

Successfully Navigating through the Statement of Economic Interest (Form 700)

Pajaro Valley Water Management Agency

February 17, 2016

Statement of Economic Interests (Form 700)

- The Political Reform Act requires local government officials and certain employees to publicly disclose their personal assets and income annually in a statement of economic interests, which is also known as the Form 700.

Basics

- Filing Deadline: April 1 for annual statements; within 30 days of assuming and leaving office.
- Where to file: Laura Taay, PVWMA Administrative Analyst/Board Secretary.
- Annual statements cover the preceding calendar year.
- Assuming office statements cover the preceding 12 month period.
- Leaving office statements cover the period from January 1 of the current year to the date you stopped performing duties for the Agency.

Form 700 Schedules

- There are six schedules that are included in the Statement of Economic interests:
 1. Schedules A-1 and A-2 – Investments
 2. Schedule B – Real Property
 3. Schedule C – Income, Loans, and Business Positions
 4. Schedule D – Gifts
 5. Schedule E – Travel Payments

Schedules A-1 and A-2 (Investments)

- Investment means:
 - A financial interest in a business entity;
 - That is located in, doing business in, planning to do business in, or that has done business during the previous 2 years in PVWMA's jurisdiction;
 - In which you, your spouse, or registered domestic partner, or your dependent children had a direct, indirect, or beneficial interest totaling \$2,000 or more, at any time during the reporting period

Schedules A-1

- Includes stocks, bonds and other interests, including those held in an IRA or a 401K, where ownership is less than 10%

Schedule A-2

- Includes income and assets of business entities/trusts where ownership is 10% or greater.

Non- Reportable Investments

- Insurance policies, government bonds, diversified mutual funds, government defined-benefit pension plans, savings and checking accounts, and annuities.

Schedule B (Interest in Real Property)

- Interest in Real Property:
 - Interests in real property located in PVWMA's jurisdiction;
 - In which you, your spouse, or registered domestic partner, or your dependent children had a direct, indirect, or beneficial interest totaling \$2,000 or more at any time during the reporting period.

Interest in Real Property Examples

- Ownership interest;
- Deed of trust;
- Easement;
- Option to acquire property;
- Leasehold interest;
- Interest in real property held in a retirement account;
- Interest in real property held by a business entity or trust in which you or your family together had a 10% or greater ownership interest;
- Loan from a private lender that total \$500 or more and are secured by real property, *but does not include loans from commercial lending institutions made in the lender's regular course of business on terms available to members of the public without regard to your official status.*

Non- Reportable Interests in Real Property

- A residence used exclusively as a personal residence such as a home or vacation cabin.

Schedule C (Income, Loans, & Business Positions)

- Source of Income and Loans:
 - Report the source and amount of gross income of \$500 or more you received during the reporting period from a source located in, doing business in, planning to do business in, or that has done business during the previous 2 years in PVWMA's jurisdiction.
 - You must also report the source of income to your spouse or registered domestic partner if your community property share was \$500 or more during the reporting period.
 - Travel payments are considered income if you provided services that were equal to or greater in value than the payments received. When reporting travel payments as income, you must describe the services you provided in exchange for the payment.

Schedule C (Income, Loans, & Business Positions)

- Business Positions:
 - You must report your job title with each reportable business entity even if you received no income during the reporting period.

Commonly Reportable Income & Loans

- Salary/wages, per diem, reimbursement for expenses including travel payments provided by your employer;
- Community property interest in your spouse's or registered domestic partner's income;
- Income from investment interests, such as partnership interests;
- Commission income not otherwise required to be reported;
- Gross income from any sale, including the sale of a house or car;
- Rental income not otherwise reported;
- Prizes or awards not disclosed as gifts;
- Payments received on loans you made to others;
- Honorarium received prior to becoming a public official;
- Incentive compensation.

Non-Reportable Income & Loans

- Salary, reimbursement for expenses or per diem, or social security, disability or other similar payments received by you or your spouse or registered domestic partner from a federal, state or local governmental agency.
- Stock dividends and income from the sale of stock unless the source can be identified.
- Income from PERS retirement account.

Schedule D (Gifts)

- A gift is anything of value for which you have not provided equal or greater consideration to the donor.
- It is the acceptance of a gift, not the ultimate use to which it is put that imposes your reporting obligation.
- It is reportable if its fair market value is \$50 or more.
- Multiple gifts totaling \$50 or more receiving during the reporting period from a single source must be reported.
- Officials and designated employees are prohibited from accepting a gift or gifts totaling more than \$460 in a calendar year from a single source during 2015-2016 (if more, disqualified from acting on matter).

Honoraria Ban

- Officials and designated employees are prohibited from accepting honoraria for any speech given, article published, or attendance at any public or private conference, convention, meeting, social event, meal, or like gathering.

Examples of Reportable Gifts

- Tickets/passes to sporting or entertainment events.
- Parking passes not used for official agency business.
- Food, beverages, and accommodations, including those provided in direct connection with your attendance at a convention, conference, meeting, social event, meal or like gathering.
- Rebates/discounts not made in the regular course of business to members of the public without regard to official status.
- Forgiveness of a loan received by you.
- Gifts to a spouse, dependent child if there is no established working or social relationship between the donor and the family member or there is evidence to suggest donor is trying to influence the official.

Examples of Non- Reportable Gifts

- Gifts that were not used and that, within 30 days after receipt, were returned to the donor or delivered to a charitable organization or government agency without being claimed by you as a contribution for tax purposes.
- Gifts from your family unless they are acting as an intermediary for someone not listed.
- Gifts of similar value exchanged between you and an individual on holidays, birthdays, or similar occasions.
- A monetary inheritance.
- Up to 2 tickets for your own use to attend a fundraiser for a campaign committee or candidate, or to a fundraiser from a 501(c)(3) organization exempt from taxation. The ticket must be received from the organization or committee holding the fundraiser.

Schedule E (Travel Payments, Advancements & Reimburse- ments)

- Travel payments are gifts (not income) if you did not provide services that were equal to or greater in value than the payments received.

Not- Reportable Travel Payments

- Travel payments received from any state, local, or federal government agency for which you provided services equal to or greater in value than the payments received, such as reimbursement for travel on agency business from your government agency employer.
- Travel payment received from another local, state, or federal government agency and related per diem expenses when the travel is for education, training or other inter-agency programs or purposes.
- Travel payments received from your employer in the normal course of your employment that are included in the income reported on Schedule C.
- A travel payment that was received from a 501(c)(3) organization for which you provided equal or greater consideration, such as reimbursement for travel on business for an organization for which you are a board member.

Gift Tracking/ Enforcement

- Officials are required to report all disclosable economic interests on Form 700.
- Economic interests may result in disqualification.
- Failure to report correctly may result in prosecution.
- Track as events and gifts occur.
- Keep a log.
 - Name of source;
 - Address;
 - Business activity of source;
 - Date;
 - Value;
 - Description of gifts;
 - Exception applied;
- There is a smartphone/tablet app: “FPCC Gift Tracking”