



ANNUAL REPORT

Audited Financial Statements for Electric and Broadband Divisions / June 30, 2022 and 2021



2022

2021



www.edelightband.com



General Manager's Letter

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.

While COVID-19 is no longer a pandemic phase, it has now become a part of our everyday life as it continues to bring new challenges. Supply chain issues have played a huge part in our general economy and specifically to our industry. Residential transformers that once took 16 weeks for delivery are now taking 52 weeks or longer, and the price has tripled since the previous year. Each week, a new item proves to be in short supply. When suppliers are not able to get raw materials for their product, then workforce issues arise.



BRIAN TAYLOR
GENERAL MANAGER

As challenging times continue, employees remain devoted to serving our customers.

We continue to promote the TVA Public Power model because we believe it is the key to keeping rates low and allowing our great city to grow. Of the 153 TVA local power companies, 148 have signed on to the TVA long-term partnership agreement, including CDE Lightband. This will ensure the stability of TVA and our ability to invest in our infrastructure. Essentially, we feel this will allow us to continue to maintain the highest system reliability and resiliency.

With the ever changing weather patterns, it is increasingly important that we look at our infrastructure and the future build-out of our grid. We've launched our first phase of the smartgrid or self healing grid program. As we continue to build new circuits, we will implement smartgrid technologies to increase our system reliability, improve our response time and decrease the length of outages.

Middle Tennessee continues to be one of the fastest growing regions in the United States and Clarksville is seeing much of that growth. To prepare for this expansion, we have begun the design

phase of two new substations. Ideally, they would be in operation by 2023, but because of supply chain issues, they will have an in service date of 2024. These hurdles have made planning more difficult, but I am extremely pleased with how our employees have stepped up to the challenge.

We continue to help the City of Clarksville grow with our Fiber Fast Internet. For the current year, we were able to assist the school system with the launch of a completely virtual high school. Students that opted out of the classroom were given the opportunity to enroll virtually. Our Fiber Fast internet service made this possible and continues to help improve our community.

It seems every year comes with new challenges, but what always remains the same is the dedication and commitment of our great employees. I am so proud of the work they do each and every day for CDE Lightband, our great city and public power. 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.

Management Team

The Management team ensures the efficient performance of all departments at CDE Lightband. Together, they are responsible for the interpretation and implementation of the policies set by the Power Board and to direct activities toward common goals and objectives.



CHRISTY BATTS
CHIEF BROADBAND OFFICER



KEITH CUTSHALL
CHIEF OPERATIONS OFFICER



DAVID JOHNS
CHIEF FINANCIAL OFFICER



BRIAN TAYLOR
GENERAL MANAGER



JIM MANNING
CHIEF CUSTOMER CARE OFFICER



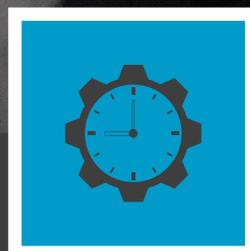
SALLY MARTINO
EXECUTIVE ASSISTANT



PRIVOTT STROMAN
CHIEF HUMAN RESOURCES OFFICER

Power Board

The Power Board consists of 5 members with diverse backgrounds and the Clarksville City Mayor. Together, they provide oversight to the company and make overall policy decisions which provides direction for our organization.



TOP L to R: Kunal Shah, Garnett Ladd
MID L to R: Councilman Travis Holleman, Mayor Joe Pitts
BOTTOM L to R: Darla Knight, Chairman Ron Jackson



About CDE Lightband

Directly connected to approximately 80,000 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 2,886 miles of power lines and 1,045 miles of fiber optic cable. Our world-class Fiber Optic Network keeps electric costs low. It provides savings of over \$10 million annually in operating costs and over \$5 million annually in income for electrical grid improvements that result in half as many large scale power outages compared to peer cities.

Our Mission

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



Our Vision

To provide electric and broadband services at affordable and competitive rates

To provide the highest level of system reliability

To provide a level of service that exceeds customer expectations

To be a leader in promoting energy efficiency

To develop a workforce that can lead the next generation to carry on the mission and vision of CDE Lightband

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. Clarksville has been designated a first 50 “Next Century City”, due to the access of superior digital products provided by CDE Lightband. We offer 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.



42nd

According to the American Public Power Association, CDE Lightband is proud to hold the spot as the 42nd largest public power utility in the nation.



200+
Employees



124% Paperless Increase

Efforts to educate customers on the benefits of paperless billing have led to an incredible 124% increase in paperless enrollment.

Broadband Growth

Since its inception in 2008, our broadband customer base has grown to almost 27,000.



4.3 CSAT Rating

With a solid CSAT rating and a resolution time under 1 hour on broadband interruptions, the broadband technical support team continues to prove that customer support is tantamount to success.

Our Electric System

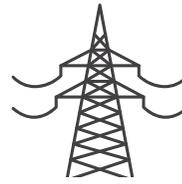
Each year, our efforts to provide the most reliable and sustainable power grid for our community grows. We continue to invest in maintenance and improvements to our system. Having a top-notch system not only helps our customers save energy in dollars but, overall, enhances the quality of life for our neighbors, family and friends.

ON THE GRID	
Substations	13
Square Miles of Service	96
Distribution Transformers	16,519
# of Distribution Breakers	81
Miles of Overhead & Underground Primary Lines	2,886
Poles	38,042
Private Security Lights (including Power Floods)	7,321
Fiber Hubsites	38



77,215

Completed meter change-out to new AMI system



100%

Power purchased from TVA

70,523

Residential Electric Customers



1.65B kWh

of power sold in 2021-22

8,344

Commercial Electric Customers



East Automation Project

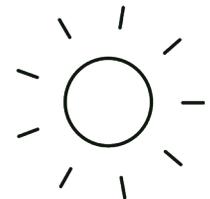
It was determined in 2016 that the test area for the East Automation Project would be the southeast part of town. Over the next several years, reclosing devices were installed and monitored in the project area. The project was completed in August 2022 with the implementation of the automation software. The East Automation Project covers about 12 square miles and includes parts of MLK Jr. Parkway, Memorial Drive, Old Ashland City Road, Old Farmers Road, and Madison Street. There are 30 devices included in the East Automation Project including 9 substation breakers and 21 reclosing devices installed along the distribution lines.



Peak High for Winter

410 MW

Jan. 22, 2022



Peak High for Summer

361 MW

June 22, 2022



Connecting to Community

As a city municipality, we feel that engagement plays such an important part in employee job satisfaction, therefore creating a stronger sense of connection to our community. Below are just a few examples of the role that CDE Lightband plays in our community by improving and protecting our future growth.



RP3 Award

An RP3 designation is a sign of a utility's dedication to operating an efficient, safe, and reliable distribution system. CDE Lightband is consistently recognized with this award and currently holds a diamond level status with the American Public Power Association.



Torch Award

The Torch Award honors an LPC that demonstrated best overall improvement in the TVA EnergyRight program. CDE Lightband proudly received this award based on the following criteria: increased participation, accelerated growth and program promotion.



Home Uplift

Between CDE Lightband's contribution of \$40,000 and TVA's matching funds, \$80,000 total was applied to assist 7 customers receive a Home Uplift. This program provides free home energy upgrades to income-eligible customers which saves them save on their bills and promotes a healthier living.



Tree Line USA

The TreeLine USA® program exists to recognize best practices in public and private utility arboriculture, demonstrating how trees and utilities can co-exist for the benefit of communities and citizens. For 8 consecutive years, CDE Lightband has held this achievement.

Mayor's Summer Night Lights

CDE Lightband employees participate in the Mayor's Summer Night Lights program each year to help provide purposeful, positive and popular activities for the youth of Clarksville. Adults and children take part in our electric line worker skill challenge, creating a fun and exciting way to showcase some of the requirements for the job. Ultimately, this sparks an early interest in young children to explore a future career in energy.



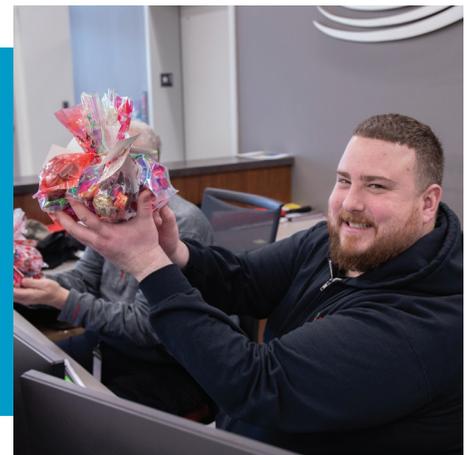


Cultural Festival

Celebrating our differences is a key focus for CDE Lightband's Diversity Council and brings awareness to the strength of diversity within the organization. During the Cultural Festival, many employees brought in foods originating from various parts of the world. The Southern Black Arts Council also visited and delivered a phenomenal dance performance and literary reading of Shakespeare.

Candy Grams for Project Help

Each year, CDE Lightband holds its annual candy gram fundraiser for Project Help. These funds are used to assist qualifying customers in our community with their utility bills. This year, employees reached a new record in this event by raising over \$1,000.



STEM Grant Partnership

Through TVA and CDE Lightband's partnership, both Richview Middle School and Clarksville Academy were recipients of this year's STEM grant award, recognizing their work to spark student interest in future careers in STEM-related fields. Seen here, a Richview teacher demonstrates how students apply engineering and design process as they build and code robots to complete tasks.

COVID-Relief Recognition

TVA's Lynn Huffstetler (R) presents an award to General Manager, Brian Taylor (L), for CDE Lightband's relief efforts for customers dealing with hardships throughout the pandemic. Most notably, the Community Care fund was established to aid local non-profits in this endeavor. In the peak of the pandemic, CDE Lightband had also temporarily paused all cut-offs for nonpay for several months.



CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
AUDITED FINANCIAL STATEMENTS
AND OTHER INFORMATION
JUNE 30, 2022 AND 2021

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION

Table of Contents

	<u>Page</u>
Directory of Clarksville Power Board and Management (Unaudited)	1
Independent Auditor’s Report	2 - 5
Management’s Discussion and Analysis (Unaudited)	6 - 15
 FINANCIAL STATEMENTS	
Statements of Net Position - Electric Division	16 - 17
Statements of Net Position - Broadband Division	18
Statements of Revenues, Expenses and Changes in Net Position - Electric Division.....	19
Statements of Revenues, Expenses and Changes in Net Position - Broadband Division.....	20
Statements of Cash Flows - Electric Division	21 - 22
Statements of Cash Flows - Broadband Division	23
Notes to Financial Statements	24 - 49
 REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in Total OPEB Liability and Related Ratios – OPEB Plan.....	50 - 51

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION

Table of Contents - Continued

	<u>Page</u>
OTHER INFORMATION	
Schedules of Operating Revenues - Electric Division.....	52
Schedules of Operating Expenses - Electric Division	53
Schedules of Operating Revenues and Costs of Services - Broadband Division	54
Schedule of Bond Principal and Interest Maturities - Electric Division.....	55
Schedule of Changes in Long-Term Debt by Individual Issue - Electric Division and Broadband Division	56
Schedule of Transfers - Electric Division and Broadband Division.....	57
Schedules of Statistical Data - Electric Division and Broadband Division (Unaudited)	58
Schedule of Rates - Electric Division (Unaudited).....	59 - 61
Schedule of Rates - Broadband Division (Unaudited).....	62
COMPLIANCE SECTION	
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 <i>Government Auditing Standards</i>	63 - 64
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	65 - 67
Schedule of Expenditures of Federal Awards and State Financial Assistance	68
Schedule of Findings and Questioned Costs.....	69 - 70
Schedule of Prior Year Findings.....	71

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
DIRECTORY OF CLARKSVILLE POWER BOARD AND MANAGEMENT (UNAUDITED)
JUNE 30, 2022

CLARKSVILLE POWER BOARD

Mayor Joe Pitts, Ex-Officio

Ron Jackson, Chair

Travis Holleman

Darla Knight

Garnett Ladd

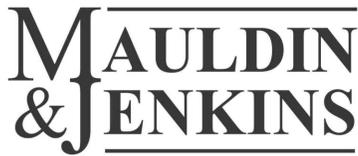
Kunal Shah

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 Audit of the Financial Statements

Opinions

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, 2022 and June 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

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, 2022 and June 30, 2021, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Electric Division and Broadband Division of CDE Lightband, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of CDE Lightband are intended to present the financial position, the changes in its financial position, and, where applicable, its cash flows of only that portion of the business-type activities and each major fund of the City of Clarksville, Tennessee that is attributable to the transactions of CDE Lightband. They do not purport to, and do not, present fairly the financial position of the City of Clarksville, Tennessee, as of June 30, 2022 and June 30, 2021, 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 State of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CDE Lightband's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CDE Lightband's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

-
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CDE Lightband's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 6-15, and 50-51, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CDE Lightband's basic financial statements. The accompanying Schedules of Operating Revenues – Electric Division, Schedules of Operating Expenses – Electric Division, Schedules of Operating Revenues and Cost of Services – Broadband Division, Schedule of Bond Principal and Interest Maturities – Electric Division, Schedule of Changes in Long-Term Debt by Individual Issue, Schedule of Transfers, and schedule of expenditures of federal and state awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Schedules of Operating Revenues – Electric Division, Schedules of Operating Expenses – Electric Division, Schedules of Operating Revenues and Cost of Services – Broadband Division, Schedule of Bond Principal and Interest Maturities – Electric Division, Schedule of Changes in Long-Term Debt by Individual Issue, Schedule of Transfers, and schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Directory of Clarksville Power Board and Management, Schedules of Statistical Data – Electric Division and Broadband Division, Schedule of Rates – Electric Division, and Schedule of Rates – Broadband Division, but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2022 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.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
October 12, 2022

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022 AND 2021

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 year ending June 30, 2022, as compared to fiscal years 2021 and 2020, 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, 2022 AND 2021

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 79,000 customers at June 30, 2022.

The infrastructure also allows the Broadband Division to offer digital video, high speed internet and phone services to 26,948 customers at June 30, 2022, compared to 25,559 at June 30, 2021. 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 decreased 3.87% to \$297.8 million in fiscal year 2022. The decrease in Current Assets drove most of this change, which itself was driven by the netting of prepaid power with accounts payable for power. This change also caused Current Liabilities to decrease. Capital Assets decreased due to current deployment of new generation of smart meters, which caused the older meters to be retired. Other assets decreased primarily due to 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, 2022 AND 2021

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

	<u>June 30,</u>			Dollar Change	Total Percent Change
	<u>2022</u>	<u>2021</u>	<u>2020</u>		
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current Assets	\$ 69,181,601	\$ 77,549,365	\$ 68,302,923	\$ (8,367,764)	-10.79%
Restricted Assets	10,981,521	11,238,041	10,717,155	(256,520)	-2.28%
Capital Assets (Net)	214,480,719	217,140,440	211,302,953	(2,659,721)	-1.22%
Other Assets	642,396	1,039,824	5,383,108	(397,428)	-38.22%
TOTAL ASSETS	<u>295,286,237</u>	<u>306,967,670</u>	<u>295,706,139</u>	<u>(11,681,433)</u>	<u>-3.81%</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,522,612</u>	<u>2,818,919</u>	<u>3,115,227</u>	<u>(296,307)</u>	<u>-10.51%</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 297,808,849</u>	<u>\$ 309,786,589</u>	<u>\$ 298,821,366</u>	<u>\$ (11,977,740)</u>	<u>-3.87%</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
Current Liabilities	\$ 12,701,519	\$ 32,167,093	\$ 30,789,652	\$ (19,465,574)	-60.51%
Other - Noncurrent Liabilities	10,811,613	11,287,984	12,253,178	(476,371)	-4.22%
Long Term Debt	56,072,290	59,985,510	63,823,730	(3,913,220)	-6.52%
TOTAL LIABILITIES	<u>79,585,422</u>	<u>103,440,587</u>	<u>106,866,560</u>	<u>(23,855,165)</u>	<u>-23.06%</u>
DEFERRED INFLOWS OF RESOURCES	<u>829,435</u>	<u>943,230</u>	<u>246,418</u>	<u>(113,795)</u>	<u>-12.06%</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>80,414,857</u>	<u>104,383,817</u>	<u>107,112,978</u>	<u>(23,968,960)</u>	<u>-22.96%</u>
Net investment in Capital Assets	157,463,450	156,507,879	145,210,330	955,571	0.61%
Restricted for Debt Service	10,981,521	11,238,041	10,717,155	(256,520)	-2.28%
Unrestricted net position	48,949,021	37,656,852	35,780,903	11,292,169	29.99%
NET POSITION	<u>217,393,992</u>	<u>205,402,772</u>	<u>191,708,388</u>	<u>11,991,220</u>	<u>5.84%</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 297,808,849</u>	<u>\$ 309,786,589</u>	<u>\$ 298,821,366</u>	<u>\$ (11,977,740)</u>	<u>-3.87%</u>

Summaries of the Broadband Division Statements of Net Position are presented in Table 2. Current Assets increased 40.46%, due to increased cash on hand. Current Liabilities also increased significantly, as accounts payable increased for equipment ordered for XGS PON technology. This technology will help CDE Lightband expand service offerings to customers.

**CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022 AND 2021**

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

	June 30,			Dollar Change	Total Percent Change
	2022	2021	2020		
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current Assets	\$ 16,442,350	\$ 9,790,138	\$ 8,296,789	\$ 6,652,212	40.46%
Non Current Assets	4,208,995	4,383,192	3,588,097	(174,197)	-4.14%
TOTAL ASSETS	20,651,345	14,173,330	11,884,886	6,478,015	31.37%
DEFERRED OUTFLOWS OF RESOURCES	40,621	47,600	63,466	(6,979)	-17.18%
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 20,691,966	\$ 14,220,930	\$ 11,948,352	\$ 6,471,036	31.27%
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
Current Liabilities	\$ 5,211,343	\$ 3,325,773	\$ 3,648,351	\$ 1,885,570	36.18%
Noncurrent Liabilities	158,123	171,153	3,228,975	(13,030)	-8.24%
TOTAL LIABILITIES	5,369,466	3,496,926	6,877,326	1,872,540	34.87%
DEFERRED INFLOWS OF RESOURCES	247,474	288,370	84,552	(40,896)	-16.53%
Net investment in Capital Assets	4,208,995	4,383,192	3,588,097	(174,197)	-4.14%
Unrestricted net position	10,866,031	6,052,442	1,398,377	4,813,589	44.30%
NET POSITION	15,075,026	10,435,634	4,986,474	4,639,392	30.78%
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 20,691,966	\$ 14,220,930	\$ 11,948,352	\$ 6,471,036	31.27%

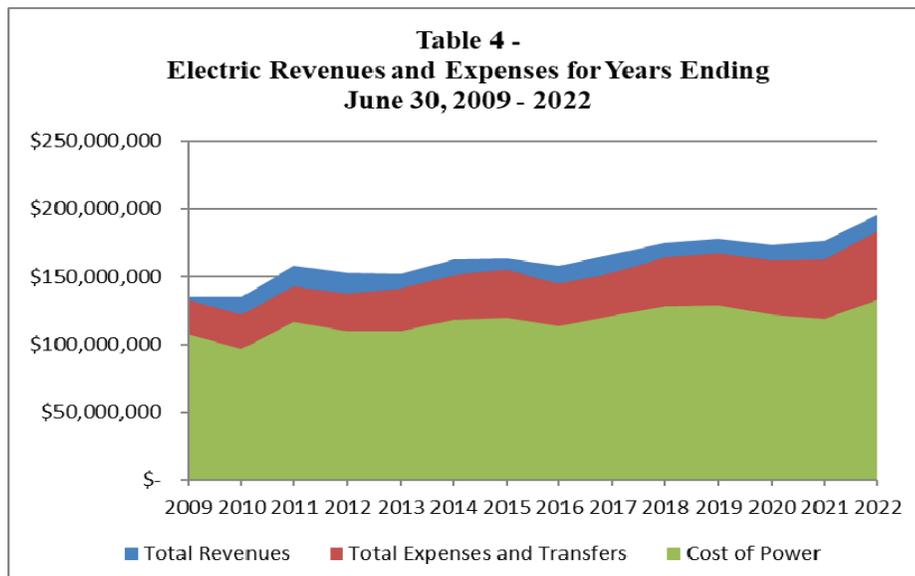
While the Statements of Net Position show the change in net position, the Statements of Revenue and Expenses and Changes in Net Position detail the nature and source of these changes. As shown in Table 3, Electric Division operating revenue increased by 10.91%, while Cost of Power had a similar increase of 11.29%. Revenue and expense for the Electric Division are driven primarily by electric consumption, and fuel costs, which, per customer, were up compared to 2021. Other Operating Expenses increased significantly due to recognition of depreciation on the group of meters retired early.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022 AND 2021

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
	2022	2021	2020		
Operating Revenues	\$ 195,277,704	\$ 176,071,668	\$ 173,358,347	\$ 19,206,036	10.91%
Cost of Power	132,343,420	118,915,456	121,847,741	13,427,964	11.29%
Other Operating Expenses	43,977,116	36,571,065	35,063,475	7,406,051	20.25%
Non Operating (Revenues) Expenses	1,855,627	1,735,405	1,536,336	120,222	6.93%
Total Expenses	178,176,163	157,221,926	158,447,552	20,954,237	13.33%
Transfers to Other Funds	5,110,321	5,155,358	4,857,272	(45,037)	-0.87%
Change in Net Position	11,991,220	13,694,384	10,053,523	(1,703,164)	-12.44%
Net Position - Beginning	205,402,772	191,708,388	181,654,865	13,694,384	7.14%
Net Position - Ending	<u>\$ 217,393,992</u>	<u>\$ 205,402,772</u>	<u>\$ 191,708,388</u>	<u>\$ 11,991,220</u>	<u>5.84%</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 and beyond of a decrease in wholesale power costs, via a long term partnership credit from TVA, can be seen.



CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022 AND 2021

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 10.51%, with a larger increase in total expenses of 17.53%. This is due to Costs of Services (the largest driver) increasing similarly, with a 12.40% increase, but also due to Other Operating Expenses increasing because the fiber network rental rate increased by 50% from 2021.

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
	2022	2021	2020		
Operating Revenues	\$ 27,874,850	\$ 25,223,241	\$ 23,408,909	\$ 2,651,609	10.51%
Cost of Services	11,626,160	10,343,676	10,066,322	1,282,484	12.40%
Network Expense	2,075,450	1,976,791	2,266,154	98,659	4.99%
Other Operating Expenses	9,486,189	7,363,555	6,771,043	2,122,634	28.83%
Non Operating (Revenues) Expenses	(31,977)	18,781	66,854	(50,758)	-270.26%
Total Expenses	23,155,822	19,702,803	19,170,373	3,453,019	17.53%
Transfers to other Funds	79,636	71,278	55,902	8,358	11.73%
Change in Net Position	4,639,392	5,449,160	4,182,634	(809,768)	-14.86%
Net Position - Beginning	10,435,634	4,986,474	803,840	5,449,160	109.28%
Net Position - Ending	\$ 15,075,026	\$ 10,435,634	\$ 4,986,474	\$ 4,639,392	44.46%

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. 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, 2022 AND 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2022, the Electric Division had net capital assets of \$214 million. This is a decrease of 1.22% from 2021. While normal plant growth and related increases of around \$7M occurred again this year, CDE had the rare circumstance where a new generation of meters were quickly deployed, necessitating the retirement of nearly \$8M in metering equipment, which drove the overall decrease. All capital projects completed in 2022 and 2021 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
	2022	2021	2020		
Transmission and Distribution Plant	\$ 169,166,137	\$ 171,834,575	\$ 162,644,061	\$ (2,668,438)	-1.55%
General Plant	152,701,916	134,850,385	128,707,341	17,851,531	13.24%
Construction Work in Progress	<u>15,878,838</u>	<u>26,004,275</u>	<u>27,360,208</u>	<u>(10,125,437)</u>	<u>-38.94%</u>
Total Plant	337,746,891	332,689,235	318,711,610	5,057,656	1.52%
Unamortized Acquisition Adjustment	-	-	36,054	-	0.00%
Less Accum Depr	<u>123,266,172</u>	<u>115,548,795</u>	<u>107,444,711</u>	<u>7,717,377</u>	<u>6.68%</u>
Net Capital Assets	<u>\$ 214,480,719</u>	<u>\$ 217,140,440</u>	<u>\$ 211,302,953</u>	<u>\$ (2,659,721)</u>	<u>-1.22%</u>

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022 AND 2021

The Broadband Division had a slight decrease in net capital assets of 3.97%, due to fewer purchases of set top boxes and plume pods, due to fewer of these items being needed. Please see Table 7.

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

	June 30,			Dollar Change	Total Percent Change
	2022	2021	2020		
Operations Plant	\$ 10,157,957	\$ 9,768,602	\$ 8,661,305	\$ 389,355	3.99%
General Plant	752,340	656,032	559,074	96,308	14.68%
Construction Work in Progress	373,065	67,554	8,323	305,511	452.25%
Total Plant	11,283,362	10,492,188	9,228,702	791,174	7.54%
Less Accumulated Depreciation	7,074,367	6,108,996	5,640,605	965,371	15.80%
Net Capital Assets	\$ 4,208,995	\$ 4,383,192	\$ 3,588,097	\$(174,197)	-3.97%

LONG TERM DEBT

At the end of fiscal year 2022, the Electric Division had total principal long-term debt of \$59,392,290, including current portion of \$3,320,000.

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.

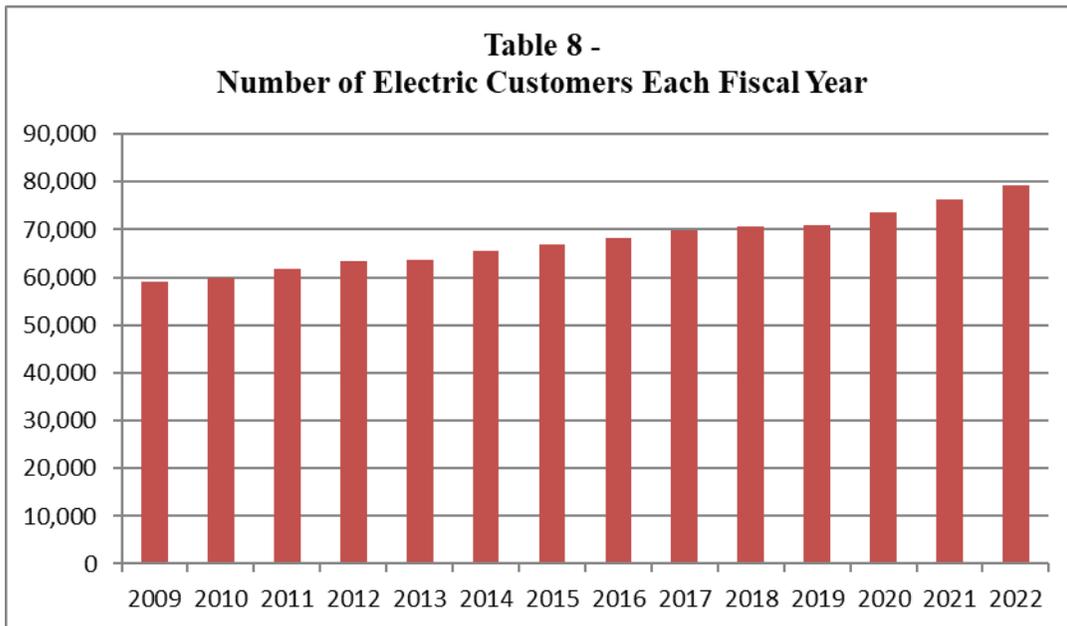
The purpose of the Series 2017 Bonds was to refund part of the 2010 Series Electric System Revenue and Improvement Bonds, pay the costs of issuance, and recognize interest savings.

The Broadband Division has no long-term debt.

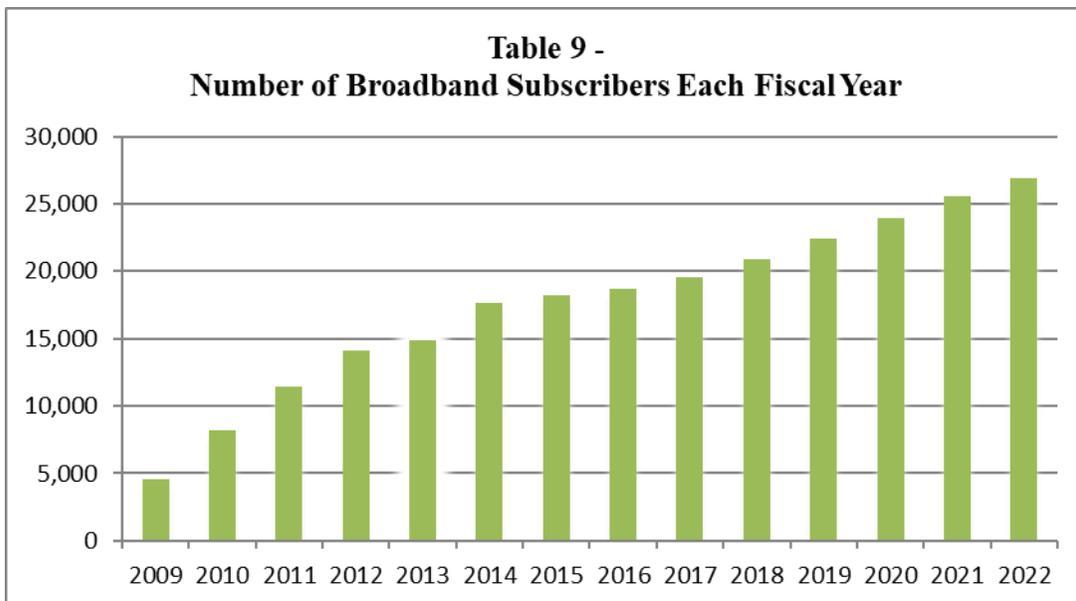
CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022 AND 2021

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 2.5% 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, 2022 AND 2021

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, 2022 AND 2021

	2022	2021
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 37,196,547	\$ 38,568,291
Accounts receivable, net of allowance of \$58,083 and \$52,186	23,765,397	17,973,899
Materials and supplies	6,730,539	3,664,685
TVA prepayments	-	16,101,296
Other prepayments	669,907	561,149
Interdivisional receivable - Broadband Division - current allocated costs	819,211	680,045
Total current assets	69,181,601	77,549,365
NONCURRENT ASSETS:		
Restricted assets:		
Cash and cash equivalents	10,981,521	11,238,041
Total restricted assets	10,981,521	11,238,041
Capital assets - at cost:		
Electric plant in service	321,868,053	306,684,960
Construction work in progress	15,878,838	26,004,275
Total electric plant	337,746,891	332,689,235
Less: Accumulated depreciation	(123,266,172)	(115,548,795)
Net capital assets	214,480,719	217,140,440
Other assets:		
Receivables - TVA Residential Energy Services Program	479,603	940,963
Other	162,793	98,861
Total other assets	642,396	1,039,824
Total noncurrent assets	226,104,636	229,418,305
TOTAL ASSETS	295,286,237	306,967,670
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amounts on bond refundings	2,375,021	2,597,949
Other postemployment benefits related	147,591	220,970
Total deferred outflows of resources	2,522,612	2,818,919
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 297,808,849	\$ 309,786,589

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

CDE LIGHTBAND
ELECTRIC DIVISION
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2022 AND 2021

	2022	2021
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	\$ 3,981,753	\$ 23,987,945
Current portion of long-term debt	3,320,000	3,245,000
Accrued interest	887,211	907,527
Current portion of accrued leave	1,205,310	1,049,444
Accrued wages and payroll withholdings	852,861	735,735
Other	49,790	48,458
Interdivisional temporary advances	2,404,594	2,192,984
Total current liabilities	12,701,519	32,167,093
NONCURRENT LIABILITIES:		
Long-term debt:		
Bonds payable	56,072,290	59,985,510
Total long-term debt	56,072,290	59,985,510
Other noncurrent liabilities:		
Customer deposits	7,642,820	7,324,431
Advances - TVA Residential Energy Services Program	527,153	1,011,810
Accrued leave	1,534,031	1,712,251
Total OPEB liability	1,035,708	1,212,198
Other	71,901	27,294
Total other noncurrent liabilities	10,811,613	11,287,984
Total noncurrent liabilities	66,883,903	71,273,494
TOTAL LIABILITIES	79,585,422	103,440,587
DEFERRED INFLOWS OF RESOURCES:		
Other postemployment benefits related	829,435	943,230
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:	80,414,857	104,383,817
NET POSITION:		
Net investment in capital assets	157,463,450	156,507,879
Restricted for debt service	10,981,521	11,238,041
Unrestricted net position	48,949,021	37,656,852
Total net position	217,393,992	205,402,772
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 297,808,849	\$ 309,786,589

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

CDE LIGHTBAND
BROADBAND DIVISION
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 10,663,646	\$ 5,020,538
Accounts receivable, net of allowance of \$66,012 and \$60,372	1,849,129	1,726,135
Interdivisional temporary advances	2,404,594	2,192,984
Prepaid expense	184,895	241,861
Materials and supplies	1,340,086	608,620
Total current assets	16,442,350	9,790,138
NONCURRENT ASSETS:		
Capital assets - at cost:		
Equipment	10,910,297	10,424,634
Construction work in progress	373,065	67,554
Total capital assets	11,283,362	10,492,188
Less: accumulated depreciation	(7,074,367)	(6,108,996)
Net capital assets	4,208,995	4,383,192
TOTAL ASSETS	\$ 20,651,345	\$ 14,173,330
DEFERRED OUTFLOWS OF RESOURCES:		
Other postemployment benefits related	40,621	47,600
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 20,691,966	\$ 14,220,930
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	\$ 3,447,672	\$ 1,776,549
Unearned revenue	944,460	869,179
Interdivisional payable - Electric Division - current allocated costs	819,211	680,045
Total current liabilities	5,211,343	3,325,773
NONCURRENT LIABILITIES:		
Total OPEB liability	158,120	171,167
Customer deposits	3	(14)
Total noncurrent liabilities	158,123	171,153
Total liabilities	5,369,466	3,496,926
DEFERRED INFLOWS OF RESOURCES:		
Other postemployment benefits related	247,474	288,370
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:	5,616,940	3,785,296
NET POSITION:		
Investment in capital assets	4,208,995	4,383,192
Unrestricted net position	10,866,031	6,052,442
Total net position	15,075,026	10,435,634
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 20,691,966	\$ 14,220,930

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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES:		
Charges for power, net uncollectible of \$264,984 and \$142,535	\$ 188,219,586	\$ 170,472,645
Other operating revenues	7,058,118	5,599,023
Total operating revenues	<u>195,277,704</u>	<u>176,071,668</u>
OPERATING EXPENSES:		
Cost of power	132,343,420	118,915,456
Distribution	4,964,458	4,269,584
Transmission	152,584	109,522
Customer accounts	4,090,964	3,594,819
Sales and customer service	594,134	569,295
Administrative and general	5,856,947	5,836,993
Maintenance	6,773,080	5,999,730
Taxes	2,197,192	2,152,138
Depreciation and amortization	19,347,757	14,038,984
Total operating expenses	<u>176,320,536</u>	<u>155,486,521</u>
Operating income	<u>18,957,168</u>	<u>20,585,147</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest expense	(1,992,062)	(2,070,313)
Interest and investment earnings	125,961	333,711
Miscellaneous	10,474	1,197
Total non-operating revenues (expenses)	<u>(1,855,627)</u>	<u>(1,735,405)</u>
Income before transfers	17,101,541	18,849,742
Transfers to City of Clarksville	<u>(5,110,321)</u>	<u>(5,155,358)</u>
INCREASE IN NET POSITION	11,991,220	13,694,384
NET POSITION - BEGINNING	<u>205,402,772</u>	<u>191,708,388</u>
NET POSITION - ENDING	<u>\$ 217,393,992</u>	<u>\$ 205,402,772</u>

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, 2022 AND 2021

	2022	2021
OPERATING REVENUES:		
Charges for service, net uncollectible of \$176,097 and \$134,582	\$ 26,610,764	\$ 23,808,895
Other operating revenues	1,264,086	1,414,346
Total operating revenues	27,874,850	25,223,241
OPERATING EXPENSES:		
Cost of service	11,626,160	10,343,676
Network expense	2,075,450	1,976,791
Fiber rent	3,678,808	2,321,761
Equipment expense	498	3,940
Marketing expense	857,053	759,784
Customer service	910,974	882,688
Administrative and general	1,590,274	1,470,551
Taxes	295,909	271,355
Employee benefits	1,001,767	908,962
Depreciation and amortization expense	1,150,906	744,514
Total operating expenses	23,187,799	19,684,022
Operating income	4,687,051	5,539,219
NON-OPERATING REVENUES (EXPENSES):		
Interest expense	-	(38,175)
Interest and investment earnings	31,977	19,394
Total non-operating expenses	31,977	(18,781)
Income before transfers	4,719,028	5,520,438
Transfers to City of Clarksville	(79,636)	(71,278)
CHANGE IN NET POSITION	4,639,392	5,449,160
NET POSITION - BEGINNING	10,435,634	4,986,474
NET POSITION - ENDING	\$ 15,075,026	\$ 10,435,634

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

CDE LIGHTBAND
ELECTRIC DIVISION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 182,746,477	\$ 171,081,129
Cash paid for power	(135,735,070)	(119,782,412)
Cash paid to suppliers	(27,579,124)	(5,441,370)
Cash paid to employees	(14,859,235)	(14,238,929)
Interdivisional payable	211,610	69,457
Interdivisional receivable	(139,166)	(680,045)
Other receipts	21,015,836	2,256,112
Net cash provided by operating activities	25,661,328	33,263,942
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Repayments from Broadband Division, net	-	3,637,278
Transfers to other funds	(5,110,321)	(5,155,358)
Other	10,474	1,197
Net cash used in noncapital financing activities	(5,099,847)	(1,516,883)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additions to plant	(16,688,036)	(19,876,471)
Payment of long-term debt	(3,245,000)	(3,155,000)
Interest paid	(2,382,670)	(2,469,087)
Net cash used in capital and related financing activities	(22,315,706)	(25,500,558)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	125,961	333,711
Net cash provided by investing activities	125,961	333,711
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,628,264)	6,580,212
CASH AND CASH EQUIVALENTS - BEGINNING	49,806,332	43,226,120
CASH AND CASH EQUIVALENTS - ENDING	\$ 48,178,068	\$ 49,806,332

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:

During both 2022 and 2021, \$593,220 was recorded to interest expense for amortization of bond premiums.

During both 2022 and 2021, \$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, 2022 AND 2021

	2022	2021
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 18,957,168	\$ 20,585,147
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	19,347,757	14,038,984
Changes in:		
Accounts receivable	(5,791,498)	331,402
Materials and supplies	(3,065,854)	(527,770)
Receivables - TVA Residential Energy Services Program	461,360	706,341
Advances - TVA Residential Energy Services Program	(484,657)	(710,703)
Accounts payable	(20,006,192)	699,644
Accrued expenses	94,772	526,914
Customer deposits	318,389	277,082
Prepayments	15,992,538	(2,310,703)
Other postemployment benefits	(176,490)	(522,666)
Interdivisional temporary advance	211,610	69,457
Interdivisional current receivable	(139,166)	(680,045)
Deferred inflows/outflows of resources - OPEB	(40,416)	770,191
Other	(17,993)	10,667
Net cash provided by operating activities	\$ 25,661,328	\$ 33,263,942

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

CDE LIGHTBAND
BROADBAND DIVISION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 26,563,068	\$ 23,828,936
Cash paid to suppliers	(15,857,174)	(14,346,847)
Cash paid to employees	(4,934,151)	(4,692,426)
Interdivisional temporary advances	(211,610)	(69,457)
Interdivisional current payables	139,166	680,045
Other receipts	968,177	1,142,991
Net cash provided by operating activities	6,667,476	6,543,242
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Repayments to Electric Division, net	-	(3,637,278)
Transfers to other funds	(79,636)	(71,278)
Net cash used in noncapital financing activities	(79,636)	(3,708,556)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additions to plant	(976,709)	(1,539,609)
Interest paid	-	(38,175)
Net cash used in capital and related financing activities	(976,709)	(1,577,784)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	31,977	19,394
Net cash provided by investing activities	31,977	19,394
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,643,108	1,276,296
CASH AND CASH EQUIVALENTS - BEGINNING	5,020,538	3,744,242
CASH AND CASH EQUIVALENTS - ENDING	\$ 10,663,646	\$ 5,020,538
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 4,687,051	\$ 5,539,219
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	1,150,906	744,514
Changes in:		
Accounts receivable	(122,994)	(46,561)
Materials and supplies	(731,466)	(36,601)
Prepaid assets	56,966	(64,434)
Accounts payable	1,671,123	(270,226)
Unearned revenue	75,281	67,603
Interdivisional temporary advances	(211,610)	(69,457)
Interdivisional current payables	139,166	680,045
Other postemployment benefits	(13,047)	(219,543)
Deferred inflows of resources	(40,896)	203,818
Deferred outflows of resources	6,979	15,866
Customer deposits	17	(1,001)
Net cash provided by operating activities	\$ 6,667,476	\$ 6,543,242

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

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022 AND 2021

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 \$10,981,521 and \$11,209,130 at June 30, 2022 and 2021, respectively. Assets restricted for construction of plant assets were \$-0- and \$28,911 at June 30, 2022 and 2021, 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 2022 or 2021. 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 \$19,347,757 and \$14,038,984 for the years ended June 30, 2022 and 2021, 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 \$1,150,906 and \$744,514 for the years ended June 30, 2022 and 2021, respectively.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022 AND 2021

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 \$5,110,321 and \$79,636, for the year ended June 30, 2022; \$5,155,358 and \$71,278 for the year ended June 30, 2021; 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, 2022 and 2021, respectively, were reported in the statements of net position, net of allowances of \$58,083 and \$52,186 in the Electric Division and \$66,012 and \$60,372 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, 2022 AND 2021

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 \$9.25 and \$6.14 for June 30, 2022 and June 30, 2021, respectively. 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, 2022 AND 2021

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,			
	2022		2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Tennessee Local Government Investment Pool	\$63,362	\$ 63,362	\$63,231	\$ 63,231

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, 2022 and 2021, respectively, the Electric Division's cash and other deposits, reported in the financial statements at \$48,178,068 and \$49,806,332, were represented by bank balances of \$46,598,783 and \$48,928,198, all of which were insured or collateralized by the FDIC or the State of Tennessee Collateral Pool.

At June 30, 2022 and 2021, respectively, the Broadband Division's cash and other deposits, reported at \$10,663,646 and \$5,020,538 were represented by bank balances of \$10,682,604 and \$5,175,259, 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 \$1,222,563 and \$979,661 at June 30, 2022, and June 30, 2021, respectively. 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, 2022 AND 2021

4. CAPITAL ASSETS

Electric Division - A summary of changes in Electric Plant as of June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
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	26,004,275	39,044,073	(49,169,510)	15,878,838
	<u>28,001,993</u>	<u>39,044,073</u>	<u>(49,169,510)</u>	<u>17,876,556</u>
GENERAL PLANT				
Structures and improvements	10,443,688	12,277,304	(28,205)	22,692,787
Transportation equipment	5,619,018	222,535	(77,269)	5,764,284
Communication equipment	112,677,872	5,575,011	(361,202)	117,891,681
Furniture & equipment	5,373,918	250,254	(6,989)	5,617,183
	<u>134,114,496</u>	<u>18,325,104</u>	<u>(473,665)</u>	<u>151,965,935</u>
TRANSMISSION				
Poles & fixtures	1,598,790	-	-	1,598,790
Overhead conductors & devices	560,373	-	-	560,373
	<u>2,159,163</u>	<u>-</u>	<u>-</u>	<u>2,159,163</u>
DISTRIBUTION				
Station equipment	46,338,568	329,733	-	46,668,301
Electric transmission systems	122,075,015	7,974,854	(10,972,933)	119,076,936
	<u>168,413,583</u>	<u>8,304,587</u>	<u>(10,972,933)</u>	<u>165,745,237</u>
TOTAL ELECTRIC PLANT IN SERVICE	332,689,235	65,673,764	(60,616,108)	337,746,891
Unamortized plant acquisition adjustments	-	-	-	-
TOTAL ELECTRIC PLANT	<u>\$ 332,689,235</u>	<u>\$ 65,673,764</u>	<u>\$ (60,616,108)</u>	<u>\$ 337,746,891</u>

The estimated costs to complete Electric Division work in progress are approximately \$8,000,000 as of June 30, 2022.

There were reclassifications between electric plant groupings in the July 1, 2021 balances. The effect to total electric plant was \$-0-.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

4. CAPITAL ASSETS - Continued

Electric Division - A summary of changes in accumulated depreciation on Electric Plant as of June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
GENERAL PLANT				
Structures and improvements	\$ 3,812,116	\$ 672,567	\$ (230,168)	\$ 4,254,515
Transportation equipment	3,273,958	514,143	(105,263)	3,682,838
Communication equipment	48,600,463	6,532,580	(402,622)	54,730,421
Furniture & equipment	2,550,171	587,515	(6,989)	3,130,697
	<u>58,236,708</u>	<u>8,306,805</u>	<u>(745,042)</u>	<u>65,798,471</u>
TRANSMISSION				
Poles & fixtures	1,064,072	43,967	-	1,108,039
Overhead conductors & devices	559,902	-	-	559,902
	<u>1,623,974</u>	<u>43,967</u>	<u>-</u>	<u>1,667,941</u>
Distribution				
Station equipment	15,736,145	1,392,847	-	17,128,992
Electric transmission system	39,951,968	9,636,248	(10,917,448)	38,670,768
	<u>55,688,113</u>	<u>11,029,095</u>	<u>(10,917,448)</u>	<u>55,799,760</u>
TOTAL ACCUMULATED DEPRECIATION ON ELECTRIC PLANT	<u>\$ 115,548,795</u>	<u>\$ 19,379,867</u>	<u>\$ (11,662,490)</u>	<u>\$ 123,266,172</u>

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

4. CAPITAL ASSETS - Continued

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, 2022 AND 2021

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>

Broadband Division - A summary of changes in Broadband Plant as of June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Circuit equipment	\$ 4,851,536	\$ 7,944	\$ (36,630)	\$ 4,822,850
Operation systems	831,390	-	-	831,390
Radio systems	118,049	-	-	118,049
Station apparatus	3,910,959	794,141	(376,100)	4,329,000
Other equipment	56,668	-	-	56,668
Office equipment	89,028	38,217	(6,847)	120,398
Motor vehicles	567,004	93,685	(28,747)	631,942
Work in progress	67,554	1,099,612	(794,101)	373,065
TOTAL CAPITAL ASSETS	<u>\$ 10,492,188</u>	<u>\$ 2,033,599</u>	<u>\$(1,242,425)</u>	<u>\$ 11,283,362</u>
	Balance			Balance
	July 1, 2021	Additions	Deletions	June 30, 2022
TOTAL ACCUMULATED DEPRECIATION	<u>\$ 6,108,996</u>	<u>\$ 1,305,100</u>	<u>\$(339,729)</u>	<u>\$ 7,074,367</u>

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

4. CAPITAL ASSETS - Continued

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>

There are no substantial costs to complete Broadband Division work in progress as of June 30, 2022 or 2021.

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, 2022 and 2021, are timing differences.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

6. INTERDIVISIONAL RECEIVABLE/PAYABLE - BROADBAND DIVISION

Changes in the interdivisional payable/receivable account for the years ended June 30, 2022 and 2021 were as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Loan</u> <u>Draws</u>	<u>Loan</u> <u>Repayments</u>	<u>Changes</u> <u>in Current</u> <u>Receivable</u> <u>Payable</u>	<u>Balance</u> <u>June 30, 2022</u>
Interdivisional					
Receivable					
Payable	\$ 680,045	\$ -	\$ -	\$ 139,166	\$ 819,211
	<u>Balance</u> <u>July 1, 2020</u>	<u>Loan</u> <u>Draws</u>	<u>Loan</u> <u>Repayments</u>	<u>Changes</u> <u>in Current</u> <u>Receivable</u> <u>Payable</u>	<u>Balance</u> <u>June 30, 2021</u>
Interdivisional					
Receivable					
Payable	\$ 3,637,278	\$ -	\$ (2,895,931)	\$ (61,302)	\$ 680,045

As of June 30, 2022 and 2021, the interdivisional payable represents current allocated monthly expenses incurred by the Broadband Division from the Electric Division.

Prior to the final payment of the long-term loan in fiscal year ending June 30, 2021, the interdivisional payable represented 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, was the highest interest rate earned by the Electric Division on deposited funds in the previous month. As the long-term loan was repaid in full, this rate of interest was 0% at June 30, 2022 and 2021, respectively.

7. ACCUMULATED VACATION AND SICK LEAVE

CDE Lightband provides paid time away from work under its annual vacation policy dated March 1, 2014 and sick leave policy revised January 25, 2022. 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, 2022 AND 2021

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 in December. 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.

A leave donation option was added to the sick leave policy on January 25, 2022. This option allows employees to donate accrued sick leave to a general pool to be used by fellow employees who experience medical emergencies and have used all paid time off available to them. There are no participants in the current plan year.

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

	<u>2022</u>	<u>2021</u>
Current portion	\$ 1,205,310	\$ 1,049,444
Noncurrent portion	<u>1,534,031</u>	<u>1,712,251</u>
Totals	<u>\$ 2,739,341</u>	<u>\$ 2,761,695</u>

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2021 and 2020, there were \$-0- in forfeitures applied.

CDE established a progress sharing plan as part of the Plan. Employees were initially 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, 2022 and 2021.

	June 30,	
	2022	2021
CONTRIBUTIONS		
Employer contributions	\$ 339,922	\$ 319,661
Employer progress sharing contributions	1,128,956	1,050,936
Employee contributions	613,334	575,738
Totals	\$ 2,082,212	\$ 1,946,335

The Plan is audited on a calendar year basis and the market value of the Plan assets as of December 31, 2021 and 2020 is as follows:

	2021	2020
Market value of plan assets		
Totals	\$ 23,302,628	\$ 20,240,766

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022 AND 2021

9. OTHER POSTEMPLOYMENT BENEFITS – Continued

Total OPEB Liability

The Divisions’ total OPEB liability as of June 30, 2022 and June 30, 2021 totaled \$1,193,828 and \$1,383,365, respectively, with measurement dates of June 30, 2022 and June 30, 2021. The total OPEB liability was determined by the actuarial valuation as of July 1, 2021 with updates made as of June 30, 2022 to the discount rate and mortality assumption.

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	June 30, 2021: 2.18%
	June 30, 2022: 4.09%
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, 2022 of 4.09% compared to the prior rate at June 30, 2021 of 2.18%. The mortality rates are based on the State of Tennessee local government mortality rates with Improvement Scale MP-2021 used as of June 30, 2022 compared to Improvement Scale MP-2020 used as of June 30, 2021. Retirement rates are based on the 2017-2021 experience study. The aging of claims analysis was adopted beginning June 30, 2021. 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, 2022 AND 2021

9. OTHER POSTEMPLOYMENT BENEFITS – Continued

Changes in the Total OPEB Liability as of June 30, 2022 is as follows:

	Total OPEB Liability
Balances as of 06/30/2021	\$ 1,383,365
Changes for the year:	
Service cost	67,075
Interest	30,126
Benefit changes	-
Difference between expected and actual experience	(32,134)
Changes of assumptions	(186,083)
Contributions - employer	-
Contributions - members	-
Net investment income	-
Refunds of contributions	-
Benefits paid	(68,521)
Administrative expenses and other	-
Net changes	(189,537)
Balances as of 06/30/2022	\$ 1,193,828

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

9. OTHER POSTEMPLOYMENT BENEFITS – Continued

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

	Total OPEB Liability
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	(742,209)
Balances as of 06/30/2021	\$ 1,383,365

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 (3.09%) or 1-percentage-point higher (5.09%) than the current discount rate:

	1% Decrease 3.09%	Current Rate 4.09%	1% Increase 5.09%
Total OPEB Liability	\$1,288,754	\$1,193,828	\$1,108,551

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 5.25%, to 4.75% over 2 years and following the Getzen model thereafter	Current 6.25%, to 5.75% over 2 years and following the Getzen model thereafter	1% Increase 7.25%, to 6.75% over 2 years and following the Getzen model thereafter
Total OPEB Liability	\$1,074,102	\$1,193,828	\$1,337,381

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

For the years ended June 30, 2022 and 2021, the Divisions recognized OPEB expense of (\$195,349) and \$306,761, respectively. At June 30, 2022, the Divisions reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 188,212	\$ 337,826
Change of assumptions or other inputs	-	739,083
 Total	 <u>\$ 188,212</u>	 <u>\$ 1,076,909</u>

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>	
2023	\$ (292,551)
2024	(292,548)
2025	(300,623)
2026	(496)
2027	(496)
Thereafter	(1,983)
Total	<u>\$ (888,697)</u>

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 2022 and 2021 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, 2022:</u>		
Total OPEB Liability	\$ 1,035,708	\$ 158,120
Deferred Inflows of Resources	829,435	247,474
Deferred Outflows of Resources	147,591	40,621
 <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

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

10. LONG-TERM DEBT

Long-term debt consists of the following:

BONDS PAYABLE

Series Description	Balance June 30, 2021	New Borrowings	Principal Payments	Refundings	Amortization	Balance June 30, 2022
Series 2014 Bonds	\$ 1,065,000	\$ -	\$ (345,000)	\$ -	\$ -	\$ 720,000
Series 2015 Bonds	31,190,000	-	(2,345,000)	-	-	28,845,000
Series 2017 Bonds	24,130,000	-	(555,000)	-	-	23,575,000
Bonds Payable	<u>56,385,000</u>	-	<u>(3,245,000)</u>	-	-	<u>53,140,000</u>
Plus unamortized bond premium	6,845,510	-	-	-	(593,220)	6,252,290
	<u>63,230,510</u>	<u>\$ -</u>	<u>\$(3,245,000)</u>	<u>\$ -</u>	<u>\$ (593,220)</u>	<u>59,392,290</u>
Less current portion	<u>(3,245,000)</u>					<u>(3,320,000)</u>
	<u>\$ 59,985,510</u>					<u>\$ 56,072,290</u>

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>(3,155,000)</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>

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, 2022 AND 2021

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 \$355,000 to \$365,000 between September 1, 2022 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 \$2,395,000 to \$3,465,000 between September 1, 2022 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 \$570,000 to \$5,430,000 between September 1, 2022 and September 1, 2034. These bonds bear interest ranging from 3% 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, 2022 AND 2021

10. LONG-TERM DEBT - Continued

Future payments on Long-Term Debt are as follows:

<u>Fiscal Year Ending Year Ended June 30,</u>	<u>Bonds Payable</u>	<u>Total Principal</u>	<u>Total Interest</u>
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	3,910,000	3,910,000	1,700,800
2028-2032	22,750,000	22,750,000	5,312,325
2033-2035	12,465,000	12,465,000	611,700
Totals	<u>\$ 53,140,000</u>	<u>\$ 53,140,000</u>	<u>\$ 16,061,350</u>

Total interest costs incurred and charged to the Electric Division, including amortization expense were \$1,992,062 and \$2,070,313 during 2022 and 2021, respectively. Interest costs of \$-0- were capitalized by the Electric Division during both 2022 and 2021. 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 \$-0- and \$38,175 during the fiscal years ended June 30, 2022 and 2021, respectively. Interdivisional interest income/expense was \$-0- and \$38,175 during the fiscal years ended June 30, 2022 and 2021, 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, 2022 AND 2021

11. OTHER NONCURRENT LIABILITIES

Electric Division:

<u>Other Noncurrent Liabilities Description</u>	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
Customer deposits	\$ 7,324,431	\$ 2,677,696	\$ (2,359,307)	\$ 7,642,820
TVA - RES program	1,011,810	65,420	(550,077)	527,153
Accrued leave	1,712,251	816,520	(994,740)	1,534,031
Other postemployment benefits	1,212,198	84,327	(260,817)	1,035,708
Other	<u>27,294</u>	<u>392,629</u>	<u>(348,022)</u>	<u>71,901</u>
	<u>\$ 11,287,984</u>	<u>\$ 4,036,592</u>	<u>\$ (4,512,963)</u>	<u>\$ 10,811,613</u>

<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	85,174	(607,840)	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>\$ 3,677,215</u>	<u>\$ (4,642,409)</u>	<u>\$ 11,287,984</u>

Broadband Division:

<u>Other Noncurrent Liabilities Description</u>	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
Other postemployment benefits	\$ 171,167	\$ 12,874	\$ (25,921)	\$ 158,120
Customer deposits	<u>(14)</u>	<u>4,267</u>	<u>(4,250)</u>	<u>3</u>
	<u>\$ 171,153</u>	<u>\$ 17,141</u>	<u>\$ (30,171)</u>	<u>\$ 158,123</u>

<u>Other Noncurrent Liabilities Description</u>	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Other postemployment benefits	\$ 390,710	\$ 12,027	\$ (231,570)	\$ 171,167
Customer deposits	<u>987</u>	<u>3,198</u>	<u>(4,199)</u>	<u>(14)</u>
	<u>\$ 391,697</u>	<u>\$ 15,225</u>	<u>\$ (235,769)</u>	<u>\$ 171,153</u>

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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.

For the fiscal years ended June 30, 2022 and 2021, allocated infrastructure costs were as follows:

	June 30, 2022			June 30, 2021		
	Unit Costs	Annual Broadband Units	Allocated Costs	Unit Costs	Annual Broadband Units	Allocated Costs
Depreciation	\$4.87	397,709	\$1,936,843	\$2.84	378,137	\$ 1,073,909
Interest	2.88	397,709	1,145,402	2.04	378,137	771,399
Taxes	0.83	397,709	330,098	0.78	378,137	294,947
Pole Attachment	<u>0.67</u>	397,709	<u>266,465</u>	<u>0.48</u>	378,137	<u>181,506</u>
Totals	<u>\$9.25</u>		<u>\$3,678,808</u>	<u>\$6.14</u>		<u>\$2,321,761</u>

During the 2008 fiscal year, the Broadband Division began “renting” an office building from the Electric Division for Broadband operations. During the 2022 and 2021 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 2022 and 2021 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, 2022 and 2021.

At June 30, 2022 and 2021, the Electric Division owed the Broadband Division \$2,404,594 and \$2,192,984, 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.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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,			
	2022	2021	2020	2019
Total OPEB liability				2018
Service Cost	\$ 67,075	\$ 141,554	\$ 137,712	\$ 131,154
Interest	30,126	61,604	57,237	52,477
Change in benefit terms	-	341,599	-	-
Differences between expected and actual experience	(32,134)	(498,840)	-	534,757
Change of assumptions	(186,083)	(729,031)	-	(486,309)
Benefit payments, including refunds of employee contributions	(68,521)	(59,095)	(51,197)	(34,930)
Net change in total OPEB liability	(189,537)	(742,209)	143,752	188,574
Total OPEB liability - beginning	1,383,365	2,125,574	1,981,822	1,793,248
Total OPEB liability - ending	\$ 1,193,828	\$ 1,383,365	\$ 2,125,574	\$ 1,981,822
Covered-employee payroll	\$ 12,902,140	\$ 12,649,157	\$ 11,562,842	\$ 11,336,119
Total OPEB Liability as a percentage of covered-employee payroll	9.3%	10.9%	18.4%	17.5%

See Notes to Schedule.

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.

No assets are accumulated in a Trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits of the plan.

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

Notes to Schedule:

The City of Clarksville Department of Electricity sponsors a single-employer defined benefit post-retirement medical plan, not administered through a trust. The actuarial assumptions presented in the Schedule of Changes in Total OPEB Liability are as follows:

In fiscal year 2022, the discount rate used is 4.09% based on the S&P Municipal Bond 20-year High Grade Rate Index as of June 30, 2022 compared to 2.18% as of June 30, 2021. The Mortality Improvement was updated to Improvement Scale MP-2021.

In fiscal year 2021, the discount rate was 2.18% based on the S&P Municipal Bond 20-year High Grade Rate Index as of June 30, 2021 compared to the prior Statement No. 75 discount rate of 2.79%. The assumed trend rate for medical claims is 6.25% grading uniformly to 5.75% over 2 years, and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075. The Mortality Improvement was updated to Improvement Scale MP-2020. Retirement rates were updated based on a 2017-2021 experience study. The aging of claims analysis was adopted beginning June 30, 2021. Claims were adjusted for age based on the factors described in the Dale Yamamoto study released by the Society of Actuaries in June 2013.

In addition, for fiscal year 2021, there were two changes in benefit terms recognized immediately in the expense. 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 in change of benefit terms is \$341,599.

In fiscal year 2019, the discount rate was 2.79% based on the S&P Municipal Bond 20-year High Grade Index Rate Index as of June 30, 2019 compared to the prior Statement No. 75 discount rate of 3.17%. The assumed trend rate for medical claims changed from 8% grading uniformly to an ultimate rate of 5% over 10 years to 7.50% grading uniformly to 6.75% over 3 years, and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in year 2075. The mortality rates were based on the local government decrement rate studies completed for the State of Tennessee projected to 2019. The retirement rates were based on the local government rates for the State of Tennessee.

CDE LIGHTBAND
ELECTRIC DIVISION
SCHEDULES OF OPERATING REVENUES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
OPERATING REVENUES:		
Charges for power:		
Residential	\$ 118,025,881	\$ 105,894,985
Small commercial	18,879,891	17,388,710
Large commercial	48,455,716	44,401,972
Street and outdoor lights	1,771,436	1,647,575
Forfeited discounts	1,351,646	1,281,938
Uncollected accounts	(264,984)	(142,535)
Total charges for power	188,219,586	170,472,645
Other operating revenues:		
Rent	5,263,572	3,877,725
Miscellaneous	1,794,546	1,721,298
Total other operating revenues	7,058,118	5,599,023
TOTAL OPERATING REVENUES	\$ 195,277,704	\$ 176,071,668

CDE LIGHTBAND
ELECTRIC DIVISION
SCHEDULE OF OPERATING EXPENSES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021		2022	2021
OPERATING EXPENSES:			OPERATING EXPENSES (continued)		
Cost of power	\$ 132,343,420	\$ 118,915,456	Administration and General:		
Distribution:			Salaries	1,423,189	1,396,389
Supervision and engineering	264,333	247,727	Office supplies and expenses	999,645	664,996
Station expense	330,802	334,920	Outside service	108,520	85,896
Overhead lines	2,076,062	1,550,600	Property insurance	263,937	285,338
Underground lines	579,679	376,581	Injuries and damages	460,443	469,518
Meters	721,884	741,863	Employee pensions and benefits	2,496,031	2,840,349
Rents	99,518	106,541	Miscellaneous	105,182	94,507
Miscellaneous	892,180	911,352	Total	<u>5,856,947</u>	<u>5,836,993</u>
Total	<u>4,964,458</u>	<u>4,269,584</u>	Maintenance:		
Transmission:			Supervision and engineering	34,796	40,389
Station expense	152,584	109,522	Station equipment	400,817	159,958
Total	<u>152,584</u>	<u>109,522</u>	Overhead lines	3,481,492	3,032,069
Customer Accounts:			Underground lines	29,759	49,846
Meter reading	1,394,898	1,081,450	Line transformers	51,694	54,085
Customer records and collection	2,696,066	2,513,369	Meters	192,802	180,299
Total	<u>4,090,964</u>	<u>3,594,819</u>	Security lights	48,505	62,858
Sales and Customer Service:			General plant	2,533,215	2,420,226
Supervision	89,412	84,816	Total	<u>6,773,080</u>	<u>5,999,730</u>
Customer assistance	342,033	325,473	Taxes:		
Advertising	157,399	156,818	Advalorem (in lieu of taxes)	1,486,119	1,506,073
Miscellaneous	5,290	2,188	Payroll	711,073	646,065
Total	<u>594,134</u>	<u>569,295</u>	Total	<u>2,197,192</u>	<u>2,152,138</u>
			Depreciation and amortization	19,347,757	14,038,984
			TOTAL OPERATING EXPENSES	<u>\$ 176,320,536</u>	<u>\$ 155,486,521</u>

CDE LIGHTBAND
 BROADBAND DIVISION
 SCHEDULES OF OPERATING REVENUES AND COSTS OF SERVICES
 YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES:		
Charges for services:		
Charges for video services	\$ 5,373,991	\$ 5,065,620
Charges for internet services	19,143,261	16,721,182
Charges for telephone services	2,035,117	1,949,592
Charges for installations	234,492	207,083
Uncollected accounts	(176,097)	(134,582)
Total charges for services	<u>26,610,764</u>	<u>23,808,895</u>
Other operating revenues:		
Rent	835,554	928,446
Other charges	428,532	485,900
Total other operating revenues	<u>1,264,086</u>	<u>1,414,346</u>
TOTAL OPERATING REVENUES	<u><u>\$ 27,874,850</u></u>	<u><u>\$ 25,223,241</u></u>
COSTS OF SERVICES:		
Costs of video services	\$ 6,688,031	\$ 6,397,057
Costs of internet services	1,643,649	1,409,194
Costs of telephone services	908,906	851,317
Costs of installations	<u>2,385,574</u>	<u>1,686,108</u>
TOTAL COSTS OF SERVICES	<u><u>\$ 11,626,160</u></u>	<u><u>\$ 10,343,676</u></u>

CDE LIGHTBAND
ELECTRIC DIVISION
SCHEDULE OF BOND PRINCIPAL AND INTEREST MATURITIES
JUNE 30, 2022

Year Ending June 30,	2014 Series		2015 Series		2017 Series		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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
	\$ 720,000	\$ 21,750	\$ 28,845,000	\$ 7,543,725	\$ 23,575,000	\$ 8,495,875	\$ 53,140,000	\$ 16,061,350

CDE LIGHTBAND
ELECTRIC AND BROADBAND DIVISION
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
JUNE 30, 2022

Description of Indebtness	Original amount of issue	Interest rate	Date of issue	Last maturity date	Outstanding 7/1/2021	Issued during period	Paid and/or matured during period	Refunded during period	Outstanding 6/30/2022
Bonds Payable									
Electric Revenue Refunding Bonds - Series 2014	\$ 3,215,000	4.50%	January 29, 2014	September 1, 2024	\$ 1,065,000	\$ -	\$ 345,000	\$ -	\$ 720,000
Electric Revenue Refunding Bonds - Series 2015	38,545,000	5.00%	January 28, 2015	September 1, 2032	31,190,000	-	2,345,000	-	28,845,000
Electric Revenue Refunding Bonds - Series 2017	24,845,000	3.00%	November 7, 2017	September 1, 2035	24,130,000	-	555,000	-	23,575,000
Total Bonds Payable	<u>\$ 66,605,000</u>				<u>\$ 56,385,000</u>	<u>\$ -</u>	<u>\$ 3,245,000</u>	<u>\$ -</u>	<u>\$ 53,140,000</u>

CDE LIGHTBAND
ELECTRIC AND BROADBAND DIVISION
SCHEDULE OF TRANSFERS
JUNE 30, 2022

From Fund	To Fund	Purpose	Amount
CDE - Electric Division	City General Fund	Payments in Lieu of Taxes per TCA 7-52-304	\$ 5,110,321
CDE - Broadband Division	City General Fund	Payments in Lieu of Taxes per TCA 7-52-606	<u>79,636</u>
Total Transfers			<u>\$ 5,189,957</u>

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
SCHEDULES OF STATISTICAL DATA (UNAUDITED)
JUNE 30, 2022 AND 2021

	2022	2021	Increase (Decrease)
Number of electric customers:			
Residential	70,523	67,779	2,744
Commercial	7,618	7,456	162
Industrial	726	706	20
Public lighting	441	436	5
Total number of electric customers	<u>79,308</u>	<u>76,377</u>	<u>2,931</u>
Security lights	<u>4,827</u>	<u>4,810</u>	<u>17</u>
Number of kilowatt-hours purchased:			
Purchased power	1,675,827,757	1,620,019,474	55,808,283
Loss	56,111,665	56,918,238	(806,573)
Purchased for own use	5,301,042	3,070,146	2,230,896
Total number of kilowatt-hours purchased	<u>1,737,240,464</u>	<u>1,680,007,858</u>	<u>57,232,606</u>
Percent loss	<u>3.35%</u>	<u>3.51%</u>	<u>-0.16%</u>
	2022	2021	Increase (Decrease)
Number of broadband customers:			
Residential	24,668	23,527	1,141
Commercial	2,280	2,032	248
Total number of broadband customers	<u>26,948</u>	<u>25,559</u>	<u>1,389</u>

CDE LIGHTBAND
ELECTRIC DIVISION
SCHEDULE OF RATES (UNAUDITED)
JUNE 30, 2022

Residential Rates (RS)

Customer Charge: \$24.40
Energy Charge: 10.362 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: 11.700 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 10.556 cents/kWh
All additional kWh 7.416 cents/kWh
Demand Charge: 0-50 kW \$6.00 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 7.900 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: 11.845 cents/kWh
Offpeak: 1st 200 hours 8.496 cents/kWh
Next 200 hours 4.248 cents/kWh
Additional hours 3.945 cents/kWh
Transition Period:
Onpeak: 8.483 cents/kWh
Offpeak: 1st 200 hours 8.483 cents/kWh
Next 200 hours 3.802 cents/kWh
Additional hours 3.673 cents/kWh
Winter Period:
Onpeak: 9.608 cents/kWh
Offpeak: 1st 200 hours 8.084 cents/kWh
Next 200 hours 3.540 cents/kWh
Additional hours 3.237 cents/kWh

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

CDE LIGHTBAND
ELECTRIC DIVISION
SCHEDULE OF RATES (UNAUDITED) - Continued
JUNE 30, 2022

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

Customer Charge: \$1,500.00

Administrative Charge: \$350.00

Energy Charge:

Summer Period:

Onpeak: 9.225 cents/kWh

Offpeak: 1st 200 hours 6.734 cents/kWh

Next 200 hours 3.276 cents/kWh

Additional hours 2.935 cents/kWh

Transition Period:

Onpeak: 6.300 cents/kWh

Offpeak: 1st 200 hours 6.300 cents/kWh

Next 200 hours 2.874 cents/kWh

Additional hours 2.533 cents/kWh

Winter Period:

Onpeak: 7.423 cents/kWh

Offpeak: 1st 200 hours 6.289 cents/kWh

Next 200 hours 2.609 cents/kWh

Additional hours 2.268 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: 8.483 cents/kWh

Offpeak: 1st 200 hours 5.983 cents/kWh

Next 200 hours 3.014 cents/kWh

Additional hours 2.759 cents/kWh

Transition Period:

Onpeak: 5.882 cents/kWh

Offpeak: 1st 200 hours 5.882 cents/kWh

Next 200 hours 2.603 cents/kWh

Additional hours 2.348 cents/kWh

Winter Period:

Onpeak: 6.686 cents/kWh

Offpeak: 1st 200 hours 5.549 cents/kWh

Next 200 hours 2.357 cents/kWh

Additional hours 2.102 cents/kWh

CDE LIGHTBAND
ELECTRIC DIVISION
SCHEDULE OF RATES (UNAUDITED) - Continued
JUNE 30, 2022

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: 8.018 cents/kWh

Security Lights (LS) (No Customer Charge)

Energy Charge: 8.018 cents/kWh

CDE LIGHTBAND
BROADBAND DIVISION
SCHEDULE OF RATES (UNAUDITED)
JUNE 30, 2022

SERVICE RATES

Lightband Basic	\$23.95
Lightband Plus	\$80.95 - \$91.45
Lightband Extra	\$90.95 - \$103.45
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 (ceased on May 31, 2022)	\$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 - \$141.45
Triple Pack - (Lightband Extra, Internet, & Phone)	\$148.95 - \$161.45
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, 2022, 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, 2022, 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 proprietary funds.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Electric Division and Broadband Division of CDE Lightband of Clarksville Tennessee's (CDE Lightband) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the CDE Lightband's major federal programs for the year ended June 30, 2022. The CDE Lightband's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, CDE Lightband complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion of Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of CDE Lightband and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of CDE Lightband's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to CDE Lightband's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CDE Lightband's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about CDE Lightband's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding CDE Lightband's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of CDE Lightband's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of CDE Lightband's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
October 12, 2022

CDE LIGHTBAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2022

Federal Grantor/ Pass-Through Grantor	Federal Assistance Listing Number	Grant/Contract Number	Accrued Balance June 30, 2021	Cash Receipts	Expenditures and Adjustments	Accrued Balance June 30, 2022
FEDERAL AWARDS:						
US DEPARTMENT OF HOMELAND SECURITY						
Federal Emergency Management Agency ("FEMA") / Passed through Tennessee Department of Military	97.036	PA-04-TN-1909-PW-05183(1)	\$ -	\$ 2,119,033	\$ 2,119,033	\$ -
TOTAL FEDERAL AWARDS			<u>\$ -</u>	<u>\$ 2,119,033</u>	<u>\$ 2,119,033</u>	<u>\$ -</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related liability is incurred. Federal grant programs which are administered through State agencies (pass-through awards) have been included in this report, including any funds expended for the State funded portion of those same programs. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 - Summary of Significant Accounting Policies

CDE Lightband elected not to utilize the 10% de minimis indirect cost rate.

No programs have outstanding federal loan receivable balances.

**CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

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 X no

Significant deficiencies identified? ___ yes X none reported

Noncompliance material to the financial statements noted? ___ yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? ___ yes X no

Identification of major programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? ___ yes X no

**CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

**SECTION II
FINANCIAL STATEMENT FINDINGS**

None reported

**SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported

**CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION**

**SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

None reported

