OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 1

FINANCIAL STATEMENTS
Including Independent Auditors' Report

Years Ended December 31, 2012 and 2011

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

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 Auditor's Report* of the Ohio Municipal Electric Generation Agency Joint Ventures 1, 2, 4, 5, 6 and Municipal Energy Services Agency, Franklin County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2012 through December 31, 2012. 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 29, 2013

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Ohio Municipal Electric Generation Agency Joint Venture 1 ("OMEGA JV1"), which comprise the statements of net position as of December 31, 2012 and 2011, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

one east fourth street, ste. 1200
cincinnati, oh 45202

www.cshco.com
p. 513.241.3111
f. 513.241.1212

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ohio Municipal Electric Generation Agency Joint Venture 1 as of December 31, 2012 and 2011, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2013 on our consideration of OMEGA JV1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OMEGA JV1's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 17, 2013

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 1

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012, 2011 and 2010
(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, 2012 and 2011. 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 position; the statements of revenues, expenses and changes in net position; and the statements of cash flows.

The statements of net position 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 position 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 and investing activities.

Financial Highlights

The following table summarizes the financial position of OMEGA JV1 as of December 31:

Condensed Statements of Net Position

	2012	2011	2010
Assets			
Electric plant, net of accumulated depreciation	$ 191,909	$ 227,325	$ 251,505
Board designated funds	71,199	76,977	76,642
Regulatory assets	72,340	62,539	57,861
Current assets	181,017	191,313	182,736
Total Assets	$ 516,465	$ 558,154	$ 568,744
Net Position and Liabilities			
Net investment in capital assets	$ 191,909	$ 227,325	$ 251,505
Net position - unrestricted	231,517	237,404	221,979
Total net position	423,426	464,729	473,484
Current liabilities	21,840	16,448	18,618
Noncurrent liabilities	71,199	76,977	76,642
Total Net Position and Liabilities	$ 516,465	$ 558,154	$ 568,744

2012 vs. 2011

Total assets were $516,465 and $558,154 as of December 31, 2012 and December 31 2011, respectively, a decrease of $41,689. The decrease in 2012 total assets is due primarily to an increase in accumulated depreciation.

> Electric plant, net of accumulated depreciation was $191,909 and $227,325 at year-end 2012 and 2011, respectively, a decrease of $35,416. The decrease was primarily the result of a decrease in ARO asset values of $12,691 and an increase in accumulated depreciation of $22,725. The cost associated with the asset retirement obligation included in the cost of electric plant for 2012 was $27,718, versus $40,409 in 2011. ARO obligations for OMEGA JV1 were prepared by an independent engineering consultant.
>
> Regulatory assets were $72,340 and $62,539 at December 31, 2012 and December 31, 2011, respectively, an increase of $9,801. Regulatory assets contain amounts deferred for ARO expenses. These deferred amounts are recorded in the statements of revenues, expenses and changes in net position as the corresponding expense is realized.
>
> Current assets were $181,017 and $191,313 at December 31, 2012 and December 31, 2011, respectively, a decrease of $10,296. Compared to 2011 levels, cash and temporary investments and accrued interest receivable increased $4,131, accounts receivable decreased $3,253, inventory decreased $11,678, and prepaid assets increased $504.

Total net position and liabilities were $516,465 and $558,154 as of December 31, 2012 and December 31, 2011, respectively, a decrease of $41,689.

> Total net position was $423,426 and $464,729 at December 31, 2012 and December 31, 2011, respectively, a decrease of $41,303, which resulted from the 2012 net loss. Net investment in capital assets was $191,909 and $227,325 at December 31, 2012 and December 31, 2011, respectively, a decrease of $35,416. This decrease resulted from the decrease in electric plant, net of depreciation explained above. Unrestricted net position was $231,517 and $237,404 at December 31, 2012 and December 31, 2011, respectively, a decrease of $5,887.
>
> Current liabilities were $21,840 and $16,448 at December 31, 2012 and December 31, 2011, respectively, an increase of $5,392. This resulted from an increase in accounts payable of $1,498 and an increase in payables to related parties of $4,014 and a decrease in accruals of $120.
>
> Noncurrent liabilities were $71,199 and $76,977 as of December 31, 2012 December 31, 2011, respectively, a decrease of $5,778. This decrease was due to the decrease in the net present value of estimated ARO obligations for the project, based on an independent analysis performed by an engineering firm hired by the project.

2011 vs. 2010

Total assets were $558,154 and $568,744 as of December 31, 2011 and December 31 2010, respectively, a decrease of $10,590. The decrease in 2011 total assets is due primarily to a decrease in cash and an increase in accumulated depreciation.

Electric plant, net of accumulated depreciation was $227,325 and $251,505 at year-end 2011 and 2010, respectively, a decrease of $24,180. The decrease was primarily the result of a decrease in ARO asset values of $1,213 and an increase in accumulated depreciation of $22,967. The cost associated with the asset retirement obligation included in the cost of electric plant for 2011 was $40,409, versus $41,622 in 2010. ARO obligations for OMEGA JV1 were prepared internally.

Regulatory assets were $62,539 and $57,861 at December 31, 2011 and December 31, 2010, respectively, an increase of $4,678. Regulatory assets contain amounts deferred for ARO expenses. These deferred amounts are recorded in the statements of revenues, expenses and changes in net position as the corresponding expense is realized.

Current assets were $191,313 and $182,736 at December 31, 2011 and December 31, 2010, respectively, an increase of $8,577. Compared to 2010 levels, cash and temporary investments and accrued interest receivable decreased $16,125, accounts receivable increased $9,317, inventory increased $18,169, and prepaid assets decreased $2,784.

Total net position and liabilities were $558,154 and $568,744 as of December 31, 2011 and December 31, 2010, respectively, a decrease of $10,590.

Total net position was $464,729 and $473,484 at December 31, 2011 and December 31, 2010, respectively, a decrease of $8,755, which resulted from the 2011 net loss. Net investment in capital assets was $227,325 and $251,505 at December 31, 2011 and December 31, 2010, respectively, a decrease of $24,180. This decrease resulted from the decrease in electric plant, net of depreciation. Unrestricted net position was $237,404 and $221,979 at December 31, 2011 and December 31, 2010, respectively, an increase of $15,425.

Current liabilities were $16,448 and $18,618 at December 31, 2011 and December 31, 2010, respectively, a decrease of $2,170. This resulted from a decrease in accounts payable of $2,680 and increases in payables to related parties of $386 and accruals of $124.

Noncurrent liabilities were $76,977 and $76,642 as of December 31, 2011 and December 31, 2010, respectively, an increase of $335. This increase was due to the increase in the net present value of estimated ARO obligations for the project, based on an internal analysis.

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

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2012	2011	2010
Operating revenues	$ 208,132	$ 192,105	$ 150,331
Operating expenses	255,149	207,033	166,627
Operating Loss	(47,017)	(14,928)	(16,296)
Nonoperating revenue			
Investment income	171	403	730
Future recoverable costs	5,543	5,770	2,438
Nonoperating Revenue	5,714	6,173	3,168
Change in Net Position	$ (41,303)	$ (8,755)	$ (13,128)

Operating results

Electric revenues in 2012 were $208,132 versus $192,105 in 2011 which is an increase of $16,027. Electric revenues in 2011 were $192,105 versus $150,331 in 2010 which is an increase of $41,774. 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.

Operating expenses in 2012 were $255,149 versus $207,033 in 2011 which is an increase of $48,116. The increase in operating expenses in 2012 is due to increases in related party services, fuel, maintenance and professional services, which were partially offset by decreases in utilities and insurance. Operating expenses in 2011 were $207,033 versus $166,627 in 2010 which is an increase of $40,406. The increase in operating expenses in 2011 is due to increases in related party services, fuel, insurance, ARO depreciation expense and professional services, which were partially offset by decreases in maintenance and ARO accretion expense.

Investment income in 2012 was $171 versus $403 in 2011 which is a decrease of $232. Investment income in 2011 was $403 versus $730 in 2010 which is a decrease of $327. Investment income for OMEGA JV1 is interest earned on checking account balances and short term investments.

There were no distributions to participants of OMEGA JV1 in 2012 or 2011.

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 POSITION
December 31, 2012 and 2011

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	$ 131,015	$ 126,880
Receivables from participants	8,841	12,094
Accrued interest receivable	-	4
Inventory	36,324	48,002
Prepaid expenses	4,837	4,333
Total Current Assets	181,017	191,313
NON-CURRENT ASSETS		
Electric Plant		
Electric generators	514,031	526,722
Fuel tank	35,000	35,000
Accumulated depreciation	(357,122)	(334,397)
Other Assets		
Board designated funds	71,199	76,977
Regulatory assets	72,340	62,539
Total Non-Current Assets	335,448	366,841
TOTAL ASSETS	$ 516,465	$ 558,154
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 11,245	$ 9,867
Payable to related parties	10,595	6,581
Total Current Liabilities	21,840	16,448
NONCURRENT LIABILITIES		
Asset retirement obligation	71,199	76,977
Total Noncurrent Liabilities	71,199	76,977
Total Liabilities	93,039	93,425
NET POSITION		
Net investment in capital assets	191,909	227,325
Unrestricted	231,517	237,404
Total Net Position	423,426	464,729
TOTAL LIABILITIES AND NET POSITION	$ 516,465	$ 558,154

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 1

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2012 and 2011

	2012	2011
OPERATING REVENUES		
Electric revenue	$ 208,132	$ 192,105
OPERATING EXPENSES		
Related party services	112,996	82,905
Depreciation	22,725	22,967
Accretion of asset retirement obligation	2,656	2,640
Fuel	55,852	39,826
Maintenance	24,589	8,695
Utilities	-	9,907
Insurance	22,037	24,797
Professional services	12,717	12,231
Other operating expenses	1,577	3,065
Total Operating Expenses	255,149	207,033
Operating Loss	(47,017)	(14,928)
NON-OPERATING REVENUES		
Investment income	171	403
Future recoverable costs	5,543	5,770
Total Non-Operating Revenues	5,714	6,173
Change in net position	(41,303)	(8,755)
NET POSITION, Beginning of Year	464,729	473,484
NET POSITION, END OF YEAR	$ 423,426	$ 464,729

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 1

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants	$ 211,385	$ 182,788
Cash paid to related parties for personnel services	(108,982)	(82,519)
Cash payments to suppliers and related parties for goods and services	(104,224)	(116,462)
Net Cash Used in Operating Activities	(1,817)	(16,193)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased	-	(35,416)
Investments sold and matured	35,415	35,351
Investment income received	175	404
Net Cash Provided by Investing Activities	35,590	339
Net Change in Cash and Cash Equivalents	33,773	(15,854)
CASH AND CASH EQUIVALENTS, Beginning of Year	168,441	184,295
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 202,214	$ 168,441

	2012	2011
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	$ (47,017)	$ (14,928)
Depreciation	22,725	22,967
Accretion of asset retirement obligation	2,656	2,640
Changes in assets and liabilities		
Receivables from participants	3,253	(9,317)
Inventory	11,678	(18,169)
Prepaid expenses	(504)	2,784
Accounts payable and accrued expenses	1,378	(2,556)
Payable to related parties	4,014	386
NET CASH USED IN OPERATING ACTIVITIES	$ (1,817)	$ (16,193)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Cash and temporary investments	$ 131,015	$ 126,880
Board designated funds	71,199	76,977
Less: Noncash equivalents	-	(35,416)
TOTAL CASH AND CASH EQUIVALENTS	$ 202,214	$ 168,441
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in cost of plant due to change in estimated asset retirement obligation	$ 12,691	$ 1,213

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.

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 POSITION

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 POSITION (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 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 FASB ASC 980-410-25, 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:

	2012	2011
Deferral of expenses related to asset retirement obligations	$ 72,340	$ 62,539

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

ASSETS, LIABILITIES AND NET POSITION (cont.)

Net Position

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.

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,		
	2012	2011	Risks
Checking	$ 202,214	$ 145,786	Custodial credit
Certificate of Deposit	-	35,416	Custodial credit
Government Money Market Mutual Fund	-	22,655	Interest rate, credit
Totals	$ 202,214	$ 203,857	

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, 2012 and 2011.

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, 2012 and 2011, 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, 2012 OMEGA JV1 had no investments with credit risk. As of December 31, 2011, 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, 2012, OMEGA JV1 had no investments with interest rate risk. As of December 31, 2011, OMEGA JV1's investments were as follows:

Investment Type	**Fair Value**	**Weighted Average Maturity (Days)**
Government Money Market Mutual Fund	$ 22,655	36

NOTE 3 – ELECTRIC PLANT

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

	2012			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric generators	$ 526,722	$ -	$ (12,691)	$ 514,031
Fuel tank	35,000	-	-	35,000
Total Electric Plant in Service	561,722	-	(12,691)	549,031
Less: Accumulated depreciation	(334,397)	(22,725)	-	(357,122)
Electric Plant, Net	$ 227,325	$ (22,725)	$ (12,691)	$ 191,909

	2011			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric generators	$ 527,935	$ -	$ (1,213)	$ 526,722
Fuel tank	35,000	-	-	35,000
Total Electric Plant in Service	562,935	-	(1,213)	561,722
Less: Accumulated depreciation	(311,430)	(22,967)	-	(334,397)
Electric Plant, Net	$ 251,505	$ (22,967)	$ (1,213)	$ 227,325

During 2012 and 2011, 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:

	2012			
	Beginning Balance	Accretion Expense	Change in Estimate	Ending Balance
Asset retirement obligation	$ 76,977	$ 2,656	$ (8,434)	$ 71,199

	2011			
	Beginning Balance	Accretion Expense	Change in Estimate	Ending Balance
Asset retirement obligation	$ 76,642	$ 2,640	$ (2,305)	$ 76,977

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 2012 and 2011.

NOTE 5 – NET POSITION

GASB No. 63 requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position 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 net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position 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 - The component of net position consist of net position that does not meet the definition of "restricted" or "net investment in capital assets."

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 investment in capital assets:

	2012	2011
Plant in service	$ 549,031	$ 561,722
Accumulated depreciation	(357,122)	(334,397)
Total Net Investment in Capital Assets	$ 191,909	$ 227,325

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.

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 $0 and $9 at December 31, 2012 and 2011, 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 $99,284 and $72,450 for the years ended December 31, 2012 and 2011, respectively. OMEGA JV1 had a payable to MESA for $9,611 and $5,484 at December 31, 2012 and 2011, respectively.

- OMEGA JV1 uses the Energy Control Center for dispatching electrical control. OMEGA JV1 had a payable to the Energy Control Center for $984 and $1,088 at December 31, 2012 and 2011, respectively. The expenses related to dispatching electrical control were $13,712 and $10,455 for the years ended December 31, 2012 and 2011, 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 $0 and $9,907 for the years ended December 31, 2012 and 2011, 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.

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*

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with the 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, the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 1 ("OMEGA JV1"), which comprise the statement of net position as of December 31, 2012 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered OMEGA JV1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OMEGA JV1's internal control. Accordingly, we do not express an opinion on the effectiveness of OMEGA JV1's internal control.

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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

one east fourth street, ste. 1200
cincinnati, oh 45202

www.cshco.com
p. 513.241.3111
f. 513.241.1212

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 17, 2013

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 2

FINANCIAL STATEMENTS
Including Independent Auditors' Report

Years Ended December 31, 2012 and 2011

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Ohio Municipal Electric Generation Agency Joint Venture 2 ("OMEGA JV2"), which comprise the statements of net position as of December 31, 2012 and 2011, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ohio Municipal Electric Generation Agency Joint Venture 2 as of December 31, 2012 and 2011, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2013 on our consideration of OMEGA JV2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OMEGA JV2's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 17, 2013

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012, 2011 and 2010
(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, 2012 and 2011. 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 position; the statements of revenues, expenses and changes in net position; and the statements of cash flows.

The statements of net position 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 position 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, 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 Position

	2012	2011	2010
Assets			
Electric Plant & Equipment, net of accumulated depreciation	$ 23,293,330	$ 26,526,010	$ 28,802,481
Regulatory assets	1,359,567	1,276,791	1,179,351
Restricted assets	896,449	521,585	866,058
Board Designated Funds	1,420,860	1,859,701	1,851,614
Current assets	1,606,371	1,498,958	1,615,258
Total Assets	$ 28,576,577	$ 31,683,045	$ 34,314,762
Net Position and Liabilities			
Net investment in capital assets	$ 23,293,330	$ 26,526,010	$ 28,802,481
Net position - restricted	896,449	521,585	866,058
Net position - unrestricted	1,993,467	2,151,179	2,308,387
Total net position	26,183,246	29,198,774	31,976,926
Current liabilities	597,225	269,990	156,117
Noncurrent liabilities	1,796,106	2,214,281	2,181,719
Total Net Position and Liabilities	$ 28,576,577	$ 31,683,045	$ 34,314,762

2012 vs. 2011

Total assets were $28,576,577 and $31,683,045 on December 31, 2012 and December 31, 2011, respectively, a decrease of $3,106,468. The decrease in total assets was due primarily to a decrease in net capital assets due to depreciation.

Electric plant and equipment, net of accumulated depreciation was $23,293,330 and $26,526,010 at year-end 2012 and 2011, respectively, a decrease of $3,232,680. This decrease was the result of a $656,366 decrease in utility assets and a $2,868,554 increase in accumulated depreciation offset, in part by a decrease of $473,860 in the estimated value of Asset Retirement Obligation (ARO) assets and an increase in CIP assets of $766,100. The cost associated with the ARO included in the cost of electric plant for 2012 was $806,722 versus $1,280,582 in 2011. Estimated values of ARO obligations were prepared by an independent engineering consultant.

Regulatory assets were $1,359,567 and $1,276,791 at December 31, 2012 and 2011, respectively, an increase of $82,776. Regulatory assets contain amounts deferred for ARO expenses. These deferred amounts are recorded in the statements of revenues, expenses, and changes in net position as the corresponding expense is realized.

Restricted assets totaled $896,449 and $521,585 at December 31, 2012 and December 31, 2011, respectively. This was an increase of $374,864 and was the result of increases in cash collected from generation revenues to cover future overhaul expenses of $375,246.

Current assets were $1,606,371 and $1,498,958 as of December 31, 2012 and 2011, respectively, an increase of $107,413. In 2012, cash and temporary investments and accrued interest receivable increased $107,413, accounts receivable decreased $47,199, inventories decreased $83,758 and prepaid expenses increased $111,503 versus 2011 levels.

Total liabilities and net position were $28,576,577 and $31,683,045 as of December 31, 2012 and December 31, 2011, respectively, a decrease of $3,106,468. This decrease was primarily the result of current period losses.

Total net position was $26,183,246 and $29,198,774 as of December 31, 2012 and December 31, 2011, respectively, a decrease of $3,015,528. Net investment in capital assets was $23,293,330 and $26,526,010 at December 31, 2012 and December 31, 2011, respectively, a decrease of $3,232,680. This decrease resulted from the decrease in electric plant, net of accumulated depreciation. Restricted net position was $896,449 and $521,585 at December 31, 2012 and December 31, 2011, respectively, an increase of $374,864, reflecting the increase in cash-restricted overhaul and short term trust investments. Unrestricted net position was $1,993,467 and $2,151,179 at December 31, 2012 and December 31, 2011, respectively, a decrease of $157,712.

Noncurrent liabilities were $1,796,106 and $2,214,281 at December 31, 2012 and December 31, 2011, respectively, a decrease of $418,175. This was primarily a result of the $438,841 decrease in estimated ARO and an increase in regulatory liabilities of $20,666 versus 2011 levels. AROs were estimated to be $1,420,860 and $1,859,701 at year end 2012 and 2011, respectively.

Current liabilities were $597,225 and $269,989 as of December 31, 2012 and December 31, 2011, respectively, an increase of $327,235. This increase was primarily the result of increased accounts payable obligations to third party vendors.

2011 vs. 2010

Total assets were $31,683,045 and $34,314,762 on December 31, 2011 and December 31, 2010, respectively, a decrease of $2,631,717. The decrease in total assets was due primarily to a decrease in net capital assets due to depreciation.

Electric plant and equipment, net of accumulated depreciation was $26,526,010 and $28,802,481 at year-end 2011 and 2010, respectively, a decrease of $2,276,471. This decrease was the result of a $2,894,419 increase in accumulated depreciation and a decrease of $38,418 in the estimated value of Asset Retirement Obligation (ARO) assets offset, in part, by an increase in utility assets of $656,366. The cost associated with the ARO included in the cost of electric plant for 2011 was $1,280,582 versus $1,319,000 in 2010. Estimated values of ARO obligations were prepared internally.

Regulatory assets were $1,276,791 and $1,179,351 at December 31, 2011 and 2010, respectively, an increase of $97,440. 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 $521,585 and $866,058 at December 31, 2011 and December 31, 2010, respectively. This was a decrease of $344,473 and was the result of decreases in cash collected from generation revenues to cover future overhaul expenses of $329,723 and earnings on trust investments of $14,750.

Current assets were $1,498,958 and $1,615,258 as of December 31, 2011 and 2010, respectively, a decrease of $116,300. In 2011, cash and temporary investments and accrued interest receivable decreased $190,389, accounts receivable increased $160,382, inventories decreased $46,314 and prepaid expenses decreased $40,056 versus 2010 levels.

Total liabilities and net position was $31,683,045 and $34,314,762 as of December 31, 2011 and December 31, 2010, respectively, a decrease of $2,631,717. This decrease was primarily the result of current period losses.

Total net position was $29,198,774 and $31,976,926 as of December 31, 2011 and December 31, 2010, respectively, a decrease of $2,778,152. Net investment in capital assets was $26,526,010 and $28,802,481 at December 31, 2011 and December 31, 2010, respectively, a decrease of $2,276,471. This decrease resulted from the decrease in electric plant, net of accumulated depreciation. Restricted net position was $521,585 and $866,058 at December 31, 2011 and December 31, 2010, respectively, a decrease of $344,473, reflecting the decrease in cash-restricted overhaul and short term trust investments. Unrestricted net position was $2,151,179 and $2,308,387 at December 31, 2011 and December 31, 2010, respectively, a decrease of $157,208.

Noncurrent liabilities were $2,214,281 and $2,181,719 at December 31, 2011 and December 31, 2010, respectively, an increase of $32,562. This was primarily a result of the $8,087 increase in estimated ARO and an increase in regulatory liabilities of $24,475 versus 2010 levels. AROs were estimated to be $1,859,701 and $1,851,614 at year end 2011 and 2010, respectively.

Current liabilities were $269,989 and $156,117 as of December 31, 2011 and December 31, 2010, respectively, an increase of $113,872. This increase was primarily the result of increased accounts payable obligations to third party vendors offset, in part, by decreased accruals.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2012	2011	2010
Operating revenues	$ 2,453,869	$ 2,305,361	$ 1,806,083
Operating expenses	5,903,966	5,201,771	4,412,607
Operating Loss	$ (3,450,097)	$ (2,896,410)	$ (2,606,524)
Nonoperating revenue			
Investment income	$ 2,972	$ 3,459	$ 9,844
Gain on insurance proceeds	319,680	-	-
Future recoverable costs	111,917	114,799	91,763
Non operating revenue	434,569	118,258	101,607
Loss before distributions	(3,015,528)	(2,778,152)	(2,504,917)
Contributions from participants	-	-	1,460
Change in Net Position	$ (3,015,528)	$ (2,778,152)	$ (2,503,457)

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.

Electric revenues in 2012 were $2,453,869 versus $2,305,361 in 2011, an increase of $148,508. Electric revenues in 2011 were $2,305,361 versus $1,806,083 in 2010, an increase of $499,278.

OMEGA JV2 operating expenses in 2012 were $5,903,966 versus $5,201,771 in 2011, an increase of $702,195. This increase in expenses was due to an increase in maintenance expense of $628,474, a $29,233 increase in professional services, a $140,174 increase in MESA services and a $47,748 increase in insurance offset, in part, by a $9,550 decrease in fuel, an $82,067 decrease in utilities and a $14,750 decrease in banking fees. OMEGA JV2 operating expenses in 2011 were $5,201,771 versus $4,412,607 in 2010, an increase of $789,164. This increase in expenses was due to a $498,309 increase in fuel, a $91,720 increase in utilities, a $113,166 increase in maintenance, a $90,138 increase in MESA services and a $29,733 increase in insurance offset, in part, by a $16,685 decrease in transmission and a $54,635 decrease in professional services.

Investment income in OMEGA JV2 in 2012 was $2,972 versus $3,459 in 2011, a decrease of $487. Investment income in OMEGA JV2 in 2011 was $3,459 versus $9,844 in 2010, a decrease of $6,385. 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.

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 POSITION
December 31, 2012 and 2011

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	$ 949,667	$ 822,795
Receivables from participants	167,116	214,315
Accrued interest receivable	-	5
Inventory	308,468	392,226
Prepaid expenses	181,120	69,617
Total Current Assets	1,606,371	1,498,958
NONCURRENT ASSETS		
Restricted Assets		
Restricted Cash	521,203	521,203
Overhaul fund	375,246	382
Other Assets		
Board designated funds	1,420,860	1,859,701
Regulatory assets	1,359,567	1,276,791
Electric Plant and Equipment		
Electric generators	57,453,782	58,584,008
Construction work in progress	766,100	-
Accumulated depreciation	(34,926,552)	(32,057,998)
Total Non-Current Assets	26,970,206	30,184,087
TOTAL ASSETS	$ 28,576,577	$ 31,683,045
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 515,654	$ 216,296
Payable to related parties	81,571	53,694
Total Current Liabilities	597,225	269,990
NONCURRENT LIABILITIES		
Regulatory liabilities	375,246	354,580
Asset retirement obligations	1,420,860	1,859,701
Total Noncurrent Liabilities	1,796,106	2,214,281
Total Liabilities	2,393,331	2,484,271
NET POSITION		
Net Investment in capital assets	23,293,330	26,526,010
Restricted	896,449	521,585
Unrestricted	1,993,467	2,151,179
Total Net Position	26,183,246	29,198,774
TOTAL LIABILITIES AND NET POSITION	$ 28,576,577	$ 31,683,045

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2012 and 2011

	2012	2011
OPERATING REVENUES		
Electric revenue	$ 2,453,869	$ 2,305,361
OPERATING EXPENSES		
Related party services	846,987	706,813
Depreciation	2,868,554	2,894,419
Accretion of asset retirement obligation	64,160	63,864
Fuel	557,252	566,802
Maintenance	445,757	473,649
Utilities	128,980	211,047
Insurance	274,981	227,233
Professional services	44,696	15,463
Other operating expenses	16,233	42,481
Total Operating Expenses	5,247,600	5,201,771
Operating Loss	(2,793,731)	(2,896,410)
NONOPERATING REVENUES		
Investment income	2,972	3,459
Loss on disposal of capital assets	(336,686)	-
Future recoverable costs	111,917	114,799
Total Non-Operating Revenues	(221,797)	118,258
Change in net position	(3,015,528)	(2,778,152)
NET POSITION, Beginning of Year	29,198,774	31,976,926
NET POSITION, END OF YEAR	$ 26,183,246	$ 29,198,774

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

STATEMENTS OF CASH FLOWS FOR YEARS ENDED
Years Ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants	$ 2,501,068	$ 2,144,902
Cash paid to related parties for personnel services	(819,110)	(726,682)
Cash payments to suppliers and related parties for goods and services	(1,175,620)	(1,292,088)
Net Cash Provided by Operating Activities	506,338	126,132
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(766,100)	(656,366)
Proceeds from insurance	319,680	-
Net Cash Used by Capital and Related Financing Activities	(446,420)	(656,366)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposit to overhaul fund	(374,864)	329,723
Funds held by trustee	-	535,953
Investments purchased	-	(50,000)
Transfer to restricted cash	-	(521,203)
Investments sold and matured	50,000	530,262
Investment income received	2,977	3,535
Net Cash Provided by (Used in) Investing Activities	(321,887)	828,270
Net Change in Cash and Cash Equivalents	(261,969)	298,036
CASH AND CASH EQUIVALENTS, Beginning of Year	2,632,496	2,334,460
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,370,527	$ 2,632,496

	2012	2011
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	$ (2,793,731)	$ (2,896,410)
Depreciation	2,868,554	2,894,419
Accretion of asset retirement obligation	64,160	63,864
Changes in assets and liabilities		
Receivables from participants	47,199	(160,459)
Inventory	83,758	46,314
Prepaid expenses	(111,503)	40,057
Accounts payable and accrued expenses	299,358	132,518
Payable to related parties	27,877	(18,646)
Regulatory liability	20,666	24,475
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 506,338	$ 126,132
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Cash and temporary investments	$ 949,667	$ 822,795
Restricted	521,203	521,203
Overhaul fund	375,246	382
Board designated funds	1,420,860	1,859,701
Total Cash Accounts	3,266,976	3,204,081
Less: Non-cash equivalents		
Temporary investments	-	(50,000)
Restricted	(521,203)	(521,203)
Overhaul fund	(375,246)	(382)
Total Non-cash equivalents	(896,449)	(571,585)
TOTAL CASH AND CASH EQUIVALENTS	$ 2,370,527	$ 2,632,496
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in cost of plant due to change in estimated asset retirement obligation	$ (473,860)	$ (38,418)

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.

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 POSITION

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 POSITION (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 POSITION (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, which is 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 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

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:

	2012	2011
Deferral of expenses related to asset retirement obligations	$ 1,359,567	$ 1,276,791

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

ASSETS, LIABILITIES AND NET POSITION (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 Position

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 POSITION (cont.)

Net Position (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.

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		
	2012	2011	Risks
Checking	$ 3,266,976	$ 3,132,060	Custodial credit
Certificates of Deposits	-	50,000	Custodial credit
Government Money Market Mutual Fund	-	22,021	Credit and interest rate
Totals	$ 3,266,976	$ 3,204,081	

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, 2012 and 2011.

Custodial Credit Risk

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, 2012 and 2011, 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 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 ORC. 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, 2012 OMEGA JV2 had no investments with credit risk.

As of December 31, 2011, OMEGA JV2's investments were rated as follows:

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

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. OMEGA JV2's investment policy limits the maturity of commercial paper and bankers acceptances to 180 days. As of December 31, 2012, OMEGA JV2 had no investments with interest rate risk.

As of December 31, 2011, OMEGA JV2's investments were as follows:

Investment	Weighted Average Maturity (Days)	Fair Value
Government Money Market Mutual Fund	36	$ 22,021
		$ 22,021

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 Position

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

	2012	2011
Restricted Assets		
Reserve and Contingency Fund	$ 521,203	$ 521,203
Overhaul Fund	375,246	382
Total Restricted Assets	$ 896,449	$ 521,585

NOTE 4 – ELECTRIC PLANT AND EQUIPMENT

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

	2012				
	Beginning Balance	Additions	Retirements	Change in Estimate	Ending Balance
Electric generators	$ 58,584,008	$ -	$ (656,366)	$(473,860)	$ 57,453,782
Construction Work-in-Progress	-	766,100	-	-	766,100
Total Electric Equipment and Construction Work-in-progress	58,584,008	766,100	(656,366)	(473,860)	58,219,882
Less: Accumulated depreciation	(32,057,998)	(2,868,554)	-	-	(34,926,552)
Electric Plant and Equipment, Net	$ 26,526,010	$ (2,102,454)	$ (656,366)	$(473,860)	$ 23,293,330

	2011				
	Beginning Balance	Additions	Retirements	Change in Estimate	Ending Balance
Electric generators	$ 57,966,060	$ 656,366	$ -	$ (38,418)	$ 58,584,008
Less: Accumulated depreciation	(29,163,579)	(2,894,419)	-	-	(32,057,998)
Electric Plant and Equipment, Net	$ 28,802,481	$ (2,238,053)	$ -	$ (38,418)	$ 26,526,010

During 2012 and 2011, 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:

	2012			
	Beginning Balance	Revisions to Estimate	Accretion Expense	Ending Balance
Asset retirement obligation	$ 1,859,701	$ (503,001)	$ 64,160	$ 1,420,860

	2011			
	Beginning Balance	Revisions to Estimate	Accretion Expense	Ending Balance
Asset retirement obligation	$ 1,851,614	$ (55,777)	$ 63,864	$ 1,859,701

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 2012 and 2011.

NOTE 6 – NET POSITION

GASB No. 63 requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position 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 net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position 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 POSITION (cont.)

Unrestricted net position - The component of net position that does not meet the definition of "restricted" or "net investment in capital assets."

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 investment in capital assets:

	2012	2011
Electric Plant and Equipment Assets (Including CWIP)	$ 57,413,160	$ 57,303,426
Asset Retirement Obligation	806,722	1,280,582
Accumulated Depreciation	(34,926,552)	(32,057,998)
Total Net Investment in Capital Assets	$ 23,293,330	$ 26,526,010

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.

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. 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 $214,324 and $172,383 for the years ended December 31, 2012 and 2011, respectively, and had a payable due to AMP of $20,080 and $20,112 at December 31, 2012 and 2011, 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 $632,663 and $534,429 for the years ended December 31, 2012 and 2011, respectively. OMEGA JV2 had a payable to MESA for $61,491 and $33,582 at December 31, 2012 and 2011, respectively.

- Participants with units sited in their communities provide utilities to the generating units. OMEGA JV2 incurred expenses of $128,980 and $211,047 for these services for the years ended December 31, 2012 and 2011, respectively.

NOTE 10 – Acquisition of the Project

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

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

The OMEGA JV2 Bonds were not issued by OMEGA JV2 and the financing participants make debt service payments directly to AMP. Therefore, the OMEGA JV2 Bonds are not recorded in the financial statements of OMEGA JV2.

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

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

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*

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with the 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, the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 2 ("OMEGA JV2"), which comprise the statement of net position as of December 31, 2012 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered OMEGA JV2's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OMEGA JV2's internal control. Accordingly, we do not express an opinion on the effectiveness of OMEGA JV2's internal control.

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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 17, 2013

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 4

FINANCIAL STATEMENTS
Including Independent Auditors' Report

Years Ended December 31, 2012 and 2011

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Ohio Municipal Electric Generation Agency Joint Venture 4 ("OMEGA JV4"), which comprise the statements of net position as of December 31, 2012 and 2011, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ohio Municipal Electric Generation Agency Joint Venture 4 as of December 31, 2012 and 2011, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2013 on our consideration of OMEGA JV4's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OMEGA JV4's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 17, 2013

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, 2012 and 2011. The information presented should be read in conjunction with the basic financial statements and the accompanying notes.

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

The statements of net position provide information about the nature and amount of assets and liabilities of OMEGA JV4 as of the end of the year. The statements of revenues, expenses and changes in net position 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, investing and non-capital and related financing activities.

Financial Highlights

The following table summarizes the financial position of OMEGA JV4 as of December 31:

	2012	2011	2010
Assets			
Transmission line, net of accumulated depreciation	$ 1,274,873	$ 1,373,148	$ 1,471,423
Board designated funds	150,000	100,000	50,000
Current assets	499,805	535,155	569,268
Total Assets	$ 1,924,678	$ 2,008,303	$ 2,090,691
Net Position and Liabilities			
Net investment in capital assets	$ 1,274,873	$ 1,373,148	$ 1,471,423
Net position - unrestricted	636,855	622,416	603,757
Current liabilities	12,950	12,739	15,511
Total Net Position and Liabilities	$ 1,924,678	$ 2,008,303	$ 2,090,691

2012 vs. 2011

Total assets were $1,924,678 and $2,008,303 as of December 31, 2012 and 2011, respectively, a decrease of $83,625. This decrease in 2012 total assets is due primarily to accumulated depreciation due to yearly depreciation expense, offset by an increase in cash.

> Transmission lines, net of accumulated depreciation were $1,274,873 and $1,373,148 at December 31, 2012 and 2011 respectively, a decrease of $98,275. This decrease was a result of yearly depreciation recorded.
>
> Current assets and board designated funds were $649,805 and $635,155 as of December 31, 2012 and 2011, respectively, an increase of $14,650. This increase was mainly a result of an increase in maintenance reserve of $50,000, transferred into the decommissioning fund as this is the yearly amount specifically earmarked for decommissioning of power lines. In 2012 cash and temporary investments decreased by $35,392, primarily as a result of the transfer of cash into the board designated funds, offset by collections of rates.

Total net position and liabilities were $1,924,678 and $2,008,303 as of December 31, 2012 and December 31, 2011, respectively, a decrease of $83,625.

> Total net position was $1,911,728 and $1,995,564 as of December 31, 2012 and 2011, respectively, a decrease of $83,836 which resulted from the income of $87,988 offset by distributions to participants of $172,351. Net investment in capital assets was $1,274,873 and $1,373,148 as of December 31, 2012 and 2011, respectively, which is a decrease of $98,275. The decrease resulted from decrease in utility plant assets, due to depreciation. Net position – unrestricted, was $636,855 and $622,416 as of December 31, 2012 and 2011, respectively, an increase of $14,439 due to the change in current assets and current liabilities.
>
> Current liabilities were $12,950 and $12,739 as of December 31, 2012 and 2011, respectively, an increase of $211 due to the timing of expenses paid to suppliers.

2011 vs. 2010

Total assets were $2,008,303 and $2,090,691 as of December 31, 2011 and 2010, respectively, a decrease of $82,388. This decrease in 2011 total assets is due primarily to accumulated depreciation due to yearly depreciation expense, offset by an increase in cash.

> Transmission lines, net of accumulated depreciation were $1,373,148 and $1,471,423 at December 31, 2011 and 2010 respectively, a decrease of $98,275. This decrease was a result of yearly depreciation recorded.
>
> Current assets and board designated funds were $635,155 and $619,268 as of December 31, 2011 and 2010, respectively, an increase of $15,887. This increase was mainly a result of an increase in maintenance reserve of $50,000, recorded due to money earmarked for decommissioning of power lines. In 2011 cash and temporary investments

decreased by $33,922, primarily as a result of the timing of cash paid to suppliers and investments sold, as well as cash specifically earmarked to decommission power lines.

Total net position and liabilities were $2,008,303 and $2,090,691 as of December 31, 2011 and 2010, respectively, a decrease of $82,388.

Total net position was $1,995,564 and $2,075,180 as of December 31, 2011 and 2010, respectively, a decrease of $79,616 which resulted from the operating income of $92,735 offset by distributions to participants of $172,351. Net investment in capital assets was $1,373,148 and $1,471,423 as of December 31, 2011 and 2010, respectively, which is a decrease of $98,275. The decrease resulted from decrease in utility plant assets, due to depreciation. Net position - unrestricted was $622,416 and $603,757 as of December 31, 2011 and 2010, respectively, an increase of $18,659 due to the change in current assets and current liabilities.

Current liabilities were $12,739 and $15,511 as of December 31, 2011 and 2010, respectively, a decrease of $2,772 due to the timing of expenses paid to suppliers, offset by a decrease in accruals due to decreased audit fees.

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

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2012	2011	2010
Operating revenues	$ 270,000	$ 270,000	$ 270,000
Operating expenses	182,012	177,968	165,313
Operating Income	87,988	92,032	104,687
Nonoperating revenues			
Investment income	527	703	1,821
Income Before Distributions	88,515	92,735	106,508
Distributions to participants	172,351	172,351	172,351
Change in Net Position	$ (83,836)	$ (79,616)	$ (65,843)

Transmission revenues in 2012 were $270,000, unchanged from 2011 and 2010 levels.

Operating expenses in 2012 were $182,012 versus $177,968 in 2011, which was an increase of $4,044. The increase in operating expense in 2012 is mainly due to an increase in MESA services of $5,003 and an increase of $1,707 in professional services which were offset by a decrease in maintenance of $2,439. Operating expenses in 2011 were $177,968 versus $165,313 in 2010, which was an increase of $12,655. The increase in operating expense in 2011 is mainly due to an increase in MESA services of $15,329 and an increase of $1,311 in maintenance which were offset by a decrease in professional services of $4,983.

Investment income in 2012 was $527 versus $703 in 2011, which was a decrease of $176. The decrease was due to a decrease in interest rates. Investment income in 2011 was $703 versus $1,821 in 2010, which was a decrease of $1,118. The decrease was due to a decrease in interest rates.

In 2012, 2011 and 2010, $172,351 was returned to the participants as a distribution of excess cash. The distribution was authorized by the board of participants.

If you have questions about this report, or need additional financial information, contact management at 614.540.1111 or 1111 Schrock Road – Suite 100, Columbus, OH 43229.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

STATEMENTS OF NET POSITION
December 31, 2012 and 2011

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	$ 475,165	$ 510,557
Receivables	22,500	22,500
Accrued interest receivable	-	4
Prepaid expenses	2,140	2,094
Total Current Assets	499,805	535,155
NONCURRENT ASSETS		
Utility Plant		
Transmission line	2,640,938	2,640,938
Accumulated depreciation	(1,366,065)	(1,267,790)
Other Assets		
Board designated funds	150,000	100,000
Total Non-Current Assets	1,424,873	1,473,148
TOTAL ASSETS	$ 1,924,678	$ 2,008,303
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accrued expenses	$ 9,600	$ 9,783
Payable to related parties	3,350	2,956
Total Current Liabilities	12,950	12,739
NET POSITION		
Net investment in capital assets	1,274,873	1,373,148
Unrestricted	636,855	622,416
Total Net Position	1,911,728	1,995,564
TOTAL LIABILITIES AND NET POSITION	$ 1,924,678	$ 2,008,303

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2012 and 2011

	2012	2011
OPERATING REVENUES		
Transmission revenue	$ 270,000	$ 270,000
OPERATING EXPENSES		
Related party personnel services	44,062	39,059
Depreciation	98,275	98,275
Maintenance	13,437	15,876
Professional services	10,373	8,666
Other operating expenses	15,865	16,092
Total Operating Expenses	182,012	177,968
Operating Income	87,988	92,032
NONOPERATING REVENUES		
Investment income	527	703
Income before Distributions	88,515	92,735
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 position	(83,836)	(79,616)
NET POSITION, Beginning of Year	1,995,564	2,075,180
NET POSITION, END OF YEAR	$ 1,911,728	$ 1,995,564

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants and customers	$ 270,000	$ 270,225
Cash paid to related parties for personnel services	(43,668)	(37,467)
Cash paid to suppliers and related parties for goods and services	(39,904)	(45,059)
Net Cash Provided by Operating Activities	186,428	187,699
CASH FLOWS FROM NON-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	-	(50,000)
Investments sold and matured	50,000	111,102
Investment income received	531	730
Net Cash Provided by Investing Activities	50,531	61,832
Net Change in Cash and Cash Equivalents	64,608	77,180
CASH AND CASH EQUIVALENTS, Beginning of Year	560,557	483,377
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 625,165	$ 560,557
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 87,988	$ 92,032
Depreciation	98,275	98,275
Changes in assets and liabilities		
Receivables	-	225
Prepaid expenses	(46)	(61)
Accrued expenses	(183)	(4,364)
Payable to related parties	394	1,592
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 186,428	$ 187,699
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS		
Cash and temporary investments	$ 475,165	$ 510,557
Board designated funds	150,000	100,000
Less: Noncash equivalents	-	(50,000)
TOTAL CASH AND CASH EQUIVALENTS	$ 625,165	$ 560,557

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

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 2012 and 2011 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.

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 POSITION

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 POSITION (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 POSITION (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 Position

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.

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.

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,		
	2012	2011	Risks
Checking	$ 625,165	$ 528,593	Custodial credit
Certificates of Deposit	-	50,000	Custodial credit
Government Money Market Mutual Fund	-	31,964	Interest rate, credit
Totals	$ 625,165	$ 610,557	

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, 2012 and 2011.

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, 2012 and 2011, 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, 2012 OMEGA JV4 had no investments with credit risk.

As of December 31, 2011, 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, 2012, OMEGA JV4 had no investments with interest rate risk.

As of December 31, 2011, OMEGA JV4's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Government Money Market Mutual Fund	$ 31,964	36

NOTE 3 – UTILITY PLANT

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

	2012		
	Beginning Balance	Additions	Ending Balance
Transmission line	$ 2,640,938	$ -	$ 2,640,938
Less: Accumulated depreciation	(1,267,790)	(98,275)	(1,366,065)
Utility Plant, Net	$ 1,373,148	$ (98,275)	$ 1,274,873

	2011		
	Beginning Balance	Additions	Ending Balance
Transmission line	$ 2,640,938	$ -	$ 2,640,938
Less: Accumulated depreciation	(1,169,515)	(98,275)	(1,267,790)
Utility Plant, Net	$ 1,471,423	$ (98,275)	$ 1,373,148

NOTE 4 – NET POSITION

GASB No. 63 requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position 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 net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position 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 - The component of net position that does not meet the definition of "restricted" or "net investment in capital assets."

The following calculation supports net investment in capital assets:

	2012	2011
Plant in service	$ 2,640,938	$ 2,640,938
Accumulated depreciation	(1,366,065)	(1,267,790)
Total Net Investment in Capital Assets	$ 1,274,873	$ 1,373,148

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 2012 and 2011 was 100% derived from a nonparticipant. 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, 2012, 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 $13,437 and $15,876 for the years ended December 31, 2012 and 2011, respectively. OMEGA JV4 had no payable due to AMP as of December 31, 2012 and December 31, 2011.

- 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 $44,062 and $39,059 for the years ended December 31, 2012 and 2011, respectively. OMEGA JV4 had a payable to MESA of $3,350 and $2,956 at December 31, 2012 and 2011, respectively.

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*

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with the 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, the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 4 ("OMEGA JV4"), which comprise the statement of net position as of December 31, 2012 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered OMEGA JV4's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OMEGA JV4's internal control. Accordingly, we do not express an opinion on the effectiveness of OMEGA JV4's internal control.

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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 17, 2013

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 5

FINANCIAL STATEMENTS
Including Independent Auditors' Report

Years Ended December 31, 2012 and 2011

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

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INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Ohio Municipal Electric Generation Agency Joint Venture 5:

Report on the Financial Statements

We have audited the accompanying financial statements of Ohio Municipal Electric Generation Agency Joint Venture 5 ("OMEGA JV5"), which comprise the statements of net position as of December 31, 2012 and 2011, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ohio Municipal Electric Generation Agency Joint Venture 5 as of December 31, 2012 and 2011, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2013 on our consideration of OMEGA JV5's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OMEGA JV5's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 17, 2013

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012, 2011 and 2010
(Unaudited)

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, 2012 and 2011. 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 position; the statement of revenues, expenses and changes in net position; and the statement of cash flows.

The statement of net position 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 position reports revenues and expenses and the change in net position for the year. The statement of cash flows reports cash receipts, cash payments, and net changes in cash resulting from operating, 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 Position

	2012	2011	2010
Assets			
Restricted assets - current	$ 7,642,061	$ 7,514,762	$ 7,437,105
Other current assets	8,686,262	9,584,660	9,084,088
Total current assets	16,328,323	17,099,422	16,521,193
Restricted assets - noncurrent	3,321,816	3,304,492	3,293,313
Utility plant	122,843,745	127,390,475	132,056,079
Other assets	1,570,767	1,761,326	1,963,197
Total assets	$ 144,064,651	$ 149,555,715	$ 153,833,782
Net Position and Liabilities			
Net investment in capital assets	$ 15,201,554	$ 16,073,288	$ 17,101,699
Net position - restricted	8,180,301	7,938,394	7,791,503
Net position - unrestricted	(13,609,892)	(13,390,567)	(14,090,254)
Net beneficial interest certificates	102,537,191	106,457,187	110,249,380
Current liabilities	9,822,600	9,598,732	8,971,183
Regulatory and noncurrent liabilities	21,932,897	22,878,681	23,810,271
Total net position and liabilities	$ 144,064,651	$ 149,555,715	$ 153,833,782

2012 vs. 2011

Total assets were $144,064,651 and $149,555,715 as of December 31, 2012 and December 31, 2011, respectively, a decrease of $5,491,064. The decrease was due to increased accumulated depreciation as well as a decrease in rate stabilization cash. These decreases were partially offset by an increase in regulatory assets and capital assets.

Total current assets were $16,328,323 and $17,099,422 as of December 31, 2012 and December 31, 2011, respectively, a decrease of $771,099. Cash and temporary investments decreased by $1,628,982 primarily due to a decrease in rate stabilization cash. This decrease was partially offset by an increase in regulatory asset of $980,873 due to the under recovery of 2012 expenses with approved rates.

Utility plant assets were $122,843,745 and $127,390,475 as of December 31, 2012 and December 31, 2011, respectively, a decrease of $4,546,730. Utility plant assets decreased as a result of depreciation. OMEGA JV5 also placed into service $230,132 in transmission line equipment in 2012. There were no significant capital expenditures or retirements of assets for OMEGA JV5 in 2011.

Noncurrent restricted assets were $3,321,816 and $3,304,492 as of December 31, 2012 and December 31, 2011, respectively, an increase of $17,324. 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.

Other assets were $1,570,767 and $1,761,326 as of December 31, 2012 and December 31, 2011, respectively, a decrease of $190,559. The decrease was the result of decreases in prepaid bond insurance of $96,930 and beneficial interest certificates' issuance costs of $93,629.

Total net position and liabilities were $144,064,651 and $149,555,715 as of December 31, 2012 and December 31, 2011, respectively, a decrease of $5,491,064.

Net position was $9,771,963 and $10,621,115 at December 31, 2012 and December 31, 2011, respectively, a decrease of $849,152. This decrease is reflective of the $849,152 loss during operations for 2012.

Net Beneficial Interest Certificates were $102,537,191 and $106,457,187 at December 31, 2012 and December 31, 2011, respectively, a decrease of $3,919,996. This was primarily due to a principal payment made in 2012 on the 2004 Beneficial Interest Certificates of $4,860,000 partially offset by the amortization of the unamortized discount of the 2001 bonds.

Current liabilities were $9,822,600 and $9,598,732 at December 31, 2012 and December 31, 2011, respectively, an increase of $223,868. This was due mainly to increases in payables and accruals of $326,045 and the current portion of beneficial interest certificates of $245,000. These increases were offset by decreases in accrued interest of

$101,250, $107,919 decrease in estimated purchased power and $234,395 decrease in intercompany payables.

Regulatory and noncurrent liabilities were $21,932,897 and $22,878,681 at December 31, 2012 and December 31, 2011, respectively, a decrease of $945,784. This was primarily the result of a decrease in regulatory liabilities of $919,694 due to the change in deferred revenue related to depreciation.

2011 vs. 2010

Total assets were $149,555,715 and $153,833,782 as of December 31, 2011 and December 31, 2010, respectively, a decrease of $4,278,067. The decrease was due to increased accumulated depreciation as well as decreases in short term investments and short term regulatory assets. These decreases were partially offset by an increase in operating cash and A/R estimate.

Total current assets were $17,099,422 and $16,521,193 as of December 31, 2011 and December 31, 2010, respectively, an increase of $578,229. Cash and temporary investments increased by $1,360,708 primarily due to an increase in operating cash. Receivables from participants increased by $520,443, this is primarily due to change in billing rates and methods. These increases were partially offset by a decrease in regulatory asset of $1,208,445 due to the recognition of the 2010 regulatory asset recognized in 2011.

Utility plant assets were $127,390,475 and $132,056,079 as of December 31, 2011 and December 31, 2010, respectively, a decrease of $4,665,604. Utility plant assets decreased as a result of depreciation. There were no significant capital expenditures or retirements of assets for OMEGA JV5 in 2011 and 2010.

Noncurrent restricted assets were $3,304,492 and $3,293,313 as of December 31, 2011 and December 31, 2010, respectively, an increase of $11,179. 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.

Other assets were $1,761,326 and $1,963,197 as of December 31, 2011 and December 31, 2010, respectively, a decrease of $201,871. The decrease was the result of decreases in prepaid bond insurance of $103,079 and beneficial interest certificates' issuance costs of $98,792.

Total net position and liabilities were $149,555,715 and $153,833,782 as of December 31, 2011 and December 31, 2010, respectively, a decrease of $4,278,067.

Net position was $10,621,115 and $10,802,948 at December 31, 2011 and December 31, 2010, respectively, a decrease of $181,833. This decrease is reflective of the $181,833 loss during operations for 2011.

Net Beneficial Interest Certificates were $106,457,187 and $110,249,380 at December 31, 2011 and December 31, 2010, respectively, a decrease of $3,792,193. This was primarily due to a principal payment made on the 2004 Beneficial Interest Certificates of $4,705,000 partially offset by the amortization of the unamortized discount of the 2001 bonds.

Current liabilities were $9,598,732 and $8,971,183 at December 31, 2011 and December 31, 2010, respectively, an increase of $627,549. This was due to increases in estimated purchased power of $534,109 and beneficial interest certificates of $155,000. These increases were offset by a decrease in total accruals of $95,503, mainly for licenses and interest.

Regulatory and noncurrent liabilities were $22,878,681 and $23,810,271 were December 31, 2011 and December 31, 2010, respectively, a decrease of $931,590. This was primarily the result of a decrease in regulatory liabilities of $944,542 due to the change in deferred revenue related to depreciation.

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

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2012	2011	2010
Operating revenues	$ 22,485,574	$ 24,453,017	$ 23,286,082
Operating expenses	17,914,638	19,082,468	17,557,306
Operating income	4,570,936	5,370,549	5,728,776
Nonoperating income and expense			
Investment income	26,376	30,060	45,579
Interest Expense	(5,447,261)	(5,615,958)	(5,699,386)
Amortization	797	33,516	(4,848)
Total nonoperating income/(expense)	(5,420,088)	(5,552,382)	(5,658,655)
Change in net position	$ (849,152)	$ (181,833)	$ 70,121

Operating results

Operating revenues were $22,485,574 in 2012, a decrease of $1,967,443 over 2011. The decrease in revenues was primarily due to decreases in hydro excess power $1,409,413 and backup power $106,239 as these amounts were netted against purchased power expense in 2012. Green attributes also decreased by $305,187. Operating revenues were $24,453,017 in 2011, an increase of $1,166,936 as compared to 2010. The increase in revenues was primarily a result of higher hydro power sales and deferred revenues partially offset by lower purchased power sales.

Operating expenses were $17,914,638 in 2012, a decrease of $1,167,830 from 2011. This decrease was primarily the result of a decreases in hydro excess power $1,409,413 and backup power $106,239 as these amounts were netted against purchased power expense in 2012. Green attributes also decreased by $305,187. These decreases were offset by increases in transmission costs of $501,119 and diesel fuel of $96,608. Operating expenses were $19,082,468 in 2011, an increase of $1,525,162 from 2010. This increase was primarily the result of a $2,007,942 increase in power purchased and transmission expenses. These increases were offset by decreases in green attributes $457,682 and maintenance expense $149,828.

Nonoperating expense totaled $5,420,088 in 2012 and $5,552,382 in 2011, respectively, a decrease of $132,294. This decrease was caused primarily by a reduction in interest expenses in 2012. Nonoperating expense totaled $5,552,382 in 2011 and $5,658,655 in 2010, respectively, a decrease of $106,273. This decrease was caused primarily by reduced levels of amortization expenses in 2011 as well as decreased interest expense.

There were no distributions to participants in the past three years.

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 5

STATEMENTS OF NET POSITION
December 31, 2012 and 2011

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	$ 5,904,163	$ 7,660,444
Restricted assets - funds held by trustee	7,642,061	7,514,762
Receivables from participants	997,556	1,122,336
Receivables from related parties	10,590	-
Regulatory asset	1,431,581	450,708
Accrued interest receivable	-	5
Inventory	138,637	154,135
Prepaid expenses	203,735	197,032
Total Current Assets	16,328,323	17,099,422
NONCURRENT ASSETS		
Restricted Assets		
Restricted assets - funds held by trustee	3,321,816	3,304,492
Other Assets		
Prepaid bond insurance, net	745,521	842,451
Beneficial interest certificates' issuance costs, net	825,246	918,875
Electric Plant and Equipment		
Electric plant in service	186,352,403	186,288,017
Land	431,881	431,881
Accumulated depreciation	(63,940,539)	(59,329,423)
Total Noncurrent Assets	127,736,328	132,456,293
TOTAL ASSETS	$ 144,064,651	$ 149,555,715

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

STATEMENTS OF NET POSITION
December 31, 2012 and 2011

	2012	2011
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 1,706,909	$ 1,380,864
Payable to related parties	88,478	322,873
Regulatory liabilities - current	138,637	154,135
Liabilities Payable From Restricted Assets		
Accrued interest	1,508,869	1,610,119
Debt service collected to be reimbursed to members	1,274,707	1,270,741
Beneficial interest certificates, current	5,105,000	4,860,000
Total Current Liabilities	9,822,600	9,598,732
NONCURRENT LIABILITIES		
Regulatory liabilities	21,858,965	22,778,659
Accrued license fees	73,932	100,022
2001 beneficial interest certificates	56,125,000	56,125,000
Unamortized discount	(30,197,583)	(31,573,944)
2004 beneficial interest refunding certificates	76,345,000	81,450,000
Unamortized premium	2,343,626	2,878,829
Unamortized cost from defeasance of 1993 beneficial interest certificates	(2,078,852)	(2,422,698)
Total Noncurrent Liabilities	124,470,088	129,335,868
Total Liabilities	134,292,688	138,934,600
NET POSITION		
Net investment in capital assets	15,201,554	16,073,288
Restricted	8,180,301	7,938,394
Unrestricted	(13,609,892)	(13,390,567)
Total Net Position	9,771,963	10,621,115
TOTAL LIABILITIES AND NET POSITION	$ 144,064,651	$ 149,555,715

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2012 and 2011

	2012	2011
OPERATING REVENUES		
Electric revenue	$ 22,485,574	$ 24,453,017
OPERATING EXPENSES		
Purchased power	8,944,919	10,760,980
Related party services	1,179,254	1,252,430
Depreciation	4,666,731	4,665,604
Maintenance	1,086,407	326,219
Utilities	159,023	167,286
Insurance	443,836	507,543
Professional services	109,214	53,022
Payment in lieu of taxes	840,000	840,000
Other operating expenses	485,254	509,384
Total Operating Expenses	17,914,638	19,082,468
Operating Income	4,570,936	5,370,549
NONOPERATING INCOME AND EXPENSE		
Investment income	26,376	30,060
Interest expense	(5,447,261)	(5,615,958)
Amortization of issuance costs and insurance	(190,560)	(201,871)
Amortization of bond defeasance	(343,845)	(368,440)
Amortization of premium	535,202	603,827
Total Nonoperating Expense	(5,420,088)	(5,552,382)
Change in net position	(849,152)	(181,833)
NET POSITION, Beginning of Year	10,621,115	10,802,948
NET POSITION, END OF YEAR	$ 9,771,963	$ 10,621,115

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants	$ 22,610,354	$ 23,932,574
Cash paid to related parties for personnel services	(1,413,649)	(1,071,960)
Cash payments to suppliers and related parties for goods and services	(13,682,592)	(12,366,289)
Net Cash Provided by Operating Activities	7,514,113	10,494,325
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments on beneficial interest certificates	(4,860,000)	(4,705,000)
Interest payments on beneficial interest certificates	(5,548,511)	(5,673,300)
Proceeds from debt service to be refunded to members	1,274,707	1,388,194
Payment of debt service refunded to members	(1,270,741)	(1,388,774)
Net Cash Used in Capital and Related Financing Activities	(10,404,545)	(10,378,880)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased	(4,746,393)	(9,564,937)
Investments sold and matured	5,904,163	12,497,414
Investment income received	26,381	30,325
Net Cash Provided by Investing Activities	1,184,151	2,962,802
Net Change in Cash and Cash Equivalents	(1,706,281)	3,078,247
CASH AND CASH EQUIVALENTS, Beginning of Year	7,610,444	4,532,197
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,904,163	$ 7,610,444

	2012	2011
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 4,570,936	$ 5,370,549
Noncash items in operating income		
Depreciation	4,666,731	$ 4,665,604
Changes in assets and liabilities		
Receivables from participants	124,780	$ (520,443)
Receivables from related parties	(10,590)	$ 79,000
Regulatory asset	(980,873)	$ 1,208,445
Inventory	15,498	$ (27,021)
Prepaid expenses	(6,703)	$ 119,890
Regulatory liabilities	(935,192)	$ (914,664)
Accounts payable and accrued expenses	330,011	$ 319,545
Payable to related parties	(234,395)	$ 180,470
Accrued license fees	(26,090)	$ 12,950
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 7,514,113	$ 10,494,325
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Cash and temporary investments	$ 5,904,163	$ 7,660,444
Funds held by trustee	10,963,877	10,819,254
Total Cash Accounts	16,868,040	18,479,698
Less Non-cash equivalents	(10,963,877)	(10,869,254)
TOTAL CASH AND CASH EQUIVALENTS	$ 5,904,163	$ 7,610,444

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.

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 POSITION

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 2012, the Board of Participants approved an additional increase in rates due to the higher than expected purchased power costs experienced during the year. This amount will be invoiced to the participants throughout 2013. As of December 31, 2012, $1,431,581 remains to be billed.

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

ASSETS, LIABILITIES AND NET POSITION (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 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 POSITION (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 Position

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 POSITION (cont.)

***Net Position** (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. No distributions were made in 2012 or 2011.

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, 2012	Carrying Value as of December 31, 2011	Risks
Checking/Money Market Funds	$ 5,904,163	$ 7,610,444	Custodial credit
Certificates of Deposit	-	50,000	Custodial credit
Government Money Market Mutual Fund	1,714	737	Credit, interest rate
Commercial Paper	10,962,163	10,818,517	Credit, interest rate, custodial credit, concentration of credit
Total Cash, Cash Equivalents, and Investments	$ 16,868,040	$ 18,479,698	

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, 2012 and 2011.

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, 2012 and 2011 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, 2012 and 2011, OMEGA JV5's investments were exposed to custodial credit risk as follows:

	2012		2011	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Neither insured nor registered and held by a counterparty	$ 10,962,163	$ 10,962,163	$ 10,818,517	$ 10,818,517

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, 2012, 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, 2011, 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

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, 2012 and 2011, OMEGA JV5's investment portfolio was concentrated as follows:

		Percentage of Portfolio	
Issuer	Investment Type	2012	2011
General Electric	Commercial Paper	-	51.30%
US Bank	Commercial Paper	-	24.34%
Abbey Bank	Commercial Paper	24.05%	16.22%
Intesa Funding	Commercial Paper	-	8.14%
Credit Agricole	Commercial Paper	10.08%	-
Natixis Financial	Commercial Paper	43.87%	-
Societe Generale	Commercial Paper	22.00%	-

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, 2012, OMEGA JV5 investments were as follows:

Investment	Maturity Date	Weighted Average Maturity (days)	Fair Value
Abbey Bank	2/15/2013	45	$ 2,637,235
Credit Agricole	2/15/2013	33	1,104,794
Natixis Financial	2/15/2013	42	4,808,710
Societe Generale	2/15/2013	37	2,411,424
Government Money Market Mutual Fund	n/a	55	1,714
			$ 10,963,877

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Interest Rate Risk (cont.)

As of December 31, 2011, OMEGA JV5's investments were as follows:

Investment	Maturity Date	Weighted Average Maturity (days)	Fair Value
Abbey National Bank Commercial Paper	2/15/2012	46	$ 1,755,175
US Bank Commercial Paper	2/15/2012	46	1,754,175
US Bank Commercial Paper	1/9/2012	9	211,379
US Bank Commercial Paper	1/17/2012	17	667,812
Government Money Market Mutual Fund	n/a	49	737
Intesa Funding, LLC Commercial Paper	2/15/2012	46	879,586
General Electric Corp Commercial Paper	2/15/2012	46	5,550,390
			$ 10,819,254

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, 2012 and 2011, 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 Position

The following calculation supports the amount of restricted Net Position:

	2012	2011
Restricted Assets		
Certificate payment fund	$ 7,642,061	$ 7,514,762
Reserve and contingency fund	3,321,816	3,304,492
	10,963,877	10,819,254
Less:		
Current Liabilities Payable From Restricted Assets	(2,783,576)	(2,880,860)
Total Restricted Net Position	$ 8,180,301	$ 7,938,394

NOTE 4 – UTILITY PLANT

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

2012	Beginning Balance	Additions	Disposals	Ending Balance
Electric Plant and Equipment	$186,288,017	$230,132	$(165,746)	$186,352,403
Land	431,881	-	-	431,881
Total Utility Plant in Service	186,719,898	230,132	(165,746)	186,784,284
Less: Accumulated depreciation	(59,329,423)	(4,666,731)	55,615	(63,940,539)
Utility Plant, Net	$127,390,475	$(4,436,599)	$(110,131)	$122,843,745

2011	Beginning Balance	Additions	Disposals	Ending Balance
Electric Plant and Equipment	$186,311,592	$ -	$ (23,575)	$186,288,017
Land	431,881	-	-	431,881
Total Utility Plant in Service	186,743,473	-	(23,575)	186,719,898
Less: Accumulated depreciation	(54,687,394)	(4,665,604)	23,575	(59,329,423)
Utility Plant, Net	$132,056,079	$(4,665,604)	$ -	$127,390,475

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 Position 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, 2012, are as follows:

Maturity Date February 15,	Principal Amount	Interest Rate
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
	81,450,000	
Less: Current portion	(5,105,000)	
Unamortized premium	2,343,626	
Unamortized cost from defeasance of beneficial interest certificates	(2,078,852)	
Total	$ 76,609,774	

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 $1,274,707 and $1,270,741 for amounts to be refunded to Participants at December 31, 2012 and 2011, respectively.

The 2001 Beneficial Interest Certificates (the "2001 Certificates") outstanding at December 31, 2012 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	(30,197,583)	
Total	$ 25,927,417	

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, 2012 and 2011, 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, 2012 are as follows:

	Principal	Interest	Refunding Debt Service	Totals
2013	$ 5,105,000	$ 3,923,025	$ 1,373,048	$ 10,401,073
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	6,050,000	3,094,900	1,391,854	10,536,754
2017	6,215,000	2,788,275	1,368,497	10,371,772
2018 – 2022	36,030,000	8,836,500	6,819,708	51,686,208
2023 – 2027	25,673,880	24,966,970	7,697,409	58,338,259
2028 – 2030	5,291,103	18,088,897	3,553,760	26,933,760
Totals	$ 95,349,983	$ 68,746,992	$ 24,950,485	$ 189,047,459

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

	December 31, 2012		December 31, 2011	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Long-term debt, including current maturities:				
2001 Certificates	$ 25,927,417	$ 32,080,355	$ 24,551,056	$ 30,148,516
2004 Certificates	81,450,000	84,330,961	86,310,000	90,472,168

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

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

	2012			
	Beginning Balance	Additions	Reductions	Ending Balance
2001 certificates	$ 56,125,000	$ -	$ -	$ 56,125,000
Less: Unamortized discount	(31,573,944)	-	1,376,361	(30,197,583)
	24,551,056	-	1,376,361	25,927,417
2004 certificates	86,310,000	-	(4,860,000)	81,450,000
Less: Current maturities	(4,860,000)	(5,105,000)	4,860,000	(5,105,000)
Unamortized premium	2,878,829	-	(535,204)	2,343,625
Unamortized loss from refunding beneficial interest certificates	(2,422,698)	-	343,846	(2,078,852)
	81,906,131	(5,105,000)	(191,358)	76,609,773
Regulatory liabilities	22,778,659	-	(919,694)	21,858,965
Accrued license fees	100,022	-	(26,090)	73,932
Totals	$ 129,335,868	$ (5,105,000)	$ 239,219	$ 124,470,087

	2011			
	Beginning Balance	Additions	Reductions	Ending Balance
2001 certificates	$ 56,125,000	$ -	$ -	$ 56,125,000
Less: Unamortized discount	(32,877,138)	-	1,303,194	(31,573,944)
	23,247,862	-	1,303,194	24,551,056
2004 certificates	91,015,000	-	(4,705,000)	86,310,000
Less: Current maturities	(4,705,000)	(4,860,000)	4,705,000	(4,860,000)
Unamortized premium	3,482,656	-	(603,827)	2,878,829
Unamortized loss from refunding beneficial interest certificates	(2,791,138)	-	368,440	(2,422,698)
	87,001,518	(4,860,000)	(235,387)	81,906,131
Regulatory liabilities	23,723,199	-	(944,540)	22,778,659
Accrued license fees	87,072	-	12,950	100,022
Totals	$ 134,059,651	$ (4,860,000)	$ (136,217)	$ 129,335,868

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

Regulatory liabilities at December 31 are as follows:

	2012	2011
Debt service billed to Participants for Certificates in excess of related expenses	$ 20,331,729	$ 21,159,590
Debt service billed to Participants for funding the Reserve and Contingency Fund and accumulated interest	1,636,393	1,619,069
Inventories billed to Participants	29,480	154,135
Total Regulatory Liabilities	21,997,601	22,932,792
Current portion	(138,637)	(154,135)
Noncurrent Portion	$ 21,858,965	$ 22,778,659

NOTE 8 – NET POSITION

GASB No. 63 requires the classification of net position into three components –net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position 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 net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position 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 - The component consists of the portion of net position that does not meet the definition of "restricted" or "net investment in capital assets." 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 POSITION (cont.)

The following calculation supports the net investment in capital assets:

	2012	2011
Plant assets	$ 186,352,403	$ 186,288,017
Land	431,881	431,881
Accumulated depreciation	(63,940,539)	(59,329,423)
Sub-Totals	122,843,745	127,390,475
Related debt:		
2001 beneficial interest certificates	56,125,000	56,125,000
Unamortized discount – 2001 Beneficial interest certificates	(30,197,583)	(31,573,944)
2004 beneficial interest certificates	76,345,000	81,450,000
Unamortized premium – 2004 Beneficial interest certificates	2,343,626	2,878,829
Unamortized defeasance costs – 1993 Beneficial interest certificates	(2,078,852)	(2,422,698)
Current portion – Beneficial interest certificates	5,105,000	4,860,000
Sub-Totals	107,642,191	111,317,187
Total Net Investment In Capital Assets	$ 15,201,554	$ 16,073,288

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.

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 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, 2012 and 2011 was $171,600 and $235,488, respectively. OMEGA JV5's payables to AMP as of December 31, 2012 and 2011 were $12,945 and $234,451, 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, 2012 and 2011 amounted to $8,944,919 and $10,760,980, respectively. OMEGA JV5's receivable from AMP as of December 31, 2012 was $10,590 and zero receivable at December 31, 2011.

- 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 $1,007,654 and $1,016,942 for the years ended December 31, 2012 and 2011, respectively. OMEGA JV5 had payables to MESA of $75,533 and $88,422 at December 31, 2012 and 2011, 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 $633,600 and $752,111 for the years ended December 31, 2012 and 2011.

- Participants with backup generating units sited in their communities provide utilities to the Units. OMEGA JV5 incurred expenses of $159,023 and $167,286 for these services for the years ended December 31, 2012 and 2011, respectively.

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*

INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Ohio Municipal Electric Generation Agency Joint Venture 5:

We have audited, in accordance with the 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, the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 5 ("OMEGA JV5"), which comprise the statement of net position as of December 31, 2012 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered OMEGA JV5's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OMEGA JV5's internal control. Accordingly, we do not express an opinion on the effectiveness of OMEGA JV5's internal control.

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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the OMEGA JV5's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 17, 2013

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 6

FINANCIAL STATEMENTS
Including Independent Auditors' Report

Years Ended December 31, 2012 and 2011

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

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INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Ohio Municipal Electric Generation Agency Joint Venture 6:

Report on the Financial Statements

We have audited the accompanying financial statements of Ohio Municipal Electric Generation Agency Joint Venture 6 ("OMEGA JV6"), which comprise the statements of net position as of December 31, 2012 and 2011, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ohio Municipal Electric Generation Agency Joint Venture 6 as of December 31, 2012 and 2011, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2013 on our consideration of OMEGA JV6's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OMEGA JV6's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 17, 2013

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012, 2011 and 2010
(Unaudited)

Financial Statement Overview

This discussion and analysis provides an overview of the financial performance of Ohio Municipal Electric Generation Agency Joint Venture 6 ("OMEGA JV6") for the years ended December 31, 2012 and 2011. The information presented should be read in conjunction with the basic financial statements and the accompanying notes.

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

The statements of net position provide information about the nature and amount of assets and liabilities of OMEGA JV6 as of the end of the year. The statements of revenues, expenses and changes in net position report revenues and expenses and the change in net position for the year. The statements of cash flows reports cash receipts, cash payments, and net changes in cash resulting from operating, 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 Position

	2012	2011	2010
Assets			
Electric plant, net of accumulated depreciation	$ 6,647,566	$ 7,378,551	$ 7,735,839
Regulatory assets	446,410	430,145	367,822
Restricted assets - funds held by trustee	84,229	82,517	82,102
Current assets	2,057,393	1,812,602	1,393,165
Total Assets	$ 9,235,598	$ 9,703,815	$ 9,578,928
Net Position and Liabilities			
Net position - net investment in capital assets	$ 6,647,566	$ 7,378,551	$ 7,735,839
Net position - restricted	84,229	82,517	82,102
Net position - unrestricted	1,812,577	1,131,481	650,456
Current liabilities	15,666	20,694	24,704
Asset retirement obligations	675,560	1,090,572	1,085,827
Total Net Position and Liabilities	$ 9,235,598	$ 9,703,815	$ 9,578,928

2012 vs. 2011

Total assets were $9,235,598 and $9,703,815 as of December 31, 2012 and December 31, 2011, respectively, a decrease of $468,217. This decrease is due to an increase in cash and cash reserved for maintenance and repairs offset by a decrease in electric plant, net of depreciation, due to yearly depreciation.

Current assets were $2,057,393 and $1,812,602 as of December 31, 2012 and December 31, 2011 respectively, an increase of $244,791. This increase was primarily due to an increase in cash of $122,326, cash reserved for maintenance and repairs of $85,133 and a $40,925 increase in accounts receivable.

Non current assets were $7,178,205 and $7,891,213 as of December 31, 2012 and December 31, 2011 respectively, a decrease of $713,008. This decrease was due mainly to a decrease in the value of electric plant, net of depreciation of $730,985, offset by an increase in regulatory assets of $16,265. Regulatory assets consist of future recoverable costs related to the accumulated depreciation expense on asset retirement obligations and accretion expense. 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 $84,229 and $82,517 as of December 31, 2012 and December 31, 2011 respectively, an increase of $1,712.

Total net position and liabilities were $9,235,598 and $9,703,815 as of December 31, 2012 and December 31, 2011 respectively, a decrease of $468,217. This decrease was a result of a decrease in net investment in capital assets offset by an increase in unrestricted net position and a decrease in asset retirement obligations.

Total net position was $8,544,372 and $8,592,549 as of December 31, 2012 and December 31, 2011 respectively, a decrease $48,177. Net investment in capital assets was $6,647,566 and $7,378,551 at December 31, 2012 and December 31, 2011, respectively, a decrease of $730,985. This decrease resulted from the decrease in electric plant, net of depreciation. Restricted net position was $84,229 and $82,517 at December 31, 2012 and December 31, 2011, respectively, an increase of $1,712. This increase reflects an increase in trust cash. Unrestricted net position was $1,812,577 and $1,131,481 at December 31, 2012 and December 31, 2011, respectively, an increase of $681,096.

Current liabilities were $15,666 and $20,694 at December 31, 2012 and December 31, 2011, respectively, a decrease of $5,028. This resulted from a decrease in levels of accounts payable for $5,794 and a decrease in audit fees of $120, offset by an increase in payables to related parties of $887.

Non-current liabilities were $675,560 and $1,090,572 as of December 31, 2012 and December 31, 2011 respectively, a decrease $415,012. This decrease was due to a decrease in the net present value of estimated ARO obligations for the project, based on the analysis of independent engineering consultants.

2011 vs. 2010

Total assets were $9,703,815 and $9,578,928 as of December 31, 2011 and December 31, 2010, respectively, an increase of $124,887. This increase is due to an increase in cash reserved for maintenance and repairs offset by a decrease in electric plant, net of depreciation, due to yearly depreciation.

Current assets were $1,812,602 and $1,393,165 as of December 31, 2011 and December 31, 2010 respectively, an increase of $419,437. This increase was primarily due to an increase in cash reserved for maintenance and repairs of $395,082 and a $99,599 increase in cash and temporary investments. This increase was offset by a decrease in receivables from related parties of $70,159.

Non-current assets were $7,891,213 and $8,185,763 as of December 31, 2011 and December 31, 2010 respectively, a decrease of $294,550. This decrease was due mainly to a decrease in the value of electric plant, net of depreciation of $357,288, offset by an increase in regulatory assets of $62,323. Regulatory assets consist of future recoverable costs related to the accumulated depreciation expense on asset retirement obligations and accretion expense. 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 $82,517 and $82,102 as of December 31, 2011 and December 31, 2010 respectively, an increase of $415.

Total net position and liabilities were $9,703,815 and $9,578,928 as of December 31, 2011 and December 31, 2010 respectively, an increase of $124,887. This increase was a result of an increase in unrestricted net position and an increase in asset retirement obligations offset by a decrease in investments in capital.

Total net position was $8,592,549 and $8,468,397 as of December 31, 2011 and December 31, 2010 respectively, an increase $124,152. Net investment in capital assets were $7,378,551 and $7,735,839 at December 31, 2011 and December 31, 2010, respectively, a decrease of $357,288. This decrease resulted from the decrease in electric plant, net of depreciation. Restricted net position was $82,517 and $82,102 at December 31, 2011 and December 31, 2010, respectively, an increase of $415. This increase reflects an increase in trust cash. Unrestricted net position was $1,131,481 and $650,456 at December 31, 2011 and December 31, 2010, respectively, an increase of $481,025.

Current liabilities were $20,694 and $24,704 at December 31, 2011 and December 31, 2010, respectively, a decrease of $4,010. This resulted from a decrease in levels of payables to related parties for $1,618 and a decrease in audit fees of $5,432, offset by an increase in accounts payable of $3,040.

Non-current liabilities were $1,090,572 and $1,085,827 as of December 31, 2011 and December 31, 2010 respectively, an increase $4,745. 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.

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

	2012	2011	2010
Operating revenues	$ 476,297	$ 746,730	$ 779,327
Operating expenses	596,884	695,150	746,110
Operating Income (Loss)	(120,587)	51,580	33,217
Nonoperating revenue			
Investment income	1,626	2,056	3,759
Future recoverable costs	69,074	70,100	61,789
Nonoperating Revenue	70,700	72,156	65,548
Income before contributions	(49,887)	123,736	98,765
Contributions from participants	1,710	416	1,286
Change in Net Position	$ (48,177)	$ 124,152	$ 100,051

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. 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 in 2012 and 2011, through the efforts of MESA personnel.

Electric revenues in 2012 were $476,297 versus $746,730 in 2011, which is a decrease of $270,433. The decrease in electric revenues is mainly due to lower sales of renewable energy attributes offset by an increase in budgeted rates on fixed revenue. As such, green tag revenue decreased $309,949 in 2012. The increase in fixed revenue of $39,516 is due to higher rates billed per megawatt hour, per the 2012 budget. Electric revenues in 2011 were $746,730 versus $779,327 in 2010, which is a decrease of $32,597. The decrease in electric revenues is mainly due to lower sales of renewable energy attributes offset by an increase in budgeted rates on fixed revenue. As such, green tag revenue decreased $66,293 in 2011. The increase in fixed revenue of $33,696 is due to higher rates billed per megawatt hour, per the 2011 budget.

Operating expenses in 2012 were $596,884 versus $695,150 in 2011 which is a decrease of $98,266. This was primarily due to decreased maintenance expense of $89,200, a decrease in insurance of $5,686, a decrease in consultants of $2,488, a decrease in MESA services of $555 and a decrease in non-cash ARO depreciation expense of $1,189. This decrease was offset by a $1,554 increase in professional services and a $161 increase in non-cash ARO accretion expense. Operating expenses in 2011 were $695,150 versus $746,110 in 2010 which is a decrease of $50,960. This was primarily due to decreased maintenance expense of $36,867, a decrease in professional services of $10,488, a decrease in MESA services of $15,730 and a decrease in non-cash ARO accretion expense of $2,337. This decrease was offset by a $6,700 increase in insurance and a $10,649 increase in non-cash ARO depreciation expense.

Investment income in 2012 was $1,626 versus $2,056 in 2011 which is a decrease of $430. The decrease is primarily due to decreased interest rates. Investment income in 2011 was $2,056 versus $3,759 in 2010 which is a decrease of $1,703. The decrease is primarily due to decreased interest rates.

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 6

STATEMENTS OF NET POSITION
December 31, 2012 and 2011

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	$ 1,054,080	$ 931,754
Receivables from participants	26,689	-
Board designated funds	941,590	856,457
Receivables from related parties	18,204	3,968
Accrued interest receivable	-	6
Prepaid expenses	16,830	20,417
Total Current Assets	2,057,393	1,812,602
NON-CURRENT ASSETS		
Restricted assets - funds held by trustee	84,229	82,517
Regulatory assets	446,410	430,145
Electric Plant		
Electric plant	9,422,834	9,822,662
Accumulated depreciation	(2,775,268)	(2,444,111)
Total Non-Current Assets	7,178,205	7,891,213
TOTAL ASSETS	$ 9,235,598	$ 9,703,815
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 11,317	$ 17,231
Payable to related parties	4,349	3,463
Total Current Liabilities	15,666	20,694
NON-CURRENT LIABILITIES		
Asset retirement obligation	675,560	1,090,572
Total Liabilities	691,226	1,111,266
NET POSITION		
Net investment in capital assets	6,647,566	7,378,551
Restricted	84,229	82,517
Unrestricted	1,812,577	1,131,481
Total Net Position	8,544,372	8,592,549
TOTAL LIABILITIES AND NET POSITION	$ 9,235,598	$ 9,703,815

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2012 and 2011

	2012	2011
OPERATING REVENUES		
Electric revenue	$ 476,297	$ 746,730
OPERATING EXPENSES		
Related party services	57,641	58,196
Depreciation	331,157	332,346
Accretion of asset retirement obligation	37,625	37,464
Maintenance	107,840	197,040
Insurance	39,747	45,433
Professional services	11,754	10,200
Other operating expenses	11,120	14,471
Total Operating Expenses	596,884	695,150
Operating Income (Loss)	(120,587)	51,580
NON-OPERATING REVENUES		
Investment income	1,626	2,056
Future recoverable costs	69,074	70,100
Total Non-Operating Revenues	70,700	72,156
Income (Loss) before Contributions	(49,887)	123,736
CONTRIBUTIONS FROM PARTICIPANTS	1,710	416
Change in net position	(48,177)	124,152
NET POSITION, Beginning of Year	8,592,549	8,468,397
NET POSTION, END OF YEAR	$ 8,544,372	$ 8,592,549

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants and customers	$ 449,608	$ 816,889
Cash paid to related parties for personnel services	(56,755)	(59,814)
Cash payments to suppliers and related parties for goods and services	(187,024)	(264,503)
Net Cash Provided by Operating Activities	205,829	492,572
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions from participants	1,710	416
Net Cash Provided by Capital and Related Financing Activities	1,710	416
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposit to restricted assets	(1,712)	(415)
Investments purchased	-	(50,000)
Investments sold and matured	50,000	212,104
Investment income received	1,632	2,108
Net Cash Provided by Investing Activities	49,920	163,797
Net Change in Cash and Cash Equivalents	257,459	656,785
CASH AND CASH EQUIVALENTS, Beginning of Year	1,738,211	1,081,426
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,995,670	$ 1,738,211
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	$ (120,587)	$ 51,580
Depreciation	331,157	332,346
Accretion of asset retirement obligation	37,625	37,464
Changes in assets and liabilities		
Receivables	(26,689)	-
Receivable from related parties	(14,236)	70,159
Prepaid expenses	3,587	5,033
Accounts payable and accrued expenses	(5,914)	(2,392)
Payable to related parties	886	(1,618)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 205,829	$ 492,572
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS		
Cash and temporary investments	$ 1,054,080	$ 931,754
Board designated funds	941,590	856,457
Funds held by trustee	84,229	82,517
Total cash accounts	2,079,899	1,870,728
Less: Non-cash equivalents	(84,229)	(132,517)
TOTAL CASH AND CASH EQUIVALENTS	$ 1,995,670	$ 1,738,211
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in cost of plant due to change in estimated asset retirement obligation	$ (399,828)	$ (24,942)

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.

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 POSITION

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 POSITION (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 POSITION (cont.)

Electric Plant

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

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

Asset Retirement Obligations

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

Regulatory Assets

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

	2012	2011
Deferral of expenses related to asset retirement obligations	$ 446,410	$ 430,145

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

ASSETS, LIABILITIES AND NET POSITION (cont.)

Net Position

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.

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,		
	2012	2011	Risks
Checking	$ 1,995,670	$ 1,716,822	Custodial credit
Certificates of Deposit	-	50,000	Custodial credit
Commercial Paper	83,975	81,961	Custodial credit, credit, interest rate, and concentration
Government Money Market Mutual Funds	254	21,945	Credit and interest rate
Totals	$ 2,079,899	$ 1,870,728	

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, 2012 and 2011.

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, 2012 and 2011 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, 2012 and 2011, OMEGA JV6's investments were exposed to custodial credit risk as follows:

	2012		2011	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Neither insured nor registered and held by a counterparty	$ 83,975	$ 83,975	$ 81,961	$ 81,961

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, 2012, OMEGA JV6's investments were rated as follows:

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

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Credit Risk (cont.)

As of December 31, 2011, 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, 2012 OMEGA JV6's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Natixis Corp	Commercial Paper	99.7%

At December 31, 2011, OMEGA JV6's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
General Electric Corp	Commercial Paper	99.32%

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, 2012, OMEGA JV6's investments were as follows:

Investment	Maturity Date	Weighted Average Maturity (days)	Fair Value
Government Money Market Mutual Fund	N/A	45	$ 254
Natixis Corp	2/15/2013	45	83,975
			$ 84,229

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Interest Rate Risk (cont.)

As of December 31, 2011, OMEGA JV6's investments were as follows:

Investment	Maturity Date	Weighted Average Maturity (days)	Fair Value
Government Money Market Mutual Fund	N/A	49	$ 556
General Electric Corp	2/15/2012	46	81,961
			$ 82,517

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 Position

The following calculation supports the amount of restricted net position:

	2012	2011
Restricted Assets		
Reserve and Contingency Fund	$ 84,229	$ 82,517
Total Restricted Assets	$ 84,229	$ 82,517

NOTE 4 – ELECTRIC PLANT AND EQUIPMENT

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

	2012			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric plant	$ 9,822,662	$ -	$ (399,828)	$ 9,422,834
Less: Accumulated depreciation	(2,444,111)	(331,157)	-	(2,775,268)
Electric Plant, Net	$ 7,378,551	$ (331,157)	$ (399,828)	$ 6,647,566

	2011			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric plant	$ 9,847,604	$ -	$ (24,942)	$ 9,822,662
Less: Accumulated depreciation	(2,111,765)	(332,346)	-	(2,444,111)
Electric Plant, Net	$ 7,735,839	$ (332,346)	$ (24,942)	$ 7,378,551

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, 2012, are as follows:

Maturity Date February 15 and August 15,	Principal Amount	Interest Rate
2013	982,000	0.33%
2014	988,000	0.33%
2015	989,000	0.33%
Total	$ 2,959,000	

The maturity table assumes an interest rate of 0.33%, which is equal to the interest rate used to calculate the February 15, 2013 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, 2012 and 2011, 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:

	2012			
	Beginning Balance	Accretion Expense	Change in Estimate	Ending Balance
Asset retirement obligation	$ 1,090,572	$ 37,625	$ (452,637)	$ 675,560

	2011			
	Beginning Balance	Accretion Expense	Change in Estimate	Ending Balance
Asset retirement obligation	$ 1,085,827	$ 37,464	$ (32,719)	$ 1,090,572

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 2012 and 2011.

NOTE 7 – NET POSITION

GASB No. 63 requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in capital assets- This component of net position 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 position component as the unspent proceeds.

Restricted - This component of net position 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 POSITION (cont.)

Unrestricted net position - The component of net position that does not meet the definition of "restricted" or "net investment in capital assets."

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 investment in capital assets:

	2012	2011
Electric Plant	$ 9,422,834	$ 9,822,662
Accumulated Depreciation	(2,775,268)	(2,444,111)
Total Net Investment in Capital Assets	$ 6,647,566	$ 7,378,552

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 33% of electric service revenue in 2012 and 2011, 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 $2,112 and $2,123 for the years ended December 31, 2012 and 2011, respectively, and had a payable of $176 and $259 to AMP at December 31, 2012 and 2011, 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 $55,529 and $56,073 for the years ended December 31, 2012 and 2011, respectively. OMEGA JV6 had a payable to MESA for $4,174 and $3,204 at December 31, 2012 and 2011, respectively.

- During 2012 and 2011, AMP sold green tags on behalf of OMEGA JV6. OMEGA JV6 had a receivable from AMP of $18,204 and $3,968 as of December 31, 2012 and 2011, 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, 2012 and 2011.

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*

INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Ohio Municipal Electric Generation Agency Joint Venture 6:

We have audited, in accordance with the 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, the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 6 ("OMEGA JV6"), which comprise the statement of net position as of December 31, 2012 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered OMEGA JV6's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OMEGA JV6's internal control. Accordingly, we do not express an opinion on the effectiveness of OMEGA JV6's internal control.

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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 17, 2013

MUNICIPAL ENERGY SERVICES AGENCY

FINANCIAL STATEMENTS
Including Independent Auditors' Report

Years Ended December 31, 2012 and 2011

Clark Schaefer Hackett
STRENGTH IN NUMBERS

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INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Municipal Energy Services Agency:

Report on the Financial Statements

We have audited the accompanying financial statements of Municipal Energy Services Agency ("MESA"), which comprise the statements of net position as of December 31, 2012 and 2011, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Municipal Energy Services Agency as of December 31, 2012 and 2011, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2013 on our consideration of MESA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MESA's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 17, 2013

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, 2012 and 2011. The information presented should be read in conjunction with the basic financial statements and the accompanying notes.

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

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

Financial Highlights

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

Condensed Statement of Net Position

	2012	2011	2010
Assets			
Cash and short term investments	$ 1,994,162	$ 2,053,164	$ 2,411,684
Accounts receivable AMP members	486,691	188,214	511,045
Accounts receivable related parties	1,372,238	1,295,315	1,470,038
Interest receivable	-	5	100
Costs/recoveries in excess of member project billings	72,290	295,690	-
Prepaids	972	10,596	122,428
Total Current Assets	$ 3,926,353	$ 3,842,984	$ 4,515,295
Total assets	$ 3,926,353	$ 3,842,984	$ 4,515,295
Liabilities			
Current liabilities	$ 2,351,569	$ 2,292,840	$ 3,067,787
Noncurrent liabilities	1,574,784	1,550,144	1,447,508
Total liabilities	$ 3,926,353	$ 3,842,984	$ 4,515,295

2012 vs. 2011

Total assets were $3,926,353 and $3,842,984 as of December 31, 2012 and December 31, 2011, respectively, an increase of $83,369. The increase in 2012 total assets was due primarily to decreases in cash and temporary investments, prepaid and costs and recoveries in excess of billings from projects constructed on behalf of members. These are offset by an increase in receivables from related parties and receivables from AMP members.

> Current assets were $3,926,353 and $3,842,984 as of December 31, 2012 and December 31, 2011, respectively, an increase of $83,369. This was due to decreases in cash of $59,002, prepaid of $9,624 and costs and recoveries in excess of billings from projects constructed on behalf of members of $223,400. This was offset by increases in receivables from AMP members of $298,477, receivables from related parties of $76,923.

Total liabilities were $3,926,353 and $3,842,984 as of December 31, 2012 and December 31, 2011, respectively, an increase of $83,369. This is primarily due to decreases in accounts payables. This is offset by increases in payable to related parties, vacation accruals, accrued salaries and related benefits and sick accruals.

> Current liabilities were $2,351,569 and $2,292,840 as of December 31, 2012 and December 31, 2011, respectively, an increase of $58,729. This was due to decreases of accounts payable to related parties of $274,167. This was offset by increases in accounts payable to AMP members of $44,625, accrued vacation of $268,983 and accrued salaries and related benefits of $19,258.

> Non current liabilities were $1,574,784 and $1,550,144 as of December 31, 2012 and December 31, 2011, respectively, an increase of $24,640. Non current liabilities are comprised of accrued sick leave.

2011 vs. 2010

Total assets were $3,842,984 and $4,515,295 as of December 31, 2011 and December 31, 2010, respectively, a decrease of $672,311. The decrease in 2011 total assets was due primarily to decreases in cash and temporary investments, receivables from related parties, receivables from AMP members and prepaid. These are offset by an increase in costs and recoveries in excess of billings from projects constructed on behalf of members.

> Current assets were $3,842,984 and $4,515,295 as of December 31, 2011 and December 31, 2010, respectively, a decrease of $672,311. This was due to decreases in cash of $358,520, receivables from related parties of $174,723, receivables from AMP members of $322,831 and prepaid of $111,832. This was offset by increases in costs and recoveries in excess of billings from projects constructed on behalf of members of $295,690.

Total liabilities were $3,842,984 and $4,515,295 as of December 31, 2011 and December 31, 2010, respectively, a decrease of $672,311. This is primarily due to decreases in accounts payables, payable to related parties, and vacation accruals. These are offset by increases in accrued salaries and related benefits and sick accruals.

> Current liabilities were $2,292,840 and $3,067,787 as of December 31, 2011 and December 31, 2010, respectively, a decrease of $774,947. This was due to decreases of accounts payables to AMP members of $460,659, accounts payable to related parties of $319,892, and accrued vacation of $121,456. This was offset by increases in accrued salaries and related benefits of $127,031.

Non-current liabilities were $1,550,144 and $1,447,508 as of December 31, 2011 and December 31, 2010, respectively, an increase of $102,636. Non-current liabilities are comprised of accrued sick leave.

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

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2012	2011	2010
Operating revenues	$ 18,586,600	$ 20,836,212	$ 16,151,908
Operating expenses	18,587,851	20,838,597	16,157,069
Operating Loss	(1,251)	(2,385)	(5,161)
Nonoperating revenue			
Investment income	1,251	2,385	5,161
Change in Net Position	$ -	$ -	$ -

Operating revenues in 2012 were $18,586,600 versus $20,836,212 in 2011 which was a decrease of $2,249,612. 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 $4,271,657 and revenue from providing personnel services to related parties increased by $2,022,045. Operating revenues in 2011 were $20,836,212 versus $16,151,908 in 2010 which was an increase of $4,684,304. Revenue from projects on behalf of members increased by $3,447,450 and revenue from providing personnel services to related parties increased by $1,236,854.

Operating expenses in 2012 were $18,587,851 versus $20,838,597 in 2011 which was a decrease of $2,250,746. This decrease was primarily due to a decrease in expense for project materials on behalf of members of $4,249,584 and an increase in MESA payroll and related benefits expense of $2,035,047. Operating expenses in 2011 were $20,838,597 versus $16,157,069 in 2010 which was an increase of $4,681,528. This increase was primarily due to an increase in expense for project materials on behalf of members of $3,474,789 and an increase in MESA payroll and related benefits expense of $1,200,001.

Investment income for MESA is limited to interest earned on checking account for the operating funds held at the bank. Investment income in 2012 was $1,251 versus $2,385 in 2011 which was a decrease of $1,134. The decrease in 2012 was a result of lower interest rates. Investment income in 2011 was $2,385 versus $5,161 in 2010 which was a decrease of $2,776. The decrease in 2011 was a result of lower interest rates.

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.

MUNICIPAL ENERGY SERVICES AGENCY

STATEMENTS OF NET POSITION
December 31, 2012 and 2011

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	$ 1,994,162	$ 2,053,164
Receivables from AMP members	486,691	188,214
Receivables from related parties	1,372,238	1,295,315
Accrued interest receivable	-	5
Costs and recoveries in excess of billings from projects constructed on behalf of members	72,290	295,690
Prepaid expenses	972	10,596
Total Current Assets	3,926,353	3,842,984
TOTAL ASSETS	$ 3,926,353	$ 3,842,984
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 294,320	$ 568,487
Payable to related parties	216,628	172,003
Retainage payable	291,941	291,911
Accrued salaries and related benefits	502,736	483,478
Accrued vacation leave	1,045,944	776,961
Total Current Liabilities	2,351,569	2,292,840
NON CURRENT LIABILITIES		
Accrued sick leave	1,574,784	1,550,144
Total Non Current Liabilities	1,574,784	1,550,144
Total Liabilities	3,926,353	3,842,984
TOTAL LIABILITIES AND NET POSITION	$ 3,926,353	$ 3,842,984

See accompanying notes to the financial statements.

MUNICIPAL ENERGY SERVICES AGENCY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2012 and 2011

	2012	2011
OPERATING REVENUES		
Services	$ 16,423,227	$ 14,401,182
Project revenue	2,163,373	6,435,030
Total Operating Revenues	18,586,600	20,836,212
OPERATING EXPENSES		
Salaries and related benefits	16,334,175	14,299,128
Professional fees	62,782	90,636
Direct project expenses	2,115,744	6,365,328
Insurance	75,150	83,505
Total Operating Expenses	18,587,851	20,838,597
Operating Loss	(1,251)	(2,385)
NONOPERATING REVENUES		
Investment income and other	1,251	2,385
Change in net position	-	-
NET POSITION, Beginning of Year	-	-
NET POSITION, END OF YEAR	$ -	$ -

See accompanying notes to the financial statements.

MUNICIPAL ENERGY SERVICES AGENCY

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from AMP members for services	$ 1,864,896	$ 6,314,063
Cash received from related parties for services	16,569,704	14,724,013
Cash payments to employees for services	(16,021,294)	(14,190,917)
Cash payments to suppliers and related parties for goods and services	(2,473,564)	(7,208,159)
Net Cash Provided by (Used in) Operating Activities	(60,258)	(361,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased	-	(50,000)
Investments sold and matured	50,000	363,608
Investment income received	1,256	2,480
Net Cash Provided by Investing Activities	51,256	316,088
Net Change in Cash and Cash Equivalents	(9,002)	(44,912)
CASH AND CASH EQUIVALENTS, Beginning of Year	2,003,164	2,048,076
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,994,162	$ 2,003,164
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating loss	$ (1,251)	$ (2,385)
Changes in assets and liabilities		
Receivables from AMP-Ohio members	(298,477)	322,831
Receivables from related parties	(76,923)	174,723
Costs and estimated earnings in excess of billings from projects constructed on behalf of members	223,400	(295,690)
Prepaid expenses	9,624	111,832
Accounts payable and accrued expenses	(274,167)	(460,659)
Accounts payable to related parties	44,625	(319,892)
Accrued salaries and related benefits	19,258	127,031
Accrued vacation and sick leave	293,623	(18,820)
Retainages payable	30	29
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (60,258)	$ (361,000)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Cash and temporary investments	$ 1,994,162	$ 2,053,164
Less: Noncash equivalents	-	(50,000)
TOTAL CASH AND CASH EQUIVALENTS	$ 1,994,162	$ 2,003,164

See accompanying notes to the 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, 2012, 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") and the Ohio Municipal Electric Association ("OMEA"). 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, 2012, 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.

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 POSITION

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.)

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.

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.

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

ASSETS, LIABILITIES AND NET POSITION (cont.)

SERVICE REVENUE AND EXPENSES

Revenues are recognized as services are performed. Service revenue is charged to AMP, the OMEGA JVs, and OMEA at a rate to recover the cost of salaries incurred related to work performed for each entity plus an overhead rate ranging from 71% to 150%. 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.

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 non-operating 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 non-operating revenues and expenses.

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,		
	2012	2011	Risks
Checking/Money Market Funds	$ 1,702,220	$ 1,684,935	Custodial credit
Certificate of Deposits	-	50,000	Custodial credit
Government Money Market Mutual Fund	291,942	318,229	Interest rate, credit
Total Cash, Cash Equivalents, and Investments	$ 1,994,162	$ 2,053,164	

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, 2012 and 2011.

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, 2012 and 2011, 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, 2012 and 2011, 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, 2012, MESA's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Government Money Market Mutual Fund	$ 291,942	45

As of December 31, 2011, MESA's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Government Money Market Mutual Fund	$ 318,229	36

NOTE 3 – LONG TERM LIABILITY

Long-term liability activity for the year ended December 31, 2012 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Accrued sick leave	$ 1,550,144	$ 337,377	$ (312,737)	$ 1,574,784	$ -

Long-term liability activity for the year ended December 31, 2011 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Accrued sick leave	$ 1,447,508	$ 268,863	$ (166,227)	$ 1,550,144	$ -

NOTE 4 – 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 as described below:

The Traditional Pension Plan - a cost sharing, multiple-employer defined benefit pension plan.

The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

The Combined Plan - a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

The ORC provides statutory authority for member and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans.

The 2012 member contribution rates were 10.00% of covered payroll for members in state and local classifications.

The 2012 employer contribution rate for state and local employers was 14.00% of covered payroll.

NOTE 4 – POSTEMPLOYMENT BENEFITS (cont.)

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		
	2012	2011	2010
Required and Actual Employer Pension Contributions	$ 988,155	$ 817,465	$ 836,051
Required and Actual Employer OPEB Contributions	596,942	493,416	475,119
Required and Actual Employer OPERS Contributions	$ 1,585,097	$ 1,310,881	$ 1,311,170
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%

OTHER POSTEMPLOYMENT BENEFITS

OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care 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 45.

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

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 coverage.

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 coverage.

NOTE 4 – POSTEMPLOYMENT BENEFITS (cont.)

OTHER POSTEMPLOYMENT BENEFITS

The portion of employer contributions allocated to health care for members in the Traditional Plan was 4% during the year ended December 31, 2012 and 2011 respectively. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during the year ended December 31, 2012 and 2011, respectively.

Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.00% of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/investments/cafr.shtml, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

NOTE 5 – 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 6 – 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:

	2012	2011
AMP	$ 13,959,208	$ 11,911,453
Ohio Municipal Electric Generation Agency Joint Venture 1	99,284	72,450
Ohio Municipal Electric Generation Agency Joint Venture 2	632,663	534,429
Ohio Municipal Electric Generation Agency Joint Venture 4	44,062	39,059
Ohio Municipal Electric Generation Agency Joint Venture 5	1,007,654	1,016,942
Ohio Municipal Electric Generation Agency Joint Venture 6	55,529	56,073
Ohio Municipal Electric Association	332,296	409,087
AMP Members	2,455,904	6,796,719
Totals	$ 18,586,600	$ 20,836,212

At December 31, 2012 and 2011, MESA had receivables from affiliates of $1,372,238 and $1,295,315, respectively. At December 31, 2012 and 2011, MESA had a receivable from members of AMP of $486,691 and $188,214, respectively. At December 31, 2012 and 2011, MESA had a payable to AMP for $216,628 and $172,003, respectively.

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*

INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Municipal Energy Services Agency:

We have audited, in accordance with the 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, the financial statements of Municipal Energy Services Agency ("MESA"), which comprise the statement of net position as of December 31, 2012 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MESA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MESA's internal control. Accordingly, we do not express an opinion on the effectiveness of MESA's internal control.

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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

one east fourth street, ste. 1200
cincinnati, oh 45202

www.cshco.com
p. 513.241.3111
f. 513.241.1212

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 17, 2013

Dave Yost • Auditor of State

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

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 11, 2013