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Town of Ludlow, Massachusetts

Finance Committee Meeting

Minutes of October 21, 2026
Meeting began at 6:00 p.m.

Members Present: Chad Mullin, Susan Boyea, Mike Kelliher, and Brandon Quiterio.

Also Present: Michelle White, Town Accountant, Tony Sanches, Select Board

First Order of Business: The Pledge of Allegiance

NEW BUSINESS

o **Harris Brook Elementary School Project Close-Out – Mike Kelliher**

Mr. Kelliher stated that the Harris Brook Project has been closed out finally, after about 10 years. It was just under $60 million dollars including the business office. The final cost was $53,656,904 so they came in a under budget by 10.45%. The town's portion was $26,476,659. The school committee voted to dissolve the building committee on September 22, 2026. The Select Board/Town will now issue the final bond.

Mr. Mullin applauded the work of the overall building project and thanked everyone for their efforts.

o **Public Safety Complex Committee Update – Aneta Lombardi**

This will be presented at the next meeting, as Aneta is not in attendance today.

o **Payroll Encumbrance Initiative for FY27 Overview – Michelle White**

Ms. White explained that encumbrances are not new to any town. It is basically a placeholder for money that is going to be spent for the remainder of the year. She feels like encumbering is an easier way to see what everyone is spending. It doesn't impact anyone but looking at their

budget, it may look confusing because the way it is set up here. They have a salary line, personal days, holidays. Next year they are getting rid of all that and will just have salary.

Mr. Mullin asked if they will still track vacation and holidays, etc. He would like to know what the plan is moving forward?

Ms. White explained that they will go away and only be a salary line item because it doesn't matter if you are paying vacation or sick days, it's all the same money. She spoke with CLA, the accounting firm that works with the town and was told that she has never seen a town do it this way. She also stated that even though there is money in the accounting line for vacations and holidays, they don't code the payroll that way to use it, so it just sits out there. She is trying to make it easier for everyone to read. Ms. White showed the Finance Committee on the slides how it will be reduced in the budget. Currently only the LATOSS is coded with vacations, etc.

Mr. Kelliher asked if the amounts showing on the report as negative should match the line items that are over?

Ms. White explained that it will not because of the way it was budgeted.

Mr. Kelliher states that this was probably overbudgeted. The way this is being done, does not allow us to track everything. Currently, we cannot see what is going on with personnel salaries.

Ms. White understands that this is very confusing right now but once everything is corrected next year it will be easier to understand.

Mr. Kelliher said it may have been better to just do everything together so everyone can understand this and see where we are.

Ms. White said overtime is not encumbered. She can change the budget number if they would like her to do that.

Mr. Kelliher said something is definitely not right looking at this budget.

Ms. White stated that the fringe benefit attendance and the emergency personal days are overbudgeted.

Mr. Mullin asked if that is a calculation issue?

Ms. White this comes from incentive days, and they are now quarterly because of the new LATOSS contract. The phone stipend also made it overbudget.

Mr. Kelliher stated that the police overtime comes from a grant, so they understand that.

Ms. White understands the frustration but if anyone ever has any questions, do not hesitate to ask. She does give the Fire Chief his budget without the encumbrances and he is happy.

Mr. Mullin stated that is why they asked her to come to the meeting tonight, so they could understand all of this and feel good about it moving forward.

Ms. White said moving forward for the rest of this year, there will be very little movement. Only LATOSS Administrative Assistants are being tracked for vacation, holidays etc. All other personnel are being paid from the salary line.

Mr. Kelliher explained that next year they don't want a bunch of transfers at the end of the year. He would like all of the department heads to understand their budget and know when they need to stop spending.

Ms. White stated that the department heads have already received their level 0 for FY28, and they see where the changes are for just the salaries.

Mr. Quiterio said previously they were overbudgeting because they would put in $100,000 for their salary and then putting 10 days into PTO, etc. Therefore, they were doubling their budget.

Mr. Mullin stated that Mr. Sanches is the representative for the Finance Committee from the Select Board.

Mr. Sanches asked when a salary line item shows 100% used, how can they tell an encumbrance affect from a real projected deficit? How will we read these reports?

Mr. Kelliher asked to look at the Town Planner because they are in the negative.

Ms. White explains that you have to take into account the vacation time, personal days and sick days because they are going to roll up into the negatives.

Mr. Sanches stated that it still presents as a negative $4,373 and this is a red flag for FinCom.

Ms. White said then they are in the negative. HR is also in the negative.

Mr. Sanches said something may have been entered incorrectly on the budget, or they underbudgeted.

Ms. White that is a red flag, but some departments stated they did have the LATOSS retro pay as well, which may have affected the budget.

Mr. Sanches asked when there is a negative at the bottom, does that mean they may have to do a transfer?

Ms. White said yes, they would. If they have the funds. She explained that HR is supposed to get a grant for a part-time person. The grant is for $20,000 for that person.

Mr. Sanches stated they will still be in the negative.

Ms. White said they will because Anita just got a bump in pay.

Mr. Kelliher asked if there is a way to check with each department to be sure that the vacations, etc. are the correct numbers in the budget?

Ms. White explained that the FY26 budget book is? Marc sent her the FY24 or FY25 budget book and he said Cheryl did not do the budget book over the past two years. Therefore, she has absolutely no idea where these figures came from.

Mr. Kelliher explained that they won't know where they are with the salaries until spring and they are going to have to start working on FY28 budget with these numbers and they are not sure how accurate they are?

Ms. White said they took actuals out of job salaries screen from FY27 and then based it on contractual increases for FY28. These will be as close as possible for what they will need for FY28.

Mr. Kelliher stated that in the past they have had a lot of transfers and they don't want to do that anymore. The school health insurance line is always way over budgeted and used for transfers. We have asked in the past which line items have been habitually underbudgeted and we really need to do that this year. This is where getting the department heads involved is important, they will know it better than anyone.

Ms. White said the department heads enter their own budget in MUNIS.

Mr. Sanches asked what happens at the end of the year if payroll is encumbered?

Ms. White stated that it gets rolled into the next years budget if there is any remaining. Otherwise, it will all be zeroed out.

Mr. Mullin said moving forward to continue the dialect with the department heads and where we are with the budget.

Ms. White said she is trying to meet with each department and go over each of their budgets.

Moved by Mr. Kelliher to adjourn the meeting, seconded by Ms. Boyea. Vote 4-0. All in favor.

_____ Chairman

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Ludlow Finance Committee