



INDEPENDENT AUDITOR'S REPORT

Mid North Coast Local Health District

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Mid North Coast Local Health District (the District), which comprise the statement of financial position as at 30 June 2015, 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 2015, and of their financial performance and 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* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Emphasis of Matter

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 2(ab). The note states that AASB 1055 'Budgetary Reporting' is not applicable to the District. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the District's financial statements present adjusted budget information.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for preparing 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 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 an 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 management, 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 carried out their activities effectively, efficiently and economically
- about the effectiveness of the 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.



Chris Clayton
Director, Financial Audit Services

7 September 2015
SYDNEY

**Mid North Coast Local Health District
Certification of the Financial Statements
for the year ended 30 June 2015**

I state, pursuant to section 45F of the *Public Finance and Audit Act 1983*:

- 1) The financial statements of the Mid North Coast Local Health District for the year ended 30 June 2015 have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
 - 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 Mid North Coast Local Health District; and
- 3) There are no circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Bronwyn Chalker

Chief Executive

3rd September 2015

Mid North Coast Local Health District
Statement of Financial Position as at 30 June 2015

| PARENT | | | CONSOLIDATION | | | |
|----------------------------------|---------------------------------|----------------|---------------------------------|----------------|---------------------------------|----------------|
| Actual | Adjusted Budget Unaudited | Actual | | Actual | Adjusted Budget Unaudited | Actual |
| 2015 \$000 | 2015 \$000 | 2014 \$000 | Notes | 2015 \$000 | 2015 \$000 | 2014 \$000 |
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| 20,126 | 24,231 | 28,001 | 18 | 20,126 | 24,231 | 28,001 |
| 14,152 | 15,732 | 15,719 | 19 | 14,152 | 15,732 | 15,719 |
| 700 | 747 | 747 | 20 | 700 | 747 | 747 |
| 8,089 | ---- | ---- | 21 | 8,089 | ---- | ---- |
| <u>43,067</u> | <u>40,710</u> | <u>44,467</u> | | <u>43,067</u> | <u>40,710</u> | <u>44,467</u> |
| ---- | 645 | 645 | 23 | ---- | 645 | 645 |
| 43,067 | 41,355 | 45,112 | Total Current Assets | 43,067 | 41,355 | 45,112 |
| Non-Current Assets | | | | | | |
| 3 | ---- | ---- | 19 | 3 | ---- | ---- |
| Property, Plant & Equipment | | | | | | |
| 387,254 | 379,550 | 349,555 | 22 | 387,254 | 379,550 | 349,555 |
| 23,485 | 13,599 | 17,485 | 22 | 23,485 | 13,599 | 17,485 |
| 9,488 | 8,704 | 8,852 | 22 | 9,488 | 8,704 | 8,852 |
| <u>420,227</u> | <u>401,853</u> | <u>375,892</u> | | <u>420,227</u> | <u>401,853</u> | <u>375,892</u> |
| 420,230 | 401,853 | 375,892 | Total Non-Current Assets | 420,230 | 401,853 | 375,892 |
| 463,297 | 443,208 | 421,004 | Total Assets | 463,297 | 443,208 | 421,004 |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| 37,971 | 41,109 | 41,146 | 26 | 37,971 | 41,109 | 41,146 |
| 7 | 14 | 14 | 27 | 7 | 14 | 14 |
| 43,967 | 43,120 | 41,580 | 28 | 43,967 | 43,120 | 41,580 |
| ---- | 210 | 210 | 29 | ---- | 210 | 210 |
| <u>81,945</u> | <u>84,453</u> | <u>82,950</u> | | <u>81,945</u> | <u>84,453</u> | <u>82,950</u> |
| Total Current Liabilities | | | | | | |
| Non-Current Liabilities | | | | | | |
| 62 | (131) | 69 | 27 | 62 | (131) | 69 |
| 446 | 446 | 241 | 28 | 446 | 446 | 241 |
| <u>508</u> | <u>315</u> | <u>310</u> | | <u>508</u> | <u>315</u> | <u>310</u> |
| 82,453 | 84,768 | 83,260 | Total Liabilities | 82,453 | 84,768 | 83,260 |
| 380,844 | 358,440 | 337,744 | Net Assets | 380,844 | 358,440 | 337,744 |
| EQUITY | | | | | | |
| 23,000 | 3,696 | 3,696 | | 23,000 | 3,696 | 3,696 |
| 357,844 | 354,744 | 334,048 | | 357,844 | 354,744 | 334,048 |
| 380,844 | 358,440 | 337,744 | Total Equity | 380,844 | 358,440 | 337,744 |

The accompanying notes form part of these financial statements.

Mid North Coast Local Health District
Statement of Changes in Equity for the year ended 30 June 2015

| PARENT AND CONSOLIDATION | Notes | Accumulated Funds \$000 | Asset Revaluation Surplus \$000 | Total \$000 |
|---|-------|-------------------------------|---------------------------------------|----------------|
| Balance at 1 July 2014 | | 334,048 | 3,696 | 337,744 |
| Net Result for the year | | 23,695 | | 23,695 |
| Other Comprehensive Income: | | | | |
| Net Increase/(Decrease) in Property, Plant & Equipment Available for Sale Financial Assets: | 22 | ---- | 19,405 | 19,405 |
| -Transfers on Disposal | | 101 | (101) | ---- |
| Total Other Comprehensive Income | | 101 | 19,304 | 19,405 |
| Total Comprehensive Income for the year | | 23,796 | 19,304 | 43,100 |
| Balance at 30 June 2015 | | 357,844 | 23,000 | 380,844 |
| Balance at 1 July 2013 | | 256,054 | 3,696 | 259,750 |
| Net Result for the year | | 77,994 | | 77,994 |
| Other Comprehensive Income: | | | | |
| -Transfers on Disposal | | ---- | ---- | ---- |
| Total Other Comprehensive Income | | ---- | ---- | ---- |
| Total Comprehensive Income for the year | | 77,994 | ---- | 77,994 |
| Balance at 30 June 2014 | | 334,048 | 3,696 | 337,744 |

The accompanying notes form part of these financial statements.

Mid North Coast Local Health District
Statement of Cash Flows for the year ended 30 June 2015

| PARENT | | | CONSOLIDATION | | | |
|---|---------------------------------|---------------|---------------|---------------|---------------------------------|---------------|
| Actual | Adjusted Budget Unaudited | Actual | Notes | Actual | Adjusted Budget Unaudited | Actual |
| 2015 \$000 | 2015 \$000 | 2014 \$000 | | 2015 \$000 | 2015 \$000 | 2014 \$000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Payments | | | | | | |
| — | — | — | | (313,132) | (311,183) | (297,404) |
| (4,432) | (2,468) | (2,333) | | (4,432) | (2,468) | (2,333) |
| (3) | — | (11) | | (3) | — | (11) |
| (532,596) | (530,346) | (494,819) | | (219,464) | (219,163) | (197,415) |
| (537,031) | (532,814) | (497,163) | | (537,031) | (532,814) | (497,163) |
| Receipts | | | | | | |
| 432,303 | 432,789 | 411,190 | | 432,303 | 432,789 | 411,190 |
| 45,261 | 45,092 | 88,960 | | 45,261 | 45,092 | 88,960 |
| 4,665 | 4,665 | 4,273 | | 4,665 | 4,665 | 4,273 |
| 59,702 | 61,230 | 54,427 | | 59,702 | 61,230 | 54,427 |
| 1,050 | 150 | 1,091 | | 1,050 | 150 | 1,091 |
| 17,452 | 11,668 | 13,783 | | 17,452 | 11,668 | 13,783 |
| 17,985 | 16,971 | 15,676 | | 17,985 | 16,971 | 15,676 |
| 578,418 | 572,565 | 589,400 | | 578,418 | 572,565 | 589,400 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| 41,387 | 39,751 | 92,237 | 33 | 41,387 | 39,751 | 92,237 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| 1,194 | — | 103 | | 1,194 | — | 103 |
| (42,352) | (43,321) | (93,551) | | (42,352) | (43,321) | (93,551) |
| (8,089) | — | — | | (8,089) | — | — |
| (49,247) | (43,321) | (93,448) | | (49,247) | (43,321) | (93,448) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | |
| (15) | (200) | (260) | | (15) | (200) | (260) |
| (15) | (200) | (260) | | (15) | (200) | (260) |
| NET INCREASE / (DECREASE) IN CASH | | | | | | |
| (7,875) | (3,770) | (1,471) | | (7,875) | (3,770) | (1,471) |
| 28,001 | 28,001 | 29,472 | | 28,001 | 28,001 | 29,472 |
| 20,126 | 24,231 | 28,001 | 18 | 20,126 | 24,231 | 28,001 |

The accompanying notes form part of these financial statements.

Mid North Coast Local Health District
Service Group Statements
for the year ended 30 June 2015

| | 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 | | |
|---|---|-----------------|--|----------------|---|-----------------|--|-----------------|---|------------------|--|-----------------|--|-----------------|--|-----------------|---|----------------|------------------|----------------|----------------|----------------|---------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | |
| Expenses excluding losses | | | | | | | | | | | | | | | | | | | | | | | |
| Operating Expenses | | | | | | | | | | | | | | | | | | | | | | | |
| Employee Related | 14,278 | 15,791 | 1,381 | 1,858 | 57,927 | 32,821 | 39,059 | 39,633 | 139,638 | 142,739 | 25,901 | 23,841 | 35,171 | 35,607 | 6,802 | 9,908 | 2,779 | 7,431 | | | 322,936 | 309,629 | |
| Visiting Medical Officers | 293 | 487 | 1 | (1) | 2,413 | 752 | 1,410 | 3,319 | 35,730 | 32,657 | 2,148 | 2,788 | 4,304 | 3,230 | 41 | 44 | 1,128 | 974 | | | 47,468 | 44,250 | |
| Other Operating Expenses | 4,496 | 5,678 | 292 | 279 | 31,275 | 20,636 | 18,180 | 13,988 | 79,409 | 73,681 | 7,003 | 7,063 | 10,592 | 13,019 | 1,691 | 2,493 | 608 | 1,662 | | | 153,546 | 138,499 | |
| Depreciation and Amortisation | 461 | 583 | 67 | 38 | 4,399 | 1,996 | 1,822 | 1,231 | 7,187 | 6,117 | 1,154 | 1,089 | 1,634 | 1,464 | 209 | 415 | 114 | 26 | | | 17,047 | 12,959 | |
| Grants and Subsidies | 124 | 230 | 181 | 22 | 1,242 | 662 | 16 | 2 | 72 | 15 | 1,167 | 487 | 14 | 2 | 1,233 | 685 | 1 | 2 | | | 4,050 | 2,107 | |
| Finance Costs | --- | 1 | 1 | --- | 1 | 2 | --- | 2 | 2 | 11 | --- | 2 | --- | 2 | --- | 1 | --- | --- | | | 4 | 21 | |
| Total Expenses excluding losses | 19,652 | 22,770 | 1,923 | 2,196 | 97,257 | 56,869 | 60,487 | 58,175 | 262,038 | 255,220 | 37,373 | 35,270 | 51,715 | 53,324 | 9,976 | 13,546 | 4,630 | 10,095 | | | 545,051 | 507,465 | |
| Revenue | | | | | | | | | | | | | | | | | | | | | | | |
| NSW Ministry of Health Recurrent Allocations ** | | | | | | | | | | | | | | | | | | | | 432,303 | 411,190 | 432,303 | 411,190 |
| NSW Ministry of Health Capital Allocations ** | | | | | | | | | | | | | | | | | | | | 45,262 | 88,960 | 45,262 | 88,960 |
| Acceptance by the Crown Entity | | | | | | | | | | | | | | | | | | | | | | | |
| of Employee Benefits and Other Liabilities | 617 | 654 | 61 | 78 | 2,504 | 1,359 | 1,888 | 1,641 | 6,036 | 5,912 | 1,120 | 987 | 1,520 | 1,475 | 294 | 410 | 120 | 308 | | | 13,960 | 12,824 | |
| Sale of Goods and Services | 1,019 | 87 | 113 | 4 | 18,256 | 18,339 | 4,278 | 450 | 25,808 | 27,099 | 4,147 | 744 | 4,556 | 10,934 | 271 | 6 | 898 | 6 | | | 59,346 | 57,669 | |
| Investment Revenue | 47 | 7 | 1 | 1 | 335 | 246 | 65 | 24 | 327 | 563 | 117 | 24 | 40 | 221 | 3 | 2 | 115 | 3 | | | 1,050 | 1,091 | |
| Grants and Contributions | 3,036 | 1,096 | 484 | 239 | 2,798 | 3,269 | 740 | 612 | 1,335 | 1,423 | 388 | 338 | 5,180 | 4,821 | 742 | 240 | 1,375 | 127 | | | 16,078 | 12,165 | |
| Other Revenue | 84 | 16 | 8 | 2 | 238 | 332 | 198 | 46 | 785 | 778 | 144 | 40 | 129 | 302 | 48 | 3 | 29 | 4 | | | 1,663 | 1,523 | |
| Total Revenue | 4,803 | 1,860 | 667 | 324 | 24,131 | 23,545 | 6,969 | 2,773 | 34,291 | 35,775 | 5,916 | 2,133 | 11,425 | 17,753 | 1,358 | 661 | 2,537 | 448 | 477,565 | 500,150 | 569,662 | 585,422 | |
| Gain / (Loss) on Disposal | 9 | 2 | --- | 1 | 25 | 39 | 21 | 5 | 82 | 91 | 15 | 5 | 14 | 35 | 5 | --- | 3 | --- | | | 174 | 178 | |
| Other Gains / (Losses) | (55) | (2) | (4) | --- | (156) | (31) | (130) | (4) | (514) | (72) | (95) | (4) | (85) | (28) | (32) | --- | (19) | --- | | | (1,090) | (141) | |
| Net Result | (14,895) | (20,910) | (1,260) | (1,871) | (73,257) | (33,316) | (53,627) | (55,401) | (228,179) | (219,426) | (31,537) | (33,136) | (40,361) | (35,564) | (8,645) | (12,885) | (2,109) | (9,647) | 477,565 | 500,150 | 23,695 | 77,994 | |
| Other Comprehensive Income | | | | | | | | | | | | | | | | | | | | | | | |
| Increase/(Decrease) in Revaluation Surplus | 525 | --- | 78 | --- | 5,007 | --- | 2,074 | --- | 8,181 | --- | 1,314 | --- | 1,860 | --- | 237 | --- | 129 | --- | | | 19,405 | --- | |
| Total Other Comprehensive Income | 525 | --- | 78 | --- | 5,007 | --- | 2,074 | --- | 8,181 | --- | 1,314 | --- | 1,860 | --- | 237 | --- | 129 | --- | | | 19,405 | --- | |
| Total Comprehensive Income | (14,370) | (20,910) | (1,182) | (1,871) | (68,250) | (33,316) | (51,553) | (55,401) | (219,998) | (219,426) | (30,223) | (33,136) | (38,501) | (35,564) | (8,408) | (12,885) | (1,980) | (9,647) | 477,565 | 500,150 | 43,100 | 77,994 | |

* The name and purpose of each service group is summarised in Note 17

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

Mid North Coast Local Health District
Service Group Statements (Continued)
for the year ended 30 June 2015

| | 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 | | | | | |
|--------------------------------------|---|---------------|---|--------------|--|---------------|---|---------------|--|----------------|---|---------------|--|---------------|---|---------------|--|--------------|------------------|-------|-------|-------|-------|-------|-------|--|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | | |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | |
| ASSETS | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash and Cash Equivalents | 726 | 1,256 | 71 | 122 | 3,591 | 3,138 | 2,233 | 3,210 | 9,676 | 14,063 | 1,946 | 1,946 | 1,910 | 2,942 | 368 | 747 | 171 | 557 | | | | | | | | |
| Receivables | 243 | 24 | 27 | | 4,354 | 4,999 | 1,020 | 123 | 6,154 | 7,386 | 989 | 203 | 1,086 | 2,980 | 65 | 2 | 214 | 2 | | | | | | | | |
| Inventories | 20 | 31 | 1 | 3 | 143 | 111 | 83 | 75 | 362 | 397 | 38 | 38 | 48 | 70 | 8 | 13 | 3 | 9 | | | | | | | | |
| Financial Assets at Fair Value | 292 | | 28 | | 1,443 | | 898 | | 3,889 | | 555 | | 767 | | 148 | | 69 | | | | | | | | | |
| Non-Current Assets Held for Sale | 29 | | 3 | | | 99 | 61 | | 304 | | 54 | | 73 | | | 21 | | 1 | | | | | | | | |
| Total Current Assets | 1,281 | 1,340 | 127 | 128 | 9,531 | 8,347 | 4,234 | 3,469 | 20,081 | 22,170 | 2,241 | 2,956 | 3,811 | 6,065 | 589 | 783 | 457 | 569 | | | | | | | | |
| Non-Current Assets | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Receivables | | | 1 | | | | | | 1 | | | | | | | | | | | | | | | | | |
| Property, Plant and Equipment | | | | | | | | | | | | | | | | | | | | | | | | | | |
| - Land and Buildings | 10,481 | 15,730 | 1,521 | 1,048 | 99,929 | 53,831 | 41,388 | 33,208 | 163,268 | 164,990 | 26,221 | 29,363 | 37,126 | 39,500 | 4,737 | 11,186 | 2,563 | 699 | | | | | | | | |
| - Plant and Equipment | 636 | 787 | 92 | 51 | 6,060 | 2,693 | 2,510 | 1,661 | 9,901 | 8,253 | 1,590 | 1,469 | 2,252 | 1,976 | 287 | 560 | 157 | 35 | | | | | | | | |
| - Infrastructure Systems | 257 | 398 | 38 | 27 | 2,448 | 1,363 | 1,014 | 841 | 4,000 | 4,178 | 642 | 744 | 910 | 1,000 | 116 | 283 | 63 | 18 | | | | | | | | |
| Total Non-Current Assets | 11,374 | 16,915 | 1,652 | 1,126 | 108,438 | 57,887 | 44,912 | 35,710 | 177,170 | 177,421 | 28,453 | 31,576 | 40,288 | 42,476 | 5,140 | 12,029 | 2,803 | 752 | | | | | | | | |
| TOTAL ASSETS | 12,655 | 18,255 | 1,779 | 1,254 | 117,969 | 66,234 | 49,146 | 39,179 | 197,251 | 199,591 | 31,409 | 33,817 | 44,099 | 48,541 | 5,729 | 12,812 | 3,260 | 1,321 | | | | | | | | |
| LIABILITIES | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Payables | 1,112 | 1,667 | 73 | 81 | 7,734 | 6,131 | 4,496 | 4,156 | 19,637 | 21,990 | 1,732 | 2,098 | 2,619 | 3,868 | 418 | 741 | 150 | 494 | | | | | | | | |
| Borrowings | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Provisions | 1,944 | 2,121 | 189 | 249 | 7,887 | 4,407 | 5,318 | 5,322 | 19,011 | 19,168 | 3,202 | 3,202 | 4,768 | 4,762 | 926 | 1,331 | 378 | 998 | | | | | | | | |
| Other | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Current Liabilities | 3,056 | 3,818 | 263 | 330 | 15,622 | 10,564 | 9,815 | 9,504 | 38,651 | 41,171 | 5,258 | 5,316 | 7,408 | 8,673 | 1,344 | 2,078 | 528 | 1,496 | | | | | | | | |
| Non-Current Liabilities | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Borrowings | 2 | 3 | | | 11 | 8 | 7 | 8 | 30 | 35 | 4 | 5 | 6 | 7 | 1 | 2 | 1 | 1 | | | | | | | | |
| Provisions | 20 | 12 | 1 | | 80 | 26 | 54 | 31 | 193 | 111 | 36 | 19 | 49 | 28 | 9 | 8 | 4 | 6 | | | | | | | | |
| Total Non-Current Liabilities | 22 | 15 | 1 | 1 | 91 | 34 | 61 | 39 | 223 | 146 | 40 | 24 | 55 | 35 | 10 | 10 | 5 | 7 | | | | | | | | |
| TOTAL LIABILITIES | 3,078 | 3,833 | 264 | 330 | 15,713 | 10,598 | 9,876 | 9,543 | 38,874 | 41,317 | 5,298 | 5,340 | 7,463 | 8,708 | 1,354 | 2,088 | 533 | 1,503 | | | | | | | | |
| NET ASSETS | 9,577 | 14,422 | 1,515 | 924 | 102,256 | 55,636 | 39,270 | 29,636 | 158,377 | 158,274 | 26,111 | 28,477 | 36,636 | 39,833 | 4,375 | 10,724 | 2,727 | (182) | | | | | | | | |

* The name and purpose of each service group is summarised in Note 17

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

1. The Reporting Entity

The Mid North Coast 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 Restricted Assets (as disclosed in notes 16 and 25), which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the parent entity.
- * The Mid North Coast Local Health District Special Purpose Service Entity which was established as a Division of the District on 1 January 2011 in accordance with 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, and like transactions and other events are accounted for using uniform accounting policies.

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 2015 have been authorised for issue by the Chief Executive on 3rd September 2015.

2. Summary of Significant Accounting Policies

Basis of Preparation

The District's financial statements are general purpose financial statements which have been prepared on an accrual basis and 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 Public Finance and Audit Regulation 2010, and the Treasurers' Directions. 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(ab).

The financial statements of the District have been prepared on a going concern basis.

The Secretary of Health, the Chair of Mid North Coast Local Health District Board and the Chief Executive, through the Service Agreement 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.

Mid North Coast Local Health District
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Other circumstances why the going concern is appropriate include:

- * Allocated 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 debts can be paid when they become due and payable.
- * 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, 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 except where specified otherwise.

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

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

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.

Statement of Compliance

The financial statements and notes 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

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability can be used to approximate the present value of the annual leave liability. On-costs of 16.7% are applied to the value of leave payable at 30 June 2015 (comparable on-costs for 30 June 2014 were 16.5%). The District has assessed the actuarial advice based on the District's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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.

Mid North Coast Local Health District
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ii) Long Service Leave and Superannuation

The District's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) 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'.

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the District as shown in Note 28.

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 15/09) 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.

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) Consequential On-Costs

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

iv) 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 claims 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.

Mid North Coast Local Health District
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Sale of Goods

Revenue from the sale of goods is recognised as revenue when the District 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.

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.

Dividend revenue is recognised in accordance with AASB 118 Revenue, when the District's right to receive payment is established.

Debt Forgiveness

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

Mid North Coast Local Health District
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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 District based on a percentage of receipts generated
- * the residual 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 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.

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 an asset's cost of acquisition 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 are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

f) Interstate Patient Flows

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.

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g) Acquisition of Assets

Assets acquired are initially recognised at cost. 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(y)).

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

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 over the period of credit.

Land and buildings which are owned by the Health Administration Corporation or the State and operated/occupied 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 are capitalised where their cost is \$10,000 or above.

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 identifiable components of assets are depreciated over their useful lives.

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

| | 2015 | 2014 |
|---|-------------|-------------|
| Buildings | 2.5% | 2.5% |
| Electro Medical Equipment | | |
| - Costing less than \$200,000 | 10.0% | 10.0% |
| - Costing more than or equal to \$200,000 | 12.5% | 12.5% |
| Computer Equipment | 20.0% | 20.0% |
| Infrastructure Systems | 2.5% | 2.5% |
| Motor Vehicle Sedans | 12.5% | 12.5% |
| Motor Vehicles, Trucks & Vans | 20.0% | 20.0% |
| Office Equipment | 10.0% | 10.0% |
| Plant and Machinery | 10.0% | 10.0% |
| Linen | 25.0% | 25.0% |
| Furniture, Fittings and Furnishings | 5.0% | 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.

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j) Revaluation of Non-Current Assets

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

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

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and takes into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 22 and Note 24 for further information regarding fair value.

The District revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets recognised by the District was completed in the 30 June 2015 financial year and was based on an independent assessment.

To ensure that the carrying amount for each asset does not differ materially from its fair value at reporting date, indices are sourced. The indices reflect an assessment of movements made in the period between revaluations.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. The entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

For other assets valued using other valuation techniques, 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 revaluation surplus in respect of that asset is transferred to accumulated funds.

Mid North Coast Local Health District
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k) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

l) 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.

m) 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 of disposal. These assets are not depreciated while they are classified as held for sale.

n) 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.

o) 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.

p) Leased Assets

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

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 recognised as an expense on a straight-line basis over the lease term.

q) 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.

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r) 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.

s) 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.

- * 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 T Corp 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.

The movement in the fair value of the T Corp 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.

Mid North Coast Local Health District
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- * Available-for-sale investments - Any investments that do not fall into any other category are accounted for as available-for-sale investments and measured at fair value. Gains or losses on available-for-sale investments are recognised 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.

t) 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.

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.

u) 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.

Mid North Coast Local Health District
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v) 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.

w) 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.

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

x) Fair Value Hierarchy

A number of the District's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13 Fair Value Measurement, the District categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- * Level 1 - quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- * Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- * Level 3 – inputs that are not based on observable market data (unobservable inputs).

The District recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 24 and Note 37 for further disclosures regarding fair value measurements of financial and non-financial assets.

y) Equity Transfers

The transfer of net assets between entities is 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 Accounting 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.

Mid North Coast Local Health District
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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 District recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the District does not recognise that asset.

z) Equity and Reserves

(i) Accumulated Funds

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

(ii) 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).

(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.

aa) Trust Funds

The District receives monies in a trustee capacity for various trusts as set out in Note 31.

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, these funds are not recognised in the financial statements.

Mid North Coast Local Health District
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ab) Adjusted Budgeted Amounts

NSW Health's budget is shown at a consolidated level when presented in parliament each year (i.e. in the NSW Government Budget Papers). The District's budget is not presented in parliament, therefore AASB 1055 Budgetary Reporting is not applicable. Unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the District's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Service Agreements between District and the NSW Ministry of Health at the beginning of the financial year, as well as any adjustments for the effects of additional supplementation provided in accordance with delegations to derive a final budget at year end (i.e. adjusted budget). The budget amounts are not subject to audit and, accordingly, the relevant column entries in the financial statements are denoted as "Unaudited".

ac) Service Group Statements Allocation Methodology

Service group definitions are based and allocated on methodology determined by the Independent Hospital Pricing Authority, refer note 17.

Income and expenses are allocated to service groups using statistical data for the twelve months ending 30 June 2014, then adjusted for any material change in service delivery or funding distribution occurring in the 2014-15 financial year.

In respect of assets and liabilities, the District identifies 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.

ad) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2014-15

The accounting policies applied in 2014-15 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2014-15 and have been applied for the first time as follows:

AASB 10 Consolidated Financial Statements, AASB 2011-7, and AASB 2013-8 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 profit entities, the changes have application from 1 July 2014.

Following an assessment of the applicable new accounting standards mentioned above in relation to consolidation and joint arrangements, District management is of the opinion that there will be no material implications for the financial statements.

AASB 1055 and AASB 2013-1, regarding Budgetary Reporting has application from 1 July 2014. This standard is not applicable to the District as individual budgets are not presented in parliament. Refer note 2(ab) on how the District derives its adjusted budgetary information.

Mid North Coast Local Health District
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(ii) Issued but not yet 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, excluding standards not considered applicable or material to NSW Health, have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

AASB 9, Financial Instruments, has application from 1 January 2018. The standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

AASB 15 and AASB 2014-5, Revenue from Contracts with Customers has application from 1 January 2017. We believe this standard will impact on the timing recognition of certain revenues given the core principle of the new standard requires revenue to be recognised when the goods or services are transferred to the customer at the transaction price (as opposed to stage of completion of the transaction). The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

AASB 2010-7, regarding Financial Instruments has mandatory application from 1 July 2015 and comprises 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 2014-3, Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations. This amending standard clarifies the treatment of expensing all acquisition-related costs, and recognition of share in a joint operation according to the contractual arrangements, this standard is applicable from 1 January 2016.

AASB 2014-4, Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation, has application from 1 January 2016. The change will take into account the expected future reductions in the selling price when accounting for useful life.

AASB 2014-7, Amendments to various Australian Accounting Standards as a result of the changes from AASB 9 (December 2014) and will have application from 1 Jan 2018. The new AASB 9 includes revised guidance on the classification and measurement of financial assets and supersedes AASB 9 (December 2009) and AASB 9 (December 2010).

AASB 2014-8, Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)] has application from 1 Jan 2015. This update limits the application of the existing versions of AASB 9 (December 2009) and AASB 9 (December 2010).

AASB 2014-9, Amendments to Australian Accounting Standards – It gives entities the choice of using the Equity Method for their subsidiaries in their separate financial statements [AASB 1, 127 & 128]. This has application from 1 January 2016.

AASB 2014-10, Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128]. This has application from 1 January 2016.

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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AASB 2015-01, Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]. This application takes place from 1 January 2016.

AASB 2015-02, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049] require entities to disclose significant accounting policies and other explanatory information in a more detailed manner rather than a summary as previously done. This application takes place from 1 January 2016.

AASB 2015-03, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 July 2015. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

AASB 2015-5, Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception [AASB 10, AASB 12 & AASB 128], has application from 1 January 2016. This standard is unlikely to have any impact on this entity as the exceptions would be hard to satisfy.

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049], has application from 1 July 2016. Based on preliminary evaluation, this standard could potentially increase the level of disclosure required for not for profit entities where delegated power exists for senior officers of the entity.

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

| PARENT | | | CONSOLIDATION | |
|--|----------------|---|----------------|----------------|
| 2015 \$000 | 2014 \$000 | | 2015 \$000 | 2014 \$000 |
| 3. Employee Related | | | | |
| Employee related expenses comprise the following: | | | | |
| ----- | ----- | Salaries and Wages | 208,172 | 198,593 |
| ----- | ----- | Overtime | 8,743 | 8,429 |
| ----- | ----- | Penalties | 20,782 | 19,637 |
| ----- | ----- | Superannuation - Defined Benefit Plans | 2,243 | 2,530 |
| ----- | ----- | Superannuation - Defined Contribution Plans | 24,278 | 22,747 |
| ----- | ----- | Long Service Leave | 12,472 | 11,065 |
| ----- | ----- | Annual Leave | 26,948 | 26,118 |
| ----- | ----- | Sick Leave and Other Leave | 14,811 | 14,686 |
| ----- | ----- | Redundancies | 64 | 362 |
| ----- | ----- | Workers' Compensation Insurance | 4,195 | 5,462 |
| ----- | ----- | Fringe Benefits Tax | 228 | ----- |
| ----- | ----- | | 322,936 | 309,629 |
| The following additional information is provided: | | | | |
| ----- | ----- | Employee Related Expenses Capitalised - Land and Buildings | 175 | 839 |
| ----- | ----- | Employee Related Expenses Capitalised - Plant and Equipment | 78 | ----- |
| 4. Personnel Services | | | | |
| Personnel Services comprise the purchase of the following: | | | | |
| 208,172 | 198,593 | Salaries and Wages | ----- | ----- |
| 8,743 | 8,429 | Overtime | ----- | ----- |
| 20,782 | 19,637 | Penalties | ----- | ----- |
| 24,278 | 22,747 | Superannuation - Defined Contribution Plans | ----- | ----- |
| 755 | 771 | Long Service Leave | ----- | ----- |
| 26,948 | 26,118 | Annual Leave | ----- | ----- |
| 14,811 | 14,686 | Sick Leave and Other Leave | ----- | ----- |
| 64 | 362 | Redundancies | ----- | ----- |
| 4,195 | 5,462 | Workers' Compensation Insurance | ----- | ----- |
| 228 | ----- | Fringe Benefits Tax | ----- | ----- |
| 308,976 | 296,805 | | ----- | ----- |
| The following additional information is provided: | | | | |
| 175 | 839 | Personnel Services Expenses Capitalised - Land and Buildings | ----- | ----- |
| 78 | ----- | Personnel Services Expenses Capitalised - Plant and Equipment | ----- | ----- |
| 5. Other Operating Expenses | | | | |
| 170 | 107 | Advertising | 170 | 107 |
| 144 | 157 | Auditor's Remuneration - Audit of Financial Statements | 144 | 157 |
| 2,622 | 1,941 | Blood and Blood Products | 2,622 | 1,941 |
| 11 | 30 | Consultancies - Capital Works | 11 | 30 |
| 692 | 288 | Consultancies - Other | 692 | 288 |
| 37 | ----- | Contractors | 37 | ----- |
| 5,971 | 5,848 | Domestic Supplies and Services | 5,971 | 5,848 |
| 20,511 | 19,363 | Drug Supplies | 20,511 | 19,363 |
| 10,697 | 10,329 | Food Supplies | 10,697 | 10,329 |
| 4,468 | 4,836 | Fuel, Light and Power | 4,468 | 4,836 |
| 7,407 | 7,309 | Hospital Ambulance Transport Costs | 7,407 | 7,309 |
| 4,548 | 5,018 | Information Management Expenses | 4,548 | 5,018 |
| 266 | 269 | Insurance | 266 | 269 |
| 17,433 | 9,495 | Maintenance (See (b) below) | 17,433 | 9,495 |
| 30,192 | 26,193 | Medical and Surgical Supplies | 30,192 | 26,193 |
| 1,166 | 1,115 | Motor Vehicle Expenses | 1,166 | 1,115 |
| 1,309 | 1,689 | Postal and Telephone Costs | 1,309 | 1,689 |
| 1,271 | 1,192 | Printing and Stationery | 1,271 | 1,192 |
| 746 | 554 | Rates and Charges | 746 | 554 |
| 2,272 | 2,226 | Rental | 2,272 | 2,226 |
| 22,494 | 22,399 | Special Service Departments | 22,494 | 22,399 |
| 3,003 | 3,312 | Staff Related Costs | 3,003 | 3,312 |
| 2,547 | 2,356 | Travel Related Costs | 2,547 | 2,356 |
| 13,569 | 12,473 | Other (See (a) below) | 13,569 | 12,473 |
| 153,546 | 138,499 | | 153,546 | 138,499 |

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

| PARENT | | | CONSOLIDATION | |
|---------------|---------------|--|---------------|---------------|
| 2015 | 2014 | | 2015 | 2014 |
| \$000 | \$000 | | \$000 | \$000 |
| | | (a) Other Includes: | | |
| 64 | 54 | Contract for Patient Services | 64 | 54 |
| 2,804 | 2,438 | Corporate Support Services | 2,804 | 2,438 |
| 438 | 370 | Courier and Freight | 438 | 370 |
| 3,495 | 2,703 | Isolated Patient Travel and Accommodation Assistance Scheme | 3,495 | 2,703 |
| 1,087 | 482 | Legal Services | 1,087 | 482 |
| 204 | 174 | Membership/Professional Fees | 204 | 174 |
| 1,016 | 1,124 | Motor Vehicle Operating Lease Expense - Minimum Lease Payments | 1,016 | 1,124 |
| 1,313 | 1,490 | Other Operating Lease Expense - Minimum Lease Payments | 1,313 | 1,490 |
| 6 | (53) | Quality Assurance/Accreditation | 6 | (53) |
| 480 | 435 | Security Services | 480 | 435 |
| 2,662 | 3,256 | Other Miscellaneous | 2,662 | 3,256 |
| <u>13,569</u> | <u>12,473</u> | | <u>13,569</u> | <u>12,473</u> |
| | | (b) Reconciliation of Total Maintenance | | |
| 5,061 | 4,263 | Maintenance Contracts | 5,061 | 4,263 |
| 10,366 | 3,340 | New/Replacement Equipment under \$10,000 | 10,366 | 3,340 |
| 2,006 | 1,878 | Repairs Maintenance/Non Contract | 2,006 | 1,878 |
| ----- | 14 | Other | ----- | 14 |
| 17,433 | 9,495 | Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 5) | 17,433 | 9,495 |
| 1,661 | 1,606 | Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4 | 1,661 | 1,606 |
| <u>19,094</u> | <u>11,101</u> | Total Maintenance Expenses | <u>19,094</u> | <u>11,101</u> |

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

| PARENT | | | CONSOLIDATION | |
|---|---------------|---|---------------|---------------|
| 2015 \$000 | 2014 \$000 | | 2015 \$000 | 2014 \$000 |
| 6. Depreciation and Amortisation | | | | |
| 11,445 | 8,640 | Depreciation - Buildings | 11,445 | 8,640 |
| 5,131 | 3,871 | Depreciation - Plant and Equipment | 5,131 | 3,871 |
| 471 | 448 | Depreciation - Infrastructure Systems | 471 | 448 |
| <u>17,047</u> | <u>12,959</u> | | <u>17,047</u> | <u>12,959</u> |
| 7. Grants and Subsidies | | | | |
| 1,273 | 1,083 | Non-Government Organisations | 1,273 | 1,083 |
| 1,978 | ---- | Community Packages | 1,978 | ---- |
| 72 | 25 | Grants to Research Organisations | 72 | 25 |
| 12 | ---- | Grant Payments to Other NSW Health Entities | 12 | ---- |
| 715 | 999 | Other Grants | 715 | 999 |
| <u>4,050</u> | <u>2,107</u> | | <u>4,050</u> | <u>2,107</u> |
| 8. Finance Costs | | | | |
| 3 | 11 | Interest on Loans | 3 | 11 |
| 1 | 10 | Other Interest Charges | 1 | 10 |
| <u>4</u> | <u>21</u> | | <u>4</u> | <u>21</u> |

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT

CONSOLIDATION

2015
\$000

2014
\$000

2015
\$000

2014
\$000

9. Sale of Goods and Services

(a) Sale of Goods comprise the following:-

| | | | | |
|-------|-------|--------------------|-------|-------|
| 117 | 110 | Pharmacy Sales | 117 | 110 |
| 1,693 | 1,468 | Sale of Prosthesis | 1,693 | 1,468 |
| 140 | 137 | Other | 140 | 137 |

(b) Rendering of Services comprise the following:-

| | | | | |
|--------|--------|---|--------|--------|
| | | Patient Fees | | |
| 18,024 | 15,673 | - Inpatient Fees | 18,024 | 15,673 |
| 433 | 426 | - Nursing Home Fees | 433 | 426 |
| 931 | 392 | - Non Inpatient Fees | 931 | 392 |
| 14,091 | 13,363 | Department of Veterans' Affairs | 14,091 | 13,363 |
| 5 | (8) | Staff-Meals and Accommodation | 5 | (8) |
| 4,877 | 4,331 | Infrastructure Fees - Monthly Facility Charge | 4,877 | 4,331 |
| 1,398 | 1,523 | - Annual Charge | 1,398 | 1,523 |
| 6 | 14 | Cafeteria/Kiosk | 6 | 14 |
| 836 | 630 | Clinical Services (excluding Clinical Drug Trials) | 836 | 630 |
| 495 | 383 | Commercial Activities | 495 | 383 |
| 3 | 3 | Enteral Nutrition Income | 3 | 3 |
| 66 | 57 | Fees for Medical Records | 66 | 57 |
| ----- | 1 | Information Retrieval | ----- | 1 |
| 10,647 | 10,001 | High Cost Drugs | 10,647 | 10,001 |
| 68 | 54 | Linen Service Revenues - Non Health Services | 68 | 54 |
| 3,893 | 3,374 | Motor Accident Authority Third Party | 3,893 | 3,374 |
| 72 | 88 | Private Use of Motor Vehicles | 72 | 88 |
| 250 | 237 | Salary Packaging Fee | 250 | 237 |
| 622 | 4,654 | Hosted Services Provided to Other NSW Health Entities | 622 | 4,654 |
| 121 | 75 | Services Provided to Non NSW Health Organisations | 121 | 75 |
| 558 | 683 | Other | 558 | 683 |

59,346

57,669

59,346

57,669

10. Investment Revenue

| | | | | |
|-------|-------|----------|-------|-------|
| 1,050 | 1,091 | Interest | 1,050 | 1,091 |
|-------|-------|----------|-------|-------|

1,050

1,091

1,050

1,091

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

| PARENT | | | CONSOLIDATION | |
|---|---------------|--|---------------|---------------|
| 2015 \$000 | 2014 \$000 | | 2015 \$000 | 2014 \$000 |
| 11. Grants and Contributions | | | | |
| 629 | 734 | Clinical Drug Trials | 629 | 734 |
| 4,382 | 4,098 | Commonwealth Government Grants | 4,382 | 4,098 |
| 1,501 | 928 | Industry Contributions/Donations | 1,501 | 928 |
| 1,152 | 872 | Cancer Institute Grants | 1,152 | 872 |
| 2,402 | 2,165 | NSW Government Grants | 2,402 | 2,165 |
| 1,452 | ----- | Grants from Other NSW Health Entities | 1,452 | ----- |
| 10 | 51 | Research Grants | 10 | 51 |
| 4,550 | 3,317 | Other Grants | 4,550 | 3,317 |
| 16,078 | 12,165 | | 16,078 | 12,165 |
| 12. Acceptance by the Crown Entity of Employee Benefits | | | | |
| The following liabilities and expenses have been assumed by the Crown Entity: | | | | |
| ----- | ----- | Superannuation-defined benefit | 2,243 | 2,530 |
| ----- | ----- | Long Service Leave | 11,717 | 10,294 |
| ----- | ----- | | 13,960 | 12,824 |
| 13. Other Revenue | | | | |
| Other Revenue comprises the following:- | | | | |
| 28 | 36 | Commissions | 28 | 36 |
| 37 | 2 | Conference and Training Fees | 37 | 2 |
| 158 | 85 | Insurance Refunds | 158 | 85 |
| 184 | 175 | Lease and Rental Income | 184 | 175 |
| 13 | 19 | Sale of Merchandise, Old Wares and Books | 13 | 19 |
| ----- | 81 | Sponsorship Income | ----- | 81 |
| 734 | ----- | Treasury Managed Fund Hindsight Adjustment | 734 | ----- |
| 509 | 1,125 | Other | 509 | 1,125 |
| 1,663 | 1,523 | | 1,663 | 1,523 |

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

| PARENT | | | CONSOLIDATION | |
|----------------|--------------|---|----------------------|--------------|
| 2015 | 2014 | | 2015 | 2014 |
| \$000 | \$000 | | \$000 | \$000 |
| | | 14. Gain / (Loss) on Disposal | | |
| 3,990 | 1,021 | Property, Plant and Equipment | 3,990 | 1,021 |
| 3,668 | 1,096 | Less: Accumulated Depreciation | 3,668 | 1,096 |
| 322 | (75) | Written Down Value | 322 | (75) |
| 71 | 103 | Less: Proceeds from Disposal | 71 | 103 |
| (251) | 178 | Gain/(Loss) on Disposal of Property, Plant and Equipment | (251) | 178 |
| 698 | ----- | Assets Held for Sale | 698 | ----- |
| 1,123 | ----- | Less: Proceeds from Disposal | 1,123 | ----- |
| 425 | ----- | Gain/(Loss) on Disposal of Assets Held for Sale | 425 | ----- |
| 174 | 178 | Total Gain/(Loss) on Disposal | 174 | 178 |
| | | 15. Other Gains / (Losses) | | |
| (1,090) | (141) | Impairment of Receivables | (1,090) | (141) |
| (1,090) | (141) | | (1,090) | (141) |

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT & CONSOLIDATION

16. Conditions on Contributions

| | Purchase of Assets | Health Promotion, Education and Research | Other | Total |
|--|-------------------------------|---|--------------|--------------|
| | \$000 | \$000 | \$000 | \$000 |
| Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at reporting date | 1,793 | 960 | 198 | 2,951 |
| Contributions recognised in previous years which were not expended in the current reporting period | 8,191 | 6,404 | 1,876 | 16,471 |
| Total amount of unexpended contributions as at reporting date | 9,984 | 7,364 | 2,074 | 19,422 |

Comment on restricted assets appears in Note 25

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

17. 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. 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 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.

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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.

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

| PARENT | | | CONSOLIDATION | |
|---|---------------|---|---------------|---------------|
| 2015 \$000 | 2014 \$000 | | 2015 \$000 | 2014 \$000 |
| 18. Cash and Cash Equivalents | | | | |
| 20,126 | 28,001 | Cash at Bank and On Hand | 20,126 | 28,001 |
| 20,126 | 28,001 | | 20,126 | 28,001 |
| <p>For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.</p> <p>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:</p> | | | | |
| 20,126 | 28,001 | Cash and Cash Equivalents (per Statement of Financial Position) | 20,126 | 28,001 |
| 20,126 | 28,001 | Closing Cash and Cash Equivalents (per Statement of Cash Flows) | 20,126 | 28,001 |

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

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

| PARENT | | | CONSOLIDATION | |
|---------------|---------------|---|---------------|---------------|
| 2015 \$000 | 2014 \$000 | | 2015 \$000 | 2014 \$000 |
| | | 19. Receivables | | |
| | | Current | | |
| 5,721 | 5,651 | Sale of Goods and Services | 5,721 | 5,651 |
| 2,761 | 4,102 | Intra Health Receivables | 2,761 | 4,102 |
| 2,673 | 2,653 | Goods and Services Tax | 2,673 | 2,653 |
| 2,542 | 3,042 | Other Debtors | 2,542 | 3,042 |
| 13,697 | 15,448 | Sub Total | 13,697 | 15,448 |
| (727) | (421) | Less Allowance for Impairment | (727) | (421) |
| 12,970 | 15,027 | Sub Total | 12,970 | 15,027 |
| 1,182 | 692 | Prepayments | 1,182 | 692 |
| 14,152 | 15,719 | | 14,152 | 15,719 |
| | | (a) Movement in the Allowance for Impairment | | |
| | | Sale of Goods and Services | | |
| (146) | (306) | Balance at Commencement of Reporting Period | (146) | (306) |
| 190 | 119 | Amounts written off during the period | 190 | 119 |
| (247) | 41 | (Increase)/decrease in Allowance Recognised in the Net Result | (247) | 41 |
| (203) | (146) | Balance at 30 June | (203) | (146) |
| | | (b) Movement in the Allowance for Impairment | | |
| | | Other Debtors | | |
| (275) | (11) | Balance at Commencement of Reporting Period | (275) | (11) |
| 44 | (82) | Amounts written off during the period | 44 | (82) |
| (293) | (182) | (Increase)/decrease in Allowance Recognised in the Net Result | (293) | (182) |
| (524) | (275) | Balance at 30 June | (524) | (275) |
| (727) | (421) | | (727) | (421) |
| | | Non-Current | | |
| 257 | ---- | Sale of Goods and Services | 257 | ---- |
| 295 | ---- | Other Debtors | 295 | ---- |
| 552 | ---- | Sub Total | 552 | ---- |
| (549) | ---- | Less Allowance for Impairment | (549) | ---- |
| 3 | ---- | | 3 | ---- |
| | | (a) Movement in the Allowance for Impairment | | |
| | | Sale of Goods and Services | | |
| ---- | ---- | Balance at Commencement of Reporting Period | ---- | ---- |
| (94) | ---- | Increase/(decrease) in Allowance Recognised in the Net Result | (94) | ---- |
| (94) | ---- | Balance at 30 June | (94) | ---- |
| | | (b) Movement in the Allowance for Impairment | | |
| | | Other Debtors | | |
| ---- | ---- | Balance at Commencement of Reporting Period | ---- | ---- |

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

| PARENT | | | CONSOLIDATION | |
|---|---------------|--|---------------|---------------|
| 2015 \$000 | 2014 \$000 | | 2015 \$000 | 2014 \$000 |
| (455) | ----- | Increase/(decrease) in Allowance Recognised in | (455) | ----- |
| (455) | ----- | the Net Result | (455) | ----- |
| ----- | ----- | Balance at 30 June | ----- | ----- |
| ----- | ----- | | ----- | ----- |
| (549) | ----- | | (549) | ----- |
| <p style="text-align: center;">The current and non-current sale of goods and services balances above include the following patient fee receivables:</p> <p style="text-align: center;">(Current and Non-Current) include:</p> | | | | |
| 281 | 82 | Patient Fees - Compensable | 281 | 82 |
| 279 | 140 | Patient Fees - Ineligible | 279 | 140 |
| 2,866 | 2,397 | Patient Fees - Inpatient & Other | 2,866 | 2,397 |
| ----- | ----- | | ----- | ----- |
| 3,426 | 2,619 | | 3,426 | 2,619 |

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

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

| PARENT | | | CONSOLIDATION | |
|---|---------------|-------|---------------|---------------|
| 2015 \$000 | 2014 \$000 | | 2015 \$000 | 2014 \$000 |
| 20. Inventories | | | | |
| 700 | 747 | Drugs | 700 | 747 |
| 700 | 747 | | 700 | 747 |
| 21. Financial Assets at Fair Value | | | | |
| Current | | | | |
| 8,089 | ----- | Other | 8,089 | ----- |
| 8,089 | ----- | | 8,089 | ----- |

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

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

| PARENT | | | CONSOLIDATION | |
|--|-----------------------|---|-----------------------|-----------------------|
| 2015 \$000 | 2014 \$000 | | 2015 \$000 | 2014 \$000 |
| 22. Property, Plant and Equipment | | | | |
| Land and Buildings - Fair Value | | | | |
| 560,613 | 501,968 | Gross Carrying Amount | 560,613 | 501,968 |
| 173,359 | 152,413 | Less: Accumulated Depreciation and Impairment | 173,359 | 152,413 |
| <u>387,254</u> | <u>349,555</u> | Net Carrying Amount | <u>387,254</u> | <u>349,555</u> |
| Plant and Equipment - Fair Value* | | | | |
| 53,909 | 44,971 | Gross Carrying Amount | 53,909 | 44,971 |
| 30,424 | 27,486 | Less: Accumulated Depreciation and Impairment | 30,424 | 27,486 |
| <u>23,485</u> | <u>17,485</u> | Net Carrying Amount | <u>23,485</u> | <u>17,485</u> |
| Infrastructure Systems - Fair Value | | | | |
| 19,758 | 17,964 | Gross Carrying Amount | 19,758 | 17,964 |
| 10,270 | 9,112 | Less: Accumulated Depreciation and Impairment | 10,270 | 9,112 |
| <u>9,488</u> | <u>8,852</u> | Net Carrying Amount | <u>9,488</u> | <u>8,852</u> |
| <u>420,227</u> | <u>375,892</u> | Total Property, Plant and Equipment At Net Carrying Amount | <u>420,227</u> | <u>375,892</u> |

* For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable approximation of fair value, in accordance with Treasury Policy Paper 14-01.

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22. Property, Plant and Equipment - Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

| | Land | Buildings | Plant and Equipment | Infrastructure Systems | Total |
|--|---------------|----------------|------------------------|---------------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| 2015 | | | | | |
| Net Carrying Amount at Start of Year | 20,079 | 329,476 | 17,485 | 8,852 | 375,892 |
| Additions | ---- | 38,543 | 3,809 | ---- | 42,352 |
| Recognition of Assets Held for Sale | ---- | (53) | ---- | ---- | (53) |
| Disposals | ---- | (71) | (251) | ---- | (322) |
| Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves | 510 | 17,788 | ---- | 1,107 | 19,405 |
| Depreciation Expense | ---- | (11,445) | (5,131) | (471) | (17,047) |
| Reclassifications | ---- | (7,573) | 7,573 | ---- | ---- |
| Net Carrying Amount at End of Year | 20,589 | 366,665 | 23,485 | 9,488 | 420,227 |

| | Land | Buildings | Plant and Equipment | Infrastructure Systems | Total |
|--------------------------------------|---------------|----------------|------------------------|---------------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| 2014 | | | | | |
| Net Carrying Amount at Start of Year | 20,724 | 248,704 | 17,163 | 9,279 | 295,870 |
| Additions | ---- | 90,042 | 4,117 | 21 | 94,180 |
| Recognition of Assets Held for Sale | (645) | ---- | ---- | ---- | (645) |
| Disposals | ---- | ---- | 76 | ---- | 76 |
| Depreciation Expense | ---- | (8,640) | (3,871) | (448) | (12,959) |
| Reclassifications | ---- | (630) | ---- | ---- | (630) |
| Net Carrying Amount at End of Year | 20,079 | 329,476 | 17,485 | 8,852 | 375,892 |

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 24.

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the District [see note 2(g)].

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| PARENT | | | CONSOLIDATION | |
|--|---------------|-----------------------------|---------------|---------------|
| 2015 \$000 | 2014 \$000 | | 2015 \$000 | 2014 \$000 |
| 23. Non-Current Assets (or Disposal Groups) Held for Sale | | | | |
| | | Assets Held for Sale | | |
| ----- | 645 | Land and Buildings | ----- | 645 |
| ----- | 645 | | ----- | 645 |
| <u>-----</u> | <u>645</u> | | <u>-----</u> | <u>645</u> |

The non-current assets held for sale constitute assets that are surplus to requirements and are actively marketed within a sale program which has been initiated and is expected to locate a buyer and complete the sale in the next twelve months.

In 2014, three properties (two at Coffs Harbour and one at Port Macquarie) were identified as non-core assets and subsequently approved for disposal. These three properties were all sold between November and December 2014.

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24. Fair Value Measurement of Non-Financial Assets

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June

a) Fair Value Hierarchy

| 2015 | Level 1 \$000 | Level 2 \$000 | Level 3 \$000 | Total \$000 |
|---|------------------|------------------|------------------|----------------|
| Property, Plant and Equipment (Note 22) | | | | |
| - Land and Buildings | ---- | 2,233 | 321,794 | 324,027 |
| - Infrastructure Systems | ---- | ---- | 9,488 | 9,488 |
| | ----- | 2,233 | 331,282 | 333,515 |

There were no transfers between level 1 and 2 during the period ended 30 June 2015.

| 2014 | Level 1 \$000 | Level 2 \$000 | Level 3 \$000 | Total \$000 |
|--|------------------|------------------|------------------|----------------|
| Property, Plant and Equipment (Note 22) | | | | |
| - Land and Buildings | ---- | 1,502 | 210,978 | 212,480 |
| - Infrastructure Systems | ---- | ---- | 8,852 | 8,852 |
| Non-Current Assets (or Disposal Groups) Held for Sale (Note 23) | ---- | 645 | ---- | 645 |
| | ----- | 2,147 | 219,830 | 221,977 |

There were no transfers between level 1 and 2 during the period ended 30 June 2014.

Work in Progress is carried at cost, therefore excluded from figures above and as a result will not agree to to Note 22.

b) Valuation Techniques, Inputs and Processes

For land, buildings and infrastructure systems the District obtains external valuations by independent valuers every three years. The last revaluation was performed by Corporeal Pty Ltd for the 2014/15 financial year. Corporeal Pty Ltd is an independent entity and is not an employee of the District.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices refer, note 22 reconciliation.

In accordance with AASB 13 Fair Value Measurement no assets have been found to have a higher and better use than their current use. Highest and best use takes account of use that is physically possible, legally permissible and financially feasible.

The non-current assets categorised in a) above have been measured as either level 2 or level 3 based on the following valuation techniques and inputs:

For land, the valuation by the valuers is made on a market approach, comparing similar assets (not identical) and observable inputs. The most significant input is price per square metre.

All commercial and non-restricted land is included in Level 2 as these land valuations have a high level of observable inputs although these lands are not identical.

All of the restricted land has been classified as level 3 as, although observable inputs have been used, a significant level of professional judgement is required to adjust inputs in determining the land valuations. Certain parcels of land have zoning restrictions, for example hospital grounds, and values are adjusted accordingly.

For buildings and infrastructure, many assets are of a specialised nature or use, and thus the most appropriate valuation method is depreciated replacement cost. These assets are included as Level 3 as these assets have a high level of unobservable inputs. However, residential properties are valued on a market approach and included in level 2.

Non-Current Assets Held for Sale is a non-recurring item that is measured at fair value less cost to sell, which is less than its carrying amount. These assets are categorised as level 2.

Level 3 significant valuation inputs and relationship to fair value:

The valuation of buildings was computed by suitably qualified independent valuers using a methodology known as the depreciated replacement cost valuation technique. The following table highlights the key unobservable (Level 3) inputs assessed during the valuation process, the relationship to the estimated fair value and the sensitivity to changes in unobservable inputs.

| Assets | Valuation Technique | Significant Unobservable Inputs | Relationship between unobservable inputs and fair value measurement |
|---------------------------|--|---|---|
| Land | Market approach: this valuation method involves comparing the subject property to comparable sale prices in similar location on a rate per square metre basis, adjusted for restrictions specific for the property (e.g. mandated use and/or zoning) | <ul style="list-style-type: none"> • Rate per square metre • Discount rate • Provision for remediation | The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> • Rate per square metre increases/(decreases) • Discount rate decreases/(increases) • Provision for remediation decreases/(increases) |
| Specialised Buildings | Depreciated replacement cost approach: this valuation method involves establishing the current replacement cost of the modern equivalent asset for each type of buildings on a rate per square metre basis; depreciated to reflect the building's remaining useful life. | <ul style="list-style-type: none"> • Useful life assessment • Replacement cost per square metre | The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> • Useful life assessment increases/(decreases) • Replacement cost per square metre increases/(decreases) |
| Non-Specialised Buildings | Depreciated replacement cost approach: this valuation method involves establishing the current replacement cost of the modern equivalent asset for each type of buildings on a rate per square metre basis; depreciated to reflect the building's remaining useful life. | <ul style="list-style-type: none"> • Useful life assessment • Replacement cost per square metre | The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> • Useful life assessment increases/(decreases) • Replacement cost per square metre increases/(decreases) |
| Infrastructure Systems | Depreciated replacement cost approach: this valuation method involves establishing the current replacement cost of the modern equivalent infrastructure asset on a rate per square metre basis; depreciated to reflect the assets remaining useful life. | <ul style="list-style-type: none"> • Useful life assessment • Replacement cost per square metre | The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> • Useful life assessment increases/(decreases) • Replacement cost per square metre increases/(decreases) |

There are no other direct or significant relationships between the unobservable inputs which materially impact fair value.

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24. Fair Value Measurement of Non-Financial Assets

c) Reconciliation of Recurring Level 3 Fair Value Measurements

| 2015 | Land and Buildings \$000 | Infrastructure Systems \$000 | Total Level 3 Recurring \$000 |
|--|---|---|--|
| Fair value as at 1 July 2014 | 210,978 | 8,852 | 219,830 |
| Additions | 770 | ----- | 770 |
| Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment revaluation surplus' | 18,002 | 1,107 | 19,109 |
| Transfers from Level 2 | 103,541 | ----- | 103,541 |
| Transfers to Level 2 | (68) | ----- | (68) |
| Disposals | (70) | ----- | (70) |
| Depreciation | <u>(11,359)</u> | <u>(471)</u> | <u>(11,830)</u> |
| Fair value as at 30 June 2015 | <u>321,794</u> | <u>9,488</u> | <u>331,282</u> |

Transfers from Level 2 mainly relate to assets initially recognised at cost (e.g. Work in Progress) which have in the current year, been subject to asset revaluations consistent with the specialised nature/use of the assets.

| 2014 | Land and Buildings \$000 | Infrastructure Systems \$000 | Total Level 3 Recurring \$000 |
|-------------------------------|---|---|--|
| Fair value as at 1 July 2013 | 214,728 | 9,279 | 224,007 |
| Additions | 4,810 | 21 | 4,831 |
| Depreciation | <u>(8,560)</u> | <u>(448)</u> | <u>(9,008)</u> |
| Fair value as at 30 June 2014 | <u>210,978</u> | <u>8,852</u> | <u>219,830</u> |

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2015
\$000

2014
\$000

2015
\$000

2014
\$000

25. Restricted Assets

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.

Category

| | | |
|-------|-------|---------------------------------------|
| 2,074 | 2,535 | Other |
| 9,984 | 8,597 | Purchase of Assets |
| 7,364 | 5,373 | Health Promotion Education & Research |

| | |
|-------|-------|
| 2,074 | 2,535 |
| 9,984 | 8,597 |
| 7,364 | 5,373 |

19,422

16,505

19,422

16,505

Mid North Coast Local Health District
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| PARENT | | | CONSOLIDATION | |
|---------------|---------------|--|----------------------|---------------|
| 2015 \$000 | 2014 \$000 | | 2015 \$000 | 2014 \$000 |
| | | 26. Payables | | |
| | | Current | | |
| ----- | ----- | Accrued Salaries, Wages and On-Costs | 6,100 | 5,233 |
| ----- | ----- | Taxation and Payroll Deductions | 423 | 2,661 |
| 6,523 | 7,894 | Accrued Liability - Purchase of Personnel Services | ----- | ----- |
| 16,079 | 16,680 | Creditors | 16,079 | 16,680 |
| | | Other Creditors | | |
| | 13 | - Capital Works | ----- | 13 |
| 4,641 | 4,997 | - Intra Health Liability | 4,641 | 4,997 |
| 10,728 | 11,562 | - Other | 10,728 | 11,562 |
| <u>37,971</u> | <u>41,146</u> | | <u>37,971</u> | <u>41,146</u> |

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

| | | | | |
|-----------|-----------|--------------------------|-----------|-----------|
| | | 27. Borrowings | | |
| | | Current | | |
| 7 | 14 | Other Loans and Deposits | 7 | 14 |
| <u>7</u> | <u>14</u> | | <u>7</u> | <u>14</u> |
| | | Non-Current | | |
| 62 | 69 | Other Loans and Deposits | 62 | 69 |
| <u>62</u> | <u>69</u> | | <u>62</u> | <u>69</u> |

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

Final Repayment is scheduled for 31 December 2019

Other loans still to be extinguished represent monies to be repaid to the NSW Treasury.

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

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| PARENT | | | CONSOLIDATION | |
|---|---------------|--|---------------|---------------|
| 2015 \$000 | 2014 \$000 | | 2015 \$000 | 2014 \$000 |
| 28. Provisions | | | | |
| Current | | | | |
| ----- | ----- | Annual Leave - Short Term Benefit | 30,090 | 26,300 |
| ----- | ----- | Annual Leave - Long Term Benefit | 8,750 | 10,703 |
| ----- | ----- | Long Service Leave Consequential On-Costs | 5,127 | 4,577 |
| 43,967 | 41,580 | Provision for Personnel Services Liability | ----- | ----- |
| <u>43,967</u> | <u>41,580</u> | Total Current Provisions | <u>43,967</u> | <u>41,580</u> |
| Non-Current | | | | |
| ----- | ----- | Long Service Leave Consequential On-Costs | 446 | 241 |
| 446 | 241 | Provision for Personnel Services Liability | ----- | ----- |
| <u>446</u> | <u>241</u> | Total Non-Current Provisions | <u>446</u> | <u>241</u> |
| Aggregate Employee Benefits and Related On-Costs | | | | |
| ----- | ----- | Provisions - Current | 43,967 | 41,580 |
| ----- | ----- | Provisions - Non-Current | 446 | 241 |
| ----- | ----- | Accrued Salaries, Wages and On-Costs (Note 26) | 6,523 | 7,894 |
| 50,936 | 49,715 | Liability - Purchase of Personnel Services | ----- | ----- |
| <u>50,936</u> | <u>49,715</u> | | <u>50,936</u> | <u>49,715</u> |
| 29. Other Liabilities | | | | |
| Current | | | | |
| ----- | 210 | Income in Advance | ----- | 210 |
| ----- | <u>210</u> | | ----- | <u>210</u> |

Mid North Coast Local Health District
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| PARENT | | | CONSOLIDATION | |
|---------------|---------------|--|---------------|---------------|
| 2015 \$000 | 2014 \$000 | 30. Commitments for Expenditure | 2015 \$000 | 2014 \$000 |
| | | (a) Capital Commitments | | |
| | | Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure systems, contracted for at balance date and not provided for: | | |
| | | Not later than one year | 17,468 | 46,382 |
| 17,468 | 46,382 | Later than one year and not later than five years | 376 | 9,705 |
| 376 | 9,705 | | | |
| | | Total Capital Expenditure Commitments (Including GST) | 17,844 | 56,087 |
| 17,844 | 56,087 | | | |
| | | Of the commitments reported at 30 June 2015 it is expected that \$2.2 million will be met from locally generated moneys. | | |
| | | (b) Operating Lease Commitments | | |
| | | Future non-cancellable operating lease rentals not provided for and payable: | | |
| | | Not later than one year | 2,003 | 2,161 |
| 2,003 | 2,161 | Later than one year and not later than five years | 3,342 | 1,044 |
| 3,342 | 1,044 | | | |
| | | Total Operating Lease Commitments (Including GST) | 5,345 | 3,205 |
| 5,345 | 3,205 | | | |
| | | The operating lease commitments above are for motor vehicles, residential and commercial rental properties, medical equipment and other equipment. | | |
| | | (c) Contingent Asset Related to Commitments for Expenditure | | |
| | | The total of 'Commitments for Expenditure' above, i.e. \$17.8 million as at 30 June 2015 includes input tax credits of \$1.6 million that are expected to be recoverable from the Australian Taxation Office (2014 \$5.1 million). | | |

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31. Trust Funds

The District holds trust funds of \$1.2 million which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

These funds 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 | |
|--|---------------|---------------|---------------------|---------------|------------------------------|---------------|---------------|---------------|
| | 2015 \$000 | 2014 \$000 | 2015 \$000 | 2014 \$000 | 2015 \$000 | 2014 \$000 | 2015 \$000 | 2014 \$000 |
| Balance at the beginning of the financial year | 2 | 1 | 240 | 158 | 2,381 | 2,017 | 2,623 | 2,176 |
| Income | ----- | 1 | 146 | 211 | 7,626 | 10,308 | 7,772 | 10,520 |
| Expenses | ----- | ----- | (208) | (129) | (8,991) | (9,944) | (9,199) | (10,073) |
| Balance at the end of the financial year | 2 | 2 | 178 | 240 | 1,016 | 2,381 | 1,196 | 2,623 |

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32. 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 2009/10 fund year and an interim adjustment for the 2011/12 fund year were not calculated until 2014/15.

As a result, the 2010/11 final and 2012/13 adjustments pertaining to the hospitals and community services now forming part of the District will be paid in 2015/16. It is not possible for the District to reliably quantify the benefit to be received or amount payable.

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| PARENT | | | CONSOLIDATION | |
|---|---------------|--|---------------|---------------|
| 2015 \$000 | 2014 \$000 | | 2015 \$000 | 2014 \$000 |
| 33. Reconciliation of Cash Flows from Operating Activities to Net Result | | | | |
| 41,387 | 92,237 | Net Cash Flows from Operating Activities | 41,387 | 92,237 |
| (17,047) | (12,959) | Depreciation | (17,047) | (12,959) |
| (1,090) | (141) | Allowance for Impairment | (1,090) | (141) |
| 210 | 28 | (Increase)/ Decrease Income in Advance | 210 | 28 |
| (2,592) | (2,904) | (Increase)/ Decrease in Provisions | (2,592) | (2,904) |
| (899) | 1,098 | Increase / (Decrease) in Prepayments and Other Assets | (899) | 1,098 |
| 3,552 | 457 | (Increase)/ Decrease in Payables from Operating Activities | 3,552 | 457 |
| 174 | 178 | Net Gain/ (Loss) on Sale of Property, Plant and Equipment | 174 | 178 |
| 23,695 | 77,994 | Net Result | 23,695 | 77,994 |

34. 2014/15 Voluntary Services

It is considered impracticable and immaterial to quantify the monetary value of voluntary services provided to the District. Services provided include:

- Chaplaincies and Pastoral Care
- Pink Ladies/Hospital Auxiliaries
- Patient Support Groups
- Community Organisations
- Patient & Family Support
- Patient Services, Fund Raising
- Practical Support to Patients and Relatives
- Counselling, Health Education, Transport, Home Help & Patient Activities

35. Unclaimed Monies

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.

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36. Adjusted Budget Review - Parent and Consolidated

Net Result

The actual Net Result was higher than adjusted budget by \$3 million, primarily due to: higher revenues received for grants and contributions.

Assets and Liabilities

Total Assets increased by \$20.1 million against budget primarily due to increased property, plant and equipment. Total Liabilities decreased by \$2.3 million against budget primarily due to decreased payables liabilities.

Cash Flows

The closing cash position is \$4.1 million lower than budgeted, but includes a reclassification of \$8.0 million of cash, in term deposits, to investments. If this was included, the closing cash position would be \$3.9 million better than budget as a result of proceeds from sale of property, plant and equipment of \$2.3 million and favourable variances in cash flow from operations of \$1.6 million.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation, on 17th June 2014, are as follows:

| | \$000 |
|--|--------------|
| Initial Allocation, 17th June 2014 | 422,183 |
| Special Projects: | |
| Aboriginal Health | 564 |
| Public Health | 19 |
| Community Health | 1,031 |
| Dental | 1,835 |
| Education & Training | 2,657 |
| IPTAAS | 620 |
| Mental Health | 159 |
| Insurance | (143) |
| Other | 3,378 |
| | |
| Balance as per Statement of Comprehensive Income | 432,303 |

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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 regular basis.

(a) Financial Instrument Categories

| PARENT AND CONSOLIDATION | | Carrying Amount 2015 \$000 | Carrying Amount 2014 \$000 |
|--|---|---|---|
| Class: | Category | | |
| Financial Assets | | | |
| Cash and Cash Equivalents (note 18) | N/A | 20,126 | 28,001 |
| Receivables (note 19)* | Loans and receivables (at amortised cost) | 10,300 | 12,374 |
| Financial Assets at Fair Value (note 21) | At fair value through profit or loss (designated as such upon initial recognition) | 8,089 | ----- |
| Total Financial Assets | | <u>38,515</u> | <u>40,375</u> |
| Financial Liabilities | | | |
| Borrowings (note 27) | Financial liabilities | 69 | 83 |
| Payables (note 26)** | measured at amortised cost | 37,548 | 38,485 |
| Total Financial Liabilities | | <u>37,617</u> | <u>38,568</u> |

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)

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(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default 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.

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 3.21% in 2014/15 compared to 3.38% 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 (2015: \$9,854k; 2014: \$10,987k) and not more than 3 months past due (2015: \$390k; 2014: \$908k) are not considered impaired. Together these represent 88% 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.

| 2015 | Total ^{1,2} | Past due but not impaired ^{1,2} | Considered impaired ^{1,2} |
|-----------------------------|-----------------------------|---|---|
| | \$000 | \$000 | \$000 |
| <3 months overdue | 390 | 253 | 137 |
| 3 months - 6 months overdue | 147 | 68 | 79 |
| > 6 months overdue | 1,186 | 126 | 1,060 |
| 2014 | | | |
| <3 months overdue | 908 | 854 | 54 |
| 3 months - 6 months overdue | 144 | 140 | 4 |
| > 6 months overdue | 580 | 217 | 363 |

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.

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(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 with the NSW Ministry of Health, 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.

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Maturity Analysis and interest rate exposure of financial liabilities

| | Interest Rate Exposure | | | | Maturity Dates | | | |
|--|---|--------------------------------|---------------------------|------------------------------|------------------------------|---------------|-----------|------------|
| | Weighted Average Effective Int. Rate | Nominal Amount ¹ | Fixed Interest Rate | Variable Interest Rate | Non - Interest Bearing | < 1 Yr | 1-5 Yr | > 5Yr |
| | | | | | | \$000 | \$000 | \$000 |
| 2015 | | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Payables: | | | | | | | | |
| - Accrued Salaries Wages, On-Costs and Payroll Deductions | | 6,100 | --- | --- | 6,100 | 6,100 | --- | --- |
| - Creditors | | 31,448 | --- | --- | 31,448 | 31,448 | --- | --- |
| Borrowings: | | | | | | | | |
| - Loans and Deposits | 3.85% | 69 | 69 | --- | --- | 7 | 62 | --- |
| | | <u>37,617</u> | <u>69</u> | <u>---</u> | <u>37,548</u> | <u>37,555</u> | <u>62</u> | <u>---</u> |
| 2014 | | | | | | | | |
| Payables: | | | | | | | | |
| - Accrued Salaries Wages, On-Costs and Payroll Deductions | | 5,233 | --- | --- | 5,233 | 5,233 | --- | --- |
| - Creditors | | 33,252 | --- | --- | 33,252 | 33,252 | --- | --- |
| Borrowings: | | | | | | | | |
| - Loans and Deposits | 3.85% | 83 | 83 | --- | --- | 14 | 69 | --- |
| | | <u>38,568</u> | <u>83</u> | <u>---</u> | <u>38,485</u> | <u>38,499</u> | <u>69</u> | <u>---</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.

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(d) Market Risk

Market risk is the risk that the fair value or 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 as 2014. 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, the District is not permitted to borrow external to the NSW Ministry of Health (except energy loans which are negotiated through NSW Treasury).

Both NSW 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 (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

Mid North Coast Local Health District
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The District's exposure to interest rate risk is set out below.

| | Carrying Amount \$000 | -1% Net Result | Equity | Profit | +1% Equity |
|--------------------------------|--------------------------|----------------------|--------|--------|---------------|
| 2015 | | | | | |
| Financial Assets | | | | | |
| Cash and Cash Equivalents | 20,126 | (201) | (201) | 201 | 201 |
| Receivables | 10,300 | ----- | ----- | ----- | ----- |
| Financial Assets at Fair Value | 8,089 | (81) | (81) | 81 | 81 |
| Financial Liabilities | | | | | |
| Payables | 37,548 | ----- | ----- | ----- | ----- |
| 2014 | | | | | |
| Financial Assets | | | | | |
| Cash and Cash Equivalents | 28,001 | (280) | (280) | 280 | 280 |
| Receivables | 12,374 | ----- | ----- | ----- | ----- |
| Financial Liabilities | | | | | |
| Payables | 38,485 | ----- | ----- | ----- | ----- |

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