OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 4

FINANCIAL STATEMENTS
Including Independent Auditors' Report

Years Ended December 31, 2011 and 2010

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

TABLE OF CONTENTS

Independent Auditors' Report..1 – 2

Management's Discussion and Analysis...3 – 6

Statements of Net Assets..7

Statements of Revenues, Expenses and Change in Net Assets...8

Statements of Cash Flows..9

Notes to Financial Statements..10 – 16

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*..17 – 18

Schedule of Prior Audit Findings..19

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of net assets of Ohio Municipal Electric Generation Agency Joint Venture 4 ("OMEGA JV4") as of December 31, 2011, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the OMEGA JV4's management. Our responsibility is to express an opinion on the financial statements based on our audit. The financial statements of OMEGA JV4 as of December 31, 2010, were audited by other auditors whose report dated March 17, 2011, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Ohio Municipal Electric Generation Agency Joint Venture 4 as of December 31, 2011, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2012 on our consideration of the Ohio Municipal Electric Generation Agency Joint Venture 4's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

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

www.cshco.com
p. 513.241.3111
f. 513.241.1212

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 19, 2012

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011, 2010 and 2009
(Unaudited)

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, 2011 and 2010. 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, 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

	2011	2010	2009
Assets			
Transmission line, net of accumulated depreciation	$ 1,373,148	$ 1,471,423	$ 1,569,698
Board designated funds	100,000	50,000	-
Current assets	535,155	569,268	587,251
Total Assets	$ 2,008,303	$ 2,090,691	$ 2,156,949
Net Assets and Liabilities			
Net assets - invested in capital assets	$ 1,373,148	$ 1,471,423	$ 1,569,698
Net assets - unrestricted	622,416	603,757	571,325
Current liabilities	12,739	15,511	15,926
Total Net Assets and Liabilities	$ 2,008,303	$ 2,090,691	$ 2,156,949

2011 vs. 2010

Total assets were $2,008,303 and $2,090,691 as of December 31, 2011 and December 31, 2010, respectively, a decrease of $82,388. This decrease in 2011 total assets is due primarily to accumulated depreciation of $98,275 due to yearly depreciation expense, offset by an increase in cash.

Transmission lines, net of accumulated depreciation were $1,373,148 and $1,471,423 at December 31, 2011 and December 31, 2010 respectively, a decrease of $98,275. This decrease was a result of yearly depreciation recorded.

Current assets and board designated funds were $635,155 and $619,268 as of December 31, 2011 and December 31, 2010, respectively, an increase of $15,887. This increase was mainly a result of an increase in Maintenance Reserve of $50,000, recorded due to money earmarked for decommissioning of power lines. In 2011 cash and temporary investments decreased by $33,922, primarily as a result of the timing of cash paid to suppliers and investments sold, as well as cash specifically earmarked to decommission power lines.

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

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

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

2010 vs. 2009

Total assets were $2,090,691 and $2,156,949 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $66,258. This decrease in 2010 total assets is due primarily to accumulated depreciation of $98,275 due to yearly depreciation expense, offset by an increase in the maintenance reserve.

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

Current assets and board designated funds were $619,268 and $587,251 as of December 31, 2010 and December 31, 2009, respectively, an increase of $32,017. This increase was mainly a result of an increase in Maintenance Reserve of $50,000, recorded due to money earmarked for decommissioning of power lines. In 2010 cash and temporary investments decreased by $18,223, primarily as a result of the timing of cash paid to suppliers and investments sold, as well as cash specifically earmarked to decommission power lines.

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

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

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

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

	2011	2010	2009
Operating revenues	$ 270,000	$ 270,000	$ 270,000
Operating expenses	177,968	165,313	165,533
Operating Income	92,032	104,687	104,467
Nonoperating revenues			
Investment income	703	1,821	1,508
Income Before Distributions	92,735	106,508	105,975
Distributions to participants	172,351	172,351	172,351
Change in Net Assets	$ (79,616)	$ (65,843)	$ (66,376)

Transmission revenues in 2011 were $270,000, unchanged from 2010 and 2009 levels.

Operating expenses in 2011 were $177,968 versus $165,313 in 2010, which was an increase of $12,655. The increase in operating expense in 2011 is mainly due to an increase in MESA services of $15,329 and an increase of $1,311 in maintenance which were offset by a decrease in professional services of $4,983. Operating expenses in 2010 were $165,313 versus $165,533 in 2009, which was a decrease of $220. The decrease in operating expense in 2010 is mainly due to a decrease in professional services, insurance, MESA services and other expenses totaling $3,466 which were largely offset by increased maintenance expense of $4,703, due to forestry maintenance performed in 2010 not performed in 2009.

Investment income in 2011 was $703 versus $1,821 in 2010, which was a decrease of $1,118. The decrease was due to a decrease in interest rates. Investment income in 2010 was $1,821 versus $1,508 in 2009, which was an increase of $313. The slight increase was due to an increase in assets under investment.

In 2011, 2010 and 2009, $172,351 was returned to the participants as a distribution of excess cash. The distribution was authorized by the board of participants.

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

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

STATEMENTS OF NET ASSETS
December 31, 2011 and 2010

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	$ 510,557	$ 544,479
Receivables	22,500	22,725
Accrued interest receivable	4	31
Prepaid expenses	2,094	2,033
Total Current Assets	535,155	569,268
NONCURRENT ASSETS		
Utility Plant		
Transmission line	2,640,938	2,640,938
Accumulated depreciation	(1,267,790)	(1,169,515)
Other Assets		
Board designated funds	100,000	50,000
Total Non-Current Assets	1,473,148	1,521,423
TOTAL ASSETS	$ 2,008,303	$ 2,090,691
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued expenses	$ 9,783	$ 14,147
Payable to related parties	2,956	1,364
Total Current Liabilities	12,739	15,511
NET ASSETS		
Invested in capital assets	1,373,148	1,471,423
Unrestricted	622,416	603,757
Total Net Assets	1,995,564	2,075,180
TOTAL LIABILITIES AND NET ASSETS	$ 2,008,303	$ 2,090,691

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, 2011 and 2010

	2011	2010
OPERATING REVENUES		
Transmission revenue	$ 270,000	$ 270,000
OPERATING EXPENSES		
Related party personnel services	39,059	23,730
Depreciation	98,275	98,275
Maintenance	15,876	14,565
Professional services	8,666	13,649
Other operating expenses	16,092	15,094
Total Operating Expenses	177,968	165,313
Operating Income	92,032	104,687
NONOPERATING REVENUES		
Investment income	703	1,821
Income before Distributions	92,735	106,508
DISTRIBUTIONS TO PARTICIPANTS		
Bryan	(72,387)	(72,387)
Pioneer	(51,705)	(51,705)
Montpelier	(43,088)	(43,088)
Edgerton	(5,171)	(5,171)
Total Distributions	(172,351)	(172,351)
Change in net assets	(79,616)	(65,843)
NET ASSETS, Beginning of Year	2,075,180	2,141,023
NET ASSETS, END OF YEAR	$ 1,995,564	$ 2,075,180

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants and customers	$ 270,225	$ 269,775
Cash paid to related parties for personnel services	(37,467)	(25,078)
Cash paid to suppliers and related parties for goods and services	(45,059)	(42,425)
Net Cash Provided by Operating Activities	187,699	202,272
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Distributions to participants	(172,351)	(172,351)
Net Cash Used in Noncapital Financing Activities	(172,351)	(172,351)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased	(50,000)	(111,102)
Investments sold and matured	111,102	110,000
Investment income received	730	1,856
Net Cash Provided by Investing Activities	61,832	754
Net Change in Cash and Cash Equivalents	77,180	30,675
CASH AND CASH EQUIVALENTS, Beginning of Year	483,377	452,702
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 560,557	$ 483,377
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 92,032	$ 104,687
Depreciation	98,275	98,275
Changes in assets and liabilities		
Receivables	225	(225)
Prepaid expenses	(61)	(50)
Accrued expenses	(4,364)	933
Payable to related parties	1,592	(1,348)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 187,699	$ 202,272
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS		
Cash and temporary investments	$ 510,557	$ 544,479
Board designated funds	100,000	50,000
Less: Noncash equivalents	(50,000)	(111,102)
TOTAL CASH AND CASH EQUIVALENTS	$ 560,557	$ 483,377

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ohio Municipal Electric Generation Agency Joint Venture 4 (“OMEGA JV4”) was organized by four subdivisions of the State of Ohio (the “Participants”) on December 1, 1995, pursuant to a Joint Venture Agreement (the “Agreement”) under the Ohio Constitution and Section 715.02 of the Ohio Revised Code. Its purpose is to undertake the Williams County Transmission Project (the “Project”). The Participants are members of American Municipal Power, Inc. (“AMP”). OMEGA JV4 owns and operates the Project. The Project consists of a 69 KV three-phase transmission line located in Williams County, Ohio. During 2011 and 2010 OMEGA JV4 derived a majority of its revenue from two customers. The Agreement continues until 60 days subsequent to the termination or disposition of the Project; provided, however, that each Participant shall remain obligated to pay to OMEGA JV4 its respective share of the costs of terminating, discontinuing, retiring, disposing of, and decommissioning the Project.

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

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

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

ASSETS, LIABILITIES AND NET ASSETS

Deposits and Investments

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

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Deposits and Investments (cont.)

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

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

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

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

Receivables/Payables

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

Prepaid Expenses

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

Board Designated Funds

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

Utility Plant

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

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Utility Plant (cont.)

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

Asset Retirement Obligations

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

Net Assets

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

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

REVENUE AND EXPENSES

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

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

REVENUE AND EXPENSES (cont.)

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

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, Statement No. 62, *Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncement*, Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (an amendment of GASB Statement No. 53). Future application of these standards may restate portions of these financial statements.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

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

	Carrying Value as of December 31,		
	2011	2010	Risks
Checking	$ 528,593	$ 451,416	Custodial credit
Certificates of Deposit	50,000	111,103	Custodial credit
Government Money Market Mutual Fund	31,964	31,960	Interest rate, credit
Totals	$ 610,557	$ 594,479	

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for interest bearing accounts and unlimited for noninterest bearing accounts as of December 31, 2011 and 2010.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Custodial Credit Risk

Custodial risk is the risk that in the event of a bank failure, OMEGA JV4's deposits may not be returned to it. OMEGA JV4 has custodial credit risk on its cash and temporary investments balance to the extent the balance exceeds the federally insured limit. OMEGA JV4's investment policy requires that amounts in excess of FDIC limits be collateralized by government securities. As of December 31, 2011 and 2010, there were no deposits exposed to custodial credit risk.

Credit Risk

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

As of December 31, 2011 and 2010, OMEGA JV4's investments were rated as follows:

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

Interest Rate Risk

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

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

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

As of December 31, 2010, OMEGA JV4's investments were as follows:

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

NOTE 3 – UTILITY PLANT

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

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

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

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:

	2011	2010
Plant in service	$ 2,640,938	$ 2,640,938
Accumulated depreciation	(1,267,790)	(1,169,515)
Total Net Assets Invested in Capital Assets	$ 1,373,148	$ 1,471,423

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 2011 was 100% derived from a nonparticipant and 67% derived from sales to a nonparticipant in 2010. The contract with the nonparticipant can be cancelled on or after October 31, 2009 upon written notice six months prior to cancellation. As of December 31, 2011, no notice of cancellation had been received. A decision by the nonparticipant to purchase transmission service from a different provider would cause a significant decline in OMEGA JV4's transmission revenue and possibly impair the carrying value of the transmission line if replacement sales could not be found.

NOTE 7 – RISK MANAGEMENT

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

NOTE 8 – RELATED PARTY TRANSACTIONS

OMEGA JV4 has entered into the following agreements:

- Pursuant to the Agreement, AMP was designated as an agent and provides various management and operational services. The expenses related to these services were $15,876 and $14,565 for the years ended December 31, 2011 and 2010, respectively. OMEGA JV4 had no payable due to AMP as of December 21, 2011 and $1 due to AMP as of December 31, 2010.

- As OMEGA JV4's agent, AMP entered into an agreement with the Municipal Energy Services Agency ("MESA"), a related joint venture, for MESA to provide certain engineering, finance, administration and other services to OMEGA JV4. The expenses related to these services were $39,059 and $23,730 for the years ended December 31, 2011 and 2010, respectively. OMEGA JV4 had a payable to MESA of $2,956 and $1,364 at December 31, 2011 and 2010, respectively.

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

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

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, 2011, and have issued our report thereon dated April 19, 2012, wherein we noted the financial statements for the year ended December 31, 2010 were audited by other auditors. 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

Management of OMEGA JV4 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the 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 the OMEGA JV4's internal control over financial reporting.

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

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

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

www.cshco.com
p. 513.241.3111
f. 513.241.1212

Compliance And Other Matters

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

This report is intended solely for the information and use of the Board of Participants, management, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 19, 2012

Ohio Municipal Electric Generation Agency Joint Venture 4
Schedule of Prior Audit Findings
Year Ended December 31, 2011

Finding 1 – Internal Control Over Financial Reporting

During the prior audit, it was noted that OMEGA JV4 was not able to prepare a complete set of financial statements and had material adjusting journal entries.

Status: *Corrected during 2011.*