinery and equipment.

FMPA's investment in capital assets for fiscal year 2015 decreased by 6.4% or \$71.0 million. This was caused primarily by depreciation of plant assets.

MANAGEMENT'S DISCUSSION & ANALYSIS

For Fiscal Year Ended September 30, 2015

CAPITAL ASSETS AND LONG-TERM DEBT (CONTINUED)

At September 30, 2015, FMPA had **Long-term debt** of \$1.8 billion in notes, loans and bonds payable. The remaining principal payments on Long-term debt less current portion, net of unamortized premium and discount, and deferred outflows are as follows:

Project	Amount (000's US\$)
Agency Fund	\$ 630
St. Lucie Project	332,247
Stanton Project	32,875
All-Requirements Project	1,248,429
Tri-City Project	12,748
Stanton II Project	148,656
Total	<u>\$ 1,775,585</u>

See **Note VIII** to the Notes to Financial Statements for further information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Multi-year operational and financial modeling was conducted to arrive at the fiscal year 2015 budget. Expenses were estimated using current market conditions for fuel and estimated member loads which take into consideration the member cities' economies that have shown varying impacts on loads in both demand and energy due to the current economic down turn. Rates are set in order to cover all costs and based on the member loads. Additionally, All-Requirements rates are adjusted monthly to maintain cash at a 60 day target as approved by the Executive Committee.

SIGNIFICANT EVENTS

None.

MANAGEMENT'S DISCUSSION & ANALYSIS

For Fiscal Year Ended September 30, 2015

INTEREST ARBITRAGE AND REBATE

As a result of lower interest rates on outstanding debt in contrast to higher yields on investments, the Agency has the following remaining potential arbitrage rebate liabilities as of September 30, 2015:

<u>Project</u>	<u>Amount (000's US\$)</u>
St. Lucie Project	\$ 1,489
Total	<u>\$ 1,489</u>

See **Note XIV** in the Notes to Financial Statements for further information regarding the arbitrage rebate liabilities.

REQUEST FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the *Assistant General Manager, Finance and Information Technology, and CFO, Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, FL 32819.*

FLORIDA MUNICIPAL POWER AGENCY

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2015

(000's US\$)

ASSETS & DEFERRED OUTFLOWS	Business-Type Activities						Totals
	Agency Fund	St. Lucie Project	Stanton Project	All- Requirements Project	Tri-City Project	Stanton II Project	
Current Assets:							
Cash and cash equivalents	\$ 4,405	\$ 11,806	\$ 2,719	\$ 40,281	\$ 1,017	\$ 4,314	\$ 64,542
Investments	10,726	79,717	12,550	40,771	1,194	24,021	168,979
Participant accounts receivable	1,535	2,507	2,317	34,506	882	4,058	45,805
Due from Participants			10		101		111
Fuel stock and material inventory			2,023	49,311	724	3,149	55,207
Other current assets	778	239	85	4,982	6	166	6,256
Restricted assets available for current liabilities		13,442	7,189	60,598	3,134	7,326	91,689
Total Current Assets	\$ 17,444	\$ 107,711	\$ 26,893	\$ 230,449	\$ 7,058	\$ 43,034	\$ 432,589
Non-Current Assets:							
Restricted Assets:							
Cash and cash equivalents	\$ 451	\$ 74,973	\$ 8,795	\$ 64,611	\$ 3,785	\$ 9,748	\$ 162,363
Investments	39,054	96,403	1,294	40,077	953	9,477	187,258
Accrued Interest	16	148	9	97	7	18	295
Less: Portion Classified as Current		(13,442)	(7,189)	(60,598)	(3,134)	(7,326)	(91,689)
Total Restricted Assets	\$ 39,521	\$ 158,082	\$ 2,909	\$ 44,187	\$ 1,611	\$ 11,917	\$ 258,227
Utility Plant:							
Electric plant	\$ -	\$ 280,940	\$ 82,900	\$ 1,240,393	\$ 33,447	\$ 191,099	\$ 1,828,779
General plant	8,148	27,561	11	2,780	20	91	38,611
Less accumulated depreciation and amortization	(4,738)	(237,342)	(51,288)	(428,902)	(21,031)	(88,325)	(831,626)
Net utility plant	\$ 3,410	\$ 71,159	\$ 31,623	\$ 814,271	\$ 12,436	\$ 102,865	\$ 1,035,764
Construction work in progress		2,974					2,974
Total Utility Plant, net	\$ 3,410	\$ 74,133	\$ 31,623	\$ 814,271	\$ 12,436	\$ 102,865	\$ 1,038,738
Other Assets:							
Net costs recoverable from future participant billings	\$ -	\$ 57,000	\$ -	\$ 249,344	\$ -	\$ -	\$ 306,344
Prepaid natural Gas - PGP				86,309			86,309
Total Other Assets	\$ -	\$ 57,000	\$ -	\$ 335,653	\$ -	\$ -	\$ 392,653
Total Assets	\$ 60,375	\$ 396,926	\$ 61,425	\$ 1,424,560	\$ 21,105	\$ 157,816	\$ 2,122,207
Deferred Outflows of Resources							
Deferred Outflows from Derivatives	\$ -	\$ 23,721	\$ -	\$ 26,980	\$ -	\$ 13,981	\$ 64,682
Unamortized Loss on Advanced Refunding		20,686	353	4,864	515	6,346	32,764
Total Deferred Outflows	\$ -	\$ 44,407	\$ 353	\$ 31,844	\$ 515	\$ 20,327	\$ 97,446
Total Assets & Deferred Outflows	\$ 60,375	\$ 441,333	\$ 61,778	\$ 1,456,404	\$ 21,620	\$ 178,143	\$ 2,219,653
LIABILITIES AND NET ASSETS							
Current Liabilities:							
Payable from unrestricted assets:							
Accounts payable & Accrued Liabilities	\$ 2,026	\$ 2,218	\$ 815	\$ 28,807	\$ 316	\$ 3,225	\$ 37,407
Due to Participants		1,134		21,062		1,152	23,348
Capital Lease and other Obligations	190		133	11,788	48	209	12,368
Total Current Liabilities Payable from Unrestricted Assets	\$ 2,216	\$ 3,352	\$ 948	\$ 61,657	\$ 364	\$ 4,586	\$ 73,123
Payable from Restricted Assets:							
Current portion of long-term revenue bonds	\$ -	\$ 9,240	\$ 6,265	\$ 39,270	\$ 2,970	\$ 5,275	\$ 63,020
Accrued interest on long-term debt		4,202	924	21,328	164	2,051	28,669
Total Current Liabilities Payable from Restricted Assets	\$ -	\$ 13,442	\$ 7,189	\$ 60,598	\$ 3,134	\$ 7,326	\$ 91,689
Total Current Liabilities	\$ 2,216	\$ 16,794	\$ 8,137	\$ 122,255	\$ 3,498	\$ 11,912	\$ 164,812
Long-Term Liabilities Payable from Restricted Assets:							
Held in Trust for Decommissioning	\$ 37,310	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,310
Held in Trust for Rate Stabilization	2,211						2,211
Accrued Decommissioning Liability		68,571					68,571
Total Liabilities Payable from Restricted Assets	\$ 39,521	\$ 68,571	\$ -	\$ -	\$ -	\$ -	\$ 108,092
Long-Term Liabilities Less Current Portion:							
Long-term debt	\$ 630	\$ 332,247	\$ 32,875	\$ 1,248,429	\$ 12,748	\$ 148,656	\$ 1,775,585
Employee Related Obligations	2,320						2,320
Advances from Participants				20,967			20,967
FMV Derivative Instruments		23,721		64,753		13,981	102,455
Total Long-Term Liabilities	\$ 2,950	\$ 355,968	\$ 32,875	\$ 1,334,149	\$ 12,748	\$ 162,637	\$ 1,901,327
Deferred Inflows of Resources							
Net cost refundable from future participant billings	-	-	20,766	-	5,374	3,594	29,734
Total Long-Term Liabilities & Deferred Inflows	\$ 2,950	\$ 355,968	\$ 53,641	\$ 1,334,149	\$ 18,122	\$ 166,231	\$ 1,931,061
Total Liabilities and Deferred Inflows	\$ 44,687	\$ 441,333	\$ 61,778	\$ 1,456,404	\$ 21,620	\$ 178,143	\$ 2,203,965
Net Position:							
Investment in Capital Assets	\$ 2,590	\$ (222,947)	\$ (7,297)	\$ (453,372)	\$ (2,815)	\$ (30,948)	\$ (714,789)
Restricted		98,751	9,174	83,457	4,581	17,192	213,155
Unrestricted	13,098	124,196	(1,877)	369,915	(1,766)	13,756	517,322
Total Net Position	\$ 15,688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,688

The accompanying notes are an integral part of these financial statements

FLORIDA MUNICIPAL POWER AGENCY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2015
(000's US\$)

	Business-Type Activities						Totals
	Agency Fund	St. Lucie Project	Stanton Project	All- Requirements Project	Tri-City Project	Stanton II Project	
Operating Revenue:							
Billings to participants	\$ 13,297	\$ 54,511	\$ 27,716	\$ 399,979	\$ 10,873	\$ 52,204	\$ 558,580
Interchange Sales				30,063			30,063
Sales to others		2,302	322	15,593	115	505	18,837
Amounts to be recovered from (refunded to) participants		(1,134)	10	7,798	101	(1,152)	5,623
Total Operating Revenue	<u>\$ 13,297</u>	<u>\$ 55,679</u>	<u>\$ 28,048</u>	<u>\$ 453,433</u>	<u>\$ 11,089</u>	<u>\$ 51,557</u>	<u>\$ 613,103</u>
Operating Expenses:							
Operation and maintenance	\$ -	\$ 11,265	\$ 4,225	\$ 60,693	\$ 1,511	\$ 6,495	\$ 84,189
Fuel expense			11,315	204,743	4,287	23,417	243,762
Nuclear fuel amortization		4,599					4,599
Spent fuel fees		(117)					(117)
Purchased power		4,072		31,755			35,827
Transmission services		470	1,222	26,862	489	1,846	30,889
General and administrative	12,539	2,998	1,235	21,729	696	1,831	41,028
Depreciation and amortization	350	24,022	2,759	54,464	1,078	5,194	87,867
Decommissioning		4,189					4,189
Total Operating Expense	<u>\$ 12,889</u>	<u>\$ 51,498</u>	<u>\$ 20,756</u>	<u>\$ 400,246</u>	<u>\$ 8,061</u>	<u>\$ 38,783</u>	<u>\$ 532,233</u>
Total Operating Income (Loss)	<u>\$ 408</u>	<u>\$ 4,181</u>	<u>\$ 7,292</u>	<u>\$ 53,187</u>	<u>\$ 3,028</u>	<u>\$ 12,774</u>	<u>\$ 80,870</u>
Non-Operating Income (Expense):							
Interest expense	\$ (36)	\$ (14,855)	\$ (1,980)	\$ (59,185)	\$ (562)	\$ (5,834)	\$ (82,452)
Debt costs				(1,921)			(1,921)
Investment earnings	183	12,362	450	655	27	778	14,455
Loss on ineffective swaps				(31,432)			(31,432)
Amortization of swap terminations				2,918			2,918
Total Non-Operating Income (Expenses)	<u>\$ 147</u>	<u>\$ (2,493)</u>	<u>\$ (1,530)</u>	<u>\$ (88,965)</u>	<u>\$ (535)</u>	<u>\$ (5,056)</u>	<u>\$ (98,432)</u>
Change in net assets before regulatory asset adjustment	\$ 555	\$ 1,688	\$ 5,762	\$ (35,778)	\$ 2,493	\$ 7,718	\$ (17,562)
Net cost recoverable from future participant billings	\$ -	\$ (1,688)	\$ (5,762)	\$ 35,778	\$ (2,493)	\$ (7,718)	\$ 18,117
Change in Net Position After Regulatory Adj	<u>\$ 555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 555</u>
Net Position at beginning of year	<u>15,133</u>						<u>15,133</u>
Net Position at end of year	<u>\$ 15,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,688</u>

The accompanying notes are an integral part of these financial statements

FLORIDA MUNICIPAL POWER AGENCY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
September 30, 2015
(000's US\$)

	Business-Type Activities- Proprietary Funds						Totals
	Agency Fund	St. Lucie Project	Stanton Project	All Requirements Project	Tri-City Project	Stanton II Project	
Cash Flows From Operating Activities:							
Cash Received From Customers	\$ 13,766	\$ 57,448	\$ 28,201	\$ 481,172	\$ 11,085	\$ 51,724	\$ 643,396
Cash Paid to Suppliers	(5,854)	(13,244)	(19,965)	(350,827)	(7,519)	(33,323)	(430,732)
Cash Paid to Employees	(6,935)						(6,935)
Net Cash Provided by (Used In) Operating Activities	\$ 977	\$ 44,204	\$ 8,236	\$ 130,345	\$ 3,566	\$ 18,401	\$ 205,729
Cash Flows From Investing Activities:							
Proceeds From Sales and Maturities Of Investments	\$ 6,963	\$ 521,570	\$ 9,811	\$ 114,698	\$ 3,507	\$ 23,861	\$ 680,410
Crystal River 3 Decommissioning, RSA Deposits and Interest Earnings	1,149						1,149
Purchases of Investments	(6,586)	(534,253)	(8,574)	(147,607)	(3,004)	(26,283)	(726,307)
Income received on Investments	175	10,172	420	3,664	33	630	15,094
Net Cash Provided by (Used In) Investment Activities	\$ 1,701	\$ (2,511)	\$ 1,657	\$ (29,245)	\$ 536	\$ (1,792)	\$ (29,654)
Cash Flows From Capital & Related Financing Activities:							
Proceeds from Issuance of Bonds & Loans	\$ -	\$ -	\$ -	\$ 132,018	\$ -	\$ -	\$ 132,018
Swap Termination Payments				(130,697)			(130,697)
Debt Issuance Costs				(1,921)			(1,921)
Capital Expenditures - Utility Plant	(576)	(13,625)	(1,443)	(3,859)	(515)	(1,703)	(21,721)
Long Term Gas Pre Pay - PGP				(3,108)			(3,108)
Principal Payments - Long Term Debt	(185)	(8,505)	(6,117)	(49,453)	(2,925)	(9,124)	(76,309)
Line of Credit Payments							
Interest paid on Debt	(33)	(14,974)	(2,051)	(58,599)	(591)	(5,940)	(82,188)
Net Cash Provided (Used In) Capital & Related Financing Activities	\$ (794)	\$ (37,104)	\$ (9,611)	\$ (115,619)	\$ (4,031)	\$ (16,767)	\$ (183,926)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 1,884	\$ 4,589	\$ 282	\$ (14,519)	\$ 71	\$ (158)	\$ (7,851)
Cash and Cash Equivalents - Beginning	2,972	82,190	11,232	119,411	4,731	14,220	234,756
Cash and Cash Equivalents - Ending	\$ 4,856	\$ 86,779	\$ 11,514	\$ 104,892	\$ 4,802	\$ 14,062	\$ 226,905
Consisting of:							
Unrestricted	\$ 4,405	\$ 11,806	\$ 2,719	\$ 40,281	\$ 1,017	\$ 4,314	\$ 64,542
Restricted	451	74,973	8,795	64,611	3,785	9,748	162,363
Total	\$ 4,856	\$ 86,779	\$ 11,514	\$ 104,892	\$ 4,802	\$ 14,062	\$ 226,905
Reconciliation of Operating Income to Net Cash Provided by (Used In) Operating Activities:							
Operating Income (Loss)	\$ 408	\$ 4,181	\$ 7,292	\$ 53,187	\$ 3,028	\$ 12,774	\$ 80,870
Adjustment to Reconcile Net Operating Income to Net Cash Provided by (Used In) Operating Activities:							
Depreciation	350	24,022	2,759	54,464	1,078	5,194	87,867
Asset Retirement Costs	1						1
Decommissioning		4,189					4,189
Amortization of Nuclear Fuel		4,599					4,599
Amortization of Pre Paid Gas - PGP				4,919			4,919
Changes in Assets and Liabilities Which Provided (Used) Cash:							
Inventory			(534)	(387)	(192)	(808)	(1,921)
Receivables From (Payable to) Participants	357	1,770	153	(1,847)	(5)	168	596
Prepays	(184)	472	12	4,338	(94)	12	4,556
Accounts Payable and Accrued Expense	(66)	2,077	(1,620)	(13,690)	(490)	246	(13,543)
Other Deferred Costs	111	2,894	174	29,361	241	815	33,596
Net Cash Provided By (Used In) Operating Activities	\$ 977	\$ 44,204	\$ 8,236	\$ 130,345	\$ 3,566	\$ 18,401	\$ 205,729
Noncash Investing, capital and financing activities:							
Increase (Decrease) in mark to market values							
Non-Trust Investments	\$ 8	\$ 2,255	\$ 34	\$ (51)	\$ (7)	\$ 145	\$ 2,384
Interest Rate Derivative Contracts				99,266			99,266
Change in Effective Swaps		(2,450)		(13,940)		(1,479)	(17,869)

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

I. Summary of Significant Accounting Policies

A. Reporting Entity

Florida Municipal Power Agency (FMPA or Agency) was created on February 24, 1978, pursuant to the terms of an Interlocal Agreement signed by the governing bodies of 25 Florida municipal corporations or utility commissions chartered by the State of Florida.

The Florida Interlocal Cooperation Act of 1969 authorizes local government units to enter together into mutually advantageous agreements which create separate legal entities for certain specified purposes. FMPA, as one such entity, was authorized under the Florida Interlocal Cooperation Act and the Joint Power Act to finance, acquire, construct, manage, operate or own electric power projects or to accomplish these same purposes jointly with other public or private utilities. An amendment to the Florida Interlocal Cooperation Act in 1985 and an amendment to the Interlocal Agreement in 1986 authorized FMPA to implement a pooled financing or borrowing program for electric, water, wastewater, waste refuse disposal or gas projects for FMPA and its members. FMPA established itself as a project-oriented agency.

This structure allows each member the option of whether to participate in a project, to participate in more than one project, or not to participate in any project. Each of the projects are independent from the other and the project bond resolutions specify that no revenues or funds from one project can be used to pay the costs of any other project. As of September 30, 2015, FMPA has 31 members.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Agency Fund and each of the projects are maintained using the Governmental Accounting Standards Board (GASB), the Uniform System of Accounts of the Federal Energy Regulatory Commission (FERC) and Generally Accepted Accounting Principles of the United States (GAAP) using the economic resources measurement focus and the accrual basis of accounting. Application of the accounting methods for regulatory operations is also included in these financial statements. This accounting guidance relates to the deferral of revenues and expenses to future periods in which the revenues are earned or the expenses are recovered through the rate-making process, which is governed by the Executive Committee and the Board of Directors.

The Agency's General Bond Resolution requires that its rate structure be designed to produce revenues sufficient to pay operating, debt service and other specified costs. The Agency's Board of Directors, which is comprised of one representative from each member city, and Executive Committee, which is comprised of one representative from each of the active All-Requirements Project members, are responsible for reviewing and approving the rate structure. The application of a given rate structure to a given period's electricity sales may produce revenues not intended to pay that period's costs and conversely, that period's costs may not be intended to be recovered in that period's revenues. The affected revenues and/or costs are, in such cases, deferred for future recognition. The recognition of deferred items is correlated with specific future events, primarily payment of debt principal.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

I. Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

FMPA considers electric revenues and costs that are directly related to generation, purchases, transmission and distribution of electricity to be operating revenues and expenses. Revenues are recorded when they are earned and expenses are recorded when a liability is incurred, following GAAP.

1. Fund Accounting

FMPA maintains its accounts on a fund/project basis, in compliance with appropriate bond resolutions, and operates its various projects in a manner similar to private business. Operations of each project are accounted for as a proprietary fund and as such, inter-project transactions, revenues and expenses are not eliminated.

The Agency operates the following major funds:

- The Agency Fund, which accounts for general operations beneficial to all members and projects,
- The St. Lucie Project, which accounts for ownership interest in the St. Lucie Unit 2 nuclear generating facility,
- The Stanton Project and the Tri-City Project, which account for respective ownership interests in the Stanton Energy Center (SEC) Unit 1, a coal-fired generation facility,
- The All-Requirements Project, which accounts for ownership interests in Stanton Energy Center Unit 1, Stanton Energy Center Unit 2, Stanton Unit A, and Indian River Combustion Turbine Units A, B, C and D. Also included in the All-Requirements Project is the purchase of power for resale to the participants and 100% ownership or ownership cost responsibility (for jointly owned and participant-owned units) of Treasure Coast Energy Center, Cane Island Units 1, 2, 3 and 4, FMPA's Key West Combustion Turbine Units 1, 2, 3 and 4 and Key West Stock Island MS Units 1 & 2.
- The Stanton II Project, which accounts for an ownership interest in SEC Unit 2.

Certain accounts within these funds are grouped and classified in the manner established by respective bond resolutions and/or debt instruments.

All funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary or business fund's principal on-going operations. The principal operating revenues of FMPA's proprietary or business funds are charges to participants for sales and services. Operating expenses for proprietary or business funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is FMPA's policy to use restricted funds for their intended purposes only, based on the bond resolutions. Unrestricted resources are used as they are needed in a hierarchical manner from the General Reserve accounts to the Operations and Maintenance accounts.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

I. Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

2. Capital Assets

Certain direct and indirect expenses allocable to FMPA's undivided ownership in the St. Lucie Project, the Stanton Project, the All-Requirements Project, the Tri-City Project and the Stanton II Project are capitalized as part of the cost of acquiring or constructing the respective utility plant. Direct and indirect expenses not associated with these projects are capitalized as part of the cost of Development Projects in Progress in the Agency Fund. Electric Plant in Service is depreciated using the straight-line method over the assets' respective estimated useful lives. Estimated useful lives for electric plant assets range from 23 years to 40 years.

FMPA has adopted the policy of capitalizing net interest costs during the period of project construction (interest expense less interest earned on the investment of bond proceeds). Capitalized net interest cost on borrowed funds include amortization of bond discount and bond premium, interest expense and interest income. The cost of major replacements of assets in excess of \$5,000 is capitalized to the utility plant accounts. The cost of maintenance, repairs and replacements of minor items are expensed as incurred.

3. Inventory

Coal, oil, and natural gas inventory is stated at weighted average cost. Parts inventory for the generating plants is also stated at weighted average cost. Nuclear fuel is carried at cost and is amortized on the units of production basis.

4. Cash & Cash Equivalents

FMPA considers the following highly liquid investments (including restricted assets) to be cash equivalents for the statement of cash flows:

- Demand deposits (not including certificates of deposits)
- Money market funds

5. Investments

Florida Statutes authorize FMPA to invest in the FL Local Government Surplus Funds Trust Fund, obligations of the U.S. Instrumentalities, Money Market Funds, U.S. Government and Agency Securities, Certificates of Deposit, commercial paper and repurchase agreements fully collateralized by all the items listed above. In addition to the above, FMPA's policy also authorizes the investment in corporate and municipal bonds, bankers' acceptances, prime commercial paper and repurchase agreements, guaranteed investment contracts and other investments with a rating confirmation issued by a rating agency.

Investments are stated at fair value based on quoted market prices and using third party pricing models for thinly traded investments that don't have readily available market values. Investment income includes changes in the fair value of these investments. Interest on investments is accrued at the Statement of Net Position date. All of FMPA's project and fund investments can be sold at any point due to cash flow needs, changes in market trends or risk management strategies.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

I. Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

6. Debt-Related Costs

Debt issuance costs are expensed as incurred. Gains and losses on the refunding of bonds are deferred and amortized over the life of the refunding bonds or the life of the refunded bonds, whichever is shorter, using the bonds outstanding method. This method is used for the St. Lucie Project, the Stanton Project, the All-Requirements Project, the Tri-City Project and the Stanton II Project.

7. Compensated Absences

Liabilities related to Compensated Absences are recognized as incurred in accordance with GASB Statement No. 16 and are included in accrued expenses. Regular, full-time employees in good standing, upon resignation or retirement, are eligible for vacation pay, and sick/personal pay. At September 30, 2015, the liability for unused vacation was \$802,995 and \$498,147 for unused sick/personal leave.

8. Allocation of Agency Fund Expenses

General and administrative operating expenses of the Agency Fund are allocated based on direct labor hours of specific positions and certain other minimum allocations to each of the projects. Any remaining expenses are allocated to the All-Requirements Project.

9. Billing to Participants

Participant billings are designed to systematically provide revenue sufficient to recover costs. Rates and budgets can be amended by the Board of Directors or the Executive Committee at any time.

For the All-Requirements Project, energy rate adjustments are driven by the Project's Operation and Maintenance (O & M) Fund month-end cash balance and the cash balance needed to meet the targeted balance of 60 days of cash within the O & M Fund. If it is determined that the O & M Fund balance is over the 60 days O & M Fund cash balance target amount, the energy rate adjustment will result in a lower billing rate relative to projected expenses and thereby reduce the future O & M Fund balance. Likewise, if the O & M Fund balance is below the 60 day cash target, the energy rate adjustment will result in a higher billing rate relative to projected expenses and thereby increase the future O & M Fund balance.

Amounts due from participants are deemed to be entirely collectible and as such, no allowance for uncollectible accounts has been recorded.

For the St. Lucie Project, the Stanton Project, the Tri-City Project and the Stanton II Project, variances in current fiscal year billings and actual project costs are computed and compared to the current year budget target under or over recovery and under the terms of the project contract, net excesses or deficiencies are credited or charged to future participant billings or may be paid from the General Reserve Fund, as approved by the Board of Directors, or Executive Committee as appropriate.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

I. Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

10. Income Taxes

FMPA is a local governmental entity and therefore is exempt from federal and state income taxes.

11. Use of Estimates

The management of FMPA has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with GAAP. Examples of major areas where estimates are used include the estimate for useful lives of property, plant and equipment and the estimate for the nuclear decommissioning liability. Other examples include using third party pricing models for pricing of thinly traded investments, amortization of Public Gas Partner gas based on estimated total reserves and use of estimates when computing the OPEB liability. Actual results could differ from those estimates.

12. Derivative Financial Investments

FMPA uses commodity futures contracts and options on forward contracts to hedge the effects of fluctuations in the price of natural gas purchases, as well as interest rate swap contracts to hedge the fluctuations in the interest rate of variable-rate debt. The Interest Rate Swap contracts require the Agency to pay a fixed interest rate and receive a variable interest rate, based upon the London Interbank Offered Rate (LIBOR), or the Consumer Price Index (CPI). GASB Statement No. 53 was adopted by FMPA beginning with the fiscal year ending September 30, 2010. All derivative financial instruments have been evaluated for effectiveness using criteria established in GASB Statement No. 53. Related gains or losses on the derivative instruments determined to be effective are recorded as either a reduction of, or an addition to, Net costs refundable from participant billings or interest expense.

13. Deferred Inflows and Deferred Outflows

GASB Statement No. 65 was adopted by FMPA beginning with the fiscal year ending September 30, 2013. The impacts on accounting and reporting for FMPA are as follows:

All debt issuance costs previously recorded as an asset are now expensed as incurred and included as a Regulatory asset (Net costs recoverable from future participant billings) in the Other Assets section of the Statement of Net Position.

Any Gain/Loss on Debt Refunding was previously accounted for in the Long-Term Liabilities section of the Statement of Net Position as an addition or offset to Long-term debt and amortized to expense over the term of the debt. These are now accounted for as Deferred Outflows of Resources in the Statement of Net Position and amortized to expense over the term of the new debt.

Long-term Regulatory Liabilities (Due to Participants) previously accounted for in the Long-Term Liabilities section of the Statement of Net Position are now accounted for as a Deferred Inflows of Resources in the Statement of Net Position and recognized as a rate benefit over future periods.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

I. Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

14. Financial Reporting for Pension Plans

The Governmental Accounting Standards Board Statement #67 was adopted by FMPA beginning with the fiscal year ending September 30, 2014. FMPA has a Defined Contribution Pension Plan and therefore the impacts were minimal compared to entities that have a Defined Benefit Pension Plan. The impacts on accounting and reporting for FMPA were additional disclosures in footnote XII as follows:

-The number of plan members.

-The authority under which the pension plan was established or may be amended.

II. Nuclear Decommissioning Liability

A. St. Lucie Project

The U.S. Nuclear Regulatory Commission (NRC) requires that each licensee of a commercial nuclear power reactor furnish to the NRC a certification of its financial capability to meet the costs of nuclear decommissioning at the end of the useful life of the licensee's facility. As a co-licensee of St. Lucie Unit 2, FMPA's St. Lucie Project is subject to these requirements and therefore has complied with the NRC regulations.

To comply with the NRC's financial capability regulations, FMPA established an external trust fund (Decommissioning Trust) pursuant to a trust agreement. Funds deposited, together with investment earnings in the Trust, are anticipated to result in sufficient funds in the Decommissioning Trust at the expiration of the license extension to meet the Project's share of the decommissioning costs. This is reflected in the St. Lucie Project's Statement of Net Position as Restricted Cash and Investments (\$68.6 million) and Accrued Decommissioning Liability (\$68.6 million) at September 30, 2015. These amounts are to be used for the sole purpose of paying the St. Lucie nuclear decommissioning costs. Based on a site-specific study approved by the Florida Public Service Commission in 2010, Unit 2's future net decommissioning costs are estimated to be \$1.9 billion or \$635 million in 2010 dollars, and FMPA's share of the future net decommissioning costs is estimated to be \$171 million or \$56 million in 2010 dollars. A new study will be completed and made available in 2016. The Decommissioning Trust is irrevocable and funds may be withdrawn from the Trust solely for the purpose of paying the St. Lucie Project's share of costs for nuclear decommissioning. Also, under NRC regulations, the Trust is required to be segregated from other FMPA assets and outside FMPA's administrative control. FMPA has complied with these regulations.

B. Crystal River Unit 3

The minority owners of the Crystal River Unit 3 (CR3) Power Plant were required to maintain nuclear decommissioning trust funds for their share of CR3's decommissioning liability. As a service to six of the eight CR3 municipal joint owners, FMPA managed the investment of the monies collected from the joint owners in the Decommissioning Trust. This is reflected in the Agency Fund Statement of Net Position as Restricted Cash and Investments and held in trust for decommissioning for the sole purpose of paying CR3's nuclear decommissioning costs by these owners. The decommissioning trust funds were transferred to Duke on October 30, 2015, as part of the settlement agreement between the CR3 joint owners and Duke.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

II. Nuclear Decommissioning Liability(continued)

B. Crystal River Unit 3(continued)

The eight CR3 municipal joint owners and several current and former wholesale customers of Duke, including the All-Requirements Project, entered into a settlement agreement with Duke which became effective September 26, 2014. Relevant to the CR3 decommissioning trusts, one aspect of the settlement agreement provides for the CR3 municipal joint owners' transfer of their CR3 ownership interests and decommissioning trust funds to Duke in exchange for, among other things, a cash settlement payment and release from all past, present and future CR3 costs and liabilities including CR3 decommissioning. The settlement payments and decommissioning trust fund transfers took place at final closing on October 30, 2015.

III. Capital Assets

A description and summary as of September 30, 2015, of Capital Assets by fund and project, is as follows:

The column labeled "Increases" reflects new capital undertakings and depreciation expense. The column labeled "Decreases" reflects retirements of those assets.

A. Agency Fund

The Agency Fund contains the general plant assets of the Agency that are not associated with specific projects. Depreciation of general plant assets is computed by using the straight-line method over the expected useful life of the asset. Expected lives of the different types of general plant assets are as follows:

- Structures & Improvements 25 years
- Furniture & Fixtures 8 years
- Office Equipment 5 years
- Automobiles and Computers 3 years

New capital undertakings are accounted for in the Development Projects in Progress account and included in the Other Assets section of the Statement of Net Position. Depending on whether these undertakings become a project, costs are either capitalized or expensed. The activity for the Agency's general plant assets for the year ended September 30, 2015 was as follows:

	September 30, 2015			Ending Balance
	Beginning Balance	Increases	Decreases*	
	(000's US\$)			
Land	\$ 653	\$ -	\$ -	\$ 653
General Plant	6,919	576		7,495
General Plant in Service	\$ 7,572	\$ 576	\$ -	\$ 8,148
Less Accumulated Depreciation	(4,387)	(350)	(1) **	(4,738)
General Plant in Service, Net	<u>\$ 3,185</u>	<u>\$ 226</u>	<u>\$ (1)</u>	<u>\$ 3,410</u>

* Includes Retirements Less Salvage
 ** Salvage from prior years retirements

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

III. Capital Assets (continued)

B. St. Lucie Project

The St. Lucie Project consists of an 8.806% undivided ownership interest in St. Lucie Unit 2, a nuclear power plant primarily owned and operated by Florida Power & Light (FPL).

Depreciation is computed using the straight-line method over the expected useful life of the asset, which is computed to be 34.6 years. Nuclear fuel is amortized on a units of production basis.

St. Lucie plant asset activity for the year ended September 30, 2015, was as follows:

	September 30, 2015			Ending Balance
	Beginning Balance	Increases	Decreases*	
	(000's US\$)			
Land	\$ 75	\$ -	\$ -	\$ 75
Electric Plant	274,939	6,026	(100)	280,865
General Plant	1,209			1,209
Nuclear Fuel	20,787	5,565		26,352
Construction work in process	940	2,034		2,974
Electric Utility Plant in Service	\$ 297,950	\$ 13,625	\$ (100)	\$ 311,475
Less Accumulated Depreciation	(208,821)	(28,621)	100	(237,342)
Utility Plant in Service, Net	\$ 89,129	\$ (14,996)	\$ -	\$ 74,133

* Includes Retirements Less Salvage

Construction work in process is recorded on an estimate basis and reversed 3 months later when actual amounts are determined.

C. Stanton Project

The Stanton Project consists of an undivided 14.8193% ownership in Stanton Energy Center Unit 1, a coal-fired power plant. Asset retirements and additions for the plant are decided by Orlando Utilities Commission (OUC), the primary owner and operator of the plant.

Depreciation of plant assets is computed using the straight-line method over the expected useful life of the different plant assets. Expected useful lives of the assets are as follows:

- Electric Plant 40 years
- Computer Equipment 9 years

Stanton Unit 1 plant asset activity for the year ended September 30, 2015, was as follows:

	September 30, 2015			Ending Balance
	Beginning Balance	Increases	Decreases*	
	(000's US\$)			
Land	\$ 125	\$ -	\$ -	\$ 125
Electric Plant	82,367	1,443	(1,035)	82,775
General Plant	17		(6)	11
Electric Utility Plant in Service	\$ 82,509	\$ 1,443	\$ (1,041)	\$ 82,911
Less Accumulated Depreciation	(49,570)	(2,759)	1,041	(51,288)
Utility Plant in Service, Net	\$ 32,939	\$ (1,316)	\$ -	\$ 31,623

* Includes Retirements Less Salvage

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

III. Capital Assets (continued)

D. All-Requirements Project

The All-Requirements Project's current utility plant assets include varying ownership interests in Stanton Energy Center Units 1 and 2; Indian River Combustion Turbines A, B, C and D; and Stanton A.

The All-Requirements Project's current utility plant assets also consist of 100% ownership in the Treasure Coast Energy Center, Cane Island Units 1, 2, 3 and 4, Key West Units 1, 2, 3 and 4, and Stock Island MS Units 1 & 2.

Retirements and additions for the All-Requirements Project assets are decided by the All-Requirements members.

Depreciation of plant assets and amortization of capital leases is computed using the straight-line method over the expected useful life of the asset. Expected lives of the different plant assets are as follows:

- Stanton Energy Center Units 1 and 2 40 years
- Stanton Energy Center Unit A 35 years
- Treasure Coast Energy Center 23 years
- Cane Island Unit 1 25 years
- Cane Island Units 2, 3 30 years
- Cane Island Unit 4 23 years
- Key West Units 1, 2 and 3 25 years
- Key West Stock Island Units 1 and 2 25 years
- Key West Stock Island Unit 4 23 years
- Indian River Units A, B, C and D 23 years
- Computer Equipment 9 years

All-Requirements plant asset activity for the year ended September 30, 2015, was as follows:

	<i>Beginning Balance</i>	<i>September 30, 2015</i>		<i>Ending Balance</i>
		<i>Increases</i>	<i>Decreases*</i>	
		<i>(000's US\$)</i>		
Land	\$ 13,405	\$	\$ -	\$ 13,405
Electric Plant	1,222,702	2,594	1,692 **	1,226,988
General Plant	4,219	1,265	(2,704)	2,780
Electric Utility Plant in Service	\$ 1,240,326	\$ 3,859	\$ (1,012)	\$ 1,243,173
Less Accumulated Depreciation	(375,450)	(54,464)	1,012	(428,902)
Utility Plant in Service, Net	<u>\$ 864,876</u>	<u>\$ (50,605)</u>	<u>\$ -</u>	<u>\$ 814,271</u>

* Includes Retirements Less Salvage
 ** \$1.7 million was reclassified from general plant to intangible

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

III. Capital Assets (continued)

E. Tri-City Project

The Tri-City Project consists of an undivided 5.3012% ownership interest in Stanton Unit 1, a coal-fired power plant. Retirements and additions for Stanton Unit 1 are determined by OUC, the primary owner and operator.

Depreciation of plant assets is computed using the straight-line method over the expected useful life of the different assets. Expected useful lives of the assets are as follows:

- Electric Plant 40 years
- Computer Equipment 9 years

Tri-City Project plant asset activity for the year ended September 30, 2015, was as follows:

	<i>Beginning Balance</i>	<i>September 30, 2015</i>		<i>Ending Balance</i>
		<i>Increases</i>	<i>Decreases*</i>	
		<i>(000's US\$)</i>		
Land	\$ 48	\$ -	\$ -	\$ 48
Electric Plant	33,259	515	(375)	33,399
General Plant	20			20
Electric Utility Plant in Service	<u>\$ 33,327</u>	<u>\$ 515</u>	<u>\$ (375)</u>	<u>\$ 33,467</u>
Less Accumulated Depreciation	(20,328)	(1,078)	375	(21,031)
Utility Plant in Service, Net	<u>\$ 12,999</u>	<u>\$ (563)</u>	<u>\$ -</u>	<u>\$ 12,436</u>

* Includes Retirements Less Salvage

F. Stanton II Project

The Stanton II Project consists of an undivided 23.2367% ownership interest in Stanton Unit 2, a coal-fired power plant. Retirements and additions for Stanton Unit 2 are determined by OUC, the primary owner and operator.

Depreciation of plant assets is computed using the straight-line method over the expected useful life of the different assets. Expected useful lives of the assets are as follows:

- Electric Plant 40 years
- Computer Equipment 9 years

Stanton Unit 2 plant asset activity for the year ended September 30, 2015, was as follows:

	<i>Beginning Balance</i>	<i>September 30, 2015</i>		<i>Ending Balance</i>
		<i>Increases</i>	<i>Decreases*</i>	
		<i>(000's US\$)</i>		
Land	\$ 217	\$ -	\$ -	\$ 217
Electric Plant	190,139	1,703	(960)	190,882
General Plant	91			91
Electric Utility Plant in Service	<u>\$ 190,447</u>	<u>\$ 1,703</u>	<u>\$ (960)</u>	<u>\$ 191,190</u>
Less Accumulated Depreciation	(84,091)	(5,194)	960	(88,325)
Utility Plant in Service, Net	<u>\$ 106,356</u>	<u>\$ (3,491)</u>	<u>\$ -</u>	<u>\$ 102,865</u>

* Includes Retirements Less Salvage

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

IV. Cash, Cash Equivalents and Investments

A. Cash and Cash Equivalents

At September 30, 2015, FMPA's Cash and Cash Equivalents consisted of demand deposit accounts and money market accounts which are authorized under FMPA bond resolutions. Cash and cash equivalents are held at two financial institutions. All of FMPA's demand deposits at September 30, 2015, were insured by Federal Depository Insurance Corporation (FDIC) or collateralized pursuant to the Public Depository Security Act of the State of Florida. Current unrestricted cash and cash equivalents are used in FMPA's funds' and projects' day-to-day operations.

B. Investments

FMPA adheres to a Board and Executive Committee-adopted investment policy based on the requirements of the bond resolutions. The policy requires diversification based upon investment type, issuing institutions, and duration. All of the fund and project accounts have specified requirements with respect to investments selected and the length of allowable investment. Investments at September 30, 2015, were insured or registered and held by its agent in FMPA's name. Changes in the fair value of investments are reported in current period revenues and expenses. All of FMPA's fund and project investments can be sold at any point due to cash flow needs, changes in market trends or risk management strategies.

Foreign Currency Risk

FMPA's investments are not exposed to foreign currency risk.

Interest-Rate Risk

FMPA's investment policy requires that funds generally be invested to match anticipated cash flow. All fund and project accounts have a specified maximum maturity for investments and, the majority of FMPA's funds are required to be invested for less than five years. All project funds and accounts are monitored using weighted average maturity analysis as well as maturity date restrictions.

Concentration of Credit Risk

Each project is separate from the others, and as such, each project is evaluated individually to determine the credit and interest rate risk. FMPA's investment policy prohibits investments in commercial paper that exceed 50% of any of the projects' or the Agency's assets. All commercial paper must be rated in the highest rating category by a nationally recognized bond rating agency at the time of purchase. These investments must not exceed 25% for any of FMPA's projects. As of September 30, 2015, fixed income commercial paper investments, held by FMPA from any one issuer (investments issued or explicitly guaranteed by the US Government, investments in mutual funds, external investment pools and other pooled investments are excluded) that represent 5% or more of the projects' investment assets are listed on the following page.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

IV. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

Agency Fund	Forward Delivery Agreement w/JP Morgan Chase & Co Held for Crystal River 3 decommissioning, which has different investment limits.	
	Nestle Finance	38.23%
St. Lucie Project	None	
Stanton Project	None	
All-Requirements Project	None	
Tri-City Project	None	
Stanton II Project	None	

FMPA maintains all assets other than demand deposit accounts within a trust department of a bank. Under Florida Statutes, Chapter 280, public deposits in a bank or savings association by a trust department company are fully secured under trust business laws. All cash and investments, other than demand deposit accounts, are held in the name of a custodian or a trustee for the Agency and its projects.

1. Agency Fund

Cash, cash equivalents and investments on deposit for the Agency at September 30, 2015, are as follows:

	September 30, 2015	Weighted Average Maturity (Days)	Credit Rating
Restricted	<i>(000's US\$)</i>		
Cash and Cash Equivalents	\$ 451		
US Gov't/Agency Securities	20,025	190	AA/AA+/AAA *
Commercial Paper	19,029		
Total Restricted	\$ 39,505		
Unrestricted			
Cash and Cash Equivalents	\$ 4,405		
US Gov't/Agency Securities	10,726	723	AA/AA+/AAA *
Total Unrestricted	\$ 15,131		
Total	\$ 54,636		

* Moody's/S&P/Fitch

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

IV. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

2. St. Lucie Project

In addition to normal operational cash needs for the project, investments are being accumulated in order to pay-off the balloon maturity of the Project's debt in 2026. The primary investments being used for this are zero coupon municipal bonds. Cash, cash equivalents and investments for the St. Lucie Project at September 30, 2015, are as follows:

	September 30, 2015	Weighted Average Maturity (Days)	Credit Rating
<i>(000's US\$)</i>			
Restricted			
Cash and Cash Equivalents	\$ 74,973		
US Gov't/Agency Securities	25,313	1,113	AA/AA+/AAA **
Municipal Bonds	71,090	3,744	*
Commercial Paper	-		
Total Restricted	<u>\$ 171,376</u>		
Unrestricted			
Cash and Cash Equivalents	\$ 11,806		
US Gov't/Agency Securities	25,547	966	AA/AA+/AAA **
Municipal Bonds	54,170	2,026	*
Commercial Paper	-		
Total Unrestricted	<u>\$ 91,523</u>		
Total	<u>\$ 262,899</u>		

*The Municipal Bond ratings range from a best of Aa1/AAA/AAA to a worst of A3/AA-/BBB-.

** Moody's/S&P/Fitch

3. Stanton Project

Cash, cash equivalents and investments for the Stanton Project at September 30, 2015, are as follows:

	September 30, 2015	Weighted Average Maturity (Days)	Credit Rating
<i>(000's US\$)</i>			
Restricted			
Cash and Cash Equivalents	\$ 8,795		
US Gov't/Agency Securities	805	263	AA/AA+/AAA **
Municipal Bonds	489	89	*
Total Restricted	<u>\$ 10,089</u>		
Unrestricted			
Cash and Cash Equivalents	\$ 2,719		
US Gov't/Agency Securities	9,505	1,237	AA/AA+/AAA **
Municipal Bonds	3,045	1,567	*
Total Unrestricted	<u>\$ 15,269</u>		
Total	<u>\$ 25,358</u>		

*The Municipal Bond ratings range from a best of AAA/AAA/Aa1A to a worst of A+/A/A3.

** Moody's/S&P/Fitch

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

IV. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

4. All-Requirements Project

Cash, cash equivalents and investments for the All-Requirements Project at September 30, 2015, are as follows:

	September 30, 2015	Weighted Average Maturity (Days)	Credit Rating
	<i>(000's US\$)</i>		
Restricted			
Cash and Cash Equivalents	\$ 64,611		
US Gov't/Agency Securities	36,359	526	AA/AA+/AAA **
Municipal Bonds	3,718	66	*
Total Restricted	<u>\$ 104,688</u>		
Unrestricted			
Cash and Cash Equivalents	\$ 40,281		
US Gov't/Agency Securities	39,914	560	AA/AA+/AAA **
Municipal Bonds	857	1,543	*
Commercial Paper	-		
Total Unrestricted	<u>\$ 81,052</u>		
Total	<u>\$ 185,740</u>		

*The Municipal Bond ratings range from a best of Aa1/AAA/AAA to a worst of Aa3/A+/A.

** Moody's/S&P/Fitch

5. Tri-City Project

Cash, cash equivalents and investments for the Tri-City Project at September 30, 2015, are as follows:

	September 30, 2015	Weighted Average Maturity (Days)	Credit Rating
	<i>(000's US\$)</i>		
Restricted			
Cash and Cash Equivalents	\$ 3,785		
US Gov't/Agency Securities	855	365	AA/AAA/AAA **
Municipal Bonds	98	305	*
Total Restricted	<u>\$ 4,738</u>		
Unrestricted			
Cash and Cash Equivalents	\$ 1,017		
US Gov't/Agency Securities	1,089	977	AA/AAA/AAA **
Municipal Bonds	105	1,308	*
Total Unrestricted	<u>\$ 2,211</u>		
Total	<u>\$ 6,949</u>		

*The Municipal Bond ratings range from a best of Aa1/AAA/AAA to a worst of Aa3/AAA/Baa1.

** Moody's/S&P/Fitch

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

IV. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

6. Stanton II Project

Cash, cash equivalents and investments for the Stanton II Project at September 30, 2015, are as follows:

	September 30, 2015 <i>(000's US\$)</i>	Weighted Average Maturity (Days)	Credit Rating
Restricted			
Cash and Cash Equivalents	\$ 9,748		
US Gov't/Agency Securities	8,482	382	AA/AA+/AAA **
Municipal Bonds	995	1,022	*
Total Restricted	<u>\$ 19,225</u>		
Unrestricted			
Cash and Cash Equivalents	\$ 4,314		
US Gov't/Agency Securities	21,312	1,153	AA/AA+/AAA **
Municipal Bonds	2,709	1,783	*
Commercial Paper	0		
Total Unrestricted	<u>\$ 28,335</u>		
Total	<u>\$ 47,560</u>		

*The Municipal Bond ratings range from a best of Aa1/AAA/AAA to a worst of A3/A/A+.

** Moody's/S&P/Fitch

V. Derivative Financial Instruments

FMPA uses derivative instruments to hedge the effects of fluctuations in interest rates and the price of natural gas. In accordance with GASB Statement No. 53, market values of derivative instruments are included on the Statement of Net Position as either an asset or a liability depending on whether FMPA would receive or pay to terminate the instrument on the Statement of Net Position date. If the derivative instruments are determined under the Standard to be effective hedges a deferred cash outflow or a liability is recorded. If the derivative instrument is determined to be not effective under the Standard, then the market value adjustment flows through investment income. The following table shows the classification of the various derivative instruments on the Statement of Net Position.

	Agency Fund	St. Lucie Project	Stanton Project	All -Req Project	Tri-City Project	Stanton II Project
Deferred Outflows from Derivatives						
Interest Rate Swaps - Effective	\$ -	\$ 23,721	\$ -	\$ 26,980	\$ -	\$ 13,981
Total Deferred Outflows from Derivatives	<u>\$ -</u>	<u>\$ 23,721</u>	<u>\$ -</u>	<u>\$ 26,980</u>	<u>\$ -</u>	<u>\$ 13,981</u>
Fair Market Value Derivative Instruments Liabilities						
Hybrid Swap Liability	\$ -	\$ -	\$ -	\$ 37,773	\$ -	\$ -
Market Value Adjustment for Effective Swaps		23,721		26,980		13,981
Total Fair Value	<u>\$ -</u>	<u>\$ 23,721</u>	<u>\$ -</u>	<u>\$ 64,753</u>	<u>\$ -</u>	<u>\$ 13,981</u>

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

V. Derivative Financial Instruments (continued)

A. Swap Agreements

Three of FMPA's projects are party to interest rate swap agreements. The objective for entering into these agreements is to convert variable interest rates to fixed rates thus reducing interest rate exposure. The 30-day London Interbank Offered Rate (LIBOR) and the US Consumer Price Index for All Urban Consumers (CPI-U) are used to determine the variable rates received. Interest requirements for variable rate debt are determined using the rate in effect at the financial statement date.

Credit Risk

The swap agreements are subject to credit risk. Counterparty credit ratings and the maximum loss due to credit risk as of September 30, 2015, is listed, by project, in the tables that follow. As part of the swap agreements, if the provider's credit rating drops below certain levels and a termination value indicates an amount that would be payable to the Agency, collateral (or cash in some circumstances) would need to be posted by the counterparty with a third-party custodian if the value of the termination payment exceeds certain threshold levels. Conversely, the Agency would have to post collateral for the same reason in some circumstances.

For the Stanton II 2004 issue, the Agency purchased swap termination insurance and thereby is not obligated to post collateral should there be a decline in a project's credit rating. If the insurance is drawn on to pay a termination payment, the Agency would be required to reimburse the insurance company over a period of time. The 2004, 2005, and 2006 swap agreements provide for monthly netted payments.

The Agency has an approved Debt Management Policy with regard to derivatives whereby approval is required of the appropriate project participants and our financial advisor, prior to entering into swaps or other derivative products. The policy sets minimum standards for all derivative transactions.

Interest Rate Risk

FMPA has entered into swap agreements to fix the interest rate on variable rate bonds for the entirety of the term of the bonds. As interest rates increase above the swap rates, the value of these swaps will increase. As rates decrease below the swap rates, the values will decrease. Depending on the terms of the swap agreement, collateral may have to be posted.

Basis Risk

Basis risk exists on the swap agreements other than those that are tied to the CPI-U Index and ARP series 2011A-1, 2011A-2 & 2011B. The variable rate indices used on these swaps differ from the variable index on the bonds. If there were a mismatch between the indices, the budget process would allow FMPA to adjust rates for this difference.

Termination Risk

Termination values are listed in the following tables as of September 30, 2015. These amounts vary with changes in the market. The swaps may be terminated by the Agency if the counterparty's credit quality falls below certain levels. The Agency or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable rate bonds would continue to pay based on its variable index. If, at the time of the termination, the swap has a negative fair value to the Agency, the Agency would be liable to the counterparty for a payment equal to the swap's fair value. The Agency also has an optional right to terminate with certain notice and compensation requirements for swap agreements completed in 2004, 2005 and 2006.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

V. Derivative Financial Instruments (continued)

A. Swap Agreements (continued)

Market Access Risk

Financial market access risk is the risk that the Agency or any of FMPA's Power Projects could not complete a financial transaction due to the lack of a counterparty at reasonable cost or terms or the inability to complete the transaction in a timely manner, for example, issuing new bonds, selling an investment to raise cash, obtaining or renewing a line or letter of credit. The inability to conduct business as needed could have significant effects on the ability of the Agency or any of its Power Projects to have needed cash balances or access to cash.

Rollover Risk

The Agency is exposed to rollover risk on swaps that may be terminated prior to the maturity of the associated debt. If these swaps are terminated prior to the maturity of the bonds, the Agency will not realize the synthetic fixed rate offered by the swaps on the underlying debt issues. New swaps entered into at the time of termination of the old swaps will likely carry different rates and terms.

GASB Statement No. 53 Effectiveness Testing

The Agency performed effectiveness tests using the Synthetic Instrument Method on all interest rate swaps for its three projects that have these agreements. All swaps were deemed effective, with the exception of forward starting swaps effective in 2015. The forward starting swaps were terminated in fiscal year 2015. There was \$31.4 million recognized in Investment Expense as a decrease in the fair market value for the current period with a resulting decrease in fair market value derivative instruments. In addition, the swaps associated with ARP 2008C, 2008D and 2008E required recognition of hybrid loans in 2011 for the change in market value from the original bond date to the date of refundings. The hybrid loan amounts totaled \$57.0 million less amortization of \$19.2 million for a net of \$37.8 million. The remaining effective swaps reflect a market value of negative \$27.0 million.

1. St. Lucie Project

<u>Swaps Currently Effective</u>								
<i>(000's US\$)</i>								
<i>Fixed</i>								
<i>Notional Amount</i>	<i>Effective Date</i>	<i>Rate Paid</i>	<i>Variable Rate Received</i>	<i>Termination Date</i>	<i>Fair Value**</i>	<i>Counterparty</i>	<i>Counterparty Credit Rating</i>	
Series 2000								
\$ 16,650	7/3/2006	3.444%	72% LIBOR*	10/1/2021	\$ (2,393)	Merrill Lynch Capital Services, Inc.	Baa1/A-/A	
Series 2002								
\$ 11,975	7/2/2007	3.481%	72% LIBOR*	10/1/2021	\$ (1,747)	Merrill Lynch Capital Services, Inc.	Baa1/A-/A	
11,975	7/1/2010	3.595%	72% LIBOR*	10/1/2021	(1,828)	Merrill Lynch Capital Services, Inc.	Baa1/A-/A	
11,975	7/1/2011	3.632%	72% LIBOR*	10/1/2021	(1,854)	Merrill Lynch Capital Services, Inc.	Baa1/A-/A	
7,825	7/3/2006	3.444%	72% LIBOR*	10/1/2021	(1,125)	Goldman Sachs Bank USA	Baa2/A-/A	
11,308	7/1/2010	3.595%	72% LIBOR*	10/1/2021	(1,726)	Goldman Sachs Bank USA	Baa2/A-/A	
11,308	7/2/2007	3.481%	72% LIBOR*	10/1/2021	(1,650)	Goldman Sachs Bank USA	Baa2/A-/A	
11,308	7/1/2011	3.632%	72% LIBOR*	10/1/2021	(1,750)	Goldman Sachs Bank USA	Baa2/A-/A	
67,125	7/3/2006	3.444%	72% LIBOR*	10/1/2021	(9,648)	Merrill Lynch Capital Services, Inc.	Baa1/A-/A	
<u>\$ 144,799</u>					<u>\$ (21,328)</u>			
Total Termination Value of Swaps					<u>\$ (23,721)</u>			
Prior Year Termination Value of Swaps					\$ (21,271)			
Change in Fair Market Value					<u>\$ (2,450)</u>			
*floating to fixed								
**() denotes that termination value payable to the dealer if swap had been terminated 9/30/15								

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

V. Derivative Financial Instruments (continued)

A. Swap Agreements (continued)

2. All-Requirements Project

<u>Swaps Currently Effective</u>							
<i>(000's US\$)</i>							
<u>Notional Amount</u>	<u>Effective Date</u>	<u>Fixed Rate Paid</u>	<u>Variable Rate Received</u>	<u>Termination Date</u>	<u>Fair Value**</u>	<u>Counterparty</u>	<u>Counterparty Credit Rating</u>
Series 2006A							
7,935	3/30/2006	3.860%	CPI Rate + .77	10/1/2015	(147)	Merrill Lynch Capital Services, Inc.	Baa1/A-/A
6,980	3/30/2006	3.910%	CPI Rate + .81	10/1/2016	(308)	Merrill Lynch Capital Services, Inc.	Baa1/A-/A
7,930	3/30/2006	3.860%	CPI Rate + .77	10/1/2015	(147)	Morgan Stanley	Baa2/A-/A
5,175	3/30/2006	3.910%	CPI Rate + .81	10/1/2016	(228)	Morgan Stanley	Baa2/A-/A
<u>\$ 28,020</u>					<u>\$ (830)</u>		
Series 2008C							
\$ 33,180	10/1/2006	3.701%	72% LIBOR*	10/1/2027	\$ (7,133)	Goldman Sachs Bank USA	Baa2/A-/A
11,050	10/1/2006	3.665%	72% LIBOR*	10/1/2026	(2,271)	JP Morgan Chase & Co.	A3/A/A+
2,684	10/1/2006	3.656%	72% LIBOR*	10/1/2026	(547)	JP Morgan Chase & Co.	A3/A/A+
224	10/1/2006	3.612%	72% LIBOR*	10/1/2026	(49)	JP Morgan Chase & Co.	A3/A/A+
33,180	10/1/2006	3.649%	72% LIBOR*	10/1/2027	(6,978)	Morgan Stanley	Baa2/A-/A
33,180	10/1/2006	3.697%	72% LIBOR*	10/1/2027	(7,123)	Merrill Lynch Capital Services, Inc.	Baa1/A-/A
20,125	10/1/2006	3.669%	72% LIBOR*	10/1/2025	(3,005)	UBS AG	A2/A/A
19,050	10/1/2006	3.737%	72% LIBOR*	10/1/2035	(5,673)	Wells Fargo Bank, NA	A3/A+/AA-
<u>\$ 152,673</u>					<u>\$ (32,779)</u>		
Series 2011A-2							
<u>\$ 42,000</u>	10/1/2006	5.175%	100% LIBOR*	10/1/2025	<u>\$ (13,066)</u>	Wells Fargo Bank, NA	A3/A+/AA-
Series 2011A-1 & 2011B							
\$ 15,000	10/1/2006	3.667%	72% LIBOR*	10/1/2030	\$ (3,848)	JP Morgan Chase & Co.	A3/A/A+
25,000	10/1/2006	3.709%	72% LIBOR*	10/1/2030	(6,534)	JP Morgan Chase & Co.	A3/A/A+
30,000	10/1/2006	3.667%	72% LIBOR*	10/1/2030	(7,696)	JP Morgan Chase & Co.	A3/A/A+
<u>\$ 70,000</u>					<u>\$ (18,078)</u>		
Total Swap Termination Value					<u>\$ (64,753)</u>		
Effective Swaps					\$ (26,980)		
Hybrid Loans					(37,773)		
					<u>\$ (64,753)</u>		
Prior Year Termination Value of Effective Swaps and Hybrid Loans					\$ (53,730)		
Change in Fair Market Value					<u>\$ (11,023)</u>	***	
*floating to fixed							
** () denotes that termination value payable to dealer if swap had been terminated 9/30/15							
*** All the ineffective swaps were terminated during fiscal year 2015.							

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

V. Derivative Financial Instruments (continued)

A. Swap Agreements (continued)

3. Stanton II Project

Swaps Currently Effective							
(000's US\$)							
Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received	Termination Date	Fair Value**	Counterparty	Counterparty Credit Rating
Series 2000							
\$ 7,648	10/1/2006	4.049%	72% LIBOR*	10/1/2027	\$ (2,179)	Bank of America N.A.	Baa1/A-/A
10,227	10/1/2006	4.071%	72% LIBOR*	10/1/2027	(2,938)	JP Morgan Chase & Co.	A3/A/A+
<u>\$ 17,875</u>					<u>\$ (5,117)</u>		
Series 2004							
\$ 27,662	8/5/2004	3.863%	72% LIBOR*	10/1/2027	\$ (4,431)	Bank of America N.A.	Baa1/A-/A
27,663	8/5/2004	3.863%	72% LIBOR*	10/1/2027	(4,433)	UBS AG	A2/A/A
<u>\$ 55,325</u>					<u>\$ (8,864)</u>		
Total Swap Termination Value					<u>\$ (13,981)</u>		
Prior Year Termination Value of Swaps					\$ (12,502)		
Change in Fair Market Value					<u>\$ (1,479)</u>		
*floating to fixed							
**() denotes that termination value payable to the dealer if swap had been terminated 9/30/15							

B. Natural Gas Futures, Contracts and Options

FMPA uses New York Mercantile Exchange (NYMEX) and over the counter, natural gas futures contracts, options on futures contracts and fixed-price firm physical purchases of natural gas as a tool to establish the cost of natural gas that will be needed by the All-Requirements Project in the future (next month or several years from now). NYMEX and over the counter futures contracts can be used to obtain physical natural gas supplies, however all futures contracts that FMPA enters into will be financially settled before physical settlement is required by the Exchange. Any gain or loss of value in these futures contracts are ultimately rolled into the price of natural gas burned in the Project's electric generators. As of September 30, 2015 FMPA does not have any outstanding gas hedges.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

VI. Regulatory Assets (Net Costs Recoverable Due From/Due to Future Participants)

FMPA is subject to the accounting methods for regulatory operations of GASB No. 62. Billing rates are established by the Board of Directors or Executive Committee and are designed to fully recover each project's costs over the life of the project, but not necessarily in the same year that costs are recognized under generally accepted accounting principles (GAAP). Instead of GAAP costs, annual participant billing rates are structured to systematically recover current debt service requirements, operating costs and certain reserves that provide a level rate structure over the life of the project which is equal to the amortization period. Accordingly, certain project costs are classified as deferred on the accompanying Statement of Net Position as a regulatory asset, titled "Net costs recoverable from future participant billings," until such time as they are recovered in future rates. Types of deferred costs include depreciation and amortization in excess of bond principal payments, and prior capital construction interest costs.

In addition, certain billings recovering costs of future periods have been recorded as a regulatory liability, titled "Net costs refundable from future participant billings", or as a reduction of deferred assets on the accompanying Statement of Net Position. Types of deferred revenues include billings for certain reserve funds and related interest earnings in excess of expenditures from those funds, and billings for nuclear fuel purchases in advance of their use.

VII. Restricted Net Position

Bond resolutions require that certain designated amounts from bond proceeds and project revenues be deposited into designated funds. These funds are to be used for specific purposes and certain restrictions define the order in which available funds may be used. Other restrictions require minimum balances or accumulation of balances for specific purposes. At September 30, 2015, all FMPA projects were in compliance with requirements of the bond resolution.

Segregated restricted net position at September 30, 2015, are as follows:

	(000's US\$)					
	Agency Fund	St. Lucie Project	Stanton Project	All-Req Project	Tri-City Project	Stanton II Project
Debt Service Funds	\$ -	\$ 88,913	\$ 7,187	\$ 72,974	\$ 3,137	\$ 13,388
Reserve & Contingency Funds		13,722	2,911	31,811	1,608	5,855
Decommissioning Fund	37,310	68,889				
Rate Stabilization Accounts	2,211					
Accrued Interest on						
Long-Term Debt		(4,202)	(924)	(21,328)	(164)	(2,051)
Accrued Decommissioning						
Expenses	(37,310)	(68,571)				
Rate Stabilization Accounts	(2,211)					
Total Restricted Net Assets	<u>\$ -</u>	<u>\$ 98,751</u>	<u>\$ 9,174</u>	<u>\$ 83,457</u>	<u>\$ 4,581</u>	<u>\$ 17,192</u>

Restrictions of the various bank funds are as follows:

- Debt service funds include the Debt Service Account, which is restricted for payment of the current portion of the bond principal and interest and the Debt Service Reserve Account, which includes sufficient funds to cover one half of the maximum annual principal and interest requirement of the specific fixed rate issues or 10% of the original bond proceeds.
- Reserve and Contingency Funds are restricted for payment of major renewals, replacements, repairs, additions, betterments and improvements for capital assets.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

VII. Restricted Net Position (continued)

- If, at any time, the Debt Service Fund is below the current debt requirement and there are not adequate funds in the General Reserve Fund to resolve the deficiency, funds will be transferred from the Reserve and Contingency Fund to the Debt Service Fund.
- Decommissioning Funds are restricted and are funded for the payment of costs related to the decommissioning, removal and disposal of FMPA's ownership on nuclear power plants.
- Project Funds are used for the acquisition, construction and capitalized interest, as specified by the participants.
- Revenue Funds are restricted under the terms of outstanding resolutions.

VIII. Long-Term Debt

A. Debt

FMPA enters into Long-term debt to fund different projects. The type of Long-term debt differs among each of the projects. A description and summary of Long-term debt at September 30, 2015, is as follows:

1. Agency Fund

Business-Type Activities	2015				Amounts Due Within One Year
	Beginning Balance	Increases	Decreases	Ending Balance	
Wells Fargo Loan 2010	\$ 1,005	\$ -	\$ (185)	\$ 820	\$ 190
	<u>\$ 1,005</u>	<u>\$ -</u>	<u>\$ (185)</u>	<u>\$ 820</u>	<u>\$ 190</u>

Loan Payable to Well Fargo Bank

The Agency Fund has one loan payable to Wells Fargo Bank at September 30, 2015. Interest is payable semi-annually at a fixed rate of 3.3%. Principal is payable in four annual payments ranging from \$190,000 to \$220,000 with the final payment due July 1, 2019.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

VIII. Long-Term Debt (continued)

2. St. Lucie Project

Business-Type Activities	2015				Amounts Due Within One Year
	Beginning Balance	Increases	Decreases	Ending Balance	
	(000's US\$)				
Revenue Bonds					
Refunding 2000	\$ 16,650	\$ -	\$ -	\$ 16,650	\$ -
Refunding 2002	144,800			144,800	
Bonds 2009A	28,505		(2,985)	25,520	3,135
Bonds 2010A	15,610		(1,740)	13,870	1,800
Bonds 2011A	32,475		(1,315)	31,160	3,185
Bonds 2011B	24,305			24,305	
Bonds 2012A	58,870			58,870	
Bonds 2013A	16,745		(1,085)	15,660	1,120
Total Principal	<u>\$ 337,960</u>	<u>\$ -</u>	<u>\$ (7,125)</u>	<u>\$ 330,835</u>	<u>\$ 9,240</u>
Less Deferred Premiums And Discounts	12,032		(1,380)	10,652	
Total Revenue Bonds	<u>\$ 349,992</u>	<u>\$ -</u>	<u>\$ (8,505)</u>	<u>\$ 341,487</u>	<u>\$ 9,240</u>
Unamortized loss on advanced refunding	<u>\$ (23,580)</u>	<u>\$ -</u>	<u>\$ 2,894</u>	<u>\$ (20,686)</u>	<u>\$ -</u>

The 2000 and 2002 bonds are variable rate bonds and the variable interest rates ranged between .07% and .252% for the year ended September 30, 2015. The 2009A bonds have an interest rate of 5% from 2014 through 2021. The 2010A bonds have a fixed interest rate of 2.72% from 2014 through 2021. The 2011A and 2011B bonds are fixed, and have a series of maturity dates from 2015 to 2026. The rates for the 2011A bonds range from 3.125 to 5.0%, and the rate for the 2011B bonds range from 4.375% to 5.0%. The 2012A bonds have a fixed interest rate of 5.0%, and mature in 2026. The 2013A bonds have a fixed interest rate of 2.73%, and mature in 2026.

The Series 2000 & 2002 bonds are subject to redemption prior to maturity at the election of FMPA on any interest payment date at a call rate of 100%. The Series 2012 bonds are subject to redemption prior to maturity at the election of FMPA on or after October 1, 2022, at a call rate of 100%.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

VIII. Long-Term Debt (continued)

3. Stanton Project

Business-Type Activities	2015 (000's US\$)				Amounts Due Within One Year
	Beginning Balance	Increases	Decreases	Ending Balance	
Revenue Bonds					
Refunding 2008	30,820		(1,565)	29,255	1,630
Bonds 2009A	6,715		(965)	5,750	1,010
Bonds 2013A	7,175		(3,550)	3,625	3,625
Wells Fargo Bank Taxable	574			574	133
Total Principal	<u>\$ 45,284</u>	<u>\$ -</u>	<u>\$ (6,080)</u>	<u>\$ 39,204</u>	<u>\$ 6,398</u>
Less Deferred Premiums And Discounts	106		(37)	69	
Total Bonds and Loans	<u>\$ 45,390</u>	<u>\$ -</u>	<u>\$ (6,117)</u>	<u>\$ 39,273</u>	<u>\$ 6,398</u>
Unamortized loss on advanced refunding	<u>\$ (527)</u>	<u>\$ -</u>	<u>\$ 174</u>	<u>\$ (353)</u>	<u>\$ -</u>

The 2008, 2009A, and 2013A revenue bonds are fixed at interest rates which range from .96% to 5.5%.

Loan Payable to Wells Fargo Bank

In December 2003, the Stanton Project entered into a taxable loan with Wells Fargo Bank to finance a partial interest in the brine plant facility at the Stanton Energy Center.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

VIII. Long-Term Debt (continued)

A. Debt (continued)

4. All-Requirements Project

Business-Type Activities	2015 (000's US\$)			Ending Balance	Amounts Due Within One Year
	Beginning Balance	Increases	Decreases		
Revenue Bonds					
Refunding Jul 2003A	\$ 7,015	\$ -	\$ (7,015)	0	\$ 0
Bonds 2006A	46,520		(14,265)	32,255	15,865
Bonds 2008A	502,460		(1,480)	500,980	7,900
Bonds 2008B	45,105		(8,800)	36,305	9,285
Bonds 2008C	153,315		(290)	153,025	300
Bonds 2009A	146,740		(4,120)	142,620	4,320
Bonds 2009B	15,235			15,235	
Bonds 2011A-1	29,494		(100)	29,394	104
Bonds 2011B	44,241		(150)	44,091	156
Bonds 2011A-2	42,235		(15)	42,220	15
Bonds 2013A	15,000		(1,280)	13,720	1,325
Bonds 2015B	0	115,770		115,770	
Total Principal	<u>\$ 1,047,360</u>	<u>\$ 115,770</u>	<u>\$ (37,515)</u>	<u>\$ 1,125,615</u>	<u>\$ 39,270</u>
Capital Leases and Other					
KUA - TARP	\$ 162,443	\$ -	\$ (10,640)	\$ 151,803	\$ 11,195
Keys - TARP	3,502		(526)	2,976	548
St. Lucie County	614		(42)	572	45
Total Other Liabilities	<u>\$ 166,559</u>	<u>\$ -</u>	<u>\$ (11,208)</u>	<u>\$ 155,351</u>	<u>\$ 11,788</u>
Total Principal & Capital Lease	<u>\$ 1,213,919</u>	<u>\$ 115,770</u>	<u>\$ (48,723)</u>	<u>\$ 1,280,966</u>	<u>\$ 51,058</u>
Less Deferred Premiums And Discounts	3,003	16,248	(730)	18,521	
Total Revenue Bonds & Capital Lease	<u>\$ 1,216,922</u>	<u>\$ 132,018</u>	<u>\$ (49,453)</u>	<u>\$ 1,299,487</u>	<u>\$ 51,058</u>
Unamortized loss on advanced refunding	<u>\$ (5,639)</u>	<u>\$ -</u>	<u>\$ 775</u>	<u>\$ (4,864)</u>	<u>\$ -</u>

The 2008C, 2011A-1, 2011B, and 2011A-2 bonds are variable rate bonds, and the variable interest rates ranged from .010% to 1.17855% for the year ended September 30, 2015.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

VIII. Long-Term Debt (continued)

A. Debt (continued)

4. All-Requirements Project (continued)

Portions of the Series 2008A, 2008C, 2009A, 2011A-1, 2011B, 2011A-2 and 2015B bonds are subject to redemption prior to maturity at the election of FMPA at a call rate of 100%. The Series 2006A, 2008B and 2009B Bonds are not subject to redemption prior to maturity.

KUA – TARP Capital Lease Obligation

Effective October 1, 2008, the Capacity and Energy Sales Contract with KUA was revised. Under the revised contract, KUA receives agreed upon-fixed payments over preset periods relating to each of their generating units. FMPA assumed all cost liability and operational management of the generating units. FMPA is accounting for this transaction as a capital lease. Total minimum payments remaining under the agreement at September 30, 2015, amount to \$202.3 million and the present value of these payments is \$151.8 million. The capital assets at September 30, 2015 include Facilities and Equipment of \$218.0 million less Accumulated Depreciation of \$94.1 resulting in a net book value of \$123.9 million.

Keys – TARP Capital Lease Obligation

Effective January 1, 2011, the Capacity and Energy Sales Contract with Keys Energy Services was revised. Under the contract, Keys Energy Services receives agreed-upon fixed payments over preset periods relating to each of their generating units. FMPA assumed all cost liability and operational management of the generating units. FMPA is accounting for this transaction as a capital lease. Total minimum payments remaining under the agreement at September 30, 2015 amount to \$3.4 million and the present value of these payments is \$3.0 million. The capital assets at September 30, 2015 include Facilities and Equipment of \$4.8 million less Accumulated Depreciation of \$2.3 million resulting in a net book value of \$2.5 million.

St. Lucie County

As a condition of obtaining its conditional use permit for the construction and operation of the Treasure Coast Energy Center, the All-Requirements project agreed to pay St. Lucie County, Florida \$75,000 a year for a period of 20 years. Upon commercial operation of the plant, the unpaid amounts were discounted at a rate of 5.3% and capitalized to plant. At September 30, 2015, ten payments remain under this obligation with the final payment to be made September 30, 2025.

Line of Credit

The All-Requirements Project has two lines of credit - one from Wells Fargo Bank in the amount of \$65 million, and one from JPMorgan Chase in the amount of \$35 million. The JPMorgan Chase line expires in July 2016. The Wells Fargo line expires in June 2016.

Other Credit Facilities

The All-Requirements Project series 2008C bonds are Variable Rate Demand Obligations secured by an irrevocable letter of credit as follows:

2008C	Bank of America	\$154.7 million
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The letter of credit will expire on May 19, 2018.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

VIII. Long-Term Debt (continued)

A. Debt (continued)

5. Tri-City Project

Business-Type Activities	2015 (000's US\$)				Amounts Due Within One Year
	Beginning Balance	Increases	Decreases	Ending Balance	
Revenue Bonds					
Bonds 2009A	1,965		(290)	1,675	300
Bonds 2013A	16,460		(2,585)	13,875	2,670
Wells Fargo Taxable	251		(45)	206	48
Total Principal	<u>\$ 18,676</u>	<u>\$ -</u>	<u>\$ (2,920)</u>	<u>\$ 15,756</u>	<u>\$ 3,018</u>
Less Deferred Premiums And Discounts	15		(5)	10	
Total Bonds and Loans	<u>\$ 18,691</u>	<u>\$ -</u>	<u>\$ (2,925)</u>	<u>\$ 15,766</u>	<u>\$ 3,018</u>
Unamortized loss on advanced refunding	<u>\$ (755)</u>	<u>\$ -</u>	<u>\$ 240</u>	<u>\$ (515)</u>	<u>\$</u>

The 2009A and 2013A revenue bonds are fixed at interest rates which range from 1.88% to 4.0% and have a maturity date of 2019.

Loan Payable to Wells Fargo Bank

In December 2003, the Tri-City Project entered into a taxable loan with Wells Fargo Bank to finance a partial interest in the brine plant facility at the Stanton Energy Center.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

VIII. Long-Term Debt (continued)

A. Debt (continued)

6. Stanton II Project

Business-Type Activities	2015 (000's US\$)				Ending Balance	Amounts Due Within One Year
	Beginning Balance	Increases	Decreases			
Revenue Bonds						
Refunding 2000	\$ 17,875	\$ -	\$ -	\$ 17,875	\$ -	
Refunding 2004	52,825		(2,400)	50,425		
Bonds 2009A	5,795		(250)	5,545	215	
Refunding 2012A	76,085		(4,840)	71,245	5,060	
Wells Fargo Taxable	1,100		(199)	901	209	
Total Principal	<u>\$ 153,680</u>	<u>\$ -</u>	<u>\$ (7,689)</u>	<u>\$ 145,991</u>	<u>\$ 5,484</u>	
Less Deferred Premiums And Discounts	9,584		(1,435)	8,149		
Total Bonds and Loans	<u>\$ 163,264</u>	<u>\$ -</u>	<u>\$ (9,124)</u>	<u>\$ 154,140</u>	<u>\$ 5,484</u>	
Unamortized loss on advanced refunding	<u>\$ (7,161)</u>	<u>\$ -</u>	<u>\$ 815</u>	<u>\$ (6,346)</u>	<u>\$ -</u>	

The 2000 and 2004 revenue bonds carry variable interest rates which ranged from .081% to .387% for the year ended September 30, 2015. The 2009 and 2012 revenue bonds are fixed, and have a maturity date of 2027. The rates for the bonds range from 3.0% to 5.0%.

The Series 2000 and 2004 bonds provide for early redemption at the election of FMPA on any interest payment date at a call rate of 100%. The Series 2012 bonds are subject to redemption prior to maturity at the election of FMPA at 100%, beginning October 1, 2022.

Loan Payable to Wells Fargo Bank

In December 2003, the Stanton II Project entered into a taxable loan with Wells Fargo Bank to finance a partial interest in the brine plant facility at the Stanton Energy Center.

B. Major Debt Provisions (All Projects)

Bonds, which are special obligations of FMPA, are payable solely from (1) revenues less operating expenses (both as defined by the respective bond resolutions) and (2) other monies and securities pledged for payment thereof by the respective bond resolutions. The respective resolutions require FMPA to deposit into special funds all proceeds of bonds issued and all revenues generated as a result of the projects' respective Power Sales and Power Support Contracts or the Power Supply Contract. The purpose of the individual funds is also specifically defined in the respective bond resolutions.

Investments are generally restricted to those types described in Note I. Additional restrictions that apply to maturity dates are defined in the respective bond resolutions and FMPA's investment policy.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

VIII. Long-Term Debt (continued)

C. Defeased Debt

The following bonds have been defeased. Since investments consisting of governmental obligations are held in escrow for payment of principal and interest, the bonds are not considered liabilities of FMPA for financial reporting purposes. The principal balances of the defeased bonds at September 30, 2015 are as follows:

Dated	Description	Defeased Portion Amount Originally Issued (000's US\$)	Balance at September 30, 2015
May 1983	St. Lucie Project Revenue Bonds, Series 1983	\$280,075	\$29,428

D. Annual Requirements

The annual cash flow debt service requirements to amortize the long term bonded debt outstanding as of September 30, 2015, are as follows:

Fiscal Year Ending September	(000's US\$)										Totals
	St. Lucie Project		Stanton Project		All-Req Project		Tri-City Project		Stanton II Project		
	Principal	Interest Including Swaps, Net	Principal	Interest Including Swaps, Net	Principal	Interest Including Swaps, Net	Principal	Interest	Principal	Interest Including Swaps, Net	
2016	9,240	13,170	6,265	1,774	39,270	53,176	2,970	320	5,275	6,296	137,756
2017	7,290	12,831	7,410	1,490	41,055	52,810	3,035	259	8,075	5,964	140,219
2018	10,180	12,491	7,785	1,106	48,350	50,373	3,095	196	8,450	5,630	147,656
2019	7,825	12,142	8,185	694	165,220	45,008	3,160	130	8,775	5,269	256,408
2020	9,515	11,783	8,985	240	68,155	39,013	3,290	62	9,420	4,863	155,326
2021 - 2025	214,540	32,933			304,930	151,484			53,835	17,451	775,173
2026 - 2030	72,245	5,064			284,425	94,735			51,260	4,337	512,066
2031 - 2035					166,210	10,991					177,201
2036 - 2040					8,000	149					8,149
Total Principal & Interest	\$ 330,835	\$ 100,414	\$ 38,630	\$ 5,304	\$ 1,125,615	\$ 497,739	\$ 15,550	\$ 967	\$ 145,090	\$ 49,810	\$ 2,309,954
Less:											
Interest		(100,414)		(5,304)		(497,739)		(967)		(49,810)	(654,234)
Unamortized Loss on refunding	(20,686)		(353)		(4,864)		(515)		(6,346)		(32,764)
Add:											
Unamortized Premium (Discount), net	10,652		69		18,521		10		8,149		37,401
Total Net Debt Service Requirement at September 30, 2015	\$ 320,801	\$ -	\$ 38,346	\$ -	\$ 1,139,272	\$ -	\$ 15,045	\$ -	\$ 146,893	\$ -	\$ 1,660,357

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

VIII. Long-Term Debt (continued)

D. Annual Requirements (continued)

The annual cash flow debt service requirements to amortize all long term debt outstanding as of September 30, 2015, are as follows:

Fiscal Year Ending September	(000's US\$)												Totals
	Agency Fund		St. Lucie Project		Stanton Project		All-Req Project		Tri-City Project		Stanton II Project		
	Principal	Interest Including Swaps, Net	Principal	Interest Including Swaps, Net	Principal	Interest	Principal	Interest Including Swaps, Net	Principal	Interest	Principal	Interest Including Swaps, Net	
2016	190	27	9,240	13,170	6,398	1,783	51,058	61,126	3,018	323	5,484	6,309	158,126
2017	200	21	7,290	12,831	7,550	1,497	53,500	60,105	3,085	261	8,295	5,974	160,609
2018	210	14	10,180	12,491	7,932	1,110	61,461	56,999	3,148	197	8,680	5,637	168,059
2019	220	7	7,825	12,142	8,339	696	179,035	50,931	3,215	131	9,017	5,273	276,831
2020			9,515	11,783	8,985	240	82,697	44,208	3,290	62	9,420	4,863	175,063
2021 - 2025			214,540	32,933			364,748	167,810			53,835	17,451	851,317
2026 - 2030			72,245	5,064			314,257	96,510			51,260	4,337	543,673
2031 - 2035							166,210	10,991					177,201
2036 - 2040							8,000	149					8,149
Total Principal & Interest	\$ 820	\$ 69	\$ 330,835	\$ 100,414	\$ 39,204	\$ 5,326	\$ 1,280,966	\$ 548,829	\$ 15,756	\$ 974	\$ 145,991	\$ 49,844	\$ 2,519,028

IX. Commitments and Contingencies

A. Participation Agreements

FMPA has entered into participation agreements, and acquired through capital leases, individual ownership of generating facilities as follows:

Project	Operating Utility	Joint Ownership Interest	Commercial Operation Date
St. Lucie	Florida Power & Light	8.806% of St. Lucie Unit 2 nuclear plant	August 1983
Stanton*	Orlando Utilities Commission (OUC)	14.8193% of Stanton Energy Center (SEC) Unit 1 coal-fired plant	July 1987
All-Requirements*	OUC	11.3253% of SEC Unit 1	July 1987
Tri-City*	OUC	5.3012% of SEC Unit 1	July 1987
All-Requirements	OUC	51.2% of Indian River Units A & B combustion turbines	A - June 1989 B - July 1989
All-Requirements	OUC	21% of Indian River Units C & D combustion turbines	C - August 1992 D - October 1992
All-Requirements	OUC	5.1724% of SEC Unit 2 coal-fired plant	June 1996
Stanton II	OUC	23.2367% of SEC Unit 2	June 1996
All-Requirements	Southern Company	7% of Stanton Unit A combined cycle	October 2003

*OUC has the contractual right to unilaterally make any retirement decision for the Stanton Unit 1 Plant beginning in 2017

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

IX. Commitments and Contingencies (continued)

B. Participation Agreements (continued)

Operational control of the electric generation plants rests with the operating utility and includes the authority to enter into long-term purchase obligations with suppliers. FMPA is liable under its participation agreements for its ownership interest of total construction and operating costs. Further contracts with Orlando Utilities Commission (OUC) include commitments for purchases of coal. According to information provided by OUC, such existing commitments are currently scheduled to terminate on December 31, 2017. Through participation with OUC, FMPA's estimated cost share of these purchases by project for the next five fiscal years is summarized below.

Project	<i>000's US\$</i>				
	2016	2017	2018	2019	2020
Stanton Project	\$ 6,031	\$ 5,531	1,393	None	None
All-Requirements Project	6,714	6,157	1,551	None	None
Tri-City Project	2,158	1,978	498	None	None
Stanton II Project	9,457	8,672	2,185	None	None

B. Public Gas Partners, Inc.

Public Gas Partners, Inc. (PGP) is a nonprofit corporation of the State of Georgia, duly created and existing under the Georgia Nonprofit Corporation Code, O.C.G.A Sections 14-3-101 through 14-3-1703, as amended. Pursuant to its Articles of Incorporation and by-laws, PGP's purpose is to acquire and manage reliable and economical natural gas supplies through the acquisition of interests in natural gas producing properties and other long-term sources of natural gas supplies for the benefit of participating joint action agencies and large public natural gas and power systems.

On November 16, 2004, FMPA signed an agreement with six other public gas and electric utilities in five different states to form PGP. The initial members of PGP, along with FMPA, included Municipal Gas Authority of Georgia, Florida Gas Utility, Lower Alabama Gas District, Patriots Energy Group, Southeast Alabama Gas District and Tennessee Energy Acquisition Corporation. Florida Gas Utility has left the organization, and their interest was acquired by all members, except for FMPA and the Tennessee Energy Acquisition Corporation, as of May 2008. Lower Alabama Gas District has assigned its interest in each Pool to the Gas Authority effective October 2013.

FMPA has entered into two separate Production Sharing Agreements (PSAs) that obligate FMPA to pay as a component of gas operations expense its share of all costs incurred by the related PGP Pool until all related PGP or participant debt has been paid and the last volumes have been delivered. In addition, PGP has the option, with at least six months notice, to require FMPA to prepay for its share of pool costs, which may be financed by FMPA through the issuance of bonds or some other form of long-term financing. The PSAs include a step-up provision that could obligate FMPA to increase its participation share in the pool by up to 25% in the event of default by another member.

On November 1, 2004, FMPA entered into a PSA as a 22.04% participant of PGP Gas Supply Pool No. 1 (PGP Pool #1). PGP Pool #1 was formed by all of the participants. PGP Pool #1 had targeted an initial supply portfolio capable of producing 68,000 mmBtu per day of natural gas or 493 Bcf over a 20-year period. The acquisition period for PGP Pool #1 has closed after acquiring a supply currently estimated to be 155 Bcf. Current production from Pool #1 is approximately 18,600 mmBtu per day. FMPA's share of this amounts to 4,100 mmBtu per day.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

IX. Commitments and Contingencies (continued)

B. Public Gas Partners, Inc. (continued)

On October 1, 2005, FMPA entered into a PSA as a 25.90% participant of PGP Gas Supply Pool No. 2 (PGP Pool #2). PGP Pool #2 was formed to participate in specific transactions that have different acquisition criteria than PGP Pool #1. PGP Pool #2 had a total expenditure limit of \$200 million, with FMPA's share being \$52 million as authorized by the Board (before step-up provisions which would increase ARP's commitment to a maximum of \$65 million). The other members of PGP Pool #2, along with FMPA, include Municipal Gas Authority of Georgia, Patriots Energy Group, Southeast Alabama Gas District and Tennessee Energy Acquisition Corporation. FMPA entered into a separate agreement with Fort Pierce Utilities Authority whereby FMPA agreed to sell to FPUA 3.474903% of the benefits that FMPA receives from its participation in PGP Pool #2. The acquisition period for PGP Pool #2 has closed after acquiring a supply currently estimated to be 44 Bcf. Current production for PGP Pool #2 is approximately 3,700 mmBtu per day. FMPA's share of this amounts to 925 mmBtu per day.

FMPA's share of the total investment costs amounts to approximately \$99 million for PGP Pool #1, and \$29 million for PGP Pool #2 as of September 30, 2015.

C. Contractual Service Agreements

The All-Requirements Project has signed, or accepted assignment of, Contractual Service Agreements (CSAs) with General Electric International, Inc. (GE) for the Treasure Coast Energy Center, Cane Island 2, Cane Island 3 and Cane Island 4 combustion turbines, steam turbines and generators. The CSAs cover specified monitoring and maintenance activities to be performed by GE over the contract term, which is the earlier of a specified contract end date, or a performance end date based on reaching certain operating milestones of either Factor Fired Hours or Factored Starts on the combustion turbines. GE or FMPA may terminate the agreements for the breach of the other party. The defaulting party pays the termination amount based on the performance metric specified in the contract. The following is a summary of the contract status.

	Treasure Coast	Cane Island Unit 2	Cane Island Unit 3	Cane Island Unit 4
Original Effective Date	1/30/2007	9/24/2004	12/12/2003	12/22/2010
Last Amendment Effective Date	12/22/2010	1/1/2011	1/1/2011	N/A
Cumulative Factor Fired Hours	59,201	78,365	94,822	30,346
Term if hours based	72,000		120,000	72,000
Cumulative Factored Starts		2,533		
Term if starts based		2,600		
Current Termination Amount (000's USD)	\$868	\$200	\$2,725	\$1,585
Specified Contract End Date	1/30/2022	9/24/2024	12/12/2023	12/22/2025
Estimated Performance End Date	FYE 2018	FYE 2019	FYE 2019	FYE 2020

D. Other Agreements

FMPA has entered into certain long-term contracts for transmission services for its projects. These amounts are recoverable from participants in the projects (except the All-Requirements Project) through the Power Sales and Project Support Contracts. FMPA has entered into Power Sales and Project Support Contracts with each of the project participants for entitlement shares aggregating 100% of FMPA's joint ownership interest. In the case of the All-Requirements Project, a Power Supply Contract was entered into providing for the participant's total power requirements (except for certain excluded resources). Revenues received under these individual project contracts are expected to be sufficient to pay all of the related project costs.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

IX. Commitments and Contingencies (continued)

D. Other Agreements (continued)

1. St. Lucie Project

- FMPA has entered into a Reliability Exchange Agreement and a Replacement Power Agreement with FPL. The Reliability Exchange agreement results in FMPA exchanging 50% of its share of the output from St. Lucie Unit 2 for a like amount from the St. Lucie Unit 1. This agreement expires in 2017. The Replacement Power Agreement provides for replacement power and energy to be made available to FMPA if FPL voluntarily ceases to operate or reduces output from St. Lucie Unit 2 or St. Lucie Unit 1 for economic reasons or valley-load conditions, until each unit is retired from service.
- The St. Lucie Project, a joint owner of St. Lucie Unit 2, is subject to the Price-Anderson Act, which limits the liability of nuclear reactor owners to the amount of insurance available from both private sources and an industry retrospective payment plan. In accordance with this Act, FPL maintains \$375 million of private liability insurance for the St. Lucie plant, which is the maximum obtainable, and participates in a secondary financial protection system, which provides up to \$13.1 billion of liability insurance coverage per incident at any nuclear reactor in the U.S. Under the secondary financial protection system, St. Lucie Unit 2 is subject to retrospective assessments of up to approximately \$127.3 million, plus any applicable taxes, per incident at any nuclear reactor in the U.S., payable at a rate not to exceed approximately \$19.0 million per incident per year. FMPA is contractually liable for its ownership interest of any assessment made against St. Lucie Unit 2 under this plan.
- FPL further participates in a nuclear insurance mutual company that provides \$2.75 billion of limited insurance coverage per occurrence per site for property damage, decontamination and premature decommissioning risks at the St. Lucie plant and a sublimit of \$1.5 billion for non-nuclear perils. The proceeds from such insurance, however, must first be used for reactor stabilization and site decontamination before they can be used for plant repair. FPL also participates in an insurance program that provides limited coverage for replacement power costs if St. Lucie Unit 2 is out of service for an extended period of time because of an accident. In the event of an accident at one of FPL's or another participating insured's nuclear plants, St. Lucie Unit 2 could be assessed up to approximately \$28 million, plus any applicable taxes, in retrospective premiums in a policy year. FPL is contractually entitled to recover FMPA's ownership share of any such assessment made against St. Lucie 2.
- On December 19, 1999, FMPA and J.P. Morgan Chase (formerly Chase Manhattan Bank) entered into a Forward Delivery Agreement for a portion of the St. Lucie Decommissioning Trust. The agreement provides that J.P. Morgan Chase deliver securities initially with a value not to be less than \$10,225,000 for an equivalent payment. Each month, an additional \$75,000 in securities will be delivered by J.P. Morgan Chase in exchange for an equivalent payment from the Trustee for the Decommissioning Fund. Upon maturity, the securities and the yield earned along with any cash delivered by J.P. Morgan Chase will be equivalent to 7.03% of the face value of the Agreement. The Forward Sale Agreement has a termination date of April 6, 2023.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

IX. Commitments and Contingencies (continued)

D. Other Agreements (continued)

1. St. Lucie Project (continued)

- In June 2004, the Agency entered into a Forward Sale Agreement and a Credit Support Agreement for the St. Lucie Project with Merrill Lynch. The Credit Support Agreement requires the Agency to establish a collateral account with the Trustee that must contain cash and securities that have a market value of \$7.5 million. This collateral is posted for the benefit of Merrill Lynch should the Agency be unable to keep its commitments under the Forward Sale Agreement. Under the Forward Sale Agreement, Merrill Lynch is required to deliver and the Trustee is required to purchase certain eligible securities on behalf of the St. Lucie Project. Under this Agreement, the securities or securities and cash to be delivered will guarantee the project an annual effective yield of 6.22% between January 1, 2005, and July 1, 2026, on the semi-annual amounts deposited. It is expected that the amounts invested pursuant to the Forward Sale Agreement will be used to redeem bonds outstanding for this project in the future.

2. All-Requirements Project

- FMPA supplies all of the wholesale power needs, unless limited to a contract rate of delivery, of the All-Requirements Project participants (except for certain excluded resources). In addition to its ownership facilities, FMPA has entered into interchange and power purchase contracts with minimum future payments as detailed below.

Supplier	End of Contract	Minimum Contract Liability (000's US\$)
Southern Company - Stanton A PPA	9/30/2023	\$ 66,567
Southern Company - Oleander 5 PPA	12/16/2027	106,406
Total Minimum Liability		\$ 172,973

- In October 2003, FMPA executed contracts for a \$10 million investment in a brine water processing plant and other water facilities at the Stanton Energy Center in Orlando, Florida.

The Stanton Unit A combined cycle generator receives cooling water treatment services from the brine plant and associated facilities. The owners of Stanton Unit A (Southern Company Florida, FMPA, KUA and Orlando Utilities Commission) pay the owners of Stanton Energy Center Units 1 and 2 (including FMPA's Stanton, Stanton II, Tri-City and All-Requirements Projects) a fixed and a variable operation and maintenance charge for services received from this facility.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

IX. Commitments and Contingencies (continued)

D. Other Agreements (continued)

2. All-Requirements Project (continued)

- The All-Requirements Project has several commitments/entitlements for natural gas transportation services to supply fuel to its owned and leased generation facilities. Below were the current commitments/entitlements during the past year.

Pipeline	Ave Daily Volume (mmBtu/day)	Annual Cost (000's US\$)	Expiration	Primary Delivery/Receiving Point
FI Gas Transmission FTS-1	22,426	\$ 3,857	Various	Cane Island Treasure Coast
FI Gas Transmission FTS-2	71,930	18,536	Various	Cane Island Treasure Coast
FI Gas Transmission FTS-2 Stanton A	14,950	3,177	Various	Stanton A
Transco	50,000	1,818	4/30/2026	FGT
TECO-Peoples Gas	-	750	6/30/2023	Treasure Coast
TECO- Peoples Gas	-	750	8/31/2021	Cane Island/Oleander
		\$ 28,888		

- The All-Requirements Project has entered into a storage contract with SG Resources Mississippi LLC, for 1 million mmBtu of storage capacity in the Southern Pines Storage facility. The contract was effective August 1, 2008, for storage capacity of 500,000 mmBtu and revised April 1, 2011, to increase the storage capacity by 500,000 mmBtu. The contract will expire July 31, 2018, for 500,000 mmBtu and March 31, 2021, for the remaining 500,000 mmBtu.
- The All-Requirements Project is under a contractual arrangement to have generation facilities in Key West, Florida, at a minimum level of 60% of the island utility's weather normalized annual peak capacity requirements. With installed capacity of 114.8 MW located in the Key West service territory, the All-Requirements Project believes it has sufficient existing generating capacity to fulfill the 60% on-island generation requirement well beyond the next decade.
- FMPA has entered into the Florida Municipal Power Pool (FMPP) Agreement, as amended, with the FMPP members. Pursuant to Amendment 6 – the most recent Amendment, executed June of 2013 – the term of the agreement is three years, ending June 1, 2016, with automatically-renewed three-year term extensions. The Agreement documents, among other things, how FMPP operating costs are accounted for and allocated among the members, and liability between the FMPP members.
- The All Requirements Project has signed contracts with Fort Pierce Utilities Authority (FPUA), Kissimmee Utility Authority (KUA) and Keys Energy Services (KES) to operate and maintain Treasure Coast Energy Center, Cane Island Power Park and Stock Island generation facilities, respectively. The contracts provide for reimbursement of direct and indirect costs incurred by FPUA, KUA and KES, for operating the plants. The All-Requirements Project, in consultation with FPUA, KUA and KES, sets staffing levels, operating and capital budgets, and operating parameters for the plants.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

IX. Commitments and Contingencies (continued)

D. Other Agreements (continued)

2. All-Requirements Project (continued)

- The City of Starke and the City of Green Cove Springs have each given FMPA notice pursuant to Section 2 of the All-Requirements Power Supply Project Contract that the term of their respective contracts will stop renewing automatically each year. The terms of their respective contracts are now fixed; Starke's contract terminates on October 1, 2035, and Green Cove Springs' contract terminates on October 1, 2037.
- The City of Green Cove Springs has notified FMPA that it will limit its All-Requirements Service to a contract rate of delivery, as permitted in Section 3 of the All-Requirements Power Supply Contract. The limitation will commence January 1, 2020.
- The City of Vero Beach has limited its All-Requirements Service to a contract rate of delivery, as permitted in Section 3 of the All-Requirements Power Supply Contract. The limitations commenced January 1, 2010 and continue for the term of the ARP Contract. In February of 2013, Vero Beach signed a purchase and sale agreement to sell its electric system to FPL. However, Vero Beach has been unable to dispose of its interests in FMPA's non-All-Requirements Projects, which is a condition of the sale. Although there are no current proposals to complete the sale, the purchase and sale agreement between Vero Beach and FPL remains in effect until December 21, 2016. Any agreement tentatively reached, however, will require the approval of not only Vero Beach, FPL, and FMPA and its Project Participants, but numerous other parties as well.
- The City of Lake Worth has limited its All-Requirements Service to a contract rate of delivery, as permitted in Section 3 of the All-Requirements Power Supply Contract. The limitation commenced January 1, 2014. The amount of capacity and energy the City is obligated to purchase under this conversion of their contract was determined to be zero in December 2013. Additionally, effective January 1, 2014, the Capacity and Energy Sales Contract between the City and FMPA terminated.
- The City of Fort Meade has limited its All-Requirements Service to a contract rate of delivery, as permitted in Section 3 of the All-Requirements Power Supply Contract. The limitation commenced January 1, 2015. Based on the city's usage between December 2013 and November 2014, and Executive committee action in December 2014, the maximum hourly obligation is 10.36 MW. Concurrently with its notice of limitation, the City gave FMPA notice pursuant to Section 2 of the All-Requirements Power Supply Contract that the term of its contract will stop renewing automatically each year. The term of the City's contract is now fixed and will terminate on October 1, 2041.
- The All-Requirements Project has entered into a Full Requirements Power Sales Contract with the City of Quincy, Florida, whereby the All-Requirements Project will serve Quincy's total capacity and energy needs above its purchases from the Southeastern Power Administration. The contract expires on December 31, 2015.
- In the normal course of its business, FMPA has had claims or assertions made against it. In the opinion of management, the ultimate disposition of these currently asserted claims are either not substantiated or will not have a material impact on FMPA's financial statements.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

IX. Commitments and Contingencies (continued)

E. Other Contingency Items

In February 2013, Duke Energy, Inc. ("Duke," formerly Progress Energy Florida, Inc.) announced the retirement of its Crystal River Unit 3 nuclear plant ("CR3"), which had been out of service since 2009. As a wholesale purchaser of capacity and energy from Duke since the CR3 outage began, the All-Requirements Power Supply Project had potential claims against Duke for increased capacity and energy costs due to the extended CR3 outage. FMPA staff represented All-Requirements Project's together with the other wholesale purchasers and municipal joint owners acting as the agent of the wholesale purchasers and municipal joint owners, in settlement negotiations with Duke. (The municipal joint owners of CR3 hold their interests in the plant individually, not as members of an FMPA project.)

The CR3 municipal joint owners and several current and former wholesale customers of Duke, including the All-Requirements Project, entered into a settlement agreement with Duke, which became effective September 26, 2014. Under the terms of the settlement agreement, the CR3 municipal joint owners, wholesale customers and Duke waive all CR3-related claims that they may have against each other. In return, Duke made settlement payments of \$55 million to the CR3 municipal joint owners and \$8.4 million to the wholesale customers. In addition, the CR3 municipal joint owners transferred their CR3 ownership interests, as well as their nuclear decommissioning trust funds, to Duke, and no longer have any CR3 costs or liabilities – including CR3 decommissioning. The settlement payments and transfers took place at final closing on October 30, 2015.

X. Capacity and Energy Sales Contracts

- During 2008, the All-Requirements Project entered into a Revised, Amended and Restated Capacity and Energy Sales Contract for KUA whereby the All-Requirements Project has assumed all cost liability and operational management of all KUA-owned generation assets and will pay to KUA agreed-upon fixed payments over preset periods relating to each asset.
- Effective January 1, 2011, the All-Requirements Project entered into a Revised, Amended and Restated Capacity and Energy Sales Contract for Key West whereby the All-Requirements Project has assumed all cost liability and operational management of all Key West owned generation assets and will pay to Key West fixed annual payments of \$670,000 each January 1 from 2011 through 2020. The revised, amended, and restated contract provides the All-Requirements Project the right to retire Keys generation assets at any time during the term of the contract, subject to the 60% on-island capacity requirement, without shortening the fixed payment term.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

X. Capacity and Energy Sales Contracts(continued)

- The City of Moore Haven has a contractual agreement with FMPA to sell the capacity and energy from Moore Haven's entitlement share of the St. Lucie Project to the All-Requirements Project. The All-Requirements Project has agreed to provide reserves and back-up capacity and energy for this sale. FMPA has been appointed as agent in the administration of this contract.

XI. Mutual Aid Agreement

The All-Requirements Project has agreed to participate in a mutual aid agreement with six other utilities for extended generator outages of defined base-load generating units. The parties of this agreement are the city of Tallahassee, Gainesville Regional Utilities, JEA, Lakeland Electric, Orlando Utilities Commission, and Municipal Electric Authority of Georgia. The All-Requirements Project has designated 120 MWs of Cane Island Unit 3, 140 MWs of Cane Island 4, and 200 MWs of the Treasure Coast Energy Center. In the case of a qualifying failure, the All-Requirements Project will have the option to receive either 50% or 100% of the replacement of the designated MWs of the failed unit. The cost of replacement energy will be based on an identified gas index or coal index and heat rate in the agreement. In the event of any extended outage from any other participant, the All-Requirements Project would provide between 8 MWs and 42 MWs (based on the designation of the participant) for a maximum of nine months. The current agreement term expires on October 1, 2017, and will automatically renew for an additional five-year period, unless FMPA (1) has not received energy under the agreement during the current term, and (2) provides at least 90 days notice prior to the end of the current term that it does not elect to renew its participation.

XII. Employment Benefits

A. Retirement Benefits

A Deferred Compensation Plan (in accordance with the Internal Revenue Code Section 457) and a Defined Contribution Pension (money purchase) Plan (under the Internal Revenue Code Section 401(a)) are offered to the Agency's employees who have worked at least 1700 hours per year, excluding the General Manager and General Counsel, who become fully vested after six months of employment. The plan was established by the FMPA Executive Committee of the Board of Director's in 1984 and the Board of Directors has have the authority to amend the plan. FMPA's contribution is 10% of the individual's gross base salary for the 401(a) plan. Total payroll for the year ended September 30, 2015, was \$6.9 million, which approximates covered payroll. The defined contribution Pension Plan has 95 active and non-active members with a plan balance.

The Agency's contribution may be made to either plan at the discretion of the employee. Additionally, an employee generally may contribute to the Deferred Compensation Plan, so that the combined annual contribution does not exceed \$18,000 for 2015. Assets of both plans are held by ICMA Retirement Corporation, the Plan Administrator and Trustee.

Contributions to the plan resulted in expenses for the Deferred Compensation Plan during fiscal year 2015 of \$724,724. Funds from these plans are not available to employees until termination or retirement, however funds from either plan can be made available, allowing an employee to borrow up to one half of their balance in the form of a loan.

B. Post-Employment Benefits other than Retirement

FMPA offers paid group health insurance to retired, full-time employees, with an employment start date prior to October 1, 2004 over the age of 55 who have a combined total of at least 900 months of age plus months of active service. This insurance is through the Agency's group health insurance plan, which covers active participants until retirement and retired participants until age 65. Retired participants over the age of 65 are offered a separate plan that is coordinated with Medicare coverage.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

XII. Employment Benefits (continued)

The Agency's annual other post-employment benefit (OPEB) expense is calculated based on the annual required contribution of the employer (ARC). The Agency has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred plan participants. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the Agency's OPEB expense for the year, the amount actually contributed to the plan, and changes in the Agency's net OPEB obligation.

	(000's) USD
Annual required contribution	\$ 365
Interest on net OPEB obligation	16
Annual OPEB expense	<u>381</u>
Contributions made	-
Increase in net OPEB Obligation	<u>381</u>
Net OPEB Obligation - Beginning of Year	1,939
Net OPEB Obligation - End of Year	<u><u>\$ 2,320</u></u>

FMPA's annual OPEB cost, the percentage of Annual OPEB cost cost contributed to the plan, and the net OPEB obligation ofr fiscal year 2015 and the two pceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	(000's) USD Net OPEB Obligation
9/30/2013	\$ 411	0%	\$ 1,638
9/30/2014	301	0%	1,939
9/30/2015	381	0%	2,320

The projection of future benefit payments for the plan involves estimates and assumptions about the probablity of occurrence of events far into the future.

The following assumptions were made:

Retirement age for active employess is between 55 and 62 based on the age they will be eligible to receive benefits.

Marital status at the calculation date was assumed to continue throughout retirement.

Life expectancies were based on IRS guidelines.

Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to period the present value of total benefits to be paid.

The expected rate of increase in healthcare insurance premiums was based on Nationl Health Expenditure Projections from the Centers for Medicare and Medicaid Services. Also included is a 24.1% increase in fiscal year 2016 based on switching from a high deductible plan to a lower deductible plan.

2015 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

XIII. Risk Management

The Agency is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omissions, injuries to employees and the public and damage to property of others. In addition, FMPA enters into contracts with third parties, some of whom are empowered to act as its agents in order to carry out the purpose of the contracts.

These contracts subject FMPA to varying degrees and types of risk. The Agency has purchased commercial insurance that management believes is adequate to cover these various risks. FMPA has elected to self-insure the Agency's risk for general liability. It is the opinion of general counsel that FMPA may enjoy sovereign immunity in the same manner as a municipality, as allowed by Florida Common Law. Under such Florida Law, the limit of liability for judgments by one person for tort is \$200,000 or a total of \$300,000 for the same incident or occurrence. At no point have settlements exceeded coverage in the past two fiscal years.

The Agency has established an Audit and Risk Oversight Committee (AROC) made up of some of FMPA's Board of Directors and member's representatives, and has assigned corporate risk management to its Contract Compliance Audit and Risk Management Manager. The Contract Compliance Audit and Risk Management Manager is designated the Agency's Risk Manager, and oversees the Risk Management Department, which reports to the General Manager. The objective of the Agency's Enterprise Risk Management program is to identify, measure, monitor and report risks in order to minimize unfavorable financial and strategic impacts.

FMPA's Risk Management Policy addresses key risk areas including, but not limited to, fuel price, debt, investment, insurance, credit and contracts.

On October 23, 2015 the EPA issued a final Clean Power Plan to cut carbon pollution. If implemented as is, FMPA through its projects with coal power plants may have potential cost risk to achieve compliance with currently proposed limitations.

XIV. Interest Arbitrage and Rebate

A rebate payable to the Internal Revenue Service (IRS) is calculated based on the investment of bond proceeds in financial instruments that yield interest income that is higher than the interest of the debt. This rebate is payable to the IRS within five years of the date of the bond offering and each consecutive five years thereafter.

The potential arbitrage liability at September 30, 2015, for each of the projects is as follows:

Project	Amount (000's US\$)
St. Lucie Project	\$ 1,489
Total	\$ 1,489

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

XV. Related Party Transactions

A. Governing Members and Committees

Each of the 31 members of FMPA appoints a director and one or more alternatives to serve on FMPA's Board of Directors. The Board has responsibility for developing and approving FMPA's non All-Requirements Project budgets, hiring of the General Manager and General Counsel and establishing the Agency's bylaws, which govern how FMPA operates and the policies which implement such bylaws. The Board also authorizes all non-All-Requirements Project debt issued by FMPA and allocates the Agency Fund burden to each of the Projects. The Board elects an Agency Chairman, Vice-Chairman, Secretary and Treasurer.

The Executive Committee consists of representatives from the 13 active members of the All-Requirements Project. The Executive Committee elects a Chairman and Vice-Chairman. The Board's Secretary and Treasurer serve in the same capacity on the Executive Committee. The Executive committee has sole responsibility for developing and approving FMPA's Agency Fund and All-Requirements Project budgets, and authorizes all debt issued by the All-Requirements Project.

In order to facilitate the project decision-making process, there are project committees for the St. Lucie, Stanton, Stanton II, and Tri-City Projects which are comprised of one representative from each participant in a project. The project committees serve in an advisory capacity, and all decisions concerning the project are decided by the Board of Directors, except for the All-Requirements Project, in which all decisions are made by the Executive Committee.

B. Florida Gas Utility (FGU)

The All-Requirements Project has a contractual agreement to purchase natural gas from Florida Gas Utility (FGU), which accounts for approximately 80-85% of FGU's total throughput of natural gas. FMPA and the following member cities have representatives on the FGU Board of Directors: Fort Meade, Ft. Pierce, KUA, Leesburg and Starke.

XVI. Subsequent Events

None.

Required Supplementary Information
(unaudited)

**SCHEDULE OF FUNDING PROGRESS
FOR THE RETIREE HEALTH PLAN**

*For the Year Ended September 30, 2015
(000's US\$)*

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Simplified Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/2008	\$ -	\$ 164	\$ 164	0%	\$ 3,247	5.05%
9/30/2009	-	372	372	0%	2,815	13.21%
9/30/2010	-	663	663	0%	2,570	25.80%
9/30/2011	-	932	932	0%	2,880	32.36%
9/30/2012	-	1,298	1,298	0%	2,951	43.99%
9/30/2013	-	2,547	2,547	0%	3,081	82.67%
9/30/2014	-	2,338	2,338	0%	2,939	79.55%
9/30/2015	-	2,999	2,999	0%	2,867	104.60%

Supplementary Information

(unaudited)

**SCHEDULE OF
AMOUNTS DUE TO (FROM) PARTICIPANTS
RESULTING FROM BUDGET/ACTUAL VARIANCES
YEAR ENDED SEPTEMBER 30, 2015
(000's US\$)**

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Agency Fund			
Received from projects	\$ 14,498	\$ 13,274	\$ (1,224)
Received from member assessments	23	23	-
Interest income	135	175	40
Other income	-	-	-
	<u>\$ 14,656</u>	<u>\$ 13,472</u>	<u>\$ (1,184)</u>
General and administrative	\$ 13,746	\$ 12,539	\$ 1,207
Depreciation & amortization expense	-	350	(350)
Invested in Capital Assets	\$ 590	576	14
Principal on Debt	\$ 185	185	-
Other Adjustments		(586)	586
	<u>\$ 14,521</u>	<u>\$ 13,064</u>	<u>\$ 1,457</u>
Net Revenue	<u>\$ 135</u>	<u>\$ 408</u>	<u>\$ 273</u>
St. Lucie Project			
Participant billing	\$ 52,805	\$ 52,805	\$ -
Reliability exchange contract sales	4,779	4,008	(771)
Interest income	155	(186)	(341)
	<u>\$ 57,739</u>	<u>\$ 56,627</u>	<u>\$ (1,112)</u>
Operation and maintenance, fuel	\$ 17,154	\$ 16,938	\$ 216
Spent fuel fees	625	(117)	742
Purchased power	4,846	4,072	774
Transmission service	470	470	0
General and administrative	2,542	2,890	(348)
Deposit to renewal and replacement fund	4,912	4,912	-
Deposit to decommissioning fund	-	-	-
Deposit to general reserve fund & FSA	3,000	3,000	0
Deposit to debt service fund	21,259	20,397	862
	<u>\$ 54,808</u>	<u>\$ 52,562</u>	<u>\$ 2,246</u>
Net Due to Participants Resulting from Budget/Actual Variances	<u>\$ 2,931</u>	<u>\$ 4,065</u>	<u>\$ 1,134</u>

Note: These schedules are prepared on budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles.

**SCHEDULE OF
AMOUNTS DUE TO (FROM) PARTICIPANTS
RESULTING FROM BUDGET/ACTUAL VARIANCES
YEAR ENDED SEPTEMBER 30, 2015
(000's US\$)**

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Stanton Project			
Participant billing & sales to others	\$ 28,821	\$ 28,038	\$ (783)
Interest income	44	89	45
	<u>\$ 28,865</u>	<u>\$ 28,127</u>	<u>\$ (738)</u>
Operation and maintenance, fuel	\$ 16,067	\$ 15,539	\$ 528
Transmission service	1,313	1,222	91
General and administrative	1,335	1,235	100
Deposit to debt service fund	10,647	10,638	9
	<u>\$ 29,362</u>	<u>\$ 28,634</u>	<u>\$ 728</u>
Net Due to Participants Resulting from Budget/Actual Variances	<u>\$ (497)</u>	<u>\$ (507)</u>	<u>\$ (10)</u>
All-Requirements Project			
Participant billing & sales to others	\$ 511,679	\$ 445,635	\$ (66,044)
Interest Income	164	707	543
	<u>\$ 511,843</u>	<u>\$ 446,342</u>	<u>\$ (65,501)</u>
Member Capacity	\$ 27,152	\$ 27,320	\$ (168)
Contract Capacity	19,250	22,732	(3,482)
ARP Owned Capacity	46,923	41,320	5,603
Debt & Capital Leases	108,263	109,880	(1,617)
Direct Charges & Other	22,315	19,160	3,155
Gas Transportation	36,941	33,982	2,959
Fuels	215,801	164,683	51,118
Purchased Power	8,976	8,110	866
Transmission	26,222	26,953	(731)
	<u>\$ 511,843</u>	<u>\$ 454,140</u>	<u>\$ 57,703</u>
Net Due to Participants Resulting from Budget/Actual Variances	<u>\$ -</u>	<u>\$ (7,798)</u>	<u>\$ (7,798)</u>

Note: These schedules are prepared on budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles.

**SCHEDULE OF
AMOUNTS DUE TO (FROM) PARTICIPANTS
RESULTING FROM BUDGET/ACTUAL VARIANCES
YEAR ENDED SEPTEMBER 30, 2015
(000's US\$)**

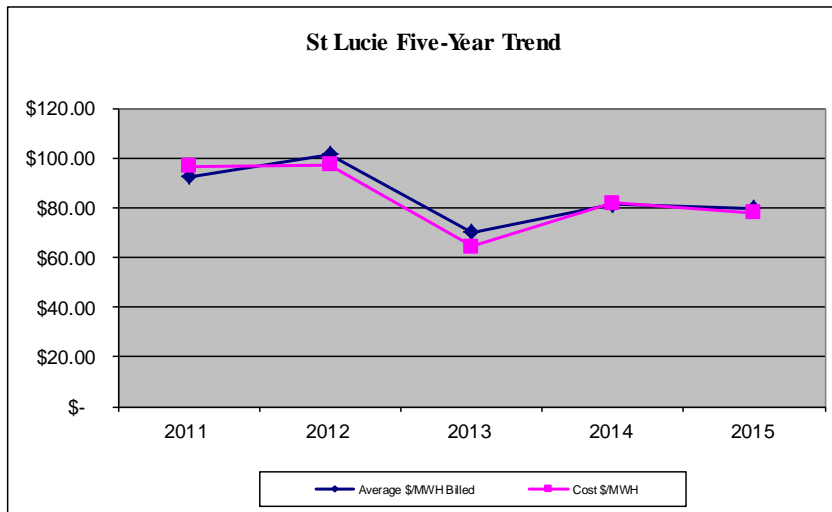
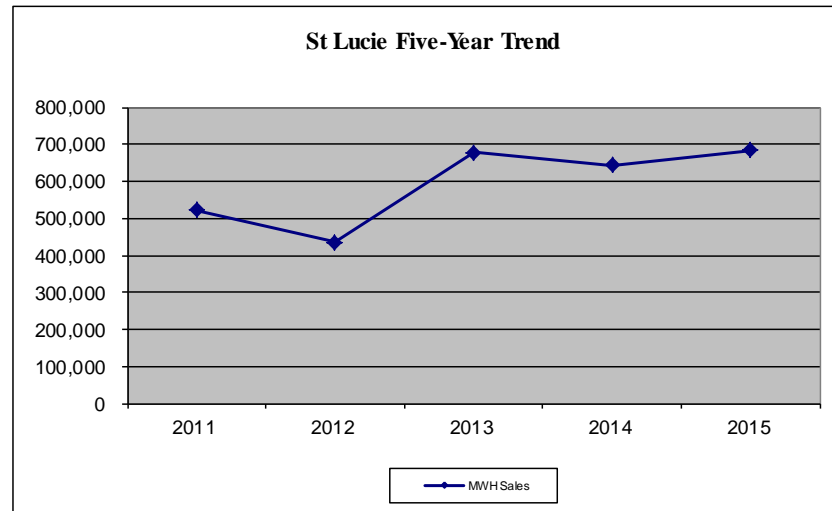
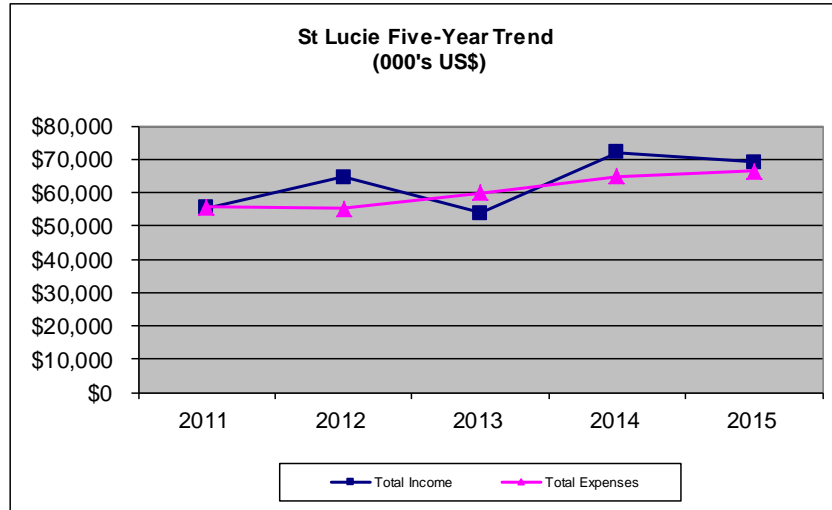
	Amended Budget	Actual	Variance Favorable (Unfavorable)
Tri-City Project			
Participant billing & sales to others	\$ 11,285	\$ 10,988	\$ (297)
Interest income	175	24	(151)
	<u>\$ 11,460</u>	<u>\$ 11,012</u>	<u>\$ (448)</u>
Operation and maintenance, fuel	\$ 6,144	\$ 5,798	\$ 346
Transmission service	438	489	(51)
General and administrative	745	696	49
Deposit to debt service fund	4,183	4,180	3
Deposit to renewal and replacement fund	-	-	-
	<u>\$ 11,510</u>	<u>\$ 11,163</u>	<u>\$ 347</u>
Net Due to Participants Resulting from Budget/Actual Variances	<u>\$ (50)</u>	<u>\$ (151)</u>	<u>\$ (101)</u>
Stanton II Project			
Participant billing & sales to others	\$ 56,705	\$ 52,709	\$ (3,996)
Interest income	118	157	39
	<u>\$ 56,823</u>	<u>\$ 52,866</u>	<u>\$ (3,957)</u>
Operation and maintenance, fuel	\$ 33,913	\$ 29,912	\$ 4,001
Transmission service	1,997	1,846	151
General and administrative	1,943	1,831	112
Deposit to debt service fund	19,245	18,400	845
Deposit to renewal and replacement fund	-	-	-
	<u>\$ 57,098</u>	<u>\$ 51,989</u>	<u>\$ 5,109</u>
Net Due to Participants Resulting from Budget/Actual Variances	<u>\$ (275)</u>	<u>\$ 877</u>	<u>\$ 1,152</u>

Note: These schedules are prepared on budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles.

FIVE-YEAR TREND ANALYSIS

	2011	2012	2013	2014	2015
(000's US\$ except for MWH Sales and Average \$/MWH)					
St. Lucie Project					
Capital Assets	\$ 109,567	\$ 114,529	\$ 103,963	\$ 89,129	\$ 74,133
Total Assets & Deferred Outflows	\$ 418,086	\$ 443,340	\$ 432,097	\$ 441,240	\$ 441,333
Long-Term Liabilities	\$ 356,522	\$ 432,430	\$ 418,156	\$ 428,520	\$ 424,539
Total Liabilities & Deferred Inflows	\$ 418,086	\$ 443,340	\$ 432,097	\$ 441,240	\$ 441,333
Billings to Participants	\$ 48,244	\$ 44,207	\$ 47,446	\$ 52,338	\$ 54,511
Sales to Others	1,259	2,015	2,568	2,235	2,302
Total Operating Revenues	<u>\$ 49,503</u>	<u>\$ 46,222</u>	<u>\$ 50,014</u>	<u>\$ 54,573</u>	<u>\$ 56,813</u>
Purchased Power	\$ 4,182	\$ 1,117	\$ 4,176	\$ 4,254	\$ 4,072
Production-Nuclear O&M	13,294	11,359	9,529	12,106	11,265
Nuclear Fuel Amortization	2,915	3,700	4,357	4,385	4,599
Transmission	560	546	611	511	470
General & Administrative	3,238	3,389	2,633	2,716	2,998
Depreciation & Decommissioning	16,450	19,571	23,465	25,731	28,211
Total Operating Expenses	<u>\$ 40,639</u>	<u>\$ 39,682</u>	<u>\$ 44,771</u>	<u>\$ 49,703</u>	<u>\$ 51,615</u>
Net Operating Revenues	<u>\$ 8,864</u>	<u>\$ 6,540</u>	<u>\$ 5,243</u>	<u>\$ 4,870</u>	<u>\$ 5,198</u>
Investment Income	\$ 5,927	\$ 18,373	\$ 3,832	\$ 17,530	\$ 12,362
Total Other Income	<u>\$ 5,927</u>	<u>\$ 18,373</u>	<u>\$ 3,832</u>	<u>\$ 17,530</u>	<u>\$ 12,362</u>
Interest Expense	\$ 12,360	\$ 13,284	\$ 13,453	\$ 13,486	\$ 14,855
Amortization & Other Expense	2,570	2,259	1,656	1,532	(117)
Total Other Expenses	<u>\$ 14,930</u>	<u>\$ 15,543</u>	<u>\$ 15,109</u>	<u>\$ 15,018</u>	<u>\$ 14,738</u>
Net Income (Loss)	\$ (139)	\$ 9,370	\$ (6,034)	\$ 7,382	\$ 2,822
Net Cost Recovered (Credited) in the Future	(1,955)	(7,499)	9,818	(7,855)	(1,688)
Due from (to) Participants	2,094	(1,871)	(3,784)	473	(1,134)
Total Income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
MWH Sales	521,565	435,935	676,974	643,993	684,526
Average \$/MWH Billed	\$ 92.50	\$ 101.41	\$ 70.09	\$ 81.27	\$ 79.63
Cost \$/MWH	\$ 96.51	\$ 97.12	\$ 64.50	\$ 82.01	\$ 77.98

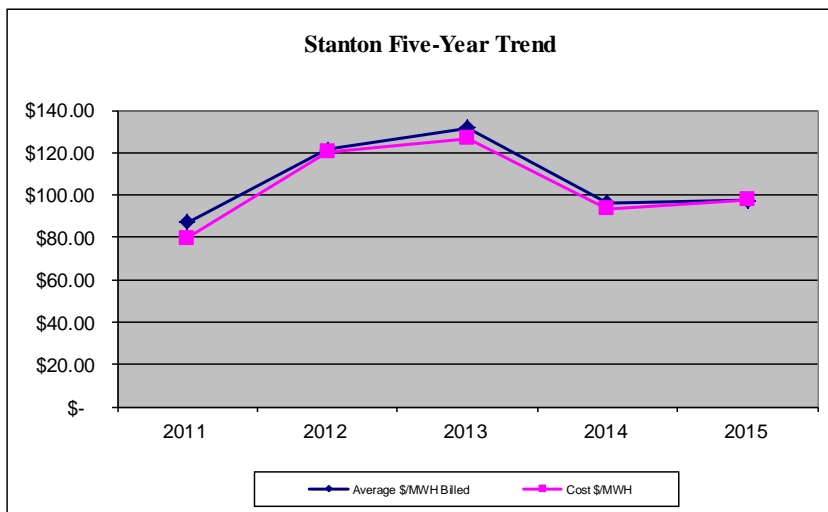
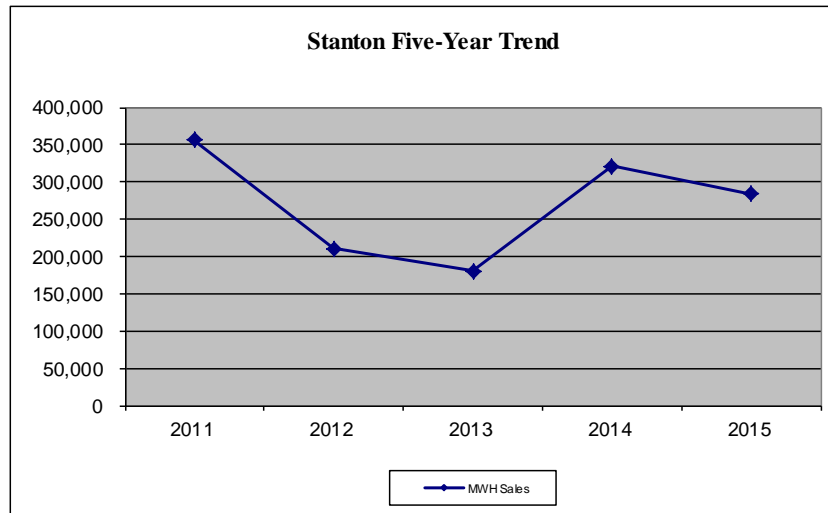
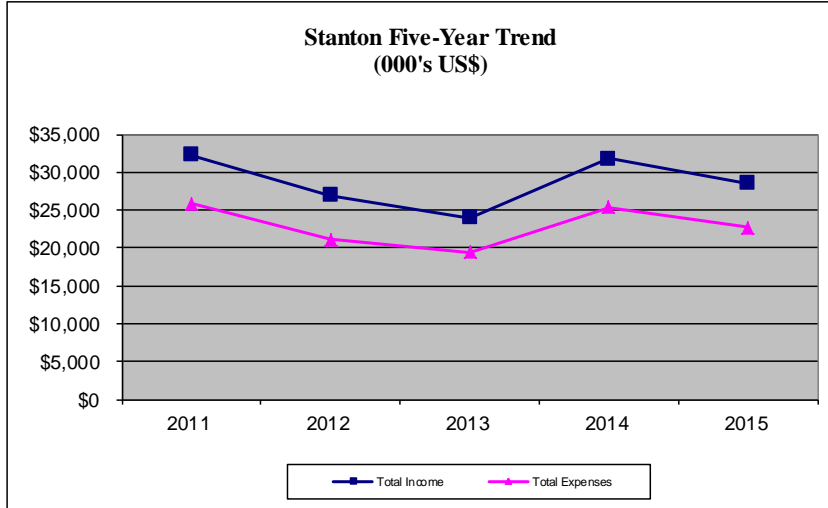
FIVE-YEAR TREND ANALYSIS



FIVE-YEAR TREND ANALYSIS

	2011	2012	2013	2014	2015
(000's US\$ except for MWH Sales and Average \$/MWH)					
Stanton Project					
Capital Assets	\$ 34,420	\$ 35,124	\$ 33,811	\$ 32,939	\$ 31,623
Total Assets & Deferred Outflows	\$ 72,255	\$ 70,205	\$ 61,313	\$ 63,824	\$ 61,778
Long-Term Debt	\$ 59,601	\$ 54,702	\$ 45,564	\$ 39,310	\$ 32,875
Total Liabilities & Deferred Inflows	\$ 72,255	\$ 70,205	\$ 61,313	\$ 63,824	\$ 61,778
Billings to Participants	\$ 31,085	\$ 25,579	\$ 23,745	\$ 30,967	\$ 27,716
Sales to Others	365	394	430	419	322
Total Operating Revenues	<u>\$ 31,450</u>	<u>\$ 25,973</u>	<u>\$ 24,175</u>	<u>\$ 31,386</u>	<u>\$ 28,038</u>
Production-Steam O&M	\$ 4,703	\$ 4,025	\$ 3,545	\$ 3,567	\$ 4,225
Fuel Expense	12,873	8,707	8,061	14,500	11,315
Transmission	1,033	1,224	1,223	1,223	1,222
General & Administrative	1,095	1,154	1,184	1,187	1,235
Depreciation & Decommissioning	2,283	2,363	2,526	2,647	2,622
Total Operating Expenses	<u>\$ 21,987</u>	<u>\$ 17,473</u>	<u>\$ 16,539</u>	<u>\$ 23,124</u>	<u>\$ 20,619</u>
Net Operating Revenues	<u>\$ 9,463</u>	<u>\$ 8,500</u>	<u>\$ 7,636</u>	<u>\$ 8,262</u>	<u>\$ 7,419</u>
Investment Income	\$ 876	\$ 962	\$ (164)	\$ 392	\$ 450
Total Other Income	<u>\$ 876</u>	<u>\$ 962</u>	<u>\$ (164)</u>	<u>\$ 392</u>	<u>\$ 450</u>
Interest Expense	\$ 3,357	\$ 3,090	\$ 2,680	\$ 1,997	\$ 1,980
Amortization & Other Expense	547	501	258	258	137
Total Other Expenses	<u>\$ 3,904</u>	<u>\$ 3,591</u>	<u>\$ 2,938</u>	<u>\$ 2,255</u>	<u>\$ 2,117</u>
Net Income (Loss)	\$ 6,435	\$ 5,871	\$ 4,534	\$ 6,399	\$ 5,752
Net Cost Recovered (Credited) in the Future	(3,755)	(5,671)	(3,619)	(5,394)	(5,762)
Due from (to) Participants	<u>(2,680)</u>	<u>(200)</u>	<u>(915)</u>	<u>(1,005)</u>	<u>10</u>
Total Income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
MWH Sales	356,409	210,924	180,203	320,992	284,081
Average \$/MWH Billed	\$ 87.22	\$ 121.27	\$ 131.77	\$ 96.47	\$ 97.56
Cost \$/MWH	\$ 79.70	\$ 120.32	\$ 126.69	\$ 93.34	\$ 97.60

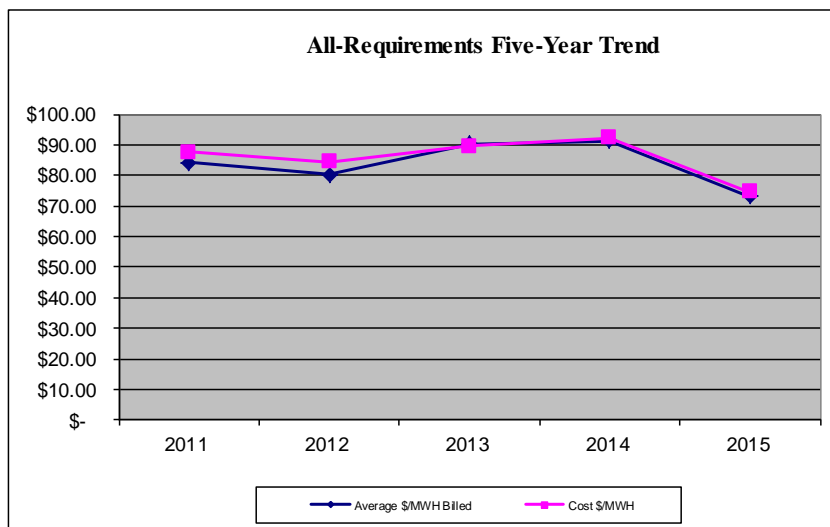
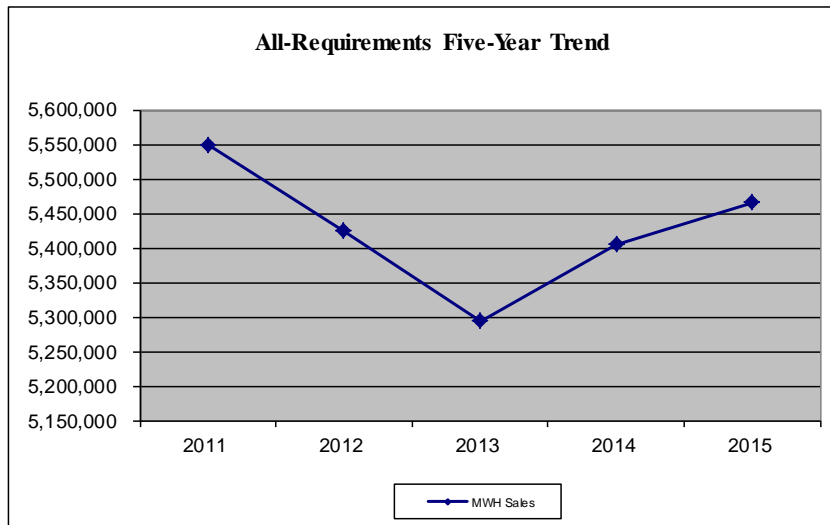
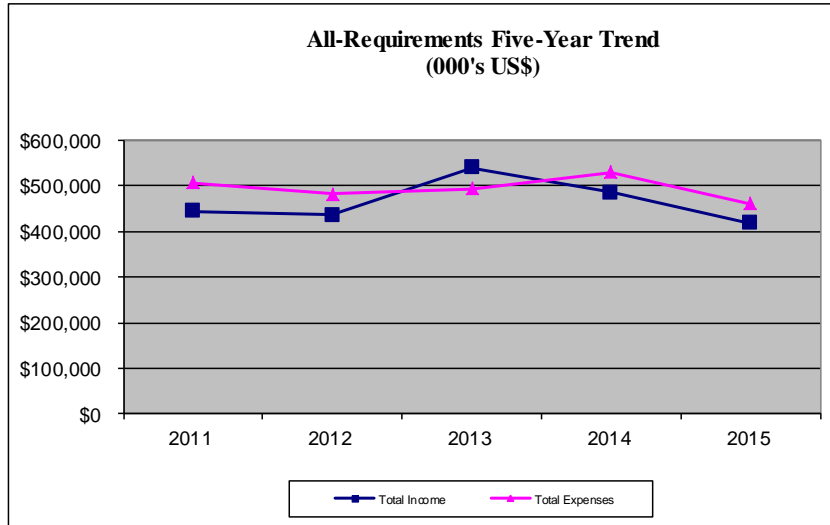
FIVE-YEAR TREND ANALYSIS



FIVE-YEAR TREND ANALYSIS

	2011	2012	2013	2014	2015
(000's US\$ except for MWH Sales and Average \$/MWH)					
All-Requirements Project					
Capital Assets	\$ 1,000,086	\$ 956,182	\$ 912,545	\$ 864,876	\$ 814,271
Total Assets & Deferred Outflows	\$ 1,650,675	\$ 1,641,997	\$ 1,489,809	\$ 1,475,187	\$ 1,456,404
Long-Term Liabilities	\$ 1,497,167	\$ 1,483,283	\$ 1,352,328	\$ 1,342,161	\$ 1,334,149
Total Liabilities & Deferred Inflows	\$ 1,650,675	\$ 1,641,997	\$ 1,489,809	\$ 1,475,187	\$ 1,456,404
Billings to Participants	\$ 467,025	\$ 435,812	\$ 478,321	\$ 493,159	\$ 399,979
Sales to Others	15,419	14,068	7,960	25,767	45,656
Total Operating Revenues	<u>\$ 482,444</u>	<u>\$ 449,880</u>	<u>\$ 486,281</u>	<u>\$ 518,926</u>	<u>\$ 445,635</u>
Purchased Power	\$ 60,901	\$ 24,860	\$ 38,327	\$ 27,523	\$ 31,755
O&M Production-Steam	53,357	59,511	59,802	55,621	60,693
Fuel Expense	253,392	229,663	230,847	283,682	204,743
Transmission	24,530	25,307	27,344	26,247	26,862
General & Administrative	25,769	20,528	21,463	21,957	21,729
Depreciation & Decommissioning	40,463	55,250	53,877	54,252	54,464
Total Operating Expenses	<u>\$ 458,412</u>	<u>\$ 415,119</u>	<u>\$ 431,660</u>	<u>\$ 469,282</u>	<u>\$ 400,246</u>
Net Operating Revenues	<u>\$ 24,032</u>	<u>\$ 34,761</u>	<u>\$ 54,621</u>	<u>\$ 49,644</u>	<u>\$ 45,389</u>
Investment Income	\$ (38,221)	\$ (12,695)	\$ 54,494	\$ (32,150)	\$ (27,859)
Total Other Income	<u>\$ (38,221)</u>	<u>\$ (12,695)</u>	<u>\$ 54,494</u>	<u>\$ (32,150)</u>	<u>\$ (27,859)</u>
Interest Expense	\$ 45,786	\$ 64,523	\$ 61,830	\$ 59,873	\$ 59,185
Amortization & Other Expense	2,438	2,371	940	673	1,921
Total Other Expenses	<u>\$ 48,224</u>	<u>\$ 66,894</u>	<u>\$ 62,770</u>	<u>\$ 60,546</u>	<u>\$ 61,106</u>
Net Income (Loss)	<u>\$ (62,413)</u>	<u>\$ (44,828)</u>	<u>\$ 46,345</u>	<u>\$ (43,052)</u>	<u>\$ (43,576)</u>
Net Cost Recovered (Credited) in the Future	43,088	22,617	(41,637)	37,847	35,778
Due from (to) Participants	19,325	22,211	(4,708)	5,205	7,798
Total Income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
MWH Sales	5,549,464	5,424,379	5,293,772	5,404,370	5,466,149
Average \$/MWH Billed	\$ 84.16	\$ 80.34	\$ 90.36	\$ 91.25	\$ 73.17
Cost \$/MWH	\$ 87.64	\$ 84.44	\$ 89.47	\$ 92.21	\$ 74.60

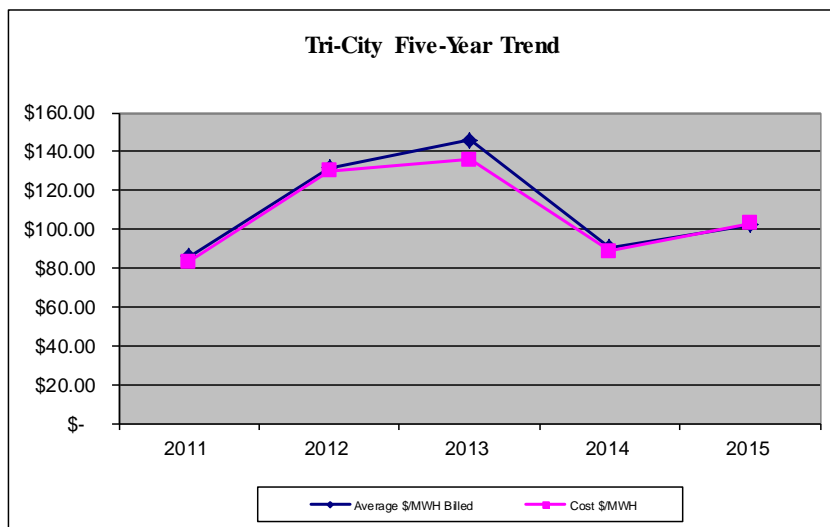
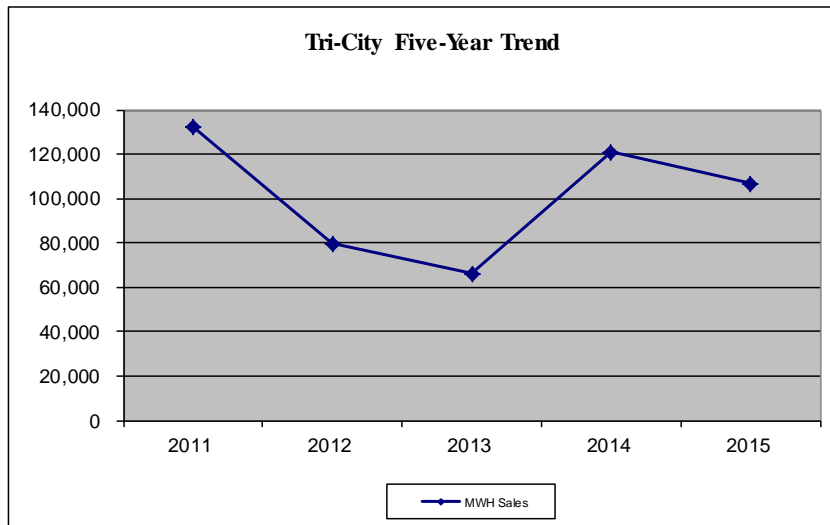
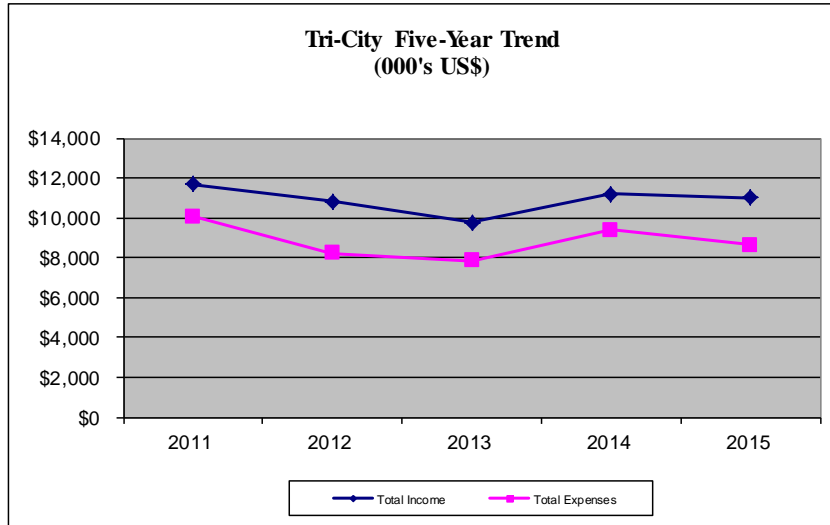
FIVE-YEAR TREND ANALYSIS



FIVE-YEAR TREND ANALYSIS

	2011	2012	2013	2014	2015
(000's US\$ except for MWH Sales and Average \$/MWH)					
Tri-City Project					
Capital Assets	\$ 13,814	\$ 13,969	\$ 13,405	\$ 12,999	\$ 12,436
Total Assets & Deferred Outflows	\$ 27,730	\$ 26,829	\$ 21,794	\$ 22,573	\$ 21,620
Long-Term Debt	\$ 23,266	\$ 25,802	\$ 18,696	\$ 15,771	\$ 12,748
Total Liabilities & Deferred Inflows	\$ 27,730	\$ 29,829	\$ 21,794	\$ 22,573	\$ 21,620
Billings to Participants	\$ 11,377	\$ 10,490	\$ 9,662	\$ 10,971	\$ 10,873
Sales to Others	132	141	143	150	115
Total Operating Revenues	<u>\$ 11,509</u>	<u>\$ 10,631</u>	<u>\$ 9,805</u>	<u>\$ 11,121</u>	<u>\$ 10,988</u>
Production-Steam O&M	\$ 1,685	\$ 1,440	\$ 1,269	\$ 1,262	\$ 1,511
Fuel Expense	4,782	3,169	3,062	5,189	4,287
Transmission	425	490	489	489	489
General & Administrative	617	651	659	687	696
Depreciation & Decommissioning	914	942	998	1,041	843
Total Operating Expenses	<u>\$ 8,423</u>	<u>\$ 6,692</u>	<u>\$ 6,477</u>	<u>\$ 8,668</u>	<u>\$ 7,826</u>
Net Operating Revenues	<u>\$ 3,086</u>	<u>\$ 3,939</u>	<u>\$ 3,328</u>	<u>\$ 2,453</u>	<u>\$ 3,162</u>
Investment Income	\$ 195	\$ 197	\$ (54)	\$ 81	\$ 27
Total Other Income	<u>\$ 195</u>	<u>\$ 197</u>	<u>\$ (54)</u>	<u>\$ 81</u>	<u>\$ 27</u>
Interest Expense	\$ 1,222	\$ 1,149	\$ 1,021	\$ 389	\$ 562
Amortization & Other Expense	421	379	354	342	235
Total Other Expenses	<u>\$ 1,643</u>	<u>\$ 1,528</u>	<u>\$ 1,375</u>	<u>\$ 731</u>	<u>\$ 797</u>
Net Income (Loss)	<u>\$ 1,638</u>	<u>\$ 2,608</u>	<u>\$ 1,899</u>	<u>\$ 1,803</u>	<u>\$ 2,392</u>
Net Cost Recovered (Credited) in the Future	(1,294)	(2,480)	(1,216)	(1,545)	(2,493)
Due from (to) Participants	(344)	(128)	(683)	(258)	101
Total Income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
MWH Sales	132,545	79,739	66,150	120,915	106,538
Average \$/MWH Billed	\$ 85.83	\$ 131.55	\$ 146.06	\$ 90.73	\$ 102.06
Cost \$/MWH	\$ 83.24	\$ 129.95	\$ 135.74	\$ 88.60	\$ 103.01

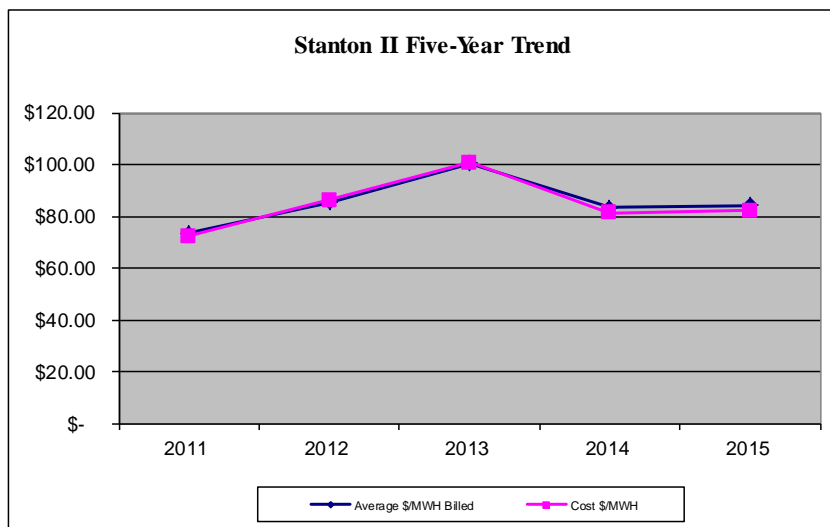
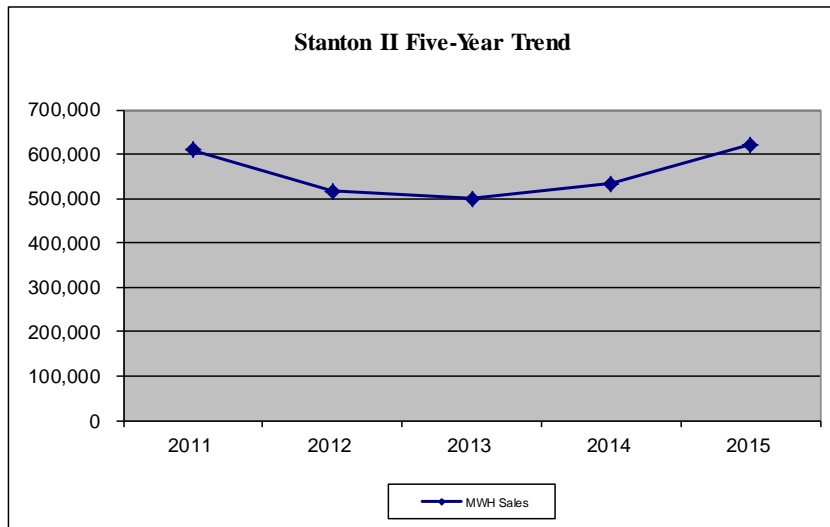
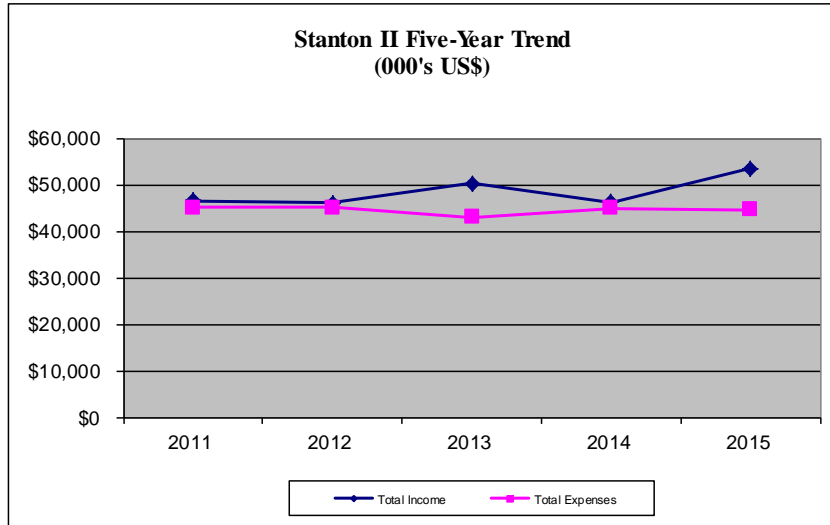
FIVE-YEAR TREND ANALYSIS



FIVE-YEAR TREND ANALYSIS

	2011	2012	2013	2014	2015
(000's US\$ except for MWH Sales and Average \$/MWH)					
Stanton II Project					
Capital Assets	\$ 109,677	\$ 108,648	\$ 107,030	\$ 106,356	\$ 102,865
Total Assets & Deferred Outflows	\$ 196,217	\$ 204,895	\$ 193,709	\$ 182,054	\$ 178,143
Long-Term Debt	\$ 186,893	\$ 197,417	\$ 179,960	\$ 167,977	\$ 148,656
Total Liabilities & Deferred Inflows	\$ 196,217	\$ 204,895	\$ 193,709	\$ 182,054	\$ 178,143
Billings to Participants	\$ 44,707	\$ 44,184	\$ 50,047	\$ 44,411	\$ 52,204
Sales to Others	576	618	711	657	505
Total Operating Revenues	<u>\$ 45,283</u>	<u>\$ 44,802</u>	<u>\$ 50,758</u>	<u>\$ 45,068</u>	<u>\$ 52,709</u>
Production-Steam O&M	\$ 6,432	\$ 6,927	\$ 5,337	\$ 5,871	\$ 6,495
Fuel Expense	21,172	21,201	22,328	24,253	23,417
Transmission	1,541	1,848	1,846	1,846	1,846
General & Administrative	1,627	1,785	1,698	1,770	1,831
Depreciation & Decommissioning	4,638	4,718	4,855	5,082	4,575
Total Operating Expenses	<u>\$ 35,410</u>	<u>\$ 36,479</u>	<u>\$ 36,064</u>	<u>\$ 38,822</u>	<u>\$ 38,164</u>
Net Operating Revenues	<u>\$ 9,873</u>	<u>\$ 8,323</u>	<u>\$ 14,694</u>	<u>\$ 6,246</u>	<u>\$ 14,545</u>
Investment Income	\$ 1,291	\$ 1,260	\$ (450)	\$ 1,151	\$ 778
Total Other Income	<u>\$ 1,291</u>	<u>\$ 1,260</u>	<u>\$ (450)</u>	<u>\$ 1,151</u>	<u>\$ 778</u>
Interest Expense	\$ 8,321	\$ 7,584	\$ 7,199	\$ 6,724	\$ 5,834
Amortization & Other Expense	1,384	965	(307)	(661)	619
Total Other Expenses	<u>\$ 9,705</u>	<u>\$ 8,549</u>	<u>\$ 6,892</u>	<u>\$ 6,063</u>	<u>\$ 6,453</u>
Net Income (Loss)	<u>\$ 1,459</u>	<u>\$ 1,034</u>	<u>\$ 7,352</u>	<u>\$ 1,334</u>	<u>\$ 8,870</u>
Net Cost Recovered (Credited) in the Future	(783)	(1,443)	(7,597)	(279)	(7,718)
Due from (to) Participants	(676)	409	245	(1,055)	(1,152)
Total Income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
MWH Sales	608,812	517,357	498,856	533,732	620,796
Average \$/MWH Billed	\$ 73.43	\$ 85.40	\$ 100.32	\$ 83.21	\$ 84.09
Cost \$/MWH	\$ 72.32	\$ 86.19	\$ 100.81	\$ 81.23	\$ 82.24

FIVE-YEAR TREND ANALYSIS



Compliance Report

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors and Executive Committee
Florida Municipal Power Agency
Orlando, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the Florida Municipal Power Agency (the Agency), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated January 6, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Certified Public Accountants

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Board of Directors and Executive Committee
Florida Municipal Power Agency
Orlando, Florida

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
(Concluded)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Durvis, Gray and Company, LLP

January 6, 2016
Ocala, Florida

MANAGEMENT LETTER

Board of Directors and Executive Committee
Florida Municipal Power Agency
Orlando, Florida

Report on the Financial Statements

We have audited the financial statements of the Florida Municipal Power Agency (the Agency), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated January 6, 2016.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, *Rules of the Florida Auditor General*.

Other Reports

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *American Institute of Certified Public Accountants Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated January 6, 2016, should be considered in conjunction with this Management Letter.

Prior Audit Findings

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

- Section 10.554(1)(i)4, *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this Management Letter, unless disclosed in the notes to the financial statements. This information has been disclosed in Note I of the Agency's September 30, 2015, financial statements. There are no component units related to the Agency.

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MANAGEMENT LETTER
(Concluded)

Financial Condition

- Sections 10.554(1)(i)5.a, and 110.556(7) *Rules of the Auditor General*, require that we report the results of our determination as to whether or not the Agency has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Agency did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.554(1)(i)5.c and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the Agency's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Our audit noted no findings of deteriorating financial condition, required to be reported.

Annual Financial Report

- Sections 10.554(1)(i)5.b and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Agency for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. We determined that the Florida Department of Financial Services does not require the Agency to file the annual financial report pursuant to Section 218.32(1)(a), Florida Statutes.


Other Matters

- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the Management Letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our Management Letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other applicable agencies, the Agency's Executive Committee, the Board of Directors and Audit and Risk Oversight Committee and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



January 6, 2016
Ocala, Florida

INDEPENDENT ACCOUNTANT'S REPORT

Board of Directors and Executive Committee
Florida Municipal Power Agency
Orlando, Florida

We have examined the Florida Municipal Power Agency's (the Agency) compliance with the requirements of Section 218.415, Florida Statutes, with regards to the Agency's investments during the year ended September 30, 2015. Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

Purvis, Gray and Company, LLP

January 6, 2016
Ocala, Florida

Certified Public Accountants

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