

**Central Coast  
Local Health District**

**Financial Statements**

for the year ended 30 June 2016





## INDEPENDENT AUDITOR'S REPORT

### Central Coast Local Health District

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the Central Coast Local Health District (the District), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, and the service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the District and the consolidated entity. The consolidated entity comprises the District and the entities it controlled at the year's end or from time to time during the financial year.

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 2016, 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 *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.

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the District in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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.

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

## **Emphasis of matter paragraph**

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 1(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.

## **The 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.

In preparing the financial statements, the Chief Executive must assess the ability of the District and the consolidated entity to continue as a going concern unless operations will be dissolved by an Act of Parliament or otherwise cease. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the District or the consolidated entity carried out their activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.

S Bond .

Sally Bond  
Director, Financial Audit Services

5 September 2016  
SYDNEY



**Central Coast Local Health District  
Certification of the Financial Statements  
for the year ended 30 June 2016**

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

- 1) The financial statements of the Central Coast Local Health District for the year ended 30 June 2016 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 Regulation 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 Central Coast Local Health District; and
- 3) I am not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

Dr Andrew Montague  
**Chief Executive**  
5 September 2016

Greg King  
**Executive Director Finance & Corporate Services**  
5 September 2016

Central Coast Local Health District  
Statement of Comprehensive Income for the year ended 30 June 2016

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2016	2016	2015		2016	2016	2015
\$000	\$000	\$000		\$000	\$000	\$000
			<b>Expenses excluding losses</b>			
			Operating Expenses			
----	----	----				
494,436	497,723	472,386	2	520,077	523,440	496,481
28,385	27,377	27,141	3	----	----	----
183,831	184,727	164,821		28,385	27,377	27,141
22,787	22,590	22,419	4	183,831	184,727	164,821
27,351	27,183	7,122	1(m), 5	22,787	22,590	22,419
----	----	1	6	27,351	27,183	7,122
			1(g),	----	----	1
<b>756,790</b>	<b>759,600</b>	<b>693,890</b>		<b>782,431</b>	<b>785,317</b>	<b>717,985</b>
			<b>Revenue</b>			
601,253	601,253	572,652	1(h)	601,253	601,253	572,652
48,275	48,945	21,905	1(h)	48,275	48,945	21,905
----	----	----	1(e)(ii), 10	25,641	25,717	24,095
92,615	96,960	84,309	7	92,615	96,960	84,309
435	358	1,025	8	435	358	1,025
34,200	33,253	13,047	9	34,200	33,253	13,047
7,000	4,687	2,868	11	7,000	4,687	2,868
<b>783,778</b>	<b>785,456</b>	<b>695,806</b>		<b>809,419</b>	<b>811,173</b>	<b>719,901</b>
(283)	(32)	(402)	12	(283)	(32)	(402)
(437)	(370)	(195)	13	(437)	(370)	(195)
<b>26,268</b>	<b>25,454</b>	<b>1,319</b>	29	<b>26,268</b>	<b>25,454</b>	<b>1,319</b>
			<b>Other Comprehensive Income</b>			
			<b>Items that will not be reclassified to net result</b>			
			Net Increase/(Decrease) in Property, Plant &			
----	----	2,919	20	----	----	2,919
----	----	2,919		----	----	2,919
<b>26,268</b>	<b>25,454</b>	<b>4,238</b>		<b>26,268</b>	<b>25,454</b>	<b>4,238</b>

The accompanying notes form part of these financial statements.

**Central Coast Local Health District**  
**Statement of Financial Position as at 30 June 2016**

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2016	2016	2015		2016	2016	2015
\$000	\$000	\$000		\$000	\$000	\$000
<b>ASSETS</b>						
<b>Current Assets</b>						
18,839	12,190	17,010		18,839	12,190	17,010
20,459	17,033	14,235	16	20,459	17,033	14,235
5,323	4,458	4,458	17	5,323	4,458	4,458
6,784	6,719	6,719	18	6,784	6,719	6,719
<b>51,405</b>	<b>40,400</b>	<b>42,422</b>	19	<b>51,405</b>	<b>40,400</b>	<b>42,422</b>
<b>Total Current Assets</b>						
<b>Non-Current Assets</b>						
Property, Plant & Equipment						
509,344	505,269	480,996		509,344	505,269	480,996
26,441	30,148	27,456	20	26,441	30,148	27,456
17,326	18,760	18,761	20	17,326	18,760	18,761
116	207	207	20	116	207	207
<b>553,227</b>	<b>554,384</b>	<b>527,420</b>		<b>553,227</b>	<b>554,384</b>	<b>527,420</b>
<b>553,227</b>	<b>554,384</b>	<b>527,420</b>		<b>553,227</b>	<b>554,384</b>	<b>527,420</b>
<b>604,632</b>	<b>594,784</b>	<b>569,842</b>		<b>604,632</b>	<b>594,784</b>	<b>569,842</b>
<b>Total Non-Current Assets</b>						
<b>Total Assets</b>						
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
45,000	36,529	38,435		45,000	36,529	38,435
69,249	67,539	66,321	23	69,249	67,539	66,321
917	2,060	1,993	24	917	2,060	1,993
<b>115,166</b>	<b>106,128</b>	<b>106,749</b>	25	<b>115,166</b>	<b>106,128</b>	<b>106,749</b>
<b>Total Current Liabilities</b>						
<b>Non-Current Liabilities</b>						
775	775	670		775	775	670
<b>775</b>	<b>775</b>	<b>670</b>	24	<b>775</b>	<b>775</b>	<b>670</b>
<b>Total Non-Current Liabilities</b>						
<b>Total Liabilities</b>						
<b>Net Assets</b>						
<b>EQUITY</b>						
40,021	36,129	36,128		40,021	36,129	36,128
448,670	451,752	426,295		448,670	451,752	426,295
<b>488,691</b>	<b>487,881</b>	<b>462,423</b>		<b>488,691</b>	<b>487,881</b>	<b>462,423</b>
<b>Total Equity</b>						

The accompanying notes form part of these financial statements.

Central Coast Local Health District  
Statement of Cash Flows for the year ended 30 June 2016

PARENT							CONSOLIDATION		
Actual	Adjusted Budget Unaudited	Actual		Notes	Actual	Adjusted Budget Unaudited	Actual		
2016	2016	2015			2016	2016	2015		
\$000	\$000	\$000			\$000	\$000	\$000		
			<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
			<b>Payments</b>						
----	----	----	Employee Related		(502,904)	(509,050)	(475,497)		
(8,114)	(7,945)	(7,962)	Grants and Subsidies		(8,114)	(7,945)	(7,962)		
(728,653)	(739,680)	(698,129)	Other		(225,749)	(230,630)	(222,632)		
<u>(736,767)</u>	<u>(747,625)</u>	<u>(706,091)</u>	<b>Total Payments</b>		<u>(736,767)</u>	<u>(747,625)</u>	<u>(706,091)</u>		
			<b>Receipts</b>						
601,253	601,253	572,652	NSW Ministry of Health Recurrent Allocations		601,253	601,253	572,652		
48,275	48,945	21,905	NSW Ministry of Health Capital Allocations		48,275	48,945	21,905		
8,101	8,101	6,723	Reimbursements from the Crown Entity		8,101	8,101	6,723		
93,434	98,800	85,675	Sale of Goods and Services		93,434	98,800	85,675		
435	358	1,025	Interest Received		435	358	1,025		
15,186	14,312	14,058	Grants and Contributions		15,186	14,312	14,058		
20,779	20,620	20,811	Other		20,779	20,620	20,811		
<u>787,463</u>	<u>792,389</u>	<u>722,849</u>	<b>Total Receipts</b>		<u>787,463</u>	<u>792,389</u>	<u>722,849</u>		
<u><b>50,696</b></u>	<u><b>44,764</b></u>	<u><b>16,758</b></u>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	29	<u><b>50,696</b></u>	<u><b>44,764</b></u>	<u><b>16,758</b></u>		
			<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
83	----	142	Proceeds from Sale of Property, Plant & Equipment		83	----	142		
(48,885)	(49,584)	(22,650)	Purchases of Property, Plant & Equipment		(48,885)	(49,584)	(22,650)		
(65)	----	(6,719)	Purchases of Investments		(65)	----	(6,719)		
<u>(48,867)</u>	<u>(49,584)</u>	<u>(29,227)</u>	<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<u>(48,867)</u>	<u>(49,584)</u>	<u>(29,227)</u>		
			<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
----	----	(1)	Repayment of Borrowings and Advances		----	----	(1)		
<u>----</u>	<u>----</u>	<u>(1)</u>	<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<u>----</u>	<u>----</u>	<u>(1)</u>		
1,829	(4,820)	(12,470)	<b>NET INCREASE / (DECREASE) IN CASH</b>		1,829	(4,820)	(12,470)		
17,010	17,010	29,480	Opening Cash and Cash Equivalents	16	17,010	17,010	29,480		
<u><b>18,839</b></u>	<u><b>12,190</b></u>	<u><b>17,010</b></u>	<b>CLOSING CASH AND CASH EQUIVALENTS</b>	16	<u><b>18,839</b></u>	<u><b>12,190</b></u>	<u><b>17,010</b></u>		

The accompanying notes form part of these financial statements.



**Central Coast Local Health District**  
**Statement of Changes in Equity for the year ended 30 June 2016**

PARENT AND CONSOLIDATION	Notes	Accumulated Funds	Asset Revaluation Surplus	Total
		\$000	\$000	\$000
<b>Balance at 1 July 2015</b>		426,295	36,128	462,423
<b>Total Equity at 1 July 2015</b>		<u>426,295</u>	<u>36,128</u>	<u>462,423</u>
<b>Net Result for the year</b>		26,268	-----	26,268
<b>Other Comprehensive Income:</b>				
Available for Sale Financial Assets:				
Transfers on Disposal		(3,893)	3,893	-----
<b>Total Other Comprehensive Income</b>		<u>(3,893)</u>	<u>3,893</u>	<u>-----</u>
<b>Total Comprehensive Income for the year</b>		<u>22,375</u>	<u>3,893</u>	<u>26,268</u>
<b>Balance at 30 June 2016</b>		<u><u>448,670</u></u>	<u><u>40,021</u></u>	<u><u>488,691</u></u>
<b>Balance at 1 July 2014</b>		424,976	33,209	458,185
<b>Total Equity at 1 July 2014</b>		<u>424,976</u>	<u>33,209</u>	<u>458,185</u>
<b>Net Result for the year</b>		1,319	-----	1,319
<b>Other Comprehensive Income:</b>				
Net Increase/(Decrease) in Property, Plant & Equipment	20	-----	2,919	2,919
<b>Total Other Comprehensive Income</b>		<u>-----</u>	<u>2,919</u>	<u>2,919</u>
<b>Total Comprehensive Income for the year</b>		<u>1,319</u>	<u>2,919</u>	<u>4,238</u>
<b>Balance at 30 June 2015</b>		<u><u>426,295</u></u>	<u><u>36,128</u></u>	<u><u>462,423</u></u>

The accompanying notes form part of these financial statements.

Central Coast Local Health District  
Service Group Statements  
for the year ended 30 June 2016

	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		
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
<b>Expenses Excluding Losses</b>																							
Operating Expenses																							
Employee Related	24,448	12,674	262	611	70,553	85,139	55,079	50,325	233,551	211,075	55,881	54,382	56,520	58,483	9,356	7,163	14,427	16,629	-----	-----	520,077	496,481	
Visiting Medical Officers	164	125	-----	-----	2,006	3,600	1,984	2,704	20,653	18,249	2,236	1,535	1,280	742	4	3	58	183	-----	-----	28,385	27,141	
Other Operating Expenses	8,256	5,095	56	122	34,042	36,222	25,356	20,865	88,236	77,909	7,391	6,743	13,457	13,019	4,321	1,582	2,716	3,264	-----	-----	183,831	164,821	
Depreciation and Amortisation	289	494	5	4	5,039	8,454	1,544	1,269	12,125	9,943	1,177	864	1,975	825	94	45	539	521	-----	-----	22,787	22,419	
Grants and Subsidies	17,271	2,191	-----	-----	4,467	728	-----	-----	1	-----	-----	-----	412	2,644	4,577	1,390	623	169	-----	-----	27,351	7,122	
Finance Costs	-----	-----	-----	1	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	1	
<b>Total Expenses Excluding Losses</b>	<b>50,428</b>	<b>20,579</b>	<b>323</b>	<b>738</b>	<b>116,107</b>	<b>134,143</b>	<b>83,963</b>	<b>75,163</b>	<b>354,566</b>	<b>317,176</b>	<b>66,685</b>	<b>63,524</b>	<b>73,644</b>	<b>75,713</b>	<b>18,352</b>	<b>10,183</b>	<b>18,363</b>	<b>20,766</b>	<b>-----</b>	<b>-----</b>	<b>782,431</b>	<b>717,985</b>	
<b>Revenue</b>																							
NSW Ministry of Health Recurrent Allocations **																				601,253	572,652	601,253	572,652
NSW Ministry of Health Capital Allocations **																				48,275	21,905	48,275	21,905
Acceptance by the Crown Entity of Employee Benefits	1,044	540	-----	35	3,476	2,939	2,952	1,691	12,413	15,076	2,869	1,483	2,598	1,877	46	352	243	102	-----	-----	25,641	24,095	
Sale of Goods and Services	5,815	132	-----	2	13,479	13,889	6,268	1,308	57,279	51,297	1,240	2,760	8,434	14,757	53	93	47	71	-----	-----	92,615	84,309	
Investment Revenue	16	66	-----	1	60	283	46	46	219	461	47	59	36	80	1	1	10	28	-----	-----	435	1,025	
Grants and Contributions	12,043	4,432	372	354	4,972	1,919	314	233	4,050	572	5,281	1,202	332	2,511	4,123	8	2,713	1,816	-----	-----	34,200	13,047	
Other Revenue	259	300	14	1	1,925	1,436	322	287	287	342	224	307	3,787	159	140	-----	42	36	-----	-----	7,000	2,868	
<b>Total Revenue</b>	<b>19,177</b>	<b>5,470</b>	<b>386</b>	<b>393</b>	<b>23,912</b>	<b>20,466</b>	<b>9,902</b>	<b>3,565</b>	<b>74,248</b>	<b>67,748</b>	<b>9,661</b>	<b>5,811</b>	<b>15,187</b>	<b>19,384</b>	<b>4,363</b>	<b>454</b>	<b>3,055</b>	<b>2,053</b>	<b>649,528</b>	<b>594,557</b>	<b>809,419</b>	<b>719,901</b>	
Gain / (Loss) on Disposal	(33)	(18)	(1)	(1)	(42)	(66)	(18)	(11)	(131)	(217)	(17)	(19)	(27)	(62)	(8)	(1)	(5)	(7)	-----	-----	(283)	(402)	
Other Gains / (Losses)	(53)	(9)	(1)	-----	(65)	(32)	(27)	(6)	(203)	(105)	(26)	(9)	(42)	(30)	(12)	(1)	(8)	(3)	-----	-----	(437)	(195)	
<b>Net Result</b>	<b>(31,337)</b>	<b>(15,136)</b>	<b>61</b>	<b>(346)</b>	<b>(92,302)</b>	<b>(113,775)</b>	<b>(74,106)</b>	<b>(71,615)</b>	<b>(280,652)</b>	<b>(249,750)</b>	<b>(57,067)</b>	<b>(57,741)</b>	<b>(58,526)</b>	<b>(56,421)</b>	<b>(14,009)</b>	<b>(9,731)</b>	<b>(15,321)</b>	<b>(18,723)</b>	<b>649,528</b>	<b>594,557</b>	<b>26,268</b>	<b>1,319</b>	
<b>Other Comprehensive Income</b>																							
Net Increase/(Decrease) in PP&E Revaluation Surplus	-----	64	-----	1	-----	1,101	-----	165	-----	1,295	-----	112	-----	107	-----	6	-----	68	-----	-----	-----	2,919	
<b>Total Other Comprehensive Income</b>	<b>-----</b>	<b>64</b>	<b>-----</b>	<b>1</b>	<b>-----</b>	<b>1,101</b>	<b>-----</b>	<b>165</b>	<b>-----</b>	<b>1,295</b>	<b>-----</b>	<b>112</b>	<b>-----</b>	<b>107</b>	<b>-----</b>	<b>6</b>	<b>-----</b>	<b>68</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>2,919</b>	
<b>Total Comprehensive Income</b>	<b>(31,337)</b>	<b>(15,072)</b>	<b>61</b>	<b>(345)</b>	<b>(92,302)</b>	<b>(112,674)</b>	<b>(74,106)</b>	<b>(71,450)</b>	<b>(280,652)</b>	<b>(248,455)</b>	<b>(57,067)</b>	<b>(57,629)</b>	<b>(58,526)</b>	<b>(56,314)</b>	<b>(14,009)</b>	<b>(9,725)</b>	<b>(15,321)</b>	<b>(18,655)</b>	<b>649,528</b>	<b>594,557</b>	<b>26,268</b>	<b>4,238</b>	

\* The name and purpose of each service group is summarised in Note 15

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

Central Coast Local Health District  
Service Group Statements (Continued)  
for the year ended 30 June 2016

	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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>																						
<b>Current Assets</b>																						
Cash and Cash Equivalents	1,213	488	8	17	2,796	3,178	2,022	1,781	8,537	7,514	1,606	1,505	1,773	1,794	442	241	442	492	----	----	18,839	17,010
Receivables	1,285	22	----	----	2,978	2,345	1,385	221	12,653	8,661	274	466	1,863	2,492	12	16	10	12	----	----	20,459	14,235
Inventories	238	138	2	4	986	980	734	564	2,555	2,107	214	182	390	352	125	43	79	88	----	----	5,323	4,458
Financial Assets at Fair Value	437	193	3	7	1,007	1,255	728	703	3,074	2,968	578	595	639	709	159	95	159	194	----	----	6,784	6,719
<b>Total Current Assets</b>	<b>3,173</b>	<b>841</b>	<b>13</b>	<b>28</b>	<b>7,767</b>	<b>7,758</b>	<b>4,869</b>	<b>3,269</b>	<b>26,819</b>	<b>21,250</b>	<b>2,672</b>	<b>2,748</b>	<b>4,665</b>	<b>5,347</b>	<b>738</b>	<b>395</b>	<b>690</b>	<b>786</b>	<b>----</b>	<b>----</b>	<b>51,405</b>	<b>42,422</b>
<b>Non-Current Assets</b>																						
Property, Plant and Equipment																						
- Land and Buildings	6,462	10,607	101	72	112,637	181,387	34,520	27,226	271,034	213,333	26,299	18,535	44,140	17,697	2,102	959	12,049	11,180	----	----	509,344	480,996
- Plant and Equipment	337	605	5	5	5,847	10,354	1,792	1,554	14,070	12,177	1,365	1,058	2,291	1,010	109	55	625	638	----	----	26,441	27,456
- Infrastructure Systems	220	414	3	3	3,832	7,075	1,174	1,062	9,220	8,321	895	723	1,501	690	71	37	410	436	----	----	17,326	18,761
- Leasehold Improvements	1	5	----	(1)	26	78	8	12	62	92	6	8	10	8	----	----	3	5	----	----	116	207
<b>Total Non-Current Assets</b>	<b>7,020</b>	<b>11,631</b>	<b>109</b>	<b>79</b>	<b>122,342</b>	<b>198,894</b>	<b>37,494</b>	<b>29,854</b>	<b>294,386</b>	<b>233,923</b>	<b>28,565</b>	<b>20,324</b>	<b>47,942</b>	<b>19,405</b>	<b>2,282</b>	<b>1,051</b>	<b>13,087</b>	<b>12,259</b>	<b>----</b>	<b>----</b>	<b>553,227</b>	<b>527,420</b>
<b>TOTAL ASSETS</b>	<b>10,193</b>	<b>12,472</b>	<b>122</b>	<b>107</b>	<b>130,109</b>	<b>206,652</b>	<b>42,363</b>	<b>33,123</b>	<b>321,205</b>	<b>255,173</b>	<b>31,237</b>	<b>23,072</b>	<b>52,607</b>	<b>24,752</b>	<b>3,020</b>	<b>1,446</b>	<b>13,777</b>	<b>13,045</b>	<b>----</b>	<b>----</b>	<b>604,632</b>	<b>569,842</b>
<b>LIABILITIES</b>																						
<b>Current Liabilities</b>																						
Payables	2,021	1,188	14	27	8,333	8,447	6,207	4,866	21,599	18,168	1,809	1,573	3,294	3,036	1,058	369	665	761	----	----	45,000	38,435
Provisions	3,254	1,693	35	82	9,394	11,373	7,334	6,723	31,098	28,196	7,441	7,264	7,526	7,812	1,246	957	1,921	2,221	----	----	69,249	66,321
Other	59	57	----	3	136	372	98	209	416	880	78	176	86	210	22	28	22	58	----	----	917	1,993
<b>Total Current Liabilities</b>	<b>5,334</b>	<b>2,938</b>	<b>49</b>	<b>112</b>	<b>17,863</b>	<b>20,192</b>	<b>13,639</b>	<b>11,798</b>	<b>53,113</b>	<b>47,244</b>	<b>9,328</b>	<b>9,013</b>	<b>10,906</b>	<b>11,058</b>	<b>2,326</b>	<b>1,354</b>	<b>2,608</b>	<b>3,040</b>	<b>----</b>	<b>----</b>	<b>115,166</b>	<b>106,749</b>
<b>Non-Current Liabilities</b>																						
Provisions	38	17	----	1	105	115	82	68	348	285	83	73	84	79	14	10	21	22	----	----	775	670
<b>Total Non-Current Liabilities</b>	<b>38</b>	<b>17</b>	<b>----</b>	<b>1</b>	<b>105</b>	<b>115</b>	<b>82</b>	<b>68</b>	<b>348</b>	<b>285</b>	<b>83</b>	<b>73</b>	<b>84</b>	<b>79</b>	<b>14</b>	<b>10</b>	<b>21</b>	<b>22</b>	<b>----</b>	<b>----</b>	<b>775</b>	<b>670</b>
<b>TOTAL LIABILITIES</b>	<b>5,372</b>	<b>2,955</b>	<b>49</b>	<b>113</b>	<b>17,968</b>	<b>20,307</b>	<b>13,721</b>	<b>11,866</b>	<b>53,461</b>	<b>47,529</b>	<b>9,411</b>	<b>9,086</b>	<b>10,990</b>	<b>11,137</b>	<b>2,340</b>	<b>1,364</b>	<b>2,629</b>	<b>3,062</b>	<b>----</b>	<b>----</b>	<b>115,941</b>	<b>107,419</b>
<b>NET ASSETS</b>	<b>4,821</b>	<b>9,517</b>	<b>73</b>	<b>(6)</b>	<b>112,141</b>	<b>186,345</b>	<b>28,642</b>	<b>21,257</b>	<b>267,744</b>	<b>207,644</b>	<b>21,826</b>	<b>13,986</b>	<b>41,617</b>	<b>13,615</b>	<b>680</b>	<b>82</b>	<b>11,148</b>	<b>9,983</b>	<b>----</b>	<b>----</b>	<b>488,691</b>	<b>462,423</b>

\* The name and purpose of each service group is summarised in Note 15

Central Coast Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

**1. Summary of Significant Accounting Policies**

**a) The Reporting Entity**

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

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

- \* The parent entity, comprises all the operating activities of the Hospital Facilities and the Community Health Centres under its control. It also encompasses the Restricted Assets (as disclosed in notes 14 and 22), which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the parent entity.
- \* The Central Coast Local Health District Special Purpose Service Entity which was established as a Division of the District on 1 January 2011 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the District to exercise its functions.

As a consequence the values in the annual financial statements presented herein consist of the parent entity and the consolidated entity which comprises the parent and special purpose service entity. In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

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

These consolidated financial statements for the year ended 30 June 2016 have been authorised for issue by the Chief Executive on 5 September 2016.

**b) 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 adjusted budget figures can be found at Note 1(ab).

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

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

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.

**c) 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.

Central Coast Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

**1. Summary of Significant Accounting Policies**

**d) Statement of Compliance**

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

**e) 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 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 2016 (comparable on-costs for 30 June 2015 were 16.7%). 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.

**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 24.

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.

**f) 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.

**g) 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 NSW general government sector entities.

Central Coast Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

**1. Summary of Significant Accounting Policies**

**h) 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.

*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 vehicle 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 the District use in the advancement of the District or individuals within it.

*Use of Outside Facilities*

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

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

*Grants and Contributions*

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

Central Coast Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

**1. Summary of Significant Accounting Policies**

*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.

**i) 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.

**j) 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.

**k) 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.

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 and operated/occupied by the District are deemed to be controlled by the District and are reflected as such in the financial statements.

**l) Capitalisation Thresholds**

Individual items of Property, Plant & Equipment are capitalised where their cost is \$10,000 or above.

**m) 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:

	<b>2016</b>	<b>2015</b>
Buildings	2.5%	2.5%
Computer Equipment	20%	20%
Electro Medical Equipment		
- Costing less than \$200,000	10%	10%
- Costing more than or equal to \$200,000	12.5%	12.5%
Furniture, Fittings and Furnishings	5%	5%
Infrastructure Systems	2.5%	2.5%
Linen	25%	25%
Motor Vehicle Sedans	12.5%	12.5%
Motor Vehicles, Trucks & Vans	20%	20%
Office Equipment	10%	10%
Plant and Machinery	10%	10%

"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.

Central Coast Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

**1. Summary of Significant Accounting Policies**

**n) 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 1(q).

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 20 and Note 21 for further information regarding fair value.

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

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

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

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

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

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

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

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

**o) 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.

**p) 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.



Central Coast Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

**1. Summary of Significant Accounting Policies**

**q) Investment Properties**

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

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

**r) 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.

**s) 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.

**t) 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.

**u) 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. 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.

**v) Investments**

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

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

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

The T Corp Hour-Glass Investment facilities are designated at fair value through profit or loss as these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the District's key management personnel.

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

T Corp investments are made in an effort to improve interest returns on cash balances otherwise available whilst also providing secure investments.

The movement in the fair value of the T Corp Hour-Glass Investment facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

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

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

Central Coast Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

**1. Summary of Significant Accounting Policies**

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

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

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

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

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

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

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

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

**x) Payables**

These amounts represent liabilities for goods and services provided to the District and other amounts. Payables are recognised initially at fair value.

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

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

**y) 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 21 and Note 34 for further disclosures regarding fair value measurements of financial and non-financial assets.

**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 1(n).

**aa) Trust Funds**

The District receives monies in a trustee capacity for various trusts as set out in Note 27.

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.

Central Coast Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

**1. Summary of Significant Accounting Policies**

**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".

Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 33.

**ac) Service Group Statements Allocation Methodology**

Service group definitions are based and allocated on methodology determined by the Independent Hospital Pricing Authority, refer note 15.

Revenue and expenses are allocated to service groups using statistical data for the twelve months ended 30 June 2015, then adjusted for any material change in service delivery or funding distribution occurring in the 2015-16 financial year.

In respect of assets and liabilities, the District identifies those components that can be specifically identified and reported by service groups.

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

**(i) Effective for the first time in 2015-16**

The accounting policies applied in 2015-16 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

The early adoption of AASB 2015-7, Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities. The standard allows for exemption from making certain Level 3 'Fair Value Measurement' disclosures held primarily for current service potential rather than the generation of future net cash inflows.

**(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 16, Leases will have application from 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. We believe that the application of this standard will likely have a significant transitional impact as a result of all leases, except short term (<12 months) and low value, brought on balance sheet.

AASB 15, AASB 2014-5, AASB 2015-8 and AASB 2016-3, Revenue from Contracts with Customers, has application from 1 January 2018. 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 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 is likely to increase disclosures to the financial statements relating to related party transactions, outstanding balances and Key Management Personnel remuneration.

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 January 2018 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. 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). The change is not expected to materially impact the financial statements.

AASB 2016-2, Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107, will apply from 1 January 2017. The standard amends AASB 107 to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

Central Coast Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
<b>2. Employee Related</b>				
----	----	Salaries and Wages (including annual leave)	445,475	423,519
----	----	Superannuation - Defined Benefit Plans	3,754	4,093
----	----	Superannuation - Defined Contribution Plans	38,906	36,201
----	----	Long Service Leave	23,211	21,399
----	----	Redundancies	1,071	1,079
----	----	Workers' Compensation Insurance	7,598	10,051
----	----	Fringe Benefits Tax	62	139
----	----		<b>520,077</b>	<b>496,481</b>
<b>494,436</b>	<b>472,386</b>		<b>494,436</b>	<b>472,386</b>
<b>3. Personnel Services</b>				
445,475	423,519	Salaries and Wages	----	----
38,906	36,201	Superannuation - Defined Contribution Plans	----	----
1,324	1,397	Long Service Leave	----	----
1,071	1,079	Redundancies	----	----
7,598	10,051	Workers' Compensation Insurance	----	----
62	139	Fringe Benefits Tax	----	----
<b>494,436</b>	<b>472,386</b>		<b>494,436</b>	<b>472,386</b>
<b>4. Other Operating Expenses</b>				
159	342	Advertising	159	342
188	179	Auditor's Remuneration - Audit of Financial Statements	188	179
5,218	5,186	Blood and Blood Products	5,218	5,186
100	178	Consultancies	100	178
214	19	Contractors	214	19
8,227	7,483	Domestic Supplies and Services	8,227	7,483
37,983	24,020	Drug Supplies	37,983	24,020
13,079	12,534	Food Supplies	13,079	12,534
4,146	5,043	Fuel, Light and Power	4,146	5,043
3,753	3,701	Hospital Ambulance Transport Costs	3,753	3,701
9,901	6,900	Information Management Expenses	9,901	6,900
660	748	Insurance	660	748
14,317	13,936	Maintenance (See 4(b) below)	14,317	13,936
27,371	26,365	Medical and Surgical Supplies	27,371	26,365
1,215	1,143	Motor Vehicle Expenses	1,215	1,143
1,502	1,390	Postal and Telephone Costs	1,502	1,390
1,836	1,393	Printing and Stationery	1,836	1,393
1,022	1,163	Rates and Charges	1,022	1,163
1,682	1,646	Rental	1,682	1,646
9,448	9,208	Hosted Services Purchased from Other NSW Health Entities	9,448	9,208
26,472	25,823	Special Service Departments	26,472	25,823
2,331	1,674	Staff Related Costs	2,331	1,674
1,868	1,798	Travel Related Costs	1,868	1,798
11,139	12,949	Other (See 4(a) below)	11,139	12,949
<b>183,831</b>	<b>164,821</b>		<b>183,831</b>	<b>164,821</b>

Central Coast Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
<b>4. Other Operating Expenses</b>				
<b>a) Other Includes:</b>				
254	235	Contract for Patient Services	254	235
5,940	4,349	Corporate Support Services	5,940	4,349
365	309	Courier and Freight	365	309
71	81	Isolated Patient Travel and Accommodation Assistance Scheme	71	81
118	71	Legal Services	118	71
331	311	Membership/Professional Fees	331	311
1,182	1,192	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	1,182	1,192
30	29	Other Operating Lease Expense - Minimum Lease Payments	30	29
9	13	Quality Assurance/Accreditation	9	13
598	573	Security Services	598	573
2,241	5,786	Other Miscellaneous	2,241	5,786
<b>11,139</b>	<b>12,949</b>		<b>11,139</b>	<b>12,949</b>
<b>b) Reconciliation of Total Maintenance</b>				
4,245	4,584	Maintenance Contracts	4,245	4,584
6,016	4,787	New/Replacement Equipment under \$10,000	6,016	4,787
4,043	4,559	Repairs Maintenance/Non Contract	4,043	4,559
13	6	Other	13	6
14,317	13,936	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 4)	14,317	13,936
1,934	2,224	Employee Related/Personnel Services Maintenance Expense included in Notes 2 and 3	1,934	2,224
<b>16,251</b>	<b>16,160</b>		<b>16,251</b>	<b>16,160</b>

Central Coast Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
<b>5. Depreciation and Amortisation</b>				
16,344	15,444	Depreciation - Buildings	16,344	15,444
4,917	5,470	Depreciation - Plant and Equipment	4,917	5,470
1,435	1,385	Depreciation - Infrastructure Systems	1,435	1,385
91	120	Amortisation - Leasehold Improvements	91	120
<u>22,787</u>	<u>22,419</u>		<u>22,787</u>	<u>22,419</u>
<b>6. Grants and Subsidies</b>				
2,520	3,068	Non-Government Organisations	2,520	3,068
----	1,160	Community Packages	----	1,160
167	----	Grants to Research Organisations	167	----
719	----	Grants to Other NSW Health Entities	719	----
23,945	2,894	Other Grants	23,945	2,894
<u>27,351</u>	<u>7,122</u>		<u>27,351</u>	<u>7,122</u>

The 2015-16 balance above includes \$20.0M paid to the University of Newcastle for the Medical School and Research Centre. A corresponding grant received is included in Note 9.

Central Coast Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
<b>7. Sale of Goods and Services</b>				
a) Sale of Goods comprise the following:-				
205	388	Pharmacy Sales	205	388
1,697	1,289	Sale of Prosthesis	1,697	1,289
207	207	Other	207	207
b) Rendering of Services comprise the following:-				
		Patient Fees		
31,679	31,737	- Inpatient Fees	31,679	31,737
99	33	- Nursing Home Fees	99	33
1,444	670	- Non Inpatient Fees	1,444	670
17,497	19,939	Department of Veterans' Affairs	17,497	19,939
8,564	8,598	Infrastructure Fees - Monthly Facility Charge	8,564	8,598
2,559	2,312	Infrastructure Fees - Annual Charge	2,559	2,312
807	836	Car Parking	807	836
85	252	Clinical Services (excluding Clinical Drug Trials)	85	252
15	140	Commercial Activities	15	140
148	111	Fees for Medical Records	148	111
----	1	Information Retrieval	----	1
22,778	10,419	High Cost Drugs	22,778	10,419
2,481	4,828	Motor Accident Authority Third Party	2,481	4,828
81	73	Private Use of Motor Vehicles	81	73
----	237	Salary Packaging Fee	----	237
1,973	1,114	Hosted Services Provided to Other NSW Health Entities	1,973	1,114
77	92	Services Provided to Non NSW Health Organisations	77	92
219	1,033	Other	219	1,033
<hr/>	<hr/>		<hr/>	<hr/>
<b>92,615</b>	<b>84,309</b>		<b>92,615</b>	<b>84,309</b>
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>
<b>8. Investment Revenue</b>				
414	1,019	Interest	414	1,019
21	6	T Corp Hour Glass Investment Facilities Designated at Fair Value through Profit or Loss	21	6
<hr/>	<hr/>		<hr/>	<hr/>
<b>435</b>	<b>1,025</b>		<b>435</b>	<b>1,025</b>
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>

Central Coast Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
<b>9. Grants and Contributions</b>				
773	726	Clinical Drug Trials	773	726
5,912	6,161	Commonwealth Government Grants	5,912	6,161
1,468	1,502	Industry Contributions/Donations	1,468	1,502
500	----	Cancer Institute Grants	500	----
922	1,163	NSW Government Grants	922	1,163
20,905	98	Grants from Other NSW Health Entities	20,905	98
----	5	Research Grants	----	5
3,720	3,392	Other Grants	3,720	3,392
<b>34,200</b>	<b>13,047</b>		<b>34,200</b>	<b>13,047</b>
The 2015-16 balance above includes \$20.0M funding received for the Medical School and Research Centre.				
<b>10. Acceptance by the Crown Entity of Employee Benefits</b>				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	3,754	4,093
----	----	Long Service Leave	21,887	20,002
<b>----</b>	<b>----</b>		<b>25,641</b>	<b>24,095</b>
<b>11. Other Revenue</b>				
Other Revenue comprises the following:-				
165	42	Commissions	165	42
110	82	Conference and Training Fees	110	82
89	----	Discounts	89	----
94	----	Insurance Refunds	94	----
1,456	832	Lease and Rental	1,456	832
----	2	Sale of Merchandise, Old Wares and Books	----	2
4,018	----	Treasury Managed Fund Hindsight Adjustment	4,018	----
10	----	Unclaimed Deposits	10	----
1,058	1,910	Other	1,058	1,910
<b>7,000</b>	<b>2,868</b>		<b>7,000</b>	<b>2,868</b>



Central Coast Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
<b>12. Gain / (Loss) on Disposal</b>				
13,721	4,809	Property, Plant and Equipment	13,721	4,809
<u>(13,355)</u>	<u>(4,265)</u>	Accumulated Depreciation	<u>(13,355)</u>	<u>(4,265)</u>
<b>366</b>	<b>544</b>	<b>Written Down Value</b>	<b>366</b>	<b>544</b>
83	142	Proceeds from Disposal	83	142
<u>          </u>	<u>          </u>		<u>          </u>	<u>          </u>
<b><u>(283)</u></b>	<b><u>(402)</u></b>	<b>Gain/(Loss) on Disposal of Property, Plant and Equipment</b>	<b><u>(283)</u></b>	<b><u>(402)</u></b>
<u>          </u>	<u>          </u>		<u>          </u>	<u>          </u>
<b><u>(283)</u></b>	<b><u>(402)</u></b>	<b>Total Gain/(Loss) on Disposal</b>	<b><u>(283)</u></b>	<b><u>(402)</u></b>
<b>13. Other Gains / (Losses)</b>				
<u>(437)</u>	<u>(195)</u>	Impairment of Receivables	<u>(437)</u>	<u>(195)</u>
<b><u>(437)</u></b>	<b><u>(195)</u></b>		<b><u>(437)</u></b>	<b><u>(195)</u></b>

Central Coast Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

**PARENT & CONSOLIDATION**

**14. 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	3	4,563	14	4,580
Contributions recognised in previous years which were not expended in the current reporting period	32	16,642	351	17,025
Total amount of unexpended contributions as at reporting date	35	21,205	365	21,605

Comment on restricted assets appears in Note 22

## 15. 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 for persons attending community health centres or in the home, including health promotion activities, women's health, dental, drug and alcohol and HIV/AIDS services. It also covers co-ordination of domestic violence and sexual assault prevention. Grants to non-government organisations are also included.

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.

Central Coast Local Health District  
Notes to and forming part of the Financial Statements  
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**15. Service Groups of the District**

**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.

Central Coast Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
<b>16. Cash and Cash Equivalents</b>				
18,839	17,010	Cash at Bank and On Hand	18,839	17,010
<b>18,839</b>	<b>17,010</b>		<b>18,839</b>	<b>17,010</b>
<p>For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.</p> <p>Cash &amp; cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:</p>				
18,839	17,010	Cash and Cash Equivalents (per Statement of Financial Position)	18,839	17,010
<b>18,839</b>	<b>17,010</b>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<b>18,839</b>	<b>17,010</b>

*Refer to Note 34 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.*

Central Coast Local Health District  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
<b>17. Receivables</b>				
<b>Current</b>				
6,152	5,587	Sale of Goods and Services	6,152	5,587
2,794	2,532	Intra Health Receivables	2,794	2,532
3,509	3,072	Goods and Services Tax	3,509	3,072
6,872	2,239	Other Debtors	6,872	2,239
<u>19,327</u>	<u>13,430</u>	<b>Sub Total</b>	<u>19,327</u>	<u>13,430</u>
(71)	(86)	Less Allowance for Impairment	(71)	(86)
19,256	13,344	<b>Sub Total</b>	19,256	13,344
1,203	891	Prepayments	1,203	891
<u>20,459</u>	<u>14,235</u>		<u>20,459</u>	<u>14,235</u>
a) Movement in the Allowance for Impairment				
Sale of Goods and Services				
(53)	(41)	Balance at Commencement of Reporting Period	(53)	(41)
420	198	Amounts written off during the period	420	198
(409)	(210)	(Increase)/decrease in Allowance Recognised in the Net Result	(409)	(210)
<u>(42)</u>	<u>(53)</u>	Balance at 30 June	<u>(42)</u>	<u>(53)</u>
b) Movement in the Allowance for Impairment				
Other Debtors				
(33)	(20)	Balance at Commencement of Reporting Period	(33)	(20)
32	(28)	Amounts written off during the period	32	(28)
(28)	15	(Increase)/decrease in Allowance Recognised in the Net Result	(28)	15
<u>(29)</u>	<u>(33)</u>	Balance at 30 June	<u>(29)</u>	<u>(33)</u>
<u>(71)</u>	<u>(86)</u>		<u>(71)</u>	<u>(86)</u>
c)				
The current and non-current sale of goods and services balances above include the following patient fee receivables:				
(Current and Non-Current) include:				
236	328	Patient Fees - Compensable	236	328
265	124	Patient Fees - Ineligible	265	124
4,866	4,622	Patient Fees - Inpatient & Other	4,866	4,622
<u>5,367</u>	<u>5,074</u>		<u>5,367</u>	<u>5,074</u>

*Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 34.*

Central Coast Local Health District  
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PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
<b>18. Inventories</b>				
3,334	2,483	Drugs	3,334	2,483
1,989	1,975	Medical and Surgical Supplies	1,989	1,975
-----	-----	Other Including Goods in Transit	-----	-----
<u>5,323</u>	<u>4,458</u>		<u>5,323</u>	<u>4,458</u>
<b>19. Financial Assets at Fair Value</b>				
<b>Current</b>				
6,784	6,719	NSW Treasury Corporation - Hour-Glass Investment Facilities	6,784	6,719
<u>6,784</u>	<u>6,719</u>		<u>6,784</u>	<u>6,719</u>

*Refer to Note 34 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.*

Central Coast Local Health District  
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PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
<b>20. Property, Plant and Equipment</b>				
<b>Land and Buildings - Fair Value</b>				
773,926	740,859	Gross Carrying Amount	773,926	740,859
264,582	259,863	Less: Accumulated Depreciation and Impairment	264,582	259,863
<b>509,344</b>	<b>480,996</b>	Net Carrying Amount	<b>509,344</b>	<b>480,996</b>
<b>Plant and Equipment - Fair Value*</b>				
61,630	59,814	Gross Carrying Amount	61,630	59,814
35,189	32,358	Less: Accumulated Depreciation and Impairment	35,189	32,358
<b>26,441</b>	<b>27,456</b>	Net Carrying Amount	<b>26,441</b>	<b>27,456</b>
<b>Infrastructure Systems - Fair Value</b>				
57,348	57,349	Gross Carrying Amount	57,348	57,349
40,022	38,588	Less: Accumulated Depreciation and Impairment	40,022	38,588
<b>17,326</b>	<b>18,761</b>	Net Carrying Amount	<b>17,326</b>	<b>18,761</b>
<b>Leasehold Improvements - Fair Value*</b>				
2,682	2,682	Gross Carrying Amount	2,682	2,682
2,566	2,475	Less: Accumulated Depreciation and Impairment	2,566	2,475
<b>116</b>	<b>207</b>	Net Carrying Amount	<b>116</b>	<b>207</b>
<b>553,227</b>	<b>527,420</b>	<b>Total Property, Plant and Equipment At Net Carrying Amount</b>	<b>553,227</b>	<b>527,420</b>

\* 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.



Central Coast Local Health District  
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**PARENT & CONSOLIDATION**

**20. 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 \$000	Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Leasehold Improvements \$000	Total \$000
<b>2016</b>						
Net carrying amount at start of year	69,041	411,955	27,456	18,761	207	527,420
Additions	----	44,692	4,652	----	----	49,344
Disposals	----	----	(366)	----	----	(366)
Transfers within NSW Health Entities through Statement of Comprehensive Income	----	----	(384)	----	----	(384)
Depreciation Expense	----	(16,344)	(4,917)	(1,435)	(91)	(22,787)
Reclassifications	5,684	(5,684)	----	----	----	----
Net carrying amount at end of year	<b>74,725</b>	<b>434,619</b>	<b>26,441</b>	<b>17,326</b>	<b>116</b>	<b>553,227</b>

	Land \$000	Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Leasehold Improvements \$000	Total \$000
<b>2015</b>						
Net carrying amount at start of year	57,308	413,888	29,561	23,729	327	524,813
Additions	----	18,965	3,686	----	----	22,651
Disposals	----	(58)	(486)	----	----	(544)
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	11,733	(5,231)	----	(3,583)	----	2,919
Depreciation Expense	----	(15,444)	(5,470)	(1,385)	(120)	(22,419)
Reclassifications	----	(165)	165	----	----	----
Net carrying amount at end of year	<b>69,041</b>	<b>411,955</b>	<b>27,456</b>	<b>18,761</b>	<b>207</b>	<b>527,420</b>

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 21.

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the District [see note 1(k)].
- (ii) Indices provided by Liquid Pacific Holdings Pty Ltd were not applied as immaterial.

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**PARENT & CONSOLIDATION**

**21. Fair Value Measurement of Non-Financial Assets**

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels.

**a) Fair Value Hierarchy**

2016	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 20)				
- Land and Buildings	----	45,684	421,130	466,814
- Infrastructure Systems	----	----	17,326	17,326
	-----	-----	-----	-----
	<u>-----</u>	<u>45,684</u>	<u>438,456</u>	<u>484,140</u>

There were no transfers between level 1 and 2 during the period ended 30 June 2016.

2015	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 20)				
- Land and Buildings	----	37,518	412,271	449,789
- Infrastructure Systems	----	----	18,761	18,761
	-----	-----	-----	-----
	<u>-----</u>	<u>37,518</u>	<u>431,032</u>	<u>468,550</u>

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

Work in Progress and Newly Completed Projects are carried at cost, therefore excluded from figures above and as a result will not agree to Note 20.

**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 Liquid Pacific Holding Pty Ltd for the 2014/15 financial year. Liquid Pacific Holding Pty Ltd is an independent entity and is not an employee of the District.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices refer, note 20 reconciliation.

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

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

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

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

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

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**PARENT & CONSOLIDATION**

**21. Fair Value Measurement of Non-Financial Assets**

**c) Reconciliation of Recurring Level 3 Fair Value Measurements**

<b>2016</b>	<b>Land and Buildings \$000</b>	<b>Infrastructure Systems \$000</b>	<b>Total Level 3 Recurring \$000</b>
Fair value as at 1 July 2015	412,271	18,761	431,032
Additions	24,913	----	24,913
Depreciation	(16,054)	(1,435)	(17,489)
	<hr/>	<hr/>	<hr/>
Fair value as at 30 June 2016	<b>421,130</b>	<b>17,326</b>	<b>438,456</b>

<b>2015</b>	<b>Land and Buildings \$000</b>	<b>Infrastructure Systems \$000</b>	<b>Total Level 3 Recurring \$000</b>
Fair value as at 1 July 2014	421,730	23,729	445,459
Additions	----	----	----
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment revaluation surplus'	5,223	(3,583)	1,640
Transfers from Level 2	182	----	182
Transfers to Level 2	132	----	132
Disposals	(58)	----	(58)
Depreciation	(14,938)	(1,385)	(16,323)
	<hr/>	<hr/>	<hr/>
Fair value as at 30 June 2015	<b>412,271</b>	<b>18,761</b>	<b>431,032</b>

Central Coast Local Health District  
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**PARENT**

**CONSOLIDATION**

**2016**  
**\$000**

**2015**  
**\$000**

**2016**  
**\$000**

**2015**  
**\$000**

**22. 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**

10,716	10,362	Specific Purposes	10,716	10,362
563	556	Research Grants	563	556
10,326	8,935	Private Practice Funds	10,326	8,935
<hr/>	<hr/>		<hr/>	<hr/>
<b>21,605</b>	<b>19,853</b>		<b>21,605</b>	<b>19,853</b>
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>

Central Coast Local Health District  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
		<b>23. Payables</b>		
		<b>Current</b>		
----	----	Accrued Salaries, Wages and On-Costs	8,784	12,315
----	----	Taxation and Payroll Deductions	2,795	1,849
11,579	14,164	Accrued Liability - Purchase of Personnel Services	----	----
20,114	12,442	Creditors	20,114	12,442
		Other Creditors		
8,720	6,392	- Intra Health Liability	8,720	6,392
4,587	5,437	- Other	4,587	5,437
<u>45,000</u>	<u>38,435</u>		<u>45,000</u>	<u>38,435</u>

*Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 34.*

Central Coast Local Health District  
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PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
<b>24. Provisions</b>				
<b>Current</b>				
----	----	Annual Leave - Short Term Benefit	48,260	44,937
----	----	Annual Leave - Long Term Benefit	12,071	13,684
----	----	Long Service Leave Consequential On-Costs	8,918	7,700
69,249	66,321	Provision for Personnel Services Liability	----	----
<u>69,249</u>	<u>66,321</u>		<u>69,249</u>	<u>66,321</u>
<b>Non-Current</b>				
----	----	Long Service Leave Consequential On-Costs	775	670
775	670	Provision for Personnel Services Liability	----	----
<u>775</u>	<u>670</u>		<u>775</u>	<u>670</u>
<b>Aggregate Employee Benefits and Related On-Costs</b>				
----	----	Provisions - Current	69,249	66,321
----	----	Provisions - Non-Current	775	670
----	----	Accrued Salaries, Wages and On-Costs (Note 23)	11,579	14,164
81,603	81,155	Liability - Purchase of Personnel Services	----	----
<u>81,603</u>	<u>81,155</u>		<u>81,603</u>	<u>81,155</u>
<b>25. Other Liabilities</b>				
<b>Current</b>				
917	1,993	Income in Advance	917	1,993
<u>917</u>	<u>1,993</u>		<u>917</u>	<u>1,993</u>

Central Coast Local Health District  
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PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
<b>26. Commitments for Expenditure</b>				
<b>a) Capital Commitments</b>				
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:				
6,713	2,341	Not later than one year	6,713	2,341
231,148	----	Later than one year and not later than five years	231,148	----
<u>237,861</u>	<u>2,341</u>	<b>Total Capital Expenditure Commitments (Including GST)</b>	<u>237,861</u>	<u>2,341</u>
<b>b) Operating Lease Commitments</b>				
Future non-cancellable operating lease rentals not provided for and payable:				
2,204	1,865	Not later than one year	2,204	1,865
1,855	1,678	Later than one year and not later than five years	1,855	1,678
<u>4,059</u>	<u>3,543</u>	<b>Total Operating Lease Commitments (Including GST)</b>	<u>4,059</u>	<u>3,543</u>

Capital Commitments:

Gosford Hospital is undergoing a major redevelopment, which will include a new clinical services block to accommodate inpatients, outpatient and ambulatory services, with an estimated total cost of \$368.0M, provided for in the NSW 2015-16 Budget Papers. The planning phase of the redevelopment started in 2014, with the full project due for completion in 2019. \$45.0M expenditure has been incurred to date with \$10.6M completed on enabling refurbishments and \$34.5M recorded within the Works in Progress, both included within the Building category in Note 20 Property Plant and Equipment. \$237.7M included in the Capital Commitments above relates to the redevelopment.

Operating lease commitments:

Are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.

**c) Contingent Asset Related to Commitments for Expenditure**

The total of 'Commitments for Expenditure' above, i.e. \$241.9 million as at 30 June 2016 includes input tax credits of \$21.9 M that are expected to be recoverable from the Australian Taxation Office (2015 \$535 K).

Central Coast Local Health District  
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**PARENT & CONSOLIDATION**

**27. Trust Funds**

The District holds trust funds of \$398 thousand 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	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Balance at the beginning of the financial year	----	----	35	60	176	207	211	267
Revenue	14	----	12	2	21,230	20,027	21,256	20,029
Expenses	(14)	----	----	(27)	(21,055)	(20,058)	(21,069)	(20,085)
Balance at the end of the financial year	----	----	<b>47</b>	<b>35</b>	<b>351</b>	<b>176</b>	<b>398</b>	<b>211</b>



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**PARENT AND CONSOLIDATED**

**28. Contingent Liabilities and Assets**

**a) Workers Compensation Hindsight Adjustment**

Treasury Managed Fund workers compensation insurance hindsight adjustments are calculated 3 years (interim) and 5 years (final) after the start of each policy year. Hindsight (payments/refunds) adjust insurance contributions paid to reflect actual claims experience. iCare Self Insurance (manager of the Treasury Managed Fund) calculates hindsight adjustments after the 'hindsight date' has past. At 30 June 2016, hindsight adjustments were due for the 2011/12 (final) and 2013/14 (interim) policy years. Adjustments for the 30 June 2016 'hindsight date' have not been provided by the Treasury Managed Fund. It is not possible for the District to reliably quantify the hindsight benefit to be received or amount payable.

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2016	2015		2016	2015
\$000	\$000		\$000	\$000
<b>29. Reconciliation of Cash Flows from Operating Activities to Net Result</b>				
50,696	16,758	Net Cash Flows from Operating Activities	50,696	16,758
(22,787)	(22,419)	Depreciation and Amortisation	(22,787)	(22,419)
(437)	(195)	Allowance for Impairment	(437)	(195)
1,076	3,312	(Increase)/ Decrease Income in Advance	1,076	3,312
(3,034)	(3,968)	(Increase)/ Decrease in Provisions	(3,034)	(3,968)
8,278	(2,264)	Increase / (Decrease) in Prepayments and Other Assets	8,278	(2,264)
(7,314)	10,494	(Increase)/ Decrease in Payables from Operating Activities	(7,314)	10,494
(283)	(402)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(283)	(402)
73	3	Assets donated or brought to account for the first time	73	3
<b>26,268</b>	<b>1,319</b>	<b>Net Result</b>	<b>26,268</b>	<b>1,319</b>
<b>30. Non-Cash Financing and Investing Activities</b>				
73	3	Assets Received by Donation	73	3
<b>73</b>	<b>3</b>		<b>73</b>	<b>3</b>

**31. 2015/16 Voluntary Services**

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

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

**32. 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.

**PARENT AND CONSOLIDATION**

**33. Adjusted Budget Review - Parent and Consolidated**

**Net Result**

The actual Net Result was higher than adjusted budget by \$814 thousand, primarily due to:

A \$2.1M favourability in the result of Special Purpose funds from the Rights of Private Practice revenue received offset by small unfavourabilities in Depreciation of \$0.2M and Loss on Disposals of \$0.3M, driven by disposals as part of the Gosford Hospital Redevelopment, as well as a \$0.7M unfavourable position on the District's Capital Subsidy resulting from the District not needing to draw down all the funds allocated for Capital programs.

**Assets and Liabilities**

Assets are favourable to budget by \$9.9M, primarily driven by the continued increase in cash holdings in Special Purpose funds to a total of \$14.2M, \$6.6M higher than the budgeted position, and a \$3.3M increase in other debtors mainly due to increased revenues due from the Commonwealth for the Hepatitis C High Cost Drugs program.

Liabilities are unfavourable to budget by \$9.0M primarily from an increase in Creditors being held at 30 June 2016. The District is meeting its creditors and holds benchmarks, but the balance held has increased due to increases in the volumes of items being acquired, particularly in Pharmaceuticals for major programs such as the Hepatitis C High Cost Drug program, which has seen an increase in drug usage of \$13.1M in the four months to 30 June 2016.

**Cash Flows**

Total Cash Flow is \$6.6M favourable to budget as at 30 June 2016.

This position is a result of increased cash being earned and held by the Special Purpose funds over budget at 30 June 2016 as well as timing issues in the revenue and supplier payments from the Hepatitis C High Cost Drug program, we will often receive the revenue back from the Commonwealth before having to pay suppliers for the procurement of the drugs.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on July 2015 are as follows:

	<b>\$000</b>
Initial Allocation, 1 July 2015	584,769
Redundancies	1,055
Other:	
*Integrated Care Demonstrator Program	5,851
*Drug Summit 4	4,714
Revenue	1,214
*Other	3,650
	601,253
Balance as per Statement of Comprehensive Income	601,253

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**34. 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**

Financial Assets Class:	Category	Carrying Amount 2016 \$000	Carrying Amount 2015 \$000
Cash and Cash Equivalents (note 16)	N/A	18,839	17,010
Receivables (note 17)*	Loans and receivables (at amortised cost)	15,747	10,272
Financial Assets at Fair Value (note 19)	At fair value through profit or loss (designated as such upon initial recognition)	6,784	6,719
		41,370	34,001
<b>Financial Liabilities</b>			
Payables (note 23)**	Financial liabilities measured at amortised cost	42,205	36,586
		42,205	36,586

Notes

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

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

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**34. Financial Instruments**

**(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 2.81% in 2015/16 compared to 3.2% in the previous year.

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

**Receivables - trade debtors**

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

The District is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2016: \$2.9M; 2015: \$2.4M) and not more than 3 months past due (2016: \$495K; 2015: \$241K) are not considered impaired. Together these represent 95% 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.

	Total <sup>1,2</sup>	Past due but not impaired <sup>1,2</sup>	Considered impaired <sup>1,2</sup>
	\$000	\$000	\$000
<b>2016</b>			
<3 months overdue	495	495	----
3 months - 6 months overdue	109	109	----
> 6 months overdue	71	----	71
<b>2015</b>			
<3 months overdue	241	241	----
3 months - 6 months overdue	125	125	----
> 6 months overdue	86	----	86

**Notes**

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

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

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**34. Financial Instruments**

**Authority Deposits**

The District has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of -1.93% (2015: -1.97%), while over the year the weighted average interest rate was 0.96% (2015: 6.85%) on a weighted average balance during the year of \$6.8M (2015: \$8.5M). None of these assets are past due or impaired.

**(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 1).

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.

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**34. Financial Instruments**

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

*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure		Maturity Dates
	Weighted Average Effective Interest Rate	Nominal Amount <sup>1</sup>	Non - Interest Bearing  < 1 Yr
	\$000	\$000	\$000
<b>2016</b>			
Payables:			
- Accrued Salaries Wages, On-Costs and Payroll Deductions	8,784	8,784	8,784
- Creditors	33,421	33,421	33,421
	42,205	42,205	42,205
<b>2015</b>			
Payables:			
- Accrued Salaries Wages, On-Costs and Payroll Deductions	12,315	12,315	12,315
- Creditors	24,271	24,271	24,271
	36,586	36,586	36,586

Notes:

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

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**34. Financial Instruments**

**(d) Market Risk**

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the District operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2015. 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.

The District's exposure to interest rate risk is set out below.

	Carrying Amount \$000	-1% Net Result	Equity	+1% Net Result	Equity
<b>2016</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	18,839	(188)	(188)	188	188
Receivables	15,747	----	----	----	----
Financial Assets at Fair Value	6,784	(68)	(68)	68	68
<b>Financial Liabilities</b>					
Payables	42,205	----	----	----	----
<b>2015</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	17,010	(170)	(170)	170	170
Receivables	10,272	----	----	----	----
Financial Assets at Fair Value	6,719	(67)	(67)	67	67
Other Financial Assets	----	----	----	----	----
<b>Financial Liabilities</b>					
Payables	36,586	----	----	----	----



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*Other price risk - TCorp Hour-Glass Investment facilities*

Exposure to 'other price risk' primarily arises through the investment in the NSW TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. The District has no direct equity investments. The District holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2016 \$000	2015 \$000
Medium term growth facility	Cash, money market instruments, Australian and International bonds, listed property and Australian shares	3 years to 7 years	4,313	4,239
Long-term growth facility	Cash, money market instruments, Australian and International bonds, listed property and Australian shares	7 years and over	2,471	2,480

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

NSW TCorp as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, NSW TCorp has appointed external managers to manage the performance and risk of each facility in accordance with a mandate agreed by the parties. NSW TCorp has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits the District's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the Investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (ie 95% probability). NSW TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity).

A reasonably possible change is based on the percentage change in unit price (as advised by NSW TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass Statement).

Impact on net result	Change in unit price	2016	2015
		\$000	\$000
Hour-Glass Investment - Medium-term growth facility	+/- 7%	302	258
Hour-Glass Investment - Long-term growth facility	+/- 16%	395	382

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**(e) Fair Value Measurement**

**(i) Fair value compared to carrying amount**

Financial instruments are generally recognised at cost, with the exception of the NSW TCorp Hour-Glass facilities, which are measured at fair value.

**(ii) Fair Value recognised in the Statement of Financial Position**

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2016 Total \$'000
TCorp Hour-Glass Invt.Facility	----	6,784	----	6,784
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2015 Total \$'000
TCorp Hour-Glass Invt.Facility	----	6,842	----	6,842

(The table above only includes financial assets as no financial liabilities were measured at fair value in the Statement of Financial Position.)

There were no transfers between level 1 and 2 during the period ended 30 June 2016.

As discussed, the value of the Hour-Glass Investments is based on the District's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

**35. Events after the Reporting Period**

In July 2016, iCare Self Insurance advised of the Treasury Managed Fund workers compensation insurance hindsight adjustment calculations for the 2010/11 and 2012/13 policy years. This has resulted in a hindsight refund (revenue) of \$2.9 M being recognised as a receivable at 30 June 2016.

Other than the above, there has not been any matters arising subsequent to balance date that would require these financial statements to be amended.

**END OF AUDITED FINANCIAL STATEMENTS**