

Eastern Health Authority
General Purpose Financial Reports
for the year ended 30 June 2018

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EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by Eastern Health Authority (EHA) to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of EHA's financial position at 30 June 2018 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Council's accounting and other records.


Michael Livori
CHIEF EXECUTIVE OFFICER


Sue Whittington
CHAIRPERSON
EHA BOARD OF MANAGEMENT

Date: 29/08/2018

Eastern Health Authority

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
INCOME			
Council contributions	2	1,680,870	1,641,055
Statutory charges	2	150,594	155,492
User charges	2	392,185	294,343
Grants, subsidies and contributions	2	270,980	270,990
Investment income	2	12,923	11,598
Other income	2	20,553	11,767
Total Income		<u>2,528,105</u>	<u>2,385,245</u>
EXPENSES			
Employee costs	3	1,581,162	1,623,390
Materials, contracts & other expenses	3	746,550	699,827
Depreciation, amortisation & impairment	3	46,014	55,286
Finance costs	3	15,827	18,756
Total Expenses		<u>2,389,553</u>	<u>2,397,259</u>
OPERATING SURPLUS / (DEFICIT)		138,552	(12,014)
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		<u>138,552</u>	<u>(12,014)</u>

This Statement is to be read in conjunction with the attached Notes.

Eastern Health Authority

STATEMENT OF FINANCIAL POSITION as at 30 June 2018

		2018	2017
	Notes	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	4	876,554	664,107
Trade & other receivables	4	122,329	129,625
Total Current Assets		998,883	793,732
Non-current Assets			
Property, plant & equipment	5	341,914	387,928
Total Non-current Assets		341,914	387,928
Total Assets		1,340,797	1,181,660
LIABILITIES			
Current Liabilities			
Trade & other payables	6	197,380	138,358
Borrowings	6	64,393	61,440
Provisions	6	325,421	305,844
Total Current Liabilities		587,194	505,642
Non-current Liabilities			
Borrowings	6	250,742	315,135
Provisions	6	38,690	35,264
Total Non-current Liabilities		289,432	350,399
Total Liabilities		876,626	856,041
NET ASSETS		464,171	325,619
EQUITY			
Accumulated Surplus		464,171	325,619
TOTAL EQUITY		464,171	325,619

This Statement is to be read in conjunction with the attached Notes.

Eastern Health Authority

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2018

	Notes	Accumulated Surplus \$	TOTAL EQUITY \$
2018			
Balance at end of previous reporting period		325,619	325,619
Net Surplus / (Deficit) for Year		<u>138,552</u>	<u>138,552</u>
Balance at end of period		<u>464,171</u>	<u>464,171</u>
2017			
Balance at end of previous reporting period		337,633	337,633
Net Surplus / (Deficit) for Year		<u>(12,014)</u>	<u>(12,014)</u>
Balance at end of period		<u>325,619</u>	<u>325,619</u>

This Statement is to be read in conjunction with the attached Notes

Eastern Health Authority

STATEMENT OF CASH FLOWS
for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Council contributions		1,848,957	1,805,161
Fees & other charges		150,594	155,492
User charges		446,747	404,589
Investment receipts		12,923	11,598
Grants utilised for operating purposes		346,809	298,296
Other		12,506	12,944
<u>Payments</u>			
Employee costs		(1,561,774)	(1,598,433)
Materials, contracts & other expenses		(965,710)	(906,594)
Finance payments		(17,165)	(19,984)
Net Cash provided by (or used in) Operating Activities		273,887	163,069
 CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Payments</u>			
Expenditure on renewal/replacement of assets		-	(21,494)
Net Cash provided by (or used in) Investing Activities		-	(21,494)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Payments</u>			
Repayments of borrowings		(61,440)	(58,623)
Net Cash provided by (or used in) Financing Activities		(61,440)	(58,623)
Net Increase (Decrease) in cash held		212,447	82,952
 Cash & cash equivalents at beginning of period	11	664,107	581,155
Cash & cash equivalents at end of period	11	876,554	664,107

This Statement is to be read in conjunction with the attached Notes

EASTERN HEALTH AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1. Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

1.2. Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3. Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying Eastern Health Authority's (EHA) accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.4. Rounding

All amounts in the financial statements have been rounded to the nearest dollar (\$).

2 The Local Government Reporting Entity

Eastern Health Authority is incorporated under the SA Local Government Act 1999 and has its principal place of business at 101 Payneham Road, St Peters, SA 5069. These financial statements include EHA's direct operations and all entities through which EHA controls resources to carry on its functions. In the process of reporting on EHA as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when EHA obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of EHA's operations for the current reporting period.

EASTERN HEALTH AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at EHA's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 8.

5 Property, Plant & Equipment

5.1 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

5.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by EHA for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given in Note 7. No capitalisation threshold is applied to the acquisition of land or interests in land.

5.3 Depreciation of Non-Current Assets

Property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of EHA, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Major depreciation periods for each class of asset are shown in Note 5. Depreciation periods for assets have been estimated based on the best information available to EHA, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

5.4 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets carried at fair value whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if EHA were deprived thereof, are not assessed for impairment.

Other assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

EASTERN HEALTH AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

6 Payables

6.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

6.2 Payments Received in Advance & Deposits

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to EHA assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

7 Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

8 Employee Benefits

8.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

No accrual is made for sick leave as EHA experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. EHA does not make payment for untaken sick leave.

8.2 Superannuation

EHA makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and EHA's involvement with the schemes are reported in Note 11.

9 Leases

Lease arrangements have been accounted for in accordance with AASB 117.

In respect of finance leases, where EHA substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class, and are amortised to expense over the period during which the EHA is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

EASTERN HEALTH AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

10 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

11 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 15	Revenue from Contracts with Customers
AASB 16	Leases
AASB 117	Leases
AASB 1058	Income of Not-for-Profit Entities

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.

(Standards not affecting local government have been excluded from the above list.)

EHA is of the view that other than AASB 16 and AASB 1058, none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

Accounting Standard AASB 16 *Leases* may have a material effect on the amounts disclosed in these reports, particularly in relation to Infrastructure, Property, Plant & Equipment, but does not commence until the 2019/20 financial period, and it is not EHA's intention to adopt this Standard early.

Accounting Standard AASB 1058 *Income of Not-for-Profit Entities* may have a material effect on the amounts disclosed in these reports, particularly in revenues from grants & subsidies, but does not commence until the 2019/20 financial period, and it is not EHA's intention to adopt this Standard early.

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 2 - INCOME

	Notes	2018 \$	2017 \$
COUNCIL CONTRIBUTIONS			
City of Burnside		424,220	419,128
Campbelltown City Council		406,328	379,026
City of Norwood Payneham & St Peters		512,052	515,322
City of Prospect		225,470	220,952
Town of Walkerville		112,800	106,627
		<u>1,680,870</u>	<u>1,641,055</u>
STATUTORY CHARGES			
SRF licences		2,408	3,462
Food inspections		82,390	71,435
Legionella registrations & inspections		19,952	16,143
Fines, penalties & expiations		45,844	64,452
		<u>150,594</u>	<u>155,492</u>
USER CHARGES			
Immunisation fee for service		134,375	38,795
Immunisation worksites		94,527	96,186
Food auditing		72,481	60,534
City of Unley		90,802	98,828
		<u>392,185</u>	<u>294,343</u>
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		12,923	11,598
		<u>12,923</u>	<u>11,598</u>

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

NOTE 2 - INCOME (continued)

	2018	2017
Notes	\$	\$
OTHER INCOME		
Motor vehicle reimbursements	10,157	4,873
Sundry	10,396	6,894
	<u>20,553</u>	<u>11,767</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS		
Other grants, subsidies and contributions		
Immunisation fees - schools	78,940	85,353
Meningococcal B	160,306	153,869
Immunisation fees - AIR	31,734	31,768
	<u>270,980</u>	<u>270,990</u>
Sources of grants		
State government	270,980	270,990
	<u>270,980</u>	<u>270,990</u>

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 3 - EXPENSES

	Notes	2018 \$	2017 \$
EMPLOYEE COSTS			
Salaries and Wages		1,395,211	1,374,895
Employee leave expense		36,417	38,542
Superannuation - defined contribution plan contributions	11	103,545	109,975
Superannuation - defined benefit plan contributions	11	26,511	17,094
Workers' Compensation Insurance		15,960	15,430
Other - Agency Staff & Consultant Medical Officer		3,518	67,454
Total Operating Employee Costs		1,581,162	1,623,390
Total Number of Employees		18	18
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		7,000	7,500
Bad and Doubtful Debts		16,014	2,281
Board of management expenses		15,884	10,008
Lease payments		56,832	54,144
Subtotal - Prescribed Expenses		95,730	73,933
<u>Other Materials, Contracts & Expenses</u>			
Accounting & internal audit		10,335	6,670
Contractors		25,093	24,173
Energy		9,241	8,260
Fringe benefit tax		19,090	19,694
Human resources		13,570	13,603
Income protection		17,822	18,997
Insurance		24,104	27,131
IT licencing & support		115,996	158,926
Legal expenses		25,301	12,115
Motor vehicle expenses		19,110	20,091
Office rent		102,773	101,153
Parts, accessories & consumables		172,753	131,688
Printing & stationery		26,496	21,268
Staff training		19,111	17,393
Sundry		28,145	23,658
Telephone		16,999	14,293
Work health & safety consultancy		4,881	6,781
Subtotal - Other Materials, Contracts & Expenses		650,820	625,894
		746,550	699,827

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 3 - EXPENSES (cont)

	Notes	2018 \$	2017 \$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		23,642	23,642
Office Equipment, Furniture & Fittings		<u>22,372</u>	<u>31,644</u>
		<u>46,014</u>	<u>55,286</u>
 FINANCE COSTS			
Interest on Loans		<u>15,827</u>	<u>18,756</u>
		<u>15,827</u>	<u>18,756</u>

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 4 - CURRENT ASSETS

	2018	2017
CASH & EQUIVALENT ASSETS	\$	\$
Cash on Hand and at Bank	88,297	148,773
Short Term Deposits & Bills, etc	788,257	515,334
	<u>876,554</u>	<u>664,107</u>
 TRADE & OTHER RECEIVABLES		
Debtors - general	137,672	129,625
Less: Allowance for Doubtful Debts	(15,343)	-
	<u>122,329</u>	<u>129,625</u>

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 5 - PROPERTY, PLANT & EQUIPMENT

	2017 \$			2018 \$		
	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Buildings & Other Structures	472,846	(141,044)	331,802	472,846	(164,686)	308,160
Office Equipment, Furniture & Fittings	336,992	(280,866)	56,126	336,992	(303,238)	33,754
TOTAL PROPERTY, PLANT & EQUIPMENT	809,838	(421,910)	387,928	809,838	(467,924)	341,914
Comparatives	788,345	(366,625)	421,720	809,838	(421,910)	387,928

This Note continues on the following pages.

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 5 - PROPERTY, PLANT & EQUIPMENT

	2017 \$	CARRYING AMOUNT MOVEMENTS DURING YEAR \$			2018 \$
	CARRYING AMOUNT	Additions		Depreciation	CARRYING AMOUNT
		New/Upgrade	Renewals		
Buildings & Other Structures	331,802	-	-	(23,642)	308,160
Office Equipment, Furniture & Fittings	56,126	-	-	(22,372)	33,754
TOTAL PROPERTY, PLANT & EQUIPMENT	387,928	-	-	(46,014)	341,914
<i>Comparatives</i>	421,720		21,494	(55,286)	387,928

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 6 - LIABILITIES

	Notes	2018		2017	
		\$		\$	
TRADE & OTHER PAYABLES		Current	Non-current	Current	Non-current
Goods & Services		104,142	-	72,431	-
Accrued expenses - employee entitlements		26,804	-	30,419	-
Accrued expenses - other		6,864	-	8,202	-
Other		59,570	-	27,306	-
		<u>197,380</u>	<u>-</u>	<u>138,358</u>	<u>-</u>

BORROWINGS

Loans		64,393	250,742	61,440	315,135
		<u>64,393</u>	<u>250,742</u>	<u>61,440</u>	<u>315,135</u>

All interest bearing liabilities are secured over the future revenues of the Council.

PROVISIONS

Employee entitlements - Annual leave (including oncosts)		144,139	-	146,832	-
Employee entitlements - Long service leave (including oncosts)		181,282	38,690	159,012	35,264
		<u>325,421</u>	<u>38,690</u>	<u>305,844</u>	<u>35,264</u>

Amounts included in provisions that are not expected to be settled within 12 months of reporting date.

38,690

35,264

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 7 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	Notes	2018 \$	2017 \$
Total cash & equivalent assets	5	876,554	664,107
Balances per Cash Flow Statement		<u>876,554</u>	<u>664,107</u>

**(b) Reconciliation of Change in Net Assets to Cash
from Operating Activities**

Net Surplus (Deficit)	138,552	(12,014)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	46,014	55,286
Net increase (decrease) in unpaid employee benefits	19,388	25,021
Change in allowances for under-recovery	-	(81,845)
	<u>203,954</u>	<u>(13,552)</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	7,296	110,246
Net (increase) decrease in other current assets	-	
Net increase (decrease) in trade & other payables	62,637	33,056
Net increase (decrease) in other provisions	-	33,319
Net increase (decrease) in other liabilities	-	
Net Cash provided by (or used in) operations	<u>273,887</u>	<u>163,069</u>

(d) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Corporate Credit Cards	5,000	5,000
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Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 8 - FINANCIAL INSTRUMENTS

All financial instruments are categorised as *loans and receivables*.

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 1.5% and 2% (2017: 1.5% and 2%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable biannually; interest is charged at fixed rate of 4.75% (2017: 4.75%)</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 117.</p>

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 8 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2018	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	876,554			876,554	876,554
Receivables	122,329	-	-	122,329	122,329
Total	998,883	-	-	998,883	998,883
Financial Liabilities					
Payables	163,712	-	-	163,712	163,712
Current Borrowings	64,393	-	-	64,393	64,393
Non-Current Borrowings	-	275,121	-	275,121	250,742
Total	228,105	275,121	-	503,226	478,847

2017	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	664,107			664,107	664,107
Receivables	129,625	-	-	129,625	129,625
Total	793,732	-	-	793,732	793,732
Financial Liabilities					
Payables	100,374	-	-	100,374	99,737
Current Borrowings	78,607	-	-	78,607	61,440
Non-Current Borrowings	-	314,425	39,303	353,728	315,135
Total	178,981	314,425	39,303	532,709	476,312

The following interest rates were applicable to Council's borrowings at balance date:

	30 June 2018		30 June 2017	
	Weighted Average Interest Rate %	Carrying Value \$	Weighted Average Interest Rate %	Carrying Value \$
Fixed Interest Rates	4.75	315,135	4.75	376,575
		<u>315,135</u>		<u>376,575</u>

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. All EHA investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. There is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of EHA's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that EHA will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. EHA also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. EHA has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 9 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances

	2018 \$	2017 \$
Income	2,528,105	2,385,245
Expenses	<u>(2,389,553)</u>	<u>(2,397,259)</u>
Operating Surplus / (Deficit)	138,552	(12,014)
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	-	(21,494)
Add back Depreciation, Amortisation and Impairment	46,014	55,286
	46,014	33,792
Net Lending / (Borrowing) for Financial Year	<u>184,566</u>	<u>21,778</u>

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 10 - OPERATING LEASES

Lease payment commitments of EHA

EHA has entered into non-cancellable operating leases for motor vehicles.

No lease imposes any additional restrictions on EHA in relation to additional debt or further leasing.

Leases in relation to motor vehicles permit EHA, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased.

No lease contains any escalation clause.

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

	2018	2017
	\$	\$
Not later than one year	46,717	45,093
Later than one year and not later than 5 years	47,393	46,784
	<u>94,110</u>	<u>91,877</u>

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 11 – SUPERANNUATION

EHA makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2017/18; 9.50% in 2016/17). No further liability accrues to EHA as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. EHA makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2016/17) of "superannuation" salary.

In addition, EHA makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), EHA does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to EHA's contribution rates at some future time.

Contributions to Other Superannuation Schemes

EHA also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to EHA.

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 12 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED

There are no contingencies, assets or liabilities not recognised in the financial statements for the year ended 30 June 2018.

Note 13 - EVENTS OCCURRING AFTER REPORTING DATE

There were no events subsequent to 30 June 2018 that need to be disclosed in the financial statements.

Eastern Health Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 14 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of EHA include the Chairperson, Board Members, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, Key Management Personnel were paid the following total compensation:

	2018 \$	2017 \$
Salaries, allowances & other short term benefits	171,153	164,250
Post-employment benefits		
Long term benefits		
Termination benefits		
TOTAL	171,153	164,250

Related Party Entity	Amounts received from Related Party during the financial year	Amounts outstanding from Related Party at the end of the financial year
City of Burnside	424,220	-
Campbelltown City Council	406,328	-
City of Norwood Payneham & St Peters	512,052	-
City of Prospect	225,470	-
Town of Walkerville	112,800	-

Description of Services provided to all related parties above:

Assist the Constituent Councils to meet their legislative responsibilities in accordance with the SA Public Health Act, the Food Act 2001 (SA), the Supported Residential Facilities Act 1992 (SA), the Expiation of Offences Act 1996 (SA), the Housing Improvement Act 1940 (SA) (or any successor legislation to these Acts) and any other legislation regulating similar matters that the Constituent Councils determine is appropriate within the purposes of EHA;

Take action to preserve, protect and promote public and environmental health within the area of the Constituent Councils.



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Health Authority for the year ended 30 June 2018, Dean Newbery and Partners, Chartered Accountants, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

A handwritten signature in black ink, appearing to read 'Michael Livori', is written over a horizontal dotted line.

Michael Livori
CHIEF EXECUTIVE OFFICER

A handwritten signature in black ink, appearing to read 'Lisa Scinto', is written over a horizontal dotted line.

Lisa Scinto
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: 15/8/18



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

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Paul Deb
**CHIEF EXECUTIVE OFFICER
CITY OF BURNSIDE**

Date: *24 August 2018.*



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

CERTIFICATION OF AUDITOR INDEPENDENCE

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A handwritten signature in black ink, appearing to read 'Paul Di Iulio', is written over a horizontal dotted line.

Paul Di Iulio
**CHIEF EXECUTIVE OFFICER
CAMPBELLTOWN CITY COUNCIL**

Date: 15.8.18



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

CERTIFICATION OF AUDITOR INDEPENDENCE

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A handwritten signature in black ink, appearing to read 'Cate Hart', is positioned above a horizontal dotted line.

Cate Hart
**CHIEF EXECUTIVE OFFICER
CITY OF PROSPECT**

Date:



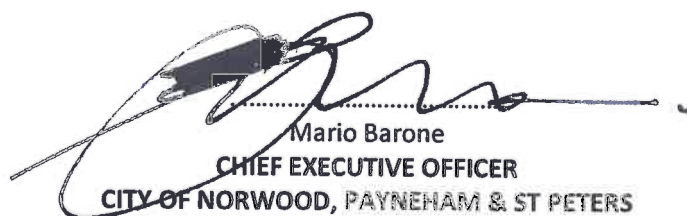
EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

CERTIFICATION OF AUDITOR INDEPENDENCE

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This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.



Mario Barone
CHIEF EXECUTIVE OFFICER
CITY OF NORWOOD, PAYNEHAM & ST PETERS

Date: 06. 08. 2018



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

CERTIFICATION OF AUDITOR INDEPENDENCE

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This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

Kiki Magro

**CHIEF EXECUTIVE OFFICER
CORPORATION OF THE TOWN OF WALKERVILLE**

Date: 6/8/2018