Florida Municipal Power Agency

Financial Statements

For The Fiscal Year Ended September 30, 2013

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Member Cities

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

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Purvis Gray & Company

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Florida Municipal Power Agency (the Agency) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

INDEPENDENT AUDITORS' REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Agency, as of September 30, 2013, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As discussed in Note I to the financial statements, for the year ending September 30, 2013, the Agency adopted new accounting guidance as follows:

- Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*
- GASB Statement No. 63*, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*
- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Matters *(Concluded)*

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2014, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Purvis, Gray and Company, LLP

January 10, 2014
Ocala, Florida

MANAGEMENT'S DISCUSSION & ANALYSIS

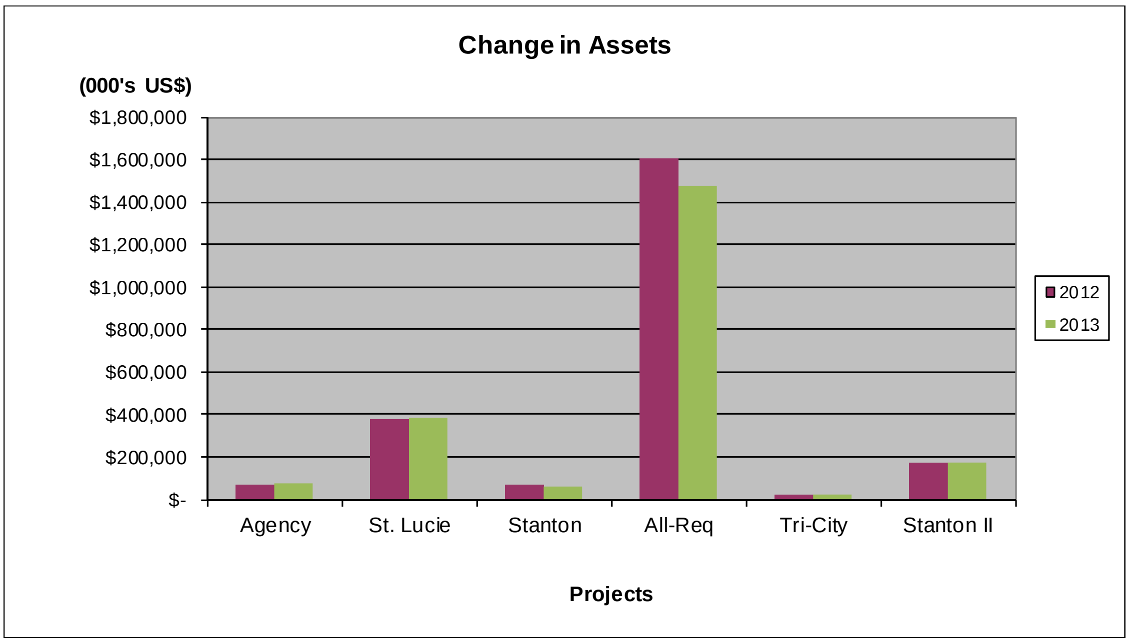
For Fiscal Year Ended September 30, 2013

This discussion and analysis is intended to serve as an introduction to Florida Municipal Power Agency's (FMPA's) basic financial statements, which are comprised of individual project or fund financial statements and the notes to those financial statements.

FMPA's financial statements are designed to provide readers with a broad overview of FMPA's financial condition in a manner similar to a private-sector business. It is important to note that, due to contractual arrangements which are the basis of each power project, no monies are shared among the projects.

FINANCIAL HIGHLIGHTS

Total Assets at September 30, 2013, of FMPA's Agency Fund and other projects decreased $133.9 million from the prior year. The decreases are due to depreciation of plant assets of $62.0 million and a reduction in the amounts due from participant billings of $50.6 million.



Change in Assets (000's US$)							
Year	**Agency**	**St. Lucie**	**Stanton**	**All-Req**	**Tri-City**	**Stanton II**	**Total**
2012	$ 69,071	$ 379,854	$ 69,241	$ 1,600,634	$ 25,081	$ 176,773	$ 2,320,654
2013	$ 73,495	$ 382,651	$ 60,556	$ 1,476,149	$ 20,858	$ 173,042	$2,186,751
Variance	$4,424	$2,797	($8,685)	($124,485)	($4,223)	($3,731)	($133,903)

MANAGEMENT'S DISCUSSION & ANALYSIS
For Fiscal Year Ended September 30, 2013

FINANCIAL HIGHLIGHTS (CONTINUED)

Total Liabilities at September 30, 2013, for FMPA's Agency Fund and other projects decreased by $191.9 million during the current fiscal year. The decrease in total liabilities was mainly due to the reduction in negative mark to market derivative instruments of $97.2 million and $30.0 million payoff on the All-Requirements line of credit. The Agency had an increase of $4.6 million due mainly to the decommissioning trusts held for members and the increase in Rate Stabilization accounts held for members. The remaining projects showed a decline in liabilities.

Long-Term Liability balance outstanding at September 30, 2013, for FMPA's Agency Fund and Projects was $2.1 billion, a decrease of $174.3 million during the current fiscal year for reasons stated previously.

Long-Term Bonds balance, less current portion, was $1.8 billion, including All-Requirements balance of $1.2 billion.

Total Revenue for Agency and all projects increased by $62.9 million for the current fiscal year, primarly due to the All-Requirements investement income increasing $67.2 million from mark to market gains in the swaps.

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

MANAGEMENT'S DISCUSSION & ANALYSIS
For Fiscal Year Ended September 30, 2013

FINANCIAL HIGHLIGHTS (CONTINUED)

Statement of Net Position
Proprietary funds
September 30, 2013
(000's US$)

2013	Business-Type Activities- Proprietary Funds						
	Agency Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
Assets:							
Capital Assets, Net	$ 2,665	$ 103,963	$ 33,811	$ 912,545	$ 13,405	$ 107,030	$ 1,173,419
Current Unrestricted Assets	16,537	89,005	22,955	243,238	5,263	48,664	425,662
Non-Current Restricted Assets	53,555	122,730	3,790	52,933	2,190	12,945	248,143
Other Non Current Assets	738	66,953	-	267,433	-	4,403	339,527
Deferred Outflows of Resources	-	49,446	757	13,660	936	20,667	85,466
Total Assets & Deferred Outflows	$ 73,495	$ 432,097	$ 61,313	$ 1,489,809	$ 21,794	$ 193,709	$ 2,272,217
Liabilities:							
Long-Term Liabilities	$ 56,599	$ 418,156	$ 45,564	$ 1,352,328	$ 18,696	$ 179,960	$ 2,071,303
Current Liabilities	1,891	13,941	6,139	137,481	1,762	13,749	174,963
Deferred Inflows of Resources	-	-	9,610	-	1,336	-	10,946
Total Liabilities & Deferred Inflows	$ 58,490	$ 432,097	$ 61,313	$ 1,489,809	$ 21,794	$ 193,709	$ 2,257,212
Net Position:							
Invested in capital assets, Net	$ 1,485	$ (186,086)	$ (13,517)	$ (304,854)	$ (4,220)	$ (46,956)	$ (554,148)
Restricted	-	67,453	6,190	55,770	2,012	20,101	151,526
Unrestricted	13,520	118,633	7,327	249,084	2,208	26,855	417,627
Total Net Position	$ 15,005	$ -	$ -	$ -	$ -	$ -	$ 15,005

Statement of Net Position
Proprietary funds
September 30, 2012
(000's US$)

2012	Business-Type Activities- Proprietary Funds						
	Agency Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
Assets:							
Capital Assets, Net	$ 2,924	$ 114,529	$ 35,124	$ 956,182	$ 13,969	$ 108,648	$ 1,231,376
Current Unrestricted Assets	16,427	83,547	26,501	264,982	7,686	39,186	438,329
Non-Current Restricted Assets	49,059	124,572	7,616	48,352	3,426	16,777	249,802
Other Non Current Assets	661	57,206	-	331,118	-	12,162	401,147
Deferred Outflows of Resources	-	63,486	964	41,363	1,748	28,122	135,683
Total Assets & Deferred Outflows	$ 69,071	$ 443,340	$ 70,205	$ 1,641,997	$ 26,829	$ 204,895	$ 2,456,337
Liabilities:							
Long-Term Liabilities	$ 51,867	$ 432,430	$ 54,702	$ 1,483,283	$ 25,802	$ 197,417	$ 2,245,501
Current Liabilities	2,001	10,910	9,584	158,714	3,944	7,478	192,631
Deferred Inflows of Resources			5,919		83		6,002
Total Liabilities & Deferred Inflows	$ 53,868	$ 443,340	$ 70,205	$ 1,641,997	$ 29,829	$ 204,895	$ 2,444,134
Net Position:							
Invested in capital assets, Net	$ 1,576	$ (230,762)	$ (25,632)	$ (312,592)	$ (11,494)	$ (70,393)	$ (571,694)
Restricted	-	71,963	13,555	58,334	6,046	17,148	167,046
Unrestricted	13,627	158,799	12,077	254,258	5,448	53,245	419,851
Total Net Position	$ 15,203	$ -	$ -	$ -	$ -	$ -	$ 15,203

* Restated due to change in accounting principal GASB #65.

MANAGEMENT'S DISCUSSION & ANALYSIS
For Fiscal Year Ended September 30, 2013

FINANCIAL HIGHLIGHTS (CONTINUED)

Statements of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For Fiscal Year Ended September 30, 2013
(000's US$)

2013	Agency Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
	Business-Type Activities- Proprietary Funds						
Revenues:							
Billings to participants	$ 12,528	$ 47,446	$ 23,745	$ 478,321	$ 9,662	$ 50,047	$ 621,749
Sales to others	3	2,568	430	7,960	143	711	11,815
Amounts to be recovered from (refunded to) participants		(3,784)	(915)	(4,708)	(683)	245	(9,845)
Investment Income (loss)	34	3,832	(164)	54,494	(54)	(450)	57,692
Total Revenue	$ 12,565	$ 50,062	$ 23,096	$ 536,067	$ 9,068	$ 50,553	$ 681,411
Expenses:							
Operation, maintenance & Nuclear Fuel Amortization	$ -	$ 13,011	$ 3,545	$ 59,802	$ 1,269	$ 5,337	$ 82,964
Purchased power, Transmission & Fuel Costs		5,662	9,284	296,518	3,551	24,174	339,189
Administrative & General	12,459	2,633	1,184	21,463	659	1,698	40,096
Depreciation & Decommissioning	259	23,465	2,526	53,877	998	4,855	85,980
Interest & Amortization	45	15,109	2,938	62,770	1,375	6,892	89,129
Total Expense	$ 12,763	$ 59,880	$ 19,477	$ 494,430	$ 7,852	$ 42,956	$ 637,358
Change in net position before regulatory asset adjustment	$ (198)	$ (9,818)	$ 3,619	$ 41,637	$ 1,216	$ 7,597	$ 44,053
Net cost recoverable from future regulatory asset adjustment		9,818	(3,619)	(41,637)	(1,216)	(7,597)	(44,251)
Change in Net Positon After Regulatory Adj	$ (198)	$ -	$ -	$ -	$ -	$ -	$ (198)
Net position at beginning of year	15,203						15,203
Net position at end of year	$ 15,005	$ -	$ -	$ -	$ -	$ -	$ 15,005

Statements of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For Fiscal Year Ended September 30, 2012
(000's US$)

2012	Agency Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
	Business-Type Activities- Proprietary Funds						
Revenues:							
Billings to participants	$ 12,316	$ 44,207	$ 25,579	$ 435,812	$ 10,490	$ 44,184	$ 572,588
Sales to others		2,015	394	14,068	141	618	17,236
Amounts to be recovered from (refunded to) participants		(1,871)	(200)	22,211	(128)	409	20,421
Investment Income (loss)	160	18,373	962	(12,695)	197	1,260	8,257
Total Revenue	$ 12,476	$ 62,724	$ 26,735	$ 459,396	$ 10,700	$ 46,471	$ 618,502
Expenses:							
Operation, maintenance & Nuclear Fuel Amortization	$ -	$ 14,433	$ 4,025	$ 59,511	$ 1,440	$ 6,927	$ 86,336
Purchased power, Transmission & Fuel Costs		2,289	9,931	279,830	3,659	23,049	318,758
Administrative & General	12,010	3,389	1,154	20,528	651	1,785	39,517
Depreciation & Decommissioning	248	19,571	2,363	55,250	942	4,718	83,092
Interest & Amortization	62	15,207	3,236	65,238	1,464	8,189	93,395
Total Expense	$ 12,320	$ 54,889	$ 20,709	$ 480,357	$ 8,156	$ 44,668	$ 621,098
Change in net position before regulatory asset adjustment	$ 156	$ 7,835	$ 6,026	$ (20,961)	$ 2,544	$ 1,803	$ (2,596)
Net cost recoverable from future regulatory asset adjustment		(7,835)	(6,026)	20,961	(2,544)	(1,803)	2,753
Change in Net Position After Regulatory Adj	$ 156	$ -	$ -	$ -	$ -	$ -	$ 156
Net position at beginning of year	15,047						15,047
Net position at end of year	$ 15,203	$ -	$ -	$ -	$ -	$ -	$ 15,203

* Restated due to change in accounting principal GASB #65.

MANAGEMENT'S DISCUSSION & ANALYSIS

For Fiscal Year Ended September 30, 2013

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to FMPA's basic financial statements, which are comprised of two components: (1) individual project or fund financial statements and (2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

FMPA's **Entity-Wide Financial Statements** are designed to provide readers with a broad overview of FMPA's finances in a manner similar to a private-sector business. It is very important to note that, due to contractual arrangements that are the basis of each power project, no monies can be shared among projects.

The cash flow of one power project, although presented with all others in the financial statement presentation as required by financial reporting requirements, cannot and should not be considered available for any other project. Management encourages readers of this report, when evaluating the financial condition of FMPA, to remember that each power project or fund is a stand-alone entity.

The **Statements of Net Position** presents information on all of FMPA's assets and liabilities with the differences between the two reported as Net Postion. As a result of a decision by the governing bodies of FMPA, billings and revenues in excess (deficient) of actual costs are returned to (collected from) the participants in the form of billing credits (charges). The assets within the Agency Fund represent those required for staff operations, which coordinate all of the power projects described herein. Restricted Cash and Investments in the Agency Fund were held in trust for Crystal River Unit 3 participants (for nuclear decommissioning), and for individual members (rate stabilization).

The **Statements of Revenues, Expenses and Changes in Fund Net Position** present information regarding how FMPA's net position has changed during the fiscal year ended September 30, 2013. 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 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 14 through 16 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.

Overview of Financial Statements (continued)

FMPA maintains only one type of **Proprietary Fund,** the Enterprise Fund type. Enterprise Funds are used to report the same functions presented as business-type activities in the financial statements. FMPA uses enterprise funds to account for all of its power projects, as well as the Agency business operations. Each of the funds is considered a "major fund" according to specific accounting rules. A summary of FMPA's activities for years 2013 and 2012 is shown on pages 6 and 7. A more detailed version of the major fund proprietary financial statements can be found on pages 14 through 16 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 17 through 55 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 billings to participants increased $49.2 million due to higher demand charges. The Agency Fund, St. Lucie, Stanton II Project and All-Requirements Project had billings to participants increase during 2013. Billings to participants decreased for Stanton and Tri-City due to decreased utilization of the plant.

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 $449,000 from fiscal year 2012 to fiscal year 2013.

On September 30, 2013, long-term notes payable debt was $1.0 million, which is accounted for in the FMPA Agency Fund and represents the Loan outstanding for the Agency's office building.

MANAGEMENT'S DISCUSSION & ANALYSIS
For Fiscal Year Ended September 30, 2013

FINANCIAL ANALYSIS OF FMPA'S FUNDS AND PROJECTS (CONTINUED)

The **St. Lucie Project** consists of an 8.806% undivided ownership interest in St. Lucie Unit 2. This unit is a nuclear power plant primarily owned and operated by Florida Power & Light (FPL). FPL requested and received a 20-year extension of the operating license from the Nuclear Regulatory Commission (NRC) for Units 1 and 2. The license will allow Unit 1 to operate until 2035 and Unit 2 to operate until 2043.

The Project billed 676,974 Megawatt-hours (MWh) in fiscal year 2013. The average all-inclusive billing rate, which includes budgeted Demand, Energy and Transmission expenses, decreased 31% to $70.09 in fiscal year 2013. This was due to increased capacity utilization in 2013, as Unit 2's capacity improvement project was completed and the unit was returned to service.

The **Stanton Project** derives its power from a 14.8193% ownership interest in Stanton Unit 1, a 425 Megawatt coal-fired power plant operated by its primary owner, Orlando Utilities Commission (OUC).

The Project billed 180,203 MWh in fiscal year 2013. The average all-inclusive billing rate which includes budgeted Demand, Energy and Transmission expenses increased 9% to $131.77 per MWh in fiscal year 2013 resulting from decisions to use natural gas fired power plants which were more economical.

The **All-Requirements Project** (ARP) consists of 14 active participants. The ARP energy resources are part of the Florida Municipal Power Pool (FMPP), a consortium of three municipal energy suppliers - ARP, Lakeland Electric and OUC - which have agreed to dispatch resources on an economic cost and availability basis in order to meet combined loads. The average billed rate to ARP member cities was $90.36 per MWh in fiscal year 2013, which is all-inclusive of Energy, Demand and Transmission expenses. The billed Megawatt hours for fiscal year 2013 were 5,293,772.

Billings to ARP participants in fiscal year 2013 were 10% higher, increasing from $436 million to $478 million. The increase was primarily due to the increased price of natural gas for fiscal year 2013.

The All-Requirements participant net cost of power increased to $89.47 per MWh in fiscal year 2013, a 6% increase from fiscal year 2012. This increase was primarily due to costs associated with contracted natural gas supply. Purchased Power expenses increased $13.5 million, a 54% increase from the prior year. The fuel supply mix was 85.6% for natural gas, 11.4% for coal, 2.5% for contracts and 0.5% for renewables.

After consideration of amounts to be refunded to or recovered from Project participants, the net position of the All-Requirements Project was zero (by design) again in fiscal year 2013. The All-Requirements project adjusts the Demand, Energy, and Transmission rates each month based on the current expenses, estimated future expenses, and over/under collections to meet its 60-day cash target. The over/under collection amounts are shown in the Statements of Revenues, Expenses and Changes in Fund Net Position as an addition or reduction to "Billings to Participants" and as "Due from Participants" or "Due to Participants" in the accompanying Statement of Net Position.

MANAGEMENT'S DISCUSSION & ANALYSIS
For Fiscal Year Ended September 30, 2013

FINANCIAL ANALYSIS OF FMPA'S FUNDS AND PROJECTS (CONTINUED)

The **Tri-City Project** consists of a 5.3012% ownership interest in Stanton Unit 1. The Project billed 66,150 MWh in fiscal year 2013. The average all-inclusive billing rate, which includes budgeted Demand, Energy and Transmission expenses, increased 11% to $146.06 per MWh during fiscal year 2013 resulting from decisions to use natural gas fired power plants which were more economical.

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 498,856 MWh in fiscal year 2013. The average all-inclusive billing rate, which includes budgeted Demand, Energy, and Transmission expenses, increased by 17% to $100.32 per MWh in fiscal year 2013. This was caused by less capacity utilization in 2013.

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 2013, the St Lucie budget was amended late in the fiscal year to increase the expenditure budget by $200 thousand because of anticipated higher reliability & exchange expenses. Actual results for the fiscal year fell within the original budget amount.

CAPITAL ASSETS AND LONG-TERM DEBT

FMPA's investment in **Capital Assets,** as of September 30, 2013, was $1.2 billion, net of accumulated depreciation and inclusive of work-in-process and development projects. This investment in capital assets includes operational and construction projects in progress of generation facilities, transmission systems, land, buildings, improvements, and machinery and equipment.

FMPA's investment in capital assets for fiscal year 2013 decreased by 4.7% or $58.0 million. This was caused primarily by depreciation of plant assets.

CAPITAL ASSETS AND LONG-TERM DEBT (CONTINUED)

At September 30, 2013, FMPA had **Long-Term Debt** of $1.8 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	$ 1,005
St. Lucie Project	334,657
Stanton Project	45,564
All-Requirements Project	1,217,422
Tri-City Project	18,696
Stanton II Project	167,307
Total	$ 1,784,651

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Multi-year operational and financial modeling was conducted to arrive at the fiscal year 2014 budget. Expenses were estimated using current market conditions for fuel and estimated member loads which take into consideration the member cities' economies that have shown varying impacts on loads in both demand and energy due to the current economic down turn. Rates are set in order to cover all costs and based on the member loads. Additionally, All-Requirements rates are adjusted monthly to maintain cash at a 60 day target as approved by the Executive Committee.

SIGNIFICANT EVENTS

None to Report.

MANAGEMENT'S DISCUSSION & ANALYSIS

For Fiscal Year Ended September 30, 2013

INTEREST ARBITRAGE AND REBATE

As a result of lower interest rates on outstanding debt in contrast to higher yields on investments, the Agency has the following remaining potential arbitrage rebate liabilities as of September 30, 2013:

Project	Amount (000's US$)	
St. Lucie Project	$	-
Stanton Project		1
All-Requirements Project		21
Tri-City Project		49
Stanton II Project		534
Total	$	605

See **Note XIV** in the Notes to Financial Statements for further information regarding the arbitrage rebate liabilities.

REQUEST FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the *Assistant General Manager, Finance and Information Technology, and CFO, Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, FL 32819.*

FLORIDA MUNICIPAL POWER AGENCY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2013
(000's US$)

	Business-Type Activities						
ASSETS & DEFERRED OUTFLOWS	**Agency Fund**	**St. Lucie Project**	**Stanton Project**	**All-Requirements Project**	**Tri-City Project**	**Stanton II Project**	**Totals**
Current Assets:							
Cash and cash equivalents	$ 3,289	$ 8,985	$ 2,801	$ 74,489	$ 1,584	$ 8,228	$ 99,376
Investments	10,850	68,190	11,386	20,000	1,450	22,273	134,149
Participant accounts receivable	1,864	2,058	2,682	39,528	1,053	2,940	50,125
Due from Participants						245	245
Fuel stock and material inventory			2,557	47,854	794	3,213	54,418
Other current assets	534	256	88	5,214	14	204	6,310
Restricted assets available for current liabilities		9,516	3,441	56,153	368	11,561	81,039
Total Current Assets	$ 16,537	$ 89,005	$ 22,955	$ 243,238	$ 5,263	$ 48,664	$ 425,662
Non-Current Assets:							
Restricted Assets:							
Cash and cash equivlents	$ 35,607	$ 10,599	$ 3,287	$ 68,713	$ 1,154	$ 16,563	$ 135,923
Investments	17,930	121,466	3,909	40,171	1,396	7,928	192,800
Accrued Interest	18	181	35	202	8	15	459
Less: Portion Classified as Current		(9,516)	(3,441)	(56,153)	(368)	(11,561)	(81,039)
Total Restricted Assets	$ 53,555	$ 122,730	$ 3,790	$ 52,933	$ 2,190	$ 12,945	$ 248,143
Utility Plant:							
Electric plant	$ -	$ 268,481	$ 80,717	$ 1,232,407	$ 32,672	$ 185,949	$ 1,800,226
General plant	6,805	23,008	17	4,028	20	90	33,968
Less accumulated depreciation and amortization	(4,140)	(188,544)	(46,923)	(323,890)	(19,287)	(79,009)	(661,793)
Net utility plant	$ 2,665	$ 102,945	$ 33,811	$ 912,545	$ 13,405	$ 107,030	$ 1,172,401
Construction work in progress		1,018					1,018
Total Utility Plant, net	$ 2,665	$ 103,963	$ 33,811	$ 912,545	$ 13,405	$ 107,030	$ 1,173,419
Other Assets:							
Net costs recoverable from future particpant billings	$ 738	$ 66,541	$ -	$ 178,460	$ -	$ 4,403	$ 250,142
Prepaid natural Gas - PGP				88,973			88,973
Other		412					412
Total Other Assets	$ 738	$ 66,953	$ -	$ 267,433	$ -	$ 4,403	$ 339,527
Total Assets	$ 73,495	$ 382,651	$ 60,556	$ 1,476,149	$ 20,858	$ 173,042	$ 2,186,751
Deferred Outflows of Resources							
Deferred Outflows from Derivatives	$ -	$ 22,972	$ -	$ 6,981	$ -	$ 12,653	$ 42,606
Unamortized Loss on Advanced Refunding		26,474	757	6,679	936	8,014	42,860
Total Deferred Outflows	$ -	$ 49,446	$ 757	$ 13,660	$ 936	$ 20,667	$ 85,466
Total Assets & Deferred Outflows	$ 73,495	$ 432,097	$ 61,313	$ 1,489,809	$ 21,794	$ 193,709	$ 2,272,217
LIABILITIES AND NET ASSETS							
Current Liabilities:							
Payable from unrestricted assets:							
Accounts payable & Accrued Liabilities	$ 1,716	$ 641	$ 1,662	$ 37,078	$ 668	$ 1,998	$ 43,763
Due to Participants		3,784	915	33,450	683		38,832
Capital Lease and other Obligations	175		121	10,800	43	190	11,329
Total Current Liabilities Payable from Unrestricted Assets	$ 1,891	$ 4,425	$ 2,698	$ 81,328	$ 1,394	$ 2,188	$ 93,924
Payable from Restricted Assets:							
Current portion of long-term revenue bonds	$ -	$ 5,250	$ 2,400	$ 34,660	$ 290	$ 9,200	$ 51,800
Accrued interest on long-term debt		4,266	1,041	21,493	78	2,361	29,239
Total Current Liabilities Payable from Restricted Assets	$ -	$ 9,516	$ 3,441	$ 56,153	$ 368	$ 11,561	$ 81,039
Total Current Liabilities	$ 1,891	$ 13,941	$ 6,139	$ 137,481	$ 1,762	$ 13,749	$ 174,963
Long-Term Liabilities Payable from Restricted Assets:							
Held in Trust for Decommissioning	$ 34,226	$ -	$ -	$ -	$ -	$ -	$ 34,226
Held in Trust for Rate Stabilization	19,329						19,329
Accrued Decommissioning Liability		60,527					60,527
Total Liabilities Payable from Restricted Assets	$ 53,555	$ 60,527	$ -	$ -	$ -	$ -	$ 114,082
Long-Term Liabilities Less Current Portion:							
Long-term debt	$ 1,005	$ 334,657	$ 45,564	$ 1,217,422	$ 18,696	$ 167,307	$ 1,784,651
Employee Related Obligations	2,039						2,039
Advances from Participants				20,967			20,967
FMV Derivative Instruments		22,972		113,939		12,653	149,564
Total Long-Term Liabilities	$ 3,044	$ 357,629	$ 45,564	$ 1,352,328	$ 18,696	$ 179,960	$ 1,957,221
Deferred Inflows of Resources							
Due to Participants (Regulatory Credit)	-	-	9,610	-	1,336	-	10,946
Total Long-Term Liabilities & Deferred Inflows	$ 3,044	$ 357,629	$ 55,174	$ 1,352,328	$ 20,032	$ 179,960	$ 1,968,167
Total Liabilities and Deferred Inflows	$ 58,490	$ 432,097	$ 61,313	$ 1,489,809	$ 21,794	$ 193,709	$ 2,257,212
Net Position:							
Net Invested in Capital Assets	$ 1,485	$ (186,086)	$ (13,517)	$ (304,854)	$ (4,220)	$ (46,956)	$ (554,148)
Restricted		67,453	6,190	55,770	2,012	20,101	151,526
Unresticted	13,520	118,633	7,327	249,084	2,208	26,855	417,627
Total Net Position	$ 15,005	$ -	$ -	$ -	$ -	$ -	$ 15,005

The accompanying notes are an integral part of these financial statements

FLORIDA MUNICIPAL POWER AGENCY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Year Ended September 30, 2013

(000's US$)

	Business-Type Activities						
	Agency Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
Operating Revenue:							
Billings to participants	$ 12,528	$ 47,446	$ 23,745	$ 478,321	$ 9,662	$ 50,047	$ 621,749
Sales to others	3	2,568	430	7,960	143	711	11,815
Amounts to be recovered from (refunded to) participants		(3,784)	(915)	(4,708)	(683)	245	(9,845)
Total Operating Revenue	$ 12,531	$ 46,230	$ 23,260	$ 481,573	$ 9,122	$ 51,003	$ 623,719
Operating Expenses:							
Operation and maintenance	$ -	$ 9,529	$ 3,545	$ 59,802	$ 1,269	$ 5,337	$ 79,482
Fuel expense			8,061	230,847	3,062	22,328	264,298
Nuclear fuel amortization		3,482					3,482
Spent fuel fees		875					875
Purchased power		4,176		38,327			42,503
Transmission services		611	1,223	27,344	489	1,846	31,513
General and administrative	12,459	2,633	1,184	21,463	659	1,698	40,096
Depreciation and amortization	259	19,904	2,526	53,877	998	4,855	82,419
Decommissioning		3,561					3,561
Total Operating Expense	$ 12,718	$ 44,771	$ 16,539	$ 431,660	$ 6,477	$ 36,064	$ 548,229
Total Operating Income (Loss)	$ (187)	$ 1,459	$ 6,721	$ 49,913	$ 2,645	$ 14,939	$ 75,490
Non-Operating Income (Expense):							
Interest expense	$ (45)	$ (15,020)	$ (2,866)	$ (62,739)	$ (1,318)	$ (6,858)	$ (88,846)
Debt issue costs		(89)	(72)	(31)	(57)	(34)	(283)
Investment earnings	34	3,832	(164)	65	(54)	(450)	3,263
Gain on ineffective swaps				51,511			51,511
Amortization of swap terminations				2,918			2,918
Total Non-Operating Income (Expenses)	$ (11)	$ (11,277)	$ (3,102)	$ (8,276)	$ (1,429)	$ (7,342)	$ (31,437)
Change in net assets before regulatory asset adjustment	$ (198)	$ (9,818)	$ 3,619	$ 41,637	$ 1,216	$ 7,597	$ 44,053
Net cost recoverable from future participant billings	$	$ 9,818	$ (3,619)	$ (41,637)	$ (1,216)	$ (7,597)	$ (44,251)
Change in Net Position After Regulatory Adj	$ (198)	$	$	$	$	$	$ (198)
Net Postion at beginning of year	15,203						15,203
Net Position at end of year	$ 15,005	$ -	$ -	$ -	$ -	$ -	$ 15,005

The accompanying notes are an integral part of these financial statements

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FLORIDA MUNICIPAL POWER AGENCY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
September 30, 2013
(000's US$)

	Business-Type Activities- Proprietary Funds						
	Agency Fund	St. Lucie Project	Stanton Project	All Requirements Project	Tri-City Project	Stanton II Project	Totals
Cash Flows From Operating Activities:							
Cash Received From Customers	$ 13,366	$ 46,894	$ 23,219	$ 422,024	$ 9,230	$ 52,471	$ 567,204
Cash Paid to Suppliers	(5,711)	(15,745)	(14,809)	(357,585)	(5,318)	(32,225)	(431,393)
Cash Paid to Employees	(6,404)						(6,404)
Net Cash Provided by (Used in) Operating Activities	$ 1,251	$ 31,149	$ 8,410	$ 64,439	$ 3,912	$ 20,246	$ 129,407
Cash Flows From Investing Activities:							
Proceeds From Sales and Maturities Of Investments	$ 20,823	$ 577,843	$ 32,549	$ 343,109	$ 29,279	$ 50,440	$ 1,054,043
Crystal River 3 Decommissioning, RSA Deposits and Interest Earnings	4,496						4,496
Purchases of Investments	(26,331)	(594,213)	(28,970)	(281,250)	(27,335)	(55,069)	(1,013,168)
Income received on Investments	123	9,357	632	4,122	169	499	14,902
Net Cash Provided by (Used in) Investment Activities	$ (889)	$ (7,013)	$ 4,211	$ 65,981	$ 2,113	$ (4,130)	$ 60,273
Cash Flows From Capital & Related Financing Activities:							
Proceeds from Issuance of Bonds & Loans	$ -	$ -	$ 7,175	$ 15,000	$ 16,460	$ -	$ 38,635
Debt Issuance Costs		(89)	(72)	(31)	(57)	(34)	(283)
Capital Expenditures - Utility Plant		(12,820)	(1,213)	(9,328)	(434)	(3,237)	(27,032)
Long Term Gas Pre Pay - PGP				(4,670)			(4,670)
Principal Payments - Long Term Debt	(170)	(5,585)	(19,965)	(43,416)	(22,346)	(5,881)	(97,363)
Line of Credit Payments				(30,000)			(30,000)
Interest paid on Debt	(35)	(12,224)	(3,189)	(62,519)	(1,520)	(5,682)	(85,169)
Net Cash Provided (Used in) Capital & Related Financing Activities	$ (205)	$ (30,718)	$ (17,264)	$ (134,964)	$ (7,897)	$ (14,834)	$ (205,882)
Net Increase (Decrease) in Cash and Cash Equivalents	$ 157	$ (6,582)	$ (4,643)	$ (4,544)	$ (1,872)	$ 1,282	$ (16,202)
Cash and Cash Equivalents - Beginning	38,739	26,166	10,731	147,746	4,610	23,509	251,501
Cash and Cash Equivalents - Ending	$ 38,896	$ 19,584	$ 6,088	$ 143,202	$ 2,738	$ 24,791	$ 235,299
Consisting of:							
Unrestricted	$ 3,289	$ 8,985	$ 2,801	$ 74,489	$ 1,584	$ 8,228	$ 99,376
Restricted	35,607	10,599	3,287	68,713	1,154	16,563	135,923
Total	$ 38,896	$ 19,584	$ 6,088	$ 143,202	$ 2,738	$ 24,791	$ 235,299
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:							
Operating Income (Loss)	$ (187)	$ 1,459	$ 6,721	$ 49,913	$ 2,645	$ 14,939	$ 75,490
Adjustment to Reconcile Net Operating Income to Net Cash Provided by (Used In) Operating Activities:							
Depreciation	259	19,904	2,526	53,877	998	4,855	82,419
Asset Retirement Costs				(912)			(912)
Decommissioning		3,561					3,561
Amortization of Nuclear Fuel		3,482					3,482
Amortization of Pre Paid Gas - PGP				9,226			9,226
Changes in Assests and Liabilities Which Provided (Used) Cash:							
Inventory			(1,529)	1,455	(448)	(1,998)	(2,520)
Receivables From (Payable to) Participants	912	593	(113)	(3,617)	71	1,306	(848)
Prepaids	58	54	(4)	3,294	(3)	8	3,407
Accounts Payable and Accrued Expense	286	221	168	2,754	90	1,170	4,689
Other Deferred Costs	(77)	1,875	641	(51,551)	559	(34)	(48,587)
Net Cash Provided By (Used In) Operating Activities	$ 1,251	$ 31,149	$ 8,410	$ 64,439	$ 3,912	$ 20,246	$ 129,407
Noncash Investing, capital and financing activities:							
Increase (Decrease) in mark to market values							
Non-Trust Investments	$ (107)	$ (5,490)	$ (761)	$ (1,082)	$ (197)	$ (933)	$ (8,570)
Interest Rate Derivative Contracts				51,511			51,511
Change in Effective Swaps		11,146		26,411		6,275	43,832

The accompanying notes are an integral part of these financial statements

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

This structure allows each member the option of whether to participate in a project, to participate in more than one project, or not to participate in any project. Each of the projects are independent from the other and the project bond resolutions specify that no revenues or funds from one project can be used to pay the costs of any other project. As of September 30, 2013, 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 Uniform Governmental Accounting Standards Board (GASB), the System of Accounts of the Federal Energy Regulatory Commission (FERC) and the Generally Accepted Accounting Principles of the United States (GAAP) using the economic resources measurement focus and the accrual basis of accounting. Application of the accounting methods for regulatory operations is also included in these financial statements. This accounting guidance relates to the deferral of revenues and expenses to future periods in which the revenues are earned or the expenses are recovered through the rate-making process, which is governed by the Executive Committee and the Board of Directors.

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

I. Summary of Significant Accounting Policies (continued)

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

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

1. Fund Accounting

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

The Agency operates the following major funds:

- The Agency Fund, which accounts for general operations beneficial to all members and projects,
- The St. Lucie Project, which accounts for ownership interest in the St. Lucie Unit 2 nuclear generating facility,
- The Stanton Project and the Tri-City Project, which account for respective ownership interests in the Stanton Energy Center (SEC) Unit 1, a coal-fired generation facility,
- The All-Requirements Project, which accounts for ownership interests in Stanton Energy Center Unit 1, Stanton Energy Center Unit 2, Stanton Unit A, and Indian River Combustion Turbine Units A, B, C and D. Also included in the All-Requirements Project is the purchase of power for resale to the participants and 100% ownership or ownership cost responsibility (for jointly owned and participant-owned units) of Treasure Coast Energy Center, Cane Island Units 1, 2, 3 and 4, FMPA's Key West Combustion Turbine Units 1, 2, 3 and 4 and Key West Stock Island MS Units 1 & 2.
- The Stanton II Project, which accounts for an ownership interest in SEC Unit 2.

Certain accounts within these funds are grouped and classified in the manner established by respective bond resolutions and/or debt instruments.

All funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary or business fund's principal on-going operations. The principal operating revenues of FMPA's proprietary or business funds are charges to participants for sales and services. Operating expenses for proprietary or business funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is FMPA's policy to use restricted funds for their intended purposes only, based on the bond resolutions. Unrestricted resources are used as they are needed in a hierarchal manner from the General Reserve accounts to the Operations and Maintenance accounts.

I. Summary of Significant Accounting Policies (continued)

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

2. Capital Assets

Certain direct and indirect expenses allocable to FMPA's undivided ownership in the St. Lucie Project, the Stanton Project, the All-Requirements Project, the Tri-City Project and the Stanton II Project are capitalized as part of the cost of acquiring or constructing the respective utility plant. Direct and indirect expenses not associated with these projects are capitalized as part of the cost of Development Projects in Progress in the Agency Fund. Electric Plant in Service is depreciated using the straight-line method over the assets' respective estimated useful lives. Estimated useful lives for electric plant assets range from 23 years to 40 years.

FMPA has adopted the policy of capitalizing net interest costs during the period of project construction (interest expense less interest earned on the investment of bond proceeds). Capitalized net interest cost on borrowed funds include amortization of bond discount and bond premium, interest expense and interest income. The cost of major replacements of assets in excess of $5,000 is capitalized to the utility plant accounts. The cost of maintenance, repairs and replacements of minor items are expensed as incurred.

3. Inventory

Coal, oil, and natural gas inventory is stated at weighted average cost. Parts inventory for the generating plants is also stated at weighted average cost. Nuclear fuel is carried at cost and is amortized on the units of production basis.

4. Cash & Cash Equivalents

FMPA considers the following highly liquid investments (including restricted assets) to be cash equivalents for the statement of cash flows:

- Demand deposits (not including certificates of deposits)
- Money market funds

5. Investments

Florida Statutes authorize FMPA to invest in the FL Local Government Surplus Funds Trust Fund, obligations of the U.S. Instrumentalities, Money Market Funds, U.S. Government and Agency Securities, Certificates of Deposit, commercial paper and repurchase agreements fully collateralized by all the items listed above. In addition to the above, FMPA's policy also authorizes the investment in coporate and municipal bonds, bankers' acceptances, prime commercial paper and repurchase agreements, guaranteed investment contracts and other investments with a rating confirmation issued by a rating agency.

Investments are stated at fair value based on quoted market prices and using third party pricing models for thinly traded investments that don't have readily available market values. Investment income includes changes in the fair value of these investments. Interest on investments is accrued at the Statement of Net Position date. All of FMPA's project and fund investments can be sold at any point due to cash flow needs, changes in market trends or risk management strategies.

I. Summary of Significant Accounting Policies (continued)

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

6. Debt-Related Costs

Debt issuance costs are expensed as incurred. Gains and losses on the refunding of bonds are deferred and amortized over the life of the refunding bonds or the life of the refunded bonds, whichever is shorter, using the bonds outstanding method. This method is used for the St. Lucie Project, the Stanton Project, the All-Requirements Project, the Tri-City Project and the Stanton II Project.

7. Compensated Absences

Liabilities related to Compensated Absences are recognized as incurred in accordance with GASB Statement No. 16 and are included in accrued expenses. Regular, full-time employees in good standing, upon resignation or retirement, are eligible for vacation pay, and sick/personal pay. At September 30, 2013, the liability for unused vacation was $675,254 and $477,271 for unused sick/personal leave.

8. Allocation of Agency Fund Expenses

General and administrative operating expenses of the Agency Fund are allocated based on direct labor hours of specific positions and certain other minimum allocations to each of the projects. Any remaining expenses are allocated to the All-Requirements Project.

9. Billing to Participants

Participant billings are designed to systematically provide revenue sufficient to recover costs. Rates and budgets can be amended by the Board of Directors or the Executive Committee at any time.

For the All-Requirements Project, energy rate adjustments are driven by the Project’s Operation and Maintenance (O & M) Fund month-end cash balance and the cash balance needed to meet the targeted balance of 60 days of cash within the O & M Fund. If it is determined that the O & M Fund balance is over the 60-days O & M Fund cash balance target amount, the energy rate adjustment will result in a lower billing rate relative to projected expenses and thereby reduce the future O & M Fund balance. Likewise, if the O & M Fund balance is below the 60-day cash target, the energy rate adjustment will result in a higher billing rate relative to projected expenses and thereby increase the future O & M Fund balance.

Amounts due from participants are deemed to be entirely collectible and as such, no allowance for uncollectible accounts has been recorded.

For the St. Lucie Project, the Stanton Project, the Tri-City Project and the Stanton II Project, variances in current fiscal year billings and actual project costs are computed and compared to the current year budget target under or over recovery and under the terms of the project contract, net excesses or deficiencies are credited or charged to future participant billings or may be paid from the General Reserve Fund, as approved by the Board of Directors, or Executive Committee as appropriate.

I. Summary of Significant Accounting Policies (continued)

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

10. Income Taxes

FMPA is a 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 the use of 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). The Governmental Accounting Standards Board Statement #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 53. Related gains or losses on the derivative instruments determined to be effective are recorded as either a reduction of, or an addition to fuel costs or interest expense.

13. Deferred Inflows and Deferred Outflows

The Governmental Accounting Standards Board Statement #65 was adopted early by FMPA beginning with the fiscal year ending September 30, 2013. The impacts on accounting and reporting for FMPA are as follows:

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

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

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

I. Summary of Significant Accounting Policies (continued)

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

14. Adoption of New Accounting Standards

During the fiscal year ending September 30, 2013, the Agency adopted the following new accounting standards:

- Government Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This standard codifies all sources, in one place, generally accepted accounting principles for entities that follow governmental accounting standards.

- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* The requirements of this statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statements elements by providing guidance as needed.

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The requirements of this statement will improve financial reporting by clarifying the appropriate use of the financial statement elements-deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The cumulative effect of this accounting change as of the beginning of the year is reported in the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position.

II. Nuclear Decommissioning Liability

A. St. Lucie Project

The U.S. Nuclear Regulatory Commission (NRC) requires that each licensee of a commercial nuclear power reactor furnish to the NRC a certification of its financial capability to meet the costs of nuclear decommissioning at the end of the useful life of the licensee's facility. As a co-licensee of St. Lucie Unit 2, FMPA's St. Lucie Project is subject to these requirements and therefore has complied with the NRC regulations.

To comply with the NRC's financial capability regulations, FMPA established an external trust fund (Decommissioning Trust) pursuant to a trust agreement. Funds deposited, together with investment earnings in the Trust, are anticipated to result in sufficient funds in the Decommissioning Trust at the expiration of the license extension to meet the Project's share of the decommissioning costs. This is reflected in the St. Lucie Project's Statement of Net Position as Restricted Cash and Investments ($60.5 million) and Accrued Decommissioning Expense ($60.5 million) at September 30, 2013. 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 2010, Unit 2's future net decommissioning costs are estimated to be $1.9 billion or $635 million in 2010 dollars, and FMPA's share of the future net decommissioning costs is estimated to be $171 million or $56 million in 2010 dollars. 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.

II. Nuclear Decommissioning Liability (continued)

B. Crystal River Unit 3

As a service to six of the minority owners of the Crystal River Unit 3 (CR3) Power Plant, SunTrust Bank acts as Trustee for their share of CR3's decommissioning liability. FMPA manages the investment of the monies collected from the participants in the Decommissioning Trust. This is reflected in the Agency Fund Statement of Net Position as Restricted Cash and Investments and Held in trust for decommissioning, for the sole purpose of paying CR3's nuclear decommissioning costs for these owners. There is approximately $34 million in the accounts at September 30, 2013.

III. Capital Assets

A description and summary as of September 30, 2013, 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:

- 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 Deferred Costs section of the Statement of Net Postion. Depending on whether these undertakings become a project, costs are either capitalized or expensed. The activity for the Agency's general plant assets for the year ended September 30, 2013 was as follows:

	September 30, 2013			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 653	$ -	$ -	$ 653
General Plant	6,154		(2)	6,152
General Plant in Service	$ 6,807	$ -	$ (2)	$ 6,805
Less Accumulated Depreciation	(3,883)	(259)	2	(4,140)
General Plant in Service, Net	$ 2,924	$ (259)	$ -	$ 2,665

* Includes Retirements Less Salvage

III. Capital Assets (continued)

B. St. Lucie Project

The St. Lucie Project consists of an 8.806% undivided ownership interest in St. Lucie Unit 2, a nuclear power plant primarily owned and operated by Florida Power & Light (FPL).

Depreciation is computed using the straight-line method over the expected useful life of the asset, which is computed to be 34.6 years. Nuclear fuel is amortized on a units of production basis.

St. Lucie plant asset activity for the year ended September 30, 2013, was as follows:

	September 30, 2013			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 75	$ -	$ -	$ 75
Electric Plant	262,491	8,592	(2,677)	268,406
General Plant	1,209			1,209
Nuclear Fuel	24,130	4,228	(6,559)	21,799
Construction work in Process	10,953		(9,935)	1,018
Electric Utility Plant in Service	$ 298,858	$ 12,820	$ (19,171)	$ 292,507
Less Accumulated Depreciation	(184,329)	(23,386)	19,171	(188,544)
Utility Plant in Service, Net	$ 114,529	$ (10,566)	$ -	$ 103,963

* Includes Retirements Less Salvage

The Decrease in Construction work in process included $7.9 million refunded from estimates billed in fiscal year 2012. Construction work in process is recorded on an estimate basis and reversed 3 month later when actual amounts are determined.

C. Stanton Project

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

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

- Electric Plant 40 years
- Computer Equipment 9 years

Stanton Unit 1 plant asset activity for the year ended September 30, 2013, was as follows:

	September 30, 2013			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 125	$ -	$ -	$ 125
Electric Plant	79,379	1,213		80,592
General Plant	17			17
Electric Utility Plant in Service	$ 79,521	$ 1,213	$ -	$ 80,734
Less Accumulated Depreciation	(44,397)	(2,526)		(46,923)
Utility Plant in Service, Net	$ 35,124	$ (1,313)	$ -	$ 33,811

* Includes Retirements Less Salvage

III. Capital Assets (continued)

D. All-Requirements Project

The All-Requirements Project's current utility plant assets include varying ownership interests in Stanton Energy Center Units 1 and 2; Indian River Combustion Turbines A, B, C and D; and Stanton A.

The All-Requirements Project's current utility plant assets also consist of 100% ownership in the Treasure Coast Energy Center, Cane Island Units 1, 2, 3 and 4, Key West Units 1, 2, 3 and 4, and Stock Island MS Units 1 & 2.

Retirements and additions for the All-Requirements Project assets are decided by the All-Requirements members.

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

- Stanton Energy Center Units 1 and 2 — 40 years
- Stanton Energy Center Unit A — 35 years
- Treasure Coast Energy Center — 23 years
- Cane Island Unit 1 — 25 years
- Cane Island Units 2, 3 — 30 years
- Cane Island Unit 4 — 23 years
- Key West Units 1, 2 and 3 — 25 years
- Key West Stock Island Units 1 and 2 — 25 years
- Key West Stock Island Unit 4 — 23 years
- Indian River Units A, B, C and D — 23 years
- Computer Equipment — 9 years

All-Requirements plant asset activity for the year ended September 30, 2013, was as follows:

	September 30, 2013			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 13,405	$ -	$ -	$ 13,405
Electric Plant	1,214,096	9,006	(4,100)	1,219,002
General Plant	3,706	322		4,028
Electric Utility Plant in Service	$ 1,231,207	$ 9,328	$ (4,100)	$ 1,236,435
Less Accumulated Depreciation	(275,025)	(53,877)	5,012	(323,890)
Utility Plant in Service, Net	$ 956,182	$ (44,549)	$ 912	$ 912,545

* Includes Retirements Less Salvage

III. Capital Assets (continued)

E. Tri-City Project

The Tri-City Project consists of an undivided 5.3012% ownership interest in Stanton Unit 1, a coal-fired power plant. Retirements and additions for Stanton Unit 1 are determined by OUC, the primary owner and operator.

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

- Electric Plant 40 years
- Computer Equipment 9 years

Tri-City Project plant asset activity for the year ended September 30, 2013, was as follows:

	September 30, 2013			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 48	$ -	$ -	$ 48
Electric Plant	32,190	434		32,624
General Plant	20			20
Electric Utility Plant in Service	$ 32,258	$ 434	$ -	$ 32,692
Less Accumulated Depreciation	(18,289)	(998)		(19,287)
Utility Plant in Service, Net	$ 13,969	$ (564)	$ -	$ 13,405

* 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:

- Electric Plant 40 years
- Computer Equipment 9 years

Stanton Unit 2 plant asset activity for the year ended September 30, 2013, was as follows:

	September 30, 2013			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 217	$ -	$ -	$ 217
Electric Plant	182,495	3,237		185,732
General Plant	90			90
Electric Utility Plant in Service	$ 182,802	$ 3,237	$ -	$ 186,039
Less Accumulated Depreciation	(74,154)	(4,855)		(79,009)
Utility Plant in Service, Net	$ 108,648	$ (1,618)	$ -	$ 107,030

* Includes Retirements Less Salvage

IV. Cash, Cash Equivalents and Investments

A. Cash and Cash Equivalents

At September 30, 2013, 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, 2013, 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, 2013, 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. Money market funds rated in the highest rating category are allowed as well as those collateralized with specific high-quality instruments. These investments must not exceed 25% for any of FMPA's projects. As of September 30, 2013, fixed income commercial paper investments, held by FMPA from any one issuer (investments issued or explicitly guaranteed by the US Government, investments in mutual funds, external investment pools and other pooled investments are excluded) that represent 5% or more of the projects' investment assets are listed on the following page:

IV. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

Agency Fund		
	Forward Delivery Agreement w/JP Morgan Chase & Co Held for Crystal River 3 decommissioning, which has different investment limits.	
	None	
St. Lucie Project		
	Forward Delivery Agreement w/JP Morgan Chase & Co Collateral held for Forward Agreement.	24.86%
Stanton Project		
	None	
All-Requirements Project		
	None	
Tri-City Project		
	None	
Stanton II Project		
	None	

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, 2013, are as follows:

	September 30, 2013	Weighted Average Maturity (Days)	Credit Rating
Restricted	*(000's US$)*		
Cash and Cash Equivalents	$ 35,607		
US Gov't/Agency Securities	17,930	896	Aaa/AA+/AAA
Commercial Paper	-		
Total Restricted	$ 53,537		
Unrestricted			
Cash and Cash Equivalents	$ 3,289		
US Gov't/Agency Securities	10,850	756	Aaa/AA+/AAA
Commercial Paper	-		
Total Unrestricted	$ 14,139		
Total	$ 67,676		

IV. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

2. St. Lucie Project

In addition to normal operational cash needs for the project, investments are being accumulated in order to pay-off the balloon maturity of the Project's debt in 2026. The primary investments being used for this are zero coupon municipal bonds. Cash, cash equivalents and investments for the St. Lucie Project at September 30, 2013, are as follows:

		September 30, 2013	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	10,599		
US Gov't/Agency Securities		23,954	941	Aaa/AA+/AAA
Municipal Bonds		50,363	4,296	*
Commercial Paper		47,149	1	A1+/P1
Total Restricted	$	132,065		
Unrestricted				
Cash and Cash Equivalents	$	8,985		
US Gov't/Agency Securities		20,132	1,606	Aaa/AA+/AAA
Municipal Bonds		48,058	2,720	*
Commercial Paper		-		
Total Unrestricted	$	77,175		
Total	$	209,240		

*The Municipal Bond ratings range from a best of Aaa/AAA/AAA to a worst of Baa1/A/BBB+. Subsequent to year ending September 30, 2013 some of the Municipal Bond ratings were downgraded with the current range of Aaa/AAA/AAA to Baa1/A/BB+.

3. Stanton Project

Cash, cash equivalents and investments for the Stanton Project at September 30, 2013, are as follows:

		September 30, 2013	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	3,287		
US Gov't/Agency Securities		2,102	862	Aaa/AA+/AAA
Municipal Bonds		1,807	781	*
Total Restricted	$	7,196		
Unrestricted				
Cash and Cash Equivalents	$	2,801		
US Gov't/Agency Securities		8,995	1,815	Aaa/AA+/AAA
Municipal Bonds		2,391	2,854	*
Total Unrestricted	$	14,187		
Total	$	21,383		

*The Municipal Bond ratings range from a best of Aa1/AA+/AA+ to a worst of Aa2/AA+/AA+.

IV. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

4. All-Requirements Project

Cash, cash equivalents and investments for the All-Requirements Project at September 30, 2013, are as follows:

		September 30, 2013	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	68,713		
US Gov't/Agency Securities		35,848	440	Aaa/AA+/AAA
Municipal Bonds		4,323	781	*
Total Restricted	$	108,884		
Unrestricted				
Cash and Cash Equivalents	$	74,489		
US Gov't/Agency Securities		18,825	936	Aaa/AA+/AAA
Municipal Bonds		1,175	1,725	*
Total Unrestricted	$	94,489		
Total	$	203,373		

*The Municipal Bond ratings range from a best of Aa1/AAA/AAA to a worst of A2/AA-/AAA.

5. Tri-City Project

Cash, cash equivalents and investments for the Tri-City Project at September 30, 2013, are as follows:

		September 30, 2013	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	1,154		
US Gov't/Agency Securities		1,292	552	Aaa/AA+/AAA
Municipal Bonds		104	1,035	*
Total Restricted	$	2,550		
Unrestricted				
Cash and Cash Equivalents	$	1,584		
US Gov't/Agency Securities		1,121	1,120	Aaa/AA+/AAA
Municipal Bonds		329	2,427	*
Total Unrestricted	$	3,034		
Total	$	5,584		

*The Municipal Bond ratings range from a best of Aa1/AAA/AAA to a worst of Aa2/AAA/AAA.

IV. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

6. Stanton II Project

Cash, cash equivalents and investments for the Stanton II Project at September 30, 2013, are as follows:

	September 30, 2013	Weighted Average Maturity (Days)	Credit Rating
Restricted	*(000's US$)*		
Cash and Cash Equivalents	$ 16,563		
US Gov't/Agency Securities	7,702	474	Aaa/AA+/AAA
Municipal Bonds	226	761	*
Total Restricted	$ 24,491		
Unrestricted			
Cash and Cash Equivalents	$ 8,228		
US Gov't/Agency Securities	18,795	1,774	Aaa/AA+/AAA
Municipal Bonds	3,478	2,368	*
Total Unrestricted	$ 30,501		
Total	$ 54,992		

*The Municipal Bond ratings range from a best of Aaa/AAA/AAA to a worst of A2/A/A+.

V. Derivative Financial Instruments

FMPA uses derivative instruments to hedge the effects of fluctuations in interest rates and the price of natural gas. In accordance with GASB 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 deferred cash inflow is recorded. If the derivative instrument is determined to be not effective under the Standard, then the market value adjustment flows through investment income. The following table shows the classification of the various derivative instruments on the Statement of Net Position.

	Agency Fund	St. Lucie Project	Stanton Project	All -Req Project	Tri-City Project	Stanton II Project
Deferred Outflows from Derivatives						
Interest Rate Swaps - Effective	$ -	$ 22,972	$ -	$ 6,981	$ -	$ 12,653
Total Deferred Outflows from Derivatives	$ -	$ 22,972	$ -	$ 6,981	$ -	$ 12,653
Fair Market Value Derivative Instruments Liabilities						
Hybrid Swap Liability	$ -	$ -	$ -	$ 43,608	$ -	$ -
Market Value Adjustment for Effective Swaps		22,972		6,981		12,653
Interest Rate Swaps - Ineffective				63,350		
Total Fair Value	$ -	$ 22,972	$ -	$ 113,939	$ -	$ 12,653

V. Derivative Financial Instruments (continued)

A. Swap Agreements

Three of FMPA's projects are party to interest rate swap agreements. The objective for entering into these agreements is to convert variable interest rates to fixed rates thus reducing interest rate exposure. The 30-day London Interbank Offered Rate (LIBOR) and the US Consumer Price Index for All Urban Consumers (CPI-U) are used to determine the variable rates received. Interest requirements for variable rate debt are determined using the rate in effect at the financial statement date.

Credit Risk

The swap agreements are subject to credit risk. Counterparty credit ratings and the maximum loss due to credit risk as of September 30, 2013, is listed, by project, in the tables that follow. As part of the swap agreements, if the provider's credit rating drops below certain levels and a termination value indicates an amount that would be payable to the Agency, collateral (or cash in some circumstances) would need to be posted by the counterparty with a third-party custodian if the value of the termination payment exceeds certain threshold levels. Conversely, the Agency would have to post collateral for the same reason in some circumstances.

For the Stanton II 2004 issue, the Agency purchased swap termination insurance and thereby is not obligated to post collateral should there be a decline in a project's credit rating. If the insurance is drawn on to pay a termination payment, the Agency would be required to reimburse the insurance company over a period of time. The 2004, 2005, and 2006 swap agreements provide for monthly netted payments.

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

Interest Rate Risk

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

Basis Risk

Basis risk exists on the swap agreements other than those that are tied to the CPI-U Index and ARP series 2011A-1, 2011A-2 & 2011B. The variable rate indices used on these swaps differ from the variable index on the bonds. If there were a mismatch between the indices, the budget process would allow FMPA to adjust rates for this difference.

Termination Risk

Termination values are listed in the following tables as of September 30, 2013. 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 no longer carry a synthetic fixed interest rate. If, at the time of the termination, the swap has a negative fair value, the Agency would be liable to the counterparty for a payment equal to the swap's fair value. The Agency also has an optional right to terminate with certain notice and compensation requirements for swap agreements completed in 2004, 2005 and 2006.

V. Derivative Financial Instruments (continued)

A. Swap Agreements (continued)

Market Access Risk

Financial market access risk is the risk that the Agency or any of FMPA's Power Projects could not complete a financial transaction due to the lack of a counterparty at reasonable cost or terms or the inability to complete the transaction in a timely manner; for example, issuing new bonds, selling an investment to raise cash, obtaining or renewing a line or letter of credit. The inability to conduct business as needed could have significant effects on the ability of the Agency or any of its Power Projects to have needed cash balances or access to cash.

Rollover Risk

The Agency is exposed to rollover risk on swaps that may be terminated prior to the maturity of the associated debt. If these swaps are terminated prior to the maturity of the bonds, the Agency will not realize the synthetic fixed rate offered by the swaps on the underlying debt issues. New swaps entered into at the time of termination of the old swaps will likely carry different rates and terms.

GASB 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. All swaps were deemed effective, with the exception of forward starting swaps effective in 2015. The forward starting swaps were deemed ineffective by definition, in that with the cancellation of the Taylor Energy Center project they were no longer associated with any particular construction project and therefore bond instrument. There was $51.5 million recognized in Investment Income as an increase in the fair market value for the current period with a resulting increase in fair market value derivative instruments. In addition, the swaps associated with ARP 2008C, 2008D and 2008E required recognition of hybrid loans in 2011 for the change in market value from the original bond date to the date of refundings. The hybrid loan amounts totaled $57.0 million less amortization of $13.4 million for a net of $43.6 million. The remaining effective swaps reflect a market value of negative $7.0 million.

1. St. Lucie Project

Swaps Currently Effective
(000's US$)

Notional Amount	*Effective Date*	*Fixed Rate Paid*	*Variable Rate Received*	*Termination Date*	*Fair Value***	*Counterparty*	*Counterparty Credit Rating*
Series 2000							
$ 16,650	7/3/2006	3.444%	72% LIBOR*	10/1/2021	$ (2,302)	Merrill Lynch & Co., Inc.	Baa/A-/A
Series 2002							
$ 11,975	7/2/2007	3.481%	72% LIBOR*	10/1/2021	$ (1,689)	Merrill Lynch & Co., Inc.	Baa/A-/A
11,975	7/1/2010	3.595%	72% LIBOR*	10/1/2021	(1,781)	Merrill Lynch & Co., Inc.	Baa/A-/A
11,308	7/2/2007	3.481%	72% LIBOR*	10/1/2021	(1,595)	Goldman Sachs	A2/A/A
7,825	7/3/2006	3.444%	72% LIBOR*	10/1/2021	(1,082)	Goldman Sachs	A2/A/A
11,308	7/1/2010	3.595%	72% LIBOR*	10/1/2021	(1,693)	Goldman Sachs	A2/A/A
11,975	7/1/2011	3.632%	72% LIBOR*	10/1/2021	(1,826)	Merrill Lynch & Co., Inc.	Baa/A-/A
11,308	7/1/2011	3.632%	72% LIBOR*	10/1/2021	(1,724)	Goldman Sachs	A2/A/A
67,125	7/3/2006	3.444%	72% LIBOR*	10/1/2021	(9,280)	Merrill Lynch & Co., Inc.	Baa/A-/A
$ 144,799					$ (20,670)		
Total Termination Value of Swaps					$ (22,972)		
Prior Year Termination Value of Swaps					$ (34,118)		
Change in Fair Market Value					$ 11,146		

*floating to fixed
**() denotes that termination value payable to the dealer if swap had been terminated 9/30/13

V. Derivative Financial Instruments (continued)

A. Swap Agreements (continued)

2. All-Requirements Project

Swaps Currently Effective
(000's US$)

Notional Amount	*Effective Date*	*Fixed Rate Paid*	*Variable Rate Received*	*Termination Date*	*Fair Value***	*Counterparty*	*Counterparty Credit Rating*
Series 2006A							
$ 6,250	3/30/2006	3.720%	CPI Rate + .63	10/1/2013	$ (103)	Merrill Lynch & Co., Inc.	Baa/A-/A
6,580	3/30/2006	3.790%	CPI Rate + .70	10/1/2014	(219)	Merrill Lynch & Co., Inc.	Baa/A-/A
7,935	3/30/2006	3.860%	CPI Rate + .77	10/1/2015	(374)	Merrill Lynch & Co., Inc.	Baa/A-/A
6,980	3/30/2006	3.910%	CPI Rate + .81	10/1/2016	(395)	Merrill Lynch & Co., Inc.	Baa/A-/A
6,245	3/30/2006	3.720%	CPI Rate + .63	10/1/2013	(103)	Morgan Stanley	Baa1/A-/A
6,580	3/30/2006	3.790%	CPI Rate + .70	10/1/2014	(219)	Morgan Stanley	Baa1/A-/A
7,930	3/30/2006	3.860%	CPI Rate + .77	10/1/2015	(364)	Morgan Stanley	Baa1/A-/A
5,175	3/30/2006	3.910%	CPI Rate + .81	10/1/2016	(287)	Morgan Stanley	Baa1/A-/A
$ 53,675					$ (2,064)		
Series 2008C							
$ 33,180	10/1/2006	3.701%	72% LIBOR*	10/1/2027	$ (5,673)	Goldman Sachs	A2/A/A
11,050	10/1/2006	3.665%	72% LIBOR*	10/1/2026	(1,835)	JP Morgan Chase	A2/A/A+
2,684	10/1/2006	3.656%	72% LIBOR*	10/1/2026	(443)	JP Morgan Chase	A2/A/A+
224	10/1/2006	3.612%	72% LIBOR*	10/1/2026	(36)	JP Morgan Chase	A2/A/A+
33,180	10/1/2006	3.649%	72% LIBOR*	10/1/2027	(5,496)	Merrill Lynch & Co., Inc.	Baa/A-/A
33,180	10/1/2006	3.697%	72% LIBOR*	10/1/2027	(5,662)	Morgan Stanley	Baa1/A-/A
20,125	10/1/2006	3.669%	72% LIBOR*	10/1/2025	(2,962)	UBS AG	A2/A/A
19,050	10/1/2006	3.737%	72% LIBOR*	10/1/2035	(3,715)	Wells Fargo	Aa3/AA-/AA-
$ 152,673					$ (25,822)		
Series 2011A-2							
$ 42,000	10/1/2006	5.175%	100% LIBOR*	10/1/2025	$ (10,207)	Wells Fargo	Aa3/AA-/AA-
Series 2001A-1 & 2011B							
$ 15,000	10/1/2006	3.667%	72% LIBOR*	10/1/2030	$ (2,650)	JP Morgan Chase	A2/A/A+
25,000	10/1/2006	3.709%	72% LIBOR*	10/1/2030	(4,547)	JP Morgan Chase	Aa1/AA-/AA-
30,000	10/1/2006	3.667%	72% LIBOR*	10/1/2030	(5,301)	JP Morgan Chase	A2/A/A+
$ 70,000					$ (12,498)		
Swaps Currently Ineffective							
Bonds Authorized							
Series Not Yet Designated							
$ 50,000	10/1/2015	3.829%	72% LIBOR*	10/1/2045	$ (7,097)	Bank of America	Baa/A-/A
50,000	10/1/2015	3.816%	72% LIBOR*	10/1/2045	(7,014)	Bank of New York	Aa3/A+/AA-
50,000	10/1/2015	3.849%	72% LIBOR*	10/1/2045	(7,409)	Credit Agricole	A2/A/A
50,000	10/1/2015	3.800%	72% LIBOR*	10/1/2045	(6,911)	Citibank	A3/A/A
50,000	10/1/2015	3.794%	72% LIBOR*	10/1/2045	(6,873)	Dexia	Baa2/BBB/A
50,000	10/1/2015	3.819%	72% LIBOR*	10/1/2045	(7,032)	JP Morgan Chase	A2/A/A+
50,000	10/1/2015	3.846%	72% LIBOR*	10/1/2045	(7,203)	Merrill Lynch & Co., Inc.	Baa/A-/A
50,000	10/1/2015	3.805%	72% LIBOR*	10/1/2045	(6,943)	Morgan Stanley	Baa1/A-/A
50,000	10/1/2015	3.793%	72% LIBOR*	10/1/2045	(6,866)	Sun Trust	Baa1/BBB/BBB+
$ 450,000					$ (63,348)		

Total Swap Terminaton Value	$ (113,939)
Effective Swaps	$ (6,981)
Hybrid Loans	(43,608)
Ineffective Swaps	(63,350)
	$ (113,939)
Prior Year Termination Value of Swaps	$ (194,779)
Change in Fair Market Value	$ 80,840

*floating to fixed
** ( ) denotes that termination value payable to dealer if swap had been terminated 9/30/13

V. Derivative Financial Instruments (continued)

A. Swap Agreements (continued)

3. Stanton II Project

Swaps Currently Effective
(000's US$)

Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received	Termination Date	Fair Value**	Counterparty	Counterparty Credit Rating
Series 2000							
$ 7,648	10/1/2006	4.049%	72% LIBOR*	10/1/2027	$ (1,677)	Merrill Lynch & Co., Inc.	Baa/A-/A
10,227	10/1/2006	4.071%	72% LIBOR*	10/1/2027	(2,269)	JP Morgan Chase	A2/A/A+
$ 17,875					$ (3,946)		
Series 2004							
$ 27,700	8/5/2004	3.863%	72% LIBOR*	10/1/2027	$ (4,356)	Merrill Lynch & Co., Inc.	Baa/A-/A
27,700	8/5/2004	3.863%	72% LIBOR*	10/1/2027	(4,351)	UBS AG	A2/A/A
$ 55,400					$ (8,707)		
Total Swap Termination Value					$ (12,653)		
Prior Year Termination Value of Swaps					$ (18,928)		
Change in Fair Market Value					$ 6,275		

*floating to fixed
**() denotes that termination value payable to the dealer if swap had been terminated 9/30/13

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 (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 gas supplies, however all futures contracrts 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.

All transactinos are entered into as hedges against the volatitlity of natural gas prices. For fiscal year 2013, the Agency recorded a realized net loss of $19.5 million. The Agency at September 30, 2013 did not have any futures or options contracts outstanding and does not anticipate entering into any in the near future.

VI. Regulatory Assets (Net Costs Recoverable Due From/Due to Future Participants)

FMPA is subject to the accounting methods for regulatory operations of the Governmental Accounting Standards Board. 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 from 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 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. Other deferred costs include Nuclear Fuel Enrichment Facilities.

VII. Restricted Net Position

Bond resolutions require that certain designated amounts from bond proceeds and project revenues be deposited into designated funds. These funds are to be used for specific purposes and certain restrictions define the order in which available funds may be used. Other restrictions require minimum balances or accumulation of balances for specific purposes. At September 30, 2013, all FMPA projects were in compliance with requirements of the bond resolution.

Segregated restricted net position at September 30, 2013, are as follows:

	(000's US$)					
	Agency Fund	St. Lucie Project	Stanton Project	All-Req Project	Tri-City Project	Stanton II Project
Debt Service Funds	$ -	$ 62,953	$ 3,523	$ 62,686	$ 545	$ 20,114
Reserve & Contingency Funds		8,035	3,708	14,577	1,545	2,348
Decomissioning Fund	34,226	61,258				
Rate Stabilization Accounts	19,329					
Accrued Interest on Long-Term Debt		(4,266)	(1,041)	(21,493)	(78)	(2,361)
Accrued Decommissioning Expenses	(34,226)	(60,527)				
Rate Stabilization Accounts	(19,329)					
Total Restricted Net Assets	$ -	$ 67,453	$ 6,190	$ 55,770	$ 2,012	$ 20,101

Restrictions of the various bank funds are as follows:

- Debt service funds include the Debt Service Account, which is restricted for payment of the current portion of the bond principal and interest and the Debt Service Reserve Account, which includes sufficient funds to cover one half of the maximum annual principal and interest requirement of the specific fixed rate issues or 10% of the original bond proceeds.

- Reserve and Contingency Funds are restricted for payment of major renewals, replacements, repairs, additions, betterments and improvements for capital assets.

VII. Restricted Net Position (continued)

- If, at any time, the Debt Service Fund is below the current debt requirement and there are not adequate funds in the General Reserve Fund to resolve the deficiency, funds will be transferred from the Reserve and Contingency Fund to the Debt Service Fund.
- Decommissioning Funds are restricted and are funded for the payment of costs related to the decommissioning, removal and disposal of FMPA's ownership on nuclear power plants.
- Project Funds are used for the acquisition, construction and capitalized interest, as specified by the participants.
- Revenue Funds are restricted under the terms of outstanding resolutions.

VIII. Long-Term Debt

A. Debt

FMPA enters into long-term debt to fund different projects. The type of long-term debt differs among each of the projects. A description and summary of long-term debt at September 30, 2013, is as follows:

1. Agency Fund

	2013 (000's US$)				
Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Wells Fargo Loan 2010	$ 1,350	$ -	$ (170)	$ 1,180	$ 175
	$ 1,350	$ -	$ (170)	$ 1,180	$ 175

Loan Payable to Well Fargo Bank

The Agency Fund has one loan payable to Wells Fargo Bank at September 30, 2013. Interest is payable semi-annually at a fixed rate of 3.3%. Principal is payable in six annual payments ranging from $175,000 to $220,000 with the final payment due July 1, 2019.

VIII. Long-Term Debt (continued)

2. St. Lucie Project

	2013 (000's US$)				
Business-Type Activities	**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	34,055		(2,705)	31,350	2,845
Bonds 2010A	18,920		(1,630)	17,290	1,680
Bonds 2011A	34,450		(1,250)	33,200	725
Bonds 2011B	24,305			24,305	
Bonds 2012A	58,870			58,870	
Total Principal	$ 332,050	$ -	$ (5,585)	$ 326,465	$ 5,250
Less Deferred Premiums And Discounts	14,881		(1,439)	13,442	
Total Revenue Bonds	$ 346,931	$ -	$ (7,024)	$ 339,907	$ 5,250
Unamortized loss on advanced refunding	$ (29,480)	$ -	$ 3,006	$ (26,474)	$ -
Total Business-Type Activities	$ 317,451	$ -	$ (4,018)	$ 313,433	$ 5,250

The 2000 and 2002 bonds are variable rate bonds and the variable interest rates ranged between .088% and .403% for the year ended September 30, 2013. The 2009A bonds have an interest rate of 4% for 2010, and 5% rate from 2011 through 2021. The 2010A bonds have a fixed interest rate of 2.72%. The 2011A and 2011B bonds are fixed, and have a series of maturity dates from 2011 to 2026. The rates for the 2011A bonds range from 2.0% to 5.0%, and the rate for the 2011B bonds range from 4.375% to 5.0%. The 2012A bonds have a fixed interest rate of 5.0%, and mature in 2026.

The Series 2000 & 2002 bonds are subject to redemption prior to maturity at the election of FMPA on any interest payment date at a call rate of 100%. The Series 2012 bonds are subject to redemption prior to maturity at the election of FMPA on or after October 1, 2022, at a call rate of 100%.

3. Stanton Project

The Stanton Project issued Series 2013A revenue bonds during the year ended September 30, 2013. The bonds have a face amount of $7.2 million, and were issued at par value. The bond proceeds along with project funds together totaling $14.0 million were used as follows: $13.9 million to retire Series 2002 bonds and $0.1 million for the cost of issuance. The resources for the portion of the refunding that was completed during October 2013 was placed into an irrevocable escrow, therefore, these bonds were considered to be defeased and the liability has been removed from the Statement of Net Position. The net present value savings over the life of the bonds is estimated to be $0.6 million.

VIII. Long-Term Debt (continued)

A. Debt (continued)

3. Stanton Project (continued)

	2013 (000's US$)				
Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds					
Refunding 2002	$ 17,540	$ -	$ (17,540)	$ -	$ -
Refunding 2008	33,730		(1,425)	32,305	1,485
Bonds 2009A	8,515		(885)	7,630	915
Bonds 2013A		7,175		7,175	
Wells Fargo Bank Taxable	937		(115)	822	121
Total Principal	$ 60,722	$ 7,175	$ (19,965)	$ 47,932	$ 2,521
Less Deferred Premiums And Discounts	208		(55)	153	
Total Bonds and Loans	$ 60,930	$ 7,175	$ (20,020)	$ 48,085	$ 2,521
Unamortized loss on advanced refunding	$ (1,110)	$ 112	$ 241	$ (757)	$ -
Total Business-Type Activities	$ 59,820	$ 7,287	$ (19,779)	$ 47,328	$ 2,521

The 2008, 2009A, and 2013A revenue bonds are fixed at interest rates which range from .96% to 5.5%.

Loan Payable to Wells Fargo Bank
In December 2003, the Stanton Project entered into a taxable loan with Wells Fargo Bank to finance a partial interest in the brine plant facility at the Stanton Energy Center.

VIII. Long-Term Debt (continued)

A. Debt (continued)

4. All-Requirements Project

The All-Requirements Project issued Series 2013A revenue bonds during the year ended September 30, 2013. The bonds have a face amount of $15 million, and were issued at par value. The bond proceeds will be used as follows: $14.9 million to fund Public Gas Partners capital projects and $0.1 million for the cost of issuance.

	2013 (000's US$)				
Business-Type Activities	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**	**Amounts Due Within One Year**
Revenue Bonds					
Refunding Jul 2003A	$ 20,055	$ -	$ (6,365)	13,690	$ 6,675
Bonds 2006A	74,265		(13,540)	60,725	14,205
Bonds 2008A	505,380		(1,415)	503,965	1,505
Bonds 2008B	60,440		(7,520)	52,920	7,815
Bonds 2008C	153,860		(265)	153,595	280
Bonds 2009A	154,480		(3,815)	150,665	3,925
Bonds 2009B	15,235			15,235	
Bonds 2011A-1	29,682		(92)	29,590	96
Bonds 2011B	44,523		(138)	44,385	144
Bonds 2011A-2	42,265		(15)	42,250	15
Bonds 2013A		15,000		15,000	
Total Principal	$ 1,100,185	$ 15,000	$ (33,165)	$ 1,082,020	$ 34,660
Capital Leases and Other					
KUA - TARP	$ 182,424	$ -	$ (9,727)	$ 172,697	$ 10,254
Keys - TARP	4,494		(486)	4,008	506
St. Lucie County	692		(38)	654	40
Total Other Liabilities	$ 187,610	$ -	$ (10,251)	$ 177,359	$ 10,800
Total Principal & Capital Lease	$ 1,287,795	$ 15,000	$ (43,416)	$ 1,259,379	$ 45,460
Less Deferred Premiums And Discounts	4,162		(659)	3,503	
Total Revenue Bonds & Capital Lease	$ 1,291,957	$ 15,000	$ (44,075)	$ 1,262,882	$ 45,460
Unamortized loss on advanced refunding	$ (8,247)	$ -	$ 1,568	$ (6,679)	$ -
Total Business-Type Activities	$ 1,283,710	$ 15,000	$ (42,507)	$ 1,256,203	$ 45,460

The 2008C, 2011A-1, 2011B, and 2011A-2 bonds are variable rate bonds, and the variable interest rates ranged from .040% to 1.195% for the year ended September 30, 2013.

VIII. Long-Term Debt (continued)

B. Debt (continued)

4. All-Requirements Project (continued)

Portions of the Series 2008A, 2008C, 2009A, 2011A-1, 2011B, and 2011A-2 bonds are subject to redemption prior to maturity at the election of FMPA at a call rate of 100%. The Series 2003A, 2006A, 2008B and 2009B Bonds are not subject to redemption prior to maturity.

KUA – TARP Capital Lease Obligation
Effective October 1, 2008, the Capacity and Energy Sales Contract with KUA was revised. Under the revised contract, KUA receives agreed upon fixed payments over preset periods relating to each of their generating units. FMPA assumed all cost liability and operational management of the generating units. FMPA is accounting for this transaction as a capital lease. Total minimum payments remaining under the agreement at September 30, 2013 amount to $240.5 million and the present value of these payments is $172.7 million. The net book value of the assets under the capital lease amounted to $150.7 million at September 30, 2013.

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, 2013 amount to $4.7 million and the present value of these payments is $4.0 million. The net book value of the assets under the capital lease amounted to $3.7 million at September 30, 2013.

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, 2013, twelve 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 Wells Fargo Bank in the amount of $65 million, and one from JPMorgan Chase in the amount of $35 million. FMPA renewed the Wells Fargo line for two years, with an expiration date of December 5, 2015. The JPMorgan Chase line expires in July 2016. There was a beginning balance of $30 million that was paid off during fiscal year 2013.

Other Credit Facilities

The All-Requirements Project series 2008C bonds are Variable Rate Demand Obligations secured by an irrevocable letter of credit as follows:

2008C	Bank of America	$154.1 million

The letter of credit will expire on November 19, 2014.

VIII. Long-Term Debt (continued)

A. Debt (continued)

5. Tri-City Project

The Tri-City Project issued Series 2013A revenue bonds during the year ended September 30, 2013. The bonds have a face amount of $16.5 million, and were issued at par value. The bond proceeds along with project funds together totaling $21.2 million were used as follows: $20.2 million to retire Series 2003 bonds, $0.9 million to fund capital expenses and $0.1 million for the cost of issuance. The resources for the portion of the refunding that was completed during October 2013 was placed into an irrevocable escrow, therefore, these bonds were considered to be defeased and the liability has been removed from the Statement of Net Position. The net present value savings over the life of the bonds is estimated to be $1.7 million.

	2013 (000's US$)				
Business-Type Activities	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**	**Amounts Due Within One Year**
Revenue Bonds					
Refunding Jun 2003	$ 22,040	$ -	$ (22,040)	$ -	$ -
Bonds 2009A	2,520		(265)	2,255	290
Bonds 2013A		16,460		16,460	
Wells Fargo Taxable	335		(41)	294	43
Total Principal	$ 24,895	$ 16,460	$ (22,346)	$ 19,009	$ 333
Less Deferred Premiums And Discounts	568		(548)	20	
Total Bonds and Loans	$ 25,463	$ 16,460	$ (22,894)	$ 19,029	$ 333
Unamortized loss on advanced refunding	$ (1,872)	$ 91	$ 845	$ (936)	$
Total Business-Type Activities	$ 23,591	$ 16,551	$ (22,049)	$ 18,093	$ 333

The 2009A and 2013A revenue bonds are fixed at interest rates which range from 1.8% to 5.0% and have a maturity date of 2019.

Loan Payable to Wells Fargo Bank

In December 2003, the Tri-City Project entered into a taxable loan with Wells Fargo Bank to finance a partial interest in the brine plant facility at the Stanton Energy Center.

VIII. Long-Term Debt (continued)

A. Debt (continued)

6. Stanton II Project

	2013 (000's US$)				
Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds					
Refunding 2000	$ 17,875	$ -	$ -	$ 17,875	$ -
Refunding 2002	3,855		(3,855)	-	
Refunding 2003	9,040		(1,275)	7,765	7,765
Refunding 2004	55,475		(150)	55,325	
Bonds 2009A	6,215		(420)	5,795	
Refunding 2012A	77,520			77,520	1,435
Wells Fargo Taxable	1,471		(181)	1,290	190
Total Principal	$ 171,451	$ -	$ (5,881)	$ 165,570	$ 9,390
Less Deferred Premiums And Discounts	12,844		(1,717)	11,127	
Total Bonds and Loans	$ 184,295	$ -	$ (7,598)	$ 176,697	$ 9,390
Unamortized loss on advanced refunding	$ (9,390)	$ -	$ 1,376	$ (8,014)	$ -
Total Business-Type Activities	$ 174,905	$ -	$ (6,222)	$ 168,683	$ 9,390

The 2000 and 2004 revenue bonds carry variable interest rates which ranged from .088% to .403% for the year ended September 30, 2013. The 2012 revenue bonds are fixed, and have a maturity date of 2027. The rates for the bonds range from 2.0% to 5.0%.

The Series 2000 and 2004 bonds provide for early redemption at the election of FMPA on any interest payment date at a call rate of 100%. The series 2003 bonds are not subject to early redemption. The Series 2012 bonds are subject to redemption prior to maturity at the election of FMPA at 100%, beginning October 1, 2022.

Loan Payable to Wells Fargo Bank

In December 2003, the Stanton II Project entered into a taxable loan with Wells Fargo Bank to finance a partial interest in the brine plant facility at the Stanton Energy Center.

B. Major Debt Provisions (All Projects)

Bonds, which are special obligations of FMPA, are payable solely from (1) revenues less operating expenses (both as defined by the respective bond resolutions) and (2) other monies and securities pledged for payment thereof by the respective bond resolutions. The respective resolutions require FMPA to deposit into special funds, all proceeds of bonds issued and all revenues generated as a result of the projects' respective Power Sales and Power Support Contracts or the Power Supply Contract. The purpose of the individual funds is also specifically defined in the respective bond resolutions.

Investments are generally restricted to those types described in Note I. Additional restrictions that apply to maturity dates are defined in the respective bond resolutions and our investment policy.

VIII. Long-Term Debt (continued)

C. Defeased Debt

The following bonds have been defeased. Since investments consisting of governmental obligations are held in escrow for payment of principal and interest, the bonds are not considered liabilities of FMPA for financial reporting purposes. The principal balances of the defeased bonds at September 30, 2013 are as follows:

Dated	Description	Defeased Portion Amount Originally Issued (000's US$)	Balance at September 30, 2013
May 1983	St. Lucie Project Revenue Bonds, Series 1983	$280,075	$26,185

D. Annual Requirements

The annual cash flow debt service requirements to amortize the long term bonded debt outstanding as of September 30, 2013, 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
2014	$ 5,250	$ 13,228	$ 2,400	$ 1,982	$ 34,660	$ 51,650	$ 290	$ 77	$ 9,200	$ 6,912
2015	6,040	13,019	6,080	1,944	37,515	50,392	2,875	417	7,590	6,599
2016	8,120	12,743	6,265	1,739	39,270	48,647	2,970	320	7,875	6,296
2017	6,140	12,435	7,410	1,490	41,055	46,845	3,035	259	8,175	5,956
2018	8,995	12,125	7,785	1,106	42,965	44,868	3,095	196	8,600	5,618
2019 - 2023	213,155	47,891	17,170	934	377,450	162,346	6,450	193	49,900	21,914
2024 - 2028	78,765	12,304			240,995	107,717			72,940	9,534
2029 - 2033					258,410	31,609				
2034 - 2038					9,700	1,251				
2039 - 2043										
Total Principal & Interest	$ 326,465	$ 123,745	$ 47,110	$ 9,195	$ 1,082,020	$ 545,325	$ 18,715	$ 1,462	$ 164,280	$ 62,829
Less:										
Interest		(123,745)		(9,195)		(545,325)		(1,462)		(62,829)
Unamortized Loss on refunding	(26,474)		(757)		(6,679)		(936)		(8,014)	
Add:										
Unamortized Premium (Discount), net	13,442		153		3,503		20		11,127	
Total Net Debt Service Requirement at September 30, 2013	$ 313,433	$ -	$ 46,506	$ -	$ 1,078,844	$ -	$ 17,799	$ -	$ 167,393	$ -

VIII. Long-Term Debt (continued)

D. Annual Requirements (continued)

The annual cash flow debt service requirements to amortize all long term debt outstanding as of September 30, 2013, are as follows:

(000's US$)

Fiscal Year Ending September	Agency Fund Principal	Agency Fund Interest Including Swaps, Net	St. Lucie Project Principal	St. Lucie Project Interest Including Swaps, Net	Stanton Project Stanton Project	Stanton Project Interest	All-Req Project Principal	All-Req Project Interest Including Swaps, Net	Tri-City Project Principal	Tri-City Project Interest	Stanton II Project Principal	Stanton II Project Interest Including Swaps, Net	Totals
2014	175	39	5,250	13,228	2,521	1,994	45,460	60,755	333	81	9,390	6,932	146,158
2015	185	33	6,040	13,019	6,207	1,954	48,724	58,921	2,920	421	7,789	6,615	152,828
2016	190	27	8,120	12,743	6,398	1,783	51,058	56,596	3,018	323	8,084	6,309	154,649
2017	200	21	6,140	12,435	7,550	1,497	53,498	54,140	3,085	261	8,395	5,967	153,189
2018	210	14	8,995	12,125	7,932	1,110	56,076	51,495	3,148	197	8,830	5,625	155,757
2019 - 2023	220	7	213,155	47,891	17,324	936	439,791	185,168	6,505	193	50,142	21,918	983,250
2024 - 2028			78,765	12,304			296,661	114,114			72,940	9,534	584,318
2029 - 2033							258,411	31,609					290,020
2034 - 2038							9,700	1,251					10,951
Total Principal & Interest	$ 1,180	$ 141	$ 326,465	$ 123,745	$ 47,932	$ 9,274	$ 1,259,379	$ 614,049	$ 19,009	$ 1,476	$ 165,570	$ 62,900	$ 2,631,120

IX. Commitments and Contingencies

A. Participation Agreements

FMPA has entered into participation agreements, and acquired through capital leases, individual ownership of generating facilities as follows:

Project	Operating Utility	Joint Ownership Interest	Commercial Operation Date
St. Lucie	Florida Power & Light	8.806% of St. Lucie Unit 2 nuclear plant	August 1983
Stanton	Orlando Utilities Commission (OUC)	14.8193% of Stanton Energy Center (SEC) Unit 1 coal-fired plant	July 1987
All-Requirements	OUC	11.3253% of SEC Unit 1	July 1987
Tri-City	OUC	5.3012% of SEC Unit 1	July 1987
All-Requirements	OUC	51.2% of Indian River Units A & B combustion turbines	A - June 1989 B - July 1989
All-Requirements	OUC	21% of Indian River Units C & D combustion turbines	C - August 1992 D - October 1992
All-Requirements	OUC	5.1724% of SEC Unit 2 coal-fired plant	June 1996
Stanton II	OUC	23.2367% of SEC Unit 2	June 1996
All-Requirements	Southern Company	7% of Stanton Unit A combined cycle	October 2003

IX. Commitments and Contingencies (continued)

A. Participation Agreements (continued)

Operational control of the electric generation plants rests with the operating utility and includes the authority to enter into long-term purchase obligations with suppliers. FMPA is liable under its participation agreements for its ownership interest of total construction and operating costs. Further contracts with Orlando Utilities Commission (OUC) include commitments for purchases of coal. Through participation with OUC, FMPA's estimated cost share of these purchases by project is summarized below:

	000's US$				
Project	2014	2015	2016	2017	2018
Stanton Project	$ 3,441	$ 1,562	None	None	None
All-Requirements Project	3,830	1,739	None	None	None
Tri-City Project	1,231	559	None	None	None
Stanton II Project	5,395	2,449	None	None	None

B. Public Gas Partners, Inc.

Public Gas Partners, Inc. (PGP) is a nonprofit corporation of the State of Georgia duly created and existing under the Georgia Nonprofit Corporation Code, O.C.G.A Sections 14-3-101 through 14-3-1703, as amended. Pursuant to its Articles of Incorporation and by-laws, PGP's purpose is to acquire and manage reliable and economical natural gas supplies through the acquisition of interests in natural gas producing properties and other long-term sources of natural gas supplies, for the benefit of participating joint action agencies and large public natural gas and power systems.

On November 16, 2004, FMPA signed an agreement with six other public gas and electric utilities in five different states to form PGP. The members of PGP, along with FMPA, include 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.

FMPA has entered into two separate Production Sharing Agreements (PSAs) that obligate FMPA to pay as a component of gas operations expense its share of all costs incurred by the related PGP Pool until all related PGP or participant debt has been paid and the last volumes have been delivered. In addition, PGP has the option, with at least six months notice, to require FMPA to prepay for its share of pool costs, which may be financed by FMPA through the issuance of bonds or some other form of long-term financing. The PSAs include a step-up provision that could obligate FMPA to increase its participation share in the pool by up to 25% in the event of default of 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 Gas Supply Pool No. 1 was formed by all of the participants. PGP Pool No.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 155 Bcf. Current production from Pool #1 is 21,000 mmBtu per day. FMPA's share of this amounts to 4,739 mmBtu per day.

IX. Commitments and Contingencies (continued)

B. Public Gas Partners, Inc. (continued)

On October 1, 2005, FMPA entered into a PSA as a 25.90% participant of PGP Gas Supply Pool No. 2 (PGP Pool #2). PGP Gas Supply Pool No. 2 was formed to participate in specific transactions that have different acquisition criteria than PGP Pool #1. PGP Pool #2 had a total expenditure limit of $200 million, with FMPA's share being $52 million as authorized by the Board (before step-up provisions which would increase ARP's commitment to a maximum of $65 million). The other members of PGP Pool #2, along with FMPA, include Municipal Gas Authority of Georgia, Patriots Energy Group, Southeast Alabama Gas District and Tennessee Energy Acquisition Corporation. FMPA entered into a separate agreement with Fort Pierce Utilities Authority whereby FMPA agreed to sell to FPUA 3.474903% of the benefits that FMPA receives from its participation in PGP Pool #2. The acquisition period for PGP Pool #2 has closed after acquiring a supply currently estimated to be 44 Bcf. Current production for Pool #2 is 6,100 mmBtu per day. FMPA's share of this amounts to 1,580 mmBtu per day.

FMPA's share of the total investment costs amounts to approximately $91 million for PGP Pool #1, and $29 million for PGP Pool #2.

C. Contractual Service Agreements

The All-Requirements Project has signed, or accepted assignment of Contractual Service Agreements (CSA's) with General Electric International, Inc. (GE) for the Treasure Coast Energy Center, Cane Island 2, Cane Island 3, and Cane Island 4, combustion turbines, steam turbines and generators. The CSA's 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. 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	9/24/2004	12/12/2003	12/22/2010
Last Amendment Effective Date	12/22/2010	1/1/2011	1/1/2011	N/A
Cumulative Factor Fired Hours	43,675	73,529	79,103	15,779
Term if hours based	72,000		120,000	72,000
Cumulative Factored Starts		2,326		
Term if starts based		2,600		
Current Termination Amount (000's USD)	$1,210	$401	$5,450	$1,807
Specified Contract End Date	1/30/2022	9/24/2024	12/12/2023	12/22/2025
Estimated Performance End Date	FYE 2018	FYE 2016	FYE 2019	FYE 2021

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.

IX. Commitments and Contingencies (continued)

D. Other Agreements (continued)

1. St. Lucie Project

- FMPA has entered into a Reliability Exchange Agreement and a Replacement Power Agreement with FPL. The Reliability Exchange agreement results in FMPA exchanging 50% of its share of the output from St. Lucie Unit 2 for a like amount from the St. Lucie Unit 1. This agreement expires in 2017. The Replacement Power Agreement provides for replacement power and energy to be made available to FMPA if FPL voluntarily ceases to operate or reduces output from St. Lucie Unit 2 or St. Lucie Unit 1 for economic reasons or valley-load conditions, until each unit is retired from service.

- The St. Lucie Project, a joint owner of St. Lucie Unit 2, is subject to the Price Anderson Act, which was enacted to provide financial protection for the public in the event of a nuclear power plant accident. During 2006, the Price Anderson Act was extended for 20 years. As the first layer of financial protection, FPL has purchased $375 million of public liability insurance from pools of commercial insurers on behalf of all joint owners. The second layer of financial protection is provided under an industry retrospective payment plan. Under this plan, St. Lucie Unit 2 is subject to an assessment of $117.495 million per reactor with a provision for payment of such assessment to be made over time, as necessary, which limits the payment in any one year to no more than $17.5 million per reactor and adjusts the payout for inflation in the future. FMPA is liable for its ownership interest of any assessment made against St. Lucie Unit 2 under this plan.

- On December 19, 1999, FMPA (as Decommissioning Trust Administrator) and J.P. Morgan Chase (formerly Chase Manhattan Bank) entered into a Forward Sale 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. Each month, an additional $75,000 in securities will be delivered by J.P. Morgan Chase in exchange for an equivalent payment from the Trustee for the Decommissioning Fund. Upon maturity, the securities and the yield earned along with any cash delivered by J.P. Morgan Chase will be equivalent to 7.03% of the face value of the Agreement. The Forward Sale Agreement has a termination date of April 6, 2023.

- During the first quarter of 2008, Florida Power and Light (FPL) started a project to increase the electrical generating capacity of St. Lucie Unit 2. The St. Lucie Project elected to participate in this Extended Power Uprate (EPU) project. The final modifications to the unit were installed during the fall 2012 refueling outage, and the unit has operated at increased power levels since December 2012. FPL has reported that the IPU project increased the capacity of St. Lucie Unit 2 by approximately 154 MW. The capacity owned by the St. Lucie Project increased by approximately 14 MW.

IX. Commitments and Contingencies (continued)

D. Other Agreements (continued)

1. St. Lucie Project (continued)

- In June 2004, the Agency entered into a Forward Sale Agreement and a Credit Support Agreement for the St. Lucie Project with Merrill Lynch. The Credit Support Agreement requires the Agency to establish a collateral account with the Trustee that must contain cash and securities that have a market value of $7.5 million. This collateral is posted for the benefit of Merrill Lynch should the Agency be unable to keep its commitments under the Forward Sale Agreement. Under the Forward Sale Agreement, Merrill Lynch is required to deliver and the Trustee is required to purchase certain eligible securities on behalf of the St. Lucie Project. Under this Agreement, the securities or securities and cash to be delivered will guarantee the project an annual effective yield of 6.22% between January 1, 2008, and July 1, 2026, on the semi-annual amounts deposited. It is expected that the amounts invested pursuant to the Forward Sale Agreement will be used to redeem bonds outstanding for this project in the future.

2. All-Requirements Project

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

Supplier	End of Contract		Minimum Contract Liability (000's US$)
Southern Company - Stanton A PPA	9/30/2023	$	81,107
Southern Company - Oleander 5 PPA	12/16/2027		123,851
Total Minimum Liability		$	204,958

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

  The Stanton Unit A combined cycle generator receives cooling water treatment services from the brine plant and associated facilities. The owners of Stanton Unit A (Southern Company Florida, FMPA, and Orlando Utilities Commission) pay FMPA's Stanton, Stanton II, Tri-City and All-Requirements Projects a fixed and a variable operation and maintenance charge for services received from this facility.

IX. Commitments and Contingencies (continued)

D. Other Agreements (continued)

2. All-Requirements Project (continued)

- The All-Requirements Project has several commitments/entitlements for natural gas transportation services to supply fuel to its owned and leased generation facilities. Below were the current commitments/entitlements during the past year:

Pipeline	Ave Daily Volume (mmBtu/day)	Annual Cost (000's US$)	Expiration	Primary Delivery/Receiving Point
Fl Gas Transmission FTS-1	22,484	$ 3,857	Various	Cane Island Treasure Coast
Fl Gas Transmission FTS-2	64,759	19,364	Various	Cane Island Treasure Coast
Fl Gas Transmission FTS-2 Stanton A	14,950	3,323	Various	Stanton A
Transco	50,000	1,947	4/30/2026	FGT
TECO-Peoples Gas	-	750	6/30/2023	Treasure Coast
TECO- Peoples Gas	-	750	8/31/2021	Cane Island/Oleander
		$ 29,991		

- The All-Requirements Project has entered into a storage contract with SG Resources Mississippi LLC, for 1 million mmBtu of storage capacity in the Southern Pines Storage facility. The contract was effective August 1, 2008, for storage capacity of 500,000 mmBtu and revised April 1, 2011, to increase the storage capacity by 500,000 mmBtu. The contract will expire July 31, 2018, for 500,000 mmBtu and March 31, 2021, for the remaining 500,000 mmBtu.

- The All-Requirements Project is under a contractual arrangement to have generation facilities in Key West, Florida, at a minimum level of 60% of the island utility's peak capacity requirements. With the installation in 2006 of Stock Island 4, a 47 MW oil-fired combustion turbine power plant located in the Key West service territory, the All-Requirements Project believes it has sufficient existing generating capacity at Key West to fulfill the 60% on-island generation requirement for at least the next decade based on Key West's forecasted capacity requirements.

- FMPA has executed Amendment 4 to the Florida Municipal Power Pool (FMPP) Agreement with the FMPP members and a new Control Center Services Agreement with the Orlando Utilities Commission (OUC). These agreements replace the expired Dispatching Service Contract with OUC and align the responsibility for services provided to the All Requirements Project with the entities providing the services. Amendment 4 also clarifies liability between the FMPP members and documents the accounting practices for the operating services.

- The All Requirements Project has signed contracts with Fort Pierce Utilities Authority (FPUA), Kissimmee Utility Authority (KUA) and Keys Energy Services (KES) to operate and maintain Treasure Coast Energy Center, Cane Island Power Park and Stock Island generation facilities respectively. The contracts provide for reimbursement of direct and indirect costs incurred by FPUA, KUA and KES, for operating the plants. The All-Requirements Project, in consultation with FPUA, KUA and KES, sets staffing levels, operating and capital budgets, and operating parameters for the plants.

IX. Commitments and Contingencies (continued)

D. Other Agreements (continued)

2. All-Requirements Project (continued)

- The City of Starke and the City of Green Cove Springs have each given FMPA notice pursuant to Section 2 of the All-Requirements Power Supply Project Contract that the term of their respective contracts will not renew automatically each year after the initial contract term. The terms of their respective contracts are now fixed; Starke's contract terminates on October 1, 2035, and Green Cove Springs' contract terminates on October 1, 2037.

- The City of Vero Beach has limited its All-Requirements Service, as permitted in Section 3 of the All-Requirements Power Supply Contract. The limitations commenced January 1, 2010 and continue for the term of the ARP Contract. Vero Beach is also trying to sell their electric system to FPL, exit the All-Requirements Project completely as well as dispose of their interests in other non-All-Requirements Projects. Discussions are ongoing, with proposals being explored by all parties involved. Any agreement tentatively reached, if any, will have to have the approval of many parties other than just Vero Beach, FPL, and FMPA and its Project Participants.

- The City of Lake Worth has notified FMPA that it will limit its All-Requirements Service, as permitted in Section 3 of the All-Requirements Power Supply Contract. The limitation will commence January 1, 2014. Additionally, effective January 1, 2014 the Capacity and Energy Sales contract between the City and FMPA will terminate. The amount of capacity and energy the City will eventually purchase under this conversion of their contract is determined to be zero based on the City's usage during December 2012 through November 2013.

- The City of Fort Meade has notified FMPA that it will limit its All-Requirements Service, as permitted in Section 3 of the All-Requirements Power Supply Contract. The limitation will commence January 1, 2015. Concurrently, the City gave FMPA notice pursuant to Section 2 of the All-Requirements Power Supply Contract that the term of its contract will not renew automatically each year after the initial contract term. The term of the City's contract is now fixed and will terminate on October 1, 2041.

- The All-Requirements Project has entered into a Full Requirements Power Sales Contract with the City of Quincy, Florida, whereby the All-Requirements Project will serve Quincy's total capacity and energy needs above its purchases from the Southeastern Power Administration. The contract expires on December 31, 2015, unless extended by mutual agreement of the parties.

- In the normal course of its business FMPA has had claims or assertions made against them. In the opinion of management, the ultimate disposition of these currently asserted claims are either not substantiated or will not have a material impact on FMPA's financial statements.

IX. Commitments and Contingencies (continued)

E. Other Contingency Items

In February 2013, Duke Energy, Inc. ("Duke," formerly Progress Energy Florida, Inc.) announced the retirement of its Crystal River Unit 3 nuclear plant ("CR3), which had been out of service since 2009. As a wholesale purchaser of capacity and energy from Duke since the CR3 outage began, the All-Requirements Power Supply Project has potential claims against Duke for increased capacity and energy costs due to the extended CR3 outage. The All-Requirements Project's claims are being handled together with the claims of other wholesale purchasers and municipal joint owners of CR3 by FMPA staff, acting as the agent of the wholesale purchasers and municipal joint owners. (The municipal joint owners of CR3 hold their interests in the plant individually, not as members of an FMPA project.)

X. Capacity and Energy Sales Contracts

- The All-Requirements Project has a contractual arrangement with one member city – Lake Worth – that owns and operates generating facilities. This power plant is utilized by FMPA to meet the All Requirements Project's power needs. Lake Worth is compensated through capacity credits for power and reserves that it provides under the Capacity and Energy Sales Contract between the city and FMPA.

- During 2008, the All-Requirements Project entered into a Revised, Amended and Restated Capacity and Energy Sales Contract for KUA whereby the All-Requirements Project has assumed all cost liability and operational management of all KUA owned generation assets and will pay to KUA agreed-upon fixed payments over preset periods relating to each asset.

- Effective January 1, 2011, the All-Requirements Project entered into a Revised, Amended and Restated Capacity and Energy Sales Contract for Key West whereby the All-Requirements Project has assumed all cost liability and operational management of all Key West owned generation assets and pay to Key West fixed annual payments of $670,000 each January 1 from 2011 through 2020. The amended contract provides the All-Requirements Project the right to retire Keys generation assets at any time during the term of the contract, subject to the 60% on-island capacity requirement, without shortening the fixed payment term.

- The City of Moore Haven has a contractual agreement with FMPA to sell capacity and energy to the All-Requirements Project. The All-Requirements Project has agreed to provide reserves and back-up capacity and energy for this sale. FMPA has been appointed as agent in the administration of this contract.

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 participants include 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 MW's of Cane Island Unit 3, 140 MW's of Cane Island 4, and 300 MW's of the Treasure Coast Energy Center. 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 13 MW and 52 MW (based on the designation of the participant) for a maximum of nine months. The current agreement term expires on October 1, 2017, and will automatically renew for an additional five-year period, unless FMPA (1) has not received energy under the agreement during the current term, and (2) provides at least 90 days notice prior to the end of the current term that it does not elect to renew its participation.

XII. Employment Benefits

A. Retirement Benefits

A Deferred Compensation Plan (in accordance with the Internal Revenue Code Section 457) and a Defined Contribution Pension (money purchase) Plan (under the Internal Revenue Code Section 401(a)) are offered to the Agency's full-time employees, excluding the General Manager and General Counsel, who become fully vested after six months of employment. FMPA's contribution is 10% of the individual's gross base salary for the 401(a) plan. Total payroll for the year ended September 30, 2013, was $6.4 million, which approximates covered payroll.

The Agency's contribution may be made to either plan at the discretion of the employee. Additionally, an employee may contribute to the Deferred Compensation Plan, so that the combined annual contribution does not exceed $17,500 for 2013. Assets of both plans are held by ICMA Retirement Corporation, the Plan Administrator and Trustee.

Expenses for the Deferred Compensation Plan during fiscal year 2013 were $686,207. Funds from these plans are not available to employees until termination or retirement, however funds from either plan can be made available, allowing an employee to borrow up to one half of their balance in the form of a loan.

B. Post-Employment Benefits other than Retirement

FMPA offers paid group health insurance to retired, full-time employees, with an employment start date prior to October 1, 2004 over the age of 55 who have a combined total of at least 900 months of age plus months of active service. This insurance is through the Agency's group health insurance plan, which covers active participants until retirement and retired participants until age 65. Retired participants over the age of 65 are offered a separate plan that is coordinated with Medicare coverage.

The Agency's annual other post-employment benefit (OPEB) expense is calculated based on the annual required contribution of the employer (ARC). The Agency has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 43 for employers in plans with fewer than one hundred plan participants. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the Agency's OPEB expense for the year, the amount actually contributed to the plan, and changes in the Agency's net OPEB obligation:

		(000's) USD
Annual required contribution	$	393
Interest on net OPEB obligation		18
Annual OPEB expense		411
Contributions made		-
Increase in net OPEB Obligation		411
Net OPEB Obligation - Beginning of Year		1,628
Net OPEB Obligation - End of Year	$	2,039

XIII. Risk Management

The Agency is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omissions, injuries to employees and the public and damage to property of others. In addition, FMPA enters into contracts with third parties, some of whom are empowered to act as its agents in order to carry out the purpose of the contracts.

These contracts subject FMPA to varying degrees and types of risk. The Agency has purchased commercial insurance that management believes is adequate to cover these various risks. FMPA has elected to self-insure the Agency's risk for general liability. It is the opinion of general counsel that FMPA may enjoy sovereign immunity in the same manner as a municipality, as allowed by Florida Common Law. Under such Florida Law, the limit of liability for judgments by one person for Tort is $200,000 or a total of $300,000 for the same incident or occurrence. At no point have settlements exceeded coverage in the past two fiscal years.

The Agency has established an Audit and Risk Oversight Committee (AROC) made up of some of FMPA's Board of Directors and member's representatives, and has assigned corporate risk management to its Contract Compliance Audit and Risk Management Manager. The Contract Compliance Audit and Risk Management Manager is designated the Agency's Risk manager, and oversees the Risk Management Department, which reports to the General Manager. The objective of the Agency's Enterprise Risk Management program is to identify, measure, monitor, and report risks in order to minimize unfavorable financial and strategic impacts.

FMPA's Risk Management Policy addresses key risk areas including, but not limited to, fuel price, debt, investment, insurance, credit and contracts.

XIV. Interest Arbitrage and Rebate

A rebate payable to the Internal Revenue Service (IRS) is calculated based on the investment of bond proceeds in financial instruments that yield interest income that is higher than the interest of the debt. This rebate is payable to the IRS within five years of the date of the bond offering and each consecutive five years thereafter.

The potential arbitrage liability at September 30, 2013, for each of the projects is as follows:

Project	Amount (000's US$)
St. Lucie Project	$ -
Stanton Project	1
All-Requirements Project	21
Tri-City Project	49
Stanton II Project	534
Total	$ 605

XV. Related Party Transactions

A. Governing Members and Committees

Each of the 31 members of FMPA appoints a representative to FMPA's Board of Directors. The Board has responsibility for developing and approving FMPA's non All-Requirements Project budgets, hiring of the General Manager and General Counsel and establishing the Agency's bylaws, which govern how FMPA operates and the policies which implement such bylaws. The Board also authorizes all non-All-Requirements Project debt issued by FMPA and allocates the Agency Fund burden to each of the Projects. The Board elects a Chairman, Vice-Chairman, Secretary, and Treasurer.

The Executive Committee consists of representatives from the fourteen active members of the All-Requirements Project. The Executive Committee elects a Chairman and Vice-Chairman. 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 Agency Fund and the All-Requirements Project.

In order to facilitate the project decision-making process, there are project committees which are comprised of one representative from each participant in a project. The project committees serve in an advisory capacity, and all decisions concerning the project are decided by the Board of Directors, except for the All-Requirements Project, in which all decisions are made by the Executive Committee.

B. Florida Gas Utility (FGU)

The All-Requirements Project has a contractual agreement to purchase natural gas from Florida Gas Utility (FGU), which accounts for approximately 80-85% of FGU's total throughput of natural gas. FMPA and the following member cities have representatives on the FGU Board of Directors: Fort Meade, Ft. Pierce, KUA, Lake Worth, Leesburg and Starke.

XVI. Subsequent Events

The St. Lucie Project issued Series 2013A revenue bonds on October 3, 2013. The bonds have a face amount of $16.7 million, and were issued at par value. The bond proceeds are to be used as follows: $16.6 million for capital expenses and $0.1 million for the cost of issuance.