OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 4

FINANCIAL STATEMENTS
Including Independent Auditors' Report

Years Ended December 31, 2012 and 2011

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Ohio Municipal Electric Generation Agency Joint Ventures 1, 2, 4, 5, 6 and Municipal Energy Services Agency, Franklin County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ohio Municipal Electric Generation Agency Joint Ventures 1, 2, 4, 5, 6 and Municipal Energy Services Agency is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

May 29, 2013

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 17, 2013

Financial Statement Overview

This discussion and analysis provides an overview of the financial performance of Ohio Municipal Electric Generation Agency Joint Venture 4 ("OMEGA JV4") for the years ended December 31, 2012 and 2011. The information presented should be read in conjunction with the basic financial statements and the accompanying notes.

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

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

Financial Highlights

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

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

2012 vs. 2011

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

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

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

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

2011 vs. 2010

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

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

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

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

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

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

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

Condensed Statement of Revenues, Expenses and Changes in Net Position

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

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

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

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

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

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

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

STATEMENTS OF NET POSITION
December 31, 2012 and 2011

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

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

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

	2012	2011
OPERATING REVENUES		
Transmission revenue	$ 270,000	$ 270,000
OPERATING EXPENSES		
Related party personnel services	44,062	39,059
Depreciation	98,275	98,275
Maintenance	13,437	15,876
Professional services	10,373	8,666
Other operating expenses	15,865	16,092
Total Operating Expenses	182,012	177,968
Operating Income	87,988	92,032
NONOPERATING REVENUES		
Investment income	527	703
Income before Distributions	88,515	92,735
DISTRIBUTIONS TO PARTICIPANTS		
Bryan	(72,387)	(72,387)
Pioneer	(51,705)	(51,705)
Montpelier	(43,088)	(43,088)
Edgerton	(5,171)	(5,171)
Total Distributions	(172,351)	(172,351)
Change in net position	(83,836)	(79,616)
NET POSITION, Beginning of Year	1,995,564	2,075,180
NET POSITION, END OF YEAR	$ 1,911,728	$ 1,995,564

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 4

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

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants and customers	$ 270,000	$ 270,225
Cash paid to related parties for personnel services	(43,668)	(37,467)
Cash paid to suppliers and related parties for goods and services	(39,904)	(45,059)
Net Cash Provided by Operating Activities	186,428	187,699
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Distributions to participants	(172,351)	(172,351)
Net Cash Used in Noncapital Financing Activities	(172,351)	(172,351)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased	-	(50,000)
Investments sold and matured	50,000	111,102
Investment income received	531	730
Net Cash Provided by Investing Activities	50,531	61,832
Net Change in Cash and Cash Equivalents	64,608	77,180
CASH AND CASH EQUIVALENTS, Beginning of Year	560,557	483,377
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 625,165	$ 560,557
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 87,988	$ 92,032
Depreciation	98,275	98,275
Changes in assets and liabilities		
Receivables	-	225
Prepaid expenses	(46)	(61)
Accrued expenses	(183)	(4,364)
Payable to related parties	394	1,592
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 186,428	$ 187,699
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS		
Cash and temporary investments	$ 475,165	$ 510,557
Board designated funds	150,000	100,000
Less: Noncash equivalents	-	(50,000)
TOTAL CASH AND CASH EQUIVALENTS	$ 625,165	$ 560,557

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ohio Municipal Electric Generation Agency Joint Venture 4 ("OMEGA JV4") was organized by four subdivisions of the State of Ohio (the "Participants") on December 1, 1995, pursuant to a Joint Venture Agreement (the "Agreement") under the Ohio Constitution and Section 715.02 of the Ohio Revised Code. Its purpose is to undertake the Williams County Transmission Project (the "Project"). The Participants are members of American Municipal Power, Inc. ("AMP"). OMEGA JV4 owns and operates the Project. The Project consists of a 69 KV three-phase transmission line located in Williams County, Ohio. During 2012 and 2011 OMEGA JV4 derived a majority of its revenue from two customers. The Agreement continues until 60 days subsequent to the termination or disposition of the Project; provided, however, that each Participant shall remain obligated to pay to OMEGA JV4 its respective share of the costs of terminating, discontinuing, retiring, disposing of, and decommissioning the Project.

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

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

ASSETS, LIABILITIES AND NET POSITION

Deposits and Investments

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

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

ASSETS, LIABILITIES AND NET POSITION (cont.)

Deposits and Investments (cont.)

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

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

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

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

Receivables/Payables

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

Prepaid Expenses

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

Board Designated Funds

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

Utility Plant

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

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

ASSETS, LIABILITIES AND NET POSITION (cont.)

Utility Plant (cont.)

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

Asset Retirement Obligations

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

Net Position

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

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

REVENUE AND EXPENSES

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

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

REVENUE AND EXPENSES (cont.)

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

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

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

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

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for interest bearing accounts and unlimited for noninterest bearing accounts as of December 31, 2012 and 2011.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Custodial Credit Risk

Custodial risk is the risk that in the event of a bank failure, OMEGA JV4's deposits may not be returned to it. OMEGA JV4 has custodial credit risk on its cash and temporary investments balance to the extent the balance exceeds the federally insured limit. OMEGA JV4's investment policy requires that amounts in excess of FDIC limits be collateralized by government securities. As of December 31, 2012 and 2011, there were no deposits exposed to custodial credit risk.

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. OMEGA JV4 invests in instruments approved under the entity's investment policy. The Board of Participants has authorized OMEGA JV4 to invest in funds in accordance with the Ohio Revised Code. Allowable investments include United States Treasury and federal and state government agency obligations, money market funds, and commercial paper with the highest classification by at least two nationally recognized standard rating services. As of December 31, 2012 OMEGA JV4 had no investments with credit risk.

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

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

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. OMEGA JV4's investment policy limits the maturity of commercial paper and bankers acceptances to 180 days. As of December 31, 2012, OMEGA JV4 had no investments with interest rate risk.

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

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

NOTE 3 – UTILITY PLANT

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

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

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

NOTE 4 – NET POSITION

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

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

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

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

The following calculation supports net investment in capital assets:

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

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Project is subject to regulation by federal, state and local authorities related to environmental and other matters. Changes in regulations could adversely affect the operations and operating cost of OMEGA JV4.

NOTE 6 – SIGNIFICANT CUSTOMERS

Transmission revenue in 2012 and 2011 was 100% derived from a nonparticipant. The contract with the nonparticipant can be cancelled on or after October 31, 2009 upon written notice six months prior to cancellation. As of December 31, 2012, no notice of cancellation had been received. A decision by the nonparticipant to purchase transmission service from a different provider would cause a significant decline in OMEGA JV4's transmission revenue and possibly impair the carrying value of the transmission line if replacement sales could not be found.

NOTE 7 – RISK MANAGEMENT

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

NOTE 8 – RELATED PARTY TRANSACTIONS

OMEGA JV4 has entered into the following agreements:

- Pursuant to the Agreement, AMP was designated as an agent and provides various management and operational services. The expenses related to these services were $13,437 and $15,876 for the years ended December 31, 2012 and 2011, respectively. OMEGA JV4 had no payable due to AMP as of December 31, 2012 and December 31, 2011.

- As OMEGA JV4's agent, AMP entered into an agreement with the Municipal Energy Services Agency ("MESA"), a related joint venture, for MESA to provide certain engineering, finance, administration and other services to OMEGA JV4. The expenses related to these services were $44,062 and $39,059 for the years ended December 31, 2012 and 2011, respectively. OMEGA JV4 had a payable to MESA of $3,350 and $2,956 at December 31, 2012 and 2011, respectively.

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

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 4 ("OMEGA JV4"), which comprise the statement of net position as of December 31, 2012 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 17, 2013

Dave Yost • Auditor of State

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

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 11, 2013

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