Financial Statements

For The Fiscal Year Ended September 30, 2018

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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
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- Wauchula
- Williston
- Winter Park

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Purvis Gray & Company

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities and each major fund of the Florida Municipal Power Agency (the Agency) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Agency, as of September 30, 2018, and the respective changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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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)

Emphasis of a Matter
As discussed in Note XII to the financial statements, for the year ended September 30, 2018, the Agency adopted new accounting guidance Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

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 other Required Supplementary Information, 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 GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 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 solely 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 effectiveness of Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Purvis, Gray and Company, LLP
December 20, 2018
Ocala, Florida

MANAGEMENT'S DISCUSSION & ANALYSIS

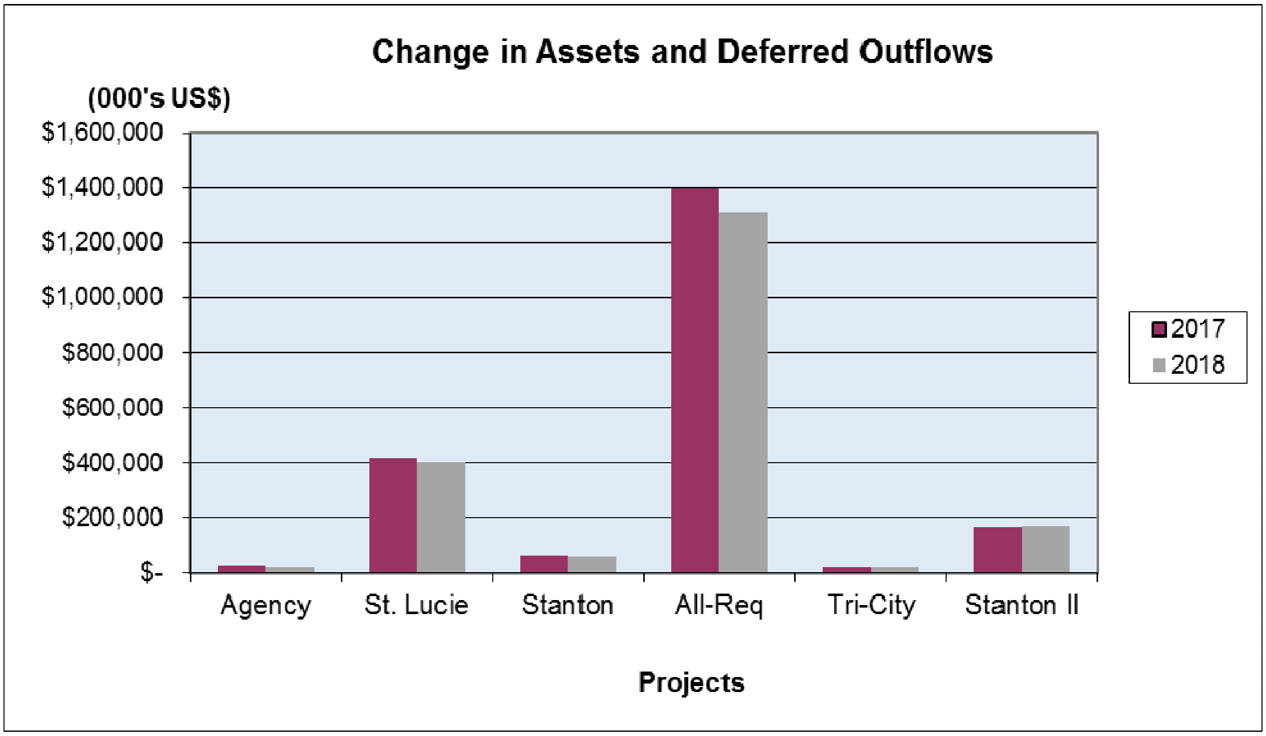
For Fiscal Year Ended September 30, 2018

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 and Deferred Outflows at September 30, 2018, of FMPA's Agency Fund and other projects decreased $109.2 million from the prior year. Decreases included $74.4 million of depreciation and amortization of Plant Asset. Increases in total plant included $7.9 million of new depreciable assets.



Change in Assets & Deferred Outflows (000's US$)							
Year	**Agency**	**St. Lucie**	**Stanton**	**All-Req**	**Tri-City**	**Stanton II**	**Total**
2017	$ 22,063	$ 418,281	$ 62,445	$1,397,705	$ 20,864	$ 166,748	$2,088,106
2018	$ 16,807	$ 404,525	$ 59,299	$1,307,621	$ 20,172	$ 170,490	$1,978,914
Variance	($5,256)	($13,756)	($3,146)	($90,084)	($692)	$3,742	($109,192)

FINANCIAL HIGHLIGHTS (CONTINUED)

Total Liabilities and Deferred Inflows at September 30, 2018, for FMPA's Agency Fund and other projects decreased by $102.2 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, 2018, for FMPA's Agency Fund and Projects was $1.7 billion, a decrease of $115.7 million during the current fiscal year.

Long-Term Bonds balance, less current portion, was $1.6 billion, including All-Requirements balance of $1.1 billion.

Total Revenue for Agency and all projects decreased by $19.9 million for the current fiscal year, primarily due to decrease in Billings to Participants.

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

Net Position at beginning of year at October 1, 2017 decreased by $2.5 million as a result of the Agency's implementation of Governmental Accounting Standard No. 75 – Other Postemployment Benefits (OPEB) for recognizing the OPEB liability that was previously reported under Governmental Accounting Standard No. 45.

FINANCIAL HIGHLIGHTS (CONTINUED)

Statement of Net Position
Proprietary funds
September 30, 2018
(000's US$)

2018	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	$ 3,234	$ 19,469	$ 28,797	$ 674,858	$ 11,157	$ 92,263	$ 829,778
Current Unrestricted Assets	12,944	123,303	27,648	256,426	7,326	54,247	$ 481,894
Non-Current Restricted Assets	494	196,578	2,817	29,338	1,613	12,029	$ 242,869
Other Non Current Assets	135	47,296	-	295,086	-	-	$ 342,517
Deferred Outflows of Resources	-	17,879	37	51,913	76	11,951	$ 81,856
Total Assets & Deferred Outflows	$ 16,807	$ 404,525	$ 59,299	$ 1,307,621	$ 20,172	$ 170,490	$ 1,978,914
Liabilities:							
Long-Term Liabilities	$ 5,719	$ 392,067	$ 9,091	$ 1,157,636	$ 3,325	$ 127,446	$ 1,695,284
Current Liabilities	1,814	12,458	9,806	149,985	3,670	13,893	191,626
Deferred Inflows of Resources	-	-	40,402	-	13,177	29,151	82,730
Total Liabilities & Deferred Inflows	$ 7,533	$ 404,525	$ 59,299	$ 1,307,621	$ 20,172	$ 170,490	$ 1,969,640
Net Position:							
Investment in capital assets	$ 3,150	$ (279,358)	$ 11,502	$ (452,090)	$ 4,726	$ (33,593)	$ (745,663)
Restricted	$ 3	$ 122,193	$ 11,001	$ 74,722	$ 4,774	$ 22,301	234,994
Unrestricted	$ 6,121	$ 157,165	$ (22,503)	$ 377,368	$ (9,500)	$ 11,292	519,943
Total Net Position	$ 9,274	$ -	$ -	$ -	$ -	$ -	$ 9,274

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

FINANCIAL HIGHLIGHTS (CONTINUED)

Statements of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For Fiscal Year Ended September 30, 2018
(000's US$)

2018	Agency Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
	Business-Type Activities- Proprietary Funds						
Revenues:							
Billings to participants	$ 13,764	$ 53,678	$ 28,027	$ 406,073	$ 10,794	$ 50,933	$ 563,269
Sales to others		2,470	352	29,883	126	552	33,383
Amounts to be recovered from (refunded to) participants		332	176	7,288	328	(436)	7,688
Investment Income (loss)	119	3,562	209	2,111	73	(669)	5,405
Total Revenue	$ 13,883	$ 60,042	$ 28,764	$ 445,355	$ 11,321	$ 50,380	$ 609,745
Expenses:							
Operation, Maintenance & Nuclear Fuel Amortization	$ -	$ 15,752	$ 4,702	$ 61,398	$ 1,682	$ 6,860	$ 90,394
Purchased power, Transmission & Fuel Costs		3,890	12,801	246,883	4,661	21,704	289,939
Administrative & General	12,972	3,278	1,382	22,029	774	1,941	42,376
Depreciation & Decommissioning	294	11,342	3,436	57,332	1,312	5,535	79,251
Interest & Amortization	12	15,724	969	46,974	236	5,761	69,676
Gain/Loss on Ineffective Swaps		976					976
Development Fund Distribution	5,000						5,000
Write off Nuclear Development Project	83						83
Total Expense	$ 18,361	$ 50,962	$ 23,290	$ 434,616	$ 8,665	$ 41,801	$ 577,695
Change in net position before regulatory asset adjustment	$ (4,478)	$ 9,080	$ 5,474	$ 10,739	$ 2,656	$ 8,579	$ 32,050
Net cost recoverable/future Participant billings	-	(9,080)	(5,474)	(10,739)	(2,656)	(8,579)	(36,528)
Change in Net Positon After Regulatory Adj	$ (4,478)	$ -	$ -	$ -	$ -	$ -	$ (4,478)
Net position at beginning of year	16,249						16,249
Prior Period Adjustment - GASB 75 (OPEB)	(2,497)						(2,497)
Restated Net Position at beginning of year	13,752						13,752
Net position at end of year	$ 9,274	$ -	$ -	$ -	$ -	$ -	$ 9,274

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

2017	Agency Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
	Business-Type Activities- Proprietary Funds						
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

MANAGEMENT'S DISCUSSION & ANALYSIS
For Fiscal Year Ended September 30, 2018

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, 2018. 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 12 through 14 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 2018 and 2017 is shown on pages 5 and 6. A more detailed version of the major fund proprietary financial statements can be found on pages 12 through 14 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 15 through 55 of this report.

MANAGEMENT'S DISCUSSION & ANALYSIS
For Fiscal Year Ended September 30, 2018

ENTITY-WIDE FINANCIAL ANALYSIS

As noted earlier, when readers use the financial presentations to evaluate FMPA's financial position and results of operations, it is essential to remember the legal separation that exists among the projects. Nevertheless, broad patterns and trends may be observed at this level that should lead the reader to study carefully the financial statements of each fund and project. For example, total expenses decreased $38.6 million primarily due to decreases in fuel costs and depreciation expenses. The Stanton, All-Requirements and Tri-City Projects total expenses decreased primarily due to lower fuel costs. Total expense for the Agency Fund increased primarily due to the Development Fund distributions while the St. Lucie Fund expenses decreased primarily due to lower depreciation resulting from the extension of the nuclear plants useful life.

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 decreased $729 thousand from fiscal year 2017 to fiscal year 2018.

On September 30, 2018, the current portion of long-term notes payable was $220 thousand, which is accounted for in the FMPA Agency Fund and represents the last payment of 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 690,698 Megawatt-hours (MWh) in fiscal year 2018. The average all-inclusive billing rate, which includes budgeted Demand, Energy and Transmission expenses, decreased 4% to $77.72 in fiscal year 2018.

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 336,361 MWh in fiscal year 2018. The average all-inclusive billing rate which includes budgeted Demand, Energy and Transmission expenses decreased 4% to $83.32 per MWh in fiscal year 2018 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 $71.68 per MWh in fiscal year 2018, which is all-inclusive of Energy, Demand and Transmission expenses. The billed Megawatt hours for fiscal year 2018 were 5,664,825.

Billings to ARP participants in fiscal year 2018 were 5% lower, decreasing from $428 million to $406 million primarily due to a decrease in fuel expense and operation and maintenance expenses.

The All-Requirements participant net cost of power decreased to $72.97 per MWh in fiscal year 2018, a 5% decrease from fiscal year 2017. This decrease was primarily due to lower fuel and operation and maintenance expenses. The fuel supply mix was 84.6% for natural gas, 15.0% for coal, and 0.4% for renewables.

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

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 2018. 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 124,558 MWh in fiscal year 2018. The average all-inclusive billing rate, which includes budgeted Demand, Energy and Transmission expenses, decreased 1% to $86.66 per MWh during fiscal year 2018 due to lower fuel expenses.

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 601,691 MWh in fiscal year 2018. The average all-inclusive billing rate, which includes budgeted Demand, Energy, and Transmission expenses, increased by 10% to $84.65 per MWh in fiscal year 2018. This was caused by a decrease in MWh Sales related to the extended uprate outage.

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 2018, the St. Lucie, Stanton, Tri-City and Stanton II budgets were amended mid-year and at the end of the fiscal year to increase expenditures $3.5 million, $3.5 million, $1.8 million, and $1.0 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. Fuel acquisition costs for St. Lucie Project were also higher than budgeted. The Stanton, Tri-City, and Stanton II budgets were increased fuel expenses due to lower coal pricing contributing to higher utilization of those units.

Capital Assets and Long-Term Debt

FMPA's investment in **Capital Assets,** as of September 30, 2018, was $830 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 2018 decreased by 7.2% or $64.0 million. This was caused primarily by depreciation of plant assets.

At September 30, 2018, FMPA had **Long-term debt** of $1.6 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	$ 0
St. Lucie Project	303,007
Stanton Project	8,993
All-Requirements Project	1,121,324
Tri-City Project	3,290
Stanton II Project	127,293
Total	$ 1,563,907

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 2018 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

A. Stanton II Project Refinancing

On October 26, 2017, the Stanton II Series 2000 and 2004 debt were refinanced. The proceeds were used to refund $65.7 million of 2000 and 2004 Bonds and terminated $9.7 million of the Interest Rate Swaps related to those bonds. The Series 2000 and 2004 debt refinancing resulted in net gross savings of approximately $532 thousand with a present value savings of approximately $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 Project Refinancing.

On July 12, 2018, The All Requirements Series 2008A debt was refinanced for the total of $57.8 million. The Series 2008A debt refinancing resulted in a gross savings of approximately $2.7 million with a present value savings of approximately $6.6 million.

C. All Requirements Combined Contractual Services Agreement

On November 16, 2017, the FMPA Executive 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 X.C Contractual Service Agreements, these units each had individual CSA's. The Combined CSA is estimated to save approximately $3.5 million in operating costs over the next two years. The Combined CSA provides for two additional planned maintenance events 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.

D. Agency Development Fund Return

The Development Fund was created to provide upfront costs necessary to investigate and 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.

E. Vero Beach Proposed Sale

All 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. In March 2018, the FMPA Executive Committee and Board of Directors approved the transfer and assignment documents to effect the transfer and assignment of the Vero Beach Power Entitlement Shares, upon the closing of the Vero Beach transaction. See Financial Footnote X.D.2 for further detail.

F. Governmental Accounting Standard No. 75 – Other Postemployment Benefits Other Than Pension

The Agency's Net Position at beginning of year at September 30, 2017 decreased by $2.5 million as a result of the Agency's implementation of Governmental Accounting Standard No. 75 – Other Postemployment Benefits (OPEB) for recognizing the OPEB liability that was previously reported under Governmental Accounting Standard No. 45. See footnote XII.

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, 2018:

Project	Amount (000's US$)
St. Lucie Project	$ 683
Total	$ 683

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, 2018

(000's US$)

	Business-Type Activities						
	Agency	St. Lucie	Stanton	All-Requirements	Tri-City	Stanton II	
ASSETS & DEFERRED OUTFLOWS	Fund	Project	Project	Project	Project	Project	Totals
Current Assets:							
Cash and cash equivalents	$ 1,298	$ 11,616	$ 2,381	$ 26,514	$ 744	$ 3,719	$ 46,272
Investments	10,432	96,865	13,255	77,042	1,820	33,355	232,769
Participant accounts receivable	651	2,427	2,462	35,477	950	3,300	45,267
Due from Participants		332	176		328		836
Fuel stock and material inventory			576	41,596	206	899	43,277
Other current assets	561	643	156	6,211	48	360	7,979
Restricted assets available for current liabilities	2	11,420	8,642	69,586	3,230	12,614	105,494
Total Current Assets	$ 12,944	$ 123,303	$ 27,648	$ 256,426	$ 7,326	$ 54,247	$ 481,894
Non-Current Assets:							
Restricted Assets:							
Cash and cash equivlents	$ 496	$ 5,809	$ 2,958	$ 6,757	$ 2,335	$ 2,657	$ 21,012
Investments		201,835	8,470	91,812	2,496	21,952	326,565
Accrued Interest		354	31	355	12	34	786
Less: Portion Classified as Current	$ (2)	(11,420)	(8,642)	(69,586)	(3,230)	(12,614)	(105,494)
Total Restricted Assets	$ 494	$ 196,578	$ 2,817	$ 29,338	$ 1,613	$ 12,029	$ 242,869
Utility Plant:							
Electric plant	$ -	$ 294,945	$ 89,427	$ 1,265,514	$ 35,766	$ 196,760	$ 1,882,412
General plant	8,984	21,264	10	4,046	36	91	34,431
Less accumulated depreciation and amortization	(5,750)	(297,743)	(60,640)	(594,702)	(24,645)	(104,588)	(1,088,068)
Net utility plant	$ 3,234	$ 18,466	$ 28,797	$ 674,858	$ 11,157	$ 92,263	$ 828,775
Construction work in progress		1,003					1,003
Total Utility Plant, net	$ 3,234	$ 19,469	$ 28,797	$ 674,858	$ 11,157	$ 92,263	$ 829,778
Other Assets:							
Net costs recoverable/future particpant billings	$ -	$ 47,296	$ -	$ 229,392	$ -	$ -	$ 276,688
Prepaid natural Gas - PGP				64,033			64,033
Other	135			1,661			1,796
Total Other Assets	$ 135	$ 47,296	$ -	$ 295,086	$ -	$ -	$ 342,517
Total Assets	$ 16,807	$ 386,646	$ 59,262	$ 1,255,708	$ 20,096	$ 158,539	$ 1,897,058
Deferred Outflows of Resources							
Deferred Outflows from Derivatives	$ -	$ 5,875	$ -	$ -	$ -	$ -	$ 5,875
Unamortized Loss on Advanced Refunding		12,004	37	51,913	76	11,951	75,981
Total Deferred Outflows	$ -	$ 17,879	$ 37	$ 51,913	$ 76	$ 11,951	$ 81,856
Total Assets & Deferred Outflows	$ 16,807	$ 404,525	$ 59,299	$ 1,307,621	$ 20,172	$ 170,490	$ 1,978,914
LIABILITIES, DEFERRED INFLOWS AND NET POSITION							
Current Liabilities:							
Payable from unrestricted assets:							
Accounts payable & Accrued Liabilities	$ 1,592	$ 1,038	$ 1,010	$ 31,475	$ 385	$ 600	$ 36,100
Due to Participants				30,109		437	30,546
Line of Credit Payable				5,000			5,000
Capital Lease and other Obligations	220		154	13,815	55	242	14,486
Total Current Liabilities Payable from Unrestricted Assets	$ 1,812	$ 1,038	$ 1,164	$ 80,399	$ 440	$ 1,279	$ 86,132
Payable from Restricted Assets:							
Current portion of long-term revenue bonds	$ -	$ 7,825	$ 8,185	$ 50,380	$ 3,160	$ 10,271	$ 79,821
Accrued interest on long-term debt	2	3,595	457	19,206	70	2,343	25,673
Total Current Liabilities Payable from Restricted Assets	$ 2	$ 11,420	$ 8,642	$ 69,586	$ 3,230	$ 12,614	$ 105,494
Total Current Liabilities	$ 1,814	$ 12,458	$ 9,806	$ 149,985	$ 3,670	$ 13,893	$ 191,626
Long-Term Liabilities Payable from Restricted Assets:							
Held in Trust for Rate Stabilization	$ 490	$ -	$ -	$ -	$ -	$ -	$ 490
Accrued Decommissioning Liability		82,209					82,209
Total Liabilities Payable from Restricted Assets	$ 490	$ 82,209	$ -	$ -	$ -	$ -	$ 82,699
Long-Term Liabilities Less Current Portion:							
Long-term debt	$ -	$ 303,007	$ 8,993	$ 1,121,324	$ 3,290	$ 127,293	$ 1,563,907
Other Post-employment Benefits	5,229						5,229
Landfill Closure			98	109	35	153	395
Advances from Participants				20,967			20,967
Derivative Instruments		6,851		15,236			22,087
Total Long-Term Liabilities	$ 5,229	$ 309,858	$ 9,091	$ 1,157,636	$ 3,325	$ 127,446	$ 1,612,585
Deferred Inflows of Resources							
Net cost refundable/future participant billings	-	-	40,402	-	13,177	29,151	82,730
Total Long-Term Liabilities & Deferred Inflows	$ 5,719	$ 392,067	$ 49,493	$ 1,157,636	$ 16,502	$ 156,597	$ 1,778,014
Total Liabilities and Deferred Inflows	$ 7,533	$ 404,525	$ 59,299	$ 1,307,621	$ 20,172	$ 170,490	$ 1,969,640
Net Position:							
Investment in Capital Assets, Net of Related Debt	$ 3,150	$ (279,358)	$ 11,502	$ (452,090)	$ 4,726	$ (33,593)	$ (745,663)
Restricted	3	$ 122,193	$ 11,001	$ 74,722	$ 4,774	$ 22,301	234,994
Unrestricted	6,121	$ 157,165	$ (22,503)	$ 377,368	$ (9,500)	$ 11,292	519,943
Total Net Position	$ 9,274	$ -	$ -	$ -	$ -	$ -	$ 9,274
Total Liabilities and Net Position	$ 16,807	$ 404,525	$ 59,299	$ 1,307,621	$ 20,172	$ 170,490	$ 1,978,914

The accompanying notes are an integral part of these financial statements

FLORIDA MUNICIPAL POWER AGENCY
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2018
(000's US$)

	Business-Type Activities						
	Agency Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
Operating Revenue:							
Billings to participants	$ 13,764	$ 53,678	$ 28,027	$ 406,073	$ 10,794	$ 50,933	$ 563,269
Interchange Sales	-			18,322			18,322
Sales to others		2,470	352	11,561	126	552	15,061
Amounts to be recovered from (refunded to) participants		332	176	7,288	328	(436)	7,688
Total Operating Revenue	$ 13,764	$ 56,480	$ 28,555	$ 443,244	$ 11,248	$ 51,049	$ 604,340
Operating Expenses:							
Operation and maintenance	$ -	$ 10,953	$ 4,702	$ 61,398	$ 1,682	$ 6,860	$ 85,595
Fuel expense	-		11,625	194,661	4,246	19,809	230,341
Nuclear fuel amortization	-	4,799					4,799
Purchased power	-	3,540		23,561			27,101
Transmission services	-	350	1,176	28,661	415	1,895	32,497
General and administrative	12,972	3,278	1,382	22,029	774	1,941	42,376
Depreciation and amortization	294	6,487	3,436	57,332	1,312	5,535	74,396
Decommissioning		4,855					4,855
Total Operating Expense	$ 13,266	$ 34,262	$ 22,321	$ 387,642	$ 8,429	$ 36,040	$ 501,960
Total Operating Income	$ 498	$ 22,218	$ 6,234	$ 55,602	$ 2,819	$ 15,009	$ 102,380
Non-Operating Income (Expense):							
Interest expense	$ (12)	$ (15,724)	$ (969)	$ (46,974)	$ (236)	$ (5,761)	$ (69,676)
Debt costs				(546)		(194)	(740)
Investment earnings (losses)	119	3,562	209	1,023	73	(475)	4,511
Loss on ineffective swaps		(976)					(976)
Amortization of swap terminations				1,634			1,634
Development Fund Distribution	(5,000)						(5,000)
Write off Nuclear Development Project	(83)						(83)
Total Non-Operating Income (Expenses)	$ (4,976)	$ (13,138)	$ (760)	$ (44,863)	$ (163)	$ (6,430)	$ (70,330)
Change in net assets before regulatory asset adjustment	$ (4,478)	$ 9,080	$ 5,474	$ 10,739	$ 2,656	$ 8,579	$ 32,050
Net cost recoverable/future participant billings	$	$ (9,080)	$ (5,474)	$ (10,739)	$ (2,656)	$ (8,579)	$ (36,528)
Change in Net Position After Regulatory Adj	$ (4,478)	$	$	$	$	$	$ (4,478)
Net Postion at beginning of year	16,249						16,249
Prior Period Adjustment - GASB 75 (OPEB)	(2,497)						(2,497)
Restated Net Position at beginning of year	13,752						13,752
Net Position at end of year	$ 9,274	$ -	$ -	$ -	$ -	$ -	$ 9,274

The accompanying notes are an integral part of these financial statements

FLORIDA MUNICIPAL POWER AGENCY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
September 30, 2018
(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	$ 14,928	$ 58,666	$ 28,900	$ 438,240	$ 11,307	$ 51,171	$ 603,212
Cash Paid to Suppliers	(6,000)	(20,880)	(18,585)	(320,534)	(7,142)	(25,700)	(398,841)
Cash Paid to Employees	(7,431)						(7,431)
Net Cash Provided by (Used in) Operating Activities	$ 1,497	$ 37,786	$ 10,315	$ 117,706	$ 4,165	$ 25,471	$ 196,940
Cash Flows From Investing Activities:							
Proceeds From Sales and Maturities Of Investments	$ 11,201	$ 924,791	$ 11,908	$ 283,675	$ 8,623	$ 32,729	$ 1,272,927
RSA Deposits and Interest Earnings	258						258
Purchases of Investments	(8,691)	(988,274)	(19,251)	(357,976)	(9,372)	(54,007)	(1,437,571)
Income received on Investments	152	16,502	280	3,440	73	95	20,542
Net Cash Provided by (Used in) Investment Activities	$ 2,920	$ (46,981)	$ (7,063)	$ (70,861)	$ (676)	$ (21,183)	$ (143,844)
Cash Flows From Capital & Related Financing Activities:							
Proceeds from Issuance of Bonds & Loans	$ -	$ -	$ -	$ 60,223	$	$ 71,907	$ 132,130
Debt Issuance Costs				(546)		(194)	(740)
Capital Expenditures - Utility Plant	(139)	263	(1,256)	(5,090)	(450)	(1,209)	(7,881)
Long Term Gas Pre Pay - PGP				(3,407)			(3,407)
Principal Payments - Long Term Debt	(210)	(10,180)	(7,785)	(120,316)	(3,148)	(67,025)	(208,664)
Swap Termination Payments						(9,306)	(9,306)
Interest paid on Debt	(150)	(17,209)	(1,180)	(59,257)	(270)	(6,286)	(84,352)
Write-off of Development Fund (Nuclear Initiative)	(83)						(83)
Development Fund Distribution	(5,000)						(5,000)
Net Cash Provided (Used in) Capital & Related Financing Activities	$ (5,582)	$ (27,126)	$ (10,221)	$ (128,393)	$ (3,868)	$ (12,113)	$ (187,303)
Net Increase (Decrease) in Cash and Cash Equivalents	$ (1,165)	$ (36,321)	$ (6,969)	$ (81,548)	$ (379)	$ (7,825)	$ (134,207)
Cash and Cash Equivalents - Beginning	2,959	53,746	12,308	114,819	3,458	14,201	201,491
Cash and Cash Equivalents - Ending	$ 1,794	$ 17,425	$ 5,339	$ 33,271	$ 3,079	$ 6,376	$ 67,284
Consisting of:							
Unrestricted	$ 1,298	$ 11,616	$ 2,381	$ 26,514	$ 744	$ 3,719	$ 46,272
Restricted	496	5,809	2,958	6,757	2,335	2,657	21,012
Total	$ 1,794	$ 17,425	$ 5,339	$ 33,271	$ 3,079	$ 6,376	$ 67,284
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:							
Operating Income (Loss)	$ 498	$ 22,218	$ 6,234	$ 55,602	$ 2,819	$ 15,009	$ 102,380
Adjustment to Reconcile Net Operating Income to Net Cash Provided by (Used In) Operating Activities:							
Depreciation	294	6,487	3,436	57,332	1,312	5,535	74,396
Asset Retirement Costs		(7,362)					(7,362)
Decommissioning		4,855					4,855
Amortization of Nuclear Fuel		4,799					4,799
Amortization of Pre Paid Gas - PGP				8,761			8,761
Changes in Assests and Liabilities Which Provided (Used) Cash:							
Inventory			1,142	975	411	1,771	4,299
Receivables From (Payable to) Participants	1,164	2,184	343	(3,370)	56	122	499
Prepaids	364	1,517	(288)	2,627	(368)	298	4,150
Accounts Payable and Accrued Expense	(823)	194	(624)	(8,611)	(163)	555	(9,472)
Other Deferred Costs		2,894	72	4,390	98	2,181	9,635
Net Cash Provided By (Used In) Operating Activities	$ 1,497	$ 37,786	$ 10,315	$ 117,706	$ 4,165	$ 25,471	$ 196,940
Noncash Investing, capital and financing activities:							
Increase (Decrease) in mark to market values							
Non-Trust Investments	$ (33)	$ (12,168)	$ (95)	$ (1,034)	$ (10)	$ (587)	$ (13,927)
Interest Rate Derivative Contracts		(976)					(976)
Change in Effective Swaps		8,116		7,814		9,745	25,675

The accompanying notes are an integral part of these financial statements

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

This structure allows each member the option of whether to participate in a project, to participate in more than one project, or not to participate in any project. Each of the projects are independent from the other and the project bond resolutions specify that no revenues or funds from one project can be used to pay the costs of any other project. As of September 30, 2018, FMPA has 31 members. Tallahassee joined the Agency effective October 19th, 2018; as of that date, there are 32 members of the Agency.

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 42 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, 2018, the liability for unused vacation was $603,622 and $547,962 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

I. Summary of Significant Accounting Policies (continued)

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

12. Derivative Financial Investments (continued)

instruments determined to be ineffective are recorded as either a reduction of, or an addition to, Net costs refundable/participant billings or interest expense.

13. Deferred Inflows and Deferred Outflows

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

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

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

Long-term Regulatory Liabilities (Due to Participants) previously accounted for in the Long-Term Liabilities section of the Statement of Net 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 No. 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.A.

15. Financial Reporting for Postemployment Benefits Other Than Pensions

The Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) was adopted by FMPA beginning with the fiscal year ending September 30, 2018, for reporting the employer's OPEB Plan Liability. Previously, the OPEB Plan Liability was reported pursuant to Governmental Accounting Standards Board Statement No. 45. The impacts on accounting and reporting for FMPA and additional disclosures are provided in footnote XII.B and in the Required Supplementary Information section.

16. Landfill Closure and Post Closure Maintenance Cost

In accordance with Governmental Accounting Standards Board Statement No. 18, Accounting for Landfill Closure and Post Closure Maintenance Cost was implemented beginning with the fiscal year ending September 30, 2018, for reporting the Stanton, Stanton II, Tri-City and All Requirements Projects liability for the fly ash landfill at the Stanton Energy Center.

17. 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)

17. 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 footnote 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

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 ($82.2 million) and Accrued Decommissioning Liability ($82.2 million) at September 30, 2018. 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. Landfill Closure and Post Closure Maintenance Liability

In accordance with Governmental Accounting Standard No. 18, the ownership share of the landfill closure and post closure maintenance costs the Stanton Energy Center Units 1 & 2, the proportionate closure and post closure maintenance costs of $395 thousand as of September 30, 2018, was recognized across FMPA's All Requirements, Stanton, Stanton II and Tri-City Projects. FMPA expects to recognize the remaining share of its estimated closure and post-closure costs of $556 thousand over the remaining useful life of the landfill. As of September 30, 2017 and 2018, 26.3% and 41.5%, respective of the total landfill capacity has been used. Three years remain on the landfill life.

III. Landfill Closure and Post Closure Maintenance Liability (continued)

The impact for each of FMPA Projects as of September 30, 2018 is:

000's US$		Liability as of September 30, 2018			
			Post-		Remaining
GASB 18 Liability	Total Exposure	Closure	Closure	Total	Liability
Stanton	$ 235	$ 36	$ 62	$ 98	$ 137
Stanton II	371	$ 56	$ 97	$ 153	$ 218
Tri-City	84	$ 13	$ 22	$ 35	$ 49
All Requirements	261	$ 41	$ 68	$ 109	$ 152
	$ 951	$ 146	$ 249	$ 395	$ 556

IV. Capital Assets

A description and summary as of September 30, 2018, of Capital Assets by fund and project, is as follows:

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

A. Agency Fund

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

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

New capital undertakings are accounted for in the Development Projects in Progress account and included in the Other Assets section of the Statement of Net Position. Depending on whether these undertakings become a project, costs are either capitalized or expensed. The activity for the Agency's general plant assets for the year ended September 30, 2018 was as follows:

	September 30, 2018			
	Beginning Balance	*Increases**	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 653	$ -	$ -	$ 653
General Plant	8,033	298	-	8,331
Construction work in process	159	-	(159)	-
General Plant in Service	$ 8,845	$ 298	$ (159)	$ 8,984
Less Accumulated Depreciation	(5,456)	(294)	-	(5,750)
General Plant in Service, Net	$ 3,389	$ 4	$ (159)	$ 3,234

* 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 was originally computed using the straight-line method over the expected useful life of the asset, which was originally computed to be 34.6 years. In the current year,

IV. Capital Assets (continued)

B. St. Lucie Project (continued)

management extended the useful life to 41.6 years based on the extended operating license for St. Lucie Unit 2. Nuclear fuel is amortized on a units of production basis.

St. Lucie plant asset activity for the year ended September 30, 2018, was as follows:

	September 30, 2018			
	Beginning Balance	Increases	Decreases*	Ending Balance
	(000's US$)			
Land	$ 75	$ -	$ -	$ 75
Electric Plant	292,324	2,709	(163)	294,870
General Plant	1,209	-	-	1,209
Nuclear Fuel	23,081	4,641	(7,667)	20,055
Construction work in process	786	919	(702)	1,003
Electric Utility Plant in Service	$ 317,475	$ 8,269	$ (8,532)	$ 317,212
Less Accumulated Depreciation	(293,819)	(11,286)	7,362	(297,743)
Utility Plant in Service, Net	$ 23,656	$ (3,017)	$ (1,170)	$ 19,469

* Includes Retirements Less Salvage

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

C. Stanton Project

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

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

- Electric Plant — 40 years
- Computer Equipment — 9 years

Stanton Unit 1 plant asset activity for the year ended September 30, 2018, was as follows:

	September 30, 2018			
	Beginning Balance	Increases	Decreases*	Ending Balance
	(000's US$)			
Land	$ 125	$ -	$ -	$ 125
Electric Plant	88,044	1,256	-	89,300
General Plant	12	-	-	12
Electric Utility Plant in Service	$ 88,181	$ 1,256	$ -	$ 89,437
Less Accumulated Depreciation	(57,204)	(3,436)	-	(60,640)
Utility Plant in Service, Net	$ 30,977	$ (2,180)	$ -	$ 28,797

* 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, with the exception of the Key West and KUA – TARP Capital

IV. Capital Assets (continued)

D. All-Requirements Project (continued)

Lease Obligation. See footnote IX.A.4 for more detail on the Key West and KUA – TARP Capital Lease Obligations.

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

** Indian River Units A, B, C and D, reached the end of their useful lives. Management has extended the useful life by 5 years for new capital additions.*

All-Requirements plant asset activity for the year ended September 30, 2018, was as follows:

	September 30, 2018			
	Beginning Balance	Increases	Decreases*	Ending Balance
	(000's US$)			
Land	$ 13,405	$ -	$ -	$ 13,405
Electric Plant	1,247,097	5,012	-	1,252,109
General Plant	3,571	475	-	4,046
CWIP	397	668	(1,065)	-
Electric Utility Plant in Service	$ 1,264,470	$ 6,155	$ (1,065)	$ 1,269,560
Less Accumulated Depreciation	(537,370)	(57,332)	-	(594,702)
Utility Plant in Service, Net	$ 727,100	$ (51,177)	$ (1,065)	$ 674,858

* Includes Retirements Less Salvage

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

IV. Capital Assets (continued)

E. Tri-City Project (continued)

Tri-City Project plant asset activity for the year ended September 30, 2018, was as follows:

	September 30, 2018			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 48	$ -	$ -	$ 48
Electric Plant	35,284	434	-	35,718
General Plant	20	16	-	36
Electric Utility Plant in Service	$ 35,352	$ 450	$ -	$ 35,802
Less Accumulated Depreciation	(23,333)	(1,312)		(24,645)
Utility Plant in Service, Net	$ 12,019	$ (862)	$ -	$ 11,157

* Includes Retirements Less Salvage

F. Stanton II Project

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

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

- Electric Plant 40 years
- Computer Equipment 9 years

Stanton Unit 2 plant asset activity for the year ended September 30, 2018, was as follows:

	September 30, 2018			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 217	$ -	$ -	$ 217
Electric Plant	195,334	1,209	-	196,543
General Plant	91	-	-	91
Electric Utility Plant in Service	$ 195,642	$ 1,209	$ -	$ 196,851
Less Accumulated Depreciation	(99,053)	(5,535)		(104,588)
Utility Plant in Service, Net	$ 96,589	$ (4,326)	$ -	$ 92,263

* Includes Retirements Less Salvage

V. Cash, Cash Equivalents and Investments

A. Cash and Cash Equivalents

At September 30, 2018, 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, 2018, 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.

V. Cash, Cash Equivalents and Investments (continued)

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, 2018, were insured or registered and held by its agent in FMPA's name. Changes in the fair value of investments are reported in current period revenues and expenses. All of FMPA's fund and project investments can be sold at any point due to cash flow needs, changes in market trends or risk management strategies.

Foreign Currency Risk

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

Interest-Rate Risk

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

Concentration of Credit Risk

Each project is separate from the others, and as such, each project is evaluated individually to determine the credit and interest rate risk. FMPA's investment policy prohibits investments in commercial paper that exceed 50% of any of the projects' or the Agency's assets. All commercial paper must be rated in the highest rating category by a nationally recognized bond rating agency at the time of purchase. These investments must not exceed 25% for any of FMPA's projects. As of September 30, 2018, 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		
	None	
St. Lucie Project		
	None	
Stanton Project		
	UPS	9.21%
All-Requirements Project		
	None	
Tri-City Project		
	None	
Stanton II Project		
	Agri Bk NY	5.42%
	UPS	9.21%

Capital Appreciation Bonds (CABS) in total represent 24% of the St. Lucie Project's portfolio, of which 38% 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.

V. 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, 2018, are as follows:

		September 30, 2018	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	496		
US Gov't/Agency Securities		-		
Commercial Paper		-		
Total Restricted	$	496		
Unrestricted				
Cash and Cash Equivalents	$	1,298		
US Gov't/Agency Securities		10,432	450	Aaa/AA+/AAA *
Commercial Paper		-		
Total Unrestricted	$	11,730		
Total	$	12,226		

*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 Agency at September 30, 2018, 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	$	-	$	7,999	$	-
US Treasury Obligations		2,486				
Municipal Bonds						
Total By Level	$	2,486	$	7,999	$	-
Investment Liabilities (Derivative Instruments)						
Interest Rate Swaps	$	-	$	-	$	-
Total	$	2,486	$	7,999	$	-
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure						
Cash Equivalents	$	1,142				
Commercial Paper						
Morgan Stanley Institutional		158				
Held in Trust Rate Stabilization		495				
Total Money Market and Mutual Fund Instruments	$	1,795				
Total Market Value of Assets	$	12,280				
Accrued Interest(including portion within other current assets of Unrestricted Assets)		(54)				
Market value (less) Accrued Interest	$	12,226				
Total Investment Liabilities (Interest Rate Swaps)	$	-				

V. 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, 2018, are as follows:

	September 30, 2018	Weighted Average Maturity (Days)	Credit Rating
Restricted	*(000's US$)*		
Cash and Cash Equivalents	$ 5,809		
US Gov't/Agency Securities	121,792	597	Aaa/AA+/AAA **
Municipal Bonds	75,089	2,672	*
Commercial Paper	4,954	240	P1/A1 **
Total Restricted	$ 207,644		
Unrestricted			
Cash and Cash Equivalents	$ 11,616		
US Gov't/Agency Securities	-		
Municipal Bonds	96,865	1,126	*
Commercial Paper	-		
Total Unrestricted	$ 108,481		
Total	$ 316,125		

*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, 2018, 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	$ -	$ 134,288	$ -
US Treasury Obligations	15,385		
Municipal Bonds		145,457	
Corporate Notes		1,959	
Total By Level	$ 15,385	$ 281,704	$ -
Investment Liabilities (Derivative Instruments)			
Interest Rate Swaps	$ -	$ (6,851)	$ -
Total	$ -	$ (6,851)	$ -
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure			
Cash Equivalents	$ 17,415		
Commercial Paper	2,500		
Morgan Stanley Institutional	9		
Total Money Market and Mutual Fund Instruments	$ 19,924		
Total Market Value of Assets	$ 317,013		
Accrued Interest(including portion within other current assets of Unrestricted Assets)	(888)		
Market value (less) Accrued Interest	$ 316,125		
Total Investment Liabilities (Interest Rate Swaps)	$ (6,851)		

V. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

3. Stanton Project

Cash, cash equivalents and investments for the Stanton Project at September 30, 2018, are as follows:

		September 30, 2018	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	2,958		
US Gov't/Agency Securities		4,800	34	Aaa/AA+/AAA **
Municipal Bonds		770	275	*
Commercial Paper		2,900	1	P1/A1 **
Total Restricted	$	11,428		
Unrestricted				
Cash and Cash Equivalents	$	2,381		
US Gov't/Agency Securities		12,453	289	Aaa/AA+/AAA **
Municipal Bonds		302	123	*
Commercial Paper		500	995	P1/A1 **
Total Unrestricted	$	15,636		
Total	$	27,064		

*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	$	-	$	8,927	$	-
US Treasury Obligations		8,391				
Municipal Bonds				1,076		
Total By Level	$	8,391	$	10,003	$	-
Investment Liabilities (Derivative Instruments)						
Interest Rate Swaps	$	-	$	-	$	-
Total	$	-	$	-	$	-
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure						
Cash Equivalents	$	5,299				
Commercial Paper		2,900				
Morgan Stanley Institutional		45				
Wells Fargo Funds		500				
Total Money Market and Mutual Fund Instruments	$	8,744				
Total Market Value of Assets	$	27,138				
Accrued Interest(including portion within other current assets of Unrestricted Assets)		(74)				
Market value (less) Accrued Interest	$	27,064				
Total Investment Liabilities (Interest Rate Swaps)	$	-				

V. 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, 2018, are as follows:

		September 30, 2018	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	6,757		
US Gov't/Agency Securities		42,097	538	Aaa/AA+/AAA **
Municipal Bonds		20,579	1,815	*
Commercial Paper		29,136	726	P1/A1 **
Total Restricted	$	98,569		
Unrestricted				
Cash and Cash Equivalents	$	26,514		
US Gov't/Agency Securities		62,919	540	Aaa/AA+/AAA **
Municipal Bonds		8,330	1,346	*
Commercial Paper		5,793	2,501	P1/A1 **
Total Unrestricted	$	103,556		
Total	$	202,125		

*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, 2018, 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	$	-	$	42,595	$	-
US Treasury Obligations		62,421				
Municipal Bonds				28,909		
Total By Level	$	62,421	$	71,504	$	-
Investment Liabilities (Derivative Instruments)						
Interest Rate Swaps	$	-	$	(15,163)	$	-
Total	$	-	$	(15,163)	$	-
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure						
Cash Equivalents	$	34,550				
Commercial Paper		34,929				
Wells Fargo Funds		7				
Total Money Market and Mutual Fund Instruments	$	69,486				
Total Market Value of Assets	$	203,411				
Accrued Interest(including portion within other current assets of Unrestricted Assets)		(1,286)				
Market value (less) Accrued Interest	$	202,125				
Total Investment Liabilities (Interest Rate Swaps)	$	(15,163)				

V. 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, 2018, are as follows:

		September 30, 2018	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	2,335		
US Gov't/Agency Securities		2,395	56	Aaa/AAA/AAA **
Municipal Bonds		101	212	*
Commercial Paper		-		
Total Restricted	$	4,831		
Unrestricted				
Cash and Cash Equivalents	$	744		
US Gov't/Agency Securities		1,666	422	Aaa/AAA/AAA **
Municipal Bonds		-		*
Commercial Paper		154	325	P1/A1 **
Total Unrestricted	$	2,564		
Total	$	7,395		

*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, 2018, are as follows:

Investment Assets by Fair Value Level		Quoted Prices in Active Markets (Level 1) *(000's US$)*		Significant Other Observable Inputs (Level 2) *(000's US$)*		Significant Unobservable Inputs (Level 3) *(000's US$)*
Agency Obligations	$	-	$	1,077	$	-
US Treasury Obligations		3,002				
Municipal Bonds				103		
Total By Level	$	3,002	$	1,180	$	-
Investment Liabilities (Derivative Instruments)						
Interest Rate Swaps	$	-	$	-	$	-
Total	$	3,002	$	1,180	$	-
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure						
Cash Equivalents	$	3,056				
Commercial Paper		154				
Morgan Stanley Institutional		16				
Wells Fargo Funds		7				
Total Money Market and Mutual Fund Instruments	$	3,233				
Total Market Value of Assets	$	7,415				
Accrued Interest(including portion within other current assets of Unrestricted Assets)		(20)				
Market value (less) Accrued Interest	$	7,395				
Total Investment Liabilities (Interest Rate Swaps)	$	-				

V. 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, 2018, are as follows:

		September 30, 2018	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	2,657		
US Gov't/Agency Securities		9,749	402	Aaa/AA+/AAA **
Municipal Bonds		518	335	*
Commercial Paper		11,685	16	P1/A1 **
Total Restricted	$	24,609		
Unrestricted				
Cash and Cash Equivalents	$	3,719		
US Gov't/Agency Securities		33,113	812	Aaa/AA+/AAA **
Municipal Bonds		242	212	*
Mutual Fund		-	267	P1/A1 **
Total Unrestricted	$	37,074		
Total	$	61,683		

*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, 2018, 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	$	-	$	20,316	$	-
US Treasury Obligations		20,759				
Municipal Bonds				766		
Total By Level	$	20,759	$	21,082	$	-
Investment Liabilities (Derivative Instruments)						
Interest Rate Swaps	$	-	$	-	$	-
Total	$	-	$	-	$	-
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure						
Cash Equivalents	$	6,376				
Commercial Paper		11,685				
Wells Fargo Fund		1,998				
Total Money Market and Mutual Fund Instruments	$	20,059				
Total Market Value of Assets	$	61,900				
Accrued Interest(including portion within other current assets of Unrestricted Assets)		(217)				
Market value (less) Accrued Interest	$	61,683				
Total Investment Liabilities (Interest Rate Swaps)	$	-				

On October 26, 2017, all of the Stanton II Interest Rate Swaps were terminated.

VI. 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. All swaps were deemed effective in fiscal year 2018, with the exception of two St. Lucie Project series. These two series were determined not to be effective pursuant to the guidelines in GASB Statement No. 53. The result is $976,000 recognized in the Investment Income/Loss as a reduction in the fair market value for the current period. The following table shows the classification of the various derivative instruments on the Statement of Net Position as of September 30, 2018:

	Agency Fund	St. Lucie Project	Stanton Project	All -Req Project	Tri-City Project	Stanton II Project
Deferred Outflows from Derivatives						
Interest Rate Swaps - Effective	$ -	$ 5,875	$ -	$ -	$ -	$ -
Total Deferred Outflows from Derivatives	$ -	$ 5,875	$ -	$ -	$ -	$ -
Fair Market Value Derivative Instruments Liabilities						
Hybrid Swap Liability	$ -	$ -	$ -	$ 15,163	$ -	$ -
Market Value Adjustment for Effective Swaps		5,875		-		-
Market Value Adjustment for Ineffective Swaps		976				
Natural Gas Storage				73		
Total Fair Value	$ -	$ 6,851	$ -	$ 15,236	$ -	$ -

A. Swap Agreements

Three of FMPA's projects were 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, 2018, 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.

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

Interest Rate Risk

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

VI. Derivative Financial Instruments (continued)

A. Swap Agreements (continued)

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, 2018. 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.

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 2018, the ARP 2008D and 2008E hybrid loans were terminated. The hybrid loan total after amortizations at September 30, 2018 is $15.4 million.

VI. 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	$ (681)		Merrill Lynch Capital Services, Inc.	Baa1/BBB+/A
Series 2002								
$ 11,975	7/2/2007	3.481%	72% LIBOR*	10/1/2021	$ (502)	~	Merrill Lynch Capital Services, Inc.	Baa1/BBB+/A
11,975	7/1/2010	3.595%	72% LIBOR*	10/1/2021	(542)		Merrill Lynch Capital Services, Inc.	Baa1/BBB+/A
11,975	7/1/2011	3.632%	72% LIBOR*	10/1/2021	(555)		Merrill Lynch Capital Services, Inc.	Baa1/BBB+/A
7,825	7/3/2006	3.444%	72% LIBOR*	10/1/2021	(320)		Goldman Sachs Bank USA	A3/A+/A
11,308	7/1/2010	3.595%	72% LIBOR*	10/1/2021	(512)		Goldman Sachs Bank USA	A3/A+/A
11,308	7/2/2007	3.481%	72% LIBOR*	10/1/2021	(474)	~	Goldman Sachs Bank USA	A3/A+/A
11,308	7/1/2011	3.632%	72% LIBOR*	10/1/2021	(524)		Goldman Sachs Bank USA	A3/A+/A
67,125	7/3/2006	3.444%	72% LIBOR*	10/1/2021	(2,741)		Merrill Lynch Capital Services, Inc.	Baa1/BBB+/A
$ 144,799					$ (6,170)			
Total Termination Value of Swaps					$ (6,851)			
Effective Hedes					(5,875)			
Ineffective Hedges					(976)			
					$ (6,851)			
Prior Year Termination Value of Swaps					$ (13,991)			
Change in Fair Market Value					$ 7,140			

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

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	$ (3,196)	Goldman Sachs Bank USA	A3/A+/A
11,050	10/1/2006	3.665%	72% LIBOR*	10/1/2026	(979)	JP Morgan Chase & Co.	A3/A-/A+
2,684	10/1/2006	3.656%	72% LIBOR*	10/1/2026	(235)	JP Morgan Chase & Co.	A3/A-/A+
224	10/1/2006	3.612%	72% LIBOR*	10/1/2026	(19)	JP Morgan Chase & Co.	A3/A-/A+
33,180	10/1/2006	3.649%	72% LIBOR*	10/1/2027	(3,092)	Morgan Stanley	Baa1/BBB+/A
33,180	10/1/2006	3.697%	72% LIBOR*	10/1/2027	(3,189)	Merrill Lynch Capital Services, Inc.	Baa1/BBB+/A
17,025	10/1/2006	3.669%	72% LIBOR*	10/1/2025	(957)	UBS AG	Aa3/A+/A+
19,050	10/1/2006	3.737%	72% LIBOR*	10/1/2035	(3,496)	Wells Fargo Bank, NA	A2/A/A+
$ 149,573					$ (15,163)		
Series 2011A							
$ $ -		Terminated June 2017			$ -		
Series 2011A-1 & 2011B							
$ -	inated June 2017				$ -		
$ -					$ -		
Total Swap Terminaton Value					$ (15,163)		
Effective Swaps					$ -		
Hybrid Loans					(15,163)		
					$ (15,163)		
Prior Year Termination Value of Effective Swaps and Hybrid Loans					$ (24,611)		
Change in Fair Market Value					$ 9,448		

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

3. Stanton II Project

All Stanton II Interest Rate Swaps in existence as of September 30, 2017 were terminated as part of the 2017A & B series refinancing that took place on October 28, 2017.

VI. Derivative Financial Instruments (continued)

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, 2018 FMPA has sold 44 contracts outstanding, valued at $73,419, which will expire in January 2019.

VII. 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.

VIII. 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, 2018, all FMPA projects were in compliance with requirements of the bond resolution.

Segregated restricted net position at September 30, 2018, 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	$ -	$ 110,135	$ 8,706	$ 71,799	$ 3,254	$ 18,567
Reserve & Contingency Funds		15,696	2,752	22,129	1,590	6,077
Decomissioning Fund		82,166				
Rate Stabilization Accounts	496					
Accrued Interest on Long-Term Debt	(3)	(3,595)	(457)	(19,206)	(70)	(2,343)
Accrued Decommissioning Expenses		(82,209)				
Rate Stabilization Accounts	(490)					
Total Restricted Net Assets	$ 3	$ 122,193	$ 11,001	$ 74,722	$ 4,774	$ 22,301

VIII. Restricted Net Position (continued)

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.

IX. 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, 2018, is as follows:

1. Agency Fund

	2018 (000's US$)				
Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Wells Fargo Loan 2010	$ 430	$ -	$ (210)	$ 220	$ 220
	$ 430	$ -	$ (210)	$ 220	$ 220

Loan Payable to Wells Fargo Bank

The Agency Fund has one loan payable to Wells Fargo Bank at September 30, 2018. Interest is payable semi-annually at a fixed rate of 3.3%. Principal is payable in two annual payments ranging from $210 thousand to $220 thousand with the final payment due July 1, 2019.

IX. Long-Term Debt (continued)
A. Debt (continued)

2. St. Lucie Project

Business-Type Activities	2018 (000's US$) Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds					
Refunding 2000	$ 16,650	$ -	$ -	$ 16,650	$ -
Refunding 2002	144,800			144,800	-
Bonds 2009A	19,095		(3,455)	15,640	3,630
Bonds 2010A	10,220		(1,910)	8,310	1,980
Bonds 2011A	26,975		(3,630)	23,345	1,000
Bonds 2011B	24,305			24,305	
Bonds 2012A	58,870			58,870	
Bonds 2013A	13,390		(1,185)	12,205	1,215
Total Principal	$ 314,305	$ -	$ (10,180)	$ 304,125	$ 7,825
Deferred Premiums And Discounts	7,987		(1,280)	6,707	
Total Revenue Bonds	$ 322,292	$ -	$ (11,460)	$ 310,832	$ 7,825
Unamortized loss on advanced refunding	$ (14,898)	$ -	$ 2,894	$ (12,004)	$ -

The 2000 and 2002 bonds are variable rate bonds and the variable interest rates ranged between 1.00% and 3.168% for the year ended September 30, 2018. 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%.

3. Stanton Project

Business-Type Activities	2018 (000's US$) Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds					
Refunding 2008	$ 21,275	$ -	$ (6,670)	$ 14,605	$ 7,010
Bonds 2009A	3,680		(1,115)	2,565	1,175
Wells Fargo Bank Taxable	154			154	154
Total Principal	$ 25,109	$ -	$ (7,785)	$ 17,324	$ 8,339
Deferred Premiums And Discounts	23		(15)	8	
Total Bonds and Loans	$ 25,132	$ -	$ (7,800)	$ 17,332	$ 8,339
Unamortized loss on advanced refunding	$ (109)	$ -	$ 72	$ (37)	$ -

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

IX. Long-Term Debt (continued)

A. Debt (continued)

3. Stanton Project (continued)

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. This loan will be paid in full on October 1, 2018.

4. All-Requirements Project

Business-Type Activities	2018 (000's US$) Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds					
Bonds 2008A	$ 149,455	$	$ (84,965)	$ 64,490	$ 25,975
Bonds 2008B	19,050		(8,765)	10,285	10,285
Bonds 2008C	151,173		(1,600)	149,573	1,700
Bonds 2009A	15,510		(5,070)	10,440	5,295
Bonds 2009B	15,235			15,235	
Bonds 2013A	11,025		(1,420)	9,605	1,470
Bonds 2015B	115,770		(5,385)	110,385	5,655
Bonds 2016A	424,120			424,120	
Bonds 2017A	69,625			69,625	
Bonds 2017B	52,925			52,925	
Bonds 2018A		57,790		57,790	
Total Principal	$ 1,023,888	$ 57,790	$ (107,205)	$ 974,473	$ 50,380
Capital Leases and Other					
KUA - TARP	$ 128,784	$ -	$ (12,467)	$ 116,317	$ 13,145
Keys - TARP	1,856		(594)	1,262	618
St. Lucie County	451		(22)	429	52
Total Other Liabilities	$ 131,091	$ -	$ (13,083)	$ 118,008	$ 13,815
Total Principal & Capital Lease	$ 1,154,979	$ 57,790	$ (120,288)	$ 1,092,481	$ 64,195
Deferred Premiums And Discounts	101,843	2,418	(11,223)	93,038	
Total Revenue Bonds & Capital Lease	$ 1,256,822	$ 60,208	$ (131,511)	$ 1,185,519	$ 64,195
Unamortized loss on advanced refunding	$ (57,938)	$ (539)	$ 6,564	$ (51,913)	$ -

The 2008C and 2013A bonds are the only variable rate bonds, and the variable interest rates ranged from 2.70722% to 3.58375% for the year ended September 30, 2018.

Portions of the Series 2008A, 2008C, 2009A, 2013A, 2015B, 2016A and 2018A bonds are subject to redemption prior to maturity at the election of FMPA at a call rate of 100%. The Series 2008B, 2009B, 2017A and 2017B bonds are not subject to redemption prior to maturity.

On July 12, The All Requirements Series 2008A debt was refinanced for the total of $57.79 million of Series 2018A. The Series 2008A debt refinancing resulted in a gross savings of $2.7 million with a present value saving of $6.6 million.

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

IX. Long-Term Debt (continued)

A. Debt (continued)

4. All-Requirements Project (continued)

payments remaining under the agreement at September 30, 2018, amount to $145.4 million and the present value of these payments is $116.3 million. The capital assets at September 30, 2018 include Facilities and Equipment of $217.9 million less Accumulated Depreciation of $133.2 million resulting in a net book value of $84.7 million.

Keys – TARP Capital Lease Obligation

Effective January 1, 2011, the Capacity and Energy Sales Contract with Keys Energy Services was revised. Under the contract, Keys Energy Services receives agreed-upon fixed payments over preset periods relating to each of their generating units. FMPA assumed all cost liability and operational management of the generating units. FMPA is accounting for this transaction as a capital lease. Total minimum payments remaining under the agreement at September 30, 2018 amount to $1.3 million and the present value of these payments is $1.3 million. The capital assets at September 30, 2018 include Facilities and Equipment of $4.8 million less Accumulated Depreciation of $3.8 million resulting in a net book value of $1.0 million.

St. Lucie County

As a condition of obtaining its conditional use permit for the construction and operation of the Treasure Coast Energy Center, the All-Requirements project agreed to pay St. Lucie County, Florida $75,000 a year for a period of 20 years. Upon commercial operation of the plant, the unpaid amounts were discounted at a rate of 5.3% and capitalized to plant. At September 30, 2018, seven 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, 2021.

5. Tri-City Project

	2018 (000's US$)				
Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds					
Bonds 2009A	$ 1,060	$ -	$ (315)	$ 745	$ 335
Bonds 2013A	8,485		(2,780)	5,705	2,825
Wells Fargo Taxable	108		(53)	55	55
Total Principal	$ 9,653	$ -	$ (3,148)	$ 6,505	$ 3,215
Deferred Premiums And Discounts	3		(3)	-	
Total Bonds and Loans	$ 9,656	$ -	$ (3,151)	$ 6,505	$ 3,215
Unamortized loss on advanced refunding	$ (174)	$ -	$ 98	$ (76)	$ -

IX. Long-Term Debt (continued)

A. Debt (continued)

5. Tri-City Project (continued)

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

Loan Payable to Wells Fargo Bank

In December 2003, the Tri-City Project entered into a taxable loan with Wells Fargo Bank to finance a partial interest in the brine plant facility at the Stanton Energy Center. This loan will be paid in full on October 1, 2018.

6. Stanton II Project

	2018 (000's US$)				
Business-Type Activities	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**	**Amounts Due Within One Year**
Revenue Bonds					
Refunding 2000	$ 17,875		$ (17,875)	-	
Refunding 2004	44,250		(44,250)	-	
Bonds 2009A	5,130	$ -	(225)	$ 4,905	$ 200
Refunding 2012A	60,935		(4,675)	56,260	4,850
Refunding 2017A		21,888		21,888	387
Refunding 2017B		50,019		50,019	4,834
Wells Fargo Taxable	242			242	242
Total Principal	$ 128,432	$ 71,907	$ (67,025)	$ 133,314	$ 10,513
Deferred Premiums And Discounts	5,608		(1,116)	4,492	
Total Bonds and Loans	$ 134,040	$ 71,907	$ (68,141)	$ 137,806	$ 10,513
Unamortized loss on advanced refunding	$ (4,827)	$ (12,124)	$ 5,000	$ (11,951)	$ -

The 2000 and 2004 revenue bonds carry variable interest rates which ranged from 1.54% to 1.645% for the year ended September 30, 2018. The 2009, 2012, 2017A and 2017B 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. The Series 2017A and 2017B subject to redemption in whole or part prior to maturity at the call rate of 100% and Cost of Prepayment.

On October 26, 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. The loan will be paid in full on October 1, 2018.

IX. Long-Term Debt (continued)

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, 2018 are as follows:

Dated	Description	Defeased Portion Amount Originally Issued (000's US$)	Balance at September 30, 2018
April 2016	All-Requirements Revenue Bonds, 2008A & Revenue Bonds, 2009A	$452,880	$472,726
July 2018	All-Requirements, 2008A	$59,155	$60,654

The July 2018 Defeasance of $59.155 million was called on October 1, 2018.

D. Annual Requirements

The annual cash flow debt service requirements to amortize the long term **bonded** debt outstanding as of September 30, 2018, 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
2019	$ 7,825	$ 12,142	$ 8,185	$ 694	$ 50,380	$ 40,723	$ 3,160	$ 130	$ 10,271	$ 4,430	$ 137,940
2020	9,515	11,783	8,985	240	68,155	41,278	3,290	62	10,747	4,164	158,219
2021	27,320	10,938			50,345	37,194			11,082	3,762	140,641
2022	169,145	10,142			57,255	34,746			11,432	3,345	286,065
2023	5,765	4,213			62,655	32,451			11,785	2,912	119,781
2024 - 2028	84,555	12,704			362,288	120,074			77,755	7,598	664,974
2029 - 2033					313,695	32,068					345,763
2034 - 2038					9,700	992					10,692
Total Principal & Interest	$ 304,125	$ 61,922	$ 17,170	$ 934	$ 974,473	$ 339,526	$ 6,450	$ 192	$ 133,072	$ 26,211	$ 1,864,075
Less:											
Interest		(61,922)		(934)		(339,526)		(192)		(26,211)	(428,785)
Unamortized Loss on refunding	(12,004)		(38)		(51,914)		(76)		(11,951)		(75,983)
Add:											
Unamortized Premium (Discount), net	6,707		8		93,040		1		4,493		104,249
Total Net Debt Service Requirement at September 30, 2018	$ 298,828	$ -	$ 17,140	$ -	$ 1,015,599	$ -	$ 6,375	$ -	$ 125,614	$ -	$ 1,463,556

IX. Long-Term Debt (continued)

D. Annual Requirements (continued)

The annual cash flow debt service requirements to amortize **all** long term debt outstanding as of September 30, 2018, are as follows:

(000's US$)

Fiscal Year Ending September	Agency Fund		St. Lucie Project		Stanton Project		All-Req Project		Tri-City Project		Stanton II Project		Totals
	Principal	Interest Including Swaps, Net	Principal	Interest Including Swaps, Net	Principal	Interest	Principal	Interest Including Swaps, Net	Principal	Interest	Principal	Interest Including Swaps, Net	
2019	$ 220	$ 7	$ 7,825	$ 12,142	$ 8,339	$ 697	$ 64,195	$ 46,646	$ 3,215	$ 131	$ 10,513	$ 4,434	$ 158,364
2020			9,515	11,783	8,985	240	82,697	46,473	3,290	62	10,747	4,164	177,956
2021			27,320	10,938			61,079	41,689			11,082	3,762	155,870
2022			169,145	10,142			68,572	38,657			11,432	3,345	301,293
2023			5,765	4,213			74,587	35,748			11,785	2,912	135,010
2024 - 2028			84,555	12,704			417,954	126,472			77,755	7,599	727,039
2029 - 2033							313,696	32,069					345,765
2034 - 2038							9,700	992					10,692
Total Principal & Interest	$ 220	$ 7	$ 304,125	$ 61,922	$ 17,324	$ 937	$ 1,092,480	$ 368,746	$ 6,505	$ 193	$ 133,314	$ 26,216	$ 2,011,989

X. 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

X. Commitments and Contingencies (continued)

A. Participation Agreements (continued)

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

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 11,655 mmBtu per day. FMPA's share of this amounts to 2,569 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

X. Commitments and Contingencies (continued)

B. Public Gas Partners, Inc. (continued)

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 2,845 mmBtu per day. FMPA's share of this amounts to 737 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, 2018.

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.

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	11/21/2017		11/21/2017	11/21/2017
Cumulative Factor Fired Hours	83,000	87,400	117,000	55,000
Term if hours based	~64,000		~74,000	~84,000
Cumulative Factored Starts				
Term if starts based				
Current Termination Amount (000's USD)	$2,587		$1,904	$2,082
Specified Contract End Date	11/21/2037		11/21/2037	11/21/2037
Estimated Performance End Date	FYE 2026	FYE 2019	FYE 2025	FYE 2028

In November 2017, FMPA and General Electric negotiated a revised CSA to combine Cane Island Units 3 & 4 and Treasure Coast under one service agreement.

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.

- 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

X. Commitments and Contingencies (continued)

D. Other Agreements (continued)

1. St. Lucie Project (continued)

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. Either party may terminate the agreement with 60 days written notice.

- 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 maximum obtainable, and participates in a secondary financial protection system, which provides up to $12.6 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 $27 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. See Subsequent Event XV.B. St. Lucie Project Debt Reduction Strategy for the Board of Director's approval to terminate the Forward Sales Agreement.

X. Commitments and Contingencies (continued)

D. Other Agreements (continued)

2. All-Requirements Project

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

Supplier	End of Contract		Minimum Contract Liability (000's US$)
Southern Company - Stanton A PPA	9/30/2023	$	43,228
Southern Company - Oleander 5 PPA	12/16/2027		80,255
Total Minimum Liability		$	123,483

- 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 expired July 31, 2018, for 500,000 mmBtu and will expire March 31, 2021, for the remaining 500,000 mmBtu.

X. Commitments and Contingencies (continued)

D. Other Agreements (continued)

2. All Requirements (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. In October 2018, TOHO called on the $2 million financial assistance.

- 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 Beach approved an asset purchase and sale agreement with FPL to sell its retail electric

X. Commitments and Contingencies (continued)

D. Other Agreements (continued)

2. All-Requirements Project (continued)

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 (as adjusted pursuant to the terms of the transfer and assignment documents) 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 completed, and certain consents and waivers 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. The necessary FMPA documentation for the New Sale transaction was approved by the FMPA Executive Committee and Board of Directors in March 2018. The closing of the New Sale transaction occurred on December 17, 2018. 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 (CROD), 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 was established at 10.360 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. In March 2018, FMPA and Fort Meade entered into a Supplemental Power and Ancillary Services Agreement (Fort Meade Supplemental Agreement). Effective September 1, 2018, the ARP now serves Fort Meade with any additional power needed to serve its total requirements above its St. Lucie Project entitlement and CROD.

  The ARP also provides Fort Meade with transmission and ancillary services as if CROD had not been implemented. The effect of this arrangement is that Fort Meade is served and billed as if it was a full-requirements ARP Participant. The initial term of the Fort Meade Supplemental Agreement runs through September 30, 2027, and includes 5-year automatic renewals until the termination of Fort Meade's ARP contract. Concurrent with the approval of the Fort Meade Supplemental Agreement, the Executive Committee approved a reduction of Fort Meade's CROD amount from 10.360 MW to 9.009 MW. If the Fort Meade Supplemental Agreement is terminated prior to the termination of Fort Meade's ARP contract, Fort Meade will be served at the lower CROD amount.

- 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

X. Commitments and Contingencies (continued)

D. Other Agreements (continued)

2. All-Requirements Project (continued)

load) during 2018-2020. Bartow separately entered into a power purchase agreement with the Orlando Utilities Commission for 40 MW of base load 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.
- 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.

E. Solar Project

In March 2018, the FMPA Board of Directors approved the formation of the Solar Project, as a sixth FMPA power supply project, and for which FMPA approved a 20-year power purchase agreement for 57 MW-AC of solar energy on behalf of its participants as of the solar facilities' commercial operation date, which is expected to be in Summer of 2020. Also in March 2018, the FMPA Executive Committee approved a 20-year power purchase agreement (among other enabling agreements) for a total of 58 MW-AC of solar energy as an ARP resource, which is estimated to achieve commercial operation by mid-2020. In coordination with these new endeavors, the Board of Directors has authorized the creation of a Solar Project Committee, which will be advisory to the Board of Directors on matters involving the Solar Project, and the Executive Committee has authorized the creation of an ARP Solar Project Advisory Committee, which is an Executive Committee subcommittee that will address matters involving ARP participants who have committed to pay for the costs of the ARP solar power purchase.

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

XI. Mutual Aid Agreement (continued)

months. The agreement term automatically renewed on October 1, 2017, and now has a term lasting until October 1, 2022, unless FMPA (1) has not received energy under the agreement during the current term, ad (2) provides at least 90 days' notice prior to the end of the current term that it does not elect to renew it participation.

XII. Employment Benefits

A. Retirement Benefits

A Deferred Compensation Plan (in accordance with the Internal Revenue Code Section 457) and a Defined Contribution (money purchase) Plan (under the Internal Revenue Code Section 401(a)) are offered to the Agency's employees who are scheduled to work more than 1700 hours per year are eligible for the plans. The plan was established by 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, 2018, was $7.4 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 the IRS annual maximum. Assets of both plans are held by ICMA Retirement Corporation, the Plan Administrator and Trustee.

Agency contributions to the Deferred Contribution Plan resulted in expenses for the fiscal year 2018 of $698,210. 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 the lower of $50,000 or one half of their balance in the form of a loan.

B. Post-Employment Benefits other than Retirement

The Agency's Retiree Health Care Plan (Plan) is a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the Agency. The Plan, which is administered by the Agency, allows employees who retire and meet retirement eligibility requirements to continue medical insurance coverage as a participant in the Agency's plan.

As of September 30, 2017 and 2018, the plan membership consisted of the following participants:

	September 30, 2017	September 30, 2018
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	13	14
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0	0
Active Plan Members	18	17
	31	31

The Agency pays 100% of the cost of employee-only coverage for employees hired prior to October 1, 2004 who retire upon meeting the retirement eligibility requirement, which is that age combined with service must exceed 75. This subsidy apples to the healthcare plan premiums for Pre-65 retirees as well as any Medicare supplement plan purchased by Post-65 retirees.

The Agency also provides up to $3,000 in HRA funds to all eligible members for life. If those members elect to cover their spouse or have handicapped dependents, the HRA benefit limit is increased to $6,000. These funds are made available to cover retirees' out-of-pocket medical expenses, and therefore are included in the Agency's Pay-As-You-Go plan costs.

Employees hired after October 1, 2004 are ineligible for any Agency subsidies, nor are they allowed to continue to participate in the plan after retirement.

XII. Employment Benefits (continued)

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

No implicit benefit was valued in this valuation.

The measurement date is September 30, 2018. The measurement period for the OPEB expense was October 1, 2017 to September 30, 2018. The reporting period is October 1, 2017 through September 30, 2018. The Sponsor's Total OPEB Liability was measured as of September 30, 2018.

The Sponsor's Total OPEB Liability for The Agency's ledger adjustment was measured as of September 30, 2017 using a discount rate of 3.64%. The Total OPEB Liability was "rolledback" from September 30, 2018 at 3.64%.

Actuarial Assumptions:
Total OPEB Liability for The Agency's ledger adjustment was measured as of September 30, 2017 using a discount rate of 3.64%.

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2018 (measurement date) using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	4.18%
Initial Trend Rate	8.00%
Ultimate Trend Rate	4.00%
Years to Ultimate	54

For all lives, mortality rates were RP-2000 Combined Healthy Mortality Tables projected to the valuation date using Projection Scale AA.

Discount Rate:
Given the Agency's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.18 %. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

OPEB Expense:
For the year ended September 30, 2018, the Agency will recognize OPEB Revenue of $118 thousand.

(000's US$)	
Fiscal Year Ending	9/30/2018
Service Cost	$ 53
Interest	201
Recognition of Changes in Total Opeb Liability	(374)
Administrative Expenses	2
Total OPEB Expense/(Revenue)	$ (118)

XII. Employment Benefits (continued)

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

Total OPEB Liability as of the Measurement Date is:

Description	(000's US$) Amount
Reporting Period Ending September 30, 2017	$ 5,563
Service Cost	53
Interest	201
Difference Between Expected and Actual Experience	-
Changes in Assumptions	(374)
Changes of Benefit Terms	-
Contributions - Employer	-
Benefits Payments	(214)
Other Changes	-
Reporting Period Ending September 30, 2018	$ 5,229

Changes of assumptions reflect a change in the discount rate from 3.64% for the reporting period ended September 30, 2017 to 4.18% for the reporting period ended September 30, 2018.

Sensitivity of the Total OPEB Liability to changes in the Discount Rate:
The following presents the Total OPEB Liability of the Agency, as well as what the Agency's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	3.18%	4.18%	5.18%
Total OPEB Liability (000's US$)	$ 5,954	$ 5,229	$ 4,629

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates:
The following presents the Total OPEB Liability of the Agency, as well as what the Agency's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	3.00% - 7.00%	4.00% - 8.00%	5.00% - 9.00%
Total OPEB Liability (000's US$)	$4,799	$ 5,299	$ 5,744

Under GASB 75 as it applies to plans that qualify for the Alternative Measurement Method, changes in the Total OPEB Liability are not permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB. These changes will be immediately recognized through OPEB Expense.

As of September 30, 2018, the most recent valuation date, the Total OPEB Plan Liability was $5.2 million, and assets held in trust were $0, resulting in a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was $2.2 million, and the ratio of the Total OPEB Plan Liability to the covered payroll was 241 percent.

The OPEB Plan contribution requirements of Florida Municipal Power Agency are established and may be amended through action of its Board of Directors.

XII. Employment Benefits (continued)

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

The Agency's Net Position at beginning of year at September 30, 2017 decreased by $2.5 million as a result of the Agency's implementation of Governmental Accounting Standard No. 75 – Other Postemployment Benefits (OPEB) for recognizing the OPEB liability that was previously reported under Governmental Accounting Standard No. 45.

		(000's US$)
Net Postion at beginning of year	$	16,249
Prior Period Adjustment - GASB 75 (OPEB)		(2,497)
Restated Net Position at beginning of year	$	13,752

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 maximum 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 Treasurer and Risk Director. The Treasurer and Risk Director is designated the Agency's Risk Manager, and oversees the Risk Management Department, which reports to the Chief Financial Officer. 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, 2018, for each of the projects is as follows:

Project		Amount (000's US$)
St. Lucie Project	$	683
Total	$	683

XV. Related Party Transactions

A. Governing Members and Committees

Each of the members of FMPA appoints a director and one or more alternatives to serve on FMPA's Board of Directors. Tallahassee joined the Agency effective October 19th, 2018; as of that date, there are 32 members of the Agency. 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.

The Board of Directors has authorized the creation of a Solar Project Committee, which will be advisory to the Board of Directors on matters involving the Solar Project. The Executive Committee has authorized the creation of an ARP Solar Project Advisory Committee, which is an Executive Committee subcommittee that will address matters involving ARP participants.

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: Ft. Pierce, KUA, Leesburg and Starke.

XVI. Subsequent Events

A. TOHO Exercises $2 Million Financial Assistance

In October 2018, the Toho Water Authority called on the $2 million financial assistance pursuant to the Amended and Restated Agreement Concerning Delivery and Use of Treated Sewage Effluent with Toho Water Authority for the Cane Island Site. See footnote X.D.2 for further detail.

B. St. Lucie Swaps

In November 2018, the St. Lucie Series 2000 and an additional Series 2002 Swaps were deemed ineffective. When the derivative instrument is determined ineffective under GASB Statement No. 53, the market value adjustments flow through investment income instead of an asset or liability adjustment. These St. Lucie swaps were terminated per Item C. below.

C. St. Lucie Project Debt Reduction Strategy

The Board of Directors approved a St. Lucie Project Debt Reduction Strategy on October 18, 2018. The strategy will eliminate all the $161.5 million auction rate debt outstanding, eliminate all the related swaps with a termination value of approximately $6.9 million at September 30, 2018, and terminate the Forward Sales Agreement with Merrill Lynch Capital Services, Inc. that results in elimination of waivers for noncompliance and lowers the St. Lucie Project debt service costs.

XVI. Subsequent Events (continued)

C. St. Lucie Project Debt Reduction Strategy

The St. Lucie Debt Reduction Strategy was completed on the following dates:

November 21, 2018 –Forward Sales Agreement was terminated at a gain of $3.1 million.

December 7, 2018 – St. Lucie Swaps were terminated at a cost of $6.8 million.

By December 31, 2018 - all the auction rate debt, consisting of the St. Lucie Project Series 2000 and 2002 debt, will be terminated with a principal value of $161.5 million using available funds in the St. Lucie Project.

D. Vero Beach Proposed Sales

The closing of the New Sale transaction occurred on December 17, 2018. See footnote X.D.2 for further detail.

E. Winter Park Capacity and Energy Sale.

FMPA's All-Requirements Project has been chosen by the City of Winter Park through a competitive selection process to provide a portion of their power supply needs for nine years. The All-Requirements Project has entered into a power purchase agreement with Winter Park, pursuant to which FMPA will supply 10 MW of base load power during 2019. Beginning in 2020, FMPA will serve Winter Park's partial-requirements power supply needs, net of existing contracts, of approximately 70 MW through 2027. The Winter Park power purchase agreement was approved by the FMPA Executive Committee in November 2018.

F. Stanton Energy Center Class-Action Lawsuit

On December 20, 2018, a class action lawsuit (naming three residents of east Orange County as class representatives) was filed against OUC and several local developers alleging that the coal-burning power plants at the Stanton Energy Center have contaminated their properties and caused a local spike in rare cancers. FMPA's Stanton, Tri-City, Stanton II and All-Requirements Power Supply Projects are co-owners of the Stanton Energy Center coal plants along with KUA and OUC. On December 21, 2018, FMPA received a letter from the law firm representing the three putative class representatives, which states that the letter is "NOTICE PURSUANT TO FLORIDA STATUTE § 768.28" and that "we are notifying you of our intent to file suit against FMPA for property contamination and related damages . . . ."

Required Supplementary Information
(unaudited)

Schedule of Changes in Agency's Net OPEB Liability and Related Ratios
Last Ten Years
(000's US$)

Reporting Period Ending		9/30/2018
Measurement Date		9/30/2018
Total OPEB Liability		
Service Cost	$	53
Interest		201
Changes in Assumptions		(374)
Benefit Payments		(214)
Net Change in Total OPEB Liability	$	(334)
Total OPEB Liability - Beginnning of Year		5,563
Total OPEB Liabilty - End of Year	$	5,229
Trust Net Position		
Contirbutions - Employer	$	-
Contributions - Member		-
Net Investment Income		-
Administrative Expenses		-
Benefit Payments, Including Refunds		-
Other		-
Net Change in Net Position Held in Trust	$	-
Trust Fiduciary Net Position - Beginning of Year		-
Trust Fiduciary Net Position - End of Year	$	-
Agency Net OPEB Liability - Ending	$	5,229
Trust Fiduciary Net Position as a % of Total OPEB Liability		0%
Covered Employee Payroll		2,167
Agency's Net OPEB Liability as a % of Covered Employee Payroll		241%

* GASB Statement 75 was implemented as of September 30, 2018. Information from 2009 - 2017 is not available and this schedule will be presented on a prospective basis.

Notes to Schedule:

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ending September 30, 2018: 4.18%
Fiscal Year Ending September 30, 2017: 3.64%

See footnote XII.B for further information.

Supplementary Information

(unaudited)

SCHEDULE OF
AMOUNTS DUE TO (FROM) PARTICIPANTS

RESULTING FROM BUDGET/ACTUAL VARIANCES
YEAR ENDED SEPTEMBER 30, 2018

(000's US$)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Agency Fund			
Received from projects	$ 14,492	$ 13,704	$ (788)
Received from member assessments	23	23	-
Interest income	219	171	(48)
Other income		18	18
	$ 14,734	$ 13,916	$ (818)
General and administrative	$ 14,059	$ 12,972	$ 1,087
Invested in Capital Assets	165	282	(117)
Principal on Debt	210	210	-
Other Adjustments	(75)	5,057	(5,132)
	$ 14,359	$ 18,521	$ (4,162)
Net Revenue	$ 375	$ (4,605)	$ (4,980)
St. Lucie Project			
Participant billing	$ 52,049	$ 52,049	$ -
Reliability exchange contract sales	4,786	4,099	(687)
Interest income	209	474	265
	$ 57,044	$ 56,622	$ (422)
Operation and maintenance, fuel	$ 16,857	$ 16,540	$ 317
Purchased power	4,786	3,540	1,246
Transmission service	355	350	5
General and administrative	2,671	3,031	(360)
Deposit to renewal and replacement fund	4,500	4,500	-
Deposit to general reserve fund & FSA	7,300	7,300	-
Deposit to debt service fund	20,913	22,031	(1,118)
	$ 57,382	$ 57,292	$ 90
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ (338)	$ (670)	$ (332)

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, 2018

(000's US$)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Stanton Project			
Participant billing & sales to others	$ 28,901	$ 28,380	$ (521)
Interest income	93	157	64
	$ 28,994	$ 28,537	$ (457)
Operation and maintenance, fuel	$ 16,689	$ 16,327	$ 362
Transmission service	1,142	1,176	(34)
General and administrative	1,291	1,382	(91)
Deposits to debt service and other funds	10,745	10,701	44
	$ 29,867	$ 29,586	$ 281
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ (873)	$ (1,049)	$ (176)
All-Requirements Project			
Participant billing & sales to others	$ 498,991	$ 435,956	$ (63,035)
Interest Income	1,206	2,057	851
	$ 500,197	$ 438,013	$ (62,184)
Member Capacity	$ 29,964	$ 29,723	$ 241
Contract Capacity	$ 17,696	$ 17,651	45
ARP Owned Capacity	$ 42,417	$ 34,617	7,800
Debt & Capital Leases	$ 129,933	$ 123,945	5,988
Direct Charges & Other	$ 21,858	$ 18,867	2,991
Gas Transportation	33,356	31,496	1,860
Fuels	194,598	154,271	40,327
Purchased Power	2,928	5,820	(2,892)
Transmission	27,447	28,911	(1,464)
	$ 500,197	$ 445,301	$ 54,896
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ -	$ (7,288)	$ (7,288)

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, 2018

(000's US$)

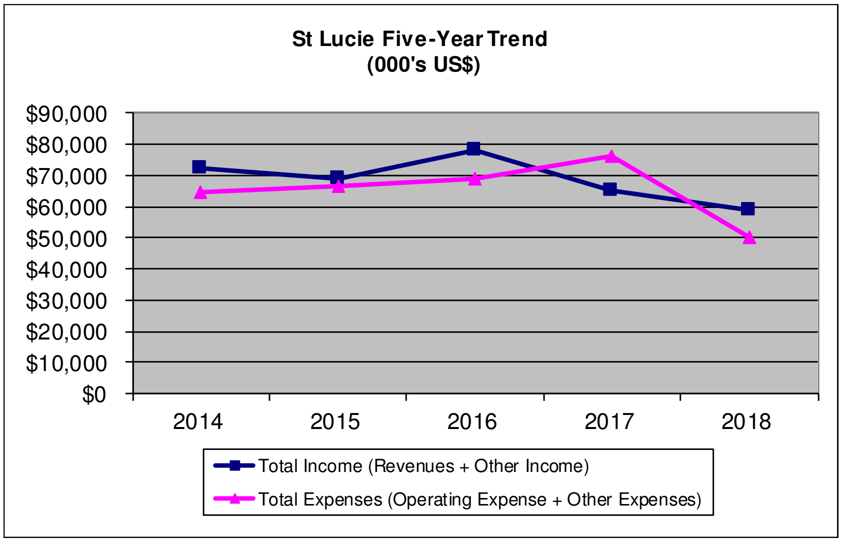
	Amended Budget	Actual	Variance Favorable (Unfavorable)
Tri-City Project			
Participant billing & sales to others	$ 11,449	$ 10,920	$ (529)
Interest income	30	79	49
	$ 11,479	$ 10,999	$ (480)
Operation and maintenance, fuel	$ 6,097	$ 5,928	$ 169
Transmission service	410	415	(5)
General and administrative	754	774	(20)
Deposits to debt service and other funds	4,083	4,075	8
	$ 11,344	$ 11,192	$ 152
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ 135	$ (193)	$ (328)
Stanton II Project			
Participant billing & sales to others	$ 51,016	$ 51,485	$ 469
Interest income	181	(232)	(413)
	$ 51,197	$ 51,253	$ 56
Operation and maintenance, fuel	$ 26,195	$ 26,669	$ (474)
Transmission service	1,802	1,895	(93)
General and administrative	1,870	1,941	(71)
Deposits to debt service and other funds	18,098	17,080	1,018
	$ 47,965	$ 47,585	$ 380
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ 3,232	$ 3,668	$ 436

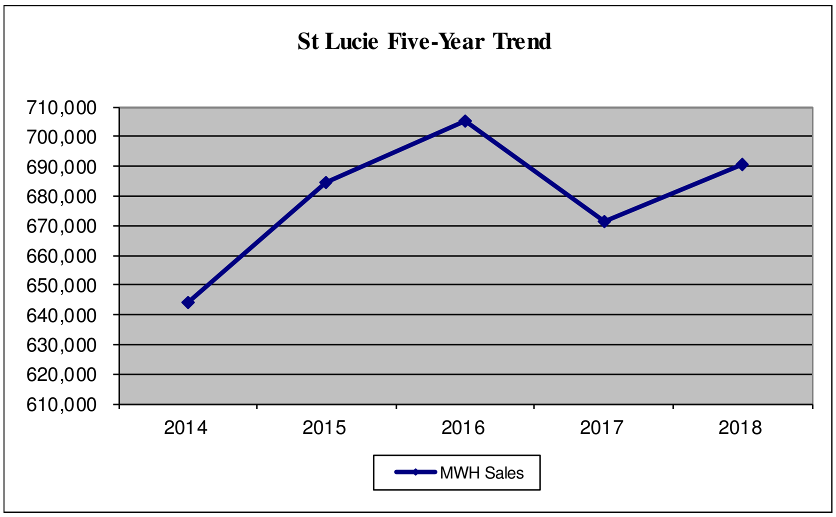
Note: These schedules are prepared on budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles.

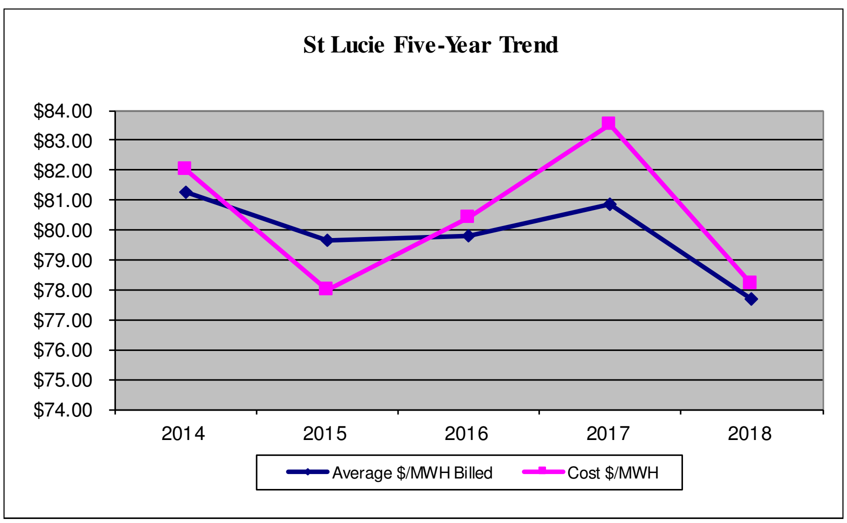
Five-Year Trend Analysis

	2014	2015	2016	2017	2018
(000's US$ except for MWH Sales and Average $/MWH)					
St. Lucie Project					
Capital Assets	$ 89,129	$ 74,133	$ 50,196	$ 23,656	$ 19,469
Total Assets & Deferred Outflows	$ 441,240	$ 441,333	$ 431,817	$ 418,281	$ 404,525
Long-Term Liabilities	$ 428,520	$ 424,539	$ 418,789	$ 403,457	$ 392,067
Total Liabilities & Deferred Inflows	$ 441,240	$ 441,333	$ 431,817	$ 418,281	$ 404,525
Billings to Participants	$ 52,338	$ 54,511	$ 56,287	$ 54,296	$ 53,678
Sales to Others	2,235	2,302	2,561	2,439	2,470
Total Operating Revenues	$ 54,573	$ 56,813	$ 58,848	$ 56,735	$ 56,148
Purchased Power	$ 4,254	$ 4,072	$ 3,874	$ 4,431	$ 3,540
Production-Nuclear O&M	12,106	11,265	9,727	12,087	10,953
Nuclear Fuel Amortization	4,385	4,599	5,963	5,270	4,799
Transmission	511	470	380	321	350
General & Administrative	2,716	2,998	2,486	3,248	3,278
Depreciation & Decommissioning	25,731	28,211	31,417	35,624	11,342
Total Operating Expenses	$ 49,703	$ 51,615	$ 53,847	$ 60,981	$ 34,262
Net Operating Revenues	$ 4,870	$ 5,198	$ 5,001	$ (4,246)	$ 21,886
Investment Income	$ 17,530	$ 12,362	$ 19,430	$ 8,553	$ 2,586
Total Other Income	$ 17,530	$ 12,362	$ 19,430	$ 8,553	$ 2,586
Interest Expense	$ 13,486	$ 14,855	$ 13,454	$ 13,759	$ 14,111
Amortization & Other Expense	1,532	(117)	1,544	1,579	1,613
Total Other Expenses	$ 15,018	$ 14,738	$ 14,998	$ 15,338	$ 15,724
Net Income (Loss)	$ 7,382	$ 2,822	$ 9,433	$ (11,031)	$ 8,748
Net Cost Recovered (Credited) in the Future	(7,855)	(1,688)	(9,862)	9,235	(9,080)
Due from (to) Participants	473	(1,134)	429	1,796	332
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	643,993	684,526	705,233	671,510	690,698
Average $/MWH Billed	$ 81.27	$ 79.63	$ 79.81	$ 80.86	$ 77.72
Cost $/MWH	$ 82.01	$ 77.98	$ 80.42	$ 83.53	$ 78.20

FIVE-YEAR TREND ANALYSIS



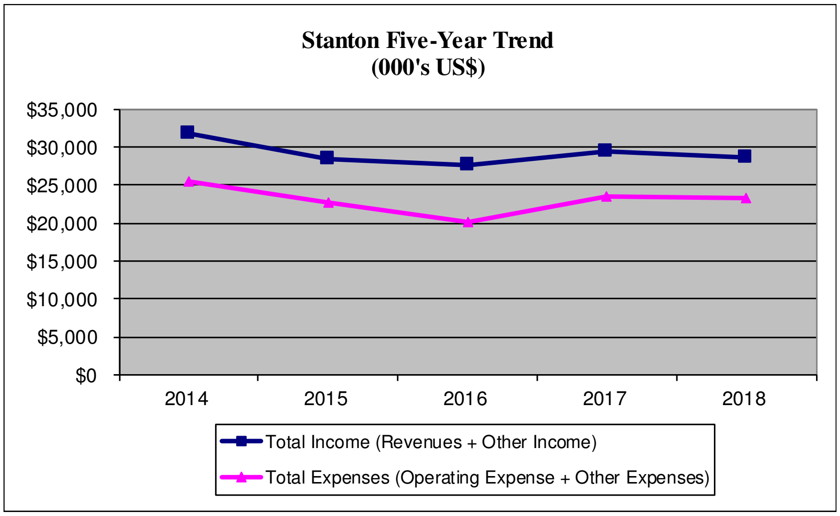


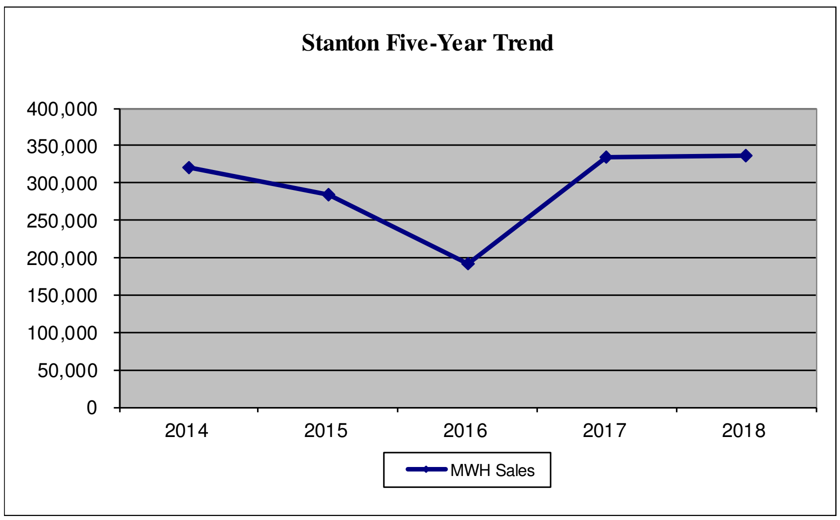


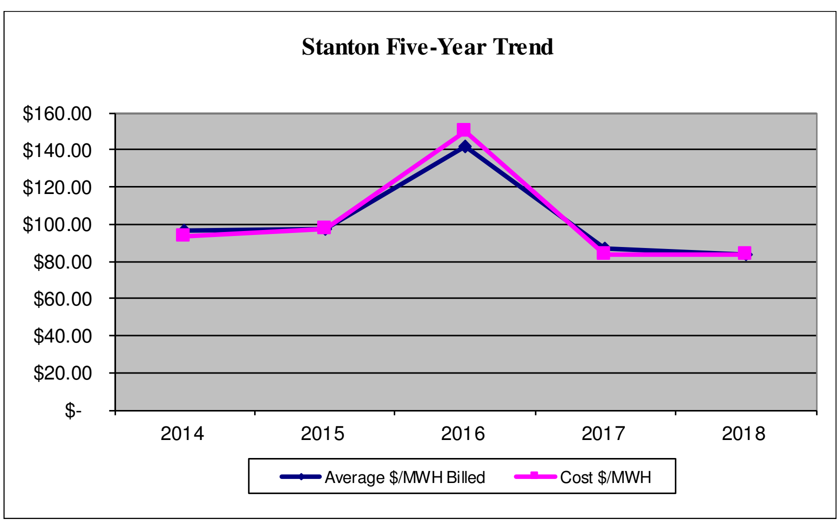
FIVE-YEAR TREND ANALYSIS

	2014	2015	2016	2017	2018
(000's US$ except for MWH Sales and Average $/MWH)					
Stanton Project					
Capital Assets	$ 32,939	$ 31,623	$ 30,536	$ 30,977	$ 28,797
Total Assets & Deferred Outflows	$ 63,824	$ 61,778	$ 63,579	$ 62,445	$ 59,299
Long-Term Debt	$ 39,310	$ 32,875	$ 25,299	$ 17,347	$ 9,091
Total Liabilities & Deferred Inflows	$ 63,824	$ 61,778	$ 63,579	$ 62,445	$ 59,299
Billings to Participants	$ 30,967	$ 27,716	$ 27,103	$ 28,909	$ 28,027
Sales to Others	419	322	327	356	352
Total Operating Revenues	$ 31,386	$ 28,038	$ 27,430	$ 29,265	$ 28,379
Production-Steam O&M	$ 3,567	$ 4,225	$ 5,520	$ 4,293	$ 4,702
Fuel Expense	14,500	11,315	7,400	12,392	11,625
Transmission	1,223	1,222	1,132	1,062	1,176
General & Administrative	1,187	1,235	1,287	1,304	1,382
Depreciation & Decommissioning	2,647	2,759	2,937	3,029	3,436
Total Operating Expenses	$ 23,124	$ 20,756	$ 18,276	$ 22,080	$ 22,321
Net Operating Revenues	$ 8,262	$ 7,282	$ 9,154	$ 7,185	$ 6,058
Investment Income	$ 392	$ 450	$ 251	$ 122	$ 209
Total Other Income	$ 392	$ 450	$ 251	$ 122	$ 209
Interest Expense	$ 1,997	$ 1,843	$ 1,680	$ 1,310	$ 911
Amortization & Other Expense	258	137	112	86	58
Total Other Expenses	$ 2,255	$ 1,980	$ 1,792	$ 1,396	$ 969
Net Income (Loss)	$ 6,399	$ 5,752	$ 7,613	$ 5,911	$ 5,298
Net Cost Recovered (Credited) in the Future	(5,394)	(5,762)	(9,121)	(5,042)	(5,474)
Due from (to) Participants	(1,005)	10	1,508	(869)	176
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	320,992	284,081	190,985	334,166	336,361
Average $/MWH Billed	$ 96.47	$ 97.56	$ 141.91	$ 86.51	$ 83.32
Cost $/MWH	$ 93.34	$ 97.60	$ 149.81	$ 83.91	$ 83.85

Five-Year Trend Analysis







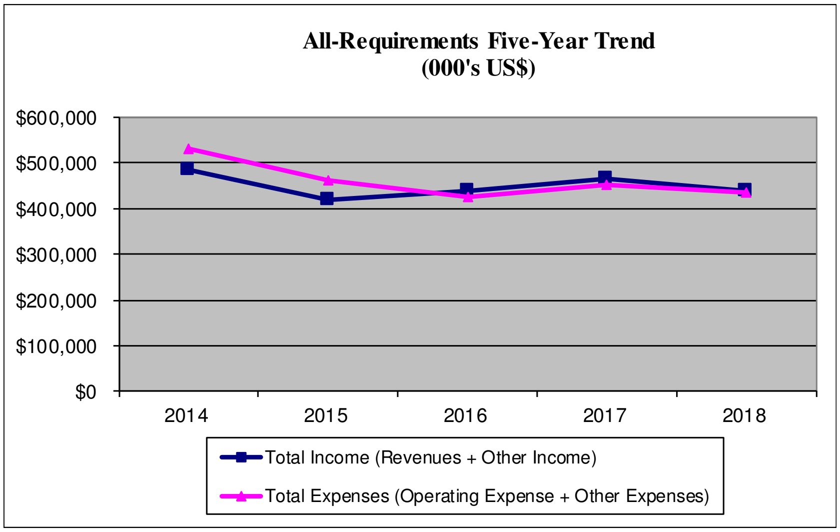
Five-Year Trend Analysis

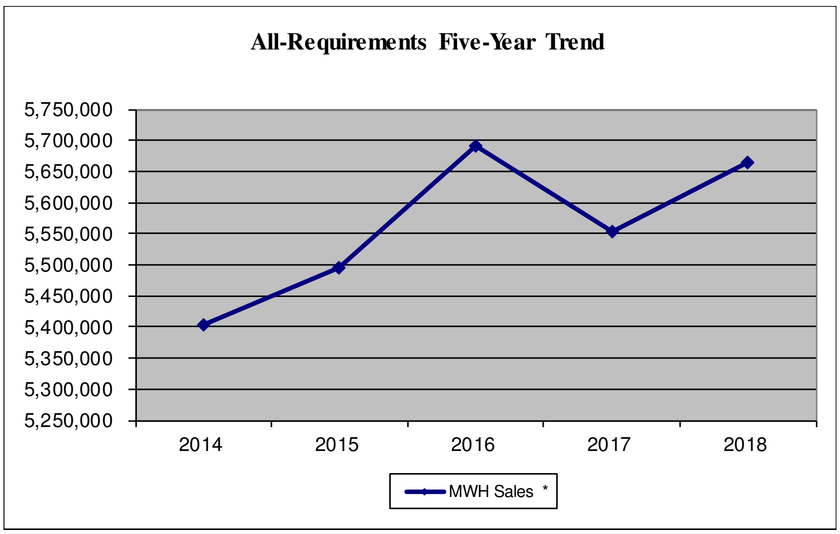
	2014	2015	2016	2017	2018
(000's US$ except for MWH Sales and Average $/MWH)					
All-Requirements Project					
Capital Assets	$ 864,876	$ 814,271	$ 777,532	$ 727,100	$ 674,858
Total Assets & Deferred Outflows	$ 1,475,187	$ 1,456,404	$ 1,471,708	$ 1,397,705	$ 1,307,621
Long-Term Liabilities	$ 1,342,161	$ 1,334,149	$ 1,331,563	$ 1,241,223	$ 1,157,636
Total Liabilities & Deferred Inflows	$ 1,475,187	$ 1,456,404	$ 1,471,708	$ 1,397,705	$ 1,307,621
Billings to Participants **	$ 442,072	$ 399,979	$ 409,104	$ 428,034	$ 406,073
Sales to Others	76,854	45,656	26,146	33,480	29,883
Total Operating Revenues	$ 518,926	$ 445,635	$ 435,250	$ 461,514	$ 435,956
Purchased Power	$ 27,523	$ 31,755	$ 25,546	$ 21,814	$ 23,561
O&M Production-Steam	55,621	60,693	67,270	65,550	61,398
Fuel Expense	283,682	204,743	170,762	205,925	194,661
Transmission	26,247	26,862	26,256	28,187	28,661
General & Administrative	21,957	21,729	22,349	21,841	22,029
Depreciation & Decommissioning	54,252	54,464	55,101	56,412	57,332
Total Operating Expenses	$ 469,282	$ 400,246	$ 367,284	$ 399,729	$ 387,642
Net Operating Revenues	$ 49,644	$ 45,389	$ 67,966	$ 61,785	$ 48,314
Investment Income	$ (32,150)	$ (27,859)	$ 3,805	$ 3,307	$ 2,657
Total Other Income	$ (32,150)	$ (27,859)	$ 3,805	$ 3,307	$ 2,657
Interest Expense	$ 59,873	$ 59,185	$ 56,843	$ 55,371	$ 51,785
Amortization & Other Expense	673	1,921	2,150	(3,203)	(4,265)
Total Other Expenses	$ 60,546	$ 61,106	$ 58,993	$ 52,168	$ 47,520
Net Income (Loss)	$ (43,052)	$ (43,576)	$ 12,778	$ 12,924	$ 3,451
Net Cost Recovered (Credited) in the Future	37,847	35,778	(359)	(9,008)	(10,739)
Due from (to) Participants	5,205	7,798	(12,419)	(3,916)	7,288
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales *	5,404,370	5,495,169	5,691,752	5,553,937	5,664,825
Average $/MWH Billed	$ 81.80	$ 72.79	$ 71.88	$ 77.07	$ 71.68
Cost $/MWH	$ 82.76	$ 74.21	$ 69.69	$ 76.36	$ 72.97

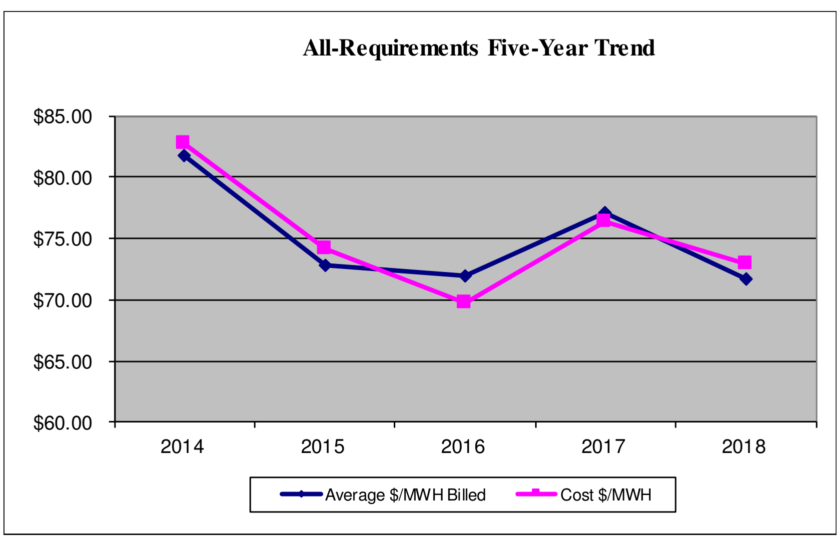
* Restated to include Ft. Meade's MWHs for fiscal year 2015.

** Restated to properly break out sales to others that were previously included in Billings to Participants for 2014.

Five-Year Trend Analysis



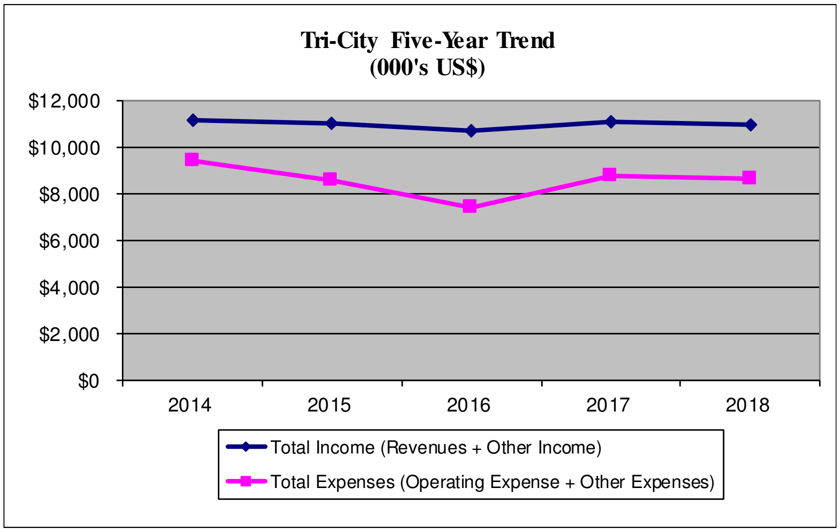


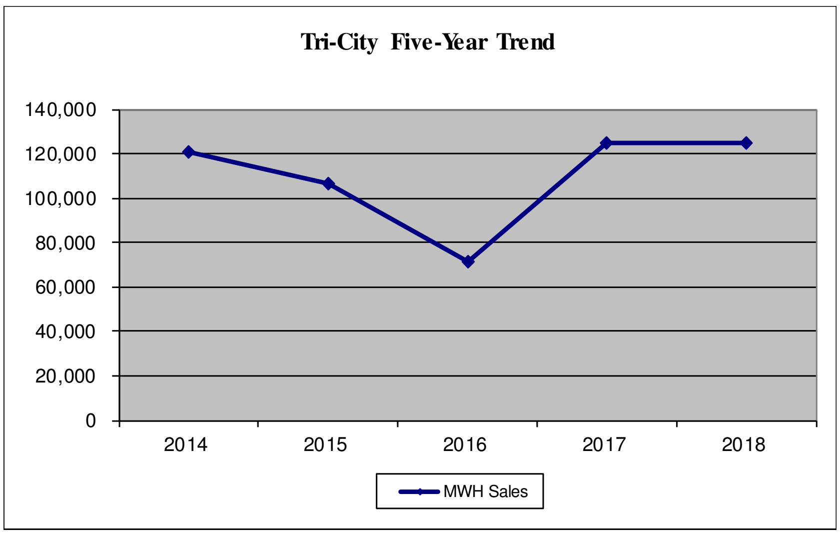


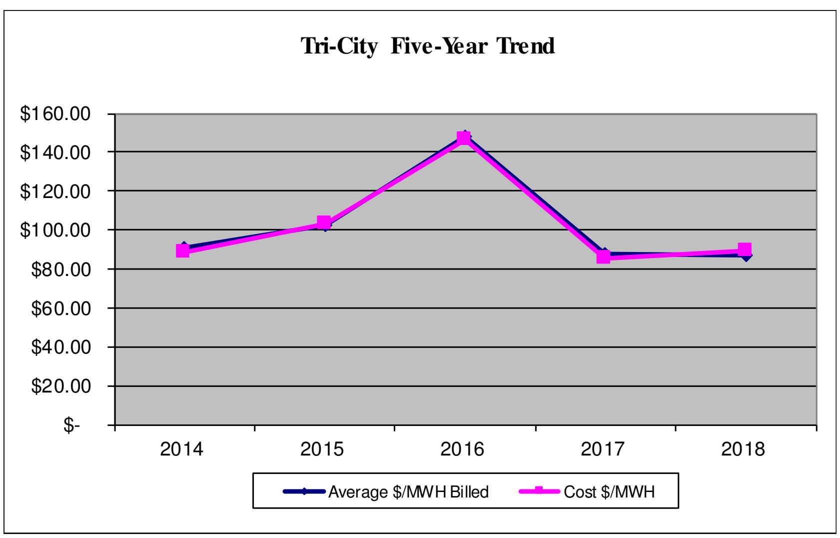
Five-Year Trend Analysis

	2014	2015	2016	2017	2018
(000's US$ except for MWH Sales and Average $/MWH)					
Tri-City Project					
Capital Assets	$ 12,999	$ 12,436	$ 11,947	$ 12,019	$ 11,157
Total Assets & Deferred Outflows	$ 22,573	$ 21,620	$ 21,520	$ 20,864	$ 20,172
Long-Term Debt	$ 15,771	$ 12,748	$ 9,659	$ 6,508	$ 3,325
Total Liabilities & Deferred Inflows	$ 22,573	$ 21,620	$ 21,520	$ 20,864	$ 20,172
Billings to Participants	$ 10,971	$ 10,873	$ 10,548	$ 10,919	$ 10,794
Sales to Others	150	115	116	127	126
Total Operating Revenues	$ 11,121	$ 10,988	$ 10,664	$ 11,046	$ 10,920
Production-Steam O&M	$ 1,262	$ 1,511	$ 1,991	$ 1,536	$ 1,682
Fuel Expense	5,189	4,287	2,715	4,579	4,246
Transmission	489	489	427	382	415
General & Administrative	687	696	735	743	774
Depreciation & Decommissioning	1,041	1,078	1,134	1,168	1,312
Total Operating Expenses	$ 8,668	$ 8,061	$ 7,002	$ 8,408	$ 8,429
Net Operating Revenues	$ 2,453	$ 2,927	$ 3,662	$ 2,638	$ 2,491
Investment Income	$ 81	$ 27	$ 44	$ 34	$ 73
Total Other Income	$ 81	$ 27	$ 44	$ 34	$ 73
Interest Expense	$ 389	$ 327	$ 266	$ 203	$ 139
Amortization & Other Expense	342	235	190	144	97
Total Other Expenses	$ 731	$ 562	$ 456	$ 347	$ 236
Net Income (Loss)	$ 1,803	$ 2,392	$ 3,250	$ 2,325	$ 2,328
Net Cost Recovered (Credited) in the Future	(1,545)	(2,493)	(3,129)	(2,019)	(2,656)
Due from (to) Participants	(258)	101	(121)	(306)	328
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	120,915	106,538	71,172	124,588	124,558
Average $/MWH Billed	$ 90.73	$ 102.06	$ 148.20	$ 87.64	$ 86.66
Cost $/MWH	$ 88.60	$ 103.01	$ 146.50	$ 85.18	$ 89.29

FIVE-YEAR TREND ANALYSIS



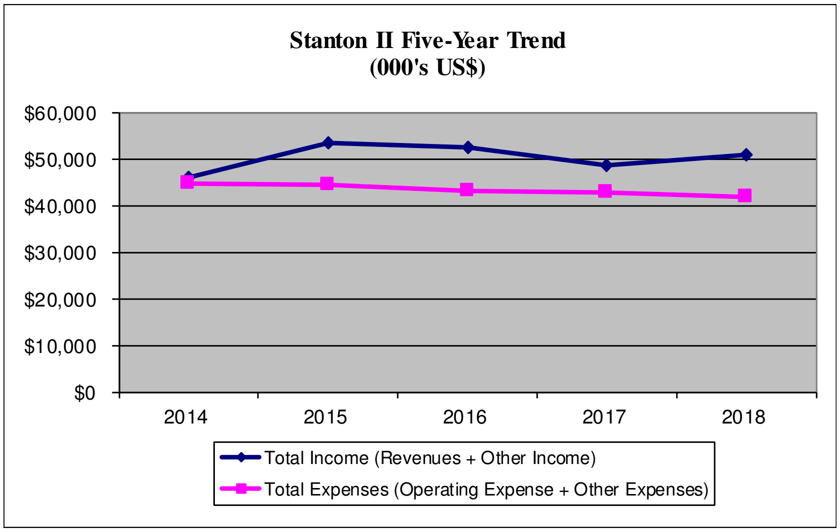


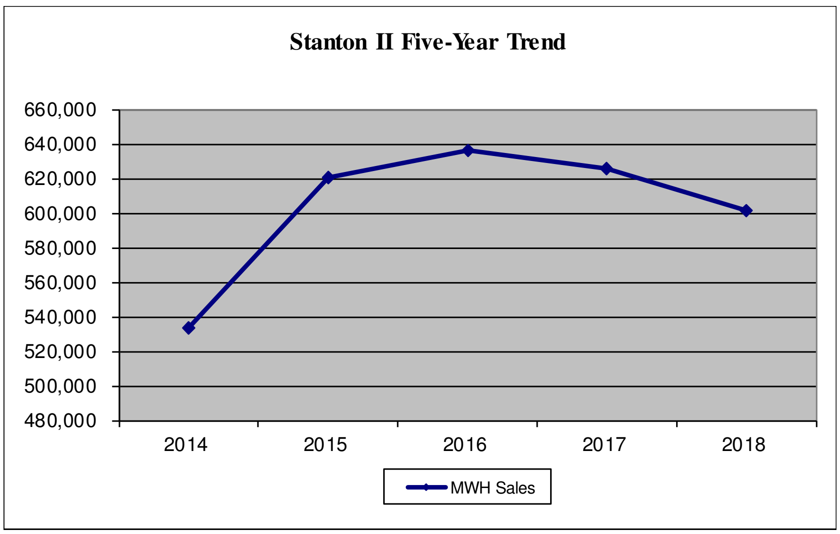


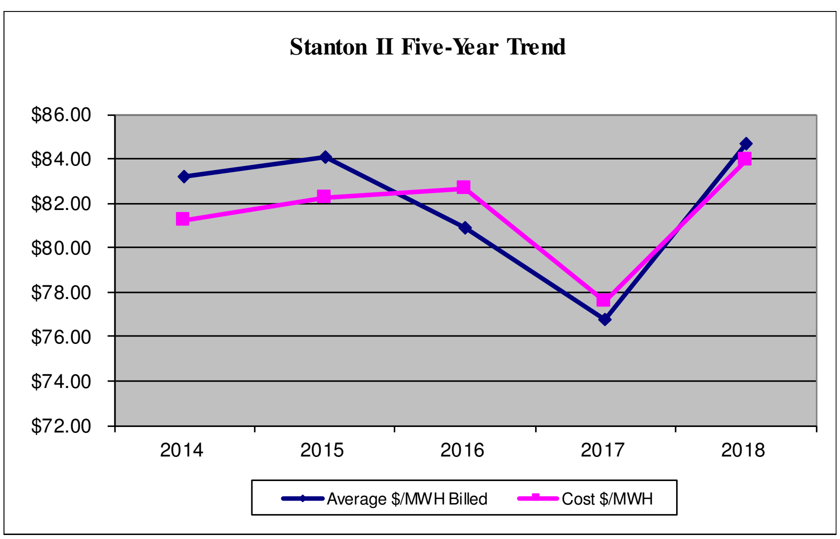
FIVE-YEAR TREND ANALYSIS

	2014	2015	2016	2017	2018
(000's US$ except for MWH Sales and Average $/MWH)					
Stanton II Project					
Capital Assets	$ 106,356	$ 102,865	$ 100,258	$ 96,589	$ 92,263
Total Assets & Deferred Outflows	$ 182,054	$ 178,143	$ 176,182	$ 166,748	$ 170,490
Long-Term Debt	$ 167,977	$ 148,656	$ 139,040	$ 138,885	$ 127,446
Total Liabilities & Deferred Inflows	$ 182,054	$ 178,143	$ 176,182	$ 166,748	$ 170,490
Billings to Participants	$ 44,411	$ 52,204	$ 51,463	$ 48,001	$ 50,933
Sales to Others	657	505	511	558	552
Total Operating Revenues	$ 45,068	$ 52,709	$ 51,974	$ 48,559	$ 51,485
Production-Steam O&M	$ 5,871	$ 6,495	$ 6,688	$ 7,363	$ 6,860
Fuel Expense	24,253	23,417	21,650	20,773	19,809
Transmission	1,846	1,846	1,750	1,677	1,895
General & Administrative	1,770	1,831	1,889	1,897	1,941
Depreciation & Decommissioning	5,082	5,194	5,336	5,392	5,535
Total Operating Expenses	$ 38,822	$ 38,783	$ 37,313	$ 37,102	$ 36,040
Net Operating Revenues	$ 6,246	$ 13,926	$ 14,661	$ 11,457	$ 15,445
Investment Income	$ 1,151	$ 778	$ 738	$ 113	$ (475)
Total Other Income	$ 1,151	$ 778	$ 738	$ 113	$ (475)
Interest Expense	$ 6,724	$ 6,453	$ 6,359	$ 6,295	$ 4,695
Amortization & Other Expense	(661)	(619)	(545)	(463)	1,260
Total Other Expenses	$ 6,063	$ 5,834	$ 5,814	$ 5,832	$ 5,955
Net Income (Loss)	$ 1,334	$ 8,870	$ 9,585	$ 5,738	$ 9,015
Net Cost Recovered (Credited) in the Future	(279)	(7,718)	(10,698)	(6,284)	(8,579)
Due from (to) Participants	(1,055)	(1,152)	1,113	546	(436)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	533,732	620,796	635,926	625,514	601,691
Average $/MWH Billed	$ 83.21	$ 84.09	$ 80.93	$ 76.74	$ 84.65
Cost $/MWH	$ 81.23	$ 82.24	$ 82.68	$ 77.61	$ 83.93

FIVE-YEAR TREND ANALYSIS







Compliance Report

Purvis Gray & Company

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, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 20, 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

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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 a certain matter that we reported to the Agency's management in a separate letter dated December 20, 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
December 20, 2018
Ocala, Florida

MANAGEMENT LETTER

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

Report on the Financial Statements
We have audited the financial statements of the Florida Municipal Power Agency (the Agency), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated December 20, 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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated December 20, 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, all prior year recommendations have been addressed by the Agency.

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, 2018 financial statements. There are no component units related to the Agency.

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 to identify 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.

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

MANAGEMENT LETTER
(Concluded)

Financial Condition *(Concluded)*
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 communicate any recommendations to improve financial management. Please see **2018-1—Technology Platforms and Reviews** in our Management Letter Comments report.

Additional 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
December 20, 2018
Ocala, Florida

Purvis Gray & Company

INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined Florida Municipal Power Agency's (the Agency) compliance with Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2018. The Agency's 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extend of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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, 2018.

This report is intended solely for the information and use of the Florida Auditor General, the Agency's Executive Committee, the Board of Directors, the 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.

Purvis, Gray and Company, LLP
December 20, 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, 2018, and have issued our report thereon dated December 20, 2018. As a part of audit, we offer the following recommendations to improve financial management, accounting procedures, and internal controls:

Prior Year Findings and Comments

All prior year findings and comments have been addressed by the Agency.

Current Year Findings and Comments

As a part of our 2018 Audit, we offer the following comment and recommendation:

2018-1—Technology Platforms and Reviews
In our 2016 and 2017 Management Letter Recommendations we noted that the Agency essentially maintains two separate technology platforms, one for corporate information technology (IT) and one for operations technology (OT). We noted that the IT platform has received a full risk assessment, network analysis and our review of IT general controls and that the OT network (which is of equal if not greater importance) should also receive a full risk assessment by outside IT consultants.

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) and is critical to the success of the Agency.

During 2017, the Agency contracted with consultants who performed a full OT risk assessment and delivered their report dated July 13, 2018, with several recommendations to be considered by the Agency to improve OT controls.

We are aware of current progress to analyze and implement the changes recommended for the OT platform and recommend that the Agency continue its efforts to implement the recommendations provided by the external OT consultants to this critical function.

Purvis, Gray and Company, LLP
December 20, 2018
Ocala, Florida

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TO: AROC, Board and Executive Committee
FROM: Linda S. Howard
DATE: January 17, 2019
ITEM: Audited Financial Statements – Management Letter Response

Executive Summary: Staff Response to the Fiscal Year 2018 Management Letter Comment

Current Year Finding:

In our 2016 and 2017 Management Letter Recommendations we noted that the Agency essentially maintains two separate technology platforms, one for corporate information technology (IT) and one for operations technology (OT). We noted that the IT platform has received a full risk assessment, network analysis and our review of IT general controls and that the OT network (which is of equal if not greater importance) should also receive a full risk assessment by outside IT consultants.

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) and is critical to the success of the Agency.

During 2017, the Agency contracted with consultants who performed a full OT risk assessment and delivered their report dated July 13, 2018, with several recommendations to be considered by the Agency to improve OT controls.

We are aware of current progress to analyze and implement the changes recommended for the OT platform and recommend that the Agency continue its efforts to implement the recommendations provided by the external OT consultants to this critical function.

Management Response: The Agency plans to address the majority of the OT risk assessment recommendations by the end of 2019.

Prior Year Findings:

None