

**Mid North Coast
Local Health District**

Financial Statements

for the year ended 30 June 2016



INDEPENDENT AUDITOR'S REPORT

Mid North Coast Local Health District

To Members of the New South Wales Parliament

Opinion

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

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 the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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 and the consolidated entity 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

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 1(af). The note states that AASB 1055 'Budgetary Reporting' is not applicable to the District. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the District's financial statements present adjusted budget information.

Chief Executive's Responsibility for the Financial Statements

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

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 cease as a result of an administrative restructure. 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 of 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.



Chris Clayton
Director, Financial Audit Services

7 September 2016
SYDNEY

**Mid North 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 Mid North 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 Mid North 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.



Stewart Dowrick
Chief Executive
1st September 2016

Mid North 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
			Expenses excluding losses			
			Operating Expenses			
----	----	----				
327,233	329,751	308,976				
49,508	49,802	47,468				
169,405	163,025	155,697				
18,602	20,016	17,047				
2,145	1,897	4,050				
3	1	4				
566,896	564,492	533,242				
			Revenue			
456,384	455,877	432,303				
28,569	28,555	45,262				
----	----	----				
69,906	69,612	61,497				
543	150	1,050				
13,261	9,897	16,078				
6,926	5,679	1,663				
575,589	569,770	557,853				
(612)	(581)	174				
(55)	(13)	(1,090)				
8,026	4,684	23,695				
			Other Comprehensive Income			
			Items that will not be reclassified to net result			
			Net Increase/(Decrease) in Property, Plant &			
----	----	19,405				
-----	-----	19,405				
8,026	4,684	43,100				

The accompanying notes form part of these financial statements.

Mid North 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 \$000	2016 \$000	2015 \$000		2016 \$000	2016 \$000	2015 \$000
ASSETS						
Current Assets						
20,118	12,255	20,126	17	20,118	12,255	20,126
20,735	18,579	14,152	18	20,735	18,579	14,152
754	700	700	19	754	700	700
3,000	8,089	8,089	20	3,000	8,089	8,089
44,607	39,623	43,067		44,607	39,623	43,067
Non-Current Assets						
----	3	3	18	----	3	3
394,814	395,285	387,254	21	394,814	395,285	387,254
27,587	25,878	23,485	21	27,587	25,878	23,485
12,154	8,994	9,488	21	12,154	8,994	9,488
434,555	430,157	420,227		434,555	430,157	420,227
434,555	430,160	420,230		434,555	430,160	420,230
479,162	469,783	463,297		479,162	469,783	463,297
LIABILITIES						
Current Liabilities						
42,832	39,131	37,971	24	42,832	39,131	37,971
8	7	7	25	8	7	7
46,892	44,743	43,967	26	46,892	44,743	43,967
89,732	83,881	81,945		89,732	83,881	81,945
Non-Current Liabilities						
47	(138)	62	25	47	(138)	62
513	513	446	26	513	513	446
560	375	508		560	375	508
90,292	84,256	82,453		90,292	84,256	82,453
388,870	385,527	380,844		388,870	385,527	380,844
EQUITY						
23,000	23,000	23,000		23,000	23,000	23,000
365,870	362,527	357,844		365,870	362,527	357,844
388,870	385,527	380,844		388,870	385,527	380,844

The accompanying notes form part of these financial statements.

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

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2016 \$000	2016 \$000	2015 \$000		2016 \$000	2016 \$000	2015 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
				(327,369)	(333,297)	(313,132)
(2,334)	(2,087)	(4,432)		(2,334)	(2,087)	(4,432)
(3)	(1)	(3)		(3)	(1)	(3)
(563,883)	(563,998)	(532,596)		(236,514)	(230,701)	(219,464)
(566,220)	(566,086)	(537,031)		(566,220)	(566,086)	(537,031)
Total Payments						
Receipts						
456,384	455,877	432,303		456,384	455,877	432,303
28,569	28,555	45,261		28,569	28,555	45,261
5,273	5,273	4,665		5,273	5,273	4,665
71,453	70,441	59,702		71,453	70,441	59,702
543	150	1,050		543	150	1,050
14,037	10,672	17,452		14,037	10,672	17,452
18,421	17,974	17,985		18,421	17,974	17,985
594,680	588,942	578,418		594,680	588,942	578,418
28,460	22,856	41,387		28,460	22,856	41,387
NET CASH FLOWS FROM OPERATING ACTIVITIES						
CASH FLOWS FROM INVESTING ACTIVITIES						
136	1,123	1,194		136	1,123	1,194
8,089	8,089	---		8,089	8,089	---
(33,679)	(31,650)	(42,352)		(33,679)	(31,650)	(42,352)
(3,000)	(8,089)	(8,089)		(3,000)	(8,089)	(8,089)
(28,454)	(30,527)	(49,247)		(28,454)	(30,527)	(49,247)
NET CASH FLOWS FROM INVESTING ACTIVITIES						
CASH FLOWS FROM FINANCING ACTIVITIES						
(14)	(200)	(15)		(14)	(200)	(15)
(14)	(200)	(15)		(14)	(200)	(15)
NET CASH FLOWS FROM FINANCING ACTIVITIES						
(8)	(7,871)	(7,875)		(8)	(7,871)	(7,875)
20,126	20,126	28,001		20,126	20,126	28,001
NET INCREASE / (DECREASE) IN CASH						
CLOSING CASH AND CASH EQUIVALENTS						

The accompanying notes form part of these financial statements.

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

PARENT AND CONSOLIDATION	Notes	Accumulated Funds	Asset Revaluation Surplus	Total
		\$000	\$000	\$000
Balance at 1 July 2015		357,844	23,000	380,844
Net Result for the year		8,026	----	8,026
Other Comprehensive Income:				
Transfers on Disposal		----	----	----
Total Other Comprehensive Income		----	----	----
Total Comprehensive Income for the year		8,026	----	8,026
Balance at 30 June 2016		365,870	23,000	388,870
Balance at 1 July 2014		334,048	3,696	337,744
Net Result for the year		23,695	----	23,695
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment	21	----	19,405	19,405
Available for Sale Financial Assets:				
Transfers on Disposal		101	(101)	----
Total Other Comprehensive Income		101	19,304	19,405
Total Comprehensive Income for the year		23,796	19,304	43,100
Balance at 30 June 2015		357,844	23,000	380,844

The accompanying notes form part of these financial statements.

Mid North 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	\$000	
Expenses Excluding Losses																								
Operating Expenses	14,830	14,278	1,266	1,381	51,345	57,927	43,956	39,059	156,820	139,636	34,244	25,901	29,313	35,171	6,181	6,802	5,615	2,779	---	---	---	---	343,570	322,936
Employee Related	403	293	1	1	2,998	2,413	1,330	1,410	38,816	35,730	2,650	2,146	3,229	4,304	13	41	68	1,128	---	---	---	---	48,508	47,468
Visiting Medical Officers	4,598	4,559	184	295	30,153	31,713	25,361	18,435	84,734	80,322	9,710	7,101	9,046	10,740	1,661	1,715	3,756	617	---	---	---	---	168,405	155,697
Other Operating Expenses	418	461	43	67	2,895	4,399	2,571	1,822	9,584	7,187	1,495	1,154	1,218	1,634	146	209	232	114	---	---	---	---	18,602	17,047
Depreciation and Amortisation	74	124	100	181	723	1,242	36	16	154	72	657	1,167	24	14	370	1,233	5	1	---	---	---	---	2,145	4,050
Grants and Subsidies	---	---	2	1	---	1	---	---	1	2	---	---	---	---	---	---	---	---	---	---	---	---	3	4
Finance Costs	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Total Expenses Excluding Losses	20,323	19,715	1,596	1,926	88,114	97,695	73,456	60,742	290,109	263,151	48,796	37,471	42,830	51,863	8,371	10,000	9,678	4,639	---	---	---	---	583,233	547,202
Revenue																								
NSW Ministry of Health Recurrent Allocations **	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
NSW Ministry of Health Capital Allocations **	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Acceptance by the Crown Entity of Employee Benefits	705	617	61	61	2,441	2,504	2,090	1,698	7,457	6,036	1,628	1,120	1,394	1,520	294	284	267	120	---	---	---	---	456,384	432,303
Sale of Goods and Services	178	1,056	24	116	15,457	16,918	1,841	4,433	44,030	26,744	1,106	4,297	7,139	4,721	41	281	90	931	---	---	---	---	28,569	45,262
Investment Revenue	7	47	---	---	254	335	37	65	186	327	28	117	29	40	1	3	1	115	---	---	---	---	---	16,337
Grants and Contributions	1,630	3,036	2	484	4,834	2,798	678	740	3,249	1,355	375	388	1,369	5,160	253	742	851	1,375	---	---	---	---	66,906	61,497
Other Revenue	18	54	3	6	1,531	238	182	198	4,362	786	110	144	707	129	4	48	9	29	---	---	---	---	543	1,050
Total Revenue	2,538	4,840	90	670	24,517	24,793	4,828	7,124	59,284	35,227	3,247	6,066	10,658	11,590	593	1,368	1,218	2,570	---	---	---	---	591,926	571,813
Gain / (Loss) on Disposal	(2)	9	(1)	---	(135)	25	(16)	21	(395)	82	(10)	15	(62)	14	---	5	(1)	3	---	---	---	---	(612)	174
Other Gains / (Losses)	---	(55)	---	(4)	(12)	(156)	(1)	(130)	(35)	(514)	(1)	(95)	(6)	(85)	---	(32)	---	(19)	---	---	---	---	(55)	(1,090)
Net Result	(17,787)	(14,921)	(1,507)	(1,280)	(63,744)	(73,033)	(68,645)	(53,727)	(231,245)	(228,356)	(45,520)	(31,465)	(32,240)	(40,344)	(7,778)	(8,659)	(8,461)	(2,085)	(8,461)	(2,085)	(8,461)	(2,085)	8,026	23,695
Other Comprehensive Income																								
Net Increase/(Decrease) in PP&E Revaluation Surplus	---	525	---	78	---	5,007	---	2,074	---	8,181	---	1,314	---	1,860	---	237	---	129	---	---	---	---	---	19,405
Total Other Comprehensive Income	---	525	---	78	---	5,007	---	2,074	---	8,181	---	1,314	---	1,860	---	237	---	129	---	---	---	---	---	19,405
Total Comprehensive Income	(17,787)	(14,396)	(1,507)	(1,182)	(63,744)	(68,026)	(66,645)	(51,653)	(231,245)	(220,175)	(45,520)	(30,171)	(32,240)	(38,484)	(7,778)	(8,422)	(8,461)	(1,956)	(8,461)	(1,956)	(1,956)	(1,956)	8,026	43,100

* The name and purpose of each service group is summarised in Note 16

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

Mid North 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		Total			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
ASSETS																						
Current Assets																						
Cash and Cash Equivalents	701	725	55	70	3,039	3,593	2,534	2,234	10,007	9,679	1,662	1,376	1,477	1,908	289	368	334	171			20,116	
Receivables	53	243	6	27	4,585	4,354	546	1,020	13,060	6,154	328	989	2,118	1,086	12	65	27	214			20,735	
Inventories	20	20	2	1	134	143	114	63	377	362	43	32	40	48	7	8	17	3			754	
Financial Assets at Fair Value	105	291	8	28	453	1,444	378	898	1,492	3,660	251	554	220	767	43	148	50	69			3,000	
Total Current Assets	879	1,278	71	126	8,211	9,534	3,572	4,235	24,936	20,085	2,304	2,953	3,855	3,809	351	589	428	457			44,807	
Non-Current Assets																						
Receivables																						
Property, Plant and Equipment																						
- Land and Buildings	6,875	10,481	910	1,521	61,455	99,529	54,577	41,388	203,412	163,268	31,725	26,221	25,844	37,126	3,102	4,737	4,914	2,563			364,514	
- Plant and Equipment	620	636	64	92	4,294	6,060	3,813	2,510	14,213	9,901	2,217	1,590	1,806	2,262	217	287	343	157			27,587	
- Infrastructure Systems	273	257	28	38	1,892	2,448	1,680	1,014	6,262	4,000	977	642	796	910	95	116	151	63			12,154	
Total Non-Current Assets	9,768	11,374	1,002	1,652	67,641	108,638	60,070	44,912	223,887	177,170	34,919	28,453	28,446	40,288	3,414	5,140	5,408	2,803			434,555	
TOTAL ASSETS	10,647	12,653	1,073	1,778	75,852	117,972	63,642	49,147	248,823	197,255	37,223	31,406	32,301	44,097	3,765	5,729	5,836	3,260			479,162	
LIABILITIES																						
Current Liabilities																						
Payables	1,163	1,112	46	73	7,624	7,734	6,463	4,496	21,424	19,637	2,455	1,732	2,267	2,619	420	418	950	150			42,532	
Borrowings																						
Provisions	2,024	1,944	172	189	7,006	7,697	5,959	5,316	21,404	19,011	4,674	3,526	4,001	4,788	644	926	768	378			46,692	
Other																						
Total Current Liabilities	3,187	3,056	218	263	14,633	15,622	12,463	9,815	42,832	38,651	7,130	5,259	6,269	7,408	1,264	1,344	1,716	528			89,732	
Non-Current Liabilities																						
Borrowings	2	2			7	11	6	7	23	30	4	4	3	6	1	1	1	1			47	
Provisions	22	20	2	1	771	80	66	54	234	193	51	36	44	49	9	9	8	4			513	
Total Non-Current Liabilities	24	22	2	1	778	91	72	61	257	223	55	40	47	55	10	10	9	5			580	
TOTAL LIABILITIES	3,211	3,078	220	264	14,717	15,713	12,535	9,876	43,089	38,874	7,185	5,298	6,338	7,463	1,274	1,354	1,725	533			90,292	
NET ASSETS	7,436	9,575	853	1,514	61,135	102,259	51,107	39,271	205,734	158,381	30,038	26,108	25,965	36,634	2,491	4,375	4,111	2,727			388,870	

* The name and purpose of each service group is summarised in Note 16

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

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

* The parent entity, comprises all the operating activities of the Hospital Facilities and the Community Health Centres under its control. It also encompasses the Restricted Assets (as disclosed in notes 15 and 23), which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the parent entity.

* The Mid North Coast Local Health District Special Purpose Service Entity which was established as a Division of the District on 1 January 2011 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the District to exercise its functions.

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

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

These consolidated financial statements for the year ended 30 June 2016 have been authorised for issue by the Chief Executive on 1st 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(af).

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

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

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.

Mid North 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 26.

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.

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.

Mid North 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.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer Note 1(ac)).

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.

Mid North 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

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:

	2016	2015
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.

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(r).

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 21 and Note 22 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.

Mid North 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

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.

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

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

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

r) 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.

s) 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.

t) 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.

u) 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.

v) 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.

Mid North 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

w) 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.

- * 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.

x) Impairment of financial assets

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

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

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

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

Mid North 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

y) 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.

z) 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.

aa) Borrowings

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

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

ab) 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 22 and Note 34 for further disclosures regarding fair value measurements of financial and non-financial assets.

ac) Equity Transfers

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

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

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

Mid North 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

ad) 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).

(iii) Separate Reserves

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

ae) Trust Funds

The District receives monies in a trustee capacity for various trusts as set out in Note 28.

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.

af) 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.

ag) Service Group Statements Allocation Methodology

Service group definitions are based and allocated on methodology determined by the Independent Hospital Pricing Authority, refer note 16.

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.

Mid North 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

ah) 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.

Mid North 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
2. Employee Related				
----	----	Salaries and Wages (including annual leave)	296,248	279,456
----	----	Superannuation - Defined Benefit Plans	2,258	2,243
----	----	Superannuation - Defined Contribution Plans	26,086	24,278
----	----	Long Service Leave	14,922	12,472
----	----	Redundancies	305	64
----	----	Workers' Compensation Insurance	3,672	4,195
----	----	Fringe Benefits Tax	79	228
-----	-----		-----	-----
-----	-----		343,570	322,936
=====	=====		=====	=====

The amounts below are capitalised and do not form part of the above total employee related costs:

----	----	Employee Related Expenses Capitalised - Land and Buildings	44	175
----	----	Employee Related Expenses Capitalised - Plant and Equipment	-----	78

3. Personnel Services

296,248	279,456	Salaries and Wages	----	----
26,086	24,278	Superannuation - Defined Contribution Plans	----	----
843	755	Long Service Leave	----	----
305	64	Redundancies	----	----
3,672	4,195	Workers' Compensation Insurance	----	----
79	228	Fringe Benefits Tax	----	----
-----	-----		-----	-----
327,233	308,976		-----	-----
=====	=====		=====	=====

The amounts below are capitalised and do not form part of the above total personnel services:

44	175	Personnel Services Expenses Capitalised - Land and Buildings	----	----
-----	78	Personnel Services Expenses Capitalised - Plant and Equipment	----	----

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

4. Other Operating Expenses

52	66	Advertising	52	66
167	144	Auditor's Remuneration - Audit of Financial Statements	167	144
2,698	2,622	Blood and Blood Products	2,698	2,622
1,282	703	Consultancies	1,282	703
-----	37	Contractors	-----	37
6,253	5,971	Domestic Supplies and Services	6,253	5,971
28,108	20,511	Drug Supplies	28,108	20,511
10,931	10,697	Food Supplies	10,931	10,697
3,625	4,468	Fuel, Light and Power	3,625	4,468
7,758	7,407	Hospital Ambulance Transport Costs	7,758	7,407
6,179	4,548	Information Management Expenses	6,179	4,548
426	266	Insurance	426	266
15,958	17,433	Maintenance (See 4(b) below)	15,958	17,433
29,392	30,192	Medical and Surgical Supplies	29,392	30,192
1,250	1,166	Motor Vehicle Expenses	1,250	1,166
1,710	1,309	Postal and Telephone Costs	1,710	1,309
1,540	1,271	Printing and Stationery	1,540	1,271
785	746	Rates and Charges	785	746
2,548	2,272	Rental	2,548	2,272
1,974	2,151	Hosted Services Purchased from Other NSW Health Entities	1,974	2,151
21,896	22,494	Special Service Departments	21,896	22,494
3,430	3,003	Staff Related Costs	3,430	3,003
2,956	2,547	Travel Related Costs	2,956	2,547
18,487	13,673	Other (See 4(a) below)	18,487	13,673
<u>169,405</u>	<u>155,697</u>		<u>169,405</u>	<u>155,697</u>

Mid North Coast Local Health District
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PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
4. Other Operating Expenses				
a) Other Includes:				
152	64	Contract for Patient Services	152	64
6,464	2,804	Corporate Support Services	6,464	2,804
475	438	Courier and Freight	475	438
3,256	3,495	Isolated Patient Travel and Accommodation Assistance Scheme	3,256	3,495
148	1,087	Legal Services	148	1,087
170	204	Membership/Professional Fees	170	204
957	1,016	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	957	1,016
1,357	1,313	Other Operating Lease Expense - Minimum Lease Payments	1,357	1,313
3	6	Quality Assurance/Accreditation	3	6
1,031	480	Security Services	1,031	480
4,474	2,766	Other Miscellaneous	4,474	2,766
<u>18,487</u>	<u>13,673</u>		<u>18,487</u>	<u>13,673</u>
b) Reconciliation of Total Maintenance				
5,678	5,061	Maintenance Contracts	5,678	5,061
7,598	10,366	New/Replacement Equipment under \$10,000	7,598	10,366
2,667	2,006	Repairs Maintenance/Non Contract	2,667	2,006
15	----	Other	15	----
<u>15,958</u>	<u>17,433</u>	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 4)	<u>15,958</u>	<u>17,433</u>
1,744	1,661	Employee Related/Personnel Services Maintenance Expense included in Notes 2 and 3	1,744	1,661
<u>17,702</u>	<u>19,094</u>		<u>17,702</u>	<u>19,094</u>

Mid North Coast Local Health District
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PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
5. Depreciation and Amortisation				
13,064	11,445	Depreciation - Buildings	13,064	11,445
5,001	5,131	Depreciation - Plant and Equipment	5,001	5,131
537	471	Depreciation - Infrastructure Systems	537	471
<u>18,602</u>	<u>17,047</u>		<u>18,602</u>	<u>17,047</u>
6. Grants and Subsidies				
1,036	1,273	Non-Government Organisations	1,036	1,273
-----	1,978	Community Packages	-----	1,978
308	72	Grants to Research Organisations	308	72
16	12	Grants to Other NSW Health Entities	16	12
785	715	Other Grants	785	715
<u>2,145</u>	<u>4,050</u>		<u>2,145</u>	<u>4,050</u>
7. Finance Costs				
3	3	Interest on Loans	3	3
-----	1	Other Interest Charges	-----	1
<u>3</u>	<u>4</u>		<u>3</u>	<u>4</u>

Mid North Coast Local Health District
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PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
8. Sale of Goods and Services				
a) Sale of Goods comprise the following:-				
63	117	Pharmacy Sales	63	117
1,607	1,693	Sale of Prosthesis	1,607	1,693
142	140	Other	142	140
b) Rendering of Services comprise the following:-				
		Patient Fees		
19,453	18,024	- Inpatient Fees	19,453	18,024
410	433	- Nursing Home Fees	410	433
1,588	931	- Non Inpatient Fees	1,588	931
12,718	14,091	Department of Veterans' Affairs	12,718	14,091
6	5	Staff-Meals and Accommodation	6	5
5,148	4,877	Infrastructure Fees - Monthly Facility Charge	5,148	4,877
1,799	1,398	Infrastructure Fees - Annual Charge	1,799	1,398
3	6	Cafeteria/Kiosk	3	6
856	-----	Car Parking	856	-----
725	836	Clinical Services (excluding Clinical Drug Trials)	725	836
281	495	Commercial Activities	281	495
3	3	Enteral Nutrition	3	3
69	66	Fees for Medical Records	69	66
17,574	10,647	High Cost Drugs	17,574	10,647
66	68	Linen Service Revenues - Non Health Services	66	68
4,260	3,893	Motor Accident Authority Third Party	4,260	3,893
12	-----	Patient Transport Fees	12	-----
58	72	Private Use of Motor Vehicles	58	72
206	250	Salary Packaging Fee	206	250
2,348	2,773	Hosted Services Provided to Other NSW Health Entities	2,348	2,773
142	121	Services Provided to Non NSW Health Organisations	142	121
4	-----	Shared Corporate Services	4	-----
365	558	Other	365	558
69,906	61,497		69,906	61,497
9. Investment Revenue				
543	1,050	Interest	543	1,050
543	1,050		543	1,050

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Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
10. Grants and Contributions				
552	629	Clinical Drug Trials	552	629
3,772	4,382	Commonwealth Government Grants	3,772	4,382
1,377	1,501	Industry Contributions/Donations	1,377	1,501
1,075	1,152	Cancer Institute Grants	1,075	1,152
622	1,457	NSW Government Grants	622	1,457
2,407	2,397	Grants from Other NSW Health Entities	2,407	2,397
30	10	Research Grants	30	10
3,426	4,550	Other Grants	3,426	4,550
13,261	16,078		13,261	16,078
11. Acceptance by the Crown Entity of Employee Benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	-----	Superannuation-defined benefit	2,258	2,243
----	-----	Long Service Leave	14,079	11,717
-----	-----		16,337	13,960
12. Other Revenue				
Other Revenue comprises the following:-				
26	28	Commissions	26	28
7	37	Conference and Training Fees	7	37
53	-----	Discounts	53	-----
111	158	Insurance Refunds	111	158
162	184	Lease and Rental	162	184
21	13	Sale of Merchandise, Old Wares and Books	21	13
14	-----	Sponsorship	14	-----
5,238	734	Treasury Managed Fund Hindsight Adjustment	5,238	734
1,294	509	Other	1,294	509
6,926	1,663		6,926	1,663

Mid North Coast Local Health District
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for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
13. Gain / (Loss) on Disposal				
5,787	3,990	Property, Plant and Equipment	5,787	3,990
(5,038)	(3,668)	Accumulated Depreciation	(5,038)	(3,668)
749	322	Written Down Value	749	322
137	71	Proceeds from Disposal	137	71
(612)	(251)	Gain/(Loss) on Disposal of Property, Plant and Equipment	(612)	(251)
-----	698	Assets Held for Sale	-----	698
-----	1,123	Proceeds from Disposal	-----	1,123
-----	425	Gain/(Loss) on Disposal of Assets Held for Sale	-----	425
(612)	174	Total Gain/(Loss) on Disposal	(612)	174
14. Other Gains / (Losses)				
(55)	(1,090)	Impairment of Receivables	(55)	(1,090)
(55)	(1,090)		(55)	(1,090)

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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PARENT & CONSOLIDATION

15. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at reporting date	1,571	1,697	(69)	3,199
Contributions recognised in previous years which were not expended in the current reporting period	7,339	6,840	1,953	16,132
Total amount of unexpended contributions as at reporting date	<u>8,910</u>	<u>8,537</u>	<u>1,884</u>	<u>19,331</u>

Comment on restricted assets appears in Note 23

16. 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

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.

16. 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.

Mid North 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
17. Cash and Cash Equivalents				
20,118	20,126	Cash at Bank and On Hand	20,118	20,126
20,118	20,126		20,118	20,126
<p>For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.</p> <p>Cash & cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:</p>				
20,118	20,126	Cash and Cash Equivalents (per Statement of Financial Position)	20,118	20,126
20,118	20,126	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	20,118	20,126

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

Mid North Coast Local Health District
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PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
18. Receivables				
Current				
5,799	5,721	Sale of Goods and Services	5,799	5,721
1,958	2,761	Intra Health Receivables	1,958	2,761
4,870	2,673	Goods and Services Tax	4,870	2,673
7,866	2,542	Other Debtors	7,866	2,542
<u>20,493</u>	<u>13,697</u>	Sub Total	<u>20,493</u>	<u>13,697</u>
(1,066)	(727)	Less Allowance for Impairment	(1,066)	(727)
19,427	12,970	Sub Total	19,427	12,970
1,308	1,182	Prepayments	1,308	1,182
<u>20,735</u>	<u>14,152</u>		<u>20,735</u>	<u>14,152</u>
a) Movement in the Allowance for Impairment				
Sale of Goods and Services				
(203)	(146)	Balance at Commencement of Reporting Period	(203)	(146)
233	190	Amounts written off during the period	233	190
(401)	(247)	(Increase)/decrease in Allowance Recognised in the Net Result	(401)	(247)
<u>(371)</u>	<u>(203)</u>	Balance at 30 June	<u>(371)</u>	<u>(203)</u>
b) Movement in the Allowance for Impairment				
Other Debtors				
(524)	(275)	Balance at Commencement of Reporting Period	(524)	(275)
33	44	Amounts written off during the period	33	44
(204)	(293)	(Increase)/decrease in Allowance Recognised in the Net Result	(204)	(293)
<u>(695)</u>	<u>(524)</u>	Balance at 30 June	<u>(695)</u>	<u>(524)</u>
<u>(1,066)</u>	<u>(727)</u>		<u>(1,066)</u>	<u>(727)</u>
Non-Current				
----	257	Sale of Goods and Services	----	257
----	295	Other Debtors	----	295
----	552	Sub Total	----	552
----	(549)	Less Allowance for Impairment	----	(549)
<u>----</u>	<u>3</u>		<u>----</u>	<u>3</u>

Mid North 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
18. Receivables				
a) Movement in the Allowance for Impairment				
Sale of Goods and Services				
(94)	-----	Balance at Commencement of Reporting Period	(94)	-----
		(Increase)/decrease in Allowance Recognised in		
94	(94)	the Net Result	94	(94)
-----	(94)	Balance at 30 June	-----	(94)
b) Movement in the Allowance for Impairment				
Other Debtors				
(455)	-----	Balance at Commencement of Reporting Period	(455)	-----
		(Increase)/decrease in Allowance Recognised in		
455	(455)	the Net Result	455	(455)
-----	(455)	Balance at 30 June	-----	(455)
c) The current and non-current sale of goods and services				
balances above include the following patient fee receivables:				
(Current and Non-Current) include:				
338	281	Patient Fees - Compensable	338	281
237	279	Patient Fees - Ineligible	237	279
2,720	2,866	Patient Fees - Inpatient & Other	2,720	2,866
-----	-----		-----	-----
3,295	3,426		3,295	3,426
-----	-----		-----	-----

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

Mid North Coast Local Health District
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PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
19. Inventories				
<u>754</u>	<u>700</u>	Drugs	<u>754</u>	<u>700</u>
<u>754</u>	<u>700</u>		<u>754</u>	<u>700</u>
20. Financial Assets at Fair Value				
		Current		
<u>3,000</u>	<u>8,089</u>	Other	<u>3,000</u>	<u>8,089</u>
<u>3,000</u>	<u>8,089</u>		<u>3,000</u>	<u>8,089</u>

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

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
21. Property, Plant and Equipment				
Land and Buildings - Fair Value				
581,238	560,613	Gross Carrying Amount	581,238	560,613
<u>(186,424)</u>	<u>(173,359)</u>	Less: Accumulated Depreciation and Impairment	<u>(186,424)</u>	<u>(173,359)</u>
<u>394,814</u>	<u>387,254</u>	Net Carrying Amount	<u>394,814</u>	<u>387,254</u>
Plant and Equipment - Fair Value*				
57,973	53,909	Gross Carrying Amount	57,973	53,909
<u>(30,386)</u>	<u>(30,424)</u>	Less: Accumulated Depreciation and Impairment	<u>(30,386)</u>	<u>(30,424)</u>
<u>27,587</u>	<u>23,485</u>	Net Carrying Amount	<u>27,587</u>	<u>23,485</u>
Infrastructure Systems - Fair Value				
22,962	19,758	Gross Carrying Amount	22,962	19,758
<u>(10,808)</u>	<u>(10,270)</u>	Less: Accumulated Depreciation and Impairment	<u>(10,808)</u>	<u>(10,270)</u>
<u>12,154</u>	<u>9,488</u>	Net Carrying Amount	<u>12,154</u>	<u>9,488</u>
<u>434,555</u>	<u>420,227</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>434,555</u>	<u>420,227</u>

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

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PARENT & CONSOLIDATION

21. Property, Plant and Equipment - Reconciliation

set out below:

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000
2016					
Net carrying amount at start of year	20,589	366,665	23,485	9,488	420,227
Additions	----	24,244	8,719	31	32,994
Disposals	----	----	(749)	----	(749)
Transfers within NSW Health Entities through Statement of Comprehensive Income	----	----	685	----	685
Depreciation Expense	----	(13,064)	(5,001)	(537)	(18,602)
Reclassifications	2,109	(5,729)	448	3,172	----
Net carrying amount at end of year	22,698	372,116	27,587	12,154	434,555

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

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 22.

- (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 Corporeal Pty Ltd were not applied as immaterial.

The following table details the indices applied to Land, Buildings and Infrastructure Systems as determined by Corporeal Pty Ltd :

Year	Land	Buildings	Infrastructure Systems
2015/16	4%	8%	0%

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PARENT & CONSOLIDATION

22. 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 21)				
- Land and Buildings	----	4,073	383,680	387,753
- Infrastructure Systems	----	----	12,154	12,154
	-----	-----	-----	-----
	----	4,073	395,834	399,907

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 21)				
- Land and Buildings	----	2,233	321,794	324,027
- Infrastructure Systems	----	----	9,488	9,488
	-----	-----	-----	-----
	----	2,233	331,282	333,515

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

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 21.

b) Valuation Techniques, Inputs and Processes

For land, buildings and infrastructure systems the District obtains external valuations by independent valuers every three years. The last revaluation was performed by Corporeal Pty Ltd for the 14/15 financial year. Corporeal Pty Ltd is an independent entity and is not an employee of the District.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices refer, note 21 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.

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

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PARENT & CONSOLIDATION

22. Fair Value Measurement of Non-Financial Assets

c) Reconciliation of Recurring Level 3 Fair Value Measurements

2016	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2015	321,794	9,488	331,282
Additions	30	31	61
Transfers from Level 2	74,798	3,172	77,970
Depreciation	(12,942)	(537)	(13,479)
Fair value as at 30 June 2016	383,680	12,154	395,834

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

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

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

Mid North 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
23. Restricted Assets				
<p>The District's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.</p>				
Category				
1,884	2,074	Other	1,884	2,074
8,910	9,984	Purchase of Assets	8,910	9,984
8,537	7,364	Health Promotion Education & Research	8,537	7,364
<u>19,331</u>	<u>19,422</u>		<u>19,331</u>	<u>19,422</u>

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
		24. Payables		
		Current		
-----	-----	Accrued Salaries, Wages and On-Costs	7,911	6,100
-----	-----	Taxation and Payroll Deductions	1,029	423
8,940	6,523	Accrued Liability - Purchase of Personnel Services	-----	-----
15,733	16,079	Creditors	15,733	16,079
		Other Creditors		
439	-----	- Capital Works	439	-----
3,862	4,641	- Intra Health Liability	3,862	4,641
13,858	10,728	- Other	13,858	10,728
<u>42,832</u>	<u>37,971</u>		<u>42,832</u>	<u>37,971</u>

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

		25. Borrowings		
		Current		
<u>8</u>	<u>7</u>	Other Loans and Deposits	<u>8</u>	<u>7</u>
<u>8</u>	<u>7</u>		<u>8</u>	<u>7</u>
		Non-Current		
<u>47</u>	<u>62</u>	Other Loans and Deposits	<u>47</u>	<u>62</u>
<u>47</u>	<u>62</u>		<u>47</u>	<u>62</u>

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

Final Repayment is scheduled for 31 December 2019

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

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

Mid North 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
26. Provisions				
Current				
----	----	Annual Leave - Short Term Benefit	31,613	30,090
----	----	Annual Leave - Long Term Benefit	9,376	8,750
----	----	Long Service Leave Consequential On-Costs	5,903	5,127
46,892	43,967	Provision for Personnel Services Liability	----	----
<u>46,892</u>	<u>43,967</u>		<u>46,892</u>	<u>43,967</u>
Non-Current				
----	----	Long Service Leave Consequential On-Costs	513	446
513	446	Provision for Personnel Services Liability	----	----
<u>513</u>	<u>446</u>		<u>513</u>	<u>446</u>
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	46,892	43,967
----	----	Provisions - Non-Current	513	446
----	----	Accrued Salaries, Wages and On-Costs (Note 24)	8,940	6,523
56,345	50,936	Liability - Purchase of Personnel Services	----	----
<u>56,345</u>	<u>50,936</u>		<u>56,345</u>	<u>50,936</u>

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

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
27. Commitments for Expenditure				
a) Capital Commitments				
Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure systems, and intangible assets, contracted for at balance date and not provided for:				
8,349	17,468	Not later than one year	8,349	17,468
-----	376	Later than one year and not later than five years	-----	376
-----	-----	Later than five years	-----	-----
<u>8,349</u>	<u>17,844</u>	Total Capital Expenditure Commitments (Including GST)	<u>8,349</u>	<u>17,844</u>
b) Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable:				
2,185	2,003	Not later than one year	2,185	2,003
3,908	3,342	Later than one year and not later than five years	3,908	3,342
219	-----	Later than five years	219	-----
<u>6,312</u>	<u>5,345</u>	Total Operating Lease Commitments (Including GST)	<u>6,312</u>	<u>5,345</u>

The operating lease commitments above are for motor vehicles, residential and commercial rental properties, medical equipment and other equipment.

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

The total of 'Commitments for Expenditure' above, i.e. \$8.3 million as at 30 June 2016 includes input tax credits of \$0.76 million that are expected to be recoverable from the Australian Taxation Office (2015 \$1.6 million).

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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PARENT & CONSOLIDATION

28. Trust Funds

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

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

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Balance at the beginning of the financial year	2	2	178	240	1,016	2,381	1,196	2,623
Revenue	----	----	233	146	10,622	7,626	10,855	7,772
Expenses	----	----	(190)	(208)	(10,646)	(8,991)	(10,836)	(9,199)
Balance at the end of the financial year	2	2	221	178	992	1,016	1,215	1,196

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

29. 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.

Mid North 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
30. Reconciliation of Cash Flows from Operating Activities to Net Result				
28,460	41,387	Net Cash Flows from Operating Activities	28,460	41,387
(18,602)	(17,047)	Depreciation and Amortisation	(18,602)	(17,047)
(55)	(1,090)	Allowance for Impairment	(55)	(1,090)
----	210	(Increase)/ Decrease Income in Advance	----	210
(2,992)	(2,592)	(Increase)/ Decrease in Provisions	(2,992)	(2,592)
6,852	(899)	Increase / (Decrease) in Prepayments and Other Assets	6,852	(899)
(5,025)	3,552	(Increase)/ Decrease in Payables from Operating Activities	(5,025)	3,552
(612)	174	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(612)	174
8,026	23,695	Net Result	8,026	23,695

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.

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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PARENT AND CONSOLIDATION

33. Adjusted Budget Review - Parent and Consolidated

Net Result

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

Assets and Liabilities

Current Assets were higher than adjusted budget by \$5 million, primarily due to the combination of Cash and Cash Equivalents and Financial Assets at Fair Value (as a result of the maturing of some term deposits) and timing issues associated with payments of current liabilities, especially trade creditors, at year end and the implications of the Treasury Banking System from 1 July, 2015.

Property Plant and Equipment was higher than adjusted budget by \$4.4 million, primarily due to higher Infrastructure Systems expenditure at Kempsey District Hospital.

Current Liabilities were higher than adjusted budget by \$5.8 million, primarily due to higher Payables of \$3.7 million due to the timing of expenditure that was accrued.

Cash Flows

The Net Cash Inflows From Operating Activities were higher than adjusted budget by \$5.6 million, primarily due to higher revenues received for grants and contributions.

The Net Cash Outflows From Operating Activities were lower than adjusted budget by \$2.0 million, primarily due to lower than budgeted purchase of investments.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation, on 1st July 2015, are as follows:

	\$000
Initial Allocation, Schedule C 01-07-15	443,126
Aboriginal Health	504
Community Health	1,230
Drug & Alcohol	1,857
Education & Training	1,688
IPTAAS	836
Locally Funded Initiatives	4,000
Insurance	(121)
Dental Health	70
HIV and Related Programs (HARP)	45
Mental Health	291
Research	50
Voluntary Redundancies	305
Other	1,996
	455,877
Balance as per Statement of Comprehensive Income	455,877

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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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 17)	N/A	20,118	20,126
Receivables (note 18)*	Loans and receivables (at amortised cost)	14,557	10,300
Financial Assets at Fair Value (note 20)	At fair value through profit or loss (designated as such upon initial recognition)	3,000	8,089
		37,675	38,515
Financial Liabilities			
Borrowings (note 25)	Financial liabilities measured at amortised cost	55	69
Payables (note 24)**		41,803	37,548
		41,858	37,617

Notes

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

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

(b) Credit Risk

Credit risk arises when there is the possibility 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 3.21% in the previous year.

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

34. Financial Instruments

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: \$8,201k; 2015: \$9,854k) and not more than 3 months past due (2016: \$230k; 2015: \$390k) are not considered impaired. Together these represent 89% 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 ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
2016			
<3 months overdue	230	77	153
3 months - 6 months overdue	243	----	243
> 6 months overdue	876	206	670
2015			
<3 months overdue	390	253	137
3 months - 6 months overdue	147	68	79
> 6 months overdue	1,186	126	1,060

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.

(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.

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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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

	Weighted Average Effective Interest Rate	Interest Rate Exposure				Maturity Dates		
		Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
		\$000	\$000	\$000	\$000	\$000	\$000	\$000
2016								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		7,911	----	----	7,911	7,911	----	----
- Creditors		33,892	----	----	33,892	33,892	----	----
Borrowings:								
- Loans and Deposits	3.85%	55	55	----	----	8	47	----
		<u>41,858</u>	<u>55</u>	<u>----</u>	<u>41,803</u>	<u>41,811</u>	<u>47</u>	<u>----</u>
2015								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		6,100	----	----	6,100	6,100	----	----
- Creditors		31,448	----	----	31,448	31,448	----	----
Borrowings:								
- Loans and Deposits	3.85%	69	69	----	----	7	62	----
		<u>37,617</u>	<u>69</u>	<u>----</u>	<u>37,548</u>	<u>37,555</u>	<u>62</u>	<u>----</u>

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.

Mid North Coast Local Health District
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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
2016					
Financial Assets					
Cash and Cash Equivalents	20,118	(201)	(201)	201	201
Receivables	14,557	----	----	----	----
Financial Assets at Fair Value	3,000	(30)	(30)	30	30
Financial Liabilities					
Payables	41,803	----	----	----	----
2015					
Financial Assets					
Cash and Cash Equivalents	20,126	(201)	(201)	201	201
Receivables	10,300	----	----	----	----
Financial Assets at Fair Value	8,089	(81)	(81)	81	81
Financial Liabilities					
Payables	37,548	----	----	----	----

Mid North Coast Local Health District
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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 \$4.1M 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