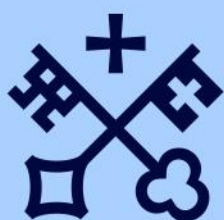
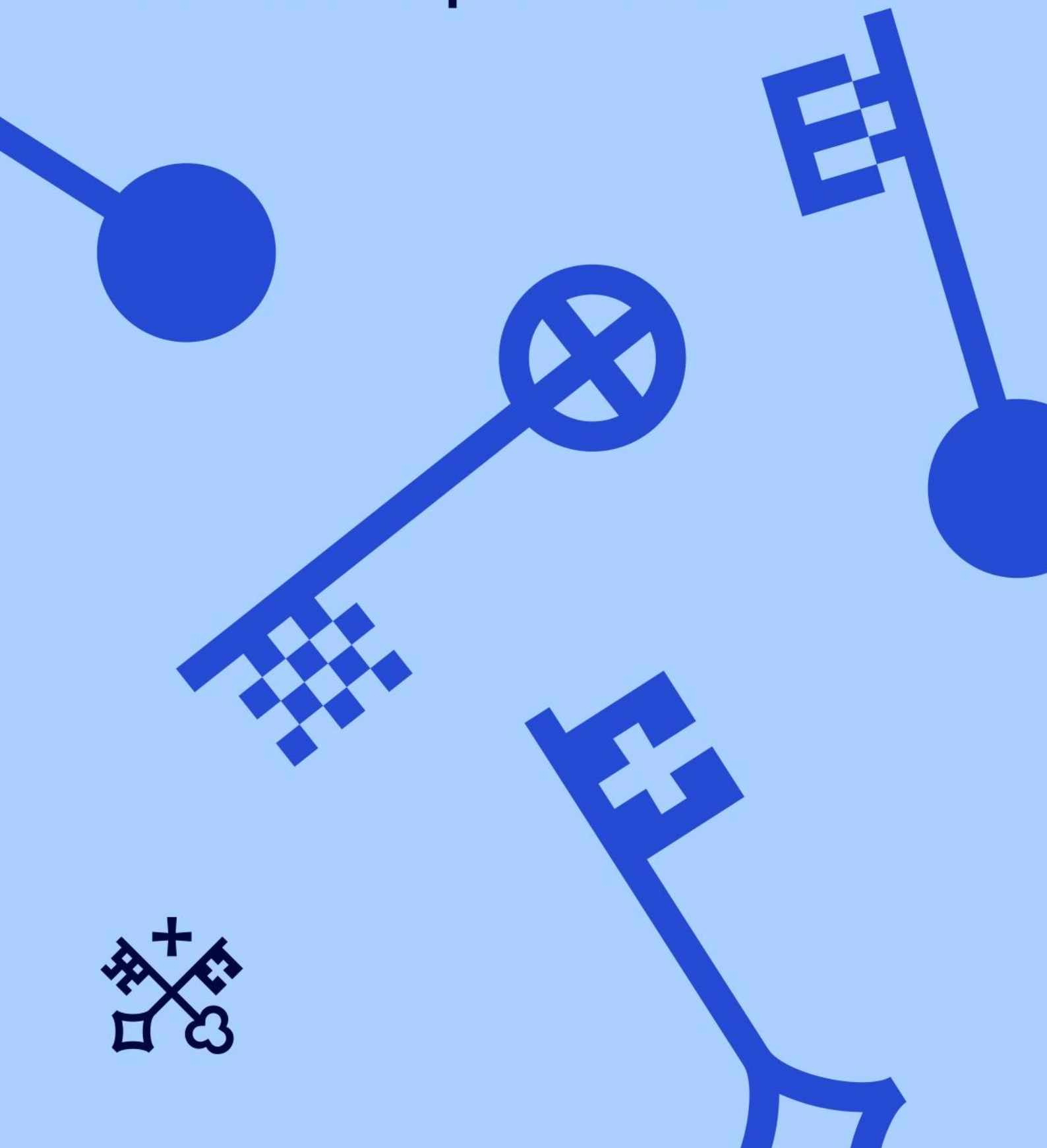


# Riga State City Municipality Annual Report 2021



APPROVED  
with Riga City Council decision  
of 29/06/2022 No. 1704



Riga, 2022

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

Riga Sustainable Development strategy has declared that the mission of State City is to serve in good faith and professionally to city's inhabitants, invariably and effectively executing functions either defined in legislation or voluntary functions by mean of harmonious and suitable use of municipal resources, in order to provide high standards of living and promote – personal growth in cooperation with Riga City inhabitants.

In 2021, City's economy and rhythm of life was still affected by Covid-19 crisis and measures to limit it. Although in total city's economic activity increased a bit, however decrease was observed in such important for city sectors as tourism, catering industry services and operations with real estate. Also the existing state cohesion policy of municipal finances and state subsidies for specific sectors reduces the speed of Riga economic growth.

Inflation in consumption, construction and energy resources spheres also increased within the year, raising expenses of municipal services and projects in process. Growth of prices is continuing and it is a significant challenge for implementation of municipal development projects and for financing budget expenses. Especially in conditions when the basis of municipality's budget is not growing in proportion with inflation, but even has reduced within the recent years.

In order not to reduce the quality of services rendered by municipality and city's infrastructure, it is very important to attract external financial resources for implementation of municipal development projects. Municipality was actively involved in attracting available European Union funding period 2021-2027 and Recovery and stability mechanism funds, as well as in loan programs as part of measures to reduce impact of Covid-19 crisis.

Budget and financial stability achieved by municipality, what is approved by assessments done by international credit agencies, permits to attract loans for project implementations even further.

During the reporting year, municipality has performed a number of structural reorganizations in order to enable optimization of internal processes and achieve more effective execution of resources. Municipality provides clear organization of municipal management and decision making order, providing inhabitants' involvement into local management to bring management to inhabitants. Cooperation between municipality, state institutions, non-governmental institutions, entrepreneurs and inhabitants is essentially important precondition for achievement of strategic goals city development and solving everyday problems.

**M.Staķis**  
Chairman of the Riga State City Council



# ECONOMIC DESCRIPTION OF RIGA STATE CITY MUNICIPALITY

## RIGA STATE CITY POPULATION

### POPULATION

At the beginning of 2022, according to data of The Office of Citizenship and Migration Affairs 671,9 thousand inhabitants lived in Riga, reducing by 14,4 thousand (by 2,1%) which is the fastest reduction in the recent years.

Stabilization of number of city inhabitants took place from 2010 to 2017, but during the last five years until 2022 Riga population decreased by 32,6 thousand (by 4,6%). The total decrease of population in State was 4,1% during this period. Natural decrease of city population is still observed in Riga. In 2020, the average natural decrease of number of inhabitants was 6 per 1000 population, slightly higher than in State – 5,9 per 1000 population. The migration balance was 4,5 in Riga in 2020 – significantly higher than the average in State where it was 1,8.

There were 380,7 thousand working age inhabitants in Riga State city at the beginning of the reporting year, by 3,1 thousand more than in the previous year. Proportion of this group from all inhabitants increased from 60,8% to 61,9%. The number of children and youth (inhabitants below working age) was 94,5 thousand, reduced by 1,8 thousand within a year. At the beginning of reporting year, the number of inhabitants of above working age was 139,4 thousand (22,7% from all the inhabitants) in Riga State city reducing by 7,8 thousand within a year.

### ETHNICAL COMPOSITIONS

Ethnical composition of Riga city inhabitants hasn't changed significantly during the recent years. In 2020, largest nationalities were Latvians – 47,2% and Russians – 36,0%.

### EMPLOYMENT

In 2021, the number of employed was 300,9 thousand, decreasing by 4,5 thousand within a year. Total decrease in State was by 29 thousand.

During the reporting year, the greatest decrease of the employed was in insurance trade, scientific and other services, operations with real estate sectors – by 11,8 thousand (by 20,9%). Due to economic recovery employment increased in trade, accommodation and catering sectors – by 3,7 thousand (by 6,1%), in transportation, storage and ICT services – by 4,4 thousand (by 9,7%).

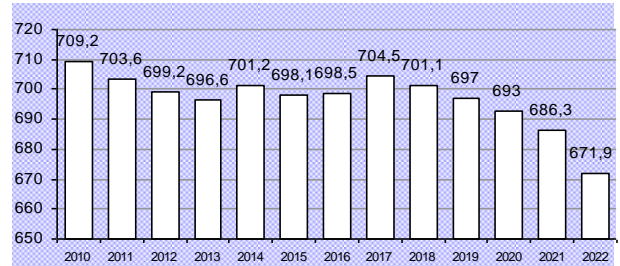
### UNEMPLOYMENT

In 2021, the number of unemployed decreased by 4,3 thousand. There were 13,7 thousand unemployed in the city by the end of the year (4,5% from economically active city inhabitants). In total the unemployment rate was 6,7% in State by the end of 2021.

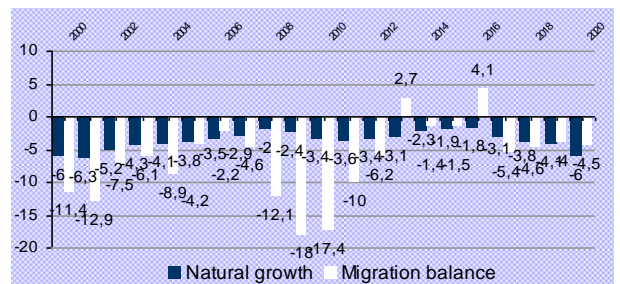
### COMPENSATION

During the reporting year, due to increasing economic growth rate and anticrisis measures performed by State average monthly gross compensation in Riga city reached 1 434 euro, increasing by 12,4% compared with the previous year. As in the previous year, growth of compensation was faster in capital's private sector – by 13%, in public sector it increased by 11,6%. Average compensation in public sector was still higher by 6% than in private sector in Riga city.

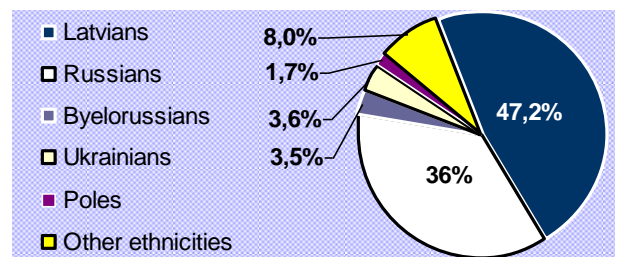
The number of Riga inhabitants (according to OCMA, k people)



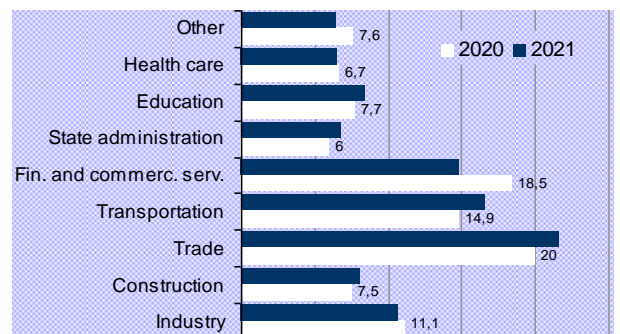
Effect of natural growth and migration on the number of Riga inhabitants (people on k inhabitants)



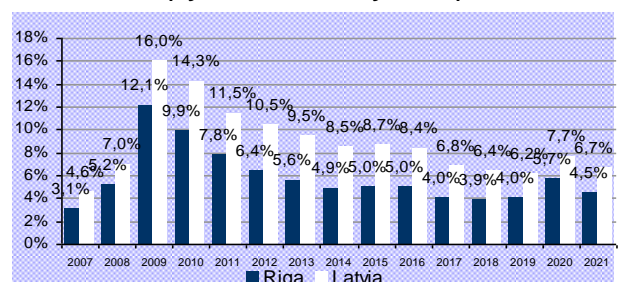
Ethnical composition of Riga inhabitants (by the end of 2021, %)



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



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



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

During the reporting year, average compensations in Riga State city was higher by 12,3% than in the country on average. The most rapid growth of compensation in Riga State city was in health and social care (by 28,3%), exceeding the average level in city by 19,5%. More rapid growth than average was also in construction – 14,2% and in education sectors – 12,7%. Rapid growth was also in those sectors which were limited during the Covid-19 crisis. For example, the growth of average compensations in tourism sector increased by 26,7%, in gambling by 46,4%, but in catering sector by 15,5% during 2021.

Highest gross compensation level in Riga State 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 STATE CITY MUNICIPALITY

In 2021, Covid-19 crisis and measures to limit it continued to affect the economy of Riga State city. However economic activity increased in special sectors, increasing gross domestic product by 4,5% compared with the previous year (in 2015 reference prices). The most rapid growth was in health and social care (by 24,8%) and finance and insurance (by 19,8%) sectors. Trade increased by 8,9%, IKT service – by 10,9%. Economic activity decreased in construction (by 6,1%) and in accommodation and catering industries (by 5,2%).

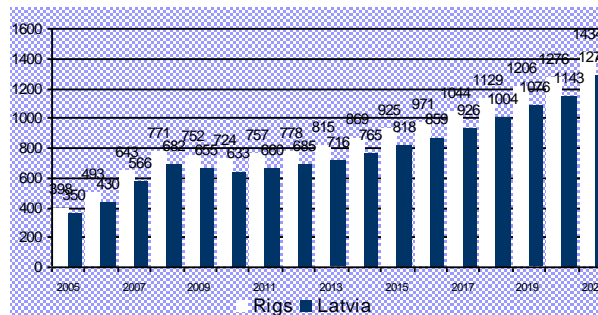
The biggest proportion in Riga State city economic structure by value added has trade and service sector – 17,4%. In 2021, the second biggest economic sector is real estate sector – 10,5%, information and communication services are in the third place – 9,7%. During the reporting year, proportion of transportation in Riga State city economic structure continued to decrease, falling to 6,7%. Proportion of value added created in Riga State city comprises around 53% from the total value added in the State according to 2019 data, however the proportion in particular sectors is even more higher, for example in information and communication services – around 89%, in finance and insurance – 86.

### TRANSPORTATION AND COMMUNICATIONS

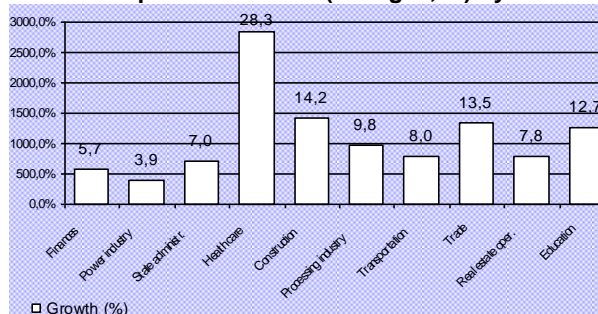
#### RIGA PORT

In 2021, cargo turnover decreased by 7% in Latvia, but in Riga port – by 9%. As in two previous years, different tendencies were observed in dynamics of the amount of sent and received cargo – the amount of sent cargo decreased by 12%, but the amount of received cargo maintained at the same level as in the previous year. The proportion of received cargo from the total cargo turnover increased from 10% in 2015 to 26% in 2021.

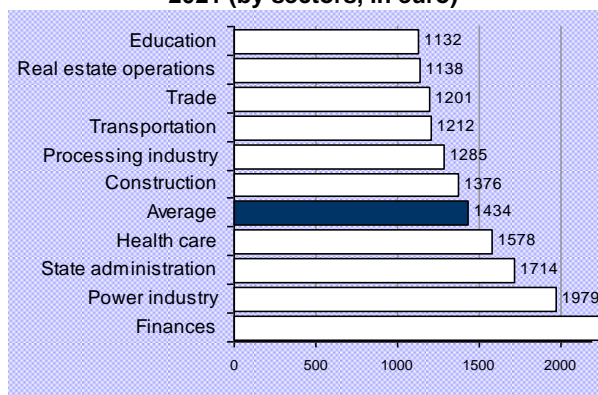
Monthly average gross compensation in Riga 2005 – 2021 (in euro)



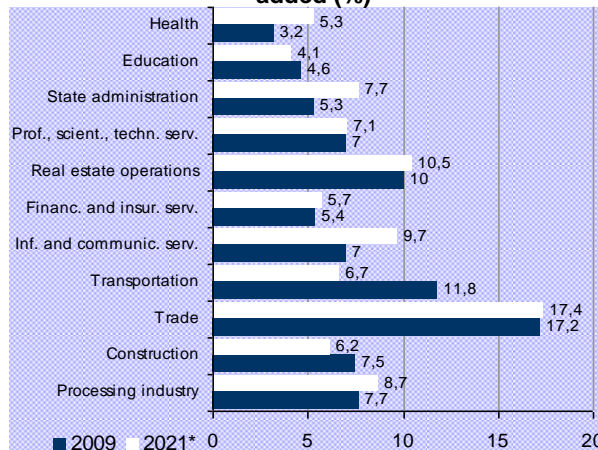
Monthly average gross compensation in Riga in 2021 compared with 2020 (changes, %) by sectors



Monthly average gross compensation in Riga in 2021 (by sectors, in euro)



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



\*2021 – estimation

Dynamics of total cargo turnover in other ports of Latvia in 2021 was quite different: cargo turnover in Ventspils port decreased by 14%, in Liepaja port increased by 7%, in small ports growth was even by 21%. In 2021, the share of Riga port in the total Latvia port turnover decreased to 52%. In 2021, the biggest proportion in Riga port was cargo containers – 18,6%, which amount reduced by 9%, grain and grain products – 13%, which amount increased by 17%, petroleum products – 10,1% and coal – 5,2%, the amount reduced by 58% within reporting year. 10 years ago the proportion of coal comprised even 40% from the total cargo turnover.

**AIRPORT**

During the reporting year, Covid-19 crisis continued to adversely affect movement between states. In particular periods limitation were softened within the year and traffic revived a bit. In 2021, the number of serviced passengers in Riga Airport increased by 17%, reaching 2,35 million passengers in a year.

During the reporting year, amount of shipped and received cargo increased by 20% compared with the previous year.

**PUBLIC TRANSPORTATION**

In 2021, 74,29 million passengers were transported in Riga public transportation (bus, tram, trolleybus), by 15,38 million less than in the previous year.

In 2021, 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 State City Municipality Ltd. “Rigas satiksme” provided passengers’ transportation services on 8 tram, 17 trolleybus and 54 city bus and 13 improved service bus routes. In 2021, the total length of the City’s transportation network was 1 385,98 kilometers.

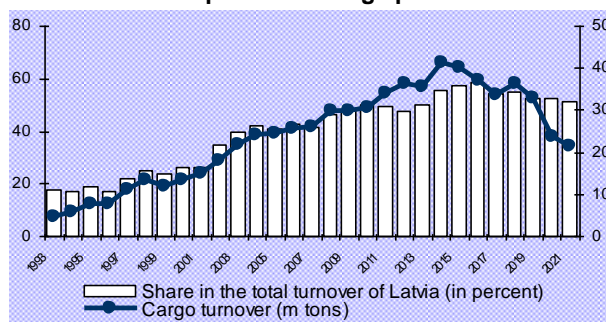
**TOURISM**

During the reporting year, tourism sector still felt impact of Covid-19 crisis. In 2021, the number of serviced tourists in Riga hotels and tourists’ lodgings decreased by 21% and was just 30% from the number of the serviced tourists in 2019 (by 1,2 million less). The number of foreign guests in Riga tourists’ lodgings decreased by 33%, what is 22% from the number in 2019. Despite decrease of the number of serviced tourists in 2021, certain stabilization in tourism infrastructure of the city was observed and the number of tourists’ lodgings did not change.

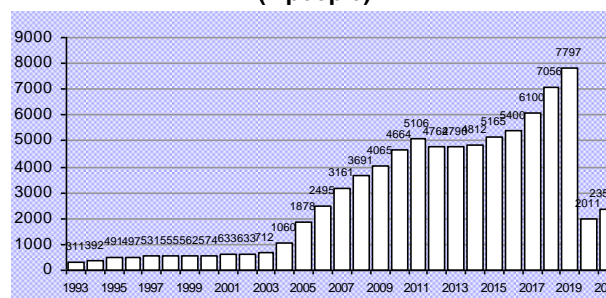
**CONSTRUCTION**

In 2021, the space of commissioned dwelling houses in Riga State city was 119,6 thousand square meters, reducing by 11% compared with the previous year. In 2021, the proportion of built dwelling houses in Riga increased to 34% of the state overall result.

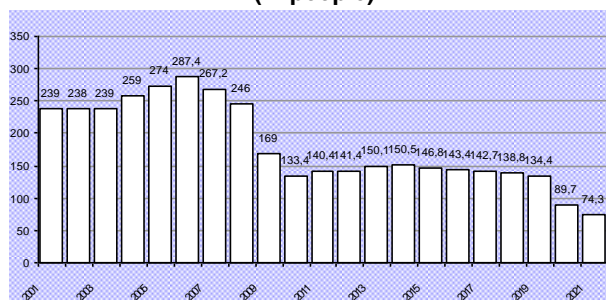
**Operation of Riga port**



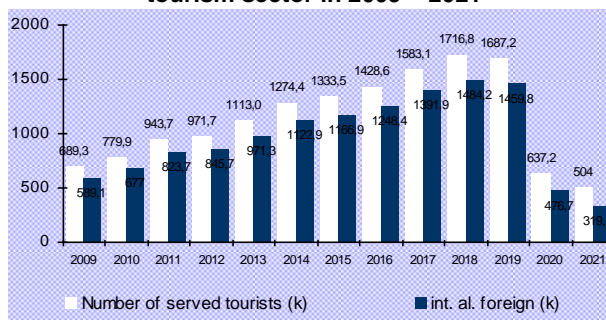
**Riga International Airport: passenger turnover (k people)**



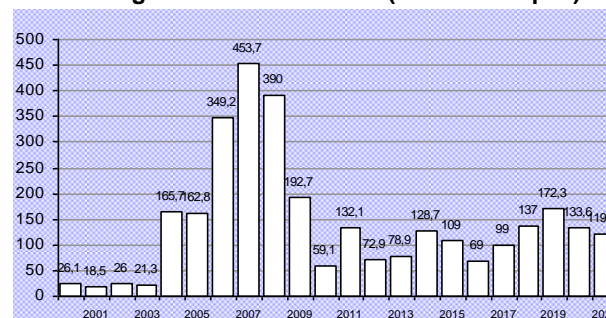
**Passenger carriage in Riga public transportation (m people)**



**Characteristics of development of Riga State city tourism sector in 2009 – 2021**



**Dwelling houses constructed (thousand sq. m)**



**RIGA MUNICIPALITY ADMINISTRATION STRUCTURE, FUNCTIONS, PERSONNEL**

Riga State City Municipality administration organization, order of decision making, inhabitants' rights in local administration, as well as other municipality's work organizational issues, which goal is to approximate management to service recipients, are defined by binding regulations "Riga State City Municipality regulations".

Operation of Riga Council is provided by Chairman of City Council, his deputies, as well as officials of municipal administration according to administration structure of municipality. Riga City Council forms subordinate municipal administration, determining its organizational structure and competence, which consists of Council departments, their subordinate institutions, municipal agencies and municipal administration's special status institutions.

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, in youth and work and in sphere of integration of society;
- 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, as well as administration of municipal residential buildings;
- 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 State 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 State 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

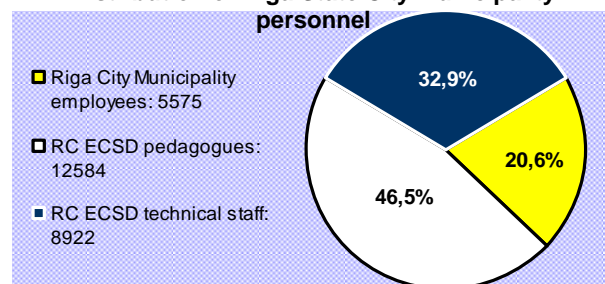
of the traditional cultural heritage and participates in maintenance and development of the historical objects of national importance, as well as support and development of cultural infrastructure;

- 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 State City Municipality;
- 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.

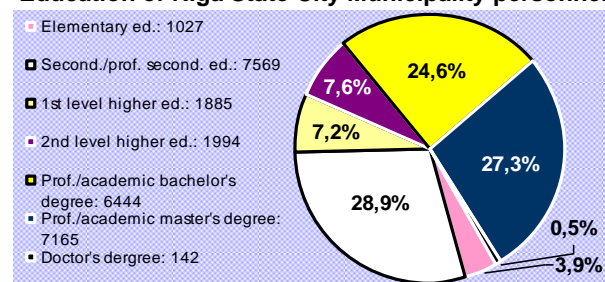
In 2021, actual availability of employees in Riga Municipality was 27 081, int. al. 12 584 pedagogues and 8 922 technical staff of institutions subordinate to Riga City Council Education, Culture and Sports Department.

In 2021, (except pedagogues and technical staff of institutions subordinate to Riga City Council Education, Culture and Sports Department) there were 829 employees recruited and labor relations were terminated with 865 employees. During the reporting year 1 820 pedagogues and 2 408 technical staff were recruited and labor relations were terminated with 2 059 pedagogues and 2 525 technical staff.

**Distribution of Riga State City Municipality personnel**

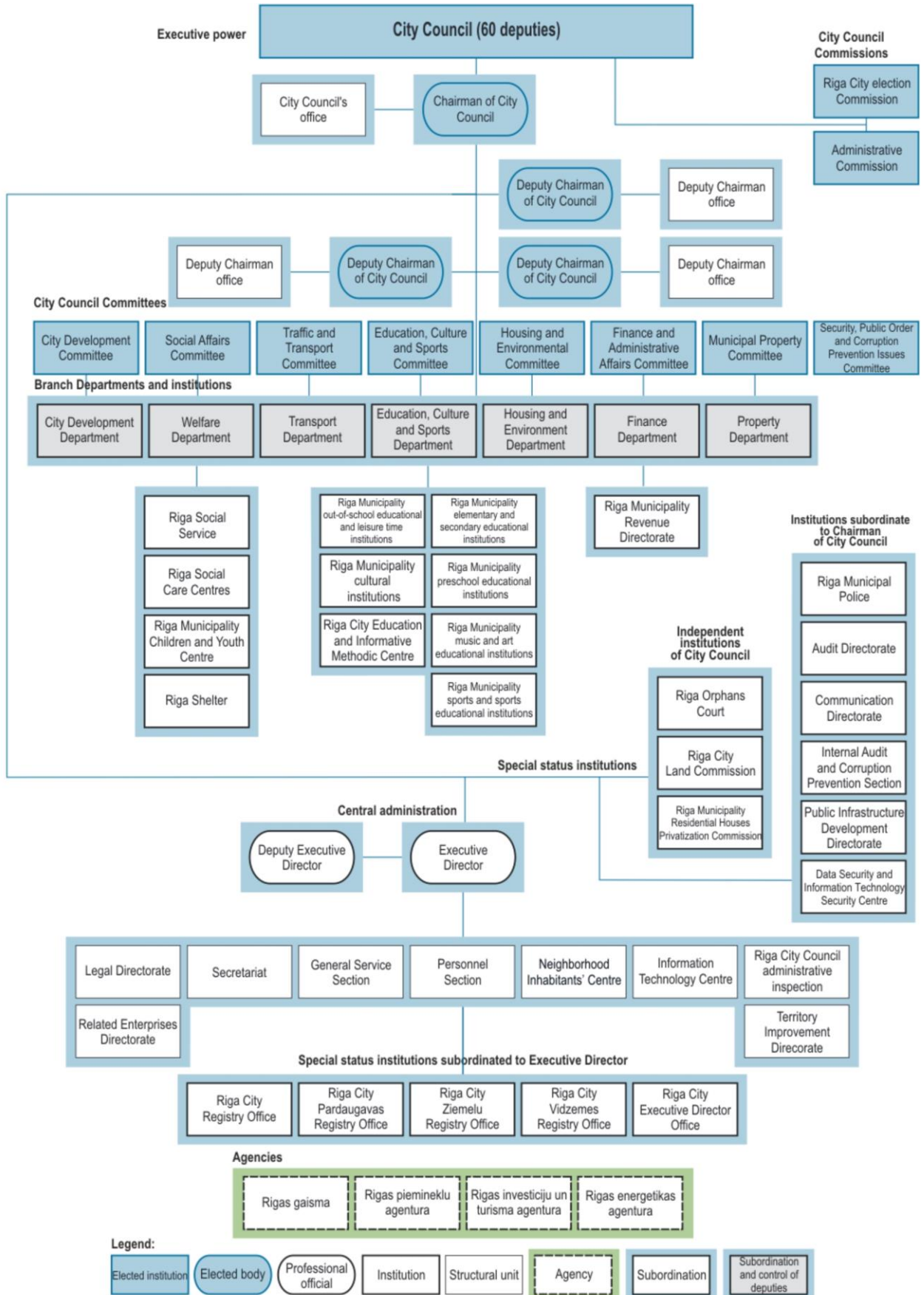


**Education of Riga State City Municipality personnel**





ADMINISTRATION STRUCTURE OF RIGA STATE CITY MUNICIPALITY



### VALUE OF RIGA STATE CITY MUNICIPALITY EQUITY CAPITAL AND ITS ANTICIPATED CHANGES

By the end of 2021, the book value of Riga State City Municipality fixed assets was 2 372,8 million euro, decreasing by 106,5 million euro within the year. The total value of Municipality assets, including other positions of balance assets comprised 3 472,6 million euro by the end of 2021.

### RIGA STATE CITY MUNICIPALITY INVESTMENTS IN ENTERPRISE EQUITY CAPITAL

By the end of 2021, long-term share of Riga State City Municipality in equity capital of related and associated enterprises was 750,4 million euro. In 2021, Riga State City Municipality didn't make investment in the equity capital of related enterprises.

### RIGA STATE CITY MUNICIPALITY SHARE IN MUNICIPAL ENTERPRISE EQUITY CAPITAL

By the end of 2021, long-term investment in equity capital of related enterprises was 683,5 million euro, increasing by 9 million euro within a year but long-term investment in equity capital of associated enterprises was 66,9 million euro, reducing by 1,9 million euro within a year.

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

By end of 2021, equity share capital of one associated enterprise reflected in Riga State City Municipality balance sheet – JSC "Rigas siltums" (49%).

### IMPLEMENTED AND PLANNED CHANGES

In order to achieve more effective execution of Riga State City Municipality's functions and to prevent duplication of functions between municipal institutions and structural units as well as for rational use of budget resources, Riga City Council made a decision on structural changes and liquidated Riga City Council Foreign Relations Section, Riga State City Municipality's agency Office of The Riga City Architect and Riga City Construction Directorate. Functions (goals) of Riga State City Municipality's agency Office of The Riga City Architect and Riga City Construction Directorate were delegated to Riga City Council City Development Department.

In order to strengthen corporate management and administrative capacity as well as to increase operating efficiency, Riga City Council made a decision on reorganization of four related enterprises, providing implementation of Ltd. "Rigas pilsetbuvnieks", Ltd. "Rigas Centraltirgus" and Ltd. "Rigas serviss" incorporation in Ltd. "Rigas nami". Total amount of share of Riga State City Municipality in equity capital of reorganized related enterprises is 169 million euro according to operative data on 31.12.2021., but the number of employees is 632.

### CHARACTERISTICS OF RIGA STATE CITY MUNICIPALITY REAL ESTATE

To ensure execution of Riga Municipality's autonomous functions, in 2021 Riga State City Municipality obtained 25 real estate properties. 16 of them obtained to implement traffic infrastructure construction and reconstruction projects, 2 real estate property is located in territory used by Riga State City educational institutions and 7 land lots were obtained to implement other Riga State City Municipality's autonomous functions.

In 2021, selling of Municipality's real estate properties that are not necessary for execution of Municipality's autonomous functions was performed. 173 sales agreements of Riga State City Municipality's real estate property were concluded. 57 public sales were announced which resulted in selling of 26 real estate properties. By the end of the reporting year, there were 4 305 valid lease agreements on real estate property rent.

In 2021, Riga City Council Property Department continued first registration of municipal real estate properties in Land Register, int. all : 201 land lots with total area of 68,14 ha and total assessed value of real estate of 1,8 million euro. 51 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 65,30 ha and total assessed value of real estate of 3,48 million euro. Amendments for 127 Riga State City Municipality's real estate properties were done in Land Register, int. al. erasing nonexistent on-site buildings, strengthening lending and easement rights. 4 land lots were transferred to State for execution of State functions.

278 certificates were issued on permission to obtain or maintain property rights on land lots and 902 applications on Municipality's preemption rights were evaluated.

## EXECUTION OF TERRITORY DEVELOPMENT PLAN

Following work was performed during development of new Riga territory plan (RTP) in 2021:

- development of RTP, communication with institutions, obtaining of additional data and organization of webinar and public discussion was performed;
- 21 meeting with organizations of 26 neighborhoods were provided;
- regulations of utilization of RTP territory and building regulations were improved;
- strategic environmental impact assessment report was improved;
- development of improved RTP edition, placing it in territory development planning system, preparation for handing over public discussions;
- public discussions of improved RTP edition and its environmental impact assessment report;
- improvement of RTP edition, preparation for handing in Riga City Council and its approval.

6 Riga State City Municipality's decisions prepared and made in 2021 on launch of local plan development:

- territory on Kisezera Street 6;
- territory on Aptiekas Street between the river Sarkandaugava and old bed of the river Sarkandaugava;
- territory between Krasta Street, the Salu Bridge and the Daugava;
- land on Lazdu Street 16D and its alongside territories;
- territory on Daugavgrīvas Street 31;
- territory between Rusova Street, Kisezera Street, Talejas Street and Cirīsa Street.

4 decisions prepared and made in 2021 on approval of local plans on:

- land on Kr. Valdemara Street without number, Daugavgrīvas Street 8, Daugavgrīvas Street 10 and Kalnciema Street 3;
- land on Tumes Street 25;
- territory between Kaivas, Augusta Deglava, Evalda Valtera and Dzelzavas streets;
- territory between Gustava Zemgala Avenue, Kisezera Street, Kokneses Boulevard and historic Mezaparks construction.

7 Riga City Council's decisions made in 2021 on handing editions of local plan over public discussions, 2 decisions were made on development of detail plans.

In 2021, work on thematic plan of public open space of Historic Centre of Riga and its protection area was continued and a 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 2021, participation of representatives of Riga City Council City Development Department in work of preservation and development of Historic Centre of Riga board within management of cultural heritage of Historic Centre of Riga and its protection area, in work of Monument board, in process of evaluation of 13 sites for acoustic concert hall organized by the Ministry of Culture and Latvian Association of Architects and other activities was provided.

Within plan of balanced mobility, work on Riga transport system sustainable mobility action program and Riga mobility vision, preparation of activities for European stability and recovery mechanism, conditions and opinion on sections of local plans and detail plans, local plan of Rail Baltica,, transportation plan sections of a new territory plan and other issues was performed.

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

Report 2020 on introduction of Riga Sustainable Development strategy to 2030 and Riga Development program 2014 - 2020 was prepared within Strategy Supervisory system (SSS), what is the final report on implementation of program of previous programming period.

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 2021, Riga City Council City Development Department continued to perform monitoring functions concerning legality of construction process. 1 097 decisions were made in total, whereof:

- 103 administrative provisions, which remains in effect decisions made by Riga State city Construction Directorate and Department;
- 54 administrative provisions on reversing decisions made by Riga State city Construction Directorate due to violation of substantive and procedural rules;
- 177 interim judgments;
- 98 other definitive decision on administrative matters;
- 202 legal decisions;
- as well as 328 business letters and other documents were prepared in process of legal supervision of construction process;
- 39 decisions on infrastructure charge;
- 96 answers to legal and physical entities on legal issues.

# RIGA STATE CITY MUNICIPALITY INVESTMENT PROJECTS

## CAPITAL INVESTMENTS FROM MUNICIPAL BUDGET

During the reporting year, 138,2 million euro were allocated for Riga State City Municipality budget capital expenditure, by 10,3 million euro more (by 8,1%) than in 2020. During the reporting year, capital expenditures of projects co-financed by European Union (EU) increased by 23,3 million euro compared with the previous year and were 62,2 million euro.

During the reporting year, largest share in the structure of sectors of municipal capital expenditures has economic activity sector (44,3% from all the capital investment), education sector is in the second place (15,1% from all the capital investment). Share of recreation, culture, and religion of total municipal capital expenditures during the reporting year was 12,6%, territory and housing management – 9,8%, territory and housing management – 9,8%.

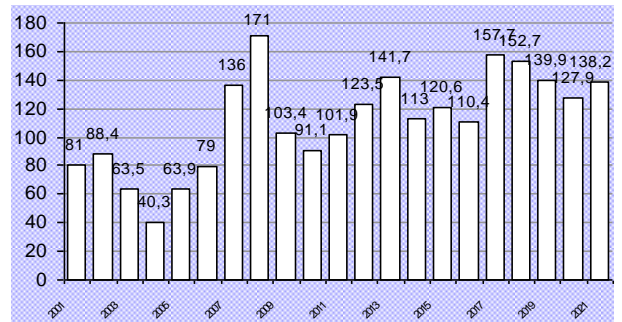
## FOREIGN INVESTMENT IN RIGA

Early in the year, according to Lursoft data, direct investments of foreign investors into the registered equity capital of enterprises in Riga were around 9,5 billion euro, increasing by 58% within a year. The main reason of investment increase was increase of equity capital of holding company SC "Swedbank Baltics" by 3,85 billion euro.

## EU AND OTHER EXTERNAL FINANCIAL SOURCES' CO-FINANCED PROJECTS

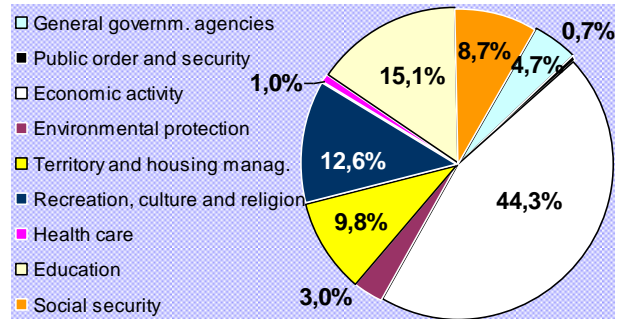
68,7 million euro were allocated from the municipality's budget for execution of co-financing and pre-financing of projects financed by EU Funds, by 23,1 million euro more than in the previous year. From the total co-financing and pre-financing amount capital expenditure formed 62,2 million euro (or 91%).

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, 2021 (%)



# RIGA STATE CITY MUNICIPALITY FINANCIAL AND BUDGET POLICY

## REVENUE

In 2021, total Riga State City Municipality basic budget revenue was 984,8 million euro, by 34,65 million euro (by 3,6%) more than in 2020, exceeding updated plan by 52,5 million euro (by 5,6%).

In 2021, total municipal budget tax revenues were 722,5 million euro, less by 4,8 million euro (by 0,7%) than in 2020. and more by 53 million euro (by 7,9%) than planned. In 2021, municipal budget revenue from personal income tax was 610,7 million euro, by 7,1 million euro (by 1,1%) less than in 2020. Revenue from personal income tax in the municipal budget exceeded the planned amount by 51,4 million euro (by 9,2%), as the average wage in the national economy continued to increase. During the reporting year, RET revenue was 111,3 million euro, by 3,2 million euro (by 3,0%) more than in the previous year, but by 1,6 million euro (by 1,5%) more than planned. Municipal budget gambling tax revenue reduced by 0,97 million euro (by 87,8%), natural resources tax revenue – by 0,14 million euro (by 34,8%) compared with 2020, because due to changes in tax policies, the proportion of municipal share in distribution of these taxes reduced significantly. In 2021, Riga State City Municipality budget revenue from earmarked subsidy from the State budget was 205,7 million euro, more by 26,2 million euro (by 14,6%) than in 2020.

## EXPENSE

In 2021, total Riga State City Municipality budget expense was 960,2 million euro or 91,1% from annual plan, what is less by 93,3 million euro than planned. In 2021, execution of capital expenditures was 138,2 million euro, what is less by 48,4 million euro than planned. They were more by 7,8% compared with execution of capital expenditures of the previous year. A result of City's investment program execution was 58% from the planned amount. In 2021, operative expenses were planned at the amount of 866,9 million euro what is 94,8% from annual plan or less by 45 million euro. In 2021, Riga State City Municipality closed their annual budget with a surplus of 24,6 million euro. In 2021, Riga State City Municipality revenues exceeded operative expenses by 162,8 million euro (by 16,5%), but budget cash surplus was 153,9 million euro at the end of 2021, increasing by 23,3 million euro within a year.

## MUNICIPALITY'S DEBT DYNAMICS

At the end of 2021, the total amount of Riga State City Municipality's future liability payments was 777,7 million euro decreasing by 11,3 million euro within a year. It has decreased by 361,9 million euro since 2008.

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 32% by the end of the reporting year. During the reporting year, Riga State 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 State City Municipality liabilities (evaluating by principal amount of liabilities) was around 59,5% from municipal revenues, by end of 2021, not exceeding 100% limit defined by the Strategy.

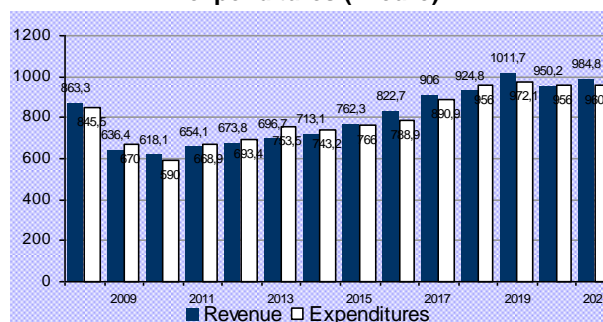
## CREDIT-RATING

During the reporting year, international credit rating agencies continued evaluation of Riga State City Municipality cooperation. In October of 2021, credit rating agency "Standard & Poor's" evaluated Riga State City Municipality's budget and financial situation and retained credit rating assigned to Riga State city at "A-level" and increased its development perspective to positive. Credit rating agency "Moody's Investors Service" also endorsed credit previously assigned City's Baa1 rating with stable development perspective.

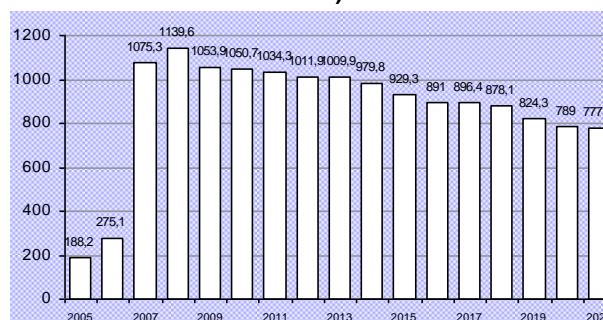
### History of Riga State city credit-rating

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
2021	A-/Positive/A-2	Baa1 Stable

### Riga State city consolidated budget revenue and expenditures (m euro)



### Dynamics of total amount of Riga State City Municipality's financial commitments 2005 - 2021 (m euro)



\*According to data from State Treasury

## RIGA STATE CITY MUNICIPALITY BUDGET EXECUTION PERFORMANCE

The results of Riga economical development and Riga State City Municipality's fiscal policy in 2021 are characterized by achievements in ensuring budget revenues and purposeful use in provision of municipal operations according to the budget approved by Riga State City Municipality. Budget is a tool for realization of Riga Municipality economic policy by means of financial methods. Riga State City Municipality budget includes Municipality's revenue and expenditure. Riga State City 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 State City Municipality budget main revenue portion is formed by the basic budget revenue.

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

Basic budget revenue mostly comprises:

#### Tax revenues:

- personal income tax;
- real estate tax on land, buildings, constructions and housing.

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

### SUMMARY OF COMPOSITION OF RIGA STATE CITY MUNICIPALITY BASIC BUDGET REVENUE

Cash flow basis (k EUR)	2020 actual	2021 budget	2021 actual
<b>Total revenues</b>	<b>950 171.7</b>	<b>932 362.8</b>	<b>984 831.7</b>
<b>Total tax revenues</b>	<b>727 365.5</b>	<b>669 592.3</b>	<b>722 530.3</b>
Personal income tax	617 826.0	559 362.1	610 737.0
Real estate taxes	108 089.8	109 703.1	111 298.4
int.al. real estate tax on land	45 009.9	46 580.7	45 731.3
int.al. real estate tax on buildings	39 233.1	39 857.5	41 987.9
int.al. real estate tax on housing	23 846.8	23 264.9	23 579.2
Other tax revenue	1 449.7	527.1	494.9
<b>Total non-tax revenues</b>	<b>15 234.4</b>	<b>22 925.6</b>	<b>27 917.6</b>
Government (municipality) fees	3 659.4	4 036.8	5 341.8
Other non-tax revenues	11 575.0	18 888.8	22 575.8
<b>Charges for paid and other own revenues</b>	<b>20 008.3</b>	<b>22 155.3</b>	<b>20 050.1</b>
<b>Transfers</b>	<b>187 563.5</b>	<b>217 689.6</b>	<b>214 333.7</b>
Transfers of public entities partially financed by State budget and institutions not financed by budget	0.4	–	3.1
State budget transfers, int.al.	179 469.6	208 397.2	205 678.5
state budget transfers received by municipalities	147 961.7	176 677.8	173 395.4
transfers received from state institutions for projects coo-financed by EU policies' instruments and other foreign financial aid	31 507.9	31 719.4	32 283.1
Municipal budget transfers	8 093.5	9 292.4	8 652.1

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

Cash flow basis (k EUR)	2020 actual	2021 budget	2021 actual
<b>Total revenues</b>	<b>31.1</b>	<b>119.5</b>	<b>160.9</b>
<b>Donations and endowments from legal entities and individuals</b>	<b>30.7</b>	<b>119.5</b>	<b>52.2</b>
Donations and endowments for education	24.6	106.8	39.6
Donations and endowments for social care	3.0	9.9	9.9
Other donations from legal entities and individuals	3.1	2.8	2.7
<b>Internal municipal budget transfers between different budgets of a single municipality</b>	<b>0.4</b>	<b>-</b>	<b>108.7</b>

**RIGA MUNICIPALITY BUDGET EXPENSES**

Riga State City Municipality budget expense of 2021 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 Riga State City 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".

Providing execution of municipal autonomous functions, municipal budget programs, which regularly are providing the necessary services for inhabitants and city guests 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, as well as provision of other traditional cultural events and visits of foreign representatives and state and officials.

In 2021, the main prior directions of Riga State City Municipality's budget were social security and accessibility of social services, accessibility of preschool education and finishing the launched infrastructure projects, as well as development of new ones. Riga State City Municipality's budget revenues are allocated for provision of execution of municipal functions – expenses for operation of institutions financed from budget. int. al. municipal education, culture and sports institutions, departments and social care services, for financing city's events, for operation of city's infrastructure, for payment of services necessary for city, int. al. for execution of municipal functions in social and education spheres, nongovernmental organizations and private sector, benefits for population of moderate means, for financing investments, for co-financing of EU projects as well as subsidies for public transport. In order to reduce impact of Covid-19 crisis, Municipality continued to allocate 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.

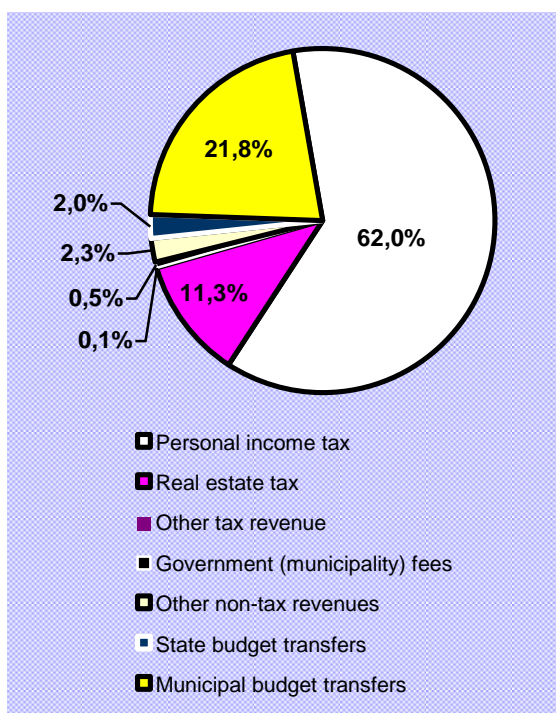
**SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY BASIC BUDGET EXPENSES**

Expenses by government function Cash flow basis (k EUR)	2020 actual	2021 budget	2021 actual
<b>Total expenses</b>	<b>955 978.7</b>	<b>1 053 465.3</b>	<b>960 199.2</b>
General governmental agencies int.al. deposits to municipal financial cohesion fund	172 220.8	147 051.9	142 991.6
Public order and security	18 519.3	20 116.8	19 105.9
Economic activity	211 929.8	264 864.6	229 194.0
Environment protection	3 599.9	8 925.1	8 258.8
Municipal territory and housing management	43 765.5	46 435.0	34 361.0
Health care	4 430.6	6 107.9	5 352.4
Recreation, culture and religion	42 281.2	43 742.5	40 371.9
Education	366 951.5	401 076.9	371 871.9
Social security	92 280.1	115 144.6	108 691.7

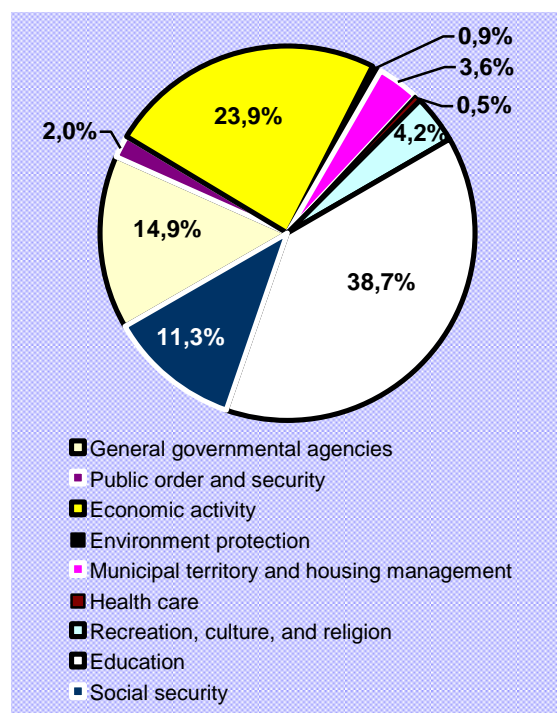
**SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY SPECIAL BUDGET EXPENSES FROM DONATIONS AND ENDOWMENTS**

Expenses by government function Cash flow basis (k EUR)	2020 actual	2021 budget	2021 actual
<b>Total expenses</b>	<b>126.5</b>	<b>318.0</b>	<b>84.6</b>
General governmental agencies	1.4	1.4	1.2
Environment protection	–	35.0	35.0
Municipal territory and housing management	3.5	–	–
Recreation, culture and religion	1.4	23.4	9.6
Education	120.2	240.4	32.2
Social security	–	17.8	6.6

**Composition of Riga Municipality basic budget revenue in 2021**



**Composition of Riga Municipality basic budget expenses in 2021**





# RIGA STATE CITY 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.

### PRESCHOOL EDUCATIONAL INSTITUTIONS

In 2021, preschool education services were available at 146 Riga State City Municipality preschool educational institutions subordinate to ECSD, 18 comprehensive schools and 1 Riga interest educational institution. Preschool education program in municipal preschool educational institutions was provided for 25 496 children in total. In 2021, 28 new preschool education groups were opened.

In 2021, Riga State City Municipality continued co-financing of private preschool educational institutions, concluded an agreement with 176 private preschool education service renderers. Riga State City Municipality continued to render co-financed baby-sitting service, which was provided on average for 855 children monthly. In 2021, Investment plan was supplemented by Riga City Council with rebuilding two buildings owned by municipality in order to create new kindergartens with 300 places.

### COMPREHENSIVE SCHOOLS

At the beginning of the school year 2019/2020, 104 Riga State City Municipality elementary and secondary comprehensive schools started work, where education programs were mastered by 68 207 students at the beginning of the school year. Cooperation with private educational institutions was continued, where 3 900 students who are city's residents. Allocated funds from municipal budget for co-financing of private educational institutions is 433 200 euro.

In 2021, 2 secondary schools were merged, 2 secondary schools, 1 comprehensive school, 1 preschool educational institution were liquidated and several educational institutions were renamed in accordance with activities of optimization of educational institutions' network.

In order to provide up-to-date and modern learning process a rapid growth of use of all kind of digital resources, tools and platforms has occurred either in learning or in administrative processes. In 2021, to improve Riga Municipality school infrastructure 64 informational screens, 330 graphics tablets, 25 3D printers and 480 desktop computers were.

### OUT-OF-SCHOOL EDUCATION AND SPORTS

In 2021, in order to provide diversity and accessibility of out-of-school and vocational education there were 8

Riga Municipality's out-of-school educational institutions, 10 vocational schools majoring in sports, 9 music and art schools working in Riga Municipality as well as out-of-school education programs were implemented in 104 comprehensive schools and 83 311 students participated in programs realized by these schools.

In 2021, open competitions of organization of sports events of various scales were announced and 73 events were supported. Support was rendered also for 16 international sports competitions. An agreement was signed with Ltd. "Hokeja akadēmija" on financial support for Ice Hockey World Championship for men event in Riga, as well as with "The Latvian Basketball Association" on financial support for U19 Basketball World Cup for youth event in Riga. An agreement was signed between Riga City Council, The Latvian Athletic Association and Ltd. "Nord Event Communications" on organization of World Athletics Road Running Championships in Riga in 2023.

ECSD supported organization of youth's leisure time, informal education and employment, providing co-financing for 153 children and youth camps organized by the Riga State City Municipality educational institutions and 53 youth camps organized by non-government and religious organizations which total number of participants reached 6 482.

In 2021, in order to provide sporting activities possibility for inhabitants during the pandemic, financial support was provided for 20 educational institutions for provision of operation of outdoor sports grounds and public accessibility, as well as for provision of security service for outdoor sports grounds of 10 educational institutions. During the winter season ski runs and equipment rental in Uzvaras Park, Lucavsala and Purvciems near Riga 84th Secondary School were publicly available to residents

In 2021, innovation conference on youth work "DIGI:tals vai tuvs?" took place. Implementation of youth non-formal education programs in the City are performed on basis of Youth centre "Kanieris" and 36 events were organized in 2021. "Kanieris" organized event dedicated to career education issues "Build by yourself". 186 hours of work on streets with youth at risk was performed in cooperation with association "Resiliences centres" in parks of Riga centre, as well as in neighborhoods of malls "Origo" and "Akropole". Agreement on cooperation in work with youth groups at risk was achieved with Riga Municipality Police, Riga City Council Welfare Department and Ltd. "Rigas Mezi".

ECSD was implementing vaccination promotion campaign among employees during several months. As a result at least 80% of employees of 179 Riga State City Municipality educational institutions were vaccinated or had Covid-19 certificate. These institutions had an opportunity to receive additional financial support from Riga Municipality. 65% of Riga State City Municipality educational institutions achieved criteria defined for campaign: 91 schools (87%), 68 kindergartens (47%), 8 music and art schools (89%), 6 out-of-school education centers (75%) and 5 sports schools (50%).

In 2021, Latvian language training courses for social integration purposes were organized, which were achieved by 942 students.

**RIGA STATE CITY MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS**

The most significant investment projects and programs:

- Development of a new preschool educational institution by means of reconstruction of building on Rupniecibas Street 21 and Slavu Street 19;
- Technical condition of four educational institutions was restored;
- Random simple renovation works were performed in buildings of three educational institutions;

- Construction of firefighting systems in 21 educational institutions;
- Construction of ventilation systems in 3 educational institutions;
- Provision of standards of hygiene in 3 preschool educational institutions.

<b>Budget expense allocated to education</b> (k EUR)	<b>2019</b> <b>actual</b>	<b>2020</b> <b>actual</b>	<b>2021</b> <b>budget</b>	<b>2021</b> <b>actual</b>
Preschool education	106 501.9	117 859.5	132 587.9	127 319.0
Elementary, comprehensive and professional education	186 651.8	200 812.2	216 197.1	196 364.9
Higher education	1.8	2.6	–	–
Education undefined by educational levels	43 280.5	43 304.5	47 251.5	43 293.8
Other education, not classified above	4 258.8	4 972.7	5 040.4	4 894.2
<b>Total basic budget expense</b>	<b>340 694.8</b>	<b>366 951.5</b>	<b>401 076.9</b>	<b>371 871.9</b>
int.al. investment	11 160.1	5 646.1	15 963.8	12 259.4

## SOCIAL SECURITY

As of 01.01.2021., a new poverty line for household income was defined by state. Early in 2021, consequently the number of the deprived persons increased rapidly. In 2021, status of the deprived persons was granted to 12 011 persons, by 77% more than in 2020. As of 01.07.2021., a new poverty line for household income was defined by Riga. As a result the number of the deprived persons increased although it didn't reached the number of 2020 by 18%.

### SOCIAL PROTECTION IN RIGA

In 2021, social help benefits were received by 21 958 persons at a sum of 12 912 618 euro, compared with 2020, when social help benefits were received by 21 941 persons at a sum of 11 714 707 euro, the increase of amount of utilized finance was 10% or 1 197 911 euro. Number of social benefit recipients is growing each year and in 2021 it has reached 27 946 persons, which are receiving 50 various services. Due to growing demand the amount of specific social services is increased, places where social services are rendered are enlarged as well new services are created.

As of 01.01.2021., united guaranteed minimum income (GMI) was defined by state. As a result, in 2021, GMI threshold decreased for pensioners and disabled persons with very low income. Wherewithal the number of GMI recipients reduced significantly among retired persons and disabled persons, but increased among persons of working age and families with children. In 2021, GMI benefit was received by 6 088 persons in total at a sum of 1 993 551 euro, what is by 17% or 887 persons more than in the previous year.

Separate calculation minimum norms of housing allowance, as well as heating and natural gas rates were increased. Although the number of housing allowance recipients increased insignificantly (from 8 370 persons in 2020 to 8 449 persons in 2021), the financing for housing allowance increased by 7% or 423 478 euro (from 5 675 202 euro in 2020 to 6 098 681 euro in 2021).

Visits and provision of social services was affected by national legislation. For example, group classes and consultations in presence were canceled or postponed due to pandemic, not all the target groups were able to receive services remotely or it was impossible due to service qualities. Clients refused to receive services because they were afraid of getting infected with Covid-19, not all the clients and social service providers met the requirement to get vaccinated, wherewith they accordingly were not allowed to render or to receive specific services, remote job provided opportunity to take care about incapable parents or persons with mental disabilities by themselves. It was difficult to predict the amount of necessary services.

Accessibility of daycare center for persons with dementia was increased significantly. Additional funds were transferred for the co-financing of 228 places for reduction of waiting list for nursing homes. New career vacancies were created in Riga social service centers. Additional funds were allocated for home-care service. Accessibility of service for children with functional disorder and their families was increased – two new social services were suggested – individualized care and supporting person service.

In 2021, research on issues of violence against women was performed. As a result the existing and necessary services for women who have suffered from violence were determined. In 2021, financing for support of victims of violence and provision of individual social rehabilitation program was found by means of budget amendments.

In 2021, several evaluations were performed – the effectiveness of social service "Video visit" as well as project "Solicitous fathers". As a result of evaluation suggestions of social service improvement were worked out. Analysis of data on social home-care service and changes in demographic situation was carried out on Riga neighborhood level and social care service prognosis was prepared, based on demographic situation and analysis of dynamics of needs for care services. Results of research and prognosis were presented in Social Affairs Committee.

**RIGA STATE CITY MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS**

**EMPLOYMENT FACILITATION ACTIVITIES**

In 2021, Riga State City Municipality continued implementation of project "Paid temporary community work" for long-term unemployed persons, 278 unemployed persons were involved in total, 5 of them found regular paid job. Implementation of project "KNOW and DO!" for not studying and unemployed youth was continued. At the close of 2021, in total 87 youth were involved in the project.

The most significant investment projects and programs:

- Provision of standards of hygiene in 3 social care centers;
- E-service "Declaration of means of subsistence" was introduced.

<b>Budget expense allocated to social security (k EUR)</b>	<b>2019 actual</b>	<b>2020 actual</b>	<b>2021 budget</b>	<b>2021 actual</b>
Social security in case of inability to work	6 745.9	6 742.4	9 619.3	8 628.9
Assistance to elderly people	11 584.7	13 407.4	16 699.0	15 425.2
Assistance to families with children	10 313.6	10 791.5	13 037.2	12 245.8
Assistance in unemployment case	415.4	489.4	585.2	334.6
Housing allowance	11 231.9	11 233.6	15 651.2	13 521.4
Other support for socially repudiated persons not classified above	55 317.7	47 531.0	56 985.8	56 101.7
Other social care not classified above	1 813.6	2 084.8	2 566.9	2 434.1
<b>Total basic budget expense</b>	<b>97 422.8</b>	<b>92 280.1</b>	<b>115 144.6</b>	<b>108 691.7</b>
int.al. investment	10 149.0	2 065.3	1 381.3	826.3

**HEALTH CARE**

Municipality's approach to society's health and diseases prevention processes has changed under effect of Covid-19 pandemics, by adapting to epidemiological safety measures, int. al. transition to remotely conducted health promotion and educational and classes. In 2021, social health strategy "Healthy residents of Riga – in healthy Riga 2012-2021" approved by Riga City Council in 2012 was completed and a new social health policy planning document 2022-2027 was started. Social health policy planning document developed in 2021 is based on goals and tasks set by "Riga City development program 2022-2027". It is planned to submit it to public discussion and to approval in Riga City Council in 2022. In 2021, Welfare Department did intense work in social health sphere in order to promote inhabitant's health skills, as well as strengthening its physical and psycho emotional health, enabling society's stability.

478 interactive and educating classes were conducted, int. al. 240 discussions on prevention of contagious diseases and development of life skills, addiction prevention, stress and other issues, where participated more than 6 000 students. 10 informative educational seminars for 255 specialists were conducted, parents of Riga's children and youth were educated on various children's health issues.

In 2021, implementation of ESF project "We are for healthy Riga!" was continued. More than 6 631 activities in-person or on-line were conducted in various Riga neighborhoods where participated more than 79 400 inhabitants, attending such activities as: water gymnastics classes 54+, Nordic walking, gymnastics, chi gung classes etc.

In order to prevent inhabitants from potential health risks and to promote reduction of HIV, type C and B hepatitis 495 psychologist consultations, 606 social worker consultations were rendered, 948 persons received HIV specialist consultations, 896 HIV tests were done, 627 264 syringes were handed out, 26 704 condoms were handed out.

In 2021, Riga State 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.

Continuing the work online, in 2021, 6 online lectures were held for residents on various health-promoting topics, incl. educational lectures on men's health on the Facebook account "Healthy Rigan – in healthy Riga" (number of views 6 266).

In 2021, 1 800 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.

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 3 992 inhabitants. In three Health rooms provided by "The Latvian Red Cross" there also are HIV prevention points.

The most significant investment projects and programs:

- Building 17. of Riga Municipality Ltd. "Riga 1<sup>st</sup> hospital" was renewed and developed surgery block on Bruninieku Street 5;
- Engineer networks of Riga Municipality Ltd. "Riga 2<sup>nd</sup> hospital" were renewed.

**RIGA STATE CITY MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS**

<b>Budget expenses allocated to health care (k EUR)</b>	<b>2019 actual</b>	<b>2020 actual</b>	<b>2021 budget</b>	<b>2021 actual</b>
Operation and services of ambulatory medical institutions, and public health-care agency services	3.6	3.5	5.7	3.5
Hospital services. Health-care services for mother and child	3 287.7	1 102.8	1 476.1	1 374.8
Services provided by social health care services	2 892.9	3 324.3	4 626.1	3 974.1
<b>Total basic budget expense</b>	<b>6 184.2</b>	<b>4 430.6</b>	<b>6 107.9</b>	<b>5 352.4</b>
int.al. investment	3 287.7	1 032.8	1 476.1	1 374.8

## **MUNICIPAL TERRITORY AND HOUSING MANAGEMENT**

In 2021, financing of 241 447 euro were utilized within Riga State City Municipality budget program "Management of residential and nonresidential accommodations owned by Riga State 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 2021, Riga State City Municipality co-financing for connecting private property to centralized sewerage and water supply system was allocated to 280 real estate owners at a sum of 363 979 euro and 303 owners received co-financing at a sum of 399 421 euro, co-financing was rejected for 16 real estate owners.

In 2021, 872 applications from legal and physical entities were reviewed in Riga State city heat supply issues committee on establishing alternative heating system:

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

In 2021, 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 State City Municipality. Amount of compensation was 757 636 euro.

2 166 persons/families (252 lodgers of denationalized buildings) for receiving support on solving housing issues were recorded. In 2021, 307 residential apartments were rented out based on decisions made by Riga City Council Commission of rental apartments.

Methodic support for the apartment owners was continued on transferring administration rights of the privatized residential buildings. Personnel of management administration took part in 36 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 2021, with support of Management directorate 143 residential apartments being in possession of Municipality were transferred to apartment owners. 36 contracts of authorization of management were concluded on management of unprivatized parts of residential buildings.

31 new rental agreements were concluded on application of Riga State 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 State City Municipality housing are not fulfilling rental agreement obligations, resulting in accumulation of arrears of rent and paid services, in 2021, committee for evaluation of lodgers' arrears examined 47 cases concerning necessity of payment of lodgers of Riga State City Municipality's housing and repayment of debt was done for a total sum of 30 457 euro.

The most significant investment projects and programs:

- Improved administrative building on Eduards Smilgis Street 46;
- Improvement activities of energy efficiency of buildings;
- Renovation of building and territory improvement works on Ojara Vaciesa Street 2 was continued;
- Digitalization of Plavnieki, Jaunciems and Bolderaja cemeteries was continued.

**RIGA STATE CITY MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS**

<b>Budget expenses allocated to municipality territory management and housing facilities (k EUR)</b>	<b>2019 actual</b>	<b>2020 actual</b>	<b>2021 budget</b>	<b>2021 actual</b>
Street illumination	7 501.7	7 432.6	8 300.8	7 522.3
Other activities concerning municipality territory management and housing facilities not classified above	21 898.5	36 332.9	38 134.2	26 838.7
<b>Total basic budget expense</b>	<b>29 400.2</b>	<b>43 765.5</b>	<b>46 435.0</b>	<b>34 361.0</b>
int.al. investment	19.5	14 003.5	3 308.8	758.5

## ENVIRONMENTAL PROTECTION

Riga State city can be proud of great number of various overground water objects, 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 2021, following projects were implemented:

- lifting out of underwater objects were performed in aquatorium of the Riga channel;
- cleaning Riga channel from garbage;
- collection works of petroleum products in The Jugla channel.

In 2021, during the exploitation and maintenance works of water objects in Riga territory were developed project of coastal anti-erosion measures on Daugavmalas Street II sector, cleaning of Riga small water courses, cleaning of protective bars, repair works of The Jugla lake bank promenade, liquidation of dangerous trees in hydrographic network, renewal of technical equipment of amelioration system at Spilva polder, sawing of The Marupite river at Arkadija park, lifting out dangerous object – wreck of sunken barge from The Audupe river, cleaning of The Zunda channel, The Smerlupite river and its channel under Pakalniesa Street, setting up backflow barrier for channel under Visbijas Street, cleaning draining-ditches from household waste in Zolitude, Imanta, liquidation of consequences of accidents in draining-ditches and other works.

To maintain and renew Riga State City Municipality's greenery management of City's greenery was performed – upkeep of 2 067 young trees of street greeneries, planted 170 trees, upkeep of crowns of 1 858 growing trees, liquidation of damaged, dangerous and dead trees – 450 trees, sawing of poplars – 49 trees and other works. Total municipal budget financing was 936 423 euro.

In 2021, mowing of biologically valuable meadows and reed in specially protected natural territories was performed in area of 125 ha, improvement of territories, scavenging, localization of invasive species and tending of protected trees was performed within Riga State city basic budget program "Maintenance of biological diversity".

Riga State City Municipality provides control of animals' population in Riga State city according to laws and regulations of Republic of Latvia, within it catching of 501 runabout dogs and 355 cats was performed, 774 ownerless dogs and cats were housed at City's paid animal shelter. 1 296 ownerless cats were caught and sterilized, 333 cats and dogs suffered an accident were brought to veterinary hospitals from City streets, support was provided for 1 349 wild animals. Riga State 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 2021, around 33 758 one year old juvenile sanders were let into the The Jugla lake.

Air quality and noise pollution supervision is performed in Riga State city. In 2021, action program of improvement of air quality in Riga State city 2021-2025 was approved, operation of 3 air monitoring stations was provided; action plan of reduction of noise in Riga agglomeration 2017-2022 was approved; public service agreement was signed on obtaining entry data array necessary for update of interactive strategic map of noise pollution in Riga agglomeration.

<b>Budget expenses allocated to environmental protection (k EUR)</b>	<b>2019 actual</b>	<b>2020 actual</b>	<b>2021 budget</b>	<b>2021 actual</b>
Waste management	85.8	60.3	81.6	81.1
Waste-water management	103.1	100.1	233.8	221.6
Prevention and reduction of environmental pollution	144.7	120.5	534.0	517.3
Protection of biodiversity and landscape	115.1	115.5	164.7	161.1
Other expenditures related to environmental protection	2 722.5	3 203.5	7 911.0	7 277.7
<b>Total basic budget expense</b>	<b>3 171.2</b>	<b>3 599.9</b>	<b>8 925.1</b>	<b>8 258.8</b>

## 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 2021, implementation of big and large scale culture events was impossible due to epidemiologic situation therefore implementation of all the municipal and state level events was delegated to municipal cultural institutions.

In 2021, Riga summer cultural program projects were implemented by means of competition for the first time, realizing more than 160 events within 72 days in total.

Based on neighborhood principle, financing for organization of 62 various city level out-of-school educational events was allocated, 47 of them were implemented in a remote form, 15 events – on the spot. Lot of usual events could not be happen due to Covid-19 pandemic, but one of the most biggest was music and art school Winter festival "Christmas Stars".

In 2021, in separate competitions in culture sector support for contemporary art projects, which are promoting development of public open space and cultural infrastructure suggested by non-governmental organizations, was set as one of the priorities. Implementation of international and local cultural and art projects dedicated to A. Caka 120<sup>th</sup> anniversary was set as one of criteria for program of contemporary art festival "White Night".

In 2021, Riga Council decision was made, what sets reorganization of association of Riga State City Municipality cultural institutions, transferring its structural unit Cultural palace "Ziemeļblazma" to VEF Cultural palace. Change the name of VEF Cultural palace, naming it – municipal cultural institution "Northern Riga Culture Association".

In 2021, following important events were realized:

- Program with 10 projects dedicated to the 31<sup>st</sup> anniversary of Declaration on the Restoration of Independence of the Republic of Latvia;
- Program of events dedicated to Patriotic month;
- Concert dedicated to the 30<sup>th</sup> anniversary of 1991 Barricade defenders;
- Online concerts dedicated to in remembrance of Communist genocide victims;
- Contemporary art festival "White Night 2021";
- Traditional annual celebrations – Easter, Midsummer Day, Advent, Christmas and New Year and other celebration event online programs and celebrations.

## SOCIAL INTEGRATION

In social integration project competition for NGO 28 projects were supported, as well as 28 projects were supported in project competition of enabling neighborhood initiatives, participation and membership. In social integration and volunteer work project competition 17 projects were supported in Riga Council subordinate institutions, but in social integration project competition for NGO there were 11 projects supported. As one of the most significant "Traditional culture as promoter of intercultural dialogue" should be mentioned, where participated pedagogues, children and their parents from Riga preschool institution "Dzirmavinas" and Riga preschool institution "Annele".

In 2021, purchase was performed and a agreement was concluded on research "Social integration in Riga". In June of 2021, Riga inhabitants' opinion surveys took place, where inhabitants' opinion and views towards various issues concerning social integration was clarified. Research took place for the fourth time and it measures either changes of in inhabitants' opinions or tendencies. Besides opinion survey a focus group discussion was performed with participation of integration experts.

The most significant investment projects and programs:

- Finished reconstruction of Grand stage of Mezaparks 2<sup>nd</sup> section of B stage works;
- Design of outbuilding of the Latvian National Theatre on Simtgades Avenue 3.

<b>Budget expense allocated to recreation, culture and religion (k EUR)</b>	<b>2019 actual</b>	<b>2020 actual</b>	<b>2021 budget</b>	<b>2021 actual</b>
Recreational and sports events	3 718.9	4 150.0	3 738.5	3 480.7
Culture	50 108.5	37 827.0	40 000.2	36 888.9
Services of religious organizations and other associations and foundations	400.0	304.2	0.0	0.0
Other recreational, cultural, and religion-related services not classified above	–	–	3.8	2.3
<b>Total basic budget expense</b>	<b>54 227.4</b>	<b>42 281.2</b>	<b>43 742.5</b>	<b>40 371.9</b>
int.al. investment	27 652.7	16 494.9	16 591.3	16 573.5

## ECONOMIC ACTIVITY

Riga State City Municipality's public transport systems serve either for Riga inhabitants or for City's nearest area. City Municipality public transport network in Riga is well developed and provides good coverage of City's territory. In 2021 Riga State City Municipality public transport network was formed by:

- 54 bus routes with total length of 904,95 km, provided by 403 buses in the daytime;
- 13 improved service bus routes with total length of 213,13 km, provided by 171 buses in the daytime;
- 8 tram routes with total length of 101,4 km, provided by 185 trams in the daytime;
- 17 trolleybus routes with total length of 166,5 km, provided by 278 trolleybuses in the daytime.

Total length of run in transportation network was 39,03 million km.

In 2021, 74,29 million passengers were transported in Riga city public transport, which is by 15,38 million passengers (by 17%) less than a year earlier, including 2,17 million passengers transported by improved service buses, which is by 1,95 million (by 47%) passengers less than a year earlier in the corresponding period.

In 2021, 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.

During the reporting year, work on following infrastructure objects was performed:

- Reconstruction of cross-over on A. Deglava Street was completed – cross-over on A. Deglava Street 2<sup>nd</sup> stage (total construction expense – 1<sup>st</sup> stage 5 490 582,92 euro and 2<sup>nd</sup> stage 7 040 047,47 euro);
- Reconstruction of cross-over over railway near Brasa railway station (expected construction expense sum of 10 871 006,61 euro);
- Reconstruction of Island Bridge complex 2<sup>nd</sup> stage (construction expense 1 035 558,96 euro);
- Construction of cross-over over railway "Riga-Skulte" with access roads 1<sup>st</sup> stage (42 489 053,78 euro);
- Reconstruction of cross-over over K. Ulmana Avenue on Jurkalnes Street was launched – 1 003 835,36 euro;
- Renewal of street paving in four locations and other works.

In 2021, some improvements of public transport traffic net were performed, among them was closing of 3 stops, closing of 5 improved service bus routes, 1 bus route was extended, extended some last runs of 1 bus route.

In 2021, a number of improvements of public transport traffic were performed, including improvement of pedestrians' safety, reduction of maximum traffic speed, etc. activities, int. al. at least on 9 streets maximum speed was reduced, in 21 streets prohibition to stop/to stand was established, 3 temporary parking-lots were erected, 5 parking places for delivery were erected, 4 parking-lots for disabled were erected, cargo transport traffic was limited in 6 locations, 1 temporary traffic circle was erected, traffic organization was improved in 5 locations, established 58 speed humps, 5 new traffic lights objects were built, renewed 60 traffic lights and changes in signal scheme for 80 traffic lights were performed.

Other traffic organization system works done in 2021: established 61 speed humps, established 31 new unregulated pedestrian crossings, improvement of 6 existing unregulated pedestrian crossings was performed, 2 temporary pedestrian sidewalks were erected, parking-lots were moved from sidewalks to carriageway in 6 locations, bikeways established in 4 locations, established 15 bicycle stands.

In late 2021, support program Support for installation of technologies in pilot territories of smart city technologies was implemented. In cooperation with movement Vefresh and EIT Urban Mobility first mobility incubator program was accomplished, realizing 5 pilot projects in city environment.

The most significant investment projects and programs:

- Construction of East Motorway section "Ieriku Street - Vietalvas Street" 2<sup>nd</sup> stage;
- Construction of bikeway "Centrs - Ziepniekkalns";
- Reconstruction of cross-over over K. Ulmana Avenue on Jurkalnes Street;
- Construction of bikeway "Imanta - Daugavgriva";
- Development of Riga State City Municipality digital twin;
- 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.

<b>Budget expense allocated to economic activity</b> (k EUR)	<b>2019</b> <b>actual</b>	<b>2020</b> <b>actual</b>	<b>2021</b> <b>budget</b>	<b>2021</b> <b>actual</b>
Agriculture, forestry, fishery and hunting	12.7	8.6	9.1	8.8
Mining, industry and construction	5 387.5	4 728.6	3 589.5	3 364.9
Transportation	247 176.2	204 257.2	258 249.1	223 826.3
Other sectors	3 578.9	2 221.8	1 906.0	1 059.1
Other economic activity not classified above	1 099.8	713.6	1 110.9	934.9
<b>Total basic budget expense</b>	<b>257 255.1</b>	<b>211 929.8</b>	<b>264 864.6</b>	<b>229 194.0</b>
int.al. investment	9 461.6	4 235.8	26 757.9	6 506.9

## **PUBLIC ORDER AND SECURITY**

During the reporting year, Riga Municipality Police officials secured public order during 190 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 State City Municipality, meetings, street processions, sports games and recreation events and during other important mass events.

In 2021, Riga Municipality Police officials secured public order near 183 Riga State city educational institutions' complexes of buildings. 372 educating events were organized in Riga State city educational institutions; 1 741 preventive discussions were held for minors.

During the reporting year, 110 265 calls were maintained, and 9 783 applications were received. In 2021, Riga Municipality Police recorded 16 510 persons who committed administrative violations or crimes, 784 of them were wanted persons, 51 of them were juvenile persons.

By means of Riga Municipality Police video surveillance center 3 704 cases of law violation were recorded, 3 080 video records were submitted to law enforcement institutions. In 2021, RMP recorded 24 113 various administrative violations, 1 706 of them administrative violations committed by minors and 466 administrative violations against minors recorded. 53 950 decisions on administrative violation matters were made, 33 707 administrative violations protocols on violating stopping and parking regulations were issued.

In 2021, 95 968 inspections of epidemiological safety measures for arrivals and inspections of epidemiological safety measures in 22 987 public transportation vehicles were performed.

In 2021, 22 administrative violations of water traffic rules were recorded, during raids 261 illegal fishing tools were confiscated, including poaching nets at total lengths of 3 km, 165 administrative violations were recorded, and 1 poacher was detained.

In 2021, 5 swimmers were rescued, medical aid was rendered to 95 persons and 20 lost children were found. In 2021, Riga Municipality Police civil defense specialists performed rescue operations during 186 fire accidents.

In 2021, phone service of Tourism Information Center served 517 phone calls and police rendered help to 496 foreign tourists.

Information is regularly updated in Riga Municipality Police internet home page. In 2021, uploaded videos were viewed 2 500 000 times. Around 1 000 answers to inhabitants' questions were prepared in social media and home page. Riga Municipality Police Youtube account subscribers reached 7 780 persons, followers of Riga Municipality Police Facebook account – 23 648, but followers of Riga Municipality Police Twitter account – 12 387.

The most significant investment projects:

- Development of Riga State city video surveillance system.

<b>Budget expenses allocated to public order and security (k EUR)</b>	<b>2019 actual</b>	<b>2020 actual</b>	<b>2021 budget</b>	<b>2021 actual</b>
The police	18 187.5	18 490.9	20 086.7	19 094.0
Other public order and security services not classified above	1.4	28.4	30.1	11.9
<b>Total basic budget expense</b>	<b>18 188.9</b>	<b>18 519.3</b>	<b>20 116.8</b>	<b>19 105.9</b>
int.al. investment	–	302.0	703.3	324.9



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

## CORRUPTION PREVENTION

In 2021, Riga City Council Bureau of Control Centre continued provision of coordination of Riga State 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 State City Municipality institutions.

During the reporting year, Riga City Council Bureau of Control Centre reviewed applications submitted by individuals, employees of Riga City Council and legal entities on work and purchasing procedures of Riga City Council departments' and institutions' and performed 15 inspections of Riga State City Municipality institutions. Conclusions of the inspections delivered opinion and suggestions to eliminate shortages.

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

In 2021, Riga State City Municipality received 29 applications in total with whistleblowing note, 18 of them were recognized as whistleblowing reports, but 10 applications didn't comply with whistleblowing criteria and were examined or were forwarded for regular examination. Several applications were forwarded to The Corruption Prevention and Combating Bureau.

## INTERNAL AUDIT

According to the Riga City Council Audit Directorate 2021 plan of internal audit realization approved by Chairman of Riga City Council, in 2021, Riga City Council Audit Directorate performed 11 internal audits, int. al. 6 audits as internal control system evaluation audits of specific Riga Municipality institutions (2 - 4 system audits performed within each audit, 15 in total) and 5 separate system audits, which involves 14 Riga State City 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 146 suggestions were included.

In 2021, Riga City Council Audit Directorate, with a goal to verify the legality and effectiveness of utilization of Riga State City Municipality's financial resources, performed inspections of financial and economic activities of 2 Riga State City Municipality's institutions. As a result of performed audit 6 suggestions on elimination of the found offences and flaws were suggested. In 2021, Riga City Council Audit Directorate has also performed 4 inspections of financial and economic activities int. al. 1 inspection of financial and economic activities was completed in 2022 in Riga State City Municipality's enterprises and 84 suggestions on elimination of the found offences and flaws were prepared. In 2021, thematic inspections were not performed. Riga City Council Audit Directorate performs supervision of implementation of the suggested measures.

## OPERATION IMPROVEMENT

In 2021, following improvements were made:

- Changes in exchange of data between RDVIS and state register data concerning Administrative-Territorial reform;
- Riga City waste processing management system update was introduced;
- ECSD budget program "Purchase of computers", "Primary, elementary and secondary schools" and ECSD investment project "Technological provision for implementation of competency-based education and promotion of mastering STEM subjects";
- Functional updates of resource management system of Riga State City Municipality were performed;
- Functional updates of 10 RDVIS applications were performed;
- One e-service was improved;
- Service "Application for submitting declaration of means of subsistence to Riga Social Service";
- 1<sup>st</sup> stage of Riga State City Municipality Geospatial Information Publishing System was completed;
- Riga State City Municipality preference system was developed and feeding service for vulnerable groups was introduced;
- Functional updates of civic participation in budgeting site [www.balso.riga.lv](http://www.balso.riga.lv);
- 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.

## RIGA STATE CITY MUNICIPALITY PARTICIPATION IN INTERNATIONAL COOPERATION PROJECTS

In 2021, Riga State City Municipality continued cooperation with international institutions and cooperation networks, as well as cities of various countries, in areas of culture, education, sports, city planning and development, transportation and traffic, police, order and security issues, environment protection, tourism, as well as other areas.

The most significant international projects and events Riga State City Municipality's participated during 2021 in association with execution of Riga territory plan:

- Reconstruction project of Aldara Park – finished construction of 1<sup>st</sup> and 2<sup>nd</sup> stage, launched 3<sup>rd</sup> stage;
- Revitalization of Skanste territory 1<sup>st</sup> 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 2021, securing of waterfront was performed and construction was continued;
- Measures for flood protection project in Bolderaja – sewerage pumping stations were built and improvement works were performed;
- Development of construction plan of riverside promenade on Muksalas Street;
- Project "Development of multifunctional open space in Riga State city neighborhoods";
- Project "Pedestrians'/cyclists' bridge over the Kileveina ditch";
- "Reconstruction of the Karlis reservoir of the Riga City channel and improvement of public outer space related to it".

In 2021, following international cooperation projects were launched:

- Development of infrastructure objects that reduce anthropogenic load and improvement in the status of biotopes in natural park "Piejura" (Natura 2000);
- "Development of infrastructure construction projects included in Riga State City Municipality RAS transportation system greening reform";
- "Integration of European level railway infrastructure into infrastructure of Centre of Riga State City";
- "Promotion of development and accessibility of public open space of Old Riga";
- "Development of industrial quarter on Granita Street";
- "Development of Zunda channel waterside";
- "Promotion of development and accessibility of public open space of Riga Centre and Brasa neighborhood".

International cooperation projects continued in 2021:

- Protection of seashore biotopes in natural park "Piejura" (Natura 2000) (LIFE CoHaBit);
- "Promotion of UNESCO world heritage site management in Vilnius, Riga and Tallinn"
- "Platform for integrated coordination in water resource management (BSR Water)" (INTERREG);
- "Cultural planning as a method for social innovations in cities – UrbCulturalPlanning" (INTERREG);
- "Testing new storm water treatment solutions for reduction of hazardous substances and toxins inflows into the Baltic Sea (CleanStormWater)";
- "North Star Film Alliance" (INTERREG);
- "Development of resource-efficient city environment policy (EURE)";
- "Development of concept and design contest for Riga science, innovation and climate change center".

Education, Culture and Sports Department subordinate institutions are participating in development and implementation of various projects financed by EU. In 2021, Riga State City Council ECSD continued ESF projects:

- "Support for reduction of untimely breakup of studies";
- "Career support in comprehensive and vocational educational institutions";
- "Support for development of students' personal competencies".

In 2021, implementation of URBACT III, "Erasmus+", "NordPlus", "Culture" and other program projects in education, culture, youth work and social integration spheres.

In 2021, Riga State City Municipality continued cooperation with international organizations and cooperation networks:

- participation in Organization of World Cultural Heritage Cities OWHC and League of Historical Cities (LHC);
- participation in webinars organized by UNESCO world heritage centre;
- participation in OWHC virtual General Assembly and participation in regional meeting and thematic work groups;
- participation in OWHC Northwestern Europe and Northern America regional meetings;
- participation in training week "Heritage, tourism and local management" organized by commonwealth city Bordeaux (France) and "Association of famous places and towns of France";
- in 2020 and 2021, in cooperation with partners from Vilnius (Lithuania) and Tallinn (Estonia) municipalities activities of project "Promotion of UNESCO world heritage site management in Vilnius, Riga and Tallinn" were carried out in sphere of UNESCO world heritage preservation, development and management within Northern and Baltic state mobility program "Culture";
- participation in international project on activities performed by cities and achievements in adaptation to climate changes and in reduction of climate changes organized by international nongovernmental organization "Carbon Disclosure Project" (CDP) and international organization "Local Governments for Sustainability" (ICLEI);
- participation in panel organized by UN Settlement program and Sweden International Centre for local democracy;
- participation in meeting of representatives of EUROCIETIES member cities on possibilities to achieve sustainable development goals defined by UN.

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

## PROMOTION OF INHABITANTS' AWARENESS AND EDUCATION

All the most important information about City and Municipality is available on internet portals, internet social networks, published in newspapers, broadcasted on radio, TV as well as outdoor advertising and digital screens in city environment and public transport. 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 are available on Riga City Municipality's home page [www.riga.lv](http://www.riga.lv). 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 2021, 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 researches were continued in 2021 as well. Survey results as well as residents' of Riga opinion expressed in public discussions are used in further activities; they affect Riga State City Municipality decisions, as well as development and their progress.

In 2021, organization of project competitions was continued either for NGO or Riga State city Education, Culture and Sports Department subordinate institutions to support society integration, volunteer work as well as neighborhood initiatives. Implementation of 84 projects was supported in total.

In 2021, 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. Information on Riga State 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 – after reorganization – Neighborhoods Inhabitants' Centre (NIC). NIC employees receive visitors in-person, in accordance with Covid-19 restrictions, by phone or electronically. NIC 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 State City Municipality's decisions and evaluation of its performance. Cooperation with neighborhood organizations was improved. Riga City Council deputies, office-workers and representatives of nongovernmental organizations work together in Advisory Board of Social Integration Issues, Advisory Board NGO of Persons with Disability and other institutions. Cooperation was carried out with Latvian Samaritan association, The Latvian Society of the Blind, Latvian Foster Family Association, Society of participants of barricades of 1991, The Latvian Politically Persecuted Association, Latvia Fund of Communities' initiative, Riga Student Council, organization of disable people with disabilities and their friends "Apeirons", association of disabled Latvian women "Aspazija", association "The Latvian Red Cross", association "Youth Consultations", Youth and parents career informational consultation centre, Latvian Olympic Committee and various other cultural, sports, national and religious organizations.

## COOPERATION WITH PRIVATE SECTOR

Riga State 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 2021, 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.

In January 21 of 2020, civic participation events were organized in relation to cooperation memorandum signed between Riga City Council and NGO: 3 working groups in cooperation with project Rail Baltica representatives were organized to inform on progress in development of local plan and design; 1 online public discussion with a goal to inform and listen to inhabitants, NGO, Riga neighborhood organizations and other parties interested in; expressed opinions and given answers in civic participation events were published in site [www.rdpad.lv](http://www.rdpad.lv).

Work of NGO house was provided, offering opportunities to use premises and equipment for NGO informational, cultural and educational events. In 2021, NGO house on the spot and remote events was visited by 19 thousand visitors in total. 880 various non-governmental organization activities were provided.

## ACTIVITIES PLANNED FOR THE NEXT YEAR

### LAUNCHED PROJECTS THAT WILL BE CONTINUED

In 2022, work on following projects is planned to be continued:

- Construction of sports grounds and territory improvement works in Riga Secondary school No 75 on Ogres Street 9;
- Digitization of education system in order to provide good quality learning process remotely;
- Provision of technologies necessary for implementation of competency-based learning;
- Development of network structure in s of Riga City Council Education, Culture and Sports Department subordinate institutions;
- 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;
- Implementation of project of program "Development of infrastructure of society based services in Riga Sate City" in Priedenes Street 11.

### MAIN TASKS OF THE NEXT YEAR AND PLANNED COOPERATION PROJECTS

- Achievement of results defined by Action plan 2022;
- Renovation of building and territory improvement works on Ojara Vaciesa Street 2;
- Development of construction plan and launching construction of a building of new preschool educational institution on Dignajas Street;
- Launching construction of ventilation system in 6 buildings of educational institutions, as well as finishing construction of central mechanical ventilation system in 3 buildings of educational institutions;
- Reconstruction and renovation works in 4 buildings of educational institutions;
- 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;
- Renovation of interior of buildings of preschool educational institutions and territory improvement;
- Reconstruction of building of Riga Municipality Ltd. "Riga 1<sup>st</sup> hospital" on Bruninieku Street 5;
- Continuing design of outbuilding of the Latvian National Theatre on Simtgades Avenue 3.

## RIGA STATE CITY MUNICIPALITY FINANCIAL STATEMENTS 2021 (SUMMARY)

RIGA MUNICIPALITY SUMMARY BALANCE SHEET	At the beginning of the accounting period (k EUR)	At the end of the accounting period (k EUR)
<b>ASSETS</b>	<b>3 540 433.0</b>	<b>3 472 585.2</b>
<b>Non-current assets</b>	<b>3 362 589.4</b>	<b>3 282 492.6</b>
<b>Intangible assets</b>	<b>17 608.6</b>	<b>18 266.5</b>
Licenses, concessions and patents, trademarks and similar rights	5 721.6	17 810.4
Other intangible assets	183.1	155.3
Unfinished intangible assets	11 703.9	145.8
Advances for intangible assets	–	155.0
<b>Fixed assets</b>	<b>2 479 268.4</b>	<b>2 372 823.8</b>
Land and construction	1 809 454.1	1 676 797.3
Technological equipment and machinery	1 155.0	6 745.3
Other fixed assets	68 092.2	79 436.9
Construction in progress, unfinished fixed assets	50 656.4	109 718.5
State and municipal real estate property assigned for actual possession	534 424.4	487 021.2
Biological and underground assets	11 644.3	11 789.9
Long-term investments in leased assets	112.1	94.2
Advances for fixed assets	3 729.9	1 220.5
<b>Long-term financial investments</b>	<b>743 278.0</b>	<b>750 417.4</b>
Investments in equity capital of related enterprises	674 437.1	683 465.2
Investments in equity capital of associated enterprises	68 840.9	66 952.2
<b>Long-term receivables</b>	<b>1 159.1</b>	<b>770.4</b>
Other long-term receivables	1 159.1	770.4
<b>Investment property</b>	<b>121 275.3</b>	<b>140 214.5</b>
Investment property	117 339.3	132 962.3
Investment property assigned for actual possession	3 936.0	7 252.2
<b>Current assets</b>	<b>177 843.6</b>	<b>190 092.6</b>
<b>Inventory</b>	<b>17 604.9</b>	<b>18 865.4</b>
<b>Short-term receivables</b>	<b>24 352.4</b>	<b>13 962.9</b>
<b>Deferred expenses and advances for services and projects</b>	<b>5 327.4</b>	<b>3 372.5</b>
<b>Cash</b>	<b>130 558.9</b>	<b>153 891.8</b>
<b>LIABILITIES</b>	<b>3 540 433.0</b>	<b>3 472 585.2</b>
<b>Equity</b>	<b>2 671 605.9</b>	<b>2 601 246.6</b>
<b>Reserves</b>	<b>108 972.5</b>	<b>111 575.0</b>
<b>Results of the budget execution</b>	<b>2 562 633.4</b>	<b>2 489 671.6</b>
Retained results of the budget execution	2 547 969.3	2 562 633.4
Results of the budget execution in current period	14 664.1	-72 961.8
<b>Provisions</b>	<b>315.8</b>	<b>394.4</b>
<b>Liabilities</b>	<b>868 511.3</b>	<b>870 944.2</b>
<b>Non-current liabilities</b>	<b>671 154.4</b>	<b>642 378.5</b>
Long-term borrowings	527 802.0	517 501.5
Long-term liabilities to suppliers and contractors	17 830.3	15 499.1
Long-term accrued liabilities	103 216.1	87 688.9
Long-term deferred income and received advances	12 429.8	12 930.9
Other long-term liabilities	9 876.2	8 758.1
<b>Current borrowings and current portion of long-term debt</b>	<b>55 350.8</b>	<b>62 611.5</b>
<b>Current liabilities to suppliers and contractors</b>	<b>20 199.9</b>	<b>29 926.7</b>
<b>Current accrued liabilities</b>	<b>54 129.9</b>	<b>54 553.4</b>
<b>Salaries and deduction payments (excluding taxes)</b>	<b>11 449.4</b>	<b>12 036.8</b>
<b>Tax, fees and other payment liabilities</b>	<b>10 848.3</b>	<b>13 686.2</b>
<b>Other current liabilities</b>	<b>4 029.9</b>	<b>3 371.7</b>
<b>Deferred income and received advances</b>	<b>41 348.7</b>	<b>52 379.4</b>

RIGA MUNICIPALITY SUMMARY BALANCE SHEET	At the beginning of the accounting period (k EUR)	At the end of the accounting period (k EUR)
<b>OFF-BALANCE SHEET</b>		
<b>Leased assets</b>	<b>1 196.5</b>	<b>564.8</b>
<b>Off-balance sheet assets</b>	<b>13 476.6</b>	<b>16 615.5</b>
Demurrages, fines, penalties and late payment interest receivable	7 261.4	7 746.9
Actions of detinue	48.8	46.2
Other off-balance sheet assets	6 166.4	8 822.4
<b>Off-balance sheet liabilities</b>	<b>272 975.1</b>	<b>206 298.2</b>
Future liabilities according to agreements concluded on projects financed by foreign financial aid and EU policies' instruments	114 644.2	65 591.6
Future liabilities and payments according to agreements and government decisions on purchase and creation of long-term assets, except those concluded on projects financed by foreign financial aid and EU policies' instruments	100 494.4	98 137.4
Future liabilities and payments according to agreements and government decisions on purchase of widgets, except those concluded on projects financed by foreign financial aid and EU policies' instruments	–	408.2
Received and not paid invoices for advance payments	0.4	0.8
Future lease payments	0.0	0.0
Warranties issued	3 097.8	26.4
Other off-balance sheet liabilities	54 738.3	42 133.8

**RIGA STATE CITY MUNICIPALITY FINANCIAL STATEMENTS 2021 (SUMMARY)**

<b>BASIC BUDGET INCOME STATEMENT</b>	<b>2020 actual</b>	<b>2021 budget</b>	<b>2021 actual</b>
Cash flow basis	(k EUR)	(k EUR)	(k EUR)
<b>Total revenues</b>	<b>950 171.7</b>	<b>932 362.8</b>	<b>984 831.7</b>
<b>Total tax revenues</b>	<b>727 365.5</b>	<b>669 592.3</b>	<b>722 530.3</b>
Personal income tax	617 826.0	559 362.1	610 737.0
Real estate taxes	108 089.8	109 703.1	111 298.4
int.al. real estate tax on land	45 009.9	46 580.7	45 731.3
int.al. real estate tax on buildings	39 233.1	39 857.5	41 987.9
int.al. real estate tax on housing	23 846.8	23 264.9	23 579.2
Other tax revenue	1 449.7	527.1	494.9
<b>Total non-tax revenues</b>	<b>15 234.4</b>	<b>22 925.6</b>	<b>27 917.6</b>
Government (municipality) fees	3 659.4	4 036.8	5 341.8
Other non-tax revenues	11 575.0	18 888.8	22 575.8
<b>Charges for paid and other own revenues</b>	<b>20 008.3</b>	<b>22 155.3</b>	<b>20 050.1</b>
<b>Transfers</b>	<b>187 563.5</b>	<b>217 689.6</b>	<b>214 333.7</b>
Transfers of public entities partially financed by State budget and institutions not financed by budget	0.4	–	3.1
State budget transfers, int.al.	179 469.6	208 397.2	205 678.5
state budget transfers received by municipalities	147 961.7	176 677.8	173 395.4
transfers received from state institutions for projects co-financed by EU policies' instruments and other foreign financial aid	31 507.9	31 719.4	32 283.1
Municipal budget transfers	8 093.5	9 292.4	8 652.1
<b>Total expenses by government functions</b>			
<b>Total expenses</b>	<b>955 978.7</b>	<b>1 053 465.3</b>	<b>960 199.2</b>
General governmental agencies, int.al.:	172 220.8	147 051.9	142 991.6
contributions to municipal cohesion fund	66 747.1	42 533.7	46 787.0
Public order and security	18 519.3	20 116.8	19 105.9
Economic activity	211 929.8	264 864.6	229 194.0
Environmental protection	3 599.9	8 925.1	8 258.8
Territory and housing management	43 765.5	46 435.0	34 361.0
Health care	4 430.6	6 107.9	5 352.4
Recreation, culture, and religion	42 281.2	43 742.5	40 371.9
Education	366 951.5	401 076.9	371 871.9
Social security	92 280.1	115 144.6	108 691.7
<b>INCOME STATEMENT ON DONATIONS AND ENDOWMENTS</b>			
Cash flow basis	(k EUR)	(k EUR)	(k EUR)
<b>Total revenues</b>	<b>31.1</b>	<b>119.5</b>	<b>160.9</b>
<b>Donations and endowments from legal entities and individuals</b>	<b>30.7</b>	<b>119.5</b>	<b>52.2</b>
Donations and endowments for education	24.6	106.8	39.6
Donations and endowments for social care	3.0	9.9	9.9
Other donations from legal entities and individuals	3.1	2.8	2.7
<b>Internal municipal budget transfers between different budgets of a single municipality</b>	<b>0.4</b>	<b>–</b>	<b>108.7</b>
<b>Total expenses by government functions</b>			
<b>Total expenses</b>	<b>126.5</b>	<b>318.0</b>	<b>84.6</b>
General governmental agencies	1.4	1.4	1.2
Environmental protection	–	35.0	35.0
Territory and housing management	3.5	–	–
Recreation, culture, and religion	1.4	23.4	9.6
Education	120.2	240.4	32.2
Social security	–	17.8	6.6

## EXPLANATION OF BASIS OF PREPARATION OF SUMMARY FINANCIAL STATEMENTS 2021

This financial statements summary including Riga State City Municipality's summary balance sheet as of 31 December 2021, basic budget income statement for 2021 (cash flow basis) and income statement of donations and endowments (cash flow basis) for 2021 are prepared on the basis of audited Riga State City Municipality financial statement, based on following principles:

- Balance sheet is presented identical to the included in audited statements of Riga State City Municipality 2021 (k EUR) (Form No 1);
- Basic budget income statements on cash flow basis are prepared based on information included in Riga State City Municipality statement 2021 (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 934 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 State City Municipality statement 2021 (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 934 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 State City Municipality's financial statements 2021 is available at the State treasury's home page from 1 July 2022.



# INDEPENDENT AUDITOR'S REPORT ON RIGA STATE CITY MUNICIPALITY FINANCIAL STATEMENTS 2021

## INDEPENDENT AUDITOR'S REPORT

To Riga City Council:

### **Our opinion**

In our opinion, the financial statements give a true and fair view of the financial position of Riga State City Municipality (the "Municipality") as at 31 December 2021, and of the Municipality's financial performance and cash flows for the year ended 31 December 2021 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 2021,
- the statement of financial results for the year ended 31 December 2021,
- the statement of changes in equity for the year ended 31 December 2021,
- the cash flow statement for the year ended 31 December 2021, and
- 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 system e-Parskati section Documents "1. Management Report",
- the Explanation on the Budget Execution Report as set out in system e-Parskati section Documents "5. Explanation on the Budget Execution Report",
- the Budget Execution Report as set out in system e-Parskati section Budget execution – Budget execution reports, 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  
29 April 2022

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