

# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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**DATE:** FEBRUARY 10, 2014   
**FROM:** KATHLEEN ROLLINGS-McDONALD, Executive Officer  
MICHAEL TUERPE, Project Manager  
**TO:** LOCAL AGENCY FORMATION COMMISSION

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**SUBJECT:** Agenda Item #9: Consideration of Contract with County of San Bernardino Auditor-Controller/Treasurer/Tax Collector for Continued Payroll and Accounting Services

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## **RECOMMENDATION:**

Staff recommends that the Commission remove the contract with the County Auditor from the calendar for consideration.

## **BACKGROUND:**

LAFCO has contracted with the County for payroll and payroll reporting and accounting services since 1981 when it became independent of the County. As a part of this relationship, the County has deposited and paid LAFCO's federal and state tax liabilities, while utilizing the County's Federal and State Employer Identification Number. In June 2013, the County notified LAFCO that changes in payroll reporting in the Internal Revenue Code as a result of the Affordable Care Act required the establishment of a defined payroll reporting relationship (in this case the relationship between the County and LAFCO).

At the July hearing, the Commission directed the Executive Officer to negotiate a contract with the County for payroll reporting and accounting services and to obtain its own federal and state identification numbers. At the November hearing the County had not finalized a draft contract for Commission review, and the Commission continued the consideration to the January 2014 hearing. In January the contract was subsequently continued to the February hearing for the same reason. The Assistant Auditor has assured LAFCO staff that payroll services will continue in the same manner as before and it will continue to deposit and pay LAFCO's payroll taxes as LAFCO's "reporting agent", using LAFCO's separate Federal and State Employer Identification Numbers while the contract considerations take place.

As of the of the publication date of this report, the County still has not finalized a draft contract and there is no identification of when this document will be presented to LAFCO staff for review. Therefore, instead of continuing this item from month to month, staff recommends that the Commission remove this item from the consideration calendar and direct staff to re-advertise and present the contract for Commission consideration once staff and counsel review is concluded.

KRM/MT