



## Form 700: Legal Requirements and Practical Pointers

**Background:** The purpose of Form 700 and California's financial disclosure laws is to help ensure that public employees' business decisions are free from improper influence and not driven by self-interest. Public education trustees and administrative leaders must put the best interest of the district before their own financial interests or those of contractors, vendors and other potential sources of income of gifts to the public official.

**Overview:** The Political Reform Act ("PRA") requires most state and local government officials and designated high-level employees to, among other things, publicly disclose their personal assets and income. This information must be reported on a Statement of Economic Interests ("Form 700"), which is issued by the Fair Political Practices Commission ("FPPC").

**Who Must File:** Local district rules, typically Board of Education by-laws, identify who, by position, must submit a Form 700 to the district. Generally, members of the Board and Superintendents are "Category 1" employees and have the highest level of disclosure. Other employees may have lesser disclosure obligations (i.e., may be designated "Category 2" or "Category 3"), as specified by district rules.

**When to File:** Form 700 must be completed annually. However, individuals assuming or leaving designated positions/offices must file Form 700 within 30 days of assuming or leaving such position

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### GIFTS - LIMITATIONS, REPORTING OBLIGATIONS AND BEST PRACTICES

#### DEFINITION OF A "GIFT"

A gift is defined as anything of value that provides a personal benefit, either tangible or intangible, to a public official or candidate for which the donor has not received equal or greater consideration. Gifts frequently include money, meals, transportation, accommodations, tickets, plaques, flowers and articles for household, office, or recreational use. A gift also includes rebates or discounts in the price of anything of value unless the rebate or discount is made in the regular course of business to members of the public without regard to official status.

**REMEMBER!** Some commonly reportable gifts include: Tickets/passes to sporting/entertainment events; tickets/passes to amusement parks; parking passes; food, beverages and accommodations, including those provided in direct connection with an attendance at a convention or conference; transportation and lodging; forgiveness of a debt or obligation; and rebates/discounts not made in the regular course of business to members of the public.

#### LIMITS

The dollar-value gift limit from a single source during a calendar year is \$470. This limit is effective until December 31, 2018. Every two years, the gift limit will be adjusted based on changes to the Consumer Price Index. Generally, gifts from a single source that exceed this limit are prohibited.

#### REPORTING REQUIREMENTS

A gift is reportable if its fair market value is \$50 or more and it is received from a source subject to disclosure. In addition, multiple gifts totaling \$50 or more received during the reporting period from a single source must be reported. For example, five (5) separate gifts valued at \$10 each received from a single source in a single reporting period must be reported.

**REMEMBER!** It is the acceptance of the gift, not the ultimate use to which it is put, that creates your reporting obligation. With limited exceptions, you must report a gift even if you never used it or if you gave it away to another person.

#### VALUATION OF GIFTS

Gifts are valued as of the date they are received. The value of a gift is the fair market value on that date. Remember! A ticket providing you with a single admission to an event or facility, such as a game or theater performance, is valued at the face value of the pass or ticket, if that face value is a price that was offered to members of the public.

#### GIFTS THROUGH INTERMEDIARIES

When a gift is given via an intermediary, both the source of the gift and the intermediary must be disclosed.

## GIFTS TO AN AGENCY

In some circumstances, payments are considered to be made to the public official's agency and are not reportable as gifts by the official. To qualify under this exception:

- The payment must be controlled by the agency and used for official agency business.
- The official who controls use of payment must not select himself/herself as the recipient.
- Other limitations apply, so approach this exception cautiously

## GIFT EXCEPTIONS

There are numerous exceptions to the basic definition of a "gift." While many of the rules regarding these exceptions are quite complex (and some of the exceptions contain exceptions), the following are several examples of items that generally are exempt from any reporting or dollar-value limitations placed on gifts:

- Informational material
- Unused, returned or donated gift (within 30 days)
- Gift from family member
- Devise or inheritance
- Personalized plaque or trophy (<\$250)
- Home hospitality
- Gifts on holidays, birthdays, etc. where gifts commonly exchanged
- Reciprocal exchanges in social relationship
- Ticket to event where official performs ceremonial role
- Prize or award in contest or competition
- Bereavement offerings
- Bona fide date or dating relationship
- Gift from close, long-time personal friend

## SOME FORM 700 BEST PRACTICES REGARDING GIFTS:

- If in doubt, just say "No, thank you"
- Know the sources of gifts that are reportable for you (under your disclosure category)
- Keep track of all gifts
- Ask for a receipt or statement of fair market value, including when attending hosted meal events

## TRAVEL

### Gifts

With limited exceptions, travel payments are considered gifts, subject to gift reporting limitations, if you did not provide services that were equal to or greater in value than the payments received.

### Income

Also with limited exceptions, travel payments are income if you provided services that were equal to or greater in value than the payments received. You have the burden of proving the travel payments are income rather than gifts.

## MISCELLANEOUS

### Filing and Record Keeping:

Form 700, including all Schedules, must be submitted to the district. The district must retain a copy of all Forms 700 and Schedules that it receives. These documents must be available for public inspection and reproduction.

### Amending Form 700:

Form 700 can be amended at any time. If a filer discovers an error or omission on any statement, he/she must file an amendment as soon as possible. The filer only needs to amend the schedule that needs to be revised; the entire form does not need to be re-filed.

## SOURCES

- California Attorney General's Office Conflict of Interest Handbook (<https://ag.ca.gov/publications/coi.pdf>)
- California Association of School Business Officials (CASBO), Form 700: Best Practices and Big Pitfalls (video presentation) ([www.F3Form700.com](http://www.F3Form700.com))

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