

RIGA MUNICIPALITY ANNUAL REPORT 2015





Riga, 2016

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REPORT OF RIGA CITY COUNCIL CHAIRMAN



Economical and financial situation in Riga City continued to improve during the reporting year, growth of compensation and employment rate was observed, what positively affected Municipality's financial situation.

In 2015, Riga City Municipality's basic budget revenues increased by 49,2 million euro (by 6,9%) according to cash flow principle, compared with 2014, what was the biggest growth of the Municipality's budget revenues during the last seven years. However it should be mentioned that Municipality's budget revenues still were lower by 11,7% (by 101,1 million euro) than in 2008, largely thanks to tax policy implemented by State during the recent years, limiting Municipality's possibilities to finance development projects from budget resources.

Riga Municipality's budget tax revenues increased by 6,3% (by 33,1 million euro) compared to the previous year, mostly as a result of growth of personal income tax (PIT). PIT budget revenue was 462,9 million euro, what was by 32,9 million euro (by 7,7%) more than in the previous year. Municipal non-tax revenue during the reporting year was 20,7 million euro, by 0,6 million euro more than planned for this period as a result of successful execution of municipal property privatization and sale revenue plan.

Earmarked State subsidies in the amount of 145,5 million euro, by 19,3 million euro (by 15,3%) more than in 2014, were transferred in the Riga City Municipality budget. Overachievement of revenue plan of particular income item was determined by refunding of pre-financing of implemented European Union projects, what exceeded revenues of this income item in 2014 by 7,9 million euro. The amount of earmarked State subsidies reached 19% from municipal revenues, what still does not reach the level of 2008 - 23%, showing the growth of proportion of municipal own revenues in budget during the recent years.

The biggest amount of financial resources from Municipality's budget expenses was allocated to education sector - 254,9 million euro (33,3% from all the budget expenses), by 7,2% more than in the previous year. In 2015, on development of this sector capital expenditures at amount of 17,5 million euro were

allocated. Expenses for the sector of economical activities reached 205,8 million euro (26,9% from all the budget expenses). During the reporting year, municipal managerial office received 7,6% from all the budget expenses.

Municipality's capital expenditures on cultural development reached 20 million euro, increasing by 92% compared to the previous year. By means of attracting financing of The European Regional Development Fund, reconstruction and restoration of building of Latvian National Museum of Art was finished.

Budget deficit was significantly reduced by implementing strong control over budget execution - from 30,1 million euro in 2014 to 3,8 million in 2015, what was 0,5% from budget revenues. The operative budget surplus (total revenues against operative expenses) increased from 12% in 2014 to 15% in 2015.

Municipality's budget cash and cash equivalents at the end of 2015 was 53,1 million euro, providing sufficient short term liquidity and the amount of financial resources for municipal debt discharge.

In 2015, Riga City Municipality introduced medium-term municipal budget planning. Prognosis of municipal revenues and expenses, basic principles of Municipality's expenditures plan and loan conditions for three year period were included in Riga City Municipality three year 2016 - 2018 budget report.

Riga City Municipality continued implementation of "Loans, guaranties and other long-term debt management strategy for 2013 - 2017", fulfilling liability portfolio stability management criteria defined by strategy. By the end of 2015, the total amount of municipal liabilities reached 80,9% from revenues, not exceeding 100% level defined by the strategy.

During the reporting year, Riga City continued long term cooperation with international credit rating agencies. In February of 2015, credit rating agency "Moody's Investors Service" positively evaluated Municipality's achievements in provision of budget and financial stability and raised Riga City credit rating by one level - to "Baa1", retaining stable rating development perspective prognosis. In November of 2015, credit rating agency "Standard & Poor's" renewed credit rating assigned to Riga City at previous level of "BBB+".

During the reporting year Riga City Municipality, its departments, consolidated institutions and subordinate institutions continued realization of financial policy that is focused on budget stabilization, ensuring the necessary financing execution of municipal basic functions and sufficient financial resources for municipal debt discharge in following years.

A handwritten signature in blue ink, consisting of several loops and curves, positioned above the printed name and title.

N. Usakovs
Riga City Council Chairman

REPORT OF RIGA CITY COUNCIL FINANCE DEPARTMENT DIRECTOR



In 2015, Riga City Municipality's basic budget revenues reached 762,3 million euro, increasing by 6,9% compared to the previous year. Total Municipality's budget tax revenues reached 562 million euro, increasing by 33,1 million euro (by 6,3%) compared with 2014.

In 2015, municipal budget personal income tax (PIT) revenue was 462,9 million euro, increasing by 32,9 million euro (by 7,7%) within a year. This tax revenue was received by Riga City Municipality from State Treasury appropriation account (40,58% from the total amount of municipal PIT revenue). PIT guaranteed by State and regular money transfer order provided smooth municipal revenue cash flow and regularly accessible financial resources for financing municipal functions.

In 2015, real estate tax revenue was 94,3 million euro, by 22 thousand euro more than in 2014. In order to arrange flat rent market and to prevent arbitrary building, there were amends performed in binding regulations "On real estate tax in Riga" in 2015. Mentioned regulations established increase in tax rate on homes where no entered persons are, as well as on land in a disorderly state and objects of arbitrary building. These amends will have positive effect upon municipal real estate tax revenue during following years.

Gambling tax revenue in municipal budget was at a sum of 4,1 million euro, by 0,2 million euro more than last year, but natural resources tax revenue in 2015 was 0,84 million euro, by 8 thousand euro more than in the previous year.

Riga City Council Finance Department, as a leading institution in management of municipal financial resources, implemented strong control over budget execution. As a result of it planned budget deficit of 51,7 million euro in 2015 was decreased to 3,8 million (0,5% from budget revenues), what is the smallest budget deficit in last five years. The operative budget surplus also increased (total revenues against operative expenses) - from 12% in 2014 to 15% in 2015.

In 2015, Riga City Council Finance Department introduced medium-term municipal budget planning, prepared Report on Riga City Municipality 3 year budget

for 2016 - 2018, where prognosis of municipal revenues and expenses, basic principles of Municipality's expenditures plan and loan conditions for three year period were included.

During the reporting year, all the criteria defined by liabilities portfolio management strategy Municipal loans, guaranties and other long-term debt management strategy for 2013 - 2017" were executed, by the end of 2015, the total amount of overall municipal liabilities was 80,9% from revenue, decreasing if compared to the previous year.

In October of 2015, as a result of public tender contract with Nordea bank AB Latvia branch was signed on servicing Riga City Municipality institutions' current accounts, facilitating safe and stable operation of municipal financial settlement system.

Riga City Municipality continued bookkeeping process automatization, ensuring an opportunity for service providers (product suppliers) to submit bookkeeping documents electronically (e-invoices) by using Riga City Municipality e-service "Presentation of account".

Riga City Council Finance Department successfully implemented financial accounting and control of projects co-financed by European Union. During the reporting year, financial resources of 43 million euro were allocated for co-financing and pre-financing of these projects, more by 7,3 million euro than in the previous year.

During the reporting year, Riga City Council Finance Department provided cooperation with international credit rating agencies. Evaluating municipal budget execution and financial situation, in February of 2015, credit rating agency "Moody's Investors Service", raised City's credit rating by one level (to Baa1/Stable). In November of 2015, credit rating agency "Standard & Poor's" renewed credit rating assigned to Riga City at previous level of "BBB+".

As a result of financial management and budget policy implemented by Riga City Council 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.

I. Tiknuse
Riga City Council Finance Department Director

RIGA MUNICIPALITY STATE

RIGA CITY POPULATION

POPULATION

Since 90s of the 20th century constant reduction of City's population was observed as a result of demographic and migration. After a slight growth in 2013 what was followed by reduction in 2014, the number of City's population became stable in reporting year, showing insignificant growth by the beginning of 2016. The results of natural growth of population have slightly improved since 2011, yet the growth of birth rate is still lower than growth of death rate.

There were 392,2 thousand working age inhabitants in Riga City at the beginning of the reporting year, what was 62,1% from all inhabitants, reducing the number by 30 thousand during four recent years. The number of inhabitants below working age increased by 7,6 thousand in the respective period, increasing the proportion to 14,5% from the total number of City's inhabitants. During the reporting year, the number of inhabitants of above working age group was 148,9 thousand (23,4%). The number of inhabitants of this age group has also increased by 4 thousand during four recent years.

ETHNICAL COMPOSITIONS

In the national structure of Riga City inhabitants tendency of previous years remained intact - by slight reduction of proportion of Russians and Byelorussians increased the proportion of Latvians - from 45,7% in 2014 to 45,9% in 2015.

EMPLOYMENT

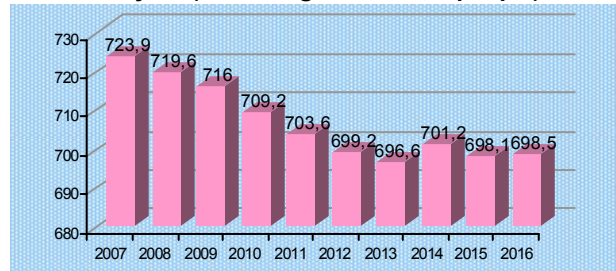
Growth in number of the employed City's inhabitants was established as of 2011 and it continued also during the reporting year, increasing by 3,9 thousand (1,3%). During the period from 2010 to 2015, number of the employed City's inhabitants increased by 30,3 thousand (10,8%), yet it still is less by 50,3 thousand than in the pre-crisis period level in 2008.

The number of the employed in transportation, information and communication sphere increased during the reporting year (by 1,2 thousand), in finances, scientific service, real estate sphere (by 3,6 thousand), in education (by 1,2 thousand), health and social care (by 0,5 thousand), but number of the employed decreased in industry (by 1 thousand), in construction (by 1,3 thousand) and in trade (by 2,7 thousand).

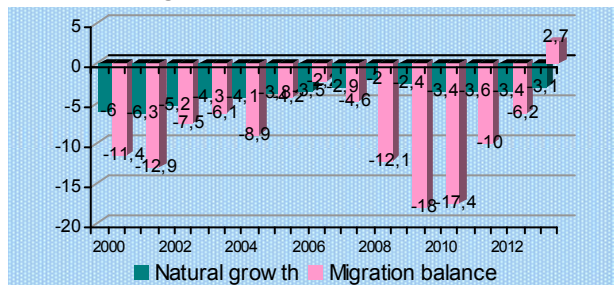
UNEMPLOYMENT

There were 15,7 thousand unemployed in Riga City by the end of 2015, what was 5% from economically active inhabitants. Number of the unemployed increased by 163 persons within the year. Unemployment rate in Riga City during the report year still was the lowest in State.

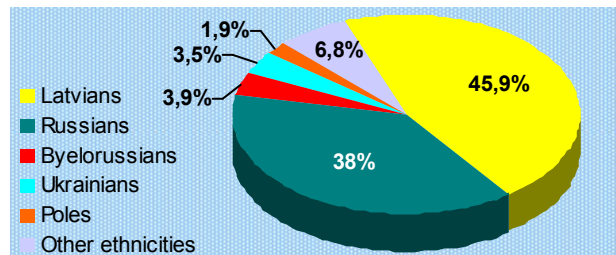
The number of Riga inhabitants by the beginning of the year (according to OCMA, k people)



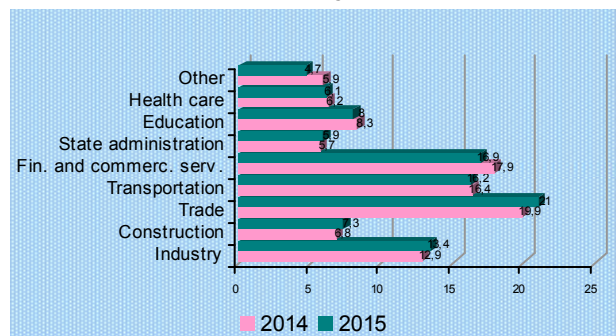
Effect of natural growth and migration on the number of Riga inhabitants (people on k inhabitants)



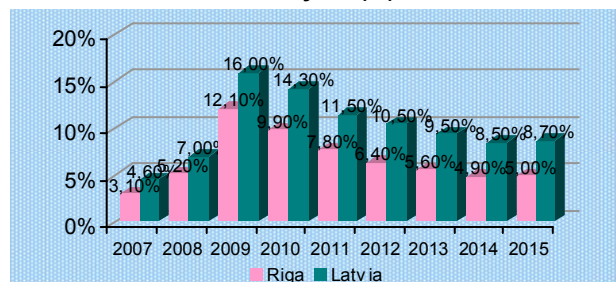
Ethnical composition of Riga inhabitants (by the end of 2015, %)



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



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



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

COMPENSATION

During the reporting year, average gross compensation in Riga increased by 6,5% compared to the previous year and reached 925 euro. The most rapid growth of compensation was observed in private sector, increasing by 7,5%, compensation public sector increased by 4,8% within year, yet it still remained higher than for employees in private sector by 11%. In 2015, compensation in private sector was higher by 27%, but in public sector it exceeded the pre-crisis level (2008) by 6%.

During the reporting year, compensation in all the sectors except State administration in Riga was higher than in pre-crisis period in 2008. The fastest growth of compensation during 2015 was for employees in real estate sector (by 14%), as well as in service sector. The highest average compensation in Riga City was for employees in air service subsector - 2 283 euro, in financial sector - 1 773 euro and also for employees in power industry sector - 1 440 euro.

RIGA MUNICIPALITY ECONOMIC STATE

Riga City economy produces about 53% from the entire value added produced by State. Growth of economic activity in Latvia and Riga is observed already fifth year in turn. In 2015, gross domestic product increased by 2,7% (comparable prices of 2010) compared to the previous year.

The biggest proportion in Riga City economic structure by value added has trade sector - 15,9%, which proportion is decreasing over recent years. The second biggest economic sector is real estate sector - 11,2%, the third - sector of professional, scientific and technical services, administrative and service agencies sector - 10,9%.

During the time period from 2011, there were no significant shifts in the Riga City economic structure. Proportion of trade and transportation sectors have slightly decreased, but proportion of construction sector has increased.

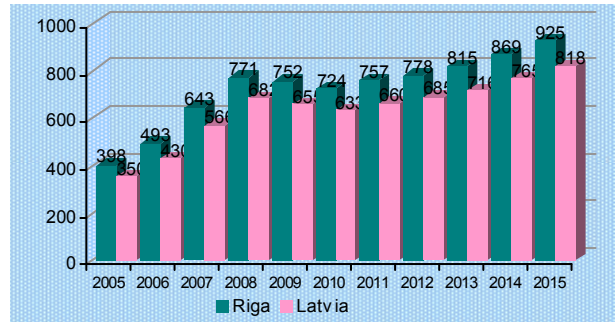
TRANSPORTATION AND COMMUNICATIONS

RIGA PORT

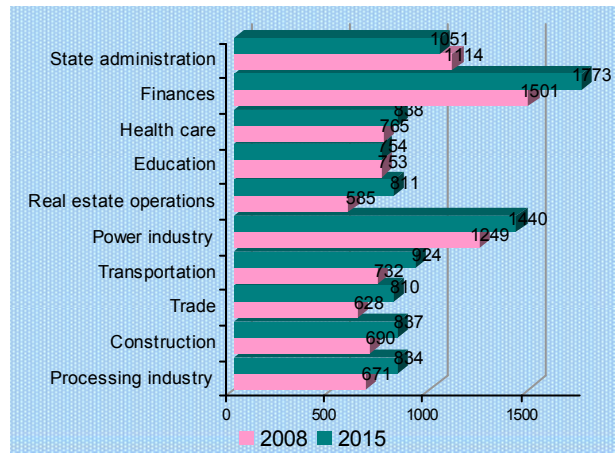
In 2015, decrease of total turnover of cargo by 1 million tons (by 2,5%) in Riga port was observed as well as in Latvia ports in general. Although the amount of shipped cargo was a bit higher than in the previous year (by 0,2%), the amount of received cargo in Riga port decreased by 21%, what determined decrease of total cargo turnover.

Since the amount of total cargo turnover in Latvia ports decreased more rapidly than in Riga port (by 6,2%), then the share of Riga port in the total Latvia port turnover increased to 58%. In 2015, 36% from the reloaded cargo in Riga port was coal, 26% - petroleum products, 9% - cargo containers.

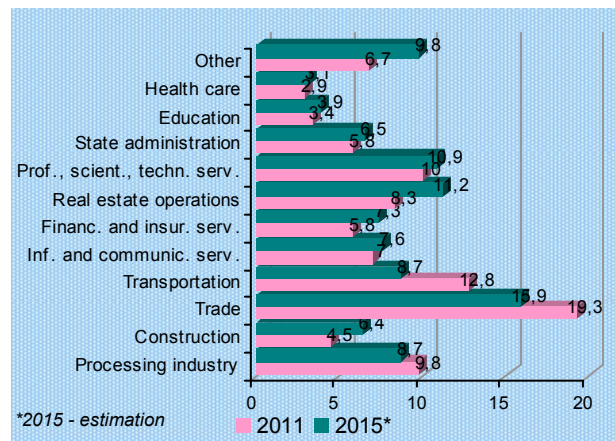
Monthly average gross compensation in Riga 2005 - 2015 (in euro)



Monthly average gross compensation in Riga in 2008 and 2015 (by sectors, in euro)

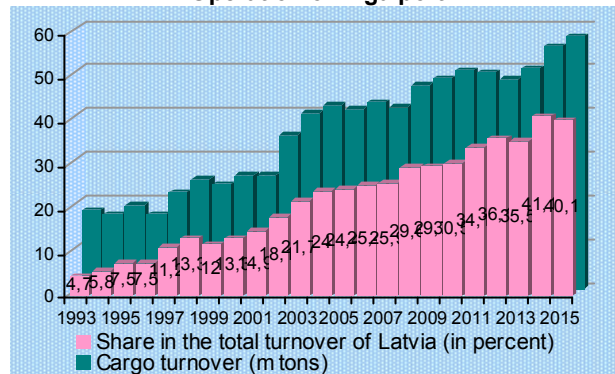


Riga economic sectors by share in the total value added (%)



*2015 - estimation

Operation of Riga port



In 2015, rapid decrease of the number of serviced passengers in Riga port continued. There were 224,3 thousand arrived and 232,8 thousand leaving passengers serviced during the reporting year, by 32,4% and 32,5% less than in the previous year. The number of serviced cruise ships' passengers increased by 14% during the reporting year - from 60,8 thousand in 2014 to 69,2 thousand in 2015.

AIRPORT

In 2015, the number of serviced passengers in Riga Airport increased by 7,3%, reaching 5,2 million passengers per year.

In 2015, according to the Riga International Airport data the number of serviced flights increased by 2,3 thousand (by 3,4%) compared to the previous year. Riga International Airport serviced 68 078 flights last year. During the reporting year, the amount of shipped and received cargo continued to reduce significantly in Riga International Airport - from 32,8 thousand tons in 2014 to 18,8 thousand in 2015 (by 43%).

PUBLIC TRANSPORTATION

In 2015, 146,8 million passengers were transported in Riga public transportation (bus, tram, trolleybus), by 3,7 million (by 2,4%) less than in the previous year. 43,8%, from the total number of transported passengers used 100% discounts and 14,9% used partial transportation fee exemption granted by Riga City Municipality. 4,1% from the total number of transported passengers used discounts defined by State.

During the reporting year, Riga Municipal Ltd. "Rigas satiksme" provided passengers' transportation services on 9 tram, 19 trolleybus and 53 city bus and 9 night bus routes. In 2015, the total length of the City's transportation network was 1 192,4 kilometers.

10,4 million were passengers transported in 23 improved service minibus routes in 2015, int.al. 41,4 thousand passengers transported in 9 night minibus routes.

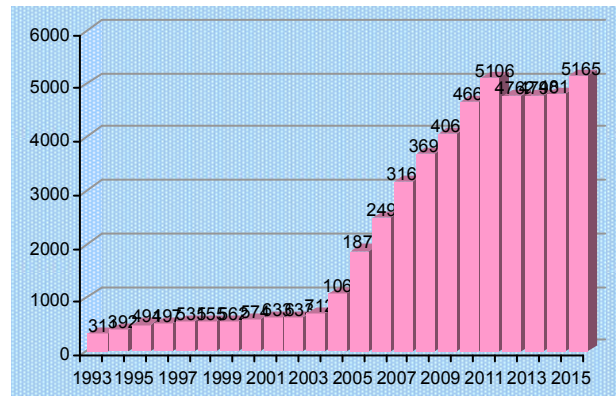
TOURISM

During the reporting year, tourism sector continued to grow in Riga City. In 2015, 1 333,5 thousand tourists were served in Riga City hotels and tourists' lodgings, of which 1 166,9 thousand were foreign guests. In 2015, number of tourists served in Riga increased by 5%, int.al. number of foreign guests - by 4%. the number of overnight stays in tourists' lodgings increased by 8%. City's tourism infrastructure also expanded by increasing the number of tourists' lodgings in the city from 119 to 121 and the number of rooms and shared lodgings by 4%. In 2015, around 79% from the total number of foreign guests in Latvia were served in Riga.

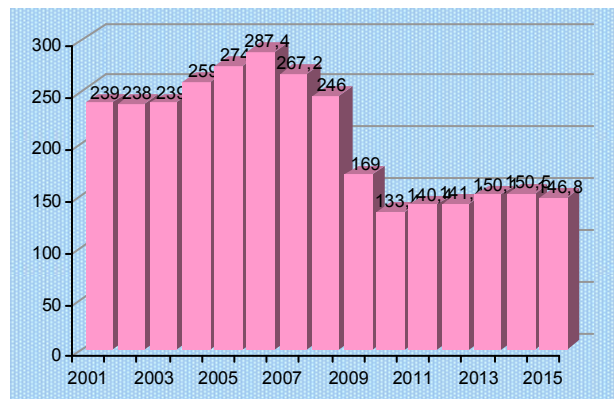
CONSTRUCTION

The space of commissioned dwelling houses in Riga City in 2015 was 109 thousand square meters, decreasing by 15%, compared to the previous year. The proportion of built dwelling houses in Riga decreased to 15% of the state overall result.

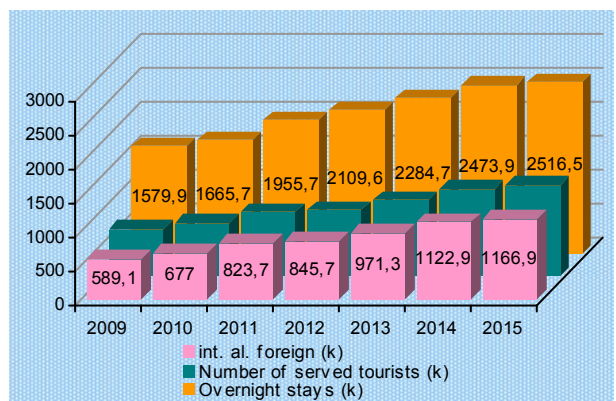
Riga International Airport: passenger turnover (k people)



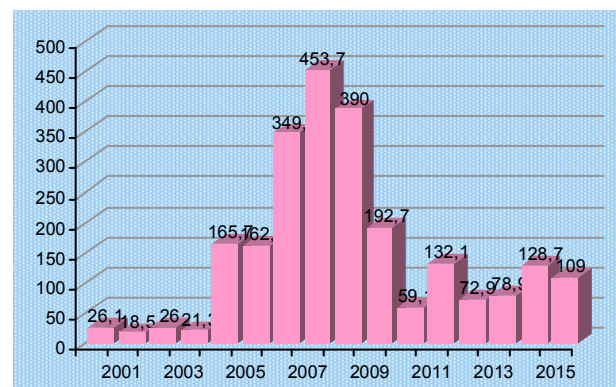
Passenger carriage in Riga public transportation (m people)



Characteristics of development of Riga City tourism sector in 2009 - 2015



Dwelling houses constructed (thousand sq. m, per annum)



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".

Implementing representative democracy, Riga City inhabitants that have the right to vote elect Riga City Council. 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

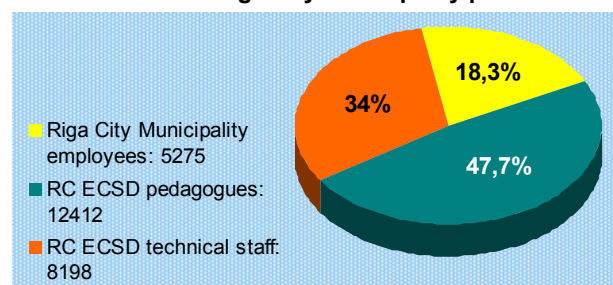
of national importance, as well as support and development of cultural infrastructure;

- △ 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;
- △ Provides protection of children rights, ensures guardianship, custody, adoption, as well as protection of children's' private and property rights and interests;
- △ 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.

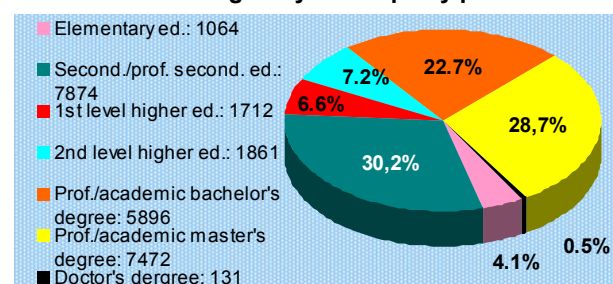
In 2015, actual availability of employees in Riga Municipality was 25 996, int. al. 12 412 pedagogues and 8 198 technical staff of institutions subordinate to Riga City Council Education, Culture and Sports Department.

In 2015, (except pedagogues and technical staff of institutions subordinate to Riga City Council Education, Culture and Sports Department) there were 1 219 employees recruited and labour relations were terminated with 948 employees. During the reporting year 1 874 pedagogues and 2 991 technical staff were recruited and labour relations were terminated with 1 758 pedagogues and 2 201 technical staff.

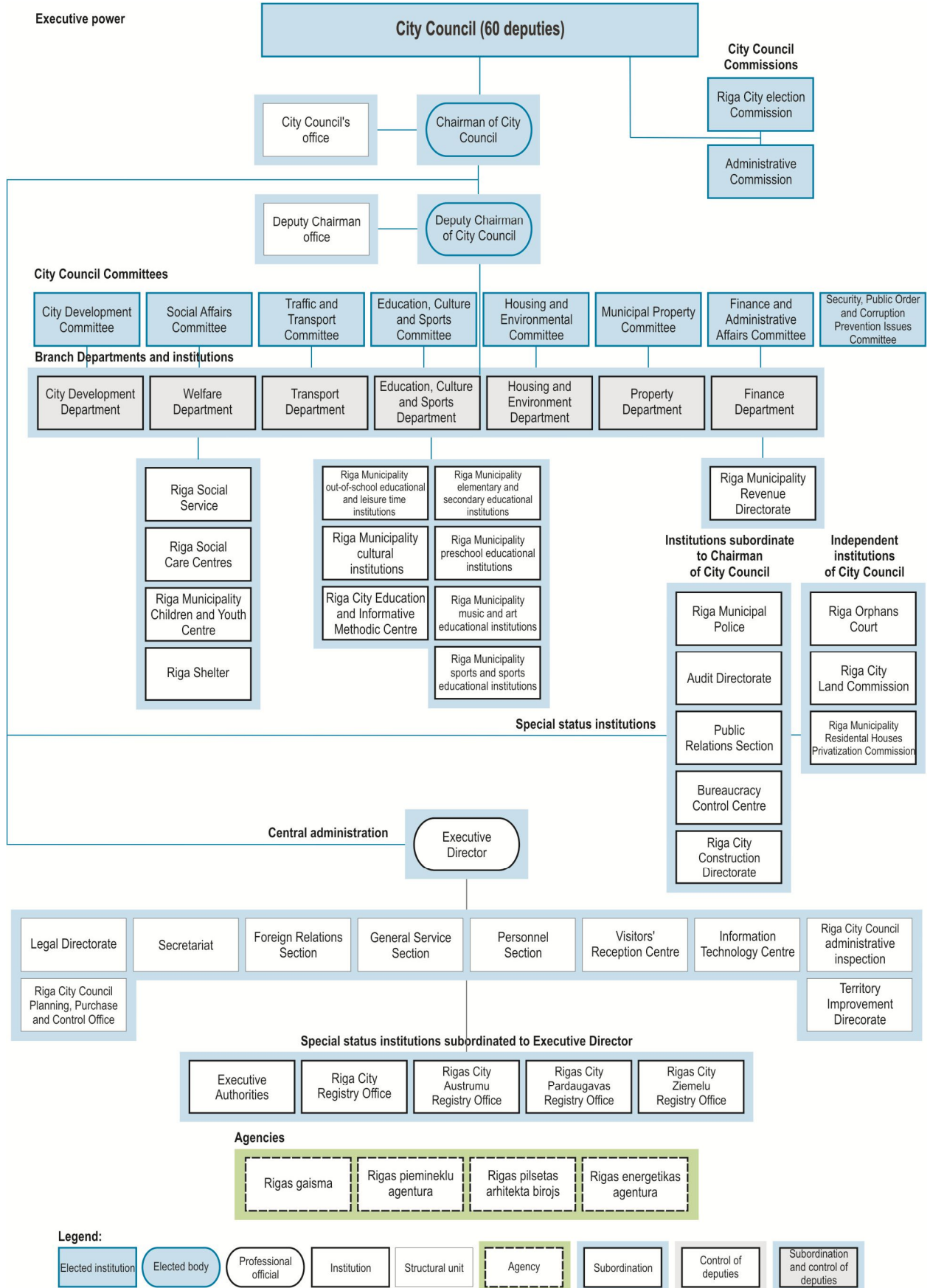
Distribution of Riga City Municipality personnel



Education of Riga City Municipality personnel



ADMINISTRATION STRUCTURE OF RIGA CITY MUNICIPALITY



RIGA MUNICIPALITY PROPERTY STATE

VALUE OF RIGA MUNICIPAL EQUITY CAPITAL AND ITS ANTICIPATED CHANGES

PROPERTY BOOK VALUE

By the end of 2015, the book value of Riga City fixed assets was 2 627,7 million euro, decreasing by 60,8 million euro within the year, long-term equity of associated and related enterprises - 651,6 million euro. The total value of Municipality assets, including other long-term investment categories comprised 3 392,7 million euro by the end of 2015.

RIGA CITY MUNICIPALITY INVESTMENTS IN ENTERPRISE EQUITY CAPITAL

In 2015, Riga Municipality has invested the total amount of 13,2 million euro in the equity capital of related enterprises with 100% share capital owned by Riga Municipality, int. al. investments of:

- △ Riga City Municipality's real estate property - land and buildings (5,4 million euro);
- △ Riga City Municipality's funds (7,8 million euro).

SHARE IN MUNICIPAL ENTERPRISE EQUITY CAPITAL

By the end of the reporting year 2015, long-term share of Riga Municipality in equity capital of related and associated enterprises was 651,6 million euro. By the end of 2015, the share of Riga Municipality in equity capital of related enterprises was 593,7 million euro, increasing by 8,4 million euro, within a year, but long-term share in equity capital of associated enterprises was 57,9 million euro, increasing by 1,2 million euro within a year.

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

In 2015, shares of Ltd. "Rigas pilsetas lombards" owned by Riga City Municipality were sold at auction.

By end of 2015, equity share capital of one associated enterprise reflected in Riga Municipality balance sheet - JSC "Rigas siitums" (49%).

PLANNED CHANGES

In 2016, following changes are planned in the equity capital of related enterprises:

- △ changes in the equity capital of Ltd. "Rigas pilsetbuvnieks", investing real estate property at a value of 231,6 thousand euro;
- △ changes in the equity capital of Ltd. "Rigas nami", investing real estate property at a value of 7 577 thousand euro;
- △ changes in the equity capital of Ltd. "Riga 1st hospital", investing funds at a sum of 1 250 thousand euro vērtībā.

RIGA MUNICIPALITY REAL ESTATE PROPERTY STATE

According to the data from the State Land Service, by January 1 of 2016, there were 20 758,2 ha of land owned by various owners within the territory of Riga City. Riga Municipality had ownership over 4 057 land lots with the area of 7 846,7 ha in total, forming around 38% of the total land property area in the City.

In 2015, 208 contracts of Riga Municipality's real estate property sale were signed, 33 contracts of purchasing of real estate property or its shares were signed, as well as municipality took possession of two properties from other public entities, but eight properties were transferred. By the end of the reporting year, there were 2 519 valid lease agreements on real estate property rent.

EXECUTION OF TERRITORY DEVELOPMENT PLAN

In 2015, work on planning of city's environment was actively continued and following work was done within framework of Riga new territory plan:

- △ Applications and conditions from private persons and institutions were summarized;
- △ Suggestion for functional zoning was developed according to existing laws and regulations, which are revised in accordance with summarized applications and conditions from private persons and institutions;
- △ Typical building heights limit map was developed, which is revised in accordance with defined functional zoning.

In 2015, active work on development of 11 thematic plans was continued, int. al.:

- △ Territory for provision of business activities;
- △ Appointed territories necessary for development of industrial enterprises, where a prior municipal support should be provided;
- △ Updates of construction and development conditions in protected territories within thematic plan of territories of cultural heritage in Riga, outside Historic Centre of Riga were worked out and structure of valuable objects of cultural heritage was specified;
- △ Potential water pollution sources were identified within thematic plan of water territories and embankments and municipal activities to improve ecological situation with water resources were set;
- △ Specific locations were appointed within thematic plan of Freeport of Riga where placement of new objects of high dangerousness is not allowed.

In 2015, Riga Development program of Action plan and Investment plan 2014 - 2016 was approved, as well as implementation of plan 2015 - 2017 was launched. In the development process of Action and Investment plan conditions of the new EU fund planning period 2014 - 2020 was taken into account. Work on Integrated Territorial Investment (ITI) projects was performed, laws and regulations were appraised, as well as communication and discussions on financial support for specific purpose were realized.

Delegation agreement on selection of submitted ITI projects was concluded between Riga City Municipality and Ministry of Finance of the Republic of Latvia. Work on description of internal procedures, on bylaws of valuation commission of submitted EU fund projects, on bylaws on selection of submitted projects for specific purpose "Revitalization of territories by regenerating degraded territories according to integrated municipal programs" were launched according to agreement.

In 2015, experts of Riga City Council City Development Department worked out and updated thematic maps - ITI project maps, map of industrial territory of Granita Street area, maps of foreign direct investment, as well as performed updates of maps of degraded territories and updated data base of degraded territories/objects.

Report 2014 on introduction of Riga Sustainable Development strategy to 2030 (Strategy) and Riga Development program 2014 - 2020 (Program) was prepared within Strategy Supervisory system (SSS), what is the first report on introduction of Strategy and Program in accordance with the new development plan documents, but the eighth report prepared within SSS (available on: www.sus.lv, www.rdpad.lv).

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, results of opinion surveys of Riga inhabitants, opinion of branch experts and statistic data. Maps with territorial priorities were included in the report for the first time, where those Riga neighborhoods were mapped in which services were introduced or improved, reflecting dimensional supervision of the city.

During execution of Riga territory development plan in 2015:

- △ 14 resolutions on launching development of local plans within territory boundaries and approval of work tasks were approved by Riga Council;
- △ 3 resolutions on passing local plans for public discussion and receiving conclusion and 3 resolutions on local plan approval and issue of binding regulations were prepared and approved by Riga Council;
- △ 269 projects of use of land and delimitation of the border were revised and 583 plans of land borders' encumbrance plans, as well as 2 527 certificates on authorized use of land were issued;
- △ work on development of territory local plan of Skanstes Street location was continued - results of public discussion on 1st edition of local plan were summarized and development of update was performed;
- △ preliminary research for launching external space thematic plan within territory plan Historic Centre of Riga and its protection area was performed in cooperation with transportation planning experts and landscape architects, as well as preliminary research for launching housing thematic plan in cooperation with housing and living environment development experts;
- △ data entry on use of ground floors of buildings in central part of Riga and research on characteristics of facades was performed, translation of regulations on territory use and construction in Historic Centre of Riga and its protection area in English and Russian languages (available on www.rdpad.lv).

In order to promote children's sense of membership of neighborhood, to involve them into city planning process, Riga City Council organized drawing and essay competition "My neighborhood. Story of my neighborhood." among 5 - 9 grade Riga schools' students. Competitions was organized as one of the social participation activities during development process of the new Riga territory plan with a goal to promote children's creative self expression and skill via activities to reveal their feeling towards surrounding living-space, stimulating interest about Riga planning processes. 205 drawings and 81 essays on 42 Riga neighborhoods were submitted for competition.

Riga City Council provided participation of city environment planning experts in strategic planning and city planning events, for example, in meeting on multimodal transport hub project in Tornakalna and development of Skanstes neighborhood, in meeting of Coastal cooperation and coordination group, in meetings of Consultative commission on Riga planning region, in forum of Creative quarters and territories, in seminary "Usage models of Switzerland or unused premises in Baltic states, Germany Switzerland".

RIGA MUNICIPALITY INVESTMENT PROJECTS

NON-FINANCIAL INVESTMENTS

Total amount of investment (private, municipal, state and foreign) in Riga reached its maximum in 2008 - around 3,9 billion euro. Investment in Riga reduced significantly during the period of crisis, however there is a gradual growth observed of late years. In 2015, total amount of investment increased by 32%, but the amount of construction works even by 36%. Total amount of investment in Riga City still is by 28% lower compared to maximum level of the pre-crisis period. In 2015, the amount of investment in Riga City comprises around 59% (47% in the previous year) of all investment in the country, but the proportion of construction works in Riga from those performed in the entire state in 2015 increased to 55% (41% in the previous year).

CAPITAL INVESTMENTS FROM MUNICIPAL BUDGET

During the reporting year 120,6 million euro were allocated for Riga City Municipality budget capital expenditure.

By means of restructuring budget expense, regardless of limited budget resources of the period after crisis, municipality has succeeded in increasing investment in implementation of transport, education and social infrastructure projects. During the period from 2009 to 2015, Municipality has allocated even more funds for capital investments by 24% than during the time period of previous 7 years (from 2002 to 2008).

In 2015, the major proportion of municipal budget capital investment still was in economic activity sector - 41,6% (33,8% in the previous year). The second biggest total capital investment proportion was in recreation, culture and religion sector - 16,6%, the third - in education with proportion of 14,5%.

FOREIGN INVESTMENT IN RIGA

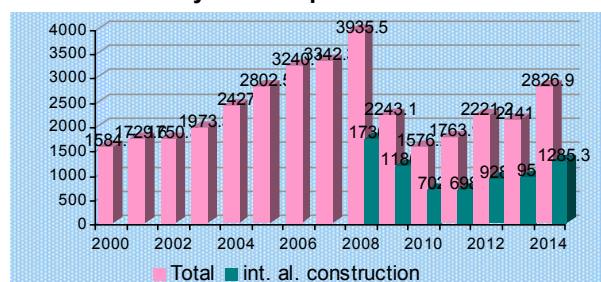
By April, 2015, according to Lursoft data, foreign direct investments into the registered equity capital of enterprises in Riga were around 5,8 billion euro, and hold constant within the year. Foreign investments in Riga were 80% from the total foreign investments in country.

EU AND OTHER EXTERNAL FINANCIAL SOURCES' CO-FINANCED PROJECTS

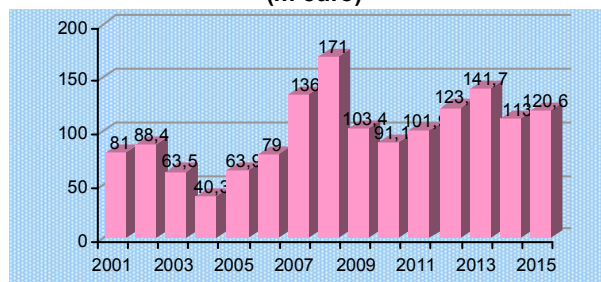
In 2015, Riga City Municipality continued execution of projects financed by European Union (EU) Funds. 43,0 million euro were allocated from the municipality's

budget million euro for execution of projects financed by EU Funds and other projects, by 7,3 million euro more than in the previous year. 40,3 million euro from total EU fund financing expenditures were allocated for project capital expenditures, by 48% more than in the previous year, what is explained with a fact that several large projects of previous EU financing period were completed in 2015.

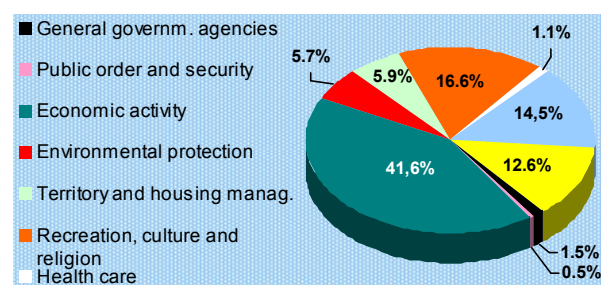
Non-financial investments in Riga (m euro), year 2015 price index



Capital expenditures from Riga Municipality budget (m euro)



Capital expenditures from Riga Municipality consolidated budget structure by sector, 2015 (%)



The largest projects co-financed by EU and other funds in Riga City Municipality and total expenses in 2015

No	Project name	Foreign fund / program	Expenses, EUR
1.	Reconstruction and renovation of The Latvian National Museum of Art on Kr. Valdemara Street 10A (2 projects)	ERDF	19 018 562
2.	Revitalization of Grizinkalns and alongside Miera darzs territories	ERDF	7 465 686
3.	Recovering of Riga City dumpsite No 01944/675/PV on Augusta Deglava Street	Cohesion Fund	5 964 015
4.	Integration of Riga City and Riga Port into TEN-T network: development of technical project of Riga Northern Transportation Corridor 1 st stage	TEN-T	2 960 323
5.	Recovering of Riga City dumpsite "Kleisti"	Cohesion Fund	1 323 830
6.	Complex solutions for reduction of emission of greenhouse effect gases in Riga Municipality preschool educational buildings II	Climate Change Financial Instrument	1 278 356
7.	Reconstruction of crossing of access road (P133) of K. Ulmana Avenue and airport "Riga" (from Lielirbes Street to Sampetera Street and from Grenču Street to Gramzdas Street)	ERDF	721 294
8.	Preservation and improvement of socioeconomic potential of Riga Doms 2 nd stage. Fixation of Riga Doms tower	ERDF	693 483

RIGA MUNICIPALITY FINANCIAL AND BUDGET POLICY

REVENUE

In 2015, total Riga City Municipality basic budget revenue was 762,3 million euro, by 49,2 million euro (by 6,9%) more than in the previous year.

Municipal basic budget tax revenues in 2015 were 562 million euro, more by 33,1 million euro (by 6,3%) than in 2014. Tax revenues increased mostly as a result of growth of personal income tax revenue, comprising 99% of the total tax revenue growth. Personal income tax revenue in 2015 reached 462,9 million euro, 32,9 million euro (by 7,7%) more than in the previous year - 60,8% from the total municipal tax revenues. In 2015, real estate tax revenue was 94,3, gambling tax - 4,1, but natural resources tax - 0,84 million euro, remaining on the same level as in previous years. In 2015, non-tax revenues were collected at an amount of 20,7 million euro, by 2,8 million euro (by 19,2%) less than in 2014. Paid services revenue in budget was received at an amount of 27,9 million euro. Municipality's basic budget received State budget transfers at the amount of 145,5 million euro, by 19,3 million euro (by 15,3%) more than in the previous year.

EXPENSE

In 2015, total Riga City Municipality basic budget expense was 766 million euro, what is more by 22,8 million euro (by 3,1%) than in the previous year. Capital expenditures increase by 7,6 million euro to 120,6 million euro compared with 2014. In 2014, expenses from the municipal budget on compensation increased by 27,3 million euro (by 12,2%), compared with 2014, for goods and services - by 4,4 million euro (by 3,5%). During the reporting year, expenses on subsidies and grants reduced, but expenses on social security reduced by 3,3 million euro, what is concerned with decrease of the number of social benefits recipients and improvement of population's economic. Maintenance expenses of transfers to other municipalities, interest payment and deposits to municipal cohesion fund have not changed significantly. Municipal budget deficit in 2015 was 3,8 million euro (0,5% from revenue).

MUNICIPALITY'S DEBT DYNAMICS

In 2015, the total amount of Riga Municipality's financial commitments reduced by 50,5 million euro and by the end of the year it was 929,3 million euro.

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 67% by the end of the reporting year. In 2015, Riga City Municipality continued implementation of municipal loans, guarantees and other long-term debt management strategy for 2013 - 2017, ensuring Municipality's liability portfolio's conformity with criteria defined by the strategy. The total amount of overall Riga City Municipality liabilities (evaluating by principal amount of liabilities) was 80,9% from municipal revenues, by end of 2015, not exceeding 100% limit defined by the Strategy.

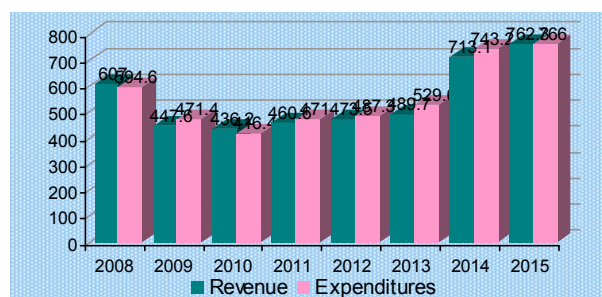
CREDIT-RATING

In 2015, Riga City Municipality continued cooperation with credit rating agencies - "Standard & Poors" and "Moody's Investors Service". In February of 2015, credit rating agency "Moody's Investors Service" positively evaluated policy of financial stability implemented by Municipality and raised Riga City credit rating by one level - to "Baa1", retaining stable rating development perspective prognosis. In November of the reporting year, credit rating agency "Standard & Poors" retained "BBB+" credit rating assigned to Riga City in the previous year.

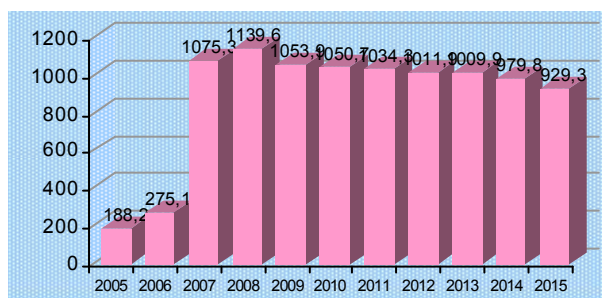
History of Riga City credit-rating

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

Riga City consolidated budget revenue and expenditures (m euro)



Dynamics of total amount of Riga City Municipality's financial commitments 2005 - 2015 (m euro)



RIGA MUNICIPALITY BUDGET EXECUTION PERFORMANCE

The results of Riga economical development and Municipality's fiscal policy in 2015 are characterized by achievements in ensuring budget revenues and purposeful use in provision of municipal operations. 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 City Municipality has scheduled balanced and stable budget for the further years, changing over to three year budget planning. In June 9 of 2015, Riga City Council approved internal regulations, which became base for Riga City Municipality budget 2016 - 2018 approval. Riga City Council Budget commission performs indicative calculations within three years budget of financial amount necessary to provide implementation of municipal priorities at a constant level within budget of the respective year.

RIGA MUNICIPALITY BUDGET REVENUE

By the end of 2014, the order of payment and accounting of personal income tax was changed by discharge contract signed between Ministry of Finance of the Republic of Latvia and Riga City Council in December 14 of 1995. As from January 1 of 2015, personal income tax on physical person, who are declared as residents of Riga administrative territory,

was transferred to the State treasury's personal income tax distribution account, as a result of what Riga City Municipality performed corresponding administrative and systemic changes.

RIGA MUNICIPALITY BASIC BUDGET REVENUE

In accordance with laws and regulations, Riga Municipality performs administration of personal income tax, real estate tax, natural resources tax, municipal charges, as well as controls the collection of gambling tax and the transferring of state duties to Riga Municipality budget.

Basic budget revenue mostly comprises:

△ Tax revenues:

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

△ Non-tax revenues:

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

RIGA MUNICIPALITY SPECIAL BUDGET REVENUES - DONATIONS AND ENDOWMENTS

In 2015 revenues from donations and endowments to Riga City Municipality were 140,6 thousand euro.

SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY BASIC BUDGET REVENUE

Cash flow basis (k EUR)	2014 actual	2015 budget	2015 actual
Total revenues	713 097.4	755 246.9	762 250.1
Total tax revenues	528 894.8	558 890.3	562 028.7
Personal income tax	429 978.4	459 781.4	462 886.5
Real estate taxes	94 227.7	94 200.0	94 249.9
int.al. real estate tax on land	36 012.6	36 042.0	35 295.1
int.al. real estate tax on buildings	45 076.1	45 026.0	45 917.8
int.al. real estate tax on housing	13 139.0	13 132.0	13 037.0
Other tax revenue	4 688.7	4 908.9	4 892.3
Total non-tax revenues	23 427.2	20 099.5	20 672.6
Government (municipality) fees	5 163.1	3 498.5	3 900.8
Other non-tax revenues	18 264.1	16 601.0	16 771.8
Total revenue from paid services and other own revenues	29 129.8	30 759.4	29 063.6
Total transfers	131 645.6	145 497.7	150 485.2
State budget transfers, int.al.	126 262.2	139 419.4	145 544.5
state budget transfers allocated for specific purpose	114 737.1	125 675.3	128 394.9
transfers received from state institutions for projects co-financed by EU policies' instruments and other foreign financial aid	11 364.5	13 590.6	17 003.7
other State budget transfers	160.6	153.5	145.9
Municipal budget transfers	5 383.4	6 078.3	4 940.7

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

Cash flow basis (k EUR)	2014 actual	2015 budget	2015 actual
Total revenues	1 196.4	218.8	140.6
Donations and endowments from legal entities and individuals	1 196.4	218.8	140.6
Donations and endowments for education	101.5	148.4	68.0
Donations and endowments for social care	5.3	1.6	2.1
Other donations from legal entities and individuals	1 089.6	68.8	70.5

RIGA MUNICIPALITY BUDGET EXPENSE

Riga Municipality budget expense of 2013 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.

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 order to provide more effective planning of financial resources for execution of municipal functions in accordance with Municipality's strategic documents and institutions' actions plans, Municipality has developed three year budget plan methodology, what was already applied in process of budget planning for 2016 and two subsequent years. Economical and efficient utilization of municipal funds is already provided for ten last years by performance indicators' system realized by Municipality. 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 and 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 2015, the main priorities within the total expense structure of Riga Municipality basic budget did not change compared to 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.

In 2015, the expenses from donations and endowments to Riga Municipality were 183,5 thousand euro.

RIGA MUNICIPALITY BUDGET EXECUTION PERFORMANCE

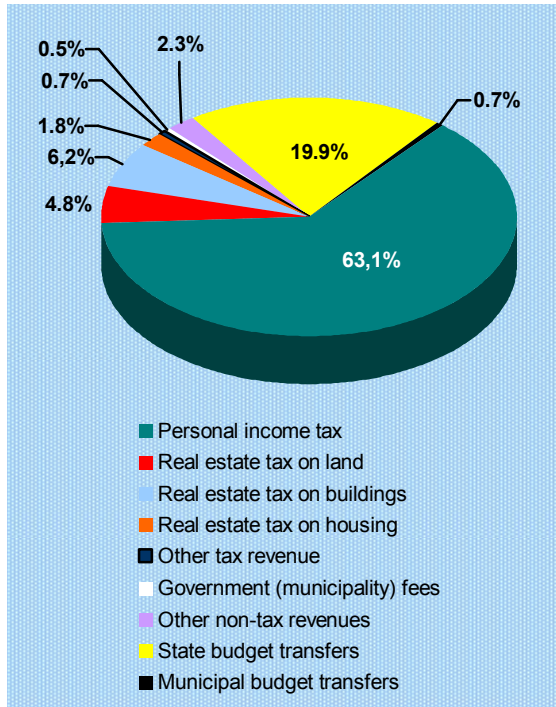
SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY BASIC BUDGET EXPENSES

Expenses by government function Cash flow basis (k EUR)	2014 actual	2015 budget	2015 actual
Total expenses	743 170.1	806 968.8	765 998.5
General governmental agencies	133 206.7	137 112.6	133 194.3
int.al. deposits to municipal financial cohesion fund	75 714.1	74 304.8	74 890.0
Public order and security	16 600.7	16 358.9	16 265.4
Economic activity	198 651.4	217 810.8	205 751.3
Environment protection	4 485.7	9 219.1	8 481.1
Municipal territory and housing management	32 021.3	32 879.5	29 520.7
Health care	5 920.1	3 503.3	2 632.0
Recreation, culture, and religion	35 906.6	39 219.0	40 087.6
Education	237 668.5	270 972.0	254 871.1
Social security	78 709.1	79 893.6	75 195.0

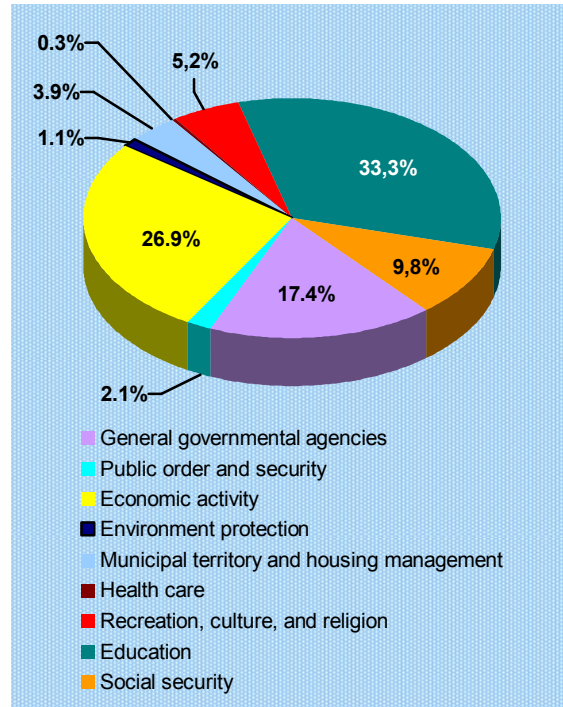
SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY SPECIAL BUDGET EXPENSES FROM DONATIONS AND ENDOWMENTS

Expenses by government function Cash flow basis (k EUR)	2014 actual	2015 budget	2015 actual
Total expenses	1 236.3	487.4	183.5
General governmental agencies	1 121.4	175.4	113.5
Municipal territory and housing management	16.0	1.7	1.7
Recreation, culture, and religion	8.0	12.1	6.8
Education	86.1	292.6	58.0
Social security	4.8	5.6	3.5

Composition of Riga Municipality basic budget revenue in 2015



Composition of Riga Municipality basic budget expenses in 2015



RIGA MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

EDUCATION AND SPORTS

Functions of Riga City Council Education, Culture and Sports Department (ECSD) are provision of education for children, declared as residents of Riga administrative territory, who have reached scholar age, provision of diversity and accessibility of Riga City cultural events, provision of preservation of cultural values, improvement of quality of city's environment, development of creative work and provision of opportunities for useful and creative free time passing for Riga inhabitants, youth work, provision of accessibility of sports and physical activities, as well as integration of society.

PRESCHOOL EDUCATIONAL INSTITUTIONS

At the beginning of 2015 preschool education programs were provided at 150 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 25 385 children in total. In 2015, in order to improve preschool education accessibility, additional 11 preschool groups were opened in municipal educational institutions, providing places for 220 children.

To compensate unavailable places in preschool educational institutions Riga City Municipality signed cooperation agreements with 127 private educational institutions, providing preschool education on average for 4 853 children monthly with co-financing at a sum 8 077 486 euro.

COMPREHENSIVE SCHOOLS

115 Riga City Municipality elementary and secondary comprehensive schools started 2015/2016 school year, int. al. 88 secondary schools, 23 elementary schools and 4 primary schools, 12 of them are training-schools and 10 are boarding-schools, where educational programs were mastered by 67 081 students at the beginning of the school year, 81,1%, of these students master elementary education programs, but secondary education programs are mastered by 18,9%. During the reporting year, cooperation with 33 private educational institutions was continued, what are attended by children declared as residents of Riga. Riga Council co-financing of 261 131 euro was provided for this purpose.

During the reporting year, optimization of educational institutions' network was continued, as a result of merging Riga 24th secondary school and Riga 32nd Secondary school, Riga Austrumu Secondary school was created and Riga 68th Secondary school was liquidated by incorporating it into Riga 34th Secondary school.

OUT-OF-SCHOOL EDUCATION AND SPORTS

Out-of-school and vocational education diversity, accessibility and popularity in Riga Municipality is provided by 13 Riga Municipality's out-of-school education institutions, 115 comprehensive school, 9 music and art schools and 84 068 participated in programs realized by these schools in 2015. While 11 114 students participated in programs provided by 6 Riga Municipality's vocational education institutions majoring in culture and 11 vocational education institutions majoring in sports. 25 390 students participated in sports programs provided by comprehensive school, what is 32,8% from the total number of students in Riga Municipality schools.

Leisure time centers are created in 16 comprehensive secondary schools.

Riga City priority in sports field is wide accessibility of sporting opportunities for Rigans. In 2015, ECSD organized 36 Riga championships and youth championships in 28 sporting contests. Together with nongovernmental sports organization there were 20 children, youth and popular sporting contests of various levels organized in Riga. In Latvia's Winter Youth Olympics Riga City was represented by 520 participants from 38 schools in 6 sporting contests, winning 18 gold, 11 silver and 16 bronze medals. But in Latvia's Summer Youth Olympics Riga City was represented by 520 young participants in 23 sporting contests, winning 72 gold, 44 silver and 51 bronze medals.

Riga City Municipality continued rendering support for organization of youth's leisure time, informal education and employment, providing co-financing for 303 children and youth camps, involving 10 353 participants. 62 camps organized by nongovernmental and religious organizations with more than 2 330 participants were supported, 17 leisure time projects, which offered free of charge activities for around 1 850 children and youth during summer holidays were supported, 36 educational activities for more than 1 100 for students' self-government activist was organized and provided financing for six Students' self-government cooperation projects. Besides, 17 youth initiative projects, 12 youth organizations and NGO were financially supported, material and technical basis was renewed and methodic support rendered to 22 leisure time centers, which were attended by 6 000 children and youth.

Within program, implemented by State Employment Agency, there were 161 short term working places created in Municipal institutions and enterprises for youth during summer holidays. In Riga youth centre "Kanieris" there were 357 events and activities organized for youth, as well as centre's technical equipment was provided for youth organizations on 103 events outside centre's premises.

LIFELONG AND INFORMAL EDUCATION

Education and Information Center of Riga City (EICRC) provided professional qualification improvement by organizing courses, seminars, master classes and conferences which were attended by 14 502 pedagogues. EICRC implemented 720 professional expertise improvement educational programs where certificates on mastering programs of various courses were received by 16 322 graduates.

At the beginning of school year 2015/2016, EICRC provided evaluation of pedagogues' quality of professional activities in 345 educational institutions situated in Municipality's administrative territory. Single monitoring system of methodical activities of Riga City educational institutions' pedagogues was created and coordinated, as well as pedagogues were involved in provision and analysis of education quality according to educational institution's methodical action plan.

In 2015, 2 Riga music and art schools new lifelong educational programs were implemented, among them were computer graphics, ceramic art, drawing and painting and playing a musical instrument.

RIGA MUNICIPALITY BUDGET RESOURCES UTILIZATION FOR MUNICIPALITY OPERATIONS

Two significant state language training projects within framework of informal adult education for inhabitants were performed. 310 persons in total acquired and improved Latvian language skills in both the projects.

In 2015, Latvian language training courses for social integration purposes were organized, which were achieved by 1 166 students, 1 145 of them raised Latvian language skills at least by one level.

The most significant investment projects and programs:

- △ Finished renovations, inter alia simplified renovations in 6 Riga educational institution buildings;

- △ Construction of 1 sports ground, construction of playgrounds and areas for active sports near 4 educational institutions, improvement of territory and infrastructure of 24 educational institutions;
- △ Replacement of water-supply and sewerage in 4 educational institutions;
- △ Renovation of kitchens performed in 4 educational institutions;
- △ Renovation of gym and assembly halls performed in 2 educational institutions;
- △ Renovation and heat insulation of windows and facades in 4 educational institutions.

Budget expense allocated to education (k EUR)	2013 actual	2014 actual	2015 budget	2015 actual
Preschool education	70 363.3	74 559.3	85 559.9	81 075.3
Elementary, comprehensive and professional education	132 269.2	131 838.9	147 187.9	138 129.1
Higher education	4.8	10.3	106.1	34.9
Education undefined by educational levels	30 585.6	27 902.0	34 326.9	31 936.7
Other education, not classified above	3 295.9	3 358.0	3 791.2	3 695.1
Total basic budget expense	236 518.8	237 668.5	270 972.0	254 871.1
int.al. investment	13 358.3	19 399.2	15 431.2	13 853.5

SOCIAL SECURITY

Necessity to provide out-of-family care for unparented juvenile girls, who have become pregnant, became urgent in Riga City Municipality in 2015, as well as care after child's birth; consequently Municipality provided new service - out-of-family care for juvenile pregnant girl and juvenile mother with child. Such a municipal service is important, because it supports and strengthens mother's role, as well as bonds between mother and child during pregnancy period and in the first months after birth, improves child care skills and enables skills for starting independent life.

In 2015, Riga City Municipality launched pilot project of a new service - long-term social care and social rehabilitation for juvenile pregnant girl and juvenile mother with child having out-of-family care, what was provided by SOS Children's Village Association of Latvia in SOS Children's Village in Valmiera.

During the reporting year, Riga City Municipality repeatedly implemented service Crisis Intervention Team, providing psychological and social support for families in crisis situation.

SOCIAL PROTECTION IN RIGA

In 2015, rapid reduction of number of low-income persons and social benefits receivers continued in Riga City Municipality (by 21%, compared with 2014), what resulted in reduction of financing for benefits, creating an opportunity to redirect these resources for financing other social activities. These changes are related with scale up of minimum wage, indexation of pensions, increase of benefit for families provided by State, as well as amount of minimal allowance for children increased.

During the reporting year, increased number of those persons, suffering from motor disorder and are not able to use public transportation and municipal financial resources were accordingly shifted for financing "Home-care" service. During the reporting year, Ministry of Welfare of the Republic of Latvia financing for program "Assistant service for disabled persons" on rendering

assistant service for disabled persons in municipal territory increased by 2 191 499 euro, i.e. from planned expenses at a sum of 3 457 699 euro to 5 649 198 euro.

In 2015, work on improvement of process of awarding Riga City Municipality's social benefits was continued. New IT software were introduced and acquired, what allows evaluate benefits' receivers and allows evaluate more precisely person's income and economic conditions.

EMPLOYMENT FACILITATION ACTIVITIES

In 2015, a tendency of pervious years continued remaining the same - reduction of number of unemployed clients, level of unemployment in State, which varied from 5,3% to 4,9% in Riga by the end of the year. The smallest number of the unemployed persons - 15 664 was recorder by Riga branch office of State Employment Agency during the latest years. The proportion of long-term unemployed clients of Riga Social Service reduced as well from 31,2% to 23,1% by the end of the year.

In 2015, Riga City Municipality in cooperation with State Employment Agency continued participation active employment program "Paid temporary community work" financed by State, for unemployed persons, who do not, receive unemployment benefit and are listed in State Employment Agency as unemployed persons for more than 6 months or are listed as unemployed persons for shorter period of time, but have not been working paid job for at least 12 months. 264 temporary work places were created, within a year, where working skills were improved by 831 unemployed persons, 23 of these unemployed persons got regular paid job. In 2015, actual financing of the project was 329 053 euro, in. al. 74 922 euro or 23% municipal co-financing.

PROTECTION OF CHILD RIGHTS

In 2015, school psychologists consulted 7 427 parents, 6 276 educational institution pedagogues, 17 284 students and 1 438 students in groups, as well as

RIGA MUNICIPALITY BUDGET RESOURCES UTILIZATION FOR MUNICIPALITY OPERATIONS

provided support in three crisis cases at schools, as well as eight Rigan families received paid family psychologist's classes. While social pedagogues in schools consulted 15 664 parents, 10 752 pedagogues and 27 741 students.

The most significant investment projects and programs:

- △ Launched designing and construction of social residential building with social apartments on Aglonas Street 35 k-1.

Budget expense allocated to social security (k EUR)	2013 actual	2014 actual	2015 budget	2015 actual
Social security in case of inability to work	907.8	3 442.3	6 775.1	6 489.7
Assistance to elderly people	6 683.4	6 901.3	7 478.9	7 016.8
Assistance to families with children	8 280.8	8 304.0	9 394.0	8 693.8
Assistance in unemployment case	1 691.4	1 239.1	1 079.3	340.4
Housing allowance	17 826.4	13 927.6	13 962.4	13 818.1
Other support to socially repudiated persons not classified above	49 143.5	43 518.2	39 724.4	37 400.8
Other social care not classified above	1 098.7	1 376.6	1 479.5	1 435.4
Total basic budget expense	85 632.0	78 709.1	79 893.6	75 195.0
int.al. investment	10 392.8	5 970.7	1 000.0	1 000.0

HEALTH CARE

Healthy city constantly creates and improves its physical and social environment, enlarges community's resources, makes possible to support each other. One of Riga City Municipality's goals is to develop inter-branch co-operation in society's health sphere, forming a sense that any branch affects inhabitant's health from the moment of birth till the end of life, as well as sense, that inhabitant's health affects city's overall development.

Health care is not the uppermost health affecting factor - education, working environment and other social, economical, cultural and environmental factors are equally important factors. It is important to achieve involvement and share of responsibilities of all the branches in facilitation of inhabitant's health. Healthy society promotes increased work efficiency, healthy aging, as well as reduced costs on medical treatment and social help.

Riga policy's planning documents; inter alia Riga long-term strategy to 2025 and Riga City Municipality's inhabitant's health strategy "Healthy Rigan in Healthy Riga" 2012 - 2021 are aimed at Rigans' opportunities to live in healthy environment, as well as to improve Riga inhabitant's health condition.

Actual and information supplied by experts in a simple and easy to understand form on society's health issues is available on Riga City Municipality's homepage www.veseligsridzinieks.lv - Riga City Municipality's competence, health facilitation and addiction prevention, facilitation of families' psychological and social welfare and infrastructure for realization of families activities. In 2015, several activities were implemented according to the document "Riga City Municipality's program and action plan on implementation of strategy of society's health 2012 - 2016":

- △ Public lectures on recommendable food for children of various ages were organized and 3 informative reports for parents were issued, in order to improve young parents' knowledge about children food;
- △ Educational film on addictive substances and their affect on a person's health and personality for 7th - 10th grade students of Riga comprehensive schools was created;

- △ Traumatism prevention campaign for 1st grade students and campaign "Traumatism at place of residence and prevention for seniors" were implemented, when informative posters were made and placed in 100 Riga public transport stops;
- △ Training classes for prospective parents, facilitating father's involvement in child's care were provided, as well as 10 lesson training cycle for preschool children parents, to educate them about psychological and emotional development of children of this age were provided;
- △ 7 Latvian Red Cross Health rooms operated in Riga City, which are co-financed by Riga City Municipality. Health rooms are created to improve awareness of Riga City inhabitants on factors that affect health, provide possibility to receive consultations on health facilitation and disease prevention issues;
- △ Riga City Council Welfare Department's project "Integrated approach to health and social services in Finland and Sweden" was completed at the end of 2015, which was implemented by means of co-financing of Nordic-Baltic mobility program "State administration". Integration of services of several spheres, such as social, health, employment, etc. is important for Riga City Municipality, because the number of those inhabitants, who need provision of complex of either health (or rehabilitation) or social services is growing each year.
- △ In the latter half of 2015, project "Let's be active!" was started. The project was implemented in cooperation of three "healthy cities" of the Baltic region - Riga, Parnu and Turku. Goal of the project "Let's be active!" is to facilitate active way of life for Parnu, Riga and Turku seniors by involving them into volunteer work. Elderly persons can make a significant contribution to society by sharing their life experience, skills and knowledge. In spite of that, seniors are often lonely and socially isolated, what negatively effects their health and overall wellbeing. Project is being implemented till end of 2016. Total financing of the projects is 264 006 euro, EU co-financing is 208 053 euro. Project is co-financed by project partners and Central Baltic Sea region program 2014 - 2020.

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The most significant investment projects and programs:

- △ Reconstruction and renovation of building of Riga Municipality Ltd. "Riga 1st hospital" on Bruninieku Street 5.

Budget expenses allocated to health care (k EUR)	2013 actual	2014 actual	2015 budget	2015 actual
Operation and services of ambulatory medical institutions, and public health-care agency services	-	-	130.8	34.2
Hospital services. Health-care services for mother and child	4 976.4	5 088.5	1 871.2	1 337.7
Other health-care services not classified above	1 415.7	831.6	1 501.3	1 260.1
Total basic budget expense	6 392.1	5 920.1	3 503.3	2 632.0
int.al. investment	4 881.9	5 160.2	1 881.6	1 259.1

MUNICIPAL TERRITORY AND HOUSING MANAGEMENT

In 2015, financing of 1 112 794 euro were utilized within Riga City Municipality budget program "Social apartment houses and separate social apartments", 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.

During the reporting year, project of infrastructure fund of Riga was launched on joining three residential buildings to central water supply network and reconstruction of water supply system on Brivibas Avenue. In 2015, according to Riga City Council City Development Department's order, engineering investigations and development of topographic plan within the framework of the project was started.

In 2015, 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. 19 dangerous buildings and constructions were dismantled during these works, 26 Riga Council's decisions were made on putting buildings in order or dismantling perforce, 141 wrecks were put in order and 229 wrecks were decided to apply raised real estate tax rate at an amount of 3%.

In order to provide preservation of national and local cultural monuments (buildings), as well as restoration and renovation of national buildings or their elements - pieces of crafts, situated in City's construction territory, in 2005, legal base was created of the manner how owners of cultural monuments via tender procedure can apply for Riga City Municipality's co-financing for preservation of cultural monuments from 2016.

In 2015, renovation of 47 municipal apartments with a total area of 1 812 sq. m was finished and prepared for renting out. Total expense was 424 133 euro.

In 2015, 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 158 362 euro.

During the reporting year, work on transferring administration rights of the privatized residential buildings to the apartment owners by means of methodic support was continued. Management personnel took part in 243 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 36 apartment houses were transferred to apartment owners. 18 contracts of authorization of management were concluded on management of unprivatized parts of residential buildings.

In 2015, providing support on housing issues for registered persons (families) 437 dwelling premises were rented out, int. al. 205 dwelling premises with amenities and 153 social apartments or social dwelling premises. As well as 13 dwelling premises were rented out rendering emergency help, 16 as temporary dwelling premises and 4 rooms in shared apartments.

Budget expenses allocated to municipality territory management and housing facilities (k EUR)	2013 actual	2014 actual	2015 budget	2015 actual
Street illumination	8 136.9	6 908.4	7 675.8	7 230.3
Other activities concerning municipality territory management and housing facilities not classified above	30 227.3	25 112.9	25 203.7	22 290.4
Total basic budget expense	38 364.2	32 021.3	32 879.5	29 520.7
int.al. investment	422.5	1 249.9	376.3	331.7

ENVIRONMENTAL PROTECTION

Riga City can be proud of great number of various overground water objects. There are either artificial or natural reservoirs among them. To provide efficient exploitation of reservoirs both for recreation and commercial purposes, management principles were worked out, coordination of introduction and realization of which was provided by Riga City Council Housing and Environment Department. In 2015, following projects were implemented:

- △ Cleaning bed of Kisezers lake from sunken objects at place for swimming near Keizarmežs;
- △ Preliminary pollution investigation and cleaning Kileveina ditch from household waste;
- △ Renovation of quay for compact water transport at Juglas channel;
- △ Scavenging of petroleum products at Kisezers lake (near Ezermalas Street) and at Riga City channel, as well as cleaning of other water objects from pollution, sunken objects or natural vegetation.

In Riga City Municipality's basic budget financing for maintaining and renewing of City's greenery was allocated at a total sum of 256 432 euro. Management of City's greenery was performed - upkeep of 2 068 young trees of street greeneries, upkeep of trees of municipal educational institutions and street greeneries - 2 200 trees, liquidation of defective, damaged and dead trees - 253 trees and 31 square meters of bushes, sawing of poplars - 105 trees, planting of 16 seedlings and other works. Total financing was 256 432 euro.

In 2015, mowing of biologically valuable meadows and reed in specially protected natural territories, improvement of territories, scavenging and tending of protected trees was performed within Riga City basic budget program "Monitoring and management of specially protected natural territories". Utilized financing was 84 137 euro.

For reduction of pollution, improvement of water and air quality and reduction of noise level in Riga, Riga City Council Housing and Environment Department has performed following activities in 2015:

- △ Improvement of air quality in Riga City program of action for 2016 - 2020 was launched;
- △ Operation of air monitoring stations was provided;
- △ Research on benzene pollution was started in Riga;
- △ Purification of polluted areas in Bolderaja from petroleum products;
- △ In 2015, work on revision and update of strategic map on noise pollution in Riga City was completed;
- △ In 2015, work on reduction of noise in Riga agglomeration was continued. According to action plan protective shields against noise were erected on renovated traffic crossover over the railroad on K. Ulmaņa Avenue.

Riga City Council Housing and Environment Department in Riga territory performs exploitation and maintenance of water objects. In 2015, maintenance works included cleaning of draining-ditches at a length of 300 m, cleaning of draining-ditches at a length of 4 000 m from bushes in Zolitude, Imanta, Darzini, management and maintenance of pumping station to provide flood protection in Spilva's polder system.

The most significant investment projects and programs:

- △ EU Cohesion Fund project "Recovering of Riga City dumpsite "Kleisti" in cooperation with Ministry of Environmental Protection and Regional Development was launched, total project expenses are 1 325 524 euro, int. al. Cohesion Fund financing at a sum of 662 762 euro.

Budget expenses allocated to environmental protection (k EUR)	2013 actual	2014 actual	2015 budget	2015 actual
Waste management	-	56.4	61.8	61.8
Waste-water management	30.3	287.6	78.2	73.9
Prevention and reduction of environmental pollution	-	154.8	144.0	142.2
Protection of biodiversity and landscape	-	121.8	104.6	104.6
Other expenditures related to environmental protection	2 490.5	3 865.1	8 830.5	8 098.6
Total basic budget expense	2 520.8	4 485.7	9 219.1	8 481.1
int.al. investment	-	-	-	-

CULTURE

One of the Municipality's priorities is provision of artistically qualitative and diverse cultural service offer in City's cultural institutions, concert halls and city environment. Within schedule of cultural events 310 events were implemented in the central part of the City and its neighborhoods, which were attended by more than 700 000 Rigans and City guests.

One of the last year priorities was preparation and participation of Riga children and youth collectives for XI Latvian School Youth Song and Dance Festival in 2015. During preparation for celebration, festival selection events - shows were organized in Riga. As a result 302 collectives represented Riga in XI Latvian School Youth Song and Dance Festival. Continuing provision of the process of Song and Dance Festival, such events for amateur art collectives were organized as Month of the Chorus Riga 2015, where 92 choruses participated, grand concert of folk dance amateur collectives dedicated to Declaration on the Restoration of Independence of the Republic of Latvia, Riga amateur theatre festival "Riga spele teatri 2015", minority amateur collectives' concerts "Dziesmu tilti".

In 2015, 174 amateur collectives and 103 other amateur collectives co-financed by Riga Municipality operated in Riga cultural institutions.

ECSD provided participation of Riga amateur collectives in a number of various State and local level events, for example in final of XIV Creative Dance competition in Valmiera, VII Latvia brass band competition in Cesis, XVIII Folk music festival in Liepaja and in other events. Also participation of choruses in regional events was provided, where 48 choruses with 796 singers took part. During the reporting year, participation of 55 choruses in VIII Nordic and Baltic State Song Festival was provided.

In cooperation with Latvian National Centre for Culture and The Latvian Folklore Society, Riga City Municipality provided process of International Folk Festival "Baltica 2015". ECSD provided participation of amateur collectives in international events: Riga Days in Florence, Hansa Days in Viljandi, Riga Days in Bremen, Christmas and New Year fair culture program in Moscow, as well as provided support for participation of amateur collectives in international competitions and festivals.

Riga Central library, its 26 affiliated branch libraries and three external service points have significant role in organization of Riga City inhabitants' cultural life events and creative passing of free time. In 2014, Riga Central library had 58 346 recorder users, 918 020 visits, 1 420 248 book issues and 252 631 computer uses.

In order to promote international cooperation of cultural centers and development of collective projects, ECSD was represented in "ENCC" (European Network of Cultural Centers). In "ENCC" conferences there was an opportunity to exchange with information, work experience and examples of good practice, as well as to develop cooperation and acquire contacts of many cultural centers.

In 2015, ECSD participated in various international cooperation networks' and international organizations' events, int. al. culture forum in Turin, discussing about investment in culture, modern art in city's environment, 35th International Hansa Days in Valka, CIOFF meeting of Nordic and Central Europe states in Klagenfurt.

In 2015, 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 96th Anniversary of Proclamation of the Latvia Republic;
- △ Program of concerts dedicated to 26th Anniversary of The Baltic Way;
- △ Concert dedicated to defenders of 1991 Barricade and events dedicated to in remembrance of Communist genocide victims on 25th March and 14th June;
- △ Festival of light "Shine Riga", where 42 objects were available;
- △ "Riga festival 2015", where 80 various events were offered to festival visitors. Gathering around 300 000 people within three days;
- △ Contemporary art festival "White Night 2015", where almost 40 objects of various art genres were offered;
- △ Traditional annual celebrations - Easter, Midsummer Day, Advent, Christmas and New Year event programs were realized within City's schedule of city's cultural events.

The most significant investment projects and programs:

- △ Renovation of pedestrian footpath of central burial-ground of Riga warrior's cemetery.

Budget expense allocated to recreation, culture and religion (k EUR)	2013 actual	2014 actual	2015 budget	2015 actual
Recreational and sports events	3 849.3	3 518.0	3 422.4	3 395.5
Culture	26 798.5	27 549.0	34 846.8	35 780.3
Services of religious organizations and other associations and foundations	-	-	73.2	73.2
Other recreational, cultural, and religion-related services not classified above	3 812.2	4 839.6	876.6	838.6
Total basic budget expense	34 460.0	35 906.6	39 219.0	40 087.6
int.al. investment	4 618.8	269.4	446.2	380.3

ECONOMIC ACTIVITY

Riga City Municipality in cooperation with "Swedbank" JSC continued grant program "Take-off" also in 2015 with a goal to enable development of small and medium enterprises. By means of attracted co-financing at a sum of more than 65 000 euro two tenders were organized in 2015 to find out the most economically sustainable and innovative business ideas what could be realized in Riga. From 197 received applications 15 were supported allocating financing at a sum of 169 819 euro. In cooperation with experts involved in realization of grant program and program winners seminary "How to be competitive in Riga?" was organized in September of 2015.

In 2015, Municipality provided support for organization of international exhibition "Tech Industry 2015" of engineering industry and metal processing sector of the Baltic Region by creating Municipality's stand where two "Take-off" grant program winners' products were represented. In 2015, initiative "DEMOLA LATVIA" was supported which is aimed at development of cooperation between students' multidisciplinary teams and entrepreneurs, as well as 15 investment requests were served. Riga City Council City Development Department and real estate business enterprises provided presentation of Riga in the most significant real estate and investment fair - forum „MIPIM 2015”.

Riga City Municipality public transport network provides good coverage of City's territory and Municipality's public transport system serves either for Riga inhabitants or for inhabitants of neighboring municipalities. In 2015 Riga City Municipality public transport network was formed by:

- △ 53 bus routes with total length of 927,6 km, provided by 316 buses in the daytime;
- △ 9 tram routes with total length of 101,1 km, provided by 72 trams in the daytime;
- △ 19 trolleybus routes with total length of 163,7 km, provided by 186 trolleybuses in the daytime.

Total length of run in transportation network was 38 713,97 thousand km.

In 2015, 10,4 million passengers were transported in 23 improved service minibus routes, int.al. 41,4 thousands passengers were transported in 9 night minibus routes.

In 2015, there were 2 765 921 public transport runs performed with 146,8 million transported passengers, 43,8%, of them used 100% transportation fee discount allowed by Riga Council, but 14,9% from the total amount of transported passengers used partial transportation fee discounts. Transportation fee discounts defined by State were used by 4,1% from the total amount of transported passengers.

In 2015, following improvement of public transportation network were performed:

- △ Bus No. 32 in the direction to Abrenes Street in separate runs enters Priezciems;
- △ Separate runs of bus No. 25 are elongated to Tiraine;
- △ Bus routes No. 6, 20 and 23 were changed.

In 2015, in traffic routes serviced by Riga Municipality Ltd. "Rigas satiksme" 87% of traffic buses, 86% of traffic trolleybuses and 24% of traffic trams are equipped

with low floor. The entire public transportation vehicles with low floor are equipped with wheelchair lifts, providing accessibility of public transport for passengers with limited motor possibilities.

In 2015, a number of improvements of public transport traffic were performed:

- △ 2 public transport lanes were erected - on A. Caka Street and Krasta Street;
- △ to improve waiting passengers' safety, red marking was applied in 20 public transport stops;
- △ 4 residential areas were erected;
- △ traffic organization was improved on 43 Riga streets and crossings.

One of the Riga City Municipality's priorities is stimulation of use of bicycle transport, development of infrastructure of bicycle transport. "Riga City bicycle transport development concept for 2015 - 2030" is accepted and approved, where particular vision, goal and main tasks of bicycle transport development are built in. In 2015, Municipality worked at bicycle transport network improvement, launching bikeway designing works, planning construction of following bikeways: Centrs - Ziepniekkalns, Imanta - Daugavgrīva, Centre - Darzini and Centrs - Purvciems. In 2015, bicycle descent from Stone Bridge in Pardaugava was constructed, as well as comfortable getting from bikeway Centrs - Bergi to Mežparks over the Vairoga cross-over was provided.

During the reporting year, following projects were finished:

- △ Reconstruction of 3 streets for sum of 866 552 euro;
- △ Reconstruction of 2 public transport stops for sum of 131 003 euro;
- △ Construction and reconstruction of 7 traffic light objects for sum of 466 412 euro;
- △ Reconstruction of Vecaku Boulevard bikeway from Kalngales Street to Atlantijas Street, 188 162 euro.

In 2015, periodical renewal of street and traffic crossing paving in 4 objects was performed for sum of 1 341 700 euro.

In 2015, in order to provide operation of main rainwater drainage system of street network, construction of 1 and reconstruction of 1 rainwater drainage overflow collector was carried out, as well as 2 concrete barriers were erected in 2 objects.

Other traffic organization system works done in 2015, total sum 831 499 euros:

- △ Established new 5 unregulated pedestrian crossings;
- △ 3 traffic light objects equipped with special acoustic signals for the visually impaired;
- △ Established 11 new pedestrian safety barriers at total length of 960 meters, constructed 48 and repaired 16 speed humps;
- △ Established bikeway at a length of 1 km and established bicycle stands in 5 locations.

The most significant investment projects:

- △ Complex renovation and 1st stage of reconstruction of Island Bridge, 8 760 838 euro;
- △ Construction of elevator in Station Square underpass.

RIGA MUNICIPALITY BUDGET RESOURCES UTILIZATION FOR MUNICIPALITY OPERATIONS

Budget expense allocated to economic activity (k EUR)	2013 actual	2014 actual	2015 budget	2015 actual
Agriculture, forestry, fishery and hunting	12.8	12.7	12.1	11.8
Mining, industry and construction	8 837.0	6 322.4	14 707.4	14 458.7
Transportation	211 145.1	188 003.4	198 930.1	187 242.0
Other sectors	3 410.6	3 283.8	2 982.6	2 982.6
Other economic activity not classified above	1 116.0	1 029.1	1 178.6	1 056.2
Total basic budget expense	224 521.5	198 651.4	217 810.8	205 751.3
int.al. investment	15 838.8	2 638.0	9 623.6	8 798.0

PUBLIC ORDER AND SECURITY

In 2015, Riga Municipality Police (RMP) officials secured public order during 772 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 2015, Riga Municipality Police officials secured public order near 132 Riga City educational institutions, where 1 077 educational events were organized.

During the reporting year, 72 619 inhabitants' calls were maintained, 8 555 inhabitants' applications were received. In 2015, 14 896 persons were taken up by RMP for various violations, 7 936 of them committed administrative violations or crimes, but 897 of them were wanted persons.

By means of RMP video surveillance center 1 783 cases of law violation were recorded, 182 video records were submitted to law enforcement institutions. In 2015, RMP recorded 22 305 various administrative violations and penalty tickets were issued to 1 386 persons on the spot, 42 867 administrative violations protocols on violating stopping and parking regulations were issued. 4 559 administrative violations of Riga City public order regulations were recorded and 1 661 administrative violations of Riga City territory and building upkeep regulations were recorded. In 2015, RMP performed control and inspection of 1 644 taxis.

In 2015, 167 administrative violations of water traffic rules were recorded, several inspections were performed, when 469 illegal fishing tools were confiscated, 170 violations of fishing rules were recorded and 10 poachers were detained.

No fatal incident has occurred in places for swimming under supervision of the RMP since 2003, in 2015, 4 swimmers were rescued on beaches in total and medical aid was rendered to 24 persons. In 2015, RMP civil defense specialists in emergency cases rendered help to 128 in total, performed 198 inspections and provided 17 consultations on civil defense measures.

In 2015, twenty-four hours phone service of Tourism Information Center served 214 phone calls and police rendered help to 733 foreign tourists.

RMP internet home page rpp.riga.lv is regularly updated and was viewed more than 180 thousand times. In 2015, the number of RMP Facebook account followers reached around 13,5 thousand Latvia inhabitants. RMP Youtube account was visited 5 million times and the number of registered readers reached 2 888 persons, while followers of RMP Twitter account reached 8 956.

Budget expenses allocated to public order and security (k EUR)	2013 actual	2014 actual	2015 budget	2015 actual
The police	16 305.6	16 555.0	16 130.5	16 095.8
Fire safety, firefighting, rescue and civil defense services	-	-	171.5	120.3
Other public order and security services not classified above	47.8	45.7	56.9	49.3
Total basic budget expense	16 353.4	16 600.7	16 358.9	16 265.4
int.al. investment	-	563.7	59.6	59.6

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

CORRUPTION PREVENTION

In 2015, Riga City Council Bureaucracy Combating Centre (Centre) continued successful provision of Riga City Municipality's single corruption risks prevention management, methodological management and performed control of Riga City Municipality's anticorruption strategy 2014 - 2017 implementation plan. According to the corruption risks minimizing and corruption prevention goals and tasks defined by Riga City Municipality's anticorruption strategy 2014 - 2017, Centre evaluated performance of the Riga City Municipality's central administration structural units, institutions and municipal enterprises and prepared conclusion for Riga Council Security, Public Order and Corruption Prevention Issues Committee.

In accordance with information, provided by Riga City Municipality's central administration structural units, institutions and municipal enterprises and inspections made by Centre, almost all the planned activities included in anticorruption strategy 2014 - 2017, were accomplished in 2015, as well as a number of other measures concerning corruption prevention were performed in addition to the plan.

In 2015, Centre ordered 10 Riga City Municipality's institutions to eliminate shortages found by Centre and to introduce given suggestions on reduction of corruption risks.

In order to eliminate shortages, established during execution of corruption prevention measures, to find more effective corruption risks prevention solutions, as well as to create single corruption risks prevention training system in Riga City Municipality's institutions, Centre:

- △ Organized work meetings in each Riga City Municipality institution;
- △ Organized and conducted classes of training of clerks on issue "Training of further educators on anticorruption issues in public institutions". 40 office-workers participated in training from 21 Riga City Municipality's institutions and 5 office-workers from institutions subordinated to Riga City Council Welfare Department, who will provide further annual training of Riga City Municipality institutions' office-workers on corruption prevention issues.

Examining inhabitants' applications and evaluating performance of municipal institutions and structural units Centre established separate flaws and rendered suggestions on elimination and further prevention, enabling observation of good management principle.

Continuing already started practice, one of the Centre's work directions in 2015 was Riga City Councils improvement of public services provided by Riga Municipality institutions' and 29 services were evaluated in the process of this work. Functional relationship of these services were evaluated within this process, created new and particularized the existing names and descriptions of services, separate service rendering processes were optimize, similar services were merged, administrative burden was reduced, service rendering processes scheme were created, as well as possibilities of process simplification, optimization, terms shortening and further development were created. An opinion survey by phone on each discussed service was performed clarifying opinions and satisfaction about the discussed services. Inhabitants' awareness and

information circulation between service receivers and renderers was improved.

188 Riga City Municipality rendered public services were evaluated and improved in total what is 70% from 264 currently rendered services.

INTERNAL AUDIT

According to the Riga City Council Audit Directorate 2015 plan of internal audit realization approved by Riga City Council Chairman, in 2015, Riga City Council Audit Directorate performed 11 internal audits, int. al. 8 audits as internal control system evaluation audits of specific Riga Municipality institutions (1 - 3 system audits performed within each audit, 17 in total) and 3 separate system audits, which involves several 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 100 suggestions were included in total.

In 2015, 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 12 Riga City Councils Riga City Municipality's central administration structural units, institutions and agencies and 2 inspections of utilization of financing of basic budget programs. As a result of performed audit 47 suggestions on elimination of the found offences and flaws were suggested. In 2015, Riga City Council Audit Directorate has also performed 3 inspections of financial and economic activities in Riga Municipality's enterprises 26 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 2015, 5 new e-services were created:

- △ "Actual addresses explorer", what makes communication between Construction Directorate and inhabitants easier in tackling issues on allocation/change/liquidation of addresses;
- △ "State financed assistant service", what makes communication between inhabitants and Riga Social Service easier in submitting and coordinating State financed assistant service report during monthly report submission;
- △ "Evaluation and submission of geodesic measurement for registration" gives an opportunity to check applications, their status, perform settlement of a bill and download received responsive documents;
- △ "Application for student's e-card" - electronic application for student's Rigas satiksme e-card;
- △ "E-ticket for provision of feeding in preschool" - possibility to receive tickets by e-mail.

In 2015, control mechanism for e-service "Real estate tax" was created, changes made for e-service "E - Flag", choice of street trade permissions was improved, what can be declared electronically, e-service "Certificate on use of land lot" was improved. Updates of software SOPA are done by optimizing circulation of document between clients and municipal social services, as well as opportunity to get data from primary source was implemented, avoiding possibility of data falsification by client.

RIGA MUNICIPALITY PARTICIPATION IN INTERNATIONAL COOPERATION PROJECTS

In 2015, cooperation of the previous years with international institutions and cooperation networks, as well as cities of various countries, int.al. 29 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 2015 in association with execution of Riga territory plan:

▲ Northern Transportation Corridor.

Goal of this project is to connect Riga port and Riga City with motor highway VIA Baltica (I corridor). It crosses entire Riga from VIA Baltica, what is placed in the eastern part of the city, and continues to the western part of the city, where it is connected to TEN-T motor highway - Riga by-pass road, providing Riga port first connection with TEN-T motor highway network. Northern Corridor is a part of Northern axis, enabling connection with EU neighboring regions, as well as transport opportunities of Ventspils and Liepaja ports. Detail design of Northern Transportation Corridor 1st stage was developed and part of necessary EU co-financing was attracted to start construction of Northern Transportation Corridor 1st stage, as well as preliminary work on attracting EU co-financing to develop construction plan of Riga Northern Transportation Corridor 2nd, 3rd, 4th stages;

▲ Revitalization of degraded territories between 13. Janvara, Gogola Turgeneva and Maskavas Streets, 1st stage.

▲ The goal of the project is to develop and provide revitalization of degraded territories of Riga Central market according to Riga City development and planning documents and environmental development priorities of the respective suburbs. In 2015, topography of Riga Central market was worked out, discussion of society's target audience was organized on possible development plans, as well as social survey was performed to find out Riga inhabitant's opinion about Riga Central market;

▲ Project "Revitalization of Grizinkalna and alongside Miera darzs territories";

▲ Recovering of Riga City dumpsite inadequate to laws and regulations on A. Deglava Street;

▲ 1st stage of Agenskalna marketplace reconstruction;

▲ Development plan of Skanste territory;

▲ Palace Square reconstruction project.

Following projects were also launched and continued:

Riga Zoo construction project "Savanna of Africa", reconstruction project of Esplanade (int.al. Brivibas Avenue un Baumana Square), Viesturdarzs and Kronvalda Park, sketch competition of reconstruction project of Aldara Park, development of construction plan, reconstruction of promenade of Mukusalas Street, revitalization of Riga City degraded territories in Tornakalna, Integrated rainwater management (iWater) and other projects.

Riga City Council City Development Department implemented various Riga and its commonwealth cities' cooperation events, among them also were: Riga days in Florence, provision of delegations of Riga foreign commonwealth and cooperation cities visit in Riga for XI

Latvian School Youth Song and Dance Festival and Riga festival, organization of 8th International Tourism Film festival "Tourfilm Riga", provision of visiting session of EU Committee of the Regions COTER in Riga, organization of international sailing competition "BalticSailNationsCup 2015 Match Race" in Riga.

Experts of Riga City Council City Development Department visited conference of international network of metropolises METREX in Milan, project BalticUrbanLab seminary in Turku, seminary "Development potential and methods of unused space" in Tallinn, SCORUS conference in Brussels, which was organized within framework of statistical office of the EU project "Urban audit" on news of analysis and interpretation of statistical data.

Riga City Council Education, Culture and Sports Department implemented 11 projects financed by EU and other financial instruments, receiving financing from various EU programs. In the past year, 8 new project applications were prepared and submitted in total, 6 of which were approved, but successfully finished were 5 projects. Institutions, subordinate to Riga City Council Education, Culture and Sports Department, actively involved in implementation of various projects financed by EU, realizing 57 EU financed projects with a total financing of 1 537 811 euro.

In 2015, Riga City Council Education, Culture and Sports Department supported students' participation in 108 various international sports and cultural events, allocating financing at sum of 103 340 euro for this purpose.

In 2015, 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.:

▲ Baltic Metropolises cooperation network BaltMet;

▲ Union of Baltic Cities UBC;

▲ The International network of cities "The European Forum for Urban Security" EFUS;

▲ Modern times Union of Hanseatic Cities Städtebund DIE HANSE;

▲ Network of major European cities EUROCIITIES;

▲ The Network of European Metropolitan Regions and Areas METREX;

▲ Organization of World Cultural Heritage Cities OWHC;

▲ The International network of cities "The European Forum for Urban Security" EFUS;

▲ Association of European cities enabling sustainable energy policy Energy Cities;

▲ Hydrogen Fuel Cells and Electro-mobility in European Regions (HyER);

▲ Festival of European folk culture and art Europeade;

▲ The International Committee for the Conservation of the Industrial Heritage TICCIH;

▲ League of Historical Cities;

▲ European social network ESN etc. organizations.

In 2015, Riga City Council Foreign Relations Section also coordinated and organized 232 delegations of Riga Council management, Riga Council officials and Riga City Municipality office-workers abroad and provided reception of 62 foreign official delegations in Riga (int. al. reception of 45 foreign delegations in Riga and 17 international events in Riga).

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

PROMOTION OF INHABITANTS' AWARENESS AND EDUCATION

Significant role in maintaining feedback between municipality and society plays investigation of City inhabitants' opinion, also in 2015, 4 opinion surveys were performed. 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.

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

Riga inhabitants were regularly 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. Other most important issues of 2015 were social help, possibilities to receive real estate tax allowances, paid service discounts, availability of kindergartens, information on education sphere, sports and cultural events, various project competitions, business environment, raise of EU funds, traffic restrictions or repair works on City's streets.

Riga City Municipality continued active cooperation with mass media. Press conferences were regularly held and Municipality's economic, cultural, education, health care, sports and many other events were reflected in mass media, inter alia also celebrations on Riga and Latvia scale.

All the most important information about City and Municipality is available on Riga City Municipality's home page www.riga.lv, int. al. normative acts, Council passed resolutions and resolution projects, information about planned and actual events in City and Municipality. Information is updated several times a day. Along with it, different information also is supplied - about tenders, auction and competitions, data on air quality in real-time mode. Since 2014 Municipality has website info.riga.lv, where useful information on solving inhabitants' daily problems.

Riga City Council Education, Culture and Sports Department organized project competition within society integration program, where 91 applications were submitted. 24 of them received financial support, int.al. in sphere of civic engagement and development of mutual cooperation, in sphere of facilitation of social integration, as well as in sphere of facilitation of tolerance and prevention of any discrimination.

Wide variety of information on Municipality's operation is possible to find in various internet social networks. For example, topical and important information for inhabitants can be found in Riga Council Facebook and Twitter accounts, where continuous and immediate communication with inhabitants is taking place, supplying new information and answering topical questions. In 2015, followers of Riga City Municipality's Twitter account exceeded 6 000 and the content was watched by around 200 000 visitors per month. The number of Riga City Municipality's Facebook account visitors, where information is available in Latvian and Russian languages, exceeded 500 000.

Visitors' Reception Centre (VRC) has done important work in informing inhabitants. Its 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 nongovernmental organizations 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, including 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

Annual inhabitants' forum "Riga resounds - inhabitants speak!" was organized in 2015.

In 2015, Riga Council experts together with neighborhood activists inspected various Riga neighborhood territories, to discuss possible territory development scenarios. The main discussion topic was further development of entrepreneurial territories, accessibility, utilities and recreation possibilities of watersides, cultural heritage and its preservation, development of public external space, as well as quality of living space and provision of infrastructure. 19 neighborhoods were inspected in total. In 2015, work on Riga neighborhoods development was performed, what included discussion with activists from Tornakalna and Teika neighborhoods on problematic issues, participation in social participation events "Guide of neighborhoods" organized by City Environment Development Directorate, meetings with developers, who are implementing project "New Teika". Applications for project contest "Neighborhoods' forums" organized by ECSD were evaluated.

WORK PERFORMANCE OF RIGA CITY COUNCIL VISITORS' RECEPTION CENTRE IN 2015

Per quarter	Information	Consultations	Legal advices	Recording of documents and service requests	Issue permissions and certificates	Authorization (KAVIS)	registration in preschool queue	POS terminals	Coordination of reception of visitors	Processing tasks	Answers on e-mails	Clients' phone calls 80000800	TOTAL
1.	1100	1804	500	2695	290	72	964	210	197	207	90	6797	14926
2.	749	1448	395	2487	724	90	844	215	176	407	106	6252	13893
3.	762	1120	361	2530	780	283	572	232	227	339	143	6937	14286
4.	997	1669	459	2485	278	431	413	229	218	380	100	6027	13686
Total	3608	6041	1715	10197	2072	876	2793	886	818	1333	439	26013	56791

ACTIVITIES PLANNED FOR THE NEXT YEAR

LAUNCHED PROJECTS THAT WILL BE CONTINUED

In 2016, work on following projects is planned to be continued:

- △ Reconstruction and renovation of building of Riga Municipality Ltd. "Riga 1st hospital" on Bruninieku Street 5;
- △ Continue renovation of buildings of several educational institutions - Riga Centre Humanitarian Secondary school on Krisjana Barona Street 116, Riga Natalija Draudzina Secondary school on Bruninieku Street 24A, Riga 6th Secondary school on A. Caka Street 102, Fricis Brivzemnieks Elementary school on Zellu Street 4, Riga Austrumu Secondary school on Vilanu Street 13;
- △ Realization of maintenance and repair works in municipal buildings, putting in order buildings owned by or attributable to Riga City Municipality, which are included into list of objects that degrade environment, ruined or endanger peoples' safety and liquidation of wrecks (int. al. property of private persons) which jeopardize public safety;
- △ Continue energy efficiency activities in municipal educational institutions and territory improvement works;
- △ Continue renovation of Island Bridge 1st stage and development of 2nd stage construction plans;
- △ Renewal works of City's street paving and renewal of block pavement on Kr. Barona Street;
- △ Continue work on new Riga territory plan in cooperation with other municipal structural units;
- △ Grant program "Take-off", putting bigger accent on innovative ideas;
- △ Renovation of driveways of internal quarters and public roads.

MAIN TASKS OF THE NEXT YEAR AND PLANNED COOPERATION PROJECTS

- △ Reconstruction and renovation of building of Riga Municipality Ltd "Riga Maternity hospital" on Miera Street 45;
- △ Renovation of VEF Culture Palace by attracting EU financing;
- △ Participation in the most significant real estate and investment fair - forum in Europe - forum „MIPIM 2016“;
- △ Development of reconstruction project of Grand stage of Mezaparks;
- △ Renewal of street paving on Brivibas Street and Lacplesa Street;
- △ Development of bikeway infrastructure.

**RIGA MUNICIPALITY CONSOLIDATED FINANCIAL STATEMENTS 2015
(SUMMARY)**

RIGA MUNICIPALITY SUMMARY BALANCE SHEET	31.12.2014. (k EUR)	31.12.2015. (k EUR)
ASSETS	3 424 597.4	3 392 721.2
Non-current assets	3 342 432.5	3 290 027.2
Intangible assets	5 940.9	5 897.5
Development activities and programs	363.8	255.8
Licenses, concessions and patents, trademarks and similar rights	5 211.1	5 262.7
Other intangible assets	366.0	298.3
Unfinished intangible assets	0.0	47.9
Advance payments on intangible assets	0.0	32.8
Fixed assets	2 688 485.5	2 627 678.1
Land, buildings and construction	2 486 690.5	2 383 098.5
Technological equipment and machinery	1 220.8	934.2
Other fixed assets	43 445.4	44 568.7
Construction in progress, unfinished fixed assets	67 441.8	28 617.5
State and municipal real estate property assigned for actual possession	79 895.7	160 293.0
Biological and underground assets	9 121.6	10 045.6
Long-term investments in leased assets	33.1	30.0
Advances for fixed assets	636.6	90.6
Long-term financial investments	642 519.3	651 564.1
Investments in equity capital of related enterprises	585 318.3	593 705.4
Investments in equity capital of associated enterprises	56 671.7	57 858.7
Long-term loans	529.3	0.0
Long-term receivables and allowances for doubtful long-term receivables	5 486.8	4 887.5
Other long-term receivables	5 486.8	4 887.5
Current assets	82 164.9	102 694.0
Inventory	32 256.9	30 461.6
Debtors	5 984.7	15 568.3
Deferred expenses and advances for services and projects	3 579.0	2 627.5
Current financial investments	1 938.6	541.4
Cash	38 405.7	53 495.2
LIABILITIES	3 424 597.4	3 392 721.2
Equity	2 478 818.7	2 461 920.5
Reserves	103 550.3	103 524.2
Results of the budget execution	2 375 268.4	2 358 396.3
Retained results of the budget execution	2 475 787.3	2 375 268.4
Results of the budget execution in current period	-100 518.9	-16 872.1
Provisions	3 384.4	1 297.5
Liabilities	942 394.3	929 503.2
Non-current liabilities	828 376.0	812 522.4
Long-term borrowings	182 319.0	207 939.9
Long-term liabilities to suppliers and contractors	345 494.1	321 901.1
Long-term accrued liabilities	246 526.6	233 065.3
Other long-term liabilities	54 036.3	49 616.1
Current liabilities	114 018.3	116 980.8
Current borrowings and current portion of long-term debt	7 521.0	11 478.7
Current liabilities to suppliers and contractors	44 249.1	43 466.4
Current accrued liabilities	19 666.6	19 972.9
Salaries and deduction payments (excluding taxes)	7 649.3	7 970.7
Taxes and social security contributions	8 945.6	8 300.3
Other current liabilities	8 163.9	5 434.2
Deferred income and received advances	17 822.8	20 357.6
Deferred income and received advances	1 681.3	3 073.3
Received prepaid transfers	16 141.5	17 284.3

RIGA MUNICIPALITY SUMMARY BALANCE SHEET	31.12.2014. (k EUR)	31.12.2015. (k EUR)
OFF-BALANCE SHEET		
Leased assets	2 801.9	1 500.9
Off-balance sheet assets	8 741.1	5 043.2
Demurrages and fines receivable	3 756.3	55.0
Actions of detinue	75.0	74.2
Other off-balance sheet assets	4 909.8	4 914.0
Off-balance sheet liabilities	440 544.1	274 499.0
Future payments according to agreements concluded on projects financed by foreign financial aid and EU policies' instruments	3 761.8	508.9
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	203 986.5	101 073.9
Future liabilities and payments according to agreements and government decisions on purchase of widgets, except those concluded on projects financed by foreign financial aid and EU policies' instruments	0.2	0.2
Received and not paid invoices for advance payments	19.0	65.0
Future rent payments	456.3	74.2
Warranties issued	8 490.2	7 139.0
Other off-balance sheet liabilities	223 830.1	165 637.8

RIGA MUNICIPALITY CONSOLIDATED FINANCIAL STATEMENTS 2015 (SUMMARY)

BASIC BUDGET INCOME STATEMENT	2014 actual	2015 actual
Accrual basis	(k EUR)	(k EUR)
Total revenues	775 347.0	842 970.7
Total tax revenues	527 898.1	567 749.6
Personal income tax	430 466.8	466 909.8
Real estate taxes, int.al:	92 742.6	95 947.5
real estate tax on land	35 181.3	36 584.4
real estate tax on buildings	44 891.8	46 259.1
real estate tax on housing	12 669.5	13 104.0
Other tax revenue	4 688.7	4 892.3
Total non-tax revenues	61 774.0	64 878.2
Government (municipality) fees	5 216.4	4 054.5
Other non-tax revenues	56 557.6	60 823.7
Total revenue from paid services and other own revenue	61 378.8	58 263.1
Total transfers	124 296.1	152 079.8
State budget transfers, int.al:	117 963.6	147 120.6
state budget transfers received by municipality allocated for specific purpose	105 034.1	126 624.1
transfers received by municipality from state institutions for projects (arrangements) coo-financed by EU policies' instruments and other foreign financial aid	11 789.1	18 182.1
other state budget transfers	1 140.4	2 314.4
Municipal budget transfers	6 332.5	4 959.2
Expenses by government functions		
Total expenses	876 011.5	859 803.6
General governmental agencies	273 187.7	250 778.8
int.al. contributions to municipal cohesion fund	74 859.3	73 887.4
Public order and security	16 118.8	16 323.8
Economic activity	239 082.7	238 454.3
Environmental protection	1 857.3	1 661.8
Territory and housing management	30 016.4	26 977.6
Health care	913.2	1 092.6
Recreation, culture, and religion	25 150.0	20 442.1
Education	228 048.2	243 320.8
Social security	61 637.2	60 751.8
Budget surplus or deficit	-100 664.5	-16 832.9
INCOME STATEMENT ON DONATIONS AND ENDOWMENTS		
Accrual basis	(k EUR)	(k EUR)
Total revenues	1 489.3	323.4
Donations and endowments from legal entities and individuals	1 489.3	323.4
Donations and endowments for education	264.2	224.9
Donations and endowments for social care	125.7	24.4
Other donations from legal entities and individuals	1 099.4	74.1
Expenses by government function		
Total expenses	1 346.3	361.3
General governmental agencies	1 057.0	117.4
Territory and housing management	11.1	1.8
Recreation, culture, and religion	10.2	9.0
Education	246.1	196.3
Social security	21.9	36.8
Budget surplus or deficit	143.0	-37.9

RIGA MUNICIPALITY CONSOLIDATED FINANCIAL STATEMENTS 2015 (SUMMARY)

BASIC BUDGET INCOME STATEMENT	2014 actual	2015 budget	2015 actual
Cash flow basis	(k EUR)	(k EUR)	(k EUR)
Total revenues	713 097.4	755 246.9	762 250.1
Total tax revenues	528 894.8	558 890.3	562 028.7
Personal income tax	429 978.4	459 781.4	462 886.5
Real estate taxes	94 227.7	94 200.0	94 249.9
int.al. real estate tax on land	36 012.6	36 042.0	35 295.1
int.al. real estate tax on buildings	45 076.1	45 026.0	45 917.8
int.al. real estate tax on housing	13 139.0	13 132.0	13 037.0
Other tax revenue	4 688.7	4 908.9	4 892.3
Total non-tax revenues	23 427.2	20 099.5	20 672.6
Government (municipality) fees	5 163.1	3 498.5	3 900.8
Other non-tax revenues	18 264.1	16 601.0	16 771.8
Total revenue from paid services and other own revenue	29 129.8	30 759.4	29 063.6
Total transfers	131 645.6	145 497.7	150 485.2
State budget transfers, int.al:	126 262.2	139 419.4	145 544.5
state budget transfers received by municipality allocated for specific purpose	114 737.1	125 675.3	128 394.9
transfers received by municipality from state institutions for projects (arrangements) coo-financed by EU policies' instruments and other foreign financial aid	11364.5	13 590.6	17 003.7
other state budget transfers	160.6	153.5	145.9
Municipal budget transfers	5383.4	6 078.3	4 940.7
Total expenses by government functions			
Total expenses	743 170.1	806 968.8	765 998.5
General governmental agencies	133 206.7	137 112.6	133 194.3
int.al. contributions to municipal cohesion fund	75 714.1	74 304.8	74 890.0
Public order and security	16 600.7	16 358.9	16 265.4
Economic activity	198 651.4	217 810.8	205 751.3
Environmental protection	4 485.7	9 219.1	8 481.1
Territory and housing management	32 021.3	32 879.5	29 520.7
Health care	5 920.1	3 503.3	2 632.0
Recreation, culture, and religion	35 906.6	39 219.0	40 087.6
Education	237 668.5	270 972.0	254 871.1
Social security	78 709.1	79 893.6	75 195.0
Budget remaining amount at the beginning of the year	64 513.1	37 987.1	37 987.1
Budget remaining amount at the end of the year	37 987.1	8 109.4	53 120.3
INCOME STATEMENT ON DONATIONS AND ENDOWMENTS			
Cash flow basis	(k EUR)	(k EUR)	(k EUR)
Total revenues	1 196.4	218.8	140.6
Donations and endowments from legal entities and individuals	1 196.4	218.8	140.6
Donations and endowments for education	101.5	148.4	68.0
Donations and endowments for social care	5.3	1.6	2.1
Other donations from legal entities and individuals	1 089.6	68.8	70.5
Total expenses by government functions			
Total expenses	1 236.3	487.4	183.5
General governmental agencies	1 121.4	175.4	113.5
Territory and housing management	16.0	1.7	1.7
Recreation, culture, and religion	8.0	12.1	6.8
Education	86.1	292.6	58.0
Social security	4.8	5.6	3.5
Budget remaining amount at the beginning of the year	453.9	414.0	414.0
Budget remaining amount at the end of the year	414.0	145.4	371.1

EXPLANATION OF BASIS OF PREPARATION OF SUMMARY CONSOLIDATED FINANCIAL STATEMENTS 2015

This consolidated financial statements summary including Riga City Municipality's summary balance sheet as of 31 December 2015, basic budget income statement for 2015 (accrual basis and cash flow basis) and income statement of donations and endowments (accrual basis and cash flow basis) for 2015 are prepared on the basis of audited Riga City Municipality consolidated financial statement, based on following principles:

- △ Balance sheet is presented identical to the included in audited consolidated statements of Riga City Municipality 2015 (k EUR) (Form No 1);
- △ Basic budget income statements (accrual basis and cash flow basis) are prepared based on information included in audited Riga City Municipality consolidated statement 2015 (Form No 2) "Statement on budget execution" (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 "Regulations on classification of budget income";
- △ Income statement of donations and endowments is prepared based on information included in audited Riga City Municipality consolidated statement 2015 (Form No 2) "Statement on budget execution" (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 "Regulations on classification of budget income";
- △ The result of budget execution of the reporting year declared in the Riga City Municipality's balance summary balance sheet is calculated by adding up surplus or deficit indices of the Basic budget income statement (according to accrual basis) and income statement of donations and endowments (according to accrual basis).

According to paragraph 51.3 of Cabinet of Ministers regulations No 1115 dated 15.10.2013 "Procedure for the preparation of an annual report", information on Riga City Municipality's consolidated financial statements 2015 is available at the State treasury's home page from 1 July 2016.

AUDITOR'S REPORT

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

To the Riga City Council:

The accompanying summary financial statements of Riga Municipality set out on pages 31 to 35, which comprise the summary balance sheet as of 31 December 2015 and the summary statements of main budget income and expenditure and donations and gifts income and expenditure presented on accruals basis and cash flow basis for the year then ended and related notes are derived from the audited consolidated financial statements of Riga Municipality (further "Municipality") for the year ended 31 December 2015, as described in Note "Basis of preparation of summary financial statements". Our audit report on those consolidated financial statements, dated 25 April 2016, was qualified (see below). Those consolidated financial statements and the summary financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

The summary financial statements do not contain all the disclosures required by Regulations No. 1115 "Regulations on preparation of annual report" issued by the Cabinet of Ministers of the Republic of Latvia on 25 October 2013. Reading the summary financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Riga Municipality.

Management's responsibility for the summary financial statements

Management is responsible for the preparation of a summary of the audited financial statements on the basis of preparation of the summary financial statements for the year 2015 as described in Note "Basis of preparation of summary financial statements".

Auditors' responsibility

Our responsibility is to express an opinion on the summary 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".

Opinion

In our opinion, the summary financial statements derived from the audited consolidated financial statements of the Municipality for the year ended 31 December 2015 are consistent, in all material respects, with those financial statements as described in Note "Basis of preparation of summary financial statements".

However, 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 2015.

The misstatements and possible misstatements of the audited consolidated financial statements are described in our qualified audit opinion in our report dated 25 April 2016. Our qualified audit opinion is based on the following:

Basis for qualified opinion - limitations of scope

(a) Completeness and accuracy of measurement of the carrying amount of the properties

In 2009, the Municipality recognized in its balance sheet previously unrecognized land which is owned by or attributable to the Municipality. Land value as of 31 December 2015 amounts 147.9 million EUR based on information from State Real Estate Cadastral Information System and amounts included in this system. The Municipality also continues to identify land and buildings, which have not been previously recognized in the Municipality's records. The land and buildings are gradually registered in the Land Book and during this process ownership of the properties with previously unclear ownership is clarified. Because of this process, numerous adjustments to previously recognised property values and land plot areas have been made. It is expected that the value of the properties during subsequent periods will be adjusted, as previously not registered buildings will be registered and the values and area of land and buildings attributable to the Municipality will be clarified. As this process is ongoing, the management has not been able to determine the amount of adjustments in relation to the book value of the properties as of 31 December 2015 and 31 December 2014. Therefore, we were unable to obtain sufficient and appropriate evidence regarding the completeness of the properties and accuracy of the carrying amounts of properties recorded in the Municipality's balance sheet but not registered in the Land Book as of 31 December 2015 and 31 December 2014.

(b) Recoverable amount of the capitalized project costs

In 2015 Municipality performed evaluation of recoverable amount of the capitalized project costs and decided to write-off several unfinished project in total value of 7 million EUR. The write-off is represented in budget results of 2015.

During audit we were not able to obtain sufficient and appropriate audit evidence to gain certainty of aforementioned recoverable amount value as of 31 December 2014. Thus we could not determine whether performed write-off by Municipality in 2015 should have been fully or partly recognized in previous year budget results.

AUDITOR'S REPORT

Out qualified audit opinion states that, except for the possible effects on the consolidated financial statements of the matters referred to in the "Basis for qualified opinion – limitations of scope" paragraphs (a) and (b), the consolidated financial statements give a true and fair view of the financial position of the Municipality as of 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with the Regulations No.1115 issued by the Cabinet of Ministers of the Republic of Latvia "On preparation of Annual report".

Deloitte Audits Latvia SIA
License No. 43

Roberts Stūģis
Board Member



Kitija Keņģe
Certified Auditor
Certificate no. 182

27 May 2016