



# Financial Report for Boort District Health 2015/2016

## Comparative Financial Results

Listed below is a summary of financial results for the year ended 30<sup>th</sup> June 2016, together with comparative results for the previous four financial years.

## Cash Management / Liquidity Indicators

	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
Total revenue	14,447,818	8,392,912	7,273,103	6,801,744	6,111,599
Total expenses	7,721,808	7,425,685	6,887,725	6,679,411	6,507,388
Operating surplus (deficit)	6,726,010	967,227	385,378	122,333	(395,789)
Retained Surplus	7,905,613	1,205,024	237,797	(147,581)	(269,914)
Total assets	18,037,794	11,629,342	10,638,441	7,305,380	7,152,551
Total liabilities	2,706,430	2,998,567	2,974,893	2,691,430	2,660,934
Net assets	15,331,364	8,630,775	7,663,548	4,613,950	4,491,617
<b>TOTAL EQUITY</b>	<b>15,331,364</b>	<b>8,630,775</b>	<b>7,663,548</b>	<b>4,613,950</b>	<b>4,491,617</b>

Cash Management / Liquidity	2015-16 Actuals
Creditors (Days)	59
Debtors (Patient Fees) (Days)	7

## BOORT DISTRICT HEALTH

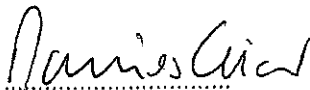
### BOARD MEMBER'S, ACCOUNTABLE OFFICER'S AND CHIEF FINANCE & ACCOUNTING OFFICER'S DECLARATION

The attached financial statements for Boort District Health have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2016 and financial position of Boort District Health at 30 June 2016.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

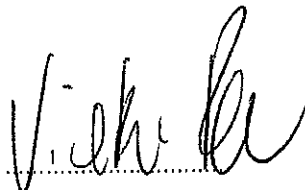
We authorise the attached financial statements for issue on this day.



Marlies Eicher  
Board President

Boort

2nd September, 2016



Vicki Poxon  
Chief Executive Officer

Boort

2nd September, 2016



Andrew Arundell  
Contract Finance & Accounting Officer

Boort

2nd September, 2016

## INDEPENDENT AUDITOR'S REPORT

### To the Board Members, Boort District Health

#### *The Financial Report*

I have audited the accompanying financial report for the year ended 30 June 2016 of the Boort District Health which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board Member's, Accountable Officer's and Chief Finance & Accounting Officer's Declaration.

#### *The Board Members' Responsibility for the Financial Report*

The Board Members of the Boort District Health are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

## Independent Auditor's Report (continued)

### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Boort District Health as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE  
14 September 2016



 Dr Peter Frost  
Acting Auditor-General

**BOORT DISTRICT HEALTH**  
**COMPREHENSIVE OPERATING STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
Revenue from Operating Activities	2	6,079,115	6,415,971
Revenue from Non-Operating Activities	2	106,660	150,805
Employee Expenses	3	(4,933,365)	(4,876,361)
Non Salary Labour Costs	3	(188,195)	(142,700)
Supplies and Consumables	3	(462,050)	(440,820)
Other Expenses	3	(1,254,243)	(1,288,992)
<b>Net result before capital and specific items</b>		<b>(652,078)</b>	<b>(182,097)</b>
Capital Purpose Income	2	8,262,043	1,826,136
Depreciation	4	(693,794)	(676,812)
Expenditure Using Capital Purpose Income	3	(190,161)	0
<b>Net result after capital and specific items</b>		<b>6,726,010</b>	<b>967,227</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets	2a	(8,517)	0
Revaluation of Long Service Leave	12	(16,904)	0
<b>Total other economic flows included in net result</b>		<b>(25,421)</b>	<b>0</b>
<b>NET RESULT FOR THE YEAR</b>		<b>6,700,589</b>	<b>967,227</b>
<b>COMPREHENSIVE RESULT</b>		<b>6,700,589</b>	<b>967,227</b>

This Statement should be read in conjunction with the accompanying notes.

**BOORT DISTRICT HEALTH**  
**COMPREHENSIVE OPERATING STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

	Note	2016	2015
<b>Current Assets</b>		<b>\$</b>	<b>\$</b>
Cash and Cash Equivalents	5	1,085,454	1,950,157
Receivables	6	413,137	260,982
Investments and Other Financial Assets	7	2,732,459	3,248,399
Inventories	8	67,242	47,748
Prepayments and Other Assets	9	52,136	48,819
<b>Total Current Assets</b>		<b>4,350,428</b>	<b>5,556,105</b>
<b>Non-Current Assets</b>			
Receivables	6	96,058	109,303
Property, Plant and Equipment	10	13,591,308	5,963,934
<b>Total Non-Current Assets</b>		<b>13,687,366</b>	<b>6,073,237</b>
<b>TOTAL ASSETS</b>		<b>18,037,794</b>	<b>11,629,342</b>
<b>Current Liabilities</b>			
Payables	11	419,855	417,189
Provisions	12	912,329	1,189,053
Other Current Liabilities	14	1,228,634	1,236,558
<b>Total Current Liabilities</b>		<b>2,560,818</b>	<b>2,842,800</b>
<b>Non-Current Liabilities</b>			
Provisions	12	145,612	155,767
<b>Total Non-Current Liabilities</b>		<b>145,612</b>	<b>155,767</b>
<b>TOTAL LIABILITIES</b>		<b>2,706,430</b>	<b>2,998,567</b>
<b>NET ASSETS</b>		<b>15,331,364</b>	<b>8,630,775</b>
<b>EQUITY</b>			
Property, Plant and Equipment Revaluation Surplus	15a	4,125,544	4,125,544
Restricted Specific Purpose Surplus	15a	139,300	139,300
Contributed Capital	15b	3,160,907	3,160,907
Accumulated Surpluses	15c	7,905,613	1,205,024
<b>TOTAL EQUITY</b>		<b>15,331,364</b>	<b>8,630,775</b>
Commitments	18		
Contingent Assets and Contingent Liabilities	19		

This Statement should be read in conjunction with the accompanying notes.

**BOORT DISTRICT HEALTH**  
**STATEMENT OF FINANCIAL POSITION**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

	Note	Property, Plant and Equipment Revaluation Surplus \$	Restricted Specific Purpose Surplus \$	Contributed Capital \$	Accumulated Surpluses/ (Deficits) \$	Total \$
<b>Balance at 1 July 2014</b>		4,125,544	139,300	3,160,907	237,797	7,663,548
Net result for the year		0	0	0	967,227	967,227
<b>Balance at 30 June 2015</b>		<b>4,125,544</b>	<b>139,300</b>	<b>3,160,907</b>	<b>1,205,024</b>	<b>8,630,775</b>
Net result for the year		0	0	0	6,700,589	6,700,589
<b>Balance at 30 June 2016</b>		<b>4,125,544</b>	<b>139,300</b>	<b>3,160,907</b>	<b>7,905,613</b>	<b>15,331,364</b>

This Statement should be read in conjunction with the accompanying notes.



**BOORT DISTRICT HEALTH**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Grants from Government		4,454,935	4,739,318
Capital Grants from Government		7,845,010	1,289,950
Patient and Resident Fees Received		1,247,493	1,316,753
Donations and Bequests Received		87,059	43,587
GST paid to ATO		(117,363)	(17,895)
Interest Received		110,492	150,025
Other Receipts		198,659	148,977
<b>Total Receipts</b>		<b>13,826,285</b>	<b>7,670,715</b>
Employee Expenses Paid		(5,237,148)	(4,757,306)
Non Salary Labour Costs		(188,195)	(142,700)
Payments for Suppliers and Consumables		(481,544)	(440,269)
Other Payments		(1,276,722)	(1,039,672)
<b>Total Payments</b>		<b>(7,183,609)</b>	<b>(6,379,947)</b>
<b>NET CASH FLOW FROM /(USED IN) OPERATING ACTIVITIES</b>	<b>16</b>	<b>6,642,676</b>	<b>1,290,768</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Investments		487,605	(184,027)
Payments for Non-Financial Assets		(8,020,348)	(597,463)
Proceeds from sale of Non-Financial Assets		#REF!	0
<b>NET CASH FLOW FROM /(USED IN) INVESTING ACTIVITIES</b>		<b>#REF!</b>	<b>(781,490)</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b>		<b>#REF!</b>	<b>509,278</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		1,714,981	1,205,703
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<b>5</b>	<b>#REF!</b>	<b>1,714,981</b>

This Statement should be read in conjunction with the accompanying notes.

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**NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These annual financial statements represent the audited general purpose financial statements for Boort District Health (ABN 61 440 342 041) for the period ending 30 June 2016. The purpose of the report is to provide users with information about the Health Services' stewardship of resources entrusted to it.

**(a) Statement of compliance**

These financial statements are a general purpose financial statements which have been prepared in accordance with the *Financial Management Act* 1994 and applicable Australian Accounting Standards (AASs), which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 Presentation of Financial Statements.

The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SDs) authorised by the Minister for Finance.

The Health Service is a not-for profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Services under the AAS's.

The annual financial statements were authorised for issue by the Board of Boort District Health on 2nd September, 2016.

**(b) Basis of accounting preparation and measurement**

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016, and the comparative information presented in these financial statements for the year ended 30 June 2015.

The going concern basis was used to prepare the financial statements.

These financial statements are presented in Australian Dollars, the functional and presentation currency of the Health Service.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

The financial statements are prepared in accordance with the historical cost convention, except for:

- Non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are re-assessed when new indices are published by the Valuer General to ensure that the carrying amounts do not materially differ from their fair values;
- Derivative financial instruments, managed investment schemes, certain debt securities, and investment properties after initial recognition, which are measured at fair value with changes reflected in the comprehensive operating statement (fair value through profit and loss); and
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised (i.e. other comprehensive income - items that may be reclassified subsequent to net result).
- The fair value of assets other than land is generally based on their depreciated replacement value.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1(j));
- superannuation expense (refer to Note 1(g)); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(k)).
- equities and management investment schemes classified at level 3 of the fair value hierarchy.

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**(b) Basis of accounting preparation and measurement (Continued)**

Consistent with AASB 13 Fair Value Measurement, Boort District Health determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, investment properties and financial instruments, and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant FRDs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Boort District Health has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Boort District Health determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is Boort District Health's independent valuation agency.

Boort District Health, in conjunction with VGV monitors the changes in the fair value of each asset and liability through relevant sources to determine whether revaluation is required.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1(j));
- superannuation expense (refer to Note 1(g); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(k)).

**(c) Reporting Entity**

The financial statements includes all the controlled activities of Boort District Health.

Its principal address is:  
Kiniry Street  
Boort, Victoria 3537

A description of the nature of Boort District Health's operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

**Objectives and funding**

Boort District Health's overall objective is to enrich the health and wellbeing of the community, as well as improve the quality of life to Victorians.

Boort District Health is predominately funded by accrual based grant funding for the provision of outputs.

**(d) Principles of Consolidation**

**Intersegment Transactions**

Transactions between segments within Boort District Health have been eliminated to reflect the extent of Boort District Health's operations as a group.

**(d) Principles of Consolidation (Continued)**

**Jointly controlled assets or operations**

Interest in jointly controlled assets or operations are not consolidated by Boort District Health, but are accounted for in accordance with the policy outlined in Note 1(j) Financial Assets.

**(e) Scope and presentation of financial statements**

**Fund Accounting**

The Boort District Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Boort District Health's Capital and Specific Purpose Funds include unspent capital donations and receipts from fundraising activities conducted solely in respect of these funds.

**Services Supported by Health Services Agreement and Services Supported by Hospital and Community Initiatives**

Activities classified as *Services Supported by Health Services Agreement* (HSA) are substantially funded by the Department of Health and Human Services and include Residential Aged Care Services (RACS) and are also funded from other sources such as the Commonwealth, patients and residents, while *Services Supported by Hospital and Community Initiatives* (H&CI) are funded by the Health Service's own activities or local initiatives and/or the Commonwealth.

**Residential Aged Care Service**

The Boort District Health Nursing Home and Hostel operations are an integral part of the Health Service and shares its resources. An apportionment of land and buildings has been made based on floor space. The results of the two operations have been segregated based on actual revenue earned and expenditure incurred by each operation in note 2 and 3 to the financial statements.

The Nursing Home and Hostel are substantially funded from Commonwealth bed-day subsidies.

**Comprehensive operating statement**

The comprehensive operating statement includes the subtotal entitled 'Net Result Before Capital and Specific Items' to enhance the understanding of the financial performance of Boort District Health. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, expenditure using capital purpose income and items of a unusual nature and amount such as specific income and expenses. The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The 'Net Result Before Capital and Specific Items' is used by the management of Boort District Health, the Department of Health and Human Services and the Victorian Government to measure the ongoing operating performance of Health Services.

Capital and specific items, which are excluded from this sub-total comprise:

- \* Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works and plant and equipment.  
It also includes donations of plant and equipment (refer note 1 (g)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided;
- \* Specific income/expense, comprises the following items, where material:
  - \* Voluntary departure packages
  - \* Write-down of inventories
  - \* Non-current asset revaluation increments/decrements
  - \* Reversals of provisions
- \* Impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with note 1 (j);
- \* Depreciation as described in note 1 (g);
- \* Assets provided or received free of charge, as described in note 1 (g); and

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**(e) Scope and presentation of financial statements (Continued)**

**Comprehensive operating statement (Continued)**

- \* Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold, or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

Other economic flows; are changes arising from market remeasurements. They include:

- \* gains and losses from disposals of non-financial assets;
- \* revaluations and impairments of non-financial physical and intangible assets;
- \* remeasurement arising from defined benefit superannuation plans; and
- \* fair value changes of financial instruments.

**Balance sheet**

Assets and liabilities are categorised either as current or non-current (non-current being those assets or liabilities expected to be recovered / settled more than 12 months after reporting period), are disclosed in the notes where relevant.

**Statement of changes in equity**

The statement of changes in equity presents reconciliations of each non-owner and owner changes in equity from the opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income.

**Cash flow statement**

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

For the cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as current borrowings in the balance sheet.

**Rounding**

All amounts shown in the financial statements are expressed to the nearest dollar unless otherwise stated.

Minor discrepancies in tables between totals and sum of components are due to rounding.

**Comparative Information**

There have been no changes to comparative information which require additional disclosure.

**(f) Income from transactions**

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent that it is probable that the economic benefits will flow to Boort District Health and the income can be reliably measured at fair value. Unearned income at reporting date is reported as income received in advance.

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

**Government Grants and other transfers of income (other than contributions by owners)**

In accordance with AASB 1004 *Contributions*, government grants and other transfers of income (other than contributions by owners) are recognised as income when the Health Service gains control of the underlying assets irrespective of whether conditions are imposed on the Health Service's use of the contributions.

Contributions are deferred as income in advance when the Health Service has a present obligation to repay them and the present obligation can be reliably measured.

**Indirect Contributions from the Department of Health and Human Services**

- Insurance is recognised as revenue following advice from the Department of Health and Human Services.
- Long Service Leave (LSL) - Revenue is recognised upon finalisation of movements in LSL Liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 05/2013.

**Patient and Resident Fees**

Patient fees are recognised as revenue at the time invoices are raised.

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**(f) Income from transactions (Continued)**

**Private Practice Fees**

Private Practice fees are recognised as revenue at the time invoices are raised.

**Revenue from commercial activities**

Revenue from commercial activities such as provision of meals to external users is recognised at the time the invoices are raised.

**Donations and Other Bequests**

Donations and bequests are recognised as revenue when received. If donations are for a special purpose, they may be appropriated to a surplus, such as specific restricted purpose surplus.

**Interest Revenue**

Interest revenue is recognised on a time proportionate basis that takes in account the effective yield of the financial asset, which allocates interest over the relevant period.

**Sale of investments**

The gain/loss on the sale of investments is recognised when the investment is realised.

**Fair value of assets and services received free of charge or for nominal consideration**

Resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

**(g) Expense recognition**

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

**Cost of goods sold**

Costs of goods sold are recognised when the sale of an item occurs by transferring the cost or value of the item/s from inventories.

**Employee expenses**

Employee expenses include:

- Wages and salaries;
- Annual leave;
- Sick leave;
- Long service leave; and
- Superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

**Defined contribution superannuation plans**

In relation to defined contributions (i.e. accumulation) superannuation plans, the associated expense is simply the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Contributions to defined contribution superannuation plans are expensed when incurred.

**Defined benefit superannuation plans**

The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by the Health Service to the superannuation plans in respect of the services of current Health Service staff during reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan, and are based upon actuarial advice.

Employees of the Boort District Health are entitled to receive superannuation benefits and Boort District Health contributes to both the defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years based on years of service and final average salary.

The name and details of the major employee superannuation funds and contributions made by Boort District Health are disclosed in Note 13: Superannuation.

**Depreciation**

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated (i.e. excludes land assets held for sale, and investment properties). Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

**(g) Expense recognition (Continued)**

**Depreciation (Continued)**

Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health and Human Services.

Assets with a cost in excess of \$1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

The following table indicates the expected useful lives of non-current assets on which the depreciation charges are based.

	2016	2015
Buildings		
- Structure Shell Building Fabric	5 to 50 years	2 to 50 years
- Site Engineering Services and Central Plant	5 to 50 years	2 to 50 years
Central Plant		
- Fit Out	2 to 50 years	2 to 50 years
- Trunk Reticulated Building Systems	2 to 50 years	2 to 50 years
Plant and Equipment	5 to 25 years	5 to 25 years
Medical Equipment	5 to 15 years	5 to 15 years
Computers and Communication	3 years	3 years
Furniture and Fittings	6 to 20 years	10 to 20 years
Motor Vehicles	5 years	5 years

As part of the buildings valuation, building values were separated into components and each component assessed for its useful life which is represented above.

**Other operating expenses**

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include:

**Supplies and Consumables**

Supplies and service costs which are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expenses when distributed.

**Bad and Doubtful Debts**

Refer to note 1 (j) *Impairment of financial assets*.

**Fair value of assets, services and resources provided free of charge or for nominal consideration**

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another agency as a consequence of a restructuring of administrative arrangements. In the latter case, such a transfer will be recognised at its carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

**(h) Other Economic Flows Included in Net Result**

Other economic flows are changes in the volume or value of assets or liabilities that do not result from transactions.

**Net Gain / (Loss) on Non-Financial Assets**

Net gain / (loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

**Net gain/(loss) on Disposal of Non-Financial Assets**

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is the difference between the proceeds and the carrying value of the asset at the time.

**Other gains/(losses) from other economic flows**

Other gains/(losses) include:

- a. The revaluation of the present value of the long service leave liability due to changes in the bond interest rates, this will include the impact of changes related to the impact of moving from the 2004 long service leave model; and
- b. Transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

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**(i) Financial Instruments**

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Boort District Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

**Loans and receivables**

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1(j)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

**Available-for-sale financial assets**

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition, gains and losses arising from changes in fair value are recognised in 'other comprehensive income' until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net result for the period.

Fair value is determined in the manner described in Note 17.

**Financial Liabilities at Amortised Cost**

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method. Financial instrument liabilities measured at amortised cost include all of the Health Services contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

**(j) Assets**

**Cash and Cash Equivalents**

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and cash at bank, deposits at call and highly liquid investments (with an original maturity of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash with an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the balance sheet.

**Receivables**

Receivables consist of:

- Contractual receivables, which includes mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables; and
- Statutory receivables, which includes predominantly amounts owing from the Victorian Government and Goods and Services Tax ("GST") input tax credits recoverable.

Receivables that are contractual are classified as financial instruments and categorised as loans and receivables. Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any accumulated impairment.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.



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**(j) Assets (Continued)**

**Investments and other financial assets**

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Investments are classified in the following categories:

- Financial assets at fair value through profit or loss;
- Held-to-maturity;
- Loans and receivables; and
- Available-for-sale financial assets.

The Boort District Health classifies its other financial assets between current and non-current assets based on the purpose for which the assets were acquired. Management determines the classification of its other financial assets at initial recognition.

Boort District Health assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

All financial assets, except those measured at fair value through profit and loss are subject to annual review for impairment.

**Inventories**

Inventories include goods and other property held either for sale, consumption or for distribution at no or nominal cost in the ordinary course of business operations. It excludes depreciable assets.

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value.

Inventories acquired for no cost or nominal considerations are measured at current replacement cost at the date of acquisition.

The basis used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Cost for all other inventory is measured on the basis of weighted average cost.

**Property, Plant and Equipment**

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger / machinery of government are transferred at their carrying amount.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 10 Property, plant and equipment.

**Crown Land** is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restriction will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

**Land and Buildings** are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment.

**Plant, Equipment and Vehicles** are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment. Depreciated historical cost is generally a reasonable proxy for fair value because of the short lives of the assets concerned.

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**(j) Assets (Continued)**

**Revaluations of Non-current Physical Assets**

Non-Current physical assets are measured at fair value and are revalued in accordance with FRD 103F Non-current physical assets. This revaluation process normally occurs at least every five years, based upon the asset's Government Purpose Classification but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are recognised in 'other comprehensive income' and are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in the net result, the increment is recognised as income in the net result.

Revaluation decrements are recognised in 'other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment.

Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation surplus is not transferred to accumulated funds on derecognition of the relevant asset.

In accordance with FRD 103F Boort District Health's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required. This assessment did not identify any significant movements that would require a revaluation.

**Prepayments**

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

**Disposal of Non-Financial Assets**

Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement. Refer to note 1(i) - 'other comprehensive income'.

**Impairment of Non-Financial Assets**

Goodwill and intangible assets with indefinite lives (and intangible assets not yet available for use) are tested annually for impairment (as described below) and whenever there is an indication that the asset may be impaired.

All other non-financial assets are assessed annually for indications of impairment, except for:

- inventories;
- non-current physical assets held for sale; and
- assets arising from construction contracts.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written-off as an expense except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that same class of asset.

If there is an indication that there has been a reversal in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs of disposal.

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**(j) Assets (Continued)**

**Investments in joint operations**

In respect of any interest in joint operations, Boort District Hospital recognises in the financial statements:

- its assets, including its share of any assets held jointly;
- any liabilities including its share of liabilities that it had incurred;
- its revenue from the sale of its share of the output from the joint operation;
- its share of the revenue from the sale of the output by the operation; and
- its expenses, including its share of any expenses incurred jointly.

**Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Health Service retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Health Service has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset; or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

**Impairment of financial assets**

At the end of each reporting period Boort District Health assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit and loss, are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowances for doubtful receivables are expensed. Bad debt written off by mutual consent and the allowance for doubtful debts are classified as 'other comprehensive income' in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Where the fair value of an investment in an equity instrument at balance date has reduced by 20 percent or more than its cost price or where its fair value has been less than its cost price for a period of 12 or more months, the financial asset is treated as impaired.

In order to determine an appropriate fair value as at 30 June 2016 for its portfolio of financial assets, Boort District Health obtained a valuation based on the best available advice using an estimated market value through a reputable financial institution.

This value was compared against valuation methodologies provided by the issuer as at 30 June 2016. These methodologies were critiqued and considered to be consistent with standard market valuation techniques.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

**Net Gain/(Loss) on Financial Instruments**

Net Gain/(Loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading;
- Impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets and derecognition of financial liabilities.

**Revaluations of Financial Instruments at Fair Value**

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets.

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**(k) Liabilities**

**Payables**

Payables consist of:

- contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to the Health Service prior to the end of the financial year that are unpaid, and arise when the Health Service becomes obliged to make future payments in respect of the purchase of those goods and services. The normal credit terms for accounts payable are usually Nett 30 days.

- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and are initially recognised at fair value, and then subsequently carried at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

**Provisions**

Provisions are recognised when the Health Service has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision. When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

**Employee Benefits**

This provision arises for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

**Wages and Salaries, Annual Leave and Accrued Days Off**

Liabilities for wages and salaries, including non-monetary benefits and annual leave are all recognised in the provision for employee benefits as 'current liabilities', because the health service does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries and annual leave are measured at:

- Undiscounted value – if the health service expects to wholly settle within 12 months; or
- Present value – if the health service does not expect to wholly settle within 12 months.

**Long Service Leave (LSL)**

Liability for LSL is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the health service does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- Undiscounted value – if the health service expects to wholly settle within 12 months; and
- Present value – if the health service does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss followed revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow.

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**(k) Liabilities (Continued)**

**Termination Benefits**

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee decides to accept an offer of benefits in exchange for the termination of employment.

The health service recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

**Employee Benefit On-Costs**

Employee benefit on-costs, such as payroll tax, workers compensation and superannuation are recognised together with the provision for employee benefits.

**Superannuation Liabilities**

Boort District Health does not recognise any unfunded defined benefit liability in respect of the superannuation plans because the Health Service has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

**(l) Equity**

**Contributed Capital**

Consistent with *Australian Accounting Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities* and *FRD 119A Contributions by Owners*, appropriations for additions to the net asset base have been designated as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners, that have been designated as contributed capital are also treated as contributed capital.

Transfers of net assets arising from administrative restructurings are treated as contributions by owners. Transfers of net liabilities arising from administrative restructures are to go through the comprehensive operating statement.

**Property, plant and equipment revaluation surplus**

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current physical assets.

**Specific restricted purpose surplus**

A specific restricted purpose surplus is established where the Health Service has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

**(m) Commitments**

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to note 18) at their nominal value and are inclusive of the goods and services tax ("GST") payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

**(n) Contingent assets and contingent liabilities**

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

**(o) Goods and Services Tax ("GST")**

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Commitments for expenditure and contingent assets and liabilities are presented on a gross basis.

**(p) AASs issued that are not yet effective**

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2016 reporting period. DTF assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where applicable.

As at 30 June 2016, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Boort District Health has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
AASB 9 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 January 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.  While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: - The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and - Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 January 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI). Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge. For entities with significant lending activities, an overhaul of related systems and processes may be needed.
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 January 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.  A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening retained earnings if there are no former performance obligations outstanding.

**(p) AASs issued that are not yet effective (Continued)**

Standard / Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 January 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 &amp; AASB 138]</i>	Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to: <ul style="list-style-type: none"> <li>- establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset;</li> <li>- prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset.</li> </ul>	1 January 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.
AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 January 2018	The assessment has indicated there will be no significant impact for the public sector.
AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 &amp; AASB 128]</i>	AASB 2014-10 amends AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 <i>Investments in Associates</i> to ensure consistent treatment in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	1 January 2016	The assessment has indicated that there is limited impact, as the revisions to AASB 10 and AASB 128 are guidance in nature.
AASB 2015-6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 &amp; AASB 1049]</i>	The Amendments extend the scope of AASB 124 <i>Related Party Disclosures</i> to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 January 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.
AASB 2015-8 <i>Amendments to Australian Accounting Standards - Effective Date of AASB 15</i>	This standards defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 January 2018	This amending standard will defer the application period of AASB 15 to the 2018-19 reporting period in accordance with the transition requirements.

**(p) AASBs issued that are not yet effective (Continued)**

Standard / Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 January 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase. Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement. No change for lessors.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2015-16 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]
- AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants [AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 & AASB 141]
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015-9 Amendments to Australian Accounting Standards - Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]
- AASB 2015-10 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128
- AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative - Amendments to AASB107

**(q) Category Groups**

Boort District Health has used the following category groups for reporting purposes for the current and previous financial years.

**Admitted Patient Services (Admitted Patients)** comprises all acute and subacute admitted patients services, where services are delivered in public hospitals.

**Aged Care** comprises a range of in home, specialist geriatric, residential care and community based programs and support services, such as Home and Community Care (HACC) that are targeted to older people, people with a disability, and their carers.

**Primary, Community and Dental Health** comprises a range of home based, community based, community, primary health and dental services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy and a range of dental health services

**Residential Aged Care including Mental Health (RAC incl. Mental Health)** referred to in the past as psychogeriatric residential services, comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from the department under the mental health program. It excludes all other residential services funded under the mental health program, such as mental health funded community care units and secure extended care units.

**Other Services not reported elsewhere - (Other)** comprises services not separately classified above, including: Public Health Services including laboratory testing, blood borne viruses / sexually transmitted infections clinical services, Kooris liaison officers, immunisation and screening services, drugs services including drug withdrawal, counselling and the needle and syringe program, Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.



**Note 2: ANALYSIS OF REVENUE BY SOURCE**

	<b>Admitted Patients 2016 \$</b>	<b>Residential Aged Care 2016 \$</b>	<b>Aged Care 2016 \$</b>	<b>Primary Health 2016 \$</b>	<b>Other 2016 \$</b>	<b>TOTAL 2016 \$</b>
Government Grants	2,170,349	1,668,967	227,296	393,917	0	4,460,529
Indirect Contributions by Department of Health and Human Services	(1,544)	(3,935)	(437)	(690)	0	(6,606)
Patient and Resident Fees	168,211	549,367	308,251	220,580	0	1,246,409
Commercial Activities and Specific Purpose Funds	0	0	0	0	64,719	64,719
Other Revenue from Operating Activities	35,023	54,633	5,444	6,768	212,196	314,064
<b>Total Revenue from Operating Activities</b>	<b>2,372,039</b>	<b>2,269,032</b>	<b>540,554</b>	<b>620,575</b>	<b>276,915</b>	<b>6,079,115</b>
Interest and Dividends	0	0	0	0	106,660	106,660
<b>Total Revenue from Non-Operating Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>106,660</b>	<b>106,660</b>
Capital Purpose Income (Excluding Interest)	0	0	0	0	8,174,984	8,174,984
Capital Donations and Bequests Received	0	0	0	0	87,059	87,059
<b>Total Capital Purpose Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,262,043</b>	<b>8,262,043</b>
<b>Total Revenue</b>	<b>2,372,039</b>	<b>2,269,032</b>	<b>540,554</b>	<b>620,575</b>	<b>8,645,618</b>	<b>14,447,818</b>

	<b>Admitted Patients 2015 \$</b>	<b>Residential Aged Care 2015 \$</b>	<b>Aged Care 2015 \$</b>	<b>Primary Health 2015 \$</b>	<b>Other 2015 \$</b>	<b>TOTAL 2015 \$</b>
Government Grants	2,178,338	1,954,939	199,219	434,736	0	4,767,232
Indirect Contributions by Department of Health and Human Services	4,786	12,202	1,355	2,141	0	20,484
Patient and Resident Fees	232,937	666,448	160,439	236,849	0	1,296,673
Commercial Activities and Specific Purpose Funds	0	0	0	0	58,773	58,773
Other Revenue from Operating Activities	33,369	25,930	5,050	6,227	202,233	272,809
<b>Total Revenue from Operating Activities</b>	<b>2,449,430</b>	<b>2,659,519</b>	<b>366,063</b>	<b>679,953</b>	<b>261,006</b>	<b>6,415,971</b>
Interest and Dividends	0	0	0	0	150,805	150,805
<b>Total Revenue from Non-Operating Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150,805</b>	<b>150,805</b>
Capital Purpose Income (Excluding Interest)	0	0	0	0	1,782,549	1,782,549
Capital Donations and Bequests Received	0	0	0	0	43,587	43,587
<b>Total Capital Purpose Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,826,136</b>	<b>1,826,136</b>
<b>Total Revenue</b>	<b>2,449,430</b>	<b>2,659,519</b>	<b>366,063</b>	<b>679,953</b>	<b>2,237,947</b>	<b>8,392,912</b>

Department of Health and Human Services makes certain payments on behalf of the Health Service. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

<b>NOTE 2a: NET GAIN/(LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Proceeds from Disposal of Non-Current Assets</b>		
- Motor Vehicles	21,182	0
<b>Total Proceeds from Disposal of Non-Current Assets</b>	<b>21,182</b>	<b>0</b>
<b>Written Down Value of Non-Current Assets Sold</b>		
- Motor Vehicles	29,699	0
<b>Total Written Down Value of Non-Current Assets Sold</b>	<b>29,699</b>	<b>0</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS</b>	<b>(8,517)</b>	<b>0</b>

**Note 3: ANALYSIS OF EXPENSES BY SOURCE**

	<b>Admitted Patients 2016 \$</b>	<b>Residential Aged Care 2016 \$</b>	<b>Aged Care 2016 \$</b>	<b>Primary Health 2016 \$</b>	<b>Other 2016 \$</b>	<b>TOTAL 2016 \$</b>
Employee Expenses	1,590,859	2,416,839	465,920	419,642	40,105	4,933,365
Non Salary Labour Costs	107,106	0	0	81,089	0	188,195
Supplies and Consumables	135,437	209,739	23,741	68,884	24,249	462,050
Other Expenses from Continuing Operations	395,360	493,275	75,746	82,736	207,126	1,254,243
<b>Total Expenditure from Operating Activities</b>	<b>2,228,762</b>	<b>3,119,853</b>	<b>565,407</b>	<b>652,351</b>	<b>271,480</b>	<b>6,837,853</b>
Depreciation (refer note 4)	0	0	0	0	693,794	693,794
Other Expenses	0	0	0	0	190,161	190,161
<b>Total Other Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>883,955</b>	<b>883,955</b>
<b>Total Expenses</b>	<b>2,228,762</b>	<b>3,119,853</b>	<b>565,407</b>	<b>652,351</b>	<b>1,155,435</b>	<b>7,721,808</b>

	<b>Admitted Patients 2015 \$</b>	<b>Residential Aged Care 2015 \$</b>	<b>Aged Care 2015 \$</b>	<b>Primary Health 2015 \$</b>	<b>Other 2015 \$</b>	<b>TOTAL 2015 \$</b>
Employee Expenses	1,524,753	2,596,164	313,394	401,075	40,975	4,876,361
Non Salary Labour Costs	102,763	0	0	39,937	0	142,700
Supplies and Consumables	144,012	184,745	7,110	80,031	24,922	440,820
Other Expenses from Continuing Operations	462,408	474,380	74,306	82,306	195,592	1,288,992
<b>Total Expenditure from Operating Activities</b>	<b>2,233,936</b>	<b>3,255,289</b>	<b>394,810</b>	<b>603,349</b>	<b>261,489</b>	<b>6,748,873</b>
Depreciation (refer note 4)	0	0	0	0	676,812	676,812
Other Expenses	0	0	0	0	0	0
<b>Total Other Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>676,812</b>	<b>676,812</b>
<b>Total Expenses</b>	<b>2,233,936</b>	<b>3,255,289</b>	<b>394,810</b>	<b>603,349</b>	<b>938,301</b>	<b>7,425,685</b>

**BOORT DISTRICT HEALTH**  
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<b>NOTE 4: DEPRECIATION</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Depreciation</b>		
Buildings	543,941	536,575
Plant and Equipment	85,552	75,877
Motor Vehicles	49,796	51,243
Furniture and Fittings	8,120	6,873
Landscaping	125	0
LMRHA Assets	6,260	6,244
<b>TOTAL DEPRECIATION</b>	<b>693,794</b>	<b>676,812</b>

**NOTE 5: CASH AND CASH EQUIVALENTS**

For the purposes of the cash flow statement, cash assets includes cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand, and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Cash on Hand	205	205
Cash at Bank	1,085,249	1,949,952
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>1,085,454</b>	<b>1,950,157</b>
<b>Represented by:</b>		
Cash for Health Service Operations (as per cash flow statement)	846,096	1,714,981
Cash for Loddon Mallee Rural Health Alliance	4,622	440
Cash for Monies Held in Trust		
- Cash at Bank	234,736	234,736
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>1,085,454</b>	<b>1,950,157</b>

**NOTE 6: RECEIVABLES**

**CURRENT**

**Contractual**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Trade Debtors - Health Service	94,001	97,027
Trade Debtors - Loddon Mallee Rural Health Alliance	3,796	500
Patient Fees	23,309	24,393
Accrued Investment Income	28,432	32,264
Accrued Revenue - Other	62,322	22,993
Accrued Revenue - Loddon Mallee Rural Health Alliance	141	198
	212,001	177,375

**Statutory**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Accrued Revenue - Dental Health Services Victoria	29,946	30,964
GST Receivable - Health Service	168,730	51,367
GST Receivable - Loddon Mallee Rural Health Alliance	2,460	1,276
	201,136	83,607

**TOTAL CURRENT RECEIVABLES**

**413,137      260,982**

**NON CURRENT**

**Statutory**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Long Service Leave - Department of Health/Department of Health and Human Services	96,058	109,303

**TOTAL NON-CURRENT RECEIVABLES**

**96,058      109,303**

**TOTAL RECEIVABLES**

**509,195      370,285**

**NOTE 6: RECEIVABLES (Continued)**

**(a) Ageing analysis of receivables**

Please refer to Note 17(c) for the ageing analysis of contractual receivables.

**(b) Nature and extent of risk arising from receivables**

Please refer to Note 17(c) for the nature and extent of credit risk arising from contractual receivables.

**NOTE 7: INVESTMENTS AND OTHER FINANCIAL ASSETS**

	Operating Fund		Total	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>CURRENT</b>				
<i>Loans and Receivables</i>				
<i>Term Deposit</i>				
Aust. Dollar Term Deposits > 3 Months	2,732,459	3,248,399	2,732,459	3,248,399
<b>TOTAL CURRENT OTHER FINANCIAL ASSETS</b>	<b>2,732,459</b>	<b>3,248,399</b>	<b>2,732,459</b>	<b>3,248,399</b>
<b>Represented by:</b>				
Investments - Health Service	1,616,152	2,103,757	1,616,152	2,103,757
Investments - Loddon Mallee Rural Health Alliance	122,409	142,820	122,409	142,820
Monies Held in Trust				
- Accommodation Bonds (Refundable Entrance Fees)	993,898	1,001,822	993,898	1,001,822
<b>TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS</b>	<b>2,732,459</b>	<b>3,248,399</b>	<b>2,732,459</b>	<b>3,248,399</b>

**(a) Ageing analysis of investments and other financial assets**

Please refer to Note 17(c) for the ageing analysis of investments and other financial assets.

**(b) Nature and extent of risk arising from investments and other financial assets**

Please refer to Note 17(c) for the nature and extent of credit risk arising from investments and other financial assets.

In accordance with Standing Direction 4.5.6, the Health Service is required to invest surplus funds with Treasury Corporation of Victoria / Victorian Funds Management Corporation. At 30 June 2016, the Health Service is compliant with this Standing Direction.

**NOTE 8: INVENTORIES**

	2016	2015
	\$	\$
Pharmaceuticals - at cost	13,376	8,241
Catering Supplies - at cost	9,103	8,960
Housekeeping Supplies - at cost	12,971	2,678
Medical and Surgical Lines - at cost	7,081	10,514
Engineering Stores - at cost	7,086	7,420
Dental Stores - at cost	17,625	9,935
<b>TOTAL INVENTORIES</b>	<b>67,242</b>	<b>47,748</b>

Inventories held by the Health Service are held for short periods of time with regular turnover.  
There is no material loss of service potential in inventories held at the end of the year.

**NOTE 9: PREPAYMENTS**

	2016	2015
	\$	\$
Prepayments - Health Service	38,996	46,351
Prepayments - Loddon Mallee Rural Health Alliance	13,140	2,468
<b>TOTAL PREPAYMENTS</b>	<b>52,136</b>	<b>48,819</b>

**NOTE 10: PROPERTY, PLANT AND EQUIPMENT**

**(a) Gross carrying amount and accumulated depreciation**

	2016 \$	2015 \$
<b>Land</b>		
- Land at Fair Value	343,000	343,000
- Landscaping at Cost	11,964	0
Less Accumulated Depreciation	125	0
	<u>11,839</u>	<u>0</u>
<b>Total Land</b>	<b><u>354,839</u></b>	<b><u>343,000</u></b>
<b>Buildings</b>		
- Buildings Under Construction at Cost	0	853,483
- Buildings at Fair Value	4,565,000	4,607,137
Less Accumulated Depreciation	1,034,737	536,575
	<u>3,530,263</u>	<u>4,070,562</u>
- Buildings at Cost	8,819,473	0
Less Accumulated Depreciation	45,779	0
	<u>8,773,694</u>	<u>0</u>
<b>Total Buildings</b>	<b><u>12,303,957</u></b>	<b><u>4,924,045</u></b>
<b>Plant and Equipment</b>		
- Plant and Equipment at Fair Value	1,211,790	920,107
Less Accumulated Depreciation	469,950	384,397
- Loddon Mallee Rural Health Alliance	20,504	20,072
Less Accumulated Depreciation	15,668	9,521
	<u>746,676</u>	<u>546,261</u>
<b>Total Plant and Equipment</b>	<b><u>746,676</u></b>	<b><u>546,261</u></b>
<b>Furniture and Fittings</b>		
- Furniture and Fittings at Fair Value	141,609	76,200
Less Accumulated Depreciation	38,626	30,506
	<u>102,983</u>	<u>45,694</u>
<b>Total Furniture and Fittings</b>	<b><u>102,983</u></b>	<b><u>45,694</u></b>
<b>Motor Vehicles</b>		
- Motor Vehicles at Fair Value	276,668	291,979
Less Accumulated Depreciation	193,815	187,045
	<u>82,853</u>	<u>104,934</u>
<b>Total Motor Vehicles</b>	<b><u>82,853</u></b>	<b><u>104,934</u></b>
<b>TOTAL</b>	<b><u>13,591,308</u></b>	<b><u>5,963,934</u></b>

**(b) Reconciliations of the carrying amounts of each class of asset**

	Land	Buildings	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2014</b>	343,000	4,587,727	404,475	52,567	156,177	5,543,946
Additions	0	872,893	217,169	0	0	1,090,062
Loddon Mallee Rural Health Alliance	0	0	6,738	0	0	6,738
Depreciation (note 4)	0	(536,575)	(82,121)	(6,873)	(51,243)	(676,812)
<b>Balance at 1 July 2015</b>	<b>343,000</b>	<b>4,924,045</b>	<b>546,261</b>	<b>45,694</b>	<b>104,934</b>	<b>5,963,934</b>
Additions	11,964	7,593,879	291,682	65,409	57,414	8,020,348
Indirect Contribution from Government	0	329,974	0	0	0	329,974
Loddon Mallee Rural Health Alliance	0	0	545	0	0	545
Disposals	0	0	0	0	(29,699)	(29,699)
Depreciation (note 4)	(125)	(543,941)	(91,812)	(8,120)	(49,796)	(693,794)
<b>Balance at 30 June 2016</b>	<b>354,839</b>	<b>12,303,957</b>	<b>746,676</b>	<b>102,983</b>	<b>82,853</b>	<b>13,591,308</b>

**NOTE 10: PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Reconciliations of the carrying amounts of each class of asset (Continued)**

**Land and Buildings carried at valuation**

An independent valuation of the Health Service's land and buildings was performed by the Valuer-General Victoria to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be replaced using depreciated replacement cost. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2014.

**(c) Fair value measurement hierarchy for assets as at 30 June 2016**

Carrying amount as at 30 June 2016	Fair value measurement at end of reporting period using:		
	Level 1 <sup>(i)</sup>	Level 2 <sup>(i)</sup>	Level 3 <sup>(i)</sup>
<b>Land at fair value</b>			
Specialised land	354,839	0	354,839
Total of land at fair value	354,839	0	354,839
<b>Buildings at fair value</b>			
Specialised buildings	12,303,957	0	12,303,957
Total of building at fair value	12,303,957	0	12,303,957
<b>Plant and equipment at fair value</b>			
Plant equipment and vehicles at fair value			
- Vehicles (ii)	82,853	0	82,853
- Plant and equipment	746,676	0	746,676
- Furniture and fittings	102,983	0	102,983
Total of plant, equipment and vehicles at fair value	932,512	0	849,659

**Fair value measurement hierarchy for assets as at 30 June 2015**

Carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using:		
	Level 1 <sup>(i)</sup>	Level 2 <sup>(i)</sup>	Level 3 <sup>(i)</sup>
<b>Land at fair value</b>			
Specialised land	343,000	0	343,000
Total of land at fair value	343,000	0	343,000
<b>Buildings at fair value</b>			
Specialised buildings	4,924,045	0	4,924,045
Total of building at fair value	4,924,045	0	4,924,045
<b>Plant and equipment at fair value</b>			
Plant equipment and vehicles at fair value			
- Vehicles (ii)	104,934	0	104,934
- Plant and equipment	546,261	0	546,261
- Furniture and fittings	45,694	0	45,694
Total of plant, equipment and vehicles at fair value	696,889	0	591,955

**Note**

(i) Classified in accordance with the fair value hierarchy, see Note 1

(ii) Vehicles are categorised to Level 3 assets if the depreciated replacement cost is used in estimating the fair value. However entities should consult with independent valuers in determining whether a market approach is appropriate for vehicles with an active resale market available. If yes, a Level 2 categorisation for such vehicles would be appropriate.

There have been no transfers between levels during the period.

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**NOTE 10: PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(c) Fair value measurement hierarchy for assets as at 30 June 2016 (Continued)**

**Non-specialised land, non-specialised buildings**

Non-specialised land, non-specialised buildings are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach.

Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2014.

To the extent that non-specialised land, non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

**Specialised land and specialised buildings**

The market approach is also used for specialised land and specialised buildings although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued. Specialised assets contain significant, unobservable adjustments; therefore these assets are classified as Level 3 under the market based direct comparison approach.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the health services, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of the Health Service's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2014.

**Vehicles**

The Health Service acquires new vehicles and at times disposes of them before completion of their economic life.

The process of acquisition, use and disposal in the market is managed by the Health Service who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying value (depreciated cost).

**Plant and equipment**

Plant and equipment is held at carrying value (depreciated cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value. Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated replacement cost will be materially different from the existing carrying value.

There were no changes in valuation techniques throughout the period to 30 June 2016.

For all assets measured at fair value, the current use is considered the highest and best use.

**NOTE 10: PROPERTY, PLANT AND EQUIPMENT (Continued)**  
**(d) Reconciliation of Level 3 fair value as at 30 June 2016**

	Land	Buildings	Plant and equipment
<b>Opening Balance</b>	343,000	4,924,045	591,955
<b>Purchases (sales)</b>	11,964	7,593,879	357,636
<b>Transfers in (out) of Level 3</b>	0	0	0
Gains or losses recognised in net result			
- Depreciation	(125)	(543,941)	(99,932)
- Impairment loss	0	0	0
<b>Subtotal</b>	354,839	11,973,983	849,659
Items recognised in other comprehensive income			
- Revaluation	0	329,974	0
<b>Subtotal</b>	0	329,974	0
<b>Closing Balance</b>	354,839	12,303,957	849,659
Unrealised gains/(losses) on non-financial assets	0	0	0
	354,839	12,303,957	849,659

There have been no transfers between levels during the period.

**Reconciliation of Level 3 fair value as at 30 June 2015**

	Land	Buildings	Plant and equipment
<b>Opening Balance</b>	343,000	4,587,727	457,042
<b>Purchases (sales)</b>	0	69,249	223,907
<b>Transfers in (out) of Level 3</b>	0	0	0
Gains or losses recognised in net result			
- Depreciation	0	(317,363)	(88,994)
- Impairment loss	0	0	0
<b>Subtotal</b>	343,000	4,339,613	591,955
Items recognised in other comprehensive income			
- Revaluation	0	584,432	0
<b>Subtotal</b>	0	584,432	0
<b>Closing Balance</b>	343,000	4,924,045	591,955
Unrealised gains/(losses) on non-financial assets	0	0	0
	343,000	4,924,045	591,955

There have been no transfers between levels during the period.



**NOTE 10: PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(e) Description of significant unobservable inputs to Level 3 valuations:**

	Valuation technique <sup>(i)</sup>	Significant unobservable inputs <sup>(ii)</sup>	Range (weighted average) <sup>(iii)</sup>	Sensitivity of fair value measurement to changes in
Specialised land	Market Approach	Community Service Obligation (CSO)	20%  (2015: No change)	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value
Specialised Buildings	Depreciated Replacement Cost	Direct cost per square metre  Useful life of specialised buildings	\$792 - \$2450 (\$1,565) (2015: No change)  25 - 60 Years  (2015: No change)	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Plant and equipment at fair value	Depreciated Replacement Cost	Cost per Unit  Useful life of PPE	\$1,000 - \$126,564 (\$5,285) (2015: No change)  3-20 Years (7 Years) (2015: No change)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value. A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Motor Vehicles	Depreciated Replacement Cost	Cost per Unit  Useful life of vehicles	\$6,640 - 20655 (\$15,375) (2015: No change)  2-3 Years (2.25 Years)  (2015: No change)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value. A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Furniture and fittings	Depreciated Replacement Cost	Cost per Unit  Useful life of PPE	\$1,000 - \$12,016 (\$2,931) (2015: No change)  6-20 Years (12 Years) (2015: No change)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value. A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation

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<b>NOTE 11: PAYABLES</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
<b>Contractual</b>		
Trade Creditors	178,470	281,137
Accrued Audit Fees	15,000	18,500
Accrued Expenses - Other	79,766	22,884
Income in Advance	51,585	1,568
Payables - Loddon Mallee Rural Health Alliance	26,370	17,824
	<b>351,191</b>	<b>341,913</b>
<b>Statutory</b>		
Department of Health and Human Services	65,388	72,000
FBT Payable	3,276	3,276
	<b>68,664</b>	<b>75,276</b>
<b>TOTAL PAYABLES</b>	<b>419,855</b>	<b>417,189</b>

**(a) Maturity analysis of payables**

Please refer to Note 17(c) for the ageing analysis of contractual payables.

**(b) Nature and extent of risk arising from payables**

Please refer to Note 17(c) for the nature and extent of risks arising from contractual payables.

<b>NOTE 12: PROVISIONS</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Current Provisions</b>		
Employee Benefits (Note 12(a))		
Annual Leave (Note 12(a))		
- unconditional and expected to be settled within 12 months (ii)	367,766	660,152
- unconditional and expected to be settled after 12 months (ii)	0	0
Accrued Days Off (Note 12(a))		
- unconditional and expected to be settled within 12 months (ii)	4,619	8,371
Long Service Leave (Note 12(a))		
- unconditional and expected to be settled within 12 months (ii)	135,000	66,000
- unconditional and expected to be settled after 12 months (ii)	190,465	353,090
Accrued Salaries & Wages (Note 12(a))		
- unconditional and expected to be settled within 12 months (ii)	124,353	0
	<b>822,203</b>	<b>1,087,613</b>
Provisions related to employee benefit on-costs		
- unconditional and expected to be settled within 12 months (ii)	70,223	64,542
- unconditional and expected to be settled after 12 months (ii)	19,903	36,898
	<b>90,126</b>	<b>101,440</b>
<b>Total Current Provisions</b>	<b>912,329</b>	<b>1,189,053</b>
<b>Non-Current Provisions</b>		
Employee Benefits (i) (Note 12(a))	131,835	141,029
Provisions related to employee benefit on-costs (Note 12(a) and Note 12(b))	13,777	14,738
	<b>145,612</b>	<b>155,767</b>
<b>Total Non-Current Provisions</b>	<b>145,612</b>	<b>155,767</b>
<b>Total Provisions</b>	<b>1,057,941</b>	<b>1,344,820</b>

**NOTE 12: PROVISIONS (Continued)**

<b>(a) Employee Benefits and Related On-Costs</b>		<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
<b>Current Employee Benefits and related on-costs</b>			
Annual Leave Entitlements		423,299	431,362
Accrued Salaries and Wages		124,353	285,381
Accrued Days Off		5,201	9,425
Unconditional Long Service Leave Entitlements		359,476	462,885
<b>Total Current Employee Benefits</b>		<b>912,329</b>	<b>1,189,053</b>
<b>Non-Current Employee Benefits and related on-costs</b>			
Conditional Long Service Leave Entitlements (present value)		145,612	155,767
<b>Total Employee Benefits and Related On-Costs</b>		<b>1,057,941</b>	<b>1,344,820</b>

**(b) Movements in Provisions**

**Movement in Long Service Leave:**

<b>Balance at start of year</b>		618,652	565,597
Provision made during the year			
- Revaluations		16,904	6,367
- Expense Recognising Employee Service		985,738	1,301,158
Settlement made during the year		(203,877)	(65,417)
<b>Balance at end of year</b>		<b>1,417,417</b>	<b>618,652</b>

*Notes:*

(i) Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as payroll tax and worker's compensation insurance are not employee benefits and are reflected as a separate provision.

(ii) The amounts are disclosed are at present values.

**NOTE 13: SUPERANNUATION**

Employees of the Health Service are entitled to receive superannuation benefits and the Health Service contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

The Health service does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered terms.

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Health Service. The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the Health Service are as follows:

<b>Fund</b>		<b>Paid Contributions for the year</b>		<b>Outstanding Contributions at Year End</b>	
		<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<u>Defined Benefit Plans:</u>	Health Super	14,800	12,899	925	0
<u>Defined Contribution Plans:</u>	Health Super / HESTA / Other	423,541	405,562	36,333	0
<b>Total</b>		<b>438,341</b>	<b>418,461</b>	<b>37,258</b>	<b>0</b>

**BOORT DISTRICT HEALTH**  
**Notes to the Financial Statements**  
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<b>NOTE 14: OTHER LIABILITIES</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Monies Held in Trust		
- Other	5,383	5,409
- Accommodation Bonds (Refundable Entrance Fees)	1,223,251	1,231,149
<b>TOTAL CURRENT</b>	<b>1,228,634</b>	<b>1,236,558</b>
<b>Represented by the following assets:</b>		
Cash Assets (refer to Note 5)	234,736	234,736
Investments and other Financial Assets (refer to Note 7)	993,898	1,001,822
<b>TOTAL OTHER LIABILITIES</b>	<b>1,228,634</b>	<b>1,236,558</b>

<b>NOTE 15: EQUITY</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Surpluses</b>		
<b>Property, Plant &amp; Equipment Revaluation Surplus <sup>1</sup></b>		
Balance at beginning of the reporting period		
- Land	82,000	82,000
- Buildings	4,043,544	4,043,544
<b>Balance at the end of the reporting period</b>	<b>4,125,544</b>	<b>4,125,544</b>
<b>Represented by:</b>		
- Land	82,000	82,000
- Buildings	4,043,544	4,043,544
	<b>4,125,544</b>	<b>4,125,544</b>
<b>Restricted Specific Purpose Surplus</b>		
Balance at the beginning of the reporting period	139,300	139,300
<b>Balance at the end of the reporting period</b>	<b>139,300</b>	<b>139,300</b>
<b>Total Surpluses</b>	<b>4,264,844</b>	<b>4,264,844</b>
(1) The property, plant & equipment asset revaluation surplus arises on the revaluation of property, plant & equipment.		
<b>(b) Contributed Capital</b>		
Balance at the beginning of the reporting period	3,160,907	3,160,907
<b>Balance at the end of the reporting period</b>	<b>3,160,907</b>	<b>3,160,907</b>
<b>(c) Accumulated Surpluses/(Deficits)</b>		
Balance at the beginning of the reporting period	1,205,024	237,797
Net Result for the Year	6,700,589	967,227
<b>Balance at the end of the reporting period</b>	<b>7,905,613</b>	<b>1,205,024</b>
<b>Total Equity at end of financial year</b>	<b>15,331,364</b>	<b>8,630,775</b>

**NOTE 16: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH  
INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>NET RESULT FOR THE PERIOD</b>	6,700,589	967,227
<b>Non-cash movements</b>		
Depreciation	687,534	670,568
Share of Net Result from Joint Ventures	15,395	(21,231)
Indirect Capital Grants from DHHS	(329,974)	(492,599)
<b>Movements included in investing and financing activities</b>		
Net (Gain)/Loss from Sale of Plant and Equipment	8,517	0
<b>Movements in assets and liabilities</b>		
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(134,487)	(39,951)
(Increase)/Decrease in Prepayments	7,355	(3,685)
(Increase)/Decrease in Inventories	(19,494)	551
Increase/(Decrease) in Payables	(5,880)	90,833
Increase/(Decrease) in Provisions	(286,879)	119,055
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>6,642,676</b>	<b>1,290,768</b>

**NOTE 17: FINANCIAL INSTRUMENTS**

**(a) Financial Risk Management Objectives and Policies**

Boort District Health's principal financial instruments comprise of:

- Cash Assets
- Term Deposits
- Receivables (excluding statutory receivables)
- Payables (excluding statutory payables)
- Accommodation Bonds

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

The Health Service's main financial risks include credit risk, liquidity risk and interest rate risk. The Health Service manages these financial risks in accordance with its financial risk management policy.

The Health Service uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the financial risk management committee of the Health Service.

The main purpose in holding financial instruments is to prudentially manage Boort District Health's financial risk within the government policy parameters.

**NOTE 17: FINANCIAL INSTRUMENTS (Continued)**  
**(a) Financial Risk Management Objectives and Policies (Continued)**

**Categorisation of financial instruments**

	Contractual financial assets - loans and receivables \$	Contractual financial liabilities at amortised cost \$	Total \$
<b>2016</b>			
<b>Contractual Financial Assets</b>			
Cash and cash equivalents	1,085,454	0	1,085,454
Receivables	212,001	0	212,001
Other Financial Assets			
- Term Deposit	2,732,459	0	2,732,459
<b>Total Financial Assets (i)</b>	<b>4,029,914</b>	<b>0</b>	<b>4,029,914</b>
<b>Financial Liabilities</b>			
Payables	0	351,191	351,191
Other Financial Liabilities			
- Accommodation Bonds	0	1,223,251	1,223,251
- Other	0	5,383	5,383
<b>Total Financial Liabilities(ii)</b>	<b>0</b>	<b>1,579,825</b>	<b>1,579,825</b>
	Contractual financial assets - loans and receivables \$	Contractual financial liabilities at amortised cost \$	Total \$
<b>2015</b>			
<b>Contractual Financial Assets</b>			
Cash and cash equivalents	1,950,157	0	1,950,157
Receivables	177,375	0	177,375
Other Financial Assets			
- Term Deposit	3,248,399	0	3,248,399
<b>Total Financial Assets (i)</b>	<b>5,375,931</b>	<b>0</b>	<b>5,375,931</b>
<b>Financial Liabilities</b>			
Payables	0	341,913	341,913
Other Financial Liabilities			
- Accommodation Bonds	0	1,231,149	1,231,149
- Other	0	5,409	5,409
<b>Total Financial Liabilities(ii)</b>	<b>0</b>	<b>1,578,471</b>	<b>1,578,471</b>

(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit recoverable)

(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes payables)

**NOTE 17: FINANCIAL INSTRUMENTS (Continued)**

**(b) Net holding gain/(loss) on financial instruments by category**

	Total interest				
	Net holding gain/(loss)	income/ (expense)	Fee income / (expense)	Impairment loss	Total
	\$	\$	\$	\$	\$
<b>2016</b>					
<b>Financial Assets</b>					
Cash and cash equivalents(i)	0	0	0	0	0
Loans and Receivables(i)	0	0	0	0	0
Available for sale (i)	0	106,660	0	0	106,660
<b>Total Financial Assets</b>	0	106,660	0	0	106,660
<b>Financial Liabilities</b>					
At amortised cost (ii)	0	0	0	0	0
<b>Total Financial Liabilities</b>	0	0	0	0	0

	Total interest				
	Net holding gain/(loss)	income/ (expense)	Fee income / (expense)	Impairment loss	Total
	\$	\$	\$	\$	\$
<b>2015</b>					
<b>Financial Assets</b>					
Cash and cash equivalents(i)	0	0	0	0	0
Loans and Receivables(i)	0	0	0	0	0
Available for sale (i)	0	150,805	0	0	150,805
<b>Total Financial Assets</b>	0	150,805	0	0	150,805
<b>Financial Liabilities</b>					
At amortised cost (ii)	0	0	0	0	0
<b>Total Financial Liabilities</b>	0	0	0	0	0

(i) For cash and cash equivalents, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the interest revenue, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result.

(ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

**(c) Credit Risk**

Credit risk arises from the contractual financial assets of the Health Service, which comprise cash and deposits, non-statutory receivables and available for sale contractual financial assets. The Health Service's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Health Service. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Health Service's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is the Health Service's policy to only deal with entities with high credit ratings of a minimum Triple-B and to obtain sufficient collateral or credit enhancements, where appropriate.

In addition, the Health Service does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. As with the policy for debtors, the Health Service's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Health Service will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Boort District Health's maximum exposure to credit risk without taking account of the value of any collateral obtained.

**NOTE 17: FINANCIAL INSTRUMENTS (Continued)**

**(c) Credit Risk**

**Credit quality of contractual financial assets that are neither past due nor impaired**

	Financial Institutions (Min BBB credit rating) \$	Government agencies (AAA credit rating) \$	Other (min BBB credit rating) \$	Total \$
<b>2016</b>				
<b>Financial Assets</b>				
Cash and Cash Equivalents	661,517	423,732	205	1,085,454
Loans and Receivables				
- Trade Debtors	0	0	117,310	117,310
- Other Receivables (i)	28,335	97	66,259	94,691
- Term Deposit	2,732,459	0	0	2,732,459
<b>Total Financial Assets</b>	<b>3,422,311</b>	<b>423,829</b>	<b>183,774</b>	<b>4,029,914</b>
<b>2015</b>				
<b>Financial Assets</b>				
Cash and Cash Equivalents	899,907	1,050,000	250	1,950,157
Loans and Receivables				
- Trade Debtors	0	0	121,420	121,420
- Other Receivables	31,535	729	23,691	55,955
- Term Deposit	3,248,399	0	0	3,248,399
<b>Total Financial Assets</b>	<b>4,179,841</b>	<b>1,050,729</b>	<b>145,361</b>	<b>5,375,931</b>

(i) The total amounts here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

**Ageing analysis of financial asset as at 30 June**

	Carrying Amount \$	Not Past due and not impaired \$	Past Due But Not Impaired				Impaired Financial Assets \$
			Less than 1 Month \$	1 - 3 Months \$	3 Months - 1 Year \$	1 - 5 Years \$	
<b>2016</b>							
<b>Financial Assets</b>							
Cash and Cash Equivalents	1,085,454	1,085,454	0	0	0	0	0
Loans and Receivables							
- Trade Debtors	117,310	70,211	40,573	2,003	4,523	0	0
- Other Receivables	94,691	94,691	0	0	0	0	0
- Term Deposit	2,732,459	2,732,459	0	0	0	0	0
<b>Total Financial Assets</b>	<b>4,029,914</b>	<b>3,982,815</b>	<b>40,573</b>	<b>2,003</b>	<b>4,523</b>	<b>0</b>	<b>0</b>
<b>2015</b>							
<b>Financial Assets</b>							
Cash and Cash Equivalents	1,950,157	1,950,157	0	0	0	0	0
Loans and Receivables							
- Trade Debtors	121,420	105,286	6,345	5,631	4,158	0	0
- Other Receivables	55,955	55,955	0	0	0	0	0
- Term Deposit	3,248,399	3,248,399	0	0	0	0	0
<b>Total Financial Assets</b>	<b>5,375,931</b>	<b>5,359,797</b>	<b>6,345</b>	<b>5,631</b>	<b>4,158</b>	<b>0</b>	<b>0</b>

(i) Ageing analysis of financial assets excludes the types of statutory financial assets (i.e. GST input tax credit)



**NOTE 17: FINANCIAL INSTRUMENTS (Continued)**

**(c) Credit Risk (Continued)**

**Contractual financial assets that are neither past due or impaired**

There are no material financial assets which are individually determined to be impaired. Currently the Health Service does not hold any collateral as security nor credit enhancements relating to its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at their carrying amounts as indicated. The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired.

**(d) Liquidity Risk**

Liquidity risk is the risk that the Health Service would be unable to meet its financial obligations as and when they fall due. The Health Service operates under the Government's fair payments policy of setting financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The Health Service's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. The Health Service manages its liquidity risk as follows:

- Term Deposits and cash held at financial institutions are managed with variable maturity dates and take into consideration cash flow requirements of the Health Service from month to month.

The following table discloses the contractual maturity analysis for Boort District Hospital's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

**Maturity analysis of financial liabilities as at 30 June**

	Total Carrying Amount \$	Nominal Amount \$	Maturity Dates			
			Less than 1 Month	1 - 3 Months	3 Months - 1 Year	1 - 5 Years
2016			\$	\$	\$	\$
<b>Financial Liabilities</b>						
<i>At amortised cost</i>						
Payables	351,191	351,191	351,516	3,538	(3,863)	0
Other Financial Liabilities (i)						
- Accommodation Bonds	1,223,251	1,223,251	0	0	1,223,251	0
- Other	5,383	5,383	0	0	5,383	0
<b>Total Financial Liabilities</b>	<b>1,579,825</b>	<b>1,579,825</b>	<b>351,516</b>	<b>3,538</b>	<b>1,224,771</b>	<b>0</b>
<b>2015</b>						
<b>Financial Liabilities</b>						
<i>At amortised cost</i>						
Payables	341,913	341,913	301,429	39,633	851	0
Other Financial Liabilities (i)						
- Accommodation Bonds	1,231,149	1,231,149	0	0	1,231,149	0
- Other	5,409	5,409	0	0	5,409	0
<b>Total Financial Liabilities</b>	<b>1,578,471</b>	<b>1,578,471</b>	<b>301,429</b>	<b>39,633</b>	<b>1,237,409</b>	<b>0</b>

(i) Ageing analysis of financial liabilities excludes the types of statutory financial liabilities (i.e. GST payable).

**(e) Market Risk**

Boort District Health's exposures to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below.

**NOTE 17: FINANCIAL INSTRUMENTS (Continued)**

**(e) Market Risk (Continued)**

**Currency Risk**

Boort District Health is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

**Interest Rate Risk**

Exposure to interest rate risk's arise primarily through the Boort District Health's other financial assets. Minimisation of risk is achieved by mainly holding fixed rate or non-interest bearing financial instruments. For financial liabilities the Health Service mainly undertakes financial liabilities with relatively even maturity profiles.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Health Service has minimal exposure to cash flow interest rate risks through its cash and deposits, term deposits and bank overdrafts that are at floating rate.

The Health Service manages this risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management has concluded for cash at bank and bank overdraft, as financial assets that can be left at floating rate without necessarily exposing the Health Service to significant bad risk, management monitors movements in interest rates on a daily basis.

**Other Price Risk**

The Health Service is exposed to normal price fluctuations from time to time through market forces. Where adequate notice is provided by suppliers, additional purchases are made for long term goods. Supplier contracts are also in place for major product lines purchased by the Health Service on a monthly basis. These contracts have set price arrangements and are reviewed on a regular basis.

**Interest Rate Exposure of Financial Assets and Liabilities as at 30 June**

	Weighted Average Effective Interest Rate (%)	Carrying Amount \$	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non - Interest Bearing \$'000
<b>2016</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	1.61	1,085,454	0	1,085,249	205
Loans and Receivables					
- Trade Debtors	0.00	117,310	0	0	117,310
- Other Receivables	0.00	94,691	0	0	94,691
- Term Deposit	2.91	2,732,459	2,732,459	0	0
<b>Total Financial Assets</b>		<b>4,029,914</b>	<b>2,732,459</b>	<b>1,085,249</b>	<b>212,206</b>
<b>Financial Liabilities</b>					
<i>At amortised cost</i>					
Payables	0.00	351,191	0	0	351,191
Other Financial Liabilities					
- Accommodation Bonds	0.00	1,223,251	0	0	1,223,251
- Other	0.00	5,383	0	0	5,383
<b>Total Financial Liabilities</b>		<b>1,579,825</b>	<b>0</b>	<b>0</b>	<b>1,579,825</b>

**NOTE 17: FINANCIAL INSTRUMENTS (Continued)**

**(e) Market Risk (Continued)**

**Interest Rate Exposure of Financial Assets and Liabilities as at 30 June**

	Weighted Average Effective Interest Rate (%)	Carrying Amount \$	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non - Interest Bearing \$'000
<b>2015</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	1.65	1,950,157	0	1,949,952	205
Loans and Receivables					
- Trade Debtors	0.00	121,420	0	0	121,420
- Other Receivables	0.00	55,955	0	0	55,955
- Term Deposit	2.47	3,248,399	3,248,399	0	0
<b>Total Financial Assets</b>		<b>5,375,931</b>	<b>3,248,399</b>	<b>1,949,952</b>	<b>177,580</b>
<b>Financial Liabilities</b>					
<i>At amortised cost</i>					
Payables	0.00	341,913	0	0	341,913
Other Financial Liabilities					
- Accommodation Bonds	0.00	1,231,149	0	0	1,231,149
- Other	0.00	5,409	0	0	5,409
<b>Total Financial Liabilities</b>		<b>1,578,471</b>	<b>0</b>	<b>0</b>	<b>1,578,471</b>

**Sensitivity Disclosure Analysis**

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Boort District Health believes the following movements are 'reasonably possible' over the next 12 months (base rates are sourced from the Reserve Bank of Australia).

- A shift of 100 basis points up and down in market interest rates (AUD) from year-end rates of 1.61%;
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 2%

The following table discloses the impact on net operating result and equity for each category of interest bearing financial instrument held by Boort District Health at year end as presented to key management personnel, if changes in the relevant risk occur.

	Carrying Amount \$	Interest Rate Risk				Other Price Risk			
		-1% Profit \$	-1% Equity \$	+1% Profit \$	+1% Equity \$	-1% Profit \$	-1% Equity \$	+1% Profit \$	+1% Equity \$
<b>2016</b>									
<b>Financial Assets</b>									
Cash and Cash Equivalents	1,085,454	(10,855)	(10,855)	10,855	10,855	0	0	0	0
Loans and Receivables									
-Trade Debtors	117,310	0	0	0	0	0	0	0	0
-Other Receivables	94,691	0	0	0	0	0	0	0	0
- Term Deposit	2,732,459	(27,325)	(27,325)	27,325	27,325	0	0	0	0
<b>Financial Liabilities</b>									
<i>At amortised cost</i>									
Payables	351,191	0	0	0	0	0	0	0	0
Other Financial Liabilities (i)									
-Accommodation Bonds	1,223,251	0	0	0	0	0	0	0	0
-Other	5,383	0	0	0	0	0	0	0	0
		(38,180)	(38,180)	38,180	38,180	0	0	0	0

**NOTE 17: FINANCIAL INSTRUMENTS (Continued)**

**(e) Market Risk (Continued)**

**Sensitivity Disclosure Analysis (Continued)**

	Carrying Amount	Interest Rate Risk				Other Price Risk			
		-1% Profit	-1% Equity	+1% Profit	+1% Equity	-1% Profit	-1% Equity	+1% Profit	+1% Equity
2015	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>									
Cash and Cash Equivalents	1,950,157	(19,502)	(19,502)	19,502	19,502	0	0	0	0
Loans and Receivables									
-Trade Debtors	121,420	0	0	0	0	0	0	0	0
-Other Receivables	55,955	0	0	0	0	0	0	0	0
- Term Deposit	3,248,399	(32,484)	(32,484)	32,484	32,484	0	0	0	0
<b>Financial Liabilities</b>									
<i>At amortised cost</i>									
Payables	341,913	0	0	0	0	0	0	0	0
Other Financial Liabilities (i)									
-Accommodation Bonds	1,231,149	0	0	0	0	0	0	0	0
-Other	5,409	0	0	0	0	0	0	0	0
		(51,986)	(51,986)	51,986	51,986	0	0	0	0

(i) The carrying amount must exclude types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable).

**(f) Fair Value**

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

- Level 1 - the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 - the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Health Service considers that the carrying amount of financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

**NOTE 17: FI**

**(f) Fair Value (Continued)**

The following table shows that the fair values of most of the contractual financial assets and liabilities are the same as the carrying amounts.

**Comparison between carrying amount and fair value**

	<b>Total Carrying Amount 2016 \$</b>	<b>Fair Value 2016 \$</b>	<b>Total Carrying Amount 2015 \$</b>	<b>Fair Value 2015 \$</b>
<b>Financial Assets</b>				
Cash and Cash Equivalents	1,085,454	1,085,454	1,950,157	1,950,157
Loans and Receivables				
- Trade Debtors	117,310	117,310	121,420	121,420
- Other Receivables	94,691	94,691	55,955	55,955
-Term Deposits	2,732,459	2,732,459	3,248,399	3,248,399
<b>Total Financial Assets</b>	<b>4,029,914</b>	<b>4,029,914</b>	<b>5,375,931</b>	<b>5,375,931</b>
<b>Financial Liabilities</b>				
<i>At amortised cost</i>				
Payables	351,191	351,191	341,913	341,913
Other Financial Liabilities (i)				
-Accommodation Bonds	1,223,251	1,223,251	1,231,149	1,231,149
-Other	5,383	5,383	5,409	5,409
<b>Total Financial Liabilities</b>	<b>1,579,825</b>	<b>1,579,825</b>	<b>1,578,471</b>	<b>1,578,471</b>

(i) The carrying amount must exclude types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable).

**NOTE 18: COMMITMENTS FOR EXPENDITURE**

**(a) Commitments other than public private partnerships**

**Capital Expenditure Commitments**

Payable:

Land and Buildings

**Total Capital Expenditure Commitments**

	2016	2015
	\$	\$
	0	14,000,000
	0	14,000,000

**Lease Commitments**

Commitments in relation to leases contracted for at reporting date

Operating Leases

**Total Lease Commitments**

**Operating Leases**

Cancellable operating leases for printers/copiers/faxes/scanners payable as follows:

**Total Operating Lease Commitments**

	734	3,930
	734	3,930

All amounts shown in the commitments note are nominal amounts inclusive of GST.

**(b) Commitments payable**

**Capital Expenditure Commitments Payable**

Not later than one year

**Total Capital Expenditure Commitments**

	0	14,000,000
	0	14,000,000

**Lease Commitments**

Not later than one year

Longer than 1 year but not longer than 5 years

**Total Lease Commitments**

	734	3,195
	0	734
	734	3,929

**NOTE 17: FINANCIAL INSTRUMENTS (Continued)**

**NOTE 18: COMMITMENTS FOR EXPENDITURE (Continued)**

	2016	2015
	\$	\$
<b>Total Commitments (Inclusive of GST)</b>	734	14,003,929
Less GST Recoverable from the Australian Taxation Office	67	1,273,085
<b>Total Commitments (Exclusive of GST)</b>	667	12,730,844

**NOTE 19: CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

There are no known contingent assets or contingent liabilities as at the date of this report. (2015: Nil).

**NOTE 20: OPERATING SEGMENTS**

	<b>HEALTH SERVICES</b>		<b>RACS</b>		<b>OTHER SERVICES</b>		<b>TOTAL</b>	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>								
External Segment Revenue	3,533,168	3,495,446	2,269,032	2,659,519	8,530,441	2,087,142	14,332,641	8,242,107
<b>Total Revenue</b>	3,533,168	3,495,446	2,269,032	2,659,519	8,530,441	2,087,142	14,332,641	8,242,107
<b>EXPENSES</b>								
External Segment Expenses	3,463,424	3,232,095	3,119,853	3,255,289	1,155,435	938,301	7,738,712	7,425,685
<b>Total Expenses</b>	3,463,424	3,232,095	3,119,853	3,255,289	1,155,435	938,301	7,738,712	7,425,685
<b>Net Result from ordinary activities</b>	69,744	263,351	(850,821)	(595,770)	7,375,006	1,148,841	6,593,929	816,422
Interest Income	0	0	0	0	106,660	150,805	106,660	150,805
<b>Net Result for Year</b>	69,744	263,351	(850,821)	(595,770)	7,481,666	1,299,646	6,700,589	967,227
<b>OTHER INFORMATION</b>								
Segment Assets	7,510,047	4,841,884	5,844,866	3,768,307	0	0	13,354,913	8,610,191
Unallocated Assets	0	0	0	0	4,682,881	3,019,151	4,682,881	3,019,151
<b>Total Assets</b>	7,510,047	4,841,884	5,844,866	3,768,307	4,682,881	3,019,151	18,037,794	11,629,342
Segment Liabilities	314,834	355,132	1,473,430	1,512,002	0	0	1,788,263	1,867,134
Unallocated Liabilities	0	0	0	0	918,167	1,131,433	918,167	1,131,433
<b>Total Liabilities</b>	314,834	355,132	1,473,430	1,512,002	918,167	1,131,433	2,706,430	2,998,567
Acquisition of property, plant and equipment and intangible assets	7,997,662	1,067,376	22,686	22,686	0	0	8,020,348	1,090,062
Depreciation	288,862	281,791	224,813	219,310	180,119	175,711	693,794	676,812
Non cash expenses other than depreciation	(2,671)	8,282	(3,935)	12,202	0	0	(6,606)	20,484

The major products/services from which the above segments derive revenue are:

**Business Segments**

Health Services

**Services**

Acute Hospital services

Aged Care services

Primary Health services

Residential Aged Care Services (RACS)

Nursing Home facilities

Hostel facilities

**Geographical Segment**

Boort District Health operates predominantly in Boort, Victoria. More than 90% of revenue, net surplus from ordinary activities and segments assets relate to operations in Boort, Victoria.

**NOTE 21: JOINTLY CONTROLLED OPERATIONS AND ASSETS**

Name of Entity	Principal Activity	Ownership Interest	
		2016 %	2015 %
Loddon Mallee Rural Health Alliance	Information Systems	2.28	2.24

Boort District Health's interest in assets employed in the above jointly controlled operations and assets is detailed below.  
The amounts are included in the financial statements under their respective categories:

	2016 \$	2015 \$
<b>Current Assets</b>		
Cash and Cash Equivalents	127,031	143,260
Receivables	6,397	1,974
Prepayments	13,140	2,468
<b>Total Current Assets</b>	<b>146,568</b>	<b>147,702</b>
<b>Non Current Assets</b>		
Property Plant and Equipment	4,836	10,551
<b>Total Non Current Assets</b>	<b>4,836</b>	<b>10,551</b>
<b>Total Assets</b>	<b>151,404</b>	<b>158,253</b>
<b>Current Liabilities</b>		
Payables	23,915	14,075
Accrued Expenses	2,455	3,749
<b>Total Current Liabilities</b>	<b>26,370</b>	<b>17,824</b>
<b>Total Liabilities</b>	<b>26,370</b>	<b>17,824</b>
<b>Net Assets</b>	<b>125,034</b>	<b>140,429</b>

Boort District Health's interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

<b>Revenues</b>		
Revenue from Operating Activities	193,838	186,059
Capital Purpose Income	0	0
<b>Total Revenue</b>	<b>193,838</b>	<b>186,059</b>
<b>Expenses</b>		
Information Technology and Administrative Expenditure	168,002	158,147
Capital Purpose Expenditure	34,971	16
Depreciation	6,260	6,244
<b>Total Expenses</b>	<b>209,233</b>	<b>164,407</b>
<b>Net Result</b>	<b>(15,395)</b>	<b>21,652</b>

**Commitments for Expenditure**

There are no known capital or leasing commitments for Loddon Mallee Rural Health Alliance as at the date of this report.

#### **NOTE 22a: RESPONSIBLE PERSON DISCLOSURES**

In accordance with the Ministerial Directions issued by the Minister for Finance under the Financial Management Act 1994, the following disclosures are made regarding responsible persons for the reporting period.

##### **Responsible Ministers:**

The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services  
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health

Period
01/07/2015 - 30/06/2016
01/07/2015 - 30/06/2016

##### **Governing Boards**

Mrs E Barnes  
Mr K Jeffrey  
Mr M Nolan  
Mr A McDougal  
Mrs M Eicher  
Mrs G Smith  
Mr G Armfield  
Mr G Malone

01/07/2015 - 30/06/2016  
01/07/2015 - 30/06/2016  
01/07/2015 - 30/06/2016  
01/07/2015 - 30/06/2016  
01/07/2015 - 30/06/2016  
01/07/2015 - 30/06/2016  
01/07/2015 - 30/06/2016  
01/07/2015 - 30/06/2016

##### **Accountable Officers**

Mrs V Poxon

01/07/2015 - 30/06/2016

##### **Remuneration of Responsible Persons**

The number of Responsible Persons are shown in their relevant income bands;

Income Band	2016 No.	2015 No.
\$0 - \$9,999	8	9
\$20,000 - \$29,999	0	0
\$50,000 - \$59,999	0	0
\$60,000 - \$69,000	0	0
\$150,000 - \$159,999	0	1
\$170,000 - \$179,999	1	0
<b>Total Numbers</b>	<b>9</b>	<b>10</b>

**Total remuneration received or due and receivable by Responsible Persons from the reporting entity to:**

170,648	155,003
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Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet.

##### **Other Transactions of Responsible Persons and their Related Parties**

The result of the period includes aggregate amounts attributable to transactions with Responsible Persons and Responsible Persons Related Parties in respect of:

Mrs M Eicher is the proprietor of Salute Oliva which provides good and services to the Health Service on normal commercial terms and conditions.

2016 \$	2015 \$
62	27

#### **Note 22b: EXECUTIVE OFFICER DISCLOSURES**

The number of Executive Officers are shown in their relevant income bands;

Income Band	2016 No.	2015 No.
\$100,000 - \$109,999	0	1
\$110,000 - \$119,999	1	0
<b>Total annualised employee equivalents (AEE) (i)</b>	<b>1</b>	<b>1</b>
<b>Total Remuneration</b>	<b>115,593</b>	<b>106,650</b>

(i) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.



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**Note 23: REMUNERATION OF AUDITORS**

	2016	2015
	\$	\$
<b>Victorian Auditor-General's Office</b>		
Audit or review of financial statement	15,000	14,800
	<u>15,000</u>	<u>14,800</u>

**Note 24: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

There are no known events occurring after the balance sheet date that would materially effect the financial result.

**NOTE 25: ALTERNATIVE PRESENTATION OF COMPREHENSIVE OPERATING STATEMENT**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Interest	106,660	150,805
Sales of goods and services	1,311,128	1,355,446
Grants	4,453,923	4,787,716
Other	8,576,107	2,098,945
<b>Total Revenue</b>	<b>14,447,818</b>	<b>8,392,912</b>
Employee expenses	4,933,365	4,876,361
Depreciation	693,794	676,812
Other operating expenses	2,094,649	1,872,512
<b>Total Expenses</b>	<b>7,721,808</b>	<b>7,425,685</b>
<b>Net result from transactions - Net Operating Balance</b>		
Net gain/ (loss) on sale of non-financial assets	(8,517)	-
Other gains/ (losses) from other economic flows included in net result	(16,904)	-
<b>Total Other Economic flows included in Net Result</b>	<b>(25,421)</b>	<b>0</b>
<b>Net Result</b>		