



Ministry of Municipal Affairs and Housing  
Ministère des Affaires municipales et du Logement

# Candidates' Session Financial Information

## 2010 Municipal Election

# Disclaimer

- These slides are provided by the Ministry of Municipal Affairs and Housing for convenience only. They are a simplified summary of some of the provisions of the *Municipal Elections Act, 1996*.
- The slides should not be relied on for legal or official purposes. For the authoritative text, recourse should be had to e-laws (*Municipal Elections Act, 1996, Municipal Act, 2001* and the applicable regulations). Since local facts and circumstances vary, users should obtain legal advice when issues arise.

# Key Dates

<b>Campaign Period:</b>	<b>From when nominated to December 31, 2010</b>
<b>Finance Filing:</b>	<b>March 25, 2011      2:00 pm</b>
<b>Request to Extend Campaign Deadline:</b>	<b>December 31, 2010</b>
<b>Extended Campaign Period</b>	<b>Ends June 30, 2011</b>
<b>Filing for Extended Campaign Period</b>	<b>Sept. 30, 2011      2:00 pm</b>

# Campaign Expenses

- Any expense incurred for goods and services in relation to an election
- Includes the replacement value of any goods held in inventory from a previous election
- Includes equivalent value of any contribution of goods and services for use in whole or in part
- Nomination filing fee is an expense
- Unless the item is exempt from the spending limit, all expenses count toward the candidate's spending limit

# Campaign Expenses Exempt from Spending Limit

- Holding a fundraising function
- Parties and other expressions of appreciation after close of voting
- Relating to a court action for a controverted election
- Relating to a recount
- Relating to a compliance audit
- Expenses incurred by a candidate with a disability that are directly related to the disability
- Audit and accounting fees

# What is a Campaign Contribution

- Money
- Value of goods and services
- Admission price for a fund-raising function
- Difference between the amount paid and the market value of a good or service sold at a fund-raising function
- Difference between the amount paid and the market value of a good or service purchased for the campaign
- Any unpaid but guaranteed balance of a campaign loan

# What is Not a Campaign Contribution

- Value of services provided by voluntary unpaid labour
- Value of services provided voluntarily by employees of an entity as long as they do not receive extra compensation from their employer
- An amount of \$10 or less that is donated at a fund-raising function
- Value of free political advertising provided it is in accordance with the *Broadcasting Act* (Canada) and is made available to all candidates
- Amount of a campaign loan obtained by the candidate or the spouse of the candidate

# Who Can Contribute?

Eligible contributors are:

- individuals living in Ontario
- corporations that carry on a business in Ontario
- unions that hold bargaining rights for employees in Ontario
- a candidate and his or her spouse

# Who Cannot Contribute?

The following organizations may NOT contribute to a municipal campaign:

- federal political party
- provincial political party
- federal or provincial government
- municipality or school board

# Limits on Contributions

- Limit on contributions donated in money, goods or services from any individual, corporation or trade union is \$750 to any one candidate
- Limit applies regardless of the number of offices the candidate was nominated for during the election period
- Maximum total amount that can be contributed to candidates in the same jurisdiction is \$5000.00

# Contribution Receipts

- Value of a contribution (money, goods or services) must be established and a receipt given for the full value
- Before issuing a receipt for a contribution the candidate should ensure that:
  - contributor is a resident in Ontario and the receipt is made out in the contributor's name
  - a corporate donor meets the requirement of carrying on a business in Ontario
  - a trade union has bargaining rights in Ontario for its members

# Contribution Refunds

- Contributions can only be returned or paid to the clerk when they are made in contravention of the *Municipal Elections Act, 1996*:
  - made outside the candidate's campaign period
  - from anonymous sources (except "pass the hat")
  - from ineligible sources (e.g. non residents or from a business that is not a corporation)
  - in excess of the \$750 limit or the \$5,000 total limit
  - a cash contribution in excess of \$25
  - from funds not belonging to the contributor

# Fundraising

- Raising money for the candidate's campaign must be the primary purpose of the event
- Campaign events at which incidental fundraising takes place do not qualify
- Fundraising functions can only be held for a candidate during the campaign period
- Gross income and expenses from each function must be recorded and reported
- Price of admission is a contribution and a receipt must be issued for the full amount

# Financial Reporting Requirements

- Form 4 prescribed by MMAH for filing financial contributions and expenses
- Financial statements are required to be audited if expenses or contributions exceed \$10,000
- All contributions of more than \$100 must be reported on financial statement
- Expenses subject to the spending limit and excluded from the limit are included in the total expenses
- All records must be retained for the term of office including the financial documents

# Financial Statements

- Responsibility of the candidate to file a complete and accurate financial statement
- Financial statements must be filed on or before 2 pm Friday, March 25, 2011
- Clerk must advise the candidate at least 30 days prior to the deadline of all filing requirements of the *Municipal Elections Act, 1996* and penalties for missing the deadline
- Clerk not required to give an additional notice for the supplementary filing date

# Financial Statements (cont'd)

- Financial statements filed with the clerk are public documents
- Clerk must retain 2010 financial statements until December 2014
- Documents may be inspected by request to the clerk during normal office hours
- Copies can be made at a cost
- Clerk required to make documents available electronically at no cost to requester

# Separate Statement for Each Office

- A candidate must file a separate financial statement for each office he or she was nominated for during the election period
- If the offices are on the same council or school board and are elected by a general vote of all electors of a municipality, the campaigns are deemed to be a single campaign

# Extended Campaign Period

- The campaign period ends Friday, December 31, 2010
- A candidate may extend the campaign period to eliminate a deficit
- A candidate must notify the clerk using Form 6 on or before Friday, December 31, 2010.
- The campaign may be extended until June 30, 2011
- Once extended, a supplementary filing statement must be filed by 2 pm on the last Friday in September (September 30, 2011)

# Surplus/Deficit

- Entire amount of a campaign surplus must be paid to the clerk
- Candidate is entitled to refund any contributions they or their spouse made to the campaign before paying the surplus to the clerk.
- Clerk places surplus monies in a trust fund for use by the candidate for a recount, application for a controverted election or compliance audit.
- If none of the above occurs, surplus becomes the property of the municipality or school board.

# Record Keeping

- Suggest that you consult a professional to ensure that your bookkeeping procedures are satisfactory
- Complete and properly reported accounts will allow potential audits to be conducted at a minimum cost
- All records must be retained until successor council/school board is organized following the next regular election

# Best Practices

- Ensure that receipts are stored in a secure place
- Good practice to have a multi-part receipt (one for contributor, one to keep)
- Receipts should be sequentially numbered
- Bank account should provide monthly statements and cancelled cheques
- Produce duplicate deposit slips for every deposit
- Maintain a petty cash fund

# Audits

What must be retained:

- all deposit slips, showing contributor names;
- record of contributions of goods/services and their fair market value
- list of name, address and amount donated by all contributors, whether individuals, corporations or trade unions
- a record of all contributions returned as well as anonymous contributions paid over to the clerk

# Compliance Audits

- Every council and school board must appoint a compliance audit committee (CAC)
- Members of a CAC cannot be a candidate or a member or employee of a council or school board
- Any qualified elector may apply to the compliance audit committee for a review of a candidate's financial return
- CAC will consider the application and decide whether to retain an auditor

# Penalties and Enforcement

- Candidates, elected or not, who do not file a financial disclosure form, initial or supplementary, are ineligible to hold municipal office in Ontario for the period up to and including the next regular election
- A candidate who files a financial statement that shows a surplus and fails to pay the amount to the clerk is liable to penalty
- A candidate who files a statement that shows that the candidate spent in excess of his or her campaign expense limit is liable to penalty

# Resources

## **MMAH – 2010 Municipal Elections Guide**

[www.mah.gov.on.ca](http://www.mah.gov.on.ca)

## **E-Laws Website**

[www.e-laws.gov.on.ca](http://www.e-laws.gov.on.ca)

## **Municipal World Magazine**

[www.municipalworld.com](http://www.municipalworld.com)

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