

# City of Reykjavik

## Interim Financial Statement 1 January - 30 September 2017



City of Reykjavik  
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# City of Reykjavik

## Interim Financial Statement 1 January - 30 September 2017

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**Please note:**

This is an English translation of the Icelandic Financial Statement of the City of Reykjavik.  
In the event of any discrepancy between the English and Icelandic versions the original Icelandic text shall prevail.



# Income Statement 1 January - 30 September 2017

	Reykjavik Municipal (A operation)			Reykjavik Group (A and B operation)		
	Interim Financial Statement	Budget with annexes	Interim Financial Statement	Interim Financial Statement	Budget with annexes	Interim Financial Statement
	jan-sep. 2017	jan-sep. 2017	jan-sep. 2016	jan-sep. 2017	jan-sep. 2017	jan-sep. 2016
<b>Operating revenue</b>						
Tax revenues .....	63,931,801	61,809,287	56,931,092	63,552,041	61,396,327	56,554,947
Contributions from						
Municipal Equalisation Fund .....	5,281,850	4,931,922	4,567,812	5,281,850	4,931,922	4,567,812
Other revenues .....	14,119,216	12,403,317	12,312,020	56,767,924	54,427,039	52,094,595
<b>Total operating revenues</b>	<b>83,332,868</b>	<b>79,144,526</b>	<b>73,810,924</b>	<b>125,601,815</b>	<b>120,755,287</b>	<b>113,217,353</b>
<b>Operating expenses</b>						
Wage cost and wage-related expenses .....	41,586,888	42,296,079	38,038,647	50,819,374	52,558,853	46,776,146
Changes in pension obligations LsRb * .....	5,237,645	4,412,642	4,509,053	5,273,347	4,441,590	4,573,385
Changes in pension obligations Brú ** .....	3,880,000	0	0	3,880,000	0	0
Other operating expenses .....	26,978,231	26,317,416	26,279,995	35,994,062	35,611,333	35,189,359
<b>Total operating expenses</b>	<b>77,682,765</b>	<b>73,026,137</b>	<b>68,827,696</b>	<b>95,966,782</b>	<b>92,611,776</b>	<b>86,538,890</b>
Operating result before depreciation, EBITDA.....	5,650,103	6,118,389	4,983,229	29,635,033	28,143,511	26,678,464
Depreciation .....	( 3,475,602 )	( 3,444,338 )	( 3,370,856 )	( 11,614,059 )	( 12,393,596 )	( 12,026,611 )
Operating result before financial items.....	2,174,501	2,674,050	1,612,373	18,020,974	15,749,916	14,651,852
Net financial items .....	( 767,972 )	( 421,473 )	( 570,200 )	( 554,328 )	( 5,631,275 )	72,075
Operating result before tax, adjustments and effects of associated companies .....	1,406,529	2,252,578	1,042,173	17,466,647	10,118,641	14,723,927
Income tax .....	0	0	0	( 3,651,726 )	( 1,349,126 )	( 3,464,337 )
Value adjustment of investment properties .....	0	0	0	8,177,967	3,903,000	7,275,556
Share in associated companies						
operating results .....	0	0	0	2,004	0	( 3,413 )
Minority interests .....	0	0	0	( 1,348,762 )	0	( 982,999 )
<b>Operating results.....</b>	<b>1,406,529</b>	<b>2,252,578</b>	<b>1,042,173</b>	<b>20,646,130</b>	<b>12,672,515</b>	<b>17,548,733</b>

\* For the evaluation of pension obligations, it is assumed that the national mortality rate will continue to decrease and that life expectancy will increase instead of basing assumptions on the experience of previous years.

\*\* Brú Pension Fund amended the articles of association on 1 June 2017 in accordance with Act No. 127/2016. The amended have the effect on accrual of entitlements in Division A of the Fund will change from an equal accrual of rights to an age-linked accrual; the general age for taking a pension will be raised from 65 to 67, and the contribution of employers will be reduced from 12% to 11.5%. The entitlements of persons who have started taking a pension on 1 June 2017 and persons who reach the age of 60 at that time will not be curtailed. Result of these changes the City of Reykjavik will settle all accrued Division A pension liabilities as from 31 May 2017 and estimated contribution to the Supplementary Pension Fund and Prudential Fund for the same fund members. In the interim financial statement January to September 2017 there are ISK 3,880 million expensed in the income statement, ISK 15,587 million recognised as liabilities in current liabilities and ISK 11,120 million recognised as pre-paid pension fund in long-term receivables. These amounts are estimated and will be settled with the pension fund at the end of year 2017. Reykjavíkurborg (the City of Reykjavík) has increased cash to be able to meet the expected payments.



# Statement of Financial Position 30 September 2017

Assets	Reykjavik Municipal (A operation)		Reykjavik Group (A and B operation)	
	Interim Financial	Financial	Interim Financial	Financial
	Statement	Statement	Statement	Statement
	30.9.2017	2016	30.9.2017	2016
<b>Fixed assets</b>				
Intangible assets .....	0	0	1,578,155	1,503,771
Fixed tangible assets:				
Real estate .....	95,917,906	93,676,983	114,190,468	111,058,241
Utilities .....	0	0	256,312,406	262,149,549
Investment assets .....	0	0	76,874,634	65,654,198
Road systems .....	13,120,375	12,255,556	14,021,746	13,186,193
Machinery and equipment .....	4,054,150	4,204,149	7,992,087	8,039,004
Lease properties .....	6,588,352	7,027,579	6,588,352	7,027,579
	<u>119,680,783</u>	<u>117,164,267</u>	<u>475,979,693</u>	<u>467,114,763</u>
Investments and long-term receivables:				
Shares in companies .....	7,609,823	7,589,358	5,468,428	5,466,423
Long-term receivables from own companies .....	10,831,088	11,553,429	0	0
Brú pension fund .....	11,120,000	0	11,120,000	0
Derivative contracts .....	0	0	534,069	365,333
Deferred tax assets .....	0	0	1,222,487	3,714,879
Other long-term receivables .....	1,444,264	1,273,551	2,062,632	5,979,984
	<u>31,005,175</u>	<u>20,416,338</u>	<u>20,407,615</u>	<u>15,526,620</u>
<b>Total fixed assets</b>	<u>150,685,958</u>	<u>137,580,604</u>	<u>497,965,464</u>	<u>484,145,153</u>
<b>Current assets</b>				
Inventories .....	0	0	1,397,462	975,231
Short-term receivables:				
Unclaimed revenues and receivables .....	8,734,835	9,519,839	13,859,456	15,111,784
Next year's paym. of own comp. long-term receivab. ...	1,092,918	880,733	0	0
Next year's payment of other long-term receivables .....	1,585,575	809,749	1,121,309	1,020,637
Receivables from own companies .....	265,311	251,995	0	0
Pre-paid costs .....	0	0	655,917	364,856
Derivative contracts .....	0	0	68,546	393,183
Other short-term receivables .....	2,573,028	2,459,569	3,095,352	2,746,857
Other assets .....	0	0	4,278,583	0
Restricted bank deposits and market securities .....	0	0	7,085,187	4,132,427
Cash .....	24,870,642	8,678,075	40,709,889	26,588,117
<b>Total current assets</b>	<u>39,122,308</u>	<u>22,599,960</u>	<u>72,271,701</u>	<u>51,333,091</u>
<b>Total assets</b> .....	<u>189,808,265</u>	<u>160,180,565</u>	<u>570,237,164</u>	<u>535,478,244</u>

# Statement of Financial Position 30 September 2017

## Equity and liabilities

	Reykjavik Municipal (A operation)		Reykjavik Group (A and B operation)	
	Interim Financial	Financial	Interim Financial	Financial
	Statement	Statement	Statement	Statement
	30.9.2017	2016	30.9.2017	2016
<b>Equity</b>				
Equity account .....	77,821,356	76,414,827	249,405,254	231,536,166
Minority interest .....	0	0	14,468,674	13,476,735
<b>Total equity</b>	<b>77,821,356</b>	<b>76,414,827</b>	<b>263,873,928</b>	<b>245,012,901</b>
<b>Obligations</b>				
Pension obligations .....	32,458,448	28,762,464	33,067,356	29,354,369
Deferred tax liabilities .....	0	0	8,057,102	8,503,891
Other obligations .....	0	0	304,916	273,167
<b>Total obligations</b>	<b>32,458,448</b>	<b>28,762,464</b>	<b>41,429,374</b>	<b>38,131,426</b>
<b>Long-term liabilities</b>				
Long-term debts .....	34,598,216	29,055,502	188,277,944	183,856,557
Lease liabilities .....	11,281,332	11,574,619	11,281,332	11,574,619
Embedded derivatives in electricity contracts .....	0	0	1,399,333	8,913,368
Derivative contracts .....	0	0	930,551	2,713,071
<b>Total long-term liabilities</b>	<b>45,879,548</b>	<b>40,630,121</b>	<b>201,889,160</b>	<b>207,057,614</b>
<b>Current liabilities</b>				
Debts to credit institutions .....	0	0	265,986	3,959,984
Accounts payable .....	2,660,356	3,163,587	4,732,726	6,583,576
Brú pension fund, total pension obligations .....	15,587,000	0	15,587,000	0
Embedded derivatives in electricity contracts .....	0	0	114,175	1,405,741
Next year's payment of long-term debts .....	1,512,003	1,402,078	15,744,677	15,725,361
Next year's payment of lease liabilities .....	810,756	764,673	810,756	764,673
Next year's payment of pension obligations .....	2,137,200	2,137,200	2,162,200	2,162,200
Accounts payable to own companies .....	367,120	577,648	0	0
Derivative contracts .....	0	0	2,860,159	2,311,883
Other payables .....	10,574,479	6,327,966	20,767,025	12,362,884
<b>Total current liabilities</b>	<b>33,648,913</b>	<b>14,373,152</b>	<b>63,044,703</b>	<b>45,276,303</b>
<b>Total liabilities and obligations</b>	<b>111,986,909</b>	<b>83,765,737</b>	<b>306,363,237</b>	<b>290,465,343</b>
<b>Total equity and liabilities</b>	<b>189,808,265</b>	<b>160,180,565</b>	<b>570,237,164</b>	<b>535,478,244</b>



# Statement of Cash Flows 1 January - 30 September 2017

	Reykjavik Municipal (A operation)			Reykjavik Group (A and B operation)		
	Interim Financial	Budget with	Interim Financial	Interim Financial	Budget with	Interim Financial
	Statement	annexes	Statement	Statement	annexes	Statement
	jan-sep. 2017	jan-sep. 2017	jan-sep. 2016	jan-sep. 2017	jan-sep. 2017	jan-sep. 2016
<b>Cash flows from operating activities</b>						
Operating result according to Income Statement.....	1,406,529	2,252,578	1,042,173	20,646,130	12,672,515	17,548,733
Adjustments not affecting cash flow:						
Gain on sold assets .....	( 3,107,857 )	( 3,150,750 )	( 1,598,483 )	( 3,118,140 )	( 3,150,750 )	( 1,611,409 )
Depreciation .....	3,475,602	3,444,338	3,370,856	11,614,059	12,393,596	12,026,611
Indexation, discounts and exch.rate differences .....	1,069,015	1,435,692	496,239	5,519,925	2,946,337	777,147
Embedded derivatives, change .....	0	0	0	( 8,805,601 )	( 2,855,569 )	( 4,679,201 )
Value adjustment of investment properties .....	0	0	0	( 8,177,967 )	( 3,903,000 )	( 7,275,556 )
Effect of own companies and minority interests .....	0	0	0	1,346,758	0	986,412
Changes in pension obligations .....	9,117,645	4,387,500	4,509,053	9,153,347	4,416,448	4,573,385
Changes in deferred taxes .....	0	0	0	2,303,016	1,349,126	2,802,791
Other changes .....	0	0	0	17,746	0	328
<b>Working capital provided by operating activities</b>	<b>11,960,934</b>	<b>8,369,358</b>	<b>7,819,838</b>	<b>30,499,270</b>	<b>23,868,702</b>	<b>25,149,242</b>
Changes in operating assets and liabilities:						
Inventories decrease (increase) .....	0	0	0	( 425,401 )	( 22,500 )	( 27,513 )
Unclaimed revenues (increase) decrease .....	519,066	0	856,920	271,524	38,407	417,843
Other current receivables (increase) decrease .....	41,184	18,750	( 1,506,829 )	( 612,924 )	2,250,431	( 1,269,617 )
Current liabilities (decrease) increase .....	3,585,508	0	965,667	6,811,463	491,095	2,898,426
Contributions to pension payments .....	( 1,541,661 )	( 1,687,500 )	( 1,469,373 )	( 1,560,359 )	( 1,905,100 )	( 1,487,743 )
<b>Change in operating assets and liabilities</b>	<b>2,604,096</b>	<b>( 1,668,750 )</b>	<b>( 1,153,615 )</b>	<b>4,484,303</b>	<b>852,333</b>	<b>531,396</b>
<b>Net cash provided by operating activities</b>	<b>14,565,030</b>	<b>6,700,608</b>	<b>6,666,223</b>	<b>34,983,573</b>	<b>24,721,035</b>	<b>25,680,638</b>
<b>Investment activities</b>						
Investments in fixed tangible assets .....	( 8,744,513 )	( 9,209,080 )	( 6,646,305 )	( 19,958,920 )	( 22,799,586 )	( 16,569,745 )
Investment in investment properties .....	0	0	0	( 1,339,040 )	( 1,854,750 )	( 707,497 )
Investments in intangible assets .....	0	0	0	( 149,038 )	0	( 111,828 )
Road construction fees and building permits .....	4,237,484	4,315,700	3,122,954	4,546,465	4,315,700	3,792,222
Proceeds from sale of fixed tangible assets .....	1,622,769	1,007,252	780,953	824,482	1,374,537	797,695
Change in share holdings .....	( 20,466 )	( 753,873 )	( 133,438 )	0	( 753,873 )	12,313
Restricted bank deposits .....	0	0	0	( 2,007,239 )	0	548,512
Long-term receivables, change .....	( 263,090 )	( 611,476 )	953,326	( 715,932 )	154,529	310,090
Other investment activities .....	0	0	0	0	( 17,785 )	29,064
<b>Investment activities</b>	<b>( 3,167,817 )</b>	<b>( 5,251,477 )</b>	<b>( 1,922,509 )</b>	<b>( 18,799,223 )</b>	<b>( 19,581,228 )</b>	<b>( 11,899,176 )</b>
<b>Financing activities</b>						
New long-term borrowings .....	6,425,408	7,259,300	2,178,919	12,359,323	16,230,050	8,844,759
Repayments of long-term liabilities .....	( 1,099,022 )	( 1,073,747 )	( 969,776 )	( 11,983,394 )	( 13,131,675 )	( 13,735,613 )
Payments on lease liabilities .....	( 576,259 )	( 586,434 )	( 548,003 )	( 576,259 )	( 586,434 )	( 548,003 )
Paid-in capital .....	0	0	0	0	1,481,138	0
Short-term borrowings, change .....	0	0	0	( 1,753,813 )	( 2,242,500 )	1,303,490
Dividends paid .....	0	0	0	( 90,691 )	0	( 75,779 )
Other financing activities .....	45,227	( 297 )	33,976	0	0	0
<b>Financing activities</b>	<b>4,795,354</b>	<b>5,598,823</b>	<b>695,115</b>	<b>( 2,044,833 )</b>	<b>1,750,579</b>	<b>( 4,211,147 )</b>
<b>Increase (decrease) in cash and cash equivalents.....</b>	<b>16,192,567</b>	<b>7,047,954</b>	<b>5,438,830</b>	<b>14,139,518</b>	<b>6,890,386</b>	<b>9,570,315</b>
<b>Cash and cash equivalent at beginning of year.....</b>	<b>8,678,075</b>	<b>7,818,448</b>	<b>5,596,949</b>	<b>26,588,117</b>	<b>30,421,501</b>	<b>16,170,504</b>
<b>Effect of currency fluctuations on cash.....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>( 17,746 )</b>	<b>0</b>	<b>( 128,925 )</b>
<b>Cash and cash equivalent at year-end.....</b>	<b>24,870,642</b>	<b>14,866,402</b>	<b>11,035,779</b>	<b>40,709,889</b>	<b>37,311,887</b>	<b>25,611,893</b>