



Riga, 2014

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REPORT OF RIGA CITY COUNCIL CHAIRMAN



In 2013, Riga City continued development initiated in the previous years. Economical, financial and social situation improved and growth of economical activities, employment rate and compensation was observed. In 2013, for the very first time since the restoration of independence of the Republic of Latvia the number of Riga City population rose as a result of population attracting policy implemented by municipality.

Evaluation of Riga City economical state in 2013 shows growth of the municipal budget revenues for the third year in turn, increasing by 3,4% (par 16,1 million lats) compared with the previous year. Riga Municipality's budget tax revenues increased by 3,8% (by 13 million lats). Growth of the personal income tax revenue was about 96% from the total growth of tax revenues. During the reporting year, personal income tax revenue increased by 4,4% (by 12,5 million lats), forming 60,5% from the total municipal revenues in this year. The amount of earmarked State subsidies in municipal budget during the reporting year was larger by 7,7% (by 6,1 million lats) than in 2012. By means of strong control over budget Riga City Municipality continued to follow an important execution criteria - revenues exceeded the budget maintenance expenses by 14,9% and financial resources were 45,7 million lats by the end of 2013. As a result of successful budget execution, budget deficit decrease was achieved from planned 51,7 million lats to 39,9 million lats.

One of the Municipality's priorities of the financial sector in 2013 was provision of euro currency introduction in municipal institutions. Due to effective preparation work and coordinated activities, the process of euro implementation in Riga City Municipality was successful.

Municipality continued focused facilitation of city's economical growth, mainly by increasing budget expense for realization of development projects. Municipality's expenses in the sector of economical activities reached 157,8 million lats, increasing by 14,8% within a year, but municipal managerial office expenses were increased only by 2,5%. Education sector, for its part, remained as the biggest municipal budget expense sector, which received 166,2 million lats (31,4% from all of the budget expenses). If the total municipal expenses

increased by 28% in the period from 2010 to 2013, then capital expenses increased twice faster in the same period - by 56%. Compared with the previous year municipal budget capital expenses increased by 12,8 million lats (by 14,8%) in 2013.

In 2013, municipality carried out several large scale city infrastructure development projects - reconstruction of Krisjana Valdemara Street and Daugavgrivas Street traffic hub was finished, as well as South Bridge 3rd stage construction. Renovation of Karla Ulmana Avenue traffic crossover over the railroad and reconstruction of crossing of access road of Karla Ulmana Avenue and airport "Riga" was performed. Supported by ERDF co-financing renovation, reconstruction and infrastructure improvement of The Latvian National Museum of Art was launched.

Riga City Municipality continued active fulfillment of social care policy. Paid social work program was continued with support of municipal financing. As a result of improvement of economical state the number of low-income persons in Riga was reduced by 29% during 2013.

In 2013, Riga City Municipality started implementation of loans, guaranties and other long-term debt management strategy for 2013 - 2017, enabling Municipality's liability portfolio stability and in conformity with criteria defined by the strategy. Municipality's loans, guaranties and other long-term debt portfolio management is guided towards prevention of possible financial risks by means of permanent supervision of compliance with criteria defined in the strategy and also by using derivative financial instruments.

International credit rating agencies - "Standard & Poor's" and "Moody's Investors Service" approved Riga City Municipality activities in financial and budget sphere in a situation of limited financial resources, as well as municipality's ability constantly provide operative budget balance and sufficient reserves of financial resources for Municipality's debt discharge in the following years. In March of 2013, Credit rating agency "Moody's Investors Service" raised the future perspective from stable to positive, retaining previously granted credit rating Baa3.

A handwritten signature in black ink, consisting of several loops and a long tail, positioned above the name and title of the chairman.

N. Usakovs
Riga City Council Chairman

REPORT OF RIGA CITY COUNCIL FINANCE DEPARTMENT DIRECTOR



During the reporting year, Riga City economical development continued, employment rate and compensation increased. Riga City basic budget revenue has increased by 3,4% compared to the previous year. Although growth of municipal budget revenue is increasing already the third year in turn, it still is lower by 19,3% (by 117,1 million lats) than reached in period before crisis in 2008.

In 2013, municipality's budget tax revenue increased by 13 million lats (by 3,8%) compared to the previous year. The biggest growth of personal income tax revenue was observed, increasing by 12,5 million lats (by 4,4%) within a year. During the reporting year, growth of the personal income tax revenue formed 96% from the total growth of tax revenues. During the reporting year, municipal budget real estate tax revenue increased by 0,5 million lats (by 0,8%) compared with the previous year. Gambling tax revenue increased by 2,3%, but natural resources tax revenue in 2013 was less by 22 thousand lats (3,2%) than in the previous year.

Although the real tax revenue exceeded initial budget plan by 5,2%, total tax revenue plan (compared with the latest 2013 budget modifications) was fulfilled by 99,6%, personal income tax revenue plan was fulfilled by 98,7%, but real estate tax revenue plan - by 104,4%.

Decrease of planned budget deficit was achieved by means of strong control over budget - from 51,7 million to 39,9 million lats, maintaining important proportion of budget execution - operational expenses did not exceeded municipal budget revenue.

One of the Riga City Council Finance Department's priorities of the financial sector in 2013 was provision of euro currency introduction in Riga City Municipality. Five subgroups were created in Department for euro currency introduction - Payment System Transitional, Ready Cash Circulation, Accounting Management, Municipal Finance and Operative Report Preparation, as well as of Riga City Municipality's Budget and Riga City Council's United Information System Application Software BUDZIS Adaptation for Euro Currency working group.

During the euro introduction process informative seminars and practical trainings for municipal employees were organized, adaptation of municipal financial information and payment system to euro currency were coordinated, as well as Riga Municipality's institutions were provided with euro currency detectors and ready cash for initial introduction period of the new currency. As a result of effective preparation work and coordinated activities, the process of euro implementation in Riga City Municipality was successful, preventing obstacles in Municipality's work at the beginning of 2014.

Riga City Council Finance Department started implementation of the new "Municipal loans, guaranties and other long-term debt management strategy for 2013 - 2017" strategy, executing all the criteria defined by liabilities portfolio management strategy. By the end of 2013, the total amount of overall municipal liabilities was 91% from revenue, being within the 100% limit defined by the strategy.

By implementing financial accounting and control of Riga City Municipality co-financed EU projects Riga City Municipality, Riga City Municipality Finance Department provided utilization of EU Funds for financing Riga City Municipality development and social projects, allocating 31,9 million lats for this purpose.

During the reporting year, successful cooperation with international credit rating agencies - "Standard & Poor's" and "Moody's Investors Service" was continued. Credit rating agency "Moody's Investors Service" positively evaluated Riga City Municipality activities in financial and budget sphere in a situation of limited financial resources, as well as municipality's ability constantly provide operative budget balance and sufficient accruals for Municipality's debt discharge in the following years. In March of 2013, Credit rating agency "Moody's Investors Service" raised the future perspective from stable to positive, retaining previously granted credit rating.

Continuing to apply cautious fiscal policy principles, Riga Municipality budget of 2014 was prepared and approved in euro currency for the first time, providing financing of municipal basic functions, as well as decrease of deficit budget compared with 2013.

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

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I. Tiknuse
Riga City Council Finance Department Director

RIGA CITY POPULATION

POPULATION

As a result of negative growth and migration of population, a tendency of reduction of Riga City demographics was observed during the period from 2000 to 2013. The most rapid migration process was recorded during the period of crisis between 2009 and 2010, however the migration speed was slowed down during the latest years. Due to active new population attraction policy performed by municipality in 2013, the number of Riga City population increased for the first time since restoration of Republic of Latvia. According to data of Population Register of The Office of Citizenship and Migration Affairs the number of registered capital inhabitants increased by 4,6 thousand people.

In 2013, the number of working age inhabitants continued to decrease, reducing by 8,5 thousand within a year, dropping from 64,1% in 2012 to 63,4% in the reporting year. But the number of inhabitants above working age increased by 0,5 thousand people during the reporting year, increasing the proportion from 22,7% to 23%. The number of children and youths in Riga City increased by 1,7 thousand, increasing the proportion from 13,2% to 13,6%.

ETHNICAL COMPOSITIONS

Tendency of slightly increasing Latvian proportion in the national structure of Riga City Municipality's inhabitants, that was observed in previous years, remained in 2013 - from 44,6% in 2012 to 45,3% in the reporting year.

EMPLOYMENT

After reduction of number of the employed in Riga City during the period of crisis from 2008 to 2010, it is increasing already the third year in turn. During the reporting year, it increased by 7,4 thousand (by 2,5%), compared with the previous year. In 2013, the total number of the employed in the state increased by 2,1%.

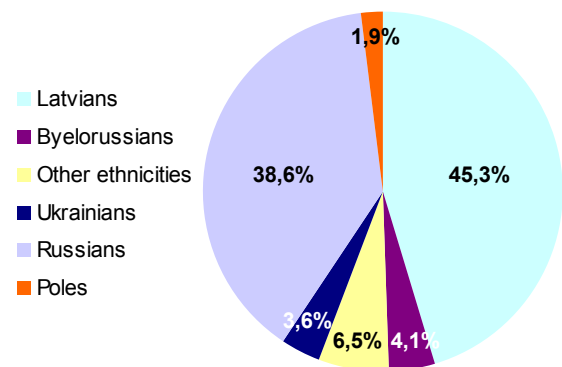
Considerable changes caused by the previous years' economic crisis affected Riga employment structure. It resulted in reduction of number and proportion of the employed in industry and construction - if there were 105,9 thousand employed in these sectors in the capital in 2008 (29,2% from the total number of the employed), then in 2013 there were by 43% less, or by 60 thousand (19,6% from total). But the number of the employed in education sector increased from 23,8 thousand in 2008 to 32 thousand in 2013, in health care and social security sectors reduced from 16,1 thousand to 15,9 thousand. Both of the sectors have increased its proportion in Riga employment structure from 11% to 15,6% during this period.

Also the number of the employed in finance, insurance, scientific services and real estate sectors has increased during this period - from 43,9 thousand in 2008 to 53,5 during the reporting year.

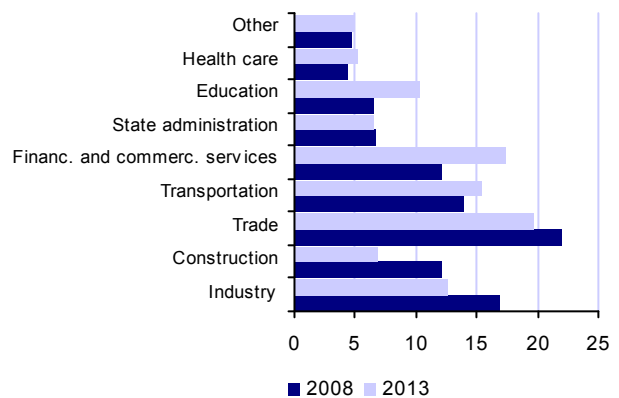
UNEMPLOYMENT

In 2013, the unemployment continued to reduce in Riga, reducing by 3,1 thousand within a year. By the end of the reporting year around 18,3 thousand unemployed were registered in Riga, reducing unemployment rate to 5,6% from economically active inhabitants. Though the unemployment rate has decreased significantly, compared with the utmost rate during the period of crisis, it still is a bit higher than before the crisis.

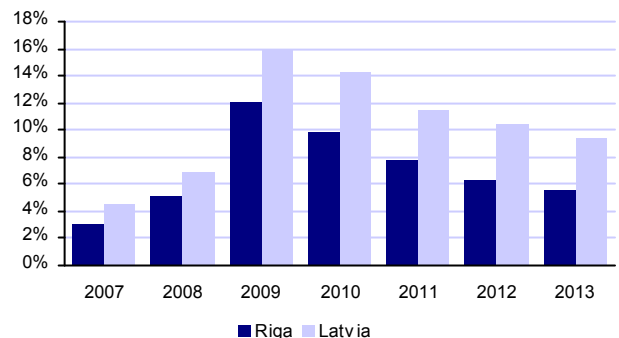
Ethnical composition of Riga inhabitants (as of end of 2013, in percent*)



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



Unemployment rate* in Riga and Latvia, as of end of the year (in percent)



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

COMPENSATION

In 2013, average gross compensation in Riga has increased by 4,8% compared to the previous year and reached 573 lats, what is by 14% more than average compensation in state, which was 503 lats. Compensation in capital's private sector in 2013 reached 543 lats, exceeding the maximum pre-crisis level in 2009 by 9,7%. Compensation in Riga public sector also increased during the reporting year, reaching 627 lats, but it still was down by 4,9% of the maximum pre-crisis level in 2008.

In 2013, average gross compensation in Riga exceeded 2008 level by 5,7%, however, taking into account rise in price, the actual compensation in the city was down by 3% from the 2008 level.

The highest recorded average monthly salary in Riga City by sector was in financial activity sector as in the previous years, where it reached 1 094 lats per month, the lowest - sector of real estate operations - 455 lats per month.

RIGA MUNICIPALITY ECONOMIC STATE

After significant economical drop during the crisis period, Latvia gross domestic product is increasing already the third year in turn. In 2013, it increased by 4,1% compared with the previous year, being lower than pre-crisis index of 2007 by 8,9%. Riga produces approximately 50% from the total gross value added of Latvia. Gross domestic product per capita in the capital, according to the latest regional gross domestic product data (in 2011), still is significantly higher than the average state indicator - approximately by 58%.

During the reporting year, the biggest proportion in Riga City economic structure by value added as in the previous years had trade sector - 19,3%. The second biggest city's economic sector was transportation - 11,9%, the third - sector of professional, scientific and technical services, administrative and service agencies sector - 9,8%, processing industry sector has just slightly lesser proportion - 9,7%. No significant changes happened in Riga City economic sectors' structure during the years after crisis and service industry is still dominating sector of city's economy.

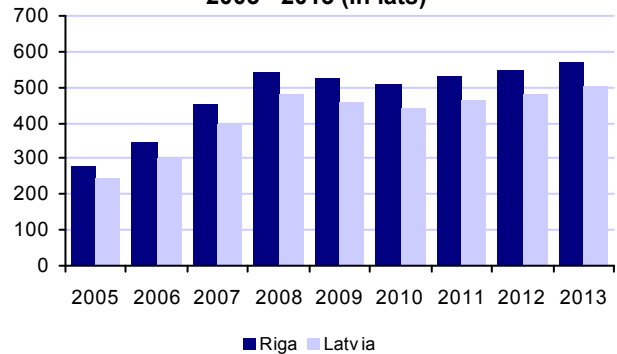
TRANSPORTATION AND COMMUNICATIONS

RIGA PORT

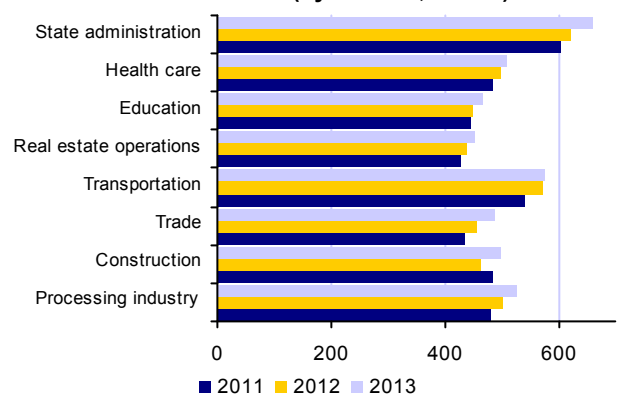
In 2013, the amount of shipped cargo in Riga port has slightly reduced for the first time during the recent years. Compared to the previous year it reduced by 0,4 million tons (by 1,4%), the amount of received cargo by 0,2 million tons (by 1,2%), but total cargo turnover in Riga port reduced by 1,6%. The amount of shipped cargo in Latvia ports reduced even more - by 5,7%. Since the amount of reloaded cargo by other Latvia ports reduced even faster during the reporting year, then the share of Riga port in the total turnover increased and for the first time it exceeded half of the total turnover of Latvia ports - 50,3%.

The number of served passengers in Riga port continues to grow year by year. In 2013, 381,9 thousand arriving and 388,8 thousand leaving passengers were serviced in Riga port by 5,6% and 5% more than in the previous year.

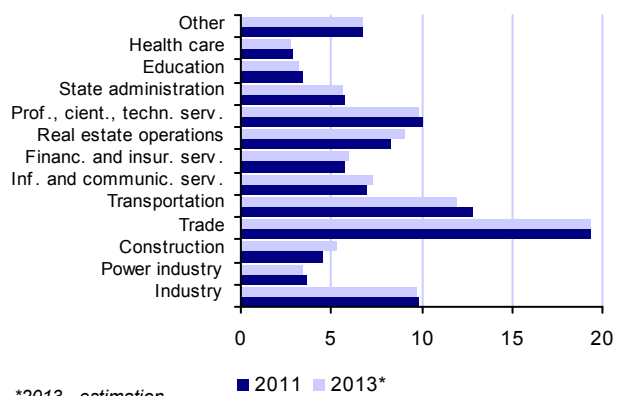
Monthly average gross compensation in Riga 2005 - 2013 (in lats)



Monthly average gross compensation in Riga in 2011 and 2013 (by sectors, in lats)

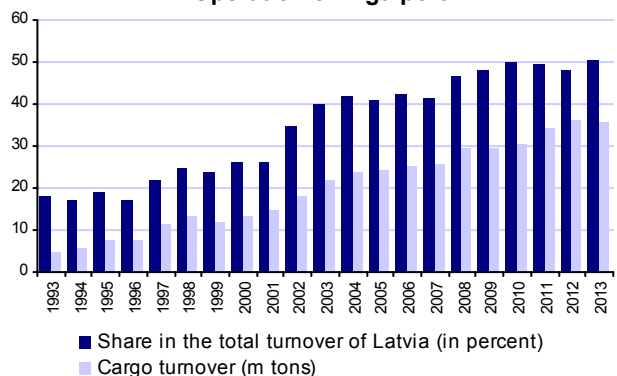


Riga economic sectors by share in the total value added (in percent)



*2013 - estimation

Operation of Riga port



The number of passengers arrived by ferries in Riga port during the last nine years has increased 7,5 times, number of leaving passengers - 7,2 times. But the number of serviced cruise ships' passengers in this period vary between 40,8 and 83,1 thousand people per year, reaching 67 thousand people during the reporting year.

AIRPORT

During the reporting year, the number of serviced passengers in Riga Airport has become stable after the decrease in the previous year and shows a slight growth of 0,6%. In 2013, were serviced 4,8 million passengers.

In 2013, according to the Riga International Airport data the number of serviced flights reduced by 1,2 thousand (by 1,7%) compared to the previous year. Riga International Airport serviced 67 407 flights last year, what is around 185 flights per day. During the reporting year, significant growth of the amount of shipped and received cargo continued in Riga International Airport, by 53,2 thousand tons, by 62% more than in 2012.

PUBLIC TRANSPORTATION

There were 150,1 million passengers transported in Riga public transportation (bus, tram, trolleybus) in 2013, that is more by 8,7 million (by 6,2%) than in the previous year. The number of passengers transported in Riga public transportation is increasing already the third year in turn, it has increased by 12,5% since 2010. 55,8% from the total number of transported passengers used discounts defined by State and Municipality, but 45,1% passengers were transported free of charge.

During the reporting year, Riga Municipal Ltd. "Rigas satiksme" provided passengers' transportation services on 9 tram, 19 trolleybus and 51 city bus and 9 night bus routes. In 2013, the total length of the City's transportation network was 1 157 kilometers, by 103 kilometers less than in the previous year.

In 2013, servicing of improved service bus routes were taken over by a new Riga City Municipality's Ltd. "Rigas satiksme" subcontractor - general partnership "Rigas mikroautobusu satiksme", what provided transportation service in 31 bus routes and transported 2,1 million passengers during the 4th quarter.

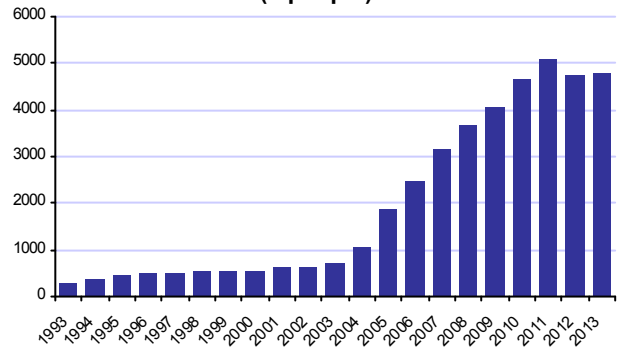
TOURISM

In 2013, tourism sector continued to grow in Riga City. 1 113 thousand tourists were served in Riga City hotels and tourists' lodgings, of which 971 thousand were foreign guests. The number of tourists served in Riga increased by 15% within the last year. In 2013, the number of overnight stays in tourists' lodgings increased by 8%. In 2013, around 78% from the total number of foreign guests in Latvia were served in Riga.

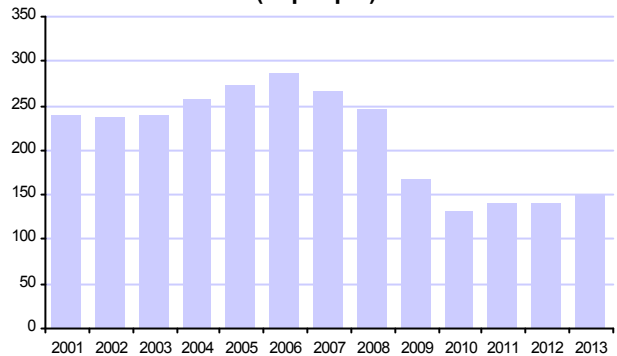
CONSTRUCTION

Crisis influence is still perceptible in City's home construction sector. After the significant decrease in the previous year, in 2013 the space of commissioned dwelling houses has increased a bit. There were commissioned dwelling houses with total space of 78,9 thousand square meters in the city, by 6 thousand (by 8,2%) more than in the previous year. The proportion of built dwelling houses in Riga slightly increased to 19% of the state overall result, however it is significantly lesser than in 2006 - 2007 when it was between 38% - 43%.

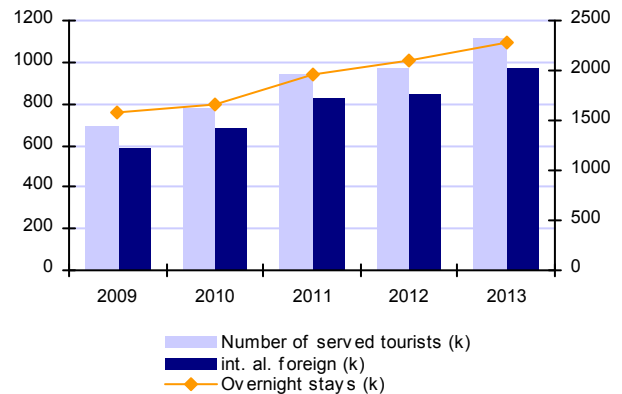
Riga International Airport: passenger turnover (k people)



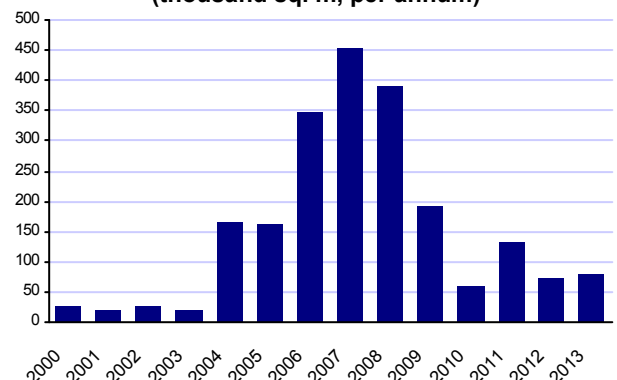
Passenger carriage in Riga public transportation (m people)



Characteristics of development of Riga City tourism sector in 2009 - 2013



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, what consists of 60 councilors.

The operation of the Riga City Council is ensured by Riga City Council Chairman, Riga City Council Deputy Chairmen, Executive Director of Riga City, as well as employees of the Municipality administration - Riga City Council creates subordinated 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;
- ◇ Riga City Council Property Department;
- ◇ Riga City Council Education, Culture and Sports Department;
- ◇ Riga City Council Housing and Environment Department;
- ◇ Riga City Council Welfare Department;
- ◇ Riga City Council City Development Department;
- ◇ Riga City Council Transport Department.

In order to ensure operation and prepare issues for examination in Council meetings, Council constitutes regular committees. Council has following committees:

- ◇ Security, Public Order and Corruption Prevention Issues Committee;
- ◇ Finance and Administration Committee;
- ◇ Education, Culture and Sports Committee;
- ◇ Housing and Environmental Committee;
- ◇ City Development Committee;
- ◇ City Property Committee;
- ◇ Transport Issues Committee;
- ◇ Social Issues Committee.

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;

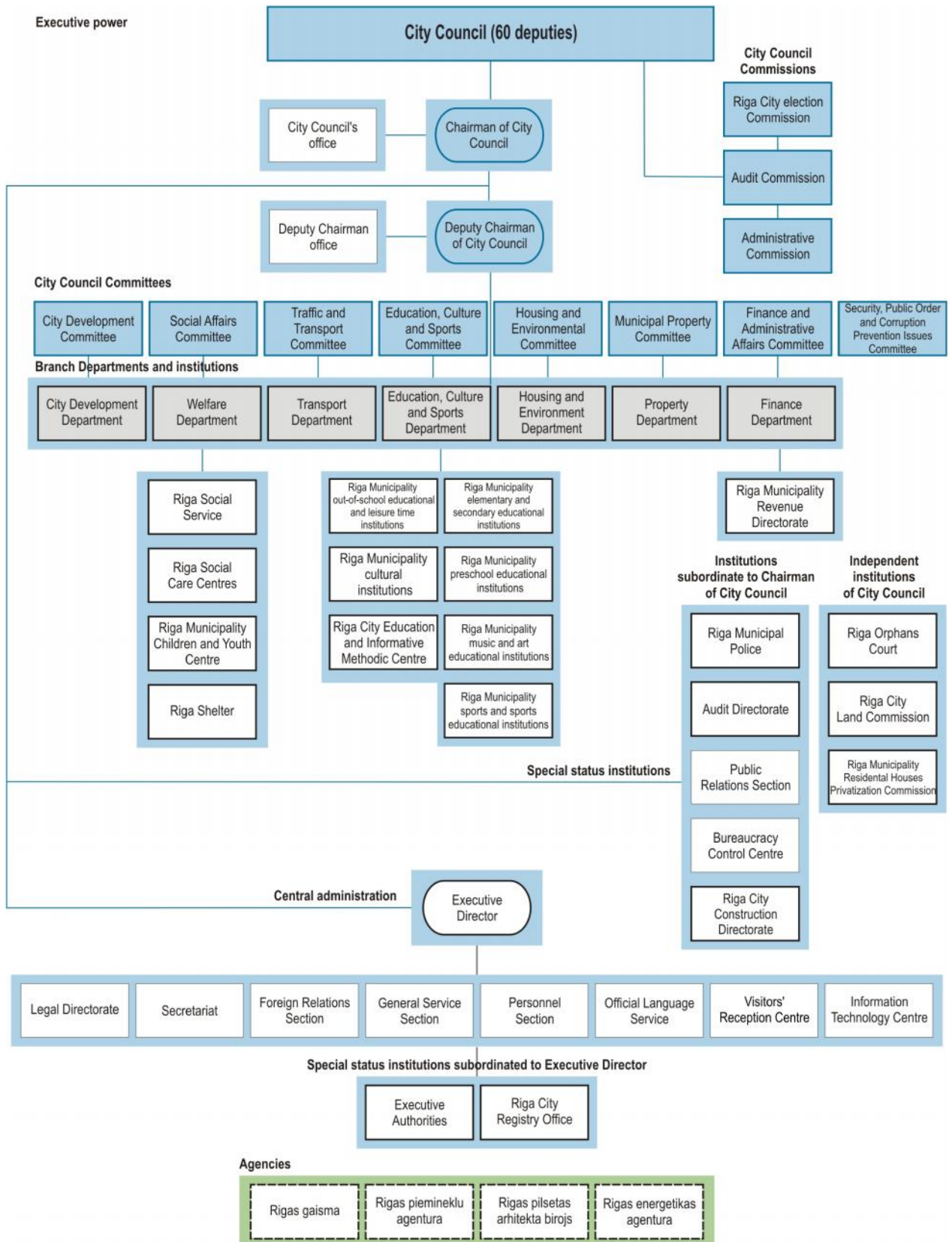
- ◆ Ensures accessibility of health care and promotes healthy lifestyle among inhabitants and disease prevention measures, organizes social assistance (social care) and improves families support system;
- ◆ Provides protection of children rights, ensures guardianship, custody, adoption, as well as protection 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 2013, there were 25 031 job positions affirmed in total in Riga Municipality, int. al. 12 874 pedagogues and 7 754 technical staff of institutions subordinate to Riga City Council Education, Culture and Sports Department, but the real number of the employed was 25 440 employees, int. al. 12 196 pedagogues and 8 687 technical staff.

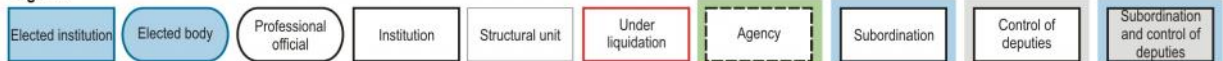
In 2013, (except pedagogues and technical staff of institutions subordinate to Riga City Council Education, Culture and Sports Department) there were 805 employees recruited and labour relations were terminated with 744 employees. As of end of the year (except pedagogues and technical staff) 86 employees of Riga Municipality were with elementary education; 1 357 employees with secondary, professional secondary or industrial education; 423 employees with professional first level higher education; 445 employees with second level higher education; 903 employees have professional or academic bachelor's degree; 1 231 employees have professional/academic master's degree or have higher education, and 15 employees have doctor's degree.

In 2013, 1 739 pedagogues and 2 414 technical staff were recruited and labour relations were terminated with 1 580 pedagogues and 2 301 technical staff.

ADMINISTRATION STRUCTURE OF RIGA CITY MUNICIPALITY



Legend:



VALUE OF RIGA MUNICIPAL EQUITY CAPITAL AND ITS ANTICIPATED CHANGES

PROPERTY BOOK VALUE

As of the end of 2013, the book value of Riga City fixed assets was 1 918,7 million lats, decreasing by 10,1 million lats, within a year, long-term equity of associated and related enterprises - 447,1 million lats. The total value of City assets, including other long-term investment categories comprised 2 450,3 million lats as of the end of 2013.

RIGA CITY MUNICIPALITY INVESTMENTS IN ENTERPRISE EQUITY CAPITAL

In 2013, Riga Municipality has invested the total amount of 16 833 155 lats in the equity capital of related enterprises with 100% share capital owned by Riga Municipality, int. al. invested in the equity capital:

- ◇ Riga City Municipality's real estate property - land and buildings (13 106 200 lats);
- ◇ Riga City Municipality's funds (3 685 425 lats);
- ◇ Riga City Municipality's right to demand (39 820 lats);
- ◇ Riga City Municipality's movable property (1 710 lats).

Largest investments into equity capital of related enterprises:

- ◇ Riga City Municipality's real estate property invested in the equity capital of Ltd. "Rigas mezi" at value of 9 929 400 lats;
- ◇ Riga City Municipality's funds invested in the equity capital of Ltd. "Rigas udens" at value of 3 415 425 lats;
- ◇ Riga City Municipality's real estate property invested in the equity capital of JSC "Rigas Centraltirgus" at value of 2 232 300 lats;
- ◇ Riga City Municipality's real estate property invested in the equity capital of Ltd. "Rigas namu parvaldnieks" at value of 944 500 lats.

SHARE IN MUNICIPAL ENTERPRISE EQUITY CAPITAL

As of the end of the reporting year, long-term share of Riga Municipality in equity capital of related and associated enterprises formed 447,1 million lats. As of the end of 2013, the share of Riga Municipality in equity capital of related enterprises formed 408,96 million lats, increasing by 17,36 million lats within a year, but long-term share in equity capital of associated enterprises formed 38,1 million lats, increasing by 1,78 million lats within a year.

As of the end of the reporting year, Riga Municipality balance sheet reflected 19 investments into the equity capital of related enterprises with 100% ownership (shares) by Riga Municipality, 1 investment into the equity capital of enterprise with more than 50% ownership by Riga Municipality (Ltd. "Getlini EKO" - 97,92%).

In 2013, liquidation of Ltd. "Rigas GeoMetr" was continued.

During the reporting year, share capital of Ltd. "Celu parvalde" owned by Riga Municipality was excluded from the short-term equity share capital of related enterprise due to selling of shares of Ltd. "Celu parvalde".

As of end of the reporting year, equity share capital of just one associated enterprise reflected in Riga Municipality balance sheet - JSC "Rigas siltums" (49%). As of end of 2013, Riga Municipality balance sheet reflected one short-term investment into the equity capital of related enterprise - Ltd. "Rigas pilsetas lombards" (municipality owns 100% of shares).

PLANNED CHANGES

Planned changes of the Riga City Municipality's capital in 2014:

- ◇ To invest shares of Riga City Municipality's real estate property on Brivibas Street 90B at value of 31 730 euro into equity capital of Riga Municipality JSC "Rigas Centraltirgus";
- ◇ To invest Riga City Municipality's real estate property into equity capital of Riga Municipality Ltd. "Rigas nami";
- ◇ To increase the equity capital of RMLtd "Riga 1st hospital" by investing Riga City Municipality's funds at value of 213 431 euro.
- ◇ In order to improve accessibility of health care services, to eliminate fragmentation of service providers and to provide efficient distribution and load of medicine technologies by means of efficient investment of financial resources, reorganization of six health care related enterprises is planned in 2014, establishing a new related enterprise Ltd. "Rigas veselibas centrs" with equity capital of 300 000 euro.

RIGA MUNICIPALITY REAL ESTATE PROPERTY STATE

According to the data from the State Land Service, by January 1, 2014, there were 20 364,9 ha of land owned by various owners within the Riga City area. Riga Municipality had ownership over 3 947 land lots with the area of 7 831,9 ha in total, forming 39% of the total land property area in the City.

During the reporting year, 267 contracts of Riga Municipality's real estate property sale were signed, 28 contracts of purchasing of real estate property or its shares, as well as municipality took possession of 35 properties (int. al. unprivatized apartment properties, escheat).

In 2013, Riga City Municipality has transferred administration rights and rights to use of 50 properties in total to Republic of Latvia, to apartment owner companies or to authorized agents of apartment owners, to owners of denationalized houses, to Riga City Municipality's departments and institutions and rights to use free of charge to nongovernmental organizations. Total number of lease agreements on real estate property rent with Riga City Municipality is 2 408.

EXECUTION OF TERRITORY DEVELOPMENT PLAN

During the reporting year, an active work on development of the new territory plan of Riga, including:

- ◇ development of 11 thematic plans and researches associated with them were launched;
- ◇ evaluation of execution of territory plan of Riga 2006 - 2018 was performed;
- ◇ Riga landscape quality goals were defined;
- ◇ research of Riga historical territory outside the Historic Centre of Riga and its protection area was performed;
- ◇ mapping of groundwater level within Riga territory was performed;
- ◇ research of Riga water objects and embankments outside the Historic Centre of Riga and its protection area was performed;
- ◇ development plan of parking-place section was worked out.

During the reporting year, development of Strategy and Development program was continued. While doing the paperwork, various meetings with inhabitants, businessmen, non-governmental institutions, state institutions and neighboring municipalities were held.

To evaluate the quality and accessibility of services that are characterizing Riga City environment development, several researches were done, vector data were purchased, 11 large-sized posters were prepared, public discussion meetings were organized, a research "Evaluation of Ziepniekkalns (alongside zone of Vienības Avenue) and territory with a potential for development of industrial parks" was reformed, overall correction of content and form of Strategy and Development program was done, project of strategic impact on environment appraisal for Strategy and Development program was prepared.

In 2013, work on development of Thematic planning what is necessary for provision of entrepreneurship function was started, with a goal to create such a dimensional structure of Riga territory which would ensure development of prior entrepreneurship branches in Riga neighborhood centers, providing balanced city's development.

During the reporting year, development of thematic planning of Riga Port was launched, what will ensure sustainable development of the port by facilitating its economical growth and reducing port's influence on city's environment at the same time. Representatives of Riga Port, state institutions and non-governmental institutions were involved into the thematic planning development process, who discussed questions on Riga Port future development principles and their coherence with city inhabitants' interests together with Riga City Municipality.

In 2013, implementation of ESF URBACT II program co-financed project USER "Sustainable renewal of city environment" application was launched, within which issues of quality of public space will be tackled in tight cooperation with everyday users of city public environment, in order to improve quality of living for Riga City inhabitants by developing safe, comfortable, well-managed, attractive public space accessible for all social groups.

The most significant activities performed during 2013 in execution of Riga territory plan were as following:

- ◆ In cooperation with Latvian National Commission for UNESCO, The State Inspection for Heritage Protection, Riga City Construction Directorate and Riga Municipality agency "Pilsetas arhitekta birojs" retrospective statement of reasons on special significance of Riga historic center's universal value was prepared, what was upheld during the 37th session of The World Heritage Committee of UNESCO.

- ◆ Riga Council prepared and approved 3 resolutions on passing detailed plans for public discussion and receiving conclusion:

- ◇ for territory on Juglas Street, Ūdelu Street and Maza Juglas Street;
- ◇ for territory between Juglas Street and Maza Juglas Street;
- ◇ for territory between Ceraukstes Street, Padures Street, Kazdangas Street and Bisumuizas ditch.

- ◆ Riga Council prepared and approved 24 resolutions on canceling detailed plan development process.

- ◆ Riga Council prepared and approved two resolutions on launching development of local plan regarding confirmation of territory borders and tasks:

- ◇ local plan for territory of culture and recreation park "Mezaparks";
- ◇ local plan for land lot on Ulbroka Street without number;

- ◆ Riga Council prepared and approved two resolutions on passing local plans for public discussion and receiving conclusion and two resolutions on local plan approval and issue of binding regulations.

- ◆ 279 projects of organization of the use of land and delimitation of the border and 432 plans of land borders' encumbrance plans, as well as 1 526 certificate on authorized use of land were issued.

- ◆ 143 resolutions on conformity of planned or the existing pollution with the city's territory plan were prepared, suggestions and conditions on issuing permissions were offered and more than 50 letters, concerning environment management issues, for municipal, state and other institutions were prepared.

- ◆ Territory plan changes of Historic Centre of Riga and its protection area came into force.

- ◆ Improvement of fire security in historical buildings.

- ◆ Reconstruction of Dizozolu Street 1st stage.

- ◆ Development of territory local plan of Skanstes Street location was started.

- ◆ Evaluation of territory plan of Historic Centre of Riga and its protection area results.

RIGA MUNICIPALITY INVESTMENT PROJECTS

NON-FINANCIAL INVESTMENTS

After the significant drop during period from 2008 to 2010, when the total (private, municipal, state and foreign) amount of investment in Riga reduced 2,4 times, a constant growth of investment is observed during the latest years. The amount of investment in capital during the period from 2010 to 2012 increased by 43%, but it still is lower than the pre-crisis level by 40%.

In 2013, the amount of investment in Riga City comprises around 46% of the all investment in the country, what is significantly lower than the average proportion of pre-crisis level which reached 54%. But the proportion of construction works in the capital from those performed in the entire state in 2013 was 38%, compared with 2008 when it reached 47%.

CAPITAL INVESTMENTS FROM MUNICIPAL BUDGET

During the reporting year, for Riga City Municipality budget capital expenditure total sum of 99,6 million lats, by 12,8 million lats (by 15%) more than in the previous year.

Riga City Municipality's capital investment dynamics of the last year's shows, that regardless of limited budget resources and decrease of income during the period after crisis, , municipality has succeeded in maintaining stable municipality's investment quantity and even increase investment in implementation of transport and social infrastructure projects by means of successful restructuring budget expense section.

In 2013, the major proportion of municipal budget capital investment structure by sector was in economic activity - 47,6%. 90% from the total capital investment in this sector are allocated for development of transportation. The second biggest proportion had social security (20%), the third - education (14,5%).

FOREIGN INVESTMENT IN RIGA

By the end of April, 2013, according to Lursoft data, foreign direct investments into the registered equity capital of enterprises in Riga were 3,87 billion lats, increasing by 9% within a year. Foreign investments in the capital comprise 80% from the total foreign investments in country.

EU AND OTHER EXTERNAL FINANCIAL SOURCES' CO-FINANCED PROJECTS

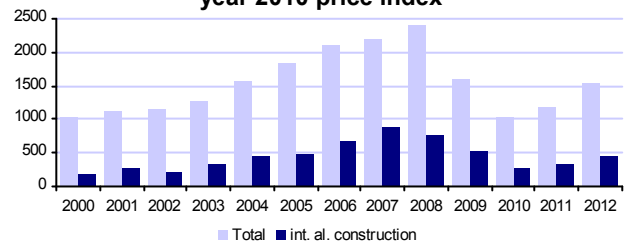
In 2013, Riga City Municipality continued active execution of projects financed by EU Structural Funds and other EU Funds. During the reporting year, 31,9 million lats were allocated from the municipality's budget, by 0,6 million lats more than in the previous year for execution of projects financed by EU Structural Funds and other projects.

The largest ERDF, TEN-T and Cohesion Fund projects in progress in Riga City Municipality in 2013:

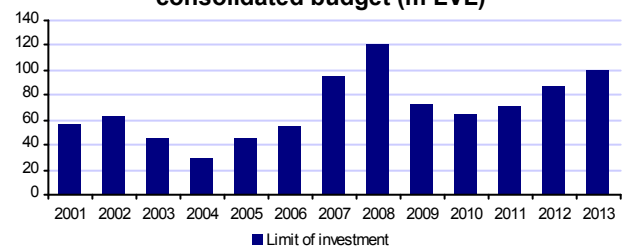
- ◇ Reconstruction of Vienibas Avenue (from Kaplavas Street to Ozolciema Street);
- ◇ Reconstruction of Krisjana Valdemara Street and Daugavgrivas Street traffic hub;
- ◇ „Provision of appropriate resource base for qualitative study of natural science in 63 Riga schools”;
- ◇ Integration of Riga City and Riga Port into TEN-T road network: Completion of Riga Northern Transport Corridor research;

- ◇ Reconstruction of Akademika Mstislava Keldisa Street from Ulbrokas Street to Lubanas Street;
- ◇ Strengthening tourism potential of Grizinkalns cultural heritage;
- ◇ Reconstruction and construction of traffic light objects 2012;
- ◇ 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);
- ◇ Renovation of K. Ulmana Avenue traffic crossover over the railroad;
- ◇ Revitalization of degraded territories between Maskavas, Krasta and Turgeneva Streets;
- ◇ Revitalization of Grizinkalns and alongside Miera darzs territories;
- ◇ Reconstruction of hydro technical construction of the river Daugava right bank in order to prevent and reduce flood risk;
- ◇ Recovering of Riga City dumpsite on Augusta Deglava Street No 01944/675/PV;
- ◇ Improvement of infrastructure and equipment of 13 Riga special education institutions;
- ◇ Reconstruction and renovation of The Latvian National Museum of Art on Kr. Valdemara Street 10A;
- ◇ Renovation of The Latvian National Museum of Art building on Kr. Valdemara Street 10A and improvement of infrastructure;
- ◇ Recovering of Riga City dumpsite “Kleisti”.

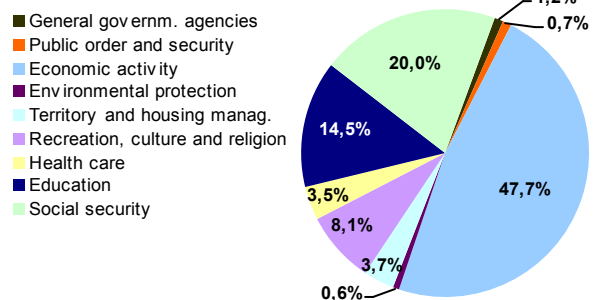
Non-financial investments in Riga (m LVL), year 2010 price index



Capital expenditures from Riga Municipality consolidated budget (m LVL)



Capital expenditures from Riga Municipality consolidated budget structure by sector, 2013 (in percent)



RIGA MUNICIPALITY FINANCIAL AND BUDGET POLICY

REVENUE

In 2013, total Riga City Municipality basic budget revenue comprises 489,7 million lats, by 13,6 million lats (by 2,7%) less than expected. However, compared with the initially planned budget the real budget revenue, in 2013 was more by 24,2 million lats (by 5,2%). Though the Riga Municipality budget revenue growth is observed the third year in turn and it was higher by 16,1 million lats (by 3,4%) compared with the previous year, yet municipal budget revenue still is significantly lower than the rate achieved in pre-crisis period. During the reporting year, budget revenue was less by 117,1 million lats (by 19,3%) than in 2008.

Municipal basic budget tax revenues in 2013 comprise 358,6 million lats, increasing by 13 million lats (by 3,8%) compared with the previous year. The main source of municipal basic budget tax revenues - personal income tax revenue in 2013 reached 296,1 million lats. Compared with the previous year, the revenue from this tax increased by 12,5 million lats (by 4,4%) as a result of employment and compensation growth. Real estate tax revenue reached 59,3 million lats in 2013, gambling tax - 2,6 million lats, natural resources tax - 0,7 million lats. Municipal basic budget non-tax revenues were 22,6 million lats, less by 4,3 million lats (by 16%) than in the previous year, but paid services and other own revenues comprise 22,5 million lats in 2013. State budget transfers at the amount of 85,4 million lats were transferred to municipal budget during the reporting year, what was more by 6,1 million lats (by 7,7%) than in the previous year.

EXPENSE

In 2013, total Riga City Municipality basic budget revenue comprises 529,6 million lats, increasing by 42,3 million lats (by 8,6%) compared with 2012. Capital expenditures has increased by 13,9 million lats, whose largest objects were South Bridge 3rd stage construction, reconstruction of buildings education institutions, South Bridge 1st and 2nd stage payments, projects which are implemented by support of EU funds, increased expense on purchasing textbooks for schools, reduced expense on purchasing housing fund from Ltd. "Rigas Pilsetbuvnieks". Interest payment has increased from 20,4 million lats in 2012 to 25,6 million lats in 2013. Expenses on subsidies and grants have increased also (from 70,7 to 75,7 million lats), expenses on compensation (from 150 to 159 million lats) and services (from 80,3 to 94,1 million lats). Expenses on social benefits and deposits to municipal cohesion fund have slightly reduced. Municipal budget deficit was 39,9 million lats (what is 8,2% from the revenue) in 2013.

MUNICIPALITY'S DEBT DYNAMICS

In 2013, the amount of Riga Municipality's direct debt (loans from commercial banks and State treasury) increased by 16,9 million lats, due to increase of raised loans for co-financing EU projects.

During the reporting year, Riga City Municipality started 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. Management of Municipality's long-term liability portfolio is focused on prevention of possible fiscal risks by means of permanent supervision of compliance with criteria defined by the strategy. By the end of 2013, the total

amount of overall municipal liabilities was 91% from revenue, being within the 100% limit defined by the strategy.

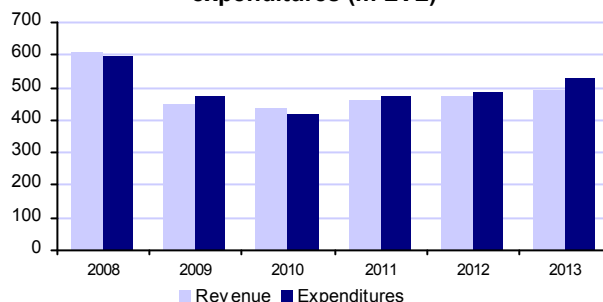
CREDIT-RATING

In 2013, Riga Municipality continued its long-term cooperation with the credit-rating agencies "Standard & Poor's" and "Moody's Investors Service". Credit rating agency "Moody's Investors Service" positively approved Riga City Municipality activities in financial sphere, municipality's ability constantly provide operative budget balance and sufficient reserves of financial resources for Municipality's debt discharge in the following years and in March of 2013 raised the future perspective from stable to positive. In 2013, credit rating agency "Standard & Poor's" retained previously granted credit rating. Sufficient financial liquidity and financial resources and ability to ensure debt discharge for the next years were mentioned by agencies as the most important positive evaluation factors of the City's financial state.

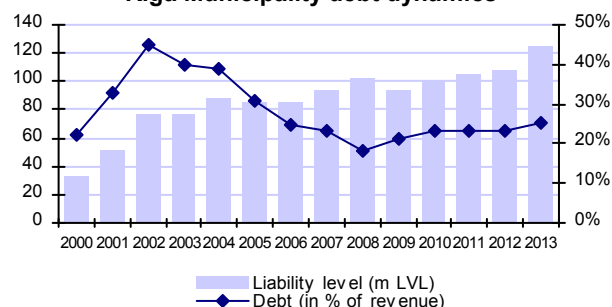
History of Riga City credit-rating

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

Riga City consolidated budget revenue and expenditures (m LVL)



Riga Municipality debt dynamics



RIGA MUNICIPALITY BUDGET EXECUTION PERFORMANCE

The results of Riga economical development and Riga City Municipality fiscal policy in 2013 are characterized by achievements in ensuring the budget revenues and purposeful use in provision of autonomous municipal operations in accordance with the budget approved by Riga City Council. Budget is a tool for realization of Riga Municipality economic policy by means of financial methods. Riga Municipality budget includes Municipality's revenue and expenditure. Riga Municipality budget is prepared based on the cash flow principle, simultaneously in compliance with State Treasury instructions, ensuring accounting based on accrual principle.

RIGA MUNICIPALITY BUDGET REVENUE

Riga Municipality budget main revenue portion is formed by the basic budget revenue. Special purposes budget revenue consists of donations and endowments to Riga Municipality.

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 utilization of municipality capital;
- ◇ other revenues (fines, sales of property, etc.).

◆ Charges for paid services provided by public authorities.

RIGA MUNICIPALITY SPECIAL BUDGET REVENUES - DONATIONS AND ENDOWMENTS

In 2013 revenues from donations and endowments to Riga City Municipality were 206,3 thousand lats.

SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY BASIC BUDGET REVENUE

Cash flow basis (k LVL)	2012 actual	2013 budget	2013 actual
Total revenues	473 546.2	503 261.1	489 660.8
Total tax revenues	345 611.9	360 226.8	358 625.0
Personal income tax	283 565.4	300 010.5	296 061.9
Property taxes	58 803.3	56 766.3	59 283.7
int.al. real estate tax on land	24 911.0	23 578.0	23 988.4
int.al. real estate tax on buildings	24 996.8	24 414.5	26 003.6
int.al. real estate tax on housing	8 895.5	8 773.8	9 291.7
Other tax revenue	3 243.2	3 450.0	3 279.4
Total non-tax revenues	26 848.1	29 679.3	22 565.7
Government (municipality) fees	3 674.5	2 441.5	3 430.5
Other non-tax revenues	23 173.6	27 237.8	19 135.2
Total revenue from paid services and other own revenues	21 815.6	24 373.8	23 117.2
Total transfers	79 270.6	88 981.2	85 352.9
State budget transfers	79 270.6	88 981.2	84 368.9
State budget transfers allocated for specific purpose	72 754.2	78 100.0	75 272.9
Transfers received from state institutions for projects coo-financed by EU policies' instruments and other foreign financial aid	5 943.5	10 471.0	8 718.3
Other State budget transfers	572.9	410.2	377.7
Municipal budget transfers	-	-	983.9

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

Cash flow basis (k LVL)	2012 actual	2013 budget	2013 actual
Total revenues	1 112.1	855.3	206.3
Donations and endowments from legal entities and individuals	1 112.1	855.3	206.3
Donations and endowments for education	61.4	90.4	63.5
Donations and endowments for social care	2.4	5.1	2.9
Other donations from legal entities and individuals	1 048.3	759.8	139.9

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.

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

Municipal budget planning is regularly improved in order to provide execution of municipal functions in accordance with Municipality's strategic documents and institutions' actions plans. 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. In such a way society's awareness is improved on municipality's ability provide services necessary for the society.

Significant attention in Riga Municipality budget planning process in 2013 was paid to preparation of introduction of euro currency in Latvia in January 1, 2014, what required additional resources either for methodological management of municipal personnel or for rearrangement and preparation of municipal budget operation systems.

Taking into account the development trends of Riga as the capital City, the provision of autonomous 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.

After reviewing and consolidating basic programs, education and economic activity (mainly concerning the transportation sector) were set as the main priorities within the total expense structure of Riga Municipality basic budget 2013, of which:

- ◇ 166 226,4 thousand lats were allocated to education;
- ◇ 157 794,6 thousand lats were allocated to economic activity.

Setting priorities for Riga Municipality investment program is related to ensuring the autonomous 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 2013, the expenses from revenues from donations and endowments to Riga Municipality were 1 074,7 thousand lats.

SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY BASIC BUDGET EXPENSES

Expenses by government function* Cash flow basis (k LVL)	2012 actual	2013 budget	2013 actual
Total expenses	487 311.1	554 944.3	529 576.0
General governmental agencies	76 919.1	83 175.9	76 434.1
int.al. deposits to municipal cohesion fund	49 797.9	50 981.4	48 623.2
Public order and security	10 865.3	11 525.6	11 493.3
Economic activity	137 431.4	166 858.3	157 794.6
Environment protection	1 569.1	1 892.9	1 771.6
Municipal territory and housing management	19 921.3	29 397.7	26 962.5
Health care	3 151.8	4 751.6	4 492.4
Recreation, culture, and religion	18 532.1	25 135.5	24 218.6
Education	161 402.1	169 033.7	166 226.4
Social security	57 518.9	63 173.1	60 182.5

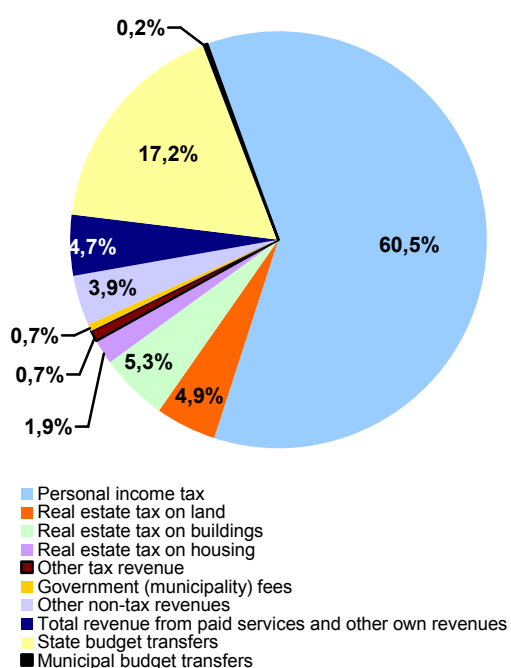
*Statement of budget expenses by government function has been prepared in accordance with the Republic of Latvia Cabinet of Ministers Regulations No. 934 "Regulations on the classification of budget expenses by functional categories"

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

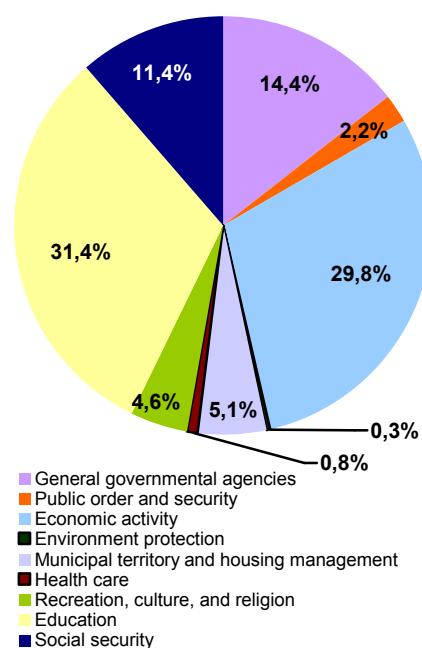
Expenses by government function* Cash flow basis (k LVL)	2012 actual	2013 budget	2013 actual
Total expenses	104.0	2 005.0	1 074.7
General governmental agencies	27.7	1 791.2	1 001.5
Municipal territory and housing management	9.0	6.4	-
Recreation, culture, and religion	2.2	28.9	19.0
Education	60.5	169.9	51.3
Social security	4.6	8.6	2.9

*Statement of budget expenses by government function has been prepared in accordance with the Republic of Latvia Cabinet of Ministers Regulations No. 934 "Regulations on the classification of budget expenses by functional categories"

Composition of Riga Municipality basic budget revenue in 2013



Composition of Riga Municipality basic budget expenses in 2013



RIGA MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

EDUCATION AND SPORTS

In 2013, Riga City Council Education, Culture and Sports Department (ECSD) implemented municipal policy in education, culture and sports sectors, in youth work, as well as in integration of society. ECSD's terms of reference covers 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.

In 2013, activities of ECSD were determined by Riga long-term development strategy to 2025 and development program of Riga 2010 - 2013, as well as work plan "Goals, priorities and tasks of RC ECSD Work plan for 2013" and action plan "RC ECSD Action Plan 2012 - 2014".

PRESCHOOL EDUCATIONAL INSTITUTIONS

At the beginning of school year 2013/2014 licensed preschool education programs were provided at 152 Riga City Municipality preschool educational institutions, 19 municipal comprehensive schools and 2 Riga interest educational institutions. Preschool education program in municipal preschool educational institutions was provided for 26 160 children. In 2013, in order to increase the number of places for provision of preschool education service, additional 8 preschool groups were opened in municipal educational institutions, providing places for 156 children.

Riga City Municipality is still unable to provide the growing number of requested places in preschool educational institutions, so in order to improve the opportunity to receive preschool education in Riga Municipality, ECSD concluded cooperation agreements with 92 private educational institutions on provision of preschool education service. In January of 2013 Riga Municipality co-financing at the amount of 93 lats per children was paid for 3 221 children, who are receiving preschool education programs in private educational institutions. The number of children increased during the year and in December co-financing was paid for 4 105 children. In 2013, cooperation between ECSD and 5 private educational institutions was continued, providing 347 children with places and paying 125 lats monthly for each child declared as resident of Riga.

In 2013, 116 preschool educational pedagogues improved their professional skills by means of performance quality improvement activities.

COMPREHENSIVE SCHOOLS

118 Riga City Municipality elementary and secondary comprehensive schools started 2013/2014 school year, int. al. 90 secondary schools, 24 elementary schools and 4 primary schools, of which 12 are training-schools and 10 are boarding-schools, where educational programs were mastered by 64 850 students at the beginning of the school year. During the reporting year, cooperation with 26 private educational institutions was continued, what are attended by children declared as residents of Riga. Riga Council co-financing of 129 621 was provided for this purpose.

In 2013, within the process of improvement of comprehensive educational institutions network liquidation of 1 primary school was performed, transferring educational program to other educational institution. 8 school regulations and amendments of 3 school regulations were approved by Riga Council as well as evaluated and approved 20 school development plans. In 2013, ECSD organized Riga City students' scientific conference, where scientific works of 365 students from 60 Riga schools were announced. 300 students defended their works in conference. 149 students' scientific works were nominated for state scientific conference, where Riga students won 67 prizes.

OUT-OF-SCHOOL EDUCATION AND SPORTS

For the stimulation of out-of-school and vocational education diversity, accessibility and popularity, various and qualitative out-of-school and vocational education programs are available in Riga Municipality educational institutions. In 2013, more than 79 000 students in total attended out-of-school educational programs provided by 13 municipal out-of-school educational institutions and 118 Riga Municipality comprehensive schools. In 2013, out-of-school educational programs of 46 comprehensive schools, 6 out-of-school educational institutions, 4 vocational education institutions majoring in sports and 1 educational program of out-of-school educational center of Elementary school "Ridze" were financed, granting 188 hours. During the reporting year, operation of 22 leisure time activity centers and leisure time rooms of Riga Municipality comprehensive and out-of-school educational institutions was supported which were attended by more than 137 000 visitors.

Riga City Municipality 11 vocational education institutions majoring in sports for students offer licensed sports educational programs in 19 sport disciplines, int. al. two newly licensed programs - boxing and table-tennis. In 2013, 7 700 students attended these sports educational programs, of which 6 099 students were involved in professional sports educational programs, but 601 students were involved in out-of-school sports educational programs. During the reporting year, 7 of individual sport discipline and 1 team sport discipline program for children and youths were improved.

In 2013, in Riga City Municipality 9 vocational education institutions majoring in culture (music and art schools) educational programs were mastered by 4 139 students, of which 3 456 students were involved in professional educational programs, but 683 students in out-of-school educational programs, who also acquired music art basics or a music instrument.

In 2013, in out-of-school, sports and other spheres, around 143 events were supported, int. al. participation in IX Latvia boys choirs' festival "Nac ar puikam!", concert "Es saksu celu no sevis" organized by Riga Municipality out-of-school educational institutions' collectives National folk groups' party "Pulka eimu pulka teku" in honor of 95th Anniversary of Proclamation of the Latvia Republic, participation of school collectives in XXV Latvian National Song Festival and XV Dance Festival, participation of united symphonic orchestra of academies of music and school collectives in City events - concerts dedicated to Mother Day, Riga Celebration, Anniversary of Proclamation of the Latvia Republic.

ECSD coordinated sports events organized by sports educational institutions and support was rendered to 20 events, where more than 4 100 children and youths took part. 66 sport competitions were organized and coordinated between schools involving 51 000 students. In 2013, ECSD organized and co-financed 92 children and youth national sport competitions with 33 669 participants.

During the school holidays educational institutions organized 301 camps, involving 11 443 participants. Nongovernmental organizations organized 61 camps with municipality's financial support, where 2 200 participants took part. ~ 1,5 thousand children and youths were involved in activities organized by NGO during summer holidays. During summer holidays job opportunity was provided in 67 Riga Municipality educational institutions, which was taken by 455 youths.

In 2013, ECSD supported a number of events provided for comprehensive professional pedagogical development. Pedagogues of Riga educational institutions participated in show of training aids, in mastering distance education IT technology programs and in events to support young pedagogues. In 2013, 5 023 pedagogues completed professional development courses in total, 229 pedagogues groups and 249 methodological events were organized which were attended by 4 513 pedagogues. Professional development was also improved by 35 cultural and art institution employees. To provide qualitative out-of-school education, Riga out-of-school education methodology center organized 30 professional qualification training courses and seminars, as a result of it 720 pedagogues received certificates of finishing courses.

In 2013, 37 various lifelong education course programs were offered in Riga, which were attended by 475 inhabitants. 21 training groups with 256 participants were organized for inhabitants co-financing on various issues, program of 8 courses was realized by municipal support "Latvian language for successful communication" for 115 Riga inhabitants and program of 8 courses of mastering official language was realized by support of Fund of social integration for 104 inhabitants.

The most significant investment projects and programs:

- ◇ Reconstruction of building of Elementary school "Ridze" on Krisjana Valdemara Street 2;
- ◇ Reconstruction of building of Riga Oskara Kalpaka Elementary school for Folk Arts and Craft on Skrindu Street 1;
- ◇ Improvement of territory - replacement of fence in 14 educational institutions, construction of playgrounds in 15 educational institutions, construction of 6 sports grounds and improvement of territory near them, as well as renovation of footpath in territory of 12 educational institutions;
- ◇ Renovation of windows and facades in and heat insulation in 5 educational institutions;
- ◇ Renovation of kitchens in 3 educational institutions;
- ◇ Development of construction plans for educational institutions.

In 2013, ECSD organized competition "Organization and realization of courses of Latvian language studies for Riga City inhabitants". 40 project applications were submitted in total, but 12 projects won competition and received support. In 2013, classes in Latvian language were taken by 1 553 Riga inhabitants, of which 1 391 successfully completed studies.

Budget expense allocated to education (k LVL)	2011 actual	2012 actual	2013 budget	2013 actual
Preschool education	49 334.5	49 736.2	50 312.2	49 451.6
Elementary education, comprehensive and professional education	87 517.6	85 130.7	94 443.3	92 959.3
Higher education	-	-	3.5	3.4
Education undefined by educational levels	26 538.3	24 396.3	21 913.4	21 495.7
Other education, not classified above	2 105.1	2 138.9	2 361.3	2 316.4
Total basic budget expense	165 495.5	161 402.1	169 033.7	166 226.4
int.al. investment	14 826.1	12 979.5	9 559.1	9 388.3

SOCIAL SECURITY

Social services in Riga City Municipality are rendered to adult persons as well as to families with children in accordance with the law "On Municipalities", law of Social services and social help and Riga Council binding regulation.

SOCIAL CARE AND SOCIAL REHABILITATION IN INSTITUTIONS

In 2013, social services in Riga City Municipality are provided to inhabitants by 7 municipal institutions, as well as by 105 social services providers, who have concluded agreements with municipality on provision of social services for Riga inhabitants (30 nongovernmental organizations, 63 private persons, 12 state/other municipality's institutions). 174 children were placed in children long-term social care and social rehabilitation institutions but social rehabilitation services therein received 592 orphans and parentless children. In 2013, Riga Municipality provided crisis center services for 784

persons. Consultations over the phone in crisis situations were rendered 7 430 times.

Provided services of five day centers were rendered to 465 children, but services of day-care centers of seven contract organizations were received by 342 children. Social care and rehabilitation services for functionally limited children received 249 children and their family members. In 2013, social psychological services for Riga City Municipality's families with children received 254 persons, 1 471 individual consultations were rendered in presence, int. al. consultations to violence victims.

Since April of 2013, provision of temporary residence service was started by The Latvian Red Cross. This service usually is rendered to families and children as a next step after receiving crisis center services. In 2013, 137 persons received this service and the used financing was 18 532 lats.

Based on applications submitted by Riga Social Service, Riga Orphan Court, crisis centers and other institutions, Riga Municipality Children and Youth Center's Mobile team performed 660 inspections at client's place of residence. In order to tackle social problems of clients placed in health care institutions, in 2013, paid social workers operated in 6 Riga health care institutions, who rendered services to 6 035 persons.

SOCIAL CARE AT PLACE OF RESIDENCE

In 2013, social care services at their place of residence received 5 203 persons, int. al. home-care service - 4 080 persons, benefit for provision of home-care services - 1 528 persons, service "hot meat delivery to the client's address" - 668 persons, service "security button" - 400 persons and escort-assistant service - 94 persons.

SUPPORT FOR DISABLED PERSONS

Additional to the State guarantees, Riga City Municipality compensates transport services for people with motor disorder. Clients can use specially equipped minibuses, as well as taxi services. Those clients with personal motor transport can utilize compensation for fuel purchase. In total 4 987 persons received transport services and 798 121 lats from the Riga Municipality budget were utilized for this purpose in 2013. In order to solve the problems caused by inadequate environment, 10 wheelchair lifts for a total sum of 68 934 lats from municipality budget were installed in houses, where persons with serious motor disorder live. Persons who use wheelchairs have an opportunity to receive benefit for home adjustment. In 2013, 65 persons' home adjustment were carried out for a total sum of 90 501 lats.

One of the most requested social services at place of residence is day center and day-care center for disabled persons retired persons and other adult persons. In the centers mentioned above a person has an opportunity to improve social skills, to pass leisure time, create social contacts and receive support and help. In 2013, Riga Municipality financially supported operation of 11 such centers, where services were delivered to 3 219 persons in total.

In 2013, Riga Municipality financially supported operation of 9 day-care centers what rendered services to persons with mental disorder and 3 day-care centers, what rendered services to persons with dementia. Day-care centers provide staying in center for a full working day, feeding, as well as organize educational and social skill training classes. In 2013, services of these centres were used by 371 persons.

Persons with mental disorder have possibility to receive group apartment (house) services. There are 5 group apartments in Riga and 2 group apartments in a country side environment outside of Riga. In 2013, 117 persons received this service.

SOCIAL SUPPORT FOR THE HOMELESS

In Riga shelters/night shelters a temporary shelter, hygiene and feeding services as well as social workers' consultations are provided for the homeless. In 2013, 4 095 clients used these services.

In 2013, Riga City Municipality financed services for homeless persons provided by two social rehabilitation centers, where 66 persons persons received social and

working skills development services, what facilitates regaining social status and becoming a part of labor market. In 2013, Mobile team of Riga shelter rendered consultation to 1 119 persons, received 1 067 phone calls and delivered 720 persons to night-shelter or hospital. Riga Shelter Day Center provided social rehabilitation, sanitary hygienic, family doctor and other services for Riga's homeless and persons of low-income, which received 967 in total persons within the year.

In 2013, soup-kitchen service was co-financed from Riga Municipality budget, providing Riga homeless and other persons of moderate means with up to 1 000 portions a day, 5 times a week, 160 779 portions in total. In 2013, feeding service for groups of the low-income was provided in 6 food distribution places, distributing up to 2 300 portions per day. In 2013, there were 676 627 portions distributed in total for a total sum of 846 352 lats. Feeding service received at an average 2 725 families per month. The mentioned service was used mainly by retired persons, disabled persons and able-bodied persons, especially families with children which are facing difficulties concerning unemployment problems.

SOCIAL PROTECTION IN RIGA

In 2013, Riga City Municipality's inhabitants received social benefits based on either evaluation of the financial state of the benefit claimant (tested benefits) or based on the specific life situation, irrespective of the financial state of the benefit claimant (untested benefits) in accordance with the Rule of Social Service and Social Protection, rules and regulations of the Cabinet of Ministers and the binding regulations of Riga City Council.

In Riga in 2013, social benefits received 60 250 persons, i.e. 8,6% from total population of Riga. Total amount of social benefits was 16 199 443 lats. In 2013, 11 739 063 lats (72%) from the total amount of budget resources used for social benefits were utilized for benefits to provide guaranteed minimum income and for apartment benefits.

During the reporting year, a tendency of reduction of number of low-income persons was in progress, what resulted in decrease of number of low-income persons from 38 933 persons in 2012 to 27 691 persons in 2013. The reduction of number of low-income persons affected also the decrease of number of social benefits recipients (from 72 380 social benefits recipients in 2012 to 60 250 social benefits recipients in 2013) and the decrease of financing utilized for provision of social benefits (from 20 217 908 lats in 2012 to 16 199 443 lats in 2013).

EMPLOYMENT FACILITATION ACTIVITIES

In 2013, a tendency of pervious years was continued - reduction of number of able-bodied unemployed clients recorded in Riga Social Service, however remaining high proportion of long-term unemployed persons - persons who are unemployed for more than 12 months, which was 32,5% from 4 024 recorded unemployed by the end of the year. In 2013, 20 Riga Social Service workers, who are specialized work with clients facing difficulties concerning unemployment problems, tackled 1 038 situations caused by unemployment (int. al. tackled 1 486 persons' social problems), of which 553 clients' cases were closed. From all the cases closed in 2013, clients found a job in 248 cases, clients didn't cooperate

or refused cooperation responsibilities in 176 cases, in other cases clients took part in State Employment Agency's active employment measures, changed their place of residence, obtained status of disabled person, started long term treatment, started studies, etc.

In 2013, 183 unemployed persons received psychologist or psychotherapist consultations in Riga Social Service, they also had an opportunity to receive addiction, substance abuse professional's and lawyer's consultations.

23 support groups were organized at Riga Social Service's Day centres, where 198 unemployed persons participated. The unemployed actively used an opportunity to receive another services offered by Day centres - to master computer and language skills, as well as to take a part in various interest group classes.

Riga Social Service in cooperation with 89 organizations created 367 municipal community work places, where 895 able-bodied and unemployed Riga Social Service clients improved work and social skills.

Riga Social Service in cooperation with Organization of disable people with disabilities and their friends "Apeirons" rendered employment services for disabled persons. During this project, 69 persons received consultations, educational information, motivating support and special practice training lessons, in order to promote finding a job but 22 persons found a regular job.

The most significant investment projects and programs:

- ◇ Designing and construction of social residential building with social apartments, health care center and social service office on Imanta 8th Line 1A.

Budget expense allocated to social security (k LVL)	2011 actual	2012 actual	2013 budget	2013 actual
Social security in case of inability to work	466.4	519.7	643.1	638.0
Assistance to elderly people	4 389.0	4 521.8	4 768.9	4 697.1
Assistance to families with children	5 123.0	5 173.3	6 011.2	5 819.8
Assistance in unemployment case	2 164.0	1 217.1	1 563.7	1 188.7
Housing allowance	11 293.2	14 296.2	12 528.9	12 528.5
Other support to socially repudiated persons not classified above	32 234.0	31 045.8	36 882.7	34 538.2
Other social care not classified above	823.1	745.0	774.6	772.2
Total basic budget expense	56 492.7	57 518.9	63 173.1	60 182.5
int.al. investment	0.2	6.0	7 858.0	7 304.1

HEALTH CARE

Riga Municipality's financing for health care system is allocated in accordance with the autonomous functions defined by the law "On Municipalities" to provide health care accessibility, as well as to enable and promote healthy lifestyle among inhabitants. State financed health care in Riga Municipality's territory is provided by medical institutions, which have signed agreements with The National Health Service on rendering and payment of health care services, int. al. 9 such Riga Municipality's health care enterprises, of which two of them are operating as stationary medical treatment institutions:

- ◇ RMLtd "Riga 1st hospital";
- ◇ RMLtd "Riga 2nd hospital";
- ◇ RMLtd "Riga Maternity hospital";
- ◇ RMLtd "Ilguciems health center";
- ◇ RMLtd "Bolderaja health center";
- ◇ RMLtd "Health center "Imanta";
- ◇ RMLtd "Tornakalns health center";
- ◇ RMLtd "Children health center "Kengarags";
- ◇ RMLtd "Primary health care center "Ziepniekkalns".

In 2013, 452 doctors with 715 818 registered patients were rendering primary health care services at 104 locations in Riga.

For low-income persons who have declared their residence in Riga and who need minimum short-term social care, rehabilitation and medical aid at twenty-four

hours stationary, but there is no possibility to render the necessary care at client's home, as well as in other cases, when treatment of chronic patients, rehabilitation and minimum short-term social care at client's home is not possible for various reasons, have a possibility to receive social care in short-term social care beds. Service is free of charge for those persons (families) whose disposable means for each family member after the payment for this service are less than floor wage defined by state. In 2013, short-term social service in RMLtd "Riga 1st hospital" received 990 persons. Financing at a sum of 374 294 lats from Riga Municipality budget were spent for social care beds in 2013.

In order to promote health care, benefit for health care for inhabitants with low income in Riga City Municipality is granted. In 2013, health care benefit was granted to 6 181 persons at a total sum of 430 186 lats.

In 2013, an implementation of approved action plan for 2013 - 2016 of Riga City Municipality's Social health strategy "Healthy Rigan - in healthy Riga" was launched. According to the strategy, active information on topical social health issues such as traumatism prevention, stress and depression prevention, promotion of psychoemotional health was launched, starting series of continuous informative campaign activities, which will last also in 2014.

In 2013, several activities were performed in health care facilitation sphere, int. al. conference "Healthy Rigan - in healthy Riga" was organized, public event "Family health day", informative lecture for workers of educational institutions and students' parents on drug habit and prevention, use of alcohol and smoking among youth. In 2013, 99 educational activities for children and youth were performed in educational institutions, leisure time activity centers and day and support centers, where department workers conducted 572 classes, attended by 10 044 children and youth.

In order to improve health care accessibility for Riga City inhabitants, Riga Municipality's health care enterprises reorganization procedure, what was started in the previous years, was continued in 2013. In November 12, 2013 reorganization process of 6 Riga Municipality health care enterprises was launched by Riga Council resolution, in result of which a new enterprise is planned to create via merger process.

The most significant investment projects and programs:

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

Budget expenses allocated to health care (k LVL)	2011 actual	2012 actual	2013 budget	2013 actual
Operation and services of ambulatory medical institutions, and public health-care agency services	363.1	453.0	1 175.7	995.0
Hospital services. Health-care services for mother and child	-	-	3 575.9	3 497.4
Other health-care services not classified above	1 015.6	2 698.8	-	-
Total basic budget expense	1 378.7	3 151.8	4 751.6	4 492.4
int.al. investment	1 015.6	2 698.9	3 503.5	3 431.0

MUNICIPAL TERRITORY AND HOUSING MANAGEMENT

In 2013, within Riga Municipality's budget program "Social apartment houses and separate social apartments" financing of 721 387 lats were utilized, what included also compensation of social apartment houses' and social apartments' management expenses, 50% compensation of water and sewerage expenses and 25% compensation of heating expenses at amount of 379 521 lats.

In 2013, joining of 2 municipal residential buildings on Sila Street 8 and Sila Street 16 to central water supply and sewerage network was performed.

In 2013, 86 wrecks and 61 private property wrecks were put in order as a result of successful cooperation between Riga City Municipality's institutions and private owners.

Riga City Council Housing and Environment Department functions include also management of municipal housing fund. In case of necessity Commission of Riga City Council Housing and Environment Department evaluates the technical condition of empty municipal apartments and renovation expediency, calculates renovation expenses and implements the necessary renovation and reconstruction works. In 2013, 295 124 lats were utilized to perform renovation of living-space. 44 apartments were rebuilt and prepared for rent for this money. Additionally repair works in 8 apartments for people of moderate means were performed for a sum of 2 335 lats and repair works in 16 social apartments for a sum of 15 101 lats. In 2013, renovation of social residential buildings on Zandartu Street 2A in Riga was finished,

where 133 apartments were build, total sum spent for renovation was 1 983 578 lats and newly constructed complex of apartment houses with 299 apartments was commissioned for rent on Mezrozisu Street 22, 26, 28 and 30 in Riga.

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 45 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. As a result of performed work apartment owner companies with Municipality's support were created and 39 apartment houses were transferred to apartment owners. 35 contracts of authorization of management were concluded on management of unprivatized parts of residential buildings and 52 rental agreements were concluded or prolonged. In cooperation with Riga City Council Housing and Environment Department municipality from the state took possession of 47 apartments.

In 2013, providing support on housing issues for registered persons (families) 701 apartments were rented out, int. al. 202 apartments in social residential buildings.

The most significant investment projects and programs:

- ◇ Capital repairs of Esplanade park illumination.

Budget expenses allocated to municipality territory management and housing facilities (k LVL)	2011 actual	2012 actual	2013 budget	2013 actual
Street illumination	4 290.9	5 925.4	6 128.1	5 718.6
Other activities concerning municipality territory management and housing facilities not classified above	11 880.7	13 995.9	23 269.6	21 243.9
Total basic budget expense	16 171.6	19 921.3	29 397.7	26 962.5
int.al. investment	961.2	370.9	497.0	296.9

ENVIRONMENTAL PROTECTION

Municipality organizes exploitation of fishing rights in the waters of the Gulf of Riga and inland waters of Republic of Latvia owned by state in accordance with fishing laws and regulations. Collected revenues from exploitation of industrial fishing rights Riga City Council Housing and Environment Department used for replenishing and protection of fish resources.

In 2013, within program control of runabout animals' population program implemented by Riga Municipality, catching of 542 runabout dogs was performed, 1 234 ownerless dogs and cats were housed at City's paid animal shelter, of which 795 were given for care to private owners or private shelters. Caught and sterilized 1 078 ownerless cats, performed euthanasia for 890 diseased ownerless animals and animals that have suffered in accidents, provided support for 501 wild animals. Riga City Municipality also provided services of picking up and utilization of animal corpses, euthanasia and sterilization of low-income inhabitants' pets and maintenance of walking grounds for dogs.

Within Riga City basic budget program "Maintenance and renewal of City's greenery" management of City's greenery was performed - upkeep of young trees of street greeneries - 1 681 pieces, upkeep of trees of municipal educational institutions and street greeneries - 3 711 pieces, liquidation of defective, dying and dead trees - 341 trees and 385 square meters of bushes, planting of 59 seedlings and other works. Total financing was 233 194 lats.

In order to improve water and air quality in Riga, Riga City Council Housing and Environment Department has performed following activities in 2013:

- ◇ "Research on technologies of determining composition and morphology of small dust particles and methods of collecting dust samples in open environment in Riga air monitoring stations" was performed;

- ◇ maintenance of air monitoring system was provided in Riga;
- ◇ operation of air quality information system was provided in Riga;
- ◇ liquidation of consequences of petroleum product and chemical agent leakage;
- ◇ packing of unused drill holes;
- ◇ monitoring and supervision of Riga water supply drill holes, geologic mapping of drill holes, creation of united data base of polluted and potentially polluted areas and other activities.

Riga City Council Housing and Environment Department in Riga territory performs continuous maintenance of water objects (rivers, arms of rivers, channels land amelioration ditches and ponds), what are forming a united city's land amelioration system with a total length of 147 km. In 2013, cleaning works of the amelioration system at a total length of 3 013 m, cleaning works of ditches and water courses, 7 589 cubic meters of soil were dug out, as well as 87 cubic meters of waste were collected and transported to dumpsite. In order to improve operation of amelioration system, cleaning works of 4 water courses and reconstruction of 1 water course was performed, as well as 5 beaver dams were dismantled. In order to prevent eutrophication of the Jugla lake, reed mowing at the area of 3,5 h was performed in 2013.

The most significant investment projects and programs:

- ◇ EU Cohesion Fund project "Recovering of Riga City dumpsite "Kleisti"" in cooperation with MEPRD was launched, total project expenses are 1 671 907 euro, int. al. Cohesion Fund financing at a sum of 835 953.50 euro.

Budget expenses allocated to environmental protection (k LVL)	2011 actual	2012 actual	2013 budget	2013 actual
Waste-water management	234.0	174.4	21.4	21.3
Prevention and reduction of environmental pollution	0.6	-	-	-
Other expenditures related to environmental protection	903.7	1 394.7	1 871.5	1 750.3
Total basic budget expense	1 138.3	1 569.1	1 892.9	1 771.6
int.al. investment	194.0	144.4	-	-

CULTURE

One of the most important and largest scale tasks for ECSD in 2013 was provision of participation of Riga amateur art collectives in XXV Latvian National Song Festival and XV Dance Festival, as well as provision of collectives from other municipalities by lodging in Riga City educational institutions. Collectives from Riga formed 25% from all the Song and Dance Festival participants, as follows, 319 collectives from Riga with more than 10 200 participants took part in XXV Latvian National Song Festival and XV Dance Festival. Collectives from the capital participated in competitions and shows in seven various disciplines, where Rigans won 10 Grand Prix, 12 first places, 11 second places and 10 third places - 43 prizes in total.

In 2013, ECSD organized and provided participation of amateur art collectives in a number of important events, such as Riga amateur theatre festival "Theatre is played in Riga 2013", event of preservation of Latvian nonmaterial cultural heritage "Meet your master craftsman", participation of folk groups in International Folk Festival "Baltica 2013" in Estonia, participation in Hansa Days in Herford, Germany and other events.

Municipal cultural centres, association of Riga Municipality cultural institutions and their structural units serve for Riga City inhabitant's cultural needs and for spending their leisure time. Riga Central library, its 26 affiliated branch libraries and three external service points, plays a significant role in organization of Riga City inhabitants' cultural life events and creative passing of free time. In 2013, Riga Central library had 61 807 regular users, 923 809 visits, 1 855 various events were organized in RCB.

According to approved schedule of City's cultural events and based on open tender system, planned traditional, state and commemoration day events were realized in 2013. In open cultural project tenders and cultural event competitions organized by ECSD 794 project applications were submitted and 401 projects received support, for a total sum of 1 265 244 lats:

- ◇ 111 projects organized by municipality's cultural institutions and folk art and amateur groups;
- ◇ 206 events organized by non-governmental institutions;
- ◇ 33 projects implemented by the state institutions;
- ◇ 51 projects were submitted by other organizers and physical entity.

47 festival projects were co-financed within Riga Festivals special purpose program last year for a total sum of 324 950 lats. In 2013, the most outstanding festivals, gathering great number of City inhabitants and

visitors were: International Music Festival "Rhythms of Riga", 18th International Baltic Ballet Festival, Riga Festival, International Contemporary Theater Festival "Homo Novus", Theatre Festival "Zelta maska Latvija", International Bach's Chamber Music Festival", etc.

98 projects participating in cultural project competition organized by Riga Municipality received support. Financing was allocated to important cultural and art projects for Riga City - music, visual art, theater, dance and books and museum sector. In competition for financing of traditional culture events 94 project applications on organization of national holidays, memorial days' events and annual traditional events participating were supported, but in competition for financing of culture events 162 projects were supported, which provided operation of folk art collectives and cooperation projects' realization in Municipality's cultural institutions.

In 2013, following important events were realized:

- ◇ Program of events dedicated to 1991 Barricade 22nd Anniversary;
- ◇ Events dedicated to in remembrance of Communist genocide victims on 25th March and 14th June;
- ◇ Events dedicated to Declaration on the Restoration of Independence of the Republic of Latvia on 4th of May, gathering more than 120 000 visitors;
- ◇ Midsummer Day celebration on 11 Novembra Krastmala Street and at Dzeguzkalns;
- ◇ "Riga festival 2013", where 100 various events were offered to festival visitors. Gathering around 200 000 people within three days;
- ◇ Contemporary art festival "White Night", where almost 60 objects of various art genres were offered;
- ◇ 95th Anniversary of Proclamation of the Latvia Republic from 16 to 18 of November;
- ◇ On the eve of the New Year party on 11 Novembra Krastmala Street gathered approximately 45 000 Rigans and City guests;
- ◇ Easter, Advent and Christmas event programs, Midsummer Day events, Zalu market on Doms Square, Mikeldienas market in Old Riga and events dedicated to Mother Day and International Children's Day were also realized within City's schedule of city's cultural events.

The most significant investment projects and programs:

- ◇ Reconstruction and restoration of complex of Cultural palace "Ziemeļblazma" and park on Ziemeļblazmas Street 36;
- ◇ Beginning of reconstruction, restoration and construction of Latvian National Museum of Art building on Kr. Valdemara Street 10A.

Budget expense allocated to recreation, culture and religion (k LVL)	2011 actual	2012 actual	2013 budget	2013 actual
Recreational and sports events	2 804.6	2 472.3	2 722.8	2 705.3
Culture	11 463.5	14 300.5	19 201.8	18 834.1
Other recreational, cultural, and religion-related services not classified above	1 976.1	1 759.3	3 210.9	2 679.2
Total basic budget expense	16 244.2	18 532.1	25 135.5	24 218.6
int.al. investment	2 762.3	4 712.9	3 475.8	3 246.1

ECONOMIC ACTIVITY

Riga City Municipality public transport system serves either for Riga inhabitants or for inhabitants of neighboring municipalities. City's public transport network is well developed in Riga and provides good coverage of city's territory. At the end of 2013 Riga City Municipality public transport network was formed by:

- ◇ 51 bus routes with total length of 884,1 km, provided by 308 buses;
- ◇ 9 night traffic bus routes with total length of 109 km, provided by 9 buses;
- ◇ 9 tram routes with total length of 101,1 km, provided by 72 trams;
- ◇ 19 trolleybus routes with total length of 163,9 km, provided by 199 trolleybuses.

During 2013, servicing of improved service bus routes was taken over by a new Riga City Municipality's Ltd. "Rigas satiksme" subcontractor - general partnership "Rigas mikroautobusu satiksme", what provided transportation service in 31 bus routes and transported 2,08 million passengers during the 4th quarter.

In 2013, there were 3 106 167 runs performed with 150,1 millions of transported passengers, of which 55,8% used discounts defined by State and Municipality, int. al. 45,1% passengers were transported free of charge. The number of transported passengers by Riga City Municipality's Ltd. "Rigas satiksme" increased by 6% compared to 2012, but revenue has decreased by 4%. It is related with charge discounts introduced as of March 16, 2013 - free of charge transportation for disabled person 3rd group and students of vocational elementary education, professional and vocational secondary education programs. In 2013, 103 258 passengers were transported in night traffic routes.

Since October 1, 2013 in accordance with cooperation agreement between Riga Council, SJSC "Autotransporta direkcija" and JSC "Pasazieru vilciens" those passengers, who have charge discounts in Riga City public transportation granted by Riga City Municipality, have rights to receive the same charge discounts in railway transport within the borders of Riga City public transportation network, using personalized smart card (e-ticket).

Passengers', employees' of public transportation and public transport drivers' opinion were listened and evaluated during the entire year and traffic schedule improvements of 88 buses, 40 trams and 72 trolleybuses were made.

In traffic routes serviced by Riga Municipality Ltd. "Rigas satiksme" 83,1% of traffic buses and 83,2% of traffic trolleybuses are equipped with low floor and wheelchair lifts, thereby meeting needs of passengers with limited motor possibilities for accessible public transport. 26 low floor trams are equipped with wheelchair lifts.

Proceeding with improvement of traffic organization and road safety, following ERDF co-financed projects were launched in 2013:

- ◇ Renovation of K. Ulmana Avenue traffic crossover over the railroad, overall object expenses 2 384 862 lats;
- ◇ Reconstruction of crossing of access road of K. Ulmana Avenue and airport "Riga", works performed at sum of 1 204 338 lats in 2013;
- ◇ Realization of "Reconstruction and construction of a new traffic light object 2012 works performed at sum of 1 253 913 lats in 2013.

In 2013, periodical renewal of street and traffic crossing paving in 15 objects was performed at total area of 84 796 sq. m for sum of 1 817 393 lats.

In order to provide operation of main rainwater drainage system of street network, reconstruction of ditch on Kometas Street connection to rainwater drainage system on Muksalas Street in 2013 was started; reconstruction of culvert on Malienas Street and Jaunciema Avenue. These objects are planned to put into operation in 2014.

Following works were also performed for a total sum of 946 752 lats:

- ◇ reconstruction of unregulated pedestrian crossings in 8 locations, setting up additional illumination;
- ◇ newly created unregulated pedestrian crossings in 4 locations;
- ◇ established new pedestrian safety barriers at total length of 470 meters;
- ◇ construction of 21 speed humps;
- ◇ established bicycle stands in 7 locations;
- ◇ reconstruction of traffic light objects performed in 24 objects and repair works done in 14 objects, construction of power supply connections performed for 14 traffic light objects and power supply connection designed for 11 traffic light objects;
- ◇ placing speed limiting traffic signs near the educational institutions;
- ◇ performed traffic organization improvements on several streets and crossings;
- ◇ ERDF co-financed reconstruction of Vienibas Avenue from Kaplavas Street to Ozolciema Street works performed at sum of 1 049 369 lats;
- ◇ ERDF and private investor co-financed reconstruction of Kr. Valdemara Street and Daugavgrivas Street traffic hub, works performed at sum of 8 136 011 lats;
- ◇ South Bridge 3rd stage construction, works performed at sum of 10 701 922 lats;

The most significant investment projects and programs:

- ◇ Construction of South Bridge 3rd stage (section between Bauskas Street and Ziepniekkalna Street);
- ◇ Reconstruction of Vaveres, Caunes and Austruma Streets;
- ◇ Construction plan of tunnel joining Gertrudes and Daugavpils Streets under the railway.

Budget expense allocated to economic activity (k LVL)	2011 actual	2012 actual	2013 budget	2013 actual
Agriculture, forestry, fishery, and hunting	8.8	9.0	9.1	9.0
Mining, industry, and construction	2 757.6	4 952.9	8 964.1	6 210.7
Transportation	112 372.3	129 636.6	154 394.8	148 393.6
Other sectors	2 036.6	2 099.9	2 397.0	2 397.0
Other economic activity not classified above	499.6	733.0	1 093.3	784.3
Total basic budget expense	117 674.9	137 431.4	166 858.3	157 794.6
int.al. investment	1 021.3	6 781.8	12 745.9	11 131.6

PUBLIC ORDER AND SECURITY

In 2013, Riga Municipality Police (RMP) officials secured public order during 230 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 2013, Riga Municipality Police officials secured public order near 133 Riga City educational institutions, where 1 510 educational events were organized.

During the reporting year, 60 888 inhabitants' calls were maintained, 8 660 inhabitants' applications were received. In 2013, 17 290 persons were taken up by RMP for various violations, 506 of them were wanted persons.

By means of RMP video surveillance center 1 896 cases of law violation were recorded, 111 video records were submitted to law enforcement institutions. In 2013, RMP recorded 16 623 various administrative violations and penalty tickets were issued to 2 187 persons on the spot, 52 778 administrative violations protocols on violating stopping and parking regulations were issued. 6 408 administrative violations of Riga City public order regulations were recorded and 1 611 administrative violations of Riga City territory and building upkeep regulations were recorded.

In 2013, 90 administrative violations of water traffic rules were recorded, 19 raids and several inspections were

performed, when 487 illegal fishing tools were confiscated, 143 violations of fishing rules were recorded and 30 poachers were detained.

No fatal incident has occurred in places for swimming under supervision of the RMP since 2003; 7 swimmers were rescued on beaches in total and medical aid was rendered to 36 persons. In 2013, RMP civil defense specialists in emergency cases rendered help to 87 in total, performed 158 inspections and provided 6 consultations on civil defense measures.

Taking care of security of Riga guests and tourists, twenty-four hours phone service of Tourism Information Center served 236 phone calls and police rendered help to 382 foreign tourists in 2013.

In cooperation with employees of Control service of Ltd. "Rigas satiksme", 957 raids in Riga City public transport were performed, during which 15 wanted persons were taken up and 2 413 persons were warned about administrative responsibility.

RMP internet home page rpp.riga.lv is regularly updated and was viewed more than 268 000 times within a year. RMP Youtube account was visited 3 649 768 times and the number of registered readers reached 2 171 persons, while followers of RMP Twitter account reached 3 596. Various informative and educational aids and activities also are used for inhabitants' information and educating, int. al. brochures on security issues and informative handouts and participation in social campaigns.

Budget expenses allocated to public order and security (k LVL)	2011 actual	2012 actual	2013 budget	2013 actual
The police	9 624.7	10 836.8	11 485.6	11 459.6
Fire security, firefighting, rescue and civil security services	25.5	-	-	-
Other public order and security services not classified above	19.9	28.5	40.0	33.7
Total basic budget expense	9 670.1	10 865.3	11 525.6	11 493.3
int.al. investment	-	501.5	-	-

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

CORRUPTION PREVENTION

In 2013, following the corruption risks minimizing and corruption prevention tasks and corruption prevention plan and execution schedule defined for Riga City Municipality's institutions, structural units and enterprises, Riga City Council Bureaucracy Combating Centre evaluated performance of the Riga City Municipality's institutions and enterprises in this field, and prepared appropriate information for Riga Council Security, Public Order and Corruption Prevention Issues Committee, as well as for the evaluated institutions. According to the information provided by responsible Riga Municipality institutions and inspections done by Riga City Council Bureaucracy Combating Centre, almost all the planned activities for 2013 are accomplished and a number of other measures concerning corruption prevention were additionally performed.

During the reporting year, Riga City Council Bureaucracy Combating Centre performed evaluation of anticorruption plans and evaluation of execution results of 12 Riga Municipality institutions, structural units and enterprises and additionally evaluated operation regulation acts of 2 Riga Municipality enterprises.

In order to eliminate problems established during execution of corruption prevention measures, to render methodic aid to Riga Municipality institutions, to facilitate understanding of established problems and flaws and to find out more efficient solution of anticorruption measures, Riga City Council Bureaucracy Combating Centre:

- ◆ Organized work meetings in each Riga City Municipality institution;
- ◆ Organized Riga Municipality scientific and practical conference "Municipality - public service provider" in cooperation with Riga Council Security, Public Order and Corruption Prevention Issues Committee;
- ◆ Officials of Bureaucracy Combating Centre participated in special training courses and meetings organized by KNAB, where the results of Corruption prevention and combating program for 2009 – 2013 were evaluated, as well as new Corruption prevention and combating program for 2014 - 2018 was developed;
- ◆ Organized training and seminars on corruption prevention issues for employees of Municipality institutions, structural units and enterprises.

Based on received applications (complaints) on feasible conflict of interests of individual officials, as well as on corruptive activities carried out in public purchase, inspections were performed in Riga Municipality structural units in 2013. As a result of these inspections particular flaws were found, specific suggestions were offered for elimination of these flaws and reduction of corruption risks.

Continuing started practice of improvement of Riga Municipality institutions' public services, 34 services were evaluated, arranged and improved in total in 2013, offering suggestions for their further improvement and elimination of established flaws. Names and descriptions of these services were simplified and particularized within this process, separate service rendering processes were optimize, service rendering processes scheme were created, as well as possibilities of process

simplification, optimization, terms shortening and further development was created, in order to inform clients and facilitate process transparency, prepared schemes are placed in Riga City Municipality's home page. An opinion survey by phone on almost each discussed service, except public discussions, was performed clarifying opinions and satisfaction about the discussed services and set of rendered service was added with new ones.

Riga City Council Bureaucracy Combating Centre has evaluated and improved more than 135 Riga City Municipality rendered public services in total within three years, what is 50% from approximately 270 services.

INTERNAL AUDIT

According to the Riga City Council Audit Directorate 2013 plan of internal audit realization approved by Riga City Council Chairman, in 2013, Riga City Council Audit Directorate performed 10 internal audits, int. al. 9 audits as internal control system evaluation audits of specific Riga Municipality institutions (1-5 system audits performed within each audit, 21 in total) and 1 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 72 suggestions were included in total.

In 2013, Riga City Council Audit Directorate, with a goal to verify the legality and effectiveness of utilization of Riga Municipality's financial resources, performed 6 inspections of financial and economic activities and 1 inspections of utilization of subsidies allocated to association and foundations. The legal documents of the performed investigation contain 18 suggestions on elimination of the found offences and flaws. In 2013, Riga City Council Audit Directorate has also performed 9 inspections of financial and economic activities in Riga Municipality's enterprises, preparing 58 suggestions for elimination of established offences and flaws. Riga City Council Audit Directorate performs supervision of implementation of the suggested measures.

OPERATION IMPROVEMENT

In 2013, adoption of 16 Riga City Municipality's information systems for introduction of to euro currency were performed, three new e-services were introduced in Riga Municipality portal www.eriga.lv: marketing authorization, POS terminals and payment card solution, submission of e-bills, improvements of preschool educational institutions' queue e-service were done, Purchasing module, what is providing publishing of the information in municipal portal, was created and commissioned, the first level of e-service "Geospatial information" was realized, as well as united management of electronic addressed was introduced, etc. improvements.

In 2013, the necessary measures were taken to introduce centralized record keeping control system in Riga educational institutions, new version of record keeping system "Kadri" was introduced in all the institutions subordinate to ECSD, Riga Municipality united information system's "HORIZON" software "Tedis" was introduced. Centralized management model of subsystem "Līgumi 2" of agreements' record keeping system was introduced.

STATE AUDIT OFFICE'S REPORT AND MEASURES TAKEN BY MUNICIPALITY

The State Audit Office of the Republic of Latvia performed three legality audits.

In accordance with audit report September 20, 2013 No. 5.1-2-42-1/2012 „Software management assessment in local governments and local government educational institutions”¹ the objective of the audit was to verify compliance of software recording and management with regulatory enactments, as well as to assess the effectiveness of software management. During the audit the Riga City Municipality was provided with three recommendations, int. al.:

- (i) to perform the audit of the software used in computers, evaluating if the use of software is in compliance with licensing terms;
- (ii) to evaluate if the use of the software, individually purchased by employees, is submitted, permitted and is in compliance with municipality's internal procedure of information technology management;
- (iii) to perform activities in order to reduce possible information technology security risks and threat to the operation of information systems of the institution, as well as in order to conform the information technology security normative documentation with the urgent situation in data protection sphere.

Implementation of State Audit Office suggestions are in progress and will be continued until 2016, int. al.:

- (i) evaluation of hardware of educational institutions' workstations is performed, update, customization or reinstallation of operational system and software and connection of workstations to educational institutions' active directory, which provides users' authorization and authentication tools, as well as connection of workstations to centralized management system (Microsoft System Center Configuration Manager 2012), which includes also antivirus software (Microsoft System Center Endpoint Protection 2012);
- (ii) a plan of computer facilities operation provision is prepared after the license agreement period for operational system Windows XP and office software Microsoft Office 2003;
- (iii) computer facilities purchase source document are processed according to the defined requirements, specifying software for each computer unit.

In accordance with audit report June 13, 2013 No 5.1-2-40/2012 “Riga City Council and Riga Service, LLC with current legislation, and their suitability in providing maintenance and management for Riga city schools and kindergartens, social care institutions, and other real estate administered by the Riga City Council Property

Department”² the objective of the audit was to obtain assurance that activities of municipality's and “Riga Service”, LLC provide Riga city schools and preschool education institutions, social care institutions, and other real estate administered by the Riga City Council Property Department with suitable property management in compliance with the requirements of legislation. Nine suggestions were provided to Riga City Municipality, implementation of which are in progress according to the time schedule and seven of them are already fully implemented, int. al.:

- (i) “Riga Service”, LLC medium-term strategy was updated in conformity with goals and objectives defined by municipal planning documents, as well as performance indicators of these goals and evaluation procedure of reached results were specified;
- (ii) “Riga Service”, LLC has developed accounting organization documents, control of transaction accounting entries was intensified, audit of all accounts was performed, as well as person in charge for accounting information system risk analysis and regularity of risk analysis performance was appointed;
- (iii) “Riga Service”, LLC purchase plan is confirmed for 2014 and document forwarding and document circulation schemes are developed, regulations on circulation and storage of accounting forms, etc., are developed (appendix for methodology of accounting performance and organization).

In accordance with audit report November 15, 2013 No 5.1-2-6/2013 “Riga City Municipality actions with the requirements of regulatory enactments, when providing children place in a preschool education institution”³ the objective of the audit was to obtain assurance that Riga City Municipality provides children places in preschool education institutions according to the requirements of regulatory enactments. Riga City Municipality was provided with five recommendations in following spheres:

- (i) enrolment of children and creation of groups in preschool education institutions;
- (ii) management of applications registered in Preschool queue electronic database and granting prior status by “Commission resolution”;
- (iii) municipality's cooperation with private preschool education institutions in provision of preschool education institution services for children.

State Audit Office suggestions are implemented in accordance with schedule, int. al. order of preschool education provision function is defined by municipal internal regulations.

¹ Audit reports. [on-line].
[viewed in May 15, 2014]. Available:
<http://www.lrvk.gov.lv/upload/R%C4%ABga%20-%20Rev%C4%ABzijas%20zi%C5%86ojums.pdf>

² Audit reports. [on-line].
[viewed in May 15, 2014]. Available:
http://www.lrvk.gov.lv/upload/RigasServiss_Zinojums.pdf

³ Audit reports. [on-line].
[viewed in May 15, 2014]. Available:
http://www.lrvk.gov.lv/upload/Rev%C4%ABzijas_zi%C5%86ojums_15%2011%202013.pdf

RIGA MUNICIPALITY PARTICIPATION IN INTERNATIONAL COOPERATION PROJECTS

In 2013, cooperation of the previous years between Riga Municipality and international institutions, organizations and cities of various countries int. al., with 30 Riga commonwealth cities was continued. Within the cooperation framework, Riga City organized or participated in a number of international and national culture, education, sports, city planning and development, transportation and traffic infrastructure planning and development, public utilities, environment protection, tourism, as well as other areas important for the Municipality.

The most significant international projects performed during 2013 in association with execution of Riga territory plan were as following:

- ◆ Project of Northern Transportation Corridor was continued, which goal 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 the Riga by-pass road, providing Riga port first connection with TEN-T motor highway network. Besides, Northern Corridor improves connection with neighboring regions, as well as transport opportunities of Ventspils and Liepaja ports. In 2013, project preparation and preliminary research was performed with a goal to unburden Riga centre from transport load, to improve environmental conditions in Riga centre and city environment quality in general. Financing for project implementation was allocated within TEN-T support program by the end of 2013;

- ◆ Project "Co2ol Bricks", which goal is to find technological solutions for energy efficiency improvement in historical buildings, maintaining their cultural heritage or historical value, putting an accent on historical brick buildings within this project. In 2013, project implementation was continued, int. al. purchase tender on designing works was organized and development and coordination of draft of sketch detail design was performed. In 2013, reconstruction of build on Maskavas Street 8 was performed, where use of various heat insulation materials is planned. Project has been finished;

- ◆ The goal of revitalization project of degraded territories between Maskavas, Krasta and Turgeneva Streets is to provide revitalization of Riga City's degraded territories in accordance with Historic Centre of Riga and its protection area plan, transforming it into a publicly accessible cultural, educational and active recreation environment for inhabitants and tourists. Construction of Spikeru block and Daugava River embankment from the Railway Bridge to the Island Bridge was finished in 2013, where improvement of Spikeru block territory was performed, renovated and reconstructed Daugava River embankment, pedestrian roads and bikeways were created and skatepark construction works were done;

- ◆ Riga City Municipality was represented in international cooperation project "Baltic Sea World Heritage - Cooperation for Prosperity" working groups and seminars. The goal of the project is to create a base for long-term cooperation between the Baltic Sea region states and cities, what possess common UNESCO World heritage values;

- ◆ Project "Strengthening tourism potential of Grizinkalns cultural heritage";
- ◆ Project "Revitalization of Grizinkalns and alongside Miera darzs territories";
- ◆ Reconstruction of Agenskalns marketplace 1st stage.

Following projects were also launched and implemented: project (MEAN) - The Network of European Metropolitan inhabitants, project "Science bond. Innovations for economical development and business support in the Baltic region", Palace Square reconstruction project, Riga Zoo construction project "Savanna of Africa", project "CITIE4DEV", project Protection of littoral biotope in country park "Piejura" (CoHaBit) and other projects.

In 2013, Riga Municipality ECSD continued implementation of ERDF project "Provision of appropriate resource base for qualitative study of natural science in 63 Riga schools".

In 2013, number of RMLtd health care institutions started and realized several investment projects financed by ERDF with a goal to improve accessibility of health care services for Rigans and family doctors' infrastructure.

Riga Municipality is a cooperation partner and regularly takes part in activities of following international organizations and institutions:

- ◇ Baltic Metropolises cooperation network BaltMet;
- ◇ Union of Baltic Cities UBC;
- ◇ Network of major European cities EUROCITIES;
- ◇ The Network of European Metropolitan Regions and Areas METREX;
- ◇ European Council Committee on Local and Regional Democracy CDLR;
- ◇ Congress of Local and Regional Authorities of Europe CLRAE;
- ◇ Association of European cities enabling sustainable energy policy Energy Cities;
- ◇ Network of European cities "Cities for Children";
- ◇ Union of European Union Capitals UCEU;
- ◇ European Union Committee of the Regions CoR;
- ◇ United Nations Educational, Scientific and Cultural Organization UNESCO;
- ◇ Hydrogen Fuel Cells and Electro-mobility in European Regions (HyER);
- ◇ Modern times Union of Hanseatic Cities Städtebund DIE HANSE;
- ◇ Festival of European folk culture and art Europeade;
- ◇ International Council for Local Environmental Initiatives ICLEI;
- ◇ Organization of World Cultural Heritage Cities OWHC, etc. organizations.

In 2013, Riga City Council Foreign Relations Section also coordinated and organized 170 delegations of Riga City Council officials and office-workers abroad and provided reception of 33 foreign official delegations and groups in Riga City Council, as well as provided support in events of various kind and significance in Moscow, St. Petersburg, Minsk, Beijing, Yerevan, Bordeaux, Kobe, Berlin, Norrköping, Aalborg, Tbilisi, Pori, Rostock, Suzhou, Tallinn, Vilnius etc. cities.

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

PROMOTION OF INHABITANTS' AWARENESS AND EDUCATION

A lot attention in Riga City Municipality activities is paid to develop direct link between municipality and society. In this process investigation of inhabitants' position has essential importance. Riga Municipality regularly orders social surveys on import municipality's operation issues. Researches performed in 2013 included questions on inhabitants' opinion about implemented improvements in security and social services sphere, construction of new traffic objects, attitude against cultural events organized by Riga Council, etc. Survey results as well as Rigan viewpoints expressed in public discussions are used in further activities; they affect either Riga Municipality decisions, or development and their progress.

In 2013, the information on 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 was provided to inhabitants on regular basis. Inhabitants were also informed about planned events in Riga within program Riga - Cultural Capital of Europe 2014, amendments in municipal binding rules and regulations, on examination process of privatization and alienation proposals, various project competitions, business environment, raise of European Union funds and many other issues, an opportunity to receive real estate tax relief, allowances for paid services, problems concerning kindergartens. Inhabitants have free access to information on operation of Visitors' Reception Centre and Social Service, reduction of bureaucracy in municipal institutions, Riga Municipality Police support for inhabitants and tourists and many other issues.

In order to inform society about processes in Riga, Municipality continued active cooperation with mass media. The most topical and striking Municipality's events were reflected in newspapers, television and radio broadcasts. Press conferences were regularly held in Riga City Council, where Chairman of Riga City Council and other municipal officials informed mass media about the decisions made and other current events, various informative reports were prepared by journalists' request and interviews and comments were given.

Information defined in normative acts and other important information was published in newspapers and Riga Municipality's home page www.riga.lv, content of which is renewed and updated several times a day. All the most important information on City and Municipality is available in home page: normative acts, agenda of Riga City Council and its Committees' sessions and documents to be examined, Council passed resolutions and resolution projects, information about planned and actual events in City and Municipality. Information on Municipality structure, competences of municipal structures, officials and contacts is supplied. Another kind of information also is published in homepage - about tenders, auction and competitions, data on air quality in real-time mode etc.

In 2013, forum "Riga resounds - inhabitants speak!" was organized by ECSD, where 200 participants took place. Forum gave a chance to review accomplishments by evaluating ideas and suggestions that were created

during the previous forum and implemented in to Municipality's operation, as well as to participate in any of the four idea workshops. In 2013, memorandum of cooperation between Riga Council and nongovernmental institutions was created. Goal of the memorandum is to facilitate involvement and active participation of society in decision making and realization in Riga Municipality and developing regular partnership between municipality and nongovernmental institutions. Memorandum was signed by 92 nongovernmental institutions.

In 2013, ECSD organized project competition within society integration program for NGO. 89 project applications were submitted during project competition. As a result of completion, 27 projects were selected, int. al. in sphere of civic engagement and development of mutual cooperation - 8 projects, 12 - in sphere of facilitation of social integration and 7 projects in sphere of facilitation of tolerance and prevention of any discrimination.

Information on Municipality's operation, rendered services and realized activities can be found 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, as well as in internet sites www.iksd.riga.lv, www.e-skola.lv, www.sports.riga.lv, www.kultura.riga.lv and elsewhere.

COOPERATION WITH PRIVATE SECTOR

Two public discussions on construction plans took place in 2013:

- ◇ Koknese Boulevard 1A engineering preparation – construction plan of sound barrier in neighborhood of Mezaparks, Gustava Zengala Avenue, Riga;
- ◇ Communication base station, in neighborhood of Jugla, Nautrenu Street, Riga;

Public discussions of three detailed plan drafts and one local plan were performed:

- ◇ For territory between Ceraukstes Street, Padures Street, Kazdangas Street and Bisumuizas Ditch (three collective applications-suggestions were received during public discussion (each of them signed by 32 inhabitants), as well as one individual application);
- ◇ For territory near Juglas Street, Ūdelu Street and Mazas Juglas Street in Jugla neighborhood (written suggestions were received from 10 inhabitants);
- ◇ For territory between Juglas Street and Maza Juglas Street in Jugla neighborhood (written suggestions were not received);
- ◇ Public discussions local plan for territory of culture and recreation park "Mezaparks" (written suggestions were received from 59 inhabitants).

Society was provided with an opportunity to get acquainted with territory plan of Historic Center of Riga and its protection area and final draft of Riga territory utilization and building regulations, where written suggestions were received from 133 inhabitants.

During the public discussions about 700 suggestions from 179 sources were received.

ACTIVITIES PLANNED FOR THE NEXT YEAR

LAUNCHED PROJECTS THAT WILL BE CONTINUED

Work on following projects is planned to be continued in 2014:

- ◆ Actualization of real estate property records for execution of municipal functions in accordance with amendments in development plan documents and evaluation of efficient utilization possibilities of these properties for municipality's needs;
- ◆ Implementation of reconstruction, restoration and construction project of Latvian National Museum of Art building on Kr. Valdemara Street 10A;
- ◆ Reconstruction of building of Riga Municipality Ltd. "Riga 1st hospital" on Bruninieku Street 5 and O. Kalpaka Street, and reconstruction of building of Riga Oskara Kalpaka Elementary school for Folk Arts and Craft on Skrindu Street 1;
- ◆ 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 really jeopardize public safety;
- ◆ One of the greatest events in terms of importance and quantity of activities in 2014 will be project "Riga - Cultural Capital of Europe 2014". Project Cultural Capital of Europe is result of cooperation between various EC, State, municipal and private institutions, which receives financing from various sources - State financing comprises 44,57% from the total budget, Riga City Municipality's financing comprises 36,2%, but the rest of the budgetary funds was financed from partner city Sigulda budget, which is executed by partner city, foundation financing from EU funds and EU support program "Culture" In 2014, foundation "Riga 2014" continued its activities with goal to implement project "Riga - Cultural Capital of Europe 2014". Foundation performed active work with calendar of events in 2014 and team building. In 2014, reconstruction will be performed in a number of city's parks, squares and gardens, as well as several huge projects, of which as the most striking example reconstruction of Latvian National Museum of Art should be mentioned. In cooperation between wide range of artists, Rigans, State institutions, municipalities of Latvia and cultural institutions, cultural events of the year are created at a high international level with a touch of Europe's and world's whiff.

MAIN TASKS OF THE NEXT YEAR AND PLANNED COOPERATION PROJECTS

In 2014, ECSD, according to "RC ECSD Action Plan 2012 - 2014", will continue realization of defined long-term goals and set priorities:

- ◇ Accessibility of comprehensive education and provision of varied qualitative educational programs, as well as facilitation of qualitative educational and administrative processes in institutions and creation of engaging educational environment;
- ◇ Provision of educational institutions with material technical basis in compliance with educational process requirements;
- ◇ Facilitation of lifelong education;
- ◇ Facilitation of out-of-school and vocational education diversity, quality of program implementation and accessibility and popularity;
- ◇ Organization and support of camps for children and youth;
- ◇ Facilitation of youth organizations' participation in youth work;
- ◇ Provision of cultural process and preservation of the traditional cultural;
- ◇ Organization of national sport events and support for various target groups;
- ◇ Facilitation of creation of integrated, solitaire, and socially responsible society;
- ◇ Efficient and useful management of Municipality's financial resources, property and resources, as well as provision of actual information for inhabitants.

In January, 2014, Riga will become cultural capital of Europe and the most large scale event program in entire cultural history of Latvia will take place all year-round, involving more than 12 000 participants from almost a hundred various cultural organizations, State and municipal cultural institutions and nongovernmental cultural organizations. In implementation of the artistic program of cultural capital of Europe more than 1 900 artists will participate.

In the year of Cultural Capital of Europe, many of events will take place in Latvia for the first time. The following should be mentioned:

- ◇ During campaign "Path of Light - The Chain of Book Lovers" new building of National Library of Latvia will open its doors for visitors for the first time.
- ◇ Contemporary theatre program *forte forte*, what will be a series of performances of the most influential Europe stage directors' all year-round.
- ◇ The World Choir Games will take place in Latvia for the first time, what will gather more than 20 000 singers from the entire world.
- ◇ In December 13, 2014, European Film Academy awarding ceremony will take place in Riga for the first time.
- ◇ Events dedicated to International dancing day;
- ◇ As well as art exhibitions, concerts and movie shows of famous artists and more than 300 other various events of cultural life.

RIGA MUNICIPALITY CONSOLIDATED FINANCIAL STATEMENTS 2013 (SUMMARY)

RIGA MUNICIPALITY SUMMARY BALANCE SHEET	31.12.2012. (k LVL)	31.12.2013. (k LVL)
ASSETS	2 482 653.1	2 450 320.9
Long-term assets	2 367 446.1	2 375 123.6
Intangible assets	3 094.8	2 916.2
Development activities and programs	407.5	331.6
Licenses, concessions and patents, trademarks and similar rights	2 625.1	2 280.8
Other intangible assets	48.7	8.6
Creation of intangible assets	12.3	294.0
Prepayments on intangible assets	1.2	1.2
Tangible fixed assets	1 928 769.2	1 918 695.7
Land, buildings and structures	1 762 566.1	1 711 410.4
Technological equipment and machinery	1 287.2	1 021.1
Other tangible fixed assets	30 705.5	30 141.3
Creation of tangible assets and unfinished construction	82 892.0	114 830.9
State and municipal real estate property assigned for actual possession	43 584.7	58 184.9
Biological and underground assets	6 976.8	2 933.0
Long-term investments in leased assets	61.2	36.3
Advance payments for tangible fixed assets	695.7	137.8
Financial investments	435 582.1	448 165.2
Investments in equity capital of related enterprises	391 604.7	408 955.2
Investments in equity capital of associated enterprises	36 322.9	38 098.6
Long-term loans	1 858.3	1 111.4
Long-term requirements	5 796.2	-
Long-term requirements and allowances for doubtful long-term requirements	-	5 346.5
Other long-term requirements	-	5 346.5
Current assets	115 207.0	75 197.3
Inventory	30 244.8	17 901.0
Debtors	9 324.9	7 495.0
Prepaid expenses and prepayments for services and projects	1 627.8	2 368.2
Securities and short-term investment in equity capital	5 244.9	1 771.0
Cash and cash equivalents	68 764.6	45 662.1
LIABILITIES	2 482 653.1	2 450 320.9
Equity	1 923 355.2	1 812 879.8
Reserves	109 310.5	72 886.5
Results of the budget execution	1 814 044.7	1 739 993.3
Retained budget surplus for the prior reporting years	1 857 794.5	1 814 044.7
Budget surplus or deficit for the reporting year	-43 749.8	-74 051.4
Provisions	1 358.1	1 062.0
Liabilities	557 939.8	636 379.1
Long-term liabilities	501 483.8	576 103.2
Long-term borrowings	102 586.9	119 719.8
Long-term liabilities to suppliers and contractors	272 758.5	258 372.6
Long-term accrued liabilities	79 381.5	155 763.1
Other long-term liabilities	46 756.9	42 247.7
Current liabilities	56 456.0	60 275.9
Current liabilities and current part of long-term liabilities	8 227.8	4 981.3
Current liabilities to suppliers and contractors	23 168.4	27 236.5
Current liabilities for prepayments received	431.5	-
Current accrued liabilities	13 814.5	13 172.6
Wages and deduction payments (excluding taxes)	247.9	285.1
Taxes and social security payment	339.0	997.7
Other current liabilities	2 410.0	7 689.0
Deferred income and received prepayments	7 816.9	5 913.7
Deferred income and received prepayments	-	1 251.6
Received prepaid transfers	-	4 662.1

RIGA MUNICIPALITY SUMMARY BALANCE SHEET	31.12.2012. (k LVL)	31.12.2013. (k LVL)
OFF-BALANCE SHEET		
Leased assets	1 779.6	1 970.1
Off-balance sheet assets	4 599.6	6 173.0
Demurrages and fines receivable	312.4	2 562.0
Actions of detinue	57.7	50.4
Other off-balance sheet assets	4 229.5	3 560.6
Off-balance sheet liabilities	386 199.3	333 877.7
Future payments according to agreements concluded on projects financed by foreign financial aid and EU policies' instruments	17 149.6	5 985.6
Future liabilities and payments according to agreements and government decisions on long-term assets and purchase and creation of special military equipment, except those concluded on projects financed by foreign financial aid and EU policies' instruments	178 850.1	139 457.1
Future liabilities and payments according to agreements and government decisions on purchase of widgets, except those concluded on projects financed by foreign financial aid and EU policies' instruments	5.7	2.2
Outstanding prepayment source documents	18.2	55.2
Future rent payments	10.4	231.5
Warranties issued	7 827.9	6 912.7
Other off-balance sheet liabilities	182 337.4	181 233.4

INCOME STATEMENT	2012 actual	2013 actual
Accrual basis	(k LVL)	(k LVL)
Total revenues	537 766.3	575 915.7
Total tax revenues	345 455.6	356 817.0
Personal income tax	283 225.7	295 837.4
Property taxes	58 986.5	57 700.2
int.al. real estate tax on land	25 367.7	23 381.8
int.al. real estate tax on buildings	24 307.1	25 248.2
int.al. real estate tax on housing	9 311.7	9 070.2
Other tax revenue	3 243.4	3 279.4
Total non-tax revenues	56 253.7	61 488.8
Government (municipality) fees	3 041.0	3 574.0
Other non-tax revenues	53 212.7	57 914.8
Total revenue from paid services and other own revenue	58 480.8	69 874.3
Total transfers	77 576.2	87 735.6
State budget transfers	77 576.2	86 750.8
State budget transfers allocated for specific purpose	72 911.9	73 952.0
Transfers received from state institutions for projects (arrangements) co-financed by EU policies' instruments and other foreign financial aid	3 988.8	12 284.0
Other state budget transfers	675.5	514.8
Municipal budget transfers	-	984.8
Total expenses by government function*		
Total expenses	582 614.7	648 795.3
General governmental agencies	204 107.8	237 616.1
int.al. deposits to municipal cohesion fund	49 933.4	49 580.2
Public order and security	10 157.2	11 198.4
Economic activity	145 702.8	162 064.5
Environment protection	879.0	1 114.6
Municipal territory and housing management	16 054.4	22 476.1
Health care	385.3	497.6
Recreation, culture, and religion	14 339.8	17 491.7
Education	145 285.6	154 693.3
Social security	45 702.8	41 643.0
Budget surplus or deficit	-44 848.4	-72 879.6

*Statement of budget expenses by government function has been prepared in accordance with the Republic of Latvia Cabinet of Ministers Regulations No. 934 "Regulations on the classification of budget expenses by functional categories"

INCOME STATEMENT ON DONATIONS AND ENDOWMENTS	2012 actual	2013 actual
Accrual basis	(k LVL)	(k LVL)
Total revenues	1 280.0	598.9
Donations and endowments from legal entities and individuals	1 280.0	598.9
Donations and endowments for education	191.6	236.6
Donations and endowments for social care	11.7	19.6
Other donations from legal entities and individuals	1 076.7	342.7
Total expenses by government function*		
Total expenses	181.4	1 770.9
General governmental agencies	3.9	1 010.0
Municipal territory and housing management	0.1	0.1
Recreation, culture, and religion	9.8	558.8
Education	153.5	189.6
Social security	14.1	12.4
Budget surplus or deficit	1 098.6	-1 172.0

*Statement of budget expenses by government function has been prepared in accordance with the Republic of Latvia Cabinet of Ministers Regulations No. 934 "Regulations on the classification of budget expenses by functional categories"

RIGA MUNICIPALITY CONSOLIDATED FINANCIAL STATEMENTS 2013 (SUMMARY)

INCOME STATEMENT	2012 actual	2013 budget	2013 actual
Cash flow basis	(k LVL)	(k LVL)	(k LVL)
Total revenues	473 546.2	503 261.1	489 660.8
Total tax revenues	345 611.9	360 226.8	358 625.0
Personal income tax	283 565.4	300 010.5	296 061.9
Property taxes	58 803.3	56 766.3	59 283.7
int.al. real estate tax on land	24 911.0	23 578.0	23 988.4
int.al. real estate tax on buildings	24 996.8	24 414.5	26 003.6
int.al. real estate tax on housing	8 895.5	8 773.8	9 291.7
Other tax revenue	3 243.2	3 450.0	3 279.4
Total non-tax revenues	26 848.1	29 679.3	22 565.7
Government (municipality) fees	3 674.5	2 441.5	3 430.5
Other non-tax revenues	23 173.6	27 237.8	19 135.2
Total revenue from paid services and other own revenue	21 815.6	24 373.8	23 117.2
Total transfers	79 270.6	88 981.2	85 352.9
State budget transfers	79 270.6	88 981.2	84 368.9
State budget transfers allocated for specific purpose	72 754.2	78 100.0	75 272.9
Transfers received from state institutions for projects (arrangements) coo-financed by EU policies' instruments and other foreign financial aid	5 943.5	10 471.0	8 718.3
Other state budget transfers	572.9	410.2	377.7
Municipal budget transfers	-	-	983.9
Total expenses by government function*			
Total expenses	487 311.1	554 944.3	529 576.0
General governmental agencies	76 919.1	83 175.9	76 434.1
int.al. deposits to municipal cohesion fund	49 797.9	50 981.4	48 623.2
Public order and security	10 865.3	11 525.6	11 493.3
Economic activity	137 431.4	166 858.3	157 794.6
Environment protection	1 569.1	1 892.9	1 771.6
Municipal territory and housing management	19 921.3	29 397.7	26 962.5
Health care	3 151.8	4 751.6	4 492.4
Recreation, culture, and religion	18 532.1	25 135.5	24 218.6
Education	161 402.1	169 033.7	166 226.4
Social security	57 518.9	63 173.1	60 182.5
Cash and cash equivalents at the beginning of the year	77 891.1	67 572.6	67 572.6
Cash and cash equivalents at the end of the year	67 572.6	37 744.3	45 340.1

*Statement of budget expenses by government function has been prepared in accordance with the Republic of Latvia Cabinet of Ministers Regulations No. 934 "Regulations on the classification of budget expenses by functional categories"

INCOME STATEMENT ON DONATIONS AND ENDOWMENTS	2012 actual	2013 budget	2013 actual
Cash flow basis	(k LVL)	(k LVL)	(k LVL)
Total revenues	1 112.1	855.3	206.3
Donations and endowments from legal entities and individuals	1 112.1	855.3	206.3
Donations and endowments for education	61.4	90.4	63.5
Donations and endowments for social care	2.4	5.1	2.9
Other donations from legal entities and individuals	1 048.3	759.8	139.9
Total expenses by government function*			
Total expenses	104.0	2 005.0	1 074.7
General governmental agencies	27.7	1 791.2	1 001.5
Municipal territory and housing management	9.0	6.4	-
Recreation, culture, and religion	2.2	28.9	19.0
Education	60.5	169.9	51.3
Social security	4.6	8.6	2.9
Cash and cash equivalents at the beginning of the year	179.3	1 187.4	1 187.4
Cash and cash equivalents at the end of the year	1 187.4	37.7	319.0

*Statement of budget expenses by government function has been prepared in accordance with the Republic of Latvia Cabinet of Ministers Regulations No. 934 "Regulations on the classification of budget expenses by functional categories"

EXPLANATION OF BASIS OF PREPARATION OF SUMMARY CONSOLIDATED FINANCIAL STATEMENTS 2013

These summary consolidated financial statements including Riga City Municipality's summary balance sheet as of 31 December 2013, basic budget income statement for 2013 (accrual basis and cash flow basis) and income statement of donations and endowments (accrual basis and cash flow basis) are prepared on the basis of audited Riga City Municipality consolidated financial statement for 2013, based on following principles:

- ◇ Balance sheet is presented identical to that, what is included in audited consolidated statements of Riga City Municipality 2013 (k LVL) (Form No. 1);
- ◇ Basic budget income statements (accrual basis and cash flow basis) are prepared based on information, what is included in audited Riga City Municipality consolidated statement 2013 (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, what is included in audited Riga City Municipality consolidated statement 2013 (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 Regulations No. 1115 "Regulations on preparation of financial statements of state budget institutions and municipalities" issued by the Cabinet of Ministers on 15.10.2013., information on Riga City Municipality's consolidated financial statements is available at the State treasury's home page from 1 July 2014.

AUDITOR'S REPORT

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

To the Riga City Council

The accompanying summary financial statements set out on pages 32 to 36, which comprise the summary balance sheet as at 31 December 2013 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 financial statements of Riga Municipality for the year ended 31 December 2013, as described in Note "Basis of preparation of summary financial statements". We expressed a qualified opinion on those financial statements in our report dated 28 April 2014 (see below). Those 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 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 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 as described in Note "Basis of preparation of summary financial statements".

Auditor's 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 financial statements of Riga Municipality for the year ended 31 December 2013 are consistent, in all material respects, with those financial statements, on the basis described in Note "Basis of preparation of summary financial statements".

However, the summary financial statements are misstated or possibly misstated to the equivalent extent as the audited financial statements of Riga Municipality for the year ended 31 December 2013. The misstatement and possible misstatements of the audited financial statements are described in our qualified audit opinion in our report dated 28 April 2014. Our qualified audit opinion is based on the following:

Basis for qualified opinion - limitations of scope

(a) Completeness and accuracy of carrying amount of properties

In 2009 the Municipality recognized in the balance sheet previously unrecognized land which was owned by or attributable to the Municipality, based on the information provided by the State Real Estate Cadastral Information System and amounts included in this system. Municipality also continues to identify buildings attributable to the Municipality which have not been previously recognized in the books of the Municipality. Such land and buildings are gradually being registered in the Land Register and during this process the ownership of properties with previously uncertain possession is clarified as well. As a result of this process, numerous adjustments are made to the recorded amounts concerning the carrying value of the properties and area of the land plots. It is expected that the value of the properties during subsequent periods will be adjusted as previously unrecognized buildings will be recorded in the accounts and the values and area of the recorded land plots and buildings attributable to the municipality will be clarified. As this process is ongoing, the management is not able to determine the amount of adjustments to the carrying value of the properties recorded which might be necessary as of 31 December 2013 and 2012. As a result, we were not able to obtain sufficient appropriate audit evidence about the completeness of the properties and accuracy of the carrying amounts of properties not yet registered in the Land Register which were recorded in the Municipality's consolidated financial statements as of 31 December 2013 and 2012.

(b) Recoverable amount of capitalized project costs

As at 31 December 2013, the costs of the Northern Crossing project in the amount of LVL 9 million (LVL 9 million as of 31 December 2012) have been capitalized in the Municipality's balance sheet as "Unfinished construction". These costs mainly relate to impact on environment assessment, economical and technical feasibility studies and sketch design. Considering the current economic conditions in Latvia and magnitude of the total estimated project costs, there is a significant uncertainty related to timing and extent of realization of this project. The management has not assessed there coverable amount of capitalized Northern Crossing project costs as at 31 December 2013 and 31 December 2012. In the absence of reliable information to assess the recoverability of this asset, we were unable to satisfy ourselves as to the carrying value of capitalized Northern Crossing project costs as of 31 December 2013 and 2012 by other audit procedures.

*Basis for qualified opinion – material misstatement**(c) Classification of fixed assets*

Included in the Municipality's balance sheet as "Unfinished construction" as at 31 December 2013 are infrastructure objects in the total amount of LVL 59 million that were effectively completed and were in physical use as at 31 December 2013, however, they were not reclassified as "Land and buildings" due to the absence of the acceptance deed by the Construction Board. Cabinet of Ministers of the Republic of Latvia Regulations No 1486 "Regulations on the accounting for budgetary institutions" provide that account "Unfinished construction" shall include costs of development of fixed asset up to the date when it is passed into use (exploitation). In our opinion, considering that the above mentioned assets were completed and in use as at 31 December 2013, they could not be regarded as unfinished construction and should have been reclassified as "Land and buildings". If the Municipality had reclassified the abovementioned assets, then as at 31 December 2013 within the fixed asset group, the item "Land and buildings" would increase and item "Unfinished construction" would decrease by LVL 59 million.

Our qualified audit opinion states that, except for the possible effects of matters described in the paragraphs (a) and (b) of the section "Basis for qualified opinion - limitations of scope" and for the effect of the matter described in the paragraph (c) of the section "Basis for qualified opinion – material misstatement", those financial statements give a true and fair view of the financial position of the Riga Municipality as of 31 December 2013 and its financial performance and its cash flows for the year then ended in accordance with the Regulations No. 1115 "Regulations on preparation of annual report" issued by the Cabinet of Ministers of the Republic of Latvia on 25 October 2013.

PricewaterhouseCoopers SIA
Certified audit company
Licence No. 5



Ilandra Lejiņa
Member of the Board



Lolita Čapkeviča
Certified auditor in charge
Certificate No. 120

Riga
28 May 2014