

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

Financial Statements and
Supplementary Information

December 31, 2024 and 2023

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

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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 cable operations of Shrewsbury Electric and Cable Operations (SELCO - Cable), 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 - Cable, 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 - Cable 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 - Cable, are intended to present the financial position, the changes in the financial position, and where applicable, cash flows of only SELCO - Cable. 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 - Cable 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 - Cable'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) - Cable

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

Within this section of the Shrewsbury Electric and Cable Operations (SELCO) - Cable (an enterprise fund of the Town of Shrewsbury, Massachusetts) annual financial report, management provides narrative discussion and analysis of the financial activities of SELCO - Cable 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 are designed to indicate our financial position as of a specific point in time. At December 31, 2024, it shows that our net position increased by a half of a percentage point as compared to the year ended December 31, 2023.

The Statements of Revenues, Expenses and Changes in Net Position summarize operating results and reveal how much income was earned for the year. As discussed in more detail below, our net income for the years ended December 31, 2024 and 2023 was \$348,789 and \$4,796,865, respectively.

The Statements of Cash Flows provide information about the cash receipts and cash payments during the accounting period. They also provide information about the investing and financing activities over the same period. A review of the Statements of Cash Flows indicates that the cash receipts from operating activities, (that is, signal sales, internet sales, telephone service sales and related services) adequately covered our operating expenses and plant additions for the year ended December 31, 2024.

Summary of Net Position

	2024	2023	2022
Current assets	\$ 49,104,656	\$ 51,148,135	\$ 51,141,930
Noncurrent assets	29,929,087	26,669,208	24,679,335
Total assets	79,033,743	77,817,343	75,821,265
Deferred outflows of resources	917,840	2,201,929	939,059
Total assets and deferred inflows of resources	\$ 79,951,583	\$ 80,019,272	\$ 76,760,324
Current liabilities	\$ 3,595,752	\$ 2,360,683	\$ 3,296,571
Noncurrent liabilities	12,741,942	13,668,156	13,668,897
Total liabilities	16,337,694	16,028,839	16,965,468
Deferred inflows of resources	743,307	1,468,640	2,069,928
Net position:			
Net investment in capital assets	16,852,790	15,626,733	16,292,556
Restricted for OPEB	352,198	-	-
Unrestricted net position	45,665,594	46,895,060	41,432,372
Total net position	62,870,582	62,521,793	57,724,928
Total liabilities, deferred inflows of resources and net position	\$ 79,951,583	\$ 80,019,272	\$ 76,760,324

Town of Shrewsbury, Massachusetts

Shrewsbury Electric and Cable Operations (SELCO) - Cable

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

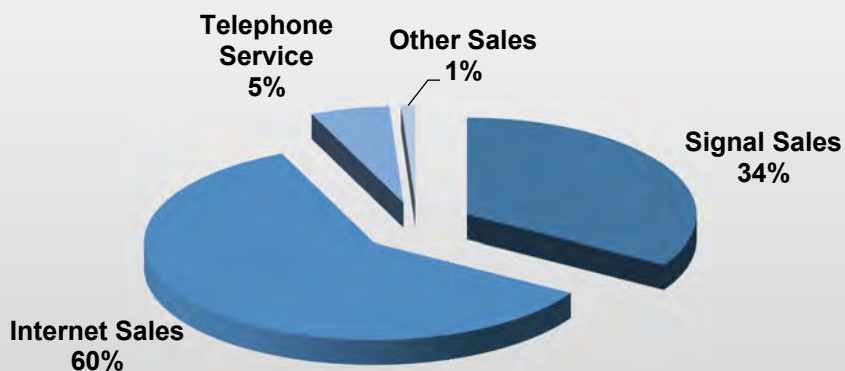
Summary of Changes in Net Position

	2024	2023	2022
Operating revenues	\$ 20,181,545	\$ 22,005,749	\$ 22,443,271
Operating expenses	17,243,098	16,635,212	17,423,996
Operating income	2,938,447	5,370,537	5,019,275
Nonoperating revenues (expenses)	(2,130,776)	(305,297)	(392,319)
Net income	807,671	5,065,240	4,626,956
Net Position, January 1	62,521,793	57,724,928	53,097,972
Transfer out – payment in lieu of taxes	(458,882)	(268,375)	-
Net Position, December 31	<u>\$ 62,870,582</u>	<u>\$ 62,521,793</u>	<u>\$ 57,724,928</u>

Financial Highlights

Operating revenues decreased by \$1,824,204 or 8.1% in 2024 as compared to 2023. A decrease in signal sales of \$1,834,670 was the result of a loss of about 1,093 basic subscribers. There were 299 more subscribers to SELCO – Cable's internet service attributing to a \$211,586 increase in internet sales over 2023. SELCO - Cable's telephone service lost approximately 251 customers over the course of the year resulting in a \$126,077 decline in revenue.

Source of 2024 Operating Revenues



* Other sales include revenue generated from installations, equipment sales, advertising sales and revenue from tower rentals.

Town of Shrewsbury, Massachusetts

Shrewsbury Electric and Cable Operations (SELCO) - Cable

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

Signal and Connectivity

SELCO - Cable provides cable television signal, internet connectivity and local and long-distance telephone service for its customers through direct contracts with cable signal and internet connectivity providers as well as the National Cable Television Cooperative (NCTC) and Alianza.

The association with NCTC aggregates SELCO - Cable with other smaller cable television providers to lend better leverage in negotiating more favorable rates from signal providers. Cable television signal and internet connectivity costs are the costs associated with buying cable television signal and internet connectivity and having it delivered to customers in the Town of Shrewsbury. Cable television signal costs will change as the contracts are renewed. The cost of internet connectivity is directly proportional to the demand for this service and SELCO - Cable's desire to maintain the capacity necessary to provide its customers with a superior level of service and maintain some system connection redundancy.

Debt Administration

Debt outstanding at year-end 2024 was \$11,170,000.

The debt is a \$15 million general obligation bond issued January 28, 2021 to finance the construction of the fiber to the premises project. The par value was \$13,148,000. The first principal payment of \$658,000 was due on January 15, 2023. Principal payments will be in the amount of \$660,000 on the 15th of January for the years 2024 to 2031 and then dropping to \$655,000 for the years 2032 to 2041. Interest is due semi-annually on January 15 and July 15 at rates starting at 5% and moving to 2%.

It should be noted that the above mentioned plant expenditures and debt payments have been, and will continue to be funded with revenue received from the sale of cable television, internet and SELCO telephone services.

Cable Franchise Fee, PILOT & Local Access Fee Payments:

Franchise Fee, PILOT and Local Access Fee Payments

During 2024 SELCO – Cable paid the Town \$1,234,645 for Cable Franchise Fees and \$458,882 for a Payment In Lieu Of Taxes (PILOT). During 2024 SELCO – Cable paid Shrewsbury Media Connection \$43,204 for a capital budgeted item. For 2023 SELCO – Cable paid the Town \$458,684 for Cable Franchise Fees and \$268,375 for a Payment in Lieu of Taxes (PILOT).

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

Statements of Net Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Funds on deposit with Town treasurer:		
Operating cash	\$ 47,019,133	\$ 48,597,994
Accounts receivable customers, net	1,453,328	1,436,768
Other accounts receivable	9,151	27,168
Due from Town of Shrewsbury	210,748	609,260
Materials and supplies	179,288	94,533
Prepayments	233,008	382,412
	<u>49,104,656</u>	<u>51,148,135</u>
Total current assets		
Noncurrent Assets		
Preliminary survey and investigation	-	14,500
Capital assets, net	29,576,889	26,654,708
Net OPEB asset, restricted	352,198	-
	<u>29,929,087</u>	<u>26,669,208</u>
Total noncurrent assets		
	<u>79,033,743</u>	<u>77,817,343</u>
Total assets		
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	871,885	1,939,992
Deferred outflows of resources to OPEB	45,955	261,937
	<u>917,840</u>	<u>2,201,929</u>
Total deferred outflows of resources		
	<u>\$ 79,951,583</u>	<u>\$ 80,019,272</u>
Total assets and deferred outflows of resources		

See notes to financial statements

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

Statements of Net Position

December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 2,135,752	\$ 1,700,683
Due to Town of Shrewsbury	800,000	-
Bond payable, current portion	<u>660,000</u>	<u>660,000</u>
Total current liabilities	<u>3,595,752</u>	<u>2,360,683</u>
Noncurrent Liabilities		
Bond payable, net of current portion	10,510,000	11,170,000
Unamortized bond premium	1,554,099	1,650,726
Net pension liability	677,843	832,621
Net OPEB liability	<u>-</u>	<u>14,809</u>
Total noncurrent liabilities	<u>12,741,942</u>	<u>13,668,156</u>
Total liabilities	<u>16,337,694</u>	<u>16,028,839</u>
Deferred Inflows of Resources		
Contribution in aid of construction, net	118,910	112,250
Deferred inflows of resources related to pensions	130,096	938,137
Deferred inflows of resources related to OPEB	<u>494,301</u>	<u>418,253</u>
Total deferred inflows of resources	<u>743,307</u>	<u>1,468,640</u>
Net Position		
Invested in capital assets	16,852,790	15,626,733
Restricted for OPEB	352,198	-
Unrestricted net position	<u>45,665,594</u>	<u>46,895,060</u>
Total net position	<u>62,870,582</u>	<u>62,521,793</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 79,951,583</u></u>	<u><u>\$ 80,019,272</u></u>

See notes to financial statements

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

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

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Signal sales	\$ 6,786,300	\$ 8,620,970
Internet sales	12,071,580	11,859,994
Telephone service	1,124,040	1,250,117
Additional outlet sales	8,091	19,832
Other operating revenue	<u>191,534</u>	<u>254,836</u>
Total operating revenues	<u>20,181,545</u>	<u>22,005,749</u>
Operating Expenses		
Operations	12,914,756	13,052,740
Maintenance	1,082,549	961,288
Cable franchise and local access fees, Town	1,234,645	656,935
Depreciation and amortization	<u>2,011,148</u>	<u>1,964,249</u>
Total operating expenses	<u>17,243,098</u>	<u>16,635,212</u>
Operating income	<u>2,938,447</u>	<u>5,370,537</u>
Nonoperating Income (Expense)		
Loss on disposal of equipment	(1,850,979)	-
Grant income	-	7,500
Interest expense	<u>(279,797)</u>	<u>(312,797)</u>
Total nonoperating revenues (expenses)	<u>(2,130,776)</u>	<u>(305,297)</u>
Income before contributions and transfers	807,671	5,065,240
Transfers		
Transfers out, payments in lieu of taxes	<u>(458,882)</u>	<u>(268,375)</u>
Change in net position	348,789	4,796,865
Net Position, Beginning	<u>62,521,793</u>	<u>57,724,928</u>
Net Position, Ending	<u><u>\$ 62,870,582</u></u>	<u><u>\$ 62,521,793</u></u>

See notes to financial statements

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

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Cash received from customers	\$ 20,581,514	\$ 21,954,457
Cash paid to suppliers	(8,704,095)	(10,222,352)
Cash paid to employees	(4,763,181)	(4,203,113)
Cable franchise and local access fees, Town	(434,645)	(656,935)
	<u>6,679,593</u>	<u>6,872,057</u>
Net cash flows from operating activities	<u>6,679,593</u>	<u>6,872,057</u>
Cash Flows From Noncapital Financing Activities		
Payment in lieu of taxes	(458,882)	(268,375)
Repayments to SELCO - Electric	-	(92,987)
	<u>(458,882)</u>	<u>(361,362)</u>
Net cash flows from noncapital financing activities	<u>(458,882)</u>	<u>(361,362)</u>
Cash Flows From Capital and Financing Activities		
Deferred contribution received	13,456	40,683
Repayment of bond principal	(660,000)	(660,000)
Payments of bond interest	(376,424)	(424,550)
Additions to plant assets	(6,776,604)	(5,288,164)
	<u>(7,799,572)</u>	<u>(6,332,031)</u>
Net cash flows from capital and financing activities	<u>(7,799,572)</u>	<u>(6,332,031)</u>
Net change in cash and cash equivalents	(1,578,861)	178,664
Cash, Beginning	<u>48,597,994</u>	<u>48,419,330</u>
Cash, Ending	<u>\$ 47,019,133</u>	<u>\$ 48,597,994</u>

See notes to financial statements

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

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of Operating Income to Net Cash		
From Operating Activities		
Operating income	\$ 2,938,447	\$ 5,370,537
Adjustments to reconcile operating income to net cash		
from operating activities:		
Depreciation and amortization	2,011,148	1,964,249
Allowance for doubtful accounts	-	63,000
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable and due from other funds	381,952	(98,460)
Other accounts receivable	18,017	(15,830)
Materials and supplies	(84,755)	32,154
Prepaid expenses	149,404	178,594
Increase (decrease) in liabilities:		
Accounts payable and due to other funds	1,235,069	(827,773)
Pension and OPEB related deferrals and liabilities	30,311	205,586
	<u> </u>	<u> </u>
Net cash from operating activities	<u>\$ 6,679,593</u>	<u>\$ 6,872,057</u>

See notes to financial statements

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

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

	<u>2024</u>	<u>2023</u>
Assets		
Funds on Deposit With Town Treasurer		
Cash and cash equivalents	\$ 8,419	\$ 6,587
Investments:		
Equity securities	48,754	-
Exchange traded funds	285,725	217,086
Equity mutual funds	842,668	755,820
Fixed income mutual funds	<u>401,494</u>	<u>448,596</u>
Total assets	<u>1,587,060</u>	<u>1,428,089</u>
Fiduciary Net Position		
Fiduciary Net Position, Restricted	<u><u>\$ 1,587,060</u></u>	<u><u>\$ 1,428,089</u></u>

See notes to financial statements

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

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>
Additions		
Additions to (reductions from) net position attributed to:		
Interest income (loss)	\$ 64,078	\$ 180,855
Change in unrealized gain/(loss)	<u>94,893</u>	<u>-</u>
Net Investment income	158,971	180,855
Contributions		
Employee contributions	<u>39,524</u>	<u>57,187</u>
Total additions	198,495	238,042
Deductions		
Medical premiums paid	<u>39,524</u>	<u>45,060</u>
Changes in fiduciary net position	158,971	192,982
Fiduciary Net Position, Beginning	<u>1,428,089</u>	<u>1,235,107</u>
Fiduciary Net Position, Ending	<u><u>\$ 1,587,060</u></u>	<u><u>\$ 1,428,089</u></u>

See notes to financial statements

Town of Shrewsbury, Massachusetts

Shrewsbury Electric and Cable Operations (SELCO) - Cable

Notes to Financial Statements
Operating Fund and OPEB Trust Fund
December 31, 2024 and 2023

1. Summary of Significant Accounting Policies

The financial statements of the Shrewsbury Electric and Cable Operations (SELCO) - Cable 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 – Cable are described below.

Reporting Entity

SELCO - Cable is a component unit of the Town of Shrewsbury, Massachusetts (Town). SELCO - Cable provides transmission of cable television signals, the installations necessary for the customer to receive them, high speed internet access and telephone service (local and long-distance) via the internet to consumers in the Town of Shrewsbury. SELCO - Cable appoints a General Manager who, under the direction and control of the Municipal Light Commission, has full charge of the operations and management of SELCO - Cable.

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

Regulation and Basis of Presentation

SELCO – Cable 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 Cash Equivalents

For purposes of the statements of cash flows, SELCO - Cable considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

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. 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.

Town of Shrewsbury, Massachusetts

Shrewsbury Electric and Cable Operations (SELCO) - Cable

Notes to Financial Statements
Operating Fund and OPEB Trust Fund
December 31, 2024 and 2023

Accounts Receivable Customers, Net

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

SELCO - Cable's policy on collections is to consider any receivable past due if payments have not been received within sixty days of receipt of invoice. Termination letters are mailed approximately three weeks prior to the scheduled termination date. If payment is not received prior to the date of termination, the cable is disconnected.

Accounts Receivable is net of allowances for doubtful accounts of \$250,000 and \$225,000 for 2024 and 2023, respectively.

Receivables/Payables

Transactions between SELCO – Cable 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 – Cable and other funds of the Town are reported as due to/from other funds.

Materials and Supplies

Materials and supplies inventory consist of parts and accessories for installations required for service, not for resale. They are valued at the lower of cost or market utilizing the average cost method for valuing inventory.

Prepayments

Prepayments consist of prepaid expenses attributable to insurance, maintenance contracts and signal purchases.

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. SELCO – Cable reports a restriction for its net OPEB asset.

Capital Assets

Capital assets of SELCO – Cable are recorded at cost or the estimated acquisition value at the time of contribution to the utility. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Depreciation is computed using lives ranging from three to twenty percent of the cost of capital assets.

Town of Shrewsbury, Massachusetts

Shrewsbury Electric and Cable Operations (SELCO) - Cable

Notes to Financial Statements
Operating Fund and OPEB Trust Fund
December 31, 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 - Cable'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 were \$169,610 and \$167,922 at December 31, 2024 and 2023, respectively, recorded in accounts payable in the statement of net position.

Sales Tax

SELCO - Cable collects sales tax. The amount received is credited to accounts payable on the statement of net position and as payments are made the liability 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 - Cable 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, 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 the OPEB liability (asset), 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.

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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.

Contribution in Aid of Construction

As a regulated entity, SELCO – Cable'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 assets owned and maintained by SELCO - Cable. 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 – Cable net investment in capital assets:

	2024	2023
Cost of capital assets acquired	\$ 46,451,902	\$ 53,341,608
Less accumulated depreciation	(16,875,013)	(26,686,900)
Less debt and premiums related to capital assets	(12,724,099)	(13,480,726)
Add construction funds	-	2,452,751
Net investment in capital assets	\$ 16,852,790	\$ 15,626,733

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Revenue Recognition

SELCO – Cable 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 cable, internet, and telephone services and include administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are classified as nonoperating revenues and expenses.

Customers are offered video, internet and voice services primarily on a subscription basis. Customers may generally cancel their subscriptions at any time without penalty. Each subscription service provided is accounted for as a distinct performance obligation and revenue is recognized ratably over a one month service period as the subscription services are delivered. Each optional service purchased is generally accounted for as a distinct performance obligation when purchased and revenue is recognized when the service is provided.

Customers have the option to purchase additional tiers of services, as well as video-on-demand (VOD) programming and pay-per-view programming on a per-event basis. Signal sales consist primarily of revenues from the selected programming service tier, as well as VOD fees, pay-per-view fees, retransmission fees, regulatory fees, equipment service fees and video installation fees. Internet customers receive data download and upload services with speeds dependent on the selected tier of service. Customers are also offered an in-home WiFi product. Internet revenues consist primarily of data services, WiFi service fees and internet installation fees.

Telephone service customers receive unlimited local and long distance calling to United States and Canada, voicemail, call waiting, caller ID, call forward and other features. Customers may also purchase international calling either by the minute, or through packages of minutes per month. Telephone service revenues consist primarily of voice services and regulatory fees.

Taxes

SELCO - Cable 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 - Cable pays to the Town in lieu of taxes.

Union Labor

Operations personnel, which includes approximately one-half of SELCO - Cable'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.

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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.

2. Cash and Investments

SELCO - Cable'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 - Cable. 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 - Cable'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 – Cable's deposits may not be returned to it. Responsibility for enforcing policies addressing custodial credit risk of SELCO - Cable deposits vests with the Town Treasurer.

At year-end, the carrying amount of deposits totaled \$47,019,133 and \$48,597,994 at December 31, 2024 and 2023, respectively. Because SELCO - Cable pools 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.

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.

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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 \$48,754 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:

	<u>2024</u>	<u>2023</u>
Morning Star Rating:		
2	\$ 18,363	\$ 106,312
3	150,785	147,227
4	-	109,308
5	184,179	85,749
N/R	48,167	-

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.

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.

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- Equity securities are valued based on the latest financial data obtained by the Trust.

2024				
	Total	Level 1	Level 2	Level 3
Equity securities	\$ 48,754	\$ -	\$ 48,754	\$ -
Exchange traded funds	285,725	285,725	-	-
Equity mutual funds	842,668	842,668	-	-
Fixed income mutual funds	401,494	401,494	-	-
Total investments measured at fair value	<u>\$ 1,578,641</u>	<u>\$ 1,529,887</u>	<u>\$ 48,754</u>	<u>\$ -</u>
2023				
	Total	Level 1	Level 2	Level 3
Exchange traded funds	\$ 217,086	\$ 217,086	\$ -	\$ -
Equity mutual funds	755,820	755,820	-	-
Fixed income mutual funds	448,596	448,596	-	-
Total investments measured at fair value	<u>\$ 1,421,502</u>	<u>\$ 1,421,502</u>	<u>\$ -</u>	<u>\$ -</u>

3. Payment Per Franchise Agreement

SELCO - Cable had a ten-year Cable Franchise Agreement with the Town that expired March 28, 2023. The agreement established a contractual obligation for annual payments to be paid to the Town in June of each year. The formula determining the amount that SELCO - Cable pays is stipulated within the Cable Franchise Agreement, which was capped at \$800,000. SELCO - Cable and the Town agreed on an additional franchise payment of \$800,000 for fiscal year 2024 to satisfy the terms of this agreement. The funds were transferred to the Town in January 2025.

SELCO - Cable also pays annually Shrewsbury Media Connection for public access television which amounted to \$43,204 and \$198,252 for the years ended December 31, 2024 and 2023, respectively.

Effective March 28, 2023, SELCO - Cable entered into a new Cable Franchise agreement with the Town. The agreement establishes a contractual obligation for one annual payment to the Town that is due June 30th of each year. The initial term of the agreement is for five years and will automatically extend for an additional five years unless written notice is provided 180 days prior to the end of the first term. The formula determining the amount that SELCO - Cable pays is stipulated within the Cable Franchise Agreement. Total payment related to the annual franchise agreement for the year ended December 31, 2024 and 2023, was \$434,645 and 458,684, respectively.

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4. Interfund Transfer

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

Due To	Due From	2024		2023	
		Amount	Principal Purpose	Amount	Principal Purpose
SELCO – Cable	Town	\$ 210,748	Shared services	\$ 609,260	Shared services
Town	SELCO - Cable	800,000	Cable Franchise Agreement	-	

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

To	From	2024		2023	
		Amount	Principal Purpose	Amount	Principal Purpose
Town	SELCO – Cable	\$ 458,882	Payments in lieu of taxes	\$ 268,375	Payments in lieu of taxes

5. Capital Assets

	Balance January 1, 2024	Increases	Decreases	Balance December 31, 2024
Capital assets not being depreciation:				
Construction in progress	\$ 1,815,607	\$ 6,438,901	\$ (671,566)	\$ 7,582,942
Capital assets being depreciated:				
Intangible plant	342,745	-	-	342,745
Transmitting plant	285,710	-	(171,368)	114,342
Head end equipment	12,667,778	86,389	(6,704,609)	6,049,558
Distribution facilities	33,950,530	616,118	(6,773,358)	27,793,290
General plant	4,279,238	344,304	(54,516)	4,569,026
Total capital assets being depreciated	51,526,001	1,046,811	(13,703,851)	38,868,961
Less accumulated depreciation for:				
Intangible plant	(342,745)	-	-	(342,745)
Transmitting plant	(219,402)	(6,045)	168,795	(56,652)
Head end equipment	(8,080,579)	(425,659)	5,584,528	(2,921,710)
Distribution facilities	(15,798,277)	(1,295,270)	5,981,014	(11,112,533)
General plant	(2,245,897)	(195,477)	-	(2,441,374)
Total accumulated depreciation	(26,686,900)	(1,922,451)	11,734,337	(16,875,014)
Capital assets being depreciated, net	24,839,101	(875,640)	(1,969,514)	21,993,947
Utility plant assets, net	\$ 26,654,708	\$ 5,563,261	\$ (2,641,080)	\$ 29,576,889

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	Balance January 1, 2023	Increases	Decreases	Balance December 31, 2023
Capital assets not being depreciation:				
Construction in progress	\$ 2,430,234	\$ 5,698,281	\$ (6,312,908)	\$ 1,815,607
Capital assets being depreciated:				
Intangible plant	342,745	-	-	342,745
Transmitting plant	285,710	-	-	285,710
Head end equipment	12,450,358	217,420	-	12,667,778
Distribution facilities	31,435,689	5,049,322	(2,534,481)	33,950,530
General plant	3,635,689	643,549	-	4,279,238
Total capital assets being depreciated	48,150,191	5,910,291	(2,534,481)	51,526,001
Less accumulated depreciation for:				
Intangible plant	(342,745)	-	-	(342,745)
Transmitting plant	(213,098)	(6,304)	-	(219,402)
Head end equipment	(7,556,583)	(523,996)	-	(8,080,579)
Distribution facilities	(17,111,901)	(1,220,857)	2,534,481	(15,798,277)
General plant	(2,026,681)	(219,216)	-	(2,245,897)
Total accumulated depreciation	(27,251,008)	(1,970,373)	2,534,481	(26,686,900)
Capital assets being depreciated, net	20,899,183	3,939,918	-	24,839,101
Utility plant assets, net	\$ 23,329,417	\$ 9,638,199	\$ (6,312,908)	\$ 26,654,708

Depreciation and amortization expense for the years ended December 31, 2024 and 2023 was \$2,011,148 and \$1,964,249, respectively. Depreciation expense reported on the Statements of Revenues, Expenses and Changes in Net Position is net of amortization of \$6,796 and \$6,123 related to contribution in aid of construction for the years ended December 31, 2024 and 2023, respectively.

6. Bond Payable

On January 28, 2021, the Town issued \$45,690,000 of general obligation bonds, of which SELCO - Cable's portion was \$13,148,000. The proceeds for the advances are being used to pay for capital additions related the Fiber To The Home project. The bond has a 20-year life. The interest rates range from 5% to 2% over the term of the bond.

At December 31, 2024 and 2023, the amount outstanding was \$11,170,000 and \$11,830,000, respectively. Interest expense relating to this bond was \$376,425 and \$409,425 at December 31, 2024 and 2023, respectively.

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Maturities of the bonds are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 660,000	\$ 358,550	\$ 1,018,550
2026	660,000	325,550	985,550
2027	660,000	292,550	952,550
2028	660,000	259,550	919,550
2029	660,000	226,550	886,550
2030-2034	3,285,000	720,925	4,005,925
2035-2039	3,275,000	294,750	3,569,750
2040-2042	1,310,000	26,200	1,336,200
Total	<u>\$ 11,170,000</u>	<u>\$ 2,504,625</u>	<u>\$ 13,674,625</u>

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	\$ 11,830,000	\$ -	\$ (660,000)	\$ 11,170,000	\$ 660,000
Unamortized bond premium	1,650,726	-	(96,627)	1,554,099	-
Total	<u>\$ 13,480,726</u>	<u>\$ -</u>	<u>\$ (756,627)</u>	<u>\$ 12,724,099</u>	<u>\$ 660,000</u>

During the year ended December 31, 2022, 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	\$ 12,490,000	\$ -	\$ (660,000)	\$ 11,830,000	\$ 660,000
Unamortized bond premium	1,747,354	-	(96,628)	1,650,726	-
Total	<u>\$ 14,237,354</u>	<u>\$ -</u>	<u>\$ (756,628)</u>	<u>\$ 13,480,726</u>	<u>\$ 660,000</u>

See Notes 7 and 8 related to detail of the net pension liability and net OPEB liability (asset).

7. Pension Plan

Plan Description

SELCO - Cable, 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.

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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).

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 - Cable 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 - Cable 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 - Cable's required contributions to the System for the years ended December 31, 2024 and 2023 were zero.

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Pension Liabilities

At December 31, 2024 and 2023, SELCO - Cable reported a liability of \$677,843 and \$832,621, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023 and 2022, respectively, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of January 1, 2024. SELCO - Cable's portion of the net pension liability 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 - Cable's portion of the net pension liability was based on the percentage of SELCO - Cable'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 - Cable's portion was 4.27% and 4.54%, respectively.

Pension Expense

For the years ended December 31, 2024 and 2023, SELCO - Cable recognized pension expense of \$105,228 and \$239,837, respectively. For the years ended December 31, 2024 and 2023, SELCO - Cable reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>2024</u>	<u>2023</u>
<i>Deferred Outflows of Resources Related to Pension:</i>		
Differences between expected and actual experience	\$ 611,166	\$ 659,547
Net difference between projected and actual earnings on pension plan investments	241,646	1,196,054
Changes of assumptions	15,910	79,512
Changes in proportion and differences between employer contributions and department proportionate share	<u>3,163</u>	<u>4,879</u>
	<u>\$ 871,885</u>	<u>\$ 1,939,992</u>
<i>Deferred Inflows of Resources Related to Pension:</i>		
Differences between expected and actual experience	\$ 31,795	\$ 62,901
Net difference between projected and actual earnings on pension plan investments	-	725,263
Changes in proportion and differences between employer contributions and department proportionate share	<u>98,301</u>	<u>149,973</u>
	<u>\$ 130,096</u>	<u>\$ 938,137</u>

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

Years Ending December 31:

2025	\$ 149,181
2026	251,438
2027	366,481
2028	<u>(25,311)</u>
Total	<u>\$ 741,789</u>

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.

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December 31, 2024 and 2023

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 measured date of December 31, 2023 are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
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	0.90
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:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
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) - Cable

Notes to Financial Statements
Operating Fund and OPEB Trust Fund
December 31, 2024 and 2023

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. 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:

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
December 31, 2024	\$ 1,533,281	\$ 677,843	\$ (43,606)
December 31, 2023	1,689,804	832,621	108,556

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. Net Other Postemployment Benefits (OPEB) Liability

SELCO - Cable 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, OPEB plan membership consisted of the following:

	2024	2023
Inactive plan members or beneficiaries currently receiving benefits payments	7	12
Active plan members	37	26
Total number of participants	44	38

Town of Shrewsbury, Massachusetts

Shrewsbury Electric and Cable Operations (SELCO) - Cable

Notes to Financial Statements
Operating Fund and OPEB Trust Fund
December 31, 2024 and 2023

Contributions

SELCO - Cable'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 - Cable are established and may be amended through SELCO - Cable ordinances. For the years ending December 31, 2024 and 2023 and the measurement dated of June 30, 2024 and 2023, respectively, total premiums plus implicit costs for the retiree medical program was \$47,450 and \$64,181, respectively.

OPEB Liability (Asset)

At December 31, 2024 and 2023, SELCO - Cable reported a liability (asset) of \$(352,198) and \$14,809, respectively, for its net OPEB liability. The 2024 and 2023 net OPEB liability was measured as of June 30, 2024 and 2023, respectively, and was determined by an actuarial valuation as of July 1, 2022.

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.

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

Notes to Financial Statements
Operating Fund and OPEB Trust Fund
December 31, 2024 and 2023

Changes in Net OPEB Liability (Asset)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance at June 30, 2023	\$ 1,373,204	\$ 1,358,395	\$ 14,809
Changes for the year:			
Service cost	41,359	-	41,359
Interest	104,267	-	104,267
Differences between expected and actual experience	(301,335)	-	(301,335)
Changes in assumptions	-	-	-
Contributions, employer	-	47,450	(47,450)
Contributions, employee	-	-	-
Net investment income	-	161,734	(161,734)
Benefit payments	(47,450)	(47,450)	-
Administrative expense	(2,114)	-	(2,114)
Net changes	(205,273)	161,734	(367,007)
Balance at June 30, 2024	\$ 1,167,931	\$ 1,520,129	\$ (352,198)
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance at June 30, 2022	\$ 1,305,606	\$ 1,214,063	\$ 91,543
Changes for the year:			
Service cost	39,578	-	39,578
Interest	98,301	-	98,301
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions, employer	-	76,308	(76,308)
Contributions, employee	-	-	-
Net investment income	-	132,205	(132,205)
Benefit payments	(64,181)	(64,181)	-
Administrative expense	(6,100)	-	(6,100)
Net changes	67,598	144,332	(76,734)
Balance at June 30, 2023	\$ 1,373,204	\$ 1,358,395	\$ 14,809

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

Notes to Financial Statements
Operating Fund and OPEB Trust Fund
December 31, 2024 and 2023

OPEB Expense

For the years ended December 31, 2024 and 2023, SELCO - Cable recognized OPEB expense (revenue) of \$(25,413) and \$48,158, respectively. At December 31, 2024 and 2023, SELCO - Cable reported deferred outflows and inflows of resources related to OPEB from the following sources:

	2024	2023
<i>Deferred Outflows of Resources Related to OPEB:</i>		
Differences between expected and actual experience	\$ -	\$ 12,582
Changes of assumptions	19,703	34,272
Net difference between projected and actual earnings on OPEB plan investments	26,252	215,083
	<u>\$ 45,955</u>	<u>\$ 261,937</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 104,774
Differences between expected and actual experience	494,301	313,479
	<u>\$ 494,301</u>	<u>\$ 418,253</u>

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

**Years Ending
December 31:**

2025	\$ (95,994)
2026	(61,152)
2027	(129,598)
2028	(87,517)
2029	(45,450)
Thereafter	(28,635)
Total	<u>\$ (448,346)</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:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
June 30, 2024	\$ (194,907)	\$ (352,198)	\$ (478,611)
June 30, 2023	17,055	14,809	12,950

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

Notes to Financial Statements
Operating Fund and OPEB Trust Fund
December 31, 2024 and 2023

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.

	1% Decrease 3.5%	Current Healthcare Cost Trend Rates 4.5%	1% Increase 5.5%
June 30, 2024	\$ (312,298)	\$ 16,460	\$ 433,331
June 30, 2023	12,587	14,809	17,567

9. Other Postemployment Benefit Liability 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 - Cable 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 \$1,587,060 and \$1,428,089, 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	7
Active plan members	37
	<hr/>
	44
	<hr/> <hr/>

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.

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

Notes to Financial Statements
Operating Fund and OPEB Trust Fund
December 31, 2024 and 2023

Contributions

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

Rate of Return

For the measured 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.

Net OPEB Liability of the Plan

The components of the net OPEB liability at the measured dates of June 30, 2024 and 2023, were as follows:

	<u>2024</u>
Total OPEB liability	\$ 1,207,144
Fiduciary net position	<u>(1,587,060)</u>
Net OPEB liability/(asset)	<u>\$ (379,916)</u>

Fiduciary net position as a percentage of the total OPEB liability was 131.47%.

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

The following 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	\$ (63,160)	\$ (379,916)	\$ (434,632)

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	\$ (468,995)	\$ (379,916)	\$ (11,835)

Information as of December 31, 2023 was not available from the actuary. See Note 8 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) - Cable

Notes to Financial Statements
Operating Fund and OPEB Trust Fund
December 31, 2024 and 2023

10. Commitments and Contingencies

SELCO - Cable is committed under long-term signal purchase contracts expiring on various dates through 2028. The following is a schedule by years of the aggregate amount of such required purchases as of December 31, 2024.

**Years Ending
December 31:**

2025	\$ 5,041,486
2026	2,559,451
2027	1,473,841
2028	<u>404,241</u>
Total	<u>\$ 9,479,019</u>

Signal purchase expense under these contracts was \$5,640,165 and \$6,464,222 in 2024 and 2023, respectively.

11. Risk Management

Self-Insurance Trust

SELCO - Cable participates in the MA Municipal Self-Insurance Trust (the Trust) with 17 other municipal light departments for the purposes of sharing general and environmental liability risks. Through the Trust, SELCO - Cable is insured for \$500,000 per occurrence, with a \$50,000 deductible that would be paid by SELCO - Cable. Environmental insurance coverage provides for \$1,500,000 per occurrence, with a \$100,000 deductible that would be paid by both SELCO - Cable 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 - Cable considers its' pro rata share of these losses to be immaterial to its financial statements.

Claims and Judgments

From time to time, SELCO – Cable 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.

REQUIRED SUPPLEMENTARY INFORMATION

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

Required Supplementary Information
Schedule of Net Pension Liability (Asset) (NPL)

	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
Schedule of the SELCO - Cable's Proportionate Share of the Net Pension Liability (NPL)										
SELCO - Cable's portion of the NPL	4.27%	4.54%	4.96%	5.24%	0.00%	3.92%	3.67%	2.98%	3.79%	3.97%
SELCO - Cable's proportionate share of the NPL	\$ 677,843	\$ 832,621	\$ (1,348,417)	\$ (633,789)	\$ -	\$ 433,749	\$ 155,299	\$ 563,266	\$ 791,546	\$ 854,978
SELCO - Cable's total employee payroll	3,060,061	3,708,768	2,797,340	2,402,562	2,462,467	2,545,917	2,476,913	2,431,932	2,286,821	2,299,139
NPL as a percentage of total employee payroll	22%	22.45%	-48.20%	-26.38%	0.00%	17.04%	6.27%	23.16%	34.61%	37.19%
Plan's fiduciary net position as a percentage of the total pension liability	91.32%	89.40%	117.60%	108.20%	97.90%	91.68%	96.73%	77.10%	82.46%	81.86%
Schedule of Contributions										
Actuarially determined contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 246,722	\$ 229,710	\$ 250,784	\$ 240,876	\$ 217,969
Less contributions in relation to the actuarially determined contribution		-	-	-	-	(246,722)	(229,710)	(250,784)	(240,876)	(217,969)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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) - Cable

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

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 41,359	\$ 39,578	\$ 40,748	\$ 38,993	\$ 35,954	\$ 34,406	\$ 32,924	\$ 1,543,475
Interest	104,267	98,301	122,383	115,969	108,494	102,033	85,173	3,438,194
Experience (gain) and losses	(301,335)	-	(414,319)	-	(71,338)	-	142,746	-
Changes of assumptions	-	-	-	-	86,728	-	1,382	-
Benefit payments	(49,564)	(70,281)	(67,255)	(74,982)	(51,849)	(51,849)	(49,616)	(2,304,138)
Net change in total OPEB liability	(205,273)	67,598	(318,443)	79,980	107,989	84,590	212,609	2,677,531
Total OPEB Liability, Beginning	1,373,203	1,305,605	1,624,048	1,544,068	1,436,079	1,351,489	1,127,080	45,430,360
Total OPEB Liability, Ending	<u>\$ 1,167,930</u>	<u>\$ 1,373,203</u>	<u>\$ 1,305,605</u>	<u>\$ 1,624,048</u>	<u>\$ 1,544,068</u>	<u>\$ 1,436,079</u>	<u>\$ 1,339,689</u>	<u>\$ 48,107,891</u>
Plan Fiduciary Net Position								
Contributions employer	\$ 47,450	\$ 76,308	\$ 91,777	\$ 68,744	\$ 829	\$ 112,314	\$ 157,466	\$ 2,391,572
Net investment income	161,734	132,205	(229,543)	266,532	20,786	62,947	52,108	317,312
Benefit payments	(47,450)	(64,181)	614	(68,744)	(47,536)	(48,651)	(46,556)	(2,059,702)
Net change in plan fiduciary net position	161,734	144,332	(137,152)	266,532	(25,921)	126,610	163,018	649,182
Plan Fiduciary Net Position, Beginning	1,358,395	1,214,063	1,413,245	1,146,713	1,172,634	1,046,024	883,006	2,828,262
Plan Fiduciary Net Position, Ending	<u>\$ 1,520,129</u>	<u>\$ 1,358,395</u>	<u>\$ 1,276,093</u>	<u>\$ 1,413,245</u>	<u>\$ 1,146,713</u>	<u>\$ 1,172,634</u>	<u>\$ 1,046,024</u>	<u>\$ 3,477,444</u>
Net OPEB Liability, Ending	<u>\$ (352,199)</u>	<u>\$ 14,808</u>	<u>\$ 29,512</u>	<u>\$ 210,803</u>	<u>\$ 397,355</u>	<u>\$ 263,445</u>	<u>\$ 293,665</u>	<u>\$ 44,630,447</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 Cable 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 9 of the financial statements.

See required notes to supplementary information

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

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

	2024	2023	2022	2021	2020	2019	2018	2017
Schedules of Net OPEB Liability								
Total OPEB liability	\$ 1,167,931	\$ 1,373,204	\$ 1,305,606	\$ 1,624,048	\$ 1,544,068	\$ 1,436,079	\$ 1,351,489	\$ 48,107,891
Plan fiduciary net position	1,520,129	1,358,395	1,214,063	1,413,245	1,146,713	1,172,634	1,046,024	3,477,444
Net OPEB liability (asset)	<u>\$ (352,198)</u>	<u>\$ 14,809</u>	<u>\$ 91,543</u>	<u>\$ 210,803</u>	<u>\$ 397,355</u>	<u>\$ 263,445</u>	<u>\$ 305,465</u>	<u>\$ 44,630,447</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	130.16%	98.92%	92.99%	87.02%	74.27%	81.66%	77.40%	7.23%
Covered Payroll	\$ 3,060,061	\$ 2,386,331	\$ 2,305,634	\$ 2,260,938	\$ 2,184,481	\$ 2,441,896	\$ 2,359,320	\$ 67,279,575
Net OPEB Liability (Asset) as a Percentage of Covered Payroll	-11.51%	0.62%	3.97%	9.32%	18.19%	10.79%	12.95%	66.34%
Schedules of Employer Contributions								
Actuarially determined contributions	\$ 47,450	\$ 40,478	\$ 45,761	\$ 50,538	\$ 110,817	\$ 93,378	\$ 89,621	\$ 2,391,572
Less contributions in relation to the actuarially determined contribution	<u>(47,450)</u>	<u>(64,181)</u>	<u>(61,417)</u>	<u>(638,744)</u>	<u>(829)</u>	<u>(112,314)</u>	<u>(157,466)</u>	<u>(2,636,008)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (23,703)</u>	<u>\$ (15,656)</u>	<u>\$ (588,206)</u>	<u>\$ 109,988</u>	<u>\$ (18,936)</u>	<u>\$ (67,845)</u>	<u>\$ (244,436)</u>
Covered Payroll	\$ 3,060,061	\$ 2,386,331	\$ 2,305,634	\$ 2,260,938	\$ 2,184,481	\$ 2,441,896	\$ 2,359,320	\$ 67,279,575
Contributions as a Percentage of Covered Payroll	1.55%	2.69%	2.66%	3.04%	0.04%	4.60%	6.67%	3.92%
Schedules of Investment Return								
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 Cable 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 9 of the financial statements.

See required notes to supplementary information

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

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) - Cable

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	
Head End Expenses							
530 Supervision and engineering	\$ 662,746	\$ -	\$ 662,746	\$ 333,524	\$ -	\$ 333,524	\$ 329,222
534 Station power	197,150	-	197,150	161,748	-	161,748	35,402
542 Maintenance of structures	-	491,964	491,964	-	174,035	174,035	317,929
546 Maintenance of head end apparatus	-	375,775	375,775	-	581,528	581,528	(205,753)
Total head end expenses	859,896	867,739	1,727,635	495,272	755,563	1,250,835	476,800
Signal Expenses							
555 Signal purchases	5,640,165	-	5,640,165	6,464,222	-	6,464,222	(824,057)
555 Internet connectivity	337,034	-	337,034	384,357	-	384,357	(47,323)
555 Telephone fees and connectivity	326,414	-	326,414	393,289	-	393,289	(66,875)
Total signal expenses	6,303,613	-	6,303,613	7,241,868	-	7,241,868	(938,255)
Transmitting Expenses							
562 Station power	4,488	-	4,488	13,968	-	13,968	(9,480)
Distribution Expenses							
583 Overhead line expenses	217,776	-	217,776	140,932	-	140,932	76,844
584 Underground Line expenses	22,593	-	22,593	-	-	-	22,593
586 Converter expense	942,855	-	942,855	26,816	-	26,816	916,039
587 Customer installation expense	792,449	-	792,449	994,433	-	994,433	(201,984)
591 Maintenance of structures	-	40,184	40,184	-	21,749	21,749	18,435
593 Maintenance of overhead lines	-	51,924	51,924	-	30,197	30,197	21,727
594 Maintenance of underground lines	-	122,702	122,702	-	153,779	153,779	(31,077)
Total distribution expenses	1,975,673	214,810	2,190,483	1,162,181	205,725	1,367,906	822,577
Customer Accounts Expenses							
903 Customer records and collection expense	1,191,788	-	1,191,788	1,002,536	-	1,002,536	189,252
904 Uncollectible accounts	(87,273)	-	(87,273)	124,205	-	124,205	(211,478)
Total customer accounts expenses	1,104,515	-	1,104,515	1,126,741	-	1,126,741	(22,226)
Sales Expense							
913 Advertising expense	250,740	-	250,740	190,704	-	190,704	60,036

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

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	
Administrative and General Expenses							
920 Administrative and general salaries	\$ 753,129	\$ -	\$ 753,129	\$ 912,025	\$ -	\$ 912,025	\$ (158,896)
921 Office supplies and expenses	363,334	-	363,334	473,318	-	473,318	(109,984)
923 Outside services employed	337,535	-	337,535	342,613	-	342,613	(5,078)
924 Property insurance	240,447	-	240,447	183,137	-	183,137	57,310
925 Injuries and damages	30,722	-	30,722	89,242	-	89,242	(58,520)
926 Employee pension and benefits	538,537	-	538,537	699,930	-	699,930	(161,393)
930 Miscellaneous general expenses	44,755	-	44,755	45,802	-	45,802	(1,047)
933 Transportation expense	107,372	-	107,372	75,939	-	75,939	31,433
Total administrative and general expenses	2,415,831	-	2,415,831	2,822,006	-	2,822,006	(406,175)
Total operations and maintenance expenses	<u>\$ 12,914,756</u>	<u>\$ 1,082,549</u>	<u>\$ 13,997,305</u>	<u>\$ 13,052,740</u>	<u>\$ 961,288</u>	<u>\$ 14,014,028</u>	<u>\$ (16,723)</u>