



INDEPENDENT AUDITOR'S REPORT

Nepean Blue Mountains Local Health District

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Nepean Blue Mountains 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 statement 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 District'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 District'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 adjusted 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.



Renee Meimaroglou
Director, Financial Audit Services

14 September 2015
SYDNEY

**Nepean Blue Mountains 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 Nepean Blue Mountains 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 2015* 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 Nepean Blue Mountains Local Health District; and
- 3) There are no circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Kay Hyman
Chief Executive
10 September 2015



Angela Edwards 10/09/15
Director, Finance

Nepean Blue Mountains Local Health District
Statement of Comprehensive Income 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			
			Expenses excluding losses							
			Operating Expenses							
-----	-----	-----	Employee Related	3	415,526	409,506	390,788			
392,277	386,246	371,722	Personnel Services	4	-----	-----	-----			
30,021	29,051	28,392	Visiting Medical Officers		30,021	29,051	28,392			
207,903	210,674	196,654	Other Operating Expenses	5	207,903	210,674	196,654			
24,395	24,204	22,728	Depreciation and Amortisation	2(i), 6	24,395	24,204	22,728			
3,564	3,935	3,726	Grants and Subsidies	7	3,564	3,935	3,726			
617	532	798	Finance Costs	8	617	532	798			
3,213	3,213	3,243	Payments to Affiliated Health Organisations	9	3,213	3,213	3,243			
661,990	657,855	627,263	Total Expenses excluding losses		685,239	681,115	646,329			
			Revenue							
560,032	559,746	528,947	NSW Ministry of Health Recurrent Allocations	2(d)	560,032	559,746	528,947			
2,782	2,780	17,163	NSW Ministry of Health Capital Allocations	2(d)	2,782	2,780	17,163			
-----	-----	-----	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 13	23,249	23,260	19,066			
68,865	65,638	64,990	Sale of Goods and Services	10	68,865	65,638	64,990			
1,165	1	1,104	Investment Revenue	11	1,165	1	1,104			
8,962	7,856	7,042	Grants and Contributions	12	8,962	7,856	7,042			
2,230	2,977	1,965	Other Revenue	14	2,230	2,977	1,965			
644,036	638,998	621,211	Total Revenue		667,285	662,258	640,277			
(48)	(225)	(115)	Gain / (Loss) on Disposal	15	(48)	(225)	(115)			
6,767	6,654	(595)	Other Gains / (Losses)	16	6,767	6,654	(595)			
(11,235)	(12,428)	(6,762)	Net Result	33	(11,235)	(12,428)	(6,762)			
			Other Comprehensive Income							
			Items that will not be reclassified to net result							
			Net Increase/(Decrease) in Property, Plant &							
30,723	-----	-----	Equipment Revaluation Surplus	22	30,723	-----	-----			
30,723	-----	-----	Net Change in the Revaluation Surplus		30,723	-----	-----			
			Total Other Comprehensive Income		30,723	-----	-----			
19,488	(12,428)	(6,762)	TOTAL COMPREHENSIVE INCOME		19,488	(12,428)	(6,762)			

The accompanying notes form part of these financial statements.

Nepean Blue Mountains 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							
35,415	26,648	30,127	Cash and Cash Equivalents	19	35,415	26,648	30,127
17,481	19,787	20,174	Receivables	20	17,481	19,787	20,174
4,162	3,654	3,676	Inventories	21	4,162	3,654	3,676
<u>57,058</u>	<u>50,089</u>	<u>53,977</u>			<u>57,058</u>	<u>50,089</u>	<u>53,977</u>
57,058	50,089	53,977	Total Current Assets		57,058	50,089	53,977
Non-Current Assets							
Property, Plant & Equipment							
497,022	470,235	475,631	- Land and Buildings	22	497,022	470,235	475,631
28,252	24,018	28,427	- Plant and Equipment	22	28,252	24,018	28,427
2,290	2,925	2,925	- Infrastructure Systems	22	2,290	2,925	2,925
<u>527,564</u>	<u>497,178</u>	<u>506,983</u>	Total Property, Plant & Equipment		<u>527,564</u>	<u>497,178</u>	<u>506,983</u>
254	106	106	Intangible Assets	23	254	106	106
<u>527,818</u>	<u>497,284</u>	<u>507,089</u>	Total Non-Current Assets		<u>527,818</u>	<u>497,284</u>	<u>507,089</u>
584,876	547,373	561,066	Total Assets		584,876	547,373	561,066
LIABILITIES							
Current Liabilities							
50,363	46,390	47,486	Payables	26	50,363	46,390	47,486
3,080	2,190	3,005	Borrowings	27	3,080	2,190	3,005
59,746	55,426	55,650	Provisions	28	59,746	55,426	55,650
36	34	34	Other	29	36	34	34
<u>113,225</u>	<u>104,040</u>	<u>106,175</u>	Total Current Liabilities		<u>113,225</u>	<u>104,040</u>	<u>106,175</u>
Non-Current Liabilities							
1,601	5,199	4,638	Borrowings	27	1,601	5,199	4,638
654	654	345	Provisions	28	654	654	345
<u>2,255</u>	<u>5,853</u>	<u>4,983</u>	Total Non-Current Liabilities		<u>2,255</u>	<u>5,853</u>	<u>4,983</u>
<u>115,480</u>	<u>109,893</u>	<u>111,158</u>	Total Liabilities		<u>115,480</u>	<u>109,893</u>	<u>111,158</u>
469,396	437,480	449,908	Net Assets		469,396	437,480	449,908
EQUITY							
30,864	141	141	Reserves		30,864	141	141
438,532	437,339	449,767	Accumulated Funds		438,532	437,339	449,767
<u>469,396</u>	<u>437,480</u>	<u>449,908</u>	Total Equity		<u>469,396</u>	<u>437,480</u>	<u>449,908</u>

The accompanying notes form part of these financial statements.

Nepean Blue Mountains 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		449,767	141	449,908
Total Equity at 1 July 2014		449,767	141	449,908
Net Result for the year		(11,235)		(11,235)
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment	16-22	-----	30,723	30,723
Total Other Comprehensive Income		-----	30,723	30,723
Total Comprehensive Income for the year		(11,235)	30,723	19,488
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	37	-----	-----	-----
Balance at 30 June 2015		438,532	30,864	469,396
Balance at 1 July 2013		456,198	141	456,339
Total Equity at 1 July 2013		456,198	141	456,339
Net Result for the year		(6,762)		(6,762)
Total Other Comprehensive Income		-----	-----	-----
Total Comprehensive Income for the year		(6,762)	-----	(6,762)
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	37	331	-----	331
Balance at 30 June 2014		449,767	141	449,908

The accompanying notes form part of these financial statements.

Nepean Blue Mountains 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						
----	----	----		(395,822)	(394,874)	(372,742)
(7,505)	(7,875)	(7,749)		(7,505)	(7,875)	(7,749)
(617)	(532)	(797)		(617)	(532)	(797)
(654,568)	(657,670)	(615,586)		(258,746)	(262,796)	(242,844)
<u>(662,690)</u>	<u>(666,077)</u>	<u>(624,132)</u>		<u>(662,690)</u>	<u>(666,077)</u>	<u>(624,132)</u>
Receipts						
560,031	559,746	528,947		560,031	559,746	528,947
2,782	2,780	17,163		2,782	2,780	17,163
6,931	6,931	5,188		6,931	6,931	5,188
74,471	68,135	64,912		74,471	68,135	64,912
1,167	----	1,104		1,167	----	1,104
9,778	8,673	7,462		9,778	8,673	7,462
23,273	24,255	24,692		23,273	24,255	24,692
<u>678,433</u>	<u>670,520</u>	<u>649,468</u>		<u>678,433</u>	<u>670,520</u>	<u>649,468</u>
<u>15,743</u>	<u>4,443</u>	<u>25,336</u>	33	<u>15,743</u>	<u>4,443</u>	<u>25,336</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
28	----	7		28	----	7
(7,523)	(7,668)	(21,404)		(7,523)	(7,668)	(21,404)
<u>(7,495)</u>	<u>(7,668)</u>	<u>(21,397)</u>		<u>(7,495)</u>	<u>(7,668)</u>	<u>(21,397)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
(2,960)	(254)	(1,026)		(2,960)	(254)	(1,026)
<u>(2,960)</u>	<u>(254)</u>	<u>(1,026)</u>		<u>(2,960)</u>	<u>(254)</u>	<u>(1,026)</u>
5,288	(3,479)	2,913		5,288	(3,479)	2,913
30,127	30,127	27,304		30,127	30,127	27,304
----	----	(90)	37	----	----	(90)
<u>35,415</u>	<u>26,648</u>	<u>30,127</u>	19	<u>35,415</u>	<u>26,648</u>	<u>30,127</u>

The accompanying notes form part of these financial statements.

Nepean Blue Mountains 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	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	
Expenses excluding losses																									
Operating Expenses																									
Employee Related	19,945	16,562	1,662	1,462	70,639	61,854	38,644	39,054	196,206	186,694	37,813	33,640	38,644	41,542	4,571	4,701	5,402	5,279							
Visiting Medical Officers	3	63	(1)		3,699	2,756	5,194	4,498	17,241	17,602	1,387	1,232	1,498	1,505	1,000	1,000	1,000	736							
Other Operating Expenses	4,158	4,077	416	472	36,175	30,751	31,393	28,070	115,386	112,835	7,900	6,801	10,395	11,209	1,040	946	1,040	1,493							
Depreciation and Amortisation	729	725	53	51	4,999	4,397	2,720	2,635	12,405	11,894	1,020	551	2,181	2,212	44	41	244	222							
Grants and Subsidies	957	882	926	65	526	1,681	53	13	254	55	17	116	273	8	323	651	235	255							
Finance Costs	3	1			27	48	172	395	1,992	2,010	139	2	7	5	1		6	7							
Payments to Affiliated Health Organisations	7	7	1		312	315	509	514	1,992	2,010	139	141	170	172			83	84							
Total Expenses excluding losses	25,802	22,317	3,057	2,050	116,377	101,802	78,685	75,016	345,879	331,593	48,282	42,483	53,168	56,653	5,979	6,339	8,010	8,076							
Revenue																									
NSW Ministry of Health Recurrent Allocations **																									
NSW Ministry of Health Capital Allocations **																									
Transfers to the NSW Ministry of Health																									
Acceptance by the Crown Entity																									
of Employee Benefits and Other Liabilities	1,106	783	86	90	3,918	2,967	2,104	2,201	10,678	8,823	2,559	1,594	2,088	2,119	388	223	322	266							
Sale of Goods and Services	552	187	11	15	12,695	19,704	1,196	1,012	43,154	30,903	1,116	1,142	9,888	11,945	73	44	180	38							
Investment Revenue	53	9		1	207	310	128	32	636	519	49	29	68	199		2	24	3							
Grants and Contributions	2,454	1,203	3	167	2,638	1,496	194	136	1,398	837	115	27	1,751	2,019	(1)	2	410	1,155							
Other Revenue	53	17	1	2	447	537		58	1,305	934	45	54	339	354	5	4	35	5							
Total Revenue	4,218	2,199	101	275	19,905	25,014	3,622	3,439	57,171	42,016	3,884	2,846	14,134	16,636	465	275	971	1,467							
Gain / (Loss) on Disposal	(2)	(4)			(9)	(22)	(6)	(13)	(25)	(61)	(1)	(3)	(5)	(11)				(1)							
Other Gains / (Losses)	20	(2)			2,052	(180)	105	(9)	3,218	(285)	119	(10)	1,244	(109)	5	4		4							
Net Result	(21,566)	(20,124)	(2,956)	(1,775)	(94,429)	(76,990)	(74,964)	(71,599)	(265,515)	(289,923)	(44,230)	(39,650)	(37,795)	(40,137)	(5,509)	(6,064)	(7,035)	(6,510)							
Other Comprehensive Income																									
Increase/(Decrease) in Revaluation Surplus	722		24		6,154		(681)		19,572		618		4,664		65		485								
Total Other Comprehensive Income	722		24		6,154		(681)		19,572		618		4,664		65		485								
Total Comprehensive Income	(20,844)	(20,124)	(2,932)	(1,775)	(88,275)	(76,990)	(75,545)	(71,599)	(266,943)	(289,923)	(43,662)	(39,650)	(33,131)	(40,137)	(5,444)	(6,064)	(6,550)	(6,510)							

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

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

Nepean Blue Mountains 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		
ASSETS																										
Current Assets																										
Cash and Cash Equivalents	1,334	1,040	157	96	6,015	4,745	3,497	17,876	15,457	1,980	2,495	2,748	2,641	309	285	414	376									
Receivables	140	58	3	5	3,223	6,116	304	10,954	9,592	283	355	2,510	3,708	18	14	46	12									
Inventories	83	76	9	9	724	575	628	2,310	2,108	127	158	208	210	21	18	21	28									
Financial Assets at Fair Value																										
Other Financial Assets																										
Other																										
Non-Current Assets Held for Sale																										
Total Current Assets	1,557	1,174	169	110	9,962	11,436	4,999	31,140	27,157	2,936	2,462	5,466	6,559	348	327	481	416									
Non-Current Assets																										
Receivables																										
Financial Assets at Fair Value																										
Other Financial Assets																										
Property, Plant and Equipment																										
- Land and Buildings	14,861	15,175	1,092	1,071	101,840	92,012	55,418	252,736	248,915	11,532	20,776	44,434	46,281	895	859	4,970	4,644									
- Plant and Equipment	845	907	61	64	5,789	5,499	3,150	14,366	14,877	689	1,181	2,526	2,766	51	51	283	278									
- Infrastructure Systems	68	93	6	7	469	566	255	1,164	1,530	96	71	205	285	4	5	23	29									
- Leasehold Improvements																										
Intangible Assets	8	3			52	21	28	129	56	3	11	23	10			3	1									
Total Non-Current Assets	15,782	16,178	1,159	1,142	108,150	98,098	58,851	266,395	265,378	12,295	22,064	47,188	49,342	950	915	5,279	4,952									
TOTAL ASSETS	17,339	17,352	1,328	1,252	118,112	109,534	63,850	299,535	292,535	14,757	25,000	52,654	55,901	1,298	1,242	5,760	5,368									
LIABILITIES																										
Current Liabilities																										
Payables	1,007	984	101	114	8,763	7,425	7,605	27,951	27,248	1,914	1,642	2,518	2,707			252	360									
Borrowings	116	104	13	10	523	473	354	1,555	1,541	217	198	239	263	27	29	36	38									
Provisions	2,868	2,358	239	208	10,157	8,808	5,556	28,499	26,885	5,437	4,791	5,556	5,916	657	670	777	752									
Other	1	1	1	6	5	4	4	18	19	3	2	3	3													
Total Current Liabilities	3,992	3,447	354	332	19,449	16,711	13,519	56,023	55,393	6,633	7,571	8,316	8,889	936	927	1,065	1,150									
Non-Current Liabilities																										
Borrowings	60	160	7	15	272	731	184	808	2,379	113	305	124	407	14	45	19	58									
Provisions	31	15	2	1	111	55	61	312	164	60	30	61	37	7	4	9	5									
Total Non-Current Liabilities	91	175	9	16	383	786	245	1,120	2,543	173	335	185	444	21	49	28	63									
TOTAL LIABILITIES	4,083	3,622	363	348	19,832	17,497	13,764	57,143	57,936	6,806	7,744	8,501	9,333	957	976	1,093	1,213									
NET ASSETS	13,256	13,730	965	904	98,280	92,037	50,086	240,392	234,899	17,256	17,256	44,153	46,868	341	266	4,667	4,155									

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

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

1. The Reporting Entity

The Nepean Blue Mountains 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 17 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 Nepean Blue Mountains 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 10 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 2015, 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 Nepean Blue Mountains 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.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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.

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.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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.

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.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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.

General operating expenses/revenues of Tresillian Family Care Centre have only been included in the Statement of Comprehensive Income prepared to the extent of the cash payments made to the Health Organisations concerned. The District is not deemed to own or control the various assets/liabilities of the aforementioned Health Organisations and such amounts have been excluded from the Statement of Financial Position. Any exceptions are specifically listed in the notes that follow.

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.

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 and Intangibles are capitalised where their cost is \$10,000 or above.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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%
Intangibles	20.0%	20.0%

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

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

j) Revaluation of Non-Current Assets

Physical non-current assets are valued in accordance with the '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(m).

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 2014-15 (31-Dec-2014. Re-assessed from date of evaluation to 30 June 2015) financial year and was based on an independent assessment.

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.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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.

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) Investment Properties

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

n) Intangible Assets

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

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

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

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

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

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

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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.

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 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) 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.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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.

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

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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.

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.

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 the 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".

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

ac) Service Group Statements Allocation Methodology

Service group definitions are based and allocated on methodology determined by the Independent Hospital Pricing Authority, refer note 18.

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.

(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.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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]. It 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.

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 has application 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 January 2016. 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.

Nepean Blue Mountains 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
3. Employee Related				
Employee related expenses comprise the following:				
----	----	Salaries and Wages	262,390	246,619
----	----	Overtime	11,422	12,639
----	----	Penalties	25,794	24,964
----	----	Superannuation - Defined Benefit Plans	3,767	3,990
----	----	Superannuation - Defined Contribution Plans	30,810	27,760
----	----	Long Service Leave	20,746	16,214
----	----	Annual Leave	36,387	32,729
----	----	Sick Leave and Other Leave	20,060	17,936
----	----	Workers' Compensation Insurance	4,103	7,937
----	----	Fringe Benefits Tax	47	----
----	----		415,526	390,788
----	----			
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
262,390	246,619	Salaries and Wages	----	----
11,422	12,639	Overtime	----	----
25,794	24,964	Penalties	----	----
30,810	27,760	Superannuation - Defined Contribution Plans	----	----
1,264	1,138	Long Service Leave	----	----
36,387	32,729	Annual Leave	----	----
20,060	17,936	Sick Leave and Other Leave	----	----
4,103	7,937	Workers' Compensation Insurance	----	----
47	----	Fringe Benefits Tax	----	----
392,277	371,722		----	----
5. Other Operating Expenses				
58	124	Advertising	58	124
180	126	Auditor's Remuneration - Audit of Financial Statements	180	126
4,283	3,346	Blood and Blood Products	4,283	3,346
26	----	Consultancies - Capital Works	26	----
360	602	Consultancies - Other	360	602
9	28	Contractors	9	28
6,326	5,900	Domestic Supplies and Services	6,326	5,900
21,067	21,049	Drug Supplies	21,067	21,049
9,463	9,027	Food Supplies	9,463	9,027
3,514	4,469	Fuel, Light and Power	3,514	4,469
3,638	2,828	Hospital Ambulance Transport Costs	3,638	2,828
9,692	8,243	Information Management Expenses	9,692	8,243
949	923	Insurance	949	923
10,467	11,086	Maintenance (See (b) below)	10,467	11,086
37,280	33,494	Medical and Surgical Supplies	37,280	33,494
909	1,170	Motor Vehicle Expenses	909	1,170
1,117	1,185	Postal and Telephone Costs	1,117	1,185
2,773	1,884	Printing and Stationery	2,773	1,884
666	753	Rates and Charges	666	753
1,083	1,262	Rental	1,083	1,262
25,144	25,521	Special Service Departments	25,144	25,521
2,379	2,461	Staff Related Costs	2,379	2,461
2,006	1,903	Travel Related Costs	2,006	1,903
64,514	59,270	Other (See (a) below)	64,514	59,270
207,903	196,654		207,903	196,654

Nepean Blue Mountains 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
		(a) Other Includes:		
-----	4	Aircraft Expenses (Ambulance)	-----	4
51,107	47,591	Contract for Patient Services	51,107	47,591
3,143	2,592	Corporate Support Services	3,143	2,592
228	221	Courier and Freight	228	221
75	80	Isolated Patient Travel and Accommodation Assistance Scheme	75	80
214	304	Legal Services	214	304
265	242	Membership/Professional Fees	265	242
1,453	1,232	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	1,453	1,232
-----	1	Public Private Partnership Contracted Services	-----	1
2,364	2,177	Other Operating Lease Expense - Minimum Lease Payments	2,364	2,177
5	74	Quality Assurance/Accreditation	5	74
825	491	Security Services	825	491
4,835	4,261	Other Miscellaneous	4,835	4,261
<u>64,514</u>	<u>59,270</u>		<u>64,514</u>	<u>59,270</u>
		(b) Reconciliation of Total Maintenance		
3,204	3,784	Maintenance Contracts	3,204	3,784
2,755	4,110	New/Replacement Equipment under \$10,000	2,755	4,110
4,506	2,972	Repairs Maintenance/Non Contract	4,506	2,972
2	220	Other	2	220
		Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 5)	10,467	11,086
10,467	11,086	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	1,743	1,733
<u>1,743</u>	<u>1,733</u>		<u>12,210</u>	<u>12,819</u>
<u>12,210</u>	<u>12,819</u>	Total Maintenance Expenses	<u>12,210</u>	<u>12,819</u>

Nepean Blue Mountains 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				
17,968	16,533	Depreciation - Buildings	17,968	16,533
6,160	5,938	Depreciation - Plant and Equipment	6,160	5,938
215	211	Depreciation - Infrastructure Systems	215	211
52	46	Amortisation - Intangible Assets	52	46
24,395	22,728		24,395	22,728
7. Grants and Subsidies				
2,868	2,985	Non-Government Organisations	2,868	2,985
93	27	Grants to Research Organisations	93	27
603	714	Other Grants	603	714
3,564	3,726		3,564	3,726
8. Finance Costs				
528	688	Finance Lease Interest Charges	528	688
89	109	Interest on Loans	89	109
----	1	Other Interest Charges	----	1
617	798		617	798
9. Payments to Affiliated Health Organisations				
3,213	3,243	(a) Recurrent Sourced Tresillian Family Care Centre	3,213	3,243

Nepean Blue Mountains 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

10. Sale of Goods and Services

(a) Sale of Goods comprise the following:-

140	182	Pharmacy Sales	140	182
2,846	3,106	Sale of Prosthesis	2,846	3,106
28	27	Other	28	27

(b) Rendering of Services comprise the following:-

		Patient Fees		
		- Inpatient Fees		
22,049	18,103	- Nursing Home Fees	22,049	18,103
634	629	- Non Inpatient Fees	634	629
568	246	Department of Veterans' Affairs	568	246
10,338	9,969	Staff-Meals and Accommodation	10,338	9,969
20	4	Infrastructure Fees - Monthly Facility Charge	20	4
8,925	8,880	- Annual Charge	8,925	8,880
4,621	4,660	Cafeteria/Kiosk	4,621	4,660
6	7	Car Parking	6	7
3,449	2,972	Child Care Fees	3,449	2,972
1,094	1,038	Clinical Services (excluding Clinical Drug Trials)	1,094	1,038
139	184	Commercial Activities	139	184
----	180	Fees for Medical Records	----	180
76	63	Information Retrieval	76	63
4	4	High Cost Drugs	4	4
8,601	9,203	Motor Accident Authority Third Party	8,601	9,203
2,513	3,038	Patient Transport Fees	2,513	3,038
16	----	Private Use of Motor Vehicles	16	----
80	65	Salary Packaging Fee	80	65
345	397	Services Provided to Non NSW Health Organisations	345	397
2,118	1,700	Other	2,118	1,700
255	333		255	333

68,865

64,990

68,865

64,990

11. Investment Revenue

1,165	1,104	Interest	1,165	1,104
-------	-------	----------	-------	-------

1,165

1,104

1,165

1,104

Nepean Blue Mountains 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
12. Grants and Contributions				
424	371	Clinical Drug Trials	424	371
3,026	3,800	Commonwealth Government Grants	3,026	3,800
609	1,056	Industry Contributions/Donations	609	1,056
1,138	352	Cancer Institute Grants	1,138	352
1,332	467	NSW Government Grants	1,332	467
163	528	Research Grants	163	528
2,270	468	Other Grants	2,270	468
8,962	7,042		8,962	7,042
13. Acceptance by the Crown Entity of Employee Benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
-----	-----	Superannuation-defined benefit	3,767	3,990
-----	-----	Long Service Leave	19,482	15,076
-----	-----		23,249	19,066
14. Other Revenue				
Other Revenue comprises the following:-				
-----	11	Bad Debts Recovered	-----	11
191	165	Commissions	191	165
334	82	Conference and Training Fees	334	82
-----	24	Discounts	-----	24
11	29	Insurance Refunds	11	29
949	849	Lease and Rental Income	949	849
5	-----	Sponsorship Income	5	-----
740	805	Other	740	805
2,230	1,965		2,230	1,965

Nepean Blue Mountains 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
15. Gain / (Loss) on Disposal				
609	267	Property, Plant and Equipment	609	267
532	145	Less: Accumulated Depreciation	532	145
<u>77</u>	<u>122</u>	Written Down Value	<u>77</u>	<u>122</u>
29	7	Less: Proceeds from Disposal	29	7
<u>(48)</u>	<u>(115)</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>(48)</u>	<u>(115)</u>
<u>(48)</u>	<u>(115)</u>	Total Gain/(Loss) on Disposal	<u>(48)</u>	<u>(115)</u>
 16. Other Gains / (Losses)				
6,953	-----	Property, Plant and Equipment Asset Revaluation Increment/(Decrement)	6,953	-----
(186)	(595)	Impairment of Receivables	(186)	(595)
<u>6,767</u>	<u>(595)</u>		<u>6,767</u>	<u>(595)</u>

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT & CONSOLIDATION

17. 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	1,195	(83)	(91)	1,021
Contributions recognised in previous years which were not expended in the current reporting period	28,625	4,202	91	32,918
Total amount of unexpended contributions as at reporting date	29,820	4,119	-----	33,939

Comment on restricted assets appears in Note 25

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

18. Service Groups of the District

Service Group 1.1 - Primary and Community Based Services

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

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

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

Service Group 1.2 - Aboriginal Health Services

Service Description: This service group covers the provision of supplementary health services to Aboriginal people, particularly in the areas of health promotion, health education and disease prevention. 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.

Nepean Blue Mountains 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.

Nepean Blue Mountains 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. Cash and Cash Equivalents				
35,415	30,127	Cash at Bank and On Hand	35,415	30,127
35,415	30,127		35,415	30,127
For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.				
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:				
35,415	30,127	Cash and Cash Equivalents (per Statement of Financial Position)	35,415	30,127
35,415	30,127	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	35,415	30,127

Refer to Note 38 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Nepean Blue Mountains 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. Receivables		
		Current		
6,904	4,778	Sale of Goods and Services	6,904	4,778
1,752	6,896	Intra Health Receivables	1,752	6,896
2,945	2,640	Goods and Services Tax	2,945	2,640
5,325	5,588	Other Debtors	5,325	5,588
<u>16,926</u>	<u>19,902</u>	Sub Total	<u>16,926</u>	<u>19,902</u>
(676)	(897)	Less Allowance for Impairment	(676)	(897)
16,250	19,005	Sub Total	16,250	19,005
1,231	1,169	Prepayments	1,231	1,169
<u>17,481</u>	<u>20,174</u>		<u>17,481</u>	<u>20,174</u>
		(a) Movement in the Allowance for Impairment		
		Sale of Goods and Services		
(446)	(402)	Balance at Commencement of Reporting Period	(446)	(402)
290	318	Amounts written off during the period	290	318
(349)	(362)	(Increase)/decrease in Allowance Recognised in the Net Result	(349)	(362)
<u>(505)</u>	<u>(446)</u>	Balance at 30 June	<u>(505)</u>	<u>(446)</u>
		(b) Movement in the Allowance for Impairment		
		Other Debtors		
(451)	(219)	Balance at Commencement of Reporting Period	(451)	(219)
117	-----	Amounts written off during the period	117	-----
163	(233)	(Increase)/decrease in Allowance Recognised in the Net Result	163	(233)
<u>(171)</u>	<u>(451)</u>	Balance at 30 June	<u>(171)</u>	<u>(451)</u>
<u>(676)</u>	<u>(897)</u>		<u>(676)</u>	<u>(897)</u>
		The current and non-current sale of goods and services balances above include the following patient fee receivables:		
		(Current and Non-Current) include:		
381	239	Patient Fees - Compensable	381	239
709	644	Patient Fees - Ineligible	709	644
2,967	2,273	Patient Fees - Inpatient & Other	2,967	2,273
<u>4,057</u>	<u>3,156</u>		<u>4,057</u>	<u>3,156</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 38.

Nepean Blue Mountains 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

21. Inventories

-----	1	Drugs	-----	1
4,162	3,675	Other Including Goods in Transit	4,162	3,675
<u>4,162</u>	<u>3,676</u>		<u>4,162</u>	<u>3,676</u>

Nepean Blue Mountains 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				
791,266	736,316	Gross Carrying Amount	791,266	736,316
294,244	260,685	Less: Accumulated Depreciation and Impairment	294,244	260,685
<u>497,022</u>	<u>475,631</u>	Net Carrying Amount	<u>497,022</u>	<u>475,631</u>
Plant and Equipment - Fair Value*				
67,506	61,959	Gross Carrying Amount	67,506	61,959
39,254	33,532	Less: Accumulated Depreciation and Impairment	39,254	33,532
<u>28,252</u>	<u>28,427</u>	Net Carrying Amount	<u>28,252</u>	<u>28,427</u>
Infrastructure Systems - Fair Value				
8,740	8,809	Gross Carrying Amount	8,740	8,809
6,450	5,884	Less: Accumulated Depreciation and Impairment	6,450	5,884
<u>2,290</u>	<u>2,925</u>	Net Carrying Amount	<u>2,290</u>	<u>2,925</u>
<u>527,564</u>	<u>506,983</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>527,564</u>	<u>506,983</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.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT & CONSOLIDATION

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	26,842	448,789	28,427	2,925	506,983
Additions	----	2,321	4,885	119	7,325
Disposals	----	----	(77)	----	(77)
Net Revaluation Increment Less					
Revaluation Decrements Recognised in					
Reserves	23,473	13,724	----	479	37,676
Depreciation Expense	----	(17,968)	(6,160)	(215)	(24,343)
Reclassifications	----	(159)	1,177	(1,018)	----
Net Carrying Amount at End of Year	50,315	446,707	28,252	2,290	527,564

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000
2014					
Net Carrying Amount at Start of Year	26,842	446,742	31,978	3,136	508,698
Additions	----	18,660	2,744	----	21,404
Disposals	----	----	(122)	----	(122)
Administrative Restructures - Transfers					
In/(Out)	----	----	(315)	----	(315)
Net Revaluation Increment Less					
Depreciation Expense	----	(16,533)	(5,938)	(211)	(22,682)
Reclassifications	----	(80)	80	----	----
Net Carrying Amount at End of Year	26,842	448,789	28,427	2,925	506,983

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

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

Nepean Blue Mountains 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
		23. Intangible Assets		
		Intangibles		
436	236	Cost (Gross Carrying Amount)	436	236
182	130	Less Accumulated Amortisation and Impairment	182	130
<u>254</u>	<u>106</u>	Net Carrying Amount	<u>254</u>	<u>106</u>
<u>254</u>	<u>106</u>	Total Intangible Assets at Net Carrying Amount	<u>254</u>	<u>106</u>

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT & CONSOLIDATION

23. Intangibles - Reconciliation

	Intangibles \$000
2015	
Net Carrying Amount at Start of Year	106
Additions (From Internal Development or Acquired Separately)	200
Amortisation (Recognised in Depreciation and Amortisation)	(52)
Net Carrying Amount at End of Year	254
2014	
Net Carrying Amount at Start of Year	122
Amortisation (Recognised in Depreciation and Amortisation)	(46)
Other Movements	30
Net Carrying Amount at End of Year	106

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT & CONSOLIDATION

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 2015.

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	----	----	497,022	497,022
- Infrastructure Systems	----	----	2,290	2,290
	-----	-----	499,312	499,312

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	----	76,385	399,246	475,631
- Infrastructure Systems	----	----	2,925	2,925
	-----	76,385	402,171	478,556

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

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 AON Valuation Services for the 2014/15 financial year. AON Valuation Services is an independent entity and is not an employee of the District.

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.

All non-current assets categorised above are classified as Level 3 based on inobservable inputs or restrictions as to zoning, continuation of use or Depreciated replacement cost as applicable

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 of the restricted land has been classified as level 3 as, although observable inputs have been used, due consideration has been given to zoning restrictions and continuation of use

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.

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.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT & CONSOLIDATION

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	399,246	2,925	402,171
Additions	2,321	119	2,440
Revaluation increments/decrements recognised in net result – included in the line item 'Other gains/ (losses)'	6,953	----	6,953
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment revaluation surplus'	30,244	479	30,723
Transfers from Level 2	76,385	----	76,385
Depreciation	(17,968)	(215)	(18,183)
Other - Reclass	(159)	(1,018)	(1,177)
Fair value as at 30 June 2015	<u>497,022</u>	<u>2,290</u>	<u>499,312</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	473,584	3,136	476,720
Additions	18,580	----	18,580
Transfers to Level 2	(76,385)	----	(76,385)
Depreciation	(16,533)	(211)	(16,744)
Fair value as at 30 June 2014	<u>399,246</u>	<u>2,925</u>	<u>402,171</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.

Nepean Blue Mountains 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

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

9,253	9,789	Specific Purposes	9,253	9,789
24,686	23,129	Private Practice Funds	24,686	23,129
<hr/>	<hr/>		<hr/>	<hr/>
33,939	32,918		33,939	32,918
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>

Nepean Blue Mountains 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
		26. Payables		
		Current		
----	----	Accrued Salaries, Wages and On-Costs	10,579	9,265
----	----	Taxation and Payroll Deductions	647	2,383
11,226	11,648	Accrued Liability - Purchase of Personnel Services	----	----
25,552	22,304	Creditors	25,552	22,304
		Other Creditors		
6,150	8,043	- Intra Health Liability	6,150	8,043
7,435	5,491	- Other	7,435	5,491
50,363	47,486		50,363	47,486

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 38.

		27. Borrowings		
		Current		
649	814	Other Loans and Deposits	649	814
2,431	2,191	Finance Leases [see note 2(p)]	2,431	2,191
3,080	3,005		3,080	3,005
		Non-Current		
1,388	1,994	Other Loans and Deposits	1,388	1,994
213	2,644	Finance Leases [see note 2(p)]	213	2,644
1,601	4,638		1,601	4,638

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 30 June 2019

Other loans still to be extinguished represent monies to be repaid to NSW Ministry of Health and Treasury. The Finance Lease represents the District's obligations as per the contractual arrangement with Hawkesbury District Health Service.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 38.

Nepean Blue Mountains 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
28. Provisions				
Current				
----	----	Annual Leave - Short Term Benefit	34,916	30,895
----	----	Annual Leave - Long Term Benefit	17,315	18,187
----	----	Long Service Leave - Long Term Benefit	9	4
----	----	Long Service Leave Consequential On-Costs	7,506	6,564
59,746	55,650	Provision for Personnel Services Liability	----	----
59,746	55,650	Total Current Provisions	59,746	55,650
Non-Current				
----	----	Long Service Leave Consequential On-Costs	654	345
654	345	Provision for Personnel Services Liability	----	----
654	345	Total Non-Current Provisions	654	345
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	59,746	55,650
----	----	Provisions - Non-Current	654	345
----	----	Accrued Salaries, Wages and On-Costs (Note 26)	11,226	11,648
71,626	67,643	Liability - Purchase of Personnel Services	----	----
71,626	67,643		71,626	67,643
29. Other Liabilities				
Current				
36	34	Income in Advance	36	34
36	34		36	34

Income in advance of \$36K represents patient fees paid in advance

Nepean Blue Mountains 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
		30. Commitments for Expenditure		
		(a) Capital Commitments		
		Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure systems and intangible assets, contracted for at balance date and not provided for:		
5,199	2,852	Not later than one year	5,199	2,852
4,000	1,300	Later than one year and not later than five years	4,000	1,300
<u>9,199</u>	<u>4,152</u>	Total Capital Expenditure Commitments (Including GST)	<u>9,199</u>	<u>4,152</u>
		Of the commitments reported at 30 June 2015 it is expected that \$4 mil will be met from locally generated moneys.		
		(b) Operating Lease Commitments		
		Future non-cancellable operating lease rentals not provided for and payable:		
4,358	4,130	Not later than one year	4,358	4,130
18,936	12,214	Later than one year and not later than five years	18,936	12,214
9,381	9,060	Later than five years	9,381	9,060
<u>32,675</u>	<u>25,404</u>	Total Operating Lease Commitments (Including GST)	<u>32,675</u>	<u>25,404</u>
		The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.		
		(c) Finance Lease Commitments		
		Minimum lease payment commitments in relation to finance leases are payable as follows:		
3,136	3,065	Not later than one year	3,136	3,065
265	3,401	Later than one year and not later than five years	265	3,401
<u>3,401</u>	<u>6,466</u>	Minimum Lease Payments	<u>3,401</u>	<u>6,466</u>
<u>757</u>	<u>1,631</u>	Less: Future Finance Charges	<u>757</u>	<u>1,631</u>
<u>2,644</u>	<u>4,835</u>	Present Value of Minimum Lease Payments	<u>2,644</u>	<u>4,835</u>
		The present value of finance lease commitments is as follows:		
2,431	2,191	Not later than one year	2,431	2,191
213	2,644	Later than one year and not later than five years	213	2,644
<u>2,644</u>	<u>4,835</u>	Present Value of Minimum Lease Payments	<u>2,644</u>	<u>4,835</u>
		Classified as:		
2,431	2,191	(a) Current (Note 27)	2,431	2,191
213	2,644	(b) Non-Current (Note 27)	213	2,644
<u>2,644</u>	<u>4,835</u>		<u>2,644</u>	<u>4,835</u>

Finance Lease commitments represent the Lease Building payment for Hawkesbury District Health Service. The last payment is due in 2016-17.

(d) Contingent Asset Related to Commitments for Expenditure

The total of 'Commitments for Expenditure' above, i.e. \$45.275 million (2014-\$36.022 million) million as at 30 June 2015 includes input tax credits of \$4.116 million that are expected to be recoverable from the Australian Taxation Office (2014 \$3.275 million).

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT AND CONSOLIDATION

31. Trust Funds

The District holds trust funds of \$11.5 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	328	327	20	1,585	14,485	10,053	14,833	11,965
Income	9	7	1,249	34,338	86,773	57,236	88,031	91,581
Expenses	(6)	(6)	(1,119)	(35,903)	(90,211)	(52,804)	(91,336)	(88,713)
Balance at the end of the financial year	331	328	150	20	11,047	14,485	11,528	14,833

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT AND CONSOLIDATED

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.

b) Affiliated Health Organisations

Based on the definition of control in Australian Accounting Standard AASB127, Consolidated and Separate Financial Statements, Affiliated Health Organisations listed in Schedule 3 of the Health Services Act, 1997 are only recognised in the NBMLHD's consolidated financial statements to the extent of cash payments made. However, it is accepted that a contingent liability exists which may be realised in the event of cessation of health service activities by any Affiliated Health Organisation. In this event the determination of assets and liabilities would be dependent on any contractual relationship which may exist or be formulated between the administering bodies of the organisation and the NBMLHD and the Ministry.

Nepean Blue Mountains 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
33. Reconciliation of Cash Flows from Operating Activities to Net Result				
15,743	25,336	Net Cash Flows from Operating Activities	15,743	25,336
(24,395)	(22,728)	Depreciation	(24,395)	(22,728)
(186)	(595)	Allowance for Impairment	(186)	(595)
-----	(34)	(Increase)/ Decrease Income in Advance	-----	(34)
(4,405)	(3,730)	(Increase)/ Decrease in Provisions	(4,405)	(3,730)
(2,047)	2,174	Increase / (Decrease) in Prepayments and Other Assets	(2,047)	2,174
(2,850)	(7,070)	(Increase)/ Decrease in Payables from Operating Activities	(2,850)	(7,070)
6,953	-----	Revaluation of Property, Plant & Equipment recognised in "Other gains/(losses)"	6,953	-----
(48)	(115)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(48)	(115)
<hr/>				
<u>(11,235)</u>	<u>(6,762)</u>	Net Result	<u>(11,235)</u>	<u>(6,762)</u>

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:

- | | |
|---|---|
| <ul style="list-style-type: none"> - Chaplaincies and Pastoral Care - Pink Ladies/Hospital Auxiliaries - Patient Support Groups - Community Organisations | <ul style="list-style-type: none"> - 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.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT AND CONSOLIDATION

36. Adjusted Budget Review - Parent and Consolidated

Net Result

The actual Net Result was higher than adjusted budget by \$1 million, primarily due to:

Consolidated revenue exceeding budget by \$5.027m which is mainly attributed to the District receiving a DVA wash up payment for 2013/14 and a higher than expected residual transfer to the Rights of Private Practice No.2 Account held as a Restricted Asset which reflects the need to review the Restricted Asset budget allocation.

The revenue gain was largely offset by consolidated expense exceeding budget by \$4.124m which is mainly attributable to the District being in excess of activity targets as outlined in the 2014/15 Service Agreement with the Ministry of Health.

Assets and Liabilities

The District, in partnership with the Ministry, achieved modifications to the budgeted Statement of Financial Position movements to be more reflective of actuals. The Statement of Financial Position result for 2014/15 is in line with expectations; however some further refinement is needed as reflected in the District's 2015/16 forward estimates submission to ensure the Statement of Financial Position budget continues to reflect expectations.

Cash Flows

The performance against budget reflects the adjustment required to Cash at Bank opening balance in Restricted Assets to align budgets with expectations.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 1 July 2014 are as follows:

	\$000
Initial Allocation, 1 July 2014	517,520
Growth, Award & CPI increases	32,637
National Partnership Agreement	1,611
Approved Line Transfers	(2,354)
Hawkesbury Availability Charge	2,722
Additional Acute Surgery	1,500
Other Enhancements	1,560
Defined Super Scheme	2,233
PAYG Tax Budget Adjustment	2,318
Nursing Initiative Withheld (Subsidy Adjustment)	(295)
Nurses Annual Leave (Subsidy Adjustment)	480
Staff Specialists (Subsidy Adjustment)	100
	<hr/>
Balance as per Statement of Comprehensive Income	560,032
	<hr/> <hr/>

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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

Equity transfers effected in the 2013/14 year were:

An increase in net assets of \$0.331M relating to the District's assumption of responsibilities due to the split of Imaging services between NBMLHD and WSLHD.

Nil equity transfers were effected in 2014/15.

	2015	2014
	\$000	\$000
Equity transfers effected comprised:		
WSLHD		421
NSW PATH		(90)
	-----	331
Assets and Liabilities transferred are as follows:		
	2015	2014
	\$000	\$000
Assets		
Plant & Equipment		(315)
Cash and Cash Equivalents		(90)
Intangibles		30
Liabilities		
Provision		706
Increase/(Decrease) in Net Assets From Equity Transfers	-----	331

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

38. 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

Class:	Category	Carrying Amount 2015 \$000	Carrying Amount 2014 \$000
Financial Assets			
Cash and Cash Equivalents (note 19)	N/A	35,415	30,127
Receivables (note 20)*	Loans and receivables (at amortised cost)	13,305	16,365
Total Financial Assets		<u>48,720</u>	<u>46,492</u>
Financial Liabilities			
Borrowings (note 27)	Financial liabilities	4,681	7,643
Payables (note 26)**	measured at amortised cost	49,716	45,103
Total Financial Liabilities		<u>54,397</u>	<u>52,746</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)

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

(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 3.35% in the previous year.

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: \$5.549m; 2014: \$3.780m) and not more than 3 months past due (2015: \$0.416m; 2014:\$0.167m) are not considered impaired. Together these represent 86.40% 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	633	416	217
3 months - 6 months overdue	321	117	204
> 6 months overdue	402	146	255
2014			
<3 months overdue	410	167	243
3 months - 6 months overdue	237	(27)	264
> 6 months overdue	351	(39)	390

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.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

(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.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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	Non - Interest Bearing	< 1 Yr	1-5 Yr
		\$000	\$000	\$000	\$000	\$000
2015						
Payables:						
- Accrued Salaries Wages, On-Costs and Payroll Deductions		10,579	----	10,579	10,579	----
- Creditors		39,137	----	39,137	39,137	----
Borrowings:						
- Loans and Deposits	3.41%	2,037	2,037	----	618	1,419
- Finance Leases	6.65%	2,644	2,644	----	2,431	213
		<u>54,397</u>	<u>4,681</u>	<u>49,716</u>	<u>52,765</u>	<u>1,632</u>
2014						
Payables:						
- Accrued Salaries Wages, On-Costs and Payroll Deductions		9,265	----	9,265	9,265	----
- Creditors		35,838	----	35,838	35,838	----
Borrowings:						
- Loans and Deposits	4.74%	2,795	2,795	----	1,298	1,497
- Finance Leases	6.62%	4,835	4,835	----	2,191	2,644
		<u>52,733</u>	<u>7,630</u>	<u>45,103</u>	<u>48,592</u>	<u>4,141</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 repaid. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement Of Financial Position.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

(d) Market Risk

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

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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	35,415	(354)	(354)	354	354
Receivables	13,305	----	----	----	----
Financial Liabilities					
Payables	49,716	----	----	----	----
Borrowings	4,681	47	47	(47)	(47)
2014					
Financial Assets					
Cash and Cash Equivalents	30,127	(301)	(301)	301	301
Receivables	16,365	----	----	----	----
Financial Liabilities					
Payables	45,103	----	----	----	----
Borrowings	7,643	76	76	(76)	(76)

39. 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