

# *City of Västerås*

Annual Report 2009



VÄSTERÅS STAD

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The Annual report may be ordered from the City of Västerås,  
City Executive Office, tel +46 21 39 11 02, [info@vasteras.se](mailto:info@vasteras.se) or via [www.vasteras.se](http://www.vasteras.se)



## A year focusing on children

During 2009 the elected representatives of the City of Västerås selected two areas to focus on: **Children's Year** as well as **An Environmentally Friendly and Attractive Västerås**. As a reader of this annual report you will notice that children have been the focus.

You can see right from the front cover of the annual report, that children have been the focal point. The drawing on the cover is by Lovisa, who will come of age in 2026. Thus, she is a part of the future generation of adults who will be affected by the decisions and investments which are undertaken at present.

The other area of focus during 2009 was **An Environmentally Friendly and Attractive Västerås**. Examples of such initiatives during the year include continued efficient use of energy in public premises, transportation and environmental advisory services, as well as work to increase accessibility to the islands in Mälaren. These are also measures which will impact the lives of the future adults in Västerås.

You will find several examples in the annual report of the work which the City of Västerås has undertaken during 2009.

# Strong development despite a turbulent year

The start of the year witnessed one of the greatest financial crises in modern times. Luckily, Västerås has coped fairly well. Despite this the crisis has had an impact. This was primarily felt in terms of the rise in unemployment and the reduced tax revenues as a result. Unemployment also meant increased costs for maintenance support.

Despite everything the development in Västerås was mainly positive during the year.

**During 2009 there were** heightened efforts to improve the business climate in Västerås. This was achieved by, among other things, trade and regional meetings. Important aspects for the continued development of trade and industry are Västerås Science Park and Mälardalen University, as well as highlighting good examples of business and entrepreneurship.

Efforts to strengthen the prominence of Västerås via different events continued. 2009 started with the World Cup in bandy in Russian Hockey and ended with the World Cup in floorball for women.

The ongoing recession will be felt for several years and the most challenging years will probably be 2011 and 2012. Our challenge is to act wisely so that the effects of the economic situation are not severe. Consequently, the city has taken several aggressive measures to combat unemployment.

In the nationwide 1000 job-campaign, the need for 1000 vacant jobs within technology in Västerås was highlighted. In the project YOU (Occupational guidance for youths) we direct our attention to assisting unemployed youths with taking their first steps towards working life.

**Within the framework** of the Social Contract, collaboration between the City of Västerås and Mälardalen University has intensified. Education, health and social care, the

employees of the future and students are the areas in the Social Contract which are in focus at present. The collaboration also entails greater investment in research and collaboration between mathematics in school and the educational issues concerning, for example, students with foreign background.

In 2009 the work in schools has been characterised by planning in order to face the changes of the future. The number of students in both compulsory school and upper secondary school will decrease in the years to come. It is essential that the city adapts its schooling operations without compromising on quality.

**The City of Västerås** actively pursues work within energy and climate sectors with a long-term perspective to reduce energy consumption and decrease emissions of gases which have an impact on the climate. Consequently, the city is participating in the Swedish Energy Agency's programme the Sustainable Municipality and has also joined the Covenant of Mayors.

On 20 October 2009 the UN marked 20 years of the Convention on Rights of the Child and Västerås carried out a year-long investment in the Children's Year. Another focus area has been An Environmentally Friendly and Attractive Västerås.

The various businesses of the City of Västerås have performed well during 2009. In particular, it was great to find out that the employees within the Personal and Family Support Committee were ranked the highest in the annual user survey. The fact that the city's employees have a positive view of their employers and rated them highly in the employee survey is also commendable.

**The work to increase** accessibility intensified during 2009. One example is the new City Hall entrance which was inaugurated in December. The task of the Citizen

Service Officers at the City Hall entrance is to guide and assist the locals of the city with everything that concerns the operations of the city.

The work with Västerås 2026 was completed during 2009. The objective has been to strengthen the self-image of the city and contribute to an enhanced sense of pride among the locals of Västerås. We look forward to a new exciting year together, one in which we will continue to focus on the areas which will make Västerås an even better city to live in.



Elisabeth Unell (M)  
Chairperson  
of the City Executive Committee



Monica Ericsson  
Chief Executive Officer

# Vision for Västerås 2026

During 2009 the work to create a vision for Västerås continued. A solid process has been in place since 2006 when the City Executive Committee commissioned the Chief Executive Officer Monica Ericsson to initiate work for the formation of objectives tailored towards a vision for 2026.

The overall objective has been to increase the attractiveness of the city and create a new vision which will determine where efforts should concentrate. One of the purposes of the work has also been to strengthen the city's self-image and contribute to an increased sense of pride among the residents of Västerås.

In order to ensure the greatest possible involvement and commitment when the work commenced it was decided that a broad approach would be adopted. This has involved extensive work to gather opinions and ideas from the locals of Västerås, but also from the all corners of the society, including trade and industry, associations and organisations.

This has been accomplished by a multitude of activities and collaborations in schools, various work places and among our own staff.

...to strengthen the city's self-image and contribute to an increased sense of pride among the residents of Västerås.

Cooperation with Vestmanlands Läns Tidning was also established in order to reach out to as many as possible.

The great commitment of the locals of Västerås was reflected by the 4,500 or so ideas which were submitted. All the material has been analysed with the utmost respect and a pattern has been discovered based on both the spoken and the unspoken - in the underlying thoughts behind the formulations.

Cooperation has taken place with, among others, Mälardalen University and the Swedish Security Service (Säpo), in order to increase

awareness of the most efficient way to safeguard management and discern patterns from the vast amount of material.

Detailed analytical work led to an image of a society in which a long-standing tradition of technical solutions fuels development and growth and how this can be united with the human perspective. How a successful symbiosis of knowledge, technical developments and innovations, combined with a clear welfare perspective, leads to satisfaction, commitment and the determination of the residents to take part and contribute. To encourage development together in a city of Mälarna which no longer faces any restrictions.

In 2010, the city's vision will be implemented, both for those who have been involved in the work and for the other residents of Västerås. An important aspect is also to spread awareness of the vision internally among management and staff.

More long-term work involves realising the content of the vision through the strategies which have been derived for the city's various businesses and thereby clarifying the strength of the vision.

## CLIMBING HOUSE IN THE CITY PARK

On 17 October a new playground opened in the City Park. It includes an area for water games, a climbing frame and heated chestnut sculptures to perch on. The nature-inspired climbing house has sand elevators.

The playground was funded by the Engineering Department, City of Västerås.

Focus area  
Children's Year

# Glimpses from 2009 in Västerås

## The anti-litter campaign

Refuse collection and disposal from the streets, squares and parks of Västerås costs approximately SEK 15 million per year. In order to disseminate knowledge about the costs and encourage the locals of Västerås to stop littering, an attention-grabbing poster campaign was initiated. This is a part of long-term efforts to highlight in various ways a proud safe and pleasant Västerås.

## Children's Year

2009 was called the Children's Year in Västerås. The City of Västerås allocated an additional SEK 15 million from the budget solely for the Children's Year. In addition, several measures were implemented within the existing budget. A part of the funds were used for implementing child maintenance allowance as well as an initiative for small groups of children in pre-school. However, two million Swedish crowns have been used for specific investments. Monday meetings for children, education on the Convention on Rights of the Child, parents' meetings as well as communication evenings with politicians represent some of the examples of activities from the Children's Year.

## At the top of the Municipal Compass

The City of Västerås was at the top-end of the survey the Municipal Compass of the Swedish Association of Local Authorities and Regions (SALAR). The outcome was an improvement on the previous survey of 2003 and far above the median value for all the participating municipalities. Västerås primarily ranked highly for being a municipality which builds communities.

## New City Hall entrance

On Advent Sunday the gates of the New City Hall entrance were

opened. In the visitors entrance you can find the Citizen Service Officers, a new profession in the City of Västerås. The Citizen Service Officers are specially trained to receive and correctly guide both private persons and entrepreneurs in the municipal organisation. At certain times there is also the opportunity to receive expert help for example concerning building and demolition permits, accessibility issues and advisory services for energy issues and transportation.

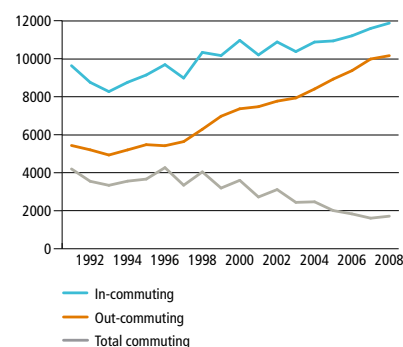
## Domkyrkoesplanaden reopened.

On Friday 30 November 2009, Domkyrkoesplanaden reopened for through traffic. 40 years had passed since the street was closed. The purpose of reopening the street was improved accessibility to the centre. In conjunction with the reconstruction of Domkyrkoesplanaden a flight of stairs towards the public library was also built and the area towards the entrance was paved, new bicycle stands were mounted, sofas were housed and the trees and facade received floodlighting. Two new disabled parking areas were built along Biskopsgatan and a new ramp for disabled persons was also constructed by the entrance of the library.

## Transport advisors provide alternatives

In 2009 Västerås benefited from the new service transport advisors. The task is to assist the locals of Västerås to find alternatives to their cars as a mode of transportation, and to emphasise that there are good cycle paths and public transport which runs on biogas. Transport advisors are also the ones to refer to for planning issues which concern traffic and construction.

## COMMUTING



Outward commuting from Västerås is increasingly reaching the same level as inward commuting.

## A normal day in Västerås

On a normal day in Västerås 135,936 residents of Västerås wake up in their 65,652 homes. After breakfast they leave for their 64,888 jobs while 27,900 make their way to pre-school, compulsory school and upper secondary school.

On a normal day two couples get married while one couple decides to part ways. Four new residents of Västerås open their eyes for the first time. 3,200 pensioners and disabled persons receive help from home-help services.

In one day the library lends out 2,700 books and the swimming baths have 1,400 visitors.

The inhabitants of the City of Västerås consume approximately SEK 44 million litres of water in one day and Mälarenenergi sells 6,589 MWh of electricity. The municipality's 160 miles long pipe line system transports drinking and waste water as well as sewage. Sweden's largest combined power and heating plant is in Västerås and consumes approximately 1,500 tonnes of biofuel in one day.

At the stroke of midnight on New Year's Eve the City of Västerås has turned over SEK 7.2 billion during the year.

### **Climate compensation for flight travel**

As of 1 July 2009, all business travel with flights, which the staff of the City of Västerås undertake has been subject to climate compensation. Climate compensation means that the carbon emissions which are a result of flight travel will be balanced by paying to reduce the same amount of carbon emissions elsewhere. Climate compensation is considered to be an effective way for administrations to carefully select the most environmentally friendly mode of transport before undertaking business travel. The extra cost which will be added to all flight travel will go to a municipal climate account from which the administrations can request funding to finance pressing climate measures.

### **Changes in schools**

During the coming years the schools in Västerås must reorganise their operations as the number of students is expected to fall. An important line of development is to reduce the cost of premises so that finances can instead be used to invest in educational development, increase safety and provide a calm study environment for all students.

### **Decision on moving the Museum**

In May, the City Executive Committee decided to approve the proposal for Konstmuseet and the County museum of Västmanland moving to joint premises in Mimerfastigheten on Karlsgatan.

### **Birthday of the Children's Officer (Barnombud)**

Over 300 children from 20 different schools participated in the festivities of the tenth birthday party of the Children's Officer in Växhuset auditorium on 1 April. A silver band was used to symbolise the transition from

the last ten years to the coming ten year period. The Children's Officer (Barnombud) party was one of the activities which formed a part of the Children's year in Västerås.

### **Earth Hour - lights out**

On 28 March, Västerås joined thousands of cities from all corners of the globe in the Earth Hour pledge. People across the world switched off their lights for an hour. The purpose of the pledge was to emphasise to governments across the globe that the climate issue must be resolved through joint efforts.

The pledge was reflected in the City of Västerås by all lighting in the City Hall being switched off. Every other lamp on all approaches to the city was switched off during the pledge. Mälarenergi turned off all lights at the premises of the purifying plant at Lillåudden and at the office areas of the combined power and heating plant. Even the chimney's lights were switched off, with the exception of the red lights. All the lights in Mälarhuset were turned off as well as some of the street lighting along Köpingsvägen.

### **Accessible website**

A new website for the city was launched during 2009. In order to derive maximum benefit from the website a series of tests have been conducted and the locals of Västerås have been provided with the opportunity to have an input and contribute with their viewpoints. The website has been designed with accessibility being the focal point. The intention is to continuously develop the website. Information has been added in English and Finnish throughout the year as well as plain Swedish.

### **Safer at Bäckby**

The spring of 2009 witnessed an investment at Bäckby. The aim of

the efforts is to increase safety in the city district. The investment comprises two parts. One part involves the City of Västerås participating in a six month pilot scheme in collaboration with the police and Värna Västerås (Council for Crime Prevention of the City of Västerås). The second part entails more long-term work involving changes, which will coordinate all efforts which are already taking place at Bäckby. In the long-run the work will among other things improve integration, enhance quality in schools and eliminate vandalism. An important part of the work is the collaboration between trade and industry and non-government organisations.

### **Construction start for the low energy housing**

Construction of what will be Sweden's largest project for low energy houses commenced in mid-December. The new area will be a pilot area for the City of Västerås. The requirements of low energy consumption imposed on the housing will also apply to the future residential areas which will be owned by the City of Västerås.

### **Högtryck was a success**

Högtryck was a joint investment by Västerås youth recreation centres. Comprising of 15 thematic weeks it covered different areas, activities at Östra Holmen and initiatives for meeting places which are open during the summer. During the period, Lajv (a type of live action role play) was conducted at Östra Holmen under the direction of the youth recreation centres.

The thematic weeks received top scores from the youngsters. The recreation leaders felt that the work was both stimulating and fun and found working with recreation leaders from other centres to be a valuable experience.

# Strategic plan

## The Strategic plan states the desired development

The governance model of the City of Västerås describes the politically prioritised operational goals for the period of mandate in a strategic plan. The plan states the desired development and a limited number of general policy objectives and have been established.

The strategic plan states what development the political majority wishes to focus on and what it would like to work with during the period of mandate. The Committees and Boards shall strive to achieve the established objectives based on the

prerequisites provided. The objectives shall be followed-up in the annual report and interim reports.

The strategic plan applies to the years 2008-2011 and was decided by the City Council on 14 June 2007.

The plan determines the basis for the city following-up on operations and so that sound economic administration shall be attained from an operational perspective. It contains 16 general policy objectives and is divided into four case areas:

- Expansionist and business friendly
- Environmentally friendly
- Knowledge and learning
- Safe, comfortable and accessible

The Committees have also decided on measures based on the strategic plan. They shall be able to be followed-up, either through numeric value or by implemented activities in order to attain the objectives described. The measures also constitute a part of the budget document for 2010.

## SUNNY MONDAY MEETINGS

Monday meetings have been a popular and appreciated tradition in Västerås for many years. Monday meetings were held during the summer of the Children's Year on four occasions. Here the children have fun with Nurse Gertrud and Sister Svea.

The proAros centre for families and leisure and Väckhuset organised the Monday meetings with the support of the Children's Year initiative adopted by the City of Västerås.

Focus area  
Children's Year



# Environmentally Friendly and Attractive Västerås

The Environmentally Friendly and Attractive Västerås and Children's Year have been focus areas which the City of Västerås decided to concentrate on in the budget of 2009.

Creating long-term, sustainable development which is also characterised by public safety is a vital challenge for Västerås.

## Energy efficiency at Bellevuestadion

Bellevuestadion has received an investment grant for energy saving measures. As a result of this more energy efficient lighting has been installed as replacement for the old lighting.

## Environmentally friendly transport advisory services

In October the Engineering Department approved a plan of action for transport advisory services. The plan describes how transport advisory services should be tailored towards trade and industry, the public and internally within the City of Västerås.

The objective of transport advisory services is to reduce the emissions of greenhouse gases from transport by using environmentally friendly modes of transport and encouraging the locals of Västerås to opt for climate smart transportation methods.

## Nature conservation and nature reserve

As of 1 January 2009 the Engineering Department is in-charge of

nature conservation and nature reserve issues. SEK 1 million was allocated in the budget for investments in nature conservation in Västerås. A biologist has been engaged and 60 per cent of the services as the city ecologist have been transferred to the Department from the City Planning Office. During the year a plan of action for the nature and cultural environment was released after consultation and it will form the basis for determining the Committee's future nature conservation work.

Cooperation with the County Administrative Board continued, mostly concerning planning of a new nature reserve on Hästholmarna. Elba and Östra holmen have received facilities for outdoor activities and at Elba the enclosed pastures where sheep grazed during the summer have undergone improvements. The nature conservation project "återskapa Ångsjön" (recreate Ångsjön) has been concluded, and the associations have jointly constructed a bird tower. Felling and clearing has been carried out in the woodlands of the city district in Bäckbyskogen and on northern Råby.

## Campaign against littering

During the year the Engineering Department and City Executive Office have led an anti-littering campaign with various activities to make Västerås a cleaner, safer and more pleasant city. The intention of the campaign was to change attitudes and prevent people from littering

and instead encourage them to use waste bins. It has been particularly important to reach out to children and youths, as values and behaviour patterns form at an early stage.

## Fixarlinjen

Two million Swedish crowns were allocated in the budget of 2009 to Fixarlinjen (an emergency phone number). In order to process the submitted viewpoints and complaints in a professional manner the Engineering Department introduced a customer service function using existing personnel while simultaneously implementing a system for dealing with cases. A host for the centre was introduced, who acted as a host for the residents of Västerås and also provided supplementary cleaning services in the centre, removed graffiti and posters etc. In addition several measures were taken based on the submitted complaints and viewpoints, among other things repairs were carried out in playgrounds, trees were felled and additional cleaning of areas was undertaken.

## Measures for public transport

In 2009 the frequency of service for routes 17 and 18 to Gryta and Irsta was increased. The price of the VL card was unchanged during the year but it was raised for single tickets.

In order to encourage greater use of public transport the City of Västerås offered free bus rides within the municipality during certain weekends in December.

# The city as an employer

The City of Västerås is the largest employer in Västerås, a large organisation offering a multitude of opportunities where personal development and internal mobility are encouraged. The strategic work for personnel at the City of Västerås aims to create strong conditions for recruitment, as well as retaining, developing and rewarding competent employees. The recruitment requirement within the City of Västerås is approximately 1,000 employees per year.

The number of employees within the city is approximately 10,186 of which 7,696 employees have permanent posts and 2,490 are temporarily employed. The number

of posts has decreased during 2009, permanent positions by 2.2 per cent and temporary roles by 13 per cent. A contributory factor for the reduction in the number of employees is increased efficiency as well as the exposure to competition of the operations of the city and the operational transitions as a result.

Of the permanent employees 1,800 work part-time. Most of the part-time employees work for proAros and Skultuna District Services, within the operational areas of health and social care. The City of Västerås is a workplace where women are in the majority, with 8,130 women and 2,056 men.

## EMPLOYEES

	2007	2008	2009
Permanent employees	7,941	7,870	7,696
Temporary employees	2,807	2,858	2,490
<b>Total</b>	<b>10,748</b>	<b>10,728</b>	<b>10,186</b>
Number of annual workers	8,023	7,906	7,645
The city's companies and municipal associations	1,076	1,050	852

## EMPLOYEE COSTS SEK million

	2007	2008	2009
Wage costs	2,272	2,359	2,366
Social fees	780	798	716
Pension costs including wage tax *)	257	266	287
Personnel social costs	70	92	82
<b>Total</b>	<b>3,379</b>	<b>3,515</b>	<b>3,451</b>
Increase in employee costs	5.8%	4.0%	-1.8%

\*) refers to both previous and current employees

## SICKNESS ABSENCE AS A PERCENTAGE

	2007	2008	2009
Sickness absence as a percentage of total work time	8.1	6.7	5.7
Long-term absence ≥60 days	5.3	4.0	3.0
Men	4.9	4.1	3.6
Women	9.0	7.4	6.3
<29 years	3.6	3.6	3.2
30-49 years	7.3	6.0	5.4
>50 years	10.0	8.1	6.7
Long-term absence as a share of total absence	66.1	60.3	52.7

The statistics refer to both permanent and temporary employees

## SKATE PARK FOR TRICKS

Just in time for the summer, Vallby Kids Plaza was inaugurated, the skating park at Vallby, which was constructed by Bostads AB Mimer. It is a 200 square metre large rust-red concrete park with benches with granite borders, a plateau with gap, two Tacos and a quarter. Bostads AB Mimer is renowned for its long-lasting involvement and initiatives for children and youth.

Children's Year was a co-financer of the skate park.

## Focus area Children's Year

# Economic review

The turnover of the City of Västerås is approximately seven billion Swedish crowns per year and of the city's businesses approximately five billion are financed by tax revenues. The statistics which are presented relate to operations that concern all of us who live in the municipality.

# The external environment and development of society

## The recession affects the financial prerequisites

The great decrease in world trade during the course of the financial crisis resulted in sharp declines in production and demand, the largest fall since the 1930s. In Sweden GNP fell by -4.3 per cent during 2009. The development can, to a great extent be attributed to the decline in exports and investments. However, since the summer world trade has witnessed a slight upsurge and there are some positive signs of growth, mainly in Asia and the USA. However, the conditions for the Swedish export sector are still worrying as growth in Europe, which is Sweden's largest export market, is weak.

The impact of the recession on the tax base of the municipalities is clear. The tax base increased during 2006-2008 by 5-6 per cent annually. For 2009 the increase is expected to be a mere 1.2 per cent, mainly due to a reduction in hours worked and a slower pace of rise in wages. A weaker development of the tax base has direct consequences for the finances of the City of Västerås as the increase in tax revenues and income equalisation does not reach SEK 100 million for 2009, after in order of magnitude comprising SEK 240 million and SEK 330 million for the previous years. The pace of increase is expected to remain slow even during 2010 and 2011, as a result of which the prerequisites of the budget are especially difficult for 2011.

## A large increase in the population of Västerås

The population of Västerås increased during 2009 by 1,252 persons and amounted to 135,936 persons. This represents the largest population increase in Västerås since 2001.

Västerås is Sweden's seventh largest municipality. Among the

densely populated areas Västerås ranks fifth place.

Net inward migration totalled 914 persons and the number of births (the birth rate exceeding the death rate) plus 338 persons. During the year 1,551 children were born in the city, which is an increase of 50 children on the previous year.

Net migration can entirely be attributed to inward migration to the country. Migration to other parts of the country outside Västmanland illustrates a negative trend. In total over 6,000 persons moved to Västerås during the year.

## Tough conditions on the labour market

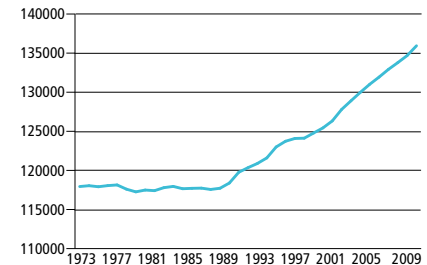
The financial crisis and the recession had an extremely detrimental effect on the country's situation on the labour market.

Despite unemployment rising by 45 per cent the labour market in Västerås has coped fairly well compared to other parts of the country. However, the impact is clearly visible and the number of new available positions has decreased by 20 per cent. There is tough competition for the available roles and the opportunity of gaining employment for youth and the long-term unemployed is extremely difficult. The number of households in need of maintenance support is increasing.

However, there are increasing signs indicating that the bottom of the economic cycle has been reached. The number of notices is diminishing and unemployment is not rising at the same pace as previously. Nonetheless, it is expected that unemployment will continue to increase even at the start of 2010 before a reversal in the trend is witnessed.

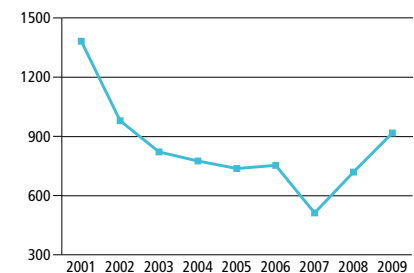
The city is participating in several collaboration projects with the purpose of having a positive impact on the labour market. While unemployment is rising specialist

THE DEVELOPMENT OF POPULATION 1975-2008



Source: Office of Research and Statistics

NET INWARD MIGRATION



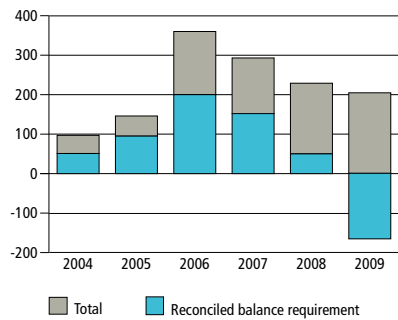
Source: Office of Research and Statistics

companies are finding it difficult to recruit the labour force they require. In the "1,000 jobs" campaign the recruitment needs of companies were shown. Two recruitment fairs have been organised in Västerås/Eskilstuna in order to facilitate the recruitment needs of companies. The autumn fair had 11,000 visitors and 137 exhibitors.

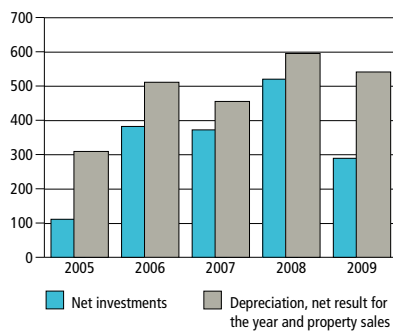
# City of Västerås

## Economic analysis

### RESULT BEFORE EXTRAORDINARY ITEMS, SEK million

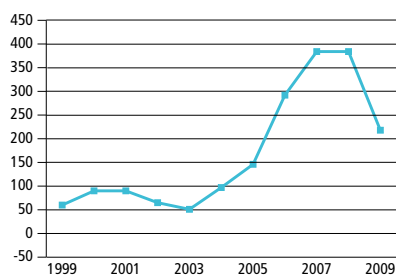


### NET INVESTMENTS SEK million



The annual investment level has been lower than planned. Extensive property sales of SEK 364 million have also been carried out. Of the net investments SEK 35 million is purchase of properties.

### THE DEVELOPMENT OF THE BALANCE FUND SEK million



### SENSITIVITY ANALYSIS

Tax base $\pm 1\%$	SEK 50 million
SEK 0.10 charge	SEK 25 million
1% increase in staff costs	SEK 35 million
Change in population 100 locals (tax revenues and government grants)	SEK 4 million

### The year's result

The year's result for the City of Västerås including capital gains, items affecting comparability and items of a one-off nature amounts to SEK +204 million. Capital gains, items affecting comparability and items of a one-off nature constitute SEK 123 million of the balance sheet results. In the annual result capital gains amount to SEK 370 million. The year's result corresponds to 3.6 per cent of the city's tax revenues and general central government grant.

The operating earnings of the city amount to SEK 81 million compared to the budgeted result of SEK 74 million. The operating income has taken into account items affecting comparability in order to reflect the actual outcome of the Committees and Boards.

In the interim report of the City of Västerås of 31 August 2009 the forecasted results for the entire year were at SEK 224 million. The deviation between the forecast and outcome is mainly as result of that the development of capital gains greatly exceeded expectations. In the forecasted outcome the co-financing of the City Line with approximately SEK 195 million was not accounted for.

### Reconciling financial objectives

The aim of the financial objectives is to retain the city's healthy financial position, both in the long and short-term. The financial objective for 2009 was that results should amount to 1.3 per cent, which corresponds to SEK 74 million of tax revenues and central government grant, which is a deviation from the original objective for the results by 2 per cent. The divergence is a result of the assessed deterioration of the economic situation for 2009. A reconciliation of the financial objectives shows that the annual results have been attained by far, SEK 204

million. A reconciliation of the operating income, SEK 81 million, illustrates that even that exceeds the city's objective for results for 2009.

The results entail that the city's objective for results will be attained and can finance the year's investments as well as strengthen the Pension Fund Administration. The results also contribute to that the city can make temporary investments during 2010.

### Results according to the government's balance requirements

When the government's balance requirement is to be reconciled the capital gains of the year are calculated. Other items affecting comparability such as write-offs should not be excluded from the results. The year's capital gains have been generated through property sales and sales of subsidiary companies within the Group. This means that the results of the City of Västerås according to the balance requirement are SEK -166 million.

Since 1999 the city has with reference to the balance requirement regularly "earmarked" a part of each year's surplus in the so-called balance fund, a part of its own capital. The balance fund is intended to meet fluctuations in the state of the economy and to be able to comply with the balance requirement in the long-term. The resources of the balance fund have been used on two occasions, 2002 and 2003, when the government displayed a deficit according to the reconciliation of the balance requirement. It is proposed that SEK 166 million of the city's balance fund ought to be used to cover the deficit. Thereafter, the balance fund amounts to SEK 218 million. The government is thereby adhering to the rules of the balance requirement.

### Items affecting comparability and items of a one-off nature

Several of the items of a one-off nature impact the balance sheet results. This applies to, for instance sales of leasehold land, which was exceptionally large for the year, as well as other property sales which involved capital gains. During the year the City Council decided to co-finance the City Line. The city's share including indexation amounts to SEK 195 million. According to the applicable accounting legislation the possibility to immediately write-off the entire amount exists. An option which the City of Västerås chooses to make use of. During the year the premiums for contractual insurances have been reduced to SEK 0. The reduction means a decrease in costs by SEK 45 million. The decrease in premium is temporary. The write-off of the values of certain properties as well as increased costs of maintenance have a negative impact on the results by SEK 109 million and SEK 11 million respectively, but in the long-term contribute to lower costs. Of the total balance sheet results of SEK 204 million the items of a one-off nature amount to approximately SEK 123 million.

#### Items affecting comparability, SEK million

Capital gains freehold leasehold land	+349.5
Capital gains from sales of other properties	+ 14.7
Completed development projects	-6.5
Write-off of the value of certain properties	-108.9
Write-back of shares	+ 8.1
Dividend Vägab and SKL	+21.5
Capital gains sales Vägab	+6.1
Lower fees for contractual insurance	+45.0

#### In addition there are items of a one-off nature for example:

Additional property maintenance	-11.0
Co-financing of City Line	-195.2

The above items have collectively impacted the net result by +123.3

### Lower tax revenues than budgeted

The financial crisis and the recession have clearly impacted the tax revenues of the municipality adversely. The overall tax revenue of the City of Västerås including equalisation and general central government grant in 2009 was SEK 62 million lower than budgeted. Compared to 2008 the revenues increased slightly by 2.5 per cent. During the years 2006-2008 the revenues increased on average by roughly 6 per cent per year. The main reason for the deterioration of the tax base is the increase in unemployment and that the number of hours worked has thereby decreased. Less hours worked means that the total income base for tax charges will be lower. The tax base for 2010 and 2011 is estimated to increase by 1.7 and 1.9 per cent respectively.

The budget deficit has to a certain extent been curtailed by the cost equalisation charge for LSS operations after the appeal turned out to be SEK 18 million lower than initially notified.

### The upsurge in costs of the operations has slowed down

The net cost for the city's various operations increased during the year by 3.7 per cent. In 2008 the corresponding costs increased by 5.5 per cent. Disregarding the capital gains etc. the increase was 5.4 per cent compared to 7.6 per cent in 2008. The scope for an increase in the

costs of the operations has been more limited than previously as a result of the lower tax revenues.

The deepening recession means that the scope for rising costs will be greatly restricted during the coming years. The pace of increase must remain at even lower levels in the budgets of the coming years.

Despite the slowdown Västerås has a high pace of increase compared to the other municipalities.

### Co-financing of the City Line

In November 2009 the City Council decided to co-finance the City Line. For the City of Västerås the co-financing agreement means a grant of SEK 172.7 million including indexation of SEK 22.5 million. New legislation for accounting of grants for infrastructure entered into force on 1 January 2010 which applied with regard to decisions taken for grants after 28 February 2009. In accordance with this, the municipality has the possibility to either spread the grant over a maximum of 25 years or incur the results immediately with the entire amount. Owing to the strong results the City of Västerås has chosen the latter option.

### Capital gains during sales of leasehold land etc.

An extremely large quantity of leasehold land has become freehold during the year. In total approxi-

mately 1, 600 small houses on leasehold land have been sold. The city's income from sales amounts to SEK 402 million. The leasehold land has an extremely low recorded value and therefore the sales have created capital gains of SEK 350 million.

The City of Västerås has also sold a number of other properties including Stockkumla 1:1, Skogen and Badelunda-Tibble 3:15. The capital gains for other property sales amount in total to SEK 14.7 million.

#### Write-off of the value of certain properties

During a review of the accounted values of the city's properties it has been stated that the accounted values for certain properties does not correspond to the market value or for other reasons must be subject to write-off. This applies to among other things the investment project for the future adjustment of the harbour which has been subject to write-off of SEK 28 million, investments in Rönnsby centre and Lövsudden which have been subject to write-off by SEK 8 million each.

The maintenance has to a certain extent been neglected in parts of the city's property holdings. In order to reduce the maintenance debt, additional property maintenance corresponding to SEK 11 million has been implemented.

#### Positive Committee results

Most of the Committees and Boards display a surplus against the budget. In total the Boards and Committees have a budget surplus excluding items affecting comparability of SEK 92 million distributed as SEK 31 million for the purchasing Committees and other grant financed Committees and SEK 61 million for the executors.

Among the educational operations the Education and Labour Market Committees have a large

budget surplus. A contributory factor is the youth upper secondary schools where caution during the programme replacements has led to a surplus. The Compulsory School Committee has a deficit which can entirely be attributed to increased costs for school transportation. The Preschool Committee has received a greater number of enrolments of children in the preschool than budgeted. During the year 85.3 per cent of the children of preschool age have been enrolled in preschool operations, compared to 84 per cent for 2008.

Within the health and social care areas it was noted that the Committee for the Elderly has a large budget surplus. This is a result of, among other things that accommodation has been closed or delayed. The upsurge in maintenance support has exceeded the budget by approximately SEK 23 million for the Personal and Family Support Committee. During 2009 the Personal and Family Support Committee, Committee for the Elderly and Committee for the Disabled have taken over the procurement responsibility for their respective areas within Skultuna District Services.

The outcome for the entire year for Boards and Committees is an

improvement on the forecasts which were submitted in conjunction with the interim reports in August. It is of great importance that the Boards and Committees display strong results and balanced finances for 2009. This strengthens the possibilities to cope with the budget for 2010 and primarily the great challenges which 2011 will bring when the financial conditions will deteriorate sharply.

In conjunction with the balance sheet for 2008 an allocation was made of SEK 35 million for the transfer of results to the city's executing organisations during 2009. Of the allocation SEK 17.6 million has been used, the remaining SEK 17.4 million is an allocation in the city's balance sheet for utilisation in 2010.

#### The development of maintenance allowance

An analysis of maintenance allowance reveals that the share of households receiving maintenance allowance is an increase on the same period last year by 206 houses. This equates to an increase of 5 per cent. On average approximately 2, 113 households received maintenance allowance per month in 2009. Disbursement of maintenance allowance was SEK 21.3 million higher than 2008, an increase of 13

#### ECONOMIC REVIEW

	2005	2006	2007	2008	2009
Results before					
Extraordinary items, SEK million	146	360	293	229	204
share of tax revenues in %	3.2%	7.3%	5.6%	4.2%	3.6%
Net operating expenses	4,514	4,657	4,981	5,287	5,490
increase in %	4.3%	3.2%	7.0%	6.1%	3.9%
Tax revenues including general government grant	4,598	4,927	5,195	5,439	5,576
increase in %	6.9%	7.2%	5.4%	4.7%	2.5%
Gross investments, SEK million	229	471	441	613	530
Net investments SEK million	111	382	372	520	289
Net financial income, SEK million	+62	+90	+79	+77	+118
Charging, %	20.49	20.49	20.44	20.34	20.24

the city. This took place in February 2009.

In conjunction with the balance sheet for 2009 a review of the city's costs for the e-municipality programme was carried out. During that review a re-classification from investment to operational costs was equivalent to approximately SEK 20 million.

### Improved net financial income

The annual net financial income amounts to SEK 118 million compared to the budgeted SEK 76 million. The improved net financial income depends on dividends from Västerås Gatukontors AB, Vägab, by SEK 14.3 million and Swedish Association of Local Authorities and Regions, (SALAR) by SEK 7.5 million. The write-off of the Pension Fund Administration shares of SEK 8.1 million which was done in the balance sheet in 2008 has been reversed, which had a positive impact on the results. The city made capital gains of SEK 6.1 million by the sale of Vägab to Västerås Stads Strategiska Fastigheter AB. The remaining SEK 6 million concerns increased net interest income.

### Pension obligations

The cost of pensions has increased by SEK 24 million in relation to the budget. The divergence is mainly a result of that disbursed pensions have increased similar to the the allocation of pensions. The city's budgeted pension costs are based on the forecast which is submitted annually by SPP.

### Financial profile of the City of Västerås

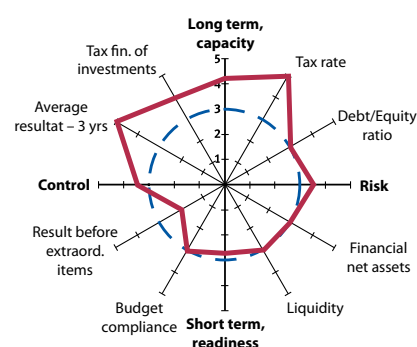
The financial profile is an economic analysis based on the four financial perspectives which are important from a municipal financial perspective. The financial profile focuses on

analysing the financial position of a municipality and how the development takes shape in relation to a number of municipalities of the same size. The municipalities which are included in the comparison are Eskilstuna, Gävle, Jönköping, Linköping, Norrköping and Örebro. The municipalities in the comparison group generally have a good economy, one which is better than the national average.

The financial profile of Västerås is good. For seven of the eight key figures in the profile the city has an average score or higher. It is only for the measurement net result that (before extraordinary items) that average for the comparison group is not attained, despite the surplus in 2009 amounting to SEK 204 million. However, the city has extremely good results considering the average for the previous three years.

The financial profile shows that the city has low municipality tax, stable financial net assets and good liquidity. The city has also financed investments with its own tax revenues and thereby avoids having to borrow for investments. With regard to the comparison group, Västerås has a relatively good debt/equity ratio despite the borrowings for the city's companies (internal bank) being included in the balance sheet. If the borrowing on behalf of the companies is excluded then there is an improvement in the debt/equity ratio.

FINANCIAL PROFILE, CITY OF VÄSTERÅS 2009



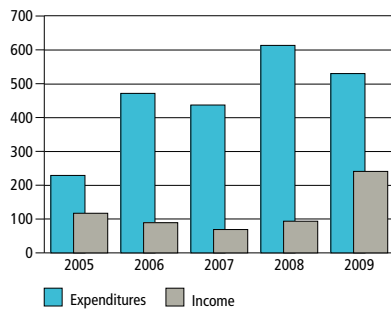
percent. The number of households in need of maintenance allowance is mostly affected by factors which lie outside the scope of influencing of the Personal and Family Support Committee. The most important factors are resources at work, labour market programmes and the scope of support from other social security systems. The decline in employments is expected to be the greatest during 2009 but will continue during 2010 albeit at a weaker pace.

### E-municipality

During the spring of 2007 the City Executive Board ruled on implementation of an e-municipality programme. The objective of the programme was to work to realise the vision during the three year period (2008-2010) which was stated in the e-policy. The aim is to improve efficiency, accessibility and the level of service through the city's website where it should be possible to access municipal services, exchange information, ask questions and carry out matters via electronic self-service. A part of the e-municipality programme has been to launch a completely new website for

# Investment report

INVESTMENTS 2005-2009, SEK million



LARGER NET INVESTMENTS SEK million

	Year 2009	Total until 2009
Lövängsskolan	33.3	67.0
Energy savings	23.9	66.3
Domkyrkoesplanaden/Engelbrektsplan	13.7	17.8
Subway Erikslund	10.6	13.7
Production kitchen	9.0	36.5
Accessibility adjustments	6.9	13.2
Roundabout Rocklunda	6.1	13.8

LARGER DEVELOPMENT PROJECTS SEK million

	Income	Expenditures
Lillåudden	75.4	32.8
Herrgårdsängen Gäddeholm	40.8	25.6
Erikslund västra, IKEA	36.5	89.0

The city's investment expenses amounted to SEK 529.9 million. The income from investments was SEK 240.8 million and thereby net investments amounted to SEK 289.1 million. The annual cash limit for net investments was SEK 383.4 million. Of the investment expenditure development operations constitute SEK 231 million and the figure for procurement of property is SEK 34.7 million.

## 100 per cent self-financing

During the year 100 per cent of the net investments were self-financed, i.e. they were provided for by the surplus of funds from write-off of the current operations as well as property sales. Since 2004 all investments have been self-financed. The good operational results of recent years and self-financing of investments have laid the foundation for the strong financial situation of the city. A large part of the property sales are comprised of the approximately 1,600 leasehold land areas which have been made freehold during the year for a total price of SEK 402 million.

## Larger investments

During the year the reconstruction of Domkyrkoesplanaden/Engelbrektsplan was concluded and planning for a new Gå-city started. Gå-city means that Hantverkargatan and Torggatan will be rebuilt.

The total investments for compulsory schools and preschools amounts to SEK 77 million.

The adjustment of the deep-water harbour for the future has continued with among other things a considerable improvement in logistics as a result.

## Increased accessibility

A pedestrian subway has been built under the national highway 66 by Erikslund.

The adjustment for accessibility of public places is continuing so that disabled persons feel more safe. In total SEK 7 million was invested during the year.

## Establishment land and housing construction

Within the area Herrgårdsängen in Gäddeholm the company Aroseken has initiated construction of blocks of small houses. All houses will be built with the low energy concept being taken into consideration, which will make the area unique in Sweden. At Lillåudden the extension of public premises has continued, as well as streets and Strandparken, as well as a quay walk. The development of Öster Mälarstrand, stage 2, is continuing. Housing production has been ongoing and people have started to move in the quarter Toppseglet which covers 28 co-operative flats.

Several trade and industry areas are in the process of being planned and completed. The horizontal blasting for Ikea's localisation at western Erikslund which has been extremely extensive has now been completed.

INVESTMENTS BY THE COMMITTEES SEK million

	Income	Expenditures	Net 2009	Net 2008
Consulting and Service		10.4	10.4	11.4
Board of proAros		15.8	15.8	17.3
Board for Consulting and Service		2.5	2.5	0.0
Property Committee	6.5	162.8	156.3	261.3
Property Committee development operations	233.1	231.4	-1.7	43.0
Engineering Department	1.2	66.7	65.5	56.8
Technical Production Board		1.4	1.4	1.5
Culture, Sports and Recreational Services		1.2	1.2	13.0
Skultuna District Services		0.6	0.6	1.2
City Executive Committee (e-municipality)		0.6	0.6	21.0
Acquisition of property		34.7	34.7	70.0
The purchase of vehicles from Vägab				21.3
Other administrations		1.8	1.8	1.8
<b>TOTAL</b>	<b>240.8</b>	<b>529.9</b>	<b>289.1</b>	<b>519.6</b>
<b>Property sales</b>				
Leasehold land, housing			402.3	102.5
Other sales			19.6	262.5
			<b>421.9</b>	<b>365.0</b>

# Pension report

## PENSION COMMITMENTS

Similar to many other municipalities the City of Västerås has large financial commitments for pensions.

The City of Västerås presents its pension commitments according to the mixed model, which means that the pension commitments which have been earned by the employees and pensioners before 1998 are presented under guarantee liabilities. The pension benefits earned between 1998-1999 are presented as a

provision in the balance sheet. The city has decided as of 2000 to pay premiums for the entire annual pension earnings. As of 2007 the pension debt is calculated based on the new guidelines RIPS 07.

The costs for occupational pensions are affected by the lowered general pension. In 2010 the costs for the municipal supplementary private pension will decrease. Thereafter there will be a permanent higher cost, as certain pensions are

guaranteed a gross method of adjustments of pensions. The gross method of adjustments means that the municipal pension must accommodate for the lower pension.

The change in ownership of the schools for disabled children and social care between the County Council and municipality has not been entirely regulated, which impacts the city's guarantees. Regulation will take place during 2010.

### PENSION COSTS SEK million including wage tax

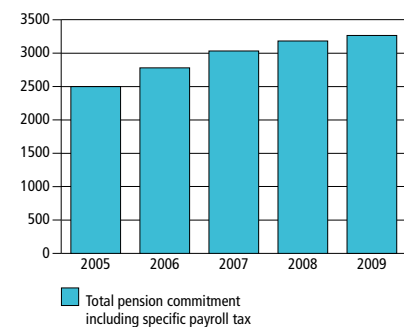
	2009	2008
Change allocated to pensions	21.4	14.5
Defined old age pension	129.9	132.3
Pension payments	135.2	121.4
<b>Total</b>	<b>286.5</b>	<b>268.2</b>

\* Interest cost which encumbers the pension allocations is shown among financial costs on the balance sheet, SEK 14.2 million 2009 (SEK 10.2 million).

### INFORMATION ON PENSION COMMITMENTS, SEK million

	2009	2008
Short-term liabilities (defined old age pension and wage taxes)	176.4	174.0
Allocated for pensions	399.4	363.5
Contingent liabilities	2,689.3	2,644.7
<b>Total</b>	<b>3,265.1</b>	<b>3,182.2</b>
Retires: accounted value financial positions	-362.0	-290.4
"Re-loaning" in the operations	2,903.1	2,891.8

### PENSION COMMITMENTS



## PENSION FUND

The fund was supplied SEK 100 million at the start on 1 December 1999 and additional SEK 46 million in 2006, SEK 54 million in 2007, SEK 60 million in 2008 and SEK 50 million in 2009.

The market value of the assets

amounted on 31 December 2009 to SEK 384.0 million (SEK 290.4 million). Dividends and interests amounted to SEK 13.2 million.

The transfer from liquid funds to funds has occurred on three occasions during the year. In total SEK 113.5 million has been invested

of which approximately SEK 63 million is from liquid assets from 2008 and the deposit of 2009 of SEK 50 million.

The market value of the pension fund has increased by 13.4 per cent. The caution which was exercised during the year with a relatively low share of stocks, 37.3 per cent, in combination with a rapid rise of the stock exchange market has entailed that the development turned out to be 7.7 per cent lower than the comparison index according to the investment rules.

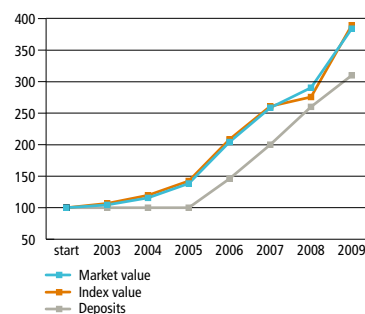
During 2009 the assets of the fund have been revalued by SEK 8.1 million, which is a withdrawal of the write-off which was done in 2008 after the fall on the stock market.

Investments in the foreign unit fund, noted in Euros, have a market value of the rate SEK 10:267.

### MARKET VALUE OF FUND, SEK million

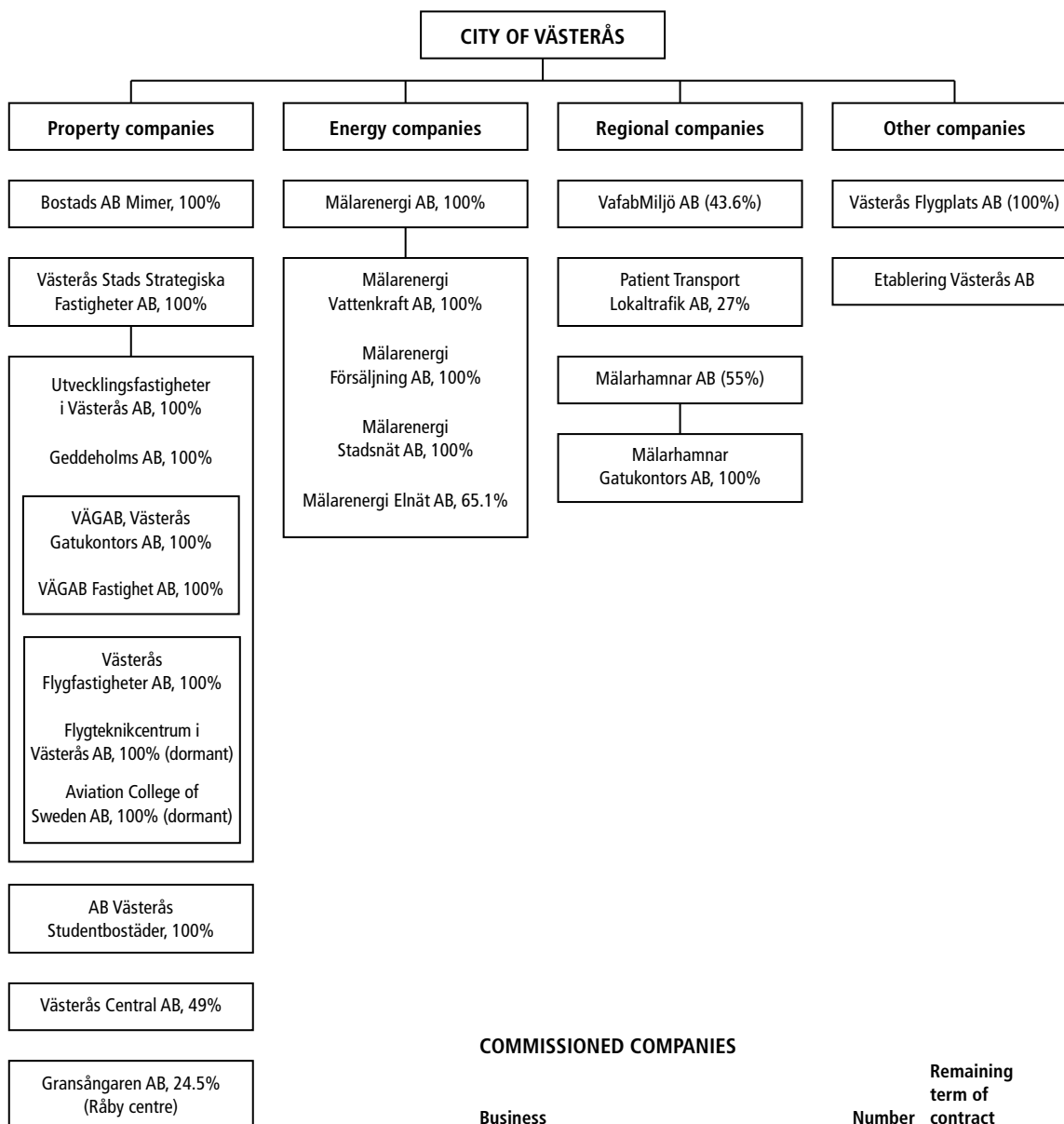
	2009	2008
<b>Market value</b>		
Swedish interest-bearing	193.8	139.5
Swedish stocks	146.7	57.6
Global stocks	43.5	30.3
Liquid funds	0.0	63.0
<b>Total market value</b>	<b>384.0</b>	<b>290.4</b>
<b>Total accounted value</b>	<b>362.0</b>	<b>290.4</b>

### MARKET VALUE



As a comparison index the following are used:  
 OMRX Bond 50.0% (Swedish interest-bearing)  
 SIX Return 37.5% (Swedish shares)  
 MSCI World Net 12.5% (global shares)

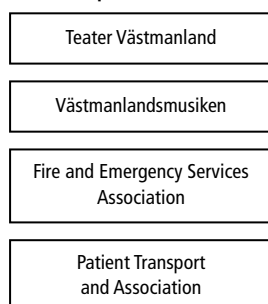
# Group structure



## COMMISSIONED COMPANIES

Business	Number	Remaining term of contract
Home help service, customer choice	12	
Sheltered housing	5	1-3 years
Old people's home	6	3 months-3years
Service block	2	2-3 years
Health care, social care and rehabilitation	9	1-2 years
Group home LSS	18	2-5 years
Group homes adult and daily activities	17	
Homes with special service, children and youth	7	
Adult education and SFI (Swedish for immigrants)	12	1-2 years
Preschool play group	10	
Preschools	57	
Youth recreation centre	11	
Preschools	1	
Library	1	2 years
Public transport, routes	1	7 years
Waste management and recycling	3	2-4 years
Park and street maintenance	7	2-4 years

## Municipal associations



# Summary of accounts

## Consolidated accounts

- The results before extraordinary items are positive, SEK 446 million
- City of Västerås and Bostads AB Mimer have good results
- The Group's investments amount to SEK 1,107 million

### The extent of the consolidated accounts

The purpose of this summary of accounts is to provide an overall picture of the City's financial position, undertakings and result. In addition to the City's own activities, it includes the operations carried out in corporate form, in which the City holds votes in excess of 30%, directly or indirectly.

### Economic analysis

#### Positive result

The Group's result before extraordinary items is still positive and amounts to SEK 446 million for 2009 compared to SEK 528 million for the year 2008. The return on total capital has decreased to 4.3 per cent (5.8 per cent). The result of the City of Västerås after financial items was SEK 204 million (229). Bostads AB Mimer has improved its result by SEK 127 million. The result after financial items was SEK 251 million (124). The result includes capital gains from property sales of SEK 228 million (111). For Mälarenergi AB the result after financial items amounted to SEK 44 million (222). Compared to the previous year the net turnover in the company increased by 0.4 per cent. Västerås Flygplats AB and Mälärhamnar AB display weak results due to reduced air freight (-20 per cent) and less passenger traffic (-6.7 per cent) and less processed tonnes of goods at the ports (-19 per cent) compared to the previous year. The reasons can mainly be attributed to the current recession.

### Financial position

The Group's debt/equity has increased to 44 per cent (42). The balance sheet total has decreased since the previous year by SEK 206 million to SEK 15,017 million. The City of Västerås, Mälarenergi, Bostads AB Mimer and Västerås Stads Strategiska Fastigheter are responsible for the majority of the balance sheet total.

### Investments

The total investment volume for 2009 amounted to SEK 1,107 million (1,289). The City of Västerås has, among other things invested in schools, preschools, sports facilities and infrastructure for a total value of SEK 289 million. Bostads AB Mimer has completed 62 apartments during the year. In addition, production of an additional 200 apartments in ongoing. The total investments of the company amount to SEK 327 million (116).

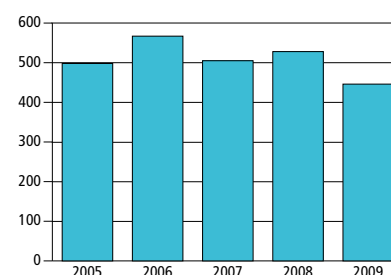
Mälarenergi AB's investments constituted SEK 443 million (550) for the year. Of this investment, thermal operations equated to SEK 185 million (141), electric mains facilities to SEK 107 million (185) and investments in water mains and purification plants to SEK 87 million (106). During the year Mälarenergi AB's subsidiary company has invested SEK 29 million (69) in the city mains and SEK 24 million (27) in hydroelectric power facilities.

### Key events

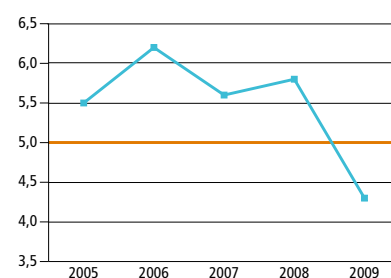
During 2009 (Västerås Gatukontors AB), together with the subsidiary company Vägab fastighet AB has been transferred to Västerås Stads Strategiska Fastigheter AB. During 2010 Vägab will be fused with Västerås Stads Strategiska Fastigheter AB.

The deregistration of the limited partnership in Västerås KB was concluded during 2009.

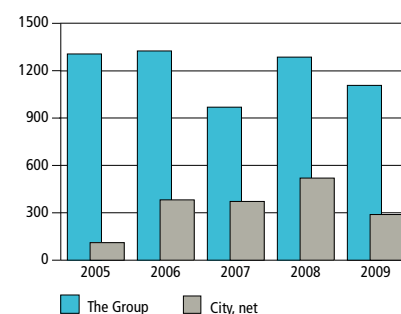
### RESULT BEFORE EXTRAORDINARY ITEMS, SEK million



### RETURN ON TOTAL CAPITAL IN PER CENT



### INVESTMENTS SEK million



During 2009 investments amounted to SEK 1,107 million.

### OWNER DIRECTIVES

In October 2007 the City Council assumed revised owner directives to apply until further notice for the wholly owned companies Mälarenergi AB, Bostads AB Mimer and Västerås Stads Strategiska Fastigheter AB. In addition new owner directives were assumed for Västerås Flygplats AB which is a wholly owned company as of 2007.

The directives will include what the task of the companies from the perspective of the owner in terms of the purpose and operational objectives shall comprise. The financial means of control are presented in more detail and the directives should be established in consultation with the companies.

# Internal bank

The purpose of the internal bank is primarily to supply the city and its companies with financing of the lowest possible interest charge for the Group. Through coordination of the loan requirements, economies of scale are achieved which facilitate borrowing on both the Swedish and international money and capital markets. Even capital management and coordination of the Group's liquid assets and investments is a part of the commission of the internal bank.

Operations are managed based on a finance policy and investment rules, established by the City Council, and are determined by a low level of risk. In 2009 a review of the Group's finance policy was undertaken with the purpose of further strengthening the financial co-ordination.

## Borrowing

Through the city's good financial position and its high rating the city's Swedish and European certificate programmes are usually used during borrowing. By using the interest and currency derivative and agreed

credit agreements from banks appropriate and favourable terms and conditions can be offered to the city's companies.

No bank loans have been taken up during 2009 as a result of the financial crisis and the deteriorated borrowing conditions from banks. As the crisis had a severe impact on banks and companies the stable municipalities with high rating, such as Västerås, have attained a favourable position on the market as in addition to treasury securities investors tend to buy public securities by municipalities.

## Lending

Of the total debt portfolio of the city, SEK 2,462 million (SEK 2,863 million), is all intended for further lending to the city's companies.

The coordination of the Group's liquid assets results in that lending to the companies, SEK 2,874 million (SEK 3,189 million), can partly be self-financed. In addition to the lending to the companies, there is additional debt in the form of subordinated loan to the companies of SEK 777 million in total.

## Currency risk

Borrowing takes place in foreign currencies when this is more favourable than loans in Swedish crowns. At the turn of the year borrowing amounted to USD125 million, the equivalent of SEK 861 million. Currency risks for interest payments and repayments of loan in foreign currencies are completely eliminated by forward currency and currency swap.

## Interest risk

Interest risk is measured in the form of average remaining fixed-interest duration. A longer fixed-interest duration reduces the negative effect of results when interest rates rise. The fixed-interest duration can be altered by interest-rate swap and interest-rate ceiling. In order to attain the fixed-rate which is required within the Group the internal bank has entered an interest-rate swap agreement corresponding to SEK 2,268 million (SEK 2,568 million). At the end of the year the fixed-interest duration for the Group was 2.0 years (2.1 years), which is in line with the respective finance policy of the company.

### THE CLAIMS AND DEBTS OF THE INTERNAL BANK 31-12-2009 (SEK million)

<b>Claims (excluding subordinated loan)</b>		<b>Liabilities</b>	
Bostads AB Mimer	1,438	Swedish certificate programme	1,549
Mälarenergi AB	900	European certificate programme	861
Västerås Stads Strategiska Fastigheter AB	295	Swedish banks and institutes	2
Other companies and municipal associations	241	International banks and institutes	50
Investments	299	Group account, debt to companies	241
Group account, claim at the bank	288		
Group account, claim at the company	6		
Other bank accounts and tax account	4		
The Swedish Transport Administration	126		
<b>Total</b>	<b>3,597</b>	<b>Total</b>	<b>2,703</b>
		<b>The city's interest-bearing net assets</b>	<b>894</b>
		<b>Total</b>	<b>3,597</b>

### Credit risks

Credit risks arise during investments and derivatives trade (counter-party's risk). These rules are regulated via the finance policy and investment rules. In order to minimise the risks trade may only take place with approved counter parties up to an established limit.

### Loan liability

The Group's overall loan liability, excluding subordinated loan from the city, amounted to SEK 4,867 million (SEK 5,501 million) in the annual accounts. Loan liability (including utilised overdraft in a cheque account) was distributed according to the following:

	SEK million
Bostads AB Mimer	3,208
Mälarenergi AB	1,140
Västerås Stads Strategiska Fastigheter AB	280
Other companies and municipal associations	239

At the turn of the year the city had an interest-bearing net assets of SEK 894 million (SEK 153 million).

A large part of the upsurge can be attributed to sales of leasehold land which amounted to SEK 402 million and a payment of government grant of SEK 132 million in 2010.

### High credit rating

In April 2009 the credit rating institute Standard & Poor's confirmed the city's high credit rating. The high credit rating is based on the City's dynamic and growing local economy. The prospects are considered to be stable.

- **Swedish certificate programme: K1**  
Very good repayment ability, highest credit rating.
- **International certificate programme: A-1+**  
Very good repayment ability, highest credit rating.
- **Long-term rating: AA+**  
Very good repayment ability, second highest credit rating.

### Guarantees and pledges

The City of Västerås overall guarantee liability amounted to SEK 294 million on 31 December 2009, a decrease of SEK 291 million in total compared to the previous year.

The reduction can mainly be attributed to that the guarantee undertaking against Bostads AB Mimer of SEK 260 million was redeemed.

In the second half of the year the city also redeemed its guarantee undertaking against the housing co-operative Anund and thereby reduced its guarantee undertaking by an additional SEK 25 million.

The guarantee undertaking has even decreased towards VafabMiljö by SEK 2 million, Aroseken Housing Foundation by SEK 2 million and loss coverage towards the state of SEK 1 million.

The Group's guarantees amount to SEK 277 million (SEK 306 million) and mainly comprise guarantees for housing loans. The amount does not include guarantee undertakings for the Group's debts.

# Income Statement, Financing analysis

INCOME STATEMENT, SEK M	Note	The City		Note	The Group	
		2009	2008		2009	2008
Income	1	1,631	1,407	2	5,598	5,415
Expenses	3	-6,836	-6,514	4	-9,848	-9,344
Depreciations	5	-285	-180	6	-740	-762
<b>Net operating expenses</b>		<b>-5,490</b>	<b>-5,287</b>		<b>-4,990</b>	<b>-4,692</b>
Tax revenue	7	4,885	4,805	7	4,885	4,805
Central government grant and equalisation	8	691	634	8	691	634
Financial income	9	239	348	10	62	140
Financial expenses	11	-121	-271	12	-202	-359
<b>Net operating expenses</b>		<b>204</b>	<b>229</b>		<b>446</b>	<b>528</b>
Extraordinary income						
Extraordinary expenses	13		-49			
Corporate tax and deferred tax				14	-132	-35
Minority share of result for the year					-2	-15
<b>THE YEAR'S RESULT</b>	<b>15</b>	<b>204</b>	<b>180</b>		<b>312</b>	<b>478</b>

FINANCING ANALYSIS, SEK M	Note	The City		Note	The Group	
		2009	2008		2009	2008
<b>Current operations</b>						
Operating income		1,631	1,407		5,598	5,415
Operating expenses, including the changed allocations		-6,854	-6,504		-9,820	-9,268
<b>Net operating payments</b>		<b>-5,223</b>	<b>-5,097</b>		<b>-4,222</b>	<b>-3,853</b>
Tax revenue and general grants		5,576	5,440		5,576	5,452
Financial income		239	348		62	140
Financial expenses		-121	-271		-202	-359
Current tax and deferred tax					-50	-95
Changes in working capital	16	-147	-380	17	-459	-423
<b>Total operating income</b>		<b>324</b>	<b>40</b>		<b>705</b>	<b>862</b>
<b>Investments</b>						
Purchase of tangible assets		-312	-475		-1,547	-1,287
Sale of tangible assets		431	126		584	1,179
Purchase of intangible assets		-2	-25		-2	-25
Purchase of financial assets		-11	0		-2	-21
Sale of financial assets		21	5		0	10
<b>Change in net investments</b>		<b>127</b>	<b>-369</b>		<b>-967</b>	<b>-144</b>
<b>Financing</b>						
Lending		-522	-594		-179	-132
Repayment on loans		150	439		0	0
Borrowing		1,006	2,423		351	343
Amortisation borrowing		-739	-2,087		-265	-351
<b>Total net financial items</b>		<b>-105</b>	<b>181</b>		<b>-93</b>	<b>-140</b>
<b>CHANGE IN LIQUID ASSETS AND SHORT-TERM INVESTMENTS</b>		<b>346</b>	<b>-148</b>		<b>-355</b>	<b>578</b>

# Balance sheet

BALANCE SHEET, SEK M	Note	The City		Note	The Group	
		2009	2008		2009	2008
<b>ASSETS</b>						
<b>Fixed assets</b>						
Intangible assets	18	15	27	32	35	50
Land, building and plant	19	2,699	2,559	33	7,832	7,727
Machinery and equipment	20	117	127	34	3,396	3,017
Other tangible fixed assets	21	193	312	35	854	1,114
Financial fixed assets	22	4,854	4,485		540	359
<b>Total fixed assets</b>		<b>7,878</b>	<b>7,510</b>		<b>12,657</b>	<b>12,267</b>
<b>Current assets</b>						
Stocks and inventories		1	1		535	503
Short-term receivables	23	476	1,265	36	1,036	1,309
Short-term investments	24	662	314	37	665	323
Cash and bank	25	4	6	38	124	821
<b>Total current assets</b>		<b>1,143</b>	<b>1,586</b>		<b>2,360</b>	<b>2,956</b>
<b>TOTAL ASSETS</b>		<b>9,021</b>	<b>9,096</b>		<b>15,017</b>	<b>15,223</b>
<b>EQUITY, ALLOCATIONS AND LIABILITIES</b>						
<b>Equity</b>						
Equity brought forward		4,415	4,235		6,334	5,856
The year's result		204	180		312	478
<b>Total equity</b>	26	<b>4,619</b>	<b>4,415</b>	39	<b>6,646</b>	<b>6,334</b>
<b>Minority interests</b>					<b>184</b>	<b>182</b>
<b>Allocations</b>						
Allocations to pensions	27	399	363	40	430	393
Allocation to taxes				41	709	654
Other allocations	28	18	35	41	78	122
<b>Total allocations</b>		<b>417</b>	<b>398</b>		<b>1 217</b>	<b>1 169</b>
<b>Liabilities</b>						
Long-term liabilities	29	2,834	2,567	42	4,996	4,909
Short-term liabilities	30	1,151	1,716	43	1,974	2,629
<b>Total liabilities</b>		<b>3,985</b>	<b>4,283</b>		<b>6,970</b>	<b>7,538</b>
<b>TOTAL EQUITY, ALLOCATIONS AND LIABILITIES</b>		<b>9,021</b>	<b>9,096</b>		<b>15,017</b>	<b>15,223</b>
Pledged assets and current liabilities	31			44		

# Notes and comments

All amounts in SEK M if nothing to the contrary is stated

## NOTE 1

<b>Operating income</b>	<b>2009</b>	<b>2008</b>
Taxes and fees	338.1	326.3
Rent and leasehold	279.0	264.8
Grants and compensation	368.4	388.0
Contracts, sales of operations etc.	286.2	271.5
Items affecting comparability:		
Sale of tangible assets,		
capital gain	359.6	156.3
<b>Total operating income</b>	<b>1,631.3</b>	<b>1,406.9</b>

## NOTE 2

<b>Operating income, Group</b>	<b>2009</b>	<b>2008</b>
Taxes and fees	3,191.3	3,217.1
Rent and leasehold	918.6	887.2
Grants and compensation	483.0	439.0
Contracts, sales of operations etc.	329.2	308.9
Other operating incomes	88.0	209.4
Items affecting comparability:		
capital gain	587.6	353.5
<b>Total</b>	<b>5,597.7</b>	<b>5,415.1</b>

## NOTE 3

<b>Operating expenses</b>	<b>2009</b>	<b>2008</b>
Grants and transfer payments	473.5	418.0
Contracts and purchasing of businesses	1,784.9	1,699.5
Salaries and social contributions	3,478.4	3,494.7
Rent, leasehold and leasing	408.2	394.1
Material, fees, services etc.	558.5	472.6
Co-financing of City Line	195.2	
Items affecting comparability:		
Provision for performance management	-17.4	35.0
Lower fees for contractual insurance	-45.0	
<b>Total operating expenses</b>	<b>6,836.3</b>	<b>6,513.9</b>

## NOTE 4

<b>Operating expenses, Group</b>	<b>2009</b>	<b>2008</b>
Grants and transfer payments	473.5	418.0
Contracts and purchasing of businesses	1,785.0	1,565.9
Salaries and social contributions	4,044.1	4,077.8
Rent, leasehold and leasing	424.0	412.3
Materials, operations, products and services etc.	2,988.1	2,760.5
Co-financing of City Line	195.2	
Items affecting comparability:		
Provision for performance management	-17.4	35.0
Lower fees for contractual insurance	-45.0	
Loss on disposal of fixed assets	0.0	75.0
<b>Total</b>	<b>9,847.5</b>	<b>9,344.5</b>

## NOTE 5

<b>Depreciations</b>	<b>2009</b>	<b>2008</b>
Depreciations according to plan	175.6	161.0
Items affecting comparability:		
Depreciation of fixed assets	109.4	19.1
<b>Total depreciation</b>	<b>285.0</b>	<b>180.1</b>

## NOTE 6

<b>Depreciation, Group</b>	<b>2009</b>	<b>2008</b>
Depreciations according to plan	631.0	615.6
Items affecting comparability:		
Depreciation of fixed assets	109.4	146.4
<b>Total</b>	<b>740.4</b>	<b>762.0</b>

## NOTE 7

<b>Tax revenue</b>	<b>2009</b>	<b>2008</b>
Council tax and income tax	5,029.9	4,859.9
Forecast final statement 2009 <sup>1)</sup>	-163.1	-46.1
Final statement 2008 <sup>2)</sup>	18.7	-8.9
<b>Total tax revenue</b>	<b>4,885.5</b>	<b>4,804.9</b>

1) -1 212 SEK/resident

2) Difference between forecast -345 SEK/resident and final accounted -206 SEK/resident.

## NOTE 8

<b>Central government grant and equalisation</b>	<b>2009</b>	<b>2008</b>
Income equalisation grant	634.4	617.0
Adjustment	-65.9	-61.1
Municipal property tax	193.1	175.7
Cost equalisation	-3.2	-34.0
Equalisation fee LSS	-67.4	-64.0
<b>Central government grant and equalisation</b>	<b>691.0</b>	<b>633.6</b>

## NOTE 9

<b>Financial income</b>	<b>2009</b>	<b>2008</b>
Dividends municipal owned companies	28.9	15.6
Other dividend stocks and shares	14.1	8.8
Interest income	172.6	319.2
Interest income on accounts receivable	1.0	0.2
Interest contribution	0.2	0.3
Guarantee fee	0.1	0.3
Profit on disposal of shares, bonds, etc.	6.4	2.2
Reversal of depreciation	8.1	0.0
Other financial income	7.5	0.9
<b>Total financial income</b>	<b>238.9</b>	<b>347.5</b>

## NOTE 11

<b>Financial expenses</b>	<b>2009</b>	<b>2008</b>
Interest expenses	100.8	249.4
Interest on pension liability	14.2	10.2
Interest expense on payables	0.2	0.2
Bank charges	1.2	1.1
Loss on disposal of shares, bonds, etc.	0.1	0.6
Write-down of shares/administration of pension funds	1.0	9.1
Other financial expenses	3.9	0.8
<b>Total financial expenses</b>	<b>121.4</b>	<b>271.4</b>

## NOTE 22

	Owned share	2009	2008
<b>Financial fixed assets</b>			
<i>Shares and participation, SEK thousand</i>			
Bostads AB Mimer	100%	90 500	90,500
VÄGAB, Västerås Gatukontors AB	100%	0	13,300
Mälarenergi AB	100%	854,100	854,100
Västerås Stads Strategiska Fastigheter AB	100%	100,000	100,000
Mälarhamnar AB	55%	16,500	16 500
Etablering Västerås AB	51%	51	51
Västerås Central AB	49%	6,435	6 435
VafabMiljö AB	43.6%	558	558
Gransångaren AB	24.5%	1,225	1 225
Västmanlands Lokaltrafik AB	27%	6,110	5 517
Mälarbanans intressenter AB	17%	125	125
Västerås Science Park AB	12%	100	100
Mälarstrandens Utvecklings AB	12%	600	600
Allvädershamnen i Västerås KB, full partner		0	84
Culture funds, shares		23,743	22 781
<b>Total shares and participations, SEK</b>		<b>1,100,047</b>	<b>1,111,876</b>
<i>Bonds and other securities, SEK M</i>			
Culture funds, bonds		6.6	7.3
Mälarskog, contributed capital		0.1	0.1
<b>Total bonds and other securities</b>		<b>6.7</b>	<b>7.4</b>
<i>Long-term receivables</i>			
VafabMiljö AB		118.0	83.0
Gransångaren AB		28.0	28.6
Mälarenergi AB		1,389.7	1,499.7
Bostads AB Mimer		1,438.0	1,088.0
VÄGAB, Västerås Gatukontors AB		15.0	0.0
Västerås Central AB		23.0	23.0
Mälardalen's Fire and Emergency Services Association		8.4	19.9
Mälarhamnar AB		27.0	27.0
Västerås Stads Strategiska Fastigheter AB		329.5	353.0
Vägverket E18 Västjädra		125.8	118.7
AB Västerås Studentbostäder		35.7	38.2
Other receivables		0.6	0.7
<b>Total long-term receivables</b>		<b>3,538.7</b>	<b>3,279.8</b>
<i>Tenant owner apartments and share capital</i>			
Tenant owner apartments		52.2	42.1
Stiftelsen Tillberga Hyresbostäder		0.2	0.2
Group account, City		156.2	43.4
Västmanlands Tolkservice		0.2	0.2
<b>Total tenant owner apartments and share capital</b>		<b>208.8</b>	<b>85.9</b>
<b>Total financial assets</b>		<b>4,854.2</b>	<b>4,485.0</b>

## NOTE 23

<b>Short-term receivables</b>	2009	2008
Accounts receivable	109.6	109.2
Receivables, state	2.7	4.2
Loans to municipal companies	87.3	806.1
VAT recoverable	53.4	67.1
Accrued interest income	38.5	63.4
Accrued tax income	18.7	66.4
Other short-term receivables	165.7	148.9
<b>Total short-term receivables</b>	<b>475.9</b>	<b>1 265.3</b>

## NOTE 24

<b>Short-term investments</b>	2009	2008
Commercial paper	150.0	47.7
Municipal paper	49.5	36.5
Bank paper	99.5	0.0
<i>Administration of pension funds:</i>		
Folksam Obligationsfond	53.4	39.3
Länsförsäkringar Mega Obligation	63.0	19.5
AMF Pension Aktiefond Sverige	60.1	47.3
Carnegie Worldwide Aktiefond	11.0	11.0
Robur Sverigefond MEGA	73.8	32.0
Bankinv Global EqSicav	18.7	9.6
Enter Trend räntefond	71.3	66.4
EFG Aktieindexobligation Världen	0.0	0.9
Världskorgsobl Barclays Cap	6.0	6.0
Global Infrastruktur Strategiobl 1	3.0	3.0
Global Infrastruktur Strategiobl 2	2.2	2.2
Kaupthing förvaltningsobligation global	0.0	1.0
Value adjustment short-term investments	0.0	-8.1
<b>Total short-term investments</b>	<b>661.5</b>	<b>314.3</b>

## NOTE 29

<b>Long-term liabilities</b>	2009	2008
Foreign banks	50.0	50.0
Certificate loan Swedish market	1,519.0	2,114.6
Certificate loan European market	809.1	0.0
Mälardalen's Fire and Emergency Services Association	17.8	16.6
Västerås Flygplats AB	0.0	19.0
Other long-term liabilities	197.2	1.8
Utilised overdraft facility	240.8	365.2
<b>Total long-term liabilities *</b>	<b>2,833.9</b>	<b>2,567.2</b>
* including overdraft facility for the City	0.0	132.0
* including borrowings for lending to the City companies	2,380.2	2,166.0
Total long-term liabilities which are due within 5 years	1,892.4	1,153.0

*Overdrafts*

Swedbank (not utilised)	350.0	250.0
Nordea (utilised 0.5)	50.0	50.0

*Credit commitment*

Västmanlands Provinsbank (not utilised)	500	500.0
Nordea (not utilised)	1,000	500.0
Dexia (closed)	0.0	200.0
Swedbank (not utilised)	300.0	0.0
SEB (not utilised)	500	0.0

**NOTE 30**

<b>Short-term liabilities</b>	<b>2009</b>	<b>2008</b>
Short-term liabilities to credit institutions	81.5	697.0
Accounts payable	218.6	150.6
Employee withholding tax, fees, etc.	42.7	43.7
Accrued pension individual portion	100.6	100.0
Accrued payroll taxes	58.1	60.3
Payroll tax individual portion	48.7	44.3
Accrued interest expense	40.3	54.5
Holiday pay debt	221.0	222.5
Västerås Flygplats AB	19.0	28.0
Other current liabilities	320.9	315.4
<b>Other short-term liabilities</b>	<b>1,151.4</b>	<b>1,716.3</b>

**NOTE 31**

<b>Pledged assets and current liabilities</b>	<b>2009</b>	<b>2008</b>
<i>Guarantee liability</i>		
<b>Buildings and houses</b>		
Loss liability, State	8	9
<i>Housing loans without mortgage security</i>		
Bostads AB Mimer	0	260
Aroseken Housing Foundation	189	191
Stiftelsen hyresbostäder	8	8
Bostjárnans Förvaltning AB	1	1
Ångsö Gård/Jan Vidlund	0	0
<b>Total</b>	<b>198</b>	<b>460</b>
<i>Housing loans with mortgage security</i>		
Bostadsrättsföreningen Anund	0	25
<i>Housing loans for retirement homes with mortgage security</i>		
Fastighets AB Brage (Flodinsgården)	20	20
Aroseken Housing Foundation	12	12
HSB	21	21
<b>Total</b>	<b>53</b>	<b>53</b>

<b>cont Pledged assets and current liabilities</b>	<b>2009</b>	<b>2008</b>
<i>Loans and overdrafts without mortgage security</i>		
Municipal companies	33	35
Sports associations	1	2
Other associations	1	1
<b>Total</b>	<b>35</b>	<b>38</b>
<b>Total guarantee liability</b>	<b>294</b>	<b>585</b>
<i>Liabilities for accrued pension benefits</i>		
Opening balance	2 644.7	2 544.4
Interest and base amount indexation	132.6	
Disbursement	-94.0	
Changed ädel factors	1.3	
Others	-4.0	
changed liabilities (2008)		80.7
Payroll tax	8.7	19.6
<b>Total liabilities</b>	<b>2,689.3</b>	<b>2,644.7</b>

Data in accordance with RKR's rec 17 has not been provided by the city's pension administrator in 2008.

*Specific pension commitments*

<i>Special pensions and similar obligations including payroll tax</i>		
Salaried employees, three persons	3.5	6.8
Elected representatives, 11 persons	23.4	21.6
<b>Total specific pension commitments</b>	<b>26.9</b>	<b>28.4</b>

The City's pension commitments including payroll taxes for salaried employees have been calculated on the assumption that there is no coordinated earned income.

The pension commitments for the elected officials relate to the current municipal commissioners.

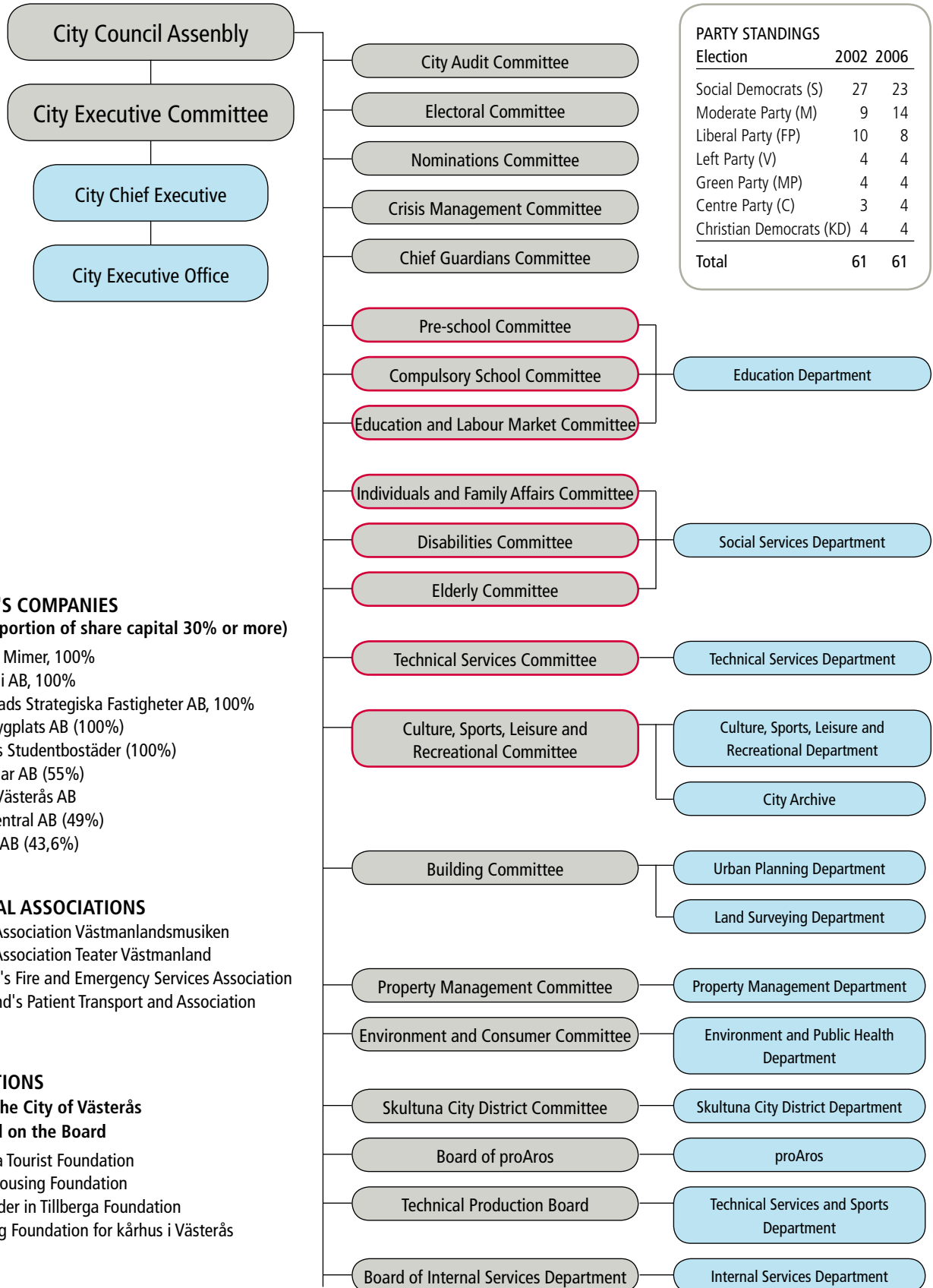
*Environmental Commitments*

The City has environmental commitments within the municipal boundary. Costs can not be calculated in a reliable way.

*Boiling point*

The City commits to an annual operating grant of EUR 15 million over 25 years. Estimated inauguration 2010

# Organisational chart, 31-12-2009



PARTY STANDINGS		
Election	2002	2006
Social Democrats (S)	27	23
Moderate Party (M)	9	14
Liberal Party (FP)	10	8
Left Party (V)	4	4
Green Party (MP)	4	4
Centre Party (C)	3	4
Christian Democrats (KD)	4	4
<b>Total</b>	<b>61</b>	<b>61</b>

## THE CITY'S COMPANIES

(City's proportion of share capital 30% or more)

- Bostads AB Mimer, 100%
- Mälarenergi AB, 100%
- Västerås Stads Strategiska Fastigheter AB, 100%
- Västerås Flygplats AB (100%)
- AB Västerås Studentbostäder (100%)
- Mälarhus AB (55%)
- Etablering Västerås AB
- Västerås Central AB (49%)
- VafabMiljö AB (43,6%)

## MUNICIPAL ASSOCIATIONS

- Municipal Association Västmanlandsmusiken
- Municipal Association Teater Västmanland
- Mälardalen's Fire and Emergency Services Association
- Västmanland's Patient Transport and Association

## FOUNDATIONS

Of which the City of Västerås is included on the Board

- Westmanna Tourist Foundation
- Aroseken Housing Foundation
- Hyresbostäder in Tillberga Foundation
- Fund-raising Foundation for kårhus i Västerås

## This is how tax funds are spent 2009

### **SEK** 100 of municipal tax, used as follows

- sek 23.55 Compulsory School and recreation for 15 300 pupils
- sek 17.13 Nursing and care for the elderly with home help and special housing
- sek 11.96 Preschool for 7 200 children
- sek 10.47 Upper secondary school education for 5 800 pupils and adult education
- sek 9.99 Initiatives for persons with disabilities
- sek 6.01 Individual and family care
- sek 5.65 Culture, Sport and Recreation Board, including sports facilities
- sek 3.18 Support allowance for 4 270 households
- sek 2.53 Maintenance of parks and 780 km of streets, cycle paths etc.
- sek 1.44 Public Transport
- sek 1.35 Labour Market Measures
- sek 1.10 Fire and Emergency Services
- sek 5.64 The City's other operations



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