FLORIDA MUNICIPAL POWER AGENCY

Financial Statements

For The Fiscal Year Ended September 30, 2016

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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Purvis Gray & Company

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, 2016, 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.

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, 2016, 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.

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
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)

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 December 22, 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.

Purvis, Gray and Company, LLP

December 22, 2016
Ocala, Florida

MANAGEMENT'S DISCUSSION & ANALYSIS

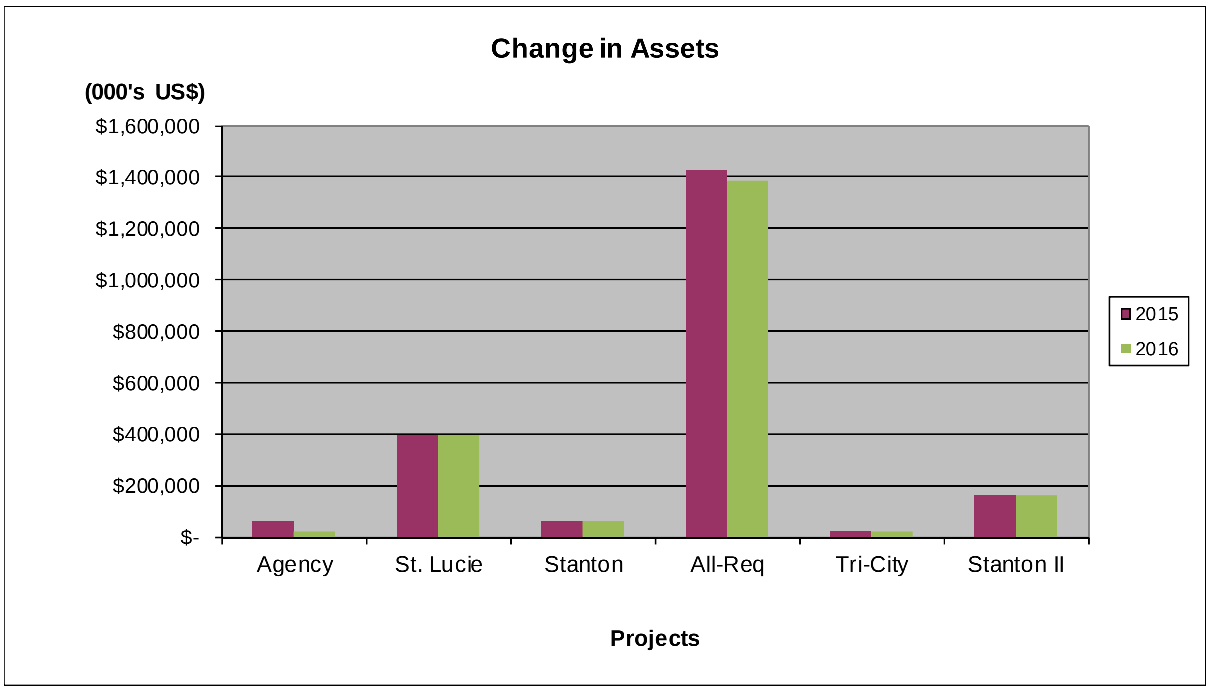
For Fiscal Year Ended September 30, 2016

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, 2016, of FMPA's Agency Fund and other projects decreased $83.8 million from the prior year. Decreases included $92.1 million of depreciation of Plant Asset and $37.3 million the Agency Fund held in trust for Crystal River 3 Decommissioning. Increases in total assets included $24.2 million of new depreciable assets.



Change in Assets (000's US$)							
Year	**Agency**	**St. Lucie**	**Stanton**	**All-Req**	**Tri-City**	**Stanton II**	**Total**
2015	$ 60,375	$ 396,926	$ 61,425	$ 1,424,560	$ 21,105	$ 157,816	$ 2,122,207
2016	$ 23,340	$ 391,691	$ 63,364	$ 1,382,620	$ 21,199	$ 156,235	$2,038,449
Variance	($37,035)	($5,235)	$1,939	($41,940)	$94	($1,581)	($83,758)

FINANCIAL HIGHLIGHTS (CONTINUED)

Total Liabilities at September 30, 2016, for FMPA's Agency Fund and other projects decreased by $54.7 million during the current fiscal year. The decrease in total liabilities is mainly due to bond principal payments and $37.3 million the Agency Fund held in trust for Crystal River 3 Decommissioning.

Long-Term Liability balance outstanding at September 30, 2016, for FMPA's Agency Fund and Projects was $1.9 billion, a decrease of $65.3 million during the current fiscal year.

Long-Term Bonds balance, less current portion, was $1.8 billion, including All-Requirements balance of $1.3 billion.

Total Revenue for Agency and all projects increased by $13.6 million for the current fiscal year, primarly due to investment income increasing $38.3 million primary due to the change in mark to market values.

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, 2016

FINANCIAL HIGHLIGHTS (CONTINUED)

Statement of Net Position

Proprietary funds

September 30, 2016

(000's US$)

2016	Business-Type Activities- Proprietary Funds						
	Agency Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
Assets:							
Capital Assets, Net	$ 3,404	$ 50,196	$ 30,536	$ 777,532	$ 11,947	$ 100,258	$ 973,873
Current Unrestricted Assets	17,658	118,091	27,478	239,394	6,915	43,144	452,680
Non-Current Restricted Assets	2,278	176,265	5,350	37,358	2,337	12,833	236,421
Other Non Current Assets	-	47,139	-	328,336	-	-	375,475
Deferred Outflows of Resources	-	40,126	215	89,088	321	19,947	149,697
Total Assets & Deferred Outflows	$ 23,340	$ 431,817	$ 63,579	$ 1,471,708	$ 21,520	$ 176,182	$ 2,188,146
Liabilities:							
Long-Term Liabilities	$ 5,366	$ 418,789	$ 25,299	$ 1,331,563	$ 9,659	$ 153,418	$ 1,944,094
Current Liabilities	2,019	13,028	8,393	140,145	3,359	8,473	175,417
Deferred Inflows of Resources	-	-	29,887	-	8,502	14,291	52,680
Total Liabilities & Deferred Inflows	$ 7,385	$ 431,817	$ 63,579	$ 1,471,708	$ 21,520	$ 176,182	$ 2,172,191
Net Position:							
Investment in capital assets	$ 2,774	$ (262,910)	$ (2,098)	$ (497,465)	$ (476)	$ (38,883)	$ (799,058)
Restricted	$ -	$ 110,708	$ 12,760	$ 78,413	$ 5,372	$ 18,283	225,536
Unrestricted	$ 13,181	$ 152,202	$ (10,662)	$ 419,052	$ (4,896)	$ 20,600	589,477
Total Net Position	$ 15,955	$ -	$ -	$ -	$ -	$ -	$ 15,955

Statement of Net Position

Proprietary funds

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
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

MANAGEMENT'S DISCUSSION & ANALYSIS

For Fiscal Year Ended September 30, 2016

FINANCIAL HIGHLIGHTS (CONTINUED)

Statements of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For Fiscal Year Ended September 30, 2016

(000's US$)

2016	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	$ 13,782	$ 56,287	$ 27,103	$ 409,104	$ 10,548	$ 51,463	$ 568,287
Sales to others		2,561	327	26,146	116	511	29,661
Amounts to be recovered from (refunded to) participants		429	1,508	(12,419)	(121)	1,113	(9,490)
Investment Income (loss)	170	19,430	251	1,655	44	738	22,288
Total Revenue	$ 13,952	$ 78,707	$ 29,189	$ 424,486	$ 10,587	$ 53,825	$ 610,746
Expenses:							
Operation, maintenance & Nuclear Fuel Amortization	$ -	$ 15,690	$ 5,520	$ 67,270	$ 1,991	$ 6,688	$ 97,159
Purchased power, Transmission & Fuel Costs		4,254	8,532	222,564	3,142	23,400	261,892
Administrative & General	13,173	2,486	1,287	22,349	735	1,889	41,919
Depreciation & Decommissioning	481	31,417	2,937	55,101	1,134	5,336	96,406
Interest & Amortization	31	14,998	1,792	56,843	456	5,814	79,934
Write-off Development Project							
Total Expense	$ 13,685	$ 68,845	$ 20,068	$ 424,127	$ 7,458	$ 43,127	$ 577,310
Change in net position before regulatory asset adjustment	$ 267	$ 9,862	$ 9,121	$ 359	$ 3,129	$ 10,698	$ 33,436
Net cost recoverable/future Participant billings		(9,862)	(9,121)	(359)	(3,129)	(10,698)	(33,169)
Change in Net Positon After Regulatory Adj	$ 267	$ -	$ -	$ -	$ -	$ -	$ 267
Net position at beginning of year	15,688						15,688
Net position at end of year	$ 15,955	$ -	$ -	$ -	$ -	$ -	$ 15,955

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/future Participant billings		(1,688)	(5,762)	35,778	(2,493)	(7,718)	18,117
Change in Net Positon 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

MANAGEMENT'S DISCUSSION & ANALYSIS

For Fiscal Year Ended September 30, 2016

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, 2016. 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, 2016

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 2016 and 2015 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 59 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 expenses decreased $37.4 million primarily due to lower fuel costs. The St Lucie Project, Stanton, All-Requirements and Tri-City Project total expense decreased primarily due to lower fuel costs. Total expense for the Agency Fund increased primarily due to higher General & Administrative costs while the St. Lucie Fund expenses increased primariy due to higher depreciation & decommissioning.

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 $634,000 from fiscal year 2015 to fiscal year 2016.

On September 30, 2016, long-term notes payable debt was $430,000, which is accounted for in the FMPA Agency Fund and represents the Loan outstanding for the Agency's office building.

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 705,233 Megawatt-hours (MWh) in fiscal year 2016. The average all-inclusive billing rate, which includes budgeted Demand, Energy and Transmission expenses, remained level at $79.81 in fiscal year 2016.

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 190,985 MWh in fiscal year 2016. The average all-inclusive billing rate which includes budgeted Demand, Energy and Transmission expenses increased 45% to $141.91 per MWh in fiscal year 2016 due to an extended outage resulting in 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 $71.88 per MWh in fiscal year 2016, which is all-inclusive of Energy, Demand and Transmission expenses. The billed Megawatt hours for fiscal year 2016 were 5,691,752.

Billings to ARP participants in fiscal year 2016 were 2% higher, increasing from $400 million to $409 million primarily due to increase in MWhs billed.

The All-Requirements participant net cost of power decreased to $69.69 per MWh in fiscal year 2016, a 6% decrease from fiscal year 2015. This decrease was primarily due to lower natural gas fuel prices. The fuel supply mix was 86.2% for natural gas, 13.4% for coal, and 0.4% for renewables.

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 2016. 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, 2016

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 71,172 MWh in fiscal year 2016. The average all-inclusive billing rate, which includes budgeted Demand, Energy and Transmission expenses, increased 45% to $148.20 per MWh during fiscal year 2016 due to and extended outage resulting in 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 635,926 MWh in fiscal year 2016. The average all-inclusive billing rate, which includes budgeted Demand, Energy, and Transmission expenses, decreased by 4% to $80.93 per MWh in fiscal year 2016. This was caused by increased capacity utilization in 2016.

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 2016, the St. Lucie, Stanton, Tri-City and Stanton II budgets were amended at the end of the fiscal year to increase expenditures $1.0 million, $2.5 million, $1.0 million, and $5.0 million respectively. This was due to higher actual fixed O & M expenses billed from FPL than budgeted for the St. Lucie Project. The Stanton and Tri-City budgets were increased due to a longer than expected outage resulting in higher fixed O & M expenses. The increase for the Stanton II Project was due to increased utilization because of the Stanton Unit I plant's longer that expected outage.

CAPITAL ASSETS AND LONG-TERM DEBT

FMPA's investment in **Capital Assets,** as of September 30, 2016, 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 2016 decreased by 6.2% or $64.9 million. This was caused primarily by depreciation of plant assets.

Management's Discussion & Analysis

For Fiscal Year Ended September 30, 2016

Capital Assets and long-term debt (continued)

At September 30, 2016, FMPA had **Long-term debt** of $1.7 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	$	430
St. Lucie Project		323,608
Stanton Project		25,299
All-Requirements Project		1,239,357
Tri-City Project		9,659
Stanton II Project		139,040
Total	$	1,737,393

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 2016 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, 2016

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, 2016:

Project	Amount (000's US$)	
St. Lucie Project	$	1,565
Total	$	1,565

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, 2016
(000's US$)

	Business-Type Activities						
ASSETS & DEFERRED OUTFLOWS	**Agency Fund**	**St. Lucie Project**	**Stanton Project**	**All-Requirements Project**	**Tri-City Project**	**Stanton II Project**	**Totals**
Current Assets:							
Cash and cash equivalents	$ 2,566	$ 7,048	$ 3,166	$ 52,377	$ 1,260	$ 6,350	$ 72,767
Investments	12,751	94,487	11,014	45,413	1,162	22,650	187,477
Participant accounts receivable	1,742	4,473	2,793	35,166	1,070	4,413	49,657
Due from Participants		429	1,508			1,113	3,050
Fuel stock and material inventory			693	41,908	248	1,064	43,913
Other current assets	599	344	51	3,260	6	172	4,432
Restricted assets available for current liabilities		11,310	8,253	61,270	3,169	7,382	91,384
Total Current Assets	$ 17,658	$ 118,091	$ 27,478	$ 239,394	$ 6,915	$ 43,144	$ 452,680
Non-Current Assets:							
Restricted Assets:							
Cash and cash equivlents	$ 2,278	$ 76,513	$ 11,131	$ 76,210	$ 4,204	$ 13,733	$ 184,069
Investments		110,990	2,467	22,387	1,300	6,466	143,610
Accrued Interest		72	5	31	2	16	126
Less: Portion Classified as Current		(11,310)	(8,253)	(61,270)	(3,169)	(7,382)	(91,384)
Total Restricted Assets	$ 2,278	$ 176,265	$ 5,350	$ 37,358	$ 2,337	$ 12,833	$ 236,421
Utility Plant:							
Electric plant	$ -	$ 287,532	$ 84,700	$ 1,252,837	$ 34,092	$ 193,828	$ 1,852,989
General plant	8,510	26,458	12	3,145	20	91	38,236
Less accumulated depreciation and amortization	(5,187)	(264,736)	(54,176)	(478,450)	(22,165)	(93,661)	(918,375)
Net utility plant	$ 3,323	$ 49,254	$ 30,536	$ 777,532	$ 11,947	$ 100,258	$ 972,850
Construction work in progress	81	942					1,023
Total Utility Plant, net	$ 3,404	$ 50,196	$ 30,536	$ 777,532	$ 11,947	$ 100,258	$ 973,873
Other Assets:							
Net costs recoverable/future particpant billings	$ -	$ 47,139	$ -	$ 249,182	$ -	$ -	$ 296,321
Prepaid natural Gas - PGP				79,145			79,145
Other				9			9
Total Other Assets	$ -	$ 47,139	$ -	$ 328,336	$ -	$ -	$ 375,475
Total Assets	$ 23,340	$ 391,691	$ 63,364	$ 1,382,620	$ 21,199	$ 156,235	$ 2,038,449
Deferred Outflows of Resources							
Deferred Outflows from Derivatives	$ -	$ 22,334	$ -	$ 36,249	$ -	$ 14,378	$ 72,961
Unamortized Loss on Advanced Refunding		17,792	215	52,839	321	5,569	76,736
Total Deferred Outflows	$ -	$ 40,126	$ 215	$ 89,088	$ 321	$ 19,947	$ 149,697
Total Assets & Deferred Outflows	$ 23,340	$ 431,817	$ 63,579	$ 1,471,708	$ 21,520	$ 176,182	$ 2,188,146
LIABILITIES, DEFERRED INFLOWS AND NET POSITION							
Current Liabilities:							
Payable from unrestricted assets:							
Accounts payable & Accrued Liabilities	$ 1,819	$ 1,718	$ -	$ 27,951	$ 19	$ 871	$ 32,378
Due to Participants				33,481	121		33,602
Line of Credit Payable				5,000			5,000
Capital Lease and other Obligations	200		140	12,443	50	220	13,053
Total Current Liabilities Payable from Unrestricted Assets	$ 2,019	$ 1,718	$ 140	$ 78,875	$ 190	$ 1,091	$ 84,033
Payable from Restricted Assets:							
Current portion of long-term revenue bonds	$ -	$ 7,290	$ 7,410	$ 41,055	$ 3,035	$ 5,450	$ 64,240
Accrued interest on long-term debt		4,020	843	20,215	134	1,932	27,144
Total Current Liabilities Payable from Restricted Assets	$ -	$ 11,310	$ 8,253	$ 61,270	$ 3,169	$ 7,382	$ 91,384
Total Current Liabilities	$ 2,019	$ 13,028	$ 8,393	$ 140,145	$ 3,359	$ 8,473	$ 175,417
Long-Term Liabilities Payable from Restricted Assets:							
Held in Trust for Rate Stabilization	$ 2,278	$ -	$ -	$ -	$ -	$ -	$ 2,278
Accrued Decommissioning Liability		72,847					72,847
Total Liabilities Payable from Restricted Assets	$ 2,278	$ 72,847	$ -	$ -	$ -	$ -	$ 75,125
Long-Term Liabilities Less Current Portion:							
Long-term debt	$ 430	$ 323,608	$ 25,299	$ 1,239,357	$ 9,659	$ 139,040	$ 1,737,393
Employee Related Obligations	2,658						2,658
Advances from Participants				20,967			20,967
FMV Derivative Instruments		22,334		71,239		14,378	107,951
Total Long-Term Liabilities	$ 3,088	$ 345,942	$ 25,299	$ 1,331,563	$ 9,659	$ 153,418	$ 1,868,969
Deferred Inflows of Resources							
Net cost refundable/future participant billings	-	-	29,887	-	8,502	14,291	52,680
Total Liabilities and Deferred Inflows	$ 7,385	$ 431,817	$ 63,579	$ 1,471,708	$ 21,520	$ 176,182	$ 2,172,191
Net Position:							
Investment in Capital Assets, Net of Related Debt	$ 2,774	$ (262,910)	$ (2,098)	$ (497,465)	$ (476)	$ (38,883)	$ (799,058)
Restricted		110,708	12,760	78,413	5,372	18,283	225,536
Unresticted	13,181	152,202	(10,662)	419,052	(4,896)	20,600	589,477
Total Net Position	$ 15,955	$ -	$ -	$ -	$ -	$ -	$ 15,955

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, 2016
(000's US$)

	Business-Type Activities						
	Agency Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
Operating Revenue:							
Billings to participants	$ 13,782	$ 56,287	$ 27,103	$ 409,104	$ 10,548	$ 51,463	$ 568,287
Interchange Sales				22,433			22,433
Sales to others		2,561	327	3,713	116	511	7,228
Amounts to be recovered from (refunded to) participants		429	1,508	(12,419)	(121)	1,113	(9,490)
Total Operating Revenue	$ 13,782	$ 59,277	$ 28,938	$ 422,831	$ 10,543	$ 53,087	$ 588,458
Operating Expenses:							
Operation and maintenance	$	$ 9,727	$ 5,520	$ 67,270	$ 1,991	$ 6,688	$ 91,196
Fuel expense			7,400	170,762	2,715	21,650	202,527
Nuclear fuel amortization		5,963					5,963
Purchased power		3,874		25,546			29,420
Transmission services		380	1,132	26,256	427	1,750	29,945
General and administrative	13,173	2,486	1,287	22,349	735	1,889	41,919
Depreciation and amortization	481	27,140	2,937	55,101	1,134	5,336	92,129
Decommissioning		4,277					4,277
Total Operating Expense	$ 13,654	$ 53,847	$ 18,276	$ 367,284	$ 7,002	$ 37,313	$ 497,376
Total Operating Income (Loss)	$ 128	$ 5,430	$ 10,662	$ 55,547	$ 3,541	$ 15,774	$ 91,082
Non-Operating Income (Expense):							
Interest expense	$ (31)	$ (14,998)	$ (1,792)	$ (56,843)	$ (456)	$ (5,814)	$ (79,934)
Debt costs				(2,150)			(2,150)
Investment earnings	170	19,430	251	887	44	738	21,520
Amortization of swap terminations				2,918			2,918
Total Non-Operating Income (Expenses)	$ 139	$ 4,432	$ (1,541)	$ (55,188)	$ (412)	$ (5,076)	$ (57,646)
Change in net assets before regulatory asset adjustment	$ 267	$ 9,862	$ 9,121	$ 359	$ 3,129	$ 10,698	$ 33,436
Net cost recoverable/future participant billings	$	$ (9,862)	$ (9,121)	$ (359)	$ (3,129)	$ (10,698)	$ (33,169)
Change in Net Position After Regulatory Adj	$ 267	$	$	$	$	$	$ 267
Net Postion at beginning of year	15,688						15,688
Net Position at end of year	$ 15,955	$ -	$ -	$ -	$ -	$ -	$ 15,955

The accompanying notes are an integral part of these financial statements

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FLORIDA MUNICIPAL POWER AGENCY

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

September 30, 2016

(000's US$)

	Business-Type Activities- Proprietary Funds						
	Agency Fund	St. Lucie Project	Stanton Project	All Requirements Project	Tri-City Project	Stanton II Project	Totals
Cash Flows From Operating Activities:							
Cash Received From Customers	$ 13,575	$ 57,311	$ 28,471	$ 419,191	$ 10,355	$ 52,732	$ 581,635
Cash Paid to Suppliers	(5,835)	(15,741)	(16,159)	(331,467)	(5,274)	(33,740)	(408,216)
Cash Paid to Employees	(7,026)						(7,026)
Net Cash Provided by (Used in) Operating Activities	$ 714	$ 41,570	$ 12,312	$ 87,724	$ 5,081	$ 18,992	$ 166,393
Cash Flows From Investing Activities:							
Proceeds From Sales and Maturities Of Investments	$ 61,755	$ 747,684	$ 21,473	$ 659,955	$ 7,453	$ 40,697	$ 1,539,017
Crystal River 3 Decommissioning, RSA Withdrawal, Deposits and Interest Earnings	(37,226)						(37,226)
Purchases of Investments	(24,700)	(768,497)	(21,398)	(646,810)	(7,769)	(36,205)	(1,505,379)
Income received on Investments	137	10,961	543	3,771	50	629	16,091
Net Cash Provided by (Used in) Investment Activities	$ (34)	$ (9,852)	$ 618	$ 16,916	$ (266)	$ 5,121	$ 12,503
Cash Flows From Capital & Related Financing Activities:							
Proceeds from Issuance of Bonds & Loans	$ -	$ -	$ -	$ 508,997	$ -	$ -	$ 508,997
Debt Issuance Costs				(2,150)			(2,150)
Capital Expenditures - Utility Plant	(475)	(9,166)	(1,850)	(18,362)	(645)	(2,729)	(33,227)
Long Term Gas Pre Pay - PGP				(845)			(845)
Principal Payments - Long Term Debt	(190)	(10,589)	(6,424)	(515,629)	(3,022)	(9,430)	(545,284)
Line of Credit Advances				5,000			5,000
Interest paid on Debt	(27)	(15,181)	(1,873)	(57,956)	(486)	(5,933)	(81,456)
Net Cash Provided (Used in) Capital & Related Financing Activities	$ (692)	$ (34,936)	$ (10,147)	$ (80,945)	$ (4,153)	$ (18,092)	$ (148,965)
Net Increase (Decrease) in Cash and Cash Equivalents	$ (12)	$ (3,218)	$ 2,783	$ 23,695	$ 662	$ 6,021	$ 29,931
Cash and Cash Equivalents - Beginning	4,856	86,779	11,514	104,892	4,802	14,062	226,905
Cash and Cash Equivalents - Ending	$ 4,844	$ 83,561	$ 14,297	$ 128,587	$ 5,464	$ 20,083	$ 256,836
Consisting of:							
Unrestricted	$ 2,566	$ 7,048	$ 3,166	$ 52,377	$ 1,260	$ 6,350	$ 72,767
Restricted	2,278	76,513	11,131	76,210	4,204	13,733	184,069
Total	$ 4,844	$ 83,561	$ 14,297	$ 128,587	$ 5,464	$ 20,083	$ 256,836
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:							
Operating Income (Loss)	$ 128	$ 5,430	$ 10,662	$ 55,547	$ 3,541	$ 15,774	$ 91,082
Adjustment to Reconcile Net Operating Income to Net Cash Provided by (Used In) Operating Activities:							
Depreciation	481	27,140	2,937	55,101	1,134	5,336	92,129
Asset Retirement Costs							
Decommissioning		4,277					4,277
Amortization of Nuclear Fuel		5,963					5,963
Amortization of Pre Paid Gas - PGP				8,000			8,000
Changes in Assests and Liabilities Which Provided (Used) Cash:							
Inventory			1,331	7,407	476	2,085	11,299
Receivables From (Payable to) Participants	(206)	(1,967)	(468)	(660)	(188)	(356)	(3,845)
Prepaids	179	(534)	(1,464)	1,722	101	(1,119)	(1,115)
Accounts Payable and Accrued Expense	132	(1,633)	(824)	11,563	(177)	(3,505)	5,556
Other Deferred Costs		2,894	138	(50,956)	194	777	(46,953)
Net Cash Provided By (Used In) Operating Activities	$ 714	$ 41,570	$ 12,312	$ 87,724	$ 5,081	$ 18,992	$ 166,393
Noncash Investing, capital and financing activities:							
Increase (Decrease) in mark to market values							
Non-Trust Investments	$ 26	$ 8,544	$ (288)	$ 97	$ (1)	$ 110	$ 8,488
Interest Rate Derivative Contracts							
Change in Effective Swaps		1,387		(6,351)		(397)	(5,361)

The accompanying notes are an integral part of these financial statements

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, 2016, 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.

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.

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 fully owned and 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.

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, 2016, the liability for unused vacation was $825,379 and $543,261 for unused sick/personal leave are accounted for in the Agency Fund.

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.

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 ineffective are recorded as either a reduction of, or an addition to, Net costs refundable/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 Postion are now accounted for as a Deferred Inflows of Resources in the Statement of Net Postion and recognized as a rate benefit over future periods.

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.

15. Fair Value Measurement and Application

During the year ending September 30, 2016, FMPA implemented GASB Statement No. 72 *Fair Value Measurement and Application.* This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. This statement clarifies the definition of fair value as an exit price. Fair value measurements assume a transaction takes place in a government's principal market, or a government's most advantageous market in the absence of a principal market. The fair value also should be measured assuming that general market participants would act in their economic best interest.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

- **Level 1 inputs**-are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date
- **Level 2 inputs**-are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Agency Obligation securities are recorded at fair value based upon Bloomberg pricing models using observable inputs and as such are presented as level 2 in the GASB 72 hierarchy in Note IV.
- **Level 3 inputs**-are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

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 ($72.8 million) and Accrued Decommissioning Liability ($72.8 million) at September 30, 2016. 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 2015, Unit 2's future net decommissioning costs are estimated to be $2.2 billion or $745 million in 2015 dollars, and FMPA's share of the future net decommissioning costs is estimated to be $197 million or $65 million in 2015 dollars. A new study will be completed and made available in 2021. 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 was previously 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.

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, 2016, 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 Postion. 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, 2016 was as follows:

	September 30, 2016			
	Beginning Balance	*Increases**	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 653	$ -	$ -	$ 653
General Plant	7,495	394	(32)	7,857
Construction work in process		81		81
General Plant in Service	$ 8,148	$ 475	$ (32)	$ 8,510
Less Accumulated Depreciation	(4,738)	(481)	32	(5,187)
General Plant in Service, Net	$ 3,410	$ (6)	$ -	$ 3,323

* Includes Retirements Less Salvage

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, 2016, was as follows:

	September 30, 2016			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 75	$ -	$ -	$ 75
Electric Plant	280,865	6,592		287,457
General Plant	1,209			1,209
Nuclear Fuel	26,352	2,325	(3,428)	25,249
Construction work in process	2,974	249	(2,281)	942
Electric Utility Plant in Service	$ 311,475	$ 9,166	$ (5,709)	$ 314,932
Less Accumulated Depreciation	(237,342)	(33,103)	5,709	(264,736)
Utility Plant in Service, Net	$ 74,133	$ (23,937)	$ -	$ 50,196

* 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, 2016, was as follows:

	September 30, 2016			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 125	$	$ -	$ 125
Electric Plant	82,775	1,849	(49)	84,575
General Plant	11	1		12
Electric Utility Plant in Service	$ 82,911	$ 1,850	$ (49)	$ 84,712
Less Accumulated Depreciation	(51,288)	(2,937)	49	(54,176)
Utility Plant in Service, Net	$ 31,623	$ (1,087)	$ -	$ 30,536

* Includes Retirements Less Salvage

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, 2016, was as follows:

	September 30, 2016			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 13,405	$	$ -	$ 13,405
Electric Plant	1,226,988	17,997	(5,553)	1,239,432
General Plant	2,780	365		3,145
Electric Utility Plant in Service	$ 1,243,173	$ 18,362	$ (5,553)	$ 1,255,982
Less Accumulated Depreciation	(428,902)	(55,101)	5,553	(478,450)
Utility Plant in Service, Net	$ 814,271	$ (36,739)	$ -	$ 777,532

* Includes Retirements Less Salvage

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, 2016, was as follows:

	September 30, 2016			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
	(000's US$)			
Land	$ 48	$ -	$ -	$ 48
Electric Plant	33,399	645		34,044
General Plant	20			20
Electric Utility Plant in Service	$ 33,467	$ 645	$ -	$ 34,112
Less Accumulated Depreciation	(21,031)	(1,134)		(22,165)
Utility Plant in Service, Net	$ 12,436	$ (489)	$ -	$ 11,947

* 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, 2016, was as follows:

	September 30, 2016			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
	(000's US$)			
Land	$ 217	$ -	$ -	$ 217
Electric Plant	190,882	2,729		193,611
General Plant	91			91
Electric Utility Plant in Service	$ 191,190	$ 2,729	$ -	$ 193,919
Less Accumulated Depreciation	(88,325)	(5,336)		(93,661)
Utility Plant in Service, Net	$ 102,865	$ (2,607)	$ -	$ 100,258

* Includes Retirements Less Salvage

IV. Cash, Cash Equivalents and Investments

A. Cash and Cash Equivalents

At September 30, 2016, 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, 2016, 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, 2016, 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, 2016, 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.

IV. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

Agency Fund		
	None	
St. Lucie Project		
	None	
Stanton Project		
	Coca-Cola Co.	7.39%
All-Requirements Project		
	None	
Tri-City Project		
	Toyota Motor Co.	16.21%
Stanton II Project		
	None	

Capital Appreciation Bonds(CABS) in total represent 38% of the St. Lucie Project's portfolio, of which 66% of them are held in California.

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, 2016, are as follows:

	September 30, 2016	Weighted Average Maturity (Days)	Credit Rating
	(000's US$)		
Restricted			
Cash and Cash Equivalents	$ 2,278		
US Gov't/Agency Securities	-		
Commercial Paper	-		
Total Restricted	$ 2,278		
Unrestricted			
Cash and Cash Equivalents	$ 2,566		
US Gov't/Agency Securities	12,251	562	Aaa/AA+/AAA *
Commercial Paper	500		
Total Unrestricted	$ 15,317		
Total	$ 17,595		

* Moody's/S&P/Fitch

IV. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

Investments and Derivative Instruments Measured at Fair Value for the Agency at September 30, 2016, are as follows:

Investment Assets by Fair Value Level		Quoted Prices in Active Markets (Level 1) *(000's US$)*		Significant Other Observable Inputs (Level 2) *(000's US$)*		Significant Unobservable Inputs (Level 3) *(000's US$)*
Agency Obligations	$	-	$	9,007	$	-
US Treasury Obligations		3,274				
Municipal Bonds						
Total By Level	$	3,274	$	9,007	$	-
Investment Liabilities (Derivative Instruments)						
Interest Rate Swaps	$	-	$	-	$	-
Total	$	-	$	-	$	-
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure						
Cash Equivalents	$	2,311				
Commercial Paper		500				
Morgan Stanley Institutional		256				
Held in Trust Rate Stabilization		2,278				
Total Money Market and Mutual Fund Instruments	$	5,345				
Total Market Value of Assets	$	17,626				
Accrued Interest(including portion within other current assets of Unrestricted Assets)		(31)				
Market value (less) Accrued Interest	$	17,595				
Total Investment Liabilities (Interest Rate Swaps)	$	-				

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, 2016, are as follows:

		September 30, 2016	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	76,513		
US Gov't/Agency Securities		25,857	1,077	Aaa/AA+/AAA **
Municipal Bonds		85,133	3,393	*
Commercial Paper		-		
Total Restricted	$	187,503		
Unrestricted				
Cash and Cash Equivalents	$	7,048		
US Gov't/Agency Securities		35,654	534	Aaa/AA+/AAA **
Municipal Bonds		58,833	1,693	*
Commercial Paper		-		
Total Unrestricted	$	101,535		
Total	$	289,038		

*The Municipal Bond ratings range from a best of Aa1/AAA/AAA to a worst of A3/AA-/BBB-.
** Moody's/S&P/Fitch

Investments and Derivative Instruments Measured at Fair Value for the St. Lucie Project at September 30, 2016, are as follows:

Investment Assets by Fair Value Level		Quoted Prices in Active Markets (Level 1) *(000's US$)*		Significant Other Observable Inputs (Level 2) *(000's US$)*		Significant Unobservable Inputs (Level 3) *(000's US$)*
Agency Obligations	$	-	$	48,739	$	-
US Treasury Obligations		12,944				
Municipal Bonds				143,995		
Total By Level	$	12,944	$	192,734	$	-
Investment Liabilities (Derivative Instruments)						
Interest Rate Swaps	$	-	$	(22,334)	$	-
Total	$	-	$	(22,334)	$	-
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure						
Cash Equivalents	$	83,053				
Commercial Paper		-				
Morgan Stanley Institutional		508				
Total Money Market and Mutual Fund Instruments	$	83,561				
Total Market Value of Assets	$	289,239				
Accrued Interest(including portion within other current assets of Unrestricted Assets)		(201)				
Market value (less) Accrued Interest	$	289,038				
Total Investment Liabilities (Interest Rate Swaps)	$	(22,334)				

IV. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

3. Stanton Project

Cash, cash equivalents and investments for the Stanton Project at September 30, 2016, are as follows:

		September 30, 2016	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	11,131		
US Gov't/Agency Securities		1,408	343	Aaa/AA+/AAA **
Municipal Bonds		1,059	894	*
Total Restricted	$	13,598		
Unrestricted				
Cash and Cash Equivalents	$	3,166		
US Gov't/Agency Securities		9,523	874	Aaa/AA+/AAA **
Municipal Bonds		495	683	*
Commercial Paper		996		
Total Unrestricted	$	14,180		
Total	$	27,778		

*The Municipal Bond ratings range from a best of AAA/AAA/Aa1A to a worst of A+/A/A3.
** Moody's/S&P/Fitch

Investments and Derivative Instruments Measured at Fair Value for the Stanton Project at September 30, 2016, are as follows:

Investment Assets by Fair Value Level		Quoted Prices in Active Markets (Level 1) *(000's US$)*		Significant Other Observable Inputs (Level 2) *(000's US$)*		Significant Unobservable Inputs (Level 3) *(000's US$)*
Agency Obligations	$	-	$	10,439	$	-
US Treasury Obligations		547				
Municipal Bonds				1,555		
Total By Level	$	547	$	11,994	$	-
Investment Liabilities (Derivative Instruments)						
Interest Rate Swaps	$	-	$	-	$	-
Total	$	-	$	-	$	-
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure						
Cash Equivalents	$	14,256				
Commercial Paper		996				
Morgan Stanley Institutional		41				
Total Money Market and Mutual Fund Instruments	$	15,293				
Total Market Value of Assets	$	27,834				
Accrued Interest(including portion within other current assets of Unrestricted Assets)		(56)				
Market value (less) Accrued Interest	$	27,778				
Total Investment Liabilities (Interest Rate Swaps)	$	-				

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, 2016, are as follows:

		September 30, 2016	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	76,210		
US Gov't/Agency Securities		20,403	20,303	Aaa/AA+/AAA **
Municipal Bonds		1,984	502	*
Total Restricted	$	98,597		
Unrestricted				
Cash and Cash Equivalents	$	52,377		
US Gov't/Agency Securities		38,276	840	Aaa/AA+/AAA **
Municipal Bonds		7,137	1,028	*
Commercial Paper		-		
Total Unrestricted	$	97,790		
Total	$	196,387		

*The Municipal Bond ratings range from a best of Aa1/AAA/AAA to a worst of Aa3/A+/A.
** Moody's/S&P/Fitch

Investments and Derivative Instruments Measured at Fair Value for the All-Requirements Project at September 30, 2016, are as follows:

Investment Assets by Fair Value Level		Quoted Prices in Active Markets (Level 1) *(000's US$)*		Significant Other Observable Inputs (Level 2) *(000's US$)*		Significant Unobservable Inputs (Level 3) *(000's US$)*
Agency Obligations	$	-	$	53,981	$	-
US Treasury Obligations		4,864				
Municipal Bonds				9,133		
Total By Level	$	4,864	$	63,114	$	-
Investment Liabilities (Derivative Instruments)						
Interest Rate Swaps	$	-	$	(71,104)	$	-
Total	$	-	$	(71,104)	$	-
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure						
Cash Equivalents	$	115,781				
Commercial Paper		-				
Wells Fargo Funds		10,015				
CI2 Insurance fund		2,791				
Total Money Market and Mutual Fund Instruments	$	128,587				
Total Market Value of Assets	$	196,565				
Accrued Interest(including portion within other current assets of Unrestricted Assets)		(178)				
Market value (less) Accrued Interest	$	196,387				
Total Investment Liabilities (Interest Rate Swaps)	$	(71,104)				

IV. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

5. Tri-City Project

Cash, cash equivalents and investments for the Tri-City Project at September 30, 2016, are as follows:

	September 30, 2016	Weighted Average Maturity (Days)	Credit Rating
Restricted	*(000's US$)*		
Cash and Cash Equivalents	$ 4,204		
US Gov't/Agency Securities	901	426	Aaa/AAA/AAA **
Municipal Bonds	-		
Commercial Paper	399		
Total Restricted	$ 5,504		
Unrestricted			
Cash and Cash Equivalents	$ 1,260		
US Gov't/Agency Securities	1,055	649	Aaa/AAA/AAA **
Municipal Bonds	107	942	*
Total Unrestricted	$ 2,422		
Total	$ 7,926		

*The Municipal Bond ratings range from a best of Aa1/AAA/AAA to a worst of Aa3/AAA/Baa1.
** Moody's/S&P/Fitch

Investments and Derivative Instruments Measured at Fair Value for the Tri-City Project at September 30, 2016, are as follows:

Investment Assets by Fair Value Level	Quoted Prices in Active Markets (Level 1) *(000's US$)*	Significant Other Observable Inputs (Level 2) *(000's US$)*	Significant Unobservable Inputs (Level 3) *(000's US$)*
Agency Obligations	$ -	$ 1,609	$ -
US Treasury Obligations	353		
Municipal Bonds		109	
Total By Level	$ 353	$ 1,718	$ -
Investment Liabilities (Derivative Instruments)			
Interest Rate Swaps	$ -	$ -	$ -
Total	$ -	$ -	$ -
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure			
Cash Equivalents	$ 5,439		
Commercial Paper	399		
Morgan Stanley Institutional	25		
Total Money Market and Mutual Fund Instruments	$ 5,863		
Total Market Value of Assets	$ 7,934		
Accrued Interest(including portion within other current assets of Unrestricted Assets)	(8)		
Market value (less) Accrued Interest	$ 7,926		
Total Investment Liabilities (Interest Rate Swaps)	$ -		

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, 2016, are as follows:

		September 30, 2016	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	13,733		
US Gov't/Agency Securities		6,466	922	Aaa/AA+/AAA **
Municipal Bonds		-		
Total Restricted	$	20,199		
Unrestricted				
Cash and Cash Equivalents	$	6,350		
US Gov't/Agency Securities		20,226	1,080	Aaa/AA+/AAA **
Municipal Bonds		2,424	1,626	*
Commercial Paper		-		
Total Unrestricted	$	29,000		
Total	$	49,199		

*The Municipal Bond ratings range from a best of Aa1/AAA/AAA to a worst of A3/A/A+.
** Moody's/S&P/Fitch

Investments and Derivative Instruments Measured at Fair Value for the Stanton II Project at September 30, 2016, are as follows:

Investment Assets by Fair Value Level		Quoted Prices in Active Markets (Level 1) *(000's US$)*		Significant Other Observable Inputs (Level 2) *(000's US$)*		Significant Unobservable Inputs (Level 3) *(000's US$)*
Agency Obligations	$	-	$	22,325	$	-
US Treasury Obligations		4,538				
Municipal Bonds				2,441		
Total By Level	$	4,538	$	24,766	$	-
Investment Liabilities (Derivative Instruments)						
Interest Rate Swaps	$	-	$	(14,378)	$	-
Total	$	-	$	(14,378)	$	-
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure						
Cash Equivalents	$	20,083				
Commercial Paper		-				
Morgan Stanley Institutional		-				
Total Money Market and Mutual Fund Instruments	$	20,083				
Total Market Value of Assets	$	49,387				
Accrued Interest(including portion within other current assets of Unrestricted Assets)		(188)				
Market value (less) Accrued Interest	$	49,199				
Total Investment Liabilities (Interest Rate Swaps)	$	(14,378)				

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	$ -	$ 22,334	$ -	$ 36,249	$ -	$ 14,378
Total Deferred Outflows from Derivatives	$ -	$ 22,334	$ -	$ 36,249	$ -	$ 14,378
Fair Market Value Derivative Instruments Liabilities						
Hybrid Swap Liability	$ -	$ -	$ -	$ 34,855	$ -	$ -
Market Value Adjustment for Effective Swaps		22,334		36,249		14,378
Natural Gas Storage				135		
Total Fair Value	$ -	$ 22,334	$ -	$ 71,239	$ -	$ 14,378

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, 2016, 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, 2016. 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 it's 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.

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. 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 $22.1 million for a net of $34.9 million.

1. St. Lucie 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							
$ 16,650	7/3/2006	3.444%	72% LIBOR*	10/1/2021	$ (2,259)	Merrill Lynch Capital Services, Inc.	Baa1/A-/A
Series 2002							
$ 11,975	7/2/2007	3.481%	72% LIBOR*	10/1/2021	$ (1,646)	Merrill Lynch Capital Services, Inc.	Baa1/A-/A
11,975	7/1/2010	3.595%	72% LIBOR*	10/1/2021	(1,714)	Merrill Lynch Capital Services, Inc.	Baa1/A-/A
11,975	7/1/2011	3.632%	72% LIBOR*	10/1/2021	(1,736)	Merrill Lynch Capital Services, Inc.	Baa1/A-/A
7,825	7/3/2006	3.444%	72% LIBOR*	10/1/2021	(1,061)	Goldman Sachs Bank USA	Baa2/A-/A
11,308	7/1/2010	3.595%	72% LIBOR*	10/1/2021	(1,555)	Goldman Sachs Bank USA	Baa2/A-/A
11,308	7/2/2007	3.481%	72% LIBOR*	10/1/2021	(1,618)	Goldman Sachs Bank USA	Baa2/A-/A
11,308	7/1/2011	3.632%	72% LIBOR*	10/1/2021	(1,639)	Goldman Sachs Bank USA	Baa2/A-/A
67,125	7/3/2006	3.444%	72% LIBOR*	10/1/2021	(9,106)	Merrill Lynch Capital Services, Inc.	Baa1/A-/A
$ 144,799					$ (20,075)		
Total Termination Value of Swaps					$ (22,334)		
Prior Year Termination Value of Swaps					$ (23,721)		
Change in Fair Market Value					$ 1,387		

*floating to fixed
**() denotes that termination value payable to the dealer if swap had been terminated 9/30/16

V. Derivative Financial Instruments (continued)

A. Swap Agreements (continued)

2. All-Requirements 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 2006A							
6,980	3/30/2006	3.910%	CPI Rate + .81	10/1/2016	(126)	Merrill Lynch Capital Services, Inc.	Baa1/A-/A
5,175	3/30/2006	3.910%	CPI Rate + .81	10/1/2016	(93)	Morgan Stanley	Baa2/A-/A
$ 12,155					$ (219)		
Series 2008C							
$ 33,180	10/1/2006	3.701%	72% LIBOR*	10/1/2027	$ (7,698)	Goldman Sachs Bank USA	Baa2/A-/A
11,050	10/1/2006	3.665%	72% LIBOR*	10/1/2026	(2,423)	JP Morgan Chase & Co.	A3/A/A+
2,684	10/1/2006	3.656%	72% LIBOR*	10/1/2026	(583)	JP Morgan Chase & Co.	A3/A/A+
224	10/1/2006	3.612%	72% LIBOR*	10/1/2026	(48)	JP Morgan Chase & Co.	A3/A/A+
33,180	10/1/2006	3.649%	72% LIBOR*	10/1/2027	(7,556)	Morgan Stanley	Baa2/A-/A
33,180	10/1/2006	3.697%	72% LIBOR*	10/1/2027	(7,689)	Merrill Lynch Capital Services, Inc.	Baa1/A-/A
20,125	10/1/2006	3.669%	72% LIBOR*	10/1/2025	(2,860)	UBS AG	A2/A/A
19,050	10/1/2006	3.737%	72% LIBOR*	10/1/2035	(6,827)	Wells Fargo Bank, NA	A3/A+/AA-
$ 152,673					$ (35,684)		
Series 2011A-2							
$ 42,000	10/1/2006	5.175%	100% LIBOR*	10/1/2025	$ (14,219)	Wells Fargo Bank, NA	A3/A+/AA-
Series 2011A-1 & 2011B							
$ 15,000	10/1/2006	3.667%	72% LIBOR*	10/1/2030	$ (4,471)	JP Morgan Chase & Co.	A3/A/A+
25,000	10/1/2006	3.709%	72% LIBOR*	10/1/2030	(7,568)	JP Morgan Chase & Co.	A3/A/A+
30,000	10/1/2006	3.667%	72% LIBOR*	10/1/2030	(8,943)	JP Morgan Chase & Co.	A3/A/A+
$ 70,000					$ (20,982)		

Total Swap Terminaton Value	$ (71,104)
Effective Swaps	$ (36,249)
Hybrid Loans	(34,855)
	$ (71,104)
Prior Year Termination Value of Effective Swaps and Hybrid Loans	$ (64,753)
Change in Fair Market Value	$ (6,351)

*floating to fixed
** ( ) denotes that termination value payable to dealer if swap had been terminated 9/30/16

V. Derivative Financial Instruments (continued)

A. Swap Agreements (continued)

3. Stanton II Project

(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	$ (2,414)	Bank of America N.A.	Baa1/A-/A
10,227	10/1/2006	4.071%	72% LIBOR*	10/1/2027	(3,251)	JP Morgan Chase & Co.	A3/A/A+
$ 17,875					$ (5,665)		
Series 2004							
$ 27,662	8/5/2004	3.863%	72% LIBOR*	10/1/2027	$ (4,359)	Bank of America N.A.	Baa1/A-/A
27,663	8/5/2004	3.863%	72% LIBOR*	10/1/2027	(4,354)	UBS AG	A2/A/A
$ 55,325					$ (8,713)		
Total Swap Termination Value					$ (14,378)		
Prior Year Termination Value of Swaps					$ (13,981)		
Change in Fair Market Value					$ (397)		

*floating to fixed
**() denotes that termination value payable to the dealer if swap had been terminated 9/30/16

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, 2016 FMPA has 74 contracts outstanding, valued at $135,000, which will expire in January and Feburary 2017.

VI. Regulatory Assets (Net Costs Refundable/Future Participant Billings

FMPA has elected to apply 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/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/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, 2016, all FMPA projects were in compliance with requirements of the bond resolution.

Segregated restricted net position at September 30, 2016, 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	$ -	$ 102,123	$ 8,265	$ 77,794	$ 3,167	$ 14,334
Reserve & Contingency Funds		12,195	5,338	20,834	2,339	5,881
Decomissioning Fund		73,257				
Rate Stabilization Accounts	2,278					
Accrued Interest on Long-Term Debt		(4,020)	(843)	(20,215)	(134)	(1,932)
Accrued Decommissioning Expenses		(72,847)				
Rate Stabilization Accounts	(2,278)					
Total Restricted Net Assets	$ -	$ 110,708	$ 12,760	$ 78,413	$ 5,372	$ 18,283

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.

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, 2016, is as follows:

1. Agency Fund

	2016 (000's US$)				
Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Wells Fargo Loan 2010	$ 820	$ -	$ (190)	$ 630	$ 200
	$ 820	$ -	$ (190)	$ 630	$ 200

Loan Payable to Well Fargo Bank

The Agency Fund has one loan payable to Wells Fargo Bank at September 30, 2016. Interest is payable semi-annually at a fixed rate of 3.3%. Principal is payable in three annual payments ranging from $200,000 to $220,000 with the final payment due July 1, 2019.

VIII. Long-Term Debt (continued)

2. St. Lucie Project

Business-Type Activities	2016 (000's US$) Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds					
Refunding 2000	$ 16,650	$ -	$ -	$ 16,650	$ -
Refunding 2002	144,800			144,800	
Bonds 2009A	25,520		(3,135)	22,385	3,290
Bonds 2010A	13,870		(1,800)	12,070	1,850
Bonds 2011A	31,160		(3,185)	27,975	1,000
Bonds 2011B	24,305			24,305	
Bonds 2012A	58,870			58,870	
Bonds 2013A	15,660		(1,120)	14,540	1,150
Total Principal	$ 330,835	$ -	$ (9,240)	$ 321,595	$ 7,290
Less Deferred Premiums And Discounts	10,652		(1,349)	9,303	
Total Revenue Bonds	$ 341,487	$ -	$ (10,589)	$ 330,898	$ 7,290
Unamortized loss on advanced refunding	$ (20,686)	$ -	$ 2,894	$ (17,792)	$ -

The 2000 and 2002 bonds are variable rate bonds and the variable interest rates ranged between .114% and 1.365% for the year ended September 30, 2016. The 2009A bonds have an interest rate of 5% from 2015 through 2021. The 2010A bonds have a fixed interest rate of 2.72% from 2015 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%.

VIII. Long-Term Debt (continued)

3. Stanton Project

	2016 (000's US$)				
Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds					
Refunding 2008	29,255		(1,630)	27,625	6,350
Bonds 2009A	5,750		(1,010)	4,740	1,060
Bonds 2013A	3,625		(3,625)	0	0
Wells Fargo Bank Taxable	574		(133)	441	140
Total Principal	$ 39,204	$ -	$ (6,398)	$ 32,806	$ 7,550
Less Deferred Premiums And Discounts	69		(26)	43	
Total Bonds and Loans	$ 39,273	$ -	$ (6,424)	$ 32,849	$ 7,550
Unamortized loss on advanced refunding	$ (353)	$ -	$ 138	$ (215)	$ -

The 2008 and 2009A revenue bonds are fixed at interest rates which range from 4.5% 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.

VIII. Long-Term Debt (continued)

A. Debt (continued)

4. All-Requirements Project

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
	2016 (000's US$)				
Revenue Bonds					
Bonds 2006A	$ 32,255	$	$ (15,865)	$ 16,390	$ 16,390
Bonds 2008A	500,980		(342,835)	158,145	8,690
Bonds 2008B	36,305		(9,285)	27,020	7,970
Bonds 2008C	153,025		(352)	152,673	1,500
Bonds 2009A	142,620		(122,265)	20,355	4,845
Bonds 2009B	15,235			15,235	
Bonds 2011A-1	29,394		(1,394)	28,000	108
Bonds 2011B	44,091		(2,091)	42,000	162
Bonds 2011A-2	42,220		(220)	42,000	20
Bonds 2013A	13,720		(1,325)	12,395	1,370
Bonds 2015B	115,770			115,770	
Bonds 2016A	0	424,120		424,120	
Total Principal	$ 1,125,615	$ 424,120	$ (495,632)	$ 1,054,103	$ 41,055
Capital Leases and Other					
KUA - TARP	$ 151,803	$ -	$ (11,195)	$ 140,608	$ 11,825
Keys - TARP	2,976		(548)	2,428	571
St. Lucie County	572		(45)	527	47
Total Other Liabilities	$ 155,351	$ -	$ (11,788)	$ 143,563	$ 12,443
Total Principal & Capital Lease	$ 1,280,966	$ 424,120	$ (507,420)	$ 1,197,666	$ 53,498
Less Deferred Premiums And Discounts	18,521	84,877	(8,209)	95,189	
Total Revenue Bonds & Capital Lease	$ 1,299,487	$ 508,997	$ (515,629)	$ 1,292,855	$ 53,498
Unamortized loss on advanced refunding	$ (4,864)	$ (54,468)	$ 6,493	$ (52,839)	$ -

The 2008C, 2011A-1, 2011B, and 2011A-2 bonds are variable rate bonds, and the variable interest rates ranged from .010% to 1.50322% for the year ended September 30, 2016.

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, 2015B, and 2016A 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, 2016, amount to $183.3 million and the present value of these payments is $140.6 million. The capital assets at September 30, 2016 include Facilities and Equipment of $218.0 million less Accumulated Depreciation of $107.4 resulting in a net book value of $110.6 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, 2016 amount to $2.7 million and the present value of these payments is $2.4 million. The capital assets at September 30, 2016 include Facilities and Equipment of $4.8 million less Accumulated Depreciation of $2.8 million resulting in a net book value of $2.0 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, 2016, nine 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 JPMorgan Chase in the amount of $75 million, and one from Wells Fargo Bank in the amount of $25 million. The JPMorgan Chase line expires in July 2019. The Wells Fargo line expires in November 2019.

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	$154.4 million

The letter of credit will expire on May 19, 2018.

2016A Debt Issuance

On April 5, 2016 the All-Requirements Project issued $424.1 million of 2016A Bonds at a $84.9 million premium, the proceeds will be used to refund $452.9 million of portions of the 2008A and 2009A Bonds. The gross savings are $63.7 million and the net present value savings are $52.4 million.

VIII. Long-Term Debt (continued)

A. Debt (continued)

5. Tri-City Project

Business-Type Activities	2016 (000's US$) Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds					
Bonds 2009A	1,675		(300)	1,375	315
Bonds 2013A	13,875		(2,670)	11,205	2,720
Wells Fargo Taxable	206		(48)	158	50
Total Principal	$ 15,756	$ -	$ (3,018)	$ 12,738	$ 3,085
Less Deferred Premiums And Discounts	10		(4)	6	
Total Bonds and Loans	$ 15,766	$ -	$ (3,022)	$ 12,744	$ 3,085
Unamortized loss on advanced refunding	$ (515)	$ -	$ 194	$ (321)	$

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.

VIII. Long-Term Debt (continued)

A. Debt (continued)

6. Stanton II Project

	2016 (000's US$)				
Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds					
Refunding 2000	$ 17,875	$ -	$ -	$ 17,875	$ -
Refunding 2004	50,425		(2,625)	47,800	
Bonds 2009A	5,545		(215)	5,330	200
Refunding 2012A	71,245		(5,060)	66,185	5,250
Wells Fargo Taxable	901		(209)	692	220
Total Principal	$ 145,991	$ -	$ (8,109)	$ 137,882	$ 5,670
Less Deferred Premiums And Discounts	8,149		(1,321)	6,828	
Total Bonds and Loans	$ 154,140	$ -	$ (9,430)	$ 144,710	$ 5,670
Unamortized loss on advanced refunding	$ (6,346)	$ -	$ 777	$ (5,569)	$ -

The 2000 and 2004 revenue bonds carry variable interest rates which ranged from .138% to 1.365% for the year ended September 30, 2016. 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.

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, 2016 are as follows:

Dated	Description	Defeased Portion Amount Originally Issued (000's US$)	Balance at September 30, 2016
May 1983	St. Lucie Project Revenue Bonds, Series 1983	$280,075	$28,137
April 2016	All-Requirements Revenue Bonds, 2008A & Revenue Bonds, 2009A	$452,880	$509,974

D. Annual Requirements

The annual cash flow debt service requirements to amortize the long term bonded debt outstanding as of September 30, 2016, are as follows:

(000's US$)

Fiscal Year Ending September	St. Lucie Project Principal	St. Lucie Project Interest Including Swaps, Net	Stanton Project Principal	Stanton Project Interest Including Swaps, Net	All-Req Project Principal	All-Req Project Interest Including Swaps, Net	Tri-City Project Principal	Tri-City Project Interest	Stanton II Project Principal	Stanton II Project Interest Including Swaps, Net	Totals
2017	7,290	12,831	7,410	1,490	41,055	61,637	3,035	259	5,450	5,964	146,421
2018	10,180	12,491	7,785	1,106	48,050	47,953	3,095	196	8,450	5,630	144,936
2019	7,825	12,142	8,185	694	162,380	42,708	3,160	130	8,775	5,270	251,269
2020	9,515	11,783	8,985	240	68,155	37,148	3,290	62	9,420	4,863	153,461
2021	27,320	10,938			53,885	33,072			9,845	4,437	139,497
2022 - 2026	193,760	25,413			272,060	126,218			56,255	14,980	688,686
2027 - 2031	65,705	1,646			310,803	63,021			38,995	2,376	482,546
2032 - 2036					97,715	4,009					101,724
Total Principal & Interest	$ 321,595	$ 87,244	$ 32,365	$ 3,530	$ 1,054,103	$ 415,766	$ 12,580	$ 647	$ 137,190	$ 43,520	$ 2,108,540
Less:											
Interest		(87,244)		(3,530)		(415,766)		(647)		(43,520)	(550,707)
Unamortized Loss on refunding	(17,792)		(215)		(52,838)		(321)		(5,569)		(76,735)
Add:											
Unamortized Premium (Discount), net	9,303		43		95,189		6		6,828		111,369
Total Net Debt Service Requirement at September 30, 2016	$ 313,106	$ -	$ 32,193	$ -	$ 1,096,454	$ -	$ 12,265	$ -	$ 138,449	$ -	$ 1,592,467

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, 2016, are as follows:

(000's US$)

Fiscal Year Ending September	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	Totals
2017	200	21	7,290	12,831	7,550	1,497	53,208	68,931	3,085	261	5,670	5,974	166,518
2018	210	14	10,180	12,490	7,932	1,110	61,161	54,579	3,148	197	8,680	5,637	165,338
2019	220	7	7,825	12,142	8,339	696	176,195	48,631	3,215	131	9,017	5,273	271,691
2020			9,515	11,783	8,985	240	82,697	42,344	3,290	62	9,420	4,863	173,199
2021			27,320	10,938			64,619	37,567			9,845	4,433	154,722
2022 - 2026			193,760	25,413			335,344	139,297			56,255	14,980	765,049
2027 - 2031			65,705	1,646			326,727	63,549			38,995	2,376	498,998
2032 - 2036							97,715	4,009					101,724
Total Principal & Interest	$ 630	$ 42	$ 321,595	$ 87,243	$ 32,806	$ 3,543	$ 1,197,666	$ 458,907	$ 12,738	$ 651	$ 137,882	$ 43,536	$ 2,297,239

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 SEC Unit 1 beginning in 2017

IX. Commitments and Contingencies (continued)

A. 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. However, OUC reports that it is in the intial stage of securing coal beyond this date. Through participation with OUC, FMPA's estimated cost share of the existing purchases by project for the next five fiscal years is summarized below.

		000's US$			
Project	**2017**	**2018**	**2019**	**2020**	**2021**
Stanton Project	$ 7,011	$ 494	None	None	None
All-Requirements Project	7,805	550	None	None	None
Tri-City Project	2,508	177	None	None	None
Stanton II Project	10,993	775	None	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 140 Bcf. Current production from Pool #1 is approximantly 15,800 mmBtu per day. FMPA's share of this amounts to 3,300 mmBtu per day.

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 42 Bcf. Current production for PGP Pool #2 is approximantly 2,800 mmBtu per day. FMPA's share of this amounts to 700 mmBtu per day.

FMPA's share of the total investment costs amounts to approximately $100 million for PGP Pool #1, and $29 million for PGP Pool #2 as of September 30, 2016.

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 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.

On March 31, 2016 Cane Island Unit 2 CSA was transitioned to a Managed Maintenance Program (MMP). The MMP does not have a factored start or hours payment, and maintenance is paid for at the time its incurred at prenegotiated discounts.

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	3/31/2016	12/12/2003	12/22/2010
Last Amendment Effective Date	12/22/2010		1/1/2011	N/A
Cumulative Factor Fired Hours	66,596	81,203	102,343	38,387
Term if hours based	72,000		120,000	72,000
Cumulative Factored Starts				
Term if starts based				
Current Termination Amount (000's USD)	$526		$2,044	$1,585
Specified Contract End Date	1/30/2022		12/12/2023	12/22/2025
Estimated Performance End Date	FYE 2018	FYE 2019	FYE 2019	FYE 2020

IX. Commitments and Contingencies (continued)

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.

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 on October 1, 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 or, in the case of St. Lucie Unit 1, if the Reliability Exchange Agreement terminates prior to the retirement date of that unit.

- 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 16, 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. 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.

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 Future Payments (000's US$)
Southern Company - Stanton A PPA	9/30/2023	$	59,001
Southern Company - Oleander 5 PPA	12/16/2027		97,689
Total Minimum Liability		$	156,690

- 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.

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
Fl Gas Transmission FTS-1	22,426	$ 4,516	Various	Cane Island Treasure Coast
Fl Gas Transmission FTS-2	71,930	17,112	Various	Cane Island Treasure Coast
Fl 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	12/31/2033	Treasure Coast
TECO- Peoples Gas	-	750	12/31/2033	Cane Island/Oleander
		$ 28,123		

- 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 112 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, excecuted June of 2013 – the term of the agreement is three years, with automatically-renewed three-year term extensions. The current term ends June 1, 2019. Any party wishing to withdraw from the agreement must provide at least three years notice to the other FMPP members. The FMPP 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.

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 expired 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.

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 negotations 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 joints 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.

- The City of Moore Haven had 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 provided reserves and back-up capacity and energy for this sale. In May 2016, Moore Haven and FMPA agreed to terminate this agreement effective July 1, 2016.

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, 60 MW of Stanton Unit 1, and 60 MW of Stanton Unit 2. 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 10 MWs and 53 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 (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, 2016, was $7.0 million, which approximates covered payroll. The 401(a) defined contribution plan has 75 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 2016. 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 2016 of $734,840. 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.

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	$	323
Interest on net OPEB obligation		15
Annual OPEB expense		338
Contributions made		-
Increase in net OPEB Obligation		338
Net OPEB Obligation - Beginning of Year		2,320
Net OPEB Obligation - End of Year	$	2,658

FMPA's annual OPEB cost, the percentage of Annual OPEB cost cost contributed to the plan, and the net OPEB obligation ofr fiscal year 2016 and the two prceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	(000's) USD Net OPEB Obligation
9/30/2014	301	0%	1,939
9/30/2015	381	0%	2,320
9/30/2016	338	0%	2,658

The projection of future benefit payments for the plan involves estimates and assumptions about the probablitly 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 calclulation 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.
2016 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

FMPA will implenment GASB 75 in fiscal year 2018 which is expected to increase the liablity.

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, 2016, for each of the projects is as follows:

Project	Amount (000's US$)
St. Lucie Project	$ 1,565
Total	$ 1,565

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, 2016

(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%
9/30/2016	-	2,703	2,703	0%	2,999	90.13%

Supplementary Information

(unaudited)

SCHEDULE OF AMOUNTS DUE TO (FROM) PARTICIPANTS

RESULTING FROM BUDGET/ACTUAL VARIANCES
YEAR ENDED SEPTEMBER 30, 2016

(000's US$)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Agency Fund			
Received from projects	$ 14,781	$ 13,759	$ (1,022)
Received from member assessments	23	23	-
Interest income	163	145	(18)
Other income		17	17
	$ 14,967	$ 13,944	$ (1,023)
General and administrative	$ 14,114	$ 13,173	$ 941
Invested in Capital Assets	$ 590	394	196
Principal on Debt	$ 190	190	-
Other Adjustments		59	(59)
	$ 14,894	$ 13,816	$ 1,078
Net Revenue	$ 73	$ 128	$ 55
St. Lucie Project			
Participant billing	$ 54,932	$ 54,844	$ (88)
Reliability exchange contract sales	4,962	4,004	(958)
Interest income	154	133	(21)
	$ 60,048	$ 58,981	$ (1,067)
Operation and maintenance, fuel	$ 13,695	$ 14,720	$ (1,025)
Purchased power	5,004	3,874	1,130
Transmission service	484	380	104
General and administrative	2,413	2,313	100
Deposit to renewal and replacement fund	2,800	2,800	-
Deposit to general reserve fund & FSA	16,646	16,646	-
Deposit to debt service fund	21,073	20,744	329
	$ 62,115	$ 61,477	$ 638
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ (2,067)	$ (2,496)	$ (429)

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, 2016
(000's US$)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Stanton Project			
Participant billing & sales to others	$ 29,449	$ 27,430	$ (2,019)
Interest income	47	64	17
	$ 29,496	$ 27,494	$ (2,002)
Operation and maintenance, fuel	$ 13,207	$ 12,920	$ 287
Transmission service	1,220	1,132	88
General and administrative	1,395	1,287	108
Deposit to debt service fund	13,434	13,423	11
	$ 29,256	$ 28,762	$ 494
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ 240	$ (1,268)	$ (1,508)
All-Requirements Project			
Participant billing & sales to others	$ 470,090	$ 435,250	$ (34,840)
Interest Income	160	790	630
	$ 470,250	$ 436,040	$ (34,210)
Member Capacity	$ 31,194	$ 30,555	$ 639
Contract Capacity	19,585	20,715	(1,130)
ARP Owned Capacity	48,171	44,445	3,726
Debt & Capital Leases	119,095	115,625	3,470
Direct Charges & Other	21,664	19,684	1,980
Gas Transportation	39,707	34,440	5,267
Fuels	161,724	127,429	34,295
Purchased Power	3,298	4,178	(880)
Transmission	25,812	26,550	(738)
	$ 470,250	$ 423,621	$ 46,629
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ -	$ 12,419	$ 12,419

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, 2016
(000's US$)

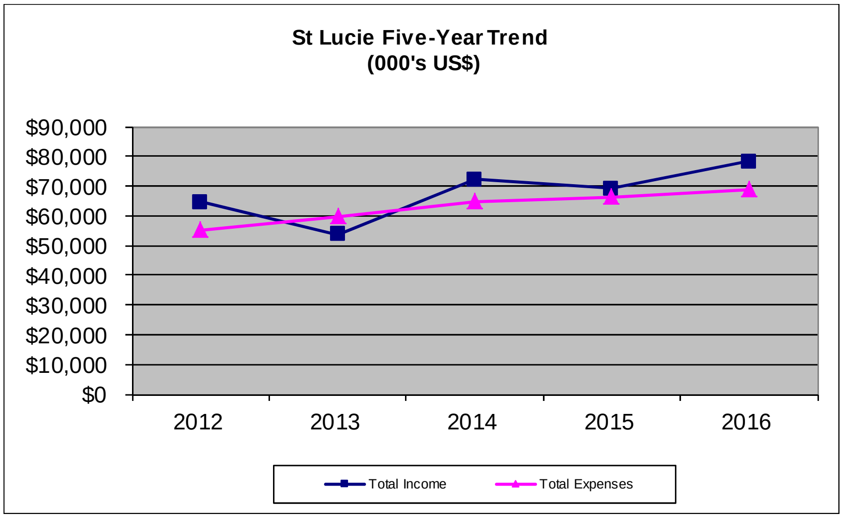
	Amended Budget	Actual	Variance Favorable (Unfavorable)
Tri-City Project			
Participant billing & sales to others	$ 11,222	$ 10,664	$ (558)
Interest income	155	27	(128)
	$ 11,377	$ 10,691	$ (686)
Operation and maintenance, fuel	$ 4,755	$ 4,706	$ 49
Transmission service	487	427	60
General and administrative	731	735	(4)
Deposit to debt service fund	4,751	4,049	702
	$ 10,724	$ 9,917	$ 807
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ 653	$ 774	$ 121
Stanton II Project			
Participant billing & sales to others	$ 53,287	$ 51,974	$ (1,313)
Interest income	151	128	(23)
	$ 53,438	$ 52,102	$ (1,336)
Operation and maintenance, fuel	$ 29,170	$ 28,336	$ 834
Transmission service	1,844	1,751	93
General and administrative	1,849	1,888	(39)
Deposit to debt service fund	18,279	18,944	(665)
	$ 51,142	$ 50,919	$ 223
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ 2,296	$ 1,183	$ (1,113)

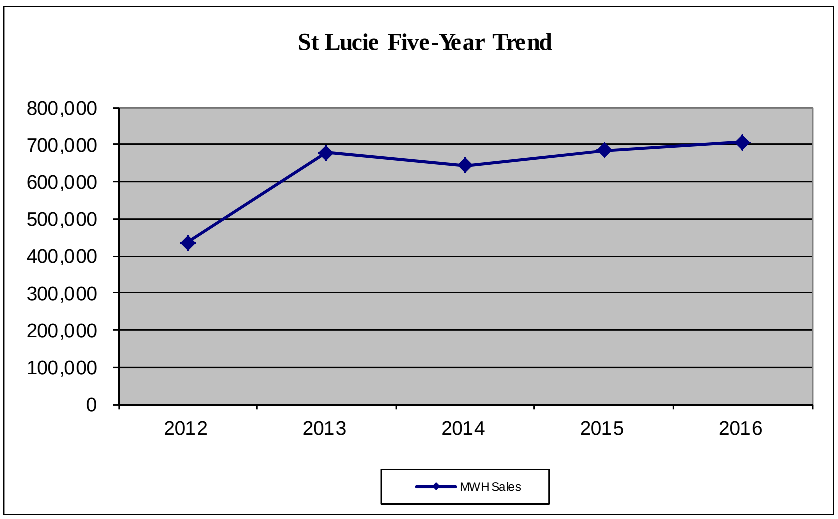
Note: These schedules are prepared on budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles.

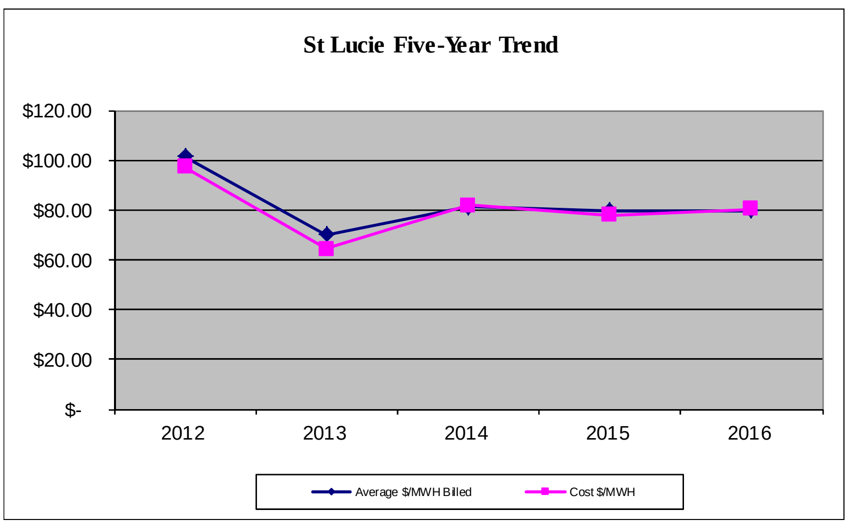
FIVE-YEAR TREND ANALYSIS

	2012	2013	2014	2015	2016
(000's US$ except for MWH Sales and Average $/MWH)					
St. Lucie Project					
Capital Assets	$ 114,529	$ 103,963	$ 89,129	$ 74,133	$ 50,196
Total Assets & Deferred Outflows	$ 443,340	$ 432,097	$ 441,240	$ 441,333	$ 431,817
Long-Term Liabilities	$ 432,430	$ 418,156	$ 428,520	$ 424,539	$ 418,789
Total Liabilities & Deferred Inflows	$ 443,340	$ 432,097	$ 441,240	$ 441,333	$ 431,817
Billings to Participants	$ 44,207	$ 47,446	$ 52,338	$ 54,511	$ 56,287
Sales to Others	2,015	2,568	2,235	2,302	2,561
Total Operating Revenues	$ 46,222	$ 50,014	$ 54,573	$ 56,813	$ 58,848
Purchased Power	$ 1,117	$ 4,176	$ 4,254	$ 4,072	$ 3,874
Production-Nuclear O&M	11,359	9,529	12,106	11,265	9,727
Nuclear Fuel Amortization	3,700	4,357	4,385	4,599	5,963
Transmission	546	611	511	470	380
General & Administrative	3,389	2,633	2,716	2,998	2,486
Depreciation & Decommissioning	19,571	23,465	25,731	28,211	31,417
Total Operating Expenses	$ 39,682	$ 44,771	$ 49,703	$ 51,615	$ 53,847
Net Operating Revenues	$ 6,540	$ 5,243	$ 4,870	$ 5,198	$ 5,001
Investment Income	$ 18,373	$ 3,832	$ 17,530	$ 12,362	$ 19,430
Total Other Income	$ 18,373	$ 3,832	$ 17,530	$ 12,362	$ 19,430
Interest Expense	$ 13,284	$ 13,453	$ 13,486	$ 14,855	$ 13,454
Amortization & Other Expense	2,259	1,656	1,532	(117)	1,544
Total Other Expenses	$ 15,543	$ 15,109	$ 15,018	$ 14,738	$ 14,998
Net Income (Loss)	$ 9,370	$ (6,034)	$ 7,382	$ 2,822	$ 9,433
Net Cost Recovered (Credited) in the Future	(7,499)	9,818	(7,855)	(1,688)	(9,862)
Due from (to) Participants	(1,871)	(3,784)	473	(1,134)	429
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	435,935	676,974	643,993	684,526	705,233
Average $/MWH Billed	$ 101.41	$ 70.09	$ 81.27	$ 79.63	$ 79.81
Cost $/MWH	$ 97.12	$ 64.50	$ 82.01	$ 77.98	$ 80.42

FIVE-YEAR TREND ANALYSIS



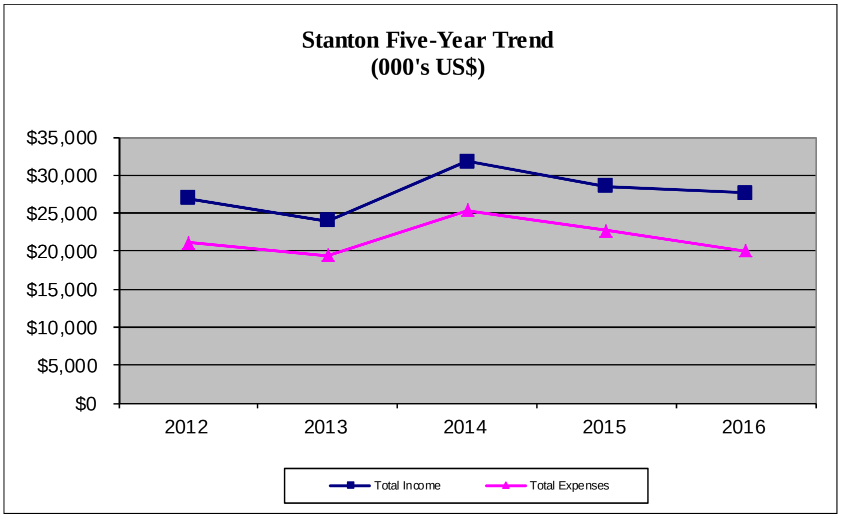


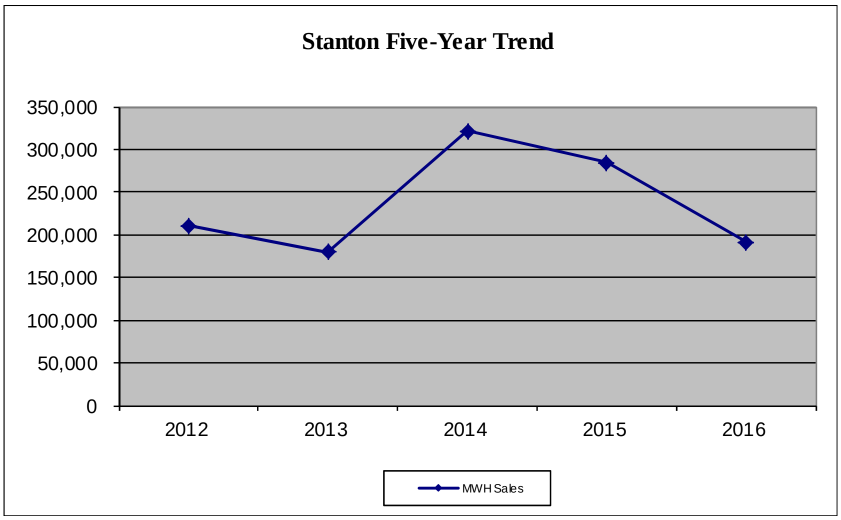


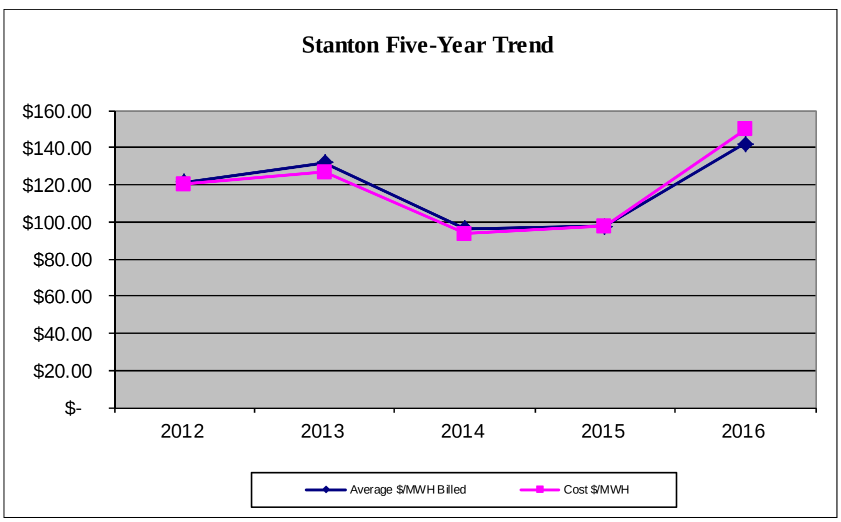
FIVE-YEAR TREND ANALYSIS

	2012	2013	2014	2015	2016
(000's US$ except for MWH Sales and Average $/MWH)					
Stanton Project					
Capital Assets	$ 35,124	$ 33,811	$ 32,939	$ 31,623	$ 30,536
Total Assets & Deferred Outflows	$ 70,205	$ 61,313	$ 63,824	$ 61,778	$ 63,570
Long-Term Debt	$ 54,702	$ 45,564	$ 39,310	$ 32,875	$ 25,299
Total Liabilities & Deferred Inflows	$ 70,205	$ 61,313	$ 63,824	$ 61,778	$ 63,570
Billings to Participants	$ 25,579	$ 23,745	$ 30,967	$ 27,716	$ 27,103
Sales to Others	394	430	419	322	327
Total Operating Revenues	$ 25,973	$ 24,175	$ 31,386	$ 28,038	$ 27,430
Production-Steam O&M	$ 4,025	$ 3,545	$ 3,567	$ 4,225	$ 5,520
Fuel Expense	8,707	8,061	14,500	11,315	7,400
Transmission	1,224	1,223	1,223	1,222	1,132
General & Administrative	1,154	1,184	1,187	1,235	1,287
Depreciation & Decommissioning	2,363	2,526	2,647	2,759	2,937
Total Operating Expenses	$ 17,473	$ 16,539	$ 23,124	$ 20,756	$ 18,276
Net Operating Revenues	$ 8,500	$ 7,636	$ 8,262	$ 7,282	$ 9,154
Investment Income	$ 962	$ (164)	$ 392	$ 450	$ 251
Total Other Income	$ 962	$ (164)	$ 392	$ 450	$ 251
Interest Expense	$ 3,090	$ 2,680	$ 1,997	$ 1,843	$ 1,680
Amortization & Other Expense	501	258	258	137	112
Total Other Expenses	$ 3,591	$ 2,938	$ 2,255	$ 1,980	$ 1,792
Net Income (Loss)	$ 5,871	$ 4,534	$ 6,399	$ 5,752	$ 7,613
Net Cost Recovered (Credited) in the Future	(5,671)	(3,619)	(5,394)	(5,762)	(9,121)
Due from (to) Participants	(200)	(915)	(1,005)	10	1,508
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	210,924	180,203	320,992	284,081	190,985
Average $/MWH Billed	$ 121.27	$ 131.77	$ 96.47	$ 97.56	$ 141.91
Cost $/MWH	$ 120.32	$ 126.69	$ 93.34	$ 97.60	$ 149.81

FIVE-YEAR TREND ANALYSIS







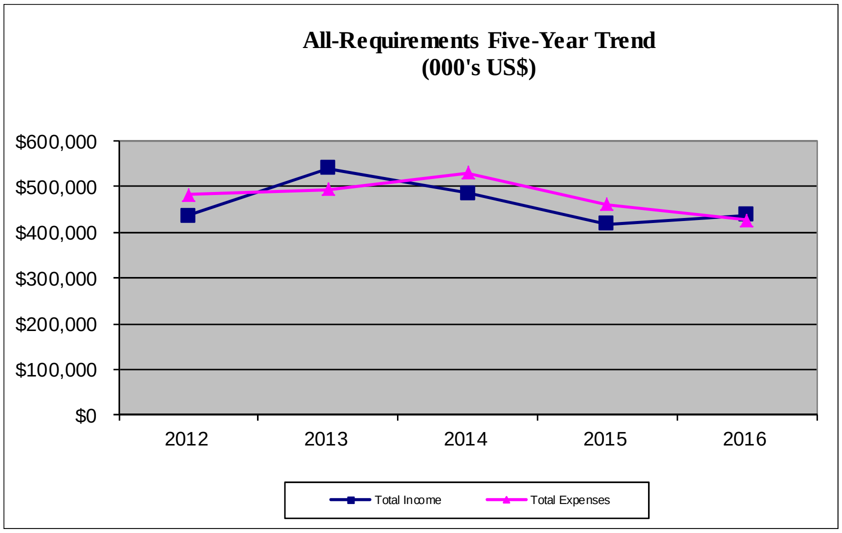
FIVE-YEAR TREND ANALYSIS

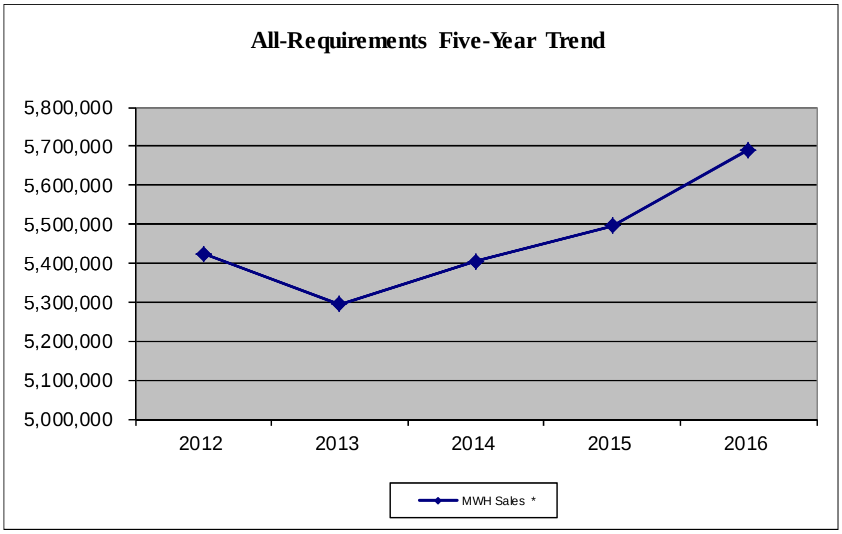
	2012	2013	2014	2015	2016
(000's US$ except for MWH Sales and Average $/MWH)					
All-Requirements Project					
Capital Assets	$ 956,182	$ 912,545	$ 864,876	$ 814,271	$ 777,532
Total Assets & Deferred Outflows	$ 1,641,997	$ 1,489,809	$ 1,475,187	$ 1,456,404	$ 1,471,708
Long-Term Liabilities	$ 1,483,283	$ 1,352,328	$ 1,342,161	$ 1,334,149	$ 1,331,563
Total Liabilities & Deferred Inflows	$ 1,641,997	$ 1,489,809	$ 1,475,187	$ 1,456,404	$ 1,471,708
Billings to Participants **	$ 430,776	$ 454,847	$ 442,072	$ 399,979	$ 409,104
Sales to Others	19,104	31,434	76,854	45,656	26,146
Total Operating Revenues	$ 449,880	$ 486,281	$ 518,926	$ 445,635	$ 435,250
Purchased Power	$ 24,860	$ 38,327	$ 27,523	$ 31,755	$ 25,546
O&M Production-Steam	59,511	59,802	55,621	60,693	67,270
Fuel Expense	229,663	230,847	283,682	204,743	170,762
Transmission	25,307	27,344	26,247	26,862	26,256
General & Administrative	20,528	21,463	21,957	21,729	22,349
Depreciation & Decommissioning	55,250	53,877	54,252	54,464	55,101
Total Operating Expenses	$ 415,119	$ 431,660	$ 469,282	$ 400,246	$ 367,284
Net Operating Revenues	$ 34,761	$ 54,621	$ 49,644	$ 45,389	$ 67,966
Investment Income	$ (12,695)	$ 54,494	$ (32,150)	$ (27,859)	$ 3,805
Total Other Income	$ (12,695)	$ 54,494	$ (32,150)	$ (27,859)	$ 3,805
Interest Expense	$ 64,523	$ 61,830	$ 59,873	$ 59,185	$ 56,843
Amortization & Other Expense	2,371	940	673	1,921	2,150
Total Other Expenses	$ 66,894	$ 62,770	$ 60,546	$ 61,106	$ 58,993
Net Income (Loss)	$ (44,828)	$ 46,345	$ (43,052)	$ (43,576)	$ 12,778
Net Cost Recovered (Credited) in the Future	22,617	(41,637)	37,847	35,778	(359)
Due from (to) Participants	22,211	(4,708)	5,205	7,798	(12,419)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales *	5,424,379	5,293,772	5,404,370	5,495,169	5,691,752
Average $/MWH Billed	$ 79.41	$ 85.92	$ 81.80	$ 72.79	$ 71.88
Cost $/MWH	$ 83.51	$ 85.03	$ 82.76	$ 74.21	$ 69.69

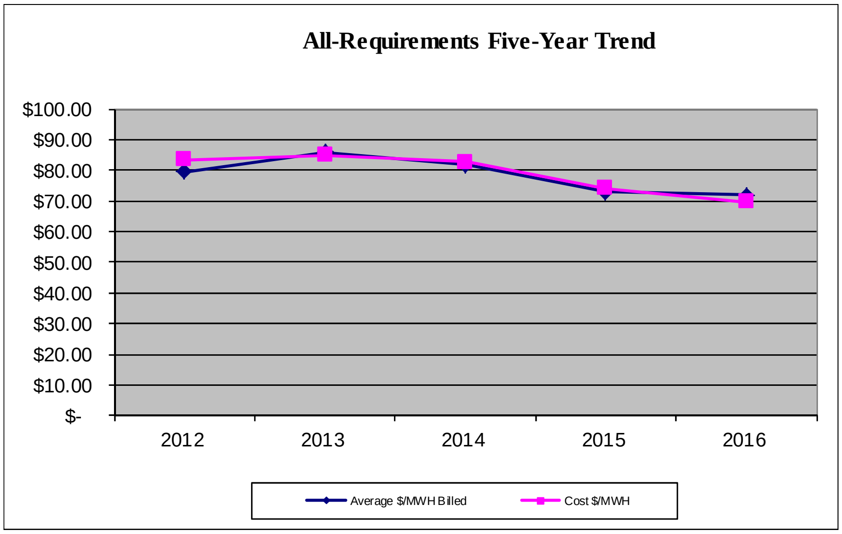
* Restated to include Ft. Meade's MWhs for fiscal year 2015.

** Restated to properly break out sales to others that were previously included in Billings to Participants for years 2012, 2013, and 2014.

FIVE-YEAR TREND ANALYSIS



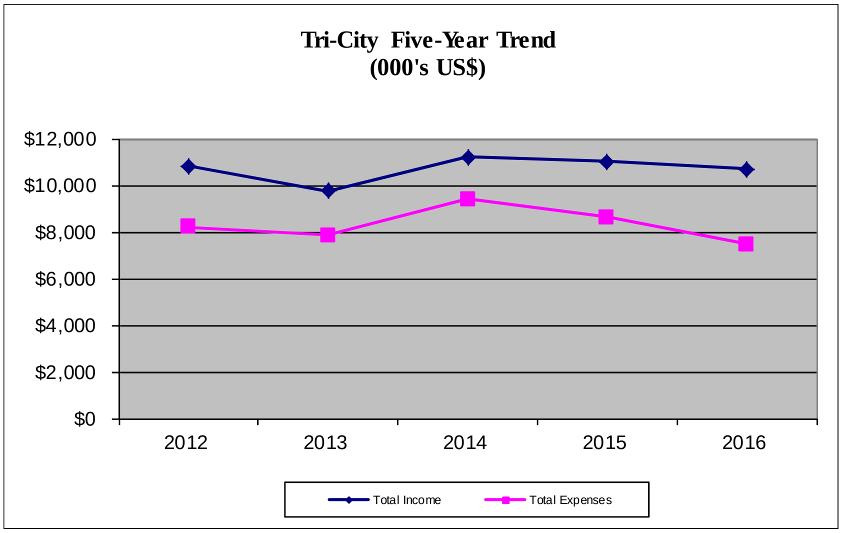


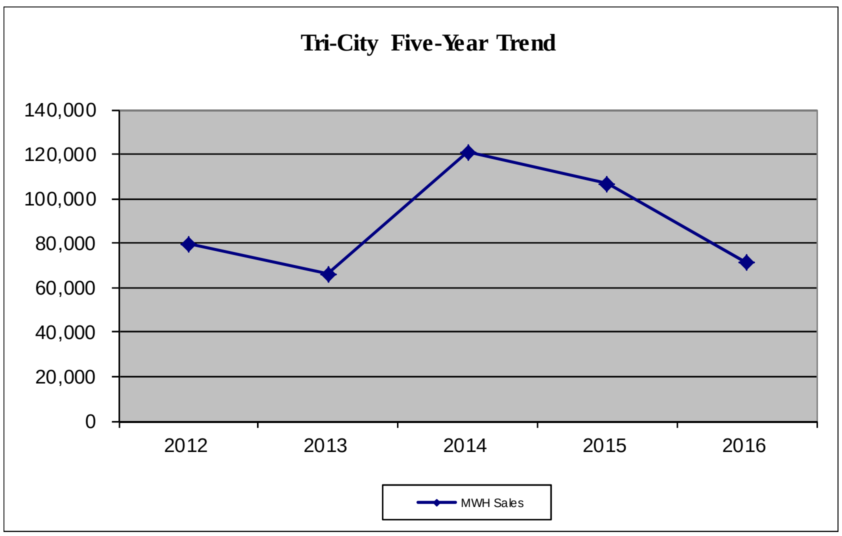


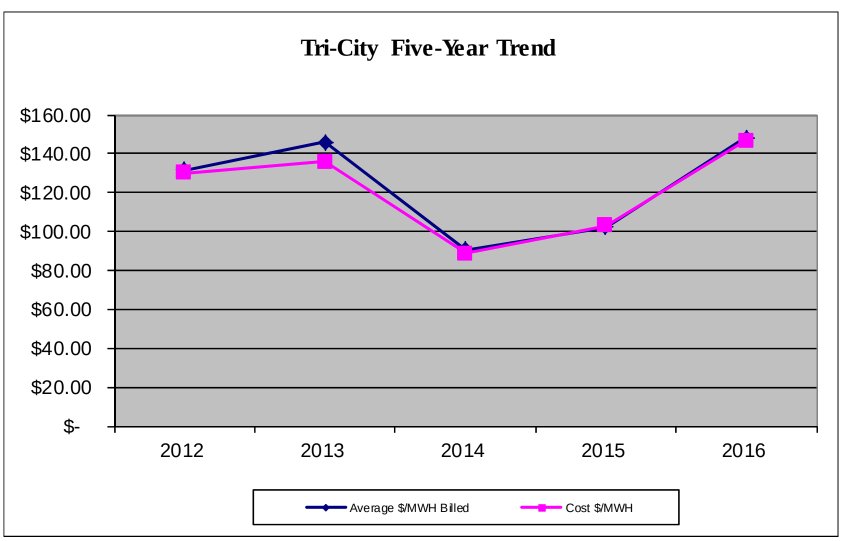
FIVE-YEAR TREND ANALYSIS

	2012	2013	2014	2015	2016
(000's US$ except for MWH Sales and Average $/MWH)					
Tri-City Project					
Capital Assets	$ 13,969	$ 13,405	$ 12,999	$ 12,436	$ 11,947
Total Assets & Deferred Outflows	$ 26,829	$ 21,794	$ 22,573	$ 21,620	$ 21,520
Long-Term Debt	$ 25,802	$ 18,696	$ 15,771	$ 12,748	$ 9,659
Total Liabilities & Deferred Inflows	$ 29,829	$ 21,794	$ 22,573	$ 21,620	$ 21,520
Billings to Participants	$ 10,490	$ 9,662	$ 10,971	$ 10,873	$ 10,548
Sales to Others	141	143	150	115	116
Total Operating Revenues	$ 10,631	$ 9,805	$ 11,121	$ 10,988	$ 10,664
Production-Steam O&M	$ 1,440	$ 1,269	$ 1,262	$ 1,511	$ 1,991
Fuel Expense	3,169	3,062	5,189	4,287	2,715
Transmission	490	489	489	489	427
General & Administrative	651	659	687	696	735
Depreciation & Decommissioning	942	998	1,041	1,078	1,134
Total Operating Expenses	$ 6,692	$ 6,477	$ 8,668	$ 8,061	$ 7,002
Net Operating Revenues	$ 3,939	$ 3,328	$ 2,453	$ 2,927	$ 3,662
Investment Income	$ 197	$ (54)	$ 81	$ 27	$ 44
Total Other Income	$ 197	$ (54)	$ 81	$ 27	$ 44
Interest Expense	$ 1,149	$ 1,021	$ 389	$ 327	$ 266
Amortization & Other Expense	379	354	342	235	190
Total Other Expenses	$ 1,528	$ 1,375	$ 731	$ 562	$ 456
Net Income (Loss)	$ 2,608	$ 1,899	$ 1,803	$ 2,392	$ 3,250
Net Cost Recovered (Credited) in the Future	(2,480)	(1,216)	(1,545)	(2,493)	(3,129)
Due from (to) Participants	(128)	(683)	(258)	101	(121)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	79,739	66,150	120,915	106,538	71,172
Average $/MWH Billed	$ 131.55	$ 146.06	$ 90.73	$ 102.06	$ 148.20
Cost $/MWH	$ 129.95	$ 135.74	$ 88.60	$ 103.01	$ 146.50

FIVE-YEAR TREND ANALYSIS



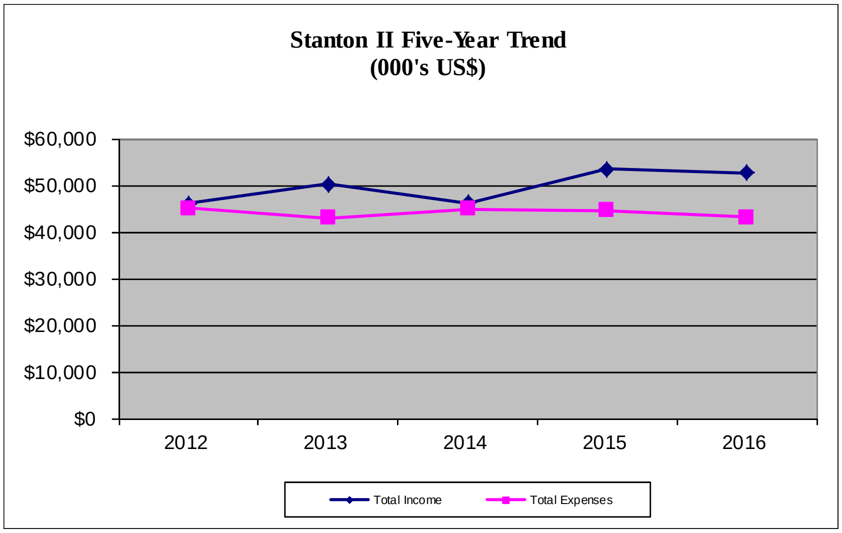


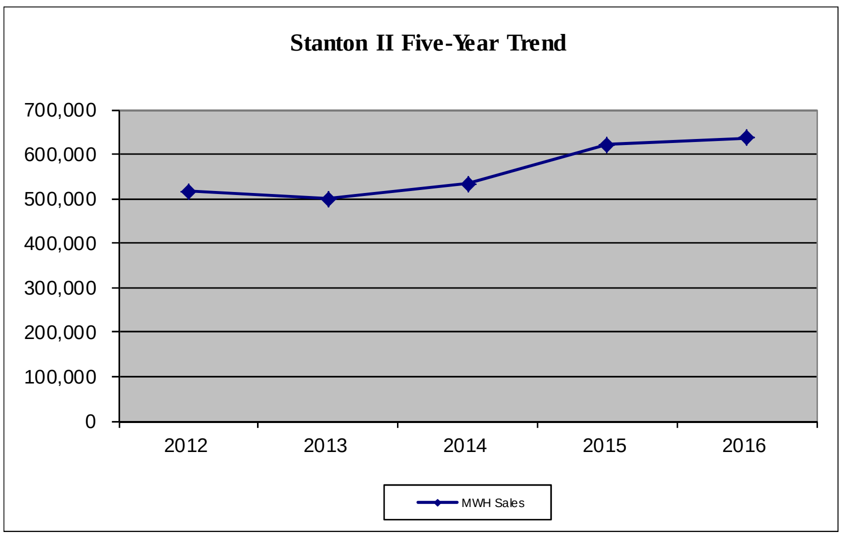


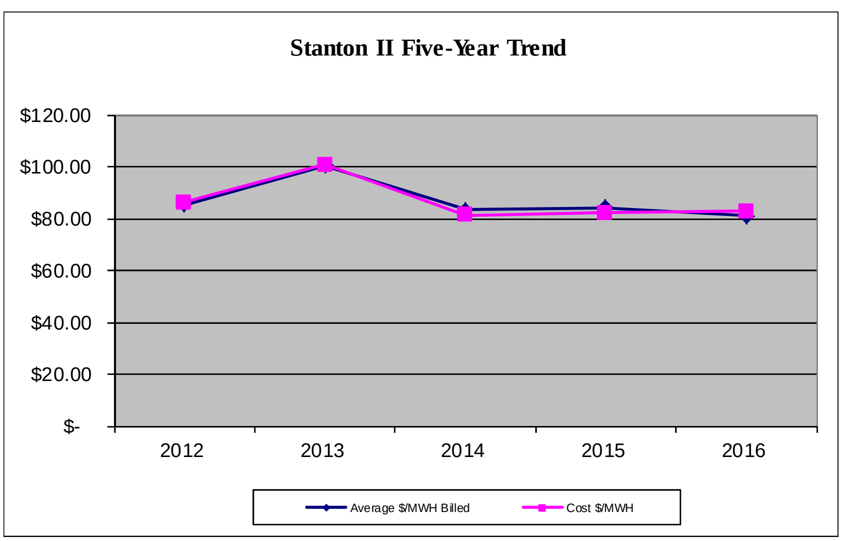
FIVE-YEAR TREND ANALYSIS

	2012	2013	2014	2015	2016
(000's US$ except for MWH Sales and Average $/MWH)					
Stanton II Project					
Capital Assets	$ 108,648	$ 107,030	$ 106,356	$ 102,865	$ 100,258
Total Assets & Deferred Outflows	$ 204,895	$ 193,709	$ 182,054	$ 178,143	$ 178,362
Long-Term Debt	$ 197,417	$ 179,960	$ 167,977	$ 148,656	$ 139,040
Total Liabilities & Deferred Inflows	$ 204,895	$ 193,709	$ 182,054	$ 178,143	$ 176,182
Billings to Participants	$ 44,184	$ 50,047	$ 44,411	$ 52,204	$ 51,463
Sales to Others	618	711	657	505	511
Total Operating Revenues	$ 44,802	$ 50,758	$ 45,068	$ 52,709	$ 51,974
Production-Steam O&M	$ 6,927	$ 5,337	$ 5,871	$ 6,495	$ 6,688
Fuel Expense	21,201	22,328	24,253	23,417	21,650
Transmission	1,848	1,846	1,846	1,846	1,750
General & Administrative	1,785	1,698	1,770	1,831	1,889
Depreciation & Decommissioning	4,718	4,855	5,082	5,194	5,336
Total Operating Expenses	$ 36,479	$ 36,064	$ 38,822	$ 38,783	$ 37,313
Net Operating Revenues	$ 8,323	$ 14,694	$ 6,246	$ 13,926	$ 14,661
Investment Income	$ 1,260	$ (450)	$ 1,151	$ 778	$ 738
Total Other Income	$ 1,260	$ (450)	$ 1,151	$ 778	$ 738
Interest Expense	$ 7,584	$ 7,199	$ 6,724	$ 6,453	$ 6,359
Amortization & Other Expense	965	(307)	(661)	(619)	(545)
Total Other Expenses	$ 8,549	$ 6,892	$ 6,063	$ 5,834	$ 5,814
Net Income (Loss)	$ 1,034	$ 7,352	$ 1,334	$ 8,870	$ 9,585
Net Cost Recovered (Credited) in the Future	(1,443)	(7,597)	(279)	(7,718)	(10,698)
Due from (to) Participants	409	245	(1,055)	(1,152)	1,113
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	517,357	498,856	533,732	620,796	635,926
Average $/MWH Billed	$ 85.40	$ 100.32	$ 83.21	$ 84.09	$ 80.93
Cost $/MWH	$ 86.19	$ 100.81	$ 81.23	$ 82.24	$ 82.68

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, 2016, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 22, 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.

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

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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 *(Concluded)*
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 Standard.* However, we noted certain matters that we reported to the Agency's management in a separate letter dated December 22, 2016.

The Agency's response to the management letter comments identified in our audit is described in the accompany management's response. We did not audit the Agency's response and, accordingly, we express no opinion on it.

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.

Purvis, Gray and Company, LLP

December 22, 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, 2016, and have issued our report thereon dated December 22, 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 December 22, 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. There were no recommendations made in the preceding 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, 2016, financial statements. There are no component units related to the Agency.

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

MANAGEMENT LETTER
(Concluded)

Financial Condition

- Sections 10.554(1)(i)5.a. and 10.556(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, 2016, 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, 2016. 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 Statues.

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, please see current year comment and finding 2016 – 1 in our Management Letter Comments Report.

- 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.

Purvis, Gray and Company, LLP

December 22, 2016
Ocala, Florida

Purvis Gray & Company

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, 2016. 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, 2016.

Purvis, Gray and Company, LLP

December 22, 2016
Ocala, Florida

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Purvis Gray & Company

MANAGEMENT LETTER COMMENTS

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, 2016, and have issued our report thereon dated December 22, 2016. As a part of audit, we offer the following recommendations to improve financial management, accounting procedures, and internal controls.

Prior Year Findings and Comments

There were no prior year findings or comments**.**

Current Year Findings and Comments

2016-1—Technology Platforms and Reviews

The Agency essentially maintains two separate technology platforms, one for corporate IT (IT) which includes all financial applications, and one for operations technology (OT). In prior years, the Agency has had a full risk assessment and a separate network analysis performed by outside IT consultants on the corporate platform with a focus on critical financial applications. Also, we have reviewed IT general controls over financial applications as a part of our financial audit.

The Agency has made great progress implementing recommendations from the IT consultant financial application reviews and we have provided additional detailed recommendations directly to staff from our review of financial application general controls over; disaster recovery preparedness, user access monitoring, segregation of duties, security awareness policy and training, user account reviews and IT policies and procedures documentation.

The OT platform includes applications associated with data collection, cyber-security, physical security, and monitoring of the OEM turbine control access, of the Agency's owned generation plants, (CI, TCEC, and the Keys). During our audit, we noted that while the corporate platform has received significant audit attention, the Agency has never had similar reviews of the OT platform. The OT platform is of great importance to the Agency as it tries to ensure that generation plants can run and not be compromised by inadequate controls, disasters, or malicious tampering.

We are aware that the OT platform has been designed with NERC requirements in mind, however due to the importance of this platform, we recommend that the Agency engage external OT consultants to conduct a full risk assessment and network analysis of its OT operations to ensure that these critical functions are adequately protected, documented and tested for disaster recovery to ensure ongoing business continuity.

Purvis, Gray and Company, LLP

December 22, 2016
Ocala, Florida

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Florida Municipal Power Agency

MEMORANDUM

TO: FMPA AROC & Executive Committee and Board of Directors

FROM: Mark Larson

DATE: January 10, 2017

ITEM: Audit Report and 2016 Management Letter

Staff Response to the Fiscal Year 2016 Management Letter Comment

Current Year Comment

2016-1 Technology Platforms and Reviews

Audit recommendation for the Agency to engage external Operations Technology (OT) consultants to conduct a full risk assessment and network analysis of its OT operations to ensure that these critical functions are adequately protected, documented and tested for disaster recovery to ensure ongoing business continuity.

Staff agrees. Operations staff plans to schedule this in 2017. The analysis and testing suggested is also required by the North American Electric Reliability Corporation (NERC).

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