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February 4, 2025

Honorable Members of the Select Board  
Town of Upton, Massachusetts

We have audited the financial statements of the Town of Upton (the "Town") as of and for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 20, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note II to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2024. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. All significant transactions appear to have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Town's financial statements were:

- Net pension liability, which is actuarially determined at the Worcester Regional Retirement System. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Net OPEB liability, which is actuarially determined. We evaluated the key factors and assumptions used to develop the net other postemployment benefit liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the allowance for doubtful accounts is based on historical revenues, historical loss levels, and an analysis of the collectibility of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements pertained to the estimates described above and can be found in the notes to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 30, 2025.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We bring the following accounting matter to your attention:

***New Accounting Pronouncement for Compensated Absences*** – The Town is required to adopt a new accounting standard relative to the reporting of compensated absences in its fiscal year 2025 audited financial statements for its government-wide and proprietary funds financial statements. Under existing accounting guidance, a compensated absence is generally reported for earned paid time off only to the extent that the compensation may be paid. For example, if Town policy prohibits payouts for earned but unused sick time, even though employees can roll over unused sick time to the following fiscal year, accruals related to this earned benefit would not be required to be reported in the Town's compensated absences balances. Under the new guidance, all forms of compensation earned but unpaid are generally subject to inclusion in the compensated absence reporting.

As a result, the Town must analyze its compensation benefits for all employees to determine each type of earned but unused compensation that exists as of June 30, 2025. This accumulated compensation benefit will then be measured at the employee's pay rate as of June 30, 2025 (not the effective hourly/daily rate on July 1, 2025).

### Other Matters

We applied certain limited procedures to the budgetary comparison, pension and OPEB schedules, which are required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

### Restriction on Use

This information is intended solely for the information and use of Town's governing body and management of the Town and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Roselli, Clark & Associates  
 Certified Public Accountants  
 Woburn, Massachusetts