

TOWN OF SHREWSBURY, MASSACHUSETTS
SHREWSBURY ELECTRIC AND CABLE
OPERATIONS (SELCO)-CABLE
Financial Statements
December 31, 2023 and 2022

TOWN OF SHREWSBURY, MASSACHUSETTS
 SHREWSBURY ELECTRIC AND CABLE OPERATIONS (SELCO) – CABLE
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GOULET, SALVIDIO
& ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Town of Shrewsbury, Massachusetts
Shrewsbury Electric and Cable Operations (SELCO) - Cable
Shrewsbury, Massachusetts 01545

Opinion

We have audited the financial statements of Shrewsbury Electric and Cable Operations (SELCO) - Cable, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which comprise SELCO - Cable's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Shrewsbury Electric and Cable Operations (SELCO) - Cable as of December 31, 2023 and 2022, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

In preparing the financial statements, management is required to evaluate whether these are conditions or events, considered in the aggregate, that raise substantial doubt about SELCO - Cable's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditors' Responsibilities for the Audit of 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SELCO - Cable's ability to continue as a going concern for a reasonable period of time.

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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Shrewsbury Electric and Cable Operations (SELCO) - Cable and do not purport to, and do not present fairly the financial position of the Town of Shrewsbury, Massachusetts, as of December 31, 2023 and 2022, and the changes in financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Other Postemployment Benefits and Net Pension Liability information on pages four through six and 30 through 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise SELCO - Cable's basic financial statements. The Schedules of Operation and Maintenance Expenses on pages 34 and 35 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Goulet, Salvidio & Associates, P.C.

Goulet, Salvidio & Associates, P.C.

Worcester, Massachusetts

May 14, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2023 and 2022. 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, 2023, it shows that our net position increased 8.3% compared to the year ended December 31, 2022.

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, 2023 and 2022 was \$5,065,242 and \$4,626,956, 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, 2023.

Summary of Net Position

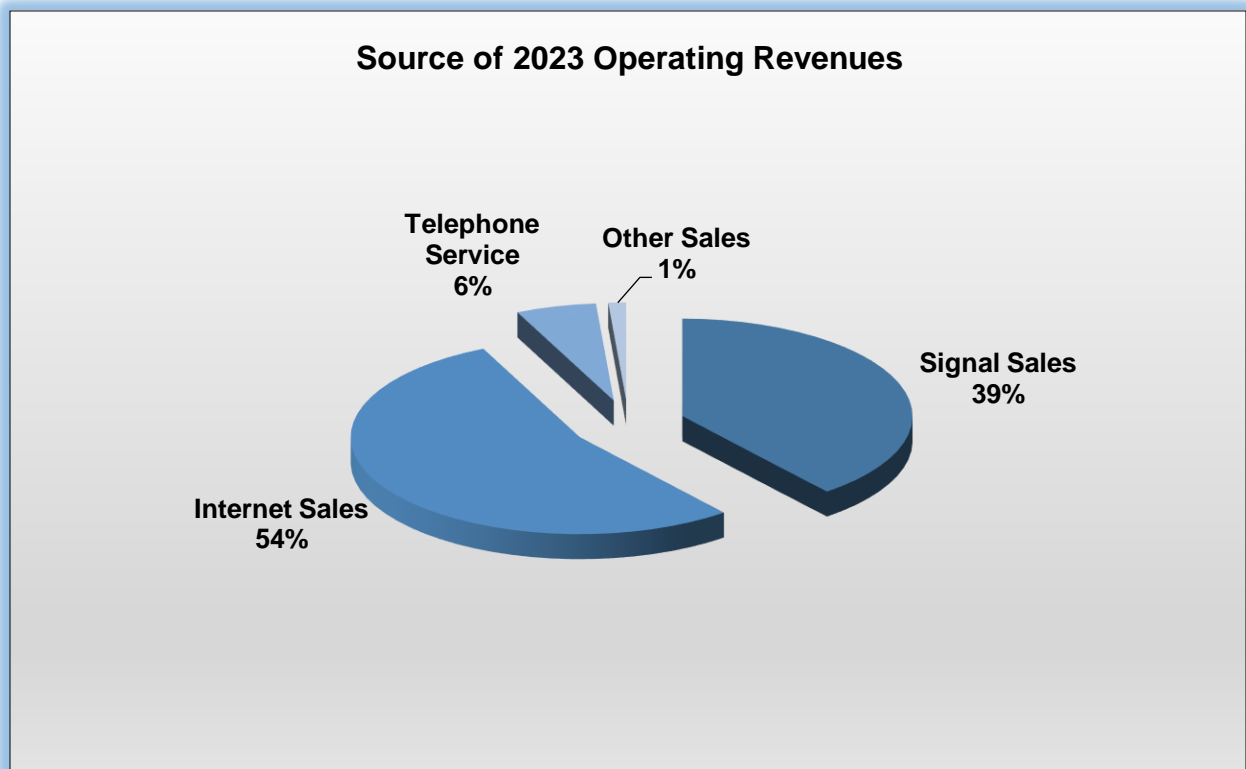
	2023	2022
Current Assets	\$ 51,148,136	\$ 51,141,930
Noncurrent Assets	26,669,209	24,679,335
Total Assets	77,817,345	75,821,265
Deferred Outflows of Resources	2,201,929	939,059
Total Assets and Deferred Outflows of Resources	\$ 80,019,274	\$ 76,760,324
Current Liabilities	\$ 2,360,683	\$ 3,296,571
Noncurrent Liabilities	13,668,156	13,668,897
Total Liabilities	16,028,839	16,965,468
Deferred Inflows of Resources	1,468,640	2,069,928
Net Position:		
Net Investment in Capital Assets	15,626,734	16,292,556
Unrestricted Net Position	46,895,061	41,432,372
Total Net Position	62,521,795	57,724,928
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 80,019,274	\$ 76,760,324

Summary of Changes in Net Position

	2023	2022
Operating Revenues	\$ 22,005,747	\$ 22,443,271
Operating Expenses	16,635,208	17,423,996
Operating Income	5,370,539	5,019,275
Non-Operating Revenues (Expenses)	(305,297)	(392,319)
Net Income	5,065,242	4,626,956
Net Position, January 1	57,724,928	53,097,972
Transfer Out - Payment in Lieu of Taxes	(268,375)	0
Net Position, December 31	\$ 62,521,795	\$ 57,724,928

Financial Highlights:

Operating revenues decreased by \$437,524 or 1.9% in 2023 as compared to 2022. A decrease in signal sales of \$469,970 was the result of a loss of about 675 basic subscribers. There were 113 less subscribers to SELCO – Cable’s internet service. Many of the existing customers moved to higher speed internet packages attributing to a \$530,505 increase in internet sales over 2022. SELCO - Cable’s telephone service lost approximately 268 customers over the course of the year resulting in an \$112,913 decline in revenue.



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

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.

Cable Plant and Debt Administration:

Cable Plant

Net cable plant was \$26,654,709 and \$23,329,418 at December 31, 2023 and 2022, respectively. The increase is the difference between the current year's additions of \$5,295,664, the annual depreciation expense of \$1,970,373.

Debt Administration

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, 2022. Principal payments will be in the amount of \$660,000 on the 15th of January for the years 2023 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%.

The outstanding balance at December 31, 2023 was \$11,830,000.

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 2023 and 2022 SELCO - Cable paid the Town \$458,684 and \$800,000, respectively, for Cable Franchise Fees and \$268,375 and zero, respectively for a Payment In Lieu Of Taxes (PILOT). During 2023 and 2022, SELCO - Cable paid Shrewsbury Media Connection \$198,251 and \$369,551, respectively, for Local Access Fees.

TOWN OF SHREWSBURY, MASSACHUSETTS
SHREWSBURY ELECTRIC AND CABLE OPERATIONS (SELCO) - CABLE
STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022

OPERATING FUND

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2023	2022
CURRENT ASSETS:		
Funds on Deposit with Town Treasurer		
Operating Cash	\$ 48,597,994	\$ 48,419,330
Accounts Receivable Customers, Net	1,436,768	1,401,308
Other Accounts Receivable	636,429	620,599
Materials and Supplies	94,533	126,687
Prepayments	382,412	574,006
TOTAL CURRENT ASSETS	51,148,136	51,141,930
NONCURRENT ASSETS:		
Preliminary Surveys	14,500	1,500
Net Pension Asset	0	1,348,417
Cable Plant Assets, Net	26,654,709	23,329,418
TOTAL NONCURRENT ASSETS	26,669,209	24,679,335
TOTAL ASSETS	77,817,345	75,821,265
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Outflows of Resources Related to Pensions	1,939,992	556,033
Deferred Outflows of Resources Related to OPEB	261,937	383,026
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,201,929	939,059
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 80,019,274	\$ 76,760,324

See Accompanying Notes to the Financial Statements

TOWN OF SHREWSBURY, MASSACHUSETTS
SHREWSBURY ELECTRIC AND CABLE OPERATIONS (SELCO) - CABLE
STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022

OPERATING FUND

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2023	2022
CURRENT LIABILITIES:		
Accounts Payable	\$ 1,700,683	\$ 2,543,584
Due to SELCO - Electric	0	92,987
Bond Payable, Current Portion	660,000	660,000
TOTAL CURRENT LIABILITIES	2,360,683	3,296,571
NONCURRENT LIABILITIES:		
Bond Payable, Net of Current Portion	11,170,000	11,830,000
Unamortized Bond Premium	1,650,726	1,747,354
Net Pension Liability	832,621	0
Other Postemployment Benefits Liability	14,809	91,543
TOTAL NONCURRENT LIABILITIES	13,668,156	13,668,897
TOTAL LIABILITIES	16,028,839	16,965,468
DEFERRED INFLOWS OF RESOURCES:		
Contribution in Aid of Construction, Net	112,250	77,690
Deferred Inflows of Resources Related to Pensions	938,137	1,495,379
Deferred Inflows of Resources Related to OPEB	418,253	496,859
TOTAL DEFERRED INFLOWS OF RESOURCES	1,468,640	2,069,928
NET POSITION:		
Invested in Capital Assets	15,626,734	16,292,556
Unrestricted Net Position	46,895,061	41,432,372
TOTAL NET POSITION	62,521,795	57,724,928
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 80,019,274	\$ 76,760,324

See Accompanying Notes to the Financial Statements

TOWN OF SHREWSBURY, MASSACHUSETTS
SHREWSBURY ELECTRIC AND CABLE OPERATIONS (SELCO) - CABLE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

OPERATING FUND

	2023	2022
OPERATING REVENUES:		
Signal Sales	\$ 8,620,969	\$ 9,090,939
Internet Sales	11,859,994	11,329,489
Telephone Service	1,250,117	1,363,030
Additional Outlet Sales	19,832	23,883
Other Operating Revenue	254,835	635,930
	22,005,747	22,443,271
OPERATING EXPENSES:		
Operations	13,052,735	13,241,096
Maintenance	961,288	758,949
Cable Franchise and Local Access Fees - Town	656,935	1,169,551
Depreciation, Net of Amortization	1,964,250	2,254,400
	16,635,208	17,423,996
OPERATING INCOME	5,370,539	5,019,275
NONOPERATING INCOME (EXPENSE):		
Loss on Disposal of Equipment	0	(46,526)
Grant Income	7,500	0
Interest Expense	(312,797)	(345,793)
	(305,297)	(392,319)
NET INCOME	5,065,242	4,626,956
NET POSITION, JANUARY 1	57,724,928	53,097,972
Transfers Out - Payments in Lieu of Taxes	(268,375)	0
NET POSITION, DECEMBER 31	\$ 62,521,795	\$ 57,724,928

See Accompanying Notes to the Financial Statements

TOWN OF SHREWSBURY, MASSACHUSETTS
SHREWSBURY ELECTRIC AND CABLE OPERATIONS (SELCO) - CABLE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

OPERATING FUND

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 21,954,457	\$ 21,629,673
Cash Paid to Suppliers	(10,222,352)	(10,242,372)
Cash Paid to Employees	(3,708,768)	(2,797,340)
Cash Paid for Benefits	(494,345)	(452,730)
Cable Franchise and Local Access Fees - Town	(656,935)	(1,169,551)
Payment in Lieu of Taxes	(268,375)	0
	6,603,682	6,967,680
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Repayments to SELCO - Electric	(92,987)	(86,946)
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:		
Contribution in Aid of Construction	40,683	81,779
Repayment of Bond Principle	(660,000)	(658,000)
Payments of Bond Interest	(424,550)	(457,500)
Additions to Cable Plant	(5,288,164)	(5,491,110)
	(6,332,031)	(6,524,831)
NET INCREASE IN CASH AND CASH EQUIVALENTS	178,664	355,903
CASH, Beginning of Year	48,419,330	48,063,427
CASH, End of Year	\$ 48,597,994	\$ 48,419,330

See Accompanying Notes to the Financial Statements

TOWN OF SHREWSBURY, MASSACHUSETTS
SHREWSBURY ELECTRIC AND CABLE OPERATIONS (SELCO) - CABLE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

OPERATING FUND

	2023	2022
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 5,370,539	\$ 5,019,275
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation, Net of Amortization	1,964,250	2,254,400
Allowance for Doubtful Accounts	63,000	0
Payment in Lieu of Taxes	(268,375)	0
Pension Expense (Income)	239,837	(355,050)
Other Postemployment Benefits Expense	48,158	69,583
Changes in Assets and Liabilities:		
(Increase) Decrease in Assets:		
Accounts Receivable	(98,460)	(211,898)
Other Accounts Receivable	(15,830)	(601,700)
Materials and Supplies	32,154	521,136
Prepaid Expenses	191,594	(406,909)
Preliminary Surveys	(13,000)	(1,500)
Increase (Decrease) in Liabilities:		
Accounts Payable	(827,776)	769,397
Other Postemployment Benefits Liability	(82,409)	(89,054)
Net Cash Provided by Operating Activities	\$ 6,603,682	\$ 6,967,680

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

The following amounts are considered to be cash and cash equivalents for the purpose of the statements of cash flows.

	2023	2022
Funds for General Operation	\$ 48,597,994	\$ 48,419,330

Cash paid for interest during 2023 and 2022 was \$424,550 and \$457,500, respectively

See Accompanying Notes to the Financial Statements

TOWN OF SHREWSBURY, MASSACHUSETTS
 SHREWSBURY ELECTRIC AND CABLE OPERATIONS (SELCO) - CABLE
 STATEMENTS OF FIDUCIARY NET POSITION
 DECEMBER 31, 2023 AND 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB) TRUST FUND

	2023	2022
ASSETS		
Funds on Deposit with Town Treasurer		
Investments	\$ 1,428,089	\$ 1,235,107
FIDUCIARY NET POSITION		
FIDUCIARY NET POSITION - Restricted	\$ 1,428,089	\$ 1,235,107

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 TOWN OF SHREWSBURY, MASSACHUSETTS
 SHREWSBURY ELECTRIC AND CABLE OPERATIONS (SELCO) - CABLE
 STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB) TRUST FUND

	2023	2022
Contributions	\$ 12,127	\$ 21,799
Investment Income (Loss)	180,855	(234,366)
CHANGES IN FIDUCIARY NET POSITION	192,982	(212,567)
FIDUCIARY NET POSITION - January 1,	1,235,107	1,447,674
FIDUCIARY NET POSITION - December 31,	\$ 1,428,089	\$ 1,235,107

See Accompanying Notes to the Financial Statements

TOWN OF SHREWSBURY, MASSACHUSETTS
SHREWSBURY ELECTRIC AND CABLE OPERATIONS (SELCO) – CABLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity

SELCO - Cable is a component unit of the Town of Shrewsbury, Massachusetts. 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.

Regulation and Basis of Presentation

SELCO - Cable's financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

SELCO - Cable is considered an enterprise fund of the Town of Shrewsbury, Massachusetts. The operations of SELCO - Cable are accounted for with a separate set of self-balancing accounts organized on an Enterprise Fund type basis. Enterprise funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case GASB prevails.

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Union Labor

Approximately one quarter of SELCO - Cable's employees are covered by a three-year union contract which expires on December 31, 2024.

Reclassifications

Certain prior year amounts have been reclassified to conform to the 2023 financial statement presentation.

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.

Cable Plant and Depreciation

Depreciation is computed using lives ranging from three to twenty percent of the cost of Cable Plant. 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.

Materials and Supplies

Materials and supplies inventory consists of parts and accessories for installations required for service, and are stated using the average cost method for valuing inventory.

TOWN OF SHREWSBURY, MASSACHUSETTS
SHREWSBURY ELECTRIC AND CABLE OPERATIONS (SELCO) – CABLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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.

During 2023, SELCO - Cable had one non-cash transaction relating to grant income for cable plant assets in the amount of \$7,500.

During 2022, SELCO - Cable had one non-cash transaction relating to the disposal of cable plant assets in the amount of \$46,526.

Use of Estimates

The preparation of financial statements in conformity with generally accepted 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 reported period. Actual results could differ from those estimates.

Prepayments

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

Accounts Receivable Customers, Net

SELCO - Cable carries its accounts receivable net of an allowance for doubtful accounts to properly reflect the realizable value. 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.

Allowance for Doubtful Accounts

Accounts Receivable is net of allowances for doubtful accounts of \$225,000 and \$162,000 for 2023 and 2022, respectively.

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

TOWN OF SHREWSBURY, MASSACHUSETTS
SHREWSBURY ELECTRIC AND CABLE OPERATIONS (SELCO) – CABLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Revenue Recognition (continued)

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.

Sales Tax

SELCO - Cable collects sales tax. The amount received is credited to a liability account 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.

Advertising Costs

SELCO - Cable expenses advertising costs as incurred. Advertising expense was \$190,704 and \$59,759 for the years ended December 31, 2023 and 2022, respectively.

Compensated Absences

SELCO - Cable's employment benefit plan provides that employees are entitled to a minimum of ten days' vacation per year up to twenty-five days per year depending on years of service and employment classification. Employees are allowed to accumulate up to 200 hours of unused vacation. Accrued amounts were \$167,922 and \$126,773 at December 31, 2023 and 2022, respectively.

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.

Other Postemployment Benefits (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Other Postemployment Benefits (OPEB) (continued)

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.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and deferred inflows of resources. These separate financial statement elements, deferred outflows and inflows of resources, represent a consumption of net position that applies to a future period and so will not be recognized as an outflow/inflow of resources (expense/expenditure) until then.

NOTE 2 - CONCENTRATION OF CREDIT RISK:

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.

NOTE 3 - OTHER ACCOUNTS RECEIVABLE:

Other Accounts Receivable consists of the following:

	2023	2022
Advertising Receivables	\$ 20,643	\$ 22,665
Town Receivables	609,261	346,226
Other Receivables	6,525	251,708
	\$ 636,429	\$ 620,599

NOTE 4 - 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. Total payment related to the annual franchise agreement for the years ended December 31, 2023 and 2022 was zero and \$800,000, respectively. SELCO - Cable also pays annually Shrewsbury Media Connection for public access television which amounted to \$198,252 and \$369,551 for the years ended December 31, 2023 and 2022, respectively.

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NOTE 4 - PAYMENT PER FRANCHISE AGREEMENT (Continued):

During 2023, SELCO - Cable entered into a new ten-year Cable Franchise agreement with the Town that expires in 2033. The agreement establishes a contractual obligation for one annual payment to the Town in June of each year. 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, 2023 was \$458,684.

NOTE 5 - RELATED PARTY TRANSACTIONS:

Shrewsbury Electric and Cable Operations are enterprise funds of the Town of Shrewsbury and are both under the management of the same Board of Commissioners. Amounts Due to SELCO - Electric consist of various payments made by SELCO - Electric on behalf of SELCO - Cable. Payments were for shared operating expenses. At December 2023 and 2022, amounts due to SELCO - Electric were zero and \$92,987, respectively.

In 2023 and 2022 SELCO - Cable paid the Town amounts of \$2,663,395 and \$2,242,391, respectively. The amounts in both years was related to health insurance premiums, employer retirement contributions, Medicare payments, payments in lieu of taxes, police details, utilities, and payments for fuel used by SELCO - Cable's fleet of vehicles.

At December 31, 2023 and 2022, the outstanding balances payable to the Town were \$121,838 and \$119,153, respectively.

NOTE 6 - 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, 2023 and 2022, SELCO - Cable considers its' pro rata share of these losses to be immaterial to its financial statements.

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NOTE 7 - NET INVESTMENT IN CAPITAL ASSETS:

	2023	2022
Cost of Capital Assets Acquired	\$ 53,341,609	\$ 50,584,673
Less: Accumulated Depreciation	(26,686,900)	(27,255,255)
Less: Debt and Premiums Related to Capital Assets	(13,480,726)	(14,237,355)
Add: Restricted Bond Cash	2,452,751	7,200,493
Net Investment in Capital Assets	\$ 15,626,734	\$ 16,292,556

NOTE 8 - CABLE PLANT ASSETS:

	Balance January 1, 2023	Increases	Decreases	Balance December 31, 2023
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 2,430,234	\$ 5,698,281	\$ (6,312,908)	\$ 1,815,607
Capital Assets Being Depreciated:				
Intangible Plant	342,745	0	0	342,745
Transmitting Plant	285,710	0	0	285,710
Head End Equipment	12,450,359	217,420	0	12,667,779
Distribution Facilities	31,435,689	5,049,322	(2,534,481)	33,950,530
General Plant	3,635,689	623,549	0	4,279,238
Total Capital Assets Being Depreciated	48,154,439	5,910,291	(2,534,481)	51,526,002
Less Accumulated Depreciation for:				
Intangible Plant	(342,745)	0	0	(342,745)
Transmitting Plant	(213,098)	(6,304)	0	(219,402)
Head End Equipment	(7,556,583)	(523,996)	0	(8,080,579)
Distribution Facilities	(17,111,901)	(1,220,857)	2,534,481	(15,798,277)
General Plant	(2,026,681)	(219,216)	0	(2,245,897)
Total Accumulated Depreciation	(27,255,255)	(1,970,373)	2,354,481	(26,686,900)
Capital Assets Being Depreciated, Net	20,899,184	3,939,918	0	24,839,102
Utility Plant Assets, Net	\$ 23,329,418	\$ 9,638,199	\$ (6,312,908)	\$ 26,654,709

Depreciation expense for the years ended December 31, 2023 and 2022 was \$1,970,373 and \$2,258,489, respectively. Depreciation expense reported on the Statements of Revenues, Expenses and Changes in Net Position is net of amortization of \$6,123 and \$4,089 related to contribution in aid of construction for the years ended December 31, 2023 and 2022, respectively.

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NOTE 9 - OTHER POSTEMPLOYMENT BENEFIT LIABILITY TRUST FUND:

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, 2023 and 2022 was \$1,428,089 and \$1,235,107, respectively.

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

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Fund has the ability to access.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

Level 3

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

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

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

- Mutual Funds:
Valued at closing price as reported on the active market on which the individual funds are traded.

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NOTE 9 - OTHER POSTEMPLOYMENT BENEFIT LIABILITY TRUST FUND (Continued):

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

The following table sets forth, by level within the fair value hierarchy, SELCO - Cable's OPEB Trust Fund investments at fair value at December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, SELCO - Cable OPEB Trust Fund did not have any investments that were measured using Level 2 or Level 3 inputs.

Description	December 31, 2023 Quoted Prices in Active Markets for Identical Assets (All Level 1)	December 31, 2022 Quoted Prices in Active Markets for Identical Assets (All Level 1)
<u>Investments at FMV:</u>		
Mutual Funds	\$ 1,421,502	\$ 1,229,006
<u>Other Securities:</u>		
Money Market	6,587	6,101
Total	\$ 1,428,089	\$ 1,235,107

As of December 31, 2023 and 2022, there were no investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represented 5% or more of total investments.

Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other than Pensions Plans*, provides an actuarial cost method and discount rate as well as disclosures and methodologies for reporting Plan liabilities and OPEB expenses.

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

At the measured date of June 30, 2023 OPEB plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits payments	12
Active plan members	26
	38

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.

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NOTE 9 - OTHER POSTEMPLOYMENT BENEFIT LIABILITY TRUST FUND (Continued):

Contributions

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

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.

Rate of Return

For the measured dates of June 30, 2023 and 2022, 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, 2023 and 2022, were as follows:

	2023	2022
Total OPEB Liability	\$ 1,373,204	\$ 1,305,606
Fiduciary Net Position	(1,358,395)	(1,214,063)
Net OPEB Liability	\$ 14,809	\$ 91,543

Fiduciary net position as a percentage of the total OPEB liability was 98.92% and 92.99% for the measured dates of June 30, 2023 and 2022, respectively.

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.

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NOTE 9 - OTHER POSTEMPLOYMENT BENEFIT LIABILITY TRUST FUND (Continued):

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.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability calculated using the discount rate of 7.50%, as well as what the net OPEB liability 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</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u>
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Net OPEB Liability	\$ 17,055	\$ 14,809	\$ 12,950

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability calculated using current healthcare cost trend rates as well as what the net OPEB liability 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</u>	<u>Current</u> <u>Healthcare Cost</u> <u>Trend Rates</u>	<u>1% Increase</u>
	<u>3.5%</u>	<u>4.5%</u>	<u>5.5%</u>
Net OPEB Liability	\$ 12,587	\$ 14,809	\$ 17,567

NOTE 10 - 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, 2023, OPEB plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	12
Active plan members	<u>26</u>
Total Number of Participants	<u><u>38</u></u>

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NOTE 10 - NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (Continued):

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, 2023 and 2022 and the measurement dated of June 30, 2023 and 2022, respectively, total premiums plus implicit costs for the retiree medical program was \$64,181 and \$61,417, respectively.

OPEB Liabilities

At December 31, 2023 and 2022, SELCO - Cable reported a liability of \$14,809 and \$91,543, respectively, for its net OPEB liability. The 2023 and 2022 net OPEB liability was measured as of June 30, 2023 and 2022, respectively, and was determined by an actuarial valuation as of July 1, 2022.

OPEB Expense

For the years ended December 31, 2023 and 2022, SELCO - Cable recognized OPEB Expense of \$48,158 and \$69,583, respectively. At December 31, 2023 and 2022, SELCO - Cable reported deferred outflows and inflows of resources related to OPEB from the following sources:

<u>Deferred Outflows of Resources Related to OPEB</u>	<u>2023</u>	<u>2022</u>
Differences between expected and actual experience	\$ 12,582	\$ 49,680
Changes of assumptions	34,272	34,276
Net difference between projected and actual earnings on OPEB plan investments	<u>215,083</u>	<u>299,070</u>
	<u>\$ 261,937</u>	<u>\$ 383,026</u>
<u>Deferred Inflows of Resources Related to OPEB</u>	<u>2023</u>	<u>2022</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ 104,774	\$ 108,317
Differences between expected and actual experience	<u>313,479</u>	<u>388,542</u>
	<u>\$ 418,253</u>	<u>\$ 496,589</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 in the table on the following page.

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NOTE 10 - NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (Continued):

<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
Years Ended December 31:		Years Ended December 31:	
2024	\$ 107,572	2024	\$ 119,310
2025	80,736	2025	119,309
2026	73,629	2026	77,360
2027	0	2027	72,177
2028	<u>0</u>	2028	<u>30,097</u>
Total	<u>\$ 261,937</u>	Total	<u>\$ 418,253</u>

GASB 75 requires the disclosure of actuarial assumptions, the discount rate, and sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. Refer to previous note “Other Postemployment Benefit Trust Fund” for these disclosures.

NOTE 11 - 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

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NOTE 11 - PENSION PLAN (Continued):

Benefits Provided (continued)

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, 2023 and 2022 were zero.

Pension Liabilities

At December 31, 2023 and 2022, SELCO - Cable reported a liability (asset) of \$832,621 and (\$1,348,417), respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022 and 2021, respectively, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of January 1, 2023. 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, 2022 and 2021. 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, 2022 and 2021. At the measured date of December 31, 2022 and 2021, SELCO - Cable's portion was 4.54% and 4.96%, respectively.

Pension Expense

For the years ended December 31, 2023 and 2022, SELCO - Cable recognized pension expense (revenue) of \$239,837 and (\$355,050), respectively. For the years ended December 31, 2023 and 2022, SELCO - Cable reported deferred outflows of resources and deferred inflows or resources related to pensions in the chart on the following page.

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NOTE 11 - PENSION PLAN (Continued):

<u>Deferred Outflows of Resources Related to Pension</u>	<u>2023</u>	<u>2022</u>
Differences between expected and actual experience	\$ 659,547	\$ 262,953
Net difference between projected and actual earnings on pension plan investments	1,196,054	129,926
Changes in assumptions	79,512	155,170
Changes in proportion and differences between employer contributions and Department proportionate share	<u>4,879</u>	<u>7,984</u>
Total	<u>\$ 1,939,992</u>	<u>\$ 556,033</u>
 <u>Deferred Inflows of Resources Related to Pension</u>		
Differences between expected and actual experience	\$ 62,901	\$ 100,474
Net difference between projected and actual earnings on pension plan investments	725,263	1,163,726
Changes in proportion and differences between employer contributions and Department proportionate share	<u>149,973</u>	<u>231,179</u>
Total	<u>\$ 938,137</u>	<u>\$ 1,495,379</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 in the table below.

Net Deferred Outflows and Inflows of Resources Related to Pensions

Years Ended December 31:

2024	\$ 106,704
2025	187,221
2026	293,252
2027	<u>414,678</u>
	<u>\$ 1,001,855</u>

Actuarial Assumptions

The total pension liability as of December 31, 2023 was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	January 1, 2023
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

TOWN OF SHREWSBURY, MASSACHUSETTS
SHREWSBURY ELECTRIC AND CABLE OPERATIONS (SELCO) – CABLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 11 - PENSION PLAN (Continued):

Actuarial Assumptions (continued)

Projected Salary Increases	3.5% per year.
Cost of Living Allowance	5.0% 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
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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.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
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>	

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

TOWN OF SHREWSBURY, MASSACHUSETTS
SHREWSBURY ELECTRIC AND CABLE OPERATIONS (SELCO) – CABLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 11 - PENSION PLAN (Continued):

Discount Rate (continued)

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 to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 7.5%, as well as what the net pension liability 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:

	<u>1% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u>
	<u>6.5%</u>	<u>7.5%</u>	<u>8.5%</u>
Proportionate share of the Net Pension Liability	\$ 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.

NOTE 12 - 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, 2023.

For the Years Ending December 31:	2024	\$	5,995,947
	2025		5,730,101
	2026		4,293,695
	2027		1,549,277
	2028		<u>1,084,598</u>
	Total	\$	<u>18,653,618</u>

Signal purchase expense under these contracts was \$6,464,222 and \$6,949,930 in 2023 and 2022, respectively.

NOTE 13 - 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, 2023 and 2022, the amount outstanding was \$11,830,000 and \$12,490,000, respectively. Interest expense relating to this bond was \$409,425 and \$442,421 at December 31, 2023 and 2022, respectively.

TOWN OF SHREWSBURY, MASSACHUSETTS
SHREWSBURY ELECTRIC AND CABLE OPERATIONS (SELCO) – CABLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 13 - BOND PAYABLE (Continued):

Maturities of the bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For Years Ending December 31, 2024	\$ 660,000	\$ 391,550	\$ 1,051,550
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
2029-2033	3,290,000	845,950	4,135,950
2034-2038	3,275,000	363,525	3,638,525
2039-2041	<u>1,965,000</u>	<u>58,950</u>	<u>2,023,950</u>
Total	11,830,000	<u>\$ 2,896,175</u>	<u>\$ 14,726,175</u>
Less: Current Maturities of Long Term Debt	<u>(660,000)</u>		
	<u>\$ 11,170,000</u>		

NOTE 14 - 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. The payment in lieu of taxes was \$268,375 and zero for the years ended December 31, 2023 and 2022, respectively.

TOWN OF SHREWSBURY, MASSACHUSETTS
SHREWSBURY ELECTRIC AND CABLE OPERATIONS (SELCO) - CABLE
REQUIRED SUPPLEMENTARY INFORMATION
NET PENSION LIABILITY

OPERATING FUND

For the Year Ending December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarial Valuation Date	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	12/31/2022	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	4.54%	4.96%	5.24%	0.00%	3.92%	3.67%	2.98%	3.79%	3.97%
SELCO - Cable's Proportionate Share of the NPL	\$ 832,621	\$ (1,348,417)	\$ (633,789)	\$ 0	\$ 433,749	\$ 155,299	\$ 563,266	\$ 791,516	\$ 854,978
SELCO - Cable's Total Employee Payroll	\$ 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	22.45%	-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	89.40%	117.60%	108.20%	97.90%	91.68%	96.73%	77.10%	82.46%	81.86%
Schedule of Contributions:									
Actuarially Determined Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 246,722	\$ 229,710	\$ 250,784	\$ 240,876	\$ 217,969
Less: Contributions in Relation to the Actuarially Determined Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(246,722)</u>	<u>(229,710)</u>	<u>(250,784)</u>	<u>(240,876)</u>	<u>(217,969)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
SELCO - Cable's Total Employee Payroll	\$ 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
Contributions as a Percentage of the SELCO - Cable's Total Employee Payroll	0.00%	0.00%	0.00%	0.00%	9.69%	9.27%	10.31%	10.53%	9.48%

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

TOWN OF SHREWSBURY, MASSACHUSETTS
SHREWSBURY ELECTRIC AND CABLE OPERATIONS (SELCO) - CABLE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY

OPERATING FUND & OPEB TRUST FUND

	2023	2022	2021	2020	2019	2018	(Town Wide) 2017
Total OPEB Liability:							
Service Cost	\$ 39,578	\$ 40,748	\$ 38,993	\$ 35,954	\$ 34,406	\$ 32,924	\$ 1,543,475
Interest	98,301	122,383	115,969	108,494	102,033	85,173	3,438,194
Experience (Gain) and Loss	0	(414,319)	0	(71,338)	0	142,746	0
Changes of Assumptions	0	0	0	86,728	0	13,182	0
Benefit Payments	(70,281)	(67,255)	(74,982)	(51,849)	(51,849)	(49,616)	(2,304,138)
Net Change in Total OPEB Liability	67,598	(318,443)	79,980	107,989	84,590	224,409	2,677,531
Total OPEB Liability - Beginning	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>\$ 1,373,203</u>	<u>\$ 1,305,605</u>	<u>\$ 1,624,048</u>	<u>\$ 1,544,068</u>	<u>\$ 1,436,079</u>	<u>\$ 1,351,489</u>	<u>\$ 48,107,891</u>
Plan Fiduciary Net Position:							
Contributions-Employer	\$ 76,308	\$ 91,777	\$ 68,744	\$ 829	\$ 112,314	\$ 157,466	\$ 2,391,572
Net Investment Income	132,205	(229,543)	266,532	20,786	62,947	52,108	317,312
Benefit Payments	(64,181)	(61,417)	(68,744)	(47,536)	(48,651)	(46,556)	(2,059,702)
Net Change in Plan Fiduciary Net Position	144,332	(199,183)	266,532	(25,921)	126,610	163,018	649,182
Plan Fiduciary Net Position - Beginning	1,214,062	1,413,245	1,146,713	1,172,634	1,046,024	883,006	2,828,262
Plan Fiduciary Net Position - Ending	<u>\$ 1,358,394</u>	<u>\$ 1,214,062</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>\$ 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>

Note: 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.

Note: 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.

See Independent Auditors' Report

TOWN OF SHREWSBURY, MASSACHUSETTS
SHREWSBURY ELECTRIC AND CABLE OPERATIONS (SELCO) - CABLE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF NET OPEB LIABILITY, EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS

	OPERATING FUND & OPEB TRUST FUND						(Town Wide)
	2023	2022	2021	2020	2019	2018	2017
Schedules of Net OPEB Liability:							
Total OPEB Liability	\$ 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	1,358,395	1,214,063	1,413,245	1,146,713	1,172,634	1,046,024	3,477,444
Net OPEB Liability	<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	98.92%	92.99%	87.02%	74.27%	81.66%	77.40%	7.23%
Covered Payroll	\$ 2,386,331	\$ 2,305,634	\$ 2,260,938	\$ 2,184,481	\$ 2,441,896	\$ 2,359,320	\$ 67,279,575
Net OPEB Liability as a Percentage of Covered Payroll	0.62%	3.97%	9.32%	18.19%	10.79%	12.95%	66.34%
Schedules of Employer Contributions:							
Actuarially Determined Contributions	\$ 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>(64,181)</u>	<u>(61,417)</u>	<u>(68,744)</u>	<u>(829)</u>	<u>(112,314)</u>	<u>(157,466)</u>	<u>(2,636,008)</u>
Contribution Deficiency (Excess)	<u>\$ (23,703)</u>	<u>\$ (15,656)</u>	<u>\$ (18,206)</u>	<u>\$ 109,988</u>	<u>\$ (18,936)</u>	<u>\$ (67,845)</u>	<u>\$ (244,436)</u>
Covered Payroll	\$ 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	2.69%	2.66%	3.04%	0.04%	4.60%	6.67%	3.92%
Schedules of Investment Returns:							
Annual Money-Weighted rate of Return, net of investment expenses	Not Provided	Not Provided	Not Provided	Not Provided	Not Provided	Not Provided	Not Provided

Note: 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.

Note: 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.

See Independent Auditors' Report

TOWN OF SHREWSBURY, MASSACHUSETTS
SHREWSBURY ELECTRIC AND CABLE OPERATIONS (SELCO) – CABLE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

OPERATING FUND & OPEB TRUST FUND

NOTE A - PENSION BENEFITS:

The cost of living adjustment was changed from 3% on the first \$12,000 of pension benefits as of the measurement date of December 31, 2021 to 5% on the first \$14,000 of pension benefits as of the measurement date of December 31, 2022.

TOWN OF SHREWSBURY, MASSACHUSETTS
SHREWSBURY ELECTRIC AND CABLE OPERATIONS (SELCO) - CABLE
SCHEDULES OF OPERATION AND MAINTENANCE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

OPERATING FUND

	<u>2023</u>			<u>2022</u>			Increase (Decrease)
	Total	Operations	Maintenance	Total	Operations	Maintenance	
<u>Head End Expenses:</u>							
530 Supervision and Engineering	\$ 333,522	\$ 333,522	\$ 0	\$ 485,791	\$ 485,791	\$ 0	\$ (152,269)
534 Station Power	161,748	161,748	0	109,478	109,478	0	52,270
542 Maintenance of Structures	174,034	0	174,034	52,470	0	52,470	121,564
546 Maintenance of Head End Apparatus	581,528	0	581,528	428,443	0	428,443	153,085
<u>Total Head End Expenses</u>	1,250,832	495,270	755,562	1,076,182	595,269	480,913	174,650
<u>Signal Expenses:</u>							
555 Signal Purchases	6,464,222	6,464,222	0	6,949,930	6,949,930	0	(485,708)
555 Internet Connectivity	384,357	384,357	0	448,625	448,625	0	(64,268)
555 Telephone Fees & Connectivity	393,289	393,289	0	390,400	390,400	0	2,889
<u>Total Signal Expenses</u>	7,241,868	7,241,868	0	7,788,955	7,788,955	0	(547,087)
<u>Transmitting Expenses:</u>							
562 Station Power	13,968	13,968	0	54,526	54,526	0	(40,558)
<u>Distribution Expenses:</u>							
583 Overhead Line Expenses	140,933	140,933	0	106,166	106,166	0	34,767
586 Converter Expense	26,816	26,816	0	781,183	781,183	0	(754,367)
587 Customer Installation Expense	994,432	994,432	0	1,013,212	1,013,212	0	(18,780)
591 Maintenance of Structures	21,750	0	21,750	18,947	0	18,947	2,803
593 Maintenance of Overhead Lines	30,197	0	30,197	223,626	0	223,626	(193,429)
594 Maintenance of Underground Lines	153,779	0	153,779	35,463	0	35,463	118,316
<u>Total Distribution Expenses</u>	1,367,907	1,162,181	205,726	2,178,597	1,900,561	278,036	(810,690)
<u>Total to be Forwarded</u>	\$ 9,874,575	\$ 8,913,287	\$ 961,288	\$ 11,098,260	\$ 10,339,311	\$ 758,949	\$ (1,223,685)

See Independent Auditors' Report

TOWN OF SHREWSBURY, MASSACHUSETTS
SHREWSBURY ELECTRIC AND CABLE OPERATIONS (SELCO) - CABLE
SCHEDULES OF OPERATION AND MAINTENANCE EXPENSES (continued)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

OPERATING FUND

	<u>2023</u>			<u>2022</u>			Increase (Decrease)
	Total	Operations	Maintenance	Total	Operations	Maintenance	
<u>Total Forwarded</u>	\$ 9,874,575	\$ 8,913,287	\$ 961,288	\$ 11,098,260	\$ 10,339,311	\$ 758,949	\$ (1,223,685)
<u>Customer Accounts Expenses</u>							
903 Customer Records and Collection Expense	1,002,536	1,002,536	0	1,048,149	1,048,149	0	(45,613)
904 Uncollectible Accounts	124,205	124,205	0	54,761	54,761	0	69,444
<u>Total Customer Accounts Expenses</u>	1,126,741	1,126,741	0	1,102,910	1,102,910	0	23,831
<u>Sales Expense</u>							
913 Advertising Expense	190,704	190,704	0	59,759	59,759	0	130,945
<u>Administrative and General Expenses</u>							
920 Administrative and General Salaries	912,025	912,025	0	635,949	635,949	0	276,076
921 Office Supplies and Expenses	473,312	473,312	0	368,426	368,426	0	104,886
923 Outside Services Employed	342,613	342,613	0	383,487	383,487	0	(40,874)
924 Property Insurance	183,137	183,137	0	135,321	135,321	0	47,816
925 Injuries and Damages	89,242	89,242	0	25,252	25,252	0	63,990
926 Employee Pension and Benefits	699,931	699,931	0	78,209	78,209	0	621,722
930 Miscellaneous General Expenses	45,804	45,804	0	34,991	34,991	0	10,813
933 Transportation Expense	75,939	75,939	0	77,481	77,481	0	(1,542)
<u>Total Administrative and General Expenses</u>	2,822,003	2,822,003	0	1,739,116	1,739,116	0	1,082,887
<u>Total Operation and Maintenance Expenses</u>	\$ 14,014,023	\$ 13,052,735	\$ 961,288	\$ 14,000,045	\$ 13,241,096	\$ 758,949	\$ 13,978

See Independent Auditors' Report