

Financial statements 2023 summary

Lahti

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Lahti

Financial Statements 2023

City Board 25.3.2024

Contents

Material events in operations and finances	3
Mayor's review	3
The City of Lahti's Financial Statements	4
Income statement	4
Cash flow statement	5
Balance sheet	6
The City of Lahti's key figures	8
The Lahti Group's Financial Statements	9
Income statement	9
Cash flow statement	10
Balance sheet	11
The Lahti Group's key figures	13
Notes to the Financial Statements	14
Formulas for calculating key figures	35
AUDITOR'S REPORT 2023	38

Material events in operations and finances

Mayor's review

2023 was the first year of operations in line with a new kind of municipal model for Lahti and the entire municipal sector. The wellbeing service counties started up at the beginning of the year and this change had a significant effect on the City's funding. Strengthening the prerequisites for vitality, safeguarding tax revenues and organising educational, cultural and sports services while accounting for population changes are issues that the entire municipal sector has been discussing during the past year.

Lahti – enduring change

The City of Lahti's strategy, "Lahti – enduring change", has served as the basis of the development of the City as it faces a new kind of situation. The City's strategy consists of three parts: Sustainable vitality, Sustainable wellbeing and Sustainable progress. By implementing these three core ideas, Lahti has strengthened itself as a sustainable and successful city for business, higher education and events for which climate and environmental values are important.

Lahti – a city full of vitality

Lahti's status as an internationally significant green city supports its growth and development. The strategy's environmental objectives have been promoted especially through the Carbon-neutral Green City key project.

There is greater awareness of Lahti as a city where new knowledge-based companies can pursue growth, and our image has improved in both corporate and image surveys.

Lahti – a university city

Higher education, businesses and the City engage in close cooperation in Lahti. Higher education institutions support the City's objectives by creating new opportunities and developing new solutions.

LUT University (Lappeenranta-Lahti University of Technology LUT) has experienced rapid growth and development in Lahti. According to a recent international assessment (Times Higher Education Rankings), the LUT University is Finland's third-best university and ranked among the top 350 universities worldwide. The Lahti campus of LUT has had a total of ten Master's programmes since autumn 2023, one in economics and nine in technology, and three Bachelor's programmes.

In spring 2023, the offerings of LAB University of Applied Sciences were rounded out with a new programme in electrical and automation engineering to meet the recruitment needs of local companies and strengthen the region's growing e-mobility cluster.

Lahti – a city of experiences

2023 was a year of major events in Lahti. Several large-scale events were held in the city, with a substantial contribution to the regional economy. The most significant events included the 100th anniversary of the Salpausselkä Winter Games and the Ironman 70.3 World Championship.

The first year of the Lahti Museum of Visual Arts Malva was a success. The museum showcases a wide range of design and visual arts. It attracted 102,000 visitors during 2023, its first full year in operation. More than 160,000 people have visited its exhibitions and events to date.

Lahti – a city in renewal

During the review year, the City's finances focused on building a programme for balancing operations and finances.

When the City Council approved the budget for 2023, it also decided to launch preparations to draft a programme for balancing finances through a parliamentary process. The City Board established a parliamentary working group on 30 January 2023 and tasked it with preparing a proposal for a programme for balancing the City of Lahti's operations and finances. The working group decided on its programme proposal on 5 October 2023. The programme balances finances by 50 million euros over a four-year period from 2024 to 2027. The City Council approved the programme as part of the 2024 budget and the 2024–2026 financial plan.

Lahti – a city of solutions

Although the City's finances were weakened by the healthcare and social services reform, modest income from Group companies, high inflation during the review year and significant pay increases agreed for the municipal sector, the City's result for 2023 was positive thanks to ownership arrangements, the implementation of the programme to balance finances (LUMO) and the fact that a part of the City's tax revenue was paid on the basis of 2022 tax rates. The City of Lahti posted a profit of 41.3 million euros for the financial year 2023, with an annual contribution margin of 94.8 million euros. Cash flow generated by the City was sufficient to cover net investments. The surplus for the financial year will be transferred to the balance sheet to secure finances in future years until the measures of the new budget balancing programme begin to have a stabilising effect on finances.

As from the beginning of 2025, the reform of employment and business services (TE reform) will significantly change the service packages and finances of the City of Lahti and other municipalities. The new service package will cover as much as over 10 per cent of municipal operating expenses. This is a new state-subsidy assignment for the municipalities, and thus full state funding has been promised for additional expenses.

The reform of state subsidy funding is currently under preparation. It is intended to come into effect at the beginning of 2026 and will account for the new role of municipalities following the healthcare and social services reform and the TE reform.

Niko Kynnäräinen
Mayor

The City of Lahti's Financial Statements

Income statement

THE CITY OF LAHTI'S INCOME STATEMENT

€	2023	2022
Operating revenue		
Sales revenue	25,785,109.01	23,633,256.79
Fees and charges	12,640,529.74	12,412,576.28
Subsidies and grants	13,709,079.02	15,135,008.07
Rental income	26,472,733.77	29,690,647.51
Other operating revenue	30,608,258.81	65,247,858.27
	109,215,710.35	146,119,346.92
Production for own use	1,302,031.01	1,147,124.24
Operating expenses		
Personnel expenses		
Salaries and fees	-143,214,489.23	-136,452,532.87
Social security expenses		
Pension expenses	-31,332,434.81	-36,289,169.95
Other social security expenses	-5,399,954.31	-5,037,459.48
Procured services	-137,744,985.91	-577,026,826.75
Materials, supplies and goods	-19,885,002.10	-16,796,906.31
Allowances and grants	-37,627,618.15	-39,089,529.55
Other operating expenses	-37,308,655.88	-31,704,034.24
Total operating expenses	-412,513,140.39	-842,396,459.15
Operating margin	-301,995,399.03	-695,129,987.99
Tax revenue	304,842,665.75	545,067,561.41
Central government transfers	90,872,396.00	245,733,054.00
Financing income and expenses		
Interest income	19,024,028.91	8,190,418.24
Other financing income	4,916,635.32	9,645,022.90
Interest expenses	-19,530,504.05	-11,584,373.65
Other financing expenses	-3,365,898.09	-1,954,590.94
Total financing income and expenses	1,044,262.09	4,296,476.55
Annual contribution margin	94,763,924.81	99,967,103.97
Depreciation and impairment		
Depreciation according to plan	-52,477,934.99	-52,552,175.88
Impairment	-1,025,342.68	-296,568.69
Total depreciation and impairment	-53,503,277.67	-52,848,744.57
Result for the financial year	41,260,647.14	47,118,359.40
Increase (-) or decrease (+) in depreciation difference	-9,597,035.29	139,880.24
Increase (-) or decrease (+) in voluntary provisions	10,000,000.00	-20,000,000.00
Increase (-) or decrease (+) in funds	-259,113.19	-173,602.71
SURPLUS/DEFICIT FOR THE FINANCIAL YEAR	41,404,498.66	27,084,636.93

Cash flow statement

THE CITY OF LAHTI'S CASH FLOW STATEMENT

€	2023	2022
Cash flow from operations		
Annual contribution margin	94,763,924.81	99,967,103.97
Adjustments to income financing	<u>-20,902,126.54</u>	<u>-57,619,282.14</u>
	73,861,798.27	42,347,821.83
Cash flow from investments		
Investment expenses	-81,671,453.62	-87,542,890.62
Allotments for capital expenditure	671,333.71	2,681,219.62
Capital gains on the sale of non-current assets	<u>38,206,266.94</u>	<u>101,239,770.05</u>
	-42,793,852.97	16,378,099.05
Cash flow from operations and investments	31,067,945.30	58,725,920.88
Cash flow from financing		
Changes in granted loans		
Increases in granted loan receivables	-7,750.00	0.00
Decreases in granted loan receivables	<u>35,228,977.79</u>	<u>38,915,622.65</u>
	35,221,227.79	38,915,622.65
Changes in the loan portfolio		
Decrease in long-term loans	-76,900,000.00	-41,200,000.00
Change in short-term loans	<u>7,597,042.57</u>	<u>13,200,594.13</u>
	-69,302,957.43	-27,999,405.87
Changes in capital and reserves	307,598.72	0.00
Other changes in liquidity		
Changes in funds and capital from assignments	575,405.18	-240,941.81
Change in current assets	37,918.89	-34,556.06
Change in receivables	19,346,459.28	29,679,282.86
Change in interest-free liabilities	<u>-24,955,230.81</u>	<u>19,740,006.00</u>
	-4,995,447.46	49,143,790.99
Cash flow from financing	-38,769,578.38	60,060,007.77
Change in liquid assets	-7,701,633.08	118,785,928.65
Change in liquid assets		
Liquid assets 31 Dec	266,352,323.39	274,053,956.47
Liquid assets 1 Jan	<u>274,053,956.47</u>	<u>155,268,027.82</u>
	-7,701,633.08	118,785,928.65

Balance sheet

THE CITY OF LAHTI'S BALANCE SHEET

ASSETS €	2023	2022
NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	1,567,069.95	1,038,360.09
Other capitalised long-term expenses	66,609,582.32	65,897,703.40
Advance payments and projects in progress	<u>1,329,281.65</u>	<u>2,090,161.42</u>
	69,505,933.92	69 026 224.91
Tangible assets		
Land and water areas	139,498,339.27	138,093,926.63
Buildings	290,003,138.12	257,549,978.09
Fixed structures and installations	226,804,095.13	207,900,873.93
Machinery and equipment	7,845,562.64	5,533,384.06
Other tangible assets	260,105.93	242,508.98
Advance payments and acquisitions in progress	<u>1,960,999.29</u>	<u>48,743,116.85</u>
	666,372,240.38	658,063,788.53
Investments		
Shares and interests	171,446,811.40	200,687,333.91
Other loan receivables	314,430,962.79	350,764,940.58
Other receivables	<u>231,945.14</u>	<u>224,195.14</u>
	486,109,719.33	551,676,469.63
FUNDS FROM ASSIGNMENTS		
Donation funds	<u>561,336.24</u>	<u>342,386.24</u>
	561,336.24	342,386.24
CURRENT ASSETS		
Current assets		
Materials and supplies	88,335.68	126,254.57
Receivables		
Long-term receivables		
Loan receivables	0.00	2,127,795.17
Other receivables	1,530,777.67	10,498.69
Short-term receivables		
Sales receivables	10,591,421.29	7,833,432.90
Loan receivables	5,677,203.32	27,304,834.51
Other receivables	4,663,815.74	4,425,240.79
Prepayments and accrued income	<u>13,207,778.92</u>	<u>15,940,654.16</u>
	35,670,996.94	57,642,456.22
Shares and holdings		
Shares and interests	7,631,181.15	7,696,021.78
Investments in money market instruments	<u>125,000,000.00</u>	<u>170,000,000.00</u>
	132,631,181.15	177,696,021.78
Cash in hand and at banks	133,721,142.24	96,357,934.69
TOTAL ASSETS	1,524,660,885.88	1,610,931,536.58

LIABILITIES €	2023	2022
CAPITAL AND RESERVES		
Initial capital	405,062,050.09	437,196,267.29
Revaluation reserve	80,009.68	80,009.68
Other internal funds	11,268,123.36	11,009,010.17
Surplus from previous financial years	213,360,027.35	185,975,328.38
Surplus (deficit) for the financial year	<u>41,404,498.66</u>	<u>27,084,636.93</u>
	671,174,709.14	661,345,252.46
DEPRECIATION DIFFERENCE AND VOLUNTARY PROVISIONS		
Depreciation difference	10,287,852.58	690,817.29
Voluntary provisions	<u>20,000,000.00</u>	<u>30,000,000.00</u>
	30,287,852.58	30,690,817.29
MANDATORY PROVISIONS		
Provisions for pensions	2,370,700.00	2,596,900.00
Other mandatory provisions	<u>9,045,629.26</u>	<u>10,659,671.26</u>
	11,416,329.26	13,256,571.26
CAPITAL FROM ASSIGNMENTS		
Capital from donation funds	<u>3,096,830.72</u>	<u>2,302,475.54</u>
	3,096,830.72	2,302,475.54
LIABILITIES		
Long-term liabilities		
Loans from financial institutions and insurance companies	610,000,000.00	679,000,000.00
Loans from other creditors	20,000.00	20,000.00
Accrued expenses and deferred income	<u>0.00</u>	<u>5,964,209.82</u>
	610,020,000.00	684,984,209.82
Short-term liabilities		
Loans from financial institutions and insurance companies	64,000,000.00	71,900,000.00
Loans from other creditors	70,224,215.43	62,627,172.86
Advances received	3,509,212.93	1,132,659.04
Accounts payable	25,206,034.43	46,639,571.52
Other liabilities	3,139,183.05	3,170,802.94
Accrued expenses and deferred income	32,586,518.34	32,882,003.85
	198,665,164.18	218,352,210.21
TOTAL LIABILITIES	1,524,660,885.88	1,610,931,536.58

The City of Lahti's key figures

KEY FIGURES	2023	2022
Key figures in the income statement		
Operating revenue/Operating expenses, %	26.6%	17.4%
Annual contribution margin/Depreciation, %	177.1%	189.1%
Annual contribution margin, EUR/resident	785	832
Number of residents*	120,700	120,175
Number of personnel	3,722	3,736
* The estimated number of residents for the comparison year (2022), which was based on preliminary data, has been updated to show the actual number of residents. Corresponding adjustments have been made to the key figures for 2022.		
Key figures in the cash flow statement		
5-year accumulated cash flow from operations and investments, EUR	77,915,692	-13,973,451
Cash flow from investments, %	117.0%	117.8%
Loan servicing margin	1.2	2.1
Deferred loan servicing margin	1.0	1.0
Adequacy of cash flow, days	164.0	101.7
Key figures in the balance sheet		
Equity ratio, %	46.1%	43.0%
Relative indebtedness, %	159.5%	96.3%
Accumulated surplus/deficit, EUR 1,000	255,432	213,741
Accumulated surplus/deficit, EUR/resident	2,116	1,778
Loan portfolio 31 Dec, EUR/resident	6,166	6,768
Loan portfolio 31 Dec	744,244,215	813,547,173
Loan portfolio 31 Dec, EUR 1,000	744,244	813,547
Loans and rental liabilities 31 Dec	959,778,692	1,014,496,960
Loans and rental liabilities, EUR/resident	7,952	8,440
Loan receivables 31 Dec, EUR 1,000	314,431	350,765

The Lahti Group's Financial Statements

Income statement

LAHTI GROUP

INCOME STATEMENT 1,000 €	2023	2022
Operating revenue	437,847	719,320
Operating expenses	-678,683	-1,332,564
Share of the profits (losses) of affiliated entities	-415	-487
OPERATING MARGIN	-241,251	-613,731
Tax revenue	303,358	543,183
Central government transfers	131,527	284,217
<u>Financing income and expenses</u>		
Interest income	10,507	2,029
Other financing income	5,431	17,604
Interest expenses	-23,436	-16,766
Other financing expenses	-4,694	-20,296
Financing income and expenses	-12,192	-17,429
ANNUAL CONTRIBUTION MARGIN	181,443	196,239
<u>Depreciation and impairment</u>		
Depreciation according to plan	-114,372	-116,536
Differences in ownership elimination	0	-396
Impairment	-1,529	-282
Depreciation and Impairment	-115,901	-117,214
Extraordinary items	554	-208
PROFIT FOR THE FINANCIAL YEAR	66,096	78,816
Appropriations	-276	-182
Taxes for the financial year	-3,288	-7,437
Deferred taxes	-2,047	-2,368
Minority interest in the profit for the financial year	-233	-763
SURPLUS/DEFICIT FOR THE FINANCIAL YEAR	60,252	68,065

Cash flow statement

LAHTI GROUP

CASH FLOW STATEMENT 1,000 €	2023	2022
Cash flow from operations		
ANNUAL CONTRIBUTION MARGIN	181,443	196,238
Extraordinary items	554	-208
Taxes for the financial year	-3,288	-7,437
Adjustments to income financing	-24,185	-30,131
Cash flow from operations	154,523	158,462
Cash flow from investments		
Investment expenses	-133,435	-236,268
Allotments for capital expenditure	680	2,762
Capital gains on the sale of non-current assets	29,711	190,401
Cash flow from investments	-103,044	-43,105
Cash flow from operations and investments	51,479	115,356
Cash flow from financing		
<u>Changes in granted loans</u>		
Increases in granted loan receivables	0	-173
Decreases in granted loan receivables	554	132
Changes in granted loans	554	-40
<u>Changes in the loan portfolio</u>		
Increase in long-term loans	75,505	63,956
Decrease in long-term loans	-106,454	-70,038
Change in short-term loans	-1,223	-31
Changes in the loan portfolio	-32,171	-6,112
<u>Changes in capital and reserves</u>		
Changes in capital and reserves	9,208	851
<u>Other changes in liquidity</u>		
Changes in funds and capital from assignments	593	-67
Change in current assets	-1,990	-5,429
Change in receivables	-1,814	-10,745
Change in interest-free liabilities	-27,586	23,716
Other changes in liquidity	-30,797	7,475
Cash flow from financing	-53,206	2,173
Change in liquid assets	-1,726	117,529
Liquid assets 31 Dec	297,282	334,419
Liquid assets 1 Jan	299,008	216,890
Change in liquid assets	-1,726	117,529

Balance sheet**LAHTI GROUP**

ASSETS 1,000 €	2023	2022
NON-CURRENT ASSETS		
<u>Intangible assets</u>		
Intangible rights	8,394	9,031
Other capitalised long-term expenses	70,166	68,606
Advance payments and assets in progress	2,435	4,259
Intangible assets	80,995	81,896
<u>Tangible assets</u>		
Land and water areas	158,203	156,999
Buildings	796,384	858,601
Fixed structures and installations	435,620	414,147
Machinery and equipment	231,014	237,498
Other tangible assets	1,653	2,452
Advance payments and acquisitions in progress	28,777	73,291
Tangible assets	1,651,651	1,742,989
<u>Investments</u>		
Shares and interests in affiliated entities	2,754	2,406
Other shares and interests and the revaluations of shares	107,622	108,953
Bond receivables	155	173
Other loan receivables	18,914	19,424
Other receivables	70	96
Investments	129,515	131,052
NON-CURRENT ASSETS	1,862,162	1,955,937
FUNDS FROM ASSIGNMENTS	1,913	2,317
CURRENT ASSETS		
Current assets	12,040	14,282
<u>Receivables</u>		
Long-term receivables	5,337	3,730
Short-term receivables	78,890	125,161
Receivables	84,228	128,891
Shares and holdings	143,408	189,848
Cash in hand and at banks	153,873	144,571
CURRENT ASSETS	393,549	477,592
ASSETS	2,257,624	2,435,845

LAHTI GROUP

LIABILITIES 1,000 €	2023	2022
CAPITAL AND RESERVES		
Initial capital	405,062	437,196
Initial capital of associations and foundations	13	13
Revaluation reserve	121	383
Other internal funds	12,433	12,62
Surplus (deficit) from previous financial years	378,214	3
Surplus (deficit) for the financial year	60,252	68,065
CAPITAL AND RESERVES	856,095	824,68
MINORITY INTERESTS	16,796	14,531
MANDATORY PROVISIONS		
Provisions for pensions	2,371	2,597
Other mandatory provisions	20,853	37,890
MANDATORY PROVISIONS	23,223	40,487
CAPITAL FROM ASSIGNMENTS	4,856	6,013
LIABILITIES		
Long-term interest-bearing liabilities	1,044,626	1,129,339
Long-term non-interest-bearing liabilities	84,500	90,897
Short-term interest-bearing liabilities	92,130	104,453
Short-term non-interest-bearing liabilities	135,697	225,445
LIABILITIES	1,356,954	1,550,134
LIABILITIES	2,257,624	2,435,845

The Lahti Group's key figures

KEY FIGURES	2023	2022
Key figures in the income statement		
Operating revenue/Operating expenses, %	64,5 %	54,0 %
Annual contribution margin/Depreciation, %	156,5 %	168,0 %
Annual contribution margin, EUR/resident	1,503	1,633
Number of residents*	120,700	120,175
Number of personnel	5,606	9,514

* The estimated number of residents for the comparison year (2022), which was based on preliminary data, has been updated to show the actual number of residents. Corresponding adjustments have been made to the key figures for 2022.

Key figures in the cash flow statement		
5-year accumulated cash flow from operations and investments, EUR*	160,591,729	6,486,000
Cash flow from investments, %	136,7 %	84,0 %
Loan servicing margin	1,6	2,5
Deferred loan servicing margin	1,2	1,2
Adequacy of cash flow, days	114,1	72,5

*The comparison figure for 5-year accumulated cash flow from operations and investments has changed, as the calculation formula was incorrect in the 2022 financial statements.

Key figures in the balance sheet		
Equity ratio, %	38,7 %	34,6 %
Relative indebtedness, %	154,8 %	99,7 %
Accumulated surplus/deficit, EUR 1,000	438,466	374,465
Accumulated surplus/deficit, EUR/resident	3,633	3,115
Loan portfolio 31 Dec, EUR/resident	9,418	10,267
Loan portfolio 31 Dec	1,136,756,457	1,233,791,974
Loan portfolio 31 Dec, EUR 1,000	1,136,756	1,233,792
Loans and rental liabilities 31 Dec	1,421,300,404	1,1686,096,597
Loans and rental liabilities, EUR/resident	11,775	14,030
Loan receivables 31 Dec, EUR 1,000	19,069	19,597

Notes to the Financial Statements

Notes on the preparation of the financial statements

Notes on the preparation of the City's financial statements

Valuation principles and methods, and accrual principles and methods

Valuation of non-current assets

Intangible and tangible non-current assets are recognised in the balance sheet at their acquisition cost minus planned depreciation and allotments for capital expenditure. Planned depreciation has been calculated in accordance with a pre-established depreciation plan. The bases on which planned depreciation has been calculated in the depreciation plan are presented in the notes to the income statement in the section titled "The bases for planned depreciation".

Valuation of investments

Investments in non-current assets are recognised in the balance sheet at their acquisition cost or a lower value. They are valued on the basis of an asset's probable accrued value in the future or its value in service provision.

Valuation of current assets

Current assets are recognised in the balance sheet at their weighted average acquisition cost or probable acquisition cost or probable sale price, whichever is lower.

Valuation of financial assets

Receivables are recognised in the balance sheet at their nominal value or probable value, whichever is lower. Shares and holdings are recognised in the balance sheet at their acquisition cost or probable sale price, whichever is lower.

Treatment of derivative contracts

Derivative contracts manage the interest rate risks related to loans with the aim of offsetting any effects arising from changes in interest rates, improving cash flow predictability, and reducing interest costs. The City of Lahti's derivative contracts are interest rate swaps extending until at most 2042. The contracts have been made in accordance with the City of Lahti's financing principles in order to hedge the interest rate risks of current or future loans, and they are presented in the notes to the financial statements.

Accrual principles

Income and expenditure are recognised in the income statement on an accrual basis. Exceptions to this include tax revenue, which has been recognised on its settlement date in the relevant financial year, and interest receivables on subordinated loans from the following companies in 2023:

- Kuntien Tiera Oy, EUR 20,277.78, a total of EUR 146,541.67.

Treatment of grants

Monetary grants received for the acquisition of non-current tangible assets are entered under the relevant category as a decrease in the acquisition cost of the asset.

Impacts of the coronavirus pandemic

The coronavirus pandemic no longer had a significant impact on operations in 2023.

Other events during the financial year

Other mandatory provisions include a credit loss provision of EUR 1,000,000.00 for the City of Lahti's loan receivables, which consist of loan receivables from Lahden Jäähalli Oy.

The Group's joint receivables and liabilities differ by EUR 4,350,534.52 as the City of Lahti has recognised loan and interest receivables from KOKO Lahti Oy and Lahti Events Oy as a credit loss that remains owed by the companies.

The City of Lahti has recognised KOKO Lahti Oy's equity investments of EUR 768,246.84, which are still recorded under capital and reserves in the company's balance sheet, as impairment of non-current asset investments in the balance sheet.

On 12 June 2023, the City Board decided to transfer a total of EUR 2,012,434.15 in receivables from the Finnish Ski Association within the Lahti Group from KOKO Lahti Oy to the City of Lahti (item 222). A complaint has been filed with the Administrative Court of Hämeenlinna regarding the transfer of these receivables.

On 4 December 2023, the City Board decided to cancel the debts of Lahti Events Oy as at 30 November 2023, a total of EUR 2.873 million, the interest receivables on these debts as at 30 November 2023, a total of EUR 0.103 million, and the granted credit limit to a maximum amount of EUR 4.0 million and the related interest receivables as at 26 November 2023, a total of EUR 68,007.65; in total, these amount to EUR 7,043,985.02 (item 410). In addition, the City Board decided that Lahti Events Oy is to be dissolved without delay. A request for an administrative review has been submitted concerning the arrangement.

On 18 December 2023, the City Board decided to establish Tapahtuma Lahti Oy and to subscribe for shares in Tapahtuma Lahti Oy in an amount of EUR 1.0 million and to invest EUR 2.8 million in the company's invested unrestricted equity fund (item 444). A request for an administrative review has been submitted regarding the decision.

Changes made in the 2023 financial year with an impact on comparability

In the 2023 financial year, capital items transferred to the wellbeing services counties of municipal federations and the holiday pay liabilities of the transferred persons were recognised in accordance with Opinion 128 of the Accounting Board's municipality sub-committee. Due to technical reasons, they could not be recognised in the opening balances, but were entered as changes during the period. Personnel have been transferred from the City of Lahti to the wellbeing services county of Päijät-Häme with holiday pay liabilities. The City of Lahti's ownership of the Päijät-Häme Joint Authority for Health and Wellbeing ended on 1 January 2023. The City of Lahti's ownership of the Eteva municipal federation ceased on 1 January 2023. The changes are detailed in Note 25 Breakdown of capital and reserves.

Adjustments for the 2023 financial year

In 2023, the City of Lahti entered EUR 319,000 in VAT adjustments from the Päijät-Häme Joint Authority for Health and Wellbeing for 2019–2021, VAT adjustments of EUR 11,000 concerning city bikes for 2021–2022, and EUR 7,000 in balance sheet write-downs of two connections in a sold building in the surplus/deficit from previous financial years.

Comparability of the previous financial year's key figures

The estimated number of residents for the comparison year (2022), which was based on preliminary data, has been updated to show the actual number of residents. This update affects the following key figures for 2022: Annual contribution margin in the income statement, EUR/resident; accumulated surplus/deficit in the balance sheet, EUR/resident; loan portfolio, EUR/resident; and loans and rental liabilities, EUR/resident.

The comparison figure for 5-year accumulated cash flow from operations and investments has changed, as the calculation formula was incorrect in the 2022 financial statements.

Notes on the preparation of the Consolidated Financial Statements

Group structure

All of the subsidiaries and municipal federations in which Lahti exercises control are included in the consolidated financial statements. At the end of 2023, the City Group comprised 35 subsidiaries and one foundation, which have been merged with the municipal Group either directly or via the consolidated financial statements of the subgroups. The consolidated financial statements also include two municipal federations and one municipal federation Group of which Lahti is a member. Via the municipal federation Groups, one subsidiary of a municipal federation Group has been merged into the municipal Group. The Group companies are shareholders in six affiliated entities, of which one affiliated entity has been consolidated in the subgroup's figures. The rest of the affiliated entities are insignificant with regard to the Group as a whole and, as small companies, have not been consolidated (Accounting Act, Section 6:3.1).

Seven subgroups have been consolidated into the Group, and are described in the Group structure. Consolidated statements for the aforementioned companies have been consolidated into the Lahti Group.

Entities consolidated in the Consolidated Financial Statements:

	2023
Subsidiaries	
Companies	
- Residential, real estate and housing companies	12
- Companies engaged in municipal business	18
- Other companies	5
Foundations	1
Municipal federations	3
Non-consolidated entities	6
Total	45

Elimination of joint ownership

The elimination of joint ownership by Lahti, its subsidiaries and the municipal federations has been carried out using the applied acquisition cost method in accordance with the general Group guidelines of the Accounting Board's municipality subcommittee. The difference created by the elimination of ownership has been entered in full into the result for the financial year pertaining to the acquisition.

Internal transactions and internal margins

Intra-Group income, expenses, receivables and debts have been deducted. Income, expenses, receivables and debts between the municipal federations in which the City is a shareholder have also been deducted with the exception of negligible transactions. Any material internal margins included in non-current assets have been deducted. The Group's internal property taxes have been eliminated.

Minority interests

Minority interests are separated from the Group's surplus and deficit in the consolidated income statement and from equity in the consolidated balance sheet.

Adjustments to planned depreciation

The depreciation of buildings owned by real estate and housing companies has been adjusted according to plan, and the difference in residual values has been recognised in the consolidated income statement as a depreciation adjustment for

the subsidiary and, for an accumulated difference from previous financial years, in the consolidated balance sheet as an adjustment to the surplus (deficit) from previous financial years for those companies that have not made planned depreciations.

Depreciation difference and voluntary provisions

In accordance with the Accounting Board, changes in both voluntary and tax-based provisions and the depreciation difference have been calculated in the consolidated income statement for the change in deferred taxes as well as the surplus/deficit for the financial year. In addition, both the voluntary and tax-based provisions and the depreciation difference are divided into non-tied equity and deferred tax liabilities in the consolidated balance sheet. This division has been taken into account in the elimination of ownership and the separation of minority interests. The deferred tax liability is shown in full as a long-term liability.

Deferred tax assets have been entered for the Group on the basis of exports resulting from the subgroup's business operations. The deferred tax assets have been divided into long-term and short-term assets on the basis of their potential realisation.

Deferred taxes have been recognised for the Group as follows:

- Receivables: long-term EUR 0.7 million, Short-term: EUR 0.03 million
- Liabilities: long-term EUR 45.5 million.

Affiliated entities

Being small companies, affiliated entities (with the exception of those consolidated into the five subgroups) have not been consolidated in the consolidated financial statements (Accounting Act, Section 6:3.1).

Changes to the Group structure during the accounting period

- The transfer of the Päijät-Häme Joint Authority for Health and Wellbeing and the Eteva municipal federation to the wellbeing service counties and out of the Lahti Group
- Tapahtuma Lahti Oy, founded on 19 December 2023

Adjustment of unit-price financing in central government transfers

In the consolidated financial statements, EUR 61.97 million in unit-price financing paid to Salpaus Further Education has been transferred from operating revenue to central government transfers.

Treatment of real estate tax

EUR 1.48 million in real estate taxes paid to the municipality by entities consolidated in the consolidated financial statements has been eliminated.

Other events during the financial year

Other mandatory provisions include a credit loss provision of EUR 1,000,000 for the City of Lahti's loan receivables, which consist of loan receivables from Lahden Jäähalli Oy.

The Group's joint receivables and liabilities differ by EUR 4,350,534.52 as the City of Lahti has recognised loan and interest receivables from KOKO Lahti Oy and Lahti Events Oy as a credit loss that remains owed by the companies.

The City of Lahti has recognised KOKO Lahti Oy's equity investments of EUR 768,246.84, which are still recorded under capital and reserves in the company's balance sheet, as impairment of non-current asset investments in the balance sheet.

On 12 June 2023, the City Board decided to transfer a total of EUR 2,012,434.15 in receivables from the Finnish Ski Association within the Lahti Group from KOKO Lahti Oy to the City of Lahti (item 222). A complaint has been filed with the Administrative Court of Hämeenlinna regarding the transfer of these receivables.

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Comparability with previous financial years' financial statements

The figure given for the previous financial year's population has been revised. The number of inhabitants affects the annual margin in euros per resident given in the income statement and the balance sheet key figures for debt in euros per resident and accrued surplus/deficit in euros per resident.

With respect to the new wellbeing service counties that started on 1 January 2023, the shares of ownership of the Päijät-Häme Joint Authority for Health and Wellbeing and the Eteva municipal federation as well as changes in capital and reserves have a significant impact on the comparison figures for the previous year.

Review of the correction of a technical error in the Group programme in the notes to the Lahti Group's 2023 financial statements

In the Lahti Group's consolidated financial statements for 2023, an internal margin of EUR 2.99 million had not been eliminated from the sale of the outdoor lighting network from Lahti Energia Oy to the City of Lahti due to technical reasons in the system. At Lahti Energia Oy, the outdoor lighting network had already been derecognised from non-current assets in its entirety and the sale was therefore recognised in full as capital gains. This should have been eliminated as an internal margin. As this elimination had not been carried out, the Group's surplus/deficit for the financial year was EUR 2.99 million too high.

When drafting the consolidated financial statements, the internal account did not function as expected in the software. The error has been reviewed with the system supplier. This item in the consolidated financial statements will be corrected from capital and reserves to changes in the previous financial year in Q1 2024 reporting, and the elimination of the internal margin will be done at the same time.

NOTES TO THE INCOME STATEMENT

6.OPERATING REVENUE BY FUNCTION *)	Group		City	
	2023	2022	2023	2022
Social and healthcare services	5,442,573	252,198,891	0	0
Educational and cultural services	28,530,539	27,552,938	23,172,262	22,547,550
Community services	269,577,844	293,052,849	4,228,329	41,556,934
Housing and real estate services	91,078,262	114,638,183	29,872,327	67,578,911
General Administration	34,74,912	20,308,532	12,942,792	14,435,952
Other services	8,472,628	11,568,508	0	0
Total operating revenue	437,846,757	719,319,901	109,215,710	146,119,347

*) A breakdown of operating revenue is presented for external items.

7.TAX REVENUE	Group		City	
	2023	2022	2023	2022
Municipal income tax	225,383,374	452,477,252	225,383,374	452,477,252
Percentage of corporate tax revenue	31,167,724	46,235,395	32,652,219	46,235,395
Property tax	46,807,072	44,469,981	46,807,072	46,354,915
Total tax revenue	303,358,170	543,182,627	304,842,666	545,067,561

8.CENTRAL GOVERNMENT TRANSFERS	Group		City	
	2023	2022	2023	2022
State subsidy for basic municipal services	51,714,152	157,697,854	51,714,152	157,697,854
Equalisation of state subsidy based on tax revenue	24,612,317	32,769,461	24,612,317	32,769,461
Compensation for lost tax revenue	18,168,314	59,126,553	18,168,314	59,126,553
State subsidy for basic municipal services	94,494,783	249,593,868	94,494,783	249,593,868
State subsidy for educational municipal federations	40,655,238	38,484,085	0	0
State subsidy for other educational and cultural activities	-3,622,387	-3,860,814	-3,622,387	-3,860,814
Total central government transfers	131,527,634	284,217,139	90,872,396	245,733,054

9.BREAKDOWN OF PROCURED SERVICES	City	
	2023	2022
Purchases of customer services	12,788,205	461,324,187
Purchases of other services	124,956,781	115,702,640
Total purchases of municipal services	137,744,986	577,026,827

10.SUBSIDIES FOR COUNCIL GROUPS	City	
	2023	2022
Left Alliance, Lahti Council Group	5,000	7,084
National Coalition Party, Lahti Council Group	15,000	21,254
Green Party, Lahti Council Group	5,940	7,801
Social Democratic Party, Lahti Council Group	18,000	25,505
Christian Democrats, Lahti Council Group	5,000	4,581
Finns Party, Lahti Council Group	7,244	10,129
Centre Party, Council Group	940	0
Total subsidies to council groups	57,124	76,355

11.THE BASES FOR PLANNED DEPRECIATION

A pre-established depreciation plan has been used to determine depreciation. The planned depreciation of the acquisition cost of tangible and intangible assets has been calculated on the basis of their estimated useful life. Small acquisitions of fixed assets with an acquisition cost of less than EUR 10,000 (0% VAT) are recognised as annual expenses.

The depreciation methods and estimated depreciation periods are:

Fixed asset	Depreciation plan as of 1 Jan 2016, unless exempted		City of Lahti depreciation plan until 31 Dec 2012	City of Lahti depreciation plan 1 Jan 2013–12 Dec 2015, unless exempted	Municipality of Nastola depreciation plan until 31 Dec 2015
		%			
Intangible assets					
Development expenditure	2	50.0%	-	2	-
Intangible rights	5	20.0%	5	5	5
Goodwill	2	50.0%	-	2	-
Other capitalised long-term expenses					
- Computer software	2	50.0%	5	2	3
- other	2	50.0%	3	2	-
Tangible assets					
Land and water areas	no depreciation period				
Buildings and structures					
- Administrative and institutional buildings	20	5.0%	30	20	30
- factories and production facilities	20	5.0%	20	20	20
- offices	10	10.0%	7	10	15
- leisure buildings	20	5.0%	25	20	20
- residential buildings	30	3.3%	40	30	30
Fixed structures and installations					
- roads, streets, squares and parks	15	6.7%	20	15	expenditure residue, 15%
- bridges, quays and swimming pools	10	10.0%	20	10	expenditure residue, 15%
- other land and water structures	15	6.7%	30	15	expenditure residue, 10%
- water supply network	30	3.3%	-	-	expenditure residue, 8%
- sewage network	30	3.3%	-	-	expenditure residue, 8%
- electrical wiring, transformer substations and outdoor lighting	15	6.7%	10	15	-
- other pipelines and cable networks	15	6.7%	-	-	expenditure residue, 20%
- machinery and equipment for electricity, water and other utilities	10	10.0%	-	-	expenditure residue, 20%
- traffic control equipment	10	10.0%	10	10	-
- other fixed machinery, equipment and structures	10	10.0%	15	10	-
Building renovations	useful life is calculated on an investment-by-investment basis		useful life is calculated on an investment-by-investment basis	useful life is calculated on an investment-by-investment basis	-
Machinery and equipment					
- other transport equipment	4	25.0%	5	4	5
- other mobile machinery	5	20.0%	5	5	5
- other heavy machinery	10	10.0%	10	10	-
- other light machinery	5	20.0%	10	5	-
- hospital and healthcare equipment	5	20.0%	10	5	5
- IT equipment	3	33.3%	3–5 years	3	3
- other fixtures and equipment	3	33.3%	3–15 years	3	3
Other tangible assets					
- natural resources	according to use		according to use	according to use	according to use
- valuables and works of art	no depreciation period		no depreciation period	no depreciation period	no depreciation period
- advance payments and acquisitions in progress	no depreciation period		no depreciation period	no depreciation period	-
Investments in non-current assets					
Shares and interests	no depreciation period		no depreciation period	-	no depreciation period

12. CHANGES IN MANDATORY PROVISIONS	Group		City	
	2023	2022	2023	2022
Pension liability 1 Jan	2,596,900	2,823,100	2,596,900	2,823,100
Decrease	-226,200	-226,200	-226,200	-226,200
Pension liability 31 Dec	2,370,700	2,596,900	2,370,700	2,596,900
Reserve for other environmental liabilities 1 Jan	3,059,776	2,685,191	1,831,000	1,831,000
Increases	756,755	1,635,615	0	0
Decreases	-421,142	-1,261,030	0	0
Reserve for other environmental liabilities 31 Dec	3,395,389	3,059,776	1,831,000	1,831,000
Reserve for legal expenses 1 Jan	0	250,000	0	250,000
Decreases	0	-250,000	0	-250,000
Reserve for legal expenses 31 Dec	0	0	0	0
Non-hedging interest rate swap 1 Jan	1,664,042	7,363,659	1,664,042	7,363,659
Decreases	-1,664,042	-5,699,617	-1,664,042	-5,699,617
Non-hedging interest rate swap 31 Dec	0	1,664,042	0	1,664,042
Other mandatory provisions 1 Jan	21,105,798	6,194,613	7,164,629	1,087,093
Increases	2,121,638	18,666,657	1,000,000	9,167,830
Decreases	-11,481,031	-3,755,472	-950,000	-3,090,294
Other mandatory provisions 31 Dec	11,746,406	21,105,798	7,214,629	7,164,629
Landfill landscaping provision 1 Jan	5,393,109	4,746,381	0	0
Increases	638,963	948,624	0	0
Decreases	-321,204	-301,896	0	0
Landfill landscaping provision 31 Dec	5,710,868	5,393,109	0	0
Medical malpractice insurance premium 1 Jan	6,667,326	5,244,525	0	0
Increases	0	1,807,416	0	0
Decreases	-6,667,326	-384,615	0	0
Medical malpractice insurance premium 31 Dec	0	6,667,326	0	0
Mandatory provisions	23,223,363	40,486,951	11,416,329	13,256,571

13. CAPITAL GAINS/LOSSES ON THE SALE OF NON-CURRENT ASSETS	Group		City	
	2023	2022	2023	2022
Capital gains				
Capital gains from land and water areas	2,240,047	4,094,026	1,895,733	4,094,026
Capital gains from buildings	20,787,971	55,243,166	20,787,971	53,906,804
Other capital gains	3,143,630	631,619	112,245	2,711
Capital gains	26,171,648	59,968,811	22,795,948	58,003,540
Capital losses				
Capital losses from the sale of land and water areas	-193,807	0	-4,063	0
Other capital losses	0	3,858	0	0
Capital losses	-193,807	3,858	-4,063	0

15. BREAKDOWN OF DIVIDEND INCOME AND INTEREST ON COOPERATIVE CAPITAL	City	
	2023	2022
Dividend income from Group entities	2,556,049	6,408,718
Dividend income and interest on cooperative capital from others	1,476,225	2,630,447
Total	4,032,274	9,039,165

NOTES TO THE BALANCE SHEET
NOTES TO BALANCE SHEET ASSETS

19. NON-CURRENT ASSETS BY BALANCE SHEET ITEM

Intangible and tangible assets / City

INTANGIBLE ASSETS	Intangible rights	Other capitalised long-term expenses	Advance payments and assets in progress	Total
Undepreciated acquisition cost 1 Jan	1,038,360	65,897,703	2,090,161	69,026,225
Increases in the financial year	64,306	525,000	1,066,602	1,655,908
Depreciations during the financial year	-1,042,559	0	0	-1,042,559
Transfers between items	1,364,603	5,141,534	-1,827,481	4,678,656
Accrued depreciations on divestments and deductions	1,560,059	0	0	1,560,059
Depreciation for the period	-1,417,700	-4,954,655	0	-6,372,354
Undepreciated acquisition cost 31 Dec	1,567,070	66,609,582	1,329,282	69,505,934
Book value 31 Dec	1,567,070	66,609,582	1,329,282	69,505,934

TANGIBLE ASSETS	Land and water areas	Buildings	Fixed structures and installations	Machinery and equipment	Other tangible assets	Advance payments and assets in progress	Total
Undepreciated acquisition cost 1 Jan	138,093,927	257,549,978	207,900,874	5,533,384	242,509	48,743,117	658,063,789
Increases in the financial year	2,028,970	0	0	390,191	17,013	73,406,748	75,842,921
Financial contributions during the financial year	0	0	0	0	0	-671,334	-671,334
Depreciations during the financial year	-605,900	-39,186,811	-541,983	-15,298,802	0	-146,053	-55,779,549
Transfers between items	452	64,950,184	43,369,133	6,353,284	19,770	-119,371,478	-4,678,656
Accrued depreciations on divestments and deductions	0	24,422,711	541,983	15,272,564	0	0	40,237,258
Depreciation for the period	0	-17,732,924	-24,465,912	-4,405,059	-19,186	0	-46,623,081
Impairment and reversal of impairment	-19,109	0	0	0	0	0	-19,109
Undepreciated acquisition cost 31 Dec	139,498,339	290,003,138	226,804,095	7,845,563	260,106	1,960,999	666,372,240
Book value 31 Dec	139,498,339	290,003,138	226,804,095	7,845,563	260,106	1,960,999	666,372,240

Material changes in buildings	37,266,064.29
Sale of Jalmari buildings	EUR 30.5 million
Demolition of the Kaarikatu day-care centre	EUR 1.6 million
Demolition of the Paavola day-care centre	EUR 3.8 million
Demolition of several day-care centres, the Metsäkangas service home and the old fire station in Nastola	EUR 1.4 million
Material additional depreciation	1,535,774.88
Sale of Jalmari buildings	EUR 1.5 million
various day-care centres	EUR 0.04 million

BREAKDOWN OF LAND AND WATER AREAS	Group		City	
	2023	2022	2023	2022
Land and water areas				
Non-refundable joining fees of properties	1,326,470	1,096,395	1,631,746	1,619,815
Other land and water areas	156,876,700	155,903,098	137,866,593	136,474,112
Total land and water areas	158,203,167	156,999,493	139,498,339	138,093,927

Investments in non-current assets /City

Shares and interests	Shares subsidiaries	Shares municipal federations	Shares associated companies	Other shares and interests	Total
Undepreciated acquisition cost 1 Jan	136,186,440	61,460,556	110,972	2,929,366	200,687,334
Increases in the financial year	4,249,739	0	0	62,607	4,312,346
Depreciations during the financial year	-19,350	-32,527,285	0	0	-32,546,635
Impairment and reversal of impairment	-768,248	0	0	-237,986	-1,006,234
Undepreciated acquisition cost 31 Dec	139,648,582	28,933,271	110,972	2,753,987	171,446,811
Book value 31 Dec	139,648,582	28,933,271	110,972	2,753,987	171,446,811

Loan and other receivables	Other loan receivables from subsidiaries	Other loan receivables from other entities	Other receivables	Total
Undepreciated acquisition cost 1 Jan	332,305,993	18,458,948	224,195	350,989,136
Increases in the financial year	0	0	7,750	7,750
Depreciations during the financial year	-35,797,281	-536,697	0	-36,333,978
Undepreciated acquisition cost 31 Dec	296,508,711	17,922,252	231,945	314,662,908
Book value 31 Dec	296,508,711	17,922,252	231,945	314,662,908

The impairment of shares in the financial period includes additional substantial depreciation due to the impairment of shares

- impairment of shares in KOKO Lahti Oy EUR -768,000.

- impairment of shares in PHP Holding Oy EUR -238,000.

The shares of the Päijät-Häme Joint Authority for Health and Wellbeing, totalling EUR 31.69 million, and the shares of the Eteva municipal federation, totalling EUR 0.84 million, were written down on 1 January 2023.

Shares in Tapahtuma Lahti Oy were acquired in an amount of EUR 1.0 million and an investment of EUR 2.8 million was made in the company's invested unrestricted equity fund.

A directed share issue of EUR 0.41 million was made to Päijät-Hämeen Ateriapalvelut Oy.

20. ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

	Business ID	Municipal ownership %	Group's ownership %	Group's share of capital and reserves	Group's share of liabilities	Group's share of profit for the period
City of Lahti						
Lahti			100.00	569,130,917	802,719,890	19,119,470
Lahti Premises Department			100.00	102,976,434	210,339,499	23,084,272
Lahti Symphony Orchestra			100.00	470,063	762,703	-212,178
Lahti City Theatre			100.00	-735,535	1,302,823	-600,644
Business operations						
KOKO Lahti Oy	1538807-9	100.00	100.00	-2,152,240	4,705,851	-2,375,634
Lahden Pysäköinti Oy	0855202-9	100.00	100.00	9,460,423	14,657,342	26,179
Lahden Sairaalaparkki Oy	2417816-1	0.00	62.00	436,853	2,970,125	92,370
Lahden Seudun Kehitys LADEC Oy	0855115-7	82.50	82.50	1,263,940	797,910	44,187
Lahti Aqua Oy	0950563-8	100.00	100.00	62,303,731	74,704,977	4,937,626
Lahti Energia Oy	0804847-1	100.00	100.00	139,801,388	460,938,400	13,018,165
Provincia Oy	2516653-3	50.88	52.98	1,696,836	1,218,139	-90,394
Päijät-Hämeen Ateriapalvelu Oy group						
Päijät-Hämeen Ateriapalvelut Oy	2828895-8	64.36	100.00	927,516	2,165,809	63,011
Ateriasisko Oy		0.00	100.00	167,026	86,118	49,378
Salpakierto Oy	0937458-6	60.15	60.15	3,820,304	7,942,297	-233,628
Päijät-Hämeen Laitoshuoltopalvelut Oy	2828893-1	56.34	56.66	414,286	2,566,674	98,840
Työterveys Wellamo Oy	2306525-3	59.60	59.92	1,073,961	544,720	155,435
Tapahtuma Lahti Oy	3413274-9	100.00	100.00	3,800,000	0	0
Housing						
Lahden Talot Oy	1108275-0	100.00	100.00	129,061,392	284,440,475	2,727,673
Real property companies						
Kiinteistö Oy Hansaparkki	0741811-9	56.88	56.88	4,855,631	91,619	-290
Kiint Oy Lahden Siltavouti	0872475-9	7.60	100.00	8,751,686	17,413	-32,231
Kiinteistö Oy Lahden Tiedepuisto	2871231-7	54.60	54.60	8,474,449	4,441,904	305,235
Kiinteistö Oy Nastonharjun liiketalo	0414205-7	75.60	75.60	167,584	3,584	2,206
Lahden Rudolf Steiner koulun Talo Oy	0667999-0	91.70	91.70	1,247,791	435,615	-18,190
Lahden Terveystalo Oy	0218029-5	100.00	100.00	546,234	57,263	-52,683
Nastolan virastotalokiinteistö Oy	0707526-7	100.00	100.00	233,497	1,294	-31,363
Paavolakiinteistöt Oy	2871232-5	100.00	100.00	8,569,930	3,312,876	403,051

	Business ID	Municipal ownership %	Group's ownership %	Group's share of capital and reserves	Group's share of liabilities	Group's share of profit for the period
Municipal federations						
Hollolan-Lahden Vesilaitos ky	0217865-4	40.00	40.00	550,356	102,246	14,288
Koulutuskeskus Salpaus ky		63.86	65.61	63,543,512	6,521,282	1,402,653
Päijät-Hämeen liiton ky	0215610-5	58.08	58.08	818,433	385,155	-85,173
Other entities						
Lahden Konservatorio Oy	0149057-4	50.57	50.57	673,577	158,323	1,143
Lahden seutu - Lahti Region Oy	1074350-2	52.90	52.90	193,591	300,218	676
Lahti Events Oy	2662848-8	0.00	100.00	-6,888,698	7,123,997	-220,110
Päijät-Hämeen Ajoharjoittelurata Oy	0714333-8	92.27	92.27	5,863	3,151	-178,881
Radio and TV Museum Foundation	0960855-7	50.00	50.00	908,263	17,567	51,467
Spatium Toimitilat Oy	1577570-6	100.00	100.00	8,388,540	42,634,732	272,034

23. BREAKDOWN OF RECEIVABLES	City			
	2023	2023	2022	2022
	Long-term	Short-term	Long-term	Short-term
Receivables from subsidiaries				
Sales receivables	0	2,202,083	0	1,532,981
Consolidated accounts receivable	0	5,577,203	0	23,500,106
Loan receivables	0	0	2,100,000	3,650,000
Other receivables	0	0	0	245,832
Prepayments and accrued income	0	4,554,911	0	4,672,750
Total	0	12,334,197	2,100,000	33,601,669
Receivables from municipal federations in which the municipality is a member				
Sales receivables	0	10,612	0	409,170
Total	0	10,612	0	409,170

24. MATERIAL ITEMS INCLUDED IN PREPAYMENTS AND ACCRUED INCOME	Group		City	
	2023	2022	2023	2022
Long-term receivables carried forward				
Other receivables carried forward	968,354	914,270	0	0
Total long-term receivables carried forward	968,354	914,270	0	0
Short-term receivables carried forward				
State subsidies and EU subsidies	4,590,377	13,266,723	3,836,363	8,852,657
Kela compensations from occupational health care	1,220,579	1,740,460	750,000	730,000
Accrued interest	2,973,351	463,137	7,526,245	5,134,567
Other receivables carried forward	11,867,900	22,515,449	1,095,171	1,223,430
Total short-term receivables carried forward	20,652,208	37,985,770	13,207,779	15,940,654

NOTES TO BALANCE SHEET LIABILITIES

25. BREAKDOWN OF CAPITAL AND RESERVES	Group		City	
	2023	2022	2023	2022
Initial capital				
Initial capital 1 Jan	437,196,267	437,196,267	437,196,267	437,196,267
Increases	376,286	0	393,068	0
Decreases	-32,510,503	0	-32,527,285	0
Initial capital	405,062,050	437,196,267	405,062,050	437,196,267
Initial capital of associations and foundations				
Initial capital of associations and foundations 1 Jan	12,614	12,614	0	0
Initial capital of associations and foundations	12,614	12,614	0	0
Revaluation reserve				
Revaluation reserve 1 Jan	383,450	638,884	80,010	80,010
Decreases	-262,435	-255,435	0	0
Revaluation reserve	121,015	383,450	80,010	80,010
Other internal funds				
City of Lahti's 90th anniversary fund 1 Jan	0	0	42,884	42,884
City of Lahti's 90th anniversary fund 31 Dec	0	0	42,884	42,884
City of Lahti damage fund 1 Jan	0	0	10,966,126	10,792,524
Fund transfers	0	0	259,113	173,603
City of Lahti damage fund 31 Dec	0	0	11,225,240	10,966,126
Fund capital				
Fund capital 1 Jan	12,622,739	12,049,137	0	0
Fund capital, increases	209,991	573,603	0	0
Fund capital, decreases	-399,629	0	0	0
Fund capital 31 Dec	12,433,102	12,622,739	0	0
Other internal funds	12,433,102	12,622,739	11,268,123	11,009,010
Surplus (deficit) from previous financial years, change				
Surplus (deficit) from previous financial years 1 Jan	374,464,752	309,978,401	213,059,965	190,042,566
Adjustments made to previous financial years	2,991,783	-3,643,086	-19,153	-4,067,238
Divestments	-1,509,638	0	319,215	0
Acquisitions	-247,671	0		
Dividends paid	3	0		
Change in surplus from previous financial years	2,515,199	93,242		
Salpakierto Oy, purchase of treasury shares from Sysmä	0	-29,163		
Surplus (deficit) from previous financial years 31 Dec	378,214,429	306,399,394	213,360,027	185,975,328
Surplus (deficit) for the financial year	60,251,527	68,065,358	41,404,499	27,084,637
TOTAL CAPITAL AND RESERVES	856,094,737	824,679,822	671,174,709	661,345,252
* Deducted from the City of Lahti's initial capital in 2023				
			Päijät-Häme Joint Authority for Health and Wellbeing	31,687,086
			Eteva municipal federation	840,199
			Total municipal federation interests	32,527,285
* In 2023, the initial capital of the City of Lahti was increased by the vacation salary debt of persons transferred to the Päijät-Häme Joint Authority for Health and Wellbeing				393,068
* Deducted from the Lahti Group's initial capital in 2023				
			Päijät-Häme Joint Authority for Health and Wellbeing	31,687,086
			Eteva municipal federation	840,199
			Total municipal federation interests	32,527,285
** The Lahti Group's share capital was increased by the amount by which Päijät-Hämeen Ateriapalvelut Oy's share capital was raised				
			City of Lahti	203,424
			P-H wellbeing services county	96,626
				300,050

27. LONG-TERM LIABILITIES	City	
	2023	2022
Liabilities that will mature after more than 5 years		
Loans from financial institutions and insurance companies	520,000,000	545,000,000
Liabilities that will mature after more than 5 years, total	520,000,000	545,000,000

28. BOND LOANS	City	
	2023	2022
Bond loan 2019/2023	0	60,000,000
Total bonds	0	60,000,000

29. MANDATORY PROVISIONS	Group		City	
	2023	2022	2023	2022
Pension reserve	2,370,700	2,596,900	2,370,700	2,596,900
Provisions for pensions	2,370,700	2,596,900	2,370,700	2,596,900
Other mandatory provisions				
Provision for environmental obligations - Rantakartano	3,395,389	3,059,776	1,831,000	1,831,000
Derivative contracts	0	1,664,042	0	1,664,042
Loan receivables	0	0	7,214,629	7,164,629
Landfill landscaping provision	5,710,868	5,393,109	0	0
Other mandatory provisions	12,257,420	21,105,798	0	0
Other mandatory provisions	21,363,677	31,222,726	9,045,629	10,659,671
TOTAL MANDATORY PROVISIONS	23,734,377	33,819,626	11,416,329	13,256,571

30. LIABILITIES	Group		City	
	2023	2022	2023	2022
Liabilities to subsidiaries, municipalities in which the municipality is a member as well as affiliated companies and other associated companies				
	Long-term	Short-term	Long-term	Short-term
Liabilities to subsidiaries				
Advances received	0	56,149	0	60,095
Accounts payable	0	3,182,483	0	2,428,600
Group account liabilities	0	70,224,215	0	62,627,173
Accrued expenses and deferred income	0	18	0	-69,437
Total liabilities to subsidiaries	0	73,462,866	0	65,046,431
Liabilities to municipal federations				
Accounts payable	0	70,934	0	17,840,690
Accrued expenses and deferred income	0	0	5,964,210	0
Total liabilities to municipal federations	0	70,934	5,964,210	17,840,690
TOTAL LIABILITIES	0	73,533,800	5,964,210	82,887,121

31. CHEQUE ACCOUNT LIMIT	City	
	2023	2022
Limit of cheque account with overdraft facility 31 Dec amount unused	20,000,000	20,000,000
	20,000,000	20,000,000

32. BREAKDOWN OF OTHER LIABILITIES	Group		City	
	2023	2022	2023	2022
Other liabilities				
Joining fees	36,562,165	38,722,496	0	0
Joining fees, internal	119,145	137,612	0	0
Other liabilities	201,151	174,001	0	0
Total other liabilities	36,882,462	39,034,110	0	0

33. MATERIAL ITEMS INCLUDED IN ACCRUED LIABILITIES	Group		City	
	2023	2022	2023	2022
Long-term accrued liabilities				
Interest to be carried forward to others	2,010,147	2,603,841	0	0
Accrued liabilities to member municipal federations	0	2,842,542	0	5,964,210
Other accrued liabilities	159,061	2,699	0	0
Total long-term accrued liabilities	159,061	2,845,242	0	5,964,210
Short-term accrued liabilities				
Amortised personnel costs	32,205,605	54,804,653	18,984,403	18,505,067
Accrued interest	4,819,814	3,812,957	3,672,504	3,152,274
Prepayments of land-use contract reimbursements	0	0	4,516,943	5,061,945
State subsidy and EU subsidies	5,383,447	5,968,688	5,367,800	5,968,688
Other accrued liabilities	11,972,982	21,900,552	44,868	194,030
Total short-term accrued liabilities	54,381,848	86,486,850	32,586,518	32,882,004
Total accrued liabilities	54,540,909	89,332,092	32,586,518	38,846,214
34. LIABILITIES SECURED WITH REAL ESTATE MORTGAGES	Group			
	2023	2022		
Loans from financial institutions and insurance companies				
Loans from financial institutions and insurance companies, secured with real estate mortgages	90,276,899	72,046,951		
Loans from financial institutions and insurance companies	90,276,899	72,046,951		
Loans from general government				
Loans from general government, secured with real estate mortgages	115,772,594	118,235,262		
Loans from general government	115,772,594	118,235,262		
Other loans				
Other loans, secured with real estate mortgages	198,899,368	231,666,615		
Other loans	198,899,368	231,666,615		
Liabilities secured with mortgages	404,948,861	421,948,827		
35.-36. COLLATERAL	Group			
	2023	2022		
Mortgages and shares pledged as collateral for loans				
Real estate mortgages provided as collateral for loans from financial and insurance institutions	85,825,899	75,293,466		
Real estate mortgages pledged as collateral for general government loans	78,201,449	78,201,449		
Real estate mortgages pledged as collateral for other loans	198,899,368	231,798,511		
Mortgages and shares pledged as collateral for loans	362,926,716	385,293,426		
Other guarantees pledged on one's own behalf				
Real estate mortgages	6,057,142	6,913,101		
Business mortgages	1,300,000	1,300,000		
Book value of pledged securities	1,488,026	330,500		
Deposits	826	30,000		
Guarantees	116,148,500	123,328,264		
Other	16,011,129	16,212,233		
Other guarantees pledged on one's own behalf	141,005,623	148,114,099		
Guarantees pledged on one's own behalf				
Guarantees	1,698,511	932,331		
Guarantees pledged on one's own behalf	1,698,511	932,331		
Guarantees pledged on behalf of someone else				
Guarantees	68,246,060	48,394,657		
Other	18,672	137,004		
Guarantees pledged on behalf of someone else	68,264,732	48,531,661		

38. RENTAL LIABILITIES	Group		City	
	2023	2022	2023	2022
Rental liabilities for premises	226,751,098	400,305,618	205,687,683	198,384,968
Rental liabilities for machinery and equipment	50,947,588	45,068,092	9,676,100	5,998,102
Rental liabilities for land areas	6,842,733	6,919,559	169,263	125,040
Other rental liabilities	2,528	11,354	1,430	10,347
Rental liabilities	284,543,946	452,304,623	215,534,476	204,518,456
Share payable in the next financial year, rental liabilities				
Rental liabilities for premises	22,817,754	49,803,940	20,007,618	21,137,192
Rental liabilities for machinery and equipment	8,283,164	4,603,283	4,520,470	1,401,478
Rental liabilities for land areas	427,680	386,617	10,633	14,880
Other rental liabilities	2,058	11,354	1,430	10,347
Share payable in the next financial year, rental liabilities	31,530,655	54,805,194	24,540,151	22,563,897
PPP projects, lease liabilities	12,523,261	0	12,523,261	0
Redemption obligations included in contracts, rental liabilities	0	800,000	0	816,240
Internal rental liabilities within the municipal consortium	3,241,079	2,752,429	3,241,079	2,752,429
39. CONTINGENT LIABILITIES	Group		City	
	2023	2022	2023	2022
Guarantees pledged on behalf of Group entities				
Initial capital	202,340,000	197,180,000	202,340,000	197,180,000
Remaining capital	115,783,000	122,962,764	115,783,000	122,962,764
40. LIABILITIES FOR THE MUNICIPAL GUARANTEE BOARD'S GUARANTEE LIABILITIES	Group		City	
	2023	2022	2023	2022
Municipality's share of the Municipal Guarantee Board's guarantee liabilities 31 Dec	996,951,281	908,678,594	996,951,281	908,678,594
Municipal Guarantee Board's potential contribution towards the municipality's liabilities 31 Dec	793,597	525,474	793,597	525,474
41. OTHER OFF-BALANCE SHEET ARRANGEMENTS	Group		City	
	2023	2022	2023	2022
Contractual liabilities				
Collaboration and partnership agreements	13,914,157	14,524,824	13,914,157	14,524,824
Municipality's obligations arising from land-use contracts	5,607,000	5,607,000	5,607,000	5,607,000
Rental liabilities	6,522,999	6,234,058	0	0
- Land lease contract with Spatium Toimitilat Oy until 28 February 2063, EUR 6.2 million				
Other contractual liabilities	12,638,741	27,791,806	12,523,261	13,182,380
VAT refund liability*)	40,887,102	43,122,269	92,860	131,283
State subsidy refund liability of start-up projects	807,659	1,715,144	0	0
Other off-balance sheet arrangements	80,377,658	98,995,102	32,137,278	33,445,487
* The figure for the City of Lahti's VAT refund liability for the comparison year has been changed to a cumulative number				
Derivative contracts				
Interest rate swaps				
Fair value	14,787,183	35,537,878	1,297,564	4,279,916
Value of the underlying asset	310,276,321	457,612,610	140,000,000	160,000,000
Interest rate swaps with options*)				
Fair value	-11,287	-2,736,302	0	0
Value of the underlying asset	5,108,800	23,977,370	0	0
Electricity derivatives				
Fair value	3,146,067	-41,987,614	0	0
Value of the underlying asset	28,576,850	42,561,722	0	0
Total derivative contracts				
Fair value	17,921,963	-9,186,037	1,297,564	4,279,916
Value of the underlying asset	343,961,970	524,151,702	140,000,000	160,000,000
*) Right of option for the counterparty				

City of Lahti's derivative contracts

The City of Lahti's principles for financing steer the City's fundraising activities and financial risk management. Financial risks are managed by diversifying loans according to the market situation at the time of withdrawal, taking the existing loan portfolio into account, either by taking a position on the interest rate, currency and maturity date of the loan to be withdrawn, or through separate derivative contracts.

Derivative contracts hedge against currency and interest rate risks. Interest rate risk management aims to offset any adverse effects arising from changes in interest rates, improve cash flow predictability, and reduce interest costs. Derivative contracts convert the interest rate and/or currency distribution of fixed-rate and floating-rate loan agreements based on the economic cycle and interest rate forecasts. The City aims to hedge against any extra costs arising from interest rate fluctuations and to keep the financial burden caused by loans as low and predictable as possible. Fluctuations in exchange rates lead to uncertainty with regard to loans denominated in foreign currencies, that is, a currency risk. This risk is eliminated with the aid of currency and interest rate swaps when the loan is withdrawn.

The City of Lahti uses derivative contracts to protect existing loans with agreements to reduce the interest rate risk of individual loans. In addition to the protection of individual loans, derivative contracts have been used to protect the future loan portfolio without loan-specific connections. There is a solid basis for these protective measures, as they will keep the size of Lahti's loan portfolio at a reasonable level in the future, taking into account estimated long-term investment needs and any refinancing required by overdue bullet loans.

The City of Lahti has determined that all derivative contracts on the balance sheet date are protective, and has only presented them in the notes to the financial statements.

Derivative contracts valid on the balance sheet date (numbers 1–3) are listed below. The market values for derivatives are shown in the notes as reported by the bank and include accrued interest.

Interest rate swaps

Interest rate swap no. 1

Nominal capital	EUR 63,000,000.00
Fair value 31 Dec 2023	EUR 1,573,784.60
Fair value 31 Dec 2022	EUR 2,899,968.55
Interest paid	0.875%
Interest received	3-month Euribor
Repayment plan	Bullet
Agreement start date	11 Dec 2014
Agreement maturity date	11 Dec 2024

Interest rate swap no. 1 hedges against the interest rate risk of an individual loan: The agreement has converted the loan's floating interest rate into a fixed rate. The capital of the loan and the interest rate swap agreement, the maturity dates, and the interest determination and payment dates correspond to each other. The terms of the loan and the interest rate swap agreement correspond perfectly, except for the treatment of the variable reference rate in the event that the reference rate is negative. The total interest rate of the loan must always be at least zero. When calculating interest rates on an interest rate swap agreement, the negative reference rate is taken into account in full.

In the event of a positive Euribor interest rate, the annual interest cost of the loan will not exceed 0.875% plus the loan margin paid on the floating-rate loan. If the Euribor rate is negative, the annual interest cost of the loan also includes the floating rate of the interest rate swap. Approximately EUR 1.6 million in additional costs had been incurred as a result of the negative interest rate by the end of the financial year. On the basis of the latest interest rate forecasts on the balance sheet date, no additional costs are expected before the maturity date as a result of negative Euribor rates. Although no interest rate floor has been set for the interest rate swap, the contract can be deemed to be protective from a risk management perspective.

Interest rate swap no. 2

Nominal capital	EUR 37,000,000.00
Fair value 31 Dec 2023	EUR 1,721,355.00
Fair value 31 Dec 2022	EUR 3,583,438.00
Interest paid	2.20%
Interest received	6-month Euribor
Repayment plan	Bullet
Agreement start date	7 April 2020
Agreement maturity date	7 April 2040

Interest rate swap no. 2 hedges against the interest rate risk of an individual loan: The swap converted the floating interest rate of the EUR 40 million loan capital, which matures on 15 October 2029, into a fixed rate. The swap applies to EUR 37 million or 92.5% of the loan capital. The determination and payment dates of interest on the loan and interest rate swap differ only slightly: 7 April and 7 October for the interest rate swap and 15 April and 15 October for the loan. The increase in interest costs due to the differing dates for determining interest had an impact of about EUR 64,900 by the balance sheet date and around EUR 43,300 for 2023. Market interest rate forecasts indicate that the estimated additional costs for 2024 will be approximately EUR 1,700. As the impact of this temporal difference in the prevailing market environment is neither significant nor material, the agreement is considered to be protective and the off-balance sheet treatment in the notes to the financial statements gives a true and fair view of the agreement's effects.

The terms of the loan and the interest rate swap differ in how the variable reference rate is treated if the reference rate is negative. The total interest rate of the loan must always be at least zero. When calculating interest rates on an interest rate swap agreement, the negative reference rate is taken into account in full. While the Euribor interest rate remains positive, the annual interest costs of the loan will not exceed 2.20 per cent plus the loan margin paid on the floating-rate loan. If the Euribor rate is negative, the annual interest costs of the loan will also include the floating rate of the interest rate swap. Approximately EUR 0.4 million in additional costs had been incurred as a result of the negative interest rate by the end of the financial year. On the basis of the latest interest rate forecasts on the balance sheet date, no additional costs are expected before the maturity date as a result of negative Euribor rates. Although no interest rate floor has been set for the interest rate swap, the contract can be deemed to be protective from a risk management perspective.

The City of Lahti has taken out a total of EUR 110 million in bullet loans that will mature between 2027 and 2029. It is probable that the loan connected with interest rate swap no. 2 or another mature loan will require refinancing after 2029, at which time the terms of the new loan can be adjusted to correspond to the interest rate swap, with the interest rate swap remaining in effect as a hedge until the end of the contract term.

Interest rate swap no. 3

Nominal capital	EUR 40,000,000.00
Fair value 31 Dec 2023	EUR -1,997,575.94
Fair value 31 Dec 2022	EUR -239,448.27
Interest paid	2.84%
Interest received	6-month Euribor
Repayment plan	Bullet
Agreement start date	26 August 2022
Agreement maturity date	26 August 2042

Interest rate swap no. 3 hedges against the interest rate risk of two loans, A and B: The agreement has converted the entire loan capital of Loan A (EUR 39 million) and EUR 1.0 million of Loan B from a floating-rate loan to a fixed-rate loan (entire loan capital EUR 40 million; the hedged portion of the loan together with interest rate swap no. 2 is 95.0%). Loan A matures on 13 December 2035 and Loan B on 15 October 2029. The determination and payment dates of interest on the loans and interest rate swap differ: 26 February and 26 August for the interest rate swap, 31 May and 30 November for Loan A and 15 April and 15 October for Loan B. The effect of this temporal difference has been estimated for Loan A. The increase in interest costs due to the differing dates for determining interest had an impact of about EUR 108,000 by the balance sheet date and around EUR 58,000 for 2023. Market interest rate forecasts indicate that the estimated additional costs for 2024 will be approximately EUR 18,800. As the impact of this temporal difference in the prevailing market environment is neither significant nor material, the agreement is considered to be protective and the off-balance sheet treatment in the notes to the financial statements gives a true and fair view of the agreement's effects.

The terms of the loan and the interest rate swap differ in how the variable reference rate is treated if the reference rate is negative. The total interest rate of the loans must always be at least zero. When calculating interest rates on an interest rate swap agreement, the negative reference rate is taken into account in full. When the Euribor interest rate is positive, the interest costs of the loans over the term of the interest rate swap will not exceed 2.84 per cent of the margin paid on the floating-rate loan, that is, for the entirety of Loan A and for EUR 1.0 million of Loan B. If the Euribor rate is negative, the annual interest costs of the loans will also include the floating rate of the interest rate swap. Based on interest rate forecasts on the balance sheet date, no additional costs are expected for the remainder of the contractual period from negative Euribor rates. Although no interest rate floor has been set for the interest rate swap, the contract can be deemed to be protective from a risk management perspective.

The City of Lahti has taken out a total of EUR 110 million in bullet loans that will mature between 2027 and 2029, and a total of EUR 149 million that will mature between 2033 and 2035. It is probable that the loans connected with interest rate swap no. 3 or another mature loan will require refinancing after 2027 and 2033, at which time the terms of the new loan can be adjusted to correspond to the interest rate swap, with the interest rate swap remaining in effect as a hedge until the end of the contract term.

Lahti Group's derivative contracts

The nominal and fair values of derivative contracts for entities within the Group are reported according to ownership on the consolidated balance sheet date and, for the comparison year, according to ownership on the balance sheet date for the comparison year. Fair value refers to the market value reported by the bank for the derivative contract on the balance sheet date, including accrued interest. The derivative contracts presented in the notes to the consolidated financial statements are numbered consecutively (City of Lahti 1–3, Group entities 5–34).

Interest rate swaps

The interest rate swaps hedge against the interest rate risk of individual loans. The agreements have converted the floating rate into a fixed rate. The capital of the loan and the interest rate swap agreement and their maturity dates may correspond with each other, or the principal of the interest rate swap may be smaller and/or shorter in terms of validity than the loan. Any temporal differences between the dates of determination and payment of interest are neither significant nor material. As regards the treatment of the negative reference rate, there are differences in loans and interest rate swap agreements depending on the terms of the loan. When calculating the total interest rate on a loan, the negative reference rate will either be taken into account for a percentage not exceeding the margin of the loan or not taken into account at all, in which case the negative reference rate will be interpreted as zero. When calculating interest rates on an interest rate swap agreement, the negative reference rate is always fully taken into account.

The interest rate swaps in force on the balance sheet date are listed below. Their market values are shown as reported by the bank and include accrued interest.

No.	Nominal capital EUR	Fair value EUR	Nominal capital EUR	Fair value EUR	Contract's maturity date
	31 Dec 2023	31 Dec 2023	31 Dec 2022	31 Dec 2022	
1	63,000,000.00	1,573,784.60	63,000,000.00	2,899,968.55	11 December 2024
2	37,000,000.00	1,721,355.00	37,000,000.00	3,583,438.00	7 April 2040
3	40,000,000.00	-1,997,575.94	40,000,000.00	-239,448.27	26 August 2042
5	1,000,925.00	-4,303.00	1,126,041.00	19,154.00	4 August 2031
6	12,487,278.00	1,761,233.02	12,642,723.00	2,428,509.09	1 April 2029
7	1,238,867.65	119,124.35	1,253,205.67	177,108.46	30 April 2027
8	1,670,616.00	217,216.00	1,689,680.00	283,013.00	6 February 2029
9	5,474,655.00	455,948.44	5,538,593.00	665,382.26	1 December 2026
10	24,000,000.00	188,604.00	27,000,000.00	2,679,959.00	5 December 2031
12	24,000,000.00	204,158.00	12,280,000.00	383,681.00	15 May 2026
13	6,000,000.00	260,209.00	9,000,000.00	448,069.00	15 September 2025
15	9,491,525.00	475,475.00	10,847,458.00	868,916.00	16 December 2030
16	4,879,956.48	273,460.56	4,913,394.72	400,887.41	31 October 2026
17	1,783,994.00	93,598.68	2,081,328.00	141,300.39	13 October 2026
18	787,963.00	-3,388.00	886,458.00	24,330.00	4 August 2031
19	2,364,075.32	132,479.65	2,380,220.70	194,211.88	31 October 2026
26	6,308,786.00	424,555.00	6,352,312.00	627,831.00	23 October 2027
27	7,653,622.00	479,852.62	7,744,064.00	707,436.36	27 March 2028
28	1,924,826.16	104,782.01	2,138,695.72	181,210.13	30 November 2027
29	3,870,939.93	219,263.73	3,897,464.23	321,069.63	31 October 2026
30	8,144,732.00	880,070.76	8,178,042.00	1,280,423.30	23 October 2027
31	6,243,645.00	863,939.94	6,321,365.00	1,195,030.51	1 April 2029
32	11,263,180.00	1,719,092.00	11,380,504.00	2,425,704.00	16 December 2030
33	11,705,333.00	1,701,993.00	11,838,095.00	2,427,013.00	16 December 2030
34	8,781,401.00	1,291,555.00	8,880,439.00	1,837,364.00	16 December 2030
25	9,200,000.00	1,630,700.00	27,000,000.00	912,286.00	5 December 2031

Derivative interest-rate contracts recorded in mandatory provisions

The derivative contracts have been interpreted as non-hedging, and the contracts' negative market values or market value changes have been entered in the mandatory provisions as having an impact on profits in accordance with the principle of prudence.

No.	Nominal capital, EUR	Fair value, EUR	Nominal capital, EUR	Fair value, EUR	Contract's maturity date
	31 Dec 2023	31 Dec 2023	31 Dec 2022	31 Dec 2022	
23	5,108,800.00	-11,287.45	5,108,800.00	54,544.48	28 Dec 2026

Electricity derivatives

Nominal capital, EUR	Fair value, EUR	Nominal capital, EUR	Fair value, EUR
31 Dec 2023	31 Dec 2023	31 Dec 2022	31 Dec 2022
28,576,849.55	3,146,066.99	42,561,721.60	-41,987,613.90

Interest rate sensitivity of the derivative contracts of the City of Lahti and the Lahti Group

The table below shows the interest rate sensitivity of the derivative contracts of the City of Lahti and the Lahti Group, that is, how a change in interest rates would affect the market value of the contracts. Interest rate sensitivity has been calculated if the interest rate changes by -1, -0.5, +0.5, +1 or +2 percentage points compared to the rate on the balance sheet date. The timing of future negative cash flows from derivative contracts has been based on forward interest rates on the balance sheet date. The derivative contracts presented in the sensitivity analysis are numbered consecutively (City of Lahti 1–3, Group entities 5–34).

Sensitivity analysis of the Lahti City Group's derivative contracts

No.	Derivative contract	Notional principal amount	Maturity date	Negative cash flows of the contracts based on the yield curve at 31.12.2023	Calculated market value as per 31.12.2023	Impact of interest rate changes on calculated market values of 31.12.2023				
						Change by percentage points from the level of 31.12.2023				
						-1,0 %	-0,5 %	0,5 %	1,0 %	2,0 %
1	Interest rate swap	63 000 000	11.12.2024	Positive cash flow until the maturity date	1 573 785	1 285 345	1 435 089	1 729 771	1 874 757	2 160 134
2	Interest rate swap	37 000 000	7.4.2040	Positive cash flow until the maturity date	1 721 355	-3 480 937	-780 836	4 025 232	6 160 861	9 963 120
3	Interest rate swap	40 000 000	26.8.2022	Until the maturity date	-1 997 576	-6 772 548	-3 239 915	2 972 174	5 699 419	10 500 655
	City of Lahti Derivative contracts total	140 000 000			1 297 564	-8 968 140	-2 585 662	8 727 177	13 735 037	22 623 909
	Difference with the calculated market values 31.12.2023					-10 265 704	-3 883 226	7 429 613	12 437 473	21 326 345
5	Interest rate swap	1 000 925	4.8.2031	11/2024-11/2030	-4 303	-40 791	-22 506	13 812	31 846	67 670
6	Interest rate swap	12 487 278	1.4.2029	Positive cash flow until the maturity date	1 761 233	-539 579	-266 083	258 863	510 692	993 973
7	Interest rate swap	1 238 868	30.4.2027	Positive cash flow until the maturity date	119 124	-33 708	-16 699	16 395	32 490	63 801
8	Interest rate swap	1 670 616	6.2.2029	Positive cash flow until the maturity date	217 216	141 750	179 197	254 107	291 568	366 502
9	Interest rate swap	5 474 655	1.12.2026	Positive cash flow until the maturity date	455 948	-98 494	-48 829	48 006	95 200	187 198
10	Interest rate swap	24 000 000	5.12.2031	Positive cash flow until the maturity date	188 604	-680 964	-239 476	605 327	1 009 400	1 782 694
12	Interest rate swap	24 000 000	15.5.2026	Positive cash flow until the maturity date	204 158	93 104	148 914	258 850	312 987	419 629
13	Interest rate swap	6 000 000	15.9.2025	Positive cash flow until the maturity date	260 209	200 740	230 486	290 083	319 933	379 735
15	Interest rate swap	9 491 525	16.12.2030	Positive cash flow until the maturity date	475 475	180 196	328 147	622 469	768 837	1 059 983
16	Interest rate swap	4 879 956	31.10.2026	Positive cash flow until the maturity date	273 461	-91 483	-45 377	44 659	88 609	174 423
17	Interest rate swap	1 783 994	13.10.2026	Positive cash flow until the maturity date	93 599	-31 614	-15 684	15 442	30 644	60 345
18	Interest rate swap	787 963	4.8.2031	11/2024-11/2023	-3 388	-32 112	-17 718	10 873	25 070	53 272
19	Interest rate swap	2 364 075	13.10.2026	Positive cash flow until the maturity date	132 480	-44 320	-21 984	21 636	42 928	84 502
23	Interest rate swap with threshold, sold option	5 108 800	28.12.2026	Until the maturity date	-11 287	-120 560	-59 103	55 826	106 399	165 400
25	Interest rate swap	9 200 000	5.12.2031	Positive cash flow until the maturity date	1 630 700	803 236	1 223 453	2 027 017	2 411 101	3 145 623
26	Interest rate swap	6 308 786	23.10.2027	Positive cash flow until the maturity date	424 555	251 588	337 465	509 254	595 162	767 000
27	Interest rate swap	7 653 622	27.3.2028	Positive cash flow until the maturity date	479 853	-281 456	-139 356	136 665	270 694	531 047
28	Interest rate swap	1 924 826	30.11.2027	Positive cash flow until the maturity date	104 782	-49 451	-24 476	23 985	47 488	93 084
29	Interest rate swap	3 870 940	31.10.2026	Positive cash flow until the maturity date	219 264	-72 530	-35 976	35 407	70 252	138 286
30	Interest rate swap	8 144 732	23.10.2027	Positive cash flow until the maturity date	880 071	-258 406	-127 863	125 233	247 887	485 651
31	Interest rate swap	6 243 645	1.4.2029	Positive cash flow until the maturity date	863 940	-270 244	-133 267	129 653	255 784	497 848
32	Interest rate swap	11 263 180	16.12.2030	Positive cash flow until the maturity date	1 719 092	1 093 837	1 407 090	2 030 942	2 341 536	2 960 047
33	Interest rate swap	11 705 333	16.12.2030	Positive cash flow until the maturity date	1 701 993	1 053 240	1 378 257	2 025 537	2 347 795	2 989 535
34	Interest rate swap	8 781 401	16.12.2030	Positive cash flow until the maturity date	1 291 555	803 918	1 048 219	1 534 750	1 776 975	2 259 337
	Lahti Group Derivative contracts total	315 385 121			14 775 896	-6 992 244	2 481 170	19 821 964	27 766 315	42 350 495
	Difference with the calculated market values 31.12.2023					-21 768 140	-12 294 726	5 046 068	12 990 419	27 574 599

42. NUMBER OF PERSONNEL	City	
	2023	2022
Group Administration service area	328	314
Education, Culture and Sports service area	2,994	3,012
Urban Environment service area	197	202
Total	3,519	3,528
Balance sheet units		
Lahti Premises Department	34	33
Lahti Symphony Orchestra	70	73
Lahti City Theatre	99	102
Total	203	208
City, total	3,722	3,736

44. FEES COLLECTED AND PAID FOR THE REMUNERATION OF EMPLOYEE REPRESENTATIVES	City	
	2023	2022
Finns Party, Askola/Myrskylä-Pukkila	36	12
National Coalition Party, Häme	554	608
Finns Party, Häme	12	80
Social Democratic Party, Häme	831	1,122
Green Party, Häme	363	369
Christian Democrats, Lahden Kunnallisjärjestö ry	5,263	5,546
Centre Party, Päijät-Häme	290	660
Centre Party, Lahden Kunnallisjärjestö ry	4,841	4,819
National Coalition Party, Lahden Kunnallisjärjestö ry	20,750	20,856
Finns Party, Lahti	7,717	7,768
Social Democratic Party, Lahti	31,047	31,726
Green Party, Lahti	9,378	9,477
Movement Now, Lahti	1,362	672
Left Alliance, Lahden Kunnallisjärjestö ry	6,108	6,685
Total fees paid to employee representatives	88,550	90,400

45. AUDITOR'S FEES	City	
	2023	2022
KPMG Julkishallinnon Palvelut Oy /TALVEA Oy		
Audit fees	64,209	61,204
Project audits	23,437	13,626
Consultancy	0	14,300
Total auditor's fees	87,646	89,131

46. INTERESTED PARTY TRANSACTIONS

Mandatory provision for salary harmonisation of the Päijät-Häme Joint Authority for Welfare

In its financial statements for 2022, the Päijät-Häme Joint Authority for Health and Wellbeing (PHJAHW) has recognised a mandatory provision of EUR 20 million for a potential retroactive salary harmonisation solution. PHJAHW has reported that the calculated share of the City of Lahti amounts to EUR 12.1 million. In accordance with the Act on the Implementation of the Reform of Health, Social and Rescue Services and on the Entry into Force of Related Legislation, PHJAHW's personnel have been transferred to the wellbeing services county by means of a transfer of undertakings on 1 January 2023. According to the Employment Contracts Act and the Act on Civil Servants in Local Government, the transferring party is responsible to the receiving party for receivables payable to employees prior to their transfer, unless otherwise agreed. Nothing else has been agreed between the municipal federation and the City or wellbeing services county. The receivables were not due for payment before 1 January 2023. The central organisation representing the personnel has been negotiating a possible solution with the organisation representing the employer. The approval of the proposed solution will be decided upon by the wellbeing services county after the transfer of undertakings on 1 January 2023. According to the City's interpretation, the receivables will only fall due after the decision and payment plan. Therefore, according to the city's interpretation, PHJAHW is not responsible for retroactive salary harmonisation on the basis of the aforementioned legislation. Furthermore, there is no deficit that the owner municipalities would be responsible for covering. Accordingly, the City of Lahti has not included the share of the mandatory provisions presented by PHJAHW in its 2022 financial statements. The handling of this matter was still in progress when the 2023 financial statements were completed.

NOTES TO INTERESTED PARTY TRANSACTIONS

Financing agreements of Lahden Seudun Kehitys LADEC Oy and Lahden Seutu–Lahti Region Oy

In August 2017, the City of Lahti, together with other municipalities of Päijät-Häme, carried out an assessment of organising and financing business activities from 2019 onwards under a two-company model (a business company and a marketing company). In the inter-municipal negotiations, it was agreed that these companies would be Lahden Seudun Kehitys LadeC Oy and Lahden Seutu–Lahti Region Oy. The new financing agreement replaces the previous financing agreement for the Päijät-Häme regional marketing company from 2013 and the financing agreement concerning the business company for the Lahti city region from 2016.

The parties to the Lahden Seudun Kehitys LADEC Oy financing agreement are the municipalities of Asikkala, Hartola, Hollola, Ii and Padasjoki, as well as the cities of Lahti and Orimattila. This agreement came into force on 1 January 2019 and will be valid until further notice. The annual contribution is EUR 12 per resident, except for municipalities with fewer than 5,000 residents (Hartola and Padasjoki), for which it is EUR 7 per resident.

The parties to the Lahden Seutu–Lahti Region Oy financing agreement are the municipalities of Asikkala, Hartola, Hollola, Ii, Padasjoki and Sysmä, as well as the cities of Heinola and Lahti. On 12 February 2024, the Kärkölä municipal council decided that the municipality of Kärkölä will join the Lahden Seudun Kehitys LADEC Oy financing agreement on the current terms and conditions as from 1 January 2025. This agreement came into force on 1 January 2019 and will be valid until further notice. The annual contribution per resident is EUR 4.50.

The City's decisions regarding the arrangement were taken by the City Board, 14 June 2018 (item 161).

The Finnish Ski Association's payment arrangement agreements concerning the LAHTI 2017 World Ski Championships

It had been contractually confirmed prior to the 2017 World Ski Championships that the Finnish Ski Association shall compensate the organiser of the championships EUR 0.9 million in organisation costs and that the Finnish Ski Association shall be responsible for any losses incurred from the championships. Lahti Events Oy, a Group company of the City of Lahti that was responsible for organising the championships, handled the payment arrangements for the debts of the Finnish Ski Association in accordance with the City Board's ownership steering.

Two payment arrangement agreements were made between the Finnish Ski Association and Lahti Events Oy for the debts of the Finnish Ski Association; they amounted to EUR 1.8 million and EUR 0.966 million. The payment arrangement agreements apply to the reimbursement of the voluntary costs incurred by the organisation of the LAHTI 2017 World Ski Championships and the combined World Cup, the accommodation costs of the Finnish national team and the losses from the championships as indicated by the final calculations. The content of the two payment arrangement agreements is the same. According to the terms and conditions, the debts of the Finnish Ski Association are to be paid over a period of a maximum of 15 years under the agreed interest terms. VAT will not be applied to the compensation for losses based on the agreement (Supreme Administrative Court: 2019:31).

Due to the said payment arrangements between Lahti Events Oy and the Finnish Ski Association, another payment arrangement had to be agreed between Lahti Events Oy and the City of Lahti, under which the subsidiary responsible for organising the championships shall pay the City contractual compensation in the amount of EUR 1.1 million (incl. VAT), less compensation for labour and rental of VIP premises based on the City's commitment. According to the agreement, Lahti Events Oy will pay the remaining compensation receivable to the City, EUR 0.8 million (incl. VAT), over a five-year period.

The City's decisions concerning the above arrangements: City Board, 26 June 2017 (item 242), Group and Facilities Division, 6 November 2017 (item 131), payment arrangement agreement signed by the Mayor and the CEO of Lahti Events Oy.

The debt receivables under the Finnish Ski Association's payment arrangement agreement were transferred to KOKO Lahti Oy as a transfer of undertakings in early 2023. The Group and Facilities Division obligated KOKO Lahti Oy to discontinue the operations of Lahti Events Oy, and Lahti Events Oy entered liquidation on 27 February 2023. On 19 June 2023, the City decided to transfer the payment arrangement agreements of the Finnish Ski Association from KOKO Lahti Oy to the City itself, after which it has been a contractual party to said payment arrangement agreements. The transfer was carried out at market price. On 9 October 2023, a complaint was filed about this decision of the City Board to the Administrative Court of Hämeenlinna, where the matter is pending.

The City's decisions concerning the above arrangements: Group and Facilities Division, 19 July 2022 (item 79), City Board, 19 June 2023 (item 234).

The City recognised EUR 248,000.00 in remaining unpaid receivables from the payment arrangement between Lahti Events Oy and the City of Lahti, and EUR 13,279.60 in interest accrued until 30 November 2023, as credit losses in the 2023 financial statements.

The City's decisions: City Board, 4 December 2023 (item 417).

Loans and guarantees

The primary task of the City of Lahti's financing and investment activities is to support the operations of the City and its Group in achieving the strategic and operational objectives set by the City Council and to safeguard its financial position. The purpose of the City Group's internal financing activities is to ensure the Group's liquidity. The City Council decides on the principles applied in lending, either when the budget is approved or separately, and authorises the mayor to grant short- and long-term credit to entities and foundations under the control of the City within the limits of the annual budget.

On the balance sheet date, the City of Lahti had granted 46 loans to its subsidiaries or entities under the control of the City in a total amount of EUR 296.5 million, and eight loans to other entities in a total amount of EUR 18.0 million. Most of these loans are unsecured. The terms of the agreements corresponded to market conditions at the time of signing, and were made in accordance with the financing principles of the City in force at the time.

Some of the loan agreements have lower than normal loan margins, as estimated on the balance sheet date. Such loans to subsidiaries or entities under the control of the City total EUR 7.4 million on the balance sheet date. These loans were drawn between 2001 and 2005. In addition, EUR 11.7 million of the loans to other entities were granted as an interest-free subordinated loan to LAB University of Applied Sciences Oy in 2017 in an arrangement in which LAB University of Applied Sciences Oy was merged into the Lappeenranta-Lahti University of Technology group.

On the balance sheet date, the City of Lahti had given its subsidiaries guarantees totalling EUR 115.8 million. Guarantee agreements are subject to customary guarantee fees, as determined on the date of granting. As estimated on the balance sheet date, lower than normal guarantee fees are collected for agreements totalling EUR 58.0 million. These guarantee agreements were signed between 2004 and 2010.

GROUP GUARANTEES AND CONTINGENT LIABILITIES

Other contingent liabilities of Group entities

Lahti Energia Oy

The contribution of the City of Lahti to the joint air quality monitoring agreement is EUR 52,480 in 2024. Lahti Energia Oy has been involved in Fennovoima Oy's Hanhikivi 1 nuclear power project through Voimaosakeyhtiö SF. Lahti Energia Oy had committed a maximum of EUR 23,736,700 in funding to the project before the commencement of commercial use. In May 2022, Fennovoima terminated the plant delivery agreement for the project, and the nuclear power plant no longer has a building permit. Fennovoima is currently engaged in arbitration proceedings due to significant delays and breach of contract.

Lahti Energia Oy has undertaken to be liable for Voimaosakeyhtiö SF's annual administration and other similar costs in proportion to its share of ownership.

Lahti Energia Oy has pledged EUR 4,400,000 for various energy investments in 2024. Lahti Energia Oy has pledged to provide a counter-guarantee totalling EUR 284,369.70 on behalf of Group companies, which will expire on 15 July 2032.

Lahti Energia Oy has pledged to provide guarantees totalling a maximum of EUR 66,500,000 on behalf of Oomi Palvelu Oy. The committed portion of the guarantee is included in Note 23.1.

102 of the total of 200 shares in Lahti Energia Sähköverkko Oy have been pledged as general security. The balance sheet value of the shares is EUR 11,636,663.31.

Emissions rights: In 2023, Lahti Energy's production plants generated 24,636 tonnes of carbon dioxide emissions that are in the scope of emissions trading. EUA rights to be transferred as at 31 December 2022 amounted to 29,986 tonnes, with a fair value of EUR 2,398,880.

Lahti Aqua Oy

Aqua Verkko Oy has a subordinated loan (2/2018) of EUR 31,000,000 from the Lahti City Group Bank and the loan period expires on 15 December 2038. The loan complies with Chapter 12 of the Limited Liability Companies Act, in which case no security is posted for the payment of principal or interest. The principal and interest are paid subject to the provisions laid down in the above-mentioned chapter of the Act. If interest can only be paid partially, the unpaid interest is deferred to the next maturity date that fulfils the payment condition. The outstanding balance on 31 December 2023 was EUR 24,473,684.18. The company has not provided any collateral for the loans.

LABIO Oy has a subordinated loan (2/2013) of EUR 1,200,000 from Salpakierto Oy (formerly Päijät-Hämeen Jätehuolto Oy) and the loan period ends on 30 November 2033. The loan complies with Chapter 12 of the Limited Liability Companies Act, in which case no security is posted for the payment of principal or interest. The principal and interest are paid subject to the provisions laid down in the above-mentioned chapter of the Act. If interest can only be paid partially, the unpaid interest is deferred to the next maturity date that fulfils the payment condition. The outstanding balance on 31 December 2023 was EUR 581,196.54.

LABIO Oy has a subordinated loan (1/2015) of EUR 1,680,000 from Salpakierto Oy (formerly Päijät-Hämeen Jätehuolto Oy) and the loan period ends on 31 August 2033. The loan complies with Chapter 12 of the Limited Liability Companies Act, in which case no security is posted for the payment of principal or interest. The principal and interest are paid subject to the provisions laid down in the above-mentioned chapter of the Act. If interest can only be paid partially, the unpaid interest is deferred to the next maturity date that fulfils the payment condition. The outstanding balance on 31 December 2023 was EUR 646,153.86.

LABIO Oy

The Southern Finland Regional State Administrative Agency has granted LABIO Oy an environmental permit (no. 220/2020) pursuant to the Finnish Environmental Protection Act (527/2014). In order to ensure the monitoring and actions required for the cessation of operations or thereafter, LABIO Oy has given the Häme Centre for Economic Development, Transport and the Environment a financial guarantee worth EUR 356,500 (Nordea Bank, no. 00101-02-2410596). The guarantee will remain in place until 31 March 2026 and will be renewed thereafter until the cessation of operations.

Salpakierto Oy

Nordea Bank Plc has granted the Häme Centre for Economic Development, Transport and the Environment a guarantee pursuant to Section 59 of the Environmental Protection Act (527/2014) on behalf of Salpakierto Oy. This guarantee concerns the Kujala environmental permit (56/2021 Dnro ESAVI/8698/2020) to ensure the organisation of appropriate waste management, control, monitoring and any measures necessary during or after the cessation of operations. The bank's total liability is EUR 6,560,902. The guarantee is in force until 17 December 2031.

Nordea Bank Plc has granted the Häme Centre for Economic Development, Transport and the Environment a guarantee pursuant to Section 59 of the Environmental Protection Act (527/2014) on behalf of Salpakierto Oy. This guarantee concerns an environmental permit for treating roofing felt waste (344/2020, 22.09.2022 Dnro ESAVI/16350/2020) to ensure the organisation of appropriate waste management, control, monitoring and any measures necessary during or after the cessation of operations. The bank's total liability is EUR 3,224,000. The guarantee is in force until 18 November 2030.

Other financial liabilities not recognised in the balance sheet: The company has prepared for aftercare obligations for landfills in accordance with the Waste Act and its environmental permits by making a mandatory provision for aftercare in its annual accounting. Any changes in this provision are specified in the notes to the balance sheet. Liabilities until 2069 total approximately EUR 12.7 million, of which approximately EUR 5.7 million has been recognised in the balance sheet as a provision for aftercare. The aftercare liability not recorded in the balance sheet is approximately EUR 7 million. The plans for using aftercare provisions and the responsibility for aftercare are both reviewed on an annual basis.

If taxable use of a property decreases during the review period, the company is responsible for reviewing the VAT deductions it has made on real estate investments. The maximum amount of liability is EUR 784,715.40 and the last review year is 2029.

Formulas for calculating key figures

FORMULAS FOR CALCULATING KEY FIGURES

Income statement

Operating revenue as a percentage of operating expenses

= 100 * Operating revenue / (Operating expenses – Production for own use)

Annual contribution margin as a percentage of depreciation

= 100 * Annual contribution margin / Depreciation + Value adjustments

Annual contribution margin, EUR/resident

= Annual contribution margin / Number of residents

Cash flow statement

INVESTMENTS

Cash flow from operations and investments and its accrual, EUR

= Cash flow from operations and investments – the provisional accumulated result for the financial year and previous four financial years

Cash flow from investments, %

= 100 * Annual contribution margin / Acquisition cost of investments

LOAN SERVICING

Deferred loan servicing margin

= (Annual contribution margin + Interest expenses) / (Interest expenses + Deferred loan repayments)

Loan servicing margin

= (Annual contribution margin + Interest expenses) / (Interest expenses + Loan repayments)

LIQUIDITY

Liquid assets 31 Dec

= Shares and holdings + Cash in hand and at banks

Cash payments consists of the following items:

From the income statement:

Operating expenses – Production for own use

Interest expenses

Other financing expenses

From the cash flow statement:

Investment expenses

Increase in granted loans

Decrease in long-term loans (repayments)

Adequacy of cash flow (days)

= 365 days x Liquid assets 31 Dec / Cash payments during the financial year

Balance sheet **Accumulated surplus (deficit)**

= Surplus (deficit) from previous financial years + Surplus (deficit) for the financial year

Accumulated surplus (deficit), EUR/resident

= [Surplus (deficit) from previous financial years + Surplus (deficit) for the financial year] / Number of residents

Equity ratio, %

= 100 * (Capital and reserves + Depreciation difference and voluntary provisions) / (Total capital and reserves – Advances received)

Relative indebtedness, %

= 100 * (Liabilities – Advances received) / Usage income

Loans and rental liabilities, 31 Dec

= Liabilities – (Advances received + Accounts payables + Accrued expenses and deferred income + Other liabilities) + Rental liabilities

Loans and rental liabilities, EUR/resident

The key figure per resident is calculated by dividing the aforementioned number of loans and liabilities by the municipality's number of residents on the balance sheet date.

Loan portfolio 31 Dec

= Liabilities – (Advances received + Accounts payables + Accrued expenses and deferred income + Other liabilities)

Loans EUR/resident

The per-resident loan amount is calculated by dividing the aforementioned loan portfolio by the municipality's number of residents on the balance sheet date.

Loan receivables, 31 Dec

= Bond receivables marked as investments + Other loan receivables

Key figures for the Group

Income statement

Operating revenue as a percentage of operating expenses

= $100 * \text{Operating revenue} / \text{Operating expenses}$

Annual contribution margin as a percentage of depreciation

= $100 * \text{Annual contribution margin} / (\text{Depreciation} + \text{Impairment})$

Annual contribution margin, EUR/resident

= $\text{Annual contribution margin} / \text{Number of residents}$

Number of residents

Cash flow statement

INVESTMENTS

Cash flow from operations and investments and its accrual over a five-year period, EUR

Cash flow from investments, %

= $100 * \text{Annual contribution margin} / \text{Acquisition cost of investments}$

LOAN SERVICING

Deferred loan servicing margin

= $(\text{Annual contribution margin} + \text{Interest expenses}) / (\text{Interest expenses} + \text{Deferred loan repayments})$

LIQUIDITY

Adequacy of cash flow (days)

= $365 \text{ days} * \text{Liquid assets 31 Dec} / \text{Cash payments during the financial year}$

Cash payments consists of the following items:

From the consolidated income statement:

Operating expenses

Interest expenses

Other financing expenses

From the consolidated cash flow statement:

Investment expenses

Increases in granted loan receivables

Decrease in long-term loans (repayments)

Balance sheet

Equity ratio (%)

= $100 * (\text{Capital and reserves} + \text{Minority interest} + \text{Group reserve} + \text{Depreciation difference and voluntary provisions}) / (\text{Total capital and reserves} - \text{Advances received})$

Relative indebtedness, %

= $100 * (\text{Liabilities} - \text{Advances received}) / \text{Usage income}$

Accumulated surplus/deficit (EUR 1,000)

= $\text{Surplus/deficit from previous financial years} + \text{Surplus/deficit for the financial year} / 1,000$

Accumulated surplus/deficit, EUR per resident

= $(\text{Surplus/deficit from previous financial years} + \text{Surplus/deficit for the financial year}) / \text{Number of residents}$

Group loan portfolio 31 Dec (EUR 1,000)

= Liabilities – (Advances received + Accounts payable + Accrued expenses and deferred income + Other liabilities)

Group loan portfolio (EUR 1,000) per resident

The per-resident loan amount is calculated by dividing the Group's loan portfolio by the municipality's number of residents on the balance sheet date.

Loans and rental liabilities 31 Dec

= Liabilities – (Advances received + Accounts payable + Accrued expenses and deferred income + Other liabilities) + Rental liabilities

Group's loans and rental liabilities, EUR/resident

The key figure per resident is calculated by dividing the aforementioned loans and liabilities by the municipality's number of residents on the balance sheet date.

Loan receivables 31 Dec (EUR 1,000)

= Bond receivables marked as investments + Other loan receivables

Number of Group personnel, 31 Dec

= Number of people employed by the municipality and its subsidiaries on 31 Dec.

AUDITOR'S REPORT 2023**To Lahti City Council**

We have audited the City of Lahti's administration, accounting and financial statements for the financial year 1 January – 31 December 2023. The financial statements include the City's balance sheet, income statement, cash flow statement and their notes, the annual report, and a comparison of the budget with actual figures. The consolidated financial statements contained in the financial statements include the consolidated balance sheet, income statement, cash flow statement and their notes.

Obligations of the City Board and other accountable persons

The City Board and other accountable persons are responsible for the administration and financial management of the City during the financial year. The City Board and other Group management are responsible for the direction of the municipal Group and the organisation of Group supervision. The City Board and the Mayor are responsible for preparing the financial statements and ensuring that the financial statements give a true and fair presentation of the City's results, financial position, financing and operation in accordance with the provisions and regulations laid down on the preparation of the financial statements. In the Annual Report, the City Board and the Mayor have explained the organisation of the City's internal controls and risk management along with Group supervision.

The City Board and the Mayor are also responsible for organising internal control and for the internal control they deem necessary in order to prepare financial statements that do not contain material inaccuracies due to misconduct or error.

Obligations of the auditor

We performed the auditing of the administration, the accounting records and the financial statements for the financial year in accordance with generally accepted auditing standards for public administration to detect and report material errors as audit results. In the administrative audit, we have examined the legality of the activities of the members of the institutions and the senior officials of their areas of responsibility. We have examined the appropriateness of the City's internal control and risk management and the organisation of Group supervision, taking into account the reports presented in the Annual Report. We form an understanding of the internal controls relevant to the audit in order to be able to plan the appropriate auditing measures and to be able to provide an opinion on the organisation of internal control, but not for the purpose of providing an opinion on the effectiveness of the City's internal control. In addition, we have examined the accuracy of the information on the basis of central government transfers.

We have carried out this audit to provide reasonable assurance as to whether the administration has been managed in accordance with the law and the City Council's decisions. We have audited the accounting records, and the accounting policies, content and presentation of the financial statements to a sufficient extent to determine that the financial statements do not contain material inaccuracies due to misconduct or error.

Results of the audit

The City's administration has been carried out in accordance with legislation and the resolutions of the Council.

The City's internal control, risk management and internal Group control have been appropriately arranged, except for the internal control processes in the financial administration accounting system. Due to an elimination error, the result of the consolidated financial statements is EUR 2.99 million too high.

The information provided on the basis of central government transfers is accurate.

The City's financial statements and the associated consolidated statements have been prepared in accordance with the rules and regulations for preparing financial statements. The financial statements give a true and sufficient view of the City's result, financial position, financing and activities for the period.

Statement on the approval of the financial statements and discharge of liability

We propose that the financial statements be approved and the accountable persons be discharged from liability for the financial year that we have audited.

Lahti, 6 May 2024
TALVEA Julkishallinnon Palvelut Oy

Jukka Vuorio
Chartered Public Finance Auditor, Chartered