



## INDEPENDENT AUDITOR'S REPORT

### Murrumbidgee Local Health District

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Murrumbidgee Local Health District (the District), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the District and the consolidated entity. The consolidated entity comprises the District and the entities it controlled at the year's end or from time to time during the financial year.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the District and the consolidated entity, as at 30 June 2013, and of the financial performance and the cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

My opinion does not extend to the budget information. I have not audited the budget figures disclosed in the statement of financial position, the statement of comprehensive income and the statement of cash flows.

My opinion should be read in conjunction with the rest of this report.

### The Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the District or the consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of their internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

## **Independence**

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.

*S Bond*

Sally Bond  
Director, Financial Audit Services

20 September 2013  
SYDNEY

**Murrumbidgee Local Health District  
Certification of the Parent/Consolidated Financial Statements  
for the year ended 30 June 2013**

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*:

- 1) The financial statements of the Murrumbidgee Local Health District for the year ended 30 June 2013 have been prepared in accordance with:
  - a) Australian Accounting Standards (which include Australian Accounting
  - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
  - c) the Financial Reporting Code for NSW General Government Sector Entities.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Murrumbidgee Local Health District; and
- 3) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Ms. Susan Weisser  
**Chief Executive**  
18 September 2013



Mr. Maurice Ahern  
Director, Finance & Performance

**Murrumbidgee Local Health District**  
**Statement of Comprehensive Income for the year ended 30 June 2013**

PARENT			CONSOLIDATION				
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual	
2013 \$000	2013 \$000	2012 \$000		2013 \$000	2013 \$000	2012 \$000	
<b>Expenses excluding losses</b>							
<b>Operating Expenses</b>							
----	----	----	Employee Related	3	256,863	254,417	250,274
253,538	253,957	233,379	Personnel Services	4	----	----	----
33,627	32,635	31,971	Visiting Medical Officers		33,627	32,635	31,971
152,624	145,488	169,748	Other Operating Expenses	5	152,624	145,488	169,748
13,967	14,230	14,562	Depreciation and Amortisation	2(i), 6	13,967	14,230	14,562
1,767	1,478	756	Grants and Subsidies	7	1,767	1,478	756
38	19	75	Finance Costs	8	38	19	75
15,874	15,574	10,941	Payments to Affiliated Health Organisations	9	15,874	15,574	10,941
<b>471,435</b>	<b>463,381</b>	<b>461,432</b>	<b>Total Expenses excluding losses</b>		<b>474,760</b>	<b>463,841</b>	<b>478,327</b>
<b>Revenue</b>							
366,289	359,052	357,955	NSW Ministry of Health Recurrent Allocations	2(d)	366,289	359,052	357,955
42,883	42,896	31,286	NSW Ministry of Health Capital Allocations	2(d)	42,883	42,896	31,286
----	----	(37)	Transfers to the Ministry of Health		----	----	(37)
----	----	----	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 13	3,325	460	16,895
74,988	75,019	70,575	Sale of Goods and Services	10	74,988	75,019	70,575
486	310	711	Investment Revenue	11	486	310	711
13,715	12,100	12,072	Grants and Contributions	12	13,715	12,100	12,072
2,203	2,866	3,329	Other Revenue	14	2,203	2,866	3,329
<b>500,564</b>	<b>492,243</b>	<b>475,891</b>	<b>Total Revenue</b>		<b>503,889</b>	<b>492,703</b>	<b>492,786</b>
3	(800)	(158)	Gain / (Loss) on Disposal	15	3	(800)	(158)
(166)	(1,191)	(7,651)	Other Gains / (Losses)	16	(166)	(1,191)	(7,651)
<b>28,966</b>	<b>26,871</b>	<b>6,650</b>	<b>Net Result</b>	32	<b>28,966</b>	<b>26,871</b>	<b>6,650</b>
<b>Other Comprehensive Income</b>							
<b>Items that will not be reclassified to net result</b>							
Net Increase/(Decrease) in Property, Plant &							
19,336	----	----	Equipment Asset Revaluation Surplus		19,336	----	----
<b>19,336</b>	<b>----</b>	<b>----</b>	<b>Total Other Comprehensive Income for the year</b>		<b>19,336</b>	<b>----</b>	<b>----</b>
<b>48,302</b>	<b>26,871</b>	<b>6,650</b>	<b>TOTAL COMPREHENSIVE INCOME</b>		<b>48,302</b>	<b>26,871</b>	<b>6,650</b>

The accompanying notes form part of these financial statements.

**Murrumbidgee Local Health District  
Statement of Financial Position as at 30 June 2013**

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual
2013 \$000	2013 \$000	2012 \$000		2013 \$000	2013 \$000	2012 \$000
<b>ASSETS</b>						
<b>Current Assets</b>						
7,473	13,064	13,979	19	7,473	13,064	13,979
15,047	16,361	16,361	20	15,047	16,361	16,361
957	971	972	21	957	971	972
<u>23,477</u>	<u>30,396</u>	<u>31,312</u>		<u>23,477</u>	<u>30,396</u>	<u>31,312</u>
423	693	693	23	423	693	693
<b>23,900</b>	<b>31,089</b>	<b>32,005</b>		<b>23,900</b>	<b>31,089</b>	<b>32,005</b>
<b>Total Current Assets</b>						
<b>Non-Current Assets</b>						
309,530	289,799	261,788	22	309,530	289,799	261,788
15,016	15,264	14,690	22	15,016	15,264	14,690
5,404	4,337	4,654	22	5,404	4,337	4,654
<u>329,950</u>	<u>309,400</u>	<u>281,132</u>		<u>329,950</u>	<u>309,400</u>	<u>281,132</u>
<b>329,950</b>	<b>309,400</b>	<b>281,132</b>		<b>329,950</b>	<b>309,400</b>	<b>281,132</b>
<b>353,850</b>	<b>340,489</b>	<b>313,137</b>		<b>353,850</b>	<b>340,489</b>	<b>313,137</b>
<b>Total Assets</b>						
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
29,189	35,240	35,242	25	29,189	35,240	35,242
614	(15)	635	26	614	(15)	635
31,065	31,187	31,653	27	31,065	31,187	31,653
1,095	527	527	28	1,095	527	527
<u>61,963</u>	<u>66,939</u>	<u>68,057</u>		<u>61,963</u>	<u>66,939</u>	<u>68,057</u>
<b>61,963</b>	<b>66,939</b>	<b>68,057</b>		<b>61,963</b>	<b>66,939</b>	<b>68,057</b>
<b>Total Current Liabilities</b>						
<b>Non-Current Liabilities</b>						
210	1,441	1,441	26	210	1,441	1,441
213	1,255	141	27	213	1,255	141
<u>423</u>	<u>2,696</u>	<u>1,582</u>		<u>423</u>	<u>2,696</u>	<u>1,582</u>
<b>423</b>	<b>2,696</b>	<b>1,582</b>		<b>423</b>	<b>2,696</b>	<b>1,582</b>
<b>Total Non-Current Liabilities</b>						
<b>62,386</b>	<b>69,635</b>	<b>69,639</b>		<b>62,386</b>	<b>69,635</b>	<b>69,639</b>
<b>Total Liabilities</b>						
<b>291,464</b>	<b>270,854</b>	<b>243,498</b>		<b>291,464</b>	<b>270,854</b>	<b>243,498</b>
<b>Net Assets</b>						
<b>EQUITY</b>						
19,336	----	----		19,336	----	----
<u>272,128</u>	<u>270,854</u>	<u>243,498</u>		<u>272,128</u>	<u>270,854</u>	<u>243,498</u>
<b>291,464</b>	<b>270,854</b>	<b>243,498</b>		<b>291,464</b>	<b>270,854</b>	<b>243,498</b>
<b>Total Equity</b>						

The accompanying notes form part of these financial statements.

**Murrumbidgee Local Health District**  
**Statement of Changes in Equity for the year ended 30 June 2013**

**PARENT AND CONSOLIDATION**

	Notes	Accumulated Funds	Asset Revaluation Surplus	Available For Sale Reserve	Total
		\$000	\$000	\$000	\$000
<b>Balance at 1 July 2012</b>		243,498	-----	-----	243,498
<b>Total Equity at 1 July 2012</b>		<b>243,498</b>	<b>-----</b>	<b>-----</b>	<b>243,498</b>
<b>Net Result for the year</b>		28,966			28,966
<b>Other Comprehensive Income:</b>					
Net Increase/(Decrease) in Property, Plant & Equipment		-----	19,336	-----	19,336
<b>Total Other Comprehensive Income</b>		<b>-----</b>	<b>19,336</b>	<b>-----</b>	<b>19,336</b>
<b>Total Comprehensive Income for the year</b>		28,966	19,336	-----	48,302
<b>Transactions With Owners In Their Capacity As Owners</b>					
Increase/(Decrease) in Net Assets From Equity Transfers	36	(336)	-----	-----	(336)
<b>Balance at 30 June 2013</b>		<b>272,128</b>	<b>19,336</b>	<b>-----</b>	<b>291,464</b>
<b>Balance at 1 July 2011</b>		238,497	-----	-----	238,497
<b>Total Equity at 1 July 2011</b>		<b>238,497</b>	<b>-----</b>	<b>-----</b>	<b>238,497</b>
<b>Net Result for the year</b>		6,650			6,650
<b>Total Comprehensive Income for the year</b>		6,650	-----	-----	6,650
<b>Transactions With Owners In Their Capacity As Owners</b>					
Increase/(Decrease) in Net Assets From Equity Transfers	36	(1,649)	-----	-----	(1,649)
<b>Balance at 30 June 2012</b>		<b>243,498</b>	<b>-----</b>	<b>-----</b>	<b>243,498</b>

The accompanying notes form part of these financial statements.

**Murrumbidgee Local Health District**  
**Statement of Cash Flows for the year ended 30 June 2013**

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual		Actual	Budget Unaudited	Actual
2013 \$000	2013 \$000	2012 \$000	Notes	2013 \$000	2013 \$000	2012 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
---	---	---	Employee Related	(257,742)	(257,319)	(245,904)
(19,560)	(18,972)	(11,697)	Grants and Subsidies	(19,560)	(18,972)	(11,697)
---	---	(16)	Finance Costs	---	---	(16)
(466,737)	(454,764)	(443,531)	Other	(208,995)	(197,445)	(197,627)
(486,297)	(473,736)	(455,244)	<b>Total Payments</b>	(486,297)	(473,736)	(455,244)
<b>Receipts</b>						
366,289	359,052	357,955	NSW Ministry of Health Recurrent Allocations	366,289	359,052	357,955
42,883	42,896	31,286	NSW Ministry of Health Capital Allocations	42,883	42,896	31,286
---	---	(37)	Asset Sale Proceeds Transferred to the NSW Ministry of Health	---	---	(37)
4,079	4,079	16,895	Reimbursements from the Crown Entity	4,079	4,079	16,895
73,359	74,667	68,640	Sale of Goods and Services	73,359	74,667	68,640
486	351	711	Interest Received	486	351	711
15,076	13,743	12,073	Grants and Contributions	15,076	13,743	12,073
22,443	22,001	2,390	Other	22,443	22,001	2,390
524,615	516,789	489,913	<b>Total Receipts</b>	524,615	516,789	489,913
<b>38,318</b>	<b>43,053</b>	<b>34,669</b>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>38,318</b>	<b>43,053</b>	<b>34,669</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
4	2,284	2,274	Proceeds from Sale of Land and Buildings, Plant and Equipment and Infrastructure Systems	4	2,284	2,274
(42,696)	(45,583)	(29,251)	Purchases of Land and Buildings, Plant and Equipment Infrastructure Systems and Intangibles	(42,696)	(45,583)	(29,251)
(42,692)	(43,299)	(26,977)	<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	(42,692)	(43,299)	(26,977)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
(1,291)	(669)	(693)	Repayment of Borrowings and Advances	(1,291)	(669)	(693)
(1,291)	(669)	(693)	<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	(1,291)	(669)	(693)
(5,665)	(915)	6,999	<b>NET INCREASE / (DECREASE) IN CASH</b>	(5,665)	(915)	6,999
13,979	13,979	6,020	Opening Cash and Cash Equivalents	13,979	13,979	6,020
(841)	---	960	Cash Transferred In/(Out) as a Result of Administrative Restructuring	(841)	---	960
<b>7,473</b>	<b>13,064</b>	<b>13,979</b>	<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>7,473</b>	<b>13,064</b>	<b>13,979</b>

The accompanying notes form part of these financial statements.

Murrumbidgee Local Health District  
Service Group Statements  
for the year ended 30 June 2013

DISTRICT EXPENSES AND INCOME	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total				
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000		
<b>Expenses excluding losses</b>																									
Operating Expenses	13,614	20,397	1,490	1,752	16,747	8,334	37,785	22,224	102,360	127,865	22,989	21,849	54,789	39,468	5,728	6,362	1,361	2,002					256,863	250,274	
Employee Related	380	1,368	3	3	777	492	6,060	5,451	16,585	16,676	4,903	5,083	4,395	2,558	548	259	80	80					33,627	31,971	
Visiting Medical Officers	4,411	5,754	412	306	19,551	52,486	22,375	13,665	65,445	64,521	8,364	6,450	28,907	22,763	2,869	3,497	290	306					152,624	169,748	
Other Operating Expenses	419	760	6	20	717	690	2,224	1,829	5,597	6,716	912	661	3,743	3,572	310	268	41	45					13,967	14,562	
Depreciation and Amortisation	52	441	1,430	40	260	12	17	121	121	121	121	72	1	44	25	8	1	1					1,767	756	
Grants and Subsidies	2	5			4	14	7	7	16	35	1		7	12	1	2							38	75	
Finance Costs		487				161				14														15,874	10,941
Payments to Affiliated Health Organisations																									
Other Expenses																									
<b>Total Expenses excluding losses</b>	<b>18,978</b>	<b>29,192</b>	<b>3,338</b>	<b>2,121</b>	<b>38,056</b>	<b>62,189</b>	<b>68,451</b>	<b>43,193</b>	<b>189,983</b>	<b>215,948</b>	<b>37,169</b>	<b>34,115</b>	<b>107,716</b>	<b>78,716</b>	<b>9,481</b>	<b>10,416</b>	<b>1,692</b>	<b>2,434</b>					<b>474,760</b>	<b>478,327</b>	
<b>Revenue</b>																									
NSW Ministry of Health Recurrent Allocations **																									
NSW Ministry of Health Capital Allocations **																									
Transfers to the NSW Ministry of Health										(37)															
Acceptance by the Crown Entity																									
of Employee Benefits and Other Liabilities	176	1,377	19	118	217	563	489	1,500	1,325	8,633	298	1,473	709	2,664	74	431	18	135					3,325	16,895	
Sale of Goods and Services	2,730	649	7	28	5,774	550	2,895	2,456	25,136	43,121	1,620	1,186	36,279	22,450	540	92	7	42					74,988	70,575	
Investment Revenue	11	17			31	74	24	32	131	560	10	1	274	20	4	3	4	4					486	711	
Grants and Contributions	63	1,565			1,502	1,799	84	10	746	3,195	34	1	8,060	4,080	3,057	170	167	1,251					13,715	12,072	
Other Revenue	164	6	11		87		106	487	776	1,899	491		523	937	31		15						2,203	3,329	
<b>Total Revenue</b>	<b>3,144</b>	<b>3,614</b>	<b>37</b>	<b>146</b>	<b>7,611</b>	<b>2,986</b>	<b>3,598</b>	<b>4,485</b>	<b>28,114</b>	<b>57,371</b>	<b>2,453</b>	<b>2,661</b>	<b>45,845</b>	<b>30,151</b>	<b>3,706</b>	<b>696</b>	<b>207</b>	<b>1,432</b>					<b>503,889</b>	<b>492,786</b>	
Gain / (Loss) on Disposal	(8)	(8)		(1)	(6)	(6)	(17)	(841)	2	(89)	(22)	(13)	(22)	(22)	(2)	(2)	(1)	(1)					3	(158)	
Other Gains / (Losses)	(8)	(370)	(1)	(27)	(6)	(280)	(18)	(841)	(93)	(4,265)	(14)	(660)	(22)	(1,037)	(2)	(110)	(62)	(62)					(166)	(7,651)	
<b>Net Result</b>	<b>(15,742)</b>	<b>(25,956)</b>	<b>(3,302)</b>	<b>(2,003)</b>	<b>(30,451)</b>	<b>(59,489)</b>	<b>(64,871)</b>	<b>(39,566)</b>	<b>(161,960)</b>	<b>(162,931)</b>	<b>(34,730)</b>	<b>(32,127)</b>	<b>(61,893)</b>	<b>(49,624)</b>	<b>(5,777)</b>	<b>(9,832)</b>	<b>(1,486)</b>	<b>(1,065)</b>					<b>28,966</b>	<b>6,650</b>	
<b>Other Comprehensive Income</b>																									
Increase/(Decrease) in Revaluation Surplus	580		8		992		3,078		7,748		1,263		5,182		429		56						19,336		
Other (SPECIFY)																									
<b>Total Other Comprehensive Income</b>	<b>580</b>	<b></b>	<b>8</b>	<b></b>	<b>992</b>	<b></b>	<b>3,078</b>	<b></b>	<b>7,748</b>	<b></b>	<b>1,263</b>	<b></b>	<b>5,182</b>	<b></b>	<b>429</b>	<b></b>	<b>56</b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b>19,336</b>	<b></b>	<b></b>
<b>Total Comprehensive Income</b>	<b>(15,162)</b>	<b>(25,956)</b>	<b>(3,294)</b>	<b>(2,003)</b>	<b>(29,459)</b>	<b>(59,489)</b>	<b>(61,793)</b>	<b>(39,566)</b>	<b>(154,212)</b>	<b>(162,931)</b>	<b>(33,467)</b>	<b>(32,127)</b>	<b>(56,711)</b>	<b>(49,624)</b>	<b>(5,348)</b>	<b>(9,832)</b>	<b>(1,430)</b>	<b>(1,065)</b>					<b>48,302</b>	<b>6,650</b>	

Service Group Statements focus on the key measures of service delivery performance, refer note 2ad).

\* The name and purpose of each service group is summarised in Note 18

\*\* Allocations are made on an entity basis and not to individual Service Groups. Consequently, allocations must be included in "Not Attributable" column.



Murrumbidgee Local Health District  
Service Group Statements (Continued)  
for the year ended 30 June 2013

DISTRICT ASSETS AND LIABILITIES	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total				
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
<b>ASSETS</b>																									
<b>Current Assets</b>																									
Cash and Cash Equivalents	297	853	53	62	599	1,817	1,077	1,262	2,990	6,311	585	997	1,696	2,300	149	304	27	71					7,473	13,979	
Receivables	548	151	2	7	1,159	128	581	569	5,044	9,997	325	275	7,280	5,204	108	21	2	10					15,047	16,361	
Inventories	28	33	3	2	123	301	140	78	410	369	52	37	181	130	18	20	2	2					957	972	
Financial Assets at Fair Value																									
Other Financial Assets																									
Other	13	36			22	33	67	87	169	320	28	31	113	170	9	13	1	2					423	693	
Non-Current Assets Held for Sale																									
<b>Total Current Assets</b>	<b>886</b>	<b>1,073</b>	<b>58</b>	<b>72</b>	<b>1,903</b>	<b>2,279</b>	<b>1,865</b>	<b>1,996</b>	<b>8,613</b>	<b>16,997</b>	<b>990</b>	<b>1,340</b>	<b>9,270</b>	<b>7,804</b>	<b>284</b>	<b>358</b>	<b>32</b>	<b>85</b>					<b>23,900</b>	<b>32,005</b>	
<b>Non-Current Assets</b>																									
Receivables																									
Financial Assets at Fair Value																									
Other Financial Assets																									
Property, Plant and Equipment																									
- Land and Buildings	9,286	13,665	124	367	15,879	12,409	49,277	32,881	124,029	120,737	20,212	11,885	82,954	64,217	6,872	4,817	898	812					309,530	261,788	
- Plant and Equipment	450	767	6	21	770	696	2,391	1,845	6,017	6,775	981	667	4,024	3,603	333	270	44	46					15,016	14,690	
- Infrastructure Systems	162	243	2	7	277	221	860	585	2,165	2,146	353	211	1,448	1,142	120	86	16	14					5,404	4,654	
Intangible Assets																									
Other																									
<b>Total Non-Current Assets</b>	<b>9,898</b>	<b>14,675</b>	<b>132</b>	<b>395</b>	<b>16,926</b>	<b>13,326</b>	<b>52,528</b>	<b>35,311</b>	<b>132,211</b>	<b>129,658</b>	<b>21,546</b>	<b>12,763</b>	<b>88,426</b>	<b>68,962</b>	<b>7,325</b>	<b>5,173</b>	<b>958</b>	<b>872</b>					<b>329,950</b>	<b>281,132</b>	
<b>TOTAL ASSETS</b>	<b>10,784</b>	<b>15,748</b>	<b>190</b>	<b>467</b>	<b>18,829</b>	<b>15,605</b>	<b>54,393</b>	<b>37,307</b>	<b>140,824</b>	<b>146,655</b>	<b>22,536</b>	<b>14,103</b>	<b>97,696</b>	<b>76,766</b>	<b>7,609</b>	<b>5,531</b>	<b>990</b>	<b>957</b>					<b>353,850</b>	<b>313,137</b>	
<b>LIABILITIES</b>																									
<b>Current Liabilities</b>																									
Payables	844	1,195	79	63	3,739	10,897	4,279	2,837	12,516	13,395	1,600	1,339	5,528	4,726	549	726	55	63					29,189	35,242	
Borrowings	24	39	4	3	49	83	89	57	246	287	48	45	139	104	12	14	2	3					614	635	
Provisions	1,646	2,580	180	222	2,025	1,054	4,570	2,811	12,379	16,172	2,780	2,763	6,626	4,992	693	807	165	253					31,065	31,653	
Other	44	32	8	2	88	69	158	48	438	238	86	38	248	87	22	11	4	3					1,095	527	
<b>Total Current Liabilities</b>	<b>2,558</b>	<b>3,846</b>	<b>271</b>	<b>290</b>	<b>5,901</b>	<b>12,103</b>	<b>9,096</b>	<b>5,753</b>	<b>25,579</b>	<b>30,092</b>	<b>4,514</b>	<b>4,185</b>	<b>12,541</b>	<b>9,909</b>	<b>1,276</b>	<b>1,558</b>	<b>226</b>	<b>322</b>					<b>61,963</b>	<b>68,057</b>	
<b>Non-Current Liabilities</b>																									
Borrowings	8	88	1	6	17	187	30	130	84	651	16	103	48	237	4	31	1	7					210	1,441	
Provisions	11	11	1	1	14	5	31	13	85	72	19	12	45	22	5	4	1	1					213	141	
Other																									
<b>Total Non-Current Liabilities</b>	<b>19</b>	<b>99</b>	<b>2</b>	<b>7</b>	<b>31</b>	<b>192</b>	<b>61</b>	<b>143</b>	<b>169</b>	<b>723</b>	<b>35</b>	<b>115</b>	<b>93</b>	<b>259</b>	<b>9</b>	<b>35</b>	<b>2</b>	<b>8</b>					<b>423</b>	<b>1,582</b>	
<b>TOTAL LIABILITIES</b>	<b>2,577</b>	<b>3,945</b>	<b>273</b>	<b>297</b>	<b>5,932</b>	<b>12,295</b>	<b>9,157</b>	<b>5,896</b>	<b>25,748</b>	<b>30,815</b>	<b>4,549</b>	<b>4,300</b>	<b>12,634</b>	<b>10,168</b>	<b>1,285</b>	<b>1,593</b>	<b>228</b>	<b>330</b>					<b>62,386</b>	<b>69,639</b>	
<b>NET ASSETS</b>	<b>8,207</b>	<b>11,803</b>	<b>(83)</b>	<b>170</b>	<b>12,897</b>	<b>3,310</b>	<b>45,236</b>	<b>31,411</b>	<b>115,076</b>	<b>115,840</b>	<b>17,987</b>	<b>9,803</b>	<b>85,062</b>	<b>66,598</b>	<b>6,324</b>	<b>3,938</b>	<b>762</b>	<b>627</b>					<b>291,464</b>	<b>243,498</b>	

\* The name and purpose of each service group is summarised in Note 18

Assets and liabilities that are specific to service groups are allocated accordingly, e.g. Non-Current Assets Held for Sale. Remaining assets and liabilities are apportioned to service groups in accordance with the methodology advised in Note 2(ad), thereby ensuring that the benefit of each asset and the liabilities incurred in the provision of services are duly recognised in each service group.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

## 1. The Reporting Entity

The Murrumbidgee Local Health District (the District) was established under the provisions of the Health Services Act 1997 with effect from 1 January 2011.

The District as a reporting entity, comprises all the entities under its control, namely;

- \* The parent entity, comprises all the operating activities of the Hospital facilities and the Community Health Centres under its control. It also encompasses the Special Purposes and Trust Funds which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the District.
- \* The District controls the Murrumbidgee Local Health District Special Purpose Service Entity which was established as a Division of the Government Service on 1 January 2011 in accordance with the Public Sector Employment and Management Act 2002 and the Health Services Act 1997. This Division provides personnel services to enable the District to exercise its functions.

As a consequence the values in the annual financial statements presented herein consist of the parent entity and the consolidated entity which comprises the parent and special purpose service entity. In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

The reporting entity is a NSW Government entity which is consolidated as part of the NSW Ministry of Health and NSW Total State Sector Accounts. The District is a not-for-profit entity (as profit is not its principal objective).

These consolidated financial statements for the year ended 30 June 2013 have been authorised for issue by the Chief Executive on 18 September 2013.

## 2. Summary of Significant Accounting Policies

### Basis of Preparation

The District's financial statements are general purpose financial statements which have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and its regulations, and the Treasurers' Directions. Apart from the basis for the District's budget figures, the financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the budget figures can be found at Note 2(ac).

Notwithstanding the consolidated entity has a working capital deficiency of \$38.1m (2012 deficiency of \$36.1m) and in recognition that a significant portion of current annual leave entitlements are not expected to be settled in the next 12 months, the financial statements of the District have been prepared on a going concern basis.

The Director General of Health, the Chair of Murrumbidgee Local Health District Board and the Chief Executive, have agreed to service and funding levels for the forward financial year. The service agreement sets out the level of financial resources for public health services under the District's control and the source of these funds. By agreement, the service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the District fails to meet service agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including financial support and increased management interaction by the Ministry.

Other mitigating circumstances why the going concern is appropriate include:

- \* Appropriated funds, combined with other revenues earned, are applied to pay debts as and when they become due and payable.
- \* The District has the capacity to review timing of subsidy cashflows to ensure that they can pay debts as and when they become due and payable.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

\* The District has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the District and assist in meeting its overall budget target. The EIP is monitored and evaluated by the Ministry throughout the financial year.

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets at "fair value through profit and loss" and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

Judgments, key assumptions and estimations made by management are disclosed in the relevant notes to the financial statements.

**Comparative Information**

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements. The comparative period is a twelve month period.

**Statement of Compliance**

The financial statements comply with Australian Accounting Standards which include Australian Accounting Interpretations.

Significant accounting policies used in the preparation of these financial statements are as follows:

**a) Employee Benefits and Other Provisions**

**i) Salaries & Wages, Annual Leave, Sick Leave and On-Costs**

At the consolidated level of reporting, liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

All Annual Leave employee benefits are reported as "Current" as there is an unconditional right to payment. Current liabilities are then further classified as "Short Term" or "Long Term" based on past trends and known resignations and retirements. Anticipated payments to be made in the next twelve months are reported as "Short Term".

On-costs of 14.9% are applied to the value of leave payable at 30 June 2013, such on-costs being based on actuarial assessment (Comparable on-costs for 30 June 2012 were also 17%).

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

**ii) Long Service Leave and Superannuation**

The District's liability for Long Service Leave and defined benefit superannuation are assumed by the Crown Entity. The District accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the District as shown in Note 27.

Long Service Leave is measured at present value in accordance with AASB 119, Employee Benefits. This is based on the application of certain factors (specified in NSW Treasury Circular 12/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

The District's liability for the closed superannuation pool schemes (State Authorities Superannuation Scheme and State Superannuation Scheme) is assumed by the Crown Entity.

Any liability attached to Superannuation Guarantee Charge cover is reported in Note 25, 'Payables'.

The superannuation expense for the reporting period is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

**iii) Other Provisions**

Other provisions exist when the District has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

**b) Insurance**

The District's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government Entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

**c) Finance Costs**

Finance costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit general government sector entities.

**d) Income Recognition**

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

*Sale of Goods*

Revenue from the sale of goods is recognised as revenue when the agency transfers the significant risks and rewards of ownership of the assets.

*Rendering of Services*

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

*Patient Fees*

Patient fees are derived from chargeable inpatients and non-inpatients on the basis of rates specified by the NSW Ministry of Health. Revenue is recognised on an accrual basis, when the service has been provided to the patient.

*High Cost Drugs*

High cost drug revenue is paid by the Commonwealth through Medicare and reflects the recoupment of costs incurred for Section 100 highly specialised drugs, in accordance with the terms of the Commonwealth agreement. The agreement provides for the provision of medicines for the treatment of chronic conditions where specific criteria is met in respect of day admitted patients, non admitted patients or patients on discharge. Revenue is recognised when the drugs have been provided to the patient.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

*Motor Accident Authority Third Party*

A bulk billing agreement exists in which motor vehicle insurers effect payment directly to NSW Health for the hospital costs for those persons hospitalised or attending for inpatient treatment as a result of motor accidents. The District, recognises the revenue on an accruals basis from the time the patient is treated or admitted into hospital.

*Department of Veterans' Affairs*

An agreement is in place with the Commonwealth Department of Veterans' Affairs, through which direct funding is provided for the provision of health services to entitled veterans. For inpatient services, revenue is recognised by the District on an accrual basis by reference to patient admissions. Non admitted patients are recognised by the Ministry of Health in the form of a block grant.

*Investment Revenue*

Interest revenue is recognised using the effective interest method as set out in AASB 139, Financial Instruments: Recognition and Measurement.

Rental revenue from operating leases is recognised in accordance with AASB 117, Leases on a straight line basis over the lease term. Dividend revenue is recognised in accordance with AASB 118, Revenue when the District's right to receive payment is established.

Royalty revenue is recognised in accordance with AASB 118, on an accrual basis in accordance with the substance of the relevant agreement.

*Debt Forgiveness*

Debts are accounted for as extinguished when and only when settlement occurs through repayment or replacement by another liability.

*Use of Hospital Facilities*

Specialist doctors with rights of private practice are subject to an infrastructure charge for the use of hospital facilities at rates determined by the NSW Ministry of Health. Charges consist of two components:

- \* a monthly charge raised by the Ministry based on a percentage of receipts generated
- \* the residue of the Private Practice Trust Fund at the end of each financial year, such sum being credited for District use in the advancement of the District or individuals within it.

*Use of Outside Facilities*

The District uses a number of facilities owned and maintained by the local authorities in the area to deliver community health services for which no charges are raised by the authorities.

Where material, the cost method of accounting is used for the initial recording of all such services. Cost is determined as the fair value of the services given and is then recognised as revenue with a matching expense.

*Grants and Contributions*

Grants and contributions are generally recognised as revenues when the District obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

*NSW Ministry of Health Allocations*

Payments are made by the NSW Ministry of Health on the basis of the allocation for the District as adjusted for approved supplementations mostly for salary agreements and approved enhancement projects.

This allocation is included in the Statement of Comprehensive Income before arriving at the "Net Result" on the basis that the allocation is earned in return for the health services provided on behalf of the Ministry. Allocations are normally recognised upon the receipt of cash.

**e) Accounting for the Goods & Services Tax (GST)**

Income, expenses and assets are recognised net of the amount of GST, except that:

- \* the amount of GST incurred by the District as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- \* receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

**f) Interstate Patient Flows**

From 1 July 2012, interstate patient flows are funded through the state pool, based on activity and consistent with the price determined in the service level agreement. The funding is recognised as recurrent allocation.

In the previous year, the District recognised the value of inflows for acute inpatient treatment provided to residents from other states and territories as revenue in note 10.

**g) Acquisition of Assets**

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the District.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (See also assets transferred as a result of an equity transfer Note 2(z)).

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

Land and buildings which are owned by the Health Administration Corporation or the State and administered by the District are deemed to be controlled by the District and are reflected as such in the financial statements.

**h) Capitalisation Thresholds**

Individual items of property, plant & equipment and intangibles are capitalised where their cost is \$10,000 or above.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**i) Depreciation of Property, Plant and Equipment**

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the District. Land is not a depreciable asset. All material separately identifiable components of assets are depreciated over their shorter useful lives.

Details of depreciation rates initially applied for major asset categories are as follows:

Buildings	2.5%
Electro Medical Equipment	
- Costing less than \$200,000	10.0%
- Costing more than or equal to \$200,000	12.5%
Computer Equipment	20.0%
Infrastructure Systems	2.5%
Motor Vehicle Sedans	12.5%
Motor Vehicles, Trucks & Vans	20.0%
Office Equipment	10.0%
Plant and Machinery	10.0%
Linen	25.0%
Furniture, Fittings and Furnishings	5.0%

"Infrastructure Systems" means assets that comprise public facilities and which provide essential services and enhance the productive capacity of the economy including roads, bridges, water infrastructure and distribution works, sewerage treatment plants, seawalls and water reticulation systems.

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported.

**j) Revaluation of Non-Current Assets**

Physical non-current assets are valued in accordance with the NSW Ministry of Health's "Valuation of Physical Non-Current Assets at Fair Value" policy. This policy adopts fair value in accordance with AASB 116, Property, Plant and Equipment and AASB 140, Investment Property.

Investment property is separately discussed at Note 2(o).

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is the depreciated replacement cost.

The District revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the District was completed in the 30 June 2013 financial year and was based on an independent assessment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

For other assets, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the Net Result.

Revaluation decrements are recognised immediately as expenses in the net result for the year, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

**k) Impairment of Property, Plant and Equipment**

As a not-for-profit entity with no cash generating units, the District is effectively exempt from AASB 136, Impairment of Assets.

This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are regarded as material. Selling costs are regarded as immaterial.

**l) Assets Not Able to be Reliably Measured**

The District may at times hold certain assets that are not recognised in the Statement of Financial Position because the District is unable to measure reliably the value of the assets.

Nil existed at balance date.

**m) Restoration Costs**

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

**n) Non-Current Assets (or disposal groups) Held for Sale**

The District has certain non-current assets (or disposal groups) classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use.

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell. These assets are not depreciated while they are classified as held for sale.

**o) Investment Properties**

Investment property is held to earn rentals or for capital appreciation, or both. However, for not-for-profit entities, property held to meet service delivery objectives rather than to earn rental or for capital appreciation does not meet the definition of investment property and is accounted for under AASB 116, Property, Plant and Equipment.

The District does not have any property that meets the definition of Investment Property.



Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**p) Intangible Assets**

The District recognises intangible assets only if it is probable that future economic benefits will flow to the District and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost.

Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the District's intangible assets, the assets are carried at cost less any accumulated amortisation.

Computer software developed or acquired by the District are recognised as intangible assets and are amortised over four years using the straight line method based on the useful life of the asset for both internally developed assets and direct acquisitions.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

**q) Maintenance**

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

**r) Leased Assets**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the Statement of Comprehensive Income in the periods in which they are incurred.

**s) Inventories**

Inventories are stated at the lower of cost and net realisable value, adjusted when applicable, for any loss of service potential. Costs are assigned to individual items of stock mainly on the basis of weighted average costs.

Obsolete items are disposed of in accordance with instructions issued by the NSW Ministry of Health.

**t) Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the Net Result when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**u) Investments**

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. The District determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

\* Fair value through profit or loss - The District subsequently measures investments classified as 'held for trading' or designated upon initial recognition "at fair value through profit or loss" at fair value.

Financial assets are classified as 'held for trading' if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the net result for the year.

The Hour-Glass Investment facilities are designated at fair value through profit or loss using the second leg of the fair value option i.e. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the District's key management personnel.

The risk management strategy of the District has been developed consistent with the investment powers granted under the provision of the Public Authorities (Financial Arrangements) Act.

T Corp investments are made in an effort to improve interest returns on cash balances otherwise available whilst also providing secure investments guaranteed by the State market exposures.

The movement in the fair value of the Hour-Glass Investment facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

\* Held-to-maturity investments – Non-derivative financial assets with fixed or determinable payments and fixed maturity that the District has the positive intention and ability to hold to maturity are classified as 'held-to-maturity'.

These investments are measured at amortised cost using the effective interest method. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

\* Available-for-sale investments - Any residual investments that do not fall into any other category are accounted for as available-for-sale investments and measured at fair value in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the year. However, interest calculated using the effective interest method and dividends are recognised in the net result for the year.

Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date; i.e. the date the District commits to purchase or sell the asset.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the Statement of Financial Position date.

**v) Impairment of financial assets**

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the net result for the year, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as "available for sale", must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

**w) De-recognition of financial assets and financial liabilities**

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the District transfers the financial asset:

- \* where substantially all the risks and rewards have been transferred; or
- \* where the District has not transferred substantially all the risks and rewards, if the District has not retained control.

Where the District has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the District's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

**x) Payables**

These amounts represent liabilities for goods and services provided to the District and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the District.

**y) Borrowings**

Loans are not held for trading or designated at fair value through profit or loss and are recognised at amortised cost using the effective interest rate method. Gains or losses are recognised in the net result for the year on derecognition.

The finance lease liability is determined in accordance with AASB 117, Leases.

**z) Equity Transfers**

The transfer of net assets between entity as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities is designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004, Contributions and Australian Interpretation 1038, Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government entities are recognised at the amount at which the asset was recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the agency recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**aa) Equity and Reserves**

**(i) Revaluation Surplus**

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the District's policy on the revaluation of property, plant and equipment as discussed in Note 2(j).

**(ii) Accumulated Funds**

The category "accumulated funds" includes all current and prior period retained funds.

**(iii) Separate Reserves**

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards.

**ab) Trust Funds**

The District receives monies in a trustee capacity for various trusts as set out in Note 30.

As the District performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the District's own objectives, they are not brought to account in the financial statements.

**ac) Budgeted Amounts**

The budgeted amounts are drawn from the budgets agreed with the NSW Ministry of Health at the beginning of the financial year and with any adjustments for the effects of additional supplementation provided. The budget amounts are not subject to audit review and, accordingly, the relevant column entries in the financial statements are denoted as "Unaudited".

**ad) Service Group Statements Allocation Methodology**

The Ministry of Health, in conjunction with all health entities, undertook an analysis of service group statements to ensure that the National Health Funding reforms definitions are consistently applied to 2011/12 and 2012/13 financial statements. Using the statistical data for twelve months ending 30 June 2012, new percentages were derived which resulted in variances in several service groups for the 2011/12 comparative year, which have been restated.

The data is then adjusted for any material change in service delivery or funding distribution, occurring in the 2012/13 year. The same methodology is applied to attribute assets and liabilities to each service group.

In respect of assets and liabilities the Ministry requires the District take action to identify those components that can be specifically identified and reported by service groups.

Remaining values are attributed to service groups in accordance with values advised by the NSW Ministry of Health, e.g. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

**ae) New Australian Accounting Standards Issued but not Effective**

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

AASB 9 and AASB 2010-7, Financial Instruments have mandatory application from 1 July 2015 and comprise changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 10, Consolidated Financial Statements has mandatory application from 1 July 2013 and provides replacement criteria for the assessment of control in lieu of the provisions of AASB 127. Changes to the reporting of consolidated entities is not expected as a result of this amendment.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

AASB 11, Joint Arrangements has mandatory application from 1 July 2013 and defines joint control and the determination of joint control through an assessment of rights and obligations. The Standard is not expected to have any effect within the District.

AASB 12, Disclosure of Interests in Other Entities, has mandatory application from 1 July 2013 and requires disclosure of significant judgements and assumptions made in determining the nature of its interests in another entity or arrangement. It is not expected that the changes will have a material impact.

AASB 13, AASB 2011-8 and AASB 2012-1, Fair Value Measurement have mandatory application from 1 July 2013 and address, inter alia, the assumptions that market participants would use when pricing the asset or liability. Future impact is assessed as minimal.

AASB 119, AASB 2011-10 and AASB 2011-11, regarding employee entitlements, have mandatory application from 1 July 2013 and cover the recognition and measurement of short term and long term employee benefits. Any changes to the 2013/14 financial statements will be dependent on the policy of NSW Treasury.

AASB 127, Separate Financial Statements, has mandatory application from 1 July 2013 and applies in accounting for interests in subsidiaries, joint ventures and associates. Based on current activities, it is assessed as having no future impact on the District.

AASB 128, Investments in Associates and Joint Ventures, has mandatory application from 1 July 2013 and, based on current activities, is assessed as having no impact on the District.

AASB 1053 and AASB 2010-2, Application of Tiers of Australian Accounting Standards, have application from 1 July 2013 and may result in a lessening of reporting requirements, dependent on the policy of NSW Treasury.

AASB 1055, Budgetary Reporting, has application from 1 July 2014. Any changes in future disclosures will be determined by the policies adopted by NSW Treasury for whole of government reporting.

AASB 2010-10 regarding removal of fixed dates for first time adopters, has mandatory application from 1 July 2013 and, based on current activities, is assessed as having no impact on the District.

AASB 2011-2, Trans-Tasman Convergence Project - Reduced Disclosure Requirements, has mandatory application from 1 July 2013 and may result in a lessening of reporting requirements, dependent on the policy of NSW Treasury.

AASB 2011-4, Amendments to Australian Accounting Standards To Remove Individual Key Management Personnel Disclosure Requirements, has application from 1 July 2013 and removes the requirement to individually report the remuneration of Key Management Personnel, recognising that this is more a governance issue.

AASB 2011-6, Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements (AASB 127, AASB 128 and AASB 131), applies from 1 July 2013. The exemption is not expected to have a material impact.

AASB 2011-7, Amendments to Australian Accounting Standards for the consolidation and joint arrangement standards, arise from the issuance of AASB 10, AASB 11, AASB 12, AASB 127, and AASB 128. For not-for-profits, the changes have application from 1 July 2014 but are assessed as having no material effect.

AASB 2011-10, Amendments to Australian Accounting Standards arising from AASB 119, applicable from 1 July 2013 assessed as having no material impact.

AASB 2011-11, Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements, applicable from 1 July 2013 assessed as having no material impact.

The following changes will depend on the policies determined by NSW Treasury.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

AASB 2012-1, Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements. Sets out reduced disclosure requirements as a consequence of the issuance of AASB 13, having application from 1 July 2013.

AASB 2012-2, Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities, has application for reporting periods starting on or after 1 January 2013 and seeks to address some of the offsetting criteria of AASB 7.

AASB 2012-3, Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities, has application from 1 January 2014 and seeks to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.

AASB 2012-4, Amendments to Australian Accounting Standards – Government Loans (Amendments to AASB 1 'First-time Adoption of International Financial Reporting Standards'). Applicable to reporting periods on or after 1 January 2013.

AASB 2012-5 regarding annual improvements 2009 to 2011 cycle applicable to reporting periods on or after 1 January

AASB 2012-7, Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements. Applicable to reporting periods on or after 1 July 2013.

AASB 2012-9, Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039. Applicable to reporting periods on or after 1 January 2013.

AASB 2012-10, Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. Applicable to reporting periods on or after 1 January 2013.

AASB 2012-11, Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments, having application from 1 July 2013.

AASB 2013-1, Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements, having application from 1 July 2014.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
<b>3. Employee Related</b>				
Employee related expenses comprise the following:				
----	----	Salaries and Wages	176,932	161,577
----	----	Overtime	8,085	8,167
----	----	Penalties	18,167	17,151
----	----	Superannuation - Defined Benefit Plans	4,193	3,953
----	----	Superannuation - Defined Contribution Plans	17,488	15,912
----	----	Long Service Leave	(1,477)	14,949
----	----	Annual Leave	20,282	18,008
----	----	Sick Leave and Other Leave	8,181	6,557
----	----	Redundancies	320	81
----	----	Workers' Compensation Insurance	4,634	3,874
----	----	Payroll Tax and Fringe Benefits Tax	58	45
-----	-----		-----	-----
-----	-----		<b>256,863</b>	<b>250,274</b>
The following additional information is provided:				
----	----	Employee Related Expenses Capitalised - Land and Buildings	499	----
<b>4. Personnel Services</b>				
Personnel Services comprise the purchase of the following:				
176,932	161,577	Salaries and Wages	----	----
8,085	8,167	Overtime	----	----
18,167	17,151	Penalties	----	----
1	0	Superannuation - Defined Benefit Plans	----	----
17,488	15,912	Superannuation - Defined Contribution Plans	----	----
(610)	2,007	Long Service Leave	----	----
20,282	18,008	Annual Leave	----	----
8,181	6,557	Sick Leave and Other Leave	----	----
320	81	Redundancies	----	----
4,634	3,874	Workers' Compensation Insurance	----	----
58	45	Payroll Tax and Fringe Benefits Tax	----	----
-----	-----		-----	-----
<b>253,538</b>	<b>233,379</b>		<b>-----</b>	<b>-----</b>
The following additional information is provided:				
499	----	Personnel Services Expenses Capitalised - Land and Buildings	----	----
<b>5. Other Operating Expenses</b>				
1,813	1,994	Blood and Blood Products	1,813	1,994
4,105	3,946	Domestic Supplies and Services	4,105	3,946
8,710	8,557	Drug Supplies	8,710	8,557
24,172	24,247	Food Supplies	24,172	24,247
6,369	4,930	Fuel, Light and Power	6,369	4,930
7,959	38,628	General Expenses (See (b) below)	7,959	38,628
13,630	13,078	Hospital Ambulance Transport Costs	13,630	13,078
5,761	4,392	Information Management Expenses	5,761	4,392
946	601	Insurance	946	601
Maintenance (See (c) below)				
2,379	2,339	Maintenance Contracts	2,379	2,339
3,967	5,156	New/Replacement Equipment under \$10,000	3,967	5,156
4,312	3,459	Repairs Maintenance/Non Contract	4,312	3,459
54	64	Other	54	64
13,645	13,641	Medical and Surgical Supplies	13,645	13,641
1,176	1,134	Motor Vehicle Expenses	1,176	1,134
1,349	987	Postal and Telephone Costs	1,349	987
1,004	919	Printing and Stationery	1,004	919
1,113	630	Rates and Charges	1,113	630
3,703	3,170	Rental	3,703	3,170
6,616	----	Hosted services purchased from Other LHDs	6,616	----
29,310	26,076	Special Service Departments	29,310	26,076
5,725	5,466	Staff Related Costs	5,725	5,466
2,024	3,621	Sundry Operating Expenses (See (a) below)	2,024	3,621
2,782	2,713	Travel Related Costs	2,782	2,713
-----	-----		-----	-----
<b>152,624</b>	<b>169,748</b>		<b>152,624</b>	<b>169,748</b>

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
2,021	2,316		2,021	2,316
2	1,305		2	1,305
<b>2,023</b>	<b>3,621</b>		<b>2,023</b>	<b>3,621</b>
		<b>(a) Sundry Operating Expenses comprise :</b>		
		Contract for Patient Services		
		Isolated Patient Travel and Accommodation Assistance Scheme		
			2,021	2,316
			2	1,305
			<b>2,023</b>	<b>3,621</b>
		<b>(b) General Expenses include :-</b>		
126	138	Advertising	126	138
38	137	Auditor's Remuneration - External Audit	38	137
105	69	Books, Magazines and Journals	105	69
		Consultancies		
		- Operating Activities	108	214
108	214	Contractors	106	5,102
106	5,102	Corporate Support Services	4,230	4,599
4,230	4,599	Courier and Freight	413	405
413	405	Data Recording and Storage	65	66
65	66	Legal Services	127	11
127	11	Membership/Professional Fees	137	29
137	29	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	1,573	1,911
1,573	1,911	Other Operating Lease Expense - Minimum Lease Payments	346	377
346	377	Payroll Services	3	11
3	11	Quality Assurance/Accreditation	18	109
18	109	Security Services	377	314
377	314	Services Purchased from Health Reform Transition Organisations	-----	23,528
-----	23,528	Translator Services	9	9
9	9	Other	177	1,597
177	1,597		177	1,597
<b>7,958</b>	<b>38,626</b>		<b>7,958</b>	<b>38,626</b>
		<b>(c) Reconciliation of Total Maintenance</b>		
		Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5	10,711	11,018
10,711	11,018	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	2,017	1,129
2,017	1,129		2,017	1,129
<b>12,728</b>	<b>12,147</b>	Total Maintenance Expenses included in Notes 3, 4 and 5	<b>12,728</b>	<b>12,147</b>



Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
		<b>6. Depreciation and Amortisation</b>		
10,339	10,218	Depreciation - Buildings	10,339	10,218
3,274	4,029	Depreciation - Plant and Equipment	3,274	4,029
354	315	Depreciation - Infrastructure Systems	354	315
<u>13,967</u>	<u>14,562</u>		<u>13,967</u>	<u>14,562</u>
		<b>7. Grants and Subsidies</b>		
1,474	727	Non-Government Organisations	1,474	727
-----	18	Grants to Research Orgs	-----	18
192	-----	Promotion of Research	192	-----
101	11	Other Grants	101	11
<u>1,767</u>	<u>756</u>		<u>1,767</u>	<u>756</u>
		<b>8. Finance Costs</b>		
38	59	Interest on Loans	38	59
-----	16	Other Interest Charges	-----	16
<u>38</u>	<u>75</u>	Total Finance Costs	<u>38</u>	<u>75</u>
		<b>9. Payments to Affiliated Health Organisations</b>		
		(a) Recurrent Sourced		
15,874	10,941	<b>Mercy Health Service</b>	15,874	10,941
<u>15,874</u>	<u>10,941</u>	Total Payments to Affiliated Health Organisations	<u>15,874</u>	<u>10,941</u>

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
<b>10. Sale of Goods and Services</b>				
(a) Sale of Goods comprise the following:-				
631	529	Sale of Prosthesis	631	529
12	11	Other	12	11
57	88	Pharmacy Sales	57	88
(b) Rendering of Services comprise the following:-				
		Patient Fees [see note 2(d)]		
30,829	27,377	- Inpatient Fees	30,829	27,377
7,198	7,362	- Nursing Home Fees	7,198	7,362
503	195	- Non Inpatient Fees	503	195
15,491	13,180	Department of Veterans' Affairs	15,491	13,180
271	249	Staff-Meals and Accommodation	271	249
56	76	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	56	76
53	3	Cafeteria/Kiosk	53	3
3,801	4,108	Clinical Services (excluding Clinical Drug Trials)	3,801	4,108
50	77	Commercial Activities	50	77
35	42	Fees for Medical Records	35	42
6	7	Information Retrieval	6	7
2,890	2,153	High Cost Drugs	2,890	2,153
24	20	Meals on Wheels	24	20
2,536	1,233	Motor Accident Authority Third Party	2,536	1,233
-----	4,904	Patient Inflows from Interstate*	-----	4,904
86	8	Patient Transport Fees	86	8
46	39	Private Use of Motor Vehicles	46	39
308	133	Salary Packaging Fee	308	133
708	686	Services Provided to Non NSW Health Organisations	708	686
8,985	7,928	Multi Purpose Service Centre Fees	8,985	7,928
412	167	Other	412	167
<b>74,988</b>	<b>70,575</b>		<b>74,988</b>	<b>70,575</b>
*From 1 July 2012, interstate patient flows are paid through the state pool account. As a result, these funds are now recognised through recurrent allocation. Refer note 2(f).				
<b>11. Investment Revenue</b>				
		Interest		
486	711	- Other	486	711
<b>486</b>	<b>711</b>		<b>486</b>	<b>711</b>

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
<b>12. Grants and Contributions</b>				
4,660	1,967	Commonwealth Government Grants	4,660	1,967
1,583	1,225	Industry Contributions/Donations	1,583	1,225
4,081	2,839	Cancer Institute Grants	4,081	2,839
1,209	5,264	NSW Government Grants	1,209	5,264
19	92	Research Grants	19	92
2,163	685	Other Grants	2,163	685
<b>13,715</b>	<b>12,072</b>		<b>13,715</b>	<b>12,072</b>
<b>13. Acceptance by the Crown Entity of employee benefits</b>				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	4,192	3,953
----	----	Long Service Leave	(867)	12,942
<b>----</b>	<b>----</b>		<b>3,325</b>	<b>16,895</b>
<b>14. Other Revenue</b>				
Other Revenue comprises the following:-				
35	25	Bad Debts Recovered	35	25
25	24	Commissions	25	24
811	219	Conference and Training Fees	811	219
25	1,897	Insurance Refunds	25	1,897
627	877	Lease and Rental Income	627	877
2	4	Sale of Merchandise, Old Wares and Books	2	4
----	7	Sponsorship Income	----	7
----	12	Unclaimed Deposits	----	12
678	264	Other	678	264
<b>2,203</b>	<b>3,329</b>		<b>2,203</b>	<b>3,329</b>

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
<b>15. Gain / (Loss) on Disposal</b>				
912	8,477	Property, Plant and Equipment	912	8,477
911	8,321	Less: Accumulated Depreciation	911	8,321
<hr/>				
<b>1</b>	<b>156</b>	<b>Written Down Value</b>	<b>1</b>	<b>156</b>
4	201	Less: Proceeds from Disposal	4	201
<hr/>				
<b>3</b>	<b>45</b>	<b>Gain/(Loss) on Disposal of Property, Plant and Equipment</b>	<b>3</b>	<b>45</b>
<hr/>				
----	2,286	Assets Held for Sale	----	2,286
----	2,083	Less: Proceeds from Disposal	----	2,083
<hr/>				
----	<b>(203)</b>	<b>Gain/(Loss) on Disposal of Assets Held for Sale</b>	----	<b>(203)</b>
<hr/>				
<b>3</b>	<b>(158)</b>	<b>Total Gain/(Loss) on Disposal</b>	<b>3</b>	<b>(158)</b>
<hr/>				
<b>16. Other Gains / (Losses)</b>				
Property, Plant and Equipment				
463	(6,357)	Asset Revaluation Increment/Decrement	463	(6,357)
(629)	(1,284)	Impairment of Receivables	(629)	(1,284)
----	(10)	Other	----	(10)
<hr/>				
<b>(166)</b>	<b>(7,651)</b>		<b>(166)</b>	<b>(7,651)</b>
<hr/>				

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**PARENT & CONSOLIDATION**

**17. Conditions on Contributions**

	<b>Purchase of Assets</b>	<b>Health Promotion, Education and Research</b>	<b>Other</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	(9)	766	903	1,660
Contributions recognised in previous years which were not expended in the current reporting period	9	64	4,619	4,692
Total amount of unexpended contributions as at balance date	-----	830	5,522	6,352

Comment on restricted assets appears in Note 24

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**18. Service Groups of the District**

**Service Group 1.1 - Primary and Community Based Services**

Service Description: This service group covers the provision of health services to persons attending community health centres or in the home, including health promotion activities, community based women's health, dental, drug and alcohol and HIV/AIDS services. It also covers the provision of grants to non-Government organisations for community health purposes.

Objective: This service group contributes to making prevention everybody's business and strengthening primary health and continuing care in the community by working towards a range of intermediate results that include the following:

- improved access to early intervention, assessment, therapy and treatment services for claims in a home or community setting
- reduced rate of avoidable hospital admissions for conditions identified in the State Plan that can be appropriately treated in the community and
- reduced rate of hospitalisation from fall-related injury for people aged 65 years and over.

**Service Group 1.2 - Aboriginal Health Services**

Service Description: This service group covers the provision of supplementary health services to Aboriginal people, particularly in the areas of health promotion, health education and disease prevention. (Note: This program excludes most services for Aboriginal people provided directly by Local Health Districts and other general health services that are used by all members of the community).

Objective: This service group contributes to ensuring a fair and sustainable health system by working towards a range of intermediate results that include the following:

- the building of regional partnerships for the provision of health services
- raising the health status of Aboriginal people and
- promoting a healthy lifestyle.

**Service Group 1.3 - Outpatient Services**

Service Description: This service group covers the provision of services provided in outpatient clinics including low level emergency care, diagnostic and pharmacy services and radiotherapy treatment.

Objective: This service group contributes to creating better experiences for people using health services and ensuring a fair and sustainable health system by working towards a range of intermediate results including improving, maintaining or restoring the health of ambulant patients in a hospital setting through diagnosis, therapy, education and treatment services.

**Service Group 2.1 - Emergency Services**

Service Description: This service group covers the provision of emergency road and air ambulance services and treatment of patients in emergency departments of public hospitals.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results including reduced risk of premature death or disability by providing timely emergency diagnostic treatment and transport services.

**Service Group 2.2 - Inpatient Hospital Services**

Service Description: This service group covers the provision of health care to patients admitted to hospitals, including elective surgery and maternity services.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results that include the following:

- timely treatment of booked surgical patients, resulting in improved clinical outcomes, quality of life and patient satisfaction and
- reduced rate of unplanned and unexpected hospital readmissions.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**Service Group 3.1 - Mental Health Services**

Service Description: This service group covers the provision of an integrated and comprehensive network of services by Local Health Districts and community based organisations for people seriously affected by mental illnesses and mental health problems. It also covers the development of preventative programs that meet the needs of specific client groups.

Objective: This service group contributes to strengthening primary health and continuing care in the community by working towards a range of intermediate results that include the following:

- improving the health, wellbeing and social functioning of people with disabling mental disorders and
- reducing the incidence of suicide, mental health problems and mental disorders in the community.

**Service Group 4.1 - Rehabilitation and Extended Care Services**

Service Description: This service group covers the provision of appropriate health care services for persons with long-term physical and psycho-physical disabilities and for the frail-aged. It also includes the coordination of the Ministry's services for the aged and disabled, with those provided by other agencies and individuals.

Objective: This service group contributes to strengthening primary health and continuing care in the community and creating better experiences for people using the health system by working towards a range of intermediate results including improving or maintaining the wellbeing and independent functioning of people with disabilities or chronic conditions, the frail and terminally ill.

**Service Group 5.1 - Population Health Services**

Service Description: This service group covers the provision of health services targeted at broad population groups including environmental health protection, food and poisons regulation and monitoring of communicable diseases.

Objective: This service group contributes to making prevention everybody's business by working towards a range of intermediate results that include the following:

- reduced incidence of preventable disease and disability and
- improved access to opportunities and prerequisites for good health.

**Service Group 6.1 - Teaching and Research**

Service Description: This service group covers the provision of professional training for the needs of the New South Wales health system. It also includes strategic investment in research and development to improve the health and wellbeing of the people of New South Wales.

Objective: This service group contributes to ensuring a fair and sustainable health system by working towards a range of intermediate results that include the following:

- developing the skills and knowledge of the health workforce to support patient care and population health and
- extending knowledge through scientific enquiry and applied research aimed at improving the health and wellbeing of the people of New South Wales.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

	<b>PARENT</b>		<b>CONSOLIDATION</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>19. Cash and Cash Equivalents</b>				
Cash at Bank and On Hand	3,415	13,922	3,415	13,922
Short Term Deposits	4,058	57	4,058	57
	<u><b>7,473</b></u>	<u><b>13,979</b></u>	<u><b>7,473</b></u>	<u><b>13,979</b></u>
Cash & cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:				
Cash and Cash Equivalents (per Statement of Financial Position)	7,473	13,979	7,473	13,979
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u><b>7,473</b></u>	<u><b>13,979</b></u>	<u><b>7,473</b></u>	<u><b>13,979</b></u>

*Refer to Note 37 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.*



Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
<b>20. Receivables</b>				
<b>Current</b>				
10,161	7,463	Sale of Goods and Services	10,161	7,463
2,594	9,574	Intra Health Receivables	2,594	9,574
1,605	----	Goods and Services Tax	1,605	----
1,076	1,993	Other Debtors	1,076	1,993
<u>15,436</u>	<u>19,030</u>	<b>Sub Total</b>	<u>15,436</u>	<u>19,030</u>
(503)	(2,954)	Less Allowance for Impairment	(503)	(2,954)
14,933	16,076	<b>Sub Total</b>	14,933	16,076
114	285	Prepayments	114	285
<u><b>15,047</b></u>	<u><b>16,361</b></u>		<u><b>15,047</b></u>	<u><b>16,361</b></u>
(a) Movement in the Allowance for Impairment				
Sale of Goods and Services				
----	----	Balance at Commencement of Reporting Period	(549)	(339)
(549)	(339)	Amounts written off during the year	(101)	1,071
(101)	1,071	Amounts recovered during the year	14	----
14	----	(Increase)/decrease in Allowance Recognised in		
164	(1,282)	Result for the Year	164	(1,282)
(473)	(549)	Balance at 30 June	(473)	(549)
(b) Movement in the Allowance for Impairment				
Other Debtors				
(2,405)	(309)	Balance at Commencement of Reporting Period	(2,405)	(309)
3,168	(2,095)	Amounts written off during the year	3,168	(2,095)
(793)	(2)	Result for the Year	(793)	(2)
(30)	(2,405)	Balance at 30 June	(30)	(2,405)
<u><b>(503)</b></u>	<u><b>(2,954)</b></u>		<u><b>(503)</b></u>	<u><b>(2,954)</b></u>
(c) Patient Fee Receivables				
(Current and Non-Current) include:				
469	188	Patient Fees - Compensable	469	188
547	262	Patient Fees - Ineligible	547	262
3,460	3,992	Patient Fees - Other	3,460	3,992
<u><b>4,476</b></u>	<u><b>4,442</b></u>		<u><b>4,476</b></u>	<u><b>4,442</b></u>

*Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 37.*

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**PARENT**

**CONSOLIDATION**

**2013**  
**\$000**

**2012**  
**\$000**

**2013**  
**\$000**

**2012**  
**\$000**

**21. Inventories - Current - Held for Distribution**

346	267	Drugs	346	267
534	568	Medical and Surgical Supplies	534	568
77	137	Engineering Supplies	77	137
<u>957</u>	<u>972</u>		<u>957</u>	<u>972</u>

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
<b>22. Property, Plant and Equipment</b>				
<b>Land and Buildings - Fair Value</b>				
587,507	559,736	Gross Carrying Amount	587,507	559,736
<u>277,977</u>	<u>297,948</u>	Less: Accumulated Depreciation and Impairment	<u>277,977</u>	<u>297,948</u>
<b><u>309,530</u></b>	<b><u>261,788</u></b>	Net Carrying Amount	<b><u>309,530</u></b>	<b><u>261,788</u></b>
<b>Plant and Equipment - Fair Value</b>				
37,298	28,963	Gross Carrying Amount	37,298	28,963
<u>22,282</u>	<u>14,273</u>	Less: Accumulated Depreciation and Impairment	<u>22,282</u>	<u>14,273</u>
<b><u>15,016</u></b>	<b><u>14,690</u></b>	Net Carrying Amount	<b><u>15,016</u></b>	<b><u>14,690</u></b>
<b>Infrastructure Systems - Fair Value</b>				
12,352	11,518	Gross Carrying Amount	12,352	11,518
<u>6,948</u>	<u>6,864</u>	Less: Accumulated Depreciation and Impairment	<u>6,948</u>	<u>6,864</u>
<b><u>5,404</u></b>	<b><u>4,654</u></b>	Net Carrying Amount	<b><u>5,404</u></b>	<b><u>4,654</u></b>
<b><u>329,950</u></b>	<b><u>281,132</u></b>	<b>Total Property, Plant and Equipment At Net Carrying Amount</b>	<b><u>329,950</u></b>	<b><u>281,132</u></b>

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**PARENT & CONSOLIDATION**

**22. Property, Plant and Equipment - Reconciliation**

	Land	Buildings	Work in Progress	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000
<b>2013</b>						
Net Carrying Amount at Start of Year	24,421	205,282	32,085	14,690	4,654	281,132
Additions	223	325	38,845	3,332	----	42,725
Recognition of Assets Held for Sale	----	(133)	----	----	----	(133)
Disposals	----	----	----	(1)	----	(1)
Administrative Restructures - Transfers In/(Out)	----	----	----	20	----	20
Net Revaluation Increment Less						
Revaluation Decrements Recognised in Reserves	4,724	14,612	----	----	----	19,336
Impairment Losses (Recognised in "Other Gains/Losses")	1,494	----	----	----	(658)	836
Depreciation Expense	----	(10,337)	----	(3,274)	(354)	(13,965)
Reclassifications	----	12,523	(14,534)	249	1,762	----
Net Carrying Amount at End of Year	<b>30,862</b>	<b>222,272</b>	<b>56,396</b>	<b>15,016</b>	<b>5,404</b>	<b>329,950</b>

	Land	Buildings	Work in Progress	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000
<b>2012</b>						
Net Carrying Amount at Start of Year	25,742	212,979	11,247	11,257	4,833	266,058
Additions	776	1,172	23,393	3,724	141	29,206
Recognition of Assets Held for Sale	(460)	(188)	----	----	(18)	(666)
Disposals	(156)	----	----	----	----	(156)
Administrative Restructures - Transfers In/(Out)	13	3,845	----	3,739	13	7,610
Net Revaluation Increment Less						
Revaluation Decrements Recognised in Reserves	----	----	----	----	----	----
Impairment Losses (Recognised in "Other Gains/Losses")	(1,494)	(4,863)	----	----	----	(6,357)
Depreciation Expense	----	(10,218)	----	(4,029)	(315)	(14,562)
Reclassifications	----	2,555	(2,555)	----	----	----
Net Carrying Amount at End of Year	<b>24,421</b>	<b>205,282</b>	<b>32,085</b>	<b>14,691</b>	<b>4,654</b>	<b>281,133</b>

Above categories and transaction type should be deleted if not applicable.

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the District [see note 2(g)].
- (ii) Land and Buildings were valued in the 2012/13 financial year by Opteon Pty Ltd in accordance with note 2(j). Opteon Pty Ltd is not an employee of the District.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

	<b>PARENT</b>		<b>CONSOLIDATION</b>
	<b>2013</b>	<b>2012</b>	<b>2012</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>23. Non-Current Assets (or Disposal Groups) Held for Sale</b>			
	<b>Assets Held for Sale</b>		
	423	693	693
	<u>423</u>	<u>693</u>	<u>693</u>

The non-current assets held for sale constitute assets that are surplus to requirements and will be actively marketed for sale in the next twelve months, with an expectation that the sale will be effected by 30th June 2014.

- Lot 100 and 104 Diggers Road Lavington and the old Gundagai Hospital

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

	PARENT	CONSOLIDATION	
	2013	2013	2012
	\$000	\$000	\$000
<b>24. Restricted Assets</b>			
<p>The District's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.</p>			
<b>Category</b>			
	3,338	3,338	3,518
Specific Purposes			
Other (List Major Items)	-----	-----	-----
Education	18	18	19
Frontline Health Services	2,008	2,008	1,044
Other	988	988	110
	-----	-----	-----
	<b>6,352</b>	<b>6,352</b>	<b>4,691</b>
	<u><u>6,352</u></u>	<u><u>6,352</u></u>	<u><u>4,691</u></u>

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		<b>25. Payables</b>		
		<b>Current</b>		
----	----	Accrued Salaries, Wages and On-Costs	5,778	5,412
----	----	Taxation and Payroll Deductions	1,169	1,019
6,947	6,431	Accrued Liability - Purchase of Personnel Services	----	----
11,388	14,098	Creditors	11,388	14,098
----	3	Interest	----	3
		Other Creditors		
	186	- Capital Works	----	186
5,599	8,073	- Intra Health Liability	5,599	8,073
5,255	5,878	- Other	5,255	5,878
----	573	- Goods and Services Tax	----	573
<b>29,189</b>	<b>35,242</b>		<b>29,189</b>	<b>35,242</b>

*Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 37.*

		<b>26. Borrowings</b>		
		<b>Current</b>		
614	635	Other Loans and Deposits	614	635
<b>614</b>	<b>635</b>		<b>614</b>	<b>635</b>
		<b>Non-Current</b>		
210	1,441	Other Loans and Deposits	210	1,441
<b>210</b>	<b>1,441</b>		<b>210</b>	<b>1,441</b>

No assets have been pledged as security/collateral for liabilities and there are no restrictions on any title to property.

Other loans still to be extinguished represent monies to be repaid to the HealthShare, NSW Ministry of Health and Treasury.

Final Repayment is scheduled for 30 September 2014

*Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 37.*

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
<b>27. Provisions</b>				
----	----	Annual Leave - Short Term Benefit	7,006	5,486
----	----	Annual Leave - Long Term Benefit	20,076	21,502
----	----	Long Service Leave On-Costs	3,983	4,665
31,065	31,653	Provision for Personnel Services Liability	----	----
<b>31,065</b>	<b>31,653</b>	<b>Total Current Provisions</b>	<b>31,065</b>	<b>31,653</b>
<b>Non-Current Employee Benefits and Related On-Costs</b>				
----	----	Long Service Leave On-Costs	213	141
213	141	Provision for Personnel Services Liability	----	----
<b>213</b>	<b>141</b>	<b>Total Non-Current Provisions</b>	<b>213</b>	<b>141</b>
<b>Aggregate Employee Benefits and Related On-Costs</b>				
----	----	Provisions - Current	31,065	31,653
----	----	Provisions - Non-Current	213	141
----	----	Accrued Salaries, Wages and On-Costs (Note 25)	6,947	6,431
38,225	38,225	Liability - Purchase of Personnel Services	----	----
<b>38,225</b>	<b>38,225</b>		<b>38,225</b>	<b>38,225</b>



Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
<b>28. Other Liabilities</b>				
		<b>Current</b>		
1,095	527	Income in Advance	1,095	527
<u>1,095</u>	<u>527</u>		<u>1,095</u>	<u>527</u>

Major grants received for Clinical Room upgrades (\$0.4m) and from the ESOP project from HWA (\$0.1m) which will be expended during 2013/14. Additional funds were also received for High Cost Drugs over activity levels (\$0.4m) which will be offset by drug issues in 2013/14.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		<b>29. Commitments for Expenditure</b>		
		(a) <b>Capital Commitments</b>		
		Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:		
		Not later than one year	13,813	25,542
13,813	25,542	Later than one year and not later than five years	13,175	16,367
13,175	16,367		<hr/>	<hr/>
<b>26,988</b>	<b>41,909</b>	<b>Total Capital Expenditure Commitments (Including GST)</b>	<b>26,988</b>	<b>41,909</b>
<hr/>	<hr/>		<hr/>	<hr/>
		Of the commitments reported at 30 June 2013 it is expected that Nil will be met from locally generated moneys.		
		(b) <b>Operating Lease Commitments</b>		
		Future non-cancellable operating lease rentals not provided for and payable:		
		Not later than one year	3,043	1,732
3,043	1,732	Later than one year and not later than five years	3,097	1,899
3,097	1,899		<hr/>	<hr/>
<b>6,140</b>	<b>3,631</b>	<b>Total Operating Lease Commitments (Including GST)</b>	<b>6,140</b>	<b>3,631</b>
<hr/>	<hr/>		<hr/>	<hr/>

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**PARENT AND CONSOLIDATION**

**30. Trust Funds**

The District holds trust fund moneys of \$855 thousand which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

These monies are excluded from the financial statements as the District cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash Balance at the beginning of the financial year	745	828	121	129	737	460	1,603	1,417
Receipts	117	996	41	142	17,843	8,506	18,001	9,644
Expenditure	(756)	(1,079)	(83)	(150)	(17,910)	(8,229)	(18,749)	(9,458)
Cash Balance at the end of the financial year	106	745	79	121	670	737	855	1,603

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**PARENT AND CONSOLIDATED**

**31. Contingent Liabilities and Assets**

**a) Workers Compensation Hindsight Adjustment**

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 2006/07 fund year and an interim adjustment for the 2008/09 fund year were not calculated until 2012/13.

As a result, the 2007/08 final and 2009/10 pertaining to the hospitals and community services now forming part of the District will be paid in 2013/14. It is not possible for the District to reliably quantify the benefit to be received or amount payable.

**b) Affiliated Health Organisations**

Based on the definition of control in Australian Accounting Standard AASB127, Consolidated and Separate Financial Statements, Affiliated Health Organisations listed in Schedule 3 of the Health Services Act, 1997 are only recognised in the District's consolidated financial statements to the extent of cash payments made.

However, it is accepted that a contingent liability exists which may be realised in the event of cessation of health service activities by any Affiliated Health Organisation. In this event the determination of assets and liabilities would be dependent on any contractual relationship which may exist or be formulated between the administering bodies of the organisation and the District and the Ministry.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

	<b>PARENT</b>		<b>CONSOLIDATION</b>
	<b>2013</b>	<b>2012</b>	<b>2012</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>32. Reconciliation of Cash Flows from Operating Activities to Net Result</b>			
Net Cash Flows from Operating Activities	38,318	34,669	34,669
Depreciation	(13,967)	(14,563)	(14,563)
Allowance for Impairment	(629)	(1,284)	(1,284)
(Increase)/ Decrease Income in Advance	(567)	110	110
(Increase)/ Decrease in Provisions	32	(2,808)	(2,808)
Increase / (Decrease) in Prepayments and Other Assets	(4,429)	9,667	9,667
(Increase)/ Decrease in Creditors	9,742	(12,616)	(12,616)
Revaluation of Property, Plant & Equipment recognised in "Other gains/(losses)"	463	(6,357)	(6,357)
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	3	(168)	(168)
	<b>28,966</b>	<b>6,650</b>	<b>6,650</b>
	<b>28,966</b>	<b>6,650</b>	<b>6,650</b>
<b>33. 2012/13 Voluntary Services</b>			
It is considered impracticable to quantify the monetary value of voluntary service provided to the District. Services provided include:			
. Chaplaincies and Pastoral Care -			Patient & Family Support
. Pink Ladies/Hospital Auxiliaries -			Patient Services, Fund Raising
. Patient Support Groups -			Practical Support to Patients and Relative
. Community Organisations -			Counselling, Health Education, Transport, Home Help & Patient Activities

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**PARENT AND CONSOLIDATED**

**34. Unclaimed Moneys**

Unclaimed salaries and wages are paid to the credit of the NSW Treasury in accordance with the provisions of the *Industrial Relations Act, 1996*.

All money and personal effects of patients which are left in the custody of District by any patient who is discharged or dies in the hospital and which are not claimed by the person lawfully entitled thereto within a period of twelve months are recognised as the property of District.

All such money and the proceeds of the realisation of any personal effects are lodged to the credit of the Samaritan Fund which is used specifically for the benefit of necessitous patients or necessitous outgoing patients.

**35. Budget Review - Parent and Consolidated**

**Net Result**

The actual Net Result was higher than budget by \$2 million, primarily due to:

Higher recurrent funding allocations from NSW Ministry of Health \$7m

Crown acceptance of employee benefits \$3m

partially offset by:

Higher pathology and other expenses (\$6m).

Higher employee benefits (\$3m)

**Assets and Liabilities**

Current assets lower due to the absence of the June 2012 GST cash advance from the Ministry of Health and lower receivables due to improved collection. Non current assets are higher than budget reflecting the increase in values due to the revaluation and major projects at Wagga Wagga Base Hospital and Gundagai. The decrease in current liabilities reflects reduced creditors and intra company balances.

**Cash Flows**

Cash flows from operations were \$5m lower than budget due to higher payments cash payments in Ambulance and Pathology representing catch up payments in 2013 for the 2012 year.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 25 June 2012 are as follows:

	<b>\$000</b>
Initial Allocation,	326,357
Award Increases	9,052
Other Enhancements	11,986
Revenue Funding	(5,625)
Other Escalations	4,562
Growth	2,967
Statewide Service Enhancements	392
Other Operating - Third Schedule	380
Election Commitments	226
Base Adjustments	212
Mental Health	128
National Partnerships	1,240
Other Transfer	7,175
	359,052
Balance as per Statement of Comprehensive Income	359,052

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**36. Increase/(Decrease) in Net Assets from Equity Transfers**

Equity transfers effected in the 2011/12 year were:

A decrease in net assets of \$5.241M relating to the Districts' assumption of responsibilities upon dissolution of Health Reform Transitional Organisation on 31st May 2012. An increase in net assets of \$3.592M relating to the assumption of responsibilities of Lake Cargelligo Multi Purpose Service of 1st July 2011 from Western NSW LHD.

Equity transfers effected in the 2012/13 year were:

A decrease in net assets of \$0.819M relating to the Districts' distribution of Cash to SNSWLHD for assets in the health Reform Transition Organisations. \$0.484 was transferred to the Crown to transfer the benefit in the reduced on costs on annual leave on the June 2013 leave liability.

	2013	2012
	\$000	\$000
Equity transfers effected comprised:		
GSHRTO		(5,241)
WNSWLHD		3,592
SNSWLHD	(821)	
SESLHD	1	
Crown Entity	484	
	<b>(336)</b>	<b>(1,649)</b>

Assets and Liabilities transferred are as follows:

	2013	2012
	\$000	\$000
<b>Assets</b>		
Cash & Equivalent	(841)	960
Receivables		4,553
Prepayments		114
Inventory		92
Fixed Assets	21	7,612
<b>Liabilities</b>		
Payables		(4,737)
Provisions	484	(7,532)
Loans		(2,711)
<b>Increase/(Decrease) in Net Assets From Equity Transfers</b>	<b>(336)</b>	<b>(1,649)</b>

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

### 37. Financial Instruments

The District's principal financial instruments are outlined below. These financial instruments arise directly from the District's operations or are required to finance its operations. The District does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The District's main risks arising from financial instruments are outlined below, together with the District's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Chief Executive has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risk faced by the District, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit & Risk Management Committee and the internal auditors on a continuous basis.

#### (a) Financial Instrument Categories

<b>PARENT AND CONSOLIDATION</b>		<b>Carrying Amount 2013 \$000</b>	<b>Carrying Amount 2012 \$000</b>
<b>Class:</b>	<b>Category</b>		
<b>Financial Assets</b>			
Cash and Cash Equivalents (note 19)	N/A	7,473	13,979
Receivables (note 20)*	Loans and receivables (at amortised cost)	13,328	16,076
Total Financial Assets		20,801	30,055
<b>Financial Liabilities</b>			
Borrowings (note 26)	Financial liabilities	824	2,076
Payables (note 25)**	measured at	28,020	33,650
Other (note 28)	amortised cost	----	----
Total Financial Liabilities		28,844	35,726

Notes

\*Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

\*\*Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

#### (b) Credit Risk

Credit risk arises when there is the possibility of the District's debtors defaulting on their contractual obligations, resulting in a financial loss to the District. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from financial assets of the District, including cash, receivables and authority deposits. No collateral is held by the District. The District has not granted any financial guarantees.



Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

Credit risk associated with the District's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

**Cash**

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 3.17% in 2012/13 compared to 4.61% in the previous year.

The TCorp Hour-Glass cash facility is discussed in paragraph (d) below.

**Receivables - trade debtors**

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Ministry of Health Accounting Manual for Public Health Organisations and Fee Procedures Manual are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the District will not be able to collect all amounts due. This evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The District is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2013:\$1.893m; 2012: \$2.925m) or not more than 3 months past due (2013: \$1.069m; 2012:\$0.711m) are not considered impaired and together these represent 76% of the total trade debtors. In addition Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the District's debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments.

Financial assets that are past due or impaired could be either 'Sales of Goods and Services' or 'Other Debtors' in the 'Receivables' category of the Statement of Financial Position. Patient Fees Ineligibles represent the majority of financial assets that are past due or impaired.

<b>2013</b>	<b>Total</b> <sup>1,2</sup>	<b>Past due but not impaired</b> <sup>1,2</sup>	<b>Considered impaired</b> <sup>1,2</sup>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<3 months overdue	1,069	1,054	15
3 months - 6 months overdue	529	264	265
> 6 months overdue	408	185	223
<b>2012</b>			
<3 months overdue	711	699	21
3 months - 6 months overdue	260	244	16
> 6 months overdue	457	272	185

**Notes**

1 Each column in the table reports "gross receivables".

2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**(c) Liquidity Risk**

Liquidity risk is the risk that the District will be unable to meet its payment obligations when they fall due. The District continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

The District has negotiated no loan outside of arrangements with the NSW Ministry of Health or Treasury.

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral. The District has exposure to liquidity risk.

However, the risk is minimised by the service agreement, as the annual service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the District fails to meet service agreement performance standards, the Ministry as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction (refer Note 2).

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be effected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

The table below summarises the maturity profile of the District's financial liabilities together with the interest rate exposure.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

*Maturity Analysis and interest rate exposure of financial liabilities*

	Weighted Average Effective Int. Rate	Interest Rate Exposure				Maturity Dates			
		Nominal Amount 1	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr	\$000
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2013</b>									
Payables:									
- Accrued Salaries Wages, On-Costs and Payroll Deductions		5,778	-----	-----	5,778	5,778	-----	-----	-----
- Creditors		22,242	-----	-----	22,242	22,242	-----	-----	-----
Borrowings:									
- Loans and Deposits	3.13	824	-----	-----	614	614	210	210	-----
		<u>28,844</u>	-----	-----	<u>28,020</u>	<u>28,634</u>	<u>210</u>	<u>210</u>	-----
<b>2012</b>									
Payables:									
- Accrued Salaries Wages, On-Costs and Payroll Deductions		5,412	-----	-----	5,412	5,412	-----	-----	-----
- Creditors		28,238	-----	-----	28,238	28,238	-----	-----	-----
Borrowings:									
- Loans and Deposits	4.44	2,076	-----	-----	635	635	1,441	1,441	-----
		<u>35,726</u>	-----	-----	<u>33,650</u>	<u>34,285</u>	<u>1,441</u>	<u>1,441</u>	-----

Notes:

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the District can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement Of Financial Position.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**d) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The District's exposures to market risk are primarily through interest rate risk on the District's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The District has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the District operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2012. The analysis assumes that all other variables remain constant.

*Interest rate risk*

Exposure to interest rate risk arises primarily through the District's interest bearing liabilities.

However, District is not permitted to borrow external to the NSW Ministry of Health (energy loans which are negotiated through Treasury excepted).

Both Treasury and NSW Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. The District does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect profit or loss or equity. A reasonably possible change of +/-1% is used consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The District's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1% Profit	Equity	+1% Profit	Equity
<b>2013</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	7,473	(75)	(75)	75	75
Receivables	13,328	----	----	----	----
<b>Financial Liabilities</b>					
Payables	28,020	----	----	----	----
Borrowings	824	(8)	(8)	8	8
<b>2012</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	13,979	(140)	(140)	140	140
Receivables	16,076	----	----	----	----
<b>Financial Liabilities</b>					
Payables	33,650	----	----	----	----
Borrowings	2,076	(21)	(21)	21	21

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2013

**Note 38 Events after the Reporting Period**

There are no events after the reporting period that require amendment to the financial statements.

END OF AUDITED FINANCIAL STATEMENTS