

## Report FR-SS-01-15

**To:** Chair Burley and Members of the Social Services Committee  
**From:** Mary Lou Spicer, Deputy Director of Finance  
**Meeting Date:** January 29, 2015  
**Subject:** **Long Term Care Financial Report and Treatment of Year End Surplus/(Deficit)**  
**Status:** Recommendation adopted by Committee as presented per Resolution SSC25-15; Endorsed by County Council March 3, 2015 per Resolution CC43-15;

### Recommendation(s)

**THAT Report FR-SS-01-15 regarding the Long Term Care financial report and treatment of surplus and/or deficit positions at year end be received;**

**AND THAT flooring for resident bedrooms and bathrooms (\$15,000), a whirlpool tub (\$45,000), funds towards a resident lift (\$4,100) that were included as 2014 capital projects be transferred to the Grey Gables Reserve for use in the 2015 budget;**

**AND THAT funds towards resident lifts (\$18,000), drapes and blinds (\$13,000), a sanitary waste removal system (\$7,000) and a nurse call system (\$32,975) that were included as 2014 capital projects be transferred to the Lee Manor Reserve for use in the 2015 budget;**

**AND THAT funds towards a sprinkler system replacement (\$24,191), chain link fence replacement (\$9,000), and a key pad entry system (\$24,750) for Rockwood Terrace that were included as 2014 capital projects be transferred to the Rockwood Terrace Reserve for use in the 2015 budget;**

**AND THAT any deficits arising from the Long Term Care operating budgets be funded first by surplus from awarded and completed capital projects from the respective home, followed by the use of any surplus from other Long Term Care operating budgets;**

**AND THAT any remaining surplus/(deficit) be transferred to/from the Long Term Care home's respective Reserve;**

**AND FINALLY THAT the donations made to Grey Gables, Lee Manor and Rockwood Terrace be transferred to the respective donation accounts.**

## Background

The purpose of this report is to provide members of the Social Services Committee with a financial update for the Long Term Care department based upon financial statements as of November 30, 2014 with projections to year-end. It was previously estimated that the year-end surplus would total \$115,800; the updated projection is summarized as follows.

### Summary of Projected Long Term Care Year-End Surplus/(Deficit)

<b>Long Term Care Department Budget</b>	<b>Projected Year-End Surplus/(Deficit)</b>
Grey Gables Operating Budget	(\$75,000)
Grey Gables Capital Budget	(\$11,000)
Lee Manor Operating Budget	(\$5,000)
Lee Manor Capital Budget	\$0
Rockwood Terrace Operating Budget	\$120,000
Rockwood Terrace Capital Budget	\$11,000
<b>Total Projected Surplus</b>	<b>\$40,000</b>

Staff recommends that the anticipated operating budget shortfall for Grey Gables, and any shortfall in the Lee Manor operating budget, be funded first from any savings from awarded and completed capital projects in the home's respective budget, followed by anticipated savings from the Rockwood Terrace operating budget. If after these allocations are made, there remains a deficit in the combined long term care homes' budgets, staff recommends that the remaining balance be funded from the home's respective reserve. Similarly, after all shortfalls are funded, if surplus exists staff recommends that the surplus be transferred to the respective home's reserve.

### *Grey Gables*

It is anticipated that Grey Gables will have an operating budget deficit of approximately \$75,000.

The shortfall is made up of a number of factors with wages, benefits and contracted registered nursing services projected to be over budget by \$61,000; contributing factors are the estimated overtime cost of \$47,300 and the cost of replacing registered staff with agency staff. Legal costs have also been higher than anticipated and are expected to exceed budget by \$11,000. There were also unexpected equipment failures during the year; three steam tables (\$13,500) and a hot water heater (\$7,700) as well as higher costs to maintain the building than anticipated. The steam tables were scheduled for

replacement in the 5-year capital plan, but were moved forward as the estimated lifespans were not met. The budgets for snow removal and utilities will be overspent by approximately \$11,000 and \$17,000 respectively. Within the Nursing and Personal Care envelope, medical supplies are expected to be overspent by approximately \$38,000; this is the result of a change in how the Province reimburses for high intensity needs claim based costs. For many treatments, the process has been streamlined by the implementation of a funding per diem, but depending on residents' needs, the per diem may not cover expenses. Other expense items contributed to the remaining shortfall of \$21,200.

The shortfalls were mitigated by the two unbudgeted funding increases – the increase in the Case Mix Index (CMI) (\$18,900) and the per diem increase (\$66,500) as well as approximately \$20,000 from higher preferred accommodation and tenant rental revenue.

The capital budget for Grey Gables currently has a shortfall of \$11,000; this is the result of an unbudgeted cost to flush the sprinkler system and higher than budgeted expenditures for the building control system.

### *Lee Manor*

Preliminary estimates indicate that Lee Manor will end the year very close to budget and could end the year with a shortfall of approximately \$5,000. The two unbudgeted funding increases provided Lee Manor with revenues of \$98,700 (change in CMI) and \$92,900 (per diem increase). These unbudgeted revenues have been used to offset a variety of higher than expected costs.

It is anticipated that salary and benefits, including contracted registered nursing services, will be approximately \$146,000 over budget. This amount includes greater than anticipated modified duty, the cost to replace registered nursing staff with agency staff and the non-union grid adjustment.

There was a long delay in receiving hydro invoices for the fall of 2013; the outstanding portion was not accrued to 2013 and as a result staff anticipates that the hydro budget will be \$35,000 overspent at year-end. However, the shortfall is offset from savings in the budget lines for waste removal, water and natural gas.

There were higher costs than anticipated for legal (\$31,500), incontinent supplies (\$11,000), snow removal (\$5,500), and various other budget lines (\$2,600) that contributed to the home running very close to budget with a projected shortfall of \$5,000.

The Lee Manor capital budget currently does not show surplus funds available from awarded and completed projects; a number of projects were still underway at year-end

and staff anticipates there will be some small savings that can be used to offset any operating budget shortfall.

### *Rockwood Terrace*

It is anticipated that Rockwood Terrace will end the year with a surplus of approximately \$120,000. This is the mainly the result of the two unbudgeted funding increases - \$81,900 (CMI increase) and \$62,800 (per diem increase). In addition, the Ministry has completed a reconciliation of a prior year subsidy entitlement and \$10,300 more was received than was anticipated.

The unbudgeted revenue was partially offset by a higher than budgeted cost for salaries and benefits that is expected to total \$25,000.

Savings throughout the various line items in other departmental budgets are as follows: Maintenance (\$15,000), Programs (\$6,000). The Nursing and Personal Care supply lines also experienced budgetary pressures with higher than budgeted costs for incontinent supplies (\$7,000) and medical supplies (\$15,000). Throughout the remainder of the budget, overall other expense lines combined indicate an over expenditure of \$9,000.

Surplus from awarded and completed Rockwood Terrace capital projects is expected to total \$11,000 at year-end.

### Capital Projects to Carry Forward to 2015

The following is a summary of the capital projects that were budgeted for 2014 that have not been completed; staff requests that the funds for these projects be transferred to reserve for use in the 2015 budget.

<b>Long Term Care Home</b>	<b>Project</b>	<b>Amount</b>
<b>Grey Gables</b>	Flooring – Resident Bedrooms and Bathrooms	\$15,000
	Whirlpool Tub	\$45,000
	Resident Lifts	\$4,100
<b>Total Grey Gables</b>		<b>\$64,100</b>
<b>Lee Manor</b>	Resident Lifts	\$18,000
	Drapes and Blinds	\$13,000
	Sanitary Waste Removal System	\$7,000
	Nurse Call System (2014 budget was \$185,000 with \$152,025 coming from reserve, for a net levy of \$32,975)	\$32,975
<b>Total Lee Manor</b>		<b>\$70,975</b>
<b>Rockwood Terrace</b>	Sprinkler System (2014 budget was \$80,000 with \$55,809 coming from	\$24,191

<b>Long Term Care Home</b>	<b>Project</b>	<b>Amount</b>
	reserve, for a net 2014 levy of \$24,191)	
	Replacement of Chain Link Fence	\$9,000
	Key Pad Entry	\$24,750
<b>Total Rockwood Terrace</b>		<b>\$57,941</b>

## Donations

A recommendation is also made within this report requesting that the balance in the donation accounts be transferred to the respective reserve account at year end. The following chart summarizes the transaction history for 2014 and provides the balance in each of the donation accounts as of December 31, 2014. The balance in the donation accounts will be finalized upon reconciling accounts and outstanding invoices at year-end.

<b>Long Term Care Home</b>	<b>Donation Account Opening Balance</b>	<b>Donations Jan-Dec 2014</b>	<b>Funds committed for use Jan-Dec 2014</b>	<b>Projected Donation Account Balance December 31, 2014</b>
<b>Grey Gables</b>	\$123,304	\$16,697	(\$40,000)	\$100,001
<b>Lee Manor</b>	\$66,478	\$3,850	(\$25,000)	\$45,328
<b>Rockwood Terrace</b>	\$42,205	\$4,044	(\$6,432)	\$39,817

## Financial / Staffing / Legal / Information Technology

### Considerations

A review of the actual to budget as of the end of November projected that the Long Term Care budgets will have a surplus of approximately \$40,000 at year-end. Staff recommends that surplus from completed and awarded long term care capital projects within the home's respective budget be first used to offset the anticipated operating budget shortfalls. If insufficient funds are available, the balance would be funded through the use of anticipated savings from the Rockwood Terrace operating budget and any remaining shortfall funded from the home's respective reserve account. If surplus exists after shortfalls are funded, staff recommends that the surplus be transferred to the home's respective reserve account. Staff also recommends that donations be transferred to the respective donation account.

## Link to Strategic Goals / Priorities

The analysis of current financial statements compared to the approved budget is a key mechanism to ensure Council's goals of ensuring financial sustainability and ongoing public accountability are maintained.

Respectfully submitted by,

Mary Lou Spicer, Deputy Director of Finance

Director Sign Off: *Kevin Weppler, Director of Finance; Lynne Johnson, Director of Long Term Care*