

# Riga State City Municipality Annual Report 2023



RIGA



APPROVED

with Riga State City Council decision  
of ..... No. ....



Riga, 2024

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# THE CHAIRMAN OF THE RIGA COUNCIL INTRODUCTION TO THE PUBLIC REPORT 2023

During the reporting year, work of Riga State City Municipality was affected by economical and financial situation, with inflationary pressures on energy and other prices gradually easing, interest rates stabilizing and average wages continuing to increase by 12% compared to the previous year. Wage growth facilitated execution of the largest revenue source of the municipal budget –, revenue from personal income tax reaching 797,6 million euro, by 45,6 million euro more than planned. Real estate tax revenue also exceeded the plan by 4,6 million euro, reaching 117,2 million euro. In 2023, total Riga State City Municipality basic budget revenue according to cash flow basis, was 1 285,4 million euro, exceeding the previous year's level by 123,7 million euro.

As in previous years, in 2023, the largest share of expenditure of the municipal budget was allocated to education – 468,4 million euro (36% from the total budget expenditure). The second largest sector of expenditure of the municipal budget during the reporting year was economic activity, which accounted 318,7 million euro (24% from the total budget expenditure).

During the reporting year, in order to speed up improvements of municipal infrastructure, especially transport infrastructure municipality significantly increased spending on capital expenditure by 46,1% to 179,8 million euro – the highest nominal amount of the previous ten years. During the reporting year, capital investments for financing EU Fund projects reached 65,6 million euro, by 83,8% more than in the previous year, municipality successfully completed the implementation of several major infrastructure projects of the previous EU planning period, such as construction of cross-over and off-ramp of Island Bridge complex 2<sup>nd</sup> stage, cross-over over railway “Riga-Skulte” with access roads, East Motorway section “Ieriku Street - Vietalvas Street”.

Over-execution of the revenue plan and the under-execution of expenditure of municipal budget resulted in reduction of the budget deficit from the planned 195,6 million euro to 31,3 million euro. In 2023, Riga State City Municipality continued fulfilling essential municipal budget criteria, exceeding municipal revenue over operating expenses by 148,5 million euro (13,1%).

In order to ensure the stability of the financial situation, Municipality implemented "Municipality's loans, guarantees and other long-term debt management strategy for 2023-2027", by fulfilling all the criteria defined by liabilities portfolio management. The total principal amount of long-term debt, at the end of 2023, was 43,0% from revenue, being within the 100% limit set by the strategy thus maintaining the Municipality's capacity to borrow for development projects.

In 2023, the Municipality implemented a long-term risk management policy by balancing the share of floating and fixed rates in the Municipality's borrowing portfolio, so that the rise in interest rates in financial markets had a relatively minimal impact on the Municipality's debt payments during the year, what allowed Municipality to maintain new borrowing capacity within its borrowing limit.

During the reporting year, Riga State City Municipality financial and budgetary policies continued to be assessed by the international credit rating agency “Standard & Poor's”. In October 2023, the agency reaffirmed its Riga rating at “A” level and with stable development perspective.

The reporting year showed that the Municipality's financial and budgetary stability, as well as management of its long-term liability portfolio and sufficient cash balances, achieved by successful operations, ensured sustainability in a changing economic and financial environment.

The main risks of the municipal budget revenue are related to the distribution of functions and corresponding financial flows between the state and municipalities, as well as changes in the system of financial equalization of municipalities, which may significantly affect the resources available for municipality to perform its functions in the coming budget years. Riga State City Municipality has an opinion that it is necessary to review State and municipalities' financial distribution policy and which would ensure the stability for local government budget revenues in the medium term.

The main risks of the municipal budget expenditure are wage pressures, taking into account the ratio of the average wage level of municipal employees to the average wage level in the public sector, as well as taking into account situation in labor market, where no increase in the number of employees is foreseen. There is also a risk of increased expenditure due to the potential cost of infrastructure projects implemented by the municipality.

The renewal of the city's transport infrastructure using EU funds and municipal investment resources remains an important challenge for Riga State City Municipality. Situation of the city's transport infrastructure requires immediate and substantial investment in the repair and improvement of existing infrastructure, as well as in the construction of new facilities. Although Municipality plans to expand its external financial resources in the coming years, development possibilities could be affected by overall situation with distribution of Municipality's borrowing limits and restrictions.

In the reporting year, Riga State City Municipality, its structural units and subordinate institutions implemented the financial policy, ensuring the necessary financing for the execution of the basic municipal functions and the coverage of the municipality's debts, as well as for the implementation of development projects.

**V. Kirsis**

Chairman of the Riga State City Council

# ECONOMIC DESCRIPTION OF RIGA STATE CITY MUNICIPALITY

## RIGA POPULATION

### POPULATION

At the beginning of 2024, according to data of The Office of Citizenship and Migration Affairs 674,5 thousand inhabitants lived in Riga, decreasing by 4,6 thousand per year (by 0,7%). The population of the capital has been permanently decreasing since 2017, this tendency was changed only in 2022 by settling of Ukrainian refugees in the city.

The Ukrainian refugee factor also determined the positive balance of migration in Riga in 2022, when it reached 14,3 people per 1 000 population, average in State – 11,7 people per 1 000 population. The natural decrease of the population as a result of fertility and mortality trends in Riga in 2022 was still negative – 8,2 people per 1 000 population.

There were 378,2 thousand working age inhabitants in Riga State City at the beginning of the reporting year, by 3 thousand more than in the previous year. Proportion of this group from all inhabitants remained at 62% level. The number of children and youth (inhabitants below working age) was 92,4 thousand, remaining the same within a year. At the beginning of the reporting year, the number of inhabitants above working age was 138,8 thousand (22,8% from all the inhabitants) in Riga, increasing by 0,7 thousand within a year.

During the reporting year, the average age of the population in Riga was 42 years, similar to the State average.

### ETHNICAL COMPOSITIONS

Ethnical composition of Riga State City inhabitants hasn't changed significantly during the recent years. In 2023, largest nationalities were Latvians – 47% and Russians – 35%. The number of Ukrainians has increased from 3,5% to 4,9% of the city's population due to refugee immigration.

### EMPLOYMENT

In 2023, the number of employed in Riga was 307,3 thousand, increasing by 3,4 thousand within a year.

During the reporting year, the greatest decrease of the employed was in trade, catering industry and housing – by 6,4%, in State administration by 5,9%, in construction by 2,2%, but in transportation and ICT services it increased by 4,6%.

### UNEMPLOYMENT

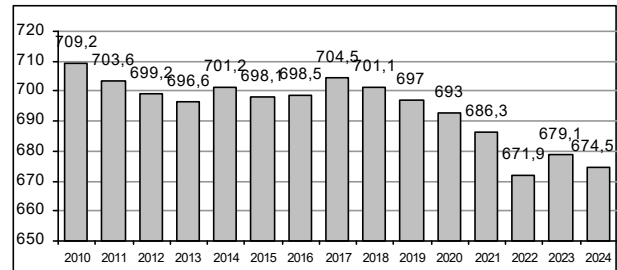
In 2023, the number of unemployed decreased by 0,3 thousand. There were 12,5 thousand unemployed in the city at the end of the year (4,2% from economically active city inhabitants). In total the unemployment rate was 5,7% in State at the end of 2023.

### WAGE

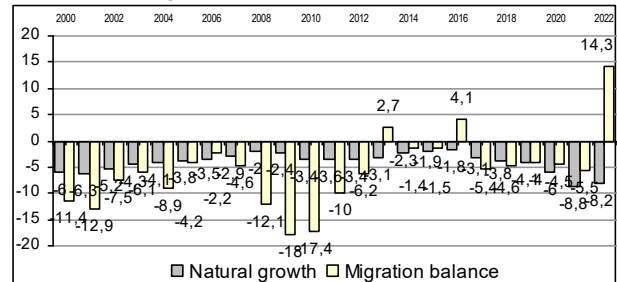
During the reporting year, wage continued to increase in Riga. The average monthly gross wage in Riga reached 1 706 euro, increasing by 11,1% compared with the previous year. Unlike the previous year, growth of wage was faster in the public sector – by 11,6%, in the private sector it increased by 10,9%.

Average wage of employees in public sector was still higher by 4,7% than in private sector in Riga.

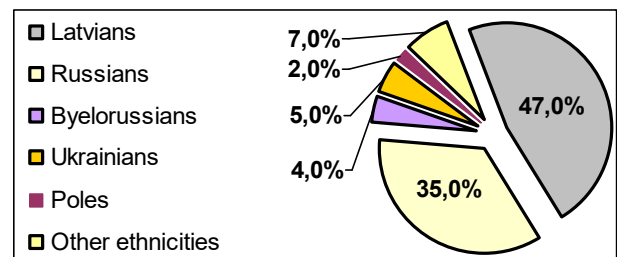
The number of Riga inhabitants (according to OCMA, k people)



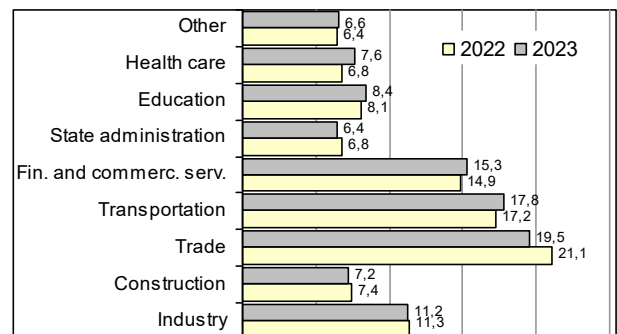
Effect of natural growth and migration on the number of Riga inhabitants (people on k inhabitants)



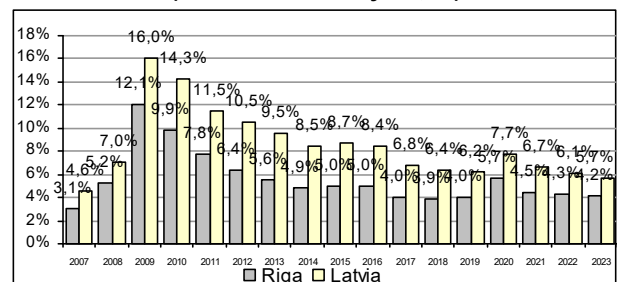
Ethnical composition of Riga inhabitants (at the end of 2023, %)



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



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



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

During the reporting year, average wage in Riga was higher by 10% than in the country on average. In 2023, the average growth of wage in Riga's economy was 10% - 12%. The most rapid growth of wage in Riga was in state administration by – 15,3%, but the lowest was in health care sector where it increased by 4,2%.

Highest gross wage level in Riga still was in financial sector exceeding the city's average level by 58%, but the lowest – in education sector where it was 78% below the average level.

**ECONOMIC DESCRIPTION OF RIGA STATE CITY MUNICIPALITY**

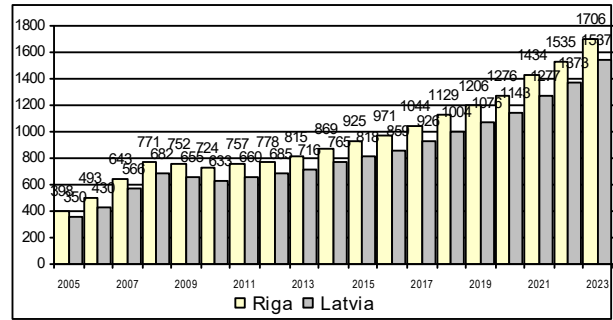
In 2023, Riga's economic development was affected by the overall economic and financial situation in Latvia, with inflationary pressures on energy and other prices gradually easing, interest rates stabilizing and average wage growth remaining at a relatively high 12%. In 2023, gross domestic product decreased by 0,3% in Latvia. The biggest rise of economic activity was in the construction sector – by 18,6%, driven by the completion of several major transport infrastructure projects in Riga, but drop was in transportation sector – by 7,8%, in processing industry economic activity reduced by 5,2% compared with the previous year.

The biggest proportion in Riga economic structure by value added has trade (retail sales and wholesale sales) sector – 13,7%. Professional scientific and technical services, administrative services – 12,7%, information and communication services – 11,5%, real estate operations – 9,7%. Proportion of construction sector increased from 5% to 6%, as well as finance and insurance sector – from 5,1% to 6,3% compared with 2022. Proportion of value added created in Riga comprises around 53% from the total value added in the State according to the newest available data, however the proportion in particular sectors is even higher, for example in information and communication services – 88%, in finance and insurance – 85%, however in processing industry it is just 35% and in construction sector – 54% from value added in this sector in State.

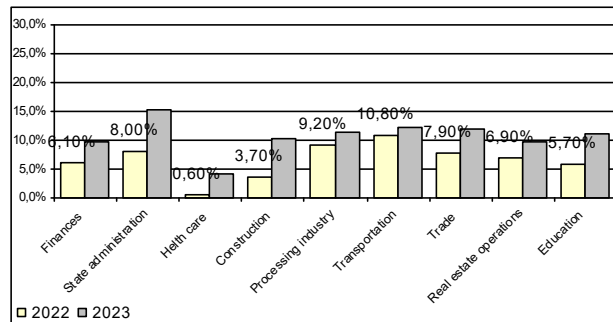
**TRANSPORTATION AND COMMUNICATIONS**  
**RIGA PORT**

During the reporting year, significant decrease of cargo turnover was observed – for 19,6%, int. al. cargo turnover in Riga port decreased by 20,1% in 2023 compared with the previous year. In 2023, turnover of received cargo in Riga port decreased by 17,7%, turnover of sent cargo by 21,1%. However the proportion of turnover of received cargo from the total cargo turnover in Riga port increased from 10% in 2015 to 32% in 2023. In 2023, the share of Riga port in the total Latvia port turnover was 49%.

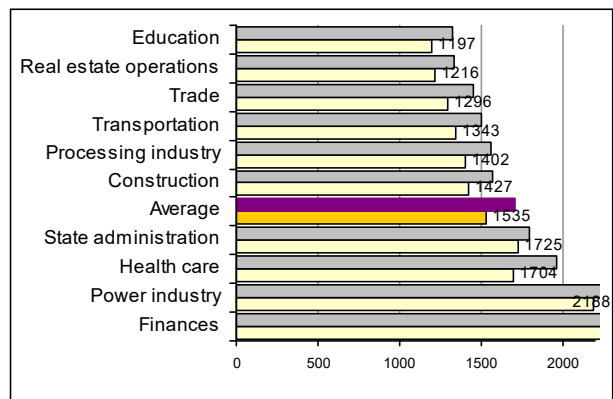
**Monthly average gross wage in Riga 2005 – 2023 (in euro)**



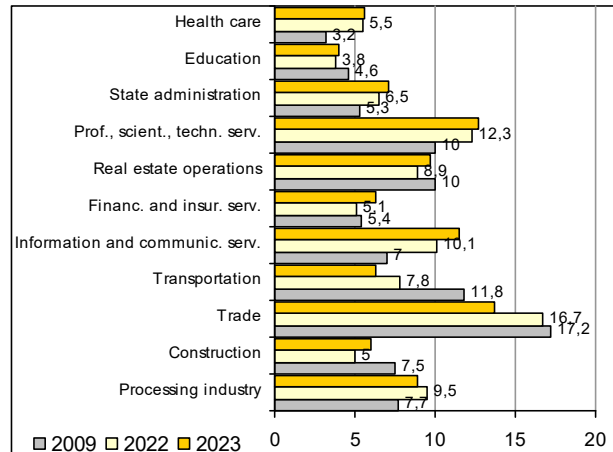
**Monthly average gross wage in Riga by sectors (in percent compared with the previous year)**



**Monthly average gross wage in Riga (by sectors, in euro)**



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



In 2023, the biggest proportion in Riga port was cargo containers – 25,6% which amount increased by 11% within a year. Grain and grain products – 17,4%, which amount increased by 23%, timber – 12,4%, which amount decreased by 12%.

**AIRPORT**

Riga International Airport is not located in capital's administrative territory, yet it plays significant role in urban economics, in particular in the fields of tourism and transport. In 2023, turnover of serviced passengers in Riga Airport increased by 23% compared with the previous year, however it was by 15% lower than the pre-crisis highest result in 2019.

During the reporting year, amount of shipped and received cargo was 19,1 thousand tons, by 9% less than in the previous year and just 36% from the maximum of the amount of shipped cargo, that was reached in 2013.

**PUBLIC TRANSPORTATION**

In 2023, 114,7 million passengers were transported in Riga public transportation (bus, tram, trolleybus), by 21,5 million (by 23%) more than in the previous year, however it still was by 15% less than the amount of transported passengers before Covid-19 crisis.

In 2023, 94% 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 6 tram, 22 trolleybus and 54 city bus routes. In 2023, the total length of the City's transportation network was 1 157,5 kilometers. In 2023, the total length of Riga's transportation network was 34,7 million kilometers, by 3% less than in the previous year.

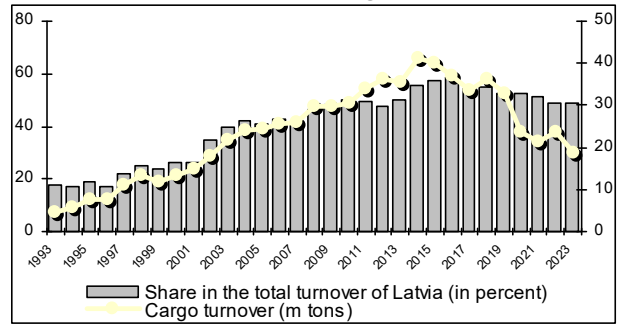
**TOURISM**

During the reporting year, growth of served tourists continued, increasing by 194,1 thousand (by 18%). The number of serviced tourists in Riga increased by 176,6 thousand (by 22%). 79% from all the serviced tourists in Riga were foreign tourists, however the number of serviced tourists was less by around half a million from the maximum number in 2018. During the reporting year, the number of the tourists' lodgings increased by 11, reaching 104 lodgings at the end of the year, the number of accommodations increased by 459 reaching 7 184 accommodations (around 43% from the entire number of accommodations in state).

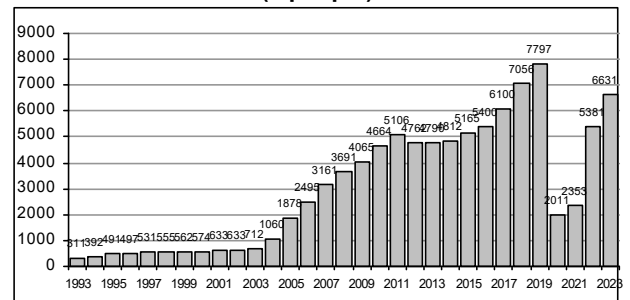
**CONSTRUCTION**

In 2023, the space of commissioned new-built dwelling houses in Riga was 102,7 thousand square meters, decreasing by 29,9% compared with the previous year. In 2023, the proportion of built dwelling houses in Riga decreased to 27% of the state overall result. The space of commissioned single apartment dwelling houses in Riga decreased by 43,3% and was 14,4 thousand square meters (14% from the total).

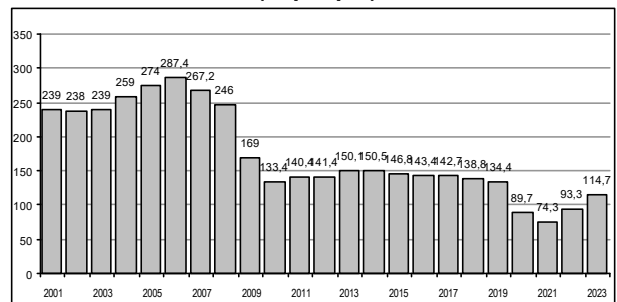
**Operation of Riga port**



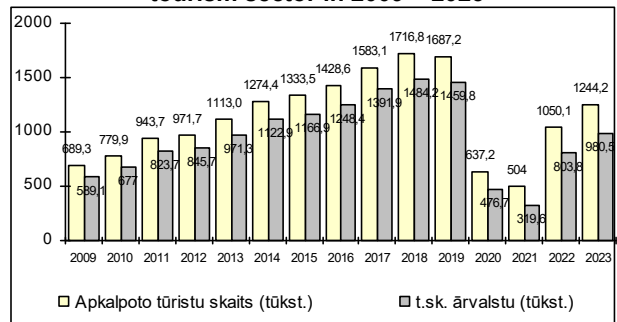
**Riga International Airport: passenger turnover (k people)**



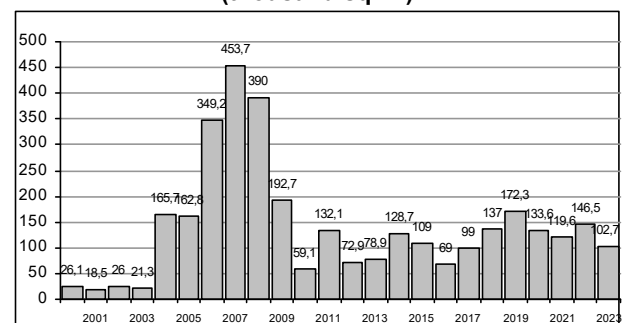
**Passenger carriage in Riga public transportation (m people)**



**Characteristics of development of Riga State City tourism sector in 2009 – 2023**



**Dwelling houses constructed in Riga 2000 – 2023 (thousand sq. m)**



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

Riga State City Municipality institutional system and work organization are defined by binding regulations “Riga State City Municipality regulations” Riga Council regulations “Central Administration of Riga State City Municipality regulations” and Riga Council internal rules “Riga State City Municipality Rules of Procedure”.

Operation of Riga Council is provided by Chairman of City Council, his deputies, Riga City Executive director, his deputies, as well as officials of municipal administration according to administration structure of municipality. Riga State City Council forms subordinate municipal administration, determining its organizational structure and competence, which consists of Central Administration, Neighborhoods Inhabitants’ Centre Municipality’s departments, their subordinate institutions, municipal agencies and municipal administration’s special status institutions.

Implementation of Municipal functions is organized by Riga State City Municipality departments of the respective sectors:

- o Riga State City Municipality Finance Department – leading institution in management of municipal financial resources;
- o Riga State City Municipality Property Department – leading institution in management of municipal real estate property and in arrangement of buildings that degrade environment in municipal territory;
- o Riga State City Municipality Education, Culture and Sports Department – leading institution in implementation of municipal policy in education, culture and sports sectors and work with youth;
- o Riga State City Municipality Housing and Environment Department – leading institution in implementation of municipal policy in provision of power supply, water supply and sewerage services, operation of land amelioration system, environment protection, cemetery management and administration of municipal residential buildings and living accommodation;
- o Riga State City Municipality Welfare Department – leading institution in, within the framework of competence defined for municipality, social services, social help and health care sphere;
- o Riga State City Municipality City Development Department – leading institution in Riga development and territory planning sphere;
- o Riga State City Municipality Spatial Planning and Mobility Department – leading institution in traffic infrastructure and transportation sphere.

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

- o Organizes water supply, heat supply and waste management services;
- o Provides support on housing issues, as well as promotes the creation, maintenance and modernization of housing stock;
- o Provides improvement and sanitary cleanliness of Municipality’s administrative territory, as well as defines requirements for the maintenance of territories and buildings;
- o Provides access to pre-school, primary and general secondary education, vocational education, interest education and adult education
- o Provides diversity and accessibility of City’s cultural events, as well as provides preservation of cultural

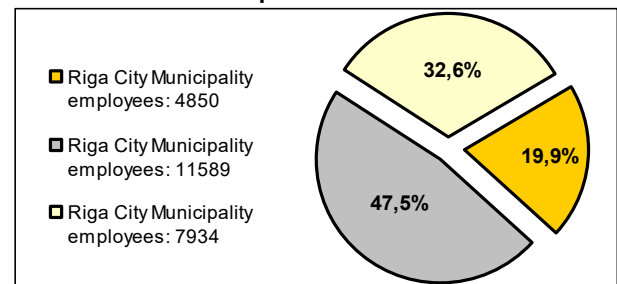
values and cultural heritage and promotes preservation of the traditional cultural heritage and provides support for cultural events;

- o Implements protection of children rights, provides protection of rights and interests of children under guardianship;
- o Provides accessibility of health care and promotes healthy lifestyle among inhabitants, promotes development of sports, provides support for organization of sports events, performs work with youth;
- o Provides support for social issues and access to social assistance and services;
- o Promotes economic activity in the Municipality’s administrative territory, issue permits and licenses for commercial activities, register civil status acts;
- o Take part in provision of public order and security, performs activities in civil defense and disaster management, fire safety and fire-fighting;
- o Defines land use and construction in accordance with Municipality’s territory plan, provides the rule of law of the administrative process of construction;
- o Promotes the sustainable management and operation of natural capital as well as determines the use of municipal property held for public use;
- o Organizes maintenance, designing and construction of transport infrastructure objects, provides public transportation services and realizes maintenance of transport infrastructure.

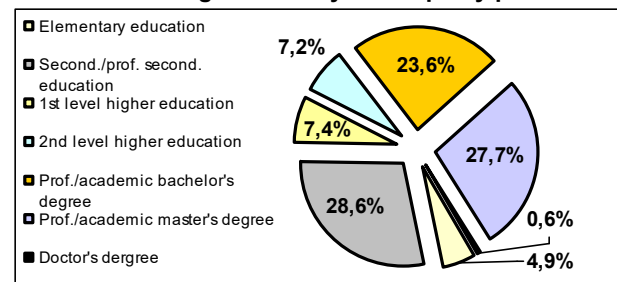
In 2023, actual availability of employees in Riga State City Municipality was 24 373, int. al. 11 589 pedagogues and 7 934 technical staff of institutions subordinate to Riga State City Municipality ECSD.

In 2023, (except pedagogues and technical staff of institutions subordinate to Riga State City Municipality ECSD) there were 739 employees recruited and labor relations were terminated with 750 employees. During the reporting year 2 286 pedagogues and 2 500 technical staff were recruited and labor relations were terminated with 2 439 pedagogues and 2 570 technical staff.

**Distribution of Riga State City Municipality personnel**

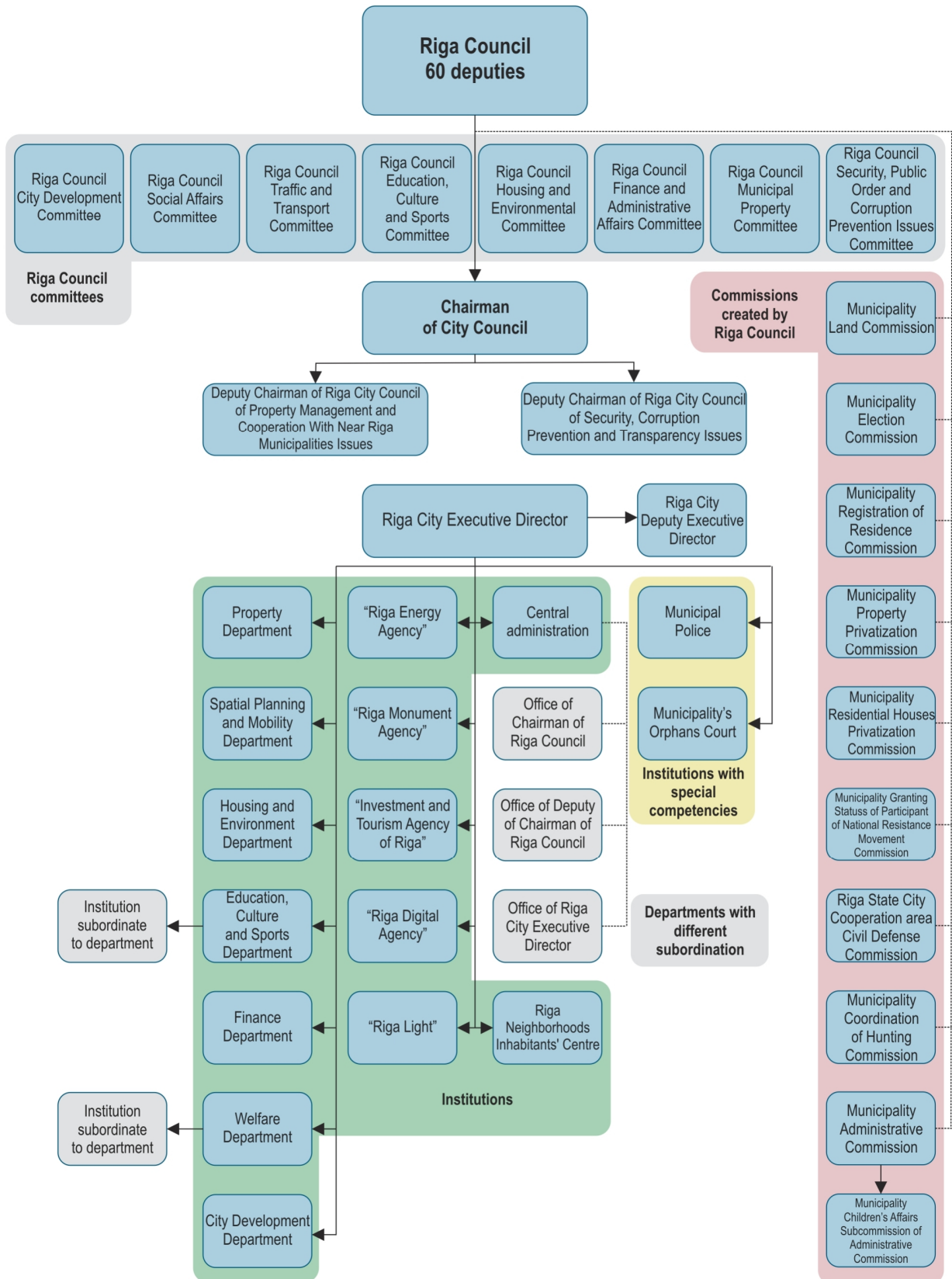


**Education of Riga State City Municipality personnel**





ADMINISTRATION STRUCTURE OF RIGA STATE CITY MUNICIPALITY<sup>1</sup>



<sup>1</sup> Since 30 August 2023

## RIGA STATE CITY MUNICIPALITY PROPERTY STATE

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

At the end of 2023, the net book value of Riga State City Municipality fixed assets was 2 451,8 million euro, increase by 34,8 million euro within the year. The total value of Municipality's assets, including other kind items of the balance sheet comprised 3 603,5 million euro at the end of 2023.

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

At the end of 2023, Riga State City Municipality long-term investment in equity of related and associates was 791,9 million euro.

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

At the end of 2023, long-term investments in equity of subsidiaries was 717,9 million euro, decreasing by 310,939 thousand euro within a year but long-term investments in equity of associates was 73,9 million euro, increasing by 3,8 million euro within a year.

At the end of the reporting year Riga State City Municipality's balance sheet contains investments accounted for using the equity method. 10 of these investments are into the equity of subsidiaries with 100% ownership by Riga State City Municipality, 1 investment into the equity of enterprise with more than 50% ownership by Riga State City Municipality (Ltd. "Getlini EKO" – 97,7%) and 1 investment into the equity capital of enterprise with more than 50% ownership by Riga State City Municipality (Ltd. "Getlini EKO" – 97,7%) and investment into the equity capital of associate with less than 50% ownership by Riga State City Municipality (JSC "Rigas siltums" – 48,9999%).

By end of 2023, material investment in equity share capital enterprise was reflected in Riga State City Municipality balance sheet for the total sum of 403 680 euro.

### CHARACTERISTICS OF RIGA STATE CITY MUNICIPALITY REAL ESTATE

To ensure execution of Riga Municipality's autonomous functions, in 2023 Riga State City Municipality obtained real estate properties to implement traffic infrastructure construction projects. 32 new real estate property lease agreements were managed and concluded (333 were managed in total) with third parties in order to execute Municipality's functions.

In 2023, evaluation and selling of Municipality's real estate properties that are not necessary for execution of Municipality's autonomous functions was performed. 147 sales agreements of Riga State City Municipality's real estate property were concluded. 36 public sales were announced which resulted in selling of 15 real estate properties. At the end of the reporting year, there were 4 856 valid lease agreements on real estate property rent.

In 2023, Riga State City Council Property Department continued first registration of municipal real estate properties in Land Register, as a result of it 169 land lots with total area of 120,84 ha and total assessed value of real estate of 1,54 million euro, 6 buildings with total assessed value of 25 376 euro, 2 land lots and 12 apartments, which were taken over from State were registered in Land Register. 14 real estate properties (land and buildings) were registered in Land Register as a result of division, merging or reorganization of borders of properties with total area of 22,92 ha and total assessed value of real estate of 7,18 million euro. Amendments for 36 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.

More than 204 cadastral objects have been updated in the State real estate cadastre information system. Amendments were made to 616 Land Register sections of municipal real estate property concerning privatized municipality's residential buildings.

242 certificates were issued on permission to obtain or maintain property rights on land lots.

## EXECUTION OF TERRITORY DEVELOPMENT PLAN

Following work was performed during development of new Riga territory plan (RTP) in 2023:

- o Informative seminar for architects and real estate developers was organized in cooperation with The Latvian Association of Architects with the aim to facilitate the application of planning in professional activities;
- o Information about the RTP, including materials in Latvian and English, is published on the website of the City Development Department [www.rdpad.lv](http://www.rdpad.lv) in an easy-to-understand format for the public;
- o The municipality's opinion in the initiated case on recognizing paragraph 6.8 of the RTP Land Use and Development Regulations as incompatible with the first, second and third sentences of Article 105 of the Constitution of the Republic of Latvia was prepared and submitted to the Constitutional Court.

Taking into account that new Riga Land Use and Development Regulations will apply from 16 February 2023, 12 Riga City Council decisions on suspending the development of the local plan have been prepared and passed.

Decisions taken in the framework of the detail plans administration function:

- o on launching development of 1 detail plan;
- o on submission to public inquiry of 3 detail plans;
- o on approval of 3 detail plans;
- o on suspension of 8 development of detail plans;
- o on cancelation of 2 detail plans.

In 2023, 3 Riga City Council's decisions were made on launching development of local plan, 6 Riga City Council's decisions were made on handing editions of local plan over public discussions, 4 Riga City Council's decisions were made on approval of local plans, 1 Riga City Council's decision was made on development of local plan on Historic Centre of Riga (HCR) and its protection area, 2 Riga City Council's decisions were made on handing editions of local plan of HCR and its protection area over public discussions, 1 Riga City Council's decision was made on approval of local plans on Historic Centre of Riga (HCR) and its protection area.

In 2023, work on development of local plan of Historic Centre of Riga and its protection area was continued. Riga City Council's decisions were made on development of plan on Historic Centre of Riga (HCR) and its protection area and development of local plan on Historic Centre of Riga (HCR) and its protection area. During the reporting year, project "Border extension of local plan of railway route territory of public rail line "Rail Baltica" was completed.

In 2023, work on the development of criteria for the assessment of degraded areas was launched, it is planned to develop common criteria for the identification of degraded areas.

Several discussions on the impact of the current regulations on development of Historic Centre of Riga and recommendations for the new planning process were organized during the meetings of preservation and development of Historic Centre of Riga board.

In order to provide balanced mobility, work on development of plan of Riga public transport route network reform, development of program of introduction of Low emission zone, development of solutions for

European stability and recovery mechanism, conditions and opinion on sections of local plans and detail plans, development of solutions for Rail Baltica and related infrastructure, integration of SJSC "Latvijas dzelzceļš" infrastructure modernization project solutions into city's environment, electromobility development and other issues cycling concepts and other issues.

In 2023, Riga Development program 2022 - 2027 (hereinafter – Program) was approved and update of annual Investment plan 2023 - 2025 of Development program was performed. New road surfacing renovation projects suggested by Spatial Planning and Mobility Department were included within framework of extraordinary update of Development program. Annual update of Action plan and Investment plan 2024 - 2026 of Development program was launched.

Report on introduction of Sustainable Development Strategy of Riga until 2030 and Riga Development program 2022 - 2027 was prepared within Strategy Supervisory system (SSS), where three of the nine Program's priorities were deeply examined. Experts were also involved in assessing the progress of the mentioned priorities and presented their assessments and proposals to Riga City Council experts, deputies and sector representatives. In addition, information on the progress of the other priorities, the dynamics of the performance indicators and the implementation of the Action Plan and the Investment Plan is included in the Report summary. Report is available on website [www.sus.lv](http://www.sus.lv).

In 2023, Riga State City Council City Development Department continued to perform monitoring functions concerning legality of construction process. 880 decisions were made in total, whereof:

- o 124 administrative provisions, which remains in effect decisions made by departments;
- o 51 administrative provisions on reversing decisions made by City Development Department due to violation of substantive and procedural rules;
- o 160 interim judgments;
- o 97 other definitive decision on administrative matters;
- o 213 legal decisions;
- o as well as 54 business letters and other documents were prepared in process of legal supervision of construction process;
- o 63 decisions on infrastructure charge;
- o 79 answers to legal and physical entities on legal issues;
- o 36 decisions on administrative violations;
- o 3 Riga State City Municipality decision projects on allocation of discount of infrastructure charge.

The Department is responsible for 61 court cases.

In 2023, the assessment of Riga State City Municipality's real estate properties (10 077 cadastral objects in total) related to privatized residential houses was continued. In 2023, 5 783 objects were examined and the necessary amendments to the land register compartments were provided (it was established that as of 31.12.2023 the work on 6 563 real estate (representing ~ 66% of the total) has been fully completed)) - Municipality property rights were cancelled in the land register.

## RIGA STATE CITY MUNICIPALITY INVESTMENT PROJECTS

### CAPITAL INVESTMENTS FROM MUNICIPAL BUDGET

During the reporting year, 179,8 million euro were allocated for Riga State City Municipality budget capital expenditure, by 56,7 million euro less (by 46%) than in 2022. During the reporting year, capital expenditures of projects co-financed by European Union (EU) increased by 50,2 million euro compared with the previous year and were 85,9 million euro.

During the reporting year, largest share in the structure of sectors of municipal capital expenditures as in the previous year has economic activity sector (56,2% from all the capital investment), education sector is in the second place (16,4% from all the capital investment), the third place – territory and housing management – 15,9%.

During the reporting year, the major projects were construction of Island Bridge complex 2<sup>nd</sup> stage, cross-over over railway "Riga-Skulte" with access roads 1<sup>st</sup> stage, reconstruction of Victory Park including territory improvement 1<sup>st</sup> stage, Construction of East Motorway section "Ieriku Street - Vietalvas Street" 1<sup>st</sup> and 2<sup>nd</sup> stages, renovation of the Daile Theatre Square, improvement of the Latvian Riflemen Square, energy efficiency improvement works and renovation of interior of buildings of Riga Municipality educational institutions etc.

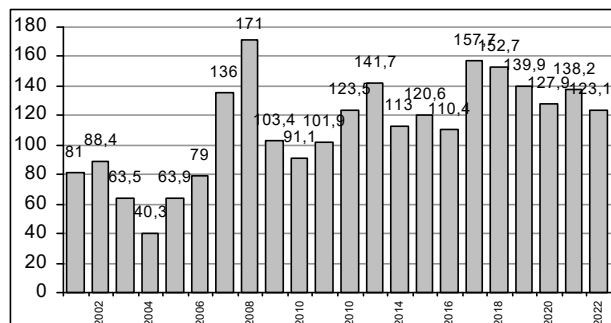
### FOREIGN INVESTMENT IN RIGA

Early in 2024, according to Lursoft data, direct investments of foreign investors into the registered equity capital of enterprises in Riga were around 10 billion euro, increasing by 0,5 billion euro within a year.

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

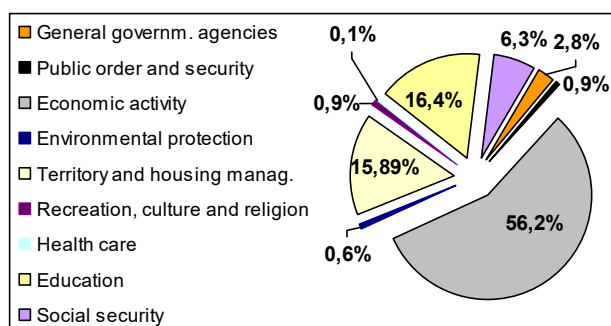
91,6 million euro were allocated from the municipality's budget for execution of co-financing and pre-financing of projects financed by EU Funds, by 49,1 million euro more than in the previous year. From the total co-financing and pre-financing amount capital expenditure formed 85,9 million euro (or 94%).

### 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, 2023 (%)



# RIGA STATE CITY MUNICIPALITY FINANCIAL AND BUDGET POLICY

## REVENUE

In 2023, total Riga State City Municipality's basic budget revenue was 1 285,4 million euro, by 123,8 million euro (by 10,9%) more than in 2022, exceeding updated plan by 47,9 million euro.

In 2023, municipal budget revenue from personal income tax was 797,6 million euro, by 92,9 million euro (by 13,2%) more than in 2022. Personal income tax revenue plan was overachieved by 45,7 million euro (6,1%) During the reporting year, RET revenue reached 117,2 million euro, by 4,6 million euro (by 4,1%) more than in the previous year. Municipal budget gambling tax revenue was 0,65 million euro, natural resources tax revenue – 0,41 million euro. During the reporting year, budget revenue from paid services and other own revenues was 29,1 million euro, by 5,2 million euro (by 21,6%) more than in the previous year.

## EXPENSES

In 2023, total Riga State City Municipality budget expenses were 1 316,7 million euro or 91,9% from annual plan that is less by 116,3 million euro than planned. In 2023, execution of capital expenditures was 179,8 million euro that is more by 46,1% than in the previous year. Execution of City's investment program in 2023 was 58,4 million euro (74% from the planned amount). In 2023, operating expenses were planned at the amount of 1 196,9 million euro but were executed at the amount of 1 136,8 million euro that is 95% from annual plan or less by 60,1 million euro.

In 2023, Riga State City Municipality revenues exceeded operating expenses by 148,5 million euro (by 13,1%), but budget cash surplus was 156,2 million euro at the end of 2023, reducing by 34,9 million euro within a year. Riga State City Municipality basic budget expenses have increased by 204,6 million euro (by 18,4%) compared with 2022.

## MUNICIPALITY'S DEBT DYNAMICS

At the end of 2023, the total amount of Riga State City Municipality's long-term liabilities were 552,7 million euro.

In 2023, interest rates continued to rise in the financial market, which also increased interest share of in the total liabilities of Riga State City Municipality. However, the Municipality's liability management policy in previous years resulted in maintaining fixed rates at around 70% from the total borrowing portfolio, which significantly reduced the impact of interest rate increases on the Riga City State Municipality budget expenses.

Riga State City Municipality Finance Department provides regular supervision and assessment of liabilities portfolio taking into account the current situation in financial market. The reduction in the level of Municipality's total liabilities has resulted in a significant increase in the potential of Riga State City Municipality borrowing capacity. The performance of 20% benchmark, which is the ratio of current year principal and interest payments to annual budget revenue, has also improved, and the performance of this benchmark will remain within the range of 10% – 11% in the coming years.

The dynamics of Riga State City Municipality's long-term liabilities in the coming years will be affected by the repayment of the South Bridge construction and

financing liabilities, as well as new liabilities for financing projects and investments co-financed by EU funds.

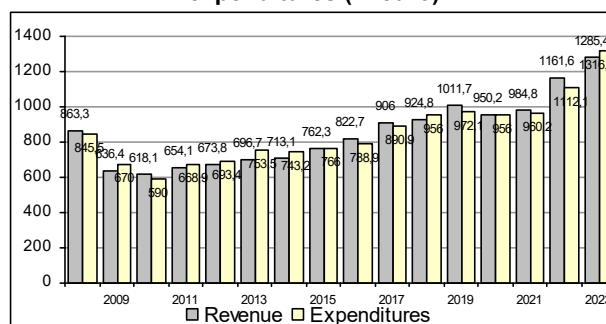
## CREDIT-RATING

International credit rating agency "Standard & Poor's" continued evaluation of Riga State City Municipality's budget and financial and budget policy. In 2023, evaluating Riga State City Municipality's budget and financial situation credit rating agency "Standard & Poor's" retained credit rating assigned to Riga State City Municipality unchanged at "A" level and with stable development perspective.

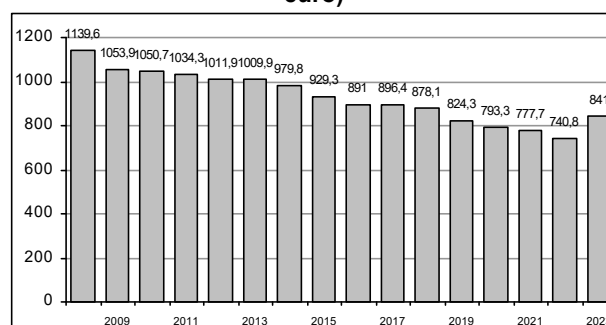
History of Riga State City credit-rating

| 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  |
| 2022                        | A/Stable/A-2   | –  |
| 2023                        | A/Stable/A-2   | –  |

Riga State City consolidated budget revenue and expenditures (m euro)



Dynamics of total amount of Riga State City Municipality's financial commitments 2005 - 2023 (m euro)



## RIGA STATE CITY MUNICIPALITY BUDGET EXECUTION PERFORMANCE

The results of Riga economical development and Riga State City Municipality's fiscal policy in 2023 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:

#### O Tax revenues:

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

#### O Non-tax revenues:

- o State and municipality fees;
- o charges for paid services rendered by Municipal institutions;
- o charges for utilization of Municipality's capital;
- o 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<br>(k EUR)  | 2022<br>actual     | 2023<br>budget     | 2023<br>actual     |
|---|--------------------|--------------------|--------------------|
| <b>Total revenues</b>   | <b>1 161 627.2</b> | <b>1 237 417.2</b> | <b>1 285 364.4</b> |
| <b>Total tax revenues</b>   | <b>818 216.5</b>   | <b>866 175.0</b>   | <b>915 859.1</b>   |
| Personal income tax   | 704 675.3          | 751 919.0          | 797 571.3          |
| Real estate taxes int. al.  | 112 629.0          | 112 629.0          | 117 227.4          |
| int.al. real estate tax on land   | 46 511.7           | 46 511.7           | 47 839.0           |
| int.al. real estate tax on buildings  | 42 170.6           | 42 170.6           | 43 694.1           |
| int.al. real estate tax on housing  | 23 946.7           | 23 946.7           | 25 694.3           |
| Other tax revenue   | 912.2              | 1 627.0            | 1 060.4            |
| <b>Total non-tax revenues</b>   | <b>28 723.0</b>    | <b>27 477.0</b>    | <b>29 066.8</b>    |
| Government (municipality) fees  | 5 396.1            | 4 036.8            | 5 940.7            |
| Other non-tax revenues  | 23 326.9           | 23 440.2           | 23 126.1           |
| <b>Charges for paid and other own revenues</b>  | <b>24 919.0</b>    | <b>30 631.9</b>    | <b>33 075.3</b>    |
| <b>Transfers</b>  | <b>289 768.7</b>   | <b>313 133.3</b>   | <b>307 363.2</b>   |
| Transfers of public entities partially financed by State budget and institutions not financed by budget                         | 2.2                | 128.5              | 138.4              |
| State budget transfers, int.al.   | 280 609.7          | 303 073.1          | 297 926.4          |
| state budget transfers received by municipalities   | 217 155.8          | 240 914.5          | 235 557.8          |
| transfers received from state institutions for projects co-financed by EU policies' instruments and other foreign financial aid | 19 667.3           | 62 158.6           | 62 368.6           |
| subsidy from municipal cohesion fund received by municipality's budget  | 43 786.6           | –                  | –                  |
| Municipal budget transfers  | 9 156.8            | 9 931.7            | 9 298.4            |

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

| Cash flow basis<br>(k EUR)  | 2022<br>actual | 2023<br>budget | 2023<br>actual |
|---|----------------|----------------|----------------|
| <b>Total revenues</b>   | <b>300.4</b>   | <b>190.8</b>   | <b>169.1</b>   |
| <b>Donations and endowments from legal entities and individuals</b> | <b>300.4</b>   | <b>190.8</b>   | <b>169.1</b>   |
| Donations and endowments for education                              | 25.4           | 102.3          | 83.5           |
| Donations and endowments for social care                            | 6.6            | 8.0            | 6.1            |
| Other donations from legal entities and individuals                 | 268.4          | 80.5           | 79.5           |

**RIGA MUNICIPALITY BUDGET EXPENSES**

Riga State City Municipality budget expenses of 2023 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 Municipality Law. 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 2023, XXVII Nationwide Latvian Song and XVII Dance Festival took place. It also has significant contribution to Riga's economy, as a large proportion of Riga's businesses are involved in serving the city's visitors.

In 2023, priorities of Riga State City Municipality's budget were provision of social services, public transportation and street maintenance services in inflation environment, social support, competency-based approach – improvement of learning process in all-round education, investments and improvement of city's environment.

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. More and more attention is being paid to improvement of public infrastructure and neighborhoods, and Riga's citizens are actively involved in improving their neighborhoods with the support of the Municipality, as a result of which urban improvements are shaping Riga's image as a pleasant and environmentally friendly city.

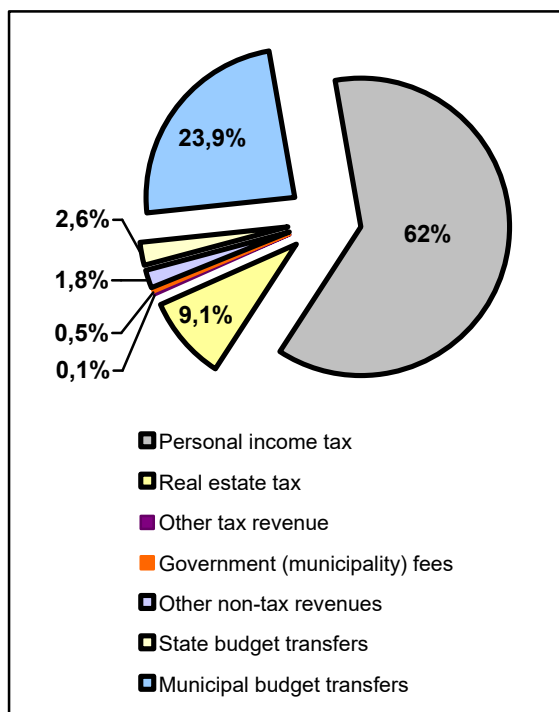
**SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY BASIC BUDGET EXPENSES**

| Expenses by government function<br>Cash flow basis (k EUR)                             | 2022<br>actual     | 2023<br>budget     | 2023<br>actual     |
|--|--------------------|--------------------|--------------------|
| <b>Total expenses</b>  | <b>1 112 078.7</b> | <b>1 433 042.2</b> | <b>1 316 652.0</b> |
| General governmental agencies int.al.<br>deposits to municipal financial cohesion fund | 210 173.5          | 237 881.3          | 235 050.4          |
| Public order and security  | 20 501.4           | 25 190.6           | 22 664.9           |
| Economic activity  | 259 330.6          | 350 493.6          | 318 705.3          |
| Environment protection   | 5 094.1            | 7 690.3            | 5 875.9            |
| Municipal territory and housing management   | 30 793.5           | 82 600.4           | 58 858.8           |
| Health care  | 5 058.4            | 7 256.4            | 5 971.0            |
| Recreation, culture and religion   | 34 764.8           | 40 751.3           | 37 626.6           |
| Education  | 402 800.1          | 504 348.2          | 468 435.3          |
| Social security  | 143 562.3          | 176 830.1          | 163 463.8          |

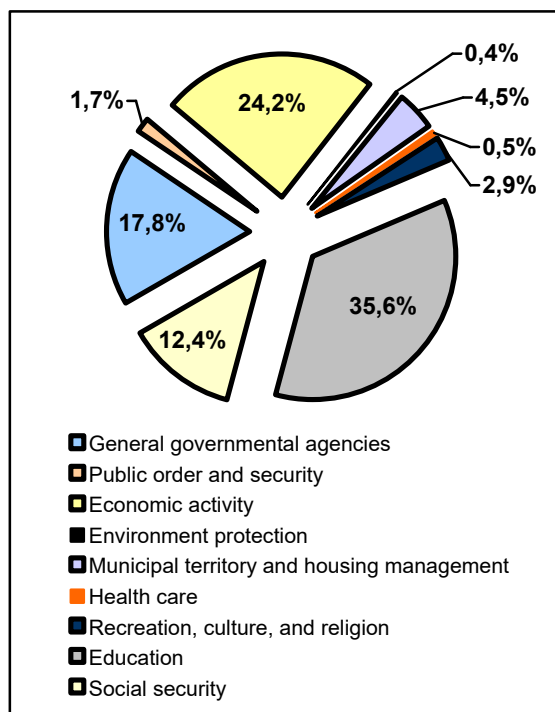
**SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY SPECIAL BUDGET EXPENSES FROM DONATIONS AND ENDOWMENTS**

| Expenses by government function<br>Cash flow basis (k EUR) | 2022<br>actual | 2023<br>budget | 2023<br>actual |
|--|----------------|----------------|----------------|
| <b>Total expenses</b>                                      | <b>281.7</b>   | <b>375.7</b>   | <b>71.5</b>    |
| General governmental agencies                              | –              | 0.2            | –              |
| Recreation, culture and religion                           | 269.8          | 94.6           | –              |
| Education  | 6.8            | 260.1          | 60.6           |
| Social security  | 5.1            | 20.8           | 10.9           |

**Composition of Riga Municipality basic budget revenue in 2023**



**Composition of Riga Municipality basic budget expenses in 2023**





# RIGA STATE CITY MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

## EDUCATION AND SPORTS

Riga State City Municipality Education, Culture and Sports Department (ECSD) implements municipal policy in education, culture and sports sector and in youth work. Riga State City Municipality Education, Culture and Sports Department operates in accordance with the Riga City Council's long-term planning document "Sustainable Development Strategy of Riga until 2030", as well as "Riga Development Program 2022 - 2027" and the Action Plan and Investment Plan 2024 - 2026. Functions of ECSD include:

- o Elementary and comprehensive education;
- o Accessibility of out-of-school and vocational education;
- o Diversity and accessibility of cultural events;
- o Preservation of cultural values and cultural and immaterial heritage, improvement of city's environment, development of creative activities and useful and creative passing of free time for all the residents of the city of Riga;
- o Work with youth;
- o Accessibility of sports and physical activities.

In 2022, the Saeima adopted amendments to the Education Law and the General Education Law, which provide transition to education only in Latvian within three years. In the 2023/2024 school year, a gradual transition to *United School* in Riga schools and pre-schools was launched to promote the integration of young people into society and facilitate the successful development of professional career in Latvia. At the same time, minority pupils will be able to learn minority language and cultural history as part of an interest education program. To promote the transition to education in the state language, a forum "United School" was held in November 2023 and regular exchanges of experience took place throughout the year.

According to Education Law, the municipality is competent to issue licenses for interest education programs and permits for non-formal education programs to physical and legal entities that are not registered in the Register of Educational Institutions. As of 01.11.2023, this municipal competence was delegated by the Department of Education and Sports to Riga Education and Information Methodological Centre. The new regulation allows the municipality to establish a more efficient procedure for issuing licenses and permits that comply with the interests of the citizens.

In order to ensure improvement of school network and accessibility to quality education for every student, in 2023 composition of 10<sup>th</sup> grade was suspended in 6 Riga secondary schools. As a result of changes in school operation organization, Riga support centre for Ukrainian residents was placed in emptied building at Pales Street 9 since 1 January 2024, ensuring rational use of the emptied building for other municipal functions.

Due to a shortage of pre-school teachers and teaching assistants, no new groups are opened in the municipality's pre-schools, making impossible to provide pre-school places for all children on the waiting list. At the same time, in several neighborhoods it is not possible to compose groups due to lack of children. In total, there are more than 1 000 free places in municipality's pre-schools. There is also a shortage of teachers for comprehensive primary and comprehensive secondary education.

The new pay model for teachers and the financing of special education institutions are implemented.

Since Russian Federation invasion in Ukraine on 24 February 2022, there is a significant influx of Ukrainian civilians in Riga. This has created an additional burden on the education system by enrolling children who do not speak Latvian. There were 114 Ukrainian civilians employed in Riga educational institutions. 60 from them are pedagogical assistants, interest education teachers, comprehensive primary education teachers, teacher assistants, nannies, and laboratory assistants.

303 Ukrainian children are registered in Riga State City Municipality pre-school educational institutions, 1 335 Ukrainian pupils are registered in Riga State City Municipality educational institutions from 1<sup>st</sup> to 12<sup>th</sup> grade. In total 1 638 Ukrainian pupils are registered in Riga State City Municipality educational institutions. There are currently 505 Ukrainian children registered in Riga private pre-school educational institutions. In total 29 Ukrainian pupils are registered in Riga private educational institutions from 1<sup>st</sup> to 12<sup>th</sup> grade.

## OUT-OF-SCHOOL EDUCATION AND SPORTS

In 2023, 209 individual athletes, individual team members and team projects were supported, 90 organization projects for implementation of sports competitions and sports events and 9 sports organization projects for capacity building. 3 important Riga sports projects were co-financed: "Ghetto Games" event, "Toyota Riga Cycling Marathon" and 24-hour basketball tournament "Krastu macs". 28 school competitions for Riga students and U. Semjonova Basketball Cup competition, as well as 1 international competition were organized. 608 free sports activities for of Riga neighborhoods' residents were organized during the year.

In 2023, Riga hosted major sporting events such as Ice Hockey World Championship, the Rimi Riga Marathon, U-20 Beach Volleyball Championship and World Road Running Championships.

24 integrative camps for 864 Ukrainian and Latvian children and youth during the summer and autumn holidays were provided by means of Ministry of Education and Science funding, and in September 2023 Riga hosted 101 children and young people from Chernihiv Oblast, providing a 10-day program of activities. Almost 550 hours of street work with youth at risk were provided.

The most significant investment projects and programs:

- o Development of construction plan of reconstruction of building on Dignajas Street;
- o Reconstruction and renovation of Riga Valdorfskola on Kalnciema Street 160 C;
- o Roof replacement of buildings of Children and Youth Centre "Laimite";
- o Construction of firefighting system in 9 Riga State City Municipality's educational institutions;
- o Provision of 8 institutions subordinate to ECSD with computers;
- o Improvement of energy efficiency of 6 educational institutions;
- o Creation of a 3 educational centre of natural sciences and technologies;

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

- o Renovation of interior of buildings of 13 preschool educational institutions;
- o Territory improvement of 24 Riga State City Municipality preschool educational institutions;
- o Construction of ventilation systems in 3 educational institutions;
- o Renovation and restoration of 8 Riga State City Municipality educational institutions;
- o Creation of sports infrastructure in 3 comprehensive schools;
- o Provision of accessibility in buildings of Riga secondary school No 66 on Katrinās Street 4;
- o Connecting sports school's "Arkadija" sports arena to the central heating and renovation works of interior;
- o Construction of new household building of training workshop on Krasotāju Street 12.

| <b>Budget expenses allocated to education (k EUR)</b> | <b>2021 actual</b> | <b>2022 actual</b> | <b>2023 budget</b> | <b>2023 actual</b> |
|---|--------------------|--------------------|--------------------|--------------------|
| Preschool education                                   | 127 319.0          | 132 078.0          | 155 771.6          | 149 109.7          |
| Elementary, comprehensive and professional education  | 196 364.9          | 213 576.2          | 279 446.0          | 259 951.4          |
| Higher education                                      | –                  | –                  | 7.9                | 7.9                |
| Education undefined by educational levels             | 43 293.8           | 50 416.9           | 63 651.7           | 54 066.9           |
| Other education, not classified above                 | 4 894.2            | 6 729.0            | 5 471.0            | 5 299.4            |
| <b>Total basic budget expenses</b>                    | <b>371 871.9</b>   | <b>402 800.1</b>   | <b>504 348.2</b>   | <b>468 435.3</b>   |
| int.al. investment                                    | 12 259.4           | 14 996.4           | 24 674.2           | 22 533.5           |

## SOCIAL SECURITY

In 2023, inflation, shortage of qualified professionals and an increase of amount of services provided had a significant impact on the costs and deliverability of social services. The municipal budget amendment supported additional funding of 13,1 million euro to compensate the increase of costs and amount of social services. In 2023, 113,95 million euro was planned for social services.

In 2023, the number of recipients of social benefits decreased by 6 934 (by 16%) compared to 2022, while the amount spent on social benefits increased by 1,76 million euro (by 6%). In 2023, 9 611 Ukrainian civilians received social benefits in the municipality, spending 9,62 million euro, decreasing by 44% compared to the previous year.

In 2023, amendments of Social Services and Social Assistance Law came into force, which determine the procedure for calculating the income threshold for a low-income household in municipalities. In December 2023, the number of persons with low-income household status in the municipality continued to decrease, which was less by 24% than a year earlier.

In 2023, the number of Guaranteed Minimum Income (GMI) benefit recipients decreased due to a significant decrease in the number of Ukrainian civilians receiving social assistance. In December 2022, 3 651 Ukrainian civilians received GMI benefits, compared to 1 814 in December 2023.

In 2023, 9 611 Ukrainian civilians received social benefits in the municipality, spending 9,62 million euro, decreasing by 44% compared to the previous year.

In 2023, the number of Housing benefit recipients increased and the amount of funding used for the benefit increased as a result of the increase of energy prices. In 2023, the demand for long-term social care and social rehabilitation service in institution for adults (hereinafter - SCC), group home/apartment services and day care centre places for persons with mental disorders remained high.

The number of children newly placed in long-term social care and social rehabilitation institutions and crisis

centers are increasing. The number of children with functional disabilities eligible for social services is increasing.

In 2023, 206 social service providers, including six municipal institutions, as well as social service providers with whom the municipality has concluded contracts for the provision of social services, provided social services. In 2023, 33 387 persons in total received social services, which is less by 1 853 than in 2022, where the decrease is explained by much smaller number of Ukrainian civilians attending Day Centers.

Taking into account the current needs and social problems of the population, seven new social services were created, int. al. day care centre for people with autism spectrum disorders, individual social rehabilitation programs for teenagers with behavioral disorders with a tutor, urban social rehabilitation service for young people with severe functional disabilities at national social care centre and other services. 3,8 million euro in total is planned for social psychological services for families with children.

During the reporting period, Riga 1<sup>st</sup> hospital continued to provide short-term social care services at the short-term social care centre, which was received by 899 clients. 37% of them were able to return to their place of residence, 28% moved to the SAC, the service was interrupted for 11% of clients due to the need for health care in an inpatient medical institution, while 34% died.

In 2023, several evaluations were carried out – studies on service "Personalized care service for children with functional disabilities" were made, which concluded that the service achieves its objectives and meets the needs. The evaluation of the services "Long-term social care and social rehabilitation in close to family environment conditions service for children being under the care of SSCC "Riga" outside family", "Choice of home care service providers" was carried out. As a result of the evaluations, it was possible to find out the dynamics of development, the effectiveness of services and to develop proposals for the improvement of social services.

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

In 2023, the pilot project "Support measures for homeless people and persons without a fixed place of residence", implemented in cooperation with the Society Integration Foundation and The Samaritan Association of Latvia was accomplished. 28 homeless people in total were involved in the project, 25 of whom completed

the project with a positive outcome. The total cost of the project was 206 917 euro, of which 87 500 euro was ESF co-financing.

The most significant investment projects and programs:

- o Random renovation works in Riga Social Care Centre "Gailezers" on Hipokrata Street 6.

| <b>Budget expenses allocated to social security (k EUR)</b>        | <b>2021 actual</b> | <b>2022 actual</b> | <b>2023 budget</b> | <b>2023 actual</b> |
|--|--------------------|--------------------|--------------------|--------------------|
| Social security in case of inability to work                       | 8 628.9            | 12 656.5           | 19 890.3           | 16 591.4           |
| Assistance to elderly people                                       | 15 425.2           | 17 154.9           | 22 656.1           | 22 020.1           |
| Assistance to families with children                               | 12 245.8           | 15 321.5           | 20 034.8           | 19 017.4           |
| Assistance in unemployment case                                    | 334.6              | 178.6              | 308.6              | 219.5              |
| Housing allowance  | 13 521.4           | 9 588.2            | 8 750.0            | 7 624.8            |
| Other support for socially repudiated persons not classified above | 56 101.7           | 79 478.4           | 99 940.7           | 93 113.2           |
| Other social care not classified above                             | 2 434.1            | 9 184.2            | 5 249.6            | 4 877.4            |
| <b>Total basic budget expenses</b>                                 | <b>108 691.7</b>   | <b>143 562.3</b>   | <b>176 830.1</b>   | <b>163 463.8</b>   |
| int.al. investment   | 826.3              | 638.5              | 1 353.0            | 826.7              |

**HEALTH CARE**

In 2023, Riga State City Municipality Welfare Department continued implementation of municipality's function to take care of inhabitant's health, implementation of measures promoting healthy lifestyles and organize access to healthcare services, providing evidence-based and diverse health promotion and disease prevention activities.

In 2023, Welfare Department plans and organizes health promotion and disease prevention work in accordance with the goals, objectives and achievement indicators set by "Riga Development Program 2022 – 2027". One of them is the increase of funding to 2,20 euro per one Riga inhabitant in 2027. This funding increased from 0,58 euro in 2022 to 0,75 euro in 2023 (Riga population in 2023: 614 489).

In 2023, implementation of ESF project "We are for healthy Riga!" was continued, implementing such activities as: Qigong classes, Nordic walking, dances for seniors, sexual reproductive health promotion classes for students and personal hygiene classes for preschool children, classes with boxing and kickboxing elements for promotion of physical activities.

In 2023, in the final phase of ESF project "We are for healthy Riga!" 1 665 free health-promoting activities for the residents of Riga were organized. In 2023, the spent financing was 256 952 euro and the municipality co-financing was 27 530 euro. From the co-financing granted by the municipality, 216 742 euro were spent for project implementation in the period from 2017 to 2023.

During the reporting year, in order to prevent inhabitants from potential health risks and to promote reduction of HIV, type C and B hepatitis provision of addiction prevention services launched in the previous years was continued. In 2023, psychologist, social worker consultations, HIV specialist consultations were rendered, syringes exchange and handing out of condoms were performed as well as social workers on streets was provided.

In 2023, 6 online lectures for residents on various health-promoting topics were implemented on the "Healthy Riga" Facebook page.

The Welfare Department plans, organizes and implements evidence-based public health activities. In 2023, 3 000 health promotion activities in total were organized. 233 799 euro were spent from the program budget.

Riga State City Municipality Welfare Department continued provision of 2 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 3 557 times.

The most significant investment projects and programs:

- o Renovation of building and development of infrastructure of affiliated branch "Tornakalns" of Ltd. "Riga Health Centre".

| <b>Budget expenses allocated to health care (k EUR)</b>   | <b>2021 actual</b> | <b>2022 actual</b> | <b>2023 budget</b> | <b>2023 actual</b> |
|---|--------------------|--------------------|--------------------|--------------------|
| Operation and services of ambulatory medical institutions, and public health-care agency services | 3.5                | 3.4                | 13.9               | 2.7                |
| Hospital services. Health-care services for mother and child                                      | 1 374.8            | 391.6              | 448.9              | 95.4               |
| Services provided by social health care services  | 3 974.1            | 4 663.4            | 6 793.6            | 5 872.9            |
| <b>Total basic budget expenses</b>  | <b>5 352.4</b>     | <b>5 058.4</b>     | <b>7 256.4</b>     | <b>5 971.0</b>     |
| int.al. investment  | 1 374.8            | 83.2               | 250.0              | 69.0               |

## **MUNICIPAL TERRITORY AND HOUSING MANAGEMENT**

In 2023, financing of 330 662 euro were utilized within Riga State City Municipality budget program "Management of residential and nonresidential accommodations owned by Riga State City Municipality" in accordance with compensations defined by Riga State City Municipality for lodgers of social apartment houses and apartment houses with separate social apartments.

Expenses of owners of apartment houses, apartment houses with separate social apartments as well as 17 social apartment houses, which exceed the established rent for lodgers, 50% compensation of water and sewerage expenses and 25% compensation of heating expenses.

In 2023, financing at a sum of 137 695 euro was provided in accordance with "Regulation of Riga State City Municipality Housing and Environment Department" and order "On payments for repair, renovation or reconstruction of separate residential buildings owned by Riga City Municipality performed within following periods of mandatory management" for repair, renovation or reconstruction of Riga State City Municipality's residential premises which are in unsatisfactory technical or emergency condition.

In 2023, Housing and Environment Department renovated 91 apartments for rent, with an average area of 37 m<sup>2</sup> per apartment, at an average renovation cost per square meter of 330 euro/m<sup>2</sup>.

In 2023, Riga State City Council City Housing and Environment 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 922 581 euro.

1 860 persons/families (58 lodgers of denationalized buildings) for receiving support on solving housing issues were recorded. In 2023, 241 residential apartments were rented out based on decisions made by Riga State City Council Commission of rental apartments. 8 accommodation units are rented to people in need of emergency assistance. 6 temporary accommodation units were rented out. 536 500 euro were spent on housing release allowances for 24 families. 119 decisions were made on alienation of residential premises not fit for habitation by means of auction.

Methodic support for the apartment owners was continued on transferring administration rights of the privatized residential buildings. Personnel of management administration took part in 173 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 2023, with support of Management directorate 107 residential apartments being in possession of Municipality were transferred to apartment owners. 28 contracts of authorization of management were concluded on management of unprivatized parts of residential buildings.

41 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 2023, committee for evaluation of lodgers' arrears examined 56 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 77 953 euro.

The most significant investment projects and programs:

- o Design and installation of illumination in Ebelmuiza and Nordeku parks;
- o Reconstruction of Aldaris Park;
- o Development of construction plan of Zolitude tragedy memorial;
- o Territory improvement on Visku Street;
- o Improvement of square on Kalku Street;
- o Reconstruction of Victory Park including territory improvement;
- o Project development and renovation of sports and recreation grounds in neighborhoods;
- o Purchase and installation of surveillance cameras in especially protected natural territories;
- o Constructions of pedestrian roads in Ebelmuiza park;
- o Provision of accessibility of mortuary and administrative building of Meza Kapi I cemetery on Aizsaules Street 1 A;
- o Fixation and construction of related infrastructure of waterside on Muksalas Street;
- o Construction plan of infrastructure and construction of road connection in Jaunciema nature protected area;
- o Launch of renovation of 161 premises in building on Slokas Street.

| <b>Budget expenses allocated to municipality territory management and housing facilities (k EUR)</b>      | <b>2021 actual</b> | <b>2022 actual</b> | <b>2023 budget</b> | <b>2023 actual</b> |
|---|--------------------|--------------------|--------------------|--------------------|
| Territory development   | –                  | 32.4               | 115.0              | 105.4              |
| Street illumination   | 7 522.3            | 9 961.9            | 13 761.8           | 10 411.5           |
| Other activities concerning municipality territory management and housing facilities not classified above | 26 838.7           | 20 799.2           | 68 723.6           | 48 341.9           |
| <b>Total basic budget expenses</b>  | <b>34 361.0</b>    | <b>30 793.5</b>    | <b>82 600.4</b>    | <b>58 858.8</b>    |
| int.al. investment  | 758.5              | 2 483.3            | 28 207.0           | 18 820.9           |

## ENVIRONMENTAL PROTECTION

Riga 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 and provided coordination of introduction and realization. In 2023, following projects were implemented:

- o Lifting out of underwater objects were performed in aquarium of the Riga channel;
- o Cleaning of small water courses in Riga;
- o Cleaning Riga channel from garbage;
- o Lifting out part of pipe for extraction of sand from The Kisezers lake;
- o Lifting out objects endangering navigation from The Kisezers lake.

In 2023, during the exploitation and maintenance works of water objects in Riga territory were implemented project of coastal anti-erosion measures on Umurgas Street 6A, cleaning of Riga small water courses, amelioration ditches and channels, cleaning of protective bars, liquidation of dangerous trees in hydrographic network lifting out pipe from The Kisezers lake, renovation of 2 pedestrian crossings over ditches at The Jugla lake, one crossing at Kvadrata Street, urgent emergency operations in Riga hydrographic network and other works.

Riga State City Municipality Housing and Environment Department is responsible for the establishment, maintenance and water quality management of 3 bathing sites in The Gulf of Riga and 5 inland bathing sites in the territory of the Riga State City Municipality.

To maintain and renew Riga greenery management of City's greenery was performed – upkeep of 1 460 young trees of street greeneries, planted 426 trees, upkeep of crowns of 2 007 growing trees, sawing of damaged, dangerous and dead trees – 221 trees, sawing of 262 dangerous trees and 130 dangerous boughs, groomed 30 protected trees, planted 1 478 bushes and wintergreens, continued renovation of parks' infrastructure and other works.

Waste management achievements in 2023:

- o separate cardboard, plastic, metal, glass and biological waste collection was continued, textile collection system was created and developed by establishing 167 sorting containers;
- o seasonal collection of hazardous waste and removal of 83,7 tons of hazardous waste; development of the continued; amendments of Riga City Council binding regulations "On Municipal Waste Management in the Riga City" were prepared;

- o control of implementation of separate waste collection in apartment buildings were performed in cooperation with waste management companies;
- o in cooperation with the municipalities of the Central Latvian waste management region and L.t.d. "Getlini EKO", work on the Central Latvian regional waste management plan 2024 - 2028 was completed;
- o work on the development design of 8 sorting yards was continued; and other.

In 2023, mowing of biologically valuable meadows and reed in specially protected natural territories was performed in area of 119,6 ha, improvement of territories, scavenging, localization of invasive species, preservation of biological grasslands 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, within it catching of 423 runabout dogs and 353 cats was performed, 685 ownerless dogs and cats were housed at City's paid animal shelter. 810 ownerless cats were caught and sterilized, 334 cats and dogs suffered an accident were brought to veterinary hospitals from City streets, support was provided for 1 065 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 State City Council Housing and Environment Department used for replenishing of fish resources. In 2023, 27 000 juvenile sanders were let into The Jugla lake.

Air quality and noise pollution supervision is performed in Riga State City. In 2023, action program of improvement of air quality in Riga State City 2021 - 2025 was provided, operation of 3 air monitoring stations was provided; action plan of reduction of noise in Riga agglomeration 2017 - 2022 was provided; developed new action plan of reduction of noise pollution in Riga agglomeration for a time period from 2023 to 2027.

| <b>Budget expenses allocated to environmental protection (k EUR)</b> | <b>2021 actual</b> | <b>2022 actual</b> | <b>2023 budget</b> | <b>2023 actual</b> |
|--|--------------------|--------------------|--------------------|--------------------|
| Waste management   | 81.1               | 77.6               | 103.6              | 96.9               |
| Waste-water management   | 221.6              | 101.3              | 542.5              | 530.6              |
| Prevention and reduction of environmental pollution                  | 517.3              | 704.2              | 846.2              | 838.4              |
| Protection of biodiversity and landscape                             | 161.1              | 172.3              | 413.8              | 211.1              |
| Other expenditures related to environmental protection               | 7 277.7            | 4 038.7            | 5 784.2            | 4 198.9            |
| <b>Total basic budget expenses</b>                                   | <b>8 258.8</b>     | <b>5 094.1</b>     | <b>7 690.3</b>     | <b>5 875.9</b>     |

## CULTURE

In 2023, Riga City Council's Binding Regulations "On municipal support for implementation of cultural and art events and activities of amateur art collectives in Riga" were drafted, expanding the size and scope of the competitions available in 2024.

In 2023, reorganization of cultural institutions continued: Paraugava culture association was established and started its work, Culture and folk art centre "Ritums" developed concept and premises development plan, the municipal orchestra "Riga" and Chamber Choir "AveSol" developed a development concept and operational strategy.

In order to better review current City's cultural strategy and to develop new guidelines for cultural policy, especially with regard to the development of contemporary culture in Riga, with an objective to build image of Riga as an internationally competitive metropolis, a situation analysis, feasibility studies, consultations with municipal, NGO, public and private sector cultural institutions, coordinators of Riga Neighborhood Center and neighborhoods' associations was carried out.

The most important events in 2023 were contemporary art festival "White Night" with 37 events attended by around 40 000 people; concerts in various genres, performances, exhibitions, dances with circus elements in Riga centre, Old Town, Paraugava, Plavnieki, Teika, Brasa, Vecmilgravis and Sarkandaugava were organized, process of creating a large-scale murals in Tallinn Quarter, ethno disco night in Ratslaukums. A special urban object of "White Night" this year was environmental installation "Bing bang 850" by the Swiss artist Étienne Krähenbühl. The artwork was exhibited in Independence (Jekaba) Square in September 2023, attracting around 10 000 visitors.

Year-round urban decoration was provided, according to the City's events calendar, starting implementation with Christmas decoration plan.

In 2023, XXVII Nationwide Latvian Song and XVII Dance Festival took place, in which Riga was represented by collectives founded by the municipality, as well as collectives founded by third parties and collectives of educational institutions – 377 Riga amateur art collectives in total with a total number of 11 753 participants took part in the celebration.

921 cultural events were organized by Municipality's cultural institutions, with a total number of 744 183 visitors, int. al. 637 free events were organized. There are 174 amateur arts collectives with total number of 5 963 participants, 22 of which are children's collectives with 1 639 participants. The municipality supported 100 amateur art collectives founded by third parties, including 4 children's collectives.

In 2023, 27 libraries were open in Riga which are visited by 597 588 visitors on average per year.

In 2023, 26 international and local festivals were supported, including "Riga International Film Festival", "Riga Photography Biennial - NEXT 2023", "World Music Festival Porta`23", "Riga International Short Film Festival 2ANNAS", "Baltic Pearl", "Rigas Ritmi Festival" and 86 other cultural projects.

Within Riga summer culture program Neighbourhood Festivals were organized in ten Riga neighborhoods – Kengarags, Zolitude, Ciekurkalns, Plavnieki, Ziepniekkalns, Jugla, Tornakalns, Daugavgriva, Brasa and Vecaki which were attended by around 45 395 people. Riga summer culture program also included 20 contemporary culture projects, which attracted 138 611 visitors. Cultural and educational events in the cultural spaces "Strops" in 8 Riga neighborhoods were attended by 6 168 people. Overall, the festivals' attendance increased from 100 200 visitors in 2022 to 285 495 visitors.

In 2023, Riga supported the largest popular music and art festival in the Baltic "Positivus", which brings together world-famous and highly topical musicians, as well as a number of local artists.

The most significant investment projects and programs:

- o Design of outbuilding of the Latvian National Theatre on Simtgades Avenue 3;
- o Completion of an international design competition for the National Concert Hall;
- o Renovation of the Riga Bolderaja Library building and provision of accessibility at Gaigalas Street 3.

| <b>Budget expenses allocated to recreation, culture and religion (k EUR)</b>     | <b>2021 actual</b> | <b>2022 actual</b> | <b>2023 budget</b> | <b>2023 actual</b> |
|--|--------------------|--------------------|--------------------|--------------------|
| Recreational and sports events   | 3 480.7            | 5 754.5            | 7 716.7            | 7 537.1            |
| Culture  | 36 888.9           | 29 010.3           | 33 034.6           | 30 089.5           |
| Other recreational, cultural, and religion-related services not classified above | 2.3                | –                  | –                  | –                  |
| <b>Total basic budget expenses</b>   | <b>40 371.9</b>    | <b>34 764.8</b>    | <b>40 751.3</b>    | <b>37 626.6</b>    |
| int.al. investment   | 16 573.5           | 2 509.2            | 1 477.7            | 535.6              |

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

**ECONOMIC ACTIVITY**

Riga State City Municipality's public transport systems serve either for Riga inhabitants or for City's nearest area. Municipality public transport network in Riga is well developed and provides good coverage of City's territory. In 2023 Riga State City Municipality public transport network was formed by:

- o 51 bus routes with total length of 871,4 km, provided by 242 buses in the daytime;
- o 6 tram routes with total length of 71,7 km, provided by 58 trams in the daytime;
- o 22 trolleybus routes with total length of 214,4 km, provided by 152 trolleybuses in the daytime.

Total length of transportation network reached 35,74 million km.

In 2023, 114,72 million passengers were transported in Riga State City public transport, which is by 21 million passengers (by 22,5%) more than a year earlier.

In 2023, 94% from all the public transportation vehicle, 100% of them trolleybuses and 48% 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:

- o Rebuilt cross-over over railway near Brasa railway station was put into operation (total construction expense – 13 128 980,73 euro);
- o Cross-over tunnel of Island Bridge complex 2<sup>nd</sup> stage and 3<sup>rd</sup> stage ramp/off-ramp objects were put into operation (total construction expense – 5 023 181,91 euro);
- o Cross-over over railway "Riga-Skulte" with access roads 1<sup>st</sup> stage was put into operation (42 489 053,78 euro);
- o East Motorway section "Ieriku Street - Vietalvas Street" 1<sup>st</sup> and 2<sup>nd</sup> stages were put into operation (1<sup>st</sup> stage – 37 873 029,78 euro, 2<sup>nd</sup> stage – 27 759 470,65 euro).

During the reporting year, Riga's infrastructure was improved with various newly constructed objects, including reconstruction of 3 streets (including construction and reconstruction of underground utilities, dismantling of existing pavement, construction of new pavement, greening, construction of street development elements and other works), construction of 1 street was continued, construction of 1 traffic light object,

reconstruction of 1 street was launched, renewal of 1 street pavement was launched and renewal of 1 street pavement was finished, reconstruction of rain drainage system of 2 streets was launched, construction of 2 bicycle infrastructure objects.

In 2023, some improvements of public transport traffic net were performed: restored temporary closed tram route No 11 "Ausekļa Street – Mežaparks", closed bus route No 11T, restored 1 trolleybus route.

In 2023, a number of improvements of public transport traffic and safety were performed, including improvement of pedestrians' safety, reduction of maximum traffic speed, etc. activities, int. al. in 30 locations maximum speed was reduced, in 26 locations prohibition to stop/stand was established, 5 temporary parking-lots were erected, 1 parking place for delivery were erected, 3 parking-lots for disabled were erected, cargo transport traffic was limited in 1 location, traffic organization was improved in 5 locations, 67 speed bumps were built, 17 new traffic lights objects were built, renewed 8 traffic lights.

Other traffic organization system works done in 2023: established 7 new unregulated pedestrian crossings, improvement of safety of 1 existing pedestrian crossings was performed, parking-lots were liquidated or moved from sidewalks to carriageway in 3 locations.

The most significant investment projects and programs:

- o Reconstruction of Brasa bridge;
- o Construction of bikeway "Imanta - Daugavgrīva";
- o Construction of bikeway "Centrs - Ziepniekkalns";
- o Construction of East Motorway "Ieriku Street - Vietalvas Street";
- o Development of construction plan of reconstruction of Jorga Zemitana bridge;
- o Reconstruction of Dandales Street;
- o Erection of bicycle infrastructure in neighborhoods by means of technical tools of traffic management;
- o Reconstruction of Ielejas Street and Asnu Street in section from Dzintaru Street to Ielejas Street;
- o Design of connection between public transportation and railway;
- o Development of construction design of public transportation route and related bicycle infrastructure on Dzelzavas Street in section from Jorgis Zemitans Street to Juglas Street;
- o Construction of crossing of Hipokrata Street and Malienas Street.

| <b>Budget expenses allocated to economic activity (k EUR)</b> | <b>2021 actual</b> | <b>2022 actual</b> | <b>2023 budget</b> | <b>2023 actual</b> |
|---|--------------------|--------------------|--------------------|--------------------|
| Agriculture, forestry, fishery and hunting                    | 8.8                | 9.0                | 9.0                | 8.8                |
| Mining, industry and construction                             | 3 364.9            | 9 619.7            | 11 500.9           | 10 689.4           |
| Transportation  | 223 826.3          | 246 689.9          | 330 821.6          | 302 020.7          |
| Other sectors   | 1 059.1            | 2 215.2            | 4 086.8            | 3 562.1            |
| Other economic activity not classified above                  | 934.9              | 796.8              | 4 075.3            | 2 424.3            |
| <b>Total basic budget expenses</b>                            | <b>229 194.0</b>   | <b>259 330.6</b>   | <b>350 493.6</b>   | <b>318 705.3</b>   |
| int.al. investment  | 6 506.9            | 34 072.2           | 20 108.7           | 15 214.6           |

## **PUBLIC ORDER AND SECURITY**

During the reporting year, Riga State City Municipality Police officials secured public order during important mass gathering events, rendering support also for the state law enforcement 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. 144 Riga State City Municipality Police event plans were prepared to ensure public order at the most important events of the year.

In 2023, Riga State City Municipality Police officials secured public order near 185 Riga State City educational institutions' complexes of buildings. 718 educating events were organized in Riga State City educational institutions; 1 726 preventive discussions were held for minors.

During the reporting year, 140 052 calls were maintained, and 8 863 applications were received. In 2023, Riga State City Municipality Police recorded 12 249 persons who committed administrative violations or crimes, 640 of them were wanted persons, 69 of them were juvenile persons.

By means of Riga State City Municipality Police video surveillance center 3 727 cases of law violation were recorded, 1 194 video records were submitted to law enforcement institutions. In 2023, Riga State City Municipality Police recorded 24 896 administrative violations, 941 of them administrative violations committed by minors and 530 administrative violations against minors recorded. 77 303 decisions on administrative violation matters were made, 56 525 administrative violations protocols on violating stopping and parking regulations were issued.

In 2023, 388 raids were carried out on the city's public transport, 38 violations were recorded and 23 wanted persons were detained. 306 administrative offense proceedings were initiated for disregard of animal protection and welfare requirements, 206 for causing minor bodily injuries and 52 for glorifying military aggression, war crimes and totalitarian regimes.

In 2023, 648 inspections of floating crafts were made and 207 administrative violations related to floating craft operation instructions were recorded, during raids 187 illegal fishing tools were confiscated, including poaching nets at total lengths of 1,7 km, 174 administrative violations were recorded, and 3 poachers were detained.

In 2023, 435 raids were performed to control the sale of alcohol, tobacco and pyrotechnics to minors, during which 12 cases when alcoholic beverages or tobacco products were sold to minors were recorded, 59 administrative violation proceedings were initiated.

In 2023, 4 swimmers were rescued, medical aid was rendered to 33 persons and 13 lost children were found.

In 2023, phone service of Tourism Information Center served 670 phone calls and police rendered help to 1 361 foreign tourists among them 932 refugees from Ukraine.

Information is regularly updated in Riga State City Municipality Police internet home page [www.rpp.riga.lv](http://www.rpp.riga.lv). In 2023, uploaded videos were viewed 2 261 445 times. Around 1 000 answers to inhabitants' questions were prepared in social media and home page. Riga State City Municipality Police Youtube account subscribers reached 8 300 persons, followers of Riga Municipality Police Facebook account – 29 100, but followers of Riga State City Municipality Police Twitter account – 14 600.

The most significant investment projects:

- o Construction plan of Riga State City Municipality Police building on Ledurgas Street 26 was finished;
- o Development of Riga video surveillance system was continued.

| <b>Budget expenses allocated to public order and security (k EUR)</b> | <b>2021 actual</b> | <b>2022 actual</b> | <b>2023 budget</b> | <b>2023 actual</b> |
|---|--------------------|--------------------|--------------------|--------------------|
| The police  | 19 094.0           | 20 501.4           | 25 164.6           | 22 664.2           |
| Fire protection, fire-fighting, rescue and civil protection services  | –                  | –                  | 25.0               | –                  |
| Other public order and security services not classified above         | 11.9               | –                  | 1.0                | 0.7                |
| <b>Total basic budget expenses</b>                                    | <b>19 105.9</b>    | <b>20 501.4</b>    | <b>25 190.6</b>    | <b>22 664.9</b>    |
| int.al. investment  | 324.9              | 47.4               | 2 329.1            | 167.2              |



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

## CORRUPTION PREVENTION

In 2023, Riga State City Municipality Central Administration was reorganized, in which Riga State City Council Internal Control and Corruption Prevention Department was liquidated and some functions were transferred to the Human Resources directorate (hereinafter - Directorate), which was assigned the following functions:

- o Management of Municipality's corruption prevention system;
- o Organization and methodological management of corruption prevention activities in municipal administration;
- o Management of activities of unified whistleblowing system and internal whistleblowing system in municipal institutions, which don't have separate internal whistleblowing systems (RNIC);
- o Examination of whistleblowing reports;
- o Obtaining and reviewing information on the activities of municipal institutions in the sphere of conflict of interest and prevention of corruption;
- o Unified management of Municipality's anti-corruption system, development of corruption prevention strategy and monitoring of its implementation, methodological management of corruption prevention training;
- o Cooperation with Central Administration Audit Directorate in sphere of violations of conflict of interest and corruption prevention detected in internal audits;
- o Assessment of circumstances of the damage case.

Directorate collected information and prepared report for Riga State City Council Security, Public Order and Corruption Prevention Issues Committee on implementation of Municipality's anti-corruption strategy 2022-2025 in 2023, making proposals for update of Strategy. Directorate updated positions which are subject of corruption risk in accordance with The Corruption Prevention and Combating Bureau guidelines and developed the administration's anti-corruption action plan for 2024-2025. Directorate drafted a number of internal normative acts to improve the conflict of interest and corruption prevention system in the municipality.

In 2023, Riga State City Municipality received 40 applications in total with whistleblowing note, 7 of them were recognized as whistleblowing reports, 32 applications didn't comply with whistleblowing criteria and were examined or were forwarded for regular examination, 1 was forwarded within the jurisdiction. As a result of whistleblowing reports a number of faults, flaws and offences were found.

## INTERNAL AUDIT

According to the Riga State City Council Audit Directorate 2023 plan of internal audit realization approved by Executive Director of Riga, in 2023, Riga State City Council Audit Directorate performed 8 internal control system evaluation audits, int. al. 7 audit in specific Riga State City Municipality institutions (performing 2-5 system audits within each audit – 18 in total) and 1 separate system audit, performing 3 Riga State City Municipality institutions within it.

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 96 suggestions were included.

Due to the changes in the structure of the Riga City State Municipality in 2023, Audit Directorate is included in Central Administration of Riga City State Municipality, but functionally it is subordinated to Riga Executive Director - Riga Executive Director approves the rules for conducting internal audits and drafting working documents of Audit Directorate and the strategic and annual plan for internal audits, as well as the strategic plan and annual plan for conducting internal audits.

In accordance with the Audit Directorate internal audit plan 2023 approved by the Riga Executive Director, in 2023, Riga State City Council Audit Directorate performed 4 inspections of financial and economic activities and 1 thematic audit.

As a result of performed audit 46 suggestions on elimination of the found offences and flaws were suggested. Central Administration Audit Directorate assesses and gives an opinion to Riga State City Municipality's enterprises and to representative of the capital share holder on the plan prepared by Municipality's enterprises for elimination of deficiencies identified in the audit and implementation of recommendations, as well as on the report of Municipality's enterprises on the implementation of the action plan.

## OPERATION IMPROVEMENT

In 2023, following improvements were made:

- o Riga City Municipality Revenue Directorate was liquidated, its functions and tasks transferred to the Finance Department;
- o Innovative learning system Moodle was designed to provide an accessible and efficient learning ecosystem;
- o Functional additions to the Municipal resource management system;
- o Riga State City Municipality public portal GEO RIGA, where everyone can view and use geospatial information on Riga administrative territory held by the municipality was implemented;
- o Technical support for XXVII Nationwide Latvian Song and XVII Dance Festival was provided;
- o New e-service "Application for wheelchair lifts" and core module was developed;
- o Improvements made to RDVIS applications for data acquisition;
- o Improvements of Compulsory Health Checks processes administration were made;
- o Implemented more than 40 local data network projects, wireless network infrastructure expanded in educational institutions;
- o Upgrade of data infrastructure and implementation of IoT sensor data platform;
- o Project of transferring Municipality's Information System ICT resources to LSRTC data centre was implemented, new procedure for submission of ICT initiatives and needs was introduced;
- o Riga API portal technical solution was developed to facilitate accessibility of digital solutions;
- o Developed and implemented State information system "Resource accounting and monitoring information system" (RUMIS).

## RIGA STATE CITY MUNICIPALITY PARTICIPATION IN LOCAL AND INTERNATIONAL COOPERATION PROJECTS

In 2023, 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 2023 in association with execution of Riga territory plan:

- o Reconstruction of Aldaris Park, which goal is to create facilitated, safe and contemporary recreation area for Sarkandaugava neighborhood's residents, by integrating today's necessary recreational functions into the existing park environment;
- o Revitalization of Skanste territory 1<sup>st</sup> stage where goal is to enable environmentally friendly and sustainable growth of territory's economical potential and creating new working places;
- o Measures for flood protection project in Bolderaja, which goal is to adapt to climate changes by preventing flood risks and to ensure quality living environment. In 2023, construction works were carried out on the right bank of The Bullupe river in Bolderaja neighborhood and a 1,9 km-long dam was built;
- o "Development of infrastructure objects that reduce anthropogenic load and improvement in the status of biotopes in natural park "Piejura" (Natura 2000)";
- o Development of construction plan of riverside promenade on Muksalas Street;
- o Project "Development of public open space integration of mobility point "Brasa" into city's environment", which goal is to facilitate change of residents' habits of leisure time activities;
- o Project "Pedestrians'/cyclists' bridge over the Kileveina ditch";
- o Detailed and up-to-date contamination investigations of the historically contaminated site of the Kileveina ditch, necessary for recovery works;
- o "Development of infrastructure construction projects included in Riga State City Municipality RAS transportation system greening reform";
- o "Integration of European level railway infrastructure into infrastructure of Centre of Riga";
- o "Promotion of development and accessibility of public open space of Old Riga";
- o "Working out development concept of Vidzemes (Matisa) market quarter";
- o "Development of Zunda channel waterside";
- o "Promotion of development and accessibility of public open space of Riga Centre and Brasa neighborhood";
- o "Development of data ecosystem of unified mobility";
- o Foundation of Zolitude tragedy memorial garden in Riga on Priedaine Street 20.

In 2023, City Development Department took participated in a number of EU projects: UNCHAIN, CityAM, HORIZON Just streets and preparation of following EU project applications: Horizon UrbanzeroMOB, North Baltic Cycle4Climate, BSR BalticHARMONY, Coding the curbs, EIT Urban Mobiliy Greening the last mile, CEF DIGITAL, Horizon Scale-up, Sustainable Cities Mobility challenge.

In 2023, Riga State City Municipality Education, Culture and Sports Department implemented 10 projects co-financed by the EU and other financial instruments with a total budget of 18 141 111 euro, of which 16 146 982 euro (89%) was financed by the EU and other external financial sources and 1 994 129 euro (11%) by the Riga State City Municipality. The most significant projects:

- o "Support for the Reduction of Early School Leaving";
- o "Support for development of students' personal competencies";
- o "Digitization of educational institutions for 7-9 grades";
- o "Innovative strategies in catering: expanding the sustainable catering toolbox";

In 2023, Riga State City Municipality continued cooperation with international organizations and cooperation networks:

- o Participation in Organization of World Cultural Heritage Cities (OWHC) and the League of Historical Cities (LHC);
- o Cooperation with Union of Baltic Cities (UBC);
- o Cooperation with Latvian National Commission for UNESCO;
- o Participation in Eurocities.

In 2023, specialists from City Development Department took part in the following international cooperation promoting activities:

- o Participation in Interreg Baltic Sea Region program project "Liveability – designing public services for resilient neighborhoods", which goal is to facilitate more viable towns in the Baltic Sea region was launched;
- o Participation in The Network of European Metropolitan Regions and Areas – METREX. Coordination of the network was provided, setting the agenda, organized and chaired 3 meetings;
- o Participation in advisory board of Sustainable Cities Commission of Union of Baltic Cities (UBC) commission's;
- o Participation in EUROCITIES platform, which regularly hosts discussions and seminars on experiences of the platform members in implementation of low emission zones;
- o Participation in Interreg Europe project "Improving local policies on temporary uses (IMPETUS)" was launched;
- o Participation in LIFE-2021-SAP-NAT project "Adaptive community based biodiversity management in urban areas for improved connectivity and ecosystem health" was launched;
- o Participation in project "Citizen-powered data ecosystems for inclusive and green urban transitions (Urban Relief)". Goal of the project is to create citizen-powered data ecosystems in order to support climate change adaptation, development of green infrastructure, and urban design development.

## 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 State City Council's and its committees' meeting schedule, documents to be revised, resolutions and resolution projects, information about planned and actual events, live broadcasts and records of Council's and Committees' meetings, as well as press conferences are available on Riga State 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 various benefits and receipt procedure, organization of summer camps, distribution of hot meals, mobile teams, involvement of persons with disabilities, movement of foster families, charity events etc., At the beginning of the year, information was widely provided on the energy-saving measures planned by the municipality and the allowances available for citizens.

Information on possibilities to receive real estate tax allowances, paid service discounts was provided, availability of kindergartens, requirements for children registration and enrollment, municipal support for private kindergartens was shown. Information on education sphere, sports and cultural events was provided. Inhabitants were informed also about traffic restrictions or repair works on City's streets, for example by publishing digital maps with repair works on City's streets and bypass routes. Detailed information was provided on the transition to centralized cleaning of pavements in the historic centre of Riga (HCR).

In 2023, 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 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 2023, 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 State City Municipality 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 Neighborhoods Inhabitants' Centre (NIC). NIC employees receive visitors in-person, by phone or electronically. NIC also offers gratis legal aid. gratis informative phone 80000800 is at inhabitants' service.

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 PRIVATE SECTOR

In 2023, municipal support was provided for implementation of community integration and participation activities in Riga by organizing five project competitions –111 projects were supported in total allocating municipal co-financing of 510 948 euro. 34 220 participants were involved in total in project activities, and an audience of around 139 200 people was reached through project informative activities.

In 2023, an electronic survey was carried out during the preparation of territory plan of HRC and its protection area, receiving 505 questionnaires filled in by members of the public and sectoral organizations. Collection of written proposals for the HRC territory plan was organized and more than 150 proposals were received. 2 webinars on territory plan of HRC current issues were organized, as well as opportunities for citizens' participation. 3 public discussions on the HRC strategic framework for transport and public space, housing, services and cultural heritage were organized.

In 2023, support was provided for operation of municipal advisory mechanisms, including operation of cooperation memorandum between Riga State City Municipality and NGO. In 2023, 650 NGOs participated in the NGO House, organizing 3 480 events. NGOs were provided with premises for events in six locations in different Riga neighborhoods.

The major public involvement events were the Riga City Council-NGO Forum "Public Participation - the Key to Modern City Development", which focused on public participation issues; annual "Riga - My Home" remigrant meeting event; "Honouring Riga Volunteers", awarding seven organizations for organization of voluntary work in the municipality and 65 volunteers for supporting community on important issues with Chairman's of Riga City Council gratitude certificates.

## ACTIVITIES PLANNED FOR THE NEXT YEAR

### LAUNCHED PROJECTS THAT WILL BE CONTINUED

In 2024, work on following projects is planned to be continued:

- o Adaptation and implementation of educational system Moodle in Riga State City Municipality institutions;
- o Work on railway "Rail Baltica" project;
- o Construction of crossing of Hipokrata Street and Malienas Street and construction of Kveles Street in section from Malienas Street to Plasas Street;
- o Renewal of sidewalk pavement on Taisna Street;
- o Reconstruction of the water drainage system on Akaciju Street and culvert on Zolitudes Street near Akaciju Street;
- o Reconstruction of Ielejas Street and Asnu Street in section from Dzintaru Street to Ielejas Street;
- o Work on development and management of Riga family gardens and Lucavsala;
- o Fixation and construction of related infrastructure of waterside on Muksalas Street;
- o Development of sports and recreation grounds in neighborhoods;
- o Construction plan of infrastructure and construction of road connection in Jaunciema nature protected area;
- o Renovation of interior of building on Slokas Street 161;
- o Renovation of building of affiliated branch "Tornakalns" of Ltd. "Riga Health Centre";
- o Design of outbuilding of the Latvian National Theatre on Simtgades Avenue 3;
- o Renovation of the Riga Bolderaja Library building and provision of accessibility;
- o Connecting sports school's "Arkadija" Riga National sports arena to the central heating and renovation works of interior;
- o Constructions of pedestrian roads and installation of illumination in Ebelmuiza park;
- o Random renovation works in Riga Social Care Centre "Gailezers";
- o Construction of independent public transportation route and related bicycle infrastructure on Dzelzavas Street;
- o Erection of bicycle infrastructure in neighborhoods by means of technical tools of traffic management;
- o Development of Riga video surveillance system.

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

- o "Development of complex of buildings for Riga Skanstes preschool on Grostonas Street 6" in order to increase availability of preschool services in Skanste neighborhood;
- o Project "Development of infrastructure construction projects included in Riga State Municipality RRF greening reform of the transport system";
- o Riga Youth Policy Implementation Plan 2024-2028 and Riga Sport and Active Development Plan 2024-2028 are planned to be developed, defining sectoral goals, tasks, achievable results and implementation procedures;
- o Riga State City Municipality education ecosystem development strategy 2024-2028 are planned to be developed. The goal of the strategy is to develop an education ecosystem in Riga State City Municipality in which a combination of different components creates a quality, flexible and learner-friendly environment for lifelong learning;
- o Interreg Baltic Sea Region program project "Liveability – designing public services for resilient neighborhoods";
- o Interreg Europe project "Improving local policies on temporary uses (IMPETUS)".

**RIGA STATE CITY MUNICIPALITY FINANCIAL STATEMENTS 2023  
(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>3 583 664.3</b>                                | <b>3 603 516.6</b>                          |
| <b>Non-current assets</b>   | <b>3 347 616.4</b>                                | <b>3 397 831.5</b>                          |
| <b>Intangible assets</b>  | <b>17 465.5</b>                                   | <b>17 528.1</b>                             |
| Licenses, concessions and patents, trademarks and similar rights        | 17 134.2  | 17 277.3                                    |
| Other intangible assets   | 191.8   | 238.3                                       |
| Intangible assets under construction                                    | 139.5   | 12.5  |
| <b>Fixed assets</b>   | <b>2 416 983.2</b>                                | <b>2 451 822.2</b>                          |
| Land and construction   | 1 749 154.6                                       | 1 837 990.4                                 |
| Technological equipment and machinery                                   | 10 257.0  | 10 261.9                                    |
| Other fixed assets  | 76 720.1  | 76 129.2                                    |
| Construction in progress, fixed assets under construction               | 155 272.1   | 81 812.9                                    |
| State and municipal real estate property assigned for actual possession | 412 716.0   | 423 921.6                                   |
| Biological and underground assets                                       | 11 920.0  | 12 957.3                                    |
| Leasehold improvements  | 56.8  | 49.9  |
| Advances for fixed assets   | 886.6   | 8 699.0                                     |
| <b>Long-term financial investments</b>                                  | <b>788 310.7</b>                                  | <b>791 854.7</b>                            |
| Investments in subsidiaries   | 718 242.3   | 717 931.4                                   |
| Investments in equity capital of associates                             | 70 068.3  | 73 923.3                                    |
| <b>Long-term receivables</b>  | <b>789.4</b>                                      | <b>915.0</b>                                |
| Other long-term receivables   | 789.4   | 915.0                                       |
| <b>Investment property</b>  | <b>124 067.6</b>                                  | <b>135 711.5</b>                            |
| Investment property   | 117 021.5   | 106 737.3                                   |
| Investment property assigned for actual possession                      | 7 046.1   | 28 974.2                                    |
| <b>Current assets</b>   | <b>236 047.9</b>                                  | <b>205 685.1</b>                            |
| <b>Inventory</b>  | <b>22 665.5</b>                                   | <b>27 038.9</b>                             |
| <b>Short-term receivables</b>   | <b>15 508.8</b>                                   | <b>16 171.5</b>                             |
| <b>Deferred expenses and advances for services and projects</b>         | <b>6 331.8</b>                                    | <b>6 309.4</b>                              |
| <b>Cash</b>   | <b>191 541.8</b>                                  | <b>156 165.3</b>                            |
| <b>LIABILITIES</b>  | <b>3 583 664.3</b>                                | <b>3 603 516.6</b>                          |
| <b>Equity</b>   | <b>2 756 131.5</b>                                | <b>2 785 885.8</b>                          |
| <b>Reserves</b>   | <b>150 112.1</b>                                  | <b>152 843.5</b>                            |
| <b>Results of the budget execution</b>                                  | <b>2 606 019.4</b>                                | <b>2 633 042.3</b>                          |
| Retained results of the budget execution                                | 2 508 206.7                                       | 2 606 019.4                                 |
| Results of the budget execution in current period                       | 97 812.7  | 27 022.9                                    |
| <b>Provisions</b>   | <b>323.0</b>                                      | <b>529.2</b>                                |
| <b>Liabilities</b>  | <b>827 209.8</b>                                  | <b>817 101.6</b>                            |
| <b>Non-current liabilities</b>  | <b>576 243.0</b>                                  | <b>545 590.4</b>                            |
| Long-term borrowings  | 492 834.9   | 478 074.3                                   |
| Long-term liabilities to suppliers and contractors                      | 13 167.9  | 10 836.6                                    |
| Long-term accrued liabilities   | 63 214.8  | 51 431.0                                    |
| Long-term deferred income and received advances                         | 149.1   | 335.9                                       |
| Other long-term liabilities   | 6 876.3   | 4 912.6                                     |
| <b>Current borrowings and current portion of long-term debt</b>         | <b>69 220.9</b>                                   | <b>76 577.4</b>                             |
| <b>Current liabilities to suppliers and contractors</b>                 | <b>39 871.7</b>                                   | <b>21 356.1</b>                             |
| <b>Current accrued liabilities</b>                                      | <b>59 446.3</b>                                   | <b>65 861.5</b>                             |
| <b>Salaries and deduction payments (excluding taxes)</b>                | <b>13 262.0</b>                                   | <b>15 538.5</b>                             |
| <b>Taxes, fees and other payment liabilities</b>                        | <b>15 521.1</b>                                   | <b>20 352.7</b>                             |
| <b>Other current liabilities</b>  | <b>3 196.7</b>                                    | <b>4 142.2</b>                              |
| <b>Deferred income and received advances</b>                            | <b>50 448.1</b>                                   | <b>67 682.8</b>                             |

**RIGA STATE CITY MUNICIPALITY FINANCIAL STATEMENTS 2023 (SUMMARY)**

| <b>RIGA MUNICIPALITY SUMMARY BALANCE SHEET</b>   | <b>At the beginning of the accounting period (k EUR)</b> | <b>At the end of the accounting period (k EUR)</b> |
|--|--|--|
| <b>OFF-BALANCE SHEET</b>   |  |  |
| <b>Off-balance sheet assets</b>  | <b>14 430.1</b>  | <b>11 991.7</b>                                    |
| Demurrages, fines, penalties and late payment interest receivable  | 10 059.5   | 7 830.7  |
| Claims for illegally expropriated assets   | 38.3   | 38.4   |
| Other off-balance sheet assets   | 4 332.3  | 4 122.6  |
| <b>Off-balance sheet liabilities</b>   | <b>171 678.7</b>   | <b>115 318.2</b>                                   |
| Future liabilities according to agreements concluded on projects financed by foreign financial aid and EU policies' instruments  | 67 790.3   | 16 509.1   |
| 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 | 75 960.5   | 62 654.1   |
| 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                       | 13.8   | –  |
| Received and not paid invoices for advance payments  | 32.1   | 11 942.3   |
| Warranties issued  | 41.3   | 35.1   |
| Other off-balance sheet liabilities  | 27 840.7   | 24 177.6   |

**RIGA STATE CITY MUNICIPALITY FINANCIAL STATEMENTS 2023 (SUMMARY)**

| <b>BASIC BUDGET INCOME STATEMENT</b>  | <b>2022 actual</b> | <b>2023 budget</b> | <b>2023 actual</b> |
|---|--------------------|--------------------|--------------------|
| Cash flow basis   | (k EUR)            | (k EUR)            | (k EUR)            |
| <b>Total revenues</b>   | <b>1 161 627.2</b> | <b>1 237 417.2</b> | <b>1 285 364.4</b> |
| <b>Total tax revenues</b>   | <b>818 216.5</b>   | <b>866 175.0</b>   | <b>915 859.1</b>   |
| Personal income tax   | 704 675.3          | 751 919.0          | 797 571.3          |
| Real estate taxes   | 112 629.0          | 112 629.0          | 117 227.4          |
| int.al. real estate tax on land   | 46 511.7           | 46 511.7           | 47 839.0           |
| int.al. real estate tax on buildings  | 42 170.6           | 42 170.6           | 43 694.1           |
| int.al. real estate tax on housing  | 23 946.7           | 23 946.7           | 25 694.3           |
| Other tax revenue   | 912.2              | 1 627.0            | 1 060.4            |
| <b>Total non-tax revenues</b>   | <b>28 723.0</b>    | <b>27 477.0</b>    | <b>29 066.8</b>    |
| Government (municipality) fees  | 5 396.1            | 4 036.8            | 5 940.7            |
| Other non-tax revenues  | 23 326.9           | 23 440.2           | 23 126.1           |
| <b>Paid services and other own revenues</b>   | <b>24 919.0</b>    | <b>30 631.9</b>    | <b>33 075.3</b>    |
| <b>Total transfers</b>  | <b>289 768.7</b>   | <b>313 133.3</b>   | <b>307 363.2</b>   |
| Transfers of public entities partially financed by State budget and institutions not financed by budget                         | 2.2                | 128.5              | 138.4              |
| State budget transfers, int.al.   | 280 609.7          | 303 073.1          | 297 926.4          |
| state budget transfers received by municipalities   | 217 155.8          | 240 914.5          | 235 557.8          |
| transfers received from state institutions for projects co-financed by EU policies' instruments and other foreign financial aid | 19 667.3           | 62 158.6           | 62 368.6           |
| subsidy from municipal cohesion fund received by municipality's budget  | 43 786.6           | –                  | –                  |
| Municipal budget transfers  | 9 156.8            | 9 931.7            | 9 298.4            |
| <b>Total expenses by government functions</b>   |                    |                    |                    |
| <b>Total expenses</b>   | <b>1 112 078.7</b> | <b>1 433 042.2</b> | <b>1 316 652.0</b> |
| General governmental agencies, int.al.:   | 210 173.5          | 237 881.3          | 235 050.4          |
| contributions to municipal cohesion fund  | 116 326.6          | 125 486.0          | 133 104.8          |
| Public order and security   | 20 501.4           | 25 190.6           | 22 664.9           |
| Economic activity   | 259 330.6          | 350 493.6          | 318 705.3          |
| Environmental protection  | 5 094.1            | 7 690.3            | 5 875.9            |
| Territory and housing management  | 30 793.5           | 82 600.4           | 58 858.8           |
| Health care   | 5 058.4            | 7 256.4            | 5 971.0            |
| Recreation, culture, and religion   | 34 764.8           | 40 751.3           | 37 626.6           |
| Education   | 402 800.1          | 504 348.2          | 468 435.3          |
| Social security   | 143 562.3          | 176 830.1          | 163 463.8          |
| <b>INCOME STATEMENT ON DONATIONS AND ENDOWMENTS</b>   |                    |                    |                    |
| Cash flow basis   | (k EUR)            | (k EUR)            | (k EUR)            |
| <b>Total revenues</b>   | <b>300.4</b>       | <b>190.8</b>       | <b>169.1</b>       |
| <b>Donations and endowments from legal entities and individuals</b>   | <b>300.4</b>       | <b>190.8</b>       | <b>169.1</b>       |
| Donations and endowments for education  | 25.4               | 102.3              | 83.5               |
| Donations and endowments for social care  | 6.6                | 8.0                | 6.1                |
| Other donations from legal entities and individuals   | 268.4              | 80.5               | 79.5               |
| <b>Total expenses by government functions</b>   |                    |                    |                    |
| <b>Total expenses</b>   | <b>281.7</b>       | <b>375.7</b>       | <b>71.5</b>        |
| General governmental agencies   | –                  | 0.2                | –                  |
| Recreation, culture, and religion   | 269.8              | 94.6               | –                  |
| Education   | 6.8                | 260.1              | 60.6               |
| Social security   | 5.1                | 20.8               | 10.9               |

**EXPLANATION OF BASIS OF PREPARATION OF SUMMARY FINANCIAL STATEMENTS 2023**

This financial statements summary including Riga State City Municipality's summary balance sheet as of 31 December 2023, basic budget income statement for 2023 (cash flow basis) and income statement of donations and endowments (cash flow basis) for 2023 are prepared on the basis of audited Riga State City Municipality financial statements, based on following principles:

- o Balance sheet presented is identical to the one included in the audited financial statements of Riga State City Municipality 2023 (k EUR) (Form No 1);
- o Basic budget income statements prepared on a cash flow basis are prepared based on information included in Riga State City Municipality Annual Report 2023 (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 the Cabinet of Ministers of the Republic of Latvia No 1032 dated 27.12.2005. "Regulations on classification of budget income".
- o Expenses are presented according to the groups of functional categories by administrative, functional and sectoral features in compliance with Regulations of the Cabinet of Ministers of the Republic of Latvia No 934 dated 13.12.2005. "Regulations on classification of budget expenses according to functional categories";

- o Income statement of donations and endowments is prepared on a cash flow basis and is based on information included in Riga State City Municipality Annual Report 2023 (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 the Regulations of the Cabinet of Ministers of the Republic of Latvia 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 the Cabinet of Ministers of the Republic of Latvia No 934 dated 13.12.2005. "Regulations on classification of budget expenses according to functional categories";

According to paragraph 37.1. of the Cabinet of Ministers regulations No 652 dated 28.09.2021. "Procedure for preparation of the annual report", information on Riga State City Municipality's financial statements 2023 is available at the State treasury's home page from 1 June 2024.



## INDEPENDENT AUDITOR'S REPORT

Riga  
No. 1/2024

### To Riga State City Municipality:

#### *Our Opinion*

In our opinion, the financial statements of the accompanying annual report give a true and fair view of the financial position of Riga State City Municipality (the "Municipality") as at 31 December 2023, and the Municipality's financial performance and cash flows for the year ended 31 December 2023 in accordance with the Cabinet of Ministers regulation no. 652 "Procedures for Preparing the Annual Report" dated 28 September 2021.

#### **What we have audited**

The Municipality's financial statements comprise:

- o the balance sheet as at 31 December 2023,
- o the statement of financial results for the year ended 31 December 2023,
- o the statement of changes in equity for the year ended 31 December 2023,
- o the cash flow statement for the year ended 31 December 2023, and
- o the notes to the financial statements which include explanatory information on financial statements line items, a description of significant accounting policies, a description of financial statements preparation principles and information on financial instruments risk management.

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards of Supreme Audit Institutions adopted in the Republic of Latvia (ISSAI). 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:

- o the Management Report as set out in the system eParskati section Documents "1. Management Report",
- o the Budget Execution Report as set out in the system eParskati section Budget execution – Budget execution reports,
- o the Notes to the Budget Execution Report as set out in the system eParskati section Documents "5.Explanation on the Budget Execution Report",

but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Management Report, we also performed the procedures required by the Law on Audit Services. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of the Cabinet of Ministers regulation no. 652 "Procedures for Preparing the Annual Report" dated 28 September 2021.

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

- o the information given in the other information identified above for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- o the Management Report has been prepared in accordance with requirements of Ministers regulation no. 652 "Procedures for Preparing the Annual Report" dated 28 September 2021.

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

#### *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. 652 "Procedures for Preparing the Annual Report" dated 28 September 2021 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 ISSAI 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 ISSAI, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- o 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.
- o 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.
- o Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- o 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.
- o 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.
- o Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Municipality audit. We remain solely responsible for our audit opinion

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.

*This is a translation of the original independent auditor's report prepared in Latvian and issued on 28 March 2024 on Riga State City Municipality's financial statements included in the Municipality's 2023 annual report, which was prepared in accordance with the Cabinet of Ministers regulation no. 652 "Procedures for Preparing the Annual Report" dated 28 September 2021. This pdf format of independent auditor's report does not relate and cannot be considered as a report on the Public Report 2023 of Riga State City Municipality and is prepared only to fulfil the requirements of the Cabinet of Ministers Regulation no. 413 "Regulations on Annual Public Accounts" dated 5 May 2010.*

*Translation note: 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  
28 March 2024

ilandra.lejina@pwc.com  
371-67094400

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