



**RIGA MUNICIPALITY
ANNUAL REPORT
2020**

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Riga, 2021

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THE CHAIRMAN OF THE RIGA CITY COUNCIL INTRODUCTION TO THE PUBLIC REPORT

During the reporting year, Riga City Municipality operated in accordance with the Riga City Municipality Statute, which determines transparent Riga City Municipality administration organization, order of decision making, inhabitants' rights in local administration, as well as other municipality's work organizational issues with the aim to bring Municipality closer to the inhabitants.

Temporary administration was appointed in compliance with law on dissolving Riga City Council passed on 13 February 2020, which managed operation of Municipality until the first session of newly elected Riga City Council on 2 October 2020.

Riga City economy was significantly affected by Covid-19 crisis and measures to limit it. Economical activities in several important city sectors decreased accordingly. In 2020, gross domestic product, evaluated by reference prices, reduced by 3,6% compared with the previous year. At the same time decrease in such important city's sectors as accommodation and catering industries was 38%, transportation sector – 15%, but arts and entertainment sector – 27%. EU project execution was delayed due to several circumstances.

On of the central priorities, defined by the new political leadership of the Municipality, Coalition of Changes of Riga City Council was attraction of private as well as public investments in order to balance negative impact of Covid-19 on municipality and to improve city's environment and residents of Riga quality of life. A more intense dialogue has started with government sector correspondingly, as well as agency was created with a goal to attract private investments.

Investment of available European Union funding period 2021-2027 and Recovery and stability mechanism funds in Municipality, as well as attracting financing for city's development projects of State level priority object "RailBaltica" development will be serious challenge for Riga City Municipality during the following years. Implementation of these projects will significantly improve city's infrastructure and achieve growth of economical activity.

M.Staķis
Chairman of the Riga City Council

ECONOMIC DESCRIPTION OF RIGA CITY MUNICIPALITY

RIGA CITY POPULATION

POPULATION

At the beginning of 2021, according to data of The Office of Citizenship and Migration Affairs 686,3 thousand inhabitants lived in Riga, reducing by 6,7 thousand within a year.

Constant decrease of population was observed in Riga City until 2013, followed by stabilization and slight increase after that until 2017, but during the last four years there was decrease of city population by 2,6%. The total decrease of population in State was 2,3% during this period. Natural decrease of city population is still observed albeit it is lower than average level of State. In 2019, the average natural decrease of number of inhabitants in State was 4,7 per 1000 population, but in Riga – 4,1. Yet the migration balance was 4 in Riga in 2020 – higher than the average in State where it was 1,8.

There were 383,2 thousand working age inhabitants in Riga City at the beginning of the reporting year, by 5,5 thousand less than in the previous year. Proportion of this group from all inhabitants decreased from 61,5% to 61,1%. The number of children and youth (inhabitants below working age) was 97,7 thousand, reduced by 0,4 thousand within a year. At the beginning of reporting year, the number of inhabitants of above working age was 146,4 thousand (23,3% from all the inhabitants) in Riga City increasing by 0,8 thousand within a year.

ETHNICAL COMPOSITIONS

In 2019, ethnical composition of Riga City inhabitants hasn't changed significantly. In 2020, largest nationalities were Latvians – 47,2% and Russians – 36,1%.

EMPLOYMENT

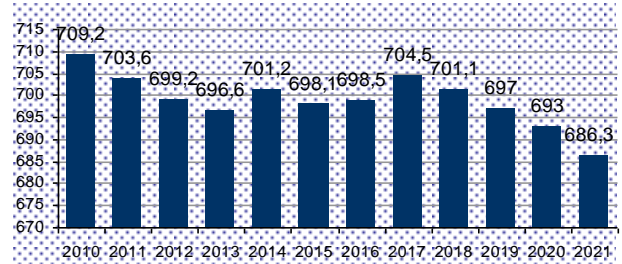
In 2020, the number of employed was 305,4 thousand, affected by Covid-19 crisis it decreased by 16,1 thousand (by 5%) compared with the previous year. Total decrease in State was by 17 thousand – almost the entire decrease is related to Riga City.

During the reporting year, the greatest decrease of the employed was observed in trade, accommodation and catering sector (by 13,1%), what was consequences of Covid-19 crisis and measures to limit it. In construction sector the number of the employed reduced by 18%, in industry – by 9,6%. During the reporting year, increase of the employed was in health and social care – by 9,6%, in finance, insurance, scientific and administrative services – by 3,3%, in transportation, storage and ICT services – by 3,9%.

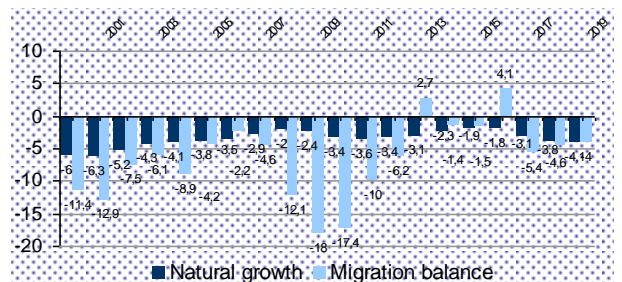
UNEMPLOYMENT

According to data from the State Employment department there were 18 thousand unemployed in Riga City by the end of 2020, increasing by 5,3 thousand within a year. That was 5,74% from economically active city inhabitants, what still is the lowest unemployment rate among regions of Latvia. In total the unemployment rate was 7,7% in State by the end of 2020.

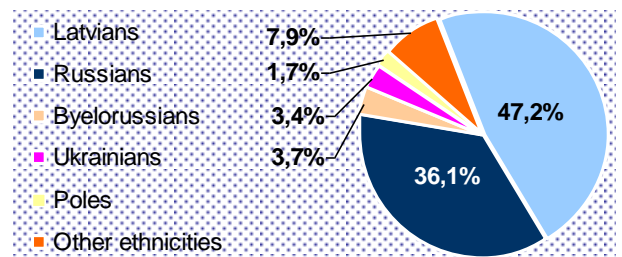
The number of Riga inhabitants (according to OCMA, k people)



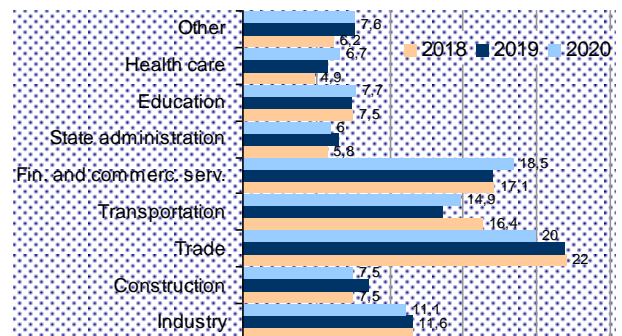
Effect of natural growth and migration on the number of Riga inhabitants (people on k inhabitants)



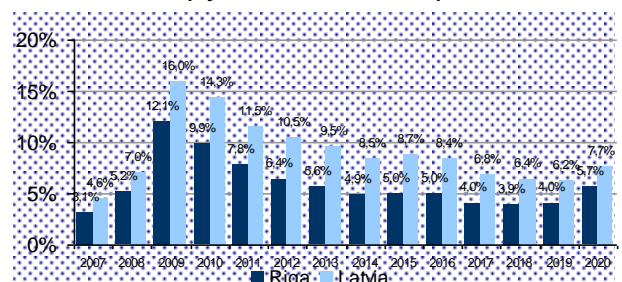
Ethnical composition of Riga inhabitants (by the end of 2020, %)



Distribution of employed inhabitants in Riga by type of economic activity (% from total)



Unemployment rate* in Riga and Latvia (by the end of 2020, %)



*Unemployment rate against the economically active population (Data from the State Employment department)

COMPENSATION

During the reporting year, average monthly gross compensation reached 1 276 euro, increasing by 5,8% compared with the previous year. As in the previous year, growth of compensation was faster in capital's private sector – by 6%, in public sector it increased by 5,4%. Average compensation in public sector was still higher by 7,3% than in private sector in Riga City.

During the reporting year, average compensations in Riga City was higher by 11,6% than in the country on average. In 2020, the most rapid growth of compensation in Riga City was in health and social care (by 9,7%), exceeding the average level in city by 4,7%. Rapid growth was also in construction – 7,7% and in processing industry sectors – 5,9%. During the reporting year, the lowest growth was in trade where the average compensation increased only by 0,2% compared with the previous year.

Highest gross compensation level in Riga City still was in financial sector exceeding the city's average level by 71%, but the lowest – in education sector where it was 79% below the average level.

ECONOMIC DESCRIPTION OF RIGA CITY MUNICIPALITY

In 2020, economy of Latvia and Riga City was significantly affected by Covid-19 crisis and measures to limit it, reducing gross domestic product by 3,6% compared with the previous year (in 2015 reference prices). The most rapid decrease was in accommodation and catering industries (by 38,1%) and transportation and storage sector (by 14,9%). Slight growth of economic activity was observed in construction sector – by 2,6%.

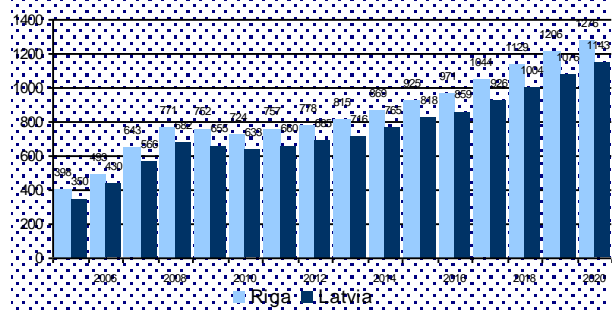
The biggest proportion in Riga City economic structure by value added still has trade and service sector – 15,7%. In 2020, the second biggest economic sector is real estate sector – 11,6%, information and communication services are in the third place – 8,9%. Proportion of transportation in Riga City economic structure has decreased significantly from 11,8% to 8% over the last decade. Proportion of value added created in Riga city comprises around 56% from the total value added in the State however the proportion in particular sectors is even more higher, for example in information and communication services – around 90%, in finance and insurance – 87%, in professional, scientific and technical service – 79%.

TRANSPORTATION AND COMMUNICATIONS

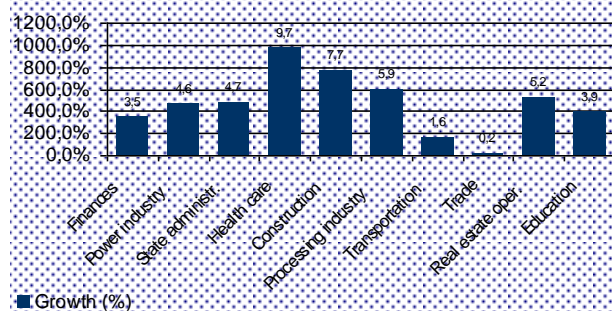
RIGA PORT

In 2020, cargo turnover decreased on average by 28% in Latvia and Riga ports. As in the previous year, different tendencies were observed in dynamics of the amount of sent and received cargo – the amount of sent cargo decreased by 33% compared with 2019, but the amount of received cargo decreased by 3%. Since the amount of shipped cargo is about 77% from the total cargo turnover at Riga port then dynamics of this type of cargo determined the overall reduction of cargo turnover at Riga port.

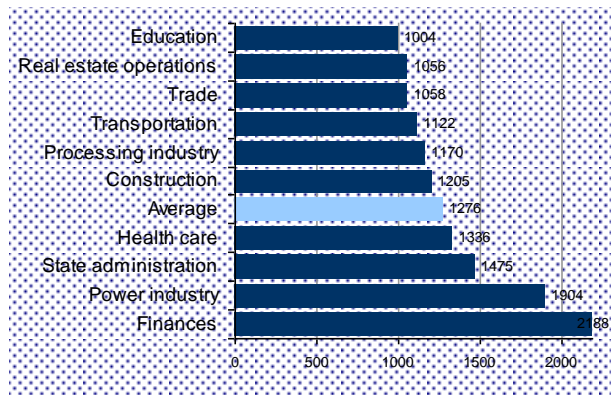
Monthly average gross compensation in Riga 2005 – 2020 (in euro)



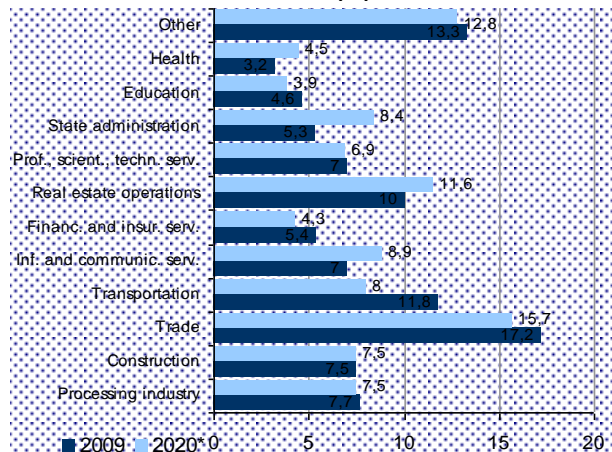
Monthly average gross compensation in Riga in 2020 compared with 2019 (changes, %) by sectors



Monthly average gross compensation in Riga in 2020 (by sectors, in euro)



Riga economic sectors by share in the total value added (%)



*2019 – estimation

Dynamics of total cargo turnover in other ports of Latvia in 2020 was quite different: cargo turnover in Ventspils port decreased by 37%, in Liepaja port – by 10%, in small ports it decreased by 5%, what indicates different effect of constraints of economic activities on various Latvia ports with different cargo structure. In 2020, the share of Riga port in the total Latvia port turnover remained immutable – 53%. In 2020, the biggest proportion was cargo containers – 18,6%, which amount reduced by 4%, grain and grain products – 12,1%, which amount increased by 39%, petroleum products – 11,3% and coal – 11,2%, the amount reduced by 30% and 74% respectively within a year.

In 2020, the number of serviced passengers in Riga Passenger terminal decreased significantly due to Covid-19 crisis. According to available statistics cruise ships were not serviced at all, the number of passengers arrived and leaved by ferries was just 35% from 2019 amount.

AIRPORT

Movement limitations of Covid-19 crisis severely affected aviation sector and airport business. In 2020, the number of serviced passengers in Riga Airport reduced to 2 million passengers what was just 26% from the number of serviced passengers in the previous years.

During the reporting year, cargo shipment by air which was less affected by crisis, reduced by 15%.

PUBLIC TRANSPORTATION

In 2020, 89,68 million passengers were transported in Riga public transportation (bus, tram, trolleybus), by 57 million less than in the previous year.

In 2020, 91% of the total number of vehicles being in use in public transportation service was adjusted for persons with functional disorder, pregnant women and persons with little children (including with prams).

During the reporting year, Riga Municipality Ltd. “Rigas satiksme” provided passengers’ transportation services on 8 tram, 18 trolleybus and 55 city bus and 18 improved service bus routes. In 2020, the total length of the City’s transportation network was 1 466,22 kilometers.

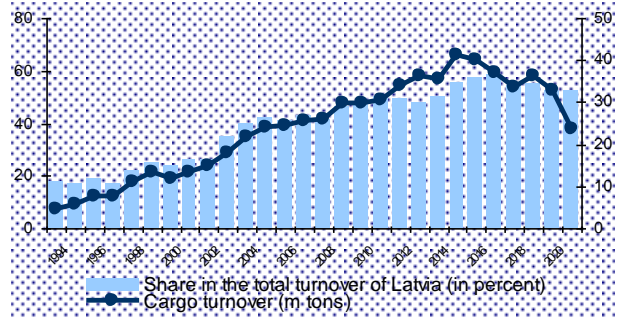
TOURISM

Tourism sector also was affected by Covid-19 crisis. In 2020, 637,2 thousand tourists were served in Riga City hotels and tourists’ lodgings, just 38% from the serviced tourist number in 2019 (by 1,05 million less). Proportion of foreign guests from all the served tourists reduced from 87% to 75%. Decline in tourism services demand affected the tourism infrastructure of the city. The number of tourists’ lodgings reduced by 52 (by 40%), number of shared lodgings by 2 940 (by 35%).

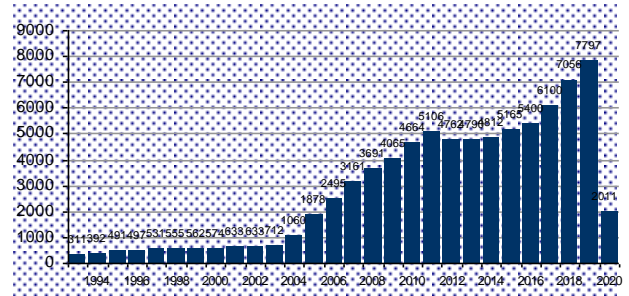
CONSTRUCTION

In 2020, the space of commissioned dwelling houses in Riga City was 133,6 thousand square meters, reducing by 22% compared with the previous year. In 2020, the proportion of built dwelling houses in Riga was 29% of the state overall result.

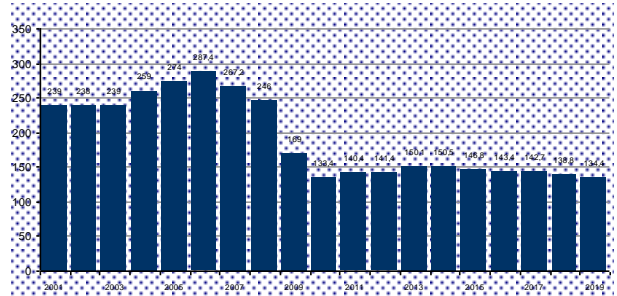
Operation of Riga port



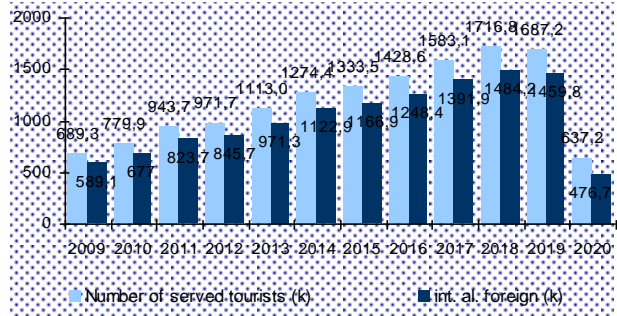
Riga International Airport: passenger turnover (k people)



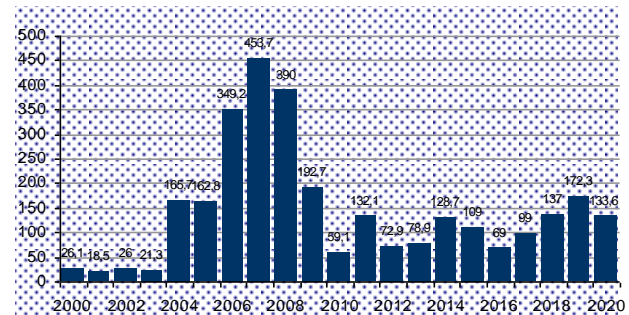
Passenger carriage in Riga public transportation (m people)



Characteristics of development of Riga City tourism sector in 2009 – 2020



Dwelling houses constructed (thousand sq. m)



RIGA MUNICIPALITY ADMINISTRATION STRUCTURE, FUNCTIONS, PERSONNEL

Riga City Municipality administration organization, order of decision making, inhabitants' rights in local administration, as well as other municipality's work organizational issues are defined by binding regulations "Riga Municipality regulations".

Residents of the city of Riga elect Riga City Council, what consists of 60 councilors. Riga City Council forms subordinate municipal administration, determining its organizational structure and competence.

Implementation of Municipal functions is organized by forming departments of the respective sectors:

- Riga City Council Finance Department – leading institution in management of municipal financial resources;
- Riga City Council Property Department – leading institution in management of municipal property and in arrangement of buildings that degrade environment in municipal territory;
- Riga City Council Education, Culture and Sports Department – implements municipal policy in education, culture and sports sectors and in youth work;
- Riga City Council Housing and Environment Department – implements municipal policy in housing and environment spheres and is leading institution in provision of power supply, water supply and sewerage services, land amelioration system operation and maintenance, environmental protection and management, maintenance of cemeteries, provision of support on solving housing issues, administration of municipal residential buildings, as well as in realization of possession of unprivatized municipal dwelling space;
- Riga City Council Welfare Department – leading institution in, within the framework of competence defined for municipality, social services, social help and health care sphere;
- Riga City Council City Development Department – leading institution in Riga City development and territory planning sphere;
- Riga City Council Transport Department – leading institution in traffic and transportation sphere.

Riga Municipality ensures execution of all the autonomous functions, int. al.:

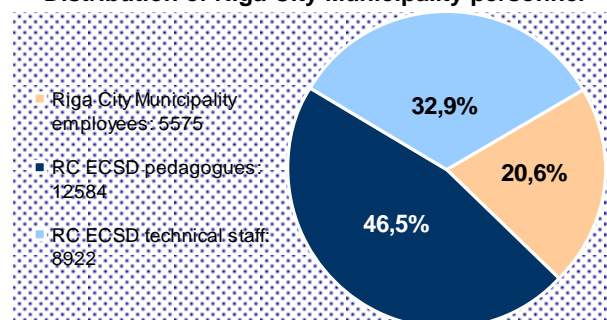
- Organizes municipal services for inhabitants, realizes municipal housing management and maintenance of cemeteries and provides support on housing issues for inhabitants;
- Provides environmental protection and management, territory improvement and sanitation within the administrative territory of Riga City and establishes regulations for the order of use of publicly accessible forests and waters;
- Provides the rights of children who have reached scholar age to receive preschool education, elementary education and secondary education, as well as opportunities of useful and creative passing of free time for all the residents of the city of Riga;
- Provides diversity and accessibility of City's cultural events, as well as provides preservation of cultural values and cultural heritage and promotes preservation of the traditional cultural heritage and participates in maintenance and development of the historical objects of national importance, as well as support and development of cultural infrastructure;

- Provides protection of children rights, ensures guardianship, custody, adoption, as well as protection of children's` private and property rights and interests;
- Ensures accessibility of health care and promotes healthy lifestyle among inhabitants and disease prevention measures, organizes social assistance (social care) and improves families support system;
- Coordinates employment issues, facilitates economical activities in Riga City Municipality, is engaged in decrease of unemployment;
- Issues permits and licenses for commercial activities;
- Provides public order and security for individuals within according to competence, performs measures to prevent violation of law, takes part in provision of civil defense measures, rescue operations and renders assistance to victims;
- Manages, coordinates and defines the order of utilization of and building on land, protection of cultural monuments and requirements to environmental visual quality, as well as ensures the legacy of construction works within the administrative territory;
- Organizes maintenance, designing and construction of transport infrastructure objects, provides public transportation services and realizes maintenance of transport infrastructure and city's public transportation system.

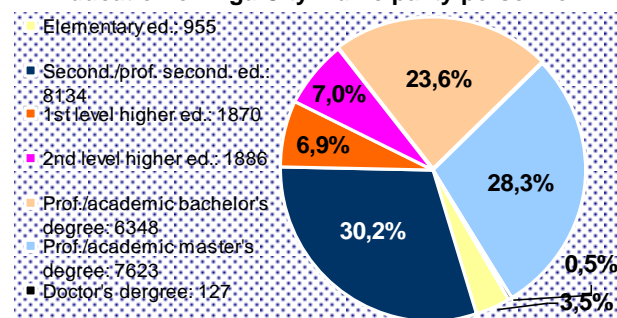
In 2020, actual availability of employees in Riga Municipality was 27 081, int. al. 12 584 pedagogues and 8 922 technical staff of institutions subordinate to Riga City Council Education, Culture and Sports Department.

In 2020, (except pedagogues and technical staff of institutions subordinate to Riga City Council Education, Culture and Sports Department) there were 821 employees recruited and labor relations were terminated with 829 employees. During the reporting year 1 857 pedagogues and 2 526 technical staff were recruited and labor relations were terminated with 1 686 pedagogues and 2 247 technical staff.

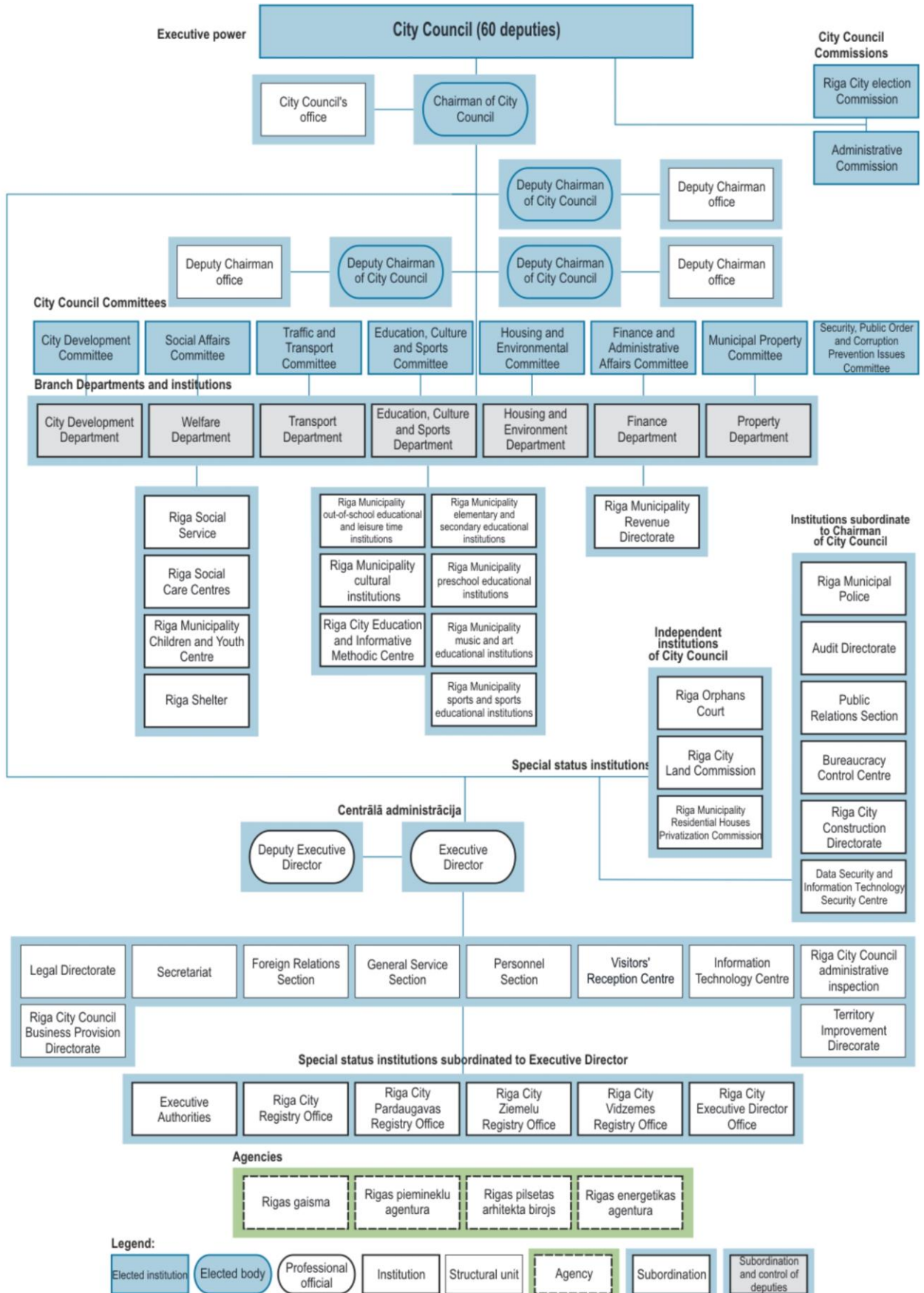
Distribution of Riga City Municipality personnel



Education of Riga City Municipality personnel



ADMINISTRATION STRUCTURE OF RIGA CITY MUNICIPALITY



RIGA MUNICIPALITY PROPERTY STATE

VALUE OF RIGA MUNICIPAL EQUITY CAPITAL AND ITS ANTICIPATED CHANGES

By the end of 2020, the book value of Riga City fixed assets was 2 536,9 million euro, decreasing by 4,2 million euro within the year. The total value of Municipality assets, including other positions of balance assets comprised 3 540,4 million euro by the end of 2020.

RIGA CITY MUNICIPALITY INVESTMENTS IN ENTERPRISE EQUITY CAPITAL

By the end of 2020, long-term share of Riga Municipality in equity capital of related and associated enterprises was 743,3 million euro. In 2020, Riga Municipality has made investment in the equity capital of one related enterprise with 100% share capital owned by Riga Municipality – investing land (8 060 euro) in Ltd. “Rigas ūdens”.

SHARE IN MUNICIPAL ENTERPRISE EQUITY CAPITAL

By the end of 2020, long-term investment of Riga Municipality in equity capital of related enterprises was 674,4 million euro, increasing by 6,1 million euro within a year but long-term investment in equity capital of associated enterprises was 68,8 million euro, increasing by 7,3 million euro within a year.

By the end of the reporting year, Riga Municipality balance sheet reflected 13 investments into the equity capital of related enterprises with 100% ownership (shares) by Riga Municipality, 1 investment into the equity capital of enterprise with more than 50% ownership by Riga Municipality (Ltd. “Getlini EKO” – 97,7%).

By end of 2020, equity share capital of one associated enterprise reflected in Riga Municipality balance sheet – JSC “Rigas siltums” (49%).

PLANNED CHANGES

In 2021, no changes are planned in the equity capital of related enterprises.

CHARACTERISTICS OF RIGA CITY MUNICIPALITY REAL ESTATE

To ensure execution of Riga Municipality's autonomous functions, in 2020 Riga Municipality obtained 18 real estate properties. 15 of them obtained to implement traffic infrastructure construction and reconstruction projects, 1 real estate property is located in territory used by Riga City education institutions and 2 land lots were obtained to implement other Riga Municipality's autonomous functions.

In 2020, selling of Municipality's real estate properties that are not necessary for execution of Municipality's autonomous functions was performed. 112 agreements on sale of Riga City Municipality's real estate property were concluded. 69 public sales were announced which resulted in selling of 13 real estate properties. By the end of the reporting year, there were 2 605 valid lease agreements on real estate property rent.

In 2020, Riga City Council Property Department continued first registration of municipal real estate properties in Land Register, int. all : 257 land lots with total area of 251,97 ha and total assessed value of real estate of 4,66 million euro. 60 real estate properties (land, land and buildings) were registered in Land Register as a result of division, merging or reorganization of borders of properties with total area of 93,54 ha and total assessed value of real estate of 2,96 million euro. Amendments for 84 real estate properties were done in Land Register, 26 nonexistent on-site buildings were erased from Land Register. 11 land lots were transferred to State for execution of State functions. Amendments for 587 privatized dwelling houses were made in Land Register.

EXECUTION OF TERRITORY DEVELOPMENT PLAN

In 2020, Riga City Council draft decision on improvement of new Riga territory plan edition was prepared and submitted and started consultations with municipal institutions on improvements and addition of developed Riga territory plan edition.

Actions performed during development of planning documents of city environment planning in 2020:

- participation in development of Riga development program 2021 - 2027;
- prepared suggestions for improvement of Strategy Supervisory system;
- development of thematic plan of public open space of Historic Centre of Riga;
- evaluated information prepared by Riga City Council Property Department on green areas owned by Municipality;
- evaluation of experiment with closing Terbatas Street for motor transport;
- evaluation of planning documents of development of adjacent territories;
- preparation of conclusion on possibilities to use real estate and possibilities to alienate or to take possession by Municipality;
- conditions and conclusions on thematic plan to determine land lots functionally attachable to residential buildings.

5 Riga City Municipality's decisions prepared and made in 2020 on launch of local plan development:

- land on Tumes Street 25;
- land on Ubelu Street 1;
- land on Remtes Street 21, Remtes Street 19A and Karla Ulmana Avenue;
- land on Juglas Street 95;
- territory between Gustava Zemgala Avenue, Kisezera Street, Kokneses Avenue and historic Mezapark's buildings.

2 decisions prepared and made in 2020 on approval of local plans on:

- land on Maskavas Street;
- territory in Kadagas Street 3.

3 Riga City Municipality's decisions made in 2020 on handing editions of local plan over public discussions:

- land on Evalda Valtera Street 44;
- land on Kadagas Street 3;
- territory between Kaivas, Augusta Deglava, Evalda Valtera and Dzelzavas streets.

In 2020, 172 land-use planning projects were agreed.

In 2020, work on thematic plan of public open space of Historic Centre of Riga and its protection area was continued, work on development of local plan of southern part of Ekspostosta was continued and considerable amount of work was done on involvement of society in project "Border extension of local plan of railway route territory of public rail line "Rail Baltica" and development of local plan of extended territory".

In 2020, Riga City Council decision on Historic Centre of Riga and its protection area in complex of Riga Technical University in Kipsala was made, decision on local plan was made and binding regulations on land on Anglikanu Street 5 were issued.

Within plan of sustainable mobility, work on development of local plan of Rail Baltica, on Riga transport system sustainable mobility action program, preparation of projects for European stability and recovery funds, project „Sustainable urban mobility and commuting in Baltic States" (SUMBA), project of modernization of the Latvian Railway, transportation plan sections of a new territory plan was performed.

In 2020, update of Riga Development programs of Action plan and Investment plan 2014 - 2020 (Program) and Action plan and Investment plan 2019 - 2020 was provided and elongation of Riga Development program 2014 - 2020, work on development of Riga Development program 2021 - 2027 was continued.

Report 2019 on introduction of Riga Sustainable Development strategy to 2030 (Strategy) and Riga Development program was prepared within Strategy Supervisory system (SSS), what is the sixth report on introduction of Strategy and Program in accordance with the new development plan documents.

The report contains description of 4 long term strategic goals and 19 areas of activities which are based on information provided by Riga City Council institutions and structural units, research "Quality and availability of services in 58 Riga neighborhoods characterizing development of city environment", opinion of 5 branch experts and statistic data, statistic data from Central Statistical Bureau of Latvia, Lursoft and other data sources.

In 2020, Riga City Council City Development Department continued to perform monitoring functions concerning legality of construction process. 1 181 decisions were made in total, whereof:

- 100 administrative provisions, which remains in effect decisions made by Riga City Construction Directorate;
- 87 administrative provisions on reversing decisions made by Riga City Construction Directorate due to violation of substantive and procedural rules;
- 161 interim judgments;
- 104 other definitive decision on administrative matters;
- 202 legal decisions;
- as well as 374 business letters and other documents were prepared in process of legal supervision of construction process;
- 104 decisions on infrastructure charge;
- 49 answers to legal and physical entities on legal issues.

RIGA MUNICIPALITY INVESTMENT PROJECTS

CAPITAL INVESTMENTS FROM MUNICIPAL BUDGET

During the reporting year, 127,9 million euro were allocated for Riga City Municipality budget capital expenditure, more by 7 million euro (by 5,8%) than in 2019. South Bridge construction financing costs are excluded from capital expenditure, which are not included in this expenditure item as of 2020. During the reporting year, capital expenditures of projects co-financed by European Union (EU) increased by 16,4 million euro compared with the previous year and were 38,8 million euro.

During the reporting year, largest share in the structure of sectors of municipal capital expenditures has education sector (30,9% from all the capital investment), economic activity sector is in the second place (21,4% from all the capital investment). Share of territory and housing management of total municipal capital expenditures during the reporting year was 15,3%, recreation, culture, and religion – 14,8%.

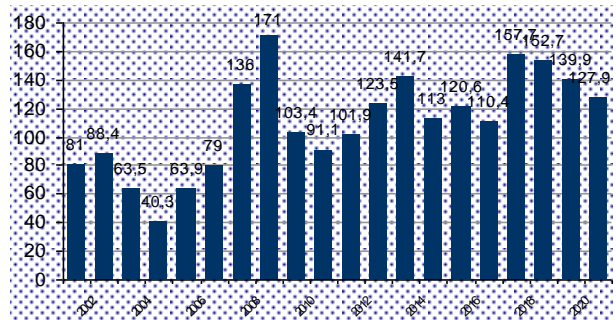
FOREIGN INVESTMENT IN RIGA

By April 2020, according to Lursoft data, direct investments of foreign investors into the registered equity capital of enterprises in Riga were around 6 billion euro, increasing by 11% within a year.

EU AND OTHER EXTERNAL FINANCIAL SOURCES' CO-FINANCED PROJECTS

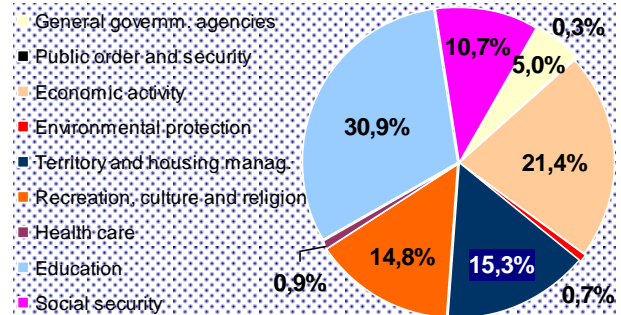
45,6 million euro were allocated from the municipality's budget for execution of co-financing and pre-financing of projects financed by EU Funds, by 14,6 million euro more than in the previous year. From the total co-financing and pre-financing amount capital expenditure formed 38,8 million euro (or 85%).

Capital expenditures from Riga Municipality budget (m euro)



*Excluding payments for construction of the South Bridge and principal sum of financing liabilities, which were included in capital expenditure item according to budget accounting methodology from 2010 to August of 2019

Capital expenditures from Riga Municipality consolidated budget structure by sector, 2020 (%)



RIGA MUNICIPALITY FINANCIAL AND BUDGET POLICY

REVENUE

In 2020, total Riga City Municipality basic budget revenue was 950,2 million euro, by 61,5 million euro (by 6,1%) less than in 2019, reducing gambling tax, natural resources tax, non-tax as well as personal income tax revenues.

Municipal budget tax revenues in 2020 were 617,8 million euro, less by 31,3 million euro (by 4,8%) than in 2019. In 2020, Riga City Municipality budget revenue from PIT was 617,8 million euro, by 31,3 million euro (by 4,8%) less than in the previous year, because there was significant overachievement of revenue (by 65,5 million euro) compared with the planned. Municipal budget personal income tax revenues exceeded the planned by 19 million euro (by 3,2%), because growth of average wage continued in national economy. During the reporting year, RET revenue was 108,1 million euro, municipal budget gambling tax revenue reduced by 3,9 million euro (by 78%), natural resources tax revenue – by 0,5 million euro (by 59%) compared with 2019, because due to changes in tax policies, the proportion of municipal share in distribution of these taxes reduced significantly. In 2020, Riga City Municipality budget revenue from earmarked subsidy from the State budget was 179,5 million euro, less by 7,3 million euro (by 3,9%) than in 2019.

EXPENSE

In 2020, total Riga City Municipality budget expense was 956 million euro or 90,2% from annual plan, what is less by 104 million euro than planned. In 2020, execution of capital expenditures was 127,9 million euro, what is less by 58,8 million euro than planned. They were less by 9% compared with execution of capital expenditures of the previous year. Results of City's investment program execution was 74,2% from the planned amount. In 2020, operative expenses were planned at the amount of 873,3 million euro what is 94,8% from annual plan or less by 45,3 million euro. In 2020, Riga City Municipality budget deficit was 5,8 million euro – significantly less than planned 128,5 million euro. In 2020, Riga City Municipality revenues exceeded operative expenses by 135 million euro (by 14,2%), but budget cash surplus was 130,4 million euro at the end of 2020, reducing by 13,6 million euro within a year.

MUNICIPALITY'S DEBT DYNAMICS

At the end of 2020, the total amount of Riga Municipality's future liability payments was 789 million euro decreasing by 35,3 million euro within a year.

Rapid growth of municipal liabilities in 2007 is related with growth of undertaken liabilities due to construction of the South Bridge. Gradual repayment of these liabilities has reduced their proportion in the total amount of financial commitments from 76% in 2009 to 38% by the end of the reporting year. During the reporting year, Riga City Municipality continued implementation of municipal loans, guarantees and other long-term debt management strategy for 2018 - 2022, by fulfilling all the criteria defined by liabilities portfolio management. The total amount of overall Riga City Municipality liabilities (evaluating by principal amount of liabilities) was around 60,6% from municipal revenues, by end of 2020, not exceeding 100% limit defined by the Strategy.

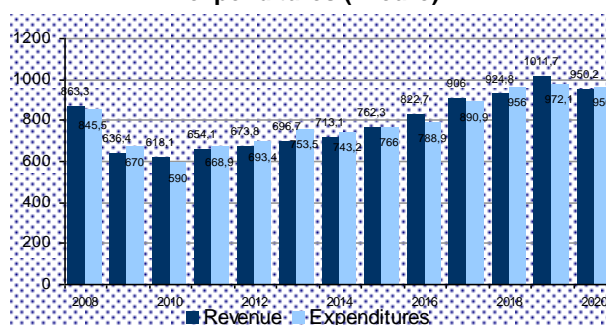
CREDIT-RATING

During the reporting year, Riga City Municipality continued cooperation with international credit rating agencies. In October of 2020, credit rating agency "Standard & Poor's" evaluated Riga City Municipality's budget and financial situation and retained credit rating assigned to Riga City at "A-level". Credit rating agency "Moody's Investors Service" also endorsed credit previously assigned City's Baa1 rating. Regardless of Covid-19 crisis both the agencies didn't change development perspective retaining it at stable level.

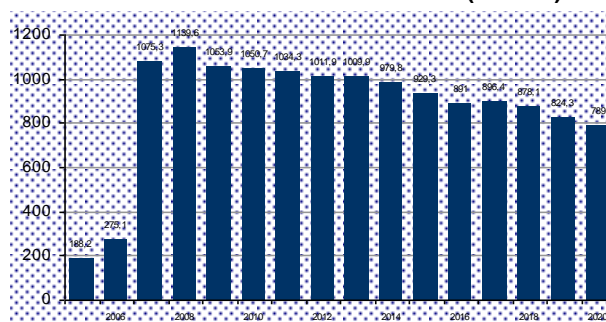
History of Riga City credit-rating

Year of granting the rating	Standard & Poor's rating for liabilities in local and foreign currencies	Moody's Investors Service rating for liabilities in local and foreign currencies
1997	BBB-/Positive/A-3	-
1999	BBB/Stable/A-3	-
2001	BBB/Positive/A-3	-
2003	BBB-/Stable/A-3	-
2004	BBB-/Stable/A-3	-
2005	BBB/Stable/A-3	-
2006	BBB/Stable/A-3	A2 Stable
2007	BBB/Stable/A-3	A2 Stable
2008	BBB-/Negative/A-3	A3 Negative
2009	BB/Negative/B	Baa3 Negative
2010	BB/Stable/B	Baa3 Stable
2011	BB+/Stable/B	Baa3 Stable
2012	BBB/Positive/A-2	Baa3 Stable
2013	BBB/Positive/A-2	Baa3 Positive
2014	BBB+/Stable/A-2	Baa2 Stable
2015	BBB+/Stable/A-2	Baa1 Stable
2016	BBB+/Stable/A-2	Baa1 Stable
2017	BBB+/Stable/A-2	Baa1 Stable
2018	BBB+/Positive/A-2	Baa1 Stable
2019	A-/Stable/A-2	Baa1 Stable
2020	A-/Stable/A-2	Baa1 Stable

Riga City consolidated budget revenue and expenditures (m euro)



Dynamics of total amount of Riga City Municipality's financial commitments 2005 - 2020 (m euro)



*According to data from State Treasury

RIGA MUNICIPALITY BUDGET EXECUTION PERFORMANCE

The results of Riga economical development and Riga City Municipality's fiscal policy in 2020 are characterized by achievements in ensuring budget revenues and purposeful use in provision of municipal operations according to the budget approved by Riga City Municipality. Budget is a tool for realization of Riga Municipality economic policy by means of financial methods. Riga Municipality budget includes Municipality's revenue and expenditure. Riga Municipality budget is prepared based on the cash flow principle, simultaneously in compliance with State Treasury instructions, ensuring accounting based on accrual principle.

RIGA MUNICIPALITY BUDGET REVENUES

Riga Municipality budget main revenue portion is formed by the basic budget revenue.

In accordance with laws and regulations, Riga Municipality performs administration of real estate tax.

Basic budget revenue mostly comprises:

Tax revenues:

- personal income tax;
- real estate tax.

Non-tax revenues:

- State and municipality fees;
- charges for paid services provided by public authorities;
- charges for utilization of Municipality's capital;
- other revenues (fines, sales of property, etc.).

Riga City Municipality also has budget revenue consisting of donations and endowments.

SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY BASIC BUDGET REVENUE

Cash flow basis (k EUR)	2019 actual	2020 budget	2020 actual
Total revenues	1 011 696.3	931 480.2	950 171.7
Total tax revenues	765 515.7	707 228.2	727 365.5
Personal income tax	649 172.3	598 862.2	617 826.0
Real estate taxes	110 483.0	106 539.0	108 089.8
int.al. real estate tax on land	46 209.6	45 680.7	45 009.9
int.al. real estate tax on buildings	40 212.9	38 657.5	39 233.1
int.al. real estate tax on housing	24 060.5	22 200.8	23 846.8
Other tax revenue	5 860.4	1 827.0	1 449.7
Total non-tax revenues	22 388.7	12 640.6	15 234.4
Government (municipality) fees	5 404.9	2 660.6	3 659.4
Other non-tax revenues	16 983.8	9 980.0	11 575.0
Charges for paid and other own revenues	29 358.3	24 348.0	20 008.3
Transfers	194 433.6	187 263.4	187 563.5
Transfers of public entities partially financed by State budget and institutions not financed by budget	8.7	–	0.4
State budget transfers, int.al.	186 785.0	181 028.7	179 469.6
state budget transfers received by municipalities	148 821.1	143 135.7	147 961.7
transfers received from state institutions for projects coo-financed by EU policies' instruments and other foreign financial aid	23 481.3	37 893.0	31 507.9
subsidy received by municipal budget from municipal financial cohesion fund	14 482.6	–	–
Municipal budget transfers	7 639.9	6 234.7	8 093.5

SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY SPECIAL BUDGET REVENUES FROM DONATIONS AND ENDOWMENTS

Cash flow basis (k EUR)	2019 actual	2020 budget	2020 actual
Total revenues	32.7	104.3	31.1
Donations and endowments from legal entities and individuals	32.7	104.3	30.7
Donations and endowments for education	29.2	100.3	24.6
Donations and endowments for social care	0.4	1.5	3.0
Other donations from legal entities and individuals	3.1	2.5	3.1
Internal municipal budget transfers between different budgets of a single municipality	-	-	0.4

RIGA MUNICIPALITY BUDGET EXPENSES

Riga Municipality budget expense of 2020 in this report is reflected according to the functional categories, which correspond to the structure of expenses by government function or sector – education, economic activity, environmental protection, social security, management of Municipality territories and housing facilities, health care, recreation, culture and religion, public order and security, etc.

Budget forms the basis for financial operation and management of the Municipality and it serves as financial means of ensuring Municipality's operations. Performing municipal budget preparation approval, execution, and control procedures, a unified, transparent and effective approach shall be applied by all budget executors. Such an approach ensures that there are unified principles used throughout the entire Municipality budgeting process, including budget requests preparation and evaluation, as well as budget monitoring and control. This regulation serves as a basis for preparation of annual methodological guidelines for particular budgeting process steps.

In the same way economical and efficient utilization of municipal funds is already provided by performance indicators' system realized by Municipality defined by law "On municipalities".

The vast majority of municipal budget programs have defined particular performance results, have set particular goals and performance indicators (services), execution of which are subordinated to performance indicators (service activities) – number of units and expenses of one accessible unit.

Riga as the capital City has special importance that is related to hosting of national holiday celebrations, National Song and Dance Festival, as well as provision of other traditional cultural events and visits of foreign representatives and state and officials. It is also a significant contribution to Riga economy, because large part of Riga businesses is involved in serving the city's guests. However, Covid-19 crisis and measures to limit it affected tourism sector and possibility to organize events. Municipality rearranged its structure of expenditures in order to find resources to support inhabitants and reduce impact of Covid-19 crisis.

In 2020, the main priorities within the total expense structure of Riga Municipality basic budget similarly with the previous years were education, public order and security, social security, investments in infrastructure which were the most affected by Covid-19 sectors. Municipality found an option to redirect additional funds for education, public order and security and social security sectors, int. al. for additional payment for those who are working in these sectors. For its part to heat economy an opportunity to approve new investment projects was found.

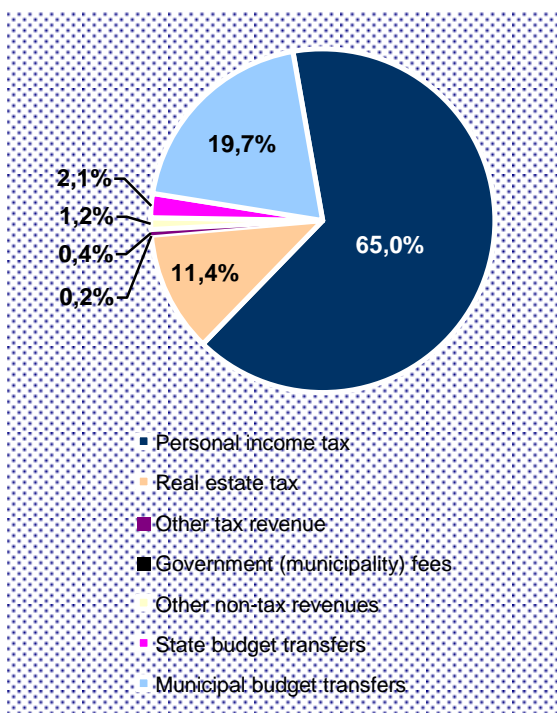
SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY BASIC BUDGET EXPENSES

Expenses by government function Cash flow basis (k EUR)	2019 actual	2020 budget	2020 actual
Total expenses	972 047.7	1 060 029.6	955 978.7
General governmental agencies int.al. deposits to municipal financial cohesion fund	165 503.1	183 428.5	172 220.8
Public order and security	18 188.9	19 109.5	18 519.3
Economic activity	257 255.1	256 255.5	211 929.8
Environment protection	3 171.2	4 304.7	3 599.9
Municipal territory and housing management	29 400.2	60 610.3	43 765.5
Health care	6 184.2	6 328.2	4 430.6
Recreation, culture, and religion	54 227.4	48 284.0	42 281.2
Education	340 694.8	383 609.8	366 951.5
Social security	97 422.8	98 099.1	92 280.1

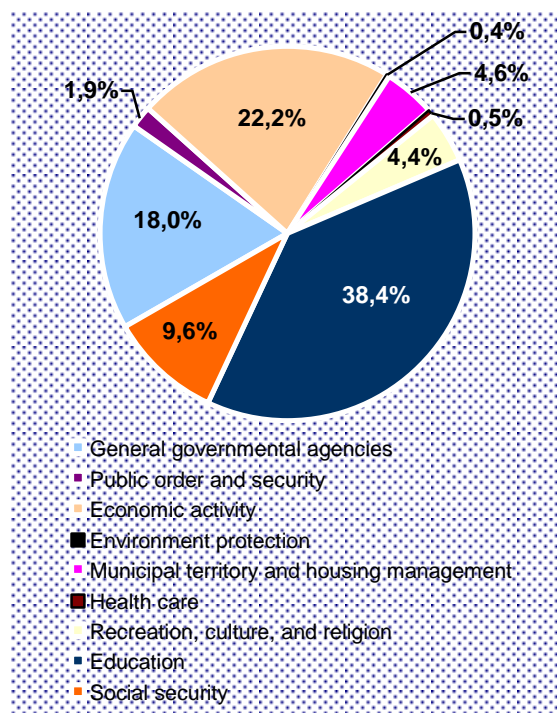
SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY SPECIAL BUDGET EXPENSES FROM DONATIONS AND ENDOWMENTS

Expenses by government function Cash flow basis (k EUR)	2019 actual	2020 budget	2020 actual
Total expenses	86.3	289.6	126.5
General governmental agencies	19.4	2.6	1.4
Environment protection	–	35.0	–
Municipal territory and housing management	–	3.5	3.5
Recreation, culture, and religion	17.9	15.2	1.4
Education	48.5	226.9	120.2
Social security	0.5	6.4	–

Composition of Riga Municipality basic budget revenue in 2020



Composition of Riga Municipality basic budget expenses in 2020



RIGA MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

EDUCATION AND SPORTS

Riga City Council Education, Culture and Sports Department (ECSD) implements municipal policy in education, culture and sports sector, in youth work and in sphere of integration of society. Functions of ECSD includes qualitative and modern education, support for youth's initiative and organized leisure time, recognizable and involving culture environment, social integration and support for families, varied sporting opportunities, effective, responsible and guided to multilateral cooperation management. Function of qualitative and modern education is to provide qualitative education for preschooler of all the City families, accessible and qualitative comprehensive secondary education, accessibility of exhaustive out-of-school and vocational education, promote society's understanding about necessity of lifelong education and improve inhabitants' involvement in adult education.

There are 6 Riga City cultural institutions subordinate to ECSD – Union of cultural institutions with 8 structural units, Riga Central library with 24 affiliated branch libraries, Riga National Sports Manege and Education and Information Center of Riga City.

PRESCHOOL EDUCATIONAL INSTITUTIONS

In 2020, preschool education services were available at 147 Riga City Municipality preschool educational institutions subordinate to ECSD, 17 comprehensive schools and 1 Riga interest educational institution. Preschool education program in municipal preschool educational institutions was provided for 26 051 children in total. In 2020, in six education institutions 28 new preschool education groups were opened.

In 2020, Riga City Municipality continued co-financing of private preschool educational institutions, concluded an agreement with 167 private preschool educational service renderers. 237 new agreements were concluded on provision of baby-sitting service for 1 389 children financed by municipality.

COMPREHENSIVE SCHOOLS

At the beginning of the school year 2019/2020, 108 Riga City Municipality elementary and secondary comprehensive schools started work, where educational programs were mastered by 68 874 students at the beginning of the school year, 81,9%, of these students master elementary education programs, but secondary education programs are mastered by 18,1%.

In 2020, one comprehensive school was liquidated, three special education institutions were renamed and changed type of school, status changed of one comprehensive education institution in accordance with activities of optimization of educational institutions' network.

In order to promote adaptation of children from families who have arrived from abroad and reemigrants' children, Riga City Municipality allocated financing for additional Latvian language training courses. In 2020, 692 students received it.

OUT-OF-SCHOOL EDUCATION AND SPORTS

In 2020, in order to provide diversity and accessibility of out-of-school and vocational education there were 8 Riga Municipality's out-of-school education institutions, 10 vocational schools majoring in sports, 9 music and art schools working in Riga Municipality as well as out-of-

school educational programs were implemented in 108 comprehensive schools and 87 467 students (number shows participators of the programs, because one student can participate in several programs) participated in programs realized by these schools. In 2020, financing for 108 out-of-school events was allocated, a lot of them were canceled because of Covid-19 pandemic. 39 events took place in on-line form in various out-of-school fields, as well as forum "Out-of-school education – values and challenges" in presence and on-line forms and other events were organized.

In 2020, various Olympic days were organized in comprehensive schools, where participated more than 71 200 students, as well as various sports competitions were organized which were attended by more than 66 400 participants. Riga City educational institutions sports competitions were organized only in 4 sports games and Riga 23 Student Sports Games were canceled due to Covid-19 restrictions. Olympic Day took place on September 8 involving 42 000 participants.

In 2020, Riga amateur theatres participated in Latvia Amateur Theatre regional show. 1st round and partly 2nd round of competition of children and youth vocal bands took place. 27 exhibitions of folk applied arts studios were organized in municipal culture centers. Show of folklore bands was postponed to 2021 and preparation for international folklore festival "Baltica 2022" was done.

ECSD supported organization of youth's leisure time, informal education and employment, providing co-financing for 114 children and youth camps organized by the Riga City Municipality educational institutions and 50 youth camps organized by non-government and religious organizations which total number of participants reached 5 612. 31 leisure time projects providing free of charge activities for 5 822 children and youth during summer holidays were supported, 17 educational activities for around 360 students' self-government activist was organized and provided financing for 7 Students' self-government cooperation projects. Besides, 15 youth initiative projects were financially supported, and rendered to 22 leisure time centers, which were attended about 62 060 times.

There were 177 short term working places created by State Employment Agency, Municipal institutions and enterprises for youth during summer holidays. 85 educational activities were organized in Riga youth centre "Kanieris".

LIFELONG AND INFORMAL EDUCATION

In 2020, 580 participants graduated informal education programs offered by Education and Information Center of Riga City (EICRC). EICRC continued implementation of ESF project "Professional development of competencies' of the employed" as well as licensing of informal education programs for adults in Riga City Municipality.

The main direction of teachers and schools' management professional development is introduction of competency-based learning in schools. 9 337 pedagogues took part in various professional development activities (courses, seminars, conferences, etc.).

In 2020, Latvian language training courses for social integration purposes were organized, which were achieved by 780 students.

The most significant investment projects and programs:

- designing and construction launched in following objects – preschool educational institution building complex in Skanste neighborhood and primary school building on crossing of Kokneses Avenue Sudrabu Edzus Street;
- preschool educational institutions were created on Apuzes Street 74 and Stokholmas Street 24;
- built new or enlarged the existing buildings of preschool educational institutions – Riga 80 Secondary school on Andromedas Avenue 11, Riga 61 Secondary school on Parslas Street 14, Riga preschool educational institution “Bizmarites” on Motoru Street 8;
- improvement of territory of Frica Brivzemnieka Elementary school on Zellu Street 4;
- implementation of digitization of education system in order to provide good quality learning process remotely.

Budget expense allocated to education (k EUR)	2018 actual	2019 actual	2020 budget	2020 actual
Preschool education	105 305.1	106 501.9	121 104.5	117 859.5
Elementary, comprehensive and professional education	193 282.8	186 651.8	209 928.3	200 812.2
Higher education	11.4	1.8	2.6	2.6
Education undefined by educational levels	42 329.2	43 280.5	47 483.3	43 304.5
Other education, not classified above	4 152.5	4 258.8	5 091.1	4 972.7
Total basic budget expense	345 081.0	340 694.8	383 609.8	366 951.5
int.al. investment	26 111.0	11 160.1	6 917.6	5 646.1

SOCIAL SECURITY

An extra amount of work and stress for employees was caused by work in conditions of Covid-19 pandemic. Methodological work in subordinate institutions and contract organizations was performed – decisions on remote provision of social services were evaluated and made, supporting documents were evaluated and payment of 336 184 euro for purchased personal protective equipment was made, additional payment to employees of subordinate institutions was evaluated and made, calculations of prices for services rendered to persons infected with Covid-19 and their contact persons, voluntary work to deliver food and distribute protective masks was provided in cooperation with more than 30 service providers.

SOCIAL PROTECTION IN RIGA

During the reporting year, financing for Riga City Municipality’s social services was 63,88 million euro, but for social benefits – 12,3 million euro.

For many years provision of home-care service is one of Welfare Department’s social care priorities. Significant role in making this service available for a wider target group plays individual needs-orientated approach, integration of various solutions, receipt of social services at place of residence, use of welfare technologies. Research “Families with children with FI needs” held in 2020 showed necessity to develop services which target group is children with functional impairment and their family members.

Among priorities there are also institutionalized care of adult persons, int. al. renovation and maintenance of existing infrastructure, development of family-type care solutions solving long-term issues of availability and decrease of social care and rehabilitation.

Request for group house (apartment) service is still topical which is not provided for anyone who needs it in Riga. There is always waiting list for this service, especially large number of unsatisfied requests are for group house service for persons with severe mental disorder.

Among list of priorities there is also growing number of children and youth with behavioral issues and family violence, where mechanisms for reduction of impact and support don’t have sufficient solutions.

Short-term social care services were rendered for 926 clients in two short-term social care departments of “Riga 1st hospital”, int. al. Covid-19 positive clients. In 2020, 925 915 euro from Riga City Municipality budget were spent to finance short-term social care beds.

In 2020, pilot project Service of social rehabilitation for children with communication and behavioral issues what was launched in the previous year was continued. Service was received by 48 children, planned financing was 81 620 euro. An idea to provide more appropriate service for children with strong behavioral and addiction issues who are under institutionalized care.

In 2020, number of adults and families with children who receive individual rehabilitation programs has increased. In 2020, there were 18 programs for adults and 12 programs for children. Number of children with behavioral issues who can receive services of social rehabilitation programs has increased. In 2020, 30 youth could receive service in addition, planned financing was 221 877 euro.

In 2020, improvement of social services for children with functional impairment was performed – parents have opportunity to choose psychologist for children with functional impairment and receive municipal co-financing.

In 2020, 17 new cooperation agreements on long-term social care and social rehabilitation services for adults were concluded. Additional financing was granted for a number of various social services.

EMPLOYMENT FACILITATION ACTIVITIES

In 2020, Riga City Municipality in cooperation with State Employment Agency continued implementation of project "Paid temporary community work" for long-term unemployed persons, 170 temporary work places were created in total and 334 unemployed persons were involved, 8 of them laid-off because found regular paid job. Riga City Municipality's co-financing in 2020 was 71 361 euro. Implementation of project "KNOW and DO!" for not studying and unemployed youth in cooperation with International Youth Program agency was continued. At the close of 2020, in total 461 youth were involved in the project. Total project expenses were 1 084 060 euro, whereof 905 702 euro were utilized by the end of the reporting year.

PROTECTION OF CHILD RIGHTS

Individual psychological help was provided in preschool educational institutions, providing 173 educational psychologist's consultations for employees of Riga City Municipality preschool educational institutions, provided

122 consultations for children parents and 142 individual classes for children/children observations in groups. 24 conclusions were prepared on psychological research. Early evaluation of special needs was provided for 489 preschool children the most suitable education program and support measures were advised. Besides suggestions for individual learning process, medical, day planning, alternative communication and environment adjustment were given for 31 children with severe and complex disorder.

The most significant investment projects and programs:

- finished designing and construction of three construction of three social residential building with uninhabitable premises for Riga Social Service territorial centre, day-care centre and health care centre;
- implementation of smart patients' surveillance system in social care centers and clients' homes;
- implementation of e-service "Declaration of means of subsistence" to remotely evaluate social help.

Budget expense allocated to social security (k EUR)	2018 actual	2019 actual	2020 budget	2020 actual
Social security in case of inability to work	6 335.0	6 745.9	8 487.2	6 742.4
Assistance to elderly people	10 292.5	11 584.7	13 664.9	13 407.4
Assistance in case of losing breadwinner	201.5	–	–	–
Assistance to families with children	11 066.3	10 313.6	11 897.1	10 791.5
Assistance in unemployment case	573.5	415.4	559.6	489.4
Housing allowance	11 561.3	11 231.9	11 243.5	11 233.6
Other support to socially repudiated persons not classified above	47 918.2	55 317.7	50 006.3	47 531.0
Other social care not classified above	1 986.1	1 813.6	2 240.5	2 084.8
Total basic budget expense	89 934.4	97 422.8	98 099.1	92 280.1
int.al. investment	5 522.7	10 149.0	2 182.4	2 065.3

HEALTH CARE

Covid-19 pandemics significantly affected City inhabitants' everyday life yet at the same time bringing positive innovations, quickening implementation of modern technologies. In 2020, Welfare Department adapted to the existing situation in Latvia and in world and lot of planned activities were rearranged and organized on-line, providing epidemiologic safety, at the same time giving in these difficult times an opportunity for society to strengthen its physical and psycho emotional health, enabling society's stability.

In 2020, in spite of Covid-19 pandemics Welfare Department continued implementation of various social health promotion and disease prevention activities, organizing qualitative services which could provide reaching goals and tasks set by strategy "Healthy residents of Riga – in healthy Riga 2012-2021" approved by Riga City Council in May 24 of 2012. Observing all the epidemiological safety requirements, City inhabitants had an opportunity to promote and keep health and develop maximum of health potential.

In 2020, successful implementation of ESF project "We are for healthy Riga!" was continued. More than 3 976 activities were conducted in various Riga neighborhoods where participated more than 39 000 inhabitants, realizing such activities as: water gymnastics classes 54+, Nordic walking, gymnastics, chi gung classes etc.

In 2020, Riga City Municipality continued World Health Organization program "Healthy Cities" VII stage, where work group seminars took place, special attention in conferences was paid to reduction of impact of Covid-19 pandemic, as well as activities performed by each member city.

In 2020, 1 500 various activities promoting society's health which were attended in-person or on-line by 20 000 participants, int. al. children, new families, able-bodied inhabitants and seniors took place in educational institutions, workplaces, subordinate institutions, during events organized by social partners and other places.

460 interactive and educating classes were conducted, int. al. 100 discussions on prevention of contagious diseases and development of life skills, addiction prevention, stress and other issues, where participated more than 6 000 students. 472 school specialists were trained, more than 2 371 Riga children, youth and parents were educated on various children's health issues. In 2020, 883 classes either in-person or on-line on health promotion and disease prevention issues were conducted.

In order to prevent inhabitants from potential health risks and to promote reduction of HIV, type C and B hepatitis 503 psychologist consultations, 777 social worker consultations were rendered, 1 523 persons received HIV specialist consultations, 6 999 persons were in the

streets were talked at, 1 463 HIV tests were done, 666 477 syringes were handed out, 36 773 condoms were handed out.

Project "Youth health leaders – well-informed and healthy" was implemented in cooperation with State Police, involving 11 educated youth leaders in total, who will work in the field of addictions in their educational institutions. Solving risks of youth psycho emotional health created by Covid-19 pandemic, specialists started rendering on-line consultations for psycho emotional support for parents' and children on stress, mutual relations and communication during the period of crisis.

Welfare Department continued support for 5 Health rooms provided by "The Latvian Red Cross", offering quick and together in one place professional consultations and preventive medical examinations for any inhabitant, which were visited by 4 455 inhabitants. 3 HIV prevention rooms were opened in "The Latvian Red Cross" Health rooms which have gained wide popularity and visits of these rooms is continuously growing.

The most significant investment projects and programs:

- reconstruction of building of Riga Municipality Ltd. "Riga 1st hospital" on Bruninieku Street 5 was continued.

Budget expenses allocated to health care (k EUR)	2018 actual	2019 actual	2020 budget	2020 actual
Operation and services of ambulatory medical institutions, and public health-care agency services	115.2	3.6	6.7	3.5
Hospital services. Health-care services for mother and child	1 473.4	3 287.7	2 078.9	1 102.8
Services provided by social health care services	2 795.1	2 892.9	4 242.6	3 324.3
Total basic budget expense	4 383.7	6 184.2	6 328.2	4 430.6
int.al. investment	1 560.2	3 287.7	1 908.9	1 032.8

MUNICIPAL TERRITORY AND HOUSING MANAGEMENT

In 2020, financing of 207 818 euro were utilized within Riga City Municipality budget program "Management of residential and nonresidential accommodations owned by Riga City Municipality", int.al. compensated management expenses of social apartment houses' and apartment houses' with separate social apartments, which do not exceed the established rent for lodgers, 50% compensation of water and sewerage expenses and 25% compensation of heating expenses.

In 2020, Riga City Municipality co-financing for connecting private property to centralized sewerage and water supply system was allocated to 155 real estate owners at a sum of 287 232 euro and 158 owners received co-financing at a sum of 271 789 euro, co-financing was rejected for 11 real estate owners.

In 2020, 788 applications from legal and physical entities were reviewed in Riga City heat supply issues committee on establishing alternative heating system:

- 298 extracts from a protocol were issued on establishing heating system in apartments and non-residential space;
- 490 extracts from a protocol were issued on establishing heating system in houses and buildings.

In 2020, Riga City Council City Development Department compensated house managers' losses which occurred because of free and not being rented out premises for a prolonged period owned by Riga City Municipality. Amount of compensation was 759 362 euro.

In 2020, work of gathering information and arrangement of buildings that are not used for commercial activity, that are endangering public safety and spoils City's landscape was continued. In 2020, 187 objects were put in order or dismantled.

Methodic support to the apartment owners was continued on transferring administration rights of the privatized residential buildings. Personnel of management administration took part in 121 apartment owners' meetings on transferring administration rights of residential buildings to the apartment owners, creating joint ownership administration structures and other matters concerning administration of residential buildings. In 2020, 160 orders were prepared on transferring management of real estate property to apartment owner companies or authorized persons of apartment owners. 48 contracts of authorization of management were concluded on management of unprivatized parts of residential buildings.

40 new rental agreements were concluded on application of Riga City Municipality's residential buildings which administration rights were transferred to possession of apartment owners.

In residential buildings which administration rights are transferred to apartment owners, many lodgers of Riga City Municipality housing are not fulfilling rental agreement obligations, resulting in accumulation of arrears of rent and paid services, in 2020, committee for evaluation of lodgers' arrears examined 40 cases concerning necessity of payment of lodgers of Riga City Municipality's housing and repayment of debt was done for a total sum of 37 490 euro.

The most significant investment projects and programs:

- averting emergency situation of Riga channel bank repair in Riga Central market territory;
- improvement activities of energy efficiency of buildings were continued.

Budget expenses allocated to municipality territory management and housing facilities (k EUR)	2018 actual	2019 actual	2020 budget	2020 actual
Street illumination	8 489.8	7 501.7	7 640.0	7 432.6
Other activities concerning municipality territory management and housing facilities not classified above	24 999.5	21 898.5	52 970.3	36 332.9
Total basic budget expense	33 489.3	29 400.2	60 610.3	43 765.5
int.al. investment	–	19.5	14 664.4	14 003.5

ENVIRONMENTAL PROTECTION

Riga City can be proud of great number of various overground water objects, among them there are either artificial or natural reservoirs among them. To provide efficient exploitation of reservoirs both for recreation and commercial purposes, management principles were worked out, coordination of introduction and realization of which was provided by Riga City Council Housing and Environment Department. In 2020, following projects were implemented:

- lifting out of underwater objects were performed in aquatorium of the Riga channel;
- cleaning Riga channel from garbage;
- renewal of signal lights at quayside for sailing vessels in public waters;
- collection works of petroleum products in The Jugla lake;
- continuing purification of polluted territories in Bolderaja from dangerous waste containing petroleum products 200 tons of waste were collected and utilized in 2020.

In 2020, during the exploitation and maintenance works of water objects in Riga territory were performed cleaning of The Smerlupite river and its channel under Pakalniesa Street, partial cleaning of amelioration system near Kometas Street, setting up backflow barrier for channel under Visbijas Street, research of erosion of banks of The Daugava river, cleaning of Riga City small water courses, repair works of The Jugla lake bank promenade, liquidation of dangerous objects in The Jugla lake, deepening the bottom of The Babelitis lake and other works.

To maintain and renew Riga City Municipality's greenery management of City's greenery was performed – upkeep of 1 979 young trees of street greeneries, planted 162 trees, upkeep of crowns of 1 770 growing trees, liquidation of damaged, dangerous and dead trees – 387 trees, sawing of poplars – 44 trees and other works. Total municipal budget financing was 559 152 euro.

In 2020, mowing of biologically valuable meadows and reed in specially protected natural territories was performed in area of 122 ha, improvement of territories, scavenging, localization of invasive species and tending of protected trees was performed within Riga City basic budget program "Maintenance of biological diversity".

Riga City Municipality provides control of animals' population in Riga City according to laws and regulations of Republic of Latvia, within it catching of 699 runabout dogs and 560 cats was performed, 1 201 ownerless dogs and cats were housed at City's paid animal shelter. 1 469 ownerless cats were caught and sterilized, 546 cats and dogs suffered an accident were brought to veterinary hospitals from City streets, support was provided for 999 wild animals. Riga City Municipality also provided services of picking up and utilization of animal corpses, euthanasia and sterilization of low-income inhabitants' pets and maintenance of walking grounds for dogs.

Municipality organizes exploitation of fishing rights in the waters of the Gulf of Riga and inland waters of Republic of Latvia owned by state in accordance with fishing laws and regulations. Greatest part of the collected revenues from exploitation of industrial fishing rights Riga City Council Housing and Environment Department used for replenishing of fish resources. In 2020, around 4 000 two year old juvenile pikes were let into the The Jugla lake.

Air quality and noise pollution supervision is performed in Riga City. In 2020, implementation of action program of improvement of air quality in Riga City 2016-2020 was continued, operation of 3 air monitoring stations was provided; development of Riga air quality improvement action program 2021-2025 was launched; 2nd stage of bad smell monitoring research was carried out; execution of obtaining entry data array necessary for update of interactive strategic map of noise pollution in Riga agglomeration according to public service agreement was launched.

Budget expenses allocated to environmental protection (k EUR)	2018 actual	2019 actual	2020 budget	2020 actual
Waste management	61.8	85.8	60.3	60.3
Waste-water management	167.5	103.1	100.6	100.1
Prevention and reduction of environmental pollution	141.3	144.7	138.6	120.5
Protection of biodiversity and landscape	111.7	115.1	115.7	115.5
Other expenditures related to environmental protection	3 533.5	2 722.5	3 889.5	3 203.5
Total basic budget expense	4 015.8	3 171.2	4 304.7	3 599.9

CULTURE

Municipality's priorities in cultural sphere are provision of balanced and diverse cultural services for citizens, organization of local, national and international cultural events, promotion of amateur art and preservation of cultural values, promotion of inhabitants' creativity and creative spending of leisure time, support of culture projects and implementation of cooperation with municipality in development of cultural environment.

In 2020, it was impossible to implement a number of projects due to declared state of emergency in country, realization of part of them was possible only by reducing the number of visitors or by providing opportunity for visitors to watch an event remotely.

In 2020, 1 088 culture project applications were evaluated in organized financing competitions, 418 of them were supported.

In 2020, Riga City program 2017 - 2021 dedicated to Latvia's 100th Anniversary was continued. Following projects were realized within this program:

- 4th season of project "Creative hives Riga-Latvia", which was spent in Plavnieki and Ziepniekkalns;
- Riga City Program 2017-2021 dedicated to Latvia's 100th Anniversary also includes realization of city celebratory decoration projects.

Taking into account declared state of emergency in country and safety measures, preparation process of XII Latvian School Youth Song and Dance Festival was stopped. Shows and competitions were organized on the spot and in distance were organized before it, for example competitions of visual and visually plastic artworks, Riga vocal music competition "Balsis 2020", show of Latvia educational institution students' theatres, Riga traditional story telling competition "Teci, teci, valodina" as well as general rehearsals of brass bands and choruses.

Continuing provision of the process of Song and Dance Festival, 178 amateur collectives of Municipality's cultural institutions and 117 other amateur collectives were financed in 2020. In 2020, support for 40 creative projects of amateur collectives of Riga cultural institutions and association was provided. In 2020, shows of Riga dance collectives took place where 79 collectives participated.

Part of planned events was successfully implemented without significant restriction, for example – festival "Kometa", contemporary art festival "Survival Kit", 23rd international sacred music festival, program of Riga

Photography biennial, program of theatre shows of International Festival of Contemporary Theatre "Homo Novus", festival "Dzejas dienas", Baltic Sea Forum for Documentaries, Riga International Film Festival, National Film Festival "Lielais Kristaps" and other events.

In 2020, in order to provide high quality artistic and various offer of cultural services in City's cultural facilities ECSD organized cultural and event project financing competitions. 102 project applications were supported, 306 projects were evaluated in financing competition of traditional culture events organized by Riga City Council total, 153 projects of them were supported, 131 applications were supported in financing competition of traditional culture events, Riga Festivals special purpose program 2019 - 2021 financing competition and Support for creative quarters and territories financing competition also was organized.

In 2020, ECSD participated in various international cooperation networks' and international organizations' events, int. al. in culture forum of network of major European cities EUROCITIES, in meeting of work group "Accessibility of culture" in Tampere (Finland), in Forum of Social Matters in Zagreb (Croatia), in discussion of EUROCITIES project VALUES, in online meetings of European Network of Cultural Centers ENCC etc.. In 2020, preparation for international Hansa Days in Riga was launched.

In 2020, following important events were realized:

- Events dedicated to Declaration on the Restoration of Independence of the Republic of Latvia on 4th of May which were not implemented;
- Program of events dedicated to Lacplesa Day;
- Concert dedicated to 1991 Barricade defenders;
- Program of online events dedicated to 102 Anniversary of Proclamation of the Latvia Republic;
- Festival of lights "Shine Riga 2020";
- "Riga festival", visited by comparatively small number of people – around 55 000;
- Contemporary art festival "White Night 2020" with focus on environmental objects in various City's neighborhoods;
- Traditional annual celebrations – Easter, Midsummer Day, Advent, Christmas and New Year and other celebration event online programs and celebrations.

The most significant investment projects and programs:

- reconstruction of Grand stage of Mezaparks 2nd section of B stage works.

Budget expense allocated to recreation, culture and religion (k EUR)	2018 actual	2019 actual	2020 budget	2020 actual
Recreational and sports events	4 693.2	3 718.9	4 888.8	4 150.0
Culture	49 007.9	50 108.5	42 938.2	37 827.0
Services of religious organizations and other associations and foundations	532.1	400.0	457.0	304.2
Other recreational, cultural, and religion-related services not classified above	437.7	–	–	–
Total basic budget expense	54 670.9	54 227.4	48 284.0	42 281.2
int.al. investment	23 285.7	27 652.7	18 912.1	16 494.9

ECONOMIC ACTIVITY

Riga City Municipality's public transport systems serve either for Riga inhabitants or for inhabitants of neighboring municipalities. In 2020 Riga City Municipality public transport network was formed by:

- 55 bus routes with total length of 904,95 km, provided by 424 buses in the daytime;
- 18 improved service bus routes with total length of 289,15 km, provided by 171 buses in the daytime;
- 8 tram routes with total length of 101,4 km, provided by 169 trams in the daytime;
- 18 trolleybus routes with total length of 170,72 km, provided by 278 trolleybuses in the daytime.

Total length of run in transportation network was 41,4 million km.

In 2020, 89,7 million passengers were transported by means of Riga City public transport, by 57,6 million passengers (by 39%) less than during the previous year, int. al. 4,1 million passengers were transported by improved service buses routes, by 8,8 million passengers (by 68%) less than during the same period of the previous year.

Reduction of number of Riga City public transport passengers is related with Covid-19 crisis. A lot of activities are performed on everyday basis in order to minimize spread of Covid-19 – bus driver opens all the doors on stops except front door, passengers don't have to use door open buttons, after entering terminal ventilation of vehicle is performed, full disinfection of vehicle salon is performed in depot, as well as all the newest vehicles are equipped with automatic passenger counter systems, thereby traffic controller receives a signal in the moment when fulfillment of the vehicle salon reaches 50%, enabling to react quickly by ordering an extra vehicle.

In 2020, 91% from all the public transportation vehicle, 100% of them trolleybuses and 27% trams, which were used to provide public transportation service were adjusted for use for persons with functional impairments, pregnant women and persons with little children and perambulators.

In 2020, some improvements of public transport traffic net were performed, among them were exchange of name of 1 stop, changes in 1 improved service bus route run schedules, decision was made that Riga City Municipality's transportation fee discounts will not be applied for improved service bus routes as from 29 June 2020, all the night bus routes will be closed for an indefinite period as from 29 June 2020.

In 2020, a number of improvements of public transport traffic were performed, including improvement of pedestrians' safety, reduction of maximum traffic speed, etc. activities, int. al. on 12 streets maximum speed was reduced, in more than 29 streets prohibition to stop/to stand was established, traffic organization was improved in more than 10 locations, traffic changes near 7 educational institutions, improvement of public transport traffic in 4 locations, renewed 47 traffic lights and changes in signal scheme for 61 traffic lights were performed, 7 temporary parking-lots were erected.

The most significant investment projects and programs:

- separate reconstruction works of Island Bridge 2nd stage was launched for total sum of 1 035 559 euro;
- reconstruction of cross-over on A. Deglava Street was continued for total sum of 7 040 047 euro;
- reconstruction of cross-over over railway near Brasa railway station was continued, expected construction expense sum of 10 871 007 euro;
- construction of cross-over over railway "Riga-Skulte" with access roads 1st stage was launched for total sum of 42 489 053 euro;
- reconstruction of 1 street was performed for total sum of 301 965 euro;
- periodical renewal of street paving on four Riga streets for total sum of 8 210 486 euro;
- construction of 2 bikeways, total construction expenses 1 585 335 euro;
- construction of pavement on three streets, total construction expenses 221 754 euro;
- construction of 4 parking-lots as buildings for temporary use was launched, total expenses 1 542 697 euro;
- erection of 5 concrete traffic barriers was launched, total construction expenses 775 029 euro;
- construction of bikeway's Centre - Kengarags - Rumbula - Darzini section from the South Bridge to Kengaraga Street;
- construction of parking lots as buildings for temporary use within street building lines;
- reconstruction of Mezrozisu Street from Sturmanu Street to the end of the street;
- construction of pavement on Sarkandaugavas Street from Celinieku Street to Allazu Street.

Other traffic organization system works done in 2020: established 61 speed humps, established 16 new unregulated pedestrian crossings; improvement of 27 existing unregulated pedestrian crossings was performed; established pedestrian safety barriers in 3 locations, established 14 bicycle stands.

Budget expense allocated to economic activity (k EUR)	2018 actual	2019 actual	2020 budget	2020 actual
Agriculture, forestry, fishery and hunting	13.5	12.7	14.1	8.6
Mining, industry and construction	5 654.2	5 387.5	5 620.3	4 728.6
Transportation	234 324.9	247 176.2	246 723.5	204 257.2
Other sectors	5 994.7	3 578.9	2 556.1	2 221.8
Other economic activity not classified above	3 074.4	1 099.8	1 341.5	713.6
Total basic budget expense	249 061.7	257 255.1	256 255.5	211 929.8
int.al. investment	7 405.7	9 461.6	15 986.7	4 235.8

PUBLIC ORDER AND SECURITY

During the reporting year, Riga Municipality Police officials secured public order during 256 important mass gathering events, rendering support for the state security institutions together with their direct responsibilities int. al. during State Holidays of the Republic of Latvia, visits of foreign delegations, events organized by Riga City Municipality, meetings, street processions, sports games and recreation events and during other important mass events.

In 2020, Riga Municipality Police officials secured public order near 183 Riga City educational institutions' complexes of buildings. 362 educating events were organized in Riga City educational institutions; 1 801 preventive discussions with were held for minors.

In 2020, 118 561 calls were maintained, and 10 272 applications were received. In 2020, Riga Municipality Police recorded 14 692 persons who committed administrative violations or crimes, 886 of them were wanted persons, 55 of them were juvenile persons.

By means of Riga Municipality Police video surveillance center 3 336 cases of law violation were recorded, 1 053 video records were submitted to law enforcement institutions. In 2020, RMP recorded 19 302 various administrative violations, 1 054 of them administrative violations committed by minors and 610 administrative violations against minors recorded. 53 266 decisions on administrative violation matters were made, 44 602 administrative violations protocols on violating stopping and parking regulations were issued.

In 2020, 14 349 inspections of epidemiological safety measures for arrivals and inspections of epidemiological safety measures in 7 201 public transportation vehicles were performed.

In 2020, 53 administrative violations of water traffic rules were recorded, during raids 275 illegal fishing tools were confiscated, including poaching nets at total lengths of 5,7 km, 370 administrative violations were recorded, and 12 poachers were detained.

In 2020, 5 swimmers were rescued, medical aid was rendered to 35 persons and 18 lost children were found. In 2020, Riga Municipality Police civil defense specialists rendered help in emergency situations to 90 persons in total.

In 2020, phone service of Tourism Information Center served 490 phone calls and police rendered help to 55 foreign tourists.

Information is regularly updated in the newly created Riga Municipality Police internet home page. In 2020, uploaded videos were viewed 3 380 000 times. Around 1 000 answers to inhabitants' questions were prepared in social media and home page. Riga Municipality Police Youtube account subscribers reached 7 460 persons, followers of Riga Municipality Police Facebook account – 22 148, but followers of Riga Municipality Police Twitter account – 12 015.

The most significant investment projects:

- Development of Riga City video surveillance system.

Budget expenses allocated to public order and security (k EUR)	2018 actual	2019 actual	2020 budget	2020 actual
The police	19 187.9	18 187.5	19 047.1	18 490.9
Other public order and security services not classified above	36.7	1.4	62.4	28.4
Total basic budget expense	19 224.6	18 188.9	19 109.5	18 519.3
int.al. investment	–	–	302.0	302.0

RIGA MUNICIPALITY MANAGEMENT AND OPERATION IMPROVEMENT IN ORDER TO PROVIDE EFFECTIVE OPERATION, INTERNAL AUDIT, CORRUPTION PREVENTION ETC.

CORRUPTION PREVENTION

In 2020, Riga City Council Bureauarcy Control Centre continued provision of coordination of Riga City Municipality institutions' corruption prevention activities and control of execution of corruption risks prevention plan, performing inspection and deliver opinions on execution of corruption prevention plan of individual Riga City Municipality institutions. During the reporting year, Riga City Council Bureauarcy Control Centre performed 13 inspections of Riga City Municipality institutions.

During the reporting year, Riga City Council Bureauarcy Control Centre evaluated applications submitted by individuals, employees of Riga City Council and legal entities on work and purchasing procedures of Riga City Council departments' and institutions', delivered their opinion and suggestions to eliminate shortages.

In 2020, Riga City Council Bureauarcy Control Centre performed evaluation of information provided by Riga City Municipality's central administration, special status institutions, offices, agencies and municipal enterprises about results of execution of Riga City Municipality's anticorruption strategy 2018 - 2021 implementation plan for 2019 and prepared conclusion on execution of anticorruption strategy implementation plan.

In order to provide internal whistleblowing system in Riga City Municipality, Riga City Council Bureauarcy Control Centre in cooperation with Riga City Council Public Relations Section created section "Whistleblowing" in Riga City Municipality's web-portal, where information concerning whistleblowing was published. At the same time subsections were created where information about all the Riga City Municipality's institutions where internal whistleblowing system is created is placed.

To provide execution of Riga City Municipality's anticorruption strategy 2018 - 2021 implementation plan 2018 - 2021 and provide training for persons in charge for execution of anticorruption measures of Riga City Municipality's central administration, special status institutions, offices, agencies and municipal enterprises on topicality in sphere of corruption prevention and to enable implementation of whistleblowing, Riga City Council Bureauarcy Control Centre organized training on 25.06.2020. for persons in charge on anticorruption measures and development/provision of whistleblowing system. Failures of execution of corruption prevention laws and regulations were noted in training process, among them in development and execution of anticorruption plans of municipal institutions, as well as operation improvement suggestions were given.

In order to provide persons in charge of Riga City Municipality institutions with corruption prevention and whistleblowing regulatory laws and regulations, methodological documents and learning materials of Riga City Council Bureauarcy Control Centre in one place, section "Corruption prevention and whistleblowing" was created in profile "Knowledge database" of All-purpose work space (vis.riga.lv) accessible for employees of municipal institutions.

In 2020, Riga City Municipality received 27 applications in total with whistleblowing note, 16 of them were recognized as whistleblowing reports. 11 applications were received in Riga City Council Bureauarcy Control Centre, 6 of them were recognized as whistleblowing

reports and examined in Riga City Council Bureauarcy Control Centre.

INTERNAL AUDIT

According to the Riga City Council Audit Directorate 2020 plan of internal audit realization approved by Chairman of Riga City Council, in 2020, Riga City Council Audit Directorate performed 11 internal audits, int. al. 10 audits as internal control system evaluation audits of specific Riga Municipality institutions (1 - 4 system audits performed within each audit, 24 in total) and 1 separate system audit, which involves 3 Riga Municipality institutions. Audit reports gave evaluation of the audited systems and suggestions on improvement of operation and control mechanisms of these systems. As a result of audits introduction schedule of suggestions was developed, where 114 suggestions were included.

In 2020, Riga City Council Audit Directorate, with a goal to verify the legality and effectiveness of utilization of Riga Municipality's financial resources, performed inspections of financial and economic activities of 9 Riga City Municipality's central administration structural units, institutions and agencies. As a result of performed audit 43 suggestions on elimination of the found offences and flaws were suggested. In 2020, Riga City Council Audit Directorate has also performed 7 inspections of financial and economic activities and 1 inspection of financial and economic activities launched in 2019 in Riga Municipality's enterprises and 84 suggestions on elimination of the found offences and flaws were prepared. In 2020, thematic inspections were not planned and performed. Riga City Council Audit Directorate performs supervision of implementation of the suggested measures.

OPERATION IMPROVEMENT

In 2020, following improvements were made:

- Riga City Municipality's optical signal technology was updated providing 20% cost reduction;
- implementation of MPLS (Multiprotocol Label Switching) in basic net, which provides operation of massive data platform;
- ECSD investment project "Digitization of education system in order to provide good quality learning process remotely" and ECSD budget program "Purchase of computers";
- solutions to provide remote work for municipal employees were implemented;
- functional update of 22 RDVIS applications was performed;
- improvement of three e-services was fulfilled;
- deputies of Riga City Municipality were provided with ICT resources and management module of remote RCC sessions;
- 1st stage of Riga City Municipality Geospatial Information Publishing System was completed;
- concluded development contracts with developers of document management system (DVS) and resources management system (RVS) (Namejs, Lietvaris, Ozols and Gvedis) and new PKIP platform modules were developed;
- new design municipal home page www.riga.lv was developed and published;
- education service registration module (IPUM) was implemented;
- new e-service "Application for children and youth camps" was implemented and other improvements.

RIGA MUNICIPALITY PARTICIPATION IN INTERNATIONAL COOPERATION PROJECTS

In 2020, cooperation with international institutions and cooperation networks, as well as cities of various countries, int. al. 30 Riga commonwealth cities was continued. Due to restrictions concerned with Covid-19 pandemic international cooperation was held virtually, where Riga City participated in 224 various online conferences, seminars and webinars in areas of culture, education, sports, city planning and development, transportation and traffic infrastructure planning and development, public utilities, environment protection, tourism, as well as other areas.

The most significant international projects and events Riga City Municipality's participated during 2020 in association with execution of Riga territory plan:

- Reconstruction project of Aldara Park – launched construction of 1st and 2nd stage;
- Revitalization of Skanste territory 1st stage where goal is construction of new streets creating a neighborhood that is well connected with other parts of the city, with infrastructure objects of regional/national. In 2020, construction was launched and process of expropriation of real estate properties was continued;
- Measures for flood protection project in Bolderaja – construction of protecting dike was launched;
- Development of construction plan of riverside promenade on Muksalas Street.

In 2020, following international cooperation projects were launched:

- "Testing new storm water treatment solutions for reduction of hazardous substances and toxins inflows into the Baltic Sea (CleanStormWater)". Goal of the project is to develop and test new storm water treatment solutions that will clean effectively storm water and monitor water quality;
- "Development of multifunctional open space in Riga City neighborhoods". Goal of the project is to create multifunctional open space in each territory administrative of Riga executive authorities, creating for inhabitants comfortable, safe and pleasant city environment;
- "Promotion of UNESCO world heritage site management in Vilnius, Riga and Tallinn." Goal of the project is to develop cooperation between cities and data platform, reflect situation and progress in management of UNESCO world heritage sites – historical centers of three Baltic cities;
- "Development of concept and design contest for Riga science, innovation and climate change center". Goal of the project is to develop concept for Riga science, innovation and climate change center and provision of design contest.

International cooperation projects continued: in 2020:

- Protection of seashore biotopes in natural park "Piejura" (Natura 2000);
- "Platform for integrated coordination in water resource management (BSR Water)" (INTERREG);
- "Cultural planning as a method for social innovations in cities – UrbCulturalPlanning" (INTERREG);
- "North Star Film Alliance" (INTERREG);
- "Development of resource-efficient city environment policy (EURE)".

The most important cooperation events implemented by Riga City Council Foreign Relations Section and its commonwealth cities: reception of Taipei mayor and delegation in Riga; reception of president of Bremen

parliament in Riga celebrating Riga and Bremen 35 cooperation anniversary, Beijing organized webinar on ZOOM platform between commonwealth cities on containing and minimizing spread of Covid-19.

The most important events performed by Riga City Council Foreign Relations Section in 2020: provision of meeting of Organization of World Heritage Cities (OWHC) international student project coordinators' preparation meeting in Riga; participation in online events dedicated to Hansa Days; provision of virtual process of 13th International Tourism film festival "TourfilmRiga"; reception of representatives of European Parliament in Riga Council, participation in online meeting of executive directors of European capitals and other events.

Education, Culture and Sports Department subordinate institutions are participating in development and implementation of various projects financed by EU. In 2020, Riga City Council Education, Culture and Sports Department continued ESF projects related with transition to implementation of competency-based learning process in schools. Support was provided to team of pedagogues of six schools for participation in ESF project "Competency approach to learning content" in order to develop and approve new learning content. In 2020, implementation of 122 projects was continued in "Erasmus+", "NordPlus", "Culture" and other programs. During the reporting year, Education, Culture and Sports Department supported students' participation in various international sports and cultural events.

In 2020, Riga City Council Foreign Relations Section provided Riga City Municipality's cooperation with 16 international organizations and cooperation networks, where Riga is participating as member, int. al.:

- Union of Baltic Cities UBC;
- Modern times Union of Hanseatic Cities Städtebund DIE HANSE;
- Network of major European cities "Eurocities";
- The Network of European Metropolitan Regions and Areas METREX;
- Organization of World Cultural Heritage Cities OWHC;
- The International Committee for the Conservation of the Industrial Heritage TICCIH;
- League of Historical Cities;
- International non-profit association "The City Network on Food and Gastronomy" (Délice);
- Association of European cities enabling sustainable energy policy Energy-Cities;
- European Film Commissions Network (EUFCN);
- European Network of Regional and Audiovisual Film Funds (CINE-REGIO);
- European Social Network (ESN);
- The International network of cities "The European Forum for Urban Security" EFUS;
- Baltic Metropolises cooperation network BaltMet.

In 2020, Riga City Council Foreign Relations Section coordinated and organized 14 delegations of Riga Council management, Riga Council officials and Riga City Municipality office-workers abroad and provided reception of 8 foreign official delegations in Riga. Receptions of delegations were performed in strict compliance with Covid-19 pandemic's safety measures. Due to pandemic a lot of events were canceled or held over to the next year.

PROMOTION OF INHABITANTS' AWARENESS AND EDUCATION AND COOPERATION WITH PRIVATE SECTOR

PROMOTION OF INHABITANTS' AWARENESS AND EDUCATION

Special role in communication with society plays Riga Council Bureau of Control Centre work on taking up inhabitants' complaints on municipal institutions' work performance. Due to work of Riga Council Bureau of Control Centre, reorganization of several municipal institutions or process improvement was done, providing inhabitants with more fast and comfortable service.

All the most important information about City and Municipality is available on Riga City Municipality's home page www.riga.lv, int. al. normative acts, Riga City Council's and its committees' meeting schedule, documents to be revised, resolutions and resolution projects, information about planned and actual events in City and Municipality. Information is updated several times a day. Portal supplies information on Municipality structure, competences of municipal structures, officials and contacts, as well as other important information either for businessmen and inhabitants or nongovernmental organizations (NGO).

By means of various information media all the interested persons were informed about planning and execution of the Municipality budget, City Council work priorities, improvement of city's environment, new development projects and construction plans, as well as important investment and cultural projects. Information about issues on social help, opportunities to receive real estate tax allowances, paid service discounts, availability of kindergartens, education sphere, sports and cultural events, various project competitions, business environment, raise of EU funds, traffic restrictions or repair works on City's streets, information update on Covid-19 restrictions, prevention measures and changes in working hours of institutions is reflected.

In 2020, active cooperation with mass media was continued. Most topical and important events of Municipality were reflected in mass media, press conferences were regularly held in the Riga City Council, a lot of them were broadcasted on online media: Facebook, LETA, Delfi and other online media, interviews and comments were provided, as well as journalists were provided with various informative materials on municipal issues.

In order to provide feedback between municipality and society, in cooperation with research centre SKDS inhabitants' opinion surveys and one research were continued in 2020 as well. Survey results as well as residents' of Riga opinion expressed in public discussions are used in further activities; they affect Riga City Municipality decisions, as well as development and their progress.

In 2020, organization of project competitions was continued either for NGO or Riga City Education, Culture and Sports Department subordinate institutions to support society integration, volunteer work as well as neighborhood initiatives. Implementation of 75 projects was supported in total. 34 applications were supported within competition "Social integration project competition for NGO."

In 2020, information of inhabitants on Municipality's topical issues was continued by means of social media. Topical and important information for inhabitants as well as answers on various inhabitants' questions was

published in Riga Council Facebook and Twitter accounts. As from 2020, information on Riga City Municipality's institutions and their services in sign language is available for residents of Riga in several sites.

Active information work of inhabitants is continued by Visitors' Reception Centre. Visitors' Reception Centre employees receive visitors in-person, by phone or electronically. Visitors' Reception Centre also offers gratis legal aid. Riga Council gratis informative phone 80000800 is at inhabitants' service, what was working round the clock for some period of time during the Covid-19 crisis.

Active cooperation with NGO was carried out in order to enable closer society's participation in development and adoption of Riga Municipality's decisions and evaluation of its performance. Riga City Council deputies, office-workers and representatives of nongovernmental organizations work together in Advisory Board of Social Integration Issues, Advisory Board of Persons with Disability and other institutions. Cooperation was carried out with organization of disable people with disabilities and their friends "Apeirons", association of disabled Latvian women "Aspazija", association "The Latvian Red Cross", association "Youth Consultations", Latvian Olympic Committee and various other cultural, sports, national and religious organizations.

COOPERATION WITH PRIVATE SECTOR

Riga City Municipality render support for civic society activities, promotes society's participation in municipality's activities – in development and introduction of municipal policy, decision making and implementation, int. al. involvement of minorities, in strengthening of national identity.

In 2020, Riga City Council City Development Department on the spot and remotely implemented a number of society's awareness and involvement activities: Rail Baltica, revitalization of Skanste territory, reconstruction project of Aldara Park and other projects. Work of NGO house was provided, offering opportunities to use premises and equipment for NGO informational, cultural and educational events. In 2020, NGO house organized 45 on the spot and remote events.

31 projects were approved in project competition of enabling neighborhood initiatives, participation and membership, whereof 26 were implemented.

To improve life quality, providing wide variety of social services, diversity of culture and sports events, Riga City Municipality cooperates with associations and foundation. In 2020, Riga City Municipality allocated financing to following associations and foundation: "Association of Local and Regional Governments of Latvia" (membership dues 72 644 euro), "Association of Latvia Big Cities" (membership dues 20 000 euro), "Education Centre of Latvia Municipalities" (courses, seminars 13 421 euro), "Union Daugava" (membership dues 2 850 euro), "Riga Tourism Development Bureau" (execution of delegation agreement 1 370 000 euro), "Airport Spilve" (21 250 euro) un "Basketball Club "TTT-Rīga"" (co-financing for 2019 - 2020 season 300 000 euro).

In 2021, liquidation process of foundation "Riga Tourism Development Bureau" was launched.

ACTIVITIES PLANNED FOR THE NEXT YEAR

LAUNCHED PROJECTS THAT WILL BE CONTINUED

In 2021, work on following projects is planned to be continued:

- reconstruction of Grand stage of Mezaparks 2nd section of B stage;
- reconstruction of building of Riga Municipality Ltd. "Riga 1st hospital" on Bruninieku Street 5;
- design of outbuilding of the Latvian National Theatre on Simtgades Avenue 3;
- random renovation of buildings of Riga Social Care Centre "Gailezers, Riga Social Care Centre "Mezciems" and Riga Social Care Centre "Stella Maris" Riga Social Service;
- complex renovation of school buildings in rounds of Agenskalns State Gynasium on Lavizes Street 2A, Riga Hansa Secondary school on Grostonas Street 5 and Riga Valda Zalisa Primary school on Kalpaka Boulevard 8;
- construction works of fire safety systems in educational institutions;
- managing and monitoring of recovered Riga City dumpsite "Kleisti" according to requirements defined by Cabinet of Ministers.

MAIN TASKS OF THE NEXT YEAR AND PLANNED COOPERATION PROJECTS

- modernization of classrooms, providing ergonomic learning environment and implementation of innovative solutions of information and communication technologies in Riga State Gynasium No 3 on Grecinieku Street 10 and Riga State German Grammar school on Agenskalna Street 21A;
- construction of sports grounds near Riga Teika Secondary school;
- exhibition "Hansa New Gold" of project "HANSEartWORKS";
- project "Protection of seashore biotopes in natural park "Piejura" (Natura 2000) (LIFE CoHaBit)", which goal is to preserve biological un environmental diversity characteristic to the Baltic Sea seashore in Riga;
- project "Platform for integrated coordination in water resource management (BSR Water)" providing improvement of water management practice in cities of the Baltic sea region by strengthening capacities of all the involved sides and by providing sharing of good practice by means of modern technologies;
- project "Cultural planning as a method for social innovations in cities (UrbCulturalPlanning)". Goal of the project is to improve cooperation between inhabitants as well as between inhabitants and municipal institutions, to initiate social innovations for development of small and medium communities, to improve planning of culture;
- project "North Star Film Alliance" which goal is to significantly increase export of movies, TV series and commercials in central part of the Baltic sea region;
- project "Effectiveness of Environmental Urban policies to improve Resources Efficiency (EURE)". Goal of the project is to promote support for improvement of resources efficiency in territories of European cities, among them in territories with low density of population;
- renovation of technical condition of buildings of educational institutions of Riga Juglas Secondary school on Malienas Street 89, Riga Ziepniekkalna Secondary school on Ozolciema Street 26 and Islices Street 4, A. Pumpura Riga Primary school No 11 on Maskavas Street 178, Riga Primary school No 7 on Jaunciema 4th Crossline 4 and school building on Gaujas Street 23;
- construction of sports grounds and territory improvement works in Riga Secondary school No 75 on Ogres Street 9 and renovation of building and territory improvement works on Ojara Vaciesa Street 2.

RIGA MUNICIPALITY FINANCIAL STATEMENTS 2020 (SUMMARY)

RIGA MUNICIPALITY SUMMARY BALANCE SHEET	At the beginning of the accounting period (k EUR)	At the end of the accounting period (k EUR)
ASSETS	3 547 845.0	3 540 433.0
Non-current assets	3 362 496.4	3 362 589.4
Intangible assets	11 524.1	17 608.6
Licenses, concessions and patents, trademarks and similar rights	6 315.2	5 721.6
Other intangible assets	248.8	183.1
Unfinished intangible assets	4 960.1	11 703.9
Fixed assets	2 541 067.5	2 536 860.9
Land and construction	1 934 578.8	1 863 469.6
Technological equipment and machinery	1 177.3	1 155.0
Other fixed assets	59 023.5	68 092.2
Construction in progress, unfinished fixed assets	105 641.5	50 656.4
State and municipal real estate property assigned for actual possession	428 700.1	538 001.4
Biological and underground assets	11 348.7	11 644.3
Long-term investments in leased assets	148.1	112.1
Advances for fixed assets	449.5	3 729.9
Long-term financial investments	729 890.8	743 278.0
Investments in equity capital of related enterprises	668 364.7	674 437.1
Investments in equity capital of associated enterprises	61 526.2	68 840.9
Long-term receivables	2 155.5	1 159.1
Other long-term receivables	2 155.5	1 159.1
Investment property	77 858.5	63 682.8
Investment property	77 692.3	63 323.8
Investment property assigned for actual possession	166.2	359.0
Current assets	185 348.6	177 843.6
Inventory	14 128.4	17 604.9
Short-term receivables	22 602.8	24 352.4
Deferred expenses and advances for services and projects	4 337.0	5 327.4
Cash	144 280.4	130 558.9
LIABILITIES	3 547 845.0	3 540 433.0
Equity	2 651 489.2	2 671 605.9
Reserves	103 519.9	108 972.5
Results of the budget execution	2 547 969.3	2 562 633.4
Retained results of the budget execution	2 388 730.8	2 547 969.3
Results of the budget execution in current period	159 238.5	14 664.1
Provisions	468.4	315.8
Liabilities	895 887.4	868 511.3
Non-current liabilities	690 526.9	671 154.4
Long-term borrowings	533 239.5	527 802.0
Long-term liabilities to suppliers and contractors	20 161.6	17 830.3
Long-term accrued liabilities	116 501.6	103 216.1
Long-term deferred income and received advances	8 651.0	12 429.8
Other long-term liabilities	11 973.2	9 876.2
Current borrowings and current portion of long-term debt	61 230.4	55 350.8
Current liabilities to suppliers and contractors	28 921.6	20 199.9
Current accrued liabilities	46 627.0	54 129.9
Salaries and deduction payments (excluding taxes)	10 796.0	11 449.4
Tax, fees and other payment liabilities	12 513.9	10 848.3
Other current liabilities	10 437.8	4 029.9
Deferred income and received advances	34 833.8	41 348.7

RIGA MUNICIPALITY SUMMARY BALANCE SHEET	At the beginning of the accounting period (k EUR)	At the end of the accounting period (k EUR)
OFF-BALANCE SHEET		
Leased assets	1 118.6	1 196.5
Off-balance sheet assets	10 026.9	13 476.6
Demurrages, fines, penalties and late payment interest receivable	7 389.2	7 261.4
Actions of detinue	46.4	48.8
Other off-balance sheet assets	2 591.3	6 166.4
Off-balance sheet liabilities	236 716.6	272 975.1
Future payments according to agreements concluded on projects financed by foreign financial aid and EU policies' instruments	77 644.5	114 644.2
Future liabilities and payments according to agreements and government decisions on purchase of goods and services, except those concluded on projects financed by foreign financial aid and EU policies' instruments	92 407.3	100 494.4
Received and not paid invoices for advance payments	7 055.2	0.4
Future lease payments	0.1	–
Warranties issued	4 088.1	3 097.8
Other off-balance sheet liabilities	55 521.4	54 738.3

RIGA MUNICIPALITY FINANCIAL STATEMENTS 2020 (SUMMARY)

BASIC BUDGET INCOME STATEMENT	2019 actual	2020 budget	2020 actual
Cash flow basis	(k EUR)	(k EUR)	(k EUR)
Total revenues	1 011 696.3	931 480.2	950 171.7
Total tax revenues	765 515.7	707 228.2	727 365.5
Personal income tax	649 172.3	598 862.2	617 826.0
Real estate taxes	110 483.0	106 539.0	108 089.8
int.al. real estate tax on land	46 209.6	45 680.7	45 009.9
int.al. real estate tax on buildings	40 212.9	38 657.5	39 233.1
int.al. real estate tax on housing	24 060.5	22 200.8	23 846.8
Other tax revenue	5 860.4	1 827.0	1 449.7
Total non-tax revenues	22 388.7	12 640.6	15 234.4
Government (municipality) fees	5 404.9	2 660.6	3 659.4
Other non-tax revenues	16 983.8	9 980.0	11 575.0
Charges for paid and other own revenues	29 358.3	24 348.0	20 008.3
Transfers	194 433.6	187 263.4	187 563.5
Transfers of public entities partially financed by State budget and institutions not financed by budget	8.7	–	0.4
State budget transfers, int.al.	186 785.0	181 028.7	179 469.6
state budget transfers received by municipalities	148 821.1	143 135.7	147 961.7
transfers received from state institutions for projects co-financed by EU policies' instruments and other foreign financial aid	23 481.3	37 893.0	31 507.9
subsidy received by municipal budget from municipal financial cohesion fund	14 482.6	–	–
Municipal budget transfers	7 639.9	6 234.7	8 093.5
Total expenses by government functions			
Total expenses	972 047.7	1 060 029.6	955 978.7
General governmental agencies, int.al.:	165 503.1	183 428.5	172 220.8
contributions to municipal cohesion fund	96 680.0	64 303.9	66 747.1
Public order and security	18 188.9	19 109.5	18 519.3
Economic activity	257 255.1	256 255.5	211 929.8
Environmental protection	3 171.2	4 304.7	3 599.9
Territory and housing management	29 400.2	60 610.3	43 765.5
Health care	6 184.2	6 328.2	4 430.6
Recreation, culture, and religion	54 227.4	48 284.0	42 281.2
Education	340 694.8	383 609.8	366 951.5
Social security	97 422.8	98 099.1	92 280.1
INCOME STATEMENT ON DONATIONS AND ENDOWMENTS	2019 actual	2020 budget	2020 actual
Cash flow basis	(k EUR)	(k EUR)	(k EUR)
Total revenues	32.7	104.3	31.1
Donations and endowments from legal entities and individuals	32.7	104.3	30.7
Donations and endowments for education	29.2	100.3	24.6
Donations and endowments for social care	0.4	1.5	3.0
Other donations from legal entities and individuals	3.1	2.5	3.1
Internal municipal budget transfers between different budgets of a single municipality	–	–	0.4
Total expenses by government functions			
Total expenses	86.3	289.6	126.5
General governmental agencies	19.4	2.6	1.4
Environmental protection	–	35.0	–
Territory and housing management	–	3.5	3.5
Recreation, culture, and religion	17.9	15.2	1.4
Education	48.5	226.9	120.2
Social security	0.5	6.4	–

EXPLANATION OF BASIS OF PREPARATION OF SUMMARY FINANCIAL STATEMENTS 2020

This financial statements summary including Riga City Municipality's summary balance sheet as of 31 December 2020, basic budget income statement for 2020 (cash flow basis) and income statement of donations and endowments (cash flow basis) for 2020 are prepared on the basis of audited Riga City Municipality financial statement, based on following principles:

- Balance sheet is presented identical to the included in audited statements of Riga City Municipality 2020 (k EUR) (Form No 1);
- Basic budget income statements on cash flow basis are prepared based on information included in Riga City Municipality statement 2020 (Form No 2) "Budget execution statement" (basic budget). Income is classified in groups characterizing the type of the income in terms of economic activities, in compliance with Regulations of Cabinet of Ministers of LR No 1032 dated 27.12.2005. "Regulations on classification of budget income". Expenses are declared according to groups of functional categories by administrative, functional and sector features in compliance with Regulations of Cabinet of Ministers of LR No 1032 dated 13.12.2005. "Regulations on classification of budget expense classification accordingly functional categories";

- Income statement of donations and endowments is prepared on cash flow basis and based on information included in Riga City Municipality statement 2020 (Form No 2) "Budget execution statement" (donations and endowments). Income is classified in groups characterizing the type of the income of economic activities, in compliance with LR CM Regulations No 1032 dated 27.12.2005. "Regulations on classification of budget income". Expenses are declared according to groups of functional categories by administrative, functional and sector features in compliance with Regulations of Cabinet of Ministers of LR No 1032 dated 13.12.2005. "Regulations on classification of budget expense classification accordingly functional categories";

According to paragraph 38 of Cabinet of Ministers regulations No 344 dated 19.06.2018. "Procedure for the preparation of an annual report", information on Riga City Municipality's financial statements 2020 is available at the State treasury's home page from 1 July 2021.

STATE AUDIT OFFICE'S AUDIT OPINION AND ACTIONS PERFORMED BY RIGA CITY MUNICIPALITY

In 2020, The State Audit Office of the Republic of Latvia performed audit in Riga City Municipality "Management and execution of real estate property projects in Riga City Council Property Department and Riga City Municipality's enterprises" (audit No 2.4.1-6/2020). The objective of the audit was to obtain assurance that Riga City Municipality's property management system is economic and effective and management of real estate property is organized according to principles of good practice and interests of Riga City Municipality inhabitants.

Nineteen recommendations were given in audit to Riga City Municipality, whereof most important are:

- to gather information about all the Riga City Municipality real estate property and its technical condition and to provide evaluation of perspective of use of all the real estate property portfolio;
- to define real estate property management principles based on economic productivity and efficiency and on united real estate property management strategy developed in Riga City Municipality;
- to provide regular evaluation of operation of real estate property management, by performing precise accountancy and analysis of financial resources spent for real estate property management, as well as to perform supervision and evaluation of execution of activities defined by sector development planning documents;
- to implement real estate property development projects purposefully, rationally and according to priorities defined in advance;
- to enable transparent and reasoned transactions with real estate property, int. al. developing methodology for rent charge calculations, as well as defining criteria for priorities and developing long-term plan for purchase and expropriation of real estate property;
- to provide transparency of transaction with real estate property, int. al. to improve information publishing ways and channels¹.

Implementation of State Audit Office suggestions are in progress and will be continued until 2024 in accordance with time schedule, int. al.:

- to implement supervisory and evaluation system concerning real estate property management activities;
- to implement registration and analysis models in resources management system in order to provide accountancy of financial resources for real estate objects;
- to perform overall analysis of the systems and registers containing data on current real estate property, to define requirements and solutions for united real estate management system so that to provide the necessary information and tools of control for measuring economy, efficiency and productivity of real estate property;
- to develop united system for defining and measuring real estate property management key performance indicators in all sectors applicable in all planning documents, int. al. in budget approving;
- to improve processes of control of execution of rental agreements;
- to provide united publishing of information on Riga City Municipality real estate properties and transaction with them on Municipality's home page.

¹<https://www.lrvk.gov.lv/lv/revizijas/revizijas/noslegtas-revizijas/rigas-pilsetas-pasvaldibas-ipasuma-departamenta-un-rigas-pilsetas-pasvaldibas-kapitalsabiedribu-nekustamo-ipasumu-projektu-parvaldiba-un-istenosana> (viewed 20.05.2021)

INDEPENDENT AUDITOR'S REPORT ON RIGA MUNICIPALITY FINANCIAL STATEMENTS 2020

INDEPENDENT AUDITOR'S REPORT

Riga

The date of the document is the time of its electronic signature

Nr. 1/2021

To Riga City Council:

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Riga Municipality (the "Municipality") as at 31 December 2020, and of the Municipality's financial performance and cash flows for the year ended 31 December 2020 in accordance with the Cabinet of Ministers regulation no. 344 dated 19 June 2018 Procedure for Preparation of the Annual Report.

What we have audited

The Municipality's financial statements comprise:

- the balance sheet as at 31 December 2020,
- the statement of financial results for the year ended 31 December 2020,
- the statement of changes in equity for the year ended 31 December 2020,
- the cash flow statement for the year ended 31 December 2020,
- the notes to the financial statements which include explanatory information on financial statement line items, a summary of significant accounting policies, a summary of financial statements preparation principles and information on financial instrument risk management.

Basis for opinion

We conducted our audit in accordance with International Standards for Supreme Audit Institutions adopted in the Republic of Latvia (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Municipality in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Law on Audit Services that are relevant to our audit of the financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Law on Audit Services.

Reporting on Other Information

Management is responsible for the other information. The other information comprises:

- the Management Report as set out in the accompanying annual report,
- the Budget Execution Report as set out in the accompanying annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Management Report, we also performed the procedures required by the Law on Audit Services. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of the Cabinet of Ministers regulation no. 344 dated 19 June 2018 Procedure for Preparation of the Annual Report.

Based on the work undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with requirements of the Cabinet of Ministers regulation no. 344 dated 19 June 2018 Procedure for Preparation of the Annual Report.

In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of our audit, we are required to report if we have identified material misstatements in the Management Report. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Cabinet of Ministers regulation no. 344 dated 19 June 2018 Procedure for Preparation of the Annual Report and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably

be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Translation note: This version of our report is a translation from the original, which was prepared in Latvian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

PricewaterhouseCoopers SIA
Certified audit company
Licence No. 5

Ilandra Lejiņa
Member of the Board
Certified auditor in charge
Certificate No.168

Riga, Latvia
30 April 2021

Lejiņa,
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371-67094400

INDEPENDENT AUDITOR'S REPORT IS SIGNED ELECTRONICALLY WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP