OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 1

FINANCIAL STATEMENTS

Including Independent Auditors' Report

Years Ended December 31, 2009 and 2008

Mary Taylor, CPA
Auditor of State

Boards of Participants
Municipal Energy Services Agency and
the Ohio Municipal Electric Generation Agency Joint Ventures 1, 2, 4, 5, and 6
1111 Schrock Road, Suite 100
Columbus, Ohio 43229

We have reviewed the *Independent Auditors' Reports* of the Municipal Energy Services Agency and the Ohio Municipal Electric Generation Agency Joint Ventures 1, 2, 4, 5, and 6, Franklin County, prepared by Baker Tilly Virchow Krause, LLP, for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Municipal Energy Services Agency and the Ohio Municipal Electric Generation Agency Joint Ventures 1, 2, 4, 5, and 6 is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 11, 2010

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OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 1

TABLE OF CONTENTS
December 31, 2009 and 2008

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INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Ohio Municipal Electric Generation Agency
Joint Venture 1

We have audited the accompanying financial statements of Ohio Municipal Electric Generation Agency Joint Venture 1 ("OMEGA JV1") as of December 31, 2009 and 2008 and for the years then ended as listed in the table of contents. These financial statements are the responsibility of OMEGA JV1 management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OMEGA JV1 as of December 31, 2009 and 2008, and changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated April 21, 2010 on our consideration of OMEGA JV1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The Management's Discussion and Analysis enclosed in this report is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 21, 2010

Financial Statement Overview

This discussion and analysis provides an overview of the financial performance of Ohio Municipal Electric Generation Agency Joint Venture 1 ("OMEGA JV1") for the years ended December 31, 2009 and 2008. The information presented should be read in conjunction with the basic financial statements and the accompanying notes.

OMEGA JV1 prepares its basic financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. OMEGA JV1's basic financial statements include the statements of net assets; the statements of revenues, expenses and changes in net assets; and the statements of cash flows.

The statements of net assets provide information about the nature and amount of assets and liabilities of OMEGA JV1 as of the end of the year. The statements of revenues, expenses and changes in net assets report revenues and expenses for the year. The statements of cash flows report cash receipts, cash payments, and net changes in cash resulting from operating, noncapital financing, investing and capital and related financing activities.

Financial Highlights

Condensed Statements of Net Assets as of December 31:

	2009	2008	2007
Assets			
Electric plant, net of accumulated depreciation	$ 245,354	$ 317,636	$ 333,312
Regulatory assets	68,631	58,300	53,268
Current assets	247,488	217,812	316,499
Total Assets	$ 561,473	$ 593,748	$ 703,079
Net Assets and Liabilities			
Net assets - invested in capital assets	$ 245,354	$ 317,636	$ 333,312
Net assets - unrestricted	241,258	159,845	264,734
Total net assets	486,612	477,481	598,046
Current liabilities	13,438	12,730	10,723
Noncurrent liabilities	61,423	103,537	94,310
Total Net Assets and Liabilities	$ 561,473	$ 593,748	$ 703,079

2009 vs. 2008

Total assets were $561,473 and $593,748 as of December 31, 2009 and December 31 2008, respectively, a decrease of $32,275. The decrease in 2009 total assets is due primarily to a decrease in net fixed assets due to depreciation and decreased asset retirement obligation ("ARO") assets, partially offset by increased cash and temporary investments.

> Electric plant, net of accumulated depreciation was $245,354 and $317,636 at year-end 2009 and 2008, respectively, a decrease of $72,282. The decrease was the result of an increase in accumulated depreciation of $23,091, combined with the decrease in ARO asset values of $49,141. The cost associated with the asset retirement obligation included in the cost of electric plant for 2009 was $16,159, versus $65,350 in 2008. ARO obligations for JV1 were prepared by independent engineering consultants. These projections decreased substantially over prior year estimates due to lower projected cleanup and restoration expenses. The net present value of these obligations decreased further as a result of increased interest rates at year end 2009 vs. 2008.
>
> Regulatory assets were $68,631 and $58,300 at December 31, 2009 and December 31, 2008, respectively, an increase of $10,331. Regulatory assets contain amounts deferred for ARO expenses. These deferred amounts are recorded in the statements of revenues, expenses and changes in net assets as the corresponding expense is realized.
>
> Current assets were $247,488 and $217,812 at December 31, 2009 and December 31, 2008, respectively, an increase of $29,676. In 2009, cash and temporary investments increased $35,251, primarily as a result of cash generated by operations and lower requirements for working capital. Compared to 2008 levels, accounts receivable decreased $1,165, inventory decreased $3,777, and prepaid assets decreased $633.

Total net assets and liabilities were $561,473 and $593,748 as of December 31, 2009 and December 31, 2008, respectively, a decrease of $32,275.

> Total net assets were $486,612 and $477,481 at December 31, 2009 and December 31, 2008, respectively, an increase of $9,131, which resulted from 2009 net income. Net assets – invested in capital assets were $245,354 and $317,636 at December 31, 2009 and December 31, 2008, respectively, a decrease of $72,282. This decrease resulted from the decrease in electric plant, net of depreciation. Unrestricted net assets were $241,258 and $159,845 at December 31, 2009 and December 31, 2008, respectively, an increase of $81,413.
>
> Current liabilities were $13,438 and $12,730 at December 31, 2009 and December 31, 2008, respectively, an increase of $708. This resulted from an increase in accounts payable and accrued expenses of $1,144 offset by lower levels of payable to related parties of $436.

Noncurrent liabilities were $61,423 and $103,537 as of December 31, 2009 December 31, 2008, respectively, a decrease of $42,114. This decrease was due to the decrease in the net present value of estimated ARO obligations for the project, based on the analysis of independent engineering consultants. As discussed previously, the reduction is due to the combined impact of a decrease in estimated asset retirement costs and higher interest rates prevailing at year-end 2009 vs. 2008.

2008 vs. 2007

Total assets were $593,748 and $703,079 as of December 31, 2008 and December 31 2007, respectively, a decrease of $109,331. The decrease in 2008 total assets is due primarily to a decrease in cash and temporary investments, which is discussed in more detail below.

Electric plant, net of accumulated depreciation was $317,636 and $333,312 at year-end 2008 and 2007, respectively, a decrease of $15,676. The decrease was the result of an increase in accumulated depreciation of $22,632, offset slightly by increased values of ARO assets. The cost associated with the asset retirement obligation ("ARO") included in the cost of electric plant for 2008 was $65,350, versus $58,394 in 2007.

Regulatory assets were $58,300 and $53,268 at December 31, 2008 and December 31, 2007, respectively, an increase of $5,032. Regulatory assets contain amounts deferred for ARO expenses. These deferred amounts are recorded in the statements of revenues, expenses and changes in net assets as the corresponding expense is realized.

Current assets were $217,812 and $316,499 at December 31, 2008 and December 31, 2007, respectively, a decrease of $98,687. In 2008, cash and temporary investments decreased 100,310, primarily as a result of 2008 distributions the participants of OMEGA JV1 totaling $117,550. Compared to 2008 levels, accounts receivable decreased $8,693, and prepaid assets decreased $582, while fuel inventory increased $10,898.

Total net assets and liabilities were $593,748 and $703,079 as of December 31, 2008 and December 31, 2007, respectively, a decrease of $109,331.

Total net assets were $477,481 and $598,046 at December 31, 2008 and December 31, 2007, respectively, a decrease of $120,565. This decrease was primarily due to a $117,550 distribution made to OMEGA JV1 participants in 2008 and a $3,015 net loss for the year. Net assets – invested in capital assets were $317,636 and $333,312 at December 31, 2008 and December 31, 2007, respectively, a decrease of $15,676. This decrease resulted from the decrease in electric plant, net of depreciation. Unrestricted net assets were $159,845 and $264,734 at December 31, 2008 and December 31, 2007, respectively, a decrease of $104,889.

Current liabilities were $12,730 and $10,723 at December 31, 2008 and December 31, 2007, respectively, an increase of $2,007. This resulted from an increase in accounts payable of $683 and an increase in payables to related parties of $1,324.

Noncurrent liabilities were $103,537 and $94,310 as of December 31, 2008 and December 31, 2007, respectively, an increase of $9,227. This increase was due to the accretion expense related to asset retirement obligations associated with additional capital investments made in 2007.

The following table summarizes the changes in revenues, expenses and net assets of OMEGA JV1 for the year ended December 31:

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	2009	2008	2007
Operating revenues	$ 144,685	$ 142,657	$ 165,849
Operating expenses	141,459	154,545	172,018
Operating Income/(Loss)	3,226	(11,888)	(6,169)
Nonoperating revenue			
Investment income	446	3,841	13,045
Future recoverable costs	5,459	5,032	4,351
Nonoperating Revenue	5,905	8,873	17,396
Net Income Before Distributions	9,131	(3,015)	11,227
Special Item - Distribution to Shareholders	-	(117,550)	-
Change in Net Assets	$ 9,131	$ (120,565)	$ 11,227

Operating Results

Electric revenues in 2009 were $144,685, an increase of $2,028 from 2008. Electric rates are set by the Board of Participants based on budgets and are intended to cover budgeted operating expenses, actual fuel expense and debt service, if any. Electric revenues in 2008 were $142,657, a decrease of $23,192 from 2007.

Operating expenses in 2009 were $141,459. This is a decrease of $13,086 compared to 2008. The decrease in operating expenses in 2008 is primarily due to decreases in maintenance, utilities, ARO accretion expenses and other operating expenses, which were partially offset by increased expenditures on related party services, depreciation, fuel, insurance, and professional services expenses. Operating expenses in 2008 were $154,545, a decrease of $17,473 compared to 2007. The decrease in operating expenses in 2008 was primarily due to decreases in fuel, related party services and insurance expense, partially offset by increased maintenance, utilities, depreciation and professional services expenses.

Investment income in 2009 was $446, a decrease of $3,395 vs. 2008 due to sharply lower returns on invested funds. Investment income in 2008 was $3,841, which was a decrease of $9,204 compared to 2007. Investment income for OMEGA JV1 is interest earned on checking account balances, short term CDs, and deposits in a government money market mutual fund.

In 2008, $117,550 was returned to participants of JV1. There were no distributions in 2009.

If you have questions about this report, or need additional financial information, contact management at 614 540 1111 or 1111 Schrock Road, Columbus, OH 43229.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 1

STATEMENTS OF NET ASSETS
December 31, 2009 and 2008

	2009	2008
ASSETS		
Current Assets		
Cash and temporary investments	$ 196,057	$ 160,806
Receivables from participants	7,279	8,465
Accrued Interest receivable	21	-
Inventory	39,764	43,541
Prepaid expenses	4,367	5,000
Total Current Assets	247,488	217,812
Non-Current Assets		
Electric Plant		
Electric generators	502,472	551,663
Fuel tank	35,000	35,000
Accumulated depreciation	(292,118)	(269,027)
Other Assets		
Regulatory assets	68,631	58,300
Total Non-Current Assets	313,985	375,936
TOTAL ASSETS	$ 561,473	$ 593,748
NET ASSETS AND LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	$ 9,727	$ 8,583
Payable to related parties	3,711	4,147
Total Current Liabilities	13,438	12,730
Noncurrent Liabilities		
Asset retirement obligation	61,423	103,537
Total Noncurrent Liabilities	61,423	103,537
Total Liabilities	74,861	116,267
Net Assets		
Invested in capital assets	245,354	317,636
Unrestricted	241,258	159,845
Total Net Assets	486,612	477,481
TOTAL NET ASSETS AND LIABILITIES	$ 561,473	$ 593,748

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 1

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended December 31, 2009 and 2008

	2009	2008
OPERATING REVENUES		
Electric revenue	$ 144,685	$ 142,657
OPERATING EXPENSES		
Related party services	61,119	55,259
Depreciation	23,091	22,632
Accretion of asset retirement obligation	2,205	2,271
Fuel	4,285	2,257
Maintenance	8,976	32,131
Utilities	8,560	10,001
Insurance	19,483	16,902
Professional services	10,719	9,340
Other operating expenses	3,021	3,752
Total Operating Expenses	141,459	154,545
Operating Income (Loss)	3,226	(11,888)
NONOPERATING REVENUES		
Investment income	446	3,841
Future recoverable costs	5,459	5,032
Total Non-Operating Revenues	5,905	8,873
Income (Loss) before Distributions	9,131	(3,015)
DISTRIBUTIONS TO PARTICIPANTS	-	(117,550)
Change in net assets	9,131	(120,565)
NET ASSETS, Beginning of Year	477,481	598,046
NET ASSETS, END OF YEAR	$ 486,612	$ 477,481

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 1

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants	$ 145,871	$ 151,350
Cash paid to related parties for personnel services	(61,555)	(53,935)
Cash payments to suppliers and related parties for goods and services	(49,490)	(84,016)
Net Cash Provided by Operating Activities	34,826	13,399
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Distribution to participants	-	(117,550)
Net Cash Used in Noncapital Financing Activities	-	(117,550)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(35,000)	-
Investment income received	425	3,841
Net Cash Provided by (Used) in Investing Activities	(34,575)	3,841
Net Change in Cash and Cash Equivalents	251	(100,310)
CASH AND CASH EQUIVALENTS, Beginning of Year	160,806	261,116
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 161,057	$ 160,806

	2009	2008
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	$ 3,226	$ (11,888)
Depreciation	23,091	22,632
Accretion of asset retirement obligation	2,205	2,271
Changes in assets and liabilities		
Receivables from participants	1,186	8,693
Inventory	3,777	(10,898)
Prepaid expenses	633	582
Accounts payable and accrued expenses	1,144	683
Payable to related parties	(436)	1,324
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 34,826	$ 13,399
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS		
Cash and temporary investments	$ 196,057	$ 160,806
Less: Noncash equivalents	(35,000)	-
TOTAL CASH AND CASH EQUIVALENTS	$ 161,057	$ 160,806
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in cost of plant due to change in estimated asset retirement obligation	$ (49,191)	$ 6,956

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ohio Municipal Electric Generation Agency Joint Venture 1 (“OMEGA JV1”) was organized by 21 subdivisions of the State of Ohio (the “Participants”) on April 1, 1992, pursuant to a Joint Venture Agreement (the “Agreement”) under the Ohio Constitution and Section 715.02 of the Ohio Revised Code. Its purpose is to provide a source of supplemental capacity to the Participants. The Participants are members of American Municipal Power, Inc. (“AMP”) Northeast Area Service Group. The Participants are charged fees for the costs required to administer the joint venture and maintain the jointly owned electric plant. OMEGA JV1 purchased its electric generating facilities (the “Project”), known as the Engle Units, from AMP in September 1992. The electric generating facilities consist of six diesel-fired turbines designed for a total capacity of nine megawatts. These facilities are located in Cuyahoga Falls, Ohio. The Agreement continues until 60 days subsequent to the disposition of the Project, provided, however, that each Participant shall remain obligated to pay to OMEGA JV1 its respective share of the costs of termination, discontinuing, disposing of, and decommissioning the Project.

The following summarizes the significant accounting policies followed by OMEGA JV1.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in OMEGA JV1's financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. OMEGA JV1 also has the option of following subsequent private-sector guidance subject to this same limitation. OMEGA JV1 has elected to follow subsequent private-sector guidance.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets 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.

ASSETS, LIABILITIES AND NET ASSETS

Deposits and Investments

For purposes of the statements of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition, except that restricted cash accounts, if any, are treated as investments in the statement of cash flows.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Deposits and Investments (cont.)

OMEGA JV1 has elected to comply with Ohio Revised Code (ORC) section 135.14. Under ORC 135.14, investments are limited to:

1. Deposits at eligible institutions pursuant to ORC section 135.08, 135.09 and 135.18.
2. Bonds or other obligations of the state.
3. Bonds or securities issued or guaranteed by the federal government or its agencies.
4. Bankers acceptances, with certain conditions.
5. The local government investment pool.
6. Commercial paper, with certain conditions.
7. All investments must have an original maturity of 5 years or less.
8. Repurchase agreements with public depositories, with certain conditions.

The OMEGA JV1 has adopted an investment policy. That policy follows the state statute for allowable investments and specifies the maximum concentration of investments in each eligible security.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

Receivables/Payables

Accounts receivable are amounts due from participants at the end of the year. Due to the participant relationship and the high degree of collectibility, no allowance for uncollectible accounts is necessary. Accounts payable are amounts due to vendors for services incurred.

Inventory

Inventory consists of fuel and is stated at the lower of first-in, first-out (“FIFO”) cost or market.

Prepaid Expenses

Prepaid expenses represent costs of insurance paid during the current calendar year for coverage in subsequent years.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Electric Plant

Electric plant is recorded at cost. Depreciation is provided on the straight-line method from 15 to 30 years, based on the estimated useful lives of the assets. Major renewals, betterments and replacements are capitalized, while maintenance and repair costs are charged to operations as incurred. When electric plant assets are retired, accumulated depreciation is charged with the cost of the assets plus removal costs, less any salvage value.

Electric plant assets are assessed for impairment whenever events or changes in circumstances indicate that the service utility of the capital asset may have significantly and unexpectedly declined. If it is determined that an impairment has occurred, an impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its estimated fair value.

Asset Retirement Obligations

OMEGA JV1 records, at fair value, legal obligations associated with the retirement or removal of long-lived assets at the time the obligations are incurred and can be reasonably estimated. When a liability is initially recorded, the entity capitalizes the cost by increasing the carrying value of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the difference between the accrued liability and the amount to settle the liability is recorded as a settlement gain or loss.

Regulatory Assets

In accordance with SFAS No. 71, *Accounting for the Effects of Certain Types of Regulation*, OMEGA JV1 records regulatory assets (deferred expenses to be recovered in rates in future periods). Regulatory assets include the deferral of depreciation expense and accretion expense associated with asset retirement obligations not yet recovered through billings to Participants. As interest is accreted related to the asset retirement obligation and depreciation is expensed related to the capitalized cost, future recoverable costs are recognized to match revenues with the related costs in future periods. Pursuant to the Agreement, Participants are required to pay all costs related to operations, maintenance and retirement of the jointly owned electric plant.

Regulatory assets consisted of the following at December 31:

	2009	2008
Deferral of expenses related to asset retirement obligations	$ 68,631	$ 58,300

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Net Assets

All property constituting OMEGA JV1 is owned by the Participants as tenants in common in undivided shares, each share being equal to that Participant's percentage ownership interest as follows:

Municipality	Project kW Entitlement	Percent Project Ownership and Entitlement
Cuyahoga Falls	1,894	21.05%
Niles	1,593	17.71
Wadsworth	1,011	11.24
Hudson	934	10.37
Galion	588	6.53
Oberlin	497	5.52
Amherst	488	5.42
Hubbard	341	3.79
Columbiana	272	3.03
Wellington	265	2.95
Newton Falls	228	2.53
Monroeville	167	1.85
Lodi	155	1.72
Seville	135	1.50
Brewster	130	1.45
Grafton	105	1.16
Milan	64	0.71
Beach City	50	0.55
Prospect	45	0.50
Lucas	21	0.23
South Vienna	17	0.19
Totals	9,000	100.00%

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

REVENUES AND EXPENSES

OMEGA JV1 distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the OMEGA JV1's principal ongoing operations. The principal operating revenues of OMEGA JV1 are charges to participants for energy and capacity. Operating expenses include the cost of generation, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Electric revenue is recognized when earned as electric service is delivered. OMEGA JV1's rates for electric power are designed to cover annual operating costs. Rates are set annually by the Board of Participants. Periodically OMEGA JV1 will distribute earnings to its participants based on available operating cash. These distributions are approved by the Board of Participants.

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 51, (GASB 51) *Accounting and Financial Reporting for Intangible Assets.* GASB 51 required that certain intangible assets be recognized and classified as capital assets and established guidance related to amortization and useful lives. OMEGA JV1 is required to adopt provisions of GASB 51 effective January 1, 2010. Application of this standard may restate portions of these financial statements.

COMPARATIVE DATA

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

For purposes of the statements of cash flows, cash and cash equivalents consist of unrestricted cash and highly liquid short-term investments with original maturities of three months or less. Restricted cash accounts, if any, are treated as investments in the statements of cash flows, since they are not available for use.

	Carrying Value as of December 31,		
	2009	2008	Risks
Checking	$ 138,409	$ 160,806	Custodial credit
Certificate of Deposit	35,000	-	Custodial credit
Government Money Market Mutual Fund	22,648	-	Interest rate, credit
Totals	$ 196,057	$ 160,806	

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for interest bearing accounts and unlimited for noninterest bearing accounts as of December 31, 2009 and 2008.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, OMEGA JV1's deposits may not be returned to it. OMEGA JV1 does not have a custodial credit risk policy. OMEGA JV1 has custodial credit risk on its cash and temporary investments balance to the extent the balance exceeds the federally insured limit as stated above. OMEGA JV1's investment policy requires that amounts in excess of FDIC limits be collateralized by government securities. As of December 31, 2009 and 2008, there were no deposits or temporary investments exposed to custodial credit risk.

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations.

OMEGA JV1 invests in instruments approved under the entity's investment policy. The Board of Participants has authorized OMEGA JV1 to invest in funds in accordance with the Ohio Revised Code. Allowable investments include United States Treasury and federal and state government agency obligations, money market funds, and commercial paper with the highest classification by at least two nationally recognized standard rating services.

As of December 31, 2009, OMEGA JV1's investments were rated as follows:

Investment Type	Standard & Poors	Fitch Ratings	Moody's Investors Services
Government Money Market Mutual Fund	AAAm	AAA	Aaa

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. OMEGA JV1's investment policy limits the maturity of commercial paper and bankers acceptances to 180 days.

As of December 31, 2009, OMEGA JV1's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Government Money Market Mutual Fund	$ 22,648	36

NOTE 3 – ELECTRIC PLANT

Electric plant activity for the years ended December 31 is as follows:

	2009			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric generators	$ 551,663	$ -	$ (49,191)	$ 502,472
Fuel tank	35,000	-	-	35,000
Total Electric Plant in Service	586,663	-	(49,191)	537,472
Less: Accumulated depreciation	(269,027)	(23,091)	-	(292,118)
Electric Plant, Net	$ 317,636	$ (23,091)	$ (49,191)	$ 245,354

	2008			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric generators	$ 544,707	$ -	$ 6,956	$ 551,663
Fuel tank	35,000	-	-	35,000
Total Electric Plant in Service	579,707	-	6,956	586,663
Less: Accumulated depreciation	(246,395)	(22,632)	-	(269,027)
Electric Plant, Net	$ 333,312	$ (22,632)	$ 6,956	$ 317,636

During 2009 and 2008, OMEGA JV1 recorded an adjustment to electric plant to reflect the revised estimate of the ARO (Note 4).

NOTE 4 – ASSET RETIREMENT OBLIGATIONS

Under the terms of lease agreements, OMEGA JV1 has an obligation to remove electric generators from the leased sites on which the units are located and to perform certain restoration of the sites.

Asset retirement obligation activity for the years ended December 31 is as follows:

	2009			
	Beginning Balance	Accretion Expense	Change in Estimate	Ending Balance
Asset retirement obligation	$ 103,537	$ 2,505	$ (44,619)	$ 61,423

	2008			
	Beginning Balance	Accretion Expense	Change in Estimate	Ending Balance
Asset retirement obligation	$ 94,310	$ 2,271	$ 6,956	$ 103,537

NOTE 4 – ASSET RETIREMENT OBLIGATIONS (cont.)

Asset retirement obligations are determined based on detailed cost estimates, adjusted for factors that an outside third party would consider (i.e., inflation, overhead and profit), escalated using an inflation factor to the estimated removal dates, and then discounted using a credit adjusted risk-free interest rate. The removal date for each unit was determined based on the estimated life of the unit. The accretion of the liability and amortization of the property and equipment will be recognized over the estimated useful life of each unit. OMEGA JV1 updated its estimate of its asset retirement obligation based on an updated legal and technical study performed during 2009.

NOTE 5 – NET ASSETS

GASB No. 34 requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - The component of net asset consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted resources are available for use, it is the OMEGA JV1's policy to use restricted resources first, then unrestricted resources as they are needed.

The following calculation supports the net assets invested in capital assets:

	2009	2008
Plant in service	$ 537,472	$ 586,663
Accumulated depreciation	(292,118)	(269,027)
Total Net Assets Invested in Capital Assets	$ 245,354	$ 317,636

NOTE 6 – COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS

OMEGA JV1 is subject to regulation by federal, state and local authorities related to environmental and other matters. Changes in regulations could adversely affect the operations and operating cost of OMEGA JV1.

Many metropolitan and industrialized counties in Ohio have become nonattainment areas under the new ozone and fine particulate matter ambient air quality standards. This may require substantial local reductions of nitrogen oxides, volatile organic compounds, sulfur dioxide and particulate matter. In addition to emissions reductions required to achieve local compliance, additional reductions may be required to achieve compliance in down-wind, neighboring states. Summit County has been designated a nonattainment area for ozone and fine particulate matter, therefore, the Ohio EPA may restrict the hours of operations or require additional pollution control equipment for the OMEGA JV1 generating facilities.

NOTE 7 – RISK MANAGEMENT

OMEGA JV1 is covered under the insurance policies of AMP and is billed for its proportionate share of the insurance expense. AMP maintains insurance policies related to commercial property, motor vehicle liability, workers' compensation, excess liability, general liability, pollution liability, directors' and officers' insurance, fiduciary liability, crime and fidelity coverage. No claims have been filed in the past three years. There were no significant reductions in coverage compared to the prior year.

NOTE 8 – RELATED PARTY TRANSACTIONS

OMEGA JV1 has entered into the following agreements:

- Pursuant to the Agreement, AMP was designated as an agent and provides various management and operational services. OMEGA JV1 had a payable to AMP of $100 at December 31, 2008, and $0 payable at December 31, 2009.

- As OMEGA JV1's agent, AMP entered into an agreement with Municipal Energy Services Agency ("MESA"), a related joint venture, for MESA to provide certain engineering, finance, administration and other services. The expenses related to these services were $61,119 and $55,259 for the years ended December 31, 2009 and 2008, respectively. OMEGA JV1 had a payable to MESA for $3,711 and $4,047 at December 31, 2009 and 2008, respectively.

NOTE 8 – RELATED PARTY TRANSACTIONS (cont.)

- The City of Cuyahoga Falls, Ohio, agreed to provide a suitable site for the generating facilities, and OMEGA JV1 agreed to lease such site for the period of the Agreement plus one year, for the sum of one dollar. OMEGA JV1 incurred expenses of $8,560 and $10,001 for the years ended December 31, 2009 and 2008, respectively, for utilities provided by Cuyahoga Falls to the site. Cuyahoga Falls also has agreed to perform operational tasks and routine maintenance on the generating facilities at no charge to OMEGA JV1 in exchange for the availability of the electric generation project to Cuyahoga Falls for electric system emergency backup.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Ohio Municipal Electric Generation Agency
Joint Venture 1
Board of Participants

We have audited the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 1 ("OMEGA JV1") as of and for the year ended December 31, 2009, and have issued our report thereon dated April 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we consider OMEGA JV1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OMEGA JV1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of OMEGA JV1's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether OMEGA JV1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Ohio Municipal Electric Generation Agency
  Joint Venture 1
Board of Participants

This report is intended solely for the information and use of the Board of Participants, management, and the Auditor of the State of Ohio and is not intended to be, and should not be, used by anyone other than those specified parties.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 21, 2010

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 2

FINANCIAL STATEMENTS

Including Independent Auditors' Report

Years Ended December 31, 2009 and 2008

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

TABLE OF CONTENTS
December 31, 2009 and 2008

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INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Ohio Municipal Electric Generation Agency
Joint Venture 2

We have audited the accompanying financial statements of Ohio Municipal Electric Generation Agency Joint Venture 2 ("OMEGA JV2") as of December 31, 2009 and 2008 and for the years then ended as listed in the table of contents. These financial statements are the responsibility of OMEGA JV2 management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OMEGA JV2 as of December 31, 2009 and 2008, and changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated April 21, 2010 on our consideration of OMEGA JV2's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The Management's Discussion and Analysis enclosed in this report is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 21, 2010

Financial Statement Overview

This discussion and analysis provides an overview of the financial performance of Ohio Municipal Electric Generation Agency Joint Venture 2 ("OMEGA JV2") for the years ended December 31, 2009 and 2008. The information presented should be read in conjunction with the basic financial statements and the accompanying notes.

OMEGA JV2 prepares their basic financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. OMEGA JV2's basic financial statements include the statements of net assets; the statements of revenues, expenses and changes in net assets; and the statements of cash flows.

The statements of net assets provide information about the nature and amount of assets and liabilities of OMEGA JV2 as of the end of the year. The statements of revenues, expenses and changes in net assets report revenues and expenses for the year. The statements of cash flows report cash receipts, cash payments, and net changes in cash resulting from operating, noncapital financing, investing and capital and related financing activities.

Financial Highlights

The following table summarizes the financial position of OMEGA JV2 as of December 31:

Condensed Statements of Net Assets

	2009	2008	2007
Assets			
Electric plant and equipment, net of accumulated depreciation	$ 31,181,426	$ 35,353,495	$ 37,738,833
Regulatory assets	1,291,634	1,052,685	872,199
Restricted assets	852,562	845,881	816,198
Current assets	3,227,736	2,817,026	2,351,970
Total Assets	$ 36,553,358	$ 40,069,087	$ 41,779,200
Net Assets and Liabilities			
Net assets - invested in capital assets	$ 31,181,426	$ 35,353,495	$ 37,738,833
Net assets - restricted	852,562	845,881	816,198
Net assets - unrestricted	2,446,395	702,986	795,241
Total net assets	34,480,383	36,902,362	39,350,272
Current liabilities	251,204	256,015	129,722
Noncurrent liabilities	1,821,771	2,910,710	2,299,206
Total Net Assets and Liabilities	$ 36,553,358	$ 40,069,087	$ 41,779,200

2009 vs. 2008

Total assets were $36,553,358 and $40,069,087 on December 31, 2009 and December 31, 2008, respectively, a decrease of $3,515,729. The decrease in total assets was due primarily to a decrease in net fixed assets due to depreciation, lower inventory, receivables and prepaid expenses and decreased asset retirement obligation ("ARO") assets, partially offset by increased cash and temporary investments and restricted assets.

> Electric plant and equipment, net of accumulated depreciation was $31,181,426 and $35,353,495 at year-end 2009 and 2008, respectively, a decrease of $4,172,069. This decrease was the result of a $2,968,264 increase in accumulated depreciation and a $1,203,805 decrease in the estimated value of ARO assets. The cost associated with the asset retirement obligation included in the cost of electric plant for 2009 was $839,118 versus $2,042,923 in 2008. Estimated values of ARO obligations were prepared by independent engineering consultants. These projections decreased substantially over prior year estimates due to lower projected cleanup and restoration expenses. The net present value of these obligations decreased further as a result of higher interest rates at year-end 2009 vs. 2008.
>
> Regulatory assets were $1,291,634 and $1,052,685 at December 31, 2009 and 2008, respectively, an increase of $238,949. Regulatory assets contain amounts deferred for ARO expenses. These deferred amounts are recorded in the statements of revenues, expenses, and changes in net assets as the corresponding expense is realized.
>
> Restricted assets totaled $852,562 and $845,881 at December 31, 2009 and December 31, 2008, respectively. This was an increase of $6,681 and was the result of cash collected from generation revenues to cover future overhaul expenses of $4,591 and earnings on trust investments of $2,090.
>
> Current assets were $3,227,736 and $2,817,026 as of December 31, 2009 and 2008, respectively, an increase of $410,710. In 2009, cash and temporary investments increased $477,747 primarily due to cash generated by operating activities and improved use of working capital. Accounts receivable decreased $18,226, inventories decreased $34,065, and prepaid expenses decreased $14,746 vs. 2008 levels.

Total net assets and liabilities were $36,553,358 and $40,069,087 as of December 31, 2009 and December 31, 2008, respectively, a decrease of $3,515,729. This decrease was primarily the result of current period losses of $2,421,979 and decreased estimated ARO obligations.

> Total net assets were $34,480,383 and $36,902,262 as of December 31, 2009 and December 31, 2008, respectively, a decrease of $2,421,979. Net assets – invested in capital assets were $31,181,426 and $35,353,495 at December 31, 2009 and December 31, 2008, respectively, a decrease of $4,172,069. This decrease corresponded to the decrease in electric plant, net of depreciation. Restricted net assets were $852,562 and $845,881 at December 31, 2009 and December 31, 2008, respectively, an increase of $6,681, corresponding to the increase in restricted assets. Unrestricted net assets were $2,446,395 and $702,986 at December 31, 2009 and December 31, 2008, respectively, an increase of $1,743,409.

Noncurrent liabilities were $1,821,771 and $2,910,710 at December 31, 2009 and December 31, 2008, respectively, a decrease of $1,088,939. This was primarily a result of the $1,093,530 decrease in estimated ARO obligations vs 2008 levels. Asset retirement obligations were estimated to be $1,503,253 and $2,596,783 at year end 2009 and 2008, respectively.

Current liabilities were $251,204 and $256,015 as of December 31, 2009 and December 31, 2008, respectively, a decrease of $4,811. This $4,811 decrease was the result of reduced accounts payable obligations to third party vendors and related parties.

2008 vs. 2007

Total assets were $40,069,087 and $41,779,200 on December 31, 2008 and December 31, 2007, respectively, a decrease of $1,710,113. The decrease in total assets was due primarily to a decrease in net fixed assets due to depreciation, lower receivables and prepaid expenses, partially offset by increased cash and temporary investments, inventory, regulatory assets, asset retirement obligation ("ARO") assets and restricted assets.

Electric plant and equipment, net of accumulated depreciation was $35,353,495 and $37,738,833 at year-end 2008 and 2007, respectively, a decrease of $2,385,338. This decrease was the result of a $2,914,002 increase in accumulated depreciation, partially offset by purchases of IT equipment totaling $28,542 and a $503,122 increase in the estimated value of ARO assets. The cost associated with the asset retirement obligation included in the cost of electric plant for 2008 was $2,042,923 versus $1,539,801 in 2007.

Regulatory assets were $1,052,685 and $872,199 at December 31, 2008 and 2007, respectively, an increase of $180,486. Regulatory assets contain amounts deferred for ARO expenses. These deferred amounts are recorded in the statements of revenues, expenses, and changes in net assets as the corresponding expense is realized.

Restricted assets totaled $845,881 and $816,198 at December 31, 2008 and December 31, 2007. This was an increase of $29,683. The increase in 2008 was due to cash collected from generation revenues to cover future overhaul expenses of $14,645 and earnings on trust investments of $15,038.

Current assets were $2,817,026 and $2,351,970 as of December 31, 2008 and 2007, respectively, an increase of $465,056. In 2008, cash and temporary investments increased $344,697 primarily due to cash generated by operating activities. Accounts receivable decreased $19,281, inventories increased $146,301, and prepaid expenses decreased $2,253 vs. 2007 levels.

Total net assets and liabilities were $40,069,087 and $41,779,200 as of December 31, 2008 and December 31, 2007, respectively, a decrease of $1,710,113. This decrease was primarily the result of current period losses of $2,447,910 offset by increased payables, regulatory liabilities, and estimated ARO obligations.

Total net assets were $36,902,262 and $39,350,272 as of December 31, 2008 and December 31, 2007, respectively, a decrease of $2,447,910, corresponding to 2008's net losses for the year. Net assets – invested in capital assets were $35,353,495 and $37,738,833 at December 31, 2008 and December 31, 2007, respectively, a decrease of $2,385,338. This decrease corresponds with the decrease in electric plant, net of depreciation. Restricted net assets were $845,881 and $816,198 at December 31, 2008 and December 31, 2007, respectively, an increase of $29,683, corresponding to the increase in restricted assets. Unrestricted net assets were $702,986 and $795,241 at December 31, 2009 and December 31, 2008, respectively, a decrease of $92,255.

Noncurrent liabilities were $2,910,710 and $2,299,206 at December 31, 2008 and December 31, 2007, respectively, an increase of $611,504. This was primarily due to increases in asset retirement obligations. Asset retirement obligations were estimated to be $2,596,783 and $1,999,924 at year end 2008 and 2007, respectively, an increase of $596,859. Regulatory liabilities increased $14,645 to $313,927 in 2008. This was the result of deposits to the overhaul fund for major repairs and maintenance.

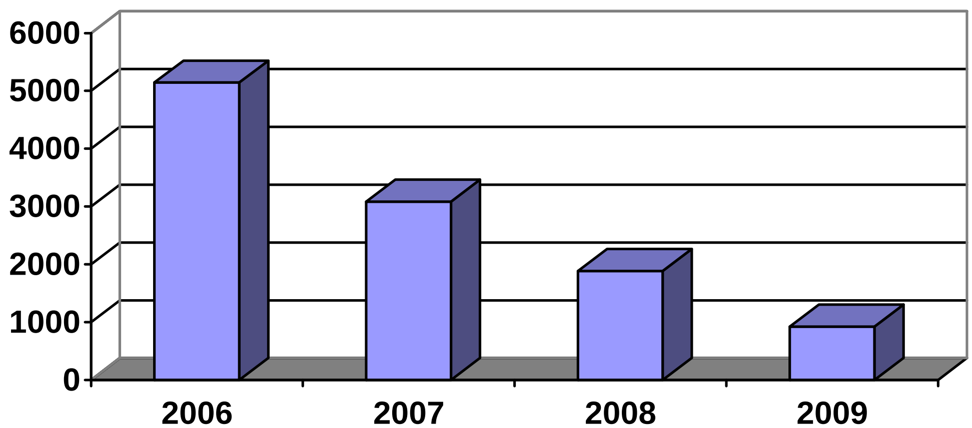
Current liabilities were $256,015 and $129,722 as of December 31, 2008 and December 31, 2007, respectively, an increase of $126,293. This increase was the result of higher accounts payable obligations to third party vendors and to related parties.

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	2009	2008	2007
Operating revenues	$ 1,810,228	$ 1,996,709	$ 2,169,304
Operating expenses	4,480,555	4,687,864	4,946,586
Operating Loss	$ (2,670,327)	$ (2,691,155)	$ (2,777,282)
Nonoperating revenue			
Investment income	$ 9,399	$ 62,759	$ 97,394
Future recoverable costs	238,949	180,486	134,356
Non operating revenue	248,348	243,245	231,750
Change in Net Assets	$ (2,421,979)	$ (2,447,910)	$ (2,545,532)

OMEGA JV2's rates are set by the Board of Participants and are intended to cover budgeted operating expenses plus actual fuel expense. OMEGA JV2 revenues do not include any bond payments by OMEGA JV2 financing members in their rates. Financing participants make these payments directly to AMP.

JV2 Megawatt Hours



2009 vs. 2008

Electric revenues in 2009 were $1,810,228 vs. $1,996,709 in 2009, a decrease of $186,481 from 2008 levels. The 2009 operating revenue decrease is attributable to the decrease in energy production from the generating units. This was a result of lower operating levels, as depressed market prices made operation of these units uneconomic compared to the purchase of power in the spot market. In 2009, JV2's energy production was 924 megawatt hours, a decrease of 961 megawatt hours or 56% compared to 2008.

JV2 operating expenses in 2009 were $4,480,555 and decreased $207,309 vs. 2008. This decrease in expenses was driven by lower operating levels and efforts to minimize discretionary expenditures, consistent with safe operations. Fuel expenses decreased $181,363, maintenance expenses decreased $49,692, and related party expenses decreased $79,270 vs. prior year levels. These were partially offset by noncash depreciation expenses, which increased of $54,262, noncash ARO accretion expenses, which increased $16,538, professional services expenses, which increased $870, transmission expenses, which increased $2,031, and other operating expenses, which increased $17,715.

2009 investment income in JV2 was $9,399, a decrease of $53,360 vs. 2008 levels due to sharply lower interest rates. During 2009, investment income of $7,309 was earned on the checking account for the operating funds held at the bank. Interest income of $2,090 was earned on funds held by trustee as a requirement of the bond obligation for the benefit of the OMEGA JV2 financing members. These funds were invested in short-term government backed securities, short-term commercial paper with the highest classification by at least two nationally recognized standard rating services, or a government money market mutual fund.

2008 vs. 2007

Electric revenues in 2008 were $1,996,709, a decrease of $172,595 compared to 2007. In 2008, JV2's energy production was 1,705 megawatt hours compared to 3,086 megawatt hours in 2007, a decrease of 1381 megawatt hours or 44.8%.

Operating expenses in 2008 were $4,687,864, a decrease of $258,722 compared to 2007 levels. This was directly related to lower operating levels in 2008, resulting in lower fuel expenses of $172,595, lower maintenance expenses of $18,582, lower utilities expenses of $34,555, lower related party services expenses, lower insurance and professional services expenses of $20,172, $8,247, and $8,785, respectively and lower other operating expenses of $48,301, partially offset by higher noncash depreciation and ARO accretion expenses of $34,240 and $18,275, respectively.

Investment income in 2008 was $62,759, which was a decrease of $34,635 from 2007. During 2008, investment income of $47,721 was earned on the checking account for the operating funds held at the bank. Interest income of $15,038 was earned on funds held by trustee as a requirement of the bond obligation for benefit of the OMEGA JV2 financing members. These funds were invested in short-term government backed securities, short-term commercial paper with the highest classification by at least two nationally recognized standard rating services, or a government money market mutual fund.

If you have questions about this report, or need additional financial information, contact management at 614 540 1111 or 1111 Schrock Road, Columbus, OH 43229.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

STATEMENTS OF NET ASSETS
December 31, 2009 and 2008

	2009	2008
ASSETS		
Current Assets		
Cash and temporary investments	$ 2,565,754	$ 2,088,007
Receivables from participants	144,916	163,459
Accrued interest receivable	317	-
Inventory	440,430	474,495
Prepaid expenses	76,319	91,065
Total Current Assets	3,227,736	2,817,026
Non-Current Assets		
Restricted Assets		
Funds held by trustee - reserve and contingency fund	534,044	531,954
Overhaul fund	318,518	313,927
Other Assets		
Regulatory assets	1,291,634	1,052,685
Electric Plant and Equipment		
Electric generators	57,486,178	58,689,983
Vehicles	33,100	33,100
Accumulated depreciation	(26,337,852)	(23,369,588)
Total Non-Current Assets	33,325,622	37,252,061
TOTAL ASSETS	$ 36,553,358	$ 40,069,087
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 198,300	$ 208,413
Payable to related parties	52,904	47,602
Total Current Liabilities	251,204	256,015
Noncurrent Liabilities		
Regulatory liabilities	318,518	313,927
Asset retirement obligations	1,503,253	2,596,783
Total Noncurrent Liabilities	1,821,771	2,910,710
Total Liabilities	2,072,975	3,166,725
Net Assets		
Invested in capital assets	31,181,426	35,353,495
Restricted	852,562	845,881
Unrestricted	2,446,395	702,986
Total Net Assets	34,480,383	36,902,362
TOTAL LIABILITIES AND NET ASSETS	$ 36,553,358	$ 40,069,087

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended December 31, 2009 and 2008

	2009	2008
OPERATING REVENUES		
Electric revenue	$ 1,810,228	$ 1,996,709
OPERATING EXPENSES		
Related party services	527,317	606,587
Depreciation	2,968,264	2,914,002
Accretion of asset retirement obligation	110,275	93,737
Fuel	77,462	258,825
Transmission	2,031	-
Maintenance	353,521	403,213
Utilities	134,722	116,654
Insurance	187,450	193,918
Professional services	65,150	64,280
Other operating expenses	54,363	36,648
Total Operating Expenses	4,480,555	4,687,864
Operating Loss	(2,670,327)	(2,691,155)
NONOPERATING REVENUES		
Investment income	9,399	62,759
Future recoverable costs	238,949	180,486
Total Non-Operating Revenues	248,348	243,245
Change in net assets	(2,421,979)	(2,447,910)
NET ASSETS, Beginning of Year	36,902,362	39,350,272
NET ASSETS, END OF YEAR	$ 34,480,383	$ 36,902,362

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants	$ 1,828,771	$ 2,020,399
Cash paid to related parties for personnel services	(522,015)	(603,253)
Cash payments to suppliers and related parties for goods and services	(836,001)	(1,094,628)
Net Cash Provided by Operating Activities	470,755	322,518
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	(25,543)
Net Cash Used in Capital and Related Financing Activities	-	(25,543)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposit to overhaul fund	(4,591)	(14,645)
Purchases of investments	(1,392,207)	(860,919)
Proceeds from sale of investments	869,708	860,526
Investment income received	9,082	62,760
Net Cash Provided by Investing Activities	(518,008)	47,722
Net Change in Cash and Cash Equivalents	(47,253)	344,697
CASH AND CASH EQUIVALENTS, Beginning of Year	2,088,007	1,743,310
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,040,754	$ 2,088,007

	2009	2008
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	$ (2,670,327)	$ (2,691,155)
Depreciation	2,968,264	2,914,002
Accretion of asset retirement obligation	110,275	93,737
Changes in assets and liabilities		
Receivables from participants	18,543	19,281
Receivables from related parties	-	4,408
Inventory	34,065	(146,301)
Prepaid expenses	14,746	2,253
Accounts payable and accrued expenses	(10,113)	122,959
Payable to related parties	5,302	3,334
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 470,755	$ 322,518
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS		
Cash and temporary investments	$ 2,565,754	$ 2,088,007
Funds held by trustee - reserve and contingency fund	534,044	531,954
Overhaul fund	318,518	313,927
Total Cash Accounts	3,418,316	2,933,888
Less Non-cash equivalents:		
Temporary investments	(525,000)	-
Overhaul Fund	(318,518)	(313,927)
Funds held by Trustee	(534,044)	(531,954)
Total Non-cash equivalents	(1,377,562)	(845,881)
TOTAL CASH AND CASH EQUIVALENTS	$ 2,040,754	$ 2,088,007
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in cost of plant due to change in estimated asset retirement obligation	$ (1,203,805)	$ 437,563

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ohio Municipal Electric Generation Agency Joint Venture 2 (“OMEGA JV2”) was organized by 36 subdivisions of the State of Ohio (the “Participants”) on November 21, 2000, pursuant to a Joint Venture Agreement (the “Agreement”) under the Ohio Constitution and Section 715.02 of the Ohio Revised Code, and commenced operations on December 1, 2000. Its purpose is to provide backup and peaking capacity to the Participants. The Participants are members of American Municipal Power, Inc. (“AMP”). On December 27, 2001, OMEGA JV2 purchased 138.650 MW of electric plant generating units (the “Project”) from AMP. The Project is referred to as “distributed generation” because the units are sited near the Participants’ municipal electric systems where it is anticipated they will serve. The Project consists of two 32 MW used gas-fired turbines, one 11 MW used gas-fired turbine and 34 1.825 MW new and one 1.6 MW used oil-fired and diesel turbines. The Agreement continues until 60 days subsequent to the termination or disposition of the Project and for as long as required by the financing agreement; provided, however, that each Participant shall remain obligated to pay to OMEGA JV2 its respective share of the costs of terminating, discontinuing, retiring, disposing of, and decommissioning the Project.

The following summarizes the significant accounting policies followed by OMEGA JV2.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in OMEGA JV2's financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. OMEGA JV2 also has the option of following subsequent private-sector guidance subject to this same limitation. OMEGA JV2 has elected to follow subsequent private-sector guidance.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets 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.

ASSETS, LIABILITIES AND NET ASSETS

Deposits and Investments

For purposes of the statements of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition, except that restricted cash accounts, if any, are treated as investments in the statement of cash flows.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Deposits and Investments (cont.)

OMEGA JV2 has elected to comply with Ohio Revised Code (ORC) section 135.14. Under ORC 135.14, investments are limited to:

1. Deposits at eligible institutions pursuant to ORC section 135.08, 135.09 and 135.18.
2. Bonds or other obligations of the state.
3. Bonds or securities issued or guaranteed by the federal government or its agencies.
4. Bankers acceptances, with certain conditions.
5. The local government investment pool.
6. Commercial paper, with certain conditions.
7. All investments must have an original maturity of 5 years or less.
8. Repurchase agreements with public depositories, with certain conditions.

OMEGA JV2 has adopted an investment policy. That policy follows the state statute for allowable investments and specifies the maximum concentration of investments in each eligible security.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Gains and losses on investment transactions are determined on a specific identification basis. Market values may have changed significantly after year end.

Receivables/Payables

Accounts receivable are amounts due from participants at the end of the year. Due to the participant relationship and the high degree of collectibility, no allowance for uncollectible accounts is necessary. Accounts payable are amounts due to vendors for services incurred.

Inventory

Inventory consists of fuel used to operate the Project and is stated at the lower of first-in, first-out (“FIFO”) cost or market.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

Prepaid Expenses

Prepaid expenses represent costs of insurance paid during the current calendar year for coverage in subsequent years.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Electric Plant and Equipment

Electric plant generating units and vehicles are recorded at cost. Depreciation is provided on the straight-line method over 20 years for generators and 3 years for vehicles, the estimated useful lives of the assets. Major renewals, betterments and replacements are capitalized, while maintenance and repair costs are charged to operations as incurred. When electric plant assets are retired, accumulated depreciation is charged with the cost of the assets plus removal costs, less any salvage value.

Electric plant assets are assessed for impairment whenever events or changes in circumstances indicate that the service utility of the capital asset may have significantly and unexpectedly declined. If it is determined that impairment has occurred, an impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its estimated fair value.

Asset Retirement Obligations

OMEGA JV2 records, at fair value, legal obligations associated with the retirement or removal of long-lived assets at the time the obligations are incurred and can be reasonably estimated. When a liability is initially recorded, the entity capitalizes the cost by increasing the carrying value of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the difference between the accrued liability and the amount to settle the liability is recorded as a settlement gain or loss.

Regulatory Assets and Liabilities

OMEGA JV2 records regulatory assets (deferred expenses to be recovered in rates in future periods). Regulatory assets include the deferral of depreciation expense and accretion expense associated with asset retirement obligations not yet recovered through billings to Participants. As interest is accreted related to the asset retirement obligation and depreciation is expensed related to the capitalized cost, future recoverable costs are recognized to match revenues with the related costs in future periods. Regulatory liabilities consist of deferred revenue related to amounts prepaid by the Participants for major repairs and maintenance and are recorded as income when the related expenditure occurs.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Net Assets

The Project is owned by the Participants in undivided interests held either directly or in trust. Due to potential legal impediments to their holding of direct interests in the Project, some participants purchase capacity and energy from the Project and have their undivided ownership interests held in trust for them by other Participants acting as trustees. The respective ownership shares are as follows:

Municipality	Project kW Entitlement	Percent Project Ownership and Entitlement
Hamilton	32,000	23.87%
Bowling Green	19,198	14.32
Niles	15,400	11.48
Cuyahoga Falls	10,000	7.46
Wadsworth	7,784	5.81
Painesville	7,000	5.22
Dover	7,000	5.22
Galion	5,753	4.29
Amherst	5,000	3.73
St. Mary’s	4,000	2.98
Montpelier	4,000	2.98
Shelby	2,536	1.89
Versailles	1,660	1.24
Edgerton	1,460	1.09
Yellow Springs	1,408	1.05
Oberlin	1,217	0.91
Pioneer	1,158	0.86
Seville	1,066	0.80
Grafton	1,056	0.79
Brewster	1,000	0.75
Monroeville	764	0.57
Milan	737	0.55
Oak Harbor	737	0.55
Elmore	364	0.27
Jackson Center	300	0.22
Napoleon	264	0.20
Lodi	218	0.16
Genoa	199	0.15
Pemberville	197	0.15
Lucas	161	0.12
South Vienna	123	0.09

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Net Assets (cont.)

Municipality	Project kW Entitlement	Percent Project Ownership and Entitlement
Bradner	119	0.09%
Woodville	81	0.06
Haskins	73	0.05
Arcanum	44	0.03
Custar	4	0.00*
Totals	134,081	100.00%
Reserves	4,569	
kW Capacity of the Project	138,650	

* Represents less than 0.01%

REVENUE AND EXPENSES

OMEGA JV2 distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the OMEGA JV2's principal ongoing operations. The principal operating revenues of OMEGA JV2 are charges to participants for energy and capacity. Operating expenses include the cost of generation, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Electric revenue is recognized when earned as service is delivered. OMEGA JV2’s rates for electric power are designed to cover annual operating costs, excluding depreciation. Rates are set annually by the Board of Participants.

Rates for electric service pursuant to contracts with the Participants are not designed to recover contributed capital used to acquire the electric plant generators. Rates charged to OMEGA JV2 financing participants for debt service are paid to AMP to retire the Project financing obligations (Note 10). Accordingly, OMEGA JV2 will generate negative operating margins during the operating life of the electric generators.

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 51 (GASB 51), *Accounting and Financial Reporting for Intangible Assets.* GASB 51 required that certain intangible assets be recognized and classified as capital assets and established guidance related to amortization and useful lives. OMEGA JV2 is required to adopt provisions of GASB 51 effective January 1, 2010. Application of this standard may restate portions of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

COMPARATIVE DATA

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

For purposes of the statements of cash flows, cash and cash equivalents consist of unrestricted cash and highly liquid short-term investments with original maturities of three months or less. Restricted cash accounts, if any, are treated as investments in the statements of cash flows, since they are not available for use.

	Carrying Value as of December 31		
	2009	2008	Risks
Checking	$ 2,337,258	$ 2,482	Custodial credit
Certificates of Deposits	525,000	-	Custodial credit
US Treasury Obligation	-	954	None
Commercial Paper	-	531,000	Custodial credit, interest rate, concentration, credit
Government Money Market Mutual Fund	556,058	2,399,452	Credit and interest rate
Totals	$ 3,418,316	$ 2,933,888	

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for interest bearing accounts and unlimited for noninterest bearing accounts as of December 31, 2009 and 2008.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a bank failure, OMEGA JV2’s deposits may not be returned to it. OMEGA JV2 does not have a custodial credit risk policy. OMEGA JV2 has custodial credit risk on its cash and temporary investments balances to the extent the balances exceed the federally insured limit. OMEGA JV2’s investment policy requires that amounts in excess of FDIC limits be collateralized by government securities. As of December 31, 2009 and 2008, there were no deposits exposed to custodial credit risk.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, OMEGA JV2 will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. OMEGA JV 2's investment policy does not address this risk.

	2009		2008	
	Book Balance	Carrying Value	Book Balance	Carrying Value
Neither insured nor registered and held by a counterparty	$ -	$ -	$ 531,000	$ 531,000

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. OMEGA JV2 invests in instruments approved under the entity's investment policy. The Board of Participants has authorized OMEGA JV2 to invest in funds in accordance with the Ohio Revised Code. Allowable investments include United States Treasury and federal and state government agency obligations, money market funds, and commercial paper with the highest classification by at least two nationally recognized standard rating services.

As of December 31, 2009, OMEGA JV2's investments were rated as follows:

Investment Type	Moody's Investors Services	Standard & Poors
Government Money Market Mutual Fund	Aaa	AAAm

As of December 31, 2008, OMEGA JV2's investments were rated as follows:

Investment Type	Moody's Investors Services	Standard & Poors
Commercial Paper	P1	A1+
Government Money Market Mutual Fund	Aaa	AAAm

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. OMEGA JV2's investment policy limits the maturity of commercial paper and bankers acceptances to 180 days.

As of December 31, 2009, OMEGA JV2's investments were as follows:

Investment	Weighted Average Maturity (Days)	Fair Value
Government Money Market Mutual Fund	33	$ 534,044
Government Money Market Mutual Fund	36	22,014
		$ 556,058

As of December 31, 2008, OMEGA JV2's investments were as follows:

Investment	Maturity Date	Weighted Average Maturity (Days)	Fair Value
Commercial Paper	01/02/2009	2	$ 531,000
Government Money Market Mutual Fund	N/A	36	2,399,452
			$ 2,930,452

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. OMEGA JV2's investment policy requires diversification of investments to limit losses from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security, except for US Treasury and fixed rate non-callable Federal Agency securities.

At December 31, 2009 and 2008 OMEGA JV2's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio 2009	Percentage of Portfolio 2008
US BanCorp	Commercial Paper	-	18%

NOTE 3 – RESTRICTED ASSETS

Restricted assets include those assets comprising the Reserve and Contingency Fund and the Overhaul Fund, which are established and maintained pursuant to the Agreement.

The Agreement requires OMEGA JV2 to maintain a minimum funding in the Reserve and Contingency Fund of $225,000. This amount was collected from the Participants in January 2001.

Of this amount, $176,355 was collected from OMEGA JV2 participants who financed their capital contribution by participating in the bond issue. The fund is held by the bond trustee. In accordance with the trust indenture related to the bonds issued on behalf of OMEGA JV2 financing participants, amounts collected from financing participants may be used in the event of nonpayment of bond debt service.

Under the terms of the Agreement, if the balance of the fund is less than the required minimum, then AMP shall direct OMEGA JV2 to increase billings to financing participants such that the deficiency in the balance is funded within twelve months.

The Agreement requires OMEGA JV2 to maintain the Overhaul Fund for periodic overhauls of the electric generation and related facilities.

Restricted Net Assets

The following calculation supports the amount of OMEGA JV2 restricted net assets:

	2009	2008
Restricted Assets		
Reserve and Contingency Fund	$ 534,044	$ 531,954
Overhaul Fund	318,518	313,927
Total Restricted Assets	$ 852,562	$ 845,881

NOTE 4 – ELECTRIC PLANT AND EQUIPMENT

Electric plant and equipment activity for the years ended December 31 is as follows:

	2009			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric generators	$ 58,689,983	$ -	$ (1,203,805)	$ 57,486,178
Vehicles	33,100	-	-	33,100
Total Electric Plant and Equipment in Service	58,723,083	-	(1,203,805)	57,519,278
Less: Accumulated depreciation	(23,369,588)	(2,968,264)	-	(26,337,852)
Electric Plant and Equipment, Net	$ 35,353,495	$ (2,968,264)	$ (1,203,805)	$ 31,181,426

	2008			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric generators	$ 58,161,319	$ 25,543	$ 503,121	$ 58,689,983
Vehicles	33,100	-	-	33,100
Total Electric Plant and Equipment in Service	58,194,419	25,543	503,121	58,723,083
Less: Accumulated depreciation	(20,455,586)	(2,914,002)	-	(23,369,588)
Electric Plant and Equipment, Net	$ 37,738,833	$ (2,888,459)	$ 503,121	$ 35,353,495

During 2009 and 2008, OMEGA JV2 recorded an adjustment to electric plant and equipment to reflect the revised estimate of the ARO (Note 5).

NOTE 5 – ASSET RETIREMENT OBLIGATIONS

Under the terms of lease agreements, OMEGA JV2 has an obligation to remove electric generators from the leased sites where the units are located and to perform certain restoration activities at the sites.

Asset retirement obligation activity for the years ended December 31 is as follows:

	2009			
	Beginning Balance	Revisions to Estimate	Accretion Expense	Ending Balance
Asset retirement obligation	$ 2,596,783	$ (1,203,805)	$ 110,275	$ 1,503,253

	2008			
	Beginning Balance	Revisions to Estimate	Accretion Expense	Ending Balance
Asset retirement obligation	$ 1,999,924	$ 503,122	$ 93,737	$ 2,596,783

Asset retirement obligations are determined based on detailed cost estimates, adjusted for factors that an outside third party would consider (i.e., inflation, overhead and profit), escalated using an inflation factor to the estimated removal dates, and then discounted using a credit adjusted risk-free interest rate. The removal date for each unit was determined based on the estimated life of the units. The accretion of the liability and amortization of the property and equipment will be recognized over the estimated useful lives of each unit. OMEGA JV2 updated its estimate of its asset retirement obligation based on an updated legal and technical study performed during 2009.

NOTE 6 – NET ASSETS

GASB No. 34 requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - The component of net asset consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted resources are available for use, it is OMEGA JV2's policy to use restricted resources first, then unrestricted resources as they are needed.

The following calculation supports the net assets invested in capital assets:

	2009	2008
Electric Plant and Equipment Assets	$ 56,680,160	$ 56,680,160
Asset Retirement Obligation	839,118	2,042,923
Accumulated Depreciation	(26,337,852)	(23,369,588)
Total Net Assets Invested in Capital Assets	$ 31,181,426	$ 35,353,495

NOTE 7 – COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS

The Project is subject to regulation by federal, state and local authorities related to environmental and other matters. Changes in regulations could adversely affect the operations and operating cost of OMEGA JV2.

NOTE 7 – COMMITMENTS AND CONTINGENCIES (cont.)

ENVIRONMENTAL MATTERS (cont.)

Many metropolitan and industrialized counties in Ohio have become nonattainment areas under the new ozone and fine particulate matter ambient air quality standards. This may require substantial local reductions of nitrogen oxides, volatile organic compounds, sulfur dioxide, nitrogen oxides and particulate matter. In addition to emissions reductions required to achieve local compliance, additional reductions may be required to achieve compliance in down-wind, neighboring states. Butler (Hamilton), Medina (Seville), and Wood (Bowling Green) counties are non-attainment areas for ozone and fine particulate matter; therefore, the Ohio Environmental Protection Agency may restrict the hours of operations or require additional pollution control equipment for the portions of the Project in these areas.

NOTE 8 – RISK MANAGEMENT

OMEGA JV2 is covered under the insurance policies of AMP and is billed for its proportionate share of the insurance expense. AMP maintains insurance policies related to commercial property, motor vehicle liability, workers' compensation, excess liability, general liability, pollution liability, directors' and officers' insurance, fiduciary liability, crime and fidelity coverage. No claims have been filed in the past three years. There were no significant reductions in coverage compared to the prior year.

NOTE 9 – RELATED PARTY TRANSACTIONS

OMEGA JV2 has entered into the following agreements:

- Pursuant to the Agreement, AMP was designated as an agent and provides various management and operational services. OMEGA JV2 incurred expenses related to these services in the amount of $129,270 and $115,486 for the years ended December 31, 2009 and 2008, respectively, and had a payable due to AMP of $19,052 and $4,134 at December 31, 2009 and 2008, respectively, for these services.

- As OMEGA JV2's agent, AMP entered into an agreement with Municipal Energy Services Agency ("MESA"), a related joint venture, for MESA to provide certain engineering, finance, administration and other services. The expenses related to these services were $398,047 and $491,101 for the years ended December 31, 2009 and 2008, respectively. OMEGA JV2 had a payable to MESA for $33,852 and $43,468 at December 31, 2009 and 2008, respectively.

- Participants with units sited in their communities provide utilities to the generating units. OMEGA JV2 incurred expenses of $134,722 and $116,654 for these services for the years ended December 31, 2009 and 2008, respectively.

NOTE 10 – ACQUISITION OF THE PROJECT

Pursuant to the Agreement, OMEGA JV2 purchased the Project and assumed related contracts from AMP for a total purchase price of $58,570,598, less capacity payments received prior to the purchase of $1,761,557.

The Participants in OMEGA JV2 consist of financing and nonfinancing participants. On January 1, 2001, AMP issued $50,260,000 of OMEGA JV2 Project Distributive Generation Bonds, Series 2001 (the "OMEGA JV2 Bonds"), in the form of serial bonds on behalf of the financing participants of OMEGA JV2. The net proceeds of the bond issue of $45,904,712 were contributed to OMEGA JV2. The nonfinancing participants contributed $12,665,886.

The OMEGA JV2 Bonds were not issued by OMEGA JV2 and the financing participants make debt service payments directly to AMP. Therefore, the OMEGA JV2 Bonds are not recorded in the financial statements of OMEGA JV2. The OMEGA JV2 Bonds outstanding at December 31, 2009, are as follows:

Maturity Date January 1,	Principal Amount	Interest Rate
2010	$ 2,225,000	5.00 %
2011	2,335,000	5.25 %
2012	2,460,000	5.25 %
2013	2,590,000	5.25 %
2014	2,725,000	5.25 %
2015	2,865,000	5.25 %
2016	3,015,000	5.25 %
2017	3,175,000	5.25 %
2021	14,280,000	4.75 %
Total	$ 35,670,000	

The OMEGA JV2 Bonds mature in various annual installments through January 1, 2021. Interest is payable semiannually at fixed interest rates.

The OMEGA JV2 Bonds are payable solely from the municipal electric utility system revenues of OMEGA JV2 financing participants. The OMEGA JV2 Bonds require compliance by the financing participants with the Agreement, which requires that each financing participant maintain a debt service coverage ratio of 1.1 or greater.

All financing participants are in compliance with the debt service coverage ratio requirement for the years ended December 31, 2008 and 2009.

The OMEGA JV2 Bonds are not subject to optional redemption before January 11, 2011. The OMEGA JV2 Bonds maturating after January 11, 2011 are subject to redemption in whole or in part on any date on or after January 11, 2011, at a redemption price of 100% of the outstanding principal plus accrued interest.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Ohio Municipal Electric Generation Agency
Joint Venture 2
Board of Participants

We have audited the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 2 ("OMEGA JV2") as of and for the year ended December 31, 2009, and have issued our report thereon dated April 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we consider OMEGA JV2's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OMEGA JV2's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of OMEGA JV2's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether OMEGA JV2's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance other matters that are required to be reported under *Government Auditing Standards.*

Ohio Municipal Electric Generation Agency
Joint Venture 2
Board of Participants

This report is intended solely for the information and use of the Board of Participants, management, and the Auditor of the State of Ohio and is not intended to be, and should not be, used by anyone other than those specified parties.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 21, 2010

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OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 4

FINANCIAL STATEMENTS

Including Independent Auditors' Report

Years Ended December 31, 2009 and 2008

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

TABLE OF CONTENTS
December 31, 2009 and 2008

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INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Ohio Municipal Electric Generation Agency
Joint Venture 4

We have audited the accompanying financial statements of Ohio Municipal Electric Generation Agency Joint Venture 4 ("OMEGA JV4") as of December 31, 2009 and 2008 and for the years then ended as listed in the table of contents. These financial statements are the responsibility of OMEGA JV4 management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OMEGA JV4 as of December 31, 2009 and 2008, and changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated April 21, 2010 on our consideration of OMEGA JV4's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis enclosed in this report is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 21, 2010

Financial Statement Overview

This discussion and analysis provides an overview of the financial performance of Ohio Municipal Electric Generation Agency Joint Venture 4 ("OMEGA JV4") for the years ended December 31, 2009 and 2008. The information presented should be read in conjunction with the basic financial statements and the accompanying notes.

OMEGA JV4 prepares its basic financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. OMEGA JV4's basic financial statements include the statements of net assets; the statements of revenues, expenses and changes in net assets; and the statements of cash flows.

The statements of net assets provide information about the nature and amount of assets and liabilities of OMEGA JV4 as of the end of the year. The statements of revenues, expenses and changes in net assets report revenues and expenses for the year. The statements of cash flows report cash receipts, cash payments, and net changes in cash resulting from operating, non-capital financing, investing and capital and related financing activities.

Financial Highlights

Condensed Statements of Net Assets as of December 31:

Condensed Statements of Net Assets

	2009	2008	2007
Assets			
Transmission line, net of accumulated depreciation	$ 1,569,698	$ 1,667,973	$ 1,766,248
Current assets	587,251	552,729	595,815
Total Assets	$ 2,156,949	$ 2,220,702	$ 2,362,063
Net Assets and Liabilities			
Net assets - invested in capital assets	$ 1,569,698	$ 1,667,973	$ 1,766,248
Non assets - unrestricted	571,325	539,426	582,895
Current liabilities	15,926	13,303	12,920
Total Net Assets and Liabilities	$ 2,156,949	$ 2,220,702	$ 2,362,063

2009 vs. 2008

Total assets were $2,156,949 and $2,220,702 as of December 31, 2009 and December 31, 2008, respectively, a decrease of $63,753. This decrease in 2009 total assets is due primarily to a decrease in transmission line, net of depreciation partially offset by increased cash and temporary investments.

Transmission line, net of accumulated depreciation was $1,569,698 and $1,667,973 at December 31, 2009 and December 31, 2008, respectively, a decrease of $98,275. This decrease was a result of an increase in accumulated depreciation

Current assets were $587,251 and $552,729 as of December 31, 2009 and December 31, 2008, respectively, an increase of $34,522. In 2009 cash and temporary investments increased by $35,398 due to cash generated by operations. Short term investments increased by $110,000 and cash decreased by $74,602. Compared to 2008 levels, prepaid expenses decreased by $942 and accrued interest receivable increased by $66.

Total net assets and liabilities were $2,156,949 and $2,220,702 as of December 31, 2009 and December 31, 2008, respectively, a decrease of $63,753.

Total net assets were $2,141,023 and $2,207,399 as of December 31, 2009 and December 31, 2008, respectively, a decrease of $66,376 which resulted from the 2009 net margin of $105,975 offset by distributions to participants of $172,351. Net assets – invested in capital assets were $1,569,698 and $1,667,973 as of December 31, 2009 and December 31, 2008, respectively, a decrease of $98,275. The decrease corresponds to the decrease in utility plant, net of depreciation. Unrestricted net assets were $571,325 and $539,426 as of December 31, 2009 and December 31, 2008, respectively, an increase of $31,899.

Current liabilities were $15,926 and $13,303 as of December 31, 2009 and December 31, 2008, respectively, an increase of $2,623. This resulted from an increase in accrual for audit fees of $2,284 and an increase to payables to related parties of $339.

2008 vs. 2007

Total assets were $2,220,702 and $2,362,063 as of December 31, 2008 and December 31, 2007, respectively, a decrease of $141,361. This decrease in 2008 total assets is due primarily to an increase in transmission line depreciation and a decrease in cash and temporary investments.

Transmission line, net of accumulated depreciation was $1,667,973 and $1,766,248 at December 31, 2008 and December 31, 2007, respectively, a decrease of $98,275. This decrease was a result of an increase in accumulated depreciation

Current assets were $552,729 and $595,815 as of December 31, 2008 and December 31, 2007, respectively, a decrease of $43,086. In 2008 cash and temporary investments decreased by $43,519, primarily as a result of a decrease in cash generated by operations. As compared to 2007 levels, prepaid expenses increased by $433.

Total net assets and liabilities were $2,220,702 and $2,362,063 as of December 31, 2008 and December 31, 2007, respectively, a decrease of $141,361.

Total net assets were $2,207,399 and $2,349,143 as of December 31, 2008 and December 31, 2007, respectively, a decrease of $141,744. This resulted from 2008 net income of $116,772 offset by distributions to participants of $258,516. Net assets – invested in capital assets were $1,667,973 and $1,766,248 as of December 31, 2008 and December 31, 2007, respectively, a decrease of $98,275. The decrease corresponds to the decrease in utility plant, net of depreciation. Unrestricted net assets were $539,426 and $582,895 as of December 31, 2008 and December 31, 2007, respectively, a decrease of $43,469.

Current liabilities were $13,303 and $12,920 as of December 31, 2008 and December 31, 2007, respectively, an increase of $383. This resulted from a decrease in accrual for audit fees of $141 and an increase to payable to related parties of $524.

The following table summarizes the changes in revenues, expenses and net assets of OMEGA JV4 for the year ended December 31:

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	2009	2008	2007
Operating revenues	$ 270,000	$ 270,000	$ 270,000
Operating expenses	165,533	165,429	184,851
Operating Income	104,467	104,571	85,149
Nonoperating revenues			
Investment income	1,508	12,201	28,581
Income Before Distributions	105,975	116,772	113,730
Distributions to participants	172,351	258,516	258,516
Change in Net Assets	$ (66,376)	$ (141,744)	$ (144,786)

Transmission revenues in 2009 were $270,000, unchanged from 2008 and 2007 levels.

Operating expenses in 2009 were $165,533. This is an increase of $104 compared to 2008. The increase in operating expense in 2009 is due to increases in accounting, legal, insurance, MESA services and other expenses totaling $3,518 which were largely offset by decreased maintenance expense of $3,414. Operating expenses in 2008 were $165,429, a decrease of $19,422 compared to 2007. The decrease in operating expense in 2008 is due to decreases in maintenance, computer, legal, telephone, insurance, travel and MESA service expenses partially offset by an increase in accounting expense.

Investment income in 2009 was $1,508, which was a decrease of $10,693 compared to 2008. The 2009 decrease was a result of lower investment rates. Investment income in 2008 was $12,201, which was a decrease of $16,380 compared to 2007. The 2008 decrease was a result of lower investment rates and assets under investment.

In 2009, $172,351 was returned to the participants as a distribution of excess cash. The distribution was authorized by the board of participants. In 2008, $258,516 was returned to the participants.

If you have questions about this report, or need additional financial information, contact management at 614 540 1111 or 1111 Schrock Road, Columbus, OH 43229.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

STATEMENTS OF NET ASSETS
December 31, 2009 and 2008

	2009	2008
ASSETS		
Current Assets		
Cash and temporary investments	$ 562,702	$ 527,304
Receivables	22,500	22,500
Accrued interest receivable	66	-
Prepaid expenses	1,983	2,925
Total Current Assets	587,251	552,729
Non-Current Assets		
Utility Plant		
Transmission line	2,640,938	2,640,938
Accumulated depreciation	(1,071,240)	(972,965)
Total Utility Plant	1,569,698	1,667,973
TOTAL ASSETS	$ 2,156,949	$ 2,220,702
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued expenses	$ 13,214	$ 10,930
Payable to related parties	2,712	2,373
Total Current Liabilities	15,926	13,303
Net Assets		
Invested in capital assets	1,569,698	1,667,973
Unrestricted	571,325	539,426
Total Net Assets	2,141,023	2,207,399
TOTAL LIABILITIES AND NET ASSETS	$ 2,156,949	$ 2,220,702

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended December 31, 2009 and 2008

	2009	2008
OPERATING REVENUES		
Transmission revenue	$ 270,000	$ 270,000
OPERATING EXPENSES		
Related party personnel services	27,196	26,861
Depreciation	98,275	98,275
Maintenance	9,862	13,276
Professional services	15,128	12,618
Other operating expenses	15,072	14,399
Total Operating Expenses	165,533	165,429
Operating Income	104,467	104,571
NONOPERATING REVENUES		
Investment income	1,508	12,201
Income before Distributions	105,975	116,772
DISTRIBUTIONS TO PARTICIPANTS		
Bryan	(72,387)	(108,577)
Pioneer	(51,705)	(77,555)
Montpelier	(43,088)	(64,629)
Edgerton	(5,171)	(7,755)
Total Distributions	(172,351)	(258,516)
Change in net assets	(66,376)	(141,744)
NET ASSETS, Beginning of Year	2,207,399	2,349,143
NET ASSETS, END OF YEAR	$ 2,141,023	$ 2,207,399

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2009 and 2008

		2009		2008
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from participants and customers	$	270,000	$	270,000
Cash paid to related parties for personnel services		(26,857)		(26,337)
Cash paid to suppliers and related parties for goods and services		(36,836)		(40,867)
Net Cash Provided by Operating Activities		206,307		202,796
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Distributions to participants		(172,351)		(258,516)
Net Cash Used in Noncapital Financing Activities		(172,351)		(258,516)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments		(110,000)		-
Investment income received		1,442		12,201
Net Cash Provided by (Used) in Investing Activities		(108,558)		12,201
Net Change in Cash and Cash Equivalents		(74,602)		(43,519)
CASH AND CASH EQUIVALENTS, Beginning of Year		527,304		570,823
CASH AND CASH EQUIVALENTS, END OF YEAR	$	452,702	$	527,304
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	$	104,467	$	104,571
Depreciation		98,275		98,275
Changes in assets and liabilities				
Prepaid expenses		942		(433)
Accrued expenses		2,284		(141)
Payable to related parties		339		524
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	206,307	$	202,796
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS				
Cash and temporary investments	$	562,702	$	527,304
Less: Noncash equivalents		(110,000)		-
TOTAL CASH AND CASH EQUIVALENTS	$	452,702	$	527,304

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ohio Municipal Electric Generation Agency Joint Venture 4 (“OMEGA JV4”) was organized by four subdivisions of the State of Ohio (the “Participants”) on December 1, 1995, pursuant to a Joint Venture Agreement (the “Agreement”) under the Ohio Constitution and Section 715.02 of the Ohio Revised Code. Its purpose is to undertake the Williams County Transmission Project (the “Project”). The Participants are members of American Municipal Power, Inc. (“AMP”). OMEGA JV4 owns and operates the Project. The Project consists of a 69 KV three-phase transmission line located in Williams County, Ohio. During 2009 and 2008 OMEGA JV4 derived a majority of its revenue from two customers. The Agreement continues until 60 days subsequent to the termination or disposition of the Project; provided, however, that each Participant shall remain obligated to pay to OMEGA JV4 its respective share of the costs of terminating, discontinuing, retiring, disposing of, and decommissioning the Project.

The following summarizes the significant accounting policies followed by OMEGA JV4.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in OMEGA JV4's financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. OMEGA JV4 also has the option of following subsequent private-sector guidance subject to this same limitation. OMEGA JV4 has elected to follow subsequent private-sector guidance.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets 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.

ASSETS, LIABILITIES AND NET ASSETS

Deposits and Investments

For purposes of the statements of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition, except that restricted cash accounts, if any, are treated as investments in the statement of cash flows.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Deposits and Investments (cont.)

OMEGA JV4 has elected to comply with Ohio Revised Code (ORC) section 135.14. Under ORC 135.14, investments are limited to:

1. Deposits at eligible institutions pursuant to ORC section 135.08, 135.09 and 135.18.
2. Bonds or other obligations of the state.
3. Bonds or securities issued or guaranteed by the federal government or its agencies.
4. Bankers acceptances, with certain conditions.
5. The local government investment pool.
6. Commercial paper, with certain conditions.
7. All investments must have an original maturity of 5 years or less.
8. Repurchase agreements with public depositories, with certain conditions.

OMEGA JV4 has adopted an investment policy. That policy follows the state statute for allowable investments and specifies the maximum concentration of investments in each eligible security.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

Receivables/Payables

Accounts receivable are amounts due from participants at the end of the year. Due to the participant relationship and the high degree of collectibility, no allowance for uncollectible accounts is necessary. Accounts payable are amounts due to vendors for services incurred.

Prepaid Expenses

Prepaid expenses represent costs of insurance paid during the current calendar year for coverage in subsequent years.

Utility Plant

The transmission line is recorded at cost. Depreciation is provided on the straight-line method from 19 to 30 years, based on the estimated useful life of the assets. Major renewals, betterments and replacements are capitalized, while maintenance and repair costs are charged to operations as incurred. When utility plant assets are retired, accumulated depreciation is charged with the cost of the assets plus removal costs, less any salvage value.

The transmission line is assessed for impairment whenever events or changes in circumstances indicate that the service utility of the capital asset may have significantly and unexpectedly declined. If it is determined that impairment has occurred, an impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its estimated fair value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Asset Retirement Obligations

OMEGA JV4 records, at fair value, legal obligations associated with the retirement or removal of long-lived assets at the time the obligations are incurred and can be reasonably estimated. When a liability is initially recorded, the cost of the related long-lived asset is increased. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the difference between the accrued liability and the amount to settle the liability is recorded as a settlement gain or loss. Depreciation expense and accretion expense incurred, but not yet recovered through rates, are offset by regulatory assets to be recovered through future billings to Participants. OMEGA JV4 has determined that there is no asset retirement obligation associated with the transmission line or utility poles. OMEGA JV4 determined there were no legal requirements currently in place that would mandate special disposal of the utility poles and transmission lines as they are replaced.

Net Assets

All property constituting OMEGA JV4 is owned by the Participants as tenants in common in undivided shares, each share being equal to that Participant's percentage ownership interest as follows:

Municipality	Percent Project Ownership and Entitlement
Bryan	42.00%
Pioneer	30.00
Montpelier	25.00
Edgerton	3.00
Totals	100.00%

REVENUE AND EXPENSES

OMEGA JV4 distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the OMEGA JV4's principal ongoing operations. The principal operating revenues of OMEGA JV4 are charges to participants for transmission services. Operating expenses include the cost of transmission services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Operating revenues are recognized when transmission service is delivered. OMEGA JV4's rates for transmission service are set by contracts with the customers. Periodically OMEGA JV4 will distribute earnings to its participants based on available operating cash. These distributions are approved by the Board of Participants.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 51 GASB 51), *Accounting and Financial Reporting for Intangible Assets.* GASB 51 required that certain intangible assets be recognized and classified as capital assets and established guidance related to amortization and useful lives. OMEGA JV4 is required to adopt provisions of GASB 51 effective January 1, 2010. Application of this standard may restate portions of these financial statements.

COMPARATIVE DATA

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

For purposes of the statements of cash flows, cash and cash equivalents consist of unrestricted cash and highly liquid short-term investments with original maturities of three months or less. Restricted cash accounts, if any, are treated as investments in the statements of cash flows, since they are not available for use.

	Carrying Value as of December 31,		
	2009	2008	Risks
Checking	$ 420,745	$ 199	Custodial credit
Certificates of Deposit	110,000	-	Custodial credit
Government Money Market Mutual Fund	31,957	527,105	Interest rate, credit
Totals	$ 562,702	$ 527,304	

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for interest bearing accounts and unlimited for noninterest bearing accounts as of December 31, 2009 and 2008.

Custodial Credit Risk

Custodial risk is the risk that in the event of a bank failure, OMEGA JV4's deposits may not be returned to it. OMEGA JV4 does not have a custodial credit risk policy. OMEGA JV4 has custodial credit risk on its cash and temporary investments balance to the extent the balance exceeds the federally insured limit. OMEGA JV4's investment policy requires that amounts in excess of FDIC limits be collateralized by government securities. As of December 31, 2009 and 2008, there were no deposits exposed to custodial credit risk.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. OMEGA JV4 invests in instruments approved under the entity's investment policy. The Board of Participants has authorized OMEGA JV4 to invest in funds in accordance with the Ohio Revised Code. Allowable investments include United States Treasury and federal and state government agency obligations, money market funds, and commercial paper with the highest classification by at least two nationally recognized standard rating services.

As of December 31, 2009 and 2008, OMEGA JV4's investments were rated as follows:

Investment Type	Standard & Poors	Fitch Ratings	Moody's Investors Services
Government Money Market Mutual Fund	AAAm	AAA	Aaa

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. OMEGA JV4's investment policy limits the maturity of commercial paper and bankers acceptances to 180 days.

As of December 31, 2009, OMEGA JV4's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Government Money Market Mutual Fund	$ 31,957	36

As of December 31, 2008, OMEGA JV4's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Government Money Market Mutual Fund	$ 527,105	36

NOTE 3 – UTILITY PLANT

Utility plant activity for the years ended December 31 is as follows:

	2009		
	Beginning Balance	Additions	Ending Balance
Transmission line	$ 2,640,938	$ -	$ 2,640,938
Less: Accumulated depreciation	(972,965)	(98,275)	(1,071,240)
Utility Plant, Net	$ 1,667,973	$ (98,275)	$ 1,569,698

	2008		
	Beginning Balance	Additions	Ending Balance
Transmission line	$ 2,640,938	$ -	$ 2,640,938
Less: Accumulated depreciation	(874,690)	(98,275)	(972,965)
Utility Plant, Net	$ 1,766,248	$ (98,275)	$ 1,667,973

NOTE 4 – NET ASSETS

GASB No. 34 requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - The component of net asset consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The following calculation supports the net assets invested in capital assets:

	2009	2008
Plant in service	$ 2,640,938	$ 2,640,938
Accumulated depreciation	(1,071,240)	(972,965)
Total Net Assets Invested in Capital Assets	$ 1,569,698	$ 1,667,973

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Project is subject to regulation by federal, state and local authorities related to environmental and other matters. Changes in regulations could adversely affect the operations and operating cost of OMEGA JV4.

NOTE 6 – SIGNIFICANT CUSTOMERS

Transmission revenue in 2009 and 2008 was derived 70% and 67%, respectively, from sales to a nonparticipant, 29% and 32%, respectively, were to AMP's general fund, who resold these to a participant. The contract with the nonparticipant can be cancelled on or after October 31, 2008 upon written notice six months prior to cancellation. As of December 31, 2009, no notice of cancellation had been received. A decision by the nonparticipant to purchase transmission service from a different provider would cause a significant decline in OMEGA JV4's transmission revenue and possibly impair the carrying value of the transmission line if replacement sales could not be found.

NOTE 7 – RISK MANAGEMENT

OMEGA JV4 is covered under the insurance policies of AMP and is billed for its proportionate share of the insurance expense. AMP maintains insurance policies related to commercial property, motor vehicle liability, workers' compensation, excess liability, general liability, pollution liability, directors' and officers' insurance, fiduciary liability, crime and fidelity coverage. OMEGA JV4 is self-insured for property damage risks related to its transmission line. No claims have been filed in the past three years. There were no significant reductions in coverage compared to the prior year.

NOTE 8 – RELATED PARTY TRANSACTIONS

OMEGA JV4 has entered into the following agreements:

- Pursuant to the Agreement, AMP was designated as an agent and provides various management and operational services. The expenses related to these services were $9,862 and $11,005 for the years ended December 31, 2009 and 2008, respectively. OMEGA JV4 had a payable due to AMP in the amount of $1 at December 31, 2008, and no payable as of December 31, 2009.

- As OMEGA JV4's agent, AMP entered into an agreement with the Municipal Energy Services Agency ("MESA"), a related joint venture, for MESA to provide certain engineering, finance, administration and other services to OMEGA JV4. The expenses related to these services were $27,196 and $26,861 for the years ended December 31, 2009 and 2008, respectively. OMEGA JV4 had a payable to MESA of $2,712 and $2,372 at December 31, 2009 and 2008, respectively.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Ohio Municipal Electric Generation Agency
Joint Venture 4
Board of Participants

We have audited the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 4 ("OMEGA JV4") as of and for the year ended December 31, 2009, and have issued our report thereon dated April 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we consider OMEGA JV4's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OMEGA JV4's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of OMEGA JV4's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether OMEGA JV4's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Ohio Municipal Electric Generation Agency
Joint Venture 4
Board of Participants

This report is intended solely for the information and use of the Board of Participants, management, and the Auditor of the State of Ohio and is not intended to be, and should not be, used by anyone other than those specified parties.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 21, 2010

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OHIO MUNICIPAL ELECTRIC
GENERATION AGENCY
JOINT VENTURE 5

FINANCIAL STATEMENTS

Including Independent Auditors' Report

Years Ended December 31, 2009 and 2008

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

TABLE OF CONTENTS
December 31, 2009 and 2008

BAKER TILLY

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INDEPENDENT AUDITORS' REPORT

Board of Participants
Ohio Municipal Electric Generation Agency
Joint Venture 5

We have audited the accompanying financial statements of Ohio Municipal Electric Generation Agency Joint Venture 5 ("OMEGA JV5") as of December 31, 2009 and 2008 and for the years then ended as listed in the table of contents. These financial statements are the responsibility of OMEGA JV5 management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OMEGA JV5 as of December 31, 2009 and 2008, and changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated April 21, 2010 on our consideration of OMEGA JV5's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis enclosed in this report is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 21, 2010

Financial Statement Overview

This discussion and analysis provides an overview of the financial performance of Ohio Municipal Electric Generation Agency Joint Venture 5 ("OMEGA JV5") for the years ended December 31, 2009 and 2008. The information presented should be read in conjunction with the basic financial statements and the accompanying notes.

OMEGA JV5 prepares its basic financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. OMEGA JV5's basic financial statements include the statements of net assets; the statements of revenues, expenses and changes in net assets; and the statements of cash flows.

The statements of net assets provide information about the nature and amount of assets and liabilities of OMEGA JV5 as of the end of the year. The statements of revenues, expenses and changes in net assets report revenues and expenses and the change in net assets for the year. The statements of cash flows report cash receipts, cash payments, and net changes in cash resulting from operating, non-capital financing, investing and capital and related financing activities.

Financial Highlights

The following table summarizes the financial position of OMEGA JV5 as of December 31:

Condensed Statement of Net Assets

Assets			
Restricted assets - current	$ 7,370,060	$ 7,416,861	$ 7,442,001
Other current assets	9,367,381	7,242,037	6,991,591
Total current assets	16,737,441	14,658,898	14,433,592
Restricted assets - noncurrent	3,285,992	3,275,760	3,171,486
Utility plant	136,696,246	141,357,556	146,020,175
Other assets	2,175,890	2,481,375	2,962,537
Total assets	$ 158,895,569	$ 161,773,589	$ 166,587,790
Net Assets and Liabilities			
Net assets - Invested in capital assets	$ 18,198,274	$ 19,376,788	$ 20,642,075
Net assets - restricted	7,666,145	7,573,490	7,381,651
Net assets - unrestricted	(15,131,592)	(17,991,357)	(19,074,237)
Total Net assets	10,732,827	8,958,921	8,949,489
Net beneficial interest certificates	113,927,972	117,505,768	121,003,100
Current liabilities	9,351,320	9,173,079	9,075,640
Regulatory and noncurrent liabilities	24,883,450	26,135,821	27,559,561
Total net assets and liabilities	$ 158,895,569	$ 161,773,589	$ 166,587,790

See accompanying auditors' report.

2009 vs. 2008

Total assets were $158,895,569 and $161,773,589 as of December 31, 2009 and December 31, 2008, respectively, a decrease of $2,878,020. The decrease was primarily due to increased accumulated depreciation and the amortization of prepaid capacity, bond issuance costs and prepaid bond insurance expenses. These decreases were partially offset by an increase in cash and temporary investments, accrued interest receivable and prepaid expenses.

> Total current assets were $16,737,441and $14,658,898 as of December 31, 2009 and December 31, 2008, respectively, an increase of $2,078,543. Cash and temporary investments increased by $2,441,031 primarily due to cash generated by operations. Interest receivable increased by $1,055 and prepaid expenses increased by $1,411. This increase was partially offset by a decrease in receivables from participants of $312,344, decreased inventory of $45,809 and decreased current restricted assets of $46,801.
>
> Utility plant assets were $136,696,246 and $141,357,556 as of December 31, 2009 and December 31, 2008, respectively, a decrease of $4,661,310. Utility plant assets decreased as a result of depreciation. There were no significant capital expenditures or retirements of assets for OMEGA JV5 in 2008 and 2009.
>
> Noncurrent restricted assets were $3,285,992 and $3,275,760 as of December 31, 2009 and December 31, 2008, respectively, an increase of $10,232. The classification of restricted assets into current and noncurrent categories reflects the timing of anticipated payments from the Certificate Payment Fund and the Reserve and Contingency Fund. In the aggregate, restricted assets decreased by $36,569 in 2009.
>
> Other assets were $2,175,890 and $2,481,375 as of December 31, 2009 and December 31, 2008, respectively, a decrease of $305,485. The decrease was the result of decreases in prepaid bond insurance of $115,886, beneficial interest certificates' issuance costs of $109,552 and prepaid dedicated capacity of $80,047.

Total net assets and liabilities were $158,895,569 and $161,773,589 as of December 31, 2009 and December 31, 2008, respectively, a decrease of $2,878,020.

> Net assets totaled $10,732,827 and $8,958,921 at December 31, 2009 and December 31, 2008, respectively, an increase of $1,773,906. This increase was due to current year net margin of $3,028,102 net of a $1,254,196 distribution to participants. Net assets in invested in capital assets, net of related debt, decreased $1,178,514 reflecting changes in accumulated depreciation and related debt outstanding. Restricted net assets increased $92,655, primarily due to lower liabilities payable from restricted assets. Unrestricted net assets increased $2,859,765. See note 3 and 8 for detailed discussion of restricted net assets and net assets invested in capital assets, respectively.
>
> Net Beneficial Interest Certificates (BICs) totaled $113,927,972 and $117,505,768 at December 31, 2009 and December 31, 2008, respectively, a decrease of $3,577,796. This was primarily due to a principal payment made on the 2004 Beneficial Interest Certificates of $4,475,000 partially offset by the amortization of the 2004 BIC premiums, 2001 BIC discounts and the defeasance costs of the 1993 BICs.

Current liabilities were $9,351,320 and $9,173,079 at December 31, 2009 and December 31, 2008, respectively, a decrease of $178,241. This was due to increases in accounts payable of $130,714 and licenses of $55,120.

Noncurrent liabilities were $24,883,450 and $26,135,821 were December 31, 2009 and December 31, 2008, respectively, a decrease of $1,252,371. This was primarily the result of a decrease in regulatory liabilities of $1,274,622 which was slightly offset by accrued license fees of $22,251.

2008 vs. 2007

Total assets were $161,773,589 and $166,587,790 as of December 31, 2008 and December 31, 2007, respectively, a decrease of $4,814,201. This decrease was due to increased accumulated depreciation as well as decreases in prepaid dedicated capacity, prepaid bond insurance and beneficial interest certificates' issuances costs partially offset by increases in receivables from participants and noncurrent restricted assets.

Total current assets were $14,658,898 and $14,433,592 as of December 31, 2008 and December 31, 2007, respectively, an increase of $225,306. The increase is due to increases in operating cash of $63,883, accounts receivable of $184,137 and inventory of $11,843. These increases were partially offset by decreases in prepaid expenses of $9,417 and current restricted assets of $25,140.

Utility plant assets were $141,357,556 and $146,020,175 as of December 31, 2008 and December 31, 2007, respectively, a decrease of $4,662,619. Utility plant assets decreased as a result of depreciation. There were no significant capital expenditures or retirements of assets for OMEGA JV5 in 2007 and 2008.

Noncurrent restricted assets were $3,275,760 and $3,171,486 as of December 31, 2008 and December 31, 2007, respectively, an increase of $104,274. The classification of restricted assets into current and noncurrent categories reflects the timing of anticipated payments from the Certificate Payment Fund and the Reserve and Contingency Fund. In the aggregate, restricted assets increased by $79,134 in 2008. The increase in aggregate restricted assets was primarily due to interest earned on funds on deposit with the trustee.

Other assets were $2,481,375 and $2,962,537 as of December 31, 2008 and December 31, 2007, respectively, a decrease of $481,162. This decrease was the result of decreases in prepaid dedicated capacity of $240,143, prepaid bond insurance of $124,355 and beneficial interest certificates' issuance costs of $116,664.

Total liabilities and net assets were $161,773,589 and $166,587,790 as of December 31, 2008 and December 31, 2007, respectively, a decrease of $4,814,201.

Net assets were $8,958,921 and $8,949,489 as of December 31, 2008 and December 31, 2007, respectively, an increase of $9,432 corresponding to 2008 net margin. Net assets invested in capital assets, decreased $1,265,287, reflecting changes in accumulated depreciation and related debt outstanding. Restricted net assets increased $191,839 and unrestricted net assets increased $1,082,880.

Net Beneficial Interest Certificates were $117,505,768 and $121,003,100 at December 31, 2008 and December 31, 2007, respectively, a decrease of $3,497,332. This was primarily due to a principal payment made on the 2004 Beneficial Interest Certificates of $4,375,000 partially offset by the amortization of the unamortized discount of the 2001 bonds.

Current liabilities were $9,173,079 and $9,075,640 at December 31, 2008 and December 31, 2007, respectively, an increase of $97,439. This resulted from increases in current beneficial interest certificates of $100,000, accounts payable of $82,454, related party's payable of $15,847 and current regulatory liabilities of $11,843. These increases were partially offset by decreases in accrued interest of $36,914 and debt service collected to be reimbursed to members of $75,791.

Noncurrent liabilities totaled $26,135,821 and $27,559,561 were December 31, 2008 and December 31, 2007, respectively, a decrease of $1,423,740. This decrease was the result of decreases in regulatory liabilities of $1,414,460 and accrued license fees of $9,280.

The following table summarizes the changes in revenues, expenses and net assets of OMEGA JV5 for the year ended December 31:

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	2009	2008	2007
Operating revenues	$ 24,401,986	$ 23,010,244	$ 23,702,278
Operating expenses	15,517,883	17,099,564	17,771,750
Operating Income	8,884,103	5,910,680	5,930,528
Nonoperating income and expense			
Investment income	39,335	265,428	539,807
Litigation Settlement	-	-	38,339
Interest Expense	(5,766,098)	(5,814,460)	(5,852,585)
Amortization	(129,238)	(352,216)	(428,091)
Total Nonoperating Income/(Expense)	(5,856,001)	(5,901,248)	(5,702,530)
Net income before special item	3,028,102	9,432	227,998
Distributions to participants	(1,254,196)	-	(2,081,700)
Change in Net Assets	$ 1,773,906	$ 9,432	$ (1,853,702)

Operating Results

Operating revenues were $24,401,986 in 2009, an increase of $1,391,742 over 2008 primarily due to excess power from the project that was sold to the power market. Plant generation for 2009 represents the third highest year since the project was commissioned. Favorable river levels combined with very limited equipment derates resulted in increased production.

See accompanying auditors' report.

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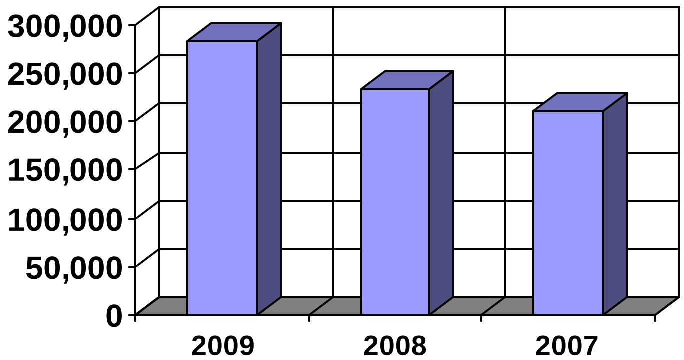

Operating revenues were $23,010,244 in 2008, a decrease of $692,034 compared to 2007. This decrease in revenues was a result of lower hydro power sales, renewable energy certificates, and deferred revenues partially offset by higher purchased power sales.

Operating expenses were $15,517,883 in 2009, a decrease of $1,581,681 from 2008. This was the result of decreases in replacement purchased power of $1,564,248 and maintenance expenses of $158,774 offset by increased other expenses of $148,292 primarily due to an increase in fee and licenses of $139,208. Operating expenses were $17,099,564 in 2008, a decrease of $672,186 from 2007. This was the result of a $643,178 decrease in replacement purchased power and lower operating and maintenance expenses.

Nonoperating income/(expense) totaled ($5,856,001) in 2009 and ($5,901,248) in 2008, respectively, an increase of $45,247. The increase was due to reduced levels of amortization expense mostly offset by lower investment income. Nonoperating income/(expense) totaled ($5,901,248) in 2008 and ($5,702,530) in 2007, respectively, a decrease of $198,718. These decreases were caused primarily by lower investment income and litigation settlements, partially offset by reduced levels of amortization expenses in 2008.

In 2009, $1,254,196 was returned to the participants from the rate stabilization fund. This special distribution was used to fund additional assessment of $1,254,196 for purchased power expenses in excess of planned levels. This distribution was authorized by the Board of Participants.

If you have questions about this report, or need additional financial information, contact management at 614 540 1111 or 1111 Schrock Road, Columbus, OH 43229.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

STATEMENTS OF NET ASSETS
December 31, 2009 and 2008

	2009	2008
ASSETS		
Current Assets		
Cash and temporary investments	$ 8,134,492	$ 5,693,461
Restricted assets - funds held by trustee	7,370,060	7,416,861
Receivables from participants	891,866	1,204,210
Accrued interest receivable	1,055	-
Inventory	128,799	134,608
Prepaid expenses	211,169	209,758
Total Current Assets	16,737,441	14,658,898
Non-Current Assets		
Restricted Assets		
Restricted assets - funds held by trustee	3,285,992	3,275,760
Other Assets		
Prepaid dedicated capacity	-	80,047
Prepaid bond insurance, net	1,054,490	1,170,376
Beneficial interest certificates' issuance costs, net	1,121,400	1,230,952
Electric Plant and Equipment		
Electric plant in service	186,288,814	186,288,814
Land	431,881	431,881
Accumulated depreciation	(50,024,449)	(45,363,139)
Total Non-Current Assets	142,158,128	147,114,691
TOTAL ASSETS	$ 158,895,569	$ 161,773,589

	2009	2008
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 1,533,534	$ 1,337,310
Payable to related parties	129,080	107,030
Regulatory liabilities - current	128,799	134,608
Liabilities Payable From Restricted Assets		
Accrued interest	1,718,873	1,760,827
Debt service collected to be reimbursed to members	1,271,034	1,358,304
Beneficial interest certificates, current	4,570,000	4,475,000
Total Current Liabilities	9,351,320	9,173,079
Noncurrent Liabilities		
Regulatory liabilities	24,793,694	26,068,316
Accrued license fees	89,756	67,505
2001 beneficial interest certificates	56,125,000	56,125,000
Unamortized discount	(34,111,391)	(35,279,842)
2004 beneficial interest refunding certificates	91,015,000	95,585,000
Unamortized premium	4,082,841	4,678,992
Unamortized cost from defeasance of 1993 beneficial interest certificates	(3,183,478)	(3,603,382)
Total Noncurrent Liabilities	138,811,422	143,641,589
Net Assets		
Invested in capital assets, net of related debt	18,198,274	19,376,788
Restricted	7,666,145	7,573,490
Unrestricted	(15,131,592)	(17,991,357)
Total Net Assets	10,732,827	8,958,921
TOTAL LIABILITIES AND NET ASSETS	$ 158,895,569	$ 161,773,589

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended December 31, 2009 and 2008

	2009	2008
OPERATING REVENUES		
Electric revenue	$ 24,401,986	$ 23,010,244
OPERATING EXPENSES		
Purchased power	7,399,913	8,964,161
Related party services	1,042,843	1,036,850
Depreciation	4,661,310	4,662,619
Maintenance	393,594	552,368
Utilities	151,560	128,312
Insurance	376,867	371,551
Professional services	79,846	120,045
Payment in lieu of taxes	839,975	839,975
Other operating expenses	571,975	423,683
Total Operating Expenses	15,517,883	17,099,564
Operating Income	8,884,103	5,910,680
NONOPERATING INCOME AND EXPENSE		
Investment income	39,335	265,428
Interest expense	(5,766,098)	(5,814,460)
Amortization of issuance costs and insurance	(225,438)	(241,022)
Amortization of Oberlin financing	(80,047)	(240,142)
Amortization of bond defeasance	(419,904)	(453,665)
Amortization of premium	596,151	582,613
Total Nonoperating Expense	(5,856,001)	(5,901,248)
Income before Distributions	3,028,102	9,432
DISTRIBUTIONS TO PARTICIPANTS	(1,254,196)	-
Change in net assets	1,773,906	9,432
NET ASSETS, Beginning of Year	8,958,921	8,949,489
NET ASSETS, END OF YEAR	$ 10,732,827	$ 8,958,921

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants	$ 22,266,973	$ 21,499,278
Cash paid to related parties for personnel services	(1,020,793)	(1,021,003)
Cash payments to suppliers and related parties for goods and services	(9,678,127)	(11,405,135)
Net Cash Provided by Operating Activities	11,568,053	9,073,140
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments on beneficial interest certificates	(4,475,000)	(4,375,000)
Interest payments on beneficial interest certificates	(4,639,601)	(4,744,756)
Proceeds from debt service to be refunded to members	1,391,520	1,517,669
Payment of debt service refunded to members	(1,478,790)	(1,593,464)
Net Cash Used in Capital and Related Financing Activities	(9,201,871)	(9,195,551)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(12,432,201)	(10,692,621)
Proceeds from sale of investments	10,718,770	10,613,487
Investment income received	38,280	265,428
Net Cash Provided by (Used) in Investing Activities	(1,675,151)	186,294
Net Change in Cash and Cash Equivalents	691,031	63,883
CASH AND CASH EQUIVALENTS, Beginning of Year	5,693,461	5,629,578
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 6,384,492	$ 5,693,461

	2009	2008
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 8,884,103	$ 5,910,680
Noncash items in operating income		
Depreciation	4,661,310	4,662,619
Distribution from rate stabilization funds	(1,254,196)	-
Changes in assets and liabilities		
Receivables from participants	312,344	(184,137)
Inventory	5,809	(11,843)
Prepaid expenses	(1,411)	9,417
Regulatory liabilities	(1,280,431)	(1,402,617)
Accounts payable and accrued expenses	196,224	82,454
Payable to related parties	22,050	15,847
Accrued license fees	22,251	(9,280)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 11,568,053	$ 9,073,140
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS		
Cash and temporary investments	$ 8,134,492	$ 5,693,461
Funds held by trustee	10,656,052	10,692,621
Total Cash Accounts	18,790,544	16,386,082
Less Non-cash equivalents	(12,406,052)	(10,692,621)
TOTAL CASH AND CASH EQUIVALENTS	$ 6,384,492	$ 5,693,461
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Distribution to participants from rate stabilization fund	$ 1,254,196	$ -

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ohio Municipal Electric Generation Agency Joint Venture 5 (“OMEGA JV5”) was organized by 42 subdivisions of the State of Ohio (the “Participants”) on April 20, 1993, pursuant to a Joint Venture Agreement (the “Agreement”) under the Ohio Constitution and Section 715.02 of the Ohio Revised Code. Its purpose was to undertake the Belleville Hydroelectric Project (the “Project”). The Participants are members of American Municipal Power, Inc. (“AMP”). OMEGA JV5 constructed and owns and operates the Project. The Project operations consist of:

- The Belleville hydroelectric generating plant and associated transmission facilities (“Belleville Hydroelectric Facilities”);
- Backup generation facilities, including contracts for the output thereof; and
- Power purchased on behalf of OMEGA JV5 participants.

The Belleville Hydroelectric Facilities consists of a run-of-the-river hydroelectric plant designed for a capacity of 42 megawatts and approximately 26.5 miles of 138-kilovolt transmission facilities. The plant is located in West Virginia, on the Ohio River, at the Belleville Locks and Dam.

The Project was constructed with proceeds from the issuance of beneficial interest certificates (the “Certificates”). The Certificates evidence the obligation of the Participants to pay for the cost of the Project from revenues of their electric systems. The Agreement continues until 60 days subsequent to the termination or disposition of the Project and thereafter until the date the principal of, premium, if any, and interest on all bonds have been paid or deemed paid in accordance with any applicable trust indenture; provided, however, that each Participant shall remain obligated to pay to OMEGA JV5 its respective share of the costs of terminating, discontinuing, retiring, disposing of, and decommissioning the Project.

The following summarizes the significant accounting policies followed by OMEGA JV5.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in OMEGA JV5's financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. OMEGA JV5 also has the option of following subsequent private-sector guidance subject to this same limitation. OMEGA JV5 has elected to follow subsequent private-sector guidance.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (cont.)

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets 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.

ASSETS, LIABILITIES AND NET ASSETS

Deposits and Investments

For purposes of the statements of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition, except that restricted cash accounts, if any, are treated as investments in the statement of cash flows.

OMEGA JV5 has elected to comply with Ohio Revised Code (ORC) section 135.14. Under ORC 135.14, investments are limited to:

1. Deposits at eligible institutions pursuant to ORC section 135.08, 135.09 and 135.18.
2. Bonds or other obligations of the state.
3. Bonds or securities issued or guaranteed by the federal government or its agencies.
4. Bankers acceptances, with certain conditions.
5. The local government investment pool.
6. Commercial paper, with certain conditions.
7. All investments must have an original maturity of 5 years or less.
8. Repurchase agreements with public depositories, with certain conditions.

OMEGA JV5 has adopted an investment policy. That policy follows the state statute for allowable investments and specifies the maximum concentration of investments in each eligible security.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

Receivables/Payables

Accounts receivable are amounts due from participants at the end of the year. Due to the participant relationship and the high degree of collectibility, no allowance for uncollectible accounts is necessary. Accounts payable are amounts due to vendors for services incurred.

Inventory

Inventory consists of fuel and is stated at the lower of first-in, first-out (“FIFO”) cost or market.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

Prepaid Expenses

Prepaid expenses represent costs of insurance paid during the current calendar year for coverage in subsequent years.

OMEGA JV5 Plant

OMEGA JV5 plant is recorded at cost and consists of the hydroelectric plant, equipment, transmission facilities, and backup generating units. Depreciation is provided on the straight-line method over the estimated useful life of the assets ranging from 3 to 40 years. Major renewals, betterments and replacements are capitalized, while maintenance and repair costs are charged to operations as incurred. When OMEGA JV5 plant assets are retired, accumulated depreciation is charged with the cost of the assets plus removal costs, less any salvage value.

OMEGA JV5 plant assets are assessed for impairment whenever events or changes in circumstances indicate that the service of the capital asset may have significantly and unexpectedly declined. If it is determined that an impairment has occurred, an impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its estimated fair value.

Asset Retirement Obligations

OMEGA JV5 records, at fair value, legal obligations associated with the retirement or removal of long-lived assets at the time the obligations are incurred and can be reasonably estimated. When a liability is initially recorded, the cost of the related long-lived asset is increased. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the difference between the accrued liability and the amount to settle the liability is recorded as a settlement gain or loss. Depreciation expense and accretion expense incurred, but not yet recovered through rates, are offset by regulatory assets to be recovered through future billings to Participants. OMEGA JV5 has determined that there is no asset retirement obligation associated with the transmission line or back-up diesel units. Based on these assumptions, OMEGA JV5 has not recorded an asset retirement obligation.

Regulatory Liabilities

OMEGA JV5 records regulatory liabilities (deferred revenues for rates collected from Participants for expenses not yet incurred). Regulatory liabilities consist of deferred revenue related to amounts prepaid by the Participants for debt service payments and contributions to the Reserve and Contingency Fund and interest earned thereon. As depreciation expense from capital expenditures, amortization expense from items related to the Certificates and interest expense is incurred, regulatory liabilities are amortized to match revenues with the related expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Long-Term Obligations

Long-term debt and other obligations are reported as OMEGA JV5 liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Net Assets

All property constituting OMEGA JV5 is owned by the Participants as tenants in common in undivided shares, each share being equal to that Participant's percentage ownership interest as follows:

Municipality	Project kW Entitlement	Percent Project Ownership and Entitlement
Cuyahoga Falls	7,000	16.67%
Bowling Green	6,608	15.73
Niles	4,463	10.63
Napoleon	3,088	7.35
Jackson	3,000	7.14
Hudson	2,388	5.69
Wadsworth	2,360	5.62
Oberlin	1,270	3.02
New Bremen	1,000	2.38
Bryan	919	2.19
Hubbard	871	2.07
Montpelier	850	2.02
Minster	837	1.99
Columbiana	696	1.66
Wellington	679	1.62
Versailles	460	1.10
Monroeville	427	1.02
Oak Harbor	396	0.94
Lodi	395	0.94
Pemberville	386	0.92
Edgerton	385	0.92
Arcanum	352	0.84
Seville	344	0.82
Brewster	333	0.79
Pioneer	321	0.76
Genoa	288	0.69

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Net Assets *(cont.)*

Municipality	Project kW Entitlement	Percent Project Ownership and Entitlement
Jackson Center	281	0.67%
Grafton	269	0.64
Elmore	244	0.58
Woodville	209	0.50
Milan	163	0.39
Bradner	145	0.35
Beach City	128	0.30
Prospect	115	0.27
Haskins	56	0.13
Lucas	54	0.13
Arcadia	46	0.11
South Vienna	45	0.11
Waynesfield	35	0.08
Eldorado	35	0.08
Republic	35	0.08
Custar	24	0.06
Totals	42,000	100.00%

REVENUE AND EXPENSES

OMEGA JV5 distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the OMEGA JV5's principal ongoing operations. The principal operating revenues of OMEGA JV5 are charges to participants for sales of electric power. Operating expenses include the cost of generation and transmission, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Operating revenues are recognized when earned as service is delivered. OMEGA JV5’s rates for electric power are designed to cover annual operating costs except depreciation. Debt service is billed separately to the Participants. Rates are set annually by the Board of Participants. Periodically OMEGA JV5 will distribute earnings to its participants based on available operating and rate stabilization cash. These distributions are approved by the Board of Participants. During 2009, the board approved a distribution for $1,254,196 from the rate stabilization fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 51 (GASB 51), *Accounting and Financial Reporting for Intangible Assets.* GASB 51 required that certain intangible assets be recognized and classified as capital assets and established guidance related to amortization and useful lives. OMEGA JV5 is required to adopt provisions of GASB 51 effective January 1, 2010. Application of this standard may restate portions of these financial statements.

COMPARATIVE DATA

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

For purposes of the statements of cash flows, cash and cash equivalents consist of unrestricted cash and highly liquid short-term investments with original maturities of three months or less. Restricted cash accounts, if any, are treated as investments in the statements of cash flows, since they are not available for use.

	Carrying Value as of December 31,		
	2009	2008	Risks
Checking/Money Market Funds	$ 6,375,056	$ 9,754	Custodial credit
Certificates of Deposit	1,750,000	-	Custodial credit
US Treasury Obligation	-	351,148	Interest rate, custodial credit
US Agencies	1,756,000	8,580,000	Credit, interest rate, custodial credit, concentration of credit
Government Money Market Mutual Fund	4,399,598	6,564,282	Credit, interest rate
Commercial Paper	4,509,890	880,898	Credit, interest rate, custodial credit, concentration of credit
Total Cash, Cash Equivalents, and Investments	$ 18,790,544	$ 16,386,082	

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for interest bearing accounts and unlimited for noninterest bearing accounts as of December 31, 2009 and 2008.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

Custodial risk is the risk that in the event of a bank failure, OMEGA JV5's deposits may not be returned to it. OMEGA JV5 does not have a custodial credit risk policy. OMEGA JV5 has custodial credit risk on its cash and temporary investments balance to the extent the balance exceeds the federally insured limit. OMEGA JV5's investment policy requires that amounts in excess of FDIC limits be collateralized by government securities. As of December 31, 2009 and 2008 there were no deposits exposed to custodial credit risk.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, OMEGA JV5 will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. OMEGA JV5's investment policy does not address this risk.

As of December 31, 2009 and 2008, OMEGA JV5's investments were exposed to custodial credit risk as follows:

	2009		2008	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Neither insured nor registered and held by a counterparty	$ 6,265,890	$ 6,265,890	$ 880,898	$ 880,898

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. OMEGA JV5 invests in instruments approved under the entity's investment policy. The Board of Participants has authorized OMEGA JV5 to invest in funds in accordance with the Ohio Revised Code. Allowable investments include United States Treasury and federal and state government agency obligations, money market funds, and commercial paper with the highest classification by at least two nationally recognized standard rating services at the time of purchase.

As of December 31, 2009, OMEGA JV5's investments were rated as follows:

Investment Type	Standard & Poors	Fitch Ratings	Moody's Investors Services
Government Money Market Mutual Fund	AAAm	AAA	Aaa
US Agencies	AAA	AAA	Aaa
Commercial Paper	A-1	F1+	P-1

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Credit Risk (cont.)

As of December 31, 2008, OMEGA JV5's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
Government Money Market Mutual Fund	AAAm	Aaa
US Agencies	AAA	Aaa
Commercial Paper	A-1+	P-1

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. OMEGA JV5's investment policy requires diversification of investments to limit losses from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security, except for US Treasury and fixed rate non-callable Federal Agency securities.

At December 31, 2009 and 2008, OMEGA JV5's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio 2009	2008
HSBC Bank	Commercial Paper	19.33%	-
US Bank	Commercial Paper	4.67%	5.38%
Federal Home Loan Banks	US Agencies	9.35%	47.22%

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. OMEGA JV5's investment policy limits the maturity of commercial paper and bankers acceptances to 180 days.

As of December 31, 2009, OMEGA JV5's investments were as follows:

Investment	Maturity Date	Weighted Average Maturity (days)	Fair Value
Government Money Market Mutual Fund	n/a	36	$ 9,436
Government Money Market Mutual Fund	n/a	39	4,390,162
US Agencies – Federal Home Loan Banks	1/11/2010	11	1,756,000
US Bank Commercial Paper	2/10/2010	43	877,798
HSBC Bank Commercial Paper	2/26/2010	47	3,632,092
			$ 10,665,488

NOTE 2 – CASH AND CASH EQUIVALENTS (cont.)

Interest Rate Risk (cont.)

As of December 31, 2008, OMEGA JV5's investments were as follows:

Investment	Maturity Date	Weighted Average Maturity (days)	Fair Value
First American Prime Obligation Fund	n/a	48	$ 880,576
Federated Obligation Fund	n/a	36.37	5,683,706
US Agencies – Federal Home Loan Banks	n/a	42	7,737,000
US Agencies – Federal Home Loan Mortgage Corporation	1/05/2009	5	843,000
US Bank Commercial Paper	2/13/2009	45	880,898
US Treasury Obligation	2/15/2009	47	351,148
			$ 16,376,328

NOTE 3 – RESTRICTED ASSETS

Restricted assets include those assets comprising the Debt Service Reserve, Certificate Payment Fund, and Reserve and Contingency Funds, which are established and maintained pursuant to the fund agreement for the Certificates. Substantially all assets in the Certificate Payment Fund are available only to meet principal and interest payments on the Certificates. As part of the refunding of the 1993 Certificates in February 2004, the Debt Service Reserve Fund was liquidated. Assets in the Reserve and Contingency Fund are to be used for the following purposes: (i) subject to certain conditions, to remedy deficiencies in bond debt service payments; (ii) to pay for operating expenses to the extent that other operating funds are not sufficient; (iii) to pay for major repairs and maintenance; and (iv) to provide for the decommissioning of the Project.

The Certificates' trust agreement limits permissible restricted investments to those authorized for municipalities by Chapter 135 of the Ohio Revised Code and also permits investments approved in writing by the AMBAC Assurance Corporation ("AMBAC") and MBIA Insurance Corporation ("MBIA"). The trust agreement does not restrict the duration of investments to the limitations imposed by Chapter 135. At December 31, 2009 and 2008, all investments were purchased in the name of the restricted funds' trustee and are held by the trustee. The investments held by the trustee are uninsured and unregistered.

NOTE 3 – RESTRICTED ASSETS (cont.)

Restricted Net Assets

The following calculation supports the amount of restricted net assets:

	2009	2008
Restricted Assets		
Certificate payment fund	$ 7,370,060	$ 7,416,861
Reserve and contingency fund	3,285,992	3,275,760
	10,656,052	10,692,621
Less:		
Current Liabilities Payable From Restricted Assets	(2,989,907)	(3,119,131)
Total Restricted Net Assets	$ 7,666,145	$ 7,573,490

NOTE 4 – UTILITY PLANT

Utility plant activity for the years ended December 31 is as follows:

	2009		
	Beginning Balance	Additions	Ending Balance
Electric Plant and Equipment	$ 186,288,814	$ -	$ 186,288,814
Land	431,881	-	431,881
Total Utility Plant in Service	186,720,695	-	186,720,695
Less: Accumulated depreciation	(45,363,139)	(4,661,310)	(50,024,449)
Utility Plant, Net	$ 141,357,556	$ (4,661,310)	$ 136,696,246

	2008		
	Beginning Balance	Additions	Ending Balance
Electric Plant and Equipment	$ 186,288,814	$ -	$ 186,288,814
Land	431,881	-	431,881
Total Utility Plant in Service	186,720,695	-	186,720,695
Less: Accumulated depreciation	(40,700,520)	(4,662,619)	(45,363,139)
Utility Plant, Net	$ 146,020,175	$ (4,662,619)	$ 141,357,556

NOTE 5 – PREPAID BOND INSURANCE

In connection with the issuance of the 2001 Certificates, OMEGA JV5 paid $407,000 on behalf of the Participants for municipal bond insurance. In consideration for the payment of the premium and subject to the terms of the policy, the insurance company agrees to pay to the State Street Bank and Trust Company of New York, as trustee, or its successor, for benefit of the bondholders, that portion of the principal and interest on the Certificates that becomes due for payment but remains unpaid by reason of nonpayment by the Participants. This cost is being amortized over the maturities of the 2001 Certificates.

In connection with the issuance of the 2004 Certificates, OMEGA JV5 paid $1,264,718 on behalf of the Participants for municipal bond insurance. In consideration for the payment of the premium and subject to the terms of the policy, the insurance company agrees to pay to the United States Trust Company of New York, as trustee, or its successor, for benefit of the bondholders, that portion of the principal and Interest on the Certificates that becomes due for payment but remains unpaid by reason of nonpayment by the Participants. This cost is being amortized over the maturities of the 2004 Certificates.

In connection with the issuance of the 2004 Certificates, OMEGA JV5 paid $325,834 to Ambac Assurance Corporation for the purchase of a financial guaranty insurance policy. In consideration for the payment of the premium and subject to the terms of the policy, Ambac Assurance Corporation agrees to pay to The Bank of New York, as trustee, or its successor, that portion of the principal and interest on the 2004 Certificates, which becomes due for payment, but shall be unpaid, due to nonpayment by OMEGA JV5. This cost is being amortized over the maturities of the 2004 Certificates.

NOTE 6 – BENEFICIAL INTEREST CERTIFICATES ISSUANCE COSTS

In connection with the issuance of the 2001 Certificates and the 2004 Certificates, OMEGA JV5 paid $692,981 and $1,333,796, respectively, on behalf of the Participants for underwriter’s discount and other costs of issuance. These costs are being amortized over the maturities of the Certificates.

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES

In February, 2004 OMEGA JV5 issued 2004 Beneficial Interest Refunding Certificates (“2004 Certificates”) totaling $116,910,000 for the purpose of refunding the principal of the outstanding 1993 Beneficial Interest Certificates (“1993 Certificates”) due in the years 2005 through 2024. The 2004 Certificates were sold at a premium of $7,674,145.

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

OMEGA JV5 paid a redemption premium of $1,313,550 to redeem the 1993 Certificates. The difference between the reacquisition price of $132,668,550 and the net carrying amount of the 1993 Certificates, including unamortized discount and issuance costs, of $126,112,000, is deferred and amortized as a component of interest expense over the life of the 2004 Certificates. This difference is presented in the statements of net assets as a reduction of the 2004 Certificates.

OMEGA JV5 refunded the 1993 Certificates to reduce the total debt service payments through 2024 by approximately $24,000,000 and to obtain an economic gain (difference between the present value of the debt service payments on the 1993 Certificates and the 2004 Certificates) of $18,593,150.

The 2004 Certificates outstanding at December 31, 2009, are as follows:

Maturity Date February 15,	Principal Amount	Interest Rate
2010	$ 4,570,000	3.00%
2011	4,705,000	3.25
2012	4,860,000	5.00
2013	5,105,000	5.00
2014	5,355,000	5.00
2015	5,630,000	5.00
2016	6,050,000	5.00
2017	6,215,000	5.00
2018	6,520,000	5.00
2019	6,845,000	5.00
2020	7,190,000	5.00
2021	7,550,000	5.00
2022	7,925,000	5.00
2023	8,325,000	5.00
2024	8,740,000	4.75
	95,585,000	
Less: Current portion	(4,570,000)	
Unamortized premium	4,082,841	
Unamortized cost from defeasance of beneficial interest certificates	(3,183,478)	
Total	$ 91,914,363	

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

Interest on the 2004 Certificates is payable semiannually on February 15 and August 15 of each year, commencing August 15, 2004, to and including the date of maturity or prior redemption.

The 2004 Certificates are not subject to optional redemption before February 15, 2014. The 2004 Certificates maturing after February 15, 2014 are subject to redemption in whole or in part on any date on or after February 15, 2014 at par plus accrued interest.

In accordance with the trust agreement, amended on January 1, 2004, OMEGA JV5 is required to charge the Participants additional debt service ("Refunding Debt Service") in the amount of 15% of principal and interest. On February 16 of each year from 2006 through 2024, amounts charged to the Participants for Refunding Debt Service for the previous twelve months shall be refunded to the Participants. OMEGA JV5 established a liability payable from restricted assets of $1,271,034 and $1,358,304 for amounts to be refunded to Participants at December 31, 2009 and 2008, respectively.

The 2001 Beneficial Interest Certificates (the "2001 Certificates") outstanding at December 31, 2009 are as follows:

Maturity Date February 15,	Maturity Amount	Yield to Maturity
2025	$ 10,915,000	5.51%
2026	10,915,000	5.52
2027	10,915,000	5.53
2028	10,915,000	5.54
2029	10,465,000	5.55
2030	2,000,000	5.56
Sub-Total	56,125,000	
Less: Unamortized discount	(34,111,391)	
Total	$ 22,013,609	

The interest component of the 2001 Certificates will accrete from the date of issuance, compounded semiannually on February 15 and August 15 of each year, commencing February 2002, with the original discount amount of $42,225,017, and will be payable at maturity as a component of the maturity. The 2001 Certificates are not subject to redemption prior to maturity.

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

Except for the limited step-up provisions in the event of default by a Participant as described in Section 18 of the Joint Venture Agreement, the 2004 Certificates and the 2001 Certificates are payable solely from bond debt service payments to be made by the OMEGA JV5 Participants pursuant to an agreement dated as of January 1, 1993. The bond debt service payments are obligations of the OMEGA JV5 Participants, payable from the revenues of their municipal electric systems, subject only to the prior payment of the operation and maintenance expenses thereof. For accounting purposes, the obligation for repayment of the Certificates is reflected in the financial statements of OMEGA JV5.

The terms of the trust agreement related to the Certificates contain various covenants, the most restrictive of which require the timely payment of debt service and for the Participants of OMEGA JV5 to comply with the provisions of the Joint Venture Agreement.

Under the Joint Venture Agreement, the Participants must manage electric system revenues and expenditures so that, in each year, those revenues received in that year cover the greater of (i) operating and maintenance ("O&M") expenses plus 110% of its OMEGA JV5 bond debt service payments and any other senior electric revenue debt, or (ii) O&M expenses plus 100% of its OMEGA JV5 bond debt service payments and all other electric system debt whether revenue or general obligation ("debt service coverage ratio").

Based upon unaudited financial information for the year ended December 31, 2009, one Participant either was not in compliance or was not able to certify compliance with the debt service coverage ratio requirement of the Joint Venture Agreement. For 2008, all Participants certified compliance with the debt service coverage.

Annual debt service requirements for the next five years and cumulative requirements thereafter for the 2004 Certificates and the 2001 Certificates at December 31, 2009 are as follows:

	Principal	Interest	Refunding Debt Service	Totals
2010	$ 4,570,000	$ 4,515,113	$ 1,373,049	$ 10,458,162
2011	4,705,000	4,370,106	1,372,734	10,447,840
2012	4,860,000	4,172,150	1,373,048	10,405,198
2013	5,105,000	3,923,025	1,373,348	10,401,373
2014	5,355,000	3,661,525	1,372,560	10,389,085
2015 – 2019	31,260,000	13,875,750	6,887,588	52,023,338
2020 – 2024	39,730,000	5,061,675	6,866,100	51,657,775
2025 – 2029	13,482,183	40,642,817	-	54,125,000
2030	417,800	1,582,200	-	2,000,000
Totals	$ 109,484,983	$ 81,804,361	$ 20,618,427	$ 211,907,771

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

The fair value of the Certificates was estimated by using quoted market prices and is as follows:

	December 31, 2009		December 31, 2008	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Long-term debt, including current maturities:				
2001 Certificates	$ 22,013,609	$ 18,443,972	$ 20,845,158	$ 15,487,003
2004 Certificates	96,484,363	94,292,721	101,135,610	97,647,587

Long-term liability activity for the years ended December 31 is as follows:

	2009			
	Beginning Balance	Additions	Reductions	Ending Balance
2001 certificates	$ 56,125,000	$ -	$ -	$ 56,125,000
Less: Unamortized discount	(35,279,842)	-	1,168,451	(34,111,391)
	20,845,158	-	1,168,451	22,013,609
2004 certificates	100,060,000	-	(4,475,000)	95,585,000
Less: Current maturities	(4,475,000)	(4,570,000)	4,475,000	(4,570,000)
Unamortized premium	4,678,992	-	(596,151)	4,082,841
Unamortized loss from refunding beneficial interest certificates	(3,603,382)	-	419,904	(3,183,478)
	96,660,610	(4,570,000)	(176,247)	91,914,363
Regulatory liabilities	26,068,316	-	(1,274,622)	24,793,694
Accrued license fees	67,505	89,756	(67,505)	89,756
Totals	$ 143,641,589	$ (4,480,244)	$ (349,923)	$ 138,811,422

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

Long-term liability activity for the years ended December 31 is as follows: (cont.)

	2008			
	Beginning Balance	Additions	Reductions	Ending Balance
2001 certificates	$ 56,125,000	$ -	$ -	$ 56,125,000
Less: Unamortized discount	(36,386,459)	-	1,106,617	(35,279,842)
	19,738,541	-	1,106,617	20,845,158
2004 certificates	104,435,000	-	(4,375,000)	100,060,000
Less: Current maturities	(4,375,000)	(4,475,000)	4,375,000	(4,475,000)
Unamortized premium	5,261,605	-	(582,613)	4,678,992
Unamortized loss from refunding beneficial interest certificates	(4,057,046)	-	453,664	(3,603,382)
	101,264,559	(4,475,000)	(128,949)	96,660,610
Regulatory liabilities	27,482,776	-	(1,414,460)	26,068,316
Accrued license fees	76,785	67,505	(76,785)	67,505
Totals	$ 148,562,661	$ (4,407,495)	$ (513,577)	$ 143,641,589

Regulatory liabilities at December 31 are as follows:

	2009	2008
Debt service billed to Participants for Certificates in excess of related expenses	$ 23,193,126	$ 24,477,979
Debt service billed to Participants for funding the Reserve and Contingency Fund and accumulated interest	1,600,568	1,590,337
Inventories billed to Participants	128,799	134,608
Total Regulatory Liabilities	24,922,493	26,202,924
Current portion	(128,799)	(134,608)
Noncurrent Portion	$ 24,793,694	$ 26,068,316

NOTE 8 – NET ASSETS

GASB No. 34 requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - The component of net asset consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt." When both restricted and unrestricted resources are available for use, it is OMEGA JV5's policy to use restricted resources first, then unrestricted resources as they are needed.

The following calculation supports the net assets invested in capital assets:

	2009	2008
Plant assets	$ 186,288,814	$ 186,288,814
Land	431,881	431,881
Accumulated depreciation	(50,024,449)	(45,363,139)
Sub-Totals	136,696,246	141,357,556
Related debt:		
2001 beneficial interest certificates	56,125,000	56,125,000
Unamortized discount – 2001 Beneficial interest certificates	(34,111,391)	(35,279,842)
2004 beneficial interest certificates	91,015,000	95,585,000
Unamortized premium – 2004 Beneficial interest certificates	4,082,841	4,678,992
Unamortized defeasance costs – 1993 Beneficial interest certificates	(3,183,478)	(3,603,382)
Current portion – Beneficial interest certificates	4,570,000	4,475,000
Sub-Totals	118,497,972	121,980,768
Total Net Assets Invested In Capital Assets, Net of Related Debt	$ 18,198,274	$ 19,376,788

NOTE 9 – COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS

OMEGA JV5 is subject to regulation by federal, state and local authorities related to Environmental and other matters. Changes in regulations could adversely affect operations and operating costs of OMEGA JV5.

Many metropolitan and industrialized counties in Ohio have become non-attainment areas under the new ozone and fine particulate matter ambient air quality standards. This may require substantial local reductions of nitrogen oxides, volatile organic compounds, sulfur dioxide, and particulate matter. In addition to emissions reductions required to achieve compliance in down-wind, neighboring states. Medina (Wadsworth), Trumbull (Niles), and Wood (Bowling Green) Counties are non-attainment areas for ozone and for fine particulate matter, therefore, the Ohio Environmental Protection Agency may restrict the hours of operations or require additional pollution control equipment for the OMEGA JV5 backup generation facilities in these areas.

OTHER COMMITMENTS

OMEGA JV5 has agreed to make certain payments in lieu of taxes to Wood County, West Virginia. The payments in lieu of taxes will be approximately $840,000 annually until the later of September 1, 2028 or until such time as the Project ceases commercial operations.

NOTE 10 – RISK MANAGEMENT

OMEGA JV5 is covered under the insurance policies of AMP and is billed for its proportionate share of the insurance expense. AMP maintains insurance policies related to commercial property, motor vehicle liability, workers' compensation, excess liability, general liability, pollution liability, directors' and officers' insurance, fiduciary liability, crime and fidelity coverage. There have been no claims filed in the last three years. There were no significant reductions in coverage compared to the prior year.

NOTE 11 – RELATED PARTY TRANSACTIONS

OMEGA JV5 has entered into the following agreements:

- Pursuant to the Agreement, AMP was designated as an agent and provides various management and operational services. The cost of these services for the years ended December 31, 2009 and 2008 was $175,259 and $177,664, respectively. OMEGA JV5's payables to AMP as of December 31, 2009 and 2008 were $24,279 and $6,763, respectively.

- As OMEGA JV5's agent, AMP purchases power and fuel on behalf of OMEGA JV5. Power and fuel purchases for the years ended December 31, 2009 and 2008 amounted to $7,399,913 and $8,964,161, respectively.

NOTE 11 – RELATED PARTY TRANSACTIONS (cont.)

- As OMEGA JV5's agent, AMP entered into an agreement with Municipal Energy Services Agency ("MESA"), a related joint venture, for MESA to provide certain engineering, finance, administration and other services. The expense related to these services was $867,584 and $859,186 for the years ended December 31, 2009 and 2008, respectively. OMEGA JV5 had payables to MESA of $104,801 and $100,266 at December 31, 2009 and 2008, respectively.

- OMEGA JV5 sold capacity from back-up generating units to AMP's Northwest Area Service Group, Northeast Area Service Group and Jackson, Ohio. This revenue was approximately $761,458 and $648,000 for the years ended December 31, 2009 and 2008.

- In 1993, OMEGA JV5 prepaid $3,045,707 to the City of Oberlin, Ohio, for a commitment to provide 12,000 kilowatts of its generating capacity as a backup resource to OMEGA JV5. The commitment is for dedicated capacity from June 1, 1996 through May 31, 2009. This asset is being amortized ratably over the term of the commitment.

- Participants with backup generating units sited in their communities provide utilities to the Units. OMEGA JV5 incurred expenses of $128,159 and $114,565 for these services for the years ended December 31, 2009 and 2008, respectively.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Ohio Municipal Electric Generation Agency
Joint Venture 5
Board of Participants

We have audited the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 5 ("OMEGA JV5") as of and for the year ended December 31, 2009, and have issued our report thereon dated April 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we consider OMEGA JV5's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OMEGA JV5's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of OMEGA JV5's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether OMEGA JV5's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Ohio Municipal Electric Generation Agency
Joint Venture 5
Board of Participants

This report is intended solely for the information and use of the Board of Participants, management, and the Auditor of the State of Ohio and is not intended to be, and should not be, used by anyone other than those specified parties.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 21, 2010

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 6

FINANCIAL STATEMENTS

Including Independent Auditors' Report

Years Ended December 31, 2009 and 2008

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6

TABLE OF CONTENTS
December 31, 2009 and 2008

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INDEPENDENT AUDITORS' REPORT

Board of Participants
Ohio Municipal Electric Generation Agency
Joint Venture 6

We have audited the accompanying financial statements of Ohio Municipal Electric Generation Agency Joint Venture 6 ("OMEGA JV6") as of December 31, 2009 and 2008 and for the years then ended as listed in the table of contents. These financial statements are the responsibility of OMEGA JV6 management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OMEGA JV6 as of December 31, 2009 and 2008, and changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated April 21, 2010 on our consideration of OMEGA JV6's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis as enclosed in this report is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 21, 2010

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2009, 2008 and 2007
(Unaudited)

Financial Statement Overview

This discussion and analysis provides an overview of the financial performance of Ohio Municipal Electric Generation Agency Joint Venture 6 ("OMEGA JV6") for the years ended December 31, 2009 and 2008. The information presented should be read in conjunction with the basic financial statements and the accompanying notes.

OMEGA JV6 prepares its basic financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. OMEGA JV6's basic financial statements include the statements of net assets; the statements of revenues, expenses and changes in net assets; and the statements of cash flows.

The statements of net assets provide information about the nature and amount of assets and liabilities of OMEGA JV6 as of the end of the year. The statements of revenues, expenses and changes in net assets report revenues and expenses and the change in net assets for the year. The statements of cash flows report cash receipts, cash payments, and net changes in cash resulting from operating, non-capital financing, investing and capital and related financing activities.

Financial Highlights

The following table summarizes the financial position of OMEGA JV6 as of December 31:

Condensed Statements of Net Assets

	2009	2008	2007
Assets			
Electric plant, net of accumulated depreciation	$ 7,845,267	$ 8,561,245	$ 8,449,400
Regulatory assets	294,361	208,106	153,258
Restricted assets - funds held by trustee	80,724	74,680	66,591
Current assets	994,549	1,150,221	850,636
Total Assets	$ 9,214,901	$ 9,994,252	$ 9,519,885
Net Assets and Liabilities			
Net assets - invested in capital assets	$ 7,845,267	$ 8,561,245	$ 8,449,400
Net assets - restricted	80,724	74,680	66,591
Net assets - unrestricted	442,355	180,980	302,297
Total net assets	8,368,346	8,816,905	8,818,288
Current liabilities	24,470	25,248	15,899
Asset retirement obligations	822,085	1,152,099	685,698
Total Net Assets and Liabilities	$ 9,214,901	$ 9,994,252	$ 9,519,885

See accompanying auditors' report.

2009 vs. 2008

Total assets were $9,214,901 and $9,994,252 as of December 31, 2009 and December 31, 2008, respectively, a decrease of $779,351. This decrease is primarily due to decreases in electric plant, net of depreciation and receivables from participants partially offset by increases in regulatory assets and cash and temporary investments.

> Current assets were $994,549 and $1,150,221 as of December 31, 2009 and December 31, 2008, respectively, a decrease of $155,672. Receivables from participants decreased of $200,580. Cash and temporary investments increased by $42,324 due to a combination of increased short term investments of $210,000 partially offset by decreased cash generated from operations of $167,676. Prepaid expenses increased by $2,641.

> Noncurrent assets were $8,220,352 and $8,844,031 as of December 31, 2009 and December 31, 2008, respectively, a decrease of $623,679. This decrease was due to a decrease of $378,510 in the estimated net present value of asset retirement obligations and an increase of $337,468 in accumulated depreciation for a total decrease of $715,978. ARO obligations for OMEGA JV6 were prepared by independent engineering consultants. These projections decreased substantially over prior year estimates as a result of increased interest rates at year and 2009 vs. 2008. Regulatory assets increased by $86,255. Regulatory assets consist of future recoverable costs related to the accumulated depreciation expense on asset retirement obligations and accretion expense per Statement of Financial Accounting Standards No. 143. Restricted assets were $80,724 and $74,680 as of December 31, 2009 and December 31, 2008, respectively, an increase of $6,044. Restricted assets consist of marketable securities held in trust as part of a bond requirement for the financing members of OMEGA JV6. These funds are available for use under covenants of the bond agreement. Upon repayment of the bonds, any unused funds will revert to the financing participants of OMEGA JV6.

Total net assets and liabilities were $9,214,901 and $9,994,252 as of December 31, 2009 and December 31, 2008, respectively, a decrease $779,351. This decrease was a result of a net loss for 2009 and a decrease in asset retirement obligations.

> Net assets totaled $8,368,346 and $8,816,905 as of December 31, 2009 and December 31, 2008, respectively, a decrease $448,559 which resulted from 2009 negative net margin of $453,958 partially offset by contributions from participants of $5,399. Net assets – invested in capital assets were $7,845,267 and $8,561,245 at December 31, 2009 and December 31, 2008, respectively, a decrease of $715,978. This decrease corresponds to the decrease in electric plant, net of depreciation. Restricted net assets were $80,724 and $74,680 at December 31, 2009 and December 31, 2008, respectively, an increase of $6,044. This change corresponds to the change in restricted assets. Unrestricted net assets were $442,355 and $180,980 at December 31, 2009 and December 31, 2008, respectively, an increase of $261,375.

> Current liabilities were $24,470 and $25,248 at December 31, 2009 and December 31, 2008, respectively, a decrease of $778. This resulted from a decrease in levels of payables to related parties of $3,758 mostly offset by the combination of increased accounts payable of $1,353 and increased accrued audit fees of $1,627.

Non-current liabilities were $822,085 and $1,152,099 as of December 31, 2009 and December 31, 2008, respectively, a decrease $330,014. This decrease was due to the decrease in the net present value of estimated ARO obligations for the project, based on the analysis of independent engineering consultants. The reduction is due to the combined impact of a decrease in estimated asset retirement costs and higher interest rates prevailing at year-end 2009 vs. 2008.

2008 vs. 2007

Total assets were $9,994,252 and $9,519,885 as of December 31, 2008 and December 31, 2007, respectively, an increase of $474,367. This increase was primarily due to increases in cash and temporary investments, electric plant, net of depreciation, receivables from participants and regulatory assets.

Current assets were $1,150,221 and $850,636 as of December 31, 2008 and December 31, 2007, respectively, an increase of $299,585. Cash increased by $217,652 resulting primarily from operating activities. Receivables increased $84,124. These increases were slightly offset by a decrease in prepaid insurance of $2,191.

Noncurrent assets were $8,844,031 and $8,669,249 as of December 31, 2008 and December 31, 2007, respectively, an increase of $174,782. Electric plant, net of accumulated depreciation increased of $111,845 due to a $432,032 increase in the estimated net present value of asset retirement obligations, partially offset by a $320,187 increase in depreciation. Regulatory assets increased by $54,848 partially offset by a $320,187 increase in depreciation. Regulatory assets consist of future recoverable costs related to the accumulated depreciation expense on asset retirement obligations and accretion expense per Statement of Financial Accounting Standards No. 143. Restricted assets were $74,680 and $66,591 as of December 31, 2008 and December 31, 2007, respectively, an increase of $8,089. Restricted assets consist of marketable securities held in trust as part of a bond requirement for the financing members of OMEGA JV6. These funds are available for use under covenants of the bond agreement. Upon repayment of the bonds, any unused funds will revert to the financing participants of OMEGA JV6.

Total net assets and liabilities were $9,994,252 and $9,519,885 as of December 31, 2008 and December 31, 2007, respectively, an increase of 474,367. This increase was primarily due to the increase in asset retirement obligations.

Total net assets were $8,816,905 and $8,818,288 as of December 31, 2008 and December 31, 2007, respectively, a decrease $1,383 which resulted from 2008 negative net margin of $7,140 partially offset by contributions from participants of $5,757. Net assets – invested in capital assets were $8,561,245 and $8,449,400 at December 31, 2008 and December 31, 2007, respectively, an increase of $111,845. This increase corresponds to the increase in electric plant, net of depreciation. Restricted net assets were $74,680 and $66,591 at December 31, 2008 and December 31, 2007, respectively, an increase of $8,089. This change corresponds to the change in restricted assets. Unrestricted net assets were $180,980 and $302,297 at December 31, 2008 and December 31, 2007, respectively, a decrease of $121,317.

Noncurrent liabilities were $1,152,099 and $685,698 as of December 31, 2008 and December 31, 2007, respectively, an increase of $466,401. This increase was due to the increase in the net present value of estimated ARO obligations for the project, based on the analysis of independent engineering consultants.

Current liabilities were $25,248 and $15,899 at December 31, 2008 and December 31, 2007, respectively, an increase of $9,349. This resulted primarily from increases in levels of payables to related parties of $8,252 and accounts payable of $1,097.

The following table summarizes the changes in revenues, expenses and net assets of OMEGA JV6 for the year ended December 31:

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	2009	2008	2007
Operating revenues	$ 195,396	$ 492,032	$ 472,458
Operating expenses	739,118	573,780	527,117
Operating Loss	(543,722)	(81,748)	(54,659)
Nonoperating revenue			
Investment income	3,509	19,760	30,044
Future recoverable costs	86,255	54,848	45,042
Nonoperating Revenue	89,764	74,608	75,086
Income before contributions	(453,958)	(7,140)	20,427
Contributions from participants	5,399	5,757	8,036
Change in Net Assets	$ (448,559)	$ (1,383)	$ 28,463

Rates for electric power are set by OMEGA JV6's Board of Participants and are intended to cover budgeted operating expenses (excluding depreciation). OMEGA JV6 does not include any bond payments by OMEGA JV6's financing members in their rates, as these debt service payments are made directly to American Municipal Power, Inc. ("AMP"). In 2007, OMEGA JV6 was authorized by the Internal Revenue Service to issue $3.5 million in Clean Renewable Energy Bonds that could be used to expand the output of the existing wind farm by installing one additional wind turbine. Although the original authorization was to expire December 31, 2008, this authorization was extended until December 31, 2009. Renewable Energy attributes (RECs or Green Tags) were sold quarterly under a contract with a third party through 2008. In 2009, RECs were sold through the efforts of AMP, acting as its agent.

Electric revenues were $195,396 in 2009, a decrease of $296,636 vs. 2008 due to lower generation level from less than optimal wind speeds, equipment outages for repair and maintenance and lower sales of renewable energy attributes. RECs must be certified before they can be transferred to buyers, and $209,500 of 2009 RECs were not certified and delivered until the first quarter of 2010. Operating expenses in 2009 were $739,118, an increase of $165,338. This was primarily due to increased maintenance expense of $124,877, primarily the addition of condition monitoring equipment. Additionally there were increases in related party services expense of $5,691, noncash accretion of asset retirement obligations of $14,125, and noncash depreciation expense of $17,281. Electric revenues in 2008 were $492,032, an increase of $19,574 vs. 2007 due to higher generation levels. Operating expenses in 2008 were $573,780, an increase of $46,663. This was due to increases in related party services expense of $8,214 as more Municipal Energy Services Agency employee hours were utilized, increases in maintenance of $16,837, increases in insurance and professional expenses of $4,133, increases in other operating expenses of $7,673, and increases in noncash depreciation expense of $4,028 and noncash ARO accretion expense of $5,778.

Investment income in 2009 was $3,509, a decrease of $16,251 from 2008 due to lower interest rates. Investment income in 2008 was $19,760, a decrease of $10,284 from 2007. Investment income for OMEGA JV6 is interest earned on checking account balances, short term CDs, investment in commercial paper and in government money market mutual funds.

If you have questions about this report, or need additional financial information, contact management at 614 540 1111 or 1111 Schrock Road, Columbus, OH 43229.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6

STATEMENTS OF NET ASSETS
December 31, 2009 and 2008

	2009	2008
ASSETS		
Current Assets		
Cash and temporary investments	$ 973,689	$ 931,365
Receivables from participants	-	200,580
Receivables from related parties	-	184
Accrued interest receivable	127	-
Prepaid expenses	20,733	18,092
Total Current Assets	994,549	1,150,221
Non-Current Assets		
Restricted assets - funds held by trustee	80,724	74,680
Regulatory assets	294,361	208,106
Electric Plant		
Electric plant	9,635,335	10,013,845
Accumulated depreciation	(1,790,068)	(1,452,600)
Total Non-Current Assets	8,220,352	8,844,031
TOTAL ASSETS	$ 9,214,901	$ 9,994,252
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 15,922	$ 12,942
Payable to related parties	8,548	12,306
Total Current Liabilities	24,470	25,248
Non-Current Liabilities		
Asset retirement obligation	822,085	1,152,099
Total Liabilities	846,555	1,177,347
Net Assets		
Invested in capital assets	7,845,267	8,561,245
Restricted	80,724	74,680
Unrestricted	442,355	180,980
Total Net Assets	8,368,346	8,816,905
TOTAL LIABILITIES AND NET ASSETS	$ 9,214,901	$ 9,994,252

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended December 31, 2009 and 2008

	2009	2008
OPERATING REVENUES		
Electric revenue	$ 195,396	$ 492,032
OPERATING EXPENSES		
Related party services	67,409	61,718
Depreciation	337,468	320,187
Accretion of asset retirement obligation	48,495	34,370
Maintenance	212,603	87,726
Insurance	35,458	34,992
Professional services	16,213	15,311
Other operating expenses	21,472	19,476
Total Operating Expenses	739,118	573,780
Operating Loss	(543,722)	(81,748)
NON-OPERATING REVENUES		
Investment income	3,509	19,760
Future recoverable costs	86,255	54,848
Total Non-Operating Revenues	89,764	74,608
Loss before Contributions	(453,958)	(7,140)
CONTRIBUTIONS FROM PARTICIPANTS	5,399	5,757
Change in net assets	(448,559)	(1,383)
NET ASSETS, Beginning of Year	8,816,905	8,818,288
NET ASSETS, END OF YEAR	$ 8,368,346	$ 8,816,905

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants	$ 396,160	$ 407,908
Cash paid to related parties for personnel services	(71,167)	(69,970)
Cash payments to suppliers and related parties for goods and services	(285,407)	(137,713)
Net Cash Provided by Operating Activities	39,586	200,225
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions from participants	5,399	5,757
Net Cash Provided by Capital and Related Financing Activities	5,399	5,757
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposit to restricted assets	(6,170)	(8,090)
Purchases of investments	(290,724)	(74,680)
Proceeds from sale of investments	80,724	74,680
Investment income received	3,509	19,760
Net Cash Provided by (Used) in Investing Activities	(212,661)	11,670
Net Change in Cash and Cash Equivalents	(167,676)	217,652
CASH AND CASH EQUIVALENTS, Beginning of Year	931,365	713,713
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 763,689	$ 931,365
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	$ (543,722)	$ (81,748)
Depreciation	337,468	320,187
Accretion of asset retirement obligation	48,495	34,370
Changes in assets and liabilities		
Receivables	200,764	(84,124)
Prepaid expenses	(2,641)	2,191
Accounts payable and accrued expenses	2,980	1,097
Payable to related parties	(3,758)	8,252
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 39,586	$ 200,225
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS		
Cash and temporary investments	$ 973,689	$ 931,365
Funds held by trustee	80,724	74,680
Total cash accounts	1,054,413	1,006,045
Less Non-cash equivalents	(290,724)	(74,680)
TOTAL CASH AND CASH EQUIVALENTS	$ 763,689	$ 931,365
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in cost of plant due to change in estimated asset retirement obligation	$ (378,510)	$ 466,402

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ohio Municipal Electric Generation Agency Joint Venture 6 (“OMEGA JV6”) was organized by ten subdivisions of the State of Ohio (the “Participants”) and commenced operations on December 15, 2003 (“Inception”), pursuant to a joint venture agreement (the “Agreement”) under the Ohio Constitution and Section 715.02 of the Ohio Revised Code (ORC). Its purpose is to provide low-polluting capacity to the Participants. The Participants are members of American Municipal Power, Inc. (“AMP”). In December 2003 and December 2004, OMEGA JV6 purchased 3.6 MW of electric plant generating units (the “Project”) from AMP for a total capacity of 7.2 MW. The Agreement continues until 60 days subsequent to the termination or disposition of the Project and for as long as required by the financing agreement; provided, however, that each Participant shall remain obligated to pay to OMEGA JV6 its respective share of the costs of terminating, discontinuing, retiring, disposing of, and decommissioning the Project.

The following summarizes the significant accounting policies followed by OMEGA JV6.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in OMEGA JV6's financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. OMEGA JV6 also has the option of following subsequent private-sector guidance subject to this same limitation. OMEGA JV6 has elected to follow subsequent private-sector guidance.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets 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.

ASSETS, LIABILITIES AND NET ASSETS

Deposits and Investments

For purposes of the statement of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition, except that restricted cash accounts, if any, are treated as investments in the statement of cash flows.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Deposits and Investments (cont.)

OMEGA JV6 has elected to comply with Ohio Revised Code (ORC) section 135.14. Under ORC 135.14, investments are limited to:

1. Deposits at eligible institutions pursuant to ORC section 135.08, 135.09 and 135.18.
2. Bonds or other obligations of the state.
3. Bonds or securities issued or guaranteed by the federal government or its agencies.
4. Bankers acceptances, with certain conditions.
5. The local government investment pool.
6. Commercial paper, with certain conditions.
7. All investments must have an original maturity of 5 years or less.
8. Repurchase agreements with public depositories, with certain conditions.

OMEGA JV6 has adopted an investment policy. That policy follows the state statute for allowable investments and specifies the maximum concentration of investments in each eligible security.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

Receivables/Payables

Accounts receivable are amounts due from participants at the end of the year. Due to the participant relationship and the high degree of collectibility, no allowance for uncollectible accounts is necessary. Accounts payable are amounts due to vendors for services incurred.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

Prepaid Expenses

Prepaid expenses represent costs of insurance paid during the current calendar year for coverage in subsequent years.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Electric Plant

Electric plant is recorded at cost. Depreciation is provided on the straight-line method over 30 years, the estimated useful lives of the assets. Major renewals, betterments and replacements are capitalized, while maintenance and repair costs are charged to operations as incurred. When electric plant assets are retired, accumulated depreciation is charged with the cost of the assets plus removal costs, less any salvage value.

Electric plant assets are assessed for impairment whenever events or changes in circumstances indicate that the service utility of the capital asset may have significantly and unexpectedly declined. If it is determined that an impairment has occurred, an impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its estimated fair value.

Asset Retirement Obligations

OMEGA JV6 records, at fair value, legal obligations associated with the retirement or removal of long-lived assets at the time the obligations are incurred and can be reasonably estimated. When a liability is initially recorded, the entity capitalizes the cost by increasing the carrying value of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the difference between the accrued liability and the amount required to settle the liability is recorded as a settlement gain or loss.

Regulatory Assets

OMEGA JV6 records regulatory assets (deferred expenses to be recovered in rates in future periods). Regulatory assets include the deferral of depreciation expense and accretion expense associated with asset retirement obligations not yet recovered through billings to Participants. As interest is accreted related to the asset retirement obligation and depreciation is expensed related to the capitalized cost, future recoverable costs are recognized to match revenues with the related costs in future periods.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Net Assets

All property constituting OMEGA JV6 is owned by the Participants as tenants in common in undivided shares, each being equal to that Participants' percentage ownership interest as follows:

Municipality	Project kW Entitlement	Percent Project Ownership and Entitlement
Bowling Green	4,100	56.94%
Cuyahoga Falls	1,800	25.00
Napoleon	300	4.17
Wadsworth	250	3.47
Oberlin	250	3.47
Montpelier	100	1.39
Edgerton	100	1.39
Pioneer	100	1.39
Monroeville	100	1.39
Elmore	100	1.39
Totals	7,200	100.00%

REVENUE AND EXPENSES

OMEGA JV6 distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the OMEGA JV6's principal ongoing operations. The principal operating revenues of OMEGA JV6 are charges to participants for energy and capacity. Operating expenses include the cost of generation, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Electric revenue is recognized when earned as service is delivered. OMEGA JV6's rates for electric power are designed to cover annual operating costs, except depreciation. Rates are set annually by the Board of Participants.

Rates for electric service pursuant to contracts with the Participants are not designed to recover contributed capital used to acquire the electric plant generators. Rates charged to OMEGA JV6 financing participants for debt service are paid to AMP to retire the Project financing obligations (Note 5). Accordingly, OMEGA JV6 will generate negative operating margins during the operating life of the electric plant.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

REVENUE AND EXPENSES (cont.)

In 2008, OMEGA JV6 sold renewable energy attributes associated with electricity generated by the Project. Revenue from the sale of renewable energy attributes was recorded as energy was generated. Rates were determined by a contract which required OMEGA JV6 to sell all energy attributes to Green Mountain Energy Company. The contract expired on December 31, 2008. During the years ended December 31, 2008, all of OMEGA JV6's revenue was derived from the sale of renewable energy. Beginning January 1, 2009, renewable energy attributes from OMEGA JV6 were sold by AMP on behalf of the participants. These revenues will be realized upon delivery of the attributes.

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 51 (GASB 51), *Accounting and Financial Reporting for Intangible Assets.* GASB 51 required that certain intangible assets be recognized and classified as capital assets and established guidance related to amortization and useful lives. OMEGA JV6 is required to adopt provisions of GASB 51 effective January 1, 2010. Application of this standard may restate portions of these financial statements.

COMPARATIVE DATA

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

For purposes of the statements of cash flows, cash and cash equivalents consist of unrestricted cash and highly liquid short-term investments with original maturities of three months or less. Restricted cash accounts, if any, are treated as investments in the statements of cash flows, since they are not available for use.

	Carrying Value as of December 31,		
	2009	2008	Risks
Checking	$ 742,306	$ 308	Custodial credit
Certificates of Deposit	210,000	-	Custodial credit
US Treasury Obligation	743	781	none
Commercial Paper	79,982	73,899	Custodial credit, credit, interest rate, and concentration
Government Money Market Mutual Funds	21,382	931,057	Credit and interest rate
Totals	$ 1,054,413	$ 1,006,045	

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for interest bearing accounts and unlimited for noninterest bearing accounts as of December 31, 2009 and 2008.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

Custodial risk is the risk that in the event of a bank failure, OMEGA JV6's deposits may not be returned to it. OMEGA JV6 does not have a custodial credit risk policy. OMEGA JV6 had custodial credit risk on its cash and temporary investments balance to the extent the balance exceeds the federally insured limit. OMEGA JV6's investment policy requires that amounts in excess of FDIC limits be collateralized by government securities. As of December 31, 2009 and 2008 there were no deposits exposed to custodial credit risk.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, OMEGA JV6 will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. OMEGA JV6's investment policy does not address this risk.

As of December 31, 2009 and 2008, OMEGA JV6's investments were exposed to custodial credit risk as follows:

	2009		2008	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Neither insured nor registered and held by a counterparty	$ 79,982	$ 79,982	$ 73,899	$ 73,899

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. OMEGA JV6 invests in instruments approved under the entity's investment policy. The Board of Participants has authorized OMEGA JV6 to invest in funds in accordance with the Ohio Revised Code. Allowable investments include United States Treasury and federal and state government agency obligations, money market funds, and commercial paper with the highest classification by at least two nationally recognized standard rating services.

As of December 31, 2009, OMEGA JV6's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
Commercial Paper	A1	P1
Government Money Market Mutual Fund	AAAm	Aaa

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Credit Risk (cont.)

As of December 31, 2008, OMEGA JV6's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
Commercial Paper	A1+	n/a
Government Money Market Mutual Fund	AAAm	Aaa

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. OMEGA JV6's investment policy requires diversification of investments to limit losses from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security, except for US Treasury and fixed rate non-callable Federal Agency securities.

At December 31, 2009 and 2008, OMEGA JV6's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio 2009	2008
HSBC Bank	Commercial Paper	7.59%	-
US Bank	Commercial Paper	-	7.35%

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. OMEGA JV6's investment policy limits the maturity of commercial paper and bankers acceptances to 180 days.

As of December 31, 2009, OMEGA JV6's investments were as follows:

Investment	Maturity Date	Weighted Average Maturity (days)	Fair Value
HSBC Commercial Paper	2/12/2010	43	$ 79,982
Government Money Market Mutual Fund	N/A	36	21,382
			$ 101,364

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Interest Rate Risk (cont.)

As of December 31, 2008, OMEGA JV6's investments were as follows:

Investment	Maturity Date	Weighted Average Maturity (days)	Fair Value
US Bank Commercial Paper	2/17/2009	48	$ 73,899
Government Money Market Mutual Fund	N/A	36	931,057
			$ 1,044,956

NOTE 3 – RESTRICTED ASSETS

Restricted assets include those assets comprising the Reserve and Contingency Fund, which was established and maintained pursuant to the Agreement.

The Agreement requires OMEGA JV6 to maintain a minimum funding in a Reserve and Contingency Fund of $50,000. Under the terms of the trust agreement associated with the OMEGA JV6 Bonds, if the balance in the fund is less than the required minimum, then AMP may direct OMEGA JV6 to increase billings to members such that the deficiency in the balance is funded within twelve months.

Restricted Net Assets

The following calculation supports the amount of restricted net assets:

	2009	2008
Restricted Assets		
Reserve and Contingency Fund	$ 80,724	$ 74,680
Total Restricted Assets	$ 80,724	$ 74,680

NOTE 4 – ELECTRIC PLANT AND EQUIPMENT

Electric plant and equipment activity for the years ended December 31 is as follows:

	2009			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric plant	$ 10,013,845	$ -	$ (378,510)	$ 9,635,335
Less: Accumulated depreciation	(1,452,600)	(337,468)	-	(1,790,068)
Electric Plant, Net	$ 8,561,245	$ (337,468)	$ (378,510)	$ 7,845,267

	2008			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric plant	$ 9,581,813	$ -	$ 432,032	$ 10,013,845
Less: Accumulated depreciation	(1,132,413)	(320,187)	-	(1,452,600)
Electric Plant, Net	$ 8,449,400	$ (320,187)	$ 432,032	$ 8,561,245

During 2009 and 2008, OMEGA JV6 recorded an adjustment to electric plant to reflect the revised estimate of the ARO (Note 6).

NOTE 5 – ACQUISITION OF THE PROJECT

Pursuant to the Agreement, OMEGA JV6 purchased the Project and assumed related contracts from AMP. OMEGA JV6 financed the initial purchase with a one year note payable to AMP from OMEGA JV6.

The Participants in OMEGA JV6 consist of financing and nonfinancing participants. On July 1, 2004, AMP issued $9,861,000 OMEGA JV6 Adjustable Rate Revenue Bonds, Series 2004 (“OMEGA JV6 Bonds”), on behalf of the financing participants of OMEGA JV6. The net proceeds of the bond issue were contributed to OMEGA JV6. The nonfinancing participants in OMEGA JV6 contributed $139,000.

NOTE 5 – ACQUISITION OF THE PROJECT (cont.)

The OMEGA JV6 Bonds were not issued by OMEGA JV6 and the financing participants make debt service payments directly to AMP. Therefore, the OMEGA JV6 Bonds are not recorded in the financial statements of OMEGA JV6. The OMEGA JV6 Bonds outstanding at December 31, 2009, are as follows:

Maturity Date February 15 and August 15,	Principal Amount	Interest Rate
2010	$ 964,000	0.65%
2011	970,000	0.65%
2012	976,000	0.65%
2013	982,000	0.65%
2014	988,000	0.65%
2015	538,000	0.65%
Total	$ 5,418,000	

The maturity table assumes an interest rate of 0.65%, which is equal to the interest rate used to calculate the February 15, 2009 principal payment.

Principal and interest on the OMEGA JV6 Bonds is payable in $500,000 semi-annual installments on February 15 and August 15, beginning February 15, 2005. The OMEGA JV6 Bonds bear interest at an adjustable rate, which shall be established by reference to the Six-Month Municipal Market Data High Grade Index Rate (the “MMD Index Rate”) plus 15 basis points. The adjustable rate will automatically be reset semi-annually, based on the MMD Index Rate as of two business days prior to the beginning of the next interest period. On August 15, 2019, the balance of the principal of the OMEGA JV6 Bonds, if not theretofore paid or provided for, shall become due and payable.

The OMEGA JV6 Bonds are payable solely from the basic and additional demand charges of the OMEGA JV6 financing participants. The OMEGA JV6 Bonds require compliance by the financing participants with the OMEGA JV6 Agreement, which requires that each financing participant maintain a debt service coverage ratio of 1.1 or greater.

Based upon unaudited financial information for the year ended December 31, 2009, one Participant either was not in compliance or was not able to certify compliance with the debt service coverage ratio requirement of the Joint Venture Agreement. For 2008, all Participants certified compliance with the debt service coverage.

The OMEGA JV6 Bonds are subject to optional redemption at any time, at the sole discretion of participants of OMEGA JV6, at the price of par plus accrued interest.

NOTE 6 – ASSET RETIREMENT OBLIGATIONS

Under the terms of lease agreements, OMEGA JV6 has an obligation to remove electric plant from the leased sites where the units are located and to perform certain restoration activities at the sites.

Asset retirement obligation activity for the years ended December 31 is as follows:

	2009			
	Beginning Balance	Accretion Expense	Change in Estimate	Ending Balance
Asset retirement obligation	$ 1,152,099	$ 48,495	$ (378,509)	$ 822,085

	2008			
	Beginning Balance	Accretion Expense	Change in Estimate	Ending Balance
Asset retirement obligation	$ 685,698	$ 34,370	$ 432,031	$ 1,152,099

Asset retirement obligations are determined based on detailed cost estimates, adjusted for factors that an outside third party would consider (i.e., inflation, overhead and profit), escalated using an inflation factor to the estimated removal dates, and then discounted using a credit adjusted risk-free interest rate. The removal date for each unit was determined based on the estimated life of the units. The accretion of the liability and amortization of the property and equipment will be recognized over the estimated useful life of each unit. OMEGA JV6 updated its estimate of its asset retirement obligation based on an updated legal and technical study performed during 2009.

NOTE 7 – NET ASSETS

GASB No. 34 requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

NOTE 7 – NET ASSETS (cont.)

Unrestricted net assets - The component of net asset consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted resources are available for use, it is OMEGA JV6's policy to use restricted resources first, then unrestricted resources as they are needed.

The following calculation supports the net assets invested in capital assets:

	2009	2008
Electric Plant	$ 9,635,335	$ 10,013,845
Accumulated Depreciation	(1,790,068)	(1,452,600)
Total Net Assets Invested in Capital Assets	$ 7,845,267	$ 8,561,245

NOTE 8 – COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS

The Project is subject to regulations by federal, state and local authorities related to environmental and other matters. Changes in regulations could adversely affect the operations and operating cost of OMEGA JV6.

Bird and bat collisions with the turning blades of wind turbines have resulted in wildlife losses in some wind turbine locations. Informal bird and bat surveys conducted by local wildlife experts have not detected a collision problem. If it is concluded that there is a bird and bat collision problem, fines may be assessed against OMEGA JV6.

NOTE 9 – RISK MANAGEMENT

OMEGA JV6 is covered under the insurance policies of AMP and is billed for its proportionate share of the insurance expense. AMP maintains insurance policies related to commercial property, motor vehicle liability, workers' compensation, excess liability, general liability, pollution liability, directors' and officers' insurance, fiduciary liability, crime and fidelity coverage. There have been no claims in the past three years. There were no significant reductions in coverage compared to the prior year.

NOTE 10 – SIGNIFICANT CUSTOMERS

OMEGA JV6 has two participants that comprised 82% of electric service revenue in 2009.

NOTE 11 – RELATED PARTY TRANSACTIONS

OMEGA JV6 has entered into the following agreements:

- Pursuant to the Agreement, AMP was designated as an agent and provides various management and operational services. OMEGA JV6 had a receivable of $184 at December 31, 2008 and a payable of $563 and $88 to AMP at December 31, 2009 and 2008, respectively. In 2008, AMP was entitled to a fee associated with the sale of energy attributes. Such fees amounted to approximately $15,376 for the year ended December 31, 2008.

- As OMEGA JV6's agent, AMP entered into an agreement with Municipal Energy Services Agency ("MESA"), a related joint venture, for MESA to provide certain engineering, finance, administration and other services. The expenses related to these services were $67,409 and $61,718 for the years ended December 31, 2009 and 2008, respectively. OMEGA JV6 had a payable to MESA for $7,985 and $12,218 at December 31, 2009 and 2008, respectively.

NOTE 12 – FUTURE LEASE COMMITMENT

On November 14, 2002, AMP entered into a 20 year lease for the land where the Project is located. The term of the lease allows for annual renewals if the Project is commercially operable. The lease requires annual payments of $1,000 per wind turbine unit. AMP has assigned this lease to OMEGA JV6. Rent expense from this lease totaled $4,000 during each of the years ended December 31, 2009 and 2008.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Ohio Municipal Electric Generation Agency
Joint Venture 6
Board of Participants

We have audited the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 6 ("OMEGA JV6") as of and for the year ended December 31, 2009, and have issued our report thereon dated April 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we consider OMEGA JV6's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OMEGA JV6's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of OMEGA JV6's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether OMEGA JV6's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Ohio Municipal Electric Generation Agency
Joint Venture 6
Board of Participants

This report is intended solely for the information and use of the Board of Participants, management, and the Auditor of the State of Ohio and is not intended to be, and should not be, used by anyone other than those specified parties.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 21, 2010

MUNICIPAL ENERGY SERVICES AGENCY

FINANCIAL STATEMENTS

Including Independent Auditors' Report

Years Ended December 31, 2009 and 2008

MUNICIPAL ENERGY SERVICES AGENCY

TABLE OF CONTENTS
December 31, 2009 and 2008

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INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Municipal Energy Services Agency

We have audited the accompanying financial statements of Municipal Energy Services Agency ("MESA") as of December 31, 2009 and 2008 and for the years then ended as listed in the table of contents. These financial statements are the responsibility of MESA management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MESA as of December 31, 2009 and 2008, and changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in the Note 1, MESA has adopted the provisions of GASB Statement No. 45 - Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pension (OPEB) effective January 1, 2008.

In accordance with *Government Auditing Standards,* we have also issued our report dated April 21, 2010 on our consideration of MESA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The Management's Discussion and Analysis enclosed in this report is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 21, 2010

Financial Statement Overview

This discussion and analysis provides an overview of the financial performance of Municipal Energy Services Agency ("MESA") for the years ended December 31, 2009 and 2008. The information presented should be read in conjunction with the basic financial statements and the accompanying notes.

MESA prepares its basic financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. MESA's basic financial statements include the statements of net assets; the statements of revenues, expenses and changes in net assets; and the statements of cash flows.

The statements of net assets provide information about the nature and amount of assets and liabilities of MESA as of the end of the year. The statements of revenues, expenses and changes in net assets report revenues and expenses for the year. The statements of cash flows report cash receipts, cash payments, and net changes in cash resulting from operating, noncapital financing, investing and capital and related financing activities.

Financial Highlights

The following table summarizes the financial position of MESA as of December 31:

Condensed Statements of Net Assets

	2009	2008	2007
Assets			
Cash and short term investments	$ 1,246,760	$ 6,137,026	$ 754,888
Accounts receivable AMP members	1,018,335	281,881	91,981
Accounts receivable related parties	1,302,017	1,172,069	770,727
Interest receivable	217		
Costs/recoveries in excess of member project billings	17,168	378,810	713,044
Prepaids	107,723	125,028	91,966
Total Current Assets	3,692,220	8,094,814	2,422,606
Property, net of accumulated depreciation	-	182,325	86,051
Total Assets	$ 3,692,220	$ 8,277,139	$ 2,508,657
Liabilities and Net Assets			
Current liabilities	$ 2,343,149	$ 7,011,846	$ 1,365,837
Noncurrent liabilities	1,349,071	1,265,293	1,142,820
Net assets - Invested in capital assets	-	182,325	86,051
Net assets - Unrestricted	-	(182,325)	(86,051)
Total Liabilities and Net Assets	$ 3,692,220	$ 8,277,139	$ 2,508,657

See accompanying auditors' report.

2009 vs. 2008

Total assets were $3,692,220 and $8,277,139 as of December 31, 2009 and December 31, 2008, respectively, a decrease of $4,584,919. The decrease in 2009 total assets was due primarily to decreases in cash and temporary investments and cost and recoveries in excess of billings from projects constructed on behalf of members partially offset by an increase in receivables from AMP members and related parties.

Current assets were $3,692,220 and $8,094,814 as of December 31, 2009 and December 31, 2008, respectively, a decrease of $4,402,594. Cash decreased $4,890,266 mostly due to payments for six transformers on behalf of an AMP member. Costs and recoveries in excess of billings from projects constructed on behalf of members decreased $361,642. These decreases were offset by increases in receivables from AMP members of $736,454 and receivables from related parties of $129,948.

Non-current assets were $0 and $182,325 as of December 31, 2009 and December 31, 2008, respectively. MESA 2008 property consisted entirely of vehicles which were transferred to the General Fund in 2009 at their net book value.

Total net assets and liabilities were $3,692,220 and $8,277,139 as of December 31, 2009 and December 31, 2008, respectively, a decrease of $4,584,919. This is primarily due to decreases in retainage payable and accounts payable.

Current liabilities were $2,343,149 and $7,011,846 as of December 31, 2009 and December 31, 2008, respectively, a decrease of $4,668,697. Construction retainage payable decreased $3,732,425 due to payments for six transformers on behalf of an AMP member. Accounts payable decreased by $900,477.

Noncurrent liabilities were $1,349,071 and $1,265,293 as of December 31, 2009 and December 31, 2008, respectively, an increase of $83,778. Noncurrent liabilities are comprised of accrued sick leave.

Net assets totaled $0 at both December 31, 2009 and December 31, 2008, reflecting MESA's $0 net margin in 2009. However the composition of net assets changed, reflecting changes in MESA's property net of depreciation. At December 31, 2009, net assets invested in capital assets was zero, and unrestricted net assets was zero, reflecting the change in MESA's total property, net of depreciation discussed previously.

2008 vs. 2007

Total assets were $8,277,139 and $2,508,657 as of December 31, 2008 and December 31, 2007, respectively, an increase of $5,768,482.

> Total current assets were $8,094,814 and $2,422,606 as of December 31, 2008 and December 31, 2007, respectively, an increase of $5,672,208. This was largely due to increases in cash of $5,382,138, accounts receivable from AMP related parties of $401,342, accounts receivables by AMP members of $189,900, and prepaid insurance of $33,062. These increases were partially offset by a decrease of $334,234 in projects in progress on behalf of members not yet invoiced.
>
> Noncurrent assets were $182,325 and $86,051 as of December 31, 2008 and December 31, 2007, respectively, an increase of $96,274. In 2008, MESA purchased 5 trucks and cars at a cost of $200,212. This was partially offset by increases in accumulated depreciation of $103,938.

Total net assets and liabilities were $8,277,139 and $2,508,657 as of December 31, 2008 and December 31, 2007, respectively, an increase of $5,768,482. This is primarily due to increases in retainage payable and accounts payable.

> Current liabilities were $7,011,846 and $1,365,837 as of December 31, 2008 and December 31, 2007, respectively, an increase of $5,646,009. The increase in current liabilities was driven by a $4,136,273 increase in retainage associated with a project on behalf of an AMP member, a $1,124,863 increase in accounts payable and accrued expenses, an increase of $203,173 in accounts payable to related parties and an $181,700 increase in accrued vacations, salaries and related benefits compared to 2007 levels.
>
> Noncurrent liabilities were $1,265,293 and $1,142,820 as of December 31, 2008 and December 31, 2007, respectively, an increase of $122,473. Noncurrent liabilities are comprised of accrued sick leave.
>
> Net assets totaled $0 at both December 31, 2008 and December 31, 2007, reflecting MESA's $0 net margin in 2008. Net assets invested in capital assets was $182,325, an increase of $96,274 corresponding to the changes in MESA's total property net of depreciation discussed earlier. Unrestricted net assets was ($182,325) a decrease of $96,274.

The following table summarizes the changes in revenues, expenses and changes in net assets of MESA for the years ended December 31:

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	2009	2008	2007
Operating revenues	$ 17,528,600	$ 14,317,835	$ 12,401,690
Operating expenses	17,531,845	14,336,149	12,436,387
Operating Loss	(3,245)	(18,314)	(34,697)
Nonoperating revenue			
Investment income	3,245	18,314	34,697
Change in Net Assets	$ -	$ -	$ -

Operating revenues in 2009 were $17,528,600 which was an increase of $3,210,765 from 2008. MESA has primarily two sources of revenues; projects for members and providing personnel services to related parties. Both components of revenue increased in the past two years. Revenue from projects on behalf of members increased by $2,138,400 and revenue from providing personnel services to related parties increased by $1,072,365. Operating revenues in 2008 were $14,317,835 which was an increase of $1,916,145 from 2007. Revenue from projects on behalf of members increased by $854,458 and revenue from personnel services to related parties increased by $1,061,687.

Operating expenses in 2009 were $17,531,845 which was an increase of $3,195,696 compared to 2008. This increase was primarily due to increases in expense for project materials on behalf of members of $1,939,058 and MESA payroll and related benefits expenses of $1,298,043. These increases were slightly offset by a decrease in depreciation due to the transfer of vehicles to the General Fund. Operating expenses in 2008 were $14,336,149, which was an increase of $1,899,762 compared to 2007. This increase was primarily due to an increase of $1,029,552 in expenses related to projects on behalf of members and increases of $843,128 in MESA payroll and related benefits expenses.

Investment income for MESA is limited to interest earned on MESA's checking account for the Operating Funds held at the bank, interest on certificates of deposit and interest on government money market mutual funds. Investment income in 2009 was $3,245 which was a decrease of $15,069 from 2008. The decrease in 2009 was a result of lower average cash balances and lower interest rate levels in 2008. Investment income in 2008 was $18,314, which was a decrease of $16,383 from 2007. The decrease in 2008 was the combination of lower interest rates and lower cash balances compared to 2007.

If you have questions about this report, or need additional financial information, contact management at 614 540 1111 or 1111 Schrock Road, Columbus, OH 43229.

MUNICIPAL ENERGY SERVICES AGENCY

STATEMENTS OF NET ASSETS
December 31, 2009 and 2008

	2009	2008
ASSETS		
Current Assets		
Cash and temporary investments	$ 1,246,760	$ 6,137,026
Receivables from AMP-Ohio members	1,018,335	281,881
Receivables from related parties	1,302,017	1,172,069
Accrued interest receivable	217	-
Costs and recoveries in excess of billings from projects constructed on behalf of members	17,168	378,810
Prepaid expenses	107,723	125,028
Total Current Assets	3,692,220	8,094,814
Non-Current Assets		
Vehicles	-	517,806
Accumulated depreciation	-	(335,481)
Total Non-Current Assets	-	182,325
TOTAL ASSETS	$ 3,692,220	$ 8,277,139
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 461,094	$ 1,361,571
Payable to related parties	253,576	203,173
Retainage payable	403,848	4,136,273
Accrued salaries and related benefits	510,126	661,300
Accrued vacation leave	714,505	649,529
Total Current Liabilities	2,343,149	7,011,846
Non Current Liabilities		
Accrued sick leave	1,349,071	1,265,293
Total Non Current Liabilities	1,349,071	1,265,293
Total Liabilities	3,692,220	8,277,139
Net Assets		
Invested in capital assets	-	182,325
Unrestricted	-	(182,325)
Total Net Assets	-	-
TOTAL LIABILITIES AND NET ASSETS	$ 3,692,220	$ 8,277,139

See accompanying notes to financial statements.

MUNICIPAL ENERGY SERVICES AGENCY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended December 31, 2009 and 2008

	2009	2008
OPERATING REVENUES		
Services	$ 12,353,717	$ 11,281,352
Project revenue	5,174,883	3,036,483
Total Operating Revenues	17,528,600	14,317,835
OPERATING EXPENSES		
Salaries and related benefits	12,001,892	10,703,849
Depreciation	-	103,939
Professional fees	172,539	120,490
Direct project expenses	5,215,917	3,276,859
Insurance	105,520	98,423
Utilities	-	588
Other operating expenses	35,977	32,001
Total Operating Expenses	17,531,845	14,336,149
Operating Loss	(3,245)	(18,314)
NONOPERATING REVENUES		
Investment income and other	3,245	18,314
Change in net assets	-	-
NET ASSETS, Beginning of Year	-	-
NET ASSETS, END OF YEAR	$ -	$ -

See accompanying notes to financial statements.

MUNICIPAL ENERGY SERVICES AGENCY

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from AMP-Ohio members for services	$ 4,800,073	$ 2,846,583
Cash received from related parties for services	12,182,974	10,880,010
Retainages received	-	5,186,100
Cash payments to employees for services	(7,907,567)	(7,192,697)
Cash payment for benefits of employees	(4,154,856)	(3,493,516)
Cash payments to suppliers and related parties for goods and services	(9,996,243)	(2,662,444)
Net Cash Provided by (Used) in Operating Activities	(5,075,619)	5,564,036
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	182,325	-
Purchases of vehicles	-	(200,212)
Net Cash Provided by (Used) in Capital and Related Financing Activities	182,325	(200,212)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(360,000)	-
Investment income received	3,028	18,314
Net Cash Provided by (Used) in Investing Activities	(356,972)	18,314
Net Change in Cash and Cash Equivalents	(5,250,266)	5,382,138
CASH AND CASH EQUIVALENTS, Beginning of Year	6,137,026	754,888
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 886,760	$ 6,137,026
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED) IN OPERATING ACTIVITIES		
Operating loss	$ (3,245)	$ (18,314)
Depreciation	-	103,939
Changes in assets and liabilities		
Receivables from AMP-Ohio members	(736,454)	(189,900)
Receivables from related parties	(129,948)	(401,342)
Costs and estimated earnings in excess of billings from projects constructed on behalf of members	361,642	334,234
Prepaid expenses	17,305	(33,062)
Accounts payable and accrued expenses	(900,477)	1,124,862
Accounts payable to related parties	50,403	203,173
Accrued salaries and related benefits	(151,174)	117,456
Accrued vacation and sick leave	148,754	186,717
Retainages payable	(3,732,425)	4,136,273
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (5,075,619)	$ 5,564,036
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS		
Cash and temporary investments	$ 1,246,760	$ 6,137,026
Less: Noncash equivalents	(360,000)	-
TOTAL CASH AND CASH EQUIVALENTS	$ 886,760	$ 6,137,026

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Energy Services Agency ("MESA") was organized by 31 subdivisions of the State of Ohio (the "Participants") on December 31, 1996, pursuant to a Joint Venture Agreement (the "Agreement") under the Ohio Constitution and Section 715.02 of the Ohio Revised Code. As of December 31, 2009, there were 48 Participants in MESA. Its purpose is to provide access to a pool of personnel experienced in planning, engineering, construction, safety training, finance, administration and other aspects of the operation and maintenance of municipal electric and other utility systems. The participants are members of American Municipal Power, Inc. ("AMP"). MESA also provides personnel and administrative services to AMP, the Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6 ("OMEGA JVs"), the Ohio Municipal Electric Association ("OMEA") and the Ohio Public Power Educational Institute ("OPPEI"). The Agreement continues until December 31, 2007, and thereafter for successive terms of three years so long as at least two participants have not given notice of termination of participation. At December 31, 2009, no notice of termination has been received.

The following summarizes the significant accounting policies followed by MESA.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in MESA's financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. MESA also has the option of following subsequent private-sector guidance subject to this same limitation. MESA has elected to follow subsequent private-sector guidance.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets 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.

NEW ACCOUNTING STANDARDS

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45 - Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pensions. This statement establishes standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expenses and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. MESA has implemented this standard effective January 1, 2008.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES AND NET ASSETS

Deposits and Investments

For purposes of the statements of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition, except that restricted cash accounts, if any, are treated as investments in the statement of cash flows.

MESA has elected to comply with Ohio Revised Code (ORC) section 135.14. Under ORC 135.14, investments are limited to:

1. Deposits at eligible institutions pursuant to ORC section 135.08, 135.09 and 135.18.
2. Bonds or other obligations of the state.
3. Bonds or securities issued or guaranteed by the federal government and its agencies.
4. Bankers acceptances, with certain conditions.
5. The local government investment pool.
6. Commercial paper, with certain conditions.
7. All investments must have an original maturity of 5 years or less.
8. Repurchase agreements with public depositories, with certain conditions.

MESA has adopted an investment policy. That policy follows the state statute for allowable investments and specifies the maximum concentration of investments in each eligible security.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

Receivables/Payables

Accounts receivable are amounts due from participants, related parties, and other members of AMP at the end of the year. Due to the participant relationship and the high degree of collectibility, no allowance for uncollectible accounts is necessary. Accounts payable are amounts due to vendors for services incurred.

Prepaid Expenses

Prepaid expenses represent costs of insurance paid during the current calendar year for coverage in subsequent years.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Property

Property is recorded at cost. Depreciation is provided on the straight-line method over three years, the estimated useful life of the assets. The only assets owned by MESA in 2008 were vehicles. Major renewals, betterments and replacements are capitalized, while maintenance and repair costs are charged to operations as incurred. The cost and related accumulated depreciation of assets retired or otherwise disposed of are removed from the related accounts, and the resulting gains or losses are recognized in the statements of operations.

Property is assessed for impairment whenever events or changes in circumstances indicate that the service utility of the capital asset may have significantly and unexpectedly declined. If it is determined that an impairment has occurred, an impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its estimated fair value.

All tangible property owned by MESA was sold by MESA to AMP, Inc. at its net book value of $182,325 in 2009.

Retainage Payable

The balance represents a deposit for a transmission project from the City of Hamilton. The deposit may be refundable based on the service agreement.

Accrued Vacation and Sick Leave

MESA records a liability for compensated absences (sick and vacation) attributable to services rendered. Vacation leave for which employees can receive compensation in a future period is recorded as earned by the employees. Sick leave is recorded for those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

SERVICE REVENUE AND EXPENSES

Revenues are recognized as services are performed. Service revenue is charged to AMP, the OMEGA JVs, OMEA and OPPEI at a rate to recover the cost of salaries incurred related to work performed for each entity plus an overhead rate ranging from 35% to 120%. To the extent that the overhead amount charged to the entities is different from actual overhead charges incurred, MESA adjusts the amount charged to AMP. AMP absorbs any undercharges and uses any excess charges to offset other administrative expenses incurred, which benefits all members of AMP.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

PROJECT REVENUE AND EXPENSES

MESA performs short-term and long-term construction and technical service projects for the members of AMP. Short-term service project revenues are recognized when costs are incurred. Long-term project revenues are recognized in accordance with the American Institute of Certified Public Accountants Statement of Position 81-1 (“SOP 81-1”), *Accounting for Performance of Construction-Type and Certain Production-Type Contracts* for time and materials contracts. In accordance with SOP 81-1, revenue from time and material contracts is recognized to the extent of billable rates times hours delivered plus materials and expenses incurred. Materials and expenses are typically billed at cost. General and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted projects are made in the period in which such losses are identified. Changes in project performance, project conditions and estimated profitability are recognized in the period in which the revisions become known.

Costs and recoveries in excess of billings from projects constructed on behalf of members represent unbilled services and reimbursable materials and expenses associated with ongoing projects. Billings in excess of costs and recoveries for projects constructed on behalf of members represent advanced billings for services to be performed at a future date for ongoing projects. Direct project expenses include an allocation of operating expenses.

MESA distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with MESA’s principal ongoing operations. Operating expenses for MESA include the cost of sales and services, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

COMPARATIVE DATA

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

For purposes of the statements of cash flows, cash and cash equivalents consist of unrestricted cash and highly liquid short-term investments with original maturities of three months or less. Restricted cash accounts, if any, are treated as investments in the statements of cash flows, since they are not available for use.

	Carrying Value as of December 31, 2009	Carrying Value as of December 31, 2008	Risks
Checking/Money Market Funds	$ 568,602	$ 198,132	Custodial credit
Certificate of Deposits	360,000	-	Custodial credit
Government Money Market Mutual Fund	318,158	5,938,894	Interest rate, credit
Total Cash, Cash Equivalents, and Investments	$ 1,246,760	$ 6,137,026	

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for interest bearing accounts and unlimited for noninterest bearing accounts as of December 31, 2009 and 2008.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, MESA's deposits may not be returned to it. MESA does not have a custodial credit risk policy. MESA has custodial credit risk on its cash and temporary investments balance to the extent the balance exceeds the federally insured limit. However, MESA's investment policy requires that amounts in excess of FDIC limits be collateralized by government securities. As of December 31, 2009 and 2008, there were no deposits exposed to custodial credit risk.

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. MESA invests in instruments approved under the entity's investment policy. The Board of Participants has authorized MESA to invest in funds in accordance with the Ohio Revised Code. Allowable investments include United States Treasury and federal and state government agency obligations, money market funds, and commercial paper with the highest classification by at least two nationally recognized standard rating services.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Credit Risk (cont.)

As of December 31, 2009 and 2008, MESA's investments were rated as follows:

Investment Type	Standard & Poors	Fitch Ratings	Moody's Investors Services
Government Money Market Mutual Fund	AAAm	AAA	Aaa

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. MESA's investment policy limits the maturity of commercial paper and bankers acceptances to 180 days.

As of December 31, 2009, MESA's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Government Money Market Mutual Fund	$ 318,158	36

As of December 31, 2008, MESA's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Government Money Market Mutual Fund	$ 5,938,894	36

NOTE 3 – PROPERTY

Property activity for the years ended December 31 is as follows:

	2009			
	Beginning Balance	Additions	Retirements	Ending Balance
Vehicles	$ 517,806	$ -	$ 517,806	$ -
Less: Accumulated depreciation	(335,481)	-	(335,481)	-
Vehicles, Net	$ 182,325	$ -	$ 182,325	$ -

	2008			
	Beginning Balance	Additions	Retirements	Ending Balance
Vehicles	$ 317,594	$ 200,212	$ -	$ 517,806
Less: Accumulated depreciation	(231,543)	(103,938)	-	(335,481)
Vehicles, Net	$ 86,051	$ 96,274	$ -	$ 182,325

In 2009, the vehicles for MESA were transferred to the AMP general fund, at their net book cost.

NOTE 4 – LONG TERM LIABILITY

Long-term liability activity for the year ended December 31, 2009 is as follows:

	01/01/09 Balance	Additions	Reductions	12/31/09 Balance	Due Within One Year
Accrued sick leave	$ 1,265,293	$ 244,532	$ 160,754	$ 1,349,071	$ -

Long-term liability activity for the year ended December 31, 2008 is as follows:

	01/01/08 Balance	Additions	Reductions	12/31/08 Balance	Due Within One Year
Accrued sick leave	$ 1,142,820	$ 264,260	$ 141,787	$ 1,265,293	$ -

NOTE 5 – PENSION PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

All MESA employees participate in the Ohio Public Employees Retirement System ("OPERS"), a statewide, cost-sharing, multiple-employer defined benefit public pension plan. The Ohio Revised Code provides the statutory authority requiring public employees to fund postretirement health care through their contributions to OPERS. OPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute per Chapter 145 of the Ohio Revised Code ("ORC").

The ORC provides statutory authority for employee and employer contributions. The employer and employee contributions to OPERS were as follows:

	Year Ended December 31		
	2009	2008	2007
Total Required Employer Contributions	$ 1,193,038	$ 1,025,524	$ 970,167
Total Required Employer Contribution Rate	14.0%	14.0%	13.85%
Total Required Employee Contribution Rate	9.0%	9.0%	9.5%

POSTEMPLOYMENT BENEFITS

Plan Description

OPERS administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which indicates a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit ("OPEB") as described in GASB Statement No.45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

NOTE 5 – PENSION PLANS (cont.)

POSTEMPLOYMENT BENEFITS (cont.)

Funding Policy

The Ohio Revised Code provides the statutory authority requiring employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009 and 2008, state employers contributed at a rate of 14.00% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care was 7.0% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided to the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

MESA's employer contributions to OPERS totaled $1,193,038, $1,025,524, and $970,167 in 2009, 2008, and 2007, respectively. Of this amount, approximately $496,045, $512,762, and $386,471 was used to fund postemployment benefits in 2009, 2008 and 2007, respectively.

The Health Care Preservation Plan ("HCPP") adopted by the OPERS Retirement Board on September 9, 2004, is effective January 1, 2007. OPERS took additional actions to improve the solvency of the Heath Care Fund in 2006 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1 of each year from 2006 to 2008, which allowed additional funds to be allocated to the health care plan during those periods.

The Traditional Pension and Combined Plans had 357,584 active contributing participants as of December 31, 2009. The number of active contributing participants for both plans used in the December 31, 2008 and 2007 actuarial valuation was $356,388 and $374,979, respectively.

NOTE 5 – PENSION PLANS (cont.)

POSTEMPLOYMENT BENEFITS (cont.)

The amount of $10.7 billion and $12.0 represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2008 and 2007, respectively.

Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2008 and 2007 reported the actuarial accrued liability for OPEB at $29.6 billion and $29.8 billion and the unfunded actuarial accrued liability for OPEB $18.9 billion and $17.0 billion, respectively.

Actuarial valuations of an ongoing plan involve estimates for 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 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.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following assumptions are applicable:

Actuarial Review—The assumptions and calculations were based on OPERS' latest actuarial review performed as of December 31, 2008.

Funding Method—The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method—All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

Investment Return—The investment assumption rate for 2008 was 6.50%.

Active Employee Total Payroll—An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

NOTE 5 – PENSION PLANS (cont.)

Health Care—Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50% to 3.00% for the next six years. In subsequent years, (seven and beyond) health care costs were assumed to increase at 4.00% (the projected wage inflation rate).

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to: OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

NOTE 6 – RISK MANAGEMENT

MESA is covered under the insurance policies of AMP and is billed for its proportionate share of the insurance expense. AMP maintains insurance policies related to commercial property, motor vehicle liability, workers' compensation, health care excess liability, general liability, directors' and officers' insurance, fiduciary liability, and crime and fidelity coverage. In addition, MESA maintains an errors and omissions policy related to engineering services it performs. No claims have been filed in the past three years. There were no significant reductions in coverage compared to the prior year.

NOTE 7 – RELATED PARTY TRANSACTIONS

Pursuant to the Agreement, AMP was designated as an agent and provides MESA various management and operational services. As MESA's agent, AMP enters into agreements with related entities to have MESA provide services. Revenues earned from these agreements for the years ended December 31 are as follows:

	2009	2008
AMP	$ 10,456,214	$ 9,305,016
Ohio Municipal Electric Generation Agency Joint Venture 1	61,120	55,259
Ohio Municipal Electric Generation Agency Joint Venture 2	398,047	491,101
Ohio Municipal Electric Generation Agency Joint Venture 4	27,196	26,861
Ohio Municipal Electric Generation Agency Joint Venture 5	867,584	859,187
Ohio Municipal Electric Generation Agency Joint Venture 6	67,409	61,718
Ohio Municipal Electric Association	341,260	337,576
Ohio Public Power Educational Institute	134,887	144,634
AMP Members	5,174,883	3,036,483
Totals	$ 17,528,600	$ 14,317,835

At December 31, 2009 and 2008, MESA had receivables from affiliates of $1,302,017 and $1,172,069, respectively. At December 31, 2009 and 2008, MESA had a receivable from members of AMP of $1,018,335 and $281,881, respectively. At December 31, 2009 and 2008, MESA had a payable to AMP for $253,576 and $203,173, respectively.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Municipal Energy Services Agency
Board of Participants

We have audited the financial statements of Municipal Energy Services Agency ("MESA") as of and for the year ended December 31, 2009, and have issued our report thereon dated April 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we consider MESA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MESA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of MESA's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MESA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard.*

Municipal energy Services Agency
Board of Participants

This report is intended solely for the information and use of the Board of Participants, management, and the Auditor of the State of Ohio and is not intended to be, and should not be, used by anyone other than those specified parties.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 21, 2010

Mary Taylor, CPA
Auditor of State

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURES 1,2,4,5,6 AND MUNICIPAL ENERGY SERVICES AGENCY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 25, 2010

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