



## Legislation Details (With Text)

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**Title:** Action on the Federal and State Income Tax Exempt Reporting for Fiscal Year 2017/2018  
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**Attachments:** 1. 2017 Federal Form 990, 2. 2017 State Form 199

Date	Ver.	Action By	Action	Result
4/23/2019	1	Council and Authorities Concurrent Meeting	Approved	

## REPORT TO PUBLIC FACILITIES FINANCING CORPORATION (PFFC)

### SUBJECT

Action on the Federal and State Income Tax Exempt Reporting for Fiscal Year 2017/2018

### BACKGROUND

The City Council established the City of Santa Clara Public Facilities Financing Corporation (PFFC) in 1997 mainly to render financial assistance to the City of Santa Clara by financing, refinancing, acquiring, constructing, improving, leasing and selling of buildings for the benefit of residents of the City of Santa Clara. The PFFC was the issuing agency for the 1997 Police Administration Building Project Certificates of Participation (COPs), which was refunded on July 13, 2010 by the 2010 Lease Agreement between the City of Santa Clara and the City of Santa Clara PFFC for the use of the Police Administration Building; and the 2002 COPs, Series A Bonds which were refunded March 28, 2013 by the 2013 Refunding COPs for the purpose of constructing the City's Central Park Library. Debt Service on the lease and COPs is secured by lease payments made by the City to the PFFC in exchange for the use of the Police Administration Building and Library.

Established as a tax exempt organization, the PFFC is required to file the Internal Revenue Service (IRS) Form 990 annually. The Form 990 is required to be accepted by the organization's governing body prior to its filing. Once approved by the Board, it will be transmitted to the IRS. This tax form should be filed by the 15<sup>th</sup> day of the 5<sup>th</sup> month (November 15<sup>th</sup>) after the end of the City's accounting period of June 30<sup>th</sup>. However, the City's Comprehensive Annual Financial Report (CAFR) was not completed until December 2018 and an extension was requested and granted by the IRS. The revised deadline to file the 2017-2018 fiscal year Form 990 is now May 15, 2019.

### DISCUSSION

The IRS Form 990 is the reporting form that federally tax-exempt organizations must file with the IRS each year. This form allows the IRS and the public to evaluate a nonprofit's operations. As an organization exempt from income tax, the Public Facilities Financing Corporation (PFFC) is required

to file Form 990 under section 501(c) of the Internal Revenue Code.

The PFFC is also required to file the State of California Franchise Tax Board Form 199, Exempt Organization Annual Information Return, which is the State's equivalent to the IRS Form 990.

A copy of both the 2017 Form 990 (Attachment 1) and Form 199 (Attachment 2) for the period commencing July 1, 2017 and ending June 30, 2018, prepared by a certified public accounting firm (Maze & Associates) on the City's behalf, are made available to the public on the City's website and at the City Clerk's Office.

### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

### **FISCAL IMPACT**

Preparation of IRS Form 990 and State Form 199 was included in the cost of the contract with the City's external auditor, Maze & Associates, at a cost of \$992, and there is also a \$10 filing fee to file the similar California version of the Form (Form 199) with the Franchise Tax Board.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

### **RECOMMENDATION**

Authorize the City Manager, or her designee, to file the 2017 Internal Revenue Service Form 990 (Return of Organization Exempt from Income Tax) and the State of California Form 199 (Exempt Organization Annual Information Return) on behalf of the City of Santa Clara Public Facilities Financing Corporation.

Reviewed by: Angela Kraetsch, Director of Finance

Approved by: Deanna J. Santana, Executive Director

### **ATTACHMENTS**

1. 2017 Federal Form 990
2. 2017 State Form 199