

# **Ohio Municipal Electric Association**

**Financial Statements  
December 31, 2008 and 2007**

**Ohio Municipal Electric Association**  
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**December 31, 2008 and 2007**

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**Report of Independent Auditors**

Board of Trustees

Ohio Municipal Electric Association:

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 Municipal Electric Association (the "Association") at December 31, 2008 and 2007, 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 Association'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*

April 1, 2009

**Ohio Municipal Electric Association**  
**Statements of Financial Position**  
**December 31, 2008 and 2007**

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	2008	2007
<b>Assets</b>		
Cash and cash equivalents	\$ 342,874	\$ 320,836
Due from affiliate	9,192	7,558
Other assets	1,533	1,442
Total assets	<u>\$ 353,599</u>	<u>\$ 329,836</u>
<b>Liabilities and Unrestricted Net Assets</b>		
Liabilities		
Accounts payable	\$ 16,047	\$ 20,609
Due to affiliate	28,487	25,649
Total liabilities	<u>44,534</u>	<u>46,258</u>
Unrestricted net assets	<u>309,065</u>	<u>283,578</u>
Total liabilities and unrestricted net assets	<u>\$ 353,599</u>	<u>\$ 329,836</u>

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

**Ohio Municipal Electric Association**  
**Statements of Activities**  
**Years Ended December 31, 2008 and 2007**

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	<b>2008</b>	<b>2007</b>
<b>Revenues</b>		
Voluntary assessments	\$ 441,260	\$ 413,139
American Municipal Power-Ohio, Inc. monitoring and reporting	150,000	150,000
Interest	<u>8,082</u>	<u>12,961</u>
Total revenues	<u>599,342</u>	<u>576,100</u>
<b>Expenses</b>		
General legislative activities	222,973	253,986
Municipal Energy Services Agency services	337,576	346,246
Professional fees	7,300	7,900
Other	<u>6,006</u>	<u>4,935</u>
Total expenses	<u>573,855</u>	<u>613,067</u>
Change in unrestricted net assets	25,487	(36,967)
Unrestricted net assets, beginning of year	<u>283,578</u>	<u>320,545</u>
Unrestricted net assets, end of year	<u>\$ 309,065</u>	<u>\$ 283,578</u>

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

**Ohio Municipal Electric Association**  
**Statements of Cash Flows**  
**Years Ended December 31, 2008 and 2007**

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	2008	2007
<b>Cash flows from operating activities</b>		
Change in unrestricted net assets	\$ 25,487	\$ (36,967)
Changes in assets and liabilities		
Accounts receivable	-	934
Other assets	(91)	-
Due from affiliate	(1,634)	1,310
Accounts payable	(4,562)	2,434
Due to affiliate	2,838	5,499
Net cash provided by operating activities	<u>22,038</u>	<u>(26,790)</u>
Cash and cash equivalents, beginning of year	<u>320,836</u>	<u>347,626</u>
Cash and cash equivalents, end of year	<u>\$ 342,874</u>	<u>\$ 320,836</u>

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

# Ohio Municipal Electric Association

## Notes to Financial Statements

### December 31, 2008 and 2007

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#### 1. Organization

Ohio Municipal Electric Association (the "Association") was formed in 1962 by representatives of Ohio municipalities to foster the common interest of the public power concept in Ohio. The Association is a membership organization comprising communities throughout Ohio that own and operate municipal power systems. Services provided to its members by the Association include legal and legislative aid.

On January 1, 1984, the Association was reorganized to serve as the legislative liaison and lobbying arm of Ohio's municipally owned power systems. Most former duties and functions of the Association were assumed by American Municipal Power-Ohio, Inc. ("AMP-Ohio"), a tax-exempt corporation also formed for the benefit of municipal power in Ohio.

#### 2. Summary of Significant Accounting Policies

##### **Basis of Accounting**

The financial statements of the Association 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, the Association considers highly liquid investments purchased with an original maturity of three months or less to be cash and cash equivalents.

##### **Revenue**

Revenue is recognized when earned.

##### **Net Assets**

The Association 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, 2008 or 2007.

##### **Income Taxes**

The Internal Revenue Service has ruled that the Association is a tax-exempt organization as defined under Section 501(c)(6) 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.

**Ohio Municipal Electric Association**  
**Notes to Financial Statements**  
**December 31, 2008 and 2007**

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**3. General Legislative Activities**

General legislative expenses represent costs associated with the legislative efforts undertaken by the Association to promote the positions of the municipal utilities. These costs are summarized as follows:

	<b>2008</b>	<b>2007</b>
Consulting and lobbying	\$ 158,999	\$ 166,618
Public relations and media presentations	14,825	19,136
Legal	11,254	18,431
Travel, meals and entertainment	<u>37,895</u>	<u>49,801</u>
	<u>\$ 222,973</u>	<u>\$ 253,986</u>

**4. Related Party Transactions**

The Association receives funding from AMP-Ohio to help offset costs incurred relating to non-lobbying legislative monitoring and reporting. The statements of activities include \$150,000 related to this arrangement for the years ended December 31, 2008 and 2007. The Association has amounts due from AMP-Ohio of \$9,192 and \$7,558 at December 31, 2008 and 2007, respectively.

The Association also reimburses Municipal Energy Services Agency ("MESA"), an affiliated organization, for financial, administrative and other services performed on behalf of the Association by MESA. The statements of activities include \$337,576 and \$346,246 related to this engagement for the years ended December 31, 2008 and 2007, respectively. The Association has amounts due to MESA of \$28,487 and \$25,649 at December 31, 2008 and 2007, respectively.