

**SACRAMENTO LOCAL AGENCY FORMATION COMMISSION**  
**1112 I Street #100**  
**Sacramento, California 95814**  
**(916) 874-6458**

February 7, 2007

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: Period 5 and Period 6 Revenue, Expense and Trial Balance  
Accounting Reports

**RECOMMENDATION**

Receive and file the attached accounting reports.

**DISCUSSION**

The attached accounting reports cover November and December accounting periods. There are no significant variances to report for these periods. As reported in December, there are two budget issues that will be addressed during preparation of this year-end Budget Report and the proposed FY 2007-08 Proposed Budget.

There are two items that were not included in the FY 2006-07 Budget that may impact assessments for next year. First, the Proposed FY 2006-07 Budget did not anticipate litigation with the City of Rancho Cordova. Total expenses as of December 31, 2006, are approximately \$21,000. If a settlement is approved, this amount should have minimal impact on the Budget.

The second issue relates to overtime expenses not included in the FY 2006-07 Budget. The increased expense is approximately \$17,000 for FY 2005-06 and \$17,000 for FY 2006-07. Total impact of approximately \$34,000.

At this time, I believe these additional expenses will be entirely offset by increased carryover that has not been budgeted. In the event the carryover is not sufficient, it may be necessary to adjust rates for next year.

One final issue that may be addressed in the near future relates to possible incorporation efforts. LAFCo fee policies require that proponents of incorporation cover the cost of the environmental analysis. LAFCo bears the cost of the Comprehensive Fiscal Analysis. In the event a petition is submitted and is certified, there may not be sufficient funding to commence the necessary studies. In the event that this scenario occurs, I will provide a more detailed report to the Commission.

PB:Maf  
Attachments

(Budget Report)