

CITY OF VÄSTERÅS

Extract from the annual report

2015

→ The City without Limits



VÄSTERÅS STAD

Västerås makes an impression

In recent decades, Västerås has undergone significant development. 2015 provides an excellent example of a year in which we have continued our journey to achieve our vision: "Västerås in 2026 – The City Without Limits." Strong population growth, a successful business community and a rise in the construction of residential housing all point towards a city in a secure development phase.

The City of Västerås continues to hold a strong financial position. Over the course of the year, we received confirmation of this via being assigned the highest credit rating.

Another pleasing event of the year was our top ranking in the title of Quality Municipality of the Year and the IT District of the Year. We did not quite make it to first position, but the nominations show that we are one of the country's leaders when it comes to effectively delivering a high level of prosperity and welfare to our residents.

An investment in the desired degree of service was also achieved over the year, increasing opportunities for employees to control the scope of their role.

STRATEGIC DEVELOPMENT

Over the course of the year, a decision was made concerning four strategic areas of development. This focuses on social sustainability issues, along with our physical environment, skills and expertise, environmental and climate change matters.

At the same time, a new control system has also been launched for the Group and a new group company with the new corporate governance has also been formed.

We have chosen a new common set of values under the motto "Always the best meeting possible," a decision that shows that we always demonstrate openness and respect in our response to those we are there for.

We have also continued with our efforts to respond to the need of the general community to be able to communicate with us quickly and easily. We continued our previous efforts on the new website, with internal training efforts in order to increase expertise in digitisation and its potential.

2015 was also strongly influenced by events in the world around us. This autumn's influx of refugees put our ability to collaborate to the test. Together with the various stakeholders, and especially with the power of volunteers, a concerted effort was made. A special organisation was set up in the autumn to manage the work, both in the short term and

the long term. In this particular work process, we encountered many examples of both the capacity for action and initiative.

SUCCESSFUL COLLABORATIONS

One of the strengths of Västerås is our ability to work together. There are many examples of networks, clusters and successful collaborations. These takes place within the local business community and often with the City of Västerås as a coordinating hub.

During the year, the new company Västerås Marknads- och Näringslivs aktiebolag (Västerås Marketing and Commercial Trade AB) was founded, which is now a wholly-owned municipal company. More effort and a sharper focus have been placed on work with the business community – an effort that will intensify in 2016. We are delighted that things are going well for our companies in the municipality. Our various clusters are also showing good progress, and Expectrum – a unique venue with a focus on business development and the supply of skills and expertise within the technology area – has developed very positively.

A new operational plan has been developed for the Social Contract, a collaboration between Mälardalen University, the City of Västerås, the municipality of Eskilstuna and the county councils in Västmanland and Södermanland. It is an important agreement that establishes the requirements for an improved provision of skills and expertise, which is an important component of regional development.



During the year, cooperation was also strengthened in 4 Mälaren cities: Västerås, Enköping, Eskilstuna and Strängnäs. Joint action plans have been developed within urban planning, tourism and economic development, as well as other fields.

AN ATTRACTIVE PLACE TO MEET

More and more people are choosing to visit our city. The importance of Västerås as an attractive destination for visitors and an appealing venue for meetings continues to rise, as is evident from the figures concerning the number of nights guests are staying over in the city. It is pleasing to see that our strategic efforts to promote Västerås as a meeting venue, are beginning to produce clear results.

We are leaving behind an eventful year. We are looking forward to the challenges and opportunities of 2016 as we continue on our journey to the city without limits!

Anders Teljebäck (S)
Chairperson of the City Executive Committee

Bo Dahlöf
City Chief Executive

Investments

The city's investment expenses, which include property acquisitions, but exclude joint land development, amounted to SEK 398.4 million, which is in line with previous years. The budget limit for net investments was SEK 660.2 million. Only 60 percent of the investment limit has been utilised, which is lower than that of previous years and is mainly due to delays in large-scale investment projects.

The year's investments have been fully covered by a surplus from the management accounts and amortisation. In compliance with the city's financial objectives, the investments have thus been financed by the city's own tax funds.

The ordinary investments made by the Technical Services Committee only deviate from the budget by SEK -3.6 million. This year's major investments include the rebuilding of Norra Källgatan as well as road and bridge maintenance.

The strategic investments made by the Technical Services Committee amounted to SEK 30.3 million, which was SEK 21.7 million less than originally budgeted. Building work began on Loga Skate Park in the Lögårängen Beach area and will be completed in 2016.

The Property Management Board's investments came in below the budget of 197.3 million, mostly due to project delays, changes in schedule and reprioritisation. Major investments have been made in Tillbergaskolan, Irlaskolan, Bäckbyhuset, Gäddeholm Preschool, Lillhamra Hamra Preschool and Adelsö HVB hem.

The Sports and Outdoor Recreation Committee for sport and outdoor activities has only utilised SEK 1.6 million of the budgetary framework of SEK 19.5 million, and the financial results primarily refer to the remaining investment in artificial snow tracks at Rocklunda. A large part of the framework was intended for investment

in the Lövudden boat mooring facility which was not implemented over the course of the year.

COMPULSORY SCHOOLS

The schedule for the modernisation of Irlaskolan has been adjusted, with work beginning in 2015, meaning SEK -28.0 million compared with the budget. Even the schedule for Bjurhovda Sports Hall has been adjusted, SEK -13.4 million.

RESIDENTIAL HOUSING

Investment in residential housing did not meet projections; this came in at SEK -77.3 million compared to the budget. None of the projects planned for assisted housing (housing specially designed for elderly or handicapped persons) have begun this year and it has been difficult to attain housing for social welfare purposes and housing for refugees. The schedule for the renovation and enhancement of the Gryta Dementia Centre has been amended.

MAJOR INVESTMENTS, MSEK

	2015	Total
Computers for internal lease (annual)	46.3	46.3
Housing for unaccompanied minors	25.3	34.6
Refugee minors (Adelsö)		
Tillbergaskolan's adaptation	24.2	24.3
70's Quay Harbour	20.0	21.7
Road and bridge maintenance (annual)	19.2	19.2
Lillhamra Preschool	17.3	26.0
Irla Sports Centre	15.7	16.2
Renovation of Centrumförynyelse		
Norra Källgatan	15.0	15.4
Renovation of Bäckbyhuset, primary and lower secondary school	12.0	15.2
Expansion of the port facilities	11.8	1,566.5
Preschool, Gäddeholm	11.5	25.9

GROSS INVESTMENTS – CONSOLIDATED, SEK MILLION

	2013	2014	2015
City of Västerås	488	479	398
Mälarenergi AB	1,920	1,139	796
Bostads AB Mimer	378	525	764
Other companies/	56	91	89
Statutory Combined Authorities			
TOTAL	2,842	2,234	2,047

THE COMMITTEES' INVESTMENTS, MSEK

	Income	Expenditures	Net 2015	Net 2014	Budgeted 2015
Property Management Committee	16.1	267.8	251.7	259.3	448.8
Technical Services Committee	4.9	60.9	56.0	43.0	59.6
Other boards and committees	0.0	60.4	60.4	70.7	99.8
Strategic investments	0.0	30.3	30.3	38.2	52.0
TOTAL excluding property purchases and joint land development	21.0	419.4	398.4	411.2	660.2
Property Management Committee, property purchases	0.0	2.8	2.8	3.5	0.0
Property Management Committee, investment in external rent	0.0	4.9	4.9	3.1	0.0
Property Management Committee, joint land development incl. reclassifications	0.9	24.9	24.0	55.8	0.0
TOTAL, including joint land development and property purchases	21.9	449.2	427.3	478.9	631.4
Property sales, leasehold rights	-526.5	0.0	-526.5	-38.5	0.0
Property sales, other	-6.7	0.0	-6.7	-8.8	0.0

Joint land development

Joint land development activities – the primary task of which is to manage, improve and develop the land owned by the city for the maximum benefit of both its citizens and the business community – generated revenue of approximately SEK 127.7 million during the year. The surplus amounted to SEK 44.3 million.

During 2015, we saw the completion of 694 apartments. Of these, 582 are apartments in multi-family apartment buildings and 112 are apartments in 1-4 unit buildings.

The number of housing starts during 2015 was 1,109. Sales of land plots for single-family construction/2-4 units has been high this year. Nearly 70 plots of land for self-build homes were sold during the year through the land and cottages queue.

The areas that have seen the biggest construction boom are Gäddeholm, Öster Mälarstrand and Lillhamra.

Within Herrgårdsängen in Gäddeholm, all plots for one-off construction have been sold and the new local zoning plan has been adopted for the next stage – Malmen. Gäddeholmsvägen Phase 2 construction began in October, with completion scheduled for October 2016.

Beside Kokpunkten, 350 land development permits were assigned to six different builders. The master plan indicates that the area will be the first climate and environmental district. In-depth planning work has begun on a new school and two 15-storey tower blocks south of Mälaren Park.

The internal bank

BORROWINGS

Coordinated borrowing is primarily managed through a small number of large loan programmes.

Loan programme and contracted credit commitments	borrowing limits	Utilised granted
	31/12/2015	MSEK
Swedish certificate programme	4,000	2,492
European certificate programme	5,029	1,173
Swedish bond programme	5,000	4,500
The European Investment Bank	1,800	300
Credit commitments	2,000	0
Lines of credit	450	0
Total	18,279	8,465

The city's total portfolio of loans, including bank loans, amounted to SEK 8,515 million (7,540 million) at year-end.

INTEREST RATE RISK

Percentage according to financial guidelines concerning borrowings in credit on current account

	Min.	Max.	31/12/2015
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< 1 year	20%	60%	43%
1 - 4 years	20%	50%	29%
4 - 6 years	10%	40%	14%
> 6 years	0%	30%	14%

The average remaining fixed-rate term was 3.0 years and the average interest rate was 1.31 percent, including the city's and Bostads AB Mimer's interest rate derivatives. Excluding all derivatives, the corresponding figures are 0.2 years and -0.13 percent.

FINANCING RISK

Percentage according to financial guidelines concerning borrowings in credit on current account

	Min.	Max.	31/12/2015
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< 1 year	25%	65%	42%
1 - 4 years	20%	60%	36%
4 - 6 years	5%	50%	18%
> 6 years	0%	30%	4%

Of the principal balances due in the next 12 months, it is also mandatory for 65 percent of the principal amount (less current financial assets) to be covered by unused lines of credit. At year-end, 117 percent was covered.

The purpose of the city's internal bank is primarily to provide the city and its companies with financing options with the lowest possible interest costs for the Group. Through the coordination of borrowing requirements, economies of scale are achieved that facilitate efficient borrowing in both Swedish and international money and capital markets. Capital management and coordination of the Group's liquid assets and investments also forms part of the internal bank's commission.

Operations are managed on the basis of a governing document established by the City Council Assembly and the City Executive Committee, and are characterised by a low level of risk. In June 2015, a financing policy was created which coordinates all borrowing; financing guidelines were established in May 2015.

DEDUCIBILITY OF INTEREST EXPENSES

New legislation limiting tax deductions for interest costs came into effect in 2013. The legislation contains exceptions which, according to a response from the Swedish Tax Agency, enable the city's companies to continue to deduct interest costs on loans from the city's internal bank. In order to further guarantee the right to deduct interest costs for the city's companies, the city's external borrowing must exceed its lending to the companies.

As of 2013, the city has been depositing any surplus liquid excess funds externally with banks. Loans are normally also taken out before the need arises. This enables a liquidity reserve to be built up, which normally covers loans due the following month.

LENDING

The coordination of borrowing means that all new lending (except to Bostads AB Mimer) takes place by means of account credits in the consolidated account system. Lending to the housing company takes place in the form of separate loans. All lending takes place under market terms and conditions.

Loans to the city's companies amounted to SEK 4,190 million (3,707 million) and lending via the consolidated account system amounted to SEK 4,065 million (3,665 million), making a total of SEK 8,255 million (7,372 million).

In addition to lending to the companies, there is also an additional debt in the form of promissory note receivables and subordinated loans to companies, which amount to SEK 103 million (75 million).

FOREIGN EXCHANGE RISK

Borrowing takes place in foreign currencies when more favourable terms are available than with loans in Swedish kronor. At year-end, borrowing amounted to a nominal value of USD 100 million and EUR 75 million, equivalent to approximately SEK 1,173 million.

Foreign exchange risks at the time of the loan and interest payments and repayments of loans in foreign currencies are completely eliminated by means of foreign exchange derivatives.

INTEREST RATE RISK

Interest rate risk means the risk of fluctuating in interest rates that may affect future borrowing costs. This is managed by spreading fixed interest over different terms, either directly

THE INTERNAL BANK'S ASSETS AND LIABILITIES 31/12/2015 (MSEK)

Claims (excluding subordinated loan)	Liabilities
Bostads AB Mimer	4,095
Mälarenergi AB	50
Other companies and statutory combined authorities	17
Investments	–
Group account, assets in bank	19
Group account, receivables from companies	4,065
Other bank accounts and tax account	1,606
TOTAL	9,852
	TOTAL
	8,711
City's interest-bearing net assets	1,141
TOTAL	9,852

through loans or by means of interest rate derivatives.

At year-end, the internal bank's interest rate swap agreements equated to SEK 2,825 million (2,625 million).

Total interest costs amounted to SEK 72.4 million (excluding interest rate derivatives: SEK 14.6 million). The market value of the interest rate derivatives amounted to SEK -142.9 million at the end of the accounting period. Since derivatives are classified as hedging instruments, the valuation has no effect on the city's surplus/deficit.

FINANCING RISK

Financing risk means the risk of being unable to obtain loans at a given point in time. The risk can be reduced by spreading the due dates for the repayment over time. Future borrowing can also be secured via agreed credit facilities.

CREDIT RISKS

Credit risks arise with investments and trading in derivatives (counterparty risk). These risks are governed using the finance policy and guidelines. In order to reduce the risks, transactions may only take place with approved counterparties up to a specified limit. At year-end, all credit risks were within the set limits.



LOAN LIABILITIES

The total loan liability for the group, excluding subordinated loans from the city, amounted to SEK 8,226 million (7,488 million) at the end of the accounting period. The loan liabilities (including utilised bank lines of temporary credit) was distributed as follows:

Bostads AB Mimer	SEK 4,095 million
Mälarenergi AB	SEK 3,656 million
Västerås Stads Strategiska	
Fastigheter AB	SEK 254 million
Other companies and statutory combined authorities	SEK 221 million

At year-end, the city had liquid net assets of SEK 1,141 million (877 million). Events that had a positive effect on net assets include the sale of site leaseholds (SEK 526 million), temporary refugee aid (SEK 79 million), and the repayment from AFA insurance (SEK 43 million).

HIGHEST POSSIBLE CREDIT RATING

In September 2015, the rating agency Standard & Poor's raised the city's credit rating to the highest possible rating, AAA. The increase was based on the current strength of the city's financial management. The outlook is judged to be stable.

- Long-term rating: AAA, Outlook: stable "Minimal credit risk," the highest credit rating
- Swedish certificate programme: K1 "Very good repayment capacity," highest creditworthiness
- International certificate programme: A-1+ "Very good repayment capacity," highest creditworthiness

GUARANTEES AND PLEDGES

Västerås' overall guarantee liability is up by SEK 4.2 million compared to the previous year and as of 31 December amounted to SEK 246.7 million. This primarily concerns guarantees for VafabMiljö AB, which increased by SEK 8.9 million. At the same time, guarantees provided for the Aroseken housing foundation fell by SEK 2.7 million and the release from guarantee commitments for Kungsåra Bygdegårdsförening amounted to SEK 1.1 million over the course of the year.

Prudent financial management

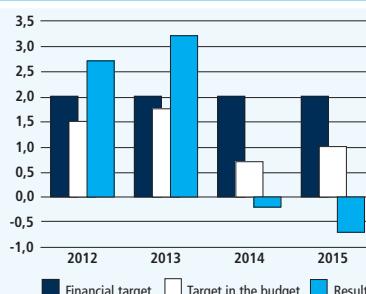
RECONCILING FINANCIAL OBJECTIVES

NET EXPENSES EXCLUDING CAPITAL GAINS AND TAX REVENUE, ADJUSTMENT AS A PERCENTAGE



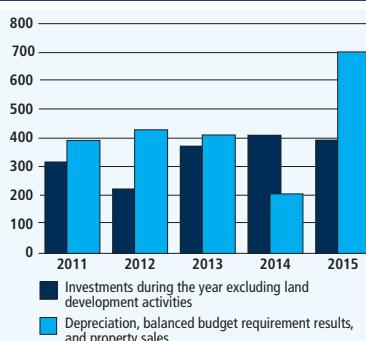
Net expenses, excluding capital gains, rose by 3.5 percent. Tax revenue increased by 3.0 percent. Net expenses therefore increased, which means the city's target was not met in 2015. This trend cannot continue in the long term. The city must curb the rise in net expenses by implementing appropriate measures in future budget years.

SURPLUS AS A PERCENTAGE OF TAX REVENUE



The surplus excluding capital gains should amount to 2 percent of tax revenue, general grants/subsidies and equalisation over the long term. The requirement for revenue to exceed expenses was not met. The financial results for 2015 are negative, therefore this was not achieved.

NET INVESTMENTS, MSEK



Operating surplus, amortisation and property sales are higher than this year's investment volume, meaning that the financial objective for self-financing was reached for 2015. Self-financing amounts to 175 percent of the net investments made.

One of the city's main objectives is to use the available resources to ensure prudent and proper management both from a financial and an operational perspective.

Prudent and proper management is achieved by conducting the operations of the City of Västerås in an appropriate, cost-effective manner. The targets should be met using minimum resources. The guiding principle should be to use resources in a way that is sustainable in the long term. Well thought-out processes and a control system that holds all the pieces together as a whole are the main prerequisites for ensuring that targets are met and resources used productively.

its property and not pass on the need for maintenance to future generations. Setting aside sufficient resources for maintenance can also serve to limit the need for reinvestment.

Within the context of the difficult budget situation in the approach to 2015, it was decided that the surplus targets could be reduced. The decision was partly based on the fact that the city was not indebted. The budget therefore departed from the long-term surplus target of 2 percent of tax revenues, central government general subsidies and equalisation, and the surplus target was instead set at 1 percent (70 MSEK).

FINANCIAL TARGETS 2015

- The overall financial target of the City of Västerås is that the net cost of operations, excluding capital gains, should not increase faster than the income from tax revenues, central government general grants and equalisation.
- The surplus target of the City of Västerås is that the surplus, excluding capital gains, should, over time, amount to 2 percent of tax revenues, central government general grants and equalisation. The surplus target was SEK 70 million, or 1 percent, for the 2015 financial year.
- The investments of the City of Västerås are financed by amortisation, sales and surpluses for the year. The target is for net investments to be 100 percent self-financed. Exceptions can be granted for unusually large investments in infrastructure that have a long-term, strategic focus.

OPERATIONS OBJECTIVES

The prioritised objectives in political terms are set out in the 2012-2015 strategic plan. For the year 2015, the strategic plan forms the basis for the way in which the City Council Assembly monitors and reviews operations, and for ensuring prudent financial management from an operational perspective. The strategic plan is reviewed on pages 10-15 and in more detail in a separate appendix. The final report for the strategic plan will be available at the end of 2015.

Decisions regarding changes in the governing system have been made by the City Council Assembly. The strategic plan is being replaced in 2016 by four strategic development areas and strategic objectives focussing on local district development. A balanced scorecard is introduced with the operational objectives within four perspectives: client, quality, employees and finances. From 2016, these will be reviewed in both the Interim and Annual Statement of Accounts.

FINANCIAL PERSPECTIVE

The City of Västerås is traditionally known for handling its finances with care. The financial objectives are long-term and are intended to safeguard the finances of the city in the future.

The Swedish Local Government Act requires budgets to be drawn up in such a way that revenues exceed expenses. The reason for budgeting for a surplus is to create room for manoeuvre in the long term and provide opportunities for new ventures and growth. A surplus in the financial results enables the municipality to finance investments, save for future pension costs and create a buffer for more difficult times or for special initiatives. The City of Västerås must preserve and maintain

Economic and financial analysis

FINANCIAL RESULTS FOR THE YEAR

The net financial results for the City of Västerås for the year, excluding capital gains, amounted to SEK -52 million. If the record-high figure for the sale of site leasehold rights is included, the overall financial result indicates a surplus at SEK 445 million. The surplus equates to 6.4 percent of the city's tax revenues, central government general grants and equalisation. The city's budget for 2015 was based on a surplus of SEK 70 million, or 1.0 percent of tax revenues, central government general grants and equalisation.

ANALYSIS OF THE FINANCIAL RESULTS FOR 2015

Tax revenues and central government general grants have increased by SEK 204 million compared to 2014 – an increase of 3.0 percent. Net operating expenses, excluding capital gains, has increased by SEK 240 million compared to 2014, which is an increase of 3.5 percent. The city's expenses have therefore risen more than tax revenues and central government general subsidies, which means that the city does not meet its financial targets set for 2015.

The surplus for the year includes capital gains on property sales amounting to SEK 497 million. The financial results for the year, excluding capital gains, then becomes negative and represents 0.7 percent of the city's tax revenues and central government general grants. The financial result, excluding capital gains, is the result reconciled against the central government's requirement that revenue exceeds expenses. Therefore the city did not meet the requirement for revenue to exceed expenses in 2015. Without non-recurring items the deficit for the year is SEK -44.5 million.

Review of the requirement that revenue exceeds expenses, MSEK

The surplus for the year as per the income and expenditure statement	+ 445
Reduction of all capital gains	- 497
The financial result according to the central government's requirement to budget for a surplus	-52

Variance versus budget, MSEK

Budgeted surplus	+ 70
Tax revenue and equalisation	- 44
Net financial income	+ 20
Non-recurring items affecting comparison, including capital gains	+ 459
Joint land development activities FN	+ 43
Net operating expenses compared with budget	- 103
Financial result including capital gains	+ 445
Capital gains	- 497
Financial result excluding capital gains	-52

PROPOSED ALLOCATION OF SURPLUS/DEFICITS

The financial results of the City of Västerås reveal a large surplus overall. However, this is due to non-recurring items, which is why the result regarding the requirement for revenue to exceed expenses is negative. This means it is necessary to utilise the balance fund which was established in 1999 to earmark reserves for responding to cyclical fluctuations in the economy and for successfully managing the city's requirement for revenue to exceed expenses over the long term.

In addition to the balance fund, other funds are also earmarked in the reserves. A social welfare resource fund was created in 2012 for the purpose of enabling temporary, preventative efforts to be made in the social welfare sector. Over the course of 2015, SEK 5 million has been used. To offset the negative financial result of SEK -52 million regarding the requirement for revenue to exceed expenses, SEK 5 million was taken from the social welfare resource fund and the remaining 47 million from the balance fund. The closing balance in the balance fund is therefore SEK 193 million.

The investment buffer, which was introduced in 2011, is intended to limit the need for debt financing. In 2014, the full remaining investment buffer was utilised. In accordance with the outcome of the requirement to budget for a surplus, SEK -52 million has been taken from the balance fund and social welfare resource fund, and it is recommended that the remaining surplus be added to the investment buffer, which will then leave a balance of SEK 253 million at the end of the reporting period.

In order to adequately respond to liquidity needs for future pensions payouts, the city has developed a pension fund management. The Pension Fund is managed purely from a liquidity perspective. Future developments in relation to pensions over the coming years will affect the operating results of the current year.

In 2012, the City of Västerås received SEK 44 million in performance bonuses from the national government for health and social care services. During 2013-2015, the funds have been used for special initiatives. These funds were therefore reserved as a separate element of reserves in the financial statement for 2012.

MSEK	Amount for		
	Opening Balance	the year adjustment	Closing Balance
Balance fund	240	-47	193
Pension fund	435	0	435
Investment buffer	0	253	253
Social welfare resource fund	20	-5	15
Performance compensation	6	-6	0

TAX REVENUES

The tax revenues for the year, central government general subsidies and equalisation amount to a total of SEK 6,940 million, which is SEK 44 million less than the budgeted revenue. The fact that tax revenue in 2015 did reach the level budgeted relates back to the autumn of 2014, when the growth of the Swedish economy was not as strong as expected. Weaker international growth had an adverse effect on growth in Swedish exports. The recovery of the Swedish economy was delayed and took longer than forecasts anticipated, in relation to the basis on which the 2015 budget was prepared. The final tax base is expected to rise by 4.9 percent in 2015.

NET FINANCIAL INCOME

Net financial income amounted to SEK 121.7 million, which is SEK 19.9 million higher than budgeted. The low (negative) level of market interest rates affected net interest income by SEK 8.3 million, and costs and commissions have increased by SEK 2.7 million. Meanwhile, the interest income associated with the activation of ongoing investment projects was SEK 5.7 million lower than budgeted. On the positive side, interest expenses for pension provisions fell by SEK 6.2 million and dividends increased by SEK 0.9 million. The capital gain arising from the sale of VafabMiljö AB amounting to SEK 27.5 million plus SEK 2.8 million from sales from the Kulturfonden and Asköviksfonden was also a positive result.

ITEMS AFFECTING COMPARABILITY

A number of non-recurring items affect the balance sheet results for 2015.

Items affecting comparability	MSEK
Capital gains	
Capital gains on leasehold land for single-family/2-4 units	+407
Capital gains on other leasehold rights	+54
Capital gains on other properties	+ 6
Sale of financial securities	+ 30
TOTAL capital gains	+ 497
Annual write-downs	9
Equity refuse collection to VafabMiljö statutory combined authority	-18
Refund from AFA funds	+44
Extraordinary grant to airport	-25
TOTAL non-recurring items affecting comparability	+ 489

CAPITAL GAINS

The book value of the leasehold rights is low and sales have therefore led to capital gains of a total of SEK 461 million. Of the capital gains, SEK 407 million relates to leasehold rights for homes and SEK 54 million relates to other leasehold rights. Other capital gains – SEK 36 million – relate to the financial gains from the sale of properties and financial securities.

WRITE-DOWNS

A total of SEK 9.2 million of the value of properties has been achieved subject to impairment. SEK 1.1 million of this relates to the amount for the write-off of Lögarängsbadet which is to be demolished, SEK 4.7 million for the previous reconstruction in Tillbergaskolan and SEK 3.5 million in Irlaskolan.

RESULTS FROM JOINT LAND DEVELOPMENT ACTIVITIES

The Property Management Committee's joint land development activities are reported separately as a separate balance sheet unit in the Property Management Committee. The financial results for joint land development activities are reported according to the principle of revenue recognition for work in progress, which means that results from joint land development projects are reported as the areas are completed and sales are made. The precautionary principle is applied when the results are identified in the accounts.

The total financial results for joint land development activities exceed the budget by SEK 43 million. The surplus is attributable to the calculation adjustments amounting to SEK 15 million for Herrgårdssängen on Gäddeholm due to less uncertainty, the sale of land instead of leasehold rights on Lillhamra, resulting in a calculation adjustment of plus SEK 6 million and greater progress in Gilltuna and Missionskyrkan with an impact on results of a total of 11 million. SEK 4 million of Stadsträdgården was not included in the budget. Other surpluses add up to SEK 6 million.

OPERATIONAL BUDGET VARIANCE FOR 2015

The table below shows the committees with the larger budget variances.

Net operating expenses compared with budget	Variance vis-à-vis budgeted (MSEK)
Elderly Committee	-75.9
Compulsory School Committee	-38.7
Committee for Persons with Disabilities	-18.7
Education and Labour Market Committee	-13.5
Individuals and Family Affairs Committee	-3.8
Preschool Committee	6.7
Board of proAros	9.4
Other committees, excluding capital gains	31.3
TOTAL	-103.2

SCHOOLS AND EDUCATION ACTIVITIES Preschool Committee

The Preschool Committee shows a surplus of SEK 6.7 million, which is due to fewer children overall and to a higher proportion of part-time children than anticipated. This also means that the municipal preschool foregoes revenue and produces a smaller deficit. During the year, a large amount of work was carried out on remedial measures and savings, in which smaller units were closed in order to make finances and operations more efficient. A rise in the income as well as central government subsidies for reducing group sizes, amounting to SEK 2.4 million, has also improved the results. Half of the units are showing positive financial results at the close of the financial year.

Compulsory School Committee

The Compulsory School Committee shows a deficit of SEK -38.7 million, which is due to both shared finances and the municipal performer. The outcome was 13,957 children, which is 223 more than had been budgeted, where the maximum budget variance was in the independent schools. Of the 43 municipal schools, 24 units reported a poorer financial result than anticipated – 9 units reported a loss of more than SEK two million. - Remedial action plans, which primarily involve adapting personnel expenses, were prepared during the year, and aimed to achieve a financial result in line with the adopted budget. - The imbalances are found primarily in a special needs school and in grades 6-9, where two schools in particular have experienced a decline in the number of students for several years. Extensive service planning and an analysis of the schools

in grades 6-9 were carried out with measures that will be implemented during in 2016.

Education and Labour Market Committee

Also within the Education and Labour Market Committee, deficits were shown for both the shared finances as well as the municipal performer. The outcome for the year was 4,978 Västerås students in upper secondary school (*gymnasieskola*) and upper secondary education for pupils with learning disabilities, which is 107 more than anticipated and caused a shortfall of SEK -7.6 million in the shared finances. For the municipal performer however, the student numbers were lower than projected, arising in less revenue and positive financial results that were difficult to obtain. The situation was already difficult at the beginning of 2015, meaning the committee had a negative budget. Four of the twelve units came in at a loss of less than SEK -3 million. Certain programmes come with high costs in the form of extensive equipment, for example, which means that the classes need to have more participants to improve their finances in the educational programme.

HEALTHCARE AND SOCIAL SERVICES Individuals and Family Affairs Committee

The financial outcome of the Individuals and Family Affairs Committee's shows a slight variance of SEK -3.8 million compared with the budget. Within the committee's field of operation, the results differ, however, as where certain activities indicate large deficits, others indicate a surplus compared to the budget. The field of activity 'children and youth' shows a very negative result of SEK -20 million due to a greater number of care days and the cost of an annual place for young people has also increased during the year. Within the field of activity 'addiction adults', the deficit in relation to the budget was SEK -13 million, which was due to higher costs for healthcare, primarily in outpatient care. The shortage of apartments means that people at risk of substance abuse need more care and longer accommodation periods, which drives up healthcare costs.

We are pleased to see that financial assistance shows a surplus compared to the budget of SEK 25 million. This is primarily due to the fact that the total number of households receiving income support was lower than

anticipated. The number of households receiving income support decreased from 3,690 to 3,276 households during 2015. However, the average time that the beneficiary receives income support increased over the year, from 6.55 months to 7.3. On average, the amount dispensed was SEK 8,276 per beneficiary per month, an increase of SEK 24 million compared to 2014. In 2016, it is expected that the number of beneficiaries will increase as the high number of immigrants that have recently arrived will become exempt from the national government introduction initiative. If they are not self-sufficient in providing for themselves, the group will then need income support grants.

The Refugee Reception shows a surplus of SEK 4.3 million in relation to the budget for 2015. The deficit applies to the group with refugee status that arrived in 2012, i.e. who are in their fourth year. The main reason for this is that the total number of households receiving income support was lower than anticipated. After year four, they will no longer be classed as refugees in the city budget. Revenue related to refugees on the first year of arrival 2013-2015 is allocated to 2016 in order to cover future costs. During 2015, the city took in 696 refugees.

The city has also taken in a total of 386 designated unaccompanied minor children. In addition to this, the City of Västerås has taken in 156 unaccompanied minors. This rise in the number of children has had an extraordinary effect on the city's reception. Financially, the city receives compensation from the Swedish Migration Agency for the unaccompanied children.

Board of proAros

ProAros as a whole shows a positive financial result of SEK 8.2 million. The operating area of health and social care services in proAros reported a deficit of SEK -4.2 million. The home help service, housing support, alarm device and post-hospital home health care accounted for a deficit of SEK -11.3 million and special accommodation for SEK -4.9 million; activities for disabled persons, however, reported a surplus of SEK 12 million. Compared to the budget, the surplus for outpatient and recreation prevention measures reported a positive financial result as a whole for proAros. Expenses for extra hours and overtime make a negative contribution, while the work on improving efficiency and the high number of open positions mean the financial result is positive.

There is still a large deficit in home help service activities, despite better financial results than 2014, where efficiency measures have

started taking effect. The billed time must reach 79 percent in order to rebalance the finances, as opposed to the current year's annual average of SEK 71 percent.

In the sphere of disabilities, a positive result was reported as personnel expenses were significantly lower than anticipated due to the number of open positions. Daily operations have attracted more clients, but due to the level of assessment required for the newcomers, revenue is no higher.

Skultuna City District Committee

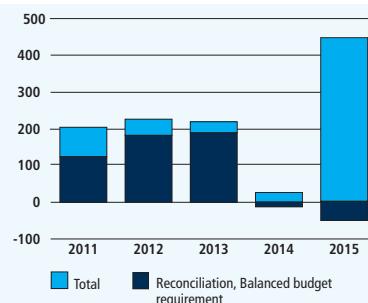
The Skultuna Municipal District Board reports a deficit of SEK -3.7 million for health and social care services. The deficit is primarily due to the difficulty in obtaining balanced finances in the home help service with a large rural area and many double crews, as well as the high costs involved in delivering hot food to the clients. The dementia accommodation and serviced housing building also report a negative financial result compared to the budget.

Elderly Committee

The financial result of the Elderly Committee, which exceeded the budget by SEK -75.9 million, is showing a net increase in costs of SEK 150 million compared to 2014, where SEK 50 million of this was due to the changes made to the division of responsibilities for home help service and housing assistance in 2015.

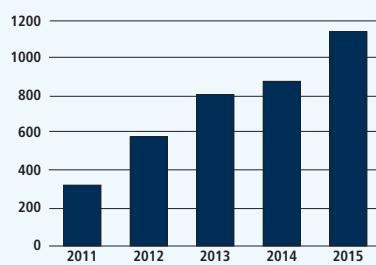
The home help service is the main reason for the deficit. The number of hours provided for home help care continues to rise. The rise was 10.6 percent between 2014 and 2015, and 8 percent the year before. The breakpoint in the number of hours – when the cost of home-help services in ordinary housing exceeds that of special housing – is approximately 140 hours per person per month, but may be even lower than this if the individual also receives other services that allow them to remain living at home. This applies to approximately 175 individuals of the 3,400 individuals who have been granted home help. Measures are underway to curb the volume and cost trends; these include stricter guidelines, a new calculation model for assistance assessment, a review of the compensation and fee structure, and the monitoring of decisions to provide financial support. Since 2011, the number of individuals receiving home-help services has decreased by around 5 percent, but the number of hours provided has increased by around 38 percent. The percentage of individuals over 65 who receive help in their homes is approx. 8 percent.

SURPLUS FOR THE YEAR, MSEK



The financial result for the year for the City of Västerås was SEK +445 million. The financial result excluding capital gains, which is the financial result reported when the central government's requirement for revenue to exceed expenses is taken into account, is SEK -52 million. This is now the consecutive second year in which a negative result was reported regarding this requirement.

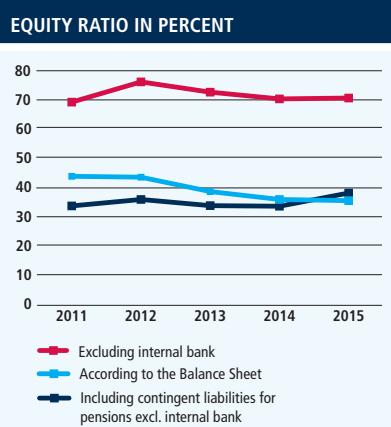
CITY'S LIQUID NET ASSETS, MSEK



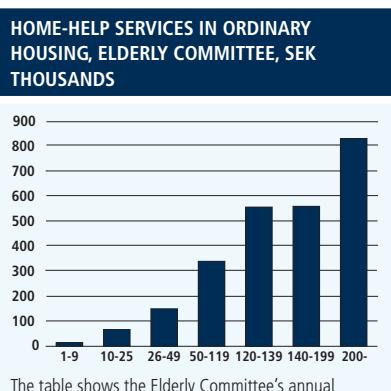
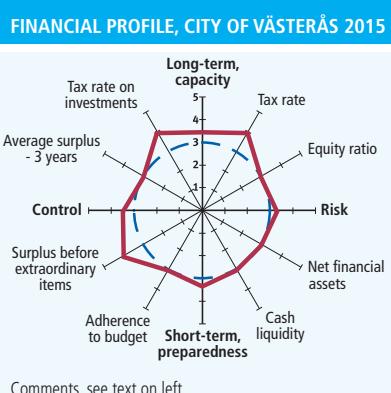
The city has no outstanding loans. Net liquid cash assets at the end of the year amounted to SEK 1,141 million (877 million).

RECONCILIATION OF INVESTMENT BUFFER, 2015 MSEK

Financial results excluding capital gains from property	22
Minus financial results for joint land development	-44
Property sales	533
Depreciation according to plan	244
Minus depreciation for joint land development	-10
Scope for investment	701
Investments	401
Variance	-300.0
Excluding use of fund balance pursuant to requirement that revenue exceeds expenses	-52
Utilisation of social welfare resource fund	5
Remaining sum to add to investment buffer	253
Opening investment buffer	0



The city's onward lending via its internal bank to companies within the municipal group has a major effect on the balance sheet total and thus also on the equity ratio. The most accurate equity ratio for comparison with others and over time is therefore the equity ratio adjusted for lending through the internal bank. The equity ratio, excluding inter bank, has improved slightly compared to the previous year, but is still lower than 2012 and 2013. The equity ratio according to the balance sheet is steadily declining because the balance sheet total of the internal bank has doubled over the past five years.



The table shows the Elderly Committee's annual cost for each person receiving home help in regular housing, based on the person's need for effort hours. The cost of providing home help for between 50 and 119 hours for one person over a year is approximately SEK 330,000.

The extent of home healthcare, based on the hours provided, has risen steadily since the municipalisation process in 2012, while only a marginal change was reported in the number of patients. From 2013 to 2014 the hours increased by 5.5 percent and from 2014 to 2015 by 17.3 percent. This is due to the fact that home healthcare has managed to recruit more nurses and has consequently also had the opportunity to pursue this care to a greater extent than necessary. The municipality follows a different procedure to the county council in relation to enrolment in home healthcare.

The lack of short-term spaces has meant that patients who are ready to be discharged have had to remain in hospital with higher costs, while the shortage of spaces in special housing has meant individuals have had to remain in short-term placements and stops up the chain.

Approximately 5 percent of those 65 and older live in special accommodation/sheltered housing.

Committee for Persons with Disabilities

The deficit for the Committee for Persons with Disabilities is SEK -18.7 million compared to the budget. The negative financial result is due to a large deficit of SEK -13.9 million for initiatives pursuant to the Swedish Act concerning Support and Service for Persons with Certain Functional Impairments (LSS), as well as housing assistance amounting to SEK -6 million.

Expenses personal assistance exceeded the budget by SEK 7.1 million. Overall, costs have increased by SEK 17 million over the past two years. The city is limited in terms of its possibilities to influence the growth of these costs, as the distribution of costs is such that the Swedish Social Insurance Agency's decision, as per the Swedish Social Insurance Code, entails a cost responsibility for municipalities of 20 hours per week per person. The municipal decisions pursuant to the LSS have seen a more significant rise in 2015 than in previous years, however, due to a higher number of applications, more temporary expansions of assistance and retroactive payments as well as the sharp rise in costs concerning sick pay for personal assistants working at private assistance companies.

Even the cost of housing has risen, as there is a shortage of appropriate accommodation for individuals in Västerås, placements have therefore had to be implemented outside the municipality. The number of placements is greater than anticipated and costs are higher per person.

The deficit in the daily operations has been reversed despite the significant rise in the number of participants over the past two years. This rise is due to the increase in the number of people receiving diagnoses in the diagnostic criteria, who belong to this group of individuals in accordance with the LSS. These individuals have less need for support than those who traditionally belonged to the target group, which is why costs were lower than expected based on the increase in the daily operations. Compensation will therefore be reduced in 2016.

FINANCIAL PROFILE OF THE CITY OF VÄSTERÅS.

In the spider diagram to the right, the financial profile of Västerås is presented in comparison to the five municipalities of a similar size to Västerås. For each key indicator, the best municipality is given a score of 5 points and the weakest municipality is given a score of 1 point. The two municipalities that fall in the middle are given a score of 3. The comparison group consists of Västerås, Örebro, Linköping, Gävle, Eskilstuna and Jönköping.

The profile shows that Västerås has not received a score lower than three in any of the categories. However, the left side of the profile, which primarily shows the category related to financial results in 2015, is strongly influenced by the large capital gains resulting from the sales of leasehold rights. If the profile instead compared the financial results against the central government's requirement for current revenue to exceed expenses, Västerås would receive a significantly lower rating for the recent results.

The right side relates more to the long-term finances and balance sheet, as well as the tax rate. Västerås has a low tax rate, and if the category for tax rates took into account the tax rate exchange with the county council, for example, for public transport, Västerås would have received a five in the tax rate category.

The comparison of the tax financing of investments may be misleading to a certain extent as the operational premises of some of the municipalities in the group are based in companies and the investments are therefore under the direction and management of the company.

Key financial indicators

The analysis aims to survey development trends and identify warning signs and strengths in the city's financial situation.

Financial results for the year	2011	2012	2013	2014	2015
Surplus/deficit for the year, MSEK	204	226	219	26	445
Surplus/deficit for the year according to the requirement that revenue exceeds expenses, MSEK	124	172	211	-13	-52
Surplus/deficit for the year, excluding items affecting comparability in relation to tax revenue, in %	196	193	168	-7	-44
Surplus/deficit for the year in relation to tax revenue, in %	3.2	3.1	2.6	-0.1	-0.6
Surplus/deficit for the year in relation to tax revenue, in %	3.3	3.6	3.3	0.4	6.4
Surplus/deficit according to the requirement that revenue exceeds expenses in relation to tax revenue, in %	2.0	2.7	3.2	-0.2	-0.7

The long-term surplus target of the City of Västerås is for revenue to exceed expenses by at least 2 percent (financial result excluding capital gains) in relation to tax revenue, equalisation and central government general subsidies. The requirement for revenue to exceed expenses was not met in 2015, for the second consecutive year. The surplus for the year including capital gains is SEK +445.

Operating expenses	2011	2012	2013	2014	2015
Proportion of taxes and grants/subsidies, %					
Net expenses	93.6	94.7	94.1	97.8	91.8
Depreciation	4.2	3.7	3.6	3.3	3.5
Total net operating expenses	97.8	98.4	97.7	101.1	95.3
Net financial income	-1.2	-1.9	-1.0	-1.5	-1.8
TOTAL	96.6	96.4	96.7	99.6	93.5
Net operating expenses, MSEK	5,945	6,204	6,430	6,810	6,617
Net operating expenses, MSEK excl. items affecting comparability	5,957	6,227	6,473	6,838	7,076
Increase in net operating expenses, %	3.0	4.4	3.6	5.9	-2.8
Increase in net operating expenses, % excl. non-recurring items affecting comparability, %	1.7	4.5	4.0	5.6	3.5
Increase in tax revenue general subsidies from the central government and equalisation, %	3.6	3.8	4.3	2.3	3.0

Over the long term, net expenses must not rise faster than tax revenue, central government general grants and equalisation, nor should the tax revenue and related revenue be fully appropriated for the current operations.

Excluding non-recurring items affecting comparability, the expenses for operations increased more than tax revenue for the second consecutive year. This trend must be reversed if the city's finances are to stabilise over the long term.

Equity ratio	2011	2012	2013	2014	2015
Equity ratio as per the balance sheet, %	43.7	43.7	38.8	36.1	35.7
Equity ratio excluding internal bank, %	69.3	76.2	72.7	70.4	70.7
City's equity ratio including contingency liabilities for pensions, excluding internal bank	33.9	36.1	34.0	34.6	38.3
Group's equity ratio including contingency liabilities for pensions, in %	29.2	29.8	27.5	27.9	27.7
City's liquid net assets, MSEK	324	581	807	877	1,141

The equity ratio is a measure of the city's long-term financial strength and shows the extent to which assets are financed by the city's own operating revenue. The city enters into extensive financial cooperation with the companies within the group via the Internal Bank. The city provides the companies with both long and short-term lending. This has a significant impact on the balance sheet total and the equity ratio which can be directly read off in the balance sheet. The most accurate measure of equity ratio, for comparison with others and over time, is therefore the equity ratio adjusted for lending via the internal bank.

The equity ratio, excluding inter bank, has improved slightly compared to the previous year, but is still lower than 2012 and 2013.

Payroll expenses	2011	2012	2013	2014	2015
Payroll expenses, MSEK	3,270	3,330	3,477	3,672	3,841
of which are expenses for salaries/wages	2,382	2,436	2,553	2,680	2,780
Adjustment in expenses for salaries/wages, %	0.0	2.3	4.8	5.0	3.7
Gross operating expenses, MSEK	7,447	7,729	8,015	8,383	8,756
Payroll expenses' share of gross operating expenses, in %	43.9	43.1	43.3	43.8	43.9
Number of employees (annualised average)	7,337	7,218	7,174	7,323	7,472
Expenses for salaries/wages per employee (annualised average), SEK thousands	325	338	355	366	372
Change in expenses for salaries/wages per employee, in %	2.1	4.0	5.0	3.1	1.6

The largest expense for the City of Västerås' is payroll expenses relating to employees. The number of employees (and the annualised average number of employees) increased in both 2014 and 2015, following a decline in previous years. Payroll expenses as a percentage of total gross expenses amount to 44 percent. In the past, prior to competition in its operations and the emergence of independent schools and preschools, the percentage was well over 50 percent.

During the year, total expenses for salaries/wages increased by 3.7 percent but expenses for salaries/wages per employee (annualised average) increased only slightly, by 1.6 percent.

Investments	2011	2012	2013	2014	2015
Net investments, excl. joint land development, MSEK	306.9	224.3	372.8	418.0	401
Self-financing ratio, %	130	192	110	50	175

One of the financial targets is for the self-financing ratio for investments to reach at least 100 percent. This means that investments must be financed with the city's own financial resources, so that the collective total of the financial results for the year, excluding capital gains, amortisation and property sales, exceeds net investment. Due to the extensive sale of leasehold rights, the city exceeded its financing targets. The self-financing rate is 175 percent.

Income and expenditure statements, cash flow statements

INCOME AND EXPENDITURE STATEMENT, MSEK	Note	City of Västerås		Consolidated	
		2015	2014	2015	2014
Revenue	1	2,139	1,572	5,810	5,331
Expenses	2	-8,512	-8,163	-11,045	-10,812
Depreciation	3	-244	-219	-942	-772
Net operating expenses		-6,617	-6,810	-6,177	-6,253
Tax income	4	6,066	5,764	6,066	5,764
Central government general subsidies and equalisation	5	875	972	875	972
Financial income	6	201	238	47	51
Financial expenses	7	-79	-138	-164	-150
Financial results before extraordinary items		445	26	647	384
Current tax and deferred tax	8			-57	-81
Minority share of financial results for the year				-21	-23
FINANCIAL RESULTS FOR THE YEAR	9	445	26	569	280

CASH FLOW STATEMENT, MSEK	Note	City of Västerås		Consolidated	
		2015	2014	2015	2014
Current operations					
Financial results for the year		445	26	569	280
Adjustments for depreciation and write-downs		244	219	941	772
Adjustments for provisions	10	115	2	177	33
Adjustments for other items not affecting liquidity	11	1,288	-37	-569	-11
Increase (-) reduction in supplies/inventories		15	44	26	77
Increase (-) reduction in short-term receivables		-684	357	-86	155
Increase (+) reduction in short-term liabilities		1,035	154	1,075	-324
Cash flow from operations		2,458	765	2,132	982
Investment					
Investment in intangible assets		0	0	-4	-5
Investment in tangible assets		-427	-472	-2,037	-2,207
Sale of tangible fixed assets		528	41	556	69
Investment in financial fixed assets		-11	-1	-12	-4
Sale of long-term financial fixed assets		0	9	0	9
Cash flow from investments		90	-424	-1,497	-2,138
Financing activities					
Lending		-1,917	-1,041	-110	-11
Loans repaid		0	0	0	0
Borrowings		37	1,665	109	1,594
Amortisation on borrowing		-201	-720	-223	-213
Cash flow from financing activities		-2,081	-96	-224	1,370
Cash flow for the year		467	245	411	214
Cash and cash equivalents at beginning of year		1,742	1,497	1,814	1,600
Cash and cash equivalents at year-end		2,209	1,742	2,225	1,814

Balance sheet

BALANCE SHEET, MSEK	Note	City of Västerås		Consolidated		
		2015	2014	2015	2014	
ASSETS						
Fixed assets						
Intangible assets	12	0	1	20	22	
Land, buildings, plant and machinery	13	3,300	3,291	9,793	9,006	
Machinery and equipment	14	165	152	6,383	6,317	
Other tangible fixed assets	15	236	155	1,579	1,366	
Financial fixed assets	16	8,213	8,019	352	230	
Total fixed assets		11,914	11,618	18,127	16,941	
Current assets						
Inventories and supplies		35	50	290	315	
Current receivables	17	2,512	1,829	1,257	1,171	
Short-term investments	18	603	603	603	604	
Cash and cash equivalents	19	1,606	1,139	1,621	1,210	
Total current assets		4,757	3,621	3,771	3,300	
TOTAL ASSETS		16,671	15,239	21,898	20,241	
RESERVES, PROVISIONS AND LIABILITIES						
Reserves						
Reserves		5,508	5,482	8,340	8,060	
Changes in Group structure				6		
Financial results for the year		445	26	569	280	
Total reserves	20	5,953	5,508	8,915	8,340	
Minority shareholding						
Provisions						
Provisions for pensions liabilities	21	337	308	397	365	
Provisions for tax liabilities	22			745	692	
Other provisions	23	156	70	192	101	
Total provisions		493	378	1,334	1,158	
Liabilities						
Long-term liabilities	24	5,280	5,444	5,715	5,829	
Short-term liabilities	25	4,945	3,909	5,731	4,656	
Total liabilities		10,225	9,353	11,446	10,485	
TOTAL RESERVES, PROVISIONS AND LIABILITIES		16,671	15,239	21,898	20,241	
Pledges and liabilities in respect of outstanding guarantees	26					

Footnotes to the income and expenditure statement and balance sheet

All amounts are in MSEK, unless otherwise indicated

NOTE 1

Operating income, City of Västerås

	2015	2014
Tariffs and charges	343.5	361.2
Rent and income from leasehold property	341.5	338.6
Subsidies/grants and compensation/reimbursements	528.4	430.1
Contracts, sale of operations, etc.	414.4	395.2
Non-recurring income affecting comparability:		
Sale of site leasehold rights	466.6	47.3
AFA repayment	44.3	
Total operating income	2,138.7	1,572.4

Operating income, consolidated

	2015	2014
Tariffs and fees/charges	2,816.9	2,999.6
Rent and income from leasehold property	1,143.6	1,118.0
Subsidies/grants and compensation/reimbursements	678.0	576.4
Contracts, sale of activities, etc.	567.8	499.0
Other operating income	91.1	78.1
Non-recurring income affecting comparability		59.9
Sale of site leasehold rights	466.6	
Other income affecting comparability	45.6	
Total operating income	5,809.6	5,331.0

NOTE 2

Operating expenses, City of Västerås

	2015	2014
Subsidies and transfers	533.9	501.4
Contracts and purchases of business	2,551.8	2,364.4
Salaries and social insurance contributions	4,003.1	3,834.1
Rents, income from leasehold property, and leasing	576.5	553.4
Materials, fees, services etc.	847.0	910.1
Total operating expenses	8,512.3	8,163.4

Operating expenses, consolidated

	2015	2014
Subsidies and transfers	533.9	501.4
Contracts and purchases of business	2,551.8	2,364.5
Salaries and social insurance contributions	4,751.6	4,514.6
Rents, income from leasehold property, and leasing	595.3	572.2
Materials, operations, products and services etc.	2,612.8	2,859.4
Total operating expenses	11,045.4	10,812.1

NOTE 3

Depreciation, City of Västerås

	2015	2014
Depreciation according to plan	234.4	213.8
Items affecting comparability:		
Write-down of tangible fixed assets	9.3	5.3
Total depreciation	243.7	219.1

Depreciation, consolidated

	2015	2014
Depreciation according to plan	897.8	745.8
Items affecting comparability:		
Write-down of tangible fixed assets	43.7	25.8
Total depreciation	941.5	771.6

NOTE 4

Tax revenues, City of Västerås

	2015	2014
Municipal tax and income tax	6,070.6	5,778.0
Final settlement 2014 ²⁾	-10.9	-15.3
Forecast final settlement 2015 ¹⁾	6.1	1.0
Total tax revenue	6,065.8	5,763.7

1) SEK 43/inhabitant

2) Difference between forecast SEK 7 /resident and final accounts SEK -70/resident.

NOTE 5

Central government general subsidies and equalisation,

City of Västerås	2015	2014
Income equalisation subsidy	766.7	748.9
Settlement item	-5.5	32.9
Municipal property charge	214.1	210.6
Expense equalisation	-40.8	-37.9
Structure subsidy	14.9	14.8
Introduction subsidy	8.5	68.3
Equalisation charge LSS	-100.1	-65.2
Central government general subsidies	16.9	0.0

Total central government general subsidies and equalisation

874.7 **972.4**

NOTE 6

Financial income, City of Västerås

	2015	2014
Share dividends, municipally owned companies	56.5	52.9
Other dividends from shares and ownership interests	2.8	2.5
Interest income	111.2	177.0
Interest income on receivables	0.1	0.3
Fee for guarantees	0.0	0.0
Net gains on sale of shares, bonds, etc.	30.3	5.0
Total financial income	200.9	237.7

Financial income, consolidated

	2015	2014
Dividends from shares and other ownership interests	2.8	2.5
Interest income	12.7	42.0
Interest income on receivables	1.1	1.3
Net gains on sale of shares, bonds, etc.	30.3	5.0
Total financial income	46.9	50.8

NOTE 7

Financial expenses, City of Västerås

	2015	2014
Interest expenses	67.4	127.9
Interest on pension liabilities	5.0	2.6
Interest expenses on accounts payable to suppliers	0.2	0.4
Bank charges	0.8	0.7
Write-down of shares/pension fund management	0.0	0.0
Other financial expenses	5.7	6.1
Total financial expenses	79.1	137.7

Financial expenses, consolidated

	2015	2014
Interest expenses	151.7	137.3
Interest on pension liabilities	5.0	2.5
Interest expenses on accounts payable to suppliers	0.2	0.4
Bank charges	0.8	0.7
Other financial expenses	5.8	8.8
Total financial expenses	163.5	149.7

NOTE 8

Current tax and deferred tax, consolidated

	2015	2014
Bostads AB Mimer	27.9	20.7
Mälarenergi AB	24.0	60.0
VafabMiljö AB (43.6%)	0.0	-0.6
Mälarhamnar AB (55%)	1.5	0.3
Västerås Central AB (49%)	0.4	0.4
Västerås Stads Strategiska Fastigheter AB	3.0	0.3
VafabMiljö Kommunalförbund (43,6%)	-0.3	0.0
Västerås marknads- och näringslivsaktiebolag	0.0	-0.1
Total current tax and deferred tax	56.5	81.0
of which is current tax	61.9	36.1
of which is deferred tax	-5.4	44.9

NOTE 9

Surplus for year, City of Västerås	2015	2014
Surplus for year as per income and expenditure statement	445.0	26.0
Minus capital gains	-496.8	-38.8
Total financial result for reconciliation against requirement that budgeted revenue must exceed budgeted costs.	-51.8	-12.8

NOTE 10

Adjustments for provisions, City of Västerås	2015	2014
Provisions for pensions and similar obligations	115.0	2.4
Total	115.0	2.4

Adjustments for provisions, consolidated

2015	2014
Provisions for pensions and similar obligations	32.3
Provisions for tax liabilities	53.7
Other provisions	90.7
Total	176.7
	32.7

NOTE 11**Adjustments for other**

Items not affecting liquidity, City of Västerås	2015	2014
Total financial fixed assets	1,754.5	0.0
shares and ownership interests (impact with formation of group companies)		
Capital gains/losses - tangible fixed assets	-466.5	-36.5
Total	1,288.0	-36.5

Adjustments for other

Items not affecting liquidity, consolidated	2015	2014
Capital gains/losses - tangible fixed assets	-477.6	-52.2
Minority shareholding and other items not affecting liquidity	-91.6	41.6
Total	-569.2	-10.6

NOTE 12

Intangible assets, City of Västerås	2015	2014
Opening acquisition value	20.2	22.0
Purchases	0.0	0.0
Disposals, retired assets	-12.0	-1.8
Reclassifications	0.0	0.0
Total closing accum. acquisition value	8.2	20.2
Opening accum. depreciation	9.3	10.4
Disposals, retired assets	-1.8	-1.8
Annual depreciation	0.5	0.7
Total closing accum. depreciation	8.0	9.3
Opening write-downs	10.2	10.2
Retiring written-down assets, disposals	-10.2	0.0
Total closing accum. write-downs	0.0	10.2
Total closing remaining value according to plan	0.2	0.7

Intangible assets, consolidated

2015	2014
Opening acquisition value	157.6
Purchases	4.3
Sales, disposals, retired assets	-12.0
Reclassifications	0.0
Total closing accum. acquisition value	149.9
Opening accum. depreciation	125.9
Sales, disposals, retired assets	-1.8
Annual depreciation	5.5
Total closing accum. depreciation	129.6
Opening write-downs	10.2
Annual write-downs, disposals	-10.2
Total closing accum. write-downs	0
Total closing remaining value according to plan	20.3
	21.5

NOTE 13

Land, buildings and technical plant, City of Västerås	2015	2014
Opening acquisition value	5,474.0	5064.2
Purchases	272.0	417.0
Sales	-76.2	-4.7
Disposals		-3.0
Reclassifications	-16.7	0.5
Total closing accum. acquisition value	5,653.1	5,474.0

Opening accum. depreciation	1,918.3	1,753.5
Sales	-15.1	-2.0
Reclassifications	0.0	-2.9
Annual depreciation	176.8	169.7
Total closing accum. depreciation	2,080.0	1,918.3
Opening write-downs	264.2	260.8
Annual write-downs	9.2	3.4
Total closing accum. write-downs	273.4	264.2
Total closing remaining value according to plan	3,299.7	3,291.5

Assessed value

Land and buildings	782.4	783.2
Closing remaining value according to plan includes i.a.		
land provision	99.1	97.5
Site leasehold land	110.2	289.0

Land, buildings and technical plant, consolidated	2015	2014
Opening acquisition value	14,155.0	13,527.0
Purchases	1,241.9	558.7
Sales, disposals, retired assets	-87.9	-31.4
Reclassifications	9.7	97.2
Impacts from mergers	0.0	3.5
Total closing accum. acquisition value	15,317.0	14,155.0

Opening accum. depreciation	4,760.4	4,431.1
Sales, disposals, retired assets	-19.7	-17.3
Reclassifications	19.7	-3.3
Impacts from mergers	0.0	0.6
Annual depreciation	368.2	349.3
Total closing accum. depreciation	5,128.6	4,760.4
Opening write-downs	388.3	379.4
Sales, disposals, retired assets	-10.0	0.0
Annual write-downs	16.8	8.9
Total closing accum. write-downs	395.1	388.3
Total closing remaining value according to plan	9,793.3	9,006.3

NOTE 14		
Machinery and equipment, City of Västerås	2015	2014
Opening acquisition value	496.4	453.1
Purchases	64.5	64.2
Sales	-1.5	-1.7
Disposals	0.0	-13.5
Reclassifications	14.2	-5.7
Total closing accum. acquisition value	573.6	496.4
Opening accum. depreciation	333.7	309.9
Sales	0.0	-18.1
Disposals	0.0	-1.5
Annual depreciation	63.3	43.4
Total closing accum. depreciation	397.0	333.7
Opening write-downs	11.1	9.2
Annual write-downs	0.0	1.9
Total closing accum. write-downs	11.1	11.1
Total closing remaining value according to plan	165.5	151.6
Machinery and equipment, consolidated	2015	2014
Opening acquisition value	12,629.4	9,285.7
Purchases	174.0	136.6
Sales, disposals, retired assets	-33.7	-61.8
Reclassifications	424.0	3,263.5
Impacts from mergers		5.4
Total closing accum. acquisition value	13,193.8	12,629.4
Opening accum. depreciation	6,174.9	5,771.1
Sales and disposals	-39.2	-54.5
Reclassifications	27.5	65.6
Impacts from mergers	0.0	3.8
Annual depreciation	510.4	388.9
Total closing accum. depreciation	6,673.6	6,174.9
Opening write-downs	137.2	131.8
Annual write-downs	0.0	5.4
Total closing accum. write-downs	137.2	137.2
Total closing remaining value according to plan	6,383.0	6,317.3

NOTE 15

Other tangible fixed assets, ongoing investments/joint land development, City of Västerås	2015	2014
Opening acquisition value	156.4	170.9
Purchases	78.5	-9.2
Reclassifications	2.0	-5.3
Total closing accum. acquisition value	236.9	156.4
Opening write-downs	1.1	1.1
Annual write-downs	0.0	0.0
Total closing accum. write-downs	1.1	1.1
Total closing remaining value according to plan	235.8	155.3

Other tangible fixed assets, ongoing

investments/joint land development, consolidated	2015	2014
Opening acquisition value	1,378.2	3,186.5
Purchases	1,237.3	1,680.6
Sales, disposals, retired assets	0.0	0.0
Reclassifications	1,001.6	3,483.2
Impact of merger (vafab-svensk växstarkt)	0.0	-5.7
Total closing accum. acquisition value	1,613.9	1,378.2
Opening accum. depreciation	0.0	0.0
Annual depreciation	0.0	0.0
Total closing accum. depreciation	0.0	0.0
Opening write-downs	12.6	1.1
Annual write-downs	22.7	11.5
Total closing accum. write-downs	35.3	12.6
Total closing remaining value according to plan	1,578.6	1,365.6

NOTE 16

Financial fixed assets	Owned Share	2015	2014
<i>Shares and ownership interests, SEK thousands</i>			
Bostads AB Mimer	100%	0	90,500
Mälarenergi AB	100%	0	1,543,820
Västerås Stads Strategiska			
Fastigheter AB	100%	0	100,000
Västerås Flygplats AB	100%	0	0
Mälarhamnar AB	55%	28,500	28,500
Västerås marknads- och näringslivsaktiebolag	100%	0	51
Västerås Central AB	49%	6,435	6,435
VafabMiljö AB	43.6%	0	558
Västerås Science Park AB	12%	100	100
Mälarstrandens Utvecklings AB	12%	600	600
Total shares and other ownership interests, SEK thousands		35,635	1,770,564
<i>Bonds and other financial securities, MSEK</i>			
Mälarskog, investment capital		0.1	0.1
Total bonds and other financial securities		0.1	0.1
<i>Long-term receivables</i>			
Västerås Flygplats AB		1,734.4	0.0
Mälarenergi AB		0.0	50.0
Bostads AB Mimer		2,170.0	2,330.0
Västerås Central AB		10.0	16.0
VafabMiljö Kommunalförbund		28.0	0.0
Mälardalens Brand- och Räddningsförbund		0.4	0.7
Västerås Stads Strategiska Fastigheter AB		75.0	75.0
Group account, loans to municipal companies		4,083.9	3,713.2
Total long-term receivables		8,101.7	6,184.9
<i>Cooperative housing and original fund capital</i>			
Cooperative housing		63.3	63.3
Stiftelsen Tillberga Hyresbostäder		0.2	0.2
Västmanlands Tolkservice		0.2	0.2
Brf Fendern		10.0	
Brf Siggesborg		0.5	
Other		1.0	
Total cooperative housing and original fund capital		75.2	63.7
Total financial fixed assets		8,212.6	8,019.3

NOTE 17

Short-term receivables, City of Västerås	2015	2014
Accounts receivable – trade	90.4	123.5
Receivables from state	65.7	0.0
Loans to municipal companies	1,981.3	1,310.3
VAT receivables	65.7	91.0
Accrued interest income	3.6	11.7
Accrued tax income	6.2	1.0
Other short-term receivables	299.4	291.3
Total short-term receivables	2,512.3	1,828.8

Short-term receivables, consolidated	2015	2014
Accounts receivable – trade	338.9	429.8
Receivables from state	65.7	0.0
VAT receivables	66.4	92.2
Accrued interest income	3.6	11.7
Accrued tax income	75.9	65.8
Other short-term receivables	706.2	571.4
Total short-term receivables	1,256.7	1,170.9

NOTE 18

Short-term investments, City of Västerås	2015	2014
<i>Pension fund management and funds:</i>		
Handelsb AIX Global	20.6	20.6
DNB Sverigefond	28.3	28.3
Lannebo småbolag	53.1	53.1
Kulturfonden, shares	41.3	41.4
Asköviksfonden	2.1	2.1
Folksams Globala Aktiefond	31.3	31.3
Danske Inv Global EM	10.2	10.2
Enter Sverige Pro	46.8	46.8
AMF Räntefond Kort	112.6	112.6
Folksam Obligationsfond	84.4	84.4
AMF Pension Aktiefond Sverige	80.8	80.8
Enter Trend räntefond	79.6	79.6
Carnegie bonds	12.0	12.0
Total short-term investments	603.1	603.2

Short-term investments, consolidated	2015	2014
Pension fund management and mutual funds, city	603.1	603.2
Other liquid investments, companies	0.0	1.0
Total short-term investments	603.1	604.2

NOTE 19

Cash and cash equivalents, City of Västerås	2015	2014
Bank	1,606.1	1,138.6
Total cash and cash equivalents	1,606.1	1,138.6

Cash and cash equivalents, consolidated	2015	2014
Bank deposits	1,621.5	1,209.7
Total cash and cash equivalents	1,621.5	1,209.7

NOTE 20

Equity, City of Västerås	2015	2014
Opening reserves	5,508.2	5,482.2
Financial results for the year	445.0	26.0
Total reserves	5,953.2	5,508.2
<i>of which</i>		
Kulturfonden	90.8	88.4
Asköviksfonden	2.2	2.2
Insurance fund	50.7	48.2
Waste and recycling, accumulated financial result	20.1	25.6
Joint land development activities	256.9	251.8
Balance fund	240	193
Pension fund	435	435
Investment buffer	0	253
Social welfare resource fund	15	20
Performance compensation	0	6

Reserve, consolidated	2015	2014
Opening reserves	8,340.0	8,059.6
Changes in Group structure	5.8	
Financial results for the year	569.0	280.4
Total reserves	8,914.8	8,340.0

NOTE 21

Provisions for pensions, City of Västerås	2015	2014
Opening provisions	307.9	305.5
Pension payouts	-11.0	-22.1
Newly-accrued pensions	20.4	13.7
Interest and base amount calculation	4.5	2.1
Income tax	0.7	0.5
Other	14.1	8.2
Total provisions for pensions	336.6	307.9
Update rate	94.3%	94.3%

Itemisation – provisions for pensions, City of Västerås	2015	2014
Special retirement pensions and fixed-term pensions	1.0	2.2
Defined retirement pension	220.7	82.5
Retirement pension	0.0	152.0
PA-KL pension	42.9	
Pension fee	0.0	0.3
Survivor pensions	6.3	10.8
Total pensions	270.9	247.8
Income tax	65.7	60.1
Total provisions for pensions	336.3	307.9

<i>Number of appointments without employment tenure</i>	
Elected officials	2
Civil servants	0

Provisions for pensions, consolidated	2015	2014
Opening provisions	364.9	361.1
Pension payouts	-11.0	-22.1
Newly-accrued pensions	20.4	13.7
Interest and base amount calculation	4.5	2.1
Income tax	0.7	0.5
Other	14.1	8.2
Changes for year, companies	3.6	1.4
Total provisions for pensions	397.2	364.9

NOTE 22

Provisions for taxes, consolidated	2015	2014
Allocation to untaxed reserves	16.9	37.8
Allocation for other taxes	728.4	653.9
Total provisions	745.3	691.7

NOTE 23

Other provisions, City of Västerås	2015	2014
Co-financing of Mälarfärslad	70.0	70.0
Miljöskuld Deponier	1.1	0.0
Miljöskuld Hamnen	83.5	0.0
Miljöskuld Lögarängen	1.8	0.0
Total other provisions	156.4	70.0

Payment for the co-financing of Mälarfärslad is expected to be received during the 2017-2018 period. An environmental assessment is currently being carried out and may result in a payment delay.

Provisions for environmental liabilities have been transferred from short-term liabilities.

Other provisions, consolidated	2015	2014
After-treatment of waste systems	34.4	30.2
Co-financing of Mälarfärslad	70.0	70.0
Miljöskuld Hamnen	86.4	0.0
Other provisions	1.3	1.2
Total other provisions	192.1	101.4

NOTE 24

Long-term liabilities, City of Västerås	2015	2014
Foreign banks	300.0	350.0
NB loan	0.0	200.0
MTN bond loan	3,775.0	3,275.0
Certificate loans European market	853.5	1,270.0
Other long-term liabilities	308.0	308.8
Group account, loans from municipal companies	43.5	40.1
Total long-term liabilities *	5,280.0	5,443.9

* of which comprise borrowings for lending to the City's companies	4,928.5	5,095.0
Total long-term liabilities due within 5 years	4,758.4	3,933.0

Bank lines of credit

Swedbank (not utilised)	400.0	400.0
Nordea (not utilised)	50.0	50.0

Credit commitments

SEB (not utilised)	500.0	500.0
Danske Bank (not utilised)	500.0	500.0
Handelsbanken (not utilised)	500.0	500.0
Nordea (not utilised)	500.0	0.0

European Investment Bank (EIB)

Borrowing facility, utilised portion of SEK 1,800 million	1,500.0	1,500.0
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Long-term liabilities, consolidated	2015	2014
Swedish banks and other financial institutions	0.0	200.0
Foreign banks	300.0	350.0
MTN bond loan	3,775.0	3,275.0
Certificate loans European market	853.5	1,270.0
Other long-term liabilities	786.4	734.1
Total long-term liabilities	5,714.9	5,829.1

NOTE 25

Short-term liabilities, City of Västerås	2015	2014
Certificate loans and bank loans, Swedish market	2,542.8	1,649.7
Certificate loans European market	319.8	195.3
MTN bond loan	725.0	600.0
Accounts payable – trade debt	390.7	436.4
Employees' tax at source, contributions etc.	55.3	56.5
Accrued pension, individual part	130.7	119.3
Accrued social insurance contributions	69.8	81.9
Accrued income tax, individual part	96.2	61.5
Accrued interest expense	23.1	31.6
Vacation pay liability	237.3	245.7
Other short-term liabilities	353.9	431.2
Total short-term liabilities	4,944.6	3,909.1

Current liabilities, consolidated

<i>Current liabilities, consolidated</i>	2015	2014
Certificate loans and bank loans, Swedish market	2,542.8	1,649.7
Certificate loans European market	319.8	195.3
MTN bond loan	725.0	600.0
Accounts payable	703.6	723.3
Employee's tax at source, employer contributions	55.8	56.9
Current tax liabilities	12.7	32.1
Accrued pension liabilities, individual part	133.1	123.6
Accrued social insurance contributions	72.4	85.6
Accrued income tax, individual part	96.4	62.1
Accrued interest expense	31.3	57.1
Vacation pay liability	248.5	275.2
Other short-term liabilities	789.5	795.0
Total short-term liabilities	5,730.9	4,655.9

NOTE 26**Pledged assets and contingent liabilities,**

City of Västerås	2015	2014
Guarantee liability		
<i>Multi-family and single-family homes</i>		
Liability to the state for losses	4.1	4.9
Total	4.1	4.9
<i>Mortgage loan without mortgage security</i>		
Bostadsstiftelsen Aroseken	175.1	177.7
Bostjärnans Förfältnings AB	1.4	1.4
Total	176.5	179.1
<i>Mortgage loan for housing for the elderly with mortgage security</i>		
Fastighets AB Brage (Flodinsgården)	20.0	20.0
Bostadsstiftelsen Aroseken	11.6	11.7
Total	31.6	31.7
<i>Loans and bank lines of credit without mortgage security</i>		
Municipal companies	33.8	24.9
Sports associations	0.7	0.8
Other associations/organisations	0.0	1.1
Total	34.5	26.8
Total guarantee liabilities	246.7	242.5
<i>Contingent liabilities for accrued pension benefits</i>		
Opening balance	2,806.4	2,914.0
Interest and basic amount calculation	41.5	13.9
Payment	-118.2	-106.6
Other	14.9	6.1
Income tax	-15.0	-21.0
Total contingent liabilities	2,729.6	2,806.4
<i>Special pension obligations</i>		
Special pension obligations and similar including income tax		
Elected officials, 2 persons	8.0	8.5
Total specific pension commitments	8.0	8.5
The city's pension commitments, including income tax for civil servants currently employed has been calculated based on the assumption that there is no earned income that can be coordinated.		
The pension obligations for elected officials refer to that which may arise for the present municipal commissioners.		
<i>Environmental commitments</i>		
The city has environmental commitments within the municipal boundary.		
The costs cannot be calculated in a reliable way.		
<i>Kopunkten</i>		
The city undertakes to provide an annual indexed operating subsidy of SEK 15 million for 25 years.		
Pledges and contingent liabilities, consolidated	2015	2014
Other assets pledged		
Mälarenergi AB	0.6	0.6
Total assets pledged	0.6	0.6
Guarantee commitments		
The City of Västerås	212.9	217.6
Mälarenergi AB	6.0	6.0
Other contingent liabilities		
City of Västerås, pensions	2,729.6	2,806.4
Bostads AB Mimer	1.1	0.9
Total contingent liabilities	2,949.6	3,030.9
<i>Special pension obligations</i>		
The City of Västerås, elected officials	8.0	8.5
Total specific pension commitments	8.0	8.5

OTHER ADDITIONAL INFORMATION**Expenses for operational leasing**

	MSEK
<i>Leasing agreements outside the group, City of Västerås</i>	
Due for payment within one year	265
Due for payment after one year but within five years	1,211
Due for payment later than five years	1,179

Leasing agreements outside the group, consolidated

	269
Due for payment within one year	269
Due for payment after one year but within five years	1,223
Due for payment later than five years	1,178

The city has not entered into any financial leasing contracts

Data concerning gender distribution within corporate management 2015 in the Group's limited liability companies, according to Chapter 5, §18b of the Swedish Annual Accounts Act

	Number Women	Number Men
Full board members	16	31
Managing Director and other members of the company's senior management	11	23

Annual fees paid to senior management of City of Västerås, SEK 2015 2014

Chairperson of City Executive Committee	9,006	780,810
Other municipal and opposition councillors depending on post	279,224 - 698,060	216,790 - 684,000

Other members of City Executive Committee	21,600	21,600
City Chief Executive's annual salary	1,682,100	1,635,600

Annual fees to City of Västerås management excluding employer contributions

Specific information about the group companies, MSEK

	Distribution of dividends		Shareholder contributions against	
	Provi- ded	recie- ved	Provi- ded	recie- ved
City of Västerås		56.5		33.8
Mälarenergi AB	53.7			
Bostads AB Mimer	2.4			
Mälardelar AB (55%)	0.4			
VafabMiljö			Kommunalförbund (43.6%)	
				33.8

	Sales Buyer	Loan Seller	Provider Recipient
City of Västerås	347.9	56.9	9,836.5
Bostads AB Mimer	139.1	37.7	4,095.0
Mälarenergi AB	14.8	245.9	3,446.8
Västerås Stads Strategiska Fastigheter AB	10.7	29.8	329.1
Västerås Flygplats AB	0.1	15.2	1,748.0
Västerås marknads- och näringslivsaktiebolag	1.4	16.9	0.0
Mälardelar AB (55%)	5.3	0.0	39.1
Västerås Central AB (49%)	0.0	0.0	7.8
Västmanlands musiken (90%) (music)	0.0	24.1	0.0
Västmanlands Teater (49%) (theatre)	0.1	5.6	0.0
Mälardalens Brand- och Räddningsförbund	0.8	63.0	0.6
Fire and rescue services (80.8%)			
VafabMiljö Kommunalförbund (43.6%)	4.7	29.8	170.1



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