



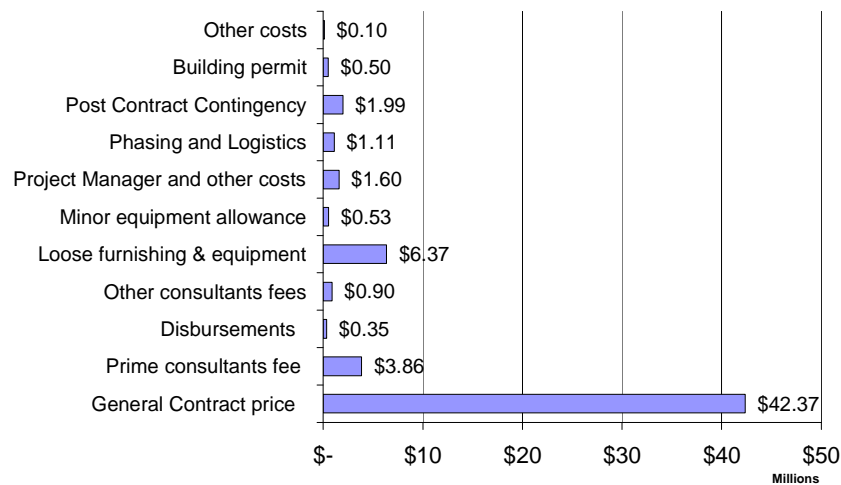
## ANNUAL REPORT OF THE TREASURER 2007 – 2008

### Redevelopment News:

This was literally a ground breaking year, at Winchester District Memorial Hospital, with the signing of a construction contract that is valued at more than double the hospital's operating budget. This represents the project's main construction costs and includes: professional and project management fees, furniture and fixtures, clinical equipment, gift shop, and parking lot development. The Ministry of Health's share is 45.9 million and the community share, from the Vision Campaign is \$15 million.

The construction contract with PCL Constructors inc. was awarded on September 20, 2007. Capital project site work began on October 3, 2007 with Phases 1.1 to 1.3 completed March 3, 2008. The anticipated move into new Addition remains on schedule for February 2009 with completion of entire project in March 2010. As of March 31<sup>st</sup>, 2008 construction was 16% complete and 18% of the budget had been expensed.

### Project costs



The redevelopment project has provided WDMH with a unique opportunity to carefully consider investments in building automation and corporate and clinical information systems. As a result, the hospital has invested in a high availability, fault tolerant medical grade Cisco Network. This network will link the clinical, administrative, building automation and security systems through the use of one common communication technology (IP – Internet Protocol). The IP communication network lays the foundation to interface and integrate these systems thus enabling WDMH to engineer new patient quality and safety clinical and administrative processes. The hospital's Strategic Information Technology Plan outlines the time frames for investment in order to maximize the opportunity offered by the capital project.

***Before (as at December 28, 2007):***



***After (as at May 28, 2008):***

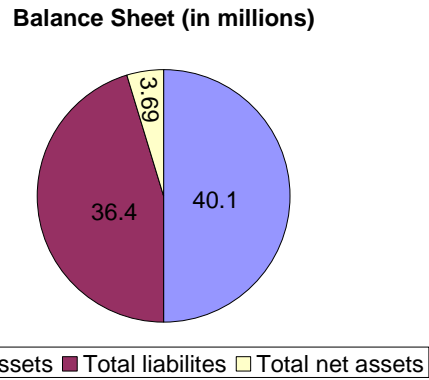
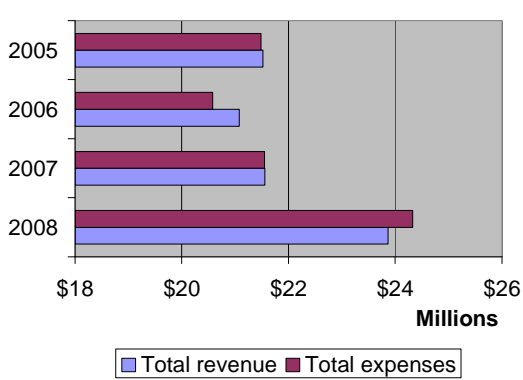
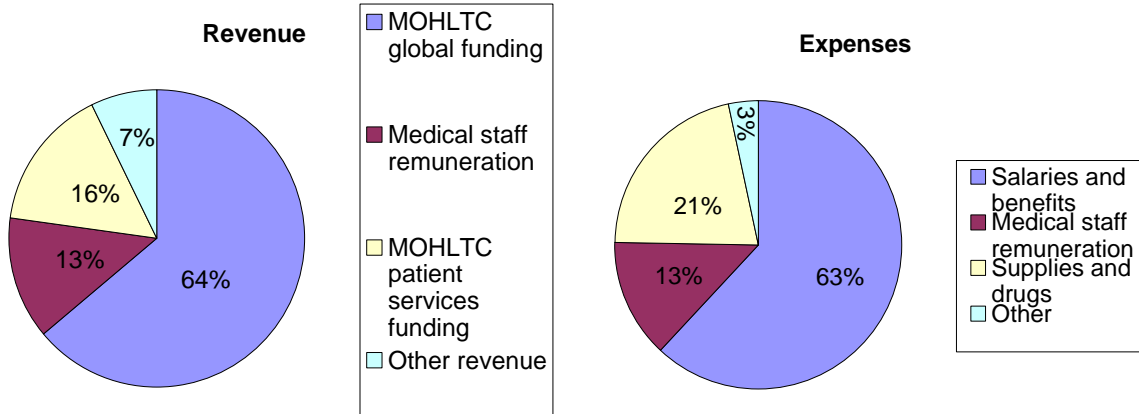


***Completion (March, 2010):***

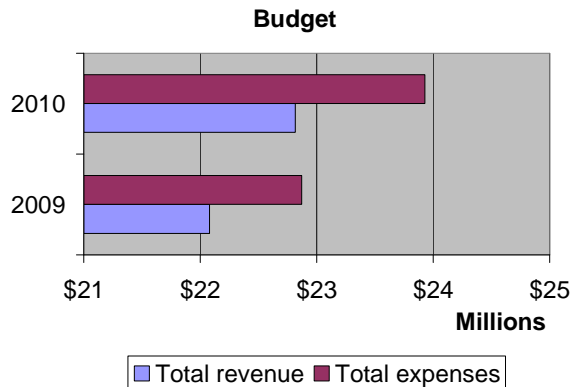


**Financial Results:**

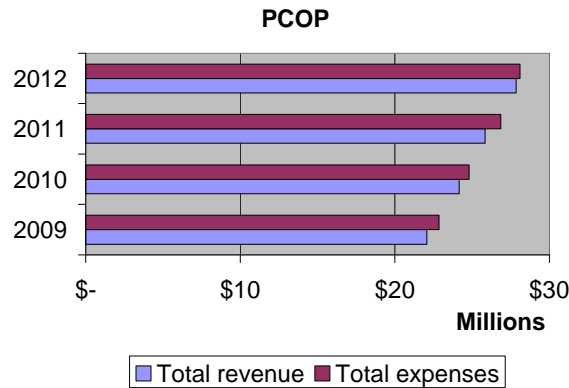
As negotiated, the 2007-08 Accountability Agreement with the Ministry of Health and Long Term Care, the hospital completed the year with a deficit of \$462,752 from hospital operations, and a total deficit of \$836,073 including depreciation of \$373,321. The deficit from operations was offset by a combination of one time funding by the Ministry of Health and Long Term Care and hospital working capital.



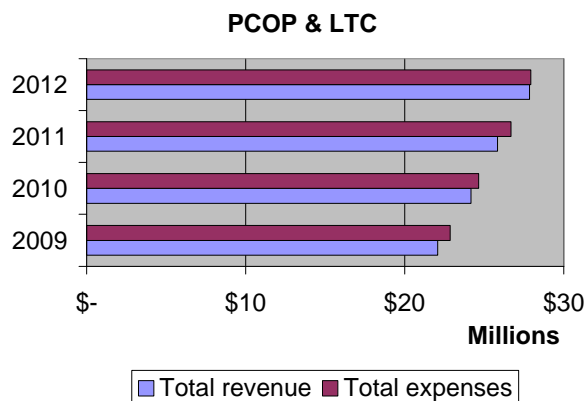
Based on approved revenue increases, the Winchester District Memorial Hospital is projecting operating deficits, totaling 1.9 million from hospital operations, for the next two fiscal years.



The hospital has provided a number of financial scenarios that address the financial sustainability of the Winchester District Memorial Hospital. The most predictable of these scenarios is the Post Construction Operating funds (PCOP) or adjustment to base budget, that the hospital will receive as a result of the new construction.



The hospital has also demonstrated the combined effects of PCOP and the addition of 47 nursing home beds, which is the preferred scenario for longer term financial viability for the hospital.



As of June, 2008 the hospital received the directive to sign, the Accountability Agreement, under section 23(5) of the Commitment to the Future of Medicare Act (CFMA). The issuance of the Directive is the initial step in a five (5) step process that could result in an imposed agreement.

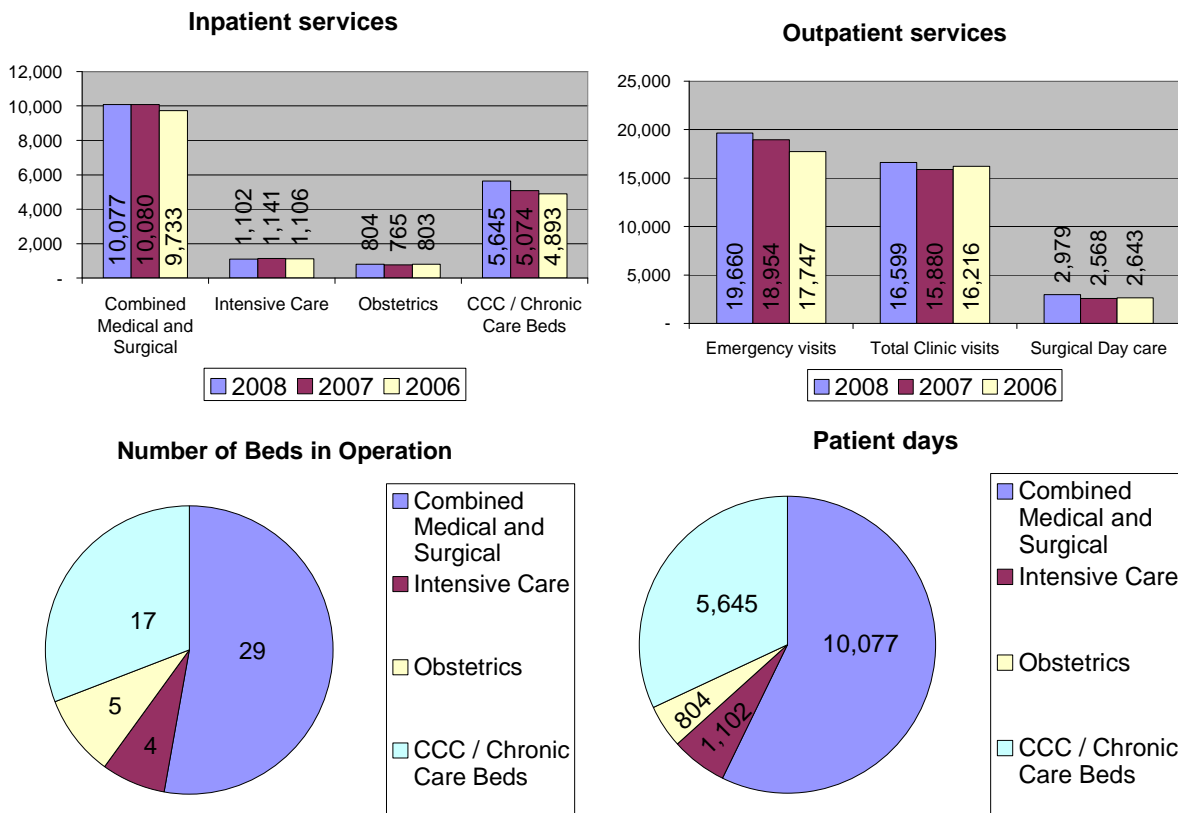
- **Step #1: Direction**
  - If at the end of the negotiation period (90 days), the HSAA is not entered into, the LHIN may direct the hospital to enter into the HSAA. (ss. 23(5))
- **Step #2: Notice of Non-Compliance**
  - Where the hospital has not entered into an HSAA after being directed to do so by the LHIN, the LHIN may issue a notice requiring that the HSAA be entered into. If exceptional circumstances exist, the LHIN may immediately issue an Order to enter into the HSAA. (s. 24)
- **Step #3: 30 Days**
  - Where such a notice is issued there is a mandatory 30 day discussion period before further action can be taken. (s. 24)

- **Step #4: Compliance Directive**
  - If at the end of 30 days the HSAA has still not been signed, the LHIN may issue a Compliance Directive. (s. 25)
- **Step #5: Order**
  - If following a Compliance Directive, the HSAA has still not been entered into, the LHIN must issue a further notice stating that an Order will be issued. Following this notice there is an additional 30-day discussion period before an Order is issued. (ss. 27(1) and ss. 24(3)) If a hospital fails to comply with an Order, it can be subject to the penalty provisions under the CFMA. (s. 33)

**Activity:**

This year has been a busy year as the hospital experience significant increases in several areas:

- Emergency Visits increased by 1913 visits or 10.1% increase
- Total patient days increased by 1,093 days or 6.4% increase
- Day surgery procedures increased by 336 cases or 13.1% increase



Although there are numerous individuals who have attributed to this year's financial performance, as Treasurer, I would like to take this opportunity to thank my fellow Finance/Audit and Property Committee members for the contribution of their time and expertise: Peter Sorby, Nick Zrymiak, Bill Smirle, Bruce Rowsell, Carole McDermott, Kendal Boje, Dr. Brian Devin, Trudy Reid, Phil Marleau, Michelle Blouin, Lynn Hall, Dr. Kate Darbyshire, and Luann Woodcock.

The Board of Directors is committed to fiscal responsibility and long range financial viability.

Respectfully submitted,

Kathy Byvelds  
Treasurer