

**Town of Shrewsbury, Massachusetts  
Shrewsbury Electric and Cable  
Operations (SELCO) - Electric**

Financial Statements and  
Supplementary Information

December 31, 2024 and 2023

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

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December 31, 2024 and 2023

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## **Independent Auditors' Report**

To the SELCO Commission  
Shrewsbury Electric and Cable Operations

### **Opinions**

We have audited the financial statements of the business-type activities, and fiduciary activities, of the electric operations of Shrewsbury Electric and Cable Operations (SELCO - Electric), of the Town of Shrewsbury, Massachusetts, as of and for the year ended December 31, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of SELCO - Electric, as of December 31, 2024, and the changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SELCO - Electric and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Emphasis of Matter**

As discussed in Note 1, the financial statements of SELCO - Electric, are intended to present the financial position, the changes in the financial position, and where applicable, cash flows of only SELCO - Electric. They do not purport to, and do not, present fairly the financial position of the Town of Shrewsbury, Massachusetts, as of December 31, 2024, and the changes in financial position, or cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Other Matter**

The financial statements of SELCO - Electric as of and for the year ended December 31, 2023, were audited by other auditors whose report dated May 14, 2024, expressed unmodified opinions on those statements.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

## **Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 SELCO - Electric'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 required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 information is fairly stated in all material respects, in relation to the financial statements as a whole.

*Baker Tilly US, LLP*

Madison, Wisconsin  
May 22, 2025

# **Town of Shrewsbury, Massachusetts**

## **Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Management's Discussion and Analysis  
December 31, 2024 and 2023

Within this section of the Shrewsbury Electric and Cable Operations (SELCO) - Electric (an enterprise fund of the Town of Shrewsbury, Massachusetts) annual financial report, management provides narrative discussion and analysis of the financial activities of SELCO - Electric for the years ended December 31, 2024 and 2023. The Department's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### **Overview of the Financial Statements**

The basic financial statements include (1) the Statements of Net Position (2) the Statements of Revenues, Expenses and Changes in Net Position (3) the Statements of Cash Flows and (4) Notes to the Financial Statements.

The Statements of Net Position is designed to indicate the financial position as of a specific point in time. At December 31, 2024, it shows our net position decreased \$337,711 compared to the year ended December 31, 2023.

The Statements of Revenues, Expenses and Changes in Net Position summarize the operating results and reveal how much income, if any, was earned for the year. As discussed in more detail below, there was a net income for the years ended December 31, 2024 and 2023 of \$400,454 and \$2,767,971, respectively.

The Statements of Cash Flows provide information about the cash receipts and cash payments during the accounting period. It also provides information about the investing and financing activities for the same period. A review of the Statements of Cash Flows indicates that the cash receipts from operating activities, (electricity sales and related services) adequately covered the operating expenses for the years ended December 31, 2024 and 2023.

### **Summary of Net Position**

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Current assets	\$ 14,903,243	\$ 21,243,094	\$ 16,460,201
Noncurrent assets	62,466,392	55,627,553	62,947,586
<b>Total assets</b>	<b>77,369,635</b>	<b>76,870,647</b>	<b>79,407,787</b>
Deferred outflows of resources	3,573,475	3,140,366	4,551,732
<b>Total assets and deferred inflows of resources</b>	<b>\$ 80,943,110</b>	<b>\$ 80,011,013</b>	<b>\$ 83,959,519</b>
Current liabilities	\$ 5,117,296	\$ 4,977,003	\$ 4,359,019
Noncurrent liabilities	6,471,932	7,835,929	9,325,673
<b>Total liabilities</b>	<b>11,589,228</b>	<b>12,812,932</b>	<b>13,684,692</b>
Deferred inflows of resources	13,371,705	10,878,193	15,853,128
<b>Net position:</b>			
Net investment in capital assets	35,074,381	31,511,507	28,543,829
Net position restricted for depreciation	6,360,207	7,368,111	7,343,308
Restricted for pension	1,554,576	488,706	8,791,010
Unrestricted net position	12,993,013	16,951,564	9,743,552
<b>Total net position</b>	<b>55,982,177</b>	<b>56,319,888</b>	<b>54,421,699</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 80,943,110</b>	<b>\$ 80,011,013</b>	<b>\$ 83,959,519</b>

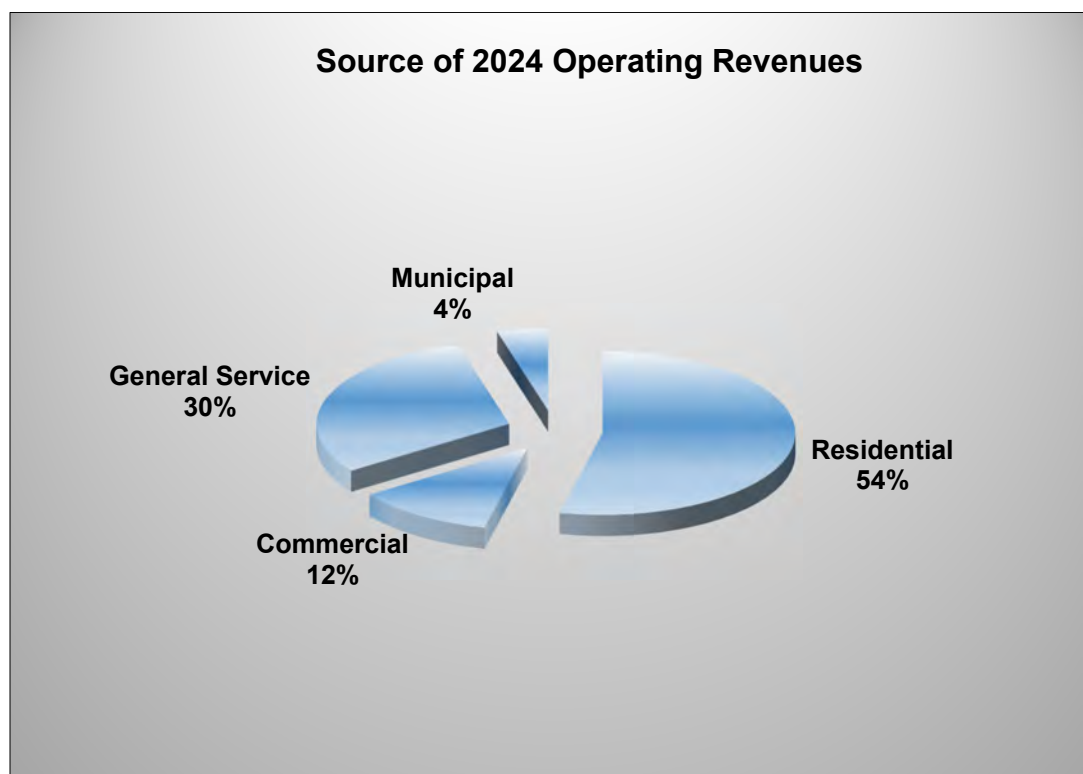
**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Management's Discussion and Analysis  
December 31, 2024 and 2023

**Summary of Changes in Net Position**

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Operating revenues	\$ 37,856,353	\$ 43,594,953	\$ 34,645,312
Operating expenses	37,491,751	40,654,485	33,440,248
Operating income	364,602	2,940,468	1,205,064
Nonoperating revenues (expenses)	(46,053)	(202,117)	(296,353)
Income before contributions and transfers	318,549	2,738,351	908,711
Capital contributions	81,905	29,520	-
Transfer out – payment in lieu of taxes	(738,165)	(869,682)	(284,512)
Net Position, January 1	56,319,888	54,421,699	53,797,500
Net Position, December 31	\$ 55,982,177	\$ 56,319,888	\$ 54,421,699

**Financial Highlights**



# **Town of Shrewsbury, Massachusetts**

## **Shrewsbury Electric and Cable Operations (SELCO) - Electric**

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Management's Discussion and Analysis  
December 31, 2024 and 2023

### **Rate Matters**

For electric bills issued after November 1, 2014 the component of the rate previously titled "Transition" was replaced by a new component titled "Generation & Transmission Adjustment (GTA)." The GTA is calculated and scheduled on a quarterly basis to offset fluctuations in power cost during the fall/winter and spring/summer cycles. This adjustable rate component enables SELCO to recover fluctuating power and transmission costs without over or under collecting the respective revenue from its customers.

For bills issued effective September 1, 2024 the Generation and Transmission Adjustment (GTA) was set at \$0.0000 per kWh.

### **Power Supply**

SELCO - Electric provides electricity to its customers through fixed purchase power contracts, short term contracts, and purchases from the open market in an effort to stabilize power costs. Purchased power costs are the costs associated with buying energy and having it delivered to residents and businesses in the Town of Shrewsbury. There are circumstances that will make the cost of electric energy fluctuate, such as peak demands for electric energy caused by extended periods of time with above or below normal temperatures, unexpected power plant shutdowns for unforeseen repair, and fuel prices being affected by fluctuation in demand and the global economy.

Actual kilowatt hour purchases for the year were approximately 1% less than 2023.

Working with electric power supply experts, SELCO - Electric continues to try to position itself to best manage the impact that adverse weather, and market and economic conditions have on the rates of its customers.

### **Debt Administration**

Debt outstanding at year-end 2024 was \$7,646,102. The amount consists of three issues.

The first issue is a \$6,000,000 general obligation bond issued January 23, 2014 to finance the construction of the Centech Sub-Station. Principal payments of \$300,000 are due annually, beginning January 15, 2015 and maturing January 15, 2034. Interest is payable semiannually January 15 and July 15 at rates starting at 3% and moving to 4%. The amount payable on this bond is \$3 million at December 31, 2024.

The second issue is a pooled financing loan payable to MMWEC for the Peaking Plant. The original amount of the loan was \$2,373,207. Interest is charged at 3.20% and principal payments are due monthly. This loan is payable in full by February 2031. The amount payable on this loan at December 31, 2024 was \$1,332,757.

The third issue is a pooled financing loan payable to MMWEC for the Solar Array Facility. The original amount of the loan was \$7,288,278. Interest is charged at 3.11% and principal payments are due monthly. This loan is payable in full by February 2029. The amount payable on this loan was \$3,313,345 at December 31, 2024.

Interest and principal payments have and will continue to be paid with revenue received from the sale of electricity.



# **Town of Shrewsbury, Massachusetts**

## **Shrewsbury Electric and Cable Operations (SELCO) - Electric**

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Management's Discussion and Analysis  
December 31, 2024 and 2023

### **Significant Balances and Transactions**

#### **Purchased Power Working Capital**

Prepayments include Purchased Power Working Capital which is an amount held by MMWEC, the Department's power supply agent. MMWEC requires that they hold a set amount of capital from which they may pay the power obligations when they are due. The fund is replenished as needed through invoices paid monthly to MMWEC.

#### **PCA Fund**

SELCO - Electric's PCA (Power Cost Adjustment) Fund is a contingency fund established to mitigate power costs on an as needed basis. A balance of \$1,500,000 is maintained in the Fund for that purpose.

#### **Construction Fund**

SELCO - Electric did not transfer in or out of the Construction Fund during 2024. This money was set aside as a reserve to aide in the payment for the 2024 approved capital projects.

#### **Depreciation Fund**

SELCO - Electric maintains a Depreciation Fund, which is invested by the Town of Shrewsbury's Treasurer. This Fund is used to pay for the cost of utility plant, costs of contractual obligations and deferred costs related to such commitments. The Depreciation Fund is required by state statute. In 2024 the Fund earned \$18,492 of interest income.

#### **Customer Accounts Receivable**

Customer Accounts Receivable is reported net of the Allowance for Doubtful Accounts. During 2024, the Allowance for Doubtful Accounts remained at \$300,000. Increases and decreases to the Allowance are offset to Bad Debt Expense. In 2024 SELCO – Electric incorporated a new account that tracks collections for debts that had been previously written off in the old software system. This allows for better tracking of collections. At its inception in July of 2024 \$311,867 was placed in the account with the offset going to bad debt expense.

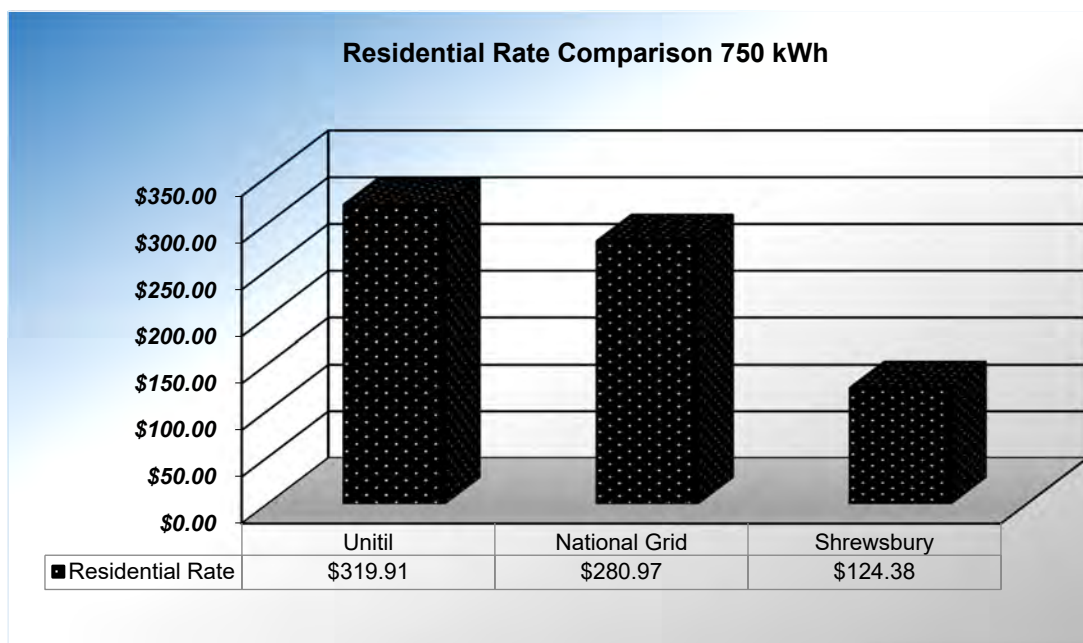
# Town of Shrewsbury, Massachusetts

## Shrewsbury Electric and Cable Operations (SELCO) - Electric

Management's Discussion and Analysis  
December 31, 2024 and 2023

### Rates

On average, during 2024, a SELCO - Electric residential customer, using 750 kWh per month, paid \$124.38 per month while a Unitil residential customer paid \$319.91 for the same 750 kWh. SELCO - Electric residential rates remain among the lowest in the state.



\*12 Month Average rates taken from the Massachusetts Municipal Wholesale Electric Company (MMWEC) website.

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Statements of Net Position  
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Funds on deposit with Town treasurer:		
Operating cash	\$ 2,386,066	\$ 10,076,510
Accounts receivable customers, net	3,357,602	2,882,894
Due from Town of Shrewsbury	416,000	-
Other receivables	725,248	1,113,863
Materials and supplies	1,145,593	540,478
Energy conservation loans receivable, current portion	108,187	4,191
Purchased power working capital	6,503,834	6,370,856
Prepayments	260,713	254,303
	<u>14,903,243</u>	<u>21,243,095</u>
Total current assets		
<b>Noncurrent Assets</b>		
Restricted funds:		
Depreciation fund	6,360,207	7,368,111
Pooled financing reserve	804,294	804,294
Net pension assets	1,554,576	488,706
Designated funds on deposit with Town treasurer:		
Construction Fund	1,897,290	1,897,290
Power Cost Adjustment Fund	1,500,000	1,500,000
Rate stabilization fund	7,993,404	3,722,190
Energy conservation loans receivable, net of current portion	301,247	134,830
Investments in associated companies	74,545	61,521
Plant assets, net	41,980,829	39,650,610
	<u>62,466,392</u>	<u>55,627,552</u>
Total noncurrent assets		
	<u>77,369,635</u>	<u>76,870,647</u>
Total assets		
<b>Deferred Outflows of Resources</b>		
Deferred outflows of resources related to OPEB	185,592	462,019
Deferred outflows of resources to pensions	3,387,883	2,678,347
	<u>3,573,475</u>	<u>3,140,366</u>
Total deferred outflows of resources		
	<u>\$ 80,943,110</u>	<u>\$ 80,011,013</u>
Total assets and deferred outflows of resources		

See notes to financial statements

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Statements of Net Position  
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,489,285	\$ 2,831,379
Accrued expenses	1,372,741	919,714
Bond payable, current portion	300,000	300,000
Pooled financing loan, current portion	955,270	925,910
	<u>5,117,296</u>	<u>4,977,003</u>
Total current liabilities		
<b>Noncurrent Liabilities</b>		
Bond payable, net of current portion	2,700,000	3,000,000
Unamortized debt premium	64,640	71,385
Pooled financing loan, net of current portion	3,690,832	4,646,102
Net OPEB liability	16,460	118,442
	<u>6,471,932</u>	<u>7,835,929</u>
Total noncurrent liabilities		
Total liabilities	<u>11,589,228</u>	<u>12,812,932</u>
<b>Deferred Inflows of Resources</b>		
Contribution in aid of construction, net	2,097,874	1,676,139
Rate stabilization reserve	8,539,341	8,268,127
Deferred inflows of resources related to OPEB	348,477	631,898
Deferred inflows of resources related to pensions	2,386,013	302,029
	<u>13,371,705</u>	<u>10,878,193</u>
Total deferred inflows of resources		
<b>Net Position</b>		
Net investment in capital assets	35,074,381	31,511,507
Restricted for:		
Depreciation	6,360,207	7,368,111
Pension	1,554,576	488,706
Unrestricted net position	12,993,013	16,951,564
	<u>55,982,177</u>	<u>56,319,888</u>
Total net position		
Total liabilities, deferred inflows of resources and net position	<u>\$ 80,943,110</u>	<u>\$ 80,011,013</u>

See notes to financial statements

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Statements of Revenues, Expenses and Changes in Net Position  
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Operating Revenues</b>		
Sales of electricity	\$ 37,428,760	\$ 43,333,166
Other operating revenue	<u>427,593</u>	<u>261,787</u>
Total operating revenues	<u>37,856,353</u>	<u>43,594,953</u>
<b>Operating Expenses</b>		
Operations	33,079,974	36,176,741
Maintenance	1,872,746	2,121,890
Depreciation and amortization	<u>2,539,031</u>	<u>2,355,854</u>
Total operating expenses	<u>37,491,751</u>	<u>40,654,485</u>
Operating income	<u>364,602</u>	<u>2,940,468</u>
<b>Nonoperating Income (Expense)</b>		
Interest expense	(257,561)	(294,957)
Investment income	214,056	154,011
Loss on disposal of equipment	<u>(2,548)</u>	<u>(61,171)</u>
Total nonoperating revenues (expenses)	<u>(46,053)</u>	<u>(202,117)</u>
Income before contributions and transfers	318,549	2,738,351
<b>Capital Contributions</b>	81,905	29,520
<b>Transfers Out, Payments in Lieu of Taxes</b>	<u>(738,165)</u>	<u>(869,682)</u>
Change in net position	(337,711)	1,898,189
<b>Net Position, Beginning</b>	<u>56,319,888</u>	<u>54,421,699</u>
<b>Net Position, Ending</b>	<u><u>\$ 55,982,177</u></u>	<u><u>\$ 56,319,888</u></u>

See notes to financial statements

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from customers	\$ 37,355,061	\$ 43,343,032
Cash paid to suppliers	(30,437,432)	(29,136,163)
Cash paid to employees	(5,026,121)	(4,925,084)
Net cash flows from operating activities	<u>1,891,508</u>	<u>9,281,785</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Payment in lieu of taxes	(738,165)	(869,682)
Net cash flows from noncapital financing activities	<u>(738,165)</u>	<u>(869,682)</u>
<b>Cash Flows From Capital and Financing Activities</b>		
Additions to plant assets	(4,871,798)	(3,124,831)
Deferred contributions received	485,576	142,485
Grant income	81,905	22,020
Repayment of pooled financing principal	(925,910)	(861,206)
Repayments of bond principal	(300,000)	(300,000)
Payment of bond and pooled financing interest	(264,306)	(305,139)
Net cash flows from capital and financing activities	<u>(5,794,533)</u>	<u>(4,426,671)</u>
<b>Cash Flows From Investing Activities</b>		
Marketable securities purchased	(12,024,176)	(1,504,321)
Marketable securities sold	7,752,962	1,333,684
Interest and dividend income	214,056	154,011
Net cash flows from investing activities	<u>(4,057,158)</u>	<u>(16,626)</u>
Net change in cash and cash equivalents	(8,698,348)	3,968,806
<b>Cash, Beginning</b>	<u>20,841,911</u>	<u>16,873,105</u>
<b>Cash, Ending</b>	<u><u>\$ 12,143,563</u></u>	<u><u>\$ 20,841,911</u></u>

See notes to financial statements

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Reconciliation of Operating Income to Net Cash</b>		
<b>From Operating Activities</b>		
Operating income	\$ 364,602	\$ 2,940,468
Adjustments to reconcile operating income to net cash		
from operating activities:		
Depreciation and amortization	2,539,031	2,407,977
Allowance for doubtful accounts	-	50,000
Amortization of contribution in aid of construction	(63,841)	(52,123)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable and due from other funds	(502,093)	(203,352)
Investments in associated companies	(13,024)	-
Materials and supplies	(605,115)	(264,930)
Energy conservation loans	(270,413)	(269,205)
Purchased power working capital	(132,978)	(194,267)
Prepayments	(6,410)	(110,079)
Increase (decrease) in liabilities:		
Accounts payable and due to other funds	(342,094)	347,271
Pension and OPEB related deferrals and liabilities	199,602	220,646
Rate stabilization reserve	271,214	4,170,637
Accrued expenses	453,027	238,742
	<u>\$ 1,891,508</u>	<u>\$ 9,281,785</u>
Net cash from operating activities		
	<u>\$ 1,891,508</u>	<u>\$ 9,281,785</u>
<b>Reconciliation of Cash and Cash Equivalents to the</b>		
<b>Statements of Net Position</b>		
Operating cash	\$ 2,386,066	\$ 10,076,510
Construction fund	1,897,290	1,897,290
Power core adjustment fund	1,500,000	1,500,000
Depreciation fund	6,360,207	7,368,111
Rate stabilization fund	7,993,404	3,722,190
	<u>20,136,967</u>	<u>24,564,101</u>
Total cash and investments		
	20,136,967	24,564,101
Less noncash equivalents	<u>(7,993,404)</u>	<u>(3,722,190)</u>
Cash and cash equivalents	<u>\$ 12,143,563</u>	<u>\$ 20,841,911</u>

See notes to financial statements

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

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Statements of Fiduciary Net Position -  
Other Postemployment Benefits (OPEB) Trust Fund  
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
<b>Funds on Deposit With Town Treasurer</b>		
Cash and cash equivalents	\$ 14,902	\$ 11,659
Investments:		
Equity securities	86,290	-
Exchange traded funds	505,704	384,220
Equity mutual funds	1,491,435	1,337,722
Fixed income mutual funds	<u>710,602</u>	<u>793,969</u>
Total assets	<u>2,808,933</u>	<u>2,527,570</u>
<b>Fiduciary Net Position</b>		
<b>Fiduciary Net Position, Restricted</b>	<u><u>\$ 2,808,933</u></u>	<u><u>\$ 2,527,570</u></u>

*See notes to financial statements*



**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Statements of Changes in Fiduciary Net Position -  
Other Postemployment Benefits (OPEB) Trust Fund  
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Additions</b>		
Additions to (reductions from) net position attributed to:		
Interest income (loss)	\$ 113,411	\$ 314,032
Change in unrealized gain/(loss)	<u>167,952</u>	<u>-</u>
Net investment income	281,363	314,032
<b>Contributions</b>		
Employer contributions	<u>151,457</u>	<u>268,651</u>
Total additions	432,820	582,683
<b>Deductions</b>		
Medical premiums paid	<u>151,457</u>	<u>155,051</u>
Changes in fiduciary net position	281,363	427,632
<b>Fiduciary Net Position, Beginning</b>	<u>2,527,570</u>	<u>2,099,938</u>
<b>Fiduciary Net Position, Ending</b>	<u><u>\$ 2,808,933</u></u>	<u><u>\$ 2,527,570</u></u>

See notes to financial statements

# **Town of Shrewsbury, Massachusetts**

## **Shrewsbury Electric and Cable Operations (SELCO) - Electric**

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Notes to Financial Statements  
December 31, 2024 and 2023

### **1. Summary of Significant Accounting Policies**

The financial statements of the Shrewsbury Electric and Cable Operations (SELCO) - Electric have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by SELCO – Electric are described below.

#### **Reporting Entity**

SELCO - Electric is an enterprise fund of the Town of Shrewsbury, Massachusetts (Town). SELCO - Electric purchases power, predominantly from the Massachusetts Municipal Wholesale Electric Company (MMWEC) and sells it to consumers in the Town of Shrewsbury at rates submitted to the Massachusetts Department of Public Utilities (DPU). SELCO - Electric appoints a General Manager who, under the direction and control of the Municipal Light Board, has full charge of the operation and management of SELCO - Electric.

Under Massachusetts law, the electric rates of SELCO - Electric are set by the Municipal Light Board and may be changed once every three months. Rate schedules are filed with the Massachusetts DPU. While the DPU exercises general supervisory authority over SELCO - Electric, SELCO - Electric's rates are not subject to DPU approval.

Fund financial statements are provided for proprietary (SELCO – Electric) and fiduciary (an OPEB Trust Fund) funds.

#### **Measurement Focus, Basis of Presentation and Financial Statement Presentation**

SELCO – Electric is presented as an enterprise fund of the Town. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

The proprietary and fiduciary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Cash and Investments**

For purpose of the statement of cash flows, SELCO - Electric considers investments with original maturities of three months or less when purchased to be cash and cash equivalents.

## **Town of Shrewsbury, Massachusetts**

### **Shrewsbury Electric and Cable Operations (SELCO) - Electric**

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Notes to Financial Statements  
December 31, 2024 and 2023

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 2 for investments held with MMWEC and in Note 3 for the OPEB Trust. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

#### **Accounts Receivable, Customers, Net**

SELCO - Electric carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, SELCO - Electric evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on history of past write-offs and collections and current collection conditions.

SELCO - Electric's policy on collections is to consider any receivable past due if payments have not been received within 60 days of receipt of notice. Termination letters are mailed with a disconnection date. Meters are disconnected if payment is not received by the disconnection date. For residential customers only, there are no disconnections performed from November through April due to DPU regulations.

Accounts Receivable is net of allowances for doubtful accounts of \$300,000 and \$300,000 for 2024 and 2023, respectively.

#### **Receivables/Payables**

Transactions between SELCO – Electric and other funds of the Town that are representative of lending/borrowing arrangements outstanding at year end are referred to as advances to/from other funds. All other outstanding balances between SELCO – Electric and other funds of the Town are reported as due to/from other funds.

#### **Materials and Supplies**

Materials and supplies are inventories of parts, accessories and fuel purchased for use in the utility business for construction, operation and maintenance purposes, not for resale. They are valued at the lower of cost or market utilizing the average cost method. Meters and transformers are capitalized when purchased.

#### **Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

Pursuant to provisions of the Commonwealth's General Laws, cash in an amount equivalent to the annual depreciation expense is to be transferred from unrestricted funds to the depreciation fund. Interest earned on the balance of the fund must also remain in the fund. Such cash may be used for the cost of utility plant, nuclear decommissioning costs, costs of contractual commitments and deferred costs related to such commitments which the Municipal Light Board determines are above market value.

The pooled financing reserve includes funds held with MMWEC as a condition of the pooled loan program.

# **Town of Shrewsbury, Massachusetts**

## **Shrewsbury Electric and Cable Operations (SELCO) - Electric**

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Notes to Financial Statements  
December 31, 2024 and 2023

### **Construction Fund**

The Construction Fund is used to finance the following year's capital budget projects that have been approved by the Light Commissioners.

### **Power Cost Adjustment Fund**

The Power Cost Adjustment Fund (PCA) is a contingency fund established to mitigate power costs on an as needed basis. A balance of \$1,500,000 is maintained in the fund for that purpose.

### **Energy Conservation Loans**

SELCO - Electric offers 0% interest energy efficiency loans for residential customers. Loans are available for added insulation as well as replacement windows and doors. The maximum loan amount is \$13,500 with a maximum repayment period of sixty months. At December 31, 2024, SELCO - Electric had 58 Energy Conservation Loans Receivable totaling \$409,434. At December 31, 2023, SELCO - Electric had 22 Energy Conservation Loans Receivable totaling \$139,021.

### **Investments in Associated Companies**

Under agreements with the New England Hydro-Transmission Electric Company, Inc. (NEH) and the New England Hydro-Transmission Corporation (NHH), SELCO - Electric has funded its equity requirements for the Hydro-Quebec phase II interconnection. SELCO - Electric's ownership interest is less than one quarter of one percent in both projects. The securities are stated at cost. Fair market value approximates stated value.

### **Utility Plant**

Capital assets of SELCO – Electric are recorded at cost or the estimated acquisition value at the time of contribution to the utility. Major outlays for utility plant are capitalized as projects are constructed.

The statutory provision for depreciation of utility plant is computed on a straight-line method at 3% of the cost of plant in service at the beginning of the year, exclusive of land and land rights. Therefore, no depreciation is taken in the year of plant additions. Management has determined that this method is not materially different than the estimated useful lives in accordance with GAAP. Massachusetts law stipulates that SELCO - Electric may exceed the 3% depreciation rate only with the approval of the DPU. SELCO - Electric used a rate of 3% for both 2024 and 2023.

### **Deferred Outflows of Resources**

A deferred outflow of resources represents a consumptions of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

### **Compensated Absences**

SELCO - Electric's employment benefit plan provides that employees are entitled to a minimum of ten days' vacation per year up to thirty days per year depending on years of service and employment classification. Employees are allowed to accumulate up to one year of unused vacation. Accrued amounts for accumulated vacation at December 31, 2024 and 2023 were \$117,896 and \$153,465, respectively, recorded in accrued expenses on the statement of net position.

# **Town of Shrewsbury, Massachusetts**

## **Shrewsbury Electric and Cable Operations (SELCO) - Electric**

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Notes to Financial Statements  
December 31, 2024 and 2023

### **Sales Tax**

SELCO - Electric collects sales tax. The amount received is credited to accrued expenses on the statement of net position and as payments are made, this account is charged. At any point in time, this account represents the net amount owed to the taxing authority for amounts collected but not yet remitted.

### **Deferred Compensation Plan**

The employees of SELCO - Electric are eligible to participate in the Town's deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. Participation in the plan is optional. All amounts of compensation deferred under the plan, all property or rights purchased with amounts and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of participants and their beneficiaries. Participants' rights under the Plan are equal to the fair market value of the deferred account for each participant. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

### **Pensions**

For purposes of measuring the net pension liability(asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Shrewsbury Contributory Retirement System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **Other Postemployment Benefits (OPEB)**

For purposes of measuring SELCO - Electric's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

### **Long-Term Obligations**

Long-term debt and other obligations are reported as Utility liabilities. Bond premiums and discounts, are amortized over the life of the bonds using the straight-line method. The balance at year end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position.

### **Deferred Inflows of Resources**

A deferred inflows of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that time.

# Town of Shrewsbury, Massachusetts

## Shrewsbury Electric and Cable Operations (SELCO) - Electric

Notes to Financial Statements  
December 31, 2024 and 2023

### Contribution in Aid of Construction

As a regulated entity, SELCO – Electric's financial statements are prepared in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which require that the effects of the rate making process be recorded in the financial statements. Accordingly, certain expenses and credits normally reflected in the change in net position as incurred are recognized when included in rates.

Contribution in Aid of Construction represents nonrefundable payments received from consumers and developers for extension of electric services for assets owned and maintained by SELCO - Electric. These amounts are recorded as a deferred inflow of resources net of amortization.

### Net Position

Net position is presented in the following components:

**Investment in Capital Assets** - This component of net position consists of capital assets, net of accumulated depreciation and is reduced by outstanding borrowings that are attributable to the acquisition, construction or improvement of those assets.

**Restricted** - This component of net position consists of net assets subject to external constraints on their use imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

**Unrestricted** - This component of net position consists of net position that does not meet the definition of "investment in capital assets" or "restricted".

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

The following calculation supports SELCO – Electric net investment in capital assets:

	2024	2023
Cost of capital assets acquired	\$ 94,182,896	\$ 90,969,780
Less accumulated depreciation	(52,202,067)	(51,319,170)
Less debt and premiums related to capital assets	(7,710,742)	(8,943,396)
Add pooled financing reserve	804,294	804,293
Net investment in capital assets	\$ 35,074,381	\$ 31,511,507

### Revenues and Expenses

SELCO – Electric distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the utility's principal ongoing operations. The principal operating revenues of the utility are charges to customers for sales and services. Operating expenses are the costs of providing electricity and include administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are classified as nonoperating revenues and expenses.

## **Town of Shrewsbury, Massachusetts**

### **Shrewsbury Electric and Cable Operations (SELCO) - Electric**

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Notes to Financial Statements  
December 31, 2024 and 2023

SELCO - Electric owns and maintains an electric distribution network serving the Town of Shrewsbury, Massachusetts. Distribution revenues are primarily from the sale of electricity to residential, commercial and industrial customers within the Town of Shrewsbury. The rates are designed to recover the costs incurred by SELCO - Electric for products and services provided along with a return on investment.

Revenues are recognized for energy service provided on a monthly billing cycle basis. No recognition is given to the amount of sales to customers, which are unbilled at the end of the accounting period.

#### **Taxes**

SELCO - Electric is exempt from federal and state income taxes as well as property taxes, but pays an amount in lieu of taxes to the Town of Shrewsbury.

#### **Payment in Lieu of Taxes**

The SELCO Commission is responsible for determining the amount that SELCO - Electric pays to the Town in lieu of taxes.

#### **Union Labor**

Operations personnel, which includes approximately one-half of SELCO - Electric's employees, are covered by a three-year union contract which expired on December 31, 2024. As of the date of this report, negotiations are still ongoing.

#### **Comparative Data**

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

#### **Effect of New Accounting Standards on Current Period Financial Statements**

The Governmental Accounting Standards Board (GASB) has approved the following:

GASB has approved GASB Statement No. 102, *Certain Risk Disclosures*; GASB Statement No. 103, *Financial Reporting Model Improvements*; and GASB Statement No. 104, *Disclosure of Certain Capital Assets*. When they become effective, application of these standards may restate portions of these financial statements. Management is evaluating the effects of these new pronouncements.

# **Town of Shrewsbury, Massachusetts**

## **Shrewsbury Electric and Cable Operations (SELCO) - Electric**

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Notes to Financial Statements  
December 31, 2024 and 2023

### **2. Funds Held at MMWEC**

#### **Purchased Power Working Capital**

The purchased power working capital is an amount held by Massachusetts Municipal Wholesale Electric Company (MMWEC), the Lighting Plant's power supply agent. The implementation of the Working Capital Program began August 1, 1985. MMWEC participants approved certain working capital amendments to the various power purchase agreements. SELCO - Electric made an advance deposit to Massachusetts Municipal Wholesale Electric Company (MMWEC). MMWEC requires that they hold a set amount of capital from which it may pay power obligations when they are due. The funds are replenished as needed from the payments of monthly invoices. The balance in the fund as of December 31, 2024 and 2023 was \$6,503,834 and \$6,370,856, respectively. These funds are commingled and deposited in investment pools. The total amount of these investment pools as of December 31, 2024 and 2023 was \$43,169,379 and \$36,000,684, respectively, of which SELCO - Electric's ownership was approximately 14.4% and 17.7%, respectively.

#### **Prepaid PASNY Fund**

The Power Authority of the State of New York (PASNY) is a New York State public-benefit corporation. It is commonly referred to as New York Power Authority (NYPA). The electricity generated from the NYPA hydro- facilities in New York provides a reduced rate for electricity specifically for residential customers in New York and New England. This is another account maintained by MMWEC from which they may pay our power obligation for the delivery of power and other obligations associated with NYPA's hydro projects. The NYPA fund balance at December 31, 2024 and 2023 was \$167,916, included with prepayments on the statement of net position. These funds are commingled and deposited in investment pools. The total amount of these investment pools as of December 31, 2024 and 2023 was \$4,605,558 and \$3,739,038, respectively, of which SELCO - Electric's ownership was approximately 3.3% and 4.5%, respectively.

#### **Rate Stabilization Fund**

The Rate Stabilization Fund is held at MMWEC and was created as an aftermath of the Massachusetts Electricity Restructuring Act of 1997. The fund is for unexpected escalation in costs, such as the decommissioning of nuclear power plants before the end of their operating license, unusual price spikes in fuel prices and transmission cost increases. The Rate Stabilization fund balance at December 31, 2024 and 2023 was \$7,993,404 and \$3,722,190, respectively. The balance in the fund is offset by a corresponding deferred inflow of resources for the accumulated provision of rate refund.

Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Lighting Plant has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and



**Town of Shrewsbury, Massachusetts**  
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Notes to Financial Statements  
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- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

Level 1 - U.S. Government Securities - Valued at closing price as reported on the active market on which the individual securities are traded.

Level 2- Municipal Bonds and U.S. Government Securities - Investments in debt securities are valued using interest rate curves and credit spreads applied to the terms of the debt instrument along with counterparty credit rating.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although SELCO - Electric's management believes its valuations methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The table on the following page sets forth, by level within the fair value hierarchy, SELCO - Electric's rate stabilization investments at fair value at December 31, 2024 and 2023. As of December 31, 2024 and 2023, SELCO - Electric did not have any investments that were measured using Level 3 inputs.

Description	December 31, 2024		
	Level 1 Fair Value	Level 2 Fair Value	Total
<b>FMV Investments</b>			
Municipal bonds:			
AAA	\$ -	\$ 68,481	\$ 68,481
AA	-	65,431	65,431
AA-	-	134,317	134,317
A+	-	40,004	40,004
Not rated	-	42,468	42,468
U.S. treasury securities	1,352,598	-	1,352,598
U.S. government securities	100,260	6,159,561	6,259,821
Total FMV investments	1,452,858	6,510,262	7,963,120
<b>Other Securities</b>			
Sweep	30,284	-	30,284
Total	\$ 1,483,142	\$ 6,510,263	\$ 7,993,404

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Notes to Financial Statements  
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Description	December 31, 2023		
	Level 1 Fair Value	Level 2 Fair Value	Total
<b>FMV Investments</b>			
Municipal bonds:			
AAA	\$ -	\$ 66,655	\$ 66,655
AA	-	134,378	134,378
AA	-	154,978	154,978
A+	-	39,511	39,511
Not rated	-	13,240	13,240
U.S. government securities	492,394	2,799,779	3,292,173
Total FMV investments	492,394	3,208,541	3,700,935
<b>Other Securities</b>			
Money market	21,255	-	21,255
Total	\$ 513,649	\$ 3,208,541	\$ 3,722,190

At December 31, 2024, SELCO - Electric invested in municipal bonds, U.S. government securities, and money market exposed to interest rate risk. The investments had maturities of \$1,736,505 between 6 and 10 years, \$4,454,326 between 1 and 5 years, and \$1,802,573 less than one year.

As of December 31, 2024, investments in no one issuer (other than U.S. Treasury securities and mutual funds) represented 5% or more of total investments.

### 3. Cash and Investments

SELCO - Electric's deposits with the Town Treasurer are commingled and invested with deposits from other Town funds. Accordingly, it is not practical to disclose the related bank balance and credit risk of such cash deposits for SELCO - Electric. Funds on deposit with financial institutions are subject to the insurance coverage limits imposed by the Federal Deposit Insurance Corporation (FDIC). The amount of insurance coverage for SELCO - Electric's deposits is not determinable because the limits of insurance are computed on a Town- wide basis.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest bearing demand deposit accounts (interest bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

#### Custodial Credit Risk, Deposits

In the case of deposits, this is the risk that in the event of a bank failure, SELCO – Electric's deposits may not be returned to it. Responsibility for enforcing policies addressing custodial credit risk of SELCO - Electric deposits vests with the Town Treasurer.

At year-end, the carrying amount of deposits totaled \$12,143,563 and \$20,841,911 at December 31, 2024 and 2023, respectively. Because SELCO - Electric pools much of its cash and short-term investments with the Town and bank accounts are maintained in the name of the Town, the amount of this balance exposed to custodial credit risk at December 31, 2024 and 2023, cannot be reasonably determined.

# Town of Shrewsbury, Massachusetts

## Shrewsbury Electric and Cable Operations (SELCO) - Electric

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Notes to Financial Statements  
December 31, 2024 and 2023

### Investments

The following disclosures relate to the OPEB Trust (Trust).

### Investment Policy

The Governmental Unit's Treasurer is the custodian of the fund or in the case of the light plant, an officer designated by the board. Investment of funds monies by the custodian must be consistent with the prudent person standard set forth in the Massachusetts General Law Chapter 203C for private trust funds. Interest earned on the investment of fund monies belongs to the fund.

### Custodial Credit Risk, Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Trust will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Trust's investments subject to custodial credit risk at December 31, 2024, include \$86,290 in equity securities, which have custodial credit exposure because the related securities are uninsured, unregistered and held by the counterparty. The Trust's did not have any investments subject to custodial credit risk at December 31, 2023.

### Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations.

The Trust, had investments in fixed income mutual funds rated as follows:

	2024	2023
Morning Star Rating:		
2	\$ 32,500	\$ 188,162
3	266,874	260,577
4	-	193,463
5	325,978	151,767
N/R	85,250	-

### Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment.

At December 31, 2024, the Trust invested in fixed income mutual funds exposed to interest rate risk. The total balance had maturities of less than one year.

At December 31, 2023, the Trust invested in fixed income mutual funds exposed to interest rate risk. The total balance had maturities of less than one year.

### Fair Value Measurements

The Trust categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset (liability). Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

**Town of Shrewsbury, Massachusetts**  
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The valuation methods for recurring fair value measurements include the following:

- Exchange traded funds, equity mutual funds and fixed income mutual funds are valued using prices quoted in active markets for those securities.
- Equity securities are valued based on the latest financial data obtained by the Trust.

<b>2024</b>				
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Equity securities	\$ 86,290	\$ -	\$ 86,290	\$ -
Exchange traded funds	505,704	505,704	-	-
Equity mutual funds	1,491,435	1,491,435	-	-
Fixed income mutual funds	710,602	710,602	-	-
Total investments measured at fair value	<u>\$ 2,794,031</u>	<u>\$ 2,707,741</u>	<u>\$ 86,290</u>	<u>\$ -</u>
<b>2023</b>				
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Exchange traded funds	\$ 384,220	\$ 384,220	\$ -	\$ -
Equity mutual funds	1,337,722	1,337,722	-	-
Fixed income mutual funds	793,969	793,969	-	-
Total investments measured at fair value	<u>\$ 2,515,911</u>	<u>\$ 2,515,911</u>	<u>\$ -</u>	<u>\$ -</u>

**Town of Shrewsbury, Massachusetts**  
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Notes to Financial Statements  
December 31, 2024 and 2023

**4. Plant Assets**

	Balance January 1, 2024	Increases	Decreases	Balance December 31, 2024
Capital assets not being depreciation:				
Land	\$ 403,497	\$ -	\$ -	\$ 403,497
Construction in progress	473,591	1,738,046	(1,382,560)	829,077
Total	877,088	1,738,046	(1,382,560)	1,232,574
Capital assets being depreciated:				
Intangible plant	1,111,741	-	(14,499)	1,097,242
Production plant	16,589,411	14,752	-	16,604,163
Transmission plant	2,040,429	108,980	-	2,149,409
Distribution facilities	57,401,293	3,344,112	(1,491,305)	59,254,100
General plant	12,949,448	1,160,069	(264,109)	13,845,408
Total capital assets being depreciated	90,092,322	4,627,913	(1,769,913)	92,950,322
Less accumulated depreciation for:				
Intangible plant	-	(20,319)	-	(20,319)
Production plant	(5,682,097)	(452,696)	-	(6,134,793)
Transmission plant	(479,392)	(62,254)	-	(541,646)
Distribution facilities	(34,017,497)	(1,850,647)	1,491,484	(34,376,660)
General plant	(11,139,814)	(217,575)	228,740	(11,128,649)
Total accumulated depreciation	(51,318,800)	(2,603,491)	1,720,224	(52,202,067)
Capital assets being depreciated, net	38,773,522	2,024,422	(49,689)	40,748,255
Utility plant assets, net	\$ 39,650,610	\$ 3,762,468	\$ (1,432,249)	\$ 41,980,829

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Notes to Financial Statements  
December 31, 2024 and 2023

	<b>Balance January 1, 2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31, 2023</b>
Capital assets not being depreciation:				
Land	\$ 403,497	\$ -	\$ -	\$ 403,497
Construction in progress	759,038	2,440,273	(2,725,720)	473,591
Total	1,162,535	2,440,273	(2,725,720)	877,088
Capital assets being depreciated:				
Intangible plant	1,104,792	6,949	-	1,111,741
Production plant	16,589,411	-	-	16,589,411
Transmission plant	2,040,429	-	-	2,040,429
Distribution facilities	54,993,792	2,825,139	(417,638)	57,401,293
General plant	13,191,198	556,271	(798,021)	12,949,448
Total capital assets being depreciated	87,919,622	3,388,359	(1,215,659)	90,092,322
Less accumulated depreciation for:				
Production plant	(5,229,606)	(452,491)	-	(5,682,097)
Transmission plant	(418,179)	(61,213)	-	(479,392)
Distribution facilities	(32,768,315)	(1,666,820)	417,638	(34,017,497)
General plant	(11,710,382)	(227,453)	798,021	(11,139,814)
Total accumulated depreciation	(50,126,482)	(2,407,977)	1,215,659	(51,318,800)
Capital assets being depreciated, net	37,793,140	980,382	-	38,773,522
Utility plant assets, net	\$ 38,955,675	\$ 3,420,655	\$ (2,725,720)	\$ 39,650,610

Depreciation and amortization expense for the years ended December 31, 2024 and 2023 was \$2,539,031 and \$2,355,854, respectively. Depreciation and amortization expense reported on the Statements of Revenues, Expenses and Changes in Net Position is net of amortization of \$63,841 and \$52,123 related to contribution in aid of construction for the years ended December 31, 2024 and 2023, respectively.

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Notes to Financial Statements  
December 31, 2024 and 2023

**5. Pooled Financing Loan**

On March 22, 2019, SELCO - Electric termed out the Pooled Loan Financing Loan Agreement through MMWEC. Principal and interest are payable monthly. The interest rate is fixed at 3.20% and 3.11%. The loans mature March 2031 and March 2029. The outstanding principal balance as of December 31, 2024 and 2023 was \$4,646,102 and \$5,572,012, respectively. Total interest expense relating to this loan was \$161,331 and \$189,789 for the years ended December 31, 2024 and 2023, respectively.

	<u>2024</u>	<u>2023</u>
Note Payable for Peaking Pooled Loan with MMWEC payable in monthly installments Including a fixed interest rate of 3.20%. Due March 2031.	\$ 1,332,757	\$ 1,525,178
Note Payable for Solar Facility Loan with MMWEC payable in monthly installments Including a fixed interest rate of 3.11%. Due March 2029.	<u>3,313,345</u>	<u>4,046,834</u>
Total	4,646,102	5,572,012
Less current maturities	<u>(955,270)</u>	<u>(925,910)</u>
Long-term notes payable, less current portion	<u><u>\$ 3,690,832</u></u>	<u><u>\$ 4,646,102</u></u>

Maturities of the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending December 31:			
2025	\$ 955,270	\$ 131,971	\$ 1,087,241
2026	985,561	101,680	1,087,241
2027	1,016,814	70,428	1,087,242
2028	1,049,056	38,185	1,087,241
2029	366,700	13,213	379,913
2030 - 2031	<u>272,701</u>	<u>5,488</u>	<u>278,189</u>
Total	<u><u>\$ 4,646,102</u></u>	<u><u>\$ 360,965</u></u>	<u><u>\$ 5,007,067</u></u>

At the inception of the loan, MMWEC was required to collect 10% of the initial borrowing amount to be deposited into a Reserve Requirement Account to serve as collateral for the bank. MMWEC is also required to collect 10% of the amount of interest due monthly from each Pooled Loan Participant to further fund the Reserve Requirement Account. These funds will either be returned to SELCO, or used as the final loan payments at the end of the amortization period. The balance in the Pooled Financing Account, which includes both the required reserve amount as well any available funds to be spent as of December 31, 2024 and 2023 was \$804,294 and \$804,294, respectively.

**Town of Shrewsbury, Massachusetts**  
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Notes to Financial Statements  
December 31, 2024 and 2023

**6. Long-Term Debt**

	<u>2024</u>	<u>2023</u>
\$6,000,000 General Obligation Bond issued January 23, 2014; principal payments of \$300,000 due annually, beginning January 15, 2015 and maturing January 15, 2034. Interest is payable semiannually on January 15 and July 15, at rates starting at 3% and moving to 4%.	\$ 3,000,000	\$ 3,300,000
Less current portion of bond payable	<u>(300,000)</u>	<u>(300,000)</u>
Long-term bond payable, less current portion	<u>\$ 2,700,000</u>	<u>\$ 3,000,000</u>

Maturities of long-term debt are shown as follows:

<u>Years Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 300,000	\$ 98,100	\$ 398,100
2026	300,000	88,500	388,500
2027	300,000	78,300	378,300
2028	300,000	68,100	368,100
2029	300,000	57,900	357,900
2030-2034	<u>1,500,000</u>	<u>135,600</u>	<u>1,635,600</u>
Total	<u>\$ 3,000,000</u>	<u>\$ 526,500</u>	<u>\$ 3,526,500</u>

Interest expense relating to this bond was \$102,975 and \$111,913 for the years ending December 31, 2024 and 2023, respectively.

**Changes in Long-Term Liabilities**

During the year ended December 31, 2024, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>Other Increases</u>	<u>Other Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Bonds payable	\$ 3,300,000	\$ -	\$ (300,000)	\$ 3,000,000	\$ 300,000
Unamortized debt premium	71,385	-	(6,745)	64,640	-
Pooled financing loan	<u>5,572,012</u>	<u>-</u>	<u>(925,910)</u>	<u>4,646,102</u>	<u>955,270</u>
Total	<u>\$ 8,943,397</u>	<u>\$ -</u>	<u>\$ (1,232,655)</u>	<u>\$ 7,710,742</u>	<u>\$ 1,255,270</u>



**Town of Shrewsbury, Massachusetts**  
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Notes to Financial Statements  
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During the year ended December 31, 2023, the following changes occurred in long-term liabilities:

	<b>Beginning Balance</b>	<b>Other Increases</b>	<b>Other Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Business-type activities:					
Bonds payable	\$ 3,600,000	\$ -	\$ (300,000)	\$ 3,300,000	\$ 300,000
Unamortized debt premium	78,130	-	(6,745)	71,385	-
Pooled financing loan	6,469,463	-	(897,451)	5,572,012	925,910
Total	<u>\$ 10,147,593</u>	<u>\$ -</u>	<u>\$ (1,204,196)</u>	<u>\$ 8,943,397</u>	<u>\$ 1,225,910</u>

See Notes 7 and 9 related to detail of the net pension liability (asset) and net OPEB liability (asset).

## **7. Pension Plan**

### **Plan Description**

SELCO - Electric, through the Town of Shrewsbury, is a member of the Shrewsbury Contributory Retirement System which, in turn, is a member of the Massachusetts Contributory Retirement System which is governed by M.G.L. c.32 of the Massachusetts General Laws. Membership in the plan is mandatory immediately upon the commencement of employment for all permanent, full-time employees. The plan is a cost-sharing multiple- employer contributory defined benefit plan for all Town employees except those employees who are covered by teachers' retirement board. The Plan's separately issued financial statements can be obtained by contacting Shrewsbury Contributory Retirement System at 100 Maple Avenue, Shrewsbury, Massachusetts 01545.

### **Benefits Provided**

The System provides retirement, disability and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of member's highest three-year average annual rate of regular compensation. For members who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

There are three classes of membership in the retirement system: Group 1, Group 2 and Group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have been specified as hazardous. Lastly, Group 4 consists of police officers, firefighters and other hazardous positions.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service if hired after 1978 and if classified in group 1 or 2. A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance upon reaching the age of 60 with 10 years of service if in group 1, 55 years of age with 10 years of service if in group 2 and 55 years of age if classified in group 4 or hired prior to 1978. Normal retirement for most employees occurs at age 65 (for certain hazardous duty and public safety positions normal retirement is at age 55).

## **Town of Shrewsbury, Massachusetts**

### **Shrewsbury Electric and Cable Operations (SELCO) - Electric**

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Notes to Financial Statements  
December 31, 2024 and 2023

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent upon several factors: including whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status and group classification. Employees who resign from state service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total contributions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

#### **Contributions**

Active members are required to contribute at rates from 5-9% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Members hired after 1978 contribute an additional 2% of annual pay above \$30,000.

SELCO - Electric is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the member units based on the actuarial study. The actuarially determined SELCO - Electric contribution is an amount, when combined with employee contributions, is expected to finance the cost of benefits earned by the employees during the year, with an additional amount to finance the unfunded liability. SELCO - Electric's required contributions to the System for the years ended December 31, 2024 and 2023 were zero.

#### **Pension Asset**

At December 31, 2024 and 2023, SELCO - Electric reported an asset of \$1,554,576 and \$488,706, respectively for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2023 and 2022, respectively, and the total pension asset used to calculate the pension asset was determined by an actuarial valuation as of January 1, 2024 and January 1, 2023, respectively. SELCO - Electric's portion of the net pension asset was based on the current employees, retirees, inactive participants and actual share of the net position to the entire System as of the measured date of December 31, 2023 and 2022. SELCO - Electric's portion of the net pension asset was based on the percentage of SELCO - Electric's contributions to the total System contributions as of the measured date of December 31, 2023 and 2022. At the measured date of December 31, 2023 and 2022, SELCO - Electric's portion was -9.8% of the System's net pension liability and 19% of the System's net pension asset, respectively.

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Notes to Financial Statements  
December 31, 2024 and 2023

**Pension Expense**

For the years ended December 31, 2024 and 2023, SELCO - Electric recognized pension expense of \$267,692 and \$427,514, respectively. For the years ended December 31, 2024 and 2023, SELCO - Electric reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>2024</b>	<b>2023</b>
<b><i>Deferred Outflows of Resources Related to Pension:</i></b>		
Differences between expected and actual experience	\$ 72,920	\$ (387,119)
Net difference between projected and actual earnings on pension plan investments	-	(702,022)
Changes of assumptions	-	(46,670)
Changes in proportion and differences between employer contributions and department proportionate share	3,314,963	3,814,158
	<u>\$ 3,387,883</u>	<u>\$ 2,678,347</u>
<b><i>Deferred Inflows of Resources Related to Pension:</i></b>		
Differences between expected and actual experience	\$ 1,401,657	\$ (36,920)
Net difference between projected and actual earnings on pension plan investments	554,198	(425,692)
Changes in proportion and differences between employer contributions and SELCO – Electric proportionate share	393,669	764,641
Changes of assumptions	36,489	-
	<u>\$ 2,386,013</u>	<u>\$ 302,029</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension that will be recognized in SELCO - Electric's pension expense as follows:

**Years Ending  
December 31:**

2025	\$ 296,638
2026	445,658
2027	97,715
2028	161,859
	<u>1,001,870</u>
Total	<u>\$ 1,001,870</u>

## Town of Shrewsbury, Massachusetts

### Shrewsbury Electric and Cable Operations (SELCO) - Electric

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Notes to Financial Statements  
December 31, 2024 and 2023

#### Actuarial Assumptions

The total pension liability as of December 31, 2024 was determined by an actuarial valuation as of January 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	January 1, 2024
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	The actuarial value of assets is the market value as reported by the Public Employees' Retirement Administration Commission (PERAC).
Inflation Rates:	Not explicitly assumed
Projected Salary Increases:	3.5% per year
Cost of Living Allowance:	3.0% on the first of \$14,000 of pension benefits
Mortality Rates:	Both pre-retirement and beneficiary mortality rates are reflected by the various SOA Pub-2010 Public Retirement Plans Mortality Tables specific to the Group, Pre-retirement versus Post, Disabled and Beneficiaries, with Scale MP-2018 improvements until 2025.
Investment Rate of Return:	7.5% per year

There were no changes in actuarial assumptions used from the pension liability reported as of December 31, 2023.

#### Investment Policy

The Plan's asset allocation policies are established by PRIT. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the Plan.

**Town of Shrewsbury, Massachusetts**  
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Notes to Financial Statements  
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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major category asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pensions plan's target asset allocation as of the measurement date of December 31, 2023 are summarized in the table below:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Domestic Equity	33.0%	8.8%
International Equities	10.0	5.4
Emerging Market Equities	6.0	7.3
Real Estate	17.0	5.1
Core Fixed Income	11.0	0.9
High Yield Fixed Income	11.0	4.7
Private Equity	5.5	13.2
Hedge Funds	6.5	1.1
	<u>100.0%</u>	

Best estimates of arithmetic real rates of return for each major asset class included in the pensions plan's target asset allocation as of the measurement date of December 31, 2022 are summarized in the table below:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Domestic Equity	15.0%	9.0%
Medium Capital	10.0	10.3
Small Capital	8.0	9.4
International Equities	10.0	6.4
Emerging Market Equities	6.0	9.4
Real Estate	15.0	6.2
Core Fixed Income	11.0	0.7
High Yield Fixed Income	11.0	5.3
Private Equity	5.5	13.9
Hedge Funds	6.5	1.3
Timberlands	2.0	4.6
	<u>100.0%</u>	

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Notes to Financial Statements  
December 31, 2024 and 2023

**Discount Rate**

The discount rate used to measure the total pension liability was 7.5% as of December 31, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected benefit payments of current plan members. 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.

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the net pension liability (asset) calculated using the discount rate of 7.5%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate 1- percentage-point lower (6.5%) or 1- percentage-point higher (8.5%) than the current rate:

	<b>1% Decrease 6.5%</b>	<b>Current Discount Rate 7.5%</b>	<b>1% Increase 8.5%</b>
December 31, 2024	\$ (3,516,451)	\$ (1,554,576)	\$ 100,006
December 31, 2023	(991,828)	(488,706)	(63,717)

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Shrewsbury Contributory Retirement System financial report.

**8. Interfund Transfers**

The following is a schedule of interfund balances for the years ending December 31, 2024 and 2023:

<b>Due To</b>	<b>Due From</b>	<b>2024</b>		<b>2023</b>	
		<b>Amount</b>	<b>Principal Purpose</b>	<b>Amount</b>	<b>Principal Purpose</b>
SELCO - Electric Town		\$ 416,000	Solar panels	\$ -	

The following is a schedule of transfer balances for the years ending December 31, 2024 and 2023:

<b>To</b>	<b>From</b>	<b>2024</b>		<b>2023</b>	
		<b>Amount</b>	<b>Principal Purpose</b>	<b>Amount</b>	<b>Principal Purpose</b>
Town	SELCO – Electric	\$ 738,165	Payments in lieu of taxes	\$ 869,682	Payments in lieu of taxes

# Town of Shrewsbury, Massachusetts

## Shrewsbury Electric and Cable Operations (SELCO) - Electric

Notes to Financial Statements  
December 31, 2024 and 2023

### 9. Net Other Postemployment Benefits (OPEB) Liability

SELCO - Electric implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, provides an actuarial cost method and discount rate as well as disclosures and methodologies for reporting employer liabilities and OPEB expenses.

#### Plan Description

The Town of Shrewsbury administers the retiree health care benefits program-a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees.

#### Plan Membership

At the measurement date of June 30, 2024 and 2023, OPEB plan membership consisted of the following:

	2024	2023
Inactive plan members or beneficiaries currently receiving benefits payments	40	36
Active plan members	42	39
Total number of participants	82	75

#### Contributions

SELCO - Electric's Actuarial Determined Contribution (ADC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 74/75 which represents a level of funding that, if paid on an ongoing basis, is projected to cover the service cost each year and amortize any unfunded actuarial liabilities (or funding excess). The contribution requirements of plan members and SELCO - Electric are established and may be amended through SELCO - Electric ordinances. For the years ending December 31, 2024 and 2023 and the measurement date of June 30, 2024 and 2023, respectively, total premiums plus implicit costs for the retiree medical program was \$151,146 and \$143,423, respectively.

#### OPEB Liabilities

At December 31, 2024 and 2023, SELCO - Electric reported a liability of \$16,460 and \$118,442, respectively, for its net OPEB liability. The 2024 and 2023 net OPEB liability was measured as of June 30, 2024 and June 30, 2023, respectively, and was determined by an actuarial valuation as of July 1, 2022.

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Notes to Financial Statements  
December 31, 2024 and 2023

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the following assumptions, applied to all periods included in the measurement:

Inflation	4.5%
Investment rate of return	7.50%, net of investment expenses
Healthcare cost trend rate	4.5% annually in 2022 and for future periods
Mortality - all groups	It is assumed that mortality is represented by various SOA Pub-2010 Public Retirement Plans Mortality Tables specific to the group, Pre-retirement versus post, Disabled and Beneficiaries, with Scale MP-2019 improvements until 2025.

The long-term expected rate of return by asset class on the OPEB plan investments was not provided.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from the Town will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in Net OPEB Liability (Asset)**

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (Asset) (a) - (b)</b>
Balance at June 30, 2023	\$ 2,522,661	\$ 2,404,219	\$ 118,442
Changes for the year:			
Service cost	61,078	-	61,078
Interest	187,967	-	187,967
Differences between expected and actual experience	93,106	-	93,106
Changes in assumptions	-	-	-
Contributions, employer	-	151,146	(151,146)
Contributions, employee	-	-	-
Net investment income	-	286,253	(286,253)
Benefit payments	(151,146)	(151,146)	-
Administrative expense	(6,734)	-	(6,734)
Net changes	184,271	286,253	(101,982)
Balance at June 30, 2024	\$ 2,706,932	\$ 2,690,472	\$ 16,460



**Town of Shrewsbury, Massachusetts**  
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Notes to Financial Statements  
December 31, 2024 and 2023

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (Asset) (a) - (b)</b>
Balance at June 30, 2022	\$ 2,439,691	\$ 2,064,159	\$ 375,532
Changes for the year:			
Service cost	58,448	-	58,448
Interest	181,577	-	181,577
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions, employer	-	257,023	(257,023)
Contributions, employee	-	-	-
Net investment income	-	226,460	(226,460)
Benefit payments	(143,423)	(143,423)	-
Administrative expense	(13,632)	-	(13,632)
Net changes	82,970	340,060	(257,090)
Balance at June 30, 2023	\$ 2,522,661	\$ 2,404,219	\$ 118,442

**OPEB Expense**

For the years ended December 31, 2024 and 2023, SELCO - Electric recognized OPEB Expense of \$48,904 and \$63,787, respectively. At December 31, 2024 and 2023, SELCO - Electric reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<b>2024</b>	<b>2023</b>
<b><i>Deferred Outflows of Resources Related to OPEB:</i></b>		
Differences between expected and actual experience	\$ 117,171	\$ 63,805
Changes of assumptions	36,745	64,031
Net difference between projected and actual earnings on OPEB plan investments	31,676	334,183
	<u>\$ 185,592</u>	<u>\$ 462,019</u>
<b><i>Deferred Inflows of Resources Related to OPEB:</i></b>		
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 465,698
Differences between expected and actual experience	348,477	166,200
	<u>\$ 348,477</u>	<u>\$ 631,898</u>

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Notes to Financial Statements  
December 31, 2024 and 2023

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the SELCO – Electric's OPEB expense as follows:

**Years Ending  
December 31:**

2025	\$	(19,749)
2026		9,382
2027		(121,062)
2028		(54,347)
2029		14,073
Thereafter		8,848
Total	\$	<u>(162,855)</u>

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate**

The table on the following page presents the net OPEB liability (asset) calculated using the discount rate of 7.50%, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	<b>1% Decrease 6.50%</b>	<b>Current Discount Rate 7.50%</b>	<b>1% Increase 8.50%</b>
June 30, 2024	\$ 381,015	\$ 16,460	\$ (276,530)
June 30, 2023	136,441	118,442	103,600

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability (asset) calculated using current healthcare cost trend rates as well as what the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (3.5%) or 1-percentage point higher (5.5%) than the current healthcare cost trend rates.

	<b>1% Decrease 3.5%</b>	<b>Current Healthcare Cost Trend Rates 4.5%</b>	<b>1% Increase 5.5%</b>
June 30, 2024	\$ (312,298)	\$ 16,460	\$ 433,331
June 30, 2023	100,694	118,442	140,533

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

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Notes to Financial Statements  
December 31, 2024 and 2023

**10. Other Postemployment Benefit Trust Fund**

The following disclosures relate to the OPEB Trust fiduciary activities as required by GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

The Other Postemployment Benefits Liability Trust Fund was established by vote of the Board of Light Commissioners on May 11, 2009. The Board voted to accept the provisions of MGL Chapter 32B, Section 20 which establishes a separate Fund and a funding schedule for the Fund. The schedule and any future updates shall be designed, consistent with standards issued by the Governmental Accounting Standards Board, to reduce the unfunded actuarial liability of health care and other postemployment benefits to zero as of an actuarially acceptable period of years and to meet the normal cost of all future benefits for which the government unit is obligated. The SELCO - Electric Fund is held under the custodianship of the Treasurer of the Town of Shrewsbury. The balance in the Trust as of December 31, 2024 and 2023 was \$2,808,933 and \$2,527,570, respectively.

**Plan Administration**

The Town of Shrewsbury administers the retiree health care benefits program-a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees.

**Plan Membership**

As of December 31, 2024, OPEB plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits payments	40
Active plan members	<u>42</u>
	<u><u>82</u></u>

**Benefits Provided**

The Town provides health care benefits for retirees and their dependents. Benefits are provided through the Harvard Pilgrim, Fallon, Blue Cross Blue Shield and Tufts and the full cost of benefits is shared between the Town and retirees.

**Contributions**

The Town contributes annually an actuarially determined contribution based on the results of the most recent actuarial valuation.

**Rate of Return**

For the measurement dates of June 30, 2024 and 2023, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was not provided.

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Notes to Financial Statements  
December 31, 2024 and 2023

**Net OPEB Liability (Asset) of the Plan**

The components of the net OPEB liability (asset) as of December 31, 2024, was as follows:

	<u>2024</u>
Total OPEB liability	\$ 2,757,890
Fiduciary net position	<u>(2,808,933)</u>
Net OPEB liability (asset)	<u>\$ (51,043)</u>

Fiduciary net position as a percentage of the total OPEB liability was 101.85%.

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate**

The table on the following page presents the net OPEB liability (asset) calculated using the discount rate of 7.50%, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	<u>1% Decrease 6.50%</u>	<u>Current Discount Rate 7.50%</u>	<u>1% Increase 8.50%</u>
December 31, 2024	\$ 460,008	\$ (51,043)	\$ (275,695)

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability (asset) calculated using current healthcare cost trend rates as well as what the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (3.5%) or 1-percentage point higher (5.5%) than the current healthcare cost trend rates.

	<u>1% Decrease 3.5%</u>	<u>Current Healthcare Cost Trend Rates 4.5%</u>	<u>1% Increase 5.5%</u>
December 31, 2024	\$ (324,577)	\$ (51,043)	\$ 526,977

Information as of December 31, 2023 was not available from the actuary. See Note 9 related to the Net OPEB liability for information relative to the actuarial assumptions and discount rate.

# **Town of Shrewsbury, Massachusetts**

## **Shrewsbury Electric and Cable Operations (SELCO) - Electric**

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Notes to Financial Statements  
December 31, 2024 and 2023

### **11. Risk Management**

#### **Self-Insurance Trust**

SELCO - Electric participates in Mass Municipal Self Insurance Trust (the Trust) with 17 other municipal light departments for the purpose of sharing general and environmental liability risks. Through the Trust, SELCO - Electric is insured for \$500,000 per occurrence, with a \$50,000 deductible that would be paid by SELCO - Electric. Environmental insurance coverage provides for \$1,500,000 per occurrence, with a \$100,000 deductible that would be paid by both SELCO - Electric and the Trust. Each participating light department contributes to the Trust based on its share of the group's total kilowatt-hour sales. Payments for claims over the deductible limit are funded by Trust assets, or, if required, additional contributions from the participants.

Generally accepted accounting principles requires that liabilities for self-insured claims be reported if it is probable that a loss has been incurred and the amount can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At December 31, 2024 and 2023, SELCO - Electric considers its' pro rata share of these losses to be immaterial to its financial statements.

### **12. Commitments and Contingencies**

#### **Claims and Judgments**

From time to time, SELCO – Electric is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the utility's legal counsel that that likelihood is remote that any such claims or proceedings will have a material adverse effect on the utility's financial position or results of operations.

#### **Legal and Environmental Matters**

SELCO - Electric is subject, like other electric utilities, to evolving standards administered by federal, state and local authorities relating to the quality of the environment. These standards affect the siting of electric property, ambient air and water quality, plant safety and other environmental factors. These standards have had an impact on the SELCO - Electric's operations in the past and they will continue to have an impact on future operations, capital costs and construction.

#### **Power Sales Agreements**

The Town of Shrewsbury acting through its Light Department is a Participant in certain Projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance, electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities. MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has the Nuclear Mix No 1 Project, Nuclear Project Three, Nuclear Project Four, Nuclear Project Five and Project Six, which comprise an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. The operating license for Seabrook Station extends to March 15, 2050. The operating license for the Millstone Unit 3 nuclear unit extends to November 25, 2045.

# **Town of Shrewsbury, Massachusetts**

## **Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Notes to Financial Statements  
December 31, 2024 and 2023

The Light Department is also a Participant in the Northeast Reliability Center (formerly known as Project 2015A), a capacity reliability resource in Peabody, Massachusetts, which began commercial operations effective June 29, 2024. As of December 31, 2024, the Light Department has contributed \$1,249,668 for design and construction costs for the Northeast Reliability Center, included as an intangible asset in the statement of net position.

MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs). The Light Department has entered into PSAs with MMWEC. Under the PSAs the Department is required to make certain payments to MMWEC payable solely from Municipal Light Department revenues. Among other things, the PSAs require each Project Participant to pay its pro rata share of MMWEC's costs related to the Project, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project. In addition, should a Project Participant fail to make any payment when due, other Project Participants of that Project may be required to increase (step-up) their payments and correspondingly their Participant's share of that Project's Project Capability. Project Participants have covenanted to fix, revise and collect rates at least sufficient to meet their obligations under the PSAs. Each Participant is unconditionally obligated to make payments due to MMWEC whether or not the Projects is completed or operating and notwithstanding the suspension or interruption of the output of the Projects.

Pursuant to the PSAs, the MMWEC Project Participants are liable for their proportionate share of the costs associated with decommissioning the plants, which are funded through monthly Project billings, as needed. Also, the Millstone and Seabrook Project Participants are liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act (Act). Originally enacted in 1957, the Act has been renewed several times. In July 2005, as part of the Energy Policy Act of 2005, Congress extended the Act until the end of 2025.

MMWEC is involved in various legal actions. In the opinion of management, the outcome of such litigation or claims will not have a material adverse effect on the financial position of the company.

The total capital expenditures and annual capacity, fuel and transmission costs (which include debt service and decommissioning expenses as discussed above), and amount of required debt service payments (if applicable) under the PSAs associated with the Department's Project Capability of the Projects in which it participates for the years ended December 31, 2024 and 2023, respectively are listed in the tables below.

<b>Projects</b>	<b>Percentage Share</b>	<b>Total Capital Expenditures 2024</b>	<b>Capacity, Fuel and Transmission Billed 2024</b>	<b>Capacity, Fuel and Transmission Billed 2023</b>
Stony Brook Int.	4.3088 %	\$ 7,908,301	\$ 694,745	\$ 666,631
Nuclear Mix 1-SBK	4.5828	482,111	23,965	22,166
Nuclear Mix1-MLS	4.5828	2,983,390	316,278	262,216
Nuclear Project 3-MLS	4.9706	7,810,213	681,202	564,087
Nuclear Project 4-SBK	4.9160	15,255,699	675,286	624,519
Nuclear Project 5-SBK	2.3960	2,009,535	85,033	78,793
Project No. 6-SBK	5.4796	31,337,997	1,045,774	967,146
Northeast Reliability Center	12.799	10,625,781	1,142,592	289,496
		<u>\$ 78,413,027</u>	<u>\$ 4,664,875</u>	<u>\$ 3,475,054</u>

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

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Notes to Financial Statements  
December 31, 2024 and 2023

	<b>Total Project 2015A Debt Service Share 14.90%</b>
<b><u>Years Ending</u></b>	
2025	\$ 547,299
2026	546,718
2027	546,599
2028	545,906
2029	545,292
2030-2034	2,722,267
2035-2039	2,724,093
2040-2044	2,715,674
2045-2049	2,708,537
2050-2052	<u>1,080,488</u>
Total	<u>\$ 14,682,873</u>

**Other Power Supply**

SELCO - Electric has entered into a Service Agreement with MMWEC, under which MMWEC performs bulk power supply services to SELCO - Electric, including services related to owned generation, purchased power contracts or other power supply arrangements.

Under the terms of the Service Agreement, SELCO - Electric is committed to purchase additional power through MMWEC in future years for the amounts listed in the table below.

**Years Ending  
December 31:**

2025	\$ 4,194,692
2026	<u>788,590</u>
Total	<u>\$ 4,983,282</u>

**Berkshire Wind Cooperative Corporation**

The Shrewsbury Electric and Cable Operations (Department) is a Member of the Berkshire Wind Cooperative Corporation (Cooperative).

The Cooperative is organized under Chapters 157 and 164: Section 47C of the State of Massachusetts Statutes and constitutes a municipal lighting plant cooperative. The Cooperative was formed by Massachusetts Municipal Wholesale Electric Company (MMWEC) and 16 Municipal Light Departments (Members) for the purpose of financing, owning, constructing and operating wind generation facilities located on Brodie Mountain in the towns of Hancock and Lanesborough, Massachusetts (Berkshire Wind Facility).

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Notes to Financial Statements  
December 31, 2024 and 2023

The Cooperative provides wind energy to MMWEC pursuant to the Berkshire Wind Power Purchase Agreement dated May 21, 2008 between MMWEC and the Cooperative. Under this agreement, MMWEC entered into a Power Sales Contract with the Cooperative pursuant to which MMWEC has agreed to purchase 100% of the capacity and energy output and, to the extent uncommitted to any third party under existing agreements, associated environmental energy attributes of a wind power generating facility to be owned, constructed and operated by the Cooperative at the Berkshire Wind Facility.

The Berkshire Wind Facility is comprised of two Phases. Phase 1 is comprised of ten 1.5-megawatt wind turbines which have been commercially operating since 2011 and Phase 2 is comprised of two 2.3-megawatt wind turbines which began commercial operations in November 2019.

MMWEC sells all of the capability of the Berkshire Wind Facility (Capability) to the Members of the Cooperative (Members) under Power Purchase Agreements (PPAs). Among other things, the PPAs require each Cooperative Member to pay its pro rata share of the costs related to the Berkshire Wind Facility, which costs include debt service on the bonds issued by the Cooperative to finance the Berkshire Wind Facility and its pro rata share of the Operation and Maintenance (O&M) costs of the Berkshire Wind Facility. In addition, should a Cooperative Member fail to make any payment when due, other Cooperative Members may be required to increase (step-up) their payments and correspondingly their share of the Capability to an additional amount. Additionally, each Participant is unconditionally obligated to make all payments due to the Berkshire Wind Cooperative Corporation, whether or not the Berkshire Wind Facility is completed or operating and notwithstanding the suspension or interruption of the output of the Berkshire Wind Facility.

The total capital expenditures, debt service and operation and maintenance (O&M) costs associated with the Department's pro rata share of the Phases in which it participates for the years ended December 31, 2024 and 2023, respectively are listed in the table below.

Phase	Percentage Share	Total Capital Expenditures 2024	Debt Service Billed 2024	Debt Service Billed 2023	Operations and Maintenance Billed 2024	Operations and Maintenance Billed 2023
Berkshire Phase 1	12.718 %	\$ 7,042,165	\$ 615,821	\$ 615,885	\$ 523,026	\$ 278,739

In addition, the estimated aggregate amount of the required payments for future years for SELCO - Electric's pro rata share of the Phases in which it participates is shown below.

	Total Phase 1 Debt Service
<b>Years Ending December 31:</b>	
2025	\$ 615,647
2026	615,949
2027	615,694
2028	615,488
2029	615,583
2030-2033	307,807
Total	<u>\$ 3,386,168</u>



**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

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Notes to Financial Statements  
December 31, 2024 and 2023

**13. Subsequent Events**

SELCO – Electric evaluated subsequent events through the date the financial statements were available to be issued, for events requiring recording or disclosing in the financial statements.

The SELCO Commission approved an electric rate increase effective May 1, 2025. The overall increase ranges from 5-12% depending on customer rate class.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Required Supplementary Information  
Schedule of Net Pension Liability (Asset) -  
Operating Fund

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarial valuation date	1/1/2024	1/1/2023	1/1/2022	1/1/2020	1/1/2020	1/1/2018	1/1/2018	1/1/2017	1/1/2016	1/1/2015
Measurement date	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
<b>Schedule of the SELCO - Cable's Proportionate Share of the Net Pension Liability (Asset) (NPL)</b>										
SELCO - Electric's portion of the NPL	-9.78%	-2.66%	32.31%	45.37%	0.00%	3.84%	5.69%	1.96%	5.84%	13.46%
SELCO - Electric's proportionate share of the NPL	\$ (1,554,576)	\$ (488,706)	\$ (8,791,009)	\$ (5,486,163)	\$ -	\$ 425,363	\$ 240,794	\$ 369,825	\$ 1,219,554	\$ 2,898,886
SELCO - Electric's total employee payroll	4,353,404	4,415,368	3,434,049	3,881,733	3,700,122	3,513,642	3,356,335	3,301,733	3,150,508	3,123,939
NPL as a percentage of total employee payroll	-35.71%	-11.07%	-256.00%	-141.33%	0.00%	12.11%	7.17%	11.20%	38.71%	92.80%
Plan's fiduciary net position as a percentage of the total pension liability	91.30%	89.40%	117.60%	108.20%	97.90%	91.68%	96.73%	77.10%	82.46%	81.86%
<b>Schedule of Contributions</b>										
Actuarially determined contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 241,952	\$ 356,162	\$ 647,207	\$ 621,636	\$ 739,045
Less contributions in relation to the actuarially determined contribution		-	-	-	-	(241,952)	(356,162)	(647,207)	(621,636)	(739,045)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SELCO - Electric's total employee payroll	\$ 4,353,404	\$ 4,415,368	\$ 3,434,049	\$ 3,881,733	\$ 3,700,122	\$ 3,513,642	\$ 3,356,335	\$ 3,301,733	\$ 3,150,508	\$ 3,123,939
Contributions as a percentage of the SELCO - Electric's total employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	6.89%	10.61%	19.60%	19.73%	23.66%

**Note**

There were no changes of assumptions or changes of plan provisions for December 31, 2023 and 2022.

See required notes to supplementary information

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Required Supplementary Information  
Schedule of Changes in the Net OPEB Liability -  
Operating Fund and OPEB Trust Fund

	2024	2023	2022	2021	2020	2019	2018	Town Wide 2017
<b>Total OPEB Liability</b>								
Service cost	\$ 61,078	\$ 58,448	\$ 53,998	\$ 51,673	\$ 44,513	\$ 42,596	\$ 40,763	\$ 1,543,475
Interest	187,967	181,577	220,880	212,893	183,322	178,124	183,747	3,438,194
Experience (gain) and losses	93,106	-	(649,752)	-	167,723	-	(190,580)	-
Changes of assumptions	-	-	-	-	161,725	-	23,405	-
Benefit payments	(157,880)	(157,055)	(150,292)	(170,154)	(170,154)	(137,136)	(131,231)	(2,304,138)
Net change in total OPEB liability	184,271	82,970	(525,166)	94,412	387,129	83,584	(73,896)	2,677,531
<b>Total OPEB Liability, Beginning</b>	<u>2,522,661</u>	<u>2,439,691</u>	<u>2,964,857</u>	<u>2,870,445</u>	<u>2,483,316</u>	<u>2,399,732</u>	<u>2,473,628</u>	<u>45,430,360</u>
<b>Total OPEB Liability, Ending</b>	<u>\$ 2,706,932</u>	<u>\$ 2,522,661</u>	<u>\$ 2,439,691</u>	<u>\$ 2,964,857</u>	<u>\$ 2,870,445</u>	<u>\$ 2,483,316</u>	<u>\$ 2,399,732</u>	<u>\$ 48,107,891</u>
<b>Plan Fiduciary Net Position</b>								
Contributions employer	\$ 151,146	\$ 257,023	\$ 364,447	\$ 156,000	\$ 373,700	\$ 138,179	\$ 142,137	\$ 2,391,572
Net investment income	286,253	226,460	(359,446)	414,233	48,442	76,987	70,402	132,319
Benefit payments	(151,146)	(143,423)	(137,247)	(156,000)	(156,000)	(128,679)	(123,137)	(2,059,702)
Net change in plan fiduciary net position	286,253	340,060	(132,246)	414,233	266,142	86,487	89,402	464,189
<b>Plan Fiduciary Net Position, Beginning</b>	<u>2,404,219</u>	<u>2,064,159</u>	<u>2,196,405</u>	<u>1,782,172</u>	<u>1,516,030</u>	<u>1,429,543</u>	<u>1,340,141</u>	<u>2,828,262</u>
<b>Plan Fiduciary Net Position, Ending</b>	<u>\$ 2,690,472</u>	<u>\$ 2,404,219</u>	<u>\$ 2,064,159</u>	<u>\$ 2,196,405</u>	<u>\$ 1,782,172</u>	<u>\$ 1,516,030</u>	<u>\$ 1,429,543</u>	<u>\$ 3,292,451</u>
<b>Net OPEB Liability, Ending</b>	<u>\$ 16,460</u>	<u>\$ 118,442</u>	<u>\$ 375,532</u>	<u>\$ 768,452</u>	<u>\$ 1,088,273</u>	<u>\$ 967,286</u>	<u>\$ 970,189</u>	<u>\$ 44,815,440</u>

**Notes**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, OPEB plans should present information for those years for which information is available.

Starting in 2018 and continuing forward this schedule will show the Electric Departments specific share of the OPEB plan. 2017 will remain the town wide numbers as allocated amounts were not available for 2017.

This schedule shows the actuarial information as of the June 30 measurement date. December 31, 2024 Trust information is included in Note 10 of the financial statements.

*See required notes to supplementary information*

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Required Supplementary Information  
Schedule of Changes in the Net OPEB Liability, Employer Contributions and Investment Returns -  
Operating Fund and OPEB Trust Fund

	2024	2023	2022	2021	2020	2019	2018	Town Wide 2017
<b>Schedules of Net OPEB Liability</b>								
Total OPEB liability	\$ 2,706,932	\$ 2,522,661	\$ 2,439,691	\$ 2,964,857	\$ 2,870,445	\$ 2,954,029	\$ 2,483,316	\$ 2,399,732
Plan fiduciary net position	2,690,472	2,404,219	2,064,159	2,196,405	1,782,172	1,868,659	1,516,030	1,429,543
Net OPEB liability	<u>\$ 16,460</u>	<u>\$ 118,442</u>	<u>\$ 375,532</u>	<u>\$ 768,452</u>	<u>\$ 1,088,273</u>	<u>\$ 1,085,370</u>	<u>\$ 967,286</u>	<u>\$ 970,189</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>								
	99.39%	95.30%	84.61%	74.08%	62.09%	63.26%	61.05%	59.57%
<b>Covered Payroll</b>	\$ 4,353,404	\$ 3,951,981	\$ 3,818,339	\$ 3,490,934	\$ 3,372,883	\$ 3,367,051	\$ 3,253,189	\$ 67,279,575
<b>Net OPEB Liability as a Percentage of Covered Payroll</b>								
	0.38%	3.00%	3.83%	22.01%	32.27%	32.24%	29.73%	1.44%
<b>Schedules of Employer Contributions</b>								
Actuarially determined contributions	\$ 151,146	\$ 65,644	\$ 74,565	\$ 93,759	\$ 248,385	\$ 226,895	\$ 217,963	\$ 2,391,572
Less contributions in relation to the actuarially determined contribution	(151,146)	(143,423)	(137,247)	(156,000)	(373,700)	(138,179)	(142,137)	(2,636,008)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (77,779)</u>	<u>\$ (62,682)</u>	<u>\$ (62,241)</u>	<u>\$ (125,315)</u>	<u>\$ 88,716</u>	<u>\$ 75,826</u>	<u>\$ (244,436)</u>
<b>Covered Payroll</b>	\$ 4,353,404	\$ 3,951,981	\$ 3,818,339	\$ 3,490,934	\$ 3,372,883	\$ 3,367,051	\$ 3,253,189	\$ 67,279,575
<b>Contributions as a Percentage of Covered Payroll</b>	3.47%	3.63%	3.59%	4.47%	11.08%	4.10%	4.37%	3.92%
<b>Schedules of Investment Return</b>								
Annual money-weighted rate of return, net of investment expenses	Not provided	Not provided	Not provided	Not provided	Not provided	Not provided	Not provided	Not provided

**Notes**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, OPEB plans should present information for those years for which information is available.

Starting in 2018 and continuing forward this schedule will show the Electric Departments specific share of the OPEB plan. 2017 will remain the town wide numbers as allocated amounts were not available for 2017.

This schedule shows the actuarial information as of the June 30 measurement date. December 31, 2024 Trust information is included in Note 10 of the financial statements.

*See required notes to supplementary information*

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

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Notes to the Required Supplementary Information  
Operating Fund and OPEB Trust Fund  
December 31, 2024 and 2023

**Pension Benefits**

The cost of living adjustment was changed from 5% on the first \$14,000 of pension benefits as of the measurement date of December 31, 2022 to 3% on the first \$14,000 of pension benefits as of the measurement date of December 31, 2023.

## **SUPPLEMENTARY INFORMATION**

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Schedules of Electric Operating Revenues -  
Operating Fund  
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>
<b>Sales of Electricity</b>			
<b>Sales to Private Customers</b>			
Residential sales	\$ 19,776,276	\$ 22,834,674	\$ (3,058,398)
Commercial sales	4,861,868	5,182,565	(320,697)
General service sales	11,408,671	13,790,420	(2,381,749)
Green power sales	7,685	7,670	15
Private lighting	<u>144,782</u>	<u>130,356</u>	<u>14,426</u>
Total private customers	<u>36,199,282</u>	<u>41,945,685</u>	<u>(5,746,403)</u>
<b>Municipal Sales</b>			
Street lighting	139,160	112,701	26,459
Lighting municipal buildings	<u>1,090,318</u>	<u>1,274,780</u>	<u>(184,462)</u>
Total municipal sales	<u>1,229,478</u>	<u>1,387,481</u>	<u>(158,003)</u>
Total sales of electricity	37,428,760	43,333,166	(5,904,406)
<b>Other Electric Revenues</b>	<u>427,593</u>	<u>261,787</u>	<u>165,806</u>
Total operating revenue	<u><u>\$ 37,856,353</u></u>	<u><u>\$ 43,594,953</u></u>	<u><u>\$ (5,738,600)</u></u>



**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Schedules of Kilowatt Hours Sold -

Operating Fund

Years Ended December 31, 2024 and 2023

	<b>2024</b>	<b>2023</b>	<b>Increase (Decrease)</b>
<b>Kilowatt Hours Sold</b>			
Private consumers:			
Residential	137,811,153	134,934,304	2,876,849
Commercial	33,933,725	31,859,988	2,073,737
General service sales	96,655,550	96,121,094	534,456
Private lighting	1,228,698	1,294,903	(66,205)
Municipal use:			
Street lighting	960,000	959,579	421
Government	8,658,890	8,395,747	263,143
<b>Total Kilowatt hours sold</b>	<b>279,248,016</b>	<b>273,565,615</b>	<b>5,682,401</b>
<b>Kilowatt Hours Used by Department in Plant and Offices</b>	<b>1,387,226</b>	<b>1,241,232</b>	<b>145,994</b>
<b>Total Kilowatt hours accounted for</b>	<b>280,635,242</b>	<b>274,806,847</b>	<b>5,828,395</b>
<b>Total Kilowatt Hours Generated</b>	<b>5,967,950</b>	<b>5,573,291</b>	<b>394,659</b>
<b>Total Kilowatt Hours Purchased</b>	<b>281,553,490</b>	<b>280,197,763</b>	<b>1,355,727</b>
<b>Total Kilowatt hours generated and purchased</b>	<b>287,521,440</b>	<b>285,771,054</b>	<b>1,750,386</b>
<b>Total Kilowatt Hours Unaccounted For</b>	<b>6,886,198</b>	<b>10,964,210</b>	<b>(4,078,012)</b>
<b>Ratio of Unaccounted for Kilowatt Hours (%)</b>	<b>2.40%</b>	<b>3.84%</b>	

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Schedules of Operations and Maintenance Expenses -  
Operating Fund  
Years Ended December 31, 2024 and 2023

	2024			2023			Increase (Decrease)
	Operations	Maintenance	Total	Operations	Maintenance	Total	
<b>Power Generation Expenses</b>							
547 Fuel	\$ 194,139	\$ -	\$ 194,139	\$ 104,828	\$ -	\$ 104,828	\$ 89,311
548 Generation expense	263,597	-	263,597	185,790	-	185,790	77,807
553 Maintenance of generating and electric plant	-	99,351	99,351	-	125,596	125,596	(26,245)
Total power generation expenses	457,736	99,351	557,087	290,618	125,596	416,214	140,873
<b>Power Production Expenses</b>							
555 Purchased power	19,036,545	-	19,036,545	23,933,453	-	23,933,453	(4,896,908)
557 Other expense	624,309	-	624,309	454,245	-	454,245	170,064
Total power production expenses	19,660,854	-	19,660,854	24,387,698	-	24,387,698	(4,726,844)
<b>Transmitting Expenses</b>							
565 Transmission of electricity by others	6,742,340	-	6,742,340	5,677,042	-	5,677,042	1,065,298
<b>Distribution Expenses</b>							
580 Operation supervision and engineering	289,218	-	289,218	184,352	-	184,352	104,866
582 Station expenses	236,143	-	236,143	303,834	-	303,834	(67,691)
583 Overhead line expenses	38,903	-	38,903	15,634	-	15,634	23,269
584 Underground line expenses	(339)	-	(339)	-	-	-	(339)
586 Meter expenses	81,428	-	81,428	143,511	-	143,511	(62,083)
587 Customer installation expenses	4,034	-	4,034	30,677	-	30,677	(26,643)
588 Miscellaneous distribution expenses	394,507	-	394,507	380,947	-	380,947	13,560
590 Maintenance supervision and engineering	-	49,513	49,513	-	52,607	52,607	(3,094)
591 Maintenance of stations	-	266,709	266,709	-	240,050	240,050	26,659
592 Maintenance of station equipment	-	80,388	80,388	-	75,322	75,322	5,066
593 Maintenance of overhead lines	-	954,376	954,376	-	1,157,635	1,157,635	(203,259)
594 Maintenance of underground lines	-	151,390	151,390	-	222,633	222,633	(71,243)
595 Maintenance of line transformers	-	47,461	47,461	-	61,329	61,329	(13,868)
596 Maintenance of street lighting and signal systems	-	59,670	59,670	-	62,418	62,418	(2,748)
Total distribution expenses	1,043,894	1,609,507	2,653,401	1,058,955	1,871,994	2,930,949	(277,548)
<b>Customer Accounts Expenses</b>							
902 Meter reading labor and expenses	24,190	-	24,190	34,445	-	34,445	(10,255)
903 Accounting and collecting labor and expenses	575,621	-	575,621	480,609	-	480,609	95,012
904 Uncollectible accounts	(117,735)	-	(117,735)	51,138	-	51,138	(168,873)
Total customer accounts expenses	482,076	-	482,076	566,192	-	566,192	(84,116)

**Town of Shrewsbury, Massachusetts**  
**Shrewsbury Electric and Cable Operations (SELCO) - Electric**

Schedules of Operations and Maintenance Expenses -  
Operating Fund  
Years Ended December 31, 2024 and 2023

	2024			2023			Increase (Decrease)
	Operations	Maintenance	Total	Operations	Maintenance	Total	
<b>Sales Expense</b>							
912 Demonstrating and selling expense	\$ 2,105,319	\$ -	\$ 2,105,319	\$ 1,619,750	\$ -	\$ 1,619,750	\$ 485,569
<b>Administrative and General Expenses</b>							
920 Administrative and general salaries	711,572	-	711,572	640,589	-	640,589	70,983
921 Office supplies and expenses	272,492	-	272,492	291,616	-	291,616	(19,124)
923 Outside services employed	217,458	-	217,458	111,164	-	111,164	106,294
924 Property insurance	239,867	-	239,867	204,589	-	204,589	35,278
925 Injuries and damages	45,130	-	45,130	95,540	-	95,540	(50,410)
926 Employee pension and benefits	921,600	-	921,600	1,001,017	-	1,001,017	(79,417)
930 Miscellaneous general expenses	179,636	-	179,636	231,971	-	231,971	(52,335)
932 Maintenance of general plant	-	163,888	163,888	-	124,300	124,300	39,588
Total administrative and general expenses	2,587,755	163,888	2,751,643	2,576,486	124,300	2,700,786	50,857
Total operations and maintenance expenses	\$ 33,079,974	\$ 1,872,746	\$ 34,952,720	\$ 36,176,741	\$ 2,121,890	\$ 38,298,631	\$ (3,345,911)