City of Sydney 2025/26 Annual Reporting and Public Presentation of the 2025/26 Financial Statements and Audit Reports to Council

File No: X122203

Summary

At the Council meeting on 26 October 2026, Council received the draft Annual Financial Statements and resolved that notice be given for public presentation of the statements at the Council meeting on 16 November 2026. This report now presents the City of Sydney's Annual Financial Statements for 2025/26 and the auditor's reports to the public.

As noted in the 26 October 2026 Council report, the Income Statement for the year ended 30 June 2026 shows a Net Operating Result for the year of $137.2M, in accordance with relevant accounting standards and reporting requirements. The Statement of Financial Position reports Net Assets of $17.1B, an increase of $0.6B over the year reflecting the positive Net Operating Result and a revaluation of the book value of a number of infrastructure and land asset classes.

No issues of concern were identified at that meeting, and it was noted that the Audit Office were likely to issue an unmodified audit opinion following the completion of the final stages of the audit. In October 2026 the City received that unmodified audit opinion, which is included within Attachment A, and these reports have all now been lodged with the Office of Local Government by the 31 October deadline.

This report also presents the City's Annual Report for 2025/26 for Council endorsement. The Annual Report, including the Delivery Program 2025–2029 Progress Report for 2025/26 on operational performance, specific reporting elements and the annual financial statements, meets all legislative reporting requirements. An update on the 10 Targets in the Community Strategic Plan Delivering Sustainable Sydney 2030–2050 is provided in the Delivery Program 2025–2029 – Progress Report 2025/26. The delivery program reporting requirement is provided at Attachment B and the statutory reporting requirement is provided as Attachment C.

This report presents the 2025/26 annual report on the City's Inclusion (Disability) Action Plan 2025-2029. The Inclusion (Disability) Action Plan 2025-2029 was adopted by Council on 23 June 2025. The plan enables the City to meet its obligations to provide accessible facilities and services in accordance with the Disability Discrimination Act 1992 and obligations under the NSW Disability Inclusion Act 2014. A copy of the 2025/26 annual report for the Inclusion (Disability) Action Plan 2025-2029 is at Attachment D.

The Green Report (Annual Environmental Report) informs Council and the community about the City's progress in delivering on its environmental goals and targets and is also presented. The report covers results and achievements from the 2025/26 financial year, across the City's own operations and our actions and programs in the local area. This covers the goals and targets from the Environmental Strategy 2025-2030 adopted on 23 June 2025, and the Greening Sydney Strategy. A copy of the Green Report for 2025/26 is at Attachment E.

Recommendation

It is resolved that:

(A) Council present the 2025/26 Annual Financial Statements and auditor's reports to the public as shown at Attachment A to the subject report

(B) Council adopt the 2025/26 Annual Financial Reports subject to the receipt of any submissions over the ensuing 7-day period

(C) Council endorse the 2025/26 Annual Report, including the Financial Statements, Delivery Program 2025–2029 Progress Report and Statutory Returns for 2025/26 as shown at Attachments A, B and C to the subject report

(D) Council note the 2025/26 annual report on the City's Inclusion (Disability) Action Plan 2025-2029 as shown at Attachment D to the subject report

(E) Council note the 2025/26 Green Report as shown at Attachment E to the subject report

(F) authority be delegated to the Chief Executive Officer to make any minor amendments to the reports to correct any drafting errors and finalise design, artwork and accessibility.

Attachments

Attachment A. Annual Report 2025/26 – Financial Statements 2025/26

Attachment B. Annual Report 2025/26 – Delivery Program 2025–2029 - Progress Report 2025/26

Attachment C. Annual Report 2025/26 – Statutory Returns

Attachment D. Annual Report 2025/26 – Inclusion (Disability) Action Plan 2025-2029

Attachment E. Green Report (Annual Environmental Report) 2025/26

Background

Annual Financial Statements

1. The City's Annual Financial Statements were presented to the Corporate, Finance, Tenders and Properties Committee on 19 October 2026. As part of the covering Council report, it was noted that the NSW Audit Office had issued an unmodified audit opinion following the completion of the of the audit.

2. The draft 2025/26 Annual Financial Statements were then presented to Council on 26 October 2026.

3. The Financial Statements and the auditor's reports were lodged with the Office of Local Government by the 31 October statutory deadline (lodged 2 November 2026, as 31 October 2026 was a Saturday - noting this meets the statutory deadline).

4. Public notice, via the Sydney Your Say website, commencing on 28 October 2026, was given to advise that the annual Financial Statements and auditor's reports would be presented to the public at the Council meeting of 16 November 2026 (Corporate, Finance, Properties and Tenders Committee meeting on Monday 9 November 2026).

5. The Local Government Act 1993 states that any person may make submissions to the Council in respect to the annual Financial Statements or auditor's reports. Submissions must be made in writing and submitted to Council within 7 days after the date on which the reports are presented to the public. Council must ensure that any submissions are forwarded to the auditor.

6. Effective measurement and monitoring of a range of relevant performance indicators, particularly those related to asset management, remains an ongoing challenge. The City of Sydney supports the ongoing effort to assess and report each council's financial and asset management sustainability and will continue to work with the Office of Local Government to refine the definition and appropriate benchmarks set for financial indicators. In the interim, the City of Sydney has reported all mandatory indicators, and additional (supplementary) indicators where it believes these provide more relevant information for the readers of the financial statements.

7. The City continues to seek to work with the Audit Office and the Office of Local Government to improve financial reporting in the local government sector. For example, improvements could include development of transparent approaches to fixed asset valuation that meet Australian Accounting Standards and are consistently and predictably applied across the sector. Valuation adjustments, which are notional book entries and non-cash in nature, can have a very significant impact on the financial position of a council as has occurred again in 2025/26.

8. A copy of the Annual Report – Financial Statements incorporating the auditors' reports is provided as Attachment A to the subject report.

Annual Report

9. This report also presents the City of Sydney’s Annual Report for 2025/26 for Council’s endorsement. It meets the legislative requirements for reporting, including the report on operational performance, specific reporting elements and the annual financial statements. The Annual Report will be published on the City’s website and provided to the Minister for Local Government in accordance with section 428 of the Local Government Act 1993 no later than 30 November 2026.

10. The Delivery Program 2025–2029 – Progress Report 2025/26 is provided as Attachment B and the Statutory Returns component is Attachment C. The progress report is based on the progress report provided to Council for Quarter 4 2025/26 with some data updated for latest information available.

11. The Delivery Program 2025–2029 – Progress Report 2025/26 also provides an update on the 10 Targets in the Community Strategic Plan Delivering Sustainable Sydney 2030-2050.

Annual Report 2025/26 – Inclusion (Disability) Action Plan

12. This report presents the 2025/26 annual report on the City's Inclusion (Disability) Action Plan 2025-2029 which was adopted by Council on 23 June 2025. The plan enables the City to meet its obligations to provide accessible facilities and services in accordance with the Disability Discrimination Act 1992 and obligations under the NSW Disability Inclusion Act 2014. The 2025/26 annual report on the Inclusion (Disability) Action Plan 2025-2029 is provided as Attachment D to the subject report.

13. A copy of the Annual Report 2025/26 Inclusion (Disability) Action Plan 2025–2029 will be provided to the Minister for Families and Communities and Disability Inclusion, the NSW Disability Council and made available on the City's website, in line with requirements under the NSW Disability Inclusion Act 2014.

Green Report – Annual Environmental Report 2025/26

14. The Green Report informs Council and the community about the City's progress in delivering on its environmental goals and targets and is also presented. The report covers results and achievements from the period 1 July 2025 to 30 June 2026, across the City's own operations and our actions and programs in the local area. This covers the goals and targets from the Environmental Strategy 2021–2025 and the Greening Sydney Strategy. A copy of the Green Report for 2025/26 is provided at Attachment E to the subject report.

Key implications

Strategic alignment - Sustainable Sydney 2030-2050 Continuing the Vision

15. Sustainable Sydney 2030–2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress.

16. The Annual Report and the 4-yearly State of our city report includes updates on progress across all 10 directions and the 10 targets in the Community Strategic Plan Delivering Sustainable Sydney 2030–2050. The next State of our city report will be published in 2028 following local government elections.

17. The other attached reports align with the following strategic directions and objectives:

    (a) Direction 1 – Responsible governance and stewardship – Publishing comprehensive reports on the City's performance in actioning its Delivery Program 2025–2029, environmental performance and progress implementing the Inclusion (Disability) Action Plan each year provides the community with factual and transparent information and demonstrates accountability. The Annual Report Statutory Returns and Financial Statements also provides the community with factual and transparent information and demonstrates accountability.

    (b) Direction 2 – A leading environmental performer – The Green Report is the City's primary publication that outlines how we are delivering on this direction.

    (c) Direction 3 – Public places for all – The annual report 2025/26 for the Inclusion (Disability) Action Plan 2025–2029 details projects that deliver improved accessibility of public spaces and infrastructure.

    (d) Direction 4 – Design excellence and sustainable development – Sustainability of the built environmental is addressed in the Green Report.

    (e) Direction 5 – A city for walking, cycling and public transport – The City's actions to deliver on this direction are covered in the Green Report.

    (f) Direction 6 – An equitable and inclusive city – The annual report 2025/26 for the Inclusion (Disability) Action Plan 2025–2029 details projects, programs and initiatives that create a more inclusive City for people with disability and mental health conditions.

    (g) Direction 7 - Resilient and diverse communities – The City of Sydney's actions to build climate resilience are covered in the Green Report, as is the work of Resilient Sydney.

Risks

18. The community strategic plan identifies community priorities and aspirations for the local area. While the City of Sydney has a critical role in delivering projects, programs and services that support the community strategic plan, many other levels of government and organisations are also responsible to contribute to the targets and outcomes in the plan.

19. The Risk Appetite Statement provides guidance about the amount of risk the City of Sydney is willing to take in order to achieve our strategic goals, while ensuring the protection of our assets, reputation and the wellbeing of our employees and community.

20. We accept that in order to achieve our strategic vision and objectives that we must accept some risks that are proportionate to the potential reward, especially where growth, transformation and innovation is involved.

21. Our primary objectives in managing risk are to:

    - protect the wellbeing of our community, employees and stakeholders
    - safeguard our people, assets, reputation and financial resources
    - ensure compliance with applicable laws, regulations and standards
    - enable innovation and growth while balancing potential risks
    - optimise service delivery and operational efficiency.

22. The community strategic plan is consistent with the City of Sydney's risk appetite statement, specifically:

    - We comply with our legal and regulatory requirements.
    - We encourage considered risk taking that supports innovation, efficiency and the achievement of our strategic objectives.

23. The Annual Report and Annual Financial Statements provide evidence and contribute to the City's compliance to its legal and regulatory obligations.

Financial implications

24. The City of Sydney’s Income Statement for the year ended 30 June 2026 reports a Net Operating Result of $137.2M and the Balance Sheet reports Net Assets of $17.1B, reflecting a strong and stable financial position.

25. The City remains well placed to deliver the commitments made to its community within its suite of integrated plans, and as budgeted and projected within its adopted long term financial plan.

26. As the Delivery Program 2025-2029 annual progress report for 2025/26, Green Report and Annual Report 2025/26 for the Inclusion (Disability) Action Plan 2025-2029 cover work already undertaken, there are no additional financial implications to note.

Relevant legislation

27. Local Government Act 1993, sections 418 to 420, 428 and 54P of the Local Government Act 1993 and clauses 132, 186, 216T and 217 of the Local Government (General) Regulation 2021 detail the requirements for councils to include in their annual report.

28. Other legislative and internal requirements that are to be included in the City's annual report include topics that fall under the City of Sydney Act 1988, Environmental Planning and Assessment Act 1979 and its regulations, Government Information (Public Access) Regulation 2018, Fisheries Management Act 1994, Public Interest Disclosures Act 1994, Swimming Pools Act 1992, Carers Recognition Act 2010, Disability Inclusion Act 2014; the Office of Local Government Integrated Planning and Reporting Guidelines, Special Rate Variation and Capital Expenditure Guidelines and reporting on the City's corporate sponsorship policy.

Critical dates / Time frames

29. As soon as practicable after Council receives a copy of the auditor's reports, it must fix a date and give public notice for the meeting at which it proposes to present its audited financial statements, together with the auditor's reports, to the public.

30. The meeting is being held within the required statutory window of at least 7 days after the date of notice, but not more than 5 weeks after the auditor's reports and opinion are received by Council.

31. Within 5 months after the end of each year, an annual report for that year must be prepared and endorsed.

Public consultation

32. The 2025/26 Annual Financial Statements and auditor's reports were made available for public viewing electronically via Council's website from 28 October 2026 (following endorsement for public exhibition by the Council on 26 October 2026), with printed copies made available upon request.

33. At the time of preparing this report no submissions have been received from the public.

JEAN-MICHEL CARRIERE

Executive Director Finance and Procurement