FLORIDA MUNICIPAL POWER AGENCY

Financial Statements

For The Fiscal Year Ended September 30, 2017

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Member Cities

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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities and each major fund of the Florida Municipal Power Agency (the Agency) as of and for the year ended September 30, 2017, 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.

Auditor's 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, 2017, 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.

Certified Public Accountants
P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
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 January 4, 2018, 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

January 4, 2018
Ocala, Florida

MANAGEMENT'S DISCUSSION & ANALYSIS

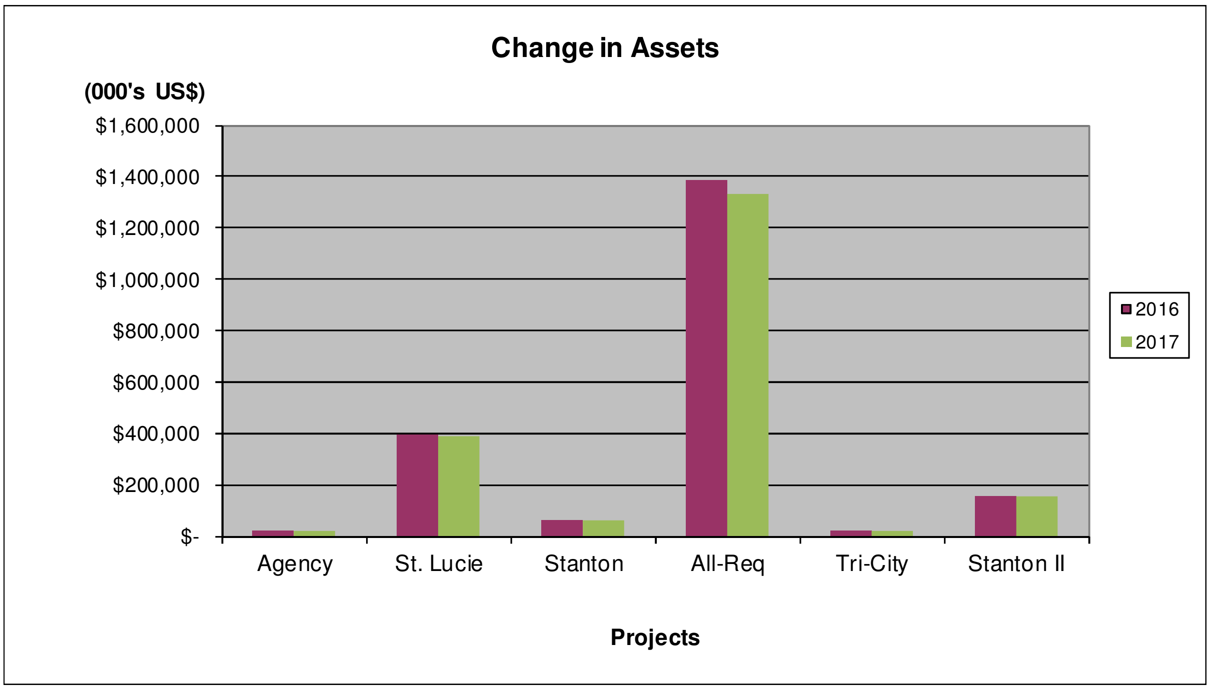
For Fiscal Year Ended September 30, 2017

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, 2017, of FMPA's Agency Fund and other projects decreased $59.6 million from the prior year. Decreases included $97.5 million of depreciation of Plant Asset. Increases in total assets included $37.3 million of new depreciable assets.



Change in Assets (000's US$)							
Year	Agency	St. Lucie	Stanton	All-Req	Tri-City	Stanton II	Total
2016	$ 23,340	$ 391,691	$ 63,364	$ 1,382,620	$ 21,199	$ 156,235	$ 2,038,449
2017	$ 22,063	$ 389,392	$ 62,336	$ 1,332,214	$ 20,690	$ 152,176	$1,978,871
Variance	($1,277)	($2,299)	($1,028)	($50,406)	($509)	($4,059)	($59,578)

FINANCIAL HIGHLIGHTS (CONTINUED)

Total Liabilities at September 30, 2017, for FMPA's Agency Fund and other projects decreased by $100.3 million during the current fiscal year. The decrease in total liabilities is mainly due to bond principal payments.

Long-Term Liability balance outstanding at September 30, 2017, for FMPA's Agency Fund and Projects was $1.8 billion, a decrease of $134 million during the current fiscal year.

Long-Term Bonds balance, less current portion, was $1.7 billion, including All-Requirements balance of $1.2 billion.

Total Revenue for Agency and all projects increased by $18.9 million for the current fiscal year, primarily due to increase in Billings to Participants and Sales to Others totaling $23.5 million and a decrease in investment income of $11.3 million related 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.

FINANCIAL HIGHLIGHTS (CONTINUED)

Statement of Net Position
Proprietary funds
September 30, 2017
(000's US$)

2017	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	$ 3,389	$ 23,656	$ 30,977	$ 727,100	$ 12,019	$ 96,589	$ 893,730
Current Unrestricted Assets	18,441	121,598	28,817	253,338	7,144	42,493	471,831
Non-Current Restricted Assets	233	187,763	2,542	40,676	1,527	13,094	245,835
Other Non Current Assets	-	56,375	-	311,100	-	-	367,475
Deferred Outflows of Resources	-	28,889	109	65,491	174	14,572	109,235
Total Assets & Deferred Outflows	$ 22,063	$ 418,281	$ 62,445	$ 1,397,705	$ 20,864	$ 166,748	$ 2,088,106
Liabilities:							
Long-Term Liabilities	$ 3,518	$ 403,457	$ 17,347	$ 1,241,223	$ 6,508	$ 138,885	$ 1,810,938
Current Liabilities	2,296	14,824	10,169	156,482	3,833	7,288	194,892
Deferred Inflows of Resources	-	-	34,929	-	10,523	20,575	66,027
Total Liabilities & Deferred Inflows	$ 5,814	$ 418,281	$ 62,445	$ 1,397,705	$ 20,864	$ 166,748	$ 2,071,857
Net Position:							
Investment in capital assets	$ 2,959	$ (283,738)	$ 5,954	$ (488,826)	$ 2,537	$ (32,624)	$ (793,738)
Restricted	$ 1	$ 120,589	$ 10,327	$ 88,726	$ 4,622	$ 17,994	242,259
Unrestricted	$ 13,289	$ 163,149	$ (16,281)	$ 400,100	$ (7,159)	$ 14,630	567,728
Total Net Position	$ 16,249	$ -	$ -	$ -	$ -	$ -	$ 16,249

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

MANAGEMENT'S DISCUSSION & ANALYSIS
For Fiscal Year Ended September 30, 2017

FINANCIAL HIGHLIGHTS (CONTINUED)

Statements of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For Fiscal Year Ended September 30, 2017
(000's US$)

2017	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	$ 14,279	$ 54,296	$ 28,909	$ 428,034	$ 10,919	$ 48,001	$ 584,438
Sales to others		2,439	356	33,480	127	558	36,960
Amounts to be recovered from (refunded to) participants		1,796	(869)	(3,916)	(306)	546	(2,749)
Investment Income (loss)	63	8,553	122	2,165	34	98	11,035
Total Revenue	$ 14,342	$ 67,084	$ 28,518	$ 459,763	$ 10,774	$ 49,203	$ 629,684
Expenses:							
Operation, maintenance & Nuclear Fuel Amortization	$ -	$ 17,357	$ 4,293	$ 65,550	$ 1,536	$ 7,363	$ 96,099
Purchased power, Transmission & Fuel Costs		4,752	13,454	255,926	4,961	22,450	301,543
Administrative & General	13,701	3,248	1,304	21,841	743	1,897	42,734
Depreciation & Decommissioning	333	35,624	3,029	56,412	1,168	5,392	101,958
Interest & Amortization	14	15,338	1,396	51,026	347	5,817	73,938
Write-off Development Project							
Total Expense	$ 14,048	$ 76,319	$ 23,476	$ 450,755	$ 8,755	$ 42,919	$ 616,272
Change in net position before regulatory asset adjustment	$ 294	$ (9,235)	$ 5,042	$ 9,008	$ 2,019	$ 6,284	$ 13,412
Net cost recoverable/future Participant billings		9,235	(5,042)	(9,008)	(2,019)	(6,284)	(13,118)
Change in Net Positon After Regulatory Adj	$ 294	$ -	$ -	$ -	$ -	$ -	$ 294
Net position at beginning of year	15,955						15,955
Net position at end of year	$ 16,249	$ -	$ -	$ -	$ -	$ -	$ 16,249

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

MANAGEMENT'S DISCUSSION & ANALYSIS

For Fiscal Year Ended September 30, 2017

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.

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, 2017. 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 11 through 13 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.

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 2017 and 2016 is shown on pages 5 and 6. A more detailed version of the major fund proprietary financial statements can be found on pages 11 through 13 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 14 through 54 of this report.

MANAGEMENT'S DISCUSSION & ANALYSIS

For Fiscal Year Ended September 30, 2017

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 increased $39.0 million primarily due to increases in fuel costs offset by slight purchased power cost decreases. The Stanton, All-Requirements and Tri-City Projects total expenses increased primarily due to higher fuel costs. Total expense for the Agency Fund increased primarily due to higher General & Administrative costs while the St. Lucie Fund expenses increased primarily due to higher operation & maintenance expenses and 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 $528,000 from fiscal year 2016 to fiscal year 2017.

On September 30, 2017, long-term notes payable debt was $220,000, which is accounted for in the FMPA Agency Fund and represents the Loan outstanding for the Agency's office building.

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 671,510 Megawatt-hours (MWh) in fiscal year 2017. The average all-inclusive billing rate, which includes budgeted Demand, Energy and Transmission expenses, remained level at $80.86 in fiscal year 2017.

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 334,166 MWh in fiscal year 2017. The average all-inclusive billing rate which includes budgeted Demand, Energy and Transmission expenses decreased 39% to $86.51 per MWh in fiscal year 2017 due to increased MWh sales.

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 all-inclusive billed rate to ARP member cities was $77.07 per MWh in fiscal year 2017, which is all-inclusive of Energy, Demand and Transmission expenses. The billed Megawatt hours for fiscal year 2017 were 5,553,937.

Billings to ARP participants in fiscal year 2017 were 5% higher, increasing from $409 million to $428 million primarily due to an increase in fuel expense.

Management's Discussion & Analysis

For Fiscal Year Ended September 30, 2017

Financial Analysis of FMPA's Funds and Projects (continued)

The All-Requirements participant net cost of power increased to $76.36 per MWh in fiscal year 2017, a 10% increase from fiscal year 2016. This increase was primarily due to higher fuel prices. The fuel supply mix was 85.5% for natural gas, 14.1% 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 2017. 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.

The **Tri-City Project** consists of a 5.3012% ownership interest in Stanton Unit 1. The Project billed 124,588 MWh in fiscal year 2017. The average all-inclusive billing rate, which includes budgeted Demand, Energy and Transmission expenses, decreased 41% to $87.64 per MWh during fiscal year 2017 due to increased MWh sales.

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 625,514 MWh in fiscal year 2017. The average all-inclusive billing rate, which includes budgeted Demand, Energy, and Transmission expenses, decreased by 5% to $76.74 per MWh in fiscal year 2017. This was caused by a decrease in fuel expenses and continued capacity utilization level in 2017.

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 2017, the St. Lucie, Stanton, Tri-City and Stanton II budgets were amended at the end of the fiscal year to increase expenditures $1.9 million, $4.0 million, $1.6 million, and $4.8 million respectively. This was due to higher actual fixed O & M and A&G expenses billed from FPL than budgeted for the St. Lucie Project primarily due to a longer than expected outage in the spring. Fuel acquisition costs for St. Lucie Project were also higher than budgeted. The Stanton, Tri-City, and Stanton II budgets were increased due to higher fuel costs due to higher utilization of those units. The increase for the Stanton II Project was due to increased utilization because of the Stanton Unit I plant's longer than expected outage.

Capital Assets and Long-Term Debt

FMPA's investment in **Capital Assets,** as of September 30, 2017, was $894 million, 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 2017 decreased by 8.2% or $80.1 million. This was caused primarily by depreciation of plant assets.

CAPITAL ASSETS AND LONG-TERM DEBT (CONTINUED)

At September 30, 2017, 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	$	220
St. Lucie Project		312,112
Stanton Project		17,347
All-Requirements Project		1,195,660
Tri-City Project		6,508
Stanton II Project		129,140
Total	$	1,660,987

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 2017 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.

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, 2017:

Project	Amount (000's US$)	
St. Lucie Project	$	700
Total	$	700

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 *Chief Financial Officer, Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, FL 32819.*

FLORIDA MUNICIPAL POWER AGENCY

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2017

(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	$ 2,721	$ 5,267	$ 3,733	$ 40,346	$ 937	$ 5,106	$ 58,110
Investments	12,975	95,249	12,079	61,148	1,377	23,981	206,809
Participant accounts receivable	1,815	4,613	2,807	32,107	1,009	3,423	45,774
Due from Participants		1,872				546	2,418
Fuel stock and material inventory			1,717	42,570	616	2,672	47,575
Other current assets	925	617	44	8,838	8	112	10,544
Restricted assets available for current liabilities	5	13,980	8,437	68,329	3,197	6,653	100,601
Total Current Assets	$ 18,441	$ 121,598	$ 28,817	$ 253,338	$ 7,144	$ 42,493	$ 471,831
Non-Current Assets:							
Restricted Assets:							
Cash and cash equivlents	$ 238	$ 48,479	$ 8,575	$ 74,473	$ 2,521	$ 9,095	$ 143,381
Investments		153,112	2,398	34,439	2,200	10,635	202,784
Accrued Interest		152	6	93	3	17	271
Less: Portion Classified as Current	$ (5)	(13,980)	(8,437)	(68,329)	(3,197)	(6,653)	(100,601)
Total Restricted Assets	$ 233	$ 187,763	$ 2,542	$ 40,676	$ 1,527	$ 13,094	$ 245,835
Utility Plant:							
Electric plant	$ -	$ 292,399	$ 88,169	$ 1,260,502	$ 35,332	$ 195,551	$ 1,871,953
General plant	8,686	24,290	12	3,571	20	91	36,670
Less accumulated depreciation and amortization	(5,456)	(293,819)	(57,204)	(537,370)	(23,333)	(99,053)	(1,016,235)
Net utility plant	$ 3,230	$ 22,870	$ 30,977	$ 726,703	$ 12,019	$ 96,589	$ 892,388
Construction work in progress	159	786		397			1,342
Total Utility Plant, net	$ 3,389	$ 23,656	$ 30,977	$ 727,100	$ 12,019	$ 96,589	$ 893,730
Other Assets:							
Net costs recoverable/future particpant billings	$ -	$ 56,375	$ -	$ 240,043	$ -	$ -	$ 296,418
Prepaid natural Gas - PGP				71,048			71,048
Other				9			9
Total Other Assets	$ -	$ 56,375	$ -	$ 311,100	$ -	$ -	$ 367,475
Total Assets	$ 22,063	$ 389,392	$ 62,336	$ 1,332,214	$ 20,690	$ 152,176	$ 1,978,871
Deferred Outflows of Resources							
Deferred Outflows from Derivatives	$ -	$ 13,991	$ -	$ 7,553	$ -	$ 9,745	$ 31,289
Unamortized Loss on Advanced Refunding		14,898	109	57,938	174	4,827	77,946
Total Deferred Outflows	$ -	$ 28,889	$ 109	$ 65,491	$ 174	$ 14,572	$ 109,235
Total Assets & Deferred Outflows	$ 22,063	$ 418,281	$ 62,445	$ 1,397,705	$ 20,864	$ 166,748	$ 2,088,106
LIABILITIES, DEFERRED INFLOWS AND NET POSITION							
Current Liabilities:							
Payable from unrestricted assets:							
Accounts payable & Accrued Liabilities	$ 2,081	$ 844	$ 863	$ 32,645	$ 277	$ 635	$ 37,345
Due to Participants			869	37,397	306		38,572
Line of Credit Payable				5,000			5,000
Capital Lease and other Obligations	210			13,111	53		13,374
Total Current Liabilities Payable from Unrestricted Assets	$ 2,291	$ 844	$ 1,732	$ 88,153	$ 636	$ 635	$ 94,291
Payable from Restricted Assets:							
Current portion of long-term revenue bonds	$ -	$ 10,180	$ 7,785	$ 48,050	$ 3,095	$ 4,900	$ 74,010
Accrued interest on long-term debt	5	3,800	652	20,279	102	1,753	26,591
Total Current Liabilities Payable from Restricted Assets	$ 5	$ 13,980	$ 8,437	$ 68,329	$ 3,197	$ 6,653	$ 100,601
Total Current Liabilities	$ 2,296	$ 14,824	$ 10,169	$ 156,482	$ 3,833	$ 7,288	$ 194,892
Long-Term Liabilities Payable from Restricted Assets:							
Held in Trust for Rate Stabilization	$ 232	$ -	$ -	$ -	$ -	$ -	$ 232
Accrued Decommissioning Liability		77,354					77,354
Total Liabilities Payable from Restricted Assets	$ 232	$ 77,354	$ -	$ -	$ -	$ -	$ 77,586
Long-Term Liabilities Less Current Portion:							
Long-term debt	$ 220	$ 312,112	$ 17,347	$ 1,195,660	$ 6,508	$ 129,140	$ 1,660,987
Employee Related Obligations	3,066						3,066
Advances from Participants				20,967			20,967
FMV Derivative Instruments		13,991		24,596		9,745	48,332
Total Long-Term Liabilities	$ 3,286	$ 326,103	$ 17,347	$ 1,241,223	$ 6,508	$ 138,885	$ 1,733,352
Deferred Inflows of Resources							
Net cost refundable/future participant billings	-	-	34,929	-	10,523	20,575	66,027
Total Liabilities and Deferred Inflows	$ 5,814	$ 418,281	$ 62,445	$ 1,397,705	$ 20,864	$ 166,748	$ 2,071,857
Net Position:							
Investment in Capital Assets, Net of Related Debt	$ 2,959	$ (283,738)	$ 5,954	$ (488,826)	$ 2,537	$ (32,624)	$ (793,738)
Restricted	1	120,589	10,327	88,726	4,622	17,994	242,259
Unresticted	13,289	163,149	(16,281)	400,100	(7,159)	14,630	567,728
Total Net Position	$ 16,249	$ -	$ -	$ -	$ -	$ -	$ 16,249

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, 2017
(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	$ 14,279	$ 54,296	$ 28,909	$ 428,034	$ 10,919	$ 48,001	$ 584,438
Interchange Sales				26,627			26,627
Sales to others		2,439	356	6,853	127	558	10,333
Amounts to be recovered from (refunded to) participants		1,796	(869)	(3,916)	(306)	546	(2,749)
Total Operating Revenue	$ 14,279	$ 58,531	$ 28,396	$ 457,598	$ 10,740	$ 49,105	$ 618,649
Operating Expenses:							
Operation and maintenance	$	$ 12,087	$ 4,293	$ 65,550	$ 1,536	$ 7,363	$ 90,829
Fuel expense			12,392	205,925	4,579	20,773	243,669
Nuclear fuel amortization		5,270					5,270
Purchased power		4,431		21,814			26,245
Transmission services		321	1,062	28,187	382	1,677	31,629
General and administrative	13,701	3,248	1,304	21,841	743	1,897	42,734
Depreciation and amortization	333	31,117	3,029	56,412	1,168	5,392	97,451
Decommissioning		4,507					4,507
Total Operating Expense	$ 14,034	$ 60,981	$ 22,080	$ 399,729	$ 8,408	$ 37,102	$ 542,334
Total Operating Income (Loss)	$ 245	$ (2,450)	$ 6,316	$ 57,869	$ 2,332	$ 12,003	$ 76,315
Non-Operating Income (Expense):							
Interest expense	$ (14)	$ (15,338)	$ (1,396)	$ (51,026)	$ (347)	$ (5,817)	$ (73,938)
Debt costs				(1,142)		(15)	(1,157)
Investment earnings	63	8,553	122	771	34	113	9,656
Amortization of swap terminations				2,536			2,536
Total Non-Operating Income (Expenses)	$ 49	$ (6,785)	$ (1,274)	$ (48,861)	$ (313)	$ (5,719)	$ (62,903)
Change in net assets before regulatory asset adjustment	$ 294	$ (9,235)	$ 5,042	$ 9,008	$ 2,019	$ 6,284	$ 13,412
Net cost recoverable/future participant billings	$	$ 9,235	$ (5,042)	$ (9,008)	$ (2,019)	$ (6,284)	$ (13,118)
Change in Net Position After Regulatory Adj	$ 294	$	$	$	$	$	$ 294
Net Postion at beginning of year	15,955						15,955
Net Position at end of year	$ 16,249	$ -	$ -	$ -	$ -	$ -	$ 16,249

The accompanying notes are an integral part of these financial statements

FLORIDA MUNICIPAL POWER AGENCY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2017
(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	$ 14,206	$ 58,390	$ 28,382	$ 442,841	$ 10,803	$ 50,095	$ 604,717
Cash Paid to Suppliers	(5,763)	(19,784)	(16,722)	(311,394)	(7,019)	(32,185)	(392,867)
Cash Paid to Employees	(7,593)						(7,593)
Net Cash Provided by (Used in) Operating Activities	$ 850	$ 38,606	$ 11,660	$ 131,447	$ 3,784	$ 17,910	$ 204,257
Cash Flows From Investing Activities:							
Proceeds From Sales and Maturities Of Investments	$ 20,685	$ 813,687	$ 30,041	$ 180,627	$ 10,564	$ 42,099	$ 1,097,703
Deposits and Interest Earnings	(2,045)						(2,045)
Purchases of Investments	(20,986)	(853,489)	(31,834)	(208,987)	(11,713)	(48,567)	(1,175,576)
Income received on Investments	138	5,391	918	3,842	66	1,081	11,435
Net Cash Provided by (Used in) Investment Activities	$ (2,208)	$ (34,411)	$ (875)	$ (24,519)	$ (1,084)	$ (5,387)	$ (68,483)
Cash Flows From Capital & Related Financing Activities:							
Proceeds from Issuance of Bonds & Loans	$ -	$ -	$ -	$ 139,145	$ -	$ -	$ 139,145
Debt Issuance Costs				(1,142)		(15)	(1,157)
Capital Expenditures - Utility Plant	(470)	(13,130)	(5,033)	(12,976)	(1,800)	(3,878)	(37,287)
Net Asset Retirement Cost	152	3,283	1,563	6,996	560	2,154	14,708
Long Term Gas Pre Pay - PGP				(605)			(605)
Principal Payments - Long Term Debt	(200)	(7,290)	(7,697)	(165,236)	(3,085)	(9,450)	(192,958)
Swap Termination Payments				(25,958)			(25,958)
Interest paid on Debt	(9)	(16,873)	(1,607)	(60,921)	(382)	(7,216)	(87,008)
Net Cash Provided (Used in) Capital & Related Financing Activities	$ (527)	$ (34,010)	$ (12,774)	$ (120,697)	$ (4,707)	$ (18,405)	$ (191,120)
Net Increase (Decrease) in Cash and Cash Equivalents	$ (1,885)	$ (29,815)	$ (1,989)	$ (13,769)	$ (2,007)	$ (5,882)	$ (55,346)
Cash and Cash Equivalents - Beginning	4,844	83,561	14,297	128,587	5,464	20,083	256,836
Cash and Cash Equivalents - Ending	$ 2,959	$ 53,746	$ 12,308	$ 114,819	$ 3,458	$ 14,201	$ 201,490
Consisting of:							
Unrestricted	$ 2,721	$ 5,267	$ 3,733	$ 40,346	$ 937	$ 5,106	$ 58,109
Restricted	238	48,479	8,575	74,473	2,521	9,095	143,381
Total	$ 2,959	$ 53,746	$ 12,308	$ 114,819	$ 3,458	$ 14,201	$ 201,490
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:							
Operating Income (Loss)	$ 245	$ (2,450)	$ 6,316	$ 57,869	$ 2,332	$ 12,003	$ 76,315
Adjustment to Reconcile Net Operating Income to Net Cash Provided by (Used In) Operating Activities:							
Depreciation	333	31,117	3,029	56,412	1,168	5,392	97,451
Asset Retirement Costs							
Decommissioning		4,507					4,507
Amortization of Nuclear Fuel		5,270					5,270
Amortization of Pre Paid Gas - PGP				8,693			8,693
Changes in Assests and Liabilities Which Provided (Used) Cash:							
Inventory			(1,024)	(661)	(367)	(1,608)	(3,660)
Receivables From (Payable to) Participants	(73)	(140)	(14)	3,059	61	990	3,883
Prepaids	(326)	(1,717)	1,515	(5,578)	(2)	627	(5,481)
Accounts Payable and Accrued Expense	671	(874)	1,732	8,610	443	(236)	10,346
Other Deferred Costs		2,893	106	3,043	149	742	6,933
Net Cash Provided By (Used In) Operating Activities	$ 850	$ 38,606	$ 11,660	$ 131,447	$ 3,784	$ 17,910	$ 204,257
Noncash Investing, capital and financing activities:							
Increase (Decrease) in mark to market values							
Non-Trust Investments	$ (77)	$ 3,082	$ (797)	$ (573)	$ (34)	$ (968)	$ 633
Interest Rate Derivative Contracts							
Change in Effective Swaps		9,730		19,427		4,236	33,393

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, 2017, 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.

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.

I. Summary of Significant Accounting Policies (continued)

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

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.

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.

I. Summary of Significant Accounting Policies (continued)

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

2. Capital Assets

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.

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, 2017, the liability for unused vacation was $685,425 and $567,753 for unused sick/personal leave is accounted for in the Agency Fund.

I. Summary of Significant Accounting Policies (continued)

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

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.

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.

I. Summary of Significant Accounting Policies (continued)

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

13. Deferred Inflows and Deferred Outflows

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

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

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

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

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.

I. Summary of Significant Accounting Policies (continued)

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

15. Fair Value Measurement and Application (continued)

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 ($77.5 million) and Accrued Decommissioning Liability ($77.3 million) at September 30, 2017. 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 2020. 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.

III. Capital Assets

A description and summary as of September 30, 2017, 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.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2017

III. Capital Assets (continued)

A. Agency Fund

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

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

New capital undertakings are accounted for in the Development Projects in Progress account and included in the Other Assets section of the Statement of Net Position. Depending on whether these undertakings become a project, costs are either capitalized or expensed. The activity for the Agency's general plant assets for the year ended September 30, 2017 was as follows:

	September 30, 2017			
	Beginning Balance	*Increases**	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 653	$ 0	$ 0	$ 653
General Plant	7,857	243	(67)	8,033
Construction work in process	81	227	(149)	159
General Plant in Service	$ 8,591	$ 470	$ (216)	$ 8,845
Less Accumulated Depreciation	(5,187)	(340)	71	(5,456)
General Plant in Service, Net	$ 3,404	$ 130	$ (145)	$ 3,389
* Includes Retirements Less Salvage				

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, 2017, was as follows:

	September 30, 2017			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 75	$ 0	$ 0	$ 75
Electric Plant	287,457	4,878	(11)	292,324
General Plant	1,209	0	0	1,209
Nuclear Fuel	25,249	5,896	(8,064)	23,081
Construction work in process	942	2,356	(2,512)	786
Electric Utility Plant in Service	$ 314,932	$ 13,130	$ (10,587)	$ 317,475
Less Accumulated Depreciation	(264,736)	(35,231)	6,148	(293,819)
Utility Plant in Service, Net	$ 50,196	$ (22,101)	$ (4,439)	$ 23,656
* Includes Retirements Less Salvage				

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

III. Capital Assets (continued)

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, 2017, was as follows:

	September 30, 2017			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 125	$	$ 0	$ 125
Electric Plant	84,575	5,033	(1,564)	88,044
General Plant	12			12
Electric Utility Plant in Service	$ 84,712	$ 5,033	$ (1,564)	$ 88,181
Less Accumulated Depreciation	(54,176)	(3,028)	0	(57,204)
Utility Plant in Service, Net	$ 30,536	$ 2,005	$ (1,564)	$ 30,977

* Includes Retirements Less Salvage

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

III. Capital Assets (continued)

D. All-Requirements Project (continued)

All-Requirements plant asset activity for the year ended September 30, 2017, was as follows:

	September 30, 2017			
	Beginning Balance	*Increases ***	*Decreases**	*Ending Balance*
	(000's US$)			
Land	$ 13,405	$	$ 0	$ 13,405
Electric Plant	1,239,432	12,081	(4,416)	1,247,097
General Plant	3,145	498	(72)	3,571
CWIP	0	397		397
Electric Utility Plant in Service	$ 1,255,982	$ 12,976	$ (4,488)	$ 1,264,470
Less Accumulated Depreciation	(478,450)	(58,925)	5	(537,370)
Utility Plant in Service, Net	$ 777,532	$ (45,949)	$ (4,483)	$ 727,100

* Includes Retirements Less Salvage

** Includes Insurance Reimbursements

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, 2017, was as follows:

	September 30, 2017			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
	(000's US$)			
Land	$ 48	$ 0	$ 0	$ 48
Electric Plant	34,044	1,800	(560)	35,284
General Plant	20			20
Electric Utility Plant in Service	$ 34,112	$ 1,800	$ (560)	$ 35,352
Less Accumulated Depreciation	(22,165)	(1,168)		(23,333)
Utility Plant in Service, Net	$ 11,947	$ 632	$ (560)	$ 12,019

* Includes Retirements Less Salvage

III. Capital Assets (continued)

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, 2017, was as follows:

	September 30, 2017			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 217	$ 0	$ 0	$ 217
Electric Plant	193,611	3,878	(2,155)	195,334
General Plant	91			91
Electric Utility Plant in Service	$ 193,919	$ 3,878	$ (2,155)	$ 195,642
Less Accumulated Depreciation	(93,661)	(5,392)		(99,053)
Utility Plant in Service, Net	$ 100,258	$ (1,514)	$ (2,155)	$ 96,589

* Includes Retirements Less Salvage

IV. Cash, Cash Equivalents and Investments

A. Cash and Cash Equivalents

At September 30, 2017, 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, 2017, 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, 2017, 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.

IV. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

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, 2017, 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 as follows:

Agency Fund		
	Coca-Cola Co.	9.47%
	ING	6.33%
	LMA Americas	6.27%
St. Lucie Project		
	None	
Stanton Project		
	None	
All-Requirements Project		
	None	
Tri-City Project		
	None	
Stanton II Project		
	None	

Capital Appreciation Bonds (CABS) in total represent 38% of the St. Lucie Project's portfolio, of which 42% 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.

IV. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

1. Agency Fund

Cash, cash equivalents and investments on deposit for the Agency at September 30, 2017, are as follows:

	September 30, 2017	Weighted Average Maturity (Days)	Credit Rating
Restricted	*(000's US$)*		
Cash and Cash Equivalents	$ 238		
US Gov't/Agency Securities	-		
Commercial Paper	-		
Total Restricted	$ 238		
Unrestricted			
Cash and Cash Equivalents	$ 2,721		
US Gov't/Agency Securities	9,491	466	Aaa/AA+/AAA *
Commercial Paper	3,484		
Total Unrestricted	$ 15,696		
Total	$ 15,934		

* Moody's/S&P/Fitch

Investments and Derivative Instruments Measured at Fair Value for the Agency at September 30, 2017, 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	$ -	$ 7,013	$ -
US Treasury Obligations	2,498		
Municipal Bonds			
Total By Level	$ 2,498	$ 7,013	$ -
Investment Liabilities (Derivative Instruments)			
Interest Rate Swaps	$ -	$ -	$ -
Total	$ 2,498	$ 7,013	$ -
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure			
Cash Equivalents	$ 2,565		
Commercial Paper	3,484		
Morgan Stanley Institutional	157		
Held in Trust Rate Stabilization	237		
Total Money Market and Mutual Fund Instruments	$ 6,443		
Total Market Value of Assets	$ 15,954		
Accrued Interest(including portion within other current assets of Unrestricted Assets)	(20)		
Market value (less) Accrued Interest	$ 15,934		
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, 2017, are as follows:

		September 30, 2017	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	48,479		
US Gov't/Agency Securities		28,670	739	Aaa/AA+/AAA **
Municipal Bonds		89,443	3,047	*
Commercial Paper		34,999	1	
Total Restricted	$	201,591		
Unrestricted				
Cash and Cash Equivalents	$	5,267		
US Gov't/Agency Securities		27,715	1,018	Aaa/AA+/AAA **
Municipal Bonds		67,534	1,649	*
Commercial Paper		-		
Total Unrestricted	$	100,516		
Total	$	302,107		

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

Investments and Derivative Instruments Measured at Fair Value for the St. Lucie Project at September 30, 2017, 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	$	-	$	40,403	$	-
US Treasury Obligations		16,165				
Municipal Bonds				157,434		
Total By Level	$	16,165	$	197,837	$	-
Investment Liabilities (Derivative Instruments)						
Interest Rate Swaps	$	-	$	(13,991)	$	-
Total	$	-	$	(13,991)	$	-
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure						
Cash Equivalents	$	53,737				
Commercial Paper		34,999				
Morgan Stanley Institutional		9				
Total Money Market and Mutual Fund Instruments	$	88,745				
Total Market Value of Assets	$	302,747				
Accrued Interest(including portion within other current assets of Unrestricted Assets)		(640)				
Market value (less) Accrued Interest	$	302,107				
Total Investment Liabilities (Interest Rate Swaps)	$	(13,991)				

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

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, 2017, are as follows:

	September 30, 2017	Weighted Average Maturity (Days)	Credit Rating
Restricted	*(000's US$)*		
Cash and Cash Equivalents	$ 8,575		
US Gov't/Agency Securities	599	343	Aaa/AA+/AAA **
Municipal Bonds	1,799	894	*
Total Restricted	$ 10,973		
Unrestricted			
Cash and Cash Equivalents	$ 3,733		
US Gov't/Agency Securities	11,769	874	Aaa/AA+/AAA **
Municipal Bonds	310	683	*
Commercial Paper	-		
Total Unrestricted	$ 15,812		
Total	$ 26,785		

*The Municipal Bond ratings range from a best of AAA/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 Project at September 30, 2017, 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	$ -	$ 7,130	$ -
US Treasury Obligations	5,287		
Municipal Bonds		2,109	
Total By Level	$ 5,287	$ 9,239	$ -
Investment Liabilities (Derivative Instruments)			
Interest Rate Swaps	$ -	$ -	$ -
Total	$ -	$ -	$ -
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure			
Cash Equivalents	$ 12,267		
Commercial Paper	-		
Morgan Stanley Institutional	41		
Total Money Market and Mutual Fund Instruments	$ 12,308		
Total Market Value of Assets	$ 26,834		
Accrued Interest(including portion within other current assets of Unrestricted Assets)	(49)		
Market value (less) Accrued Interest	$ 26,785		
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, 2017, are as follows:

		September 30, 2017	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	74,473		
US Gov't/Agency Securities		31,112	7,522	Aaa/AA+/AAA **
Municipal Bonds		3,327	351	*
Total Restricted	$	108,912		
Unrestricted				
Cash and Cash Equivalents	$	40,346		
US Gov't/Agency Securities		49,152	895	Aaa/AA+/AAA **
Municipal Bonds		10,001	708	*
Commercial Paper		1,995		
Total Unrestricted	$	101,494		
Total	$	210,406		

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

Investments and Derivative Instruments Measured at Fair Value for the All-Requirements Project at September 30, 2017, 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	$ -	$ 64,716	$ -
US Treasury Obligations	15,357		
Municipal Bonds		13,468	
Brokered CD's		481	
Total By Level	$ 15,357	$ 78,665	$ -
Investment Liabilities (Derivative Instruments)			
Interest Rate Swaps	$ -	$ (24,611)	$ -
Total	$ -	$ (24,611)	$ -
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure			
Cash Equivalents	$ 112,768		
Commercial Paper	1,995		
Wells Fargo Funds	2,051		
Total Money Market and Mutual Fund Instruments	$ 116,814		
Total Market Value of Assets	$ 210,836		
Accrued Interest(including portion within other current assets of Unrestricted Assets)	(430)		
Market value (less) Accrued Interest	$ 210,406		
Total Investment Liabilities (Interest Rate Swaps)	$ (24,611)		

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, 2017, are as follows:

		September 30, 2017	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	2,521		
US Gov't/Agency Securities		2,096	121	Aaa/AAA/AAA **
Municipal Bonds		104	577	
Commercial Paper		-		
Total Restricted	$	4,721		
Unrestricted				
Cash and Cash Equivalents	$	937		
US Gov't/Agency Securities		1,377	302	Aaa/AAA/AAA **
Municipal Bonds		-		*
Total Unrestricted	$	2,314		
Total	$	7,035		

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

Investments and Derivative Instruments Measured at Fair Value for the Tri-City Project at September 30, 2017, 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	$	-	$	732	$	-
US Treasury Obligations		2,749				
Municipal Bonds				104		
Total By Level	$	2,749	$	836	$	-
Investment Liabilities (Derivative Instruments)						
Interest Rate Swaps	$	-	$	-	$	-
Total	$	2,749	$	836	$	-
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure						
Cash Equivalents	$	3,442				
Commercial Paper		-				
Morgan Stanley Institutional		16				
Total Money Market and Mutual Fund Instruments	$	3,458				
Total Market Value of Assets	$	7,043				
Accrued Interest(including portion within other current assets of Unrestricted Assets)		(8)				
Market value (less) Accrued Interest	$	7,035				
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, 2017, are as follows:

	September 30, 2017	Weighted Average Maturity (Days)	Credit Rating
Restricted	*(000's US$)*		
Cash and Cash Equivalents	$ 9,095		
US Gov't/Agency Securities	10,635	567	Aaa/AA+/AAA **
Municipal Bonds	-		
Total Restricted	$ 19,730		
Unrestricted			
Cash and Cash Equivalents	$ 5,106		
US Gov't/Agency Securities	23,728	928	Aaa/AA+/AAA **
Municipal Bonds	253	577	*
Commercial Paper	-		
Total Unrestricted	$ 29,087		
Total	$ 48,817		

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

Investments and Derivative Instruments Measured at Fair Value for the Stanton II Project at September 30, 2017, 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	$ -	$ 17,563	$ -
US Treasury Obligations	13,382		
Municipal Bonds		253	
Total By Level	$ 13,382	$ 17,816	$ -
Investment Liabilities (Derivative Instruments)			
Interest Rate Swaps	$ -	$ (9,745)	$ -
Total	$ -	$ (9,745)	$ -
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure			
Cash Equivalents	$ 17,751		
Commercial Paper	-		
Morgan Stanley Institutional	-		
Total Money Market and Mutual Fund Instruments	$ 17,751		
Total Market Value of Assets	$ 48,949		
Accrued Interest(including portion within other current assets of Unrestricted Assets)	(132)		
Market value (less) Accrued Interest	$ 48,817		
Total Investment Liabilities (Interest Rate Swaps)	$ (9,745)		

On October 26, 2017 the Interest Rate Swaps were terminated.

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 as of September 30, 2017:

	Agency Fund	St. Lucie Project	Stanton Project	All -Req Project	Tri-City Project	Stanton II Project
Deferred Outflows from Derivatives						
Interest Rate Swaps - Effective	$ -	$ 13,991	$ -	$ 7,553	$ -	$ 9,745
Total Deferred Outflows from Derivatives	$ -	$ 13,991	$ 0	$ 7,553	$ -	$ 9,745
Fair Market Value Derivative Instruments Liabilities						
Hybrid Swap Liability	$ -	$ -	$ 0	$ 17,058	$ -	$ -
Market Value Adjustment for Effective Swaps		13,991		7,553		9,745
Natural Gas Storage				(15)		
Total Fair Value	$ -	$ 13,991	$ -	$ 24,596	$ -	$ 9,745

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, 2017, 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.

V. Derivative Financial Instruments (continued)

A. Swap Agreements (continued)

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 where 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, 2017. These amounts vary with changes in the market. The swaps may be terminated by the Agency if the counterparty's credit quality falls below certain levels. The Agency or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable rate bonds would continue to pay based on its variable index. If, at the time of the termination, the swap has a negative fair value to the Agency, the Agency would be liable to the counterparty for a payment equal to the swap's fair value. The Agency also has an optional right to terminate with certain notice and compensation requirements for swap agreements completed in 2004, 2005 and 2006.

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, in 2016 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. During 2017, the ARP 2008D and 2008E hybrid loans were terminated. The hybrid loan total after amortization and terminations at September 31, 2017 is $17.1 million.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2017

V. Derivative Financial Instruments (continued)

A. Swap Agreements (continued)

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	$ (1,407)	Merrill Lynch Capital Services, Inc.	Baa1/BBB+/A
Series 2002							
$ 11,975	7/2/2007	3.481%	72% LIBOR*	10/1/2021	$ (1,030)	Merrill Lynch Capital Services, Inc.	Baa1/BBB+/A
11,975	7/1/2010	3.595%	72% LIBOR*	10/1/2021	(1,083)	Merrill Lynch Capital Services, Inc.	Baa1/BBB+/A
11,975	7/1/2011	3.632%	72% LIBOR*	10/1/2021	(1,101)	Merrill Lynch Capital Services, Inc.	Baa1/BBB+/A
7,825	7/3/2006	3.444%	72% LIBOR*	10/1/2021	(661)	Goldman Sachs Bank USA	A3/A+/A
11,308	7/1/2010	3.595%	72% LIBOR*	10/1/2021	(1,023)	Goldman Sachs Bank USA	A3/A+/A
11,308	7/2/2007	3.481%	72% LIBOR*	10/1/2021	(972)	Goldman Sachs Bank USA	A3/A+/A
11,308	7/1/2011	3.632%	72% LIBOR*	10/1/2021	(1,040)	Goldman Sachs Bank USA	A3/A+/A
67,125	7/3/2006	3.444%	72% LIBOR*	10/1/2021	(5,674)	Merrill Lynch Capital Services, Inc.	Baa1/BBB+/A
$ 144,799					$ (12,584)		
Total Termination Value of Swaps					$ (13,991)		
Prior Year Termination Value of Swaps					$ (22,334)		
Change in Fair Market Value					$ 8,343		

*floating to fixed
**() denotes that termination value payable to the dealer if swap had been terminated 9/30/17

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							
$ -		Terminated June 2017			$ -		
-		Terminated June 2017			-		
$ -					$ -		
Series 2008C							
$ 33,180	10/1/2006	3.701%	72% LIBOR*	10/1/2027	$ (5,236)	Goldman Sachs Bank USA	A3/A+/A
11,050	10/1/2006	3.665%	72% LIBOR*	10/1/2026	(1,637)	JP Morgan Chase & Co.	A3/A-/A+
2,684	10/1/2006	3.656%	72% LIBOR*	10/1/2026	(393)	JP Morgan Chase & Co.	A3/A-/A+
224	10/1/2006	3.612%	72% LIBOR*	10/1/2026	(32)	JP Morgan Chase & Co.	A3/A-/A+
33,180	10/1/2006	3.649%	72% LIBOR*	10/1/2027	(5,114)	Morgan Stanley	Baa1/BBB+/A
33,180	10/1/2006	3.697%	72% LIBOR*	10/1/2027	(5,228)	Merrill Lynch Capital Services, Inc.	Baa1/BBB+/A
18,625	10/1/2006	3.669%	72% LIBOR*	10/1/2025	(1,808)	UBS AG	Aa3/A+/A+
19,050	10/1/2006	3.737%	72% LIBOR*	10/1/2035	(5,163)	Wells Fargo Bank, NA	A2/A/A+
$ 151,173					$ (24,611)		
Series 2011A							
$ $ -		Terminated June 2017			$ -		
Series 2011A-1 & 2011B							
$ -		Terminated June 2017			$ -		
$ -					$ -		
Total Swap Terminaton Value					$ (24,611)		
Effective Swaps					$ (7,553)		
Hybrid Loans					(17,058)		
					$ (24,611)		
Prior Year Termination Value of Effective Swaps and Hybrid Loans					$ (71,104)		
Change in Fair Market Value					$ 46,493		

*floating to fixed
** ( ) denotes that termination value payable to dealer if swap had been terminated 9/30/17

V. Derivative Financial Instruments (continued)

A. Swap Agreements (continued)

3. Stanton II Project

Swaps Currently Effective
(000's US$)

Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received	Termination Date	Fair Value**	Counterparty	Counterparty Credit Rating
Series 2000							
$ 7,648	10/1/2006	4.049%	72% LIBOR*	10/1/2027	$ (1,716)	Bank of America N.A.	Baa1/BBB+/A
10,227	10/1/2006	4.071%	72% LIBOR*	10/1/2027	(2,315)	JP Morgan Chase & Co.	A3/A-/A+
$ 17,875					$ (4,031)		
Series 2004							
$ 23,900	8/5/2004	3.863%	72% LIBOR*	10/1/2027	$ (2,858)	Bank of America N.A.	Baa1/BBB+/A
23,900	8/5/2004	3.863%	72% LIBOR*	10/1/2027	(2,856)	UBS AG	Aa3/A+/A+
$ 47,800					$ (5,714)		
Total Swap Termination Value					$ (9,745)		
Prior Year Termination Value of Swaps					$ (14,378)		
Change in Fair Market Value					$ 4,633		

*floating to fixed
**() denotes that termination value payable to the dealer if swap had been terminated 9/30/17

The Interest Rate Swaps were terminated as part of the 2017 series refinancing that took place on October 28, 2017. See Subsequent Events in Footnote XVI.

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, 2017 FMPA has 50 contracts outstanding, valued at $15,405, which will expire in January and February 2018.

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, 2017, all FMPA projects were in compliance with requirements of the bond resolution.

Segregated restricted net position at September 30, 2017, 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	$ -	$ 110,459	$ 8,486	$ 81,862	$ 3,201	$ 13,375
Reserve & Contingency Funds		13,798	2,493	27,143	1,523	6,372
Decomissioning Fund		77,486				
Rate Stabilization Accounts	238					
Accrued Interest on Long-Term Debt	(5)	(3,800)	(652)	(20,279)	(102)	(1,753)
Accrued Decommissioning Expenses		(77,354)				
Rate Stabilization Accounts	(232)					
Total Restricted Net Assets	$ 1	$ 120,589	$ 10,327	$ 88,726	$ 4,622	$ 17,994

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.
- 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, 2017, is as follows:

1. Agency Fund

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
	2017 (000's US$)				
Wells Fargo Loan 2010	$ 630	$ -	$ (200)	$ 430	$ 210
	$ 630	$ -	$ (200)	$ 430	$ 210

Loan Payable to Well Fargo Bank

The Agency Fund has one loan payable to Wells Fargo Bank at September 30, 2017. Interest is payable semi-annually at a fixed rate of 3.3%. Principal is payable in two annual payments ranging from $210,000 to $220,000 with the final payment due July 1, 2019.

2. St. Lucie Project

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
	2017 (000's US$)				
Revenue Bonds					
Refunding 2000	$ 16,650	$ -	$ -	$ 16,650	$ -
Refunding 2002	144,800			144,800	
Bonds 2009A	22,385		(3,290)	19,095	3,455
Bonds 2010A	12,070		(1,850)	10,220	1,910
Bonds 2011A	27,975		(1,000)	26,975	3,630
Bonds 2011B	24,305			24,305	
Bonds 2012A	58,870			58,870	
Bonds 2013A	14,540		(1,150)	13,390	1,185
Total Principal	$ 321,595	$ -	$ (7,290)	$ 314,305	$ 10,180
Deferred Premiums And Discounts	9,303		(1,315)	7,987	
Total Revenue Bonds	$ 341,487	$ -	$ (8,605)	$ 322,292	$ 10,180
Unamortized loss on advanced refunding	$ (17,792)	$ -	$ 2,894	$ (14,898)	$ -

The 2000 and 2002 bonds are variable rate bonds and the variable interest rates ranged between .963% and 1.610% for the year ended September 30, 2017. The 2009A bonds have an interest rate of 5% from 2016 through 2021. The 2010A bonds have a fixed interest rate of 2.72% from 2016 through 2021. The 2011A and 2011B bonds are fixed, and have a series of maturity dates from 2016 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)

A. Debt (continued)

3. Stanton Project

	2017 (000's US$)				
Business-Type Activities	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**	**Amounts Due Within One Year**
Revenue Bonds					
Refunding 2008	$ 27,625	$ -	$ (6,350)	$ 21,275	$ 6,670.00
Bonds 2009A	4,740		(1,060)	3,680	1,115
Wells Fargo Bank Taxable	441		(287)	154	-
Total Principal	$ 32,806	$ -	$ (7,697)	$ 25,109	$ 7,785
Deferred Premiums And Discounts	43		(20)	23	
Total Bonds and Loans	$ 32,849	$ -	$ (7,717)	$ 25,132	$ 7,785
Unamortized loss on advanced refunding	$ (215)	$ -	$ 106	$ (109)	$ -

The 2008 and 2009A revenue bonds are fixed at interest rates which range from 4.5% to 5.5%.

Please see the investments footnote at IV.B.3 Cash, Cash Equivalents and Investments for funds accumulated in addition to normal operational cash needs that will be used to satisfy these debt payments.

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	2017 (000's US$) Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds					
Bonds 2006A	$ 16,390	$ -	$ (16,390)	$ -	$ -
Bonds 2008A	158,145		(8,690)	149,455	25,810
Bonds 2008B	27,020		(7,970)	19,050	8,765
Bonds 2008C	152,673		(1,500)	151,173	1,600
Bonds 2009A	20,355		(4,845)	15,510	5,070
Bonds 2009B	15,235			15,235	
Bonds 2011A-1	28,000		(28,000)	-	
Bonds 2011B	42,000		(42,000)	-	
Bonds 2011A-2	42,000		(42,000)	-	
Bonds 2013A	12,395		(1,370)	11,025	1,420
Bonds 2015B	115,770			115,770	5,385
Bonds 2016A	424,120			424,120	
Bonds 2017A	-	69,625		69,625	
Bonds 2017B	-	52,925		52,925	
Total Principal	$ 1,054,103	$ 122,550	$ (152,765)	$ 1,023,888	$ 48,050
Capital Leases and Other					
KUA - TARP	$ 140,609	$ -	$ (11,825)	$ 128,784	$ 12,467
Keys - TARP	2,427		(571)	1,856	594
St. Lucie County	526		(75)	451	50
Total Other Liabilities	$ 143,562	$ -	$ (12,471)	$ 131,091	$ 13,111
Total Principal & Capital Lease	$ 1,197,665	$ 122,550	$ (165,236)	$ 1,154,979	$ 61,161
Deferred Premiums And Discounts	95,191	16,593	(9,941)	101,843	
Total Revenue Bonds & Capital Lease	$ 1,292,856	$ 139,143	$ (175,177)	$ 1,256,821	$ 61,161
Unamortized loss on advanced refunding	$ (52,839)	$ (25,944)	$ 20,845	$ (57,938)	$ -

The 2008C, 2011A-1, 2011B, 2011A-2 and 2013A bonds are variable rate bonds, and the variable interest rates ranged from .49% to 2.70722% for the year ended September 30, 2017.

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, 2017, amount to $164.3 million and the present value of these payments is $128.7 million. The capital assets at September 30, 2017 include Facilities and Equipment of $218.0 million less Accumulated Depreciation of $120.7 million resulting in a net book value of $97.3 million.

VIII. Long-Term Debt (continued)

A. Debt (continued)

4. All-Requirements Project (continued)

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, 2017 amount to $2.0 million and the present value of these payments is $1.8 million. The capital assets at September 30, 2017 include Facilities and Equipment of $4.8 million less Accumulated Depreciation of $3.3 million resulting in a net book value of $1.5 million.

St. Lucie County

As a condition of obtaining its conditional use permit for the construction and operation of the Treasure Coast Energy Center, the All-Requirements project agreed to pay St. Lucie County, Florida $75,000 a year for a period of 20 years. Upon commercial operation of the plant, the unpaid amounts were discounted at a rate of 5.3% and capitalized to plant. At September 30, 2017, eight 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	$152.9 million

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

2017A & B Debt Issuance

On June 16, 2017 the All-Requirements Project issued $122.6 million of 2017A and 2017B Bonds at a $16.6 million premium, the proceeds were used to refund $112 million of 2011A-1, 2011B and 2011A-2 bonds and terminated the 2000/2006, 2008D and 2008E hybrid loans. The gross savings were $5.4 million and the net present value savings of $1.2 million.

VIII. Long-Term Debt (continued)

A. Debt (continued)

5. Tri-City Project

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
	2017 (000's US$)				
Revenue Bonds					
Bonds 2009A	$ 1,375	$ -	$ (315)	$ 1,060	$ 315
Bonds 2013A	11,205		(2,720)	8,485	2,780
Wells Fargo Taxable	158		(50)	108	53
Total Principal	$ 12,738	$ -	$ (3,085)	$ 9,653	$ 3,148
Deferred Premiums And Discounts	6		(3)	3	
Total Bonds and Loans	$ 12,744	$ -	$ (3,088)	$ 9,656	$ 3,148
Unamortized loss on advanced refunding	$ (321)	$ -	$ 147	$ (174)	$ -

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.

Please see the investments footnote at IV.B.5 Cash, Cash Equivalents and Investments for funds accumulated in addition to normal operational cash needs that will be used to satisfy these debt payments.

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.

6. Stanton II Project

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
	2017 (000's US$)				
Revenue Bonds					
Refunding 2000	$ 17,875	$ -	$ -	$ 17,875	$ -
Refunding 2004	47,800		(3,550.00)	44,250	
Bonds 2009A	5,330		(200)	5,130	225
Refunding 2012A	66,185		(5,250)	60,935	4,675
Wells Fargo Taxable	692		(450)	242	-
Total Principal	$ 137,882	$ -	$ (9,450)	$ 128,432	$ 4,900
Deferred Premiums And Discounts	6,828		(1,220)	5,608	
Total Bonds and Loans	$ 144,710	$ -	$ (10,670)	$ 134,040	$ 4,900
Unamortized loss on advanced refunding	$ (5,569)	$ -	$ 742	$ (4,827)	$ -

VIII. Long-Term Debt (continued)

A. Debt (continued)

6. Stanton II Project (continued)

The 2000 and 2004 revenue bonds carry variable interest rates which ranged from 1.61% to 2.104% for the year ended September 30, 2017. 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.

Please see the investments footnote at IV.B.6 Cash, Cash Equivalents and Investments for funds accumulated in addition to normal operational cash needs that will be used to satisfy these debt payments.

Subsequent Debt Issuance

On October 28, 2017 the Stanton II Project issued $71.9 million of 2017A and 2017B Bonds. The proceeds were used to refund $65.7 million of 2000 and 2004 Bonds and terminated $9.3 million of Interest Rate Swaps for the 2000 and 2004 bonds. The gross savings are $532 thousand and the net present value savings are $380 thousand.

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.

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, 2017 are as follows:

Dated	Description	Defeased Portion Amount Originally Issued (000's US$)	Balance at September 30, 2017
May 1983	St. Lucie Project Revenue Bonds, Series 1983	$280,075	$26,828
April 2016	All-Requirements Revenue Bonds, 2008A & Revenue Bonds, 2009A	$452,880	$486,891

VIII. Long-Term Debt (continued)

D. Annual Requirements

The annual cash flow debt service requirements to amortize the long term **bonded** debt outstanding as of September 30, 2017, 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
2018	$ 10,180	$ 12,491	$ 7,785	$ 1,106	$ 48,050	$ 43,560	$ 3,095	$ 196	$ 4,900	$ 5,630	$ 136,993
2019	7,825	12,142	8,185	694	50,380	44,853	3,160	130	8,775	5,270	141,414
2020	9,515	11,783	8,985	240	68,155	42,158	3,290	62	9,420	4,863	158,471
2021	27,320	10,938			56,110	38,074			9,845	4,433	146,720
2022	169,145	10,142			63,300	35,323			10,290	3,983	292,183
2023 - 2027	90,320	16,916			360,803	134,525			58,785	12,403	673,752
2028 - 2032					366,540	48,432			26,175	968	442,115
2033 - 2037					10,550	1,386					11,936
Total Principal & Interest	$ 314,305	$ 74,412	$ 24,955	$ 2,040	$ 1,023,888	$ 388,311	$ 9,545	$ 388	$ 128,190	$ 37,550	$ 2,003,584
Less:											
Interest		(74,412)		(2,040)		(388,311)		(388)		(37,550)	(502,701)
Unamortized Loss on refunding	(14,898)		(109)		(57,938)		(174)		(4,827)		(77,946)
Add:											
Unamortized Premium (Discount), net	7,987		23		101,843		3		5,608		115,464
Total Net Debt Service Requirement at September 30, 2017	$ 307,394	$ -	$ 24,869	$ -	$ 1,067,793	$ -	$ 9,374	$ -	$ 128,971	$ -	$ 1,538,401

The annual cash flow debt service requirements to amortize **all** long term debt outstanding as of September 30, 2017, are as follows:

(000's US$)

Fiscal Year Ending September	Agency Fund Principal	Agency Fund Interest Including Swaps, Net	St. Lucie Project Principal	St. Lucie Project Interest Including Swaps, Net	Stanton Project Principal	Stanton Project Interest	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
2018	$ 210	$ 14	$ 10,180	$ 12,490	$ 7,785	$ 1,112	$ 61,161	$ 50,187	$ 3,148	$ 198	$ 4,900	$ 5,639	$ 157,024
2019	220	7	7,825	12,142	8,339	697	64,195	50,775	3,215	131	9,017	5,274	161,837
2020			9,515	11,783	8,985	240	82,697	47,353	3,290	62	9,420	4,863	178,208
2021			27,320	10,938			66,844	42,569			9,845	4,433	161,949
2022			169,145	10,142			74,617	39,235			10,290	3,983	307,412
2023 - 2027			90,320	16,917			427,114	144,183			58,785	12,403	749,722
2028 - 2032							367,801	48,469			26,175	969	443,414
2033 - 2037							10,550	1,386					11,936
Total Principal & Interest	$ 430	$ 21	$ 314,305	$ 74,412	$ 25,109	$ 2,049	$ 1,154,979	$ 424,157	$ 9,653	$ 391	$ 128,432	$ 37,564	$ 2,171,502

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

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, 2019. However, OUC reports that it is in the initial 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	**2018**	**2019**	**2020**	**2021**	**2022**
Stanton Project	$ 3,481	$ 1,234	None	None	None
All-Requirements Project	3,875	1,374	None	None	None
Tri-City Project	1,245	441	None	None	None
Stanton II Project	5,458	1,935	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.

IX. Commitments and Contingencies (continued)

B. Public Gas Partners, Inc. (continued)

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 month 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 approximately 13,848 mmBtu per day. FMPA's share of this amounts to 3,052 mmBtu per day.

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 approximately 2,296 mmBtu per day. FMPA's share of this amounts to 574 mmBtu per day.

FMPA's share of the total investment costs amounts to approximately $101 million for PGP Pool #1, and $29 million for PGP Pool #2 as of September 30, 2017.

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 based payment, and maintenance is paid for at the time it's incurred at prenegotiated discounts.

IX. Commitments and Contingencies (continued)

C. Contractual Service Agreements (continued)

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	74,690	84,081	109,541	46,538
Term if hours based	~72,000		~120,000	~72,000
Cumulative Factored Starts				
Term if starts based				
Current Termination Amount (000's USD)	$0		$1,362	$920
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

In November 2017, FMPA and General Electric negotiated a revised MMP to combine Cane Island Units 3 & 4 and Treasure Coast under one service agreement. See Footnote XVI - Subsequent Events for more detail.

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's original expiration was on October 1, 2017. The Parties mutually agreed to extend the expiration date to October 1, 2022. 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 $450 million of private liability insurance for the St. Lucie Plant, which is the

IX. Commitments and Contingencies (continued)

D. Other Agreements (continued)

1. St. Lucie Project (continued)

maximum obtainable, and participates in a secondary financial protection system, which provides up to $13.43 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.

- 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 securities that have a 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.

IX. Commitments and Contingencies (continued)

D. Other Agreements (continued)

2. All-Requirements Project (continued)

Supplier	End of Contract	Minimum Future Payments (000's US$)
Southern Company - Stanton A PPA	9/30/2023	$ 51,231
Southern Company - Oleander 5 PPA	12/16/2027	88,972
Total Minimum Liability		$ 140,203

- 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.

- 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.

IX. Commitments and Contingencies (continued)

D. Other Agreements (continued)

2. All-Requirements Project (continued)

- 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, executed 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.

- In the amended and Restated Agreement Concerning Delivery and Use of treated Sewage Effluent with Toho Water Authority for the Cane Island Site dated September 24, 2008, in the event that peak demand requires the addition of some increased storage capacity for reclaimed water, FMPA will financially assist Toho Water Authority in the construction of reclaimed water storage to assist in providing the projected peak demand. Toho Water Authority and FMPA have separately agreed that the cost of such reclaimed water storage shall not exceed $2 million. It has been determined that there is no certainty that this costs will ever occur.

- 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 September 30, 2035, and Green Cove Springs' contract terminates on September 30, 2037.

- 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. On October 25, 2012, Vero Beach gave notice of its intent to withdraw from the All-Requirements Power Supply Project as of September 30, 2016, in anticipation of a sale of its retail electric system to Florida Power & Light Company (the "Original Sale"). The Original Sale did not occur, and Vero Beach remained a Project Participant in the All-Requirements Power Supply Project. On September 25, 2014, Vero Beach 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 Vero Beach's contract is now fixed and will terminate on September 30, 2046, unless terminated earlier. On September 15, 2017, Vero Beach gave FMPA notice of the extension of its October 25, 2012, notice to withdraw from the All-Requirements Power Supply Project, and requested that FMPA grant it a waiver of certain contract terms so that its withdrawal from the All-Requirements Power Supply Project can be effective on the date of the anticipated sale of its retail electric system to FPL. On October 24, 2017, the City of Vero

IX. Commitments and Contingencies (continued)

D. Other Agreements (continued)

2. All-Requirements Project (continued)

Beach approved an asset purchase and sale agreement with FPL to sell its retail electric utility system (the "New Sale"). As a part of the New Sale transaction, Vero Beach and FMPA are negotiating for FMPA's All-Requirements Power Supply Project to take an assignment and transfer of Vero Beach's Power Entitlement Shares, and all corresponding rights and obligations, in the St. Lucie, Stanton, and Stanton II Projects. Vero Beach has also requested a complete and total release from FMPA and all other Project Participants. FMPA has projected, subject to final FMPA governing body approvals, that it will need to be paid $108 million to assume Vero Beach's Power Entitlement Shares, which Vero Beach has indicated its agreement with. To achieve this, there are many contract amendments, including amendments to the All-Requirements Power Supply Project Contact, the Power Sales Contract for each project, and the Project Support Contract for each project, that must be negotiated, and certain consents and waivers must be obtained from FMPA, Project Participants in each Project, and outside parties, as required by the terms of the contracts, each project bond resolution, and other binding instruments. If a closing occurs on the New Sale, it is not expected to occur until October 1, 2018, or later. The transfer and assignment of Vero Beach's Power Entitlement Shares, and all corresponding rights and obligations, and the complete and total release of Vero Beach from all obligations to FMPA and the other Project Participants, must meet all of FMPA's contractual and other commitments to its member cities, bondholders, credit providers, and others, as determined by FMPA.

- 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.

- On August 21, 2017, the All-Requirements Project entered into a five year power sales agreement with the City of Bartow, pursuant to which FMPA's All Requirements Project provides a minimum of 20 MW peaking power (adjusted upwardly based on actual Bartow load) during 2018-2020. Bartow separately entered into a power purchase agreement with the Orlando Utilities Commission for 40 MW of baseload power during those initial three years. Beginning in 2021, FMPA will serve Bartow's full power supply requirements of approximately 65 MWs through 2022.

- 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.

- 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.

IX. Commitments and Contingencies (continued)

D. Other Agreements (continued)

2. All-Requirements Project (continued)

- 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.

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 expired on October 1, 2017, and will automatically renew for an additional five-year periods, 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. FMPA has opted to automatically renew in 2017.

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 had 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, 2017, was $7.6 million, which approximates covered payroll. The 401(a) defined contribution plan has 68 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 $18,500 for 2017. 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 2017 of $684,216. 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.

XII. Employment Benefits (continued)

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.

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 US$)
Annual required contribution	$ 390
Interest on net OPEB obligation	18
Annual OPEB expense	408
Contributions made	-
Increase in net OPEB Obligation	408
Net OPEB Obligation - Beginning of Year	2,658
Net OPEB Obligation - End of Year	$ 3,066

FMPA's annual OPEB cost, the percentage of Annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	(000's US$) Net OPEB Obligation
9/30/2015	381	0%	2,320
9/30/2016	338	0%	2,658
9/30/2017	408	0%	3,066

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

The following assumptions were made:

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

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

Life expectancies were based on IRS guidelines.

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

XII. Employment Benefits (continued)

B. Post-Employment Benefits other than Retirement (continued)

The expected rate of increase in healthcare insurance premiums was based on National Health Expenditure Projections from the Centers for Medicare and Medicaid Services.

2017 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

FMPA will implement GASB 75 in fiscal year 2018 which is expected to increase the liability.

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, generation, debt, investment, insurance, credit and contracts.

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, 2017, for each of the projects is as follows:

Project	Amount (000's US$)
St. Lucie Project	$ 700
Total	$ 700

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

A. Stanton II Project Refinancing

On October 26, 2017, the Stanton II Series 2000 and 2004 debt were refinanced. The total of $71 million and terminated $9.745 of the associated swaps related to those bonds. The Series 2000 debt refinancing resulted in net gross savings of $532 thousand with a present value saving of $380 thousand. The Series 2004 debt refinancing resulted in net gross savings of $5.3 million with a present value savings of $1.2 million.

B. All Requirements Combined Contractual Services Agreement

On November 16, 2017, the governance committee approved a new Combined Contractual Services Agreement (CSA) for FMPA's three base load units (Cane Island 3, Cane Island 4 and TCEC). Per footnote IX.C Contractual Service Agreements, these units each had individual CSA's. The Combined CSA is estimated to save $3.5 million in operating costs over the next two years. The Combined CSA provides for two additional planned maintenance event for each unit beyond those provided for in the original CSAs, or approximately 8 to 10 years after the Original CSAs expire, but not to exceed 20 years from the effective date of the Combined CSA.

XVI. Subsequent Events (continued)

C. Agency Development Fund Return

The Development Fund was created to provide upfront costs necessary to establish new FMPA Projects. The Development Fund was funded through an adder on each MWh of energy sold from each FMPA Project to Participants through Fiscal Year 2011, after which the Board of Directors elected to cease contributions. On December 14, 2017, the Board of Directors determined that the then-current balance in the Development Fund of approximately $11 million exceeded the amount likely to be needed to support future initiatives and approved the return of $5 million to the members. After the return of funds to the members, the Development Fund should have a balance of approximately $6 million.

D. Vero Beach Proposed Sale

As of January 8, 2018, eleven of the necessary nineteen FMPA member cities have approved the required consents and waivers and associated documents for the sale of the Vero Beach electric utility system to be achieved, and to permit the ARP to assume the Vero Beach Power Entitlement Shares in the St. Lucie, Stanton, and Stanton II Projects. See Financial Footnote IX.D.2 on pages 48-49 for further detail.

Required Supplementary Information

(unaudited)

SCHEDULE OF FUNDING PROGRESS
FOR THE RETIREE HEALTH PLAN
For the Year Ended September 30, 2017
(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%
9/30/2017	-	3,333	3,333	0%	2,598	128.29%

See footnote XII for further information.

Supplementary Information

(unaudited)

SCHEDULE OF AMOUNTS DUE TO (FROM) PARTICIPANTS

RESULTING FROM BUDGET/ACTUAL VARIANCES
YEAR ENDED SEPTEMBER 30, 2017
(000's US$)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Agency Fund			
Received from projects	$ 15,026	$ 14,236	$ (790)
Received from member assessments	23	23	-
Interest income	88	165	77
Other income		25	25
	$ 15,137	$ 14,449	$ (688)
General and administrative	$ 14,199	$ 13,701	$ 498
Invested in Capital Assets	650	243	407
Principal on Debt	200	200	-
Other Adjustments		11	(11)
	$ 15,049	$ 14,155	$ 894
Net Revenue	$ 88	$ 294	$ 206
St. Lucie Project			
Participant billing	$ 52,505	$ 52,505	$ -
Reliability exchange contract sales	6,729	4,229	(2,500)
Interest income	151	(64)	(215)
	$ 59,385	$ 56,670	$ (2,715)
Operation and maintenance, fuel	$ 17,523	$ 16,281	$ 1,242
Purchased power	4,812	4,431	381
Transmission service	320	321	(1)
General and administrative	2,572	3,000	(428)
Deposit to renewal and replacement fund	6,500	6,500	-
Deposit to general reserve fund & FSA	7,700	7,700	-
Deposit to debt service fund	21,034	21,309	(275)
	$ 60,461	$ 59,542	$ 919
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ (1,076)	$ (2,872)	$ (1,796)

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, 2017
(000's US$)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Stanton Project			
Participant billing & sales to others	$ 28,469	$ 29,265	$ 796
Interest income	80	113	33
	$ 28,549	$ 29,378	$ 829
Operation and maintenance, fuel	$ 16,606	$ 16,685	$ (79)
Transmission service	1,062	1,062	-
General and administrative	1,419	1,304	115
Deposit to debt service fund	9,839	9,835	4
	$ 28,926	$ 28,886	$ 40
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ (377)	$ 492	$ 869
All-Requirements Project			
Participant billing & sales to others	$ 493,923	$ 461,514	$ (32,409)
Interest Income	165	1,441	1,276
	$ 494,088	$ 462,955	$ (31,133)
Member Capacity	$ 27,480	$ 28,659	$ (1,179)
Contract Capacity	17,531	19,229	(1,698)
ARP Owned Capacity	46,659	41,102	5,557
Debt & Capital Leases	126,017	124,915	1,102
Direct Charges & Other	22,797	19,375	3,422
Gas Transportation	40,176	31,486	8,690
Fuels	186,028	164,003	22,025
Purchased Power	1,044	1,799	(755)
Transmission	26,356	28,471	(2,115)
	$ 494,088	$ 459,039	$ 35,049
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ -	$ 3,916	$ 3,916

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, 2017

(000's US$)

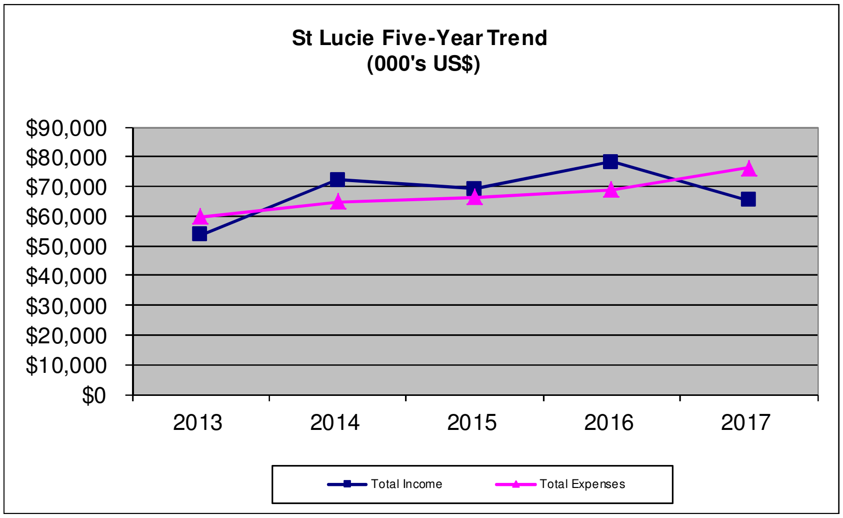
	Amended Budget	Actual	Variance Favorable (Unfavorable)
Tri-City Project			
Participant billing & sales to others	$ 10,788	$ 11,046	$ 258
Interest income	21	34	13
	$ 10,809	$ 11,080	$ 271
Operation and maintenance, fuel	$ 6,101	$ 6,115	$ (14)
Transmission service	382	382	0
General and administrative	789	743	46
Deposit to debt service fund	3,650	3,647	3
	$ 10,922	$ 10,887	$ 35
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ (113)	$ 193	$ 306
Stanton II Project			
Participant billing & sales to others	$ 49,765	$ 48,559	$ (1,206)
Interest income	146	212	66
	$ 49,911	$ 48,771	$ (1,140)
Operation and maintenance, fuel	$ 28,972	$ 28,136	$ 836
Transmission service	1,677	1,677	0
General and administrative	2,041	1,897	144
Deposit to debt service fund	17,925	18,311	(386)
	$ 50,615	$ 50,021	$ 594
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ (704)	$ (1,250)	$ (546)

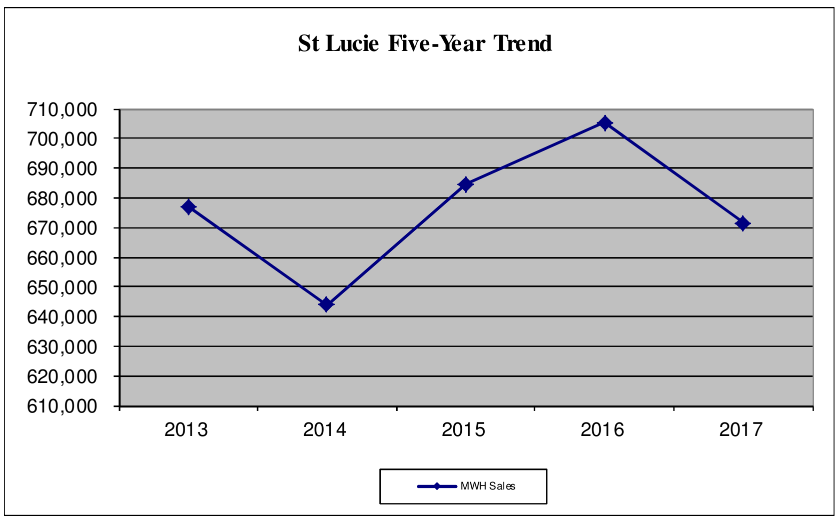
Note: These schedules are prepared on budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles.

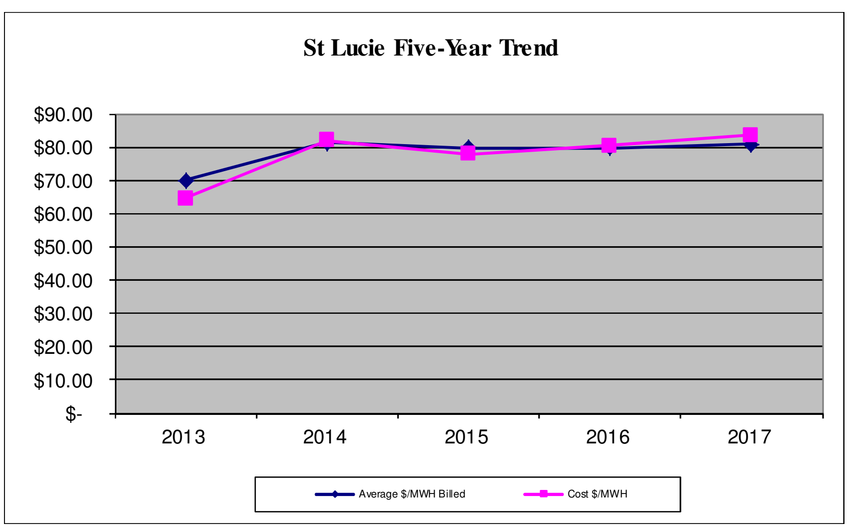
Five-Year Trend Analysis

	2013	2014	2015	2016	2017
(000's US$ except for MWH Sales and Average $/MWH)					
St. Lucie Project					
Capital Assets	$ 103,963	$ 89,129	$ 74,133	$ 50,196	$ 23,656
Total Assets & Deferred Outflows	$ 432,097	$ 441,240	$ 441,333	$ 431,817	$ 418,281
Long-Term Liabilities	$ 418,156	$ 428,520	$ 424,539	$ 418,789	$ 403,457
Total Liabilities & Deferred Inflows	$ 432,097	$ 441,240	$ 441,333	$ 431,817	$ 418,281
Billings to Participants	$ 47,446	$ 52,338	$ 54,511	$ 56,287	$ 54,296
Sales to Others	2,568	2,235	2,302	2,561	2,439
Total Operating Revenues	$ 50,014	$ 54,573	$ 56,813	$ 58,848	$ 56,735
Purchased Power	$ 4,176	$ 4,254	$ 4,072	$ 3,874	$ 4,431
Production-Nuclear O&M	9,529	12,106	11,265	9,727	12,087
Nuclear Fuel Amortization	4,357	4,385	4,599	5,963	5,270
Transmission	611	511	470	380	321
General & Administrative	2,633	2,716	2,998	2,486	3,248
Depreciation & Decommissioning	23,465	25,731	28,211	31,417	35,624
Total Operating Expenses	$ 44,771	$ 49,703	$ 51,615	$ 53,847	$ 60,981
Net Operating Revenues	$ 5,243	$ 4,870	$ 5,198	$ 5,001	$ (4,246)
Investment Income	$ 3,832	$ 17,530	$ 12,362	$ 19,430	$ 8,553
Total Other Income	$ 3,832	$ 17,530	$ 12,362	$ 19,430	$ 8,553
Interest Expense	$ 13,453	$ 13,486	$ 14,855	$ 13,454	$ 13,759
Amortization & Other Expense	1,656	1,532	(117)	1,544	1,579
Total Other Expenses	$ 15,109	$ 15,018	$ 14,738	$ 14,998	$ 15,338
Net Income (Loss)	$ (6,034)	$ 7,382	$ 2,822	$ 9,433	$ (11,031)
Net Cost Recovered (Credited) in the Future	9,818	(7,855)	(1,688)	(9,862)	9,235
Due from (to) Participants	(3,784)	473	(1,134)	429	1,796
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	676,974	643,993	684,526	705,233	671,510
Average $/MWH Billed	$ 70.09	$ 81.27	$ 79.63	$ 79.81	$ 80.86
Cost $/MWH	$ 64.50	$ 82.01	$ 77.98	$ 80.42	$ 83.53

FIVE-YEAR TREND ANALYSIS



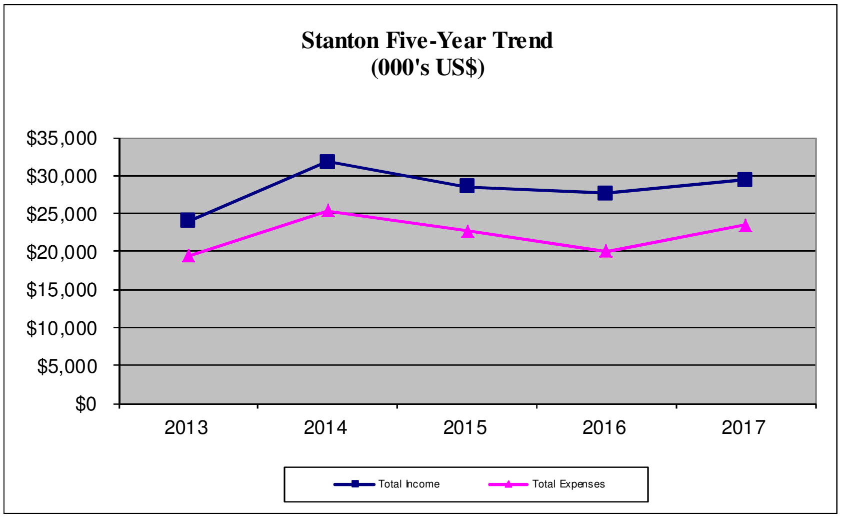


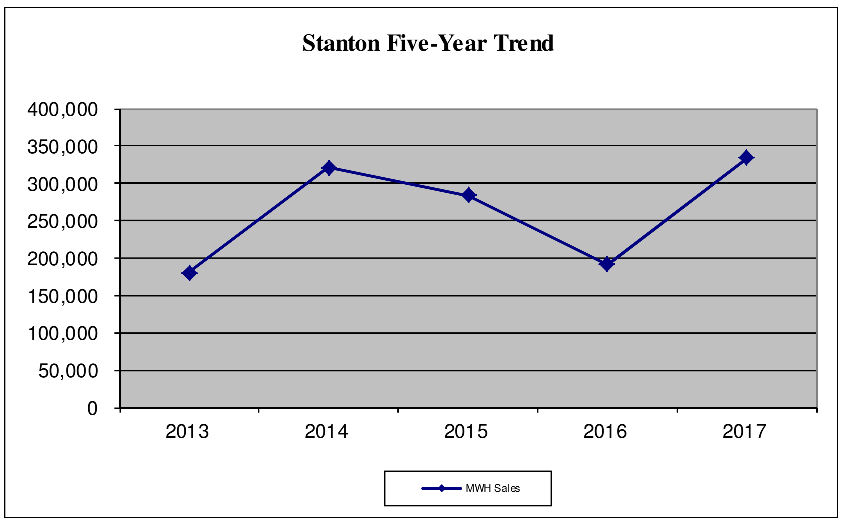


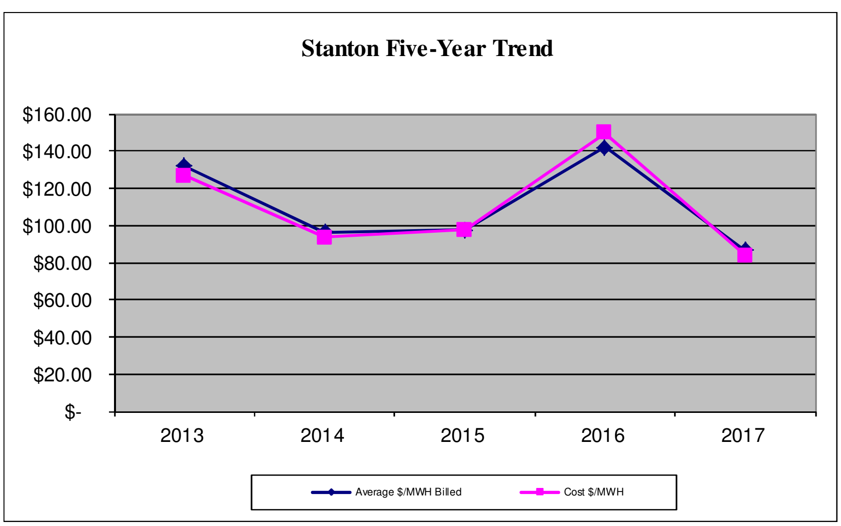
FIVE-YEAR TREND ANALYSIS

	2013	2014	2015	2016	2017
(000's US$ except for MWH Sales and Average $/MWH)					
Stanton Project					
Capital Assets	$ 33,811	$ 32,939	$ 31,623	$ 30,536	$ 30,977
Total Assets & Deferred Outflows	$ 61,313	$ 63,824	$ 61,778	$ 63,579	$ 62,445
Long-Term Debt	$ 45,564	$ 39,310	$ 32,875	$ 25,299	$ 17,347
Total Liabilities & Deferred Inflows	$ 61,313	$ 63,824	$ 61,778	$ 63,579	$ 62,445
Billings to Participants	$ 23,745	$ 30,967	$ 27,716	$ 27,103	$ 28,909
Sales to Others	430	419	322	327	356
Total Operating Revenues	$ 24,175	$ 31,386	$ 28,038	$ 27,430	$ 29,265
Production-Steam O&M	$ 3,545	$ 3,567	$ 4,225	$ 5,520	$ 4,293
Fuel Expense	8,061	14,500	11,315	7,400	12,392
Transmission	1,223	1,223	1,222	1,132	1,062
General & Administrative	1,184	1,187	1,235	1,287	1,304
Depreciation & Decommissioning	2,526	2,647	2,759	2,937	3,029
Total Operating Expenses	$ 16,539	$ 23,124	$ 20,756	$ 18,276	$ 22,080
Net Operating Revenues	$ 7,636	$ 8,262	$ 7,282	$ 9,154	$ 7,185
Investment Income	$ (164)	$ 392	$ 450	$ 251	$ 122
Total Other Income	$ (164)	$ 392	$ 450	$ 251	$ 122
Interest Expense	$ 2,680	$ 1,997	$ 1,843	$ 1,680	$ 1,310
Amortization & Other Expense	258	258	137	112	86
Total Other Expenses	$ 2,938	$ 2,255	$ 1,980	$ 1,792	$ 1,396
Net Income (Loss)	$ 4,534	$ 6,399	$ 5,752	$ 7,613	$ 5,911
Net Cost Recovered (Credited) in the Future	(3,619)	(5,394)	(5,762)	(9,121)	(5,042)
Due from (to) Participants	(915)	(1,005)	10	1,508	(869)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	180,203	320,992	284,081	190,985	334,166
Average $/MWH Billed	$ 131.77	$ 96.47	$ 97.56	$ 141.91	$ 86.51
Cost $/MWH	$ 126.69	$ 93.34	$ 97.60	$ 149.81	$ 83.91

FIVE-YEAR TREND ANALYSIS







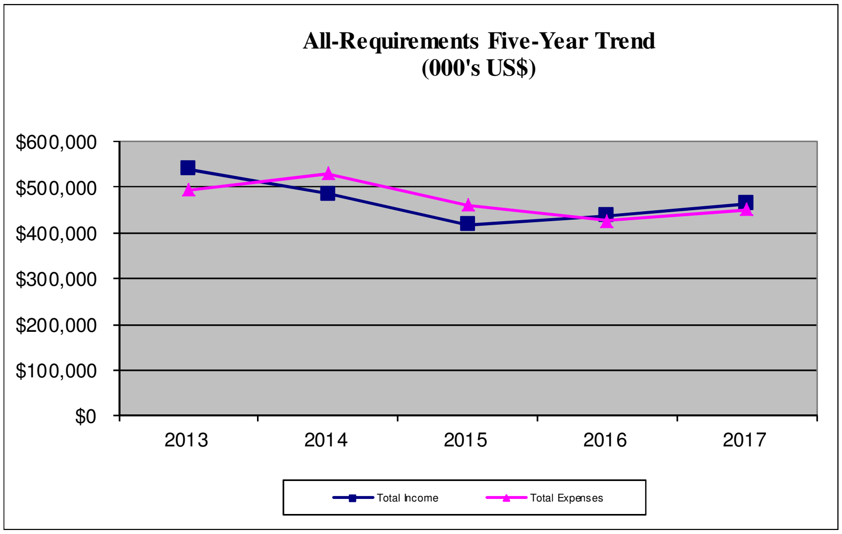
FIVE-YEAR TREND ANALYSIS

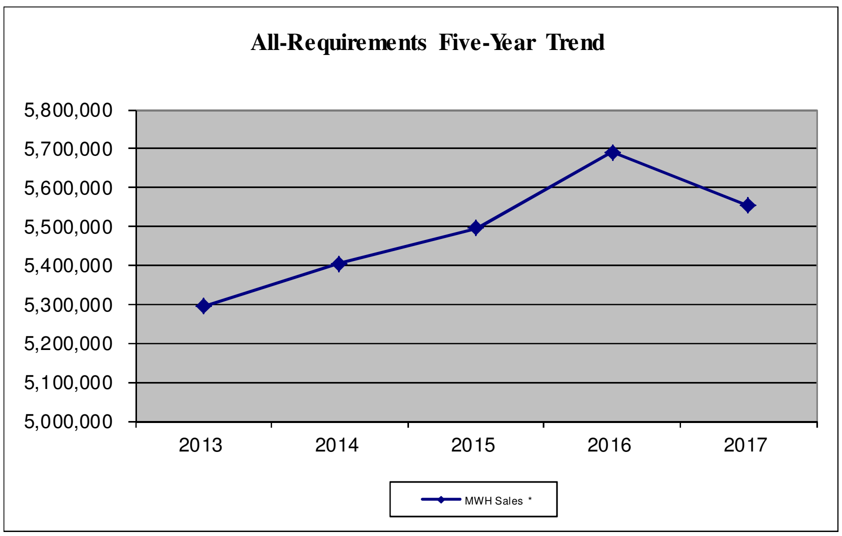
	2013	2014	2015	2016	2017
(000's US$ except for MWH Sales and Average $/MWH)					
All-Requirements Project					
Capital Assets	$ 912,545	$ 864,876	$ 814,271	$ 777,532	$ 727,100
Total Assets & Deferred Outflows	$ 1,489,809	$ 1,475,187	$ 1,456,404	$ 1,471,708	$ 1,397,705
Long-Term Liabilities	$ 1,352,328	$ 1,342,161	$ 1,334,149	$ 1,331,563	$ 1,241,223
Total Liabilities & Deferred Inflows	$ 1,489,809	$ 1,475,187	$ 1,456,404	$ 1,471,708	$ 1,397,705
Billings to Participants **	$ 454,847	$ 442,072	$ 399,979	$ 409,104	$ 428,034
Sales to Others	31,434	76,854	45,656	26,146	33,480
Total Operating Revenues	$ 486,281	$ 518,926	$ 445,635	$ 435,250	$ 461,514
Purchased Power	$ 38,327	$ 27,523	$ 31,755	$ 25,546	$ 21,814
O&M Production-Steam	59,802	55,621	60,693	67,270	65,550
Fuel Expense	230,847	283,682	204,743	170,762	205,925
Transmission	27,344	26,247	26,862	26,256	28,187
General & Administrative	21,463	21,957	21,729	22,349	21,841
Depreciation & Decommissioning	53,877	54,252	54,464	55,101	56,412
Total Operating Expenses	$ 431,660	$ 469,282	$ 400,246	$ 367,284	$ 399,729
Net Operating Revenues	$ 54,621	$ 49,644	$ 45,389	$ 67,966	$ 61,785
Investment Income	$ 54,494	$ (32,150)	$ (27,859)	$ 3,805	$ 3,307
Total Other Income	$ 54,494	$ (32,150)	$ (27,859)	$ 3,805	$ 3,307
Interest Expense	$ 61,830	$ 59,873	$ 59,185	$ 56,843	$ 55,371
Amortization & Other Expense	940	673	1,921	2,150	(3,203)
Total Other Expenses	$ 62,770	$ 60,546	$ 61,106	$ 58,993	$ 52,168
Net Income (Loss)	$ 46,345	$ (43,052)	$ (43,576)	$ 12,778	$ 12,924
Net Cost Recovered (Credited) in the Future	(41,637)	37,847	35,778	(359)	(9,008)
Due from (to) Participants	(4,708)	5,205	7,798	(12,419)	(3,916)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales *	5,293,772	5,404,370	5,495,169	5,691,752	5,553,937
Average $/MWH Billed	$ 85.92	$ 81.80	$ 72.79	$ 71.88	$ 77.07
Cost $/MWH	$ 85.03	$ 82.76	$ 74.21	$ 69.69	$ 76.36

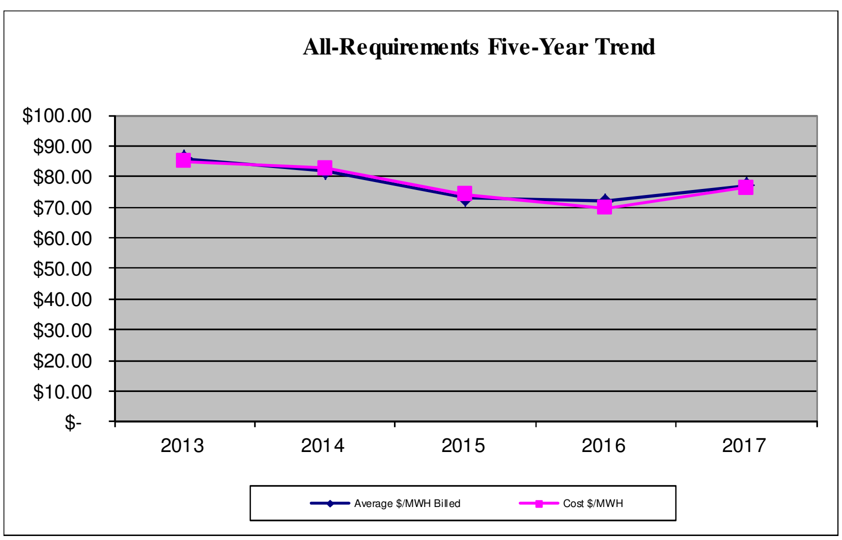
* Restated to include Ft. Meade's MWhs for fiscal year 2015.

** 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



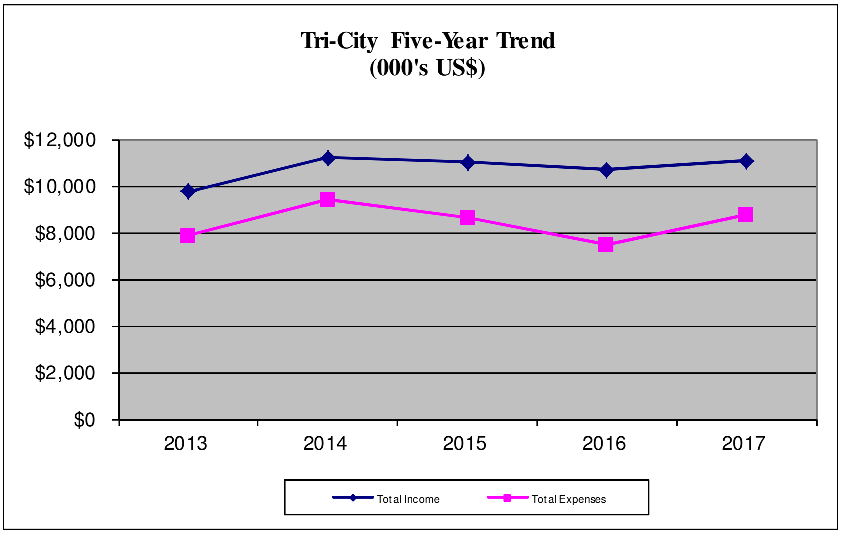


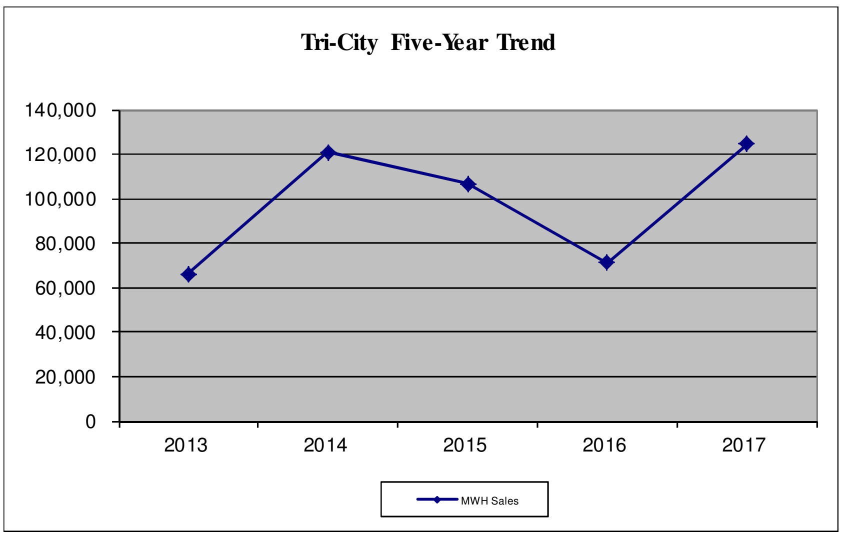


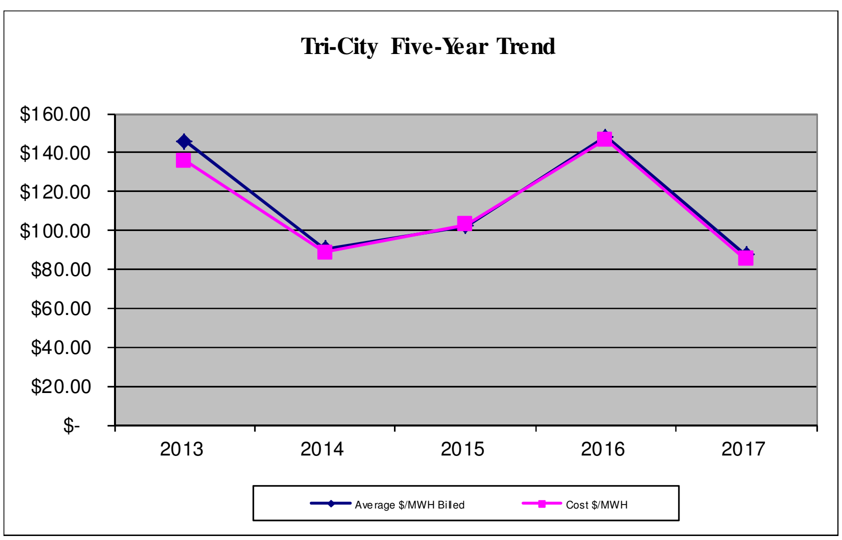
FIVE-YEAR TREND ANALYSIS

	2013	2014	2015	2016	2017
(000's US$ except for MWH Sales and Average $/MWH)					
Tri-City Project					
Capital Assets	$ 13,405	$ 12,999	$ 12,436	$ 11,947	$ 12,019
Total Assets & Deferred Outflows	$ 21,794	$ 22,573	$ 21,620	$ 21,520	$ 20,864
Long-Term Debt	$ 18,696	$ 15,771	$ 12,748	$ 9,659	$ 6,508
Total Liabilities & Deferred Inflows	$ 21,794	$ 22,573	$ 21,620	$ 21,520	$ 20,864
Billings to Participants	$ 9,662	$ 10,971	$ 10,873	$ 10,548	$ 10,919
Sales to Others	143	150	115	116	127
Total Operating Revenues	$ 9,805	$ 11,121	$ 10,988	$ 10,664	$ 11,046
Production-Steam O&M	$ 1,269	$ 1,262	$ 1,511	$ 1,991	$ 1,536
Fuel Expense	3,062	5,189	4,287	2,715	4,579
Transmission	489	489	489	427	382
General & Administrative	659	687	696	735	743
Depreciation & Decommissioning	998	1,041	1,078	1,134	1,168
Total Operating Expenses	$ 6,477	$ 8,668	$ 8,061	$ 7,002	$ 8,408
Net Operating Revenues	$ 3,328	$ 2,453	$ 2,927	$ 3,662	$ 2,638
Investment Income	$ (54)	$ 81	$ 27	$ 44	$ 34
Total Other Income	$ (54)	$ 81	$ 27	$ 44	$ 34
Interest Expense	$ 1,021	$ 389	$ 327	$ 266	$ 203
Amortization & Other Expense	354	342	235	190	144
Total Other Expenses	$ 1,375	$ 731	$ 562	$ 456	$ 347
Net Income (Loss)	$ 1,899	$ 1,803	$ 2,392	$ 3,250	$ 2,325
Net Cost Recovered (Credited) in the Future	(1,216)	(1,545)	(2,493)	(3,129)	(2,019)
Due from (to) Participants	(683)	(258)	101	(121)	(306)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	66,150	120,915	106,538	71,172	124,588
Average $/MWH Billed	$ 146.06	$ 90.73	$ 102.06	$ 148.20	$ 87.64
Cost $/MWH	$ 135.74	$ 88.60	$ 103.01	$ 146.50	$ 85.18

FIVE-YEAR TREND ANALYSIS



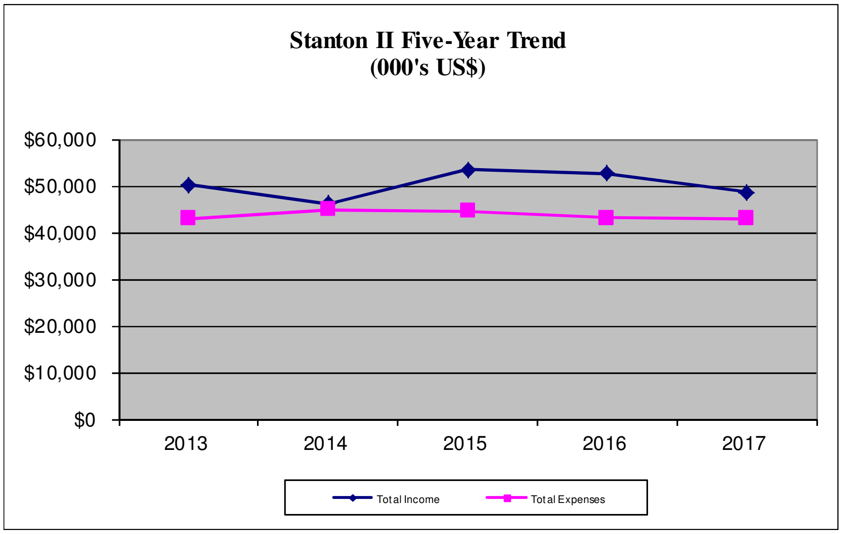


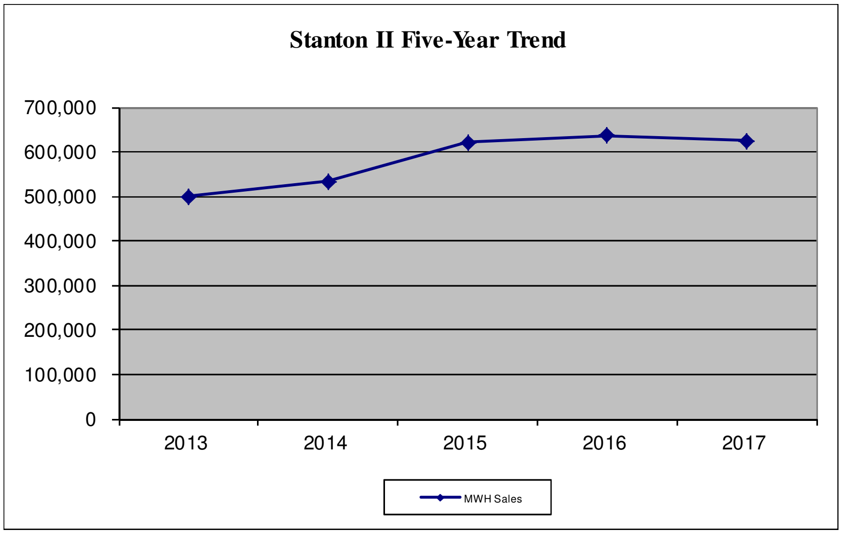


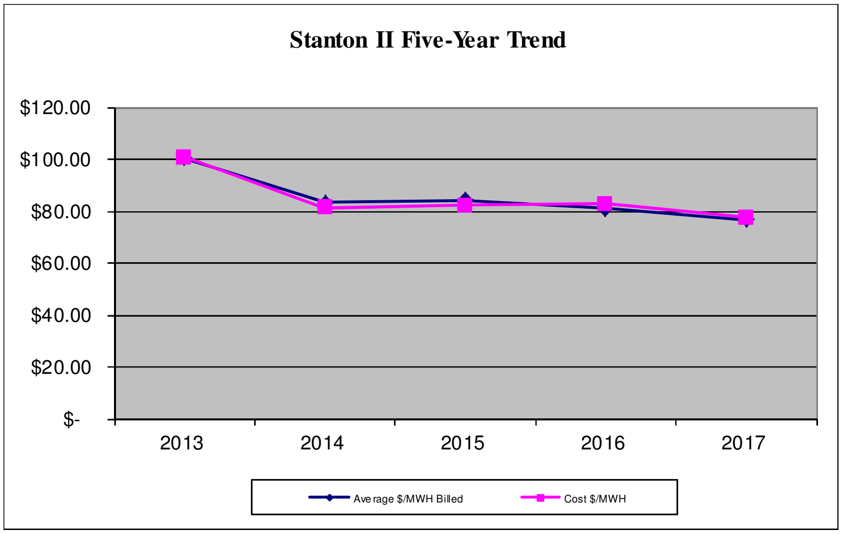
FIVE-YEAR TREND ANALYSIS

	2013	2014	2015	2016	2017
(000's US$ except for MWH Sales and Average $/MWH)					
Stanton II Project					
Capital Assets	$ 107,030	$ 106,356	$ 102,865	$ 100,258	$ 96,589
Total Assets & Deferred Outflows	$ 193,709	$ 182,054	$ 178,143	$ 178,362	$ 166,748
Long-Term Debt	$ 179,960	$ 167,977	$ 148,656	$ 139,040	$ 138,885
Total Liabilities & Deferred Inflows	$ 193,709	$ 182,054	$ 178,143	$ 176,182	$ 166,748
Billings to Participants	$ 50,047	$ 44,411	$ 52,204	$ 51,463	$ 48,001
Sales to Others	711	657	505	511	558
Total Operating Revenues	$ 50,758	$ 45,068	$ 52,709	$ 51,974	$ 48,559
Production-Steam O&M	$ 5,337	$ 5,871	$ 6,495	$ 6,688	$ 7,363
Fuel Expense	22,328	24,253	23,417	21,650	20,773
Transmission	1,846	1,846	1,846	1,750	1,677
General & Administrative	1,698	1,770	1,831	1,889	1,897
Depreciation & Decommissioning	4,855	5,082	5,194	5,336	5,392
Total Operating Expenses	$ 36,064	$ 38,822	$ 38,783	$ 37,313	$ 37,102
Net Operating Revenues	$ 14,694	$ 6,246	$ 13,926	$ 14,661	$ 11,457
Investment Income	$ (450)	$ 1,151	$ 778	$ 738	$ 113
Total Other Income	$ (450)	$ 1,151	$ 778	$ 738	$ 113
Interest Expense	$ 7,199	$ 6,724	$ 6,453	$ 6,359	$ 6,295
Amortization & Other Expense	(307)	(661)	(619)	(545)	(463)
Total Other Expenses	$ 6,892	$ 6,063	$ 5,834	$ 5,814	$ 5,832
Net Income (Loss)	$ 7,352	$ 1,334	$ 8,870	$ 9,585	$ 5,738
Net Cost Recovered (Credited) in the Future	(7,597)	(279)	(7,718)	(10,698)	(6,284)
Due from (to) Participants	245	(1,055)	(1,152)	1,113	546
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	498,856	533,732	620,796	635,926	625,514
Average $/MWH Billed	$ 100.32	$ 83.21	$ 84.09	$ 80.93	$ 76.74
Cost $/MWH	$ 100.81	$ 81.23	$ 82.24	$ 82.68	$ 77.61

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, 2017, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated January 4, 2018.

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

Certified Public Accountants
P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
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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 January 4, 2018.

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

January 4, 2018
Ocala, Florida

Purvis Gray & Company

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, 2017, and have issued our report thereon dated January 4, 2018.

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 Reporting Requirements
We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *American Institute of Certified Public Accountants Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated January 4, 2018, 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. In connection with our audit, please see comment and finding 2016 – 1 in our Management Letter Comments 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, 2017, financial statements. There are no component units related to the Agency.

Certified Public Accountants
P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
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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 us to apply appropriate procedures and communicate 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 for the Agency. 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.

- 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. We have no new current year recommendations. Please see prior year recommendations.

Annual Financial Report

- Sections 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the Agency for the fiscal year ended September 30, 2017, 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, 2017. We determined that the Florida Department of Financial Services does not require the Agency to file the annual financial report pursuant to Section 218.32(1)(a), Florida Statutes.

Other Matters

- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate 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

January 4, 2018
Ocala, Florida

Purvis Gray & Company

INDEPENDENT ACCOUNTANTS' 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, 2017. 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, 2017.

Purvis, Gray and Company, LLP

January 4, 2018
Ocala, Florida

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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, 2017, and have issued our report thereon dated January 4, 2018. As a part of audit, we offer the following recommendations to improve financial management, accounting procedures, and internal controls.

Current Year Findings and Comments

There are no current year findings or comments.

Prior Year Findings and Comments

As a part of our 2016 Audit, we made the following comment and recommendation;

2016-1—Technology Platforms and Reviews
The Agency essentially maintains two separate technology platforms, one for corporate information technology (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.

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

MANAGEMENT LETTER COMMENTS
(Concluded)

***2017 Update*—**The Agency has recently selected external OT consultants to conduct a full risk assessment of the OT/ICS network, system processes, and security to begin in early 2018. This will likely be a multiphase project that will be at least partially complete by the end of the Agency's 2018 fiscal year-end.

With respect to IT General Controls reviewed as a part of our financial audit, we have provided directly to your IT staff a more detailed list of recommendations to help mature and refine their existing security processes in the following IT General Control categories noted in 2016—1 above.

Purvis, Gray and Company, LLP

January 4, 2018
Ocala, Florida

MEMORANDUM

TO: FMPA AROC & Executive Committee and Board of Directors

FROM: Mark Larson

DATE: January 9, 2018

ITEM: Audit Report and 2017 Management Letter

Staff Response to the Fiscal Year 2017 Management Letter Comment

Current Year Findings and Comments

None

Prior Year Findings and 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 agreed. Operations staff has selected an external OT consultant to conduct a full risk assessment to begin in early 2018. In addition, the IT staff has reviewed a detailed list of recommendations from the external auditors and noted that the Agency has made a great deal of progress in those areas and will continue to improve where necessary using cost/benefit and risk considerations.

8553 Commodity Circle | Orlando, FL 32819-9002
T. (407) 355-7767 | Toll Free (888) 774-7606
F. (407) 355-5794 | www.fmpa.com