

**Ohio Public Power
Educational Institute**

Financial Statements

December 31, 2006 and 2005

Ohio Public Power Educational Institute
Index
December 31, 2006 and 2005

	Page(s)
Report of Independent Auditors	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows.....	4
Notes to Financial Statements.....	5

Report of Independent Auditors

Board of Trustees
Ohio Public Power Educational Institute

In our opinion, the accompanying statements of financial position and the related statements of activities and cash flows present fairly, in all material respects, the financial position of Ohio Public Power Educational Institute (the "Institute") as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

June 20, 2007

Ohio Public Power Educational Institute
Statements of Financial Position
December 31, 2006 and 2005

	2006	2005
Assets		
Cash and cash equivalents	\$ 386,769	\$ 396,351
Accounts receivable	19,500	3,020
Due from affiliate	4,622	-
Other assets	1,442	1,229
Total assets	<u>\$ 412,333</u>	<u>\$ 400,600</u>
Liabilities and Unrestricted Net Assets		
Liabilities		
Accounts payable	\$ 68,738	\$ 8,669
Due to affiliate	4,949	65,105
Total liabilities	<u>73,687</u>	<u>73,774</u>
Unrestricted net assets	<u>338,646</u>	<u>326,826</u>
Total liabilities and unrestricted net assets	<u>\$ 412,333</u>	<u>\$ 400,600</u>

The accompanying notes are an integral part of these financial statements.

Ohio Public Power Educational Institute
Statements of Activities
Years Ended December 31, 2006 and 2005

	2006	2005
Revenues		
Subscriptions	\$ 169,632	\$ 163,917
Training courses	40,360	45,080
Members' conferences	84,030	75,818
Economic development	-	20,500
Municipal electric associates	17,850	18,285
Interest and other	17,226	11,786
Total revenues	<u>329,098</u>	<u>335,386</u>
Expenses		
Municipal Energy Services Agency services	124,005	169,643
Members' conference	89,548	67,581
Public Power News—publishing and postage	74,178	59,256
Outside services and training course materials	11,911	14,530
Economic development	-	2,795
Professional services	11,091	7,665
Circuit rider and other	6,545	5,386
Total expenses	<u>317,278</u>	<u>326,856</u>
Change in unrestricted net assets	11,820	8,530
Unrestricted net assets, beginning of year	<u>326,826</u>	<u>318,296</u>
Unrestricted net assets, end of year	<u>\$ 338,646</u>	<u>\$ 326,826</u>

The accompanying notes are an integral part of these financial statements.

Ohio Public Power Educational Institute
Statements of Cash Flows
Years Ended December 31, 2006 and 2005

	2006	2005
Cash flows from operating activities		
Change in unrestricted net assets	\$ 11,820	\$ 8,530
Changes in assets and liabilities		
Accounts receivable	(16,480)	15,306
Due from affiliate	(4,622)	1,784
Other assets	(213)	1,380
Accounts payable	60,069	(14,144)
Due to affiliate	(60,156)	51,582
Net cash (used in) provided by operating activities	<u>(9,582)</u>	<u>64,438</u>
Cash and cash equivalents, beginning of year	<u>396,351</u>	<u>331,913</u>
Cash and cash equivalents, end of year	<u>\$ 386,769</u>	<u>\$ 396,351</u>

The accompanying notes are an integral part of these financial statements.

Ohio Public Power Educational Institute
Notes to Financial Statements
December 31, 2006 and 2005

1. Organization

Ohio Public Power Educational Institute (the "Institute") began operations in May 1986. The Institute was formed to collect, develop, assemble and disseminate information concerning the public power industry primarily in the state of Ohio to its members and the public. The institute distributes this information using appropriate media including, but not limited to, manuals, bulletins, pamphlets, reports, audio-visual communications, training courses and member conferences.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Institute have been prepared on the accrual basis of accounting in accordance with the financial reporting guidelines established for certain nonprofit organizations by the American Institute of Certified Public Accountants.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents consist of highly-liquid cash and short-term investments with maturities of three months or less.

Revenues

Revenues are recognized when earned.

Net Assets

The Institute classifies assets as unrestricted, temporarily restricted or permanently restricted depending on the existence and nature of any donor restriction. There were no temporarily or permanently restricted net assets at December 31, 2006 or 2005.

Income Taxes

The Internal Revenue Service has ruled that the Institute is a tax-exempt organization as defined under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the financial statements.

Estimates

The preparation of the 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.

3. Related Party Transactions

The Institute reimburses Municipal Energy Services Agency ("MESA"), an affiliated organization, for financial, administrative and other services performed on behalf of the Institute by MESA. The statements of activities include \$124,005 and \$169,643 for the years ended December 31, 2006 and 2005, respectively, related to this arrangement. The Institute has amounts due to MESA of \$14,073 at December 31, 2005. The Institute has amounts due from MESA in the amount of \$4,622 at December 31, 2006. The Institute has amounts due to American Municipal Power-Ohio, Inc., an affiliated organization, of \$4,949 and \$51,032 at December 31, 2006 and 2005, respectively.