

Report FR-SS-35-16

To: Chair Burley and Members of the Social Services Committee
From: Doug Johnstone, Financial Analyst
Lynne Johnson, Director of Long Term Care
Meeting Date: November 9, 2016
Subject: **Long Term Care Financial Update and Year-End Projection as of September 30, 2016**
Status: Recommendation adopted by Committee as presented per Resolution SSC86-16; Endorsed by County Council November 22, 2016 per Resolution CC147-16;

Recommendation(s)

- 1. That Report FR-SS-35-16 regarding a Financial Update and Year-End Projection as of September 30, 2016 for those budgets under the direction of the Long Term Care Department be received for information.**

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.

Summary

This report is based upon September 2016 financial statements and updates the financial position reported in FR-SS-20-16. The projection also takes into account known expenses and has been prepared based upon consultation with the respective Administrator.

Surplus/deficit estimates from the capital budget are based upon projects that have been awarded at the time the report was written and excludes funds for projects that will be deferred to 2017.

The following table summarizes the year-end projection for each of the Long Term Care budgets and further information is contained within the body of this report.

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

Long Term Care Department Budget	Projected Year-End Surplus/(Deficit)
Grey Gables Operating Budget	(\$117,000)
Grey Gables Capital Budget	\$16,500
Lee Manor Operating Budget	(\$60,000)
Lee Manor Capital Budget	\$8,000
Rockwood Terrace Operating Budget	\$315,000
Rockwood Terrace Capital Budget	\$0
Total Projected Surplus	\$162,500

Grey Gables Operating Budget

At May 31, 2016 it was projected that Grey Gables would show an operating deficit of \$80,000. This projection has been increased to \$117,000 at September 30, 2016. The reduction in the Case Mix Index created a shortfall of \$84,000. The increase to the Other Accommodation funding envelope was less than budgeted, creating a shortfall of \$6,000. Other projected overexpenditures include hydro (\$19,000), legal (\$41,000), and medical supplies (\$10,000). It is anticipated that there will be savings in wages and benefits (\$10,000), natural gas (\$13,000) and building maintenance costs (\$7,000). Other items combine for the remaining savings of \$13,000.

Grey Gables Capital Budget

The Grey Gables capital budget is projected to have a surplus of \$16,500. The railing and balcony improvement project was \$1,500 under budget. The hot water heating project that was budgeted for 2016 was completed on an emergency basis in 2015, and therefore the \$15,000 will show as a surplus in 2016. Other completed projects showed savings, but since they were funded from reserves, the savings will remain in the reserves for future projects. Staff will request that funds for some outstanding projects be carried forward for use in 2017.

Lee Manor Operating Budget

At May 31, 2016 it was projected that Lee Manor would show an operating deficit of \$75,000. This projection has been reduced to \$60,000 at September 30, 2016. The reduction in the Case Mix Index created a shortfall of \$53,000. The increase to the Other Accommodation funding envelope was less than budgeted, creating a shortfall of \$13,000. Hydro expense is projected to be \$52,000 over budget. Major kitchen equipment repairs resulted in a \$7,000 overexpenditure. The overexpenditures will somewhat be offset by savings in modified duty wage expense (\$28,000), OMERS expense (\$20,000) and group benefit expense (\$25,000). Other items combine for the remaining deficit of \$8,000.

Lee Manor Capital Budget

The Lee Manor capital budget is projected to have a surplus of \$8,000. Within the awarded and completed projects, there was a savings of \$7,500 on a whirlpool tub and \$9,000 savings on the sanitary waste removal system project. The hot water recirculation and valving project was \$8,500 over budget. Other completed projects came in close to budget. Staff will request that funds for some projects be carried forward for use in 2017.

Rockwood Terrace Operating Budget

At May 31, 2016 it was projected that Rockwood Terrace would show an operating surplus of \$147,000. At September 30, 2016, it is projected that Rockwood Terrace will end the year with an operating surplus of \$315,000. The increase in the Case Mix Index provided unbudgeted revenue of \$117,000. The increase to the Other Accommodation funding envelope was less than budgeted, creating a shortfall of \$9,000. There are projected to be savings in wages and benefits totaling \$227,000. The savings are the result of staff on unpaid leave, a staffing gap in the administration, reduced modified duty expenses, and recruitment challenges on the nursing side, along with reductions in group benefits and OMERS expense. It is also anticipated that there will be savings of \$10,000 in natural gas costs. Offsetting these savings are expected overexpenditures in hydro (\$18,000) and medical supplies (\$27,000). Other items combine for the remaining savings of \$15,000.

Rockwood Terrace Capital Budget

For projects that have been completed, the total expenses have been close to the budgeted amounts. As with the other two Homes, Rockwood Terrace has capital

projects that will not be completed in the year and will request that funds be carried forward to 2017.

Financial / Staffing / Legal / Information Technology

Considerations

A review of the actual to budget, as of the end of September, projects that the net year-end position for the Long Term Care department will be a surplus of \$162,500. This represents savings in the operating budgets of \$138,000 and savings in the capital budgets of \$24,500.

Staff will bring a final report on budget surplus/shortfalls as well as identifying projects to be carried forward to 2017 to Committee of the Whole in January 2017.

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,

Doug Johnstone
Financial Analyst

Lynne Johnson
Director of Long Term Care

Director Sign Off: *Kevin Weppler, Director of Finance*