

Hastings Highlands Public Library audit spotlights \$30,000 surplus account

By Sarah Sobanski

Hastings Highlands Public Library has been accumulating budget surpluses for years, unnoticed by its board.

Collins Barrow Kawartha's LLP's Richard Steiginga, Hastings Highlands' financial auditor, presented a 2017 draft audit of the board's budget at its Nov. 29 meeting. He pointed out that the library had more than \$30,000 surplus.

This money has been accumulating in a fund balance account listed within the municipality's audited consolidated financial statements for accumulated surplus from year to year under Hastings Highlands Public Library.

"Each year the library budget has a deficit or a surplus. At least, I have never had a 'zero' balance in my tenure," library CEO Kim McMunn said in an email to Bancroft This Week following the meeting. "The surplus funds at Hastings Highlands Public Library were placed into an account called fund balance."

The board was led to the fund balance account after it requested to be audited separately from the municipality in late 2016.

"[The library board is] working towards more transparency in their operations," wrote McMunn. "As it was late in 2016 when the request was made, we have to wait for 2017 to complete to get our new statements, separate from the municipal statement."

Some of its members were unaware of the surplus or fund balance account until the meeting.

"As this [account] line is handled at the audit level and not at the board level, the library board did not have it on their radar. Same with the municipal treasurer. He deals with numerous budget lines on a daily basis and this is not one of his regularly scrutinized line items," wrote McMunn.

Previously, the library had been audited with the municipality. It tells the municipality where the money has been spent and the municipality records it before sending it off to the auditor.

In meeting discussions the now spotlighted account was referred to by board chair Kathy Irwin as an "operations cushion" and by another trustee as a "basket of cash."

Through this transition to being audited separately, the board can now see more clearly the accumulated surplus. In 2011 it was \$2,807 and in 2012 it was \$1,810.

In 2013, the surplus jumped to \$23,213, and again in 2014, it increased to \$31,174. In 2015 it fell to \$23,681 but rose in 2016 to \$31,140.

"The auditor said at the meeting, part of the reason for the value in that account is due to depreciation and amortization of our assets," Irwin also commented in an email to the paper.

Bancroft This Week brought up the approximately \$20,000 jump during the board's question period. An opportunity for public discussion that the board noted was not mandatory nor common, but that it was trying out.

"If you take out the 2013 year, you'll see that there's a \$2,000 here, a \$3,000 there, and then it bounces back and forth. The one year that the balance bounced right up was the 2013 year. That year was a bit of a kerfuffle [on the municipality's side] and the treasurer left," said Irwin.

"We went through different people handling the financials over there, so it was a state of flux from the time CAO [Craig] Davidson

left ? we had interim treasurers hired ? and then we finally got our own treasurer in place,? said Mayor Vivian Bloom, a member of the board.

?I have to add to this too that some of the library stuff was embedded in municipal stuff, so for our treasurer to pull out things that were library expenses, they just couldn't do it. We asked and asked for that,? said Irwin. ?It wasn't until [current treasurer] David Stewart came that our pressures to get some of our funding lines [were answered] and [they were] a mess.?

During the question period, another member of the public joined in the discussion, suggesting the Bancroft This Week reporter was not done asking questions, but the board chair pushed forward.

?I think we're finished with her,? said the chair. ?We're past our question time. This is exactly why I wanted to try this out because it can get this way.?

Tensions have been high surrounding the board's accumulated surplus after its existence was leaked to the public before most of library board was made aware of it in the draft audit.

At the end of the day however, the account has always been recorded by the municipality ? just not in a way that was known to all parties.

?As [the board] only meet[s] once a month, 10 months of the year, it is difficult to get ahead of the rumour mill. What should have been a good news story is so muddled due to innuendo,? wrote McMunn.

She added, ?I believe the library board has served one of the hardest years ever, with unionizing, employee transitions, funding challenges, etc. We are all wore a little thin. We have some great people who are doing their best, on their time, to give back to their community.?

Moving forward the board will look to establish a surplus policy, for future reference, and a plan on what to do with the money.