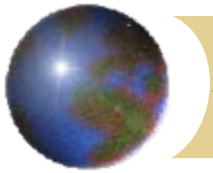


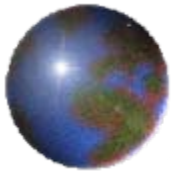
*Selling to the CFO*  
*AEE – October 6, 2005*

James B. Quayle  
Cleveland Public Power



# *Cash Flow*

- What can you learn from:
  - Balance Sheet
    - Assets
    - Liabilities
    - Net Assets
  - Revenue, Expense and Changes to Net Assets
  - Statement of Cash Flows



# Balance Sheet

**CITY OF CLEVELAND  
DEPARTMENT OF PUBLIC UTILITIES  
CLEVELAND PUBLIC POWER**

**ASSETS**

**December 31, December 31,  
2004 2003**

**CAPITAL ASSETS**

Land	4,863	4,863
Land improvements	2,519	2,313
Utility plant in service	361,901	349,610
Buildings structures and improvements	41,752	41,336
Furniture, fixtures, vehicles and equipment	41,025	37,077
	<u>452,060</u>	<u>435,199</u>

Less:Accumulated depreciation	(184,142)	(169,067)
	<u>267,918</u>	<u>266,132</u>

Construction in progress	28,176	22,247
<b>CAPITAL ASSETS, NET</b>	<u>296,094</u>	<u>288,379</u>

**RESTRICTED ASSETS**

Cash and Cash equivalents	12,881	15,805
Investments at fair value	24,882	3,307
Accrued interest receivable	24	10
<b>TOTAL RESTRICTED ASSETS</b>	<u>37,787</u>	<u>19,122</u>

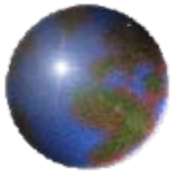
**UNAMORTIZED BOND ISSUANCE COSTS**

	1,952	2,181
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**CURRENT ASSETS**

Cash and cash equivalents	4,756	3,655
Investments at fair value	38,780	63,185
Receivables:		
Accounts receivable - net of allowance for doubtful accounts of \$756,914 in 2004 and \$313,694 in 2003	18,176	20,330
Unbilled revenue	1,964	1,987
Due from other City of Cleveland Departments, Divisions or Fund	5,100	4,839
Accrued interest receivable	331	300
Materials and supplies- at average cost, net of allowance for obsolescence of \$748,559 in 2004 and \$748,559 in 2003	6,073	6,974
Prepaid expenses	54	54
<b>TOTAL CURRENT ASSETS</b>	<u>75,234</u>	<u>101,324</u>

<b>TOTAL ASSETS</b>	<u><b>411,067</b></u>	<u><b>411,006</b></u>
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# Balance Sheet

NET ASSETS AND LIABILITIES	December 31, December 31,	
	2004	2003
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	89,388	77,927
Restricted for debt service	5,877	5,771
Unrestricted	84,716	90,970
<b>TOTAL NET ASSETS</b>	<b>179,981</b>	<b>174,668</b>
<b>LIABILITIES</b>		
<b>LONG TERM OBLIGATIONS- excluding amounts due within one year:</b>		
Revenue bonds	204,861	211,665
Accrued wages and benefits	951	975
Estimated claims payable		
<b>TOTAL LONG - TERM OBLIGATIONS</b>	<b>205,812</b>	<b>212,640</b>
<b>PAYABLES FROM RESTRICTED ASSETS</b>	<b>505</b>	<b>116</b>
<b>CURRENT LIABILITIES</b>		
Current portion of Long Term Debt	9,710	9,410
Accounts payable	7,663	7,156
Due to other City of Cleveland Departments, Divisic	976	349
Accrued expenses:		
Accrued interest payable	1,242	1,306
Accrued wages and benefits	3,211	3,603
Due to other Government or Funds	398	431
Customer deposits and other liabilities	1,569	1,327
<b>TOTAL CURRENT LIABILITIES</b>	<b>24,769</b>	<b>23,582</b>
<b>TOTAL LIABILITIES</b>	<b>231,086</b>	<b>236,338</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>	<b>411,067</b>	<b>411,006</b>

UNAUDITED FOR DISCUSSION PURPOSES ONLY



# Income Statement

CITY OF CLEVELAND, OHIO

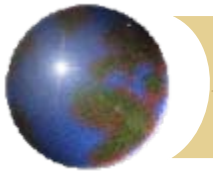
DEPARTMENT OF PUBLIC UTILITIES

CLEVELAND PUBLIC POWER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

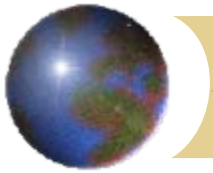
TWELVE MONTHS ENDED DECEMBER 31,

	<u>2004</u>	<u>2003</u>
<b>OPERATING REVENUES</b>	141,143	139,640
<b>OPERATING EXPENSES</b>		
Purchased Power	74,608	69,993
Operations	15,020	16,006
Maintenance	19,647	18,941
Depreciation	15,287	15,775
<b>TOTAL OPERATING EXPENSE</b>	<u><b>124,562</b></u>	<u><b>120,715</b></u>
<b>OPERATING INCOME</b>	16,581	18,925
<b>OTHER INCOME (EXPENSE)</b>		
Investment Income	1,005	1,550
Interest Expense	(10,915)	(11,286)
Amortization Expense	(2,123)	(2,180)
Workers Compensation Refund	12	28
Loss /Gain on disposal of capital assets	6	(233)
Other	679	795
<b>TOTAL NON-OPERATING REVENUE (EXPENSE) - NET</b>	<u><b>(11,336)</b></u>	<u><b>(11,326)</b></u>
<b>INCOME (LOSS) BEFORE OTHER CONTRIBUTIONS</b>	5,245	7,599
Capital and other contributions	68	35
<b>INCREASE IN NET ASSETS</b>	<u><b>5,313</b></u>	<u><b>7,634</b></u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u><b>174,668</b></u>	<u><b>167,034</b></u>
<b>NET ASSETS, YEAR TO DATE</b>	<u><u><b>179,981</b></u></u>	<u><u><b>174,668</b></u></u>



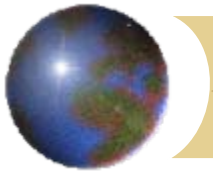
# *Differences in CFO's*

- For Profit
- Not-for-Profit
- Government
- Final Decision Maker?
- Background



# *Business Stages*

- Growth
- Stable
- Decline
- Market Position
- Cash: Lots or Little?



# *Investments – Capital Budgets*

- Time Value of Money
- Replace or Expand
- Payback
- Net Present Value (NPV)
- Internal Rate of Return (IRR)