

NEW ISSUE - Book Entry Only

RATING:
Moody's: "Aa3"

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Municipality, interest on the Series 2025 Bonds (including any original issue discount allocable to an owner thereof) will be excluded from gross income for Federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. In the further opinion of Bond Counsel, under existing law, the Series 2025 Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. See the discussion under the heading "LEGAL MATTERS – Opinion of Bond Counsel" and "TAX MATTERS" herein.

CITY OF DICKSON, TENNESSEE

\$40,030,000*

**Electric System Revenue Bonds,
Series 2025**

Dated: Date of Delivery

Due: July 1, as shown on the inside front cover

The City of Dickson, Tennessee (the "Municipality") at the request of the Board of Public Utilities of the City of Dickson (a/k/a "Dickson Electric System" or "DES") is issuing its \$42,000,000* Electric System Revenue Bonds, Series 2025 (the "Series 2025 Bonds"). The Series 2025 Bonds are being issued by the Municipality pursuant to and in accordance with: (i) certain provisions of Tennessee law, including particularly Chapter 34, Title 7, Tennessee Code Annotated (§§ 7-34-101 through §§ 7-34-118 *et seq.*), as amended (the "Act") and (ii) the terms and conditions contained in certain resolutions of DES and the Municipality, including particularly the Electric System Master Resolution duly and lawfully adopted by DES, and by the City Council of the Municipality on August 15, 2022 (the "Master Resolution"), as supplemented with respect to the Series 2025 Bonds by that certain series resolution adopted by the City Council on April 7, 2025 (the "Bond Resolution" and together with the Master Resolution, the "Resolution"). See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS."

The Series 2025 Bonds are being issued to: (i) finance improvements and extensions to the Municipality's electric transmission and distribution system (the "System") operated on behalf of the Municipality by DES (the "Project") and (ii) pay the costs of issuing the Series 2025 Bonds. See "PLAN OF FINANCING."

The Series 2025 Bonds and any parity bonds hereafter issued are secured by and are payable from a first pledge of and lien on the Net Revenues (as defined in Appendix A hereto) derived from the operation of the System, on parity with the Municipality's Electric System Revenue Bonds, Series 2022. The Series 2025 Bonds are limited obligations of the Municipality, payable solely from the Net Revenues of the System. Neither the full faith and credit nor the taxing power of the Municipality is pledged to the payment of the Series 2025 Bonds. See "SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2025 BONDS."

The Series 2025 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest on the Series 2025 Bonds will be payable on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing [January 1, 2026]*, to the owners thereof as shown on the registration books maintained by U.S. Bank Trust Company, National Association, Nashville, Tennessee, as paying agent and bond registrar (the "Registration Agent"). The Series 2025 Bonds will bear interest from their dated date. See "DESCRIPTION OF THE SERIES 2025 BONDS – General."

The Series 2025 Bonds will be issued in book-entry form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. Payment of the principal of and interest on the Series 2025 Bonds will be made by the Registration Agent directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to DTC Participants and thereafter to Beneficial Owners (as defined herein) of the Series 2025 Bonds, all as described herein. See "DESCRIPTION OF THE SERIES 2025 BONDS – Book-Entry Only Bonds."

The Series 2025 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See "DESCRIPTION OF THE SERIES 2025 BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption."

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2025 Bonds are offered, when, as and if issued by the Municipality, subject to prior sale, to the withdrawal or the modification of the offer without notice, and to the approval of legality by Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel. Certain legal matters will be passed upon for the Municipality and the Board by their counsel, Jerry V. Smith, Esq., Dickson, Tennessee, and for the Underwriter by its counsel, Carpenter Law, PLLC, Nashville, Tennessee. The Series 2025 Bonds will be available for delivery through DTC on or about June __, 2025.

RAYMOND JAMES®

Dated: _____, 2025

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. As of this date, this Preliminary Official Statement has been deemed "final" by City of Dickson, Tennessee and Dickson Electric System for purposes of SEC Rule 15c2-12(b)(1) except for the omission of certain information permitted by SEC Rule 15c2-12(b)(1).

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS

Series 2025 Bonds

<u>July 1</u> <u>Maturity</u>		<u>Amount</u> *	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>No.</u> †
2027	\$	1,295,000			
2028		1,360,000			
2029		1,430,000			
2030		1,505,000			
2031		1,580,000			
2032		1,660,000			
2033		1,745,000			
2034		1,835,000			
2035		1,930,000			
2036		2,030,000			
2037		2,135,000			
2038		2,245,000			
2039		2,360,000			
2040		2,480,000			
2041		2,605,000			
2042		2,740,000			
2043		2,880,000			
2044		3,030,000			
2045		3,185,000			

* Preliminary, subject to change.

†Copyright, American Bankers Association (“ABA”). Initial CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Intelligence, a division of S&P Global, Inc. The CUSIP numbers listed above are being provided solely for the convenience of purchasers of the Series 2025 Bonds only at the time of issuance of the Series 2025 Bonds and neither the City of Dickson nor DES make any representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2025 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity, or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2025 Bonds.

THE CITY OF DICKSON, TENNESSEE

MAYOR AND CITY COUNCIL

Don L. Weiss, Jr., Mayor

<i>Brett Reynolds</i>	<i>Jason Epley</i>
<i>Kyle Sanders</i>	<i>Shane Chandler</i>
<i>Stacey Levine</i>	<i>Horace Perkins</i>
<i>Dwight Haynes</i>	<i>Michael Outlaw</i>

DICKSON ELECTRIC SYSTEM

Board of Public Utilities

Gary Daniel, Chairman
Freddy Pendergrass, Vice Chairman
Dwight Haynes
Luanne Greer
Kyle Miller

Administration

Darrell Gillespie – General Manager
Melinda Muraca – Controller

BOND COUNSEL

Bass, Berry & Sims PLC
Nashville, Tennessee

UNDERWRITER

Raymond James
Nashville, Tennessee

COUNSEL TO THE MUNICIPALITY AND THE BOARD

Jerry V. Smith, Esq.
Dickson, Tennessee

REGISTRATION AND PAYING AGENT

U.S. Bank Trust Company, National Association
Nashville, Tennessee

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement in connection with the offering contained herein, and if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2025 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information contained in this Official Statement has been obtained from representatives of the Municipality, public documents, records and other sources considered reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information.

The delivery of this Official Statement at any time does not imply that any information herein is correct as of any time subsequent to its date. Any statements in this Official Statement involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not representations of fact.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2025 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") OR ANY STATE SECURITIES AGENCY. THE SERIES 2025 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES AGENCY, NOR HAS THE SEC OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

In making an investment decision, investors must rely on their own examination of the Municipality, the System and the terms of the offering, including the merits and risks involved. The Series 2025 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2025 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements. The information and expressions of opinions contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Municipality or DES since the date hereof.

All summaries contained herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries contained herein of the Series 2025 Bonds are qualified in their entirety by reference to the forms thereof included in the Resolution, and the provisions with respect thereto included in the aforementioned documents and agreements.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE MUNICIPALITY AND IS FOR PURPOSES OF RULE 15C2-12 ISSUED UNDER THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15C2-12(B)(1).

THIS OFFICIAL STATEMENT IS INTENDED TO REFLECT MATERIAL FACTS AND CIRCUMSTANCES AS THEY EXIST ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION WILL NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2025 BONDS SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITER HAS REVIEWED THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS A PART OF, ITS RESPONSIBILITY TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION CONTAINED HEREIN.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITES: www.munios.com and www.emma.msrb.org. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS PRINTED IN ITS ENTIRETY DIRECTLY FROM EITHER OF SUCH WEBSITES.

The order and placement of information in this Official Statement, including the front cover page, the inside cover pages, and the appendices attached hereto, are not an indication of relevance, materiality or relative importance and this Official Statement, including the front cover page, the inside cover pages, and the appendices attached hereto must be read in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section in this Official Statement.

References to website addresses presented herein are for informational purposes only and may be in the form of an electronic hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into and are not part of this Official Statement for purposes of the Rule.

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CITY OF DICKSON, TENNESSEE

\$40,030,000*

Electric System Revenue Bonds, Series 2025

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish certain information in connection with the sale by the City of Dickson, Tennessee (the “Municipality”) of \$42,000,000* in aggregate principal amount of its Electric System Revenue Bonds, Series 2025 (the “Series 2025 Bonds”). Capitalized terms used but not defined herein shall have the meanings assigned to them in Appendix A.

This introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement and of the documents summarized or described herein, if necessary. The offering of the Series 2025 Bonds to potential investors is made only by means of the entire Official Statement, including the Appendices hereto. No person is authorized to detach this Introduction from the Official Statement or to otherwise use it without the entire Official Statement, including the Appendices hereto.

The Municipality and the System

The City of Dickson (the “Municipality”) is a municipal corporation of the State of Tennessee created by Chapter 160 of the Private Acts of 2000 of the State of Tennessee (the “Municipality’s Charter”). The Municipality is the largest city in Dickson County (the “County”) and is located in middle Tennessee, approximately forty miles west of Nashville, with immediate access to Interstate 40. The County is part of the 14 county Nashville-Davidson-Murfreesboro-Franklin, Tennessee Metropolitan Statistical Area (“Nashville MSA”) which employs people engaging in a wide range of activities and producing a variety of products, including food, tobacco, textiles and furnishings, lumber and paper, printing and publishing, chemical and plastics, leather, concrete, glass, stone, primary metals, machinery and electronics, motor vehicle equipment, measuring and controlling devices, and consumer products.

The Municipality owns and operates an electric transmission and distribution system (the “Dickson Electric System” or the “System”) under the supervision of the Board of Public Utilities of the City of Dickson (the “Board”). The System is operated as a separate department of the Municipality (the “Department” or “DES”), which employs an electric system manager (the “Manager”). The System Manager, in conjunction with the Board, reports to the City Council of the Municipality. See, APPENDIX D.

Service Area

The System’s service area encompasses 654 square miles. As of June 30, 2024, the System consisted of approximately **36,629 customers** within five counties. Counties presently served are Dickson, and portions of Hickman, Cheatham, Houston, and Montgomery. Service to customers in counties other than Dickson is provided with the consent of those counties.

Board

The Board was created and organized in accordance with the provisions of the Tennessee Municipal Electric Plant Law of 1935, Title 7, chapter 52, Section 107 of the Tennessee Code Annotated. The Board consists of five members. Members of the Board are nominated by the Mayor of the Municipality and appointed by the members of

the City Council. One Board member must be selected from the City Council. Board members serve staggered four-year terms, except the Board member who also serves as a Council Member who serves a two-year term. The present members of the Board (each sometimes referred to herein as a “Utility Commissioner”), their terms of office, and their occupations are as follows:

<u>Member</u>	<u>Principal Occupation</u>	<u>Expiration of Term</u>
Gary Daniel, Chairman	Property Developer	June 30, 2028
Freddy Pendergrass, Vice Chairman	Contractor/Builder	June 30, 2027
Dwight Haynes	TVA	June 30, 2027
Luanne Greer	County Court Clerk	June 30, 2025
Kyle Miller	Bank Branch President	June 30, 2026

Key Personnel

DES Administrative personnel include:

Darrell L. Gillespie, General Manager – The Board has delegated responsibility for the day-to-day operation of the System to a manager, Mr. Darrell L. Gillespie. Mr. Gillespie has held the position of General Manager for 14 years at Dickson Electric System. Prior to his position as general manager he was Manager of Engineering for the Clarksville Department of Electricity. Mr. Gillespie has managed multiple projects over his more than 35 years in the electric utility industry successfully. Having worked both in the public and private sector has provided vast experience in large utility projects.

Melinda Muraca, Controller – Mrs. Muraca has been with Dickson Electric Department for 39 years. She has worked at various positions during that time. In 1989 she started in the accounting department and was appointed the position of Controller in June 2006.

Scott Ribble, Director of Electric Operations – Mr. Ribble is a senior executive with over 27 years of experience in electric utility engineering, design, and management. He currently serves as the Director of Electric Operations at Dickson Electric System, overseeing operations, construction, engineering, customer service, and IT. Previously, he held leadership roles at Gresham Smith and Jackson Purchase Energy Corporation, managing large-scale projects, budgets, and teams.

Ronnie Sager, Director of Broadband Operations - Mr. Sager currently serves as the Director of Broadband Operations at Dickson Electric System, overseeing strategy development, team management, and stakeholder relationships. Previously, he held roles such as Manager of Information Technology and AMI Technician at Dickson Electric System, and Senior IT Administrator at CDE Lightband, where he managed IT projects, network security, and system implementations.

Rates

Electric rates charged by DES to its customers are set by the Board in accordance with the provisions of DES’ Power Contract (as herein defined). DES obtains power for the System through a Power Contract with the Tennessee Valley Authority (“TVA”), dated as of October 15, 1975, as amended to date. Pursuant to the Power Contract, DES has agreed to adhere to the resale rates set forth in certain schedules approved by TVA. The schedules include the provision that the customer billings will be adjusted in accordance with the Adjustment Addenda published by TVA. The Power Contract provides further that if the resale rates set forth therein do not provide sufficient revenues

for the operation and maintenance of the system on a self- supporting, financially sound basis, including debt service, DES and TVA shall agree to changes in rates to provide increased revenues. In the same manner, if the rates and charges produce excess revenues, the parties shall agree to rate reductions. Since the date of the Power Contract, the wholesale and resale rates have been adjusted from time to time through TVA's publication of Adjustment Addenda.

Since 2006, TVA has implemented a fuel cost adjustment (or "FCA") to make quarterly (now monthly) adjustments to TVA's wholesale rates based upon changing fuel and purchased power costs. The Municipality has, in turn, implemented an automatic pass-through of the FCA to its customers. See, "APPENDIX D – ELECTRIC RATES."

Purpose of the Series 2025 Bonds

The Series 2025 Bonds are being issued by the Municipality to: (i) finance improvements and extensions to the System (the "Project") and (ii) pay the costs of issuing the Series 2025 Bonds. See "PLAN OF FINANCING."

Security and Sources of Payment for the Series 2025 Bonds

The Series 2025 Bonds and any Parity Bonds hereafter issued (collectively, the "Bonds") are secured by and are payable from a first pledge of and lien on the Net Revenues (as defined in the Master Resolution) derived from the operation of the System, on parity with the Municipality's Electric System Revenue Bonds, Series 2022, dated October 11, 2022 (the "Series 2022 Bonds") which were issued under a resolution of the City Council of the Municipality adopted on August 15, 2022 (the "Master Resolution") as supplemented with respect to the Series 2025 Bonds by that certain series resolution adopted by the City Council on April 7, 2025 (the "Bond Resolution" and together with the Master Resolution, the "Resolution"). See "APPENDIX A – "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS."

THE SERIES 2025 BONDS ARE NOT GENERAL OBLIGATIONS OF THE MUNICIPALITY, AND NO HOLDER OF THE SERIES 2025 BONDS SHALL EVER HAVE THE RIGHT TO COMPEL THE MUNICIPALITY TO EXERCISE ITS TAXING POWER TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2025 BONDS.

Description of the Series 2025 Bonds

Redemption. The Series 2025 Bonds are subject to optional and mandatory redemption. See "DESCRIPTION OF THE SERIES 2025 BONDS – Optional Redemption" and "Mandatory Redemption."

Denominations. The Series 2025 Bonds are issuable in denominations of \$5,000 or any integral multiple thereof. See "DESCRIPTION OF THE SERIES 2025 BONDS – Denominations, Registration, Transfers and Exchanges."

Book-Entry. The Series 2025 Bonds will be issued in the denomination of one bond per aggregate principal amount of the stated maturity thereof, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), Brooklyn, New York, an automated depository for securities and clearing house for securities transactions, which will act as securities depository for the Series 2025 Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2025 Bonds purchased. Purchases of beneficial interests ("Beneficial Owners") in the Series 2025 Bonds will be made in book-entry only form (without certificates). See "DESCRIPTION OF THE SERIES 2025 BONDS – Book-Entry Only Bonds."

Registration, Transfers and Exchanges. The Series 2025 Bonds will be issued in fully registered form. When in book-entry form, ownership of Series 2025 Bonds held by DTC or its nominee, Cede & Co., may be transferred and Series 2025 Bonds may be exchanged in accordance with the rules and procedures of DTC. When not in book-entry form, ownership of Series 2025 Bonds may be transferred upon surrender of such Series 2025 Bond to the Registration Agent, together with an assignment duly executed by the registered owner or his attorney or legal

representative. When not in book-entry form, the Series 2025 Bonds are exchangeable for a like aggregate principal amount of Series 2025 Bonds of the same maturity in denominations of \$5,000 or any integral multiple thereof. See “DESCRIPTION OF THE SERIES 2025 BONDS – Denominations, Registration, Transfers and Exchanges” and “– Book-Entry Only Bonds.”

Payments. Interest on the Series 2025 Bonds will be payable on January 1 and July 1 of each year (each such date, an “Interest Payment Date”), commencing [July 1, 2026]. Payment of the principal of, and interest on, the Series 2025 Bonds will be made by the Registration Agent directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to DTC Participants (hereinafter defined) and thereafter to Beneficial Owners of the Series 2025 Bonds. When not in book-entry form, interest on the Series 2025 Bonds is payable by check or draft on the Registration Agent mailed by first class mail on the date due to the registered owners. When not in book-entry form, principal of the Series 2025 Bonds is payable upon surrender thereof at the corporate trust office of the Registration Agent located in Nashville, Tennessee. See “DESCRIPTION OF THE SERIES 2025 BONDS – General” and “– Book-Entry Only Bonds.”

For a more complete description of the Series 2025 Bonds, see “DESCRIPTION OF THE SERIES 2025 BONDS.”

Tax Exemption

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Municipality, interest on the Series 2025 Bonds (including any original issue discount allocable to an owner thereof) will be excluded from gross income for Federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. For an explanation of certain tax consequences under federal law which may result from the ownership of the Series 2025 Bonds, see the discussion under the heading “LEGAL MATTERS – Opinion of Bond Counsel” herein. Under existing law, the Series 2025 Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. See Appendix E for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2025 Bonds. For a more complete discussion of such opinion and certain other tax consequences of owning the Series 2025 Bonds, including certain exceptions to the exclusion of the interest of the Series 2025 Bonds from gross income, see “LEGAL MATTERS – Opinion of Bond Counsel” and “TAX MATTERS.”

Registration and Paying Agent

U.S. Bank Trust Company, National Association, Nashville, Tennessee, will act as registration and paying agent for the Series 2025 Bonds.

Professionals Involved in the Offering

Certain legal matters pertaining to the Municipality and its authorization and issuance of the Series 2025 Bonds are subject to the approving opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel. Copies of Bond Counsel’s opinions will be available at the time of delivery of the Series 2025 Bonds, and a copy of the proposed form of such opinions are attached hereto as Appendix E. Certain legal matters will be passed on for the Municipality and the Board by their counsel, Jerry V. Smith, Esq., Dickson, Tennessee. The financial statements of the System as of June 30, 2024, and for the year then ended, attached hereto as Appendix C, have been audited by Alexander Thompson Arnold PLLC, Jackson, Tennessee. See “MISCELLANEOUS – Independent Auditors.”

Authority for Issuance

The Series 2025 Bonds are being issued in accordance with the Constitution of the State of Tennessee and laws of the State of Tennessee, including Tennessee Code Annotated Sections 7-34-101 *et seq.*, and pursuant to the Resolution.

Offering and Delivery of the Series 2025 Bonds

The Series 2025 Bonds are offered when, as, and if issued by the Municipality, subject to prior sale, to the withdrawal or the modification of the offer without notice, and to the approving opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel. The Series 2025 Bonds are expected to be delivered through The Depository Trust Company in Brooklyn, New York, on or about June 24, 2025.

Continuing Disclosure

The Municipality has covenanted for the benefit of the owners of the Series 2025 Bonds in a Continuing Disclosure Agreement to provide (i) certain financial information and operating data relating to the System (the “Operating and Financial Data”) and (ii) notices of the occurrence of certain events (the “Material Events Notices”), to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System. The Municipality’s undertaking to provide Operating and Financial Data and Material Events Notices pursuant to the Disclosure Certificate is described in the form of the Continuing Disclosure Agreement attached hereto as Appendix B. The covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”).

In evaluating its compliance with continuing disclosure obligations during the previous five (5) years, the Municipality made the following findings: (i) in certain cases the Municipality failed to timely file its annual reports, including the audited financial statements, operating and non-operating data; (ii) certain annual reports inadvertently omitted to include certain operating, non-operating, and financial data required to be disclosed for the Municipality and its outstanding electric system revenue bonds pursuant to the applicable continuing disclosure agreement for such bond issue; however, corrective filings for the omitted data were made by the Municipality to satisfy the applicable continuing disclosure requirements.

The Municipality has designated Raymond James & Associates, Inc. as the initial disclosure dissemination agent in the Continuing Disclosure Agreement for the Series 2025 Bonds. The Annual Comprehensive Financial Report (and audited financial statements, if filed separately) and each Listed Event Notice, if applicable, will be filed by Raymond James & Associates, Inc., on behalf of the Municipality, with the Municipal Securities Rulemaking Board’s (the “MSRB”) on the Electronic Municipal Market Access (“EMMA”) system, a service of the MSRB at <http://www.emma.msrb.org> and with any State Information Depository hereafter established in the State of Tennessee.

The Municipality believes that it has otherwise complied in all material respects in the previous five (5) years with its previous continuing disclosure undertakings.

Other Information

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Municipality, the Series 2025 Bonds, and the security and sources of payment for the Series 2025 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Resolution, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents, and references herein to the Series 2025 Bonds are qualified in their entirety to the form thereof included in the Resolution. Copies of the Resolution and other documents and information are available, upon request and upon payment to the Municipality of a charge for copying, mailing and handling, from Melinda Muraca, Controller, Dickson Electric System, 236 Cowan Road, Dickson, Tennessee 37055; telephone (615) 446-9051.

PLAN OF FINANCING

Estimated Sources and Uses of Funds*

The sources and uses of funds in connection with the issuance of the Series 2025 Bonds are estimated below.

Series 2025 Bonds

Sources of Funds:

Par Amount

Net Original Issue Premium

Total Sources of Funds

Uses of Funds:

Deposit to Construction Fund

Costs of Issuance⁽¹⁾

Total Uses of Funds

⁽¹⁾ Includes the Underwriters' discount, legal counsel fees, Financial Advisor fees, Rating Agencies fees, printing and mailing expenses, and other costs of issuance with respect to the Series 2025 Bonds.

The Project

The proceeds of the Series 2025 Bonds are being used to finance capital improvements and extensions to the System (the "Project"). Pursuant to the Resolution, the portion of proceeds of the Series 2025 Bonds described above will be deposited in the 2025 Project Fund established under the Resolution (the "Project Fund") to be held and invested by DES and used to pay costs of the Project. Monies in the Project Fund may be invested as permitted by Tennessee law and may not be used for any purpose other than the Project.

Moneys in the Series 2025 Project Fund will be used to fund the completion of the installation of fiber-based communications infrastructure (the "Fiber Infrastructure") and the purchase of equipment and materials for the System (the "Equipment"). The majority of the Fiber Infrastructure was originally financed with a portion of the proceeds of the Series 2022 Bonds. The Fiber Infrastructure will primarily benefit the System and will be recorded as an asset of the System. The Fiber Infrastructure will connect, directly or indirectly, to each electric meter of the System, and will enhance the quality and efficiency of the System's electric service by, among other things, (i) allowing the System to read electric meters remotely, (ii) allowing the System to remotely connect and disconnect meters, (iii) providing real-time outage reports, thereby enabling the System to respond more quickly to power outages, (iv) providing real-time usage reports that will allow the System's customers to tailor their electric power needs more effectively, and (v) allowing the System to better manage its peak power load, thereby reducing the demand for additional electric generation facilities and reducing costs to the System's customers.

The Fiber Infrastructure is also used by a broadband telecommunications network established by DES. The broadband telecommunications network (the "Broadband Network") operates as a separate division of DES and will not be part of the System. The Broadband Network will offer digital video, high-speed internet, and voice services that are unrelated to the transmission and distribution of electricity. The Broadband Network will be permitted to use the Fiber Infrastructure (and certain other assets of the System) only upon the payment by the Broadband Network to the System of a monthly use charge equal to the portion of the cost of the Fiber Infrastructure (and other assets) allocable to the Broadband Network. The portion of the Fiber Infrastructure allocable to the Broadband Network will grow as customers are added to the Broadband Network. This allocation will be based upon the actual number of customers utilizing the Broadband Network and will be periodically reallocated to assure proper division of costs.

The monthly use charges payable to the System from Broadband Network services are treated as revenues of the System. However, revenues derived from sales of Broadband Network services will not constitute revenues of the

System and will not be available for the payment of or the security for the Series 2025 Bonds. The Municipality has all necessary approvals to operate a Broadband Network.

Until the Broadband Network generates revenues sufficient to provide for the payment of its operating costs, including the monthly use charges described above, such operating costs may be funded by the System through the making of interdivision loans from the System to the Broadband Network from revenues of the System after the payment of debt service on the Series 2022 Bonds and the Series 2025 Bonds. Under Tennessee law, these interdivision loans are required to bear interest at a rate not less than the rate being earned on investments of idle System funds.

Once sales of Broadband Network services generate sufficient revenues to fully provide for the payment of Broadband Network operating expenses, any excess Broadband Network revenues will be used to retire outstanding interdivision loans pursuant to a repayment schedule approved by TVA.

DESCRIPTION OF THE SERIES 2025 BONDS

General

The Series 2025 Bonds will be dated their date of delivery and will bear interest from such date at the rates per annum set forth on the inside cover page of this Official Statement (computed on the basis of a 360-day year of twelve 30-day months). Interest on the Series 2025 Bonds is payable on each Interest Payment Date, commencing July 1, 2026*.

Payment of the principal of and interest on the Series 2025 Bonds will be made by the Registration Agent directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to DTC Participants and thereafter to Beneficial Owners of the Series 2025 Bonds. See “Book-Entry Only Bonds.”

When not in book-entry form, interest on the Series 2025 Bonds will be paid by check or draft on the Registration Agent, and will be mailed on the date due by first class mail to the registered owners of record as of the 15th day of the calendar month (the “Regular Record Date”) immediately preceding the applicable Interest Payment Date, at the address shown on the registration books of the Municipality maintained by the Registration Agent. When not in book-entry form, the principal of and redemption premium (if any) on the Series 2025 Bonds will be paid upon the presentation and surrender of the Series 2025 Bonds at the principal corporate trust office of the Registration Agent in Nashville, Tennessee.

Any interest on any Series 2025 Bond that is payable but is not punctually paid or duly provided for on an Interest Payment Date (the “Defaulted Interest”) will cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest will be paid by the Municipality to the persons in whose names the Series 2025 Bonds are registered at the close of business on a date (the “Special Record Date”) for the payment of such Defaulted Interest, which date will be fixed in the following manner: the Municipality will notify the Registration Agent of the amount of Defaulted Interest proposed to be paid on each Series 2025 Bond and the date of the proposed payment. Thereupon, not less than ten days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent will fix a Special Record Date for the payment of such Defaulted Interest, which date will be not more than 15 nor less than 10 days prior to the date of the proposed payment to the registered owners. The Registration Agent will promptly notify the Municipality of such Special Record Date, and in the manner and at the expense of the Municipality, not less than ten days prior to such Special Record Date, will cause notice of the proposed payment of such Defaulted Interest and the Special Record Date to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the registration records maintained by the Registration Agent as to the date of such notice. Nothing contained herein or in the Series 2025 Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of or failure of the Municipality to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Series 2025 Bonds when due.

Denominations, Registration, Transfers and Exchanges

The Series 2025 Bonds will be issued in fully registered form in the denomination of \$5,000 each or integral multiples thereof. Ownership of the Series 2025 Bonds will be registered on the registration books kept by the Registration Agent. The registered owner thereof shall be treated as the absolute owner thereof for all purposes, including payment, and payment to the registered owner thereof shall satisfy all liability thereon to the extent of sums so paid.

When in book-entry form, ownership of Series 2025 Bonds held by DTC or its nominee, Cede & Co., may be transferred and Series 2025 Bonds may be exchanged in accordance with the rules and procedures of DTC.

When not in book-entry form, ownership of any Series 2025 Bond will be transferable upon surrender thereof to the Registration Agent, together with an assignment duly executed by the registered owner or his attorney, in such form as shall be satisfactory to the Registration Agent. Upon any such transfer of ownership, the Registration Agent, will cause to be authenticated and delivered a new Series 2025 Bond or Series 2025 Bonds registered in the name of the transferee in the authorized denomination in the same aggregate principal amount and interest rate as the Series 2025 Bonds surrendered for such transfer. When not in book-entry form, the Series 2025 Bonds may be exchanged for a like principal amount of Series 2025 Bonds of the same interest rate of other authorized denominations. For every exchange or registration of transfer, the Registration Agent, may charge an amount sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration or transfer, but no other charge may be made to the owner for any exchange or registration of transfer of the Series 2025 Bonds.

Optional Redemption*

The Series 2025 Bonds are subject to redemption prior to maturity at the option of the Municipality on or after July 1, 203__ in whole or in part (with less than all such Series 2025 Bonds of a single maturity to be selected by lot within a maturity in such manner as may be designated by the Registration Agent) at any time, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption*

The Series 2025 Bonds maturing on July 1, ____, are subject to scheduled mandatory redemption prior to maturity in part (by lot in such manner as may be designated by the Registration Agent) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, in the following principal amounts and on the dates set forth below (the July 1, ____ amount to be paid rather than redeemed):

<u>Date</u> <u>(July 1)</u>	<u>Principal Amount</u>
--------------------------------	-------------------------

At its option, to be exercised on or before the 45th day next preceding such scheduled mandatory redemption date, the Municipality, may (i) receive a credit with respect to its scheduled mandatory redemption obligation for any Series 2025 Bonds of the same maturity subject to scheduled mandatory redemption which are delivered to the Registration Agent for cancellation and not theretofore applied as a credit against a scheduled mandatory redemption obligation or (ii) receive a credit with respect to its scheduled mandatory redemption obligation for any Series 2025 Bonds of the same maturity which prior to said date have been redeemed (otherwise than through scheduled mandatory redemption) and canceled by the Registration Agent and not theretofore applied as a credit against said scheduled mandatory redemption obligation. Each Series 2025 Bond so delivered or previously redeemed shall be credited by the Registration Agent, at the principal amount thereof to the obligation of the Municipality on such scheduled mandatory redemption date and the principal amount of the Series 2025 Bonds to be redeemed by operation of such scheduled mandatory redemption on such date shall be accordingly reduced.

Notice of Redemption

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series 2025 Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Series 2025 Bonds for which proper notice was given. An optional redemption notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date (“Conditional Redemption”). As long as DTC, or a successor Depository, is the registered owner of the Series 2025 Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series 2025 Bonds, as and when above provided, and neither the Municipality nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any redemption date, all Series 2025 Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth in the Resolution. In the case of a Conditional Redemption, the failure of the Municipality to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

Book-Entry Only Bonds

DTC will act as securities depository for the Series 2025 Bonds. The Series 2025 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2025 Bond certificate will be issued for each maturity of each series of the Series 2025 Bonds as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over \$3.5 million issues of U.S. and non U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard and Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2025 Bond (a “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction.

Transfers of ownership interests in the Series 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2025 Bonds, except in the event that use of the book entry-only system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Series 2025 Bonds may wish to ascertain that the nominee holding the Series 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and Registrar and request that copies of the notices be provided directly to them. Redemption notices shall be sent to DTC. If less than all of the Series 2025 Bonds within a series and maturity of the Series 2025 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series or maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Series 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the County or the Paying Agent and Registrar on the payment date in accordance with their respective holdings as shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registration Agent or the Municipality, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of principal, premium, if any, and interest on the Series 2025 Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Municipality or the Registration Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2025 Bonds at any time by giving reasonable notice to the Municipality or the Registration Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2025 Bond certificates are required to be printed and delivered.

The Municipality may decide to discontinue use of the system of book entry-only transfers through DTC (or a successor securities depository). In that event, Series 2025 Bond certificates will be printed and delivered to DTC.

DTC will act as securities depository for the Series 2025 Bonds. The Series 2025 Bonds will be issued as fully registered Series 2025 Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2025 Bond certificate will be issued for each maturity and will be deposited with DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Municipality believes to be reliable, but the Municipality takes no responsibility for the accuracy thereof.

NEITHER THE MUNICIPALITY NOR THE REGISTRATION AGENT NOR THE UNDERWRITER (OTHER THAN IN THEIR CAPACITY, IF ANY, AS A DIRECT PARTICIPANT OR AN INDIRECT PARTICIPANT) WILL HAVE ANY OBLIGATION TO THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO DTC'S PROCEDURES OR ANY PROCEDURES OR ARRANGEMENTS BETWEEN DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS AND BENEFICIAL OWNERS.

NEITHER THE MUNICIPALITY NOR THE REGISTRATION AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING, THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON SERIES 2025 BONDS; (4) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO HOLDERS OR OWNERS OF SERIES 2025 BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF SERIES 2025 BONDS; OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF SERIES 2025 BONDS.

SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2025 BONDS

General

Neither the full faith and credit nor the taxing power of the Municipality is pledged to the payment of the Series 2025 Bonds. The Series 2025 Bonds are limited obligations of the Municipality, payable solely from the Net Revenues of the System, on parity with the Series 2022 Bonds. The Series 2025 Bonds do not constitute a charge, lien or encumbrance upon any other property of the Municipality.

Pledge of Net Revenues

Under the terms of the Resolution, the Series 2025 Bonds are secured by a first pledge of and lien on the Net Revenues, on parity with the Series 2022 Bonds. See Appendix A.

Flow of Funds

Pursuant to the Resolution, the Municipality has agreed to deposit all revenues derived from the operation of the System into the Revenue Fund and to apply such moneys in accordance with the Resolution. See Appendix A for a description of the flow of funds.

Rate Covenant

Under the terms of the Resolution, prior to the commencement of each Fiscal Year, DES must estimate the revenues and expenditures for the upcoming Fiscal Year, based on rates then in effect, and, based on such estimate, adjust rates to the extent necessary to produce Net Revenues for the upcoming Fiscal Year (i) equal to not less than 1.20 times the debt service payable during the upcoming Fiscal Year on the Series 2022 Bonds, Series 2025 Bonds and any Parity Bonds, (ii) sufficient, in addition, to provide for any required deposits during the upcoming Fiscal Year to the Reserve Fund and any other funds established by DES pursuant to the Resolution and the resolutions authorizing any subordinate lien bonds or pursuant to sound and prudent operating practices as determined by DES, (iii) sufficient to pay debt service on any subordinate lien bonds, and (iv) sufficient to pay any amounts payable during such Fiscal Year under any Financial Guaranty Agreement, with respect to any Reserve Fund Credit Facility or under any financial guaranty agreement entered into pursuant to the resolutions authorizing the Series 2022 Bonds, Series 2025 Bonds, Parity Bonds or any subordinate lien bonds.

Bond Fund

DES has established a Bond Fund for the Bonds. The Resolution requires DES to make monthly deposits to the Bond Fund in amounts sufficient to provide for the timely payment of debt service on the Series 2022 Bonds, Series 2025 Bonds and any Parity Bonds. Money on deposit in the Bond Fund will be used to pay the principal of, and interest on, the Bonds and any Parity Bonds as the same become due. See Appendix A for a further description of the Bond Fund.

Debt Service Reserve Fund

The Resolution permits the Municipality to fund a debt service reserve fund for the Series 2025 Bonds, if necessary. However, the Municipality has elected not to fund a debt service reserve fund for the Series 2025 Bonds.

Parity Bonds

The Municipality may, from time to time, issue Parity Bonds under the terms of the Resolution. Such Parity Bonds will have a lien on the Net Revenues of the System on a parity with the lien on the Net Revenues of the System securing the Series 2022 Bonds and the Series 2025 Bonds. See Appendix A for the conditions under which such Parity Bonds may be issued.

BONDED DEBT SERVICE SCHEDULE ⁽¹⁾

The following table sets forth the System's bonded debt service requirements for all debt secured by a lien on the Net Revenues of the System during each fiscal year after the issuance of the Series 2025 Bonds. For more information about the System's unsecured debt, please see the Notes to the Financial Statements in Appendix C.

Fiscal Year Ending	Outstanding Series 2022 Bonds Debt Service			Series 2025 Bonds Debt Service*			Total Aggregate Revenue Bonds Debt Service*		
	Principal Payments	Interest Payments	Total Payments	Principal Payments*	Interest Payments	Total Payments	Principal Payments	Interest Payments	Total Payments
June 30									
2025	\$ -	\$ 2,390,025	\$ 2,390,025	\$ -	\$ -	\$ -	\$ -	\$ 2,390,025	\$ 2,390,025
2026	1,150,000	2,361,275	3,511,275	-	1,039,668	1,039,668	1,150,000	3,400,943	4,550,943
2027	1,210,000	2,302,275	3,512,275	1,295,000	1,969,125	3,264,125	2,505,000	4,271,400	6,776,400
2028	1,270,000	2,240,275	3,510,275	1,360,000	1,902,750	3,262,750	2,630,000	4,143,025	6,773,025
2029	1,335,000	2,175,150	3,510,150	1,430,000	1,833,000	3,263,000	2,765,000	4,008,150	6,773,150
2030	1,405,000	2,106,650	3,511,650	1,505,000	1,759,625	3,264,625	2,910,000	3,866,275	6,776,275
2031	1,475,000	2,034,650	3,509,650	1,580,000	1,682,500	3,262,500	3,055,000	3,717,150	6,772,150
2032	1,555,000	1,958,900	3,513,900	1,660,000	1,601,500	3,261,500	3,215,000	3,560,400	6,775,400
2033	1,630,000	1,879,275	3,509,275	1,745,000	1,516,375	3,261,375	3,375,000	3,395,650	6,770,650
2034	1,715,000	1,795,650	3,510,650	1,835,000	1,426,875	3,261,875	3,550,000	3,222,525	6,772,525
2035	1,805,000	1,707,650	3,512,650	1,930,000	1,332,750	3,262,750	3,735,000	3,040,400	6,775,400
2036	1,895,000	1,615,150	3,510,150	2,030,000	1,233,750	3,263,750	3,925,000	2,848,900	6,773,900
2037	1,995,000	1,517,900	3,512,900	2,135,000	1,129,625	3,264,625	4,130,000	2,647,525	6,777,525
2038	2,095,000	1,415,650	3,510,650	2,245,000	1,020,125	3,265,125	4,340,000	2,435,775	6,775,775
2039	2,205,000	1,308,150	3,513,150	2,360,000	905,000	3,265,000	4,565,000	2,213,150	6,778,150
2040	2,310,000	1,202,494	3,512,494	2,480,000	784,000	3,264,000	4,790,000	1,986,494	6,776,494
2041	2,415,000	1,097,625	3,512,625	2,605,000	656,875	3,261,875	5,020,000	1,754,500	6,774,500
2042	2,525,000	986,475	3,511,475	2,740,000	523,250	3,263,250	5,265,000	1,509,725	6,774,725
2043	2,640,000	870,263	3,510,263	2,880,000	382,750	3,262,750	5,520,000	1,253,013	6,773,013
2044	2,775,000	738,019	3,513,019	3,030,000	235,000	3,265,000	5,805,000	973,019	6,778,019
2045	2,925,000	588,394	3,513,394	3,185,000	79,625	3,264,625	6,110,000	668,019	6,778,019
2046	3,080,000	430,763	3,510,763	-	-	-	3,080,000	430,763	3,510,763
2047	3,245,000	264,731	3,509,731	-	-	-	3,245,000	264,731	3,509,731
2048	3,420,000	89,775	3,509,775	-	-	-	3,420,000	89,775	3,509,775
	<u>\$ 48,075,000</u>	<u>\$ 35,077,164</u>	<u>\$ 83,152,164</u>	<u>\$ 40,030,000</u>	<u>\$ 23,014,168</u>	<u>\$ 63,044,168</u>	<u>\$ 88,105,000</u>	<u>\$ 58,091,332</u>	<u>\$ 146,196,332</u>

(1) Does not include capitalized leases, compensated absences, if any, or unamortized premiums. For more information, see the Summary of Bonded Indebtedness and the Notes to the Financial Statements referenced herein.

* Preliminary, Subject to change.

BONDHOLDERS' RISKS

General

Set forth below are certain risks purchasers of the Series 2025 Bonds should consider when making an investment decision. The investment considerations set forth in this section are for purposes of convenience only and are not intended to be a comprehensive compilation of all potential risks and investment considerations nor a substitute for independent evaluation of the information presented in this Official Statement, including the appendices attached hereto.

Enforceability of Remedies

The remedies available to the owners of the Series 2025 Bonds upon an event of default under the Resolution are in many respects dependent upon judicial actions, which are often subject to discretion and delay. The enforceability of remedies or rights with respect to the Series 2025 Bonds may be limited by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. Under existing constitutional and statutory law and judicial decisions, certain remedies specified by the Resolution may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2025 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Parity Bonds

The Municipality may issue Parity Bonds on a parity of lien with the Series 2025 Bonds with respect to the Net Revenues or subordinate to the Series 2025 Bonds in accordance with the provisions of the Resolution. The issuance of Parity Bonds would increase the debt service requirements and could adversely affect debt service coverage on the Series 2025 Bonds. See "SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2025 BONDS – Parity Bonds."

Early Payment Prior to Maturity

The Series 2025 Bonds are subject to optional redemption prior to maturity. See "DESCRIPTION OF THE SERIES 2025 BONDS—Optional Redemption." A prospective investor should consider these rights when making any investment decision. Following a redemption, the owners of the Series 2025 Bonds may not be able to reinvest their funds at a comparable interest rate.

Loss of Tax Exemption

There is no provision for the redemption of the Series 2025 Bonds or for the payment of additional interest on the Series 2025 Bonds in the event that interest on the Series 2025 Bonds becomes includable in gross income for federal income tax purposes. In the event that interest on the Series 2025 Bonds becomes includable in gross income for federal income tax purposes, the value and marketability of the Series 2025 Bonds would likely be adversely affected. The Municipality and DES have, however, covenanted not to do anything that would adversely affect the tax-exempt status of the Series 2025 Bonds. See "TAX MATTERS."

Future Legislation Could Affect Tax-Exempt Obligations

The federal government is considering various proposals to reduce federal budget deficits and the amount of federal debt, including proposals that would eliminate or reduce indirect expenditures made through various deductions and exemptions currently allowed by the income tax laws. The exemption for interest on tax-exempt obligations is one of the indirect expenditures that could be affected by a deficit reduction initiative. Some deficit-reduction proposals would completely eliminate the exemption for interest on all tax-exempt obligations. Other proposals would place an aggregate cap on the total amount of exemptions and deductions that may be claimed by a

taxpayer, or a cap on the exemption for interest on all tax-exempt obligations. Changes in the rate of the federal income tax, including so-called “flat tax” proposals, could also reduce the value of the exemption.

Changes affecting the exemption for interest on tax-exempt bonds, if enacted, could apply to tax-exempt obligations already outstanding, including the Series 2025 Bonds offered pursuant to this Official Statement, as well as obligations issued after the effective date of such legislation. It is not possible to predict whether Congress will adopt legislation affecting the exemption for tax-exempt bonds, what the provisions of such legislation may be, whether any such legislation will be retroactive in effect, or what effect any such legislation may have on investors in the Series 2025 Bonds. Investors should consult their own tax advisors about the prospects and possible results of future legislation that could affect the exemption for interest on tax-exempt obligations.

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The Municipality’s location in the southeastern United States increases its vulnerability to flooding and extreme heat. In addition to flooding and extreme heat, the Municipality faces other threats due to climate change, including the possibility of drought conditions that could become increasingly severe and frequent. Neither the Municipality nor DES can predict the timing, extent or severity of climate change and its impact on the Municipality’s or DES’s operations and finances.

Cyber Security

The Municipality and DES utilize various computer systems and network technology to perform many of their vital operations. Such operations often include the storage and transmission of sensitive information. As a result, the Municipality and/or DES may be the target of cyberattacks attempting to gain access to such information. In addition to intentional attacks, information breaches may occur due to unintentional employee error. A successful cyberattack or unintentional breach may require the expenditure of an unknown amount of money or time to resolve, substantially interrupt municipal services and operations and subject the Municipality and/or DES to legal action. Neither the Municipality nor DES has any knowledge of, nor historical record of, any successful material cyber-security breach or related attack. Attempted cyber security attacks, whether anonymous or targeted, occur on a periodic frequency that is not uncommon to organizations or entities similar to the Municipality and DES. [To mitigate against such risks, the Municipality and DES have instituted various technical controls, policies and procedures to protect their network infrastructure, including a cyber-security training requirement for certain departments, as well as general cyber-security training and awareness for all employees. DES is subject to the requirements of NERC and complies with federal rules applicable to utilities owning certain types of assets on the bulk electric system. DES undergoes regular monitoring and compliance audits in this regard. The Municipality and DES also maintain insurance against cyber security incidents.] Despite the Municipality’s and DES’s measures to safeguard their network infrastructure, there are no guarantees that such measures will be successful.

Public Health Emergencies and Global Conflicts

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has affected and continues to affect the entire world, including the Municipality. In March 2020, in response to the COVID-19 outbreak, the Governor of the State of Tennessee issued a state of emergency and the World Health Organization declared the COVID-19 outbreak to be a global health emergency. The spread of COVID-19 led, from time to time, to quarantine and other “social distancing” measures. These measures included: (i) the closure, from time to time, of nonessential businesses, (ii) recommendations and warnings to limit nonessential travel and promote telecommuting, (iii) the postponement or cancellation of or reduced capacity at large-scale gatherings such as conventions, concerts and sporting events, (iv) limits on operations and customer capacity at commercial and retail establishments and (v) the closure, from time to time, of school buildings and community centers. The Governor of the State of Tennessee lifted the state of emergency in April 2021. The World Health Organization declared an end to the global health emergency in May 2023. Neither the Municipality nor DES is able to predict whether and to what extent any increases in COVID-19 cases or the emergence of any other epidemic or pandemic may disrupt the local or global economy, or whether any such disruption may adversely affect the operations or financial condition of the Municipality, DES or the System.

Historical data on the financial performance of the System and as well as employment, income trends, and business activity in the Municipality are detailed in this Official Statement, including historical data collected both before and during the COVID-19 pandemic. See [Appendix D] attached hereto for historical information on revenues, expenses, changes in net position as well as information on sales and demand and debt service coverage for the System, and for historical economic and demographic information for the Municipality. Certain data and other information collected prior to and during the COVID-19 outbreak may not reflect current conditions. For example, some of the largest employers and ratepayers in the area may have been forced to reduce their business activities during the COVID-19 outbreak and may be similarly affected as a result of any future epidemic, pandemic or other public health emergency. For additional information and historical data on the System, see Appendix D to the Official Statement.

In February 2022, the Russian military invaded and attacked Ukraine. In October 2023, a conflict began in the Gaza strip between Israel and the Islamic Resistance Movement, also known as Hamas. Both conflicts are ongoing and may have adverse global economic impacts that could affect the Municipality and DES. The war between Russia and Ukraine and the after-effects of the COVID-19 pandemic have led to continued global labor shortages and supply chain disruptions. [DES has experienced ongoing supply chain issues and shortages related to transformers, which shortages have delayed the timing of new construction on the DES distribution system. To mitigate such issues, DES has implemented programs to expedite the delivery of transformers and is monitoring transformer inventory levels for new construction and planned maintenance as well as supplies for climate-related events. DES is also working with developers and contractors who request new services in order to lessen the impacts of delays on their projects.] DES will continue to monitor and respond to developments affecting its workforce, customers and suppliers and intends to take additional steps to mitigate negative business impacts if and when appropriate.

Demand and Usage of Electric Utilities

There can be no assurance that the local demand for electric utility services provided by DES will continue in accordance with the historical levels. In addition, voluntary or mandatory conservation measures could decrease usage of services of DES. Although a decline in demand for electric utility services would result in certain reduced expenses, such reductions would not be expected to be sufficient to fully offset the decline in revenues of DES. Reduction in the revenues of DES resulting from a decline in demand could require an increase in rates or charges in order to produce DES Revenues sufficient to comply with the rate covenant in the Resolution.

Electric Expenses

There can be no assurance that DES's costs of operations for the System will not be adversely impacted by numerous factors, many of which are macroeconomic in nature or affect the broader energy and utilities industry and, as such, are beyond the DES's control. Some such factors are rising inflation, supply chain disruptions, labor shortages and rising labor costs, and rising interest rates. Recently, these and other factors have led to increases in the prices of fuel and commodities that are integral to the operations of the System.

Tennessee Valley Authority

In the future, the Tennessee Valley Authority's (TVA) inability to provide electricity and other risk factors relating to DES's relationship with TVA may adversely affect the operations of energy providers, including DES, to an extent that cannot be determined at this time.

THIS SECTION DOES NOT PURPORT TO SUMMARIZE ALL RISKS THAT MAY BE ASSOCIATED WITH PURCHASING OR OWNING THE SERIES 2025 BONDS AND PROSPECTIVE PURCHASERS ARE ADVISED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY (INCLUSIVE OF THE FRONT COVER PAGE, THE INSIDE COVER PAGE AND THE APPENDICES ATTACHED HERETO) FOR A MORE COMPLETE DESCRIPTION OF THE RISK FACTORS AND INVESTMENT CONSIDERATIONS RELATING TO THE SERIES 2025 BONDS.

LEGAL MATTERS

Pending Litigation

The Municipality and DES, like other similar bodies, are subject to a variety of suits and proceedings arising in the ordinary conduct of their affairs. The Municipality and DES, after reviewing the current status of all pending and threatened litigation with their counsel believe that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the Municipality, DES or their respective officials in such capacity are adequately covered by insurance or sovereign immunity or will not have a material adverse effect upon the financial position or results of operations of the Municipality or DES.

There is no litigation now pending or, to the knowledge of the Municipality or DES, threatened which restrains or enjoins the issuance or delivery of the Series 2025 Bonds, the use of Net Revenues for the payment of the Series 2025 Bonds, or the use of the proceeds of the Series 2025 Bonds or which questions or contests the validity of the Series 2025 Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization, or existence of the Municipality or DES, nor the title of the present members or other officials of the Municipality or DES to their respective offices, is being contested or questioned.

Opinion of Bond Counsel

Legal matters incident to the authorization, validity, and issuance of the Series 2025 Bonds are subject to the approving opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel. The form of opinion of Bond Counsel is attached to this Official Statement as Appendix E. Copies of the opinion will be available at the time of the initial delivery of the Series 2025 Bonds.

TAX MATTERS

Federal Taxes

General. Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Series 2025 Bonds. Their opinion under existing law, relying on certain statements by the Municipality and DES and assuming compliance by the Municipality and DES with certain covenants, is that interest on the Series 2025 Bonds:

- is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and
- is not treated as an item of tax preference in calculating the alternative minimum tax imposed on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

The Code imposes requirements on the Series 2025 Bonds that the Municipality and DES must continue to meet after the Series 2025 Bonds are issued. These requirements generally involve the way that the Series 2025 Bond proceeds must be invested and ultimately used. If the Municipality and DES do not meet these requirements, it is possible that a bondholder may have to include interest on the Series 2025 Bonds in its federal gross income on a retroactive basis to the date of issue. The Municipality and DES have covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Series 2025 Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,

- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit,
- a borrower of money to purchase or carry the Series 2025 Bonds, or
- an applicable corporation as defined in Section 59(k) of the Code.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Series 2025 Bonds or affect the market price of the Series 2025 Bonds. See also “Changes in Federal and State Tax Law” below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Series 2025 Bonds, or under State, local or foreign tax law.

Market Discount. Any owner who purchases a Series 2025 Bond at a price which includes market discount in excess of a prescribed de minimis amount (i.e., at a purchase price that is less than its adjusted issue price in the hands of an original owner) will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such owner will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Series 2025 Bond as ordinary income to the extent of any remaining accrued market discount (under this caption) or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history of the Tax Reform Act of 1986 will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest.

An owner who acquires a Series 2025 Bond at a market discount also may be required to defer, until the maturity date of such Series 2025 Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Series 2025 Bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner’s gross income for the taxable year with respect to such Series 2025 Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2025 Bond for the days during the taxable year on which the owner held the Series 2025 Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2025 Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the bondowner elects to include such market discount in income currently as described above.

Bond Premium. If a bondholder purchases a Series 2025 Bond for a price that is more than the principal amount, generally the excess is “bond premium” on that Series 2025 Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder’s tax basis in that Series 2025 Bond will be reduced. The holder of a Series 2025 Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Series 2025 Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Series 2025 Bond with bond premium, even though the Series 2025 Bond is sold for an amount less than or equal to the owner’s original cost. If a bondholder owns any Series 2025 Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

Original Issue Discount. A Series 2025 Bond will have “original issue discount” if the price paid by the original purchaser of such Series 2025 Bond is less than the principal amount of such Series 2025 Bond. Bond Counsel’s opinion is that any original issue discount on these Series 2025 Bonds as it accrues is excluded from a bondholder’s federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder’s tax basis in these Series 2025 Bonds will be increased. If a bondholder owns one of these Series 2025 Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

Sale or Redemption of Series 2025 Bonds. A bondowner’s tax basis for a Series 2025 Bond is the price such owner pays for the Series 2025 Bond plus the amount of any original issue discount and market discount previously included in income, reduced on account of any payments received (other than “qualified stated interest” payments) and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Series 2025 Bond, measured by the difference between the amount realized and the basis of the Series 2025 Bond as so adjusted, will generally give rise to capital gain or loss if the Series 2025 Bond is held as a capital asset (except as discussed above under “—Market Discount”). The legal defeasance of Series 2025 Bonds may result in a deemed sale or exchange of such Series 2025 Bonds under certain circumstances; owners of such Series 2025 Bonds should consult their tax advisors as to the Federal income tax consequences of such an event.

Backup Withholding. A bondowner may, under certain circumstances, be subject to “backup withholding” (currently the rate of this withholding obligation is 28%, but the rate may change in the future) with respect to interest or original issue discount on the Series 2025 Bonds. This withholding generally applies if the owner of a Series 2025 Bond (a) fails to furnish the Trustee or other payor with its taxpayer identification number; (b) furnishes the Trustee or other payor an incorrect taxpayer identification number; (c) fails to report properly interest, dividends or other “reportable payments” as defined in the Code; or (d) under certain circumstances, fails to provide the Trustee or other payor with a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to bondowners, including payments to certain exempt recipients (such as certain exempt organizations) and to certain Nonresidents. Owners of the Series 2025 Bonds should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining the exemption.

Backup withholding is not an additional tax. Any amount paid as backup withholding would be credited against the bondholder’s U.S. federal income tax liability, provided that the requisite information is timely provided to the Internal Revenue Service. The amount of “reportable payments” for each calendar year and the amount of tax withheld, if any, with respect to payments on the Series 2025 Bonds will be reported to the bondowners and to the Internal Revenue Service.

Nonresident Borrowers. Under the Code, interest and original issue discount income with respect to Series 2025 Bonds held by nonresident alien individuals, foreign corporations or other non-United States persons (“Nonresidents”) generally will not be subject to the United States withholding tax (or backup withholding) if the Creating Municipalities (or other Person who would otherwise be required to withhold tax from such payments) is provided with an appropriate statement that the beneficial owner of the Series 2025 Bond is a Nonresident. Notwithstanding the foregoing, if any such payments are effectively connected with a United States trade or business conducted by a Nonresident bondowner, they will be subject to regular United States income tax but will ordinarily be exempt from United States withholding tax.

ERISA. The Employees Retirement Income Security Act of 1974, as amended (“ERISA”), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA or tax-qualified retirement plans and individual retirement accounts under the Code (collectively, the “Plans”) and Persons who, with respect to a Plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. All fiduciaries of Plans, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any Series 2025 Bond.

State Taxes

Under existing law, the Series 2025 Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Series 2025 Bonds during the period the Series 2025 Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Series 2025 Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

Changes in Federal and State Tax Law

From time to time, there are presidential proposals, proposals of various federal and Congressional committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Series 2025 Bonds or otherwise prevent holders of the Series 2025 Bonds from realizing the full benefit of the tax exemption of interest on the Series 2025 Bonds. It cannot be predicted whether, or in what form, these proposals might be enacted or if enacted, whether they would apply to Series 2025 Bonds prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Series 2025 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2025 Bonds would be impacted. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2025 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Series 2025 Bonds should consult their own tax advisors regarding the foregoing matters.

FORWARD-LOOKING STATEMENTS

Any statements made in this Official Statement, including in the appendices attached hereto, involving estimates or matters of opinion, whether or not so expressly stated as such, are set forth as estimates or matters of opinion and not as representations of fact. No representation is made that any of the estimates or matters of opinion will be realized.

The statements contained in this Official Statement, including in the appendices attached hereto, that are not purely historical, are forward-looking statements. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available on the date hereof, and the Municipality assumes no obligation to update any such forward-looking statement. It is important to note that actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including without limitation: risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates; possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions; and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, competitors and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Municipality. Any of such assumptions could be inaccurate. Therefore, there can be no assurance that the forward-looking statements included in this Official Statement, including in the appendices attached hereto, will prove to be accurate.

MISCELLANEOUS

Ratings

Moody's Investors Service, Inc. has assigned the Series 2025 Bonds the rating shown on the cover page of this Official Statement. An explanation of the significance of such rating may be obtained from the entity furnishing the same.

The above-described rating is not a recommendation to buy, sell or hold the Series 2025 Bonds. Generally, rating agencies base their ratings on information and materials furnished to the agencies and on investigations, studies and assumptions by the agencies. There is no assurance that the ratings will be maintained for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in such agency's judgment, circumstances so warrant. Any such downward revision or withdrawal of either of the ratings may have an adverse effect on the market price of the Series 2025 Bonds. Neither the Municipality nor the Underwriter has undertaken any responsibility to oppose any revision or withdrawal of the rating.

Closing Certificates

The Municipality will deliver to the Underwriter a certificate that no litigation is pending or threatened against it which would have a material effect on the issuance or validity of the Series 2025 Bonds or the use of the Net Revenues to pay the Series 2025 Bonds or on the financial condition of the Municipality. In addition, the Municipality will represent to the Underwriter in the Bond Purchase Agreement that the information contained in this Official Statement does not contain any misrepresentation of a material fact and does not omit or state any material fact necessary to make the statements herein contained, in light of the circumstances under which they were made, not misleading.

Underwriting

Raymond James & Associates, Inc., Nashville, Tennessee (the "Underwriter"), has agreed to purchase the Series 2025 Bonds pursuant to a Bond Purchase Agreement entered into between the Municipality and the Underwriter. The Underwriter has agreed to purchase the Series 2025 Bonds at a purchase price of \$[_____], representing the face amount of the Series 2025 Bonds, [less/plus] original issue [discount/premium] of \$[_____], less Underwriter's discount of \$[_____], plus accrued interest from the dated date thereof.

The Bond Purchase Agreement provides that the Underwriter will purchase all of the Series 2025 Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement. The Underwriter intends to offer the Series 2025 Bonds to the public initially at the offering prices shown on the cover page hereof, which prices may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with other dealers and underwriters in offering the Series 2025 Bonds to the public. The Underwriter may offer and sell the Series 2025 Bonds to certain dealers at prices lower than the public offering.

Independent Auditors

The financial statements of the System as of June 30, 2024, and for the year then ended, attached hereto as Appendix C, have been audited by Alexander Thompson Arnold PLLC, Jackson, Tennessee, independent auditors, as stated in their report thereon and are included in reliance upon the authority of such firm as independent auditors.

Additional Information

Use of the words "shall" or "will" in this Official Statement in summaries of documents to describe future events or continuing obligations is not intended as a representation that such event or obligation will occur but only that the document contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2025 Bonds.

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AUTHORIZATION OF AND CERTIFICATION CONCERNING OFFICIAL STATEMENT

The Official Statement has been authorized by the City Council of the Municipality and the Board. Concurrently with the delivery of the Series 2025 Bonds, the undersigned will furnish certificates to the effect that nothing has come to their attention which would lead them to believe that this Official Statement contained, as of the date of delivery of the Series 2025 Bonds, any untrue statement of a material fact or omitted to state a material fact which should be included herein for the purposes for which this Official Statement is intended to be used or which is necessary to make the statements contained herein, in light of the circumstances under which they were made, not misleading.

CITY OF DICKSON, TENNESSEE

By: _____
Mayor

DICKSON ELECTRIC SYSTEM

By: _____
Chairman of the Board

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APPENDIX A

Summary of Certain Provisions of the Resolution

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ARTICLE I.

DEFINITIONS

The following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise:

“Acquired System” shall mean any electrical power generation, transmission and/or distribution system acquired by the Municipality or DES and/or any such facilities hereafter constructed or otherwise established by the Municipality or DES pursuant to the Act.

“Act” shall mean Sections 7-34-101 *et seq.*, Tennessee Code Annotated.

“Balloon Indebtedness” shall mean any bonds, notes or other indebtedness, other than Short-Term Indebtedness, 25% or more of the initial principal amount of which matures (or must be redeemed at the option of the holder) during any twelve-month period, if such 25% or more is not to be amortized to below 25% by mandatory redemption prior to the beginning of such twelve month period.

“Board” means the Board of Directors of DES.

“Bond Fund” shall mean the Series 2025 Principal and Interest Sinking Fund established pursuant to Section 6.1(b) hereof.

“Bonds” means the Series 2022 Bonds, the Series 2025 Bonds and any Parity Bonds.

“Capital Appreciation Bonds” shall mean bonds which bear interest at a stated interest rate of 0.0% per annum, have a value on any applicable date equal to the Compound Accreted Value thereof on that date, and are payable only at maturity or earlier redemption.

“Code” means the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated or proposed thereunder.

“Compound Accreted Value” shall mean the value at any applicable date of any Capital Appreciation Bonds computed as the original principal amount thereof for each maturity date plus an amount equal to interest on said principal amount (computed on the basis of a 360-day year of twelve 30-day months) compounded semiannually on such dates as shall be established by the resolution authorizing Capital Appreciation Bonds, from the dated date to said applicable date at an interest rate which will produce at maturity the Maturity Amount for such maturity date.

“Consulting Engineer” means (i) an engineering firm or individual engineer employed by the DES with substantial experience in advising municipal electric power systems as to the construction and maintenance of such systems and in the projection of costs of expansion of such systems or (ii) an engineer or engineers who are employees of DES whose reports or projections are certified by a Financial Adviser.

“Credit Facility” means any municipal bond insurance policy, letter of credit, surety bond, line of credit, guarantee, or other agreement under which any person other than the Municipality or DES provides additional security for any Bonds and guarantees timely payment of or purchase price equal to the principal of and interest on all or a portion of any Bond and shall include any Reserve Fund Credit Facility.

“Debt Service Requirement” means the total principal, Maturity Amounts and interest coming due, whether at maturity or upon mandatory redemption (less any amount of interest that is capitalized and payable with the proceeds of debt on deposit with the Municipality or DES or any paying agent for the Bonds or other obligations of the Municipality or DES payable from all or some portion of Gross Earnings), for any period of 12 consecutive calendar months for which such a determination is made, provided:

(a) The Debt Service Requirement with respect to Variable Rate Indebtedness shall be determined as if the variable rate in effect at all times during future periods equaled, at the option of DES, either (A) the average of the actual variable rate which was in effect (weighted according to the length of the period during which each such variable rate was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period), or (B) the current average annual fixed rate of interest on securities of similar quality having a similar maturity date, as certified by a Financial Adviser.

(b) For the purpose of calculating the Debt Service Requirement on Balloon Indebtedness and Short-Term Indebtedness, at the option of DES, (i) the actual principal and interest on such Balloon Indebtedness and Short Term Indebtedness shall be included in the Debt Service Requirement, subject to the other assumptions contained herein, or (ii) such Balloon Indebtedness and Short Term Indebtedness shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of 20 years at an assumed interest rate (which shall be the interest rate certified by a Financial Adviser to be the interest rate at which the Municipality could reasonably expect to borrow the same amount by issuing bonds with the same priority of lien as such Balloon Indebtedness and Short Term Indebtedness and with a 20-year term); provided, however, that if the maturity of such Balloon Indebtedness is in excess of 20 years from the date of issuance, then such Balloon Indebtedness shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of years equal to the number of years from the date of issuance of such Balloon Indebtedness to maturity and at the interest rate applicable to such Balloon Indebtedness; provided further that this paragraph shall not be applicable for purposes of determining the Debt Service Requirement for purposes of Section 7.4 of this resolution unless the Municipality or DES has a written commitment from a bank, underwriting firm or other financial institution to refinance at least 90% of the principal amount of such Balloon Indebtedness or Short-Term Indebtedness coming due in the relevant Fiscal Year.

“Defeasance Obligations” shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

“DES” means Dickson Electric System, a board of public utilities formed pursuant to T.C.A. § 7-52-101 *et seq.*

“Financial Adviser” means an investment banking or financial/municipal advisory firm, commercial bank, or any other person who or which is retained by the Municipality or DES for the purpose of passing on questions relating to the availability and terms of specified types of debt obligations or the financial condition or operation of the System and is actively engaged in and, in the good faith opinion of DES, has a favorable reputation for skill and experience in providing financial advisory services of the type with respect to which the Financial Adviser has been retained.

“Financial Guaranty Agreement” shall mean any Financial Guaranty Agreement authorized herein to be executed in connection with a Reserve Fund Credit Facility.

“Fiscal Year” means the twelve-month period commencing July 1st of each year and ending June 30th of the following year.

“Governing Body” means the City Council of the Municipality.

“Gross Earnings” means all revenues, rentals, earnings and income of the System from whatever source, determined in accordance with generally accepted accounting principles; proceeds from the sale of System property; proceeds of System-related insurance and condemnation awards and compensation for damages, to the extent not applied to the payment of the cost of repairs, replacements and improvements; and all amounts realized from the investment of funds of the System, including money in any accounts and funds created by this resolution, and resolutions authorizing any Parity Bonds or subordinate lien bonds (excluding any investment earnings from construction or improvement funds created for the deposit of bond proceeds pending use, to the extent such income is applied to the purposes for which the bonds were issued, and funds created to defease any outstanding obligations of

the System); provided, however, at the election of the Board, the term “Gross Earnings” as used herein shall not include any revenues, rentals, earnings or other income received from the operation of an Acquired System, and any bonds or other obligations issued in connection with such Acquired System shall not be payable from or secured by Net Revenues or be deemed to be Parity Bonds.

“Loan Agreement” shall mean any agreement or contract entered into by the Municipality or DES whereby a third party agrees to advance funds to the Municipality or DES and the Municipality or DES agrees to repay those funds with interest from all or a portion of Gross Earnings.

“Maturity Amount” shall mean the Compound Accreted Value on the stated maturity date of a Capital Appreciation Bond.

“Maximum Annual Debt Service Requirement” means the maximum annual Debt Service Requirement for any Fiscal Year.

“Moody’s” means Moody’s Investors Service, Inc.

“Municipality” means the City of Dickson, Tennessee.

“Net Revenues” shall mean (i) Gross Earnings, excluding any profits or losses on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets and further excluding non-cash items such as non-cash contributions in aid of construction, less (ii) Operating Expenses.

“Operating Expenses” means and shall include but not be limited to, expenses for ordinary repairs, removals and replacements of the System, salaries and wages, employees’ health, hospitalization, pension and retirement expenses, fees for services, materials and supplies, rents, administrative and general expenses (including legal, engineering, accounting and financial advisory fees and expenses and costs of other consulting or technical services not funded with proceeds of bonds, notes or other debt obligations), insurance expenses, taxes and other governmental charges, the imposition or amount of which is not subject to control of the Board, any payments made by DES during any Fiscal Year to purchase electrical power for distribution and sale during or after the end of that Fiscal Year, and other payments made under any electrical power supply contract or commodity swap or other hedging mechanism, and any principal or interest payments made by DES during any Fiscal Year on bonds, notes or other obligations, including loan agreements, issued or entered into for the purpose of financing the purchase of electrical power, and to the extent so provided by the resolution authorizing such bonds, notes or obligations and to the extent not inconsistent with generally accepted accounting principles. Operating Expenses do not include payments in lieu of taxes to the Municipality or other governmental jurisdictions, depreciation or obsolescence charges or reserves therefore, amortization of intangibles or other bookkeeping entries of a similar nature, on bonds, notes or other debt obligations of the System payable from Net Revenues of the System, costs or charges made therefor, capital additions, replacements, betterments, extensions or improvements to or retirement from the System which under generally accepted accounting principles are properly chargeable to the capital account or the reserve for depreciation, and do not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the System, nor such property items, including taxes and fuels, which are capitalized pursuant to the then existing accounting practices of DES or expenses of an Acquired System if revenues of the Acquired System are not included in Gross Earnings at the election of the Board.

“Parity Bonds” means bonds, notes, Loan Agreements, and other debt obligations, including Balloon Indebtedness, Short-Term Indebtedness and Variable Rate Indebtedness, issued or entered into by the Municipality or DES on a parity with the Series 2025 Bonds herein authorized in accordance with the restrictive provisions of Article IX hereof, including any bonds or other obligations secured by a pledge of and/or lien on an Acquired System and the revenues derived from the operation of such Acquired System (provided such pledge and lien are subject only to normal and customary expenses of operating, maintaining, repairing and insuring any such System), so long as the Acquired System is not being operated separately from the System as is permitted herein or the revenues from such Acquired System are not excluded from Gross Earnings.

“Rate Covenant Requirement” means an amount of Net Revenues which is equal to the sum of: (a) 120% of the Debt Service Requirement for the forthcoming Fiscal Year plus (b) 100% of (i) the amounts, if any, required by the Resolution to be deposited by the Municipality into the Reserve Fund during the forthcoming Fiscal Year, and (ii) debt service payable on, or reserve fund funding requirements for, any subordinate lien indebtedness.

“Rating” means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.

“Rating Agencies” or “Rating Agency” means Moody’s and S&P, or any successors thereto and any other nationally recognized credit rating agency.

“Registration Agent” means U.S. Bank Trust Company, National Association, Nashville, Tennessee, or any successor designated by the Governing Body.

“Reserve Fund” shall mean the Series 2025 Debt Service Reserve Fund established pursuant to Section 6.1(d) hereof.

“Reserve Fund Credit Facility” means a municipal bond insurance policy, surety bond, letter of credit, line of credit, guarantee or other agreement provided by a Reserve Fund Credit Facility which provides for payment of amounts equal to all or any portion of the Reserve Fund Requirement in the event of an insufficiency of moneys in the Bond Fund to pay when due principal of and interest on all or a portion of the Bonds.

“Reserve Fund Credit Facility Issuer” means the issuer of a Reserve Fund Credit Facility that is, at the time such Reserve Fund Credit Facility is procured by the Municipality, assigned a financial strength rating of at least “AA-” by S&P or “Aa3” by Moody’s.

“Reserve Fund Requirement” means an amount determined from time to time by the Municipality as a reasonable reserve, if any, for the payment of principal of and interest on a series of Bonds pursuant, which shall be set forth in the supplemental resolution authorizing such Bonds. With respect to the Series 2022 Bonds and the Series 2025 Bonds, the Reserve Fund Requirement is \$0.

“Revenue Fund” shall have the meaning ascribed in Section 6.1 hereof.

“Series 2022 Bonds” means the Electric System Revenue Bonds, Series 2022, dated October 11, 2022.

“Series 2025 Bonds” means the Electric System Revenue Bonds, Series 2025, dated June __, 2025.

“Short-Term Indebtedness” means bonds, notes, Loan Agreements or other debt obligations, including Variable Rate Indebtedness, maturing five years or less from their date of issuance, issued by the Municipality or DES as Parity Bonds in accordance with the restrictive provisions of Article IX hereof.

“State” means the State of Tennessee.

“System” means the electrical power distribution system operated by DES, any electrical power distribution and/or transmission system hereafter acquired, constructed or otherwise established, including all improvements and extensions made by DES while the Bonds remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the foregoing, and including all appurtenances, contracts, leases, franchises, and other intangibles; provided, however, at the election of the Board, an Acquired System may be included within the System as defined herein and become a part thereof or, at the election of the Board, not become a part of the System but be operated as a separate and independent system by DES with the continuing right, upon the election of the Board, to incorporate such separately Acquired System within the System.

“S&P” means S&P Global Ratings.

“Variable Rate Indebtedness” means any Parity Bonds, the interest rate on which is subject to periodic adjustment, at intervals, at such times and in such manner as shall be determined by resolution authorizing such Parity Bonds; provided that if the interest rate shall have been fixed for the remainder of the term thereof, it shall no longer be Variable Rate Indebtedness.

ARTICLE II.

AUTHORIZATION AND TERMS OF THE BONDS

(Reserved for Purposes of Summary)

ARTICLE III.

REDEMPTION

(Reserved for Purposes of Summary)

ARTICLE IV.

SOURCE OF PAYMENT AND SECURITY

The Bonds shall be payable solely from and secured by a pledge of the Net Revenues. The punctual payment of principal of and premium, if any, and interest on the Bonds shall be secured equally and ratably by the Net Revenues without priority by reason of series, number or time of sale or delivery. The Net Revenues are hereby irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due. The Bonds do not constitute a debt of the State of Tennessee or the City of Dickson (other than with respect to the Net Revenues).

ARTICLE V.

FORM OF SERIES 2025 BONDS

(Reserved for Purposes of Summary)

ARTICLE VI.

APPLICATION OF REVENUES

6.1 Application of Revenues. From and after the delivery of any of the Bonds hereunder, and as long as any of the Bonds shall be outstanding and unpaid either as to principal or as to interest, or until the discharge and satisfaction of all the Bonds, the Gross Earnings of the System shall be deposited as collected by DES to the Revenue Fund hereby established (the “Revenue Fund”), administered and controlled by the Board. The funds so deposited in the Revenue Fund created under this resolution shall be used only as follows:

(a) Operating Expenses. The money in the Revenue Fund shall be used first from month to month for the payment of Operating Expenses.

(b) Bond Fund. The money thereafter remaining in the Revenue Fund shall next be used to make deposits into a separate and special fund, to be known as the “Principal and Interest Sinking Fund” (the “Bond Fund”) to be kept separate and apart from all other funds of DES and used to pay principal of and interest on the Bonds as the same become due, either by maturity or mandatory redemption. Such deposits shall be made monthly until the Bonds are paid in full or discharged and satisfied pursuant to Article XII hereof, beginning in the month next following delivery of any Bonds.

For the period commencing with the month next following the delivery of any Bonds, to and including the month of the next interest payment date for such Bonds, each monthly deposit as to interest shall be an amount that,

together with all other monthly deposits of approximately equal amounts during such period and amounts otherwise in said Fund, will be equal to interest due on such Bonds on the next interest payment date, and for each six month period thereafter, each monthly deposit as to interest for such Bonds shall be an equal to not less than one-sixth (1/6th) of the interest coming due on such Bonds on the next interest payment date net of any interest earnings on such amounts.

For the period commencing with the month next following the delivery of any Bonds to and including the month of the next principal payment for such Bonds, each monthly deposit as to principal shall be an amount that, together with all other monthly deposits during such period and amounts otherwise in said Fund, will be equal to the principal due on such Bonds on the next principal payment date (provided that, in the event that the next principal payment date is more than 12 months following the month next following delivery of such Bonds, monthly deposits to the Bond Fund in respect of principal shall begin in the month which is 12 months prior to the month of the next principal payment date), and for each twelve-month period thereafter, each monthly deposit as to principal for such Bonds shall be an amount equal to not less than one-twelfth (1/12th) of the principal amount or Maturity Amount, as the case may be, coming due on such Bonds, whether by maturity or mandatory redemption, on the next principal payment date net of any interest earnings on such amounts.

No further deposit shall be required as to any Bonds when the Bond Fund balance is equal to or greater than the amount needed to pay interest on the next interest payment date, the total of the principal amounts payable, either by maturity or mandatory redemption, during the applicable twelve-month period. Notwithstanding the foregoing, deposits for payment of interest and principal on Variable Rate Indebtedness shall be made as set forth in the resolution authorizing such Variable Rate Indebtedness, and if interest is not paid semi-annually and/or principal is not paid annually with respect to any Bonds, the deposits may be adjusted by the Municipality or DES as provided in the resolution authorizing the issuance of such Bonds. Money in the Bond Fund shall be used and is hereby expressly pledged for the purpose of paying principal of and interest on the Bonds.

(c) Repayment of Reserve Fund Credit Facility Issuers. The next available money in the Revenue Fund shall be paid to any Reserve Fund Credit Facility Issuer or Issuers (pro rata, if more than one) to the extent needed to reimburse the Reserve Fund Credit Facility Issuer for amounts advanced by the Reserve Fund Credit Facility Issuer or Issuers under the Reserve Fund Credit Facility, including any amounts payable under any Financial Guaranty Agreement, together with reasonable related expenses incurred by the Reserve Fund Credit Facility Issuer and interest as provided in the Financial Guaranty Agreement.

(d) Reserve Fund. To the extent any series of the Bonds has a Reserve Fund Requirement and such Reserve Fund Requirement is not fully satisfied by a Reserve Fund Credit Facility or Facilities or funds of the Municipality, or a combination thereof, the next available money in the Revenue Fund shall be used to make deposits into the applicable subaccount of the Reserve Fund. No deposit shall be required to be made to the Reserve Fund unless the amount in the Reserve Fund, together with the Reserve Fund Credit Facility or Facilities, if any, becomes less than the applicable Reserve Fund Requirement. In the event deposits to the Reserve Fund shall be required pursuant to the preceding sentence, said deposits shall be payable monthly as hereafter provided and each deposit shall be in a minimum amount equal to 1/24th of the difference between the Reserve Fund Requirement and the amount in each subaccount of said Fund, together with the Reserve Fund Credit Facility or Facilities, if any, immediately following the occurrence of such deficiency, so that any deficiency in any subaccount of said Fund shall be replenished over a period of not greater than twenty four (24) consecutive months; provided, any monthly payments in excess of said minimum payments shall be a credit against the next ensuing payment or payments. Any deposits required to be made hereunder shall be made monthly at the same time as deposits are made to the Bond Fund, commencing the first month in which the amount in the Fund, together with the Reserve Fund Credit Facility or Facilities, if any, is less than the Reserve Fund Requirement. All deposits to the Reserve Fund shall be made from the first money in the Revenue Fund thereafter received which shall not then be required to pay Current Expenses, be transferred into the Bond Fund, or to be paid to the Reserve Fund Credit Facility Issuer or Issuers as above provided. Money in the Reserve Fund shall be used solely for the purpose of paying principal of or interest on the Bonds for the payment of which funds are not available in the Bond Fund. Funds in excess of the Reserve Fund Requirement may be released to be used by the Municipality for legally permissible purposes.

At the option of the Municipality, the Municipality may satisfy the Reserve Fund Requirement applicable to a series of Bonds, or a portion thereof, by providing for the benefit of owners of such series of Bonds a Reserve Fund

Credit Facility or Facilities, at any time, in an amount not greater than the Reserve Fund Requirement applicable to such series of Bonds and release an equal amount of funds on deposit in the corresponding subaccount of the Reserve Fund to be used by the Municipality for legally permissible purposes. At any time during the term hereof, the Municipality shall have the right and option to substitute a new Reserve Fund Credit Facility or Facilities for any Reserve Fund Credit Facility or Facilities previously delivered, upon notice to the Registration Agent and the Reserve Fund Credit Facility Issuer or Issuers and delivery of a Reserve Fund Credit Facility or Facilities in substitution therefor. In the event of the issuance of Parity Bonds pursuant to the restrictive provisions of Article IX hereof with a Reserve Fund Requirement or the substitution of a Reserve Fund Credit Facility or Facilities for less than the full amount of the Reserve Fund Requirement, the Municipality shall satisfy the applicable Reserve Fund Requirement by depositing funds to the Reserve Fund or obtaining a Reserve Fund Credit Facility or Facilities, or any combination thereof, in an aggregate amount equal to the applicable Reserve Fund Requirement for the series of Bonds taking into account any funds then held therein or the amount of any Reserve Fund Credit Facility or Facilities then in effect.

In the event of the necessity of a withdrawal of funds from the Reserve Fund during a time when the Reserve Fund Requirement is being satisfied by a Reserve Fund Credit Facility or Facilities and funds of the Municipality, the funds shall be disbursed completely before any demand is made on the Reserve Fund Credit Facility. In the event all or a portion of the Reserve Fund Requirement is satisfied by more than one Reserve Fund Credit Facility, any demand for payment shall be pro rata between or among the Reserve Fund Credit Facilities. If a disbursement is made by demand on a Reserve Fund Credit Facility, the Municipality, from Revenues after payment of Current Expenses and required deposits to the Bond Fund, shall reimburse the Reserve Fund Credit Facility Issuer for all amounts advanced under the Reserve Fund Credit Facility (pro rata, if more than one Reserve Fund Credit Facility), including all amounts payable under any Financial Guaranty Agreement or Agreements, and then replenish the Reserve Fund as provided herein.

In the event the Reserve Fund Requirement, or any part thereof, shall be satisfied with a Reserve Fund Credit Facility or Facilities, notwithstanding the terms of Article XII hereof, the terms, covenants, liability and liens provided or created herein or in any resolution supplemental hereto shall remain in full force and effect and said terms, covenants, liability and liens shall not terminate until all amounts payable under any Financial Guaranty Agreement have been paid in full and all obligations thereunder performed in full. If the Municipality shall fail to pay when due all amounts payable under any Financial Guaranty Agreement, the Reserve Fund Credit Facility Issuer shall be entitled to exercise any and all remedies available at law or under this Resolution other than remedies that would adversely affect owners of Bonds.

It shall be the responsibility of the Registration Agent to maintain adequate records, verified with the Reserve Fund Credit Facility Issuer or Issuers, as to the amount available to be drawn at any given time under the Reserve Fund Credit Facility or Facilities and as to the amounts paid and owing to the Reserve Fund Credit Facility Issuer or Issuers under the terms of any Financial Guaranty Agreement and to provide notice to the Reserve Fund Credit Facility Issuer at least two days before any payment is due. The Reserve Fund Credit Facility Issuer shall receive notice of the resignation or removal of the Registration Agent and the appointment of a successor thereto.

Notwithstanding anything herein to the contrary, the Municipality may issue Parity Bonds without a Reserve Fund Requirement, as shall be specified in the bond resolution authorizing such Parity Bonds.

(c) Surplus Funds. The next available money in the Revenue Fund shall be used (i) to make payments in lieu of taxes to the Municipality and other governmental jurisdictions, (ii) for the purpose of the payment of principal of and interest on (including reasonable reserves therefor) any bonds or other obligations payable from revenues of the System, but junior and subordinate to the Bonds, and (iii) for any legally permissible purpose, as the Board shall determine.

6.2 Investments and Maintenance of Funds. Money on deposit in the Funds described in this Section may be invested by DES in such investments as shall be permitted by applicable law, as determined by an authorized representative of DES, all such investments to mature not later than the date on which the money so invested shall be required for the purpose for which the respective Fund was created. All income derived from such investments shall be regarded as revenues of the System and shall be deposited in the Revenue Fund. Such investments shall at any time necessary be liquidated and the proceeds thereof applied to the purpose for which the respective Fund was created; provided, however, that in no event shall moneys in the Reserve Fund be invested in instruments that mature or are

subject to repurchase more than two years from the date the money is so invested. DES is authorized to enter into contracts with third parties for the investment of funds in any of the Funds described herein.

The Revenue Fund, the Bond Fund, and the Reserve Fund (except to the extent funded with a Reserve Fund Credit Facility or Facilities) shall be held and maintained by DES and, when not invested, kept on deposit with a bank or financial institution regulated by and the deposits of which are insured by the Federal Deposit Insurance Corporation or similar federal agency. All moneys in such Funds so deposited shall at all times be secured to the extent and in the manner required by applicable State law.

ARTICLE VII.

COVENANTS

7.1 Charges for Services Supplied by the System. While the Bonds remain outstanding and unpaid, DES covenants and agrees that charges for all services supplied through the medium of the System to all consumers and users shall be reasonable and just, taking into account and consideration the cost and value of the System and the cost of maintaining, operating, repairing and insuring the System, a proper and necessary allowance for the depreciation thereof, and the amounts necessary for the payment of principal of and interest on all obligations payable from revenues of the System; and that there shall be charged against all users of the services of the System such rates and amounts as shall be fully adequate to comply with the covenants of this resolution.

7.2 Insurance. The Municipality or DES (as applicable) shall maintain insurance on the properties of the System of a kind and in an amount which would normally be carried by private companies engaged in a similar type and size of business, provided, the Municipality and DES shall not be required to insure beyond the limits of immunity provided by Sections 29-20-101 et seq., Tennessee Code Annotated, or other applicable law. The proceeds of any such insurance, except public liability insurance, shall be used to replace the part or parts of the System damaged or destroyed, or, if not so used, shall be placed in the Revenue Fund.

7.3 Books and Accounts; Audits. DES will cause to be kept proper books and accounts adapted to the System, will cause the books and accounts to be audited in accordance with GAAP at the end of each Fiscal Year by a recognized independent certified public accountant or a firm of such accountant or accountants and, upon written request, will make available to any registered owner of the Bonds the balance sheet and the profit and loss statement of DES as certified by such accountant or accountants.

All expenses incurred in the making of the audits required by this subsection shall be regarded and paid as Operating Expenses. DES further agrees to cause copies of such audits to be furnished to the registered owner of any of the Bonds, at the written request thereof, within one year after the close of each Fiscal Year. The registered owner of any of the Bonds shall have at all reasonable times the right to inspect the System and the records, accounts and data of DES relating thereto. If DES fails to provide the audits and reports required by this subsection, the registered owner or owners of twenty-five percent (25%) in principal amount of the Bonds may cause such audits and reports to be prepared at the expense of DES.

7.4 Rate Covenant. DES shall, through the Board, will establish, fix, prescribe and collect rates, charges and fees for the sale or use of System services furnished by the Issuer which, together with other income, are reasonably expected to yield Net Revenues which are at least equal to the Rate Covenant Requirement for the forthcoming Fiscal Year. The Issuer agrees that should the annual financial statement made in accordance with the provisions of Section 7.3 disclose that during the period covered by such financial statement the Net Revenues were not at least equal to the Rate Covenant Requirement, the Issuer shall revise the schedule of rates, charges and fees insofar as is practicable and further revise Operating Expenses so as to produce the necessary Net Revenues as herein required. The Issuer shall revise the schedules of rates, charges and fees as provided in the preceding sentence within 120 days after the filing of the financial statements pursuant to Section 7.3.

7.5 Sale or Disposal of System. The Municipality and DES will not sell, lease, mortgage, or in any manner dispose of the System, or any part thereof, including any and all extensions and additions that may be made thereto, or any facility necessary for the operation thereof; provided, however, the use of any of the System facilities

may at any time be permanently abandoned or otherwise disposed of or any of the System facilities sold at fair market value, provided that:

(a) The Municipality and DES are in full compliance with all covenants and undertakings in connection with all bonds, notes and other obligations then outstanding and payable from the revenues of the System and any required reserve funds for such bonds, notes and other obligations have been fully established and contributions thereto are current;

(b) Any sale proceeds will be applied either (A) to redemption of Bonds in accordance with the provisions governing repayment of Bonds in advance of maturity, or (B) to the purchase of Bonds at the market price thereof so long as such price does not exceed the amount at which the Bonds could be redeemed on such date or the next optional redemption date as set forth herein or in the resolutions authorizing the Parity Bonds, or (C) to the construction or acquisition of facilities in replacement of the facilities so disposed of or other facilities constituting capital improvements to the System, or (D) the deposit to a replacement fund to be used to make capital improvements to the System;

(c) (i) The abandonment, sale or disposition is for the purpose of disposing of facilities which are no longer necessary or no longer useful to the operation of the System or (ii) the operation of the System or revenue producing capacity of the System is not materially impaired by such abandonment, sale or disposition or any facilities acquired in replacement thereof are of equivalent or greater value; and

(d) If the facilities are being sold or disposed to an entity that is not a state or local government and the facilities were financed with the proceeds of Bonds the interest on which is excludable from gross income for federal income tax purposes, the Municipality or DES shall have received an opinion of nationally recognized bond counsel to the effect that such sale, lease, mortgage or other disposition will not jeopardize the exclusion from federal income taxation of interest on any Bonds then outstanding intended to be excludable from gross income for federal income tax purposes.

Nothing herein is intended to prohibit the lease purchase of equipment or facilities of the System hereafter to be put in service or to prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as DES is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

Notwithstanding anything elsewhere provided in this resolution, and without being subject to any of the foregoing restrictions, with the approval of DES, the Municipality shall have the right to sell, lease, transfer, or otherwise dispose of the System, as a whole or substantially as a whole, to any municipal corporation, county, political subdivision, governmental corporation, or governmental agency (each of which shall be included within the term "Transferee" as herein used), provided the Transferee thus acquiring the System from the Municipality will assume the performance of and be bound by all of the obligations of the Municipality and DES to the holders of the Bonds under the covenants and provisions of this resolution.

7.6 Budgets. Prior to the beginning of each Fiscal Year, the Board shall prepare, or cause to be prepared, and adopted an annual budget of estimated revenues, Operating Expenses, and capital expenditures for the System for the ensuing Fiscal Year in compliance with the rate covenant requirement set forth in Section 7.4, and will undertake to operate the System within such budget to the best of its ability. Copies of such budgets and amendments thereto will be made available to any registered owner of a Bond upon written request.

7.7 Franchises. Neither the Municipality nor DES will construct, finance or grant a franchise for the development or operation of facilities that compete for service with the services to be provided by the System or consent to the provision of any such services in the area currently or hereafter served by the Municipality or DES by any other public or private entity and will take all steps necessary and proper, including appropriate legal action to prevent any such entity from providing such service; provided, nothing herein contained shall prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as DES is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

7.8 Operation of Broadband or Telecommunications Networks. If at any time DES shall operate a broadband network or a telecommunications network, as permitted by the Broadband Act or the Telecommunications Act (Sections 7-52-401 et seq. and 7-52-601 et seq., respectively, Tennessee Code Annotated), DES shall (a) operate each such network as a division separate and apart from the System, (b) properly and fully allocate to each such network the costs of any assets of the System used thereby, and (c) in all respects comply with the Broadband Act and/or the Telecommunications Act, and often applicable provisions of State law in its operation of the System and the application of the revenues thereof.

ARTICLE VIII.

REMEDIES OF BOND OWNERS

Any registered owner of any of the Bonds may either at law or in equity, by suit, action, mandamus or other proceedings, in any court of competent jurisdiction enforce and compel performance of all duties imposed upon DES or the Municipality by the provisions of this resolution, including the making and collecting of sufficient rates, the proper application of and accounting for revenues of the System, and the performance of all duties imposed by the terms hereof.

If any default be made in the payment of principal of, premium, if any, or interest on the Bonds, then upon the filing of suit by any registered owner of said Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System in behalf of DES or the Municipality with power to charge and collect rates sufficient to provide for the payment of all bonds and obligations outstanding against the System and for the payment of Operating Expenses, and to apply the income and revenues thereof in conformity with the provisions of this resolution.

ARTICLE IX.

PROHIBITION OF PRIOR LIEN; PARITY BONDS

9.1 Prohibition of Prior Liens. Neither the Municipality nor DES will issue other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenues of the System having priority over the Bonds.

9.2 Parity Bonds. Additional bonds, notes, Loan Agreements or obligations may hereafter be issued on a parity with the Bonds under the following conditions but not otherwise:

(a) Any portion (including any maturities or portions thereof whether or not in chronological order and any amounts subject to mandatory redemption) or all of a series of the Bonds may be refunded at maturity, upon redemption in accordance with their terms, or upon payment, prepayment or redemption with the consent of the owners of such bonds, and the refunding bonds so issued shall constitute Parity Bonds secured on a parity with the Bonds thereafter outstanding, if all of the following conditions are satisfied:

(i) DES shall have obtained a report from a Financial Adviser demonstrating that the refunding is expected to reduce the total debt service payments on the Bonds, including payments on related Credit Facilities; and

(ii) the requirements of subsections (b)(ii) and (iv) below are met with respect to such refunding.

(b) Parity Bonds (including refunding Parity Bonds which do not meet the requirements of (a)) may also be issued on a parity with outstanding Bonds, and the Parity Bonds so issued shall be secured on a parity with such outstanding Bonds, if all of the following conditions are satisfied:

(i) There shall have been procured and filed with DES a report by a Financial Adviser or a certificate by the Chairman of the Board, or his designee, to the effect that the historical Net Revenues for either (i) a period of 12 consecutive months of the most recent 18 consecutive months prior to the issuance of the proposed Parity Bonds or (ii) the most recent audited Fiscal Year, were equal to at least 120% of the

Maximum Annual Debt Service Requirement on all Bonds which will be outstanding immediately after the issuance of the proposed Parity Bonds, in the then current and each succeeding Fiscal Year, provided, however, (w) the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to the increased annual amount of Net Revenues attributable to improvements to the System that had been placed in service prior to the delivery of the proposed Parity Bonds and that are not fully reflected in the historical related Net Revenues actually received during such historical period used, (x) the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to 100% of the increased annual amount attributable to any revision in the schedule of rates, fees, and charges for the services and facilities furnished by the System, imposed prior to the date of delivery of the proposed Parity Bonds and not fully reflected in the historical related Net Revenues actually received during such historical period used; (y) if the Municipality or DES has a contract to purchase or otherwise acquire an Acquired System that will become part of the System, the historical Net Revenues may be adjusted to include the anticipated Net Revenues from the Acquired System; and (z) if the Municipality or DES has entered into a contract to furnish services of the System that is not fully reflected in the historical Net Revenues of the System, such historical Net Revenues may be adjusted to include the anticipated Net Revenues from such contract.

(ii) DES shall have received, at or before issuance of the Parity Bonds, a report from a Financial Adviser or a certificate of the Chairman of the Board, or his designee, to the effect that (x) the payments required to be made into the Bond Fund have been made and the balance in the Bond Fund is not less than the balance required hereby as of the date of issuance of the proposed Parity Bonds; and (y) the Reserve Fund is funded to the Reserve Fund Requirement and will be funded to the Reserve Fund Requirement immediately following the issuance of the proposed Parity Bonds.

(iii) The resolution authorizing the proposed Parity Bonds must require the proceeds of such proposed Parity Bonds to be used to make capital improvements to or capital acquisitions for the System, to pre-purchase supplies of electrical power, to fund interest on the proposed Parity Bonds, to refund other obligations issued for such purposes (whether or not such refunding Parity Bonds satisfy the requirements of (a)), for any other legal purpose under applicable law as evidenced by an opinion of Bond Counsel, and/or to pay expenses incidental thereto and to the issuance of the proposed Parity Bonds.

(iv) The Chairman of the Board shall have certified, by written certificate dated as of the date of issuance of the Parity Bonds, that DES is in compliance with all requirements of this resolution.

(c) Upon the determination of DES to combine an Acquired System into the System, all outstanding Bonds and any bonds, notes and other obligations of the Acquired System outstanding upon such combination may, at the election of DES, be payable from Net Revenues of the combined System on a parity and equality of lien with each other, provided that there shall be filed with DES:

(i) a report by a Financial Adviser or a certificate by the Chairman of the Board, or his designee the Net Revenues of such combined System for a period of 12 consecutive months of the most recent 18 consecutive months prior to such combination were equal to at least 120% of the Maximum Annual Debt Service Requirement on all Bonds and any bonds, notes and other obligations of the Acquired System which will be outstanding immediately after the combination, provided, however, (w) the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to the increased annual amount of Net Revenues attributable to improvements to the System that had been placed in service prior to the combination and that are not fully reflected in the historical related Net Revenues actually received during such historical period used, (x) the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to 100% of the increased annual amount attributable to any revision in the schedule of rates, fees, and charges for the services and facilities furnished by the System, imposed prior to the date of the combination and not fully reflected in the historical related Net Revenues actually received during such historical period used; and (y) if the Municipality or DES has entered into a contract to furnish services of the System that is not fully reflected in the historical Net Revenues of the System, such historical Net Revenues may be adjusted to include the anticipated Net Revenues from such contract.

(ii) A certificate of the Chairman of the Board, as of the date of the combination, that DES is in compliance with all requirements of this resolution.

9.3 Applicability of Resolution to Parity Bonds. All the provisions and covenants of this resolution relating to negotiability and registration of Bonds, creation and investment of funds and the application of revenues, the operation of the System and charges for services of the System, the remedies of owners of the Bonds, the issuance of additional bonds, modification of this resolution, the defeasance of Bonds, and such other provisions hereof as are appropriate may be incorporated by reference into supplemental resolutions authorizing additional bonds, and said provisions, when so incorporated, shall be equally applicable to the additional bonds issued pursuant to the terms of this Article IX in all respects and with like force and effect as though said provisions were recited in full in said supplemental resolutions and shall continue to be applicable so long as any such bonds remain outstanding.

ARTICLE X.

SALE OF THE SERIES 2025 BONDS

(Reserved for Purposes of Summary)

ARTICLE XI.

DISPOSITION OF BOND PROCEEDS

(Reserved for Purposes of Summary)

ARTICLE XII.

DISCHARGE AND SATISFACTION OF BONDS

If the Municipality or DES shall pay and discharge the indebtedness evidenced by all or any portion of the Bonds in any one or more of the following ways:

(a) By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

(b) By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers ("an Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay premium, if any, and interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);

(c) By delivering such Bonds to the Registration Agent, for cancellation by it; and if the Municipality or DES shall also pay or cause to be paid all other sums payable hereunder by the Municipality or DES with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest and redemption premiums, if any, on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the Municipality and DES to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the Municipality or DES shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations

shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Municipality as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to DES, as received by the Registration Agent.

ARTICLE XIII.

MODIFICATION OF RESOLUTION

13.1 Amendment Without Bondholder Consent. This resolution may be amended without the consent of or notice to the registered owners of the Bonds for the purpose of curing any ambiguity or formal defect or omission herein; provided such amendment shall not adversely affect the registered owners, without taking into account any bond insurance policy.

13.2 Other Amendments. In addition to the amendments to this resolution without the consent of registered owners as referred to in Section 13.1 above, the registered owners of a majority in aggregate principal amount of the Bonds at any time outstanding (not including in any case any Bonds which may then be held or owned by or for the account of the Municipality but including such refunding bonds as may have been issued for the purpose of refunding any of such Bonds if such refunding bonds shall not then be owned by the Municipality) shall have the right from time to time to consent to and approve the adoption by the Governing Body of a resolution or resolutions modifying any of the terms or provisions contained in this resolution; provided, however, that this resolution may not be so modified or amended in such manner, without the consent of 100% of the registered owners of the Bonds, as to:

- (a) Make any change in the maturities or redemption dates of the Bonds;
- (b) Make any change in the rates of interest borne by the Bonds;
- (c) Reduce the amount of the principal payments or redemption premiums payable on the Bonds;
- (d) Modify the terms of payment of principal of or interest on the Bonds or impose any conditions with respect to such payments;
- (e) Affect the rights of the registered owners of less than all of the Bonds then outstanding; or
- (f) Reduce the percentage of the principal amount of the Bonds the consent of the registered owners of which is required to effect a further modification.

13.3 Procedure for Modification. Whenever the Municipality shall propose to amend or modify this resolution under the provisions of this Section, it shall cause notice of the proposed amendment to be mailed by first-class mail, postage prepaid, to the owner of each Bond then outstanding. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the Municipality for public inspection.

Whenever at any time within one year from the date of mailing of said notice there shall be filed with the Secretary an instrument or instruments executed by the registered owners of at least a majority in aggregate principal amount of the Bonds then outstanding as in this Section defined, which instrument or instruments shall refer to the proposed amendatory resolution described in said notice and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the Municipality may adopt such amendatory resolution and such resolution shall become effective and binding upon the owners of all Bonds.

If the registered owners of at least a majority in aggregate principal amount of the Bonds outstanding as in this section defined, at the time of the adoption of such amendatory resolution, or the predecessors in title of such owners, shall have consented to and approved the adoption thereof as herein provided, no registered owner of any Bonds, whether or not such owner shall have consented to or shall have revoked any consent as in this Section provided, shall have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the Municipality from taking any action pursuant to the provisions thereof.

Any consent given by the registered owner of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the publication of the notice above provided for and shall be conclusive and binding upon all future registered owners of the same Bond during such period. Such consent may be revoked at any time after six months from the date of publication of such notice by the registered owner who gave such consent or by a successor in title by filing notice of such revocation at the Municipality office, but such revocation shall not be effective if the registered owners of a majority in aggregate principal amount of the Bonds outstanding as in this Section defined shall have, prior to the attempted revocation, consented to and approved the amendatory resolution referred to in such revocation.

The fact and date of the execution of any instrument under the provisions of this Section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

The amount (number(s)) of the Bonds owned by any person executing such instrument and the date of the ownership of the same shall be proved by reference to the Bond registration records maintained by the Registration Agent, which records shall constitute conclusive proof of the ownership thereof.

Notwithstanding the foregoing, if any Bonds are insured by a bond insurance policy, the bond insurer issuing such bond insurance policy shall be entitled to consent to any modifications to this Resolution on behalf of the owners of the Bonds insured by such bond insurer, provided that no bond insurer shall be entitled to consent to any modifications to this Resolution that require the unanimous consent of the owners of the Bonds as described above.

ARTICLE XIV.

OFFICIAL STATEMENT

(Reserved for Purposes of Summary)

ARTICLE XV.

FEDERAL TAX COVENANTS

DES and the Municipality recognize that the purchasers and holders of any Bonds issued on a federally-tax-exempt basis will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon is excluded from gross income for purposes of federal income taxation under laws in force on the date of delivery of the Bonds. Accordingly, the Municipality and DES agree that they shall take no action that may render the interest on any of said Bonds subject to federal income taxation. It is the reasonable expectation of the Municipality and DES that the proceeds of the Bonds will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Internal Revenue Code of 1986, as amended (the "Code"), including any lawful regulations promulgated or proposed thereunder, and to this end the said proceeds of the Bonds and other related funds established for the purposes herein set out, shall be used and spent expeditiously for the purposes described herein.

The Municipality and DES further covenant and represent that in the event they shall be required by Section 148(f) of the Code to pay any investment proceeds of the Bonds to the United States government, they will make such payments as and when required by said Section and will take such other actions as shall be necessary or permitted to prevent the interest on the Bonds from becoming subject to inclusion in the gross income for purposes of federal

income taxation. The Mayor of the Municipality, the City Recorder and the Chairman of the Board, or any one of them, is authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as any or all shall deem appropriate, and such certifications shall constitute a representation and certification of the System.

ARTICLE XVI.

CONTINUING DISCLOSURE

DES hereby covenants and agrees that it will provide financial information and event notices if and as required by Rule 15c2-12 of the Securities Exchange Commission for the Bonds. The Mayor of the Municipality or the Chairman of the Board is authorized to execute at the closing of the sale of the Bonds, an agreement for the benefit of and enforceable by the owners of the Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of DES to comply with the undertaking herein described and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause DES to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specified performance.

ARTICLE XVII.

MISCELLANEOUS

17.1 Resolution a Contract. The provisions of this resolution shall constitute a contract between the Municipality, DES and the registered owners of the Bonds, and after the issuance of the Bonds, no change, variation or alteration of any kind in the provisions of this resolution shall be made in any manner, except as provided in Article XIII hereof, until such time as the Bonds shall have been paid in full or discharged pursuant to Article XII hereof.

17.2 Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

17.3 Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

17.4 Authority. The Bonds authorized by this resolution are issued pursuant to the Act and other applicable provisions of law.

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APPENDIX B

Form of Continuing Disclosure Agreement

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CITY OF DICKSON, TENNESSEE

§ _____ ELECTRIC SYSTEM REVENUE BONDS, SERIES 2025

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered this _____ day of June __, 2025 by the City of Dickson, Tennessee (the “Issuer”) in connection with the issuance of its \$ _____ Electric System Revenue Bonds, Series 2025 (the “Bonds”). The Issuer hereby covenants and agrees as follows:

SECTION 1. Purpose of and Authority for the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Registered Owners and the Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12(b)(5) (the “Rule”) of the Securities and Exchange Commission (the “SEC”). This Disclosure Agreement is being executed and delivered by the Issuer under the authority of the Resolution.

SECTION 2. Definitions. In addition to the terms otherwise defined herein, the following capitalized terms shall have the following meanings:

“Beneficial Owner” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Fiscal Year” shall mean any period of twelve consecutive months adopted by the Issuer as its fiscal year for financial reporting purposes, and shall initially mean the period beginning on July 1 of each calendar year and ending June 30 of the following calendar year.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement of the Issuer, dated June __, 2025, relating to the Bonds.

“Participating Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Registered Owner” means any person who is identified as a holder of Bonds on the registration records maintained by or on behalf of the Issuer with respect to the Bonds.

“Resolution” shall mean the bond resolution adopted by the City Council of the Municipality on April 7, 2025.

“State” shall mean the State of Tennessee.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule.

“System” shall have the meaning ascribed by the Resolution; that is, the electric distribution system of the Municipality.

SECTION 3. Continuing Disclosure. The Municipality hereby agrees to provide or cause to be provided the information set forth below:

(a) *Annual Financial Information.* For Fiscal Years ending on or after June 30, 2025, the Municipality shall provide annual financial information and operating data within 12 months after the end of the Fiscal Year. The annual financial information and operating data shall include:

(i) The audited financial statements of the System, prepared in accordance with generally accepted accounting principles, or, if the Municipality's audited financial statements are not available, then the Municipality's unaudited financial statements; and

(ii) Operating data of the type included under the following headings of the Official Statement, which data may be presented in a manner other than as set in the Official Statement:

1. Wholesale Power Rates;
2. Residential and General Power Rates;
3. Ten Largest Electric Customers;
4. Summary of Bonded Indebtedness – Electric System;
5. Bonded Debt Service Requirements – Electric System Revenue Only Debt;
6. Five Year Summary of Revenues, Expenditures and Changes in Net Position – Electric Fund; and
7. Historical Coverages in Electric System.

(b) *Audited Financial Statements.* For Fiscal Years ending on or after June 30, 2025, the Municipality shall provide audited financial statements of the System, prepared in accordance with generally accepted accounting principles, if and when available, if such audited financial statements are not included with the annual financial information described in subsection (a) above.

(c) *Event Notices.* The Municipality will provide notice of the following events relating to the Bonds in a timely manner, not in excess of ten business days after the occurrence of the event:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances (including disclosure as to whether the Bonds have been defeased to their maturity or to a preceding call date);
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (xiii) The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of

business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) Incurrence of a financial obligation* of the Municipality, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Municipality, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Municipality, any of which reflect financial difficulties.

* As used in subsections (xv) and (xvi), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(d) *Notice of Failure to File Annual Financial Information.* The Municipality will provide timely notice of its failure to provide the annual financial information described in subsection (a) above within the time frame prescribed by subsection (a).

(e) *Notice of Amendment of Disclosure Agreement.* The Municipality will provide timely notice of an amendment to this Disclosure Agreement pursuant to the terms of Section 5(a) below.

SECTION 4. Methods of Providing Information.

(a) All disclosures required by Section 3 shall be transmitted to the MSRB using the MSRB’s Electronic Municipal Market Access System (“EMMA”) or by such other method as may be subsequently determined by the MSRB.

(b) Information shall be provided to the MSRB in an electronic format as prescribed by the MSRB, either directly, or indirectly through an indenture trustee or a designated dissemination agent.

(c) All transmissions to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(d) Any required disclosure may be incorporated by reference to other documents filed with the MSRB in the manner required by subsection (a) above. The Municipality shall clearly identify each such other document so incorporated by reference.

(e) All disclosures transmitted to the MSRB hereunder shall be simultaneously transmitted to any State Repository.

SECTION 5. Amendment.

This Disclosure Agreement may be amended or modified so long as: (i) any such amendments are not violative of any rule or regulation of the SEC or MSRB, or other federal or state regulatory body; (ii) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (iii) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iv) the amendment does not materially impair the interests of Beneficial Owners or Registered Owners, as determined either by parties unaffiliated with the Municipality (such as bond counsel), or by

approving vote of the Beneficial Owners and Registered Owners pursuant to the terms of the Resolution at the time of the amendment.

(b) In the event of any amendment or modification to the financial information or operating data required to be filed pursuant to Section 3(a) above, the Municipality shall describe such amendment in the next filing pursuant to Section 3(a), and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Municipality. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, the next filing pursuant to Section 3(a) or 3(b), as applicable, shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 6. Termination of Reporting Obligation. The Municipality's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Municipality from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, in addition to that which is required by this Disclosure Agreement. If the Municipality chooses to include any information in any disclosure required hereunder, in addition to that which is specifically required by this Disclosure Agreement, the Municipality shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure.

SECTION 8. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Registered Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 9. Default. In the event of a failure of the Municipality to comply with any provision of this Disclosure Agreement, any Registered Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Municipality to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of any party to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 10. Dissemination Agent. The Municipality may, from time to time, appoint a dissemination agent to assist it in carrying out its obligations under this Disclosure Agreement, and the Municipality may, from time to time, discharge the dissemination agent, with or without appointing a successor dissemination agent. If at any time there is not a designated dissemination agent, the Municipality shall be the dissemination agent.

SECTION 11. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 12. Severability. In case any one or more of the provisions of this Disclosure Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Agreement, but this Disclosure Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

CITY OF DICKSON, TENNESSEE

By: _____
Mayor

APPENDIX C

Audited Financial Statements for Fiscal Year Ended June 30, 2024

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DICKSON ELECTRIC SYSTEM

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2024 and 2023

DICKSON ELECTRIC SYSTEM

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INTRODUCTORY SECTION

**DICKSON ELECTRIC SYSTEM
DIRECTORY**
June 30, 2024

BOARD MEMBERS

Gary Daniel, Chairman
Freddy Pendergrass, Vice Chairman
Dwight Haynes
Luanne Greer
Kyle Miller

MANAGEMENT TEAM

Darrell Gillespie, General Manager
Melinda Muraca, Controller

COUNSEL

Miller and Martin PLLC
Chattanooga, Tennessee

Jerry V. Smith
Dickson, Tennessee

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

ATA, PLLC
Jackson, Tennessee

FINANCIAL SECTION



Independent Auditor's Report

Board of Directors
Dickson Electric System
Dickson, Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Dickson Electric System (the System), an enterprise fund of the City of Dickson, Tennessee, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the System, as of June 30, 2024 and 2023, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Reporting Entity

As discussed in Note 1, the financial statements present only the Dickson Electric System enterprise fund and do not purport to, and do not, present fairly the financial position of the City of Dickson, Tennessee, as of June 30, 2024 and 2023, the changes in its financial position or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan - Central Service Association, Schedule of Contributions Based on Participation in the Public Employee Pension Plan - Central Service Association, Notes to Required Supplementary Information - Central Service Association, Schedule of Changes in Total OPEB Liability and related notes 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The supplementary and other information as presented in the table of contents, except that which is marked "unaudited" is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary and other information as presented in the table of contents, except that which is marked unaudited is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and schedules of historical information as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2024 on our consideration of the System'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 the System'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 System's internal control over financial reporting and compliance.

ATA, PLLC

Jackson, Tennessee
November 22, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Dickson Electric System (the System), we offer readers of the System's financial statements this narrative overview and analysis of the financial activities of the System for the fiscal year ended June 30, 2024 and 2023. All amounts, unless otherwise indicated, are expressed in actual dollars.

FINANCIAL HIGHLIGHTS

Management believes the System's financial condition is strong. The System is well within its debt covenants and the more stringent financial policies and guidelines set by the Board and management. The following are key financial highlights.

- Total assets and deferred outflows of resources at year-end were \$171.74 million and exceeded liabilities and deferred inflows of resources in the amount of \$82.04 million (i.e. net position). Total assets decreased by \$2.05 million or 1.22% primarily due to decreases in cash and cash equivalents.
- Net position decreased \$8.46 million during the current year, primarily due to net operating loss. Unrestricted net position decreased by \$13.74 million due also to net operating loss.
- During fiscal year 2024, the System delivered 829.20 million kWh compared to 827.48 million kWh during the fiscal year 2023.
- Operating revenues were \$95.22 million, a decrease from year 2023 in the amount of \$3.98 million or 4.01%. This decrease was primarily due to rate fluctuations.
- Operating expenses were \$100.70 million, an increase from year 2023 in the amount of \$1.58 million or 1.59%. Increases in the Maintenance and administrative expenses made up the largest portion of the increase.
- The operating loss for the year was \$5.49 million as compared to an operating income of \$70.42 thousand during the 2023 fiscal year. The fluctuation primarily due to current year expenditures related to broadband expansion.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the financial statements and supplementary information. The MD&A represents management's examination and analysis of the System's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the System's strategic plan, budget, bond resolutions, and other management tools were used for this analysis. The Comprehensive Annual Financial Report is made up of four sections: 1) the introductory section, 2) the financial section, 3) the supplementary and other information section, and 4) the internal control and compliance section. The introductory section includes the System's directory. The financial section includes the MD&A, the independent auditor's report, and the financial statements with accompanying notes. The supplementary and other information section includes selected financial and operational information. The internal control and compliance section include the report on internal control and compliance. These sections make up the financial report presented here.

REQUIRED FINANCIAL STATEMENTS

A Proprietary Fund is used to account for the operations of the System, which is financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The financial statements report information about the System, using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities.

The *Statement of Net Position* presents the financial position of the System on a full accrual historical cost basis. The statement includes all of the System's assets, liabilities and deferred outflows/inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to the System's creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the System, and assessing the liquidity and financial flexibility of the System.

The *Statement of Revenues, Expenses, and Changes in Net Position* present the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement measures the success of the System's operations and can be used to determine whether the System has successfully recovered all of its costs. This statement also measures the System's profitability and credit worthiness.

The *Statement of Cash Flows* presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipt and cash disbursement information, without consideration of the earnings event, when an obligation arises.

The *Notes to the Financial Statements* provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the System's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

FINANCIAL ANALYSIS

One of the most important questions asked about the System's finances is "Is the System, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the System's activities in a way that will help answer this question. These two statements report the net position of the System, and the changes in the net position. Net position is one way to measure the financial health or financial position of the System. Over time, increases or decreases in the System's net position is an indicator of whether its financial health is improving or deteriorating. However, you will need to also consider other non-financial factors such as changes in economic conditions, customer growth, and legislative mandates.

The System's total net position decreased by \$8.46 million for the fiscal year ended June 30, 2024 and decreased by \$2.22 million for the fiscal year ended June 30, 2023. The analysis below focuses on the System's net position (Table 1A and Table 1B) and changes in net position (Table 2A and Table 2B) during the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 1A

CONDENSED STATEMENT OF NET POSITION

	June 30, 2024	June 30, 2023	Increase (Decrease)	
			Amount	Percent
Current and other assets	\$ 57,444,241	\$ 77,947,759	\$ (20,503,518)	-26.30%
Capital assets	108,534,891	90,080,303	18,454,588	20.49%
Total assets	<u>165,979,132</u>	<u>168,028,062</u>	<u>(2,048,930)</u>	-1.22%
Deferred outflows of resources	<u>5,765,117</u>	<u>6,826,333</u>	<u>(1,061,216)</u>	-15.55%
Long-term liabilities	69,535,447	69,431,016	104,431	0.15%
Other liabilities	18,640,815	13,098,618	5,542,197	42.31%
Total liabilities	<u>88,176,262</u>	<u>82,529,634</u>	<u>5,646,628</u>	6.84%
Deferred inflows of resources	<u>1,530,376</u>	<u>1,822,299</u>	<u>(291,923)</u>	0.00%
Net investment in capital assets	58,578,977	40,042,610	18,536,367	46.29%
Restricted	11,967,792	25,225,061	(13,257,269)	100.00%
Unrestricted	11,490,842	25,234,791	(13,743,949)	-54.46%
Total net position	<u>\$ 82,037,611</u>	<u>\$ 90,502,462</u>	<u>\$ (8,464,851)</u>	-9.35%

Table 1B

CONDENSED STATEMENT OF NET POSITION

	June 30, 2023	June 30, 2022	Increase (Decrease)	
			Amount	Percent
Current and other assets	\$ 77,947,759	\$ 33,916,251	\$ 44,031,508	129.82%
Capital assets	90,080,303	85,214,894	4,865,409	5.71%
Total assets	<u>168,028,062</u>	<u>119,131,145</u>	<u>48,896,917</u>	41.04%
Deferred outflows of resources	<u>6,826,333</u>	<u>3,541,768</u>	<u>3,284,565</u>	92.74%
Long-term liabilities	69,431,016	13,103,860	56,327,156	429.85%
Other liabilities	13,098,618	13,125,210	(26,592)	-0.20%
Total liabilities	<u>82,529,634</u>	<u>26,229,070</u>	<u>56,300,564</u>	214.65%
Deferred inflows of resources	<u>1,822,299</u>	<u>3,724,281</u>	<u>(1,901,982)</u>	100.00%
Net investment in capital assets	40,042,610	85,214,894	(45,172,284)	-53.01%
Restricted	25,225,061	-	25,225,061	0.00%
Unrestricted	25,234,791	7,504,668	17,730,123	236.25%
Total net position	<u>\$ 90,502,462</u>	<u>\$ 92,719,562</u>	<u>\$ (2,217,100)</u>	-2.39%

The increase in capital assets of \$23.32 million over the three-year period was funded by operations and the use of unrestricted net position. The increase in current and other assets of \$23.53 million over the three-year period was due primarily to fluctuations in cost of sales and services and kWh delivered. The \$56.43 million increase in long-term liabilities over the three-year period was primarily due to issuance of debt for fiber projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in the System's net position can be determined by reviewing the following condensed Statement of Revenues, Expenses and Changes in Net Position for the years.

Table 2A

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	June 30, 2024	June 30, 2023	Increase (Decrease)	
			Amount	Percent
Operating revenues	\$ 95,216,667	\$ 99,191,857	\$ (3,975,190)	-4.01%
Non-operating revenues	1,220,205	839,738	380,467	45.31%
Total revenues	<u>96,436,872</u>	<u>100,031,595</u>	<u>(3,594,723)</u>	-3.59%
Cost of sales and service	71,353,645	75,391,409	(4,037,764)	-5.36%
Operations expense	5,313,939	4,795,891	518,048	10.80%
Maintenance expense	9,767,427	7,289,183	2,478,244	34.00%
Administrative expense	9,531,501	7,273,078	2,258,423	31.05%
Depreciation expense	4,735,518	4,371,876	363,642	8.32%
Non-operating expenses	<u>2,308,246</u>	<u>1,644,350</u>	<u>663,896</u>	100.00%
Total expenses	<u>103,010,276</u>	<u>100,765,787</u>	<u>2,244,489</u>	2.23%
Transfer out	<u>(1,891,447)</u>	<u>(1,482,908)</u>	<u>(408,539)</u>	27.55%
Change in net position	(8,464,851)	(2,217,100)	(6,247,751)	281.80%
Beginning net position	<u>90,502,462</u>	<u>92,719,562</u>	<u>(2,217,100)</u>	-2.39%
Ending net position	<u>\$ 82,037,611</u>	<u>\$ 90,502,462</u>	<u>\$ (8,464,851)</u>	-9.35%

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2B

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	June 30, 2023	June 30, 2022	Increase (Decrease) Amount	Percent
Operating revenues	\$ 99,191,857	\$ 91,451,727	\$ 7,740,130	8.46%
Non-operating revenues	839,738	109,441	730,297	667.30%
Total revenues	<u>100,031,595</u>	<u>91,561,168</u>	<u>8,470,427</u>	9.25%
Cost of sales and service	75,391,409	68,166,531	7,224,878	10.60%
Operations expense	4,795,891	3,417,710	1,378,181	40.32%
Maintenance expense	7,289,183	5,685,895	1,603,288	28.20%
Administrative expense	7,273,078	4,326,179	2,946,899	68.12%
Depreciation expense	4,371,876	4,158,301	213,575	5.14%
Non-operating expenses	1,644,350	-	1,644,350	100.00%
Total expenses	<u>100,765,787</u>	<u>85,754,616</u>	<u>15,011,171</u>	17.50%
Transfer out	<u>(1,482,908)</u>	<u>(1,419,262)</u>	<u>(63,646)</u>	4.48%
Change in net position	<u>(2,217,100)</u>	<u>4,387,290</u>	<u>(6,604,390)</u>	-150.53%
Beginning net position	<u>92,719,562</u>	<u>88,332,272</u>	<u>4,387,290</u>	4.97%
Ending net position	<u>\$ 90,502,462</u>	<u>\$ 92,719,562</u>	<u>\$ (2,217,100)</u>	-2.39%

Operating revenues showed an 4.12% increase from 2022 to 2024 as the result of the fluctuation in kWh delivered. Non-operating revenues increased 1,014.94% from 2022 to 2024. Total expenses increased 20.12% from 2022 to 2024 primarily due to the fluctuations in cost of sales and service expense in relation to the fluctuation in kWh delivered. Ending net position showed an decrease of 11.52% due to the above-mentioned facts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal years 2024 and 2023, the system had \$108.53 million and \$90.08 million (net of accumulated depreciation) respectively, invested in a broad range of System capital assets. This investment includes land, land rights, distribution and transmission systems and their related equipment, and various types of equipment. Based on the uses of the aforementioned assets, they are classified for financial purposes as distribution plant and general plant. This investment represents an overall increase (net of increases and decreases) of a nominal amount over last year.

The following tables summarize the System's capital assets, net of accumulated depreciation, and changes therein, for the year ended June 30, 2024 and 2023. These changes are presented in detail in Note 3D to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 3A

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION				
	June 30, 2024	June 30, 2023	Increase (Decrease)	
			Amount	Percent
Distribution plant	88,588,123	78,628,901	9,959,222	12.67%
General plant	8,143,855	7,091,037	1,052,818	14.85%
Construction in progress	11,802,913	4,360,365	7,442,548	170.69%
Total capital assets (net)	<u>108,534,891</u>	<u>90,080,303</u>	<u>18,454,588</u>	20.49%

Table 3B

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION				
	June 30, 2023	June 30, 2022	Increase (Decrease)	
			Amount	Percent
Distribution plant	78,628,901	71,359,039	7,269,862	10.19%
General plant	7,091,037	7,125,565	(34,528)	-0.48%
Construction in progress	4,360,365	6,730,290	(2,369,925)	-35.21%
Total capital assets (net)	<u>90,080,303</u>	<u>85,214,894</u>	<u>4,865,409</u>	5.71%

The major portion of the additions took place in Distribution plant. Many of these additions are in relation to upgrading to fiber optic cables, the impact on operating and maintenance costs should be favorable, as well as the impact on revenues. The System plans on using existing financial resources to keep upgrading existing systems and adding new systems where it sees fit.

Debt Administration

The System has outstanding Revenue Bonds of \$48.08 and \$48.08 million as of June 30, 2024 and 2023 respectively. In 2022, the system made draws on debt in order to fund broadband expansion. No principal payments are due in the upcoming fiscal year due to no outstanding debt in the current year. Details relating to the system's debt can be found in Note 3E.

ECONOMIC FACTORS AND NEXT YEAR'S RATES

The System plans to continue additions and upgrades to the system that it foresees as beneficial to its financial position including upgrade and expansion of system's current infrastructure including addition of a broadband division. With prior changes to end use rates to demand and energy rates with time of use rates applying as well has resulted in favor of the utilities revenues and net position. The system expects these changes to continue to be beneficial and efficient in future periods.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the System's finances for all those with an interest in the System's finances and to demonstrate the System's accountability for the money it receives. Questions concerning any information provided in this report or requests for any additional information should be directed to the Controller of Dickson Electric System, 236 Cowan Rd., Dickson, TN, 37055.

DICKSON ELECTRIC SYSTEM
CONSOLIDATED STATEMENTS OF NET POSITION
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets		
Cash on hand	\$ 1,200	\$ 1,200
Cash and cash equivalents - general	20,557,458	32,995,868
Certificates of deposit	5,073,950	5,073,950
Accounts receivable - trade (net of allowance \$93,100 and \$77,564)	8,466,013	8,261,421
Accounts receivable - other	5,917,551	1,163,617
Inventory	4,238,103	4,422,089
Prepayments and other current assets	481,019	120,258
Total current assets	<u>44,735,294</u>	<u>52,038,403</u>
Noncurrent assets		
Restricted cash, cash equivalents, and investments		
Cash and cash equivalents	467,792	225,061
Certificates of deposit	11,500,000	25,000,000
Total restricted assets	<u>11,967,792</u>	<u>25,225,061</u>
Other assets		
Receivables - TVA Conservation Loans	533,471	476,611
Unamortized discount on bonds payable	199,030	207,684
	<u>732,501</u>	<u>684,295</u>
Capital assets		
Distribution plant	143,483,258	132,750,879
General plant	20,509,537	18,049,420
Construction in progress	11,802,913	4,360,365
Less: Accumulated depreciation	(67,260,817)	(65,080,361)
Total capital assets (net of accumulated depreciation)	<u>108,534,891</u>	<u>90,080,303</u>
Total noncurrent assets	<u>121,235,184</u>	<u>115,989,659</u>
Total assets	<u>165,970,478</u>	<u>168,028,062</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	5,358,191	6,342,556
Deferred outflows related to OPEB	406,926	483,777
Total deferred outflows of resources	<u>5,765,117</u>	<u>6,826,333</u>
Total assets and deferred outflows of resources	<u>\$ 171,735,595</u>	<u>\$ 174,854,395</u>

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

DICKSON ELECTRIC SYSTEM
CONSOLIDATED STATEMENTS OF NET POSITION
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 17,738,511	\$ 12,140,879
Other accrued expense	884,514	939,949
Compensated absences	<u>17,790</u>	<u>17,790</u>
Total current liabilities	<u>18,640,815</u>	<u>13,098,618</u>
Noncurrent liabilities		
Bonds payable (less current maturities)	48,075,000	48,075,000
Unamortized premiums on bonds payable	2,079,944	2,170,377
Compensated absences	160,107	160,107
Net pension liability	9,516,132	9,930,235
Other post employment benefits	3,767,608	3,394,487
Customer deposits	5,381,751	5,212,181
Advances - TVA Conservation Loans	<u>546,251</u>	<u>488,629</u>
Total noncurrent liabilities	<u>69,526,793</u>	<u>69,431,016</u>
Total liabilities	<u>88,167,608</u>	<u>82,529,634</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to OPEB	1,469,699	1,736,785
Deferred inflows related to pensions	<u>60,677</u>	<u>85,514</u>
Total deferred inflows of resources	<u>1,530,376</u>	<u>1,822,299</u>
Total liabilities and deferred inflows of resources	<u>89,697,984</u>	<u>84,351,933</u>
NET POSITION		
Net investment in capital assets	58,578,977	40,042,610
Restricted for debt service	11,967,792	25,225,061
Unrestricted	<u>11,490,842</u>	<u>25,234,791</u>
Total net position	<u>\$ 82,037,611</u>	<u>\$ 90,502,462</u>

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

DICKSON ELECTRIC SYSTEM
CONSOLIDATED STATEMENTS OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenues		
Charges for sales and services	\$ 91,539,505	\$ 95,734,729
Other electric revenue	<u>3,677,162</u>	<u>3,457,128</u>
Total operating revenues	<u>95,216,667</u>	<u>99,191,857</u>
 Operating expenses		
Cost of sales and services	71,353,645	75,391,409
Operations expense	5,313,939	4,795,891
Maintenance expense	9,767,427	7,289,183
Administrative expense	9,531,501	7,273,078
Provision for depreciation	<u>4,735,518</u>	<u>4,371,876</u>
Total operating expenses	<u>100,702,030</u>	<u>99,121,437</u>
 Operating income (loss)	<u>(5,485,363)</u>	<u>70,420</u>
 Nonoperating revenues (expenses)		
Interest income	1,220,205	839,738
Interest expense	(2,390,025)	(1,726,129)
Amortization of debt expense	<u>81,779</u>	<u>81,779</u>
Total nonoperating revenues (expenses)	<u>(1,088,041)</u>	<u>(804,612)</u>
 Income before transfers	(6,573,404)	(734,192)
 Transfers	<u>(1,891,447)</u>	<u>(1,482,908)</u>
 Change in net position	(8,464,851)	(2,217,100)
 Total net position - beginning	<u>90,502,462</u>	<u>92,719,562</u>
 Total net position - ending	<u><u>\$ 82,037,611</u></u>	<u><u>\$ 90,502,462</u></u>

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

DICKSON ELECTRIC SYSTEM
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Receipts from customers and users	\$ 90,258,141	\$ 99,736,518
Payments to employees	(10,201,671)	(9,189,893)
Payments to suppliers	(79,671,108)	(86,837,398)
Customer deposits received	169,570	235,549
TVA conservation loans payments received	57,622	76,965
TVA conservation loans payments paid	(56,860)	(83,818)
Net cash provided by (used in) operating activities	<u>555,694</u>	<u>3,937,923</u>
Cash flows from capital and related financing activities		
Construction and acquisition of plant	(21,649,523)	(8,520,485)
Plant removal cost	(1,572,858)	(765,537)
Materials salvaged from retirements	32,275	48,737
Issuance of bonds	-	48,075,000
Bond issuance costs, net of premium	-	2,044,472
Interest paid on bonds	(2,390,025)	(1,726,129)
Net cash provided by (used in) capital and related financing activities	<u>(25,580,131)</u>	<u>39,156,058</u>
Cash flows from non-capital financing activities		
Transfer out - tax equivalents	(1,891,447)	(1,482,908)
Net cash provided by (used in) non-capital and related financing activities	<u>(1,891,447)</u>	<u>(1,482,908)</u>
Cash flows from investing activities		
Purchase of investment	(16,573,950)	(30,073,950)
Proceeds from sale of investments	30,073,950	5,073,950
Interest received	1,220,205	839,738
Net cash provided by (used in) investing activities	<u>14,720,205</u>	<u>(24,160,262)</u>
Net increase (decrease) in cash and cash equivalents	(12,195,679)	17,450,811
Cash and cash equivalents - beginning of year	<u>33,222,129</u>	<u>15,771,318</u>
Cash and cash equivalents - end of year	<u>\$ 21,026,450</u>	<u>\$ 33,222,129</u>
Unrestricted cash on hand	\$ 1,200	\$ 1,200
Unrestricted cash and cash equivalents on deposit	20,557,458	32,995,868
Restricted cash and cash equivalents on deposit	<u>467,792</u>	<u>225,061</u>
Total cash and cash equivalents	<u>\$ 21,026,450</u>	<u>\$ 33,222,129</u>

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

DICKSON ELECTRIC SYSTEM
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2024</u>
Reconciliation of operating income (loss) to net cash provided by (used in) by operating activities:		
Operating income (loss)	\$ (5,485,363)	\$ 70,420
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	4,735,518	4,371,876
Pension liability and deferred inflow/"outflow	545,425	531,434
(Increase) decrease in accounts receivable	(204,592)	621,626
(Increase) decrease in inventory	183,986	(1,994,639)
(Increase) decrease in accounts receivable - other	(4,753,934)	(76,965)
(Increase) decrease in prepayments	(360,761)	-
Increase (decrease) in accounts payable and accrued expenses	5,542,197	42,826
Increase (decrease) in other post employment benefits	182,886	142,649
Increase (decrease) in customer deposits	169,570	235,549
Increase (decrease) in TVA conservation loans	<u>762</u>	<u>(6,853)</u>
Net cash provided by (used in) operating activities	<u>\$ 555,694</u>	<u>\$ 3,937,923</u>

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

DICKSON ELECTRIC SYSTEM
NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

These are proprietary fund financial statements and include only the financial activities of the Dickson Electric System (The System). The TCA code section 7-52-117(c) states "Subject to the provisions of section 7-52-132, the superintendent, with the approval of the supervisory body, may acquire and dispose of all property, real and personal, necessary to effectuate the purposes of this part. The title of such property shall be taken in the name of the municipality" (city); therefore, Dickson Electric System does not possess sufficient corporate powers that distinguish it as a legally separate entity, and is considered a proprietary fund of City of Dickson, Tennessee.

During fiscal year ended June 30, 2024, Dickson Electric System established a Broadband division pursuant to section 7-52-601, Tennessee Code Annotated. In accordance with T.C.A. 7-52-603 et seq, the Broadband division is operated as a separate division of the Electric fund and the revenues of the Electric division do not subsidize the operations of the Broadband division.

The Electric division provides electrical service to customers located within its service area. The Broadband division began providing Internet services to residents within the area during the fiscal year ended June 30, 2024.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Enterprise funds are a type of proprietary fund and, as such, are reported in accordance with generally accepted accounting principles for proprietary funds as defined by the Governmental Accounting Standards Board (GASB). Proprietary fund types are reported using the economic resources measurement focus and the accrual basis of accounting. The aim of this measurement focus is to report all inflows, outflows, and balances affecting or reflecting the entity's net position. The accrual basis of accounting recognizes income as it is earned and expenses as they are incurred, whether or not cash is received or paid out at that time.

Proprietary funds distinguish operating revenues and expense from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the System are charges for sales to customers for sales and service. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the System's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Assets, Liabilities, and Net Position

Deposits and Investments

The System's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

DICKSON ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

State statutes authorize the System to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations guaranteed by the U.S. government or its agencies, repurchase agreements as approved by the state director of local finance, and the state's investment pool.

Accounts Receivable

Trade receivables result from unpaid billings for electric service to customers and from unpaid billings related to work performed for or materials sold to certain entities. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible customer accounts recorded by the System is based on past history of uncollectible accounts and management's analysis of current accounts.

Inventories and Prepaid Items

All inventories are valued at the lower of average cost or market, using the first-in/first-out (FIFO) method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Restricted Assets

Certain proceeds of the bond issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

Capital Assets

Capital assets, which include property, plant, equipment, and construction in progress, are defined by the System as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Assets acquired through contributions from developers or other customers are capitalized at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is expensed.

Property, plant, and equipment of the System are depreciated using the straight-line method over the following useful lives:

General plant	5 - 40 years
Distribution plant	16 - 40 years

Compensated Absences

It is the System's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay has been accrued and is reflected as a current and non-current liability portions on the financial statements. Sick leave is accumulated but does not vest because it is contingent on an employee's future service, therefore, is not accrued for financial statement presentation.

Vacation and sick days are charged to expense in the period the benefits are paid. Any days accumulated but not used will be paid at the employee's regular rate on the first regular payday after December 31. The total accrued compensated absences at June 30, 2024 and 2023 were \$177,897 and \$177,897 respectively.

DICKSON ELECTRIC SYSTEM
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Sick leave is accumulated but does not vest because it is contingent on an employee's future service, therefore, is not accrued for financial statement presentation.

Long-term Obligations

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs will be expensed in the year incurred. Bond discounts and premiums are reported as noncurrent assets and liabilities respectively.

Deferred Outflows/Inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The System has two items that qualify for reporting in this category. See the pension and OPEB disclosures in note 4 for details concerning this balance.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The System has two items that qualify for reporting in this category. See the pension and OPEB disclosures in note 4 for details concerning this balance.

Other Postemployment Benefits

The district offers health insurance benefits through a single-employer post retirement plan (the plan) administered by the Town of Dickson Electric Department. This plan is considered to be a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB).

Net Position Flow Assumption

Sometimes the System will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the System's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Net Position

Equity is classified as net position and displayed in the following three components:

- Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.
- Unrestricted – All other net position that do not meet the description of the above categories.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Dickson Electric System 's participation in the Governmental Pension Plan for the

**DICKSON ELECTRIC SYSTEM
NOTES TO FINANCIAL STATEMENTS**

June 30, 2024 and 2023

Central Service Association, and additions to/deductions from Dickson Electric System's fiduciary net position have been determined on the same basis as they are reported by the Governmental Pension Plan for the Central Service Association. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Governmental Pension Plan for the Central Service Association. Investments are reported at fair value.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Dickson Electric System adopts a board approved budget however; a budget is not required by any regulatory agency and is not reported in these financial statements.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Investments were made up entirely of certificates of deposits with a maturity of greater than three months for the fiscal years ended June 30, 2024 and 2023.

Custodial Credit Risk

The System's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1. State statute required that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the System's agent in the System's name, or by the Federal Reserve Banks acting as third-party agents. State statutes also authorize the System to invest in bonds, notes or treasury bills of the United States, certificates of deposit at Tennessee state-chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2024, and 2023, all bank deposits were fully collateralized or insured.

B. Receivables

Receivables as of the fiscal year ends were made up of the following:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Billed service for utility customers	\$ 8,559,113	\$ 8,338,985
Other receivables for utility service	5,917,551	1,163,617
Allowance for doubtful accounts	(93,100)	(77,564)
Total	<u>\$ 14,383,564</u>	<u>\$ 9,425,038</u>

DICKSON ELECTRIC SYSTEM
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

C. Restricted Assets

Restricted asset activity during the years was as follows

	June 30, 2024	June 30, 2023
The restricted assets consist of the following:		
Electric revenue bond fund		
Interest and sinking fund	\$ 11,967,792	\$ 25,225,061
	<u>\$ 11,967,792</u>	<u>\$ 25,225,061</u>
The total of these funds is represented by:		
Cash and cash equivalents	467,792	225,061
Certificates of deposit	11,500,000	25,000,000
	<u>\$ 11,967,792</u>	<u>\$ 25,225,061</u>

D. Capital Assets

Capital asset activity during the years was as follows:

Description	Balance at June 30, 2023	Additions	Disposals	Reclassifications	Balance at June 30, 2024
Electric Division					
Capital assets, not being depreciated					
Distribution plant	\$ 9,106	\$ -	\$ -	\$ -	\$ 9,106
General plant	1,171,521	-	-	-	1,171,521
Construction in progress	4,360,365	7,388,087	-	-	11,748,452
Total capital assets, not being depreciated	<u>5,540,992</u>	<u>7,388,087</u>	<u>-</u>	<u>-</u>	<u>12,929,079</u>
Capital assets, being depreciated					
Distribution plant	132,741,773	12,746,532	1,813,785	(215,338)	143,459,182
General plant	16,877,899	1,799,844	6,468	(109)	18,671,166
Total capital assets, being depreciated	<u>149,619,672</u>	<u>14,546,376</u>	<u>1,820,253</u>	<u>(215,447)</u>	<u>162,130,348</u>
Less: accumulated depreciation for:					
Distribution plant	54,121,978	4,127,056	3,353,899	-	54,895,135
General plant	10,958,383	1,414,234	6,935	-	12,365,682
Total accumulated depreciation	<u>65,080,361</u>	<u>5,541,290</u>	<u>3,360,834</u>	<u>-</u>	<u>67,260,817</u>
Total capital assets, being depreciated, net	<u>84,539,311</u>	<u>9,005,086</u>	<u>(1,540,581)</u>	<u>(215,447)</u>	<u>94,869,531</u>
Total capital assets, net	<u>\$ 90,080,303</u>	<u>\$ 16,393,173</u>	<u>\$ (1,540,581)</u>	<u>\$ (215,447)</u>	<u>\$ 107,798,610</u>

DICKSON ELECTRIC SYSTEM
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Broadband Division

Capital assets, not being depreciated

Construction in progress	\$	-	\$	54,461	\$	-	\$	-	\$	54,461
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Capital assets, being depreciated

Distribution plant	-	49,827	-	(34,857)	14,970
General plant	-	666,850	-	-	666,850
Total capital assets, being depreciated	-	716,677	-	(34,857)	681,820

Total capital assets, being depreciated, net	-	716,677	-	(34,857)	681,820
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Total capital assets, net	\$	-	\$	771,138	\$	-	\$	(34,857)	\$	736,281
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Depreciation expense charged to operations amounted to \$5,541,290 and \$805,772 charged to transportation clearing expense for the fiscal year ended June 30, 2024.

Description	Balance at June 30, 2022	Additions	Disposals	Reclassifications	Balance at June 30, 2023
Capital assets, not being depreciated					
Distribution plant	\$ 9,106	\$ -	\$ -	\$ -	\$ 9,106
General plant	1,171,521	-	-	-	1,171,521
Construction in progress	6,730,290	(2,369,925)	-	-	4,360,365
Total capital assets, not being depreciated	7,910,917	(2,369,925)	-	-	5,540,992
Capital assets, being depreciated					
Distribution plant	123,680,644	10,459,191	1,315,318	(82,744)	132,741,773
General plant	16,455,299	563,479	134,515	(6,364)	16,877,899
Total capital assets, being depreciated	140,135,943	11,022,670	1,449,833	(89,108)	149,619,672
Less: accumulated depreciation for:					
Distribution plant	52,330,711	3,790,431	2,042,320	43,156	54,121,978
General plant	10,501,255	581,445	124,317	-	10,958,383
Total accumulated depreciation	62,831,966	4,371,876	2,166,637	43,156	65,080,361
Total capital assets, being depreciated, net	77,303,977	6,650,794	(716,804)	(132,264)	84,539,311
Total capital assets, net	\$ 85,214,894	\$ 4,280,869	\$ (716,804)	\$ (132,264)	\$ 90,080,303

Depreciation expense charged to operations amounted to \$4,371,876 for the fiscal year ended June 30, 2023.

DICKSON ELECTRIC SYSTEM
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

E. Long-term Debt

Long-term debt is made up of the following:

	June 30, 2024	June 30, 2023
Revenue bonds:		
Electric plant revenue bonds, series 2022, interest at 2.0% to 5.0% due serially through 2031	48,075,000	48,075,000
Total revenue bonds	\$ 48,075,000	\$ 48,075,000
Total current portion of revenue bonds	\$ -	\$ -
Total long-term portion of revenue bonds	\$ 48,075,000	\$ 48,075,000

On October 11, 2022, Dickson Electric Systems issued \$48,075,000 Electric System Revenue Bonds, Series 2022, for the purpose of financing installation of fiber lines for future broadband services. The bonds bear interest rates at 5.0% and mature July 1, 2047.

The following is a summary of long-term debt transactions, including compensated absences for the year ended June 30, 2024 and 2023.

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
Revenue bonds payable	\$ 48,075,000	\$ -	\$ -	\$ 48,075,000	\$ -
Less deferred amounts:					
Unamortized premiums	2,170,377	-	90,433	2,079,944	-
Unamortized discount	(207,684)	-	(8,654)	(199,030)	-
Compensated absences	177,897	-	-	177,897	17,790
Total bonds payable	\$ 50,215,590	\$ -	\$ 81,779	\$ 50,133,811	\$ 17,790

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Due Within One Year
Revenue bonds payable	\$ -	\$ 48,075,000	\$ -	\$ 48,075,000	\$ -
Less deferred amounts:					
Unamortized premiums	-	2,260,809	90,432	2,170,377	-
Unamortized discount	-	(216,338)	(8,654)	(207,684)	-
Compensated absences	100,765	77,132	-	177,897	17,790
Total bonds payable	\$ 100,765	\$ 50,196,603	\$ 81,778	\$ 50,215,590	\$ 17,790

The annual requirements, by type of issue, to amortize all long-term debt outstanding except accrued annual leave on June 30, 2024, are as follows:

DICKSON ELECTRIC SYSTEM
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Year Ending June 30,	Principal	Interest	Total
2025	-	2,390,025	2,390,025
2026	1,150,000	2,361,275	3,511,275
2027	1,210,000	2,302,275	3,512,275
2028	1,270,000	2,240,275	3,510,275
2029	1,335,000	2,175,150	3,510,150
2030-2034	7,780,000	9,775,125	17,555,125
2035-2039	9,995,000	7,564,500	17,559,500
2040-2044	12,665,000	4,894,875	17,559,875
2045-2048	12,670,000	1,373,663	14,043,663
	<u>\$ 48,075,000</u>	<u>\$ 35,077,163</u>	<u>\$ 83,152,163</u>

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

The Utility complied with all significant debt covenants and restrictions as set forth in the bond agreements across all systems.

There are no unused lines of credit for any of the systems on June 30, 2024.

F. Net Position

Net position represents the difference between assets and liabilities. The restricted net position amounts were as follows:

	June 30, 2024	June 30, 2023
Net invested in capital assets		
Net property, plant, and equipment in service	\$ 108,534,891	\$ 90,080,303
Unamortized discount on bonds payable	207,684	207,684
Unamortized premiums on bonds payable	(2,088,598)	(2,170,377)
Less: Debt as disclosed in Note 3	<u>(48,075,000)</u>	<u>(48,075,000)</u>
	<u>58,578,977</u>	<u>40,042,610</u>
Restricted for debt service		
Restricted cash and cash equivalents	467,792	225,061
Restricted investments	<u>11,500,000</u>	<u>25,000,000</u>
	<u>11,967,792</u>	<u>25,225,061</u>
Unrestricted	<u>11,490,842</u>	<u>25,234,791</u>
Total net position	<u>\$ 82,037,611</u>	<u>\$ 90,502,462</u>

DICKSON ELECTRIC SYSTEM
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 4 – OTHER INFORMATION

A. Pension Plan – Central Service Association Mass Mutual Defined benefit retirement Plan

Plan Description: All full-time employees of the System participate in a defined benefit pension plan through the Governmental Plan of Central Service Association (CSA). The plan is administered by an insurance and retirement committee that is appointed by CSA. The committee makes recommendations for approval by the board for changes to the plan. The System makes monthly contributions to the agent multiple-employer pension plan. Individual employers can make amendments to their plans.

CSA issues a publicly available report that includes financial statements and required supplementary information for the pension plan. That report can be obtained by contacting CSA at P.O. Box 3480, Tupelo, MS 38803-3480.

Benefits provided: Benefits provided by the plan include retirement, disability and death benefits provided to members and beneficiaries. Members of the plan are eligible to participate in the plan after completing six months of service. The retirement benefit is 57% of average monthly earnings, based on the highest of three consecutive years earnings, at age 62 after ten years participation. Employees are fully vested in the plan after seven years of service.

Employees covered by benefit terms. At the measurement date of October 1, 2023 and 2022, the following employees were covered by the benefit terms:

	2023	2022
Active plan members	65	70
Terminated Vested	32	30
Retired	61	59
	158	159

Contributions: At June 30, 2024 and 2023, active plan members were required to contribute 1.50% of their annual compensation. The plan provisions and required contributions can be amended by the Board of Directors as the need arises. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of an unfunded liability.

Schedule of Employer Contributions

Year	Minimum Contribution	Actual Contribution
2024	\$ 1,883,193	\$ 1,969,057
2023	1,754,469	1,773,554
2022	1,730,914	1,686,339
2021	1,472,769	1,677,256
2020	1,132,031	1,313,887
2019	1,080,391	1,251,702
2018	1,016,352	1,117,987
2017	1,002,701	1,102,971
2016	1,002,701	1,102,971
2015	1,000,198	1,100,218

DICKSON ELECTRIC SYSTEM NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

Net Pension Liability (Asset)

Dickson Electric System's net pension liability (asset) was measured as of October 1, 2023 and 2022, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions: The total pension liability as of the October 1, 2023 and 2022 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement date	October 1, 2023
Discount Rate*	7.00%
Cost Method	Entry Age Normal
Long-term Rate of Return on Investments:	7.00%; The interest rate for funding equals the long-term rate of return on investments. For GASB determinations, because current assets and policy contributions are projected to be sufficient to pay all projected benefits, the discount rate is the long term rate of return.
Mortality	Pub-2010 General Amount-Weighted table fully-generational with projection scale MP-2021 for all participants except beneficiaries. Beneficiaries are valued using the Pub-2010 Amount-Weighted Contingent Survivor fully-generational with projection scale MP-2021.
Incidence of disability	1985 CIDA Table - Class 2.
Termination	For all employees: Sarason T-3 table.
Salary scale	3.50% per year.
Inflation/Wage Growth:	2.00% inflation; 2.50% Wage Growth.
Overtime	It is assumed that overtime will continue to be earned at 100% of the level of the most recent 3-year average.
Assumed retirement age	Earlier of age 62 with 30 years of service or age 65 with 5 years of service.
Marriage	It is assumed that 50% of participants are married and that a male is 3 years older than his female spouse.
Cost of living adjustments	N/A
Date of participation freeze	April 1, 2021
Valuation of Assets	
GASB 68	Market Value
Funding	Actuarial Value (5-year smoothing)

The pension plan invests in a diversified portfolio of stocks, bonds, real estate, and private equity with the objective of maximizing investment returns at a reasonable level of risk. The potential for investment returns to be different than expected is a key risk for the plan. Reducing the plan's investment risk by investing solely in bonds, however, would also likely reduce the plan's investment returns thereby increasing the amount of contributions needed over the long term. The Low-Default-Risk Obligation Measure (LDROM) represents what the funding liability would be if the plan invested its assets solely in a portfolio of high-quality bonds whose cash flows approximately match future benefit payments. ASOP 4 also requires commentary to help the intended user understand the significance of the low-default-risk obligation measure with respect to the funded status of the plan, plan contributions, and the security of participant benefits.

The LDROM helps understand the cost of investing in an all-bond portfolio and significantly lowering expected long-term investment returns. The funded status and Actuarially Determined Contributions are determined using the expected return on assets which reflects the actual investment portfolio. Benefit security for members of the plan relies on a combination of the assets in the plan, the investment returns generated on those assets, and the promise of future contributions from the plan sponsors. Since the assets are not invested in an all-bond portfolio, the LDROM does not indicate the funding status or progress, nor provide information on necessary plan contributions or the security of participant benefits. The difference between the plan's Actuarial

DICKSON ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

Accrued Liability and the LDROM can be thought of as representing the expected taxpayer savings from investing in the plan's diversified portfolio compared to investing only in high quality bonds.

The following details the LDROM based on an index of high quality 20-year municipal bonds as of October 1, 2023. All other assumptions used to determine the LDROM are the same as those used to determine the Plan's Actuarial Accrued Liability for funding purposes. These liabilities are based on the Entry-Age Cost Method.

	<u>LDROM</u>	<u>Funding</u>
Interest Rate:	4.8%	7.00%
Plan Liability:	\$ 44,735,457.00	\$ 33,972,059.00

Discount Rate, the discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and the employer will continue to contribute the actuarially determined contribution in accordance with the plan's current funding policy on an annual basis. Based on those assumptions, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2023 Changes in the Net Pension Liability (Asset)

	Increase/Decrease		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
Balance at October 1, 2022	\$ 32,306,896	\$ 22,376,661	\$ 9,930,235
Changes for the year:			
Service cost	635,726	-	635,726
Interest cost	2,242,840	-	2,242,840
Difference between expected and actual experience	590,702	-	590,702
Employer contributions	-	1,773,554	(1,773,554)
Employee contributions	-	147,212	(147,212)
Net investment income	-	2,022,266	(2,022,266)
Benefit payments	(1,804,105)	(1,804,105)	-
Administrative expense	-	(59,661)	59,661
Assumption Changes	-	-	-
Net changes:	<u>1,665,163</u>	<u>2,079,266</u>	<u>(414,103)</u>
Balance at October 1, 2023	<u>\$ 33,972,059</u>	<u>\$ 24,455,927</u>	<u>\$ 9,516,132</u>

DICKSON ELECTRIC SYSTEM
NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

2022 Changes in the Net Pension Liability (Asset)

	Increase/Decrease		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
Balance at October 1, 2021	\$ 30,893,719	\$ 26,930,883	\$ 3,962,836
Changes for the year:			
Service cost	661,028	-	661,028
Interest cost	2,144,484	-	2,144,484
Difference between expected and actual experience	446,175	-	446,175
Employer contributions	-	1,683,862	(1,683,862)
Employee contributions	-	142,965	(142,965)
Net investment income	-	(4,524,466)	4,524,466
Benefit payments	(1,838,510)	(1,838,510)	-
Administrative expense	-	(18,073)	18,073
Assumption Changes	-	-	-
Net changes:	1,413,177	(4,554,222)	5,967,399
Balance at October 1, 2022	\$ 32,306,896	\$ 22,376,661	\$ 9,930,235

Sensitivity of the net pension liability (asset) to changes in the discount rate: The following presents the net pension liability (asset) of Dickson Electric System calculated using the discount rate of 7.0 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	2023	2022
Net Pension Liability with a 1% Decrease in Discount Rate: 6.0%	\$ 14,013,692	\$ 14,196,252
Net Pension Liability at Current Discount Rate: 7.0%	9,516,132	9,930,235
Net Pension Liability with a 1% Increase in Discount Rate: 8.0%	\$ 5,791,957	\$ 6,395,759

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Expense: Under GASB 68 the annual pension expense is intended to recognize certain changes in the net pension liability compared to the previous measurement date. Changes not recorded as a pension expense will be recorded and tracked separately as deferred inflows and outflows to be recognized in a future period's pension expense. Changes in the Total Pension Liability due to differences between actual experience and assumptions are recognized over a closed period equal to the future remaining service of plan participants. Differences between actual and expected investment performance are recognized over a five-year period. Any changes due to plan amendment or other benefit changes will be recognized in the year of adoption.

DICKSON ELECTRIC SYSTEM
NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

	2023	2022
Service cost	\$ 635,726	\$ 661,028
Interest on the total pension liability	2,242,840	2,144,484
Differences between expected and actual experience	284,273	290,806
Change of assumptions	265,501	293,346
Employee contributions	(147,212)	(142,965)
Projected earnings on pension plan investments	(1,568,361)	(1,884,120)
Differences between projected and actual earnings on plan investments	742,054	852,112
Pension plan administrative expense	59,661	18,073
Other changes in fiduciary net pension	-	-
Total pension expense	<u>\$ 2,514,482</u>	<u>\$ 2,232,764</u>

Deferred outflows of resources and deferred inflows of resources: For the year ended June 30, 2024 and 2023, Dickson Electric System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 1,012,558	\$ 60,677
Change of assumptions	472,775	-
Net difference between projected and actual earnings in pension investments	2,395,339	-
Contributions subsequent to the measurement date of October 1, 2023	1,477,519	-
	<u>\$ 5,358,191</u>	<u>\$ 60,677</u>
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 730,966	\$ 85,514
Change of assumptions	738,276	-
Net difference between projected and actual earnings in pension investments	3,591,298	-
Contributions subsequent to the measurement date of October 1, 2022	1,282,016	-
	<u>\$ 6,342,556</u>	<u>\$ 85,514</u>

The amounts shown above for "Contributions subsequent to the measurement date of October 1, 2023 and 2022" will be recognized as a reduction to net pension liability in the following measurement period.

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

<u>Year ended June 30,</u>	
2024	\$ 1,136,559
2025	1,149,552
2026	1,358,577
2027	76,855
2028	98,452
Thereafter	\$ -

**DICKSON ELECTRIC SYSTEM
NOTES TO FINANCIAL STATEMENTS**

June 30, 2024 and 2023

B. Power Contract

The System has a power contract with the Tennessee Valley Authority (TVA); whereby, the electric system purchases all its electric power from TVA and is subject to certain restrictions and conditions as provided for in the power contract. Such restrictions include, but are not limited to, prohibitions against furnishing, advancing, lending, pledging or otherwise diverting System funds, revenues or property to other operations of the city and the purchase or payment of, or providing security for indebtedness on other obligations applicable to such other operations.

C. Risk Management

The System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2024 and 2023, the System purchased commercial insurance for all of the above risks. Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in the amount of coverage provided.

D. Transfers

The only transfer between funds is between the Electric Fund and the City for payments in lieu of taxes which amounted to \$1,891,447 and \$1,482,908 for the years ended June, 30, 2024 and 2023.

E. OPEB Disclosure

Plan Description

Dickson Electric System sponsors a single-employer post-retirement plan. The plan provides medical, prescription and death benefits to eligible retirees and their spouses. The Utility currently does not have any assets accumulated in a trust. The Board of the Utility has the authority under which benefit terms and contribution rates can be established and amended for the plan.

Benefits provided

Any employee retiring after age 60 with at least 20 years of service with Town of Dickson Electric Department, currently has the option to maintain health insurance after they retire, until they reach age 65. The System pays 50% of individual coverage. At age 65, the coverage changes to Benistar. The employer provides \$3,350 in post-retirement death benefits to retirees.

Employees covered by benefit terms - At July 1, 2022, the following employees of the District were covered by the benefit terms of the plan:

Number of Actives	88
Number of Retirees	13
Number of Retirees with Life Coverage Only	21
Total	<u>122</u>

DICKSON ELECTRIC SYSTEM
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Total OPEB Liability

Actuarial assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	June 30, 2024
Actuarial valuation date	July 1, 2022
Cost Method	Entry age normal
Assumptions	All demographic assumptions are set to be equal to the Central Services Association Governmental Plan in which Dickson Electric participates in.
Discount rate	The discount rate used to measure the total OPEB liability was 4.21 percent. Because the plan is unfunded, the plan's projected benefits are discounted back using rates equivalent to Aa 20-year municipal bonds. The S&P Municipal Bond 20 Year Rate Index was used to approximate those yields as of June 30, 2024. The prior valuation used 4.13%
Mortality	Pub-2010 General Employee Headcount-weighted with MP-2021 fully generational improvement scale. The mortality table reflects the most recent mortality table provided by the Society of Actuaries for governmental employers.
Turn over	Sarson T-3 table. Based on results of 2020 experience study.
Salary scale	3%
Core inflation assumption	2%; Based on the actuary's best estimate of future experience based on a review of expected and target inflation rates including the Federal Reserve Bank of Cleveland published inflation expectations and implied CPI-U yields.
Retirement age	Earlier of age 62 with 30 years of service or age 65 with 5 years of service. Based on 2020 experience study.
Utilization	75% Based on plan experience and input from the plan sponsor.
Valuation of assets	Assets are valued at market value.
Per capita claims	Claims were developed by adjusting the underlying medical premiums for the age of retirees compared to the underlying active populations. The adjustment was done using actual ages of enrolled participants and aging factors.
Trend rates	Medical costs were assumed to increase by 7.5% for FY 2024 decreasing linearly by 0.5% to an ultimate trend rate of 4.5%. The rates were taken from analysis of historical trends of various medical plans and a composite of the expected future increases reported in a number of national trend surveys. No trend is applied to the HRA component.
Marriage assumption	80% married with husbands assumed to be 3 years older than wives. For current retirees actual spousal information and coverage was used.
Changes Since Prior Valuation:	The discount rate was changed from 4.13% to 4.21%. The Healthcare cost trend assumption was updated to 7.50% for 2024 decreasing by 0.50% per year until it reaches 4.50%.

Discount rate - The discount rate used to measure the total OPEB liability was 4.21 percent.

DICKSON ELECTRIC SYSTEM NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at June 30, 2023	\$ 3,394,487
Changes for the year:	
Service cost	182,243
Interest	139,328
Differences between expected and actual experience	-
Assumptions and Methods changes	93,815
Contributions	(42,265)
Benefit payments	-
Net changes	373,121
Balances at June 30, 2024	\$ 3,767,608

	Total OPEB Liability
Balances at June 30, 2022	\$ 3,501,256
Changes for the year:	
Service cost	161,912
Interest	123,298
Differences between expected and actual experience	(301,185)
Assumptions and Methods changes	(53,932)
Contributions	(36,862)
Benefit payments	-
Net changes	(106,769)
Balances at June 30, 2023	\$ 3,394,487

Sensitivity of total OPEB liability to changes in the discount rate - The following presents the total OPEB liability related to the plan, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.21%) or 1-percentage-point higher (5.21%) than the current discount rate.

	1% Decrease (3.21%)	Discount Rate (4.21%)	1% Increase (5.21%)
Total OPEB liability	\$ 4,567,507	\$ 3,767,608	\$ 3,140,505

Sensitivity of total OPEB liability to changes in the healthcare cost trend rate - The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.5% decreasing to 3.5%) or 1-percentage-point higher (8.5% decreasing to 5.5%) than the current healthcare cost trend rate.

	1% Decrease (6.5% decreasing to 3.5%)	Healthcare Cost Trend Rates (7.5% decreasing to 4.5%)	1% Increase (8.5% decreasing to 5.5%)
Total OPEB liability	\$ 3,090,888	\$ 3,767,608	\$ 4,663,241

DICKSON ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

Deferred outflows of resources and deferred inflows of resources: For the year ended June 30, 2023 and 2022, Dickson Electric System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of resources	Deferred Inflows of resources
Differences between actual and expected experience	\$ -	\$ 744,993
Changes of assumptions	406,926	724,706
Employer payments subsequent to the measurement date	-	-
Total	<u>\$ 406,926</u>	<u>\$ 1,469,699</u>

	Deferred Outflows of resources	Deferred Inflows of resources
Differences between actual and expected experience	\$ -	\$ 901,186
Changes of assumptions	483,777	835,599
Employer payments subsequent to the measurement date	-	-
Total	<u>\$ 483,777</u>	<u>\$ 1,736,785</u>

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

For the year ended June 30:

2025	\$ (128,170)
2026	\$ (130,197)
2027	\$ (130,197)
2028	\$ (182,004)
2029	\$ (222,713)
Thereafter	\$ (269,492)

F. Subsequent Events

Management has evaluated other subsequent events through November 22, 2024, the date in which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

DICKSON ELECTRIC SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED
RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN
CENTRAL SERVICE ASSOCIATION

October 1,

Total pension liability	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service cost	\$ 635,726	\$ 661,028	\$ 605,889	\$ 477,549	\$ 440,780	\$ 394,216	\$ 383,827	\$ 352,609	\$ 338,885	\$ 310,425
Interest	2,242,840	2,144,484	2,074,716	1,889,883	1,831,402	1,760,235	1,657,741	1,585,586	1,516,050	1,434,602
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between actual & expected experience	590,702	446,175	(83,628)	498,575	(77,340)	65,190	629,898	141,565	157,607	308,091
Change of assumptions	-	-	47,416	1,269,612	134,857	147,909	-	-	-	-
Other charges	-	-	-	-	-	-	167,057	156,378	-	-
Benefit payments, including refunds of employee contribution:	(1,804,105)	(1,838,510)	(1,567,176)	(1,679,787)	(1,382,240)	(1,412,676)	(1,356,753)	(1,116,393)	(949,396)	(886,639)
Net change in total pension liability	1,665,163	1,413,177	1,077,217	2,455,832	947,459	954,874	1,481,770	1,119,745	1,063,146	1,166,479
Total pension liability - beginning	<u>32,306,896</u>	<u>30,893,719</u>	<u>29,816,502</u>	<u>27,360,670</u>	<u>26,413,211</u>	<u>25,458,337</u>	<u>23,976,567</u>	<u>22,856,822</u>	<u>21,793,676</u>	<u>20,627,197</u>
Total pension liability - ending (a)	<u>33,972,059</u>	<u>32,306,896</u>	<u>30,893,719</u>	<u>29,816,502</u>	<u>27,360,670</u>	<u>26,413,211</u>	<u>25,458,337</u>	<u>23,976,567</u>	<u>22,856,822</u>	<u>21,793,676</u>
Plan fiduciary net position										
Contributions - employer	1,773,554	1,683,862	1,438,313	1,272,430	1,162,564	1,107,984	1,102,980	1,101,140	1,081,740	1,012,300
Contributions - employee	147,212	142,965	140,284	129,787	122,537	117,332	115,298	97,440	95,318	91,238
Net investment income	2,022,266	(4,524,466)	4,182,311	1,733,289	836,301	1,260,449	1,817,843	1,384,209	135,991	1,072,164
Benefit payments, including refunds of employee contribution:	(1,804,105)	(1,838,510)	(1,567,176)	(1,679,787)	(1,382,240)	(1,412,676)	(1,356,753)	(1,116,393)	(949,396)	(886,639)
Administrative expense	(59,661)	(18,073)	(2,126)	(5,510)	-	-	-	-	(70)	(1,251)
Net change in plan fiduciary net position - beginning	2,079,266	(4,554,222)	4,191,606	1,450,209	739,162	1,073,089	1,679,368	1,466,396	363,583	1,287,812
Plan fiduciary net position - beginning	<u>22,376,661</u>	<u>26,930,883</u>	<u>22,739,277</u>	<u>21,289,068</u>	<u>20,549,906</u>	<u>19,476,817</u>	<u>17,797,449</u>	<u>16,331,053</u>	<u>15,967,470</u>	<u>14,679,658</u>
Plan fiduciary net position - ending (b)	<u>24,455,927</u>	<u>22,376,661</u>	<u>26,930,883</u>	<u>22,739,277</u>	<u>21,289,068</u>	<u>20,549,906</u>	<u>19,476,817</u>	<u>17,797,449</u>	<u>16,331,053</u>	<u>15,967,470</u>
Net pension liability (asset) - ending (a) - (b)	9,516,132	9,930,235	3,962,836	7,077,225	6,071,602	5,863,305	5,981,520	6,179,118	6,525,769	5,826,206
Plan fiduciary net position as a percentage of										
total pension liability	71.99%	69.26%	87.17%	76.26%	77.81%	77.80%	76.50%	74.23%	71.45%	73.27%
Covered - employee payroll	5,959,193	5,988,461	5,964,295	5,517,453	5,107,813	4,733,773	4,564,629	4,537,197	4,363,839	4,378,209
Net pension liability (asset) as a percentage										
of covered payroll	159.69%	165.82%	66.44%	128.27%	118.87%	123.86%	131.04%	136.19%	149.54%	133.07%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

See independent auditor's report.

DICKSON ELECTRIC SYSTEM
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC
EMPLOYEE PENSION PLAN OF CENTRAL SERVICE ASSOCIATION
For the Year Ended June 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,883,193	\$ 1,754,469	\$ 1,730,914	\$ 1,472,769	\$ 1,132,031	\$ 1,080,391	\$ 1,016,352	\$ 1,002,701	\$ 1,002,701	\$ 1,000,198
Contributions in relation to the actuarially determined contribution	<u>1,969,057</u>	<u>1,773,554</u>	<u>1,686,339</u>	<u>1,677,256</u>	<u>1,313,887</u>	<u>1,251,702</u>	<u>1,117,987</u>	<u>1,102,971</u>	<u>1,102,971</u>	<u>1,100,218</u>
Contribution deficiency (excess)	<u>\$ (85,864)</u>	<u>\$ (19,085)</u>	<u>\$ 44,575</u>	<u>\$ (204,487)</u>	<u>\$ (181,856)</u>	<u>\$ (171,311)</u>	<u>\$ (101,635)</u>	<u>\$ (100,270)</u>	<u>\$ (100,270)</u>	<u>\$ (100,020)</u>
Covered-employee payroll	\$ 8,019,419	\$ 5,959,193	\$ 5,988,461	\$ 5,964,295	\$ 5,517,453	\$ 5,107,813	\$ 4,733,773	\$ 4,564,629	\$ 4,537,197	\$ 4,363,839
Contributions as a percentage of covered - employee payroll	24.55%	29.76%	28.16%	28.12%	23.81%	24.51%	23.62%	24.16%	24.31%	25.21%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

See independent auditor's report.

DICKSON ELECTRIC SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
CENTRAL SERVICE ASSOCIATION
For the Year Ended June 30, 2024

Measurement date	October 1, 2023
Discount Rate*	7.00%
Cost Method	Entry Age Normal
Long-term Rate of Return on Investments:	7.00%; The interest rate for funding equals the long-term rate of return on investments. For GASB determinations, because current assets and policy contributions are projected to be sufficient to pay all projected benefits, the discount rate is the long term rate of return.
Mortality	Pub-2010 General Amount-Weighted table fully-generational with projection scale MP-2021 for all participants except beneficiaries. Beneficiaries are valued using the Pub-2010 Amount-Weighted Contingent Survivor fully-generational with projection scale MP-2021.
Incidence of disability	1985 CIDA Table - Class 2.
Termination	For all employees: Sarason T-3 table.
Salary scale	3.50% per year.
Inflation/Wage Growth:	2.00% inflation; 2.50% Wage Growth.
Overtime	It is assumed that overtime will continue to be earned at 100% of the level of the most recent 3-year average.
Assumed retirement age	Earlier of age 62 with 30 years of service or age 65 with 5 years of service.
Marriage	It is assumed that 50% of participants are married and that a male is 3 years older than his female spouse.
Cost of living adjustments	N/A
Date of participation freeze	April 1, 2021
Valuation of Assets	
GASB 68	Market Value
Funding	Actuarial Value (5-year smoothing)

See independent auditor's report.

DICKSON ELECTRIC SYSTEM
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
For the Year Ended June 30,

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 182,243	\$ 161,912	\$ 241,099	\$ 229,382	\$ 171,497	\$ 172,110	\$ 127,858
Interest	139,328	123,298	89,799	105,281	130,389	126,905	120,257
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(301,185)	-	(866,516)	-	(212,670)	-
Changes of assumptions	93,815	(53,932)	(967,301)	(34,447)	780,837	417,359	(84,876)
Contributions - Employer	-	-	-	-	-	(67,647)	-
Contributions - Employee	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-
Benefit payments	(42,265)	(36,862)	(39,150)	(41,286)	(47,076)	-	-
Net change in total OPEB liability	373,121	(106,769)	(675,553)	(607,586)	1,035,647	436,057	163,239
Total OPEB liability - beginning	3,394,487	3,501,256	4,176,809	4,784,395	3,748,748	3,312,691	3,149,452
Total OPEB liability - ending (a)	<u>\$ 3,767,608</u>	<u>\$ 3,394,487</u>	<u>\$ 3,501,256</u>	<u>\$ 4,176,809</u>	<u>\$ 4,784,395</u>	<u>\$ 3,748,748</u>	<u>\$ 3,312,691</u>
Covered-employee payroll	\$ 6,625,791	\$ 6,917,893	\$ 6,549,272	\$ 5,847,483	\$ 5,682,974	\$ 5,071,027	\$ 4,840,943
Total OPEB liability as a percentage of covered-employee payroll	56.86%	49.07%	53.46%	71.43%	84.19%	73.92%	68.43%

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 the future fiscal years until 10 years of information is available.

See independent auditor's report.

DICKSON ELECTRIC SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-RETIREMENT BENEFITS
For the Year Ended June 30, 2024

Measurement date	June 30, 2024
Actuarial valuation date	July 1, 2022
Cost Method	Entry age normal
Assumptions	All demographic assumptions are set to be equal to the Central Services Association Governmental Plan in which Dickson Electric participates in.
Discount rate	The discount rate used to measure the total OPEB liability was 4.21 percent. Because the plan is unfunded, the plan's projected benefits are discounted back using rates equivalent to Aa 20-year municipal bonds. The S&P Municipal Bond 20 Year Rate Index was used to approximate those yields as of June 30, 2024. The prior valuation used 4.13%
Mortality	Pub-2010 General Employee Headcount-weighted with MP-2021 fully generational improvement scale. The mortality table reflects the most recent mortality table provided by the Society of Actuaries for governmental employers.
Turn over	Sarson T-3 table. Based on results of 2020 experience study.
Salary scale	3.00%
Core inflation assumption	2%; Based on the actuary's best estimate of future experience based on a review of expected and target inflation rates including the Federal Reserve Bank of Cleveland published inflation expectations and implied CPI-U yields.
Retirement age	Earlier of age 62 with 30 years of service or age 65 with 5 years of service. Based on 2020 experience study.
Utilization	75% Based on plan experience and input from the plan sponsor.
Valuation of assets	Assets are valued at market value.
Per capita claims	Claims were developed by adjusting the underlying medical premiums for the age of retirees compared to the underlying active populations. The adjustment was done using actual ages of enrolled participants and aging factors.
Trend rates	Medical costs were assumed to increase by 7.5% for FY 2024 decreasing linearly by 0.5% to an ultimate trend rate of 4.5%. The rates were taken from analysis of historical trends of various medical plans and a composite of the expected future increases reported in a number of national trend surveys. No trend is applied to the HRA component.
Marriage assumption	80% married with husbands assumed to be 3 years older than wives. For current retirees actual spousal information and coverage was used.
Changes Since Prior Valuation:	The discount rate was changed from 4.13% to 4.21%. The Healthcare cost trend assumption was updated to 7.50% for 2024 decreasing by 0.50% per year until it reaches 4.50%.

The Utility currently does not have any assets accumulated in a trust.

See independent auditor's report.

SUPPLEMENTARY AND OTHER INFORMATION SECTION

DICKSON ELECTRIC SYSTEM
COMBINING SCHEDULES OF NET POSITION
June 30, 2024 and 2023

	Electric Fund						
	Electric Division		Broadband Division			Total	
	2024	2023	2024	2023	Eliminations	2024	2023
ASSETS							
Current assets							
Cash on hand	\$ 1,200	\$ 1,200	\$ -	\$ -	\$ -	\$ 1,200	\$ 1,200
Cash and cash equivalents - general	17,430,813	32,995,868	3,126,645	-	-	20,557,458	32,995,868
Certificates of deposit	5,073,950	5,073,950	-	-	-	5,073,950	5,073,950
Accounts receivable - trade (net of allowance \$93,100 and \$77,564)	8,419,397	8,261,421	46,616	-	-	8,466,013	8,261,421
Accounts receivable - other	8,917,551	1,163,617	-	-	(3,000,000)	5,917,551	1,163,617
Inventory	4,232,198	4,422,089	5,905	-	-	4,238,103	4,422,089
Prepayments and other current assets	481,019	120,258	-	-	-	481,019	120,258
Total current assets	44,556,128	52,038,403	3,179,166	-	(3,000,000)	44,735,294	52,038,403
Noncurrent assets							
Restricted cash, cash equivalents, and investments							
Cash and cash equivalents	467,792	225,061	-	-	-	467,792	225,061
Certificates of deposit	11,500,000	25,000,000	-	-	-	11,500,000	25,000,000
Total restricted assets	11,967,792	25,225,061	-	-	-	11,967,792	25,225,061
Other assets							
Receivables - TVA Conservation Loans	533,471	476,611	-	-	-	533,471	476,611
Unamortized discount on bonds payable	199,030	207,684	-	-	-	199,030	207,684
	732,501	684,295	-	-	-	732,501	684,295
Capital assets							
Distribution plant	143,468,288	132,750,879	14,970	-	-	143,483,258	132,750,879
General plant	19,842,687	18,049,420	666,850	-	-	20,509,537	18,049,420
Construction in progress	11,748,452	4,360,365	54,461	-	-	11,802,913	4,360,365
Less: Accumulated depreciation	(67,260,817)	(65,080,361)	-	-	-	(67,260,817)	(65,080,361)
Total capital assets (net of accumulated depreciation)	107,798,610	90,080,303	736,281	-	-	108,534,891	90,080,303
Total noncurrent assets	120,498,903	115,989,659	736,281	-	-	121,235,184	115,989,659
Total assets	165,055,031	168,028,062	3,915,447	-	(3,000,000)	165,970,478	168,028,062
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	5,358,191	6,342,556	-	-	-	5,358,191	6,342,556
Deferred outflows related to OPEB	406,926	483,777	-	-	-	406,926	483,777
Total deferred outflows of resources	5,765,117	6,826,333	-	-	-	5,765,117	6,826,333
Total assets and deferred outflows of resources	\$ 170,820,148	\$ 174,854,395	\$ 3,915,447	\$ -	\$ (3,000,000)	\$ 171,735,595	\$ 174,854,395

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

DICKSON ELECTRIC SYSTEM
COMBINING SCHEDULES OF NET POSITION
June 30, 2024 and 2023

	Electric Fund					Total	
	Electric Division		Broadband Division				
	2024	2023	2024	2023	Eliminations	2024	2023
LIABILITIES							
Current liabilities							
Accounts payable	\$ 13,569,491	\$ 12,140,879	\$ 4,169,020	\$ -	\$ -	\$ 17,738,511	\$ 12,140,879
Other accrued expense	884,096	939,949	418	-	-	884,514	939,949
Compensated absences	17,790	17,790	-	-	-	17,790	17,790
Total current liabilities	14,471,377	13,098,618	4,169,438	-	-	18,640,815	13,098,618
Noncurrent liabilities							
Bonds payable (less current maturities)	48,075,000	48,075,000	3,000,000	-	(3,000,000)	48,075,000	48,075,000
Unamortized premiums on bonds payable	2,079,944	2,170,377	-	-	-	2,079,944	2,170,377
Compensated absences	160,107	160,107	-	-	-	160,107	160,107
Net pension liability	9,516,132	9,930,235	-	-	-	9,516,132	9,930,235
Other post employment benefits	3,767,608	3,394,487	-	-	-	3,767,608	3,394,487
Customer deposits	5,381,751	5,212,181	-	-	-	5,381,751	5,212,181
Advances - TVA Conservation Loans	546,251	488,629	-	-	-	546,251	488,629
Total noncurrent liabilities	69,526,793	69,431,016	3,000,000	-	(3,000,000)	69,526,793	69,431,016
Total liabilities	83,998,170	82,529,634	7,169,438	-	(3,000,000)	88,167,608	82,529,634
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to OPEB	1,469,699	1,736,785	-	-	-	1,469,699	1,736,785
Deferred inflows related to pensions	60,677	85,514	-	-	-	60,677	85,514
Total deferred inflows of resources	1,530,376	1,822,299	-	-	-	1,530,376	1,822,299
Total liabilities and deferred inflows of resources	85,528,546	84,351,933	7,169,438	-	(3,000,000)	89,697,984	84,351,933
NET POSITION							
Net investment in capital assets	60,842,696	40,042,610	(2,263,719)	-	-	58,578,977	40,042,610
Restricted for debt service	11,967,792	25,225,061	-	-	-	11,967,792	25,225,061
Unrestricted	12,481,114	25,234,791	(990,272)	-	-	11,490,842	25,234,791
Total net position	\$ 85,291,602	\$ 90,502,462	\$ (3,253,991)	\$ -	\$ -	\$ 82,037,611	\$ 90,502,462

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

DICKSON ELECTRIC SYSTEM
COMBINING SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended June 30, 2024 and 2023

	Electric Fund				Total	
	Electric Division		Broadband Division			
	2024	2023	2024	2023	2024	2023
Operating revenues						
Charges for sales and services	\$ 91,539,505	\$ 95,734,729	\$ -	\$ -	\$ 91,539,505	\$ 95,734,729
Other electric revenue	3,486,691	3,457,128	190,471	-	3,677,162	3,457,128
Total operating revenues	95,026,196	99,191,857	190,471	-	95,216,667	99,191,857
Operating expenses						
Cost of sales and services	71,353,645	75,391,409	-	-	71,353,645	75,391,409
Operations expense	5,099,648	4,795,891	214,291	-	5,313,939	4,795,891
Maintenance expense	8,829,314	7,289,183	938,113	-	9,767,427	7,289,183
Administrative expense	7,241,724	7,273,078	2,289,777	-	9,531,501	7,273,078
Provision for depreciation	4,735,518	4,371,876	-	-	4,735,518	4,371,876
Total operating expenses	97,259,849	99,121,437	3,442,181	-	100,702,030	99,121,437
Operating income (loss)	(2,233,653)	70,420	(3,251,710)	-	(5,485,363)	70,420
Nonoperating revenues (expenses)						
Interest income	1,220,205	839,738	-	-	1,220,205	839,738
Interest expense	(2,390,025)	(1,726,129)	-	-	(2,390,025)	(1,726,129)
Amortization of debt expense	81,779	81,779	-	-	81,779	81,779
Total nonoperating revenues (expenses)	(1,088,041)	(804,612)	-	-	(1,088,041)	(804,612)
Income before transfers	(3,321,694)	(734,192)	(3,251,710)	-	(6,573,404)	(734,192)
Transfers	(1,891,447)	(1,482,908)	-	-	(1,891,447)	(1,482,908)
Change in net position	(5,213,141)	(2,217,100)	(3,251,710)	-	(8,464,851)	(2,217,100)
Total net position - beginning	90,504,743	92,719,562	(2,281)	-	90,502,462	92,719,562
Total net position - ending	\$ 85,291,602	\$ 90,502,462	\$ (3,253,991)	\$ -	\$ 82,037,611	\$ 90,502,462

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

DICKSON ELECTRIC SYSTEM
COMBINING SCHEDULES OF CASH FLOWS
For the Years Ended June 30, 2024 and 2023

	Electric Fund					
	Electric Division		Broadband Division		Total	
	2024	2023	2024	2023	2024	2023
Cash flows from operating activities						
Receipts from customers and users	\$87,116,567	\$99,736,518	\$ 3,141,574	\$ -	\$90,258,141	\$99,736,518
Payments to employees	(9,889,880)	(9,189,893)	(311,791)	-	(10,201,671)	(9,189,893)
Payments to suppliers	(80,704,251)	(86,837,398)	1,033,143	-	(79,671,108)	(86,837,398)
Customer deposits received	169,570	235,549	-	-	169,570	235,549
TVA conservation loans payments received	57,622	76,965	-	-	57,622	76,965
TVA conservation loans payments paid	(56,860)	(83,818)	-	-	(56,860)	(83,818)
Net cash provided by (used in) operating activities	(3,307,232)	3,937,923	3,862,926	-	555,694	3,937,923
Cash flows from capital and related financing activities						
Construction and acquisition of plant	(20,913,242)	(8,520,485)	(736,281)	-	(21,649,523)	(8,520,485)
Plant removal cost	(1,572,858)	(765,537)	-	-	(1,572,858)	(765,537)
Materials salvaged from retirements	32,275	48,737	-	-	32,275	48,737
Principal paid on bonds	-	-	-	-	-	-
Issuance of bonds	-	48,075,000	-	-	-	48,075,000
Bond issuance costs, net of premium	-	2,044,472	-	-	-	2,044,472
Interest paid on bonds	(2,390,025)	(1,726,129)	-	-	(2,390,025)	(1,726,129)
Net cash provided by (used in) capital and related financing activities	(24,843,850)	39,156,058	(736,281)	-	(25,580,131)	39,156,058
Cash flows from non-capital financing activities						
Rental income	-	-	-	-	-	-
Transfer out - tax equivalents	(1,891,447)	(1,482,908)	-	-	(1,891,447)	(1,482,908)
Net cash provided by (used in) non-capital and related financing activities	(1,891,447)	(1,482,908)	-	-	(1,891,447)	(1,482,908)
Cash flows from investing activities						
Purchase of investment	(16,573,950)	(30,073,950)	-	-	(16,573,950)	(30,073,950)
Proceeds from sale of investments	30,073,950	5,073,950	-	-	30,073,950	5,073,950
Interest received	1,220,205	839,738	-	-	1,220,205	839,738
Net cash provided by (used in) investing activities	14,720,205	(24,160,262)	-	-	14,720,205	(24,160,262)
Net increase (decrease) in cash and cash equivalents	(15,322,324)	17,450,811	3,126,645	-	(12,195,679)	17,450,811
Cash and cash equivalents - beginning of year	33,222,129	15,771,318	-	-	33,222,129	15,771,318
Cash and cash equivalents - end of year	\$ 17,899,805	\$ 33,222,129	\$ 3,126,645	\$ -	\$ 21,026,450	\$ 33,222,129
Unrestricted cash on hand	\$ 1,200	\$ 1,200	\$ -	\$ -	\$ 1,200	\$ 1,200
Unrestricted cash and cash equivalents on deposit	17,430,813	32,995,868	3,126,645	-	20,557,458	32,995,868
Restricted cash and cash equivalents on deposit	467,792	225,061	-	-	467,792	225,061
Total cash and cash equivalents	\$ 17,899,805	\$ 33,222,129	\$ 3,126,645	\$ -	\$ 21,026,450	\$ 33,222,129

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

DICKSON ELECTRIC SYSTEM
COMBINING SCHEDULES OF CASH FLOWS
For the Years Ended June 30, 2024 and 2023

	Electric Fund				Total	
	Electric Division		Broadband Division			
	2024	2023	2024	2023	2024	2023
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$(2,233,653)	\$ 70,420	\$(3,251,710)	\$ -	\$ (5,485,363)	\$ 70,420
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	4,735,518	4,371,876	-	-	4,735,518	4,371,876
Pension liability and deferred inflow/outflow	545,425	531,434	-	-	545,425	531,434
(Increase) decrease in accounts receivable	(157,976)	621,626	(46,616)	-	(204,592)	621,626
(Increase) decrease in inventory	189,891	(1,994,639)	(5,905)	-	183,986	(1,994,639)
(Increase) decrease in accounts receivable - other	(7,751,653)	(76,965)	2,997,719	-	(4,753,934)	(76,965)
(Increase) decrease in prepayments	(360,761)	-	-	-	(360,761)	-
Increase (decrease) in accounts payable and accrued expenses	1,372,759	42,826	4,169,438	-	5,542,197	42,826
Increase (decrease) in other post employment benefits	182,886	142,649	-	-	182,886	142,649
Increase (decrease) in customer deposits	169,570	235,549	-	-	169,570	235,549
Increase (decrease) in TVA conservation loans	762	(6,853)	-	-	762	(6,853)
Net cash provided by (used in) operating activities	<u>\$(3,307,232)</u>	<u>\$ 3,937,923</u>	<u>\$ 3,862,926</u>	<u>\$ -</u>	<u>\$ 555,694</u>	<u>\$ 3,937,923</u>

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

DICKSON ELECTRIC SYSTEM
SCHEDULES OF OPERATING REVENUES AND EXPENSES
ELECTRIC DIVISION

For the Years Ended June 30, 2024 and 2023

	2024		2023	
	<u>Actual</u>	<u>Percent</u>	<u>Actual</u>	<u>Percent</u>
Operating revenues				
Charges for sales and services				
Residential sales	\$ 50,452,394	53.09	\$ 52,306,554	52.73
Small lighting and power sales	11,286,878	11.88	11,467,430	11.56
Large lighting and power sales	28,700,458	30.20	30,730,857	30.98
Street and athletic lighting sales	422,026	0.44	524,097	0.53
Outdoor lighting	712,865	0.75	736,468	0.74
Uncollectible accounts	<u>(35,116)</u>	<u>(0.04)</u>	<u>(30,677)</u>	<u>(0.03)</u>
Total charges for sales and services	<u>91,539,505</u>	<u>96.33</u>	<u>95,734,729</u>	<u>96.51</u>
Other revenues				
Forfeited discounts	522,969	0.55	548,481	0.55
Miscellaneous service revenue	441,750	0.46	458,295	0.46
Rent from electric property	2,230,559	2.35	2,079,361	2.10
Other electric revenue	<u>291,413</u>	<u>0.31</u>	<u>370,991</u>	<u>0.37</u>
Total other revenues	<u>3,486,691</u>	<u>3.67</u>	<u>3,457,128</u>	<u>3.49</u>
Total operating revenues	<u>95,026,196</u>	<u>100.00</u>	<u>99,191,857</u>	<u>100.00</u>
Operating expenses				
Cost of sales and services				
Purchased power	<u>71,353,645</u>	<u>75.09</u>	<u>75,391,409</u>	<u>76.01</u>
Operations expenses				
Distribution expenses				
Supervision and engineering	251,443	0.26	234,263	0.24
Station expense	86,993	0.09	83,008	0.08
Overhead line expense	1,771,468	1.86	1,651,942	1.67
Underground line expense	170,622	0.18	128,554	0.13
Street lighting and signal system	414	0.00	103	0.00
Meter expense	186,007	0.20	156,994	0.16
Customer Installation	6,930	0.01	11,178	0.01
Rent expense	45,115	0.05	43,142	0.04
Miscellaneous expense	<u>195,197</u>	<u>0.21</u>	<u>264,632</u>	<u>0.27</u>
Total distribution expenses	<u>2,714,189</u>	<u>2.86</u>	<u>2,573,816</u>	<u>2.59</u>
Customer accounts expenses				
Supervision	62,665	0.07	59,948	0.06
Meter reading	9,882	0.01	234	0.00
Consumer records and collection expense	<u>2,191,502</u>	<u>2.31</u>	<u>2,057,474</u>	<u>2.07</u>
Total customer accounts expenses	<u>\$ 2,264,049</u>	<u>2.38</u>	<u>\$ 2,117,656</u>	<u>2.13</u>

See independent auditor's report.

DICKSON ELECTRIC SYSTEM
SCHEDULES OF OPERATING REVENUES AND EXPENSES
ELECTRIC DIVISION

For the Years Ended June 30, 2024 and 2023

	2024		2023	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Sales expenses:				
Customer assistance	\$ 101,822	0.11	\$ 85,816	0.09
Sales expense	19,588	0.02	18,603	0.02
Total sales expenses	<u>121,410</u>	<u>0.13</u>	<u>104,419</u>	<u>0.11</u>
 Total operations expenses	<u>5,099,648</u>	<u>5.37</u>	<u>4,795,891</u>	<u>4.83</u>
 Administrative expenses				
Advertising expense	103,168	0.11	185,344	0.19
Salaries	942,245	0.99	834,101	0.84
Office supplies and expense	596,942	0.63	489,984	0.49
Outside services	1,033,557	1.09	1,551,198	1.56
Injuries and damages	165,247	0.17	146,002	0.15
Duplicate charges	(88,251)	(0.09)	(94,306)	(0.10)
Employee benefits	<u>4,488,816</u>	<u>4.72</u>	<u>4,160,755</u>	<u>4.19</u>
Total administrative expenses	<u>7,241,724</u>	<u>7.51</u>	<u>7,273,078</u>	<u>7.33</u>
 Maintenance expenses				
Distribution expenses				
Supervision and engineering	87,482	0.09	73,229	0.07
Station equipment	339,606	0.36	383,270	0.39
Overhead and underground lines	6,120,541	6.44	5,083,978	5.13
Line transformers	517,203	0.54	434,977	0.44
Street lighting and signal system	10,426	0.01	11,727	0.01
Meters	402,518	0.42	333,309	0.34
Miscellaneous	<u>911,259</u>	<u>0.96</u>	<u>542,777</u>	<u>0.55</u>
Total distribution expenses	<u>8,389,035</u>	<u>8.83</u>	<u>6,863,267</u>	<u>6.92</u>
 General plant and equipment	<u>440,279</u>	<u>0.46</u>	<u>425,916</u>	<u>0.43</u>
 Total maintenance expenses	<u>8,829,314</u>	<u>9.29</u>	<u>7,289,183</u>	<u>7.35</u>
 Depreciation and amortization	<u>4,735,518</u>	<u>4.98</u>	<u>4,371,876</u>	<u>4.41</u>
 Total operating expenses	<u>\$ 97,259,849</u>	<u>102.24</u>	<u>\$ 99,121,437</u>	<u>99.93</u>

See independent auditor's report.

DICKSON ELECTRIC SYSTEM
SCHEDULES OF OPERATING REVENUES AND EXPENSES
BROADBAND DIVISION

For the Years Ended June 30, 2024 and 2023

	2024		2023	
	<u>Actual</u>	<u>Percent</u>	<u>Actual</u>	<u>Percent</u>
Operating revenues				
Other revenues				
Miscellaneous service revenue	<u>190,471</u>	<u>100.00</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>190,471</u>	<u>100.00</u>	<u>-</u>	<u>-</u>
Operating expenses				
Operations expenses				
Distribution expenses				
Supervision and engineering	<u>854</u>	<u>0.45</u>	<u>-</u>	<u>-</u>
Total distribution expenses	<u>854</u>	<u>0.45</u>	<u>-</u>	<u>-</u>
Customer accounts expenses				
Supervision	<u>204,600</u>	<u>107.42</u>	<u>-</u>	<u>-</u>
Total customer accounts expenses	<u>\$ 204,600</u>	<u>107.42</u>	<u>\$ -</u>	<u>-</u>

See independent auditor's report.

DICKSON ELECTRIC SYSTEM
SCHEDULES OF OPERATING REVENUES AND EXPENSES
BROADBAND DIVISION

For the Years Ended June 30, 2024 and 2023

	2024		2023	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Sales expenses:				
Sales expense	<u>8,837</u>	<u>0.01</u>	<u>-</u>	<u>-</u>
Total sales expenses	<u>8,837</u>	<u>0.01</u>	<u>-</u>	<u>-</u>
Total operations expenses	<u>214,291</u>	<u>107.88</u>	<u>-</u>	<u>-</u>
Administrative expenses				
Salaries	<u>19,977</u>	<u>0.02</u>	<u>-</u>	<u>-</u>
Office supplies and expense	<u>2,192,277</u>	<u>2.31</u>	<u>-</u>	<u>-</u>
Employee benefits	<u>77,523</u>	<u>0.08</u>	<u>-</u>	<u>-</u>
Total administrative expenses	<u>2,289,777</u>	<u>2.41</u>	<u>-</u>	<u>-</u>
Maintenance expenses				
Distribution expenses				
Station equipment	<u>938,113</u>	<u>0.99</u>	<u>-</u>	<u>-</u>
Total distribution expenses	<u>938,113</u>	<u>0.99</u>	<u>-</u>	<u>-</u>
Total maintenance expenses	<u>938,113</u>	<u>0.99</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>\$ 3,442,181</u>	<u>111.27</u>	<u>\$ -</u>	<u>-</u>

See independent auditor's report.

DICKSON ELECTRIC SYSTEM
SCHEDULE OF LONG-TERM DEBT
June 30, 2024

Year Ended June 30,	Series 2022		Total
	Electric System Revenue Bonds		
	Dated October 11, 2022		
	Principal	Interest	
2025	-	2,390,025	2,390,025
2026	1,150,000	2,361,275	3,511,275
2027	1,210,000	2,302,275	3,512,275
2028	1,270,000	2,240,275	3,510,275
2029	1,335,000	2,175,150	3,510,150
2030	1,405,000	2,106,650	3,511,650
2031	1,475,000	2,034,650	3,509,650
2032	1,555,000	1,958,900	3,513,900
2033	1,630,000	1,879,275	3,509,275
2034	1,715,000	1,795,650	3,510,650
2035	1,805,000	1,707,650	3,512,650
2036	1,895,000	1,615,150	3,510,150
2037	1,995,000	1,517,900	3,512,900
2038	2,095,000	1,415,650	3,510,650
2039	2,205,000	1,308,150	3,513,150
2040	2,310,000	1,202,494	3,512,494
2041	2,415,000	1,097,625	3,512,625
2042	2,525,000	986,475	3,511,475
2043	2,640,000	870,263	3,510,263
2044	2,775,000	738,019	3,513,019
2045	2,925,000	588,394	3,513,394
2046	3,080,000	430,763	3,510,763
2047	3,245,000	264,731	3,509,731
2048	3,420,000	89,775	3,509,775
	\$ 48,075,000	\$ 35,077,163	\$ 83,152,163

See independent auditor's report.

DICKSON ELECTRIC SYSTEM
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
June 30, 2024

Description of Indebtedness	Original amount of issue	Interest rate	Date of issue	Last maturity date	Outstanding 7/1/2024	Issued during period	Paid and/or matured during period	Refunded during period	Outstanding 6/30/2024
Bonds Payable									
Electric Revenue Bonds - Series 2022	<u>\$ 48,075,000</u>	5.00%	October 11, 2022	July 1, 2047	<u>\$ 48,075,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,075,000</u>
Total Bonds Payable	<u>\$ 48,075,000</u>				<u>\$ 48,075,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,075,000</u>

See independent auditor's report.

DICKSON ELECTRIC SYSTEM ELECTRIC RATES IN FORCE

June 30, 2024

Residential rate schedule

Customer charge - per delivery point per month	\$ 24.96
Energy charge - cents per kWh - all kWh	0.09244

General power schedule

GSA1 (Under 50 kW demand & less than 15,000 kWh)	
Customer charge - 0-500 kWh	26.50
Customer charge - 501-15,000 kWh	40.00
Energy charge - cents per kWh	0.10085
GSA2 (51-1000 kW demand or more than 15,000 kWh)	
Customer charge - per delivery point per month	200.00
Demand charges - per kW per month	
First 50 kW	8.23
Excess over 50 kW	15.01
Energy charge - cents per kWh	
First 15,000 kWh per month	0.08662
Additional kWh per month	0.06054
GSA3 (1001 - 5000 kW demand)	
Customer charge - per delivery point per month	650.00
Demand charges - per kW per month	
First 1000 kW	14.25
Excess over 1000 kW	14.25
Energy charge - cents per kWh	0.06877
MSB (Greater than 5,000 kW demand)	
Customer charge - per delivery point per month	1,500.00
Administrative charge	350.00
Demand charges - per kW per month	
Onpeak	10.70
Offpeak - max	2.29
Offpeak - excess over contract	10.70
Energy charges - cents per kWh	
Onpeak	0.05237
Offpeak - first 200 kWh	0.02135
Offpeak - next 200 kWh	0.01869
Offpeak - Excess 400 kWh	0.05237
Outdoor lighting (OL)	
Energy charge - cents per kWh	0.06836
150 watt high pressure sodium	10.17
250 watt high pressure sodium	14.78
71 watt LED	8.73
128 watt LED flood	17.62
138 watt LED	13.26

See independent auditor's report.

**DICKSON ELECTRIC SYSTEM
BROADBAND RATES IN FORCE**

June 30, 2024

Residential rate schedule

Internet Only - Low Tier – 500 Mbps	\$	50.00
Internet Only - Med Tier – 1 Gig	\$	80.00
Internet Only - High Tier – 2.5 Gig	\$	120.00
Phone Only	\$	50.00
Phone Add-on	\$	25.00
Peace of Mind Add-on	\$	10.00
Static IP Address Add-on	\$	20.00

Buisness rate schedule

Internet Only - Low Tier – 500 Mbps	\$	80.00
Internet Only - Med Tier – 1 Gig	\$	120.00
Internet Only - High Tier – 2.5 Gig	\$	220.00
Phone Only	\$	50.00
Phone Add-on	\$	25.00
Static IP Address Add-on	\$	20.00

Number of customers

Internet	690
Phone	59

See independent auditor's report.

DICKSON ELECTRIC SYSTEM
OTHER SUPPLEMENTARY INFORMATION - UNAUDITED - ELECTRIC DIVISION
For the Fiscal Years Ended June 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenue					
Residential	\$ 50,452,394	\$ 52,306,554	\$ 48,114,908	\$ 44,539,390	\$ 44,467,265
Commercial	11,286,878	11,467,430	10,432,871	9,513,446	9,622,985
Industrial	28,700,458	30,730,857	28,437,111	26,117,544	27,571,866
Street and outdoor lighting	1,134,891	1,260,565	1,380,607	1,313,331	1,307,603
Other operating	3,451,575	3,426,451	3,086,230	3,266,106	3,228,157
Interest and other revenue	1,220,205	839,738	109,441	138,088	308,275
	<u>96,246,401</u>	<u>100,031,595</u>	<u>91,561,168</u>	<u>84,887,905</u>	<u>86,506,151</u>
Expense					
Electric power costs	71,353,645	75,391,409	68,166,531	61,796,058	63,963,444
Other operating expenses	24,612,867	19,358,152	13,429,784	14,066,051	13,478,678
Provision for depreciation	4,735,518	4,371,876	4,158,301	4,018,819	3,891,812
Acquisition adjustment amortization	(81,779)	(81,779)	-	(98,737)	(18,567)
Transfer out	1,891,447	1,482,908	1,419,262	1,379,361	1,322,787
Interest and other expense	2,390,025	1,726,129	-	91,618	213,025
	<u>104,901,723</u>	<u>102,248,695</u>	<u>87,173,878</u>	<u>81,253,170</u>	<u>82,851,179</u>
Net Income (Loss)	<u>(8,655,322)</u>	<u>(2,217,100)</u>	<u>4,387,290</u>	<u>3,634,735</u>	<u>3,654,972</u>
Financial					
Plant in service (at original cost)	<u>175,795,708</u>	<u>155,160,664</u>	<u>148,046,860</u>	<u>139,352,424</u>	<u>135,416,493</u>
Bonds outstanding	<u>48,075,000</u>	<u>48,075,000</u>	<u>-</u>	<u>-</u>	<u>5,055,000</u>
Power in use - kWh					
Residential	441,763,695	436,217,359	446,538,424	439,175,104	435,782,163
Commercial	83,023,627	81,339,184	81,237,682	77,663,264	78,314,288
Industrial	296,233,143	301,433,810	304,539,446	304,242,136	311,058,405
Other Customers	<u>8,175,649</u>	<u>8,488,921</u>	<u>8,773,973</u>	<u>9,410,719</u>	<u>10,107,299</u>
Total	<u>829,196,114</u>	<u>827,479,274</u>	<u>841,089,525</u>	<u>830,491,223</u>	<u>835,262,155</u>
Number of customers					
Residential	30,638	30,042	29,544	29,319	28,893
Small commercial	7,417	7,392	6,968	6,767	6,557
Large commercial	418	415	415	394	400
Street and athletic	91	90	92	94	94
Outdoor lighting - Code 78	<u>70</u>	<u>63</u>	<u>60</u>	<u>55</u>	<u>56</u>
	<u>38,634</u>	<u>38,002</u>	<u>37,079</u>	<u>36,629</u>	<u>36,000</u>
Line Loss	<u>5.93%</u>	<u>4.68%</u>	<u>5.41%</u>	<u>5.42%</u>	<u>4.31%</u>

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Dickson Electric System
Dickson, 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 Dickson Electric System (the System), an enterprise fund of the City of Dickson, Tennessee, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, as listed in the table of contents, and have issued our report thereon dated November 22, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System'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 System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ATA, PLLC

Jackson, Tennessee
November 22, 2024

DICKSON ELECTRIC SYSTEM
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2024 and 2023

There were no current year findings reported.

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DICKSON ELECTRIC SYSTEM
SCHEDULE OF FINDINGS AND RESPONSES – PRIOR YEAR
June 30, 2024 and 2023

There were no prior year findings reported.

APPENDIX D

SUPPLEMENTAL INFORMATION

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GENERAL INFORMATION

GENERAL

The information contained in this section is included only for purposes of supplying general information regarding the City of Dickson, Tennessee (the “City”) located in Dickson County (“the County”). (The System’s service area extends beyond the City limits and into a total of five surrounding Counties. See “Service Area” for a description). The Series 2025 Bonds are payable solely from the sources described in this Official Statement under the heading “SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2025 BONDS.” Neither the full faith and credit nor the taxing power of the State of Tennessee nor any political subdivision thereof, including the City is pledged to the payment of the Series 2025 Bonds. The Series 2025 Bonds are limited obligations and are payable solely from the Net Revenues of the System. The Series 2025 Bonds do not constitute a charge, lien, or encumbrance upon any other property of the City.

GENERAL CITY INFORMATION

Dickson, the largest city in the County and is located in middle Tennessee, approximately forty miles west of Nashville, with immediate access to Interstate 40. The City is also accessed by Federal Highway 70, as well as State Highways 46, 47, 48, and 96.

POPULATION TRENDS

Population Trends. Dickson is a fast-growing, bedrock community, with deep historic ties to the railroad industry with a high quality of life. Dickson’s downtown is home to a number of retail and entertainment venues, museums, and shops.

Dickson is part of the 14 county Nashville-Davidson-Murfreesboro-Franklin, Tennessee Metropolitan Statistical Area (“Nashville MSA”).

The MSA employs people engaging in a wide range of activities and producing a variety of products, including food, tobacco, textiles and furnishings, lumber and paper, printing and publishing, chemical and plastics, leather, concrete, glass, stone, primary metals, machinery and electronics, motor vehicle equipment, measuring and controlling devices, and consumer products. Nashville MSA's largest manufacturing employers include Nissan North America, Bridgestone Americas, Electrolux Home Products, A.O. Smith Water Products and Vought Aircraft Industries.

<u>Census Population</u>	<u>Dickson</u>	<u>% Increase</u>	<u>Dickson County</u>	<u>% Increase</u>	<u>Nashville MSA</u>	<u>% Increase</u>	<u>Tennessee</u>	<u>% Increase</u>
2024*	16,973	5.72%	55,292	1.80%	2,102,573	5.68%	7,126,489	3.10%
2020	16,055	10.43%	54,315	9.36%	1,989,519	19.10%	6,910,840	8.90%
2010	14,538	18.74%	49,666	15.08%	1,670,890	27.40%	6,346,105	11.50%
2000	12,244	15.78%	43,156	23.09%	1,311,789	33.20%	5,689,283	16.70%
1990	10,575	50.21%	35,061	16.73%	985,026	15.80%	4,877,185	6.20%
1980	7,040	-	30,037	-	850,505	21.50%	4,591,120	16.90%

Source: US Census Bureau

*Estimated

CITY GOVERNMENT

The City was incorporated in 1897. The City is governed by a mayor and eight city council members elected from wards. Elections are held every two years. The Mayor and Councilmembers are elected for four-year terms. The Mayor is the principal governing official of the City and executes the City's contracts. The City Manager is responsible for carrying out the policies, ordinances, and resolutions of the Council and for overseeing day-to-day operations of the government. The City Council appoints the City Attorney. Set forth below are the names of the Mayor and the Councilmembers and expiration of their terms of office.

City of Dickson City Council Members

<u>Member</u>	<u>Expiration of Term</u>
Don L. Weiss, Jr. O.D., Mayor	12/31/2027
Jason Epley, Vice Mayor	12/31/2025
Brett Reynolds	12/31/2027
Kyle Sanders	12/31/2025
Shane Chandler	12/31/2027
Stacey Levine	12/31/2025
Horace Perkins	12/31/2027
Dwight Haynes	12/31/2027
Michael Outlaw	12/31/2025

The City provides a wide range of municipal services including public safety (police, fire protection and emergency management), highway and street maintenance, public works, parks and recreation, development services (engineering, planning, and code administration), solid waste collection and general administrative support services. For fiscal year 2024, there are over 200 positions authorized.

The City of Dickson has a historically significant downtown that has been improved through the Tennessee Downtowns program. Tennessee Downtowns is an affiliated program of Tennessee Main Street designed to help rural communities to revitalize their downtown areas. The Tennessee Downtowns program helps local communities revitalize traditional commercial districts, enhance community livability, spur job creation, and maintain the historic character of downtown districts. The two-year program coaches selected communities and their steering committees through the steps of launching effective renewal efforts. Tennessee Downtowns includes community training in the Main Street America program and a grant for a downtown improvement project. Seventy-eight communities have participated in the Tennessee Downtowns program, which makes them eligible for ECD's Façade Improvement Grant program.

The selected communities all have downtown commercial districts established at least 50 years ago and have demonstrated their readiness to organize efforts for downtown revitalization according to Main Street America principles. The highly competitive selection process was based on historic commercial resources, economic and physical need, demonstrated local effort, overall presentation, and probability of success. Grants are awarded to organizations that illustrated the need for improvements and the ability to execute an effective design plan for building facades, wayfinding signage, gateways, and streetscapes. As part of the program, each new grant recipient will be required to match 25-percent of the funding received. Tennessee Downtown communities that complete the program are eligible for additional Downtown Improvement Grants as well as Main Street designation. There are currently 46 nationally accredited Main Street communities in Tennessee, 20 of which successfully completed the Tennessee Downtowns program prior to their national accreditation. Source: Tennessee Department of Economic and Community Development.

EMPLOYMENT TRENDS

Dickson County maintains employment statistics that are on average stronger than both the national and Tennessee employment trends. The chart below depicts the average employment trends and economic trends in the County, State, and Nationally (on a seasonally adjusted basis) for the last 10 years:

Annual Average Unemployment Rates and Labor Statistics of Dickson County, Tennessee

<u>LOCATION</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
United States	4.1%	3.8%	3.6%	5.4%	6.9%
Tennessee	3.6%	3.3%	3.4%	4.5%	7.4%
Dickson County	3.1%	2.7%	3.0%	4.8%	6.0%
Workforce	28,804	28,374	27,999	27,403	26,339
Employment	27,902	27,598	27,170	26,082	24,769
Unemployment	902	776	829	1,321	1,570

PER CAPITA INCOME

Set forth below are the per capita personal income figures for the County, the State, and the United States for the calendar years 2019 through 2023 (the most current information available). Dickson County ranks among the top 20 counties in the State in terms of per capita income.

Annual Average Per Capita Personal Income

<u>LOCATION</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
National	\$ 69,810	\$ 66,244	\$ 64,645	\$ 66,722	\$ 56,611
Tennessee	62,229	59,210	57,508	51,959	48,905
Dickson County	54,986	52,968	50,326	45,892	43,359
County vs U.S.	79%	80%	78%	69%	77%
County vs TN	88%	89%	88%	88%	89%

Sources: Federal Reserve Bank of St. Louis; U.S. Bureau of Economic Analysis via FRED

EMPLOYMENT INFORMATION

The chart below depicts the average employment trends and economic trends in the City, State, and Nationally (on a seasonally adjusted basis) for the last 10 years:

<u>TOP EMPLOYERS</u>	<u>INDUSTRY</u>	<u>ESTIMATED EMPLOYEES</u>	<u>CITY</u>
Dickson County Board of Education	Education	1,100	Dickson
TriStar Horizon Medical Center	Healthcare	525	Dickson
Dickson County Government	Government	400	Dickson
Walmart Inc.	Retail	380	Dickson
Nemak USA Inc.	Manufacturing	300	Dickson
Masonite Door Corp	Manufacturing	300	Dickson
Martin-Brower Company, LLC	Food Distribution Service Center	286	Dickson
Monogram Assembled Foods LLC	Manufacturing	281	Dickson
Tennsco Corp.	Steel Storage	235	Dickson
Bridgestone APM	Manufacturing	220	Dickson

Source: Tennessee Department of Economic and Community Development - 2024

EDUCATION

The Dickson County School System has 16 schools. The fall of 2023 the system enrolled over 7,800 students. Source: Tennessee Department of Education.

Dickson County Higher Learning Center. Dickson County has partnered with Nashville State Community College and Austin Peay State University to offer college prep and college level courses for interested individuals in this area. Classes can be taken during the daytime, evening or online through the new Higher Learning Center, located in the City of Dickson. Classes through Nashville State will include college prep classes which will help prepare students for college level work and general education classes which can be applied toward an associate's or 3 bachelor's degree program. Classes through Austin Peay State will include a new Bachelor of Professional Studies which is designed to help individuals who already have earned an associate of applied science (AAS) degree at a community college or technical schoolwork toward their bachelor's degree while allowing for the variations in AAS degree credits. Source: Dickson County Schools.

Nashville State Technical Community College is located in Nashville, Tennessee and was founded in 1970. Fall 2022 enrollment was 6,725. Nashville State shares a 109-acre campus with the Tennessee Technology Center at Nashville. The Nashville State facilities include 239,000 square feet of space for classrooms, labs, offices, student services, and a library. Nashville State offers 49-degree programs and 12 certificate programs. In addition, Nashville State offers continuing education courses ranging from technical skills to management training and programs providing training in such areas as computer-aided drafting and office technology. The College serves an area comprised of Davidson, Putnam, Cheatham, Dickson, Houston, Humphreys and Stewart Counties, and the Upper Cumberland region. There are four satellite campuses: Cookeville, Humphreys County, Dickson, and Southeast Nashville. Source: Nashville State Community College.

The Tennessee College of Applied Technology at Dickson. The Tennessee College of Applied Technology at Dickson (the “TCAT-D”) is part of a statewide system of 27 vocational technical schools. The TCAT-D meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution’s primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The TCAT-D offers degree, diploma and certificate programs in administrative office technology, automotive technology, computer information technology, cosmetology, dental assistant, diesel powered equipment technology, digital graphic design, heating, ventilation, air conditioning and refrigeration, industrial maintenance/electricity, machine tool technology, mechatronics, pharmacy technician, practical nursing, and welding/pipefitting technology.

The TCAT-D serves the south-central region of the state including Dickson, Montgomery, Williamson, Houston, and Humphreys Counties. The TCAT-D began operations in 1968, and the main campus is located in the City of Dickson. There are three satellite campuses located in Clarksville, Franklin and Waverly, Tennessee. Source: Tennessee College of Applied Technology at Dickson.

HEALTHCARE

TriStar Horizon Medical Center. TriStar Horizon is a fully accredited 157-bed community-based medical center that is located in Dickson. Each year has an average of 5,500 patient admissions. There are about 320 board certified or board eligible physicians, and the facility employees around 450 workers. The facility provides cardiology, diagnostic imaging, emergency, inpatient rehabilitation, oncology, orthopedics, and women’s services. As an Accredited Chest Pain Center and a Primary Stroke Center, TriStar Horizon is a leading provider of emergency heart and stroke care. The satellite campus, TriStar Natchez, offers imaging and oncology services as well as a 24/7, full-service ER that provides the same services as the main campus emergency room.

TriStar Sarah Cannon Cancer Centers. Located at the Natchez Medical Park at TriStar Horizon Medical Center, TriStar Sarah Cannon Cancer Centers is a network of eight affiliated medical facilities in Tennessee and Bowling Green, Kentucky that provides diagnosis and treatment to cancer patients. The network consists of over 100 medical oncologists, gynecologists, hematologists, radiation oncologists, pathologists, and surgeons. TriStar Sarah Cannon has grown to become the largest community based, privately funded, diagnostic and treatment center in the country.

Hospital Corporation of America. The Nashville-based Hospital Corporation of America (the “HCA”) was one of the nation's first hospital companies in 1968. HCA owns the TriStar Health System. Today, HCA is one of the nation's leading providers of healthcare services. The company is comprised of locally managed facilities that include about 162 hospitals and 113 freestanding surgery centers in 20 states and England and employing approximately 199,000 people. Approximately four to five percent of all inpatient care delivered in the country today is provided by HCA facilities. Source: Tri-Star Health System and Hospital Corporation of America.

RECREATION

Henslee Park. A new 126-acre park in the City of Dickson, Henslee Park opened in 2018 after the city purchased the former Dickson Country Club site for \$1.35 million. The park is open from sunrise to sunset for walking, jogging, running, and bicycling. The former golf course has more than four miles of paved and concrete cart paths as well as rolling hills that offer challenging opportunities for cross-country runs and hikes.

Montgomery Bell State Park. Montgomery Bell State Park is located Dickson County. The iron industry in the park has been long silent, but the 3,782 acres that make up Montgomery Bell State Resort Park still show signs of its presence. The park has a conference-style meeting room facility with a restaurant, lodge, rental cabins, campsites, and hiking trails. There is also an 18-hole golf course and three lakes to enjoy. The park is also the site of the first Cumberland Presbyterian Church and the remains of the Old Laurel Furnace. Source: Tennessee State Parks.

The Wonders Center & Science Museum. The Wonders Center & Science Museum is an 110,000 square foot state-of-the-art facility dedicated to the renewal of an enthusiasm for learning and the improvement of society through learning involvement. The Museum includes a planetarium, a performing arts center, a science theatre, art gallery, bookstore, and multiple classrooms.

For additional information regarding the City, see the website: <https://www.cityofdickson.com>.

THE SYSTEM

BOARD

The System is operated by the Municipality as a separate department (the “Department”) under the supervision of its Board of Public Utilities (the “Board”), which employs an electric system manager (the “Manager”). The System Manager, in conjunction with the Board, reports to the City Council. The Manager of the Department is Darrell L. Gillespie.

The members of the Board are nominated by the Mayor of the City Council of the Municipality and are appointed by the members of the City Council. One Board member must be selected from the City Council. Board members serve staggered four-year terms, except the Board member who also serves as Council Member serves a two-year term.

The present Utility Commissioners, their terms of office, and their occupations are as follows:

<u>Member</u>	<u>Principal Occupation</u>	<u>Expiration of Term</u>
Gary Daniel (Chairman)	Property Developer	6/30/2028
Freddy Pendergrass (Vice Chairman)	Contractor/Builder	6/30/2027
Dwight Hynes (City Council Rep.)	TVA	6/30/2027
Luanne Greer	County Court Clerk	6/30/2025
Kyle Miller	Bank President	6/30/3036

KEY PERSONNEL

The System has 87 full-time employees. Administrative personnel include:

Darrell L. Gillespie, General Manager – The Board has delegated responsibility for the day-to-day operation of the System to a manager, Mr. Darrell L. Gillespie. Mr. Gillespie has held the position of General Manager for 16 years at Dickson Electric System. Prior to his position as general manager he was Manager of Engineering for the Clarksville Department of Electricity. Mr. Gillespie has managed multiple projects over his more than 35 years in the electric utility industry successfully. Having worked both in the public and private sector has provided vast experience in large utility projects.

Melinda Muraca, Controller – Mrs. Muraca has been with Dickson Electric Department for 42 years. She has worked at various positions during that time. In 1989 she started in the accounting department and was appointed the position of Controller in June 2006.

Scott Ribble, Director of Electric Operations – Mr. Ribble is a senior executive with over 27 years of experience in electric utility engineering, design, and management. He currently serves as the Director of Electric Operations at Dickson Electric System, overseeing operations, construction, engineering, customer service, and IT. Previously, he held leadership roles at Gresham Smith and Jackson Purchase Energy Corporation, managing large-scale projects, budgets, and teams.

SERVICE AREA

D-7

State of Tennessee has enacted into law specific statutes for the calculation and process for payment of an amount in lieu of taxes for municipal electric systems. In 1987, the Tennessee General Assembly passed, and the Tennessee Governor signed into law the Municipal Electric System Tax Equivalent Law of 1987 (the “Tax Equivalent Law of 1987”). The Tax Equivalent Law of 1987 governs the timing, calculation and payment of amounts in lieu of taxes by municipal electric systems in an effort to achieve a more uniform system in Tennessee for the payment of the amounts in lieu of taxes by the municipal electric systems to the municipality that owns such electric systems, as well as payments to other jurisdictions within which such municipal electric systems own property or operate their electric systems. For the System’s fiscal year ending June 30, 2024, the amounts due for payments in lieu of taxes to all of the cities and counties in the System’s service area was [\$1,379,361] which sum was equal to approximately two percent (1.69%) of the System’s revenues from the sale of electrical power for that fiscal year. The Tax Equivalent Law of 1987 requires that payments in lieu of taxes be made only after payment (or provision for payment) has been made for all operating expenses and debt service.

SOURCE OF ELECTRIC POWER

DES does not generate any electric power but purchases its entire supply from the Tennessee Valley Authority (“TVA”) pursuant to a power contract dated as of October 15, 1975 (the “Power Contract”). Under the Power Contract, DES agrees to purchase all of its electric power from TVA. The cost and availability of power to the System may be affected by, among other things, factors relating to TVA’s nuclear program, fuel supply, environmental considerations such as future legislation regulating the mining of coal, the construction and financing of future generating and transmission facilities and other factors relating to TVA’s ability to supply the power demands of its customers, including DES. The power sold to DES is supplied from the entire TVA system and not one specific generating facility.

The Power Contract provides that TVA shall make every reasonable effort to increase the generating capacity of its system and to provide the transmission facilities required to deliver the output thereof so as to be in a position to supply additional power when and to the extent needed by DES. Neither TVA nor DES is liable for breach of contract if the availability or use of power is interrupted or curtailed or if either party is prevented from performing under the Power Contract by circumstances reasonably beyond its control. The amount of power supplied by TVA and the contractual obligation to supply such power are limited by the capacity of TVA’s generating and transmission facilities.

The Power Contract specifies the wholesale purchase rates and monthly resale rates to be adhered to by DES, which may be revised periodically by TVA, through the publication of an Adjustment Addendum, to cover increased costs to TVA. See “Electric Rates.”

The following table sets forth certain operating statistics of the System (power usage - kWh and purchased power) for the last five fiscal years.

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Power Usage - KWH					
Residential	438,697,104	439,175,104	446,538,424	436,217,356	441,763,695
Commercial & Industrial (small)	78,314,288	77,663,264	81,237,682	81,339,184	83,023,627
Commercial & Industrial (large)	311,058,405	304,242,136	304,539,446	301,433,810	296,233,143
other Customers	<u>10,107,299</u>	<u>9,410,719</u>	<u>8,979,664</u>	<u>8,510,162</u>	<u>8,175,649</u>
Total	838,177,096	830,491,223	841,295,216	827,500,512	829,196,114
Purchased Power from TVA KWH	835,262,155	830,564,243	866,759,915	869,177,311	829,196,114
Total Cost	\$63,963,444	\$61,796,058	\$68,166,530	\$75,391,409	\$71,353,645
Maximum MW Demand					
Wholesale Power Cost as % of Sales	77.09%	75.84%	77.10%	74.90%	74.90%

Source: System Records

In September 2019, the System executed a new Long-Term Partnership Agreement with TVA, extending the term of its five-year evergreen power supply contract with TVA to a 20-year evergreen contract. In return for signing the longer-term agreement with TVA, the System receives an annual partnership credit of 3.1% on TVA's wholesale base rates, estimated to be around \$1.395 million per year.

THE TENNESSEE VALLEY AUTHORITY

TVA is a wholly owned corporate agency and instrumentality of the United States. TVA was created by the U.S. Congress in 1933 by virtue of the Tennessee Valley Authority Act of 1933, as amended, 16 U.S.C. §§ 831-831ee (2000 & Supp. IV 2004) (as amended, the "TVA Act").

TVA was created to improve navigation on the Tennessee River, reduce flood damage, provide agricultural and industrial development, and provide electric power to the Tennessee Valley region. TVA manages the Tennessee River and its tributaries for multiple river-system purposes, such as navigation; flood damage reduction; power generation; environmental stewardship; shoreline use; and water supply for power plant operations, consumer use, recreation, industry, and other stewardship purposes. TVA's power system operations, however, constitute the majority of its activities and provide virtually all of its revenues.

TVA provides electric power to most of Tennessee, northern Alabama, northeastern Mississippi, and southwestern Kentucky. It also supplies power to small areas of Georgia, North Carolina, and Virginia. TVA is the nation's largest public power company, providing power to approximately 10 million residents. TVA also maintains a navigable channel for the Tennessee River, performs flood control on the same river along with assistance to flood control on two other rivers, develops and introduces improved soil fertilizers, and encourages agricultural and industrial development and better forestry in the region. TVA's operations fall into two classes: power and non-power. Most of its revenues and assets are provided by the power program. TVA is a self-supporting entity.

For more information concerning TVA, its generation capacity, and its financial condition, including some of those factors discussed above, see the annual, quarterly, and current reports filed by TVA with the Securities and Exchange Commission ("SEC"). Annual financial information about TVA can be found in TVA's Annual Report filed on Form 10-K. Interim financial information can be found in TVA's Quarterly Reports filed on Form 10-Q. Additional information may be found from time to time on TVA's Current Reports filed on Form 8-K. You may read and copy

any of these documents at the SEC's public reference room in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. In addition, TVA's SEC filings are available to the public from the SEC's website at www.sec.gov and from TVA's website at www.tva.gov. Information contained in these reports and on TVA's website shall not be deemed to be incorporated into, or to be a part of, this "Official Statement".

ELECTRIC RATES

DES obtains power for the System through the Power Contract. Pursuant to the Power Contract, DES has agreed to adhere to the resale rates set forth in certain schedules approved by TVA. The schedules include the provision that the customer billings will be adjusted in accordance with the Adjustment Addenda published by TVA. The System is not otherwise subject to rate regulation under existing law, and DES is not aware of any pending legislation to make its electric rates subject to regulation. The Power Contract provides further that if the resale rates set forth therein do not provide sufficient revenues for the operation and maintenance of the system on a self-supporting, financially sound basis, including debt service, DES and TVA shall agree to changes in rates to provide increased revenues. In the same manner, if the rates and charges produce excess revenues, the parties shall agree to rate reductions. Since the date of the Power Contract, the wholesale and resale rates have been adjusted from time to time through TVA's publication of Adjustment Addenda.

Since 2006, TVA has implemented a fuel cost adjustment (or "FCA") to make quarterly (now monthly) adjustments to TVA's wholesale rates based upon changing fuel and purchased power costs. The Municipality has, in turn, implemented an automatic pass-through of the FCA to its customers, in addition to the rates listed below.

DICKSON ELECTRIC SYSTEM

March 1, 2025

Residential Rates (RS)

Customer Charge: \$ 27.96
Energy Charge: 10.781 cents/kilowatt hour (kWh)

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

Customer Charge: 0 - 500 kWh: \$ 29.50
Customer Charge: 501 - 15,000 kWh: \$ 40.00
Energy Charge: 11.769 cents/kilowatt hour (kWh)

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

Customer Charge: \$ 200.00
Energy Charge: 0 - 15,000 kWh: 10.385 cents/kWh
All Additional kWh: 7.642 cents/kWh
Demand Charge: 0 - 50 kW: \$ 8.51 per kW
51 - 1000 kW: \$ 14.58 per kW

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

Customer Charge: \$ 650.00
Energy Charge: All kWh: 8.45 cents/kWh
Demand Charge: 0 - 1,000 kW: \$ 13.82 per kW
1001-5,000 kW: \$ 13.82 per kW

Manufacturing Service Rate (MSB) (Greater than 5,000 kW)

Customer Charge: \$ 1,500.00
Administrative Charge: \$ 350.00
Energy Charge: On Peak: 7.690 cents/kWh
Energy Charge: Offpeak First 200 Hours: 6.44 cents/kWh
Energy Charge: Offpeak Next 200 Hours: 2.93 cents/kWh
Energy Charge: Offpeak Excess 400 kWh: 2.649 cents/kWh
Energy Charge: Offpeak Minimum kWh: 6.440 cents/kWh
Demand Charge: Onpeak: \$ 10.19 / kW
Demand Charge: Maximum: \$ 2.33 / kW
Demand Charge: Excess Over Contract: \$ 10.19 / kW

Outdoor Lighting

Energy Charge: All kWh: 8.261 cents/kWh
\$ 11.14 per month 150 Watt High Pressure Sodium
\$ 16.36 per month 250 Watt High Pressure Sodium
\$ 9.72 per month 70 Watt LED
\$ 17.55 per month 130 Watt LED Flood Light
\$ 16.64 per month 140 Watt LED
\$ 13.26 per month 90 Watt LED
\$ 15.44 per month 130 Watt LED
\$ 26.34 per month 230 Watt LED

Effective from the first day of the month to the last day of the month.

In the event of any conflict between these rates and TVA's rates for DES, TVA's rates will govern.

SUBSTATION, TRANSMISSION & DISTRIBUTION SYSTEMS

The System's electric distribution system serves over **37,079** customers within five counties. Counties presently served are Dickson, and portions of Hickman, Cheatham, Houston, and Montgomery. Power is delivered by TVA to eight delivery points. Four points receive power at 161 KV, three points receive power at 69KV, and one receives it at 13 KV. The System owns seven of the eight delivery point substations. TVA owns the 69 KV equipment and transformer at the Charlotte location. The historical peak system demand of 210.8 mW occurred in January 2014. The average monthly system load factor is 62% in 2021, and the system losses are 5.42% as of fiscal year 2021.

All transmission, substation and distribution engineering is executed by personnel of DES. The engineering section combines efforts with its consultants to prepare plans that will provide service to new customers, maintain adequate service to existing customers and prepare long-range plans to accommodate electric loads for customers of the future.

With very few exceptions, DES's personnel perform all the construction and maintenance work required. For maintenance repair of equipment and for making special apparatus of various kinds, DES has modern fully equipped shops, test apparatus and instruments. Two-way radio systems provide communications with mobile units.

METERS IN SERVICE

The number of meters in service for the last ten years is set forth below.

<u>Fiscal Year</u>	<u>Residential</u>	<u>Small Commercial & Industrial</u>	<u>Large Commercial & Industrial</u>	<u>Street, Athletic, & Highway Lighting</u>	<u>Total</u>
2015	27,719	5,718	391	149	33,977
2016	27,744	6,091	403	145	34,383
2017	27,770	6,430	410	152	34,762
2018	28,045	6,451	415	151	35,062
2019	28,377	6,637	400	154	35,568
2020	28,893	6,557	400	150	36,000
2021	29,319	6,767	394	149	36,629
2022	29,544	6,968	415	152	37,079
2023	30,042	7,392	415	153	38,002
2024	30,638	7,417	418	161	38,634

Source: System Records

SUMMARY OF BONDED DEBT

DICKSON CITY ELECTRIC SYSTEM

Summary of Debt

As of June 30, 2024

<u>AMOUNT ISSUED</u>	<u>PURPOSE</u>	<u>DUE DATE</u>	<u>INTEREST RATE</u>	<u>OUTSTANDING (*)</u>
\$ 48,075,000	Electric System Revenue Bonds, Series 2022	7/1/2047	Fixed	\$ 48,075,000
\$ 48,075,000	Total Existing Debt			\$ 48,075,000
\$ 40,030,000	Plus: Electric System Revenue Bonds, Series 2025*			\$ 40,030,000
<u>\$ 88,105,000</u>	Total Debt Post Issuance		Fixed	<u>\$ 88,105,000</u>

Source: Audited Financial Statements of the System

*Preliminary, subject to change.

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ELECTRIC SYSTEM DEBT SERVICE REQUIREMENTS - BONDED DEBT SERVICE SCHEDULE ⁽¹⁾

The following table sets forth the System's bonded debt service requirements for all debt secured by a lien on the Net Revenues of the System during each fiscal year after the issuance of the Series 2025 Bonds. For more information about the System's unsecured debt, please see the Notes to the Financial Statements in Appendix C.

Fiscal Year Ending	Outstanding Series 2022 Bonds Debt Service			Series 2025 Bonds Debt Service*			Total Aggregate Revenue Bonds Debt Service*		
	Principal Payments	Interest Payments	Total Payments	Principal Payments*	Interest Payments	Total Payments	Principal Payments	Interest Payments	Total Payments
June 30									
2025	\$ -	\$ 2,390,025	\$ 2,390,025	\$ -	\$ -	\$ -	\$ -	\$ 2,390,025	\$ 2,390,025
2026	1,150,000	2,361,275	3,511,275	-	1,039,668	1,039,668	1,150,000	3,400,943	4,550,943
2027	1,210,000	2,302,275	3,512,275	1,295,000	1,969,125	3,264,125	2,505,000	4,271,400	6,776,400
2028	1,270,000	2,240,275	3,510,275	1,360,000	1,902,750	3,262,750	2,630,000	4,143,025	6,773,025
2029	1,335,000	2,175,150	3,510,150	1,430,000	1,833,000	3,263,000	2,765,000	4,008,150	6,773,150
2030	1,405,000	2,106,650	3,511,650	1,505,000	1,759,625	3,264,625	2,910,000	3,866,275	6,776,275
2031	1,475,000	2,034,650	3,509,650	1,580,000	1,682,500	3,262,500	3,055,000	3,717,150	6,772,150
2032	1,555,000	1,958,900	3,513,900	1,660,000	1,601,500	3,261,500	3,215,000	3,560,400	6,775,400
2033	1,630,000	1,879,275	3,509,275	1,745,000	1,516,375	3,261,375	3,375,000	3,395,650	6,770,650
2034	1,715,000	1,795,650	3,510,650	1,835,000	1,426,875	3,261,875	3,550,000	3,222,525	6,772,525
2035	1,805,000	1,707,650	3,512,650	1,930,000	1,332,750	3,262,750	3,735,000	3,040,400	6,775,400
2036	1,895,000	1,615,150	3,510,150	2,030,000	1,233,750	3,263,750	3,925,000	2,848,900	6,773,900
2037	1,995,000	1,517,900	3,512,900	2,135,000	1,129,625	3,264,625	4,130,000	2,647,525	6,777,525
2038	2,095,000	1,415,650	3,510,650	2,245,000	1,020,125	3,265,125	4,340,000	2,435,775	6,775,775
2039	2,205,000	1,308,150	3,513,150	2,360,000	905,000	3,265,000	4,565,000	2,213,150	6,778,150
2040	2,310,000	1,202,494	3,512,494	2,480,000	784,000	3,264,000	4,790,000	1,986,494	6,776,494
2041	2,415,000	1,097,625	3,512,625	2,605,000	656,875	3,261,875	5,020,000	1,754,500	6,774,500
2042	2,525,000	986,475	3,511,475	2,740,000	523,250	3,263,250	5,265,000	1,509,725	6,774,725
2043	2,640,000	870,263	3,510,263	2,880,000	382,750	3,262,750	5,520,000	1,253,013	6,773,013
2044	2,775,000	738,019	3,513,019	3,030,000	235,000	3,265,000	5,805,000	973,019	6,778,019
2045	2,925,000	588,394	3,513,394	3,185,000	79,625	3,264,625	6,110,000	668,019	6,778,019
2046	3,080,000	430,763	3,510,763	-	-	-	3,080,000	430,763	3,510,763
2047	3,245,000	264,731	3,509,731	-	-	-	3,245,000	264,731	3,509,731
2048	3,420,000	89,775	3,509,775	-	-	-	3,420,000	89,775	3,509,775
	\$ 48,075,000	\$ 35,077,164	\$ 83,152,164	\$ 40,030,000	\$23,014,168	\$63,044,168	\$ 88,105,000	\$ 58,091,332	\$ 146,196,332

⁽¹⁾ Does not include capitalized leases, compensated absences, if any, or unamortized premiums. For more information, see the Summary of Bonded Indebtedness and the Notes to the Financial Statements referenced herein.

* Preliminary, Subject to change.

ELECTRIC SYSTEM SUMMARY OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES

Dickson City Electric System Five Year Summary of Revenues, Expenses and Changes in Net Position

	For the Fiscal Year Ended June 30				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽¹⁾</u>
Operating Revenues:					
Charges for sales and services	\$ 82,947,357	\$ 81,524,248	\$ 88,415,336	\$ 95,734,729	\$ 91,539,505
Other electric revenue	<u>3,250,519</u>	<u>3,225,569</u>	<u>3,036,391</u>	<u>3,457,128</u>	<u>3,486,691</u>
Total Operating Revenues	<u>\$ 86,197,876</u>	<u>\$ 84,749,817</u>	<u>\$ 91,451,727</u>	<u>\$ 99,191,857</u>	<u>\$ 95,026,196</u>
Operating Expenses:					
Cost of sales and services	\$ (63,963,444)	\$ (61,796,058)	\$ (68,166,531)	\$ (75,391,409)	\$ (71,353,645)
Operations expense	(3,630,467)	(3,852,863)	(3,760,334)	(4,795,891)	(5,099,648)
Maintenance expense	(5,275,598)	(5,214,290)	(5,685,895)	(7,289,183)	(8,829,314)
Administrative expense	(4,572,613)	(4,998,898)	(4,326,179)	(7,273,078)	(7,241,724)
Other Taxes	(312,830)	(332,586)	-	-	-
Provision for depreciation	<u>(3,891,812)</u>	<u>(4,018,819)</u>	<u>(4,158,301)</u>	<u>(4,371,876)</u>	<u>(4,735,518)</u>
Total Operating Expenses	<u>\$ (81,646,764)</u>	<u>\$ (80,213,514)</u>	<u>\$ (86,097,240)</u>	<u>\$ (99,121,437)</u>	<u>\$ (97,259,849)</u>
Net Operating Income	<u>\$ 4,551,112</u>	<u>\$ 4,536,303</u>	<u>\$ 5,354,487</u>	<u>\$ 70,420</u>	<u>\$ (2,233,653)</u>
Non-Operating Revenues (Expenses):					
Interest income	\$ 308,275	\$ 135,015	\$ 109,441	\$ 839,738	\$ 1,220,205
Interest expense	(213,025)	(91,618)	-	(1,726,129)	(2,390,025)
Rental income	-	3,073	-	-	-
Amortization of debt expense	<u>18,567</u>	<u>98,737</u>	<u>-</u>	<u>81,779</u>	<u>81,779</u>
Total Non-Operating Rev. (Exp.)	<u>\$ 113,817</u>	<u>\$ 145,207</u>	<u>\$ 109,441</u>	<u>\$ (804,612)</u>	<u>\$ (1,088,041)</u>
Income before transfers	\$ 4,664,929	\$ 4,681,510	\$ 5,463,928	\$ (734,192)	\$ (3,321,694)
Transfers					
Transfer out - tax equivalents	\$ (1,009,957)	\$ (1,046,775)	\$ (1,076,638)	\$ (1,482,908)	\$ (1,891,447)
Change in net position	\$ 3,654,972	\$ 3,634,735	\$ 4,387,290	\$ (2,217,100)	\$ (5,213,141)
Total net position - beginning	<u>\$ 83,989,053</u>	<u>\$ 84,697,537</u>	<u>\$ 88,332,272</u>	<u>\$ 92,719,562</u>	<u>\$ 90,502,462</u>
Prior period adjustment	<u>\$ (2,946,488)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,281</u>
Total net position - beginning restated	<u>\$ 81,042,565</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,504,743</u>
 Net Position - End of Year	 <u>\$ 84,697,537</u>	 <u>\$ 88,332,272</u>	 <u>\$ 92,719,562</u>	 <u>\$ 90,502,462</u>	 <u>\$ 85,291,602</u>

Source: Financial Statements of the System

⁽¹⁾ For fiscal year 2024, broadband operating revenues and expenses (see the following page) are reflected as System operating expenses. Broadband expenses are funded from System revenues, after payment of System debt service through interdivision loans.

BROADBAND SYSTEM SUMMARY OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES

Dickson City Broadband System Five Year Summary of Revenues, Expenses and Changes in Net Position

	<u>2024</u>
Operating Revenues:	
Charges for sales and services	\$ -
Other electric revenue	190,471
Total Operating Revenues	<u>\$ 190,471</u>
Operating Expenses:	
Cost of sales and services	\$ -
Operations expense	214,291
Maintenance expense	938,113
Administrative expense	2,289,777
Other Taxes	-
Provision for depreciation	-
Total Operating Expenses	<u>\$ 3,442,181</u>
Net Operating Income	<u>\$ (3,251,710)</u>
Non-Operating Revenues (Expenses):	
Interest income	\$ -
Interest expense	-
Rental income	-
Amortization of debt expense	-
Total Non-Operating Rev. (Exp.)	<u>\$ -</u>
 Income before transfers	 \$ (3,251,710)
Transfers	
Transfer out - tax equivalents	\$ -
Change in net position	\$ (3,251,710)
Total net position - beginning	<u>\$ (2,281)</u>
Prior period adjustment	
Total net position - beginning restated	<u>\$ -</u>
 Net Position - End of Year	 <u><u>\$ (3,253,991)</u></u>

Source: Financial Statements of the System

HISTORICAL AND PROFORMA DEBT SERVICE COVERAGE

Dickson City Electric System Historical and Proforma Debt Service Coverage

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Operating Revenues*	\$86,197,876	\$84,749,817	\$91,451,727	\$99,191,857	\$95,026,196
Operating Expenses					
Cost of sales and services	(63,963,444)	(61,796,058)	(68,166,531)	(75,391,409)	(71,353,645)
Operations expense	(3,630,467)	(3,852,863)	(3,760,334)	(4,795,891)	(5,099,648)
Maintenance expense	(5,275,598)	(5,214,290)	(5,685,895)	(7,289,183)	(8,829,314)
Administrative expense	(4,572,613)	(4,998,898)	(4,326,179)	(7,273,078)	(7,241,724)
Provision for depreciation	(3,891,812)	(4,018,819)	(4,158,301)	(4,371,876)	(4,735,518)
Total Operating Expenses	(81,333,934)	(79,880,928)	(86,097,240)	(99,121,437)	(97,259,849)
Operating Income	\$ 4,863,942	\$ 4,868,889	\$ 5,354,487	\$ 70,420	\$ (2,233,653)
Non-Operating Revenues (Expenses)					
Interest income	308,275	135,015	109,441	839,738	1,220,205
Interest expense	(213,025)	(91,618)	-	(1,726,129)	(2,390,025)
Rental income	-	3,073	-	-	-
Amortization of debt expense	18,567	98,737	-	81,779	81,779
Total Non-Operating Rev. (Exp.)	\$ 113,817	\$ 145,207	\$ 109,441	\$ (804,612)	\$ (1,088,041)
Operating Income Before Other	4,977,759	5,014,096	5,463,928	(734,192)	(3,321,694)
Other					
Operating Transfers - Tax Equivalents	(1,322,787)	(1,379,361)	(1,419,262)	(1,482,908)	(1,891,447)
Add Back					
Depreciation and Amortization	3,910,379	4,117,556	4,158,301	4,453,655	4,817,297
PILOT Payments	1,322,787	1,379,361	1,419,262	1,482,908	1,891,447
Interest Expense	213,025	91,618	-	1,726,129	2,390,025
Total Additional	5,446,191	5,588,535	5,577,563	7,662,692	9,098,769
Revenues Available for Debt Service	<u>9,101,163</u>	<u>9,223,270</u>	<u>9,622,229</u>	<u>5,445,592</u>	<u>3,885,628</u>
Existing Annual Debt Service	\$ 3,513,900	\$ 3,513,900	\$ 3,513,900	\$ 3,513,900	\$ 3,513,900
Existing MADS Coverage	2.59x	2.62x	2.74x	1.55x	1.11x

* Estimated

(1) Pursuant to the Master Electric System Resolution, DES is required to impose and the City shall approve rates and other charges fully sufficient at all times such that Net Revenues of the Electric System in each Fiscal Year will at least equal 1.20 times the Debt Service Requirement on all Senior Lien Revenue Obligations.

**Dickson City Electric System
Projected Debt Service Coverage**

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Operating Revenues*	\$109,676,720	\$110,773,487	\$111,881,222	\$113,000,034	\$114,130,035
Operating Expenses					
Cost of sales and services	(72,067,181)	(72,787,853)	(73,515,732)	(74,250,889)	(74,993,398)
Operations expense	(5,150,644)	(5,202,151)	(5,254,172)	(5,306,714)	(5,359,781)
Maintenance expense	(8,917,607)	(9,006,783)	(9,096,851)	(9,187,820)	(9,279,698)
Administrative expense	(7,314,141)	(7,387,283)	(7,461,155)	(7,535,767)	(7,611,125)
Provision for depreciation	(4,782,873)	(4,830,702)	(4,879,009)	(4,927,799)	(4,977,077)
Total Operating Expenses	(98,232,447)	(99,214,772)	(100,206,920)	(101,208,989)	(102,221,079)
Operating Income	<u>\$ 11,444,273</u>	<u>\$ 11,558,715</u>	<u>\$ 11,674,302</u>	<u>\$ 11,791,045</u>	<u>\$ 11,908,956</u>
Non-Operating Revenues (Expenses)					
Interest income	1,232,407	1,244,731	1,257,178	1,269,750	1,282,448
Interest expense	(2,390,025)	(4,002,106)	(4,282,025)	(4,076,875)	(4,026,370)
Rental income	-	-	-	-	-
Amortization of debt expense	82,597	83,423	84,257	85,100	85,951
Total Non-Operating Rev. (Exp.)	<u>\$ (1,088,041)</u>	<u>\$ (2,673,952)</u>	<u>\$ (2,940,590)</u>	<u>\$ (2,722,025)</u>	<u>\$ (2,657,972)</u>
Operating Income Before Other	<u>10,356,232</u>	<u>8,884,763</u>	<u>8,733,713</u>	<u>9,069,020</u>	<u>9,250,984</u>
Other					
Operating Transfers - Tax Equivalents	(1,891,447)	(1,910,361)	(1,929,465)	(1,948,759)	(1,968,247)
Add Back					
Depreciation and Amortization	4,782,873	4,830,702	4,879,009	4,927,799	4,977,077
PILOT Payments	1,891,447	1,910,361	1,929,465	1,948,759	1,968,247
Interest Expense	2,390,025	4,002,106	4,282,025	4,076,875	4,026,370
Total Additional	<u>9,098,769</u>	<u>10,743,169</u>	<u>11,090,499</u>	<u>10,953,433</u>	<u>10,971,694</u>
Revenues Available for Debt Service	<u>18,536,152</u>	<u>17,717,571</u>	<u>17,894,747</u>	<u>18,073,694</u>	<u>18,254,431</u>
Existing Annual Debt Service	\$ 6,653,150	\$ 6,653,150	\$ 6,653,150	\$ 6,653,150	\$ 6,653,150
Existing MADS Coverage	2.79x	2.66x	2.69x	2.72x	2.74x

*Estimated

(1) Pursuant to the Master Electric System Resolution, DES is required to impose and the City shall approve rates and other charges fully sufficient at all times such that Net Revenues of the Electric System in each Fiscal Year will at least equal 1.20 times the Debt Service Requirement on all Senior Lien Revenue Obligations.

(2) Dickson Electric implemented two rate increases in September of 2024 and April of 2025. The revenues estimated in the following chart are based upon an independent rate study which incorporates the increases.

TOP ELECTRIC SYSTEM CUSTOMERS

DICKSON CITY ELECTRIC SYSTEM Ten Largest Electric Customers

Set forth below are the ten largest cutomers of the System for the fiscal year ended June 30, 2024

<u>Customer</u>	<u>Annual Usage (kWh)</u>	<u>Annual Sales</u>	<u>% of Total Sales (\$)</u>
NEMAK	24,739,939	\$1,657,565	1.8100%
SUMIDEN WIRE PRODUCTS	18,136,819	1,716,762	1.8750%
DAL-TILE INC, Quartz	13,219,200	1,269,348	1.3860%
ZOCHEM LLC	8,487,600	790,682	0.8630%
ARCHEM AMERICA INC	8,440,200	824,674	0.9010%
TENNSCO CORP #2 & 3	8,074,800	876,838	0.9580%
DAL-TILE INC, Ceramic Tile	7,676,015	759,504	0.8290%
CROWN BAKERIES LLC	6,806,880	653,991	0.7140%
INTERSTATE PACKAGING CO	5,853,600	602,336	0.6580%
SHILOH INDUSTRIES INC	5,791,200	604,937	0.6610%
Total Annual Sales	<u>107,226,253</u>	<u>\$9,756,636</u>	<u>10.66%</u>
Total Sales FY 2024	830,171,478	\$91,574,621.65	

Source: System Records

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APPENDIX E

Form of Bond Counsel Opinion

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(Series 2025 Bonds)

_____, 2025

City Council
City of Dickson, Tennessee

Raymond James & Associates, Inc.
Nashville, Tennessee

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Dickson, Tennessee (the “Municipality”) of \$ _____ Electric System Revenue Bonds, Series 2025, dated the date hereof (the “Bonds”). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding obligations of the Municipality.

2. The resolution of the Board of Mayor and City Council of the Municipality authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is the valid and binding agreement of the Municipality.

3. The principal of and interest on the Bonds are payable solely from and secured by a pledge of the income and revenues to be derived from the operation of the electric transmission and distribution system of the Municipality (the “System”), subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing, and insuring the System, on parity with the Municipality’s outstanding Electric System Revenue Bonds, Series 2022. We express no opinion as to the sufficiency of any of such revenues for the payment of principal of, premium, if any, or interest on the Bonds.

4. Interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Municipality comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. Failure to comply with certain of such requirements could cause interest on the Bonds to be so includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The Municipality has covenanted to comply with all such requirements.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

The rights of the owners of the Bonds and the enforceability of the Bonds and the resolutions authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors, and by equity principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds. Further, we express no opinion herein regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

