

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Sunshine Coast Regional Council

Report on the Financial Report

I have audited the accompanying financial report of the Sunshine Coast Regional Council, which comprises the statements of financial position as at 30 June 2014, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer of the Council and the consolidated entity comprising the Council and the entities it controlled at the year's end and from time to time during the financial year.

The Council's Responsibility for the Financial Report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and the *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

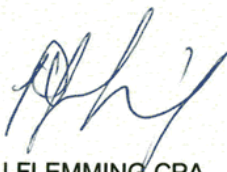
Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Sunshine Coast Regional Council and the consolidated entity for the financial year 1 July 2013 to 30 June 2014 and of their financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

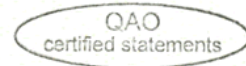
Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



P J FLEMMING CPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane



Current-year Financial Sustainability Statement
Sunshine Coast Regional Council
 For the year ended 30 June 2014

Measures of Financial Sustainability

Council's performance at 30 June 2014 against key financial ratios and targets:

		Consolidated 2014	Consolidated 2013	Council 2014	Council 2013	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	6.9%	6.5%	3.5%	4.4%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	70%	63%	70%	63%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	14%	14%	15%	14%	not greater than 60%

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2014.

Note 2 - Continuing Sunshine Coast Regional Council only

The above ratios are based on amounts derived for the continuing Sunshine Coast Regional Council only and exclude the de-amalgamating Noosa Shire Council.

Certificate of Accuracy

For the year ended 30 June 2014

This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).

In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.

Cr Mark Jamieson
 Mayor
 Sunshine Coast Regional Council

Dated 30 October 2014

John Khaggs
 Chief Executive Officer
 Sunshine Coast Regional Cou

Dated 30 October 2014

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Sunshine Coast Regional Council

Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Sunshine Coast Regional Council for the year ended 30 June 2014, comprising the statement and explanatory note, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Current-Year Financial Sustainability Statement

The Council is responsible for the preparation and fair presentation of the current-year financial sustainability statement in accordance with the *Local Government Regulation 2012*. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation and fair presentation of the statement that is accurately calculated and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the current-year financial sustainability statement based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the statement is free from material misstatement.

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

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the Council's future sustainability.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

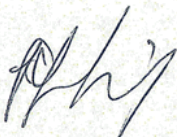
In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Sunshine Coast Regional Council, for the year ended 30 June 2014, has been accurately calculated.

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, attention is drawn to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the *Financial Management (Sustainability) Guideline 2013* for the purpose of fulfilling the Council's reporting responsibilities under the *Local Government Regulation 2012*. As a result, the statement may not be suitable for another purpose.

Other Matters - Electronic Presentation of the Audited Statement

Those viewing an electronic presentation of this special purpose financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



P J FLEMMING CPA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane



Long-Term Financial Sustainability Statement
Sunshine Coast Regional Council
 For the year ended 30 June 2014

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2014	Forward Estimates									
				30 June 2015	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	
Council													
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	3.5%	3.5%	3.7%	4%	4.3%	4.4%	4.4%	4.7%	4.7%	4.7%	
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	70%	67%	75%	71%	75%	60%	63%	63%	63%	62%	
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	15%	28.2%	29.7%	26.3%	24.7%	22%	20.4%	17.6%	15.3%	11.8%	

Sunshine Coast Regional Council's Financial Management Strategy

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial forecast shows a sound financial position whilst also being able to meet the community's current and future needs.

The above table shows whether Sunshine Coast Regional Council is performing within accepted target ranges. It clearly indicates that council is achieving or out-performing the identified benchmarks in both of the key liquidity measures. For the Asset Sustainability ratio, there is an ongoing review of asset management plans that will confirm the desired level of expenditure on the renewal and refurbishment of council assets. This will enable a review of the capital program to ensure an appropriate level of work is scheduled for existing assets.

The above ratios are based on amounts derived for the continuing Sunshine Coast Council only and exclude the de-amalgamating Noosa Shire Council.

Certificate of Accuracy

For the year ended 30 June

This long-term financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).

In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.

Cr Mark Jamieson
 Mayor
 Sunshine Coast Regional Council

Dated 30 October 2014

John Knaggs
 Chief Executive Officer
 Sunshine Coast Regional Council

Dated 30 October 2014



SUNSHINE COAST REGIONAL COUNCIL

MANAGEMENT CERTIFICATE

For the year ended 30 June 2014

These general purpose financial statements have been prepared pursuant to section 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

In accordance with Section 212(5) of the Regulation we certify that:

- (i) The prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) The general purpose financial statements, as set out on pages 1 to 46, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's and the consolidated entity's transactions for the financial year and financial position at the end of the year.

A handwritten signature in black ink, appearing to be "MJ", written over a horizontal dotted line.

Cr Mark Jamieson
Mayor

Sunshine Coast Regional Council

A handwritten signature in black ink, appearing to be "John Knaggs", written over a horizontal dotted line.

John Knaggs
Chief Executive Officer

Sunshine Coast Regional Council

Dated 30 October 2014

Dated 30 October 2014