

CITY OF HAMILTON!
OHIO -- ELECTRIC
SYSTEM

*Financial Statements for the Years Ended
December 31, 2000 and 1999 and
Independent Auditors' Report*



STATE OF OHIO
OFFICE OF THE AUDITOR

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Members of City Council
City of Hamilton

We have reviewed the Independent Auditor's Report of the City of Hamilton - Electric System, Butler County, prepared by Deloitte & Touche LLP for the audit period January 1, 2000 through December 31, 2000. Based upon this review, we have accepted this report 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 City of Hamilton is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

July 6, 2001

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INDEPENDENT AUDITORS' REPORT

Honorable City Council
City of Hamilton! Ohio and
Jim Petro, Auditor of State of Ohio

We have audited the accompanying balance sheets of the City of Hamilton! Ohio -- Electric System (Electric System) as of December 31, 2000 and 1999, and the related statements of operations and changes in retained earnings (deficit), and of cash flows for the years then ended. These financial statements are the responsibility of the City of Hamilton'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. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements referred to above present only the Electric System of the City of Hamilton! Ohio and are not intended to present the financial position and results of operations and the cash flows of the proprietary fund types of the City of Hamilton! Ohio in accordance with accounting principles generally accepted in the United States of America.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Electric System at December 31, 2000 and 1999, and the results of that fund's operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

May 25, 2001

CITY OF HAMILTON! OHIO -- ELECTRIC SYSTEM

BALANCE SHEETS DECEMBER 31, 2000 AND 1999

ASSETS	2000	1999	LIABILITIES AND FUND BALANCES	2000	1999
CURRENT ASSETS:					
Cash and cash equivalents	\$ 1,373,136	\$ 742,323	CURRENT LIABILITIES:		
Investments	8,009,478	11,265,862	Long-term debt due within one year	\$ 3,775,000	\$ 3,590,000
Current portion of restricted assets - Investments	6,364,645	6,322,040	Accounts payable	2,785,521	1,962,422
Accounts receivable (less allowance for uncollectible accounts of \$2,548,000 in 2000 and \$2,274,000 in 1999)	7,299,475	6,146,501	Interest payable	2,589,645	2,732,040
Inventories	899,779	1,170,523	Accrued payroll	264,048	262,874
Prepaid expenses	560,781	546,953	Customer deposits	291,135	269,651
Total current assets	<u>24,507,294</u>	<u>26,194,202</u>	Due to other City funds	771,390	771,390
			Notes payable	900,000	6,400,000
			Total current liabilities	<u>11,376,739</u>	<u>15,988,377</u>
			LONG-TERM DEBT	<u>190,663,680</u>	<u>194,112,156</u>
RESTRICTED ASSETS:					
Cash and cash equivalents	1,737,893	70,486	OTHER LONG-TERM OBLIGATIONS -		
Investments	14,448,332	15,923,549	Accrued sick leave	1,845,644	1,887,761
Total restricted assets	<u>16,186,225</u>	<u>15,994,035</u>	FUND BALANCE:		
ELECTRIC UTILITY PLANT:					
Land	1,537,894	1,537,894	Contributed capital	6,613,567	6,787,608
Buildings and improvements	14,403,161	14,482,832	Retained earnings (deficit)	(1,647,604)	(1,337,852)
Machinery and equipment	314,164,237	312,798,156	Total	4,965,963	5,449,756
Accumulated depreciation	330,105,292	328,818,882			
	(166,802,879)	(157,124,374)			
	<u>163,302,413</u>	<u>171,694,508</u>			
Construction in progress	2,947,553	1,529,101			
Net electric utility plant	<u>166,249,966</u>	<u>173,223,609</u>			
BOND ISSUANCE COSTS					
	1,908,541	2,026,204			
TOTAL	<u>\$208,852,026</u>	<u>\$217,438,050</u>	TOTAL	<u>\$208,852,026</u>	<u>\$217,438,050</u>

See notes to financial statements.

CITY OF HAMILTON! OHIO -- ELECTRIC SYSTEM

STATEMENTS OF OPERATIONS AND CHANGES IN ACCUMULATED DEFICIT FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	2000	1999
OPERATING REVENUES	<u>\$ 48,119,925</u>	<u>\$44,109,645</u>
OPERATING EXPENSES:		
Purchased electricity	13,641,760	11,299,369
Personal services	7,239,276	7,874,855
Contractual services	3,449,650	3,631,556
Materials and supplies	1,099,137	1,028,195
Other operating expenses	2,725,049	5,013,592
Depreciation	9,980,219	9,848,430
Total operating expenses	<u>38,135,091</u>	<u>38,695,997</u>
OPERATING INCOME	<u>9,984,834</u>	<u>5,413,648</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest income	2,135,608	2,163,006
Change in unrealized gains (losses) on investments	616,473	(722,458)
Interest expense	(12,812,986)	(13,206,930)
Loss on disposal of fixed assets	(407,722)	-
Total non-operating revenues (expenses)	<u>(10,468,627)</u>	<u>(11,766,382)</u>
NET LOSS	<u>(483,793)</u>	<u>(6,352,734)</u>
ADD: DEPRECIATION ON FIXED ASSETS, DONATED OR ACQUIRED BY USE OF GRANT FUNDS, INCLUDED IN CONTRIBUTED CAPITAL	174,041	174,041
ACCUMULATED (DEFICIT) RETAINED EARNINGS, Beginning of year	<u>(1,337,852)</u>	<u>4,840,841</u>
ACCUMULATED DEFICIT, End of year	<u>\$ (1,647,604)</u>	<u>\$ (1,337,852)</u>

See notes to financial statements.

CITY OF HAMILTON! OHIO -- ELECTRIC SYSTEM

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	\$ 9,984,834	\$ 5,413,648
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	9,980,219	9,848,430
Changes in assets and liabilities:		
Accounts receivable	(1,207,534)	(564,018)
Inventories	270,744	290,900
Prepaid expenses	(13,828)	(233,590)
Accrued payroll	1,174	(565,224)
Accounts payable	978,053	71,788
Accrued liabilities and sick leave	(42,117)	(78,786)
Customer deposits	21,484	211,989
Net cash provided by operating activities	<u>19,973,029</u>	<u>14,395,137</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	-	(418,711)
Sale of investments	5,305,470	2,424,536
Interest from investments	<u>2,190,167</u>	<u>2,111,498</u>
Net cash provided by investing activities	<u>7,495,637</u>	<u>4,117,323</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from issuance of notes payable	6,400,000	6,400,000
Principal payments on notes payable	(11,900,000)	(6,400,000)
Principal payments on long-term debt and short-term debt	(3,590,000)	(3,415,000)
Additions to electric utility plant	(3,569,252)	(2,771,866)
Interest on debt	<u>(12,511,194)</u>	<u>(12,634,628)</u>
Net cash used in capital and related financing activities	<u>(25,170,446)</u>	<u>(18,821,494)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,298,220	(309,034)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>812,809</u>	<u>1,121,843</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 3,111,029</u>	<u>\$ 812,809</u>

SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

At December 31, 2000 and 1999, Electric System had outstanding liabilities of \$340,664 and \$495,618, respectively, included in accounts payable for the purchase of certain capital assets.

See notes to financial statements.

CITY OF HAMILTON! OHIO -- ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity - The City of Hamilton! Ohio -- Electric System (Electric System) is a utility operating as a separate enterprise fund of the City of Hamilton! Ohio (City). The Electric System is controlled by and is dependent on the City's executive and legislative branches. Control by or dependence on the City is determined on the basis of outstanding debt secured by revenues.

Electric Utility Plant - Expenditures which increase values or extend the useful life of the respective assets are capitalized while the costs of maintenance and repairs are charged to operating expenses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the various classes of assets. The range of useful lives for computing depreciation is 10 to 40 years.

Inventories - Inventories are stated at the lower of cost or market based on a moving-average cost method.

Cash and Investments - Certain Electric System cash and investments are held in the City Treasury and pooled for investment management purposes. The portion of these pooled funds owned by the Electric System is reported as either cash and cash equivalents or investments, as appropriate. The Electric System's investments are stated at market. Interest earned on funds invested is distributed on the basis of the relationship of the average monthly balance of all funds, including the Electric System. The City Treasury includes \$666,815 (2000) and \$1,051,046 (1999) of securities issued by the City. Based on the percentage of the Electric System's ownership of these funds, the Electric System owns approximately \$143,000 and \$224,000 of City securities at December 31, 2000 and 1999.

Bond Discounts and Issuance Costs - Unamortized bond discounts and issuance costs are amortized on the interest method over the term of the related bonds. Amortization of bond discounts and issuance costs amounted to \$326,524 and \$117,663, respectively in 2000 and \$309,788 and \$111,633, respectively, in 1999.

Income Taxes - The Electric System, which is owned and operated by the City, is exempt from income taxes since it is a division of a municipality.

Cash and Cash Equivalents - The Electric System considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Contributed Capital - Contributed capital consists of fixed assets donated or acquired from restricted grants and is recorded at fair market value at the date received. Depreciation on contributed fixed assets is charged to contributed capital.

Measurement Focus, Basis of Accounting and Basis of Presentation - The financial statements are prepared in accordance with standards promulgated by the Governmental Accounting Standards Board (GASB). These standards include the effective pronouncements of the National Council on Governmental Accounting and the American Institute of Certified Public Accountants which are

considered to be “generally accepted accounting principles” for state and local entities, until they are altered, amended, supplemented, revoked or superseded by a subsequent GASB pronouncement. The Electric System has elected only to apply only Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Use of Estimates - The preparation of the 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.

Reclassifications - Certain reclassifications have been made to the 1999 balances to make them consistent with the classification used in 2000.

2. ACCOUNTS RECEIVABLE

	December 31,	
	2000	1999
Earned and unbilled consumer accounts	\$2,516,440	\$2,518,232
Earned and billed consumer accounts	5,611,771	5,220,411
Other	1,719,264	681,858
Less allowance for uncollectible accounts	<u>(2,548,000)</u>	<u>(2,274,000)</u>
Total	<u>\$7,299,475</u>	<u>\$6,146,501</u>

3. CASH AND INVESTMENTS

The Electric System follows the practice of pooling cash and investments with the City Treasurer except for the cash and investments of certain accounts maintained by trustees. Pooled cash and investments totaled \$9,382,614 at December 31, 2000 and consisted of demand deposits, money market funds and government securities.

Deposits - The carrying amount of the Electric System’s deposits at December 31, 2000 was \$238,078 and the corresponding depository balance was \$251,162. The difference between the carrying amount and the depository balance is due to outstanding checks and deposits in transit. Of the deposit balance, collateralization was as follows: \$17,724 by Federal depository insurance and the remaining \$233,438 was uninsured and uncollateralized as defined by *the Governmental Accounting Standards Board*. The uncollateralized deposits were, however, covered by a pledged collateral pool not held in the City’s name, as permitted under Ohio law.

Investments - The State of Ohio statutes, Electric revenue bond indentures, and the City Charter authorize the City to invest in obligations of the U.S. Treasury, agencies, instrumentalities, and repurchase agreements.

The Electric System's investments are categorized as either (1) insured or registered, or securities held by the City or its agent in the City's name; or (2) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name; or (3) uninsured and unregistered with securities held by the counterparty or its trust department or agent but not in the City's name.

	Categories		Total Market/Carrying Value
	1	3	
Investments:			
Categorized investments:			
Pooled investments held by City Treasurer	\$ 8,009,478	N/A	\$ 8,009,478
Investment held in Trust:			
U.S. Government Securities	N/A	\$20,817,977	20,812,977
Total categorized investments	8,009,478	20,812,977	28,822,455
Non-Categorized investments:			
STAR Ohio pooled, held by City Treasurer	N/A	N/A	2,872,951
Total investments	<u>\$ 8,009,478</u>	<u>\$20,812,977</u>	<u>\$ 31,695,406</u>

Reconciliation of Cash, Cash Equivalents and Investments - The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Repurchase agreements and STAR Ohio are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and cash equivalents and investments on the financial statements and the classifications of this note are as follows:

	Cash and Cash Equivalents	Investments
Per Balance Sheet	\$ 3,111,029	\$28,822,455
Investments:		
STAR Ohio	(2,872,951)	2,872,951
Per GASB Statement No. 3	<u>\$ 238,078</u>	<u>\$31,695,406</u>

4. RESTRICTED ASSETS

Restricted assets consist of Electric System assets whose use has been restricted by bond indenture, City Charter or City Council ordinance for debt service or electric rate stabilization. Restrictions and related assets are as follows:

	December 31,	
	2000	1999
Debt service	\$ 2,678,926	\$ 2,631,955
Reserve for debt service	15,879,434	15,748,875
Electric rate stabilization	<u>3,992,510</u>	<u>3,935,245</u>
Total	<u>\$22,550,870</u>	<u>\$22,316,075</u>

5. NOTES PAYABLE

Notes payable with interest at 5.0% was retired in March 2001.

6. LONG-TERM DEBT

Long-term debt consists of the following:

	December 31,	
	2000	1999
1992 Electric System Mortgage Revenue Refunding Bond Series A, due serially through 2023 with interest from 3% to 6% per annum, net of unamortized discount of \$4,645,732 in 2000 and \$5,433,910 in 1999	\$ 170,554,268	\$ 173,845,658
1992 Electric System Mortgage Revenue Bond Series B, due serially through 2025, with interest at 6.3% per annum, net of unamortized discount of \$650,588 in 2000 and \$678,502 in 1999	<u>23,884,412</u>	<u>23,856,498</u>
Total	194,438,680	197,702,156
Less current portion	<u>(3,775,000)</u>	<u>(3,590,000)</u>
Total	<u>\$ 190,663,680</u>	<u>\$ 194,112,156</u>

All property and revenue of the Electric System facilities have been pledged as collateral on the indebtedness.

Under the terms of the revenue bond indenture, the City has agreed to certain covenants including, among other things, maintaining revenue levels and providing for operating expenses and debt service. The Series A and Series B bonds are insured under municipal bond insurance policies. Under the terms of the policies, the payments of principal and interest are guaranteed by the insurer.

Maturities of long-term debt at December 31, 2000 for the five succeeding years are \$3,775,000 for 2001; \$3,980,000 for 2002; \$4,200,000 for 2003; \$4,440,000 for 2004; and \$4,695,000 for 2005.

7. DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

All of the City's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans. The following information was provided by the Public Employee Retirement System of Ohio (the "PERS") to assist the City in complying with GASB Statement No. 27, "*Accounting for Pensions by State and Local Government Employers.*"

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in the PERS, a cost-sharing multiple employer defined benefit pension plan. The PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. PERS issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees contribute 8.5% of their annual compensation. The PERS Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20% for state and local divisions. The employer contribution rate for 2000 was 10.84% of covered payroll; 6.54% was the portion used to fund pension obligations and 4.30% was used to fund health care for 2000. The 1999 and 1998 employer contribution rates were 13.55%. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The Electric System's contributions to PERS for the years ending December 31, 2000, 1999, and 1998, were \$462,000, \$479,000 and \$484,000, respectively, equal to the required contributions for each year.

The PERS of Ohio provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the PERS of Ohio is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 2000 employer contribution rate (identified above) that was used to fund health care for the year 2000 was 4.3% of covered payroll which amounted to \$185,000.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the PERS of Ohio's latest actuarial review performed as of December 31, 1999. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 1999 was 7.75%. An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%. Health care costs were assumed to increase 4.75% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 401,339. The actuarial value of the PERS of Ohio net assets available for OPEB at

December 31, 1999 is \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively.

8. CONTINGENT LIABILITIES

Various claims and lawsuits are pending against the City involving the Electric System. With the possible exception described in the following paragraph, the City believes that the ultimate disposition of such claims and lawsuits will not have a material adverse effect on the financial position of the Electric System.

The City is party to certain litigations with Butler County over matters relating to the contract under which the City sells surplus water the County. The County's claims include allegations of improper allocation of certain general and administrative charges of the City and expenses of the City's four utility systems. The City believes that its allocations have been proper. Should the County prevail, however, the City is not able, at this stage in the litigation's, to determine whether the consequences to the Electric System could be material.

9. RELATED PARTY TRANSACTIONS

Under an arrangement with the City, the Electric System provides street lighting and traffic light services to the City, without charge. Street and traffic light facilities used approximately 10,000,000 kilowatt-hours of electrical energy in 2000 and 1999, at an estimated operating cost of approximately \$500,000 per year.

The City's Gas System provides gas to the Electric System for use in the generation of electricity. Gas costs of \$1,107,000 and \$1,414,000 paid to the Gas System are included in materials and supplies expense in 2000 and 1999, respectively.

The Electric System sells electricity to the City's Water and Wastewater Systems. Included in revenues are sales to the Water System of approximately \$623,000 in 2000 and \$619,000 in 1999; and sales to the Wastewater System of approximately \$487,000 and \$480,400 in 2000 and 1999, respectively.

The net amount due to other City funds was \$763,367 at December 31, 2000 and 1999.

The Electric System is allocated from the City a portion of the City's administrative cost. In addition, it was charged expenses by the City's internal service funds which provide services to various City departments. Total expenses for these items were \$5,320,000 in 2000 and \$5,419,000 in 1999 and are included in other operating expenses.

10. CONTRACTUAL COMMITMENTS

As of December 31, 2000, the City had contractual commitments of approximately \$3,335,000 related to property, plant and equipment improvements and additions, as well as various other contracts and agreements to provide or receive services related to operations of the City.

11. AMP OHIO INC. – OMEGA JV2 PROJECT

In December, 2000, the City became a part of the OMEGA (Ohio Municipal Energy Generation Association) JV2 Project. The OMEGA JV2 project is a joint venture among the City of Hamilton and 35 other participating municipalities created under the auspices of the Ohio Constitution Section XVIII,

Sections 3 and 4 and Ohio Revised Code Section 715.02. All of the participating communities are members of AMP-OHIO, Inc. and the project was created, sponsored and continues to be managed by that non-profit corporation. The purpose of the joint venture is to create distributive generation among the participating members allowing for increased electric production capacity during peak demand. The degree of control share, which is 23.87% for the City (a non-majority voting position). Project share is equal to the amount of distributive generation capacity afforded by each of the members. Membership in the joint venture is defined as financing or non-financing participant, as well as one of purchasing participant, for which the City qualifies as a financing, purchasing participant. As a financing participant, the City makes payments to OMEGA JV2. During the year ended December 31, 2000, the City made no such payments but they are due again in February, 2001.

Dated January 1, 2001, the joint venture issued \$50,260,000 of Distributive Generation Bonds, supported by financing participant payments. The issuance of the bonds retired \$50,000,000 of AMP-OHIO Inc's Distributive Generation Notes, financing the remaining un-funded portion of the project and pay issuance costs. The Bonds do not represent an obligation on behalf of the financing participants to levy or pledge any for ox taxation nor any mortgage on or interest in the Project or the City's electric system or fund.. The City also purchases power from the joint venture on an as need basis.

OMEGA JV2 is not accumulating significant financial resources or experiencing fiscal stress which could cause additional financial benefit or burden on the City. The City made no payments to the joint venture during the year ended December 31, 2000. The continued existence of OMEGA JV2 is dependant upon the City's continued participation but the City, as a participant purchaser participant, does not have an equity interest in OMEGA JV2.

* * * * *



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CITY OF HAMILTON ELECTRIC SYSTEM

BUTLER 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
JULY 31, 2001**