

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

Financial Statements and
Supplementary Information

December 31, 2025 and 2024

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 years ended December 31, 2025 and 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, 2025 and 2024, and the changes in financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matters

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, 2025, and 2024, and the changes in financial position, or cash flows for the years 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.

As discussed in note 12, SELCO - Cable adopted the provisions of GASB statement No. 103, effective January 1, 2025. Accordingly, the accounting changes have been retroactively applied to prior periods presented. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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
April 24, 2026

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

Management's Discussion and Analysis
December 31, 2025 and 2024

This Management's Discussion and Analysis (MD&A) is intended to provide readers with an objective and easily readable analysis of the Shrewsbury Electric & Cable Operations (SELCO) - Cable financial activities for the year ended December 31, 2025. This discussion should be read in conjunction with the basic financial statements and the accompanying notes. SELCO-Cable's basic financial statements consist of the Statements of Net Position; Statements of Revenues, Expenses and Changes in Net Position; Statements of Cash Flows; and the Notes to Financial Statements. These statements are prepared using the accrual basis of accounting and are designed to present information about SELCO – Cable's financial position, operating results, and cash flows, as well as the resources available to meet ongoing obligations.

Financial Summary

During 2025, the SELCO - Cable adopted GASB Statement No. 103. As a result, certain prior-year amounts in 2024 have been restated for comparability and are labeled as restated where presented. The nature of, and reasons for, the restatement and its effect on beginning net position and the financial statements are described in the Notes to Financial Statements.

Condensed Statement of Net Position

	2025	2024	2023
Other assets	\$ 45,926,008	\$ 49,456,854	\$ 51,162,635
Capital assets	<u>32,938,723</u>	<u>29,576,889</u>	<u>26,654,708</u>
Total assets	78,864,731	79,033,743	77,817,343
Deferred outflows of resources	<u>696,188</u>	<u>917,840</u>	<u>2,201,929</u>
Total assets and deferred inflows of resources	<u>\$ 79,560,919</u>	<u>\$ 79,951,583</u>	<u>\$ 80,019,272</u>
Current liabilities	\$ 2,471,922	\$ 3,595,752	\$ 2,360,683
Noncurrent liabilities	<u>11,857,636</u>	<u>12,741,942</u>	<u>13,668,156</u>
Total liabilities	<u>14,329,558</u>	<u>16,337,694</u>	<u>16,028,839</u>
Deferred inflows of resources	<u>646,750</u>	<u>743,307</u>	<u>1,468,640</u>
Net position:			
Net investment in capital assets	20,971,252	16,852,790	15,626,733
Restricted for OPEB	420,475	352,198	-
Unrestricted net position	<u>43,192,884</u>	<u>45,665,594</u>	<u>46,895,060</u>
Total net position	<u>64,584,611</u>	<u>62,870,582</u>	<u>62,521,793</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 79,560,919</u>	<u>\$ 79,951,583</u>	<u>\$ 80,019,272</u>

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

Management's Discussion and Analysis
December 31, 2025 and 2024

Condensed Schedule of Changes in Net Position

	Restated		
	2025	2024	2023*
Operating revenues	\$ 19,154,201	\$ 20,181,545	\$ 22,005,749
Operating expenses	15,471,717	17,243,098	16,635,212
Operating income	3,682,484	2,938,447	5,370,537
Noncapital Subsidies	(447,158)	(458,882)	(268,375)
Non-operating Income (Expense)	(1,521,297)	(2,130,776)	(305,297)
Change in net position	1,714,029	348,789	4,796,865
Net Position, Beginning	62,870,582	62,521,793	57,724,928
Net Position, Ending	<u>\$ 64,584,611</u>	<u>\$ 62,870,582</u>	<u>\$ 62,521,793</u>

* Certain amounts were reclassified for comparability to current reporting

Financial Position

2025 vs 2024

SELCO - Cable's financial position improved during the year ended December 31, 2025, as reflected in the \$1.7 million increase in net position.

Total current assets decreased. The main contributing factor was a drop in operating cash used to invest in the fiber to the premises project. Total noncurrent assets increased for the same reason.

Total noncurrent liabilities at December 31st of 2025 decreased by \$884,306 as compared to 2024. The primary factor was the scheduled principal repayment on long term debt of \$660,000. Another factor was the monthly amortization of the bond premium.

As a result of these factors, net position increased \$1.7 million, with growth concentrated in net investment in capital assets. SELCO - Cable ended the year with a strong liquidity position and financial flexibility to support ongoing operations, capital needs, and debt service obligations.

2024 vs 2023

SELCO - Cable's financial position improved during the year ended December 31, 2024, as reflected in the \$348,789 increase in net position.

Total noncurrent liabilities at December 31st of 2024 decreased by \$926,214 as compared to 2023. The primary factor was the scheduled principal repayment on long term debt of \$660,000.

As a result of these factors, net position increased \$348,789 with growth concentrated in net investment in capital assets.

Town of Shrewsbury, Massachusetts

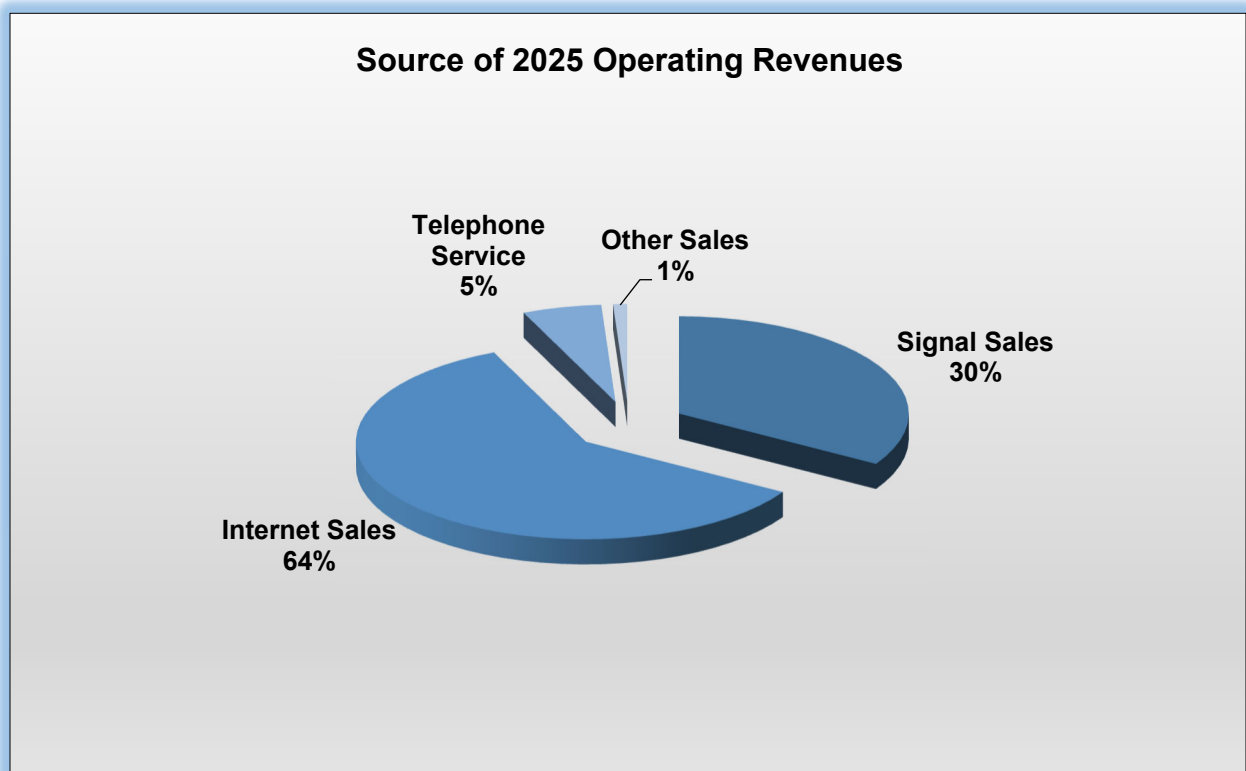
Shrewsbury Electric and Cable Operations (SELCO) - Cable

Management's Discussion and Analysis
December 31, 2025 and 2024

Results of Operations

2025 vs 2024

Operating revenues decreased by \$1,027,344 or 5% in 2025 as compared to 2024. A decrease in signal sales of \$1,046,327 was the result of a loss of about 153 basic subscribers and the transfer of the legacy cable system to streaming. SELCO – Cable customers now have the choice of selecting their own streaming service, which attributed to a large portion of the decline in signal sales. It should be noted that there was a corresponding decrease in the amount spent on signal purchases. The decline in the signal purchases was \$633,545.



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

Capital Assets and Long-Term Financing

By the end of 2025, SELCO – Cable reached several important milestones that supported the next phase of the fiber to the premises project. Fiber service is now available to approximately 12,110 Shrewsbury businesses and homes, placing SELCO – Cable close to town-wide coverage.

Work was also completed to strengthen network reliability and resiliency. SELCO – Cable added a second transport path to the Minerva/CNI data center in Chicago, improving redundancy for SELCO Stream and reducing reliance on a single provider. A new dark fiber route to Boston created a more direct backbone connection, improving performance while also lowering ongoing operating costs.

Town of Shrewsbury, Massachusetts

Shrewsbury Electric and Cable Operations (SELCO) - Cable

Management's Discussion and Analysis
December 31, 2025 and 2024

Together, these improvements reflect a growing emphasis on designing the network for long-term reliability rather than short-term expansion.

Long-term debt decreased modestly as a scheduled principal payment was made in January in the amount of \$660,000. No additional debt was issued during the year.

Currently Known Facts, Decisions or Conditions

Management is aware of several currently known factors that are expected to impact future financial results.

With most major construction behind us, 2026 is about making the network stronger, more reliable, and easier to operate day-to-day. One priority is completing the remaining fiber work, including multi-dwelling units, to bring the fiber build as close to complete as possible.

A major focus this year is improving resiliency at the core of the network. SELCO - Cable will continue planning and early development work on a second data center, intended to provide better redundancy and long-term stability for both broadband and streaming services. In addition, SELCO – Cable will begin upgrading all core ASRs located in Boston, Worcester, Parker Road, and the future second data center. These upgrades are aimed at increasing capacity, improving reliability, and reducing the impact of equipment or network failures.

Other priorities for 2026 include continuing to improve operational efficiency as the organization fully shifts from construction to operations, further stabilizing and improving SELCO Stream, and expanding services, including the launch of a robust business Wi-Fi. Together, these efforts are focused on making sure the network we have built is dependable, flexible, and able to support the community well into the future. The management of SELCO - Cable recognizes the pressures facing the cable and broadband business, including continued video subscriber declines, increased competition, and rising customer expectations. The investments made over the past several years have created a strong foundation. While the environment remains competitive, the shift from construction to operations allows SELCO – Cable to focus on cost control, service quality and long-term stability. This approach positions the organization to meet today's challenges while preparing for future needs.

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

Statements of Net Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Funds on deposit with Town treasurer:		
Operating cash	\$ 43,515,310	\$ 47,019,133
Accounts receivable customers, net	1,350,669	1,453,328
Other accounts receivable	6,180	9,151
Due from Town of Shrewsbury	12,452	210,748
Materials and supplies	323,715	179,288
Prepayments	<u>297,207</u>	<u>233,008</u>
Total current assets	<u>45,505,533</u>	<u>49,104,656</u>
Noncurrent Assets		
Capital assets, net	32,938,723	29,576,889
Net OPEB asset, restricted	<u>420,475</u>	<u>352,198</u>
Total noncurrent assets	<u>33,359,198</u>	<u>29,929,087</u>
Total assets	<u>78,864,731</u>	<u>79,033,743</u>
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	689,890	871,885
Deferred outflows of resources to OPEB	<u>6,298</u>	<u>45,955</u>
Total deferred outflows of resources	<u>696,188</u>	<u>917,840</u>
Total assets and deferred outflows of resources	<u>\$ 79,560,919</u>	<u>\$ 79,951,583</u>

See notes to financial statements

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

Statements of Net Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 1,811,922	\$ 2,135,752
Due to Town of Shrewsbury	-	800,000
Bond payable, current portion	660,000	660,000
	<u>2,471,922</u>	<u>3,595,752</u>
Noncurrent Liabilities		
Bond payable, net of current portion	9,850,000	10,510,000
Unamortized bond premium	1,457,471	1,554,099
Net pension liability	550,165	677,843
	<u>11,857,636</u>	<u>12,741,942</u>
Total noncurrent liabilities	<u>11,857,636</u>	<u>12,741,942</u>
Total liabilities	<u>14,329,558</u>	<u>16,337,694</u>
Deferred Inflows of Resources		
Contribution in aid of construction, net	118,910	118,910
Deferred inflows of resources related to pensions	128,194	130,096
Deferred inflows of resources related to OPEB	399,646	494,301
	<u>646,750</u>	<u>743,307</u>
Total deferred inflows of resources	<u>646,750</u>	<u>743,307</u>
Net Position		
Invested in capital assets	20,971,252	16,852,790
Restricted for OPEB	420,475	352,198
Unrestricted net position	43,192,884	45,665,594
	<u>64,584,611</u>	<u>62,870,582</u>
Total net position	<u>64,584,611</u>	<u>62,870,582</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 79,560,919</u>	<u>\$ 79,951,583</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, 2025 and 2024

	<u>2025</u>	<u>Restated 2024</u>
Operating Revenues		
Signal sales	\$ 5,739,973	\$ 6,786,300
Internet sales	12,230,332	12,071,580
Telephone service	1,019,745	1,124,040
Additional outlet sales	-	8,091
Other operating revenue	164,151	191,534
	<u>19,154,201</u>	<u>20,181,545</u>
Operating Expenses		
Operations	11,990,044	12,914,756
Maintenance	1,357,953	1,082,549
Cable franchise and local access fees, Town	344,342	1,234,645
Depreciation and amortization	1,779,378	2,011,148
	<u>15,471,717</u>	<u>17,243,098</u>
Total operating expenses	<u>15,471,717</u>	<u>17,243,098</u>
Operating income	<u>3,682,484</u>	<u>2,938,447</u>
Total Noncapital Subsidies		
Payments in lieu of taxes	<u>(447,158)</u>	<u>(458,882)</u>
Total noncapital subsidies	<u>(447,158)</u>	<u>(458,882)</u>
Total operating income and noncapital subsidies	<u>3,235,326</u>	<u>2,479,565</u>
Nonoperating Income (Expense)		
Loss on disposal of equipment	(1,274,500)	(1,850,979)
Interest expense	<u>(246,797)</u>	<u>(279,797)</u>
Total nonoperating revenues (expenses)	<u>(1,521,297)</u>	<u>(2,130,776)</u>
Change in net position	1,714,029	348,789
Net Position, Beginning	<u>62,870,582</u>	<u>62,521,793</u>
Net Position, Ending	<u>\$ 64,584,611</u>	<u>\$ 62,870,582</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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Cash received from customers	\$ 19,458,127	\$ 20,581,514
Cash paid to suppliers	(9,167,006)	(8,704,095)
Cash paid to employees	(5,237,358)	(4,763,181)
Cable franchise and local access fees, Town	<u>(1,144,725)</u>	<u>(434,645)</u>
Net cash flows from operating activities	<u>3,909,038</u>	<u>6,679,593</u>
Cash Flows From Noncapital Financing Activities		
Payment in lieu of taxes	<u>(447,158)</u>	<u>(458,882)</u>
Net cash flows from noncapital financing activities	<u>(447,158)</u>	<u>(458,882)</u>
Cash Flows From Capital and Financing Activities		
Deferred contribution received	-	13,456
Repayment of bond principal	(660,000)	(660,000)
Payments of bond interest	(343,425)	(376,424)
Additions to plant assets	<u>(5,962,278)</u>	<u>(6,776,604)</u>
Net cash flows from capital and financing activities	<u>(6,965,703)</u>	<u>(7,799,572)</u>
Net change in cash and cash equivalents	(3,503,823)	(1,578,861)
Cash, Beginning	<u>47,019,133</u>	<u>48,597,994</u>
Cash, Ending	<u><u>\$ 43,515,310</u></u>	<u><u>\$ 47,019,133</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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of Operating Income to Net Cash		
From Operating Activities		
Operating income	\$ 3,682,484	\$ 2,938,447
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation and amortization	1,779,378	2,011,148
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable and due from other funds	300,955	381,952
Other accounts receivable	2,971	18,017
Materials and supplies	(144,427)	(84,755)
Prepaid expenses	(64,199)	149,404
Increase (decrease) in liabilities:		
Accounts payable and due to other funds	(1,577,264)	1,235,069
Pension and OPEB related deferrals and liabilities	(70,860)	30,311
Net cash from operating activities	<u>\$ 3,909,038</u>	<u>\$ 6,679,593</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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Funds on Deposit With Town Treasurer		
Cash and cash equivalents	\$ 8,320	\$ 8,419
Investments:		
Equity securities	50,667	48,754
Exchange traded funds	401,192	285,725
Equity mutual funds	854,909	842,668
Fixed income mutual funds	<u>479,426</u>	<u>401,494</u>
Total assets	<u>1,794,514</u>	<u>1,587,060</u>
Fiduciary Net Position		
Fiduciary Net Position, Restricted	<u>\$ 1,794,514</u>	<u>\$ 1,587,060</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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Additions		
Additions to (reductions from) net position attributed to:		
Interest income (loss)	\$ 124,984	\$ 64,078
Change in unrealized gain/(loss)	<u>82,470</u>	<u>94,893</u>
Net Investment income	207,454	158,971
Contributions		
Employee contributions	<u>56,314</u>	<u>39,524</u>
Total additions	263,768	198,495
Deductions		
Medical premiums paid	<u>56,314</u>	<u>39,524</u>
Changes in fiduciary net position	207,454	158,971
Fiduciary Net Position, Beginning	<u>1,587,060</u>	<u>1,428,089</u>
Fiduciary Net Position, Ending	<u><u>\$ 1,794,514</u></u>	<u><u>\$ 1,587,060</u></u>

See notes to financial statements

Town of Shrewsbury, Massachusetts

Shrewsbury Electric and Cable Operations (SELCO) - Cable

Notes to Financial Statements
December 31, 2025 and 2024

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 an enterprise fund 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.

Adoption of New Accounting Standards

Effective January 1, 2025, SELCO adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. This Statement enhances the financial reporting model by refining management's discussion and analysis and updating proprietary fund statements of revenues, expenses and changes in net position. Adoption required the restatement of the 2024 comparative financial statements. See

Note 12 for additional information regarding the restatement.

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.

Town of Shrewsbury, Massachusetts

Shrewsbury Electric and Cable Operations (SELCO) - Cable

Notes to Financial Statements
December 31, 2025 and 2024

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.

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 \$318,496 and \$250,000 for 2025 and 2024, 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
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Deferred Outflows of Resources

A deferred outflow of resources represents a consumption 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 accrue vacation leave monthly based on years of service, ranging from three to five weeks annually. Employees are allowed to accumulate up to one year of unused vacation. Accrued amounts were \$323,220 and \$169,610 at December 31, 2025 and 2024, 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.

Town of Shrewsbury, Massachusetts

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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:

	<u>2025</u>	<u>2024</u>
Cost of capital assets acquired	\$ 43,728,102	\$ 46,451,902
Less accumulated depreciation	(10,789,379)	(16,875,013)
Less debt and premiums related to capital assets	<u>(11,967,471)</u>	<u>(12,724,099)</u>
Net investment in capital assets	<u>\$ 20,971,252</u>	<u>\$ 16,852,790</u>

Town of Shrewsbury, Massachusetts

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Notes to Financial Statements
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Revenue Recognition

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 will expire on December 31, 2027.

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. 104, *Disclosure of Certain Capital Assets* and GASB Statement No. 105, *Subsequent Events*. 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

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Notes to Financial Statements
December 31, 2025 and 2024

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 non-interest 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 \$43,515,310 and \$47,019,133 at December 31, 2025 and 2024, 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, 2025 and 2024, 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 SELCO - Cable, 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, 2025 and 2024, include \$50,667 and 48,754 in equity securities respectively, which have custodial credit exposure because the related securities are uninsured, unregistered and held by the counterparty.

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Notes to Financial Statements
 December 31, 2025 and 2024

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>2025</u>	<u>2024</u>
Morning Star Rating:		
1	\$ 40,712	\$ -
2	60,053	18,363
3	114,117	150,785
4	16,802	-
5	144,315	184,179
N/R	103,427	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, 2025, 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, 2024, 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.
- Equity securities are valued based on the latest financial data obtained by the Trust.

	<u>2025</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 50,667	\$ -	\$ 50,667	\$ -
Exchange traded funds	401,192	401,192	-	-
Equity mutual funds	854,909	854,909	-	-
Fixed income mutual funds	479,426	479,426	-	-
Total investments measured at fair value	<u>\$ 1,786,194</u>	<u>\$ 1,735,527</u>	<u>\$ 50,667</u>	<u>\$ -</u>

Town of Shrewsbury, Massachusetts
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Notes to Financial Statements
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	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	 \$ 1,578,641	 \$ 1,529,887	 \$ 48,754	 \$ -

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 \$34,270 and \$43,204 for the years ended December 31, 2025 and 2024, respectively. The annual amount can be up to 10% of the total franchise payment and is used to fund capital costs.

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 years ended December 31, 2025 and 2024, was \$344,342 and 434,645, respectively.

4. Interfund Transactions

The following is a schedule of interfund balances for the years ending December 31, 2025 and 2024:

Due To	Due From	2025		2024	
		Amount	Principal Purpose	Amount	Principal Purpose
SELCO - Cable	Town	\$ 12,452	Shared services Cable Franchise	\$ 210,748	Shared services Cable Franchise
Town	SELCO - Cable	-	Agreement	800,000	Agreement

The following is a schedule of transfer balances for the years ending December 31, 2025 and 2024:

To	From	2025		2024	
		Amount	Principal Purpose	Amount	Principal Purpose
Town	SELCO - Cable	\$ 447,158	Payments in lieu of taxes	\$ 458,882	Payments in lieu of taxes

Town of Shrewsbury, Massachusetts
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5. Capital Assets

	Balance January 1, 2025	Increases	Decreases	Balance December 31, 2025
Capital assets not being depreciation:				
Construction in progress	\$ 7,582,942	\$ 6,171,963	\$ (3,595,138)	\$ 10,159,767
Capital assets being depreciated:				
Intangible plant	342,745	-	-	342,745
Transmitting plant	114,342	-	(709)	113,633
Head end equipment	6,049,558	18,103	(2,351,666)	3,715,995
Distribution facilities	27,793,290	3,552,053	(6,701,802)	24,643,541
General plant	4,569,026	282,411	(99,016)	4,752,421
Total capital assets being depreciated	<u>38,868,961</u>	<u>3,852,567</u>	<u>(9,153,193)</u>	<u>33,568,335</u>
Less accumulated depreciation for:				
Intangible plant	(342,745)	-	-	(342,745)
Transmitting plant	(56,652)	(5,682)	710	(61,624)
Head end equipment	(2,921,710)	(269,496)	1,520,503	(1,670,703)
Distribution facilities	(11,112,533)	(1,212,761)	6,244,875	(6,080,419)
General plant	(2,441,374)	(291,439)	98,925	(2,633,888)
Total accumulated depreciation	<u>(16,875,014)</u>	<u>(1,779,378)</u>	<u>7,865,013</u>	<u>(10,789,379)</u>
Capital assets being depreciated, net	<u>21,993,947</u>	<u>2,073,189</u>	<u>(1,288,180)</u>	<u>22,778,956</u>
Utility plant assets, net	<u>\$ 29,576,889</u>	<u>\$ 8,245,152</u>	<u>\$ (4,883,318)</u>	<u>\$ 32,938,723</u>
	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	<u>51,526,001</u>	<u>1,046,811</u>	<u>(13,703,851)</u>	<u>38,868,961</u>
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	<u>(26,686,900)</u>	<u>(1,922,451)</u>	<u>11,734,337</u>	<u>(16,875,014)</u>
Capital assets being depreciated, net	<u>24,839,101</u>	<u>(875,640)</u>	<u>(1,969,514)</u>	<u>21,993,947</u>
Utility plant assets, net	<u>\$ 26,654,708</u>	<u>\$ 5,563,261</u>	<u>\$ (2,641,080)</u>	<u>\$ 29,576,889</u>

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Notes to Financial Statements
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Depreciation and amortization expense for the years ended December 31, 2025 and 2024 was \$1,779,378 and \$2,011,148, respectively. Depreciation expense reported on the Statements of Revenues, Expenses and Changes in Net Position is net of amortization of \$6,796 related to contribution in aid of construction for the year ended December 31, 2024.

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, 2025 and 2024, the amount outstanding was \$10,510,000 and \$11,170,000, respectively. Interest expense relating to this bond was \$343,425 and \$376,425 at December 31, 2025 and 2024, respectively.

Maturities of the bonds are as follows:

<u>Years Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	660,000	193,550	853,550
2031-2035	3,280,000	612,525	3,892,525
2036-2040	3,275,000	229,250	3,504,250
2041	655,000	6,550	661,550
Total	<u>\$ 10,510,000</u>	<u>\$ 2,146,075</u>	<u>\$ 12,656,075</u>

Changes in Long-Term Liabilities

During the year ended December 31, 2025, 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	\$ 11,170,000	\$ -	\$ (660,000)	\$ 10,510,000	\$ 660,000
Unamortized bond premium	1,554,099	-	(96,628)	1,457,471	-
Total	<u>\$ 12,724,099</u>	<u>\$ -</u>	<u>\$ (756,628)</u>	<u>\$ 11,967,471</u>	<u>\$ 660,000</u>

Town of Shrewsbury, Massachusetts
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Notes to Financial Statements
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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	<u>1,650,726</u>	<u>-</u>	<u>(96,627)</u>	<u>1,554,099</u>	<u>-</u>
Total	<u>\$ 13,480,726</u>	<u>\$ -</u>	<u>\$ (756,627)</u>	<u>\$ 12,724,099</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.

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).

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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, 2025 and 2024 were \$83,618 and \$0 respectively.

Pension Liabilities

At December 31, 2025 and 2024, SELCO - Cable reported a liability of \$550,165 and \$677,843, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024 and 2023, respectively, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of January 1, 2025. 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, 2024 and 2023. 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, 2024 and 2023. At the measured date of December 31, 2024 and 2023, SELCO - Cable's portion was 4.45% and 4.27%, respectively.

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Notes to Financial Statements
 December 31, 2025 and 2024

Pension Expense

For the years ended December 31, 2025 and 2024, SELCO - Cable recognized pension expense of \$155,458 and \$105,228, respectively. For the years ended December 31, 2025 and 2024, SELCO - Cable reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2025</u>	<u>2024</u>
Deferred Outflows of Resources Related to Pension:		
Differences between expected and actual experience	\$ 422,705	\$ 611,166
Net difference between projected and actual earnings on pension plan investments	181,495	241,646
Changes of assumptions	-	15,910
Changes in proportion and differences between employer contributions and department proportionate share	2,072	3,163
Contributions subsequent to the measurement date	83,618	-
	<u>\$ 689,890</u>	<u>\$ 871,885</u>
Deferred Inflows of Resources Related to Pension:		
Differences between expected and actual experience	\$ 4,572	\$ 31,795
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between employer contributions and department proportionate share	123,622	98,301
	<u>\$ 128,194</u>	<u>\$ 130,096</u>

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:

2026	\$ 575,947
2027	(60,782)
2028	(34,699)
2029	<u>(2,388)</u>
Total	<u>\$ 478,078</u>

Town of Shrewsbury, Massachusetts

Shrewsbury Electric and Cable Operations (SELCO) - Cable

Notes to Financial Statements
December 31, 2025 and 2024

Actuarial Assumptions

The total pension liability as of December 31, 2025 was determined by an actuarial valuation as of January 1, 2025, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	January 1, 2025
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, 2024, other than the valuation date, which was January 1, 2024.

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
Shrewsbury Electric and Cable Operations (SELCO) - Cable

Notes to Financial Statements
 December 31, 2025 and 2024

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, 2024 are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic Equity	33.0%	9.3%
International Equities	10.0	4.6
Emerging Market Equities	6.0	6.4
Real Estate	17.0	4.4
Core Fixed Income	11.0	0.7
High Yield Fixed Income	11.0	4.5
Private Equity	5.5	12.5
Hedge Funds	6.5	1.2
	<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, 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>	

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.

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

Notes to Financial Statements
 December 31, 2025 and 2024

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, 2025	\$ 1,472,102	\$ 550,165	\$ (226,176)
December 31, 2024	1,533,281	677,843	(43,606)

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, 2025, OPEB plan membership consisted of the following:

	2025	2024
Inactive plan members or beneficiaries currently receiving benefits payments	7	7
Active plan members	37	37
Total number of participants	<u>44</u>	<u>44</u>

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, 2025 and 2024 and the measurement dated of June 30, 2025 and 2024, respectively, total premiums plus implicit costs for the retiree medical program was \$49,585 and \$47,450, respectively.

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

Notes to Financial Statements
December 31, 2025 and 2024

OPEB Liability (Asset)

At December 31, 2025 and 2024, SELCO - Cable reported a liability (asset) of \$(420,475) and \$(352,198), respectively, for its net OPEB liability (asset). The 2025 and 2024 net OPEB liability (asset) was measured as of June 30, 2025 and 2024, respectively, and was determined by an actuarial valuation as of July 1, 2024.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, 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
December 31, 2025 and 2024

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, 2024	\$ 1,167,931	\$ 1,520,129	\$ (352,198)
Changes for the year:			
Service cost	58,683	-	58,683
Interest	90,089	-	90,089
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions, employer	-	49,585	(49,585)
Contributions, employee	-	-	-
Net investment income	-	165,255	(165,255)
Benefit payments	(49,585)	(49,585)	-
Administrative expense	(2,209)	-	(2,209)
Net changes	96,978	165,255	(68,277)
Balance at June 30, 2025	<u>\$ 1,264,909</u>	<u>\$ 1,685,384</u>	<u>\$ (420,475)</u>
	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	<u>\$ 1,167,931</u>	<u>\$ 1,520,129</u>	<u>\$ (352,198)</u>

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

Notes to Financial Statements
December 31, 2025 and 2024

OPEB Expense

For the years ended December 31, 2025 and 2024, SELCO - Cable recognized OPEB expense (revenue) of \$(71,481) and \$(25,413), respectively. At December 31, 2025 and 2024, SELCO - Cable reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>2025</u>	<u>2024</u>
Deferred Outflows of Resources Related to OPEB:		
Changes of assumptions	\$ 6,298	\$ 19,703
Net difference between projected and actual earnings on OPEB plan investments	-	26,252
	<u>\$ 6,298</u>	<u>\$ 45,955</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ 25,858	\$ -
Differences between expected and actual experience	373,788	494,301
	<u>\$ 399,646</u>	<u>\$ 494,301</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:

2026	\$ (71,401)
2027	(139,847)
2028	(97,766)
2029	(55,699)
2030	(28,635)
Thereafter	-
	<u> </u>
Total	<u>\$ (393,348)</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:

	<u>1% Decrease 6.50%</u>	<u>Current Discount Rate 7.50%</u>	<u>1% Increase 8.50%</u>
June 30, 2025	\$ (252,445)	\$ (420,475)	\$ (558,890)
June 30, 2024	(194,907)	(352,198)	(478,611)

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

Notes to Financial Statements
 December 31, 2025 and 2024

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, 2025	\$ (585,547)	\$ (420,475)	\$ (214,838)
June 30, 2024	(494,044)	(352,198)	(172,335)

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, 2025 and 2024 was \$1,794,514 and \$1,587,060, 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, 2025 and 2024, OPEB plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits payments	7
Active plan members	37
	44

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
 December 31, 2025 and 2024

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, 2025 and 2024, 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 December 31, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Total OPEB liability	\$ 1,315,538	\$ 1,207,144
Fiduciary net position	<u>(1,794,514)</u>	<u>(1,587,060)</u>
Net OPEB liability/(asset)	<u>\$ (478,976)</u>	<u>\$ (379,916)</u>

Fiduciary net position as a percentage of the total OPEB liability was 136.41% and 131.47% for 2025 and 2024 respectively.

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, 2025	\$ (274,136)	\$ (478,976)	\$ (645,630)
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, 2025	\$ (679,983)	\$ (478,976)	\$ (222,822)
December 31, 2024	(468,995)	(379,916)	(11,835)

Town of Shrewsbury, Massachusetts

Shrewsbury Electric and Cable Operations (SELCO) - Cable

Notes to Financial Statements
December 31, 2025 and 2024

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, 2025.

**Years Ending
December 31:**

2026	\$ 2,559,451
2027	1,473,841
2028	<u>404,241</u>
Total	<u>\$ 4,437,533</u>

Signal purchase expense under these contracts was \$5,041,486 and \$5,640,165 in 2025 and 2024, 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 \$2,000,000 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, 2025 and 2024, 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.

12. Changes in Accounting Principle

SELCO - Cable implemented GASB Statement No. 103 effective January 1, 2025. As a result, 2024 balances in the statement of revenues, expenses and changes in net position have been restated to align with the current year presentation. There was no change to net position. In the previously issued financial statements as of December 31, 2024, the transfer out related to the payment in lieu of taxes was reported as a transfer. The entire balance for payment in lieu of taxes is now presented as a noncapital subsidy.

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

Notes to Financial Statements
December 31, 2025 and 2024

13. Subsequent Events

SELCO – Cable evaluated subsequent events through April 24, 2026, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

Rate Adjustment

SELCO - Cable commission approved a rate increase effective January 1, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarial valuation date	1/1/2025	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
Measurement date	12/31/2024	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
Schedule of the SELCO - Cable's Proportionate Share of the Net Pension Liability (NPL)										
SELCO - Cable's portion of the NPL	4.45%	4.27%	4.54%	4.96%	5.24%	0.00%	3.92%	3.67%	2.98%	3.79%
SELCO - Cable's proportionate share of the NPL	\$ 550,165	\$ 677,843	\$ 832,621	\$ (1,348,417)	\$ (633,789)	\$ -	\$ 433,749	\$ 155,299	\$ 563,266	\$ 791,546
SELCO - Cable's total employee payroll	3,331,248	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
NPL as a percentage of total employee payroll	17%	22%	22.45%	-48.20%	-26.38%	0.00%	17.04%	6.27%	23.16%	34.61%
Plan's fiduciary net position as a percentage of the total pension liability	93.40%	91.32%	89.40%	117.60%	108.20%	97.90%	91.68%	96.73%	77.10%	82.46%
Schedule of Contributions										
Actuarially determined contributions	\$ 83,618	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 246,722	\$ 229,710	\$ 250,784	\$ 240,876
Less contributions in relation to the actuarially determined contribution	(83,618)	-	-	-	-	-	(246,722)	(229,710)	(250,784)	(240,876)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note

There were no changes of assumptions or changes of plan provisions for December 31, 2024 and 2023.

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

	2025	2024	2023	2022	2021	2020	2019	2018	Town Wide 2017
Total OPEB Liability									
Service cost	\$ 58,683	\$ 41,359	\$ 39,578	\$ 40,748	\$ 38,993	\$ 35,954	\$ 34,406	\$ 32,924	\$ 1,543,475
Interest	90,089	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	(51,794)	(49,564)	(70,281)	(67,255)	(74,982)	(51,849)	(51,849)	(49,616)	(2,304,138)
Net change in total OPEB liability	96,978	(205,273)	67,598	(318,443)	79,980	107,989	84,590	212,609	2,677,531
Total OPEB Liability, Beginning	1,167,930	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>\$ 1,264,908</u>	<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	\$ 49,585	\$ 47,450	\$ 76,308	\$ 91,777	\$ 68,744	\$ 829	\$ 112,314	\$ 157,466	\$ 2,391,572
Net investment income	165,255	161,734	132,205	(229,543)	266,532	20,786	62,947	52,108	317,312
Benefit payments	(49,585)	(47,450)	(64,181)	614	(68,744)	(47,536)	(48,651)	(46,556)	(2,059,702)
Net change in plan fiduciary net position	165,255	161,734	144,332	(137,152)	266,532	(25,921)	126,610	163,018	649,182
Plan Fiduciary Net Position, Beginning	1,520,129	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>\$ 1,685,384</u>	<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>\$ (420,476)</u>	<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, 2025 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

	2025	2024	2023	2022	2021	2020	2019	2018	Town Wide 2017
Schedules of Net OPEB Liability									
Total OPEB liability	\$ 1,264,909	\$ 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	1,685,384	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>\$ (420,475)</u>	<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									
	133.24%	130.16%	98.92%	92.99%	87.02%	74.27%	81.66%	77.40%	7.23%
Covered Payroll	\$ 3,331,248	\$ 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									
	-12.62%	-11.51%	0.62%	3.97%	9.32%	18.19%	10.79%	12.95%	66.34%
Schedules of Employer Contributions									
Actuarially determined contributions	\$ 49,585	\$ 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	(49,585)	(47,450)	(64,181)	(61,417)	(638,744)	(829)	(112,314)	(157,466)	(2,636,008)
Contribution deficiency (excess)	<u>\$ -</u>	<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	\$ 3,331,248	\$ 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									
	1.49%	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	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, 2025 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, 2025 and 2024

Pension Benefits

The cost of living adjustment as of the measurement date of December 31, 2023 and December 31, 2024 was 3% on the first \$14,000 of pension benefits.

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, 2025 and 2024

	2025			2024			Increase (Decrease)
	Operations	Maintenance	Total	Operations	Maintenance	Total	
Head End Expenses							
530 Supervision and engineering	\$ -	\$ -	\$ -	\$ 952	\$ -	\$ 952	\$ (952)
534 Station power	169,609	-	169,609	157,748	-	157,748	11,861
542 Maintenance of structures	-	283	283	-	36,677	36,677	(36,394)
546 Maintenance of head end apparatus	-	24	24	-	278	278	(254)
Total head end expenses	169,609	307	169,916	158,700	36,955	195,655	(25,739)
Connectivity Expenses							
555 Signal purchases	5,006,620	-	5,006,620	5,640,165	-	5,640,165	(633,545)
555 Internet connectivity	459,255	-	459,255	337,034	-	337,034	122,221
555 Telephone fees and connectivity	248,397	-	248,397	326,414	-	326,414	(78,017)
Total signal expenses	5,714,272	-	5,714,272	6,303,613	-	6,303,613	(589,341)
Transmitting Expenses							
502 Transmitting station expense	8,645	-	8,645	4,488	-	4,488	4,157
514 Maintenance of underground lines	-	-	-	-	15	15	(15)
Total transmitting expenses	8,645	-	8,645	4,488	15	4,503	4,142
Data Center Expenses							
518 Hardware	557,093	98,959	656,052	519,215	57,171	576,386	79,666
528 Software	153,055	873,982	1,027,037	181,981	773,613	955,594	71,443
Total data center expenses	710,148	972,941	1,683,089	701,196	830,784	1,531,980	151,109
Distribution Expenses							
583 Overhead line expenses	187,555	-	187,555	217,776	-	217,776	(30,221)
584 Underground Line expenses	769	-	769	22,593	-	22,593	(21,824)
586 Converter expense	334,154	-	334,154	942,855	-	942,855	(608,701)
587 Customer installation expense	495,395	-	495,395	792,449	-	792,449	(297,054)
591 Maintenance of structures	-	68,695	68,695	-	40,184	40,184	28,511
593 Maintenance of overhead lines	-	69,141	69,141	-	51,924	51,924	17,217
594 Maintenance of underground lines	-	246,869	246,869	-	122,687	122,687	124,182
Total distribution expenses	1,017,873	384,705	1,402,578	1,975,673	214,795	2,190,468	(787,890)

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

Schedules of Operations and Maintenance Expenses -
Operating Fund
Years Ended December 31, 2025 and 2024

	2025			2024			Increase (Decrease)
	Operations	Maintenance	Total	Operations	Maintenance	Total	
Customer Accounts Expenses							
903 Customer records and collection expense	\$ 1,324,539	\$ -	\$ 1,324,539	\$ 1,191,788	\$ -	\$ 1,191,788	\$ 132,751
904 Uncollectible accounts	68,669	-	68,669	(87,273)	-	(87,273)	155,942
Total customer accounts expenses	1,393,208	-	1,393,208	1,104,515	-	1,104,515	288,693
Sales Expense							
913 Advertising expense	259,924	-	259,924	250,740	-	250,740	9,184
Administrative and General Expenses							
920 Administrative and general salaries	921,005	-	921,005	753,129	-	753,129	167,876
921 Office supplies and expenses	544,041	-	544,041	363,334	-	363,334	180,707
923 Outside services employed	234,327	-	234,327	337,535	-	337,535	(103,208)
924 Property insurance	242,697	-	242,697	240,447	-	240,447	2,250
925 Injuries and damages	42,245	-	42,245	30,722	-	30,722	11,523
926 Employee pension and benefits	628,094	-	628,094	538,537	-	538,537	89,557
930 Miscellaneous general expenses	31,466	-	31,466	44,755	-	44,755	(13,289)
933 Transportation expense	72,490	-	72,490	107,372	-	107,372	(34,882)
Total administrative and general expenses	2,716,365	-	2,716,365	2,415,831	-	2,415,831	300,534
Total operations and maintenance expenses	\$ 11,990,044	\$ 1,357,953	\$ 13,347,997	\$ 12,914,756	\$ 1,082,549	\$ 13,997,305	\$ (649,308)