

AUDITED FINANCIAL STATEMENTS FOR ELECTRIC AND BROADBAND DIVISIONS
JUNE 30, 2021 & 2020



Connecting You at the Speed of Light.™

cdelightband.com

ANNUAL REPORT

2021 WILMA RUDOLPH BLVD.
CLARKSVILLE, TN 37040

FROM THE GENERAL MANAGER

As a Public Power Provider, CDE Lightband is owned by the people of Clarksville, and while we have existed in our present form since 1938, our roots go back even further.



We have supplied electricity to the City of Clarksville since 1886. As such, our vision and values reflect the importance of serving our community, providing electric and broadband services at affordable and competitive rates, maintaining the highest level of system reliability, leading the community in promoting energy efficiency, maintaining a strong workforce and providing a level of service that exceeds expectations.

Like most municipalities, CDE Lightband was faced with yet another challenge this past fiscal year. We had high hopes that COVID-19 would be well behind us; however, we now find ourselves up against another variant of the deadly virus. Although very concerning, our employees continue to exhibit the true spirit of Public Power and Public Service through it all. They are, undoubtedly, essential to our community, and I couldn't be more proud of their dedication.

Even through these difficult times, we actually saw a tremendous amount of growth in our community this past year, an increase of more than 2,600 electric customers and more than 1,600 broadband customers. A large portion of our new customers came from cities such as California, Chicago and New York, as many are choosing to move away from the larger areas. It comes as no surprise, and with great honor, that CDE Lightband was recognized as the second fastest growing municipal system in the Tennessee Valley.

Whether our customers are working or learning from home, we remain committed to ensuring they have the most reliable electric and broadband services possible. I am amazed at our employees; their innovative ideas and ability to design programs to meet the needs of our customers during this pandemic is truly impressive. To assist those financially affected by COVID-19, we discontinued cutoffs for non-pay for one month and established a 12-month deferred payment program. We also partnered with TVA, Google and United Way to contribute over \$54,000 to assist customers with paying their utility bills. CDE Lightband employees also gave generously and contributed over \$2,000 to the fund.

I have said repeatedly that we often spend more time with our work family than we do our own family. To this truth, it is so important to me that all of our employees feel safe, important and well represented while they are at work. Therefore, it was a pleasure to launch the Diversity Council which will serve to inform and empower all employees and help bridge the gap between knowledge and understanding of diversity in the

workplace. The council is completely employee-driven, and members were selected by their own peers. While I'm proud of our many accomplishments this past year, this, by far, holds a special place for me.

That's not the only new and exciting change to happen. As part of our long-term partnership with TVA, we are now able to purchase or generate up to 5% of our power load from a source other than TVA. This is known as the Flexibility Program. We are using part of our flexibility to purchase up to 15 Megawatts of solar power from Silicon Ranch. In partnership with the City of Clarksville, we are able to utilize some of the undesirable portion of the athletic complex property to install a solar array. We hope to have the solar array in production by December 2023. This is just another example of how we continue to show our leadership as good stewards of our natural resources and support the sustainability goals of our city.

As we reflect back on our accomplishments this past year, I am reminded that none of it would be possible without the passion and diligence of our employees. I would like to extend a huge thank you to them for their commitment to CDE Lightband and to the residents of Clarksville.

This year's report will highlight another strong financial position in both the electric and broadband divisions and our positive impact on the great city of Clarksville, Tennessee.

Brian Taylor - General Manager

“...BRIDGE THE GAP
BETWEEN KNOWLEDGE
AND UNDERSTANDING OF
DIVERSITY...”

MEET OUR BOARD MEMBERS



Mayor Joe Pitts, Ex Officio



Ron Jackson, Chairman



Councilman Travis Holleman



Darla Knight



Garnett Ladd



Kunal Shah

PERSONNEL COMMITTEE

Darla Knight, Chair
Travis Holleman
Ron Jackson

BUDGET & FINANCE COMMITTEE

Kunal Shah, Chair
Ron Jackson
Garnett Ladd



**PROVIDES OVERSIGHT TO THE COMPANY AND MAKES
OVERALL POLICY DECISIONS**

To provide direction for our organization.



CDE LIGHTBAND BRANDED A TRANSIT SYSTEM CITY BUS

To help increase brand visibility, CDE Lightband branded one of the city's buses promoting energy efficiency program, Power Partners, and our supreme Broadband services.





FIBER LINEWORERS TRAINING IN THE POLE YARD



BEN DAVIS, FIBER LINEWORKER

CHARLES BREWER, FIBER LINEWORKER

MANAGEMENT TEAM

Ensuring the efficient performance of all departments at CDE Lightband



Brian Taylor, General Manager



Christy Batts, Broadband Division Director



David Johns, Chief Financial Officer



Daniel Kimbell, Systems Engineer



Jim Manning, Customer Resources Division Director



Sally Martino, Executive Assistant

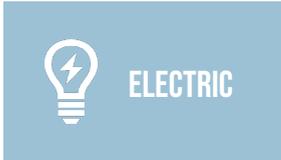


Privott Stroman, Human Resources Director



**RESPONSIBLE FOR THE INTERPRETATION AND IMPLEMENTATION
OF THE POLICIES SET BY THE POWER BOARD**

And to direct activities toward common goals and objectives.



The many faces that make up CDE Lightband

CARRYING OUT OUR MISSION

To improve our community through the reliable and affordable delivery of Electric and Broadband services

Directly connected to over 76,000 households and businesses in the City of Clarksville, CDE Lightband provides reliable utilities delivered at the speed of light. Our service area, consisting of approximately 100 square miles within the municipal boundaries, includes 2,885 miles of power lines and 1,045 miles of fiber optic cable. Our world-class Fiber Optic Network keeps electric costs low and allows us to deliver exceptional products and constant innovation. The network provides savings of over \$10 million annually in operating costs and provides over \$5 million annually in income for electrical grid improvements that result in half as many large scale power outages compared to peer cities.

Additionally, access to our network increases home values by 3% or an average of over \$5,000, according to the Fiber to the Home Council. Based in large part on access to the superior digital products provided by CDE Lightband, Clarksville has been designated a first 50 "Next Century City." CDE Lightband offers Electricity, Internet, Video and Voice services with blazing fast speed and superior performance with the additional convenience of 24/7 local support and bundling all your utilities into a single bill. Our staff includes over 200 full-time employees, a management team with over 100 years of combined industry expertise and governance provided by a board of five local business leaders.



Broadband Pays off Interdivisional Loan 17 Years Early

Read on further to see how this outstanding feat was accomplished.

1. Affordable rates
2. System reliability
3. Exceeding expectations
4. Promote energy efficiency
5. Strong workforce

The vision of CDE Lightband - this is what we strive for.

“WE TAKE A LOT OF PRIDE IN THE WORK WE DO
TO POWER OUR COMMUNITY.”

GENERAL MANAGER, BRIAN TAYLOR



Clarksville, Tennessee is home to more than 166,000 residents

SYSTEM RELIABILITY

With people moving and settling in Clarksville at such a fast-paced rate, it is crucial and has always been a main goal of ours to provide this growing city with the most reliable services we can offer. This is why we invest so heavily in the maintenance and improvements to our system.



West Creek Substation, located off of Peachers Mill Road in Clarksville

West Creek Substation serves 7,204 customers or meters. Over the last year, it has served 143,964,382 kWh of energy to those customers with a peak demand of 53.7 MW on February 16th, 2021.

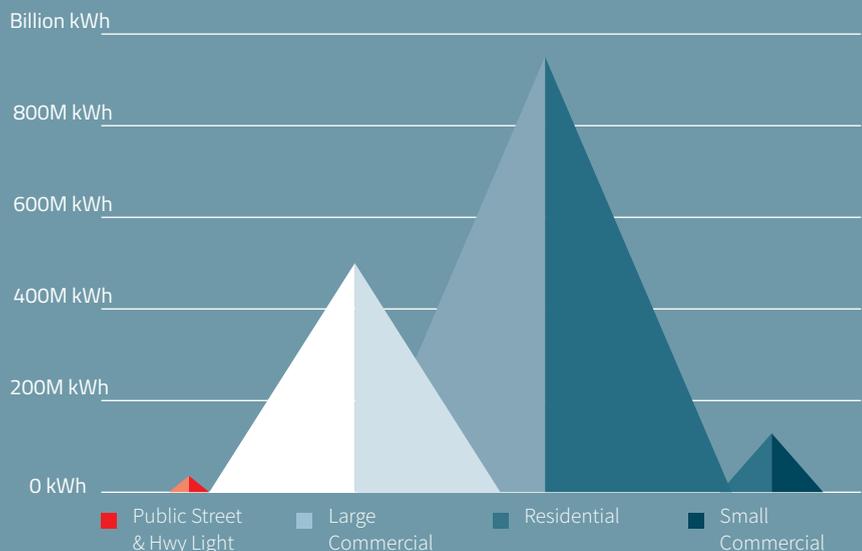
Currently, in the West Creek service area, there are approximately 220 acres actively in development with new substations and commercial retail shops. The West Creek load is fed by ABB power transformers.



The highest demand ever on West Creek Substation was 59.3 MW in the cold winter on Jan. 2, 2018.



CDE Lightband sold approximately 1.56 billion kWh of electricity in the 2020-21 year





Dispatch



Engineering



Operations

100%
OF POWER
PURCHASED
FROM TVA

ON THE ELECTRIC GRID

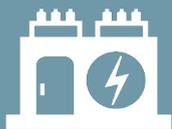
Substations	13
Square Miles of Service	96
Distribution Transformers	16,000
Miles of Circuits	80
Miles of Overhead & Underground Primary Lines	2,885
Poles	37,277
Private Security Lights (including Power Floods)	7030
Fiber Hubsites	38



PEAK HIGH FOR WINTER
435 MW ON FEBRUARY 16, 2021



PEAK HIGH FOR SUMMER
333 MW ON AUGUST 10, 2020



13 substations
on our system
and growing

Recently completed a relay panel conversion at Edgoten Substation and reconduct work on 5 circuits.



Approximately
96 square miles
of service

Providing electricity to over 76,000 customers within the City of Clarksville.



16,000
distribution
transformers

Performing the final voltage step down in the distribution line before customer usage in the household.

44,

Meter orders worked through
the updated AMI system

The Honeywell/Elster AMI system is much more automated than the old system. We now have remote disconnects on all meters.



CDE LIGHTBAD PROUDLY HOLDS A **96% CUSTOMER SATISFACTION RATING**

PROVIDING THE HIGHEST LEVEL OF SERVICE

Part of our vision is to provide our customers with an experience that they are completely satisfied with and choose to remain loyal to our company.

CDE LIGHTBAND LAUNCHES SMARTBAND, A SMARTER WI-FI OPTION, POWERED BY PLUME

Smartband is the result of a new partnership between CDE Lightband and Plume which now offers our customers an innovative platform to manage their home Wi-Fi network. Plume's mesh networking pods along with its app improves CDE Lightband subscriber's online experience through self-optimizing whole-home Wi-Fi, parental controls and guest access, and advanced AI Security™.



23,527

BROADBAND RESIDENTIAL CUSTOMERS

7% INCREASE THIS YEAR

2,032

BROADBAND BUSINESS CUSTOMERS

8% INCREASE THIS YEAR

42ND

LARGEST PUBLIC POWER UTILITY IN THE TENNESSEE VALLEY AMONG 153 OTHER LOCAL POWER COMPANIES INCLUDING MUNICIPALS AND REGIONAL COOPERATIVES.

The forward progress at CDE Lightband can be witnessed each year by the various achievements of the dedicated employees and management teams.

1

RP3 AWARD DIAMOND LEVEL

The American Public Power Association recognized CDE Lightband for demonstrating high proficiency in reliability, safety, workforce development, and system improvements.

2

TVA ENERGYRIGHT AWARDS

CDE Lightband was awarded as a Top Performer and also Innovator of the Year for promoting and communicating the value of TVA EnergyRight programs.

3

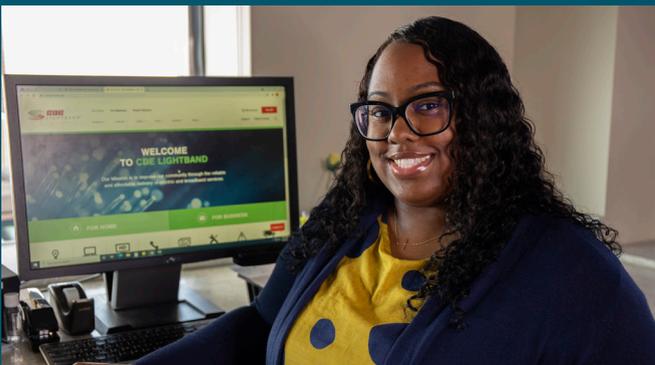
APPA COMMUNICATION AWARD

The American Public Power Association honored CDE Lightband for its creative marketing tactics in the realm of print, video and social media platforms.

4

DONOVAN INDIVIDUAL ACHIEVEMENT AWARD

Tennessee Municipal Electric Power Association recognized General Manager, Brian D. Taylor, for his significant contributions to the electric utility industry and to public power.



Improving Customer Service remains a key focus now and always.

Call center hours were extended from 7:00am to 7:00pm to broaden our availability times more to customers in the evening hours while also helping to reduce traffic in the lobby area.

A new Contact Management system was also installed to better serve our customers that rather choose to communicate by phone, text or email.



Assistance is now only a text away at 931-648-8151.

With our new and improved system, customers can enroll in the text option to ask a customer service representative about their bill or even pay-by-text. This effectively cutting down wait times on the phone.



Average call wait time is now reduced to 1.5 minutes.



BUILDING A STRONG WORKFORCE

At CDE Lightband, we feel it not only crucial to obtain highly skilled employees, but that each person feels they are accepted with equal opportunities available to them.

The Diversity Council was formed recently as an Employee Resource Group (ERG) and established to be a source of information to empower employees by bridging the gap between knowledge and understanding of diversity in the workplace.

The concept of diversity encompasses acceptance and respect of the individual uniqueness of others. It is recognizing the strength in the varying dimensions of race, ethnicity, gender, sexual orientation, socio-economic status, age, physical abilities, religious beliefs, political beliefs or other ideologies. Recognizing and understanding diversity moves individuals beyond tolerance to embracing and celebrating the strong dimensions of diversity contained within all individuals.

The purpose of the Diversity Council is to engage employees by connecting diversity and inclusion activities with the day-to-day business activities in a way that is business-driven and results-oriented.

It is a group of individuals working together in collaboration with the leadership team, focused on bringing awareness to the strength of diversity within the organization.

The Council consists of 8 -10 members who will rotate annually, however, the Council meetings are open to all employees. The Council members will be responsible for the planning of meetings, events and the scheduling of speakers. Individuals are required to complete a brief questionnaire for each rotation.

Each month, members coordinate a plan to feature, educate and celebrate different groups of people and their cultures.



Employees don their "Knock Out 'Rona" Tshirts



of women make up the workforce at CDE Lightband



Hiring was restricted for several months out of the year due to COVID-19



**39 TOTAL
NEW HIRES**

**23%
INTERNAL MOVES**

**59%
FULL TIME**

External Hires

**18%
PART TIME**

External Hires



**NEW SAFETY &
HEALTH POLICIES PUT
INTO PLACE**

14

**POWER IN MOTION AWARDS
GIVEN OUT TO EMPLOYEES**

To protect the health of our employees during peak breakout months of COVID-19

Text notifications were utilized to send out daily required health screenings and to collect truck reports from those teams working in the field.

AFFORDABLE & COMPETITIVE RATES

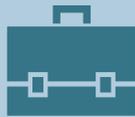
Over the years, we've seen tremendous success with Broadband revenues from our internet, digital TV and voice services. In essence, this success is what has allowed us to keep our electric rates low for customers and what has allowed us to make improvements to our system throughout this time.



Broadband Division's "Note Burning" Event

Broadband Division Director, Christy Batts, and Network Engineers, Tom Hurt and Ricky Sharp

- 1 CDE Lightband enters Broadband business in 2007.
- 2 Broadband borrows \$17M from electric division for capital investments.
- 3 Over the lifespan of the loan, CDE Lightband calculates a \$74M return on investment.



Overall, there was an 8% increase in Broadband Business customer base this



\$5.2M

Largely due to the success of our Broadband division, CDE Lightband has been able to make a yearly payment in lieu of taxes to the City of Clarksville.



SINCE THE LAUNCH OF SMARTBAND

CDE Lightband brings in over \$28,000 per month in additional revenue.

Final Payment on Long Term Loan for Broadband Division

In 2007, CDE Lightband built a robust fiber to the premise network to develop and expand the meter data management system, remote meter management and the SCADA system for improved electric service reliability, faster restoration and for operational efficiencies. Also in 2007, CDE Lightband entered the broadband business, delivering high-speed Internet, voice over IP phone services and IPTV services, all via the fiber to the premise network.

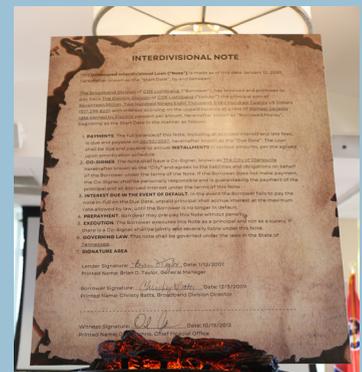
From its inception, the broadband division of CDE Lightband faced a great many challenges in access to capital, technology restrictions and growing pains as they worked to get the network performing and the customer base growing. To foster the needed growth and capital intensive equipment needs, the broadband division borrowed \$17 million from the electric division with a loan agreement requiring annual payments and interest charges.

As the electric division of CDE Lightband owns and maintains the fiber network the broadband division must pay annual lease payments, loan payments and shared cost allocations totaling upwards of \$10 million, annually. This has allowed the electric division to build and/or upgrade six substations for a total of \$29 million, plus an over

\$16 million campus upgrade and remodel, all out of cash funds rather than take these large investments to the bond market. Other electric grid improvements that the funds paid by broadband have helped to provide include grid automation, AMI and right-of-way.

Fast forward fourteen (14) years later and CDE Lightband broadband boasts an over 30% penetration within the market with over 25,000 customers and growing. They are the preferred primary provider for two local governments, the school system and university along with many other enterprise level customers and small businesses.

The revenues driven by solid residential and business growth over the past years has positioned CDE Lightband broadband ahead of many operators in financial independence from their electric partner to include a complete pay-off of the \$17 million interdivision loan seventeen (17) years earlier than projected. The initial investment made by CDE Lightband of \$17 million has paid huge dividends to the electric division with a calculated return on investment over the life of the loan of over \$74 million.



An enlarged note for the interdivisional loan was displayed over a bed of fake, hot coals to play into the "note burning" theme of the night.



Something to take note

Our broadband services have over a 30% market penetration in our region.

SERVING OUR COMMUNITY

CDE LIGHTBAND PROVIDES CATERING FOR
KENWOOD HIGH SCHOOL TEACHERS AND
STAFF DURING AN ALL DAY TRAINING.

We are community-owned and operated by the citizens of Clarksville. Our employees work, live and play here, too. This means we stay focused on supporting economic growth and prosperity for the communities we serve.

\$7,367

**DOLLARS RAISED BY
EMPLOYEES AND CUS-
TOMERS TO SUPPORT
PROJECT HELP**

A program run by the Community Action Agency, Project Help assists those who qualify to receive assistance with their utility bills.

Employees are able to generously donate through payroll deductions and customers can add on to their bill.

\$5,000

**DOLLARS AWARDED IN
GRANTS TO KENWOOD
MIDDLE SCHOOL**

In partnership with CDE Lightband, Tennessee Valley Authority and Bicentennial Volunteers Inc, Kenwood Middle School was awarded these STEM grant funds to help prepare students for hands-on learning as they engage the world of computer coding, drones and robotics.

\$55,000

**DOLLARS RAISED
THROUGH TVA'S
COMMUNITY CARE FUND**

For those stricken with financial hardships due to COVID-19, CDE Lightband and TVA collected money to assist local programs like the Imagination Library and the Salvation Army.

This was a collaboration between several entities, including Google who generously donated \$25,000 of the total.

\$12,139

**DOLLARS RAISED TO
ASSIST CLARKSVILLE'S
UNITED WAY**

Each year, CDE Lightband coordinates a giving campaign for United Way of the Greater Clarksville Region. Many employees give throughout the year by payroll deductions.

This year, most of the campaign was coordinated virtually to help avoid in person contact.



**WE ARE COMMUNITY
POWERED**

COMMITTED AND INVESTED INTO THE COMMUNITIES WE SERVE

**CDE LIGHTBAND WAS NAMED AS A 2020
TREE LINE USA AWARDEE BY ARBOR DAY**



THIS AWARD RECOGNIZES OUR COMMITMENT TO PROPER TREE PRUNING, PLANTING AND CARE WHILE DELIVERING SAFE AND RELIABLE ELECTRICITY TO OUR SERVICE AREA. IT IS PART OF OUR RESPONSIBILITY TO EDUCATE OUR CUSTOMERS AND PURSUE PRACTICES THAT PROTECT OUR TREES.



CDE Lightband & Clarksville-Montgomery County School System, Partners in Education

PROMOTING ENERGY EFFICIENCY



Mayor Joe Pitts signing for Solarband deal

CDE LIGHTBAND IS BRINGING THE FIRST UTILITY-SCALE RENEWABLE ENERGY PROJECT TO CLARKSVILLE.

The project, officially named the Solarband project, will be operated by the Tennessee-based solar energy developer Silicon Ranch.



Silicon Ranch will build, own and operate solar arrays with a combined capacity of up to 15 Megawatts in Clarksville, TN. Silicon Ranch is currently in the process of procuring land for the project.

The partnership between CDE Lightband and Silicon Ranch is projected to make more than 26 million kilowatt hours (kWh) of renewable energy available to Clarksville's electric grid each year.

The projected annual power generation of the single-axis sun-tracking solar panels may be sufficient to power approximately 1,800 Clarksville homes.

Alternatively, the projected power generation could power approximately 56 percent of Clarksville's government buildings and facilities including street lighting.

The number of homes that could be powered by the energy generation provides a valuable frame-of-reference, but ultimately the amount of power generated will be equal to approximately two percent of the electricity used by CDE Lightband customers each year.

56% OF CITY GOVERNMENT BUILDINGS AND FACILITY POWER
NEEDS COULD BE MET BY THE POWER GENERATED

This deal removes the need for any capital investment on CDE Lightband's part.

The picture provided is just a depiction of what the solar farm could potentially look like. This is not the actual Solarband Project.

The land carved out for the Solarband project is located off of Exit 8 in Clarksville.



ASSISTED WITH THE ENERGY EFFICIENCY IMPROVEMENTS OF 4 HOMES THROUGH HOME UPLIFT PROGRAM.



NEW HOMES PROGRAM HAS ADDED 2,186,237 KWH TO OUR SYSTEM AND \$128,850 OF INCENTIVES TO BUILDERS.



CORRECTLY FORECASTED 9 OUT OF 12 PEAK PROJECT EVENTS USING OUR LOAD FORECASTING TOOL DEVELOPED IN-HOUSE.



FACILITATED THE INSPECTION OF 77 SOLAR ARRAYS WITH A TOTAL CAPACITY OF 552 KW.

1,750

ELEVATED HIGH BILL INQUIRIES RESOLVED THROUGH THE ENERGY SERVICES TEAM

Engaged with over 580 customers through text sign ups.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
AUDITED FINANCIAL STATEMENTS
AND OTHER INFORMATION
JUNE 30, 2021 AND 2020

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION

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CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION

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CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
DIRECTORY OF CLARKSVILLE POWER BOARD AND MANAGEMENT (UNAUDITED)
JUNE 30, 2021

CLARKSVILLE POWER BOARD

Mayor Joe Pitts, Ex-Officio

Ron Jackson, Chair

Travis Holleman

Darla Knight

Garnett Ladd

Kunal Shah

GENERAL MANAGER

Brian Taylor

CHIEF FINANCIAL OFFICER

David Johns



INDEPENDENT AUDITOR'S REPORT

**To the Members of Clarksville Power Board
Clarksville, Tennessee**

Report on the Financial Statements

We have audited the accompanying financial statements of the Electric Division and Broadband Division of **CDE Lightband** (the "Divisions" or "CDE Lightband"), proprietary funds of the City of Clarksville, Tennessee, as of and for the years ended June 30, 2021 and June 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 auditor's 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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Electric Division and Broadband Division of CDE Lightband as of June 30, 2021 and June 30, 2020, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the CDE Lightband, proprietary funds of the City of Clarksville, and do not purport to, and do not present fairly the financial position of the City of Clarksville, Tennessee, as of June 30, 2021 and June 30, 2020, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Schedule of Changes in Total OPEB Liability and Related Ratios on pages 5 - 14, and 49, respectively 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise CDE Lightband's basic financial statements. The Directory of Clarksville Power Board and Management, Electric Division – Schedules of Operating Revenues, Electric Division – Schedules of Operating Expenses, Broadband Division – Schedules of Operating Revenues and Cost of Services, Electric Division – Schedule of Bond Principal and Interest Maturities, Electric and Broadband Division - Schedule of Changes in Long-Term Debt by Individual Issue, Electric and Broadband Division – Schedule of Transfers, Electric and Broadband Division - Schedules of Statistical Data, Electric Division – Schedule of Rates, and Broadband Division – Schedule of Rates, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

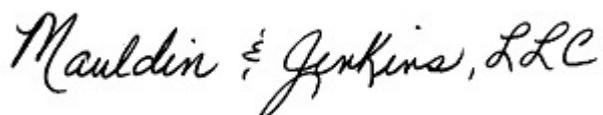
The Electric Division-Schedules of Operating Revenues, Electric Division-Schedules of Operating Expenses, Broadband Division-Schedules of Operating Revenues and Cost of Services, Electric Division-Schedule of Bond Principal and Interest Maturities, Electric and Broadband Division-Schedule of Changes in Long-Term Debt by Individual Issue, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Electric Division-Schedules of Operating Revenues, Electric Division-Schedules of Operating Expenses, Broadband Division-Schedules of Operating Revenues and Cost of Services, Electric Division-Schedule of Bond Principal and Interest Maturities, Electric and Broadband Division-Schedule of Changes in Long-Term Debt by Individual Issue, are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The Directory of Clarksville Power Board and Management, Electric and Broadband Division-Schedule of Transfers, Electric and Broadband Division-Schedules of Statistical Data, Electric Division-Schedule of Rates, and Broadband Division-Schedule of Rates have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

The financial statements of CDE Lightband as of June 30, 2020, were audited by other auditors whose report dated October 15, 2020, expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2021 on our consideration of CDE Lightband'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 solely 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 effectiveness of CDE Lightband's 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 CDE Lightband's internal control over financial reporting and compliance.



Chattanooga, Tennessee
October 12, 2021

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021 AND 2020

As financial management of the City of Clarksville Department of Electricity Lightband ("CDE"), we offer readers of these financial statements this narrative overview and analysis of the financial activities of CDE for the fiscal years ending June 30, 2021, as compared to fiscal years 2020 and 2019, respectively. This discussion and analysis includes information regarding the Electric Division and the Broadband Division (collectively, the "Divisions"). CDE formed the Broadband Division to achieve organizational and accounting separation from its electric power service operations. This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and to identify any significant changes in financial position. Please consider this information in conjunction with the financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements of each Division report information about the Division using U. S. generally accepted accounting principles. These statements are comprised of the basic financial statements and the notes to the financial statements. Since CDE is an enterprise fund, no fund-level financial statements are shown.

REQUIRED FINANCIAL STATEMENTS

The financial statements are designed to provide readers with a broad overview of CDE's finances in a manner similar to that of a private-sector business.

The *Statements of Net Position* include all of each Division's assets, deferred outflows of resources (when applicable), liabilities and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations (liabilities), with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of CDE is improving or deteriorating. Net position increases when revenues exceed expenses.

All of the current year's revenues and expenses are accounted for in the *Statements of Revenues, Expenses, and Changes in Net Position*. These statements present information showing how net position changed during the fiscal year. These statements measure the success of the Divisions' operations over the past year and can be used to determine if each Division recovered all its cost through power sales and other charges.

The *Statements of Cash Flows* present changes in cash and cash equivalents resulting from operating, financing and investing activities. These statements present cash receipts and cash disbursements information, without consideration as to the timing for the earnings event, when an obligation arises, or depreciation of capital assets.

FINANCIAL ANALYSIS OF THE DIVISIONS

The financial statements can show whether a business is improving or deteriorating. In CDE's industries, other non-financial factors such as economic conditions, pandemics, weather, customer growth and changes in legislation can have a great impact on the financial statements and should be considered.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021 AND 2020

GENERAL HIGHLIGHTS

The financial statements of each Division include activities from electric operations and broadband operations.

CDE issued Electric Revenue Bonds in the amount of \$28,650,000 in January of 2010 to finance continued improvements to the electric transmission and distribution system, and to fund the debt service reserve fund. Other than refunding bonds, this is the last time CDE issued bonds. In particular, proceeds were used to construct two new substations and to continue the Fiber to the Home infrastructure project. The fiber infrastructure primarily benefits the electric system and is an asset of the Electric Division. The Fiber to the Home infrastructure project consists of the installation of a fiber optic communications infrastructure and the purchase of equipment and materials. The Fiber infrastructure has allowed CDE to enhance the quality and efficiency of the electric service with remote meter reading, connects and disconnects to substantially all of its approximately 76,000 customers at June 30, 2021.

The infrastructure also allows the Broadband Division to offer digital video, high speed internet and phone services to 25,559 customers at June 30, 2021, compared to 23,913 at June 30, 2020. The Broadband Division uses the fiber infrastructure upon the payment of a monthly use charge to the Electric Division equal to the portion of the cost allocable to the Broadband Division based on the number of services provided.

The Electric Division had, at one time, loaned the Broadband Division just over \$17 million for equipment solely for the delivery of broadband services and for working capital expenses of the Broadband Division. Interest was charged on the interdivisional loan at the highest rate earned by the Electric Division. The last draw made by the Broadband Division on this loan was in April 2011. Due to better than anticipated financial performance, as of June 30, 2021, the Broadband Division has paid back the entirety of the loan, more than 17 years ahead of schedule.

STATEMENTS OF NET POSITION AND STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The *Statements of Net Position* and the *Statements of Revenues, Expenses, and Changes in Net Position* report information about the respective Division's finances. These analyses can determine if the Division is better or worse off as a result of the year's activities. These statements include all assets, deferred outflows of resources (when applicable), liabilities, revenues and expenses using the accrual basis of accounting. Accrual of the current year's revenue and expenses are taken into account regardless of when the cash is received or paid.

Summaries of the Electric Division Statements of Net Position are presented in Table 1. Total assets and deferred outflows of resources increased 3.67% to \$309.8 million in fiscal year 2021. The increase in Current Assets drove most of this change, which itself was driven by an increase in cash on hand. This is deliberately growing due to CDE's intention to fund the next few substation builds out of cash on hand. Capital Assets increased due to normal plant activity. Other assets decreased primarily due to collection of the entire remaining balance on the interdivisional loan to Broadband, as well as the continuing attrition on the TVA Residential Energy Services Program.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021 AND 2020

Table 1
City of Clarksville, Tennessee
CDE Lightband
Electric Division
Condensed Statements of Net Position

	<u>June 30,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	Dollar	Total
				Change	Percent
					Change
ASSETS AND DEFERRED					
OUTFLOWS OF RESOURCES					
Current Assets	\$ 77,549,365	\$ 68,302,923	\$ 75,397,102	\$ 9,246,442	13.54%
Restricted Assets	11,238,041	10,717,155	10,615,925	520,886	4.86%
Capital Assets (Net)	217,140,440	211,302,953	195,272,373	5,837,487	2.76%
Other Assets	<u>1,039,824</u>	<u>5,383,108</u>	<u>9,888,910</u>	<u>(4,343,284)</u>	<u>-80.68%</u>
TOTAL ASSETS	<u>306,967,670</u>	<u>295,706,139</u>	<u>291,174,310</u>	<u>11,261,531</u>	<u>3.81%</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,818,919</u>	<u>3,115,227</u>	<u>3,411,535</u>	<u>(296,308)</u>	<u>-9.51%</u>
TOTAL ASSETS AND DEFERRED					
OUTFLOWS OF RESOURCES	<u>\$ 309,786,589</u>	<u>\$ 298,821,366</u>	<u>\$ 294,585,845</u>	<u>\$10,965,223</u>	<u>3.67%</u>
LIABILITIES, DEFERRED INFLOWS					
OF RESOURCES, AND NET POSITION					
Current Liabilities	\$ 32,167,093	\$ 30,789,652	\$ 32,503,845	\$ 1,377,441	4.47%
Other - Noncurrent Liabilities	11,287,984	12,253,178	12,547,162	(965,194)	-7.88%
Long Term Debt	<u>59,985,510</u>	<u>63,823,730</u>	<u>67,571,950</u>	<u>(3,838,220)</u>	<u>-6.01%</u>
TOTAL LIABILITIES	<u>103,440,587</u>	<u>106,866,560</u>	<u>112,622,957</u>	<u>(3,425,973)</u>	<u>-3.21%</u>
DEFERRED INFLOWS OF RESOURCES	<u>943,230</u>	<u>246,418</u>	<u>308,023</u>	<u>696,812</u>	<u>282.78%</u>
TOTAL LIABILITIES AND DEFERRED					
INFLOWS OF RESOURCES	<u>104,383,817</u>	<u>107,112,978</u>	<u>112,930,980</u>	<u>(2,729,161)</u>	<u>-2.55%</u>
Net investment in Capital Assets	156,507,879	145,210,330	127,581,126	11,297,549	7.78%
Restricted for Debt Service	11,238,041	10,717,155	10,615,925	520,886	4.86%
Unrestricted net position	<u>37,656,852</u>	<u>35,780,903</u>	<u>43,457,814</u>	<u>1,875,949</u>	<u>5.24%</u>
NET POSITION	<u>205,402,772</u>	<u>191,708,388</u>	<u>181,654,865</u>	<u>13,694,384</u>	<u>7.14%</u>
TOTAL LIABILITIES, DEFERRED					
INFLOWS OF RESOURCES AND					
NET POSITION	<u>\$ 309,786,589</u>	<u>\$ 298,821,366</u>	<u>\$ 294,585,845</u>	<u>\$10,965,223</u>	<u>3.67%</u>

Summaries of the Broadband Division Statements of Net Position are presented in Table 2. Current Assets increased 15.25%, due to increased cash on hand. Noncurrent Liabilities decreased significantly, as a result of Broadband completely repaying the interdivisional loan, 17 years early.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021 AND 2020

Table 2
City of Clarksville, Tennessee
CDE Lightband
Broadband Division
Condensed Statements of Net Position

	June 30,			Dollar Change	Total Percent Change
	2021	2020	2019		
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current Assets	\$ 9,790,138	\$ 8,296,789	\$ 7,809,243	\$ 1,493,349	15.25%
Non Current Assets	4,383,192	3,588,097	2,855,781	795,095	18.14%
TOTAL ASSETS	\$ 14,173,330	\$ 11,884,886	\$ 10,665,024	\$ 2,288,444	16.15%
DEFERRED OUTFLOWS OF RESOURCES	\$ 47,600	\$ 63,466	\$ 79,332	\$ (15,866)	-33.33%
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 14,220,930	\$ 11,948,352	\$ 10,744,356	\$ 2,272,578	15.98%
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
Current Liabilities	\$ 3,325,773	\$ 3,648,351	\$ 2,983,201	\$ (322,578)	-9.70%
Noncurrent Liabilities	171,153	3,228,975	6,852,701	(3,057,822)	-1786.60%
TOTAL LIABILITIES	3,496,926	6,877,326	9,835,902	(3,380,400)	-96.67%
DEFERRED INFLOWS OF RESOURCES	288,370	84,552	104,614	203,818	70.68%
Net investment in Capital Assets	4,383,192	3,588,097	2,855,781	795,095	18.14%
Unrestricted net position	6,052,442	1,398,377	(2,051,941)	4,654,065	76.90%
NET POSITION	10,435,634	4,986,474	803,840	5,449,160	52.22%
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 14,220,930	\$ 11,948,352	\$ 10,744,356	\$ 2,272,578	15.98%

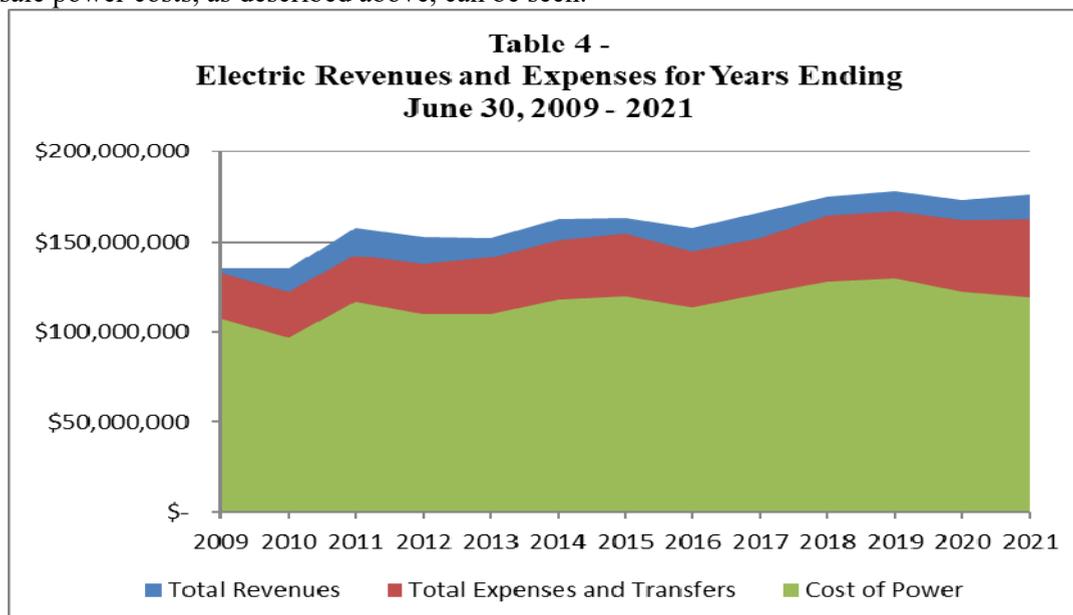
While the Statements of Net Position show the change in net position, the Statements of Revenue and Expenses and Changes in Net Position detail the nature and source of these changes. As shown in Table 3, Electric Division operating revenue increased by 1.57%, while total expenses had a slight decrease in the amount of .77%. Revenue and expense for the Electric Division are driven primarily by electric consumption, which, per customer, was up compared to 2020. The decrease in Cost of Power, relative to an increase in revenue and usage relates to two new wholesale power credits from TVA: the long term partnership credit, and a pandemic relief credit.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021 AND 2020

Table 3
City of Clarksville, Tennessee
CDE Lightband
Electric Division
Condensed Statements of Revenues, Expenses,
and Changes in Net Position

	Year ended June 30,			Dollar Change	Total Percent Change
	2021	2020	2019		
Operating Revenues	\$ 176,071,668	\$ 173,358,347	\$ 178,130,793	\$ 2,713,321	1.57%
Cost of Power	118,915,456	121,847,741	129,181,812	(2,932,285)	-2.41%
Other Operating Expenses	36,571,065	35,063,475	33,193,641	1,507,590	4.30%
Non Operating (Revenues) Expenses	1,735,405	1,536,336	1,442,340	199,069	12.96%
Total Expenses	157,221,926	158,447,552	163,817,793	(1,225,626)	-0.77%
Transfers to Other Funds	5,155,358	4,857,272	4,646,212	298,086	6.14%
Change in Net Position	13,694,384	10,053,523	9,666,788	3,640,861	36.21%
Net Position - Beginning	191,708,388	181,654,865	171,988,077	10,053,523	5.53%
Net Position - Ending	<u>\$ 205,402,772</u>	<u>\$ 191,708,388</u>	<u>\$ 181,654,865</u>	<u>\$ 13,694,384</u>	<u>7.14%</u>

Being an electric power distributor, operating revenues will increase directly in relationship to the cost of purchased power, when fuel cost adjustments are passed through directly. The last major rate increases were made in 2009, when it was evident that expenses were outpacing revenues. The lasting positive effects of these increases can be seen in Table 4 below. Additionally, the effects in 2021 of a decrease in wholesale power costs, as described above, can be seen.



CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021 AND 2020

Revenue for the Broadband Division is generated from the sale of video, internet and phone services. Billing for services began in February 2008. As shown in Table 5, the Division's operating revenue increased by 7.75%, with a smaller increase in total expenses of 2.78%. This is due to the Division growing its internet subscriber base while losing video subscribers and implementing a video rate increase in March 2021 to counter the effects of rapidly increasing video programming costs in recent years.

Table 5
City of Clarksville, Tennessee
CDE Lightband
Broadband Division
Condensed Statements of Revenues, Expenses,
and Changes in Net Position

	Year ended June 30,			Dollar Change	Total Percent Change
	2021	2020	2019		
Operating Revenues	\$ 25,223,241	\$ 23,408,909	\$ 21,825,043	\$ 1,814,332	7.75%
Cost of Services	10,343,676	10,066,322	10,072,294	277,354	2.76%
Network Expense	1,976,791	2,266,154	1,769,529	(289,363)	-12.77%
Other Operating Expenses	7,363,555	6,771,043	5,974,683	592,512	8.75%
Non Operating (Revenues) Expenses	18,781	66,854	142,387	(48,073)	-71.91%
Total Expenses	19,702,803	19,170,373	17,958,893	532,430	2.78%
Transfers to other Funds	71,278	55,902	50,813	15,376	27.51%
Change in Net Position	5,449,160	4,182,634	3,815,337	1,266,526	30.28%
Net Position - Beginning	4,986,474	803,840	(3,011,497)	4,182,634	520.33%
Net Position - Ending	\$ 10,435,634	\$ 4,986,474	\$ 803,840	\$ 5,449,160	109.28%

BUDGETARY INFORMATION

The Divisions adopt an Operating and Capital Expenses Budget to assist in planning and forecasting for the fiscal year. The Budget is assembled with input from the Management Staff. The Budget is then approved by the Power Board and is in effect for the entire fiscal year. Management uses the budget as a planning tool for the coming year. CDE's budget is on a cash basis rather than an accrual basis. The budget is not an official financial statement and is not shown in the financial statement section of this report.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021 AND 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2021, the Electric Division had net capital assets of \$217 million. This is an increase of 2.76% from 2020. This growth is due mainly to normal plant growth. All capital projects completed in 2021 and 2020 were built without issuing bonds or raising rates. Please see Table 6 below for an analysis of net capital assets.

Table 6
City of Clarksville, Tennessee
CDE Lightband
Electric Division
Capital Assets

	<u>June 30,</u>			Dollar Change	Total Percent Change
	2021	2020	2019		
Transmission and Distribution Plant	\$ 171,834,575	\$ 162,644,061	\$ 153,796,367	\$ 9,190,514	5.65%
General Plant	134,850,385	128,707,341	123,013,118	6,143,044	4.77%
Construction Work in Progress	<u>26,004,275</u>	<u>27,360,208</u>	<u>19,414,897</u>	<u>(1,355,933)</u>	<u>-4.96%</u>
Total Plant	332,689,235	318,711,610	296,224,382	13,977,625	4.39%
Unamortized Acquisition Adjustment	-	36,054	72,109	(36,054)	-100.00%
Less Accum Depr	<u>115,548,795</u>	<u>107,444,711</u>	<u>101,024,118</u>	<u>8,104,084</u>	<u>7.54%</u>
Net Capital Assets	<u>\$ 217,140,440</u>	<u>\$ 211,302,953</u>	<u>\$ 195,272,373</u>	<u>\$ 5,837,487</u>	<u>2.76%</u>

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021 AND 2020

The Broadband Division had an increase in net capital assets of 22.16%, due to purchases of set top boxes, as well as Plume pods. Please see Table 7.

Table 7
City of Clarksville, Tennessee
CDE Lightband
Broadband Division
Capital Assets

	June 30,			Dollar Change	Total Percent Change
	2021	2020	2019		
Operations Plant	\$ 9,768,602	\$ 8,661,305	\$ 7,770,957	\$ 1,107,297	12.78%
General Plant	656,032	559,074	394,352	96,958	17.34%
Construction Work in Progress	67,554	8,323	41,740	59,231	711.65%
Total Plant	10,492,188	9,228,702	8,207,049	1,263,486	13.69%
Less Accumulated Depreciation	6,108,996	5,640,605	5,351,268	468,391	8.30%
Net Capital Assets	\$ 4,383,192	\$ 3,588,097	\$ 2,855,781	\$ 795,095	22.16%

LONG TERM DEBT

At the end of fiscal year 2021, the Electric Division had total principal long-term debt of \$63,230,510, including current portion of \$3,245,000.

The purpose of the Series 2010 Bonds, paid in full on September 1, 2020, was to finance improvements to the transmission and distribution system, retire the 2009 short term bonds, and fund the debt service fund. The portion of these bonds callable after September 1, 2021, were advance refunded on October 23, 2017, with the issuance of the 2017 Series Electric System Revenue Refunding Bonds.

The purpose of the Series 2014 Bonds was to refund all of the 2004 Series Electric System Revenue and Improvement Bonds, pay the costs of issuance, and recognize interest savings.

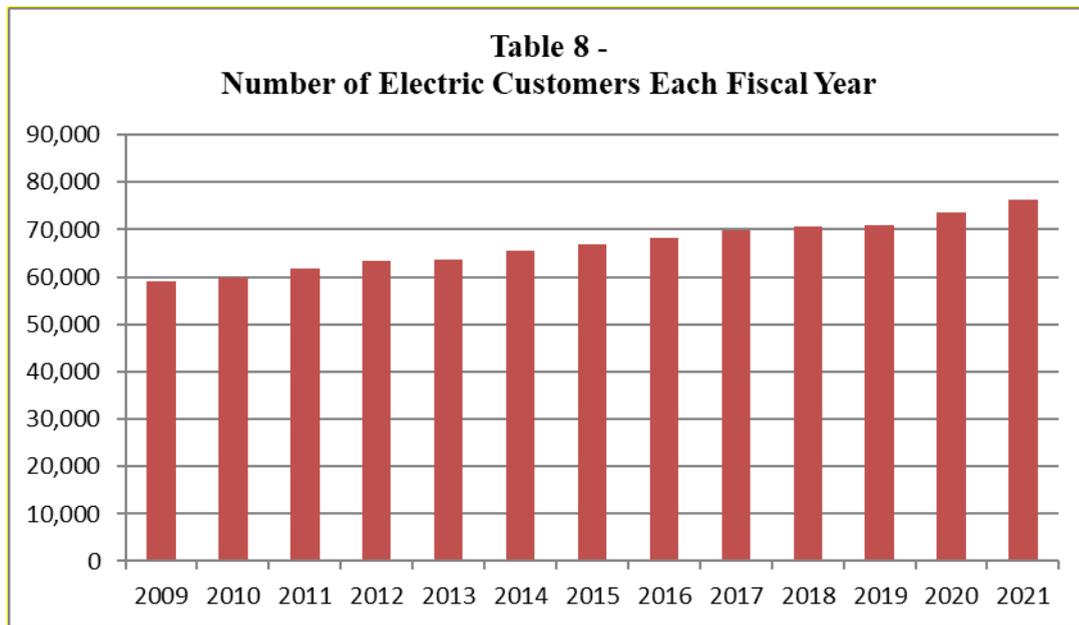
The purpose of the Series 2015 Bonds was to refund part of the 2007 Series Electric System Revenue and Improvement Bonds, pay the costs of issuance, and recognize interest savings.

The purpose of the Series 2017 Bonds was to refund part of the 2010 Series Electric System Revenue and Improvement Bonds, pay the costs of issuance, and recognize interest savings.

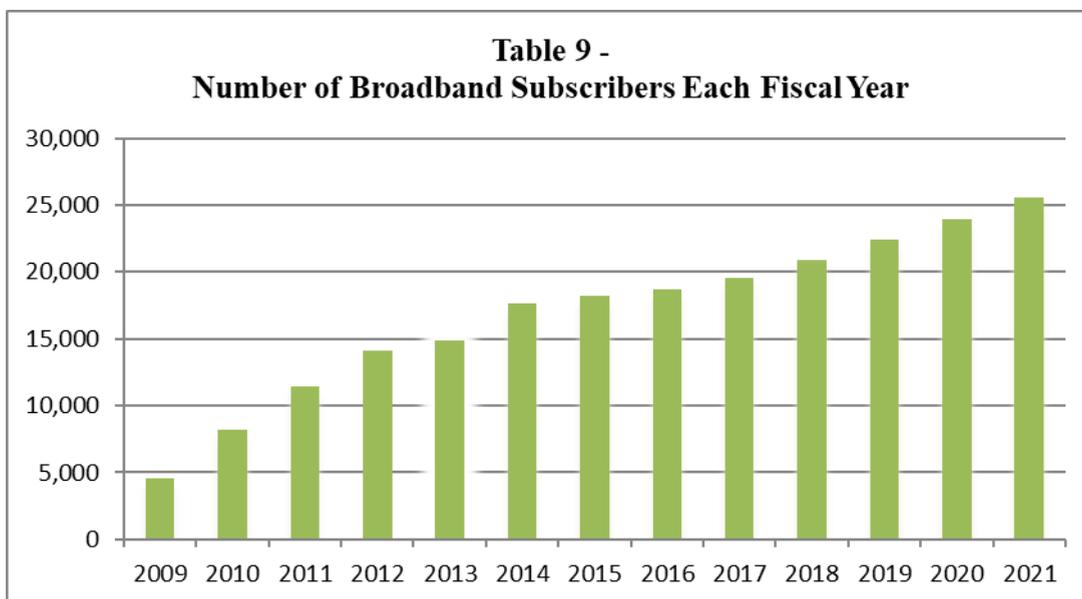
CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021 AND 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

CDE Lightband continuously plans for future activities and projects. The overall goal is to provide reliable and affordable electric and broadband services and enhance the quality of life through those services. CDE can expect and plan for the number of electric customers to increase by about 2.0% through normal growth over a period of 5 to 10 years. External factors such as annexation, weather, economic factors, interest rates, military deployment, and new sources of jobs will have a great effect on growth rates and revenues.



There is continued customer growth in the Broadband Division, driven primarily by internet services subscribers:



CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021 AND 2020

CONTACTING THE DIVISIONS' FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Electric and Broadband Divisions' finances. If you have any questions about this report or need any additional information, please contact:

Chief Financial Officer
CDE Lightband
P. O. Box 31509
Clarksville, Tennessee 37040-0026

CDE LIGHTBAND
ELECTRIC DIVISION
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 38,568,291	\$ 32,508,965
Accounts receivable, net of allowance of \$52,186 and \$83,293	17,973,899	18,305,301
Materials and supplies	3,664,685	3,136,915
TVA prepayments and other	16,662,445	14,351,742
Interdivisional receivable - Broadband Division - current allocated costs	680,045	-
Total current assets	77,549,365	68,302,923
NONCURRENT ASSETS:		
Restricted assets:		
Cash and cash equivalents	11,238,041	10,717,155
Total restricted assets	11,238,041	10,717,155
Capital assets - at cost:		
Electric plant in service	306,684,960	291,351,402
Construction work in progress	26,004,275	27,360,208
Total electric plant	332,689,235	318,711,610
Less: Accumulated depreciation	(115,548,795)	(107,444,711)
	217,140,440	211,266,899
Add: Unamortized plant acquisition adjustments	-	36,054
Net capital assets	217,140,440	211,302,953
Other assets:		
Receivables - TVA Residential Energy Services Program	940,963	1,647,304
Interdivisional receivable - Broadband Division	-	3,637,278
Other	98,861	98,526
Total other assets	1,039,824	5,383,108
Total noncurrent assets	229,418,305	227,403,216
TOTAL ASSETS	306,967,670	295,706,139
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amounts on bond refundings	2,597,949	2,820,878
Other postemployment benefits related	220,970	294,349
Total deferred outflows of resources	2,818,919	3,115,227
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 309,786,589	\$ 298,821,366

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

CDE LIGHTBAND
ELECTRIC DIVISION
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	\$ 23,987,945	\$ 23,288,301
Current portion of long-term debt	3,245,000	3,155,000
Accrued interest	907,527	936,010
Current portion of accrued leave	1,049,444	972,659
Accrued wages and payroll withholdings	735,735	268,686
Other	48,458	45,469
Interdivisional temporary advances	2,192,984	2,123,527
Total current liabilities	<u>32,167,093</u>	<u>30,789,652</u>
NONCURRENT LIABILITIES:		
Long-term debt:		
Bonds payable	<u>59,985,510</u>	<u>63,823,730</u>
Total long-term debt	<u>59,985,510</u>	<u>63,823,730</u>
Other noncurrent liabilities:		
Customer deposits	7,324,431	7,047,349
Advances - TVA Residential Energy Services Program	1,011,810	1,722,513
Accrued leave	1,712,251	1,729,171
Total OPEB liability	1,212,198	1,734,864
Other	27,294	19,281
Total other noncurrent liabilities	<u>11,287,984</u>	<u>12,253,178</u>
Total noncurrent liabilities	<u>71,273,494</u>	<u>76,076,908</u>
TOTAL LIABILITIES	<u>103,440,587</u>	<u>106,866,560</u>
DEFERRED INFLOWS OF RESOURCES:		
Other postemployment benefits related	<u>943,230</u>	<u>246,418</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:	<u>104,383,817</u>	<u>107,112,978</u>
NET POSITION:		
Net investment in capital assets	156,507,879	147,145,101
Restricted for debt service	11,238,041	10,717,155
Unrestricted net position	37,656,852	33,846,132
Total net position	<u>205,402,772</u>	<u>191,708,388</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 309,786,589</u>	<u>\$ 298,821,366</u>

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

CDE LIGHTBAND
BROADBAND DIVISION
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 5,020,538	\$ 3,744,242
Accounts receivable, net of allowance of \$60,372 and \$58,776	1,726,135	1,679,574
Interdivisional temporary advances	2,192,984	2,123,527
Prepaid expense	241,861	177,427
Materials and supplies	608,620	572,019
Total current assets	9,790,138	8,296,789
NONCURRENT ASSETS:		
Capital assets - at cost:		
Equipment	10,424,634	9,220,379
Construction work in progress	67,554	8,323
Total capital assets	10,492,188	9,228,702
Less: accumulated depreciation	(6,108,996)	(5,640,605)
Net capital assets	4,383,192	3,588,097
TOTAL ASSETS	\$ 14,173,330	\$ 11,884,886
DEFERRED OUTFLOWS OF RESOURCES:		
Other postemployment benefits related	47,600	63,466
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 14,220,930	\$ 11,948,352
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,776,549	\$ 2,046,775
Current portion of interdivisional payable - Electric Division	-	800,000
Unearned revenue	869,179	801,576
Interdivisional payable - Electric Division - current allocated costs	680,045	-
Total current liabilities	3,325,773	3,648,351
NONCURRENT LIABILITIES:		
Interdivisional payable - Electric Division	-	2,837,278
Total OPEB liability	171,167	390,710
Customer deposits	(14)	987
Total noncurrent liabilities	171,153	3,228,975
Total liabilities	3,496,926	6,877,326
DEFERRED INFLOWS OF RESOURCES:		
Other postemployment benefits related	288,370	84,552
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:	3,785,296	6,961,878
NET POSITION:		
Investment in capital assets	4,383,192	3,588,097
Unrestricted net position	6,052,442	1,398,377
Total net position	10,435,634	4,986,474
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 14,220,930	\$ 11,948,352

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

CDE LIGHTBAND
ELECTRIC DIVISION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES:		
Charges for power, net uncollectible of \$142,535 and \$278,101	\$ 170,472,645	\$ 167,969,670
Other operating revenues	5,599,023	5,388,677
Total operating revenues	176,071,668	173,358,347
OPERATING EXPENSES:		
Cost of power	118,915,456	121,847,741
Distribution	4,269,584	3,851,882
Transmission	109,522	104,949
Customer accounts	3,594,819	3,518,665
Sales and customer service	569,295	567,382
Administrative and general	5,836,993	5,571,028
Maintenance	5,999,730	6,529,781
Taxes	2,152,138	2,079,122
Depreciation and amortization	14,038,984	12,840,666
Total operating expenses	155,486,521	156,911,216
Operating income	20,585,147	16,447,131
NON-OPERATING REVENUES (EXPENSES):		
Interest expense	(2,070,313)	(2,172,487)
Interest and investment earnings	333,711	636,040
Miscellaneous	1,197	111
Total non-operating revenues (expenses)	(1,735,405)	(1,536,336)
Income before transfers	18,849,742	14,910,795
Transfers to City of Clarksville	(5,155,358)	(4,857,272)
INCREASE IN NET POSITION	13,694,384	10,053,523
NET POSITION - BEGINNING	191,708,388	181,654,865
NET POSITION - ENDING	\$ 205,402,772	\$ 191,708,388

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

CDE LIGHTBAND
BROADBAND DIVISION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES:		
Charges for service, net uncollectible of \$134,582 and \$221,645	\$ 23,808,895	\$ 21,942,068
Other operating revenues	1,414,346	1,466,841
Total operating revenues	<u>25,223,241</u>	<u>23,408,909</u>
OPERATING EXPENSES:		
Cost of service	10,343,676	10,066,322
Network expense	1,976,791	2,266,154
Fiber rent	2,321,761	2,235,525
Equipment expense	3,940	1,716
Marketing expense	759,784	663,570
Customer service	882,688	870,936
Administrative and general	1,470,551	1,499,164
Taxes	271,355	273,227
Employee benefits	908,962	734,313
Depreciation and amortization expense	744,514	492,592
Total operating expenses	<u>19,684,022</u>	<u>19,103,519</u>
Operating income	<u>5,539,219</u>	<u>4,305,390</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest expense	(38,175)	(123,115)
Interest and investment earnings	19,394	56,261
Total non-operating expenses	<u>(18,781)</u>	<u>(66,854)</u>
Income before transfers	5,520,438	4,238,536
Transfers to City of Clarksville	<u>(71,278)</u>	<u>(55,902)</u>
CHANGE IN NET POSITION	5,449,160	4,182,634
NET POSITION - BEGINNING	<u>4,986,474</u>	<u>803,840</u>
NET POSITION - ENDING	<u>\$ 10,435,634</u>	<u>\$ 4,986,474</u>

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

CDE LIGHTBAND
ELECTRIC DIVISION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 171,081,129	\$ 168,541,160
Cash paid for power	(119,782,412)	(120,718,946)
Cash paid to suppliers	(5,441,370)	(8,199,176)
Cash paid to employees	(14,238,929)	(13,997,712)
Interdivisional payable	69,457	315,301
Interdivisional receivable	(680,045)	-
Other receipts	2,256,112	6,198,300
Net cash provided by operating activities	33,263,942	32,138,927
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Repayments from Broadband Division, net	3,637,278	3,610,055
Transfers to other funds	(5,155,358)	(4,857,272)
Other	1,197	111
Net cash used in noncapital financing activities	(1,516,883)	(1,247,106)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additions to plant	(19,876,471)	(28,871,246)
Payment of long-term debt	(3,335,000)	(3,461,286)
Interest paid	(2,289,087)	(2,197,970)
Net cash used in capital and related financing activities	(25,500,558)	(34,530,502)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	333,711	636,040
Net cash provided by investing activities	333,711	636,040
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,580,212	(3,002,641)
CASH AND CASH EQUIVALENTS - BEGINNING	43,226,120	46,228,761
CASH AND CASH EQUIVALENTS - ENDING	\$ 49,806,332	\$ 43,226,120

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:

During both 2021 and 2020, \$593,220 was recorded to interest expense for amortization of bond premiums.

During both 2021 and 2020, \$222,929 was recorded to interest expense for amortization of deferred outflows for refunding debt.

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

CDE LIGHTBAND
ELECTRIC DIVISION
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 20,585,147	\$ 16,447,131
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	14,038,984	12,840,666
Changes in:		
Accounts receivable	331,402	250,878
Materials and supplies	(527,770)	324,590
Receivables - TVA Residential Energy Services Program	706,341	895,803
Advances - TVA Residential Energy Services Program	(710,703)	(908,297)
Accounts payable	699,644	(2,053,201)
Accrued expenses	526,914	173,119
Customer deposits	277,082	320,612
Prepayments	(2,310,703)	3,414,840
Other postemployment benefits	(522,666)	105,711
Interdivisional temporary advance	69,457	315,301
Interdivisional current receivable	(680,045)	-
Deferred inflows/outflows of resources - OPEB	770,191	11,774
Other	10,667	-
Net cash provided by operating activities	\$ 33,263,942	\$ 32,138,927

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

CDE LIGHTBAND
BROADBAND DIVISION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 23,828,936	\$ 21,931,132
Cash paid to suppliers	(14,346,847)	(13,371,353)
Cash paid to employees	(4,692,426)	(4,428,016)
Interdivisional temporary advances	(69,457)	(315,301)
Interdivisional current payables	680,045	-
Other receipts	1,142,991	1,193,614
Net cash provided by operating activities	6,543,242	5,010,076
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Repayments to Electric Division, net	(3,637,278)	(3,610,055)
Transfers to other funds	(71,278)	(55,902)
Net cash used in noncapital financing activities	(3,708,556)	(3,665,957)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additions to plant	(1,539,609)	(1,224,908)
Interest paid	(38,175)	(123,115)
Net cash used in capital and related financing activities	(1,577,784)	(1,348,023)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	19,394	56,261
Net cash provided by investing activities	19,394	56,261
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,276,296	52,357
CASH AND CASH EQUIVALENTS - BEGINNING	3,744,242	3,691,885
CASH AND CASH EQUIVALENTS - ENDING	\$ 5,020,538	\$ 3,744,242
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 5,539,219	\$ 4,305,390
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	744,514	492,592
Changes in:		
Accounts receivable	(46,561)	(128,302)
Materials and supplies	(36,601)	(165,069)
Prepaid assets	(64,434)	173,483
Accounts payable	(270,226)	496,072
Unearned revenue	67,603	119,078
Interdivisional temporary advances	(69,457)	(315,301)
Interdivisional current payables	680,045	-
Other postemployment benefits	(219,543)	38,041
Deferred inflows of resources	203,818	(20,062)
Deferred outflows of resources	15,866	15,866
Customer deposits	(1,001)	(1,712)
Net cash provided by operating activities	\$ 6,543,242	\$ 5,010,076

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

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Electric Division began operations in December 1938, purchasing the distribution facilities of the Kentucky-Tennessee Light and Power Company, and entering into a contract with the Tennessee Valley Authority (“TVA”) for the purchase of power. Provisions of the contract with TVA require that all revenue derived from the operations of the Electric Division be kept separate and apart from other funds of the City. The Broadband Division was added to the Department in April 2007, and began operating in February 2008. The Electric Division and the Broadband Division (collectively, the “Divisions”), by City Ordinance, operate under the Electric Power Board whose members are appointed by the Mayor and approved by the City Council for three-year terms.

Basis of Presentation and Scope of Reporting Entity - The accounting system is organized and operated on a fund basis. A fund is designed as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The Divisions are proprietary funds of the City of Clarksville, Tennessee. No other funds of the City of Clarksville are included in the financial statements of CDE Lightband.

The financial statements of CDE Lightband have been prepared in conformity with accounting principles generally accepted in the United States of America. As proprietary funds, the Divisions use the economic resources measurement focus and the accrual basis of accounting. The Electric Division maintains its accounts in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 in the near term and these variations could have a material effect on amounts and disclosures in the financial statements.

Concentrations of Credit Risk - Financial instruments that potentially subject the Divisions to significant concentrations of credit risk consist principally of cash and accounts receivable. The Divisions place cash with federally-insured financial institutions and limit the amount of credit exposure to any one institution by requiring collateral. See Note #2. With respect to accounts receivable, credit risk is dispersed across a large number of customers who are geographically concentrated in the Clarksville, Tennessee service area. The Divisions perform an initial credit evaluation for new customers and obtain a security deposit or third-party guaranty, where appropriate. Customers of the Broadband Division prepay each month of service.

Cash and Cash Equivalents - For purposes of the Statements of Cash Flows, the Divisions consider all highly-liquid debt instruments with original maturities of 90 days or less to be cash equivalents.

Materials and supplies inventories - Inventories are stated at average cost and are determined by the moving average inventory method. A perpetual inventory is maintained by the Divisions with a physical inventory being taken annually.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Restricted Assets - Restricted assets represent cash and investments legally required to be set aside for the retirement of bonds and the construction of plant assets. Bond principal payments are made from these assets annually; interest payments are made semi-annually. Assets restricted for retirement of bonds were \$11,209,130 and \$10,313,171 at June 30, 2021 and 2020, respectively. Assets restricted for construction of plant assets were \$28,911 and \$403,984 at June 30, 2021 and 2020, respectively.

When an expense is incurred for which both restricted and unrestricted resources are available, the Divisions first apply restricted resources to those expenses. Substantially all interest and bond payments are made from restricted assets.

Electric Plant - All assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years are capitalized. Capitalized costs include contracted work, direct labor, materials, allocable overhead and, where applicable, interest costs incurred during the period of construction. No interest was capitalized in 2021 or 2020. Capitalized costs are reduced by contributions to aid in construction. Costs of depreciable retired property, plus removal costs, less salvage value, are charged to accumulated depreciation.

Maintenance and Repairs - Maintenance and repairs, including the renewal of minor items of plant not comprising a plant unit, are charged to the appropriate maintenance accounts, except that repairs of transportation and service equipment are charged to clearing accounts and redistributed to operating expense and other accounts.

Unamortized Plant Acquisition Adjustments - Unamortized plant acquisition adjustments represent compensation, for plant acquired through annexation, in excess of the book value of the plant. These adjustments are amortized because no tangible asset is specifically identified with these amounts. The adjustments are amortized over a period of ten to twenty years.

Depreciation (Electric Division) - The electric plant is depreciated, by classification, on a straight-line basis using rates which estimate the useful life of each classification. Estimated useful lives range from three to fifty years, depending on the classification of the asset. The provision for depreciation and amortization was \$14,038,984 and \$12,840,666 for the years ended June 30, 2021 and 2020, respectively.

Broadband Plant - The broadband plant is stated at the original cost of construction which includes the cost of contracted services, direct labor, material and overhead items. All assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year are capitalized.

Depreciation (Broadband Division) - The broadband plant is depreciated, by classification, on a straight-line basis using rates which estimate the useful life of each classification. Estimated useful lives range from three to twenty years depending on the classification of the asset. The provision for depreciation and amortization was \$744,514 and \$492,592 for the years ended June 30, 2021 and 2020, respectively.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred Outflows/Inflows of Resources - In addition to assets, the statements of net position report a separate section for deferred outflows of resources. *Deferred outflows of resources* represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that time. CDE has two items that qualify for reporting in this category. It includes the deferred amounts on bond refundings, as reported in the statements of net position. A deferred charge on refunding results from the difference between the net carrying amount of the original debt and the reacquisition price. This amount is deferred and amortized over the term of the new bonds or old bonds, whichever is shorter, using the effective interest method or the straight-line method, when not materially different. It also includes other postemployment benefit gains.

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. *Deferred inflows of resources* represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. CDE has one item that qualifies for reporting in this category. It includes other postemployment benefits experience losses.

Operating Revenues and Expenses - CDE's proprietary funds distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses of the Divisions consist of charges for services (further described as delivery of electricity, cable television, internet, and phone services) and the costs of providing those services, including depreciation, but excluding interest costs. Phone services are provided through a relationship with a third-party Competitive Local Exchange Carrier ("CLEC"), under which CDE rents its fiber network and connections to the CLEC, who provides the actual services. Operating revenues and expenses also include revenue/costs of collecting landfill fees, rents associated with operations, connection/installation fees, and late fees. Non-operating revenues/expenses include all revenue and expenses related to capital and related financing, noncapital financing, or investing activities.

Recognition of Revenue and Cost of Power (Electric Division) - Prior to October 2010, as was the general practice of the power system industry, unbilled power revenue and the related unbilled cost of power were not recorded. Therefore, only billed revenue was recognized in the financial statements.

During October 2010, CDE Lightband (Electric Division) implemented a new accounting policy concerning revenue and power cost recognition. Historically, CDE Lightband (Electric Division) had recognized revenue and power costs when those revenues/costs were billed. In October 2010, CDE Lightband (Electric Division) began recognizing revenue and related power costs on the full accrual basis of accounting. As of October 15, 2010, CDE Lightband (Electric Division) recognizes all revenue earned and power costs incurred through the date of each financial statement.

This change in revenue and power cost recognition was implemented in response to regulatory changes implemented by the Tennessee Valley Authority ("TVA"). Since 1992, TVA had used an "End-Use" wholesale rate schedule to bill CDE Lightband for wholesale power purchases. Under this rate structure, TVA billed CDE Lightband based upon CDE Lightband's sales of power to retail customers. Traditionally, TVA had billed CDE Lightband on or about the 19th of each month for the thirty day period ending on that day.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

In April 2011, TVA implemented a new wholesale rate structure and billing schedule that resulted in TVA billing CDE Lightband on a calendar month basis. The new wholesale rate structure applies to metered wholesale energy sales from TVA to CDE Lightband. This decoupling of wholesale and retail power consumption is expected to create significant monthly fluctuations in margins between power sales revenue and power costs, when compared to the relative consistency CDE Lightband had experienced since 1992.

Substantially all power is purchased from TVA.

Recognition of Revenue (Broadband Division) - Revenue is recognized in the period in which it is earned. A bundle package consisting of internet, video, and telephone services is provided to customers at a discount. This discount is applied to the revenue from internet services.

Interdivisional Transfers - Permanent reallocations of resources between funds of the City of Clarksville are classified as interfund transfers. The transfers of \$5,155,358 and \$71,278, for the year ended June 30, 2021; \$4,857,272 and \$55,902 for the year ended June 30, 2020; recorded in the Electric and Broadband Division's respective financial statements, are the City of Clarksville's portion of in-lieu-of taxes. These in-lieu-of taxes occur on a routine basis and are similar in purpose to property taxes assessed by the City to nongovernmental entities. Payments in-lieu-of taxes for other governmental entities, outside of the City of Clarksville, are classified as an operating expense.

Uncollectible Accounts - CDE has established an allowance for estimated uncollectible accounts. CDE estimates uncollectible accounts based on historical trends. Accounts receivable as of June 30, 2021 and 2020, respectively, were reported in the statements of net position, net of allowances of \$52,186 and \$83,293 in the Electric Division and \$60,372 and \$58,776 in the Broadband Division.

Allocated Costs Electric/Broadband Divisions:

Direct Costs - When possible and practicable, costs incurred directly by each Division are charged directly to that Division. Otherwise, costs are allocated according to the following criteria:

Personnel - All personnel costs originate in the Electric Division. Direct labor costs are charged to the Broadband Division based upon employee time card entries. Management salaries are allocated to the Broadband Division based upon fixed-percentage estimates provided by individual managers. Customer service personnel costs are allocated based upon telephone call logs. Customer accounting, cashiers, and billing personnel costs are allocated based on the numbers of customer bills sent to Electric versus Broadband customers. Pension costs, accrued sick pay, vacation pay, payroll taxes, and other employee benefits are allocated based upon their respective ratios to direct labor costs.

Administrative and General - Administrative and general costs including customer accounting, data processing, office supplies, outside services, rents, and miscellaneous fiber expenses are allocated based on total allocated labor costs for the period.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Administrative and general cost allocations serve to reduce expenses charged to the Electric Division and increase those same expense categories in the Broadband Division.

Building - The Broadband Division is charged \$2,944 per month for the use of an office building located on Madison Street in Clarksville, Tennessee. This building is owned and carried on the books of the Electric Division. This charge is approximately 71% of the cost of depreciation, insurance and property taxes on this building. Also, the Broadband Division is charged \$5,103 per month for the use of the main office building on Wilma Rudolph Boulevard in Clarksville, Tennessee. This building is owned and carried on the books of the Electric Division. This charge is approximately 34% of the cost of depreciation, insurance and property taxes on this building. This rent charge is recorded as other operating revenue by the Electric Division, and as administrative and general expense by the Broadband Division.

Fiber - The Broadband Division is allocated a portion of the costs associated with the operation of the fiber ring installed in Clarksville, Tennessee by the Electric Division. The asset, representing the ring itself, and the associated debt remain in the financial statements of the Electric Division. Costs associated with the fiber ring include depreciation, property taxes, maintenance costs, financing costs, and a pole attachment fee. These costs have been charged to the Broadband Division based upon projected service levels in 2016. Services have been defined as the ability to read a meter remotely, over the internet (fiber ring), by the Electric Division; and services provided (Telephone, Internet, and Video - one each) by the Broadband Division. At capacity (defined as 70,000 Electric services and 44,000 Broadband services), this allocation methodology will yield an allocation ratio of approximately 60% Electric and 40% Broadband. This allocation method resulted in a per unit cost of \$6.14 for both June 30, 2021 and 2020. See Note #12. These charges are recorded as other operating revenue by the Electric Division and fiber rent expense by the Broadband Division.

Components of Net Position - The Divisions' net position classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, capital lease obligations 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 is 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 for debt service - This component of net position represents restrictions imposed by bond agreements for the retirement of bonds.

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

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

2. INVESTMENTS AND OTHER DEPOSITS

Investments and other deposits are restricted by State Law to deposits with financial institutions and certain obligations guaranteed by the United States Government. Investments and other deposits are stated at cost or amortized cost, which approximates fair value.

CDE Lightband has no formal deposit or investment policy.

The following is a schedule of the Electric Division's investments and other deposits:

	June 30,			
	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Tennessee Local Government Investment Pool	\$63,231	\$ 63,231	\$63,141	\$ 63,141

The amounts deposited with the Tennessee Local Government Investment Pool, which is overseen by the Tennessee Department of Treasury, are cash equivalents. The Electric Division's investment in the Tennessee Local Government Investment Pool represents funds that are pooled with other public funds to maximize the return on those investments. The fair value of this investment is equal to the value of the pool shares.

At June 30, 2021 and 2020, respectively, the Electric Division's cash and other deposits, reported in the financial statements at \$49,806,332 and \$43,226,120, were represented by bank balances of \$48,928,198 and \$43,096,930, all of which were insured or collateralized by the FDIC or the State of Tennessee Collateral Pool.

At June 30, 2021 and 2020, respectively, the Broadband Division's cash and other deposits, reported at \$5,020,538 and \$3,744,242 were represented by bank balances of \$5,175,259 and \$3,786,666, all of which were insured or collateralized by the FDIC or the State of Tennessee Collateral Pool.

3. JOINT VENTURE

The Electric Division and Pennyriple Rural Electric Cooperative Corporation (the Cooperative) have constructed jointly-owned electric facilities. Under the terms of the joint venture, the Electric Division owns 54% of the facilities and the Cooperative owns 46%. The amount of the Electric Division's plant covered by this agreement was \$979,661 at both June 30, 2021 and 2020. This amount is included in electric plant. The Electric Division's ongoing financial responsibility for the joint venture is the maintenance of its share of the electric facilities. All transactions related to the Electric Division's portion of these facilities are recorded in the financial statements.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

4. CAPITAL ASSETS

Electric Division - A summary of changes in Electric Plant as of June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
NON-DEPRECIABLE ELECTRIC PLANT				
General plant land & land rights	\$ 735,981	\$ -	-	\$ 735,981
Transmission land & land rights	97,322	-	-	97,322
Distribution land & land rights	1,164,415	-	-	1,164,415
Work in progress	27,360,208	26,953,127	(28,309,060)	26,004,275
	<u>29,357,926</u>	<u>26,953,127</u>	<u>(28,309,060)</u>	<u>28,001,993</u>
GENERAL PLANT				
Structures and improvements	10,416,368	27,320	-	10,443,688
Transportation equipment	5,006,376	645,551	(32,909)	5,619,018
Communication equipment	107,480,334	5,245,122	(65,746)	112,659,710
Furniture & equipment	5,068,282	420,856	(97,150)	5,391,988
	<u>127,971,360</u>	<u>6,338,849</u>	<u>(195,805)</u>	<u>134,114,404</u>
TRANSMISSION				
Poles & fixtures	1,585,117	16,634	(2,961)	1,598,790
Overhead conductors & devices	560,373	-	-	560,373
	<u>2,145,490</u>	<u>16,634</u>	<u>(2,961)</u>	<u>2,159,163</u>
DISTRIBUTION				
Station equipment	42,972,803	3,540,162	(174,397)	46,338,568
Electric transmission systems	116,264,031	11,285,874	(5,474,798)	122,075,107
	<u>159,236,834</u>	<u>14,826,036</u>	<u>(5,649,195)</u>	<u>168,413,675</u>
TOTAL ELECTRIC PLANT IN SERVICE	318,711,610	48,134,646	(34,157,021)	332,689,235
Unamortized plant acquisition adjustments	36,054	-	(36,054)	-
TOTAL ELECTRIC PLANT	<u>\$ 318,747,664</u>	<u>\$ 48,134,646</u>	<u>\$ (34,193,075)</u>	<u>\$ 332,689,235</u>

The estimated costs to complete Electric Division work in progress are approximately \$11,000,000 as of June 30, 2021.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

4. CAPITAL ASSETS - Continued

Electric Division - A summary of changes in accumulated depreciation on Electric Plant as of June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
GENERAL PLANT				
Structures and improvements	\$ 3,499,385	\$ 312,731	\$ -	\$ 3,812,116
Transportation equipment	2,825,469	481,398	(32,909)	3,273,958
Communication equipment	42,359,307	6,309,149	(67,993)	48,600,463
Furniture & equipment	2,190,293	454,779	(94,901)	2,550,171
	<u>50,874,454</u>	<u>7,558,057</u>	<u>(195,803)</u>	<u>58,236,708</u>
TRANSMISSION				
Poles & fixtures	1,026,361	43,716	(6,005)	1,064,072
Overhead conductors & devices	559,902	-	-	559,902
	<u>1,586,263</u>	<u>43,716</u>	<u>(6,005)</u>	<u>1,623,974</u>
Distribution				
Station equipment	14,668,093	1,297,599	(229,547)	15,736,145
Electric transmission system	40,315,901	5,481,717	(5,845,650)	39,951,968
	<u>54,983,994</u>	<u>6,779,316</u>	<u>(6,075,197)</u>	<u>55,688,113</u>
TOTAL ACCUMULATED DEPRECIATION ON ELECTRIC PLANT	<u>\$ 107,444,711</u>	<u>\$ 14,381,089</u>	<u>\$ (6,277,005)</u>	<u>\$ 115,548,795</u>

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

4. CAPITAL ASSETS - Continued

Electric Division - A summary of changes in Electric Plant as of June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
NON-DEPRECIABLE ELECTRIC PLANT				
General plant land & land rights	\$ 735,887	\$ 94	-	\$ 735,981
Transmission land & land rights	97,322	-	-	97,322
Distribution land & land rights	1,164,415	-	-	1,164,415
Work in progress	19,414,897	44,173,526	(36,228,215)	27,360,208
	<u>21,412,521</u>	<u>44,173,620</u>	<u>(36,228,215)</u>	<u>29,357,926</u>
GENERAL PLANT				
Structures and improvements	11,099,937	3,600	(687,169)	10,416,368
Transportation equipment	5,097,174	287,756	(378,554)	5,006,376
Communication equipment	101,501,217	6,395,052	(415,935)	107,480,334
Furniture & equipment	4,578,903	811,510	(322,131)	5,068,282
	<u>122,277,231</u>	<u>7,497,918</u>	<u>(1,803,789)</u>	<u>127,971,360</u>
TRANSMISSION				
Poles & fixtures	1,585,117	-	-	1,585,117
Overhead conductors & devices	560,373	-	-	560,373
	<u>2,145,490</u>	<u>-</u>	<u>-</u>	<u>2,145,490</u>
DISTRIBUTION				
Station equipment	37,760,699	5,212,104	-	42,972,803
Electric transmission systems	112,628,441	8,309,493	(4,673,903)	116,264,031
	<u>150,389,140</u>	<u>13,521,597</u>	<u>(4,673,903)</u>	<u>159,236,834</u>
TOTAL ELECTRIC PLANT IN SERVICE	296,224,382	65,193,135	(42,705,907)	318,711,610
Unamortized plant acquisition adjustments	72,109	-	(36,055)	36,054
TOTAL ELECTRIC PLANT	<u>\$ 296,296,491</u>	<u>\$ 65,193,135</u>	<u>\$ (42,741,962)</u>	<u>\$ 318,747,664</u>

The estimated costs to complete Electric Division work in progress are approximately \$13,000,000 as of June 30, 2020.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

4. CAPITAL ASSETS - Continued

Electric Division - A summary of changes in accumulated depreciation on Electric Plant as of June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
GENERAL PLANT				
Structures and improvements	\$ 3,853,457	\$ 333,097	\$ (687,169)	\$ 3,499,385
Transportation equipment	2,696,884	507,139	(378,554)	2,825,469
Communication equipment	36,891,566	5,939,521	(471,780)	42,359,307
Furniture & equipment	2,168,609	21,684	-	2,190,293
	<u>45,610,516</u>	<u>6,801,441</u>	<u>(1,537,503)</u>	<u>50,874,454</u>
TRANSMISSION				
Poles & fixtures	982,770	43,591	-	1,026,361
Overhead conductors & devices	559,902	-	-	559,902
	<u>1,542,672</u>	<u>43,591</u>	<u>-</u>	<u>1,586,263</u>
Distribution				
Station equipment	13,496,157	1,171,936	-	14,668,093
Electric transmission system	40,374,773	4,921,913	(4,980,785)	40,315,901
	<u>53,870,930</u>	<u>6,093,849</u>	<u>(4,980,785)</u>	<u>54,983,994</u>
TOTAL ACCUMULATED DEPRECIATION ON ELECTRIC PLANT	<u>\$ 101,024,118</u>	<u>\$ 12,938,881</u>	<u>\$ (6,518,288)</u>	<u>\$ 107,444,711</u>

Broadband Division - A summary of changes in Broadband Plant as of June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Circuit equipment	\$ 4,837,963	\$ 91,012	\$ (77,439)	\$ 4,851,536
Operation systems	448,430	382,960	-	831,390
Radio systems	118,049	-	-	118,049
Station apparatus	3,200,195	984,170	(273,406)	3,910,959
Other equipment	56,668	-	-	56,668
Office equipment	78,473	10,555	-	89,028
Motor vehicles	480,601	102,599	(16,196)	567,004
Work in progress	8,323	1,393,570	(1,334,339)	67,554
TOTAL CAPITAL ASSETS	<u>\$ 9,228,702</u>	<u>\$ 2,964,866</u>	<u>\$ (1,701,380)</u>	<u>\$ 10,492,188</u>

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
TOTAL ACCUMULATED DEPRECIATION	<u>\$ 5,640,605</u>	<u>\$ 835,432</u>	<u>\$ (367,041)</u>	<u>\$ 6,108,996</u>

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

4. CAPITAL ASSETS - Continued

Broadband Division - A summary of changes in Broadband Plant as of June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Circuit equipment	\$ 4,057,797	\$ 792,037	\$ (11,871)	\$ 4,837,963
Operation systems	402,276	46,154	-	448,430
Radio systems	118,049	-	-	118,049
Station apparatus	3,136,167	313,174	(249,146)	3,200,195
Other equipment	56,668	-	-	56,668
Office equipment	70,453	11,820	(3,800)	78,473
Motor vehicles	323,899	156,702	-	480,601
Work in progress	41,740	315,083	(348,500)	8,323
TOTAL CAPITAL ASSETS	<u>\$ 8,207,049</u>	<u>\$ 1,634,970</u>	<u>\$ (613,317)</u>	<u>\$ 9,228,702</u>

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
TOTAL ACCUMULATED DEPRECIATION	<u>\$ 5,351,268</u>	<u>\$ 554,155</u>	<u>\$ (264,818)</u>	<u>\$ 5,640,605</u>

There are no substantial costs to complete Broadband Division work in progress as of June 30, 2021 or 2020.

Land and rights are not depreciated or amortized. Work in progress is not depreciated until it is placed in service.

5. TVA RESIDENTIAL ENERGY SERVICES PROGRAM

This program provides loans to consumers within the CDE service area for the purchase of qualified electric heating and cooling systems. The program is managed by Regions Bank and the loans are backed by TVA. CDE functions as a conduit for the servicing of these loans. Loan principal and interest payments are included in monthly utility bills. The loan payments are remitted to Regions Bank. Differences in the receivable/payable balances at June 30, 2021 and 2020, are timing differences.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

6. INTERDIVISIONAL RECEIVABLE/PAYABLE - BROADBAND DIVISION

Changes in the interdivisional payable/receivable account for the years ended June 30, 2021 and 2020 were as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Loan</u> <u>Draws</u>	<u>Loan</u> <u>Repayments</u>	Changes in Current Receivable Payable	<u>Balance</u> <u>June 30, 2021</u>
Interdivisional					
Receivable					
Payable	\$ 3,637,278	\$ -	\$ (2,895,931)	\$ (61,302)	\$ 680,045

	<u>Balance</u> <u>July 1, 2019</u>	<u>Loan</u> <u>Draws</u>	<u>Loan</u> <u>Repayments</u>	Changes in Current Receivable Payable	<u>Balance</u> <u>June 30, 2020</u>
Interdivisional					
Receivable					
Payable	\$ 7,247,333	\$ -	\$ (3,750,000)	\$ 139,945	\$ 3,637,278

The interdivisional payable represents allocated expenses and cash borrowed by the Broadband Division from the Electric Division plus accrued interest. The rate of interest, applied to any long-term balance, is the highest interest rate earned by the Electric Division on deposited funds in the previous month. This rate of interest was 0% and 1.35% at June 30, 2021 and 2020, respectively.

On December 21, 2009, the City of Clarksville, Tennessee, the Clarksville Electric Power Board, and the Tennessee Valley Authority (“TVA”) entered into an agreement to specify the terms and conditions of interdivisional loans between the Electric Division and the Broadband Division. On March 20, 2014, the parties entered into an agreement amending certain aspects of the original agreement. These agreements defined two loans from the Electric Division to the Broadband Division and specified the terms of each loan, as follows:

2007 Loan - The aggregate amount of this interdivisional loan may not exceed \$16,000,000. Interest on the outstanding loan balance accrues monthly at the highest rate then being earned by the Electric Division on its investments, as required by Tennessee law. Repayment of this loan began during fiscal year 2013, when, according to the Broadband Division’s first business plan, the Division would generate positive cash flows. Per the new agreement with TVA signed on March 20, 2014, CDE was not required to make a loan repayment during fiscal year 2014 so that the Broadband Division could build their cash reserves to \$1,000,000. In addition, the previous loan repayment schedule was amended. The new repayment schedule calls for annual interest payments (based on the outstanding balance of the loan) and principal payments in the amount of \$800,000 from fiscal year 2021 to fiscal year 2035. Further, the new agreement stipulates that the Broadband Division will apply any cash amount over and above the \$1,000,000 reserve noted previously towards payment on the loan principal each

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

6. INTERDIVISIONAL RECEIVABLE/PAYABLE - BROADBAND DIVISION - Continued

year. Required repayment of any cash amount over and above the \$1,000,000 reserve threshold is capped at \$1,000,000. The cash balance for the Broadband Division as of June 30, 2021 and 2020 was \$5,020,538 and \$3,744,242, respectively. Therefore, per the terms of the new agreement, an additional \$1,000,000 was paid towards the loan principal during fiscal year ending June 30, 2021 and 2020. Additionally, the Broadband Division made a voluntary payment of the remaining balance, including accrued interest, in full, in advance, during the year ended June 30, 2021. The balance of this loan was \$-0- and \$1,237,278 at June 30, 2021 and 2020, respectively.

2009 Loan - Once the aggregate balance of the 2007 Loan reaches \$16,000,000, the Electric Division may make additional loan(s) to the Broadband Division up to an aggregate amount of \$4,500,000. The Electric Division will be under no obligation or responsibility to set aside any funds for this purpose. Interest shall be due and payable in annual installments (in arrears) due on June 30 of each year beginning June 30, 2011. The interest rate on this loan will be the highest interest rate being earned by CDE on invested funds, or the Constant Maturity Treasury rate for similar terms as CDE invested funds. All principal payments, along with accrued interest, must be repaid no later than June 30, 2038. Any loan(s) made under this provision of the agreement will be callable by the Electric Division with no more than 15 days' written notice. Other terms of this portion of the agreement include the establishment of a separate fund by the City of Clarksville for repayment of interest; a right of the Electric Division to first payment of Broadband Division revenues; and a guarantee that the City of Clarksville will make payment for any past due amounts from City General Funds. Repayment of this loan was scheduled to begin during fiscal year 2036. The repayment schedule called for annual interest payments (based on the outstanding balance of the loan) and principal payments of \$800,000 annually. The Broadband Division chose to pay this loan off in full in advance as of June 30, 2021. The balance of this loan was \$-0- and \$2,400,000 at June 30, 2021 and 2020, respectively.

7. ACCUMULATED VACATION AND SICK LEAVE

CDE Lightband provides paid time away from work under its annual vacation and sick leave policies dated March 1, 2014. Accumulated annual vacation and sick leave is accrued when earned. Both policies apply to active full-time employees.

Annual vacation is generally earned on the employee's anniversary date. Annual vacation leave is granted based upon the employee's years of service with CDE Lightband. The vacation leave accrual is awarded in the following manner: 1-9 years: 80 hours; 10-14 years: 120 hours; 15 plus years: 160 hours. Vacation leave is used based upon the employee's standard workday and is paid at the employee's base hourly rate. New hires (under 12 months) are awarded annual vacation leave first of the month following 60 days from hire date at 1/12 of the employee's yearly level.

Carryover of vacation hours is allowed from year to year with a maximum carryover of 200 hours. Any amount held over 200 hours shall be forfeited at the end of the earn period. At the time of termination or retirement, all accumulated vacation shall be paid to the employee.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

7. ACCUMULATED VACATION AND SICK LEAVE - Continued

Sick leave is accrued at the rate of one 8-hour day per calendar month worked and begins first of the month following 60 days from hire date. Sick leave is used based upon the employee's standard workday and is paid at the employee's base hourly rate.

Carryover of sick leave is allowed until a maximum of 90 days is reached except for; employees grandfathered in with a banked sick total as of July 1, 2012. Any days earned per year beyond the 90-day maximum will be paid out at a rate of \$0.50 on the \$1.00 each year on December 15. Those employees with a sick bank from the previous sick leave policy shall combine their current accrued sick days with their previous banked days to have one combined sick leave accrual. If the banked sick day total is above the 90 day maximum, the \$0.50 on the \$1.00 payout made each year will only be on the days earned for that year (maximum of 12 days) not on the previous banked days.

If an employee terminates employment, all sick leave will be forfeited. Exceptions apply if the reason is for retirement or death then sick leave is paid to the employee or to their estate at the time of their death.

Accumulated vacation and sick leave balances at June 30, were as follows:

	<u>2021</u>	<u>2020</u>
Current portion	\$ 1,049,444	\$ 972,659
noncurrent portion	<u>1,712,251</u>	<u>1,729,171</u>
Totals	<u>\$ 2,761,695</u>	<u>\$ 2,701,830</u>

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

8. DEFINED CONTRIBUTION PENSION PLAN

CDE maintains a defined contribution pension plan, (the Clarksville Department of Electricity 401(k) Retirement Plan or the “Plan”), which is administered by John Hancock USA, for all eligible employees. In order to be eligible to participate in the plan, employees must be at least 21 years old and have attained at least 12 months of service to CDE. Employees are eligible to contribute up to 100% of their base salary subject to the Internal Revenue Code limits. Vesting in the plan is full and immediate. Contributions and forfeitures are allocated to plan participants based on the proportion of their salary to the total salaries of all eligible plan participants. Employer contributions to this plan are discretionary. In addition, any forfeitures would be used to offset employer contributions; for the Plan year ended December 31, 2020 and 2019, there were \$-0- in forfeitures applied.

CDE established a progress sharing plan as part of the Plan. Employees were divided into three groups, based upon date of hire, to determine the contribution by the Division for each employee. Those hired on or after July 1, 2009 receive 3% Progress Sharing Contribution. Those hired from January 1, 1998 – June 30, 2009, receive 5% Progress Sharing Contribution. Those hired prior to January 1, 1998, are in an Age Based Pool program with a guaranteed minimum contribution of 5%. On January 22, 2019, those employees hired on or after July 1, 2009 had their Progress Sharing Contribution changed from 3% to 5%. This change reduced the number of groups from three to two. On July 1, 2020, the Progress Sharing contribution increased from 5% to 7% for employees hired after January 1, 1998. For employees hired prior to January 1, 1998, the guaranteed minimum contribution increased from 5% to 7%.

Additionally, CDE matches up to an additional 3% contribution to each employee’s 401(k) account. Employer contributions to this Plan are discretionary.

Presented below is selected information relating to the plan for the years ended June 30, 2021 and 2020.

	June 30,	
	2021	2020
CONTRIBUTIONS		
Employer contributions	\$ 319,661	\$ 298,021
Employer progress sharing contributions	1,050,936	917,608
Employee contributions	575,738	541,674
Totals	\$ 1,946,335	\$ 1,757,303

The Plan is audited on a calendar year basis and the market value of the Plan assets as of December 31, 2020 and 2019 is as follows:

	2020	2019
Market value of plan assets		
Totals	\$20,240,766	\$18,231,579

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

Plan Administration - CDE, under authority of the Electric Power Board, provides a medical insurance coverage plan, established by the November 19, 1986, Board action, for substantially all retiring employees with thirty years of service until they reach age 65. Prior to March 1, 2011, retirement could begin at age 55. On March 1, 2011, the plan was amended so that retirement could begin at age 60. Ten employees were grandfathered under the prior age and service limit. On March 1, 2013, the plan was again amended so that retirement could begin at either age 55 and 30 years of service, or age 60 and 15 years of service.

The Divisions account for other post-employment benefits in accordance with GASB No. 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (OPEB) effective for fiscal years beginning after June 15, 2017. Prior to this date, the Divisions accounted for postemployment benefits other than pensions in accordance with GASB No. 45. GASB No. 75 establishes standards for recognizing and measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources and OPEB expense for employers who participate in a trusted or non-trusted single-employer, agent multiple-employer or cost-sharing multiple-employer plan.

The Divisions maintain a single-employer defined benefit plan for medical insurance administered by CDE Lightband. The provisions of the plan can be amended by the Electric Power Board at any time. There are no accumulated assets in a trust. The plan is funded on a pay-as-you-go basis when benefits become due and payable. The plan does not issue separate financial reports.

Plan Membership – Membership in the OPEB Plan consisted of the following at July 1, 2021; the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	-
Active Employees	<u>188</u>
	<u>194</u>

Benefits Provided - Two high deductible medical plan options are offered to retirees with a health reimbursement arrangement ("HRA"). Retirees and eligible dependents can opt to remain on the group medical plan under either option.

Contributions - Retirees electing Plan 1 are not required to contribute towards the cost of coverage. Retirees electing Plan 2 are required to contribute the cost difference between monthly premiums of Plan 1 and Plan 2. Retirees with dependent coverage are required to contribute the same allocated portion as an active employee.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

9. OTHER POSTEMPLOYMENT BENEFITS – Continued

Total OPEB Liability

The Divisions' total OPEB liability as of June 30, 2021 and 2020 totaled \$1,383,365 and \$2,125,574, respectively, with a measurement date of June 30, 2021. The total OPEB liability was determined by the actuarial valuation as of July 1, 2021.

Actuarial Assumptions - The total OPEB liability as of the July 1, 2021 actuarial valuation was determined by using the Entry Age Normal, Level Percentage of Salary actuarial evaluation method with the following actuarial assumptions and inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Not applicable
Salary Increases	Not applicable
Discount Rate	2.18%
Healthcare cost trend rates	6.25% grading uniformly to 5.75% over 2 years and following the Getzen model thereafter to an ultimate rate of 4.04% in the year 2075

The discount rate was based on the S&P Municipal Bond 20-Year High Grade index as of June 30, 2021. The mortality and withdrawal rates were based on the decrement rate studies for the State of Tennessee. Retirement rates were updated based on a 2017-2021 experience study. The aging of claims was adopted this year in the analysis. Claims were adjusted for age based on the factors described in the Dale Yamamoto study released by the Society of Actuaries in June 2013.

Experience gains or losses are amortized over the average working lifetime of all participants, which for the current period is 5 years. Plan amendments are recognized immediately. Investment gains or losses are amortized over a 5 year period. Changes in actuarial assumptions are amortized over the average working lifetime of all participants.

There were two changes in benefit terms recognized immediately in the expense for the year ending June 30, 2021. The first was a special retirement window buyout which provided an increased benefit to four employees opting to retire. The second was an enhanced benefit package, which reduced the cost of coverage under the plan. The total recognized immediately for these two changes in benefit terms is \$341,599.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

9. OTHER POSTEMPLOYMENT BENEFITS – Continued

Changes in the Total OPEB Liability as of June 30, 2021 is as follows:

	Total OPEB <u>Liability</u>
Balances as of 06/30/2020	\$2,125,574
Changes for the year:	
Service cost	141,554
Interest	61,604
Benefit changes	341,599
Difference between expected and actual experience	(498,840)
Changes of assumptions	(729,031)
Contributions - employer	-
Contributions - members	-
Net investment income	-
Refunds of contributions	-
Benefits paid	(59,095)
Administrative expenses and other	-
Net changes	<u>(742,209)</u>
Balances as of 06/30/2021	<u><u>\$1,383,365</u></u>

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
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9. OTHER POSTEMPLOYMENT BENEFITS – Continued

Changes in the Total OPEB Liability as of June 30, 2020 is as follows:

	Total OPEB Liability
Balances as of 06/30/2019	\$1,981,822
Changes for the year:	
Service cost	137,712
Interest	57,237
Benefit changes	-
Difference between expected and actual experience	-
Changes of assumptions	-
Contributions - employer	-
Contributions - members	-
Net investment income	-
Refunds of contributions	-
Benefits paid	(51,197)
Administrative expenses and other	-
Net changes	143,752
Balances as of 06/30/2020	\$2,125,574

Sensitivity of the Total OPEB Liability to Changes in Discount Rate – The following presents the total OPEB liability of CDE Lightband, as well as, what CDE Lightband’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.18%) or 1-percentage-point higher (3.18%) than the current discount rate:

	1% Decrease 1.18%	Current Rate 2.18%	1% Increase 3.18%
Total OPEB Liability	\$1,494,578	\$1,383,365	\$1,281,453

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

9. OTHER POSTEMPLOYMENT BENEFITS – Continued

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates – The following presents the total OPEB liability of CDE Lightband, as well as, what CDE Lightband’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.25%, decreasing to 4.75% over 2 years and following the Getzen model thereafter) or 1-percentage-point higher (7.25%, decreasing to 6.75% over 2 years and following the Getzen model thereafter) than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
	5.25%, to 4.75%	6.25%, to 5.75%	7.25%, to 6.75%
	over 2 years and	over 2 years and	over 2 years and
	following the	following the	following the
	Getzen	Getzen	Getzen
	model thereafter	model thereafter	model thereafter
Total OPEB Liability	\$1,246,241	\$1,383,365	\$1,548,775

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended June 30, 2021 and 2020, the Divisions recognized OPEB expense of \$306,761 and \$202,527, respectively. At June 30, 2021, the Divisions reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$268,570	\$ 405,221
Change of assumptions or other inputs	-	826,379
Total	\$268,570	\$1,231,600

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years Ending June 30,</u>	
2022	\$ (237,996)
2023	(237,996)
2024	(237,993)
2025	(246,071)
2026	(496)
Thereafter	(2,478)
	\$ (963,030)

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

9. OTHER POSTEMPLOYMENT BENEFITS – Continued

Allocation of OPEB Related Activity to the Divisions – The OPEB related activity has been allocated to each of the Divisions by use of an allocation ratio of the fiscal years 2021 and 2020 OPEB contributions by Division. A summary of the OPEB related activity by Division follows:

	<u>Electric Division</u>	<u>Broadband Division</u>
<u>June 30, 2021:</u>		
Total OPEB Liability	\$1,212,198	\$171,167
Deferred Inflows of Resources	943,230	288,370
Deferred Outflows of Resources	220,970	47,600
 <u>June 30, 2020:</u>		
Total OPEB Liability	\$1,734,864	\$390,710
Deferred Inflows of Resources	246,418	84,552
Deferred Outflows of Resources	294,349	63,466

10. LONG-TERM DEBT

Long-term debt consists of the following:

NOTES PAYABLE

<u>Description</u>	<u>Balance</u>	<u>New</u>	<u>Principal</u>	<u>Refundings</u>	<u>Amortization</u>	<u>Balance</u>
	<u>June 30, 2019</u>	<u>Borrowings</u>	<u>Payments</u>	<u>Refundings</u>	<u>Amortization</u>	<u>June 30, 2020</u>
CEMC note payable	\$ 30,995	\$ -	\$ (30,995)	\$ -	\$ -	\$ -
Total notes payable	30,995					-
Less current portion	(30,995)					-
Total	<u>\$ -</u>					<u>\$ -</u>

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

10. LONG-TERM DEBT - Continued

BONDS PAYABLE

Series Description	Balance June 30, 2020	New Borrowings	Principal Payments	Refundings	Amortization	Balance June 30, 2021
Series 2010A Bonds	\$ 300,000	\$ -	\$ (300,000)	\$ -	\$ -	\$ -
Series 2014 Bonds	1,390,000	-	(325,000)	-	-	1,065,000
Series 2015 Bonds	33,475,000	-	(2,285,000)	-	-	31,190,000
Series 2017 Bonds	24,375,000	-	(245,000)	-	-	24,130,000
Bonds Payable	<u>59,540,000</u>	<u>-</u>	<u>(3,155,000)</u>	<u>-</u>	<u>-</u>	<u>56,385,000</u>
Plus unamortized bond premium	7,438,730	-	-	-	(593,220)	6,845,510
	<u>66,978,730</u>	<u>\$ -</u>	<u>\$(3,155,000)</u>	<u>\$ -</u>	<u>\$(593,220)</u>	<u>63,230,510</u>
Less current portion	<u>(3,155,000)</u>					<u>(3,245,000)</u>
	<u>\$ 63,823,730</u>					<u>\$ 59,985,510</u>

Series Description	Balance June 30, 2019	New Borrowings	Principal Payments	Refundings	Amortization	Balance June 30, 2020
Series 2010A Bonds	\$ 585,000	\$ -	\$ (285,000)	\$ -	\$ -	\$ 300,000
Series 2014 Bonds	1,715,000	-	(325,000)	-	-	1,390,000
Series 2015 Bonds	35,685,000	-	(2,210,000)	-	-	33,475,000
Series 2017 Bonds	24,615,000	-	(240,000)	-	-	24,375,000
Bonds Payable	<u>62,600,000</u>	<u>-</u>	<u>(3,060,000)</u>	<u>-</u>	<u>-</u>	<u>59,540,000</u>
Plus unamortized bond premium	8,031,950	-	-	-	(593,220)	7,438,730
	<u>70,631,950</u>	<u>\$ -</u>	<u>\$(3,060,000)</u>	<u>\$ -</u>	<u>\$(593,220)</u>	<u>66,978,730</u>
Less current portion	<u>(3,060,000)</u>					<u>(3,155,000)</u>
	<u>\$ 67,571,950</u>					<u>\$ 63,823,730</u>

The note payable to CEMC was due in one remaining annual installment of \$30,995 by June 30, 2020. The purpose of this loan was for the purchase of Electric Plant assets in areas annexed by the City of Clarksville. This was a non-interest bearing note.

The 2007 Series Electric System Revenue and Improvement Bonds were paid off entirely in the amount of \$1,825,000 on September 1, 2017. On January 28, 2015, the portion of these bonds callable after September 1, 2017 was called and advance refunded with the 2015 Series Electric System Revenue Refunding Bonds. The refunding occurred in order to take advantage of interest savings totaling approximately \$5,207,000 over the remaining term. The refunding of the 2007 Series bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,350,565. This difference, reported in the Electric Division's accompanying statements of net position as deferred outflows of resources, is being amortized through fiscal year 2033.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

10. LONG-TERM DEBT - Continued

The 2010A Series Electric System Revenue and Improvement Bonds were issued on January 14, 2010 to finance improvements to the City's electric transmission and distribution system and retire the 2009 Series bonds. These bonds were paid off entirely in the amount of \$300,000 on September 1, 2020. On October 23, 2017, the portion of these bonds callable after September 1, 2020 was called and advance refunded with the 2017 Series Electric System Revenue Refunding Bonds. The refunding occurred in order to take advantage of interest savings and to shorten the life of the outstanding debt. The refunding of the 2010A Series bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,447,816. This difference, reported in the Electric Division's accompanying statements of net position as deferred outflows of resources, is being amortized through fiscal year 2034.

The 2014 Series Electric System Revenue Refunding Bonds were issued on January 29, 2014 to refund all of the 2004 Series Electric System Revenue and Improvement Bonds, pay the costs of issuance, and recognize interest savings. These bonds are due in annual installments of \$345,000 to \$365,000 between September 1, 2021 and September 1, 2023. These bonds bear interest at 3%. These bonds are collateralized by a subordinate interest in substantially all of the net revenues of the Electric Division.

The 2015 Series Electric System Revenue Refunding Bonds were issued on January 28, 2015 to refund the part of the 2007 Series Electric System Revenue and Improvement Bonds callable after September 1, 2017, pay the costs of issuance, and recognize interest savings. These bonds are due in annual installments of \$2,345,000 to \$3,465,000 between September 1, 2021 and September 1, 2031. These bonds bear interest ranging from 2% to 5%. These bonds are collateralized by a subordinate interest in substantially all of the net revenues of the Electric Division.

The 2017 Series Electric System Revenue Refunding Bonds were issued on October 23, 2017 to refund the part of the 2010A Series Electric System Revenue and Improvement Bonds callable after September 1, 2020, pay the costs of issuance, and recognize interest savings. These bonds are due in annual installments of \$555,000 to \$5,430,000 between September 1, 2021 and September 1, 2034. These bonds bear interest ranging from 2% to 5%. These bonds are collateralized by a subordinate interest in substantially all of the net revenues of the Electric Division.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

10. LONG-TERM DEBT - Continued

Future payments on Long-Term Debt are as follows:

Fiscal Year Ending Year Ended June 30,	Bonds Payable	Note Payable	Total Principal	Total Interest
2022	\$ 3,245,000	\$ -	\$ 3,245,000	\$ 2,367,175
2023	3,320,000	-	3,320,000	2,292,675
2024	3,420,000	-	3,420,000	2,193,725
2025	3,555,000	-	3,555,000	2,058,575
2026	3,720,000	-	3,720,000	1,891,550
2027-2031	21,660,000	-	21,660,000	6,399,525
2032-2035	<u>17,465,000</u>	<u>-</u>	<u>17,465,000</u>	<u>1,225,300</u>
Totals	<u>\$ 56,385,000</u>	<u>\$ -</u>	<u>\$ 56,385,000</u>	<u>\$ 18,428,525</u>

Total interest costs incurred and charged to the Electric Division, including amortization expense were \$2,070,313 and \$2,172,487 during 2021 and 2020, respectively. Interest costs of \$-0- were capitalized by the Electric Division during both 2021 and 2020. Debt discount/premium and expense are being amortized over the life of the bonds using the straight-line method which is not materially different from the interest method.

Total interest expense allocated to the Broadband Division was \$38,175 and \$123,115 during the fiscal years ended June 30, 2021 and 2020, respectively. Interdivisional interest income/expense was \$38,175 and \$123,115 during the fiscal years ended June 30, 2021 and 2020, respectively.

The above bonds payable contain provisions that in the event of default, the lender can exercise one or more of the following options: (1) Make all or any of the outstanding bonds payable balance immediately due and accrued interest at highest post maturity interest rate, (2) Use any remedy allowed by state or federal law.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

11. OTHER NONCURRENT LIABILITIES

Electric Division:

<u>Other Noncurrent Liabilities Description</u>	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Customer deposits	\$ 7,047,349	\$ 2,300,387	\$ (2,023,305)	\$ 7,324,431
TVA - RES program	1,722,513	100,017	(810,720)	1,011,810
Accrued leave	1,729,171	812,245	(829,165)	1,712,251
Other postemployment benefits	1,734,864	5,289	(527,955)	1,212,198
Other	<u>19,281</u>	<u>379,392</u>	<u>(371,379)</u>	<u>27,294</u>
	<u>\$ 12,253,178</u>	<u>\$ 3,597,330</u>	<u>\$ (4,562,524)</u>	<u>\$ 11,287,984</u>

<u>Other Noncurrent Liabilities Description</u>	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Customer deposits	\$ 6,726,737	\$ 2,410,525	\$ (2,089,913)	\$ 7,047,349
TVA - RES program	2,630,810	189,368	(1,097,665)	1,722,513
Accrued leave	1,532,915	835,415	(639,159)	1,729,171
Other postemployment benefits	1,629,153	148,245	(42,534)	1,734,864
Other	<u>27,547</u>	<u>219,633</u>	<u>(227,899)</u>	<u>19,281</u>
	<u>\$ 12,547,162</u>	<u>\$ 3,803,186</u>	<u>\$ (4,097,170)</u>	<u>\$ 12,253,178</u>

12. INTERDIVISIONAL ALLOCATIONS

The Electric Division formed the Broadband Division on April 1, 2007, to provide video, internet and telephone services to existing electric customers. Also in April 2007, the Electric Division began installing a fiber network that allowed the Electric Division to remotely perform electric related functions. During the 2008 fiscal year, the Broadband Division began “renting” a portion of the fiber network on a per connection basis to provide the broadband services listed above to existing electric customers. The “rent” cost allocated to the Broadband Division was based upon an allocation formula applied to the costs of the fiber infrastructure. Fiber infrastructure costs, for the purpose of this allocation, included depreciation, taxes, interest, and a pole attachment fee. This allocation methodology has evolved, along with the development of the Broadband project, over the previous years, and is currently calculated as described in Note #1, above.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

12. INTERDIVISIONAL ALLOCATIONS - Continued

For the fiscal years ended June 30, 2021 and 2020, allocated infrastructure costs were as follows:

	June 30, 2021			June 30, 2020		
	Unit Costs	Annual Broadband Units	Allocated Costs	Unit Costs	Annual Broadband Units	Allocated Costs
Depreciation	\$2.84	378,137	\$1,073,909	\$2.84	364,092	\$ 1,034,021
Interest	2.04	378,137	771,399	2.04	364,092	742,748
Taxes	0.78	378,137	294,947	0.78	364,092	283,992
Pole Attachment	<u>0.48</u>	378,137	<u>181,506</u>	<u>0.48</u>	364,092	<u>174,764</u>
Totals	<u>\$6.14</u>		<u>\$2,321,761</u>	<u>\$6.14</u>		<u>\$2,235,525</u>

During the 2008 fiscal year, the Broadband Division began “renting” an office building from the Electric Division for Broadband operations. During the 2021 and 2020 fiscal years, approximately 71% of the depreciation, property tax, and insurance costs associated with this building were allocated to the Broadband Division. During the 2014 fiscal year, the Electric Division began allocating some costs as “rent” to the Broadband Division for the office building on Wilma Rudolph Boulevard. During the 2021 and 2020 fiscal years, approximately 34% of the depreciation, property tax and insurance costs associated with this building were allocated to the Broadband Division. Costs allocated from the Electric Division to the Broadband Division, for these buildings, were \$96,564 for both of the years ended June 30, 2021 and 2020.

At June 30, 2021 and 2020, the Electric Division owed the Broadband Division \$2,192,984 and \$2,123,527, respectively. These amounts represent payments for broadband services the Electric Division had collected on behalf of the Broadband Division. These amounts are typically remitted to the Broadband Division the month after they are collected by the Electric Division. These amounts are other than the Interdivisional Receivable/Payable discussed in Note #6.

13. CONTINGENCIES

The Divisions’ exposure to property loss and general liability is handled through the purchase of commercial insurance. Insurance coverage was adequate to cover settlements for the past four fiscal years. The Divisions do not carry insurance on trucks other than liability insurance. Management does not believe additional insurance is cost effective. The Electric Division participates in the Distributors’ Self-Insurance Fund for workers compensation insurance coverage. Participants in this plan remain liable for underfunding. The Divisions are reimbursable entities for unemployment purposes and thus pay all claims as they occur.

CDE LIGHTBAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OPEB PLAN
(Unaudited)

	Fiscal Years Ending June 30,			
	2021	2020	2019	2018
Total OPEB liability				
Service Cost	\$ 141,554	\$ 137,712	\$ 131,154	\$ 153,465
Interest	61,604	57,237	52,477	55,054
Change in benefit terms	341,599	-	-	-
Differences between expected and actual experience	(498,840)	-	534,757	(6,942)
Change of assumptions	(729,031)	-	(486,309)	-
Benefit payments, including refunds of employee contributions	(59,095)	(51,197)	(43,505)	(34,930)
Net change in total OPEB liability	(742,209)	143,752	188,574	166,647
Total OPEB liability - beginning	2,125,574	1,981,822	1,793,248	1,626,601
Total OPEB liability - ending (a)	<u>\$ 1,383,365</u>	<u>\$ 2,125,574</u>	<u>\$ 1,981,822</u>	<u>\$ 1,793,248</u>
Covered-employee payroll	\$12,649,157	\$11,562,842	\$11,336,119	\$10,586,577
Total OPEB Liability as a percentage of covered-employee payroll	10.9%	18.4%	17.5%	16.9%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CDE LIGHTBAND
ELECTRIC DIVISION
SCHEDULES OF OPERATING REVENUES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES:		
Charges for power:		
Residential	\$ 105,894,985	\$ 102,226,853
Small commercial	17,388,710	17,363,076
Large commercial	44,401,972	45,706,606
Street and outdoor lights	1,647,575	1,646,607
Forfeited discounts	1,281,938	1,304,629
Uncollected accounts	(142,535)	(278,101)
Total charges for power	170,472,645	167,969,670
Other operating revenues:		
Rent	3,877,725	3,775,538
Miscellaneous	1,721,298	1,613,139
Total other operating revenues	5,599,023	5,388,677
TOTAL OPERATING REVENUES	\$ 176,071,668	\$ 173,358,347

CDE LIGHTBAND
ELECTRIC DIVISION
SCHEDULE OF OPERATING EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020		2021	2020
OPERATING EXPENSES:			OPERATING EXPENSES (continued)		
Cost of power	\$ 118,915,456	\$ 121,847,741	Administration and General:		
Distribution:			Salaries	1,396,389	1,331,788
Supervision and engineering	247,727	244,783	Office supplies and expenses	664,996	953,657
Station expense	334,920	332,554	Outside service	85,896	71,242
Overhead lines	1,550,600	1,479,346	Property insurance	285,338	265,200
Underground lines	376,581	324,432	Injuries and damages	469,518	313,260
Meters	741,863	483,997	Employee pensions and benefits	2,840,349	2,560,799
Rents	106,541	103,208	Miscellaneous	94,507	75,082
Miscellaneous	911,352	883,562	Total	5,836,993	5,571,028
Total	4,269,584	3,851,882	Maintenance:		
Transmission:			Supervision and engineering	40,389	39,848
Station expense	109,522	104,949	Station equipment	159,958	166,634
Total	109,522	104,949	Overhead lines	3,032,069	3,480,914
Customer Accounts:			Underground lines	49,846	40,713
Meter reading	1,081,450	1,103,846	Line transformers	54,085	40,996
Customer records and collection	2,513,369	2,414,819	Meters	180,299	262,075
Total	3,594,819	3,518,665	Security lights	62,858	70,570
Sales and Customer Service:			General plant	2,420,226	2,428,031
Supervision	84,816	82,384	Total	5,999,730	6,529,781
Customer assistance	325,473	322,459	Taxes:		
Advertising	156,818	159,377	Advalorem (in lieu of taxes)	1,506,073	1,416,211
Miscellaneous	2,188	3,162	Payroll	646,065	662,911
Total	569,295	567,382	Total	2,152,138	2,079,122
			Depreciation and amortization	14,038,984	12,840,666
			TOTAL OPERATING EXPENSES	\$ 155,486,521	\$ 156,911,216

CDE LIGHTBAND
 BROADBAND DIVISION
 SCHEDULES OF OPERATING REVENUES AND COSTS OF SERVICES
 YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES:		
Charges for services:		
Charges for video services	\$ 5,065,620	\$ 5,229,549
Charges for internet services	16,721,182	14,966,407
Charges for telephone services	1,949,592	1,761,588
Charges for installations	207,083	206,169
Uncollected accounts	(134,582)	(221,645)
Total charges for services	23,808,895	21,942,068
Other operating revenues:		
Rent	928,446	992,409
Other charges	485,900	474,432
Total other operating revenues	1,414,346	1,466,841
TOTAL OPERATING REVENUES	\$ 25,223,241	\$ 23,408,909
COSTS OF SERVICES:		
Costs of video services	\$ 6,397,057	\$ 6,468,141
Costs of internet services	1,409,194	1,275,914
Costs of telephone services	851,317	760,507
Costs of installations	1,686,108	1,561,760
TOTAL COSTS OF SERVICES	\$ 10,343,676	\$ 10,066,322

CDE LIGHTBAND
ELECTRIC DIVISION
SCHEDULE OF BOND PRINCIPAL AND INTEREST MATURITIES
JUNE 30, 2021

Year Ending June 30,	2014 Series		2015 Series		2017 Series		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 345,000	\$ 26,775	\$ 2,345,000	\$ 1,356,700	\$ 555,000	\$ 983,700	\$ 3,245,000	\$ 2,367,175
2023	355,000	16,275	2,395,000	1,306,800	570,000	969,600	3,320,000	2,292,675
2024	365,000	5,475	2,465,000	1,236,050	590,000	952,200	3,420,000	2,193,725
2025	-	-	2,570,000	1,130,000	985,000	928,575	3,555,000	2,058,575
2026	-	-	2,700,000	1,003,250	1,020,000	888,300	3,720,000	1,891,550
2027	-	-	2,840,000	864,750	1,070,000	836,050	3,910,000	1,700,800
2028	-	-	2,980,000	719,250	1,130,000	781,050	4,110,000	1,500,300
2029	-	-	3,135,000	566,375	1,190,000	723,050	4,325,000	1,289,425
2030	-	-	3,295,000	405,625	1,250,000	662,050	4,545,000	1,067,675
2031	-	-	3,465,000	236,625	1,305,000	604,700	4,770,000	841,325
2032	-	-	3,000,000	75,000	2,000,000	538,600	5,000,000	613,600
2033	-	-	-	-	5,220,000	394,200	5,220,000	394,200
2034	-	-	-	-	5,430,000	181,200	5,430,000	181,200
2035	-	-	-	-	1,815,000	36,300	1,815,000	36,300
	\$ 1,065,000	\$ 48,525	\$ 31,190,000	\$ 8,900,425	\$ 24,130,000	\$ 9,479,575	\$ 56,385,000	\$ 18,428,525

CDE LIGHTBAND
ELECTRIC AND BROADBAND DIVISION
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
June 30, 2021

Description of Indebtness	Original amount of issue	Interest rate	Date of issue	Last maturity date	Outstanding 7/1/2020	Issued during period	Paid and/or matured during period	Refunded during period	Outstanding 6/30/2021
Bonds Payable									
Electric Revenue Bonds - Series 2010A	\$ 28,576,000	3.75%	January 27, 2010	September 1, 2020	\$ 300,000	\$ -	\$ 300,000	\$ -	\$ -
Electric Revenue Refunding Bonds - Series 2014	3,215,000	4.50%	January 29, 2014	September 1, 2024	1,390,000	-	325,000	-	1,065,000
Electric Revenue Refunding Bonds - Series 2015	38,545,000	5.00%	January 28, 2015	September 1, 2032	33,475,000	-	2,285,000	-	31,190,000
Electric Revenue Refunding Bonds - Series 2017	24,845,000	3.00%	November 7, 2017	September 1, 2035	24,375,000	-	245,000	-	24,130,000
Total Bonds Payable	\$ 95,181,000				\$ 59,540,000	\$ -	\$ 3,155,000	\$ -	\$ 56,385,000

CDE LIGHTBAND
 ELECTRIC AND BROADBAND DIVISION
 SCHEDULE OF TRANSFERS
 JUNE 30, 2021

From Fund	To Fund	Purpose	Amount
CDE - Electric Division	City General Fund	Payments in Lieu of Taxes per TCA 7-52-304	\$ 5,155,358
CDE - Broadband Division	City General Fund	Payments in Lieu of Taxes per TCA 7-52-606	<u>71,278</u>
Total Transfers			<u>\$ 5,226,636</u>

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
SCHEDULES OF STATISTICAL DATA (UNAUDITED)
JUNE 30, 2021 AND 2020

	2021	2020	Increase (Decrease)
Number of electric customers:			
Residential	67,779	65,352	2,427
Commercial	7,456	7,183	273
Industrial	706	714	(8)
Public lighting	436	436	-
Total number of electric customers	<u>76,377</u>	<u>73,685</u>	<u>2,692</u>
Security lights	<u>4,810</u>	<u>4,866</u>	<u>(56)</u>
Number of kilowatt-hours purchased:			
Purchased power	1,620,019,474	1,590,373,721	29,645,753
Loss	56,918,238	54,161,972	2,756,266
Purchased for own use	3,070,146	2,717,862	352,284
Total number of kilowatt-hours purchased	<u>1,680,007,858</u>	<u>1,647,253,555</u>	<u>32,754,303</u>
Percent loss	<u>3.51%</u>	<u>3.41%</u>	<u>0.10%</u>
	2021	2020	Increase (Decrease)
Number of broadband customers:			
Residential	23,527	22,054	1,473
Commercial	2,032	1,859	173
Total number of broadband customers	<u>25,559</u>	<u>23,913</u>	<u>1,646</u>

CDE LIGHTBAND
ELECTRIC DIVISION
SCHEDULE OF RATES (UNAUDITED)
JUNE 30, 2021

Residential Rates (RS)

Customer Charge: \$24.40
Energy Charge: 9.385 cents/Kilowatt hour (kWh)

General Power Rate (GSA1) (Not to exceed 50 kW or 15,000 kWh)

Customer Charge #1 0-500 kWh \$30.50
Customer Charge #2 > 500 kWh \$49.00
Energy Charge: 10.605 cents/kWh

General Power Rate (GSA2) (Greater than 50 kW up to 1,000 kW or greater than 15,000 kWh)

Customer Charge: \$175.00
Energy Charge: 0-15,000 kWh 9.931 cents/kWh
All additional kWh 6.471 cents/kWh
Demand Charge: 0-50 kW \$5.00 per kW
51-1,000 kW \$14.74 per kW

General Power Rate (GSA3) (1,001-5,000 kW)

Customer Charge: \$700.00
Energy Charge: All kWh 6.897 cents/kWh
Demand Charge: 0-1,000 kW \$14.74 per kW
1,001-5,000 kW \$14.74 per kW

General Power Rate (TDGSA) Time-of-Use (TOU)

Customer Charge: \$1,500.00
Administrative Charge: \$350.00
Energy Charge:
Summer Period:
Onpeak: 10.834 cents/kWh
Offpeak: 1st 200 hours 7.485 cents/kWh
Next 200 hours 3.237 cents/kWh
Additional hours 2.934 cents/kWh
Transition Period:
Onpeak: 8.172 cents/kWh
Offpeak: 1st 200 hours 8.172 cents/kWh
Next 200 hours 3.509 cents/kWh
Additional hours 3.206 cents/kWh
Winter Period:
*New rate; not yet established

Demand Charge:

Summer Period:
Onpeak: \$10.95 kW
Max kW:\$ 6.23 kW

Transition Period:
Onpeak: \$9.99 kW
Max kW: \$6.23 kW

Winter Period:
*New rate; not yet established

CDE LIGHTBAND
ELECTRIC DIVISION
SCHEDULE OF RATES (UNAUDITED) - Continued
JUNE 30, 2021

General Power Rate (SGSB) Time-of-Use (TOU)

Customer Charge: \$1,500.00

Administrative Charge: \$350.00

Energy Charge:

Summer Period:

Onpeak: 8.165 cents/kWh

Offpeak: 1st 200 hours 5.674 cents/kWh

Next 200 hours 2.216 cents/kWh

Additional hours 1.875 cents/kWh

Transition Period:

Onpeak: 5.969 cents/kWh

Offpeak: 1st 200 hours 5.969 cents/kWh

Next 200 hours 2.543 cents/kWh

Additional hours 2.202 cents/kWh

Winter Period:

Onpeak: 6.960 cents/kWh

Offpeak: 1st 200 hours 5.826 cents/kWh

Next 200 hours 2.146 cents/kWh

Additional hours 1.805 cents/kWh

Demand Charge:

Summer Period:

Onpeak: \$10.87 kW

Max kW: \$ 5.21 kW

Transition Period:

Onpeak: \$9.90 kW

Max kW: \$5.21 kW

Winter Period:

Onpeak: \$9.90 kW

Max kW: \$5.21 kW

Manufacturing Service Rate (SMSB) Time-of-Use (TOU)

Customer Charge: \$1,500.00

Administrative Charge: \$350.00

Energy Charge:

Summer Period:

Onpeak: 7.403 cents/kWh

Offpeak: 1st 200 hours 4.903 cents/kWh

Next 200 hours 1.934 cents/kWh

Additional hours 1.679 cents/kWh

Transition Period:

Onpeak: 5.514 cents/kWh

Offpeak: 1st 200 hours 5.514 cents/kWh

Next 200 hours 2.235 cents/kWh

Additional hours 1.980 cents/kWh

Winter Period:

Onpeak: 6.208 cents/kWh

Offpeak: 1st 200 hours 5.071 cents/kWh

Next 200 hours 1.879 cents/kWh

Additional hours 1.624 cents/kWh

CDE LIGHTBAND
ELECTRIC DIVISION
SCHEDULE OF RATES (UNAUDITED) - Continued
JUNE 30, 2021

Demand Charge:

 Summer Period:

 Onpeak: \$10.24 kW

 Max kW: \$2.26 kW

 Transition Period:

 Onpeak: \$9.27 kW

 Max kW: \$2.26 kW

 Winter Period:

 Onpeak: \$9.27 kW

 Max kW: \$2.26 kW

Outdoor Lighting (LS)

 Customer Charge: \$3.15

 Energy Charge: 6.994 cents/kWh

Security Lights (LS) (No Customer Charge)

 Energy Charge: 6.994 cents/kWh

CDE LIGHTBAND
BROADBAND DIVISION
SCHEDULE OF RATES (UNAUDITED)
JUNE 30, 2021

SERVICE RATES

Lightband Basic	\$20.45
Lightband Plus	\$80.95 - \$85.45
Lightband Extra	\$90.95 - \$95.45
HBO	\$16.95
Cinemax	\$15.95
HBO/Cinemax Channels (all 10 screens)	\$25.95
Starz/Encore Channels (all 10 screens)	\$16.95
Showtime/TMC (all 8 screens)	\$18.95
Lightband High Speed Internet	\$39.95 – 90.95
Video On Demand (VOD) Movies	\$1.99 to \$12.99 per purchase

PACKAGES

Bronze (1 premium)	\$74.70
Silver (2 premiums)	\$84.70
Gold (4 premiums)	\$94.70
Power Pack - (Lightband Extra & Internet)	\$128.95 - \$133.45
Triple Pack - (Lightband Extra, Internet, & Phone)	\$148.95 - \$153.45
Sports Pack	\$7.99
Wireless Connectivity	\$5.95
Smartband WiFi Home w/ 250 Mbps	\$11.95
Smartband WiFi Home w/ 500 Mbps	\$9.95
Additional WiFi Pods	\$3.00 each

EQUIPMENT RENTAL RATES (MONTHLY)

Standard Digital Converter - All Others	\$7.95
Digital HD Converter	\$10.95
Digital HD/DVR Converter	\$13.95
Multi-room DVR Service	\$22.95
Remote	Included w/each digital converter

EQUIPMENT NOT RETURNED CHARGES (ONE TIME CHARGE)

Remote	\$25.00
Standard Digital Converter	\$200.00
Digital HD Converter	\$400.00
Digital HD/DVR Converter	\$500.00
Converter Cord Set	\$20.00
In-House Expansion Device	\$300.00

The above rates are based on a la carte charges. These rates may be bundled to offer customer discounts and may change in relation to market dynamics and competitive response. All above rates and any promotional rates are subject to state, local, and federal taxation and fees as required by law.



**INDEPENDENT AUDITOR’S 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 Members of Clarksville Power Board
Clarksville, Tennessee**

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 the Electric Division and Broadband Division of CDE Lightband of Clarksville, Tennessee (CDE Lightband), proprietary funds of the City of Clarksville, Tennessee, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise CDE Lightband’s basic financial statements, and have issued our report thereon dated October 12, 2021, which references, that the financial statements, are only that portion of the City of Clarksville, Tennessee that result from the transactions of the CDE Lightband enterprise funds.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CDE Lightband's internal control over financial reporting (“internal control”) as a basis for designing 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 CDE Lightband’s internal control. Accordingly, we do not express an opinion on the effectiveness of CDE Lightband’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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CDE Lightband's financial statements are free from 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 financial statements. 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.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
October 12, 2021

**CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2021**

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

Material weakness identified? yes no

Significant deficiencies identified? yes none reported

Noncompliance material to the financial statements noted? yes no

Federal Awards

There was not an audit of major federal award programs for the year ended June 30, 2021, due to the total amount expended being less than \$750,000.

**CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION**

**SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

None reported

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