CITY OF TUCSON ♦ 2013 ELECTIONS

CAMPAIGN FINANCE

RECORD KEEPING MANUAL

FOR CANDIDATES

PREPARED BY THE OFFICE OF THE CITY CLERK
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TABLE OF CONTENTS

Campaign Finance Record Keeping

DUTIES OF THE TREASURER

The duties of the treasurer of a political committee are set forth in A.R.S. § 16-904. Some of the key duties include the following:

- Authorize (or have a designated agent authorize) any expenditure for or on behalf of the political committee, and any withdrawal or disbursement from a designated account.
- Deposit all receipts received by the political committee in a designated account.
- Segregate all monies of the political committee from, and not commingle them with, the monies of any individual.
- Make (or have a designated agent make) "best efforts" to obtain any missing information for contributions received that are required to be itemized on a campaign finance report.
- Obtain the original signature of each contributor.
- Report on an amended report any information required for the identification of a contributor that is received by the political committee after the contribution has been disclosed on a campaign finance report.
- Be the custodian of the political committee's books and accounts, keeping an account of all contributions or other monies received, identification of contributors, all expenditures, and all periodic or other statements for each designated account of the political committee.
- Preserve all records and copies of all finance reports required to be filed for three (3) years after the filing of the finance report covering the receipts and disbursements evidenced by the records. Candidates who sign campaign contracts must preserve all financial records, including but not limited to invoices, receipts, canceled checks and other supporting documentation for all contributions received, including those not eligible for receipt of public matching funds, and all expenditures made must be retained for three (3) years following the last day of the campaign period.
- On request of the Attorney General, County Attorney, City Attorney, or Campaign Finance Administrator, provide any of the records the treasurer is required to keep.

Note: A person who violates any requirement set forth in A.R.S. § 16-904 is subject to a civil penalty imposed as prescribed in A.R.S. § 16-924 of three (3) times the amount of money that has been received, expended or promised or three (3) times the value in money for an equivalent of money or other things of value that has been received, expended or promised. Treasurers have personal liability in any case in which a violation occurs.

ORGANIZATION

A few things to keep in mind when organizing your records:

- You must keep a copy of each check or cash receipt attached to the corresponding contribution card.
- You must provide a cash receipt to any contributor who donates cash.
- You must be able to identify which contributions go with each deposit slip.
- In-kind contributions have to be documented and reported similar to monetary contributions, including issuing a receipt.
- You must keep copies of checks for expenses attached to the corresponding invoice.
- You should reconcile each bank statement.
- You should be able to reconcile your bank statements to your campaign finance reports.

CONTRIBUTIONS

CONTRIBUTIONS (MONETARY)

- **Checks or Money Orders:** Keep two copies of all contribution checks and other monetary instruments, such as money orders.
    - One copy will go with the contribution card and one will go with the deposit slip.

- **Cash Contributions:** You will need a cash receipt book.
    - Give the original receipt to the cash contributor.
    - Keep one receipt in your contribution records attached to contribution card.
    - Keep an additional copy of the receipt with your deposit slip.
    - Do NOT make copies of cash.

State Law and City of Tucson Rules and Regulations require specific information be kept for each contributor

For every contribution – complete a contribution card with the candidate's name listed or other document with the following information:

- copy of check received or cash receipt
- contributor's name
- family relationship (if applicable)
- date received
- amount received
- check number (if applicable)
- physical home address (for City contributor), city, state, zip code
- daytime phone number (for City contributor)
- occupation
- employer
- original signature of the contributor (this includes cash contributions)

All of the above information is required without regard to the size of the contribution or whether it is a monetary or non-monetary contribution.

SAMPLE CONTRIBUTION CARD

_(*Insert Name of the Candidate*)_____________________________Office __________________ Name of Contributor:____ *If Family Member what is Relationship:*____ Date Received: __________________________ Amount of donation: $____________________ Payment Type :________________________ *Home Address: ____ City: ___________________________ State: _______________ Zip: _____________________ Daytime Telephone: _______________________ Employer: __________________________________ Occupation: __________________________ ** Signature(s) of Contributor(s): ________________________ /____________________________ Date Deposited: ________________ Deposit ID #: _____________________________________ *City contributors must list their home address.

****Signatures:** *Candidates must have the original signature of every person who makes any type of contribution.* If a candidate receives a joint contribution, that is, a single check that includes contributions from more than one person, the signature of each contributor must be secured, either on the check or on the contribution receipt (or envelope).

<u>File contribution cards in alphabetical order by last name. There must be a copy of the corresponding check or cash receipt attached to each card.</u>

<u>DEPOSITS</u>

- **Deposit** contributions in the designated bank account within five (5) business days of receipt. Keep a copy of all deposit slips in chronological order (numbering the deposit slips will assist in maintaining order as well as provide the candidate with a Deposit ID#).
- **Keep copies** of all checks, cash contribution receipts, or other instruments representing monetary receipts, grouped together with the associated deposit slip. **REMEMBER**, <u>this is in addition to keeping a copy of each check attached to the corresponding contribution card.</u>
- A contribution by an individual, a political committee or two (2) or more candidates in connection with a joint fund-raising effort shall be divided among the candidates. This is to be done in direct proportion to each candidate campaign committee's share of the expenses. Expenditures related to a joint fund-raising effort should be clearly identified in campaign finance reports.

- If an **anonymous or prohibited contribution** is accepted because it is received in a non-returnable form, it must be segregated from other funds and not be spent on candidate's campaign. These funds must be disposed of pursuant to A.R.S. § 16-915.01.

PAYPAL[tm] CONTRIBUTIONS AND EXPENDITURES

The use of PayPal[tm] for contributions is allowable only when in compliance with the procedures set forth in Section 4.10 of the Campaign Finance Administration Rules and Regulations pamphlet. These procedures should be carefully reviewed prior to setting up a PayPal[tm] account for the campaign. Contributions that are not accepted and processed in accordance with those procedures will be ineligible for public matching funds.

CANDIDATE CONTRIBUTIONS AND LOANS

A candidate can make a contribution to their own campaign to assist in establishing eligibility. The contribution will count as one of the required contributions of ten dollars ($10) or more. However, contributions from the candidate will not be matched by public funds. A candidate's may contribute personal monies up to three percent (3%) of the expenditure limit to their own campaign.

A candidate may make a loan to their own political committee. However, the loan together with the candidate's personal monies can not exceed in the aggregate three percent (3%) of the expenditure limitation for the campaign period.

IMPORTANT NOTE: A loan is a contribution to the committee to the extent it remains unpaid. It is reported on Schedule C of the campaign finance report for that period. A candidate loan becomes an expenditure of the committee upon repayment and must be reported on Schedule D-4 of the campaign finance report for that period.

IN-KIND (NON-MONETARY) CONTRIBUTIONS AND EXPENDITURES

Goods or services donated to a candidate's campaign for free or at a discount are reported as both in-kind contributions and in-kind expenditures. ***Keep a receipt or other written record***, including the name, original signature, address, occupation, and employer of the contributor, description of the goods or services, and the value of the in-kind contribution. *Follow the guidelines required for monetary contributions.*

In-Kind Examples

- Candidate receives a contribution of office supplies with a value of two hundred dollars ($200).

  Make sure the individual or organization is eligible to make a contribution. (For example, foreign nationals <u>cannot</u> contribute to a candidate's campaign.)

  Keep a record of the contribution. Create a receipt or other written record itemizing the transaction, including the original signature of the contributor. This contribution would count toward two hundred dollars ($200) of the contributor's allowable contribution limit. *It also is an expenditure* and counts toward the expenditure limit per the candidate's Campaign Finance Contract. The City of Tucson's Campaign Finance Software will automatically record the expenditure when the contribution is entered.

- Candidate is allowed to use an organization's office space free-of-charge.

  The organization pays two hundred and fifty dollars ($250) per month in rent. The candidate occupies 1/4th of the total space. The value of the in-kind contribution/expenditure from the organization is 1/4th of the monthly rent (sixty-two dollars and fifty cents [$62.50]) multiplied by three (3) months totaling one hundred eighty-seven dollars and fifty cents ($187.50). The value of the in-kind contribution counts toward the contributor's allowable contribution limit.

  Keep a record of the required contributor information, and also include calculations used to arrive at the value of the contribution. This in-kind contribution is also an expenditure and counts toward the expenditure limit. The City of Tucson's Campaign Finance Software will automatically record the expenditure when the contribution is entered.

PUBLIC MATCHING FUNDS

- All public-matching funds the committee receives must be accounted for and reported on campaign finance reports.
- Keep a receipt for all deposits of funds received from the City of Tucson.
- Attach the voucher portion of the check received from the City to the deposit slip.

DISBURSEMENTS

Candidates need to be aware that all debts and obligations must be reported at the time they are incurred. This includes items such as television ad time purchased well in advance of the election for which the ads will appear. The debts are reported at the time the obligation is made in the appropriate campaign finance report schedule (F3). The payments made against the debt are reported at the time they are made on the appropriate campaign finance report schedule. The payments are added into the total expenditures for the period and count towards the expenditure limit for candidates who sign Campaign Finance Contracts.

PAYING BILLS

The Campaign Finance Administration Rules and Regulations require candidates to keep copies of bills or invoices. We recommend that a voucher be used to attach to each bill or combination of bills for which a check will be written.

The following information is to be included:

- Date Paid
- Amount
- Individual or Vendor
- Purpose
- Address
- Check number used to pay the bill
- Approval by treasurer or designated agent

All vouchers and bills should be kept in chronological date order, by date billed. It's also a good idea to limit the number of persons authorized to expend funds on behalf of the campaign. This limitation will give a clearer picture of actual expenditures made. Keep a separate chronological file of all outstanding bills.

SAMPLE VOUCHER

Date Paid:____________________ Amount: _________________________
Vendor/Individual:____________________________Purpose:________________________
Address: ____
Check #: _____________________ Approved By: _________________________________

PAYMENTS BY CHECK

- Pay all bills by check. An exception can be made for small expenditures made with petty cash (see petty cash section for more detail.)
- Keep a checkbook register recording all disbursements made from the committee's account including, expenditure payments, loan repayments, and bank charges. Record the date, payee name, purpose, check number, and amount.
- Keep a separate checkbook register for each account maintained by the committee.

CREDIT CARD PURCHASES

If purchases are made with a credit card, maintain billing statements or receipts that show the vendors underlying the credit card payment. We suggest that all credit card statements be filed chronologically with other bills.

IMPORTANT NOTE: Credit Card purchases are considered debts incurred, until the bill is paid. Therefore, they should be entered on Schedule F-3 on the date the debt is incurred.

PETTY CASH

Small expenditures may be made from a cash fund. A petty cash fund of $100 or less per transaction is suggested. All petty cash expenditures should be entered in a petty cash journal, which serves as a chronological record of all deposits into and withdrawals from petty cash. Journal entries must include the individual's name, date of payment, amount, purpose, and name and address of vendor. Anyone who makes an expenditure on behalf of the candidate or political committee must be reimbursed promptly. Until they are reimbursed, any amount owed to them is a loan. Loans are contributions until they are repaid, and are added to the total an individual may have already contributed to the campaign committee and subject to the contribution limit.

Ensure that all of the petty cash purchases are also reported as expenditures.

SAMPLE PETTY CASH JOURNAL

Date	Amt	Purchaser	Purpose	Vendor Name	Vendor Address	Approved by

ITEMIZATION OF EXPENDITURES FOR 'CONSULTANTS'

It is common for campaign committees to engage consultants who provide full services and to pay a lump sum to the consultant who then pays the vendors; however reports must still identify the vendors, goods and services obtained, and the cost. This is important because it establishes that funds all go the direct campaign purposes. *Example: The campaign committee receives an invoice from a consulting firm in the amount of $3,750. Here are two examples on how to itemize this expenditure on the Campaign Finance Report Schedule D, both are acceptable.*

SAMPLE 1:

Schedule D

Reporting Period: d

EXPENDITURES FOR OPERATING EXPENSES

NAME & ADDRESS	DESCRIPTION	DATE	CHECK#	AMOUNT THIS PERIOD	CUMULATIVE THRU THIS PERIOD
XYZ Consulting Firm 123 N. Central Tucson, AZ 85700	XYZ Consulting $1,000 Graphics Firm $500 Candid Photos $250 Direct Mailhouse $2,000	8/01/07	1085	$3,750.00	$3,750.00
			Expenditure Total:	$3,750.00	$3,750.00

SAMPLE 2:

Schedule D

Reporting Period: d

EXPENDITURES FOR OPERATING EXPENSES

NAME & ADDRESS	EXPENSE DESCRIPTION	DATE	CHECK#	AMOUNT THIS PERIOD	CUMULATIVE THRU THIS PERIOD
1. XYZ Consulting Firm 123 N. Central Tucson, AZ 85700	Consulting Fee	8/01/07	1085	$1,000.00	$1,000.00
			Expenditure Total:	$1,000.00	$1,000.00
2. Graphics Firm 123 N. Grand Tucson, AZ 85700	Graphic Design (Paid by XYZ Consulting)	8/01/07	1085	$ 500.00	$ 500.00
			Expenditure Total:	$ 500.00	$ 500.00
3. Candid Photos 123 N. Maple Tucson, AZ 85700	Photography (Paid by XYZ Consulting)	8/01/07	1085	$ 250.00	$ 250.00
			Expenditure Total:	$ 250.00	$ 250.00
4. Direct Mailhouse 123 N. Maple Tucson, AZ 85	Printing, Postage & Mailout fees (Paid by XYZ Consulting)	8/01/07	1085	$2,000.00	$2,000.00
			Expenditure Total:	$2,000.00	$2,000.00
			TOTALS:	$3,750.00	$3,750.00

REIMBURSEMENTS

Candidates and their treasurers must monitor campaign officials and volunteers who make purchases or pay for services with the intention of getting a reimbursement by the campaign. In these cases, the purchase is a loan to the campaign unless the reimbursement is made within three (3) working days. The cost of the goods or services purchased by the agent of the campaign must be added to any other loan or contribution made to the campaign by the same person and cannot exceed the contribution limit. Use caution when authorizing people to make those types of transactions, particularly close to Election Day. It is easy to lose track without proper documentation and exceed the contribution or expenditure limits.

Reimbursement Example

- Joe, a campaign volunteer, buys needed office supplies at Office Max and asks to be reimbursed (this cannot exceed the contribution limitation).

Joe must turn in the original receipt for reimbursement. Follow the normal office procedures to obtain permission to write Joe a check. The expenditure must be reported as a check written to Joe, noting what was purchased and where.

IMPORTANT NOTE: Goods and services purchased in excess of the amount the campaign has received in contributions will cause the campaign to go into debt. The candidate would then run the risk of violating state campaign finance laws and their Campaign Finance Contract with the City.

GATHERING INFORMATION

BEST EFFORTS

Candidates must use their best efforts to get all required information for any incomplete contribution (any contribution for which the contributor's mailing address, occupation, employer or committee identification number have not been obtained and are not in possession of the candidate). At least one effort must be made to obtain the missing information by a written request sent to the contributor or by oral contact with the contributor, and it must be documented in writing.

All requests must clearly ask for the missing information and inform the contributor that the candidate is required by State law to obtain the mailing address, occupation and employer of each individual and the mailing address and identification number of each political committee.

When printing the Campaign Finance Report, check the “best efforts” box. This will allow you to mark on the printed report which contributors are missing complete information. Copies of correspondence and notes regarding attempts to contact the contributor must be attached to the affidavit.

The following is suggested wording for correspondence to contributors:

> *“Thank you for your contribution to [insert name of campaign committee]. We are required by State law to ask for the mailing address, occupation and employer of all contributors. Please contact us with this information as soon as possible.”*

Note: Best efforts does not cure missing original signatures.

BANK RECORDS (see Appendix for examples)

Keep the following bank records in chronological order and separated for each account:

- Bank statements;
- Other correspondence from the bank, such as debit memos;
- Canceled checks (if available), the carbon of each check or a copy of each check; and
- Deposit slips with associated copies of checks and cash contribution cards attached.

IMPORTANT NOTE: Period K in the Campaign Finance Software is flexible to allow you to run reports for specific time periods. This is designed to assist with balancing the accounts to the bank statements.

AUDITS

Audits are performed to determine compliance with the contribution and expenditure limits and other requirements, and to determine eligibility for public matching funds. A post-election audit is also required. During an audit you will be required to produce copies of checks, bills, or other documentation to verify contributions, expenditures, or other transactions reported on the disclosure statements. Notice will be given to the candidate and his/her campaign committee chairperson and treasurer when an audit is to be performed. Compliance with the request for records will be required within one day of receipt of the notice.

Before Meeting With the Auditor:

- Make sure the bank balance agrees to the original bank statement.
- Also make sure the bank balance agrees with the Campaign Finance Reports. You should be prepared to answer any questions about large or unusual reconciling items and completeness of your check register, and breaks in sequence, duplicates, etc.
- The total deposits in the committee records should equal the total amount of contributions on the Campaign Finance Report.

POST ELECTION REQUIREMENTS

REPORTING REQUIREMENTS

If following the Primary or General Election, in which the candidate is elected or defeated, the candidate has unexpended campaign contributions, any surplus must be returned to the City Election Campaign Account until the full amount of public matching funds disbursed has been returned. Any remaining unexpended campaign contributions shall be disposed of pursuant to A.R.S. § 16-915.01. All unexpended campaign contributions must be disbursed no later than the first Monday in December following the election per the City Charter, Ch XVI, Subch. B, Sec. 5 (b).

- If a candidate participating in the City of Tucson Public Matching Funds Program has unexpended campaign contributions, any surplus must be returned to the City Election Campaign Account up to the amount received from the City.
- Any funds remaining after reimbursement to the Election Campaign Account may be expended according to State Law (A.R.S. § 16-915.01).
- Goods with a value over two hundred dollars ($200), any part of which have been purchased with public funds and have a useful value extending beyond the end of the campaign period, will revert to the City.
- All financial records must be kept for three (3) years following the last day of the campaign period.

IMPORTANT NOTE: Contact the City Clerk's Office to obtain information on completing Schedule G and G-1 following the end of the campaign period.

RECORDS RETENTION

Candidates are required by law to keep records of campaign contributions and expenditures. Records must support the information included in the disclosure statements filed with the Campaign Finance Administrator's Office. The records must be kept for three (3) years after the end of the campaign period

TERMINATION STATEMENT

Prior to filing a termination statement the post-election audit must be completed. Upon completion of the post-election audit, all campaign committees must file a termination statement with the Campaign Finance Administrator no later than 120 days following the election wherein the candidate is elected or defeated.

A political committee may terminate only when the chairperson and treasurer file a Termination Statement with the Campaign Finance Administrator. The committee must certify under penalty of perjury that it will no longer receive any contributions or make any disbursements, that the committee has no outstanding debts or obligations, and that any surplus monies have been disposed of pursuant to A.R.S. § 16-915.01.

The committee must also file a Campaign Finance Report stating the manner of disposition of the surplus, the name and address of each recipient of surplus monies, and date and amount of each disposition of surplus monies.

After the filing of the above reports, no subsequent reports are necessary, and no further receipts or disbursements may occur without filing a new Statement of Organization.

RECORD KEEPING CHECKLIST

Check Contributions

When a check is received, process it as follows:

- € Separate contributions with complete contributor information from those with incomplete information. Make your best efforts to obtain the missing information.
- € For joint contributions, make sure all contributors have signed the check and/or each contributor has signed the contribution card. If you do not have all signatures, the contribution must be processed as received from the person who signed the check.
- € Photocopy all contribution checks and/or other monetary instruments, such as money orders. Do not photocopy cash.
- € Prepare deposit slip. While you might not make deposits every day, you must deposit all contributions within five (5) business days of the date they were received.
- € Number the deposit slips and file in numerical order. Numbering the deposit slips and filing a copy of each check with the corresponding deposit slip will assist you during the audit process.
- € Promptly enter contributor and contribution information into your campaign finance report.

Cash Contributions

- € Cash contributions require the same process as is outlined for checks.
- € Additionally, you must make sure you keep signed cash contribution receipts.
- € File the cash contribution receipts with the copies of deposit slips in the same way you file copies of contribution checks.
- € Promptly enter contributor and contribution information into the Campaign Finance Program.
- € Separate anonymous contributions.

PayPal™ Contributions

- € Print the email sent by the campaign website when a contributor begins the donation process by entering the required information on the campaign's website.
- € Print the email received from PayPal™ confirming that the financial transaction has been completed and match it up to the email received from the campaign website.
- € Once the contributor account is created in the Campaign Finance Software, the total PayPal™ contribution should be entered into the appropriate schedule (1, A, or A-1).

- PayPal(tm) should be entered as a vendor into the Campaign Finance Software. For each contributor, the PayPal(tm) fee/transaction charge should be entered under schedule D-7 "Other Disbursement." The contributor name should be entered into the description field.

In-Kind Contributions

- Enter contributor and contribution information into the Campaign Finance Program. It will automatically record it as a contribution and as an expenditure.
- Keep a receipt or other written record of the contribution.
- Obtain the signature of the contributor on the receipt or contribution card.

Paying Bills

- First, fill out the check request voucher with all pertinent information, then attach it to the bill and obtain the necessary approval. After this step is completed, write the check to pay the bill, or a portion of the bill.
- Record the check in your checkbook register. Enter the check date, the payee name, check number, the amount, and the purpose of the expenditure.
- On the bill, write the check number used to make the payment.
- File bills with the attached vouchers chronologically using a separate folder for each filing period. For credit card bills, file the credit card statement itemizing the underlying vendors with the other bills. If the statement does not itemize the underlying vendors, maintain and file the receipt for purchases.
- Promptly enter payee and payment information into the Campaign Finance Program.

Petty Cash Payments

- If you make a payment in cash, keep a petty cash fund from which you can make small payments.
- Record transfers into petty cash in the checkbook register.
- Record payments in cash in the petty cash journal.
- Promptly enter all petty cash transactions into the Campaign Finance Program.

Reimbursements by Check

- € If you write a check to reimburse someone for making a purchase you should record itemized expenditure information, including the contact information of the payee and what was purchased and where, in the Campaign Finance Program.
- € You must keep copies of the receipts underlying the purchase in your files with your bills.
- € Remember these contributions should be reported as loans to the campaign, if they are not reimbursed promptly.

Financial Records

- € Keep all financial records for three (3) years after the end of the campaign period.

PRACTICAL TIPS FOR FILING REPORTS

1. Contact the City Clerk before submitting a report to discuss any questions.

2. The City Clerk can not accept electronic filings.

3. When filing campaign finance reports, plan on spending fifteen to twenty minutes with City Clerk staff reviewing the report.

4. Make sure that signatures of the treasurer, the candidate, the chairperson and the preparer are present and notarized.

5. A "Political Committee No Activity Statement" must be filed when there are no contributions or expenditures during a required reporting period.

6. Reports must be filed until a Termination Statement is filed with the City Clerk.

7. Make sure reports are filed on time. There are no provisions for exceptions or time extensions and state law requires that penalties be assessed for late filings.

8. Under state law, the committee treasurer must retain a copy of the reports for a period of three (3) years after the date of filing.

9. Reports are filed in the public record's section of the City Clerk's office. Copies are available for twenty-five cents per image.

10. Reports may be viewed on the City Clerk's website http://cms3.tucsonaz.gov/clerks