



July 18, 2012

Scott Crabtree, Town Manager  
Town of Saugus  
298 Central Street  
Saugus, MA. 01906

Dear Mr. Crabtree:

I am writing to you regarding the financial position for the Town of Saugus as it relates to the community's FY13 budget. On April 20, 2012, I wrote to you requiring that a *pro-forma* recap for FY13 be submitted to this office for our review in an effort to make an early determination whether Saugus' budget is balanced. I wish to thank you and your staff for timely adhering to my request.

We have reviewed the *pro-forma* submission, and met with you and your staff to resolve various questions we had. Based upon all information provided, it is my opinion that the Town of Saugus currently has a balanced budget for FY13. However, this opinion may change based upon the following:

- Any new appropriations voted at subsequent town meetings that would increase spending;
- Decreases in revenue that are not anticipated;
- Any revenue or appropriation deficits for FY12 not disclosed at this time;
- All other possible deficits that may be disclosed in your FY12 audit or balance sheet submission;
- Any other information, not currently known, which would impact the FY13 financial position of Saugus.

I remind you that Saugus must submit the following information prior to having your FY13 tax rate approved:

- The FY12 audit, A-133, and management letter from your outside auditing firm;
- The balance sheet must be submitted and free cash approved by the Department of Revenue;
- The town clerk's certification that the Saugus Board of Selectmen voted to approve all indirect costs associated with your water and sewer enterprise accounts;
- A budget to actual report for the close of FY12.

In closing, I want to thank you and your staff for the strong working relationship that has developed between our two offices. It has been a challenging period for your community. Your staff and other town officials have provided all information requested from DOR in an open transparent manner. This will ultimately serve the best interests of the Town of Saugus.

If you have any questions, please feel free to contact me or Richard Sciarappa, your field representative.

Sincerely,

A handwritten signature in black ink, appearing to read "Gerard D. Perry". The signature is fluid and cursive, with a long horizontal stroke at the end.

Gerard D. Perry  
Director of Accounts  
Massachusetts Department of Revenue

cc: Saugus Board of Selectmen  
James Powers, CPA  
Pam Kocher, A&F  
Robert G. Nunes, Deputy Commissioner