CDE LIGHTBAND

ELECTRIC DIVISION AND BROADBAND DIVISION

AUDITED FINANCIAL STATEMENTS

AND OTHER INFORMATION

JUNE 30, 2018 AND 2017

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION

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Independent Auditor's Report

To the Clarksville Electric Power Board
City of Clarksville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the Electric Division and Broadband Division of CDE Lightband (collectively, the "Divisions" or "CDE"), proprietary funds of the City of Clarksville, Tennessee, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise CDE's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Electric Division and Broadband Division of CDE Lightband as of June 30, 2018 and 2017, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Electric Division and Broadband Division of CDE Lightband, proprietary funds of the City of Clarksville, Tennessee, and do not purport to, and do not present fairly the financial position of the City of Clarksville, Tennessee, as of June 30, 2018 and 2017, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1, in fiscal year 2018, CDE adopted Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise CDE's basic financial statements. The items identified under the caption "Other Information," as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Operating Revenues - Electric Division, Schedules of Operating Expenses - Electric Division, Schedules of Operating Revenues and Costs of Services - Broadband Division, Schedule of Bond Principal and Interest Maturities - Electric Division, Schedule of Note Principal and Interest Maturities - Electric Division, and the Schedule of Interdivisional Loan Maturities - Electric Division and Broadband Division are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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, this information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2018, on our consideration of CDE'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'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's internal control over financial reporting and compliance.

Crosslin, PLLC

October 7, 2018
Nashville, Tennessee

As financial management of the City of Clarksville Department of Electricity Lightband ("CDE"), we offer readers of these financial statements this narrative overview and analysis of the financial activities of CDE for the fiscal years ending June 30, 2018 and 2017, as compared to fiscal years 2017 and 2016, 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), and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations (liabilities), with the difference between the two 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, weather, customer growth and changes in legislation can have a great impact on the financial statements and should be considered.

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. 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 70,600 customers at June 30, 2018.

The infrastructure also allows the Broadband Division to offer digital video, high speed internet and phone services to 20,920 customers at June 30, 2018, compared to 19,549 at June 30, 2017. 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 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. The Electric Division may make additional loans up to an aggregate of just more than $20 million. Interest is 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. As of June 30, 2018, the Broadband Division has paid back more than $6.1 million on this loan.

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

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

Summaries of the Electric Division Statements of Net Position are presented in Table 1. Total assets and deferred outflows of resources increased 2.90% to $288 million in fiscal year 2018. Current assets and restricted assets increased due primarily to receiving more than $2.5 million in loan repayments from the Broadband Division, as well as due to carrying higher accounts receivable and TVA prepayment balances because of the higher temperatures and usage in June 2018 compared to June 2017. Other assets decreased primarily due to collection of $2.5 million on the interdivisional loan to Broadband. Deferred outflows of resources increased due to CDE advance refunding the 2010A Series bonds with the new 2017 Series.

Table 1

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

	June 30,				Total
ASSETS	**2018**	**2017 (restated)**	**2016**	**Dollar Change**	**Percent Change**
Current assets	$ 75,187,339	$ 69,641,522	$ 63,822,608	$ 5,545,817	7.96%
Restricted assets	10,942,087	11,168,646	10,998,393	(226,559)	(2.03)%
Capital assets (net)	184,047,563	178,670,479	175,129,762	5,377,084	3.01%
Other assets	14,677,036	18,513,575	23,500,658	(3,836,539)	(20.72)%
Deferred outflows of resources	3,268,284	2,008,020	2,149,763	1,260,264	62.76%
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$288,122,309	$280,002,242	$275,601,184	$ 8,120,067	2.90%
LIABILITIES AND NET POSITION					
Current liabilities	$ 31,759,038	$ 29,266,392	$ 27,890,723	$ 2,492,646	8.52%
Noncurrent liabilities	13,118,533	14,102,005	14,601,186	(983,472)	(6.97)%
Long-term debt	71,256,167	73,278,366	76,494,945	(2,022,199)	(2.76)%
TOTAL LIABILITIES	116,256,738	116,646,763	118,986,854	(513,025)	(0.44)%
Net investment in capital assets	112,948,974	104,433,226	97,776,503	8,515,748	8.15%
Restricted for debt service	10,942,087	11,168,646	10,998,393	(226,559)	(2.03)%
Unrestricted net position	48,097,510	47,753,607	47,839,434	343,903	0.72%
NET POSITION	171,988,571	163,355,479	156,614,330	8,632,598	5.28%
TOTAL LIABILITIES AND NET POSITION	$288,122,309	$280,002,242	$275,601,184	$ 8,120,067	2.90%

Summaries of the Broadband Division Statements of Net Position are presented in Table 2. Noncurrent Liabilities decreased significantly, due to normal loan repayments, as well as an additional loan repayment made to the Electric Division, due to several years of positive income and increased cash on hand.

Table 2

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

	June 30,				Total
ASSETS	**2018**	**2017 (restated)**	**2016**	**Dollar Change**	**Percent Change**
Current assets	$ 7,845,866	$7,928,726	$7,345,645	$(82,860)	(1.05)%
Noncurrent assets	2,500,772	1,324,138	1,136,889	1,176,634	88.86%
TOTAL ASSETS	$10,346,638	$9,252,864	$8,482,534	$ 1,093,774	11.82%
LIABILITIES AND NET POSITION					
Current liabilities	$ 2,743,865	$ 2,851,052	$ 3,559,383	$(107,187)	(3.76)%
Noncurrent liabilities	10,606,276	13,144,344	15,480,811	(2,538,068)	(19.31)%
TOTAL LIABILITIES	13,350,141	15,995,396	19,040,194	(2,645,255)	(16.54)%
DEFERRED INFLOWS OF RESOURCES	7,994	-	-	7,994	100.00%
Net investment in capital assets	2,500,772	1,324,138	1,136,889	1,176,634	88.86%
Unrestricted net position	(5,512,269)	(8,066,670)	(11,694,549)	2,554,401	(31.67)%
NET POSITION	(3,011,497)	(6,742,532)	(10,557,660)	3,731,035	(55.34)%
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 10,346,638	$ 9,252,864	$ 8,482,534	$ 1,093,774	11.82%

While the Statements of Net Position show the change in financial position of 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, total revenue increased by 5.19%, with a similar increase in total expenses of 4.78%. Revenue and expense for the Electric Division are driven primarily by electric consumption. The increases in 2018 were driven somewhat by customer count growth and TVA charges, which are passed on directly to the customer. The large driver of increase in 2018, however was higher usage (a 6.2% increase in total kilowatt-hours sold) due to weather conditions. These conditions have a significant effect on revenue since heating and air conditioning account for the majority of electric consumption.

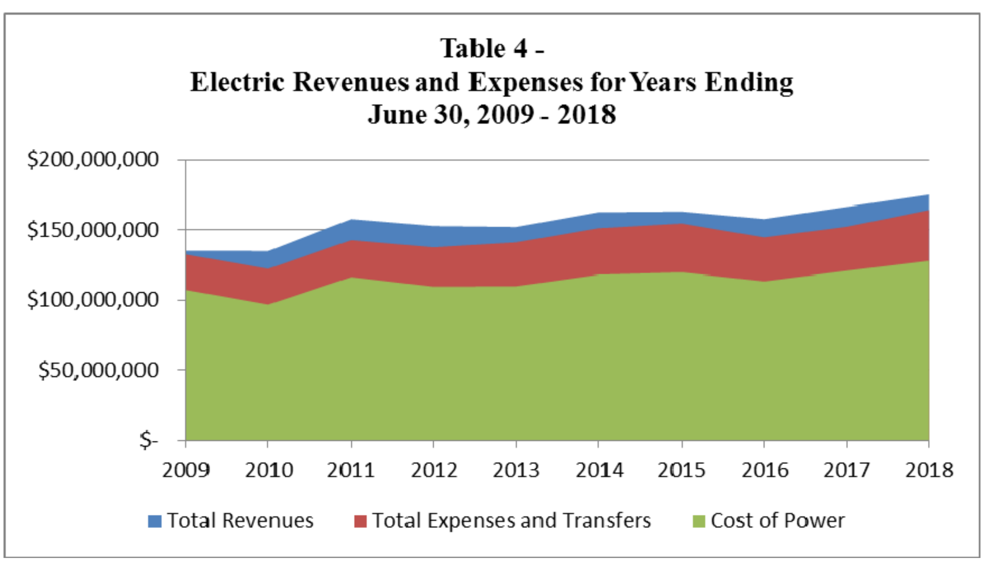
Table 3

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

	Year Ended June 30,				Total
	2018	2017 (restated)	2016	Dollar Change	Percent Change
Operating Revenues	**$175,017,285**	**$166,376,978**	**$157,782,181**	**$ 8,640,307**	**5.19%**
Cost of power	127,828,533	120,799,510	113,374,054	7,029,023	5.82%
Other operating expenses	31,655,569	31,021,136	28,766,711	634,433	2.05%
Non-operating expenses	2,219,983	2,500,674	2,501,770	(280,691)	(11.22)%
Total Expenses	161,704,085	154,321,320	144,642,535	7,382,765	4.78%
Transfers to other funds	4,680,602	4,580,551	4,425,906	100,051	2.18%
Changes in Net Position	**8,632,598**	**7,475,107**	**8,713,740**	**1,157,491**	**15.48%**
Net Position - Beginning	163,355,479	155,880,372	147,900,590	7,475,107	4.80%
Net Position - Ending	$171,988,077	$163,355,479	$156,614,330(1)	$ 8,632,598	5.28%

(1) This balance was not restated for the GASB No. 75 implementation as it was not practical to do so.

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 Electric Division effectively implemented a retail rate adjustment in the amount of 7% in January 2009. The Tennessee Valley Authority had a fuel cost adjustment reduction of 7% in January 2009, therefore, making the rate adjustment revenue neutral to the customer with implementation the same month. In addition, the Division implemented a 5% rate increase in October 2009, which was the last rate increase. The lasting positive effects of these increases can be seen in Table 4 below.



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 revenues increased approximately $600,000 or 3.05%, while the cost of services increased by only 2.13%. This is due to the Division growing its internet subscriber base and implementing a video rate increase in March 2018 to counter the effects of rapidly increasing video programming costs in recent years. While video programming costs did increase, the Division lost video customers, in line with the rest of the video industry, which accounted for the modest increase in cost of services.

Table 5

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

	Year Ended June 30,				Total
	2018	2017 (restated)	2016	Dollar Change	Percent Change
Operating Revenues	**$ 20,537,601**	**$ 19,930,258**	**$ 19,030,215**	**$ 607,343**	**3.05%**
Cost of services	9,382,428	9,186,929	9,140,246	195,499	2.13%
Network expense	1,735,484	1,425,880	1,249,521	309,604	21.71%
Other operating expenses	5,535,650	5,276,910	5,139,220	258,740	4.90%
Non-operating expenses	124,424	95,747	193,253	28,677	29.95%
Total Expenses	16,777,986	15,985,466	15,722,240	792,520	4.96%
Transfers to other funds	28,580	24,754	19,401	3,826	15.46%
Changes in Net Position	**3,731,035**	**3,920,038**	**3,288,574**	**(189,003)**	**(4.82)%**
Net Position - Beginning	(6,742,532)	(10,662,570)	(13,846,234)	3,920,038	(36.76)%
Net Position - Ending	$(3,011,497)	$(6,742,532)	$(10,557,660)(1)	$ 3,731,035	(55.34)%

(1) This balance was not restated for the GASB No. 75 implementation as it was not practical to do so.

BUDGETARY INFORMATION

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2018, the Electric Division had net capital assets of $184.1 million. This is an increase of 3.01% from 2017. This growth is due mainly to the construction of the new Dalton B, Smith substation, as well as the rebuild of the East substation. All capital projects completed in 2017 and 2018 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

	June 30, 2018	June 30, 2017	June 30, 2016	Dollar Change	Total Percent Change
Transmission and distribution plant	$149,607,085	$145,503,137	$139,527,262	$ 4,103,948	2.82%
General plant	118,660,806	114,452,439	103,680,103	4,208,367	3.68%
Construction work in progress	10,745,058	5,783,480	11,140,082	4,961,578	85.79%
Total Plant	279,012,949	265,739,056	254,347,447	13,273,893	5.00%
Unamortized acquisition adjustment	108,163	211,804	337,975	(103,641)	(48.93)%
Less: Accumulated depreciation	95,073,549	87,280,381	79,555,660	7,793,168	8.93%
Net Capital Assets	$184,047,563	$178,670,479	$175,129,762	$ 5,377,084	3.01%

The Broadband Division had an increase in net capital assets of $1,176,634, due to purchases of set top boxes, and the retirement of fully depreciated video hardware. Please see Table 7.

Table 7

City of Clarksville, Tennessee
CDE Lightband
Broadband Division
Capital Assets

	June 30, 2018	June 30, 2017	June 30, 2016	Dollar Change	Total Percent Change
Operations plant	$7,320,127	$7,105,383	$8,052,689	$ 214,744	3.02%
General plant	335,528	249,596	160,869	85,932	35.40%
Construction work in progress	396,503	101	16,800	396,402	392477.23%
Total Plant	**8,052,158**	**7,355,080**	**8,230,358**	**697,078**	**9.48%**
Less: Accumulated depreciation	5,551,386	6,060,942	7,093,469	(479,556)	(7.95)%
Net Capital Assets	$2,500,772	$1,324,138	$1,136,889	$ 1,176,634	88.86%

LONG TERM DEBT

At the end of fiscal year 2018, the Electric Division had total principal long-term debt of $74,257,162, including current portion of $3,000,995.

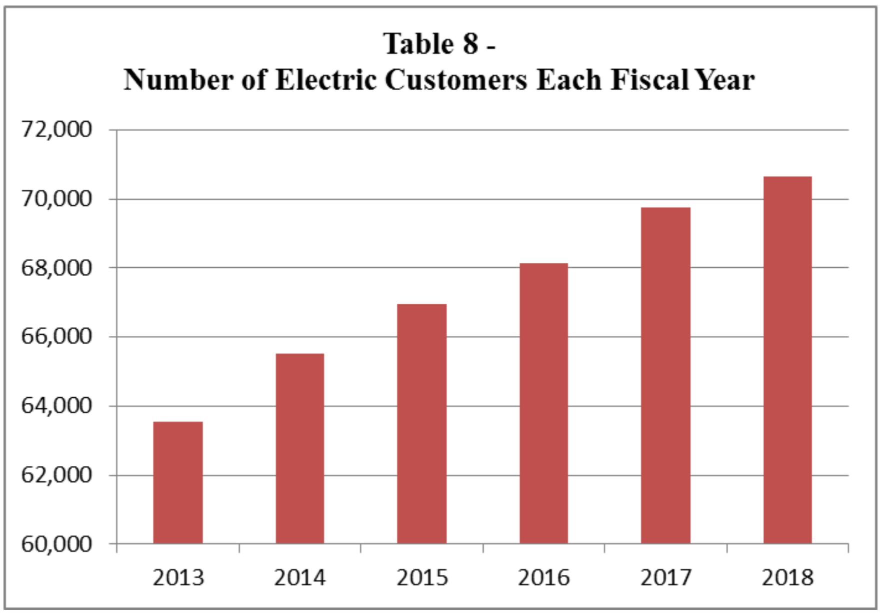
The purpose of the Series 2004 Bonds was to finance the costs of constructing improvements to the electric and distribution system, refund the outstanding Series 1993 Bonds, and construct a new facility to house the broadband operations. On January 29, 2014, these bonds were called and refunded with the 2014 Series Electric System Revenue Refunding Bonds. The 2014 bonds are due in annual installments through September 1, 2024.

The purpose of the Series 2007 Bonds was to finance improvements to the transmission and distribution system. The bonds are due in annual installments through September 2017. The portion of these bonds callable after September 1, 2017, were advance refunded on January 28, 2015, with the issuance of the 2015 Series Electric System Revenue Refunding Bonds. The bonds are due in annual installments through September 1, 2031.

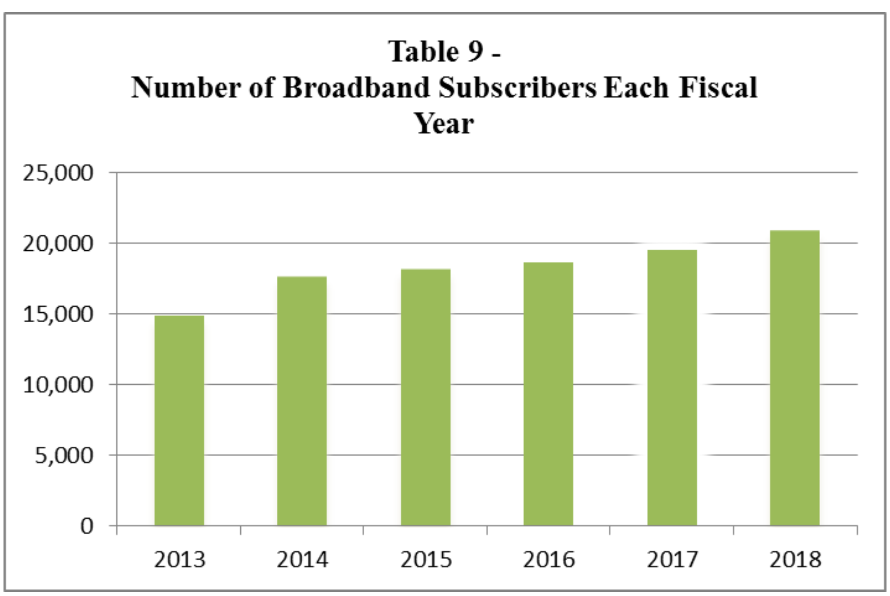
The purpose of the Series 2010 Bonds was to finance improvements to the transmission and distribution system, retire the 2009 short term bonds, and fund the debt service fund. The bonds are due in annual installments through fiscal year 2021. The portion of these bonds callable after September 1, 2021, were advance refunded on October 23, 2017, with the issuance of the 2017 Series Electric System Revenue Refunding Bonds. The bonds are due in annual installments through September 1, 2034.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

CDE Lightband continuously plans for future activities and projects. The overall goal is to educate and encourage customers to make efficient use of electric energy and enhance the quality of life through electric and broadband products and services. CDE can expect and plan for the number of electric customers to increase by about 2% 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. With the continued growth of customers, the Electric Division implemented a retail rate increase of 5.0% effective October 1, 2009. The additional funds are being used to strengthen and replenish reserves.



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



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
Clarksville Department of Electricity Lightband
P. O. Box 31509
Clarksville, Tennessee 37040-0026

CDE LIGHTBAND
ELECTRIC DIVISION
STATEMENTS OF NET POSITION
JUNE 30, 2018 AND 2017

	2018	2017 (restated)
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	$ 40,285,719	$ 37,345,035
Accounts receivable	20,048,660	18,830,079
Materials and supplies	3,105,398	3,894,791
TVA prepayments and other	11,747,562	9,571,617
Total current assets	75,187,339	69,641,522
NONCURRENT ASSETS:		
Restricted assets:		
Cash and cash equivalents	10,942,087	11,168,646
Total restricted assets	10,942,087	11,168,646
Capital assets - at cost:		
Electric plant in service	268,267,891	259,955,576
Construction work in progress	10,745,058	5,783,480
Total electric plant	279,012,949	265,739,056
Less: Accumulated depreciation	(95,073,549)	(87,280,381)
	183,939,400	178,458,675
Add: Unamortized plant acquisition adjustments	108,163	211,804
Net capital assets	184,047,563	178,670,479
Other assets:		
Receivables - TVA Residential Energy Services Program	3,697,166	5,053,818
Interdivisional receivable - Broadband Division	10,912,827	13,386,323
Other	67,043	73,434
Total other assets	14,677,036	18,513,575
Total noncurrent assets	209,666,686	208,352,700
TOTAL ASSETS	284,854,025	277,994,222
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amounts on bond refundings	3,266,736	2,008,020
Other postemployment benefits experience gains	1,548	-
Total deferred outflows of resources	3,268,284	2,008,020
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 288,122,309	$ 280,002,242

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

CDE LIGHTBAND
ELECTRIC DIVISION
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2018 AND 2017

	2018	2017 (restated)
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	$ 24,971,525	$ 22,908,689
Current portion of long-term debt	3,000,995	2,755,103
Accrued interest	983,356	1,097,784
Current portion of accrued leave	830,105	655,846
Accrued wages and payroll withholdings	144,564	124,722
Other	43,217	41,224
Interdivisional temporary advances	1,785,770	1,683,024
Total current liabilities	31,759,532	29,266,392
NONCURRENT LIABILITIES:		
Long-term debt:		
Bonds payable	71,225,171	73,216,375
Notes payable	30,996	61,991
Total long-term debt	71,256,167	73,278,366
Other noncurrent liabilities:		
Customer deposits	6,358,632	6,128,314
Advances - TVA Residential Energy Services Program	3,818,864	5,204,451
Accrued leave	1,475,740	1,426,021
Other postemployment benefits	1,453,445	1,324,057
Other	11,852	19,162
Total other noncurrent liabilities	13,118,533	14,102,005
Total noncurrent liabilities	84,374,700	87,380,371
TOTAL LIABILITIES	116,134,232	116,646,763
NET POSITION:		
Net investment in capital assets	112,948,974	104,433,226
Restricted for debt service (expendable)	10,942,087	11,168,646
Unrestricted net position	48,097,016	47,753,607
Total net position	171,988,077	163,355,479
TOTAL LIABILITIES AND NET POSITION	$ 288,122,309	$ 280,002,242

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

CDE LIGHTBAND
BROADBAND DIVISION
STATEMENTS OF NET POSITION
JUNE 30, 2018 AND 2017

	2018	2017 (restated)
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,967,393	$ 4,304,053
Accounts receivable	1,443,675	1,389,002
Interdivisional temporary advances	1,785,770	1,683,024
Prepaid expense	218,008	307,781
Materials and supplies	431,020	244,866
Total current assets	7,845,866	7,928,726
NONCURRENT ASSETS:		
Capital assets - at cost:		
Equipment	7,655,653	7,354,979
Construction work in progress	396,505	101
Total capital assets	8,052,158	7,355,080
Less: accumulated depreciation	(5,551,386)	(6,030,942)
Net capital assets	2,500,772	1,324,138
TOTAL ASSETS	$ 10,346,638	$ 9,252,864
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	$ 1,484,825	$ 1,686,157
Current portion of interdivisional payable - Electric Division	650,000	550,000
Unearned revenue	609,040	614,895
Total current liabilities	2,743,865	2,851,052
NONCURRENT LIABILITIES:		
Interdivisional payable - Electric Division	10,262,827	12,836,323
Other postemployment benefits	339,803	302,544
Customer deposits	3,646	5,477
Total noncurrent liabilities	10,606,276	13,144,344
Total liabilities	13,350,141	15,995,396
DEFERRED INFLOWS OF RESOURCES:		
Other postemployment benefits experience losses	7,994	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	13,358,135	15,995,396
NET POSITION:		
Net investment in capital assets	2,500,772	1,324,138
Unrestricted net position	(5,512,269)	(8,066,670)
Total net position	(3,011,497)	(6,742,532)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 10,346,638	$ 9,252,864

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, 2018 AND 2017

	2018	2017 (restated)
OPERATING REVENUES:		
Charges for power, net	$ 169,444,701	$ 161,310,898
Other operating revenues	5,572,584	5,066,080
Total operating revenues	175,017,285	166,376,978
OPERATING EXPENSES:		
Cost of power	127,828,533	120,799,510
Distribution	3,925,528	3,583,640
Transmission	58,172	63,446
Customer accounts	3,432,231	3,144,667
Sales and customer service	445,620	411,771
Administrative and general	4,059,660	3,920,249
Maintenance	6,003,332	6,686,874
Taxes	1,913,657	1,832,783
Depreciation and amortization	11,817,369	11,377,706
Total operating expenses	159,484,102	151,820,646
Operating income	15,533,183	14,556,332
NON-OPERATING REVENUES (EXPENSES):		
Interest expense	(2,718,661)	(2,740,544)
Interest and investment earnings	515,406	251,267
Miscellaneous	(16,728)	(11,397)
Total non-operating expenses	(2,219,983)	(2,500,674)
Income before transfers	13,313,200	12,055,658
Transfers to other funds	4,680,602	4,580,551
INCREASE IN NET POSITION	8,632,598	7,475,107
NET POSITION - BEGINNING	163,355,479	155,880,372
NET POSITION - ENDING	$ 171,988,077	$ 163,355,479

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, 2018 AND 2017

	2018	2017 (restated)
OPERATING REVENUES:		
Charges for service	$ 19,007,621	$ 18,291,174
Other operating revenues	1,529,980	1,639,084
Total operating revenues	20,537,601	19,930,258
OPERATING EXPENSES:		
Cost of service	9,382,428	9,186,929
Network expense	1,735,484	1,425,880
Fiber rent	2,084,512	2,021,657
Equipment expense	244	210
Marketing expense	402,867	218,163
Customer service	795,144	647,633
Administrative and general	1,194,969	1,088,818
Taxes	207,426	186,869
Employee benefits	482,112	457,800
Depreciation and amortization expense	368,376	655,760
Total operating expenses	16,653,562	15,889,719
Operating income	3,884,039	4,040,539
NON-OPERATING EXPENSES:		
Interest expense	(173,665)	(104,681)
Interest and investment earnings	49,241	8,934
Total non-operating expenses	(124,424)	(95,747)
Income before transfers	3,759,615	3,944,792
Transfers to other funds	28,580	24,754
CHANGE IN NET POSITION	3,731,035	3,920,038
NET POSITION - BEGINNING	(6,742,532)	(10,662,570)
NET POSITION - ENDING	$ (3,011,497)	$ (6,742,532)

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

CDE LIGHTBAND
ELECTRIC DIVISION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 168,456,438	$ 160,791,079
Cash paid for power	(127,595,421)	(120,544,774)
Cash paid to suppliers	(7,619,753)	(7,860,364)
Cash paid to employees	(10,536,933)	(10,153,461)
Interdivisional payable	102,746	44,676
Other receipts	4,678,041	3,191,616
Net cash provided by operating activities	27,485,118	25,468,772
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Repayments from Broadband Division, net	2,473,496	3,396,528
Transfers to other funds	(4,680,602)	(4,580,551)
Other	(16,728)	(11,397)
Net cash used in noncapital financing activities	(2,223,834)	(1,195,420)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additions to plant	(17,194,453)	(14,918,423)
Payment of long-term debt	(2,755,103)	(2,670,105)
Interest paid	(3,113,009)	(3,090,941)
Net cash used in capital and related financing activities	(23,062,565)	(20,679,469)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	515,406	251,267
Net cash provided by investing activities	515,406	251,267
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,714,125	3,845,150
CASH AND CASH EQUIVALENTS - BEGINNING	48,513,681	44,668,531
CASH AND CASH EQUIVALENTS - ENDING	$ 51,227,806	$ 48,513,681

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:

During 2018 and 2017, $538,325 and $461,474 was recorded to interest expense for amortization of bond premiums.

During 2018 and 2017, $189,102 and $141,743 was recorded to interest expense for amortization of defer 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, 2018 AND 2017

	2018	2017
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 15,533,183	$ 14,556,332
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	11,817,369	11,377,706
Changes in:		
Accounts receivable	(1,218,581)	(740,567)
Materials and supplies	789,393	(970,736)
Receivables - TVA Residential Energy Services Program	1,356,652	1,630,805
Advances - TVA Residential Energy Services Program	(1,385,587)	(1,678,849)
Accounts payable	2,062,836	1,273,584
Accrued expenses	243,820	91,702
Customer deposits	230,318	220,748
Prepayments	(2,175,945)	(432,714)
Other postemployment benefits	129,388	136,319
Interdivisional temporary advance	102,746	44,676
Other	(474)	(40,234)
Net cash provided by operating activities	$ 27,485,118	$ 25,468,772

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

CDE LIGHTBAND
BROADBAND DIVISION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 18,945,262	$ 18,099,946
Cash paid to suppliers	(12,956,083)	(11,796,349)
Cash paid to employees	(3,374,137)	(3,039,071)
Interdivisional temporary advances	(102,746)	(44,676)
Other receipts	1,322,554	1,452,215
Net cash provided by operating activities	3,834,850	4,672,065
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITES:		
Repayments to Electric Division	(2,473,496)	(3,396,528)
Transfers to other funds	(28,580)	(24,754)
Net cash used in noncapital financing activities	(2,502,076)	(3,421,282)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additions to plant	(1,545,010)	(843,009)
Interest paid	(173,665)	(104,681)
Net cash used in capital and related financing activities	(1,718,675)	(947,690)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	49,241	8,934
Net cash provided by investing activities	49,241	8,934
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(336,660)	312,027
CASH AND CASH EQUIVALENTS - BEGINNING	4,304,053	3,992,026
CASH AND CASH EQUIVALENTS - ENDING	$ 3,967,393	$ 4,304,053
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 3,884,039	$ 4,040,539
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	368,376	655,760
Changes in:		
Accounts receivable	(54,673)	12,022
Materials and supplies	(186,154)	(22,828)
Prepaid assets	89,773	(218,616)
Accounts payable	(201,332)	393,140
Unearned revenue	(5,855)	(201,471)
Interdivisional temporary advances	(102,746)	(44,676)
Interfund receivable	-	3,044
Other postemployment benefits	37,259	56,930
Deferred inflows of resources	7,994	-
Customer deposits	(1,831)	(1,779)
Net cash provided by operating activities	$ 3,834,850	$ 4,672,065

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

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.

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 $10,904,806 and $11,165,551 at June 30, 2018 and 2017, respectively. Assets restricted for construction of plant assets were $37,281 and $3,095 at June 30, 2018 and 2017, 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 2018 or 2017. 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 $11,817,369 and $11,377,706 for the years ended June 30, 2018 and 2017, 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 $368,376 and $655,760 for the years ended June 30, 2018 and 2017, respectively.

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 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 31, 2010, CDE Lightband (Electric Division) recognizes all revenue earned and power costs incurred through the date of each financial statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 $4,680,602 and $28,580, for the year ended June 30, 2018; $4,580,551 and $24,754 for the year ended June 30, 2017; 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, 2018 and 2017, respectively, were reported in the statements of net position, net of allowances of $64,530 and $43,201 in the Electric Division and $47,844 and $44,899 in the Broadband Division.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Maintenance Costs - Maintenance costs associated with the fiber system, including meter reading expenses, general plant maintenance, and maintenance of fiber to the home plant assets, are allocated based on monthly services provided. 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. Maintenance costs allocations serve to reduce maintenance costs charged to the Electric Division and increase maintenance costs charged to 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fiber - The Broadband Division 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, financing costs, and a pole attachment fee. These costs have been charged to the Broadband Division based upon projected service levels in 2016. Services have been defined as the ability to read a meter remotely, over the internet (fiber ring), by the Electric Division; and services provided (Telephone, Internet, and Video - one each) by the Broadband Division. At capacity (defined as 70,000 Electric services and 44,000 Broadband services), this allocation methodology will yield an allocation ratio of approximately 60% Electric and 40% Broadband. This allocation method resulted in a per unit cost of $6.14 for both June 30, 2018 and 2017. 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."

Application of New Accounting Pronouncement and Restatement of Net Position – The Divisions have implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("OPEB")*. This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The beginning net positions as June 30, 2017, were reduced by $733,958 and $104,910, respectively, for the Electric Division and the Broadband Division. Additionally, the June 30, 2017 balances in other postemployment benefits were increased by $733,958 and $104,910, respectively, for the Broadband Division and Electric Division. June 30, 2017 balances for deferred inflows and outflows of resources were not restated, as it was not practical to obtain the information.

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,			
	2018		2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Tennessee Local Government Investment Pool	$60,796	$60,796	$60,014	$60,014

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, 2018 and 2017, respectively, the Electric Division's cash and other deposits, reported in the financial statements at $51,227,806 and $48,513,681, were represented by bank balances of $51,190,184 and $48,283,211, all of which were insured or collateralized by the FDIC or the State of Tennessee Collateral Pool.

At June 30, 2018 and 2017, respectively, the Broadband Division's cash and other deposits, reported at $3,967,393 and $4,304,053, were represented by bank balances of $4,042,561 and $4,576,021, all of which were insured or collateralized by the FDIC or the State of Tennessee Collateral Pool.

3. JOINT VENTURE

The Electric Division and Pennyrile Rural Electric Cooperative Corporation (the Cooperative) have constructed jointly-owned electric facilities. Under the terms of the joint venture, the Electric Division owns 54% of the facilities and the Cooperative owns 46%. The amount of the Electric Division's plant covered by this agreement was $979,661 at both June 30, 2018 and 2017. 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.

4. CAPITAL ASSETS

Electric Division - A summary of changes in Electric Plant as of June 30, 2018 is as follows:

	Balance July 1, 2017	Additions	Deletions and Transfers	Balance June 30, 2018
NON-DEPRECIABLE ELECTRIC PLANT				
General plant land and land rights	$ 735,887	$ -	$ -	$ 735,887
Transmission land and land rights	97,322	-	-	97,322
Distribution land and land rights	1,164,415	-	-	1,164,415
Work in progress	5,783,480	27,147,952	(22,186,374)	10,745,058
	7,781,104	27,147,952	(22,186,374)	12,742,682
GENERAL PLANT				
Structures and improvements	11,075,047	12,500	(1,110)	11,086,437
Transportation equipment	4,957,085	370,856	(557,771)	4,770,170
Communication equipment	94,133,483	5,154,075	(1,275,013)	98,012,545
Furniture and equipment	3,550,937	504,830	-	4,055,767
	113,716,552	6,042,261	(1,833,894)	117,924,919
TRANSMISSION				
Poles and fixtures	1,659,184	-	(101,372)	1,557,812
Overhead conductors and devices	627,589	-	(59,300)	568,289
	2,286,773	-	(160,672)	2,126,101
DISTRIBUTION				
Station equipment	37,244,812	736,774	(326,561)	37,655,025
Electric transmission systems	104,709,815	5,197,814	(1,343,407)	108,564,222
	141,954,627	5,934,588	(1,669,968)	146,219,247
TOTAL ELECTRIC PLANT IN SERVICE	265,739,056	39,124,801	(25,850,908)	279,012,949
Unamortized plant acquisition adjustments	211,804	-	(103,641)	108,163
TOTAL ELECTRIC PLANT	$265,950,860	$39,124,801	$(25,954,549)	$279,121,112

The estimated costs to complete Electric Division work in progress are approximately $15,600,000 as of June 30, 2018.

4. CAPITAL ASSETS - Continued

Electric Division - A summary of changes in accumulated depreciation on Electric Plant as of June 30, 2018 is as follows:

	Balance July 1, 2017	Additions	Deletions and Transfers	Balance June 30, 2018
GENERAL PLANT				
Structures and improvements	$ 3,189,407	$ 332,520	$(1,110)	$ 3,520,817
Transportation equipment	2,559,143	499,607	(557,771)	2,500,979
Communication equipment	30,221,977	5,477,227	(1,292,613)	34,406,591
Furniture and equipment	1,734,137	179,755	-	1,913,892
	37,704,664	6,489,109	(1,851,494)	42,342,279
TRANSMISSION				
Poles and fixtures	999,469	45,628	(101,371)	943,726
Overhead conductors and devices	610,717	15,690	(59,301)	567,106
	1,610,186	61,318	(160,672)	1,510,832
DISTRIBUTION				
Station equipment	11,767,501	1,117,654	(409,703)	12,475,452
Electric transmission systems	36,198,030	4,624,865	(2,077,909)	38,744,986
	47,965,531	5,742,519	(2,487,612)	51,220,438
TOTAL ACCUMULATED DEPRECIATION ON ELECTRIC PLANT	$87,280,381	$12,292,946	$(4,499,778)	$95,073,549

4. CAPITAL ASSETS - Continued

Electric Division - A summary of changes in Electric Plant as of June 30, 2017 is as follows:

	Balance July 1, 2016	Additions	Deletions and Transfers	Balance June 30, 2017
NON-DEPRECIABLE ELECTRIC PLANT				
General plant land and land rights	$ 735,887	$ -	$ -	$ 735,887
Transmission land and land rights	97,322	-	-	97,322
Distribution land and land rights	1,164,415	-	-	1,164,415
Work in progress	11,140,082	23,192,938	(28,549,540)	5,783,480
	13,137,706	23,192,938	(28,549,540)	7,781,104
GENERAL PLANT				
Structures and improvements	7,175,372	4,084,299	(184,624)	11,075,047
Transportation equipment	4,433,244	777,213	(253,372)	4,957,085
Communication equipment	88,362,487	6,397,566	(626,570)	94,133,483
Furniture and equipment	2,973,113	585,942	(8,118)	3,550,937
	102,944,216	11,845,020	(1,072,684)	113,716,552
TRANSMISSION				
Poles and fixtures	1,425,941	258,391	(25,148)	1,659,184
Overhead conductors and devices	627,589	-	-	627,589
	2,053,530	258,391	(25,148)	2,286,773
DISTRIBUTION				
Station equipment	37,216,417	28,395	-	37,244,812
Electric transmission systems	98,995,578	7,807,763	(2,093,526)	104,709,815
	136,211,995	7,836,158	(2,093,526)	141,954,627
TOTAL ELECTRIC PLANT IN SERVICE	254,347,447	43,132,507	(31,740,898)	265,739,056
Unamortized plant acquisition adjustments	337,975	-	(126,171)	211,804
TOTAL ELECTRIC PLANT	$254,685,422	$43,132,507	$(31,867,069)	$265,950,860

The estimated costs to complete Electric Division work in progress are approximately $9,300,000 as of June 30, 2017.

4. CAPITAL ASSETS - Continued

Electric Division - A summary of changes in accumulated depreciation on Electric Plant as of June 30, 2017 is as follows:

	Balance July 1, 2016	Additions	Deletions and Transfers	Balance June 30, 2017
GENERAL PLANT				
Structures and improvements	$ 3,160,926	$ 213,105	$(184,624)	$ 3,189,407
Transportation equipment	2,459,897	352,618	(253,372)	2,559,143
Communication equipment	25,775,859	5,108,691	(662,573)	30,221,977
Furniture and equipment	1,579,339	164,366	(9,568)	1,734,137
	32,976,021	5,838,780	(1,110,137)	37,704,664
TRANSMISSION				
Poles and fixtures	992,004	39,213	(31,748)	999,469
Overhead conductors and devices	595,027	15,690	-	610,717
	1,587,031	54,903	(31,748)	1,610,186
DISTRIBUTION				
Station equipment	10,650,919	1,116,582	-	11,767,501
Electric transmission systems	34,341,689	4,667,275	(2,810,934)	36,198,030
	44,992,608	5,783,857	(2,810,934)	47,965,531
TOTAL ACCUMULATED DEPRECIATION ON ELECTRIC PLANT	$79,555,660	$11,677,540	$(3,952,819)	$87,280,381

4. CAPITAL ASSETS - Continued

Broadband Division - A summary of changes in Broadband Plant as of June 30, 2018 is as follows:

	Balance July 1, 2017	Additions	Deletions and Transfers	Balance June 30, 2018
Circuit equipment	$3,439,563	$ 359,681	$(156,591)	$3,642,653
Operation systems	503,484	29,739	-	533,223
Radio systems	118,049	-	-	118,049
Station apparatus	2,987,619	859,160	(877,245)	2,969,534
Other equipment	56,668	-	-	56,668
Office equipment	70,453	-	-	70,453
Motor vehicles	179,143	85,932	-	265,075
Work in progress	101	1,304,558	(908,156)	396,503
TOTAL CAPITAL ASSETS	$7,355,080	$2,639,070	$(1,941,992)	$8,052,158
TOTAL ACCUMULATED DEPRECIATION	$6,030,942	$ 433,057	$ (912,613)	$5,551,386

Broadband Division - A summary of changes in Broadband Plant as of June 30, 2017 is as follows:

	Balance July 1, 2016	Additions	Deletions and Transfers	Balance June 30, 2017
Circuit equipment	$3,834,762	$ 421,113	$(816,312)	$3,439,563
Operation systems	503,484	-	-	503,484
Radio systems	118,049	-	-	118,049
Station apparatus	3,539,726	352,519	(904,626)	2,987,619
Other equipment	56,668	-	-	56,668
Office equipment	63,632	6,821	-	70,453
Motor vehicles	97,237	81,906	-	179,143
Work in progress	16,800	335,820	(352,519)	101
TOTAL CAPITAL ASSETS	$8,230,358	$1,198,179	$(2,073,457)	$7,355,080
TOTAL ACCUMULATED DEPRECIATION	$7,093,469	$ 658,410	$(1,720,937)	$6,030,942

There are no substantial costs to complete Broadband Division work in progress as of June 30, 2018 or 2017.

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, 2018 and 2017, are timing differences.

6. INTERDIVISIONAL RECEIVABLE/PAYABLE - BROADBAND DIVISION

Changes in the interdivisional payable/receivable account for the years ended June 30, 2018 and 2017 were as follows:

	Balance July 1, 2017	Loan Draws	Loan Repayments	Changes in Current Receivable /Payable	Balance June 30, 2018
Interdivisional Receivable/ Payable	$13,386,323	$ -	$(2,550,000)	$76,504	$10,912,827

	Balance July 1, 2016	Loan Draws	Loan Repayments	Changes in Current Receivable /Payable	Balance June 30, 2017
Interdivisional Receivable/ Payable	$16,782,851	$ -	$(3,450,000)	$53,472	$13,386,323

The interdivisional payable represents allocated expenses and cash borrowed by the Broadband Division from the Electric Division plus accrued interest. The rate of interest is the highest interest rate earned by the Electric Division on deposited funds in the previous month. This rate of interest was 1.79% and 0.60% at June 30, 2018 and 2017, respectively.

On December 21, 2009, the City of Clarksville, Tennessee, the Clarksville Electric Power Board, and the Tennessee Valley Authority ("TVA") entered into an agreement to specify the terms and conditions of interdivisional loans between the Electric Division and the Broadband Division. On March 20, 2014, the parties entered into an agreement amending certain aspects of the original agreement.

6. INTERDIVISIONAL RECEIVABLE/PAYABLE - BROADBAND DIVISION - Continued

These agreements defined two loans from the Electric Division to the Broadband Division and specified the terms of each loan, as follows:

- *2007 Loan -* The aggregate amount of this interdivisional loan may not exceed $16,000,000. Interest on the outstanding loan balance accrues monthly at the highest rate then being earned by the Electric Division on its investments, as required by Tennessee law. Repayment of this loan began during fiscal year 2013, when, according to the Broadband Division's first business plan, the Division would generate positive cash flows. Per the new agreement with TVA signed on March 20, 2014, CDE was not required to make a loan repayment during fiscal year 2014 so that the Broadband Division could build their cash reserves to $1,000,000. In addition, the previous loan repayment schedule was amended. The new repayment schedule calls for annual principal and interest payments (based on the outstanding balance of the loan). The principal payments made during fiscal years 2018 and 2017 totaled $550,000 and $450,000, respectively. Further, the new agreement stipulates that the Broadband Division will apply any cash amount over and above the $1,000,000 reserve noted previously towards payment on the loan principal each year. Required repayment of any cash amount over and above the $1,000,000 reserve threshold is capped at $1,000,000. The cash balance for the Broadband Division as of June 30, 2018 and 2017 was $3,967,393 and $4,304,053, respectively. Therefore, per the terms of the new agreement, an additional $1,000,000 was paid towards the loan principal during fiscal year 2018. Additionally, due to a strong cash position, the Broadband Division made an additional voluntary payment of $1,000,000, for total payments of $2,550,000. The principal amount required to be paid in fiscal year 2019 totals $650,000. Based on the additional payments made, the contractual period remaining on the loan is through fiscal year 2029. The balance of this loan was $8,197,111 and $10,747,111 at June 30, 2018 and 2017, respectively.

- *2009 Loan -* Once the aggregate balance of the 2007 Loan reaches $16,000,000, the Electric Division may make additional loan(s) to the Broadband Division up to an aggregate amount of $4,500,000. The Electric Division will be under no obligation or responsibility to set aside any funds for this purpose. Interest shall be due and payable in annual installments (in arrears) due on June 30 of each year beginning June 30, 2011. The interest rate on this loan will be the highest interest rate being earned by CDE on invested funds, or the Constant Maturity Treasury rate for similar terms as CDE invested funds. All principal payments, along with accrued interest, must be repaid no later than June 30, 2038. Any loan(s) made under this provision of the agreement will be callable by the Electric Division with no more than 15 days' written notice. Other terms of this portion of the agreement include the establishment of a separate fund by the City of Clarksville for repayment of interest; a right of the Electric Division to first payment of Broadband Division revenues; and a guarantee that the City of Clarksville will make payment for any past due amounts from City General Funds. Repayment of this loan will begin during fiscal year 2036. The repayment schedule calls for annual interest payments (based on the outstanding balance of the loan) and principal payments of $800,000 annually. The balance of this loan was $2,715,716 and $2,639,212 at June 30, 2018 and 2017, respectively.

7. ACCUMULATED VACATION AND SICK LEAVE

Accumulated unpaid vacation is accrued as it is earned. Employees earned 5 or more days of vacation each year depending on length of service. In February 2010, the vacation policy was revised. Under the new policy, no employees were allowed to carry leave from year to year with the exception of those employees who had accrued annual leave as of February 2010.

Those employees were permitted to carry over the leave they had accrued, but no additional leave could be carried forward from year to year. Prior to February 2010, each year employees were divested of all accumulated vacation in excess of 30 days on their earned benefit date. The earned benefit date is the anniversary date of being hired for some employees and January 1 of each year for others.

All full-time employees accrued sick leave at the rate of one day (eight hours) for each full month worked. In February 2010, the sick leave policy was revised to allow employees to accrue up to 90 days of leave. If an employee had accumulated more than 90 days at February 1, 2010, they could carryover all accumulated sick leave. Such employees were not entitled to additional sick leave until they had fewer than 90 days of accumulated leave. Prior to February 2010, employees could accrue up to a maximum of 132 days; however, an employee was not permitted to carry more than 120 days past November 30 of each year. Sick days in excess of 120 were purchased from the employee at a rate of 50% of wages on December 15 each year.

Sick leave was paid on the basis of straight time and was not used as a basis for overtime pay. Under the new policy, any sick leave accumulated ***after*** February 1, 2010 will be lost by the employee upon death, retirement or separation from CDE. Upon retirement, if an employee had accumulated leave from ***before*** February 1, 2010, they may utilize all of that sick leave prior to their retirement date. Upon death, all sick leave accrued ***before*** February 1, 2010 will be paid to the employee's estate. Prior to February 2010 upon retirement or death, the Divisions paid out accrued sick leave at a rate of 100% of wages.

Annual vacation leave and sick leave policies were updated effective July 1, 2012, and again on March 1, 2014. Both apply to active full-time employees. Annual vacation leave granted is earned based upon the employee's years of service with CDE Lightband. Leave accrual is awarded in the following manner: 1-9 Years: 80 Hours; 10-14 Years: 120 Hours; 15+ Years: 160 Hours. Leave is based upon the employee's standard workday and is paid at the employee's base hourly rate. The earned benefit date is the anniversary date of the employee.

Carry-over is allowed from year to year with a maximum carry-over of 200 hours. Any amount held above 200 hours shall be forfeited at the end of the anniversary year. At the time of termination or retirement, all accumulated vacation leave shall be paid to the employee.

Those employees with carry-over time above the 200 hours maximum from the previous January 2010 policy received two options to reduce their carry-over maximum down to the 200 limit. They were able to choose one of these two options before their next anniversary date and accruing more leave time. Option 1 was to payout all days beyond 200 hours at $.50 on the $1.00. Option 2 was to use the extra time above 200 hours within a 2 year period. If the time had not been utilized by 2 years of the employees next anniversary date, any time beyond 200 hours shall be forfeited. Time must be approved and scheduled according to policy.

7. ACCUMULATED VACATION AND SICK LEAVE - Continued

Sick leave is based upon an employee's standard workday and is paid at the employee's hourly rate. Sick leave is accrued at a rate of 1 full day per full calendar month and begins on the first of the month following 60 days of employment.

Carry-over of sick leave is allowed until a maximum of 90 days is reached. Any days earned per year beyond the 90 day maximum will be paid out at a rate of $.50 on the $1.00 each year on December 15th. Those employees with balances from the previous policy's sick bank shall roll both balances into one to have one combined 'sick days' accrual. If the banked days total is above the 90 day maximum, the $.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 previously banked days.

At the time of termination, all sick leave is forfeited.

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

	2018	2017
Current portion	$ 830,105	$ 655,846
Noncurrent portion	1,475,740	1,426,021
Totals	$2,305,845	$2,081,867

8. DEFINED CONTRIBUTION PENSION PLAN

The Electric Division 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, 2017 and 2016, there were $19 and $-0-, respectively, in forfeitures applied.

CDE established a progress sharing plan as part of its Plan. Employees are 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%.

8. DEFINED CONTRIBUTION PENSION PLAN - Continued

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, 2018 and 2017.

	June 30,	
	2018	2017
CONTRIBUTIONS		
Employer contributions	$ 260,050	$ 239,404
Employer progress sharing contributions	603,243	546,764
Employee contributions	461,205	403,098
Totals	$1,324,498	$1,189,266

The Plan is audited on a calendar year basis and the market value of the Plan assets as of December 31, 2017 and 2016 is as follows:

Totals	$15,459,921	$13,082,002

9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

Plan Administration - The Electric Division, 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 net 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.

9. OTHER POSTEMPLOYMENT BENEFITS - Continued

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, 2017, 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	173
	179

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. Dependents of retirees are required to contribute 50% of the dependent portion of the cost of the premiums.

Net OPEB Liability

The Divisions' net OPEB liability of June 30, 2018 and 2017 totaled $1,793,248 and $1,626,601, respectively, and both were measured as of June 30, 2017. The net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions - The net OPEB liability as of the July 1, 2017 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	3.17%
Healthcare cost trend rates	8% grading uniformly to 5% over 10 years

The discount rate was based on the S&P Municipal Bond 20-Year High Grade index as of June 30, 2017.

Mortality rates were based on the SOA RP-2014 Total Data Set, adjusted back to base year 2006 using Improvement Scale MP-2014 and projected forward generationally using Improvement Scale MP-2016.

9. OTHER POSTEMPLOYMENT BENEFITS - Continued

Experience gains or losses were amortized over the average working lifetime of all participants which for the current period was 14 years. Plan amendments are recognized immediately. Changes in actuarial assumptions are amortized over the average working lifetime of all participants.

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of 06/30/2017	$ 1,626,601	$ -	$ 1,626,601
Changes for the Year:			
Service Cost	153,465	-	153,465
Interest	55,054	-	55,054
Benefit Changes	-	-	-
Difference between expected and actual experience	(6,942)	-	(6,942)
Changes of assumptions	-	-	-
Contributions - Employer	-	34,930	(34,930)
Contributions - Members	-	-	-
Net Investment Income	-	-	-
Refunds of contributions	-	-	-
Benefits paid	(34,930)	(34,930)	-
Administrative expenses and other	-	-	-
Net Changes	166,647	-	166,647
Balances as of 06/30/2018	$ 1,793,248	$ -	$ 1,793,248

Sensitivity of the Net OPEB Liability to Changes in Discount Rate - The following presents the net OPEB liability of CDE Lightband, as well as what CDE Lightband's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.17%) or 1-percentage-point higher (4.17%) than the current discount rate:

	1% Decrease 2.17%	Current Rate 3.17%	1% Increase 4.17%
Net OPEB Liability	$1,984,851	$1,793,248	$1,608,766

9. OTHER POSTEMPLOYMENT BENEFITS - Continued

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates – The following presents the net OPEB liability of CDE Lightband, as well as, what CDE Lightband's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7% decreasing to 4% over 10 years) or 1-percentage-point higher (9% decreasing to 6% over 10 years) than the current healthcare cost trend rates:

	1% Decrease 7% decreasing to 4% over 10 years	Current 8% decreasing to 5% over 10 years	1% Increase 9% decreasing to 6% over 10 years
Net OPEB Liability	$1,556,855	$1,793,248	$2,064,081

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

For the year ended June 30, 2018, the Divisions recognized OPEB expense of $208,023. At June 30, 2018, the Divisions reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$6,446
Total	$ -	$6,446

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

Year Ended June 30,	
2019	$(496)
2020	(496)
2021	(496)
2022	(496)
2023	(496)
Thereafter	(3,966)

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 year 2017 OPEB contributions by Division. A summary of the OPEB related activity by Division follows:

	Electric Division	Broadband Division
June 30, 2018:		
Net OPEB Liability	$1,453,445	$339,803
Deferred Inflows of Resources	-	7,994
Deferred Outflows of Resources	1,548	-
June 30, 2017:		
Net OPEB Liability	$1,324,057	$302,544
Deferred Inflows of Resources	-	-
Deferred Outflows of Resources	-	-

10. LONG-TERM DEBT

Electric Division - Long-term debt consists of the following:

NOTES PAYABLE

Description	Balance June 30, 2017	New Borrowings	Principal Payments	Refundings	Amortization	Balance June 30, 2018
CEMC Note payable	$ 177,094	$ -	$(115,103)	$ -	$ -	$ 61,991
Total notes payable	177,094	$ -	$(115,103)	$ -	$ -	61,991
Less current portion	(115,103)					(30,995)
Total	$ 61,991					$ 30,996

Description	Balance June 30, 2016	New Borrowings	Principal Payments	Refundings	Amortization	Balance June 30, 2017
CEMC Note payable	$ 292,199	$ -	$(115,105)	$ -	$ -	$ 177,094
Total notes payable	292,199	$ -	$(115,105)	$ -	$ -	177,094
Less current portion	(115,103)					(115,103)
Total	$ 177,096					$ 61,991

BONDS PAYABLE

Series Description	Balance June 30, 2017	New Borrowings	Principal Payments	Refundings	Amortization	Balance June 30, 2018
Series 2007 Bonds	$ 1,825,000	$ -	$(1,825,000)	$ -	$ -	$ -
Series 2010A Bonds	26,845,000	-	(270,000)	(25,715,000)	-	860,000
Series 2014 Bonds	2,340,000	-	(300,000)	-	-	2,040,000
Series 2015 Bonds	38,070,000	-	(245,000)	-	-	37,825,000
Series 2017 Bonds	-	24,845,000	-	-	-	24,845,000
Bonds payable	69,080,000	24,845,000	(2,640,000)	(25,715,000)	-	65,570,000
Plus unamortized bond premium	6,776,375	3,245,235	-	(858,114)	(538,325)	8,625,171
	75,856,375	$28,090,235	$(2,640,000)	$(26,573,114)	$(538,325)	74,195,171
Less current portion	(2,640,000)					(2,970,000)
	$ 73,216,375					$ 71,225,171

Series Description	Balance June 30, 2016	New Borrowings	Principal Payments	Refundings	Amortization	Balance June 30, 2017
Series 2007 Bonds	$ 3,575,000	$ -	$(1,750,000)	$ -	$ -	$ 1,825,000
Series 2010A Bonds	27,110,000	-	(265,000)	-	-	26,845,000
Series 2014 Bonds	2,640,000	-	(300,000)	-	-	2,340,000
Series 2015 Bonds	38,310,000	-	(240,000)	-	-	38,070,000
Bonds payable	71,635,000	-	(2,555,000)	-	-	69,080,000
Plus unamortized bond premium	7,237,849	-	-	-	(461,474)	6,776,375
	78,872,849	$ -	$(2,555,000)	$ -	$(461,474)	75,856,375
Less current portion	(2,555,000)					(2,640,000)
	$ 76,317,849					$ 73,216,375

10. LONG-TERM DEBT - Continued

The note payable to CEMC is due in annual installments of $30,995 to $30,996 between June 2019 and June 2020. The purpose of this loan was for the purchase of Electric Plant assets in areas annexed by the City of Clarksville. This is a non-interest bearing note.

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

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 are due in annual installments of $275,000 to $300,000 between September 1, 2018 and September 1, 2020. These bonds bear interest ranging from 2.5% to 5%. These bonds are collateralized by a subordinate interest in substantially all of the net revenues of the Electric Division. 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 $325,000 to $365,000 between September 1, 2018 and September 1, 2023. These bonds bear interest ranging from 2% to 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 $2,140,000 to $3,465,000 between September 1, 2018 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.

10. LONG-TERM DEBT - Continued

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 $230,000 to $5,430,000 between September 1, 2018 and September 1, 2034. These bonds bear interest ranging from 2% to 5%. These bonds are collateralized by a subordinate interest in substantially all of the net revenues of the Electric Division.

Future payments on Long-Term Debt are as follows:

Fiscal Year Ending Year Ended June 30,	Bonds Payable	Note Payable	Total Principal	Total Interest
2019	$ 2,970,000	$ 30,995	$ 3,000,995	$ 2,643,925
2020	3,060,000	30,996	3,090,996	2,554,769
2021	3,155,000	-	3,155,000	2,456,538
2022	3,245,000	-	3,245,000	2,367,175
2023	3,320,000	-	3,320,000	2,292,675
2024 - 2028	18,715,000	-	18,715,000	9,344,950
2029 - 2033	23,860,000	-	23,860,000	4,206,225
2034 - 2035	7,245,000	-	7,245,000	217,500
Totals	$65,570,000	$ 61,991	$65,631,991	$26,083,757

Total interest costs incurred and charged to the Electric Division were $2,718,661 and $2,740,544 during 2018 and 2017, respectively. Interest costs of $-0- were capitalized by the Electric Division during both 2018 and 2017. 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 $173,665 and $104,681 during the fiscal years ended June 30, 2018 and 2017, respectively. Interdivisional interest income/expense was $173,665 and $104,681 during the fiscal years ended June 30, 2018 and 2017, respectively.

11. OTHER NONCURRENT LIABILITIES

Electric Division:

Other Noncurrent Liabilities Description	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Customer deposits	$ 6,128,314	$2,296,577	$(2,066,259)	$ 6,358,632
TVA - RES program	5,204,451	324,636	(1,710,223)	3,818,864
Accrued leave	1,426,021	770,625	(720,906)	1,475,740
Other postemployment benefits	1,324,057	156,107	(26,719)	1,453,445
Other	19,162	122,968	(130,278)	11,852
	$14,102,005	$3,670,913	$(4,654,385)	$13,118,533

Other Noncurrent Liabilities Description	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Customer deposits	$ 5,907,566	$2,126,330	$(1,905,582)	$ 6,128,314
TVA - RES program	6,883,300	500,586	(2,179,435)	5,204,451
Accrued leave	1,338,094	198,429	(110,502)	1,426,021
Other postemployment Benefits, as restated	453,780	913,637	(43,360)	1,324,057
Other	18,446	200,381	(199,665)	19,162
	$14,601,186	$3,939,363	$(4,438,544)	$14,102,005

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.

12. INTERDIVISIONAL ALLOCATIONS - Continued

For the fiscal years ended June 30, 2018 and 2017, allocated infrastructure costs were as follows:

	June 30, 2018			June 30, 2017		
	Unit Costs	Annual Broadband Units	Allocated Costs	Unit Costs	Annual Broadband Units	Allocated Costs
Depreciation	$2.84	339,497	$ 964,171	$2.84	329,260	$ 935,098
Interest	2.04	339,497	692,574	2.04	329,260	671,690
Taxes	0.78	339,497	264,808	0.78	329,260	256,823
Pole Attachment	0.48	339,497	162,959	0.48	329,260	158,046
Totals	$6.14		$2,084,512	$6.14		$2,021,657

During the 2008 fiscal year, the Broadband Division began "renting" an office building from the Electric Division for Broadband operations. During the 2018 and 2017 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 2018 and 2017 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, 2018 and 2017.

At June 30, 2018 and 2017, the Electric Division owed the Broadband Division $1,785,770 and $1,683,024, respectively. These amounts represent payments for broadband services the Electric Division had collected on behalf of the Broadband Division. These amounts are typically remitted to the Broadband Division the month after they are collected by the Electric Division. These amounts are other than the Interdivisional Receivable/Payable discussed in Note #6.

13. CONTINGENCIES

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

CDE LIGHTBAND

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

OPEB PLAN

(Unaudited)

	Fiscal Year Ending June 30, 2018
Total OPEB liability	
Service cost	$ 153,465
Interest	55,054
Changes of benefit items	-
Differences between expected and actual experience	(6,942)
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(34,930)
Net change in total OPEB liability	166,647
Total OPEB liability-beginning	1,626,601
Total OPEB liability-ending (a)	$ 1,793,248
Plan fiduciary net position	
Contributions-employer	$ 34,930
Contributions-employee	-
Net investment income	-
Benefit payments, including refunds of employee contributions	(34,930)
Administrative expenses	-
Net change in plan fiduciary net position	-
Plan fiduciary net position-beginning	-
Plan fiduciary net position-ending (b)	$ -
Net OPEB liability -ending (a) - (b)	$ 1,793,248
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered payroll	$ 10,856,577
Net OPEB liability as a percentage of covered payroll	16.52%

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

CDE LIGHTBAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
OPEB PLAN
(Unaudited)

	Fiscal Year Ending June 30, 2018
Actuarially determined contribution	$ 280,191
Contributions in relation to the actuarially determine contribution	34,930
Contribution deficiency (excess)	$ 245,261
Covered payroll	$ 10,856,577
Contributions as a percentage of covered payroll	0.32%

Notes to Schedule

Valuation date: Actuarially determined contribution rates for 2018 were calculated based on the July 1, 2017 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial valuation method	Entry age normal, level percentage of salary
Asset valuation method	N/A
Remaining amortization period	Contributions: 20 year level percentage of salary (closed), Experience gains or losses: 14 years, Amendments: immediately, Actuarial assumptions: over the average working lifetime of all participants
Inflation rate	N/A
Salary increases	N/A
Expected long-term rate of return on plan assets	N/A
Healthcare cost trend rate	8% grading uniformly to 5% over 10 years
Discount rate	3.17%, based on the S&P Municipal Bond 20-Year High Grade index as of June 30, 2017
Retirement age	Vary by age from 20% at age 55 to 100% at age 65
Mortality	SOA RP-2014 Total Data Set, adjusted back to base year 2006 using Improvement Scale MP-2014 and projected forward generationally using Improvement Scale MP-2016

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.

DIRECTORY OF CLARKSVILLE POWER BOARD AND MANAGEMENT (UNAUDITED)
JUNE 30, 2018

CLARKSVILLE POWER BOARD

Mayor Kim McMillan, Ex-Officio

Sally Castleman

Ron Jackson

Leo Millan

Bill Powers

Wayne Wilkinson, Chair

SUPERINTENDENT

Brian Taylor

CHIEF FINANCIAL OFFICER

David Johns

CDE LIGHTBAND
ELECTRIC DIVISION
SCHEDULES OF OPERATING REVENUES
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
OPERATING REVENUES:		
Charges for power:		
Residential	$ 101,550,601	$ 93,632,392
Small commercial	17,101,278	16,596,632
Large commercial	48,136,711	48,322,738
Street and outdoor lights	1,655,834	1,672,194
Forfeited discounts	1,387,187	1,329,909
Uncollected accounts	(386,910)	(242,967)
Total charges for power	169,444,701	161,310,898
Other operating revenues:		
Rent	3,804,397	3,289,141
Miscellaneous	1,768,187	1,776,939
Total other operating revenues	5,572,584	5,066,080
TOTAL OPERATING REVENUES	$ 175,017,285	$ 166,376,978

See independent auditor's report.

CDE LIGHTBAND
ELECTRIC DIVISION
SCHEDULES OF OPERATING EXPENSES
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
OPERATING EXPENSES:		
Cost of power	$ 127,828,533	$ 120,799,510
Distribution:		
Supervision and engineering	163,504	171,834
Station expense	302,325	298,138
Overhead lines	1,417,624	1,355,513
Underground lines	264,275	236,685
Meters	733,208	675,745
Rents	173,010	4,466
Miscellaneous	871,582	841,259
Total	3,925,528	3,583,640
Transmission:		
Station expense	58,172	63,446
Total	58,172	63,446
Customer Accounts:		
Meter reading	611,920	554,167
Customer records and collection	2,820,311	2,590,500
Total	3,432,231	3,144,667
Sales and Customer Service:		
Supervision	73,265	70,940
Customer assistance	213,436	188,976
Advertising	157,639	152,365
Miscellaneous	1,280	(510)
Total	445,620	411,771

	2018	2017
OPERATING EXPENSES (continued):		
Administration and General:		
Salaries	869,630	770,411
Office supplies and expenses	554,265	605,967
Outside service	89,578	174,617
Property insurance	230,079	228,422
Injuries and damages	394,597	355,749
Employee pensions and benefits	1,879,383	1,719,619
Miscellaneous	42,128	65,464
Total	4,059,660	3,920,249
Maintenance:		
Supervision and engineering	32,656	31,820
Station equipment	260,947	343,684
Overhead lines	2,863,552	3,104,708
Underground lines	125,124	9,961
Line transformers	179,183	24,234
Meters	253,778	260,225
Security lights	63,013	71,414
General plant	2,225,079	2,840,828
Total	6,003,332	6,686,874
Taxes:		
Advalorem (in lieu-of-taxes)	1,362,925	1,334,149
Payroll	550,732	498,634
Total	1,913,657	1,832,783
Depreciation and amortization	11,817,369	11,377,706
TOTAL OPERATING EXPENSES	$ 159,484,102	$ 151,820,646

See independent auditor's report.

CDE LIGHTBAND
BROADBAND DIVISION
SCHEDULES OF OPERATING REVENUES AND COSTS OF SERVICES
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
OPERATING REVENUES:		
Charges for services:		
Charges for video services	$ 5,040,943	$ 5,209,703
Charges for internet services	12,252,277	11,325,324
Charges for telephone services	1,808,569	1,842,862
Charges for installations	155,008	139,347
Uncollected accounts	(249,176)	(226,062)
Total charges for services	19,007,621	18,291,174
Other operating revenues:		
Rent	1,067,841	1,159,200
Other charges	462,139	479,884
Total other operating revenues	1,529,980	1,639,084
TOTAL OPERATING REVENUES	$ 20,537,601	$ 19,930,258
COSTS OF SERVICES:		
Costs of video services	$ 6,253,019	$ 6,296,736
Costs of internet services	962,701	821,918
Costs of telephone services	792,751	837,012
Costs of installations	1,373,957	1,231,263
TOTAL COSTS OF SERVICES	$ 9,382,428	$ 9,186,929

CDE LIGHTBAND
ELECTRIC DIVISION
SCHEDULE OF BOND PRINCIPAL AND INTEREST MATURITIES
JUNE 30, 2018

Year Ending	2010 Series A		2014 Series		2015 Series		2017 Series		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 275,000	$ 27,500	$ 325,000	$ 49,825	$ 2,140,000	$ 1,559,350	$ 230,000	$ 1,007,250	$ 2,970,000	$ 2,643,925
2020	285,000	17,344	325,000	43,325	2,210,000	1,493,900	240,000	1,000,200	3,060,000	2,554,769
2021	300,000	6,000	325,000	36,013	2,285,000	1,421,600	245,000	992,925	3,155,000	2,456,538
2022	-	-	345,000	26,775	2,345,000	1,356,700	555,000	983,700	3,245,000	2,367,175
2023	-	-	355,000	16,275	2,395,000	1,306,800	570,000	969,600	3,320,000	2,292,675
2024	-	-	365,000	5,475	2,465,000	1,236,050	590,000	952,200	3,420,000	2,193,725
2025	-	-	-	-	2,570,000	1,130,000	985,000	928,575	3,555,000	2,058,575
2026	-	-	-	-	2,700,000	1,003,250	1,020,000	888,300	3,720,000	1,891,550
2027	-	-	-	-	2,840,000	864,750	1,070,000	836,050	3,910,000	1,700,800
2028	-	-	-	-	2,980,000	719,250	1,130,000	781,050	4,110,000	1,500,300
2029	-	-	-	-	3,135,000	566,375	1,190,000	723,050	4,325,000	1,289,425
2030	-	-	-	-	3,295,000	405,625	1,250,000	662,050	4,545,000	1,067,675
2031	-	-	-	-	3,465,000	236,625	1,305,000	604,700	4,770,000	841,325
2032	-	-	-	-	3,000,000	75,000	2,000,000	538,600	5,000,000	613,600
2033	-	-	-	-	-	-	5,220,000	394,200	5,220,000	394,200
2034	-	-	-	-	-	-	5,430,000	181,200	5,430,000	181,200
2035	-	-	-	-	-	-	1,815,000	36,300	1,815,000	36,300
	$ 860,000	$ 50,844	$ 2,040,000	$ 177,688	$37,825,000	$13,375,275	$ 24,845,000	$ 12,479,950	$ 65,570,000	$ 26,083,757

See independent auditor's report.

CDE LIGHTBAND
ELECTRIC DIVISION
SCHEDULE OF NOTE PRINCIPAL AND INTEREST MATURITIES
JUNE 30, 2018

	CEMC Annexation Note
Year Ending June 30,	Principal
2019	$ 30,995
2020	30,996
Totals	$ 61,991

See independent auditor's report.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
SCHEDULE OF INTERDIVISIONAL LOAN MATURITIES
JUNE 30, 2018

Year Ending	2007 Loan		2009 Loan		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 650,000	$ 146,728	$ -	$ 48,611	$ 650,000	$ 195,339
2020	750,000	135,093	-	48,611	750,000	183,704
2021	800,000	121,668	-	48,611	800,000	170,279
2022	800,000	107,348	-	48,611	800,000	155,959
2023	800,000	93,028	-	48,611	800,000	141,639
2024	800,000	78,708	-	48,611	800,000	127,319
2025	800,000	64,388	-	48,611	800,000	112,999
2026	800,000	50,068	-	48,611	800,000	98,679
2027	800,000	35,748	-	48,611	800,000	84,359
2028	800,000	21,428	-	48,611	800,000	70,039
2029	397,111	7,108	-	48,611	397,111	55,719
2030	-	-	-	48,611	-	48,611
2031	-	-	-	48,611	-	48,611
2032	-	-	-	48,611	-	48,611
2033	-	-	-	48,611	-	48,611
2034	-	-	-	48,611	-	48,611
2035	-	-	-	48,611	-	48,611
2036	-	-	800,000	48,611	800,000	48,611
2037	-	-	800,000	34,291	800,000	34,291
2038	-	-	1,115,716	19,971	1,115,716	19,971
	$ 8,197,111	$ 861,313	$ 2,715,716	$ 929,260	$ 10,912,827	$ 1,790,573

See independent auditor's report.

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
SCHEDULES OF STATISTICAL DATA (UNAUDITED)
JUNE 30, 2018 AND 2017

	2018	2017	Increase (Decrease)
Number of electric customers:			
Residential	62,609	61,842	767
Commercial	6,820	6,722	98
Industrial	775	759	16
Public lighting	428	424	4
Total number of electric customers	70,632	69,747	885
Security lights	4,922	4,980	(58)
Number of kilowatt-hours purchased:			
Sales	1,627,113,272	1,517,618,126	109,495,146
Loss	67,506,832	50,240,100	17,266,732
Purchased for own use	2,348,687	2,322,798	25,889
Total number of kilowatt-hours purchased	1,696,968,791	1,570,181,024	126,787,767
Percent of losses to purchases	4.15%	3.31%	0.84%

	2018	2017	Increase (Decrease)
Number of broadband customers:			
Residential	19,296	18,021	1,275
Commercial	1,624	1,528	96
Total number of broadband customers	20,920	19,549	1,371

See independent auditor's report.

CDE LIGHTBAND
ELECTRIC DIVISION
SCHEDULE OF RATES (UNAUDITED)
JUNE 30, 2018

Residential Rates (RS)
Customer Charge: $23.40
Energy Charge: 9.416 cents/Kilowatt hour (kWh)

General Power Rate (GSA1) (Not to exceed 50 kW or 15,000 kWh)
Customer Charge #1 0-500 kWh $27.50
Customer Charge #2 > 500 kWh $41.00
Energy Charge: 10.929 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 10.340 cents/kWh
All additional kWh 6.305 cents/kWh
Demand Charge: 0-50 kW $3.00 per kW
51-1,000 kW $14.39 per kW

General Power Rate (GSA3) (1,001-5,000 kW)
Customer Charge: $540.00
Energy Charge: All kWh 6.752 cents/kWh
Demand Charge: 0-1,000 kW $14.39 per kW
1,001-5,000 kW $14.39 per kW

General Power Rate (SGSB) Time-of-Use (TOU)
Customer Charge: $1,500.00
Administrative Charge: $350.00
Energy Charge:
Summer Period:
Onpeak: 9.255 cents/kWh
Offpeak: 1st 200 hours 6.820 cents/kWh
Next 200 hours 2.296 cents/kWh
Additional hours 1.962 cents/kWh
Transition Period:
Onpeak: 6.857 cents/kWh
Offpeak: 1st 200 hours 6.857 cents/kWh
Next 200 hours 2.363 cents/kWh
Additional hours 2.029 cents/kWh
Winter Period:
Onpeak: 8.188 cents/kWh
Offpeak: 1st 200 hours 7.080 cents/kWh
Next 200 hours 2.340 cents/kWh
Additional hours 2.006 cents/kWh
Demand Charge:
Summer Period:
Onpeak: $10.61 kW
Max kW:$ 5.09 kW
Transition Period:
Onpeak: $9.67 kW
Max kW: $5.09 kW
Winter Period:
Onpeak: $9.67 kW
Max kW: $5.09 kW

See independent auditor’s report.

Manufacturing Service Rate (SMSB) Time-of-Use (TOU)
- Customer Charge: $1,500.00
- Administrative Charge: $350.00
- Energy Charge:
  - Summer Period:
    - Onpeak: 7.372 cents/kWh
    - Offpeak: 1st 200 hours 4.938 cents/kWh
      Next 200 hours 2.046 cents/kWh
      Additional hours 1.798 cents/kWh
  - Transition Period:
    - Onpeak: 5.308 cents/kWh
    - Offpeak: 1st 200 hours 5.308 cents/kWh
      Next 200 hours 2.113 cents/kWh
      Additional hours 1.865 cents/kWh
  - Winter Period:
    - Onpeak: 6.306 cents/kWh
    - Offpeak: 1st 200 hours 5.201 cents/kWh
      Next 200 hours 2.090 cents/kWh
      Additional hours 1.842 cents/kWh
- Demand Charge:
  - Summer Period:
    - Onpeak: $9.97 kW
    - Max kW: $2.18 kW
  - Transition Period:
    - Onpeak: $9.04 kW
    - Max kW: $2.18 kW
  - Winter Period:
    - Onpeak: $9.04 kW
    - Max kW: $2.18 kW

Outdoor Lighting (LS)
- Customer Charge: $3.15
- Energy Charge: 6.908 cents/kWh

Security Lights (LS) (No Customer Charge)
- Energy Charge: 6.908 cents/kWh

CDE LIGHTBAND
BROADBAND DIVISION
SCHEDULE OF RATES (UNAUDITED)
JUNE 30, 2018

SERVICE RATES

Lightband Basic	$15.95
Lightband Plus	$69.10
Lightband Extra	$79.10
HBO	$16.95
Cinemax	$15.95
HBO/Cinemax Channels (all 10 screens)	$25.95
Starz/Encore Channels (all 10 screens)	$14.95
Showtime/TMC (all 8 screens)	$16.95
Lightband High Speed Internet	$38.95 – 89.95
Video On Demand (VOD) Movies	$1.99 to $12.99 per purchase

PACKAGES

Bronze (1 premium)	$74.70
Silver (2 premiums)	$84.70
Gold (4 premiums)	$94.70
Power Pack I - (Lightband Extra & Internet)	$116.10
Power Pack II - (Lightband Extra, Internet, & Phone)	$136.10
Sports Pack	$7.99

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.

See independent auditor's report.

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 Clarksville Electric Power Board
City of 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 (collectively the "Divisions" or "CDE"), propriety funds of the City of Clarksville, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise CDE's basic financial statements, and have issued our report thereon dated October 7, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CDE's internal control over financial reporting (internal control) to determine the 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's internal control. Accordingly, we do not express an opinion on the effectiveness of CDE's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CDE'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 determination of financial statement amounts. 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 CDE's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crosslin, PLLC

Nashville, Tennessee
October 7, 2018

CDE LIGHTBAND
ELECTRIC DIVISION AND BROADBAND DIVISION
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Schedule of Disposition of Prior Year Findings

Finding Number	Finding Title	Status
2017-001	Employee Fraud	Resolved/Corrected