

UPPER MURRAY HEALTH & COMMUNITY SERVICES

Board Member's, Accountable Officer's and Chief Finance & Accounting Officer's Declaration

The attached financial statements for Upper Murray Health & Community Services 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 the financial position of Upper Murray Health & Community Services at 30 June 2016.

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

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



MRS S. SULLIVAN
Chairperson (on behalf of the Board)



MRS M. BROCKFIELD
Chief Executive Officer



MRS K. CLARKE
Chief Finance & Accounting Officer

Dated the 16 day of September 2016

UPPER MURRAY HEALTH & COMMUNITY SERVICES
COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
Revenue from operating activities	2	10,215,806	9,375,487
Revenue from non operating activities	2	127,352	174,165
Employee Expenses	3	(7,471,761)	(7,268,021)
Non Salary Labour Costs	3	(236,871)	(340,713)
Supplies & Consumables	3	(300,573)	(292,546)
Other Expenses	3	(1,619,501)	(1,587,525)
NET RESULT BEFORE CAPITAL AND SPECIFIC ITEMS		714,452	60,846
Capital Purpose Income	2	328,028	346,812
Depreciation	4	(961,491)	(943,874)
NET RESULT FOR THE YEAR		80,989	(536,216)
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT			
Revaluation of Long Service Leave		(3,891)	-
TOTAL OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT		(3,891)	-
NET RESULT FOR THE YEAR		77,098	(536,216)
OTHER COMPREHENSIVE INCOME			
ITEMS THAT WILL NOT BE RECLASSIFIED TO NET RESULT			
Net fair value revaluation of Non Financial Assets		-	-
TOTAL OTHER COMPREHENSIVE INCOME		-	-
COMPREHENSIVE RESULT FOR THE YEAR		77,098	(536,216)

This statement should be read in conjunction with the accompanying notes

UPPER MURRAY HEALTH & COMMUNITY SERVICES

BALANCE SHEET AS AT 30 JUNE 2016

	Notes	2016 \$	2015 \$
Current Assets			
Cash and Cash Equivalents	6	2,109,566	2,253,280
Receivables	7	338,450	292,032
Investments and Other Financial Assets	8	758,500	758,500
Other Assets	9	56,227	89,373
Total Current Assets		<u>3,262,743</u>	<u>3,393,185</u>
Non-Current Assets			
Receivables	7	177,378	231,425
Property, Plant & Equipment	10	10,886,955	10,527,484
Total Non-Current Assets		<u>11,064,333</u>	<u>10,758,909</u>
TOTAL ASSETS		<u>14,327,076</u>	<u>14,152,094</u>
Current Liabilities			
Payables	11	448,083	334,297
Borrowings	12	25,842	19,961
Provisions	13	1,715,629	1,979,634
Other Liabilities	15	1,208,884	1,022,932
Total Current Liabilities		<u>3,398,437</u>	<u>3,356,824</u>
Non-Current Liabilities			
Borrowings	12	31,010	16,705
Provisions	13	157,948	115,981
Total Non-Current Liabilities		<u>188,958</u>	<u>132,686</u>
TOTAL LIABILITIES		<u>3,587,396</u>	<u>3,489,511</u>
NET ASSETS		<u>10,739,681</u>	<u>10,662,583</u>
EQUITY			
Property, Plant & Equipment Revaluation Surplus	16a	5,933,698	5,933,698
Contributed Capital	16b	4,909,430	4,909,430
Accumulated (Deficits)	16c	(103,447)	(180,545)
TOTAL EQUITY		<u>10,739,681</u>	<u>10,662,583</u>
Contingent assets and contingent liabilities	20		
Commitments	19		

This statement should be read in conjunction with the accompanying notes

UPPER MURRAY HEALTH & COMMUNITY SERVICES
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Note	Property, Plant & Equipment Revaluation Surplus \$	Contributed Capital \$	Accumulated Surpluses / (Deficits) \$	Total \$
Balance at 1 July 2014		5,933,698	4,909,430	355,671	11,198,799
Net result for the year	16c	-	-	(536,216)	(536,216)
Other Comprehensive income for the year	16a	-	-	-	-
Balance at 30 June 2015		5,933,698	4,909,430	(180,545)	10,662,583
Net result for the year	16c	-	-	77,098	77,098
Other Comprehensive income for the year	16a	-	-	-	-
Balance at 30 June 2016		5,933,698	4,909,430	(103,447)	10,739,681

This statement should be read in conjunction with the accompanying notes

UPPER MURRAY HEALTH & COMMUNITY SERVICES
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		7,621,352	6,992,526
Capital Grants from government		305,178	340,203
Patient and Resident Fees Received		1,871,103	1,911,811
Donations and Bequests Received		76,261	9,355
GST Received from / (paid to) ATO		152,391	152,391
Interest Received		66,942	76,447
Other capital receipts		22,850	6,609
Other Receipts		642,524	569,621
Total Receipts		<u>10,758,601</u>	<u>10,058,963</u>
Employee Expenses Paid		(7,514,870)	(7,458,065)
Payments for Supplies & Consumables		(1,039,333)	(961,890)
Other Payments		(1,284,363)	(1,374,135)
Total Payments		<u>(9,838,565)</u>	<u>(9,794,090)</u>
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	17	<u>920,036</u>	<u>264,873</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Plant and Equipment		(1,320,963)	(535,955)
Proceeds from Sale of Plant and Equipment		-	-
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		<u>(1,320,963)</u>	<u>(535,955)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Borrowings		20,185	36,666
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		<u>20,185</u>	<u>36,666</u>
NET INCREASE (DECREASE) IN CASH HELD		(380,742)	(234,416)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,974,434	2,208,850
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	<u>1,593,692</u>	<u>1,974,434</u>

This statement should be read in conjunction with the accompanying notes

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Upper Murray Health & Community Services for the period ending 30 June 2016. The purpose of the report is to provide users with information about the Health Service's stewardship of resources entrusted to it.

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Financial Management Act 1994 and applicable 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 Upper Murray Health & Community Services on 16 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 losses. Revaluations are made and are reassessed 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.

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 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(k));
- superannuation expense (refer to Note 14);
- 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(l)).

Consistent with AASB 13 Fair Value Measurement, Upper Murray Health & Community Services determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, investment properties and financial instruments and for nonrecurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements or 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 - Quotes (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, Upper Murray Health & Community Services 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, Upper Murray Health & Community Services 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.

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Valuer-General Victoria (VGV) is Upper Murray Health & Community Services independent valuation agency.

Upper Murray Health & Community Services, in conjunction with VGV monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

(c) Reporting Entity

The financial statements include all the controlled activities of Upper Murray Health & Community Services.

Its principal address is:
Kiell Street
Corryong
Victoria 3707

A description of the nature of Upper Murray Health & Community Services operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

Objectives and funding

Upper Murray Health & Community Services overall objective is to provide accessible healthcare to our community, as well as improve the quality of life to Victorians.

Upper Murray Health & Community Services is predominantly funded by accrual based grant funding for the provision of outputs.

(d) Principles of Consolidation

Jointly controlled assets or operations

Interests in jointly controlled assets or operations are not consolidated by Upper Murray Health & Community Services, but are accounted for in accordance with the policy outlined in Note 1(k) Financial Assets.

(e) Scope and Presentation of Financial Statements

Fund Accounting

The Upper Murray Health & Community Services operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. The Upper Murray Health & Community Services' Capital and Specific Purpose Funds include unspent capital donations and receipts from fund-raising 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 includes 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. As the service is a Multi-Purpose Facility, all services are currently regarded as services supported by the Health Services Agreement.

Comprehensive Operating Statement

The comprehensive operating statement includes the subtotal entitled 'Net result Before Capital & Specific Items' to enhance the understanding of the financial performance of Upper Murray Health & Community Services. 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 an 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 & Specific Items' is used by the management of Upper Murray Health & Community Services, 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, plant and equipment or intangible assets. It also includes donations of plant and equipment (refer Note 1 (f)). 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.
- 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 (i)
- Depreciation, as described in note 1 (g)
- Assets provided or received free of charge
- Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold or does not 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.

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 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*.

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

(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 Upper Murray Health & Community Services 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 Services gains control of the underlying assets irrespective of whether conditions are imposed on the Health Services 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.

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.

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 or 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 service would have been purchased if not received as a donation.

Other Income

Other income includes non-property rental, dividends, forgiveness of liabilities, and bad debt reversals.

(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 contribution (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 services of current Health Service staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan, and are based upon actuarial advice.

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

**(g) Expense Recognition (continued)
Defined Benefit Superannuation Plans (continued)**

Employees of Upper Murray Health & Community Services are entitled to receive superannuation benefits and Upper Murray Health & Community Services contributes to both the defined benefit and defined contribution plans. The defined benefit plan(s) provide benefits based on years of service and final average salary.

The name and details of the major employee superannuation funds and contributions made by Upper Murray Health & Community Services are disclosed in Note 14: 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.

Intangible produced assets with finite lives are depreciated as an expense from transactions on a systematic basis over the asset's useful life. 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
	Useful Lives	Useful Lives
Buildings		
- Structure Shell Building Fabric	up to 33 years	up to 33 years
- Site Engineering Services and Central Plant	up to 23 years	up to 23 years
- Fit Out	up to 12 years	up to 12 years
- Trunk Reticulated Building System	up to 13 years	up to 13 years
Plant and Equipment	3 to 10 years	3 to 10 years
Medical Equipment	10 years	10 years

Please note: the estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

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

Grants and other Transfers

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies and personal benefit payments made in cash to individuals.

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 services 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 expensed when distributed

Bad and doubtful debts - Refer to Note 1 (j) Impairment of financial assets.

(h) Other Comprehensive Income

Other comprehensive income measures the change in 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:

- **Revaluation gains/(losses) of non-financial physical assets** - Refer to Note 1(k) Revaluations of non-financial physical assets.

- **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 determined after deducting from the proceeds the carrying value of the asset at that time.

- **Net gain/(loss) on financial instruments** - Net gain/ (loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluation of financial instruments at fair value;

- impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 1 (k)); and

- disposals of financial assets and derecognition of financial liabilities.

- **Revaluations of financial instruments at fair value** - Refer to Note 1(j) Financial Instruments

- **Share of net profits/(losses) of associates and joint entities, excluding dividends** - Refer to Note 1 (d) Basis of consolidation.

- **Other Gains/(losses) from other comprehensive income** - 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 also include the impact of changes related to the impact of moving from the 2004 long service leave model to the 2008 long services leave model; and

b. transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

(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 Upper Murray Health & Community Services' 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.

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

(i) Financial Instruments (continued)

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 attributed transaction cost. 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.

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 Service's 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 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 and are subject to 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 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 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.

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;
- Loans and receivables; and
- Available-for-sale financial assets.

Upper Murray Health & Community Services 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.

Upper Murray Health & Community Services 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.

(k) Non-Financial Assets

Inventories

The value of supplies held at balance date is not considered to be material. The cost of supplies is charged to operating expenses when incurred.

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. 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 constructive 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 restrictions will no longer apply.

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

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

(k) Non-Financial Assets (continued)

Property, Plant and Equipment (continued)

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.

Revaluations of Non-current Physical Assets

Non-current physical assets measured at fair value 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 credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in net result, the increment is recognised as income in net result.

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

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 are not transferred to accumulated funds on derecognition of the relevant asset.

In accordance with FRD103F Upper Murray Health & Community Services' 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 at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

Impairment of Non-Financial Assets

Apart from intangible assets with indefinite useful lives, all other non-financial assets are assessed annually for indications of impairment, except for:

- financial assets.

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 change 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 if 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 to sell.

Investments in Joint Operations

In respect of any interest in Joint Operations, Upper Murray Health & Community Services recognises in the financial statements:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any 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 output by the operation; and
- its expenses, including its share of any expenses incurred jointly.

(l) 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 initially recognised at fair value, 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.

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

(l) Liabilities (continued)

Provisions

Provisions are recognised when the entity 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 provision 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, annual leave are all recognised in the provision for employee benefits as current liabilities, because the health service does not have the unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and sick 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

The liability for long service leave (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 services 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 arises due to changes in bond interest rates for which it is then recognised as an other economic flow.

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

Superannuation liabilities

Upper Murray Health & Community Services 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.

(m) Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

For service concession arrangements, the commencement of the lease term is deemed to be the date the asset is commissioned.

All other leases are classified as operating leases.

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

Finance Leases

Entity as lessee

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is accounted for as a non-financial physical asset and is depreciated over the shorter of the estimated useful life of the asset or the term of the lease. If there is certainty that the health service will obtain the ownership of the lease asset by the end of the lease term, the asset shall be depreciated over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the comprehensive operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

All borrowings for Upper Murray Health & Community Services are associated with finance leases incurred by the Hume Region Health Alliance. Finance leases are regarded as a financial accommodation and under Section 30 of the Health Services Act 1988, the Minister for Health and the Treasurer must declare a registered funding agency to be an approved borrower for the purposes of this section.

Upper Murray Health & Community Services has received such approval prior to 30 June 2016, in a joint letter for all Health Services impacted by finance leases either directly or via a Jointly Controlled Entity. The specific values approved for Upper Murray Health & Community Services total \$216,255.

Operating Leases

Operating lease payments, including any contingent rentals, are recognised as an expense in the Comprehensive Operating Statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

(n) Equity

Contributed Capital

Consistent with *Australian Accounting Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities* and *FRD119A 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 or distributions that have been designated as contributed capital are also treated as contributed capital.

Property, Plant & Equipment Revaluation Surplus

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

(o) 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 19) 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.

(p) 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.

(q) Goods and Services Tax

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 an operating cash flow.

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

(r) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(s) AASs Issued that are not yet effective

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting period. DTF assesses the impact of all these new standards and advises the Health Service if 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 dates as detailed in the table below. Upper Murray Health & Community Services has not and does not intend to adopt these standards early.

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

(s) AASs Issued that are not yet effective (continued)

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Financial Statements
AASB 9 Financial instruments	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 Jan 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.
<i>AASB 2010-7 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: <ul style="list-style-type: none"> • 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 Jan 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.

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

(s) AASBs Issued that are not yet effective (continued)

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 Jan 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 returned earnings if there are no former performance obligations outstanding.
AASB 2014 1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASBs 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 Jan 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 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]	Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to: • 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; • 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.	1 Jan 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 Amendments to Australian Accounting Standards arising from AASB 9	Amends various AASBs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

(s) AASBs Issued that are not yet effective (continued)

AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]	Amends AASB 127 Separate Financial Statements to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 Jan 2016	The assessment indicates that there is no expected impact as the entity will continue to account for the investments in subsidiaries, joint ventures and associates using the cost method as mandated if separate financial statements are presented in accordance with FRD 113A.
AASB 2014 10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128]	AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates to ensure consistent treatment in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that: • a full gain or loss to be recognised by the investor when a transaction involves a business (whether it is housed in a subsidiary or not); and • a partial gain or loss to be recognised by the parent when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	1 Jan 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 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	The Amendments extend the scope of AASB 124 Related Party Disclosures 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 Jan 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 Amendments to Australian Accounting Standards Effective Date of AASB 15	This standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018	1 Jan 2018	This amending standard will defer the application period of AASB 15 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 Jan 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.

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

(s) AASs Issued that are not yet effective (continued)

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 AASB 107

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2: REVENUE

	2016	2015
	\$	\$
Revenue from Operating Activities		
Government Grants		
- Department of Health and Human Services	5,346,581	5,100,924
- Commonwealth Government	2,258,575	1,910,843
Total Government Grants	<u>7,605,156</u>	<u>7,011,767</u>
Indirect contributions by Department of Health and Human Services		
- Insurance	9,584	10,316
Total Indirect Contributions by Department of Health and Human Services	<u>9,584</u>	<u>10,316</u>
Patient and Resident Fees		
- Patient and Resident Fees	1,287,083	1,235,905
- Residential Aged Care	632,754	629,632
Total Patient & Resident Fees	<u>1,919,837</u>	<u>1,865,537</u>
Donations & Bequests	76,261	9,355
Other Revenue from Operating Activities	604,968	478,512
Total Revenue from Operating Activities	<u>10,215,806</u>	<u>9,375,487</u>
Revenue from Non-Operating Activities		
Interest	66,949	76,447
Other Revenue from Non-Operating Activities	60,402	97,718
Total Revenue from Non-Operating Activities	<u>127,352</u>	<u>174,165</u>
Capital Purpose Income		
State Government Capital Grants		
- Targeted Capital Works and Equipment	305,178	340,203
Residential Accommodation Payments	22,850	6,609
Net Gain on Disposal of Non-Current Assets (refer note 2a)	-	-
Total Capital Purpose Income	<u>328,028</u>	<u>346,812</u>
Total Revenue	<u>10,671,185</u>	<u>9,896,464</u>
Indirect contributions by Department of Health and Human Services; Indirect contributions by Department of Health and Human Services: 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.		
<u>Analysis of Revenue by Source</u> Upper Murray Health & Community Services provides services supported by a Multi Purpose Service (MPS) agreement. Accordingly it is not possible to analyse revenue by source.		
NOTE 2a: Net Gain on Disposal of Non -Financial Assets		
Proceeds from Disposal of Non-Current Assets		
Plant and Equipment	-	-
Total Proceeds from Disposal of Non-Current Assets	<u>-</u>	<u>-</u>
Net Gain on Disposal of Non Current Assets	<u>-</u>	<u>-</u>

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: EXPENSES

	2016 \$	2015 \$
Employee Expenses		
Salaries and Wages	6,497,332	6,304,987
WorkCover Premium	64,800	61,049
Departure Packages	114,512	92,668
Long Service Leave	132,414	178,145
Superannuation	662,703	631,172
Total Employee Expenses	<u>7,471,761</u>	<u>7,268,021</u>
Non Salary Labour Costs		
Fees for Visiting Medical Officers	13,960	25,908
Contractors and Consultants	222,910	314,805
Total Non Salary Labour Costs	<u>236,871</u>	<u>340,713</u>
Supplies & Consumables:		
Drug Supplies	36,013	31,114
Medical, Surgical Supplies and Prosthesis	109,408	121,512
Pathology Supplies	5,976	5,369
Food Supplies	149,175	134,551
Total Supplies & Consumables	<u>300,573</u>	<u>292,546</u>
Other Expenses		
Domestic Services and Supplies	81,559	113,121
Fuel, Light, Power and Water	147,427	176,068
Insurance costs funded by DHHS	9,584	10,316
Motor Vehicle Expenses	65,389	71,623
Repairs and Maintenance	84,776	44,221
Maintenance Contracts	50,416	35,400
Patient Transport	25,365	31,604
Bad & Doubtful debts	18	(17,156)
Lease Expenses	146,986	135,272
Advertising Expenses	6,040	7,744
Administrative Expenses	482,685	419,091
Finance Costs	2,300	3,028
Other Expenses	494,447	537,544
Audit Fees		
- VAGO - audit of Financial Statements	15,000	15,000
- Other	7,509	4,650
Total Other Expenses	<u>1,619,501</u>	<u>1,587,525</u>
Total Expense from Services Supported by Health Services Agreement	<u>9,628,705</u>	<u>9,488,805</u>
Depreciation and Amortisation (refer note 4)	961,491	943,874
Total Expenses	<u>10,590,196</u>	<u>10,432,679</u>

Analysis of Expenses by Source

Upper Murray Health & Community Services provides services supported by a Multi Purpose Service (MPS) agreement. Accordingly it is not meaningful to analyse expenses by source.

NOTE 4: DEPRECIATION AND AMORTISATION

Depreciation

Buildings	704,857	704,642
HRHA Depreciation	30,428	36,805
Plant & Equipment	153,794	131,913
Medical Equipment	72,412	70,514
Total Depreciation and Amortisation	<u>961,491</u>	<u>943,874</u>

NOTE 5: FINANCE COSTS

Finance Charges on Finance Leases	2,300	3,028
Total Finance Costs	<u>2,300</u>	<u>3,028</u>

NOTE 6: CASH AND CASH EQUIVALENTS

For the purposes of the Cash Flow Statement, cash assets include cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand, and are subject to insignificant risk of change in value, net of outstanding overdrafts.

Cash on Hand	200	200
Cash at Bank	2,109,366	2,253,080
	<u>2,109,566</u>	<u>2,253,280</u>

Represented by:

Cash for Health Service Operations (as per the Cash Flow Statement)	1,593,692	1,974,434
Monies Held In Trust (refer note 15)	450,384	264,432
Hume Rural Health Alliance (HRHA)	65,483	14,412
	<u>2,109,566</u>	<u>2,253,278</u>

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 7: RECEIVABLES

	2016	2015
	\$	\$
CURRENT		
Contractual		
Patient Fees	296,742	161,952
Hume Rural Health Alliance (HRHA)	32,315	95,521
Less Allowance for Doubtful debts	15,700	15,700
	<u>313,357</u>	<u>241,774</u>
Statutory		
GST Receivable	25,093	50,260
	<u>338,450</u>	<u>292,033</u>
TOTAL CURRENT RECEIVABLES		
NON-CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	177,378	231,425
TOTAL NON-CURRENT RECEIVABLES	<u>177,378</u>	<u>231,425</u>
TOTAL RECEIVABLES	<u>515,827</u>	<u>523,458</u>

(a) Movement in the Allowance for doubtful debts

Balance at beginning of year	15,700	32,855
Amounts written off during the year	-	-
Increase/(decrease) in allowance recognised in profit or loss	-	(17,156)
Balance at end of year	<u>15,700</u>	<u>15,700</u>

(b) Ageing analysis of receivables

Please refer to note 18b for the ageing analysis of receivables

(c) Nature and extent of risk arising from receivables

Please refer to note 18b for the nature and extent of credit risk arising from receivables

NOTE 8: INVESTMENTS AND OTHER FINANCIAL ASSETS

CURRENT:

Aust. Dollar Term Deposits > 3 months	758,500	758,500
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Represented by:

Monies Held in Trust - Retirement Village Deposits	758,500	758,500
TOTAL	<u>758,500</u>	<u>758,500</u>

(a) Ageing analysis of investments and other financial assets

Please refer to note 18b for the ageing analysis of other financial assets

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

Please refer to note 18b for the nature and extent of credit risk arising from other financial assets

NOTE 9: OTHER ASSETS

CURRENT

Prepayments	53,659	87,154
HRHA	2,568	2,219
TOTAL	<u>56,227</u>	<u>89,373</u>

NOTE 10: PROPERTY, PLANT & EQUIPMENT

(a) Gross carrying amount and accumulated depreciation

Land		
- Land at fair value	383,000	383,000

Buildings

- Buildings at cost	1,353,150	149,410
Less Accumulated Depreciation	1,084	454
	<u>1,352,066</u>	<u>148,956</u>
- Buildings at valuation	9,332,000	9,332,000
Less Accumulated Depreciation	1,408,454	704,227
	<u>7,923,546</u>	<u>8,627,773</u>
Total Buildings	<u>9,275,612</u>	<u>8,776,729</u>

Plant & Equipment

- Plant & Equipment	3,225,855	3,175,061
Less Accumulated Depreciation	2,379,254	2,225,460
	<u>846,602</u>	<u>949,602</u>

Medical Equipment

- Medical Equipment	1,182,933	1,167,117
Less Accumulated Depreciation	858,042	785,630
	<u>324,891</u>	<u>381,487</u>

Leased Assets

- Cost	111,825	73,473
Less Accumulated Depreciation	54,973	36,807
	<u>56,850</u>	<u>36,666</u>

Total	<u>10,886,955</u>	<u>10,527,484</u>
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**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 10: PROPERTY, PLANT & EQUIPMENT(continued)

(b) Reconciliations of the carrying amounts of each class of land, plant & equipment and medical equipment at the beginning and end of the current financial year is set out below:

	Land \$	Buildings \$	Plant & Equipment \$	Medical Equipment \$	Leased Assets \$	Total \$
Balance at 1 July 2014	383,000	9,344,424	754,702	416,472	-	10,898,596
Additions	-	136,947	326,813	35,529	-	499,289
Hume Alliance	-	-	-	-	73,473	73,473
Disposals	-	-	-	-	-	-
Revaluation Increments	-	-	-	-	-	-
Depreciation (note 4)	-	(704,642)	(131,913)	(70,514)	(36,805)	(943,874)
Balance at 30 June 2015	383,000	8,776,729	949,602	381,487	36,668	10,527,484
Additions	-	1,203,740	50,794	15,816	-	1,270,350
Hume Alliance	-	-	-	-	50,610	50,610
Disposals	-	-	-	-	-	-
Revaluation Increments	-	-	-	-	-	-
Depreciation (note 4)	-	(704,857)	(153,794)	(72,412)	(30,428)	(961,491)
Balance at 30 June 2016	383,000	9,275,612	846,602	324,891	56,850	10,886,955

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 exchanged between knowledgeable willing parties in an arm's length transaction. 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 2015

	Carrying amount as at 30 June 2016 \$	Fair value measurement at end of reporting period using:		
		Level 1 \$	Level 2 \$	Level 3 \$
Land at fair value				
Non-specialised land	195,000	-	-	195,000
Specialised land	188,000	-	-	188,000
Total of land at fair value	383,000	-	-	383,000
Buildings at fair value				
Non-specialised buildings	940,000	-	-	940,000
Specialised buildings	8,335,612	-	-	8,335,612
Total of building at fair value	9,275,612	-	-	9,275,612
Plant and equipment at fair value				
Plant equipment and vehicles at fair value	-	-	-	-
- Vehicles	1,150	-	-	1,150
- Plant and equipment	845,452	-	-	845,452
Total of plant, equipment and vehicles at fair value	846,602	-	-	846,602
Medical equipment at fair value				
Medical equipment at fair value	324,891	-	-	324,891
Total medical equipment at fair value	324,891	-	-	324,891
	-	-	-	-
	10,830,106	-	-	10,830,106

There have been no transfers between levels during the period.

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 \$	Level 2 \$	Level 3 \$
Land at fair value				
Non-specialised land	195,000	-	-	195,000
Specialised land	188,000	-	-	188,000
Total of land at fair value	383,000	-	-	383,000
Buildings at fair value				
Non-specialised buildings	940,000	-	-	940,000
Specialised buildings	7,836,729	-	-	7,836,729
Total of building at fair value	8,776,729	-	-	8,776,729
Plant and equipment at fair value				
Plant equipment and vehicles at fair value	-	-	-	-
- Vehicles	1,150	-	-	1,150
- Plant and equipment	948,451	-	-	948,451
Total of plant, equipment and vehicles at fair value	949,601	-	-	949,601
Medical equipment at fair value				
Medical equipment at fair value	381,488	-	-	381,488
Total medical equipment at fair value	381,488	-	-	381,488
	-	-	-	-
	10,490,818	-	-	10,490,818

There have been no transfers between levels during the period.

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 10: PROPERTY, PLANT & EQUIPMENT(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 meter 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 Services 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 Services 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 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.

(d) Reconciliation of Level 3 fair value as at 30 June 2016

	Land	Buildings	Plant and equipment	Medical equipment	Leased Assets
	\$	\$	\$	\$	\$
Opening Balances	383,000	8,776,729	949,602	381,487	36,668
Purchases (sales)		1,203,740	50,794	15,816	50,610
Transfers in (out) of Level 3		-	-	-	-
Gains or losses recognised in net result					
- Depreciation		(704,857)	(153,794)	(72,412)	(30,428)
Subtotal	383,000	9,275,612	846,602	324,891	56,850
Items recognised in other comprehensive income					
- Revaluation		-	-	-	-
Subtotal		-	-	-	-
Closing Balance	383,000	9,275,612	846,602	324,891	56,850

There have been no transfers between levels during the period.

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 10: PROPERTY, PLANT & EQUIPMENT(continued)

Reconciliation of Level 3 fair value as at 30 June 2015

	Land \$	Buildings \$	Plant and equipment \$	Medical equipment \$	Leased Assets \$
Opening Balances	383,000	9,344,424	754,702	416,472	0
Purchases (sales)	-	136,947	326,813	35,529	73,473
Transfers in (out) of Level 3	-	-	-	-	-
Gains or losses recognised in net result					
- Depreciation	-	(704,642)	(131,913)	(70,514)	(36,805)
Subtotal	<u>383,000</u>	<u>8,776,729</u>	<u>949,602</u>	<u>381,487</u>	<u>36,668</u>
Items recognised in other comprehensive income					
- Revaluation	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Closing Balance	<u>383,000</u>	<u>8,776,729</u>	<u>949,602</u>	<u>381,487</u>	<u>36,668</u>

There have been no transfers between levels during the period.

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

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised land	Market approach	Community Service Obligations (CSO) adjustment	20% (20%)	A significant increase or decrease on 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	\$162 - \$2,082/m2 (\$1200) 10 - 33 years (22 years)	A significant increase or decrease in direct cost per square meter 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 fair value.
Plant and equipment at fair value	Depreciated replacement cost	Useful life of PPE	3-10 years (8 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Vehicles	Depreciated replacement cost	Useful life of vehicles	5 to 8 years (8 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Medical equipment at fair value	Depreciated replacement cost	Useful life of medical equipment	8 to 10 years (10 years)	Increase (decrease) in useful life would result in a significantly higher (lower) fair value.

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 11: PAYABLES

CURRENT

Contractual

	2016	2015
	\$	\$
Trade Creditors	175,191	212,283
Accrued expenses	246,752	63,932
Hume Rural Health Alliance (HRHA)	19,528	58,082
Income in Advance	6,612	-
TOTAL	448,083	334,297

(a) Maturity analysis of payables

Please refer to Note 18c for the ageing analysis of payables

(b) Nature and extent of risk arising from payables

Please refer to Note 18c for the nature and extent of risks arising from payables

NOTE 12: BORROWINGS

CURRENT

- Finance Lease Liability - HRHA Alliance

	25,842	19,961
TOTAL CURRENT	25,842	19,961

NON CURRENT

- Finance Lease Liability - HRHA Alliance

	31,010	16,705
TOTAL NON CURRENT	31,010	16,705

TOTAL BORROWINGS

	56,852	36,666
	56,852	36,666

(a) Maturity analysis of lease liabilities

Please refer to note 18 (c) for the ageing analysis of lease liabilities

(b) Nature and extent of risk arising from Lease Liabilities

Please refer to note 18 (c) for the nature and extent of risks arising from lease liabilities

(c) Finance and operating lease commitments

Please refer to note 18 for further information relating to finance and operating lease commitments.

(d) Secured liabilities and assets pledged as security

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

NOTE 13: PROVISIONS

CURRENT PROVISIONS

Annual Leave

- Unconditional and expected to be settled within 12 months	401,951	397,982
- Unconditional and expected to be settled after 12 months	44,661	51,271

Long Service Leave

- Unconditional and expected to be settled within 12 months	133,491	67,101
- Unconditional and expected to be settled after 12 months	874,469	996,644

Other

Accrued Wages and Salaries	107,478	311,749
Accrued Days Off	6,930	8,491
	1,568,981	1,833,238

Provisions related to employee benefit on-costs

- Unconditional and expected to be settled within 12 months	50,874	139,469
- Unconditional and expected to be settled after 12 months	95,773	6,927

TOTAL CURRENT PROVISIONS

	1,715,629	1,979,634
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NON-CURRENT PROVISIONS

Conditional LSL entitlement (present value)	142,939	106,756
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Provisions related to employee benefit on-costs	15,009	9,225
TOTAL NON-CURRENT PROVISIONS	157,948	115,981

TOTAL PROVISIONS

	1,873,577	2,095,615
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(a) EMPLOYEE BENEFITS AND RELATED ON-COSTS

CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS

Unconditional long service leave entitlements	1,113,795	1,160,806
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Accrued Wages and Salaries	107,478	311,749
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Annual leave entitlements	487,425	498,589
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Accrued Days Off	6,930	8,491
NON-CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS	1,715,629	1,979,634

Conditional long service leave entitlements (present value)	157,948	115,981
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TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	1,873,577	2,095,615
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(b) MOVEMENT IN PROVISIONS

MOVEMENT IN LONG SERVICE LEAVE:

	2016	2015
	\$	\$
Balance at start of year	1,276,787	1,326,331
Provision made during the year	127,371	128,600
Settlement made during the year	(132,414)	(178,145)
Balance at end of year	1,271,743	1,276,787

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 14: SUPERANNUATION

Employees of the Health Service are entitled to receive superannuation benefits and the Health Services 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 items.

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 expense in relation to the major employee superannuation funds and contributions made by the Health Services are as follows:

	Paid Contribution for the year		Contribution Outstanding at Year End	
	2016 \$	2015 \$	2016 \$	2015 \$
(i) Defined benefit plans:				
Health Super / First State Super	15,946	20,040	1,980	1,365
Defined contribution plans:				
Health Super / First State Super	418,354	425,031	40,385	34,901
Hesta	64,006	55,028	8,045	5,050
Other	113,477	62,267	16,351	24,954
Total	611,783	562,367	66,760	66,270

(i) The bases for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

NOTE 15: OTHER LIABILITIES

CURRENT

Monies held in trust

	2016 \$	2015 \$
Accommodation Bonds (Refundable Entrance Fees)	423,884	237,932
Right to Occupy Deposits (Refundable Deposit)	785,000	785,000
TOTAL	1,208,884	1,022,932

Represented by the following assets:

Cash and cash equivalents (refer note 6)	450,384	264,432
Other Financial Assets (refer note 8)	758,500	758,500
	1,208,884	1,022,932

NOTE 16: EQUITY

a) Surpluses

Property, Plant & Equipment Revaluation Surplus

Balance at the Beginning of the Reporting Period	5,933,698	5,933,698
Revaluation Increment		
- Land and Buildings	-	-
Balance at the End of the Reporting Period	5,933,698	5,933,698

Represented By:

Land	187,000	187,000
Buildings	5,746,698	5,746,698
	5,933,698	5,933,698

Total surpluses

	5,933,698	5,933,698
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(b) Contributed Capital

Balance at the beginning of the reporting period	4,909,430	4,909,430
Balance at the end of the reporting period	4,909,430	4,909,430

(c) Accumulated Surpluses/(Deficits)

Balance at the beginning of the reporting period	(180,545)	355,671
Net Result for the year	77,098	(536,216)
Balance at the end of the reporting period	(103,447)	(180,545)

Total Equity at end of financial year

	10,739,682	10,662,583
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NOTE 17: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES

Net Result for the Year	77,098	(536,216)
Non-cash movements		
Depreciation	961,491	943,874
Movements included in investing and financing activities		
Net (Gain) / loss on sale of Plant & Equipment	-	-
Provision for doubtful debts	-	(17,156)
Movements in Assets & Liabilities		
Change in operating assets and Liabilities		
(Increase)/Decrease in Other Assets	(203,879)	(167,147)
(Increase)/Decrease in Receivables	7,630	63,668
Increase/(Decrease) in Payables	113,785	(99,831)
Increase/(Decrease) in Other Liabilities	185,952	124,438
Increase/(Decrease) in Provisions	(222,041)	(46,755)
Net Cash Inflow/(Outflow) from Operating Activities	920,036	264,875

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 18: FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

Upper Murray Health & Community Services principal financial instruments comprise of:

- Cash Assets
- 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 Services 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 Upper Murray Health & Community Services financial risks within the government policy parameters.

Categorisation of financial instruments

	Contractual financial assets / liabilities designated at fair value through profit / loss	Contractual financial assets / liabilities held-for-trading at fair value through profit / loss	Contractual financial assets - loans and receivables	Contractual financial assets - available for sale	Contractual financial liabilities at amortised cost	Total
	\$	\$	\$	\$	\$	\$
2016						
Contractual Financial Assets						
Cash and cash equivalents	-	-	2,109,566	-	-	2,109,566
Receivables	-	-	313,357	-	-	313,357
- Trade Debtors	-	-	-	-	-	-
- Other Receivables	-	-	-	-	-	-
Other Financial Assets	-	-	758,500	-	-	758,500
- Term Deposit	-	-	-	-	-	-
- Shares in Other Entities	-	-	-	-	-	-
Total Financial Assets	-	-	3,181,422	-	-	3,181,422
Financial Liabilities						
Payables	-	-	-	-	448,083	448,083
Borrowings	-	-	-	-	-	-
Other Financial Liabilities	-	-	-	-	423,884	423,884
- Accommodation bonds	-	-	-	-	785,000	785,000
- Other	-	-	-	-	-	-
Total Financial Liabilities	-	-	-	-	1,656,967	1,656,967

	Contractual financial assets / liabilities designated at fair value through profit / loss	Contractual financial assets / liabilities held-for-trading at fair value through profit / loss	Contractual financial assets - loans and receivables	Contractual financial assets - available for sale	Contractual financial liabilities at amortised cost	Total
	\$	\$	\$	\$	\$	\$
2015						
Contractual Financial Assets						
Cash and cash equivalents	-	-	2,253,280	-	-	2,253,280
Receivables	-	-	241,774	-	-	241,774
- Trade Debtors	-	-	-	-	-	-
- Other Receivables	-	-	-	-	-	-
Other Financial Assets	-	-	758,500	-	-	758,500
- Term Deposit	-	-	-	-	-	-
- Shares in Other Entities	-	-	-	-	-	-
Total Financial Assets	-	-	3,253,554	-	-	3,253,554
Financial Liabilities						
Payables	-	-	-	-	334,297	334,297
Borrowings	-	-	-	-	-	-
Other Financial Liabilities	-	-	-	-	237,932	237,932
- Accommodation bonds	-	-	-	-	785,000	785,000
- Other	-	-	-	-	-	-
Total Financial Liabilities	-	-	-	-	1,357,229	1,357,229

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 18: FINANCIAL INSTRUMENTS (Continued)

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

Net holding gain / (loss) in financial instruments by category

	Net holding gain / (loss)	Total interest income / (expense)	Fee income / (expense)	Impairment loss	Total
	\$	\$	\$	\$	\$
2016					
Financial Assets					
Cash and Cash Equivalents	-	46,282	-	-	46,282
Loans and Receivables	-	20,668	-	-	20,668
Available for Sale	-	-	-	-	-
Total Financial Assets	-	66,949	-	-	66,949
Financial Liabilities					
At Amortised Cost	-	-	-	-	-
Total Financial Liabilities	-	-	-	-	-
2015					
Financial Assets					
Cash and Cash Equivalents	-	52,530	-	-	52,530
Loans and Receivables	-	23,917	-	-	23,917
Available for Sale	-	-	-	-	-
Total Financial Assets	-	76,447	-	-	76,447
Financial Liabilities					
At Amortised Cost	-	-	-	-	-
Total Financial Liabilities	-	-	-	-	-

(b) 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 rating and to obtain sufficient collateral or debit 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 of a minimum Double-A rating.

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 Upper Murray Health & Community Services maximum exposure to credit risk without taking account of the value of any collateral obtained.

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 18: FINANCIAL INSTRUMENTS (Continued)
(b) Credit Risk (continued)

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

	Financial Institutions (AA credit rating) \$	Government agencies (AAA credit rating) \$	Government agencies (BBB credit rating) \$	Other \$	Total \$
2016					
Financial Assets					
Cash and Cash Equivalents	2,109,566	-	-	-	2,109,566
Loans and Receivables					
- Trade debtors	-	-	-	313,357	313,357
- Other Receivables					
- Term Deposit	758,500	-	-	-	758,500
Total Financial Assets	2,868,066	-	-	313,357	3,181,422
2015					
Financial Assets					
Cash and Cash Equivalents	2,253,280	-	-	-	2,253,280
Loans and Receivables					
- Trade debtors	-	-	-	241,773	241,773
- Other Receivables					
- Term Deposit	758,500	-	-	-	758,500
Total Financial Assets	3,011,780	-	-	241,773	3,253,553

Ageing analysis of financial assets 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 \$	
2016							
Financial Assets							
Cash and Cash Equivalents	2,109,566	2,109,566	-	-	-	-	-
Loans and Receivables							
- Trade debtors	313,357	253,008	9,914	20,613	14,123	-	15,700
- Other Receivables							
- Term Deposit	758,500	758,500	-	-	-	-	-
Total Financial Assets	3,181,422	3,121,073	9,914	20,613	14,123	-	15,700
2015							
Financial Assets							
Cash and Cash Equivalents	2,253,280	2,253,280	-	-	-	-	-
Loans and Receivables							
- Trade debtors	241,773	178,711	26,168	27,296	19,600	-	15,700
- Other Receivables							
- Term Deposit	758,500	758,500	-	-	-	-	-
Total Financial Assets	3,253,553	3,190,491	26,168	27,296	19,600	-	15,700

There are no material financial assets which are individually determined to be impaired. Currently Upper Murray Health & Community Services does not hold and collateral as security nor credit enhancements relating to any of 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 the carrying value amounts as indicated. The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired.

(c) 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 settling 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 following table discloses the contractual maturity analysis for Upper Murray Health & Community Services financial liabilities. For interest rate applicable to each class of liability refer to individual notes to the financial statements.

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 18: FINANCIAL INSTRUMENTS (Continued)
(c) Liquidity Risk (continued)

Maturity analysis of financial liabilities as at 30 June

	Carrying Amount \$	Contractual Cash Flows \$	Maturity dates			
			Less than 1 month \$	1 - 3 Months \$	3 months - 1 year \$	1 - 5 Years \$
2016						
Financial Liabilities						
At amortised cost						
Payables	448,083	448,083	448,083	-	-	-
Other Financial Liabilities						
- Accommodation Bonds	423,884	423,884	-	-	423,884	-
- Retirement Village	785,000	785,000	-	-	785,000	-
Total Financial Liabilities	1,656,967	1,656,967	448,083	-	1,208,884	-
2015						
Financial Liabilities						
At amortised cost						
Payables	334,297	334,297	334,297	-	-	-
Other Financial Liabilities						
- Accommodation Bonds	237,932	237,932	-	-	237,932	-
- Retirement Village	785,000	785,000	-	-	785,000	-
Total Financial Liabilities	1,357,229	1,357,229	334,297	-	1,022,932	-

(d) Market Risk

Upper Murray Health & Community Services exposures to market risk are primarily through interest rate risk. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraph below.

Currency Risk

Upper Murray Health & Community Services has no exposure to currency risk.

Interest Rate Risk

Minimisation of risk is achieved by mainly undertaking fixed rate or non-interest bearing financial instruments.

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, as financial assets that can be left at floating rate without necessarily exposing the Health Service to significant bad risk, management monitors movement in interest rates on a daily 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 \$	Variable Interest Rate \$	Non-Interest Bearing \$
2016					
Financial Assets					
Cash and Cash Equivalents	2.08	2,109,566	-	2,109,366	200
Loans and Receivables					
- Trade debtors		313,357	-	-	313,357
- Other Receivables					
- Term Deposit	2.98	758,500	758,500	-	-
		3,181,422	758,500	2,109,366	313,557
Financial Liabilities					
At amortised cost					
Payables		448,083	-	-	448,083
Other Financial Liabilities					
- Accommodation Bonds		423,884	-	-	423,884
- Other		785,000	-	-	785,000
		1,656,967	-	-	1,656,967
2015					
Financial Assets					
Cash and Cash Equivalents	2.10	2,253,280	-	2,253,080	200
Loans and Receivables					
- Trade debtors		241,773	-	-	241,773
- Other Receivables					
- Term Deposit	3.46	758,500	758,500	-	-
		3,253,553	758,500	2,253,080	241,973
Financial Liabilities					
At amortised cost					
Payables		334,297	-	-	334,297
Other Financial Liabilities					
- Accommodation Bonds		237,932	-	-	237,932
- Other		785,000	-	-	785,000
		1,357,229	-	-	1,357,229

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 19: COMMITMENTS FOR EXPENDITURE

Capital expenditure commitments

Payable:

Land and buildings

Total capital expenditure commitments

Lease Commitments

Commitments in relation to leases contracted for at the reporting date:

Operating Leases

Finance Leases

Total Lease Commitments

Operating Leases:

Cancellable

Non-Cancellable

Total Operating Lease Commitments

Finance Leases:

Finance lease liabilities represent leases held by a joint operation. They are in respect of IT infrastructure with lease terms of between 3 and 5 years. Under the terms of the lease agreements, the joint operation has the ability to purchase the assets for a nominal fee upon expiry of the lease.

Commitments in relation to finance leases are payable as follows:

Within one year

Later than one year but not later than five years

Later than 5 years

Minimum lease payments

Less future finance charges

Present value of minimum lease payments

Represented as:

Current Liabilities (note 12)

Non current liabilities (note 12)

Total lease liabilities

Total Commitments (inclusive of GST)

NOTE 20: CONTINGENT ASSETS & CONTINGENT LIABILITIES

There are no known contingent assets for Upper Murray Health & Community Services as at 30 June 2016 (30 June 2015: None).

UMHCS is aware of one case that may result in litigious action, which was brought to management attention in August 2015.

UMHCS will defend this action.

NOTE 21: JOINTLY CONTROLLED OPERATIONS AND ASSETS

Name Of Entity

Principal Activity

Jointly Controlled Entities

Hume Rural Health Alliance

Information Systems

Upper Murray Health & Community Services interest in assets employed in the above jointly controlled operations and assets is detailed below.

Current Assets

Cash and Cash Equivalents

Receivables

Other Current Assets

Total Current Assets

Non Current Assets

Property, Plant and Equipment

Total Non Current Assets

Total Assets

Current Liabilities

Share of Total Liabilities

Net Assets

Upper Murray Health & Community Services interest in revenues and expenses resulting from jointly controlled operations as assets is detailed below:

Revenues

Grants

Other

Total Revenue

Expenses

Information Technology and Administrative Expenses

Other

Total expenses

Net result

Information presented in relation to Hume Rural Health Alliance includes unaudited figures.

	2016 \$	2015 \$
Land and buildings	-	1,085,414
Total capital expenditure commitments	-	1,085,414
Operating Leases	510,826	297,040
Finance Leases	60,676	38,615
Total Lease Commitments	571,502	335,655
<u>Operating Leases:</u>		
<i>Cancellable</i>		
<i>Non-Cancellable</i>	571,502	297,040
Total Operating Lease Commitments	571,502	297,040
Within one year	27,688	21,216
Later than one year but not later than five years	32,987	17,399
Later than 5 years	-	-
Minimum lease payments	60,675	38,615
Less future finance charges	3,823	1,949
Present value of minimum lease payments	56,852	36,666
Current Liabilities (note 12)	56,852	36,666
Non current liabilities (note 12)	-	-
Total lease liabilities	56,852	36,666
Total Commitments (inclusive of GST)	571,502	1,421,069

	Ownership Interest 2016 %	Ownership Interest 2015 %
Hume Rural Health Alliance	3.43	3.50
2016	\$	2015
Cash and Cash Equivalents	65,483	14,411
Receivables	32,315	95,522
Other Current Assets	2,568	2,219
Total Current Assets	100,366	112,152
Property, Plant and Equipment	87,500	22,869
Total Non Current Assets	87,500	22,869
Total Assets	187,866	135,021
Current Liabilities	76,380	58,082
Share of Total Liabilities	76,380	58,082
Net Assets	111,486	76,939
2016	\$	2015
Grants	184,051	204,391
Other	115,540	379
Total Revenue	299,591	204,770
Information Technology and Administrative Expenses	212,232	261,764
Other	64,973	68,968
Total expenses	277,205	330,732
Net result	22,386	(125,962)

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 22a: RESPONSIBLE PERSON DISCLOSURES

	From	Period To
Responsible Ministers		
The Honourable Jill Hennessy MLA, Minister for Health, Minister for Ambulance Services	1/07/2015	30/06/2016
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health	1/07/2015	30/06/2016
Governing Boards		
Mr A. Hill	1/07/2015	9/11/2015
Ms P. Menere	1/07/2015	30/06/2016
Mrs R. Ruddick	1/07/2015	30/06/2016
Mrs S. Sullivan	1/07/2015	30/06/2016
Mr A. Brown	1/07/2015	30/06/2016
Mrs M. Wilson	1/07/2015	30/06/2016
Mr T. Hammersley	1/07/2015	30/06/2016
Mr M. Grigg	1/07/2015	30/06/2016
Accountable Officers		
Mrs M. Brockfield - Chief Executive Officer	1/07/2015	30/06/2016

Remuneration of Responsible Persons

The number of Responsible Officers are shown in their relevant income bands

Income Band	2016	2015
\$0 - \$9,999	8	7
\$150,000 - \$159,999	-	1
\$160,000 - \$169,999	1	-
Total Numbers	9	8
Total remuneration for the reporting period for Responsible Officers included above amounted to:	\$167,056	\$157,835

Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet. For information regarding related party transactions of ministers, the register of members' interests is publicly available from:

www.parliament.vic.gov.au/publications/register_of_interests.

NOTE 22b: EXECUTIVE OFFICER DISCLOSURES

The numbers of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands.

The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

	CONSOLIDATED			
	Total Remuneration		Base Remuneration	
	2016 No.	2015 No.	2016 No.	2015 No.
\$60,000 - \$69,999	-	-	1	-
\$70,000 - \$79,999	1	1	-	1
\$80,000 - \$89,999	-	-	-	-
\$90,000 - \$99,999	1	-	1	-
\$100,000 - \$109,999	-	3	-	3
\$120,000 - \$129,999	1	-	1	-
\$130,000 - \$139,999	-	-	1	-
Total	4	4	4	4
Total Remuneration	\$ 428,133	\$ 386,016	\$ 412,304	\$ 386,016

NOTE 23: REMUNERATION OF AUDITORS

Victorian Auditor-General's Office

Audit or review of financial statements	15,000	15,000
	15,000	15,000

NOTE 24: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

At the date of this report there were no events that have occurred after the Balance Sheet Date that would have an effect on these statements.

**UPPER MURRAY HEALTH & COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 25: CORRECTION OF A PRIOR PERIOD ERROR IN A JOINT OPERATIONS ACCOUNTING FOR LEASING CONTRACTS

For the financial reporting period ended 30 June 2015, UMHCS recognised its interest in a joint operation based on unaudited financial statements of the joint operation. Consequently, as a result of a review of leasing arrangements within the joint operation, it was discovered that leases of equipment has been incorrectly accounted for as operating leases rather than finance leases.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Balance Sheet (Extract)

	30 June 2015 (Original) \$	Increase / (Decrease) \$	30 June 2015 (Restated) \$
Property, Plant & Equipment	10,490,818	36,666	10,527,484
Total Assets	<u>14,115,427</u>	<u>36,666</u>	<u>14,152,093</u>
Current Lease Liabilities	-	19,961	19,961
Non-Current Lease Liabilities	-	16,705	16,705
Total Liabilities	<u>3,452,842</u>	<u>36,666</u>	<u>3,489,508</u>

Comprehensive Operating Statement (Extract)

	30 June 2015 (Original) \$	Increase / (Decrease) \$	30 June 2015 (Restated) \$
Other Expenses	(1,624,330)	36,805	(1,587,525)
Net Result Before Capital & Specific Items	<u>24,041</u>	<u>36,805</u>	<u>60,846</u>
Depreciation & Amortisation	(907,069)	(36,805)	(943,874)
Finance costs	-	(3,028)	(3,028)
Net Result for the year	<u>(536,216)</u>	<u>-</u>	<u>(536,216)</u>

NOTE 26: ALTERNATIVE PRESENTATION OF COMPREHENSIVE OPERATING STATEMENT

	2016 \$	2015 \$
Interest	66,949	76,447
Dividends and income tax equivalent and rate equivalent revenue	-	-
Fair value of assets and services received free of charge or for nominal consideration	-	-
Sales of goods and services	2,547,655	2,350,658
Grants	7,919,918	7,362,286
Other Income	136,663	107,072
Total revenue	<u>10,671,185</u>	<u>9,896,463</u>
Employee expenses	7,471,761	7,268,021
Fair value of assets and services provided free of charge or for nominal consideration	-	1
Depreciation	961,491	943,874
Interest expense	-	-
Grants and other transfers	-	-
Other operating expenses	2,156,944	2,220,784
Total expenses	<u>10,590,196</u>	<u>10,432,680</u>
Net result from transactions - Net operating balance	<u>80,989</u>	<u>(536,216)</u>
Other gains / (losses) from other economic flows	(3,891)	-
Total other economic flows included in net result	<u>(3,891)</u>	<u>-</u>
Items that may be reclassified subsequently to net result		
Changes to financial assets available-for-sale revaluation surplus	-	-
Total other economic flows included in net result	<u>-</u>	<u>-</u>
Net result	<u>77,098</u>	<u>(536,216)</u>