



OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 6

FINANCIAL STATEMENTS
Including Independent Auditors' Report

Years Ended December 31, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Ohio Municipal Electric Generation Agency Joint Venture 6 ("OMEGA JV6"), which comprise the statements of net position as of December 31, 2015 and 2014, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ohio Municipal Electric Generation Agency Joint Venture 6 as of December 31, 2015 and 2014, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2016 on our consideration of OMEGA JV6's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OMEGA JV6's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 20, 2016

**OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6**

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015, 2014, 2013
(Unaudited)

Financial Statement Overview

This discussion and analysis provides an overview of the financial performance of Ohio Municipal Electric Generation Agency Joint Venture 6 ("OMEGA JV6") for the years ended December 31, 2015 and 2014. The information presented should be read in conjunction with the basic financial statements and the accompanying notes.

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

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

Financial Highlights

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

Condensed Statement of Net Position			
Assets	2015	2014	2013
Electric plant, net of accumulated depreciation	\$ 5,713,378	\$ 5,980,658	\$ 6,399,828
Regulatory assets	522,401	475,051	533,281
Restricted assets - funds held by trustee	-	89,826	87,093
Current assets and Board designated funds	<u>2,768,438</u>	<u>2,528,550</u>	<u>2,256,098</u>
Total Assets	<u>\$ 9,004,217</u>	<u>\$ 9,074,085</u>	<u>\$ 9,276,300</u>
Net Position, Liabilities and Deferred Inflow of Resources			
Net position - net investment in capital assets	\$ 5,713,378	\$ 5,980,658	\$ 6,399,828
Net position - restricted	-	89,826	87,093
Net position - unrestricted	44,378	1,878,367	1,759,177
Current liabilities	1,873,302	35,631	36,348
Assets retirement obligation	716,489	636,710	814,401
Deferred inflow of resources	<u>656,670</u>	<u>452,893</u>	<u>179,453</u>
Total Net Position, Liabilities and Deferred Inflow of Resources	<u>\$ 9,004,217</u>	<u>\$ 9,074,085</u>	<u>\$ 9,276,300</u>

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(Unaudited)

2015 vs. 2014

Total assets were \$9,004,217 and \$9,074,085 as of December 31, 2015 and December 31, 2014, respectively, a decrease of \$69,868. This decrease is due to an increase in accumulated depreciation of \$261,093 from yearly depreciation, as well as a decrease in board designated funds of \$239,883 and offset by increase in operating cash of \$363,070 as well as increases in receivables.

Current assets and Board designated funds were \$2,768,438 and \$2,528,550 as of December 31, 2015 and December 31, 2014, respectively, an increase of \$239,888. This increase was primarily due to an increase in cash of \$363,070 from member collections, an increase of receivables of \$112,476 and an increase in prepaid expenses of \$4,225, offset by a decrease in cash reserved for maintenance and repair of \$239,883.

Non-current assets excluding board designated funds were \$6,235,779 and \$6,545,535 as of December 31, 2015 and December 31, 2014, respectively, a decrease of \$309,756. This decrease was due to a decrease in the value of electric plant, net of depreciation of \$267,280, from yearly depreciation along with a decrease in restricted assets of \$89,826, offset by an increase in regulatory assets of \$47,350. Regulatory assets consist of future recoverable costs related to the accumulated depreciation expense on asset retirement obligations and accretion expense. Restricted assets consist of marketable securities held in trust as part of a bond requirement for the financing members of OMEGA JV6. Restricted assets at December 31, 2015 were \$0 as compared to \$89,826 at December 31, 2014.

Total net position, liabilities, and deferred inflow of resources were \$9,004,217 and \$9,074,085 as of December 31, 2015 and December 31, 2014, respectively, a decrease of \$69,868.

Total net position was \$5,757,756 and \$7,948,851 at December 31, 2015 and December 31, 2014, respectively, a decrease of \$2,191,095. Net investment in capital assets was \$5,713,378 and \$5,980,658 at December 31, 2015 and December 31, 2014, respectively, a decrease of \$267,280. This decrease resulted from the increase in accumulated depreciation. Restricted net position was \$0 and \$89,826 at December 31, 2015 and December 31, 2014, respectively, a decrease of \$89,826 which reflects completion of the debt service payments. Unrestricted net position was \$44,378 and \$1,878,367 at December 31, 2015 and December 31, 2014, respectively, a decrease of \$1,833,989 due mainly to declaring distributions to participants.

Current liabilities were \$1,873,302 and \$35,631 at December 31, 2015 and December 31, 2014, respectively, an increase of \$1,837,671. This resulted from the increases in amounts due to participants of \$1,786,160 and in accounts payable and accrued expenses of \$51,511.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 6

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2015, 2014, 2013 (Unaudited)

Non-current liabilities were \$716,489 and \$636,710 as of December 31, 2015 and December 31, 2014 respectively, an increase of \$79,779. This increase was due to an increase in the net present value of estimated ARO obligations for the project, based on the analysis of independent engineering consultants.

Deferred inflow of resources increased to \$656,670 at December 31, 2015 from \$452,893 at December 31, 2014, respectively, an increase of \$203,777. This was a result of rates and renewable energy credits ("REC") revenue received in excess of expenses incurred, intended to recover future expenses.

2014 vs. 2013

Total assets were \$9,074,085 and \$9,276,300 as of December 31, 2014 and December 31 2013, respectively, a decrease of \$202,215. The decrease in 2014 total assets is due primarily to a decrease in accumulated depreciation and ARO assets offset by an increase in cash and temporary investments.

Current assets and Board designated funds were \$2,528,550 and \$2,256,098 as of December 31, 2014 and December 31, 2013, respectively, an increase of \$272,452. This increase was primarily due to an increase in cash of \$100,775 from member collections, an increase of cash reserved or maintenance and repair of \$183,460 due to REC sales, offset by a decrease in receivables from related parties of \$11,188.

Non-current assets were \$6,545,535 and \$7,020,202 as of December 31, 2014 and December 31, 2013, respectively, a decrease of \$474,667. This decrease was due mainly to a decrease in the value of electric plant, net of depreciation of \$419,170, due to yearly depreciation as well as a revised estimate of the present value of the ARO asset of \$108,004, offset by decrease in regulatory assets of \$58,230. Regulatory assets consist of future recoverable costs related to the accumulated depreciation expense on asset retirement obligations and accretion expense. Restricted assets consist of marketable securities held in trust as part of a bond requirement for the financing members of OMEGA JV6. These funds are available for use under covenants of the bond agreement. Upon repayment of the bonds, any unused funds will revert to the financing participants of OMEGA JV6. Restricted assets were \$89,826 and \$87,093 as of December 31, 2014 and December 31, 2013 respectively, an increase of \$2,733.

Total net position, liabilities and deferred inflows of resources were \$9,074,085 and \$9,276,300 as of December 31, 2014 and December 31, 2013, respectively, a decrease of \$202,215. This decrease was a result of a decrease in net position and ARO liability offset by an increase in deferred inflow of resources.

Total net position was \$7,948,851 and \$8,246,098 as of December 31, 2014 and December 31, 2013, respectively, a decrease of \$297,247. Net investment in capital assets was \$5,980,658 and \$6,399,828 at December 31, 2014 and December 31, 2013, respectively, a decrease of \$419,170. This decrease mainly resulted from the decrease in

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MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015, 2014, 2013
(Unaudited)

electric plant, net of depreciation. Restricted net position was \$89,826 and \$87,093 at December 31, 2014 and December 31, 2013, respectively, an increase of \$2,733. This increase reflects an increase in trust cash. Unrestricted net position was \$1,878,367 and \$1,759,177 at December 31, 2014 and December 31, 2013, respectively, a decrease of \$119,190.

Current liabilities were \$35,631 and \$36,348 at December 31, 2014 and December 31, 2013, respectively, a decrease of \$717. This resulted from an increase in levels of payables to related parties of \$7,144 due to amounts charged by MESA and AMP, Inc. personnel offset by a decrease in accrued expenses of \$7,861 for operation and maintenance incurred by year-end but not paid.

Non-current liabilities were \$636,710 and \$814,401 as of December 31, 2014 and December 31, 2013 respectively, a decrease of \$177,691. This decrease was due to a decrease in the net present value of estimated ARO obligations for the project, based on the analysis of independent engineering consultants.

Deferred inflows of resources were \$452,893 and \$179,453 at December 31, 2014 and December 31, 2013, respectively, an increase of \$273,440. This was a result of rates and REC revenue received in excess of expenses incurred, intended to recover future expenses.

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

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2015	2014	2013
Operating revenues	\$ 494,853	\$ 325,856	\$ 282,816
Operating expenses	848,311	679,936	633,139
Operating Loss	(353,458)	(354,080)	(350,323)
Nonoperating revenue			
Investment income	1,370	1,340	4,671
Future recoverable costs	52,381	53,033	45,945
Nonoperating Revenue	53,751	54,373	50,616
Loss before Contributions	(299,707)	(299,707)	(299,707)
Contributions from participants	-	2,460	1,433
Distribution to participants	(1,891,388)	-	-
Change in Net Position	\$ (2,191,095)	\$ (297,247)	\$ (298,274)

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MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015, 2014, 2013
(Unaudited)

Operating results

Rates for electric power are set by OMEGA JV6's Board of Participants and are intended to cover budgeted operating expense (excluding depreciation). OMEGA JV6 does not include any bond payments by OMEGA JV6's financing members in their rates, as these debt service payments are made directly to AMP. In 2007, OMEGA JV6 was authorized by the Internal Revenue Service to issue \$3.5 million in Clean Renewable Energy Bonds that could be used to expand the output of the existing wind farm by installing one additional wind turbine. Although the original authorization was to expire December 31, 2009, this authorization was extended until December 31, 2010. RECs were sold in 2015 and 2014, through the efforts of MESA personnel.

Electric revenue in 2015 was \$494,853 versus \$325,856 in 2014 which is an increase of \$168,997. The increase in electric revenue is mainly due to an increase in capacity sales of \$217,127. Electric revenue in 2014 was \$325,856 versus \$282,816 in 2013 which is an increase of \$43,040, also mainly due to increased capacity. Capacity revenue is earned and received from the regional transmission organization and passed back to members through credits on their bill with an equal expense.

Operating expenses in 2015 were \$848,311 versus \$679,936 in 2014 which is an increase of \$168,375. The increase in operating expenses in 2015 is due mainly to increases in capacity expense of \$206,790 offset by decreases in maintenance expense of \$18,791, related party services of \$9,705 and other operating expenses of \$9,919.

Operating expenses in 2014 were \$679,936 versus \$633,139 in 2013 which is an increase of \$46,797. This was mainly due to increased related party services of \$13,147, capacity expenses of \$10,337 and other operating expense of \$17,087. This was offset by a decrease in maintenance expense of \$5,714.

Investment income in 2015 was \$1,370 versus \$1,340 in 2014, an increase of \$30. Investment income in 2014 was \$1,340 versus \$4,671 in 2013 which is a decrease of \$3,331. Investment income for OMEGA JV6 is interest earned on checking account balances and short term investments.

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

**OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6**

STATEMENTS OF NET POSITION
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	\$ 1,696,823	\$ 1,333,753
Receivables from participants	54,294	4,202
Receivables from related parties	63,000	616
Prepaid expenses	<u>17,358</u>	<u>13,133</u>
Total Current Assets	<u>1,831,475</u>	<u>1,351,704</u>
NON-CURRENT ASSETS		
Restricted assets - funds held by trustee	-	89,826
Regulatory assets	522,401	475,051
Board designated funds	936,963	1,176,846
Electric Plant		
Electric plant	9,372,071	9,378,258
Accumulated depreciation	<u>(3,658,693)</u>	<u>(3,397,600)</u>
Net Electric Plant	<u>5,713,378</u>	<u>5,980,658</u>
Total Non-Current Assets	<u>7,172,742</u>	<u>7,722,381</u>
TOTAL ASSETS	<u>\$ 9,004,217</u>	<u>\$ 9,074,085</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 65,299	\$ 22,476
Payable to related parties	21,843	13,155
Amount due to participants	<u>1,786,160</u>	<u>-</u>
Total Current Liabilities	<u>1,873,302</u>	<u>35,631</u>
NON-CURRENT LIABILITIES		
Asset retirement obligation	<u>716,489</u>	<u>636,710</u>
Total Non-Current Liabilities	<u>716,489</u>	<u>636,710</u>
Total Liabilities	<u>2,589,791</u>	<u>672,341</u>
DEFERRED INFLOW OF RESOURCES		
Rates intended to recover future costs	<u>656,670</u>	<u>452,893</u>
NET POSITION		
Net investment in capital assets	5,713,378	5,980,658
Restricted	-	89,826
Unrestricted	<u>44,378</u>	<u>1,878,367</u>
Total Net Position	<u>5,757,756</u>	<u>7,948,851</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	<u>\$ 9,004,217</u>	<u>\$ 9,074,085</u>

See accompanying notes to financial statements.

**OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6**

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Electric revenue	\$ 494,853	\$ 325,856
OPERATING EXPENSES		
Related party services	77,365	87,070
Capacity	238,186	31,396
Depreciation	311,059	311,166
Accretion of asset retirement obligation	41,030	41,575
Maintenance	115,975	134,766
Insurance	33,492	33,019
Professional services	14,671	13,359
Other operating expenses	<u>16,533</u>	<u>27,585</u>
Total Operating Expenses	<u>848,311</u>	<u>679,936</u>
 Operating Loss	 <u>(353,458)</u>	 <u>(354,080)</u>
NON-OPERATING REVENUES		
Investment income	1,370	1,340
Future recoverable costs	<u>52,381</u>	<u>53,033</u>
Total Non-Operating Revenues	<u>53,751</u>	<u>54,373</u>
 Loss before Contributions	 <u>(299,707)</u>	 <u>(299,707)</u>
CONTRIBUTIONS FROM PARTICIPANTS	<u>-</u>	<u>2,460</u>
DISTRIBUTION TO PARTICIPANTS		
City of Bowling Green	(1,078,575)	-
City of Cuyahoga Falls	(473,521)	-
City of Napoleon	(78,920)	-
City of Wadsworth	(65,767)	-
City of Oberlin	(65,767)	-
Village of Montpelier	(26,307)	-
Village of Elmore	(26,307)	-
Village of Edgerton	(26,307)	-
Village of Pioneer	(26,307)	-
Village of Monroeville	<u>(23,610)</u>	<u>-</u>
	(1,891,388)	-
 Change in net position	 (2,191,095)	 (297,247)
NET POSITION, Beginning of Year	<u>7,948,851</u>	<u>8,246,098</u>
 NET POSITION, END OF YEAR	 <u>\$ 5,757,756</u>	 <u>\$ 7,948,851</u>

See accompanying notes to financial statements.

**OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6**

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants and customers	\$ 553,725	\$ 606,679
Cash paid to related parties for personnel services	(68,677)	(79,926)
Cash payments to suppliers and related parties for goods and services	<u>(347,830)</u>	<u>(243,586)</u>
Net Cash Provided by Operating Activities	<u>137,218</u>	<u>283,167</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Distributions to participants	<u>(105,227)</u>	-
Net Cash Used in Noncapital Financing Activities	<u>(105,227)</u>	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions from participants	-	<u>2,460</u>
Net Cash Provided by Capital and Related Financing Activities	<u>-</u>	<u>2,460</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	89,826	(2,732)
Investment income received	<u>1,370</u>	<u>1,340</u>
Net Cash Provided by (Used in) Investing Activities	<u>91,196</u>	<u>(1,392)</u>
Net Change in Cash and Cash Equivalents	123,187	284,235
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>2,510,599</u>	<u>2,226,364</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,633,786	\$ 2,510,599
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	\$ (353,458)	\$ (354,080)
Depreciation	311,059	311,166
Accretion of asset retirement obligation	41,030	41,575
Changes in assets, liabilities and deferred inflow of resources		
Receivables	(50,092)	(3,805)
Receivable from related parties	(62,384)	11,188
Prepaid expenses	(4,225)	4,400
Accounts payable and accrued expenses	42,823	(7,861)
Payable to related parties	8,688	7,144
Deferred inflow of resources	<u>203,777</u>	<u>273,440</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 137,218	\$ 283,167
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Cash and temporary investments	\$ 1,696,823	\$ 1,333,753
Board designated funds	936,963	1,176,846
Funds held by trustee	-	<u>89,826</u>
Total cash accounts	<u>2,633,786</u>	<u>2,600,425</u>
Less: Non-cash equivalents	-	<u>(89,826)</u>
TOTAL CASH AND CASH EQUIVALENTS	\$ 2,633,786	\$ 2,510,599
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in cost of plant due to change in estimated asset retirement obligation	<u>\$ (6,187)</u>	<u>\$ (108,004)</u>

See accompanying notes to financial statements.

OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 6

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ohio Municipal Electric Generation Agency Joint Venture 6 (“OMEGA JV6”) was organized by ten subdivisions of the State of Ohio (the “Participants”) and commenced operations on December 15, 2003 (“Inception”), pursuant to a joint venture agreement (the “Agreement”) under the Ohio Constitution and Section 715.02 of the Ohio Revised Code (ORC). Its purpose is to provide low-polluting capacity to the Participants. The Participants are members of American Municipal Power, Inc. (“AMP”). In December 2003 and December 2004, OMEGA JV6 purchased 3.6 MW of electric plant generating units (the “Project”) from AMP for a total capacity of 7.2 MW. The Agreement continues until 60 days subsequent to the termination or disposition of the Project and for as long as required by the financing agreement; provided, however, that each Participant shall remain obligated to pay to OMEGA JV6 its respective share of the costs of terminating, discontinuing, retiring, disposing of, and decommissioning the Project.

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place or deferred until a future period in which they will be recovered through rates.

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, DEFERRED INFLOW OF RESOURCES AND NET POSITION

Deposits and Investments

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

**OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6**

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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

ASSETS, LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION (cont.)

Deposits and Investments (cont.)

OMEGA JV6 has elected to comply with Ohio Revised Code (ORC) section 135.14. Under ORC 135.14, investments are limited to:

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

OMEGA JV6 has adopted an investment policy. That policy follows the state statute for allowable investments and specifies the maximum concentration of investments in each eligible security.

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

Board Designated Funds

OMEGA JV6's Board of Participants designated funds from existing operating cash for the maintenance and repairs to the generating units.

Receivables/Payables

Accounts receivable are amounts due from related parties, as such, no allowance for uncollectible accounts is necessary. Accounts payable are amounts due to vendors for services incurred.

Restricted Assets

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

Prepaid Expenses

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

**OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6**

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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

ASSETS, LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION (cont.)

Electric Plant

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

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

Asset Retirement Obligations

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

Regulatory Assets

OMEGA JV6 records regulatory assets (expenses to be recovered in rates in future periods). Regulatory assets include O&M expenses not yet recovered through billings to Participants.

Regulatory assets consisted of the following at December 31:

	2015	2014
Future expenses related to asset retirement obligations	<u>\$ 522,401</u>	<u>\$ 475,051</u>

**OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6**

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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

ASSETS, LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION (cont.)

Deferred Inflow of Resources

OMEGA JV6 records deferred inflows of resources (rates collected for expenses not yet incurred). Pursuant to the Agreement, Participants are required to pay all costs related to operations, maintenance and retirement of the jointly owned electric plant.

Deferred inflow of resources consisted of the following at December 31:

	2015	2014
Future expenses related to Fixed O&M	<u>\$ 656,670</u>	<u>\$ 452,893</u>

Net Position

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

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

REVENUE AND EXPENSES

OMEGA JV6 distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the OMEGA JV6's principal ongoing operations. The principal operating revenues of OMEGA JV6 are charges to participants for energy and capacity. Operating expenses include the cost of generation, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6**

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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

REVENUE AND EXPENSES (cont.)

Electric revenue is recognized when earned as service is delivered. OMEGA JV6's rates for electric power are designed to cover annual operating costs, except depreciation. Rates are set annually by the Board of Participants.

Rates for electric service pursuant to contracts with the Participants are not designed to recover contributed capital used to acquire the electric plant generators. Rates charged to OMEGA JV6 financing participants for debt service are paid to AMP to retire the Project financing obligations (Note 5). Accordingly, OMEGA JV6 will generate negative operating margins during the operating life of the electric plant.

Beginning January 1, 2009, renewable energy attributes from OMEGA JV6 were sold by AMP on behalf of the participants. These revenues will be realized upon delivery of the attributes.

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 68, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 27*, Statement, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*. These standards had no impact on OMEGA JV5's 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,		Risks
	2015	2014	
Checking	\$ 2,633,786	\$ 2,510,599	Custodial credit
Commercial Paper	-	88,976	Custodial credit, credit, interest rate, and concentration
Government Money Market Mutual Funds	-	850	Credit and interest rate
Totals	<u>\$ 2,633,786</u>	<u>\$ 2,600,425</u>	

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for accounts as of December 31, 2015 and 2014.

**OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6**

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

Custodial risk is the risk that in the event of a bank failure, OMEGA JV6's deposits may not be returned to it. OMEGA JV6 had custodial credit risk on its cash and temporary investments balance to the extent the balance exceeds the federally insured limit. OMEGA JV6's investment policy requires that amounts in excess of FDIC limits be collateralized by government securities. As of December 31, 2015 and 2014, there were no deposits exposed to custodial credit risk.

Investments

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

As of December 31, 2015 and 2014, OMEGA JV6's investments were exposed to custodial credit risk as follows:

	2015		2014	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Neither insured nor registered and held by a counterparty	\$ -	\$ -	\$ 88,976	\$ 88,976

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. OMEGA JV6 invests in instruments approved under the entity's investment policy. The Board of Participants has authorized OMEGA JV6 to invest in funds in accordance with the Ohio Revised Code. Allowable investments include United States Treasury and federal and state government agency obligations, money market funds, and commercial paper with the highest classification by at least two nationally recognized standard rating services.

As of December 31, 2014, OMEGA JV6's investments were rated as follows:

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

**OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6**

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

Credit Risk (cont.)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. OMEGA JV6's investment policy requires diversification of investments to limit losses from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security, except for US Treasury and fixed rate non-callable Federal Agency securities.

At December 31, 2014, OMEGA JV6's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Abbey National	Commercial Paper	96.8%

NOTE 3 – RESTRICTED ASSETS

Restricted assets include those assets comprising the Reserve and Contingency Fund, which was established and maintained pursuant to the Agreement.

The Agreement requires OMEGA JV6 to maintain a minimum funding in a Reserve and Contingency Fund of \$50,000. Under the terms of the trust agreement associated with the OMEGA JV6 Bonds, if the balance in the fund is less than the required minimum, then AMP may direct OMEGA JV6 to increase billings to members such that the deficiency in the balance is funded within twelve months. Liabilities of debt service for OMEGA JV6 have been paid off in September 2015. Dividends in the Reserve and Contingency account are planned to distribute to participants accordingly.

Restricted Assets

The following calculation supports the amount of restricted assets:

	2015	2014
Restricted Assets		
Reserve and Contingency Fund	\$ -	\$ 89,826
Total Restricted Assets	\$ -	\$ 89,826

**OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6**

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 4 – ELECTRIC PLANT AND EQUIPMENT

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

	2015			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric plant	\$ 9,378,258	\$ -	\$ (6,187)	\$ 9,372,071
Less: Accumulated depreciation	(3,397,600)	(311,059)	49,966	(3,658,693)
Electric Plant, Net	\$ 5,980,658	\$ (311,059)	\$ 43,779	\$ 5,713,378
	2014			
	Beginning Balance	Additions	Change in Estimate	Ending Balance
Electric plant	\$ 9,486,262	\$ -	\$ (108,004)	\$ 9,378,258
Less: Accumulated depreciation	(3,086,434)	(311,166)	-	(3,397,600)
Electric Plant, Net	\$ 6,399,828	\$ (311,166)	\$ (108,004)	\$ 5,980,658

NOTE 5 – ACQUISITION OF THE PROJECT

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

The Participants in OMEGA JV6 consist of financing and nonfinancing participants. On July 1, 2004, AMP issued \$9,861,000 OMEGA JV6 Adjustable Rate Revenue Bonds, Series 2004 (“OMEGA JV6 Bonds”), on behalf of the financing participants of OMEGA JV6. The net proceeds of the bond issue were contributed to OMEGA JV6. The nonfinancing participant in OMEGA JV6 contributed \$139,000. On August 15, 2015, the final principal payment was made on the OMEGA JV6 bonds and were repaid in full at that time.

The OMEGA JV6 Bonds were not issued by OMEGA JV6 and the financing participants made debt service payments directly to AMP. Therefore, the OMEGA JV6 Bonds were not recorded in the financial statements of OMEGA JV6.

The OMEGA JV6 Bonds outstanding at December 31, 2014, were as follows:

Maturity Date	Principal Amount	Interest Rate
February 15 and August 15,		
2015	\$ 975,000	0.24%

Based on unaudited information for the years ended December 31, 2015 and 2014, all financing participants were in compliance with debt service coverage requirements.

**OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6**

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 6 – ASSET RETIREMENT OBLIGATIONS

Under the terms of lease agreements, OMEGA JV6 has an obligation to remove electric plant from the leased sites where the units are located and to perform certain restoration activities at the sites.

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

	2015			
	Beginning Balance	Accretion Expense	Change in Estimate	Ending Balance
Asset retirement obligation	\$ 636,710	\$ 41,030	\$ 38,749	\$ 716,489
	2014			
	Beginning Balance	Accretion Expense	Change in Estimate	Ending Balance
Asset retirement obligation	\$ 814,401	\$ 41,575	\$ (219,266)	\$ 636,710

Asset retirement obligations are determined based on detailed cost estimates, adjusted for factors that an outside third party would consider (i.e., inflation, overhead and profit), escalated using an inflation factor to the estimated removal dates, and then discounted using a credit adjusted risk-free interest rate. The removal date for each unit was determined based on the estimated life of the units. The accretion of the liability and amortization of the property and equipment will be recognized over the estimated useful life of each unit. OMEGA JV6 updated its estimate of its asset retirement obligation based on an updated legal and technical study performed during 2015 and 2014.

NOTE 7 – NET POSITION

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

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

**OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6**

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 7 – NET POSITION (cont.)

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

The following calculation supports the net investment in capital assets:

	2015	2014
Electric Plant	\$ 9,372,071	\$ 9,378,258
Accumulated Depreciation	<u>(3,658,693)</u>	<u>(3,397,600)</u>
Total Net Investment in Capital Assets	<u>\$ 5,713,378</u>	<u>\$ 5,980,658</u>

NOTE 8 – COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS

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

Bird and bat collisions with the turning blades of wind turbines have resulted in wildlife losses in some wind turbine locations. There have reportedly been some dead bats observed near the project by an outside college study group. If it is concluded that there is a bird or bat collision problem, fines may be assessed or operational restrictions imposed against OMEGA JV6.

NOTE 9 – RISK MANAGEMENT

OMEGA JV6 is covered under the insurance policies of AMP and is billed for its proportionate share of the insurance expense. AMP maintains insurance policies related to commercial property, motor vehicle liability, workers' compensation, excess liability, and general liability, pollution liability, directors' and officers' insurance, fiduciary liability, crime and fidelity coverage. There have been no claims in the past three years. There were no significant reductions in coverage compared to the prior year.

NOTE 10 – SIGNIFICANT CUSTOMERS

OMEGA JV6 has two participants that comprised 33% and 33% of electric service revenue in 2015 and 2014, respectively.

**OHIO MUNICIPAL ELECTRIC GENERATION AGENCY
JOINT VENTURE 6**

NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 11 – RELATED PARTY TRANSACTIONS

OMEGA JV6 has entered into the following agreements:

- Pursuant to the Agreement, AMP was designated as an agent and provides various management and operational services. OMEGA JV6 incurred expenses related to these services in the amount of \$2,123 and \$1,936 for the years ended December 31, 2015 and 2014, respectively, and had a payable of \$16,182 and \$2,691 to AMP at December 31, 2015 and 2014, respectively.
 - As OMEGA JV6's agent, AMP entered into an agreement with Municipal Energy Services Agency ("MESA"), a related joint venture, for MESA to provide certain engineering, finance, administration and other services. The expenses related to these services were \$75,241 and \$85,134 for the years ended December 31, 2015 and 2014, respectively. OMEGA JV6 had a payable to MESA for \$5,661 and \$10,464 at December 31, 2015 and 2014, respectively.
 - During 2015 and 2014, AMP sold green tags on behalf of OMEGA JV6. OMEGA JV6 had a receivable from AMP of \$63,000 and \$616 as of December 31, 2015 and 2014, respectively.
-

NOTE 12 – FUTURE LEASE COMMITMENT

On November 14, 2002, AMP entered into a 20 year lease for the land where the Project is located. The term of the lease allows for annual renewals if the Project is commercially operable. The lease requires annual payments of \$1,000 per wind turbine unit. AMP has assigned this lease to OMEGA JV6. Rent expense from this lease totaled \$4,000 during each of the years ended December 31, 2015 and 2014.

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

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ohio Municipal Electric Generation Agency Joint Venture 6 ("OMEGA JV6"), which comprise the statement of net position as of December 31, 2015, 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 20, 2016.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the OMEGA JV6's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 20, 2016