



RIGA MUNICIPALITY ANNUAL REPORT 2010



Riga, 2011

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REPORT OF RIGA CITY COUNCIL CHAIRMAN



In 2010, Riga Municipality continued successful realization of its long-term financial policy, ensuring the financial stability and budget integrity of Municipality.

In 2010, indications of stabilization of economical and financial state were observed, however municipal budget and financial sphere was affected by the tax policy implemented by the State as well as limits for the municipalities' liabilities appointed by the State.

Although Riga Municipality budget revenue exceeded the planned income for 5,1% in 2010, they were 2,9% less compared with previous year.

Riga Municipality budget plan for expenses was fulfilled for 92% of the planned amount. Compared with the previous year, in 2010 budget expenses reduced by 11,9%, int. al., maintenance expenses – by 12,8%. Due to economic crisis in the last two years Municipality's budget revenue has reduced by 172,3 million lats. However, by performing structural administration reforms and sharp reduction of operational expenses, especially compensation expenses, Riga Municipality has managed to reduce the total amount of expenses by 179,6 million lats, achieving effective fiscal consolidation of 7,3 million lats within two years.

By means of strong control over budget execution Riga Municipality struck the balance of 2010 with budget surplus, providing sufficient financial resources to meet its liabilities for the next years.

There were 145,1 million lats in total allocated from the Riga Municipality budget for education development, that formed approximately 35% of all Municipal budget expenditures. In 2010, Riga Municipality continued improvement of city's education infrastructure. Renovation of Riga Sanatorium elementary boarding school was covered by municipal investment program funds of 4 million lats in total. Renovation of buildings was performed in Riga 13th, 15th and 85th, as well as in Anninmuiza Secondary school. Improvement of energy consumption effectiveness, construction of fire detection system and renovation of wiring system and kitchens in educational institution buildings was performed from Riga Municipality budget resources.

During the financial year Riga Municipality continued to provide social aid for city's inhabitants. Although a slight stabilization in the sector of employment was observed, the situation in social sphere still remained hard, what was characterized by high unemployment rate and decrease in inhabitants' income. In 2010, Municipality financing for social allowances increased by 44%, compared with the previous year, and approximately 18 million lats were spent for this purpose. As the number of recipients of social benefits exceeded 10% from total number of city's inhabitants, municipal social services improved their effectiveness by providing socially unprotected persons with the necessary social aid. Total social security budget expenses in 2010 reached 44 million lats, that is 10,6% from the total budget expenses.

In 2010, Riga Municipality continued to improve living conditions of city inhabitants by implementing housing construction and purchase policy. A 12-storey apartment house with 96 apartments on Akademika Mstislava Keldisa Street was put into operation at the beginning of the year and construction of the first three buildings with 480 apartments was finished on Ulbrokas Street at Plavnieki at the end of the year.

Social security and order was among the Riga Municipality priorities in 2010, too. A particular attention was paid to preventive measures, including intensified police presence on streets and providing police presence near each school. In 2010, police has received on average 131 calls daily, there were 1 105 educational activities organized in schools and 109 raids were arranged in youth entertainment places.

Due to special attention paid to the use of tourism potential of Riga and performing targeted popularization of tourism opportunities in the City abroad, the number of visitors received services at hotels and tourist lodgings has increased by almost 15% in 2010.

During the financial year Riga Municipality continued to perform structural reform activities, improving municipal administrative and remuneration system. Centralization of bookkeeping functions was completed, what provided intensified control over observance of the State and municipal normative acts, as well as improved effectiveness of operation.

In 2010, reorganization of municipal house management companies was performed by merging the existing 15 house-manager offices into a new unitary Ltd. "Rigas namu parvaldnieks", that will enable to decrease the administrative staff, organize unitary purchase tenders and merge IT and bookkeeping departments.

Riga Municipality has continued successful implementation of loans, guaranties and other long-term debt management strategy for 2008-2012, enabling municipality's liability portfolio stability and conformity with criteria defined by the strategy. In order to ensure the realization of city development projects and economical activity in the City, Riga Municipality performed an active utilization of EU funding for financing development projects in the City and increased financing for these purposes for more 3,5 times compared with the previous year. Municipality has planned to expand the utilization of EU funding in 2011 by increasing the financing for the utilization of EU funding yet more for 75%, compared with the financial year.

In 2010, Riga Municipality continued cooperation with international credit-rating agencies "Standard & Poor's" and "Moody's Investors service". Credit-rating agencies positively evaluated budget consolidation and management of financial resources realized by Riga Municipality. Progress in providing financial resources for servicing liabilities against the backdrop of crisis was especially mentioned. At the end of 2010 both the credit-rating agencies raised the economical and financial future perspective of Riga City from negative to stable.

Also in future activities of Riga Municipality will be focused on expanding the economical, social and cultural potential for inhabitants, improving the cooperation between inhabitants and municipality, at the same time enabling municipality's financial stability and development sustainability.

A handwritten signature in black ink, appearing to read 'N. Usakovs', with a large, stylized flourish extending from the end of the signature.

N. Usakovs

Riga City Council Chairman

REPORT OF RIGA CITY COUNCIL FINANCE DEPARTMENT DIRECTOR



During the financial year Riga City Council Finance Department successfully realized budget and financial policy, ensuring the necessary financing for fulfillment of municipality's functions. Despite the reduction of Riga Municipality budget revenue in 2010, balanced budget execution and increase of financial resources to meet Riga Municipality liabilities for the next years were ensured by means of further administrative and other expense reduction, as well as implementing strict control of budget execution. Even under conditions of limited budget a financing for execution of municipal functions and its development plans was provided.

In 2010, Finance Department provided sufficient liquidity of financial resources by performing successful municipal finance resource management for budget and liabilities service.

During the financial year municipal budget of 2011 was prepared and confirmed that provides the necessary financial resources for ensuring and execution of municipal functions, as well as for expense increase of financing EU projects, municipal investment programs and capital expenditures.

In 2010, Finance Department continued successful execution of municipal debt management in accordance with "Riga Municipality loans, guaranties and other long-term debt management strategy for 2008-2012", ensuring compliance with criteria of municipality's liability portfolio. During the financial year Riga Municipality began repayment of commitment fees for the 1st stage of the South Bridge project.

Finance Department ensured cash flow accounting and project payments control for EU co-financed projects, ensuring effective spending of EU funds for Riga Municipality development and social projects, int. al. employment projects.

In 2010, Finance Department provided successful cooperation with international credit-rating agencies "Standard & Poor's" and "Moody's Investors service", that positively evaluated Municipality's financial activities in managing consequences of the crisis and raised the future perspective evaluation of economical and financial situation of Riga Municipality from negative to stable at the end of 2010.

During the financial year Finance Department continued realization of structural reform activities in improving municipality organizational structure and remuneration system by completing centralization of Municipal bookkeeping functions, ensuring rise of effectiveness, cutting costs, as well as by intensifying control over observance of the State and municipal normative acts.

As a result of the financial management and budgetary policy executed by Finance Department in 2010, provision of necessary financial resources for municipal functions was ensured, as well as raised accruals for municipal commitment fees, improved the municipal budget and finance system, ensuring stable operation of Riga Municipality in budget and finance operations.

A handwritten signature in black ink, appearing to read 'I. Tiknuse', written in a cursive style.

I. Tiknuse

Riga City Council Finance Department Director

RIGA CITY POPULATION

According to the data of Office of Citizenship and Migration Affairs, as of beginning of 2011, there were 703 581 inhabitants living in Riga - 5 564 (0,8%) less than a year ago.

In 2010, in age structure of the City's inhabitants there were slight decrease of proportion of inhabitants of able-bodied age (from 66,4% in 2009 to 65,9% in 2010). In 2010, the proportion of those inhabitants over the able-bodied age formed 21,4% (0,3 percentiles less than in previous year), but proportion of children and youth slightly increased in the financial year, reaching 12,7%.

In 2010, same as in the previous year, 55,6% out of all city inhabitants were women, and 44,4 – men, the total number of women exceeding the number of men by 79 thousands. Especially large disproportion in gender structure is observed among the age group over 60, where the number of women exceeds the number of men more than twice.

During the financial year, the number of inhabitants decreased in all districts of the City, where the most significant drop in population was indicated in the Latgales suburb, revealing on the decrease by 1 565 persons and Kurzemes suburb – by 1 149 persons.

EMPLOYMENT

During the financial year number of employees continued to reduced due to economical recession - by 27,3 thousands (by 8,2%) compared with the previous year.

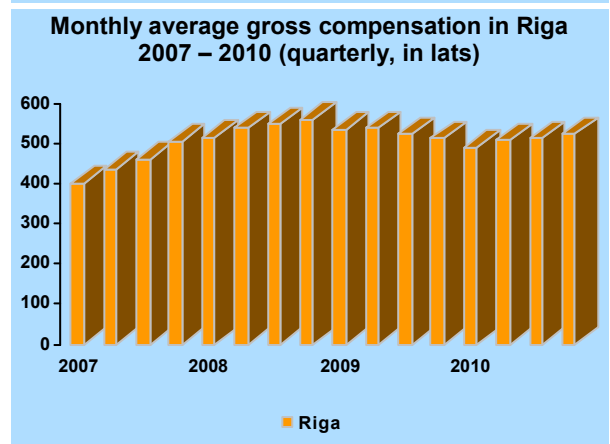
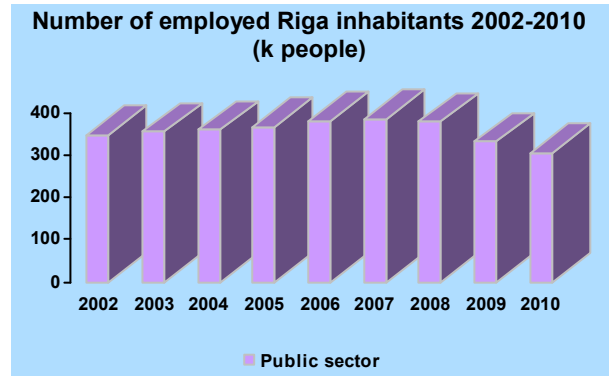
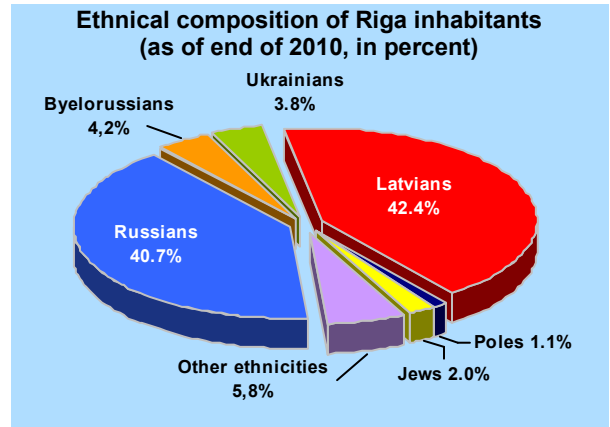
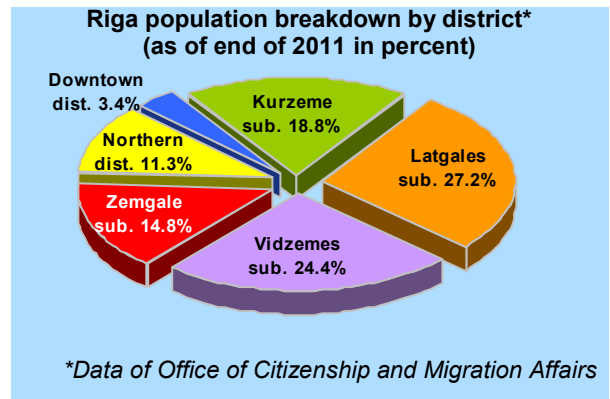
UNEMPLOYMENT

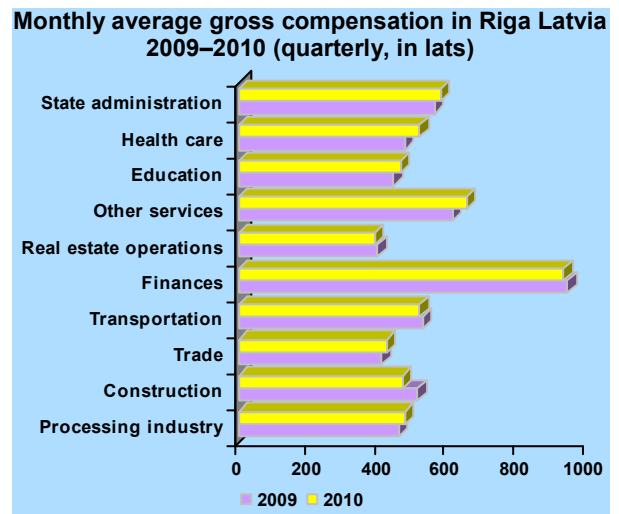
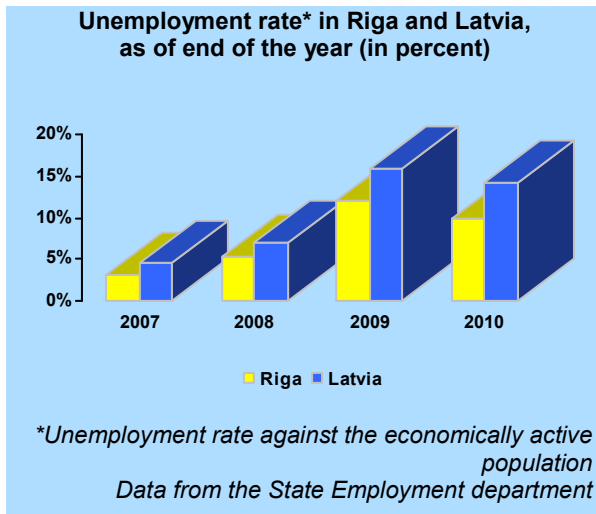
In 2010, the number of the unemployed reduced by 8,4 thousands to 38 thousands, decreasing the unemployment rate to 9,9%. However it still is very high if compared with the pre-crisis period rates, moreover, employment data shows, that unemployment is not reduced as a result of employment increase in City's economics.

COMPENSATION

During the financial year gradual growth of compensation was observed in City's economics, exceeding results of the first quarter by 6,3% and corresponding results of the previous year by 1,9%. However, in comparison with corresponding results of 4th quarter of 2008, compensation of the last quarter still was below by 6,9%, in public sector – below even by 18,3%, in private sector – by 2,2%.

Through the finance year the compensation dynamics differed depending on sector, a slight growth was observed in those sectors – state administration, education and health care, where compensation reduction in the previous year was very significant.





RIGA CITY ECONOMIC STATE

There was gradual economical stabilization in the State and Riga observed over the financial year. GDP of the State has dropped by 0,3% compared with the previous year. Some branches, for example processing industry and transportation, showed growth of economical activities. After dramatic drop of value added in trade, what has reached 35% during the last two years, stabilization took place also in this branch. However drop of economical activities continued in construction, decreasing by 50% during two previous years.

Under the influence of economical crisis there was slight growth of industry as well as commercial services observed in the proportion of Riga City economics, by reduction of proportion in trade and especially in construction.

TRANSPORTATION AND COMMUNICATIONS

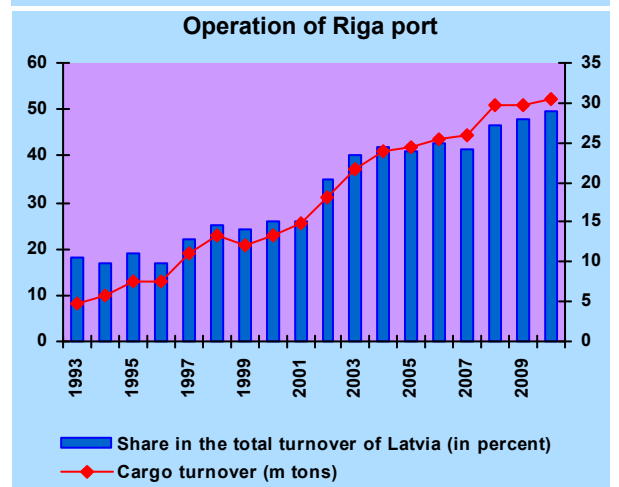
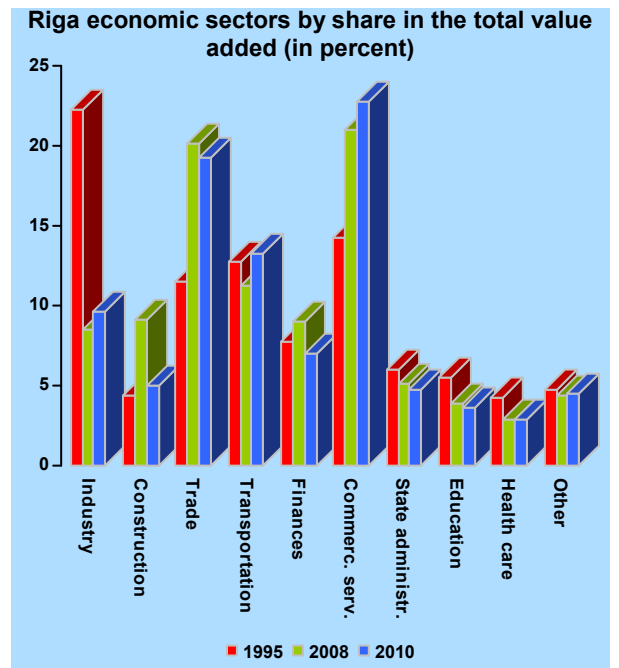
RIGA PORT

In 2010, the amount of shipped cargo from Riga port, compared with the previous year didn't changed (an insignificant growth by 5 thousand tons), but the amount of received cargo, in its turn, increased significantly – by 747 thousand tons (by 31%). As a result the total cargo turnover in Riga port in 2010 increased by 2,5% and the proportion of total cargo turnover among the ports in Latvia has increased to 49,8%.

The number of arriving and leaving Riga port passengers continues to grow already the fifth year in turn, reaching 764 thousand turnover during the financial year, what is 11% increase compared with the previous year.

AIRPORT

Although Riga International Airport is not located in Riga administrative territory, it plays significant role in city's economics, transportation and other spheres, therefore airport development is viewed along with the overall city's economical development.



The number of Riga Airport passengers continues to grow already the seventh year in turn, reaching 4,7 million people during the financial.

In 2010, the number of served flights in Riga Airport increased by 13,4% compared with the previous year and reached 68 145 flights – in average 187 flights per day.

PUBLIC TRANSPORTATION

There were 133,4 million passengers transported in Riga public transportation (bus, tram, trolleybus) in 2010. During the financial year the number of transported passengers decreased by 21% compared with the previous year.

Riga Municipal LCC “Rigas satiksme” provided passengers’ transportation services on 9 tram, 20 trolleybus and 53 city bus routes. The total length of the City’s transportation network was 1 155 kilometers, by 4 kilometers more than in the previous year.

Complementary to Riga Municipal public transportation company LCC “Rigas satiksme”, passengers’ carriage services in the sector of maxi-taxis were provided also by 8 private companies operating 232 buses on 38 routes.

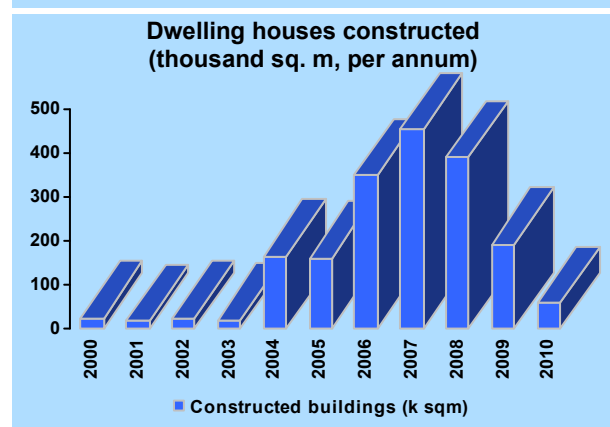
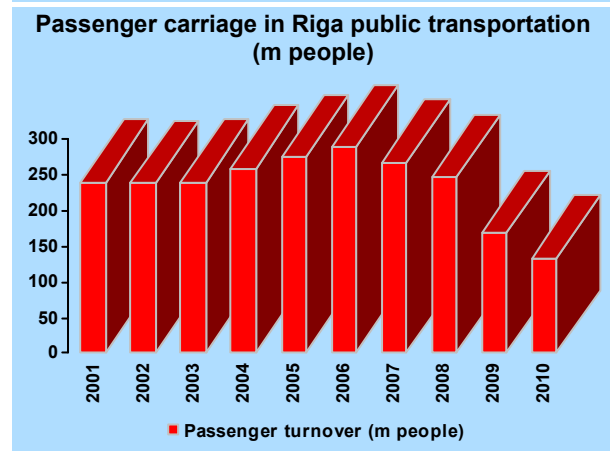
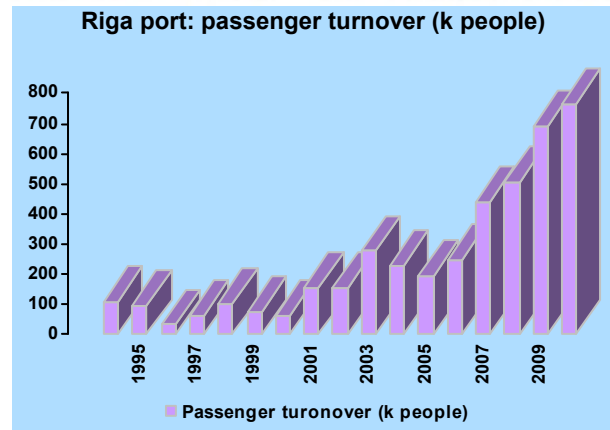
In 2010 there were 10,5 million passengers or 7% of the total amount of passengers transported on regular routes carried by the private conveyers, based on commercial principles (LCC “Rigas satiksme” and private companies).

CONSTRUCTION

During the financial year construction performance in Riga City reduced by 32,4% compared with the previous year. If the reduction of the 1st quarter was by 48% in comparison with corresponding results of the previous year, then in 4th quarter it was by 16%.

Regardless to the overall construction volume reduction in Riga, in 2010 construction of several significant infrastructure objects was continued, int. al., the South Bridge right bank access (the South Bridge 2nd stage), finished reconstruction and renovation of M. Chehov’s Riga Russian Theatre building complex.

Over the financial year construction of residential buildings continued to decrease rapidly in Riga. In 2010, residential buildings with total space of 59,1 square meters were put into operation, what was 3,3 times less than in the previous year and even 7,7 times less than in 2007, when the maximum volume of constructed buildings was reached. The share of the State total residual area built in Riga continued to reduce, too. If the share reached 38% before the crisis in 2007, then during the financial year it dropped to 16%.



RIGA MUNICIPALITY ADMINISTRATION STRUCTURE, FUNCTIONS, PERSONNEL

The decision-making institution of Riga Municipality - Riga City Council 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. The municipal functions are executed by City Council departments, institutions, central administration, agencies, special status institutions and capital companies.

In order to ensure preparing high-quality decisions and their preliminary review, there are regular committees established, run by the councilors elected by the Riga City Council. The following committees are part of Riga City Council:

- 1) Finance and Administration Committee;
- 2) Social Issues Committee;
- 3) City Development Committee;
- 4) Housing and Environmental Committee;
- 5) City Property Committee;
- 6) Education, Culture and Sports Committee;
- 7) Transport Issues Committee;
- 8) Security, Public Order and Corruption Prevention Issues Committee.

Functioning of Riga Municipality is organized according to sectors by forming departments of the respective sector's administrative institutions. The following committees are part of Riga City Council:

- 1) Riga City Council Finance Department;
- 2) Riga City Council City Development Department;
- 3) Riga City Council Property Department;
- 4) Riga City Council Education, Culture and Sports Department;
- 5) Riga City Council Welfare Department;
- 6) Riga City Council Transport Department;
- 7) Riga City Council Housing and Environment Department.

The territory of the municipality is administratively divided into territorial units: Downtown district, Kurzemes suburb, Northern district, Vidzemes suburb, Latgales suburb, Zemgales suburb. Administrative functions assigned to the municipality's territorial units are fulfilled by Riga Municipality Executive Boards – Riga Municipality Eastern Executive Board – in Riga administrative districts of Downtown district and Latgales suburb; Riga Pardaugavas Executive Board – in Riga administrative districts of Kurzemes suburb and Zemgales suburb; Riga Northern Executive Board – in Riga administrative districts of Vidzemes suburb and Northern district.

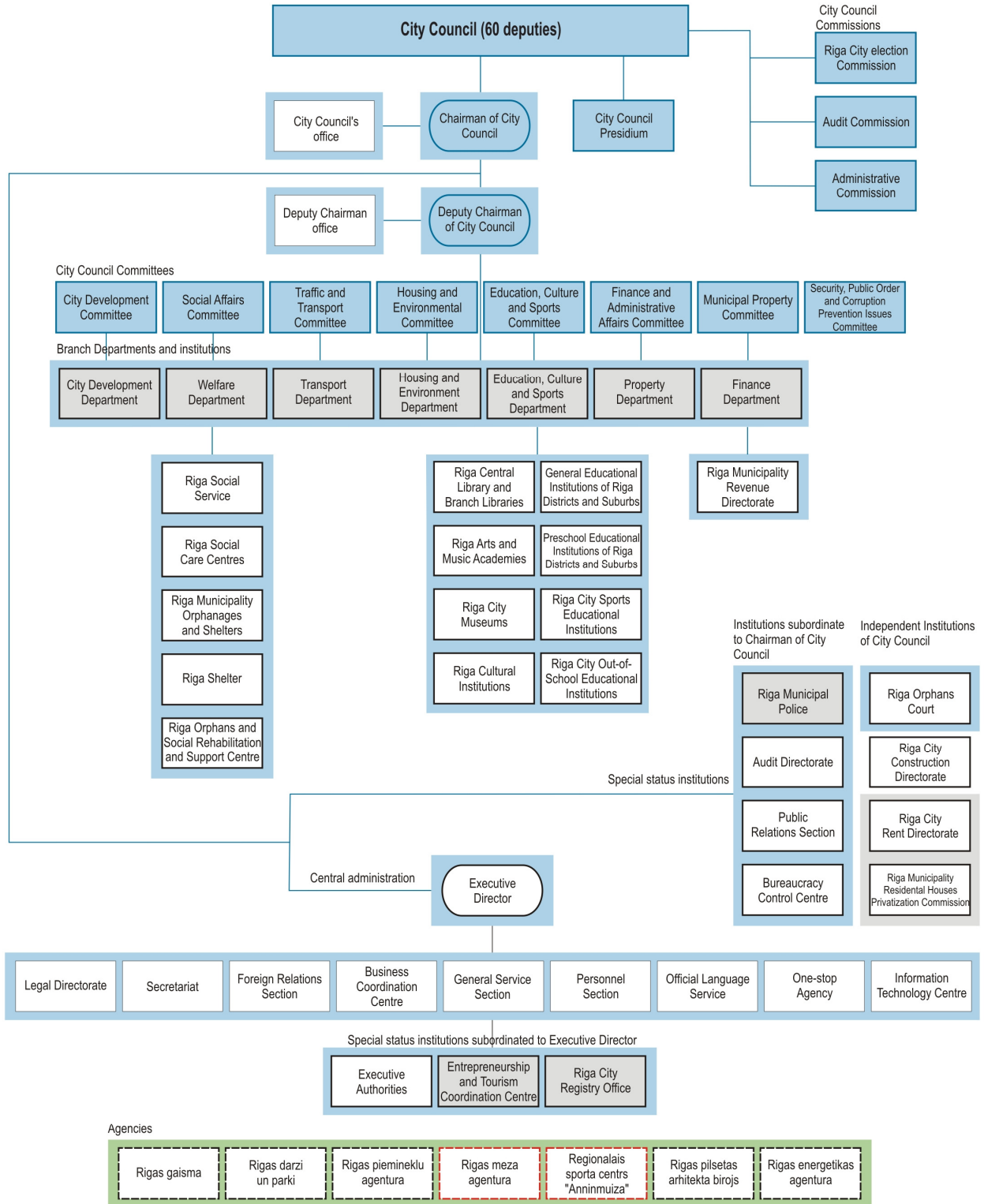
In accordance to the Law of the Republic of Latvia „On Local Governments”, Riga Municipality performs all autonomous municipality functions, in particular:

- 1) Organizes municipal services for inhabitants and provides support on housing issues;
- 2) Ensures territory improvement and sanitation within the administrative territory of Riga City and establishes regulations for the use of publicly accessible forests and waters, if the law does not stipulates otherwise;
- 3) Ensures education of inhabitants;
- 4) Supports culture, promotes preservation of the traditional cultural heritage and participates in maintenance and development of the historical objects of international importance, cultural and historical objects of national importance, as well as cultural infrastructure;
- 5) Ensures accessibility of health care and promotes healthy lifestyle among inhabitants;
- 6) Ensures social assistance (social care) to inhabitants;
- 7) Ensures guardianship, custody, adoption, and protection of children's` private and property rights and interests; as well as realizes protection of children's rights;
- 8) Facilitates commercial activity in respective administrative territory and works on reducing unemployment;
- 9) Issues permits and licenses for commercial activities, if provided for by the law;
- 10) Ensures public order, fights against the dipsomania and depravity;
- 11) Establishes regulations for utilization of and building on land, ensures the legacy of construction works within the administrative territory;
- 12) Organizes public transport services and participates in maintenance and development of communication system and transport infrastructure of statutory importance.

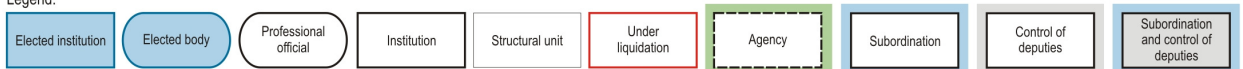
In 2010, the number of working positions in Riga Municipality was 12 541 (8 076 of these positions were in institution under the authority of Riga City Council Education, Culture and Sports Department), that is less by 4 959 positions compared with 2009. In 2010, (except pedagogues) there were 1 121 employees recruited and 692 employees fired.

At the end of the year 39 employees of Riga Municipality were with elementary education; 149 employees with professional education; 1 159 employees with professional secondary education; 357 employees with professional first level higher education; 2 351 employees with higher education (int. al. with master's degree) and 21 employees with doctor's degree.

ADMINISTRATION STRUCTURE OF RIGA CITY MUNICIPALITY



Legend:



VALUE OF RIGA MUNICIPAL EQUITY CAPITAL AND ANTICIPATED CHANGES

PROPERTY BOOK VALUE

As of the end of 2010, the book value of Riga City fixed assets was 1 898,7 million lats in total, and the equity of associated and related enterprises - 414,7 million lats. The total value of City assets, including other long-term investment categories comprised 2 333,8 million lats as of the end of 2010.

VALUE OF RIGA MUNICIPAL EQUITY CAPITAL

As of 31.12.2010., long-term share of Riga Municipality in equity capital of related and associated enterprises formed 414,7 million lats, revealing on growth as of 24,6 million lats during the financial year. As of the end of 2010, the share of Riga Municipality in equity capital of related enterprises formed 380,4 million lats, revealing on growth as of 22,6 million lats during the year.

In 2010, Riga Municipality has invested the total amount of 37 773 031 lats in the equity capital of related enterprises with 100% share capital owned by Riga Municipality, int. al. invested in the equity capital:

- Cash and cash equivalents (3 120 581 lats);
- Riga Municipality's real estate property – land and buildings (34 632 450 lats);
- Riga Municipality's movable property (20 000 lats).

Largest investments into equity capital of related enterprises:

- Riga Municipality's real estate (forest lands) property invested in Ltd. "Rigas mezi" at value of 17 891 400 lats;
- Riga Municipality's real estate (land lots, built-up land lots) property invested in Ltd. "Rigas nami" at value of 11 507 000 lats;
- Riga Municipality's real estate (land lots) property invested in Ltd. "Rigas pilsetbuvnieks" at value of 3 042 000 lats.

During the financial year, reserves of real estate property owned by Riga Municipality at value of 18 128 704 lats were excluded from the equity share capital of related enterprises, which were accounted for the shareholders equity of Ltd. "Rigas nami" as of the beginning of the financial year.

As of the end of 2010, long-term share in equity capital of related enterprises was 380,42 million lats and in equity capital of associated enterprises – 34,29 million lats.

Total value of Riga Municipality's capital has increased by 24,61 million lats within the year, int. al.:

- in related enterprises by 22,55 million lats;
- in associated enterprises by 2,06 million lats.

SHARE IN MUNICIPAL ENTERPRISE EQUITY CAPITAL

As of the end of the financial year, Riga Municipality balance sheet reflected 23 investments into the equity capital of related enterprises with 100% ownership (shares) by Riga Municipality, 2 investments into the equity capital of enterprises with more than 50% ownership by Riga Municipality (Ltd. "Getlini EKO" – 97,92%; Ltd. "Rigas luksfors" – 52%), 1 investment into the statutory capital of Riga Municipality enterprise undergoing liquidation and 1 investment into the equity capital of Riga Municipality enterprise undergoing liquidation (JSC RSK apdrošināšanas).

During the financial year, liquidation process of Riga Municipality nonprofit organization's joint-stock company "Mezaparks" was completed, reorganization of 18 enterprises, int. al. 3 health care enterprises by incorporating them into other health care enterprises and 15 housing management enterprises by founding a new housing management enterprise Ltd. "Rigas namu parvaldnieks".

As of end of 2010, equity share capital of 2 associated enterprises reflected in Riga Municipality balance sheet. 99,7% of this amount is formed by investment into joint-stock company "Rigas siltums". 980 shares of associated enterprise "Getliņi-2" owned by Riga Municipality were given in ownership of Stopinū region municipality free of charge.

RIGA CITY MUNICIPALITY PROPERTY STATE

According to the data from the State Land Service, by January 1 of 2011, there were 19 611 ha of land owned by various owners within the Riga City area.

Riga Municipality had ownership over 3 684 land lots with the area of 7 661,9 ha in total, forming 39% of the total land property area in the City.

As per application type, the largest share in the structure of Riga City Municipality land property is comprised by land of natural base and recreational importance – 2 482,1 ha (32,4% of the total), forest space and especially protected natural territories – 2 050,9 ha (26,8%), and land of public importance – 1 374,3 ha (17,9%). In 2010, the area of the rest types of land altogether comprised around 22,9% of the total Municipality land within Riga City.

According to Riga City Council Property Department's inventory data on real estate property, by November 1 of 2010, land within the administrative territory of Riga City (excluding land under residential building owned by Riga Municipality and land of Riga Free Port) with total area of 7 203,4 ha was registered in Land Register under ownership of Riga and has accounting value of 290,4 million lats, as well as land outside the administrative territory of Riga City with total area of 21 550,1 ha, which accounting value was 6,4 million lats accordingly.

EXECUTION OF TERRITORY DEVELOPMENT PLAN

In 2010, long-term development strategy of Riga until 2025 and development program of Riga 2006-2012 was continued, where changes were developed and approved. The base of Riga long-term development is an individual (Rigan) and the main challenge of the strategy is to provide good quality environment for work, life and recreation for each individual who casts in his future with Riga. Riga Council internal rules "Order of implementation of long-term development strategy of Riga until 2025 and development program of Riga 2006-2012 execution supervision" came into effect in November 9 of 2010 and Strategy execution supervision system (SES) report on 2009 was made. Report reflects tasks accomplished by Riga Municipality executive authorities in reaching strategic goals and tasks and branch experts' opinion.

The most significant activities performed during 2010 in association with execution of Riga territory plan were as following:

➔ In 2010, Riga Municipality approved 7 detailed plans and passed 7 Riga Council binding regulations for detailed plan approval:

- 1) detailed planning of territory of Latvian Riflemen Square;
- 2) detailed planning of territory of administrative centre in Tornakalns;
- 3) detailed planning of territory between Rupniecibas Street, Petersalas Street and Katrinās Street;
- 4) detailed planning of territory of land lot on Krasta Street 66 and alongside territory;
- 5) detailed planning of land lot on Vecaku Boulevard (cadastre No. 01001201317);
- 6) detailed planning of land lot on Reznas Street (cadastre No. 01001201317) and alongside territory;
- 7) detailed planning of land lot on Ratsupites Street.

➔ Riga Council prepared 6 resolutions on starting work out of detailed plan of territories and task approval:

- 1) detailed planning of Daugavgrivas Steet 31 territory;
- 2) detailed planning of Mukusalas Street;
- 3) detailed planning of territory between Juglas Street and Maza Juglas Street;
- 4) detailed planning of territory near Juglas Street, Udeju Street and Maza Juglas Street;
- 5) detailed planning of culture and recreation park "Mezaparks";
- 6) detailed planning of territory in Suzi between Jaunciema Alley and the lake Kisezers.

➔ Preparation of changes for territory plan of Historic Centre of Riga and its protection area.

Work on changes of Historic Centre of Riga and its protection area detailed plan was continued, int. al. regular work group meetings were organized, where the submitted proposals were examined, as well as work out of report on strategic impact on environment appraisal was continued.

Finished work on project "Research, analysis and suggestions project of provision of traffic flow and infrastructure in Riga City territory including Hanza crossing route".

Finished concept and developed guidelines for left bank silhouette of the river Daugava, based on this construction regulations for Historic Centre of Riga will be developed.

➔ Neighborhood development project.

In order to increase inhabitants' involvement in dealing with questions of City's development, in 2010 work on Neighborhood project was continued and in cooperation with British Council *Game of Future City* was organized, where creative solutions of successful cooperation possibilities between municipality and neighborhood inhabitants in city's environment development were searched.

In 2010, within the Riga Neighborhood development project there were 3 Neighborhood working group meetings organized in executive authorities, where the inhabitants of specific neighborhoods took part and discussed on development of Riga City and their neighborhood.

Social art project "City routine in our routes" exhibition was opened in creative space "Tasty" in March, what was organized by British Council in Latvia in cooperation with creative space "Tasty". This project was created on the base of Riga Neighborhood project concept.

➔ Riga and near Riga region mobility plan.

In 2010, Riga and near Riga region mobility plan and Environment report were prepared, what would allow significant reduction of noise and pollution in places, where it exceeds the limits determined by legislation of Latvia Republic. Mobility plan provides long-term and medium-term goals as well as short-term activities. The main goal of the project is to enable creation of a unified traffic system and improvement of territory accessibility by ensuring coordinated and integrated planning of traffic infrastructure and traffic organization in Riga and near Riga region.

➔ Document register of Riga City Municipality development plan.

Project of Riga Council inner regulations on documentation of Riga City Municipality development plan, including information on document types, levels, content and order of their development, validity and monitoring was worked out.

RIGA MUNICIPALITY INVESTMENT PROJECTS

NON-FINANCIAL INVESTMENTS

In period from 2002 to 2008 the amount of non-financial investments (private, municipal, state and foreign investments) in Riga City has increased more than two times, however under influence of economic crisis they has decreased by 33% in 2009 compared with the previous year. In 2009, investments in the economy of Riga comprise around 55% of the all non-financial investments in the country, construction in the Capital - 46%. The amount of investments continued to decrease even in 2010 by 21% in the whole country (actual prices).

CAPITAL INVESTMENTS FROM MUNICIPAL BUDGET

During the financial year the capital expenditures financed from the consolidated budget (including expenses on revaluation and purchase of capital shares) were 67,2 million lats, by 5,5 million lats (by 7,6%) less than in the previous year.

EU AND OTHER EXTERNAL FINANCIAL SOURCES' COFINANCED PROJECTS

In 2010, Riga City Municipality continued active cooperation either with international institutions, organizations and partners, implementing various international cooperation projects or EU Structural Funds as well as with other EU Funds organizations in Latvia in order to attract possibly largest financing for various investment and social projects.

In 2010, there were 94 EU and other external finance sources' co-financed projects of various programs in process in Riga City Municipality with a total budget of 75 315 963 lats, within them several significant infrastructure, social care, education, environment and culture investment projects were implemented.

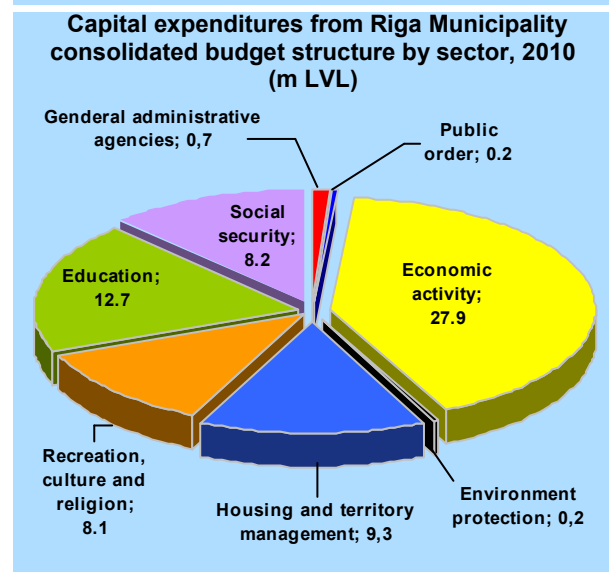
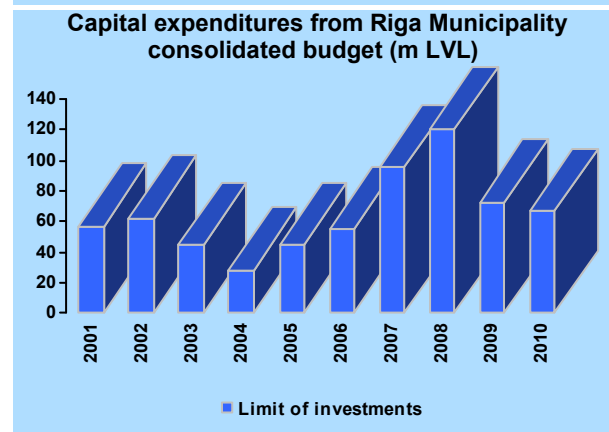
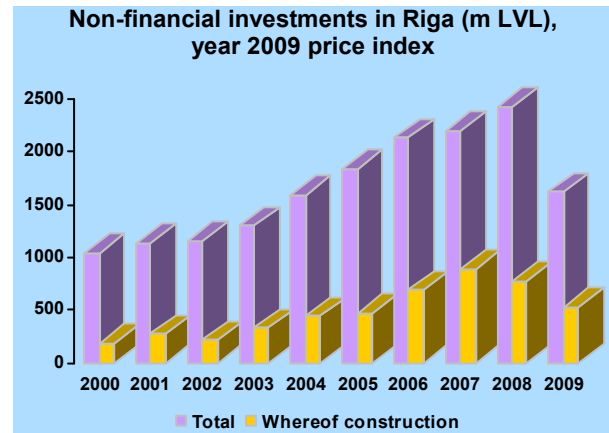
In 2010, Riga City Municipality budget expenses in financing EU and other external finance sources' projects were 24,8 million lats, revenues – 11,8 million lats.

FOREIGN INVESTMENT IN RIGA

As of beginning of 2011, foreign direct investments into the registered equity capital of enterprises in Riga reached 3,1 billion lats in total, featuring increase of 19% during of the accounting year. Such a trend reveals on foreign investors' interest in Riga City as an advantageous and perspective location for their investment despite the economical and financial crisis.

Biggest projects in process of implementation in Riga City Municipality in 2010:

- “Eastern main road – construction of Viestura - Meza Boulevard crossover”
- “Development of water-supply services in Riga, stage III”
- “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”
- “Integration of Riga City and Riga Port into TEN-T road network (VIA Baltica Northern Corridor in Riga)”
- “Enabling pedagogues' competitiveness within conditions of educational system optimization”
- “Training in obtaining and maintaining professional skills, if the employer is municipality (granted job practice)”



RIGA MUNICIPALITY FINANCIAL AND BUDGET POLICY

BUDGET POLICY

Riga Municipality implements successful long-term financial management policy even in conditions of economic and financial crisis. Municipal budget revenues has decreased by 172,3 million lats during the period from 2008 to 2010. However, by performing structural administration reforms and sharp reduction of operational expenses, especially compensation expenses, Riga Municipality has reduced the total amount of expenses by 179,6 million lats, achieving fiscal consolidation of 7,3 million lats.

Riga Municipality managed to strike the balance of 2010 with consolidated budget surplus of 19,8 million lats, showing revenues of 436,2 million lats and expenses – 416,4 million lats.

MUNICIPALITY'S DEBT DYNAMICS

As a result of successful implementation of financial policy by decreasing costs of attracted financial resources, Riga Municipality has managed to stabilize growth of the Municipality direct debt and decrease its relative amount.

City's direct debt (loans from commercial banks and State treasury) relative ratio against the budget revenue within a period from 2002 to 2008 has decreased from 45% to 18%. The amount of Municipality's direct debt has slightly increased during the financial year and along with reduction of Municipality's consolidated budget revenues it resulted in increase of debt proportion against the budget revenues to 23%.

During the financial year Riga Municipality successfully continued implementation of Riga Municipality loans, guarantees and other long-term debt management strategy for 2008-2012, ensuring the stability of loans, guarantees and long-term debt management and cautiously working on decreasing the cost of attracted financial resources.

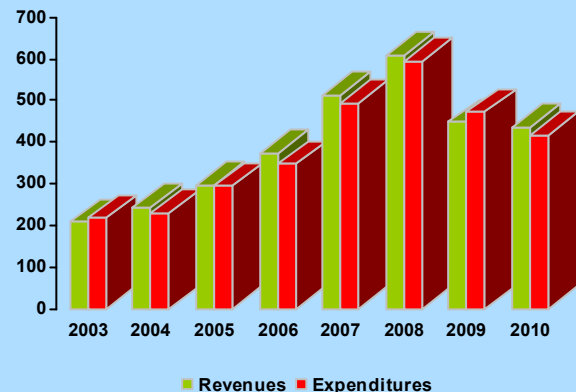
CREDIT-RATING

In 2010, Riga Municipality continued its long-term and productive cooperation with the world's leading credit-rating agencies "Standard & Poor's" and "Moody's Investors Service".

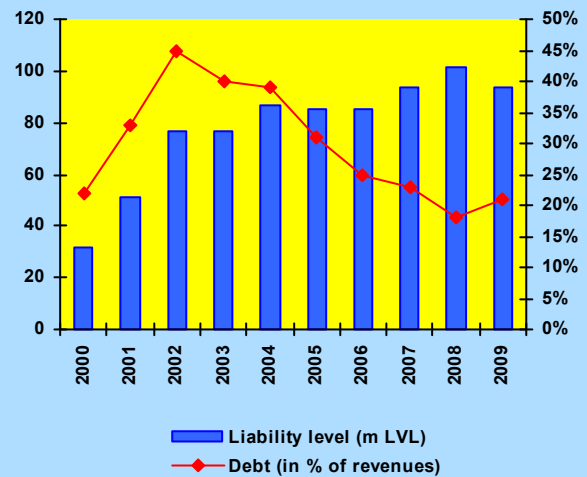
In 2010, credit-rating agencies positively evaluated budget consolidation and management of financial resources realized by Municipality and progress in providing financial resources for servicing liabilities against the backdrop of crisis.

At the end of 2010 both the credit-rating agencies raised the economical and financial future perspective of Riga City from negative to stable.

Riga City consolidated budget revenue and expenditures (m LVL)



Riga Municipality debt dynamics



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

RIGA MUNICIPALITY BUDGET EXECUTION PERFORMANCE

The results of Riga economical development and Riga City Municipality financial policy in 2009 are characterized by achievements in ensuring the budget revenue and purposeful use for providing autonomous municipal operations within the framework of the budget authorized 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 revenues and expenditures. Riga Municipality budget is prepared based on the cash flow principle, simultaneously ensuring accounting based on accrual principle.

RIGA MUNICIPALITY BUDGET REVENUE

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

As of January 1 of 2010, greatest part of Riga Municipality special purposes budget is included into the basic budget. Government and municipality fees, transferred to municipal budget and are under the competence of Riga Municipality, as well as other special purposes budget revenue (except donations and endowments) are enlisted into the basic budget revenue hereinafter.

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

RIGA MUNICIPALITY BASIC BUDGET REVENUE

In accordance with laws and regulations of the Republic of Latvia and mandatory regulations of Riga City Council, 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 comprises:

- ➔ **Tax revenues:**
 - personal income tax;
 - real estate tax on land, buildings and structures;
 - gambling tax.
- ➔ **Non-tax revenues:**
 - charges for paid services provided by public authorities;
 - charges for utilization of municipality capital;
 - State and municipality fees;
 - other revenues (fines and assents, sales of property, etc.).

Composition of Riga Municipality basic budget revenue	2009 actual	2010 budget	2010 actual
Cash flow basis	(k LVL)	(k LVL)	(k LVL)
Total revenues	433 070.8	413 190.0	434 409.2
Total tax revenues	300 635.0	293 762.0	309 334.3
Personal income tax	258 985.8	250 420.6	261 023.4
Property taxes	38 630.9	40 581.4	45 855.6
int.al. real estate tax on land	16 385.6	16 641.5	19 114.2
int.al. real estate tax on buildings and structures	22 245.3	23 939.9	26 741.4
Other tax revenue	3 018.3	2 760.0	2 455.3
Total non-tax revenues	45 459.1	40 507.6	41 243.2
Government and municipality fees, transferred to municipal budget	388.8	1 472.0	1 652.4
Revenue from paid services provided by public institutions	25 224.7	25 807.9	23 024.2
Other non-tax revenues	19 845.6	13 227.7	16 566.6
Total tax and non-tax revenues	346 094.1	334 269.6	350 577.5
Payments from the state basic budget	86 976.7	78 920.4	83 831.7
Earmarked subsidies for municipal budgets	71 569.3	59 846.6	59 931.3
Subsidies for municipal budgets	9 701.6	10 510.3	5 703.5
Other state budget transfers	5 705.8	8 563.5	18 196.9

In 2010, the revenues from donations and endowments to Riga Municipality were 1 774.1 thousand lats.

Composition of Riga Municipality revenues from donations and endowments	2009 actual	2010 budget	2010 actual
Cash flow basis	(k LVL)	(k LVL)	(k LVL)
Total revenues	415.7	1 877.4	1 774.1
Donations and endowments from legal entities and individuals	415.7	1 877.4	1 774.1
Donations and endowments for education	318.6	138.8	66.9
Donations and endowments for social care	17.9	1 570.7	1 571.4
Other donations from legal entities and individuals	79.2	167.9	135.8

RIGA MUNICIPALITY BUDGET EXPENSES

Riga Municipality budget expenses of 2010 in this report are 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..

Taking into consideration that budget forms the basis for financial operation and management of the Municipality and it serves as financial means of ensuring autonomous operations of the Municipality, therefore, 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 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 basis for preparation of annual methodological guidelines for particular budgeting process steps.

Based on the above mentioned approach and following the necessity to perform fiscal discipline and monitoring provision measures, including consolidation of budget expenses, the Riga City Municipality budget of 2010 was prepared.

In order to increase the efficiency of Municipality budget resources utilization, Riga Municipality budgeting process is focused on achieving certain goals – there are specific goals set for budgetary programs with respective results and key performance indicators defined. Performing consolidation of budget spending part of 2010, an accent was made on municipality's capabilities to deliver the necessary services for the society.

The aim of Riga Municipality basic budget is to ensure sufficient financial resources for ensuring the provision of autonomous functions of municipality. Taking into account the development trends of Riga as the capital City, the provision of autonomous operations in Riga Municipality has a 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 2009, whereof:

- 145 136 thousand lats were allocated to education;
- 105 520 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 traffic safety increasing, as well as ensuring accessibility of health care services and reconstruction of cultural institutions.

In 2010, the expenses from revenues from donations and endowments to Riga Municipality were 1 803.5 thousand lats.

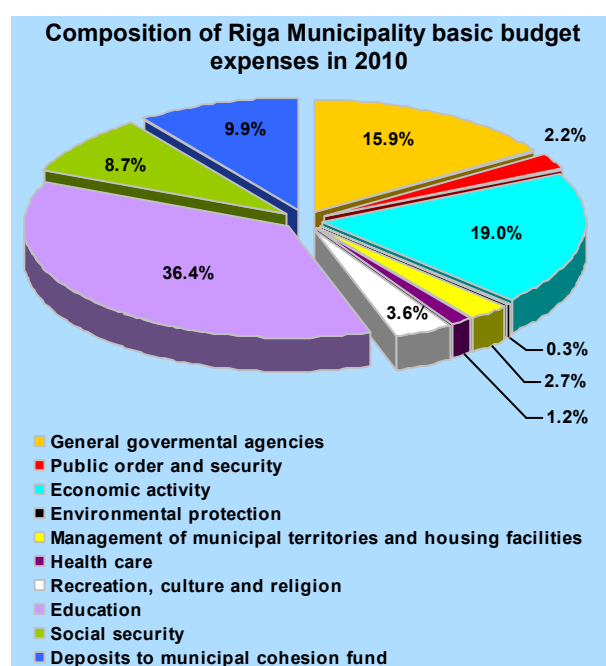
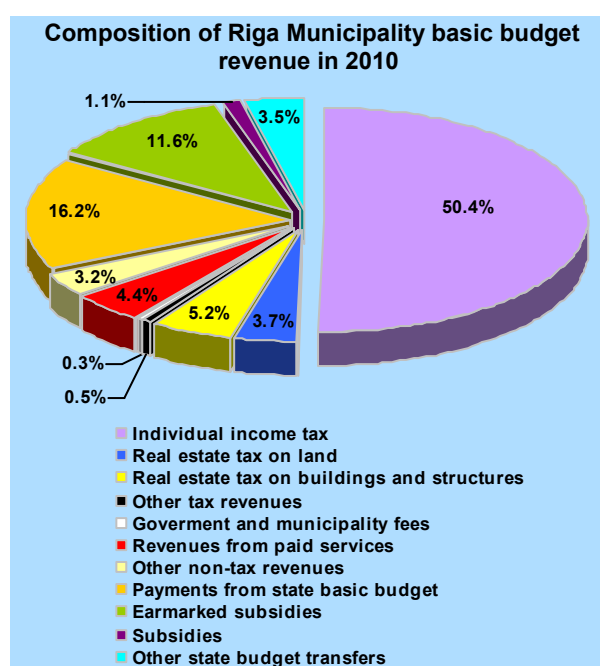
Composition of Riga Municipality basic budget expenses Cash flow basis	2009 actual (k LVL)	2010 budget (k LVL)	2010 actual (k LVL)
Total expenses	427 273.8	450 887.2	414 623.7
Total expenses by government function*			
General governmental agencies	75 603.6	75 872.6	69 209.5
Public order and security	10 216.7	8 442.7	8 179.7
Economic activity	90 324.1	112 001.1	105 520.0
Environment protection	1 203.2	987.5	917.0
Municipal territory and housing management	12 596.1	27 668.4	22 585.6
Health care	5 904.6	579.1	159.4
Recreation, culture, and religion	17 190.9	20 263.9	18 891.8
Education	172 818.9	159 693.2	145 136.0
Social security	41 415.7	45 378.7	44 024.7
Deposits to municipal cohesion fund	47 171.6	43 990.6	43 988.8

*Overview 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"

In 2010, the expenses from revenues from donations and endowments to Riga Municipality were 1 803.5 thousand lats.

Composition of Riga Municipality donations and endowments expenses Cash flow basis	2009 actual (k LVL)	2010 budget (k LVL)	2010 actual (k LVL)
Total expenses	479.9	2 058.1	1 803.5
Total expenses by government function*			
General governmental agencies	23.7	72.3	10.3
Public order and security	-	3.0	-
Municipal territory and housing management	15.6	14.8	13.0
Recreation, culture, and religion	44.0	18.3	3.2
Education	377.9	366.7	204.5
Social security	18.7	1 583.0	1 572.5

*Overview 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 BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

EDUCATION AND SPORTS

In 2010, a new Riga City Council Education, Culture and Sports Department (hereafter – ECSD) began to operate, implementing municipal policy in education, culture and sports sectors, in youth work, as well as in integration of society. In 2010, the financing of ECSD was performed from Riga Municipality basic budget. ECSD also has rights to be engaged in economic activities and collect financial resources from revenues, donations and endowments. In 2010, financing for educational sector from the Riga Municipality basic budget and investment expenditure, according to functional categories was 145 136,0 thousand lats. In 2010, the largest part of basic budget was municipality's subsidies, what were 49,3% from total, but earmarked subsidies from the State budget were 41,1% from total and 9,6% from total were budget revenue of municipal institutions.

As in the previous year renovation of educational premises was carried on in Riga. Riga Municipality performed systematic renovation of educational institution buildings all over the city considering the technical condition, degree of depreciation of communications, as well as necessity to optimize the structure of educational institutions.

PRESCHOOL EDUCATIONAL INSTITUTIONS

During the school year of 2010/2011, 25 925 children started to master preschool educational programs at 154 preschool educational institutions founded by Riga Municipality, whereof 25 156 children were admitted to preschool educational institutions, 597 – to comprehensive schools and 172 – to interest educational institutions. Preschool educational programs were offered also at 15 general education schools and 3 interest educational institutions. At the beginning of the school year, preschoolers were provided with 1 278 preschool educational groups in Riga Municipality educational institutions. 3 104 preschool educational, 166 medical and 3 041 technical personnel were working in preschool educational institutions at the beginning of 2010.

However the number of requested places in preschool educational institutions exceeded the provision capabilities and as of September 1 of 2010 more than 5 000 children were not provided with a place in municipal preschool educational institutions. In order to solve the problem with insufficient number of places at preschool educational institutions the co-financing of private educational institutions was continued from Riga Municipality budget as for each student declared as resident of Riga. Agreements on Riga Council approved co-financing for 2010 were concluded with 46 private educational institutions at total sum of 486 274 lats.

COMPREHENSIVE SCHOOLS

In 2010, 125 comprehensive schools were functioning in Riga, whereof 98 secondary schools, 22 elementary schools and 5 primary schools. 12 of them were special schools, 6 evening schools and 10 boarding schools, where 67 975 students (by 2 252 less than in the previous school year) started to master educational programs at the beginning of the school year. Agreements on co-financing were concluded with 24

private Riga comprehensive schools, having accredited comprehensive elementary and secondary educational programs, and the municipal co-financing was allocated at total sum of 163 thousand lats.

Educational programs in Latvian were mastered by 34 247 (50,4%) students, but minority educational were mastered by 33 728 (49,6%) students. 6 138 students were admitted into the 1st grade (in 2009 – 6 005) this year. The number of secondary education program students has decreased in comparison with the previous year and the proportion from the total number of students was 27% (i.e. 18 661 secondary school students), what is by 2% less than in the previous year. 7 225 educational, 222 medical and 3 608 technical personnel were working in Riga Municipality educational institutions at the beginning of 2010.

In 2010, work on improvement of school network was continued, as a result of it transfer of 6 schools to another place and reorganization of 5 institutions took place. Proceeding with improvement of education quality 36 school educational programs and 17 school development plans were evaluated and submitted for approval. In 2010, Education and Information Centre of Riga City, directly subordinate to ECSD, has implemented 182 pedagogues' professional development programs completed by 4 548 pedagogues. In cooperation with academic staff and pedagogues of Riga Teacher Training and Educational Management Academy a large number of further education programs were developed.

In 2010, State examination information system was launched what is used by schools to register students electronically for the State examination. 6th grade tests were performed electronically (via internet) for the first time, including electronic login for evaluators of centralized examination, electronic delivery of written State examination works and verification of a school's electronic application for State examination. Coordination of centralized examination process in professional and private educational institutions was performed.

OUT-OF-SCHOOL EDUCATION AND SPORTS

In 2010, 13 out-of-school educational institutions were operating in Riga, where 27 890 students under the guidance of 662 pedagogues attended educational programs offered by these institutions. In 2010, there were also 16 leisure time activity centers and 6 leisure time rooms functioning in educational institutions, which were attended more than 93 000 times. In 2010, 11 Riga Municipality Professional educational institutions majoring in sports were operating, where 7 372 students under the guidance of 340 pedagogues attended professional sports educational and out-of-school sports educational programs offered by these institutions.

ECSD coordinated children and youth camps organized by Riga educational institutions, as well as provided its' financing. 227 camps with 8 185 participants were organized in total. At the same time financing for 32 children camps with 682 participants organized by NGOs was apportioned according to tender procedure.

In 2010, there were 165 out-of-school educational events supported (expositions, competitions, contests), involving more than 25 000 children and youth, 77 sports events with 26 910 participants. 8 762 participants took part in 43 championships, tournaments, etc. organized by the City municipality; 565 in 9 sports events for disabled persons; 11 0774 in mass sports events; 735 participants in 4 international and State competitions. Participation in Latvia Winter Olympiad was provided for Riga team of 104 participants.

In 2010, as one of ECSD priorities was to provide participation of students and collectives of Riga educational and cultural institutions in X Latvian School Youth Song and Dance Festival. There were 249 Riga children and youth collectives with 7 243 Festival participants in total, int. al. foreign guests. To provide the participation there were 525 938 lats utilized in total. As well as housing and feeding for 24 680 Festival participants was provided in 55 Riga educational institutions.

During the summer and autumn holidays possibility to work in educational institutions at environment improvement was provided for 650 13 and 14 old youth.

Basic budget expense allocated to education and sports (k LVL)	2008 actual	2009 actual	2010 budget	2010 actual
Preschool education	49 060.2	49 446.5	43 313.0	39 210.0
Comprehensive education: elementary education	114 393.3	102 434.8	83 100.1	80 456.5
Out-of-school and professional education	21 862.5	17 349.8	27 474.3	20 193.7
Other education, not classified above	3 899.1	3 587.8	5 805.8	5 275.8
Basic budget expense, int. al.	189 215.1	172 818.9	159 693.2	145 136.0
Investment	11 731.4	11 670.3	9 150.6	8 555.8
Special purpose budget expense	11 356.2	10 729.2	0.0	0.0
Total	200 571.3	183 548.1	159 693.2	145 136.0

SOCIAL SECURITY

In 2010, Riga City Municipality spent 44 024,7 thousand lats from the basic budget and investments for social security.

In 2010, Riga Municipality continued to perform activities related to solving problems of population of moderate means by increasing benefits and diversifying their types to fit the needs of each individual situation, concerning the increase of social tension in the state. Broadening of the infrastructure of social service was continued in order to enable provision of social aid closer to the place of residence.

SOCIAL CARE AND SOCIAL REHABILITATION IN INSTITUTIONS

In 2010, Riga Municipality provided long-term social care and social rehabilitation services for 1 730 retired and disabled persons in 15 social care. In 2010, 184 children were placed in children long-term social care and social rehabilitation institutions (children's homes), but social rehabilitation services there received 686 orphans and parentless children. In 2010, Riga Municipality provided services of the crisis center to 500 persons.

The most significant projects:

- Renovation of Riga 1. Special elementary boarding-school on Gertrudes Street 18;
- Reconstruction and renovation of artistic creative activity centre "Milgravja school for arts and craft" on Baltasbaznicas Street 14;
- Reconstruction of Riga Secondary school of Cultures building on Ganibu dambis 7;
- Reconstruction of Riga 13. Secondary school building on Pulkveza Brieza Street 25;
- Improvement of consumption efficiency in Riga City educational institution buildings;
- Fire detection construction and renovation of electricity supply system in Riga City educational institution buildings;
- Renovation of kitchen sections in Riga City educational institutions;
- Random renovation of Riga Anninmuizas Secondary school on Kleistu Street 14 and Riga 85. Secondary school on Nicgales Steet 22.

SOCIAL CARE AT PLACE OF RESIDENCE

In 2010, home-care services were provided for 4 145 persons in total, int. al. home-care service – for 2 756 persons, benefit in kind for family members, who provide personas home-care services – for 1 193 persons, service "hot meat delivery to the client's address" – for 957 persons, service "security button" – for 228 persons, escort-assistant service – for 199 persons.

In 2010, Riga Municipality continued financial support of 16 day-care centers, where 4 075 disable persons, children and youth, retired and other adults received services. In 4 day-care centers for disabled children 70 children received services, 65 children received palliative services. Early correction program service was provided for 50 children, service "A moment of rest" was used by 7 families. In 2010, 9 day-care centers for persons with mental disorder were also supported. These centers were attended by 339 persons. Day-care centers for persons with mental disorder provide staying at centre for all day, feeding, as well as educating classes in acquiring social and working skills.

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 3 204 persons received transport services and 499 073 lats from the Riga Municipality budget were utilized for this purpose in 2010.

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. 111 persons received this service in 2010. In specialized workshops, where persons with mental disorder under supervision of specialists have possibility to acquire crafting skills, 34 persons received this service in 2010.

SOCIAL SUPPORT FOR THE HOMELESS

In Riga shelters/night shelters as well as in social rehabilitation centers for the homeless a temporary shelter, hygiene and feeding services as well as social workers' consultations are provided. In 2010, 3 129 persons used these services. 1 327 homeless and persons of moderate means (148 persons per day on average) received Day Center of Riga shelter services in 2010.

In 2010, Riga Council financed social rehabilitation services for the homeless provided by two organizations, where 53 persons received of social and working skills development services. In 2010, Mobile team of Riga shelter rendered consultation to 1 959 persons, received 1 771 phone calls and delivered 581 persons to night-shelter or hospital. In 2010, soup-kitchen service was co-financed from Riga Municipality budget, providing Riga homeless and other persons of moderate means with up to 900 portions a day, 5 times a week. In 2010, were distributed 155 503 portions in total.

In 2010, service "Food delivery and distribution to persons, who are receiving support within strategy of social security network in welfare and health care area" was launched in two places in Riga. There were 37 436 portions distributed in total for a sum of 40 189 LVL. This service was organized for persons who are receiving support within strategy of social security network in welfare and health care area.

SOCIAL WORK IN RIGA SOCIAL SERVICE

In 2010, 54 social workers rendered consultation to 30 181 families with children, performed 6 470 inspections at clients place of residence. 1 132 persons were assigned for social service and 1 102 received the service. During the year social work on specific social cases with 2 942 families was performed.

SOCIAL PROTECTION IN RIGA

In Riga in 2010, social benefits received 71 951 persons, i.e. 10,2% from total population of Riga. Total amount of social benefits was 17 950 763 LVL, int. al. 12 582 105 LVL from municipal budget. In 2010, 30% from the total amount of budget resources used for social benefits were utilized for benefits to provide guaranteed minimum income and 45% for apartment benefits.

In 2010, 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 2010, 45% or 28 089 from the total number of tested benefits recipients were families with children, 30% or 19 118 were families with retired/disabled persons and 25% or 15 753 families with able-bodied persons only.

In 2010, the tendency of growing number of families with children receiving tested benefits was continuing on (from 19 017 persons in 2009 to 28 089 persons in 2010) and families with able-bodied persons only (from 9 047 persons in 2009 to 15 753 persons in 2010), but the number of retired/disabled persons reduced (from 24 182 persons in 2009 to 19 118 persons in 2010).

EMPLOYMENT FACILITATION ACTIVITIES

19 229 able-bodied persons had recourse to Riga Social Service for social aid and/or social services during the 2010. 14 815 or 77% of them have received Municipality's tested benefits, i.e. 24% from the total number of tested benefit recipients in Riga Social Service.

In order to provide social support for the unemployed, 35 support groups were organized at Riga Social Service in 2010, where 787 unemployed persons took part in. Riga Social Service social work specialists rendered 57 312 consultations to 15 156 able-bodied unemployed persons, but psychologist or psychotherapist provided consultation to 215 persons.

In 2010, Riga Municipality continued its participation in ESF project "Provision of labor practice activities in municipalities for achieving and maintaining working skills". In 2010, 2 486 paid labor places were created in municipality, where the unemployed registered by State Employment agency were engaged. 4 443 unemployed persons registered by State Employment agency were engaged in total as of beginning of the project.

The most significant investment projects:

- Finished heat insulation of social residential building in Riga, Aglonas Street 35/3;
- Program of environment accessibility provision – installment of lifts for disabled persons;
- Construction of social residential buildings on Lomonosova Street;

- Finished cooperation of Riga City Council Welfare Department, Liepaja Council Welfare Service and Jelgava Council Department of Social affairs and State and private partnership project “Reconstruction and management of Social service centre “Stella Maris” and “Mezciems” in Riga”.

Budget expense allocated to social security (k LVL)	2008 actual	2009 actual	2010 budget	2010 actual
Social security in case of inability to work	2 271.2	1 581.4	457.4	448.1
Assistance to elderly people	5 621.0	4 969.9	4 290.5	4 259.0
Assistance to families with children	7 748.3	7 911.7	5 516.3	5 171.2
Assistance in unemployment case		138.6	2 296.8	1 912.0
Housing allowance	19 520.2	3 289.2	7 839.1	7 839.2
Other support to socially repudiated persons not classified above	21 886.0	22 230.0	24 121.4	23 584.0
Other social care not classified above	1 785.6	1 294.9	857.2	811.2
Basic budget expenses, int. al.	58 832.3	41 415.7	45 378.7	44 024.7
Investments	504.5	2 709.7	300.9	285.1
Special purpose budget expenses	917.0	550.3	0.0	0.0
Total	59 749.3	41 966.0	45 378.7	44 024.7

HEALTH CARE

Riga Municipality continues to allocate budget resources to the improvement of Riga health care system. In 2010, the total amount of health care program financing allocated from the basic budget as well as investment resources amounted to 159,4 thousand lats. Riga Municipality allocates resources into financing of Riga health care system in order to ensure the accessibility of health care services to the population of Riga in accordance with the autonomous functions defined by the law “On Municipalities”.

Provision of health care services and promotion of healthy way of living in Riga Municipality are assigned to enterprises according to the delegation agreements signed between enterprises and Riga Municipality. Administration delegation agreements, which are under supervision and control of Health Care directorate of Riga City Council Welfare Department, are signed with 15 enterprises:

- “Riga 1st hospital”;
- “Riga 2nd hospital”;
- “Riga Maternity hospital”;
- “Skin and sexually transmitted diseases clinical center”;
- “Ilguciems health center”;
- “Bolderaja health center”;
- “Dzirciems health center”
- “Veselibas nams 5”;
- “Red Cross children health center”;
- “Children dentistry health center”;
- “Health center 1”;
- “Health center “Imanta””;
- “Tornakalns health center”
- “Children health center “Kengarags””;
- “Primary health care center “Ziepniekkalns””.

448 doctors with 711 768 registered patients were rendering primary health care services in Riga in 2010. Primary health care doctors were rendering services at 94 locations in Riga.

In order to improve professional skills of doctors, 12 092.83 were lats allocated from Municipal budget in 2010.

In 2010, medical and social care was provided in short-term social care beds for persons of low-incomes 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, spending 219 642,05 lats in total.

Social care bed service is concentrated in Riga Municipality's Ltd. “Riga 1st hospital”, where prepaid service is provided by 60 beds daily.

Riga Municipality has implemented activities in order to improve and promote understanding of healthy way of living by informing society on factors that have effect upon health and performed activities to prevent, delay or to reduce effect of these factors, as well as to provide accessibility of these services by purchasing them from nongovernmental organizations and co-financing programs implemented by organizations/institutions. In 2010, total amount of 102 362 lats was spent to implement health care and prevention activities and support programs.

The most significant investment projects and programs:

- Finished project “Functional and creative development center for children with special needs” in cooperation with association “Rehabilitation center “Mes esam lidzas””;
- Finished project “Working with communities to reduce health inequalities” in cooperation with nine partners from the whole Europe, with a goal to promote awareness of nicotine hazard and to decrease spreading of smoking among 11 – 15 year old schoolchildren;
- Implemented project “Access strategies for teen smoking cessation in Europe” in cooperation with partners from the whole Europe;
- Implemented project “FreD goes net” Latvia in cooperation with 19 partners from 17 EU member states, with a goal to create cooperation with institutions supervising youth drug use;
- Implemented project “Basics of care for social work specialists in work with patients with diagnosed chronic diseases”.

Budget expenses allocated to health care (k LVL)	2008 actual	2009 actual	2010 budget	2010 actual
Operation and services of ambulatory medical institutions, and public health-care agency services	12 043.7	5 904.6	579.1	159.4
Hospital services. Health-care services for mother and child	375.7	-	-	-
Other health-care services not classified above	3.2	-	-	-
Basic budget expenses, int. al.	12 422.6	5 904.6	579.1	159.4
Investments	395.8	17.9	0.0	0.0
Special purpose budget expenses	57.6	1.5	0.0	0.0
Total	12 480.2	5 906.1	579.1	159.4

MUNICIPAL TERRITORY AND HOUSING MANAGEMENT

In 2010, the amount of financing allocated from the Riga Municipality basic budget, the special purposes budget, as well as investment resources for Municipal territory and housing management amounted to 22 585,6 thousand lats.

In accordance with Riga City development program for 2006 - 2012 tasks to provide renovation of municipal housing and maintenance and development of infrastructure, Riga City Council Housing and Environment Department performed joining of 12 municipal residential buildings to central water supply and sewerage network in 2010. 63 319 lats were utilized for this purpose.

As one of the Riga City Council Housing and Environment Department functions is management of municipal housing fund (social apartment houses, apartment houses of various social groups, unprivatized apartments in apartment houses, separate municipal apartments). Commission of Riga City Council Housing and Environment Department evaluates the technical condition of empty municipal apartments and renovation expediency and calculations on renovation expenses are done. In 2010, finance of 311 624,64 lats allocated for renovation of free apartments was utilized to perform renovation of 28 municipal apartments. Renewed apartments were offered to Rigans, waiting for municipal support in solving apartment matters.

As at 01.10.2010., 8 123 families were registered in queue to receive municipal support in solving apartment matters.

In order to promote inhabitants' involving in management process of apartment houses, work on transferring administration rights of the privatized residential buildings to the apartment owners by means of methodic support was continued, according to law On Residential Property and law Administration of an Apartment House. Deputies of Riga City Council Housing and Environment Department took part in 52 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 it 47 apartment owner companies were created by the way of Riga City Council Housing and Environment Department and administration rights of 52 apartment houses of Riga Municipality balance sheet were transferred to apartment owners.

The major investment projects:

- Joining residential buildings to central water supply and sewerage network, projecting and construction;
- Construction of engineering utilities of “Jauna ebreju” cemetery.

Budget expenses allocated to municipality territory management and housing facilities (k LVL)	2008 actual	2009 actual	2010 budget	2010 actual
Street illumination	5 819.4	3 988.6	4 289.8	4 277.7
Other activities concerning municipality territory management and housing facilities not classified above	20 448.1	8 607.5	23 378.6	18 307.9
Basic budget expenses, int. al.	26 267.5	12 596.1	27 668.4	22 585.6
Investments	4 787.6	339.4	824.7	300.6
Special purpose budget expenses	4 110.0	4 130.5	0.0	0.0
Total	30 377.5	16 726.6	27 668.4	22 585.6

ENVIRONMENTAL PROTECTION

In 2010, the total financing to environmental protection allocated from the basic budget and investment resources amounted to 917,0 thousand lats. The resources allocated to this area were mainly utilized on activities aimed at ensuring environmental protection, int. al. improvement of environmental quality.

In 2010, for basic budget program "Count of dogs, maintenance of dogs' walk ground" 17 896 lats were sent in total and 134 539 lats for basic budget program "Control of runabout animals' population program". These programs are planned to be continued in 2011, improving services accessibility even more.

Financing allocated from Riga City basic budget program "Maintenance and renewal of City's greenery" and Riga environment protection fund was utilized to perform management of City's greenery – upkeep of young trees of street greeneries – 2 186 pieces, upkeep of trees of municipal educational institutions and street greeneries – 1 551 pieces, liquidation of defective, dying and dead trees – 131 pieces, liquidation of poplars – 57 pieces. Total financing was 70 867 lats.

The major investment projects:

- Reconstruction of Dzeguzkalna park 2nd stage.

Budget expenses allocated to environmental protection (k LVL)	2008 actual	2009 actual	2010 budget	2010 actual
Waste-water management	284.4	56.5	196.1	195.9
Other expenditures related to environmental protection	3 321.3	1 146.7	791.4	721.1
Basic budget expenses, int. al.	3 605.7	1 203.2	987.5	917.0
Investments	714.9	187.2	141.9	141.3
Special purpose budget expenses	929.9	716.4	0.0	0.0
Total	4 535.6	1 919.6	987.5	917.0

CULTURE

In 2010, Riga City Municipality allocated 18 891,8 thousand lats from basic budget and investment finances for financing recreation, culture and religion events. The financing was utilized to provide annual city cultural, recreation and religion events in accordance with Riga culture policy and for financing culture institutions – to provide operation of Riga library, support of culture centers and recreation centers, children musical and art education schools, payment for leaders of folk art and amateur groups and support for sport events.

Riga City Council Education, Culture and Sports Department worked in accordance with development strategy "Riga City cultural strategy 2008 – 2025" and defined priorities by it and Celebration design realization concept 2008 – 2012 basic principles, as well as with targets set for 2010.

For effective use of resources, an optimization and significant rearrangement and improvement of cultural institution network were performed – additional premises were obtained for several cultural institutions:

- Cultural center "Ritums" (Meistaru House on Pulkveza Brieza Street 18);
- Riga Central library (branch libraries "Imanta", "Pardaugava", "Bikernieki");
- Riga Municipality Union of Cultural Institutions (additional premises Liela Pils Street 18);
- Juglas Music school (additional premises);
- P. Jurjana Music school (new block).

Management and development of subordinate institutions was provided, realized project tenders, as well as various culture services were provided, what are necessary for various and diverse Riga inhabitants' cultural interests.

Successful cooperation with Ministry of Culture was carried out in development of laws and regulations on cultural centers and amateur groups and membership of amateur groups to particular municipal cultural institutions is defined. Hereafter each amateur group, which is supported by Riga Municipality, is member of a municipal cultural institution or a member of ECSD's cooperation institution.

In 2010, project tenders were realized, providing diverse cultural services. 1 009 project applications were submitted to open tenders organized by ECSD with total required sum of 3 529 487 lats.

489 projects were supported (int. al. 147 projects organized by municipal cultural institutions and folk art groups, 184 events organized by nongovernmental organizations, 43 projects organized by governmental organizations, as well as 76 events organized by other organizers) with total sum of 1 089 917 lats, whereof:

- 40 projects – competition for financing of special purpose program of Riga festivals (2010 - 2012);
- 92 projects – cultural project competition for financing of Riga Municipality;
- 56 projects – competition for financing of Traditional cultural events in 2010;
- 276 projects – competition for financing of cultural events in 2010;
- 25 projects – concept and project competition for financing of light festival “Shine Riga” of 2010.

The most outstanding festivals, gathering great number of City inhabitants and visitors, organized in 2010 were – International Music Festival “Rhythms of Riga”, Riga International Film Forum “Arsenals”, Film Festival “The Baltic Pearl”, Festival “Bildes”, theatre festivals “Zelta maska Latvija” etc..

In 2010, the plan of City events was implemented in accordance with priorities defined in City’s cultural events plan of and ECSD budget. The most significant events of City and traditional culture in 2010:

- Events dedicated to 20th Anniversary Declaration On the Restoration of Independence of the Republic of Latvia in the City on 3rd and 4th of May;
- Events in the City and municipal cultural institutions during the *Patriotic* month, int. al. dedicated to Lacplesa Day, 92nd Anniversary of Proclamation of the Latvia Republic and celebration fireworks on 11 Novembra Krastmala street;
- Zalu market on Doms Square, Mikeldienas fair in Old Riga, as well as Midsummer Day celebration for the first time was organized on 11 Novembra Krastmala street, Dzeguzkalns and at The Ethnographic Open-Air Museum of Latvia. Around 15 000 visitors attended events on 11 Novembra Krastmala street;

- Riga Festival 2010 was organized in cooperation with 55 organizers and 12 projects were financed from ECSD budget. Three day festivity program was attended by more than 200 000 Rigans and City guests;
- Contemporary art festival “White Night” program included 50 projects and ECSD supported 15 events. “White Night” - night between the 3rd and the 4th of September attracted more than 40 000 visitors;
- Light festival “Shine Riga”, what took place from 18th to 21st of November. National holiday activities and festival objects were attended by more than 200 000 visitors.
- Advent and Christmas program of concerts, social gatherings and exhibitions, which attracted more than 10 000 Rigans and City guests.

In 2010, office of Capital of Europe began to operate as a separate ECSD department, which functions include management, coordination and organization of activities concerning Riga status of Cultural Capital of Europe of 2014. Within its tasks there are development of Riga 2014 program, int. al. organization of seminary for potential cooperation partners and project developers, advisory support for Riga 2014 program project developers, integration of Riga 2014 themes in cultural events, development of volunteer program, development of principles of attracting private funds, development of communication strategy, organization of international conference, international presentation of Riga 2014 project, etc..

The major investment projects:

- Reconstruction and renovation, int. al. field and construction supervision, of buildings of M. Chehov’s Riga Russian theatre at Kalku Street 14, Kalku Street 16 and Kaleju Street 4;
- Reconstruction and development and coordination of changes in reconstruction technical project (2nd stage) of building complex on Uzvaras Boulevard 10, Ojara Vaciesa Street 2;
- Renovation of Riga Imanta library on Slokas Street 161.

Basic budget expense allocated to culture (k LVL)	2008 actual	2009 actual	2010 budget	2010 actual
Recreational and sports institutions and events	9 080.2	4 148.9	2 960.3	2 843.0
Culture	15 816.1	8 675.6	8 557.4	8 276.1
Other recreational, cultural, and religion-related services not classified above	8 651.5	4 366.4	8 746.2	7 772.7
Basic budget expense, int. al.	33 547.8	17 190.9	20 263.9	18 891.8
Investment	4 383.3	2 974.9	7 878.9	7 870.8
Special purpose budget expenses	2 790.8	4 366.1	0.0	0.0
Total	36 338.6	21 557.0	20 263.9	18 891.8

ECONOMIC ACTIVITY

In 2010, 105 520,0 thousand lats from Riga Municipality basic budget and investments were assigned for economical activities. Financing allocated for this sector were mainly utilized to provide effective and suitable for modern requirements public transport services for Rigans and City guests, as well as to other important measures for City environment.

The public traffic system of Riga City Municipality is providing services inhabitants of Riga City as well as for inhabitants of Riga and closest Riga region. Riga municipal public transport network is well developed, and it provides traffic all around the city territory. At the end of 2010 Riga City Municipality public transport network was formed by:

- 53 bus routes with total length of 887,0 km, provided by 476 traffic buses;
- 9 tram routes with total length of 99,53 km, provided by 200 traffic trams;
- 20 trolleybus routes with total length of 168,1 km, provided by 256 traffic trolleybuses.

At the end of 2010, 8 private companies provided passengers' transportation in 38 routes by 232 traffic buses in accordance with signed procurement agreements on of public transportation services. The total run length of public transport was 51 677 thousand km in 2010.

In 2010, there were 3 300 950 runs performed with 133,4 millions of transported passengers, 27,2% of them used discounts defined by State and Municipality and 21% passengers were transported free of charge.

For inhabitants, who use the public transport without discounts, charge for one trip ticket as from 1st January of 2010 was raised to 50 santims. Rise of transportation charge and economical crisis in country has caused reduction of passenger traffic in this category by 17%.

There were changes in range of offered tickets performed during 2010. One trip tickets for schoolchildren and students at a 50% discount were put into effect in April – during nine months such tickets were used 4,8 million times. As from September pedagogues Riga City schools had an opportunity to buy season ticket with discount for one specific kind of transport in all routes for work days and transportation charge at a 100% discount was allowed to all nonworking pensioners above the age 75, for disabled persons of the 3rd group with vision and hearing disorders and participants of the elimination of the consequences of the accident at Chernobyl nuclear power plant.

85% of traffic buses and 83% of traffic trolleybuses are equipped with low floor and wheelchair lifts, thereby meeting needs of passengers with limited motor possibilities for accessible public transport. In 2010, first 6 low floor trams were received, which are equipped with wheelchair lifts, but all the other trams don't have such equipment.

In order to enable public transport to avoid traffic jams and thereby reduce delays in public transport schedule, Riga Municipality continued establishment of separate traffic lanes for public transport. Simultaneously with establishment of separate traffic lanes for public transport, the placement of parking places in respective street sections was reconsidered in order to broaden carriageway. In addition to the already existing ones, in 2010, there were provided new public transport traffic lanes on Brivibas Avenue from Lielvardes Street to Struktoru Street, on Brivibas Avenue from Bikernieku Street to Lielvardes Street, on Maskavas Street from Kengaraga Street to Eglaines Street and on Maskavas Street from Eglaines Street to Slavu Street.

Proceeding with improvement of traffic organization, 10 traffic light objects were constructed, performed construction of 22 speed humps, as well as 14 pedestrian crossings equipped with additional illumination constructed in the streets of Riga in 2010.

In 2010, Riga City Council Transport Department ordered reconstruction, renovation and construction of traffic buildings, whereof the most important are:

- continued construction of Eastern main road crossing with Gaujas Street;
- finished reconstruction of Brivibas Avenue section near the bridge over the river Jugla (420 618 LVL);
- finished reconstruction of Krustabaznicas Street from railway to Ezermalas Street (457 339 LVL);
- finished construction of bikeway Center-Bergi (554 872 LVL);
- finished reconstruction of Brivibas Avenue section near building No. 413a (27 021 LVL);
- finished reconstruction of Juglas Street from Bikernieku Street to Lubanas Street (total amount of accomplished works during 2009 - 2010 was 3 457 035 LVL);
- in 2010, "Construction of Eastern main road section from crossing with Viestura Boulevard to crossing with Meza Boulevard" was started. In 2010, amount of accomplished works was 7 417 552 LVL.

In 2010, was continued South Bridge 2nd stage construction, what is planned to be completed in summer of 2011. The amount of construction works of the South Bridge 3rd stage from Bauskas Street to Ziepniekkalna Street in 2010 was for a total sum of 1 260 315 lats.

According to Riga City Municipality order, in 2010 program "Reconstruction and maintenance of approach roads near municipal educational buildings in Riga" was implemented and performed reconstruction and maintenance of approach roads near municipal educational buildings in territories of Eastern Suburb, Northern district and Pardaugavas district for a total sum of 993 222 LVL.

According to Riga City Council Transport Department order, in 2010 periodical renovation works of street paving at area of 156 176 sq. m for a total sum of 1 799 905 LVL. In order to improve traffic organization and safety, in 2010 public transport traffic lanes were established on Maskavas Street and Brivibas Avenue,

temporary traffic light objects for pedestrians safety were established on crossing of Jurkalnes – Apuzes Streets and on Maskavas Street near the Lastadijas Secondary school, meteorological station established on the South Bridge.

Budget expense allocated to economic activity (k LVL)	2008 actual	2009 actual	2010 budget	2010 actual
Agriculture, forestry, fishery, and hunting	-	-	9.0	8.6
Mining, industry, and construction	1 574.8	3 496.2	7 445.9	5 976.5
Transportation	96 665.9	82 113.3	101 117.7	96 511.4
Other sectors	499.8	1 236.3	2 460.5	2 456.2
Other economic activity not classified above	9 562.5	3 478.3	968.0	567.3
Basic budget expenses, int. al.	108 303.0	90 324.1	112 001.1	105 520.0
Investments	7 687.6	16 847.3	12 492.2	11 503.5
Special purpose budget expenses	24 778.6	23 640.4	0.0	0.0
Total	133 081.6	113 964.5	112 001.2	105 520.0

PUBLIC ORDER AND SECURITY

In 2010, from the Riga Municipality basic budget there were 8 179,7 thousand lats in total allocated to public order and security purposes.

Riga, as the Capital of Republic of Latvia, has to provide public order and security level adequate to modern requirements and the expenses from Riga City Municipality budget in this sector are subordinated to this goal. Riga City Municipality continues to focus on City order and security improvement measures, in order to provide good pastime activities for inhabitants and City guests either on weekdays or on international events.

In 2010, the Riga Municipality Police officials secured public order in 105 mass gathering events, including State Holidays of the Republic of Latvia, visits of foreign delegations, events, pickets, gatherings and meetings, street processions, sports games and recreation events, organized by Riga Municipality. In 2010, the Riga Municipality Police officials secured public order near 129 Riga City educational institutions.

47 718 inhabitants' calls were maintained, 9 043 personal applications were received within the year. Apart of fulfilling the direct duties related to ensuring public order and offence prevention, informative and educational activities were performed.

No fatal incident has occurred in places for swimming under supervision of the Riga Municipality Police since 2003; in total 13 swimmers were rescued on beaches and medical aid was rendered to 118 persons.

Riga Municipality Police department – Tourism Department created in 2009, in 2010, took care of security of Riga guests and City inhabitants, cooperated with foreign embassies, as well as intensively patrolled in the most popular public places for City guests. Twenty-four hours phone service of Tourism Information Center and immediate police reaction on incoming information was provided.

In cooperation with employees of Control service of "Rigas satiksme" Ltd., 1 249 raids in Riga City public transport were performed, during which 235 persons were took up, 70 of them were wanted persons, 2 291 transgressor were brought to administrative trial.

Budget expenses allocated to public order and security (k LVL)	2008 actual	2009 actual	2010 budget	2010 actual
The police	10 138.9	9 231.6	8 402.7	8 141.3
The court and prosecutor's offices	1 339.0	985.1	0.0	0.0
Other public order and security services not classified above	-	-	40.0	38.4
Basic budget expenses, int. al.	11 477.9	10 216.7	8 442.7	8 179.7
Investments	5.9	-	-	-
Special purpose budget expenses	26.0	158.3	0.0	0.0
Total	11 503.9	10 375.0	8 442.7	8 179.7

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

Carrying out state corruption prevention and combating program 2009 - 2013, Riga Council Security, Public Order and Corruption Prevention Issues Committee has developed and approved Riga City Municipality corruption prevention strategy 2010 - 2013. Goal of the strategy is to provide honest and legitimate use of power assigned to municipal employees and official on society's behalf. Strategy defines main directions of corruption prevention activities: development of corruption prevention activities plan, update and accomplishment; intensification of purchase supervision; situations of conflict of interest prevention; implementation of "one stop agency" principle etc., which implementation will allow reducing corruption risks in Riga City Municipality.

Civil servants of Riga City Council Bureaucracy Combating Centre regularly offers consultations for visitors on corruption combating, but in case of receiving specific information on potential criminal activities, Riga City Council Bureaucracy Combating Centre transfers it to Corruption Prevention and Combating Bureau or to State Police for the further actions, as well as supplies the necessary information to these institutions upon request.

In 2010, Riga City Council Bureaucracy Combating Centre sent more than 60 letters to respective Riga Municipality institutions, drawing attention to necessity to solve specific questions and gave suggestions on improvement of their operation. As a result of performed activities the number of applications on flaws in operation of Riga Municipality institutions in particular spheres was significantly reduced.

According to instructions of Riga City Council Chairman, Riga Municipality Bureaucracy Control Centre examined materials on flaws in operation of Riga City Land Commission. As a result of examination suggestions were given to prevent the found conflict of interest situations and improve the operation of the commission.

Information on bureaucratic action and non-quality discharge of duties of civil servants of Riga Municipality institutions provided by inhabitants and confirmed by examination, Riga Municipality Bureaucracy Control Centre sent more than 30 letters to respective institutions CEOs with instructions to examine the facts and to make decision on call employee to disciplinary account. According to information of Bureaucracy Control Centre, a part of those employees about whom were got complaints or whose operation were evaluated as unprofessional, during the process of reorganization were released from municipal institutions and their action were reviewed in respective Ethics commission or other activities performed to prevent bureaucratic actions in future.

In order to improve the process of planning and performing the internal audit of Riga Municipality, new internal laws and regulations were developed in 2010, particularizing the predicted order. According to the Riga City Council Audit Directorate 2010 plan of internal audit realization approved by Riga City Council Chairman, in 2010, Riga City Council Audit Directorate performed 14 internal audits, int. al. 9 audits in specific Central administration branch offices, institutions, municipal agencies of Riga Municipality (1-3 system audits performed within each audit) and 5 separate system audits (each of them involves several Riga Municipality institutions). Audit reports gave evaluation of the audited systems and suggestions on improvement of operation and control mechanisms these systems. As a result of audits introduction schedule of suggestions was developed, where 114 suggestions were included in total. Riga City Council Audit Directorate performs supervision of introduction of suggestions.

Implementing "One stop agency" plan, evaluation of services rendered by Riga Municipality directorates was performed in 2010. It resulted in increase of number of rendered services, simplification and specification of services description, facilitation of electronic service payment transfer. In addition, suggestions were offered on implementation of new services, enlarging service rendering points and installation of POS terminals in municipal institutions, what would facilitate payment for received municipal services.

Riga City Municipality data protection and backup duplication solution was updated by introducing Symantec NetBackup platform, what speed up creation of data backup copies and operation restoration of information system and IT services in case of hardware failure, as well as recover of user data in case of data corruption or deletion.

Purchase procedure of "Infrastructure and services" program within "Informatisation of Riga City Educational Institutions" project financed by European Regional Development Fund was accomplished.

According to changes of binding regulations, a new electronic service was developed "Registration of a child in pre-school educational institution" and order of registration of a child in pre-school educational institution was changed, providing parents to do it via internet according to Personal Data Protection law.

A new technological platform has developed and introduced for rendering services on Riga Municipality electronic service site www.eriga.lv.

RIGA MUNICIPALITY PARTICIPATION IN INTERNATIONAL COOPERATION PROJECTS

In 2010, Riga Municipality continued the cooperation performed in previous years with international institutions and organizations, as well as its commonwealth cities. Within the cooperation framework, Riga City organized or participated in a number of international and national events in the areas of culture, education, sports, city planning and development, transportation and traffic infrastructure planning and development, public utilities, environment protection, tourism, as well as other areas important for the Municipality.

The most significant international projects performed during 2010 in association with execution of Riga territory plan were as following:

➔ In 2010, preparation of Northern Transportation Corridor project was continued within the framework of the coo-financing allocated from European Union communication network (TEN-T) budget. The first TEN-T 2005 program with total budget of 7,6 million euro was finished within this project and the second TEN-T 2007 program with total budget of 6,9 million euro was continued. Co-financing of Northern Corridor 1st, 2nd, 3rd and 4th stage preparation for investments was performed within these programs (development of sketch project, impact on environment appraisal, geological research, hydro geological modeling and technical, legal and financial advice), as well as traffic and finance research for the whole Northern Corridor project and development of tender documentation for attracting the project performer (private partner);

➔ Continued work on "Baltic Sea Innovation Network Centres" (BaSIC) project and provided several Riga mobile communication industry companies participation in the international forum "Mobile Future 2010" in Stockholm, issued BaSIC Marketing calendar of topical activities in 2010; developed and maintained project home page www.basic-net.eu; provided Riga presentation as an attractive place for entrepreneurship and investments in international innovation forum in St. Petersburg;

➔ Work on ERDF program project of revitalization of Riga City's degraded territories "Revitalization of degraded territories on Maskavas, Krasta and Turgeneva streets" activities was continued;

➔ Work on ERDF program project "Strengthening tourism potential of Grizinkalns cultural heritage" was started;

➔ ERDF program project "Revitalization of Grizinkalns and alongside Miera darzs territories";

Also there were started and continued following projects: LIFE + project Riga against the flood, Baltic Palette – Baltic Sea and Asia co-project in cooperation planning BASAAR, INTERREG IVB program project "Baltic Sea Region Cooperation Network Project - Eco Region", improvement of Riga Municipality's capacity concerning EU structural fund issues, Riga Cathedral reconstruction projects, etc..

In 2010, Riga City Council Education, Culture and Sports Department implemented 11 projects co-financed by EU and other international financial instruments and launched another 3 new projects with a total sum of 20 419 044 LVL, int. al.:

➔ European Regional Development Fund (ERDF) project "Informatisation of Riga City Educational Institutions";

➔ ERDF project "Provision of Appropriate Material Supplies Required for the Implementation of High Quality Natural Science Programmes in 63 Riga secondary schools";

➔ ERDF project "Creating an effective strategy to promote youth participation in public processes";

➔ ERDF project "Enterprising Education";

➔ European Social Fund (ESF) project "Support to Ensure Sufficiency of General Education Educators in Priority Subjects";

➔ ESF project "Promotion of Educators' Competitiveness within the Optimization of Educational System".

Launched and implemented also following projects: ESF project "Innovative solutions for reducing social exclusion of social young people groups at risk", ERAF project "Creative metropolises. Policy and tools for support of creative industries", ERDF project "Music for all. Improvement of music education accessibility for persons with special needs", ESF project "Implementation of Support Measures for Social Exclusion Decrease of Youth and Integration of Disabled Youth into Education in Riga 3. Special elementary school", ERDF project "Attracting youth to NGOs, sports and to out-of-school educational programs", etc..

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

➔ Union of Baltic Cities (UBC), uniting 106 cities in 10 countries of the Baltic Sea region;

➔ Baltic Sea States Subregional Co-operation organization (BSSSC);

➔ Union of European Union Capitals (UCEU);

➔ Modern times Union of Hanseatic Cities (Städtebund DIE HANSE);

➔ Network of major European cities EUROCITIES;

➔ Baltic Metropolises cooperation network (BaltMet);

➔ European Union Committee of the Regions (CoR);

➔ United Nations Educational, Scientific and Cultural Organization (UNESCO);

➔ Organization of World Cultural Heritage Cities (OWHC), etc..

In 2010, Riga Municipality supported a number of other international events, int. al.: NATO Parliamentary Assembly's Spring Session chief negotiators visit in Riga; Days of Kobe in Riga; visit of Riga Council official delegation in Suzhou (PRC); visit of Amsterdam (the Netherlands) mayor, officials and businessmen delegation in Riga; Riga Council and Republic of Latvia official delegation visits and meetings with senior officials in Moscow, St. Petersburg and in other RF; visits of various foreign cities' delegations in Riga visiting events of 10th Latvian Youth Song and Dance Celebration in July of 2010.

PROMOTION OF INHABITANTS' AWARENESS AND EDUCATION 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. 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 progress of.

In 2010, the information on planning and execution of the Municipality budget, social support obtaining opportunities, adjustment of the City's environment, new development projects and construction plans, as well as important investment and cultural projects was provided to inhabitants on regular basis. Press conferences of Riga City Council officials were organized, where the information about the decisions made and current events in Riga Municipality was provided to mass media. In cooperation with mass media, actual municipality information and important topics were regularly reflected in press, television and radio broadcasts.

Municipality's website www.riga.lv has been constantly updated and renewed where all the most important information on City and Municipality is available: laws and regulations, agenda, documents under review, resolutions passed and prepared resolution projects of Riga City Council, Executive Council and committees, information about planned and actual events in City and Municipality. Website offers information on Municipality structure, competences of municipal structures and officials, contacts.

Visitors' Reception Centre (VRC) provides information for inhabitants, what are operating either in the Central building or in Riga Municipality Executive Boards, providing people with the necessary information directly or over the phone. VRC are offering free of charge legal advices. There is free of charge phone 80000800, provided to inform the City's inhabitants.

Research "Social Integration Issues in Riga" was made for the first time in Riga in 2010, what included Riga inhabitants' opinion survey and forum "Riga resounds – inhabitants speak", with a goal to activate cooperation and co-responsibility issues between inhabitants, nongovernmental institutions and Riga Municipality. Suggestions proposed in forum were used to develop strategy and action plan of promotion of social integration in Riga.

In order to promote inhabitants' awareness about City development issues and to get feedback for well-weighted decisions, sections *Society's involvement* and *Frequently asked questions* were created in Riga City Council City Development Department website www.rdpad.lv in 2010.

Cooperation with private sector:

In 2010, 19 public discussions took place, int. al.:

- 1) 2 public discussions on construction preliminary plans and Riga Municipality resolution projects were prepared;
- 2) 7 public discussions on Riga Municipality planning documents and impact on environment appraisals of various scale;
- 3) 10 detailed plans were put for public discussions.

During the public discussions, 66 comments on construction preliminary plans and 682 written comments from physical and legal entities on detailed plans were received. In total 1 863 inhabitants expressed their opinion in public discussions, int. al. 29 of them have expressed their opinion electronically on e – portal www.riga.lv.

Public discussion on modifications of Long-term Development Strategy of Riga until 2025 and Development Program of Riga 2006-2012 took place from 18.03.2010. to 16.04.2010. Information on public discussion was also available for filling electronically on Riga City Council City Development Department home page www.rdpad.lv, section "Society's involvement". During the public discussion, three public meetings, live broadcasted on www.riga.lv, with interest groups were held in Riga Municipality – with institutions' representatives (territory planners, Ministry and adjacent municipalities), with representatives of inhabitants, nongovernmental institutions and businessmen.

The most characteristic examples of society's involvement and effect of its opinion upon decisions made by municipality in 2010 were:

- Selection of trace within 2nd, 3rd and 4th stage of Riga Northern Transportation Corridor project (more suitable for inhabitants instead of cheaper one);
- Selection of red lines in section of Laivu/Buru Street – diverting the perspective tramline to extension of Biekensalas Street (taking into consideration the existing residential buildings);
- Decision on solutions of timber felling within *Palace Square reconstruction* project;
- Decision on improvement of Hospitalu Street detailed plan redaction.

Game of Future City was organized within the Neighborhood project in Riga, during which creative solutions on possibilities of cooperation between municipality and neighborhood inhabitants were searched for. Game was organized by Development Department in cooperation with British Council Latvia and city-sociologist Viesturs Celmins. There were issues reviewed on strengthening neighborhood identities, inhabitants' involvement in local territorial organizations, resources necessary for inhabitants to become organized in developing their neighborhood and project ideas, which could serve as catalysts for promotion of inhabitants' feeling of belonging to their place of residence.

3 Neighborhood project workgroup meetings were organized at Executive Boards, where inhabitants of particular neighborhoods participated and had discussions on Riga City and their neighborhoods development issues.

ACTIVITIES PLANNED FOR THE NEXT YEAR

LAUNCHED PROJECTS THAT WILL BE CONTINUED

- ➔ In 2011, it is planned to complete all the Northern Corridor technical researches, as well as review of the most important legal and financial issues of EU co-financed TEN-T 2007 project will be completed. Main tasks planned for 2011:
 - Completion of Northern Corridor project 3rd and 4th stage sketch project and impact on environment appraisal development and project documentation/ impact on environment appraisal technical expertise;
 - Research on request management of transport infrastructure in Riga City – on the most suitable payment system pattern and on suitability of the chosen payment system version;
 - Development of guidelines for Northern Corridor private partnership project (PPP) tender documentation preparation and contract project;
 - Strategic, technical, financial and legal consultations on Northern Corridor project further preparation and beginning of implementation – development of project implementation program, project risk management, tackling issues of further attraction of EU funds, etc.).
- ➔ “Baltic Sea Innovation Network Centres” (BaSIC) continuing work on the project, following activities are planned to be performed:
 - 1) to launch access point operation of Baltic Sea region single market in Riga, where information and practical assistance in starting business in the Capital of Latvia will be rendered;
 - 2) to provide participation of several Riga biotechnological and informational enterprises in international contact exchange and conference in Oslo, Norway (in April);
 - 3) to prepare and issue BaSIC Marketing calendar for 2011, where are summarized regional topical activities within project spheres;
 - 4) to prepare and issue business guide of Riga in English (Market Access Guide: Riga) on possibilities of starting and performing business activities in Riga;
 - 5) to develop and regularly maintain project home page www.basic-net.eu, where information is available on possibilities of starting business in Baltic Sea region, int. al. in Riga.
- ➔ Revitalization of Riga City's degraded territories project – development of technical project;
- ➔ Project “Strengthening tourism potential of Grizinkalna cultural heritage”;
- ➔ ERDF program project “Revitalization of Grizinkalna and alongside Miera darzs territories” submitted for review to Ministry of Environmental Protection and Regional Development;
- ➔ LIFE + project Riga against the flood;
- ➔ INTERREG IVB program project “Baltic Sea Region Cooperation Network Project - Eco Region”;
- ➔ Improvement of Riga Municipality's capacity concerning EU structural fund issues;
- ➔ Reconstruction of hydro-technical buildings on the right side of the river Daugava in order to prevent and reduce flood risk;
- ➔ Riga – Pskov business environment development project;
- ➔ ERDF program project “Riga Cathedral reconstruction project” received European Union co-financing and implementation of project was started;
- ➔ Project of Welfare Department with ERDF support “Renovation of social residential building on Reznas Street 10/2 in Riga” was started in 2010. Project total costs are 229 386 LVL, whereof 89 386 LVL or 39% from the total financing is Riga Municipality co-financing;
- ➔ Project of Welfare Department with ERDF support “Renovation of social residential building on Gobas Street 20/1 in Riga” was started in 2010. Project total costs are 106 519 LVL, whereof 31 965 LVL or 30% from the total financing is Riga Municipality co-financing;
- ➔ Welfare Department in cooperation with 13 partners started project “Innovative solutions for reducing social exclusion of social young people groups at risk”. Project total costs are 188 719 LVL, whereof 19 816 LVL or 11% from the total financing is Riga Municipality co-financing;
- ➔ “Infrastructure improvement of outpatient treatment in Riga Municipality Ltd. “Skin and sexually transmitted diseases clinical center”, ensuring inpatient treatment service provider re-specialization to outpatient treatment service provider”. Project total costs are 500 631 LVL, whereof 67 595 LVL or 14% from the total financing is Riga Municipality co-financing;
- ➔ “Infrastructure improvement of outpatient treatment in “Riga 1st hospital”, ensuring inpatient treatment service provider re-specialization to outpatient treatment service provider”. Project total costs are 748 488 LVL, whereof 96 421 LVL or 13% from the total financing is Riga Municipality co-financing;
- ➔ “Infrastructure improvement of outpatient treatment in “Riga 2nd hospital”, improving quality of health care services and effectiveness of service costs”. Project total costs are 468 549 LVL, whereof 70 282 LVL or 15% from the total financing is Riga Municipality co-financing;
- ➔ “Infrastructure improvement of outpatient treatment in Riga Municipality Ltd. “Riga Maternity hospital”, performing activities in improvement of quality of health care services and effectiveness of service costs”. Project total costs are 1 061 012 LVL, whereof 159 152 LVL or 15% from the total financing is Riga Municipality co-financing.

MAIN TASKS OF THE NEXT YEAR AND PLANNED COOPERATION PROJECTS

There are number of strategically important activities what are planned in Riga during 2011, int. al.:

➔ Working out development program of Riga 2013 – 2019 will be started and improvement (changes) of Riga territory plan are planned;

➔ Development of report on implementation of strategy in Riga Municipality (Strategy Supervision System SUS). In 2010, report on implementation of strategy in Riga Municipality will be developed;

➔ Maintenance and development of home page www.sus.lv;

➔ Territory plan (detailed plans):

Detailed plans, what are planned to be approved in 2011:

- for territory in Dreilini between Kaivas Street, Augusta Deglava Street, Evalda Valtera Street and Dzelzavas Street;
- for land lot on Kaivas land lot;
- for territory near crossing of Jaunciema Avenue and Brivibas Avenue.

In 2011, is planned local plan development for Skanstes Street area, for territory of culture and recreation park “Mezaparks” and detailed plan for territory between Juglas Street and Maza Juglas Street, as well as at least 8 detailed plans introduced by private persons;

➔ Development of territory plan changes of Historic Centre of Riga (RVC) and its protection area:

Work on 1st redaction of territory plan changes of Historic Centre of Riga and its protection area will be continued by organizing regular work group meetings, reviewing submitted suggestions and working on development of strategic impact on environment appraisal report;

➔ Document register of Riga City Municipality development plan:

Forwarding internal regulations of development of Riga City Municipality development plan documents for approval in Riga Council and creation of register;

➔ Neighborhood project:

It is planned to create neighborhood idea fund in 2011. The idea of the fund is to finance various nongovernmental neighborhood projects in order to improve inhabitants' life quality of particular territory;

➔ Maintenance and update of home page www.apkaimes.lv; It is planned to develop project Life+ within program “Riga City sustainability development tool – development and implementation of environment monitoring system”;

➔ It is planned to prepare several project applications for attracting EU funds in order to provide following activities:

- 1) promotion of social entrepreneurship in Riga City;
- 2) provision of harmonious development of city environment quarters in Riga City;
- 3) sustaining Riga as an innovation center of region;
- 4) promotion of development of technology transfer in Riga City by organizing cooperation between enterprises and scientific research institutions.

➔ In cooperation with Riga Technical University it is planned to start project “Preservation of architectonic heritage in order to provide balanced city's development” implementation in Riga:

- 1) Organize seminary of architectonic heritage specialists on preservation of brick buildings and energy consumption effectiveness issues;
- 2) Perform fine research and summarize of brick buildings in Riga to choose a building which will be subject of energy consumption effectiveness improvement operations;

➔ A Project within Latvia – Estonia – Russia international cooperation program is planned to be developed in order to create cooperation in research of wooden historical heritage, good quality restoration and conservation. Project is planned to be implemented at tourism and wooden architecture centre “Wooden Riga”;

➔ Within project “Innovative transportation solutions in cities with significant historical heritage” it is planned to perform complex traffic organization plan analysis of historical centre of Riga, paying special attention to specific elements of the plan in Old Riga or in direct closeness of it;

➔ Within Baltic Sea Central region program it is planned to develop project application “LED street illumination development in the Baltic Sea region” on experimental LED illumination in one of the Riga streets, as well as to perform research on reduction of energy consumption and advantages of LED illumination;

➔ It is planned to develop “Improvement of fire security in historical buildings” project in order to implement fire security measures in historical buildings, paying special attention to historical wooden buildings.

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS

Riga City Council:

Report on the summary financial Statements

Enclosed summary financial statements, set out on pages 35 through 38, which comprise the balance sheet as of 31 December 2010, report on basic budget, special budget and donations and endowments prepared in accordance with both accrual and cash flow principle, which are derived from the audited 2010 financial statements of Riga City Council (further "Municipality"). In our auditors' report dated 20 April 2011, we expressed a qualified opinion as described below.

The summary financial statements do not contain all information that is required by Regulations No. 777 issued by the Cabinet of Ministers of the Republic of Latvia "Regulations on preparation of financial statements of state budget institutions and municipalities". Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Municipality.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these condensed financial statements in accordance with audited financial statements and Regulations No. 777 issued by the Cabinet of Ministers of the Republic of Latvia "Regulations on preparation of financial statements of state budget institutions and municipalities".

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 the Municipality for the year ended 31 December 2010 are consistent, in all material respects, with those financial statements prepared in accordance with Regulations No. 777 issued by the Cabinet of Ministers of the Republic of Latvia "Regulations on preparation of financial statements of state budget institutions and municipalities".

However, the summary financial statements might be misstated to the same extent as the audited financial statements of the Municipality for the year ended 31 December 2010. These misstatements were described in our qualified opinion dated on 20 April 2011. Our qualified opinion was based on the following:

1. In 2009 the Municipality recognized previously unrecognized land, which is owned and attributable to the municipality, based on information from State Real Estate Cadastral Information System and amounts included in this system. The Municipality continues to register this land, as well as buildings in the Land Register. As a result of this process, the Municipality makes adjustments in property value and area and determines ownership of the properties with previously unclear ownership. Therefore, it is expected that the value of the property during subsequent periods will be adjusted as previously not registered buildings will be registered and the values and area of land attributable to the municipality will be clarified. We were not able to determine the amount of adjustments which might be necessary as of 31 December 2010.
2. Inventories reported in the balance sheet of the Municipality as of 31 December 2010 include properties held for sale with net book value of LVL 48 million based on their net book value before reclassification from fixed assets to inventories. Fixed assets reported in the balance sheet of the Municipality as of 31 December 2010 include residential buildings with net book value of LVL 17.6 million. Part of the residential buildings is involved in the privatization process and, in our view, should be classified as assets held for sale. According to the Regulations no. 1486 issued by the Cabinet of Ministers "On accounting of budgetary institutions", properties held for sale are required to be measured at the lower of their carrying amount and fair value less costs to sell. During the audit we were not able to obtain sufficient and appropriate information on the fair value of the properties held for sale. In addition, as part of the value of the above mentioned properties will be recovered by receiving privatisation certificates, which will not provide any cash inflows for the municipality, there is a possibility that the fair value of future cash flows from privatisation will be lower than the book value as of 31 December 2010. As currently the Municipality is unable to determine the recoverable amount of these properties, we were not able to determine the amount of potential impairment loss.

3. In 2010 and also in previous years Municipality has used foreign grants for financing of construction and acquisition of non-current assets and reported grants as revenue in the period when the grant was received. According to the Regulations no. 1486 issued by the Cabinet of Ministers "On accounting of budgetary institutions", foreign grants which have been received for the purpose of purchase or construction and acquisition of non-current assets should be initially recorded as deferred income and recognized in the statements of revenues and expenses over the useful life of the respective assets. Had the foreign financial assistance been accounted for in compliance with the above Regulations, the budget execution result of the Municipality for the current year and the previous years would have been smaller, while the deferred income presented in the balance sheet would have been larger. Considering that the foreign financial assistance was not reported correctly in 2010 and in the prior years, we were not able to determine the amount of potential adjustments and to estimate the effect such adjustments could produce on the balance sheet caption Deferred income, Equity, and the Result for the current year.

In our qualified opinion it is described that, except for the effects on the financial statements of the matters referred to in the Basis for qualified opinion, the financial statements give a true and fair view of the financial position of the Municipality as of 31 December 2010 and its financial performance and its cash flows for the year then ended in accordance with the Regulations No. 777 issued by the Cabinet of Ministers of the Republic of Latvia "Regulations on preparation of financial statements of state budget institutions and municipalities".

In our qualified opinion we drew attention to the realisation of Northern Crossing project. As of 31 December 2010 the project costs in the amount of 7,3 million LVL are capitalized in the balance sheet as "Unfinished construction". These costs mainly relate to elaboration of detailed technical design, feasibility, geotechnical investigations, Environment Impact Assessment (EIA), traffic and financial matters related studies. Considering the current economic conditions in Latvia there is a significant uncertainty related to timing and/or realisation of the project. Our opinion was not qualified in respect of this matter.

Deloitte Audits Latvia SIA
License No. 43



Inguna Stasa
Sworn auditor
Certificate no. 145
Board member

Riga, Latvia
30 May 2011

RIGA MUNICIPALITY FINANCIAL STATEMENTS (SUMMARY)

Riga Municipality Summary Balance Sheet	31.12.2009. (k LVL)	31.12.2010. (k LVL)
Assets:	2 364 899.7	2 489 184.2
Long-term assets	2 281 103.1	2 333 835.2
Intangible assets	5 352.1	4 491.3
Tangible fixed assets	1 880 064.6	1 898 717.5
Financial investments	395 686.4	430 626.4
Current assets	83 796.6	155 349.0
Inventory	4 593.6	50 544.3
Accounts receivable	14 727.1	13 155.8
Prepaid expenses	2 842.2	2 086.9
Securities and short-term investment in equity capital	5 676.6	5 700.8
Cash and cash equivalents	55 957.1	83 861.2
Liabilities:	2 364 899.7	2 489 184.2
Equity	1 915 553.0	1 972 612.7
Reserves	130 080.2	110 770.0
Retained budget surplus for the prior financial year	1 468 524.5	1 785 490.3
Budget surplus for the financial year	316 948.3	76 352.4
Provisions	1 826.6	1 149.6
Liabilities	447 520.1	515 421.9
Long-term liabilities	400 754.0	475 338.9
Long-term borrowings	91 431.8	98 974.2
Long-term liabilities to suppliers and contractors	228 807.9	269 241.3
Long-term accrued liabilities	32 485.9	48 736.8
Long-term deferred income	0.7	
Other long-term liabilities	48 027.7	58 386.6
Current liabilities	46 766.1	40 083.0
Current liabilities and current part of long-term liabilities	9 618.9	9 138.8
Current liabilities to suppliers and contractors	12 962.2	11 848.6
Current liabilities for prepayments received	303.9	482.7
Current accrued liabilities	15 186.2	8 462.8
Wages and deduction payments (excluding taxes)	2 607.1	598.2
Taxes and social security payment	2 122.4	1 715.5
Other Current liabilities	2 912.0	2 513.2
Deferred income	1 053.4	5 323.2
Off-balance assets and liabilities:		
Leased assets		1 901.1
Off-balance assets	35 710.5	27 429.9
Leased assets	2 305.7	0.0
Contingent assets	x	51.5
Privatization certificates received as compensation for privatized property	5 198.2	0.0
Doubtful receivables	2 434.1	0.0
Fines and overdue debts receivable	x	360.6
Actions of detinue	x	0.6
Other off-balance sheet assets	25 772.5	27 017.2
Off-balance receivables	1 566.8	x
Dividends receivable and payments for utilization of shares	992.3	x
Fines receivable	452.2	x
Actions of detinue	11.3	x
Other off-balance sheet receivables	111.0	x
Off-balance liabilities	535 564.4	x
Off-balance liabilities		439 439.5
Future payments according to contracts, signed for foreign financial support and financed projects of political instruments of European Union	350.0	x
Outstanding prepayment invoices		5.6
Future rent payments	847.8	694.1
Future liabilities	510 097.3	420 781.6
Warrants issued	13 721.3	11 868.4
Other off-balance sheet liabilities	10 548.0	6 089.8

**RIGA MUNICIPALITY FINANCIAL STATEMENTS
(SUMMARY)**

Income Statement	2009	2010
Accrual basis	(k LVL)	(k LVL)
Total revenues	782 720.1	826 226.7
Total tax revenues	303 736.7	314 872.5
Personal income tax	259 357.7	260 801.0
Property taxes	41 360.7	51 616.1
int.al. real estate tax on land	41 062.0	45 022.1
int.al. real estate tax on buildings and structures	298.7	6 594.0
Other tax revenue	3 018.3	2 455.4
Total non-tax revenues	380 527.6	432 109.1
Government and municipality fees, transferred to municipal budget	388.8	1 755.2
Revenue from paid services provided by public institutions	26 493.7	357 863.3
Other non-tax revenues	353 645.1	72 490.6
Total tax and non-tax revenues	684 264.3	746 981.6
Payments from the state basic budget	98 455.8	79 245.1
Earmarked subsidies for municipal budgets	82 955.1	59 931.3
int.al. revenues in municipal budget from public institutions on capital expenditures	11 385.8	0.0
Subsidies for municipal budgets	10 172.6	5 588.1
Other state budget transfers	5 328.1	13 725.7
Municipal budget transfers	-	
Total expenses	496 098.5	750 355.9
Total expenses by government function*		
General governmental agencies	141 874.2	422 204.9
int.al. deposits to municipal cohesion fund	48 791.1	44 133.2
Public order and security	9 327.9	422 204.9
Economic activity	108 719.5	9 007.2
Environment protection	1 310.6	128 280.3
Municipal territory and housing management	15 529.6	730.8
Health care	2 133.5	16 127.2
Recreation, culture, and religion	18 647.6	117.2
Education	158 357.0	10 705.1
Social security	40 198.6	125 534.4
Budget surplus or deficit	286 621.6	75 870.8

*Overview 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 FINANCIAL STATEMENTS
(SUMMARY)**

Income Statement	2009	2010	2010
Cash flow basis	actual	budget	actual
	(k LVL)	(k LVL)	(k LVL)
Total revenues	433 070.8	413 190.0	434 409.2
Total tax revenues	300 635.0	293 762.0	309 334.3
Personal income tax	258 985.8	250 420.6	261 023.4
Property taxes	38 630.9	40 581.4	45 855.6
int.al. real estate tax on land	16 385.6	16 641.5	19 114.2
int.al. real estate tax on buildings and structures	22 245.3	23 939.9	26 741.4
Other tax revenue	3 018.3	2 760.0	2 455.3
Total non-tax revenues	45 459.1	40 507.6	41 243.2
Government and municipality fees, transferred to municipal budget	388.8	1 472.0	1 652.4
Revenue from paid services provided by public institutions	25 224.7	25 807.9	23 024.2
Other non-tax revenues	19 845.6	13 227.7	16 566.6
Total tax and non-tax revenues	346 094.1	334 269.6	350 577.5
Payments from the state basic budget	86 976.7	78 920.4	83 831.7
Earmarked subsidies for municipal budgets	71 569.3	59 846.6	59 931.3
Subsidies for municipal budgets	9 701.6	10 510.3	5 703.5
Other state budget transfers	5 705.8	8 563.5	18 196.9
Total expenses	427 273.8	450 887.2	414 623.7
Expenses by government function*			
General governmental agencies	75 603.6	75 872.6	69 209.5
int.al. deposits to municipal cohesion fund	47 171.6	43 990.6	43 988.8
Public order and security	10 216.7	8 442.7	8 179.7
Economic activity	90 324.1	112 001.1	105 520.0
Environment protection	1 203.2	987.5	917.0
Municipal territory and housing management	12 596.1	27 668.4	22 585.6
Health care	5 904.6	579.1	159.4
Recreation, culture, and religion	17 190.9	20 263.9	18 891.8
Education	172 818.9	159 693.2	145 136.0
Social security	41 415.7	45 378.7	44 024.7
Cash and cash equivalents at the beginning of the year	57 221.2		55 737.2
Cash and cash equivalents at the end of the year	55 737.2		83 669.8

*Overview 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 FINANCIAL STATEMENTS
(SUMMARY)**

Income Statement on donations and endowments Cash flow basis	2009 actual (k LVL)	2010 budget (k LVL)	2010 actual (k LVL)
Total revenues	415.7	1 877.4	1 774.1
Donations and endowments by legal entities and individuals	415.7	1 877.4	1 774.1
Donations and endowments to education	318.6	138.8	66.9
Donations and endowments to social aid	17.9	1 570.7	1 571.4
Other donations by legal entities and individuals	79.2	167.9	135.8
Total expenses	479.9	2 058.1	1 803.5
Total expenses by government function*			
General governmental agencies	23.7	72.3	10.3
Public order and security		3.0	
Municipal territory and housing management	15.6	14.8	13.0
Recreation, culture, and religion	44.0	18.3	3.2
Education	377.9	366.7	204.5
Social security	18.7	1 583.0	1 572.5
Cash and cash equivalents at the beginning of the year	283.5		219.3
Cash and cash equivalents at the end of the year	219.3		189.9

*Overview 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"