OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 5

FINANCIAL STATEMENTS
Including Independent Auditors' Report

Years Ended December 31, 2011 and 2010

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of net assets of Ohio Municipal Electric Generation Agency Joint Venture 5 ("OMEGA JV5") 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 JV5's management. Our responsibility is to express an opinion on the financial statements based on our audit. The financial statements of OMEGA JV5 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 5 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 5'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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 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 5

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 5 ("OMEGA JV5") 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 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, 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

Condensed Statement of Net Assets

	2011	2010	2009
Assets			
Restricted assets - current	$ 7,514,762	$ 7,437,105	$ 7,370,060
Other current assets	9,584,660	9,084,088	9,367,381
Total current assets	17,099,422	16,521,193	16,737,441
Restricted assets - noncurrent	3,304,492	3,293,313	3,285,992
Utility plant	127,390,475	132,056,079	136,696,246
Other assets	1,761,326	1,963,197	2,175,890
Total assets	$ 149,555,715	$ 153,833,782	$ 158,895,569
Net Assets and Liabilities			
Net assets - Invested in capital assets	$ 16,073,288	$ 17,101,699	$ 18,198,274
Net assets - restricted	7,938,394	7,791,503	7,666,145
Net assets - unrestricted	(13,390,567)	(14,090,254)	(15,131,592)
Net beneficial interest certificates	106,457,187	110,249,380	113,927,972
Current liabilities	9,598,732	8,971,183	9,351,320
Regulatory and noncurrent liabilities	22,878,681	23,810,271	24,883,450
Total net assets and liabilities	$ 149,555,715	$ 153,833,782	$ 158,895,569

2011 vs. 2010

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

> Total current assets were $17,099,422 and $16,521,193 as of December 31, 2011 and December 31, 2010, respectively, an increase of $578,229. Cash and temporary investments increased by $1,360,708 primarily due to an increase in operating cash. Receivables from participants increased by $520,443 primarily due to change in billing rates and methods. These increases were partially offset by a decrease in regulatory asset of $1,208,445 due to the recognition of the 2010 regulatory asset recognized in 2011.
>
> Utility plant assets were $127,390,475 and $132,056,079 as of December 31, 2011 and December 31, 2010, respectively, a decrease of $4,665,604. Utility plant assets decreased as a result of depreciation. There were no significant capital expenditures or retirements of assets for OMEGA JV5 in 2011 and 2010.
>
> Noncurrent restricted assets were $3,304,492 and $3,293,313 as of December 31, 2011 and December 31, 2010, respectively, an increase of $11,179. The classification of restricted assets into current and noncurrent categories reflects the timing of anticipated payments from the Certificate Payment Fund and the Reserve and Contingency Fund.
>
> Other assets were $1,761,326 and $1,963,197 as of December 31, 2011 and December 31, 2010, respectively, a decrease of $201,871. The decrease was the result of decreases in prepaid bond insurance of $103,079 and beneficial interest certificates' issuance costs of $98,792.

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

> Net assets were $10,621,115 and $10,802,948 at December 31, 2011 and December 31, 2010, respectively, a decrease of $181,833. This decrease is reflective of the $181,833 loss during operations for 2011.
>
> Net Beneficial Interest Certificates were $106,457,187 and $110,249,380 at December 31, 2011 and December 31, 2010, respectively, a decrease of $3,792,193. This was primarily due to a principal payment made on the 2004 Beneficial Interest Certificates of $4,705,000 partially offset by the amortization of the unamortized discount of the 2001 bonds.
>
> Current liabilities were $9,598,732 and $8,971,183 at December 31, 2011 and December 31, 2010, respectively, an increase of $627,549. This was due to increases in estimated purchased power of $534,109 and beneficial interest certificates of $155,000. These

increases were offset by a decrease in total accruals of $95,503, mainly for licenses and interest.

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

2010 vs. 2009

Total assets were $153,833,782 and $158,895,569 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $5,061,787. The decrease was due to increased accumulated depreciation as well as decreases in cash and temporary investments, receivables from participants and prepaid bond insurance. These decreases were partially offset by an increase in regulatory assets and prepaid expenses.

Total current assets were $16,521,193 and $16,737,441 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $216,248. Cash and temporary investments decreased by $1,834,756 primarily due to a decrease in accounts payable. This decrease was partially offset by an increase in regulatory asset of $1,659,153 due to a change in the amount of purchased power.

Utility plant assets were $132,056,079 and $136,696,246 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $4,640,167. Utility plant assets decreased as a result of depreciation. There were no significant capital expenditures or retirements of assets for OMEGA JV5 in 2009 and 2010.

Noncurrent restricted assets were $3,293,313 and $3,285,992 as of December 31, 2010 and December 31, 2009, respectively, an increase of $7,321. 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 $74,366 in 2010.

Other assets were $1,963,197 and $2,175,890 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $212,693. The decrease was the result of decreases in prepaid bond insurance of $108,960 and beneficial interest certificates' issuance costs of $103,733.

Total net assets and liabilities were $153,833,782 and $158,895,569 as of December 31, 2010 and December 31, 2009, respectively, a decrease of $5,061,787.

Net assets were $10,802,948 and $10,732,827 at December 31, 2010 and December 31, 2009, respectively, an increase of $70,121. This increase was due to an increase in unrestricted net assets of $1,041,338 and restricted net assets of $125,358 and partially offset by a decrease in invested in capital assets, net of related debt of $1,096,575.

Net Beneficial Interest Certificates were $110,249,380 and $113,927,972 at December 31, 2010 and December 31, 2009, respectively, a decrease of $3,678,592. This was primarily due to a principal payment made on the 2004 Beneficial Interest Certificates of $4,570,000 partially offset by the amortization of the unamortized discount of the 2001 bonds.

Current liabilities were $8,971,183 and $9,351,320 at December 31, 2010 and December 31, 2009, respectively, a decrease of $380,137. This was due to decreases in accounts payable of $472,928 and debt service collected to be reimbursed to members of $51,412, offset by an increase in beneficial interest certificates of $135,000.

Regulatory and noncurrent liabilities were $23,810,271 and $24,883,450 were December 31, 2010 and December 31, 2009, respectively, a decrease of $1,073,179. This was primarily the result of a decrease in regulatory liabilities of $1,070,495 due to the change in deferred revenue related to depreciation and a decrease in short term regulatory liabilities of $2,684.

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

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	2011	2010	2009
Operating revenues	$ 24,453,017	$ 23,286,082	$ 24,401,986
Operating expenses	19,082,468	17,557,306	15,517,883
Operating income	5,370,549	5,728,776	8,884,103
Nonoperating income and expense			
Investment income	30,060	45,579	39,335
Interest Expense	(5,615,958)	(5,699,386)	(5,766,098)
Amortization	33,516	(4,848)	(129,238)
Total nonoperating income/(expense)	(5,552,382)	(5,658,655)	(5,856,001)
Net income (loss) before distributions	(181,833)	70,121	3,028,102
Distributions to participants	-	-	(1,254,196)
Change in net assets	$ (181,833)	$ 70,121	$ 1,773,906

Operating results

Operating revenues were $24,453,017 in 2011, an increase of $1,166,935 over 2010. The increase in revenues was primarily due to increased capacity power of $1,461,600. This increase was offset by a decrease in green attributes of $481,481. Operating revenues were $23,286,082 in 2010, a decrease of $1,115,904 as compared to 2009. The decrease in revenues was primarily a result of lower hydro power sales and deferred revenues partially offset by higher purchased power sales.

Operating expenses were $19,082,468 in 2011, an increase of $1,525,162 from 2010. This increase was primarily the result of a $933,413 increase in transmission expenses as well as an increase in in replacement purchased power of $1,074,529. These increases were offset by a decrease in green attributes of $457,682 and maintenance costs of $149,828. Operating expenses were $17,557,306 in 2010, an increase of $2,039,423 from 2009. This increase was primarily the result of a $1,883,686 increase in transmission and green attribute expenses as well as increases in related party services and maintenance expenses.

Nonoperating expense totaled $5,552,382 in 2011 and $5,658,655 in 2010, respectively, a decrease of $106,273. These decreases were caused primarily by reduced levels of amortization expenses in 2011 as well as decreased interest expense. Nonoperating expense totaled $5,658,655 in 2010 and $5,856,001 in 2009, respectively, a decrease of $197,346. This decrease was caused primarily by reduced levels of amortization expenses in 2010 as well as increased investment income.

There was no distribution to participants in 2011 or 2010. In 2009, $1,254,196 was returned to participants from amounts previously collected for the purchase of replacement power. This distribution was used to fund billings for replacement power costs in excess of 2009 budget levels.

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

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

STATEMENTS OF NET ASSETS
December 31, 2011 and 2010

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	$ 7,660,444	$ 6,299,736
Restricted assets - funds held by trustee	7,514,762	7,437,105
Receivables from participants	1,122,336	601,893
Receivables from related parties	-	79,000
Regulatory asset	450,708	1,659,153
Accrued interest receivable	5	270
Inventory	154,135	127,114
Prepaid expenses	197,032	316,922
Total Current Assets	17,099,422	16,521,193
NONCURRENT ASSETS		
Restricted Assets		
Restricted assets - funds held by trustee	3,304,492	3,293,313
Other Assets		
Prepaid bond insurance, net	842,451	945,530
Beneficial interest certificates' issuance costs, net	918,875	1,017,667
Electric Plant and Equipment		
Electric plant in service	186,288,017	186,311,592
Land	431,881	431,881
Accumulated depreciation	(59,329,423)	(54,687,394)
Total Noncurrent Assets	132,456,293	137,312,589
TOTAL ASSETS	$ 149,555,715	$ 153,833,782

	2011	2010
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 1,380,864	$ 1,060,606
Payable to related parties	322,873	142,403
Regulatory liabilities - current	154,135	124,259
Liabilities Payable From Restricted Assets		
Accrued interest	1,610,119	1,667,461
Debt service collected to be reimbursed to members	1,270,741	1,271,454
Beneficial interest certificates, current	4,860,000	4,705,000
Total Current Liabilities	9,598,732	8,971,183
NONCURRENT LIABILITIES		
Regulatory liabilities	22,778,659	23,723,199
Accrued license fees	100,022	87,072
2001 beneficial interest certificates	56,125,000	56,125,000
Unamortized discount	(31,573,944)	(32,877,138)
2004 beneficial interest refunding certificates	81,450,000	86,310,000
Unamortized premium	2,878,829	3,482,656
Unamortized cost from defeasance of 1993 beneficial interest certificates	(2,422,698)	(2,791,138)
Total Noncurrent Liabilities	129,335,868	134,059,651
Total Liabilities	138,934,600	143,030,834
NET ASSETS		
Invested in capital assets, net of related debt	16,073,288	17,101,699
Restricted	7,938,394	7,791,503
Unrestricted	(13,390,567)	(14,090,254)
Total Net Assets	10,621,115	10,802,948
TOTAL LIABILITIES AND NET ASSETS	$ 149,555,715	$ 153,833,782

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended December 31, 2011 and 2010

	2011	2010
OPERATING REVENUES		
Electric revenue	$ 24,453,017	$ 23,286,082
OPERATING EXPENSES		
Purchased power	10,760,980	9,183,597
Related party services	1,252,430	1,173,983
Depreciation	4,665,604	4,662,945
Maintenance	326,219	476,288
Utilities	167,286	163,409
Insurance	507,543	423,200
Professional services	53,022	78,883
Payment in lieu of taxes	840,000	840,000
Other operating expenses	509,384	555,001
Total Operating Expenses	19,082,468	17,557,306
Operating Income	5,370,549	5,728,776
NONOPERATING INCOME AND EXPENSE		
Investment income	30,060	45,579
Interest expense	(5,615,958)	(5,699,386)
Amortization of issuance costs and insurance	(201,871)	(212,693)
Amortization of bond defeasance	(368,440)	(392,340)
Amortization of premium	603,827	600,185
Net Nonoperating Expense	(5,552,382)	(5,658,655)
Change in net assets	(181,833)	70,121
NET ASSETS, Beginning of Year	10,802,948	10,732,827
NET ASSETS, END OF YEAR	$ 10,621,115	$ 10,802,948

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 5

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

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants	$ 23,932,574	$ 20,763,172
Cash paid to related parties for personnel services	(1,071,960)	(1,177,665)
Cash payments to suppliers and related parties for goods and services	(12,366,289)	(12,282,633)
Net Cash Provided by Operating Activities	10,494,325	7,302,874
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments on beneficial interest certificates	(4,705,000)	(4,570,000)
Interest payments on beneficial interest certificates	(5,673,300)	(4,516,545)
Proceeds from debt service to be refunded to members	1,388,194	1,386,545
Payment of debt service refunded to members	(1,388,774)	(1,386,850)
Acquisition of capital assets	-	(22,778)
Net Cash Used in Capital and Related Financing Activities	(10,378,880)	(9,109,628)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased	(9,564,937)	(8,107,795)
Investments sold and matured	12,497,414	8,015,890
Investment income received	30,325	46,364
Net Cash Provided by (Used in) Investing Activities	2,962,802	(45,541)
Net Change in Cash and Cash Equivalents	3,078,247	(1,852,295)
CASH AND CASH EQUIVALENTS, Beginning of Year	4,532,197	6,384,492
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 7,610,444	$ 4,532,197

	2011	2010
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 5,370,549	$ 5,728,776
Noncash items in operating income		
Depreciation	4,665,604	4,662,945
Changes in assets and liabilities		
Receivables from participants	(520,443)	289,973
Receivables from related parties	79,000	(79,000)
Regulatory asset	1,208,445	(1,659,153)
Inventory	(27,021)	1,685
Prepaid expenses	119,890	(105,753)
Regulatory liabilities	(914,664)	(1,075,035)
Accounts payable and accrued expenses	319,545	(472,203)
Payable to related parties	180,470	13,323
Accrued license fees	12,950	(2,684)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 10,494,325	$ 7,302,874

	2011	2010
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS		
Cash and temporary investments	$ 7,660,444	$ 6,299,736
Funds held by trustee	10,819,254	10,730,418
Total Cash Accounts	18,479,698	17,030,154
Less Non-cash equivalents	(10,869,254)	(12,497,957)
TOTAL CASH AND CASH EQUIVALENTS	$ 7,610,444	$ 4,532,197

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ohio Municipal Electric Generation Agency Joint Venture 5 ("OMEGA JV5") was organized by 42 subdivisions of the State of Ohio (the "Participants") on April 20, 1993, pursuant to a Joint Venture Agreement (the "Agreement") under the Ohio Constitution and Section 715.02 of the Ohio Revised Code. Its purpose was to undertake the Belleville Hydroelectric Project (the "Project"). The Participants are members of American Municipal Power, Inc. ("AMP"). OMEGA JV5 constructed and owns and operates the Project. The Project operations consist of:

- The Belleville hydroelectric generating plant and associated transmission facilities ("Belleville Hydroelectric Facilities");
- Backup generation facilities, including contracts for the output thereof; and
- Power purchased on behalf of OMEGA JV5 participants.

The Belleville Hydroelectric Facilities consists of a run-of-the-river hydroelectric plant designed for a capacity of 42 megawatts and approximately 26.5 miles of 138-kilovolt transmission facilities. The plant is located in West Virginia, on the Ohio River, at the Belleville Locks and Dam.

The Project was constructed with proceeds from the issuance of beneficial interest certificates (the "Certificates"). The Certificates evidence the obligation of the Participants to pay for the cost of the Project from revenues of their electric systems. The Agreement continues until 60 days subsequent to the termination or disposition of the Project and thereafter until the date the principal of, premium, if any, and interest on all bonds have been paid or deemed paid in accordance with any applicable trust indenture; provided, however, that each Participant shall remain obligated to pay to OMEGA JV5 its respective share of the costs of terminating, discontinuing, retiring, disposing of, and decommissioning the Project.

The following summarizes the significant accounting policies followed by OMEGA JV5.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in OMEGA JV5's financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. OMEGA JV5 also has the option of following subsequent private-sector guidance subject to this same limitation. OMEGA JV5 has elected to follow subsequent private-sector guidance.

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (cont.)

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

ASSETS, LIABILITIES AND NET 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.

OMEGA JV5 has elected to comply with Ohio Revised Code (ORC) section 135.14. Under ORC 135.14, investments are limited to:

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

OMEGA JV5 has adopted an investment policy. That policy follows the state statute for allowable investments and specifies the maximum concentration of investments in each eligible security.

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

Receivables/Payables

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

Regulatory Asset

During 2011, the Board of Participants approved an additional increase in rates of $644,093 due to the higher than expected purchased power costs experienced during the year. This amount will be invoiced to the participants through March 2012. As of December 31, 2011, $450,708 remains to be billed.

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Inventory

Inventory consists of fuel and is stated at the lower of first-in, first-out (“FIFO”) cost or market.

Restricted Assets

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

Prepaid Expenses

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

OMEGA JV5 Plant

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

OMEGA JV5 plant assets are assessed for impairment whenever events or changes in circumstances indicate that the service of the capital asset may have significantly and unexpectedly declined. If it is determined that 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.

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

Regulatory Liabilities

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

Long-Term Obligations

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

Net 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

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
Arcanum	352	0.84%
Seville	344	0.82
Brewster	333	0.79
Pioneer	321	0.76
Genoa	288	0.69
Jackson Center	281	0.67
Grafton	269	0.64
Elmore	244	0.58
Woodville	209	0.50
Milan	163	0.39
Bradner	145	0.35
Beach City	128	0.30
Prospect	115	0.27
Haskins	56	0.13
Lucas	54	0.13
Arcadia	46	0.11
South Vienna	45	0.11
Waynesfield	35	0.08
Eldorado	35	0.08
Republic	35	0.08
Custar	24	0.06
Totals	42,000	100.00%

REVENUE AND EXPENSES

OMEGA JV5 distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the OMEGA JV5's principal ongoing operations. The principal operating revenues of OMEGA JV5 are charges to participants for sales of electric power. Operating expenses include the cost of generation and transmission, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Operating revenues are recognized when earned as service is delivered. OMEGA JV5’s rates for electric power are designed to cover annual operating costs except depreciation. Debt service is billed separately to the Participants. Rates are set annually by the Board of Participants. Periodically OMEGA JV5 will distribute earnings to its participants based on available operating and rate stabilization cash. These distributions are approved by the Board of Participants. No distributions were made in 2010 or 2011.

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

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/Money Market Funds	$ 7,610,444	$ 4,522,761	Custodial credit
Certificates of Deposit	50,000	1,767,539	Custodial credit
Government Money Market Mutual Fund	737	8,982,575	Credit, interest rate
Commercial Paper	10,818,517	1,757,279	Credit, interest rate, custodial credit, concentration of credit
Total Cash, Cash Equivalents, and Investments	$ 18,479,698	$ 17,030,154	

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

Deposits

Custodial risk is the risk that in the event of a bank failure, OMEGA JV5's deposits may not be returned to it. OMEGA JV5 has custodial credit risk on its cash and temporary investments balance to the extent the balance exceeds the federally insured limit. OMEGA JV5's investment policy requires that amounts in excess of FDIC limits be collateralized by government securities. As of December 31, 2011 and 2010 there were no deposits exposed to custodial credit risk.

Investments

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

As of December 31, 2011 and 2010, OMEGA JV5's investments were exposed to custodial credit risk as follows:

	2011		2010	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Neither insured nor registered and held by a counterparty	$ 10,818,517	$ 10,818,517	$ 1,757,279	$ 1,757,579

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. OMEGA JV5 invests in instruments approved under the entity's investment policy. The Board of Participants has authorized OMEGA JV5 to invest in funds in accordance with the Ohio Revised Code. Allowable investments include United States Treasury and federal and state government agency obligations, money market funds, and commercial paper with the highest classification by at least two nationally recognized standard rating services at the time of purchase.

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

Investment Type	Standard & Poors	Moody's Investors Services
Government Money Market Mutual Fund	AAAm	Aaa
Commercial Paper	A-1	P-1

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Credit Risk (cont.)

As of December 31, 2010, OMEGA JV5's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
Government Money Market Mutual Fund	AAAm	Aaa
Commercial Paper	A-1+	P-1

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. OMEGA JV5's investment policy requires diversification of investments to limit losses from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security, except for US Treasury and fixed rate non-callable Federal Agency securities.

At December 31, 2011 and 2010, OMEGA JV5's investment portfolio was concentrated as follows:

		Percentage of Portfolio	
Issuer	Investment Type	2011	2010
General Electric	Commercial Paper	51.30%	8.20%
US Bank	Commercial Paper	24.34%	8.16%
Abbey Bank	Commercial Paper	16.22%	-
Intesa Funding	Commercial Paper	8.13%	-

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. OMEGA JV5's investment policy limits the maturity of commercial paper and bankers acceptances to 180 days.

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

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Interest Rate Risk (cont.)

As of December 31, 2010, OMEGA JV5's investments were as follows:

Investment	Maturity Date	Weighted Average Maturity (days)	Fair Value
Government Money Market Mutual Fund	n/a	38	$ 9,436
Government Money Market Mutual Fund	n/a	50	8,973,139
General Electric Corp Commercial Paper	2/15/2011	46	880,639
US Bank Commercial Paper	2/11/2011	46	876,640
			$ 10,739,854

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, 2011 and 2010, all investments were purchased in the name of the restricted funds' trustee and are held by the trustee. The investments held by the trustee are uninsured and unregistered.

NOTE 3 – RESTRICTED ASSETS (cont.)

Restricted Net Assets

The following calculation supports the amount of restricted net assets:

	2011	2010
Restricted Assets		
Certificate payment fund	$ 7,514,762	$ 7,437,105
Reserve and contingency fund	3,304,492	3,293,313
	10,819,254	10,730,418
Less:		
Current Liabilities Payable From Restricted Assets	(2,880,860)	(2,938,915)
Total Restricted Net Assets	$ 7,938,394	$ 7,791,503

NOTE 4 – UTILITY PLANT

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

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

	2010		
	Beginning Balance	Additions	Ending Balance
Electric Plant and Equipment	$ 186,288,814	$ 22,778	$ 186,311,592
Land	431,881	-	431,881
Total Utility Plant in Service	186,720,695	22,778	186,743,473
Less: Accumulated depreciation	(50,024,449)	(4,662,945)	(54,687,394)
Utility Plant, Net	$ 136,696,246	$ (4,640,167)	$ 132,056,079

NOTE 5 – PREPAID BOND INSURANCE

In connection with the issuance of the 2001 Certificates, OMEGA JV5 paid $407,000 on behalf of the Participants for municipal bond insurance. In consideration for the payment of the premium and subject to the terms of the policy, the insurance company agrees to pay to the State Street Bank and Trust Company of New York, as trustee, or its successor, for benefit of the bondholders, that portion of the principal and interest on the 2001 Certificates that becomes due for payment but remains unpaid by reason of nonpayment by the Participants. This cost is being amortized over the maturities of the 2001 Certificates.

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

In connection with the issuance of the 2004 Certificates, OMEGA JV5 paid $325,834 to Ambac Assurance Corporation for the purchase of a financial guaranty insurance policy. In consideration for the payment of the premium and subject to the terms of the policy, Ambac Assurance Corporation agrees to pay to The Bank of New York, as trustee, or its successor, that portion of the principal and interest on the 2004 Certificates, which becomes due for payment, but shall be unpaid, due to nonpayment by OMEGA JV5. This cost is being amortized over the maturities of the 2004 Certificates.

NOTE 6 – BENEFICIAL INTEREST CERTIFICATES ISSUANCE COSTS

In connection with the issuance of the 2001 Certificates and the 2004 Certificates, OMEGA JV5 paid $692,981 and $1,333,796, respectively, on behalf of the Participants for underwriter’s discount and other costs of issuance. These costs are being amortized over the maturities of the Certificates.

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES

In February, 2004 OMEGA JV5 issued 2004 Beneficial Interest Refunding Certificates (“2004 Certificates”) totaling $116,910,000 for the purpose of refunding the principal of the outstanding 1993 Beneficial Interest Certificates (“1993 Certificates”) due in the years 2005 through 2024. The 2004 Certificates were sold at a premium of $7,674,145.

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

OMEGA JV5 paid a redemption premium of $1,313,550 to redeem the 1993 Certificates. The difference between the reacquisition price of $132,668,550 and the net carrying amount of the 1993 Certificates, including unamortized discount and issuance costs, of $126,112,000, is deferred and amortized as a component of interest expense over the life of the 2004 Certificates. This difference is presented in the statements of net assets 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, 2011, are as follows:

Maturity Date February 15,	Principal Amount	Interest Rate
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
	86,310,000	
Less: Current portion	(4,860,000)	
Unamortized premium	2,878,829	
Unamortized cost from defeasance of beneficial interest certificates	(2,422,698)	
Net	$ 81,906,131	

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

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

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

In accordance with the trust agreement, amended on January 1, 2004, OMEGA JV5 is required to charge the Participants additional debt service ("Refunding Debt Service") in the amount of 15% of principal and interest. On February 16 of each year from 2005 through 2024, amounts charged to the Participants for Refunding Debt Service for the previous twelve months shall be refunded to the Participants. OMEGA JV5 established a liability payable from restricted assets of $1,270,741 and $1,271,454 for amounts to be refunded to Participants at December 31, 2011 and 2010, respectively.

The 2001 Beneficial Interest Certificates (the "2001 Certificates") outstanding at December 31, 2011 are as follows:

Maturity Date February 15,	Maturity Amount	Yield to Maturity
2025	$ 10,915,000	5.51%
2026	10,915,000	5.52
2027	10,915,000	5.53
2028	10,915,000	5.54
2029	10,465,000	5.55
2030	2,000,000	5.56
Sub-Total	56,125,000	
Less: Unamortized discount	(31,573,944)	
Net	$ 24,551,056	

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

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

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

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

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

Based upon unaudited financial information for the years ended December 31, 2011 and 2010, one Participant either was not in compliance or was not able to certify compliance with the debt service coverage ratio requirement of the Joint Venture Agreement.

Annual debt service requirements for the next five years and cumulative requirements thereafter for the 2004 Certificates and the 2001 Certificates at December 31, 2011 are as follows:

	Principal	Interest	Refunding Debt Service	Totals
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	5,355,000	3,661,525	1,372,560	10,389,085
2015	5,630,000	3,386,900	1,373,648	10,390,548
2016	6,050,000	3,094,900	1,391,854	10,536,754
2017 – 2021	34,320,000	10,595,250	6,836,101	51,751,351
2022 – 2026	30,890,868	17,789,507	4,086,627	52,767,002
2027 – 2030	7,999,115	26,295,885	-	34,295,000
Totals	$ 100,209,983	$ 72,919,142	$ 17,807,186	$ 190,936,311

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

	December 31, 2011		December 31, 2010	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Long-term debt, including current maturities:				
2001 Certificates	$ 24,551,056	$ 30,148,516	$ 23,247,862	$ 22,480,617
2004 Certificates	86,310,000	90,472,168	91,706,518	94,529,862

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

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

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

	2010			
	Beginning Balance	Additions	Reductions	Ending Balance
2001 certificates	$ 56,125,000	$ -	$ -	$ 56,125,000
Less: Unamortized discount	(34,111,391)	-	1,234,253	(32,877,138)
	22,013,609	-	1,234,253	23,247,862
2004 certificates	95,585,000	-	(4,570,000)	91,015,000
Less: Current maturities	(4,570,000)	(4,705,000)	4,570,000	(4,705,000)
Unamortized premium	4,082,841	-	(600,185)	3,482,656
Unamortized loss from refunding beneficial interest certificates	(3,183,478)	-	392,340	(2,791,138)
	91,914,363	(4,705,000)	(207,845)	87,001,518
Regulatory liabilities	24,793,694	-	(1,070,495)	23,723,199
Accrued license fees	89,756	-	(2,684)	87,072
Totals	$ 138,811,422	$ (4,705,000)	$ (46,771)	$ 134,059,651

NOTE 7 – BENEFICIAL INTEREST CERTIFICATES (cont.)

Regulatory liabilities at December 31 are as follows:

	2011	2010
Debt service billed to Participants for Certificates in excess of related expenses	$ 21,159,590	$ 22,115,308
Debt service billed to Participants for funding the Reserve and Contingency Fund and accumulated interest	1,619,069	1,607,891
Inventories billed to Participants	154,135	124,259
Total Regulatory Liabilities	22,932,794	23,847,458
Current portion	(154,135)	(124,259)
Noncurrent Portion	$ 22,778,659	$ 23,723,199

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.

NOTE 8 – NET ASSETS (cont.)

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

	2011	2010
Plant assets	$ 186,288,017	$ 186,311,592
Land	431,881	431,881
Accumulated depreciation	(59,329,423)	(54,687,394)
Sub-Totals	127,390,475	132,056,079
Related debt:		
2001 beneficial interest certificates	56,125,000	56,125,000
Unamortized discount – 2001 Beneficial interest certificates	(31,573,944)	(32,877,138)
2004 beneficial interest certificates	81,450,000	86,310,000
Unamortized premium – 2004 Beneficial interest certificates	2,878,829	3,482,656
Unamortized defeasance costs – 1993 Beneficial interest certificates	(2,422,698)	(2,791,138)
Current portion – Beneficial interest certificates	4,860,000	4,705,000
Sub-Totals	111,317,187	114,954,380
Total Net Assets Invested In Capital Assets, Net of Related Debt	$ 16,073,287	$ 17,101,699

NOTE 9 – COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS

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

On February 17, 2010, the US EPA promulgated the RICE NESHAP Rule establishing emission limits and work practice standards for compression ignited diesel engines at area sources. The OMEGA JV5 engines are affected by this rule and compliance must be demonstrated by May 2013. OMEGA JV5 is evaluating its compliance options and assessing the impact on the project. Total costs are estimated at $100,000 to $300,000.

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

NOTE 9 – COMMITMENTS AND CONTINGENCIES (cont.)

OTHER COMMITMENTS

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

NOTE 10 – RISK MANAGEMENT

OMEGA JV5 is covered under the insurance policies of AMP and is billed for its proportionate share of the insurance expense. AMP maintains insurance policies related to commercial property, motor vehicle liability, workers' compensation, excess liability, general liability, pollution liability, directors' and officers' insurance, fiduciary liability, crime and fidelity coverage. There have been no claims filed in the last three years. There were no significant reductions in coverage compared to the prior year.

NOTE 11 – RELATED PARTY TRANSACTIONS

OMEGA JV5 has entered into the following agreements:

- Pursuant to the Agreement, AMP was designated as an agent and provides various management and operational services. The cost of these services for the years ended December 31, 2011 and 2010 was $235,488 and $286,185, respectively. OMEGA JV5's payables to AMP as of December 31, 2011 and 2010 were $234,451 and $34,659, respectively.

- As OMEGA JV5's agent, AMP purchases power and fuel on behalf of OMEGA JV5. Power and fuel purchases for the years ended December 31, 2011 and 2010 amounted to $10,760,980 and $9,183,597, respectively. OMEGA JV5's receivable from AMP as of December 31, 2011 was zero and $79,000 receivable at December, 31, 2010.

- As OMEGA JV5's agent, AMP entered into an agreement with Municipal Energy Services Agency ("MESA"), a related joint venture, for MESA to provide certain engineering, finance, administration and other services. The expense related to these services was $1,016,942 and $887,798 for the years ended December 31, 2011 and 2010, respectively. OMEGA JV5 had payables to MESA of $88,422 and $101,119 at December 31, 2011 and 2010, respectively.

- OMEGA JV5 sold capacity from back-up generating units to AMP's Northwest Area Service Group, Northeast Area Service Group and Jackson, Ohio. This revenue was approximately $752,111 and $702,917 for the years ended December 31, 2011 and 2010.

- Participants with backup generating units sited in their communities provide utilities to the Units. OMEGA JV5 incurred expenses of $167,286 and $163,409 for these services for the years ended December 31, 2011 and 2010, respectively.

- OMEGA JV5 had a payable to OMEGA JV6 of zero and $6,624 as of December 31, 2011 and 2010, respectively for operational activities between the entities.

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 5:

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, 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 JV5 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the 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 the OMEGA JV5'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.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the 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 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 5
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 JV5 was not able to prepare a complete set of financial statements and had material adjusting journal entries.

Status: *Corrected during 2011.*