

RIGA MUNICIPALITY ANNUAL REPORT 2019





Riga, 2020

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REPORT OF RIGA CITY MUNICIPALITY MANAGEMENT

During the reporting year, Riga City Municipality operated in accordance with the Riga City Municipality Statute, approved by binding regulations No 114 of the Riga City Council on 1 March 2011, which determines transparent Riga City Municipality administration organization, order of decision making, inhabitants' rights in local administration, as well as other municipality's work organizational issues with a to bring Municipality closer to the recipients of municipal services.

During the reporting year, Riga City Municipality continued to exercise Municipality's autonomous and other functions stated by the law "On Local Governments" as well as State's and Municipality's shared responsibilities of capital city functions.

During the reporting year, economical and social situation of Riga City continued to improve, average net wages increasing by 6,5% compared with the previous year. In 2019, Riga City Municipality's basic budget revenues reached 1 011,7 million euro, according the cash flow principle and was more by 87 million euro (by 9,4%) compared with the previous year. During the reporting year, the biggest part of revenue increase of the municipal budget was generated by an increase in personal income tax.

In 2019, execution of municipal budget personal income tax revenue reached 649,2 million euro, more by 74,2 million euro (by 12,9%) than in the previous year. This increase was the highest in recent years. In 2019, the amount of Riga City Municipality's budget personal income tax revenue exceeded the planned by 65,5 million euro (by 11,2%). The municipal budget also received earmarked subsidy from the State budget of 14,5 million euro in the reference year, which was set in order to recompense for the negative impact of the tax reform on municipal budget revenues.

In 2019, real estate tax revenue was 110,5 million euro, exceeding amount of the last year revenue by 0,4 million euro (by 0,3%), it was more by 0,4 million euro (by 0,3%) than budget plan.

During the reporting year, there was no substantial change in revenue of this tax by individual components. In 2019, real estate tax revenue on land increased by 0,5% (by 0,23 million euro) compared with the previous year, this tax revenue on buildings decreased by 0,3% (by 0,1 million euro). During the reporting year, real estate tax revenue on housing increased by 1% (by 0,23 million euro) compared with 2018.

In 2019, Riga City Municipality's total budget tax revenues were 765,5 million euro (75,7% from total Municipality's budget revenues). In 2019, Municipality's total budget tax revenues were more by 74,4 million euro (by 10,8%), as well as exceeded the planned amount by 65,7 million euro (by 9,4%) compared with 2018. Overachievement of tax revenues plan was achieved by higher personal income tax revenue.

In 2019, Municipality's budget non-tax revenue was 22,4 million euro, less by 1,6 million euro (by 6,6%) than in 2018. During the reporting year, non-tax revenues in the municipal budget were by 1,1 million (by 5,1%) higher compared with planned. The relatively larger overachievement of planned revenue was observed in the local government fee and office fee items, where the revenue plan was exceeded even by 50,5%. During the

reporting year, municipality institutions' budget revenues were executed at 27,8 million euro, less by 5,2 million euro (by 15,8%) in 2018 and less by 2,1 million euro (by 7%) than planned.

In 2019, Riga City Municipality's budget revenue from earmarked subsidy from the State budget reached 186,8 million euro, more by 16,8 million euro (by 9,9%) than in 2018, but less by 18 million euro (by 8,8%) than expected. The reason of non-execution is failure to comply with the refund schedule for projects co-financed by European Union due to delay in projects' implementation. Annual plan of this State's earmarked subsidy item was executed only for 57%. During the reporting year, Municipality's budget transfers at the amount of 7,6 million euro were transferred to municipal budget, more by 1 million euro (by 15,5%) than in 2018, but by less 0,2 million euro than planned.

During the reporting year, Riga City Municipality's total budget revenues were 1 011,7 million euro, more by 86,9 million euro (by 9,4%) than in 2018. Overachievement of revenues plan reached 48 million euro (5%). During the reporting year, increase of Municipality's budget revenues significantly exceeded revenues growth rate in 2018 when they increased by 2,1%, but were slightly slower than 10,1% in 2017.

In 2019, like in the previous years the biggest amount of financial resources from Municipality's budget expenses was allocated to education sector – 340,7 million euro (35% from all the budget expenses). The second biggest sector of municipal expenses was economical activities, which reached 257,3 million euro (26,5% from all the budget expenses). During the reporting year, municipal managerial office received 7,1% from all the budget expenses, but in deposits to municipal financial cohesion fund Riga City Municipality paid in 96,7 million euro. In 2019, municipal capital expenditure was 139,9 million euro, whereof 22,4 million euro were capital expenditure of projects financed by EU funds.

Municipality closed 2019 with of 39,6 million euro budget surplus, which is the best result of budget execution over the last decade. The rapid and unplanned increase in personal income tax caused overachievement of tax revenue plan by 65,7 million euro. On the other hand, the lower execution of several budget expenditure items resulted in non-execution of total spending part of municipal budget by 78,5 million euro. The largest non-execution was observed in the capital expenditure (fixed capital formation), where actual expenditure remained below the target by 47,5 million euro.

In 2019, Riga City Municipality continued to fulfill important municipal budget operative surplus criteria, municipal revenue exceeding operative expenses by 179,5 million euro (by 21,6%).

In 2019, Municipality's budget surplus was 3,9% against budget revenue, also improving financial results of the overall government sector in 2019. By the end of 2019, Riga City Municipality's budget cash and cash equivalents (deposits) surplus was 144 million euro, increasing by 51,9 million euro during the year.

During the reporting year, Riga City Municipality continued to implement "Municipal loans, guaranties and other long-term debt management strategy for 2018 – 2022" by fulfilling all the criteria defined by liabilities portfolio management. By the end of 2019, the total

REPORT OF RIGA CITY MUNICIPALITY MANAGEMENT

principal amount of long-term municipal liabilities reduced compared with the previous year, forming 57,9% from budget revenue and not exceeding 100% level defined by strategy.

During the reporting year, Riga City Municipality continued cooperation with international credit rating agencies. As a confirmation of stability of the Riga City Municipality's financial and budgetary policy in 2019, it can be mentioned that evaluating municipal budget execution, financial situation in October 25 of 2019, credit rating agency "Standard & Poor's" raised credit rating assigned to Riga City to "A-level". It is the highest rating given by this agency to Riga City during 22 years, since the agency evaluates the City's financial and budgetary situation.

Credit rating agency "Moody's Investors Service" evaluated Municipality's achievements in budget execution, management of liability portfolio and in November 29 of 2019 renewed City's credit rating at previous level.

Achieved financial stability and available residual financial resources extended Municipality's capacity to overcome financial risks concerning effects of the Covid-19 crisis. The main impact on municipal budget tax revenues of 2020 can be expected in personal income tax sector. Dynamics of this tax revenue will depend on the interaction between the following factors: employment dynamics, wage dynamics, employment and wage measures implemented by State, State tax policy decisions (tax allowances, tax deferrals), as well as State actions in case of non-execution of personal income prognosis. For short-term, the reserve budget fund will lessen the impact of the crisis. In case of negative scenario structural changes will be needed in Municipality's budget, evaluating the share Municipality's budget expenditure. In this case Municipality's budgetary policies and measures will take place within the framework of adjustment of common public sector financial policy.

During the reporting year, Riga City Municipality, it's structural units and subordinate institutions continued realization of financial policy, providing necessary financing for execution of municipal basic functions and for municipal debt discharge, as well for implementation of development projects.

E. Balsevics

Riga City Municipality executive of temporary administration

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RIGA MUNICIPALITY STATE

Riga City Council Finance Department (Finance Department) is Riga City Municipality's leading institution in management of municipal financial resources and executes following Riga City Municipality's functions:

- ↳ development, organization and coordination of financial policy;
- ↳ planning and management of financial resources;
- ↳ preparation of projects of Municipality's budget (and its amendments) and control of budget execution;
- ↳ provision of Municipality's united system of wage methodical management, financial management and accounting.

As a result of successful execution of revenue income part and non-execution of individual heads of expenditure, for example, capital expenditure, Riga City Municipality closed 2019 with 39,6 million euro budget surplus, which is the best result of budget execution over the last decade. By the end of the year, Riga City Municipality's budget cash and cash equivalents increased reaching 144,3 million euro.

As modern technologies develop, an increasing amount of data can be processed and stored electronically – digitized. Finance Department is actively implementing modern data processing and therefore issues of personal data protection appear which are paid special attention at. In 2019, Finance Department in cooperation with the Riga City Council's Data Security and Information Technology Security Centre, continued to implement and improve the requirements of the General Data Protection Regulation (GDPR). In order to facilitate the implementation of the principles of personal data protection and compliance with laws and regulations, a personal data protection coordinator is appointed in Finance Department, as well as regular training of employees and information on topical events in the field of protection of personal data. Evaluating progress made during the reporting year, in order to ensure monitoring of processing of personal data and informing employees about opportunities and risks in the field of data protection, in 2020 Finance Department will continue work on strengthening office capacity.

Internal control system is established in Finance Department, descriptions of management system processes are developed and internal control procedures are introduced, as well as regular internal audits of the management system are performed according to approved program. Internal control system for prevention of corruption risks is established and maintained and improved in department within the framework of the internal control system. Department provides regular training of staff and information on topical issues in the field of prevention of corruption risks. In 2019, the list of positions at risk of corruption was updated.

Finance Department successfully co-operates with the banking and financial institutions - State Treasury, Latvian commercial banks, foreign banks and inter-state banking institutions, ensuring the exchange of information, solving payment circulation and system improvement issues.

During the reporting year, development of Riga City Municipality's financial situation was positive what is confirmed by decision made by international credit rating agency "Standard & Poor's" to raise credit rating assigned to Riga City to "A-level" in October of 2019, that is the highest up to now evaluation of City's rating. Evidence of Riga City Municipality's financial stability was budget cash and cash equivalents surplus by the end of reporting year.

Riga City Municipality's budget and finances can be affected by the crisis caused by Covid-19 and its consequences in the coming years. Although the scale of this crisis cannot be predicted yet, the main impact can be expected in Municipality's budget revenue part, regarding personal income tax revenue, real estate tax revenue and certain types of non-tax revenues. A major role will be played also by common State policy on guaranteeing municipal revenues and restructuring of expenditure. Amount of Municipality's reserve budget fund and Municipality's total financial resources will help to lessen short-term impact risks of the crisis. If medium-term solutions will be needed, they will be implemented within the framework of the overall public sector financial policy.

As a result of financial management and budget policy implemented by Finance Department, execution of municipal basic functions was provided with sufficient financial resources during the reporting year, maintaining sufficient reserves of financial resources for Municipality's debt discharge of the following years and for implementation of medium-term budget policy.

U. Rakstiņš

Riga City Council Finance Department Director

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RIGA MUNICIPALITY STATE

RIGA CITY POPULATION

POPULATION

At the beginning of 2020, according to data of The Office of Citizenship and Migration Affairs 693 thousand inhabitants lived in Riga, reducing by 4 thousand within a year. From 2010 to 2020 the number of city inhabitants decreased by 2,3% but the decrease in State was greater – 7,6%, as a result of it the proportion of Riga inhabitants from the total number of State inhabitants has increased from 31,5% to 33,3% during this period of time.

Constant decrease of population was observed in Riga City until 2013, followed by increase after that until 2017, but during the last three years there was decrease of city population by 1,6% in total within this period. Natural decrease of city population is still observed albeit it is lower than average level of State. In 2018, the average decrease of number of inhabitants in State was 4,9 per 1000 population, but 3,8 in Riga. Yet the migration balance was 4,6 in Riga in 2018 – higher than the average in State where it was 2,5.

There were 388,7 thousand working age inhabitants in Riga City at the beginning of the reporting year, by 6,2 thousand less than in the previous year. Proportion of this group from all inhabitants decreased from 61,9% to 61,5%. The tendency of previous years continued – growth of the number of children and youth (inhabitants below working age). It has increased by 13 thousands since 2011 and reached 98,3 thousands at the beginning of 2019. At the beginning of reporting year, the number of inhabitants of above working age was 145,6 thousand (23% from all the inhabitants) in Riga City increasing by 0,6 thousand within a year.

ETHNICAL COMPOSITIONS

In 2019, ethnical composition of Riga City inhabitants hasn't changed significantly. In 2019, largest nationalities were Latvians – 47,1% and Russians – 36,4%.

EMPLOYMENT

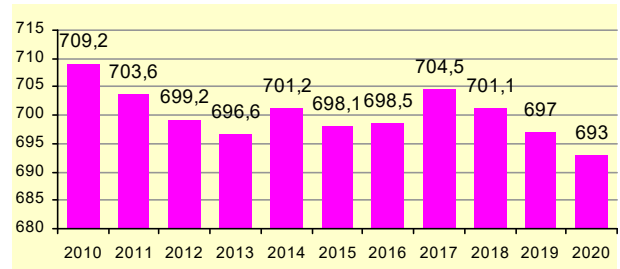
Despite the decrease of working age population in the reporting year, increase of number of employed inhabitants was observed in Riga during the reporting year – from 319,3 thousand in 2018 to 321,5 thousand in 2019. During the period from 2010 to 2019, number of the employed City's inhabitants increased by 39,1 thousand, forming around 66% of the total number of workers in the country.

During the reporting year, the greatest increase of the employed was observed in the construction sector (by 3,8 thousand), as well as in the social care sphere (by 3 thousand), but the greatest decrease – in the transportation and storage sector where number of the employed decreased by 8,7 thousand.

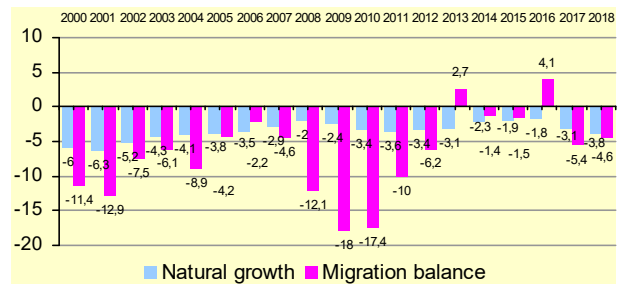
UNEMPLOYMENT

According to data from the State Employment department there were 12,7 thousand unemployed in Riga City by the end of 2019, increasing by 0,2 thousand within a year. That was 4% from economically active city inhabitants, what still is the lowest unemployment rate among regions of Latvia. In total the unemployment rate was 6,4% in State by the end of 2019.

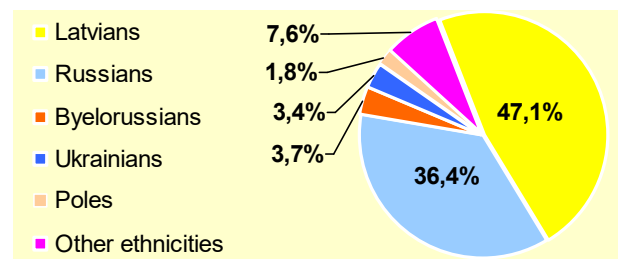
The number of Riga inhabitants (according to OCMA, k people)



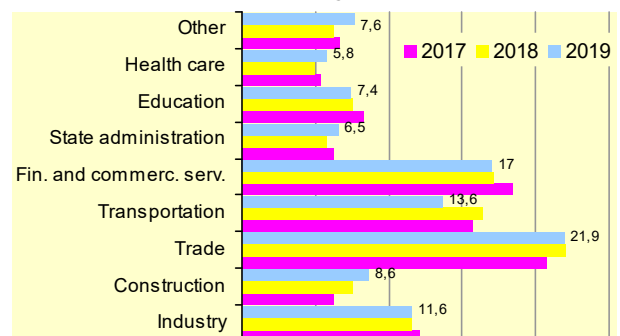
Effect of natural growth and migration on the number of Riga inhabitants (people on k inhabitants)



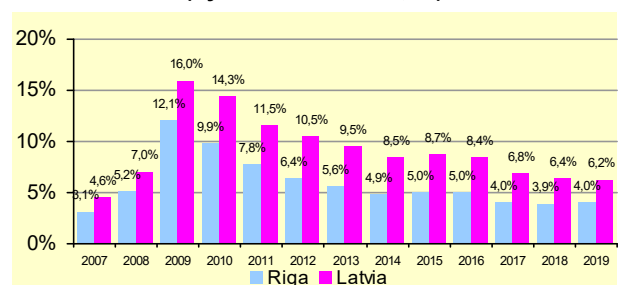
Ethnical composition of Riga inhabitants (by the end of 2019, %)



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



Unemployment rate* in Riga and Latvia (by the end of 2019, %)



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

COMPENSATION

During the reporting year, average monthly gross compensation reached 1 206 euro, increasing by 6,8% compared with the previous year. In 2019, growth of compensation in public sector increased by 6,4%, in private sector – by 7,1%. Average compensation in public sector was still higher by 8% than in private sector in Riga City.

During the reporting year, average compensations in Riga City still was higher by 12,1% than in the country on average. In 2019, the most rapid growth of compensation in Riga City was in health and social care (by 13,3%). During the reporting year, compensation increased in all sectors. In common with the previous years the highest gross compensation for employees in City was in financial sphere (2 115 euro monthly) and in information and communication service sphere (1 811 euro monthly). In 2019, average gross compensation in Riga City increased by 77 euro, average net compensation – by 54 euro

During the reporting year, compensation has increased in all the sectors in Riga compared with 2008 level, the fastest growth was in real estate (by 72%), construction (by 62%), trade (by 61%) and health care (by 59%).

RIGA MUNICIPALITY ECONOMIC STATE

Growth of economic activity was observed in Latvia and Riga City. In 2019, gross domestic product increased by 2,2% compared with the previous year. The most rapid growth was in accommodation and catering industries (by 8%) and health care sector (by 9,5%). However economic growth was slower than in the previous year and decrease was observed in several important city economic sectors – financial and insurance sector (by 8,8%) and in transportation sector (by 4%).

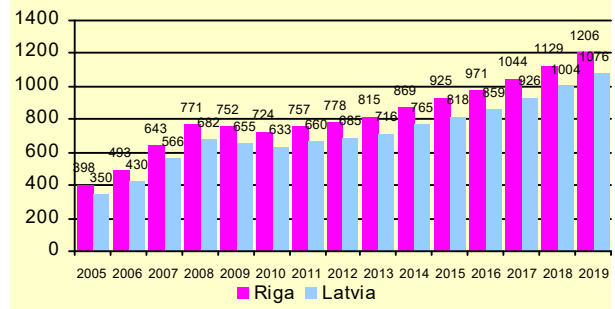
In 2019, the biggest proportion in Riga City economic structure by value added has trade and service sector – 15,8%. The second biggest economic sector is real estate sector – 11,6%, information and communication services are in the third place – 9,2%. Proportion of transportation in Riga City economic structure has decreased from 11,8% to 7,5% over the last decade. Proportion of value added created in Riga city comprises around 54% from the total value added in the State however the proportion in particular sectors is even more higher, for example in financial and insurance service, information and communication services – 85%, in professional, scientific and technical service – 79%.

TRANSPORTATION AND COMMUNICATIONS

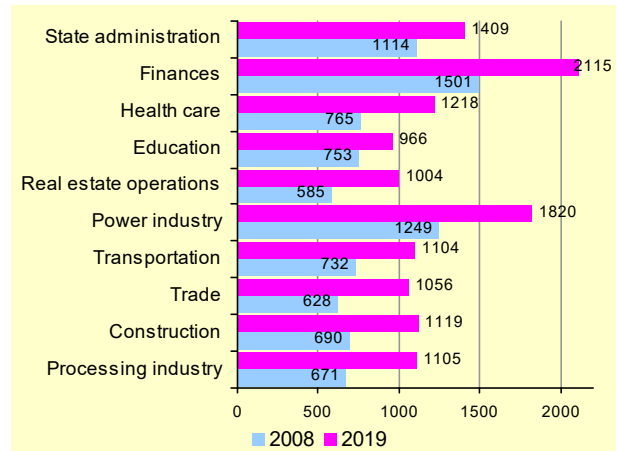
RIGA PORT

During the reporting year, the amount of received cargo in Riga port decreased by 10,1% compared with 2018. The growth was both in the amount of shipped cargo reduced by 13,1%, but the amount of received cargo increased by 7,5%. Since the amount of shipped cargo is about 83% from the total cargo turnover at Riga port then dynamics of this type of cargo determined the overall reduction of cargo turnover at Riga port.

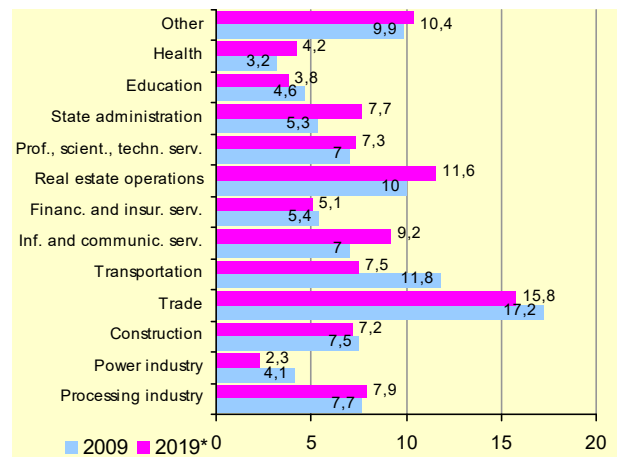
Monthly average gross compensation in Riga 2005 – 2019 (in euro)



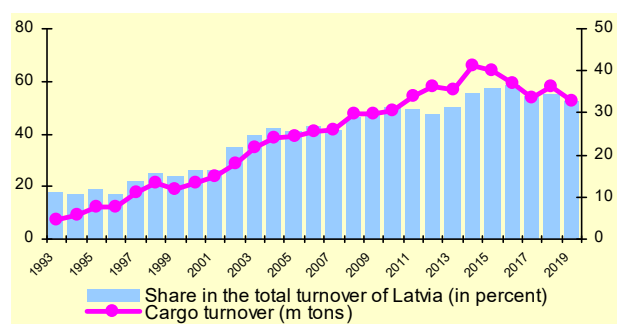
Monthly average gross compensation in Riga in 2008 and 2019 (by sectors, in euro)



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



Operation of Riga port



Growth of total cargo turnover in other ports of Latvia in 2019 remained immutable wherewith the share of Riga port in the total Latvia port turnover decreased to 52,5%. In 2019, 31,6% from the reloaded cargo in Riga port was coal (the amount reduced by 27% within a year), 11,6% – petroleum products, 14% – cargo containers.

In 2019, 390,4 thousand arrived (by 0,7% less than in the previous year) and 409 leaving passengers (by 1,6% more than in the previous year) were serviced during the reporting year, by 7,9% and 6,4% more than in the previous year. The number of serviced cruise ships' passengers continued to decrease. In 2019, it was 69,2 thousand passengers – by 7,5% less than in the previous year.

AIRPORT

In 2019, the number of serviced passengers in Riga Airport increased by 10,5% and reached 7,8 million passengers which is the highest result in the airport's history. Riga Airport remains the largest airport in the Baltic States in terms of passenger turnover.

In 2019, according to the Riga International Airport data the number of serviced flights increased by 4,2% compared with the previous year, reaching 87 007 flights, but amount of shipped and received cargo decreased by 3,5%.

PUBLIC TRANSPORTATION

In 2019, 134,4 million passengers were transported in Riga public transportation (bus, tram, trolleybus), by 4,4 million less than in the previous year. 42,8%, from the total number of transported passengers used 100% discounts and 27,6% used partial transportation fee exemption granted by Riga City Municipality. 4,5% from the total number of transported passengers used discounts defined by State.

During the reporting year, Riga Municipality Ltd. "Rigas satiksme" provided passengers' transportation services on 8 tram, 17 trolleybus and 54 city bus and 19 improved service bus routes. In 2019, the total length of the City's transportation network was 1 590,8 kilometers.

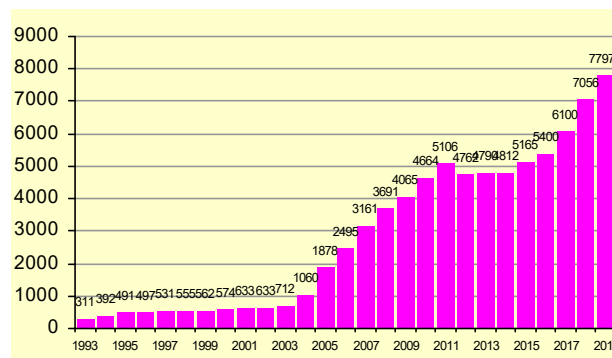
TOURISM

After rapid growth in the previous years there was slight decrease in tourism sector in Riga in 2019. In 2019, 1 687,2 thousand tourists were served in Riga City hotels and tourists' lodgings, by 29,6 thousand or 1,7% less than in 2018. Proportion of foreign guests from all the served tourists was 87%, number of them decreased by 1,6% compared with the previous year. In 2019, the number of overnight stays in tourists' lodgings increased by 1,1% compared with the previous year.

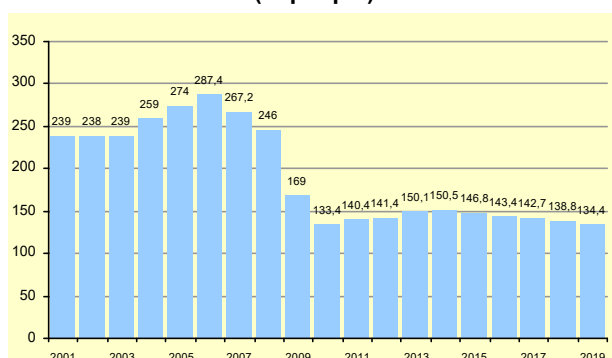
CONSTRUCTION

In 2019, the space of commissioned dwelling houses in Riga City was 172,3 thousand square meters, increasing by 26% compared with the previous year. The proportion of built dwelling houses in Riga reached 32% of the state overall result.

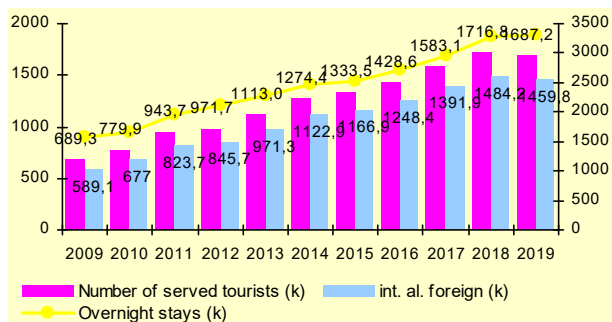
Riga International Airport: passenger turnover (k people)



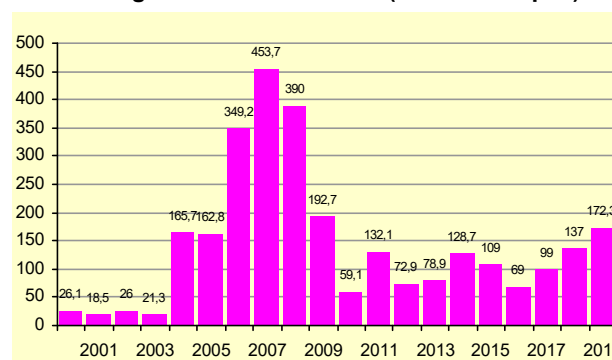
Passenger carriage in Riga public transportation (m people)



Characteristics of development of Riga City tourism sector in 2009 – 2019



Dwelling houses constructed (thousand sq. m)



RIGA MUNICIPALITY ADMINISTRATION STRUCTURE, FUNCTIONS, PERSONNEL

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

Inhabitants that have the right to vote elect Riga City Council, what consists of 60 councilors. Riga City Council forms subordinate municipal administration, determining its organizational structure and competence.

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

↳ Riga City Council Finance Department – leading institution in management of municipal financial resources;

↳ Riga City Council Property Department – leading institution in management of municipal property and in arrangement of buildings that degrade environment in municipal territory;

↳ Riga City Council Education, Culture and Sports Department – implements municipal policy in education, culture and sports sectors, in youth work;

↳ Riga City Council Housing and Environment Department – implements municipal policy in housing and environment spheres and is leading institution in provision of power supply, water supply and sewerage services, land amelioration system operation and maintenance, environmental protection and management, maintenance of cemeteries, provision of support on solving housing issues, administration of municipal residential buildings, as well as in realization of possession of unprivatized municipal dwelling space;

↳ Riga City Council Welfare Department – leading institution in, within the framework of competence defined for municipality, social services, social help and health care sphere;

↳ Riga City Council City Development Department – leading institution in Riga City development and territory planning sphere;

↳ Riga City Council Transport Department – leading institution in traffic and transportation sphere.

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

↳ Organizes municipal services for inhabitants, realizes municipal housing management and maintenance of cemeteries and provides support on housing issues for inhabitants;

↳ Provides environmental protection and management, territory improvement and sanitation within the administrative territory of Riga City and establishes regulations for the order of use of publicly accessible forests and waters;

↳ Provides the rights of children who have reached scholar age to receive preschool education, elementary education and secondary education, as well as opportunities of useful and creative passing of free time for all the Rigans;

↳ Provides diversity and accessibility of City's cultural events, as well as provides preservation of cultural values and cultural heritage and promotes preservation of the traditional cultural heritage and participates in maintenance and development of the historical objects of national importance, as well as support and development of cultural infrastructure;

↳ Provides protection of children rights, ensures guardianship, custody, adoption, as well as protection of children's` private and property rights and interests;

↳ Ensures accessibility of health care and promotes healthy lifestyle among inhabitants and disease prevention measures, organizes social assistance (social care) and improves families support system;

↳ Coordinates employment issues, facilitates economical activities in Riga City Municipality, is engaged in decrease of unemployment;

↳ Issues permits and licenses for commercial activities;

↳ Provides public order and security for individuals within according to competence, performs measures to prevent violation of law, takes part in provision of civil defense measures, rescue operations and renders assistance to victims;

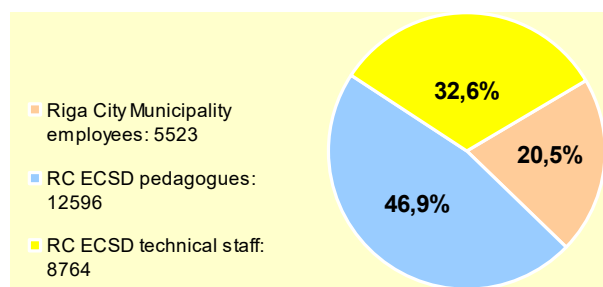
↳ Manages, coordinates and defines the order of utilization of and building on land, protection of cultural monuments and requirements to environmental visual quality, as well as ensures the legacy of construction works within the administrative territory;

↳ Organizes maintenance, designing and construction of transport infrastructure objects, provides public transportation services and realizes maintenance of transport infrastructure and city's public transportation system.

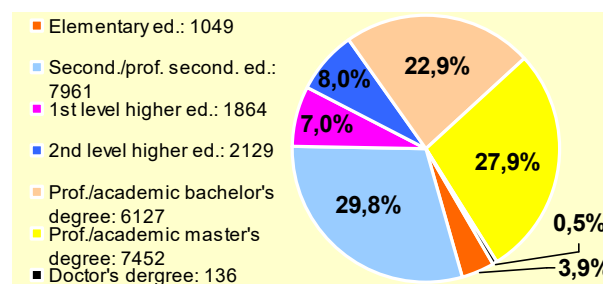
In 2019, actual availability of employees in Riga Municipality was 26 883, int. al. 12 596 pedagogues and 8 764 technical staff of institutions subordinate to Riga City Council Education, Culture and Sports Department.

In 2019, (except pedagogues and technical staff of institutions subordinate to Riga City Council Education, Culture and Sports Department) there were 855 employees recruited and labour relations were terminated with 932 employees. During the reporting year 2 085 pedagogues and 2 562 technical staff were recruited and labour relations were terminated with 1 991 pedagogues and 2 355 technical staff.

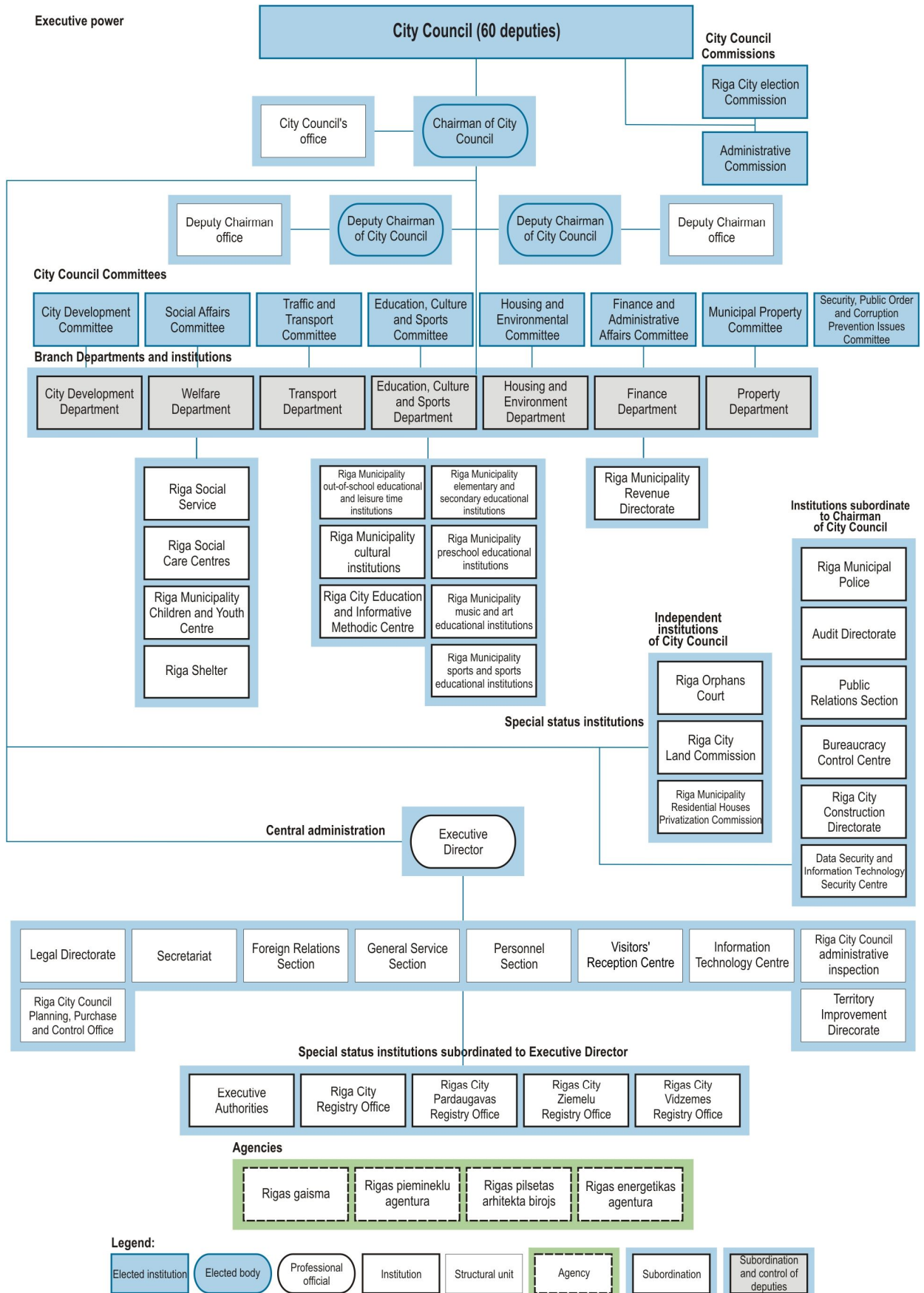
Distribution of Riga City Municipality personnel



Education of Riga City Municipality personnel



ADMINISTRATION STRUCTURE OF RIGA CITY MUNICIPALITY



RIGA MUNICIPALITY PROPERTY STATE

PROPERTY BOOK VALUE

By the end of 2019, the book value of Riga City fixed assets was 2 516 million euro, decreasing by 23,8 million euro within the year. The total value of Municipality assets, including other long-term investment categories comprised 3 564,2 million euro by the end of 2019.

RIGA CITY MUNICIPALITY INVESTMENTS IN ENTERPRISE EQUITY CAPITAL

In 2019, Riga City Council Property Department continued to provide management of equity capital shares and shares of 14 enterprises. By the end of 2019, long-term share of Riga Municipality in equity capital of related and associated enterprises was 722,9 million euro. In 2019, Riga Municipality has invested the total amount of 5,25 million euro in the equity capital of related enterprises with 100% share capital owned by Riga Municipality, int. al. investments of:

- ↳ Land Ltd. "Rigas mezi" (241,8 thousand euro);
- ↳ Property and cash Ltd. "Rigas Nacionalais zoologiskais darzs" (3,64 million euro);
- ↳ Cash Ltd. "Riga 1st hospital" (1,37 million euro).

SHARE IN MUNICIPAL ENTERPRISE EQUITY CAPITAL

By the end of the reporting year 2019, long-term share of Riga Municipality in equity capital of related and associated enterprises was 722,9 million euro. By the end of 2019, the share of Riga Municipality in equity capital of related enterprises was 662,03 million euro, increasing by 16,52 million euro, within a year, but long-term share in equity capital of associated enterprises was 60,87 million euro.

By the end of the reporting year, Riga Municipality balance sheet reflected 13 investments into the equity capital of related enterprises with 100% ownership (shares) by Riga Municipality, 1 investment into the equity capital of enterprise with more than 50% ownership by Riga Municipality (Ltd. "Getlini EKO" – 97,92%).

By end of 2019, equity share capital of one associated enterprise reflected in Riga Municipality balance sheet – JSC "Rigas siltums" (49%).

PLANNED CHANGES

In 2020, following changes are planned in the equity capital of related enterprises:

- ↳ To increase share in Ltd. "Rigas udens" and Ltd. "Rigas satiksme" by real estate property;
- ↳ To reduce share in Ltd. "Rigas pilsetbuvnieks".

RIGA MUNICIPALITY REAL ESTATE PROPERTY STATE

To ensure execution of Riga Municipality's autonomous functions, in 2019 Riga Municipality bought 32 real estate properties or their parts. 184 agreements on sale of Riga City Municipality's real estate property were concluded. By the end of 2019, there were 2 640 valid lease agreements on real estate property rent.

In 2019, Riga City Council Property Department continued first registration of municipal real estate properties in Land Register, int. al.: 178 land lots with total area of 178,92 ha and total assessed value of real estate of 3,98 million euro. 42 real estate properties (land, land and buildings) were registered in Land Register as a result of division, merging or reorganization of borders of properties registered in Land Register. Amendments for 61 real estate properties were done in Land Register, 38 nonexistent on-site buildings were erased from Land Register. 2 land lots were transferred to State for execution of State functions. Amendments for 575 privatized dwelling houses were made in Land Register.

EXECUTION OF TERRITORY DEVELOPMENT PLAN

In 2019, public discussions of improved editions of Riga territory plan (RTP) took place. During the process of assessment of the opinions and proposals received from institutions:

- ↳ evaluation with 1 200 proposals received from inhabitants was prepared, 13 of them were taken into consideration in the final RTP edition;
- ↳ answers were given to proposal submitters;
- ↳ 43 objections and suggestions included in opinions made by institutions were evaluated;
- ↳ reports on suggestions received and opinions from institutions during the public discussions were prepared;
- ↳ evaluation of Environment State Bureau opinion was made;
- ↳ corrections of RTP were made;
- ↳ corrections of report on RTP strategic impact on environment assessment were made;
- ↳ final RTP edition was prepared and relegated to Riga City Council.

3 Riga City Municipality's decisions prepared and made in 2019 on launch of local plan development:

- ↳ land on Kadagas Street 3;
- ↳ land on Lejuupes Street 3;
- ↳ land on Ratsupites Street.

Decisions prepared and made in 2019 on approval of local plans on:

- ↳ land on Ciekurkalna 4th Crossline 4;
- ↳ land on Juglas Street 11;
- ↳ territory in Zakusala.

2 Riga City Municipality's decisions made in 2019 on handing editions of local plan over public discussions:

- ↳ land on Strelnieku Street 8;
- ↳ land on Anglikanu Street 5.

In 2019, 2 Riga City Council decision on approval of local plan and issue of binding regulations on 2 pieces of land on Strelnieku Street 8 were prepared and made.

In 2019, 216 land-use planning projects were agreed.

In 2019, work on thematic plan of public open space of Historic Centre of Riga and its protection area, on development of local plan of southern part of Eksportosta and execution of project "Border extension of local plan of railway route territory of public rail line "Rail Baltica" and development of local plan of extended territory".

Within plan of sustainable mobility, work on the Riga transport system sustainable mobility action program, analysis of the foreign experience of micro-mobility and transfer of good practice to development of the relevant municipality's rules and regulations, participation in development of planning documents of Riga Municipality Ltd. "Rigas Satiksme", attraction of European Union funds and preparation of work task for SUMP (Sustainable Urban Mobility Plan) project was performed.

In 2019, update of two Riga Development programs of Action plan and Investment plan 2014 – 2020 (Program) and Action plan and Investment plan 2017 – 2019 was provided and work on development of Development program 2021 – 2027 was continued.

In accordance with delegation agreement of provision of selection of Integrated Territorial Investment (ITI) projects' applications concluded between Riga City Municipality and Ministry of Finance of the Republic of Latvia, in 2018, in Riga City Municipality selection of submitted ITI projects was provided for following supporting goals:

- ↳ First stage selection of project applications "Improvement of education environment of all-round education institutions";
- ↳ First stage selection of project applications "Revitalization of territories, recovery of degraded territories in accordance with integrated municipal development programs";
- ↳ Third stage selection of project applications "Preservation, protection and development of significant cultural and natural heritage as well as development of related services";
- ↳ Implementation of "Support for provision of selection of Riga City Municipality's integrated territorial investment projects".

Report 2018 on introduction of Riga Sustainable Development strategy to 2030 (Strategy) and Riga Development program was prepared within Strategy Supervisory system (SSS), what is the fifth report on introduction of Strategy and Program in accordance with the new development plan documents.

The report contains description of 4 long term strategic goals and 19 areas of activities which are based on information provided by Riga City Council institutions and structural units, opinion of 5 branch experts and statistic data, statistic data from Central Statistical Bureau of Latvia, Lursoft and other data sources.

In 2019, City Development Department continued to perform monitoring functions concerning legality of construction process. 1 252 decisions were made in total, whereof:

- ↳ 124 administrative provisions, which remains in effect decisions made by Riga City Construction Directorate;
- ↳ 29 administrative provisions on reversing decisions made by Riga City Construction Directorate due to violation of substantive and procedural rules;
- ↳ 229 interim judgments;
- ↳ 111 other definitive decision on administrative matters;
- ↳ 249 legal decisions;
- ↳ as well as 456 business letters and other documents were prepared in process of legal supervision of construction process;
- ↳ 54 decisions on infrastructure charge.

RIGA MUNICIPALITY INVESTMENT PROJECTS

CAPITAL INVESTMENTS FROM MUNICIPAL BUDGET

During the reporting year, 139,9 million euro were allocated for Riga City Municipality budget capital expenditure, That is less by 12,7 million euro (by 8,3%) than in 2018. Decrease in capital expenditure by 8,1 million euro was determined by changes in budget structure concerning exclusion of commitment fee part from capital expenditure item. During the reporting year, capital expenditures of projects co-financed by European Union (EU) increased by 4,2 million euro compared with the previous year and were 22,4 million euro.

During the reporting year, largest share in the structure of sectors of municipal capital expenditures has economic activity (38,7% from all the capital investment) culture and recreation sector is in the second place (20,4% from all the capital investment). Share of education of total municipal capital expenditures during the reporting year was 15,7%, social protection – 15,8.

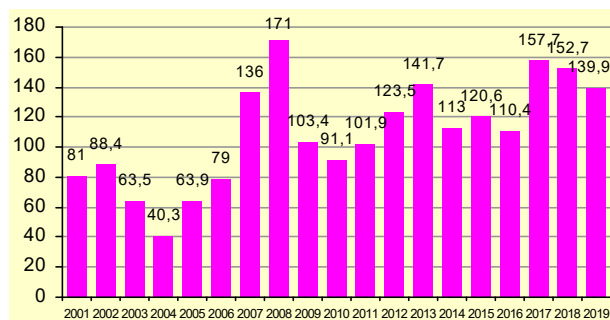
FOREIGN INVESTMENT IN RIGA

By April 2020, according to Lursoft data, direct investments of foreign investors into the registered equity capital of enterprises in Riga were around 5,4 billion euro, increasing by 4% within a year. The share of foreign investments in Riga City from the total foreign investments in country was 78%.

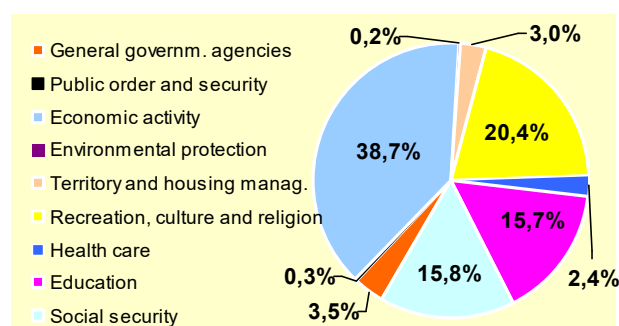
EU AND OTHER EXTERNAL FINANCIAL SOURCES' CO-FINANCED PROJECTS

31 million euro were allocated from the municipality's budget for execution of co-financing and pre-financing of projects financed by EU Funds, by 6,2 million euro more than in the previous year. From the total co-financing and pre-financing amount capital expenditure formed 22,4 million euro (or 72%).

Capital expenditures from Riga Municipality budget (m euro)



Capital expenditures from Riga Municipality consolidated budget structure by sector, 2019 (%)



RIGA MUNICIPALITY FINANCIAL AND BUDGET POLICY

REVENUE

In 2019, total Riga City Municipality budget revenue was 1 011,7 million euro, by 86,9 million euro (by 9,4%) more than in 2018. During the reporting year, growth of municipal budget revenue was significantly higher than growth of revenue in 2018 (by 2,1%) yet it was slower from revenue growth in 2017 (by 10,1%).

Municipal basic budget tax revenues in 2019 were 765,5 million euro, more by 74,4 million euro (by 10,8%) than in 2018 and by 65,7 million euro (by 9,4%) than planned. In 2019, Riga City Municipality budget revenue from PIT was 649,2 million euro, by 74,2 million euro (by 12,9%) more than in the previous year. This growth was higher in the recent years and exceeded the planned by 65,5 million euro (by 11,2%). Riga City Municipality's proportion in distribution of this tax among Latvia's municipalities increased from 41,5% in 2018 to 42,2% in 2019. During the reporting year, RET revenue was 110,5 million euro, gambling tax – 5 million euro, but natural resources tax – 0,9 million euro. During the reporting year, municipality institutions' budget revenues were collected at amount of 29,3 million euro, less by 3,8 million euro that year before. In 2019, Riga City Municipality budget revenue from earmarked subsidy from the State budget reached 186,8 million euro, more by 16,8 million euro (by 9,9%) than in 2018. During the reporting year, Municipality's budget transfers at the amount of 7,6 million euro were transferred to Riga City Municipality budget.

EXPENSE

In 2019, total Riga City Municipality budget expense was 972,1 million euro, what is less by 77,9 million euro (by 7,4%) than planned. However, the greatest part of these expenses at the amount of 57,5 million euro are related to expenses which will continue in 2020 and it should be budgeted in 2020. In 2019, execution of capital expenditures was 139,3 million euro, what is less by 47,5 million euro (by 25,4%) than planned and significantly lower than actual expense of the previous years. According to actual Riga City Municipality's PIT revenue budget expense exceeded the planned expense for deposits to municipal financial cohesion fund by 9,8 million euro. In 2019, Riga City Municipality's budget surplus was 3,9% from municipal revenues or 39,6 million euro.

MUNICIPALITY'S DEBT DYNAMICS

In 2018, the total amount of Riga Municipality's financial commitments was 824,3 million euro decreasing by 53,8 million euro within a year.

Rapid growth of municipal liabilities in 2007 is related with growth of undertaken liabilities due to construction of the South Bridge. Gradual repayment of these liabilities has reduced their proportion in the total amount of financial commitments from 76% in 2009 to 45% by the end of the reporting year. During the reporting year, Riga City Municipality continued implementation of municipal loans, guarantees and other long-term debt management strategy for 2018 – 2022, by fulfilling all the criteria defined by liabilities portfolio management. The total amount of overall Riga City Municipality liabilities (evaluating by principal amount of liabilities) was around 57,9% from municipal revenues, by end of 2019, not exceeding 100% limit defined by the Strategy.

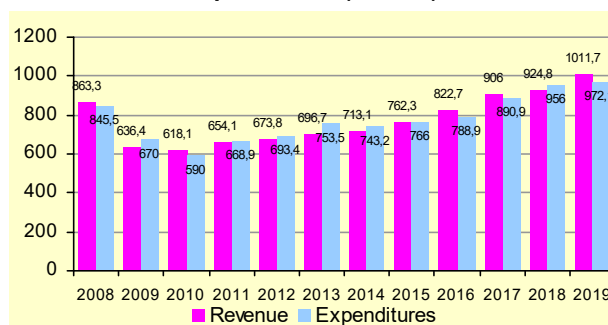
CREDIT-RATING

During the reporting year, Riga City Municipality continued cooperation with international credit rating agencies. In October of 2019, credit rating agency "Standard & Poors" evaluated Riga City Municipality's budget and financial situation and raised credit rating assigned to Riga City to "A-level". It is the highest rating given by this agency to Riga City during 22 years. Credit rating agency "Moody's Investors Service" evaluated Municipality's budget execution, management of liability portfolio and financial state and renewed credit rating at a previous level.

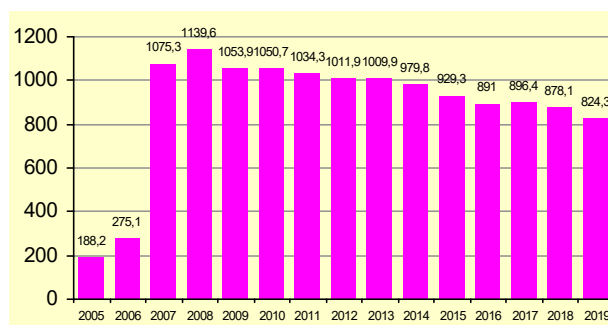
History of Riga City credit-rating

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

Riga City consolidated budget revenue and expenditures (m euro)



Dynamics of total amount of Riga City Municipality's financial commitments 2005 – 2019 (m euro)



RIGA MUNICIPALITY BUDGET EXECUTION PERFORMANCE

The results of Riga economical development and Riga City Municipality's fiscal policy in 2019 are characterized by achievements in ensuring budget revenues and purposeful use in provision of municipal operations according to the budget approved by Riga City Municipality. Budget is a tool for realization of Riga Municipality economic policy by means of financial methods. Riga Municipality budget includes Municipality's revenue and expenditure. Riga Municipality budget is prepared based on the cash flow principle, simultaneously in compliance with State Treasury instructions, ensuring accounting based on accrual principle.

RIGA MUNICIPALITY BUDGET REVENUE

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

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

Basic budget revenue mostly comprises:

Tax revenues:

- ↳ personal income tax;
- ↳ real estate tax.

Non-tax revenues:

- ↳ State and municipality fees;
- ↳ charges for paid and other own revenues;
- ↳ charges for utilization of Municipality's capital;
- ↳ other revenues (fines, sales of property, etc.).

RIGA CITY MUNICIPALITY SPECIAL BUDGET REVENUES

Special purposes budget revenue consists of donations and endowments to Riga Municipality.

SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY BASIC BUDGET REVENUE

Cash flow basis (k EUR)	2018 actual	2019 budget	2019 actual
Total revenues	924 749.2	963 647.3	1 011 696.3
Total tax revenues	691 088.1	699 755.2	765 515.7
Personal income tax	575 028.0	583 695.1	649 172.3
Real estate taxes	110 103.1	110 103.1	110 483.0
int.al. real estate tax on land	46 980.7	46 980.7	46 209.6
int.al. real estate tax on buildings	39 857.5	39 857.5	40 212.9
int.al. real estate tax on housing	23 264.9	23 264.9	24 060.5
Other tax revenue	5 957.0	5 957.0	5 860.4
Total non-tax revenues	24 021.8	21 354.4	22 388.7
Government (municipality) fees	5 557.5	3 591.3	5 404.9
Other non-tax revenues	18 464.3	17 763.1	16 983.8
Charges for paid and other own revenues	33 040.8	29 939.4	29 358.3
Transfers	176 598.5	212 598.3	194 433.6
Transfers of public entities partially financed by State budget and institutions not financed by budget	2.4	-	8.7
State budget transfers, int.al.	169 975.7	204 793.4	186 785.0
received state budget transfers allocated for specific purpose	145 297.5	149 108.3	148 821.1
transfers received from state institutions for projects coo-financed by EU policies' instruments and other foreign financial aid	15 533.0	41 202.5	23 481.3
subsidy received by municipal budget from municipal financial cohesion fund	-	14 482.6	14 482.6
other State budget transfers	9 145.2	-	-
Municipal budget transfers	6 620.4	7 804.9	7 639.9

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

Cash flow basis (k EUR)	2018 actual	2019 budget	2019 actual
Total revenues	172.3	123.9	32.7
Donations and endowments from legal entities and individuals	172.3	123.9	32.7
Donations and endowments for education	44.5	114.3	29.2
Donations and endowments for social care	1.7	3.1	0.4
Other donations from legal entities and individuals	126.1	6.5	3.1

RIGA MUNICIPALITY BUDGET EXPENSE

Riga Municipality budget expense of 2019 in this report is reflected according to the functional categories, which correspond to the structure of expenses by government function or sector – education, economic activity, environmental protection, social security, management of Municipality territories and housing facilities, health care, recreation, culture and religion, public order and security, etc.

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

In the same way economical and efficient utilization of municipal funds is already provided for ten last years by performance indicators’ system realized by Municipality defined by law “On municipalities”.

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

Taking into account the development trends of Riga as the capital City, the provision of operations in Riga Municipality has special importance that is related to hosting of national holiday celebrations, National Song and Dance Festival and other traditional cultural events, as well as state and official visits foreign representatives. Thereby, Riga makes a substantial contribution to the image of the State.

In 2019, the main priorities within the total expense structure of Riga Municipality basic budget did not change compared with the previous year – there were education, public order and security, social security, investments in infrastructure.

Setting priorities for Riga Municipality investment program is related to ensuring the operations of Municipality and the greatest share of resources was allocated and utilized for improvement of City infrastructure objects and environment, paying special attention to improvement of traffic safety, as well as ensuring accessibility of health care services and reconstruction of cultural institutions.

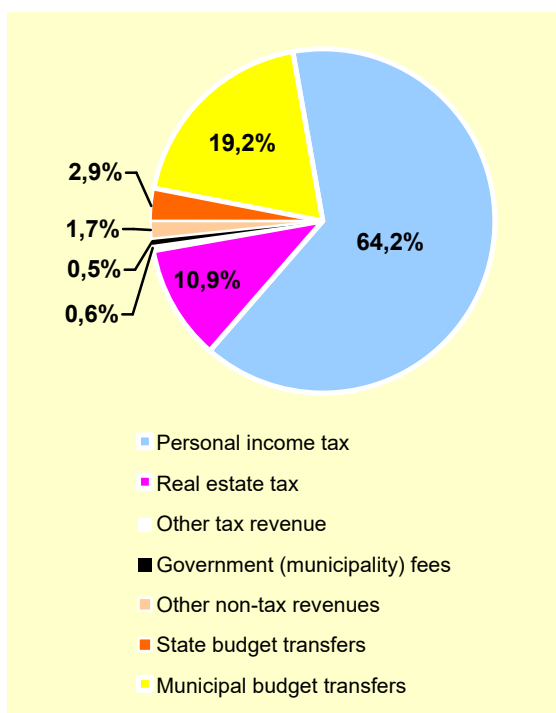
SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY BASIC BUDGET EXPENSES

Expenses by government function Cash flow basis (k EUR)	2018 actual	2019 budget	2019 actual
Total expenses	959 990.1	1 050 054.5	972 047.7
General governmental agencies int.al. deposits to municipal financial cohesion fund	160 128.7	163 609.1	165 503.1
Public order and security	19 224.6	18 623.4	18 188.9
Economic activity	249 061.7	296 771.8	257 255.1
Environment protection	4 015.8	3 933.7	3 171.2
Municipal territory and housing management	33 489.3	37 797.6	29 400.2
Health care	4 383.7	6 857.4	6 184.2
Recreation, culture, and religion	54 670.9	54 900.0	54 227.4
Education	345 081.0	366 664.6	340 694.8
Social security	89 934.4	100 896.9	97 422.8

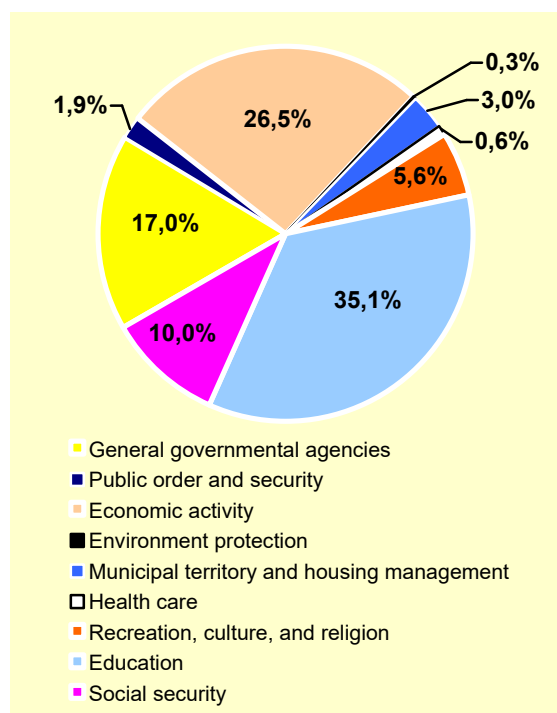
SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY SPECIAL BUDGET EXPENSES FROM DONATIONS AND ENDOWMENTS

Expenses by government function Cash flow basis (k EUR)	2018 actual	2019 budget	2019 actual
Total expenses	191.4	362.8	86.3
General governmental agencies	14.0	22.0	19.4
Environment protection	-	35.0	-
Municipal territory and housing management	3.6	3.0	-
Recreation, culture, and religion	103.7	34.5	17.9
Education	69.3	260.2	48.5
Social security	0.8	8.1	0.5

Composition of Riga Municipality basic budget revenue in 2019



Composition of Riga Municipality basic budget expenses in 2019



RIGA MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

EDUCATION AND SPORTS

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

PRESCHOOL EDUCATIONAL INSTITUTIONS

In 2019, preschool education programs were provided at 146 licensed Riga City Municipality preschool educational institutions, 18 comprehensive schools and 1 Riga interest educational institution. Preschool education program in municipal preschool educational institutions was provided for 25 900 children in total. In 2019, existing groups were revised in six preschool education institutions and groups with education in Latvian were opened.

Riga City Municipality is not capable of providing all the children with places in municipal preschool education institutions, therefore in 2019, 6 500 students of private preschool educational institutions receive municipal co-financing and 1 250 children were provided with baby-sitting service. As from September 1 catering service for children financed by Municipality has been launched

COMPREHENSIVE SCHOOLS

At the beginning of the school year 2018/2019, 109 Riga City Municipality elementary and secondary comprehensive schools started work, int. al. 82 secondary schools, 24 elementary schools and 3 primary schools, 4 of them are training-schools and 10 are boarding-schools, where educational programs were mastered by 68 967 students at the beginning of the school year, 81,5%, of these students master elementary education programs, but secondary education programs are mastered by 18,5%.

In 2019, four comprehensive and three out-of-school education institutions were liquidated and two comprehensive, three out-of-school education institutions and two vocational schools majoring in sports were reorganized in accordance with activities of optimization of educational institutions' network.

In order to promote adaptation of children from families who have arrived from abroad and reemigrants' children, Riga City Municipality allocated financing for additional Latvian language training courses. In 2019, 538 students received it.

OUT-OF-SCHOOL EDUCATION AND SPORTS

In 2019, in order to provide diversity and accessibility of out-of-school and vocational education there were 8 Riga Municipality's out-of-school education institutions, 10 vocational schools majoring in sports, 9 music and art schools working in Riga Municipality as well as out-of-

school educational programs were implemented in 109 comprehensive school and 90 791 students (number shows participators of the programs, because one student can participate in several programs) participated in programs realized by these schools. In 2019, 110 out-of-school events were organized in various out-of-school fields, int. al. festivals, concerts, sports games and competitions, Day of Studies event for children and youth "Come and participate" etc.

In 2019, various Olympic days were organized in comprehensive schools, where participated more than 105 058 students, as well as various sports competitions were organized which were attended by more than 88 900 participants. Sports competitions in 10 sports games were organized in Riga City within a year, 31 competitions in total. 430 young sportsmen from Riga participated in Latvian VIII Youth Olympic games and won 195 prizes.

In 2019, Riga music and art school students participated in various special events, int. al. in youth music band festival – competition "Boldsound", in international symphonic orchestra youth camp and concerts in Bremen, in creation of book about history of Riga J. Medina Music school No 1.

ECSD provided support for organization of youth's leisure time, informal education and employment, providing co-financing for 218 children and youth camps organized by the Riga City Municipal educational institutions and 65 youth camps organized by non-government and religious organizations which total number of participants reached 11 999. 18 leisure time projects providing free of charge activities for around 3 000 children and youth during summer holidays were supported, 18 educational activities for around 695 students' self-government activist was organized and provided financing for 6 Students' self-government cooperation projects. Besides, 17 youth initiative projects were financially supported and support rendered to 24 leisure time centers, which were attended about 136 700 times.

There were 315 short term working places created by State Employment Agency, Municipal institutions and enterprises for youth during summer holidays. 318 educational activities were organized In Riga youth centre "Kanieris".

LIFELONG AND INFORMAL EDUCATION

In 2019, 2 155 participants took an opportunity of non-formal education programs offered by Education and Information Center of Riga City (EICRC). The most popular fields of study were foreign languages and self development. EICRC continued implementation of ESF project "Professional development of competencies' of the employed" in Riga City Municipality.

The main direction of teachers and schools' management professional development is introduction of competency-based learning in schools. 4 969 pedagogues and 176 management representatives took part in various professional development activities (courses, seminaries, conferences, etc.).

In 2019, Latvian language training courses for social integration purposes were organized, which were achieved by 953 students.

The most significant investment projects and programs:

- ↳ design contests for launching construction of preschool educational institution building on Grostonas Street 6A and Mezaparks school on Sudrabu Edzus;
- ↳ preschool institutions were placed in building on Apuzes Street 74 and Stokholmas Street 24;
- ↳ renovation of gyms in Riga Sergejs Zoltoks Secondary school on Vietalvas Street and Riga Secondary school No 93 on Sesku Street 72;

- ↳ random renovation works in buildings of 13 educational institutions;
- ↳ construction of playground near Riga preschool institution No 234 on Slokas Street 197 and Riga preschool institution No 251 "Mezciems";
- ↳ change of water-supply and sewerage network in Riga Teikas Secondary school on Aizkraukles Street 14 and in Riga preschool institution "Mezrozite" on Rododendru Street 6;
- ↳ territory improvement near 7 educational institutions.

Budget expense allocated to education (k EUR)	2017 actual	2018 actual	2019 budget	2019 actual
Preschool education	103 879.3	105 305.1	110 962.3	106 501.9
Elementary, comprehensive and professional education	183 133.3	193 282.8	205 912.5	186 651.8
Higher education	2.7	11.4	1.8	1.8
Education undefined by educational levels	38 243.1	42 329.2	45 466.5	43 280.5
Other education, not classified above	3 952.9	4 152.5	4 321.5	4 258.8
Total basic budget expense	329 211.3	345 081.0	366 664.6	340 694.8
int.al. investment	33 130.3	26 111.0	11 613.6	11 160.1

SOCIAL SECURITY

Riga City Council Welfare Department implements social security, health care and promotion of healthy way of living policy in Riga defined by Riga Council, improves quantity and quality of City inhabitants' health care and social security, provides accessibility information on quantity and opportunities of health care, promotion of healthy way of living and social security.

6 institutions are subordinate to Department:

- ↳ Riga Social Service;
- ↳ Riga Municipality Children and Youth Centre;
- ↳ Riga Social Care Centre "Gailezers";
- ↳ Riga Social Care Centre "Mezciems";
- ↳ Riga Social Care Centre "Stella Maris";
- ↳ Riga Shelter.

SOCIAL PROTECTION IN RIGA

In order to execute municipal functions 16 budget programs managed by Welfare Department are included in Riga City Council basic budget. In 2019, the planned expenses were 72,98 million euro by the end of the years, which share in Riga City Municipality's basic budget is 6,95%.

54 various social services are available for Rigans. In 2019, 27 201 persons in total received social services, utilized financing was 56,9 million euro, what is almost more by 3,7 million euro (by 7%) than in 2018.

In 2019, number of low-income persons and social benefits recipients continued to decrease, which has reduced by 16% compared with 2018, number of the needy by 12% and recipients of social benefits reduced by 9%, recipients of apartment benefits reduced by 17%, recipients of GMI reduced by 13%. In 2019, social benefits received 22 932 persons in total for a sum of 11,38 million euro.

In 2019, tendency of previous years continued to remain concerning growth of number of home-care service recipients, as well as, growth of number of recipients of transport compensation for disabled persons. In 2019, additional financing at the sum of 2,4 million euro was shifted into several social services int. al. home-care

service, transport compensation for disabled persons who are not able to use public transport, individual social rehabilitation programs for persons with mental disorder, long-term social care and social rehabilitation in institution for children, group house (apartment) service, additional free places: daycare center for children with functional disorder, the existing daycare center for persons with mental disorder, daycare center for persons with dementia, the existing group apartments etc. activities.

In 2019, number of recipients of long-term social care and social rehabilitation for children not receiving parental care and number of recipients of crisis centre services continued to reduce. During the financial year, new services such as, social rehabilitation program for children with communication impairments and behavioral disorder and social rehabilitation program with accommodation service for youth from 18 to 24 after out-of-home care and social rehabilitation in institutions were launched.

In 2019, a new social rehabilitation program was created "Groups of socialization for children with autism spectrum disorders" and social rehabilitation program with accommodation service for mothers with mental disorder and their children.

In 2019, Welfare Department performed several researches on issues concerning sphere under department's supervision. During the first half of 2019, research on transition of youth with functional disorder from studies to employment was carried out and necessity for supported employment service was discovered, which will be developed based on research in 2020. During the second half of 2019, research "Evaluation of home-care service" was carried out and the results showed necessity to perform home-care service implementation improvements.

EMPLOYMENT FACILITATION ACTIVITIES

In 2019, tendency of the previous years' remained, i.e. unemployment in State was low and number of the unemployed reduced to 3,7% – the lowest unemployment level since 2008. Number of the unemployed persons recorded by Riga branch office of State Employment Agency reduced to 12 472 (by 157 persons) within a year. Number of long-term unemployed clients of Riga Social Service reduced as well within the year.

In 2019, Riga City Municipality continued implementation of projects "Paid temporary community work" for long-term unemployed persons, project "KNOW and DO!" for not studying and unemployed youth and "Introduction of SOS Resources and Competency Centre practice of a child-oriented approach in Latvia". In 2019, 401 unemployed persons were involved in paid temporary community works and its total expenses were 0,21 million euro, SOS project expenses were 0,89 million euro in. al. 0,43 million euro Riga City Municipality co-financing.

PROTECTION OF CHILD RIGHTS

In 2019, school psychologists consulted 17 599 students, 7 366 parents and 6 759 pedagogues, provided 14 consultations in preschool educational institutions, performed 18 observations in groups and provided 227 psychologist's consultations for parents and students. While special pedagogues worked with 2 240 students leading individual or group classes, consulted 1 206 pedagogues and 1 673 parents. 28 914 students, 8 535 parents and 4 690 pedagogues received consultations of social pedagogues on various issues. Social pedagogues performed 333 home visits as well.

The most significant investment projects and programs:

- ↳ designing and construction of three social residential building with uninhabitable premises for Riga Social Service territorial centre, day-care centre and health care centre was continued.

Budget expense allocated to social security (k EUR)	2017 actual	2018 actual	2019 budget	2019 actual
Social security in case of inability to work	5 864.2	6 335.0	7 328.7	6 745.9
Assistance to elderly people	8 582.8	10 292.5	11 698.9	11 584.7
Assistance in case of losing breadwinner	-	201.5	-	-
Assistance to families with children	11 032.0	11 066.3	11 008.4	10 313.6
Assistance in unemployment case	457.5	573.5	573.9	415.4
Housing allowance	13 353.4	11 561.3	11 256.5	11 231.9
Other support to socially repudiated persons not classified above	38 291.7	47 918.2	57 085.5	55 317.7
Other social care not classified above	1 570.6	1 986.1	1 945.0	1 813.6
Total basic budget expense	79 152.2	89 934.4	100 896.9	97 422.8
int.al. investment	1 487.8	5 522.7	10 200.6	10 149.0

HEALTH CARE

In 2019, Welfare Department continued implementation of various social health promotion and disease prevention activities by organizing qualitative services which could provide reaching goals and tasks set by strategy "Healthy Riga – in healthy Riga 2012 – 2021" approved by Riga City Council in May 24 of 2012. City inhabitants had an opportunity to promote and keep health and develop maximum of health potential.

In 2019, successful implementation of ESF project "We are for healthy Riga!" was continued. More than 22 000 activities were conducted in various Riga neighborhoods where participated more than 330 000 inhabitants, realized 48 activities in priority areas, int. al. provision of gymnastics classes for children, gymnastics classes for pregnant women, handling classes for babies, water gymnastics classes 54+, gymnastics classes for seniors, swimming training classes (12 – 14 age), various lectures and seminars on health promotion issues, food master classes, Nordic walking, gymnastics, chi gung classes etc.

During the reporting year, a number of activities concerning health were organized, int. al.: 2 Healthy way of life days, which were attended by 6 000 people, providing wide range of free of charge measurements for inhabitants and possibility to receive professional consultations as well as to participate in various sports activities and master classes. 40 camps for children and youth from low-income and needy families were

organized in order to promote their psychological health, 5 camps for disabled children and their attendants were organized, 4 camps for families with were organized persons, 2 public oncology prevention days, when inhabitants had an opportunity to get advices from high level professionals and consultations on oncologic diseases prevention issues, 27 sports days for families where more than 2 400 inhabitants took part, 2 health days for disabled persons where 781 disabled persons and their attendants participated ant other activities.

In 2019, 1 700 various activities which were attended by 25 650 participants, int. al. children, new families, able-bodied inhabitants and seniors took place in educational institutions, workplaces, subordinate institutions, events organized by social partners un other.

486 interactive and educating classes were conducted, int. al. 85 discussions on prevention of contagious diseases and development of life skills, addiction prevention, stress and other issues, where participated more than 10 000 students. 561 school specialist were trained, more than 1 500 Riga children, youth and parents were educated on various children's health issues.

RIGA MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

In order to prevent inhabitants from potential health risks and to promote reduction of HIV, type C and B hepatitis 485 psychologist consultations, 865 social worker consultations were rendered, 1 391 persons received HIV specialist consultations, 6 999 persons were in the streets were talked at, 1 394 HIV tests were done, 430 226 syringes were handed out, 35 279 condoms were handed out.

In 2019, wide multisectoral interinstitutional cooperation was continued between Riga City Council structural units, Riga City agencies and enterprises, widening Riga City Council's potentialities and accessibility to health promotion, health education and social health. Multisectoral interinstitutional cooperation improves the effectiveness of spent resources and provides the as vast as possible access for Riga City inhabitants of all age groups.

Welfare Department continued support for 5 Health rooms provided by "The Latvian Red Cross", offering quick and together in one place professional consultations and preventive medical examinations for any inhabitant, which were visited by 5 500 inhabitants. 3 HIV prevention rooms were opened in "The Latvian Red Cross" Health rooms which have gained wide popularity and visits of these rooms is continuously growing.

The most significant investment projects and programs:

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

Budget expenses allocated to health care (k EUR)	2017 actual	2018 actual	2019 budget	2019 actual
Operation and services of ambulatory medical institutions, and public health-care agency services	1 181.9	115.2	10.5	3.6
Hospital services. Health-care services for mother and child	1 672.7	1 473.4	3 496.6	3 287.7
Other health-care services not classified above	2 124.2	2 795.1	3 350.3	2 892.9
Total basic budget expense	4 978.8	4 383.7	6 857.4	6 184.2
int.al. investment	2 852.2	1 560.2	3 496.6	3 287.7

MUNICIPAL TERRITORY AND HOUSING MANAGEMENT

In 2019, financing of 208 289 euro were utilized within Riga City Municipality budget program "Management of residential and nonresidential accommodations owned by Riga City Municipality", int.al. compensated management expenses of social apartment houses' and apartment houses' with separate social apartments, which do not exceed the established rent for lodgers, 50% compensation of water and sewerage expenses and 25% compensation of heating expenses.

In 2019, 952 owners' applications on allocation of financing for connecting private property to centralized sewerage and water supply system were examined and financing at a sum of 357 990 euro was allocated for connection of 498 private properties to centralized sewerage and water supply system.

In 2019, 811 applications from legal and physical entities were reviewed in Riga City heat supply issues committee on establishing alternative heating system:

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

In 2019, Riga City Council City Development Department compensated house managers' losses which occurred because of free and not being rented out premises for a prolonged period of time owned by Riga City Municipality. Amount of compensation was 833 853 euro.

In 2019, work of gathering information and arrangement of buildings that are not used for commercial activity, that are endangering public safety and spoils City's landscape was continued. In 2019, 185 objects were put in order or dismantled.

During the reporting year, methodic support to the apartment owners was continued on transferring administration rights of the privatized residential buildings. Personnel of management administration took part in 305 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. Apartment owner companies with Municipality's support were created and 161 apartment houses were transferred to apartment owners. 37 contracts of authorization of management were concluded on management of unprivatized parts of residential buildings.

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

Since many lodgers of Riga City Municipality housing, which administration rights are transferred to apartment owners, are not fulfilling rental agreement obligations, resulting in accumulation of arrears of rent and paid services, in 2019, committee for evaluation of lodgers' arrears examined 46 cases concerning necessity of payment of lodgers of Riga City Municipality's housing and repayment of debt was done for a total sum of 25 197 euro.

RIGA MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

Budget expenses allocated to municipality territory management and housing facilities (k EUR)	2017 actual	2018 actual	2019 budget	2019 actual
Street illumination	7 777.4	8 489.8	7 659.5	7 501.7
Other activities concerning municipality territory management and housing facilities not classified above	21 605.9	24 999.5	30 138.1	21 898.5
Total basic budget expense	29 383.3	33 489.3	37 797.6	29 400.2
int.al. investment	-	-	688.4	19.5

ENVIRONMENTAL PROTECTION

Riga City can be proud of great number of various overground water objects, among them there are either artificial or natural reservoirs among them. To provide efficient exploitation of reservoirs both for recreation and commercial purposes, management principles were worked out, coordination of introduction and realization of which was provided by Riga City Council Housing and Environment Department. In 2019, following projects were implemented:

- ↳ lifting out of underwater objects were performed in aquatorium of the Riga channel (utilized 6 215 euro);
- ↳ repairs of foundation of quayside for sailing vessels (utilized 16 281 euro);
- ↳ collection works of petroleum products in aquatorium of the Jugla lake (utilized 2 975 euro);
- ↳ continuing purification of polluted territories in Bolderaja from dangerous waste containing petroleum products 200 tons of waste were collected and utilized in 2019.

In 2019, during the exploitation and maintenance works of water objects in Riga territory were performed partial cleaning of amelioration system of the Strazdupītes river, cleaning of amelioration ditch, scavenging in Riga hydrographic network, cleaning of draining-ditches at a length of 2 000 m from bushes in Zolitude, Imanta and Kengarags, maintenance of pumping station in Spilva's polder system.

To maintain and renew Riga City Municipality's greenery management of City's greenery was performed – upkeep of 2 370 young trees of street greeneries, planted 42 trees, upkeep of crowns of 851 growing trees, liquidation of damaged, dangerous and dead trees – 389 trees, sawing of poplars – 82 trees and other works. Total municipal budget financing was 357 021 euro.

In 2019, mowing of biologically valuable meadows and reed in specially protected natural territories was performed in area of 108 ha, improvement of territories, scavenging, localization of invasive species and tending of protected trees was performed within Riga City basic budget program "Maintenance of biological diversity".

Riga City Municipality provides control of animals' population in Riga City according to laws and regulations of Republic of Latvia, within it catching of 690 runabout dogs was performed, 1 177 ownerless dogs and cats were housed at City's paid animal shelter. 1 386 ownerless cats were caught and sterilized, 1 618 cats and dogs suffered an accident were brought to veterinary hospitals from City streets, support was provided for 859 wild animals. Riga City Municipality also provided services of picking up and utilization of animal corpses, euthanasia and sterilization of low-income inhabitants' pets and maintenance of walking grounds for dogs.

Municipality organizes exploitation of fishing rights in the waters of the Gulf of Riga and inland waters of Republic of Latvia owned by state in accordance with fishing laws and regulations. Greatest part of the collected revenues from exploitation of industrial fishing rights Riga City Council Housing and Environment Department used for replenishing and protection of fish resources. In 2019, 1 565 000 lamprey caterpillars were let into the river Daugava and 100 000 lamprey caterpillars were let into the river Marupite.

In 2019, for reduction of pollution, improvement of water and air quality and reduction of noise level in Riga City operation of 3 air monitoring stations was provided, allocating 53 336 euro for this reason; activities of action program of improvement of air quality in Riga City 2016 – 2020 were implemented; in order to get more information about air pollution caused by autonomous heating measuring instrument of pollution concentration PM10 was installed; 1st stage of bad smell monitoring research was carried out; work on action plan of reduction of environmental noise in Riga agglomeration for time period from 2017 to 2022 was started, int. al. update of interactive strategic map of noise pollution in Riga agglomeration was continued.

Budget expenses allocated to environmental protection (k EUR)	2017 actual	2018 actual	2019 budget	2019 actual
Waste management	61.8	61.8	85.8	85.8
Waste-water management	90.5	167.5	103.2	103.1
Prevention and reduction of environmental pollution	746.2	141.3	144.9	144.7
Protection of biodiversity and landscape	112.0	111.7	115.1	115.1
Other expenditures related to environmental protection	2 838.4	3 533.5	3 484.7	2 722.5
Total basic budget expense	3 848.9	4 015.8	3 933.7	3 171.2

CULTURE

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

In 2019, Riga City program 2017 – 2021 dedicated to Latvia's 100th Anniversary was continued. Following projects were realized within this program:

- ↘ Play of heavy metal opera "Kurbads. Keves delš" dedicated to in remembrance of 30th Anniversary of The Baltic Way;
- ↘ Cycle of concerts "The Ring of Latvia. Riga";
- ↘ III Festival "Three Stars" three free of charge concerts;
- ↘ 35 objects in total were presented in program of festival of light "Shine Riga". Artists from Latvia, Estonia, Denmark, Germany, France, Belgium and Great Britain participated. Total number of visitors was around 250 000.

Riga City Program 2017 – 2021 dedicated to Latvia's 100th Anniversary also includes realization of city celebratory decoration projects.

Continuing provision of the process of Song and Dance Festival events for XII Latvian School Youth Song and Dance Festival were prepared, for example, four shows – concerts where 58 Riga dance collectives participated, concerts of 10 Riga choruses groups, where 107 choruses participated, regional show where 9 amateur theatres, studios and one independent Riga amateur theatre participated with 10 plays, etc.

In 2019, 177 amateur collectives of Municipality's cultural institutions and 116 other amateur collectives were financed. In 2019, support for 119 creative projects of amateur collectives of Riga cultural institutions and association was provided.

Amateur collectives actively participated in State and local level events, for example, participation of nine Riga folk-dance collectives in final of XXI Creative Dance competition, process of IX International folk-dance festival "Sudmalinas" was provided in cooperation with Latvian National Centre for Culture where 500 dancers from 11 countries all over the world took part, int. al five Riga dance collectives. participation in V International brass band competition "Baltic open" and X Latvia brass band competition where participated 38 brass bands, participation in II Latvia female vocal bands competition.

In 2019, in order to provide high quality artistic and various offer of cultural services in City's cultural facilities CSD organized cultural and event project financing competitions. 288 project applications were submitted in financing competition of traditional culture events organized by Riga City Council total, 284 projects of them were approved, 190 applications were submitted in financing competition of traditional culture events and 122 of them were approved, from 290 project applications submitted in Culture events financing competition 196 were supported, Riga Festivals special purpose program 2019 – 2021 financing competition and Support for creative quarters and territories financing competition also was organized.

In 2019, ECSD participated in various international cooperation networks' and international organizations' events, int. al. in international folklore festival "Baltica 2019", in Hansa Days in Pskov, in events in Riga Days in Kobe, in international Baltic amateur theatre festival "Baltic Ramp" which took place in Lithuania, provision of commonwealth cities' programs in "Riga festival", etc.

In 2019, following important events were realized:

- ↘ Events dedicated to Declaration on the Restoration of Independence of the Republic of Latvia on 4th of May;
- ↘ Program of events dedicated to Lacplesa Day on November 11 and 100th Anniversary of Army of the Latvia Republic;
- ↘ Concert dedicated to 1991 Barricade defenders and events dedicated to in remembrance of Communist genocide victims on 25th March and 14th June;
- ↘ Program of events dedicated to 101th Anniversary of Proclamation of the Latvia Republic
- ↘ XII festival of light "Shine Riga" and concert dedicated to Latvia's 100th Anniversary;
- ↘ "Riga festival", gathering around 300 000 people within three days;
- ↘ Contemporary art festival "White Night 2019", where 54 various cultural events were offered and which were visited by around 75 000 guests;
- ↘ Traditional annual celebrations – Easter, Midsummer Day, Advent, Christmas and New Year and other celebration event programs and celebrations.

The most significant investment projects and programs:

- ↘ rebuilding of Grand stage of Mezaparks 1st stage was finished and 2nd stage works;
- ↘ improvement of Ltd. "Riga National Zoological Garden" exposition complex of endangered species "Savanna of Africa" was finished;
- ↘ renovation of Culture and recreation centre "Imanta" on Anninmuizas Avenue 29 1st stage works.

Budget expense allocated to recreation, culture and religion (k EUR)	2017 actual	2018 actual	2019 budget	2019 actual
Recreational and sports events	4 433.1	4 693.2	3 771.8	3 718.9
Culture	57 129.0	49 007.9	50 728.2	50 108.5
Services of religious organizations and other associations and foundations	300.0	532.1	400.0	400.0
Other recreational, cultural, and religion-related services not classified above	16.3	437.7	-	-
Total basic budget expense	61 878.4	54 670.9	54 900.0	54 227.4
int.al. investment	21 365.7	23 285.7	27 672.2	27 652.7

ECONOMIC ACTIVITY

Riga City Municipality's public transport systems serve either for Riga inhabitants or for inhabitants of neighboring municipalities. In 2019 Riga City Municipality public transport network was formed by:

- ↳ 54 bus routes with total length of 924,5 km, provided by 320 buses in the daytime;
- ↳ 19 improved service bus routes with total length of 414,2 km, provided by 139 buses in the daytime;
- ↳ 8 tram routes with total length of 104,4 km, provided by 73 trams in the daytime;
- ↳ 17 trolleybus routes with total length of 150,7 km, provided by 175 trolleybuses in the daytime.

In 2019, 12,9 million passengers were transported in 775 541 bus runs in 19 improved service bus routes, int.al. 27 thousands passengers were transported in 8 night minibus routes. In 2019, 25,3%, from the total number of transported passengers used 100% discounts and 19% used partial transportation fee exemption granted by Riga City Municipality. Transportation fee discounts defined by State were used by 11,1% from the total amount of transported passengers in improved service bus routes. Total length of run in transportation network was 50 267,2 km.

In 2019, there were 2 630 075 public transport runs performed with 134,4 million transported passengers, 42,8% of them used 100% transportation fee discount allowed by Riga Council, but 27,6% from the total amount of transported passengers used partial transportation fee discounts. Transportation fee discounts defined by State were used by 4,5% from the total amount of transported passengers.

In 2019, 97% of traffic buses, 100% of traffic trolleybuses and 28% of traffic trams from all the public transportation vehicle, which were used to provide public transportation service, were equipped with low floor. All the public transportation vehicle with low floor are equipped with wheelchair lifts, thereby meeting needs of passengers with limited motor opportunities for accessible public transport.

In 2019, several of improvements of public transport traffic net were performed, among them were construction of two new public transport stops, changes in 7 improved service bus route run schedules, 1 improved service bus route was elongated, 1 improved service bus route was closed and 1 was partly closed

In 2019, a number of improvements of public transport traffic were performed, including changes in division of traffic lanes, improvement of pedestrians' safety, reduction of maximum traffic speed, etc. activities, int. al. in 14 locations traffic organization and safety was improved, on 16 streets maximum speed was reduced, in more than 32 streets prohibition to stop/to stand was established, traffic organization was improved in more than 14 locations, traffic changes near 17 educational institutions.

Projects implemented in 2019:

- ↳ reconstruction of Island Bridge 2nd stage was continued for total sum of 19 692 701 euro;
- ↳ reconstruction of cross-over on A. Deglava Street was continued for total sum of 5 490 582 euro;
- ↳ reconstruction of cross-over over railway near Brasa railway station was launched, expected construction expense sum of 10 871 007 euro;
- ↳ reconstruction of stairs of Vansu Bridge was accomplished for total sum of 454 499 euro;
- ↳ reconstruction works of 2 streets for total sum of 1 439 191 euro;
- ↳ periodical renewal of street paving on Krasta Street from Island Bridge to Ogres Street for total sum of 8 104 354 euro;
- ↳ construction of 4 new traffic light objects and improvements of 45 traffic light objects;
- ↳ construction of a new street from Lubanas Street to Riga City border. Total expenses 432 841 euro;

Other traffic organization system works done in 2019: established 2 new unregulated pedestrian crossings; improvement of 6 existing pedestrian crossings was performed; established new pedestrian safety barriers at total length of 140 meters, established 11 bicycle stands.

Budget expense allocated to economic activity (k EUR)	2017 actual	2018 actual	2019 budget	2019 actual
Agriculture, forestry, fishery and hunting	11.5	13.5	14.1	12.7
Mining, industry and construction	5 008.1	5 654.2	5 808.7	5 387.5
Transportation	193 698.6	234 324.9	285 415.9	247 176.2
Other sectors	6 701.5	5 994.7	3 583.8	3 578.9
Other economic activity not classified above	2 541.6	3 074.4	1 949.3	1 099.8
Total basic budget expense	207 961.3	249 061.7	296 771.8	257 255.1
int.al. investment	7 710.3	7 405.7	9 505.7	9 461.6

PUBLIC ORDER AND SECURITY

During the reporting year, Riga Municipality Police (RMP) officials secured public order during 800 important mass gathering events, rendering support for the state security institutions together with their direct responsibilities int. al. during State Holidays of the Republic of Latvia, visits of foreign delegations, events organized by Riga City Municipality, meetings, street processions, sports games and recreation events and during other important mass events.

In 2019, Riga Municipality Police officials secured public order near 186 Riga City educational institutions' complexes of buildings. 1 067 educating events were organized in Riga City educational institutions; 2 303 preventive discussions with were held for minors.

In 2019, 115 253 calls were maintained and 9 524 applications were received. In 2019, RMP recorded 16 525 persons who committed administrative violations or crimes, 786 of them were wanted persons, 61 of them were juvenile persons.

By means of RMP video surveillance center 3 494 cases of law violation were recorded, 743 video records were submitted to law enforcement institutions. In 2019, RMP recorded 15 594 various administrative violations, int. al. 5 633 violations of Riga Municipality binding regulations, 56 073 administrative violations protocols on violating stopping and parking regulations were issued.

2 134 administrative violations of Riga City public order regulations were recorded and 3 225 administrative violations of Riga City territory and building upkeep regulations were recorded and 65 287 decisions on administrative violation matters were made.

During the reporting year, 35 administrative violations of water traffic rules were recorded, during raids 154 illegal fishing tools were confiscated, including poaching nets at total lengths of 3,5 km, 309 administrative violations were recorded and 3 poachers were detained.

In 2019, 6 swimmers were rescued, medical aid was rendered to 41 persons and 19 lost children were found. In 2019, RMP civil defense specialists rendered help in emergency situations to 155 persons in total.

In 2019, phone service of Tourism Information Center served 566 phone calls and police rendered help to 825 foreign tourists.

Information is regularly updated in the newly created RMP internet home page. In 2019, uploaded videos were viewed 3 440 300 times. Around 1 000 answers to inhabitants' questions were prepared in social media and home page. RMP Youtube account readers reached 6 440 persons, followers of RMP Facebook account – 15 308, but followers of RMP Twitter account – 11 051.

Budget expenses allocated to public order and security (k EUR)	2017 actual	2018 actual	2019 budget	2019 actual
The police	18 060.8	19 187.9	18 576.4	18 187.5
Fire safety, firefighting, rescue and civil defense services	2.6	-	-	-
Other public order and security services not classified above	32.2	36.7	47.0	1.4
Total basic budget expense	18 095.6	19 224.6	18 623.4	18 188.9

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

CORRUPTION PREVENTION

In 2018, Riga City Council Bureaucracy Combating Centre (Centre) continued provision of Riga City Municipality's single corruption risks prevention management, methodological management and summarized evaluated and prepared report on execution of Riga City Municipality's anticorruption strategy 2018 – 2021 implementation plan.

In 2019, in accordance with corruption prevention plan of Riga City Municipality's institutions, structural units, and municipal enterprises and schedule of its execution for 2019 approved by Security, Public Order and Corruption Prevention Issues Committee (Committee) 15 conclusions on Municipality's institutions, structural units, and municipal enterprises were prepared and revised.

To eliminate shortages, established during execution of corruption prevention measures, to facilitate understanding of problems and flaws established by corruption prevention measures, to find more effective corruption risks prevention solutions in Riga City Municipality's institutions work meetings were organized for institutions' responsible executives on preparation of execution and supervision of execution of corruption prevention measures plan.

By the end of the year, Centre prepared plan of corruption prevention measures and schedule of evaluation of its execution for municipal institutions and enterprises for the next year and submitted it to Committee for approval.

Centre organized seminars "Corruption and its consequences. Prevention of conflict of interests in public officials' activities." 68 employees of Riga City Municipality central administration and separate special status institutions and by the end of seminars knowledge test was carried out. "Prevention of conflict of interests" were organized Riga City Council Foreign Relations Section where employees were informed about possible corruption risks in execution of Riga City Council Foreign Relations Section functions as well as about possible conflict of interests and necessary prevention measures.

In order to promote Riga City Municipality managers' and employees' awareness and understanding about the essence of Whistleblowing Law and application of legal norms, as well as to inform employees about creation and operation principles of municipal internal whistleblowing system educating seminary was organized by Centre in 2019.

At the beginning of 2019 Centre report on external and internal legal acts in corruption prevention sphere was presented which defines organization of corruption prevention system, main conditions of system management, order of supervision and control procedures in Riga City Municipality, corruption prevention measure performed and their results in Riga City Municipality from 2008 to 2018, as well as offered suggestions/ recommendations towards improvement of Riga City Municipality's corruption prevention system.

In 2019, 44 individuals' and 20 legal entities' applications were received in Centre, whereof 45 applications were addressed to Centre, but 19 applications were transferred to Centre from other Riga City Municipality's institutions.

INTERNAL AUDIT

According to the Riga City Council Audit Directorate 2019 plan of internal audit realization approved by Riga City Council Chairman, in 2019, Riga City Council Audit Directorate performed 11 internal audits, int. al. 9 audits as internal control system evaluation audits of specific Riga Municipality institutions (2 – 3 system audits performed within each audit, 23 in total) and 2 separate system audits, which involves 3 Riga Municipality institutions. Audit reports gave evaluation of the audited systems and suggestions on improvement of operation and control mechanisms of these systems. As a result of audits introduction schedule of suggestions was developed, where 114 suggestions were included in total.

In 2019, Riga City Council Audit Directorate, with a goal to verify the legality and effectiveness of utilization of Riga Municipality's financial resources, performed inspections of financial and economic activities of 11 Riga City Councils Riga City Municipality's central administration structural units, institutions and agencies. As a result of performed audit 66 suggestions on elimination of the found offences and flaws were suggested. In 2019, Riga City Council Audit Directorate has also performed 5 inspections of financial and economic activities and started 1 inspection of financial and economic activities, which was completed in 2020 in Riga Municipality's enterprises and 55 suggestions on elimination of the found offences and flaws were prepared. Riga City Council Audit Directorate performs supervision of implementation of the suggested measures.

OPERATION IMPROVEMENT

In 2019, following improvements were made:

- ↳ performed update of Large Family Register software;
- ↳ update of 6 e-services ordered by Riga City Municipality institutions was performed;
- ↳ performed functionality changes of 18 Riga Council's Joint Information System (RDVIS) applications ordered by Riga City Municipality institutions;
- ↳ update of data transfer network was performed;
- ↳ module of educational service registration (IPUM) was developed;
- ↳ change of Municipality's Geospatial Information System platform was performed;
- ↳ functionality additions of construction documentation interconnection between National Construction Information System (BIS) and RDVIS were performed;
- ↳ solution was developed for electronic registration and electronic requiring and delivery of archive files of Riga City Construction Directorate;
- ↳ solution was developed for registration of cultural monuments;
- ↳ universal platform for delivery of RDVIS applications was introduced;
- ↳ introduction of audit and safety risks management tools was launched within ICT safety and service management development;
- ↳ 1 225 new computer kits were purchased for comprehensive schools and other educational and cultural institutions and other improvements.

RIGA MUNICIPALITY PARTICIPATION IN INTERNATIONAL COOPERATION PROJECTS

In 2019, cooperation with international institutions and cooperation networks, as well as cities of various countries, int. al. 30 Riga commonwealth cities was continued. Within the cooperation framework, Riga City participated in a number of seminars and conferences, as well as in other international level events in areas of culture, education, sports, city planning and development, transportation and traffic infrastructure planning and development, public utilities, environment protection, tourism, as well as other areas.

The most significant international projects and events Riga City Municipality's participated during 2019 in association with execution of Riga territory plan:

- ↳ Revitalization project of degraded territories of Riga Central market, what foresees construction of underground city of Central market and canal bank;
- ↳ Reconstruction project of Aldara Park – construction plan development;
- ↳ Revitalization of Skanste territory what goal is construction of new streets creating a neighborhood that is well connected with other parts of the city, with infrastructure objects of regional/national. In 2019, development of 2nd stage construction project was continued and procurement procedure on construction and construction supervision was launched;
- ↳ Measures for flood protection project in Bolderaja – construction plan development and procurement procedures;
- ↳ Development of construction plan of riverside promenade on Muksalas Street;
- ↳ Reconstruction of Palace Square – finishing of the project and other projects.

In 2019, following international cooperation projects were successfully launched:

- ↳ "Promotion of exchange of experience between Riga City and Edmonton City (Canada) for sustainable city environment development within International Urban Cooperation (IUC) program";
- ↳ "Effectiveness of Environmental Urban policies to improve Resources Efficiency (EURE)". Goal of the project is to promote cooperation and exchange of good practice between institutions managing programs supported by EU funds and local municipalities in resource-efficiency environmental management policy issues.

In 2019, following international cooperation projects were continued:

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

Riga City Council Foreign Relations Section implemented various Riga and its commonwealth cities' cooperation events, among them also were: provision of events dedicated to 45th Anniversary of cooperation between commonwealth cities Riga and Kobe (Japan); provision of Riga participation in events dedicated to sailing festival "HanseSail" in Riga commonwealth city Rostock (Germany); provision of Moscow's days program, organization of events of St. Petersburg's days in Riga in cooperation with ECSD, events dedicated to

55th Anniversary of cooperation between commonwealth cities Riga and Pori (Finland).

The most important events to promote international cooperation and Riga City international recognizability performed by Foreign Relations Section in 2019: Riga City participation in celebration of Europe Day in Brussels; Riga City participation in official events and cultural program in 39th international Hansa Days in Pskov; provision of process of 12th International Tourism Film Festival in Riga; provision of meeting of Baltic Metropolises cooperation network (BaltMet) representatives.

In 2019, ECSD continued launched projects relate with transition to implementation of competency-based learning process in schools. Support was provided to team of pedagogues of six schools for participation in ESF project "Competency approach to learning content" in order to develop and appropate new learning content.

ECSD subordinate institutions are participating in development and implementation of various projects financed by EU. In 2019, implementation of 110 projects was continued in "Erasmus+", "NordPlus", "Culture" and other programs. In 2019, ECSD supported students' participation in 94 various international sports and cultural events.

In 2019, Riga City Council Foreign Relations Section provided Riga City Municipality's cooperation with 19 international organizations and cooperation networks, where Riga is participating as member, int. al.:

- ↳ Union of Baltic Cities UBC;
- ↳ Modern times Union of Hanseatic Cities Städtebund DIE HANSE;
- ↳ Network of major European cities "Eurocities";
- ↳ The Network of European Metropolitan Regions and Areas METREX;
- ↳ Organization of World Cultural Heritage Cities OWHC;
- ↳ The International Committee for the Conservation of the Industrial Heritage TICCIH;
- ↳ League of Historical Cities;
- ↳ Association of European cities enabling sustainable energy policy Energy Cities;
- ↳ Hydrogen Fuel Cells and Electro-mobility in European Regions (HyER);
- ↳ European Social Network (ESN);
- ↳ The International network of cities "The European Forum for Urban Security" EFUS;
- ↳ Baltic Metropolises cooperation network BaltMet;
- ↳ European social network ESN etc. organizations.

In 2019, Riga City Council Foreign Relations Section coordinated and organized 240 delegations of Riga Council management, Riga Council officials and Riga City Municipality office-workers abroad and provided reception of 60 foreign official delegations in Riga.

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

PROMOTION OF INHABITANTS' AWARENESS AND EDUCATION

Special role in communication with society plays Bureaucracy Combating Centre work on taking up inhabitants' complaints on municipal institutions' work performance. Due to work of Bureaucracy Combating Centre, reorganization of several municipal institutions was done, providing inhabitants with more fast and comfortable service.

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

In 2019, active cooperation with mass media was continued. Most topical and important events of Municipality were reflected in mass media, press conferences were regularly held in the Riga City Council and interviews and comments were provided, as well as journalists were provided with various informative materials on municipal issues.

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

In order to provide feedback between municipality and society, 4 opinion surveys were performed in 2019. Survey results as well as Rigan opinion expressed in public discussions are used in further activities; they affect Riga Municipality decisions, as well as development and their progress.

In 2019, organization of project competitions was continued either for NGO or ECSD subordinate institutions to support society integration, volunteer work as well as neighborhood initiatives. Implementation of 71 projects was supported in total. 63 applications were submitted and 25 were supported within competition "Social integration project competition for NGO."

Information of inhabitants on Municipality's topical issues is performed also by means of social media. For example, topical and important information for inhabitants as well as answers on various inhabitants' questions was published in Riga Council Facebook and Twitter accounts. As from 2020, information on Riga City Municipality's institutions and their services in sign language is available for Rigans in several sites.

Visitors' Reception Centre (VRC) employees receive visitors either in the central building or in districts' and suburbs' executive offices, individually, by phone or electronically. VRC also offers gratis legal aid. Riga Council 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 Municipality's decisions and evaluation of its performance. Project and social integration section is operating subordinate to ECSD. Riga City Council deputies, office-workers and representatives of nongovernmental organizations work together in Advisory Board of Social Integration Issues, Advisory Board NGO of Persons with Disability and other institutions. Cooperation was carried out with organization of disable people with disabilities and their friends "Apeirons", organization "The Latvian Red Cross", Latvian Samaritan association, Latvian Foster Family Association, Latvian Association of Victims of Political Repression, Students council of Riga schools, Latvian Olympic Committee and various other cultural, sports, national and religious organizations.

COOPERATION WITH PRIVATE SECTOR

In 2019, civic society activities were supported which promotes society's participation in municipality's activities – in development and introduction of municipal policy, decision making and implementation, int. al. involvement of minorities, in strengthening of national identity.

6 small inhabitants' forums took place in order to promote inhabitants' involvement in their neighborhood and city activities. Operation of NGO house was provided offering opportunities to use premises and equipment for NGO for informative, culture and educational events. In 2019, 59 events were organized by NGO house.

In 2019, Riga youth city planning forum "Runariga" was organized in cooperation with ECSD, where more than 70 participants had opportunity to take part in city planning process.

ACTIVITIES PLANNED FOR THE NEXT YEAR

LAUNCHED PROJECTS THAT WILL BE CONTINUED

In 2020, work on following projects is planned to be continued:

- ↘ reconstruction of Grand stage of Mezaparks 2nd stage;
- ↘ managing and monitoring of recovered Riga City dumpsite "Kleisti" according to requirements defined by Cabinet of Ministers;
- ↘ renovation of building of Culture and recreation centre "Imanta" 1st stage (will be finished) and rebuilding of Grand stage of Mezaparks 2nd stage;
- ↘ energy efficiency activities in municipal educational institutions, as well as territory improvement works;
- ↘ allocation of municipal financing for energy efficiency measures in residential buildings and reconstruction of residential buildings;
- ↘ revitalization of degraded territories of Riga Central market;
- ↘ revitalization degraded territories of Skanste;
- ↘ flood prevention measures in Bolderaja;
- ↘ reconstruction of Aldara Park in Sarkandaugava;
- ↘ development of construction plan of riverside promenade on Muksalas Street;
- ↘ development of scenarios of Tornakalns territory development in cooperation with other territory developers (University of Latvia and project RB Rail) and project of multimodal public transportation junction in Tornakalns;
- ↘ project "Introduction of SOS Resources and Competency Centre practice of a child-oriented approach in Latvia" which goal is to promote interinstitutional cooperation between professionals of education, health care and social spheres.

MAIN TASKS OF THE NEXT YEAR AND PLANNED COOPERATION PROJECTS

- ↘ rebuilding of Riga English Grammar School building on Zvardes Street 1;
- ↘ construction of new school buildings of Riga Classical Gynasium on Purvciema Street 38 and Riga Zolitude Gynasium on Ruses Street 22;
- ↘ energy efficiency activities in preschool education institution on Apuzes Street 74;
- ↘ investments in education institutions for provision of places in preschool education institutions – renovation of school buildings on Apuzes Street 74, Stokholmas Street 24 and Motoru Street 6, as well as reconstruction of premises in Riga Secondary school No. 80 on Andromedas avenue 11 to create new preschool groups;
- ↘ territory improvement works in in Riga Secondary school No. 81 on Ilukstes Street 10, Riga Classical Gynasium on Vaidavas Street 6 and Fricis Brivzemnieks elementary school on Zellu Street 4;
- ↘ project "Platform for integrated coordination in water resource management (BSR Water)" providing improvement of water management practice in cities of the Baltic sea region by strengthening capacities of all the involved sides and by providing sharing of good practice by means of modern technologies;
- ↘ Project "North Star Film Alliance" which goal is to significantly increase export of movies, TV series and commercials in central part of the Baltic sea region;
- ↘ work on introduction of electronic administration (records) system of several social services launched in 2017, as well as introduction of electronic system of social service queues for all the social services, which are provided on queue basis.

RIGA MUNICIPALITY FINANCIAL STATEMENTS 2019 (SUMMARY)

RIGA MUNICIPALITY SUMMARY BALANCE SHEET	At the beginning of the accounting period (k EUR)	At the end of the accounting period (k EUR)
ASSETS	3 388 130.9	3 571 710.6
Non-current assets	3 259 361.8	3 386 362.0
Intangible assets	9 678.3	11 524.1
Licenses, concessions and patents, trademarks and similar rights	7 103.5	6 315.2
Other intangible assets	276.0	248.8
Unfinished intangible assets	22.1	4 960.1
Advance payments on intangible assets	2 276.7	-
Fixed assets	2 539 791.7	2 564 933.1
Land and construction	2 227 367.9	1 955 011.8
Technological equipment and machinery	1 219.4	1 177.3
Other fixed assets	59 922.1	59 023.5
Construction in progress, unfinished fixed assets	41 794.8	105 641.5
State and municipal real estate property assigned for actual possession	196 892.7	432 132.7
Biological and underground assets	11 751.5	11 348.7
Long-term investments in leased assets	25.6	148.1
Advances for fixed assets	817.7	449.5
Long-term financial investments	707 181.8	729 890.8
Investments in equity capital of related enterprises	645 506.3	668 364.7
Investments in equity capital of associated enterprises	61 675.5	61 526.2
Long-term receivables	2 710.0	2 155.5
Other long-term receivables	2 710.0	2 155.5
Investment property	-	77 858.5
Investment property	-	77 692.3
Investment property assigned for actual possession	-	166.2
Current assets	128 769.1	185 348.6
Inventory	15 935.3	14 128.4
Short-term receivables	16 574.0	22 602.8
Deferred expenses and advances for services and projects	3 925.5	4 337.0
Cash	92 334.3	144 280.4
LIABILITIES	3 388 130.9	3 571 710.6
Equity	2 492 250.7	2 657 774.4
Reserves	103 519.9	103 519.9
Results of the budget execution	2 388 730.8	2 554 254.5
Retained results of the budget execution	2 414 420.3	2 388 730.8
Results of the budget execution in current period	-25 689.5	165 523.7
Provisions	743.9	468.4
Liabilities	895 136.3	913 467.8
Non-current liabilities	731 667.0	706 486.9
Long-term borrowings	262 683.2	533 239.5
Long-term liabilities to suppliers and contractors	263 886.7	20 161.6
Long-term accrued liabilities	185 380.2	132 461.6
Long-term deferred income and received advances	5 647.3	8 651.0
Other long-term liabilities	14 069.6	11 973.2
Current borrowings and current portion of long-term debt	19 164.2	78 810.8
Current liabilities to suppliers and contractors	51 558.9	28 921.6
Current accrued liabilities	28 995.1	30 667.0
Salaries and deduction payments (excluding taxes)	10 349.0	10 796.0
Tax, fees and other payment liabilities	10 781.2	12 513.9
Other current liabilities	2 786.7	10 437.8
Deferred income and received advances	39 834.2	34 833.8

RIGA MUNICIPALITY SUMMARY BALANCE SHEET	At the beginning of the accounting period (k EUR)	At the end of the accounting period (k EUR)
OFF-BALANCE SHEET		
Leased assets	954.6	1 118.6
Off-balance sheet assets	3 052.7	10 026.9
Demurrages, fines, penalties and late payment interest receivable	6.5	7 389.2
Actions of detinue	58.1	46.4
Other off-balance sheet assets	2 988.1	2 591.3
Off-balance sheet liabilities	298 144.8	236 716.6
Future payments according to agreements concluded on projects financed by foreign financial aid and EU policies' instruments	25 277.1	77 644.5
Future liabilities and payments according to agreements and government decisions on purchase of goods and services, except those concluded on projects financed by foreign financial aid and EU policies' instruments	172 701.2	92 407.3
Received and not paid invoices for advance payments	5.4	7 055.2
Future lease payments	-	0.1
Warranties issued	4 931.2	4 088.1
Other off-balance sheet liabilities	95 229.9	55 521.4

RIGA MUNICIPALITY FINANCIAL STATEMENTS 2019 (SUMMARY)

BASIC BUDGET INCOME STATEMENT	2018 actual	2019 budget	2019 actual
Cash flow basis	(k EUR)	(k EUR)	(k EUR)
Total revenues	924 749.2	963 647.3	1 011 696.3
Total tax revenues	691 088.1	699 755.2	765 515.7
Personal income tax	575 028.0	583 695.1	649 172.3
Real estate taxes	110 103.1	110 103.1	110 483.0
int.al. real estate tax on land	46 980.7	46 980.7	46 209.6
int.al. real estate tax on buildings	39 857.5	39 857.5	40 212.9
int.al. real estate tax on housing	23 264.9	23 264.9	24 060.5
Other tax revenue	5 957.0	5 957.0	5 860.4
Total non-tax revenues	24 021.8	21 354.4	22 388.7
Government (municipality) fees	5 557.5	3 591.3	5 404.9
Other non-tax revenues	18 464.3	17 763.1	16 983.8
Charges for paid and other own revenues	33 040.8	29 939.4	29 358.3
Transfers	176 598.5	212 598.3	194 433.6
Transfers of public entities partially financed by State budget and institutions not financed by budget	2.4	-	8.7
State budget transfers, int.al.	169 975.7	204 793.4	186 785.0
received state budget transfers allocated for specific purpose	145 297.5	149 108.3	148 821.1
transfers received from state institutions for projects co-financed by EU policies' instruments and other foreign financial aid	15 533.0	41 202.5	23 481.3
subsidy received by municipal budget from municipal financial cohesion fund	-	14 482.6	14 482.6
other State budget transfers	9 145.2	-	-
Municipal budget transfers	6 620.4	7 804.9	7 639.9
Total expenses by government functions			
Total expenses	959 990.1	1 050 054.5	972 047.7
General governmental agencies, int.al.:	160 128.7	163 609.1	165 503.1
contributions to municipal cohesion fund	91 950.3	86 903.5	96 680.0
Public order and security	19 224.6	18 623.4	18 188.9
Economic activity	249 061.7	296 771.8	257 255.1
Environmental protection	4 015.8	3 933.7	3 171.2
Territory and housing management	33 489.3	37 797.6	29 400.2
Health care	4 383.7	6 857.4	6 184.2
Recreation, culture, and religion	54 670.9	54 900.0	54 227.4
Education	345 081.0	366 664.6	340 694.8
Social security	89 934.4	100 896.9	97 422.8
INCOME STATEMENT ON DONATIONS AND ENDOWMENTS	2018 actual	2019 budget	2019 actual
Cash flow basis	(k EUR)	(k EUR)	(k EUR)
Total revenues	172.3	123.9	32.7
Donations and endowments from legal entities and individuals	172.3	123.9	32.7
Donations and endowments for education	44.5	114.3	29.2
Donations and endowments for social care	1.7	3.1	0.4
Other donations from legal entities and individuals	126.1	6.5	3.1
Total expenses by government functions			
Total expenses	191.4	362.8	86.3
General governmental agencies	14.0	22.0	19.4
Environmental protection	-	35.0	-
Territory and housing management	3.6	3.0	-
Recreation, culture, and religion	103.7	34.5	17.9
Education	69.3	260.2	48.5
Social security	0.8	8.1	0.5

EXPLANATION OF BASIS OF PREPARATION OF SUMMARY FINANCIAL STATEMENTS 2019

This financial statements summary including Riga City Municipality's summary balance sheet as of 31 December 2019, basic budget income statement for 2018 (cash flow basis) and income statement of donations and endowments (cash flow basis) for 2019 are prepared on the basis of audited Riga City Municipality financial statement, based on following principles:

- ↙ Balance sheet is presented identical to the included in audited statements of Riga City Municipality 2019 (k EUR) (Form No 1);
- ↙ Basic budget income statements on cash flow basis are prepared based on information included in audited Riga City Municipality statement 2019 (Form No 2) "Budget execution statement" (basic budget). Income is classified in groups characterizing the type of the income in terms of economic activities, in compliance with Regulations of Cabinet of Ministers of LR No 1032 dated 27.12.2005. "Regulations on classification of budget income". Expenses are declared according to groups of functional categories by administrative, functional and sector features in compliance with Regulations of Cabinet of Ministers of LR No 1032 dated 13.12.2005. "Regulations on classification of budget expense classification accordingly functional categories";
- ↙ Income statement of donations and endowments is prepared on cash flow basis and based on information included in audited Riga City Municipality statement 2019 (Form No 2) "Budget execution statement" (donations and endowments). Income is classified in groups characterizing the type of the income of economic activities, in compliance with LR CM Regulations No 1032 dated 27.12.2005. "Regulations on classification of budget income". Expenses are declared according to groups of functional categories by administrative, functional and sector features in compliance with Regulations of Cabinet of Ministers of LR No 1032 dated 13.12.2005. "Regulations on classification of budget expense classification accordingly functional categories";

According to paragraph 38 of Cabinet of Ministers regulations No 344 dated 19.06.2018. "Procedure for the preparation of an annual report", information on Riga City Municipality's financial statements 2019 is available at the State treasury's home page from 1 July 2020.

OTHER INFORMATION

At the end of 2018 and early in the 2019, several investigations were initiated on potential breaches in Riga City Municipality's enterprises and foundations, int. al. in November of 2018, Corruption Prevention and Combating Bureau (CPCB) initiated criminal procedure related with Riga City Municipality's L.t.d. "Rigas satiksme" public procurement of delivery of trams, trolleybuses and buses and in April of 2019 criminal procedure was initiated against officials of foundation "Riga Tourism Development Bureau" on devastation of budgetary funds, forging documents and use of forged documents and fraud. In 2019, criminal procedure was initiated on potential large-scale fraud in organized group and laundering of the proceeds from crime in the case of elevator maintenance purchase L.t.d. "Rigas namu parvaldnieks". Investigation processes are not finished yet, wherewith an uncertainty exists about how these processes potentially would affect balance sheet of Riga City Municipality's annual report and values declared in off-balance sheet assets and liabilities. According to evaluation performed by Riga City Municipality, what is done on basis of currently available information, the effect of events mentioned above on financial statement is inessential, but there is uncertainty regarding the results of the investigations launched. Riga City Municipality plans to cooperate with the investigating authorities and to provide all necessary information, as well as to continue work on improving and controlling the supervisory processes of local government institutions, capital companies and foundations.

EVENTS AFTER BALANCE SHEET DATE

By the end of the financial year, in March 2020, restrictions concerning spread of coronavirus entered into force in Republic of Latvia and many other countries, which significantly reduce economic development in the country and in the world. It is not foreseeable how the situation is likely to develop in the future, and consequently there is uncertainty about economic development. Municipality continuously evaluates the situation. In April 2020, during adoption of budget 2020, impact of proclaimed State emergency situation on Riga City Municipality's budget was already taken into account and the initially planned expense was reduced by 22,8 million euro. In its turn, program 01.19.00. "Contingency expense (reserve fund of Riga City Council)" was increased to 13 868 177 euro in order to ensure operative actions in limiting spread of Covid-19 and reducing consequences. Management of municipality believes that Municipality will be able to overcome the emergency by means of the following compensatory measures – evaluation of the planned investment and development projects, as well as assessing the necessity of expenses. Municipality does not have information regarding necessary additional funding for enterprises is not available at the time of approval of the report; it planned to update information on July 3 and August 10 2020, providing reports for State Treasury.

Approved with temporary Riga City Municipality management decision of _____ 2020 No. _____ "On approval of Riga City Municipality 2019 annual report".

AUDITOR'S REPORT

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL STATEMENTS

To the Riga City Council:

Opinion

The accompanying summary financial statements of Riga Municipality (further –“the Municipality”) set out on pages 31 to 34, which comprise the summary balance sheet as of 31 December 2019, the summary statements of main budget income and expenditure, donations and gifts income and expenditure prepared based on the cash flow basis and notes on basis of preparation of the consolidated financial statements, are derived from the audited consolidated financial statements of Riga Municipality for the year ended 31 December 2019. Our audit report on those consolidated financial statements, dated 29 May 2020, was qualified. These summary financial statements do not reflect the effects of events that occurred subsequent to the date of our report on consolidated financial statements.

In our opinion, the accompanying summary financial statements for year 2019 are consistent, in all material respects, with the audited consolidated financial statements of the Municipality for the year ended 31 December 2019, on the basis described in the financial statements notes on preparation of summary financial statements. The summary financial statements are possibly misstated to the equivalent extent as the audited consolidated financial statements of the Municipality for the year ended 31 December 2019.

Summary financial statements

The summary financial statements do not contain all the disclosures required by Regulations No. 344 “Regulations on preparation of annual report” issued by the Cabinet of Ministers of the Republic of Latvia on 19 June 2018. Reading the summary financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Riga Municipality.

Audited consolidated financial statements and our qualified opinion

The possible misstatements related to the audited consolidated financial statements are described in our qualified audit opinion in our report dated 29 May 2020. Our qualified audit opinion is based on the following:

Completeness and accuracy of measurement of the carrying amount of the properties

Based on the requirements of Cabinet of minister rules No. 87 “Accounting procedures in budgetary institutions” the Municipality includes in its balance sheet land which is owned by or attributable to the Municipality. Based on information from State Real Estate Cadastral Information System and amounts included in this system the Municipality as of 31 December 2019, in accordance with legislation requirements, has recognised in its balance sheet at full extent land value attributable to the Municipality but not registered in Land register in the amount of 97.7 million EUR (31.12.2018.: 105.3 million EUR). The information on the attributable land as per State Real Estate Cadastral Information System is being constantly updated. Such land is gradually registered in the Land Book and during this process ownership of the properties with previously unclear ownership is clarified. Because of these processes, adjustments to previously recognised property values and land plot areas are being made. Therefore, it is expected that the value of the properties during subsequent periods will be adjusted, by including or excluding attributable land plots or correcting the values and areas of land attributable to the Municipality. Although the Municipality actively continues to work on the registration of the land plots in the Land Book, it is ongoing long-term process, as a result of which it is not possible to determine adjustments in the real estate value as of 31 December 2019 and 31 December 2018. Therefore, we were unable to obtain sufficient and appropriate evidence regarding the completeness of the properties and accuracy of the carrying amounts and rights in respect of properties recorded in the Municipality's balance sheet but not registered in the Land Book as of 31 December 2019 and 31 December 2018.

Management's responsibility for the summary financial statements

Management is responsible for the preparation of the summary financial statements on the basis described in notes to the summary financial statements.

Auditors' responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, “Engagements to Report on Summary Financial Statements”.

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License No. 43



Inguna Staša
Board Member
Certified Auditor
Certificate no. 145

16 June 2020