

Acceptance of Gifts by County

SUBJECT:

Acceptance of Donations and Gifts to the County

NUMBER:

D4.1

DEPARTMENTS & DISTRICTS AFFECTED:

ALL COUNTY DEPARTMENTS GOVERNED BY THE SANTA BARBARA COUNTY BOARD OF SUPERVISORS

APPROVED: 3/2015

Approved by the Board of Supervisors

POLICY

This policy covers the receipt of donations by the County of Santa Barbara

1.1 Purpose

The County receives donations for numerous types of unique programs. This policy applies to all donations, including these unique programs, and shall be used in conjunction with Resolution No. 15-58 adopted by the Board of Supervisors on March 10, 2015. This policy has been developed to encourage, recognize, and report donations in the most proper manner as guided by the government code, the Internal Revenue Code, and generally accepted accounting principles.

1.2 Authority

California Government Code

Section 25355

The board may accept or reject any gift, bequest, or devise made to or in favor of the county, or to or in favor of the board in trust for any public purpose. The board may delegate to any county officer or employee the power to accept any gift, bequest, or devise made to or in favor of the county. The officer or employee shall file with the board a report that describes the source and value of each gift valued in excess of ten thousand dollars (\$10,000) or any other amount as determined by the board. The board may hold and dispose of the property and the income and increase thereof for those lawful uses and purposes as are prescribed in the terms of the gift, bequest, or devise. In accounting for or inventorying gifts, bequests, or devises, the officer or employee shall follow the appropriate procedures contained in the State Controller's manual entitled "Accounting Standards and Procedures for Counties."

California Code of Regulations

Title 2, Section 18944

Identifies payments that are not donations/gifts to an agency

Internal Revenue - Code Section 170(c)(1)

The County may accept donations per Internal Revenue Code Section 170 (c)(1)

1.3 Definitions

Donations

A voluntary transfer of money or tangible item without compensation to a charity or public institution. A transfer that stipulates advertising, marketing, or other quid-pro-quo in return for the transfer is not a donation.

Donor Types

Donations may be accepted directly from taxpayers, such as individuals, partnerships, and corporations, or from non-profit organizations.

2.1 Attachments and Historical Documents

Policies and Procedures - Acceptance of Donations and Gifts to the County

Resolution 15-58 - In the Matter of Delegating Authority

Board Letter - Updated Policy and Resolution 3/10/2015

County of Santa Barbara
Policies & Procedures
Acceptance of Donations and Gifts to the County
3/10/2015

Policy

The County receives donations for numerous types of unique programs. This policy applies to all donations, including these unique programs, and shall be used in conjunction with Resolution No.15-58 adopted by the Board of Supervisors on March 10, 2015. This policy has been developed to encourage, recognize, and report donations in the most proper manner as guided by the government code, the Internal Revenue Code, and generally accepted accounting principles. Examples of cash and non-cash (in-kind) donations received by the County include:

- *Probation – receives donations for Camps, Counseling, Education Center and Juvenile Drug Court.*
- *Fire – receives donations for the Helicopter Program and supplies, such as firefighting brush pants.*
- *Sheriff – receives donations for special equipment, the SWAT Program, the Aviation Program, the K-9 program, and vehicle donations.*
- *Public Health – receives donations for programs that include Animal Services, Breast Cancer Detection, Dental Program, Pharmacy Program and Seniors Program.*
- *Parks – receives donations for park renovation projects such as the Manning Park Youth Center, Waller Park Road Paving, Waller Park dog-off leash project and the Courthouse Sunken Gardens project.*
- *County Arts Commission – receives various pieces of art or art collections.*
- *Alcohol Drug Mental Health Services (ADHMS) – receives donations of pharmaceutical drug samples and cash donations from individuals and community organizations to assist with clients' supplies and services.*
- *Social Services – receives donated gifts from individuals and community organizations to help low-income families and children. These are generally not cash, but items such as toys, gift cards to a store, clothes, etc.*

The Board of Supervisors delegated to elected or appointed department heads the ability to accept or reject any individual "gift bequest or device" (donation), within the jurisdiction of such department, in a sum not to exceed \$10,000. The County Executive Officer may accept donations up to \$10,000, not designated for any particular purpose. If a donation is greater than \$10,000, an acceptance or rejection decision shall be determined by the Board of Supervisors. Acceptance of a donation requires that the accounting and Internal Revenue Service procedures, as described in later sections, be followed by the benefiting department. A donation of any amount may be presented to the Board of Supervisors for acceptance or rejection if the department head determines that doing so would serve the public interest.

Policies and Definition of Terms

Authority:	Government Code Section 25355 , California Code of Regulations, Title 2, Section 18944
IRS Authority:	The County may accept donations as charitable contributions under Internal Revenue Code Section 170(c)(1).
Donor Types:	Donations may be accepted directly from taxpayers, such as individuals, partnerships, and corporations, or from non-profit organizations.
Donation Defined:	A voluntary transfer of money or tangible item without compensation to a charity or public institution. A transfer that stipulates advertising, marketing, or other quid-pro-quo in return for the transfer is not a donation, rather it is "sponsorship" and is beyond the scope of this policy.
Donor Influence:	Donations are not to be accepted from individuals or agencies where acceptance will require the donor to receive a substantial benefit from the County or will allow the donor to determine policy or to exert influence on the County or accepting department.
Donation Types:	Cash or non-cash (in-kind). Non-cash donations can include goods, supplies, equipment, vehicles, buildings, land, computer software, works of art, historical treasures, and other. Non-cash donations should have value to the County in its form for acceptance.
Non-profit Organization and Foundation (NPO)	NPOs that donate to the County must be independent of the County or per Governmental Accounting Standards these accounts would be considered fiduciary and custodial activities of the County. If it is determined a NPO is controlled by the County, it is required that all financial activity is to be recorded in the books of the County, the deposits must be made directly to the County Treasury, and the Board would approve the structure of the board of directors. Employees of the County must not control the board of directors or management of the NPO. Employees of the County must not hold control offices such as president or treasurer, control the bank accounts, or be signatories on the bank accounts. The Board of Supervisors has previously authorized NPOs to be part of the County financial reporting entity (i.e. Santa Barbara Finance Corporation where the Board of Supervisors appoints the board of directors or Public and Education Access Program where the Board of Supervisors is the board of directors).

Donation Threshold:	Elected or appointed department heads have the ability to accept or reject an individual “gift, bequest or device” (donation), within the jurisdiction of such department, in an amount up to \$10,000. The County Executive Officer may accept donations, not designated for any particular purpose, up to \$10,000. If a donation is greater than \$10,000, an acceptance or rejection decision shall be determined by the Board of Supervisors. If more than one donation during a fiscal year from the same donor will sum to more than \$10,000, the accumulated amount shall be brought to the Board of Supervisors for acceptance. A pledge of more than \$10,000, paid in installments, shall be brought to the Board of Supervisors for acceptance.
Acceptance Timing:	Donations shall be officially accepted by the department head or the Board of Supervisors prior to placing the donation in use. A department may have physical possession of the donation prior to official acceptance, but must return the donation if it is not accepted. A donation over \$10,000 must be brought to the Board of Supervisors as soon as possible and no later than 90 days after receipt of the donation.
Donation Solicitation:	Departments must avoid any actual or perceived conflict-of-interest surrounding donations. All donations must be made and any actions taken by departments must be with complete impartiality and without favoritism, and the appearance of partiality or favoritism must be avoided. For example, departments must not solicit donations from organizations over which they have regulatory or enforcement authority.
Appraisal/Valuation:	If a donor estimates that a non-cash donation has a value of \$5,000 or more, an appraisal may be necessary. The appraisal cost cannot be added to the estimated value of the item. Additionally, the cost and the pursuit of the appraisal should be the responsibility of the donor. The reference to “qualified appraisals” in this document is in accordance with IRS Publication 561 available at www.irs.gov . Supplies and materials that are new and have never been placed in service prior to the donation may be valued with purchase receipts provided by the donor as long as the elapsed time of transfer would not have affected the value.
Policy Exclusions:	<p>The following items are excluded from the acceptance or rejection requirements of this countywide policy since they are not donations with respect to this policy. Although excluded, departments may need to develop internal policies or criteria for these specific exclusions for their own tracking or reporting needs.</p> <p>a) Volunteer service hours – these are not considered donations since these services are not allowable as IRS charitable deductions and their value is not reported on County financial statements. If a department wishes to acknowledge volunteer service hours as matter of public interest, it is allowable under this policy.</p> <p>b) Shared cost programs – programs that share the cost of a County project with individuals or agencies resulting in a benefit for both the County and the cost-sharer. These are not considered donations since the individual is receiving something from the County in return for their contribution.</p> <p>c) Operating or capital grants</p>
Donation Receipt:	See donation receipt template at the end of this document. This receipt shall be provided to donors as noted in the following procedures.
Reporting	Per Government Code section 25355, the CEO and County Auditor will file with the Board of Supervisors each quarter (as part of the quarterly financial report to the Board) a report that describes the source and value of each gift in excess of \$10,000 and a report reflecting the cumulative donations by department for the fiscal year.

Procedures for CASH Donations

All cash donations shall be recorded in FIN as donation revenue and appropriated as necessary.

Less than or equal to \$10,000:

1. Provide a receipt to the donor
2. Deposit cash immediately into the County Treasury
3. Complete a budget revision, if necessary, to appropriate the donation revenue

Greater than \$10,000:

1. Provide a receipt to the donor
2. Deposit cash immediately into the County Treasury
3. Prepare a Board Letter recommending Board acceptance or rejection of the donation and include:
 - A recommendation to accept or reject donation
 - The amount of the donation and name of donor
 - The facts and circumstances of the donation
 - All caveats or obligations that acceptance of the donation will require

- A description of how the donation will be used for County operations or other County purpose
 - The accounting (fund, department, account) identifying where the cash will be deposited
 - The budget revision, if necessary to appropriate the donation revenue
4. Action of the Board will result in a minute order of acceptance or rejection. If rejected, the gift shall be returned to the rightful owner.

Procedures for NON-CASH Donations

Non-Cash donations are to be recorded in FIN with both a Source (Donation Revenue) and a Use (Capital Asset, Equipment, etc.). The procedures for accepting non-cash donations may be more extensive than cash donations based on donor entity type (taxpayer or a non-profit agency) and the value of the donation.

Less than \$5,000:

1. Provide a receipt to the donor, if requested. The value of the donation should be agreed upon between the County and the donor.
2. Prepare a budget revision to appropriate the donation revenue and asset, if necessary

More than \$5,000 and up to \$10,000, and Received from a Taxpayer:

1. A receipt, documentation, or a qualified appraisal is necessary to support the valuation amount for proper asset recognition in the County's financial statements.
2. A budget revision to appropriate the donation revenue and asset, if necessary.
3. If donor is planning to claim the donation as a charitable deduction on their tax return:
 - Per IRS regulations, a qualified appraisal is necessary to support the valuation amount and the donor should complete IRS Form 8283. The department accepting the donation must sign IRS Form 8283.
 - A copy of the appraisal and IRS Form 8283 should be forwarded to the Auditor-Controller

More than \$5,000 and up to \$10,000, and Received from a NPO:

1. A receipt, documentation, or a qualified appraisal is necessary to support the valuation amount for proper asset recognition in the County's financial statements.
2. A budget revision to appropriate the donation revenue and asset, if necessary.
3. Department shall provide a receipt to the donor for the amount of the value, if requested by the donor.

More than \$10,000 and Received from a Taxpayer:

1. A receipt, documentation, or a qualified appraisal is necessary to support the valuation amount for proper asset recognition in the County's financial statements.
2. Department shall provide a receipt to the donor for the amount of the appraised value, if requested by the donor.
3. If the donor is planning to claim the donation as a charitable deduction on their tax return:
 - Per IRS regulations, a qualified appraisal is necessary to support the valuation amount and the donor should complete IRS Form 8283. The department accepting the donation must sign IRS Form 8283
 - A copy of the appraisal and IRS Form 8283 should be forwarded to the Auditor-Controller
4. Prepare a Board Letter recommending Board acceptance or rejection of the donation and include:
 - A recommendation to accept or reject donation
 - The amount of the donation and name of donor
 - The facts and circumstances of the donation
 - All caveats or obligations that acceptance of the donation will require
 - A description of how the donation will be used for County operations or other County purpose
 - An estimate of annual operating expenses associated with any donated asset
 - A budget revision to appropriate the donation revenue and asset, if necessary
 - Send the minute order to the Auditor-Controller who will record the item in the capital asset inventory

More than \$10,000 and Received from a NPO:

1. A receipt, documentation, or a qualified appraisal is necessary to support the valuation amount for proper asset recognition in the County's financial statements.
2. Department shall provide a receipt to the donor for the amount of the appraised value, if requested by donor.
3. Prepare a Board Letter recommending Board acceptance or rejection of the donation and include:
 - A recommendation to accept or reject donation
 - The amount of the donation and name of donor
 - The facts and circumstances of the donation
 - All caveats or obligations that acceptance of the donation will require
 - A description of how the donation will be used for County operations or other County purpose
 - An estimate of annual operating expenses associated with any donated asset
 - A budget revision to appropriate the donation revenue and asset, if necessary
 - Send the minute order to the Auditor-Controller who will record the item in the capital asset inventory

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA

IN THE MATTER OF DELEGATING) RESOLUTION NO. 15- 58
AUTHORITY TO ACCEPT ANY GIFT,)
BEQUEST, OR DEVISE OF UP TO)
\$10,000 IN VALUE)

WHEREAS, Government Code Section 25355 allows Boards of Supervisors to delegate the authority to accept any gift, bequest, or devise up to \$10,000 in value made to or in favor of the County for any public purpose.

WHEREAS, on April 11, 2006, the Board of Supervisors by minute order, authorized the County Executive Officer and Department Heads to accept any gift, bequest or devise (donation) in favor of the County for a public purpose of up to \$10,000 in value without an action of the Board of Supervisors.

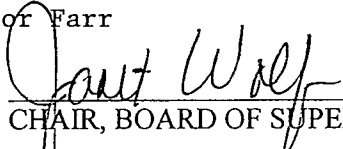
NOW, THEREFORE, BE IT HEREBY RESOLVED, ORDERED, APPROVED AND DIRECTED by the Board of Supervisors of the County of Santa Barbara, acting as the governing body of the County of Santa Barbara, that:

1. Authority is hereby delegated to the County Executive Officer and the Department Heads to accept any gift bequest or devise of up to \$10,000 in value made to or in favor of the County for any public purpose.

2. This Resolution supersedes Resolution 99-485 and Board of Supervisors Minute Order of April 11, 2006.

PASSED, APPROVED AND ADOPTED by the Board of Supervisors of the County of Santa Barbara, this 10th day of March 2015 by the following vote:

AYES: Supervisor Carbajal, Wolf, Adam, and Supervisor Lavagnino
NOES: None
ABSENT: Supervisor Farr
ABSTAIN: None



CHAIR, BOARD OF SUPERVISORS

ATTEST:

MONA MIYASATO
CLERK OF THE BOARD OF SUPERVISORS

By:  _____

Deputy

APPROVED AS TO FORM:

MICHAEL C. GHIZZONI
COUNTY COUNSEL

By:  _____

Deputy County Counsel

APPROVED AS TO
ACCOUNTING FORM:

ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

By:  _____



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of
Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: County Executive Office
& Auditor-Controller
Department No.: 012 & 061
For Agenda Of: March 10, 2015
Placement: Departmental
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department: Mona Miyasato, County Executive Officer 568-3400
Director(s): Robert W. Geis, CPA, Auditor-Controller 568-2100
Contact Info: Julie A. Hagen, CPA, Chief Deputy Controller 568-2126
SUBJECT: Updated Policy and Resolution - Donations and Gifts to the County

County Counsel Concurrence

As to form: Yes

Other Concurrence: N/A

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

1. Accept the updated Policy on Acceptance of Donations and Gifts to the County.
2. Approve the attached Resolution, which supersedes both Resolution # 99-485 and the Minute Order of April 11, 2006 concerning gifts, to authorize the County Executive Officer and Department Heads to accept any gift, bequest or devise (donation) in favor of the County for a public purpose of up to \$10,000 in value without an action of the Board of Supervisors. (The Board of Supervisors must accept gifts greater than \$10,000.)
3. Determine pursuant to CEQA Guidelines 15378(b)(4) that the above actions are not a project subject to CEQA review, because they are government fiscal activities that do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Summary Text:

The intent of the updated policy is to provide clarification on certain nuances related to the donations received by departments as well as provide guidance on when a donation is required to be accepted by the Board of Supervisors. The intent of the updated resolution is to include the previously approved Board delegation to Department Heads of amounts up to \$10,000.

Background:

The County receives donations for numerous types of unique programs. This updated policy on donations and gifts to the County clarifies several areas of the policy as follows:

- Non-profit organizations and foundations (NPOs), with County employees on the Board of Directors:
 - NPOs that donate to the County must be independent of the County or per Governmental Accounting Standards these accounts would be considered fiduciary and custodial activities of the County. If it is determined a NPO is controlled by the County, it is required that all financial activity is to be recorded in the books of the County, the deposits must be made directly to the County Treasury, and the Board would approve the structure of the board of directors. Employees of the

County must not control the board of directors or management of the NPO. Employees of the County must not hold control offices such as president or treasurer, control the bank accounts, or be signatories on the bank accounts. The Board of Supervisors has previously authorized NPOs to be part of the County financial reporting entity (i.e. Santa Barbara Finance Corporation where the Board of Supervisors appoints the board of directors or Public and Education Access Program where the Board of Supervisors is the board of directors).

- Reporting of donations from the same donor which accumulate to greater than \$10,000 in a year:
 - Elected or appointed department heads have the ability to accept or reject an individual “gift, bequest or device” (donation), within the jurisdiction of such department, in an amount up to \$10,000. The County Executive Officer may accept donations, not designated for any particular purpose, up to \$10,000. If more than one donation during a fiscal year from the same donor will sum to more than \$10,000, the accumulated amount should be brought to the Board of Supervisors for acceptance. A pledge of more than \$10,000, paid in installments, should be brought to the Board of Supervisors for acceptance.
 - Donations shall be officially accepted by the department head or the Board of Supervisors prior to placing the donation in use. A department may have physical possession of the donation prior to official acceptance, but must return the donation if it is not accepted.
- Simplification of the step-by-step policy and procedures on reporting donations:
 - Procedures for cash donations (see attached)
 - Procedures for non-cash donations (see attached)
- Quarterly reporting of donations or gifts greater than \$10,000
 - Per Government Code section 25355, the CEO and County Auditor will file with the Board of Supervisors each quarter (as part of the quarterly financial report to the Board) a report that describes the source and value of each gift in excess of \$10,000 and a report reflecting cumulative donations by department for the fiscal year.

The policy excludes three types of items since they do not meet the definition of a donation and special accounting or tax treatment may not be needed: volunteer service hours, shared cost programs, and operating or capital grants. The exclusion of these items means that they do not fall under this policy and therefore do not have to follow the procedures outlined in this policy.

The updated resolution clarifies the previously Board approved limit of delegated authority of up to \$10,000 allowed by Government Code Section 25355. The original Resolution #99-485 approved on December 7, 1999 delegated an amount of \$5,000. This amount was increased to \$10,000 by Board approved policy on April 11, 2006 by minute order. The attached updated resolution includes the \$10,000 delegation amount in the resolution.

Mandates and Service Levels:

Resolution 99-485, Government Code Sections 25355 and 25356, California Code of Regulations, Title 2, §18944 (Regulations of the Fair Political Practices Commission), Internal Revenue Code Section 170(c)(1).

Performance Measure: N/A

Fiscal and Facilities Impacts: None

Fiscal Analysis: N/A

Key Contract Risks: N/A

Staffing Impacts: N/A

Special Instructions: None

Attachments: (1) Donation Acceptance Policy, (2) Donation Acceptance Policy (track changes), (3) Resolution, (4) Example Quarterly Reports for the Board

Authored by: Julie Hagen, Chief Deputy Controller

cc: Department Heads