Texas Municipal Power Agency
Financial Statements

For the Years Ended September 30, 2016 and 2015

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FINANCIAL SECTION

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Independent Auditor's Report

Members of the Board of Directors
Texas Municipal Power Agency
Dallas, TX

We have audited the accompanying basic financial statements, which are comprised of the statements of net position as of September 30, 2016 and 2015, and the related statements of revenues, expenses and changes in net position and of cash flows for the years then ended, and the related notes to the basic financial statements, as listed in the table of contents of Texas Municipal Power Agency.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Texas Municipal Power Agency as of September 30, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other post-employment benefit information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits 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.

BKD, LLP

Dallas, Texas
December 6, 2016

Texas Municipal Power Agency
Management's Discussion and Analysis ("MD&A")
For the Years Ended September 30, 2016 and 2015
(Unaudited)

The objective of this discussion and analysis is to provide the reader with information relevant to an assessment of the financial condition and the results of operations of the Texas Municipal Power Agency ("Agency" or "TMPA"). This report contains supplemental information, which is essential to financial reporting and required by the Governmental Accounting Standards Board, in addition to the basic financial statements of the enterprise operation. TMPA's management encourages readers to refer to the accompanying basic financial statements and their related notes for more detailed information concerning the financial condition of the Agency. The basic financial statements are comprised of the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, and the related notes.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Texas Municipal Power Agency, Finance Department, P.O. Box 7000, Bryan, Texas 77805 or visit our website at www.texasmpa.org.

Financial and Operational Highlights for Fiscal Year Ended September 30, 2016

The Texas energy market has taken several considerable turns over the last several years. Fiscal Year (FY) 2012 was impacted by low natural gas prices combined with the new, efficient Texas Nodal Market that resulted in exceptionally low electric power prices. In the Electric Reliability Council of Texas (ERCOT) and across the nation, normally base-loaded coal plants were displaced by natural gas generation. Then in FY 2013, natural gas prices rose as did ERCOT wholesale power prices. Higher wholesale prices led to Gibbons Creek being utilized more and generation increasing 39% compared to FY 2012. In FY 2014, natural gas prices continued to rise as did Gibbons Creek's utilization, with generation increasing 32% compared to FY 2013. This increase was also attributed to Gibbons Creek's high availability and having no scheduled outage in FY 2014.

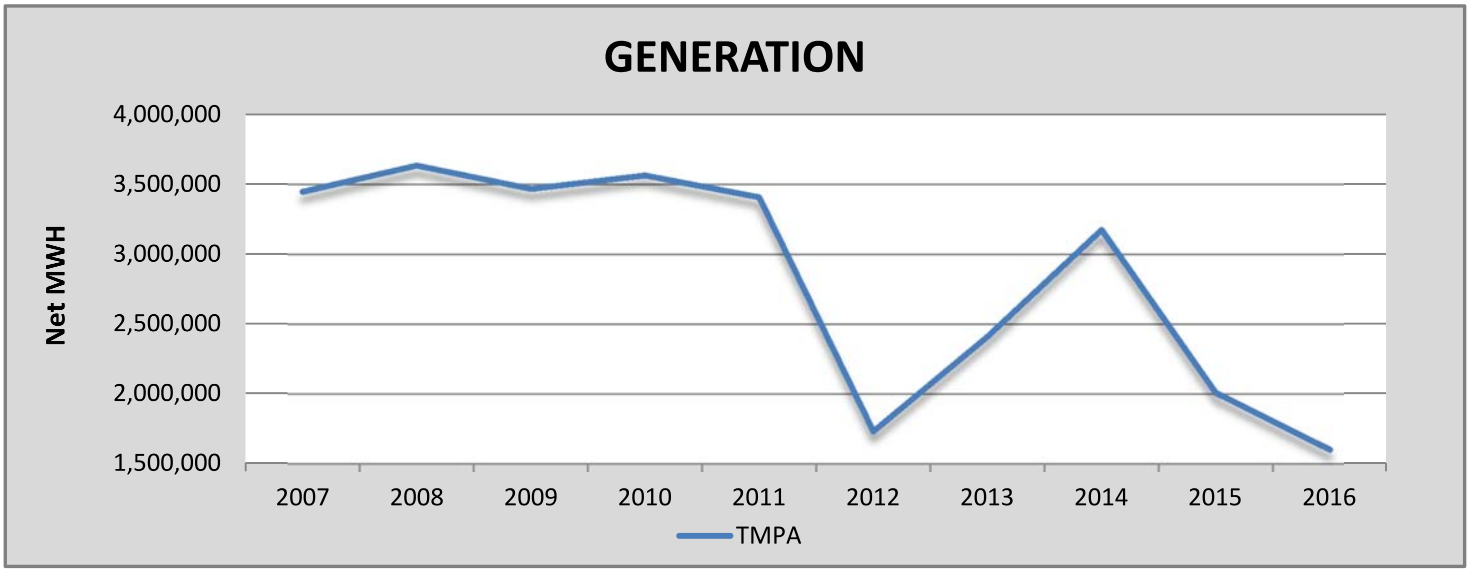
In FY 2015, natural gas prices dropped significantly causing Gibbons Creek's utilization to fall as well. Generation decreased 37% compared to FY 2014 due to both low natural gas prices and an extended scheduled maintenance outage.

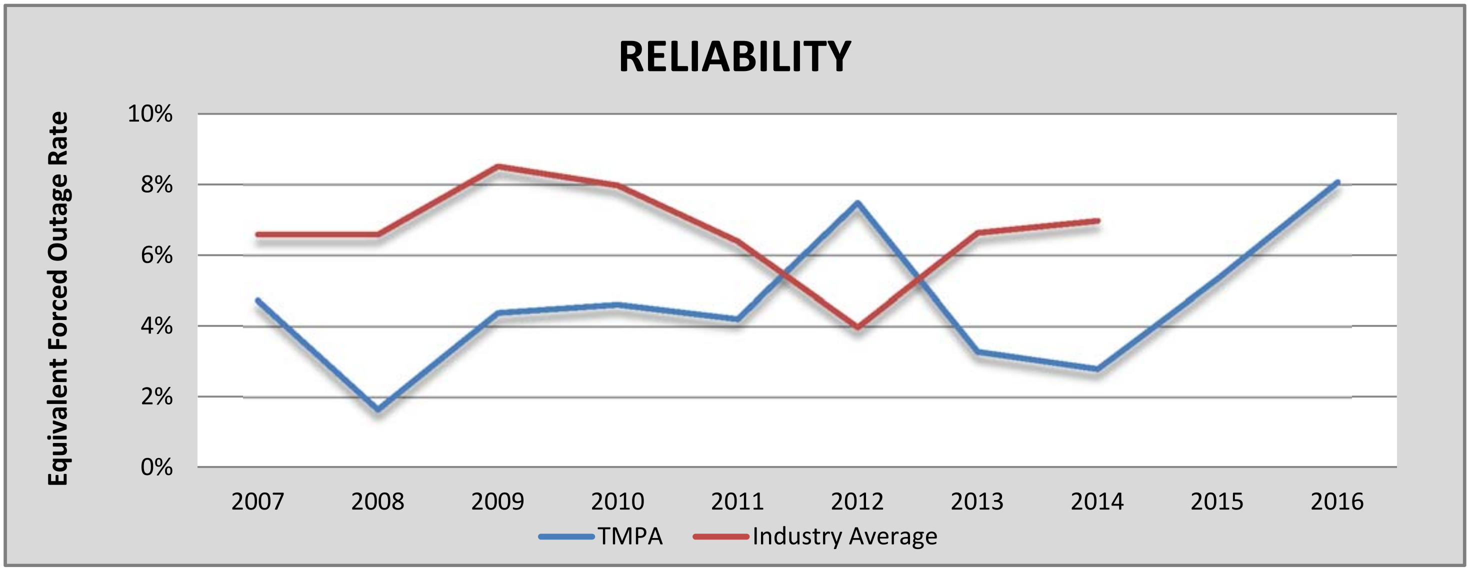
In FY 2016, the trend from FY 2015 continued as low natural gas prices kept ERCOT wholesale power prices low. As a result, Gibbons Creek's utilization fell as generation decreased 20% compared to FY 2015. Further contributing to the decrease in generation was an extended scheduled maintenance outage. Gibbons Creek continues to operate in a load-following mode, increasing and decreasing generation to follow electrical demand's daily peaks and valleys.

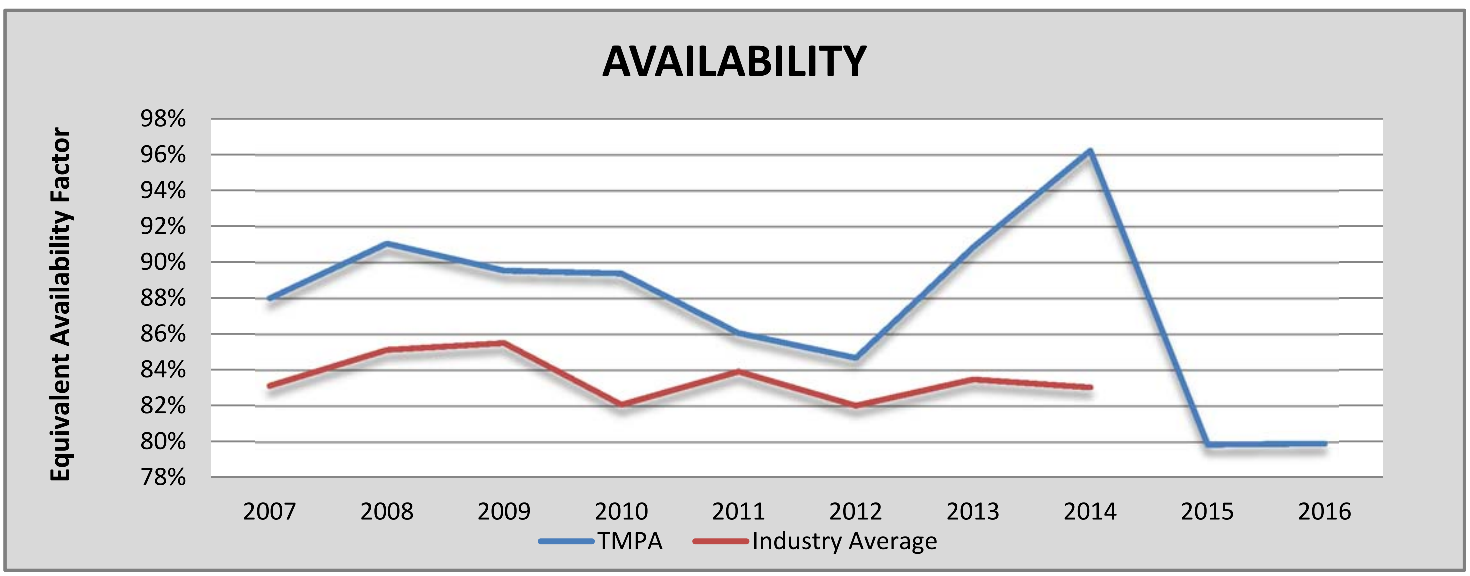
Effective September 1, 2016, TMPA and the Member Cities entered into a Joint Operating Agreement ("JOA") addressing ownership, operational, and contractual issues associated with TMPA following the expiration of the Power Sales Contract ("PSC"). Currently, the PSC is scheduled to expire on September 1, 2018 at which time, under the current debt structure, all generation debt will be paid off. Thereafter, all remaining debt will be transmission debt, payable solely from transmission system revenues. See Note 9 for further detail on the JOA.

In January 2016, the Board of Directors authorized a requests for proposals for the sale of Gibbons Creek and certain transmission assets. TMPA received proposals from interested parties and both the governing boards of the Member Cities and the TMPA Board of Directors have expressed interest in pursuing these proposed transactions. At this time, no definitive agreements have been signed by the parties and details are still in the process of being negotiated and resolved. See Note 9 for further detail on the requests for proposals.

The graphs on the following page show key statistics on generation, outage rates, and availability for the 10-year period ending FY 2016.



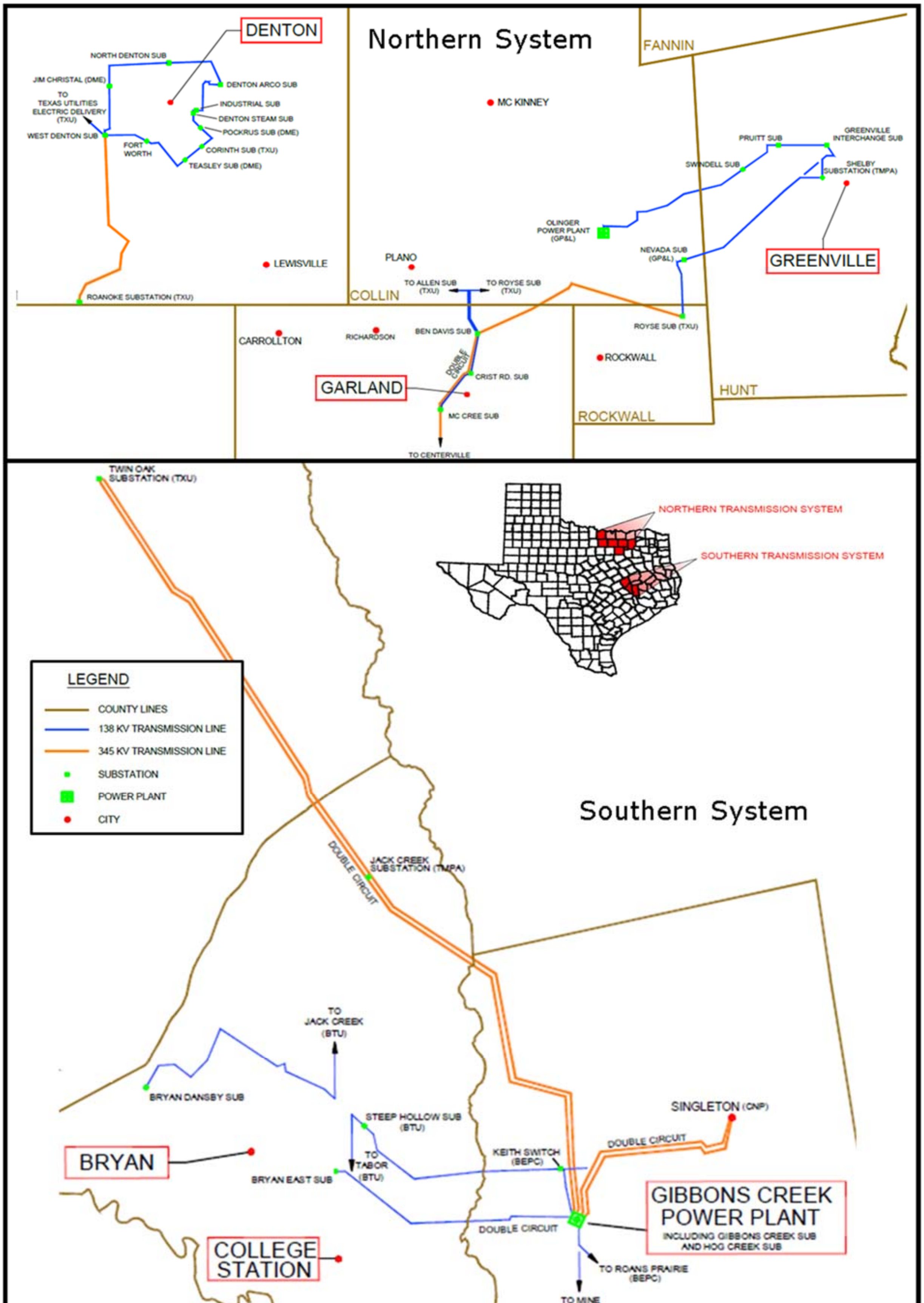




Industry averages are based on NERC GADS data for coal-fired units from 400 to 599 MW that are 23 to 39 years old, in order to capture a similar group of plants to which to compare Gibbons Creek's performance. GADS data is based on calendar years 2007-2014. Industry data is not available for 2015 and 2016. TMPA data is based on fiscal years 2007-2016.

TMPA has approximately 350 circuit miles of transmission lines (both 345kV and 138kV), 14 substations, and maintains additional transmission assets within jointly-owned transmission stations. TMPA is a registered Transmission Owner in ERCOT and is represented in various technical working groups which support the ongoing operation of the ERCOT grid. A map of the TMPA transmission system can be found on the following page.

A group of capital projects have been approved that will span the next several years with the goal of refurbishing, upgrading, and replacing aging transmission assets. These projects are needed to ensure system reliability as electricity usage increases and changing generation patterns drive expansion of the ERCOT transmission system.



Northern System
DENTON
NORTH DENTON SUB
JIM CHRISTAL (DME)
DENTON ARCO SUB
INDUSTRIAL SUB
DENTON STEAM SUB
POCKRUS SUB (DME)
CORINTH SUB (TXU)
TEASLEY SUB (DME)
TO TEXAS UTILITIES ELECTRIC DELIVERY (TXU)
WEST DENTON SUB
FORT WORTH
ROANOKE SUBSTATION (TXU)
LEWISVILLE
MC KINNEY
PLANO
FANNIN
COLLIN
HUNT
ROCKWALL
CARROLLTON
RICHARDSON
TO ALLEN SUB (TXU)
TO ROYSE SUB (TXU)
BEN DAVIS SUB
DOUBLE CIRCUIT
CRIST RD. SUB
GARLAND
MC CREE SUB
TO CENTERVILLE
OLINGER POWER PLANT (GP&L)
PRUITT SUB
GREENVILLE INTERCHANGE SUB
SWINDELL SUB
SHELBY SUBSTATION (TMPA)
NEVADA SUB (GP&L)
GREENVILLE
ROYSE SUB (TXU)
NORTHERN TRANSMISSION SYSTEM
SOUTHERN TRANSMISSION SYSTEM
LEGEND
COUNTY LINES
138 KV TRANSMISSION LINE
345 KV TRANSMISSION LINE
SUBSTATION
POWER PLANT
CITY
Southern System
TWIN OAK SUBSTATION (TXU)
JACK CREEK SUBSTATION (TMPA)
DOUBLE CIRCUIT
TO JACK CREEK (BTU)
BRYAN DANSBY SUB
STEEP HOLLOW SUB (BTU)
TO TABOR (BTU)
BRYAN
BRYAN EAST SUB
KEITH SWITCH (BEPC)
SINGLETON (CNP)
DOUBLE CIRCUIT
DOUBLE CIRCUIT
GIBBONS CREEK POWER PLANT
INCLUDING GIBBONS CREEK SUB AND HOG CREEK SUB
COLLEGE STATION
TO ROANS PRAIRIE (BEPC)
TO MINE DE-ENERGIZED

Texas Municipal Power Agency
Statements of Net Position
(Dollars in Thousands)

	September 30, 2016	2015	2014
Assets and Deferred Outflows of Resources			
Assets			
Current Assets			
Current Unrestricted Assets	$ 59,520	$ 59,547	$ 63,658
Current Restricted Assets	11,407	8,788	10,784
Total Current Assets	70,927	68,335	74,442
Noncurrent Assets, Net			
Electric Plant	424,506	436,468	444,747
Other Assets	85,049	321,425	432,882
Total Noncurrent Assets	509,555	757,893	877,629
Total Assets	580,482	826,228	952,071
Deferred Outflows of Resources			
Unamortized Excess Cost on Advance Refunding of Debt	843	9,471	7,995
Total Deferred Outflows of Resources	843	9,471	7,995
Total Assets and Deferred Outflows of Resources	$ 581,325	$ 835,699	$ 960,066
Liabilities and Net Position			
Liabilities			
Current Liabilities			
Current Liabilities	$ 165,321	$ 149,772	$ 143,036
Total Current Liabilities	165,321	149,772	143,036
Noncurrent Liabilities			
Long Term Debt	299,350	497,649	618,536
Noncurrent Liabilities Other Than Debt	84,260	154,202	157,551
Total Noncurrent Liabilities	383,610	651,851	776,087
Total Liabilities	548,931	801,623	919,123
Net Position			
Net Investment in Capital Assets	2,243	(10,836)	(10,860)
Restricted for Insurance Claims	3,315	4,426	7,635
Unrestricted	26,836	40,486	44,168
Total Net Position	32,394	34,076	40,943
Total Liabilities and Net Position	$ 581,325	$ 835,699	$ 960,066

Three years presented as required by GASB 34

Statements of Net Position Information
Explanations of Significant Variances

Current Unrestricted Assets are consistent with the prior year. Current unrestricted assets consist of cash and investments, fuel and material inventories, accounts receivable and interest receivable.

Current Restricted Assets increased $2.6 million (30%). Current restricted assets consist primarily of cash collected from the Member Cities to pay for the ensuing debt service payments. At fiscal year-end, since principal and interest payments are made on March 1 and September 1, the cash collected from the Member Cities is for the following fiscal year debt service. The increase is due to the FY 2017 debt service payments being higher than the FY 2016 debt service payments as a result of principal payments becoming due on the Series 2008 and Series 2013 bonds. No principal payments were due on these bonds in FY 2016. See Note 6 for further detail on debt.

Other Assets decreased by $236.4 million (74%). Other assets consist of regulatory assets and non-current restricted cash and investments. The decrease is primarily due to two reasons: i) regulatory assets decreasing parallel to payments of debt principal and zero coupon bond interest, which are the basis for their recovery; and ii) the defeasance of the Series 1993 bonds which occurred in September 2016 consuming the Reserve and Contingency Funds, which were recorded as non-current restricted cash and investments.

Current Liabilities increased $15.5 million (10%) primarily due to an increase in the current portion of TMPA's bonds as result of principal payments becoming due on the Series 2008 and Series 2013 bonds in FY 2017. This increase was offset by a reduction in the current portion of zero coupon interest payable as result of defeasing the Series 1993 bonds in FY 2016 which removed all debt associated with these bonds from TMPA's financial statements. Additionally, offsetting the increase was a reduction in unearned revenue associated with escrow accounts funded by the Cities of Denton, Garland and Greenville in FY 2015 to prepay a portion of the Agency's FY 2016 debt service. See note 6 for further detail on debt and the escrow funding's.

Non-Current Liabilities Other Than Debt decreased by $69.9 million (45%) due to the normal amortization of unearned revenue related to a prepayment by the Member Cities of their contractual obligation under the Power Sales Contract. Additionally, a portion of unearned revenue related to the funding of an escrow account by the City of Garland in FY 2015 was reclassed from non-current to current.

Long-Term Debt decreased by $198.2 million (40%) primarily due to the reclassification of a portion of long-term debt to current for the upcoming debt service in FY 2017. Additionally, as mentioned above, the Agency defeased the Series 1993 bonds resulting in the removal of all debt associated with these bonds from TMPA's financial statements.

Net Position decreased by $1.7 million (5%). Net position is comprised of three components: net investment in capital assets, restricted for insurance claims, and unrestricted. The decrease in net position is primarily due to the funding of current year expenses with funds collected in previous fiscal years. While these funds are a source of funding, they were recognized as revenue in prior years so there is no revenue recognition on the income statement in the current year to offset the expenses they are intended to cover. Additionally, contributing to the decrease is a reduction in net position restricted for insurance claims as currently, it is the Agency's plan to fully exhaust these funds restricted for insurance related expenses by 2018.

Texas Municipal Power Agency
Operating Information
(Dollars in Thousands)

	For the Years-Ended September 30, 2016	2015	2014
Operating Revenues			
Power Sales	$ 228,897	$ 230,095	$ 225,769
Transmission Revenues	43,102	42,190	43,101
Other Operating Revenues	1,273	2,293	2,411
Total Operating Revenues	273,272	274,578	271,281
Operating Expenses			
Fuel	39,928	49,673	75,392
Power Production - Operation and Maintenance	19,432	25,621	13,815
Transmission - Operation and Maintenance	2,950	2,087	1,768
Administrative and General	5,836	11,256	11,728
Transmission System Access Fee	23,124	21,808	19,644
Depreciation Expense	21,037	20,601	20,892
Renewals and Replacements	199	1,125	309
Total Operating Expenses	112,506	132,171	143,548
Income from Operations	160,766	142,407	127,733
Other Income (Expense)			
Investment Revenue	858	1,155	599
Miscellaneous Other Income (Expense)	(465)	460	(267)
Total Other Income	393	1,615	332
Interest Charges			
Interest Expense on Debt	20,369	30,172	36,038
Amortization of Debt Issuance Cost and Excess Cost on Advance Refunding of Debt	12,797	3,470	7,239
Total Interest Charges	33,166	33,642	43,277
Regulatory Assets Recovered in the Current Year	(129,893)	(113,872)	(94,431)
Unearned Revenue Recognized in the Current Year	34,949	34,949	34,949
Net Revenues before Refunds	33,049	31,457	25,306
Refunds to Member Cities	(34,731)	(38,324)	(39,476)
Change in Net Position	(1,682)	(6,867)	(14,170)
Net Position			
Beginning Balance	34,076	40,943	55,113
Ending Balance	$ 32,394	$ 34,076	$ 40,943

Three years presented as required by GASB 34

Operating Information
Explanations of Significant Variances

Power Sales revenue is consistent with prior year. Power Sales are based upon two components, demand and energy. The demand component is designed to cover the Agency's fixed costs, including debt service, and is billed ratably throughout the year. The energy component is based on the cost of fuel and billed per-unit of generation. Demand sales were up $10.4 million (6%) primarily due to higher debt service requirements in FY 2016 compared to FY 2015. Energy sales were down $11.6 million (23%) due to lower generation resulting from low natural gas prices driving lower ERCOT wholesale power prices.

Fuel Expense decreased $9.7 million (20%) resulting from lower generation as discussed above.

Power Production Operation and Maintenance decreased $6.1 million (24%) due to the Agency executing a major turbine/generator overhaul outage in FY 2015. A scheduled maintenance outage occurred in FY 2016 but it was smaller in scope than the FY 2015 outage.

Transmission System Access Fee represents the transmission charges associated with delivering power to the Member Cities, as promulgated by the Public Utility Commission of Texas (PUCT). The fee increased $1.3 million (6%) in FY 2016 due to higher transmission rates approved by the PUCT from the energizing of additional transmission assets within Texas.

Renewals and Replacements decreased $0.9 million (82%). Beginning in FY 2014, the Agency discontinued the funding of renewals and replacements projects, which are considered large dollar maintenance projects, as part of its Capital Plan in an effort to restrict Capital Plan projects to only those that are capital in nature. As a result, beginning in FY 2014, funding for these types of maintenance projects were moved into the operation and maintenance budget. Renewals and Replacements expense incurred in the current year is related to renewals and replacements projects approved and funded prior to FY 2014 but not complete. As with FY 2016, the Agency anticipates that renewals and replacements activity will continue to be minimal as only a few renewal and replacement projects remain.

Other Income (Expense) decreased $1.2 million (76%) primarily due to two transactions in FY 2015 which increased other income: i) a payment from Atmos for a pipeline easement; and ii) recognition of a gain on the disposal of a failed transformer resulting from an insurance claim.

Regulatory Assets Recovered in the Current Year increased $16 million (14%) due to higher debt service which is the basis for recovering most regulatory assets.

Refunds to Member Cities decreased $3.6 million (9%) primarily due to not refunding excess revenues at FY 2016 year-end when excess revenues at FY 2015 year-end were refunded back to the Member Cities. In accordance with the Joint Operating Agreement, which was effective September 1, 2016, excess funds that would have normally been refunded back to the Member Cities in prior years are to be used to fund certain reserve accounts. Excess funds at FY 2016 year-end will be used to fund such reserve accounts.

TEXAS MUNICIPAL POWER AGENCY

BASIC FINANCIAL STATEMENTS

Texas Municipal Power Agency
Statements of Net Position
(Dollars in Thousands)

Assets and Deferred Outflows of Resources

	September 30, 2016	September 30, 2015
Assets		
Current Assets		
Current Unrestricted Assets		
Cash and Cash Equivalents	$ 20,760	$ 24,184
Inventories		
Fuel Stock	21,365	19,200
Materials and Supplies	7,138	6,947
Accounts Receivable and Other	10,257	9,089
Accrued Interest Receivable	-	127
Total Current Unrestricted Assets	59,520	59,547
Current Restricted Assets		
Cash and Cash Equivalents	10,840	8,159
Prepaid Insurance	567	629
Total Current Restricted Assets	11,407	8,788
Total Current Assets	70,927	68,335
Noncurrent Assets		
Electric Plant		
In Service	1,139,381	1,129,719
Less Accumulated Depreciation	(726,571)	(708,218)
Total Net Plant	412,810	421,501
Construction Work in Progress	11,696	14,967
Total Electric Plant	424,506	436,468
Other Assets		
Restricted Cash and Investments (Cash and Cash Equivalents $25,470 and $36,360 for 2016 and 2015, respectively)	25,470	131,953
Regulatory Assets	59,579	189,472
Total Other Assets	85,049	321,425
Total Noncurrent Assets	509,555	757,893
Total Assets	580,482	826,228
Deferred Outflows of Resources		
Unamortized Excess Cost on Advance Refunding of Debt	843	9,471
Total Deferred Outflows of Resources	843	9,471
Total Assets and Deferred Outflows of Resources	$ 581,325	$ 835,699

The accompanying notes are an intregral part of the financial statements.

Texas Municipal Power Agency
Statements of Net Position
(Dollars in Thousands)

Liabilities and Net Position

	September 30, 2016	September 30, 2015
Liabilities		
Current Liabilities		
Current Maturities of Revenue Bonds	$ 119,410	$ 23,251
Zero Coupon Bond Interest Payable	-	59,291
Accrued Interest Payable	955	908
Accounts Payable	8,284	9,274
Unearned Revenue	29,635	46,065
Accrued Distribution to Member Cities	2,894	7,219
Accrued Compensation and Pension Benefits	1,737	1,850
Accrued Mine Reclamation Cost	2,406	1,914
Total Current Liabilities	165,321	149,772
Noncurrent Liabilities		
Long-Term Debt		
Revenue Bonds	207,930	348,407
Unamortized Premium	2,305	2,809
Zero Coupon Bond Interest Payable	-	60,048
Tax Exempt Commercial Paper	89,115	86,385
Total Long-Term Debt	299,350	497,649
Other Employee Retirement Benefits	16,260	19,126
Accounts Payable	-	339
Unearned Revenue	66,986	131,570
Contribution in Aid of Construction	-	175
Accrued Mine Reclamation Cost	1,014	2,992
Total Other Long-Term Obligations	84,260	154,202
Total Noncurrent Liabilities	383,610	651,851
Total Liabilities	548,931	801,623
Net Position		
Net Investment in Capital Assets	2,243	(10,836)
Restricted for Insurance Claims	3,315	4,426
Unrestricted	26,836	40,486
Total Net Position	32,394	34,076
Total Liabilities and Net Position	$ 581,325	$ 835,699

The accompanying notes are an integral part of the financial statements.

Texas Municipal Power Agency
Statements of Revenues, Expenses and Changes in Net Position
(Dollars in Thousands)

	For the Years Ended September 30, 2016	2015
Operating Revenues		
Power Sales	$ 228,897	$ 230,095
Transmission Revenues	43,102	42,190
Other Operating Revenues	1,273	2,293
Total Operating Revenues	273,272	274,578
Operating Expenses		
Fuel	39,928	49,673
Power Production - Operation and Maintenance	19,432	25,621
Transmission - Operation and Maintenance	2,950	2,087
Administrative and General	5,836	11,256
Transmission System Access Fee	23,124	21,808
Depreciation Expense	21,037	20,601
Renewals and Replacements	199	1,125
Total Operating Expenses	112,506	132,171
Income from Operations	160,766	142,407
Other Income (Expense)		
Investment Revenue	858	1,155
Miscellaneous Other Income (Expense), Net	(465)	460
Total Other Income	393	1,615
Interest Charges		
Interest Expense on Debt	20,369	30,172
Amortization of Debt Issuance Cost and Excess Cost on Advance Refunding of Debt	12,797	3,470
Total Interest Charges	33,166	33,642
Regulatory Assets Recovered in the Current Year	(129,893)	(113,872)
Unearned Revenue Recognized in the Current Year	34,949	34,949
Net Revenues before Refunds	33,049	31,457
Refunds to Member Cities	(34,731)	(38,324)
Change in Net Position	(1,682)	(6,867)
Net Position		
Beginning Balance	34,076	40,943
Ending Balance	$ 32,394	$ 34,076

The accompanying notes are an integral part of the financial statements.

Texas Municipal Power Agency
Statements of Cash Flows
(Dollars in Thousands)

	For Years Ended September 30, 2016	2015
Cash Flows from Operating Activities		
Cash Received from Power Sales	$ 179,120	$ 209,201
Cash Received from Transmission Revenues	27,581	28,615
Cash Received from Other Revenues	1,493	2,973
Cash Paid to Suppliers	(74,668)	(101,569)
Cash Paid to Employees	(10,575)	(10,363)
Net Cash Provided by Operating Activities	122,951	128,857
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Assets	-	150
Proceeds from Insurance Claim	-	1,411
Proceeds from Tax Exempt Commercial Paper	2,730	9,700
Proceeds from Member Cities	-	10,000
Amount placed in Escrow for debt defeasance	(90,618)	-
Construction Work in Progress	(10,520)	(12,947)
Payment of Principal on Debt	(23,251)	(30,343)
Interest Paid on Debt	(74,839)	(90,255)
Refunds to Member Cities	(34,665)	(33,767)
Net Cash Used for Capital and Related Financing Activities	(231,163)	(146,051)
Cash Flows from Investing Activities		
Proceeds from Sale of Investments	101,468	112,094
Interest and Dividends on Investments	1,123	923
Purchase of Investments	(6,012)	(105,902)
Net Cash Provided by Investing Activities	96,579	7,115
Net Decrease in Cash and Cash Equivalents	(11,633)	(10,079)
Beginning Cash and Cash Equivalents Balance	68,703	78,782
Ending Cash and Cash Equivalents Balance	$ 57,070	$ 68,703

The accompanying notes are an integral part of the financial statements.

Texas Municipal Power Agency
Statements of Cash Flows
(Dollars in Thousands)

Reconciliation of Income from Operations to Net Cash Provided by Operating Activities

	For Years Ended September 30, 2016	2015
Income from Operations	$ 160,766	$ 142,407
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities:		
Depreciation Expense	21,037	20,601
Credits Applied to Power Sales	(50,456)	(23,472)
Change in Accounts Receivables and Other	(1,169)	2,833
Change in Inventories	(2,356)	(15,290)
Change in Accrued Mine Reclamation Cost	(1,486)	(744)
Change in Accounts Payable	(533)	261
Change in Accrued Compensation and Pension Benefits	(113)	201
Change in Other Employee Retirement Benefits	(2,866)	2,410
Miscellaneous Activities	127	(350)
Total	(37,815)	(13,550)
Net Cash Provided by Operating Activities	$ 122,951	$ 128,857

Supplemental Cash Flows Information

The Agency recorded increases in fair market value of its investments of $0 and $273,000 as of September 30, 2016 and 2015, respectively.

Capital invoices totaling $2,451,356 and $1,655,292 are included in accounts payable at September 30, 2016 and 2015, respectively.

The accompanying notes are an integral part of the financial statements.

TEXAS MUNICIPAL POWER AGENCY

NOTES TO FINANCIAL STATEMENTS

Texas Municipal Power Agency
Notes to Financial Statements

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1. General

The Texas Municipal Power Agency (“TMPA” or the “Agency”) was created on July 18, 1975 through the adoption of concurrent ordinances by the Texas Cities of Bryan, Denton, Garland, and Greenville (“Cities” or “Member Cities”), pursuant to TMPA’s enabling legislation, Acts 1975, 64th Leg., Ch. 143, Sec. 1, now codified in Subchapter C, Chapter 163, Utilities Code (the “Act”). Under the provisions of the Act, TMPA is a separate municipal corporation and political subdivision. TMPA is exempt from payment of federal income taxes under Section 115 of the Internal Revenue Code.

The Agency is governed by a Board of Directors made up of two representatives from each Member City and is empowered to plan, finance, acquire, construct, own, operate, and maintain facilities to be used in the business of generation, transmission, and sale of electric energy to the Member Cities.

In September 1976, TMPA entered into identical Power Sales Contracts (the “Contract”) with each of the Cities for the purpose of obtaining for the Cities the economic advantages of jointly financing, constructing, and operating large electric generating units and related facilities to supply the Cities’ future energy needs. Under the Contract, the Cities are required to pay, for the benefits received or to be received by them from such activities, an amount sufficient to pay TMPA’s operating and maintenance expenses and the Bond Fund, Reserve Fund, and Contingency Fund requirements of the Revenue Bond Resolutions (the “Resolutions”). In addition, the Cities are obligated to guarantee the payment of TMPA’s Prior Lien Bonds (the “Debt Service Guarantee”).

As originally written in September 1976, the Contract was a requirements contract, which obligated the Cities, with certain exceptions, to purchase their wholesale electricity requirements from TMPA. On November 5, 1997, the Contract was amended. Under the amendment, the Contract was converted from a requirements contract to a take-or-pay contract, under which each City is obligated to take or pay for a specified percentage of electricity from TMPA’s generating facility. Currently, those percentages are Bryan 21.7%, Denton 21.3%, Garland 47%, and Greenville 10%. The amendment confirmed the Cities’ obligations, explained above, to pay all costs of TMPA. The Debt Service Guarantee, contained in the Contract since September 1976, was not changed by the amendment. Concurrently with the execution of the amendment on November 5, 1997, a Travis County District Court validated the Contract as amended and confirmed the authority of TMPA to enter into the amendment.

Effective June 24, 2010, the Contract was amended to enable TMPA to issue debt secured by transmission revenues (“Transmission Debt”). Transmission Debt issued prior to September 1, 2018, is to be secured by Net Revenues until September 1, 2018, and solely by transmission revenues thereafter. Transmission Debt issued after September 1, 2018, must be secured solely by transmission revenues. On August 30, 2010, pursuant to the amendment to the Contract, TMPA issued its first series of Transmission Debt. The final maturity date of such series of Transmission Debt is September 1, 2040.

The Contract requires TMPA to make periodic refunds to the Member Cities of funds collected to satisfy debt service coverage bond covenants and net position (adjusted for net position reserves) in excess of 3.5% of the subsequent year’s budget, which is retained for working capital purposes. The term of the Contract is for a period of 35 years from September 1, 1976 or until all bonds and certain other indebtedness of the Agency are paid, whichever occurs later. At present, the final maturity of the Agency’s indebtedness, other than Transmission Debt which has no effect on the term of the Contract, is September 1, 2018, at which time the Contract will terminate, although it is possible that the Agency could restructure such debt to shorten or extend the schedule of its debt retirement.

TMPA operates the Gibbons Creek Steam Electric Station (“GCSES”), a coal-fired generating plant located in Grimes County, Texas with a net generating capability of 470 megawatts. The plant began commercial operation on October 1, 1983. TMPA also owns and operates electric transmission assets in the State of Texas. These transmission facilities provide ties to the Member Cities and to other transmission providers at a number of points in the Electric Reliability Council of Texas (“ERCOT”) system.

Regulation

The Agency's Board of Directors regulates TMPA's generation activities. Transmission activities are regulated by ERCOT and the PUCT. Each transmission service provider in ERCOT is required to provide non-discriminatory access to the electric grid in ERCOT. As compensation for this service, each transmission service provider annually receives its Transmission Cost of Service ("TCOS"), which is set by the PUCT.

2. Summary of Significant Accounting Policies

System of Accounts

The accounting records of TMPA are maintained substantially in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission ("FERC") for Class A and Class B Public Utilities and Licensees.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Measurement Focus, Basis of Accounting, and Basis of Presentation

The accounts of TMPA are organized and operated based on account groups in a fund. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in accounting for resources.

TMPA maintains an Enterprise Fund to account for its operations. An Enterprise Fund, which is a Proprietary Fund type, is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred. Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of management is to finance the costs of providing services to the public primarily through user charges.

Accounting and Financial Reporting

The Agency's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB").

The Agency presents its financial statements in accordance with GASB Statement No. 34 ("GASB 34"), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* as amended.

The Agency follows the provisions of GASB Statement No. 62 ("GASB 62"), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. In general, GASB 62 permits an entity with cost-based rates to defer certain costs or income, which would otherwise be recognized when incurred. Costs are deferred to the extent that the rate-regulated entity is recovering or expects to recover such amounts through rates charged to customers while receipts are deferred to the extent that they are expected to cover costs to be incurred in the future.

GASB Pronouncements Effective in FY 2016

GASB Statement No. 72 (“GASB 72”), *Fair Value Measurement and Application*, provided guidance for determining a fair value measurement for financial reporting purposes. Additionally, this statement provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Implementation of GASB 72 was limited to additional footnote disclosures.

GASB Statement No. 73 (“GASB 73”), *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, improves the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This statement extends the approach of GASB 68 with regard to accounting and financial reporting for pensions and also clarifies the application of a number of provisions of GASB 67 and 68. Implementation of GASB 73 had no impact since the Agency was already disclosing the additional footnote disclosures required of this standard for defined contribution pension plans.

GASB Statement No. 76 (“GASB 76”), *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, identifies the hierarchy of sources of accounting principles used to prepare financial statements of state and local governments in conformity with Generally Accepted Accounting Principles (“GAAP”) and the framework for selecting those principles. GASB 76 reduced the GAAP hierarchy to two categories of authoritative GAAP and addressed the use of authoritative and nonauthoritative literature when the accounting treatment of a transaction is not specified within a source of authoritative GAAP. Implementation of GASB 76 had no impact on the financial statements.

GASB Pronouncements Effective in FY 2015

GASB Statement No. 68 ("GASB 68"), *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, provided guidance on how governments measure and report the long-term obligations and annual costs associated with the pension benefits they provide to their employees. While GASB 68 mainly focused on defined benefit pension plans, it reiterated that, as under prior standards, governments with defined contribution plans should record a liability when pension expense exceeds the contributions to the pension plan for any year. Implementation of GASB 68 had no impact since the Agency was already disclosing the additional footnote disclosures required of this standard for defined contribution pension plans.

GASB Statement No. 69 ("GASB 69"), *Government Combinations and Disposals of Government Operations,* established accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. Implementation of GASB 69 had no impact on the Agency.

GASB Statement No. 71 (“GASB 71”), *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment to GASB Statement No. 68*, addressed an issue regarding application of the transition provisions of GASB 68. Specifically, it addressed the issue related to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. Since the Agency’s pension plan is a defined contribution plan, implementation had no impact on the Agency.

GASB Pronouncements Issued but Not Yet Effective

In June 2015, GASB issued Statement No. 74 (“GASB 74”), *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishing new accounting and financial reporting requirements for governments whose employees are provided with other postemployment benefits, as well as for certain nonemployer governments that have a legal obligation to provide financial support for other postemployment benefits provided to the employees of other entities. GASB 74 is effective for the fiscal period ending September 30, 2017. Continued study is necessary to determine its impact on the Agency.

In June 2015, GASB issued Statement No. 75 ("GASB 75"), *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, addressing accounting and financial reporting for postemployment benefits other than pensions ("OPEB") that is provided to the employees of state and local governmental employers and replaces the requirements of previous standards surrounding these types of benefits. Additionally, GASB 75 requires financials statements using the accrual basis of accounting to recognize a liability equal to the net OPEB liability. The Agency currently recognizes an OPEB liability on its financial statements but continued review is necessary determine its impact on the Agency. GASB 75 is effective for the fiscal period ending September 30, 2018.

In August 2015, GASB issued Statement No. 77 ("GASB 77"), *Tax Abatement Disclosures*, requiring disclosure by state and local governments of their own tax abatement agreements and those that are entered into by other governments that reduce the reporting government's tax revenues. GASB 77 is intended to assist users of financial statements in assessing a government's financial condition and the limitations on a government's ability to raise resources. GASB 77 is effective for the fiscal period ending September 30, 2017, however implementation will have no impact on the Agency.

In December 2015, GASB issued Statement No. 78 ("GASB 78"), *Pensions Provided through Certain Multiple-Employer Defined Benefit Plans*. GASB 78 addresses practice issues regarding the scope and applicability of GASB 68. GASB 78 is effective for the fiscal period ending September 30, 2017, however implementation will have no impact on the Agency.

In December 2015, GASB issued Statement No. 79 ("GASB 79"), *Certain External Investment Pools and Pool Participants*. GASB 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. GASB 79 is effective for the fiscal period ending September 30, 2017. Continued study is necessary to determine its impact on the Agency.

In January 2016, GASB issued Statement No. 80 ("GASB 80"), *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14.* GASB 80 improves financial reporting by clarifying the financial statement presentation required for certain component units. GASB 80 is effective for the fiscal period ending September 30, 2018, however implementation will have no impact on the Agency.

In March 2016, GASB issued Statement No. 81 ("GASB 81"), *Irrevocable Split-Interest Agreements.* GASB 81 improves financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. GASB 81 is effective for the fiscal period ending September 30, 2017, however implementation will have no impact on the Agency.

In March 2016, GASB issued Statement No. 82 ("GASB 82"), *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73.* GASB 82 addresses issues that have been raised with respect to GASB 67, GASB 68 and GASB 73. GASB 82 is effective for the fiscal period ending September 30, 2018, however implementation will have no impact on the Agency.

Electric Plant

Electric plant, with the exception of mine-related assets, is stated at historical cost. During construction, such costs include payroll and payroll-related amounts such as taxes and employee benefits, general and administrative costs, and an allowance for funds used in projects. Subsequent to the closing of the mining operation and recognition of the related impairment in 1996, mine-related assets are reported at net realizable value. Costs incurred for repairs and minor replacements are reported as operating expenses as appropriate. Upon retirement of the electric plant, the original cost thereof and the cost of removal, less salvage, are charged to accumulated depreciation. The Agency's capitalization policy requires expenditures exceeding

$50,000 that are capital in nature and that have a useful life greater than one year to be capitalized.

Electric plant components, net of accumulated depreciation as of September 30, 2016 and 2015 are as follows (in thousands):

Summary of Additions, Less Transfers and Retirements to Plant

Electric Plant	**Oct. 1, 2015**	**Additions**	**Transfers**	**Retirements**	**Sept. 30, 2016**
Generation	$ 688,493	$ 402	$ (30)	$ -	$ 688,865
Transmission	272,726	-	12,700	(3,410)	282,016
Mine-Related	52,632	-	-	-	52,632
General Plant	104,175	-	-	-	104,175
Other	10,775	-	-	-	10,775
Intangible Assets	918	-	-	-	918
Total Electric Plant	1,129,719	402	12,670	(3,410)	1,139,381
Accumulated Depreciation					
Generation	(488,240)	(13,975)	-	-	(502,215)
Transmission	(117,541)	(5,986)	-	2,739	(120,788)
Mine-Related	(37,355)	-	-	-	(37,355)
General Plant	(63,658)	(1,131)	-	-	(64,789)
Other	(1,348)	-	-	-	(1,348)
Intangible Assets	(76)	-	-	-	(76)
Total Accumulated Depreciation	(708,218)	(21,092)	-	2,739	(726,571)
Construction Work in Progress	14,967	9,399	(12,670)	-	11,696
Total Electric Plant, Net of Accumulated Depreciation	$ 436,468	$ (11,291)	$ -	$ (671)	$ 424,506

Electric Plant	**Oct. 1, 2014**	**Additions**	**Transfers**	**Retirements**	**Sept. 30, 2015**
Generation	$ 685,633	$ 1,307	$ 1,553	$ -	$ 688,493
Transmission	270,081	-	8,986	(6,341)	272,726
Mine-Related	52,632	-	-	-	52,632
General Plant	104,175	-	-	-	104,175
Other	10,775	-	-	-	10,775
Intangible Assets	918	-	-	-	918
Total Electric Plant	1,124,214	1,307	10,539	(6,341)	1,129,719
Accumulated Depreciation					
Generation	(473,526)	(14,714)	-	-	(488,240)
Transmission	(116,861)	(5,773)	-	5,093	(117,541)
Mine-Related	(37,355)	-	-	-	(37,355)
General Plant	(62,530)	(1,128)	-	-	(63,658)
Other	(1,348)	-	-	-	(1,348)
Intangible Assets	(62)	(14)	-	-	(76)
Total Accumulated Depreciation	(691,682)	(21,629)	-	5,093	(708,218)
Construction Work in Progress	12,215	13,291	(10,539)	-	14,967
Total Electric Plant, Net of Accumulated Depreciation	$ 444,747	$ (7,031)	$ -	$ (1,248)	$ 436,468

Allowance for Funds Used in Projects

Since inception, TMPA capitalized to electric plant approximately $135,683,094 of the interest cost funded through bond proceeds and commercial paper. The amount of interest capitalized will be recovered in future years by setting rates sufficient to provide funds for the related debt service requirements. TMPA capitalized interest costs of $53,156 and $13,910 during 2016 and 2015, respectively.

Depreciation

Depreciation is calculated using the straight-line method over the estimated useful lives of the various classes of plant, which are as follows:

Generation Assets	Life of the Generating Facility (currently to 2030)
Transmission Assets	40 Years
Other Utility Plant	5 to 20 Years

Annual depreciation provisions expressed as a percentage of average depreciable plant were approximately 1.9% and 2.1% in 2016 and 2015, respectively. During 2016 and 2015, depreciation expense was $21,036,985 and $20,601,069, respectively.

Renewals and Replacements

Renewals and replacements are large dollar maintenance projects that, prior to 2014, were funded through the Agency's capital plan. The original cost of the projects is capitalized in electric plant in service and an offsetting contra account is established to reflect the expensing of those projects as renewals and replacements expense.

Beginning in 2014, the Agency modified its capital plan to include only those projects that are capital in nature. As a result, funding for these maintenance projects was moved to the operation and maintenance budget.

Renewals and replacements funding not utilized in prior years has been carried forward for completion of projects previously approved. During 2016 and 2015, renewals and replacements expense was $198,601 and $1,124,959, respectively. At September 30, 2016 and 2015, renewals and replacements funding of $2,081,637 and $2,352,950 was carried forward, respectively.

During 2016, several renewals and replacements were completed with only a few remaining at year-end.

Summary of Additions, Less Transfers and Retirements to Plant

As of September 30, 2016, accumulated depreciation activity of $18.3 million includes depreciation expense of $21.0 million and an immaterial amount of renewals and replacements, less retirements of $2.7 million. As of September 30, 2015, accumulated depreciation activity of $16.5 million includes depreciation expense of $20.6 million, renewals and replacements of $1.0 million, less retirements of $5.1 million.

Investments

Investments are stated at fair value and consist of investments in the Texas Local Government Investment Pool ("TexPool").

Funds invested in TexPool represent ownership of a pro-rata share of the underlying assets of the pool. The pool invests primarily in obligations of the U.S. Government, the State of Texas, or its agencies and instrumentalities, repurchase agreements, and other highly rated instruments as authorized by state law. TexPool is controlled by the State Comptroller of Public Accounts of Texas and only invests in assets that are authorized under both the Public Funds Investment Act and the TexPool Investment Policy. TexPool is operated in a manner consistent with the Security and

Exchange Commission's Rule 2a7 of the Investment Company Act of 1940. TexPool's investments are carried at amortized cost, which approximates fair value. Therefore, TMPA's investment in TexPool approximates fair value.

Rates paid by the Member Cities include estimates for anticipated realized investment income. Net unrealized gains (losses) on the fair value of investments, excluding investments in the risk management fund, were $0 and $273,000 for the years ended September 30, 2016 and 2015, respectively, and were deferred and recorded as regulatory assets. Total net unrealized gains of $0 as of September 30, 2016 and total net unrealized gains of $196,000 as of September 30, 2015 are recorded in regulatory assets. Recognition of investment fair value changes in the Statement of Operations and Net Position occurs when the investments mature or are sold.

Inventories

Fuel stock and materials and supplies inventories are valued at cost, using weighted average methods.

Escrow Accounts

In 2012, the Agency provided the Member Cities with an option to use escrow accounts to manage their portion of the Agency's outstanding debt. Each Member City may fund an escrow account and specify a future year of debt service to which the funds will be applied, thereby prepaying their portion of the debt service. The Agency then provides a credit on the City's power bills for the prepayment in the year the funds are used to pay debt service. The escrow accounts give the Member Cities the flexibility to act independently in determining when each Member City will pay for its share of debt service. In 2015, the City of Greenville, the City of Denton, and the City of Garland funded escrow accounts.

The Member Cities have the option of cash funding or issuing a series of City debt to fund the escrow accounts. Cash funded escrows are reflected as restricted cash and investments and unearned revenue on the Statements of Net Position. Debt funded escrows, which are considered a defeasance of debt, is reflected as unearned revenue on the Statements of Net Position. See Note 6 for further explanation on the funding of the escrows by the Member Cities.

Rates for Power Sales

TMPA's rates for power and energy billed to the Cities are designed to cover annual system costs as defined in the Resolutions and the Contract. In general, costs are defined to include TMPA's costs of operations (except for depreciation and amortization). It is the Agency's practice to budget approximately 1.26 times debt service requirements. The rates are set by the Board of Directors annually and are required to be reviewed on an annual basis. TMPA's practice is to periodically refund accumulated excess revenues to the Cities to the extent available funds after debt service coverage and specified required reserves have been met.

Revenues

Revenues from the sale of electricity are based upon two components, demand and energy. The demand component is a fixed amount established for the fiscal year, which is recognized ratably throughout the year. The energy component is based on a per-unit generation amount, and is recognized as generation occurs. As of September 30, 2016 and 2015, the Agency had outstanding receivable balances related to Member Cities' electricity sales of $4.7 million and $5.4 million, respectively. Transmission revenues are determined by the PUCT annually based on regulatory filings and are recognized ratably throughout the year by the Agency.

The Agency distinguishes between operating and non-operating revenues and expenses consistent with the criteria used to identify cash flows from operating activities in the Statement of Cash Flows. Generally, the Agency classifies revenues generated from power sales and transmission usage along with ancillary services as operating revenues. Fuel, production operating and maintenance, transmission operating and maintenance, general and administrative, transmission system access fee, depreciation on the Agency's electric plant assets, and renewals and replacements expense are classified as operating expenses. All other income and expenses, including investment revenues, interest expense, amortization of debt costs, regulatory assets recovered in the current year, unearned revenues, and refunds to Member Cities are considered non-operating activity.

Transmission System Access Fee

The PUCT sets rates for wholesale transmission services within ERCOT. TMPA pays the cost of delivery of its power to the Member Cities based on those rates.

Regulatory Assets

TMPA is subject to the accounting requirements of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Accordingly, certain costs may be capitalized as regulatory assets that would otherwise be charged to expense. Such regulatory assets are recorded when it is probable that future revenue in an amount at least equal to the capitalized costs will result from inclusion of those costs in future rates. Types of costs deferred include depreciation, zero coupon bond interest, debt issuance costs, losses resulting from debt restructuring, other postemployment benefits, and write-downs of debt-financed capital assets. Recovery of costs will be through Member City demand components such as debt service principal payments, zero coupon bond interest payments, and commercial paper payoff. Estimated mine reclamation costs will be recovered through fiscal budget components.

Unearned Revenues to be Recognized in Future Years

As noted above, TMPA is subject to the accounting requirements of GASB 62. Accordingly, current receipts provided for certain costs that are expected to be incurred in the future are required to be recorded as unearned revenues. These revenues are charged to income when the associated expenses are incurred. As of September 30, 2016, unearned revenues consisted of the Member Cities' prepayments of their contractual obligations for power received from the Agency. The recovery period for the unearned revenues will extend to FY 2018.

Debt-Related Costs

Bond premiums and discounts are amortized over the terms of related bond issues under the interest method. Excess cost on advance refunding of debt is amortized using the straight-line method over the term of the bond issue.

Statements of Cash Flows

The Agency considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Net Position

Net position is displayed in three components – net investment in capital assets, restricted for insurance claims, and unrestricted. Components of net investment in capital assets include electric plant and intangible assets net of depreciation, which are reduced by outstanding bond and commercial paper liabilities related to those assets. The outstanding liabilities are calculated net of the investments included in restricted assets.

Net position restricted for insurance claims is comprised of current and noncurrent cash and investments, restricted for Risk Management purposes. Unrestricted net position is comprised of those assets and liabilities that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as needed.

3. Restricted Assets

Restricted assets include those assets comprising the Bond, Reserve, Contingency, Junior Subordinate Construction Bond, Subordinate Lien Bond, Subordinate Lien Reserve, Junior Subordinate Lien Bond and Risk Management Program funds, which are principally established and maintained pursuant to the Resolutions. Substantially all assets in the Bond and Reserve Funds are available only to meet the principal and interest payments on the Revenue Bonds. Assets in the Contingency Fund are for use in paying extraordinary or unusual costs.

Junior Subordinate Construction Bond Fund assets are for use in paying for the design and construction of improvements to the Agency's electric plant and to pre-fund interest during the construction period. Subordinate Lien Bond Fund and Subordinate Lien Reserve Fund assets are for use in paying the interest and principal of outstanding previously issued Subordinate Lien Bonds and outstanding Series 2010 Bonds. Junior Subordinate Lien Bond Fund assets are for use in paying interest and principal on the outstanding Series 2013 Bonds. Assets in the Risk Management Program Fund are available to pay certain claims and losses and to reimburse the Agency for certain administrative costs of the Risk Management Program.

As discussed further in Note 6, in September 2016, assets in the Reserve and Contingency Funds were used to defease the Series 1993 Revenue Refunding bonds.

The aggregate amount in each of these funds as of September 30 is as follows (in thousands):

Fund Type:	2016	2015
Bond Fund	$ 17,540	$ 18,582
Reserve Fund	12	103,328
Contingency Fund	-	2,022
Junior Subordinate Construction Bond Fund	-	2,979
Subordinate Lien Bond Fund	695	687
Subordinate Lien Reserve Fund	7,790	7,799
Junior Subordinate Lien Bond Fund	6,958	289
Risk Management Program	3,315	5,055
Total Funds	$ 36,310	$ 140,741

4. Investments

As of September 30, 2016, the Agency's portfolio is invested entirely in the Texas Local Government Investment Pool ("TexPool"), a local government investment pool. TexPool is not managed by the Agency and the Agency does not possess securities that exist in either physical or book entry form. Under the Texas Public Funds Investment Act, government investment pools must maintain an AAA or equivalent rating from at least one nationally recognized rating agency. Standard & Poor's currently rates TexPool AAAm.

In August 2016, the Agency liquidated investments in the Reserve and Contingency Funds for the defeasance of the Series 1993 Revenue Refunding bonds, which occurred in September.

The Agency's investment portfolio, which is stated at amortized cost per share as of September 30, 2016 and at fair value as of September 30, 2015, is as follows (in thousands):

Investment Type:	**2016**	**2015**
Fannie Mae	$ -	$ 14,902
Federal Home Loan Mortgage Corp	-	28,980
Federal Home Loan Bank	-	45,652
Federal Farm Credit Bank	-	9,978
Municipal Bonds	-	2,001
Money Market Funds	-	2,500
Investment Portfolio Net of TexPool	-	104,013
Investment Pools - TexPool	55,698	75,378
Total Investment Portfolio	$ 55,698	$ 179,391

Interest Rate Risk

The Agency minimizes the risk associated with the decline in market value of securities due to rising interest rates (interest rate risk) by maintaining a "buy and hold" strategy, whereby securities are purchased with the intent to hold the securities in the portfolio until maturity. The Agency does not participate in derivatives to hedge interest rate risk or any other risk.

Credit Risk and Concentration of Credit Risk

The Agency's investment policy limits investments to obligations of the United States of America and its agencies, investment quality obligations of states, agencies, counties, cities, and other political subdivisions of any state, fully insured Certificates of Deposit, and commercial paper that has maturity of 270 days or less and a rating of A-1 or P-1.

The Agency's investments in U.S. agency bonds, municipal bonds, and money market funds are rated as follows as of September 30, 2015:

Investment Type:	**Standard & Poor's**	**Moody's Investor Service**	**Fitch Ratings**
U.S. Agency Bonds	AA+	Aaa	AAA
<u>Municipal Bonds</u>			
Honolulu City & County HI		Aa1	AA+
Texas A&M	AAA	Aaa	AAA
Money Market Funds	AAAm	Aaa-mf	

Custodial Risk

Custodial risk is the risk that in the event of a bank or counterparty failure, the Agency's deposits or investments may not be returned. The investment policy states that all bank deposits of Agency funds be secured by pledged collateral with a market value equal to no less than 102 percent of the principal plus accrued interest less an amount insured by the Federal Deposit Insurance Corporation ("FDIC"). Investment securities are delivered-versus-payment to the Agency's bank for safekeeping as evidenced by safekeeping receipts issued by the bank.

Deposits

The bond resolutions require that deposits be placed in a bank or trust company organized under the laws of the State of Texas or a national banking association located within the State of Texas. Deposits are insured by the FDIC or collateralized by U.S. Government obligations or its Agencies and Instrumentalities; or direct obligations of Texas or its Agencies or Instrumentalities that have a market value of not less than the principal amount on deposit and rated “A” or better by Moody’s or Standard and Poor’s. The pledged collateral was held at the Federal Home Loan Bank of Dallas under a joint safekeeping account with the Agency’s deposit institution in the Agency’s name.

As of September 30, 2016 and 2015, TMPA had recorded cash deposits of $1.37 million and $6.35 million, respectively. Bank statement balances as of September 30, 2016 and 2015 were $1.59 million and $7.20 million, respectively, with the differences being comprised of outstanding checks and deposits in transit.

5. Risk Management Program

The Risk Management Program was established in July 1987 and funded through the sale of $20,480,000 Series 1987A Revenue Bonds. These bonds were refunded by the Series 1993A bonds which matured September 1, 1997. The Risk Management Program has been extended through July 1, 2018 by Board Resolution. The initial capitalization requirements were determined on an actuarial basis, and each year prior to 2013, an actuarial study was prepared by a professional actuary to determine, amongst others, funding needed to maintain actuarial soundness.

In 2013, the decision was made to exhaust the Risk Management Program by decreasing annual funding to the program. As currently planned, the Risk Management Program will be fully exhausted in 2018. As a result of this decision, the need for an actuarial study to determine appropriate funding was no longer needed. Therefore, beginning in 2013, the Agency chose to discontinue actuarial studies on its Risk Management Program.

In addition to the initial funding, TMPA has purchased commercial insurance to cover certain property and liability risks. The Risk Management Program does not include health and dental care coverage described in Note 8. TMPA is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

Under the Board Resolution establishing the Risk Management Program, withdrawals for the payment of claims (exclusive of defense costs which are not covered by any maximum on withdrawals from the fund) may not exceed maximum amounts as follows:

Type of Claim	Maximum Amount
Corporate general liability claims arising from one occurrence	$1 million
Assumed general liability claims arising from one occurrence	$1 million
Aggregate of corporate and assumed general liability claims per fiscal year	$3 million
Property losses arising from one occurrence	$5 million
Aggregate of property losses per fiscal year	$5 million

Any claims or damages above self-insured amounts are covered by commercial insurance. There were no substantial changes in the level of commercial insurance from the previous year. Since inception of the program, no settlements have exceeded insurance coverage.

In 2015, TMPA experienced a transformer failure which resulted in a commercial insurance claim. Claim costs prior to the collection of insurance proceeds were funded out of the Risk Management Program. Upon receipt of insurance proceeds, a portion was used to reimburse the Risk Management Program for claim payments made and the remainder was deposited in the Subordinate Lien Bond Fund and used to service debt. The gain resulting from the transformer failure and the collection of insurance proceeds is recorded in Other Income (Expense) on the Statements of Revenues, Expenses, and Changes in Net Position.

Effective October 1, 1995, the Agency adopted GASB Statement No. 30, *Risk Financing Omnibus* (“GASB 30”) which amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* (“GASB 10”). GASB 10 requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. GASB 30 further requires that claims liabilities include specific, incremental claim adjustment expenditures/expenses. In addition, estimated recoveries of settled and unsettled claims should be evaluated and deducted from the liability for unpaid claims. The Agency has included a liability of $0 and $339,000 in accounts payable at September 30, 2016 and 2015, respectively, based on the requirements of GASB 10 and GASB 30.

Changes in the claims liability amount were as follows (in thousands):

Fiscal Year	Beginning Liability	Changes in Claim Estimates	Claim Payments	Ending Liability
2016	$ 339	$ (83)	$ (256)	$ -
2015	$ 48	$ 1,029	$ (738)	$ 339

6. Long-Term Debt

The Agency's long-term debt consists of the following at September 30, 2016 and 2015 (in thousands):

	Outstanding October 1, 2015	Issued / Increased	Redeemed / Decreased	Accretion / Amortization Premium / Discount	Outstanding September 30, 2016	Principal Due Within One Year
Revenue Bonds Series						
1993	$ 41,867	$ -	$ (41,867)	$ -	$ -	$ -
2008	37,105	-	-	(145)	36,960	36,835
2010	116,079	-	(2,450)	(359)	113,270	2,575
2013	179,415	-	-	-	179,415	80,000
Total Revenue Bonds	374,466	-	(44,317)	(504)	329,645	119,410
Zero Coupon Interest Payable						
1993	119,339	-	(128,735)	9,396	-	-
Total Zero Coupon Interest Payable	119,339	-	(128,735)	9,396	-	-
Non-Taxable Commercial Paper	86,385	2,730	-	-	89,115	-
Total Long-term Debt	$ 580,190	$ 2,730	$(173,052)	$ 8,892	$ 418,760	$119,410

	Outstanding October 1, 2014	Issued / Increased	Redeemed / Decreased	Accretion / Amortization Premium / Discount	Outstanding September 30, 2015	Principal Due Within One Year
Revenue Bonds Series						
1993	$ 85,589	$ -	$ (43,722)	$ -	$ 41,867	$ 20,801
2008	37,257	-	-	(152)	37,105	-
2010	118,831	-	(2,335)	(417)	116,079	2,450
2013	179,415	-	-	-	179,415	-
Total Revenue Bonds	421,092	-	(46,057)	(569)	374,466	23,251
Zero Coupon Interest Payable						
1993	223,874	-	(123,758)	19,223	119,339	59,291
Total Zero Coupon Interest Payable	223,874	-	(123,758)	19,223	119,339	59,291
Non-Taxable Commercial Paper	76,685	9,700	-	-	86,385	-
Total Long-term Debt	$ 721,651	$ 9,700	$(169,815)	$ 18,654	$ 580,190	$ 82,542

Revenue Bonds outstanding, as of September 30, 2016 and 2015, respectively, are (in thousands):

Series	Current Amount Outstanding 2016	Long-Term Amount Outstanding 2016	Maturity From	Maturity To	Range of Interest Rates From	Range of Interest Rates To	Earliest Redemption Date
2008	$ 36,835	$ -	2017	2017	4.881	4.881	2017
2010	2,575	108,515	2012	2040	3.000	5.000	2012
2013	80,000	99,415	2017	2018	1.898	1.898	2017
Total	$ 119,410	$ 207,930					

Series	Current Amount Outstanding 2015	Long-Term Amount Outstanding 2015	Maturity From	Maturity To	Range of Interest Rates From	Range of Interest Rates To	Earliest Redemption Date
1993	$ 20,801	$ 21,067	2013	2017	6.100	6.150	2013
2008	-	36,835	2017	2017	4.881	4.881	2017
2010	2,450	111,090	2012	2040	3.000	5.000	2012
2013	-	179,415	2017	2018	1.898	1.898	2017
Total	$ 23,251	$ 348,407					

Debt service requirements for the revenue bonds for the next twenty-four years as of September 30, 2016, are as follows (in thousands):

Year	Principal	Interest	Total
2017	$ 119,410	$ 10,667	$ 130,077
2018	102,090	6,347	108,437
2019	2,785	5,206	7,991
2020	2,925	5,067	7,992
2021	3,070	4,921	7,991
2022	3,225	4,767	7,992
2023	3,385	4,606	7,991
2024	3,555	4,437	7,992
2025	3,730	4,259	7,989
2026	3,880	4,110	7,990
2027	4,075	3,916	7,991
2028	4,280	3,712	7,992
2029	4,490	3,498	7,988
2030	4,715	3,274	7,989
2031	4,930	3,062	7,992
2032	5,150	2,840	7,990
2033	5,410	2,582	7,992
2034	5,680	2,312	7,992
2035	5,965	2,028	7,993
2036	6,260	1,730	7,990
2037	6,575	1,417	7,992
2038	6,900	1,088	7,988
2039	7,245	743	7,988
2040	7,610	380	7,990
	$ 327,340	$ 86,969	$ 414,309
Unamortized Premium	2,305		
Total	$ 329,645		

In 2012, the Member Cities signed a Prepayment Agreement giving each Member City the ability to fund an escrow account to prepay a portion of the contractual obligations of the Cities as it relates to debt service. Specifically, this Agreement allows the Member Cities to prepay a portion of the Agency's Revenue Refunding Bonds, Series 1993. The Cities may use funds from the issuance of a series of City debt to fund an escrow account and discharge a portion of its Series 1993 obligations. Prior to the beginning of FY 2016, three of the Member Cities utilized the Agreement. On August 27, 2015, Garland prepaid $29,635,000 of the FY 2016 portion of its Series 1993 obligations, as well as $29,635,000 of the FY 2017 portion, through the issuance of City debt. On September 23 and September 24, 2015, Denton and Greenville prepaid $3,430,000 and $3,000,000 of their FY 2016 portions, respectively, through the issuance of City debt. This defeasance of debt reduced the Series 1993 debt payments by $36,065,000 in fiscal year 2016. In fiscal year 2016, the remaining Revenue Refunding Bonds, Series 1993, were defeased using the Reserve Fund, which reduced the Series 1993 debt payments by $34,788,000.

Certain Bonds are subject to optional redemption prior to their scheduled maturity date without additional cost and certain bonds can be redeemed subject to stated call premiums.

The Resolutions contain certain restrictions and covenants including TMPA's covenant to establish and maintain rates and other charges to produce revenues sufficient to pay operating and maintenance expenses (exclusive of depreciation and amortization), to produce net revenues sufficient to pay the amounts required to be deposited in the debt service funds, and to produce net revenues equal to at least 1.25 times the annual debt service to be paid for the then outstanding bonds.

Zero coupon interest payable of approximately $0 and $119,339,000 through September 30, 2016 and 2015, respectively, has been deferred and is being recovered through the debt service component of rates.

The proceeds from excess TCOS revenues collected in accordance with PUCT Docket 21711 were used to defease the Series 1993 bonds, and were placed in an irrevocable trust to provide for all future debt service for the defeased bonds. The trust account assets and the liability for the defeased bonds are not included in the basic financial statements. The outstanding balance of these defeased bonds as of September 30, 2016 and 2015, was $2,570,000 and $5,145,000, respectively.

7. Tax-Exempt Commercial Paper Program

TMPA is authorized to issue tax-exempt commercial paper in the principal amount not to exceed $125,000,000 (the "Series 2005 Notes"), of which $89,115,000 is outstanding at September 30, 2016.

The Series 2005 Notes are issued in denominations of $100,000 or more with maturities not to exceed 180 days from date of issue. The final maturity date for the Series 2005 Notes cannot extend beyond September 1, 2018. Interest rates ranged from 0.03% and 0.55% in 2016 and ranged from 0.05% to 0.12% in 2015.

Under the Series 2005 Resolution, the Series 2005 Notes are special obligations of the Agency payable from and secured by a pledge of available revenues and the Note Payment Fund; provided, however, that such pledge is and shall be subject and subordinated to first and prior lien of TMPA's outstanding previously issued bonds and any additional bonds. TMPA agrees and covenants that at all times it will maintain credit facilities with banks in amounts sufficient to pay principal on the Series 2005 Notes.

The Series 2005 Notes were secured by an Irrevocable Direct-Pay Letter of Credit issued by Barclays Bank PLC, with terms that TMPA may borrow up to $125,000,000 on a revolving basis until August 31, 2018. The Bank extended the credit from $100,000,000 to $125,000,000 effective July 25, 2014. Under this agreement, TMPA pays a commitment fee of 0.44% per annum on the banks' commitment and was obligated to pay interest on any borrowings at the base rate, as defined in the agreement, of 8% at September 30, 2016, with a maximum rate not to exceed that allowed by law.

Principal debt payments on existing tax-exempt commercial paper as of September 30, 2016 are scheduled as follows (in thousands):

Year	Type	Principal
2018	Tax-Exempt Commercial Paper	$ 89,115

8. Employee Benefit Plans

Defined Contribution Plan

TMPA has a single employer defined contribution retirement plan covering all full-time employees which requires TMPA to contribute an amount equal to 10% of gross wages to a third party trustee for the benefit of plan participants ("the Plan"). Chapter 810, Government Code, and other state laws relating to political subdivisions such as the Agency, authorize the establishment and amendment of a pension plan by the Agency's Board of Directors. The Plan is administered by the TMPA Employees Pension Plan Administrative Committee. Employees may contribute, on a voluntary basis, an additional amount up to 50% of earnings. Employees direct both their employer and employee investments based on investment options available to them in the Plan. Vesting, with respect to employer contributions, is based on years of continuous service where participants become vested at 20% per year of credited service up to 100%. Participants are immediately vested in their voluntary contributions plus actual earnings thereon.

Membership in the plan was 95 and 100 participants as of September 30, 2016 and 2015, respectively.

Retirement plan costs for 2016 and 2015 were as follows (in thousands):

	2016	**%**	**2015**	**%**
Agency's total payroll	$9,856	-	$9,536	-
Agency's covered payroll	$9,566	100%	$9,266	100%
Agency's contribution	$956	10%	$925	10%
Employees' contribution	$28	.29%	$27	.29%

Loan provisions, which were established in 1999, provide that employee loans from the employee's employer-contribution account ("Account") may not exceed the lesser of $50,000 or 50% of the present value of the employee's vested Account. Loan repayment is generally within a 1-5 year timeframe with specific use qualifications for payback periods up to fifteen years. Loan interest rates are established according to loan provision guidelines.

Deferred Compensation Plan

In November 1997, the Board of Directors adopted an Internal Revenue Code Section 457 deferred compensation plan for Agency employees. This plan is in the form of the ICMA Retirement Corporation Deferred Compensation Plan and Trust and is administered by the ICMA Retirement Corporation. The funds held under this plan are invested in the ICMA Retirement Trust; a trust established by public employers for the collective investment of funds held under their retirement and deferred compensation plans. Employees may contribute up to 100% of pre-deferral taxable income to a maximum of $18,000 and $18,000 for calendar years 2016 and 2015, respectively. A "catch-up" provision, which allows an additional contribution of $6,000 and $6,000 for 2016 and 2015, respectively, is available for employees over 50 years of age. Employees direct the investment allocation, contributions and payout option of their individual plans. For the years ended September 30, 2016 and 2015, participants numbered 45 and 53 and participant contributions were $405,286 and $376,778, respectively.

Other Postemployment Benefits

Texas Municipal Power Agency Postemployment Benefits Plan is a single employer plan that covers all full-time, regular employees. The plan is a defined contribution benefit plan and the cost for each employee is paid on a pay-as-you-go basis. Benefits for retirees consist of medical, dental, and life insurance coverage and are referred to as Other Postemployment Benefits (OPEB). Employees are eligible for normal retirement at age 65 or early retirement at age 55 with 20 years of service or age 60 with 10 years of service. The Agency does not issue a publically available actuarial report of its plan.

In 2008, the Agency adopted GASB Statement No. 45 *("GASB 45") Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* GASB 45 recognizes the cost of benefits in periods when the related services are received by the employer, requires information about the actuarial accrued liabilities for promised benefits associated with past services, and whether and to what extent those benefits have been funded.

For active and retired employees in 2016, the Agency paid 100% of the cost of life insurance, and 75% and 73% of the cost of employee medical and dental benefits, respectively. For 2015, the Agency paid 100% of the cost of life insurance, and 75% and 73% of the cost of employee medical and dental benefits, respectively. For retirements prior to January 1, 2002, life insurance coverage is reduced to 65% of the covered amount once retiree reaches age 65. Upon retiree reaching age 70, life insurance coverage is reduced to $2,000. For retirements effective after January 1, 2002, life insurance coverage is $5,000 at time of retirement reducing to $2,000 once retiree reaches age 70. At age 65, Medicare becomes the primary medical carrier for the retiree and the Agency's plan becomes secondary.

The Agency's OPEB cost is calculated based on the Annual Required Contribution (ARC) of the employer. The ARC is determined as the actuarially determined funding amount for the year employing an approved cost method and, if applicable, a companion amortization method. The Agency has chosen to use the Aggregate Cost Method which does not require an explicit companion amortization method. Under the Aggregate Cost Method, all of the unfunded projected liability for future OPEB for active and retired employees, whether attributable to past or future service, is recognized pro-rata through each year's normal cost determination, which is calculated to be a level dollar amount per year per active participant.

Because the Aggregate Cost Method does not identify or separately amortize unfunded actuarial accrued liabilities, information about the funded status and funding progress is presented using the Entry Age Actuarial Cost Method and is intended to serve as a surrogate for the funded status and funding progress of the plan.

The following table shows the components of the Agency's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Agency's net OPEB obligation:

Annual Required Contribution	$	1,082,277
Interest on net OPEB obligation		669,396
Adjustment to annual required contribution		(4,336,185)
Annual OPEB expense		(2,584,512)
Contributions made		(281,300)
Decrease in net OPEB obligation		(2,865,812)
Net OPEB obligation - beginning of year		19,125,611
Net unfunded OPEB obligation - end of year	$	16,259,799

The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the preceding years is as follows:

Fiscal Year Ended	**Annual OPEB Cost**	**Percentage of Annual OPEB Cost Contributed**	**Net OPEB Obligation**
9/30/2012	$2,436,997	12.8%	$11,753,918
9/30/2013	$2,445,889	16.2%	$13,804,053
9/30/2014	$3,160,096	7.9%	$16,715,192
9/30/2015	$2,750,578	12.4%	$19,125,611
9/30/2016	$(2,584,512)	10.9%	$16,259,799

The Agency is required to obtain a complete actuarial valuation every three years as long as it has less than 200 employees and provided significant changes have not occurred that would affect the result of the last valuation. In 2016, several plan design changes were made, including reducing eligibility for newer employees and capping and reducing annual contributions to retiree benefits costs. Because these plan design changes were considered significant, resulting in a reduction to the Agency's net OPEB obligation, the Agency obtained a complete valuation prepared as of May 1, 2015. Refer to Required Supplementary Information (unaudited) for additional information regarding funding progress.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Annually, under the Aggregate Cost Method, a series of annual contributions are identified that, along with current assets and future investment earnings, will fund the expected plan benefits. The investment return rate assumed was 3.5%, which was also the discount rate assumed for liabilities. The inflation rate assumed was 2.4%. The preretirement and postretirement mortality rates were obtained from the RP-2014 Total Employee Table and RP-2014 Total Healthy Annuitant Table, respectively, adjusted from the 2006 base year using Scale MP-2015, published by the Society of Actuaries. Medical care cost trend rates assumed were 7.5%, 7%, 6.5%, 6%, 5.5%, and 5% for fiscal years 2017, 2018, 2019, 2020, 2021, and 2022 and beyond, respectively. Dental care cost trend rates assumed were 5% for 2017 and beyond.

In accordance with rate making methodology, the cost of this Program is unfunded until benefits are needed. Thus, unfunded expenses are treated as regulatory assets similar to other long-term obligations.

There were 44 and 51 retired participants as of September 30, 2016 and 2015, respectively.

Medical and Dental Benefits

The Agency's medical and dental plan, which is not a component of the Agency's Risk Management Program, is administered by large insurance companies. Effective October 1, 2008, the Agency began a fully insured program where costs are based on fixed monthly premiums and fluctuate only when participant numbers change. In 2016 and 2015, $1,344,944 and $1,556,772 was paid in medical expenses based on an average of 132 and 151 participants, respectively. Participant medical premiums collected by the Agency in 2016 and 2015 were $353,034 and $392,066 resulting in a total cost to the Agency of $991,910 and $1,164,706, respectively. Dental expenses paid in 2016 and 2015 totaled $106,975 and $92,391 based on an average of 134 and 150 participants, respectively. Participant dental premiums collected in 2016 and 2015 were $29,531 and $24,656, resulting in a total cost to the Agency of $77,444 and $67,735, respectively.

Vision Benefit

Beginning in 2014, the Agency offered a vision plan to its employees and retirees, which the costs of the premiums are 100% paid by employees and retirees electing such coverage.

Compensated Absences

TMPA accumulates PTO and vacation time for all full-time employees, of which only earned vacation leave is recorded as a liability and reported as part of accrued compensation and pension benefits along with certain salary-related expenses.

TMPA pays accumulated vacation upon termination, but since TMPA does not pay employees for unused accumulated PTO upon termination, no related liability is recorded. A summary of changes in accrued vacation for the years ended September 30, 2016 and 2015 is as follows (in thousands):

Fiscal Year	Beginning Liability	Vacation Accrued	Vacation Taken	Ending Liability
2016	$ 415	$ 1,200	$ (1,106)	$ 509
2015	$ 428	$ 1,049	$ (1,062)	$ 415

Incentive Plan

In 2000, TMPA adopted an incentive-based compensation plan for which participants may receive additional income based upon the achievement of certain performance goals. Recorded costs were $890,358 and $726,643 for the years ended September 30, 2016 and 2015, respectively.

9. Commitments and Contingencies

A. In connection with a court settlement entered into on July 19, 1978, TMPA is obligated to make certain payments to Grimes County and three school districts as long as the Gibbons Creek Steam Electric Station is in operation. The aggregate amount of these payments was $634,694 in 2016 and $796,683 in 2015.

B. During 1995, TMPA authorized the conversion of its fuel source from locally-mined lignite to sub-bituminous coal from the Powder River Basin ("PRB"). TMPA commenced construction of the necessary rail loop and receiving operation in 1995 and converted to PRB coal in 1996. In connection with this conversion, some of TMPA's plant and mine-related assets were impaired. Impaired assets have been written-down to their net realizable value. In addition, TMPA recorded an accrual for reclamation costs related to the lignite mine operations and updates this accrual for changes in estimates of the expected ultimate liability.

C. TMPA receives PRB coal pursuant to a coal supply agreement with Arch Coal Sales Company. The agreement with Arch Coal Sales Company covers the period commencing on January 1, 2013, and ending on August 31, 2018, and provides for a supply of coal from the Coal Creek and Black Thunder mines in Wyoming.

D. TMPA receives coal transportation services pursuant to an agreement, dated March 1, 2013, with BNSF Railway. The agreement will remain in effect until August 31, 2018.

E. In connection with the Gibbons Creek Lignite Mine, TMPA is required to submit to the Texas Railroad Commission reclamation bonds to ensure that TMPA will reclaim all lands disturbed by mining operations in accordance with all applicable Federal and State laws. For this purpose, TMPA has on file with the Railroad Commission a self-bond in the amount of $8,300,000 and irrevocable letters of credit in the aggregate amount of $23,050,000 outstanding.

F. During 1999, the Texas Legislature enacted legislation, SB 7, implementing retail competition in the electric utility industry commencing on January 1, 2002. Although participation by investor owned utilities in retail competition is required, participation by municipally owned utilities ("MOUS") is on a voluntary basis. Utilities which participate in retail competition, including MOUS which decide to participate in retail competition, are authorized to recover stranded costs, and may utilize securitization provisions contained in the legislation. Unlike investor-owned utilities, MOUS and electric cooperatives are not required to unbundle their generation functions from transmission and distribution functions into separate companies. However, same as investor-owned utilities, rates for wholesale transmission services provided by MOUS and electric cooperatives are determined by the PUCT. Rates for the use of the distribution systems of MOUS and electric cooperatives are determined by such entities. As of September 30, 2016, none of the Member Cities have elected to open their service territory to retail competition, but the respective Member Cities could determine to make such election in the future.

SB 7 also contains provisions which provide assurance that the legislation will not "interfere with or abrogate the rights or obligation of parties...to a contract with a municipally owned utility". In light of such assurance in the legislation, relevant provisions of TMPA's enabling legislation, the judicial validation of the Power Sales Contract in 1997, and other pertinent considerations, TMPA is of the view that SB 7 will have no adverse impact on the Member Cities' obligations to TMPA under the Contract and therefore is not expected to have a material impact on TMPA's financial position, results of operations, or cash flows.

G. The Energy Policy Act of 2005 authorized the North American Reliability Corporation ("NERC") to promulgate transmission reliability standards which, once approved by the Federal Energy Regulatory Commission ("FERC"), are enforceable by FERC, NERC, and, in Texas, by the Texas Reliability Entity, Inc. ("TRE"). NERC has promulgated reliability standards pursuant to this law and new standards are anticipated. NERC and TRE have enforcement powers to ensure compliance with these standards, including powers to impose administrative penalties. TMPA has implemented measures to comply with the existing standards and expects to remain in compliance as standards are promulgated in the future.

H. In the mid 1990's, TMPA anticipated moving its mining operations to an area east of FM 244 in Grimes County, Texas. In preparing for this "East Move", the Agency constructed an embankment for Sedimentation Pond 50 ("SP 50"). After the SP 50 embankment was constructed, TMPA decided to switch fuels from locally mined lignite to Powder River Basin coal. As a result of this fuel switch, the East Move did not occur, and SP 50 was never filled with water up to its design capacity.

Following construction of the SP 50 embankment, some construction waste piles were placed in the footprint of SP 50. Because the construction waste piles include coal and pyrites, the Texas Railroad Commission requires that the waste piles be removed and disposed of, submerged in the pond, or otherwise remediated.

Filling SP 50 to design capacity and submerging the waste piles will require that TMPA obtain inundation and flood easements from the adjacent property owner, Kirk Johnston. In January 2012, TMPA began negotiating with Mr. Johnston to acquire the necessary easements. Negotiations were not successful. On May 2, 2012, Mr. Johnston filed a lawsuit against TMPA for damages and to enjoin TMPA from exercising the power of eminent domain to acquire the necessary easements.

TMPA responded by filing an answer and a plea to the jurisdiction. In the plea to the jurisdiction, TMPA argued that the Court lacks jurisdiction to hear this lawsuit because the dispute is not ripe for adjudication and on grounds of governmental immunity. On August 27, 2012, the District Court denied TMPA's plea to the jurisdiction. On September 5, 2012, TMPA filed an accelerated appeal to the Texas Court of Appeals, Houston, Texas. On February 28, 2013, the Court of Appeals reversed the District Court and dismissed Mr. Johnston's lawsuit. Following the ruling of the Court of Appeals, the parties resumed negotiations over the acquisition of inundation and flood easements, but they were unable to reach agreement.

In 2016, TMPA, in consultation with the Railroad Commission Staff, determined that it could comply with the applicable regulatory requirements by separating the waste piles from the banks of SP 50 and by vegetating the remaining islands. If this alternative plan is successful, it will not be necessary to acquire any easements from Mr. Johnston. TMPA is in the process of seeking formal approval of this alternative plan.

I. The Houston Import Project is a transmission project designed to enhance the capacity of the ERCOT electric grid to transport electric power into the Houston area. The Project involves the construction of a double circuit 345 kV transmission line by Cross Texas Transmission, LLC from the Limestone Substation to TMPA's Gibbons Creek Substation, and the construction of a double circuit 345 kV line by CenterPoint Energy Houston Electric, LLC from the Zenith Substation to the Gibbons Creek Substation. Since both lines will traverse portions of the Gibbons Creek Steam Electric Station before terminating in the Gibbons Creek Substation, each transmission provider, which has the power of eminent domain, is seeking a transmission line easement from TMPA. TMPA has settled with CenterPoint. TMPA is engaged in negotiations with Cross Texas and expects that the terms of the easements and compensation will be agreed upon without the need for Cross Texas to resort to eminent domain proceedings.

J. In January 2016, the Board of Directors authorized a request for proposals for the sale of the Gibbons Creek Steam Electric Station ("Gibbons Creek") and the 345 kV transmission system located in Grimes, Brazos, and Robertson counties (the "Southern 345 kV Transmission System"). The Southern 345 kV Transmission System comprises approximately 25% of the TMPA transmission system. Submitted as a joint proposal, TMPA received a proposal from Clean Energy Technology Association, Inc. ("CETA") for Gibbons Creek and a proposal from GridLiance Texas Transco, LLC ("GridLiance") for the Southern 345 kV Transmission System. While the governing boards of the Member Cities and the TMPA Board of Directors have expressed interest in pursuing these proposed transactions, no definitive agreement has been signed by the parties, and details are still in the process of negotiation and resolution.

In November, 2016, the Board of Directors adopted a resolution which outlined the major components of the proposed transactions. The CETA transaction would involve the sale of Gibbons Creek for a purchase price of $57.5 million, plus an amount for working capital. In addition, CETA would provide $35 million in funding for an environmental escrow, and provide a $25 million letter of credit for environmental purposes. The GridLiance transaction would involve the sale of the Southern 345 kV Transmission System for net book value, plus certain additional amounts as set out in the proposed transaction documents.

K. In 2016, TMPA applied to the Texas Commission on Environmental Quality ("TCEQ") for renewal of its federal operating permit under the Clean Air Act. On August 17, 2016, during the public comment period, comments were jointly filed in the TCEQ by the Environmental Integrity Project and Sierra Club (the "Sierra Club and EIP Comments"). The Sierra Club and EIP Comments argue for more stringent opacity and particulate matter emission requirements in TMPA's draft permit, to be applied during planned maintenance, startup, and shutdown events. The TCEQ is expected to file a response to the Sierra Club and EIP Comments.

The positions advanced by the EIP Comments are not unique to TMPA's permit renewal proceeding. The Sierra Club and Environmental Integrity Project have advanced similar arguments in proceedings involving other coal-fired electric generating units.

Because TMPA has operating scrubber and electrostatic precipitator systems, it is not expected that any permit changes that could result from the Sierra Club and EIP Comments will have a material impact on TMPA's financial position, results of operations, or cash flows.

L. Effective September 1, 2016, TMPA and the Member Cities entered into a Joint Operating Agreement (the "JOA"). In general, the purposes of the JOA include: (i) funding TMPA operations such as mine reclamation, transmission service, and plant decommissioning following expiration of the Power Sales Contract ("PSC") (ii) subject to certain exceptions, requiring Member City approval for the issuance of new debt, the execution of certain significant contracts, and the sale of property exceeding $10 million in value (iii) specifying provisions for determining how costs of TMPA and proceeds from the sale of assets are to be allocated among the Member Cities (iv) providing for the establishment by TMPA of reserve funds for the decommissioning of the plant and the indemnification of TMPA Board Members and Member City officials, employees, contractors, and agents and (v) dividing the operations of TMPA into three business functions-mine, generation, and transmission-and requiring separate budgets and books for each business function. As of September 30, 2016, in accordance with the JOA, funds in the amount of $1,664,000 that would have been refunded back to the Member Cities prior to the JOA will be used to fund a reserve account.

The PSC provides that upon dissolution of TMPA, the assets of TMPA will automatically be transferred to the Member Cities, with each Member City receiving an undivided interest in the assets of TMPA in proportion to the amount paid by the Member City to TMPA. The JOA requires TMPA to periodically make this calculation for each business unit, and sets out formulas for making these calculations. Under the JOA, these ownership calculations are relevant not only to the allocation of assets upon dissolution of TMPA, but also to the allocation of certain proceeds from the sale of assets, and in some cases, the allocation of TMPA costs. At the request of a majority of the Member Cities, TMPA is required by the JOA to transfer a divided interest in the transmission system to each Member City. Under this partition process, the objective is for each City to receive ownership of transmission facilities in the vicinity of the Member City, and in proportion to the Member City's ownership interest in the transmission business. Any such transfer of transmission assets must be in compliance with relevant bond covenants, including those requiring defeasance of all or a portion of transmission debt.

The JOA includes a reclamation plan for the mine, requires the development of a decommissioning plan, and sets out standards for environmental remediation. TMPA is required to comply with these plans and standards.

Under the JOA, in discharging its contractual obligations, including mine reclamation, decommissioning, transmission service, environmental remediation, indemnification, and other obligations, TMPA is rendering services to the Member Cities. The JOA obligates each Member City to pay the cost of these services, and to collect rates and charges for electric service sufficient to enable it to pay to TMPA all amounts due under the JOA for these services. A Member City's payment obligations under the JOA are payable exclusively from such electric utility revenues, and constitute an operating expense of its electric system.

Unless terminated earlier through the mutual consent of all parties, the JOA remains in effect until the dissolution of TMPA and the winding up of its affairs.

Effective September 1, 2016, the JOA was amended. The primary purposes of the amendment were to authorize the sale of Gibbons Creek and the sale of the Southern 345 kV Transmission System, as described in Note 9.J, and to authorize the issuance of refunding bonds in connection with such sales.

10. Environmental Regulation

General

Electric utilities are subject to numerous environmental statutes, regulations, and other rules administered at the federal, state, and local level. These environmental rules are subject to change and tend to increase and become more stringent over time. These changes may arise from continuing legislative, regulatory and judicial action regarding the promulgation and implementation of such standards and procedures. Consequently, there is no assurance that Gibbons Creek will remain subject to the regulations currently in effect, will always be in compliance with present or future regulations, or will always be able to obtain all required operating permits. In addition, more stringent environmental regulations may require significant upgrades in environmental controls, reduced operating levels, or where the necessary upgrades are not economical, the complete shutdown of individual electric generating units.

Sulfur Dioxide and Nitrogen Oxide Emissions

The Clean Air Act ("CAA"), originating in 1967 with the Air Quality Act, has imposed increasingly stringent controls on air emissions from industrial facilities, including electric power generation facilities like Gibbons Creek. Significant changes to the CAA were made with the 1990 Amendments. The Gibbons Creek facility became subject to the sulfur dioxide ("SO_2") emission requirements but, based on the switch from lignite to Powder River Basin coal as a fuel, was able to reduce its SO_2 emissions and currently the Agency has sufficient SO_2 allowances for continued operation of the facility. Moreover, in keeping with its proactive strategy, TMPA completed the refurbishment of the scrubber at Gibbons Creek in April 2011 to further reduce its SO_2 emissions.

The 1990 CAA Amendments also implemented more stringent rules designed to achieve compliance with the national ambient air quality standard for ozone. The Texas Commission on Environmental Quality ("TCEQ") concluded that emissions from electric utilities located in central and east Texas were contributing to ozone formation in three ozone non-attainment areas located in Texas: the Dallas-Fort Worth area, the Houston-Galveston-Brazoria area, and the Beaumont-Port Arthur area. As a result, on April 19, 2000, the TCEQ issued rules that required the reduction of nitrogen oxides ("NO_x") emissions at large electric utilities located in 31 east and central Texas counties, including Grimes County. For coal-fired electric utilities, including Gibbons Creek, the combustion unit was required to achieve an emission rate of 0.165 pounds of NO_x per million Btu of heat generated. Compliance with this standard was mandatory by May 1, 2005. To achieve this standard, Gibbons Creek used a phased approach. The initial two phases involved changes to the fuel and air supply systems to control the combustion process and to limit the formation of NO_x in the boiler. These phases were completed following the spring 2002 outage. Completion of the third phase, the fine-tuning of the system, occurred in early 2003. No additional post-combustion controls have been necessary. The final cost of meeting the NO_x standards was approximately $12 million.

On October 1, 2015 the Environmental Protection Agency ("EPA") published its final rule on the 8-Hour Ozone National Ambient Air Quality Standard ("NAAQS") reducing the standard from 75 parts per billion to a more stringent 70 parts per billion. States are required to designate which counties are in attainment with this standard and to submit State Implementation Plans ("SIPs") by 2020 for those which are not. TCEQ is preparing a SIP in response to this rule. If TCEQ elects to impose additional nitrogen oxide rules on electric generation sources in counties adjacent to the Houston-Galveston non-attainment area, it is possible that these controls could require operational or mechanical changes at Gibbons Creek. However, this rule is very controversial, and therefore likely to be challenged in court, because it affects many sectors of industry in addition to fossil-fuel-fired power plants.

In March 2005, EPA issued new air emission regulations. These were to provide more stringent standards for SO_2 and NOx under the Clean Air Interstate Rule ("CAIR") and for mercury ("Hg") under the Clean Air Mercury Rule ("CAMR"). But CAIR was vacated by the U.S. Court of Appeals for the Washington D.C. Circuit on July 11, 2008. It was reinstated as an interim measure by the same court on December 28, 2008 while the EPA worked on a replacement rule. In August 2011, the EPA released the replacement rule, known as the Cross-State Air Pollution Rule ("CSAPR") which also included cap-and-trade programs for annual SO_2 and annual NOx emissions. These programs came into effect on January 1, 2012. However, on August 21, 2012 the Washington D.C. Circuit Court of Appeals vacated CSAPR and remanded rule-making to EPA. In the meantime, CAIR was reinstated until October 23, 2014 when the D.C. Circuit Court of Appeals lifted the stay on CSAPR. Then, on July 28, 2015 the D.C. Circuit Court decided that CSAPR emissions budgets for Texas and other states were invalid and remanded the rule to EPA for reconsideration. On September 7, 2016, EPA issued a "final" update to CSAPR that reflects the 2008 ozone NAAQS and sets new allocations for summer-season (May-September) ozone that will be effective in the summer season of 2017.

Gibbons Creek has sufficient emission credits under currently applicable CSAPR requirements for the expected sulfur dioxide and nitrogen oxide emissions. In 2011, Gibbons Creek completed refurbishment and commissioning of a limestone slurry scrubber that removes various contaminants from its flue gas including sulfur dioxide. Gibbons Creek will have a surplus of sulfur dioxide credits under the currently applicable CSAPR program. TMPA hopes to comply with nitrogen oxide limits through the continued use of combustion controls. In the future, Gibbons Creek may need to purchase nitrogen oxide credits or install additional nitrogen oxide emission controls depending upon operating rates and the final allocation of emission credits whether under CSAPR or the ozone NAAQS.

Mercury Emissions

On February 2, 2008, the U.S. Court of Appeals for the Washington D.C. Circuit vacated the Clean Air Mercury Rule ("CAMR"). The court charged EPA with writing a replacement rule that would require the use of a fixed Maximum Achievable Control Technology ("MACT") standard instead of the more flexible cap-and-trade credit program previously envisioned under CAMR. The MACT standard is defined as the average emission limit attained by the best-performing 12% of electrical generating units. In order to determine this limit, EPA required nationwide stack emissions testing in the summer of 2010. The new standards were issued in February 2012 under the new name of Mercury and Air Toxics Standards ("MATS") with a compliance deadline of April 16, 2015. Provision was made under the rule for a one-year extension, if warranted. TMPA requested and obtained the extension to April 15, 2016 in order to obtain sufficient time to adequately investigate and test mercury control technologies under different operating scenarios. The testing has been successfully completed and TMPA is in compliance with the MATS rule.

Climate Change and Emissions of Carbon Dioxide

In addition to these revisions of previous rules, the federal government has developed new standards for Greenhouse Gas emissions, and especially emissions of carbon dioxide (“CO_2”). On October 23, 2015 EPA published this rule, re-named as the Clean Power Plan (“CPP”), in the *Federal Register*. The rule called for every state to submit a State Implementation Plan (“SIP”) by September 6, 2016 (with provision for a two-year extension, if warranted). However, on February 9, 2016 the U.S. Supreme Court stayed the Clean Power Plan and remanded it to the D.C. Circuit Court of Appeals. The D.C. Circuit heard oral arguments on September 27, 2016 and is expected to render a decision in early 2017.

Cooling Water Intakes

On August 15, 2014 EPA published a final rule on power plant cooling water intakes (known as the 316[b] Rule). This rule is being implemented by the state through the wastewater (Texas Pollutant Discharge Elimination System – “TPDES”) permitting process. Permit-specific provisions will be applied at the time of permit renewal. The current TPDES permit for Gibbons Creek is due for renewal on May 1, 2020.

Coal Combustion Residuals

On April 17, 2015 EPA published the Coal Combustion Residuals (“CCR”) rule to regulate the combustion solids generated at coal-fired power plants. This includes materials such as the various types of coal ash and gypsum (a product from the wet scrubber). The rule went into effect on October 19, 2015. TMPA has been performing work to comply with this rule including the installation and monitoring of additional groundwater wells. The deadline for completion of the first phase of groundwater monitoring is October 17, 2017. The deadline for completion of engineering analyses and certifications on CCR-related facilities is October 17, 2018. TMPA is currently in compliance with all requirements of this rule.

Effluent Limitations Guidelines

On September 30, 2015 EPA published the Effluent Limitations Guidelines (“ELG”) Rule to regulate the water that comes into contact with coal combustion residuals. This rule will be incorporated in TMPA’s TPDES permit and will become effective for Gibbons Creek at the time of renewal of the current TPDES permit on May 1, 2020. It is not clear, at present, what the permit provisions will be in relation to this rule.

Other Environmental Matters

The Gibbons Creek Lignite Mine, which was the original source of fuel for the Gibbons Creek Steam Electric Station, was closed in 1996. The reclamation of the mine site and the release of reclamation obligations has been an ongoing activity since that time. Currently, field reclamation activities are essentially complete and TMPA is in the process of applying for bond release with the Railroad Commission of Texas, the main regulatory authority.

TMPA originally had 8,825 acres under mine reclamation bond. As of the end of fiscal year 2016, TMPA has obtained full bond release on 1,779 acres (20%) and has submitted applications for final bond release on another 4,507 acres (51%). TMPA will continue to aggressively pursue bond release. It is projected that by 2018, much of the area will have been released from all reclamation obligations. In the meantime, land maintenance and mandatory long-term monitoring programs will continue to meet all permitting and regulatory requirements.

11. Related Party Transactions

Through the amendment to the Power Sales Contracts as described in Note 1, each of the Member Cities is obligated to take or pay for a specified percentage of electricity from TMPA's generating facility. For the years ended September 30, 2016 and 2015, 84% and 84% of total operating revenue, respectively, was attributable to the Member Cities. For the years ended September 30, 2016 and 2015, $4,770,098 and $5,449,693 of accounts receivable, respectively, was due from the Member Cities.

The construction and maintenance of certain electric plant transmission assets are outsourced to the City of Garland. For the years ended September 30, 2016 and 2015, $10,560,338 and $13,266,566 of electric plant transmission assets and construction work in progress were constructed by the City of Garland. For the years ended September 30, 2016 and 2015, 95% and 89% of Transmission – Operation and Maintenance expense, respectively, was attributable to the City of Garland. For the years ended September 30, 2016 and 2015, $1,655,292 and $2,451,356 of Accounts Payable, respectively, was due to the City of Garland.

12. Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The Agency has the following recurring fair value measurements as of September 30, 2015:

Money market funds are valued using quoted market prices (Level 1 inputs). Municipal bonds of $4.018 million are valued using quoted prices for similar assets (Level 2 inputs). U.S. Agency securities of $91.575 million are valued using quoted prices for similar assets (Level 2 inputs). The Agency had no assets valued at fair value as of September 30, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

Texas Municipal Power Agency
Required Supplementary Information
Postretirement Benefits Plan
September 30, 2016

Schedule of Funding Progress - Employer Contributing

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liabilities (AAL) (b)	Unfunded Actuarial Accrued Liablilities (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2016	May 1, 2015	$ -	$16,259,799	$16,259,799	0.00%	$ 9,565,755	169.98%
2015	May 1, 2014	$ -	$19,125,611	$19,125,611	0.00%	$ 9,266,000	206.41%
2014	May 1, 2014	$ -	$16,715,192	$16,715,192	0.00%	$ 8,817,000	189.58%
2013	May 1, 2013	$ -	$13,804,053	$13,804,053	0.00%	$ 10,345,000	133.44%
2012	October 1, 2010	$ -	$11,753,918	$11,753,918	0.00%	$ 11,368,000	103.39%