



CITY OF VÄSTERÅS
EXTRACT FROM THE ANNUAL REPORT 2017



VÄSTERÅS STAD

The success story continues

In Västerås, it's a lot about drive. Here, we are always on the way into the future at full speed. This was especially clear during in 2017, our jubilee year.



We can proudly say that our history is a fortunate string of purposeful, courageous and strong initiatives that shows that our ability to act has led us to where we are today.

Some of these initiatives saw their jubilee during the year, which we celebrated together with the business community and residents of Västerås. It was here that the reformation in Sweden began 500 years ago. It was also in Västerås that H&M opened its first store 70 years ago and that ICA was founded almost 100 years ago. We usually say that it was here that the future began. This is the foundation of a great deal of the pride we feel for our city.

ATTRACTIVE PLACE TO DO BUSINESS

We are continuing our work in the same historical spirit and can note that 2017 was a fantastic year for business establishments. Yet again, we saw that the culture and energy that reside in our city are also valued by others.

Amazon Web Services chose to establish operations in Västerås during the year. As did Northvolt by placing its research facility for batteries here. It feels completely natural that they chose to place the development of the energy solutions of the future in the energy capital of Sweden.

STRONG PROGRESS

Västerås is developing and Västerås is developing and growing rapidly. The challenge of managing the expansion is partly met by our drive, as well as a well-functioning organisation. Our employees are professional and committed in their work, which leads to a high level of efficiency and quality. In 2017, we were nominated as the Quality Municipality of the Year for working systematically with improvements and having well-developed quality assurance work. These efforts provide results in the form of better service to our residents, among other things. This also means that we are leaving 2017 with stable finances as in earlier years. A strong financial result that among other things is due to higher tax revenues linked to a well-functioning labour market.

We are continuing to work systematically in 2018 by implementing the IT support needed to fully realise the benefit of our recently introduced control system. An effort we are looking forward to.

MULTIPLE AWARDS

We are not only among the best in the area of quality. 2017 was a successful year for many other awards. The e-Health Municipality of the Year, the Golden Stairway for digitalisation in preschools and the Employer Branding Municipality of the Year are just a few examples. These awards show an extensive measure of innovative skill and are often the result of good cooperation.

Collaboration is something of a trademark for Västerås, in the past and in the present. We believe that many of the future's possibilities and the solutions to its challenges also rest in dialogue and collaboration. Our core values, which are about always creating the best possible meeting, permeate our operations today and serve as a good starting point for all of our managers and employees. It is in our meetings with partners, residents and representatives of civil society that we can make a difference and continue to build the sustainable Västerås.

Anders Teljebäck, S
Chairperson of the City Executive
Committee

Bo Dahllöf
City Chief Executive

Investments

The investments for the year amounted to SEK 546.2 million, which is a marked increase compared with the investment expenditure in 2016, which amounted to SEK 320.4 million. There is a major increase in ambitions for 2017-2021, but the investments made in 2017 were nonetheless lower than planned. Of the investments budgeted for 2017, around 50 per cent were made. Virtually all approved investment projects will be carried out, but several are delayed. The explanations of the postponed timetables are mainly delayed detailed development plans, appealed plans and a new direction from affected operations.

In addition to the planned investments, there are investments in joint land development activities, property purchases and investments for external tenants totalling SEK 45 million.

INVESTMENT PROJECTS 2017

The largest investment for the year was the swim center, Lögarängsbadet. Construction began in early 2017 and the swimming facility is scheduled for completion in spring 2019. During the year, the land where the swimming facility will be located was cleaned up and the concrete was poured for the semi-basement. The budget is SEK 420 million in total, of which nearly SEK 100 million was invested last year.

Renovation of Gryta nursing home is under way and will be completely finished in spring 2018. The home will contain both short-term housing and permanent housing for those with dementia. The home is designed according to the Västerås model.

In 2017, it was decided to build a new school in Irsta. The new school will house a preschool and compulsory school for years 1-9. In 2017, the rebuilding of Önsta sports hall, which burned down, began. The sports hall is expected to be complete in autumn 2018. The first three concept preschools entered production in 2017. First out was Önsta preschool, Blåsbo preschool and Vallby preschool.

At Bjurhovda, construction is under way of a new youth recreation centre. It will be completed in spring 2018. During the year,

investments were made in a new splashing pond with a treatment system close to the recreation centre. The splashing pond was done in time for the beginning of the year's swimming season.

During the year, the new visitors' centre at Anundshög was completed. Among other things, the building will provide a possibility for exhibitions, seminars and the showing of information films.

Pavement and bridge maintenance comprised SEK 50.7 million in total. Around 5.2 per cent of the road network received new paving. Five major bridge maintenance projects were implemented and a subsection of Stora gatan was rebuilt to reduce the incline of the walkways.

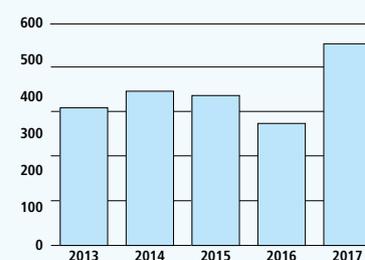
During the year, around 800 light fittings were replaced with LED fittings on major roads, walkways and bicycle paths. The light fittings along the roads are individually controllable. The estimated savings is around 240 MWh per year.

A major effort was made to illuminate walkways and bicycle paths that lacked lighting. Around 12 km unlighted walkways and bicycle paths were given lighting.

MAJOR INVESTMENTS, SEK MILLION

	2017	Total
Lögarängsbadet	98.6	106.7
Gryta dementia housing	76.6	80.2
Paving maintenance	40.2	Annual
Önsta preschool	27.1	29.3
Önsta sports hall	20.9	21.9
The port	19.7	19.7
Blåsbo school and preschool	13.7	13.9
Bridge maintenance and other road maintenance	10.5	Annual
Irstaskolan renovation	7.7	9.3
Bjurhovda youth recreation centre	7.7	9.3
Anundshög visiting centre	5.9	8.6
Bjurhovdabadet	5.7	5.9

INVESTMENTS 2013-2017, SEK MILLION, EXCL. JOINT LAND DEVELOPMENT ACTIVITIES



THE COMMITTEES' INVESTMENTS, SEK MILLION

	Income	Expenditure	Net 2017	Budgeted 2017	Net 2016
Property Management Committee	0.6	365.6	375.1	842.4	176.5
Technical Services Committee	4.5	87.3	82.9	93.7	63.8
Other boards and committees	0.0	67.3	67.25	98.6	98.6
Strategic investments	0.0	20.9	20.9	53.2	22.3
TOTAL excl. property purchases and joint land dev.	5.1	541.1	546.2	1087.9	361.2
Property Management Committee, property purchases	0.0	13.3	3.2	0.0	9.1
Property Management Committee, inv. in external rent	0.0	0.4	0.4	0.0	1.0
Property Management Committee, land development incl. overhead costs	0.0	42.0	42.0	0.0	65.6
TOTAL, incl. joint land dev. and property purchases	5.1	596.8	591.7	1087.9	396.1
Property sales, leasehold rights	-179.7	0.0	-153.4	0.0	-179.7
Property sales, other	-4.7	0.0	16.3	0.0	-4.7

Joint land development

The primary tasks of joint land development activities are to manage, improve and develop the land owned by the city. There has been a significant rise in demand for plots. Almost 1,120 apartments were built during the year, which is the highest figure since 1990. During the year, investments were made in joint land development activities totalling SEK 42 million. Purchase of land at Öster Mälärstrand DP3 for more than SEK 20 million was the largest investment.

The internal bank

BORROWINGS

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

Loan programmes and contracted	Borrowing MSEK	Utilised facilities 31/12/2017 MSEK
Swedish certificate program	4,000	2 103
European certificate program	5,454	888
Swedish bond programme	8,000	6,065
European Investment Bank	1,800	300
Credit facilities	2,000	0
Lines of credit	550	0
Total	21,804	9,356

The city's total portfolio of loans, including bank loans, amounted to SEK 9,356.2 million (9,095.2 million) at year-end.

INTEREST RATE RISK

Percentage according to financial guidelines concerning current account borrowings

	Min	Max	31/12/2017
< 1 year	20%	60%	38%
1-4 years	20%	50%	34%
4-6 years	10%	40%	16%
> 6 years	0%	30%	12%

The average remaining fixed-rate term at the end of the accounting period was 2.31 years and the average interest rate was 1.03 per cent, including the city's and Bostads AB Mimer's interest rate derivatives. Excluding all derivatives, the corresponding figures are 0.46 years and 0.23 per cent.

FINANCING RISK

Percentage according to financial guidelines concerning current account borrowings

	Min	Max	31/12/2017
< 1 year	25%	65%	38%
1-4 years	20%	60%	40%
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 per cent of the principal amount (less current financial assets) to be covered by unused lines of credit. At year-end, 165 per cent 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 mission. Operations are managed on the basis of governing documents established by the City Council Assembly and the City Executive Committee, and are characterised by a low level of risk. A finance policy was last established by the City Council Assembly in June 2015 and the finance guidelines were set by the City Executive Committee in May 2015.

INTEREST DEDUCTIONS

New legislation limiting tax deductions for interest expenses 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 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 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 9,052.5 million (8,255).

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

FOREIGN EXCHANGE RISK

Borrowing takes place in foreign currencies when the terms are more favourable compared to loans in Swedish kronor. At year-end, borrowing amounted to a nominal value of USD 110 million, equivalent to approximately SEK 888.2 million. The market value of foreign exchange derivatives amounted to

THE INTERNAL BANK'S RECEIVABLES AND LIABILITIES AT 31/12/2017 (SEK MILLION)

Receivables (excluding subordinated)		Liabilities	
Bostads AB Mimer	5,060	Swedish certificate program	2,103
Mälarenergi AB	–	European certificate program	888
Other companies and local federations	10	Swedish bond program	6,065
Investments	–	Swedish banks and other financial institutions	–
Group account, receivables from bank	72	Foreign banks and other financial institutions	300
Group account, receivables from companies	3,987	Group account, liabilities to bank	–
Other bank accounts and tax account	1,800	Group account, liabilities to companies	38
TOTAL	10,930	TOTAL	9,394
		City's interest-bearing net assets	1,536
		TOTAL	10,930

SEK +14.6 million on the closing date. 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 interest rate fluctuations that may affect future borrowing costs. This is managed by spreading fixed interest over different terms, either directly through loans or by means of interest rate derivatives.

At year-end, the internal bank's interest rate swap agreements equated to SEK 2,650 million (2,950 million). Total interest expenses amounted to SEK 92.9 million (excluding interest rate derivatives: SEK 26.6 million). The market value of interest rate derivatives amounted to SEK -141.8 million on the closing date. 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 9,192.6 million (8,843.9) at the end of the accounting period.

The loan liabilities (including utilised overdraft facilities) were distributed as follows:

Bostads AB Mimer	SEK 5,131.4 million
Mälarenergi AB	SEK 3,592.4 million
Västerås Stads Strategiska	
Fastigheter AB	SEK 209.5 million
Other companies and	
local federations	SEK 259.3 million

At year-end, the city had interest-bearing net assets of SEK 1,536.1 million (1,297.3). Events that had a positive effect on net assets include the sale of site leaseholds (SEK 50 million), grants from the Swedish Migration Agency (SEK 385 million, of which SEK 245 million was paid as expenses), and a construction bonus (SEK 38 million).

HIGHEST POSSIBLE CREDIT RATING

In September 2017, the rating agency Standard & Poor's confirmed the city's credit rating, which is the highest possible rating, AAA. This was based on the continued 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 down by SEK 9.6 million compared with the previous year and as of 31 December amounted to SEK 230 million. It is mainly the guarantee for VafabMiljö Kommunalförbund that decreased as the City of Västerås no longer guarantees VafabMiljö's pension liability.

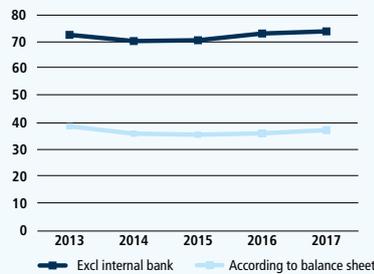
GREEN BONDS

The allocation of funds from the Green Bond that the City of Västerås issued in November 2016 has been systematically checked and documented as a part of the annual internal control plan.

Prudent financial management

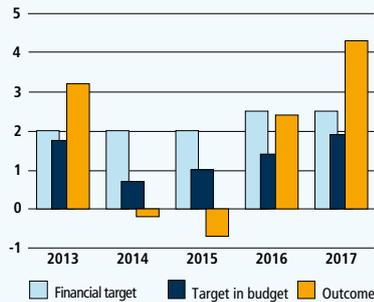
RECONCILING FINANCIAL TARGETS

EQUITY RATIO AS A PERCENTAGE



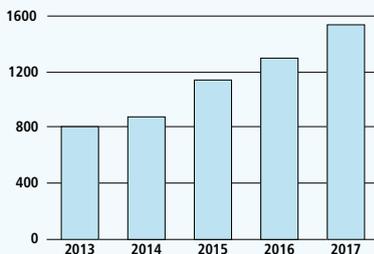
The equity ratio increased to 74.0 per cent. The target of the equity ratio being a minimum of 70 per cent was thereby achieved. Equity has been strengthened by a strong operating result, the sale of site leasehold rights and a relatively limited level of investment.

SURPLUS AS A PERCENTAGE OF TAX REVENUE



The financial result for the year according to the central government's requirement to budget for a surplus (financial result excluding capital gains) is SEK 332 million, which corresponds to 4.3 per cent of tax revenue. The financial result exceeds the long-term financial surplus target of the City of Västerås of 2.5 per cent.

CITY OF VÄSTERÅS' LIQUID NET ASSETS, SEK MILLION



The City of Västerås currently has no outstanding loans for activities financed using municipal tax funds. Instead, the city has net financial assets (liquidity) totalling SEK 1.5 billion. The target of the city's borrowing on its own behalf not exceeding SEK 1 billion was therefore achieved by a good margin. Given the city's large-scale investment needs, however, loans will be required in the longer term.

In the Local Government Act, various requirements are formulated that are intended to ensure prudent financial management. There, it is stated, among other things, that the City Council Assembly must decide on financial targets that are of significance to prudent financial management and that the municipality must also set goals and guidelines for the operations (operational objectives).

The control system described on page 10 is the framework for control and it must contribute to the visions and targets being achieved, while also ensuring prudent financial management. The overall objective is to achieve the best possible benefit for the residents of the municipality using the resources available.

The municipality-wide objectives for the operations of the City of Västerås are contained in the strategic development areas and in the general objectives in the scorecard.

STRATEGIES FOR LONG-TERM FINANCIAL PLANNING

The consumption of public resources is largely linked to the number of children and students in schools and the number of elderly people. The municipalities are now on the way into a period when the volumes are increasing in all age groups in which the municipalities allocate the majority of their efforts.

A growing city also needs to expand the infrastructure in several sectors. The investment needs in the next few years are at a significantly higher level than the levels we experienced in recent years. The financing of upcoming needs will be a tough challenge that will place greater demands on the municipalities' budget planning. The Swedish Local Government Act states that financial planning must be characterised by a long-term approach, which among other things means that each generation must bear the costs of the services they approve and consume themselves.

Pursuant to the requirement of the Swedish Local Government Act for revenue to exceed expenses, the municipality's budgeted income must exceed its

budgeted expenses. In the event of a deficit, the municipality must take action to rectify this within three years. In the City of Västerås, there is a so-called balance fund, which means that the city "earmarked" a part of equity as a buffer to temporary losses. The balance fund totalled SEK 193 million at 31 December 2017.

The City of Västerås has also established an investment buffer and a social welfare resource fund. These "earmarked" funds are designed to enable long-term financial planning and to allow the city to deviate from the surplus target in individual years. The municipality can choose to use temporary increases in income either for one-off investments or to strengthen equity and thereby facilitate financing of upcoming investments.

FINANCIAL TARGETS

To achieve the city's long-term commitments, the operations must continuously work on quality development and efficiency enhancements. New ambitions must be weighed against keeping the extent of quality in existing operations and the city's long-term commitments.

- 1. The city's equity ratio must be a minimum of 70 per cent.**
The city has a comparatively high equity ratio, which means that the share of equity is high in relation to the city's total assets. The calculation excludes the city's borrowing for its companies.
- 2. The city's surplus target in the operating budget over time, excluding capital gains, must be at least 2.5 per cent of income from taxes, the equalisation system and general government grants, as well as property charges.**
This means that the surplus must be at a level that does not deplete the municipality's equity or generate too low a degree of self-financing of investments.
- 3. The city's borrowing for its own behalf must not exceed SEK 1 billion.**
The city will probably need to finance some of its future investments through borrowing. The financing is thereby distributed over a longer period of time.

Economic and financial analysis

FINANCIAL RESULTS FOR THE YEAR

The financial result for the year for the City of Västerås, excluding capital gains and government grants for increased housing construction, was SEK 332 million. This is equivalent to 4.3 per cent of the City of Västerås' tax revenue and general government grants, which can be compared with the financial target of 2.5 per cent. Including capital gains and government grants for increased housing construction, the City of Västerås reports a result of SEK 518 million.

ANALYSIS OF THE FINANCIAL RESULTS

Tax revenues and general government grants totalled SEK 7,778 million, which is SEK 62 million better than budget. The positive budget deviation is partly due to a higher number of residents, but also to the general government grant to stimulate more housing construction, the building bonus, being higher than budgeted.

Net operating expenses are SEK 324 million lower than budgeted. A contributing cause is the Property Management Committee's capital gains for sales of leasehold rights and properties of SEK 164 million and profits in joint land development activities that comprise SEK 144 million. In addition to this, there was SEK 3 million in capital gains for financial assets, SEK 3 million in utilisation of the social resource fund and SEK 22 million in surplus from government grants for building bonus. Not counting these items, the surplus amounts to SEK 332 million. This result is the one reconciled against the city's requirement that revenue exceeds expenses and the City of Västerås achieved this for 2017.

TAX REVENUES IN LINE WITH BUDGET

The Swedish economy ended 2017 strongly, in line with the economic forecasts previously presented. This also meant that the anticipated strong growth in the municipal tax base was realised. The tax base increased by 5.0 per cent

during the year, which significantly exceeds the average annual increase. The revenue of the City of Västerås in 2017 from tax revenue, municipal equalisation and general government grants was SEK 7,740 million, which is a SEK 24 million improvement over budget. This figure is not included in the general government grants to stimulate housing construction.

CAPITAL GAINS FROM PROPERTY SALES

Property sales generated capital gains of SEK 164.6 million of which site leasehold rights accounted for SEK 149.1 million. The site leasehold rights have a low book value. The sales for the year therefore created capital gains totalling SEK 164.6 million, mainly caused by the purchase of site leaseholder rights for large multi-unit dwellings. In total there were nearly 2,900 site leasehold right holders at the end of the year.

RESULTS FROM JOINT LAND DEVELOPMENT ACTIVITIES

Results for the joint land development activities ended up at SEK 143.9 million. There has been a marked increase in demand for plots within joint land development activities, with significantly more contracts signed than were budgeted. The single largest project that entailed a larger result in 2017 was detailed development plan 3 within Österr Mälarstrand, where all agreements are signed. In Gäddeholm's residential area Malmen, there was larger demand for plots than expected. Other major land sales were the Kvastbruket property where Amazon Web Services will build and plots in northern Erikslund, an area for business operations. In the area of northern Tunbytorp, more plots than expected were sold.

The surplus in the joint land development activities will finance upcoming depreciation, etc. connected to investments in joint land development activities. The results may not be used for other operations in the city from a financial management perspective.

NET FINANCIAL INCOME

Net financial income totalled SEK 38.8 million, which is SEK 13.9 million lower than budget. The largest deviation in net financial income is a budgeted dividend of SEK 18 million from Västerås Stadshus AB that has not been realised. Interest expenses are higher than budget since the City of Västerås has interest expenses to keep cash and cash equivalents and for loans longer than one year. Other financial expenses are SEK 2.3 million over budget, including due to commission compensation for new longer bond loans. Net financial items also include an unbudgeted capital gain of SEK 1.3 million for the sale of tenant-owner apartments and higher financial expenses than budgeted for the committees.

PROPOSED APPROPRIATION OF SURPLUS/DEFICIT

The City of Västerås has adopted principles on how its financial results are to be handled. In order for a portion of the financial result for the year to be subject to appropriations, the results must exceed the budgeted results for the year according to the review of the requirement that revenue exceeds expenses, excluding the surplus in joint land development activities. If the results exceed the budgeted results according to the review of the requirement that revenue exceeds expenses, an overall assessment is made of whether the economic conditions are right for appropriations. If the economic conditions are considered to be stable, the City Council Assembly can decide that a portion of the results be allocated to one or more of the parts of equity that are divided into the Social Welfare Resource Fund, the Balance Fund, the Investment Buffer or the Pension Fund.

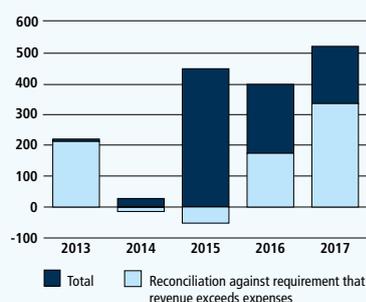
This year's room for appropriations is SEK 42 million, a figure that is arrived by deducting surplus from joint land development gains and the budgeted result from the requirement that revenue exceeds expenses. That requirement excluding the result of the joint land development activities is SEK 332 million.

REVIEW OF THE REQUIREMENT THAT REVENUE EXCEEDS EXPENSES, SEK MILLION

Surplus for year as per income statement	518
Adjustment of capital gains	-167
Adjustment of housing construction stimulus	-22
Utilisation of social welfare resource fund	3
Result according to the government requirement that revenue exceeds expenses	332

Items affecting comparability included in the requirement that revenue exceeds expenses	Items
Provisions for environmental liabilities	-10
Joint land development activities	144

SURPLUS FOR THE YEAR, SEK MILLION



The financial result for the year for the City of Västerås was SEK 518 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 332 million.

In terms of appropriations, it is proposed that SEK 42 million be added to the Balance Fund. The fund thereby amounts to SEK 235 million.

According to the general principles for the allocation of surplus/deficits, a reconciliation must also be made between the year's implemented investments and the scope for investment created during the year. The year's investment outcome was significantly higher than previous years even if it was lower than budgeted. The reconciliation thereby shows that the investment buffer can be increased by SEK 11 million. The reconciliation of the investment scope includes the surplus for the year, depreciation/amortisation, property sales and other appropriations. The year's implemented investments amount to SEK 546 million. This means that SEK 11 million of the scope for investment for the year was not utilised. These funds are added to the investment buffer, which as a result totals SEK 476 million

BUDGET OUTLOOK PRIOR TO 2017

In the 2016 annual accounts, the majority of all committees reported a strong surplus. The only committees that had large deficits were the Elderly Committee at SEK 62.5 million, the Education and Labour Market Committee at SEK 12.7 million and the Disabilities Committee at SEK 5.3 million. The reason for the Elderly Committee's large deficit was mainly higher costs for home-help services in ordinary housing. Through an action programme approved by the committee, both home-help service hours in 2016 compared with 2015 and net expenses compared with 2015 decreased by SEK 22.2 million. Without these measures, the deficit would have been even more extensive.

The deficit in the Education and Labour Market Committee was mainly due to more students in the adult education centre and higher costs for municipal adult and higher vocational education at the municipal principal. The higher cost for the Disabilities Committee was mainly due to more people with personal

assistance and higher costs for placements of children and adolescents. The other committees have a balanced budget and report positive budget variance for 2017.

To balance finances, a general savings requirement was set corresponding to 0.5 per cent of the budget limits. Due to the committee's strained budget situation, the Elderly Committee was exempt from the savings requirement. Now that the outcome for 2017 has been finalised, it can be confirmed that in most cases the measures had the desired results in the form of reduced costs. The vast majority of committees have a balanced budget and report positive budget variance for 2017.

OPERATIONAL BUDGET VARIANCE

Net operating expenses are SEK 324 million lower than budgeted. This is the result of capital gains for the Property Management Committee on the sale of site leasehold rights of SEK 164.6 million and gains from joint land development activities of SEK 144 million.

The activities that had the largest deficit were the Individuals and Family Affairs Committee at SEK 31.5 million. The reason was mainly a higher volume of placements in adult care and vacancies in the authority offices that were replaced by consultants. The government subsidy-financed part of the refugee reception had lower net expenses of SEK 11 million in total.

The Disabilities Committee had a deficit of SEK 8.3 million, mainly due to higher costs for personal assistance.

In total, the Elderly Committee had a budget deviation by SEK 1.2 million, which is a marked improvement over 2016 when the deficit was SEK 62.5 million. During the year, the Elderly Committee introduced new regulations for the home-help services, which reduced the costs for home-help services that were a total of SEK 3 million below budget. There was a high utilization rate in the special housing, which means a cost decrease, although costs for home care increased sharply.

The Board of Community Care had a budgeted surplus of SEK 4 million, but at

year-end had a surplus of SEK 9.1 million. Higher costs for home-help services, housing support and alarms were balanced by improved results for the service blocks and home care. There was a higher volume of daily operations for LSS and a surplus for homes for care and housing (HVB homes).

The Building Committee reported a surplus of SEK 9 million, mainly due to higher revenues for building permits and lower personnel expenses in the land survey section.

The Technical Services Committee had a surplus of SEK 7.9 million, mainly because departure frequency in public transport was not improved, lower costs for snow clearance after procurement and higher revenues for parking operations.

The Culture Committee had a positive budget deviation of SEK 5.9 million, mainly due to lower capital service costs for Västmanlandsmusiken.

The education committees report a budget variance of around SEK 14 million. The Pre-school Committee reports a surplus of SEK 3 million due to fewer children than budgeted. The Compulsory School Committee's deficit of SEK 7.5 million is mainly due to 70 more students, at the same time that there were higher costs for the municipal schools in years 6-9 and in the special schools. The Education and Labour Market Committee's deficit of SEK 9.5 million is due to fewer students in municipal upper-secondary schools, adult education and higher vocational education. Fewer students in upper-secondary school resulted in a slightly lower cost.

In the annual accounts, SEK 12 million was reserved for environmental liabilities in the port, mainly for the clean-up of Oljehamnen. In total, provisions amounted

to around SEK 70 million for known environmental liabilities in Oljehamnen, the surface water in Oljehamnen, the surface water in Kapellbäcken, etc.

An earlier provision for environmental liabilities at Lögarängen was reversed in the annual accounts. Net provisions for environmental liabilities in the 2017 annual accounts were SEK 10 million.

Other changes that entailed lower costs were SEK 20 million lower pension expenses, around SEK 22 million surplus for the construction bonus and a decrease of the holiday pay liability by SEK 4 million.

FINANCIAL PROFILE OF THE CITY OF VÄSTERÅS

In the spider diagram to the right, the financial profile of Västerås is presented in comparison to six 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 municipalities that fall in the middle are given a score of 3. The comparison group consists of Västerås, Örebro, Linköping, Gävle, Eskilstuna, Södertälje and Jönköping.

The profile indicates stability and Västerås receives a 3 or higher for all measurements. The area in which the City of Västerås is rated better is financial result before extraordinary items, where the City of Västerås reported a stronger result than the municipalities in the comparison. The comparison of the tax financing of investments may to some extent be slightly difficult to compare, as the operational premises of some of the municipalities in the group are based in company forms and the investments in operational premises are thereby financed by these companies.

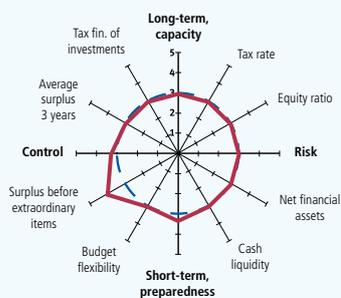
EARMARKED RESERVES, SEK MILLION

	Opening Balance	Years adj.	Closing Balance
Balance fund	193	42	235
Pension fund	435		435
Investment buffer	465	11	476
Social welfare resource fund	19	-3	16
Construction bonus	41	22	63

RECONCILIATION OF INVESTMENT BUFFER 2017, SEK MILLION

Surplus/deficit as per requirement that revenue exceeds expenses	332
Minus financial results for joint land development	-144
Depreciation	241
Property sales	170
Appropriations	-42
Scope for investment	557
Investments 2017	-546
Added to investment buffer	11
Opening investment buffer	465
Closing investment buffer	476

FINANCIAL PROFILE, CITY OF VÄSTERÅS 2017



For comments, see text at left.

Key financial indicators

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

Financial results for the year	2013	2014	2015	2016	2017
Surplus/deficit for the year, SEK million	219	26	445	395	518
Surplus/deficit for the year as per the requirement that revenue exceeds expenses, SEK million	211	-13	-52	173	332
Surplus/deficit for the year excluding items affecting comparability in relation to tax revenue, %	2.6	-0.1	-0.6	2.1	2.5
Surplus/deficit for the year in relation to tax revenue, %	3.3	0.4	6.4	5.3	6.7
Surplus/deficit as per requirement that revenue exceeds expenses in relation to tax revenue, %	3.2	-0.2	-0.7	2.4	4.3

The City of Västerås' long-term result target is for the surplus/deficit according to the requirement that revenue exceeds expenses, i.e. surplus/deficit excluding capital gains, shall be at least 2.5 per cent in relation to the tax revenues, equalisation and general government grants. The surplus/deficit according to the requirement that revenue exceeds expenses for 2016 was 2.4 per cent. This year's surplus/deficit according to the requirement that revenue exceeds expenses was 4.3 per cent. The surplus/deficit for the year including capital gains was SEK 518 million.

Operating expenses	2013	2014	2015	2016	2017
Proportion of taxes and grants/subsidies, %					
Net expenses	94.1	97.8	91.8	92.1	91.9
Depreciation	3.6	3.3	3.5	3.3	3.3
Total net operating expenses	97.7	101.1	95.3	95.4	95.2
Net financial income	-1.0	-1.5	-1.8	-0.7	-0.5
TOTAL	96.7	99.6	93.5	94.7	94.7
Net operating expenses, SEK million	6,430	6,810	6,617	7,072	7,299
Net operating expenses, SEK million excluding items affecting comparability	6,473	6,838	7,076	7,266	7,619
Change in net operating expenses, %	3.6	5.9	-2.8	6.9	3.2
Increase in net operating expenses excluding items affecting comparability, %	4.0	5.6	3.5	2.8	4.9
Increase in tax revenue general government grants, equalisation, %	4.3	2.3	3.0	6.8	4.9

Net expenses must not increase faster than tax revenues, general government grants and equalisation on the long term. Tax revenue and related revenue should also not be fully appropriated for operating activities. Excluding items affecting comparability, tax revenue increased more than the operating expenses in 2017. This is significant to having balanced finances.

Equity ratio	2013	2014	2015	2016	2017
Equity ratio as per the balance sheet, %	38.8	36.1	35.7	36.2	37.4
Equity ratio excluding internal bank, %	72.7	70.4	70.7	73.2	74.0
Equity ratio excl. internal bank corrected with contingent liabilities, pensions, %	34.0	34.6	38.3	42.6	46.3
Liquid net assets, SEK million	807	877	1 141	1 297	1 536
Group's					
Equity ratio as per the balance sheet, %	42.8	41.2	40.7	41.0	41.7
Equity ratio excl. internal bank corrected with contingent liabilities, pensions, %	27.3	27.3	28.2	29.6	31.3

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 municipal group via the Internal Bank. The city provides the companies with both long-term and short-term lending. This has a significant impact on the City of Västerås' 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 the City of Västerås' equity ratio excluding lending via the internal bank to Group companies. The equity ratio increased to 74 per cent and was thereby strengthened during the year. The equity of the City of Västerås was strengthened by a strong financial result, the sale of site leasehold rights and the joint land development activities' results. The investment level for 2017 was able to be entirely financed without external borrowing.

Payroll expenses	2013	2014	2015	2016	2017
Payroll expenses, SEK million	3,477	3,672	3,841	4,006	4,140
of which wage expenses	2,553	2,680	2,780	2,876	2,923
Change in wage expenses, %	4.8	5.0	3.7	3.5	4.0
Gross operating expenses, SEK million	8,015	8,383	8,756	9,271	9,538
Payroll expenses' share of gross operating expenses, %	43.3	43.8	43.9	43.2	43.3
Number of annual employees	7,174	7,323	7,472	7,566	8,030
Wage exp. per employee, SEK thousand	355	366	372	380	364
Change in wage expenses, %	5.0	3.1	1.6	2.2	1.2

The largest expense for the City of Västerås is payroll expenses relating to employees. The number of employees and annual employees has increased since 2013. Payroll expenses as a percentage of total gross expenses amount to 43 per cent. Prior to competition in its operations and the emergence of independent schools and preschools, the percentage was well over 50 per cent. During the year, wage expenses increased by 4.0 per cent, while wage expenses per annual employee increased by 1.2 per cent.

Investments	2013	2014	2015	2016	2017
Net investments, excl. joint land development, SEK million	372.8	418.0	401	320.4	546
Self-financing ratio, %	100	50	100	100	100

An important financial measurement is the proportion of the investment expenditure that can be financed through own funds. In 2017, net investments totalled SEK 546 million, which was around 50 per cent of the planned investments of nearly SEK 1,100 million. The annual funds available for financing investments is the surplus for the year excluding capital gains, depreciation and property sales. The strong financial result, property sales and site leasehold rights sales entailed a positive cash flow that could finance the year's investments by 100 per cent.

Income and Cash flow statement

INCOME STATEMENT, SEK MILLION	Note	City of Västerås		Consolidated	
		2017	2016	2017	2016
Revenue	1	2,259	2,200	6,329	6,274
Expenses	2	-9,304	-9,023	-12,073	-11,852
Depreciation	3	-253	-248	-1,024	-1,035
Net operating expenses		-7,298	-7,072	-6,768	-6,612
Tax income	4	6,672	6,392	6,672	6,392
Central government general subsidies and equalisation	5	1,105	1,023	1,105	1,023
Financial income	6	138	132	60	43
Financial expenses	7	-99	-81	-191	-166
Financial results before extraordinary items		518	395	878	680
Current tax and deferred tax	8			-89	-65
Minority share of financial results for the year				-22	-21
FINANCIAL RESULTS FOR THE YEAR	9	518	395	767	594

CASH FLOW STATEMENT, MSEK	Note	City of Västerås		Consolidated	
		2017	2016	2017	2016
Operating activities					
Financial results for the year		518	395	767	594
Adjustments for depreciation and write-downs		253	248	1,024	1,035
Adjustments for provisions	10	17	98	131	193
Adjustments for other non-cash items	11	-148	-174	-233	-80
Increase (-) decrease in stocks/inventories		290	-1	-15	12
Increase (-) decrease in current receivables		-16	-623	129	-321
Increase (+) decrease in current liabilities		90	385	542	112
Cash flow from operating activities		1,004	328	2,345	1,547
Investing activities					
Investment in intangible assets		0	0	-11	-14
Investment in tangible assets		-592	-396	-2,407	-1,937
Sale of tangible assets		170	197	171	203
Investment in financial assets		-8	-1	-8	-42
Sale of financial assets		0	0	17	1
Cash flow from investing activities		-430	-200	-2,238	-1,789
Financing activities					
Lending		-1,210	-195	-1	-131
Loans repaid		721	0	198	1
Borrowings		1,014	201	217	906
Amortisation on borrowing		-811	-218	-269	-510
Cash flow from financing activities		-286	-212	145	265
Cash flow for the year		289	-83	252	23
Cash and cash equivalents at beginning of year		2,126	2,209	2,248	2,224
Cash and cash equivalents at year-end		2,415	2,126	2,499	2,248

Balance sheet

BALANCE SHEET, SEK MILLION	Note	City of Västerås		Consolidated	
		2017	2016	2017	2016
ASSETS					
Non-current assets					
Intangible assets	12	0	0	32	27
Land, buildings and technical plant	13	3,554	3,471	10,990	10,454
Machinery and equipment	14	153	157	6,700	6,573
Other tangible assets	15	434	198	2,367	1,563
Financial assets	16	8,905	8,408	296	521
Total non-current assets		13,046	12,234	20,385	19,138
Current assets					
Stocks and inventories		52	36	293	278
Current receivables	17	2,846	3,136	1,448	1,578
Short-term investments	18	611	579	611	579
Cash and bank	19	1,804	1,547	1,888	1,669
Total current assets		5,313	5,298	4,240	4,102
TOTAL ASSETS		18,360	17,532	24,625	23,240
EQUITY, PROVISIONS AND LIABILITIES					
Equity					
Equity		6,348	5,953	9,535	8,915
Changes in Group structure				-26	25
Financial results for the year		518	395	767	594
Total equity	20	6,866	6,348	10,276	9,535
Minority shareholding				246	224
Provisions					
Provisions for pensions	21	391	360	460	427
Provisions for taxes	22			766	829
Other provisions	23	217	232	434	272
Total provisions		608	591	1,660	1,528
Liabilities					
Non-current liabilities	24	5,466	5,263	6,059	6,111
Current liabilities	25	5,420	5,330	6,384	5,843
Total liabilities		10,886	10,593	12,443	11,954
TOTAL EQUITY, PROVISIONS AND LIABILITIES		18,360	17,532	24,625	23,240
Pledged assets and contingent liabilities	26				

Notes to the income statement and balance sheet

All amounts are in SEK million, unless otherwise indicated

NOTE 1

Operating income, City of Västerås	2017	2016
Tariffs and charges	306.9	289.9
Rent and income from leasehold property	340.7	330.8
Subsidies/grants and compensation/reimbursements	826.4	813.3
Contracts, sale of operations, etc.	610.1	538.1
Non-recurring income affecting comparability:		
Sale of site leasehold rights	143.9	184.4
Government grant for unaccompanied refugee minors	30.9	43.1
Total operating income	2,258.9	2,199.6

Operating income, consolidated	2017	2016
Tariffs and charges	3,029.9	3,076.9
Rent and income from leasehold property	1,289.4	1,253.2
Subsidies/grants and compensation/reimbursements	966.4	949.6
Contracts, sale of operations, etc.	788.7	736.4
Other operating income	77.2	30.5
Non-recurring income affecting comparability	3.0	0.0
Sale of site leasehold rights	143.9	184.4
Government grants	30.9	43.1
Total operating income	6,329.4	6,274.2

NOTE 2

Operating expenses, City of Västerås	2017	2016
Grants and transfers	517.2	512.7
Contracts and purchases of operations	2,627.9	2,484.5
Salaries and social insurance contributions	3,851.6	3,734.4
Other staff expenses	448.9	405.0
Pensions paid	160.2	160.6
Rents, income from leasehold property, and leasing	471.9	444.3
Materials, fees, services, etc.	1,226.7	1,282.0
Total operating expenses	9,304.4	9,023.5

Operating expenses, consolidated	2017	2016
Grants and transfers	517.2	512.7
Contracts and purchases of operations	2,627.9	2,738.4
Salaries and social insurance contributions	5,292.4	4,889.1
Rents, income from leasehold property, and leasing	493.4	521.8
Materials, operations, products and services, etc.	3,142.1	3,189.5
Total operating expenses	12,073.0	11,851.5

NOTE 3

Depreciation, City of Västerås	2017	2016
Scheduled depreciation	253.2	247.0
Items affecting comparability:		
Impairment of non-current assets	0.0	0.7
Opening depreciation	253.2	247.7

Depreciation, consolidated	2017	2016
Scheduled depreciation	1,002.5	970.6
Items affecting comparability:		
Impairment of non-current assets	21.8	64.4
Opening depreciation	1,024.3	1,035.0

NOTE 4

Tax revenue, City of Västerås	2017	2016
Municipal tax and income tax	6,694.5	6,415.8
Final settlement previous year ¹⁾	7.7	-29.9
Forecast final settlement current year ²⁾	-30.0	6.0
Total tax revenue	6,672.2	6,391.9

1) SEK 53/resident

2) SEK -204/resident

NOTE 5

General government grants and equalisation, City of Västerås	2017	2016
Income equalisation grant	880.7	814.0
Settlement item	-1.5	-5.0
Municipal property charge	230.2	222.4
Expense equalisation	-26.3	-30.5
Equalisation charge LSS	-88.4	-92.1
General government grants	110.7	114.0
Total general government grants and equalisation	1,105.4	1,022.8

NOTE 6

Financial income, City of Västerås	2017	2016
Share dividends, municipally owned companies	0.4	2.7
Other dividends from shares and participations	3.0	0.8
Interest income	129.8	113.4
Interest income on trade receivables	0.1	0.1
Net gains on sale of shares, bonds, etc.	4.7	15.5
Total financial income	138.0	132.5

Financial income, consolidated	2017	2016
Dividends from shares and participations	3.0	0.8
Interest income	51.9	26.7
Interest income on trade receivables	0.1	0.1
Net gains on sale of shares, bonds, etc.	4.7	15.5
Total financial income	59.6	43.1

NOTE 7

Financial expenses, City of Västerås	2017	2016
Interest expenses	78.4	63.6
Interest on pension liabilities	9.2	8.7
Interest expenses for trade payables	0.1	0.1
Bank charges	1.9	1.2
Other financial expenses	9.5	7.2
Total financial expenses	99.1	80.8

Financial expenses, consolidated	2017	2016
Interest expenses	170.4	148.3
Interest on pension	9.2	8.7
Interest expenses for trade payables	0.1	0.1
Bank charges	1.9	1.2
Other financial expenses	9.5	7.2
Total financial expenses	191.1	165.5

NOTE 8

Current tax and deferred tax, consolidated	2017	2016
Bostads AB Mimer	2.3	31.2
Mälarenergi AB	82.5	43.3
Mälårhamnar AB (55%)	2.2	0.9
Västerås Central AB (49%)	1.1	0.3
Västerås Stads Strategiska Fastigheter AB	-1.6	3.2
Västerås Stadshus AB	0.2	-14.0
VafabMiljö Kommunalförbund (43,6%)	2.4	0.0
Total current tax and deferred tax	89.1	65.0

of which current tax	19.1	9.3
of which deferred tax	70.0	55.7

NOTE 9

Surplus for the year, City of Västerås	2017	2016
Surplus for year as per income statement	517.7	394.8
<i>Minus</i>		
Capital gains from property sales	-163.3	-172.5
Capital gains from financial items	-3.6	-12.3
Government grant for increased housing construction	-38.0	-40.9
Less utilisation of government grants	16.3	0.0
Utilisation of social welfare resource fund	2.8	3.9
Total financial result for reconciliation against requirement that revenue exceeds costs	331.9	173.1

NOTE 10

Adjustments for provisions, City of Västerås	2017	2016
Provisions for pensions and similar obligations	17.0	98.0
Total	17.0	98.0

Adjustments for provisions, consolidated	2017	2016
Provisions for pensions and similar obligations	36.7	25.9
Provisions for taxes	-67.1	87.4
Total	131.5	193.3
Total	131.5	193.3

NOTE 11

Adjustments for other non-cash items, City of Västerås	2017	2016
Change in financial assets – shares and participations (effect upon formation of Group companies)	0.0	-0.1
Capital gains/losses – tangible assets	-147.5	-173.3
Total	-147.5	-173.4

Adjustments for other items not affecting liquidity, consolidated	2017	2016
Capital gains/losses – non-current assets	-93.4	-186.1
Minority shareholding and other non-cash items	-139.8	106.5
Total	-233.2	-79.6

NOTE 12

Intangible assets, City of Västerås	2017	2016
Opening acquisition value	5.8	8.2
Purchases	0.0	0.0
Disposals, retired assets	-0.3	-2.4
Reclassifications	0.0	0.0
Total closing accum. acquisition value	5.5	5.8
Opening depreciation	5.8	8.0
Disposals, retired assets	-0.5	-2.3
Annual depreciation	0.0	0.1
Total closing accum. depreciation	5.3	5.8
Opening write-downs	0.0	0.0
Retiring written-down assets, disposals	0.2	0.0
Total closing accum. write-downs	0.2	0.0
Total closing scheduled residual value	0.0	0.0

Intangible assets, consolidated	2017	2016
Opening acquisition value	123.8	149.9
Purchases	10.8	2.9
Sales/disposals	-1.7	-2.4
Reclassifications	0.0	-26.6
Total closing accum. acquisition value	132.9	123.8
Opening depreciation	96.7	129.6
Sales, disposals, retired assets	-1.7	-2.3
Reclassifications	0.0	-37.5
Annual depreciation	5.9	6.9
Total closing accum. depreciation	100.9	96.7
Opening write-downs	0.0	0.0
Year's write-downs, disposals	0.0	0.0
Total closing accum. write-downs	0.0	0.0
Total closing scheduled residual value	32.0	27.1

NOTE 13

Land, buildings and technical plant, City of Västerås	2017	2016
Opening acquisition value	5,980.6	5,653.1
Purchases	282.2	375.7
Sales	-55.0	-48.3
Reclassifications	10.1	
Total closing accum. acquisition value	6,217.9	5,980.6
Opening depreciation	2,235.5	2,080.0
Sales	0.2	-25.4
Reclassifications	-0.1	0.3
Annual depreciation	189.3	180.6
Total closing accum. depreciation	2,424.9	2,235.5
Opening write-downs	274.1	273.4
Sales, disposals, retired assets	-36.4	-0.1
Write-downs for the year	0.0	0.7
Reclassifications	1.1	0.0
Total closing accum. write-downs	238.8	274.1
Total closing scheduled residual value	3,554.2	3,471.1
<i>Assessed value</i>		
Land and Buildings	860.1	825.5
Closing scheduled residual value includes		
Land provision	109.7	121.4
Site leasehold land	249.7	229.4

Land, buildings and technical plant, consolidated	2017	2016
Opening cost	16,048.1	15,317.0
Purchasing	865.3	1,011.2
Sales, disposals, retired assets	-112.3	-275.7
Reclassifications	112.0	-4.4
Total closing accum. acquisition value	16,913.1	16,048.1
Opening depreciation	5,252.4	5,128.6
Sales, disposals, retired assets	-30.4	-252.1
Reclassifications	-11.8	-15.1
Annual depreciation	408.7	391.0
Total closing accum. depreciation	5,618.9	5,252.4
Opening write-downs	341.9	395.1
Sales, disposals, retired assets	-36.4	-0.1
Reclassifications	-1.8	-88.7
Write-downs for the year	1.0	35.7
Total closing accum. write-downs	304.7	341.9
Total closing scheduled residual value	10,989.5	10,453.8

NOTE 14

Machinery and equipment, City of Västerås	2017	2016
Opening acquisition value	617.4	573.6
Purchases	60.1	61.8
Sales	-24.1	-18.0
Reclassifications	0.0	0.0
Total closing accum. acquisition value	653.3	617.4
Opening depreciation	449.5	397.0
Sales	-19.0	-13.8
Disposals	0.0	0.0
Annual depreciation	64.0	66.4
Total closing accum. depreciation	494.5	449.5
Opening write-downs	11.1	11.1
Sales	-4.9	0.0
Write-downs for the year	0.0	0.0
Total closing accum. write-downs	6.2	11.1
Total closing scheduled residual value	152.6	156.7

Machinery and equipment, consolidated	2017	2016
Opening cost	13,488.0	13,193.8
Purchasing	111.5	141.9
Sales, disposals, retired assets	-132.0	-263.5
Reclassifications	633.8	415.8
Total closing accum. acquisition value	14,101.3	13,488.0

Opening depreciation	6,844.4	6,673.6
Sales and disposals	-115.8	-255.0
Reclassifications	27.4	-153.7
Annual depreciation	587.8	579.5
Total closing accum. depreciation	7,343.8	6,844.4
Opening write-downs	70.7	137.2
Write-downs for the year	20.8	28.8
Sales, letting	-4.8	0.0
Reclassifications	-28.8	-95.3
Total closing accum. write-downs	57.9	70.7
Total closing scheduled residual value	6,699.5	6,572.9

NOTE 15

Other tangible assets, ongoing investments/joint land development, City of Västerås	2017	2016
Opening acquisition value	198.7	236.9
Purchases	249.4	-41.4
Reclassifications	-13.7	3.2
Total closing accum. acquisition value	434.3	198.7
Opening write-downs	1.1	1.1
Reclassifications	-1.1	0.0
Total closing accum. write-downs	0.0	1.1
Total closing scheduled residual value	434.3	197.6

Other tangible non-current assets, ongoing

investments/joint land development, consolidated	2017	2016
Opening acquisition value	1,564.1	1,613.9
Purchases	1,430.5	784.1
Sales, disposals, retired assets	0.0	
Reclassifications	-627.3	-834.0
Total closing accum. acquisition value	2,367.3	1,564.1
Opening depreciation	0.0	0.0
Annual depreciation	0.0	0.0
Total closing accum. depreciation	0.0	0.0
Opening write-downs	1.1	35.3
Reclassifications	-1.1	-34.2
Total closing accum. write-downs	0.0	1.1
Total closing scheduled residual value	367.3	1,563.0

NOTE 16

Financial assets, City of Västerås	Owned share	2017	2016
<i>Shares and participations, SEK thousand</i>			
Västerås Stadshus AB	100%	1,734.4	1 734.4
Mälårhamnar AB	55%	28.5	28.5
Västerås Central AB	49%	6.4	6.4
Västerås Science Park AB	12%	0.1	0.1
Mälårstrandens Utvecklings AB	12%	0.6	0.6
Total shares and participations, SEK thousand		1,770.1	1,770.1
<i>Bonds and other financial securities, SEK million</i>			
Mälårskog, investment capital		0.1	0.1
Total bonds and other financial securities		0.1	0.1
<i>Non-current receivables</i>			
Bostads AB Mimer		2,900.0	2,245.0
Västerås Central AB		4.0	10.0
VafabMiljö Kommunalförbund		28.0	28.0
Mälårdalens Brand- och Räddningsförbund		0.1	0.1
Västerås Stads Strategiska Fastigheter AB		75.0	75.0
Group account, loans to municipal companies		4,043.2	4,203.5
Total non-current receivables		7,050.3	6,561.6
<i>Cooperative housing and original fund capital</i>			
Bostadsrätter		73.1	61.7
Stiftelsen Tillberga Hyresbostäder		0.2	0.2
Västmanlands Tolkservice		0.2	0.2
Brf Fendern		10.5	10.5
Brf Siggesborg		0.5	0.5
Other		0.0	3.6
Total cooperative housing and original fund capital		84.5	76.8
Total financial assets		8,904.9	8,408.5

NOTE 17

Current receivables, City of Västerås	2017	2016
Trade receivables	224.5	112.6
Receivables from the State	88.6	1.7
Loans to municipal companies	2,166.1	2,460.3
VAT receivables	84.9	76.9
Accrued interest income	2.8	2.4
Accrued tax income	0.0	12.2
Other current receivables	279.3	469.7
Total current receivables	2,846.2	3,135.8

Current receivables, consolidated	2017	2016
Trade receivables	610.4	512.9
Receivables from the State	88.6	87.1
VAT receivables	86.9	79.0
Accrued interest income	2.8	2.4
Accrued tax income	93.3	13.4
Other current receivables	566.4	882.6
Total current receivables	1,448.4	1,577.5

NOTE 18

Short-term investments, City of Västerås	2017	2016
<i>Pension fund management and funds:</i>		
Öhman Sverige Hållbar A	28.3	28.3
Lannebo småbolag	53.1	53.1
Kulturfonden, shares	35.3	37.3
Asköviksfonden	2.3	2.3
Robur Access Global	31.3	31.3
Danske Inv Global EM	10.2	10.2
Enter Sverige Pro	46.8	46.8
AMF Räntefond Kort	178.1	112.6
Robur Ethica Obligation	65.5	84.4
AMF Pension Aktiefond Sverige	80.8	80.8
Enter Trend räntefond	79.6	79.6
Carnegie bonds	0.0	12.0
Total short-term investments	611.3	578.7

Short-term investments, consolidated	2017	2016
Pension fund management and funds, city	611.3	578.7
Total short-term investments	611.3	578.7

NOTE 19

Cash and bank, City of Västerås	2017	2016
Bank	1,804.0	1,547.4
Total cash and bank	1,804.0	1,547.4

Cash and bank, consolidated	2017	2016
Bank deposits	1,888.0	1,668.6
Total cash and bank	1,888.0	1,668.6

NOTE 20

Equity, City of Västerås	2017	2016
Opening equity	6,348.0	5,953.2
Financial results for the year	517.7	394.8
Total equity	6,865.7	6,348.0

of which

Culture fund	93.6	93.6
Askövik fund	2.3	2.3
Insurance fund	53.1	53.1
Waste and recycling, accumulated financial result	0.0	20.1
Joint land development activities	366.4	301.2
Balance fund	235.0	193.0
Pension fund	435.0	435.0
Investment buffer	476.0	465.0
Social welfare resource fund	16.2	19.0
Construction bonus	62.6	41.0

Equity, consolidated	2017	2016
Opening equity	9,534.5	8,914.8
Changes in Group structure	-25.6	25.2
Financial results for the year	766.9	594.5
Total equity	10,275.8	9,534.5

NOTE 21

Provisions for pensions, City of Västerås	2017	2016
Opening provisions	359.6	336.6
Pension payouts	-8.7	-10.5
Newly accrued pensions	26.7	21.5
Interest and base amount calculation	7.4	7.0
Income tax	6.2	0.7
Other		4.3
Total provisions for pensions	391.3	359.6
Update rate	94.4%	73.1%

Itemisation – provisions for pensions, City of Västerås	2017	2016
Special retirement pensions and fixed-term pensions	0.4	0.5
Defined benefit retirement pension	271.4	242.0
PA-KL pension	42.0	43.9
Survivor pensions	1.1	3.0
Total pensions	314.9	289.4
Income tax	76.4	70.2
Total provisions for pensions	391.3	359.6

Number of appointments without employment tenure

Elected officials	2	2
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Provisions for pensions, consolidated	2017	2016
Opening provisions	426.8	397.2
Pension payouts	-2.4	-12.8
Newly accrued pensions	28.6	24.3
Interest and base amount adjustment	1.1	7.4
Income tax	6.5	1.0
Other	-0.9	4.4
Changes for year, companies	0.2	5.2
Total provisions for pensions	459.9	426.8

NOTE 22

Provisions for taxes, consolidated	2017	2016
Allocation to untaxed reserves	5.7	784.6
Allocation for other taxes	759.9	44.5
Total provisions	765.6	829.1

NOTE 23

Total provisions, City of Västerås	2017	2016
Co-financing of Mälarfärd	75.9	75.9
Environmental liability Dumps	54.3	55.2
Environmental liability Port	70.5	79.1
Environmental liability Lögårängen	0.0	5.0
Environmental liability fish path Turbinbron	5.8	5.8
Environmental liability fish path Falkenbergsgska	10.9	10.9
Total other provisions	217.4	231.9

Payment for the co-financing of Mälarfärd is expected to be made during the period 2018-2019. An environmental assessment is currently being carried out and may result in a payment delay.

Other provisions, consolidated	2017	2016
Post-treatment of waste deposits	34.3	34.3
Co-financing of Mälarfärd	75.9	75.9
Environmental liability	141.4	156.0
Other provisions	182.5	6.0
Total other provisions	434.1	272.2

NOTE 24

Non-current liabilities, City of Västerås	2017	2016
Foreign banks	300.0	300.0
MTN bond loan	4,939.5	4,075.0
Certificate loans European market	154.3	755.3
Other non-current liabilities	28.4	90.4
Group account, loans from municipal companies	43.9	42.6
Total non-current liabilities *	5,466.1	5,263.3

* of which borrowing for lending to the city's companies	5,394.0	5,130.3
Total non-current liabilities due within 5 years	5,241.0	4,733.1

Bank lines of credit

Swedbank (not utilised)	50.0	50.0
Nordea (not utilised)	500.0	500.0

Credit facilities

SEB (not utilised)	500.0	500.0
Danske bank (not utilised)	0.0	0.0
Handelsbanken (not utilised)	500.0	500.0
Nordea (not utilised)	500.0	500.0
Swedbank (not utilised)	500.0	500.0

Europeiska Investment Bank (EIB)

Borrowing facility, unutilised portion of SEK 1,800 million	1,500.0	1,500.0
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Non-current liabilities, consolidated	2017	2016
Foreign banks	300.0	300.0
MTN bond loan	4,939.5	4,075.0
Certificate loans European market	154.3	755.3
Other non-current liabilities	664.9	980.2
Total non-current liabilities	6,058.7	6,110.5

NOTE 25

Current liabilities, City of Västerås	2017	2016
Certificate loans and bank loans, Swedish market	1,949.2	2,403.9
Certificate loans European market	888.2	661.0
MTN bond loan	1,125.0	900.0
Trade payables	372.6	301.4
Employee's tax at source, employer contributions	62.4	61.1
Accrued pension, individual component	139.3	134.4
Accrued social security contributions	77.5	75.8
Accrued income tax, individual component	103.2	100.0
Accrued interest expense	20.1	20.6
Holiday pay liability	241.6	245.7
Other current liabilities	440.5	425.6
Total current liabilities	5,419.6	5,329.5

Kortfristiga skulder, koncernen

	2017	2016
Certificate loans and bank loans, Swedish market	1,948.2	2,403.9
Certificate loans European market	888.2	661.0
MTN bond loan	1,125.0	900.0
Trade payables	739.0	690.3
Employee's tax at source, employer contributions	62.4	61.1
Current tax liabilities	12.3	10.6
Accrued pension, individual component	144.1	139.1
Accrued social security contributions	80.3	83.7
Accrued income tax, individual component	103.7	100.4
Accrued interest expense	20.1	33.3
Holiday pay liability	244.9	258.5
Other current liabilities	1,015.3	501.4
Total current liabilities	6,383.5	5,843.3

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

City of Västerås	2017	2016
Guarantee liability		
<i>Multi-family and single-family homes</i>		
Liability to the state for losses	3.3	3.6
Total	3.3	3.6

Mortgage loans without mortgage security

Bostadsstiftelsen Aroseken	169.5	172.1
Summa	19.5	172.1

Mortgage loans for housing for the elderly with mortgage security

Fastighets AB Brage (Flodinsgården)	20.0	20.0
Bostadsstiftelsen Aroseken	11.4	11.4
Total	19.5	172.1

Loans and bank lines of credit without mortgage security

Municipal companies	25.4	31.9
Sports associations	0.5	0.6
Total	25.9	32.5

Total guarantee liabilities

	230.0	239.6
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Contingent liabilities for accrued pension benefits

Opening balance	2,654.1	2,729.6
Interest and basic amount calculation	52.4	53.9
Payment	-117.3	-116.9
Other	1.0	2.3
Income tax	-15.5	-14.8
Total contingent liabilities	2,574.6	2,654.1

Special pension obligations

Elected officials, 2 persons	8.5	8.3
Total special pension obligations	8.5	8.3

The city's pension obligations, 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.

Environmental commitments

The city has environmental commitments within the municipal boundary. The costs cannot be calculated in a reliable way.

Kokpunkten swimming facility

The city undertakes to provide an annual indexed operating subsidy of SEK 15 million for 25 years.

Pledged assets and current liabilities, consolidated

	2017	2016
Other pledged assets		
Mälarenergi AB	0.6	0.6
Total pledged assets	0.6	0.6

Guarantees

City of Västerås	204.2	207.1
Mälarenergi AB	6.0	6.0

Other contingent liabilities

City of Västerås, pensions2	574.6	2,654.1
Bostads AB Mimer	1.3	1.1
Total contingent liabilities2	786.1	2,868.3

Special pension obligations

City of Västerås, elected officials	8.5	8.3
Total special pension obligations	8.5	8.3

OTHER ADDITIONAL INFORMATION**Expenses for operating leases**

	SEK million
<i>Leasing agreements outside the Group, City of Västerås</i>	
Due for payment within one year	277
Due for payment after one year but within five years	1,157
Due for payment later than five years	1,140

Leases outside the Group, consolidated

Due for payment within one year	283
Due for payment after one year but within five years	1,178
Due for payment later than five years	1,160

The city has not entered into any finance leases

Information about the gender distribution within corporate management 2017 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	22	41
Managing Director and other members of the company's management	17	21

Annual fees paid to senior management

of City of Västerås, SEK	2017	2016
Chairperson of City Executive Committee	764,607	796,494
Other municipal and opposition councillors depending on post	416,308-730	285,608-714,020
Other members of City Executive Committee	22,800	22,800
City Chief Executive's annual salary	1,782,900	1,746,000

Annual fees to City of Västerås management excluding employer contributions.

Specific information about the Group companies, SEK million

	Distribution of dividends Issued Rec.	Shareholder contrib. Issued Rec.	Guarantees Issued Rec.
Västerås stad	0.4		25.4
Mälarhus AB (55%)	0.4		
VafabMiljö Kommunalförbund (43.6%)			25.4

	Sales*)		Loan	
	Buyer	Seller	Provider	Recipient
Västerås stad	323.9	123.7	8,991.4	
Västerås Stadshus AB	116.2	223.4		40.3
Mälarhus AB (55%)	6.7			16.5
Västerås Central AB (49%)	0.2			4.9
Västmanlandsmusiken (90%)	0.0	24.6		
Västmanlands Teater (49%)	0.5	5.5		
Mälardalens Brand- och Räddningsförbund (85%)	0.9	70.0		0.1
VafabMiljö Kommunalförbund (43.6%)	1.6	2.8		79.6
Bostads AB Mimer				5,131.5
Mälarenergi AB				3,367.4
Västerås Stads Strategiska Fastigheter AB				284.5
Västerås Flygplats AB				53.8
Västerås marknads- och näringslivsaktiebolag				12.9

*) With the formation of the group in 2016, the shareholding of the city's wholly owned companies passed to the parent company, Västerås Stadshus AB.

Summary figures

Tax rate	2018	2017
City	20.36	20.36
County Council	10.88	10.88
TOTAL	31.24	31.24

Number of residents 31/12/2017	150,134
Population increase 2017	2,714

NUMBER OF CITY OF VÄSTERÅS EMPLOYEES

Permanent employees	7,653
Temporary employees	3,227
TOTAL	10,880

TURNOVER IN 2017 ACCOUNTS

City of Västerås	SEK 10.0 billion
City of Västerås Group	SEK 14.1 billion

SENSITIVITY ANALYSIS

Change in tax base of $\pm 1\%$	SEK 67 million
SEK 0.10 in municipal tax	SEK 33 million
Tax revenues and government grants per 51,000 resident for a change in population of 1 % in increased staff costs	SEK 51 thousand
	SEK 41 million

How every SEK 100 in tax revenue is spent

SCHOOL AND PRESCHOOL

- SEK 20.84 Compulsory school for 17,200 students
- SEK 12.40 Preschool services, 8,100 children
- SEK 2.56 Welfare for schoolchildren
- SEK 9.09 Upper secondary school education for 5,000 students, adult education and other education

HEALTH AND WELFARE

- SEK 19.30 Health and welfare for the elderly, with home-help services and special housing
- SEK 10.55 Services for people with a disability
- SEK 7.54 Services within individual and family care
- SEK 3.31 Support allowance for 2,300 households

CULTURE AND LEISURE

- SEK 5.60 Culture and leisure, including sports facilities

TECHNICAL SERVICES

- SEK 2.42 Maintenance of parks, roads, cycle paths, etc.
- SEK 1.96 Public transport
- SEK 1.00 Fire and Emergency Services

POLITICAL ACTIVITIES

- SEK 0.93 Committee and Board activities, auditing, etc.

OTHER ACTIVITIES

- SEK 1.06 Labour market measures.
- SEK 1.44 The city's other operations.





VÄSTERÅS STAD

Västerås stad

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