Audited Financial Statements & Report on Financial Results

Tuesday, 14 October 2025
Council

Strategic Alignment - Our Corporation

Program Contact:
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Public

Approving Officer:
Anthony Spartalis, Chief Operating Officer

EXECUTIVE SUMMARY

The purpose of this report is to present the Audited Financial Statements of Council for the year ended 30 June 2025 following certification.

The Consolidated Financial Statements present the following:

- an overall surplus result of $9.475 million, an improvement of $0.108 million compared to the budget of $9.367 million approved at Q3
- capital expenditure of $101.114 million, which is $11.795 million lower to the Q3 budget of $112.909m, noting $8.759 million of the New and Upgraded capital budget will be incorporated into the 2025/26 budget in a future quarterly review as required
- Net cash borrowings of $22.043 million, made up of borrowings of $23.820 million offset by cash held within bank accounts of $1.777 million. This is $6.919 million favourable to the estimated borrowings in Q3 of $30.739 million.

The Audit and Risk Committee received the Consolidated Financial Statements at its 24 September meeting, and considered they fairly represented the financial position of the City of Adelaide for the year ending 30 June 2025. 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

<u>THAT COUNCIL</u>

1. Notes the Audit and Risk Committee has received the Consolidated Financial Statements for the year ending 30 June 2025 at its meeting held on 24 September 2025; considered they fairly represent the financial position of the City of Adelaide; and authorised the Chief Executive Officer and the Lord Mayor to certify the Annual Financial Statements in their final form.
2. Receives the City of Adelaide’s Consolidated Financial Statements for the year ended 30 June 2025, as contained in Attachment A to Item 15.1 on the Agenda for the meeting of Council held on 14 October 2025.
3. Receives the Adelaide Central Market Authority Financial Statements for the year ended 30 June 2025, as contained in Attachment B to Item 15.1 on the Agenda for the meeting of Council held on 14 October 2025.
4. Notes the Adelaide Central Market Authority Financial Statements for the year ended 30 June 2025, as contained in Attachment B to Item 15.1 on the Agenda for the meeting of Council held on 14 October 2025, have been reviewed by the Adelaide Central Market Authority Board at its meeting on 11 September 2025. These financial results are included in the Consolidated Financial Statements of the City of Adelaide.

5. Receives the Adelaide Economic Development Agency Financial Statements for the year ended 30 June 2025, as contained in Attachment C to Item 15.1 on the Agenda for the meeting of Council held on 14 October 2025.
6. Notes the Adelaide Economic Development Agency Financial Statements for the year ended 30 June 2025, as contained in Attachment C to Item 15.1 on the Agenda for the meeting of Council held on 14 October 2025, have been reviewed by the Adelaide Economic Development Agency Board at its meeting on 17 September 2025. These financial results are included in the Consolidated Financial Statements of the City of Adelaide.
7. Receives the Kadaltilla / Adelaide Park Lands Authority Financial Statements for the year ended 30 June 2025, as contained in Attachment D to Item 15.1 on the Agenda for the meeting of Council held on 14 October 2025.
8. Receives the Brown Hill Keswick Creeks Storm Water Board Financial Statements for the year ended 30 June 2025, as contained in Attachment E to Item 15.1 on the Agenda for the meeting of Council held on 14 October 2025.
9. Notes the 2024/25 Report on the financial results for the City of Adelaide and its subsidiaries, as contained in Attachments F, G, H and I to Item 15.1 on the Agenda for the meeting of Council held on 14 October 2025.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation External audit is a fundamental part of responsible management and reporting of City finances. It underpins 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	*Local Government Act 1999* (SA) and the *Local Government (Financial Management) Regulations 2011* (SA)
Opportunities	Not as a result of this report
25/26 Budget Allocation	Not as a result of this report
Proposed 26/27 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
25/26 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 2025 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 2025.
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 11 March 2025.
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, BDO, 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 CoA's financial position as at 30 June 2025.
5. The Audit and Risk Committee 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 24 September meeting, and considered they fairly represented the financial position of the City of Adelaide for the year ending 30 June 2025.

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 2024/25 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. The major year on year movements in the Statement of Comprehensive Income are as follows:
   - 8.1. Operating Income of $243.2 million is $4.8 million (2.0%) higher than the 2023/24 audited financials of $238.4 million and includes the following movements.
     - 8.1.1. Rates revenue net increase of $8.5 million driven by a combination of a revaluation of properties and an adjustment to the rate in the dollar, and growth in new developments, additions, and alterations which resulted in an average increase of 6.9% or $9.6 million, in addition to additional penalties for late payment $0.2 million, Rundle Mall Separate Rate $0.1 million and Landscape Levy of $0.1 million (not retained by Council). Offsetting this additional income is an increase in rebates of $1.6 million.
     - 8.1.2. An increase in Statutory Charges of $1.6 million through an increase in expiation and late payment fees of $1.8 million, offset by a reduction in encroachment fees of $0.2 million. Other movements in Statutory Charges were individually immaterial.

8.1.3. User Charges decreased by $3.1 million due to the closure of the Adelaide Aquatic Centre on 1 August 2025, reducing income by $6.5 million. Offsetting this is better performance in UPark $1.9 million, Property Fees $0.7 million (including Recovery), on-street parking $0.5 million, and North Adelaide Golf Course $0.3 million. Other movements in User Charges were individually immaterial

8.1.4. A decrease in Grant, Subsidies and Contributions of $1.8 million largely as a result of Federal Funding received for the Resilient Flood Mapping Project of $2.6 million in FY24, offset by an increase to the Financial Assistance Grant of $1.6 million, due to the timing of the cash receipts, where we received 50% of the 2025/26 allocation of $0.6 million. In 2023/24, 50% of the allocation was received in 2023/24. Other movements reflect the timing of project delivery and one-off grant funding received.

8.1.5. A decrease in Investment income of $0.2 million.

8.1.6. Reimbursements in line with 2023/24.

8.1.7. A decrease in Other Income of $0.3 million due to the recognition of developer contributions of $0.3 million in 2023/24.

8.2. Operating expenditure of $233.7 million is $3.8 million (1.7%) higher than the 2023/24 audited financials of $229.9 million and includes the following movements:

8.2.1. Employee costs increased by $2.2 million and is a result of an increase in utilisation of budgeted FTE in 2024/25. Council through its budget process increased the budget for 9.9 FTE and filling vacant roles resulting in an increase in the overall employee expense. Other movements included an 0.5% increase to superannuation contribution as legislated, and 3% salary increase to both wages and salaried employees. The overall headcount fluctuated throughout the year (similar to every year) and contract staff were used to cover vacant positions. However overall there were fewer vacant positions during 2024/25.

8.2.2. Materials, Contracts and Other Expenses decreased by $4.0 million compared to 2023/24. This decrease includes the following:

8.2.2.1. Reduction in spend for the Adelaide Aquatic Centre following its closure on 1 August 2024 of $2.8 million.

8.2.2.2. Contractors decreased by $2.2 million largely due to a reduction in temporary labour of $0.7 million ($6.1 million in total offset by vacancy savings), in addition to an increase in external contractors delivering the Resilient Flood Mapping project $1.5 million. Other variances were individually immaterial.

8.2.2.3. Sponsorships, contributions and donations reduced by $0.9 million. Council through its budget process reduced the grant funding program by $1.4 million. Offsetting this budgeted decrease was increased funding provided to AEDA to deliver the Commercial Events Program of $0.5 million.

8.2.2.4. Maintenance increased by $1.3 million and is largely due to the timing of Computer Software Maintenance, where $0.8 million relating to 2023/24 was captured within the 2022/23 financial year. Other increases related to IT hardware maintenance of $0.4 million, where an external provider was engaged to maintain the hardware. Other variances were individually immaterial.

8.2.2.5. $0.6 million year on year decrease in Other Expenses changes that are individually immaterial

8.2.3. Depreciation, Amortisation, and Impairment increased by $5.3 million due to the capitalisation of a higher level of assets than anticipated during 2024/25 in addition to the impact of Asset Revaluations performed in 2023/24, as well as an impairment of Park Lands Improvement assets of $1.8 million where there were not sufficient Asset Revaluation Reserves.

8.2.4. Finance costs increased by $0.2 million.

8.3. Overall the operating position improved from an $8.5 million surplus to a $9.5 million surplus in 2024/25.

Statement of Financial Position

9. Total Assets have increased by $145 million from 2023/24, largely due the revaluation of assets in 2024/25 for Lighting & Electrical and Traffic Signals of $87.3 million, and desktop revaluations for Roads, Bridges, Kerb & Water Table, Footpaths and Water Infrastructure of $36.8 million and a net increase in Infrastructure,

Property, Plant and Equipment of $25.7 million due to the purchase and construction of assets. Offsetting this is a decrease in trade and other receivables of $8.5 million due to the timing of receipt of cash.

10. Total Liabilities have increased by $27.7 million, due to an increase in borrowings of $23.8 million in loans, and lease liabilities of $6.1 million, and an increase in trade and other payables of $2.8 million. Offsetting these increases is the utilisation of the rehabilitation provision for the Aquatic Centre $5.0 million.

Statement of Changes in Equity

11. Net equity increased by $117.2 million against the prior year, a combination of the changes in assets and liabilities above, predominantly due to movements in the Asset Revaluation Reserve.

Statement of Cash Flows

12. Council generated $74.8 million from its Operating Activities during the year compared to $62.8 million during 2023/24.

13. Council invested $92.1 million in its Investment Activities compared with $47.7 million in 2023/24.

14. The Cash Flow from Operations Ratio was 110% compared to 104% in 2023/24.

Preliminary End of Year vs End of Year Final Position

15. At the time of reporting, the potential for changes to the estimated result for proposed adjustments was noted regarding provisions and accruals, impairments of major assets, grant income recognition, and depreciation through the capitalisation of assets.

16. As a result of the finalisation of the audit, the proposed adjustment items above have been finalised. The preliminary end of year position was estimated to be a $12.135 million surplus. Compared to a final operating surplus of $9.475 million, this is an unfavourable variance of $2.660 million (22%). Key movements include:

    16.1. Operating Expenses increased by $2.682 million as a result of an adjustment to recognise an impairment loss on Park Lands Improvement assets of $1.823 million, increase in depreciation for the impact of manually capitalising 52 projects $0.255 million, and an adjustment to employee provisions of $0.468 million. Other movements of $0.114 million were individually immaterial.

    16.2. Operating Revenue is largely in line with the preliminary results, with minor adjustments made including the share of equity accounted council business of $0.013 million for Brown Hill and Keswick Creek Stormwater Board's operating position.

Adelaide Central Market Authority

17. 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.

18. The 2024/25 Audited Financial Statements for ACMA (**Attachment B**) reflect a net operating deficit of $0.339 million, impacted by costs preparing for the Market expansion. This has been accounted for in the Consolidated Financial Statements of the Corporation for 2024/25. The underlying operating position of the existing market has generated an operating surplus of $0.289 million in 2024/25.

19. An equity contribution of $0.168 million has been provided by the City of Adelaide to continue to support ACMA through the Market Expansion Preparedness process.

20. The 2024/25 Financial Statements for ACMA were reviewed by the ACMA Board at its meeting on 11 September 2025.

Adelaide Economic Development Agency

21. 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.

22. The 2024/25 Audited Financial Statements for AEDA (**Attachment C**) reflect a net operating surplus of $0.371 million representing the reduced spend from the Rundle Mall Levy. This has been accounted for in the Consolidated Financial Statements of the Corporation for 2024/25.

23. The 2024/25 Financial Statements for AEDA were reviewed by the AEDA Board at its 17 September 2025 meeting.

Kadaltilla / Adelaide Park Lands Authority

24. 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

25. The 2024/25 Audited 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 2024/25.

Brown Hill Keswick Creeks Storm Water Board

26. 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. Page 43 Audit and Risk Committee – Agenda - Wednesday, 24 September 2025

27. 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. The CoA's equitable interest is 8.0%, its annual contribution is 8.0% of a 50% capital works contribution (with the remaining 50% funded by the Stormwater Management Board) and 20.0% of operating expenditure of the Regional Subsidiary.

28. The 2024/25 Financial Statements for the Brown Hill and Keswick Creeks Storm Water Board (**Attachment E**) reflect an operating surplus of $0.168 million for the year. The CoA's share of the operating surplus is $0.013 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

29. Regulation 10 of the *Local Government (Financial Management) Regulations 2011* (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.

30. The report on the financial results comparing the audited financial results for the CoA and its subsidiaries for the 2024/25 financial year with the estimated financial results set out in the 2024/25 budget are contained in **Attachments F, G, H and I**.

ATTACHMENTS

Attachment A – Audited Financial Statements CoA 2024/25

Attachment B – Audited Financial Statements ACMA 2024/25

Attachment C – Audited Financial Statements AEDA 2024/25

Attachment D – Audited Financial Statements APLA 2024/25

Attachment E – Audited Financial Statements Brownhill & Keswick Creeks Stormwater Board 2024/25

Attachment F – 2024/25 Report on financial results for City of Adelaide

Attachment G – 2024/25 Report on financial results for Adelaide Central Market Authority

Attachment H – 2024/25 Report on financial results for Adelaide Economic Development Agency

Attachment I – 2024/25 Report on financial results for Adelaide Park Lands Authority

- END OF REPORT -