

Audited Financial Statements & Report on Financial Results

Tuesday, 13 October 2026
Council

Strategic Alignment - Our Corporation

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Public

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EXECUTIVE SUMMARY

The purpose of this report is to present the Audited Financial Statements of Council for the year ended 30 June 2026 following certification.

The Consolidated Financial Statements present the following:

- an overall surplus result of \$9.205 million, an improvement of \$0.664 million compared to the budget of \$8.541 million approved at Q3
- capital expenditure of \$89.163 million, which is \$23.111 million lower than the Q3 budget of \$112.274 million, noting approximately \$17 million of the New and Upgraded capital budget will be incorporated into the 2026/27 budget in a future quarterly review as required
- Net cash borrowings of \$8.324 million, made up of borrowings of \$9.600 million offset by cash held within bank accounts of \$1.276 million. This is \$37.504 million favourable to the estimated borrowings in Q3 of \$45.828 million.

The Audit and Risk Committee received the Consolidated Financial Statements at its 23 September 2026 meeting, and considered they fairly represented the financial position of the City of Adelaide for the year ending 30 June 2026. The Audit and Risk Committee further authorised the Chief Executive Officer and the Lord Mayor to certify the Annual Financial Statements in their final form.

RECOMMENDATION

THAT COUNCIL

1. Notes the Audit and Risk Committee received the Consolidated Financial Statements and Financial Statements of Council's subsidiaries for the year ending 30 June 2026 at its meeting held on 23 September 2026, considered they fairly represent the financial position, and authorised their certification.
2. Receives and notes the Consolidated Financial Statements for the year ended 30 June 2026, as contained in Attachment A to Item 16.3 on the Agenda for the meeting of the Council held on 13 October 2026.
3. Receives and notes the Adelaide Central Market Authority Financial Statements for the year ended 30 June 2026, as contained in Attachment B to Item 16.3 on the Agenda for the meeting of the Council held on 13 October 2026.
4. Receives and notes the Adelaide Economic Development Agency Financial Statements for the year ended 30 June 2026, as contained in Attachment C to Item 16.3 on the Agenda for the meeting of the Council held on 13 October 2026.
5. Receives and notes the Kadaltilla / Adelaide Park Lands Authority Financial Statements for the year ended 30 June 2026, as contained in Attachment D to Item 16.3 on the Agenda for the meeting of the Council held on 13 October 2026.

6. Receives and notes the Brown Hill Keswick Creeks Storm Water Board Financial Statements for the year ended 30 June 2026, as contained in Attachment E to Item 16.3 on the Agenda for the meeting of the Council held on 13 October 2026,
 7. Receives and notes the 2025/26 report on financial results for City of Adelaide, 2025/26 report on financial results for Adelaide Central Market Authority, 2025/26 report on financial results for Adelaide Economic Development Agency, and 2025/26 report on financial results for Adelaide Park Lands Authority as contained in Attachments F, G, H and I, respectively, to Item 16.3 on the Agenda for the meeting of Council held on 13 October 2026.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation External audit supports responsible financial management and reporting, strengthening the City's financial sustainability.
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	<i>Local Government Act 1999 (SA) and the Local Government (Financial Management) Regulations 2026 (SA)</i>
Opportunities	Not as a result of this report
26/27 Budget Allocation	Not as a result of this report
Proposed 27/28 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
26/27 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

1. The Consolidated Financial Statements for the year ended 30 June 2026 have been prepared in accordance with the *Local Government Act 1999* (SA) (the Act) and the *Local Government (Financial Management) Regulations 2011* (SA) (the Regulations) and all applicable Australian Accounting Standards. The format used in these statements is prescribed by legislation to be in accordance with the Model Financial Statements, approved by the Minister for Local Government in June 2026.
2. As per the Regulations, the Financial Statements of Council must include a statement signed by the Chief Executive Officer and the Principal Member of Council. The Chief Executive Officer and the Lord Mayor were authorised by Council to certify the Annual Financial Statements in their final form at its meeting held on 24 February 2026.
3. The role of the external auditor is to provide an audit opinion to Council with respect to the audited financial statements. The external auditor, Galpins, has completed the audit of the financial statements and in their report on matters arising from the audit (Audit Completion Report) has provided audit clearance for the Consolidated Financial Statements as part of a separate report to the Audit and Risk Committee.
4. The auditor considers that the Consolidated Financial Statements give a true and fair view of the Corporation of the City of Adelaide's financial position as at 30 June 2026.
5. The Audit and Risk Committee's terms of reference include "to receive and monitor the integrity of the financial statements of the Council, reviewing significant financial reporting issues and judgements which they contain". The Audit and Risk Committee received the Consolidated Financial Statements at its 23 September 2026 meeting, and considered they fairly represented the financial position of the City of Adelaide for the year ending 30 June 2026.

Consolidated Financial Statements

6. The statutory Consolidated Financial Statements of the Corporation, prepared in accordance with the Regulations and the relevant Australian Accounting Standards (AASB), have been completed for the 2025/26 year (**Attachment A**).
7. The Consolidated Financial Statements comprise the following:
 - 7.1. Council Certification
 - 7.2. Statement of Comprehensive Income
 - 7.3. Statement of Financial Position
 - 7.4. Statement of Changes in Equity
 - 7.5. Statement of Cash Flows
 - 7.6. Notes to and forming part of the Financial Statements
 - 7.7. Independent Audit Report
 - 7.8. Certification Statement of Independence of the City of Adelaide (CoA) Auditor by the Chief Executive Officer and the Presiding Member of the Audit and Risk Committee
 - 7.9. Audit Certificate of Audit Independence.

Statement of Comprehensive Income

8. Council recorded an operating surplus of \$9.205 million for 2025/26 compared with an operating surplus of \$9.475 million in 2024/25. While the result is marginally lower than the previous year, it demonstrates Council's continued ability to fund operations from recurring revenue sources despite cost escalation pressures across labour, contracts, asset maintenance and financing costs.
9. Total operating income increased by \$16.1 million (6.6%) to \$259.3 million, reflecting continued growth in Council's revenue base. Key movements include:
 - 9.1. Rates related revenue increased by \$10.7 million (7.4%) to \$154.8 million. The increase reflects annual rate growth, growth from new developments, and additional penalty income associated with overdue rates. Rates remain Council's largest and most stable source of revenue, comprising approximately 60% of operating income.
 - 9.2. Statutory charges increased by \$0.9 million (5.2%) to \$18.1 million. This reflects ongoing recovery in city activity levels and parking demand.

- 9.3. User charges increased by \$4.6 million (6.4%) to \$76.0 million. The increase was primarily driven by stronger performance across the UPark portfolio, property leasing activities, and Town Hall operations.
10. Total operating expenditure increased by \$16.4 million (7.0%) to \$250.1 million. The primary drivers were employee costs, contract expenditure, depreciation, and financing costs.
- 10.1. Employee costs increased by \$6.3 million (7.9%) to \$86.4 million as a result of EBA negotiations. This increase reflects higher staffing levels compared to 2024/25, annual salary and superannuation increases, growth in employee leave provisions and the continued investment in organisational capability required to deliver Council services and strategic priorities. FTE increased from 627 to 676 during the year, as a result of lower turnover and filling vacancies.
- 10.2. Materials, contracts and other expenses increased by \$7.6 million (8.2%) to \$99.8 million. Major contributors included increases in contractor expenditure, professional services, subscriptions, insurance, catering, waste services, temporary backfill and legal costs. These increases are consistent with broader inflationary pressures and the delivery of additional service and project commitments during the year.
- 10.3. Depreciation and impairment expense increased by \$1.1 million to \$61.5 million. The increase reflects continued capital investment and the resulting growth in Council's infrastructure asset base. A significant reduction in impairment expense occurred compared with the prior year, with only \$0.1 million recognised in 2025/26 compared with \$1.8 million in 2024/25.
- 10.4. Finance costs increased by \$1.4 million to \$2.5 million. The increase reflects the full-year impact of lease accounting obligations and financing arrangements associated with Council's infrastructure and property portfolio.

Statement of Financial Position

11. Total assets increased by \$162.1 million (7.2%) to \$2.411 billion. The increase was primarily attributable to asset revaluations and ongoing investment in infrastructure, property, plant and equipment. Infrastructure, property, plant and equipment increased by \$206.8 million to \$2.317 billion following annual revaluations and capital expenditure of approximately \$89.4 million.
12. Receivables reduced by \$3.8 million, reflecting improved collections and timing differences at year end. Cash balances reduced by \$1.0 million as Council continued to reinvest operating cash flows into its capital program and debt reduction initiatives.
13. Total liabilities decreased by \$10.5 million (7.6%) to \$128.8 million. This was largely driven by a reduction in borrowings from \$23.8 million to \$9.6 million following significant loan repayments during the year.
14. Lease liabilities reduced by \$2.2 million, while trade and other payables increased by \$4.6 million, reflecting timing of payments and accruals at year end. Employee provisions increased by \$1.3 million, consistent with workforce growth.
15. As a result of the movements outlined above, total net assets increased by \$172.6 million to \$2.282 billion. This reflects the continued strengthening of Council's balance sheet and growth in community assets under Council's stewardship.

Statement of Changes in Equity

16. Total equity increased by \$172.6 million during the year to \$2.282 billion. The increase was predominantly driven by infrastructure and property revaluation increments of \$214.7 million recorded within the Asset Revaluation Reserve. These increases were partially offset by the accounting deficit recognised in the Statement of Comprehensive Income and transfers to the Future Fund Reserve.
17. The Asset Revaluation Reserve increased to \$1.502 billion, while the Future Fund Reserve increased from \$14.4 million to \$31.9 million following proceeds received from the sale of surplus assets.

Statement of Cash Flows

18. Council generated strong operating cash inflows of \$81.9 million during 2025/26, an increase of \$7.2 million from the prior year. This reflects the strength of Council's underlying operating position and its ability to generate cash to fund service delivery and asset renewal.
19. Council invested \$85.7 million in capital works and asset investment activities during the year, supporting the renewal and enhancement of community infrastructure. Investment activities were partially offset by proceeds from asset disposals and external funding contributions. The net cash outflow on investing activities was \$62.7 million.

20. Financing activities resulted in a net cash outflow of \$20.3 million, reflecting the repayment of borrowings and lease obligations. Council repaid almost \$75.0 million in loans during the year while drawing new borrowings of \$60.8 million, resulting in a net reduction in debt of \$14.2 million.

Financial Indicators

21. Council continues to demonstrate sound financial sustainability across the key Local Government financial indicators.
- 21.1. Operating Surplus Ratio of 3.5% (2024/25: 3.9%), indicating operating revenues continue to exceed operating expenses.
- 21.2. Net Financial Liabilities Ratio improved to 39% from 44%, reflecting the reduction in borrowings and strengthening of Council's balance sheet.
- 21.3. Asset Renewal Funding Ratio improved to 94% from 85%, demonstrating continued investment in renewal of existing infrastructure assets.
22. Collectively, these indicators demonstrate that Council remains financially sustainable, maintains manageable debt levels and continues to invest in the renewal and replacement of community assets.

Preliminary End of Year vs End of Year Final Position

23. At the time the preliminary results were reported in the Q4 Report, several estimates and outstanding items remained subject to finalisation. Following completion of the audit, these items have now been finalised.
24. The preliminary end-of-year position was an estimated operating surplus of \$8.769 million. The final operating surplus is \$9.205 million, representing a favourable variance of \$0.436 million, or approximately 5%. Key movements include:
- 24.1. Operating Revenue has increased by \$1.222 million, primarily due to the finalisation of the outdoor advertising revenue share calculation under the contract (\$0.768 million), reimbursement of North Adelaide Public Golf Course operations (\$0.219 million), and reconciliation of developer contributions recognised through the tree development fund (\$0.235 million). Other minor adjustments were individually immaterial
- 24.2. Operating Expenditure has increased by \$0.786 million, mainly due to a correction to the Waste Services accrual (\$0.505 million), an adjustment to employee provisions (\$0.107 million), and an increase in the provision for doubtful debts (\$0.097 million). Other movements of \$0.059 million were individually immaterial
- 24.3. Overall, the final audited position remains favourable compared with the preliminary result.

Adelaide Central Market Authority

25. The Adelaide Central Market Authority (ACMA) was formed as a subsidiary of the CoA in May 2012 with CoA holding a 100% equity share. The ACMA Charter was updated and approved by Council, effective from the 12 October 2023 gazettal date.
26. The 2025/26 Financial Statements for ACMA (**Attachment B**) reflect a net operating deficit of \$1.352 million, impacted by costs preparing for the Market expansion. This has been accounted for in the Consolidated Financial Statements of the Corporation for 2025/26. The underlying operating position of the existing market has generated an operating surplus of \$0.131 million in 2025/26.
27. An equity contribution of \$1.352 million has been provided by the City of Adelaide to continue to support ACMA through the Market Expansion Preparedness process.
28. The preliminary 2025/26 financial results for ACMA were reviewed by the ACMA Board at its meeting on 20 August 2026, with final statements being endorsed by the Board out of session.

Adelaide Economic Development Agency

29. The Adelaide Economic Development Agency (AEDA) was enacted on 18 January 2021 as a subsidiary of Council with the role of promoting the Rundle Mall and the function of economic development and business support on behalf of the CoA. The AEDA Charter was updated and approved by Council which took effect from the 30 November 2023 gazettal date.
30. The 2025/26 Financial Statements for AEDA (**Attachment C**) reflect a net operating surplus of \$0.245 million, as a result of the underspend in the Rundle Mall revenue generated through the separate rate and user charges. This has been accounted for in the Consolidated Financial Statements of the Corporation for 2025/26.

31. The 2025/26 City of Adelaide Appropriation of Funds to AEDA totalled \$8.717 million, up from \$8.413 million in the previous financial year.
32. The 2025/26 Financial Statements for AEDA were reviewed by the AEDA Board at its meeting on 16 September 2026.

Kadaltilla / Adelaide Park Lands Authority

33. The Adelaide Park Lands Authority (APLA) was enacted on 14 December 2006 as a subsidiary of Council with its primary role of providing policy and advice to Council and the State Government regarding the management of the Park Lands. The Kadaltilla Charter (formerly APLA) was updated and approved by Council taking effect from the 11 May 2023 gazettal date.
34. The 2025/26 Financial Statements for APLA (**Attachment D**) reflect a nil net surplus for the year. This has been accounted for in the Consolidated Financial Statements of the Corporation for 2025/26.
35. Kadaltilla/APLA is jointly funded by the City of Adelaide and the State Government on a 50:50 basis. Each year, the State Government contributes 50% of operating expenses with Council funding the remaining 50%. The State Government's contribution is received and recognised in the City of Adelaide's accounts and therefore does not appear in Kadaltilla/APLA's Financial Statements.
36. The 2025/26 Financial Statements for APLA were forwarded to the Minister for Climate, Environment and Water, following review of the Financial Statements by the Audit and Risk Committee at its meeting on 23 September 2026 as part of APLA's Annual Report.

Brown Hill Keswick Creeks Storm Water Board

37. Brown Hill and Keswick Creeks Storm Water Board is a regional subsidiary under section 43 and schedule 2 of the Act and given that CoA is a constituent Council it is a subsidiary of the CoA under the Act.
38. Brown Hill and Keswick Creeks Storm Water Board was established by several constituent councils, comprising the Cities of Adelaide, Burnside, Mitcham, Unley, and West Torrens. Its Charter was endorsed by The South Australian Government and gazetted on 27 February 2018.
39. The CoA's equitable interest is 8.0%; its annual contribution is 8.0% of the \$70 million in capital funding committed by Constituent Councils. A further \$70 million in matching funding is being provided by the South Australian Government via the Stormwater Management Authority and the Board is seeking an additional \$70 million in Commonwealth funding to support delivery of the overall capital program, of which \$21 million has been secured to date.
40. The Board's operating costs are funded equally by the five Constituent Councils, with each Council contributing 20%.
41. The 2025/26 Financial Statements for the Brown Hill and Keswick Creeks Storm Water Board (**Attachment E**) reflect an operating deficit of \$0.100 million for the year. The CoA's share of the operating deficit is \$0.008 million, and this has been accounted for in the Consolidated Financial Statements along with the recognition of a capital contribution of \$0.320 million.

Summary of Financial Results

42. Regulation 10 of the *Local Government (Financial Management) Regulations 2026* (SA) requires a separate report on financial results to be presented to Council, including the audited financial results for the previous financial year compared with the estimated financial results set out in the budget. These must be presented in a manner consistent with the Model Financial Statements.
43. The report on the financial results comparing the audited financial results for the CoA and its subsidiaries for the 2025/26 financial year with the estimated financial results set out in the 2025/26 budget are contained in **Attachments F, G, H and I**.

ATTACHMENTS

Attachment A – Audited Financial Statements CoA 2025/26

Attachment B – Audited Financial Statements ACMA 2025/26

Attachment C – Audited Financial Statements AEDA 2025/26

Attachment D – Audited Financial Statements APLA 2025/26

Attachment E – Audited Financial Statements Brownhill & Keswick Creeks Stormwater Board 2025/26

Attachment F – 2025/26 Report on financial results for City of Adelaide

Attachment G – 2025/26 Report on financial results for Adelaide Central Market Authority

Attachment H – 2025/26 Report on financial results for Adelaide Economic Development Agency

Attachment I – 2025/26 Report on financial results for Adelaide Park Lands Authority

- END OF REPORT -