

**HURSTVILLE CITY COUNCIL**  
**FINANCIAL MODEL**  
**INDEPENDENT ASSURANCE REPORT**

---

We have been engaged by Hurstville City Council to report on the financial model ("financial model") included in the Long Term Financial Plan ("LTFP") of Hurstville City Council covering the ten year period from 2015/2016 to 2024/2025. As agreed in our engagement letter dated 2 April 2015, this report is prepared solely for the Fit for the Future submission by Hurstville City Council.

**Scope**

You have requested Hill Rogers Spencer Steer to review the financial model included in the LTFP. The stated basis of preparation used in the preparation of the financial model by Hurstville City Council is the accounting policies adopted and disclosed in Council's audited financial reports.

***Responsibility of Council for the financial model***

The Council is responsible for the preparation of the financial model included in the LTFP covering the ten year period from 2015/16 to 2024/2025, including the best-estimate assumptions underlying the financial model. This includes responsibility for such internal controls as Council determines are necessary to enable the preparation of the financial model that is free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express limited assurance conclusions on the financial model, the best-estimate assumptions underlying the financial model, and the reasonableness of the financial model themselves, based on our work. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The review of Hurstville City Council's financial model incorporated the following procedures:

- Enquired of Council personnel in respect to the budgeting and financial modelling process;
- Comparison and analytical review procedures including:
  - compared the 2013/14 budget with results disclosed in the audited financial report and reviewed explanations and evidence supporting material variances identified;
  - reviewed the December 2014 budget review, explanations and evidence supporting material variances identified;
  - reviewed the March 15 budget review, explanations and evidence supporting material adjustments;

**Assurance Partners**

T. +61 2 9232 5111  
F. +61 2 9233 7950

Level 5, 1 Chifley Square  
Sydney NSW 2000 Australia

GPO Box 7066  
Sydney NSW 2001

[www.hr-ss.com.au](http://www.hr-ss.com.au)  
[info@hr-ss.com.au](mailto:info@hr-ss.com.au)

Practising as Hill Rogers Spencer  
Steer Assurance Partners

ABN 56 435 338 966

- compared the 2014/15 budget with the 2013/14 budget and reviewed explanations and evidence supporting material variances identified.
- Discussed with Council of the factors considered in determining their assumptions;
- Reviewed minutes of Council meetings to determine whether all significant decisions affecting the preparation of the budget and financial model have been included;
- Examined, on a test basis, of evidence supporting:
  - the assumptions and amounts in the financial model; and
  - the evaluation of accounting policies used in the LTFP; and
- Test checked the calculations and applications of assumptions incorporated in the financial model.

A review is substantially less in scope than an reasonable assurance engagement conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

### **Independence**

In conducting the assurance engagement, we followed applicable independence requirements of Australian professional ethical pronouncements.

### **Conclusion**

- Based on our limited assurance procedures, nothing has come to our attention which causes us to believe that Council's best estimate assumptions do not provide reasonable grounds for the preparation of the financial model included in the submission prepared by Council;
- Based on our reasonable assurance procedures, the financial model including indicators, is, in all material respects, prepared on the basis of Council's best-estimate assumptions as described in the Model; and is presented fairly in accordance with the stated basis of preparation, being the accounting policies in the Local Government Code of Accounting Practice and Financial Reporting (Update No.22) issued by the Office of Local Government (OLG) and Fit for the Future self assessment tool provided by OLG; and
- Based on our limited assurance procedures, nothing has come to our attention which causes us to believe that the financial model is unreasonable.

Prospective financial information relates to events and actions that have not yet occurred and may not occur. While evidence may be available to support the assumptions on which prospective financial information is based, such evidence is generally future oriented and therefore speculative in nature.

Council's best-estimate assumptions on which the financial model are based relate to future event(s) and/or transaction(s) that Council expects to occur and actions that Council expects to take and are also subject to uncertainties and contingencies, which are often outside the control of the Council. Evidence may be available to support Council's best-estimate assumptions on which the financial model is based; however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to obtain the level of

assurance necessary to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly provide a lesser level of assurance on the reasonableness of Council's best-estimate assumptions. The limited assurance conclusion expressed in this assurance report has been formed on the above basis.

Readers of the document should be aware of the inherent uncertainty relating to the financial model. Accordingly, readers should have regard to the risks and sensitivities as described in LTFP. The sensitivity analysis as described in the LTFP demonstrates the impact on the financial model of changes in key best-estimate assumptions. We express no opinion as to whether the financial model will be achieved.

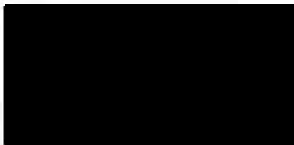
This report has been prepared for distribution to the Council for the purpose of Fit for the Future submission. We disclaim any assumption of responsibility for any reliance on this report or on the matter to which it relates to any person other than the Council, or for any purpose other than that for which it was prepared.

We have assumed, and relied on representations from Council that all material information concerning the financial model has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

#### **Emphasis of Matter**

Without modification to the conclusion expressed above, the Council's best-estimate assumptions as described in the LTFP are fundamental to the users' understanding of the financial model.

#### **HILL ROGERS SPENCER STEER**



**GARY MOTTAU**

Partner

Dated at Sydney this 9<sup>th</sup> day of June 2015