OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 1

FINANCIAL STATEMENTS

Including Independent Auditors' Report

Years Ended December 31, 2010 and 2009

Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Ohio Municipal Electric Generation Agency Joint Ventures 1, 2, 4, 5, 6 and Municipal Energy Services Agency, Franklin County, prepared by Baker Tilly Virchow Krause, LLP, for the audit period January 1, 2010 through December 31, 2010. 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 Ohio Municipal Electric Generation Agency Joint Ventures 1, 2, 4, 5, 6 and Municipal Energy Services Agency is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

May 24, 2011

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OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 1

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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 statements of net assets of Ohio Municipal Electric Generation Agency Joint Venture 1 ("OMEGA JV1") as of December 31, 2010 and 2009, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of OMEGA JV1's 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, 2010 and 2009, 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 March 17, 2011 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
March 17, 2011

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 1

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010, 2009, and 2008
(Unaudited)

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, 2010 and 2009. 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:

	2010	2009	2008
Assets			
Electric plant, net of accumulated depreciation	$ 251,505	$ 245,354	$ 317,636
Board designated funds	76,642	-	-
Regulatory assets	57,861	68,631	58,300
Current assets	182,736	247,488	217,812
Total Assets	$ 568,744	$ 561,473	$ 593,748
Net Assets and Liabilities			
Net assets - invested in capital assets	$ 251,505	$ 245,354	$ 317,636
Net assets - unrestricted	221,979	241,258	159,845
Total net assets	473,484	486,612	477,481
Current liabilities	18,618	13,438	12,730
Noncurrent liabilities	76,642	61,423	103,537
Total Net Assets and Liabilities	$ 568,744	$ 561,473	$ 593,748

See accompanying auditors' report.

2010 vs. 2009

Total assets were $568,744 and $561,473 as of December 31, 2010 and December 31 2009, respectively, an increase of $7,271. The increase in 2010 total assets is due primarily to the establishment of an asset retirement maintenance reserve in 2010, partially offset by a decrease in cash and temporary investments.

Electric plant, net of accumulated depreciation was $251,505 and $245,354 at year-end 2010 and 2009, respectively, an increase of $6,151. The increase was primarily the result of an increase in ARO asset values of $25,463 offset, in part, by an increase in accumulated depreciation of $19,312. The cost associated with the asset retirement obligation included in the cost of electric plant for 2010 was $41,622, versus $16,159 in 2009. ARO obligations for OMEGA JV1 were prepared by independent engineering consultants. These projections increased over prior year estimates due to higher projected cleanup and restoration expenses. The net present value of these obligations increased further as a result of decreased interest rates at year end 2010 versus 2009.

Due to new environmental regulations that may affect the operation of the units, OMEGA JV1's Board of Participants designated funds from existing operating cash for the current value of the asset retirement obligation.

Regulatory assets were $57,861 and $68,631 at December 31, 2010 and December 31, 2009, respectively, a decrease of $10,770. 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 $182,736 and $247,488 at December 31, 2010 and December 31, 2009, respectively, a decrease of $64,752. In 2010, cash and temporary investments decreased $53,053, primarily as a result of the board designated funds during the year. Compared to 2009 levels, accounts receivable decreased $4,502, inventory decreased $9,931, and prepaid assets increased $2,750.

Total net assets and liabilities were $568,744 and $561,473 as of December 31, 2010 and December 31, 2009, respectively, an increase of $7,271.

Total net assets were $473,484 and $486,612 at December 31, 2010 and December 31, 2009, respectively, a decrease of $13,128, which resulted from the 2010 net loss. Net assets – invested in capital assets were $251,505 and $245,354 at December 31, 2010 and December 31, 2009, respectively, an increase of $6,151. This increase resulted from the increase in electric plant, net of depreciation. Unrestricted net assets were $221,979 and $241,258 at December 31, 2010 and December 31, 2009, respectively, a decrease of $19,279.

Current liabilities were $18,618 and $13,438 at December 31, 2010 and December 31, 2009, respectively, an increase of $5,180. This resulted from increases in accounts payable of $2,696 and payables to related parties of $2,484.

Noncurrent liabilities were $76,642 and $61,423 as of December 31, 2010 December 31, 2009, respectively, an increase of $15,219. 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. As discussed previously, the increase is due to the combined impact of an increase in estimated asset retirement costs and lower interest rates prevailing at year-end 2010 versus 2009.

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 OMEGA 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 versus 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 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 versus 2008.

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

	2010	2009	2008
Operating revenues	$ 150,331	$ 144,685	$ 142,657
Operating expenses	166,627	141,459	154,545
Operating Income/(Loss)	(16,296)	3,226	(11,888)
Nonoperating revenue			
Investment income	730	446	3,841
Future recoverable costs	2,438	5,459	5,032
Nonoperating Revenue	3,168	5,905	8,873
Net Income Before Distributions	(13,128)	9,131	(3,015)
Special Item - Distribution to Shareholders	-	-	(117,550)
Change in Net Assets	$ (13,128)	$ 9,131	$ (120,565)

Operating Results

Electric revenues in 2010 were $150,331, an increase of $5,646 from 2009. 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 2009 were $144,685, an increase of $2,028 from 2008.

Operating expenses in 2010 were $166,627. This is an increase of $25,168 compared to 2009. The increase in operating expenses in 2010 is primarily due to increases in related party services, ARO accretion expense, fuel, maintenance, insurance and professional services, which were partially offset by decreases in depreciation expense, utilities and other operating expenses. Operating expenses in 2009 were $141,459. This is a decrease of $13,086 compared to 2008. The decrease in operating expenses in 2009 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.

Investment income in 2010 was $730, an increase of $284 versus 2009. Investment income in 2009 was $446, which was a decrease of $3,395 compared to 2008 due to sharply lower returns on invested funds. Investment income for OMEGA JV1 is interest earned on checking account balances and short term CDs.

There were no distributions to participants of OMEGA JV1 in 2010 or 2009.

If you have questions about this report, or need additional financial information, contact management at 614 540 1111 or 1111 Schrock Road – Suite 100, Columbus, OH 43229.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 1

STATEMENTS OF NET ASSETS
December 31, 2010 and 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	$ 143,004	$ 196,057
Receivables from participants	2,777	7,279
Accrued interest receivable	5	21
Inventory	29,833	39,764
Prepaid expenses	7,117	4,367
Total Current Assets	182,736	247,488
NON-CURRENT ASSETS		
Electric Plant		
Electric generators	527,935	502,472
Fuel tank	35,000	35,000
Accumulated depreciation	(311,430)	(292,118)
Other Assets		
Board designated funds	76,642	-
Regulatory assets	57,861	68,631
Total Non-Current Assets	386,008	313,985
TOTAL ASSETS	$ 568,744	$ 561,473
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 12,423	$ 9,727
Payable to related parties	6,195	3,711
Total Current Liabilities	18,618	13,438
NONCURRENT LIABILITIES		
Asset retirement obligation	76,642	61,423
Total Noncurrent Liabilities	76,642	61,423
Total Liabilities	95,260	74,861
NET ASSETS		
Invested in capital assets	251,505	245,354
Unrestricted	221,979	241,258
Total Net Assets	473,484	486,612
TOTAL LIABILITIES AND NET ASSETS	$ 568,744	$ 561,473

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, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Electric revenue	$ 150,331	$ 144,685
OPERATING EXPENSES		
Related party services	77,668	61,210
Depreciation	19,312	23,091
Accretion of asset retirement obligation	2,964	2,205
Fuel	9,931	4,285
Maintenance	15,131	8,976
Utilities	8,226	8,560
Insurance	22,150	19,483
Professional services	9,775	10,627
Other operating expenses	1,470	3,021
Total Operating Expenses	166,627	141,459
Operating Income (Loss)	(16,296)	3,226
NON-OPERATING REVENUES		
Investment income	730	446
Future recoverable costs	2,438	5,459
Total Non-Operating Revenues	3,168	5,905
Change in net assets	(13,128)	9,131
NET ASSETS, Beginning of Year	486,612	477,481
NET ASSETS, END OF YEAR	$ 473,484	$ 486,612

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 1

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2010 and 2009

		2010		2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from participants	$	154,833	$	145,871
Cash paid to related parties for personnel services		(64,497)		(61,555)
Cash payments to suppliers and related parties for goods and services		(67,493)		(49,490)
Net Cash Provided by Operating Activities		22,843		34,826
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments purchased		(35,351)		(35,000)
Investments sold and matured		35,000		-
Investment income received		746		425
Net Cash Provided by (Used in) Investing Activities		395		(34,575)
Net Change in Cash and Cash Equivalents		23,238		251
CASH AND CASH EQUIVALENTS, Beginning of Year		161,057		160,806
CASH AND CASH EQUIVALENTS, END OF YEAR	$	184,295	$	161,057

	2010	2009
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	$ (16,296)	$ 3,226
Depreciation	19,312	23,091
Accretion of asset retirement obligation	2,964	2,205
Changes in assets and liabilities		
Receivables from participants	4,502	1,186
Inventory	9,931	3,777
Prepaid expenses	(2,750)	633
Accounts payable and accrued expenses	2,696	1,144
Payable to related parties	2,484	(436)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 22,843	$ 34,826
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS		
Cash and temporary investments	$ 143,004	$ 196,057
Board designated funds	76,642	-
Less: Noncash equivalents	(35,351)	(35,000)
TOTAL CASH AND CASH EQUIVALENTS	$ 184,295	$ 161,057
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in cost of plant due to change in estimated asset retirement obligation	$ 25,463	$ (49,191)

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.

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.

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.

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.

Board Designated Funds

Due to new environmental regulations that may affect the operation of the units, OMEGA JV1's Board of Participants designated funds from existing operating cash for the current value of the asset retirement obligation.

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:

	2010	2009
Deferral of expenses related to asset retirement obligations	$ 57,861	$ 68,631

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 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. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, and Statement No. 62, *Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncement.* Application of these standards 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, 2010	Carrying Value as of December 31, 2009	Risks
Checking	$ 161,643	$ 138,409	Custodial credit
Certificate of Deposit	35,351	35,000	Custodial credit
Government Money Market Mutual Fund	22,652	22,648	Interest rate, credit
Totals	$ 219,646	$ 196,057	

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, 2010 and 2009.

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 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, 2010 and 2009, there were no deposits or temporary investments exposed to custodial credit risk, as amounts do not exceed FDIC limits.

Credit Risk

Credit risk is the risk that 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, 2010 and 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, 2010, OMEGA JV1's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Government Money Market Mutual Fund	$ 22,652	38

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:

	2010			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric generators	$ 502,472	$ -	$ 25,463	$ 527,935
Fuel tank	35,000	-	-	35,000
Total Electric Plant in Service	537,472	-	25,463	562,935
Less: Accumulated depreciation	(292,118)	(19,312)	-	(311,430)
Electric Plant, Net	$ 245,354	$ (19,312)	$ 25,463	$ 251,505

	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

During 2010 and 2009, 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:

	2010			
	Beginning Balance	Accretion Expense	Change in Estimate	Ending Balance
Asset retirement obligation	$ 61,423	$ 2,964	$ 12,255	$ 76,642

	2009			
	Beginning Balance	Accretion Expense	Change in Estimate	Ending Balance
Asset retirement obligation	$ 103,537	$ 2,205	$ (44,319)	$ 61,423

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 2010 and 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 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:

	2010	2009
Plant in service	$ 562,935	$ 537,472
Accumulated depreciation	(311,430)	(292,118)
Total Net Assets Invested in Capital Assets	$ 251,505	$ 245,354

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.

On February 17, 2010, the US EPA promulgated the RICE NESHAP Rule establishing emission limits and work practice standards for compression ignited diesel engines at area sources. OMEGA JV1's engines are affected by this rule and compliance must be demonstrated by May 2013. OMEGA JV1 is evaluating its compliance options and assessing the impact on the project. Total costs are estimated at $200,000 to $300,000.

Many metropolitan and industrialized counties in Ohio have become nonattainment areas under the new fine particulate matter ambient air quality standards and will likely become a nonattainment area for ozone. 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 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.

As part of on-going, internal compliance assurance activities in 2010, an Ohio registered professional engineer reviewed the oil spill prevention, control and counter measure (SPCC) plan required by 40 CFR Section 112 and identified several deficiencies. OMEGA JV1 is evaluating the engineer's report and is evaluating options to correct the deficiencies. Total costs are estimated at $3,500.

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 $9 and $0 at December 31, 2010 and 2009, respectively.

NOTE 8 – RELATED PARTY TRANSACTIONS (cont.)

- 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 $65,486 and $61,119 for the years ended December 31, 2010 and 2009, respectively. OMEGA JV1 had a payable to MESA for $4,700 and $3,711 at December 31, 2010 and 2009, respectively.

- OMEGA JV1 uses the Energy Control Center for dispatching electrical control. OMEGA JV1 had a payable to the Energy Control Center for $1,487 and $0 at December 31, 2010 and 2009, respectively. The expenses related to dispatching electrical control were $12,182 and $91 for the years ended December 31, 2010 and 2009, respectively.

- 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 $8,226 and $8,560 for the years ended December 31, 2010 and 2009, 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, 2010, and have issued our report thereon dated March 17, 2011. 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 considered OMEGA JV1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described below to be a material weakness.

Ohio Municipal Electric Generation Agency
Joint Venture 1
Board of Participants

Finding 1: Internal Control Over Financial Reporting

Criteria: Statement on Auditing Standards (SAS) No. 115 requires auditors to report a material weakness if OMEGA JV1 is not able to prepare a complete set of financial statements or has material adjusting journal entries.

Condition: For the 2010 audit, the auditors proposed and made material adjusting journal entries and prepared the annual financial statements for OMEGA JV1.

Cause: Due to staffing and financial limitations, it has been historical practice to have the auditors record various adjusting journal entries. In addition, OMEGA JV1 chooses to contract with the auditors to prepare the annual financial statements.

Effect: OMEGA JV1's financial records may be materially misstated before the annual audit is completed. In addition, presentation of the annual financial statements of OMEGA JV1 in accordance with generally accepted accounting principles are not available until they are completed by the auditors.

Recommendation: OMEGA JV1 should consider additional internal controls or other procedures to strengthen controls over the financial reporting process so no material adjusting journal entries are identified during the audit.

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*.

We noted certain matters that we reported to management of OMEGA JV1 in a separate letter dated March 17, 2011.

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
March 17, 2011

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 2

FINANCIAL STATEMENTS

Including Independent Auditors' Report

Years Ended December 31, 2010 and 2009

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

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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 statements of net assets of Ohio Municipal Electric Generation Agency Joint Venture 2 ("OMEGA JV2") as of December 31, 2010 and 2009, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of OMEGA JV2's 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 JV2 as of December 31, 2010 and 2009, 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 March 17, 2011 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
March 17, 2011

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010, 2009 and 2008
(Unaudited)

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, 2010 and 2009. 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

	2010	2009	2008
Assets			
Electric plant & equipment, net of accumulated depreciation	$ 28,802,481	$ 31,181,426	$ 35,353,495
Board designated funds	1,851,614	-	-
Regulatory assets	1,179,351	1,291,634	1,052,685
Restricted assets	866,058	852,562	845,881
Current assets	1,615,258	3,227,736	2,817,026
Total Assets	$ 34,314,762	$ 36,553,358	$ 40,069,087
Net Assets and Liabilities			
Net assets - invested in capital assets	$ 28,802,481	$ 31,181,426	$ 35,353,495
Net assets - restricted	866,058	852,562	845,881
Net assets - unrestricted	2,308,387	2,446,395	702,986
Total net assets	31,976,926	34,480,383	36,902,362
Current liabilities	156,117	251,204	256,015
Noncurrent liabilities	2,181,719	1,821,771	2,910,710
Total Net Assets and Liabilities	$ 34,314,762	$ 36,553,358	$ 40,069,087

See accompanying auditors' report.

2010 vs. 2009

Total assets were $34,314,762 and $36,553,358 on December 31, 2010 and December 31, 2009, respectively, a decrease of $2,238,596. The decrease in total assets was due primarily to a decrease in net fixed assets due to depreciation.

Electric plant and equipment, net of accumulated depreciation was $28,802,481 and $31,181,426 at year-end 2010 and 2009, respectively, a decrease of $2,378,945. This decrease was the result of a $2,858,827 increase in depreciation offset, in part by an increase of $479,882 in the estimated value of ARO assets. The cost associated with the asset retirement obligation included in the cost of electric plant for 2010 was $1,319,000 versus $839,118 in 2009. Estimated values of ARO obligations were prepared by independent engineering consultants. These projections increased substantially over prior year estimates due to higher projected cleanup and restoration expenses. The net present value of these obligations increased further as a result of decreased interest rates at year-end 2010 versus 2009.

Due to new environmental regulations that may affect the operation of the units, OMEGA JV2's Board of Participants designated funds from existing operating cash for the current value of the asset retirement obligation.

Regulatory assets were $1,179,351 and $1,291,634 at December 31, 2010 and 2009, respectively, a decrease of $112,283. 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 $866,058 and $852,562 at December 31, 2010 and December 31, 2009, respectively. This was an increase of $13,496 and was the result of increases in cash collected from generation revenues to cover future overhaul expenses of $11,587 and earnings on trust investments of $1,909.

Current assets were $1,615,258 and $3,227,736 as of December 31, 2010 and 2009, respectively, a decrease of $1,612,478. In 2010, cash and temporary investments decreased $1,552,646 primarily due to board designated funds in 2010. Accounts receivable decreased $91,060, inventories decreased $1,890 and prepaid expenses increased $33,354 versus 2009 levels.

Total net liabilities and assets were $34,314,762 and $36,553,358 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $2,238,596. This decrease was primarily the result of current period losses of $2,504,917 offset, in part, by a $348,361 increase in estimated ARO obligations.

Total net assets were $31,976,926 and $34,480,383 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $2,503,457. Net assets – invested in capital assets were $28,802,481and $31,181,426 at December 31, 2010 and December 31, 2009, respectively, a decrease of $2,378,945. This decrease resulted from the decrease in electric plant, net of depreciation. Restricted net assets were $866,058 and $852,562 at December 31, 2010 and December 31, 2009, respectively, an increase of $13,496, reflecting the increase in Cash-Restricted Overhaul and Short Term Trust Investments. Unrestricted net assets were $2,308,387 and $2,446,395 at December 31, 2010 and December 31, 2009, respectively, a decrease of $138,008.

Noncurrent liabilities were $2,181,719 and $1,821,771 at December 31, 2010 and December 31, 2009, respectively, an increase of $359,948. This was primarily a result of the $348,361 increase in estimated ARO obligations versus 2009 levels. Asset retirement obligations were estimated to be $1,851,614 and $1,503,253 at year end 2010 and 2009, respectively.

Current liabilities were $156,117 and $251,204 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $95,087. This decrease was primarily the result of reduced accounts payable obligations to third party vendors.

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 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 increased interest rates at year-end 2009 versus 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 versus 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 of $1,203,805.

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 resulted from 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 versus 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.

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	2010	2009	2008
Operating revenues	$ 1,806,083	$ 1,810,228	$ 1,996,709
Operating expenses	4,412,607	4,480,555	4,687,864
Operating Loss	(2,606,524)	(2,670,327)	(2,691,155)
Nonoperating revenue			
Investment income	9,844	9,399	62,759
Future recoverable costs	91,763	238,949	180,486
Non operating revenue	101,607	248,348	243,245
Income before distributions	(2,504,917)	(2,421,979)	(2,447,910)
Distributions to participants	1,460	-	-
Change in Net Assets	$ (2,503,457)	$ (2,421,979)	$ (2,447,910)

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-Ohio.

2010 vs. 2009

Electric revenues in 2010 were $1,806,083 versus $1,810,228 in 2009, a decrease of $4,145. OMEGA JV2 operating expenses in 2010 were $4,412,607 and decreased $67,948 versus 2009. This decrease in expenses was due primarily to a $109,437 decrease in non-cash depreciation expense and a $37,750 decrease in non-cash ARO accretion expense offset, in part, by an $89,358 increase in related party services.

Investment income in OMEGA JV2 in 2010 was $9,844, an increase of $445 over 2009. Investment income is 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 or within the trust agency's money market account.

2009 vs. 2008

Electric revenues in 2009 were $1,810,228 versus $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, OMEGA JV2's energy production was 924 megawatt hours, a decrease of 961 megawatt hours compared to 2008.

OMEGA JV2 operating expenses in 2009 were $4,480,555 and decreased $207,309 versus 2008. This decrease in expenses was driven by lower operating levels and efforts to save costs. Fuel expenses decreased $181,363, maintenance expenses decreased $49,692, and related party expenses decreased $79,270 versus prior year levels. These were partially offset by noncash depreciation expenses which increased $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.

If you have questions about this report, or need additional financial information, contact management at 614 540 1111 or 1111 Schrock Road – Suite 100, Columbus, OH 43229.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

STATEMENTS OF NET ASSETS
December 31, 2010 and 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	$ 1,013,108	$ 2,565,754
Receivables from participants	53,856	144,916
Accrued interest receivable	81	317
Inventory	438,540	440,430
Prepaid expenses	109,673	76,319
Total Current Assets	1,615,258	3,227,736
NONCURRENT ASSETS		
Restricted Assets		
Funds held by trustee - reserve and contingency fund	535,953	534,044
Overhaul fund	330,105	318,518
Other Assets		
Board designated funds	1,851,614	-
Regulatory assets	1,179,351	1,291,634
Electric Plant and Equipment		
Electric generators	57,966,060	57,486,178
Vehicles	-	33,100
Accumulated depreciation	(29,163,579)	(26,337,852)
Total Non-Current Assets	32,699,504	33,325,622
TOTAL ASSETS	$ 34,314,762	$ 36,553,358
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 83,777	$ 198,300
Payable to related parties	72,340	52,904
Total Current Liabilities	156,117	251,204
NONCURRENT LIABILITIES		
Regulatory liabilities	330,105	318,518
Asset retirement obligations	1,851,614	1,503,253
Total Noncurrent Liabilities	2,181,719	1,821,771
Total Liabilities	2,337,836	2,072,975
NET ASSETS		
Invested in capital assets	28,802,481	31,181,426
Restricted	866,058	852,562
Unrestricted	2,308,387	2,446,395
Total Net Assets	31,976,926	34,480,383
TOTAL LIABILITIES AND NET ASSETS	$ 34,314,762	$ 36,553,358

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, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Electric revenue	$ 1,806,083	$ 1,810,228
OPERATING EXPENSES		
Related party services	616,675	527,317
Depreciation	2,858,827	2,968,264
Accretion of asset retirement obligation	72,525	110,275
Fuel	68,493	77,462
Transmission	16,685	2,031
Maintenance	360,483	353,521
Utilities	119,327	134,722
Insurance	197,500	187,450
Professional services	70,098	65,150
Other operating expenses	31,994	54,363
Total Operating Expenses	4,412,607	4,480,555
Operating Loss	(2,606,524)	(2,670,327)
NONOPERATING REVENUES		
Investment income	9,844	9,399
Future recoverable costs	91,763	238,949
Total Non-Operating Revenues	101,607	248,348
Loss Before Contributions	(2,504,917)	(2,421,979)
CONTRIBUTIONS FROM PARTICIPANTS	1,460	-
Change in net assets	(2,503,457)	(2,421,979)
NET ASSETS, Beginning of Year	34,480,383	36,902,362
NET ASSETS, END OF YEAR	$ 31,976,926	$ 34,480,383

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants	$ 1,908,730	$ 1,943,636
Cash paid to related parties for personnel services	(597,239)	(522,015)
Cash payments to suppliers and related parties for goods and services	(1,010,567)	(946,275)
Net Cash Provided by Operating Activities	300,924	475,346
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions from participants	1,460	-
Net Cash Provided by Capital and Related Financing Activities	1,460	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposit to overhaul fund	(11,587)	(4,591)
Investments purchased	(532,171)	(527,090)
Investments sold and matured	525,000	-
Investment income received	10,080	9,082
Net Cash Used in Investing Activities	(8,678)	(522,599)
Net Change in Cash and Cash Equivalents	293,706	(47,253)
CASH AND CASH EQUIVALENTS, Beginning of Year	2,040,754	2,088,007
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,334,460	$ 2,040,754

	2010	2009
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	$ (2,606,524)	$ (2,670,327)
Depreciation	2,858,827	2,968,264
Accretion of asset retirement obligation	72,525	110,275
Changes in assets and liabilities		
Receivables from participants	91,060	18,543
Inventory	1,890	34,065
Prepaid expenses	(33,354)	14,746
Accounts payable and accrued expenses	(114,523)	(10,113)
Payable to related parties	19,436	5,302
Regulatory liability	11,587	4,591
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 300,924	$ 475,346
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS		
Cash and temporary investments	$ 1,013,108	$ 2,565,754
Funds held by trustee - reserve and contingency fund	535,953	534,044
Overhaul fund	330,105	318,518
Board designated funds	1,851,614	-
Total Cash Accounts	3,730,780	3,418,316
Less: Non-cash equivalents		
Temporary investments	(530,262)	(525,000)
Funds held by Trustee	(535,953)	(534,044)
Overhaul fund	(330,105)	(318,518)
Total Non-cash equivalents	(1,396,320)	(1,377,562)
TOTAL CASH AND CASH EQUIVALENTS	$ 2,334,460	$ 2,040,754
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in cost of plant due to change in estimated asset retirement obligation	$ 479,882	$ (1,203,805)

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.

Board Designated Funds

Due to new environmental regulations that may affect the operation of the units, OMEGA JV2's Board of Participants designated funds from existing operating cash for the current value of the asset retirement obligation.

Regulatory Assets and Liabilities

In accordance with SFAS No. 71, *Accounting for the Effects of Certain Types of Regulation*, 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. 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:

	2010	2009
Deferral of expenses related to asset retirement obligations	$ 1,179,351	$ 1,291,634

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Regulatory Assets and Liabilities (cont.)

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.

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

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
South Vienna	123	0.09%
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. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, and Statement No. 62, *Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncement*. Application of these standards 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		
	2010	2009	Risks
Checking	$ 2,642,547	$ 2,337,258	Custodial credit
Certificates of Deposits	530,262	525,000	Custodial credit
Government Money Market Mutual Fund	557,971	556,058	Credit and interest rate
Totals	$ 3,730,780	$ 3,418,316	

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, 2010 and 2009.

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 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, 2010 and 2009, 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 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, 2010 and 2009, OMEGA JV2's investments were rated as follows:

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

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, 2010, OMEGA JV2's investments were as follows:

Investment	Weighted Average Maturity (Days)	Fair Value
Government Money Market Mutual Fund	50	$ 535,953
Government Money Market Mutual Fund	38	22,018
		$ 557,971

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

***Interest Rate Risk** (cont.)*

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

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:

	2010	2009
Restricted Assets		
Reserve and Contingency Fund	$ 535,953	$ 534,044
Overhaul Fund	330,105	318,518
Total Restricted Assets	$ 866,058	$ 852,562

NOTE 4 – ELECTRIC PLANT AND EQUIPMENT

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

	2010				
	Beginning Balance	Additions	Retirements	Change in Estimate	Ending Balance
Electric generators	$ 57,486,178	$ -	$ -	$ 479,882	$ 57,966,060
Vehicles	33,100	-	33,100	-	-
Total Electric Plant and Equipment in Service	57,519,278	-	33,100	479,882	57,966,060
Less: Accumulated depreciation	(26,337,852)	(2,858,827)	(33,100)	-	(29,163,579)
Electric Plant and Equipment, Net	$ 31,181,426	$ (2,858,827)	$ -	$ 479,882	$ 28,802,481

	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

During 2010 and 2009, 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:

	2010			
	Beginning Balance	Revisions to Estimate	Accretion Expense	Ending Balance
Asset retirement obligation	$ 1,503,253	$ 275,836	$ 72,525	$ 1,851,614

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

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 2010 and 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.

NOTE 6 – 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 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:

	2010	2009
Electric Plant and Equipment Assets	$ 56,647,060	$ 56,680,160
Asset Retirement Obligation	1,319,000	839,118
Accumulated Depreciation	(29,163,579)	(26,337,852)
Total Net Assets Invested in Capital Assets	$ 28,802,481	$ 31,181,426

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.

On February 17, 2010, the US EPA promulgated the RICE NESHAP Rule establishing emission limits and work practice standards for compression ignited diesel engines at area sources. OMEGA JV2's engines are affected by this rule and compliance must be demonstrated by May 2013. OMEGA JV2 is evaluating its compliance options and assessing the impact on the project. Total costs are estimated at $100,000 to $300,000.

Many metropolitan and industrialized counties in Ohio have become nonattainment areas under the new fine particulate matter ambient air quality standards and will likely become a nonattainment area for ozone. 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) and Medina (Seville) counties are non-attainment areas for 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.

As part of on-going, internal compliance assurance activities in 2010, an Ohio registered professional engineer reviewed the oil spill prevention, control and counter measure (SPCC) plan required by 40 CFR Section 112 and identified several deficiencies. OMEGA JV2 is evaluating the engineer's report and is evaluating options to correct the deficiencies. Total costs are estimated at $5,000.

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 $196,174 and $129,270 for the years ended December 31, 2010 and 2009, respectively, and had a payable due to AMP of $24,182 and $19,052 at December 31, 2010 and 2009, 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 $420,501 and $398,047 for the years ended December 31, 2010 and 2009, respectively. OMEGA JV2 had a payable to MESA for $48,158 and $33,852 at December 31, 2010 and 2009, respectively.

- Participants with units sited in their communities provide utilities to the generating units. OMEGA JV2 incurred expenses of $119,327 and $134,722 for these services for the years ended December 31, 2010 and 2009, 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.

NOTE 10 – ACQUISITION OF THE PROJECT (cont.)

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, 2010, are as follows:

Maturity Date January 1,	Principal Amount	Interest Rate
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	$ 33,445,000	

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, 2010 and 2009.

The OMEGA JV2 Bonds are not subject to optional redemption before January 1, 2011. The OMEGA JV2 Bonds maturing after January 1, 2011 are subject to redemption in whole or in part on any date on or after January 1, 2011, at a redemption price of 100% of the outstanding principal plus accrued interest.

On December 2, 2010, notice was given that the OMEGA JV2 Bonds would be called for redemption on January 1, 2011.

NOTE 11 – SUBSEQUENT EVENT

On January 1, 2011, the OMEGA JV2 Bonds were called and redeemed in full.

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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, 2010, and have issued our report thereon dated March 17, 2011. 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 considered OMEGA JV2's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described below to be a material weakness.

Ohio Municipal Electric Generation Agency
Joint Venture 2
Board of Participants

Finding 1: Internal Control Over Financial Reporting

Criteria: Statement on Auditing Standards (SAS) No. 115 requires auditors to report a material weakness if OMEGA JV2 is not able to prepare a complete set of financial statements or has material adjusting journal entries.

Condition: For the 2010 audit, the auditors proposed and made material adjusting journal entries and prepared the annual financial statements for OMEGA JV2.

Cause: Due to staffing and financial limitations, it has been historical practice to have the auditors record various adjusting journal entries. In addition, OMEGA JV2 chooses to contract with the auditors to prepare the annual financial statements.

Effect: OMEGA JV2's financial records may be materially misstated before the annual audit is completed. In addition, presentation of the annual financial statements of OMEGA JV2 in accordance with generally accepted accounting principles are not available until they are completed by the auditors.

Recommendation: OMEGA JV2 should consider additional internal controls or other procedures to strengthen controls over the financial reporting process so no material adjusting journal entries are identified during the audit.

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 or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to management of OMEGA JV2 in a separate letter dated March 17, 2011.

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
March 17, 2011

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 4

FINANCIAL STATEMENTS

Including Independent Auditors' Report

Years Ended December 31, 2010 and 2009

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

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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 statements of net assets of Ohio Municipal Electric Generation Agency Joint Venture 4 ("OMEGA JV4") as of December 31, 2010 and 2009 and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of OMEGA JV4's 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, 2010 and 2009, 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 March 17, 2011 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
March 17, 2011

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, 2010 and 2009. 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 statement of net assets; the statement of revenues, expenses and changes in net assets; and the statement of cash flows.

The statement of net assets provides information about the nature and amount of assets and liabilities of OMEGA JV4 as of the end of the year. The statement of revenues, expenses and changes in net assets reports revenues and expenses for the year. The statement of cash flows reports 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 JV4 as of December 31:

Condensed Statement of Net Assets

	2010	2009	2008
Assets			
Transmission line, net of accumulated depreciation	$ 1,471,423	$ 1,569,698	$ 1,667,973
Board designated funds	50,000	-	-
Current assets	569,268	587,251	552,729
Total Assets	$ 2,090,691	$ 2,156,949	$ 2,220,702
Net Assets and Liabilities			
Net assets - invested in capital assets	$ 1,471,423	$ 1,569,698	$ 1,667,973
Non assets - unrestricted	603,757	571,325	539,426
Current liabilities	15,511	15,926	13,303
Total Net Assets and Liabilities	$ 2,090,691	$ 2,156,949	$ 2,220,702

2010 vs. 2009

Total assets were $2,090,691 and $2,156,949 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $66,258. This decrease in 2010 total assets is due to $98,275 of yearly depreciation expense, offset by current year cash flows generated from operation, net of distributions to participants.

Transmission lines, net of accumulated depreciation, was $1,471,423 and $1,569,698 at December 31, 2010 and December 31, 2009 respectively, a decrease of $98,275. This decrease was a result of yearly depreciation recorded.

Current assets were $569,268 and $587,251 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $17,983.

Total net assets and liabilities were $2,090,691 and $2,156,949 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $66,258.

Total net assets were $2,075,180 and $2,141,023 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $65,843 which resulted from the net income of $106,508 offset by distributions to participants of $172,351. Net assets – invested in capital assets were $1,471,423 and $1,569,698 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $98,275. The decrease resulted from decrease in utility plant assets, due to depreciation. Unrestricted net assets were $603,757 and $571,325 as of December 31, 2010 and December 31, 2009, respectively, an increase of $32,432 due to the change in current assets and current liabilities.

Current liabilities were $15,511 and $15,926 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $415 due to the timing of expenses paid to suppliers and related parties, offset by an increase in accruals due to increased audit fees.

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, primarily as a result of short term investments in the amount of $110,000 offset by a decrease of $74,602 in cash generated by operations. 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 net income 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 resulted from 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 payable to related parties of $339.

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

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	2010	2009	2008
Operating revenues	$ 270,000	$ 270,000	$ 270,000
Operating expenses	165,313	165,533	165,429
Operating Income	104,687	104,467	104,571
Nonoperating revenues			
Investment income	1,821	1,508	12,201
Income Before Distributions	106,508	105,975	116,772
Distributions to participants	172,351	172,351	258,516
Change in Net Assets	$ (65,843)	$ (66,376)	$ (141,744)

Transmission revenues in 2010 were $270,000, unchanged from 2009 and 2008 levels.

Operating expenses in 2010 were $165,533. This is a decrease of $220 compared to 2009. The decrease in operating expense in 2010 is mainly due to a decrease in accounting, legal, insurance, MESA services and other expenses totaling $4,923 which were largely offset by increased maintenance expense of $4,703, due to forestry maintenance performed in 2010 not performed in 2009. 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 $3,519 which were largely offset by decreased maintenance expense of $3,414.

Investment income in 2010 was $1,821, which was an increase of $313 compared to 2009. The slight increase was due to an increase in assets under investment. Investment income in 2009 was $1,508, which was a decrease of $10,693 compared to 2008, a result of lower investment rates and assets under investment.

In 2010, $172,351 was returned to the participants as a distribution of excess cash. The distribution was authorized by the board of participants. In 2009, $172,351 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, 2010 and 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	$ 544,479	$ 562,702
Receivables	22,725	22,500
Accrued interest receivable	31	66
Prepaid expenses	2,033	1,983
Total Current Assets	569,268	587,251
NONCURRENT ASSETS		
Utility Plant		
Transmission line	2,640,938	2,640,938
Accumulated depreciation	(1,169,515)	(1,071,240)
Other Assets		
Board designated funds	50,000	-
Total Non-Current Assets	1,521,423	1,569,698
TOTAL ASSETS	$ 2,090,691	$ 2,156,949
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued expenses	$ 14,147	$ 13,214
Payable to related parties	1,364	2,712
Total Current Liabilities	15,511	15,926
NET ASSETS		
Invested in capital assets	1,471,423	1,569,698
Unrestricted	603,757	571,325
Total Net Assets	2,075,180	2,141,023
TOTAL LIABILITIES AND NET ASSETS	$ 2,090,691	$ 2,156,949

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, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Transmission revenue	$ 270,000	$ 270,000
OPERATING EXPENSES		
Related party personnel services	23,730	27,196
Depreciation	98,275	98,275
Maintenance	14,565	9,862
Professional services	13,649	15,128
Other operating expenses	15,094	15,072
Total Operating Expenses	165,313	165,533
Operating Income	104,687	104,467
NONOPERATING REVENUES		
Investment income	1,821	1,508
Income before Distributions	106,508	105,975
DISTRIBUTIONS TO PARTICIPANTS		
Bryan	(72,387)	(72,387)
Pioneer	(51,705)	(51,705)
Montpelier	(43,088)	(43,088)
Edgerton	(5,171)	(5,171)
Total Distributions	(172,351)	(172,351)
Change in net assets	(65,843)	(66,376)
NET ASSETS, Beginning of Year	2,141,023	2,207,399
NET ASSETS, END OF YEAR	$ 2,075,180	$ 2,141,023

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants and customers	$ 269,775	$ 270,000
Cash paid to related parties for personnel services	(25,078)	(26,857)
Cash paid to suppliers and related parties for goods and services	(42,425)	(36,836)
Net Cash Provided by Operating Activities	202,272	206,307
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Distributions to participants	(172,351)	(172,351)
Net Cash Used in Noncapital Financing Activities	(172,351)	(172,351)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased	(111,102)	(110,000)
Investments sold and matured	110,000	-
Investment income received	1,856	1,442
Net Cash Provided by (Used in) Investing Activities	754	(108,558)
Net Change in Cash and Cash Equivalents	30,675	(74,602)
CASH AND CASH EQUIVALENTS, Beginning of Year	452,702	527,304
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 483,377	$ 452,702
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 104,687	$ 104,467
Depreciation	98,275	98,275
Changes in assets and liabilities		
Receivables	(225)	-
Prepaid expenses	(50)	942
Accrued expenses	933	2,284
Payable to related parties	(1,348)	339
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 202,272	$ 206,307
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS		
Cash and temporary investments	$ 544,479	$ 562,702
Board designated funds	50,000	-
Less: Noncash equivalents	(111,102)	(110,000)
TOTAL CASH AND CASH EQUIVALENTS	$ 483,377	$ 452,702

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 2010 and 2009 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.

Board Designated Funds

OMEGA JV4's Board of Participants have designated funds for the potential decommissioning of transmission lines.

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.

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Utility Plant (cont.)

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.

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 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.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

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

REVENUE AND EXPENSES (cont.)

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.

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, and Statement No. 62, *Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncement*. Application of these standards 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,		
	2010	2009	Risks
Checking	$ 451,416	$ 420,745	Custodial credit
Certificates of Deposit	111,103	110,000	Custodial credit
Government Money Market Mutual Fund	31,960	31,957	Interest rate, credit
Totals	$ 594,479	$ 562,702	

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, 2010 and 2009.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

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 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, 2010 and 2009, 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. 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, 2010 and 2009, 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, 2010, OMEGA JV4's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Government Money Market Mutual Fund	$ 31,960	38

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

NOTE 3 – UTILITY PLANT

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

	2010		
	Beginning Balance	Additions	Ending Balance
Transmission line	$ 2,640,938	$ -	$ 2,640,938
Less: Accumulated depreciation	(1,071,240)	(98,275)	(1,169,515)
Utility Plant, Net	$ 1,569,698	$ (98,275)	$ 1,471,423

	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

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:

	2010	2009
Plant in service	$ 2,640,938	$ 2,640,938
Accumulated depreciation	(1,169,515)	(1,071,240)
Total Net Assets Invested in Capital Assets	$ 1,471,423	$ 1,569,698

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 2010 and 2009 was derived 67% and 70%, respectively, from sales to a nonparticipant, 31% and 29%, 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, 2009 upon written notice six months prior to cancellation. As of December 31, 2010, 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 $14,565 and $9,862 for the years ended December 31, 2010 and 2009, respectively. OMEGA JV4 had $1 due to AMP as of December 31, 2010, and no payable due to AMP at 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 $23,730 and $27,196 for the years ended December 31, 2010 and 2009, respectively. OMEGA JV4 had a payable to MESA of $1,363 and $2,712 at December 31, 2010 and 2009, 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, 2010, and have issued our report thereon dated March 17, 2011. 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 considered OMEGA JV4's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described below to be a material weakness.

Ohio Municipal Electric Generation Agency
Joint Venture 4
Board of Participants

Finding 1: Internal Control Over Financial Reporting

Criteria: Statement on Auditing Standards (SAS) No. 115 requires auditors to report a material weakness if OMEGA JV4 is not able to prepare a complete set of financial statements or has material adjusting journal entries.

Condition: For the 2010 audit, the auditors prepared the annual financial statements for OMEGA JV4.

Cause: Due to staffing and financial limitations, OMEGA JV4 chooses to contract with the auditors to prepare the annual financial statements.

Effect: Presentation of the annual financial statements of OMEGA JV4 in accordance with generally accepted accounting principles are not available until they are completed by the auditors.

Recommendation: OMEGA JV4 should consider additional internal controls or other procedures to strengthen controls over the financial reporting process.

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.*

We noted certain matters that we reported to management of OMEGA JV4 in a separate letter dates March 17, 2011.

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
March 17, 2011

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 5

FINANCIAL STATEMENTS

Including Independent Auditors' Report

Years Ended December 31, 2010 and 2009

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

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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, 2010 and 2009 and for the years then ended as listed in the table of contents. These financial statements are the responsibility of OMEGA JV5's 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, 2010 and 2009, 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 March 17, 2011 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
March 17, 2011

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, 2010 and 2009. 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 statement of net assets; the statement of revenues, expenses and changes in net assets; and the statement of cash flows.

The statement of net assets provides information about the nature and amount of assets and liabilities of OMEGA JV5 as of the end of the year. The statement of revenues, expenses and changes in net assets reports revenues and expenses and the change in net assets for the year. The statement of cash flows reports 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

	2010	2009	2008
Assets			
Restricted assets - current	$ 7,437,105	$ 7,370,060	$ 7,416,861
Other current assets	9,084,088	9,367,381	7,242,037
Total current assets	16,521,193	16,737,441	14,658,898
Restricted assets - noncurrent	3,293,313	3,285,992	3,275,760
Utility plant	132,056,079	136,696,246	141,357,556
Other assets	1,963,197	2,175,890	2,481,375
Total Assets	$ 153,833,782	$ 158,895,569	$ 161,773,589
Net Assets and Liabilities			
Net assets - Invested in capital assets	$ 17,101,699	$ 18,198,274	$ 19,376,788
Net assets - restricted	7,791,503	7,666,145	7,573,490
Net assets - unrestricted	(14,090,254)	(15,131,592)	(17,991,357)
Net beneficial interest certificates	110,249,380	113,927,972	117,505,768
Current liabilities	8,971,183	9,351,320	9,173,079
Regulatory and noncurrent liabilities	23,810,271	24,883,450	26,135,821
Total Net Assets and Liabilities	$ 153,833,782	$ 158,895,569	$ 161,773,589

See accompanying auditors' report.

2010 vs. 2009

Total assets were $153,833,782 and $158,895,569 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $5,061,787. The decrease was due to increased accumulated depreciation as well as decreases in cash and temporary investments, receivables from participants and prepaid bond insurance. These decreases were partially offset by an increase in regulatory assets and prepaid expenses.

Total current assets were $16,521,193 and $16,737,441 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $216,248. Cash and temporary investments decreased by $1,834,756 primarily due to a decrease in accounts payable. This decrease was partially offset by a regulatory asset of $1,659,153 recorded in 2010 due to an unanticipated increase in the amount of purchased power.

Utility plant assets were $132,056,079 and $136,696,246 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $4,640,167. Utility plant assets decreased as a result of depreciation. There were no significant capital expenditures or retirements of assets for OMEGA JV5 in 2009 and 2010.

Noncurrent restricted assets were $3,293,313 and $3,285,992 as of December 31, 2010 and December 31, 2009, respectively, an increase of $7,321. 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 $74,366 in 2010.

Other assets were $1,963,197 and $2,175,890 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $212,693. The decrease was the result of decreases in prepaid bond insurance of $108,960 and amortization of beneficial interest certificates' issuance costs of $103,733.

Total net assets and liabilities were $153,833,782 and $158,895,569 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $5,061,787.

Net assets were $10,802,948 and $10,732,827 at December 31, 2010 and December 31, 2009, respectively, an increase of $70,121. This increase was due to an increase in unrestricted net assets of $1,041,338 and restricted net assets of $125,358 and partially offset by a decrease in invested in capital assets, net of related debt of $1,096,575.

Net Beneficial Interest Certificates were $110,249,380 and $113,927,972 at December 31, 2010 and December 31, 2009, respectively, a decrease of $3,678,592. This was primarily due to a principal payment made on the 2004 Beneficial Interest Certificates of $4,570,000 partially offset by the amortization of the unamortized discount of the 2001 bonds.

Current liabilities were $8,971,183 and $9,351,320 at December 31, 2010 and December 31, 2009, respectively, a decrease of 380,137. This was due to decreases in accounts payable of $472,928 and accrued interest of $51,412, offset by an increase in the current portion of beneficial interest certificates of $135,000.

Regulatory and noncurrent liabilities were $23,810,271 and $24,883,450 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $1,073,179. This was primarily the result of a decrease in regulatory liabilities of $1,070,495 due to the change in deferred revenue related to depreciation and a decrease in accrued license fees of $2,684.

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 due to increased accumulated depreciation as well as decreases in receivables from participants and prepaid bond insurance. These decreases were partially offset by an increase in cash and temporary investments.

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. This increase was partially offset by a decrease in receivables from participants of $312,344.

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 $109,552, beneficial interest certificates' issuance costs of $115,886 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 were $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 an increase in unrestricted net assets of $2,859,765 partially offset by a decrease in invested in capital assets, net of related debt of $1,178,514.

Net Beneficial Interest Certificates were $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 $4,570,000 partially offset by the amortization of the unamortized discount of the 2001 bonds.

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 $130,584 and licenses of $55,120.

Regulatory and 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.

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

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	2010	2009	2008
Operating revenues	$ 23,286,082	$ 24,401,986	$ 23,010,244
Operating expenses	17,557,306	15,517,883	17,099,564
Operating Income	5,728,776	8,884,103	5,910,680
Nonoperating income and expense			
Investment income	45,579	39,335	265,428
Interest Expense	(5,699,386)	(5,766,098)	(5,814,460)
Amortization	(4,848)	(129,238)	(352,216)
Total Nonoperating Income/(Expense)	(5,658,655)	(5,856,001)	(5,901,248)
Net income before distributions	70,121	3,028,102	9,432
Distributions to participants	-	(1,254,196)	-
Change in Net Assets	$ 70,121	$ 1,773,906	$ 9,432

Operating Results

Operating revenues were $23,286,082 in 2010, a decrease of $1,115,904 over 2009 the decrease in revenues was primarily a result of lower hydro power sales and deferred revenues partially offset by higher purchased power sales. Operating revenues were $24,401,986 in 2009, an increase of $1,391,742 compared to 2008 primarily due to excess power generated and sold to the power market.

Operating expenses were $17,557,306 in 2010, an increase of $2,039,423 from 2009. This increase was primarily the result of a $1,783,684 increase in replacement purchased power as well as increases in increased related party services and maintenance expenses. 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 $139,209.

Nonoperating expense totaled $5,658,655 in 2010 and $5,856,001 in 2009, respectively, a decrease of $197,346. These decreases were caused primarily by reduced levels of amortization expenses in 2010 as well as increased investment income. Nonoperating 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, partially offset by lower investment income.

There was no distribution to participants in 2010. In 2009, $1,254,196 was returned to participants from amounts previously collected for the purchase of replacement power. This distribution was used to fund billings for replacement power costs in excess of 2009 budget levels.

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, 2010 and 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	$ 6,299,736	$ 8,134,492
Restricted assets - funds held by trustee	7,437,105	7,370,060
Receivables from participants	601,893	891,866
Receivables from related parties	79,000	-
Regulatory asset	1,659,153	-
Accrued interest receivable	270	1,055
Inventory	127,114	128,799
Prepaid expenses	316,922	211,169
Total Current Assets	16,521,193	16,737,441
NONCURRENT ASSETS		
Restricted Assets		
Restricted assets - funds held by trustee	3,293,313	3,285,992
Other Assets		
Prepaid bond insurance, net	945,530	1,054,490
Beneficial interest certificates' issuance costs, net	1,017,667	1,121,400
Electric Plant and Equipment		
Electric plant in service	186,311,592	186,288,814
Land	431,881	431,881
Accumulated depreciation	(54,687,394)	(50,024,449)
Total Noncurrent Assets	137,312,589	142,158,128
TOTAL ASSETS	$ 153,833,782	$ 158,895,569

	2010	2009
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 1,060,606	$ 1,533,534
Payable to related parties	142,403	129,080
Regulatory liabilities - current	124,259	128,799
Liabilities Payable From Restricted Assets		
Accrued interest	1,667,461	1,718,873
Debt service collected to be reimbursed to members	1,271,454	1,271,034
Beneficial interest certificates, current	4,705,000	4,570,000
Total Current Liabilities	8,971,183	9,351,320
NONCURRENT LIABILITIES		
Regulatory liabilities	23,723,199	24,793,694
Accrued license fees	87,072	89,756
2001 beneficial interest certificates	56,125,000	56,125,000
Unamortized discount	(32,877,138)	(34,111,391)
2004 beneficial interest refunding certificates	86,310,000	91,015,000
Unamortized premium	3,482,656	4,082,841
Unamortized cost from defeasance of 1993 beneficial interest certificates	(2,791,138)	(3,183,478)
Total Noncurrent Liabilities	134,059,651	138,811,422
Total Liabilities	143,030,834	148,162,742
NET ASSETS		
Invested in capital assets, net of related debt	17,101,699	18,198,274
Restricted	7,791,503	7,666,145
Unrestricted	(14,090,254)	(15,131,592)
Total Net Assets	10,802,948	10,732,827
TOTAL LIABILITIES AND NET ASSETS	$ 153,833,782	$ 158,895,569

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, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Electric revenue	$ 23,286,082	$ 24,401,986
OPERATING EXPENSES		
Purchased power	9,183,597	7,399,913
Related party services	1,173,983	1,042,843
Depreciation	4,662,945	4,661,310
Maintenance	476,288	393,594
Utilities	163,409	151,560
Insurance	423,200	376,867
Professional services	78,883	79,846
Payment in lieu of taxes	840,000	839,975
Other operating expenses	555,001	571,975
Total Operating Expenses	17,557,306	15,517,883
Operating Income	5,728,776	8,884,103
NONOPERATING INCOME AND EXPENSE		
Investment income	45,579	39,335
Interest expense	(5,699,386)	(5,766,098)
Amortization of issuance costs and insurance	(212,693)	(225,438)
Amortization of Oberlin financing	-	(80,047)
Amortization of bond defeasance	(392,340)	(419,904)
Amortization of premium	600,185	596,151
Total Nonoperating Expense	(5,658,655)	(5,856,001)
Income before Distributions	70,121	3,028,102
DISTRIBUTIONS TO PARTICIPANTS	-	(1,254,196)
Change in net assets	70,121	1,773,906
NET ASSETS, Beginning of Year	10,732,827	8,958,921
NET ASSETS, END OF YEAR	$ 10,802,948	$ 10,732,827

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants	$ 20,763,172	$ 22,266,973
Cash paid to related parties for personnel services	(1,177,665)	(1,020,793)
Cash payments to suppliers and related parties for goods and services	(12,282,633)	(9,678,127)
Net Cash Provided by Operating Activities	7,302,874	11,568,053
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments on beneficial interest certificates	(4,570,000)	(4,475,000)
Interest payments on beneficial interest certificates	(4,516,545)	(4,639,601)
Proceeds from debt service to be refunded to members	1,386,545	1,391,520
Payment of debt service refunded to members	(1,386,850)	(1,478,790)
Acquisition of capital assets	(22,778)	-
Net Cash Used in Capital and Related Financing Activities	(9,109,628)	(9,201,871)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased	(8,107,795)	(12,432,201)
Investments sold and matured	8,015,890	10,718,770
Investment income received	46,364	38,280
Net Cash Used in Investing Activities	(45,541)	(1,675,151)
Net Change in Cash and Cash Equivalents	(1,852,295)	691,031
CASH AND CASH EQUIVALENTS, Beginning of Year	6,384,492	5,693,461
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 4,532,197	$ 6,384,492

	2010	2009
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 5,728,776	$ 8,884,103
Noncash items in operating income		
Depreciation	4,662,945	4,661,310
Distribution from rate stabilization funds	-	(1,254,196)
Changes in assets and liabilities		
Receivables from participants	289,973	312,344
Receivables from related parties	(79,000)	-
Regulatory asset	(1,659,153)	-
Inventory	1,685	5,809
Prepaid expenses	(105,753)	(1,411)
Regulatory liabilities	(1,075,035)	(1,280,431)
Accounts payable and accrued expenses	(472,203)	196,224
Payable to related parties	13,323	22,050
Accrued license fees	(2,684)	22,251
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 7,302,874	$ 11,568,053
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS		
Cash and temporary investments	$ 6,299,736	$ 8,134,492
Funds held by trustee	10,730,418	10,656,052
Total Cash Accounts	17,030,154	18,790,544
Less Non-cash equivalents	(12,497,957)	(12,406,052)
TOTAL CASH AND CASH EQUIVALENTS	$ 4,532,197	$ 6,384,492
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.

Regulatory Asset

During 2010, the Board of Participants approved an additional increase in rates of approximately $1.9 million due to the higher than expected purchased power costs experienced during the year. This amount will be invoiced to the participants over 15 months. As of December 31, 2010, $1,659,153 remains to be billed over the next 13 months.

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Inventory

Inventory consists of fuel 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.

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.

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

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 are incurred, regulatory liabilities are amortized to match revenues with the related expenses.

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

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
Arcanum	352	0.84%
Seville	344	0.82
Brewster	333	0.79
Pioneer	321	0.76
Genoa	288	0.69
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. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, and Statement No. 62, *Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncement.* Application of these standards 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, 2010	Carrying Value as of December 31, 2009	Risks
Checking/Money Market Funds	$ 4,522,761	$ 6,375,056	Custodial credit
Certificates of Deposit	1,767,539	1,750,000	Custodial credit
US Agencies	-	1,756,000	Credit, interest rate, custodial credit, concentration of credit
Government Money Market Mutual Fund	8,982,575	4,399,598	Credit, interest rate
Commercial Paper	1,757,279	4,509,890	Credit, interest rate, custodial credit, concentration of credit
Total Cash, Cash Equivalents, and Investments	$ 17,030,154	$ 18,790,544	

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, 2010 and 2009.

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 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, 2010 and 2009 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, 2010 and 2009, OMEGA JV5's investments were exposed to custodial credit risk as follows:

	2010		2009	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Neither insured nor registered and held by a counterparty	$ 1,757,279	$ 1,757,279	$ 6,265,890	$ 6,265,890

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, 2010, OMEGA JV5's investments were rated as follows:

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

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Credit Risk (cont.)

As of December 31, 2009, 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, 2010 and 2009, OMEGA JV5's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio 2010	2009
General Electric	Commercial Paper	8.20%	-
US Bank	Commercial Paper	8.16%	8.23%
HSBC Bank	Commercial Paper	-	34.05%
Federal Home Loan Banks	US Agencies	-	16.46%

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, 2010, OMEGA JV5's investments were as follows:

Investment	Maturity Date	Weighted Average Maturity (days)	Fair Value
Government Money Market Mutual Fund	n/a	38	$ 9,436
Government Money Market Mutual Fund	n/a	50	8,973,139
General Electric Corp Commercial Paper	2/15/2011	46	880,639
US Bank Commercial Paper	2/11/2011	46	876,640
			$ 10,739,854

NOTE 2 – CASH AND CASH EQUIVALENTS (cont.)

Interest Rate Risk (cont.)

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 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, 2010 and 2009, 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:

	2010	2009
Restricted Assets		
Certificate payment fund	$ 7,437,105	$ 7,370,060
Reserve and contingency fund	3,293,313	3,285,992
	10,730,418	10,656,052
Less:		
Current Liabilities Payable From Restricted Assets	(2,938,915)	(2,989,907)
Total Restricted Net Assets	$ 7,791,503	$ 7,666,145

NOTE 4 – UTILITY PLANT

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

	2010		
	Beginning Balance	Additions	Ending Balance
Electric Plant and Equipment	$ 186,288,814	$ 22,778	$ 186,311,592
Land	431,881	-	431,881
Total Utility Plant in Service	186,720,695	22,778	186,743,473
Less: Accumulated depreciation	(50,024,449)	(4,662,945)	(54,687,394)
Utility Plant, Net	$ 136,696,246	$ (4,640,167)	$ 132,056,079

	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

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 2001 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 2004 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, 2010, are as follows:

Maturity Date February 15,	Principal Amount	Interest Rate
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
	91,015,000	
Less: Current portion	(4,705,000)	
Unamortized premium	3,482,656	
Unamortized cost from defeasance of beneficial interest certificates	(2,791,138)	
Total	$ 87,001,518	

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.

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

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 2005 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 $1,271,454 and $1,271,034 for amounts to be refunded to Participants at December 31, 2010 and 2009, respectively.

The 2001 Beneficial Interest Certificates (the "2001 Certificates") outstanding at December 31, 2010 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	(32,877,138)	
Total	$ 23,247,862	

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.

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.

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

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 years ended December 31, 2010 and 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.

Annual debt service requirements for the next five years and cumulative requirements thereafter for the 2004 Certificates and the 2001 Certificates at December 31, 2010 are as follows:

	Principal	Interest	Refunding Debt Service	Totals
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	5,630,000	3,386,900	1,373,648	10,390,548
2016 – 2020	32,820,000	12,273,750	6,887,139	51,980,889
2021 – 2025	35,574,152	11,157,623	5,492,904	52,224,679
2026 – 2030	10,865,831	34,344,169	-	45,210,000
Totals	$ 104,914,983	$ 77,289,248	$ 19,245,381	$ 201,449,612

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

	December 31, 2010		December 31, 2009	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Long-term debt, including current maturities:				
2001 Certificates	$ 23,247,862	$ 22,480,617	$ 22,013,609	$ 18,443,972
2004 Certificates	91,706,518	94,529,862	96,484,363	94,292,721

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

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

	2010			
	Beginning Balance	Additions	Reductions	Ending Balance
2001 certificates	$ 56,125,000	$ -	$ -	$ 56,125,000
Less: Unamortized discount	(34,111,391)	-	1,234,253	(32,877,138)
	22,013,609	-	1,234,253	23,247,862
2004 certificates	95,585,000	-	(4,570,000)	91,015,000
Less: Current maturities	(4,570,000)	(4,705,000)	4,570,000	(4,705,000)
Unamortized premium	4,082,841	-	(600,185)	3,482,656
Unamortized loss from refunding beneficial interest certificates	(3,183,478)	-	392,340	(2,791,138)
	91,914,363	(4,705,000)	(207,845)	87,001,518
Regulatory liabilities	24,793,694	-	(1,070,495)	23,723,199
Accrued license fees	89,756	-	(2,684)	87,072
Totals	$ 138,811,422	$ (4,705,000)	$ (46,771)	$ 134,059,651

	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	$ 43,641,589	$ (4,480,244)	$ (349,92)	$ 138,811,422

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

Regulatory liabilities at December 31 are as follows:

	2010	2009
Debt service billed to Participants for Certificates in excess of related expenses	$ 22,115,308	$ 23,193,126
Debt service billed to Participants for funding the Reserve and Contingency Fund and accumulated interest	1,607,891	1,600,568
Inventories billed to Participants	124,259	128,799
Total Regulatory Liabilities	23,847,458	24,922,493
Current portion	(124,259)	(128,799)
Noncurrent Portion	$ 23,723,199	$ 24,793,694

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.

NOTE 8 – NET ASSETS (cont.)

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

	2010	2009
Plant assets	$ 186,311.592	$ 186,288,814
Land	431,881	431,881
Accumulated depreciation	(54,687,394)	(50,024,449)
Sub-Totals	132,056,079	136,696,246
Related debt:		
2001 beneficial interest certificates	56,125,000	56,125,000
Unamortized discount – 2001 Beneficial interest certificates	(32,877,138)	(34,111,391)
2004 beneficial interest certificates	86,310,000	91,015,000
Unamortized premium – 2004 Beneficial interest certificates	3,482,656	4,082,841
Unamortized defeasance costs – 1993 Beneficial interest certificates	(2,791,138)	(3,183,478)
Current portion – Beneficial interest certificates	4,705,000	4,570,000
Sub-Totals	114,954,380	118,497,972
Total Net Assets Invested In Capital Assets, Net of Related Debt	$ 17,101,699	$ 18,198,274

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.

On February 17, 2010, the US EPA promulgated the RICE NESHAP Rule establishing emission limits and work practice standards for compression ignited diesel engines at area sources. The OMEGA JV5 engines are affected by this rule and compliance must be demonstrated by May 2013. OMEGA JV5 is evaluating its compliance options and assessing the impact on the project. Total costs are estimated at $100,000 to $300,000.

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) County is a non-attainment area 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 this area.

As part of on-going, internal compliance assurance activities in 2010, an Ohio registered professional engineer reviewed the oil spill prevention, control and countermeasure (SPCC) plan required by 40 CFR Section 112 and identified several deficiencies. OMEGA JV5 is evaluating the engineer's report and is evaluating options to correct the deficiencies. Total costs are estimated at $10,000.

NOTE 9 – COMMITMENTS AND CONTINGENCIES (cont.)

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, 2010 and 2009 was $286,185 and $175,259, respectively. OMEGA JV5's payables to AMP as of December 31, 2010 and 2009 were $34,659 and $24,279, 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, 2010 and 2009 amounted to $9,183,597 and $7,399,913, respectively. OMEGA JV5's receivable from AMP as of December 31, 2010 of $79,000 and no receivable at December, 31, 2009.

- 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 $887,798 and $867,584 for the years ended December 31, 2010 and 2009, respectively. OMEGA JV5 had payables to MESA of $101,119 and $104,801 at December 31, 2010 and 2009, 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 $702,917 and $761,458 for the years ended December 31, 2010 and 2009.

- In 1993, OMEGA JV5 prepaid $3,045,707 to the City of Oberlin, Ohio, a participant, 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. Amortization expense was $80,047 for the year ended December 31, 2009.

NOTE 11 – RELATED PARTY TRANSACTIONS (cont.)

- Participants with backup generating units sited in their communities provide utilities to the Units. OMEGA JV5 incurred expenses of $163,409 and $151,560 for these services for the years ended December 31, 2010 and 2009, respectively.

- OMEGA JV5 had a payable to OMEGA JV6 of $6,624 and $0 as of December 31, 2010 and 2009, respectively for operational activities between the entities.

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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, 2010, and have issued our report thereon dated March 17, 2011. 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 considered OMEGA JV5's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described below to be a material weakness.

Ohio Municipal Electric Generation Agency
Joint Venture 5
Board of Participants

Finding 1: Internal Control Over Financial Reporting

Criteria: Statement on Auditing Standards (SAS) No. 115 requires auditors to report a material weakness if OMEGA JV5 is not able to prepare a complete set of financial statements or has material adjusting journal entries.

Condition: For the 2010 audit, the auditors prepared the annual financial statements for OMEGA JV5.

Cause: Due to staffing and financial limitations, OMEGA JV5 chooses to contract with the auditors to prepare the annual financial statements.

Effect: Presentation of the annual financial statements of OMEGA JV5 in accordance with generally accepted accounting principles are not available until they are completed by the auditors.

Recommendation: OMEGA JV5 should consider additional internal controls or other procedures to strengthen controls over the financial reporting process.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of OMEGA JV5 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.*

We noted certain matters that we reported to management of OMEGA JV5 in a separate letter dated March 17, 2011.

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
March 17, 2011

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 5

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

Including Independent Auditors' Report

Years Ended December 31, 2010 and 2009

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

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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, 2010 and 2009 and for the years then ended as listed in the table of contents. These financial statements are the responsibility of OMEGA JV5's 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, 2010 and 2009, 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 March 17, 2011 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
March 17, 2011

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, 2010 and 2009. 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 statement of net assets; the statement of revenues, expenses and changes in net assets; and the statement of cash flows.

The statement of net assets provides information about the nature and amount of assets and liabilities of OMEGA JV5 as of the end of the year. The statement of revenues, expenses and changes in net assets reports revenues and expenses and the change in net assets for the year. The statement of cash flows reports 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

	2010	2009	2008
Assets			
Restricted assets - current	$ 7,437,105	$ 7,370,060	$ 7,416,861
Other current assets	9,084,088	9,367,381	7,242,037
Total current assets	16,521,193	16,737,441	14,658,898
Restricted assets - noncurrent	3,293,313	3,285,992	3,275,760
Utility plant	132,056,079	136,696,246	141,357,556
Other assets	1,963,197	2,175,890	2,481,375
Total Assets	$ 153,833,782	$ 158,895,569	$ 161,773,589
Net Assets and Liabilities			
Net assets - Invested in capital assets	$ 17,101,699	$ 18,198,274	$ 19,376,788
Net assets - restricted	7,791,503	7,666,145	7,573,490
Net assets - unrestricted	(14,090,254)	(15,131,592)	(17,991,357)
Net beneficial interest certificates	110,249,380	113,927,972	117,505,768
Current liabilities	8,971,183	9,351,320	9,173,079
Regulatory and noncurrent liabilities	23,810,271	24,883,450	26,135,821
Total Net Assets and Liabilities	$ 153,833,782	$ 158,895,569	$ 161,773,589

2010 vs. 2009

Total assets were $153,833,782 and $158,895,569 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $5,061,787. The decrease was due to increased accumulated depreciation as well as decreases in cash and temporary investments, receivables from participants and prepaid bond insurance. These decreases were partially offset by an increase in regulatory assets and prepaid expenses.

Total current assets were $16,521,193 and $16,737,441 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $216,248. Cash and temporary investments decreased by $1,834,756 primarily due to a decrease in accounts payable. This decrease was partially offset by a regulatory asset of $1,659,153 recorded in 2010 due to an unanticipated increase in the amount of purchased power.

Utility plant assets were $132,056,079 and $136,696,246 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $4,640,167. Utility plant assets decreased as a result of depreciation. There were no significant capital expenditures or retirements of assets for OMEGA JV5 in 2009 and 2010.

Noncurrent restricted assets were $3,293,313 and $3,285,992 as of December 31, 2010 and December 31, 2009, respectively, an increase of $7,321. 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 $74,366 in 2010.

Other assets were $1,963,197 and $2,175,890 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $212,693. The decrease was the result of decreases in prepaid bond insurance of $108,960 and amortization of beneficial interest certificates' issuance costs of $103,733.

Total net assets and liabilities were $153,833,782 and $158,895,569 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $5,061,787.

Net assets were $10,802,948 and $10,732,827 at December 31, 2010 and December 31, 2009, respectively, an increase of $70,121. This increase was due to an increase in unrestricted net assets of $1,041,338 and restricted net assets of $125,358 and partially offset by a decrease in invested in capital assets, net of related debt of $1,096,575.

Net Beneficial Interest Certificates were $110,249,380 and $113,927,972 at December 31, 2010 and December 31, 2009, respectively, a decrease of $3,678,592. This was primarily due to a principal payment made on the 2004 Beneficial Interest Certificates of $4,570,000 partially offset by the amortization of the unamortized discount of the 2001 bonds.

Current liabilities were $8,971,183 and $9,351,320 at December 31, 2010 and December 31, 2009, respectively, a decrease of 380,137. This was due to decreases in accounts payable of $472,928 and accrued interest of $51,412, offset by an increase in the current portion of beneficial interest certificates of $135,000.

Regulatory and noncurrent liabilities were $23,810,271 and $24,883,450 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $1,073,179. This was primarily the result of a decrease in regulatory liabilities of $1,070,495 due to the change in deferred revenue related to depreciation and a decrease in accrued license fees of $2,684.

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 due to increased accumulated depreciation as well as decreases in receivables from participants and prepaid bond insurance. These decreases were partially offset by an increase in cash and temporary investments.

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. This increase was partially offset by a decrease in receivables from participants of $312,344.

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 $109,552, beneficial interest certificates' issuance costs of $115,886 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 were $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 an increase in unrestricted net assets of $2,859,765 partially offset by a decrease in invested in capital assets, net of related debt of $1,178,514.

Net Beneficial Interest Certificates were $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 $4,570,000 partially offset by the amortization of the unamortized discount of the 2001 bonds.

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 $130,584 and licenses of $55,120.

Regulatory and 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.

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

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	2010	2009	2008
Operating revenues	$ 23,286,082	$ 24,401,986	$ 23,010,244
Operating expenses	17,557,306	15,517,883	17,099,564
Operating Income	5,728,776	8,884,103	5,910,680
Nonoperating income and expense			
Investment income	45,579	39,335	265,428
Interest Expense	(5,699,386)	(5,766,098)	(5,814,460)
Amortization	(4,848)	(129,238)	(352,216)
Total Nonoperating Income/(Expense)	(5,658,655)	(5,856,001)	(5,901,248)
Net income before distributions	70,121	3,028,102	9,432
Distributions to participants	-	(1,254,196)	-
Change in Net Assets	$ 70,121	$ 1,773,906	$ 9,432

Operating Results

Operating revenues were $23,286,082 in 2010, a decrease of $1,115,904 over 2009 the decrease in revenues was primarily a result of lower hydro power sales and deferred revenues partially offset by higher purchased power sales. Operating revenues were $24,401,986 in 2009, an increase of $1,391,742 compared to 2008 primarily due to excess power generated and sold to the power market.

Operating expenses were $17,557,306 in 2010, an increase of $2,039,423 from 2009. This increase was primarily the result of a $1,783,684 increase in replacement purchased power as well as increases in increased related party services and maintenance expenses. 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 $139,209.

Nonoperating expense totaled $5,658,655 in 2010 and $5,856,001 in 2009, respectively, a decrease of $197,346. These decreases were caused primarily by reduced levels of amortization expenses in 2010 as well as increased investment income. Nonoperating 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, partially offset by lower investment income.

There was no distribution to participants in 2010. In 2009, $1,254,196 was returned to participants from amounts previously collected for the purchase of replacement power. This distribution was used to fund billings for replacement power costs in excess of 2009 budget levels.

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, 2010 and 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	$ 6,299,736	$ 8,134,492
Restricted assets - funds held by trustee	7,437,105	7,370,060
Receivables from participants	601,893	891,866
Receivables from related parties	79,000	-
Regulatory asset	1,659,153	-
Accrued interest receivable	270	1,055
Inventory	127,114	128,799
Prepaid expenses	316,922	211,169
Total Current Assets	16,521,193	16,737,441
NONCURRENT ASSETS		
Restricted Assets		
Restricted assets - funds held by trustee	3,293,313	3,285,992
Other Assets		
Prepaid bond insurance, net	945,530	1,054,490
Beneficial interest certificates' issuance costs, net	1,017,667	1,121,400
Electric Plant and Equipment		
Electric plant in service	186,311,592	186,288,814
Land	431,881	431,881
Accumulated depreciation	(54,687,394)	(50,024,449)
Total Noncurrent Assets	137,312,589	142,158,128
TOTAL ASSETS	$ 153,833,782	$ 158,895,569

	2010	2009
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 1,060,606	$ 1,533,534
Payable to related parties	142,403	129,080
Regulatory liabilities - current	124,259	128,799
Liabilities Payable From Restricted Assets		
Accrued interest	1,667,461	1,718,873
Debt service collected to be reimbursed to members	1,271,454	1,271,034
Beneficial interest certificates, current	4,705,000	4,570,000
Total Current Liabilities	8,971,183	9,351,320
NONCURRENT LIABILITIES		
Regulatory liabilities	23,723,199	24,793,694
Accrued license fees	87,072	89,756
2001 beneficial interest certificates	56,125,000	56,125,000
Unamortized discount	(32,877,138)	(34,111,391)
2004 beneficial interest refunding certificates	86,310,000	91,015,000
Unamortized premium	3,482,656	4,082,841
Unamortized cost from defeasance of 1993 beneficial interest certificates	(2,791,138)	(3,183,478)
Total Noncurrent Liabilities	134,059,651	138,811,422
Total Liabilities	143,030,834	148,162,742
NET ASSETS		
Invested in capital assets, net of related debt	17,101,699	18,198,274
Restricted	7,791,503	7,666,145
Unrestricted	(14,090,254)	(15,131,592)
Total Net Assets	10,802,948	10,732,827
TOTAL LIABILITIES AND NET ASSETS	$ 153,833,782	$ 158,895,569

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, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Electric revenue	$ 23,286,082	$ 24,401,986
OPERATING EXPENSES		
Purchased power	9,183,597	7,399,913
Related party services	1,173,983	1,042,843
Depreciation	4,662,945	4,661,310
Maintenance	476,288	393,594
Utilities	163,409	151,560
Insurance	423,200	376,867
Professional services	78,883	79,846
Payment in lieu of taxes	840,000	839,975
Other operating expenses	555,001	571,975
Total Operating Expenses	17,557,306	15,517,883
Operating Income	5,728,776	8,884,103
NONOPERATING INCOME AND EXPENSE		
Investment income	45,579	39,335
Interest expense	(5,699,386)	(5,766,098)
Amortization of issuance costs and insurance	(212,693)	(225,438)
Amortization of Oberlin financing	-	(80,047)
Amortization of bond defeasance	(392,340)	(419,904)
Amortization of premium	600,185	596,151
Total Nonoperating Expense	(5,658,655)	(5,856,001)
Income before Distributions	70,121	3,028,102
DISTRIBUTIONS TO PARTICIPANTS	-	(1,254,196)
Change in net assets	70,121	1,773,906
NET ASSETS, Beginning of Year	10,732,827	8,958,921
NET ASSETS, END OF YEAR	$ 10,802,948	$ 10,732,827

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants	$ 20,763,172	$ 22,266,973
Cash paid to related parties for personnel services	(1,177,665)	(1,020,793)
Cash payments to suppliers and related parties for goods and services	(12,282,633)	(9,678,127)
Net Cash Provided by Operating Activities	7,302,874	11,568,053
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments on beneficial interest certificates	(4,570,000)	(4,475,000)
Interest payments on beneficial interest certificates	(4,516,545)	(4,639,601)
Proceeds from debt service to be refunded to members	1,386,545	1,391,520
Payment of debt service refunded to members	(1,386,850)	(1,478,790)
Acquisition of capital assets	(22,778)	-
Net Cash Used in Capital and Related Financing Activities	(9,109,628)	(9,201,871)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased	(8,107,795)	(12,432,201)
Investments sold and matured	8,015,890	10,718,770
Investment income received	46,364	38,280
Net Cash Used in Investing Activities	(45,541)	(1,675,151)
Net Change in Cash and Cash Equivalents	(1,852,295)	691,031
CASH AND CASH EQUIVALENTS, Beginning of Year	6,384,492	5,693,461
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 4,532,197	$ 6,384,492

	2010	2009
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 5,728,776	$ 8,884,103
Noncash items in operating income		
Depreciation	4,662,945	4,661,310
Distribution from rate stabilization funds	-	(1,254,196)
Changes in assets and liabilities		
Receivables from participants	289,973	312,344
Receivables from related parties	(79,000)	-
Regulatory asset	(1,659,153)	-
Inventory	1,685	5,809
Prepaid expenses	(105,753)	(1,411)
Regulatory liabilities	(1,075,035)	(1,280,431)
Accounts payable and accrued expenses	(472,203)	196,224
Payable to related parties	13,323	22,050
Accrued license fees	(2,684)	22,251
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 7,302,874	$ 11,568,053
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS		
Cash and temporary investments	$ 6,299,736	$ 8,134,492
Funds held by trustee	10,730,418	10,656,052
Total Cash Accounts	17,030,154	18,790,544
Less Non-cash equivalents	(12,497,957)	(12,406,052)
TOTAL CASH AND CASH EQUIVALENTS	$ 4,532,197	$ 6,384,492
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.

Regulatory Asset

During 2010, the Board of Participants approved an additional increase in rates of approximately $1.9 million due to the higher than expected purchased power costs experienced during the year. This amount will be invoiced to the participants over 15 months. As of December 31, 2010, $1,659,153 remains to be billed over the next 13 months.

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Inventory

Inventory consists of fuel 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.

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.

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

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 are incurred, regulatory liabilities are amortized to match revenues with the related expenses.

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

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
Arcanum	352	0.84%
Seville	344	0.82
Brewster	333	0.79
Pioneer	321	0.76
Genoa	288	0.69
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. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, and Statement No. 62, *Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncement.* Application of these standards 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,		
	2010	2009	Risks
Checking/Money Market Funds	$ 4,522,761	$ 6,375,056	Custodial credit
Certificates of Deposit	1,767,539	1,750,000	Custodial credit
US Agencies	-	1,756,000	Credit, interest rate, custodial credit, concentration of credit
Government Money Market Mutual Fund	8,982,575	4,399,598	Credit, interest rate
Commercial Paper	1,757,279	4,509,890	Credit, interest rate, custodial credit, concentration of credit
Total Cash, Cash Equivalents, and Investments	$ 17,030,154	$ 18,790,544	

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, 2010 and 2009.

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 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, 2010 and 2009 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, 2010 and 2009, OMEGA JV5's investments were exposed to custodial credit risk as follows:

	2010		2009	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Neither insured nor registered and held by a counterparty	$ 1,757,279	$ 1,757,279	$ 6,265,890	$ 6,265,890

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, 2010, OMEGA JV5's investments were rated as follows:

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

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Credit Risk (cont.)

As of December 31, 2009, 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, 2010 and 2009, OMEGA JV5's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio 2010	2009
General Electric	Commercial Paper	8.20%	-
US Bank	Commercial Paper	8.16%	8.23%
HSBC Bank	Commercial Paper	-	34.05%
Federal Home Loan Banks	US Agencies	-	16.46%

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, 2010, OMEGA JV5's investments were as follows:

Investment	Maturity Date	Weighted Average Maturity (days)	Fair Value
Government Money Market Mutual Fund	n/a	38	$ 9,436
Government Money Market Mutual Fund	n/a	50	8,973,139
General Electric Corp Commercial Paper	2/15/2011	46	880,639
US Bank Commercial Paper	2/11/2011	46	876,640
			$ 10,739,854

NOTE 2 – CASH AND CASH EQUIVALENTS (cont.)

Interest Rate Risk (cont.)

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 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, 2010 and 2009, 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:

	2010	2009
Restricted Assets		
Certificate payment fund	$ 7,437,105	$ 7,370,060
Reserve and contingency fund	3,293,313	3,285,992
	10,730,418	10,656,052
Less:		
Current Liabilities Payable From Restricted Assets	(2,938,915)	(2,989,907)
Total Restricted Net Assets	$ 7,791,503	$ 7,666,145

NOTE 4 – UTILITY PLANT

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

	2010		
	Beginning Balance	Additions	Ending Balance
Electric Plant and Equipment	$ 186,288,814	$ 22,778	$ 186,311,592
Land	431,881	-	431,881
Total Utility Plant in Service	186,720,695	22,778	186,743,473
Less: Accumulated depreciation	(50,024,449)	(4,662,945)	(54,687,394)
Utility Plant, Net	$ 136,696,246	$ (4,640,167)	$ 132,056,079

	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

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 2001 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 2004 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, 2010, are as follows:

Maturity Date February 15,	Principal Amount	Interest Rate
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
	91,015,000	
Less: Current portion	(4,705,000)	
Unamortized premium	3,482,656	
Unamortized cost from defeasance of beneficial interest certificates	(2,791,138)	
Total	$ 87,001,518	

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.

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

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 2005 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 $1,271,454 and $1,271,034 for amounts to be refunded to Participants at December 31, 2010 and 2009, respectively.

The 2001 Beneficial Interest Certificates (the "2001 Certificates") outstanding at December 31, 2010 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	(32,877,138)	
Total	$ 23,247,862	

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.

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.

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

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 years ended December 31, 2010 and 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.

Annual debt service requirements for the next five years and cumulative requirements thereafter for the 2004 Certificates and the 2001 Certificates at December 31, 2010 are as follows:

	Principal	Interest	Refunding Debt Service	Totals
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	5,630,000	3,386,900	1,373,648	10,390,548
2016 – 2020	32,820,000	12,273,750	6,887,139	51,980,889
2021 – 2025	35,574,152	11,157,623	5,492,904	52,224,679
2026 – 2030	10,865,831	34,344,169	-	45,210,000
Totals	$ 104,914,983	$ 77,289,248	$ 19,245,381	$ 201,449,612

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

	December 31, 2010		December 31, 2009	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Long-term debt, including current maturities:				
2001 Certificates	$ 23,247,862	$ 22,480,617	$ 22,013,609	$ 18,443,972
2004 Certificates	91,706,518	94,529,862	96,484,363	94,292,721

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

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

	2010			
	Beginning Balance	Additions	Reductions	Ending Balance
2001 certificates	$ 56,125,000	$ -	$ -	$ 56,125,000
Less: Unamortized discount	(34,111,391)	-	1,234,253	(32,877,138)
	22,013,609	-	1,234,253	23,247,862
2004 certificates	95,585,000	-	(4,570,000)	91,015,000
Less: Current maturities	(4,570,000)	(4,705,000)	4,570,000	(4,705,000)
Unamortized premium	4,082,841	-	(600,185)	3,482,656
Unamortized loss from refunding beneficial interest certificates	(3,183,478)	-	392,340	(2,791,138)
	91,914,363	(4,705,000)	(207,845)	87,001,518
Regulatory liabilities	24,793,694	-	(1,070,495)	23,723,199
Accrued license fees	89,756	-	(2,684)	87,072
Totals	$ 138,811,422	$ (4,705,000)	$ (46,771)	$ 134,059,651

	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	$ 43,641,589	$ (4,480,244)	$ (349,92)	$ 138,811,422

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

Regulatory liabilities at December 31 are as follows:

	2010	2009
Debt service billed to Participants for Certificates in excess of related expenses	$ 22,115,308	$ 23,193,126
Debt service billed to Participants for funding the Reserve and Contingency Fund and accumulated interest	1,607,891	1,600,568
Inventories billed to Participants	124,259	128,799
Total Regulatory Liabilities	23,847,458	24,922,493
Current portion	(124,259)	(128,799)
Noncurrent Portion	$ 23,723,199	$ 24,793,694

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.

NOTE 8 – NET ASSETS (cont.)

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

	2010	2009
Plant assets	$ 186,311.592	$ 186,288,814
Land	431,881	431,881
Accumulated depreciation	(54,687,394)	(50,024,449)
Sub-Totals	132,056,079	136,696,246
Related debt:		
2001 beneficial interest certificates	56,125,000	56,125,000
Unamortized discount – 2001 Beneficial interest certificates	(32,877,138)	(34,111,391)
2004 beneficial interest certificates	86,310,000	91,015,000
Unamortized premium – 2004 Beneficial interest certificates	3,482,656	4,082,841
Unamortized defeasance costs – 1993 Beneficial interest certificates	(2,791,138)	(3,183,478)
Current portion – Beneficial interest certificates	4,705,000	4,570,000
Sub-Totals	114,954,380	118,497,972
Total Net Assets Invested In Capital Assets, Net of Related Debt	$ 17,101,699	$ 18,198,274

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.

On February 17, 2010, the US EPA promulgated the RICE NESHAP Rule establishing emission limits and work practice standards for compression ignited diesel engines at area sources. The OMEGA JV5 engines are affected by this rule and compliance must be demonstrated by May 2013. OMEGA JV5 is evaluating its compliance options and assessing the impact on the project. Total costs are estimated at $100,000 to $300,000.

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) County is a non-attainment area 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 this area.

As part of on-going, internal compliance assurance activities in 2010, an Ohio registered professional engineer reviewed the oil spill prevention, control and countermeasure (SPCC) plan required by 40 CFR Section 112 and identified several deficiencies. OMEGA JV5 is evaluating the engineer's report and is evaluating options to correct the deficiencies. Total costs are estimated at $10,000.

NOTE 9 – COMMITMENTS AND CONTINGENCIES (cont.)

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, 2010 and 2009 was $286,185 and $175,259, respectively. OMEGA JV5's payables to AMP as of December 31, 2010 and 2009 were $34,659 and $24,279, 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, 2010 and 2009 amounted to $9,183,597 and $7,399,913, respectively. OMEGA JV5's receivable from AMP as of December 31, 2010 of $79,000 and no receivable at December, 31, 2009.

- 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 $887,798 and $867,584 for the years ended December 31, 2010 and 2009, respectively. OMEGA JV5 had payables to MESA of $101,119 and $104,801 at December 31, 2010 and 2009, 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 $702,917 and $761,458 for the years ended December 31, 2010 and 2009.

- In 1993, OMEGA JV5 prepaid $3,045,707 to the City of Oberlin, Ohio, a participant, 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. Amortization expense was $80,047 for the year ended December 31, 2009.

NOTE 11 – RELATED PARTY TRANSACTIONS (cont.)

- Participants with backup generating units sited in their communities provide utilities to the Units. OMEGA JV5 incurred expenses of $163,409 and $151,560 for these services for the years ended December 31, 2010 and 2009, respectively.

- OMEGA JV5 had a payable to OMEGA JV6 of $6,624 and $0 as of December 31, 2010 and 2009, respectively for operational activities between the entities.

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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, 2010, and have issued our report thereon dated March 17, 2011. 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 considered OMEGA JV5's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described below to be a material weakness.

Ohio Municipal Electric Generation Agency
Joint Venture 5
Board of Participants

Finding 1: Internal Control Over Financial Reporting

Criteria: Statement on Auditing Standards (SAS) No. 115 requires auditors to report a material weakness if OMEGA JV5 is not able to prepare a complete set of financial statements or has material adjusting journal entries.

Condition: For the 2010 audit, the auditors prepared the annual financial statements for OMEGA JV5.

Cause: Due to staffing and financial limitations, OMEGA JV5 chooses to contract with the auditors to prepare the annual financial statements.

Effect: Presentation of the annual financial statements of OMEGA JV5 in accordance with generally accepted accounting principles are not available until they are completed by the auditors.

Recommendation: OMEGA JV5 should consider additional internal controls or other procedures to strengthen controls over the financial reporting process.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of OMEGA JV5 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.*

We noted certain matters that we reported to management of OMEGA JV5 in a separate letter dated March 17, 2011.

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
March 17, 2011

SUPPLEMENTAL INFORMATION

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTAL FINANCIAL DATA

Board of Participants
Ohio Municipal Electric Generation Agency Joint Venture 5

We have audited the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 5 ("OMEGA JV5") as of December 31, 2010 and 2009 for the years then ended, and have issued our report thereon dated March 17, 2011, which appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Supplemental Schedule of Receipts and Disbursements of the 2004 Beneficial Interest Refunding Certificates ("Belleville Hydroelectric Project") Funds and Accounts for the year ended December 31, 2010 is presented for the purposes of additional analysis pursuant to Section 6.10 of the trust agreement relating to the financing of the Belleville Hydroelectric Project between US Bank, Cincinnati, N.A., as trustee, and OMEGA JV5 dated June 1, 1993 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. We have been informed by management that the trustee holds the fund account assets and executes investment transactions. With respect to investment transactions, we have not audited the books and records of the trustee in connection with the auditing procedures applied in the audit of the financial statements. The information in the Schedule, except for that related to investment transactions executed by the trustee, on which we express no opinion, has been subjected to the auditing procedures, applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the use of the Board of Participants of OMEGA JV5 and US Bank, Cincinnati, N.A., trustee.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
March 17, 2011

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

SCHEDULE OF RECEIPTS AND DISBURSEMENTS OF THE 2004 BENEFICIAL INTEREST REFUNDING CERTIFICATES ("BELLEVILLE HYDROELECTRIC PROJECT") FUNDS AND ACCOUNTS
Year Ended December 31, 2010

		Funds Held by Trustee	
	Total	**Certificate Payment Fund**	**Reserve and Contingency Fund**
Fund balances at December 31, 2009	$ 10,656,052	$ 7,370,060	$ 3,285,992
Receipts			
Investment purchases	10,528,560	10,528,560	-
Debt service receipts	19,007	8,888	10,119
Total Receipts	10,547,567	10,537,448	10,119
Disbursements			
Debt service payments	9,085,113	9,085,113	-
Draws	1,386,850	1,386,850	-
Total Disbursements	10,471,963	10,471,963	-
Mark to market of investments	(1,238)	1,560	(2,798)
Excess of receipts and market value changes	74,366	67,045	7,321
Fund Balances at December 31, 2010	$ 10,730,418	$ 7,437,105	$ 3,293,313

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 6

FINANCIAL STATEMENTS

Including Independent Auditors' Report

Years Ended December 31, 2010 and 2009

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6

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INDEPENDENT AUDITORS' REPORT

To the 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, 2010 and 2009, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of OMEGA JV6's 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, 2010 and 2009, 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 March 17, 2011 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
March 17, 2011

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, 2010 and 2009. 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 statement of net assets; the statement of revenues, expenses and changes in net assets; and the statement of cash flows.

The statement of net assets provides information about the nature and amount of assets and liabilities of OMEGA JV6 as of the end of the year. The statement of revenues, expenses and changes in net assets reports revenues and expenses and the change in net assets for the year. The statement of cash flows reports 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 Statement of Net Assets

	2010	2009	2008
Assets			
Electric plant, net of accumulated depreciation	$ 7,735,839	$ 7,845,267	$ 8,561,245
Regulatory assets	367,822	294,361	208,106
Restricted assets - funds held by trustee	82,102	80,724	74,680
Current assets	1,393,165	994,549	1,150,221
Total Assets	$ 9,578,928	$ 9,214,901	$ 9,994,252
Net Assets and Liabilities			
Net assets - invested in capital assets	$ 7,735,839	$ 7,845,267	$ 8,561,245
Net assets - restricted	82,102	80,724	74,680
Net assets - unrestricted	650,456	442,355	180,980
Current liabilities	24,704	24,470	25,248
Asset retirement obligations	1,085,827	822,085	1,152,099
Total Net Assets and Liabilities	$ 9,578,928	$ 9,214,901	$ 9,994,252

2010 vs. 2009

Total assets were $9,578,928 and $9,214,901 as of December 31, 2010 and December 31, 2009, respectively, an increase of $364,027. This increase is due to cash reserved for maintenance and repairs and increased receivables from related party offset by a decrease in electric plant, net of depreciation, due to yearly depreciation.

Current assets were $1,393,165 and $994,549 as of December 31, 2010 and December 31, 2009 respectively, an increase of $398,616. This increase was primarily due to an increase in cash designated for maintenance and repairs of $461,375 and a $74,127 increase in receivables from related parties. This increase was offset by a decrease in cash and temporary investments of $141,534. Cash and temporary assets decreased mainly due to cash reserved for maintenance and repairs, offset by an increase in cash received from participants and proceeds from the sale of investments.

Noncurrent assets were $8,185,763 and $8,220,352 as of December 31, 2010 and December 31, 2009 respectively, a decrease of $34,589. This decrease was due mainly to a net decrease in the value of electric plant of $109,428, offset by an increase in regulatory assets of $73,461. 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 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. Restricted assets were $82,102 and $80,724 as of December 31, 2010 and December 31, 2009 respectively, an increase of $1,378.

Total net assets and liabilities were $9,578,928 and $9,214,901 as of December 31, 2010 and December 31, 2009 respectively, an increase $364,027. This decrease was a result of an increase in unrestricted net assets and an increase in asset retirement obligations.

Total net assets were $8,468,397 and $8,368,346 as of December 31, 2010 and December 31, 2009 respectively, an increase of $100,051 which resulted mainly from 2010 operating income of $33,217 and future recoverable costs of $61,789. Net assets – invested in capital assets were $7,735,839 and $7,845,267 at December 31, 2010 and December 31, 2009, respectively, a decrease of $109,428. This decrease resulted from the net decrease in electric plant. Restricted net assets were $82,102 and $80,724 as of December 31, 2010 and 2009, respectively, an increase of $1,378 consistent with the increase in restricted assets. Unrestricted net assets were $650,456 and $442,355 at December 31, 2010 and December 31, 2009, respectively, an increase of $208,101.

Current liabilities were $24,704 and $24,470 at December 31, 2010 and December 31, 2009, respectively, a decrease of $234. This resulted from a decrease in levels of payables to related parties for $3,467, offset by the combination of increased accounts payable of $1,882 and increased accrued audit fees of $1,819.

Non-current liabilities were $1,085,827 and $822,085 as of December 31, 2010 and December 31, 2009 respectively, an increase $263,742. 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.

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 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 $8,844,301 as of December 31, 2009 and December 31, 2008 respectively, a decrease of $623,679. This decrease was due to a change in the estimated net present value of asset retirement obligations and an increase 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 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. Restricted assets were $80,724 and $74,680 as of December 31, 2009 and December 31, 2008 respectively, an increase of $6,044.

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 the decrease in of asset retirement obligations.

Total net assets were $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 net loss. 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 resulted from the decrease in electric plant, net of depreciation. Restricted net assets were $80,724 and $74,680 at December 31, 2009 and 2008, respectively, an increase of $6,044. 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 $1,626.

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. 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.

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

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	2010	2009	2008
Operating revenues	$ 779,327	$ 195,396	$ 492,032
Operating expenses	746,110	739,118	573,780
Operating Income (Loss)	33,217	(543,722)	(81,748)
Nonoperating revenue			
Investment income	3,759	3,509	19,760
Future recoverable costs	61,789	86,255	54,848
Nonoperating Revenue	65,548	89,764	74,608
Income (Loss) before contributions	98,765	(453,958)	(7,140)
Contributions from participants	1,286	5,399	5,757
Change in Net Assets	$ 100,051	$ (448,559)	$ (1,383)

Rates for electric power are set by OMEGA JV6's Board of Participants and are intended to cover budgeted operating expense (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 AMP-Ohio. 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, 2009, this authorization was extended until December 31, 2010. Renewable Energy attributes (RECs or Green Tags) were sold quarterly under a contract with a third party through 2009. In 2010, RECs were sold through the efforts of MESA personnel.

Electric revenues were $779,327 in 2010, an increase of $583,931 due to higher sales of renewable energy credits (RECs) as well as increased budgeted rates on fixed revenue. RECs must be certified before they can be transferred to buyers, and all of 2009 RECs were not certified and delivered until 2010. As such, green tag revenue increased $461,375 in 2010. The remaining increase in revenue is due to higher rates billed per megawatt hour, per the 2010 budget.

Operating expenses in 2010 were $746,110, an increase of $6,992. This was primarily due to increased maintenance expense of $21,304 relating to changing a gearbox on one of the turbines. This increase was offset by decreases in depreciation expense due to decreased electric plant assets.

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.

Investment income in 2010 was $3,759, an increase of $250 from 2009 due to increased assets invested. Investment income in 2009 was $3,509, a decrease of $16,251 from 2008 due to lower interest rates and less cash to invest. Investment income for OMEGA JV6 is interest earned on checking account balances and short term CDs.

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, 2010 and 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	$ 832,155	$ 973,689
Board designated funds	461,375	-
Receivables from related parties	74,127	-
Accrued interest receivable	58	127
Prepaid expenses	25,450	20,733
Total Current Assets	1,393,165	994,549
NON-CURRENT ASSETS		
Restricted assets - funds held by trustee	82,102	80,724
Regulatory assets	367,822	294,361
Electric Plant		
Electric plant	9,847,604	9,635,335
Accumulated depreciation	(2,111,765)	(1,790,068)
Total Non-Current Assets	8,185,763	8,220,352
TOTAL ASSETS	$ 9,578,928	$ 9,214,901
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 19,623	$ 15,922
Payable to related parties	5,081	8,548
Total Current Liabilities	24,704	24,470
NON-CURRENT LIABILITIES		
Asset retirement obligation	1,085,827	822,085
Total Liabilities	1,110,531	846,555
NET ASSETS		
Invested in capital assets	7,735,839	7,845,267
Restricted	82,102	80,724
Unrestricted	650,456	442,355
Total Net Assets	8,468,397	8,368,346
TOTAL LIABILITIES AND NET ASSETS	$ 9,578,928	$ 9,214,901

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, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Electric revenue	$ 779,327	$ 195,396
OPERATING EXPENSES		
Related party services	73,926	69,616
Depreciation	321,697	337,468
Accretion of asset retirement obligation	39,801	48,495
Maintenance	233,907	212,603
Insurance	38,733	35,458
Professional services	20,688	16,213
Other operating expenses	17,358	19,265
Total Operating Expenses	746,110	739,118
Operating Income (Loss)	33,217	(543,722)
NON-OPERATING REVENUES		
Investment income	3,759	3,509
Future recoverable costs	61,789	86,255
Total Non-Operating Revenues	65,548	89,764
Income (Loss) before Contributions	98,765	(453,958)
CONTRIBUTIONS FROM PARTICIPANTS	1,286	5,399
Change in net assets	100,051	(448,559)
NET ASSETS, Beginning of Year	8,368,346	8,816,905
NET ASSETS, END OF YEAR	$ 8,468,397	$ 8,368,346

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants and customers	$ 705,200	$ 396,160
Cash paid to related parties for personnel services	(75,163)	(71,167)
Cash payments to suppliers and related parties for goods and services	(313,932)	(285,407)
Net Cash Provided by Operating Activities	316,105	39,586
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions from participants	1,286	5,399
Net Cash Provided by Capital and Related Financing Activities	1,286	5,399
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposit to restricted assets	(1,744)	(6,170)
Investments purchased	(211,738)	(290,724)
Investments sold and matured	210,000	80,724
Investment income received	3,828	3,509
Net Cash Provided by (Used in) Investing Activities	346	(212,661)
Net Change in Cash and Cash Equivalents	317,737	(167,676)
CASH AND CASH EQUIVALENTS, Beginning of Year	763,689	931,365
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,081,426	$ 763,689
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	$ 33,217	$ (543,722)
Depreciation	321,697	337,468
Accretion of asset retirement obligation	39,801	48,495
Changes in assets and liabilities		
Receivables	-	200,764
Receivable from related parties	(74,127)	-
Prepaid expenses	(4,717)	(2,641)
Accounts payable and accrued expenses	3,701	2,980
Payable to related parties	(3,467)	(3,758)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 316,105	$ 39,586
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS		
Cash and temporary investments	$ 832,155	$ 973,689
Board designated funds	461,375	-
Funds held by trustee	82,102	80,724
Total cash accounts	1,375,632	1,054,413
Less: Non-cash equivalents	(294,206)	(290,724)
TOTAL CASH AND CASH EQUIVALENTS	$ 1,081,426	$ 763,689
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in cost of plant due to change in estimated asset retirement obligation	$ 212,269	$ (378,510)

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 assets 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.

Board Designated Funds

OMEGA JV6's Board of Participants designated funds from existing operating cash for the maintenance and repairs to the generating units.

Receivables/Payables

Accounts receivable are amounts due from related parties, as such, 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

In accordance with SFAS No. 71, *Accounting for the Effects of Certain Types of Regulation*, 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. 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:

	2010	2009
Deferral of expenses related to asset retirement obligations	$ 367,822	$ 294,361

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.)

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. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, and Statement No. 62, *Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncement*. Application of these standards 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, 2010	Carrying Value as of December 31, 2009	Risks
Checking	$ 1,060,040	$ 742,306	Custodial credit
Certificates of Deposit	212,105	210,000	Custodial credit
Commercial Paper	-	79,982	Custodial credit, credit, interest rate, and concentration
Government Money Market Mutual Funds	103,487	22,125	Credit and interest rate
Totals	$ 1,375,632	$ 1,054,413	

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, 2010 and 2009.

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 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, 2010 and 2009 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, 2010 and 2009, OMEGA JV6's investments were exposed to custodial credit risk as follows:

	2010		2009	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Neither insured nor registered and held by a counterparty	$ -	$ -	$ 79,982	$ 79,982

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, 2010, OMEGA JV6's investments were rated as follows:

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

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Credit Risk (cont.)

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

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, 2010 and 2009, OMEGA JV6's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio 2010	2009
HSBC Bank	Commercial Paper	-	78.33%

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, 2010, OMEGA JV6's investments were as follows:

Investment	Maturity Date	Weighted Average Maturity (days)	Fair Value
Government Money Market Mutual Fund	N/A	50	$ 82,102
Government Money Market Mutual Fund	N/A	36	21,385
			$ 103,487

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Interest Rate Risk (cont.)

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
Government Money Market Mutual Fund	N/A	39	743
			$ 102,107

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:

	2010	2009
Restricted Assets		
Reserve and Contingency Fund	$ 82,102	$ 80,724
Total Restricted Assets	$ 82,102	$ 80,724

NOTE 4 – ELECTRIC PLANT AND EQUIPMENT

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

2010	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric plant	$ 9,635,335	$ -	$ 212,269	$ 9,847,604
Less: Accumulated depreciation	(1,790,068)	(321,697)	-	(2,111,765)
Electric Plant, Net	$ 7,845,267	$ (321,697)	$ 212,269	$ 7,735,839

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

During 2010 and 2009, 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 participant 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, 2010, are as follows:

Maturity Date February 15 and August 15,	Principal Amount	Interest Rate
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	$ 4,454,000	

The maturity table assumes an interest rate of 0.65%, which is equal to the interest rate used to calculate the February 15, 2011 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 on unaudited information for the years ended December 31, 2010 and 2009, all financing participants are in compliance with the debt service coverage requirements.

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:

	2010			
	Beginning Balance	Accretion Expense	Change in Estimate	Ending Balance
Asset retirement obligation	$ 822,085	$ 39,801	$ 223,941	$ 1,085,827

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

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 2010 and 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:

	2010	2009
Electric Plant	$ 9,847,604	$ 9,635,335
Accumulated Depreciation	(2,111,765)	(1,790,068)
Total Net Assets Invested in Capital Assets	$ 7,735,839	$ 7,845,267

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. There have reportedly been some dead bats observed near the project by an outside college study group. If it is concluded that there is a bird or bat collision problem, fines may be assessed or operational restrictions imposed 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 33% and 82% of electric service revenue in 2010 and 2009, respectively.

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 incurred expenses related to these services in the amount of $2,230 and $2,207 for the years ended December 31, 2010 and 2009, respectively, and had a payable of $185 and $563 to AMP at December 31, 2010 and 2009, respectively.

- 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 $71,696 and $67,409 for the years ended December 31, 2010 and 2009, respectively. OMEGA JV6 had a payable to MESA for $4,896 and $7,985 at December 31, 2010 and 2009, respectively.

- OMEGA JV6 had a receivable from OMEGA JV5 of $6,624 and $0 as of December 31, 2010 and 2009, respectively, for operational activities between the entities.

- During 2010, AMP sold green tags on behalf of OMEGA JV6. OMEGA JV6 had a receivable from AMP of $67,503 and $0 as of December 31, 2010 and 2009, 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, 2010 and 2009.

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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, 2010, and have issued our report thereon dated March 17, 2011. 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 considered OMEGA JV6's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described below to be a material weakness.

Ohio Municipal Electric Generation Agency
Joint Venture 6
Board of Participants

Finding 1: Internal Control Over Financial Reporting

Criteria: Statement on Auditing Standards (SAS) No. 115 requires auditors to report a material weakness if OMEGA JV6 is not able to prepare a complete set of financial statements or has material adjusting journal entries.

Condition: For the 2010 audit, the auditors proposed and made material adjusting journal entries and prepared the annual financial statements for OMEGA JV6.

Cause: Due to staffing and financial limitations, it has been historical practice to have the auditors record various adjusting journal entries. In addition, OMEGA JV6 chooses to contract with the auditors to prepare the annual financial statements.

Effect: OMEGA JV6's financial records may be materially misstated before the annual audit is completed. In addition, presentation of the annual financial statements of OMEGA JV6 in accordance with generally accepted accounting principles are not available until they are completed by the auditors.

Recommendation: OMEGA JV6 should consider additional internal controls or other procedures to strengthen controls over the financial reporting process so no material adjusting journal entries are identified during the audit.

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.*

We noted certain matters that we reported to management of OMEGA JV6 in a separate letter dated March 17, 2011.

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
March 17, 2011

MUNICIPAL ENERGY SERVICES AGENCY

FINANCIAL STATEMENTS

Including Independent Auditors' Report

Years Ended December 31, 2010 and 2009

MUNICIPAL ENERGY SERVICES AGENCY

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INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Municipal Energy Services Agency

We have audited the accompanying statements of net assets of Municipal Energy Services Agency ("MESA") as of December 31, 2010 and 2009, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of MESA's 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, 2010 and 2009, 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 March 17, 2011 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
March 17, 2011

MUNICIPAL ENERGY SERVICES AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010, 2009 and 2008
(Unaudited)

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, 2010 and 2009. 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 statement of net assets; the statement of revenues, expenses and changes in net assets; and the statement of cash flows.

The statement of net assets provides information about the nature and amount of assets and liabilities of MESA as of the end of the year. The statement of revenues, expenses and changes in net assets reports revenues and expenses for the year. The statement of cash flows reports 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 Statement of Net Assets

	2010	2009	2008
Assets			
Cash and short term investments	$ 2,411,684	$ 1,246,760	$ 6,137,026
Accounts receivable AMP members	511,045	1,018,335	281,881
Accounts receivable related parties	1,470,038	1,302,017	1,172,069
Interest receivable	100	217	-
Costs/recoveries in excess of member project billings	-	17,168	378,810
Prepaids	122,428	107,723	125,028
Total Current Assets	4,515,295	3,692,220	8,094,814
Property, net of accumulated depreciation	-	-	182,325
Total Assets	$ 4,515,295	$ 3,692,220	$ 8,277,139
Liabilities and Net Assets			
Current liabilities	$ 3,067,787	$ 2,343,149	$ 7,011,846
Noncurrent liabilities	1,447,508	1,349,071	1,265,293
Net assets - Invested in capital assets	-	-	182,325
Net assets - Unrestricted	-	-	(182,325)
Total Liabilities and Net Assets	$ 4,515,295	$ 3,692,220	$ 8,277,139

See accompanying auditors' report.

2010 vs. 2009

Total assets were $4,515,295 and $3,692,220 as of December 31, 2010 and December 31, 2009, respectively, an increase of $823,075. The increase in 2010 total assets was due primarily to increases in cash and temporary investments and receivables from related parties. These are offset by a decrease in receivables from AMP members.

Current assets were $4,515,295 and $3,692,220 as of December 31, 2010 and December 31, 2009, respectively, an increase of $823,075. This was due to increases in cash of $1,164,924, receivables from related parties of $168,021, and prepaid expenses of $14,705. This was offset by decreases in receivables from AMP members of $507,290 and costs and recoveries in excess of billings from projects constructed on behalf of members of $17,168.

There were no noncurrent assets as of December 31, 2010 and 2009. 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 $4,515,295 and $3,692,220 as of December 31, 2010 and December 31, 2009, respectively, an increase of $823,075. This is primarily due to increases in accounts payables, payable to related parties, and vacation and sick accruals. These are offset by decreases in construction retainage payable and accrued salaries and related benefits.

Current liabilities were $3,067,787 and $2,343,149 as of December 31, 2010 and December 31, 2009, respectively, an increase of $724,638. This was due to increases of accounts payable and accrued expenses of $568,052, payable to related parties of $238,319, and accrued vacation of $183,912. This was offset by decreases in construction retainage payable of $111,966 and accrued salaries and related benefits of $153,679.

Noncurrent liabilities were $1,447,508 and $1,349,071 as of December 31, 2010 and December 31, 2009, respectively, an increase of $98,437. Noncurrent liabilities are comprised of accrued sick leave.

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.

Noncurrent 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.

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

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	2010	2009	2008
Operating revenues	$ 16,151,908	$ 17,528,600	$ 14,317,835
Operating expenses	16,157,069	17,531,845	14,336,149
Operating Loss	(5,161)	(3,245)	(18,314)
Nonoperating revenue			
Investment income	5,161	3,245	18,314
Change in Net Assets	$ -	$ -	$ -

Operating revenues in 2010 were $16,151,908 which was a decrease of $1,376,692 from 2009. MESA has primarily two sources of revenues; projects for members and providing personnel services to related parties. Revenue from projects on behalf of members decreased by $2,187,303 and revenue from providing personnel services to related parties increased by $810,611. Operating revenues in 2009 were $17,528,600 which was an increase of $3,210,765 from 2008. Revenue from projects on behalf of members increased by $2,138,400 and revenue from personnel services to related parties increased by $1,072,365.

Operating expenses in 2010 were $16,157,069 which was a decrease of $1,374,776 compared to 2009. This increase was primarily due to a decrease in expense for project materials on behalf of members of $2,324,378. This decrease was slightly offset by an increase in MESA payroll and related benefits expense of $1,097,235. 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 $1,930,444 and MESA payroll and related benefits expenses of $1,309,757. These increases were slightly offset by a decrease in depreciation due to the transfer of vehicles to the General Fund.

Investment income for MESA is limited to bank interest earned on MESA's operating funds. Investment income in 2010 was $5,161 which was an increase of $1,916 from 2009. The increase in 2010 was a result of higher average cash balances. 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.

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, 2010 and 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	$ 2,411,684	$ 1,246,760
Receivables from AMP-Ohio members	511,045	1,018,335
Receivables from related parties	1,470,038	1,302,017
Accrued interest receivable	100	217
Costs and recoveries in excess of billings from projects constructed on behalf of members	-	17,168
Prepaid expenses	122,428	107,723
Total Current Assets	4,515,295	3,692,220
TOTAL ASSETS	$ 4,515,295	$ 3,692,220
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 1,029,146	$ 461,094
Payable to related parties	491,895	253,576
Retainage payable	291,882	403,848
Accrued salaries and related benefits	356,447	510,126
Accrued vacation leave	898,417	714,505
Total Current Liabilities	3,067,787	2,343,149
NON CURRENT LIABILITIES		
Accrued sick leave	1,447,508	1,349,071
Total Non Current Liabilities	1,447,508	1,349,071
Total Liabilities	4,515,295	3,692,220
NET ASSETS		
Unrestricted	-	-
Total Net Assets	-	-
TOTAL LIABILITIES AND NET ASSETS	$ 4,515,295	$ 3,692,220

See accompanying notes to financial statements.

MUNICIPAL ENERGY SERVICES AGENCY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended December 31, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Services	$ 13,164,328	$ 12,353,717
Project revenue	2,987,580	5,174,883
Total Operating Revenues	16,151,908	17,528,600
OPERATING EXPENSES		
Salaries and related benefits	13,099,127	12,001,892
Professional fees	83,607	172,539
Direct project expenses	2,891,539	5,215,917
Insurance	82,796	105,520
Other operating expenses	-	35,977
Total Operating Expenses	16,157,069	17,531,845
Operating Loss	(5,161)	(3,245)
NONOPERATING REVENUES		
Investment income and other	5,161	3,245
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, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from AMP-Ohio members for services	$ 3,512,038	$ 4,800,073
Cash received from related parties for services	12,996,307	12,182,974
Cash payments to employees for services	(8,443,263)	(7,907,567)
Cash payment for benefits of employees	(4,527,194)	(4,154,856)
Cash payments to suppliers and related parties for goods and services	(2,378,242)	(9,996,243)
Net Cash Provided by (Used in) Operating Activities	1,159,646	(5,075,619)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	-	182,325
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	182,325
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased	(363,608)	(360,000)
Investments sold and matured	360,000	-
Investment income received	5,278	3,028
Net Cash Provided by (Used in) Investing Activities	1,670	(356,972)
Net Change in Cash and Cash Equivalents	1,161,316	(5,250,266)
CASH AND CASH EQUIVALENTS, Beginning of Year	886,760	6,137,026
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,048,076	$ 886,760
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating loss	$ (5,161)	$ (3,245)
Changes in assets and liabilities		
Receivables from AMP-Ohio members	507,290	(736,454)
Receivables from related parties	(168,021)	(129,948)
Costs and estimated earnings in excess of billings from projects constructed on behalf of members	17,168	361,642
Prepaid expenses	(14,705)	17,305
Accounts payable and accrued expenses	568,052	(900,477)
Accounts payable to related parties	238,319	50,403
Accrued salaries and related benefits	(153,679)	(151,174)
Accrued vacation and sick leave	282,349	148,754
Retainages payable	(111,966)	(3,732,425)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 1,159,646	$ (5,075,619)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS		
Cash and temporary investments	$ 2,411,684	$ 1,246,760
Less: Noncash equivalents	(363,608)	(360,000)
TOTAL CASH AND CASH EQUIVALENTS	$ 2,048,076	$ 886,760

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, 2010, 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, 2008, 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, 2010, 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.

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.

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, and Statement No. 62, *Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncement.* Application of these standards 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,		
	2010	2009	Risks
Checking/Money Market Funds	$ 1,729,880	$ 568,602	Custodial credit
Certificate of Deposits	363,608	360,000	Custodial credit
Government Money Market Mutual Fund	318,196	318,158	Interest rate, credit
Total Cash, Cash Equivalents, and Investments	$ 2,411,684	$ 1,246,760	

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, 2010 and 2009.

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 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, 2010 and 2009, 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, 2010 and 2009, 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, 2010, MESA's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Government Money Market Mutual Fund	$ 318,196	38

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

NOTE 3 – PROPERTY

Property activity for the year 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	$ -

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, 2010 is as follows:

	01/01/10 Balance	Additions	Reductions	12/31/10 Balance	Due Within One Year
Accrued sick leave	$ 1,349,071	$ 274,528	$ 176,091	$ 1,447,508	$ -

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	$ -

NOTE 5 – POSTEMPLOYMENT BENEFITS

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. OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to plan members. Authority to establish and amend benefits is provided by State Statute per Chapter 145 of the Ohio Revised Code ("ORC").

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.

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

	Year Ended December 31		
	2010	2009	2008
Required and Actual Employer Pension Contributions	$ 836,051	$ 696,993	$ 512,762
Required and Actual Employer OPEB Contributions	475,119	496,045	512,762
Required and Actual Employer OPERS Contributions	$ 1,311,170	$ 1,193,038	$ 1,025,524
Required and Actual Employer OPERS Contribution Rate	14.00%	14.00%	14.00%
Required and Actual Employee OPERS Contribution Rate	10.00%	10.00%	10.00%

Employer OPERS contribution rates are expressed as a percentage of the covered payroll of active members. The ORC currently limits the employer contribution to a rate not to exceed 14% of covered payroll.

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 5 – POSTEMPLOYMENT BENEFITS (cont.)

OTHER POSTEMPLOYMENT BENEFITS

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes 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 ORC 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.

The ORC provides the statutory authority requiring public 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. 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 Board of Trustees 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 for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010.

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. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

NOTE 5 – POSTEMPLOYMENT BENEFITS (cont.)

OTHER POSTEMPLOYMENT BENEFITS (cont.)

The employer and employee required and actual contributions to OPERS were as follows:

	Year Ended December 31		
	2010	2009	2008
Required and Actual Employer Pension Contributions	$ 836,051	$ 696,993	$ 512,762
Required and Actual Employer OPEB Contributions	475,119	496,045	512,762
Required and Actual Employer OPERS Contributions	$ 1,311,170	$ 1,193,038	$ 1,025,524
Required and Actual Employer OPERS Contribution Rate	14.00%	14.00%	14.00%
Required and Actual Employee OPERS Contribution Rate	10.00%	10.00%	10.00%

Employer OPERS contribution rates are expressed as a percentage of the covered payroll of active members. The ORC currently limits the employer contribution to a rate not to exceed 14% of covered payroll.

The Health Care Preservation Plan ("HCPP") adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased January 1 of each year 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

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:

	2010	2009
AMP	$ 10,785,315	$ 10,456,214
Ohio Municipal Electric Generation Agency Joint Venture 1	65,486	61,120
Ohio Municipal Electric Generation Agency Joint Venture 2	420,501	398,047
Ohio Municipal Electric Generation Agency Joint Venture 4	23,730	27,196
Ohio Municipal Electric Generation Agency Joint Venture 5	887,798	867,584
Ohio Municipal Electric Generation Agency Joint Venture 6	71,696	67,409
Ohio Municipal Electric Association	368,321	341,260
Ohio Public Power Educational Institute	165,239	134,887
AMP Members	3,363,822	5,174,883
Totals	$ 16,151,908	$ 17,528,600

At December 31, 2010 and 2009, MESA had receivables from affiliates of $1,470,038 and $1,302,017, respectively. At December 31, 2010 and 2009, MESA had a receivable from members of AMP of $511,045 and $1,018,335, respectively. At December 31, 2010 and 2009, MESA had a payable to AMP for $491,895 and $253,576, respectively.

BAKER TILLY

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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, 2010, and have issued our report thereon dated March 17, 2011. 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 considered MESA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described below to be a material weakness.

Municipal energy Services Agency
Board of Participants

Finding 1: Internal Control Over Financial Reporting

Criteria: Statement on Auditing Standards (SAS) No. 115 requires auditors to report a material weakness if MESA is not able to prepare a complete set of financial statements or has material adjusting journal entries.

Condition: For the 2010 audit, the auditors prepared the annual financial statements for MESA.

Cause: Due to staffing and financial limitations, MESA chooses to contract with the auditors to prepare the annual financial statements.

Effect: Presentation of the annual financial statements of MESA in accordance with generally accepted accounting principles are not available until they are completed by the auditors.

Recommendation: MESA should consider additional internal controls or other procedures to strengthen controls over the financial reporting process.

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.*

We noted certain matters that we reported to management of MESA in a separate letter dated March 17, 2011.

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
March 17, 2011

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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
JUNE 7, 2011