OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 1

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2008 and 2007

Mary Taylor, CPA
Auditor of State

Board of Participants
Ohio Municipal Electric Generation Agency Joint
Ventures 1, 2, 4, 5, 6 and Municipal Energy Services Agency
2600 Airport Drive
Columbus, Ohio 43219

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 Virchow, Krause & Company, LLP, for the audit period January 1, 2008 through December 31, 2008. 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 are responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 3, 2009

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OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 1

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Virchow Krause & company

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Ohio Municipal Electric Generation Agency Joint Venture 1 ("OMEGA JV1") as of December 31, 2008 and 2007 and for the years then ended as listed in the table of contents. These financial statements are the responsibility of OMEGA JV1 management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OMEGA JV1 as of December 31, 2008 and 2007, and changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we also have issued our report dated March 20, 2009 on our consideration of OMEGA JV1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The Management's Discussion and Analysis on pages 2 through 4 is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Virchow, Krause & Company, LLP

Madison, Wisconsin
April 8, 2009

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 1

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008 and 2007

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, 2008 and 2007. 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 statement of net assets; the statement of revenues, expenses and changes in net assets; and the statement of cash flows.

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

Financial Highlights

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

Condensed Statement of Net Assets

	2008	2007	2006
Assets			
Electric plant, net of accumulated depreciation	$ 317,636	$ 333,312	$ 266,668
Regulatory assets	58,300	53,268	48,917
Current assets	217,812	316,499	354,483
Total Assets	$ 593,748	$ 703,079	$ 670,068
Net Assets and Liabilities			
Net assets - invested in capital assets	$ 317,636	$ 333,312	$ 266,668
Net assets - unrestricted	159,845	264,734	320,151
Current liabilities	12,730	10,723	16,603
Noncurrent liabilities	103,537	94,310	66,646
Total Net Assets and Liabilities	$ 593,748	$ 703,079	$ 670,068

Total assets of $593,748 decreased $109,331 in 2008; this compares to an increase of total assets of $33,011 in 2007 over 2006 levels. The decrease in 2008 is due primarily to a decrease in cash and temporary investments, which is discussed in more detail below.

Electric plant, net of accumulated depreciation, decreased $15,676 in 2008 from 2007. The decrease was the result of an increase in accumulated depreciation, offset slightly by increased values of ARO assets. The cost associated with the asset retirement obligation ("ARO") included in the cost of electric plant for 2008 was $65,350 versus $58,394 for 2007.

Regulatory assets were $58,300 and $53,268 at December 31, 2008 and December 31, 2007, respectively. This was an increase of $5,032 for 2008 compared to 2007, while 2007 had an increase of $4,351 from 2006 levels. Regulatory assets contain amounts deferred for ARO costs. These deferred amounts are recorded in the statements of revenues, expenses and changes in net assets as the corresponding expense is realized.

Current assets as of December 31, 2008 were $217,812. This was a decrease in 2008 of $98,687 from 2007. In 2008, cash decreased $100,310, primarily as a result of distributions to the participants of OMEGA JV1 totaling $117,550. Accounts Receivable decreased $8,693 and prepaid assets decreased $582, while fuel inventory increased by $10,898 compared to 2007 levels.

Total net assets and liabilities were $593,748 as of December 31, 2008 and decreased $109,331 compared to 2007. Total net assets and liabilities were $703,079 as of December 31, 2007 and increased $33,011 versus prior year levels. These changes in total net assets and liabilities are explained below.

Net assets were $477,481 as of December 31, 2008 and decreased $120,565 compared to 2007 levels. This decrease is primarily due to a $117,550 distribution made to JV1 participants in 2008 together with a $3,015 net loss for the year. Net assets were $598,046 as of December 31, 2007 and increased $11,227 compared to 2006 levels. This increase is the result of operating income in 2007.

Current liabilities as of December 31, 2008 were $12,730. This was an increase of $2,007 over prior year levels. Current liabilities as of December 31, 2007 were $10,723, a decrease of $5,880 in 2007 versus prior year levels. Changes in current liability levels in 2008 and 2007 were the result of fluctuations in accounts payable levels.

Noncurrent liabilities as of December 31, 2008 were $103,537. This was an increase of $9,227, over prior year levels. This increase is due primarily to accretion expense related to asset retirement obligations. Noncurrent liabilities as of December 31, 2007 were $94,310 and increased $27,664 in 2007 over 2006 levels. The increase was primarily the result of accretion expense related to asset retirement obligations associated with additional capital investments made in 2007.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 1

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008 and 2007

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

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	2008	2007	2006
Operating revenues	$ 142,657	$ 165,849	$ 299,753
Operating expenses	154,545	172,018	168,040
Operating (Loss) Income	(11,888)	(6,169)	131,713
Nonoperating revenue			
Investment income	3,841	13,045	10,229
Future recoverable costs	5,032	4,351	(10,544)
Nonoperating Revenue	8,873	17,396	(315)
Net Income Before Distributions	$ (3,015)	$ 11,227	$ 131,398
Special Item - Distribution to Shareholders	(117,550)	-	-
Change in Net Assets	$ (120,565)	$ 11,227	$ 131,398

Electric revenues in 2008 were $142,657, a decrease of $23,192 from 2007. Electric rates are set by the Board of Participants based on budgets and are intended to cover budgeted operating expenses, actual fuel expense and debt service, if any. Electric revenues in 2007 were $165,849, a decrease of $133,904 from 2006. In 2006, operating revenues included billings of $140,400 in debt service revenue, which was not charged in subsequent years.

Operating expenses in 2008 were $154,545. This is a decrease of $17,473 compared to 2007. The decrease in operating expenses in 2008 is primarily due to decreases in fuel, related party services and insurance expenses, partially offset by increased maintenance, utilities, depreciation and professional services expenses. Operating expenses in 2007 were $172,018, an increase of $3,978 compared to 2006. The increase in operating expenses in 2007 was primarily due to increased related party expenses, depreciation and fuel, partially offset by decreased maintenance, professional services and insurance expenses.

Investment income in 2008 was $3,841, which was a decrease of $9,204 compared to 2007. Investment income for OMEGA JV1 is interest earned on checking account for the Operating Funds held at a bank. Decreases in 2008 were the result of lower average cash balances at lower interest rates. Investment income increased $2,816 in 2007 due to an increased operating cash balance and a steadily increasing interest rates during 2007.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 1

STATEMENTS OF NET ASSETS
December 31, 2008 and 2007

	2008	2007
ASSETS		
Current Assets		
Cash and cash equivalents	$ 160,806	$ 261,116
Receivables from participants	8,465	17,158
Fuel inventory	43,541	32,643
Prepaid expenses	5,000	5,582
Total Current Assets	217,812	316,499
Non-Current Assets		
Electric Plant		
Electric generators	551,663	544,707
Fuel tank	35,000	35,000
Accumulated depreciation	(269,027)	(246,395)
Total Electric Plant	317,636	333,312
Regulatory assets	58,300	53,268
TOTAL ASSETS	$ 593,748	$ 703,079
NET ASSETS AND LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	$ 8,583	$ 7,900
Payable to related parties	4,147	2,823
Total Current Liabilities	12,730	10,723
Noncurrent Liabilities		
Asset retirement obligation	103,537	94,310
Total Noncurrent Liabilities	103,537	94,310
Total Liabilities	116,267	105,033
Net Assets		
Invested in capital assets	317,636	333,312
Unrestricted	159,845	264,734
Total Net Assets	477,481	598,046
TOTAL NET ASSETS AND LIABILITIES	$ 593,748	$ 703,079

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 1

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended December 31, 2008 and 2007

	2008	2007
OPERATING REVENUES		
Electric revenue	$ 142,657	$ 165,849
OPERATING EXPENSES		
Related party services	55,259	75,067
Depreciation	22,632	18,368
Accretion of asset retirement obligation	2,271	3,219
Fuel	2,257	25,449
Maintenance	32,131	13,398
Utilities	10,001	7,389
Insurance	16,902	19,120
Professional services	9,340	8,226
Other operating expenses	3,752	1,782
Total Operating Expenses	154,545	172,018
Operating Income (Loss)	(11,888)	(6,169)
NONOPERATING REVENUES		
Investment income	3,841	13,045
Future recoverable costs	5,032	4,351
Total Non-Operating Revenues	8,873	17,396
Net Income (Loss) before Special Items	(3,015)	11,227
SPECIAL ITEM		
Distributions to participants	(117,550)	-
Change in net assets	(120,565)	11,227
NET ASSETS, Beginning of Year	598,046	586,819
NET ASSETS, END OF YEAR	$ 477,481	$ 598,046

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 1

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants	$ 151,350	$ 156,571
Cash paid to related parties for personnel services	(53,935)	(78,282)
Cash payments to suppliers and related parties for goods and services	(84,016)	(63,963)
Net Cash Provided by Operating Activities	13,399	14,326
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Distribution to participants	(117,550)	-
Net Cash Used in Noncapital Financing Activities	(117,550)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital expenditures	-	(60,568)
Net Cash Used in Capital and Related Financing Activities	-	(60,568)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	3,841	13,045
Net Cash Provided by Investing Activities	3,841	13,045
Net Change in Cash and Cash Equivalents	(100,310)	(33,197)
CASH AND CASH EQUIVALENTS, Beginning of Year	261,116	294,313
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 160,806	$ 261,116

	2008	2007
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	$ (11,888)	$ (6,169)
Depreciation	22,632	18,368
Accretion of asset retirement obligation	2,271	3,219
Changes in assets and liabilities		
Receivables from participants	8,693	(9,278)
Receivables from related parties	-	11,610
Fuel inventory	(10,898)	2,645
Prepaid expenses	582	(190)
Accounts payable and accrued expenses	683	(2,807)
Payable to related parties	1,324	(3,072)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 13,399	$ 14,326
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET		
Cash and cash equivalents	$ 160,806	$ 261,116
TOTAL CASH AND CASH EQUIVALENTS	$ 160,806	$ 261,116
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in estimated cost of plant	$ 9,227	$ 27,664

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 1

NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

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-Ohio, Inc. ("AMP-Ohio") 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-Ohio 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.

OMEGA JV1 applies all Financial Accounting Standards Board ("FASB") statements and interpretations except those that conflict with or contradict Governmental Accounting Standards Board ("GASB") pronouncements.

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

NEW ACCOUNTING STANDARDS

In September 2006 the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157 ('FAS 157"), Fair Value Measurements. This standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This standard applies under other accounting pronouncements that require or permit fair value measurements. This standard is effective for financial statements issued for fiscal years beginning after November 15, 2007. OMEGA JV1 adopted this standard effective January 1, 2008.

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

The OMEGA JV1's short-term financial instruments consist of the following: cash and cash equivalents, accounts receivable and accounts payable. The carrying values of these short-term financial instruments approximate their estimated fair values based on the instruments' short-term nature. All financial instruments are category 1 as defined by FAS 157.

For the fiscal years ended December 31, 2008 and 2007, there have been no changes in the application of valuation methods applied to similar assets and liabilities.

ASSETS, LIABILITIES AND NET ASSETS

Deposits and Investments

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

Investments of OMEGA JV1 are restricted by Ohio Revised Code (ORC) section 135.14. Investments are limited to:

1. Deposits at eligible institutions pursuant to ORC section 135.08 & 09.
2. Bonds or other obligations of the state.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Commercial paper, with certain conditions.
6. All investments must have an original maturity of 5 years or less.
7. Repurchase agreements with public depositories, with certain conditions.

The OMEGA JV1 has adopted an investment policy. That policy follows the state statute for allowable investments.

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.

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.

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Prepaids

Prepayments represent costs of insurance paid during the current audit year for coverage in subsequent years.

Fuel Inventory

Fuel inventory is stated at the lower of first-in, first-out ("FIFO") cost or market.

Electric Plant

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

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

Asset Retirement Obligations

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

Regulatory Assets

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

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Regulatory Assets (cont.)

Regulatory assets consisted of the following at December 31:

	2008	2007
Regulatory Assets		
Deferral of expenses related to asset retirement obligations	$ 58,300	$ 53,268
Totals	$ 58,300	$ 53,268

Net Assets

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

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

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

OPERATING REVENUE

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.

COMPARATIVE DATA

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

NOTE 2 – CASH AND CASH EQUIVALENTS

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.

	Carrying Value as of December 31,		
	2008	2007	Risks
Huntington Bank	$ 160,806	$ 261,116	Custodial credit

Deposits in each local and area bank are insured by the FDIC in the amount of $100,000 for interest bearing accounts and noninterest bearing accounts as of December 31, 2007 and in the amount of $250,000 as of December 31, 2008.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, OMEGA JV1's deposits may not be returned to it. OMEGA JV1 does not have a custodial credit risk policy. OMEGA JV1 has custodial credit risk on its cash and cash equivalent balance to the extent the balance exceeds the federally insured limit as stated above. As of December 31, 2007, $161,116 of the OMEGA JV1's bank balances known to be individually exposed to custodial credit risk. As of December 31, 2008, there were no deposits exposed to custodial credit risk.

NOTE 3 – ELECTRIC PLANT

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

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

	2007			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric generators	$ 459,695	$ 60,567	$ 24,445	$ 544,707
Fuel tank	35,000	-	-	35,000
Total Electric Plant in Service	494,695	60,567	24,445	579,707
Less: Accumulated depreciation	(228,027)	(18,368)	-	(246,395)
Electric Plant, Net	$ 266,668	$ 42,199	$ 24,445	$ 333,312

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:

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

	2007			
	Beginning Balance	Accretion Expense	Change in Estimate	Ending Balance
Asset retirement obligation	$ 66,646	$ 3,219	$ 24,445	$ 94,310

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.

NOTE 5 – NET ASSETS

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

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

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

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

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

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

	2008	2007
Plant in service	$ 586,663	$ 579,707
Accumulated depreciation	(269,027)	(246,395)
Total Net Assets Invested in Capital Assets	$ 317,636	$ 333,312

NOTE 6 – COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS

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

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

NOTE 7 – RISK MANAGEMENT

OMEGA JV1 is covered under the insurance policies of AMP-Ohio and is billed for its proportionate share of the insurance expense. AMP-Ohio 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.

NOTE 8 – RELATED PARTY TRANSACTIONS

OMEGA JV1 has entered into the following agreements:

- Pursuant to the Agreement, AMP-Ohio was designated as an agent and provides various management and operational services. OMEGA JV1 had a payable to AMP-Ohio of $100 and $143 at December 31, 2008 and 2007, respectively.
- As OMEGA JV1's agent, AMP-Ohio 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 $55,259 and $75,066 for the years ended December 31, 2008 and 2007, respectively. OMEGA JV1 had a payable to MESA for $4,047 and $2,680 at December 31, 2008 and 2007, respectively.

NOTE 8 – RELATED PARTY TRANSACTIONS (cont.)

- The City of Cuyahoga Falls, Ohio, agreed to provide a suitable site for the generating facilities, and OMEGA JV1 agreed to lease such site for the period of the Agreement plus one year, for the sum of one dollar. OMEGA JV1 incurred expenses of $10,001 and $7,389 for the years ended December 31, 2008 and 2007, respectively, for utilities provided by Cuyahoga Falls to the site. Cuyahoga Fails 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.

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

Ohio Municipal Electric Generation Agency
Joint Venture 1
Board of Participants

We have audited the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 1 ("OMEGA JV1") as of and for the year ended December 31, 2008, and have issued our report thereon dated April 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Ohio Municipal Electric Generation Agency
Joint Venture 1
Board of Participants

FINDING 1 – FINANCIAL REPORTING

Criteria

New auditing standards require OMEGA JV1 to (1) Maintain the books and records in such a condition that the auditor is not able to identify any material journal entries as a result of our audit procedures and (2) Be capable of preparing a complete set of year end financial statements in such a condition that the auditor is not able to identify any material changes as a result of the audit. A complete set of financial statements include the statements of net assets, changes in net assets, and cash flows, as well as footnote disclosures.

Condition

New auditing standards make it clear that the definition of a material weakness in internal control should include consideration of the year end financial reporting process. Material weaknesses over financial reporting exist when (1) there were material journal entries as a result of our audit procedures and/or (2) a complete set of year end financial statements for the auditor to test was not prepared by staff.

Cause

Until October 2008, adjusting journal entries were not being made with robust segregation of duties relative to independent review and approvals. Additionally, it is OMEGA JV1's historidal practice to have the auditor record various adjusting entries and create year-end financial statements for cost/benefit reasons.

Effect

Material auditing journal entries and preparation of the financial statements by the auditors were necessary to present the financial statements of OMEGA JV1 in accordance with generally accepted accounting prnciples.

Recommendation

OMEGA JV1 should consider additional internal controls or other procedures to strengthen controls over the financial reporting process so fewer material auditing journal entries are identified during the audit.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether OMEGA JV1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance, described below, that is required to be reported under *Government Auditing Standards.*

Ohio Municipal Electric Generation Agency
Joint Venture 1
Board of Participants

Finding 2 – Availability of Public Records

Criteria

Pursuant to Ohio Revenue Code (ORC) §149.43, OMEGA JV1 is required to have a public records policy in place and to provide a copy to all employees.

Condition

Currently OMEGA JV1 does not have an updated public records policy in place.

Cause

OMEGA JV1 has not formalized a public records policy to handle request for information from the public.

Effect

The public records may not be made available to the public as required by the ORC.

Recommendation

OMEGA JV1 should implement a public records policy that has all the requirements as outlined by the ORC.

OMEGA JV1's response to the findings identified in our audit were not audited by us and, accordingly, we express no opinion on it.

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

Virchow, Krause & Company, LLP

Madison, Wisconsin
April 8, 2009

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OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 2

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2008 and 2007

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

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December 31, 2008 and 2007

Virchow Krause & company

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Ohio Municipal Electric Generation Agency Joint Venture 2 ("OMEGA JV2") as of December 31, 2008 and 2007 and for the years then ended as listed in the table of contents. These financial statements are the responsibility of OMEGA JV2 management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OMEGA JV2 as of December 31, 2008 and 2007, and changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we also have issued our report dated March 20, 2009 on our consideration of OMEGA JV2's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The Management's Discussion and Analysis on pages 2 through 5 is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Virchow, Krause & Company, LLP

Madison, Wisconsin
April 8, 2009

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008 and 2007

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, 2008 and 2007. 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 statement of net assets; the statement of revenues, expenses and changes in net assets; and the statement of cash flows.

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

Financial Highlights

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

Condensed Statement of Net Assets

	2008	2007	2006
Assets			
Electric Plant & Equipment, net of accumulated depreciation	$ 35,353,495	$ 37,738,833	$ 40,509,111
Regulatory assets	1,052,685	872,199	737,842
Restricted assets	845,881	816,198	527,236
Current assets	2,817,026	2,351,970	2,095,756
Total Assets	$ 40,069,087	$ 41,779,200	$ 43,869,945
Net Assets and Liabilities			
Net assets - invested in capital assets	$ 35,353,495	$ 37,738,833	$ 40,509,111
Net assets - restricted	845,881	816,198	527,236
Net assets - unrestricted	702,986	795,241	859,457
Current liabilities	256,015	129,722	135,600
Noncurrent liabilities	2,910,710	2,299,206	1,838,541
Total Net Assets and Liabilities	$ 40,069,087	$ 41,779,200	$ 43,869,945

Total assets of $40,069,087 decreased $1,710,113 in 2008. This compares to a decrease of total assets of $2,090,745 in 2007, vs. 2006.

See accompanying auditor's report.

Condensed Statement of Net Assets (cont.)

Electric plant and equipment, net of accumulated depreciation decreased $2,385,338 for 2008 and $2,770,278 for 2007. The cost of electric plant and equipment assets, excluding the cost associated with asset retirement obligations, was $56,680,160 in 2008, an increase of $25,542 from 2007. The cost of electric plant and equipment assets, excluding the cost associated with asset retirement obligations, was $56,654,618 in 2007, a decrease of $252,617 from 2006, due to a change in estimate for the cost of electric plant and equipment to reflect the final cost of the generators. This decrease was refunded to OMEGA JV2 from AMP trust funds and deposited into the Reserve and Contingency fund.

Regulatory assets at December 31, 2008 were $1,052,685. This was an increase of $180,486 in 2008 compared to 2007. Regulatory assets were $872,199 at December 31, 2007, an increase of $134,357 over 2006. The increases were due primarily to increases in accretion expense related to asset retirement obligations.

Restricted assets at December 31, 2008 were $845,881. This was an increase of $29,683 in 2008 compared to 2007. The increase in 2008 was due to cash collected from generation revenues to cover future overhaul expenses of $14,645 and earnings on trust cash of $15,038. Restricted assets as of December 31, 2007 were $816,198. This was an increase of $288,962 compared to 2006 levels. This increase was due to a $252,617 transfer from AMP trust funds, $23,102 of cash collected from generation revenues to cover future overhaul expenses and $13,243 in interest earnings.

Current assets as of December 31, 2008 and 2007 were $2,817,026 and $2,351,970, respectively. This was an increase of $465,056 in 2008 compared to 2007, and an increase of $256,214 in 2007 compared to 2006. In 2008, cash and temporary investments increased $344,697 primarily due to $337,163 in cash provided by operating activities. Accounts receivable decreased $23,689 primarily as a result of decreased accounts receivable of $19,281 from participants. Inventories increased $146,301 primarily as a result of higher inventory levels. In 2007, cash and temporary investments increased $489,422 primarily due to $428,374 on cash provided by operating activities and 61,048 from investing activities. Accounts receivables decreased $202,126 as a result of decreases of $118,639 in accounts receivable from participants and decreases in receivables from related parties of $83,487. Inventories decreased $32,217 primarily as a result of lower inventory levels more than offsetting increases in diesel fuel costs.

Current liabilities as of December 31, 2008 were $256,015. This was an increase of $126,293 in 2008, while 2007 had a decrease of $5,878. The increase in 2008 was primarily due to an increase in accounts payable of $122,959. The decrease from 2007 to 2006 was primarily due to a decrease in accounts payable of $4,147.

Noncurrent liabilities as of December 31, 2008 were $2,910,710. This was an increase of $611,504 in 2008. The 2008 increases were driven by increases in asset retirement obligations of $569,859. The 2007 increases of $460,665 were primarily increases in asset retirement obligations of $437,563 in 2007 compared to 2006 and increases in deferred revenue liabilities driven by deposits to the overhaul fund for major repairs and maintenance.

Condensed Statement of Net Assets (cont.)

Net assets as of December 31, 2008 were $36,902,362. This was a decrease of $2,447,910 in 2008, while in 2007 net assets decreased $2,545,532. These reductions are equal to net operating losses for these periods plus investment income and future recoverable costs.

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	2008	2007	2006
Operating revenues	$ 1,996,709	$ 2,169,304	$ 2,546,329
Operating expenses	4,687,864	4,946,586	5,247,876
Operating Loss	$ (2,691,155)	$ (2,777,282)	$ (2,701,547)
Nonoperating revenue			
Investment income	$ 62,759	$ 97,394	$ 85,635
Future recoverable costs	180,486	134,356	132,060
Nonoperating revenue	243,245	231,750	217,695
Change in Net Assets	$ (2,447,910)	$ (2,545,532)	$ (2,483,852)

Electric revenues in 2008 were $1,996,709; this was a decrease of $172,595 for 2008. 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 does not include any bond payments by OMEGA JV2 financing members that are made directly to AMP-Ohio in their rates. The 2008 operating revenue decrease is attributable to the decrease in energy production from the generating units. In 2008, JV2's energy production was 1,705 megawatt hours, a decrease of 1,381 megawatt hours compared to 2007. Electric revenues in 2007 were $2,169,304, a decrease of $377,025 compared to 2006. In 2007, JV2's energy production was 3,086 megawatt hours compared to 5,144 megawatt hours in 2006.

JV2 operating expenses decreased in 2008 as a result of lower operating levels, as high fuel costs made operation of these units uneconomic compared to the purchase of power in the spot market. Operating expenses in 2008 were $4,687,864, a decrease of $258,722 compared to 2007 levels. In 2008 the $258,722 decrease in operating expenses were primarily due to reductions in fuel expenses of $172,595, maintenance expenses of $18,582, utilities expenses of $34,555, related party service expenses of $20,172, and other operating expenses of $48,301, partially offset by increases in depreciation and accretion of JV2's asset retirement obligation of $34,240 and 18,275, respectively. Operating expenses in 2007 were $4,946,586 a decrease of $301,290 compared to 2006. This decrease was primarily due to a decrease in fuel expense of $188,536, a decrease in maintenance expense of $99,293, a decrease in depreciation expense of 23,556 and a decrease in professional services of $33,439, offset by an increase in related party services of $16,563 and increases in utilities and insurance expenses of 8,113 and 3,427, respectively.

Condensed Statement of Revenues, Expenses and Changes in Net Assets (cont.)

Investment income in 2008 was $62,759, which was a decrease of $34,635 from 2007. Investment income in 2007 was $97,394, which was an increase of $11,759 from 2006. During 2008, investment income of $47,721 was earned on the checking account for the operating funds held at the bank. Interest income of $15,038 was earned on funds held by trustee as a requirement of the bond obligation for benefit of the OMEGA JV2 financing members. These funds were invested in short-term government backed securities, short-term commercial paper with the highest classification by at least two nationally recognized standard rating services, or the trust agency's money market account. During 2007, investment income of $84,150 was earned on the checking account for the operating funds held at the bank. Interest income of $13,244 was 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, commercial paper with the highest classification by at least two nationally recognized standard rating services, or the trust agency's money market account.

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OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

STATEMENTS OF NET ASSETS
December 31, 2008 and 2007

	2008	2007
ASSETS		
Current Assets		
Cash and temporary investments	$ 2,088,007	$ 1,743,310
Receivables from participants	163,459	182,740
Receivables from related parties	-	4,408
Inventory	474,495	328,194
Prepaid expenses	91,065	93,318
Total Current Assets	2,817,026	2,351,970
Non-Current Assets		
Restricted Assets		
Funds held by trustee	531,954	516,916
Overhaul fund	313,927	299,282
Other Assets		
Regulatory assets	1,052,685	872,199
Electric Plant and Equipment		
Electric generators	58,689,983	58,161,319
Vehicles	33,100	33,100
Accumulated depreciation	(23,369,588)	(20,455,586)
Total Non-Current Assets	37,252,061	39,427,230
TOTAL ASSETS	$ 40,069,087	$ 41,779,200
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 208,413	$ 85,454
Payable to related parties	47,602	44,268
Total Current Liabilities	256,015	129,722
Noncurrent Liabilities		
Regulatory liabilities	313,927	299,282
Asset retirement obligations	2,596,783	1,999,924
Total Noncurrent Liabilities	2,910,710	2,299,206
Total Liabilities	3,166,725	2,428,928
Net Assets		
Invested in capital assets	35,353,495	37,738,833
Restricted	845,881	816,198
Unrestricted	702,986	795,241
Total Net Assets	36,902,362	39,350,272
TOTAL LIABILITIES AND NET ASSETS	$ 40,069,087	$ 41,779,200

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended December 31, 2008 and 2007

	2008	2007
OPERATING REVENUES		
Electric revenue	$ 1,996,709	$ 2,169,304
OPERATING EXPENSES		
Related party services	606,587	626,759
Depreciation	2,914,002	2,879,762
Accretion of asset retirement obligation	93,737	75,462
Fuel	258,825	431,420
Maintenance	403,213	421,795
Utilities	116,654	151,209
Insurance	193,918	202,165
Professional services	64,280	73,065
Other operating expenses	36,648	84,949
Total Operating Expenses	4,687,864	4,946,586
Operating Loss	(2,691,155)	(2,777,282)
NONOPERATING REVENUES		
Investment income	62,759	97,394
Future recoverable costs	180,486	134,356
Total Non-Operating Revenues	243,245	231,750
Change in net assets	(2,447,910)	(2,545,532)
NET ASSETS, Beginning of Year	39,350,272	41,895,804
NET ASSETS, END OF YEAR	$ 36,902,362	$ 39,350,272

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants	$ 2,035,044	$ 2,371,430
Cash paid to related parties for personnel services	(603,253)	(628,490)
Cash payments to suppliers and related parties for goods and services	(1,094,628)	(1,314,566)
Net Cash Provided by Operating Activities	337,163	428,374
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(25,543)	-
Net Cash Used in Capital and Related Financing Activities	(25,543)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposit to overhaul fund	(14,645)	(23,102)
Purchases of investments	(860,919)	(265,860)
Proceeds from sale of investments	845,881	252,616
Investment income received	62,760	97,394
Net Cash Provided by Investing Activities	33,077	61,048
Net Change in Cash and Cash Equivalents	344,697	489,422
CASH AND CASH EQUIVALENTS, Beginning of Year	1,743,310	1,253,888
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,088,007	$ 1,743,310

	2008	2007
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	$ (2,691,155)	$ (2,777,282)
Depreciation	2,914,002	2,879,762
Accretion of asset retirement obligation	93,737	75,462
Changes in assets and liabilities		
Receivables from participants	19,281	118,639
Receivables from related parties	4,408	83,487
Inventory	(146,301)	32,217
Prepaid expenses	2,253	(1,135)
Accounts payable and accrued expenses	122,959	(4,147)
Payable to related parties	3,334	(1,731)
Regulatory liabilities	14,645	23,102
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 337,163	$ 428,374
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET		
Cash and temporary investments	$ 2,088,007	$ 1,743,310
Funds held by trustee	531,954	516,916
Overhaul fund	313,927	299,282
Total cash accounts	2,933,888	2,559,508
Less Non-cash equivalents	(845,881)	(816,198)
TOTAL CASH AND CASH EQUIVALENTS	$ 2,088,007	$ 1,743,310
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in estimated cost of plant	$ 503,122	$ 362,101

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-Ohio, Inc. ("AMP-Ohio"). On December 27, 2001, OMEGA JV2 purchased 138.650 MW of electric plant generating units (the "Project") from AMP-Ohio. 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.

OMEGA JV2 applies all Financial Accounting Standards Board ("FASB") statements and interpretations except those that conflict with or contradict Governmental Accounting Standards Board ("GASB") pronouncements.

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

NEW ACCOUNTING STANDARDS

In September 2007 the Financial Accounting Standards Board ("FASB') issued Statement of Financial Accounting Standards No. 157 ('FAS 157"), Fair Value Measurements. This standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles ("GAAP"), and expands disclosures about fair value measurements. This standard applies under other accounting pronouncements that require or permit fair value measurements. This standard is effective for financial statements issued for fiscal years beginning after November 15, 2007. OMEGA JV2 has made the decision to implement this standard effective January 1, 2008.

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

OMEGA JV2's short-term financial instruments consist of the following: cash and cash equivalents, accounts receivable and accounts payable. The carrying values of these short-term financial instruments approximate their estimated fair values based on the instruments short-term nature. All financial instruments are category 1 as defined by FAS 157.

For the fiscal years ended December 31, 2008 and 2007, there have been no changes in the application of valuation methods applied to similar assets and liabilities

ASSETS, LIABILITIES AND NET ASSETS

Deposits and Investments

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

Investments of OMEGA JV2 are restricted by Ohio Revised Code (ORC) section 135.14. Investments are limited to:

1. Deposits at eligible institutions pursuant to ORC section 135.08 & 09.
2. Bonds or other obligations of the state.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Commercial paper, with certain conditions.
6. All investments must have an original maturity of 5 years or less.
7. Repurchase agreements with public depositories, with certain conditions.

OMEGA JV2 has adopted an investment policy. That policy follows the state statute for allowable investments.

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.

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.

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Inventory

Inventory consists of fuel used to operate the Project and is stated at the lower of first-in, first-out 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.

Prepaids

Prepaids consists of insurance in the current fiscal year benefiting future periods.

Electric Plant and Equipment

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

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

Asset Retirement Obligations

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

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Regulatory Assets and Liabilities

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

Net Assets

The Project is owned by the Participants in undivided interests held either directly or in trust. Due to potential legal impediments to their holding 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

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Net Assets (cont.)

Municipality	Project kW Entitlement	Percent Project Ownership and Entitlement
Oak Harbor	737	0.55%
Elmore	364	0.27
Jackson Center	300	0.22
Napoleon	264	0.20
Lodi	218	0.16
Genoa	199	0.15
Pemberville	197	0.15
Lucas	161	0.12
South Vienna	123	0.09
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	

Operating Revenue 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-Ohio to retire the Project financing obligations (Note 10). Accordingly, OMEGA JV2 will generate negative operating margins during the operating life of the electric generators.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 2

NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 2 – CASH AND CASH EQUIVALENTS AND RESTRICTED ASSETS

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.

	Carrying Value as of December 31		
	2008	2007	Risks
Money Market Funds	$ 2,482	$ 2,295,208	Custodial Credit
US Treasury Obligation	954	300	None
Commercial Paper	531,000	264,000	Custodial Credit, Interest Rate, Concentration, Credit
Government Money Market Mutual Fund	2,399,452	-	Credit and Interest Rate
Totals	$ 2,933,888	$ 2,559,508	

Deposits in each local and area bank are insured by the FDIC in the amount of $100,000 for interest bearing accounts and noninterest bearing accounts as of December 31, 2007 and in the amount of $250,000 for interest bearing and unlimited amounts for noninterest bearing as of December 31, 2008.

Custodial Credit Risk

Deposits

Custodial risk is the risk that in the event of a bank failure, OMEGA JV2's deposits may not be returned to it. OMEGA JV2 does not have a custodial credit risk policy. OMEGA JV2 has custodial credit risk on its cash and cash equivalent balances to the extent the balances exceed the federally insured limit of $250,000 and $100,000 for the years ending December 31, 2008 and 2007, respectively.

As of December 31, 2007, $2,195,208 of OMEGA JV2's bank balances were known to be individually exposed to custodial credit risk. As of December 31, 2008, there were no deposits exposed to custodial credit risk.

NOTE 2 – CASH AND CASH EQUIVALENTS AND RESTRICTED ASSETS (cont.)

Custodial Credit Risk (cont.)

Investments

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

	2008		2007	
	Book Balance	Carrying Value	Book Balance	Carrying Value
Neither insured nor registered and held by a counterparty	$ 531,000	$ 531,000	$ 264,000	$ 264,000

OMEGA JV 2's investment policy does not address this 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 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, 2008, OMEGA JV2's investments were rated as follows:

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

NOTE 2 – CASH AND CASH EQUIVALENTS AND RESTRICTED ASSETS (cont.)

***Credit Risk** (cont.)*

As of December 31, 2007, OMEGA JV2's investments were rated as follows:

Investment Type	Moody's Investors Services	Standard & Poors
Commercial Paper	P1	A1+

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment.

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

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

As of December 31, 2007, OMEGA JV2's investments were as follows:

Investment	Maturity Date	Fair Value
Prudential Commercial Paper	01/02/2008	$ 263,000
US BanCorp Commercial Paper	01/02/2008	1,000
		$ 264,000

OMEGA JV2's investment policy does not address this risk.

NOTE 2 – CASH AND CASH EQUIVALENTS AND RESTRICTED ASSETS (cont.)

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.

At December 31, 2008 and 2007 OMEGA JV2's investment portfolio was concentrated as follows:

		Percentage of Portfolio	
Issuer	Investment Type	2008	2007
Prudential FNDG	Commercial Paper	-	11%
US BanCorp	Commercial Paper	18%	-

OMEGA JV2's investment policy does not address this risk.

NOTE 3 – RESTRICTED ASSETS

RESTRICTED ACCOUNTS

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-Ohio 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.

NOTE 3 – RESTRICTED ASSETS (cont.)

RESTRICTED NET ASSETS

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

	2008	2007
Restricted Assets		
Reserve and Contingency Fund	$ 531,954	$ 516,916
Overhaul Fund	313,927	299,282
Total Restricted Net Assets as Calculated	$ 845,881	$ 816,198

NOTE 4 – ELECTRIC PLANT AND EQUIPMENT

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

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

	2007			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric generators	$ 58,051,835	$ -	$ 109,484	$ 58,161,319
Vehicles	33,100	-	-	33,100
Total Electric Plant and Equipment in Service	58,084,935	-	109,484	58,194,419
Less: Accumulated depreciation	(17,575,824)	(2,879,762)	-	(20,455,586)
Electric Plant and Equipment, Net	$ 40,509,111	$ (2,879,762)	$ 109,484	$ 37,738,833

NOTE 4 – ELECTRIC PLANT AND EQUIPMENT (cont.)

During 2007, a change in estimate was made to electric plant and equipment to record the final cost of the generators. In 2001, participants contributed capital to construct new generators. At that time, the estimated cost of $58,051,835 was capitalized; this included an estimate of Asset Retirement Obligation of $1,177,700. In 2007, the cost of plant was ultimately determined to be $56,621,518. The difference of $252,617 was refunded to OMEGA JV2 from AMP and deposited into the Reserve and Contingency fund.

In addition, a change in estimate was made due to a 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 of the sites.

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

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

	2007			
	Beginning Balance	Revisions to Estimate	Accretion Expense	Ending Balance
Asset retirement obligation	$ 1,562,361	$ 362,101	$ 75,462	$ 1,999,924

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.

NOTE 6 – NET ASSETS

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

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

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

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

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

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

	2008	2007
Electric Plant and Equipment Assets	$ 56,680,160	$ 56,654,618
Asset Retirement Obligation	2,042,923	1,539,801
Accumulated Depreciation	(23,369,588)	(20,455,586)
Total Net Assets Invested in Capital Assets	$ 35,353,495	$ 37,738,833

NOTE 7 – COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS

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

NOTE 7 – COMMITMENTS AND CONTINGENCIES (cont.)

ENVIRONMENTAL MATTERS (cont.)

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

NOTE 8 – RISK MANAGEMENT

OMEGA JV2 is covered under the insurance policies of AMP-Ohio and is billed for its proportionate share of the insurance expense. AMP-Ohio 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.

NOTE 9 – RELATED PARTY TRANSACTIONS

OMEGA JV2 has entered into the following agreements:

- Pursuant to the Agreement, AMP-Ohio was designated as an agent and provides various management and operational services. OMEGA JV2 incurred expenses related to these services in the amount of $115,486 and $134,174 for the years ended December 31, 2008 and 2007, respectively, and had a payable due to Amp-Ohio of $4,134 and $16,473 at December 31, 2008 and 2007, respectively, for these services. OMEGA JV2 had a receivable due from AMP-Ohio in the amount of $4,408 at December 31, 2007, for payment of charges related to AMP-Ohio.

- As OMEGA JV2's agent, AMP-Ohio 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 $491,101 and $492,584 for the years ended December 31, 2008 and 2007, respectively, and had a payable to MESA for $43,468 and $27,795 at December 31, 2008 and 2007, respectively.

- Participants with units sited in their communities provide utilities to the generating units. OMEGA JV2 incurred expenses of $116,654 and $151,209 for these services for the years ended December 31, 2008 and 2007, respectively.

NOTE 10 – ACQUISITION OF THE PROJECT

Pursuant to the Agreement, OMEGA JV2 purchased the Project and assumed related contracts from AMP-Ohio 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-Ohio 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-Ohio. Therefore, the OMEGA JV2 Bonds are not recorded in the financial statements of OMEGA JV2. The OMEGA JV2 Bonds outstanding at December 31, 2008, are as follows:

Maturity Date January 1,	Principal Amount	Interest Rate
2009	$ 2,120,000	4.15 %
2010	2,225,000	5.00 %
2011	2,335,000	5.25 %
2012	2,460,000	5.25 %
2013	2,590,000	5.25 %
2014	2,725,000	5.25 %
2015	2,865,000	5.25 %
2016	3,015,000	5.25 %
2017	3,175,000	5.25 %
2021	14,280,000	4.75 %
Total	$ 37,790,000	

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

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

All financing participants are in compliance with the debt service coverage ratio requirement for the years ended December 31, 2007 and 2008.

NOTE 10 – ACQUISITION OF THE PROJECT (cont.)

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

Virchow Krause & company

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

Ohio Municipal Electric Generation Agency
Joint Venture 2
Board of Participants

We have audited the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 2 ("OMEGA JV2") as of and for the year ended December 31, 2008, and have issued our report thereon dated April 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

FINDING 1 – FINANCIAL REPORTING

Criteria

New auditing standards require OMEGA JV2 to (1) Maintain the books and records in such a condition that the auditor is not able to identify any material journal entries as a result of our audit procedures and (2) Be capable of preparing a complete set of year end financial statements in such a condition that the auditor is not able to identify any material changes as a result of the audit. A complete set of financial statements include the statements of net assets, changes in net assets, and cash flows, as well as footnote disclosures.

Condition

New auditing standards make it clear that the definition of a material weakness in internal control should include consideration of the year end financial reporting process. Material weaknesses over financial reporting exist when (1) there were material journal entries as a result of our audit procedures and/or (2) a complete set of year end financial statements for the auditor to test was not prepared by staff.

Cause

Until October 2008, adjusting journal entries were not being made with robust segregation of duties relative to independent review and approvals. Additionally, it is OMEGA JV2's historidal practice to have the auditor record various adjusting entries and create year-end financial statements for cost/benefit reasons.

Effect

Material auditing journal entries and preparation of the financial statements by the auditors were necessary to present the financial statements of OMEGA JV2 in accordance with generally accepted accounting principles.

Recommendation

OMEGA JV2 should consider additional internal controls or other procedures to strengthen controls over the financial reporting process so fewer material auditing journal entries are identified during the audit.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether OMEGA JV2's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance, described below, that is required to be reported under *Government Auditing Standards*.

Ohio Municipal Electric Generation Agency
Joint Venture 2
Board of Participants

FINDING 2 – AVAILABILITY OF PUBLIC RECORDS

Criteria

Pursuant to Ohio Revenue Code (ORC) §149.43, OMEGA JV2 is required to have a public records policy in place and to provide a copy to all employees.

Condition

Currently OMEGA JV2 does not have an updated public records policy in place.

Cause

OMEGA JV2 has not formalized a public records policy to handle requests for information from the public.

Effect

The public records may not be made available to the public as required by the ORC.

Recommendation

OMEGA JV2 should implement a public records policy that has all the requirements as outlined by the ORC.

OMEGA JV2's response to the findings identified in our audit were not audited by us and, accordingly, we express no opinion on it.

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

Virchow, Krause & Company, LLP

Madison, Wisconsin
April 8, 2009

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 4

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2008 and 2007

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

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December 31, 2008 and 2007

Virchow Krause & company

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Ohio Municipal Electric Generation Agency Joint Venture 4 ("OMEGA JV4") as of December 31, 2008 and 2007 and for the years then ended as listed in the table of contents. These financial statements are the responsibility of OMEGA JV4 management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OMEGA JV4 as of December 31, 2008 and 2007, and changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we also have issued our report dated March 20, 2009 on our consideration of OMEGA JV4's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 2 through 4 is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Virchow, Krause & Company, LLP

Madison, Wisconsin
April 8, 2009

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008 and 2007

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, 2008 and 2007. The information presented should be read in conjunction with the basic financial statements and the accompanying notes.

OMEGA JV4 prepares its basic financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

OMEGA JV4's basic financial statements include the statement of net assets; the statement of revenues, expenses and changes in net assets; and the statement of cash flows.

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

Financial Highlights

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

Condensed Statement of Net Assets

	2008	2007	2006
Assets			
Transmission line, net of accumulated depreciation	$ 1,667,973	$ 1,766,248	$ 1,864,674
Current assets	552,729	595,815	677,335
Total Assets	$ 2,220,702	$ 2,362,063	$ 2,542,009
Net Assets and Liabilities			
Net assets - invested in capital assets	$ 1,667,973	$ 1,766,248	$ 1,864,674
Non assets - unrestricted	539,426	582,895	629,255
Current liabilities	13,303	12,920	48,080
Total Net Assets and Liabilities	$ 2,220,702	$ 2,362,063	$ 2,542,009

Total assets of $2,220,702 decreased $141,361 in 2008. This decrease is a result of an increase in transmission line depreciation of $98,275, and a net decrease in current assets of $43,086.

See accompanying auditor's report.

Total assets of $2,362,063 decreased $179,946 in 2007. This decrease is a result of an increase in transmission line depreciation, of $98,426, and a net decrease in current assets of $81,520.

Transmission line, net of accumulated depreciation at December 31, 2008 was $1,667,973. This was a decrease of $98,275 caused by an increase in depreciation expense. In 2008, accumulated deprecation expense was $972,965. Transmission line, net of accumulated depreciation at December 31, 2007 was $1,766,248. This was a decrease of $98,426 caused by an increase in depreciation expense. In 2007, accumulated deprecation expense was $874,690.

Current assets decreased $43,086 in 2008. Cash decreased $43,519 primarily due to distributions to participants of $258,516, partially offset by cash provided by operating activities of $202,795 and investment income received of $12,201. Current assets decreased $81,520 in 2007. Cash decreased $81,520 primarily due to distributions to participants of $258,516, partially offset by cash provided by operating activities of $148,415 and investment income received of $28,581.

Total net assets were $2,207,399 in 2008 and decreased $141,744 vs. prior year levels. The 2008 decrease was attributable to earnings of $116,772 offset by distributions to participants of $258,516. Total net assets as of December 31, 2007 were $2,349,143; this was a decrease of $144,786 vs. prior year levels. The 2007 decrease was attributable to earnings of $113,730 offset by distributions to participants of $258,516.

Current liabilities as of December 31, 2008 were $13,303; this was an increase of $383 in 2008 due primarily to an increase in accounts payable to a related party of $523 and a decrease in accrued expenses of $140. Current liabilities as of December 31, 2007 were $12,920; this was a decrease of $35,160 vs. prior year levels due to a decrease in accounts payable to a related party of $236 and a decrease in accrued expenses of $34,924.

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

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	2008	2007	2006
Operating revenues	$ 270,000	$ 270,000	$ 270,000
Operating expenses	165,429	184,851	178,476
Operating Income	104,571	85,149	91,524
Nonoperating revenues			
Investment income	12,201	28,581	35,382
Income Before Distributions	116,772	113,730	126,906
Distributions to participants	258,516	258,516	344,700
Change in Net Assets	$ (141,744)	$ (144,786)	$ (217,794)

See accompanying auditor's report.

Transmission revenues in 2008 were $270,000, unchanged from 2007 and 2006 levels.

Operating expenses in 2008 were $165,429, a decrease of $19,422 compared to prior year levels. Non-professional services from Municipal Energy Services Agency decreased $8,902, depreciation decreased $151, maintenance decreased $6,675, professional services increased $805 and other operating expenses decreased $4,499. Operating expenses in 2007 were $184,851, an increase of $6,375 compared to 2006. Five primary factors affected the $6,375 increase in operating expenses for 2007: Maintenance expense increased $14,321, services from Municipal Energy Services Agency decreased $6,447, depreciation expense increased $1,904, professional services decreased $4,056, and other operating expenses increased $653.

Investment income in 2008 was $12,201, which was a decrease of $16,380 compared to 2007. The 2008 decrease was a result of lower investment rates and assets under investment. Investment income in 2007 was $28,581, which was a decrease of $6,801 compared to 2006. The 2007 decrease was a result of lower investment rates and assets under investment.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

STATEMENTS OF NET ASSETS
December 31, 2008 and 2007

	2008	2007
ASSETS		
Current Assets		
Cash and cash equivalents	$ 527,304	$ 570,823
Receivables	22,500	22,500
Prepaid expenses	2,925	2,492
Total Current Assets	552,729	595,815
Non-Current Assets		
Utility Plant		
Transmission line	2,640,938	2,640,938
Accumulated depreciation	(972,965)	(874,690)
Total Utility Plant	1,667,973	1,766,248
TOTAL ASSETS	$ 2,220,702	$ 2,362,063
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued expenses	$ 10,930	$ 11,071
Payable to related party	2,373	1,849
Total Current Liabilities	13,303	12,920
Net Assets		
Invested in capital assets	1,667,973	1,766,248
Unrestricted	539,426	582,895
Total Net Assets	2,207,399	2,349,143
TOTAL LIABILITIES AND NET ASSETS	$ 2,220,702	$ 2,362,063

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended December 31, 2008 and 2007

	2008	2007
OPERATING REVENUES		
Transmission revenue	$ 270,000	$ 270,000
OPERATING EXPENSES		
Related party personnel services	26,861	35,763
Depreciation	98,275	98,426
Maintenance	13,276	19,951
Professional services	12,618	11,813
Other operating expenses	14,399	18,898
Total Operating Expenses	165,429	184,851
Operating Income	104,571	85,149
NONOPERATING REVENUES		
Investment income	12,201	28,581
Income before Distributions	116,772	113,730
DISTRIBUTIONS TO PARTICIPANTS		
Bryan	(108,577)	(108,577)
Pioneer	(77,555)	(77,555)
Montpelier	(64,629)	(64,629)
Edgerton	(7,755)	(7,755)
Total Distributions	(258,516)	(258,516)
Change in net assets	(141,744)	(144,786)
NET ASSETS, Beginning of Year	2,349,143	2,493,929
NET ASSETS, END OF YEAR	$ 2,207,399	$ 2,349,143

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants and customers	$ 270,000	$ 270,000
Cash paid to related parties for personnel services	(26,337)	(35,999)
Cash paid to suppliers and related parties for goods and services	(40,867)	(85,586)
Net Cash Provided by Operating Activities	202,796	148,415
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Distributions to participants	(258,516)	(258,516)
Net Cash Used in Noncapital Financing Activities	(258,516)	(258,516)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	12,201	28,581
Net Cash Provided by Investing Activities	12,201	28,581
Net Change in Cash and Cash Equivalents	(43,519)	(81,520)
CASH AND CASH EQUIVALENTS, Beginning of Year	570,823	652,343
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 527,304	$ 570,823
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 104,571	$ 85,149
Depreciation	98,275	98,426
Changes in assets and liabilities		
Prepaid expenses	(433)	-
Accrued expenses	(141)	(34,924)
Payable to related party	524	(236)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 202,796	$ 148,415
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET		
Cash and cash equivalents	$ 527,304	$ 570,823
TOTAL CASH AND CASH EQUIVALENTS	$ 527,304	$ 570,823

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ohio Municipal Electric Generation Agency Joint Venture 4 ("OMEGA JV4") was organized by four subdivisions of the State of Ohio (the "Participants") on December 1, 1995, pursuant to a Joint Venture Agreement (the "Agreement") under the Ohio Constitution and Section 715.02 of the Ohio Revised Code. Its purpose is to undertake the Williams County Transmission Project (the "Project"). The Participants are members of American Municipal Power-Ohio, Inc. ("AMP-Ohio"). OMEGA JV4 owns and operates the Project. The Project consists of a 69 KV three-phase transmission line located in Williams County, Ohio. During 2008 and 2007 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.

OMEGA JV4 applies all Financial Accounting Standards Board ("FASB") statements and interpretations except those that conflict with or contradict Governmental Accounting Standards Board ("GASB") pronouncements.

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

NEW ACCOUNTING STANDARDS

In September 2006 the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157 ('FAS 157"), Fair Value Measurements. This standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This standard applies under other accounting pronouncements that require or permit fair value measurements. This standard is effective for financial statements issued for fiscal years beginning after November 15, 2007. OMEGA JV4 implemented this standard effective January 1, 2008.

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

OMEGA JV4's short-term financial instruments consist of the following: cash and cash equivalents, accounts receivable and accounts payable. The carrying values of these short-term financial instruments approximate their estimated fair values based on the instruments short-term nature. All financial instruments are category 1 as defined by FAS 157.

For the fiscal years ended December 31, 2008 and 2007, there have been no changes in the application of valuation methods applied to similar assets and liabilities.

ASSETS, LIABILITIES AND NET ASSETS

Deposits and Investments

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

Investments of OMEGA JV4 are restricted by Ohio Revised Code (ORC) section 135.14. Investments are limited to:

1. Deposits at eligible institutions pursuant to ORC section 135.08 & 09.
2. Bonds or other obligations of the state.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Commercial paper, with certain conditions.
6. All investments must have an original maturity of 5 years or less.
7. Repurchase agreements with public depositories, with certain conditions.

OMEGA JV4 has adopted an investment policy. That policy follows the state statute for allowable investments.

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.

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.

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Prepaids

Prepayments represent costs of insurance paid during the current audit year for coverage in subsequent years.

Utility Plant

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

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

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.

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Net Assets

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

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

OPERATING REVENUE AND EXPENSES

Operating revenues are recognized when transmission service is delivered. OMEGA JV4's rates for transmission service are set by contracts with the customers.

COMPARATIVE DATA

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

NOTE 2 – CASH AND CASH EQUIVALENTS

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.

	Carrying Value as of December 31,		
	2008	2007	Risks
Huntington Bank	$ 199	$ 570,823	Custodial Credit
Government Money Market Mutual Fund	527,105	-	Interest Rate, Credit
Totals	$ 527,304	$ 570,823	

NOTE 2 – CASH AND CASH EQUIVALENTS (cont.)

Deposits in each local and area bank are insured by the FDIC in the amount of $100,000 for interest bearing accounts and noninterest bearing accounts as of December 31, 2007 and in the amount of $250,000 for interest bearing and unlimited amounts for noninterest bearing as of December 31, 2008.

Custodial Credit Risk

Custodial risk is the risk that in the event of a bank failure, OMEGA JV4's deposits may not be returned to it. OMEGA JV4 does not have a custodial credit risk policy. OMEGA JV4 has custodial credit risk on its cash and cash equivalent balance to the extent the balance exceeds the federally insured limit. As of December 31, 2007, $470,823 of the OMEGA JV4's bank balances known to be individually exposed to custodial credit risk. As of December 31, 2008 there were no deposits exposed to custodial credit risk.

Credit Risk

OMEGA JV4 invests in instruments approved under the entity's investment policy. The Board of Participants has authorized 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.

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

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

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

NOTE 2 – CASH AND CASH EQUIVALENTS (cont.)

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment.

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

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

OMEGA JV4's investment policy does not address this risk.

NOTE 3 – UTILITY PLANT

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

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

	2007		
	Beginning Balance	Additions	Ending Balance
Transmission line	$ 2,640,938	$ -	$ 2,640,938
Less: Accumulated depreciation	(776,264)	(98,426)	(874,690)
Utility Plant, Net	$ 1,864,674	$ (98,426)	$ 1,766,248

NOTE 4 – NET ASSETS

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

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

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

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

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

	2008	2007
Plant in service	$ 2,640,938	$ 2,640,938
Accumulated depreciation	(972,965)	(874,690)
Total Net Assets Invested in Capital Assets	$ 1,667,973	$ 1,766,248

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 2008 and 2007 was derived 67% and 69%, respectively, from sales to a nonparticipant, 32% and 30%, respectively, were to AMP-Ohio's general fund, who resold these to a participant. The contract with the nonparticipant can be cancelled on or after October 31, 2007 upon written notice six months prior to cancellation. As of December 31, 2008, 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-Ohio and is billed for its proportionate share of the insurance expense. AMP-Ohio 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.

NOTE 8 – RELATED PARTY TRANSACTIONS

OMEGA JV4 has entered into the following agreements:

- Pursuant to the Agreement, AMP-Ohio was designated as an agent and provides various management and operational services. OMEGA JV4 had a payable due to AMP-Ohio in the amount of $1 and $90 at December 31, 2008 and 2007, respectively.

- As OMEGA JV4's agent, AMP-Ohio 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 $26,861 and $35,763 for the years ended December 31, 2008 and 2007, respectively. OMEGA JV4 had a payable to MESA of $2,372 and $1,759 at December 31, 2008 and 2007, respectively.

Virchow Krause & company

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

Ohio Municipal Electric Generation Agency
Joint Venture 4
Board of Participants

We have audited the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 4 ("OMEGA JV4") as of and for the year ended December 31, 2008, and have issued our report thereon dated April 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

FINDING 1 – FINANCIAL REPORTING

Criteria

New auditing standards require OMEGA JV4 to (1) Maintain the books and records in such a condition that the auditor is not able to identify any material journal entries as a result of our audit procedures and (2) Be capable of preparing a complete set of year end financial statements in such a condition that the auditor is not able to identify any material changes as a result of the audit. A complete set of financial statements include the statements of net assets, changes in net assets, and cash flows, as well as footnote disclosures.

Condition

New auditing standards make it clear that the definition of a material weakness in internal control should include consideration of the year end financial reporting process. There is a material weakness over financial reporting because a complete set of year end financial statements for the auditor to test was not prepared by staff.

Cause

The auditor prepared the financial statements for OMEGA JV4.

Effect

Because preparation of the financial statements by the auditors, the accounting records may be misstated.

Recommendation

OMEGA JV4 should consider additional internal controls or other procedures to strengthen controls over the financial reporting process so financial reports can be prepared by staff.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether OMEGA JV4's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance, described below, that is required to be reported under *Government Auditing Standards.*

FINDING 2 – AVAILABILITY OF PUBLIC RECORDS

Criteria

Pursuant to Ohio Revenue Code (ORC) §149.43, OMEGA JV4 is required to have a public records policy in place and to provide a copy to all employees.

Condition

Currently OMEGA JV4 does not have an updated public records policy in place.

Cause

OMEGA JV4 has not formalized a public records policy to handle requests for information from the public.

Effect

The public records may not be made avaiable to the public as required by the ORC.

Recommendation

OMEGA JV4 should implement a public records policy that has all the requirements as outlined by the ORC.

OMEGA JV4's response to the findings identified in our audit were not audited by us and, accordingly, we express no opinion on it.

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

Virchow, Krause & Company, LLP

Madison, Wisconsin
April 8, 2009

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OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 5

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2008 and 2007

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

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December 31, 2008 and 2007

Virchow Krause & company

INDEPENDENT AUDITORS' REPORT

Board of Participants
Ohio Municipal Electric Generation Agency
Joint Venture 5

We have audited the accompanying financial statements of Ohio Municipal Electric Generation Agency Joint Venture 5 ("OMEGA JV5") as of December 31, 2008 and 2007 and for the years then ended as listed in the table of contents. These financial statements are the responsibility of OMEGA JV5 management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OMEGA JV5 as of December 31, 2008 and 2007, and changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we also have issued our report dated March 20, 2009 on our consideration of OMEGA JV5's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 2 through 5 is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Virchow, Krause & Company, LLP

Madison, Wisconsin
April 8, 2009

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, 2008 and 2007. The information presented should be read in conjunction with the basic financial statements and the accompanying notes.

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

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

Financial Highlights

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

Condensed Statement of Net Assets

	2008	2007	2006
Assets			
Restricted assets - current	$ 7,416,861	$ 7,442,001	$ 692,466
Other current assets	7,242,037	6,991,591	8,027,507
Total current assets	14,658,898	14,433,592	8,719,973
Restricted assets - noncurrent	3,275,760	3,171,486	10,403,638
Utility plant	141,357,556	146,020,175	150,682,794
Other assets	2,481,375	2,962,537	3,464,101
Total assets	$ 161,773,589	$ 166,587,790	$ 173,270,506
Net Assets and Liabilities			
Net assets - Invested in capital assets	$ 19,376,788	$ 20,642,075	$ 21,994,119
Net assets - restricted	7,573,490	7,381,651	7,139,925
Net assets - unrestricted	(17,991,357)	(19,074,237)	(18,330,853)
Net beneficial interest certificates	117,505,768	121,003,100	124,403,675
Current liabilities	9,173,079	9,075,640	9,027,212
Regulatory and noncurrent liabilities	26,135,821	27,559,561	29,036,428
Total net assets and liabilities	$ 161,773,589	$ 166,587,790	$ 173,270,506

Total current assets at December 31, 2008 were $14,658,898. This was an increase of $225,306 compared to 2007 levels of $14,433,592. 2007 current assets increased $5,713,619 in 2007 compared to 2006. In 2008, the increase is due to an increase in operating cash of $63,883, an increase in accounts receivable of $184,137, an increase in inventory of $11,843, partially offset by a decrease in prepaid expenses of $9,417 and a decrease in current restricted assets of $25,140. The increase in 2007 was primarily due to a reclassification of noncurrent restricted current assets to current restricted assets. Current restricted assets increased $6,749,535 in 2007, receivables from participants increased $841,023, and inventory and prepaid expenses increased $1,340 and $2,586, respectively. This was partially offset by a decrease in operating cash of $1,692,192 and a decrease in other receivables of $188,673.

Noncurrent restricted assets totaled $3,275,760 at December 31, 2008 and $3,171,486 at December 31, 2007. This was an increase of $104,274 in 2008 compared to 2007, and a decrease of $7,232,152 in 2007 compared to 2006. The classification of restricted assets into current and noncurrent categories reflects the timing of anticipated payments from the Certificate Payment Fund and the Reserve and Contingency Fund. In the aggregate, restricted assets increased by $79,134 in 2008 and by $209,849 in 2007. The increases in aggregate restricted assets in 2008 and 2007 were primarily due to interest earned on funds on deposit with the trustee.

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

Other assets at December 31, 2008 totaled $2,481,375. This was a decrease of $481,162 vs. prior year levels. The decrease in 2008 was the result of a decrease in prepaid dedicated capacity of $240,143, prepaid bond insurance of $124,355, and beneficial interest certificates' issuance costs of $116,664. Other assets at December 31, 2007 totaled $2,962,537, a decrease of $501,564 compared to 2006. The decrease in 2007 was the result of decreases in prepaid dedicated capacity of $240,142, prepaid bond insurance of $135,444, and beneficial interest certificates' issuance costs of $125,978.

Net assets at December 31, 2008 were $8,958,921, an increase of $9,432 over 2007 levels. This resulted from a decrease of $1,265,287 in net assets invested in capital assets, net of related debt, offset by increases in restricted net assets of $191,839 and unrestricted net assets of $1,082,880. On December 31, 2007, net assets were $8,949,489, a decrease of $1,853,702 vs. 2006 levels. This resulted from an increase in restricted net assets of $241,726, a decrease in net assets invested in capital assets, net of related debt of $1,352,044, and a decrease in unrestricted net assets of $743,384.

Net Beneficial Interest Certificates at December 31, 2008 were $117,505,768. This was a decrease in 2008 over 2007 of $3,497,332. This was primarily due to a principal payment made on the 2004 Beneficial Interest Certificates of $4,375,000 partially offset by the amortization of the unamortized discount of the 2001 bonds. Net Beneficial Interests at December 31, 2007 were $121,003,100, a decrease if $3,400,575, due primarily to a principal payment of $4,285,000 made in 2007 partially offset by the amortization of the unamortized discount of the 2001 bonds.

Current liabilities at December 31, 2008 were $9,173,079. This was an increase of $97,439 vs. 2007 levels. This change was a result of increase in accounts payable, related parties payable and current regulatory liabilities of $82,454, $15,847 and $11,843, respectively. Current beneficial interest certificates also increased $100,000. This was partially offset by decreases in accrued interest and debt service collected to be reimbursed to members of $36,914 and 75,791, respectively. Current liabilities at December 31, 2007 were $9,075,640, an increase of $48,428 in comparison to 2006 levels. This was primarily due to increases of $90,000 in current beneficial interest certificates, $24,003 in accounts payable to related parties, $1,340 in current regulatory liabilities and $259 in debt service collected to be reimbursed to members. This was partially offset by decreases of $35,037 in accounts payable and accrued expense and decreases of $32,137 in accrued interest.

Regulatory and noncurrent liabilities at December 31, 2008 were $26,135,821, a decrease of $1,423,740 compared to 2007. This was the result of decreases in regulatory liabilities and accrued license fees of $1,414,460 and $9,280, respectively. Regulatory and non-current liabilities were $27,559,561 on December 31, 2007, a decrease of $1,476,867 compared to 2006. This was the result of decreases in regulatory liabilities of $1,471,728 and accrued license fees of $5,139 respectively.

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	2008	2007	2006
Operating revenues	$ 23,010,244	$ 23,702,278	$ 23,567,468
Operating expenses	17,099,564	17,771,750	16,406,994
Operating income	5,910,680	5,930,528	7,160,474
Nonoperating income and expense			
Investment income	265,428	539,807	582,240
Litigation Settlement	-	38,339	188,673
Interest Expense	(5,814,460)	(5,852,585)	(5,880,127)
Amortization	(352,216)	(428,091)	(530,052)
Total nonoperating income/(expense)	(5,901,248)	(5,702,530)	(5,639,266)
Net income before special item	9,432	227,998	1,521,208
Distributions to participants	-	(2,081,700)	-
Change in net assets	$ 9,432	$ (1,853,702)	$ 1,521,208

Net income was $9,432 in 2008, a decrease of $218,556 compared to 2007. Operating income was $19,848 below prior year levels and nonoperating income was $198,718 below 2007 levels, due to lower levels of investment income. In 2007, net income was $227,998, a decrease of $1,293,210 compared to 2006. This decrease was due to higher levels of purchased power expenses, offset partially by lower operating costs.

Operating revenues were $23,010,244 in 2008, a decrease of $692,034 compared to 2007. This decrease in revenues was a result of lower hydro power sales, emission allowances and deferred revenues partially offset by higher purchased power sales. Operating revenues in 2007 were $23,702,278, an increase of $134,810 compared to 2006 levels. This increase is the result of higher hydro power sales and emissions allowances partially offset by lower replacement power sales.

Operating expenses in 2008 of $17,099,564 decreased by $672,186 in 2008, primarily as the result of a $643,178 decrease in replacement purchased power and lower operating and maintenance expenses. Operating expenses of $17,771,750 increased by $1,364,756 in 2007 compared to 2006 primarily as the result of a $1,839,287 increase in replacement purchased power, partially offset by lower operating expenses.

Nonoperating income/ (expense) totaled ($5,901,248) in 2008, a decrease of $198,718 over 2007 levels of ($5,702,530). Nonoperating income/expense was $63,265 lower in 2007 compared to 2006. These decreases were caused primarily by lower investment income and litigation settlements, partially offset by reduced levels of amortization expenses in both 2008 and 2007.

There was no distribution to participants in 2008. In 2007, $2,081,700 was returned to the participants as a distribution of excess cash from the proceeds of power generated that was excess to member requirements and from the receipt of funds from a litigation settlement. This distribution was authorized by the Board of Participants.

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OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

STATEMENTS OF NET ASSETS
December 31, 2008 and 2007

	2008	2007
ASSETS		
Current Assets		
Cash and temporary investments	$ 5,693,461	$ 5,629,578
Restricted assets - funds held by trustee	7,416,861	7,442,001
Receivables from participants	1,204,210	1,020,073
Inventory	134,608	122,765
Prepaid expenses	209,758	219,175
Total Current Assets	14,658,898	14,433,592
Non-Current Assets		
Restricted Assets		
Restricted assets - funds held by trustee	3,275,760	3,171,486
Other Assets		
Prepaid dedicated capacity	80,047	320,190
Prepaid bond insurance	1,170,376	1,294,731
Beneficial interest certificates' issuance costs, net	1,230,952	1,347,616
Electric Plant and Equipment		
Electric plant in service	186,288,814	186,288,814
Land	431,881	431,881
Accumulated depreciation	(45,363,139)	(40,700,520)
Total Non-Current Assets	147,114,691	152,154,198
TOTAL ASSETS	$ 161,773,589	$ 166,587,790

LIABILITIES AND NET ASSETS	2008	2007
Current Liabilities		
Accounts payable and accrued expenses	$ 1,337,310	$ 1,254,856
Payable to related parties	107,030	91,183
Regulatory liabilities - current	134,608	122,765
Liabilities Payable From Restricted Assets		
Accrued interest	1,760,827	1,797,741
Debt service collected to be reimbursed to members	1,358,304	1,434,095
Beneficial interest certificates, current	4,475,000	4,375,000
Total Current Liabilities	9,173,079	9,075,640
Noncurrent Liabilities		
Regulatory liabilities	26,068,316	27,482,776
Accrued license fees	67,505	76,785
2001 beneficial interest certificates	56,125,000	56,125,000
Unamortized discount	(35,279,842)	(36,386,459)
2004 beneficial interest refunding certificates	95,585,000	100,060,000
Unamortized premium	4,678,992	5,261,605
Unamortized cost from defeasance of 1993 beneficial interest certificates	(3,603,382)	(4,057,046)
Total Noncurrent Liabilities	143,641,589	148,562,661
Net Assets		
Invested in capital assets, net of related debt	19,376,788	20,642,075
Restricted	7,573,490	7,381,651
Unrestricted	(17,991,357)	(19,074,237)
Total Net Assets	8,958,921	8,949,489
TOTAL LIABILITIES AND NET ASSETS	$ 161,773,589	$ 166,587,790

See accompanying notes to financial statements.

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OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended December 31, 2008 and 2007

	2008	2007
OPERATING REVENUES		
Electric revenue	$ 23,010,244	$ 23,702,278
OPERATING EXPENSES		
Purchased power	8,964,161	9,607,339
Related party services	1,036,850	1,051,066
Depreciation	4,662,619	4,662,619
Maintenance	552,368	672,792
Utilities	128,312	114,253
Insurance	371,551	377,714
Professional services	120,045	102,358
Payment in lieu of taxes	839,975	839,975
Other operating expenses	423,683	343,634
Total Operating Expenses	17,099,564	17,771,750
Operating Income	5,910,680	5,930,528
NONOPERATING INCOME AND EXPENSE		
Investment income	265,428	539,807
Litigation settlement	-	38,339
Interest expense	(5,814,460)	(5,852,585)
Amortization of issuance costs and insurance	(241,022)	(261,422)
Amortization of Oberlin financing	(240,142)	(240,142)
Amortization of bond defeasance	(453,665)	(498,001)
Amortization of premium	582,613	571,474
Total Nonoperating Income/(Expense)	(5,901,248)	(5,702,530)
Net Income before Special Item	9,432	227,998
SPECIAL ITEM		
Distributions to participants	-	(2,081,700)
Change in net assets	9,432	(1,853,702)
NET ASSETS, Beginning of Year	8,949,489	10,803,191
NET ASSETS, END OF YEAR	$ 8,958,921	$ 8,949,489

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants	$ 21,499,278	$ 22,330,160
Cash paid to related parties for personnel services	(1,021,003)	(1,075,069)
Cash payments to suppliers and related parties for goods and services	(11,405,135)	(12,073,715)
Net Cash Provided by Operating Activities	9,073,140	9,181,376
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments on beneficial interest certificates	(4,375,000)	(4,285,000)
Interest payments on beneficial interest certificates	(4,744,756)	(4,836,825)
Distribution to participants	-	(2,081,700)
Proceeds from debt service to be refunded to members	1,517,669	1,599,345
Payment of debt service refunded to members	(1,593,464)	(1,599,086)
Net Cash Used in Capital and Related Financing Activities	(9,195,551)	(11,203,266)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(10,692,621)	(30,839,274)
Sale of investments	10,613,487	30,629,165
Investment income received	265,428	539,807
Net Cash Provided by Investing Activities	186,294	329,698
Net Change in Cash and Cash Equivalents	63,883	(1,692,192)
CASH AND CASH EQUIVALENTS, Beginning of Year	5,629,578	7,321,770
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,693,461	$ 5,629,578

	2008	2007
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 5,910,680	$ 5,930,528
Non-operating income	-	38,339
Depreciation	4,662,619	4,662,619
Changes in assets and liabilities		
Receivables from participants	(184,137)	(327,607)
Receivables from related parties	-	179,050
Other accounts receivables	-	188,673
Inventory	(11,843)	(1,340)
Prepaid expenses	9,417	(2,586)
Regulatory liabilities	(1,402,617)	(1,470,388)
Accounts payable and accrued expenses	82,454	(34,776)
Payable to related parties	15,847	24,003
Accrued license fees	(9,280)	(5,139)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 9,073,140	$ 9,181,376
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET		
Cash and temporary investments	$ 5,693,461	$ 5,629,578
Funds held by trustee	10,692,621	10,613,487
Total cash accounts	16,386,082	16,243,065
Less Non-cash equivalents	(10,692,621)	(10,613,487)
TOTAL CASH AND CASH EQUIVALENTS	$ 5,693,461	$ 5,629,578

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-Ohio, Inc. ("AMP-Ohio"). 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.

OMEGA JV5 applies all Financial Accounting Standards Board ("FASB") statements and interpretations except those that conflict with or contradict Governmental Accounting Standards Board ("GASB") pronouncements.

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.

NEW ACCOUNTING STANDARDS

In September 2007 the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157 ('FAS 157"), Fair Value Measurements. This standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This standard applies under other accounting pronouncements that require or permit fair value measurements. This standard is effective for financial statements issued for fiscal years beginning after November 15, 2007. OMEGA JV5 implemented this standard effective January 1, 2008.

FAIR VALUE OF FINANCIAL INSTRUMENTS

OMEGA JV5's financial instruments consist of cash and cash equivalents, receivables from participants, and accounts payable. The carrying values of these short-term financial instruments approximate their estimated fair values based on the instruments short-term nature.

The fair value of OMEGA JV5's securities is based on quoted market prices.

The fair value of OMEGA JV5's debt approximate its carrying value given the variable rate structure of the debt instruments.

All financial instruments are category 1 as defined by FAS 157.

For the fiscal year ended December 31, 2008, there have been no changes in the application of valuation methods applied to similar assets and liabilities.

ASSETS, LIABILITIES AND NET ASSETS

Deposits and Investments

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

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Deposits and Investments (cont.)

Investments of OMEGA JV5 are restricted by Ohio Revised Code (ORC) section 135.14. Investments are limited to:

1. Deposits at eligible institutions pursuant to ORC section 135.08 & 09.
2. Bonds or other obligations of the state.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Commercial paper, with certain conditions.
6. All investments must have an original maturity of 5 years or less.
7. Repurchase agreements with public depositories, with certain conditions.

OMEGA JV5 has adopted an investment policy. That policy follows the state statute for allowable investments.

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.

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.

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.

Prepaids

Prepayments represent costs of insurance paid during the current audit year for coverage in subsequent years.

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

OMEGA JV5 Plant

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

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

Asset Retirement Obligations

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

Regulatory Liabilities

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

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Long-Term Obligations

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

Net Assets

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

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

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Net Assets *(cont.)*

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

REVENUES AND EXPENSES

Operating Revenue 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.

COMPARATIVE DATA

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

NOTE 2 – CASH AND CASH EQUIVALENTS

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.

	Carrying Value as of December 31, 2008	Carrying Value as of December 31, 2007	Risks
Money Market Funds	$ 9,754	$ 5,629,578	Custodial Credit and Credit Risks
US Treasury Obligation	351,148	896	Interest Rate Risk
US Agencies	8,580,000	-	Credit Risk
Government Money Market Mutual Fund	6,564,282	-	Credit and Interest Rate Risk
Commercial Paper	880,898	10,612,591	Credit, Interest, Custodial Credit and Concentration
Total Cash, Cash Equivalents, and Investments	$ 16,386,082	$ 16,243,065	

Deposits in each local and area bank are insured by the FDIC in the amount of $100,000 for interest bearing accounts and noninterest bearing accounts as of December 31, 2007 and in the amount of $250,000 for interest bearing and unlimited amounts for noninterest bearing as of December 31, 2008.

Custodial Credit Risk

Deposits

Custodial risk is the risk that in the event of a bank failure, OMEGA JV5's deposits may not be returned to it. OMEGA JV5 does not have a custodial credit risk policy. OMEGA JV5 has custodial credit risk on its cash and cash equivalent balance to the extent the balance exceeds the federally insured limit of $250,000 and $100,000 for the years ending December 31, 2008 and 2007, respectively.

OMEGA JV5 has the deposits shown below exposed to custodial credit risk.

	2008		2007	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Huntington Bank	$ -	$ -	$ 5,529,578	$ 5,529,578

OMEGA JV5's investment policy does not address this risk.

NOTE 2 – CASH AND CASH EQUIVALENTS (cont.)

Custodial Credit Risk (cont.)

As of December 31, 2007, $5,529,578 of the JV5's bank balances were known to be individually exposed to custodial credit risk. As of December 31, 2008, there were no deposits exposed to custodial credit risk.

Investments

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

As of December 31, 2008 and 2007, OMEGA JV5's investments were exposed to custodial credit risk as follows:

	2008		2007	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Neither insured nor registered and held by a counterparty	$ 880,898	$ 880,898	$ 10,612,591	$10,612,591

OMEGA JV5's investment policy does not address this risk.

Credit Risk

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.

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

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

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

NOTE 2 – CASH AND CASH EQUIVALENTS (cont.)

Credit Risk (cont.)

As of December 31, 2007, OMEGA JV5's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
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.

At December 31, 2008 and 2007, OMEGA JV5's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio 2008	2007
General Electric	Commercial Paper	-	5.45%
US Bank	Commercial Paper	5.38%	59.88%

OMEGA JV5's investment policy does not address this risk.

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment.

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

Investment	Maturity Date	Weighted Average Maturity (days)	Fair Value
Government Money Market Mutual Fund – First American Prime Obligations Fund	n/a	48	$ 880,576
Government Money Market Mutual Fund – Federated Obligation Fund	n/a	36.37	5,683,706
US Bank Commercial Paper	2/13/2009	45	880,898
US Treasury Obligation	2/15/2009	47	351,148
			$ 7,796,328

NOTE 2 – CASH AND CASH EQUIVALENTS (cont.)

Interest Rate Risk (cont.)

As of December 31, 2007, OMEGA JV5's investments were as follows:

Investment	Maturity Date	Fair Value
General Electric Commercial Paper	2/15/2008	$ 885,957
US Bank Commercial Paper	2/15/2008	9,726,633
US Treasury Obligation	2/15/2008	896
		$ 10,613,486

OMEGA JV5's investment policy does not address this risk.

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, 2008 and 2007, 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.)

The following calculation supports the amount of restricted net assets:

	2008	2007
Restricted Assets		
Certificate payment fund	$ 7,416,861	$ 7,442,001
Reserve and contingency fund	3,275,760	3,171,486
	10,692,621	10,613,487
Less:		
Current Liabilities Payable From Restricted Assets	(3,119,131)	(3,231,836)
Total Restricted Net Assets – non-current	$ 7,573,490	$ 7,381,651

NOTE 4 – JV5 PLANT

OMEGA JV5 plant activity for the years ended December 31 is as follows:

	2008		
	Beginning Balance	Additions	Ending Balance
Electric Plant and Equipment	$ 186,288,814	$ -	$ 186,288,814
Land	431,881	-	431,881
Total OMEGA JV5 Plant in Service	186,720,695	-	186,720,695
Less: Accumulated depreciation	(40,700,520)	(4,662,619)	(45,363,139)
OMEGA JV5 Plant, Net	$ 146,020,175	$ (4,662,619)	$ 141,357,556

	2007		
	Beginning Balance	Additions	Ending Balance
Electric Plant and Equipment	$ 186,288,814	$ -	$ 186,288,814
Land	431,881	-	431,881
Total OMEGA JV5 Plant in Service	186,720,695	-	186,720,695
Less: Accumulated depreciation	(36,037,901)	(4,662,619)	(40,700,520)
OMEGA JV5 Plant, Net	$ 150,682,794	$ (4,662,619)	$ 146,020,175

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 of the payment of the premium and subject to the terms of the policy, the insurance company agrees to pay to the State Street Bank and Trust Company of New York, as trustee, or its successor, for benefit of the bondholders, that portion of the principal and interest on the Certificates that becomes due for payment but remains unpaid by reason of nonpayment by the Participants. This cost is being amortized over the maturities of the 2001 Certificates.

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

In connection with the issuance of the 2004 Certificates, OMEGA JV5 paid $325,834 to Ambac Assurance Corporation for the purchase of a financial guaranty insurance policy. In consideration of 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 2006 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 balance sheet 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, 2008, are as follows:

Maturity Date February 15,	Principal Amount	Interest Rate
2009	$ 4,475,000	2.50%
2010	4,570,000	3.00
2011	4,705,000	3.25
2012	4,860,000	5.00
2013	5,105,000	5.00
2014	5,355,000	5.00
2015	5,630,000	5.00
2016	6,050,000	5.00
2017	6,215,000	5.00
2018	6,520,000	5.00
2019	6,845,000	5.00
2020	7,190,000	5.00
2021	7,550,000	5.00
2022	7,925,000	5.00
2023	8,325,000	5.00
2024	8,740,000	4.75
	100,060,000	
Less: Current portion	(4,475,000)	
Unamortized premium	4,678,992	
Unamortized cost from defeasance of beneficial interest certificates	(3,603,382)	
Total	$ 96,660,610	

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

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

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

In accordance with the trust agreement, amended on January 1, 2004, OMEGA JV5 is required to charge the Participants additional debt service ("Refunding Debt Service") in the amount of 15% of principal and interest. On February 16 of each year from 2006 through 2024, amounts charged to the Participants for Refunding Debt Service for the previous twelve months shall be refunded to the Participants. OMEGA JV5 established a liability payable from restricted assets of $1,358,304 and $1,434,095 for amounts to be refunded to Participants at December 31, 2008 and 2007, respectively.

The 2001 Beneficial Interest Certificates (the "2001 Certificates") outstanding at December 31, 2008 are as follows:

Maturity Date February 15,	Principal 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	(35,279,842)	
Total	$ 20,845,158	

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

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

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

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

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

Based upon unaudited financial information for the year ended December 31, 2008, all Participants certified compliance with the debt service coverage ratio requirement of the Joint Venture Agreement. For 2007, one Participant either was not in compliance or was not able to affirmatively certify compliance with the debt service coverage.

Debt service requirements for the next five years and cumulative requirements thereafter for the 2004 Certificates and the 2001 Certificates at December 31, 2008 are as follows:

	Principal	Interest	Refunding Debt Service	Totals
2009	$ 4,475,000	$ 4,639,600	$ 1,375,580	$ 10,490,180
2010	4,570,000	4,515,113	1,373,049	10,458,162
2011	4,705,000	4,370,106	1,372,734	10,447,840
2012	4,860,000	4,172,150	1,373,048	10,405,198
2013	5,105,000	3,923,025	1,373,348	10,401,373
2014 – 2018	29,770,000	15,401,500	6,887,364	52,058,864
2019 – 2023	37,835,000	6,989,875	6,865,614	51,690,489
2024 – 2028	19,906,592	32,700,983	1,373,273	53,980,848
2029 – 2030	2,733,391	9,731,609	-	12,465,000
Totals	$ 113,959,983	$ 86,443,961	$ 21,994,010	$ 222,397,954

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

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

	December 31, 2008		December 31, 2007	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Long-term debt, including current maturities:				
2001 Certificates	$ 20,845,158	$ 15,487,003	$ 19,738,541	$ 19,736,034
2004 Certificates	101,135,610	97,647,587	105,639,559	103,407,933

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

	2008			
	Beginning Balance	Additions	Reductions	Ending Balance
2001 certificates	$ 56,125,000	$ -	$ -	$ 56,125,000
Less: Unamortized discount	(36,386,459)	-	1,106,617	(35,279,842)
	19,738,541	-	1,106,617	20,845,158
2004 certificates	100,060,000	-	(4,475,000)	95,585,000
Less: Current maturities	4,375,000	4,475,000	(4,375,000)	4,475,000
Unamortized premium	5,261,605	-	(582,613)	4,678,992
Unamortized loss from refunding beneficial interest certificates	(4,057,046)	-	453,664	(3,603,382)
	105,639,559	4,475,000	(8,978,949)	101,135,610
Regulatory liabilities	27,482,776	-	(1,414,460)	26,068,316
Accrued license fees	76,785	67,505	(76,785)	67,505
Totals	$ 152,937,660	$ 4,542,505	$ (9,263,577)	$ 148,216,588

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

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

	2007			
	Beginning Balance	Additions	Reductions	Ending Balance
2001 certificates	$ 56,125,000	$ -	$ -	$ 56,125,000
Less: Unamortized discount	(37,434,356)	-	1,047,897	(36,386,459)
	18,690,644		1,047,897	19,738,541
2004 certificates	104,435,000	-	(4,375,000)	100,060,000
Less: Current maturities	4,285,000	4,375,000	(4,285,000)	4,375,000
Unamortized premium	5,833,079	-	(571,474)	5,261,605
Unamortized loss from refunding beneficial interest certificates	(4,555,048)	-	498,002	(4,057,046)
	109,998,031	4,375,000	(8,733,472)	105,639,559
Regulatory liabilities	28,954,504	-	(1,471,729)	27,482,775
Accrued license fees	81,924	76,785	(81,924)	76,785
Totals	$ 157,725,103	$ 4,451,785	$ (9,239,228)	$ 152,937,660

Regulatory liabilities at December 31 are as follows:

	2008	2007
Regulatory Liabilities		
Debt service billed to Participants for Certificates in excess of related expenses	$ 24,477,979	$ 25,996,712
Debt service billed to Participants for funding the Reserve and Contingency Fund and accumulated interest	1,590,337	1,486,063
Inventories billed to Participants	134,608	122,765
Total Regulatory Liabilities	26,202,924	27,605,540
Current portion	(134,608)	(122,765)
Noncurrent Portion	$ 26,068,316	$ 27,482,775

NOTE 8 – NET ASSETS

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

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

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

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

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

	2008	2007
Plant assets	$ 186,288,814	$ 186,288,814
Land	431,881	431,881
Accumulated depreciation	(45,363,139)	(40,700,520)
Sub-Totals	141,357,556	146,020,175
Related debt:		
2001 beneficial interest certificates	56,125,000	56,125,000
Unamortized discount – 2001 Beneficial interest certificates	(35,279,842)	(36,386,459)
2004 beneficial interest certificates	95,585,000	100,060,000
Unamortized premium – 2004 Beneficial interest certificates	4,678,992	5,261,605
Unamortized defeasance costs – 1993 Beneficial interest certificates	(3,603,382)	(4,057,046)
Current portion – BIC's	4,475,000	4,375,000
Sub-Totals	121,980,768	125,378,100
Total Net Assets Invested In Capital Assets, Net of Related Debt	$ 19,376,788	$ 20,642,075

NOTE 9 – COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS

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

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

OTHER COMMITMENTS

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

NOTE 10 – RISK MANAGEMENT

OMEGA JV5 is covered under the insurance policies of AMP-Ohio and is billed for its proportionate share of the insurance expense. AMP-Ohio 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.

NOTE 11 – RELATED PARTY TRANSACTIONS

OMEGA JV5 has entered into the following agreements:

- Pursuant to the Agreement, AMP-Ohio was designated as an agent and provides various management and operational services. The cost of these services for the years ended December 31, 2008 and 2007 was $177,662 and $170,038, respectively. OMEGA JV5 did not have a payable/receivable from AMP-Ohio of as of December 31, 2008 and 2007.

- As OMEGA JV5's agent, AMP-Ohio purchases power and fuel on behalf of OMEGA JV5. Power and fuel purchases for the years ended December 31, 2008 and 2007 amounted to $8,964,161 and $9,607,339, respectively.

NOTE 11 – RELATED PARTY TRANSACTIONS (cont.)

- As OMEGA JV5's agent, AMP-Ohio 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 $859,186 and $881,027 for the years ended December 31, 2008 and 2007, respectively. OMEGA JV5 had payables to MESA of $100,266 and $65,014 at December 31, 2008 and 2007, respectively.

- OMEGA JV5 sold capacity from back-up generating units to AMP-Ohio's Northwest Area Service Group, Northeast Area Service Group and Jackson, Ohio. This revenue was approximately $648,000 for the years ended December 31, 2008 and 2007.

- In 1993, OMEGA JV5 prepaid $3,045,707 to the City of Oberlin, Ohio, for a commitment to provide 12,000 kilowatts of its generating capacity as a backup resource to OMEGA JV5. The commitment is for dedicated capacity from June 1, 1996 through December 31, 2010. This asset is being amortized ratably over the term of the commitment.

- Participants with backup generating units sited in their communities provide utilities to the Units. OMEGA JV5 incurred expenses of $114,565 and $98,366 for these services for the years ended December 31, 2008 and 2007, respectively.

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

Ohio Municipal Electric Generation Agency
Joint Venture 5
Board of Participants

We have audited the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 5 ("OMEGA JV5") as of and for the year ended December 31, 2008, and have issued our report thereon dated April 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

FINDING 1 – FINANCIAL REPORTING

Criteria

New auditing standards require OMEGA JV5 to (1) Maintain the books and records in such a condition that the auditor is not able to identify any material journal entries as a result of our audit procedures and (2) Be capable of preparing a complete set of year end financial statements in such a condition that the auditor is not able to identify any material changes as a result of the audit. A complete set of financial statements include the statements of net assets, changes in net assets, and cash flows, as well as footnote disclosures.

Condition

New auditing standards make it clear that the definition of a material weakness in internal control should include consideration of the year end financial reporting process. Material weaknesses over financial reporting exist when (1) there were material journal entries as a result of our audit procedures and/or (2) a complete set of year end financial statements for the auditor to test was not prepared by staff.

Cause

Until October 2008, adjusting journal entries were not being made with robust segregation of duties relative to independent review and approvals. Additionally, it is OMEGA JV5's historidal practice to have the auditor record various adjusting entries and create year-end financial statements for cost/benefit reasons.

Effect

Material auditing journal entries and preparation of the financial statements by the auditors were necessary to present the financial statements of OMEGA JV5 in accordance with generally accepted accounting principles.

Recommendation

OMEGA JV5 should consider additional internal controls or other procedures to strengthen controls over the financial reporting process so fewer material auditing journal entries are identified during the audit.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether OMEGA JV5's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance, described below, that is required to be reported under *Government Auditing Standards.*

Ohio Municipal Electric Generation Agency
Joint Venture 5
Board of Participants

FINDING 2 – AVAILABILITY OF PUBLIC RECORDS

Criteria

Pursuant to Ohio Revenue Code (ORC) §149.43, OMEGA JV5 is required to have a public records policy in place and to provide a copy to all employees.

Condition

Currently OMEGA JV5 does not have an updated public records policy in place.

Cause

OMEGA JV5 has not formalized a public records policy to handle requests for information from the public.

Effect

The public records may not be made available to the public as required by the ORC.

Recommendation

OMEGA JV5 should implement a public records policy that has all the requirements as outlined by the ORC.

OMEGA JV5's response to the findings identified in our audit were not audited by us and, accordingly, we express no opinion on it.

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

Virchow, Krause & Company, LLP

Madison, Wisconsin
April 8, 2009

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 6

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2008 and 2007

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6

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December 31, 2008 and 2007

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INDEPENDENT AUDITORS' REPORT

Board of Participants
Ohio Municipal Electric Generation Agency
Joint Venture 6

We have audited the accompanying financial statements of Ohio Municipal Electric Generation Agency Joint Venture 6 ("OMEGA JV6") as of December 31, 2008 and 2007 and for the years then ended as listed in the table of contents. These financial statements are the responsibility of OMEGA JV6 management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OMEGA JV6 as of December 31, 2008 and 2007, and changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we also have issued our report dated April 8, 2009 on our consideration of OMEGA JV6's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 2 through 4 is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Virchow, Krause & Company, LLP

Madison, Wisconsin
April 8, 2009

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, 2008 and 2007. The information presented should be read in conjunction with the basic financial statements and the accompanying notes.

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

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

Financial Highlights

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

Condensed Statement of Net Assets

	2008	2007	2006
Assets			
Electric plant, net of accumulated depreciation	$ 8,561,245	$ 8,449,400	$ 8,668,507
Regulatory assets	208,106	153,258	108,216
Restricted assets - funds held by trustee	74,680	66,591	55,400
Current assets	1,150,221	850,636	534,454
Total Assets	$ 9,994,252	$ 9,519,885	$ 9,366,577
Net Assets and Liabilities			
Net assets - invested in capital assets	$ 8,561,245	$ 8,449,400	$ 8,668,507
Net assets - restricted	74,680	66,591	55,400
Net assets - unrestricted	180,980	302,297	65,918
Current liabilities	25,248	15,899	16,698
Asset retirement obligations	1,152,099	685,698	560,054
Total Net Assets and Liabilities	$ 9,994,252	$ 9,519,885	$ 9,366,577

Total assets of $9,994,252 increased $474,367 in 2008 compared to 2007. In 2007, total assets of $9,519,895 increased $153,308 vs. 2006.

Electric plant, net of accumulated depreciation at December 31, 2008 was $8,561,245. This was an increase of $111,845 due to an increase in the estimated net present value of asset retirement obligations. Regulatory assets at December 31, 2008 were $208,106, an increase of $54,848 over 2007. Regulatory assets consist of future recoverable costs related to the accumulated depreciation expense on asset retirement obligations and accretion expense per Statement of Financial Accounting Standards No. 143. Electric plant, net of accumulated depreciation at December 31, 2007 was $8,449,400. This was a decrease of $219,107 due to the increase of accumulated depreciation. Regulatory assets at December 31, 2007 were $153,258, an increase of $45,042 over 2007.

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 as of December 31, 2008 were $74,680, an increase of $8,089 over 2007. Restricted assets as of December 31, 2007 were $66,591, an increase of $11,191 over 2006.

Current assets as of December 31, 2008 were $1,150,221, an increase of $299,585 from 2007. In 2008, cash increased $217,652 resulting primarily from operating activities. Accounts receivable increased $84,124, primarily due to increased receivables from participants. These increases were partially offset by a decrease in prepaid insurance of $2,191. Current assets as of December 31, 2007 were $850,636, an increase of $316,182 from 2006. In 2007, cash increased $413,875 resulting primarily from a full year of operations for all four wind turbines, as two units were put on-line in the first quarter 2006. This was offset by decreases in receivables of $97,606 and decreases in prepaid insurance of $87.

Current liabilities as of December 31, 2008 were $25,248, an increase of $9,349 from 2007 due to higher accounts payable and accrued expenses. Current liabilities as of December 31, 2007 were $15,899, a decrease of $799 resulting from lower accounts payable and accrued expenses.

Net assets as of December 31, 2008 were $8,816,905, a decrease of $1,383 vs. 2007. This decrease was the result of a $1,383 net loss in 2008. Net assets as of December 31, 2007 were $8,818,288, an increase of $28,463. This increase was the result of $20,427 from net income in 2007 and $8,036 from participant contributions.

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	2008	2007	2006
Operating revenues	$ 492,032	$ 472,458	$ 460,301
Operating expenses	573,780	527,117	542,646
Operating Loss	(81,748)	(54,659)	(82,345)
Nonoperating revenue			
Investment income	19,760	30,044	15,510
Future recoverable costs	54,848	45,042	43,652
Nonoperating Revenue	74,608	75,086	59,162
Income before contributions	(7,140)	20,427	(23,183)
Contributions from participants	5,757	8,036	-
Change in Net Assets	$ (1,383)	$ 28,463	$ (23,183)

Rates for electric power are set by OMEGA JV6's Board of Participants and are intended to cover budgeted operating expense (excluding depreciation). OMEGA JV6 does not include any bond payments by OMEGA JV6's financing members in their rates, as these debt service payments are made directly to AMP-Ohio. Renewable Energy attributes (Green Tags) were sold quarterly under a contract with a third party through 2008.

Electric revenues in 2008 were $492,032, an increase of $19,574 due to higher generation levels. Operating expenses in 2008 were $573,780, an increase of $46,663. This was due to increases in related party services expense of $8,214 as more Municipal Energy Services Agency employee hours were utilized, increases in maintenance of $16,837, increases in insurance and professional expenses of $4,133, increases in other operating expenses of $7,673 and increases in noncash operating expenses of $9,806. Electric revenues in 2007 were $472,458, an increase of $12,157, due to increased generation levels in 2007. Operating expenses in 2007 were $527,117, a decrease of $15,529. This decrease was primarily due to related party services expense decreases of $9,637 as fewer Municipal Energy Services Agency employee hours were utilized, maintenance decreases of $4,158 due to a reduction in the purchase of incidental supplies and in vegetation control activities, decreases of $3,858 in accounting and legal expenses, and decreases of $1,869 in other operating expenses. These decreases were partially offset by increases in insurance expenses of $2,603 and increases in the noncash accretion of asset retirement obligations of $1,390.

Investment income in 2008 was $19,760, a decrease of $10,254 from 2007. Investment income of $17,429 was related to interest earned in 2008 on cash and cash equivalents. Interest income of $2,331 was earned in 2008 on funds held by trustee securities or a money market account. Investment income in 2007 was $30,044, an increase of $14,534 from 2006. Investment income of $26,889 was related to interest earned in 2007 on cash and cash equivalents. Interest income of $3,155 was earned in 2007 on funds held by trustee securities or a money market account.

In 2007, OMEGA JV6 was authorized by the Internal Revenue Service to issue $3.5 million in Clean Renewable Energy Bonds that could be used to expand the output of the existing wind farm by installing one additional wind turbine. Although the original authorization was to expire December 31, 2008, this authorization was extended until December 31, 2009.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6

STATEMENTS OF NET ASSETS
December 31, 2008 and 2007

	2008	2007
ASSETS		
Current Assets		
Cash and temporary investments	$ 931,365	$ 713,713
Receivables from participants	200,580	116,640
Receivables from related parties	184	-
Prepaid expenses	18,092	20,283
Total Current Assets	1,150,221	850,636
Non-Current Assets		
Restricted assets - funds held by trustee	74,680	66,591
Regulatory assets	208,106	153,258
Electric Plant		
Electric plant	10,013,845	9,581,813
Accumulated depreciation	(1,452,600)	(1,132,413)
Total Non-Current Assets	8,844,031	8,669,249
TOTAL ASSETS	$ 9,994,252	$ 9,519,885
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 12,942	$ 11,845
Payable to related parties	12,306	4,054
Total Current Liabilities	25,248	15,899
Non-Current Liabilities		
Asset retirement obligation	1,152,099	685,698
Total Non-current Liabilities	1,152,099	685,698
Total Liabilities	1,177,347	701,597
Net Assets		
Invested in capital assets	8,561,245	8,449,400
Restricted net assets	74,680	66,591
Unrestricted	180,980	302,297
Total Net Assets	8,816,905	8,818,288
TOTAL LIABILITIES AND NET ASSETS	$ 9,994,252	$ 9,519,885

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended December 31, 2008 and 2007

	2008	2007
OPERATING REVENUES		
Electric revenues	$ 492,032	$ 472,458
OPERATING EXPENSES		
Related party services	61,718	53,504
Depreciation	320,187	316,159
Accretion of asset retirement obligation	34,370	28,592
Maintenance	87,726	70,889
Insurance	34,992	33,387
Professional services	15,311	12,783
Other operating expenses	19,476	11,803
Total Operating Expenses	573,780	527,117
Operating Loss	(81,748)	(54,659)
NON-OPERATING REVENUES		
Investment income	19,760	30,044
Future recoverable costs	54,848	45,042
Total Non-Operating Revenues	74,608	75,086
(Loss) Income before Contributions	(7,140)	20,427
CONTRIBUTIONS FROM PARTICIPANTS	5,757	8,036
Change in net assets	(1,383)	28,463
NET ASSETS, Beginning of Year	8,818,288	8,789,825
NET ASSETS, END OF YEAR	$ 8,816,905	$ 8,818,288

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 407,908	$ 570,064
Cash paid to related parties for personnel services	(69,970)	(53,866)
Cash payments to suppliers and related parties for goods and services	(137,713)	(129,212)
Net Cash Provided by Operating Activities	200,225	386,986
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions from participants	5,757	8,036
Net Cash Provided by Capital and Related Financing Activities	5,757	8,036
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposit to restricted assets	(8,090)	(8,036)
Purchases of investments	(74,680)	(3,155)
Proceeds from sale of investments	74,680	-
Investment income received	19,760	30,044
Net Cash Provided by Investing Activities	11,670	18,853
Net Change in Cash	217,652	413,875
CASH AND CASH EQUIVALENTS, Beginning of Year	713,713	299,838
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 931,365	$ 713,713
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	$ (81,748)	$ (54,659)
Depreciation	320,187	316,159
Accretion of asset retirement obligation	34,370	28,592
Changes in assets and liabilities		
Receivables	(84,124)	97,606
Prepaid expenses	2,191	87
Accounts payable and accrued expenses	1,097	(437)
Payable to related parties	8,252	(362)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 200,225	$ 386,986
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET		
Cash and temporary investments	$ 931,365	$ 713,713
Funds held by trustee	74,680	66,591
Total cash accounts	1,006,045	780,304
Less Non-cash equivalents	(74,680)	(66,591)
TOTAL CASH AND CASH EQUIVALENTS	$ 931,365	$ 713,713
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in estimated cost of plant	$ 466,402	$ 125,644

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-Ohio, Inc. ("AMP-Ohio"). In December 2003 and December 2004, OMEGA JV6 purchased 3.6 MW of electric plant generating units (the "Project") from AMP-Ohio for a total capacity of 7.2 MW. The Agreement continues until 60 days subsequent to the termination or disposition of the Project and for as long as required by the financing agreement; provided, however, that each Participant shall remain obligated to pay to OMEGA JV6 its respective share of the costs of terminating, discontinuing, retiring, disposing of, and decommissioning the Project.

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

OMEGA JV6 applies all Financial Accounting Standards Board ("FASB") statements and interpretations except those that conflict with or contradict Governmental Accounting Standards Board ("GASB") pronouncements.

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

NEW ACCOUNTING STANDARDS

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157 ('FAS 157"), Fair Value Measurements. This standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This standard applies under other accounting pronouncements that require or permit fair value measurements. This standard is effective for financial statements issued for fiscal years beginning after November 15, 2007. OMEGA JV6 has made the decision to implement this standard effective January 1, 2008.

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

OMEGA JV6's short-term financial instruments consist of the following: cash and cash equivalents, accounts receivable and accounts payable. The carrying values of these short-term financial instruments approximate their estimated fair values based on the instruments short-term nature. All financial instruments are category 1 as defined by FAS 157.

For the fiscal years ended December 31, 2008 and 2007, there have been no changes in the application of valuation methods applied to similar assets and liabilities.

ASSETS, LIABILITIES AND NET ASSETS

Deposits and Investments

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

Investments of OMEGA JV6 are restricted by Ohio Revised Code (ORC) section 135.14. Investments are limited to:

1. Deposits at eligible institutions pursuant to ORC section 135.08 & 09.
2. Bonds or other obligations of the state.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Commercial paper, with certain conditions.
6. All investments must have an original maturity of 5 years or less.
7. Repurchase agreements with public depositories, with certain conditions.

The OMEGA JV6 has adopted an investment policy. That policy follows the state statute for allowable investments.

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.

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.

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Restricted Assets

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

Prepaids

Prepayments represent costs of insurance and rent paid during the current audit year for coverage in subsequent years.

Electric Plant

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

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

Asset Retirement Obligations

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

Regulatory Assets

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

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Net Assets

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

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

OPERATING REVENUE 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-Ohio to retire the Project financing obligations (Note 5). Accordingly, OMEGA JV6 will generate negative operating margins during the operating life of the electric plant.

OMEGA JV6 also sells renewable energy attributes associated with electricity generated by the Project. Revenue from the sale of renewable energy attributes is recorded as energy is generated. Rates were determined by a contract which required OMEGA JV6 to sell all energy attributes to Green Mountain Energy Company. The contract expired on December 31, 2008. During the years ended December 31, 2008 and 2007, all of OMEGA JV6's revenue was derived from the sale of renewable energy. Starting January 1, 2009, renewable energy attributes from JV6 will be sold by AMP-Ohio on behalf of the participants.

NOTE 2 – CASH AND CASH EQUIVALENTS

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.

	Carrying Value as of December 31, 2008	Carrying Value as of December 31, 2007	Risks
Money Market Funds	$ 308	$ 713,713	Custodial credit
First American Treasury Obligation	781	965	none
Commercial Paper	73,899	65,626	Custodial credit, credit, interest rate, and concentration
Government Money Market Mutual Funds	931,057	-	Credit and interest rate
Totals	$ 1,006,045	$ 780,304	

Deposits in each local and area bank are insured by the FDIC in the amount of $100,000 as of December 31, 2007 and in the amount of $250,000 as of December 31, 2008.

Custodial Credit Risk

Deposits

Custodial risk is the risk that in the event of a bank failure, OMEGA JV6's deposits may not be returned to it. OMEGA JV6 does not have a custodial credit risk policy. OMEGA JV6 had custodial credit risk on its cash and cash equivalent balance to the extent the balance exceeds the federally insured limit of $250,000 and $100,000 for the years ending December 31, 2008 and 2007, respectively.

As of December 31, 2007, $613,713 of OMEGA JV6's bank balances were known to be individually exposed to custodial credit risk. As of December 31, 2008 there were no deposits exposed to custodial credit risk.

NOTE 2 – CASH AND CASH EQUIVALENTS (cont.)

Custodial Credit Risk (cont.)

Investments

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

	2008		2007	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Neither insured nor registered and held by a counterparty	$ 73,899	$ 73,899	$ 65,626	$ 65,626

OMEGA JV6's investment policy does not address this risk.

Credit Risk

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

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

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

As of December 31, 2007, OMEGA JV6's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
Commercial Paper	A1+	P1

NOTE 2 – CASH AND CASH EQUIVALENTS (cont.)

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.

At December 31, 2008 and 2007, OMEGA JV6's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio 2008	2007
US Bank NA	Commercial Paper	7.35%	7.39%

OMEGA JV6's investment policy does not address this risk.

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment.

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

Investment	Maturity Date	Weighted Average Maturity (days)	Fair Value
Commercial Paper	2/17/2009	48	$ 73,899
Government Money Market Mutual Fund	N/A	36	931,057
			$ 1,004,956

As of December 31, 2007, OMEGA JV6's investments were as follows:

Investment	Maturity Date	Fair Value
Commercial Paper	02/15/2008	$ 65,626

OMEGA JV6's investment policy does not address this risk.

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-Ohio may direct OMEGA JV6 to increase billings to members such that the deficiency in the balance is funded within twelve months.

Restricted Net Assets

The following calculation supports the amount of restricted net assets:

	2008	2007
Restricted Assets		
Reserve and Contingency Fund	$ 74,680	$ 66,591
Total Restricted Net Assets as Calculated	$ 74,680	$ 66,591

NOTE 4 – ELECTRIC PLANT AND EQUIPMENT

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

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

	2007			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric plant	$ 9,484,761	$ -	$ 97,052	$ 9,581,813
Less: Accumulated depreciation	(816,254)	(316,159)	-	(1,132,413)
Electric Plant, Net	$ 8,668,507	$ (316,159)	$ 97,052	$ 8,449,400

During 2008, OMEGA JV6 recorded an adjustment to electric plant to reflect the revised estimate of the ARO as a result of a change in estimate (Note 6).

NOTE 5 – ACQUISITION OF THE PROJECT

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

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

The OMEGA JV6 Bonds were not issued by OMEGA JV6 and the financing participants make debt service payments directly to AMP-Ohio. Therefore, the OMEGA JV6 Bonds are not recorded in the financial statements of OMEGA JV6. The OMEGA JV6 Bonds outstanding at December 31, 2008, are as follows:

Maturity Date February 15 and August 15,	Principal Amount	Interest Rate
2009	$ 960,000	0.65%
2010	964,000	0.65%
2011	970,000	0.65%
2012	976,000	0.65%
2013	982,000	0.65%
2014	988,000	0.65%
2015	538,000	0.65%
Total	$ 6,378,000	

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

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

NOTE 5 – ACQUISITION OF THE PROJECT (cont.)

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.

All financing participants are in compliance with the debt service coverage ratio requirement for the years ended December 31, 2008 and 2007.

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 of the sites.

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

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

	2007			
	Beginning Balance	Accretion Expense	Change in Estimate	Ending Balance
Asset retirement obligation	$ 560,054	$ 28,592	$ 97,052	$ 685,698

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.

NOTE 7 – NET ASSETS

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

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

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

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

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

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

	2008	2007
Electric Plant	$ 10,013,845	$ 9,581,813
Accumulated Depreciation	(1,452,600)	(1,132,413)
Total Net Assets Invested in Capital Assets	$ 8,561,245	$ 8,449,400

NOTE 8 – COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS

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

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

NOTE 9 – RISK MANAGEMENT

OMEGA JV6 is covered under the insurance policies of AMP-Ohio and is billed for its proportionate share of the insurance expense. AMP-Ohio 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.

NOTE 10 – RELATED PARTY TRANSACTIONS

OMEGA JV6 has entered into the following agreements:

- Pursuant to the Agreement, AMP-Ohio was designated as an agent and provides various management and operational services. OMEGA JV6 had a receivable of $184 and a payable of $88 to AMP-Ohio at December 31, 2008. In addition, AMP-Ohio is entitled to a fee associated with the sale of energy attributes. Such fees amounted to approximately $15,376 and $14,726 for the years ended December 31, 2008 and 2007, respectively.
- As OMEGA JV6's agent, AMP-Ohio entered into an agreement with Municipal Energy Services Agency ("MESA"), a related joint venture, for MESA to provide certain engineering, finance, administration and other services. The expenses related to these services were $61,718 and $53,504 for the years ended December 31, 2008 and 2007, respectively. OMEGA JV6 had a payable to MESA for $12,218 and $4,054 at December 31, 2008 and 2007, respectively.

NOTE 11 – FUTURE LEASE COMMITMENT

On November 14, 2002, AMP-Ohio 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-Ohio has assigned this lease to OMEGA JV6. Rent expense from this lease totaled $4,000 during each of the years ended December 31, 2008 and 2007.

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

Ohio Municipal Electric Generation Agency
Joint Venture 6
Board of Participants

We have audited the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 6 ("OMEGA JV6") as of and for the year ended December 31, 2008, and have issued our report thereon dated April 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

FINDING 1 – FINANCIAL REPORTING

Criteria

New auditing standards require OMEGA JV6 to (1) Maintain the books and records in such a condition that the auditor is not able to identify any material journal entries as a result of our audit procedures and (2) Be capable of preparing a complete set of year end financial statements in such a condition that the auditor is not able to identify any material changes as a result of the audit. A complete set of financial statements include the statements of net assets, changes in net assets, and cash flows, as well as footnote disclosures.

Condition

New auditing standards make it clear that the definition of a material weakness in internal control should include consideration of the year end financial reporting process. Material weaknesses over financial reporting exist when (1) there were material journal entries as a result of our audit procedures and/or (2) a complete set of year end financial statements for the auditor to test was not prepared by staff.

Cause

The auditor prepared the financial statements for OMEGA JV6.

Effect

Because preparation of the financial statements by the auditors, the accounting records may be misstated.

Recommendation

OMEGA JV6 should consider additional internal controls or other procedures to strengthen controls over the financial reporting process so financial reports can be prepared by staff.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether OMEGA JV6's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance, described below, that is required to be reported under *Government Auditing Standards.*

FINDING 3 – AVAILABILITY OF PUBLIC RECORDS

Criteria

Pursuant to Ohio Revenue Code (ORC) §149.43, OMEGA JV6 is required to have a public records policy in place and to provide a copy to all employees.

Condition

Currently OMEGA JV6 does not have an updated public records policy in place.

Cause

OMEGA JV6 has not formalized a public records policy to handle requests for information from the public.

Effect

The public records may not be made available to the public as required by the ORC.

Recommendation

OMEGA JV6 should implement a public records policy that has all the requirements as outlined by the ORC.

OMEGA JV6's response to the findings identified in our audit were not audited by us and, accordingly, we express no opinion on it.

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

Virchow, Krause & Company, LLP

Madison, Wisconsin
April 8, 2009

MUNICIPAL ENERGY SERVICES AGENCY

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2008 and 2007

MUNICIPAL ENERGY SERVICES AGENCY

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Virchow Krause & company

INDEPENDENT AUDITORS' REPORT

To the Board of Participants
Municipal Energy Services Agency

We have audited the accompanying financial statements of Municipal Energy Services Agency ("MESA") as of December 31, 2008 and 2007 and for the years then ended as listed in the table of contents. These financial statements are the responsibility of MESA management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MESA as of December 31, 2008 and 2007, and changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards,* we also have issued our report dated March 20, 2009 on our consideration of MESA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The Management's Discussion and Analysis on pages 2 through 4 are not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Virchow, Krause & Company, LLP

Madison, Wisconsin
April 8, 2009

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, 2008 and 2007. The information presented should be read in conjunction with the basic financial statements and the accompanying notes.

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

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

Financial Highlights

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

Condensed Statement of Net Assets

	2008	2007	2006
Assets			
Current assets	$ 8,094,814	$ 2,422,606	$ 2,800,531
Property, net of accumulated depreciation	182,325	86,051	71,271
Total Assets	$ 8,277,139	$ 2,508,657	$ 2,871,802
Liabilities and Net Assets			
Current liabilities	$ 7,011,846	$ 1,365,837	$ 1,925,755
Non-Current liabilities	1,265,293	1,142,820	946,047
Net assets - Invested in capital assets	182,325	86,051	71,271
Net assets - Unrestricted	(182,325)	(86,051)	(71,271)
Total Liabilities and Net Assets	$ 8,277,139	$ 2,508,657	$ 2,871,802

Total assets of $8,277,139 increased $5,768,482 in 2008 from 2007. In 2007, total assets of $2,508,657 decreased $363,145 in 2007 compared to 2006.

Current assets as of December 31, 2008 were $8,094,814. This was an increase of $5,672,208 compared to 2007. This was largely due to an increase of cash and cash equivalents, which increased $5,382,138, accounts receivable from AMP-Ohio related parties and AMP-Ohio members, which increased by $401,342 and $189,900 respectively, and prepaid insurance, which increased $33,062. This was partially offset by a decrease of $334,234 in projects in progress on behalf of members not yet invoiced. Current assets as of December 31, 2007 were $2,422,606, which represented a decrease of $377,925 compared to 2006. This was caused by decreases in cash of $514,048 and decreases in projects in progress on behalf of members not yet invoiced of $40,813. These decreases were partially offset by increases in prepaid insurance of $83,966 and increases in accounts receivable from AMP-Ohio related parties and AMP-Ohio members of $59,141 and $33,829 respectively.

MESA's property consists entirely of vehicles, which are depreciated over a three year life. As of December 31, 2008, property, net of accumulated depreciation was $182,325. This was an increase of $96,274 in 2008 compared to 2007. In 2008, MESA purchased 5 trucks and cars at a cost of $200,212. This was partially offset by increases in accumulated depreciation of $103,938. Property, net of accumulated depreciation was $86,051 on December 31, 2007, an increase of $14,780 compared to 2006 levels.

Current liabilities as of December 31, 2008 were $7,011,846. This was an increase of $5,646,009 in 2008 compared to 2007. The increase in current liabilities was driven by a $4,136,273 increase in retainage associated with a project on behalf of an AMP-Ohio member, a $1,124,863 increase in accounts payable and accrued expenses, an increase of $203,173 in accounts payable to related parties and an $181,700 increase in accrued vacations, salaries and related benefits compared to 2007 levels. Current liabilities of $1,365,837 decreased by $559,918 in 2007. The decrease in 2007 was due primarily to decrease in accounts payable and accrued expenses of $30,969 and payable to related parties of $582,568 relating to purchasing materials for projects constructed on behalf of members, partially offset by an increase of $53,619 in accrued vacations, salaries and related benefits.

Noncurrent liabilities are comprised of accrued sick leave. On December 31, 2008, Noncurrent liabilities were $1,265,293 an increase of $122,473 compared to 2007 levels. On December 31, 2007, noncurrent liabilities were $1,142,820 and increased by $196,773 over prior year levels.

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

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

	2008	2007	2006
Operating revenues	$ 14,317,835	$ 12,401,690	$ 12,667,892
Operating expenses	14,336,149	12,436,387	12,696,055
Operating Loss	(18,314)	(34,697)	(28,163)
Nonoperating revenue			
Investment income	18,314	34,697	28,163
Change in Net Assets	$ -	$ -	$ -

Operating revenues in 2008 were $14,317,835 which was an increase of $1,916,145 vs. prior year levels. MESA has primarily two sources of revenues, projects for members and providing personnel services to related parties. Both components of revenue increased in 2008. Revenue from projects being engineered, managed or constructed on behalf of members totaled $3,036,483, an increase of $854,458 compared to 2007 levels. Revenue from personnel services to related parties was $11,281,352, an increase of $1,061,687 vs. prior year levels. Operating revenues in 2007 were $12,401,690, which was a decrease of $266,202 compared to 2006 levels. This decrease in revenues was due to a $1,510,756 decrease in revenue from projects being engineered, managed or constructed on behalf of members, which totaled $2,182,025 in 2007. This was partially offset by a $1,244,544 increase in the personnel services component of operating revenues, which totaled $10,219,665 in 2007.

Operating expenses in 2008 were $14,336,149, which was an increase of $1,899,762 compared to prior year levels. This increase was primarily due to an increase of $1,029,552 in expenses related to projects on behalf of members and increases of $843,128 in MESA's payroll and related benefits expenses. Operating expenses in 2007 were $12,436,387, which was a decrease of $259,668 compared to prior year levels. This decrease in operating expenses was primarily related to a decrease of $1,461,322 in expenses related to projects on behalf of members, partially offset by an increase of $1,262,405 in MESA's payroll and related benefits.

Investment income for MESA is limited to interest earned on checking account for the Operating Funds held at the bank. Investment income in 2008 was $18,314, which was a decrease of $16,383 for 2008. The decrease in 2008 was a result of lower average cash balances and lower interest rate levels in 2008. Investment income in 2007 was $34,697, which was a $6,534 increase compared to 2006 levels.

MUNICIPAL ENERGY SERVICES AGENCY

STATEMENTS OF NET ASSETS
December 31, 2008 and 2007

	2008	2007
ASSETS		
Current Assets		
Cash and cash equivalents	$ 6,137,026	$ 754,888
Receivables from AMP-Ohio members	281,881	91,981
Receivables from related parties	1,172,069	770,727
Costs and recoveries in excess of billings from projects constructed on behalf of members	378,810	713,044
Prepaid expenses	125,028	91,966
Total Current Assets	8,094,814	2,422,606
Non-Current Assets		
Vehicles	517,806	317,594
Accumulated depreciation	(335,481)	(231,543)
Total Property	182,325	86,051
TOTAL ASSETS	$ 8,277,139	$ 2,508,657
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 1,361,571	$ 236,708
Payable to related party	203,173	-
Retainage payable	4,136,273	-
Accrued salaries and related benefits	661,300	543,844
Accrued vacation leave	649,529	585,285
Total Current Liabilities	7,011,846	1,365,837
Non Current Liabilities		
Accrued sick leave	1,265,293	1,142,820
Total Non Current Liabilities	1,265,293	1,142,820
Total Liabilities	8,277,139	2,508,657
Net Assets		
Invested in capital assets	182,325	86,051
Unrestricted	(182,325)	(86,051)
Total Net Assets	-	-
TOTAL LIABILITIES AND NET ASSETS	$ 8,277,139	$ 2,508,657

See accompanying notes to financial statements.

MUNICIPAL ENERGY SERVICES AGENCY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended December 31, 2008 and 2007

	2008	2007
OPERATING REVENUES		
Services	$ 11,281,352	$ 10,219,665
Project revenue	3,036,483	2,182,025
Total Operating Revenues	14,317,835	12,401,690
OPERATING EXPENSES		
Salaries and related benefits	10,703,849	9,860,721
Depreciation	103,939	55,049
Professional fees	120,490	119,530
Direct project expenses	3,276,859	2,247,307
Insurance	98,423	92,250
Utilities	588	39,424
Other operating expenses	32,001	22,106
Total Operating Expenses	14,336,149	12,436,387
Operating Loss	(18,314)	(34,697)
NONOPERATING REVENUES		
Investment income and other	18,314	34,697
Change in net assets	-	-
NET ASSETS, Beginning of Year	-	-
NET ASSETS, END OF YEAR	$ -	$ -

See accompanying notes to financial statements.

MUNICIPAL ENERGY SERVICES AGENCY

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from AMP-Ohio members for services	$ 2,846,583	$ 2,195,429
Cash received from related parties for services	10,880,010	10,113,290
Retainages received	5,186,100	-
Cash payments to employees for services	(7,192,697)	(6,421,540)
Cash payment for benefits of employees	(3,493,516)	(3,416,477)
Cash payments to suppliers and related parties for goods and services	(2,662,444)	(2,430,618)
Net Cash Provided by Operating Activities	5,564,036	40,084
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from payable to related party	-	(519,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of vehicles	(200,212)	(69,829)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	18,314	34,697
Net Change in Cash and Cash Equivalents	5,382,138	(514,048)
CASH AND CASH EQUIVALENTS, Beginning of Year	754,888	1,268,936
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 6,137,026	$ 754,888
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	$ (18,314)	$ (34,697)
Depreciation	103,939	55,049
Changes in assets and liabilities		
Receivables from AMP-Ohio members	(189,900)	(33,829)
Receivables from related parties	(401,342)	(59,141)
Costs and estimated earnings in excess of billings from projects constructed on behalf of members	334,234	40,813
Prepaid expenses	(33,062)	(83,966)
Amounts payable and accrued expenses	1,124,862	(30,969)
Accounts payable to related parties	203,173	(63,568)
Accrued salaries and related benefits	117,456	(42,567)
Accrued vacation and sick leave	186,717	292,959
Retainages payable	4,136,273	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 5,564,036	$ 40,084

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Energy Services Agency ("MESA") was organized by 31 subdivisions of the State of Ohio (the "Participants") on December 31, 1996, pursuant to a Joint Venture Agreement (the "Agreement") under the Ohio Constitution and Section 715.02 of the Ohio Revised Code. As of December 31, 2008, 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-Ohio, Inc. ("AMP-Ohio"). MESA also provides personnel and administrative services to AMP-Ohio, the Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6 ("OMEGA JVs"), the Ohio Municipal Electric Association ("OMEA") and the Ohio Public Power Educational Institute ("OPPEI"). The Agreement continues until December 31, 2007, and thereafter for successive terms of three years so long as at least two participants have not given notice of termination of participation. At December 31, 2008, 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.

MESA applies all Financial Accounting Standards Board ("FASB") statements and interpretations except those that conflict with or contradict Governmental Accounting Standards Board ("GASB") pronouncements.

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

NEW ACCOUNTING STANDARDS

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

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

NEW ACCOUNTING STANDARDS (cont.)

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157 ('FAS 157"), Fair Value Measurements. This standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This standard applies under other accounting pronouncements that require or permit fair value measurements. This standard is effective for financial statements issued for fiscal years beginning after November 15, 2007. MESA implemented this standard effective January 1, 2008.

FAIR VALUE OF FINANCIAL INSTRUMENTS

MESA's short-term financial instruments consist of the following: cash and cash equivalents, accounts receivable and accounts payable. The carrying values of these short-term financial instruments approximate their estimated fair values based on the instruments short-term nature. All financial instruments are category 1 as defined by FAS 157. For the fiscal years ended December 31, 2008 and 2007, there have been no changes in the application of valuation methods applied to similar assets and liabilities.

ASSETS, LIABILITIES AND NET ASSETS

Deposits and Investments

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

Investments of MESA are restricted by Ohio Revised Code (ORC) section 135.14. Investments are limited to:

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

MESA has adopted an investment policy. That policy follows the state statute for allowable investments.

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.

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Receivables/Payables

Accounts receivable are amounts due from participants, related parties, and other members of AMP-Ohio 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.

Prepaids

Prepayments represent costs of insurance paid during the current audit year for coverage in subsequent years.

Property

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

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

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.)

SERVICE REVENUE AND EXPENSES

Revenues are recognized as services are performed. Service revenue is charged to AMP-Ohio, the OMEGA JVs, OMEA and OPPEI at a rate to recover the cost of salaries incurred related to work performed for each entity plus an overhead rate ranging from 35 percent to 120 percent. 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-Ohio. AMP-Ohio absorbs any undercharges and uses any excess charges to offset other administrative expenses incurred, which benefit all members of AMP-Ohio.

PROJECT REVENUE AND EXPENSES

MESA performs short-term and long-term construction and technical service projects for the members of AMP-Ohio. 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.

COMPARATIVE DATA

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

NOTE 2 – CASH AND CASH EQUIVALENTS

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, 2008	Carrying Value as of December 31, 2007	Risks
Checking	$ 198,132	$ 1,534	Custodial credit
Money Market	-	753,354	Custodial credit
Government Money Market Mutual Fund	5,938,894	-	Interest rate, Credit
Total Cash, Cash Equivalents, and Investments	$ 6,137,026	$ 754,888	

Deposits in each local and area bank are insured by the FDIC in the amount of $100,000 for interest bearing accounts and noninterest bearing accounts as of December 31, 2007 and in the amount of $250,000 for interest bearing and unlimited amounts for noninterest bearing as of December 31, 2008.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a bank failure, MESA's deposits may not be returned to it. MESA does not have a custodial credit risk policy. MESA has custodial credit risk on its cash and cash equivalent balance to the extent the balance exceeds the federally insured limit.

As of December 31, 2007, $653,354 of MESA's bank balances known to be individually exposed to custodial credit risk. As of December 31, 2008 there were no deposits exposed to custodial credit risk.

Credit Risk

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

NOTE 2 – CASH AND CASH EQUIVALENTS (cont.)

Credit Risk (cont.)

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

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

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. MESA's investment policy does not address this risk.

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

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

NOTE 3 – PROPERTY

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

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

NOTE 3 – PROPERTY (CONT.)

	2007		
	Beginning Balance	Additions	Ending Balance
Vehicles	$ 247,765	$ 69,829	$ 317,594
Less: Accumulated depreciation	(176,494)	(55,049)	(231,543)
Vehicles, Net	$ 71,271	$ 14,780	$ 86,051

NOTE 4 – PENSION PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

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

	Year Ended December 31		
	2008	2007	2006
Total Required Employer Contributions	$ 1,025,524	$ 970,167	$ 875,521
Total Required Employer Contribution Rate	14.0%	13.85%	13.70%
Total Required Employee Contribution Rate	9.0%	9.5%	9.0%

POSTEMPLOYMENT BENEFITS

Plan Description

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

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which indicates a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans.

NOTE 4 – PENSION PLANS (cont.)

POSTEMPLOYMENT BENEFITS (cont.)

Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage.

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

Funding Policy

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

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

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

MESA's employer contributions to OPERS totaled $1,025,524, $970,167 and $875,521 in 2008, 2007, and 2006, respectively. Of this amount, approximately $512,762, $386,471 and $289,269 was used to fund postemployment benefits in 2008, 2007 and 2006, respectively.

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

The Traditional Pension and Combined Plans had 363,503 active contributing participants as of December 31, 2008. The number of active contributing participants for both plans used in the December 31, 2007 and December 31, 2006 actuarial valuation was $374,979 and $369,214, respectively.

NOTE 4 – PENSION PLANS (cont.)

POSTEMPLOYMENT BENEFITS (cont.)

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

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

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

The following assumptions are applicable:

Actuarial Review—The assumptions and calculations were based on OPERS' latest actuarial review performed as of December 31, 2007.

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

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

Investment Return—The investment assumption rate for 2007 was 6.50%.

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

NOTE 4 – PENSION PLANS (cont.)

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to: OPERS, 277 East Town Street, Columbus, OH 43215-4642.

NOTE 5 – RISK MANAGEMENT

MESA is covered under the insurance policies of AMP-Ohio and is billed for its proportionate share of the insurance expense. AMP-Ohio 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.

NOTE 6 – RELATED PARTY TRANSACTIONS

Pursuant to the Agreement, AMP-Ohio was designated as an agent and provides MESA various management and operational services. As MESA's agent, AMP-Ohio 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:

	2008	2007
AMP-Ohio	$ 9,305,016	$ 8,162,042
Ohio Municipal Electric Generation Agency Joint Venture 1	55,259	75,066
Ohio Municipal Electric Generation Agency Joint Venture 2	491,101	492,585
Ohio Municipal Electric Generation Agency Joint Venture 4	26,861	35,763
Ohio Municipal Electric Generation Agency Joint Venture 5	859,187	881,027
Ohio Municipal Electric Generation Agency Joint Venture 6	61,718	53,504
Ohio Municipal Electric Association	337,576	346,246
Ohio Public Power Educational Institute	144,634	173,432
AMP-Ohio Members	3,036,483	2,182,025
Totals	$ 14,317,835	$ 12,401,690

At December 31, 2008 and 2007, MESA had receivables from affiliates of $1,172,069 and $770,727, respectively. At December 31, 2008 and 2007, MESA had a receivable from members of AMP-Ohio of $281,881 and $91,981, respectively. At December 31, 2008, MESA had a payable to AMP-Ohio for $203,173.

Virchow Krause & company

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

Municipal Energy Services Agency
Board of Participants

We have audited the financial statements of Municipal Energy Services Agency ("MESA") as of and for the year ended December 31, 2008, and have issued our report thereon dated April 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

FINDING 1 – FINANCIAL REPORTING

Criteria

New auditing standards require MESA to (1) Maintain the books and records in such a condition that the auditor is not able to identify any material journal entries as a result of our audit procedures and (2) Be capable of preparing a complete set of year end financial statements in such a condition that the auditor is not able to identify any material changes as a result of the audit. A complete set of financial statements include the statements of net assets, changes in net assets, and cash flows, as well as footnote disclosures.

Condition

New auditing standards make it clear that the definition of a material weakness in internal control should include consideration of the year end financial reporting process. Material weaknesses over financial reporting exist when (1) there were material journal entries as a result of our audit procedures and/or (2) a complete set of year end financial statements for the auditor to test was not prepared by staff.

Cause

Until October 2008, adjusting journal entries were not being made with robust segregation of duties relative to independent review and approvals. Additionally, it is MESA's historical practice to have the auditor record various adjusting entries and create year-end financial statements for cost/benefit reasons.

Effect

Material auditing journal entries and preparation of the financial statements by the auditors were necessary to present the financial statements of MESA in accordance with generally accepted accounting principles.

Recommendation

MESA should consider additional internal controls or other procedures to strengthen controls over the financial reporting process to minimize material auditing journal entries are identified during the audit.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MESA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance, described below, that is required to be reported under *Government Auditing Standards*

FINDING 2 – AVAILABILITY OF PUBLIC RECORDS

Criteria

Pursuant to Ohio Revenue Code (ORC) §149.43, MESA is required to have a public records policy in place and to provide a copy to all employees.

Condition

Currently MESA does not have an updated public records policy in place.

Cause

MESA has not formalized a public records policy to handle requests for information from the public.

Effect

The public records may not be made available to the public as required by the ORC.

Recommendation

MESA should implement a public records policy that has all the requirements as outlined by the ORC.

MESA's response to the findings identified in our audit were not audited by us and, accordingly, we express no opinion on it.

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

Virchow, Krause & Company, LLP

Madison, Wisconsin
April 8, 2009

Mary Taylor, CPA
Auditor of State

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

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 16, 2009

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