FINANCE COMMITTEE

AGENDA PACKAGE

DECEMBER 11, 2019

12:30 p.m.

Dial-in Info 877-668-4493 or 650-479-3208

Meeting Number 738 496 571

Password 8553

Committee Members

Karen Nelson, Jacksonville Beach – Chairwoman
Jody Young, Bushnell
Nina Penick, Fort Pierce
Howard McKinnon, Havana
Barbara Quiñones, Homestead
Jack Wetzler, Key West
Larry Mattern, Kissimmee
Jim Williams, Leesburg
Steve Langley, Mount Dora
Dallas Lee, Newberry
Marie Brooks, Ocala
James Braddock, Wauchula

Meeting Location
Florida Municipal Power Agency 8553
Commodity Circle Orlando, FL 32819

(407) 355-7767

MEMORANDUM

TO: FMPA Finance Committee

FROM: Linda S. Howard

DATE: December 11, 2019

SUBJECT: FMPA Finance Committee Meeting
Wednesday, December 11, 2019 at 12:30 pm

PLACE: Florida Municipal Power Agency 1st Floor Conference Room
8553 Commodity Circle,
Orlando, FL 32819

DIAL-IN INFORMATION: 877-668-4493 or 650-479-3208, Meeting 738 496 571# PASSWORD 8553
(If you have trouble connecting via phone or internet, please call 407-355-7767)

Chairperson Karen Nelson, Presiding

AGENDA

LSH/pa

One or more participants in the above referenced public meeting may participate by telephone. At the above location there will be a speaker telephone so that any interested person can attend this public meeting and be fully informed of the discussions taking place either in person or by telephone communication. If anyone chooses to appeal any decision that may be made at this public meeting, such person will need a record of the proceedings and should accordingly ensure that a verbatim record of the proceedings is made, which includes the oral statements and evidence upon which such appeal is based. This public meeting may be continued to a date and time certain, which will be announced at the meeting. Any person requiring a special accommodation to participate in this public meeting because of a disability, should contact FMPA at (407) 355-7767 or 1-(888)-774-7606, at least two (2) business days in advance to make appropriate arrangements.

AGENDA ITEM 1 - CALL TO ORDER, ROLL CALL, DECLARATION OF QUORUM

Finance Committee Meeting
December 11, 2019

AGENDA ITEM 2 – RECOGNITION OF GUESTS

Finance Committee Meeting
December 11, 2019

AGENDA ITEM 3 – PUBLIC COMMENTS (Individual Public Comments Limited to 3 Minutes)

Finance Committee Meeting
December 11, 2019

AGENDA ITEM 4 – SET AGENDA (By Vote)

Finance Committee Meeting
December 11, 2019

AGENDA ITEM 5 – APPROVAL OF MINUTES

a. Approval of Minutes – Finance Committee Minutes – Meeting Held October 16, 2019

Finance Committee Meeting December 11, 2019

CLERKS DULY NOTIFIED……………………………………………………October 8,2019
AGENDA PACKAGE SENT TO MEMBERS……………………………..October 8,2019

MINUTES
FINANCE COMMITTEE MEETING
WEDNESDAY, OCTOBER 16, 2019
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FL

PARTICIPANTS PRESENT	Karen Nelson, Jacksonville Beach Nina Penick, Fort Pierce (phone) Howard McKinnon, Havana Marie Brooks, Ocala (phone) Barbara Quinones, Homestead (phone) Jack Wetzler, Key West (phone) Larry Mattern, Kissimmee Steve Langley, Mount Dora
PARTICIPANTS ABSENT	Jody Young, Bushnell Jim Williams, Leesburg Dallas Lee, Newberry James Braddock, Wauchula
OTHERS PRESENT	Mike Mace, Public Financial Management (phone) Robert Barrios, Keys Energy Services
STAFF PRESENT	Jacob Williams, General Manager and CEO Jody Finklea, General Counsel and CLO Linda S. Howard, Chief Financial Officer Mark McCain, AGM of Public Relations and Member Services Rich Popp, Treasurer and Risk Director Danyel Sullivan-Marrero, Controller Luis Cruz, IT Manager Liyuan Woerner, Audit Manager Sue Utley, Executive Asst. /Asst. Secy. to the Board Paige Arnett, HR Assistant Jesse Rivera, IT Support Specialist Isabel Montoya, IT Specialist

ITEM 1 – Call to Order, Roll Call and Declaration of Quorum

Chairperson Karen Nelson, Jacksonville Beach, called the FMPA Finance Committee Meeting to order at 12:03 pm on Wednesday, October 16, 2019, in the Frederick M. Bryant Board Room, at FMPA, 8553 Commodity Circle, Orlando, Florida. The roll was taken, and a quorum was declared with 8 of 12 members present.

ITEM 2 – RECOGNITION OF GUESTS

Chairperson Karen Nelson, Jacksonville Beach, recognized Mike Mace from Public Financial

Management.

ITEM 3 – PUBLIC COMMENTS (INDIVIDUAL PUBLIC COMMENTS LIMITED TO 3 MINUTES)

None.

ITEM 4 – SET AGENDA (BY VOTE)

MOTION: Larry Mattern, Kissimmee, moved approval of the agenda as presented. Howard McKinnon, Havana, seconded the motion. Motion carried 8-0.

ITEM 5 – APPROVAL OF MINUTES

5a - Approval of Minutes – Finance Committee Minutes – Meeting Held August 21, 2019

MOTION: Howard McKinnon, Havana, moved approval of the minutes as presented. Larry Mattern, Kissimmee, seconded the motion. Motion carried 8-0.

ITEM 6 – CHAIRPERSON'S REMARKS

Chairperson Karen Nelson, Jacksonville Beach, welcomed Howard McKinnon back to the Finance Committee following his absence in the previous meeting.

ITEM 7– CFO Report

None.

ITEM 8 – ACTION ITEMS

a. **Approval of the St. Lucie Audit Report**

Liyuan Woerner, FMPA, presented the St. Lucie Audit findings and thanked the audit team for completing a successful and thorough audit.

Questions were presented on how the funds will be booked. The Finance team will be following up with all members of the Finance Committee with an answer.

MOTION: Howard McKinnon, Havana, moved approval of the Recommended approval of the St. Lucie Audit Report**.** Larry Mattern, Kissimmee, seconded the motion. Motion carried 8-0.

b. **Approval of Municipal Finance Disclosure Procedure Changes**

Linda Howard, FMPA, presented a detailed update on the Municipal Finance Disclosure Procedure Changes. Linda Howard worked with the bond and disclosure counsel and confirmed the audit policies which apply. The Finance Disclosure Procedure includes major participants and FMPA will confirm with the participants once a month to make sure there hasn't been any major events.

MOTION: Howard McKinnon, Havana, moved approval of Municipal Finance Disclosure Procedure Changes. Larry Mattern, Kissimmee, seconded the motion. Motion carried 8-0.

ITEM 9 – INFORMATION ITEMS

a. Update on Bond Counsel RFP

Linda Howard, FMPA, presented an update on the Bond Counsel RFP. The proposals submitted in response to the RFP will be reviewed and brought back to the committee with a short list recommendation in December. The short list will include the recommendation and what role each firm would play.

b. Update on the 2019 Bond Transaction

Rich Popp, FMPA, presented an update on the 2019 Bond Transaction. The transaction is on the Executive Committee agenda for approval. There could be as much as a $500,000 negative net present value (NPV) savings (or cost) to execute the transaction. The Moody rating is affirmed at A2 and the Fitch rating is upgraded to AA- from A+

c. Update on Accounting Software

Danyel Sullivan-Marrero, FMPA, gave an update on the purchase of new accounting software. Accumatica has been selected as the new software vendor. FMPA hopes to be done with implementation in February.

ITEM 10 – REPORTS

a. St. Lucie Audit Report
b. FGU September Storage Report

The reports were provided for information only. There was no further discussion.

ITEM 11 – COMMENTS

None.

ITEM 12 – ADJOURNMENT

There being no further business the meeting was adjourned at 12:36pm.

Approved: _____________ Date____________ KN/pa

AGENDA ITEM 6 – CHAIRPERSON'S REMARKS

Finance Committee Meeting
December 11, 2019

AGENDA ITEM 7 – CFO Report

Finance Committee Meeting
December 11, 2019

7-CFO Report

Finance Committee

December 11 , 2019

Accomplishments

2019

- Debt related
- Other
  - St. Lucie audit
  - Prepaid Gas transactions
  - Pooled Loan Project
  - Competitive process for financial professionals
  - Committee structure
  - Operational audits

Debt Related

Major Accomplishments

- Paid off Agency, Stanton and Tri-City Debt
- Received first ratings upgrade from Fitch!
- St. Lucie
  - Paid down debt using internal funds
  - Eliminated the FSA and received $3.1M in compensation
  - Eliminated auction rate bonds
  - Eliminated swaps
  - Eliminated all CABs (used proceeds to pay down debt)

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Debt Related (contd.)

Major Accomplishments

- Closed Vero Beach transaction
  - Paid off some debt
  - Paid off some swaps
  - Eliminated variable rate debt (tied to LIBOR)
- With the ARP 2019 transaction (refinancing the 2008C and 2013A Bonds)
  - Eliminated LIBOR interest rate risk
  - Resulted in PV savings
  - Terminated all swaps and all variable rate debt
- Extended LOCs with Wells and JPM

Other
Major Accomplishments

- St. Lucie audit findings - $1.5M refund
- Completed 4 prepaid gas transactions for a savings of $566k
- Relaunched the Pooled Loan Program and made first loan
- In the process of completing last required professional finance team member RFP (bond and disclosure counsel)
- Established finance committee
- Changing the 1st and 2nd read process for approval
- Completed all operational audits as scheduled even with new staff

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Looking Forward

Debt

- Continuing to prepare for scheduled bullets and possible refinancing opportunities.
- Need to bring LIBOR discussion to a close

Budget and rates

Pooled Loans

- Discussing opportunities with interested members

Internal audit's role in 2 key areas:

- OUC audit
- Operational audits to enhance internal policy compliance and efficiencies

Role in the FMPP – needs to be defined and staffed

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Discussion

AGENDA ITEM 8 – ACTION ITEMS

a. Approval of Bond Counsel Recommendation

Finance Committee Meeting
December 11, 2019

8a - Bond Counsel Recommendation

Finance Committee

December 11, 2019

Requests for Proposals (RFPs)

Proposals Received from 7 Firms

- BMO (Bryant Miller & Olive)
- D. Seaton and Associates
- Greenberg Traurig
- Holland & Knight
- Nabors Giblin & Nickerson
- Nixon Peabody
- Orrick

Bond Counsel RFP Summary

Details

FMPA received 7 proposals-several categories

- Bond Counsel only
- Bond and Disclosure Counsel
- Bond, Disclosure, and/or Special Counsel

FMPA ranked the proposals based on criteria listed

- Qualifications of individuals assigned
- Qualifications/reputation/experience of the firm
- Responsiveness to proposals
- Fees (ranged from $300-$1,095)
  - Orrick, Holland & Knight, Seaton – highest
  - Nabors, BMO - lowest

Evaluation Team

- Jody Finklea
- Linda Howard
- Rich Popp
- Ed Nunez
- Craig Dunlap, Dunlap & Associates
- Nat Singer, Swap Financial

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Recommendation

Bond Counsel

Nixon

- Institutional knowledge
- Highly respected tax expertise
- Great track record
- Lowered fees from current contract (now from $400 - $595)

Recommendation
Disclosure Counsel

BMO

- State and local presence
- Good track record with several FMPA members
- Proven ability in the disclosure space
- Lower fees for similar service ($415-$450)

Recommendation

Special Counsel

Nixon or BMO

- Considered a 3rd firm, but not enough known work
- Either of the selected firms can do the special projects as they arise
- FMPA and/or its members have good history on special projects

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Recommended Motion

- Motion: Finance Committee recommends that the Board and Executive Committee select Nixon Peabody as Bond Counsel, BMO as Disclosure Counsel and Nixon Peabody and BMO as Special Counsel as determined by FMPA based on the nature of the project

AGENDA ITEM 8 – ACTION ITEMS

b. Approval of the 2020 Meeting Calendar

Finance Committee Meeting
December 11, 2019

8b – Approval of the 2020 Meeting Calendar

Finance Committee

December 11 , 2019

Proposed Dates
2020

Wednesday, January 15, 2020

Wednesday, February 12, 2020

Wednesday, March 18, 2020

Wednesday, April 15, 2020

Wednesday, May 20, 2020

Wednesday, June 17, 2020

No meeting in July due to annual conference

Wednesday, August 19, 2020

Wednesday, September 16, 2020

Wednesday, October 14, 2020

Wednesday, November 18, 2020 (subject to cancelation)

Wednesday, December 9, 2020

Motion

- Move approval of the proposed meeting dates for 2020

AGENDA ITEM 9 - INFORMATION ITEMS

a. FYE 2019 Preliminary Financial Results

Finance Committee Meeting
December 11, 2019

9a - FYE 2019 Preliminary Financial Results

December 12, 2019

Financial Statement Highlights
FYE 2019

- **Long Term Debt**: Reduced by $329M
  Notably:
  - St. Lucie – Dec 2018 Paid Off 2000 & 2002 Bonds
  - All Requirements –Paid Off 2008B & 2008C Bonds Early Redemption of $69M; Swap Terminations of $5.9M Mar 2019

- **Expenses**: Expenses are Below Budget for All Projects

- **Due to Participants:** Total Net to Due $7.789M; FYE 2018 Net Due from Participants $7.688M

- **Vero Beach**: Proceeds of Sale are Being Utilized to Reduce Monthly ARP Billings to Participants

- **Rates:** Remain Low**,** ARP lowest since 2004

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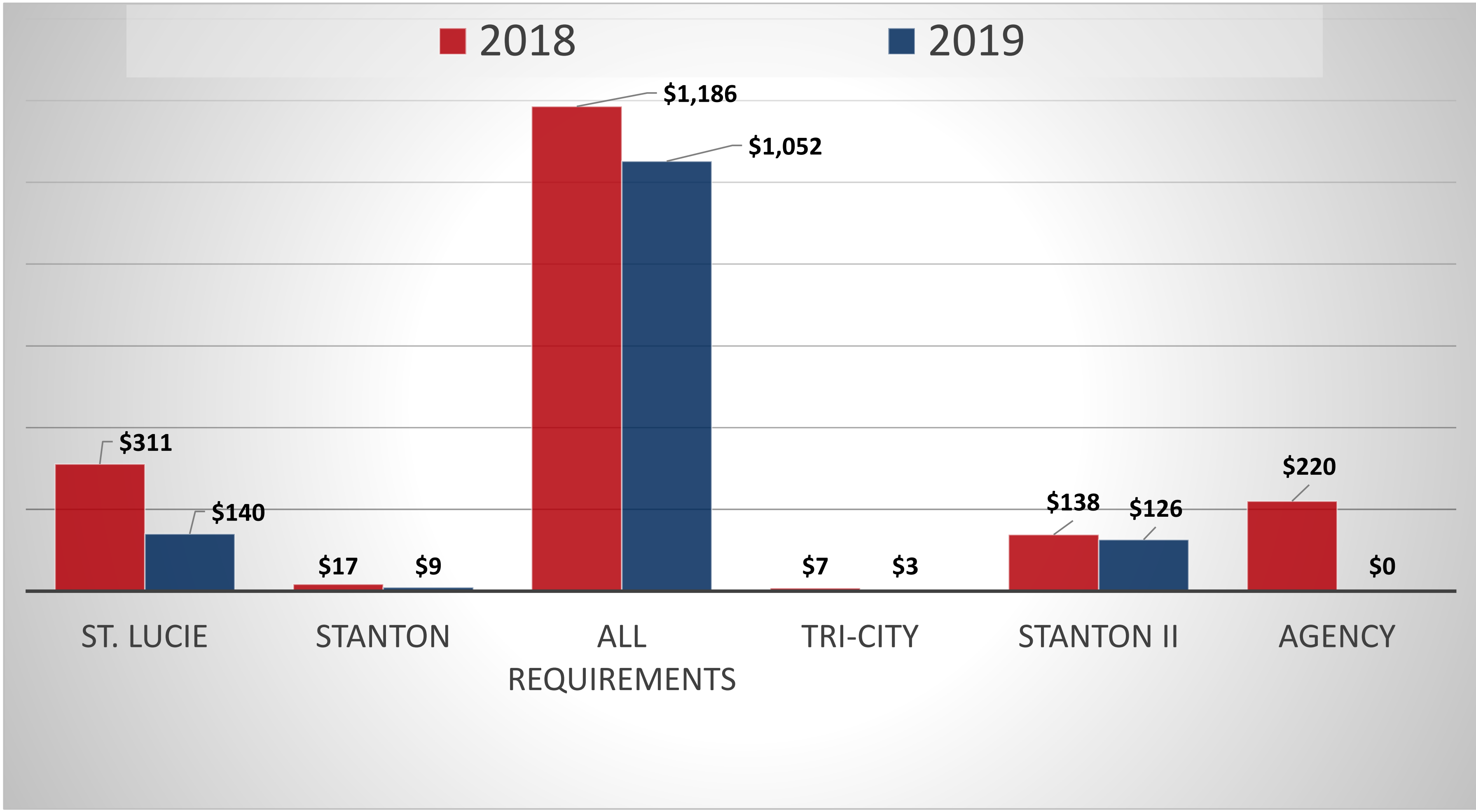
Long Term Debt by Project
Overall Reduction of $329M



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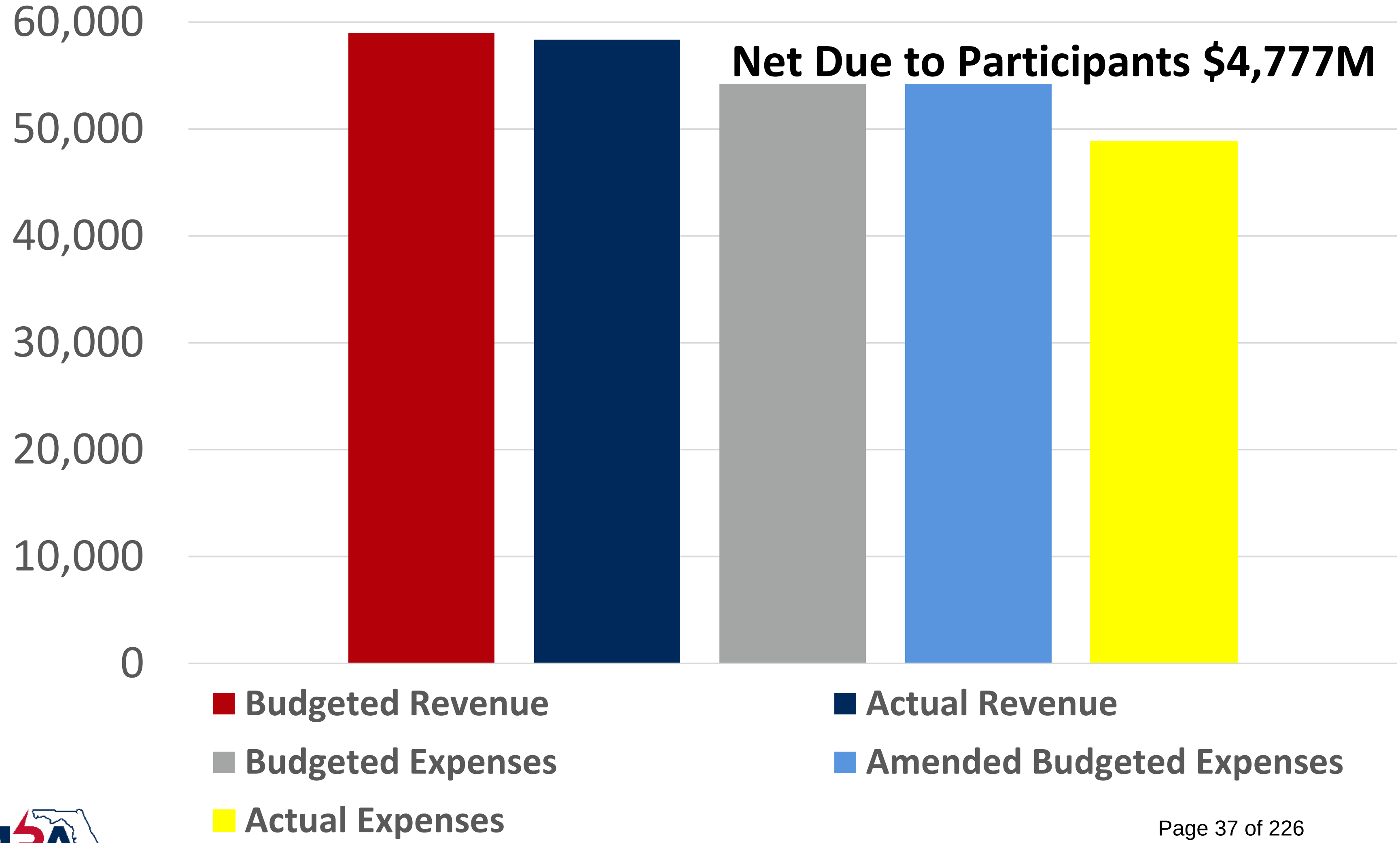
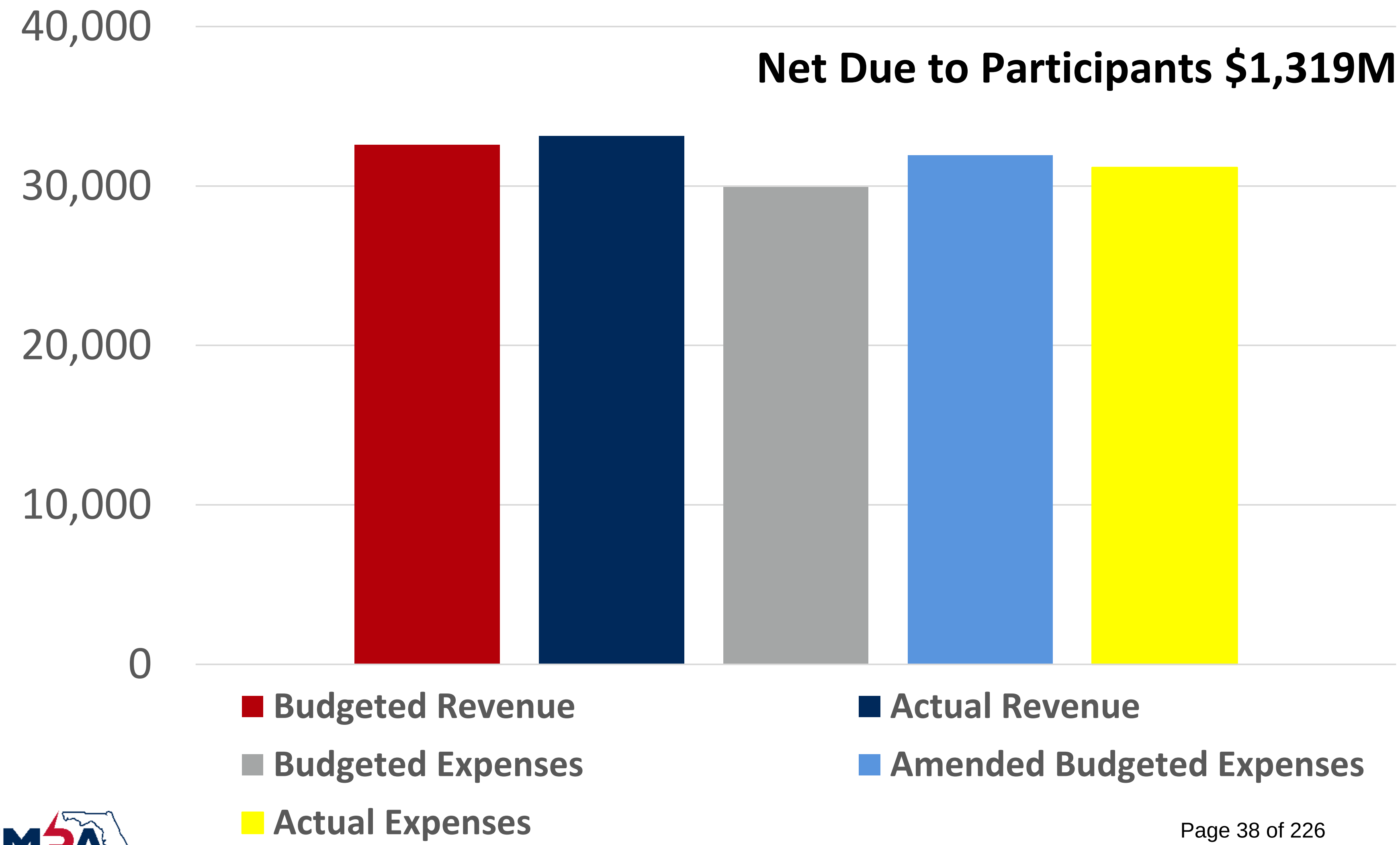
Budget to Actual Comparison ($000s)

St. Lucie

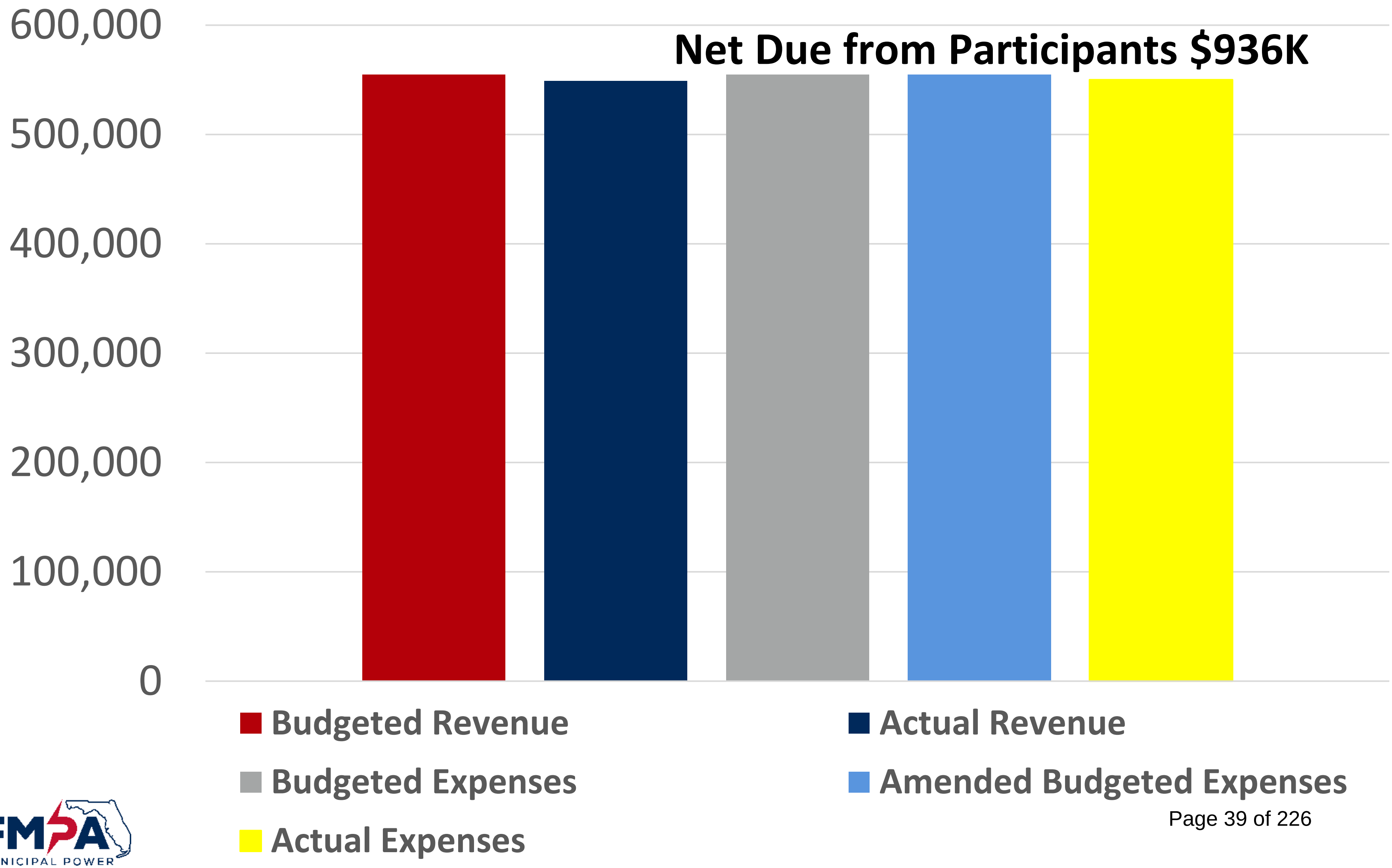


Budget to Actual Comparison ($000s)
Stanton



Budget to Actual Comparison ($000s)

All Requirements



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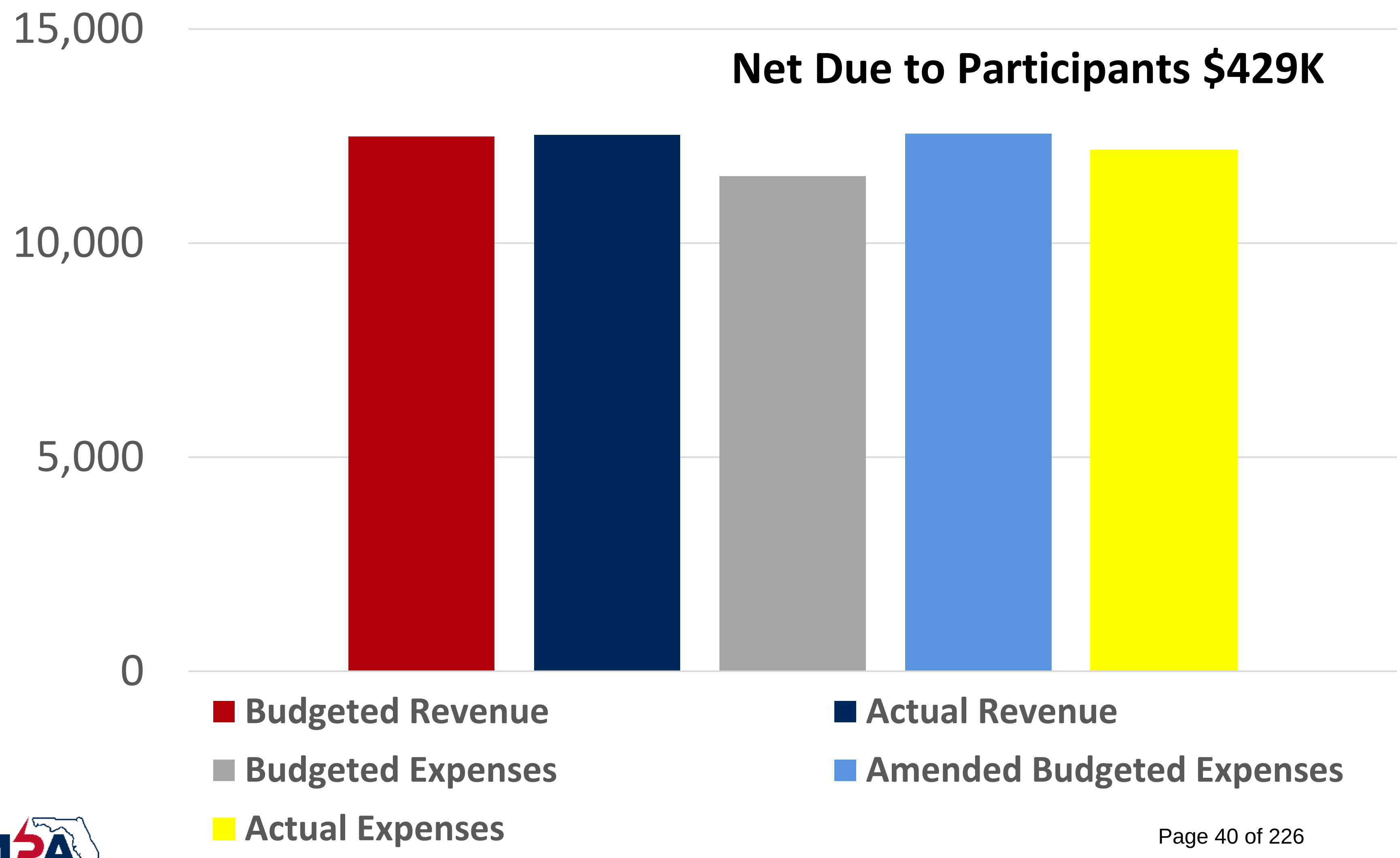
Budget to Actual Comparison ($000s)

Tri-City



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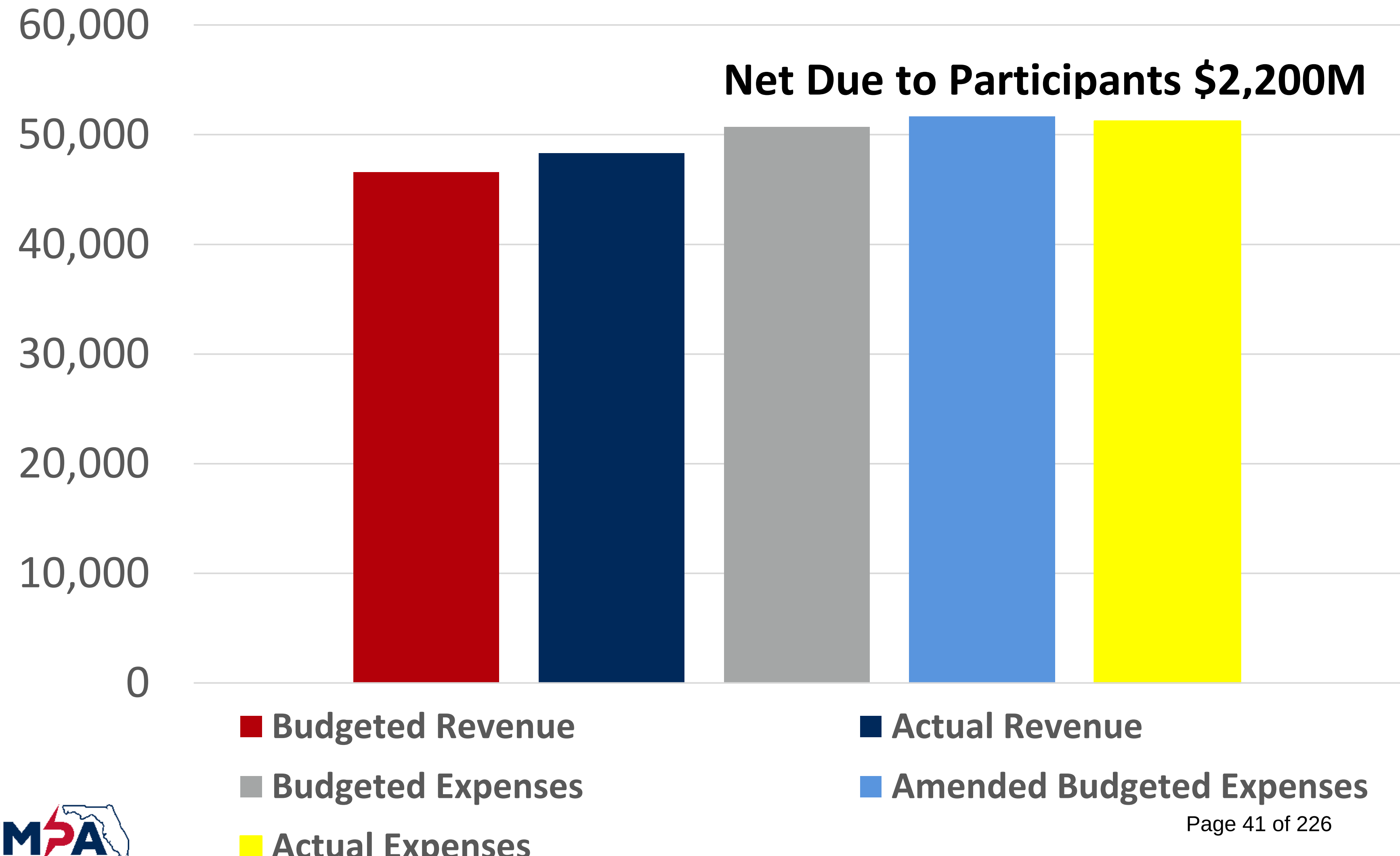
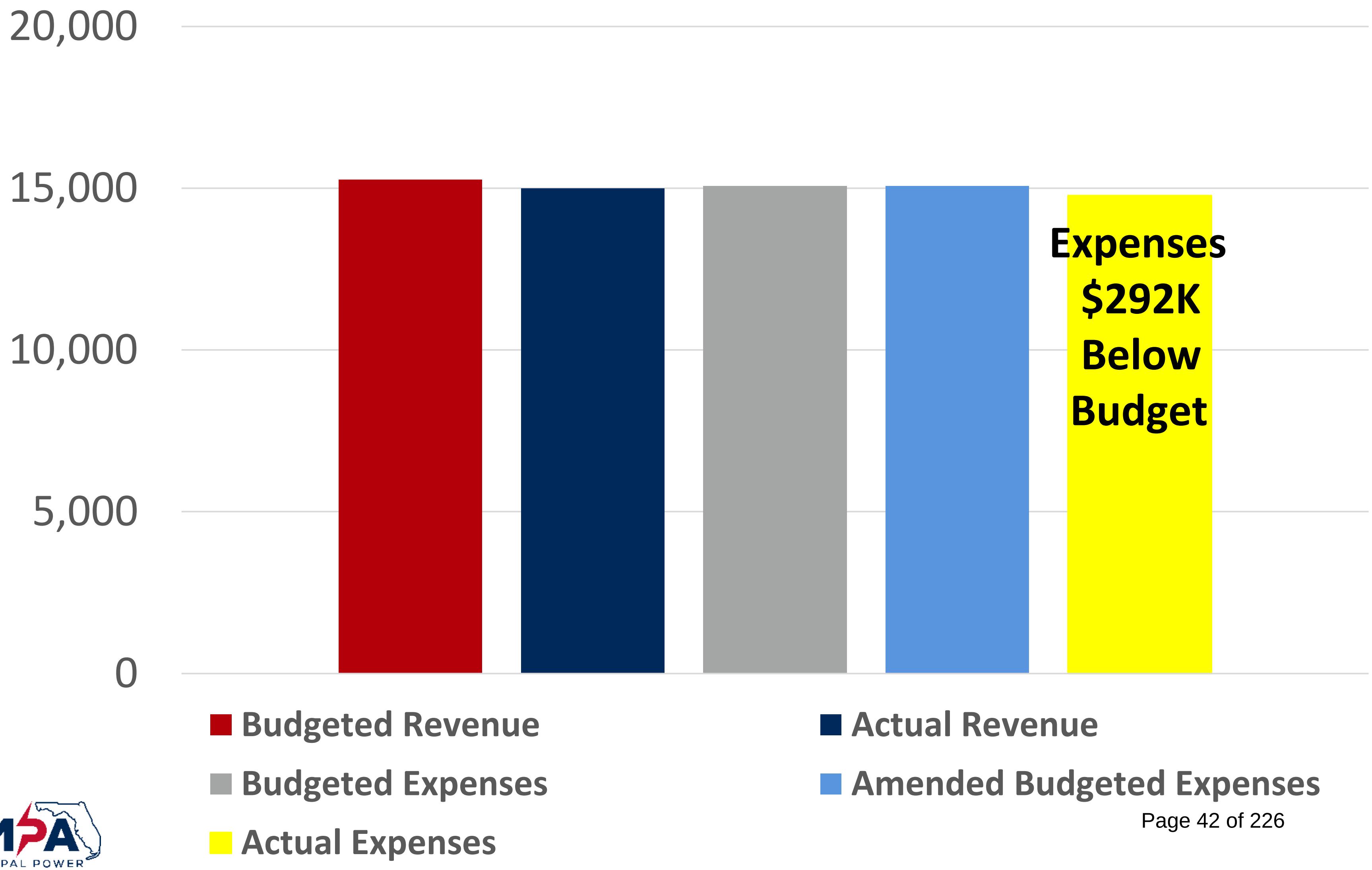
Budget to Actual Comparison ($000s)

Stanton II



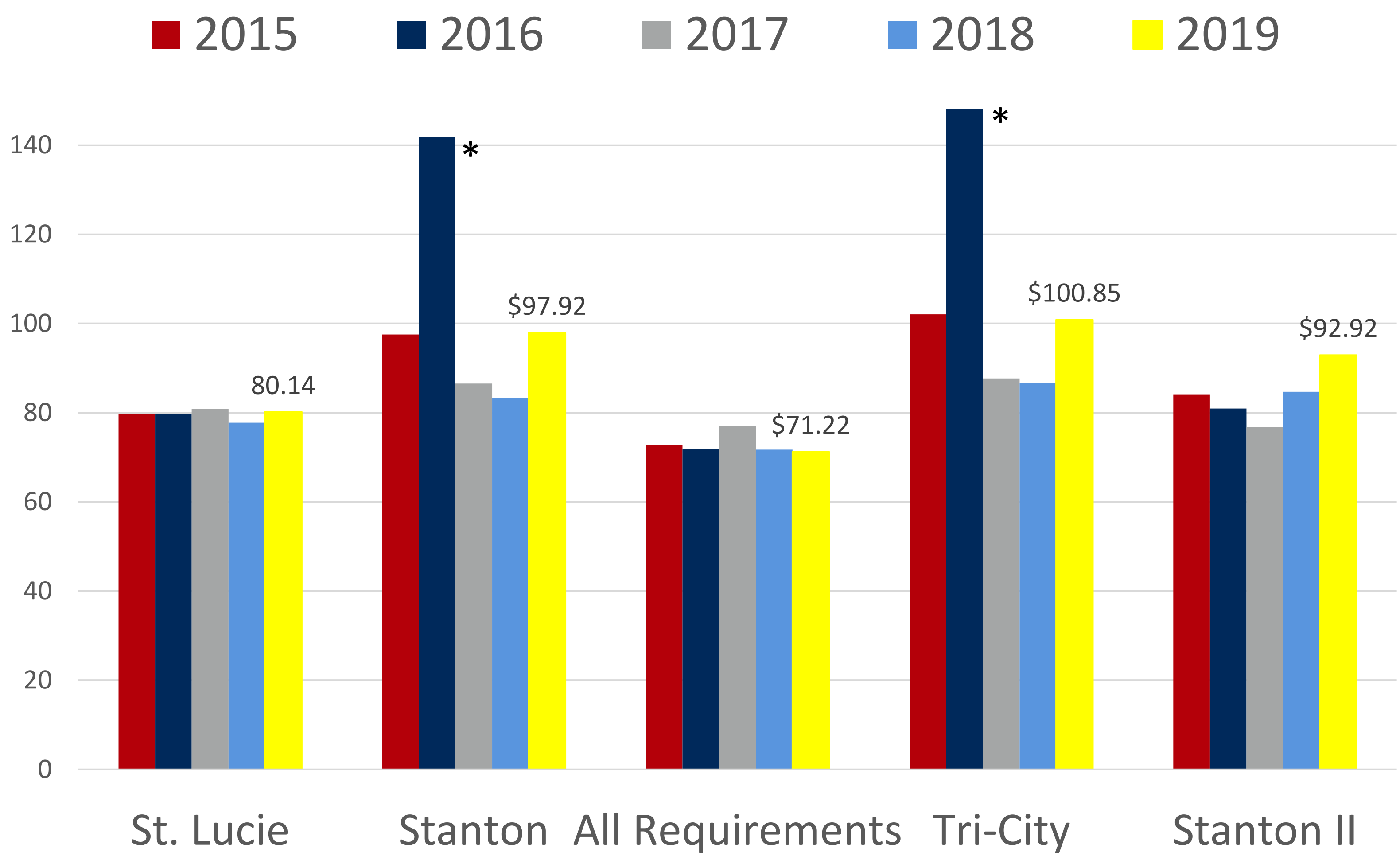
Budget to Actual Comparison ($000s)

Agency



Average $/MWh Billed

By Project   Years 2015 - 2019



*** Due to Extended Outage at Stanton**

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Next Steps to Finalize
FYE 2019

- **Final Leadership Review of Financial Statements**
- **Final Review by Auditors Purvis Gray & Company**
- **Auditors to Provide Auditor Report & Opinion Letter**
- **January 2020 –Provide Financial Statements & Audit Report to Board of Directors & Executive Committee for Approval**

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AGENDA ITEM 9 - INFORMATION ITEMS

b. Update on Rate Protection Account Status

Finance Committee Meeting
December 11, 2019

9b - Update on Rate Protection Account Status

Finance Committee – December 11, 2019

Rate Protection Account Overview

- ARP received $105.4 million at closing from Vero Beach system sale in December 2018
- EC approved use of Vero Beach proceeds
  - ~$75 million to be used to pay down outstanding ARP Bonds and swaps
  - ~$30 million to establish Rate Protection Account (RPA) to protect Participants from adverse rate impacts due to ARP taking on Vero Beach project entitlements
- Activity through 9/30/19 generally following initial projections
- Staff projects higher usage of RPA funds, that could result in a small negative balance-not to exceed $2M in 2021

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Rate Protection Account Current Ending Balance ~ Projected Amount

Summary of ARP Rate Protection Account Activity for FY 2019 ($Millions)

Description	Actual Amount [1]	Original Projection [1] [2]
Beginning Balance (Net of Debt Defeasance) [3]	$30.8	$29.8
Deposits:		
Interest and Dividends [3] [4]	0.9	0.5
Debt Savings [3] [4]	3.3	4.8
Withdrawals:		
FY 2019 Project Costs > Market [4]	(16.3)	(16.1)
Ending Balance @ 10/31/19	$18.7	$19.0

[1] Amounts may not total due to rounding.

[2] Amounts shown have been adjusted from the projections developed in fall 2017 to reflect timing differences associated with the one-month lag in account transfers from the month in which expenses are incurred.

[3] Actual amounts shown differ from the original projection primarily due to the debt defeasance occurring later in FY 2019 from what was originally anticipated

[4] Due to the one-month lag in account transfers, amounts shown reflect expenses through September 2019.

Projected Use of Rate Protection Account in Next Few Years Higher than Originally Anticipated

Several Factors Have Changed Since Calculation of “Make Whole” Payment in 2017

- Original analysis assumed Stanton 1 retirement at end of FY 2019
  - Continued operation adds $3 - $5 million per year in fixed costs for Vero entitlement
- Coal units operating above expected levels
- Higher capital costs
  - Stanton 1 and 2 turbine upgrades
  - Landfill expansion schedule advanced and at over 50% higher cost than original budget
- A portion of the Vero Beach payment was set aside to cover such contingencies
- Actual gas prices are running 12% below forecast used for original projections, which means overall Participant rates are ~ $2.50/MWh (4%) below expected levels

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Rate Protection Funds May Run Out for a Period in FY 2021, but Rate Impact Can be Mitigated

Larger Debt Savings Will Replenish Account Beginning in FY 2022

- Incremental project costs exceed debt savings in 2019 - 2021
- Largest debt savings (>$20M/yr) occur in 2022 and 2023
- If RPA runs out of money (projection not to exceed $2M), EC could decide to recover costs in one of the following ways:
  - Through rates
  - Short-term borrowing (e.g., pooled loan, draw on line of credit)
  - Capacity system sales

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Not All Value of Vero Entitlements Currently Captured in Rate Protection Account Activity

- As ARP sells more excess capacity to others, Vero entitlements will have some capacity value
  - The calculation of the Vero Beach withdrawal payment reflected no capacity value
- Capacity revenues from Vero capacity used in off-system sales (e.g., Winter Park) currently planned to be used to lower Participant rates but could alternatively be deposited to Rate Protection Account
  - Based on Winter Park pricing, Vero entitlement capacity revenues between $1.2M - $2.4M per year, or $12M total through FY 2027

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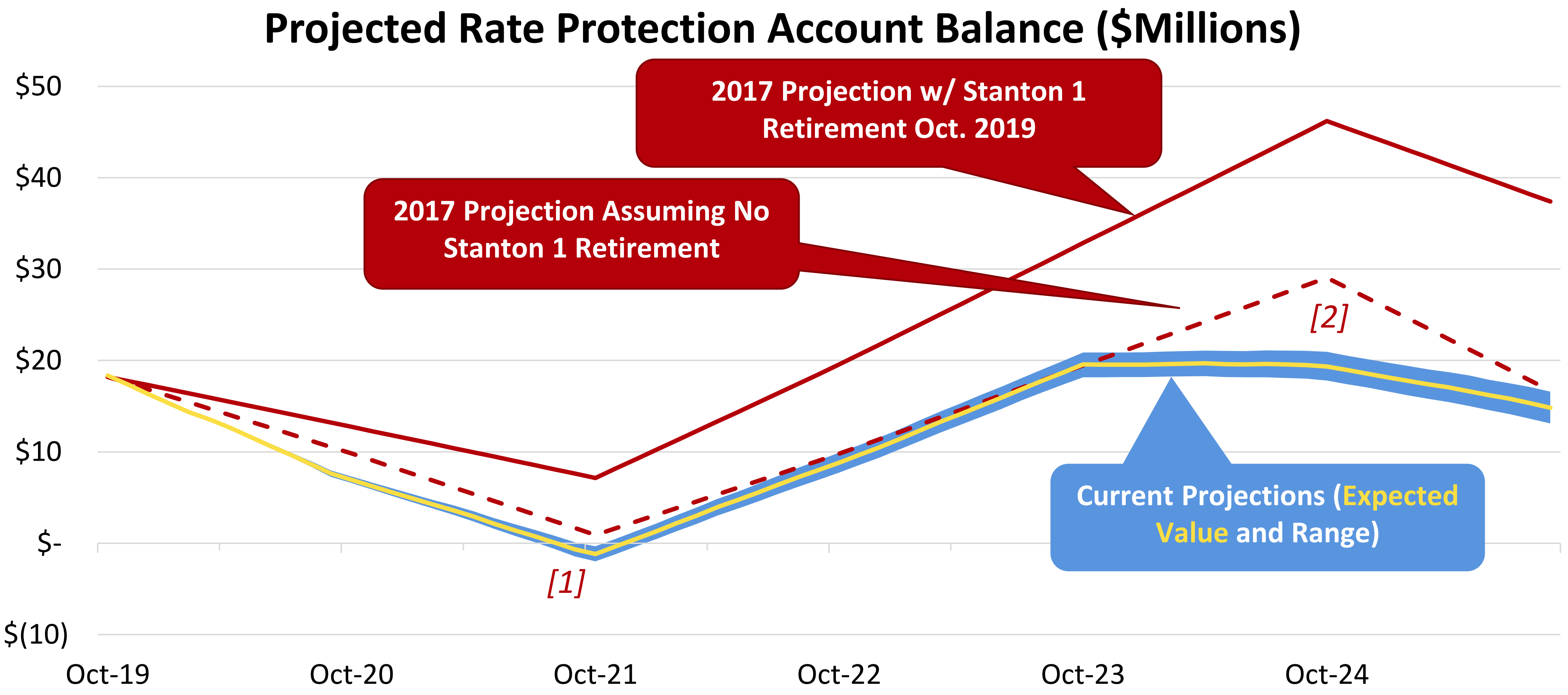
Rate Protection Account - Current vs. Original Projections



[1] Negative balances shown in the chart (currently estimated to be up to $2 million) would be recovered through rates unless alternative action taken by EC.

[2] Differences between the specific debt maturities originally projected to be defeased and those actually defeased are the primary drivers of the variance shown in FY 2024 and FY 2025 between the current projections and the prior projections.

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Staff Will Continue to Provide Updates on Rate Protection Account

- Monthly activity will continue to be provided in rate call package
- Annual activity summaries (such as this presentation) will be provided
- If it becomes apparent that the Rate Protection Account will run out of money for a period, staff will notify the EC in advance and provide options for mitigating cost impact

Recommended Motion

- For information only. No action requested.

AGENDA ITEM 9 - INFORMATION ITEMS

c. Pricing Update on the 2019 Bonds

Finance Committee Meeting
December 11, 2019

9c- Pricing Update on the 2019 Bonds

Finance Committee

December 11, 2019

ARP 2019A/B Bonds Exceeded Expectations

- Fitch Rating Upgrade to AA-, Moody’s reaffirmed at A+
- Termination of all Swaps in the Project
- Combined Present Value Savings $295,909.53
- Final Payment on ARP Debt now 10/2031 vs. 10/2035
- Elimination of LIBOR exposure
- Fixed Rate Debt Transaction

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Exceeded Internal Targets

Final Numbers Compared to Resolution/Debt Policy

Description	Actual	Limit Per Resolution or Debt Policy
Bonds Issued A Bonds Issued B	$75.22 million $ 6.67 million	$90 million $8.0 million
All-In Interest Rate (A) True Interest Cost (B)	4.31013% 2.21238%	5.00% 4.00%
Present Value Savings	$295k	($500,000) per Resolution
Final Maturity	10/2031	10/2035

Description	Actual	Limit Per Resolution or Debt Policy
Issue Costs	$403,900	N.A.
Underwriters Discount	$2.93 per $1,000	$5.00 per $1,000
Method of Sale	negotiated	negotiated
Closing Date	11/7/2019	May 31, 2020
Redeemed Date	11/7/2019	
Underwriters	Barclays Capital and BofA Securities Inc.	Barclays Capital and BofA Securities Inc.

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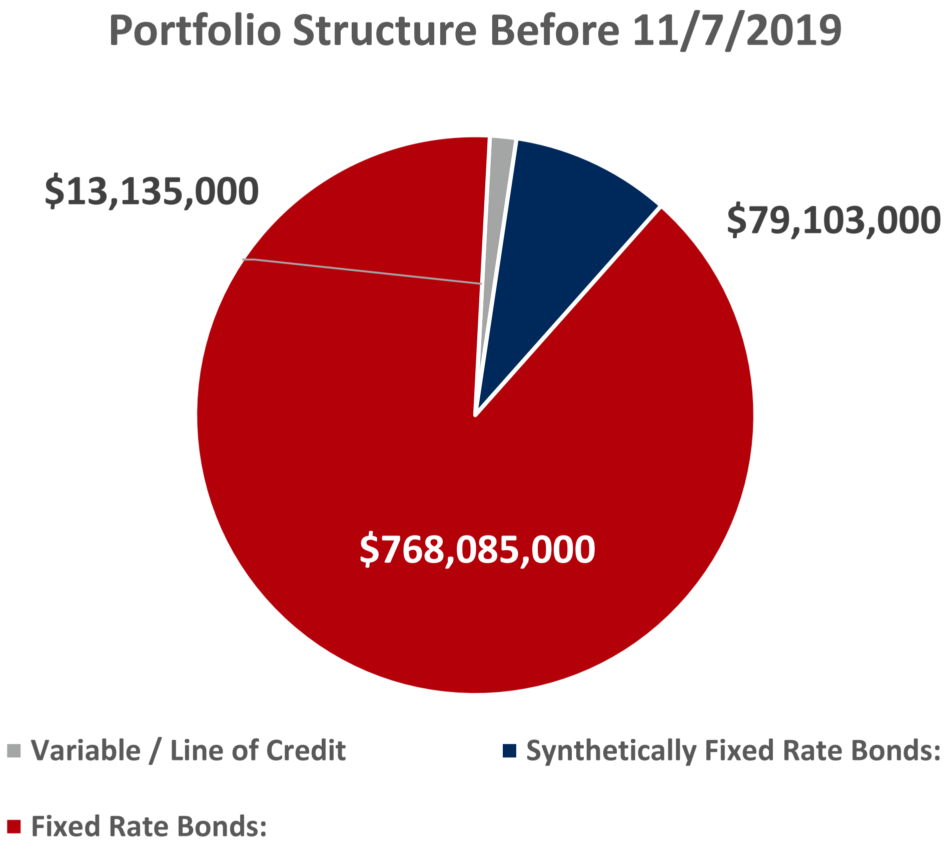
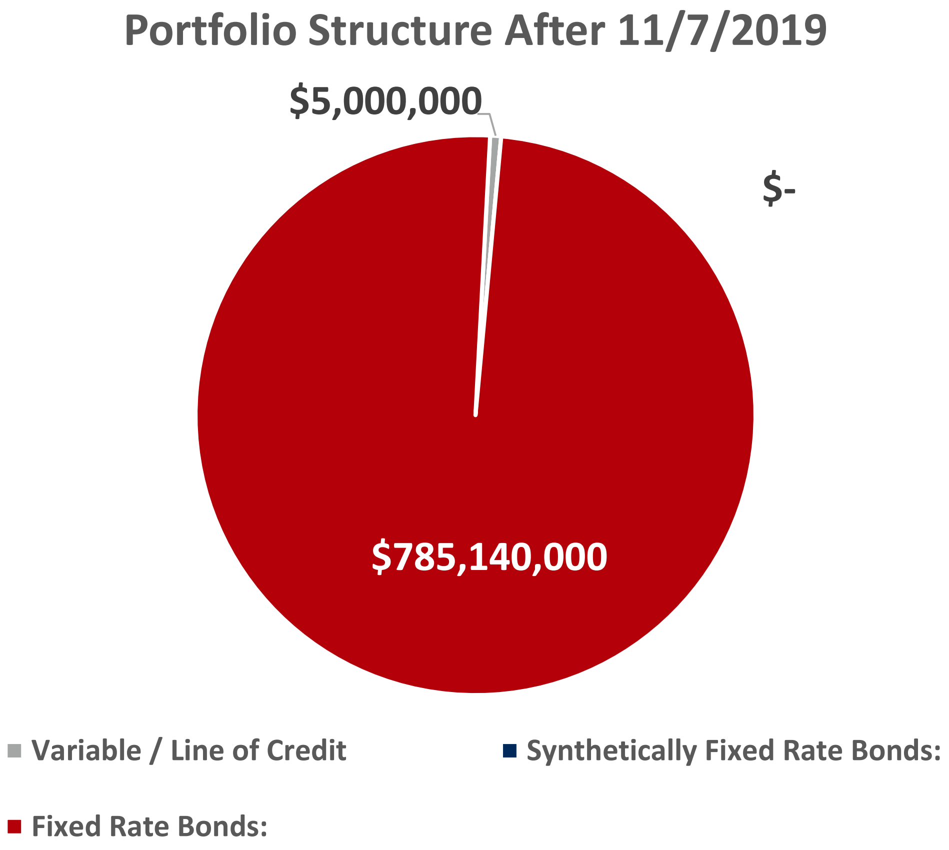
ARP Debt Portfolio Structure

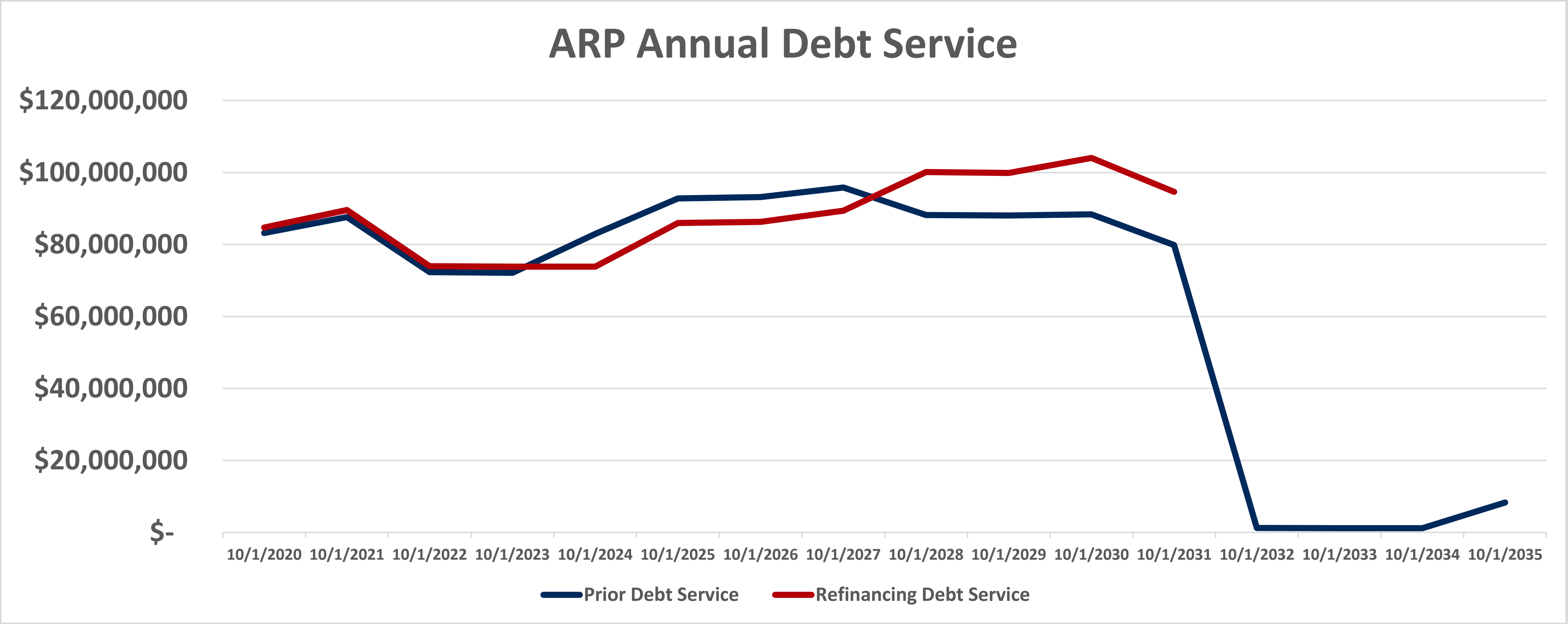
After Refinancing Project 99.4% Fixed Rate Debt





Debt Payments Better Match Load Growth

St Lucie and Stanton II Payments Decrease By 2027



QUESTIONS

AGENDA ITEM 9 - INFORMATION ITEMS

d. Update on ARP Prepaid Gas Transactions

Finance Committee Meeting
December 11, 2019

9d – Update on ARP Prepaid Gas Transactions

Finance Committee

December 11, 2019

ARP Participates in Four Prepaid Gas Transactions

Projected Fiscal Year 2020 Savings of $0.47 per MWh

Prepaid Gas Transactions	Daily MMBtu Volume	Discount off of First of Month Price*	Annual Savings	Saving Start Date
Main Street / RBC	2,750	$0.40	$401,500	April 1, 2019
Main Street / Macquarie	2,500	$0.30	$273,500	April 1, 2019
Main Street / TD Bank	8,000	$0.31	$905,200	July 1, 2019
Black Belt Energy / Morgan Stanley	10,000	$0.32	$1,168,000	November 1, 2019
Totals	23,250		$2,748,000	

* Includes estimated annual interest earnings

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Prepaid Gas Saved ARP $566,735 in Fiscal Year 2019

Prepaid Gas Transactions	Daily MMBtu Volume	MWh reduction	FY 2019 Savings
Main Street / RBC	2,750	$0.059	$201,300
Main Street / Macquarie	2,500	$0.040	$137,275
Main Street / TD Bank	8,000	$0.126	$228,160
Total			$566,735

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AGENDA ITEM 9 - INFORMATION ITEMS

e. Review of Annual Investment Report

Finance Committee Meeting
December 11, 2019

9e - Annual Investment Report

Finance Committee

December 3, 2019

Annual Investment Report

- Economic Update/Outlook
- Provide Finance Committee with more information on FMPA's investment practices and performance
- Provide supplemental information showing detailed analysis
- As of 9/30/2019, there are no Capital Appreciation Bonds (CABs) owned by any Project

Allowable Investment Types

- Federal Farm Credit Bank
- Federal Home Loan Bank
- Federal Home Loan Mortgage Corporation (Freddie Mac)
- Federal National Mortgage Association (Fannie Mae)
- Federal Agricultural Mortgage Corporation (Farmer Mac)
- U.S. Treasuries
- Commercial Paper
- Municipal Bonds
- Corporate Notes
- Florida Prime
- Money Market Mutual Funds

Investment Practices

Compliance
- Invested amounts maintained within allowable compliance parameters per Investment Policy

Benchmarks
- Investments met or exceeded weighted average of US Treasury and Florida Prime securities

Total Return
- Estimated total return values better than benchmarks

Economic Update

U.S. economic outlook is healthy according to economic indicators

- GDP growth rate is expected to remain between 2% and 3%
- Unemployment is forecast to continue at a low natural rate.
- Not too much inflation or deflation and there is a low probability of a recession in 2020.
- Probabilities indicate that there will be one more rate cut in mid 2020. This is subject to change depending on factors affecting the market, i.e. housing, jobs, GDP, etc.
- The trade war has moved the stock market up and down but most recently up to an all time high.
- The market has set record highs 100 times since the current administration took office.

US Treasury Yields down from one year ago.

Current Yields	November 2018 Yields
1yr - 1.594%	1yr – 2.671%
2yr - 1.599%	2yr – 2.832%
3yr - 1.584%	3yr – 2.857%
5yr - 1.593%	5yr – 2.886%
7yr - 1.683%	7yr – 2.968%
10yr - 1.742%	10yr – 3.054%
30yr - 2.179%	30yr – 3.312%

Fed Cuts Rates 3 times from Dec 2018- Oct 2019

- 12/2018 2.25-2.50
- 7/2019 2.00-2.25
- 9/2019 1.75-2.00
- 10/2019 1.50-1.75

Investments Diversification By Project

	Agency	ARP	St. Lucie	Stanton	Stanton II	Tri-City
Cash/Money Market/SBA	29%	9%	25%	25%	10%	34%
Treasuries	0%	6%	7%	7%	15%	17%
US Agencies	55%	37%	20%	27%	27%	3%
CDs	4%	0%	1%	0%	7%	0%
Com Paper & Notes	12%	41%	34%	27%	21%	46%
Muni	0%	7%	13%	14%	20%	0%

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FY 19 Total Return By Project

Project	Annualized % Return	Benchmarks (UST & FL Prime)	Annual dollar return
Agency	3.39%	2.37%	$362,781
All-Requirements	3.19%	2.37%	$9,622,729
St. Lucie*	3.33%	2.37%	$5,772,994
Stanton	2.94%	2.37%	$679,595
Tri-City	2.60%	2.37%	$160,271
Stanton II	4.52%	2.37%	$2,374,025

* Does not include decommissioning funds

AGENDA ITEM 9 - INFORMATION ITEMS

f. Review of the Credit Card Audit

Finance Committee Meeting
December 11, 2019

9f – Credit Card Review Report

Finance Committee

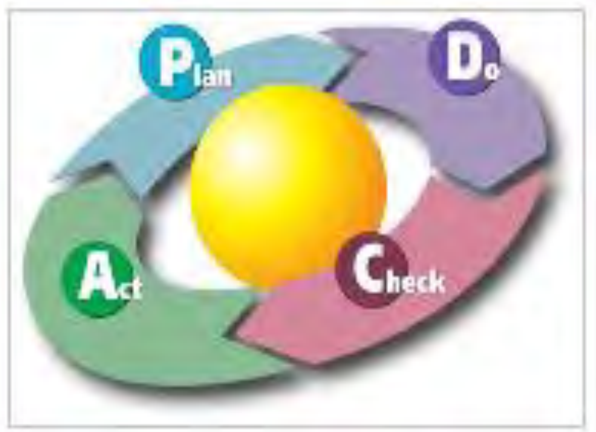
December 11, 2019

Agreements Covered

- Treasure Coast Energy Center
- Stock Island Generating Facility
- Cane Island Facilities
- FMPA Credit Card Policy & Procedures
- FMPA Credit Card Use Agreement

Audit Objective

- Objective: Ensure adequate policies and procedures are in place for proper credit card usage and reimbursement



Audit Methodology

- Review policies and procedures
- Document understanding
- Obtain sample transactions
- Perform analytical audit procedures
- Testing selected samples

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Audit Findings

- Findings: See attached detail covering findings in the following areas:
  - Receipt and SharePoint Expense Approval Process
  - Mileage Reimbursement

FMPA MUNICIPAL POWER

Audit Recommendation 1

- **Finding 1.1 - Exceptions were identified for submitting receipts within 30 days.**
  - Audit Recommendation:
    - Annual session to outline policy.
  - Management Response:
    - A presentation was given during the September Staff Meeting (9/24/2019) to communicate changes and clarifications to FMPA's existing credit card and business expense procedures. The presentation has also been sent to plant management at all locations to review with all employees possessing an FMPA credit card.

FMPA MUNICIPAL POWER

Audit Recommendation 1 (Cont'd)

- **Finding 1.2 - Employee final approval without secondary review due to system bug identified.**
- Audit Recommendation:
  - If bug cannot be resolved, a quarterly review of expense approvals should be performed.
- Management Response:
  - IT is working to fix bug

Audit Recommendation 2

- **Finding - Mileage expenses approved without evidence of mileage traveled**
  - Audit Recommendation:
    - Add language to policy which requires evidence (e.g. Google Maps screenshot) be submitted with all mileage reimbursement requests.
  - Management Response:
    - Procedure changes to require mileage expenses be submitted with Google Maps or written detail including to/from locations

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FMPA MUNICIPAL POWER

Questions?

AGENDA ITEM 9 - INFORMATION ITEMS

g. Review of Risk Management Policies and Compliance Reports

Finance Committee Meeting
December 11, 2019

9g – Review of Risk Management Policies and Compliance Reports

Finance Committee

December 11, 2019

Finance Committee Responsibility
Risk Management Policies

- The mission of the Finance Committee (FC) is to oversee the administration of the Risk Management Policy including all appendices (each appendix covers a specific risk area at FMPA)
- To fulfill this mission , the FC shall regularly hear reports form staff on the risk management activities including detailed reports from staff
- Internal Audit staggers the policy reviews such that each area is reviewed once a year
- See list on next page

Risk Areas Identified

Appendices in the Risk Management Policy

Risk Area	Appendix
Fuel Management	Appendix A
Debt Management	Appendix B
Investment Management	Appendix C
Insurance Program Management	Appendix D
Credit Risk Management	Appendix E
Contract Administration	Appendix F
Statutory and Regulatory Matters	Appendix G
Power Supply and Resource Planning	Appendix H
Asset Management and Operations	Appendix I
Accounting and Internal Controls	Appendix J
Origination Transaction Management	Appendix K
Records Management	Appendix L
Contingency Planning	Appendix M
Human Resource Management	Appendix N
Information Technology	Appendix O

Summary of Policy Review Process

- Policies are reviewed annually to
  - Determine operational effectiveness
  - Increase awareness and compliance
  - Serve as a tool for revision of policies as necessary

Policies Covered This Cycle

- **Accounting Policy**: Establishes the minimum standards to support an Agency-wide atmosphere of proper control levels to safeguard the Agency's assets.
- **Asset Management and Operations Policy** : Establishes minimum standards to support an Agency-wide atmosphere of proper control level to ensure the effective and efficient generation of electric Power.

FMPA MUNICIPAL POWER

Policy Review
Major Areas Covered

Accounting Areas	Asset Management Areas
Deviations from the Policy	Deviations from the Policy
Accounting Procedures	Asset management and operations Procedures
Administrative update for personnel title changes	Administrative update for personnel title changes
External audit	Ensure applicable laws and regulations are followed related to the operation and maintenance of electric power generating units
Internal controls	Internal controls
Reporting	Reporting

Accounting Policy Review

New Section Added to Address $ Threshold for Capitalization

4.6 Capitalization Threshold:

Capital purchases are approved as part of the annual budgets approved by the governing bodies. The following thresholds will be used for capitalizing assets:

- Building, structures, facilities and other improvements exceeding $25,000 in costs. Capitalization should include all costs related directly to the acquisition or construction (materials, labor, overhead during construction, attorney and engineering fees, permits).
- Equipment includes vehicles, office equipment, computer equipment and other equipment having a value of $5,000 (each) or more and a useful life expectancy of two or more years. Capitalization should include all set-up and labor costs related to preparing the equipment for operations such as the initial installation cost.
- The purchase and/or development of new computer software or major modifications/upgrades to existing software which costs less than $25,000 shall be expensed. Software over $25,000 shall be capitalized.
- All capital lease arrangements for land, buildings, structures and equipment shall be capitalized in accordance with GASB 87.
- As of 10/1/2020, interest shall not be capitalized on any construction project in compliance with GASB 89.

FMPA MUNICIPAL POWER

Asset Management & Operations Policy Review
Lead Time Changed to Match Operational Need

4.2.2 Reliability Centered Maintenance ("RCM"):

FMPA will maintain the balance of plant and auxiliary equipment in accordance with RCM. RCM establishes safe minimum levels of maintenance, changes to operating procedures and strategies, and the establishment of capital maintenance regimes and plans based on historic operational data and maintenance history.

FMPA shall strive to ensure that long-lead critical items for base load gas and steam turbine units can be obtained within a ~~six~~ 12 month time frame from within the ARP fleet, provided through the OEM, or through a partnership fleet arrangement. The following items are excluded from this ~~six~~12 month requirement: Iso-phase bus, disconnect switches, switchgear, and CTPT metering units.

FMPA MUNICIPAL POWER

Motion on Policy Changes

- Move that the Board approve recommended policy changes

Compliance Review Results

- Based on our review, there were no exceptions noted for Policies covered during this review cycle

Discussion

AGENDA ITEM 9 - INFORMATION ITEMS

h. Exit Conference with External Auditors

Finance Committee Meeting
December 11, 2019

9h – Exit Conference with External Auditors

Finance Committee

December 11, 2019

DRAFT

Purvis Gray & Company

GOVERNANCE LETTER

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

We have audited the financial statements of the business-type activity and each major fund of Florida Municipal Power Agency (the Agency) for the year ended September 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our Audit Engagement Letter to you dated June 27, 2019. Professional standards also require that we communicate to you the following information related to our audit:

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note I to the financial statements. Except as noted below, no other new accounting policies were adopted and the application of existing policies was not materially changed during 2019. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. The following *new* accounting policy was adopted in the current year:

- Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations.* This statement establishes criteria for determining the timing and pattern of the recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. During 2019, the Agency, with the implementation of GASB Statement No. 83, recorded additional AROs totaling $4 million combined in the All Requirements (ARP), Stanton I, Stanton II, and Tricity projects. The ARO liability is recorded with a related Deferred Outflow of Resources which will be amortized over the remaining life of the plant. Prior to implementation of the new standard, the Agency had been recording a nuclear decommissioning liability (an ARO) for its minority interest in the St. Lucie nuclear power plant from information provided by the majority owner, which totals $87 million as of September 30, 2019.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions

Certified Public Accountants
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443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144
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1560 N. Orange Ave., Suite #450 • Winter Park, Florida 32789

about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Agency's financial statements are:

- **Nuclear Decommissioning Costs and Asset Retirement Obligations**
  As discussed in the notes to the financial statements, the Agency is a partial owner in the St. Lucie nuclear power plant and, accordingly, has recorded its share of the future decommissioning of the plant as a liability in its financial statements. Additionally, the Agency has recorded certain asset retirement obligations in the ARP, Stanton I, Stanton II, and Tricity projects. The liabilities are based upon engineering estimates and contains significant estimates concerning the future cost as well as the future date of the decommissioning or retirement. We believe that the Agency's calculation of its share of these costs is reasonable based upon current engineering estimates.

- **Capital Assets, Accumulated Depreciation, and Depreciation Expense**
  As discussed in the notes to the financial statements, capital assets are stated at costs at the time of purchase or construction. Management estimates accumulated depreciation and depreciation expense for such assets by utilizing the straight-line method of depreciation and by determining estimated useful lives based on the classes of depreciable property described in Note I to the financial statements. We evaluated the key factors and assumptions used to develop the capital asset and depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

- **Fair Market Value of Financial and Derivative Instruments**
  As discussed in the notes to the financial statements, the Agency uses third-party valuations for determining the fair value of its financial and derivative instruments. We evaluated the key assumptions embodied in these valuations and determined that they are reasonable. Certain thinly traded municipal bonds and interest rate swaps can have varying values depending upon the pricing model used.

- **Prepaid Natural Gas—Public Gas Partners, Inc. (PGP)**
  As discussed in the notes to the financial statements, the Agency is amortizing its investment in PGP (which is titled Prepaid Natural Gas - PGP, in the Statement of Net Position) using the units of production method based upon estimated reserve levels as determined by PGP and its consultants.

  During 2019, the ARP recorded an impairment write down of $42 million in its prepaid natural gas investment in PGP pools 1 and 2. The remaining prepaid gas balance of $16.5 million, after the write down, represents the estimated future cash flows projected by PGP that FMPA anticipates to receive from the natural gas and oil well operations

- **Other Postemployment Benefits**
  As described in the notes to the financial statements, the actuarially calculated net OPEB Obligation is based upon the alternative measurement method permitted by GASB Statement No. 75 for employers in plans with fewer than one hundred plan participants. We evaluated the key assumptions used in the calculation and determined them to be reasonable.

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

GOVERNANCE LETTER

- **Net Costs to be Recovered/Refunded**
  As discussed in the notes to the financial statements, the Agency utilizes the provisions of GASB Statement No. 62, paragraphs 476-500 Regulated Operations. The effect of this method allows for 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. These deferrals are recorded as Net Costs Recoverable From or Refundable to Future Participant Billings in the financial statements. We believe that the Agency's use of this method is appropriate and reasonable. Certain Projects have now matured to the point where the effects of Regulatory Operations now result in amounts owed to rather than from the members.

Certain financial statement disclosures and transactions are particularly sensitive because of their significance to financial statement users. In addition to the matters discussed above, the most sensitive disclosures and transactions affecting the financial statements were:

- **Vero Beach Transaction**
  The Vero Beach transaction closed in December of 2018, providing funding that the ARP used to pay off certain variable rate debt and related interest rate swaps (a portion of the series 2008C's) totaling $74 million, with the remaining $32 million deposited to a member rate protection account to buffer future costs associated with the transaction. The accounting treatment defers the entire $105 million of proceeds from the transaction which will be recognized over future years. As of September 30, 2019, approximately $8 million of the initial deferral has been recognized in revenue, leaving a remaining balance of $97 million to be recognized over future years.

- **St. Lucie Bond Redemptions and SWAP Terminations**
  During December of 2018, the St. Lucie Project terminated its Forward Sales Agreement (FSA) for the acquisition of securities and liquidated its Capital Appreciation Bond portfolio which had been acquired through the FSA. The proceeds, along with other available funds, were used to redeem the remaining balance of certain variable rate bonds (series 2002 and 2000) and terminate the related interest rate swaps associated with these bonds. The total bonds redeemed as a part of this initiative total $161 million and interest rate swap terminations totaled $6.7 million.

- **Pooled Loan Program**
  During the 2019 year, the Agency reestablished its Pooled Loan Program to provide members with access to low cost financing by using the credit rating and borrowing power of the Agency. The program calls for the issuance of Conduit Debt on behalf of a member, which FMPA legal counsel has indicated is not a liability of the Agency and therefore does not appear as such in the Agency's financial statements.

- **Natural Gas Prepay and Physical Delivery Agreements**
  During the 2019 year the ARP entered into a cancellable gas prepay agreement that will allow the project to receive a discount to the market rate of natural gas purchases and also entered into certain physical delivery agreements for natural gas from various vendors over several months in late 2019.

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

GOVERNANCE LETTER

- **KUA TARP Agreement Amendment**
  During 2019 the Agency and KUA amended Schedule D to the KUA TARP agreement which extended the capacity credits payments from FMPA to KUA for Cane Island units 1 and 2 from 2021 through 2024 in a total amount of $13.4 million. The present value of these payments is $10.7 million, which was added to the Capital Lease Payable and the Acquisition Adjustment accounts of the Agency.

- **Member Services Billing and Agency Cost Allocations**
  The Agency has made significant efforts over the last couple of years to improve and increase the level of non-purchased power services ("member services") that are provided to the members. Our review of this area indicates that official policies dealing with how these services will be billed to a member have not been updated in many years and may not address the current level of services provided. Additionally, the Agency fund has a process for the allocation of payroll costs across the various projects that benefit from staff time, which has also not been updated in several years and may not be accomplishing the goals it was originally designed to achieve. Because of the interrelationship of these two processes, the Agency may want to review and update the processes for each of these areas in concert with one another in conjunction with the upcoming budget.

- **Florida Municipal Power Pool (FMPP)**
  The Agency has identified the FMPP as a high-risk operational area due to the high dollar significance of Agency purchases and sales to the pool and the complexity involved with pricing and the dispatching. Accordingly, the Agency has become more involved with and monitors pool activities very closely, with an emphasis on critical review of the dispatch decisions and auditing of pool transactions by the Agency's contract audit group. We also believe that the pool represents a critical operational area and concur with the special emphasis that the Agency is placing on monitoring and auditing this area.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements noted as a result of our audit procedures.

Disagreements with Management
For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

DRAFT

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

GOVERNANCE LETTER

Management Representations
We have requested certain representations from management that are included in the management representation letter dated _______________.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters
We applied certain limited procedures to the management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the Schedule of Amounts Due To (From) Participants and Five-Year Trend Analysis, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use
This information is intended solely for the information and use of the Board of Directors, Executive Committee, Finance Committee, and management of the Agency, and is not intended to be, and should not be, used by anyone other than these specified parties.

____
Ocala, Florida

AGENDA ITEM 10 – REPORTS

a. Risk Policies

Finance Committee Meeting
December 11, 2019

FLORIDA MUNICIPAL POWER AGENCY
RISK MANAGEMENT POLICY - APPENDIX J
ACCOUNTING AND INTERNAL CONTROLS POLICY
TABLE OF CONTENTS

ACCOUNTING AND INTERNAL CONTROLS RISK MANAGEMENT POLICY FOR FLORIDA MUNICIPAL POWER AGENCY

This Accounting and Internal Controls Risk Management Policy (the "Policy") and any effective subordinate procedures establish the governance, framework and the controls under which Florida Municipal Power Agency ("FMPA") may engage in activities to identify, measure, and minimize future business risk resulting from accounting processes and asset control. This Policy is Appendix J of the FMPA Risk Management Policy.

1.0 Policy Statement

The Executive Committee ("EC") and Board of Directors ("BOD") of FMPA recognize that FMPA is exposed to various risks in the normal course of business activities. There may be times when FMPA will determine that certain risks are above the preferred risk tolerance level of FMPA and its members. FMPA staff is hereby authorized to put mechanisms into place, such as those more fully described in Sections 4.0 through 6.0 of this Policy, which will control, transfer, or mitigate these risks to avert an adverse impact on the financial position of the Agency.

The following summarizes the Policy of the EC and BOD:

- ❖ All funds, property and securities of the Agency shall be recorded in accordance with prudent utility practice, generally accepted accounting principles, and all requirements set forth by law and/or regulation as required in Section 2.0.
- ❖ An independent external audit of the Agency's financial statements shall be completed each year by a certified public accountant as detailed in Section 5.0.
- ❖ Authority is delegated to the Chief Financial Officer ("CFO") to establish a system of documented internal controls to safeguard assets and assure reliability of financial reporting and compliance with applicable laws and regulations as detailed in Section 6.0.

- ❖ Authority is delegated to the CFO to create procedures to facilitate the management of all accounting functions and to implement this Policy as described in Section 3.0.
- ❖ The CFO shall render to each regular meeting of the EC and BOD a report on the financial condition of the Agency as detailed in Section 7.2.
- ❖ The Audit Manager shall report deviations from the requirements of this Policy to the Finance Committee (“FC”).

2.0 Scope

This Policy creates a framework that enables the CFO to cause full and accurate records of all transactions of the Agency to be maintained in accordance with all applicable accounting standards, general laws, regulations, bond covenants and other standards or requirements as set forth in the Agency’s Interlocal Agreement and/or By-laws.

The CFO manages the Finance Division within FMPA and is responsible for causing this Policy to be adhered to throughout the Division.

This Policy applies to all material accounting transactions into which FMPA enters. Transactions include, but are not limited to, all project and member revenue billings, sales for resale, accounts receivable, inventory, fixed assets, expenditures, and accounts payable.

The materiality standard for this Policy is FASB Statement of Financial Accounting Concepts No. 8, Qualitative Characteristics of Accounting Information. It states: “The omission or misstatement of an item is material if, in the light of the surrounding circumstances, the magnitude of the item is such that it is probable that the judgment of a reasonable person relying upon the report would have been changed or influenced by the inclusion or correction of the item.”

3.0 Types of Risk

This Policy establishes minimum standards to support an Agency-wide atmosphere of proper control levels to safeguard the Agency’s assets. The CFO will cause procedures to be written that identify risks in the areas noted below and provide ways to measure, control and mitigate FMPA’s exposure to those risks. The FMPA Risk Management Policy identifies ten risks that compose FMPA's common risk framework. While not intended to be a comprehensive listing of risks encountered by FMPA during the normal course of the business cycle, the framework provides insight into the major areas of risk exposure for FMPA. The following selected risks in the framework are those risks presented by typical financial and contractual transactions.

3.1 Administrative Risk:

The potential of financial loss due to deficiencies in internal control structure and management reporting due to human error, fraud or system failure. An example of administrative risk that would affect financial transactions might occur when a failure in the system of controls allows a single employee to falsify or misrepresent a transaction, or other types of fraud. This failure in the control system could cause financial and/or reputation loss to FMPA.

3.2 Reputational Risk:

The potential losses incurred when stakeholders or the public negatively perceive an organization. An example of reputational risk might occur if a prior year's audit report is restated due to a material misstatement. Such a restatement could cause negative perception of the Agency by stakeholders such as member cities, bondholders and credit rating agencies, which could result in a financial loss.

4.0 Accounting Department

The Accounting Department is responsible for ensuring that all funds, property and securities of the Agency are recorded in accordance with prudent utility practice, generally accepted accounting principles, and all requirements set forth by law and/or regulation. These activities will be governed by accounting procedures and the following practices.

4.1 Basis of Accounting:

FMPA has chosen to follow accounting pronouncements as set forth in the Governmental Accounting Standards Board (GASB). All FMPA Projects' general ledgers and subsidiary ledgers are to be maintained with the Uniform System of

Accounts of the Federal Energy Regulatory Commission and in conformity with generally accepted accounting principles using the accrual basis of accounting.

The Agency has elected to follow the accounting methods for regulatory operations of GASB 62. This accounting guidance, referred to herein as “GASB 62”, 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.

The Controller shall present all current and any new proposed GASB 62 transactions for approval by the FC prior to the end of each fiscal year.

4.2 Accounting Cycle:

As established in Article I, Section 4 of the Interlocal Agreement, FMPA’s fiscal year will commence October 1 and end September 30. During the fiscal year-end processing, the year-end closing time will be extended to facilitate the financial statement audit.

After the last day of the month, Accounting staff shall begin month end processing to close out all accounts and prepare any required month end reports and financial statements. Accounting staff will complete month end closing no later than 30 days after the last day of the previous month.

4.3 Inventory:

- The Audit Manager shall cause a physical count of inventory to be conducted at least every other year at ARP generation facilities under FMPA control. Such count shall include a review for obsolescence.
- The Power Generation Fleet Director shall maintain procedures which detail the following for material assets: setting of minimum and maximum inventory levels and appropriate turnover ratios, and controls over changing such levels.
- Allowable inventory levels for natural gas and fuel oil storage are set in the Fuel Portfolio Risk Management Policy, Appendix A of the FMPA Risk Management Policy.

4.4 Accounts Payable:

- FMPA shall strive to pay all presented invoices by the due date.
- Spending authority levels for all staff are approved during the annual budget process.
- All invoices shall be routed through an electronic A/P system,
- Invoices showing a credit only shall also be approved by the appropriate manager.
- Monthly financial statements presented to any governing body shall include a list showing any outstanding invoices greater than 60 days past receipt of invoice in A/P system including a brief description of the cause for any invoices greater than 90 days past receipt of invoice.

4.5 Accounts Receivable:

- The Credit Risk Policy and Contract Management Risk Policy, Appendix E and F respectively, of the FMPA Risk Management Policy define responsibilities for contract initiation and management.
- The Accounting Department is responsible for the collection process of accounts receivable but not the administration and management of contracts.
- The Accounting Department is responsible for Project Participant and power sales billing.
- The Controller will issue Project Participant invoices by the 10th calendar day of each month, using estimates if necessary, to ensure adherence to the respective Bond Resolution requirements of receiving payment by the 25th day of the billing month.
- Monthly financial statements presented to any governing body shall include a list showing any outstanding accounts receivable greater than 60 days past due and also include a brief description of the cause for any accounts receivable greater than 90 days due.
- Accounts receivable greater than 12 months old at year-end shall be evaluated for potential write-off. All write-offs must be approved by the General Manager

and CEO. Write-offs above the General Manager's spending authority level must also be approved by the appropriate governing body prior to write-off.

4.6 Capitalization Threshold:

Capital purchases are approved as part of the annual budgets approved by the governing bodies. The following thresholds will be used for capitalizing assets:

- Building, structures, facilities and other improvements exceeding $25,000 in costs. Capitalization should include all costs related directly to the acquisition or construction (materials, labor, overhead during construction, attorney and engineering fees, permits).
- Equipment includes vehicles, office equipment, computer equipment and other equipment having a value of $5,000 (each) or more and a useful life expectancy of two or more years. Capitalization should include all set-up and labor costs related to preparing the equipment for operations such as the initial installation cost.
- The purchase and/or development of new computer software or major modifications/upgrades to existing software which costs less than $25,000 shall be expensed. Software over $25,000 shall be capitalized.
- All capital lease arrangements for land, buildings, structures and equipment shall be capitalized in accordance with GASB 87.
- As of 10/1/2020, interest shall not be capitalized on any construction project in compliance with GASB 89.

5.0 External Audit:

Article VI, Section 5 of the Interlocal Agreement states: "The EC and BOD, as appropriate, shall at least once per year cause an independent external audit to be made of the Agency's books and accounts by a certified public accountant." This Policy further requires that the audit be performed by a CPA firm licensed to practice within the State of Florida.

The purpose of the audit is to determine if the Agency's financial statements and associated disclosures fairly present, in all material respects, the financial position and results of operations for the year then ended, in conformity with accounting standards generally accepted in the United States.

5.1 Auditor Qualification:

The selected audit firm shall have a well-established audit practice with adequate technical training and proficiency to perform the required audit, as defined in the Statements on Auditing Standards No. 1.

5.2 Selection of Auditor:

Qualified accounting firms will be invited to submit a proposal for audit services to be considered for selection. The proposal must document the firm's qualifications, applicable experience, and fee structures. The CFO shall provide submitted proposals to the FC. The FC shall select a firm to be recommended to the EC and BOD for final approval. The CFO will present the recommendation to the EC and BOD for approval.

The selected firm shall provide services for no more than one five-year base term. The selected firm may provide services beyond the base term for no more than two individual one-year extensions. At the end of any contract term (either base or extension), the incumbent firm will not be precluded from submitting a proposal for the subsequent competitive selection process.

5.3 Auditor Communications:

The auditor selected is required to conduct an entrance conference with the FC prior to commencing the fiscal year-end audit. The entrance conference should include observations made during the interim audit and their anticipated audit plan for year-end.

The selected auditor is required to conduct an exit conference with the FC to provide results of the year-end audit prior to the presentation of such results to the governing bodies.

At the discretion of the FC, an entrance and exit conferences can be conducted as executive sessions, meaning that FMPA staff can be excused from the conference by the FC Chairperson.

6.0 Internal Controls:

The CFO shall cause to be established a system of documented internal controls to safeguard assets, assure reliability of financial reporting, and assure compliance with applicable accounting laws and regulations, consistent with this Policy and associated Procedures, and in accordance with all policies and procedural guidelines established in the FMPA Risk Management Policy. FMPA shall use a cost-benefits analysis when making decisions regarding the implementation of internal controls.

The Audit Manager shall be responsible to review all documented internal controls and procedures established to ensure they comply with the FMPA Risk Management Policy and adequately mitigate all applicable risks. If, after review, the Audit Manager identifies areas of concern, the documented internal controls weakness(s) will be communicated to the CFO and FC as appropriate.

6.1 System of Controls

The system of internal controls includes the Employee Manual issued by the Agency to all employees. The FMPA Employee Manual includes an Executive Code of Ethics, employee conduct standards, outside employment guidelines, conflict of interest rules, and the Whistle Blower Act.

Further internal controls shall be established in accounting procedures to address separation of transaction authority from accounting and record-keeping, limitations on expenditures beyond budget authorizations, and safekeeping of records. Operational controls to prevent unauthorized access to financial and accounting computer systems shall include password controls and reviews of authorized users, as detailed in the Information Technology Risk Management Policy, Appendix O of the FMPA Risk Management Policy.

6.2 Policy and Procedure Compliance:

The Agency Risk Manager shall cause compliance with this Policy and associated procedures to be monitored on an annual basis. Any unresolved compliance issues will be presented to the FC by the Audit Manager.

6.3 Procurement Review:

The Agency Risk Manager shall cause an annual review of FMPA's Procurement Policy requirements, including Agency issued credit cards. Any findings will be reported to FMPA's CFO and General Manager and CEO. At the sole discretion of the Agency Risk Manager, the findings may be reported directly to the Chairman of the FC if deemed appropriate.

6.4 Continuing Education:

Accounting managers and other appropriate staff shall complete at least 8 hours of continuing education annually (each fiscal year) or more as required by State Regulations, in subject courses of study related to accounting, auditing and/or finance.

7.0 Reporting

The CFO is responsible for causing completion of the following reporting requirements:

7.1 Annual Report on Late Fees:

The Controller shall report to the EC during December of each year the amount of interest paid for late fees during the preceding fiscal year, if any.

7.2 Financial Statements:

In accordance with Article IV, Section 5 of the Interlocal Agreement creating FMPA and Article IV Section 7 of the Second Revised and Restated By-Laws of FMPA

(“FMPA Bylaws”), the CFO shall cause to be provided to the EC and BOD, at regular meetings or other times as directed, a statement of the financial condition of the Agency and a report of the financial transactions of the Agency. These financial statements shall include the items required by Section 4.4 and 4.5 of this Policy.

In accordance with Article VIII of the FMPA Bylaws, the General Manager shall, no later than the annual BOD meeting normally scheduled in July, present a full and accurate report of the operation of the Agency during the preceding fiscal year, a statement of the assets and liabilities of the Agency as of the end of such fiscal year, and any other information having a significant bearing on the condition and operation of the Agency. This Policy delegates responsibility to the CFO to cause financial statements and accompanying notes to be presented for approval no later than the January EC and BOD meetings. Approved annual reports shall be posted on FMPA’s public facing website.

In compliance with the Agency’s bond covenants, insurance, swaps and other related debt documents, the CFO shall cause to be filed an annual report within 180 days after the close of the fiscal year to applicable bond trustees. The submittal should include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets for the year then ended, and a Statement of Cash Flows for each Project. In addition to the basic financial statements and accompanying elucidatory notes, the annual report may also present supplemental information.

7.3 Management Letter Comments:

The CFO shall cause to be reported to the FC no later than August 31st of each year the status of management’s response to any Management Letter Comments provided by the external auditor in the prior fiscal year’s annual audit report.

7.4 Oversight Structure

The Agency Risk Manager shall cause any material deviations from this Policy to be reported according to the guidelines set forth in Section 4.1 of the FMPA Risk Management Policy. An annual report on the operation and effectiveness of this Policy shall be presented to the FC as described in Section 7.0 of the FMPA Risk

Management Policy. Finance Division directors/managers shall report on the current risk environment affecting FMPA's material financial transactions to the Risk Management Team and conclude any necessary discussion before moving items to the appropriate governing body.

Appendix A

Florida Municipal Power Agency Risk Management Reporting Calendar Accounting and Internal Controls Reporting Requirements				
Reporting Item	Frequency of Report	Responsible Party	Policy Section Reference	Policy Category Reference
GASB 62 Transactions	Annually	Controller	Section 4.1	Basis of Accounting
Accounts Payable Past Due	Monthly as needed	Controller	Section 4.4	Accounts Payable
Accounts Receivable Past Due	Monthly as needed	Controller	Section 4.5	Accounts Receivable
Entrance/Exit Conference	Annually	CFO/External Auditor	Section 5.3	Auditor Communications
Procurement and Credit Card Review	Annually	Internal Audit Manager	Section 6.3	Procurement Review
Late Fees Report	Annually	Controller	Section 7.1	Annual Report on Late Fees
Financial Statements	Regular EC/BOD meetings	CFO	Section 7.2	Financial Statements
Audited Annual Financials	Annually by January	CFO	Section 5.0	Financial Statements
Annual Bond Trustee Report	Annually	CFO	Section 7.2	Financial Statements
Management Letter Comments Status	Annually	CFO	Section 7.3	Management Letter Comments
Deviations from Policy	As Needed	Internal Audit Manager	Section 7.4	Oversight Structure
Policy Operation and Effectiveness	Annually	FC	Section 7.4	Oversight Structure

FLORIDA MUNICIPAL POWER AGENCY

RISK MANAGEMENT POLICY - APPENDIX I

ASSET MANAGEMENT AND OPERATIONS POLICY

TABLE OF CONTENTS

ASSET MANAGEMENT AND OPERATIONS RISK MANAGEMENT POLICY FOR FLORIDA MUNICIPAL POWER AGENCY

This Asset Management and Operations Policy (the "Policy") and any effective subordinate procedures establish the governance, framework and controls under which Florida Municipal Power Agency ("FMPA") may engage in activities to identify, measure and minimize future business risk resulting from the operation and maintenance of electric power generating units for which FMPA has operational oversight and control, referred to as ARP Generation (i.e. Cane Island Power Park, Treasure Coast Energy Center, and Stock Island Generating Facility). The operation & maintenance function at the above ARP Generation sites is outsourced to third parties referred to in this Policy as O&M Agents (i.e. Kissimmee Utility Authority, Fort Pierce Utilities Authority, and Keys Energy Services). This Policy is Appendix I of the FMPA Risk Management Policy.

1.0 Policy Statement

The Executive Committee ("EC") of FMPA recognizes that FMPA is exposed to various risks in the normal course of business activities. There may be times when FMPA will determine that certain risks are above the preferred risk tolerance level of FMPA and its members. FMPA is hereby authorized to put mechanisms into place, such as those more fully described in Sections 4 and 5 of this Policy, which will control, transfer, or mitigate these risks to avert an adverse impact on the reliability of the All Requirements Project's ("ARP") generation assets or on the financial position or reputation of the Agency.

The following summarizes the Policy of the EC:

- ❖ FMPA shall follow all applicable federal, state and local laws concerning the operation and maintenance of electric power generating units.
- ❖ FMPA shall follow all applicable rules (i.e. NERC Standards, Environmental Standards, etc.) related to the operation and maintenance of electric power generating units and shall strive to maintain an environmental record of zero Notices of Violation ("NOVs") and/or fine assessments. (Section 5.1).

- Authority is delegated to the Chief Operating Officer (COO) to create procedures, as required, and to administer this policy. (Section 3.0)
- FMPA shall endeavor to achieve goals for each asset class as described in Section 4.3 herein.
- FMPA shall annually test the heat rates of non-peaking ARP generation units during the summer months. (Section 4.1.1)
- FMPA shall test ARP Generation peaking units when economically feasible but, as a minimum, at least every two years as described in Section 4.1.2 herein.
- FMPA shall perform an economic impact analysis for any materially significant deferred maintenance. (Section 4.2.1)
- FMPA shall communicate minimum safety standards for ARP Generation to each respective O&M Agent which support the goal of zero recordable safety incidents. (Section 4.4)
- Deviations from this Policy shall be reported to the Finance Committee (“FC”). (Section 8.0)

2.0 Scope and Authority

FMPA has the authority to own or contract for the provision of electric power generation. This Policy applies only to those ARP owned generation facilities where FMPA has operational control and oversight, referred to in this Policy as “ARP Generation”. FMPA is responsible for overseeing the operation and maintenance (“O&M”) functions at ARP Generation facilities and must coordinate these activities effectively so as to ensure reliable system operation and optimization of the ARP’s assets. O&M functions at ARP Generation facilities are currently outsourced to and conducted by O&M Agents pursuant to the respective governing O&M agreement between the Agent and FMPA.

The COO will coordinate efforts to maintain all ARP power supply resources to balance regulatory requirements, operational reliability, and maintenance to achieve an optimal economic solution using prudent utility practice and all applicable provisions of FMPA’s Risk Management Policy. The Power Generation Fleet Director has responsibility to initiate and complete the selected solutions in accordance with this Policy. Pursuant to the governing

O&M Agent Agreement, all O&M Agents are responsible for working with the Power Generation Fleet Director for implementing selected solutions and following FMPA's guidelines as an integral part of meeting the goals established by the EC.

3.0 Types of Risk

This Policy establishes minimum standards to support an Agency-wide atmosphere of proper control levels to ensure the effective and efficient generation of electric power. The COO will cause processes to be documented, as deemed appropriate, that identify risks in the areas noted below and provide ways to measure, control and mitigate FMPA's exposure to those risks. The FMPA Risk Management Policy identifies ten risks comprising FMPA's common risk framework. While not intended to be a comprehensive listing of risks encountered by FMPA during the normal course of the business cycle, the following provides insight into the major areas of risk exposure for FMPA. The following selected framework risks are those risks normally encountered with generation management.

3.1 Volumetric Risk:

The potential adverse impact of unanticipated changes in demand (requiring the dispatch of either more or less generation) or availability of generating resources. FMPA faces fuel supply risk when there is uncertainty associated with the availability of generating units which may require the dispatch of less efficient units (higher heat rate). When generating units fail, the ARP must replace the lost MWs with other generation or spot market MWh purchases, resulting in higher costs than anticipated had the generating unit not failed.

Dynamic changes in weather can significantly impact demand. Reacting to these changes in demand can require changes to the dispatch of units thereby changing (either positively or negatively) the fuel requirements of the ARP. During periods of excessively hot or cold weather, ARP Member demand will increase. In Florida, there is also an ongoing threat of extreme weather (hurricanes or tornados), which could result in transmission and/or distribution outages. This could result in an interruption in the delivery of power to members and or their customers. Either situation can lead to an excess in fuel supply that must be sold into the market when prices are falling or an insufficient supply quantity that must be purchased when prices are rising. Either circumstance will cause an adverse financial impact to the ARP.

3.2 Operational Risk:

The potential economic loss resulting from ineffective or inefficient operation of generation or the loss of generating assets, transmission, fuel supply facilities or other related assets. An example would be a sudden forced outage of a generating unit or station accident that results in the loss of power generation. When such a loss of generation occurs, additional energy (and possibly capacity) may be required by dispatching another (potentially less economic) generating unit or through the purchase of any needed capacity and energy from the spot market. Such action may increase costs and result in an adverse financial impact to the ARP. While both volumetric and operational risk may relate to generator outages, operational risk is concerned with system reliability implications, whereas volumetric risk would relate to the cost of replacement energy.

3.3 Environmental Risk:

The potential environmental impact associated with a failure to comply with federal or state environmental regulations or approved facility specific permits. Examples of environmental non-compliance include emission violations and/or toxic spills. When a generating station or other facility is in violation, there is the potential of fines being imposed and generating output lost. Any lost resource(s) would require replacement from other units or the purchase the power at spot market prices. Either action could cause result in an adverse financial impact to the ARP. Any environmental penalty could also result in an adverse public perception and damage the reputation of FMPA.

3.4 Regulatory Risk:

The potential adverse impact of an action or direction from a regulatory body such as, but not limited to, FERC, DOE, or EPA. An example would be if a legislative or regulatory action could make it impossible for FMPA to economically operate its generation assets to reliably serve the load of ARP members. Regulatory risk occurs at the local, state and federal level and could have a direct impact on FMPA's strategic, operational or financial decisions.

4.0 Generation Asset Operations and Maintenance

FMPA shall maintain effective operations and maintenance procedures to ensure that the ARP Generation assets maintain the desired level of efficiency based upon their respective operating profile in an economically appropriate manner. For example, a unit that is nearing its useful life and nearing a major maintenance recommendation to be performed, the associated expense may not be economically justified.

4.1 Operations:

FMPA shall follow Original Equipment Manufacturer (OEM) specifications for the operation of all non-peaking gas and steam turbine units over the economic life of the generation asset. The determination of the unit's economic life will be a collective effort of staff with the COO, or his designee, presenting staff's recommendation to the EC for approval, supported by economic and development models provided by System Operations. The OEM specifications differ between generation units and are updated as deemed necessary by the manufacturer. The latest individual unit OEM documentation can be found by referencing OEM publications such as the following or their equivalent:

- Technical Information Letters — TIL
- GE Reference — GER
- GE Requirements – GEK
- Performance Answer Case – PAC

Other sources of recommended maintenance can be obtained from other unit owners sharing their experiences through OEM User Groups.

4.1.1 Non-Peaking Unit Testing:

The Power Generation Fleet Director shall direct each O&M Agent to annually test the capacity and heat rate of each non-peaking unit during the summer months in order to document each unit's operating efficiency. The PI Historian will collect relevant data necessary for determining the heat rates of these units as well as other key operating parameters. Capacity testing is performed in compliance with NERC standards.

4.1.2 Peaking Unit Testing:

The Power Generation Fleet Director shall direct each O&M Agent to test the heat rate and capacity of each peaking unit, as economically feasible, in order to document each such unit's operating efficiency and generating capability. Such testing will be performed, at a minimum, at least every two years or by pool procedure. Fuel Oil Testing

All dual fuel capable units shall be tested to operate on fuel oil at least once per year. Results of all such tests shall be reported to the Agency Risk Director and to System Operations.

4.2 Maintenance:

FMPA shall follow prudent maintenance practices, following OEM specifications, for maintaining combustion turbines and steam turbines for all non-peaking units. When a generating asset is nearing the end of its economic life, the COO must prudently determine whether OEM specified maintenance is economically justified to perform. If not so justified, FMPA is authorized not to follow OEM specifications.

4.2.1 Deferment of Maintenance:

The Power Generation Fleet Director must coordinate any decision to delay/defer significant maintenance with the System Operations to ensure adequate reserve margins are maintained. The Financial Planning Rates & Budget Director will also be consulted to determine any adverse rate impacts upon ARP members resulting from such delay/deferment. The Power Generation Fleet Director shall then notify the Agency Risk Director of the pending maintenance deferral along with supporting documentation.

Any decision to defer/or not perform staff identified or OEM recommended maintenance must be reviewed and approved by the COO. If deferred, economically justified OEM recommended maintenance will be performed during the next regularly scheduled maintenance activity. Concerns related to the future availability of capital parts and adverse impacts to related warranties will not be considered without supporting documentation.

4.2.2 Reliability Centered Maintenance ("RCM"):

FMPA will maintain the balance of plant and auxiliary equipment in accordance with RCM. RCM establishes safe minimum levels of maintenance, changes to operating procedures and strategies, and the establishment of capital maintenance regimes and plans based on historic operational data and maintenance history.

FMPA shall strive to ensure that long-lead critical items for base load gas and steam turbine units can be obtained within a ~~six~~ 12 month time frame from within the ARP fleet, provided through the OEM, or through a partnership fleet arrangement. The following items are excluded from this ~~six~~12 month requirement: Iso-phase bus, disconnect switches, switchgear, and CTPT metering units.

4.2.3 Budget Review:

All capital/maintenance items costing in excess of $1 million that are being considered for inclusion during the annual budgeting process shall be presented to the Power Generation Fleet Director, Financial Planning Rates & Budget Director, Agency Risk Director and Chief Operating Officer, for an economic review. These parties shall facilitate the determination that these projects are prudent and/or economically justified and should be included in the budget proposal submitted to the EC for approval.

4.2.4 Budget and Spending Authority:

Staff shall budget all necessary maintenance to ensure that reliability goals are appropriately established and achieved. The resulting ARP budget will be comprised of two primary categories for O&M expenses and capitalized expenses. Once the ARP budget is approved, funds may not be shifted from either category for use in the other without obtaining prior approval by the applicable governing body.

The General Manager is granted the authority to approve budgeted capital items and budgeted non-fuel related O&M expenditures pursuant with existing contractual obligations. The General Manager also has authority to approve capital items and O&M expenditures which exceed the specified amounts in the approved budget but is not authorized to exceed the aggregated total budget category for either capital or O&M expenses. When the General Manager exercises such granted spending authority for a non-budgeted expenditure pursuant to a new contractual obligation exceeding $200,000 for the term of such contract, this action must be reported to the EC at the next regularly scheduled meeting.

4.3 Generation Unit Availability Metrics:

The Power Generation Fleet Director shall present, on an annual basis, a report which details operating availability and reliability metrics of all ARP units. These metrics will be compared to related industry metric averages as a benchmark of FMPA's overall maintenance program and in meeting the organization's strategic and departmental goals as documented at the time.

Examples of the types of metrics that may be used are as follows:

- Equivalent Availability Factor or EAF
- Maintenance Outage Hours or MOH
- Planned Outage Hours or POH
- Forced Outage Hours or FOH

4.4 Safety:

FMPA shall strive to prevent and/or eliminate all accidents at ARP Generation facilities and maintain a safe working environment. FMPA employees who are authorized to have unrestricted access to ARP Generation facilities will follow the most current APPA Safety Manual.

4.4.1 O&M Agent Safety:

Each respective O&M Agent is responsible for the safety of their employees working at each ARP generating facility and enforce their own respective safety standards. To the extent possible under the terms and conditions of each respective Agent O&M Agreement, FMPA shall encourage each Agent to utilize the most current APPA Safety Manual and communicate the minimum safety requirements that support a goal of zero reportable safety incidents. FMPA will also encourage each O&M Agent to comply with all aspects of the Occupational Safety and Health Act ("OSHA") and any associated rules.

4.4.2 Safety Training:

Annual safety training of plant personnel is the obligation of the respective O&M Agent. In support of the O&M Agent safety training obligations, the Power Generation Fleet Director will communicate FMPA's training goals and expectations for the coming Fiscal Year as an integral aspect of the respective Agent's Operating Plan.

4.4.3 Accident Reporting:

All accidents must be reported immediately to the Power Generation Fleet Director who will then discuss with the Agency Risk Director. The Power Generation Fleet Director shall ensure that each ARP Generation facility provide, at a minimum, a quarterly statistical report to the Risk Management Department which details reportable accidents. For this Policy, accidents are defined as OSHA reportable lost time accidents and incidents of property damage.

4.5 Regulatory Adherence:

The COO shall ensure that all relevant NERC and CIP guidelines are followed and appropriate documentation exists to ensure compliance with any regulatory audits.

5.0 Environmental

FMPA recognizes that efficient resource use and concurrent protection of the environment are vital to provide benefit to FMPA members, surrounding communities and for the continued success of the ARP. FMPA shall strive to act as a responsible steward of the environment and shall take responsibility for achieving and maintaining compliance with environmental regulations, be responsive to local environmental needs, and where no regulations exist, shall implement appropriate standards.

5.1 Compliance:

ARP Generation facilities shall comply with Federal and State laws, rules and regulations for the environment. FMPA shall strive to achieve zero Notices of Violations (NOVs) or fines. The Power Generation Fleet Director is responsible for ensuring that all filings are complete, accurate and timely, and shall report any NOVs to the Agency Risk Director upon receipt. When so notified, the Agency Risk Director shall report the NOV at the next scheduled Finance Committee (FC) meeting.

In the event that FMPA discovers a possible violation and intends to submit a "self-report" of the discovery, all such self-report submittals shall be discussed with the interested parties, the Generation Fleet Director and FMPA General Council prior to submittal. and to the EC at the next regularly scheduled meeting by the Power Generation Fleet Director.

5.2 Emission Allowances:

Allowance credits shall be managed by the Power Generation Fleet Director. Such activity shall include an annual evaluation of the expected allowance needs for the upcoming year with the Agency Risk Director. At the end of each fiscal year, ARP Generation allowances must meet the anticipated needs for the next fiscal year. Staff may purchase allowances to achieve this level, as appropriate. Excess credits shall be reviewed for possible sale to third parties. The General Manager must approve any sale of excess credits prior to execution.

6.0 Internal Controls

The COO shall maintain evidence of a system of internal controls, as deemed necessary, to ensure the safe and efficient operation and maintenance of the ARP generation assets, consistent with this Policy and associated procedures, and in accordance with all policies and procedural guidelines established in the FMPA Risk Management Policy. FMPA shall use a cost-benefits analysis when making decisions regarding the implementation of internal controls.

6.1 Continuing Education:

The COO shall ensure that appropriate staff maintains current knowledge regarding the operation and maintenance of electric power generating units related to the ARP generating assets.

6.2 Policy Compliance:

The Agency Risk Director shall monitor compliance with this Policy and associated procedures and report such on an annual basis.

Any unresolved compliance issues will be presented to the FC, as needed, by the Agency Risk Director.

7.0 Reporting

The COO is responsible for causing the completion of the following reporting requirements:

7.1 O&M Report:

As part of the monthly scorecard to the BOD and EC, the CEO or COO should report the monthly review of ARP Generation for the prior month.

7.2 Environmental Report:

The Power Generation Fleet Director shall annually report to the FC on the ARP's environmental compliance for the prior year. This report shall include, at a minimum, the emissions for each ARP Generation asset as compared to regulatory and permit allowances.

8.0 Oversight Structure

The Agency Risk Director shall cause any material deviations from this Policy to be reported according to the guidelines set forth in Section 4.1 of the FMPA Risk Management Policy. An annual report on the operation and effectiveness of this Policy shall be presented to the Finance Committee as described in Section 7.0 of the FMPA Risk Management Policy. The Power Generation Fleet Director shall report on the current risk environment affecting FMPA's generation assets to the Risk Management Team as needed, and engage any necessary discussion before moving items to the appropriate governing body.

Appendix A

Florida Municipal Power Agency Risk Management Reporting Calendar Asset Management and Operations Policy				
Reporting Item	Frequency of Report	Responsible Party	Policy Section Reference	Policy Category Reference
Generation Unit Testing	Annual	Power Generation Fleet Director	Section 4.1	Operations:
Spending Authority Use Activity	As Needed	General Manager	Section 4.2.4	Budget and Spending Authority:
Generation Unit Availability	Annual	Power Generation Fleet Director	Section 4.3	Generation Unit Availability Metrics:~~Generation Unit Availability Metrics:~~
Accidents at Generation Facilities	As Needed	Power Generation Fleet Director	Section 4.4.3	Accident Reporting:
Statistical Safety Report	Quarterly	Power Generation Fleet Director	Section 4.4.3	Accident Reporting:
Known Regulatory Issues	As Needed	COO	Section 4.5	Regulatory Adherence:~~Regulatory Adherence:~~
All regulatory Self-Reports	As Needed	Power Generation Fleet Director	Section 5.1	Compliance:
Environmental Notice of Violation	As Needed	Agency Risk Director	Section 5.1	Compliance:
Policy Compliance	As Needed	Agency Risk Director	Section 6.2	Policy Compliance:
O&M Report	Annual	COO	Section 7.1	O&M Report:
Environmental Report	Annual	COO	Section 7.2	Environmental Report:
Policy Operation and Effectiveness	Annual	Agency Risk Director	Section 8.0	Oversight Structure

AGENDA ITEM 10 – REPORTS

b. Risk Compliance Reports

Finance Committee Meeting
December 11, 2019

This Policy compliance review is conducted by the Internal Audit Department to assess the status of risk management practices for the time period noted below. The Internal Audit Department completes this form and submits to responsible manager(s) for additional information and comment. Documentation or attestation of compliance may be required during this review. The final form is submitted to the appropriate Executives and the CFO prior to being presented to the Finance Committee as an information item.

Review period: August 2018 to July 2019

Responsible Manager(s): Danyel Sullivan-Marrero, Controller

Policy Compliance: Indicate whether the following items required in the Accounting & Internal Controls Risk Management Policy were completed during the review period.			
REQUIREMENT	**YES**	**NO**	**EXPLANATION**
CFO established procedures for Policy. (Section 3.0)	X		
All current and proposed new Regulatory Assets and Liabilities transactions presented to FC for approval prior to each fiscal year end. (Section 4.1)	X		Presented to the AROC on September 23rd, 2018.
Staff shall complete month end closing no later than 30 days after the last day of the previous month. (Section 5.2)	X		
Internal Audit Manager caused a physical inventory count to be conducted every other year at ARP generation facilities. (Section 4.3)	X		Stock Island partial inventory count was completed in September 2019. CI inventory full inventory count was completed in September 2019. TCEC partial inventory count was completed in October 2019.
Generation Fleet Director oversees process used by Plant Managers for controlling inventory levels and turnover ratios. (Section 4.3)	X		
Credit invoices were approved by appropriate manager. (Section 4.4)	X		When credit invoices are periodically generated, each one is routed for approval by the applicable manager.
Monthly financial statements included report of outstanding accounts payable beyond Policy limits. (Section 4.4)	X		To further improve A/P process, a Sr Mgr. Report is provided monthly on the payment process
Project Participants were invoiced by the 10th of each month. (Section 4.5)	X		

Monthly financial statements included report of outstanding accounts receivable beyond Policy limits. (Section 4.5)	X		

Policy Compliance continued:			
REQUIREMENT	**YES**	**NO**	**EXPLANATION**
Outstanding accounts receivable evaluated for write-off at year-end. (Section 4.5)	X		
Write-offs were approved by CEO, or appropriate governing body if over spending authority. (Section 4.5)	X		
Independent audit of books and accounts was conducted once per year by qualified CPA firm. (Section 5.0)	X		
Independent auditor selection process was completed no less than every 5 years and followed Policy process. (Section 5.2)	X		An RFP was performed in 2019 for the FYE 2019 Audit. Purvis Grey & Co. was selected by the FC & approved by the B.O.D.
External auditor conducted entrance and exit conferences with FC in executive session each year. (Section 5.3)	X		
CFO caused a documented system of internal controls to be established. (Section 6.0)	X		
Manager and accounting staff completed 8 hours of CPE. (Section 6.4)	X		Manager and staff have taken college, CPA review, attended seminars and in-house training which exceeds the CPE minimum.
Controller reported interest paid for late fees to the Executive Committee during December following the close of each fiscal year. (Section 7.1)	X		
CFO caused a statement of the financial condition of the Agency to be presented to the Board of Directors and Executive Committee at regular meetings. (Section 7.2)	X		At each meeting held, a financial statement agenda item is included in the meeting packet.
The CFO presented the last completed audited financial reports to the Board of Directors and Executive Committee by January each year. (Section 7.2)	X		Presented at the January 17, 2019 meeting.
The last completed audited financial reports were filed within 180 days after close of the fiscal year to applicable bond trustees. (Section 7.2)	X		Audited financial reports filed with all applicable trustees during January, 2019.

Policy Compliance continued:			
REQUIREMENT	**YES**	**NO**	**EXPLANATION**
CFO reported the status of management letter comments to the FC no later than August 31st each year. (Section 7.3)		X	NA – No management letter comments to report.

Internal Control Assessment: Evaluate the effectiveness of the current process in achieving the following control objectives. Use a scale of 1 to 4 as defined on attached page.					
OBJECTIVE	**1**	**2**	**3**	**4**	**EXPLANATION**
Controls are in place to identify and assess risks related to accounting processes and asset control.			X		
All transactions are recorded in accordance with GAAP, GASB pronouncements, and prudent utility practice.			X		
Access/authorization controls are in place to maintain the integrity of the chart of accounts.			X		
Access to accounting computer systems and spreadsheets is limited to the appropriate individuals.			X		
Duties are appropriately segregated in the closing process.			X		
All invoices are paid by due date and routed through the electronic accounts payable system.			X		

Are there any concerns related to accounting and internal controls risk management which should be brought to the attention of the CEO as part of this review? Yes ☐ No ☒ If yes, describe below.

Are there internal control concerns related to accounting and internal controls risk management which require immediate attention? Yes ☐ No ☒ If yes, describe below including any change to risk inventory controls score.

Rate the overall functioning of accounting and internal controls risk management practices using a scale of 1 to 4 as defined on attached page.

1	2	3	4	EXPLANATION
☐	☐	☒	☐	

Additional comments from responsible Manager(s):
Are there any emerging risks or environmental changes which impact accounting and internal controls risk management?
Yes ☐ No ☒ If yes, describe below including any proposed changes to risk inventory.

Other comments:
A credit card audit was performed during this period. The audit will be reported to the FC in December 2019.

Rating scale for Policy compliance reviews:

1 = Risk management practices not in place.

2 = Risk management practices in place are not effective in meeting Policy requirements.

3 = Risk management practices in place meet Policy requirements.

4 = Risk management practices in place exceed Policy requirements.

Standard of compliance:

Completion of this review indicates that the Risk Management Reviewer has verified existence of applicable procedures or process documentation and believes them to be reasonably sufficient and up-to-date.

DocuSigned by:
Liyuan Woerner
4592B56DD85A42A...

Risk Management Reviewer

11/27/2019

Date

DocuSigned by:
Danyel Sullivan Marrero
17B411DB172C84E1...

Responsible Manager Signature

11/27/2019

Date

DocuSigned by:
Linda Howard
691197B4E76C4BB...

CFO Signature

12/2/2019

Date

This Policy compliance review is conducted by the Internal Audit Department (IAD) to assess the status of risk management practices for the time period noted below. The Internal Audit Department completes this form and submits to responsible manager(s) for additional information and comment. Documentation or attestation of compliance may be required during this review. The final form is submitted to the appropriate Chief Officer and the CEO prior to being presented to the Finance Committee (FC) as an information item.

Review period: October, 2018 to September, 2019

Responsible Manager(s): David Schumann, Power Generation Fleet Director

Policy Compliance: Indicate whether the following items required in the Asset Management and Operations Policy were completed during the review period.			
REQUIREMENT	**YES**	**NO**	**EXPLANATION**
The Chief Operating Officer (COO) caused processes to be documented. (Section 3.0)	X		
Annual heat rate testing was conducted for each ARP non-peaking generation unit. (Section 4.1.1)	X		Trended and monitored real-time, published monthly
Heat rate testing was conducted at least once every two years for each ARP peaking generation unit. (Section 4.1.2)	X		FMPP performed capacity test
Annual fuel oil reliability testing was performed for each ARP dual-fuel capable generation unit. (Section 4.1.3)	X		annual testing was completed. TCEC Nov.'18, Cane 1 Mar. '19
Original Equipment Manufacturer (OEM) maintenance specifications were followed for all non-peaking ARP units prior to nearing the end of a unit's economic life. (Section 4.2)	X		Intermediate/Base units at Cane Island and TCEC follow OEM requirements during scheduled outages
The COO prudently determined whether OEM specifications were economically justified for non-peaking units nearing the end of their economic life. (Section 4.2)	N/A		None during period
Generation Fleet Director coordinated decisions to delay maintenance with System Operations Manager and Senior Financial Analyst. (Section 4.2.1)	N/A		None during period
Generation Fleet Director notified the Agency Risk Manager of pending maintenance deferrals, providing supporting documentation. (Section 4.2.1)	N/A		None during period
Maintenance deferrals were approved by the COO and presented to the CEO for final approval. (Section 4.2.1)	N/A		None during period

Policy Compliance (continued):			
REQUIREMENT	**YES**	**NO**	**EXPLANATION**
Reliability Centered Maintenance ("RCM") operating and maintenance procedures were followed. (Section 4.2.2)	X		
All proposed capital/maintenance budget items costing in excess of $1 million were reviewed by the GR&A prior to submission for EC budget approval. (Section 4.2.3)	X		
An annual O&M report was provided to the AROC (Section 4.3) and included specified unit metrics (Section 7.1)	X		Generation Report given at the December 2018 AROC
Policy specified budget and spending authority guidelines were followed. (Section 4.2.4)	X		
All OSHA reportable lost time accidents and incidents of property damage were reported to the Risk Management Department. (Section 4.4.3)	X		Monthly plant reports
The COO ensured that all relevant NERC and CIP guidelines were followed during the period. (Section 4.6)	X		
Each environmental "Notice of Violation" and "self-report" was reported to Agency Risk Manager and AROC by the Generation Fleet Director during review period. (Section 5.1)	X		Self-reports were reported to the Agency Risk Director
An annual evaluation of expected emission allowance needs were reviewed jointly by the Generation Fleet Director and Agency Risk Manager. (Section 5.2)	X		
The Annual Environmental Compliance Report was provided to AROC during the review period. (Section 7.2)	X		Report provided to the AROC in the May, 2019 meeting

Internal Control Assessment: Evaluate the effectiveness of the current process in achieving the following control objectives. Use a scale of 1 to 4 as defined on attached page.					
OBJECTIVE	**1**	**2**	**3**	**4**	**EXPLANATION**
Controls are in place to identify and assess risks related to the operation and maintenance of generating assets.				X	CSA agreement with GE, FM Global review and an additional borescope done annually
All applicable laws and regulations concerning the operation and maintenance of generating units are followed.			X		
Generation assets maintain a heat rate equal to or better than industry standard.			X		Heat rates continually monitored and comparisons to Industry using GE's MyFleet, NERC GADS, PI Coresight. HR is slipping due to new technology being implemented on non-FMPA units
EAF goal was achieved across the ARP Generation fleet.				X	Policy Target Goals set higher than industry average

Long-lead critical items for base and intermediate load units are available within a six month time frame.			X		Inventory of many critical items are maintained in stock. Proactive ordering on known maintenance items with longer lead times (ie. Steam seals, generator copper).

Internal Control Assessment (continued)					
OBJECTIVE	**1**	**2**	**3**	**4**	**EXPLANATION**
Goal of zero environmental Notice of Violation issued or related fines is achieved.				X	No NOVs issued before self-report. Annual training sessions held.
Plant site O&M agents utilize the most current APPA Safety Manual and comply with OSHA rules.			X		Plant operating agents follow their own respective safety procedures.
Goal of zero OSHA reportable lost time accidents and reporting of incidents of property damage is achieved.			X		2 LTA's this year. Reported monthly to the BOD and EC by the CEO
Appropriate staff maintains current knowledge regarding operation and maintenance of generating units.			X		FMPA Staff attendance of FM Global industry conference and 7FA Users Conference, Benchmarking with other utilities.

Are there any concerns related to asset management and operations risk management which should be brought to the attention of the General Manager as part of this review?
Yes ☐ No ☒ If yes, describe below.

Are there internal control concerns related to asset management and operations risk management which require immediate attention?
Yes ☐ No ☒ If yes, describe below including any change to risk inventory controls score.

Rate the overall functioning of asset management and operations risk management practices using a scale of 1 to 4 as defined on attached page.

1	2	3	4	EXPLANATION
☐	☐	☒	☐	

Additional comments from responsible Manager(s):

Are there any emerging risks or environmental changes which impact asset management and operations risk management?
Yes ☐ No ☒ If yes, describe below including any proposed changes to risk inventory.

Other comments:

Rating scale for Policy compliance reviews:

1 = Risk management practices not in place.

2 = Risk management practices in place are not effective in meeting Policy requirements.

3 = Risk management practices in place meet Policy requirements.

4 = Risk management practices in place exceed Policy requirements.

Standard of compliance:

Completion of this review indicates that the Risk Management Reviewer has verified existence of applicable procedures or process documentation and believes them to be reasonably sufficient and up-to-date.

DocuSigned by:
Liyuan Woerner
62B966DB01B1479...

11/22/2019

Risk Management Reviewer **Date**

DocuSigned by:
David Schumann
DC2ABBAFD81B4E2...

11/26/2019

Responsible Manager Signature **Date**

DocuSigned by:
Rich Popp
B57BC50ABB804AF...

11/26/2019

Risk Director Signature **Date**

DocuSigned by:
5B40F13185DA46A...

11/26/2019

Responsible Executive Officer Signature **Date**

AGENDA ITEM 10 – REPORTS

c. FYE 2019 Draft Financial Statements

Finance Committee Meeting
December 11, 2019

10c - Financial Statements

For The Fiscal Year Ended September 30, 2019

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Member Cities

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

Table of Contents

Place holder for auditor’s report

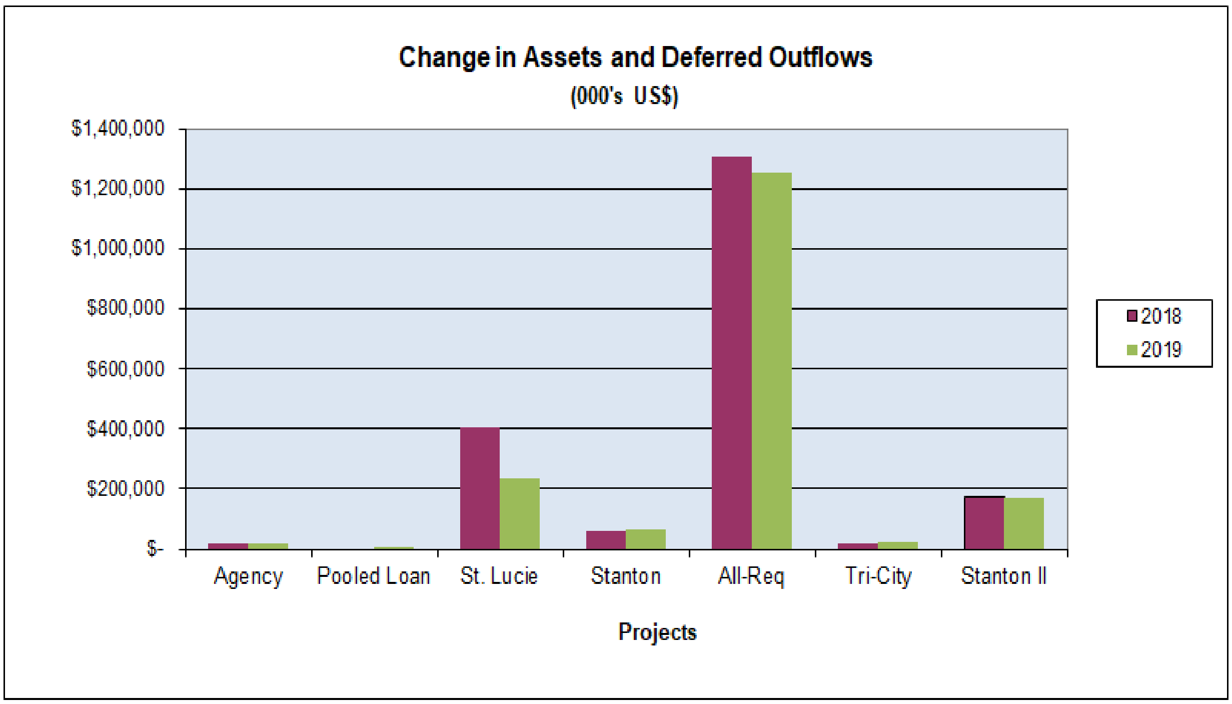
Place holder for auditor's report

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, except that, as of the sale of the Vero Beach electric system to FPL, the ARP has taken a transfer and assignment of Vero Beach's interests , as a project participant, in the Stanton, Stanton II and St. Lucie Projects.

FINANCIAL HIGHLIGHTS

Total Assets and Deferred Outflows at September 30, 2019, of FMPA's Agency Fund and other projects decreased $219.7 million from the prior year. Decreases included $70.9 million of depreciation and amortization of Plant Assets. Increases in total plant included $36.5 million of new depreciable assets.



Change in Assets and Deferrred Outflows (000's US$)								
Year	Agency	Pooled Loan	St. Lucie	Stanton	All-Req	Tri-City	Stanton II	Total
2018	$ 16,807	$ -	$ 404,525	$ 59,299	$ 1,307,621	$ 20,172	$ 170,490	$1,978,914
2019	$ 17,646	$ 39	$ 235,863	$ 62,403	$ 1,252,109	$ 21,241	$ 170,021	$1,759,322
Variance	$839	$39	($168,662)	$3,104	($55,512)	$1,069	($469)	($219,592)

FINANCIAL HIGHLIGHTS (CONTINUED)

Total Liabilities and Deferred Inflows at September 30, 2019, for FMPA's Agency Fund and other projects decreased by $219.7 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, 2019, for FMPA's Agency Fund and Projects was $1.2 billion, a decrease of $351.9 million during the current fiscal year.

Long-Term Bonds balance, less current portion, was $1,026 million, including All-Requirements balance of $789 million.

Total Revenue for Agency and all projects increased by $31.7 million for the current fiscal year, primarily due to increased sales to non-participants and increased billings to Participants due to higher loads.

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

FINANCIAL HIGHLIGHTS (CONTINUED)

Statement of Net Position

Proprietary funds

September 30, 2019

(000's US$)

2019	Agency Fund	Pooled Loan Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
	Business-Type Activities- Proprietary Funds							
Assets:								
Capital Assets, Net	$ 3,092	$ -	$ 20,554	$ 27,079	$ 635,185	$ 10,460	$ 93,918	$ 790,288
Current Unrestricted Assets	13,926	106	60,848	30,339	276,346	7,748	56,225	$ 445,538
Non-Current Restricted Assets	386	(101)	120,241	3,983	26,496	2,674	8,615	$ 162,294
Other Non Current Assets	242	34	28,298	-	274,998	-	-	$ 303,572
Deferred Outflows of Resources	-	-	5,922	1,002	39,084	359	11,263	$ 57,630
Total Assets & Deferred Outflows	$ 17,646	$ 39	$ 235,863	$ 62,403	$ 1,252,109	$ 21,241	$ 170,021	$ 1,759,322
Liabilities:								
Long-Term Liabilities	$ 5,907	$ -	$ 218,342	$ 1,123	$ 993,777	$ 402	$ 117,323	$ 1,336,874
Current Liabilities	2,046	39	17,521	11,843	161,105	4,243	16,071	212,868
Deferred Inflows of Resources	-	-	-	49,437	97,227	16,596	36,627	199,887
Total Liabilities & Deferred Inflows	$ 7,953	$ 39	$ 235,863	$ 62,403	$ 1,252,109	$ 21,241	$ 170,021	$ 1,749,629
Net Position:								
Investment in capital assets	$ 3,092	$ -	$ (119,759)	$ 18,094	$ (416,912)	$ 7,170	$ (32,370)	$ (540,685)
Restricted	$ 147	$ (101)	$ 42,212	$ 12,968	$ 91,006	$ 5,963	$ 19,361	171,556
Unrestricted	$ 6,454	$ 101	$ 77,547	$ (31,062)	$ 325,906	$ (13,133)	$ 13,009	378,822
Total Net Position	$ 9,693	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,693

Statement of Net Position

Proprietary funds

September 30, 2018

(000's US$)

2018	Agency Fund	Pooled Loan Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
	Business-Type Activities- Proprietary Funds							
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

FINANCIAL HIGHLIGHTS (CONTINUED)

Statements of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For Fiscal Year Ended September 30, 2019

2019	Agency Fund	Pooled Loan 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	$ 14,760	$ -	$ 54,748	$ 32,521	$ 419,721	$ 12,296	$ 47,171	$ 581,217
Sales to others			2,892	360	43,166	129	565	47,112
Amounts to be recovered from (refunded to) participants			(4,777)	(1,319)	936	(429)	(2,200)	(7,789)
Investment Income (loss)	343	-	10,676	549	6,650	138	2,637	20,993
Total Revenue	$ 15,103	$ -	$ 63,539	$ 32,111	$ 470,473	$ 12,134	$ 48,173	$ 641,533
Expenses:								
Operation, Maintenance & Nuclear Fuel Amortization	$ -	$ -	$ 12,932	$ 5,134	$ 79,383	$ 1,836	$ 8,634	$ 107,919
Purchased power, Transmission & Fuel Costs			3,466	12,302	254,330	4,538	18,731	293,367
Administrative & General	14,234	34	2,722	1,562	23,969	837	2,221	45,579
Depreciation & Decommissioning	445		6,743	3,569	58,599	1,359	5,556	76,271
Interest & Amortization	5		17,757	509	41,680	145	5,555	65,651
Gain/Loss on Ineffective Swaps			921					921
Write down of PGP to Net Future Cash Flow					41,733			41,733
Total Expense	$ 14,684	$ 34	$ 44,541	$ 23,076	$ 499,694	$ 8,715	$ 40,697	$ 631,441
Change in net position before regulatory asset adjustment	$ 419	$ (34)	$ 18,998	$ 9,035	$ (29,221)	$ 3,419	$ 7,476	$ 10,092
Net cost recoverable/future Participant billings	-	34	(18,998)	(9,035)	29,221	(3,419)	(7,476)	(9,673)
Change in Net Positon After Regulatory Adj	$ 419	$ -	$ -	$ -	$ -	$ -	$ -	$ 419
Net position at beginning of year	9,274							9,274
Net position at end of year	$ 9,693	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,693

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	Pooled Loan 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	$ 0	$ 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 Development Project	83							83
Total Expense	$ 18,361	$ 0	$ 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)
Net position at end of year	$ 9,274	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,274

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, except that, as of the sale of the Vero Beach electric system to FPL, the ARP has taken a transfer and assignment of Vero Beach's interests , as a project participant, in the Stanton, Stanton II and St. Lucie 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 financially independent 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, 2019. All changes in net position are reported as the underlying event giving rise to the change as it occurs, regardless of the timing of related cash flows. Therefore, some revenues and expenses that are reported in these statements for some items will only result in cash flows in future fiscal periods, such as unrealized gains or losses from investment activities, uncollected billings and earned but unused vacation.

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

All of the activities of FMPA are of a business type, as compared to governmental activities. FMPA has no component units to report. The Financial Statements can be found on pages 11 through 13 of this report.

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

FMPA maintains only one type of Proprietary Fund, the Enterprise Fund type. Enterprise Funds are used to report the same functions presented as business-type activities in the financial statements. FMPA uses enterprise funds to account for all of its power projects, as well as the Agency business operations. Each of the funds is considered a "major fund" according to specific accounting rules. A summary of FMPA's activities for years 2019 and 2018 is shown on pages 5 and 6. A more detailed version of the major fund proprietary financial statements can be found on pages 11 through 13 of this report.

The Notes to Financial Statements provide additional information that is essential to understanding the data provided in both the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 14 through 53 of this report.

Entity-Wide Financial Analysis

As noted earlier, when readers use the financial presentations to evaluate FMPA's financial position and results of operations, it is essential to remember the legal separation that exists among the projects. Nevertheless, broad patterns and trends may be observed at this level that should lead the reader to study carefully the financial statements of each fund and project. For example, total revenues increased $31.7 million primarily due to increased sales to participants and off system sales.

Financial Analysis of FMPA's Funds and Projects

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

The **Agency Fund** accounts for the administrative activities of FMPA. The expenses incurred while operating the projects and administrative activities are allocated to the power projects, net of any miscellaneous receipts. Total General and Administrative expenses increased $1.3 million from fiscal year 2018 to fiscal year 2019.

The **Pooled Loan Fund** was re-established during the current fiscal year and made one loan to a member during September 2019. As required by the Governmental Accounting Standards Board Statement 91 it is recognized as conduit debt and the corresponding receivable and payable are not included on the statement of Net Position.

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 683,132 Megawatt-hours (MWh) in fiscal year 2019. The average all-inclusive billing rate, which includes budgeted Demand, Energy and Transmission expenses, increased 3% to $80.14 in fiscal year 2019, due to lower than expected generation output.

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 332,105 MWh in fiscal year 2019. The average all-inclusive billing rate, which includes budgeted Demand, Energy and Transmission expenses increased 17.5% to $97.92 per MWh in fiscal year 2019 due to increased net operating revenues needed to build reserve funds.

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 $71.22 per MWh in fiscal year 2019, which is all-inclusive of Energy, Demand and Transmission expenses. The billed Megawatt hours for fiscal year 2019 were 5,893,412.

Billings to ARP participants in fiscal year 2019 were 3% higher, increasing from $406 million to $419 million primarily due to an increase in participant loads.

The All-Requirements participant net cost of power decreased to $71.38 per MWh in fiscal year 2019, a 2% decrease from fiscal year 2018. This decrease was primarily due to lower fuel and operation and maintenance expenses. The fuel supply mix was 82.2% for natural gas, 16.1% for coal, 1.3% nuclear 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 2019. 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 121,919 MWh in fiscal year 2019. The average all-inclusive billing rate, which includes budgeted Demand, Energy and Transmission expenses, increased 16% to $100.85 per MWh during fiscal year 2019 due to increased net operating revenues needed to build reserve funds

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 507,678 MWh in fiscal year 2019. The average all-inclusive billing rate, which includes budgeted Demand, Energy, and Transmission expenses, increased by 10% to $92.92 per MWh in fiscal year 2019. This was caused by a decrease in MWh Sales related to longer than normal outages.

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 2019, the Stanton, Tri-City and Stanton II budgets were amended at the end of the fiscal year to increase expenditures $2.0 million, $1.0 million, and $1.0 million, respectively. This was due to higher 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, 2019, was $790 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 2019 decreased by 4.7% or $39.7 million. This was caused primarily by depreciation of plant assets.

At September 30, 2019, FMPA had **Long-term debt** of $1.2 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	$ -
St. Lucie Project	130,798
Stanton Project	-
All-Requirements Project	971,772
Tri-City Project	-
Stanton II Project	115,541
Total	$ 1,218,111

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

MANAGEMENT'S DISCUSSION & ANALYSIS
For Fiscal Year Ended September 30, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Multi-year operational and financial modeling was conducted to arrive at the fiscal year 2019 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 current economic conditions. 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. St. Lucie Debt Reduction

The Board of Directors approved a St. Lucie Project Debt Reduction Strategy on October 18, 2019 which was completed as follows:

November 21, 2018 –Forward Sales Agreement was terminated at a gain (payment to FMPA) of $3.1 million.

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

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

B. Vero Beach Sale

All of the necessary nineteen FMPA member cities 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 2019, 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. The closing of the transaction occurred on December 17, 2018.

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, 2019

	Business-Type Activities							
ASSETS & DEFERRED OUTFLOWS	Agency Fund	Pooled Loan Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
Current Assets:								
Cash and cash equivalents	$ 5,875	$ 106	$ 11,908	$ 11,249	$ 40,304	$ 2,601	$ 3,680	$ 75,723
Investments	5,027		33,499	5,512	69,800	200	33,981	148,019
Participant accounts receivable	2,219		2,399	2,985	33,713	1,133	3,327	45,776
Due from Participants								
Fuel stock and material inventory				1,366	42,177	489	2,137	46,169
Other current assets	805		368	2	4,043		202	5,420
Restricted assets available for current liabilities			12,674	9,225	86,309	3,325	12,898	124,431
Total Current Assets	$ 13,926	$ 106	$ 60,848	$ 30,339	$ 276,346	$ 7,748	$ 56,225	$ 445,538
Non-Current Assets:								
Restricted Assets:								
Cash and cash equivlents	$ 47	$ 39	$ 14,857	$ 7,349	$ 36,173	$ 4,049	$ 5,895	$ 68,409
Investments	199		117,981	5,855	76,474	1,950	15,597	218,056
Accrued Interest			77	4	158		21	260
Due from (to) other funds	140	(140)						
Less: Portion Classified as Current	$ -	$ -	(12,674)	(9,225)	(86,309)	(3,325)	(12,898)	(124,431)
Total Restricted Assets	$ 386	$ (101)	$ 120,241	$ 3,983	$ 26,496	$ 2,674	$ 8,615	$ 162,294
Utility Plant:								
Electric plant	$ -	$ -	$ 300,257	$ 91,275	$ 1,283,994	$ 36,427	$ 203,972	$ 1,915,925
General plant	9,247		23,597	13	4,492	37	91	37,477
Less accumulated depreciation and amortization	(6,195)		(304,178)	(64,209)	(653,301)	(26,004)	(110,145)	(1,164,032)
Net utility plant	$ 3,052	$ -	$ 19,676	$ 27,079	$ 635,185	$ 10,460	$ 93,918	$ 789,370
Construction work in progress	40		878					918
Total Utility Plant, net	$ 3,092	$ -	$ 20,554	$ 27,079	$ 635,185	$ 10,460	$ 93,918	$ 790,288
Other Assets:								
Net costs recoverable/future particpant billings	$ -	$ 34	$ 28,298	$ -	$ 258,465	$ -	$ -	$ 286,797
Prepaid natural Gas - PGP					16,521			16,521
Other	242				12			254
Total Other Assets	$ 242	$ 34	$ 28,298	$ -	$ 274,998	$ -	$ -	$ 303,572
Total Assets	$ 17,646	$ 39	$ 229,941	$ 61,401	$ 1,213,025	$ 20,882	$ 158,758	$ 1,701,692
Deferred Outflows of Resources								
Deferred Outflows from ARO's & Derivatives	$ -	$ -	$ -	$ 1,002	$ (6,343)	$ 359	$ 1,572	$ (3,410)
Unamortized Loss on Advanced Refunding			5,922	-	45,427	-	9,691	61,040
Total Deferred Outflows	$ -	$ -	$ 5,922	$ 1,002	$ 39,084	$ 359	$ 11,263	$ 57,630
Total Assets & Deferred Outflows	$ 17,646	$ 39	$ 235,863	$ 62,403	$ 1,252,109	$ 21,241	$ 170,021	$ 1,759,322
LIABILITIES, DEFERRED INFLOWS AND NET POSITION								
Current Liabilities:								
Payable from unrestricted assets:								
Accounts payable & Accrued Liabilities	$ 2,046	$ -	$ 70	$ 1,299	$ 32,150	$ 489	$ 974	$ 37,028
Due to Participants		39	4,777	1,319	25,476	429	2,199	34,239
Line of Credit Payable					5,000			5,000
Capital Lease and other Obligations					13,970			13,970
Total Current Liabilities Payable from Unrestricted Assets	$ 2,046	$ 39	$ 4,847	$ 2,618	$ 76,596	$ 918	$ 3,173	$ 90,237
Payable from Restricted Assets:								
Current portion of long-term revenue bonds	$ -	$ -	$ 9,515	$ 8,985	$ 66,355	$ 3,290	$ 10,747	$ 98,892
Accrued interest on long-term debt			3,159	240	18,154	35	2,151	23,739
Total Current Liabilities Payable from Restricted Assets	$ -	$ -	$ 12,674	$ 9,225	$ 84,509	$ 3,325	$ 12,898	$ 122,631
Total Current Liabilities	$ 2,046	$ 39	$ 17,521	$ 11,843	$ 161,105	$ 4,243	$ 16,071	$ 212,868
Long-Term Liabilities Payable from Restricted Assets:								
Held in Trust for Rate Stabilization	$ 239	$ -	$ -	$ -	$ -	$ -	$ -	$ 239
Accrued Decommissioning Liability			87,544					87,544
Total Liabilities Payable from Restricted Assets	$ 239	$ -	$ 87,544	$ -	$ -	$ -	$ -	$ 87,783
Long-Term Liabilities Less Current Portion:								
Long-term debt	$ -	$ -	$ 130,798	$ -	$ 971,772	$ -	$ 115,541	$ 1,218,111
Other Post-employment Benefits	5,668							5,668
Landfill Closure & Asset Retirement Obligations				1,123	1,255	402	1,782	4,562
Advances from Participants					18,688			18,688
Derivative Instruments					2,062			2,062
Total Long-Term Liabilities	$ 5,668	$ -	$ 130,798	$ 1,123	$ 993,777	$ 402	$ 117,323	$ 1,249,091
Deferred Inflows of Resources								
Net cost refundable/future participant billings	$ -	$ -	$ -	$ 49,437	$ -	$ 16,596	$ 36,627	$ 102,660
Acquisition Adjustment - Vero Beach Entitlements					97,227			97,227
Total Deferred Inflows of Resources	$ -	$ -	$ -	$ 49,437	$ 97,227	$ 16,596	$ 36,627	$ 199,887
Total Long-Term Liabilities & Deferred Inflows	$ 5,907	$ -	$ 218,342	$ 50,560	$ 1,091,004	$ 16,998	$ 153,950	$ 1,536,761
Total Liabilities and Deferred Inflows	$ 7,953	$ 39	$ 235,863	$ 62,403	$ 1,252,109	$ 21,241	$ 170,021	$ 1,749,629
Net Position:								
Net Investment in Capital Assets	$ 3,092	$ -	$ (119,759)	$ 18,094	$ (416,912)	$ 7,170	$ (32,370)	$ (540,685)
Restricted	147	(101)	$ 42,212	$ 12,968	$ 91,006	$ 5,963	$ 19,361	171,556
Unrestricted	6,454	101	$ 77,547	$ (31,062)	$ 325,906	$ (13,133)	$ 13,009	378,822
Total Net Position	$ 9,693	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,693
Total Liabilities and Net Position	$ 17,646	$ 39	$ 235,863	$ 62,403	$ 1,252,109	$ 21,241	$ 170,021	$ 1,759,322

The accompanying notes are an integral part of these financial statements

FLORIDA MUNICIPAL POWER AGENCY
STATEMENT REVENUE, EXPENSES, AND CHANGE IN FUND NET POSITION
PROPRIETARY FUNDS
September 30, 2019

	Business-Type Activities							
	Agency Fund	Pooled Loan Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
Operating Revenue:								
Billings to participants	$ 14,760	$ -	$ 54,748	$ 32,521	$ 419,721	$ 12,296	$ 47,171	$ 581,217
Interchange Sales	-	-			17,853			17,853
Sales to others			2,892	360	16,555	129	565	20,501
Amortization of Vero Beach Acquisition Adj.					8,758			8,758
Amounts to be recovered from (refunded to) participants			(4,777)	(1,319)	936	(429)	(2,200)	(7,789)
Total Operating Revenue	$ 14,760	$	$ 52,863	$ 31,562	$ 463,823	$ 11,996	$ 45,536	$ 620,540
Operating Expenses:								
Operation and maintenance	$ -	$ -	$ 7,594	$ 5,134	$ 79,383	$ 1,836	$ 8,634	$ 102,581
Fuel expense	-	-		11,132	196,638	4,123	16,836	228,729
Nuclear fuel amortization	-	-	5,338					5,338
Purchased power	-	-	3,116		28,034			31,150
Transmission services	-	-	350	1,170	29,658	415	1,895	33,488
General and administrative	14,234	34	2,722	1,562	23,969	837	2,221	45,579
Depreciation and amortization	445	-	1,408	3,569	58,599	1,359	5,556	70,936
Decommissioning			5,335					5,335
Total Operating Expense	$ 14,679	$ 34	$ 25,863	$ 22,567	$ 416,281	$ 8,570	$ 35,142	$ 523,136
Total Operating Income	$ 81	$ (34)	$ 27,000	$ 8,995	$ 47,542	$ 3,426	$ 10,394	$ 97,404
Non-Operating Income (Expense):								
Interest expense	$ (5)	$ -	$ (11,675)	$ (472)	$ (35,043)	$ (69)	$ (3,295)	$ (50,559)
Debt costs					(152)			(152)
Investment earnings (losses)	343		10,676	549	6,681	138	2,637	21,024
Loss on ineffective swaps			(921)					(921)
Amortization of swap terminations					(31)			(31)
Amortization of Loss on Advanced Termination			(6,082)	(37)	(6,485)	(76)	(2,260)	(14,940)
Write down of PGP to Net Future Cash Flow					(41,733)			(41,733)
Total Non-Operating Income (Expenses)	$ 338	$	$ (8,002)	$ 40	$ (76,763)	$ (7)	$ (2,918)	$ (87,312)
Change in net assets before regulatory asset adjustment	$ 419	$ (34)	$ 18,998	$ 9,035	$ (29,221)	$ 3,419	$ 7,476	$ 10,092
Net cost recoverable/future participant billings	$	$ 34	$ (18,998)	$ (9,035)	$ 29,221	$ (3,419)	$ (7,476)	$ (9,673)
Change in Net Position After Regulatory Adj	$ 419	$	$	$	$	$	$	$ 419
Net Postion at beginning of year	9,274							9,274
Net Position at end of year	$ 9,693	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,693

The accompanying notes are an integral part of these financial statements

FLORIDA MUNICIPAL POWER AGENCY
Statement of Cash Flows
Proprietary Funds
September 30,2019

	Business-Type Activities- Proprietary Funds							
	Agency Fund	Pooled Loan	St. Lucie Project	Stanton Project	All Requirements Project	Tri-City Project	Stanton II Project	Totals
Cash Flows From Operating Activities:								
Cash Received From Customers	$ 13,192	$ 39	$ 58,001	$ 32,534	$ 452,195	$ 12,570	$ 47,271	$ 615,802
Cash Paid to Suppliers	(6,178)	(34)	(14,476)	(18,321)	(347,031)	(6,977)	(28,664)	(421,681)
Cash Paid to Employees	(7,407)							(7,407)
Net Cash Provided by (Used in) Operating Activities	$ (393)	$ 5	$ 43,525	$ 14,213	$ 105,164	$ 5,593	$ 18,607	$ 186,714
Cash Flows From Investing Activities:								
Proceeds From Sales and Maturities Of Investments	$ 9,469	$ -	$ 1,229,928	$ 75,051	$ 615,113	$ 16,879	$ 52,327	$ 1,998,767
RSA Deposits and Interest Earnings	(251)							(251)
Purchases of Investments	(4,187)		(1,088,318)	(64,577)	(590,062)	(14,699)	(45,241)	(1,807,084)
Income received on Investments	267		16,563	461	4,404	140	1,296	23,131
Net Cash Provided by (Used in) Investment Activities	$ 5,298	$ -	$ 158,173	$ 10,935	$ 29,455	$ 2,320	$ 8,382	$ 214,563
Cash Flows From Capital & Related Financing Activities:								
Proceeds from Issuance of Bonds & Loans	$ -	$ -	$ -	$ -	$ 10,733	$ -	$ -	$ 10,733
Debt Issuance Costs					(152)			(152)
Vero Beach Withdrawl Payment					105,355			105,355
Capital Expenditures - Utility Plant	(303)		(7,831)	(1,851)	(18,926)	(662)	(7,212)	(36,785)
Long Term Gas Pre Pay - PGP					(1,311)			(1,311)
Principal Payments - Long Term Debt	(220)		(169,275)	(8,339)	(132,826)	(3,215)	(10,513)	(324,388)
Line of Credit Advances								
Line of Credit Payments								
Transferred (To) From Other Funds	(140)	140						
Interest paid on Debt	(7)		(10,635)	(1,699)	(54,286)	(465)	(6,065)	(73,157)
Swap Termination Payments			(4,617)					(4,617)
Deferred Charges - Solar Project	(107)							(107)
Net Cash Provided (Used in) Capital & Related Financing Activities	$ (777)	$ 140	$ (192,358)	$ (11,889)	$ (91,413)	$ (4,342)	$ (23,790)	$ (324,429)
Net Increase (Decrease) in Cash and Cash Equivalents	$ 4,128	$ 145	$ 9,340	$ 13,259	$ 43,206	$ 3,571	$ 3,199	$ 76,848
Cash and Cash Equivalents - Beginning	1,794		17,425	5,339	33,271	3,079	6,376	67,284
Cash and Cash Equivalents - Ending	$ 5,922	$ 145	$ 26,765	$ 18,598	$ 76,477	$ 6,650	$ 9,575	$ 144,132
Consisting of:								
Unrestricted	$ 5,875	$ 106	$ 11,908	$ 11,249	$ 40,304	$ 2,601	$ 3,680	$ 75,723
Restricted	47	39	14,857	7,349	36,173	4,049	5,895	68,409
Total	$ 5,922	$ 145	$ 26,765	$ 18,598	$ 76,477	$ 6,650	$ 9,575	$ 144,132
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:								
Operating Income (Loss)	$ 81	$ (34)	$ 27,000	$ 8,995	$ 47,542	$ 3,426	$ 10,394	$ 97,404
Adjustment to Reconcile Net Operating Income to Net Cash Provided by (Used In) Operating Activities:								
Depreciation	445		1,408	3,569	58,599	1,359	5,556	70,936
Asset Retirement Costs								
Decommissioning			5,335					5,335
Amortization of Nuclear Fuel			5,338					5,338
Amortization of Pre Paid Gas - PGP					7,089			7,089
Amortization of Vero Exit Payment					(8,758)			(8,758)
Changes in Assests and Liabilities Which Provided (Used) Cash:								
Inventory				(790)	(580)	(282)	(1,238)	(2,890)
Receivables From (Payable to) Participants	(1,568)	39	5,136	972	(2,867)	573	1,735	4,020
Accounts Payable and Accrued Expense	740		(969)	1,313	1,822	469	2,002	5,377
Other Deferred Costs			2		149			151
Net Cash Provided By (Used In) Operating Activities	$ (393)	$ 5	$ 43,525	$ 14,213	$ 105,164	$ 5,593	$ 18,607	$ 186,714
Noncash Investing, capital and financing activities:								
Increase (Decrease) in mark to market values								
Non-Trust Investments	$ 76	$ -	$ (5,610)	$ 116	$ 2,471	$ 14	$ 1,357	$ (1,576)
Interest Rate Derivative Contracts			976					976
Change in Effective Swaps			5,875		(2,919)			2,956

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, gas or other utility 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 financially independent from the others 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, except that, as of the sale of the Vero Beach electric system to FPL, the ARP has taken a transfer and assignment of Vero Beach's interests , as a project participant, in the Stanton, Stanton II and St. Lucie Projects. As of September 30, 2019, FMPA has 31 members.

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

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

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

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

I. Summary of Significant Accounting Policies (continued)

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

1. Fund Accounting

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

The Agency operates the following major funds:

- The Agency Fund, which accounts for general operations beneficial to all members and projects.
- The Pooled Loan Fund, was re-established during the current fiscal year and will loan funds to member utilities or FMPA 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 project also assumed the participant interest of Vero Beach in the St. Lucie, Stanton, and Stanton II Projects.
- 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 certain 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, 2019, the liability for unused vacation was $681,352 and $593,881 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. With the All-Requirements refinancing of the 2008C and 2013A bonds in November of 2019, all swaps will be terminated.

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.

Unbilled Asset Retirement Obligation costs are included in Deferred Outflows or resources and will be collected from participants as determined by the Board and Executive Committee during the budget process.

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.

Proceeds from Vero Beach for assumption of their Project obligations are included in deferred inflows of resources. The deferred inflow is being amortized to income to offset the additional annual costs to the All-Requirements Project for assumption of this obligation.

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.

I. Summary of Significant Accounting Policies (continued)

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

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.

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 ($87.5 million) and Accrued Decommissioning Liability ($87.5 million) at September 30, 2019. 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 and Asset Retirement Obligations

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 $513 thousand as of September 30, 2019, 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 $438 thousand over the remaining useful life of the landfill. As of September 30, 2018 and 2019, 41.5% and 53.9%, respective of the total landfill capacity has been used. Three years remain on the landfill life.

In accordance with Governmental Accounting Standard No. 83, Asset Retirement Obligation have been calculated for each of the generating sites owned by FMPA. Significant assumptions used in the calculation of the Obligations are as follows:

There are no pollution events that need to be addressed. If a pollution event occurs it will be cleaned up as soon as practible and the expense will be recognized at the time of the event.

Scrap and salvage values for the natural gas plants exceed the cost to retire the units therefore, no obligation is accrued for these assets.

Coal plant retirement obligations are based on an EPRI study, removing costs for asbestose abatement. All ash disposal is included in the Landfill Closure Cost estimate.

The impact for each of FMPA Projects as of September 30, 2019 is:

	Agency Fund	Pooled Loan Fund	St. Lucie Project	(000's US$) Stanton Project	All-Req Project	Tri-City Project	Stanton II Project	Total
Landfill Closure Costs								
Total Exposure	$ -	$ -	$ -	$ 235	$ 261	$ 84	$ 371	$ 951
Remaining Liability				(114)	(122)	(41)	(161)	(438)
Total Liability at September 30	$ -	$ -	$ -	$ 121	$ 139	$ 43	$ 210	$ 513
Closure Liability	$ -	$ -	$ -	$ 44	$ 51	$ 16	$ 77	$ 188
Post-Closure Liability				77	88	27	133	325
Asset Retirement Obligation				1,002	1,116	359	1,572	4,049
Total Landfill Closure and Asset Retirement Obligation	$ -	$ -	$ -	$ 1,123	$ 1,255	$ 402	$ 1,782	$ 4,562

IV. Capital Assets

A description and summary as of September 30, 2019, 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:

IV. Capital Assets (continued)

A. Agency Fund (Continued)

- 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, 2019 was as follows:

	September 30, 2019			
	Beginning Balance	*Increases**	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 653	$ -	$ -	$ 653
General Plant	8,331	269	(6)	8,594
Construction work in process	-	40	-	40
General Plant in Service	$ 8,984	$ 309	$ (6)	$ 9,287
Less Accumulated Depreciation	(5,750)	(445)	-	(6,195)
General Plant in Service, Net	$ 3,234	$ (136)	$ (6)	$ 3,092

* 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 FYE 2018, 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, 2019, was as follows:

	September 30, 2019			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 75	$ -	$ -	$ 75
Electric Plant	294,870	5,738	(426)	300,182
General Plant	1,209	-	-	1,209
Nuclear Fuel	20,055	3,364	(1,031)	22,388
Construction work in process	1,003	1,515	(1,640)	878
Electric Utility Plant in Service	$ 317,212	$ 10,617	$ (3,097)	$ 324,732
Less Accumulated Depreciation	(297,743)	(6,468)	33	(304,178)
Utility Plant in Service, Net	$ 19,469	$ 4,149	$ (3,064)	$ 20,554

* Includes Retirements Less Salvage

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

IV. Capital Assets (continued)

C. Stanton Project

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

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

- Electric Plant 40 years
- Computer Equipment 9 years

Stanton Unit 1 plant asset activity for the year ended September 30, 2019, was as follows:

	September 30, 2019			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
	(000's US$)			
Land	$ 125	$ -	$ -	$ 125
Electric Plant	89,300	1,850	-	91,150
General Plant	12	1	-	13
Electric Utility Plant in Service	$ 89,437	$ 1,851	$ -	$ 91,288
Less Accumulated Depreciation	(60,640)	(3,569)	-	(64,209)
Utility Plant in Service, Net	$ 28,797	$ (1,718)	$ -	$ 27,079

* 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 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.*

IV. Capital Assets (continued)

D. All-Requirements Project (continued)

All-Requirements plant asset activity for the year ended September 30, 2019, was as follows:

	September 30, 2019			
	Beginning Balance	Increases	Decreases*	Ending Balance
	(000's US$)			
Land	$ 13,405	$ -	$ -	$ 13,405
Electric Plant	1,252,109	18,480	-	1,270,589
General Plant	4,046	446	-	4,492
CWIP	-	-	-	-
Electric Utility Plant in Service	$ 1,269,560	$ 18,926	$ -	$ 1,288,486
Less Accumulated Depreciation	(594,702)	(58,599)	-	(653,301)
Utility Plant in Service, Net	$ 674,858	$ (39,673)	$ -	$ 635,185

* 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

Tri-City Project plant asset activity for the year ended September 30, 2019, was as follows:

	September 30, 2019			
	Beginning Balance	Increases	Decreases*	Ending Balance
	(000's US$)			
Land	$ 48	$ -	$ -	$ 48
Electric Plant	35,718	662	-	36,380
General Plant	36	-	-	36
Electric Utility Plant in Service	$ 35,802	$ 662	$ -	$ 36,464
Less Accumulated Depreciation	(24,645)	(1,359)		(26,004)
Utility Plant in Service, Net	$ 11,157	$ (697)	$ -	$ 10,460

* 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

IV. Capital Assets (continued)

F. Stanton II Project (continued)

Stanton Unit 2 plant asset activity for the year ended September 30, 2019, was as follows:

	September 30, 2019			
	Beginning Balance	Increases	Decreases*	Ending Balance
	(000's US$)			
Land	$ 217	$ -	$ -	$ 217
Electric Plant	196,543	7,212	-	203,755
General Plant	91	-	-	91
Electric Utility Plant in Service	$ 196,851	$ 7,212	$ -	$ 204,063
Less Accumulated Depreciation	(104,588)	(5,557)		(110,145)
Utility Plant in Service, Net	$ 92,263	$ 1,655	$ -	$ 93,918

* Includes Retirements Less Salvage

V. Cash, Cash Equivalents and Investments

A. Cash and Cash Equivalents

At September 30, 2019, 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, 2019, were insured by Federal Depository Insurance Corporation (FDIC) or collateralized pursuant to the Public Depository Security Act of the State of Florida. Current unrestricted cash and cash equivalents are used in FMPA's funds' and projects' day-to-day operations.

B. Investments

FMPA adheres to a Board and Executive Committee-adopted investment policy based on the requirements of the bond resolutions. The policy requires diversification based upon investment type, issuing institutions, and duration. All of the fund and project accounts have specified requirements with respect to investments selected and the length of allowable investment.

Investments at September 30, 2019, 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 50% for any of FMPA's projects. As of September 30, 2019, 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) are limited to 10% of the projects' investment assets. No project exceeded that limit.

V. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

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

1. Agency Fund

Cash, cash equivalents and investments on deposit for the Agency at September 30, 2019, are as follows:

	September 30, 2019	Weighted Average Maturity (Days)	Credit Rating
Restricted	*(000's US$)*		
Cash and Cash Equivalents	$ 47		
US Gov't/Agency Securities	199	222	
Commercial Paper	-		
Total Restricted	$ 246		
Unrestricted			
Cash and Cash Equivalents	$ 5,875		
US Gov't/Agency Securities	5,027	413	Aaa/AA+/AAA *
Commercial Paper	-	-	
Total Unrestricted	$ 10,902		
Total	$ 11,148		

*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, 2019, 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	$ -	$ 4,563	$ -
US Treasury Obligations	199		
Corporate Notes		503	
Total By Level	$ 199	$ 5,066	$ -
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure			
Cash Equivalents	$ 5,545		
Commercial Paper	214		
Morgan Stanley Institutional	163		
Held in Trust Rate Stabilization			
Total Money Market and Mutual Fund Instruments	$ 5,922		
Total Market Value of Assets	$ 11,187		
Accrued Interest(including portion within other current assets of Unrestricted Assets)	(39)		
Market value (less) Accrued Interest	$ 11,148		
Total Investment Liabilities (Interest Rate Swaps)	$ -		

V. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

2. Pooled Loan Fund Fund

Cash, cash equivalents and investments on deposit for Pooled Loans at September 30, 2019, are as follows:

	September 30, (000's US$)	Weighted Average Maturity (Days)	Credit Rating
Restricted	*(000's US$)*		
Cash and Cash Equivalents	$ 39		
Total Restricted	$ 39		
Unrestricted			
Cash and Cash Equivalents	$ 106		
Total Unrestricted	$ 106		
Total	$ 145		

Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure	
Cash Equivalents	$ 145
Total Money Market and Mutual Fund Instruments	$ 145
Total Market Value of Assets	$ 145
Accrued Interest(including portion within other current assets of Unrestricted Assets)	
Market value (less) Accrued Interest	$ 145
Total Investment Liabilities (Interest Rate Swaps)	$ -

V. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

3. 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, 2019, are as follows:

	September 30, 2019	Weighted Average Maturity (Days)	Credit Rating
Restricted	*(000's US$)*		
Cash and Cash Equivalents	$ 14,857		
US Gov't/Agency Securities	20,488	523	Aaa/AA+/AAA **
Municipal Bonds	3,143	574	*
Commercial Paper	94,350	2	P1/A1 **
Total Restricted	$ 132,838		
Unrestricted			
Cash and Cash Equivalents	$ 11,908		
US Gov't/Agency Securities	20,693	685	
Municipal Bonds	4,054	274	aaa
Commercial Paper	8,752	825	
Total Unrestricted	$ 45,407		
Total	$ 178,245		

*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, 2019, 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	$ -	$ 32,884	$ -
US Treasury Obligations	8,740		
Municipal Bonds		7,250	
Corporate Notes		9,110	
Total By Level	$ 8,740	$ 49,244	$ -
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure			
Cash Equivalents	$ 26,759		
Commercial Paper	94,100		
Morgan Stanley Institutional	5		
Total Money Market and Mutual Fund Instruments	$ 120,864		
Total Market Value of Assets	$ 178,848		
Accrued Interest(including portion within other current assets of Unrestricted Assets)	(603)		
Market value (less) Accrued Interest	$ 178,245		
Total Investment Liabilities (Interest Rate Swaps)	$ -		

V. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

4. Stanton Project

Cash, cash equivalents and investments for the Stanton Project at September 30, 2019, are as follows:

		September 30, 2019	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	7,349		
US Gov't/Agency Securities		-		Aaa/AA+/AAA **
Municipal Bonds		1,055	1,049	*
Commercial Paper		4,800	-	P1/A1 **
Total Restricted	$	13,204		
Unrestricted				
Cash and Cash Equivalents	$	11,249		
US Gov't/Agency Securities		3,012	355	Aaa/AA+/AAA **
Municipal Bonds		-		*
Commercial Paper		2,500	-	P1/A1 **
Total Unrestricted	$	16,761		
Total	$	29,965		

*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, 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	$	-	$	3,014	$	-
US Treasury Obligations						
Municipal Bonds				1,059		
Commercial Paper						
Total By Level	$	-	$	4,073	$	-

Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure		
Cash Equivalents	$	18,556
Commercial Paper		7,300
Morgan Stanley Institutional		42
Wells Fargo Funds		-
Total Money Market and Mutual Fund Instruments	$	25,898
Total Market Value of Assets	$	29,971
Accrued Interest(including portion within other current assets of Unrestricted Assets)		(6)
Market value (less) Accrued Interest	$	29,965
Total Investment Liabilities (Interest Rate Swaps)	$	-

V. Cash, Cash Equivalents and Investments (continued)
B. Investments (continued)

5. All-Requirements Project
Cash, cash equivalents and investments for the All-Requirements Project at September 30, 2019, are as follows:

	September 30, 2019	Weighted Average Maturity (Days)	Credit Rating
Restricted	*(000's US$)*		
Cash and Cash Equivalents	$ 36,173		
US Gov't/Agency Securities	18,837	642	Aaa/AA+/AAA **
Municipal Bonds	12,765	4,094	*
Commercial Paper	44,872	13	P1/A1 **
Total Restricted	$ 112,647		
Unrestricted			
Cash and Cash Equivalents	$ 40,304		
US Gov't/Agency Securities	38,256	278	Aaa/AA+/AAA **
Municipal Bonds	3,944	266	*
Commercial Paper	27,600	323	P1/A1 **
Total Unrestricted	$ 110,104		
Total	$ 222,751		

*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, 2019, 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	$ -	$ 33,046	$ -
US Treasury Obligations	24,272		
Municipal Bonds		16,852	
Brokered CD's		1,034	
Total By Level		24,459	
Total By Level	$ 24,272	$ 75,391	$ -
Investment Liabilities (Derivative Instruments)			
Interest Rate Swaps	$ -	$ (15,971)	$ -
Total	$ -	$ (15,971)	$ -
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure			
Cash Equivalents	$ 176,134		
Commercial Paper	47,091		
Wells Fargo Funds	6		
Total Money Market and Mutual Fund Instruments	$ 223,231		
Total Market Value of Assets	$ 123,935		
Accrued Interest(including portion within other current assets of Unrestricted Assets)	(480)		
Market value (less) Accrued Interest	$ 222,751		
Total Investment Liabilities (Interest Rate Swaps)	$ (15,971)		

V. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

6. Tri-City Project

Cash, cash equivalents and investments for the Tri-City Project at September 30, 2019, are as follows:

	September 30, 2019	Weighted Average Maturity (Days)	Credit Rating
Restricted	*(000's US$)*		
Cash and Cash Equivalents	$ 4,049		
US Gov't/Agency Securities	750	-	Aaa/AAA/AAA **
Municipal Bonds	0		*
Commercial Paper	1,200	-	
Total Restricted	$ 5,999		
Unrestricted			
Cash and Cash Equivalents	$ 2,601		
US Gov't/Agency Securities	-		Aaa/AAA/AAA **
Municipal Bonds	-		*
Commercial Paper	200	-	P1/A1 **
Total Unrestricted	$ 2,801		
Total	$ 8,800		

*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, 2019, 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	$ -	$ -	$ -
US Treasury Obligations	750		
Municipal Bonds			
Total By Level	$ 750	$ -	$ -
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure			
Cash Equivalents	$ 6,701		
Commercial Paper	1,400		
Morgan Stanley Institutional	16		
Wells Fargo Funds			
Total Money Market and Mutual Fund Instruments	$ 8,117		
Total Market Value of Assets	$ 8,867		
Accrued Interest(including portion within other current assets of Unrestricted Assets)	(67)		
Market value (less) Accrued Interest	$ 8,800		
Total Investment Liabilities (Interest Rate Swaps)	$ -		

V. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

7. Stanton II Project

Cash, cash equivalents and investments for the Stanton II Project at September 30, 2019, are as follows:

		September 30, 2019	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	5,895		
US Gov't/Agency Securities		7,336	179	Aaa/AA+/AAA **
Municipal Bonds		0		*
Commercial Paper		8,261	67	P1/A1 **
Total Restricted	$	21,492		
Unrestricted				
Cash and Cash Equivalents	$	3,680		
US Gov't/Agency Securities		16,239	438	Aaa/AA+/AAA **
Municipal Bonds		9,524	2,073	*
Mutual Fund		8,218	934	P1/A1 **
Total Unrestricted	$	37,661		
Total	$	59,153		

*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, 2019, 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	$	-	$	14,558	$	-
US Treasury Obligations		9,106				
Municipal Bonds				9,594		
Brokered CD's				3,539		
Corporate Notes				5,753		-
Total By Level	$	9,106	$	33,444	$	0
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure						
Cash Equivalents	$	9,574				
Commercial Paper		7,250				
Wells Fargo Fund		-				
Total Money Market and Mutual Fund Instruments	$	16,824				
Total Market Value of Assets	$	59,374				
Accrued Interest(including portion within other current assets of Unrestricted Assets)		(221)				
Market value (less) Accrued Interest	$	59,153				
Total Investment Liabilities (Interest Rate Swaps)	$	-				

On October 26, 2018, 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. These swaps were terminated when the 2000 and 2002 bonds were retired. One swap of the All-Requirements project was determined not to be effective in fiscal year 2019. The following table shows the classification of the various derivative instruments on the Statement of Net Position as of September 30, 2019:

	Agency Fund	Pooled Loan Fund	St. Lucie Project	Stanton Project	All -Req Project	Tri-City Project	Stanton II Project	Total
Deferred Outflows								
Asset Retirement Obligations	$ -	$	$ -	$ 1,002	$ 1,116	$ 359	$ 1,572	$ 4,049
Interest Rate Swaps	-	-	-	-	(7,459)	-	-	(7,459)
Total Deferred Outflows from Derivatives	$ -	$ -	$ -	$ 1,002	$ (6,343)	$ 359	$ 1,572	$ (3,410)
Fair Market Value Derivative Instruments Liabilities								
Hybrid Swap Liability	$ -	$ -	$ -	$ -	$ 9,596	$ -	$ -	$ 9,596
Market Value Adjustment for Effective Swaps			-		(7,459)		-	(7,459)
Natural Gas Storage					(75)			(75)
Total Fair Value	$ -	$ -	$ -	$ -	$ 2,062	$ -	$ -	$ 2,062

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, 2019, 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, 2019. 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. The hybrid loan total after amortizations at September 30, 2019 is $9.6 million.

. 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*
All Swaps were terminated in December 2018 when 2000 and 2002 Debt was paid off.							
Total Termination Value of Swaps					$ -		
Prior Year Termination Value of Swaps					$ (6,851)		
Change in Fair Market Value					$ 6,851		

Derivative Financial Instruments (continued)

A. Swap Agreements (continued)

1. 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 2008C							
$ 22,953	10/1/2006	3.701%	72% LIBOR*	10/1/2027	$ (3,886)	Goldman Sachs Bank USA	A3/BBB+/A
-		Terminated April 2019				JP Morgan Chase & Co.	
-		Terminated April 2019				JP Morgan Chase & Co.	
-		Terminated April 2019				JP Morgan Chase & Co.	
22,953	10/1/2006	3.649%	72% LIBOR*	10/1/2027	(3,811)	Morgan Stanley	-
17,540	10/1/2006	3.697%	72% LIBOR*	10/1/2027	(3,157)	Merrill Lynch Capital Services, Inc.	-
-		Terminated April 2019				UBS AG	
15,657	10/1/2006	3.737%	72% LIBOR*	10/1/2035	(5,117)	Wells Fargo Bank, NA	Aa2/A+/AA-
$ 79,103					$ (15,971)		
Total Swap Terminaton Value					$ (15,971)		
Effective Swaps					$ (7,459)		
Hybrid Loans					(9,596)		
					$ (17,055)		
Prior Year Termination Value of Effective Swaps and Hybrid Loans					$ (15,163)		
Change in Fair Market Value					$ (1,892)		

*floating to fixed
** ( ) denotes that termination value payable to dealer if swap had been terminated 9/30/19

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, 2019 FMPA has 38 sales contracts outstanding, valued at $75,430, which will expire in November 2019 and January 2020.

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, 2019, all FMPA projects were in compliance with requirements of the bond resolution.

Segregated restricted net position at September 30, 2019, are as follows:

(000's US$)	Agency Fund	Pooled Loan Fund	St. Lucie Project	Stanton Project	All-Req Project	Tri-City Project	Stanton II Project	Total
Debt Service Funds	$ -	$ 39	$ 32,795	$ 9,239	$ 88,748	$ 3,332	$ 17,479	$ 151,632
Reserve & Contingency Funds			12,421	3,969	20,412	2,666	4,033	43,501
Decomissioning Fund			87,699					87,699
Rate Stabilization Accounts	246							246
Accrued Interest on Long-Term Debt	-		(3,159)	(240)	(18,154)	(35)	(2,151)	(23,739)
Accrued Decommissioning Expenses			(87,544)					(87,544)
Due Between Funds	140	(140)						-
Rate Stabilization Accounts	(239)							(239)
Total Restricted Net Assets	$ 147	$ (101)	$ 42,212	$ 12,968	$ 91,006	$ 5,963	$ 19,361	$ 171,556

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, 2019, is as follows:

1. Agency Fund

	2019 (000's US$)				
Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Wells Fargo Loan 2010	$ 220	$ -	$ (220)	$ -	$ -
	$ 220	$ -	$ (220)	$ -	$ -

Loan Payable to Wells Fargo Bank

The Agency Fund made to final payment on this loan of $220 thousand on July 1, 2019.

2. Pooled Loan Fund

	2019 (000's US$)				
Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Total Loan	$ -	$ 7,935	$ -	$ 7,935	$ 342
Less Conduit Loan Bushnell	-	(7,935)	-	(7,935)	(342)
Non-Conduit Pooled Loans	$ -	$ -	$ -	$ -	$ -

Loan Payable to Capital Bank

The Pooled Loan was re-established in FY 2019 under a credit facility from Capital Bank. The credit facility will allow FMPA to sponser loans to FMPA members or FMPA projects up to a maximum of $25 million. In September 2019 the City of Bushnell drew $7.9 million at 2.56% for 10 years. Loans to member cities are conduit debt instruments.

IX. Long-Term Debt (continued)

A. Debt (continued)

3. St. Lucie Project

Business-Type Activities	2019 (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	15,640		(3,630)	12,010	3,810
Bonds 2010A	8,310		(1,980)	6,330	2,040
Bonds 2011A	23,345		(1,000)	22,345	2,415
Bonds 2011B	24,305			24,305	
Bonds 2012A	58,870			58,870	
Bonds 2013A	12,205		(1,215)	10,990	1,250
Total Principal	$ 304,125	$ -	$ (169,275)	$ 134,850	$ 9,515
Deferred Premiums And Discounts	6,707		(933)	5,463	
Total Revenue Bonds	$ 310,832	$ -	$ (170,208)	$ 140,313	$ 9,515
Unamortized loss on advanced refunding	$ (12,004)	$ -	$ 6,082	$ (5,922)	$ -

The 2000 and 2002 bonds were variable rate bonds and were retired in December 2018. The 2009A bonds have an interest rate of 5% through 2021. The 2010A bonds have a fixed interest rate of 2.72% through 2021. The 2011A and 2011B bonds are fixed, and have a series of maturity dates from through 2026. The rates for the 2011A bonds are 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 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%.

4. Stanton Project

Business-Type Activities	2019 (000's US$) Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds					
Refunding 2008	$ 14,605	$ -	$ (7,010)	$ 7,595	$ 7,595
Bonds 2009A	2,565		(1,175)	1,390	1,390
Wells Fargo Bank Taxable	154		(154)	-	
Total Principal	$ 17,324	$ -	$ (8,339)	$ 8,985	$ 8,985
Deferred Premiums And Discounts	8		(6)	-	
Total Bonds and Loans	$ 17,332	$ -	$ (8,345)	$ 8,985	$ 8,985
Unamortized loss on advanced refunding	$ (109)	$ -	$ 109	$ -	$ -

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)

4. 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 was paid in full on October 1, 2018.

5. All-Requirements Project

Business-Type Activities	2019 (000's US$) Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds					
Bonds 2008A	$ 64,490	$	$ (25,975)	$ 38,515	$ 38,515
Bonds 2008B	10,285		(10,285)	-	-
Bonds 2008C	149,573		(70,470)	79,103	-
Bonds 2009A	10,440		(5,295)	5,145	5,145
Bonds 2009B	15,235			15,235	15,235
Bonds 2013A	9,605		(1,470)	8,135	1,520
Bonds 2015B	110,385		(5,655)	104,730	5,940
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	$ 974,473	$ -	$ (119,150)	$ 855,323	$ 66,355
Capital Leases and Other					
KUA - TARP	$ 116,317	$ 10,733	$ (13,007)	$ 114,043	$ 13,271
Keys - TARP	1,262		(618)	644	644
St. Lucie County	429		(52)	377	55
Total Other Liabilities	$ 118,008	$ 10,733	$ (13,677)	$ 115,064	$ 13,970
Total Principal & Capital Lease	$ 1,092,481	$ 10,733	$ (132,827)	$ 970,387	$ 80,325
Deferred Premiums And Discounts	93,038		(11,328)	81,710	
Total Revenue Bonds & Capital Lease	$ 1,185,519	$ 10,733	$ (144,155)	$ 1,052,097	$ 80,325
Unamortized loss on advanced refunding	$ (57,938)	$ (539)	$ 13,050	$ (45,427)	$ -

The 2008C and 2013A bonds are the only variable rate bonds, and the variable interest rates ranged from .89% to 3.97913% for the year ended September 30, 2019.

Portions of the Series 2008A, 2008C, 2009A, 2013A, 2015B, 2016A, 2017B 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 and 2017A bonds are not subject to redemption prior to maturity.

On April 1, 2019 $68.8 million of The All Requirements Series 2008C debt was retired early using a portion of the proceeds from the payment received from Vero Beach for taking over their FMPA Project obligations.

KUA – TARP Capital Lease Obligation

Effective October 1, 2008, the Capacity and Energy Sales Contract with KUA was revised and on July 1, 2019 was amended to provide additional payments with a present value of $10.7 million. Under the revised and amended contract, KUA receives agreed upon-fixed payments over preset periods.

IX. Long-Term Debt (continued)

A. Debt (continued)

5. All-Requirements Project (continued)

Payments remaining under the agreement at September 30, 2019, amount to $139.7 million and the present value of these payments is $114.0 million. The capital assets at September 30, 2019 include Facilities and Equipment of $228.8 million less Accumulated Depreciation of $150.3 million resulting in a net book value of $78.5 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, 2019 amount to $670 thousand and the present value of these payments is $644 thousand. The capital assets at September 30, 2019 include Facilities and Equipment of $4.8 million less Accumulated Depreciation of $4.1 million resulting in a net book value of $.7 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, 2019, six 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 2020. The Wells Fargo line expires in November 2020. $5 million has been drawn on the JPMorgan line leaving $95 million available to draw.

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 $80.0 million

The letter of credit will expire on May 19, 2021.

6. Tri-City Project

	2019 (000's US$)				
Business-Type Activities	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**	**Amounts Due Within One Year**
Revenue Bonds					
Bonds 2009A	$ 745	$ -	$ (335)	$ 410	$ 410
Bonds 2013A	5,705		(2,825)	2,880	2,880
Wells Fargo Taxable	55		(55)	-	
Total Principal	$ 6,505	$ -	$ (3,215)	$ 3,290	$ 3,290
Deferred Premiums And Discounts	-		-	-	
Total Bonds and Loans	$ 6,505	$ -	$ (3,215)	$ 3,290	$ 3,290
Unamortized loss on advanced refunding	$ (76)	$ -	$ 76	$ -	$ -

IX. Long-Term Debt (continued)

A. Debt (continued)

6. 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 October 1, 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 was paid in full on October 1, 2018.

7. Stanton II Project

	2019 (000's US$)				
Business-Type Activities	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**	**Amounts Due Within One Year**
Revenue Bonds					
Bonds 2009A	$ 4,905	$ -	$ (200)	$ 4,705	$ 465
Refunding 2012A	56,260		(4,850)	51,410	5,080
Refunding 2017A	21,888		(387)	21,501	387
Refunding 2017B	50,019		(4,834)	45,185	4,815
Wells Fargo Taxable	242		(242)	-	
Total Principal	$ 133,314	$ -	$ (10,513)	$ 122,801	$ 10,747
Deferred Premiums And Discounts	4,492		(1,005)	3,487	
Total Bonds and Loans	$ 137,806	$ -	$ (11,518)	$ 126,288	$ 10,747
Unamortized loss on advanced refunding	$ (11,951)	$	$ 2,260	$ (9,691)	$ -

The 2009A, 2012A, 2018A and 2018B 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 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.

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 was paid in full on October 1, 2018.

B. Major Debt Provisions (All Projects)

Principal and accrue interest payments on bonds may be accelerated on certain events of default. Events of default include failure to pay scheduled principal or interest payments and certain events of bankruptcy or insolvency of FMPA. Bond holders must give written notice of default and FMPA has 90 days to cure the default. The acceleration requires approval of holders of at least 25% of the principal amount of the outstanding bonds.

IX. Long-Term Debt (continued)

B. Major Debt Provisions (All Projects) (continued)

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, 2019 are as follows:

Dated	Description	Defeased Portion Amount Originally Issued (000's US$)	Balance at September 30, 2019
April 2016	All-Requirements Revenue Bonds, 2008A & Revenue Bonds, 2009A	$452,880	$121,323

The April 2016 Defeasance of $121.323 million was called on October 1, 2019.

D. Annual Requirements

The annual cash flow debt service requirements to amortize the long term **bonded** debt outstanding as of September 30, 2019, 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
2020	$ 9,515	$ 6,135	$ 8,985	$ 240	$ 66,355	$ 38,748	$ 3,290	$ 62	$ 10,747	$ 4,164	$ 148,241
2021	27,320	5,291			48,445	34,730			11,082	3,762	130,630
2022	7,695	4,494			55,255	32,351			11,432	3,345	114,572
2023	5,765	4,213			42,185	30,130			11,785	2,912	96,990
2024	6,020	3,950			44,005	28,156			12,155	2,461	96,747
2025 - 2029	78,535	8,754			350,433	102,545			65,600	5,137	611,004
2030 - 2034					239,795	18,965					258,760
2035 - 2039					8,850	630					9,480
Total Principal & Interest	$ 134,850	$ 32,837	$ 8,985	$ 240	$ 855,323	$ 286,255	$ 3,290	$ 62	$ 122,801	$ 21,781	$ 1,466,424
Less:											
Interest		(32,837)		(240)		(286,255)		(62)		(21,781)	(341,175)
Unamortized Loss on refunding	(5,922)		0		(45,427)		0		(9,691)		(61,040)
Add:											
Unamortized Premium (Discount), net	5,463		0		81,710		0		3,487		90,660
Total Net Debt Service Requirement at September 30, 2019	$ 134,391	$ -	$ 8,985	$ -	$ 891,606	$ -	$ 3,290	$ -	$ 116,597	$ -	$ 1,154,869

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, 2019, 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	
2020			$ 9,515	6,135	$ 8,985	$ 240	$ 80,325	$ 44,516	$ 3,290	$ 62	$ 10,747	$ 4,164	$ 167,979
2021			27,320	5,291			60,727	39,777			11,082	3,762	147,959
2022			7,695	4,494			68,252	36,733			11,432	3,345	131,951
2023			5,765	4,213			55,937	33,807			11,785	2,912	114,419
2024			6,020	3,950			58,546	31,096			12,155	2,461	114,228
2025 - 2029			78,535	8,754			397,955	106,523			65,600	5,137	662,504
2030 - 2034							239,795	18,965					258,760
2035 - 2039							8,850	629					9,479
Total Principal & Interest	$ 0	$ 0	$ 134,850	$ 32,837	$ 8,985	$ 240	$ 970,387	$ 312,046	$ 3,290	$ 62	$ 122,801	$ 21,781	$ 1,607,279

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, 2022. 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	**2020**	**2021**	**2022**	**2023**	**2024**
Stanton Project	$ 4,123	$ 2,721	$ 1,615	None	None
All-Requirements Project	9,617	6,346	3,767	None	None
Tri-City Project	1,475	973	578	None	None
Stanton II Project	6,466	4,267	2,533	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 10,428 mmBtu per day. FMPA's share of this amounts to 2,298 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

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 2,971 mmBtu per day. FMPA's share of this amounts to 742 mmBtu per day.

FMPA's share of the total investment costs amounts to approximately $103 million for PGP Pool #1, and $29 million for PGP Pool #2 as of September 30, 2019. During the current fiscal year the operating committees for Pool #1 and Pool #2 made the decision to sell the Pool 1 and 2 portfolios and close the Pools. Accordingly the project was written down to the estimated future cash flows of the assets totaling $16.5 million.

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	92,158	91,206	123,436	62,711
Term if hours based	~56,000		~78,000	~83,000
Cumulative Factored Starts				
Term if starts based				
Current Termination Amount (000's USD)	$1,791		$1,987	$1,899
Specified Contract End Date	11/21/2037	12/31/2019	11/21/2037	11/21/2037
Estimated Performance End Date	FYE 2026		FYE 2030	FYE 2029

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.

X. Commitments and Contingencies (continued)

D. Other Agreements (continued)

1. St. Lucie Project (continued)

- FMPA has entered into a Reliability Exchange Agreement and a Replacement Power Agreement with FPL. The Reliability Exchange agreement results in FMPA exchanging 50% of its share of the output from St. Lucie Unit 2 for a like amount from the St. Lucie Unit 1. This agreement's original expiration was on October 1, 2017. The Parties mutually agreed to extend the expiration date to October 1, 2022. The Replacement Power Agreement provides for replacement power and energy to be made available to FMPA if FPL voluntarily ceases to operate or reduces output from St. Lucie Unit 2 or St. Lucie Unit 1 for economic reasons or valley-load conditions, until each unit is retired from service or, in the case of St. Lucie Unit 1, if the Reliability Exchange Agreement terminates prior to the retirement date of that unit. 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.

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$)
Stanton Clean Energy LLP - Stanton A PPA	9/30/2023	$	35,055
Oleander Power Project LP, LLC - Unit 5 PPA	12/16/2027		71,635
Total Minimum Liability		$	106,690

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

- The Stanton Unit A combined cycle generator receives cooling water treatment services from the brine plant and associated facilities. The owners of Stanton Unit A (Stanton Clean Energy LLC (formerly 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	21,984	$	4,432	Various	Cane Island Treasure Coast
Fl Gas Transmission FTS-2	61,488		16,747	Various	Cane Island Treasure Coast
Fl Gas Transmission FTS-2 Stanton A	14,950		3,423	Various	Stanton A
Transco	50,000		1,811	4/30/2026	FGT
TECO-Peoples Gas	-		750	12/31/2033	Treasure Coast
TECO- Peoples Gas	-		750	12/31/2033	Cane Island/Oleander
		$	27,913		

- 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. 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.

- In 2019 Florida Gas Utilities (FGU), on behalf of the All-Requirements Projecy (ARP), entered into thirty-year natural gas supply agreements with the Black Belt Energy Gas District (Black Belt Energy) and the Municipal Gas Authority of Georgia (MGAG) for the purchase of specified amounts of natural gas at discounted prices that FGU expects to supply to the ARP. The ARP's weighted average discount from the transactions involving MGAG is $0.32 per MMBtu on 13,250 MMBtu per Day. The ARP's weighted average discount from the transactions involving Black Belt Energy is $0.32 per MMBtu on 10,000 MMbtu per day.

- 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 2019, 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 sold their system to Florida Power and Light and for a payment of $105.4 million the All-Requirements Project assumed Vero Beach's Power Project Entitlement Shares and has transferred remaining liability for 32.521%, 16.489% and 15.202% of Vero's participant entitlement shares of the Stanton, Stanton II and St. Lucie Projects, respectively.

- The City of Lake Worth 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, 2014. The amount of capacity and energy the City is obligated to purchase under this conversion of their contract was determined

X. Commitments and Contingencies (continued)

B. Other Agreements (continued)

2. All Requirements (continued)

- 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 (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 2019, FMPA and Fort Meade entered into a Supplemental Power and Ancillary Services Agreement (Fort Meade Supplemental Agreement). Effective September 1, 2019, 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.

- The All-Requirements Project has entered into power sales agreement with the following cities with the indicated capacity and time periods indicated:
  City of Bartow, 20 MW peaking power, expires 2020.
  City of Bartow, full power supply requirements of approximately 65 MWs from 2021 through 2022.
  City of Winter Park, 10MW base load power supply through 2019.
  City of Winter Park, partial requirements of about 70MW from 2020 through 2027.
  Other short term sales for which the Project does not receive a capacity payment.

- 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. On July 1, 2019 the agreement was amended to extend payments on the assets due to anticipated extension of the operating life of the assets.

- 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.

- In December 2018, FMPA received notice pursuant to Section 768.28, Florida Statutes, of an intent to file suit against FMPA for unspecified personal injuries relating to FMPA's interest as a co-owner of the Stanton Energy Center. OUC and KUA also received similar notices. A lawsuit was filed against OUC on December 20, 2018 aledging certain property damages and filing claims for pollution contamination. No Suit has been filed against FMPA or KUA.

X. Commitments and Contingencies (continued)

B. Other Agreements (continued)

2. All Requirements (continued)

- 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.

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 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, and (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. The plan was established by the Board of Director's in 1984 and the Board of Directors has the authority to amend the plan. FMPA's contribution is 10% of the employee's gross base salary for the 401(a) plan. Total payroll for the year ended September 30, 2019, was $7.97 million, which approximates covered payroll. The 401(a) defined contribution plan has 67 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.

XII. Employment Benefits (continued)

A. Retirement Benefits (continued)

Agency contributions to the Deferred Contribution Plan resulted in expenses for the fiscal year 2019 of $734,703. 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, 2018 and 2019, the plan membership consisted of the following participants:

	September 30, 2018	September 30, 2019
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	15	15
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0	0
Active Plan Members	17	17
	32	32

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 900 months. This subsidy applies 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.

No implicit benefit was valued in this valuation.

The measurement date is September 30, 2019. The measurement period for the OPEB expense was October 1, 2018 to September 30, 2019. The reporting period is October 1, 2018 through September 30, 2019. The Sponsor's Total OPEB Liability was measured as of September 30, 2019.

The Sponsor's Total OPEB Liability for The Agency's ledger adjustment was measured as of September 30, 2019 using a discount rate of 3.58%.

Actuarial Assumptions:
Total OPEB Liability for The Agency’s ledger adjustment was measured as of September 30, 2019 using a discount rate of 3.58%.

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2019 (measurement date) using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	3.58%
Initial Trend Rate	8.00%

a. Employment Benefits (continued)

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

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 establish a trust for the program, all future benefit payments were discounted using a high-quality municipal bond rate of 3.58 %. 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, 2019, the Agency will recognize OPEB Cost of $674 thousand.

(000's US$)		
Fiscal Year Ending		9/30/2019
Service Cost	$	47
Interest		215
Recognition of Changes in Total Opeb Liability		410
Administrative Expenses		2
Total OPEB Expense/(Revenue)	$	674

Total OPEB Liability as of the Measurement Date is:

Description	(000's US$) Amount
Reporting Period Ending September 30, 2018	$ 5,229
Service Cost	47
Interest	215
Difference Between Expected and Actual Experience	-
Changes in Assumptions	410
Changes of Benefit Terms	-
Contributions - Employer	-
Benefits Payments	(232)
Other Changes	-
Reporting Period Ending September 30, 2019	$ 5,669

Changes of assumptions reflect a change in the discount rate from 4.18% for the reporting period ended September 30, 2018 to 3.58% for the reporting period ended September 30, 2019.

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
	2.58%	3.58%	4.58%
Total OPEB Liability (000's US$)	$ 6,467	$ 5,669	$ 5,010

XII. Employment Benefits (continued)

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

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$)	$5,162	$ 5,669	$ 6,279

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, 2019, the most recent valuation date, the Total OPEB Plan Liability was $5.6 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 $2.3 million, and the ratio of the Total OPEB Plan Liability to the covered payroll was 244 percent.

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

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 a Finance Committee (FC) 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. 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 and Vero Beach left the Agency on December 17, 2018 leaving 31 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.

XV. Subsequent Events

Refinancing of the 2008C and 2013A All-Reqirements Project Bonds

On November 07, 2019, the All-Requirements project issued the 2019A and 2019B bonds with a face amount of $81.9 million at a premium and used the $102 million of cash to retire the 2008C and the 2013A bonds with a total face value of $85.7 million, terminate associated swaps at a cost of $15.5 million and pay closing costs. This transaction eliminates all variable rate debt and all associated swaps of the Project.

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	9/30/2019	9/30/2018
Measurement Date	9/30/2019	9/30/2018
Total OPEB Liability		
Service Cost	$ 47	$ 53
Interest	215	201
Changes in Assumptions	410	(374)
Benefit Payments	(232)	(214)
Net Change in Total OPEB Liability	$ 440	$ (334)
Total OPEB Liability - Beginnning of Year	5,229	5,563
Total OPEB Liabilty - End of Year	$ 5,669	$ 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	$ 5,669	$ 5,229
Trust Fiduciary Net Position as a % of Total OPEB Liability	0%	0%
Covered Employee Payroll	2,321	2,167
Agency's Net OPEB Liability as a % of Covered Employee Payroll	244%	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, 2019: 3.58%
Fiscal Year Ending September 30, 2018: 4.18%

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, 2019
(000's US$)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Agency Fund			
Received from projects	$ 15,046	$ 14,704	$ (342)
Received from member assessments	23	-	(23)
Interest income	202	241	39
Other income		54	54
	$ 15,271	$ 14,999	$ (272)
General and administrative	$ 14,601	$ 14,234	$ 367
Invested in Capital Assets	168	238	(70)
Principal on Debt	220	220	-
Other Adjustments	80	85	(5)
	$ 15,069	$ 14,777	$ 292
Net Revenue	$ 202	$ 222	$ 20
St. Lucie Project			
Participant billing	$ 53,669	$ 53,669	$ -
Reliability exchange contract sales	4,994	3,971	(1,023)
Interest income	317	698	381
	$ 58,980	$ 58,338	$ (642)
Operation and maintenance	$ 11,078	$ 8,367	$ 2,711
Purchased power	4,994	3,116	1,878
Transmission service	357	349	8
General and administrative	2,903	2,430	473
Deposit to renewal and replacement fund	5,500	2,000	3,500
Deposit to general reserve fund & FSA	6,600	11,194	(4,594)
Deposit to Nuclear Fuel Fund	-	3,500	(3,500)
Deposit to debt service fund	22,801	17,858	4,943
	$ 54,233	$ 48,814	$ 5,419
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ 4,747	$ 9,524	$ 4,777

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, 2019

(000's US$)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Stanton Project			
Participant billing & sales to others	$ 32,527	$ 32,881	$ 354
Interest income	66	260	194
	$ 32,593	$ 33,141	$ 548
Operation and maintenance, fuel	$ 16,757	$ 16,128	$ 629
Transmission service	1,185	1,170	15
General and administrative	1,529	1,562	(33)
Deposits to debt service and other funds	12,466	12,306	160
	$ 31,937	$ 31,166	$ 771
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ 656	$ 1,975	$ 1,319
All-Requirements Project			
Participant billing & sales to others	$ 455,247	$ 454,128	$ (1,119)
Transfer from Rate Protection	97,954	90,753	(7,201)
Interest Income	1,490	4,211	2,721
	$ 554,691	$ 549,092	$ (5,599)
Member Capacity	$ 56,808	$ 51,228	$ 5,580
Contract Capacity	18,010	18,064	(54)
ARP Owned Capacity	42,814	38,044	4,770
Debt & Capital Leases	197,857	193,773	4,084
Direct Charges & Other	21,824	20,989	835
Gas Transportation	31,003	31,136	(133)
Fuels	153,320	156,928	(3,608)
Purchased Power	4,877	10,000	(5,123)
Transmission	28,178	29,866	(1,688)
	$ 554,691	$ 550,028	$ 4,663
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ -	$ (936)	$ (936)

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, 2019

(000's US$)

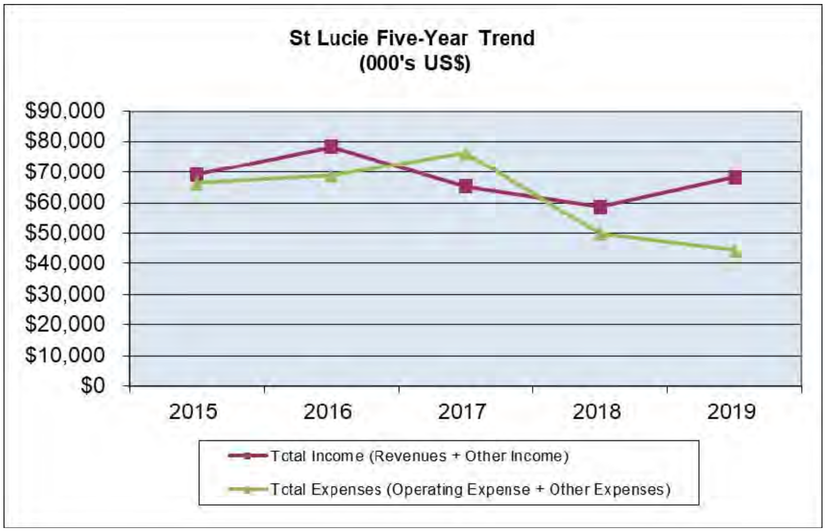
	Amended Budget	Actual	Variance Favorable (Unfavorable)
Tri-City Project			
Participant billing & sales to others	$ 12,441	$ 12,425	$ (16)
Interest income	54	105	51
	$ 12,495	$ 12,530	$ 35
Operation and maintenance, fuel	$ 6,251	$ 5,910	$ 341
Transmission service	419	415	4
General and administrative	828	836	(8)
Deposits to debt service and other funds	5,060	5,003	57
	$ 12,558	$ 12,164	$ 394
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ (63)	$ 366	$ 429
Stanton II Project			
Participant billing & sales to others	$ 46,308	$ 47,736	$ 1,428
Interest income	252	566	314
	$ 46,560	$ 48,302	$ 1,742
Operation and maintenance, fuel	$ 24,622	$ 25,235	$ (613)
Transmission service	1,915	1,895	20
General and administrative	2,107	2,221	(114)
Deposits to debt service and other funds	23,048	21,883	1,165
	$ 51,692	$ 51,234	$ 458
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ (5,132)	$ (2,932)	$ 2,200

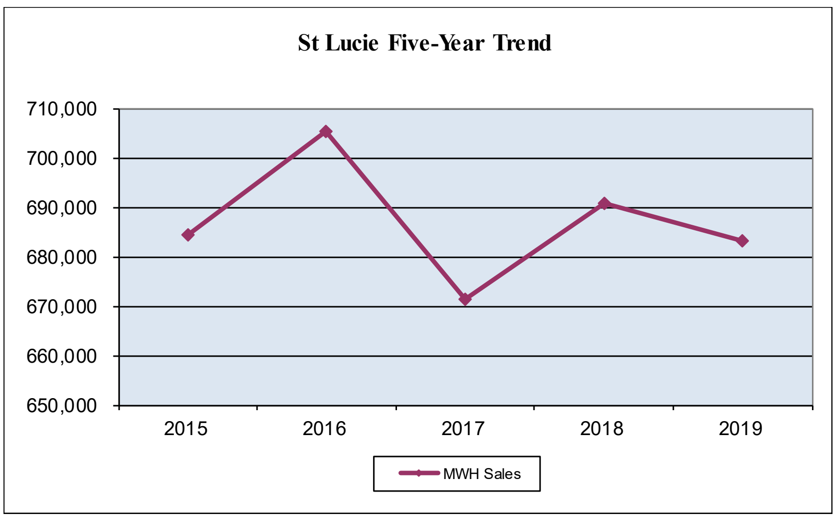
Note: These schedules are prepared on budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles.

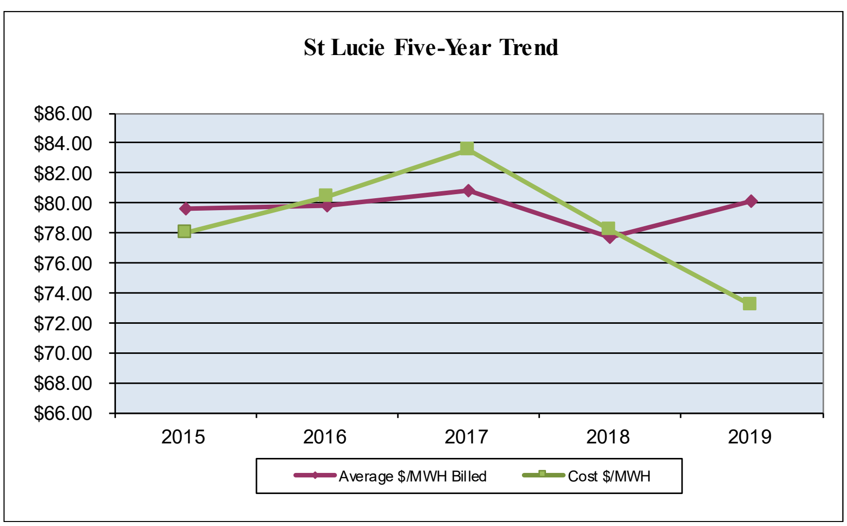
FIVE-YEAR TREND ANALYSIS

	2015	2016	2017	2018	2019
(000's US$ except for MWH Sales and Average $/MWH)					
St. Lucie Project					
Capital Assets	$ 74,133	$ 50,196	$ 23,656	$ 19,469	$ 20,554
Total Assets & Deferred Outflows	$441,333	$ 431,817	$ 418,281	$ 404,525	$ 235,863
Long-Term Liabilities	$424,539	$ 418,789	$ 403,457	$ 392,067	$ 130,798
Total Liabilities & Deferred Inflows	$441,333	$ 431,817	$ 418,281	$ 404,525	$ 235,863
Billings to Participants	$ 54,511	$ 56,287	$ 54,296	$ 53,678	$ 54,748
Sales to Others	2,302	2,561	2,439	2,470	2,892
Total Operating Revenues	$ 56,813	$ 58,848	$ 56,735	$ 56,148	$ 57,640
Purchased Power	$ 4,072	$ 3,874	$ 4,431	$ 3,540	$ 3,116
Production-Nuclear O&M	11,265	9,727	12,087	10,953	7,594
Nuclear Fuel Amortization	4,599	5,963	5,270	4,799	5,338
Transmission	470	380	321	350	350
General & Administrative	2,998	2,486	3,248	3,278	2,722
Depreciation & Decommissioning	28,211	31,417	35,624	11,342	6,743
Total Operating Expenses	$ 51,615	$ 53,847	$ 60,981	$ 34,262	$ 25,863
Net Operating Revenues	$ 5,198	$ 5,001	$ (4,246)	$ 21,886	$ 31,777
Investment Income	$ 12,362	$ 19,430	$ 8,553	$ 2,586	$ 10,676
Total Other Income	$ 12,362	$ 19,430	$ 8,553	$ 2,586	$ 10,676
Interest Expense	$ 14,855	$ 13,454	$ 13,759	$ 14,111	$ 11,675
Amortization & Other Expense	(117)	1,544	1,579	1,613	7,003
Total Other Expenses	$ 14,738	$ 14,998	$ 15,338	$ 15,724	$ 18,678
Net Income (Loss)	$ 2,822	$ 9,433	$ (11,031)	$ 8,748	$ 23,775
Net Cost Recovered (Credited) in the Future	(1,688)	(9,862)	9,235	(9,080)	(18,998)
Due from (to) Participants	(1,134)	429	1,796	332	(4,777)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	684,526	705,233	671,510	690,698	683,132
Average $/MWH Billed	$ 79.63	$ 79.81	$ 80.86	$ 77.72	$ 80.14
Cost $/MWH	$ 77.98	$ 80.42	$ 83.53	$ 78.20	$ 73.15

Five-Year Trend Analysis



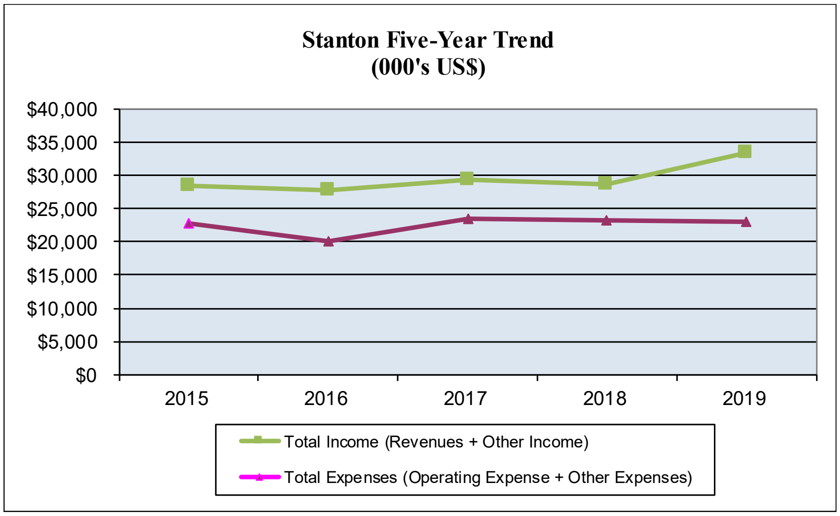


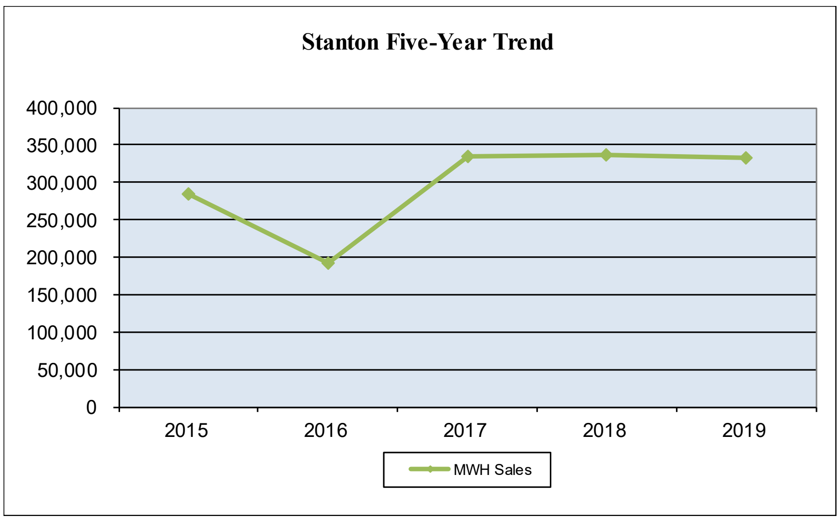


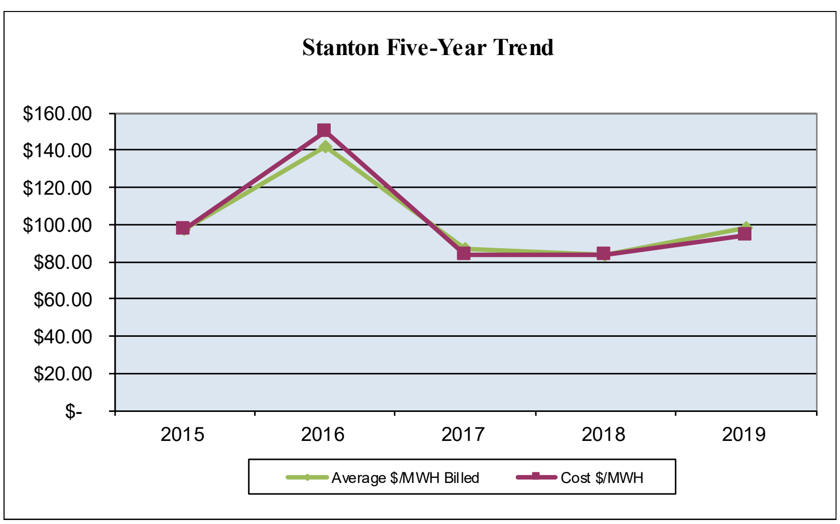
FIVE-YEAR TREND ANALYSIS

	2015	2016	2017	2018	2019
(000's US$ except for MWH Sales and Average $/MWH)					
Stanton Project					
Capital Assets	$ 31,623	$ 30,536	$ 30,977	$ 28,797	$ 27,079
Total Assets & Deferred Outflows	$ 61,778	$ 63,579	$ 62,445	$ 59,299	$ 62,403
Long-Term Debt	$ 32,875	$ 25,299	$ 17,347	$ 9,091	$ 1,123
Total Liabilities & Deferred Inflows	$ 61,778	$ 63,579	$ 62,445	$ 59,299	$ 62,403
Billings to Participants	$ 27,716	$ 27,103	$ 28,909	$ 28,027	$ 32,521
Sales to Others	322	327	356	352	360
Total Operating Revenues	$ 28,038	$ 27,430	$ 29,265	$ 28,379	$ 32,881
Production-Steam O&M	$ 4,225	$ 5,520	$ 4,293	$ 4,702	$ 5,134
Fuel Expense	11,315	7,400	12,392	11,625	11,132
Transmission	1,222	1,132	1,062	1,176	1,170
General & Administrative	1,235	1,287	1,304	1,382	1,562
Depreciation & Decommissioning	2,759	2,937	3,029	3,436	3,569
Total Operating Expenses	$ 20,756	$ 18,276	$ 22,080	$ 22,321	$ 22,567
Net Operating Revenues	$ 7,282	$ 9,154	$ 7,185	$ 6,058	$ 10,314
Investment Income	$ 450	$ 251	$ 122	$ 209	$ 549
Total Other Income	$ 450	$ 251	$ 122	$ 209	$ 549
Interest Expense	$ 1,843	$ 1,680	$ 1,310	$ 911	$ 472
Amortization & Other Expense	137	112	86	58	37
Total Other Expenses	$ 1,980	$ 1,792	$ 1,396	$ 969	$ 509
Net Income (Loss)	$ 5,752	$ 7,613	$ 5,911	$ 5,298	$ 10,354
Net Cost Recovered (Credited) in the Future	(5,762)	(9,121)	(5,042)	(5,474)	(9,035)
Due from (to) Participants	10	1,508	(869)	176	(1,319)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	284,081	190,985	334,166	336,361	332,105
Average $/MWH Billed	$ 97.56	$ 141.91	$ 86.51	$ 83.32	$ 97.92
Cost $/MWH	$ 97.60	$ 149.81	$ 83.91	$ 83.85	$ 93.95

FIVE-YEAR TREND ANALYSIS







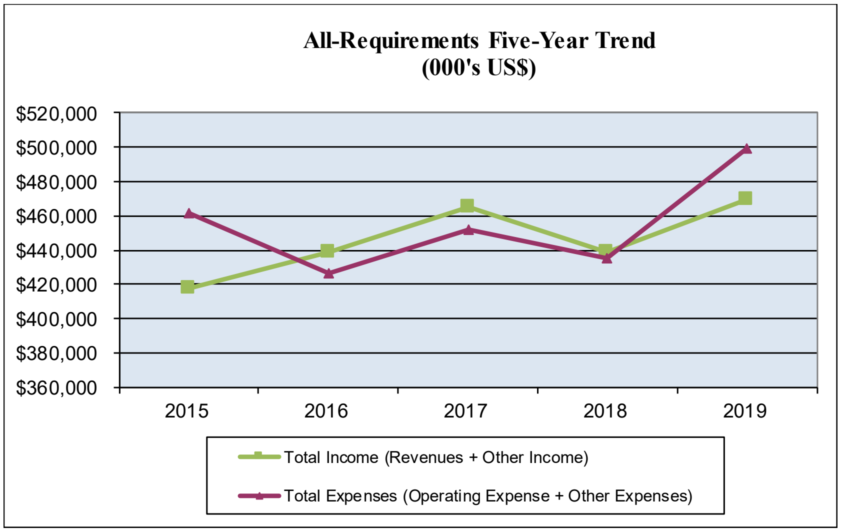
FIVE-YEAR TREND ANALYSIS

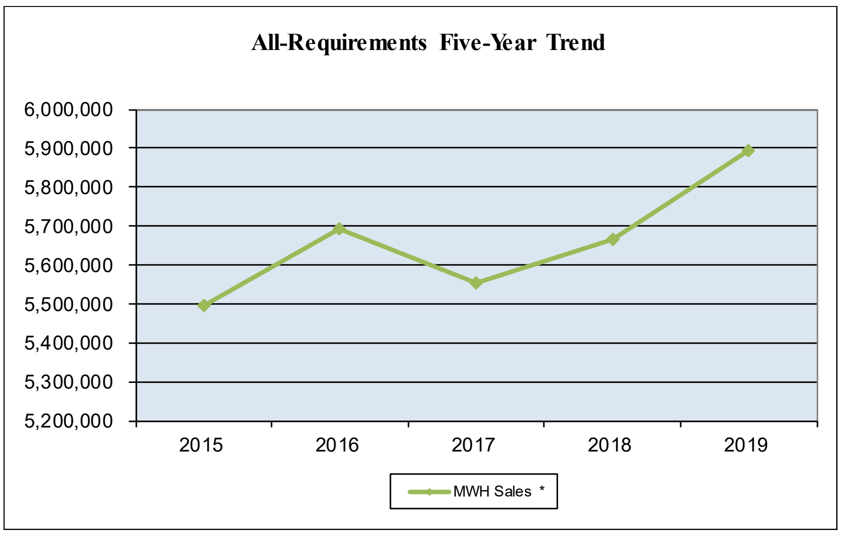
	2015	2016	2017	2018	2019
(000's US$ except for MWH Sales and Average $/MWH)					
All-Requirements Project					
Capital Assets	$ 814,271	$ 777,532	$ 727,100	$ 674,858	$ 635,185
Total Assets & Deferred Outflows	$ 1,456,404	$ 1,471,708	$ 1,397,705	$ 1,307,621	$ 1,252,109
Long-Term Liabilities	$ 1,334,149	$ 1,331,563	$ 1,241,223	$ 1,157,636	$ 993,777
Total Liabilities & Deferred Inflows	$ 1,456,404	$ 1,471,708	$ 1,397,705	$ 1,307,621	$ 1,252,109
Billings to Participants **	$ 399,979	$ 409,104	$ 428,034	$ 406,073	$ 419,721
Sales to Others	45,656	26,146	33,480	29,883	43,166
Total Operating Revenues	$ 445,635	$ 435,250	$ 461,514	$ 435,956	$ 462,887
Purchased Power	$ 31,755	$ 25,546	$ 21,814	$ 23,561	$ 28,034
O&M Production-Steam	60,693	67,270	65,550	61,398	79,383
Fuel Expense	204,743	170,762	205,925	194,661	196,638
Transmission	26,862	26,256	28,187	28,661	29,658
General & Administrative	21,729	22,349	21,841	22,029	23,969
Depreciation & Decommissioning	54,464	55,101	56,412	57,332	58,599
Total Operating Expenses	$ 400,246	$ 367,284	$ 399,729	$ 387,642	$ 416,281
Net Operating Revenues	$ 45,389	$ 67,966	$ 61,785	$ 48,314	$ 46,606
Investment Income	$ (27,859)	$ 3,805	$ 3,307	$ 2,657	$ 6,681
Total Other Income	$ (27,859)	$ 3,805	$ 3,307	$ 2,657	$ 6,681
Interest Expense	$ 59,185	$ 56,843	$ 55,371	$ 51,785	$ 35,043
Amortization & Other Expense	1,921	2,150	(3,203)	(4,265)	48,401
Total Other Expenses	$ 61,106	$ 58,993	$ 52,168	$ 47,520	$ 83,444
Net Income (Loss)	$ (43,576)	$ 12,778	$ 12,924	$ 3,451	$ (30,157)
Net Cost Recovered (Credited) in the Future	35,778	(359)	(9,008)	(10,739)	29,221
Due from (to) Participants	7,798	(12,419)	(3,916)	7,288	936
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales *	5,495,169	5,691,752	5,553,937	5,664,825	5,893,412
Average $/MWH Billed	$ 72.79	$ 71.88	$ 77.07	$ 71.68	$ 71.22
Cost $/MWH	$ 74.21	$ 69.69	$ 76.36	$ 72.97	$ 71.38

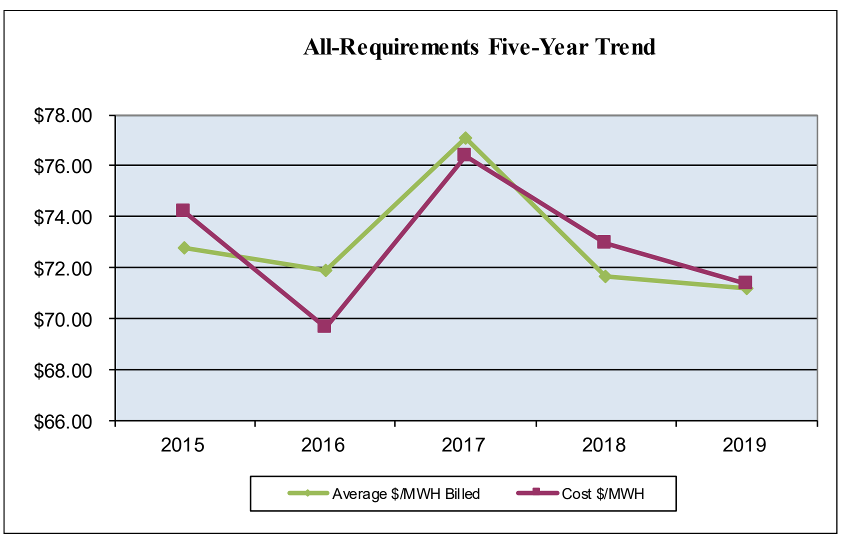
* Restated to include Ft. Meade's MWhs for fiscal year 2015.

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

FIVE-YEAR TREND ANALYSIS



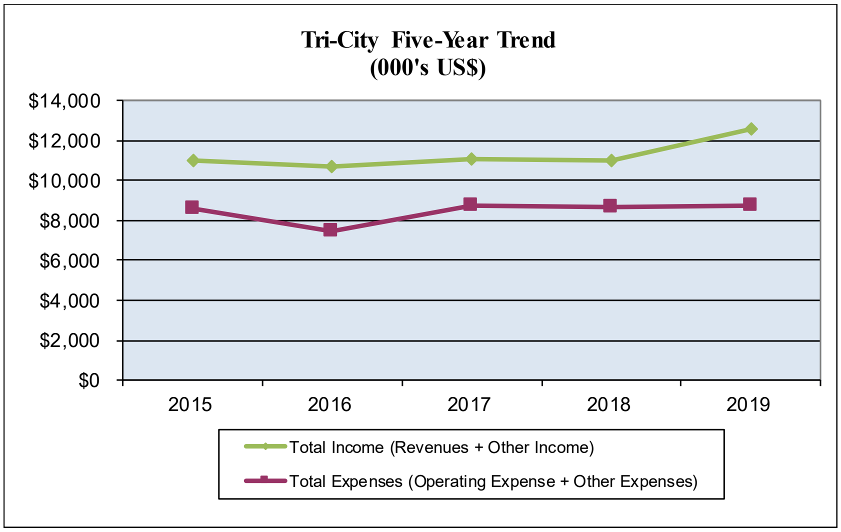


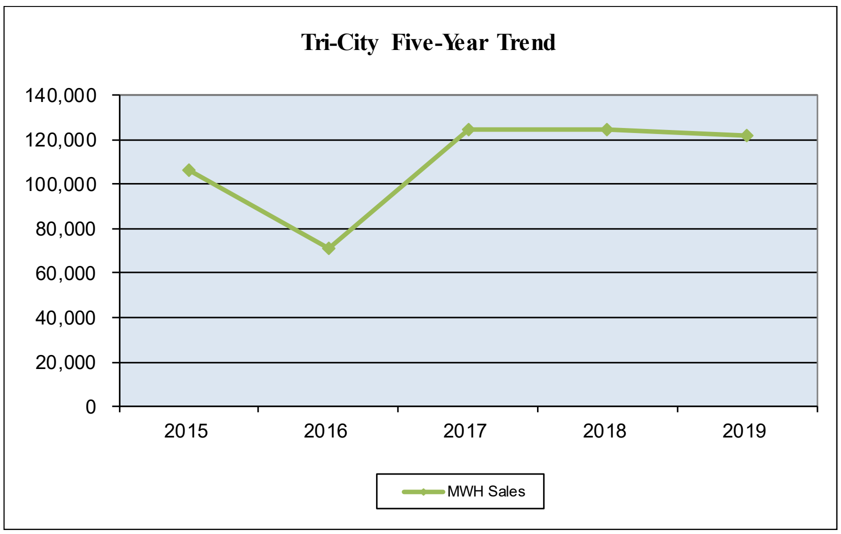


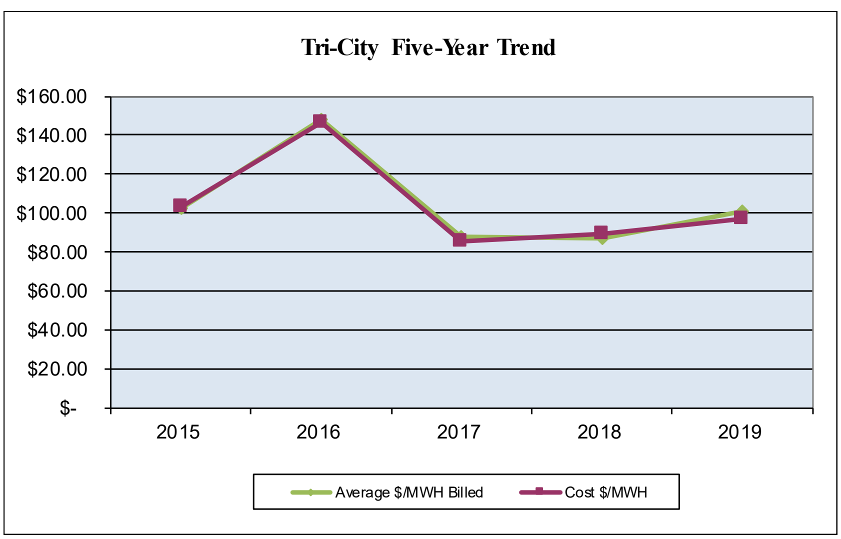
FIVE-YEAR TREND ANALYSIS

	2015	2016	2017	2018	2019
(000's US$ except for MWH Sales and Average $/MWH)					
Tri-City Project					
Capital Assets	$ 12,436	$ 11,947	$ 12,019	$ 11,157	$ 10,460
Total Assets & Deferred Outflows	$ 21,620	$ 21,520	$ 20,864	$ 20,172	$ 21,241
Long-Term Debt	$ 12,748	$ 9,659	$ 6,508	$ 3,325	$ 402
Total Liabilities & Deferred Inflows	$ 21,620	$ 21,520	$ 20,864	$ 20,172	$ 21,241
Billings to Participants	$ 10,873	$ 10,548	$ 10,919	$ 10,794	$ 12,296
Sales to Others	115	116	127	126	129
Total Operating Revenues	$ 10,988	$ 10,664	$ 11,046	$ 10,920	$ 12,425
Production-Steam O&M	$ 1,511	$ 1,991	$ 1,536	$ 1,682	$ 1,836
Fuel Expense	4,287	2,715	4,579	4,246	4,123
Transmission	489	427	382	415	415
General & Administrative	696	735	743	774	837
Depreciation & Decommissioning	1,078	1,134	1,168	1,312	1,359
Total Operating Expenses	$ 8,061	$ 7,002	$ 8,408	$ 8,429	$ 8,570
Net Operating Revenues	$ 2,927	$ 3,662	$ 2,638	$ 2,491	$ 3,855
Investment Income	$ 27	$ 44	$ 34	$ 73	$ 138
Total Other Income	$ 27	$ 44	$ 34	$ 73	$ 138
Interest Expense	$ 327	$ 266	$ 203	$ 139	$ 69
Amortization & Other Expense	235	190	144	97	76
Total Other Expenses	$ 562	$ 456	$ 347	$ 236	$ 145
Net Income (Loss)	$ 2,392	$ 3,250	$ 2,325	$ 2,328	$ 3,848
Net Cost Recovered (Credited) in the Future	(2,493)	(3,129)	(2,019)	(2,656)	(3,419)
Due from (to) Participants	101	(121)	(306)	328	(429)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	106,538	71,172	124,588	124,558	121,919
Average $/MWH Billed	$ 102.06	$ 148.20	$ 87.64	$ 86.66	$ 100.85
Cost $/MWH	$ 103.01	$ 146.50	$ 85.18	$ 89.29	$ 97.34

FIVE-YEAR TREND ANALYSIS



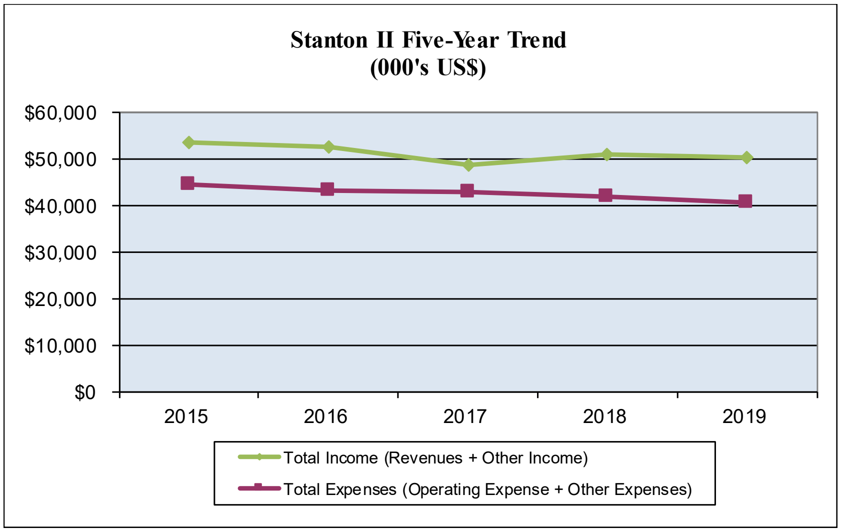


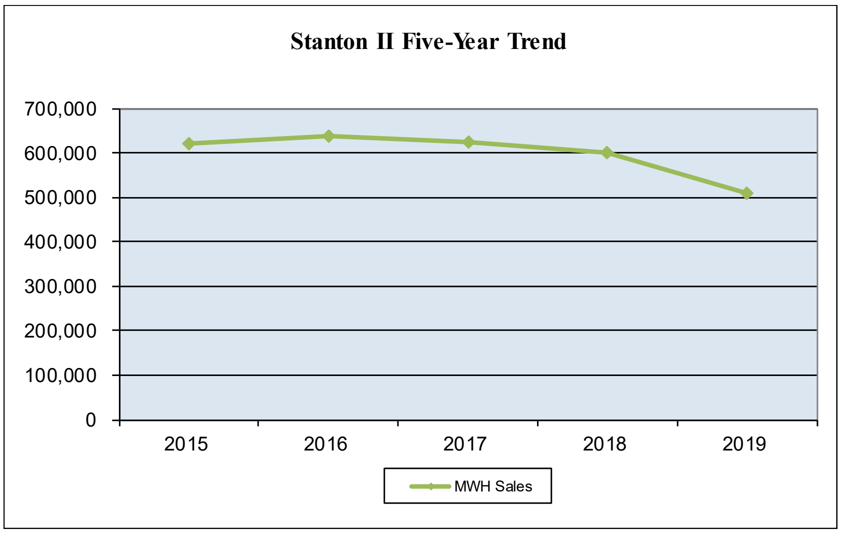


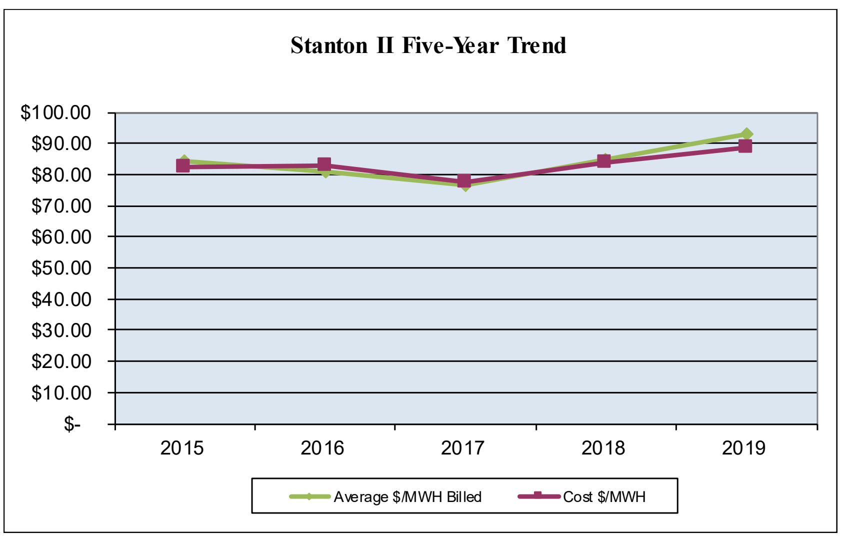
FIVE-YEAR TREND ANALYSIS

	2015	2016	2017	2018	2019
(000's US$ except for MWH Sales and Average $/MWH)					
Stanton II Project					
Capital Assets	$ 102,865	$ 100,258	$ 96,589	$ 92,263	$ 93,918
Total Assets & Deferred Outflows	$ 178,143	$ 176,182	$ 166,748	$ 170,490	$ 170,021
Long-Term Debt	$ 148,656	$ 139,040	$ 138,885	$ 127,446	$ 117,323
Total Liabilities & Deferred Inflows	$ 178,143	$ 176,182	$ 166,748	$ 170,490	$ 170,021
Billings to Participants	$ 52,204	$ 51,463	$ 48,001	$ 50,933	$ 47,171
Sales to Others	505	511	558	552	565
Total Operating Revenues	$ 52,709	$ 51,974	$ 48,559	$ 51,485	$ 47,736
Production-Steam O&M	$ 6,495	$ 6,688	$ 7,363	$ 6,860	$ 8,634
Fuel Expense	23,417	21,650	20,773	19,809	16,836
Transmission	1,846	1,750	1,677	1,895	1,895
General & Administrative	1,831	1,889	1,897	1,941	2,221
Depreciation & Decommissioning	5,194	5,336	5,392	5,535	5,556
Total Operating Expenses	$ 38,783	$ 37,313	$ 37,102	$ 36,040	$ 35,142
Net Operating Revenues	$ 13,926	$ 14,661	$ 11,457	$ 15,445	$ 12,594
Investment Income	$ 778	$ 738	$ 113	$ (475)	$ 2,637
Total Other Income	$ 778	$ 738	$ 113	$ (475)	$ 2,637
Interest Expense	$ 6,453	$ 6,359	$ 6,295	$ 4,695	$ 3,295
Amortization & Other Expense	(619)	(545)	(463)	1,260	2,260
Total Other Expenses	$ 5,834	$ 5,814	$ 5,832	$ 5,955	$ 5,555
Net Income (Loss)	$ 8,870	$ 9,585	$ 5,738	$ 9,015	$ 9,676
Net Cost Recovered (Credited) in the Future	(7,718)	(10,698)	(6,284)	(8,579)	(7,476)
Due from (to) Participants	(1,152)	1,113	546	(436)	(2,200)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	620,796	635,926	625,514	601,691	507,678
Average $/MWH Billed	$ 84.09	$ 80.93	$ 76.74	$ 84.65	$ 92.92
Cost $/MWH	$ 82.24	$ 82.68	$ 77.61	$ 83.93	$ 88.58

Five-Year Trend Analysis







Compliance Report

AGENDA ITEM 10 – REPORTS

d. FGU October Storage Report

Finance Committee Meeting
December 11, 2019

FMPA Storage Management Report

Florida Gas Utility

October 2019

Executive Summary – October 2019 Activity

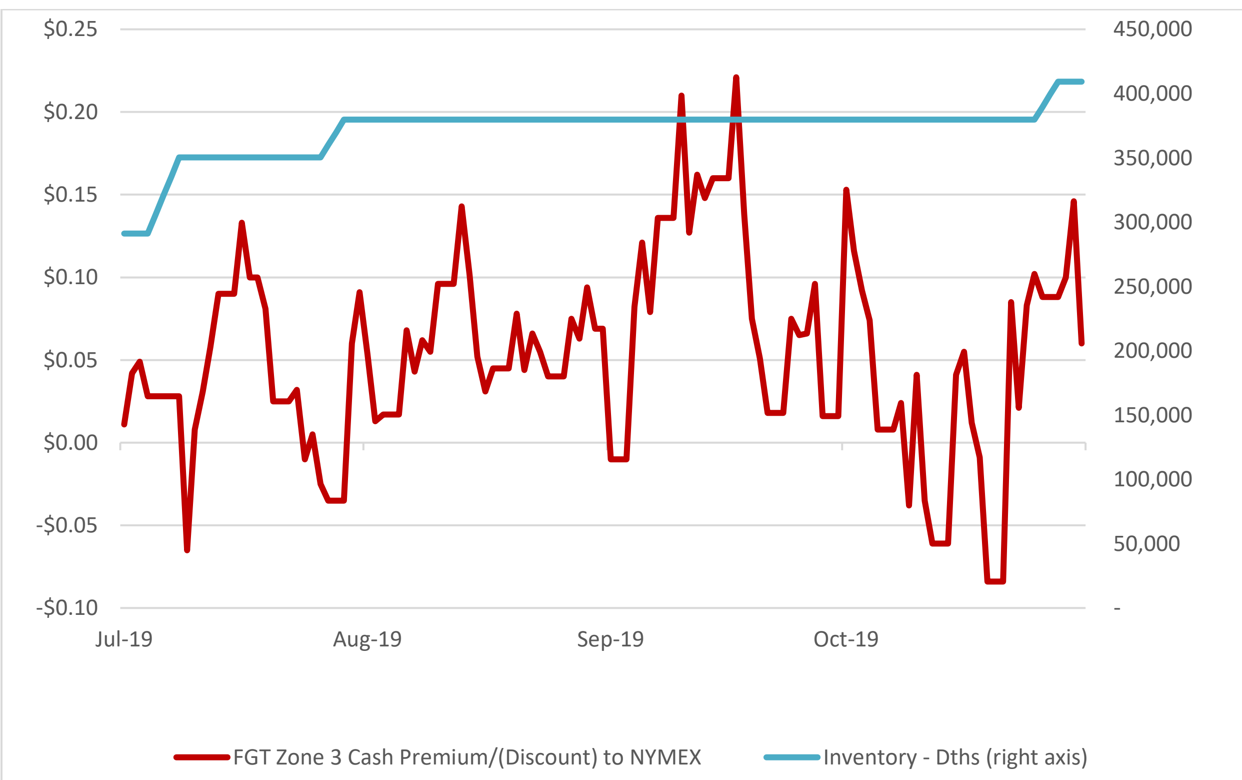
During October 2019, FGU conducted no physical gas withdrawals, but did make 29,550 Dths of injections into storage for the month. During the first half of the month, cash market gas prices at FGT Zone 3 were in-line with the November 2019 NYMEX contract. However, higher than normal temperatures in Florida, combined with planned maintenance on the Transco Mobile Bay Lateral pipeline, led to strong gas prices in the FGT Zone 3 market during the second half of October. FGU's injection opportunity occurred during the weekend trading for October 26-28. The Transco pipeline provided a late notice of an early return to service of their Mobile Bay Lateral on Friday the 25th, but because most trading was already finished for the weekend, FGU staff was unable to fully utilize Transco's access to lower cost gas supply for FMPA's own needs that weekend. For a portion of the unoptimized Transco capacity, FGU took advantage of the lower priced supply available on Transco to inject into storage for the weekend, generating approximately $0.20/Dth in projected margin for the injected quantity.

FMPA's optimized storage position, as of October 31, 2019 is long 409,298 Dths of storage inventory (82% full) and short a total of 410,00 Dths of financial hedges (short 187,500 Dths of December 2019 futures, and short 222,500 Dths of February 2020 futures). These financial positions are housed in FGU's clearing account with Rosenthal Collins Group (RCG) with associated margining requirements. FMPA's net optimized storage position increased in value by $53,445 during the month of October 2019, due primarily to the timely injections, and the seasonal benefit of the lower cost summer injections beginning to be valued at the higher winter month prices, relative to the hedged positions.

NYMEX natural gas prices strengthened considerably during the last week of October as near-term weather forecasts have begun to reflect colder than normal temperatures for much of the eastern half of the United States. After trading within a range of $2.40 to $2.55/Dth, the November 2019 contract jumped to $2.70 as of 11/1/2019. This rally has narrowed the price premium associated with the January and February 2020 contracts and led FGU staff to review opportunities to reposition storage hedges. FGU executed the first such repositioning on November 1st and will continue to monitor for additional opportunities during the month of November. These details will be reported in the November 2019 storage report. The chart below illustrates the stronger December 2019 NYMEX contract as a discount to the February 2020 contract.

FGT Zone 3 Cash Market vs NYMEX Prompt-Month Futures

Cash Market Spread to NYMEX Prompt-Month vs FMPA Storage Inventory Level



Summary of Existing Physical Inventory Position (10/31/2019)

Total Inventory Volume	Total Inventory Cost	Inventory WACOG	Market Value	Marked to Market	Unrealized Gain/(Loss)
409,298	$1,047,443	$2.56	$2.66	$1,087,914	$40,471

Summary of Existing Financial and Forward Physical Risk Management Positions (10/31/2019)

Delivery Month	Net Position	Realized Gain/(Loss) to Date	Open Equity	Total Value
Oct-19	0	($49,203)	$0	($49,203)
Nov-19	0	$8,168	$0	$8,168
Dec-19	(187,500)	$0	($15,740)	($15,740)
Jan-20	0	$0	$0	$0
Feb-20	(222,500)	$12,513	$27,740	$40,253
Mar-20	0	$0	$0	$0
Apr-20	0	$0	$0	$0
May-20	0	$0	$0	$0
Jun-20	0	$0	$0	$0
Jul-20	0	$0	$0	$0
Aug-20	0	$0	$0	$0
Sep-20	0	$0	$0	$0
Oct-20	0	$0	$0	$0
Nov-20	0	$0	$0	$0
Dec-20	0	$0	$0	$0
Jan-21	0	$0	$0	$0
Feb-21	0	$0	$0	$0
Mar-21	0	$0	$0	$0
Apr-21	0	$0	$0	$0

Summary of Historical Value - Physical and Financial (December 2009 through October 2019)

Optimization Activity	Net Position (Dths)	Total Realized Gain/(Loss)	Unrealized Gain/(Loss)	Total Storage Net Benefit
Current Physical/Financial Positions (10/31/2019)	-702	$2,745,382	$52,471	$2,797,853
Fees & Commissions		($48,589)		$2,749,264
NJRES Capacity Release		$477,598		$3,226,862
Sale of Call Options (Jan 2015)		$26,000		$3,252,862

Schedule of FMPA Gas and Cash Flows Related to FGU Storage Services

Month	Actual Injection Cost/ NYMEX Curve (10/31/19)	Actual/ Anticipated Cash Flow ($)	Net Injection Volume (Dths)	Net Withdrawal Volume (Dths)	Running Inventory Balance at End of Month (Dths)	Running Inventory Cost Balance ($)	WACOG ($/Dth)
Jun-19	**$2.35**	**$86,815**	**36,927**	**0**	**291,191**	**$777,937**	**$2.672**
Jul-19	**$2.30**	**$204,119**	**88,557**	**0**	**379,748**	**$982,056**	**$2.586**
Aug-19	**$0.00**	**$0**	**0**	**0**	**379,748**	**$982,056**	**$2.586**
Sep-19	**$0.00**	**$0**	**0**	**0**	**379,748**	**$982,056**	**$2.586**
Oct-19	**$2.21**	**$65,387**	**29,550**	**0**	***409,298***	**$1,047,443**	**$2.559**
Nov-19	*$2.60*	*$129,850*	*50,000*	*0*	*459,298*	*$1,177,293*	*$2.563*
Dec-19	*$2.71*	*$0*	*0*	*0*	*459,298*	*$1,177,293*	*$2.563*
Jan-20	*$2.80*	*($448,568)*	*0*	*175,000*	*284,298*	*$728,725*	*$2.563*
Feb-20	*$2.76*	*($576,730)*	*0*	*225,000*	*59,298*	*$151,995*	*$2.563*
Mar-20	*$2.63*	*$0*	*0*	*0*	*59,298*	*$151,995*	*$2.563*
Apr-20	*$2.37*	*$0*	*0*	*0*	*59,298*	*$151,995*	*$2.563*
May-20	*$2.35*	*$515,900*	*220,000*	*0*	*279,298*	*$667,895*	*$2.391*
Jun-20	*$2.38*	*$0*	*0*	*0*	*279,298*	*$667,895*	*$2.391*
Jul-20	*$2.42*	*$0*	*0*	*0*	*279,298*	*$667,895*	*$2.391*
Aug-20	*$2.43*	*$121,450*	*50,000*	*0*	*329,298*	*$789,345*	*$2.397*
Sep-20	*$2.41*	*$253,365*	*105,000*	*0*	*434,298*	*$1,042,710*	*$2.401*
Oct-20	*$2.44*	*$122,100*	*50,000*	*0*	*484,298*	*$1,164,810*	*$2.405*
Nov-20	*$2.51*	*$0*	*0*	*0*	*484,298*	*$1,164,810*	*$2.405*
Dec-20	*$2.68*	*$0*	*0*	*0*	*484,298*	*$1,164,810*	*$2.405*
Jan-21	*$2.79*	*($601,288)*	*0*	*250,000*	*234,298*	*$563,522*	*$2.405*
Feb-21	*$2.74*	*($420,902)*	*0*	*175,000*	*59,298*	*$142,621*	*$2.405*
Mar-21	*$2.62*	*$0*	*0*	*0*	*59,298*	*$142,621*	*$2.405*
Apr-21	*$2.33*	*$0*	*0*	*0*	*59,298*	*$142,621*	*$2.405*
May-21	*$2.31*	*$507,320*	*220,000*	*0*	*279,298*	*$649,941*	*$2.327*
Jun-21	*$2.34*	*$0*	*0*	*0*	*279,298*	*$649,941*	*$2.327*
Jul-21	*$2.38*	*$0*	*0*	*0*	*279,298*	*$649,941*	*$2.327*
Aug-21	*$2.39*	*$119,550*	*50,000*	*0*	*329,298*	*$769,491*	*$2.337*
Sep-21	*$2.38*	*$249,690*	*105,000*	*0*	*434,298*	*$1,019,181*	*$2.347*
Oct-21	*$2.40*	*$96,160*	*40,000*	*0*	*474,298*	*$1,115,341*	*$2.352*

Winter months

Bold = actual data

- Negative values reflect withdrawals of storage gas that have already been paid for.
- Positive values reflect charges to FMPA for gas purchases to be injected into storage.
- Months above reflect the period of storage activity and the actual charge/credit from FGU would occur the following month.

AGENDA ITEM 11 – COMMENTS

Finance Committee Meeting
December 11, 2019

AGENDA ITEM 12 – ADJOURNMENT

Finance Committee Meeting
December 11, 2019