



## **FINANCE COMMITTEE AGENDA PACKAGE**

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**August 21, 2024**

**2:00 p.m.**

**Dial-in Info: 1-321-299-0575**

**Meeting ID: 277 553 930 315#**

### **Committee Members**

Jim Williams, Leesburg – Chair  
Howard McKinnon, Havana-Vice Chair  
Javier Cisneros, Fort Pierce  
Barbara Quiñones, Homestead  
Karen Nelson, Jacksonville Beach  
Jesse Perloff, Key West  
Larry Mattern, Kissimmee  
Steve Langley, Mount Dora  
Dallas Lee, Newberry  
Efren Chavez, New Smyrna Beach  
Marie Brooks, Ocala  
James Braddock, Wauchula

### **Meeting Location**

**Florida Municipal Power Agency  
8553 Commodity Circle  
Orlando, FL 32819  
(407) 355-7767**



**Rich Popp**  
Chief Financial Officer

# MEMORANDUM

TO: FMPA Finance Committee  
FROM: Rich Popp  
DATE: August 14, 2024  
SUBJECT: FMPA Finance Committee Meeting  
August 21 at 2:00pm  
  
PLACE: Florida Municipal Power Agency Board Room  
8553 Commodity Circle,  
Orlando, FL 32819

**DIAL-IN INFORMATION: 321-299-0575, Meeting # 277 553 930 315**

**LINK: [Click here to join the meeting](#)**

**(If you have trouble connecting via phone or internet, please call 407-355-7767)**

*Chairperson Jim Williams, Presiding*

## AGENDA

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- 2. Recognition of Guests .....5
- 3. Public Comment (Individual public comments limited to 3 minutes) .....6
- 4. Set Agenda (by vote) .....7
- 5. Consent Agenda
  - a. Approval of Minutes – Finance Committee Minutes – Meeting Held  
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- 8. Action Items
  - a. Approval of Depository Bank Contract Extension (Melissa Cain) .....17

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e. Interim Audit Update (Danyel Marrero/ Tim Westgate) .....76

f. Operational Audit Report(s) Accounts Payable and Credit Card

(Liyuan Woerner) .....79

**10. Reports**

a. None .....85

**11. Comments .....86**

**12. Adjournment .....87**

RP/lj

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  
August 21, 2024**

**AGENDA ITEM 2 – RECOGNITION OF  
GUESTS**

**Finance Committee Meeting  
August 21, 2024**

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

**Finance Committee Meeting  
August 21, 2024**

**AGENDA ITEM 4 – SET AGENDA (By  
Vote)**

**Finance Committee Meeting  
August 21, 2024**

**AGENDA ITEM 5 – CONSENT  
AGENDA**

**a. Approval of Minutes – Finance  
Committee Meeting Held June 6, 2024**

**Finance Committee Meeting  
August 21, 2024**



CLERKS DULY NOTIFIED .....MAY 30, 2024  
AGENDA PACKAGE SENT TO MEMBERS.....MAY 30, 2024

**MINUTES  
FINANCE COMMITTEE MEETING  
THURSDAY, JUNE 6, 2024  
FLORIDA MUNICIPAL POWER AGENCY  
8553 COMMODITY CIRCLE  
ORLANDO, FL**

**PARTICIPANTS  
PRESENT**

Javier Cisneros, Fort Pierce  
Howard McKinnon, Havana  
Barbara Quiñones, Homestead  
Jesse Perloff, Key West  
Larry Mattern, Kissimmee  
Jim Williams, Leesburg  
Steve Langley, Mount Dora  
Dallas Lee, Newberry  
Charlene Pollette, Ocala  
James Braddock, Wauchula

**PARTICIPANTS  
ABSENT**

Allen Putnam, Jacksonville Beach  
Efren Chavez, New Smyrna Beach

**OTHERS  
PRESENT  
VIRTUALLY**

Barbara Mika, Fort Pierce  
Jason Terry, Kissimmee  
Michael Mace, PFM

**STAFF PRESENT**

Rich Popp, Chief Financial Officer  
Ken Rutter, Chief Operating Officer  
Jody Finklea, General Counsel and Chief Legal Officer  
Sharon Adams, Chief People and Member Services Officer  
Jason Wolfe, Financial Planning, Rates and Budget Director  
Denise Fuentes, Budget and Financial Analyst II  
Chris Gowder, Vice President IT/OT and Syst.  
Mary Kathryn Patterson, Senior Public Relations Specialist  
Emily Maag, Public Relations Specialist  
Danyel Sullivan-Marrero, Controller  
Louis DeSimone, Financial Planning and Rates Analyst II  
Lindsay Jack, Senior Administrative & Member Services Assistant  
Sena Mitchell, Treasurer Manager  
Resaul Misra, Financial & Data Analyst II  
Wayne Koback, IT Manager  
Sue Utley, Executive Assistant to CEO/Ass Sec to the Board of Directors  
Mackayla Cross, Administrative Assistant

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

Board Chair Jim Williams, Leesburg, called the FMPA Finance Committee Meeting to order at 2:00 p.m. on Thursday, June 6, 2024. A video and audio connection for public attendance and participation was available in the Frederick M. Bryant Board Room, FMPA, 8553 Commodity Circle, Orlando, Florida. The roll was taken, and a quorum was declared, with 8 of 12 members present. Havana and Mount Dora joined after roll call bringing the total members present to 10 of 12 members.

**ITEM 2 – RECOGNITION OF GUESTS**

None

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

None

**ITEM 4 – SET AGENDA (BY VOTE)**

**MOTION:** James Braddock, Wauchula, moved approval to set the agenda as presented. Dallas Lee, Newberry, seconded the motion. Motion Carried 8-0.

**ITEM 5 –CONSENT AGENDA**

- a. Approval of Meeting Minutes, Meeting held May 15, 2024

**MOTION:** Barbara Quinones, Homestead, moved approval of the Consent Agenda. Javier Cisneros, Fort Pierce, seconded the motion. Motion Carried 9-0.

**ITEM 6 – CHAIRPERSONS REMARKS**

None

**ITEM 7 – CFO REPORT**

- Rich Popp thanked all teams from each department for their efforts in preparing the budget package.

**ITEM 8 – ACTION ITEMS**

- a. **Approval of the 2025 Agency Allocation for Recommendation to the Board of Directors for Approval**

Denise Fuentes presented the Approval of the 2025 Agency Allocation for Recommendation to the Board of Directors for Approval

**MOTION:** Javier Cisneros, Fort Pierce, moved approval of the Approval of the 2025 Agency Allocation for Recommendation to the Board of Directors for Approval. Larry Mattern, Kissimmee, seconded the motion. Motion Carried 10-0.

**a. Review and Approval of FY 2025 Small Project Budgets (Stanton, Tri-City, Stanton II, St. Lucie, Solar II, Pooled Loan) for Recommendation to the Board of Directors for Approval**

Louis DeSimone presented the Review and Approval of FY 2025 Small Project Budgets (Stanton, Tri-City, Stanton II, St. Lucie, Solar II, Pooled Loan) for Recommendation to the Board of Directors for Approval

Barbara Quinones, Homestead, asked if they will continue to have capital costs for the Stanton I project moving forward after 2025.

Louis DeSimone explained we are still responsible for the common facilities project which is ownership share of 50% of the costs of each project for the environmental based capital projects.

Rich Popp explained that for the environmental piece, FMPA does not envision being able to cease making payments at the end of operations of the plant. However, there should be enough funds available in the project through different funding sources to cover any expenditures.

Ken Rutter said FMPA is also working with OUC regarding things that are shared between Unit 1 and Unit 2 to ensure that Unit 2 picks up all costs going forward after that time period for the common equipment.

Javier Cisneros, Fort Pierce, commented on the cost of \$131/MWh, in regards to the Stanton II project. He explained since it isn't a huge resource, that cost won't make a large impact to the members' overall bills. He wanted to recognize the efforts made by FMPA on their continued negotiations to keep costs low for members.

Larry Mattern, Kissimmee, asked if the Solar II project was funded by the Development Fund. He asked what funds are being allocated towards Solar II and Solar III Projects.

Jason Wolfe stated no money from the Development Fund was used to fund the Solar II Project. He further explained the Development Fund money that was used was on the Solar project is what is currently being charged to the ARP participants that are participating in the Harmony facility. Jason said funds for Solar II and Solar III are out of the total budget of the agency as costs were not as substantial as what was required for Solar I.

Jody Finklea confirmed the Development Fund was used to fund the research project by Great Blue to determine the customer desire within each city to pay an additional amount for solar and was not used towards Solar II or Solar III projects.

**MOTION:** Larry Mattern, Kissimmee, moved approval of

- 1) FY 2025 Stanton Project Budget for recommendation to the Board of Directors for approval
- 2) FY 2025 Tri-City Project Budget for recommendation to the Board of Directors for approval
- 3) FY 2025 Stanton II Project Budget for recommendation to the Board of Directors for approval
- 4) FY 2025 St. Lucie Project Budget for recommendation to the Board of Directors for approval
- 5) FY 2025 Solar II Project Budget recommendation to the Board of Directors for approval
- 6) FY 2025 Pooled Loan Project Budget for recommendation to the Board of Directors for approval

Javier Cisneros, Fort Pierce, seconded the motion. Motion Carried 10-0.

**b. Review and Approval of the ARP FY 2025 Budget for Recommendation to the Executive Committee for Approval**

Denise Fuentes presented the Review and Approval of the ARP FY 2025 Budget for Recommendation to the Executive Committee for Approval

Larry Mattern, Kissimmee, wanted to know the status of the \$100 million loan and what the plan was to have backup cash.

Rich Popp explained the finance team is going to evaluate if FMPA should do another \$100 million all out borrowing or look to lines of credit. The finance team will determine which is more economical, which may be a blended approach with actual borrowing and a line of credit.

Jody Finklea confirmed along with Rich Popp the \$100 million loan is still a bullet maturity and should be paid in approximately one year and a half.

Rich Popp clarified the \$7 million in the capital budget is for long lead type items and the authority for staff purchasing the deposits for activity that will be done in 2026.

**MOTION:** Javier Cisneros, Fort Pierce, moved approval of the ARP FY 2025 Budget for Recommendation to the Executive Committee for approval. Barbara Quinones, Homestead, seconded the motion. Motion Carried 10-0.

**ITEM 9 – INFORMATION ITEMS**

None

**ITEM 10 – REPORTS**

None

**ITEM 11 – COMMENTS**

None

**ITEM 12 – ADJOURNMENT**

There being no further business, the meeting was adjourned at 2:52 p.m.

Approved Date \_\_\_\_\_

RP/lj

**AGENDA ITEM 6 – CHAIRPERSON'S  
REMARKS**

**Finance Committee Meeting  
August 21, 2024**

**AGENDA ITEM 7 – CFO REPORT**

**Finance Committee Meeting  
August 21, 2024**

**AGENDA ITEM 8 – ACTION ITEMS**

- a. Approval of Depository Bank Contract Extension**

**Finance Committee Meeting  
August 21, 2024**





# **8a – Approval of Depository Bank Contract Extension with Wells Fargo**

Finance Committee

August 21, 2024

# Current Provider Overview

## *The Advantages of Wells Fargo*

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- Switched to Wells Fargo in October 2019
  - Contract valid through October 2024 with two one-year extension options
- FMPA has saved over \$47,000 a year since switching to WF
  - Current costs ~\$8,000/year for all accounts
- Robust banking platforms with same day ACH and real time data
- Recent Integration with Acumatica enhanced payment process
- Integration with Principal Custody services with no cost (grandfathered)
- Supports the Corporate Card program

# Sticking with Stability

## *Why Wells Fargo remains the right choice*

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- Integration with a new bank would be resource-intensive
- Wells Fargo has some of the best pricing, capabilities, and financial strength in the industry
- Earnings Credit Rate (ECR) increased recently by .70% to 2.35%. (fluctuations can also be based off market conditions)
- Future bank fees anticipated to be nearly zero, reducing operational costs
- Next Steps: seek BOD/EC approval to exercise both one-year extensions, setting the new contract expiration date to October 15, 2026.

# Motion

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- Move approval of the two-year Depository Banking agreement extension option with Wells Fargo and recommend the same to both the Board of Directors and Executive Committee.

**AGENDA ITEM 8 – ACTION ITEMS**

- b. Approval of Procurement and  
Spending Authority  
Modifications for FY 2025**

**Finance Committee Meeting  
August 21, 2024**



# **8b – Approval of Procurement & Spending Authority Modifications for FY 2025**

Finance Committee

August 21, 2024

# Proposed Changes in Procurement Thresholds

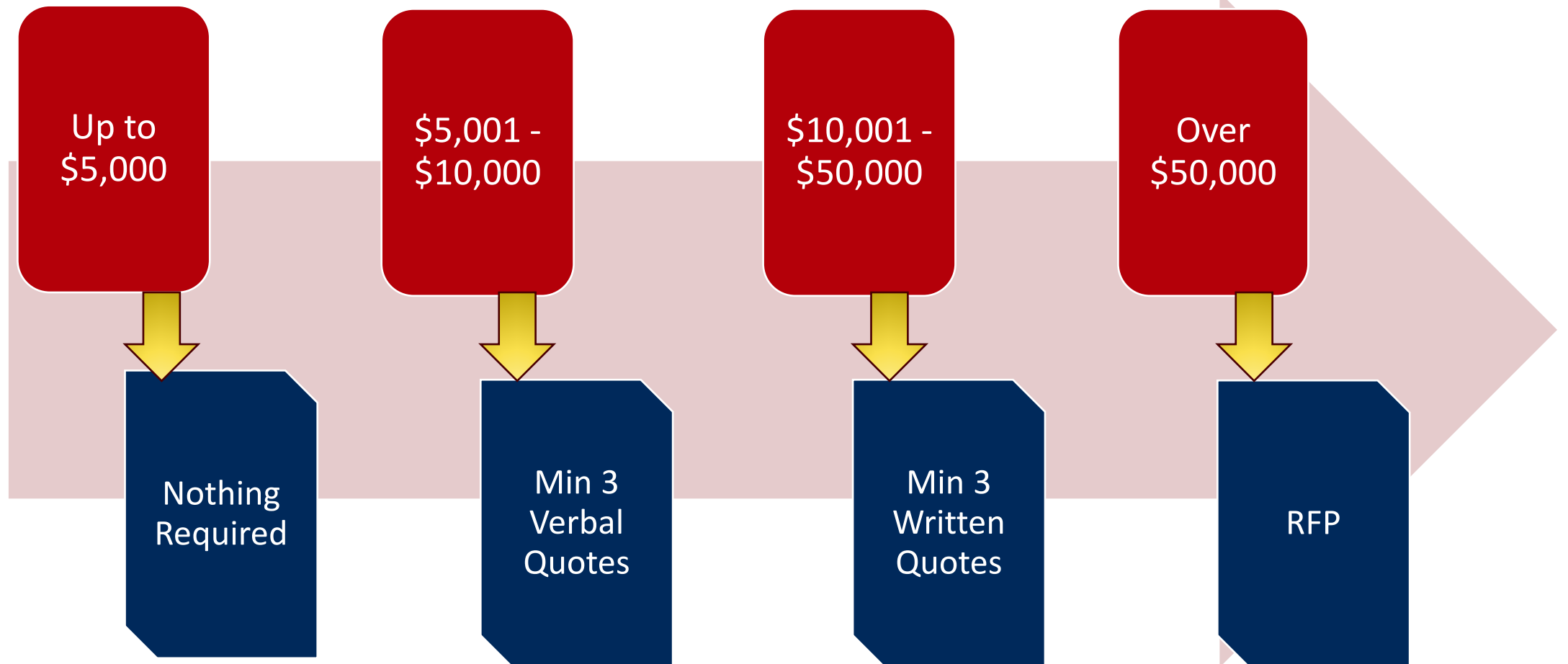
## *Why Increase the Thresholds?*

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- Align with other Generating Municipality Thresholds, for example:
  - JEA – RFP > \$300,000 \$50,000 - \$300,000 Informal Published Bid to Request Quotes
  - OUC – RFP > \$50,000 Projects >\$100,000 Must go to the commission for funding approval
  - GRU – RFP > \$100,000
- Thresholds Have Not Been Changed to Reflect Inflation over Many Years
- Allow for Quicker & More Efficient Decision-making
- Reduce Administrative Burden

# Current Procurement Thresholds

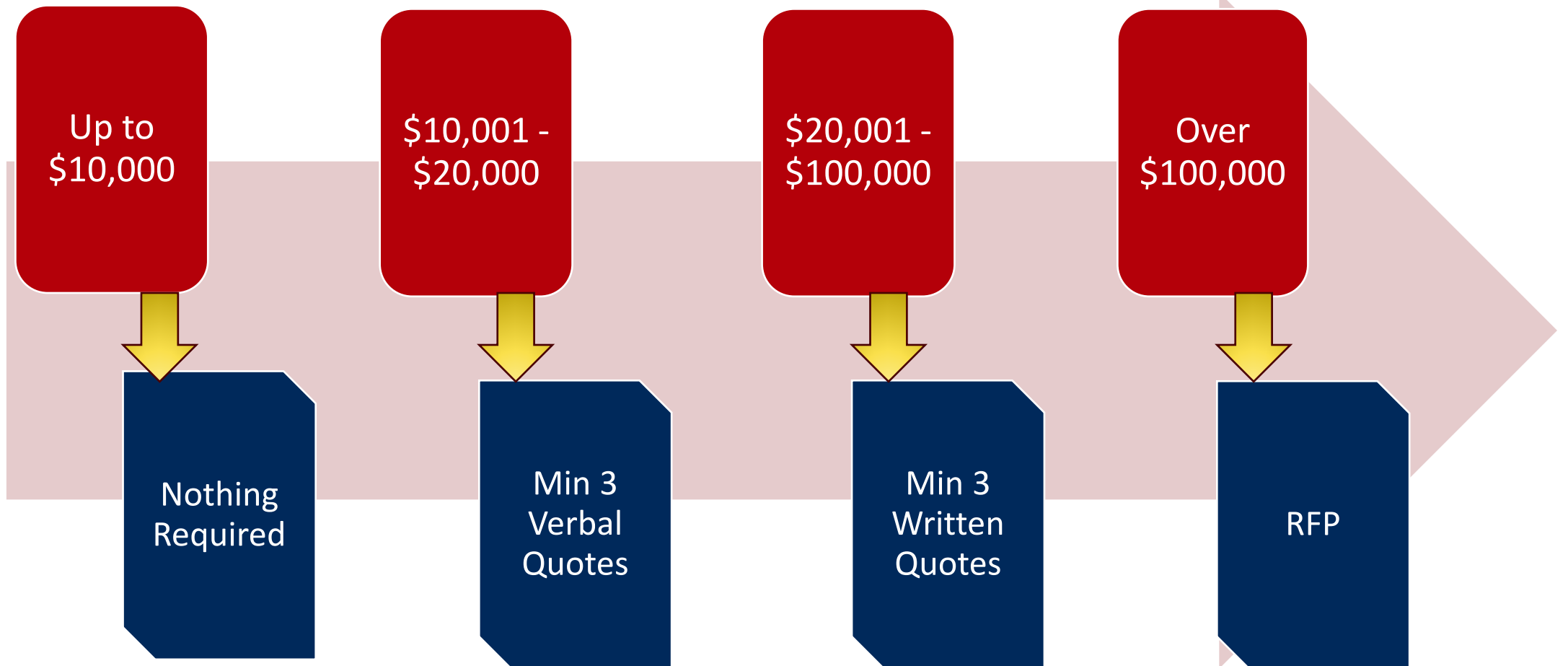
## *Total Cost & Procurement Requirements*





# Proposed Procurement Thresholds

## *Total Cost & Procurement Requirements*



# Proposed Changes in Spending Authority

## *Why Increase the Spending Authority?*

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- These spending levels have not been adjusted for inflation in many years
- Reduce administrative burden by reducing number of invoice approvals required

# Proposed Increased Spending Authority

## *By Authority Level & Project*

Authority Level	Current Agency	Proposed Agency	Current ARP	Proposed ARP
General Manager	\$200,000	\$250,000	\$200,000	\$250,000
Chief Operating Officer	\$50,000	No Change	\$100,000	\$150,000
Generation Fleet Engineering Director	\$5,000	\$10,000	\$50,000	No Change
Generation Fleet Operations Director	\$5,000	\$10,000	\$50,000	No Change
General Counsel	\$20,000	\$50,000	\$20,000	\$50,000
VP IT/OT & Systems Ops	\$20,000	\$50,000	\$20,000	\$50,000

# Proposed Increased Spending Authority

## *By Authority Level & Project*

Authority Level	Current Agency	Proposed Agency	Current ARP	Proposed ARP
Chief People & Member Services Officer	\$20,000	\$50,000	\$20,000	\$50,000
Chief Financial Officer	\$20,000	\$50,000	\$20,000	\$50,000
Generation Support & Environmental Manager	\$5,000	\$10,000	\$20,000	No Change
Power Generation Engineer & Project Manager	\$5,000	\$10,000	\$20,000	No Change
Managers & Directors Deputy General Counsel	\$5,000	\$10,000	\$5,000	\$10,000
Cybersecurity Operations & Project Supervisor	\$5,000	\$10,000	\$5,000	\$10,000

# Motion

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- Move approval of the revised procurement and spending authority limits as presented and recommend to the Board of Directors and Executive Committee.

**AGENDA ITEM 9 – INFORMATION  
ITEMS**

**a. ARP Pooled Loan Early Payoff**

**Finance Committee Meeting  
August 21, 2024**



# 9a – ARP Pooled Loan Early Payoff

Finance Committee

August 21, 2024

# All Requirements Pooled Loan Overview

## *Background and Purpose of the Loan*

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- Issued \$15 million in September 2022 for liquidity needs
  - Addressed rate protection margin requirements
- Final maturity September 2025
- Variable rate with monthly reset
  - Term SOFR Rate + 1.18%
  - Rates have significantly increased since issuance



# Financial Considerations and Future Plans

## *Current Status and Next Steps*

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- Current Financial Status and Costs of Liquidity
  - Loan funds held as cash in a money market earning approximately 4.96%
  - Variable monthly rate resets result in loan expenses of approximately 6.52%
- Maintaining the ARP Pooled Loan incurs an average net cost of 1.56% per month for liquidity that is no longer needed
- Considering the benefits of paying off the loan early to eliminate ongoing interest costs
  - The loan may be prepaid at any time without a prepayment premium
- August Action item to approve early payoff of the ARP Pooled Loan

**AGENDA ITEM 9 – INFORMATION  
ITEMS**

**b. Trustee Services Overview and  
Future Direction**

**Finance Committee Meeting  
August 21, 2024**



# 9b – Trustee Services Overview and Future Direction

Finance Committee

August 21, 2024

# Current Trustee Services

## *Overview of TD Bank & Bank of New York Mellon*

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- TD Bank as Trustee since 2008. Current term re-affirmed in 2016.
  - Current Trustee for ARP and Pooled Loan accounts
- BONY as Successor Trustee since 2019
  - Current Trustee for Stanton II, St. Lucie, and ARP's Pooled Loan
- Last Trustee RFP conducted in 2015
- Service Satisfaction with Trustee Providers
  - Effective collaboration with trustee contacts
  - Online capabilities are robust and include automation

# Trustee Services Review and Assessment

## *Debt Policy Requires Competitive Selection for Services*

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- Per Policy, use a competitive selection process for bond services upon contract expiration to ensure competitive pricing and quality services
- Recently reviewed Truist Bank Trustee Services and capabilities
  - Capabilities and pricing in line with current Trustee providers
  - Considering to add as the Trustee for new Pooled Loans issued by Truist
- TD and BONY remain strong providers with competitive pricing and valued banking relationships
- Upcoming bond financings in 2025 and 2026
  - Transitioning trustee services or conducting and RFP should be considered before issuing debt next year.

# Direction and Recommendations for Trustee Services

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- Current Preference
  - Recommend continuing services with TD and BONY
- Committee Input Requested
  - Seeking Finance Committee direction on whether to continue with current trustee services given recent 3<sup>rd</sup> party review, or to initiate RFP/RFQ for possible new services?

**AGENDA ITEM 9 – INFORMATION  
ITEMS**

**c. Pooled Loan Program New Credit  
Provider**

**Finance Committee Meeting  
August 21, 2024**



# 9c – Pooled Loan Program New Credit Provider

Finance Committee

August 21, 2024



# Pooled Loan Program

## *Potential Partnership with Truist to Support Program*

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- Program on hold since January 2024 due to First Horizon's requirements for additional services.
- Engaged in discussions with several banks to gauge interest in becoming a credit provider for the program.
- Held in-depth meetings with Truist for potential to support the program.
- Truist has been very thorough in their review of our program and loan documents, leading to changes that modernize the loan documents.
  - Proposed modifications align with current trends for bank loans today.

# Proposed Modifications

## *Key Changes with Truist as Credit Provider*

	First Horizon	Truist modifications**
Minimum Loan Amount	\$1 million	\$2 million
Rate Lock	Varies, ~ 7 days prior to closing	30, 60, 90-day options available
Term	10 years max	20 years max
Capacity	\$25 million commitment	\$50 million uncommitted line <i>*lender can terminate unused commitment – provide 2 business days notice.</i>
Loan Approval	All	Minimum standard guidelines <i>*intention for all loans to be approved if meet guidelines.</i>
Prepayment Optionality	Year 1 – 103% Year 2 – 102% Year 3 – 101% No prepayment penalty after year 3	<ul style="list-style-type: none"> <li>• Subject to bank’s standard make whole language</li> <li>• Up to 10% of par without being subject to make whole</li> </ul>
Event of Default	90 days from Stated Maturity Date	7-15 days after payment date

# Status of Discussions with Truist and Next Steps

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- Pending Issues to finalize:
  - Establish known structure for Advance Fees
  - Confirm cross-default language
  - Agree on grace period terms
- Next Steps:
  - Solidify modified language
  - September action item to approve adding Truist as Credit Provider for Pooled Loan Program

**AGENDA ITEM 9 – INFORMATION  
ITEMS**

**d. Fiscal Year 2024 Budget Status  
through June**

**Finance Committee Meeting  
August 21, 2024**



# 9d – Fiscal Year 2024 Budget Status through June

Finance Committee

Aug. 21, 2024

# All Budgets Below Target Levels Through June 2024

*ARP May Need Small Budget Amendment, but All Other Budgets Projected to Finish Within Projected Spending Authority*

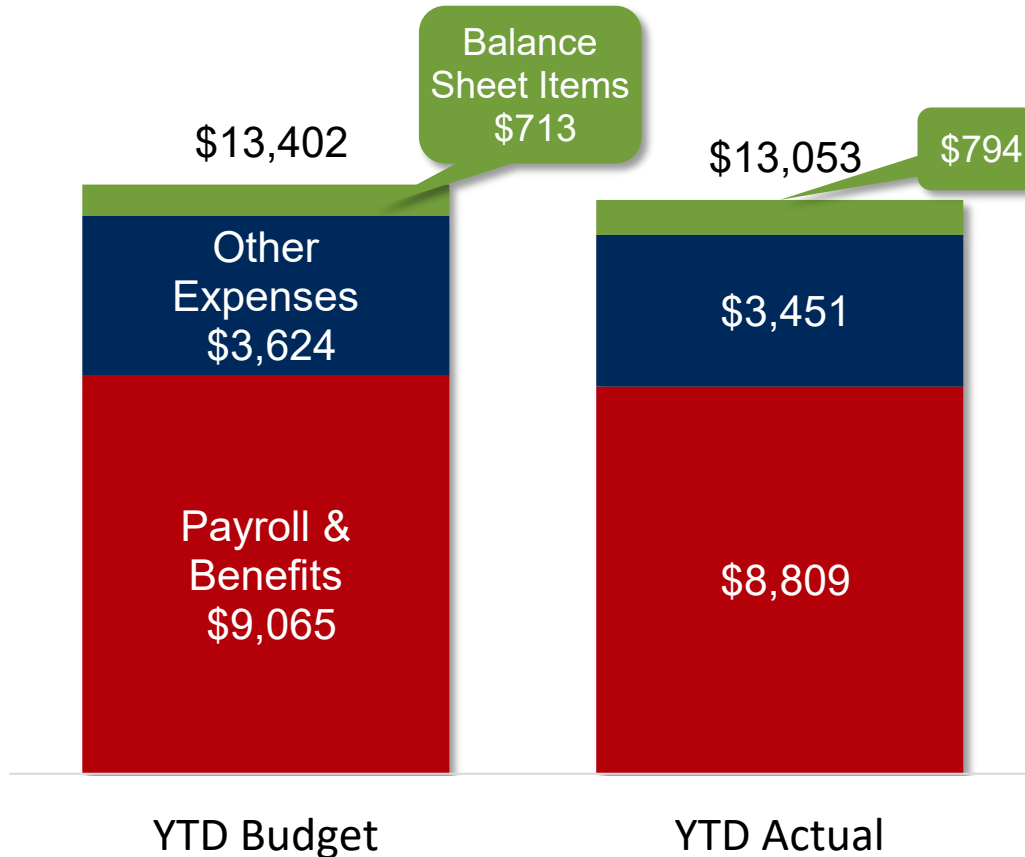
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- Agency expenses ~\$350k (3%) below target, led by lower payroll and benefits costs
- ARP total expenses 0.3% below target despite low gas costs; primary driver is additional spending for non-Participant gas & power sales
  - Gas prices and external sales help drive \$/MWh costs 8% below target; currently projecting year-end costs ~ \$72/MWh
- Stanton, Tri-City and Stanton II Projects expenses well below target but \$/MWh costs well above target due to generation below target
- St. Lucie Project expenses ~\$500k (1%) below target, but \$/MWh costs 1% above target levels due to multiple forced outages

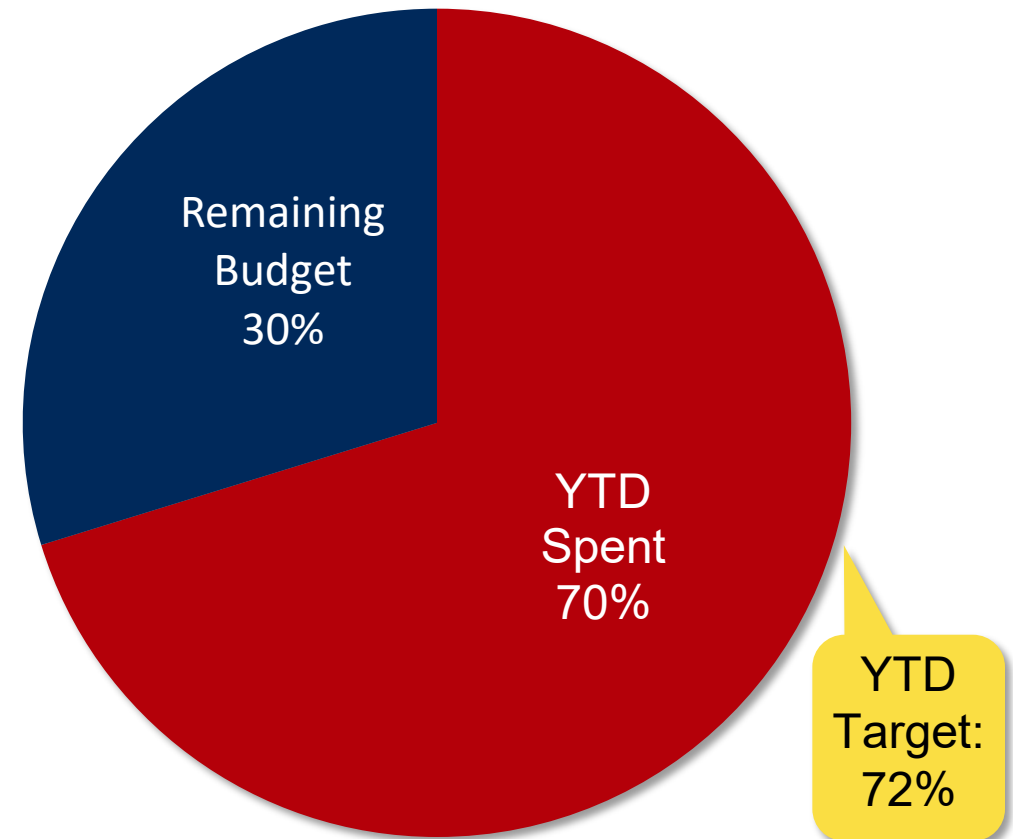
# YTD Agency Costs ~\$350k (3%) < Target

*Payroll & Benefits (\$256k Below) Largest Category Below Budget*

### YTD Expenses (\$Thousands)



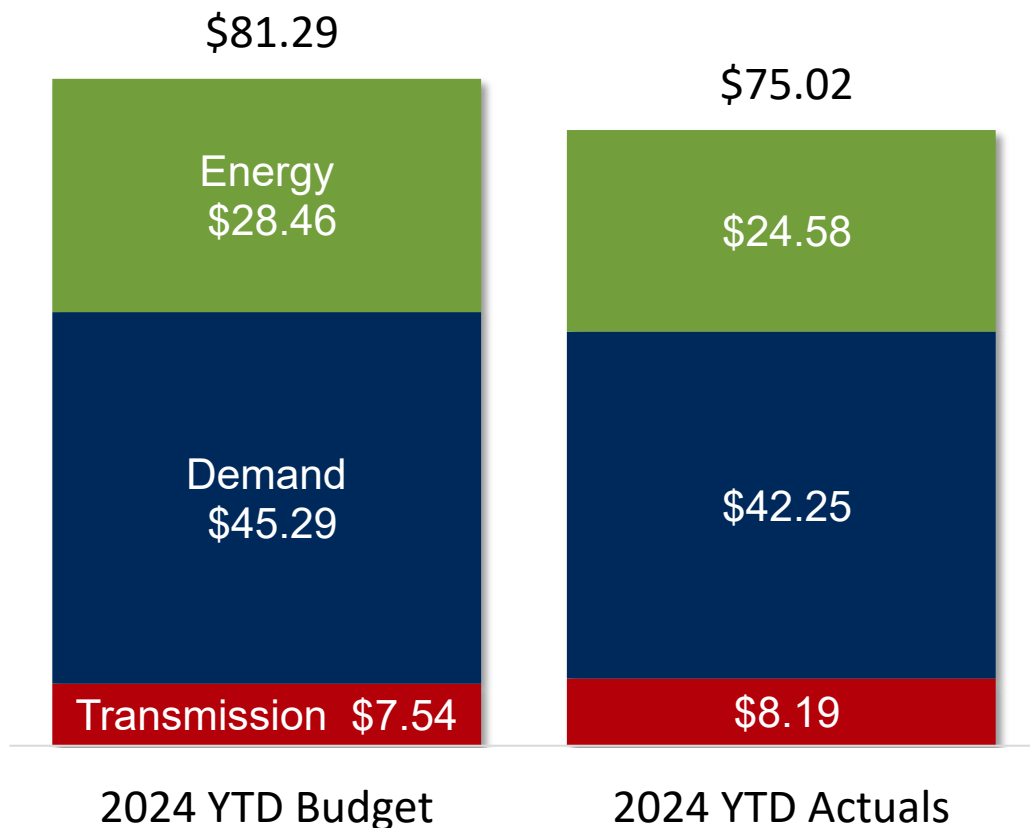
### FY 2024 Spending vs. Budget \*



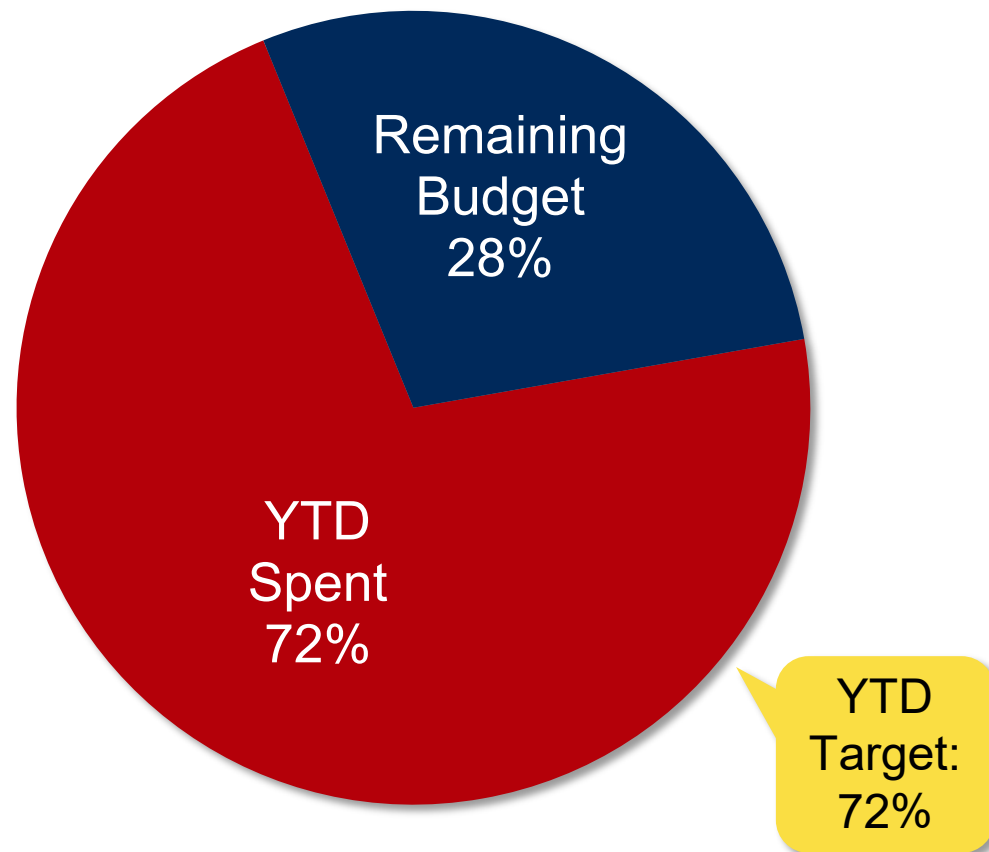
# YTD ARP Participant Costs ~\$4/MWh (5%) < Budget

*Higher Gas and Energy Sales Bring \$/MWh Savings to Participants but Drive Overall Spending Near Budget*

### YTD Participant Costs (\$/MWh)



### FY 2024 Spending vs. Budget \*

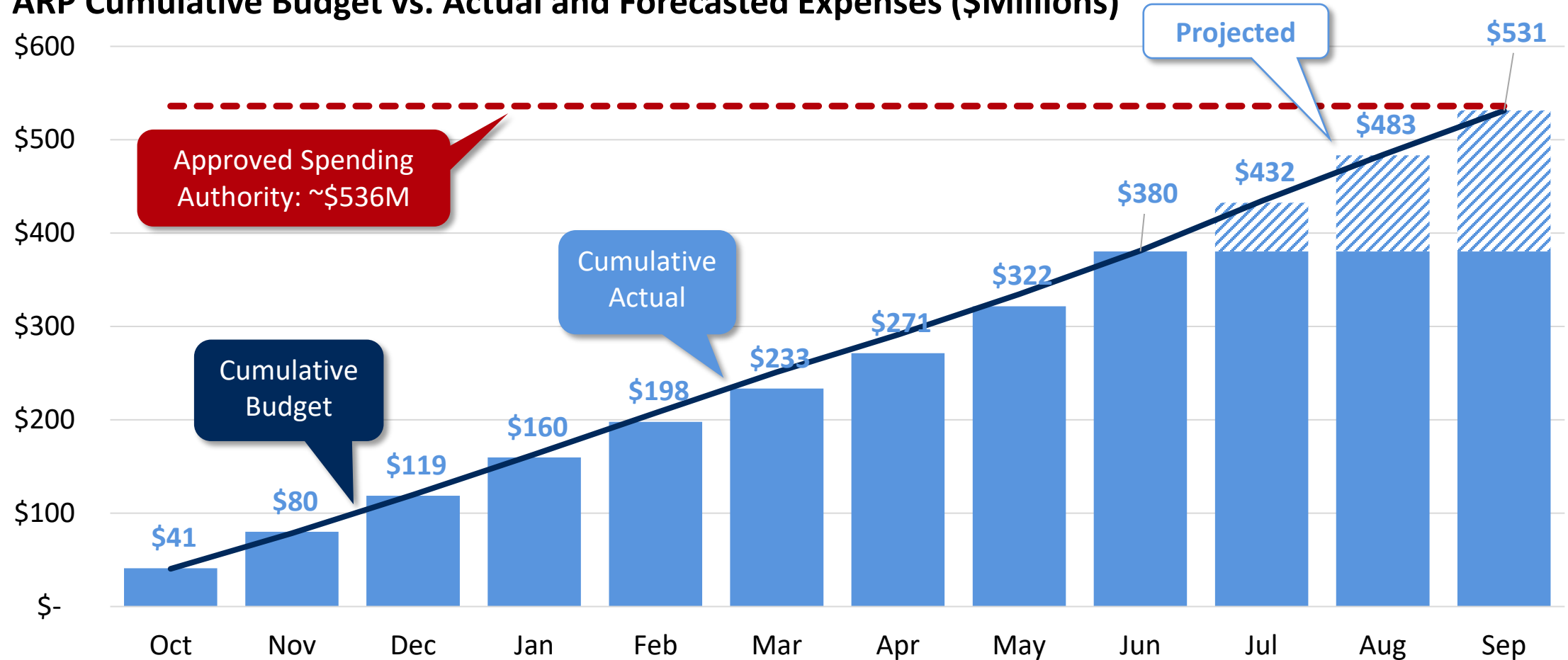




# ARP Should Finish Near Approved Spending Authority

*Will Likely Request Budget Amendment Expected <\$20M*

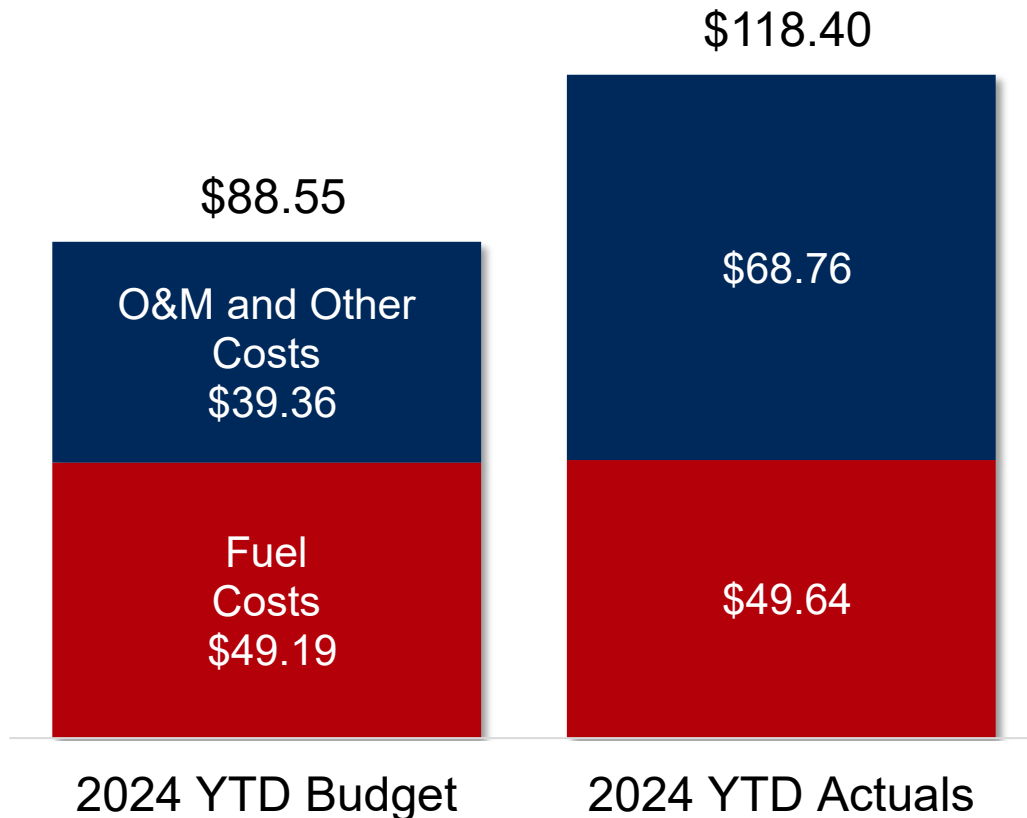
ARP Cumulative Budget vs. Actual and Forecasted Expenses (\$Millions)



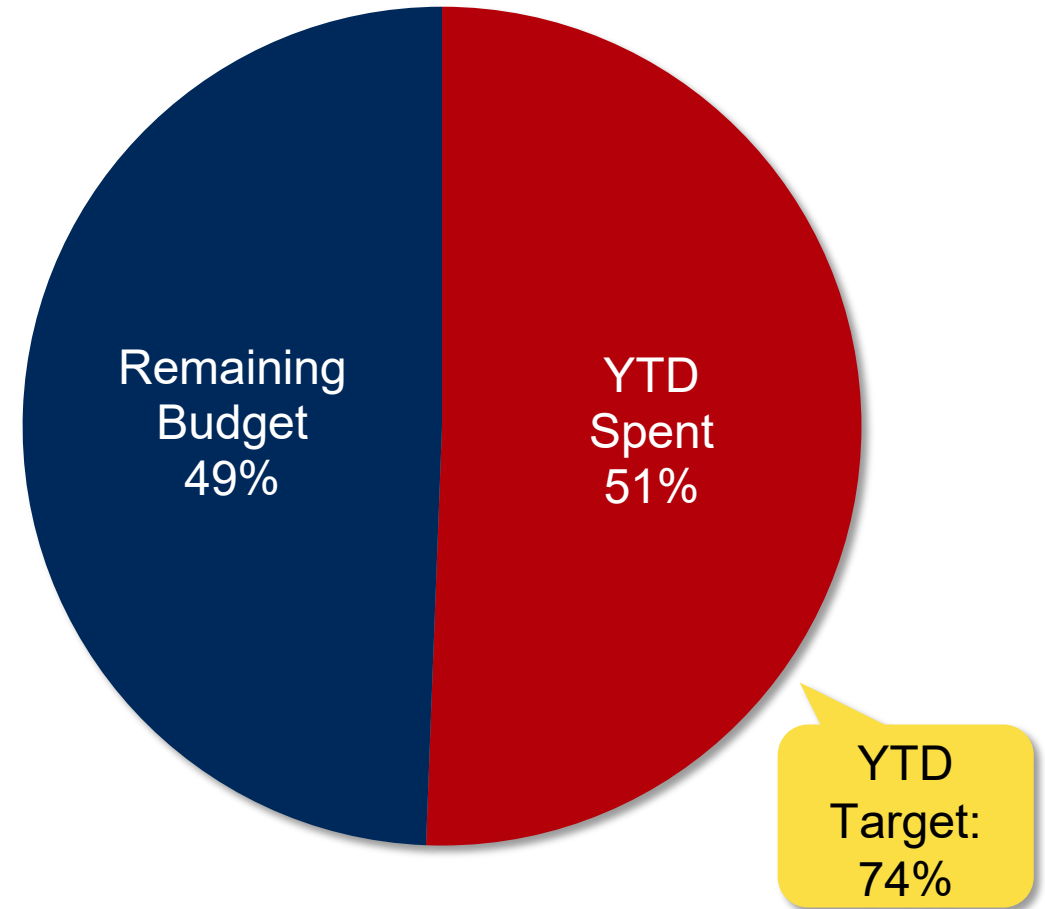
# Stanton Participant Costs ~\$30/MWh (34%) > Budget

*Spending Well Below Budget Due to Lower Generation, but High Fixed Costs Spread Among Fewer MWhs*

### YTD Participant Costs (\$/MWh)



### FY 2024 Spending vs. Budget \*

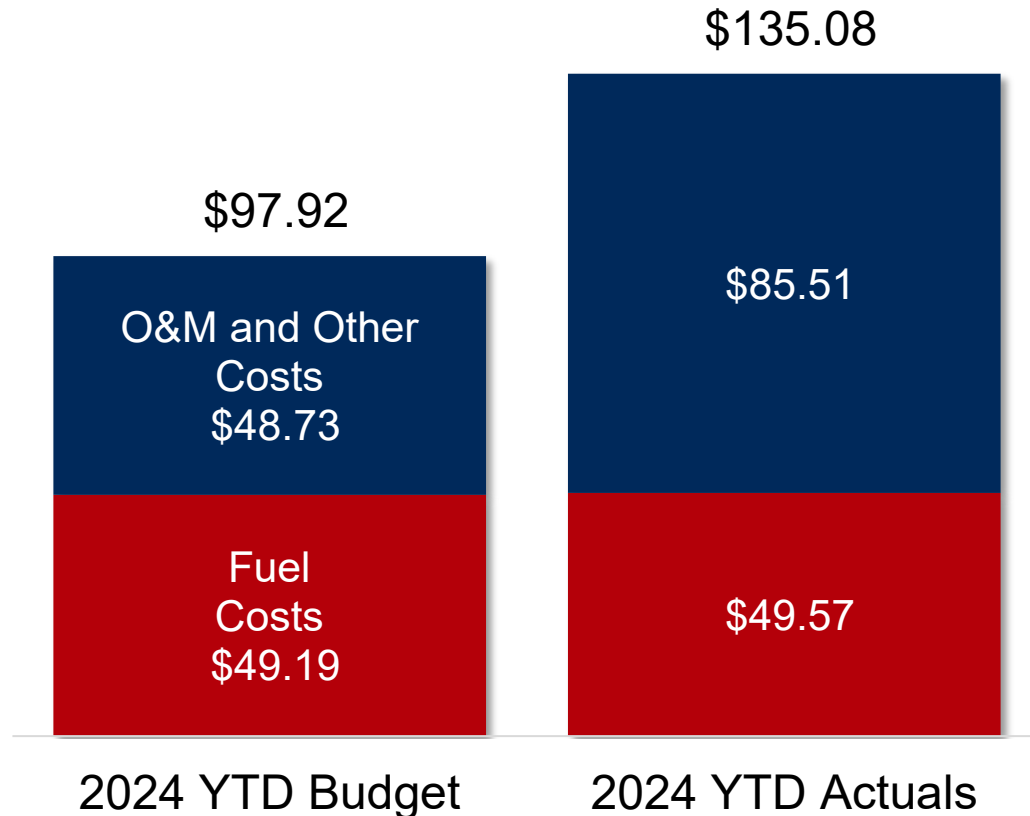


YTD Target: 74%

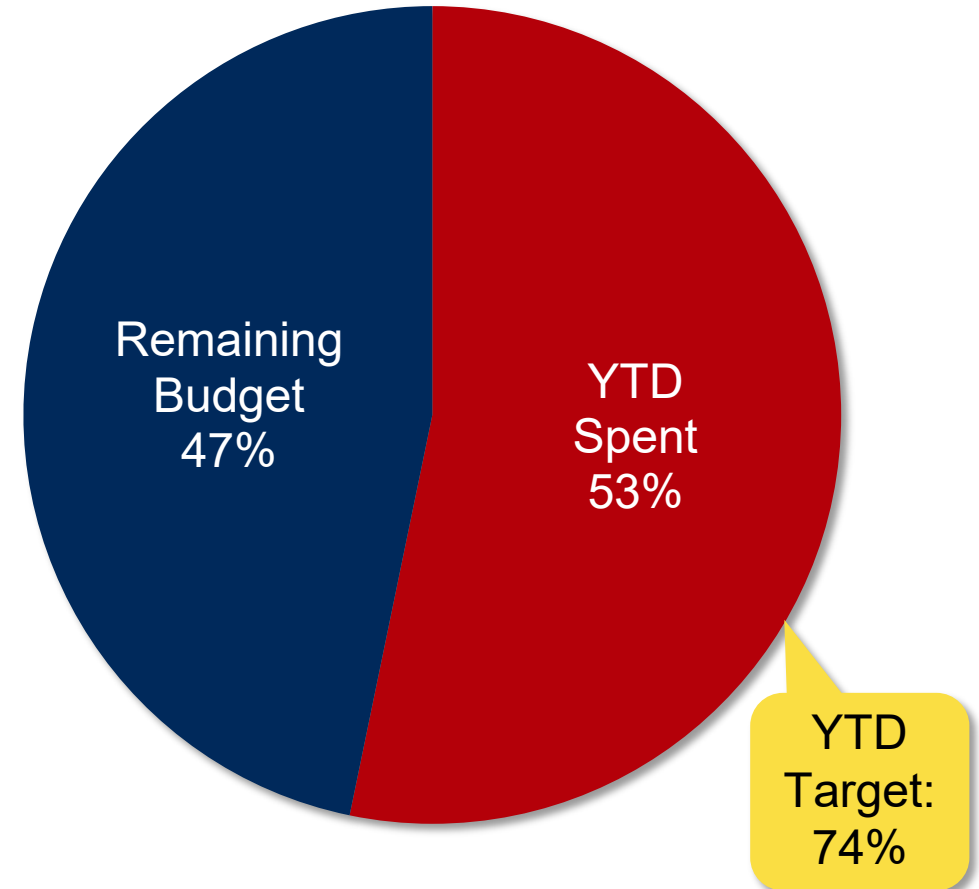
# Tri-City Participant Costs ~\$37/MWh (38%) > Budget

*Spending Well Below Budget Due to Lower Generation, but High Fixed Costs Spread Among Fewer MWhs*

### YTD Participant Costs (\$/MWh)



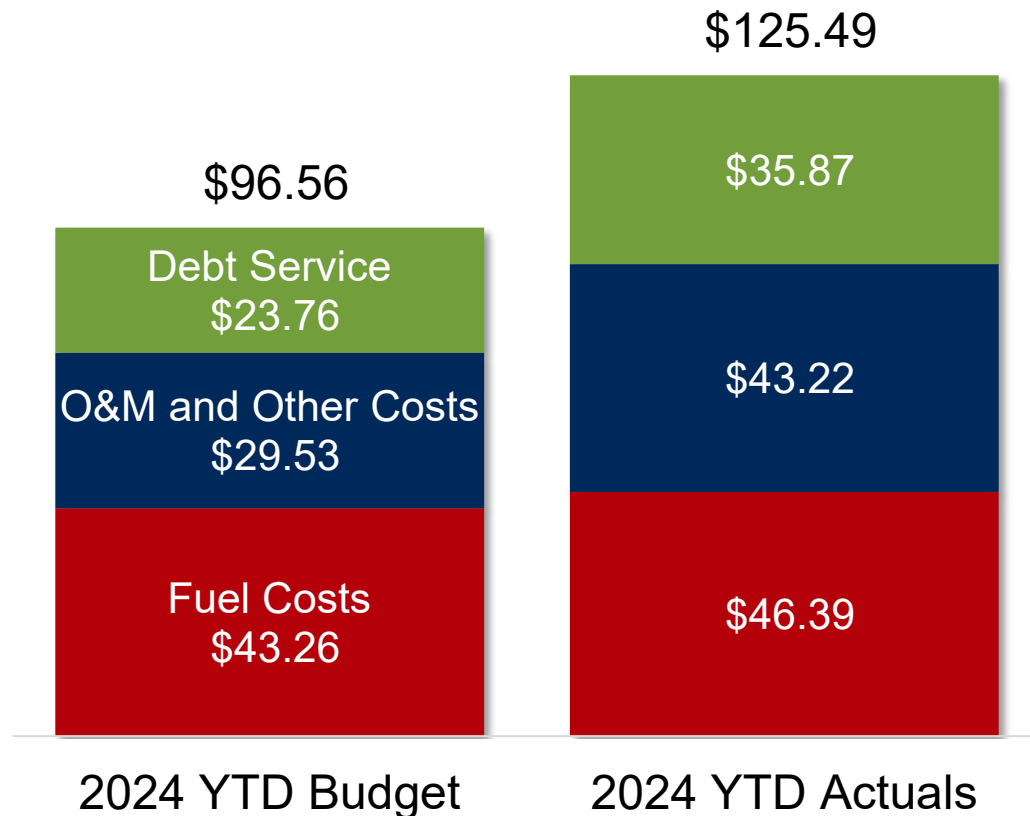
### FY 2024 Spending vs. Budget \*



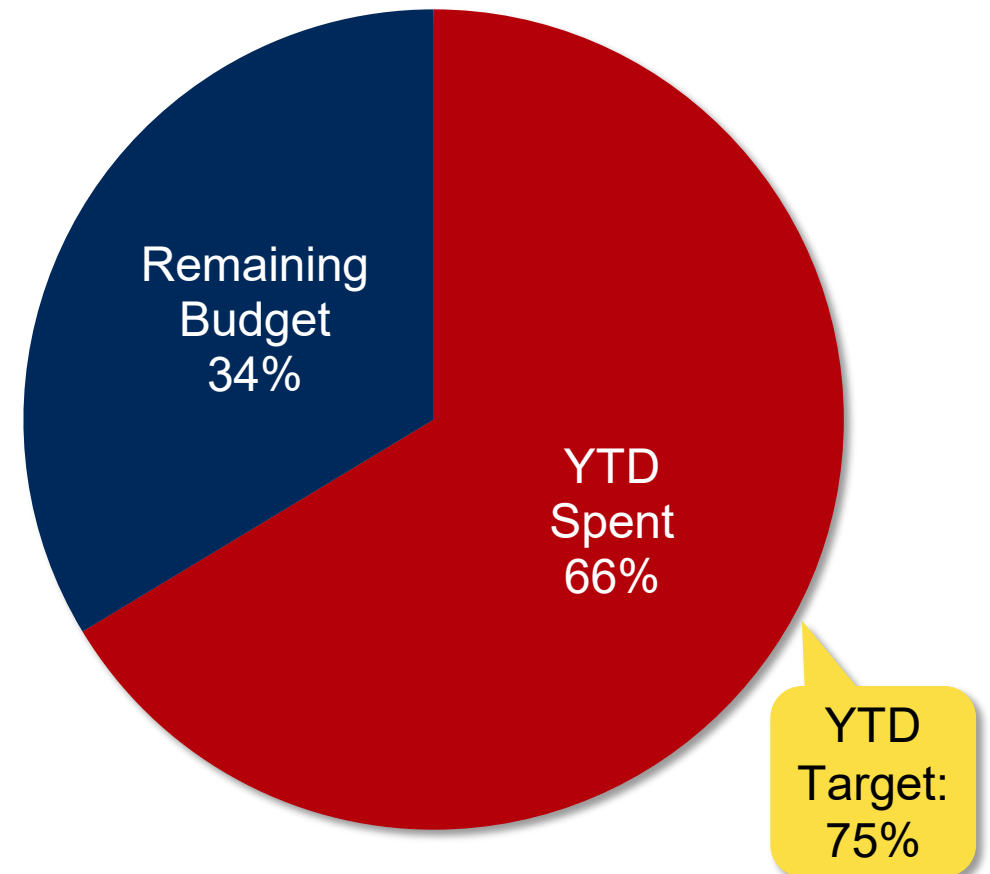
# Stanton II Participant Costs ~\$29/MWh (30%) > Target

*Primarily Driven by O&M Costs 20% > Target and Generation 33% < Target*

### YTD Participant Costs (\$/MWh)



### FY 2024 Spending vs. Budget \*



# Stanton II Project Cash Running Low

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- Stanton II Project O&M cash dropped to near 30 days at end of June due to coal purchases and cash returned to Participants
- Coal pile built to record levels through last spring, \$3.5 net cash reduction through payments to OUC
  - Project pays OUC based on tons of coal purchased but doesn't collect payment from Participants until the coal is burned
- True-up in FY 2024 is \$2.5M cash return to Participants
  - FY 2024 Budget had forecasted collection from Participants
- Project's cash position should improve in FY 2025, but interim liquidity support needed

# Stanton II Liquidity Support Plan

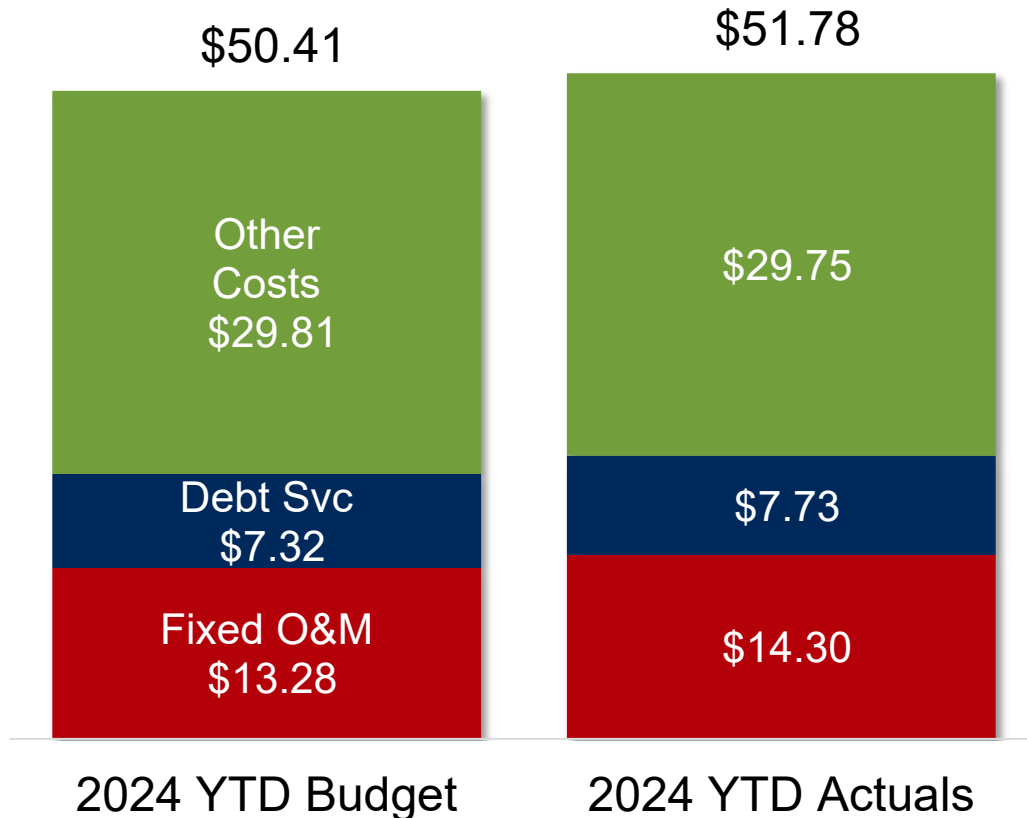
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- Will be seeking \$3M transfer from General Reserve Fund to O&M to build cash to near 60-day target
- General Reserve balance at 7/31/24 was \$31.2M
- Currently, only planned usage of General Reserve is for payoff of debt in FY 2027
- Repayment of borrowed funds to General Reserve can be included as part of FY 2026 budget
- BOD approval will be requested in September

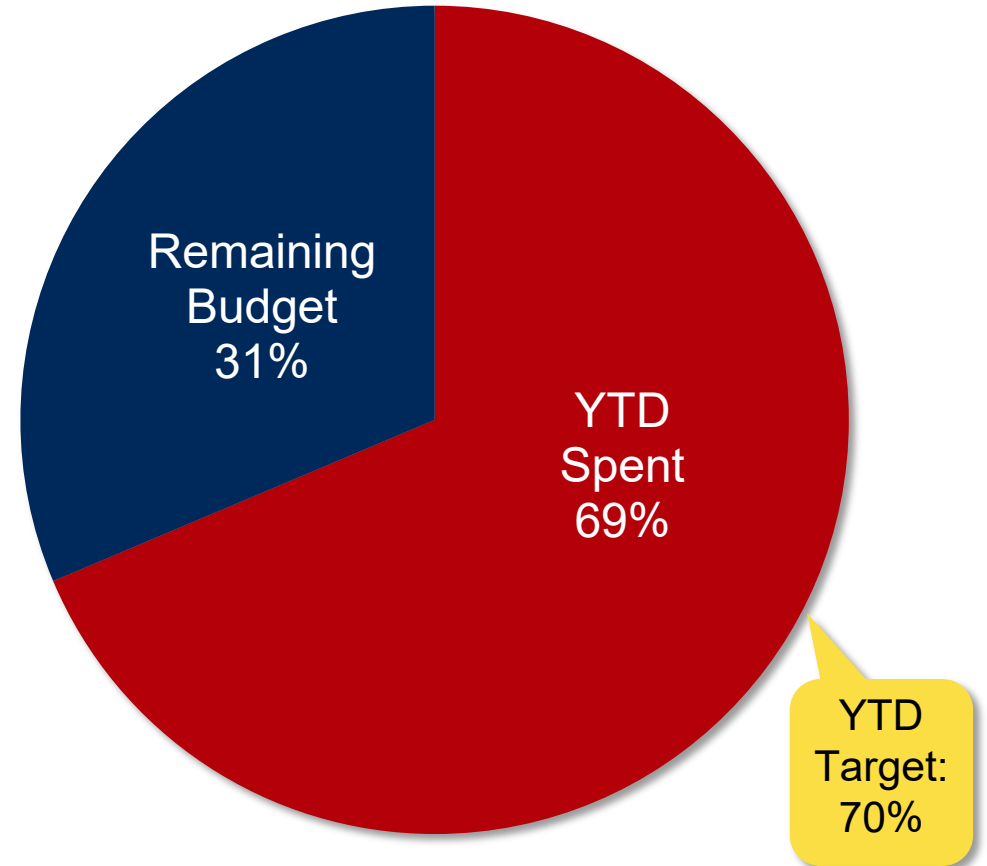
# St. Lucie YTD Participant Costs ~\$1/MWh > Budget

*Spending 1% Below Target, but Multiple Forced Outages Lead to MWh Generation 5% < Target*

## YTD Participant Costs (\$/MWh)



## FY 2024 Spending vs. Budget \*



# Recommended Motion

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- For information only. No action requested.



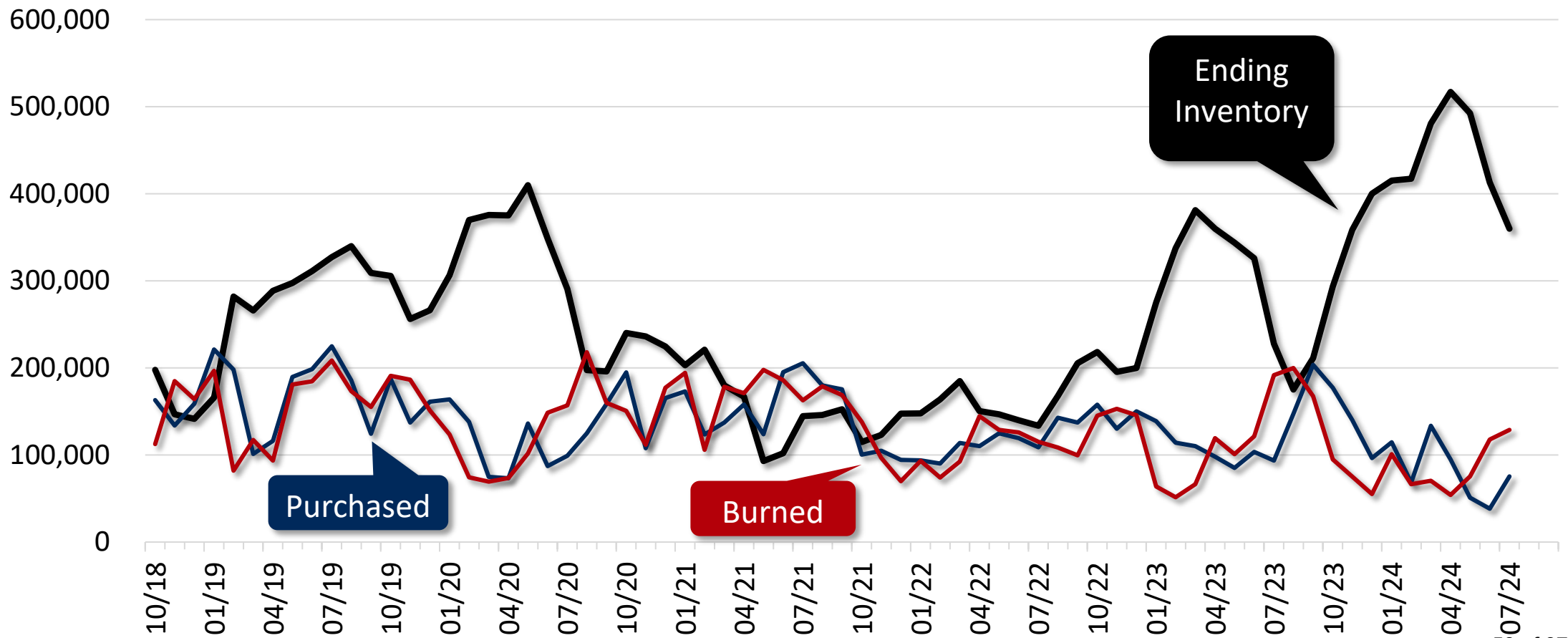


# Supplemental Slides

# Stanton Coal Inventory > 500k Tons in April 2024

*37% Higher Level than 2023 Peak Inventory*

## Stanton Monthly Coal Activity and Inventory (Tons)



# Agency ~\$350k Below Budget through June

*Payroll & Benefits are Largest Savings vs. Budget*

**Agency FY 2024 YTD Budget vs. Actual Expenses through Jun. (\$Thousands)**



# ARP YTD \$/MWh Costs ~\$6/MWh < Target

*Primarily Driven by Low Gas Prices, Savings from Non-Participant Gas and Power Sales*

## ARP FY 2024 YTD Budget vs. Actual Participant Costs through Jun. (\$/MWh)



# YTD ARP Expenses ~\$1M (0.3%) < Target

*Driven by Lower Gas Prices and Purchased Power Costs, But Costs Near Target Due to Spending to Serve Non-Participant Gas and Power Sales*

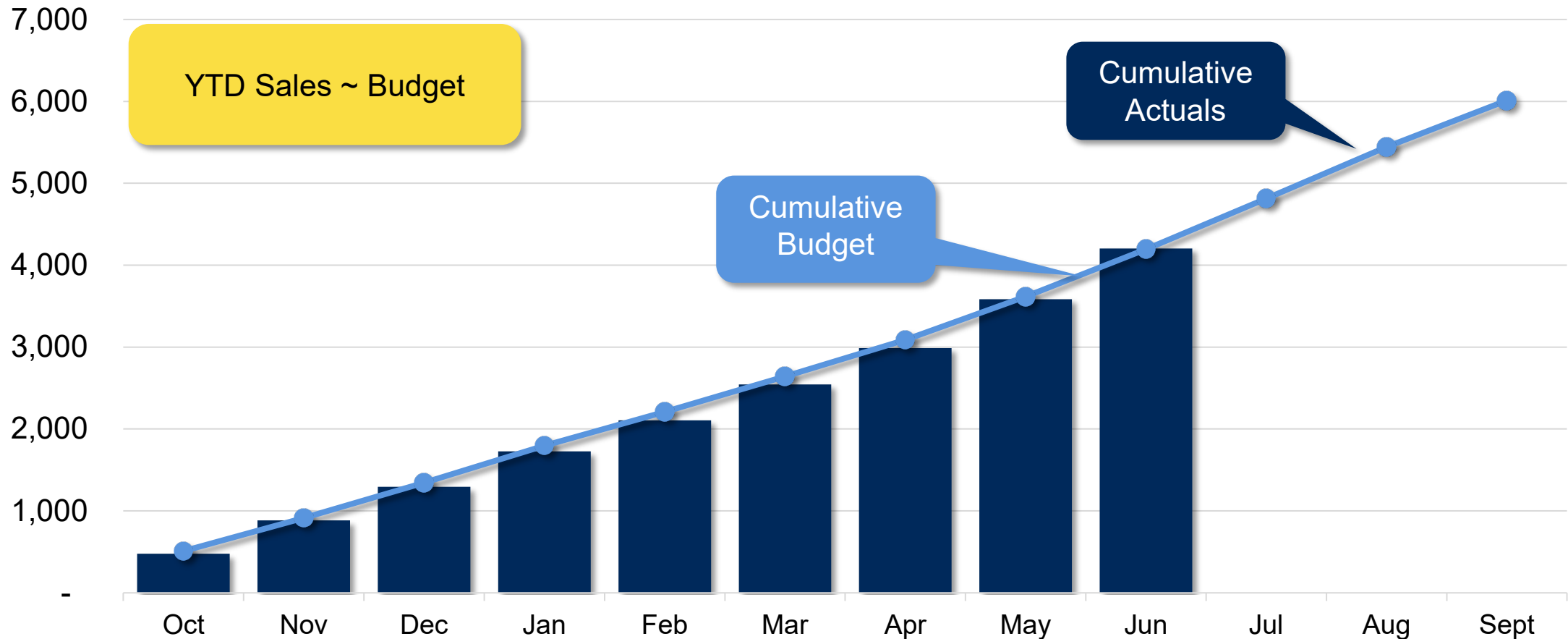
**ARP FY 2024 YTD Budget vs. Actual Expenses through Jun. (\$Millions)**



# YTD ARP Sales at Target

*High May and June Loads Offset Mild Winter*

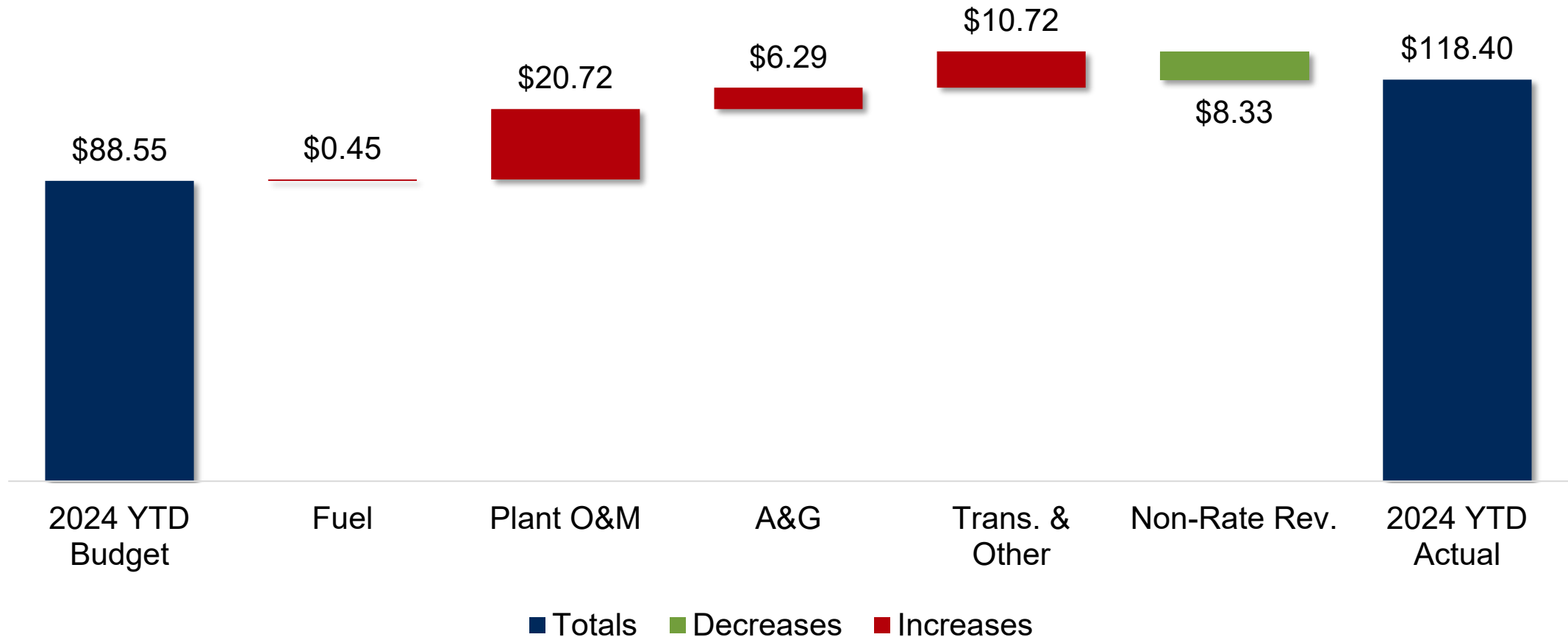
ARP FY 2024 Cumulative Sales through Jun. (GWh)



# Stanton YTD \$/MWh Costs ~\$30/MWh (34%) > Target

*\$/MWh Fixed Costs Higher Due to Generation 52% < Target*

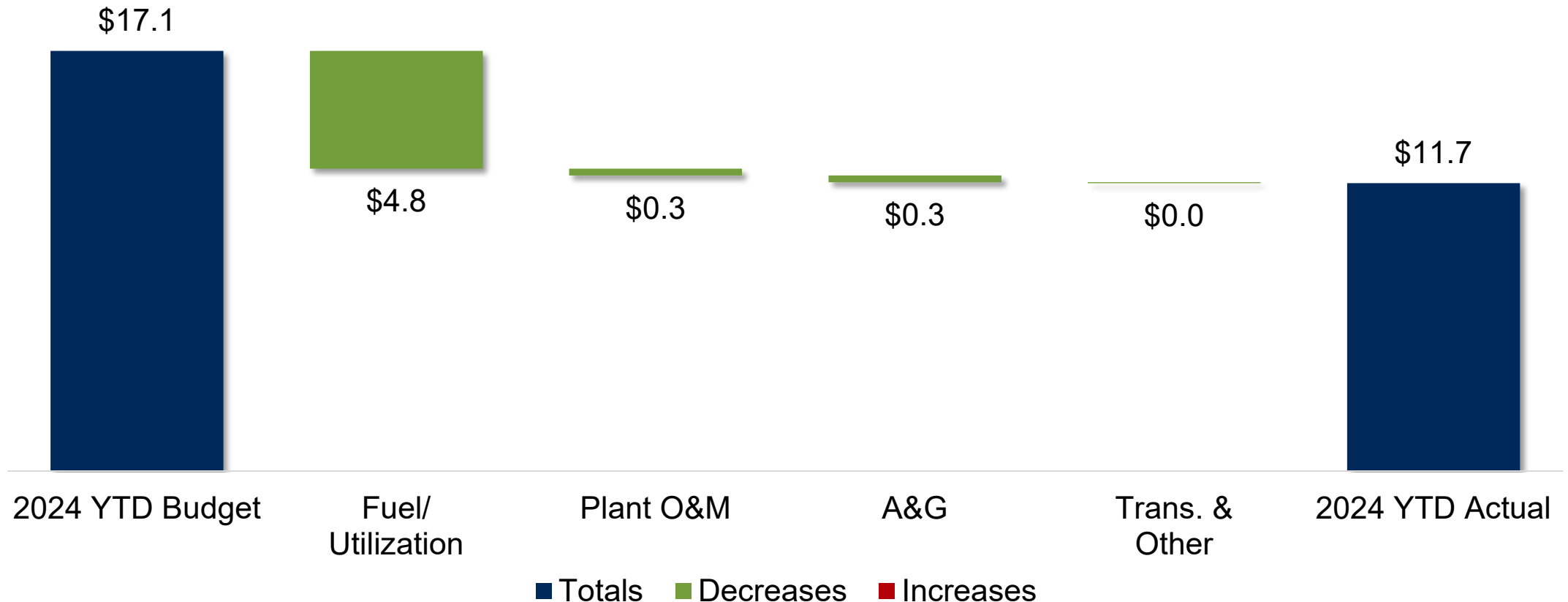
Stanton Project YTD Budget vs. Actual Participant Costs through Jun. (\$/MWh)



# Stanton Project YTD Expenses \$5.4M (32%) < Target

*Driven by Lower Fuel Costs Due to Lower Generation*

**Stanton Project Budget vs. Actual Expenses through Jun. (\$Millions)**

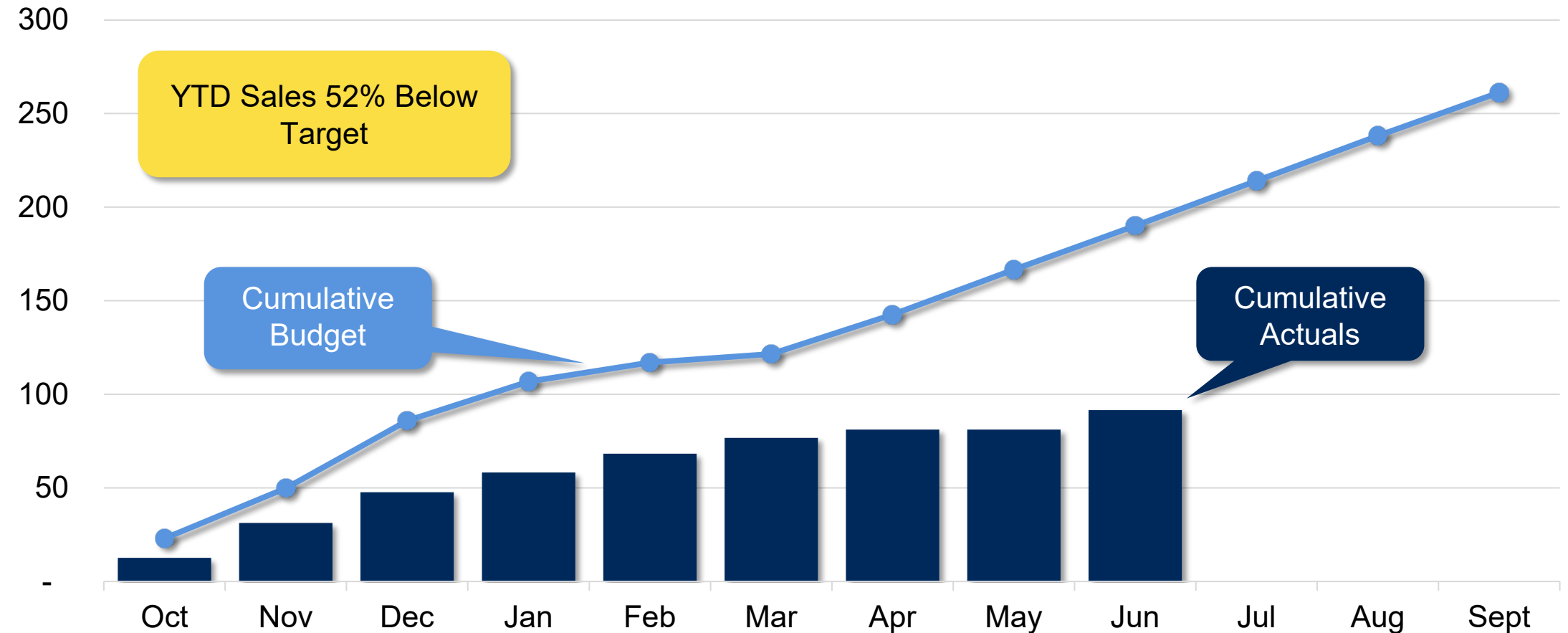




# Stanton Project YTD Generation 52% < Budget

*Unit Displaced by Lower Cost Gas Generation*

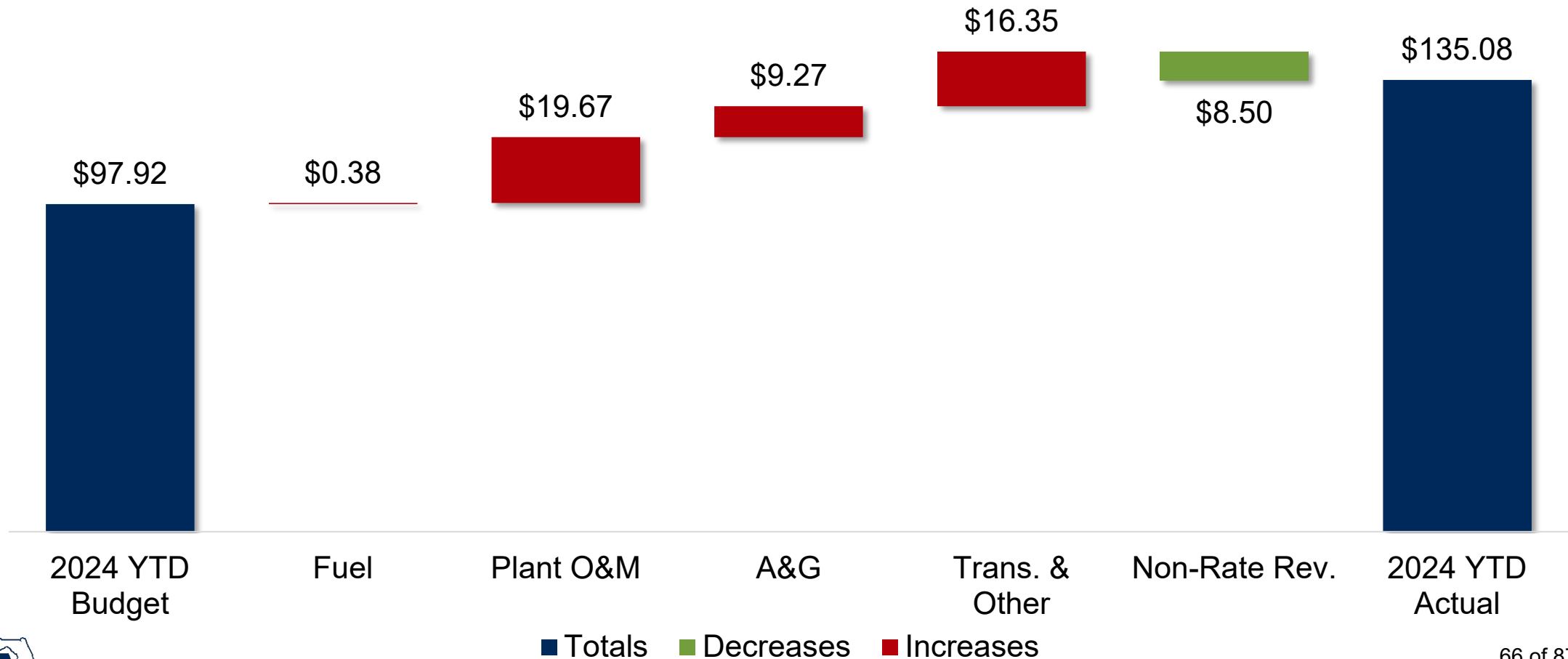
## Stanton Project FY 2024 Cumulative Sales through Jun. (GWh)



# Tri-City Participant \$/MWh Costs 38% > Target

*\$/MWh Fixed Costs Higher Due to Generation 51% < Target*

Tri-City Project Budget vs. Actual Participant Costs through Jun. (\$/MWh)



# Tri-City Project YTD Expenses ~\$2M (28%) < Target

*Driven by Lower Fuel Costs Due to Lower Generation*

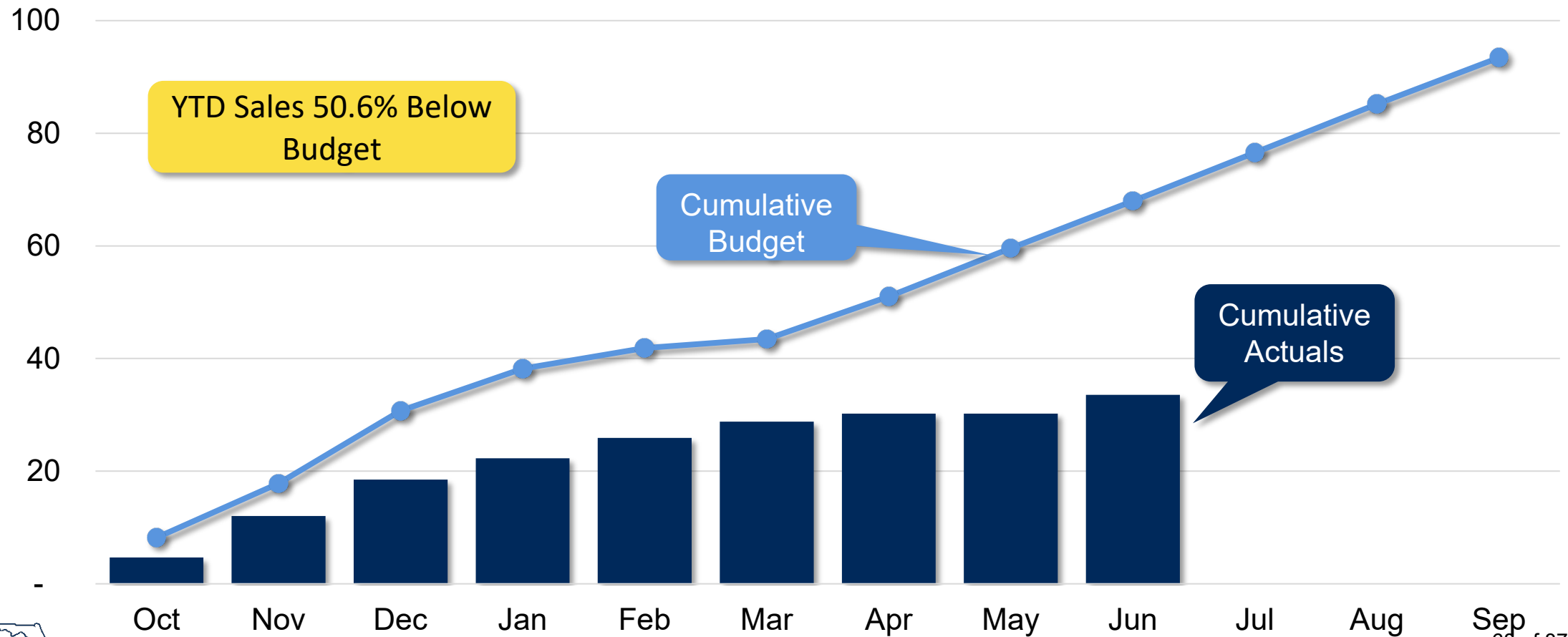
Tri-City Project Budget vs. Actual Expenses through Jun. (\$Millions)



# Tri-City Project YTD Sales (Generation) ~51% < Budget

*Unit Displaced by Lower Cost Gas Generation*

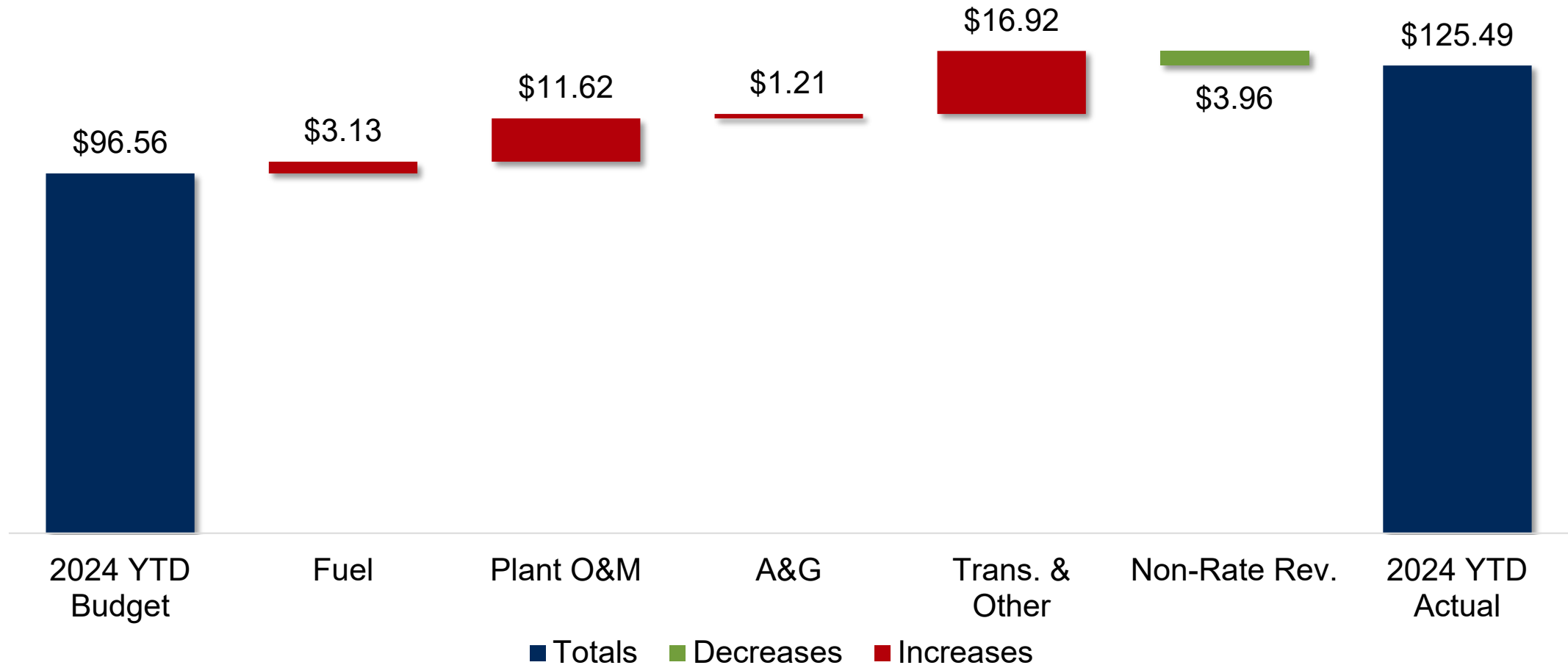
Tri-City Project FY 2024 Cumulative Sales vs. Budget through Jun. (GWh)



# Stanton II YTD Participant \$/MWh Costs 30% > Target

*\$/MWh Fixed Costs Higher Due to Generation 33% < Target*

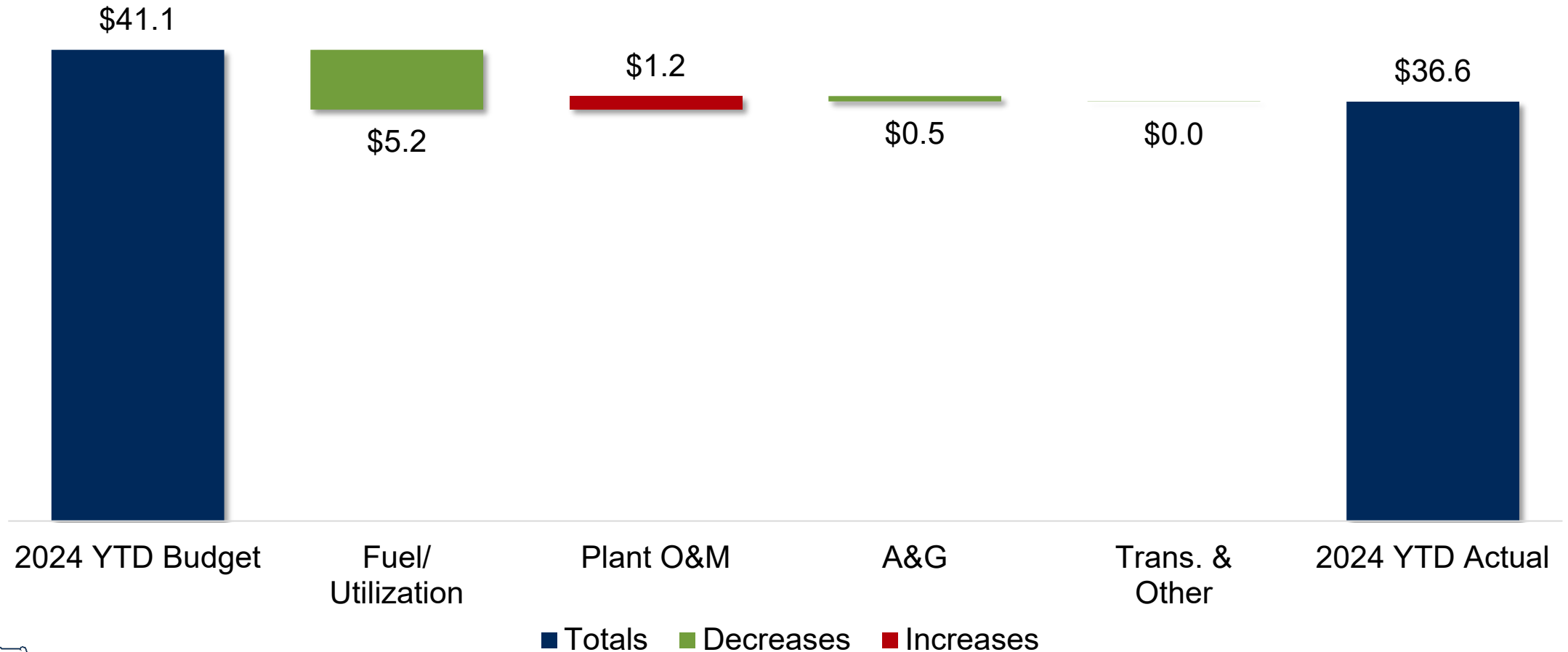
Stanton II Project YTD Budget vs. Actual Participant Costs through Jun. (\$/MWh)



# Stanton II YTD Expenses \$4.5M < YTD Target

*Fuel Costs \$5.2M < Target Due to Lower Generation*

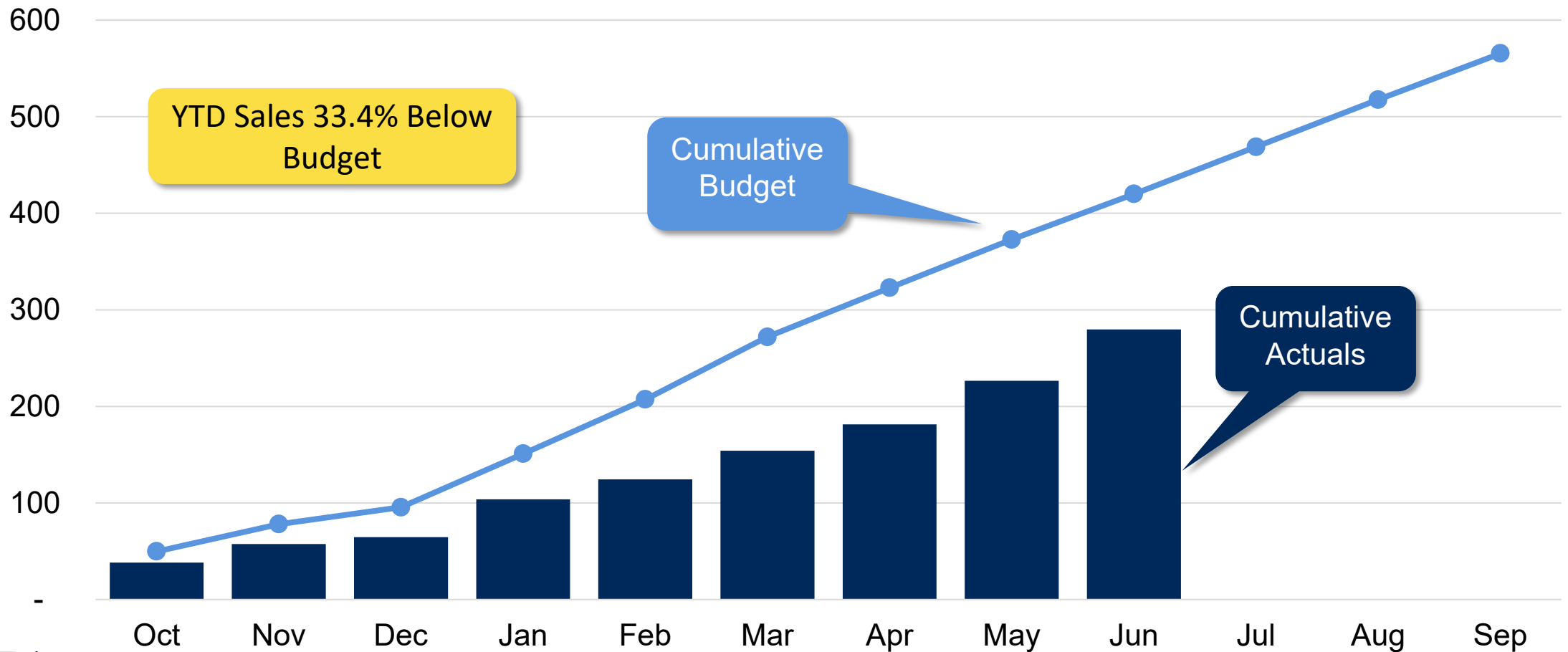
Stanton II Project YTD Budget vs. Actual Expenses through Jun. (\$Millions)



# Stanton II Project YTD Sales 33% < Budget

*Low Gas Prices, RO Unit Operation Help Keep Generation Down*

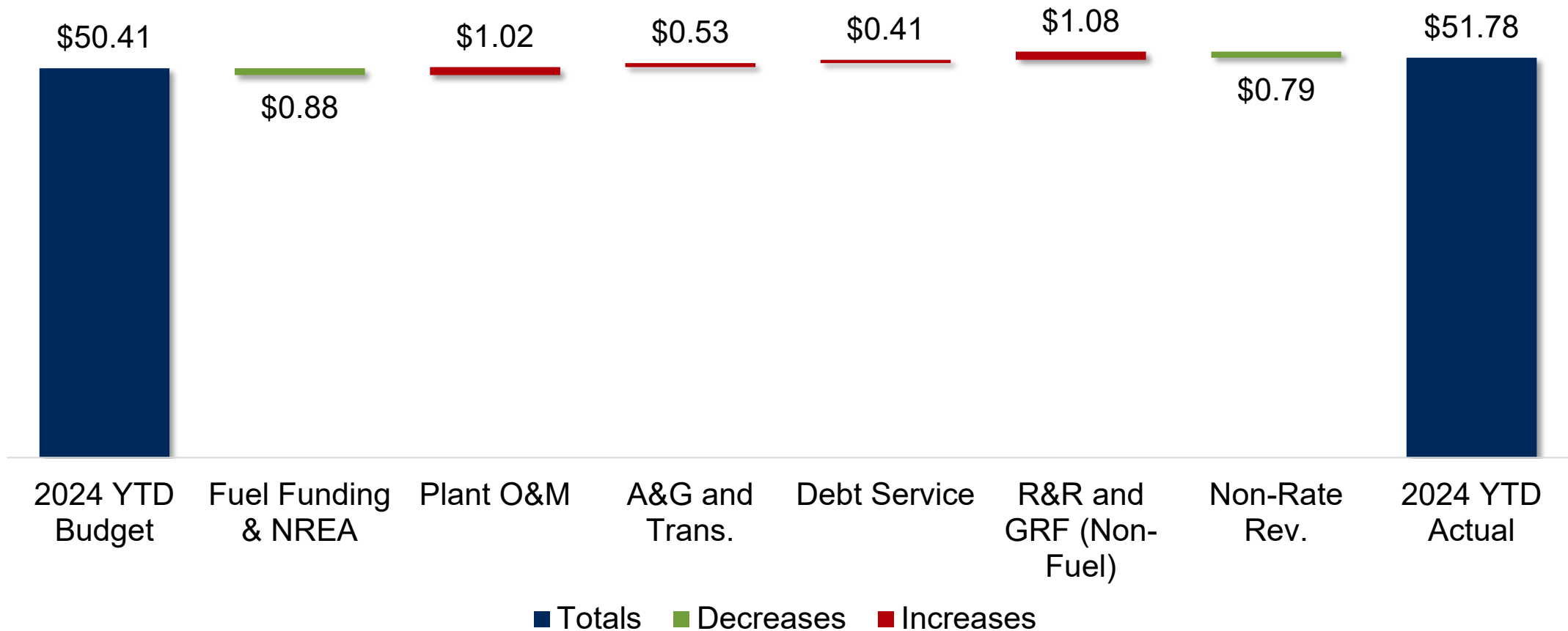
**Stanton II Project FY 2024 Cumulative Sales vs. Budget through Jun. (GWh)**



# St. Lucie Project YTD Part. Costs ~\$1.40/MWh > Target

*Driven by Generation 5% Below Target*

St. Lucie Project YTD Budget vs. Actual Participant Costs through Jun. (\$/MWh)





# St. Lucie Project YTD Expenses ~\$500k (1%) < Target

*Slightly Higher O&M and A&G Costs Offset By Lower Reliability Exchange Purchase Costs*

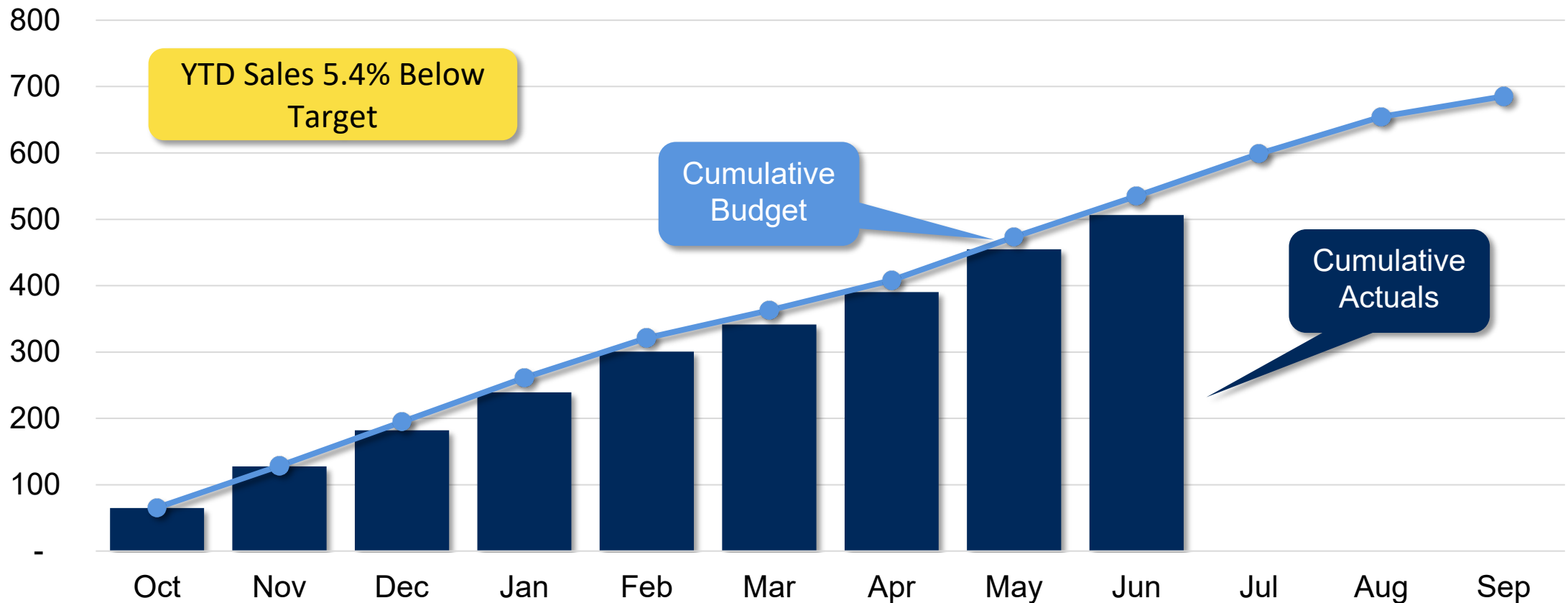
## St. Lucie Project YTD Budget vs. Actual Participant Costs through Jun. (\$Millions)



# St. Lucie Project YTD Sales 5% < Budget

*Due to Forced Outages*

St. Lucie Project FY 2024 Cumulative Sales vs. Budget through Jun. (GWh)



**AGENDA ITEM 9 – INFORMATION  
ITEMS**

**e. Interim Audit Update**

**Finance Committee Meeting  
August 21, 2024**



# 9e – Interim Audit Update Fiscal Year 2024

Finance Committee

Aug. 21, 2024

# Fiscal 2024 Interim Audit

*Completed by Purvis, Gray and Company July 22<sup>nd</sup>- 26<sup>th</sup>*

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**Timothy Westgate**  
Partner



**Kathryn Eno**  
Senior Manger



**Matthew Ganoe**  
Director

**AGENDA ITEM 9 – INFORMATION  
ITEMS**

- f. Operational Audit Report(s)  
Accounts Payable and Credit Card**

**Finance Committee Meeting  
August 21, 2024**



# **9f – Operational Audit Report(s) Accounts Payable and Credit Card**

Finance Committee

August 21, 2024

# Operational Audits

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- A/P Audit
- Credit Card Audit



# Audit Objective & Methodology

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- Objective:
  - Ensure adequate policies and procedures in place for proper internal controls
- Methodology:
  - Review policies and procedures
  - Document understanding
  - Obtain sample transactions
  - Perform analytical audit procedures
  - Testing selected samples

# AP Audit Findings & Recommendations

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- AP Audit – No audit findings identified
- Credit Card Audit – Eleven exceptions identified
  - Seven exceptions related to submittal of receipts
  - Four exceptions related to sales tax exemption not being applied

# Credit Card Audit Recommendations

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- Recommendations
  - Training planned for staff on timely submittal of receipts and to apply sales tax exemptions properly
- Management's responses:
  - Management concurred with our recommendations
  - Management will ensure that staff submits receipts promptly and apply sales tax exemptions correctly



**Questions?**





# **Operational Audit**

## **Accounts Payable Review**

### **FY 2024**

Audit Performed By:  
Veda Sharma, MSA, CGAP  
Victor Gaines, PHD, CGAP, CIA  
Liyuan Woerner, MBA, CPA

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## **EXECUTIVE SUMMARY**

The purpose of the Accounts Payable (A/P) review was to determine whether there were adequate internal controls in place to ensure that the A/P process works effectively. We reviewed information for fiscal year 2024, for the period October 2023 through July 2024.

Based on our audit procedures, we noted a great improvement of the AP process and controls from the previous audit. Based on our testing, IAD (Internal Audit Department) identified no issues that needs to be improved upon.

IAD would like to express our sincere gratitude to Management and staff for their assistance throughout the audit process.

## **BACKGROUND INFORMATION**

The FMPA Accounting Department has direct responsibility over the Accounts Payable (A/P) function. The A/P responsibilities are currently shared among the A/P Coordinator, Accountant III, and the Controller. However, most of the A/P functions are performed by the A/P coordinator including inputting and processing invoices, coding invoices, invoice retention, invoice routing for approval and release to the Treasury Department for payment. The Accountant III is responsible for creating vendors within ERP and performing monthly account reconciliations. The Controller has overall oversight and review responsibilities over the A/P function. The Accounting department utilizes the Acumatica accounting system (for invoice retention, approval and routing) for payment approval electronically. The Treasury department processes the approved invoices and releases the funds for payments.

## **AUDIT OBJECTIVE AND SCOPE**

The objective of the Accounts Payable (A/P) review was to determine the following:

1. Comprehensive written policies and procedures governing all department activities have been established;
2. Transactions are processed in a timely manner and in accordance with Agency's policies and procedures;
3. Appropriate documentation is in place to support transactions;
4. Adequate internal controls have been implemented to limit exposure to unauthorized or inappropriate transactions;
5. Initiative have been implemented to provide services in the most cost-effective and efficient manner;
6. The Department explores continual improvement opportunities and strives for quality services to internal/external clients.

The scope of this audit is limited to FMPA A/P transactions from October 1, 2023 to August 31, 2024.

## **AUDIT METHODOLOGY**

We utilized a risk-based approach from planning to testing in the A/P review. To obtain a thorough understanding of the A/P process, we compiled information through walkthroughs, research, interviews, observations, and analytical data reviews.

The following steps were taken to accomplish the audit objective:

- Obtained and reviewed applicable FMPA policies, procedures, and any other supporting documents related to the A/P process
- Interviewed personnel related to the A/P function to document our understanding of the A/P process, including any internal controls or weaknesses.
- Determined whether there was adequate segregation of duties in the process and adequate Management oversight for overall review controls.
- Obtained and reviewed a sample of A/P reconciliations to ensure that monthly account balances were reconciled and were properly reviewed by Management.
- Performed analytical reviews of the A/P transaction detail to determine whether there were any duplicate payments, credits or other unusual items.
- Performed testing on a sample of A/P transactions to determine whether payments were supported by adequate documentation, processed timely with the necessary approvals and within policy guidelines.



## **AUDIT FINDINGS AND RECOMMENDATIONS**

Based on our audit procedures, we have identified no audit findings.



# **FY2024 Credit Card Review Report**

Audit Performed By:  
Veda Sharma, MS, CGAP  
Victor Gaines, PHD, CGAP, CIA  
Liyuan Woerner, MBA, CPA

August 15, 2024

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## EXECUTIVE SUMMARY

The purpose of the credit card review was to determine whether management internal controls were effective. We reviewed information for FY 2024, for the period October 2023 through July 2024.

We have audited procedures related to FMPA credit cards under the following agreements:

- Treasure Coast Energy Center Operation and Maintenance Agreement between Florida Municipal Power Agency (All-Requirements Power Supply Project) and Fort Pierce Utilities Authority, Sand Lake Energy Center as amended
- Consolidated Operating and Maintenance Contract for the Stock Island Generating Facility between Florida Municipal Power Agency (All-Requirements Power Supply Project) and the Utility Board of the City of Key West, Florida, Doing Business as KEYS Energy Services, as amended
- Sand Lake Energy Center
- FMPA Credit Card Procedures
- FMPA Credit Card User Agreement

Based on our audit procedures, we determined that the agency generally complied with the requirements of the FMPA Credit Card Procedure and related agreements. However, improvements are recommended to strengthen internal controls and ensure that management can properly assess credit card risk in their everyday operation. Also, management should ensure that written procedures are continually reviewed and communicated to employees, including applying tax exemptions properly.

## BACKGROUND INFORMATION

### Issuing an FMPA Credit Card

FMPA staff members may be issued an FMPA credit card. In addition, FMPA may issue FMPA credit cards to employees of FMPA members that work at power generation facilities contractually under FMPA's operational control. Credit cards will be issued based on need, and the final determination will be made by the CEO\* or his/her designee(s).

### Monitoring an FMPA Credit Card

FMPA employees must go into Certify to process their credit card expenses. Employees are to upload their receipts and/or other documentation to Certify to support their credit card charges. The procedure states that receipts must be submitted within fifteen (15) business days of the incurred charge, but no later than seven (7) business days following the end of the month that the expense was incurred. Certify has internal control measures to create travel expenses and training request forms as necessary. Once the employee acknowledges the charge and provides details, Certify will forward the expense to the appropriate managers for approval.

For Plant users/those not on Certify, the FMPA Accounting Department will send a list of monthly credit card transactions to the authorized users and request the receipts are to be submitted within 10 days from the date notice was provided of Plant employee credit card charges (if there was activity on their card). The Plant employee/those not on Certify will sign-off on the transactions and provide corresponding receipts and/or other documentation for all line items. These items are then uploaded to Maximo for approval. Once in Maximo, the monthly credit card transaction list goes through a regular purchase request workflow, which requires the following dollar amount approvals:

- Under \$3,500 is approved by the Plant Manager
- Between \$3,500 to \$50,000 is approved by the FMPA Generation Fleet Director
- Between \$50,000-\$100,000 requires approval from the FMPA Chief Operating Officer (COO)
- Over \$100,000 requires approval from the FMPA Chief Executive Officer (CEO)

On an annual basis, the Credit Card Administrator (CCA) reviews and documents the credit limit for each user for reasonableness of the limits based on actual activity usage.

### Terminating an FMPA Credit Card

According to the procedure, "When an employee separates employment with FMPA, the employee's manager is responsible for collecting all FMPA property, including the employee's FMPA credit card. The credit card must be collected from the employee no later than the employee's last day of employment." For Plant users who separate employment within their organization, the member city's human resources department must destroy the credit card and/or return it to FMPA within three days and the card is immediately cancelled by the CCA.

## **AUDIT OBJECTIVE AND SCOPE**

The primary objective of this audit is to verify that FMPA managers have assessed credit card risk in their everyday operations. We reviewed information for FY 2024, October 2023– July 2024.

The scope of this audit consisted of the following:

- 1) Reviewed credit card user agreements to ensure all users have an up-to-date signed user agreement on file.
- 2) Obtained a list from Wells Fargo of all authorized credit card users, monitored the monthly credit limit changes performed by the CCA, and reconciled credit card activity using Certify.
- 3) Examined existing credit card procedures for implementation and accuracy.
- 4) Tested procedures for credit card processing.
- 5) Review of receipt submittals for timeliness.

## **AUDIT METHODOLOGY**

The internal audit team utilized a risk-based approach from planning to testing when performing the credit card review. To obtain a thorough understanding of the credit card process, the auditors compiled information through walk-throughs, research, interviews, observations, sample testing, and analytical data reviews.

The following steps were taken to accomplish the audit objective:

- Identified applicable FMPA policies, procedures, and contractual agreements.
- Verified the existence of signed credit card user agreements for all authorized credit card users.
- Interviewed responsible agency management and staff.
- Reviewed agency documentation.
- Verified that management conducted a review of user credit limits and changes to credit limits had appropriate documentation.
- Selected audit samples to verify the credit card transactions.
- Reviewed credit card transactions for evidence that controls, policies, and procedures are being adhered to.

## **AUDIT FINDINGS AND RECOMMENDATIONS**

### **Receipt and Certify Expense Approval Process Findings:**

1. Nine exceptions were identified for FMPA staff when testing for submitting receipts no later than seven (7) business days following the end of the month that the expense was incurred.
2. Four instances where sales taxes were paid for which exemptions should have been applied.

The Internal Audit Department (IAD) recommends that Management reviews its internal controls surrounding the credit card process to ensure the necessary controls are in place so that all credit card receipts are submitted not later than seven (7) days and sales taxes exemptions applied properly.

### **Management Response:**

Management concurred with our recommendations and will review its internal controls surrounding the credit card process to ensure the necessary controls are in place so that all credit card receipts are submitted not later than seven (7) days and sales taxes exemptions applied properly.

**NONE**

**AGENDA ITEM 10 – REPORTS**

**Finance Committee Meeting  
August 21, 2024**



**AGENDA ITEM 11 – COMMENTS**

**Finance Committee Meeting  
August 21, 2024**

**AGENDA ITEM 12 – ADJOURNMENT**

**Finance Committee Meeting  
August 21, 2024**