

*Riga
Municipality
Annual
Report
2014*





Riga, 2015



CONTENT

| | |
|--|----|
| Report of Riga City Council Chairman | 4 |
| Report of Riga City Council Finance Department Director | 5 |
| Riga Municipality state | 6 |
| Riga City population..... | 6 |
| Riga Municipality economic state..... | 7 |
| Riga Municipality administration structure, functions, personnel..... | 9 |
| Riga Municipality property state | 11 |
| Value of Riga Municipal equity capital and its anticipated changes..... | 11 |
| Riga Municipality real estate property state..... | 11 |
| Execution of territory development plan | 12 |
| Riga Municipality investment projects | 13 |
| Riga Municipality financial and budget policy | 14 |
| Riga Municipality budget execution performance | 15 |
| Riga Municipality budget revenue..... | 15 |
| Riga Municipality budget expense..... | 16 |
| Riga Municipality budget resource utilization for municipality operations | 18 |
| Education and sports..... | 18 |
| Social security..... | 19 |
| Health care..... | 21 |
| Municipality territory and housing management..... | 22 |
| Environmental protection..... | 23 |
| Culture..... | 24 |
| Economic activity..... | 25 |
| Public order and security..... | 26 |
| Riga Municipality management and operation improvement in order to provide effective operation, internal audit, corruption prevention, etc. | 27 |
| Riga Municipality participation in international cooperation projects | 28 |
| Promotion of inhabitants' awareness and education and cooperation with private sector | 29 |
| Promotion of inhabitants' awareness and education..... | 29 |
| Cooperation with private sector..... | 29 |
| Activities planned for the next year | 30 |
| Launched projects that will be continued..... | 30 |
| Main tasks of the next year and planned cooperation projects..... | 30 |
| Riga Municipality consolidated financial statements 2014 (summary) | 31 |
| Auditor's Report | 36 |



Reporting year in Riga passed under the sign of Riga - Cultural Capital of Europe 2014. The significance of this event in terms of increasing Riga and Latvia popularity, enriching cultural experience of inhabitants and promotion of positive impulses and new initiatives and activities is hard to evaluate in money terms. However, it must be noticed, that wide variety of all the cultural events, that took place in Riga were achieved by well-considered and efficient use of financial resources. Evidence of that is fact that in 2014 expense in culture subsector increased by just under 3% compared with the previous year.

Economical, financial and social situation continued to improve and growth of economical activities, compensation and employment rate was observed. In 2014, the number of the poor reduced by 29% in Riga City compared with the previous year.

In 2014, Riga City Municipality's basic budget revenues increased by 2,4% (by 16,4 million euro) according to cash flow principle, compared with the previous year, reaching 713,1 million euro. Riga Municipality's budget tax revenues increased by 3,6% (by 18,6 million euro), mostly as a result of growth of real estate tax revenue, which formed 11,7% (9,9 million euro) compared to 2013.

Although the amount of earmarked State subsidies exceeded the amount of the previous year by 4%, its proportion in 2014 of 18% was still significantly lower than in 2008 when it was 23%. Municipal non-tax revenue during the reporting year was less by 19% than in 2013, mostly as a result of lower income from privatization.

During the reporting year Riga City Municipality continued to follow an important budget execution criterion - municipal revenue exceeded maintenance expenses by 16%. Budget deficit was successfully reduced by implementing strong control over budget execution - from planned 56,1 million to 30,1 million euro, what was 4,2% of the budget revenue, for example - last year this value was 8,2%.

Municipality's budget cash and cash equivalents at the end of 2014 was 33,7 million euro, providing sufficient

short term liquidity and the amount of financial resources for municipal debt discharge.

Education still is the biggest municipal budget expense sector, which received financing of 237,7 million euro (32% from all the budget expenses) during the reporting year. During the reporting year, sector of economical activities received 198,7 million euro (26,7% from all the budget expenses). In 2014, municipal managerial office received 7,7% from all the budget expenses.

During the reporting year, Riga City Municipality continued implementation of loans, guaranties and other long-term debt management strategy for 2013 - 2017. Municipality's liability portfolio stability and in conformity with criteria defined by the strategy was enabled. The total principal amount of overall municipal liabilities versus budget revenue reduced from 90,8% in 2013 to 86,3% during the reporting year, meeting the 100% criterion defined by the strategy.

Municipality's loans, guaranties and other long-term debt portfolio management is guided towards prevention of possible financial risks by means of permanent supervision of compliance with criteria defined in the strategy and also by using derivative financial instruments.

2014 was the first year for financial sphere of Riga City Municipality with the new euro currency. Due to effective and coordinated preparation work of euro introduction, the implementation process of the new currency was accomplished without problems for municipal financial sphere and without disturbance of operation of municipal institutions and accounting system as of beginning of year.

Financial stability was positively evaluated also by credit rating agencies performing supervision of Municipality. In June of 2014, credit rating agency "Moody's Investors Service" raised Riga City credit rating from Baa3 to Baa2 with stable future perspective. Credit rating agency "Standard & Poors" evaluated Municipality's achievements in provision of budget stability and sufficient monetary surplus level for debt discharge and in November of 2014 raised Riga City credit rating of debts in local and foreign currencies by one level to BBB+/A2, defining stable development perspective.

At the same time it should be noted, that joining euro zone and higher credit rating also sets greater requirements for further Municipality's financial management by introducing medium-term municipal budget planning. During the reporting year Riga City Municipality, its departments, consolidated institutions and subordinate institutions continued realization of financial policy that is focused on budget stabilization, ensuring the necessary financing execution of municipal basic functions and sufficient financial resources for municipal debt discharge.

A handwritten signature in blue ink, appearing to be 'N. Usakovs'. The signature is stylized and somewhat cursive, written over a white background.

N. Usakovs
Riga City Council Chairman



During the reporting year, Riga City Municipality's basic budget revenues increased by 16,4 million euro (by 2,4%) compared with the previous year. Municipality's budget tax revenue increased by 18,6 million euro (by 3,6%), compared with the previous year. The biggest growth of tax revenues was established in real estate tax sector, which increased by 9,9 million euro (by 11,7%) in 2014 compared to the previous year. It must be noted, that the share of this tax has significantly increased in total budget revenue during the recent years, from 6% in 2008 to 13% in 2014. Gambling tax revenue in 2014 increased by 3,5% compared to the previous year, but natural resources tax revenue was less by 106,7 thousand euro (by 11,4%) than in the previous year.

Although municipal budget revenue increase was established already four years in turn, in reporting year it still were less by 17,4% (by 150,2 million euro) than in 2008, what limits Municipality's abilities of providing funds for development projects.

Significant decrease of budget deficit was achieved by means of strong control over budget in reporting year - from 56,1 million to 30,1 million euro. The operative budget surplus (total revenues against operative expenses) were 82,9 million euro and revenues exceeded the operative expenses by 16%, fulfilling important stable budget criterion.

As of beginning of 2014, introduction of euro currency was successfully completed in Riga City Municipality. Due to successful preparation work performed by Finance Department the process of euro currency introduction in Riga City Municipality was accomplished without problems.

In order to improve municipal system of settlements, software of e-bills acceptance via municipal portal was developed. Introduction of e-bills circulation module is in progress.

During the reporting year, Cabinet of Ministers decided to cancel agreement with Riga City Municipality on special order of collecting personal income tax (PIT). Therefore in the process of drawing up the 2015 budget, Riga City Municipality PIT revenue was calculated as a part of total State PIT revenue and the PIT revenue prognosis made by Riga City Municipality wasn't coordinated with Ministry of Finance any more. Since in 2015 revenue prognosis of this tax for municipalities is fully guaranteed by State government, then it provides more predictability and stability in municipal tax revenue sphere.

During the reporting year, Finance Department continued implementation "Municipal loans, guaranties and other long-term debt management strategy for 2013 - 2017" executing all the criteria defined by liabilities portfolio management strategy. By the end of 2014, the total amount of overall municipal liabilities was 86,3% from revenue, not exceeding 100% limit defined by the strategy. Evaluation of balanced municipal derivative financial instruments was also developed by introducing special financial model for assessing their real the value.

Finance Department provided utilization of EU Funds for financing Riga City Municipality development and social projects by means of performing financial accounting and control of Riga City Municipality projects co-financed by EU. During the reporting year, financial resources of 35,7 million euro were allocated for co-financing of these projects.

During the reporting year, Finance Department continued successful cooperation with international credit rating agencies - "Standard & Poor's" and "Moody's Investors Service". In November of 2014, credit rating agency "Standard & Poors" raised Riga City credit rating of debts in local and foreign currencies by one level to BBB+/A2, defining stable development perspective. In June of the reporting year, "Moody's Investors Service" evaluated Municipality's achievements in provision of budget and financial stability and raised Riga City credit rating from Baa3 to Baa2 with stable future perspective.

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

A handwritten signature in blue ink, appearing to read 'I. Tikhuse'.

I. Tikhuse
Riga City Council Finance Department Director

RIGA CITY POPULATION

POPULATION

During the recent years, a tendency of constant reduction of population was observed in Riga City as well as in the State in general. It is a result of both - negative growth and migration of population, especially during the period of crisis between 2009 and 2010. After a slight growth by the beginning of 2014, during the reporting year, due to basic demographic tendencies the number of City's population reduced (according to OCMA) by 3,1 thousand by the beginning of 2015.

There were 404,4 thousand working age inhabitants in Riga City at the beginning of the reporting year, what was 62,9% from all inhabitants. The number was reduced by 23,9 thousand during three recent years. The number of inhabitants below working age increased by 4,9 thousand in the respective period, increasing the proportion to 14% from the total number of inhabitants. During the reporting year, the number of inhabitants of above working age group was 148,9 thousand (23,1%). The number of inhabitants of this age group has also increased by 3 thousand during three recent years.

ETHNICAL COMPOSITIONS

In the national structure of Riga City inhabitants tendency of previous years was observed - slight growth of Latvian proportion - from 45,3% in 2013 to 45,7% in the reporting year and reduction of proportion of other larger nationalities (except - other ethnicities).

EMPLOYMENT

Growth in number of the employed City's inhabitants was established as of 2011 and it continued also during the reporting year, increasing by 1,9 thousand (0,6%). During the period from 2011 to 2014, number of the employed City's inhabitants increased from 282,4 thousand to 308,8 thousand (by 9,3%), that still is less than the pre-crisis period level by 15,7% (366,1 thousand employed).

The number of the employed in trade increased during the reporting year (by 4,2 thousand), in transportation and communication (by 2,8 thousand), in processing industry (by 2,4 thousand) and construction (by 1,5 thousand), but the number of the employed and their proportion in employment structure decreased in education, state administration and other sectors.

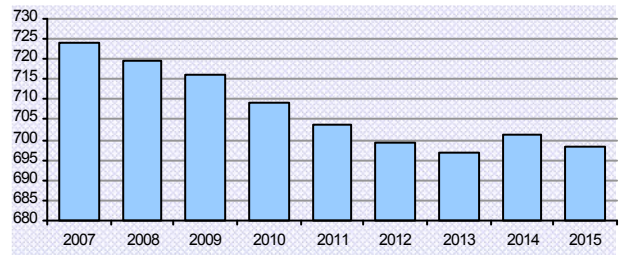
UNEMPLOYMENT

There were 15,7 thousand unemployed in Riga City by the end of 2014, what formed 4,9% from economically active inhabitants. The number of the unemployed reduced by 2,6 thousand within the year.

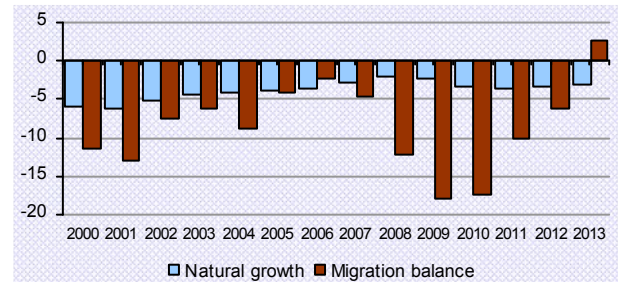
By the end of the reporting year, number of the unemployed in City reduced by 33,4 thousand compared with the number of the unemployed in period of crisis, when in March 2010 it reached 49,1 thousand. However it still is higher by 3,9 thousand than in March 2008, when the lowest rate of unemployment was reached in the City (3,1% from economically active inhabitants).

However, it must be noted, that the unemployment rate in Riga was stable and there were no signs of further decrease during the recent four months. Unemployment rate in Riga was significantly lower (by 3,6 percentage points) compared with average unemployment rate in State.

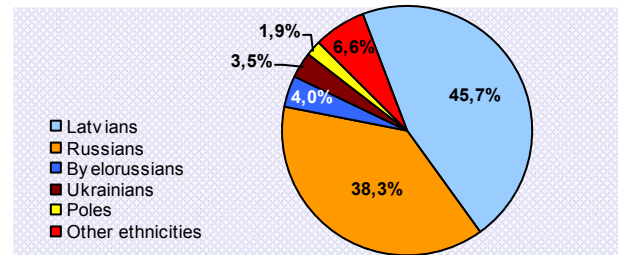
The number of Riga inhabitants by the beginning of the year (according to OCMA, k people)



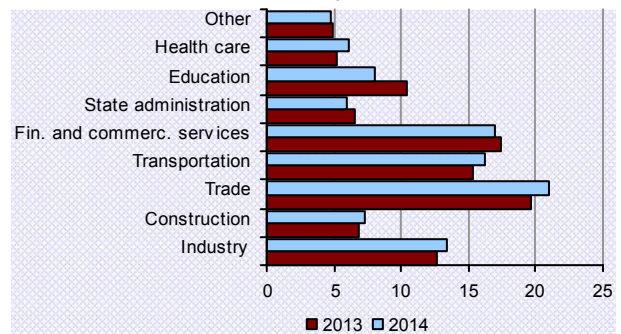
Effect of natural growth and migration on the number of Riga inhabitants (people on k inhabitants)



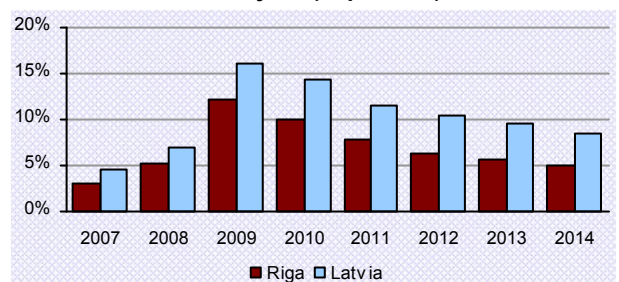
Ethnical composition of Riga inhabitants (by the end of 2014, in percent)



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



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



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

COMPENSATION

In 2014, average gross compensation in Riga has increased by 6,6% compared to the previous year and reached 869 euro. In the reporting year the compensation in capital's private sector reached 828 euro, exceeding the pre-crisis level (2008 - 2009) by 18%. In 2014, average compensation in capital's public sector reached 945 euro, slightly exceeding the maximum pre-crisis level in 2008 (938 euro).

In 2014, average gross compensation in Riga exceeded 2008 level by 98 euro (by 12,7%). During the reporting year, the actual compensation in Riga City also exceeded pre-crisis level by 2,5%, taking into account rise in price since 2008.

During the reporting year, average compensation has increased almost in all sectors, compared with 2008, except for employees in state administration and education sector. However, compensation in State administration sector still remained as one of the highest in the City and between the most significant sectors compensation was higher just for employees in power industry and financial sector.

RIGA MUNICIPALITY ECONOMIC STATE

After significant drop during the crisis period, Latvia gross domestic product is continuously growing and in 2014 it has increased by 2,4%, compared with the previous year (comparable prices of 2010). Yet it still is lower than pre-crisis maximum reached in 2007 by 5,2%. Riga produces approximately 50% from the total gross value added of Latvia.

During the reporting year, the biggest proportion in Riga City economic structure by value added similar to the previous years was in trade sector - 16,9%, though its proportion is decreasing during the recent years. The second biggest economic sector was real estate sector - 10,5%, the third - sector of professional, scientific and technical services, administrative and service agencies sector - 10,3%, slightly smaller proportion has transportation - 9,6% and processing industry - 8,5% sectors.

Real estate, construction, financial and insurance sectors have increased, but processing industry and trade sectors have decreased their proportion in overall City's economic structure since 2011.

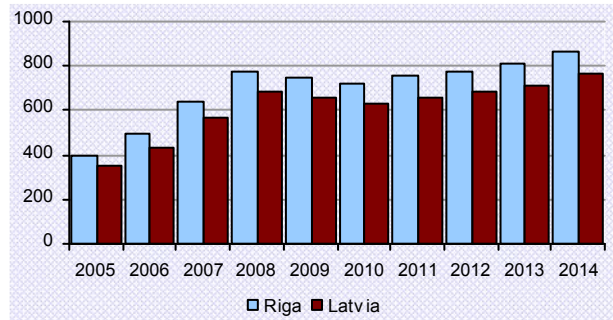
TRANSPORTATION AND COMMUNICATIONS

RIGA PORT

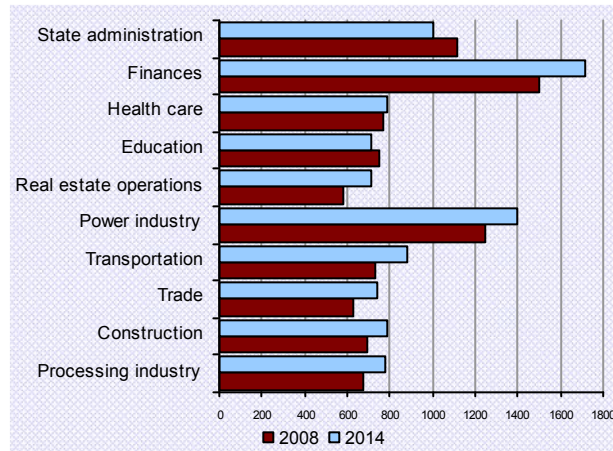
In 2014, rapid growth of shipped cargo in Riga port was observed after slight decrease in the previous years. Compared to the previous year it increased by 5,3 million tons (by 17%). Compared to the previous year the amount of received cargo in Riga port in 2014 also increased by 0,4 million tons (by 7%). During the reporting year, total cargo turnover in Riga port increased by 16%, compared to the previous year.

Since the amount of reloaded cargo by the second biggest port in Latvia - Ventspils reduced then the share of Riga port in the total Latvia port turnover increased to 55%, but the amount of reloaded cargo in Ventspils port reached 35% from the total Latvia cargo turnover. 36% from the reloaded cargo in Riga port was coal, 25% - petroleum products, 10% - cargo containers.

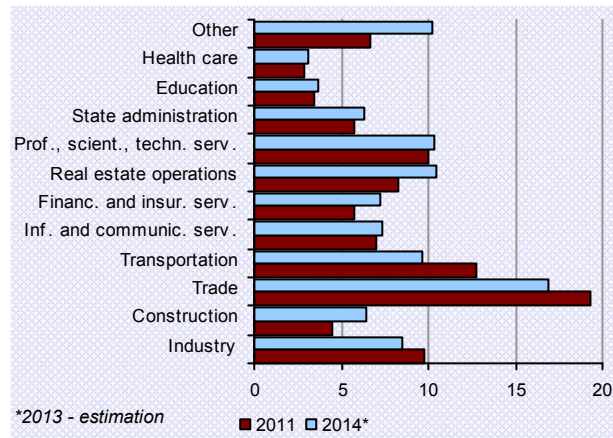
Monthly average gross compensation in Riga 2005 - 2014 (in euro)



Monthly average gross compensation in Riga in 2011 and 2014 (by sectors, in euro)

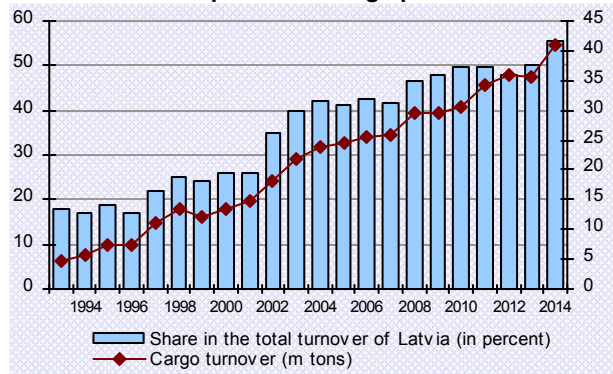


Riga economic sectors by share in the total value added (in percent)



*2013 - estimation

Operation of Riga port



There were 332 thousand arrived and 345 thousand leaving passengers serviced in 2014, respectively - by 13,1% and 11,3% less than in the previous year. The number of serviced cruise ships' passengers also reduced during the reporting year - from 67 thousand in 2013 to 60,8 thousand in 2014.

AIRPORT

In 2014, the number of serviced passengers in Riga Airport was 4,81 million, what is by 0,5% more than in 2013.

In 2014, according to the Riga International Airport data the number of serviced flights continued to reduce, reducing by 1,6 thousand (by 2,4%) compared to the previous year. Riga International Airport serviced 65 819 flights last year. During the reporting year, the amount of shipped and received cargo significantly reduced in Riga International Airport - from 53,2 thousand tons in 2013 to 32,8 thousand in 2014.

PUBLIC TRANSPORTATION

There were 150,5 million passengers transported in Riga public transportation (bus, tram, trolleybus) in 2014, more by 0,4 million (by 0,3%) than in the previous year. 40,7% from the total number of transported passengers used 100% discounts and 10,7% used partial transportation fee exemption granted by Riga City Municipality. 3,8% from the total number of transported passengers used discounts defined by State.

During the reporting year, Riga Municipal Ltd. "Rigas satiksme" provided passengers' transportation services on 9 tram, 19 trolleybus and 53 city bus and 9 night bus routes. In 2014, the total length of the City's transportation network was 1 193,5 kilometers, by 36,5 kilometers more than in the previous year.

There were 7,8 million passengers transported in 24 improved service minibus routes in 2014, int.al. 52 thousand passengers transported in 9 night minibus routes.

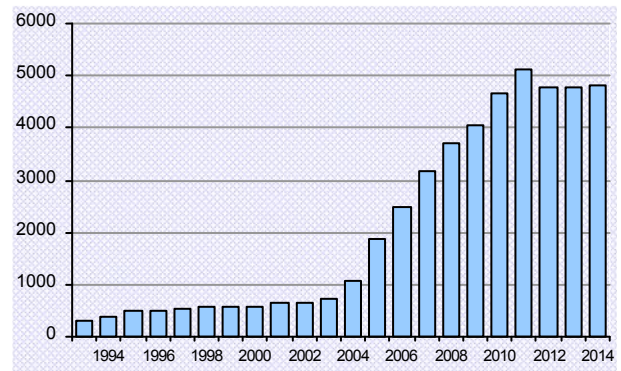
TOURISM

During the reporting year - the year of Riga - Cultural Capital of Europe 2014, tourism sector continued to grow in Riga City. In 2014, 1 274,4 thousand tourists were served in Riga City hotels and tourists' lodgings, of which 1 122,9 thousand were foreign guests. The number of tourists served in Riga increased by 15% within the last year, int.al. number of foreign guests - by 16%. In 2014, the number of overnight stays in tourists' lodgings increased by 8%. City's tourism infrastructure also expanded by increasing the number of tourists' lodgings in the city from 115 to 119 and the number of rooms and shared lodgings by 5%. In 2014, around 78% from the total number of foreign guests in Latvia were served in Riga.

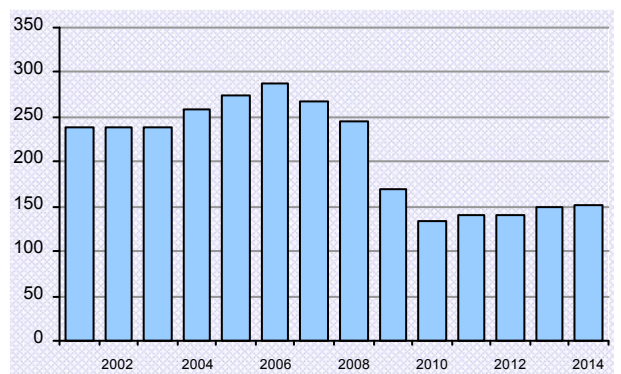
CONSTRUCTION

During the reporting year, significant growth of activities was established in City's home construction sector and the space of commissioned dwelling houses reached 128,7 thousand square meters, increasing by 63%, compared with the previous year. The proportion of built dwelling houses in Riga also increased - to 27% of the state overall result, however it is still significantly less than in 2006 - 2007 when it was between 38% - 43%.

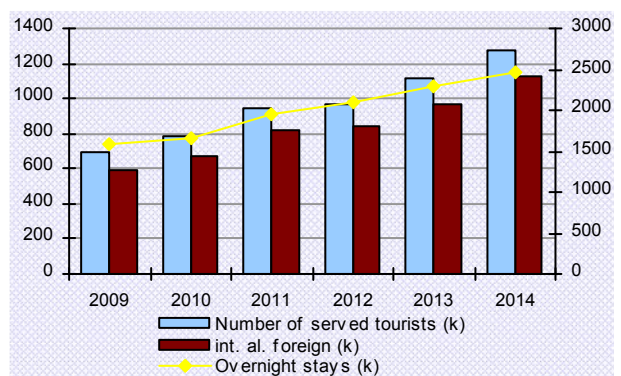
Riga International Airport: passenger turnover (k people)



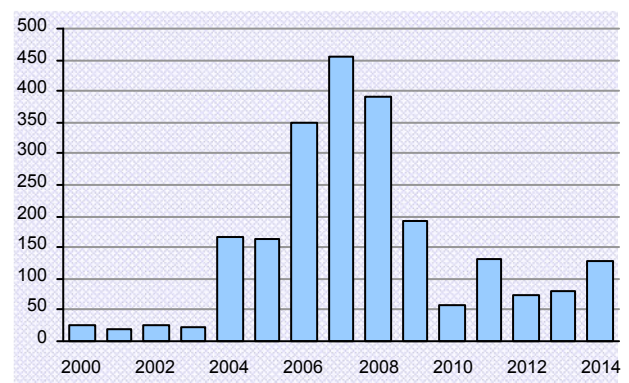
Passenger carriage in Riga public transportation (m people)



Characteristics of development of Riga City tourism sector in 2009 - 2014



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



RIGA MUNICIPALITY ADMINISTRATION STRUCTURE, FUNCTIONS, PERSONNEL

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

Implementing representative democracy, Riga City inhabitants that have the right to vote elect Riga City Council, what consists of 60 councilors.

The operation of the Riga City Council is ensured by Riga City Council Chairman, Riga City Council Deputy Chairmen, Executive Director of Riga City, as well as employees of the Municipality administration - Riga City Council creates subordinated municipal administration, determining its organizational structure and competence.

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

- Riga City Council Finance Department;
- Riga City Council Property Department;
- Riga City Council Education, Culture and Sports Department;
- Riga City Council Housing and Environment Department;
- Riga City Council Welfare Department;
- Riga City Council City Development Department;
- Riga City Council Transport Department.

In 2014, structural changes were performed and a new Riga City Municipality Central administration structural unit was created - City Council Planning, Purchase and Control office, which also performs purchases for needs of municipal administration subordinated to Riga City Executive director and controls execution of municipal budget resources in institutions and structural units subordinated to Riga City Executive director.

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

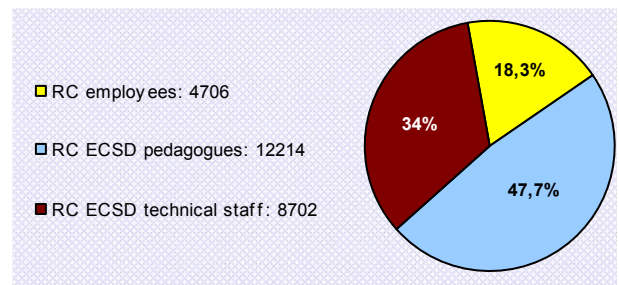
- Organizes municipal services for inhabitants, realizes municipal housing management and maintenance of cemeteries and provides support on housing issues for inhabitants;
- Provides environmental protection and management, territory improvement and sanitation within the administrative territory of Riga City and establishes regulations for the order of use of publicly accessible forests and waters;
- Provides the rights of children who have reached scholar age to receive preschool education, elementary education and secondary education, as well as opportunities of useful and creative passing of free time for all the Rigans;
- Provides diversity and accessibility of City's cultural events, as well as provides preservation of cultural values and cultural heritage and promotes preservation of the traditional cultural heritage and participates in maintenance and development of the historical objects of national importance, as well as support and development of cultural infrastructure;
- Ensures accessibility of health care and promotes healthy lifestyle among inhabitants and disease prevention measures, organizes social assistance (social care) and improves families support system;

- Issues permits and licenses for commercial activities;
- Provides protection of children rights, ensures guardianship, custody, adoption, as well as protection of children's' private and property rights and interests;
- Coordinates employment issues, facilitates economical activities in Riga City Municipality, is engaged in decrease of unemployment;
- Provides public order and security for individuals within according to competence, performs measures to prevent violation of law, takes part in provision of civil defense measures, rescue operations and renders assistance to victims;
- Manages, coordinates and defines the order of utilization of and building on land, protection of cultural monuments and requirements to environmental visual quality, as well as ensures the legacy of construction works within the administrative territory;
- Organizes maintenance, designing and construction of transport infrastructure objects, provides public transportation services and realizes maintenance of transport infrastructure and city's public transportation system.

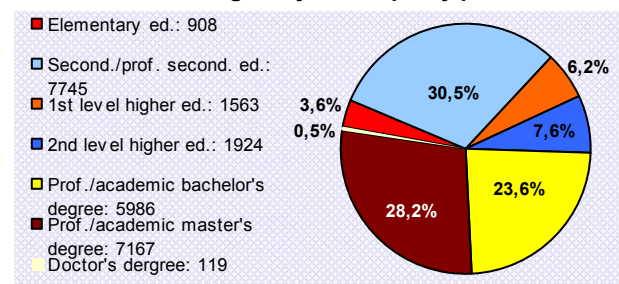
In 2014, there were 26 593 job positions affirmed in total in Riga Municipality, int. al. 14 105 pedagogues and 8 057 technical staff of institutions subordinate to Riga City Council Education, Culture and Sports Department, but the real number of the employed was 25 622 employees.

In 2014, (except pedagogues and technical staff of institutions subordinate to Riga City Council Education, Culture and Sports Department) there were 799 employees recruited and labour relations were terminated with 746 employees. During the reporting year 1 730 pedagogues and 2 353 technical staff were recruited and labour relations were terminated with 1 573 pedagogues and 2 139 technical staff.

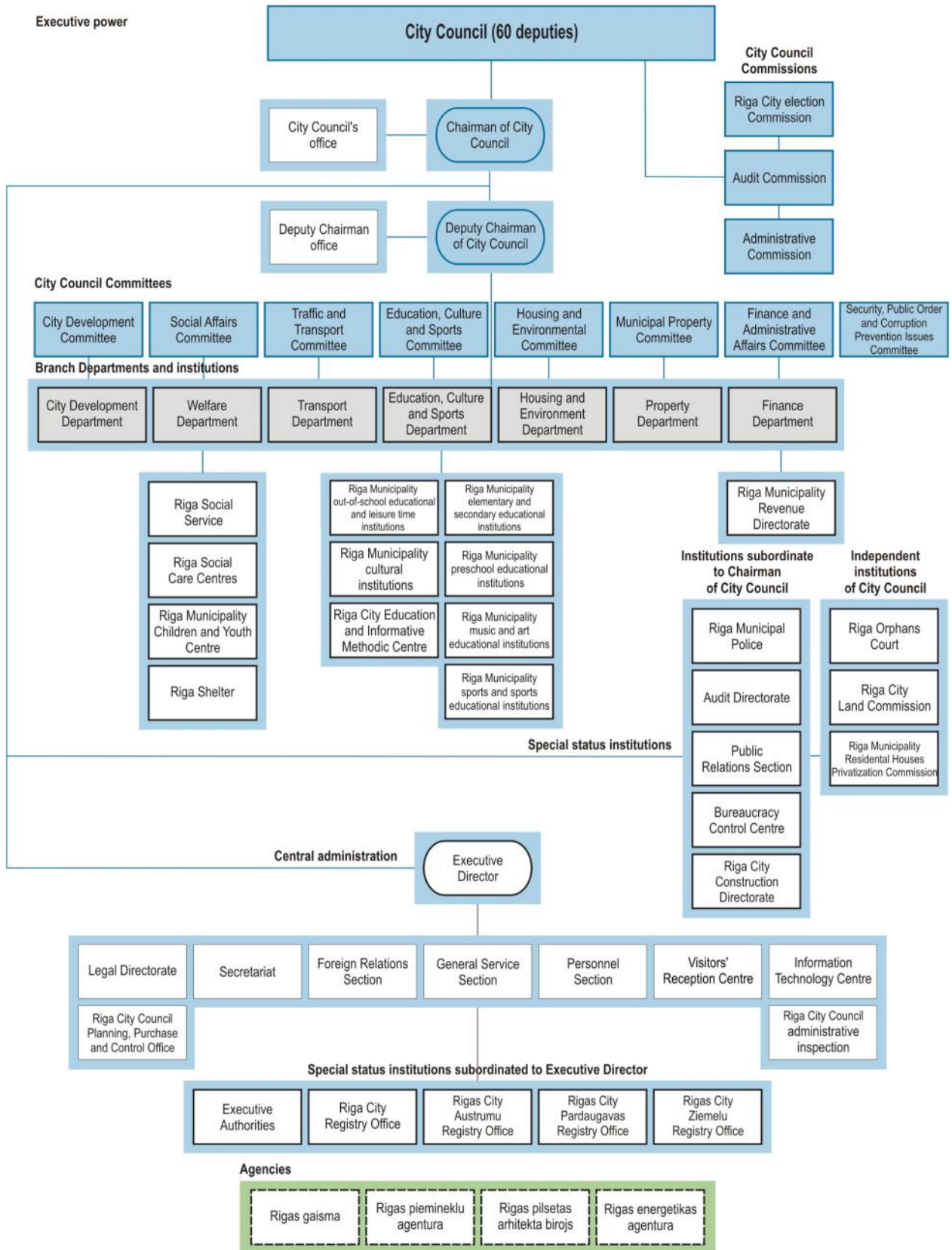
Distribution of Riga City Municipality personnel



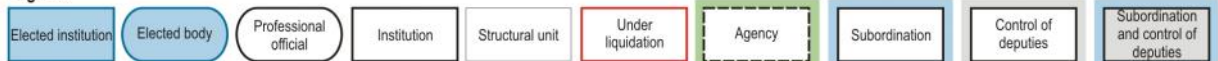
Education of Riga City Municipality personnel



ADMINISTRATION STRUCTURE OF RIGA CITY MUNICIPALITY



Legend:



VALUE OF RIGA MUNICIPAL EQUITY CAPITAL AND ITS ANTICIPATED CHANGES

PROPERTY BOOK VALUE

By the end of 2014, the book value of Riga City fixed assets was 2 688,5 million euro, decreasing by 41,6 million euro within the year, long-term equity of associated and related enterprises - 642 million euro. The total value of Municipality assets, including other long-term investment categories comprised 3 424,6 million euro by the end of 2014.

RIGA CITY MUNICIPALITY INVESTMENTS IN ENTERPRISE EQUITY CAPITAL

In 2014, Riga Municipality has invested the total amount of 7 527 603 euro in the equity capital of related enterprises with 100% share capital owned by Riga Municipality, int. al. investments of:

- Riga City Municipality's real estate property - land and buildings (1 955 751 euro);
- Riga City Municipality's funds (5 571 852 euro).

Largest investments into equity capital of related enterprises:

- Riga City Municipality's funds invested in the equity capital of Ltd. "Rigas udens" at value of 4 305 496 euro and Riga City Municipality's real estate property invested at value of 1 268 500 euro;
- Riga City Municipality's funds invested in the equity capital of RMLtd "Riga 1st hospital" at value of 1 266 356 euro;
- Riga City Municipality's real estate property invested in the equity capital of Ltd. "Rigas nami" at value of 440 521 euro;
- Riga City Municipality's real estate property invested in the equity capital of Ltd. "Rigas namu parvaldnieks" at value of 215 000 euro;
- Riga City Municipality's real estate property invested in the equity capital of JSC "Rigas Centraltirgus" at value of 31 730 euro.

In 2014, Riga City Municipality reduced its share in equity capital of Ltd. "Rigas pilsetbuvnieks" by 3 396 506 euro.

SHARE IN MUNICIPAL ENTERPRISE EQUITY CAPITAL

By the end of the reporting year, long-term share of Riga Municipality in equity capital of related and associated enterprises formed 642 million euro. By the end of 2014, the share of Riga Municipality in equity capital of related enterprises formed 585,32 million euro, increasing by 3,43 million euro within a year, but long-term share in equity capital of associated enterprises formed 56,67 million euro, increasing by 2,46 million euro within a year.

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

In 2014, reorganization of six health care related enterprises - RMLtd "Children health center "Kengarags"", RMLtd "Bolderaja health center", RMLtd "Ilguciems health center", RMLtd "Primary health care center "Ziepniekkalns"", RMLtd "Tornakalns health center" and RMLtd "Health center "Imanta"" was performed, founding a new enterprise RMLtd "Riga health center". Founder of the enterprise is Riga City Municipality. Equity capital of the enterprise is 300 000 euro, which is divided into 300 000 shares. Value of one share is 1 euro.

In 2014, liquidation of Ltd. "Rigas GeoMetr" was completed.

By end of the reporting year, equity share capital of one associated enterprise reflected in Riga Municipality balance sheet - JSC "Rigas siltums" (49%). At the end of 2014, Riga Municipality balance sheet reflected one short-term investment into the equity capital of related enterprise - Ltd. "Rigas pilsetas lombards" (municipality owns 100% of shares).

PLANNED CHANGES

In February 11 of 2015, auction of shares of Ltd. "Rigas pilsetas lombards" took place and sales contract on shares of Ltd. "Rigas pilsetas lombards" was signed in February 12 of 2015. Share ownership rights new owner acquired in February 19 of 2015, when appropriate record was made in shareholder register of Ltd. "Rigas pilsetas lombards".

RIGA MUNICIPALITY REAL ESTATE PROPERTY STATE

According to the data from the State Land Service, by January 1 of 2015, there were 20 590,6 ha of land owned by various owners within the territory of Riga City. Riga Municipality had ownership over 4 014 land lots with the area of 7 856 ha in total, forming around 38% of the total land property area in the City.

In 2014, 229 contracts of Riga Municipality's real estate property sale were signed in total, 31 contracts of purchasing of real estate property or its shares were signed, as well as municipality took possession of 39 properties (int. al. unprivatized apartment properties).

In 2014, Riga City Municipality has transferred administration rights and rights to use of 93 properties in total to apartment owner companies or to authorized agents of apartment owners, to owners of denationalized houses, to Riga City Municipality's departments and institutions and rights to use free of charge to nongovernmental organizations. Total number of lease agreements on real estate property rent with Riga City Municipality is 2 343.

EXECUTION OF TERRITORY DEVELOPMENT PLAN

In 2014, following work on development of Riga new territory plan was done, including:

- ✓ Development of 11 thematic plans launched in the previous year was continued;
- ✓ Working out Building and environment development guidelines for sustaining Riga living space structure;
- ✓ Mapping of groundwater level within Riga territory;
- ✓ Working out development plan of Riga City Council car parking policy and development concept and parking-place system;
- ✓ Legal research "Development of territory planning management system - ownership restrictions and compensatory mechanisms" was launched;
- ✓ Development of guidelines for greenery structure and provision of public space network in Riga was launched;
- ✓ Development of perspective placement, setting of functional neighborhood centers and formation of construction guidelines for provision of entrepreneurship function in territories;
- ✓ Development of landscape plan was started.

In 2014, main city development plan documents were approved: Strategy and Development program. During the Strategy and Development program drafting process aggregation, review and inclusion of suggestions received in public discussions in the final program edition was performed. 143 suggestions were taken into consideration and 56 were partially taken into consideration.

During the reporting year, City development action plan 2014 - 2020 was approved, as well as work on Development program of Action plan 2014 - 2020 and Investment plan 2014 - 2016 was launched, taking into account the new EU fund planning period of 2014 - 2020.

In 2014, research on evaluation of improvement potential of public space of Riga port neighborhoods' within Strategy and Development program implementation was made. By means of methodology developed for the research, potential public space territories in Riga port neighborhoods - Daugavgriva, Bolderaja, Mangalsala, Vecmilgravis, Milgravis, Sarkandaugava, Voleri and Kundzinsala - were identified and advisable development guidelines were prepared for each of them.

In 2014, implementation project "Sustainable renewal of city environment" co-financed by EU funds' program URBACT II was continued. The goal of the project is to renovate public space in one of the pilot territories - Latvian Riflemen Square, as a result of it a preliminary research was done and square development vision was worked out, as well as specific activities of its implementation were defined. Project will be finished in spring of 2015.

During the reporting year, report "Development process of strategy and development program and participation of society", as well as summary of Strategy and Development program were worked out. In order to provide foreign investors and other interested persons with simplified version of future plans, summary was available also in English and Russian.

In 2014, Riga long term development strategy until 2025 and Riga development program 2010 - 2013 implementation annual report was prepared, which is Strategy supervisory system 7th annual report. Opinion survey of Riga inhabitants was performed within this report and attracted city environment, economy, social sphere, non-governmental organization and management sectors' experts gave evaluation on execution of strategic goals. Report also includes description and statistical data (target key indicators) of strategic goals and set targets within these goals.

During the reporting period, technical and functional improvement of network site www.sus.lv were performed, to provide operation of Strategy supervisory system in accordance with the new structure of development plan documents and to improve its functionality and accessibility for visitors.

Significant Riga territory development plan projects and activities also executed in 2014:

- ✓ In 2014, 6 delegations of foreign municipal city environment development professionals' and foreign university students' delegations from Sweden, Netherlands, USA, Norway, Estonia and Russia were received in City Environment Development Directorate of City Development Department, where exchange of experience in spheres of city environment development, territory plan, architecture, construction and society involvement took place.

- ✓ In 2014, Riga Council prepared and approved 14 resolutions on launching development of local plans within territory boundaries and approval of work tasks.

- ✓ Riga Council prepared and approved 5 resolutions on passing local plans for public discussion and receiving conclusion and 3 resolutions on local plan approval and issue of binding regulations.

- ✓ In 2014, 374 projects of use of land and delimitation of the border in total were revised and 517 plans of land borders' encumbrance plans, as well as 1 521 certificate on authorized use of land were issued.

- ✓ In 2014, 207 certificates on use of land and construction regulations in Historic Centre of Riga and its protection area were issued in accordance with Riga City Council binding regulations.

- ✓ Work on development of territory local plan of Skanstes Street location was continued.

- ✓ In 2014, evaluation of quality of performed construction in Historic Centre of Riga and its protection area during time period of 2006 - 2012 was done, as well as several researches.

RIGA MUNICIPALITY INVESTMENT PROJECTS

NON-FINANCIAL INVESTMENTS

Total amount of investment (private, municipal, state and foreign) in Riga reached its maximum in 2008, when around 3,9 billion euro were invested in the city's economy. Investment in Riga reduced around 2,4 times during the period of crisis, however there is a gradual growth observed since 2011. Though this growth is not even because, for example, total investment in Riga economy decreased by 3,6% in 2014, compared to the previous year. Total amount of construction works in the city increased by 2,8% in 2014, compared to the previous year.

In 2013, the amount of investment in Riga City comprises around 47% of all investment in the country, what is significantly lower than the average proportion of pre-crisis level which reached 54%. But the proportion of construction works in the capital from those performed in the entire state in 2014 increased and reached 41%.

CAPITAL INVESTMENTS FROM MUNICIPAL BUDGET

During the reporting year, 113 million euro were allocated for Riga City Municipality budget capital expenditure.

Riga City Municipality's capital investment dynamics of the last year's shows, that regardless of limited budget resources and decrease of income during the period after crisis, , municipality has succeeded in maintaining stable municipality's investment quantity and even increase investment in implementation of transport and social infrastructure projects by means of successful restructuring of budget expense section. During the period from 2009 to 2014, Municipality has allocated even more funds for capital investments by 22% than during the time period of previous 6 years (2003 - 2008) before the crisis.

In 2014, the major proportion of municipal budget capital investment structure by sector still was in economic activity sector - 33,8% (47,6% in the previous year). The second biggest capital investment proportion was in education - 23,5% (14,5% in 2013), the third - in social security sector - 17,8%.

FOREIGN INVESTMENT IN RIGA

By the end of April, 2015, according to Lursoft data, foreign direct investments into the registered equity capital of enterprises in Riga were around 5,82 billion euro, increasing by 6% within a year. Foreign investments in the capital comprise 80% from the total foreign investments in country.

EU AND OTHER EXTERNAL FINANCIAL SOURCES' CO-FINANCED PROJECTS

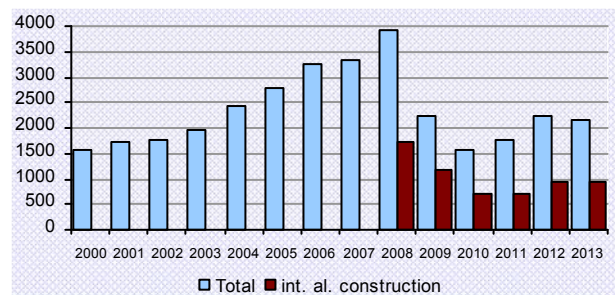
In 2014, Riga City Municipality continued active execution of projects financed by European Union Structural Funds and other European Union Funds.

During the reporting year, 35,7 million euro were allocated from the municipality's budget, by 9,7 million euro less than in the previous year for execution of projects financed by European Union Structural Funds and other projects. 27,3 million euro from total EU fund financing expenditures were allocated for project capital expenditures.

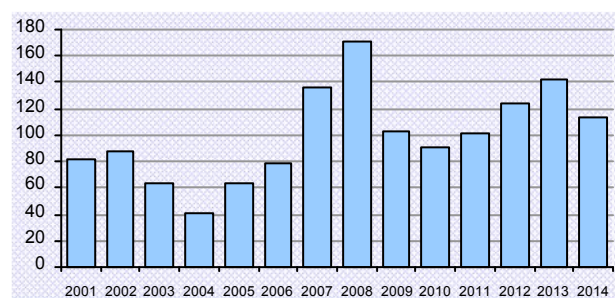
The largest projects co-financed by EU and other funds in Riga City Municipality and total expenses in 2014:

- Reconstruction and renovation of The Latvian National Museum of Art on Kr. Valdemara Street 10A (2 projects), (9 588 651 euro);
- Revitalization of Grizinkalns and alongside Miera darzs territories (2 404 238 euro);
- Recovering of Riga City dumpsite inadequate to laws and regulations on Augusta Deglava Street (2 192 575 euro);
- Reconstruction of crossing of access road (P133) of K. Ulmana Avenue and airport "Riga" (from Lielirbes Street to Sampetera Street and from Grenču Street to Gramzdas Street) (1 928 919 euro);
- Improvement of preschool education infrastructure in Riga City Municipality (ERDF - 1 406 603 euro; SRDA - 1 288 028 euro);
- Paid temporary social works (1 239 122 euro);
- Complex solutions for reduction of emission of greenhouse effect gases in Riga Municipality preschool educational buildings (1 181 349 euro);

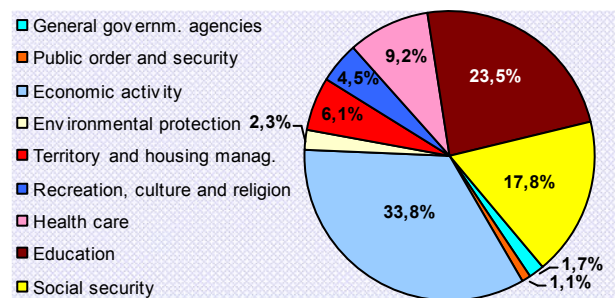
Non-financial investments in Riga (m euro), year 2014 price index



Capital expenditures from Riga Municipality budget (m euro)



Capital expenditures from Riga Municipality consolidated budget structure by sector, 2014 (in percent)



REVENUE

In 2014, total Riga City Municipality basic budget revenue comprises 713,1 million euro, by 16,4 million euro (by 2,3%) more than in the previous year. Though the Riga Municipality budget revenue growth is observed since 2011, yet it still is significantly lower than the rate achieved in pre-crisis period - municipal budget revenue in 2014 was less by 150,2 million euro (by 17,4%) than in 2008.

Municipal basic budget tax revenues in 2014 comprise 528,9 million euro, less by 2 million euro (by 0,4%) than was planned. Municipal total tax revenues increased by 18,6 million euro (by 3,6%), compared with 2013. The main source of municipal basic budget tax revenues - personal income tax revenue in 2014 reached 430 million euro, less by 10,1 million euro (by 2,3%) than estimated in budget plan. Compared with 2013, revenue from personal income tax increased by 8,7 million euro (by 2,1%) as a result of employment and compensation growth, comprising 47% from the growth of the total municipal tax revenue. In 2014, real estate tax revenue reached 94,2, gambling tax - 4, but natural resources tax - 0,9 million euro. Non-tax revenues were 52,6 million euro, less by 12,4 million euro (by 19,2%) than in the previous year and less by 20,4 million euro (by 27,9%) than in budget plan. Paid services in 2014 comprise 29,1 million euro. During the reporting year, Municipality received State budget transfers at the amount of 126,3 million euro, more by 4,8 million euro (by 4%) than in the previous year.

EXPENSE

In 2014 total Riga City Municipality basic budget expense comprises 743,2 million euro, what is less by 10,3% (by 1,4%) than in the previous year. Capital expenditures were 113 million euro. In 2014, expenses from the municipal budget on compensation reduced by 0,9 million euro (by 0,4%), compared with 2013, for goods and services - by 8,2 million euro (by 6,1%). Due to amends in balance sheet expense items expenses for covering interest increased by 14,8 million euro. During the reporting year, expenses on subsidies and grants increased by 9,7 million euro (by 9%), but expenses on social security reduced by 1,1 million euro (by 3,4%), due to decrease of the number of social benefits recipients. In 2014, deposits to municipal cohesion fund reached 75,7 million euro. Municipal budget deficit in 2014 was 30,1 million euro (4,2% from revenue).

MUNICIPALITY'S DEBT DYNAMICS

In 2014, the total amount of Riga Municipality's financial commitments reduced by 30 million euro and by the end of the year it was 979,8 million euro.

Rapid growth of municipal liabilities during 2005 - 2007 is related with growth of undertaken liabilities due to construction of the South Bridge. Gradual repayment of these liabilities has reduced their proportion in the total amount of financial commitments from 76% in 2009 to 69% by the end of the reporting year. During the reporting year, Riga City Municipality continued implementation of municipal loans, guarantees and other long-term debt management strategy for 2013 - 2017, ensuring Municipality's liability portfolio's conformity with criteria defined by the strategy. The total amount of overall Riga City Municipality liabilities (evaluating by principal amount of liabilities) was 86,3% from municipal

revenues, by end of 2014, not exceeding 100% limit defined by the Strategy.

CREDIT-RATING

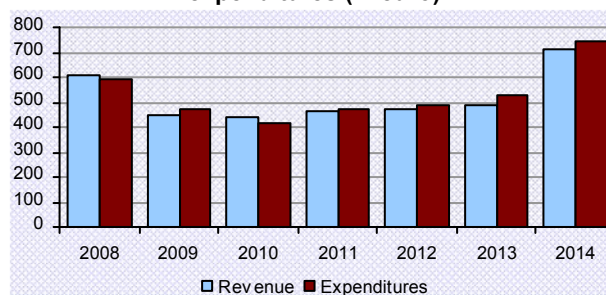
In June of the reporting year, "Moody's Investors Service" evaluated Municipality's achievements in provision of budget stability and raised its credit rating from Baa3 to Baa2 with stable future perspective.

In November of 2014, credit rating agency "Standard & Poors" raised Riga City credit rating of debts in local and foreign currencies by one level to BBB+/A2, defining stable development perspective. Due to Latvia joined euro zone, thereof greater requirements for Municipality's financial and budget policy are set by credit rating organizations, establishing a necessity to reinforce medium-term and long-term municipal budget planning. Therefore one of the Riga Municipality's priorities in 2015 is introduction of three-year budget plan.

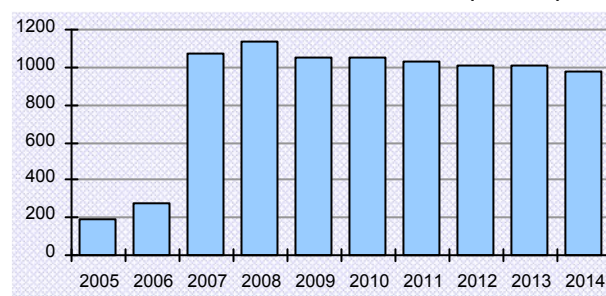
History of Riga City credit-rating

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

Riga City consolidated budget revenue and expenditures (m euro)



Dynamics of total amount of Riga City Municipality's financial commitments 2005 - 2014 (m euro)



RIGA MUNICIPALITY BUDGET EXECUTION PERFORMANCE

The results of Riga economical development and Riga City Municipality fiscal policy in 2014 are characterized by achievements in ensuring the budget revenues and purposeful use in provision of municipal operations in accordance with the budget approved by Riga City Council. Budget is a tool for realization of Riga Municipality economic policy by means of financial methods. Riga Municipality budget includes Municipality's revenue and expenditure. Riga Municipality budget is prepared based on the cash flow principle, simultaneously in compliance with State Treasury instructions, ensuring accounting based on accrual principle.

In 2014, euro was introduced in Republic of Latvia as an official instrument of payment and Riga City Municipality has provided successful transition from lats to euro. As of middle of 2013, all the necessary activities were performed (technical development, methodology, amendments of normative documentation, training of employees), in order to prepare municipal financial system for the oncoming changes and provide fully functioning municipal financial system already by the beginning of 2014.

RIGA MUNICIPALITY BUDGET REVENUE

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

RIGA MUNICIPALITY BASIC BUDGET REVENUE

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

Basic budget revenue mostly comprises:

▼ Tax revenues:

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

▼ Non-tax revenues:

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

RIGA MUNICIPALITY SPECIAL BUDGET REVENUES - DONATIONS AND ENDOWMENTS

In 2014 revenues from donations and endowments to Riga City Municipality were 1 196,4 thousand euro.

SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY BASIC BUDGET REVENUE

| Cash flow basis (k EUR) | 2013 actual | 2014 budget | 2014 actual |
|---|------------------|------------------|------------------|
| Total revenues | 696 724.5 | 744 716.9 | 713 097.4 |
| Total tax revenues | 510 277.4 | 530 882.6 | 528 894.8 |
| Personal income tax | 421 258.1 | 440 053.3 | 429 978.4 |
| Property taxes | 84 353.1 | 85 920.4 | 94 227.7 |
| int.al. real estate tax on land | 34 132.4 | 38 529.9 | 36 012.6 |
| int.al. real estate tax on buildings | 36 999.8 | 35 498.8 | 45 076.1 |
| int.al. real estate tax on housing | 13 220.9 | 11 891.7 | 13 139.0 |
| Other tax revenue | 4 666.2 | 4 908.9 | 4 688.7 |
| Total non-tax revenues | 32 108.1 | 40 670.6 | 23 427.2 |
| Government (municipality) fees | 4 881.2 | 4 774.0 | 5 163.1 |
| Other non-tax revenues | 27 226.9 | 35 896.6 | 18 264.1 |
| Total revenue from paid services and other own revenues | 32 892.8 | 32 228.0 | 29 129.8 |
| Total transfers | 121 446.2 | 140 935.7 | 131 645.6 |
| State budget transfers, int.al. | 120 046.2 | 134 923.6 | 126 262.2 |
| state budget transfers allocated for specific purpose | 107 103.8 | 118 797.4 | 114 737.1 |
| transfers received from state institutions for projects co-financed by EU policies' instruments and other foreign financial aid | 12 405.0 | 15 972.5 | 11 364.5 |
| other State budget transfers | 537.4 | 153.7 | 160.6 |
| Municipal budget transfers | 1 400.0 | 6 012.1 | 5 383.4 |

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

| Cash flow basis (k EUR) | 2013 actual | 2014 budget | 2014 actual |
|---|----------------|----------------|----------------|
| Total revenues | 293.5 | 1 510.2 | 1 196.4 |
| Donations and endowments from legal entities and individuals | 293.5 | 1 510.2 | 1 196.4 |
| Donations and endowments for education | 90.4 | 162.1 | 101.5 |
| Donations and endowments for social care | 4.1 | 7.1 | 5.3 |
| Other donations from legal entities and individuals | 199.0 | 1 341.0 | 1 089.6 |

RIGA MUNICIPALITY BUDGET EXPENSE

Riga Municipality budget expense of 2013 in this report is reflected according to the functional categories, which correspond to the structure of expenses by government function or sector - education, economic activity, environmental protection, social security, management of Municipality territories and housing facilities, health care, recreation, culture and religion, public order and security, etc.

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

Municipal budget planning is regularly improved in order to provide more effective planning of execution of municipal functions in accordance with Municipality's strategic documents and institutions' actions plans. The vast majority of municipal budget programs have defined particular performance results, have set particular goals and performance indicators (services), execution of which are subordinated to performance indicators (service activities) - number of units and expenses of one accessible unit. In such a way society's awareness is improved on municipality's ability provide services necessary for the society.

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

In 2014, the main priorities within the total expense structure of Riga Municipality basic budget did not change compared with the previous year - there were education, public order and security, social security, investments in infrastructure and culture, moreover, the financing of culture was increased, taking into account that in 2014 Riga was cultural capital of Europe.

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

In 2014, the expenses from donations and endowments to Riga Municipality were 1 236,3 thousand euro.

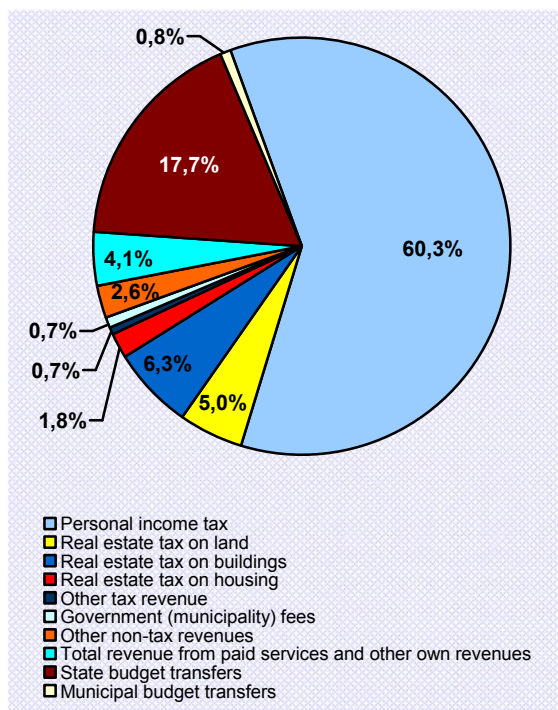
SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY BASIC BUDGET EXPENSES

| Expenses by government function Cash flow basis (k EUR) | 2013 actual | 2014 budget | 2014 actual |
|--|------------------|------------------|------------------|
| Total expenses | 753 518.7 | 800 828.2 | 743 170.1 |
| General governmental agencies | 108 755.9 | 124 125.4 | 133 206.7 |
| int.al. deposits to municipal financial cohesion fund | 69 184.6 | 76 876.6 | 75 714.1 |
| Public order and security | 16 353.4 | 17 049.6 | 16 600.7 |
| Economic activity | 224 521.5 | 216 020.1 | 198 651.4 |
| Environment protection | 2 520.8 | 5 169.1 | 4 485.7 |
| Municipal territory and housing management | 38 364.2 | 41 514.2 | 32 021.3 |
| Health care | 6 392.1 | 8 127.5 | 5 920.1 |
| Recreation, culture, and religion | 34 460.0 | 39 635.0 | 35 906.6 |
| Education | 236 518.8 | 261 721.7 | 237 668.5 |
| Social security | 85 632.0 | 87 465.6 | 78 709.1 |

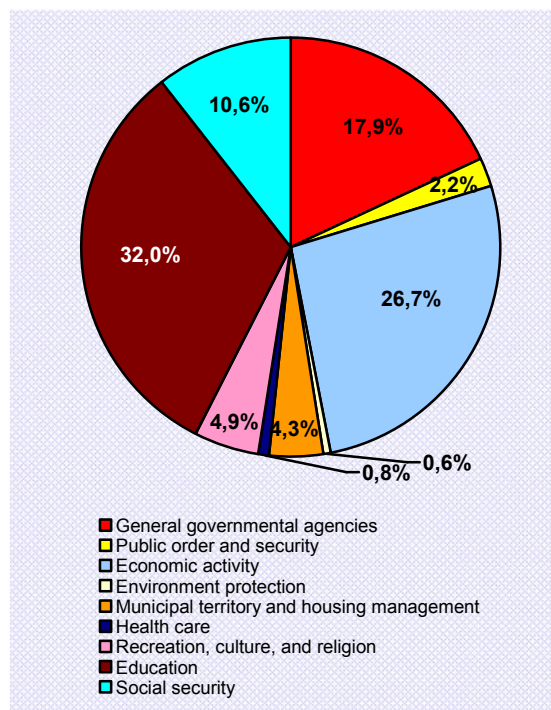
SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY SPECIAL BUDGET EXPENSES FROM DONATIONS AND ENDOWMENTS

| Expenses by government function Cash flow basis (k EUR) | 2013 actual | 2014 budget | 2014 actual |
|--|----------------|----------------|----------------|
| Total expenses | 1 529.3 | 1 661.5 | 1 236.3 |
| General governmental agencies | 1 425.1 | 1 315.5 | 1 121.4 |
| Municipal territory and housing management | | 23.4 | 16.0 |
| Recreation, culture, and religion | 27.0 | 19.0 | 8.0 |
| Education | 73.0 | 291.5 | 86.1 |
| Social security | 4.2 | 12.1 | 4.8 |

Composition of Riga Municipality basic budget revenue in 2014



Composition of Riga Municipality basic budget expenses in 2014



RIGA MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

EDUCATION AND SPORTS

In 2014, Riga City Council Education, Culture and Sports Department (ECSD) implemented municipal policy in education, culture and sports sectors, in youth work, as well as in integration of society. ECSD's terms of reference covers provision of education for children, declared as residents of Riga administrative territory, who have reached scholar age, provision of diversity and accessibility of Riga City cultural events, provision of preservation of cultural values, improvement of quality of city's environment, development of creative work and provision of opportunities for useful and creative free time passing for Riga inhabitants, youth work, provision of accessibility of sports and physical activities, as well as integration of society.

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

PRESCHOOL EDUCATIONAL INSTITUTIONS

At the beginning of school year 2014/2015 preschool education programs were provided at 152 licensed Riga City Municipality preschool educational institutions, 19 comprehensive schools and 2 Riga interest educational institutions. Preschool education program in municipal preschool educational institutions was provided for 25 063 in total. In 2014, in order to improve preschool education accessibility, additional 34 preschool groups were opened in municipal educational institutions, providing places for 636 children.

For the provision of requested places lacking in preschool educational institutions Riga City Municipality signed cooperation agreements with 118 private educational institutions in 2014, providing preschool education for 5 027 children with co-financing at a sum of 7 679 690 euro.

In 2014, evaluation of children's Latvian language skills was done in preschool educational institutions where minority preschool education programs are implemented with Russian, Ukrainian and Polish language of instruction. The results showed efficiency of bilingual approach and improvement of skills.

One of the preschool problems is lack of preschool pedagogues, therefore an alternative work organization - model of pilot project "1+2" is suggested as a solution. This means than work with the group is conducted by one teacher and two assistants. Training courses for teacher assistants were organized which were attended by 144 assistants from 48 preschools.

COMPREHENSIVE SCHOOLS

117 Riga City Municipality elementary and secondary comprehensive schools started 2014/2015 school year, int. al. 89 secondary schools, 24 elementary schools and 4 primary schools, 12 them are training-schools and 10 are boarding-schools, where educational programs were mastered by 65 643 students at the beginning of the school year. 80% of these students master elementary education programs, but secondary education programs are mastered by 20%. During the reporting year, cooperation with 31 private educational institutions was continued, what are attended by children declared as

residents of Riga. Riga Council co-financing of 219 441 was provided for this purpose.

In 2014, with an aim to improve network of educational institutions, reorganization of 2 secondary schools was performed, creating J.G. Herders Riga Grizinkalns secondary schools. During the reporting year, ECSD coordinated development of documents necessary for accreditation of educational institutions, evaluated 28 educational programs, as well as performed amendments in 182 elementary education programs, taking into account the changes of normative regulations. Scientific works of 331 students from 53 Riga schools were announced in Riga City students' scientific conference, in 2014. 129 students' scientific works were nominated for state scientific conference, where Riga students won 52 prizes.

OUT-OF-SCHOOL EDUCATION AND SPORTS

For the stimulation of out-of-school and vocational education diversity, accessibility and popularity, various and qualitative out-of-school and vocational education programs are available in Riga Municipality educational institutions. Out-of-school education is provided in 13 Riga Municipality's out-of-school education centers, 117 schools, 8 vocational education institutions majoring in sports and 7 music and art schools. 82 213 students participated in these programs in 2014. While 10 543 students participated in programs provided by 9 Riga Municipality's vocational education institutions majoring in culture and vocational education institutions majoring in sports.

In order to promote development of out-of-school education and motivate children and youth to spend leisure time more usefully by involving in interests' groups, in 2014, 255 educational activities in various areas were organized, which were attended by more than 82 790 children and youth.

11 vocational education institutions majoring in sports and 9 vocational education institutions majoring in culture (music and art schools) are operating in Riga City Municipality, which offer for students licensed sports and art educational programs.

In 2014, one of priorities set for out-of-school and vocational education was provision of qualitative preparation of Riga collectives for XI Latvian School Youth Song and Dance Festival. The most popular out-of-school education events are "Nac un piedalies", where Riga children and youth centres, sports and music and art schools are participating. One of the most significant sporting events is "Riga students' games" where around 2 000 students from City's schools participate each year. ECSD supported participation of three school orchestras in international events and 20 music and art school students' participation in international competitions and exhibitions and participation of united symphonic orchestra of music schools and school collectives in Riga Celebration and Anniversary of Proclamation of the Latvian Republic.

In 2014, ECSD coordinated organization of sports competitions between schools, int. al., in City in and in State level, as well as in *Nordea Riga Marathon*. Competitions in 15 various sporting contests were organized and 59 972 students in total took part in them. Swimming training program for 2nd grade students was continued, which was attended by 4 198 children.

Additional financing allocated in 2014, allowed to increase the number of camp participants, attracting additional pedagogues for work in summer, as well as to improve quality of camps and to increase the number of camp participants by 400 children and youth. During the school holidays educational institutions organized 299 camps, involving 11 835 participants, supported 73 camps organized by nongovernmental and religious organizations with more than 2 700 participants, supported 19 leisure time projects, which offered free of charge activities for around 1 500 children and youth during summer holidays. ECSD organized educational activities for students' self-government activist, provided support for 22 leisure time centres (around 138 000 visits recorded). In Riga youth centre "Kanieris" there were 283 events and activities organized for youth. Work opportunities were used by 161 youths.

In 2014, Education and Information Center of Riga City provided further education and professional improvement activities - courses, seminars and master classes, which were attended by 8 534 pedagogues. In 2014, conference of pedagogues of Riga preschool educational institutions "Integrated approach in preschool pedagogical process" took place, where 87 preschools participated in total.

In 2014, work on organization of various lifelong education courses for Riga inhabitants was continued. Opportunities of informal education for City's inhabitants were offered by means of 57 various courses. EICRC participated also in implementation of informal educational programs for preventive unemployment decrease activity "Lifelong education activities for the employed persons", last year, implementing programs of

3 of Latvian and English language training courses. Latvian language training courses of Social integration program was repeatedly realized by EICRC, where official language was mastered by 179 Rigans. Educational activities, concerning various issues on psychology, sports and healthy way of living were also organized.

The most significant investment projects and programs:

- Reconstruction of building of Riga O. Kalpaka Elementary school for Folk Arts and Craft on Skrindu Street 1;
- Renovation of building and territory of J. G. Herders Grizinkalns secondary school on Lauku Street 9;
- Improvement of territory - construction of 2 sports ground, construction of areas for active sports near 13 schools, construction of playground in 12 preschool educational institutions, construction of pedestrian roads and replacement of fence in 24 educational institutions;
- Renovation and construction works to create locker rooms for gym and assembly halls in 9 educational institutions;
- Renovation of kitchens in 8, replacement of water-supply and sewerage in 4 and renovation and heat insulation of windows and facades in 19 educational institutions, as well as renovation of individual random objects in several educational institutions.

In 2014, 1 232 students successfully completed Latvian language studies, 1 193 of them raised Latvian language skills at least by one and 139 of them improved their Latvian language skills.

| Budget expense allocated to education (k EUR) | 2012 actual | 2013 actual | 2014 budget | 2014 actual |
|--|--------------------|--------------------|--------------------|--------------------|
| Preschool education | 70 768.2 | 70 363.3 | 81 139.9 | 74 559.3 |
| Elementary education, comprehensive and professional education | 121 130.1 | 132 269.2 | 146 387.5 | 131 838.9 |
| Higher education | - | 4.8 | 10.3 | 10.3 |
| Education undefined by educational levels | 34 712.8 | 30 585.6 | 30 732.1 | 27 902.0 |
| Other education, not classified above | 3 043.4 | 3 295.9 | 3 451.9 | 3 358.0 |
| Total basic budget expense | 229 654.5 | 236 518.8 | 261 721.7 | 237 668.5 |
| int.al. investment | 18 468.2 | 13 358.3 | 24 136.9 | 19 399.2 |

SOCIAL SECURITY

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

There are 17 Riga City Municipality basic budget programs administrated by Riga City Council Welfare Department for provision of specified functions. In 2014, basic budget expense were 55 169 051 euro by the end of the year. There was one program included in special budget, which planned expense were 12 107 euro by the end of the year. In 2014, 11 340 419 euro, comprising 27% from the Riga City Municipality specified investment program of 2014 were planned for health care and social security sphere.

SOCIAL CARE AND SOCIAL REHABILITATION IN INSTITUTIONS

As of 2014, a new receipt and payment order of long-term social care and social rehabilitation for adults was established. It relieves social service recipient's support from imposed devoir to make payment for provision of a service to relative, if the person receives the respective service from municipality or municipal contract organization at service provider institution. As well as Riga City Council binding regulations determines, that client has rights to choose to receive social service at any service provider institution, which is recorder in the register of social service providers and, if client's pension and/or other income does not cover full service price, then there is municipal financial support provided for social service payment up to 250 euro monthly. New social service payment order allows clients to choose any service provider, int.al. more expensive and more qualitative, if service receiver is able to cover the

difference between price of the social service and co-financing guaranteed by municipality. Thereby a competition in social service sphere is developing, where nongovernmental organizations as well as enterprisers are participating by offering better quality services for solvent clients.

In 2014, social services in Riga City Municipality were provided to inhabitants by 6 municipal institutions, as well as by 105 social services providers, who have concluded agreements with municipality on provision of social services for Riga inhabitants. Riga City Council Welfare Department institutions:

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

There were several new social services created in 2014 accordingly to Riga City Municipality's inhabitants needs:

- Group apartments for persons with mental disorder, day-care center for adult persons with severe mental disorder and multifunctional social service centre for adult persons on Imanta 8th Line, 1 k-3;
- Riga Social Service territorial centre on Imanta 8th Line, 1 k-2;
- Day-care center for adult persons with severe mental disorder on Ludza Street 43;
- Crisis center for families with children on Burtnieku Street 37;
- Day-care center for adult persons with auditory disorder on Kandavas Street 27.

During the reporting year, changes in operation of Children and Youth Crisis centre were implemented concerning target group receiving services of the crisis centre. As of June of 2014, Crisis centre's services were rendered only for children, but crisis centre's services for families and children were transferred to an outsourced social service provider chosen in a purchasing tender.

In accordance with Latvian Republic guidelines for development of social service for 2014 - 2020, reformation of practice of long-term social care service provision is planned, rendering support for clients who are leaving long-term social care institutions, as well as developing support system in order to prevent clients to come to these institutions. Deinstitutionalization process prescribes that municipalities will have to develop and provide services adequate to needs of target group persons, adults with mental disorder, children in day-care institutions and children with functional disorder who live in families.

SOCIAL CARE AT PLACE OF RESIDENCE

Taking into account growing number of persons who receive home-care service and increased amount of the provided service, solutions for provision of the existing financing and home-care service adequate to clients' needs was searched for in 2014 and during the previous years. During the work process a conclusion was drawn, that implementation of new home-care service payment model needs an analysis, because the existing payment order, where payment to home-care service provider is made for home-care hours provided to a client, is not able to finance home-care service within the planned budget. In case outcome of the research will be a

conclusion, that new payment model, where payment is done for service packet or according to the set pricelist for work amount done within the home-care service, financially is more gainful than the existing one, then amends in the respective Riga Council binding regulations will be done, but if the research will not give the expected results, then the funding of home-care service will need additional financing.

PROTECTION OF CHILD RIGHTS

In 2014, a significant work of improvement of cooperation system between institutions in sphere of protection of child rights was made. Cooperation model prescribes joint actions of either municipal institutions or responsible State institutions. In 2014, cooperation of school social pedagogues and workers of various institutions with workers of social services, workers of Riga City Council Welfare Department, Municipality Police inspectors, State Police inspectors, professionals from Riga Orphans Court, professionals from out-of-family care centres, professionals from crisis centres and health care professionals was coordinated in 3 124 cases. In 2014, there were 9 464 cooperation cases in total.

Social pedagogues rendered educational support: by consulting 29 296 students, 14 498 parents, 11 386 pedagogues, as well as performed 1 661 first time and 655 repeated inspections at students' places of residence. While school psychologists consulted 6 681 parents, 5 722 educational institution pedagogues, 16 603 students and 26 643 students in groups, as well as provided support in two crisis cases at schools.

As of 2014, ECSD has employed psychologists, whose task includes consulting of preschool educational institutions. 52 preschool educational institutions applied for support since the begging of the year. 107 applications to watch over specific children were received, 100 applications to watch over group of children were received and three applications to watch over pedagogue's work were received. An individual discussion was performed on each requested case with CEO or methodologist, group pedagogues, as well as with 116 parents.

SOCIAL PROTECTION IN RIGA

Due to continuous reduction of number of unemployment benefit receivers, social benefits program budget surplus by the end of the reporting year was 2,43 million euro. Taking into account growing number of clients and increased amount of service hours for persons with motor disorder who are not able to use public transportation, as well as increase of compensation in social service sphere and increase of other expenses, budget modifications were performed during the reporting year and as a result of it surplus of funds of ~2 million euro were shifted into program of home-care service.

In 2014, number of low-income persons continued to reduce (by 29%, compared with 2013) and number of social benefits receivers also reduced (by 11%, compared with 2013), what influenced dispose of the funds, especially for guaranteed minimum income benefit and for apartment benefit, which proportion is the biggest in portfolio.

EMPLOYMENT FACILITATION ACTIVITIES

In 2014, a tendency of previous years continued remaining the same - reduction of number of unemployed clients, level of unemployment and able-bodied unemployed clients of Riga Social Service, however high proportion of long-term unemployed persons still remained. 31,3% from 2 832 recorded able-bodied unemployed clients were long-term unemployed persons by the end of the year.

In 2014, Riga City Municipality in cooperation with State Employment Agency continued participation in active employment program - ESF co-financed project "Paid temporary community work", creating 1 356 temporary work places within a year, where working skills were improved by 2 560 unemployed persons. Goal of this program is to provide unemployed persons, who do not

receive unemployment benefit and are listed in State Employment Agency, with paid temporary places of work 4 month per year with compensation of 142,29 euro monthly, firstly involving these unemployed persons, who receive social support.

Since the beginning of the project in 2012, 10 618 Rigans were involved in temporary works. Total financing of the project was 4 746 485 euro, whereof 23% was Riga City Municipality co-financing.

The most significant investment projects and programs:

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

| Budget expense allocated to social security (k EUR) | 2012 actual | 2013 actual | 2014 budget | 2014 actual |
|---|-----------------|-----------------|-----------------|-----------------|
| Social security in case of inability to work | 739.5 | 907.8 | 3 375.7 | 3 442.3 |
| Assistance to elderly people | 6 433.9 | 6 683.4 | 6 991.6 | 6 901.3 |
| Assistance to families with children | 7 360.9 | 8 280.8 | 8 932.2 | 8 304.0 |
| Assistance in unemployment case | 1 731.8 | 1 691.4 | 1 491.5 | 1 239.1 |
| Housing allowance | 20 341.7 | 17 826.4 | 18 359.0 | 13 927.6 |
| Other support to socially repudiated persons not classified above | 44 174.2 | 49 143.5 | 46 857.0 | 43 518.2 |
| Other social care not classified above | 1 060.0 | 1 098.7 | 1 458.6 | 1 376.6 |
| Total basic budget expense | 81 842.0 | 85 632.0 | 87 465.6 | 78 709.1 |
| int.al. investment | 8.5 | 10 392.8 | 5 988.7 | 5 970.7 |

HEALTH CARE

In February 25 of 2014, Riga Council started reorganization process of health care related enterprises - RMLtd "Children health center "Kengarags"", RMLtd "Bolderaja health center", RMLtd "Ilguciems health center", RMLtd "Primary health care center "Ziepniekkalns"", RMLtd "Tornakalns health center" and RMLtd "Health center "Imanta"", which via merging process resulted in foundation of a new enterprise RMLtd "Riga health center".

Riga Municipality's financing for health care system is allocated in accordance with the autonomous functions defined by the law "On Municipalities" to provide health care accessibility, as well as to enable and promote healthy lifestyle among inhabitants. State financed health care in Riga Municipality's territory is provided by medical institutions, which have signed agreements with The National Health Service on rendering and payment of health care services, int. al. 4 such Riga Municipality's health care enterprises, of which two of them are operating as stationary medical treatment institutions:

- RMLtd "Riga 1st hospital";
- RMLtd "Riga 2nd hospital";
- RMLtd "Riga Maternity hospital";
- RMLtd "Riga health center".

In October 27 of 2014, "Riga health center" branch office "Imanta" started operation in new premises on Imanta 8th Line 1, which was constructed within a project realized by Ltd. "Rigas pilsetbuvnieks".

In November 27 of 2014, in order to improve accessibility of health care services for Bolderaja inhabitants, family doctor and professionals of RMLtd "Riga health center" branch office "Bolderaja" started

work at health centre "Mezrozites" on Mezrozisu Street 22-1.

In 2014, in order to improve social health care following activities were performed within Riga City Municipality social health care program:

- Riga renewed its participation in WHO Network of European Healthy Cities and in June received participation confirming certificate;
- United computerized platform for health care facilitation activities in Municipality www.veseligrizdiznieks.lv was created;
- In order to educate inhabitants about healthy food and to appeal to pay more attention to their everyday eating habits, an environment object - Food pyramid was erected in Riga Central Market;
- "Oral health educational program" for preschool educational institutions was developed;
- Classes on growth, hygiene and reproductive health were conducted for 7th - 9th grade boys and girls;
- Classes on building relationship with children at various ages for parents were organized;
- Issue of brochure "Our child" for young parents was continued.

In 2014, an additional - seventh LRC Health room operation was co-financed.

The most significant investment projects and programs:

- Reconstruction and renovation of building of Riga Municipality Ltd. "Riga 1st hospital" on Bruninieku Street 5;
- Renovation of Riga Municipality Ltd. "Riga Maternity hospital" on Miera Street 45.

| Budget expenses allocated to health care (k EUR) | 2012 actual | 2013 actual | 2014 budget | 2014 actual |
|---|----------------|----------------|----------------|----------------|
| Operation and services of ambulatory medical institutions, and public health-care agency services | 644.6 | 1 415.7 | 2 775.8 | 831.6 |
| Hospital services. Health-care services for mother and child | - | 4 976.4 | 5 351.7 | 5 088.5 |
| Other health-care services not classified above | 3 840.0 | - | - | - |
| Total basic budget expense | 4 484.6 | 6 392.1 | 8 127.5 | 5 920.1 |
| int.al. investment | 3 840.2 | 4 881.9 | 5 351.7 | 5 160.2 |

MUNICIPAL TERRITORY AND HOUSING MANAGEMENT

In 2014, within Riga City Municipality budget program "Social apartment houses and separate social apartments" financing of 867 986 euro were utilized, int.al. compensation of social apartment houses' and apartment houses' with separate social apartments management expenses, which do not exceed the established rent for lodgers, 50% compensation of water and sewerage expenses and 25% compensation of heating expenses.

In 2014, joining of 2 municipal residential buildings on Sila Street 8 and Sila Street 16 to central water supply and sewerage network was completed.

In 2014, work of gathering information and arrangement of buildings that are not used for commercial activity, that are endangering public safety and spoils City's landscape was continued. 107 wrecks were put in order during these works, 16 Riga Council's commission Buildings that degrade environment meetings were organized, issues on 336 real estate objects were reviewed, as well as 10 resolution projects on putting buildings in order perforce were suggested and to adjustment of increased real estate tax rate for 139 wrecks was decided.

In 2014, support on tackling housing issues was provided by renting apartments in social residential buildings of social residential building complex put into operation on Imanta 8th Line 1, in Riga, which consists of three residential buildings with 301 apartments and wide nonresidential premises. Renovation of 164 apartments and preparation for rent was completed in 2014 with a total area of 5 337 sq. m. Total expense was 1 356 826 euro.

In 2014, Riga City Council Housing and Environment Department performed repair works in 15 rented municipal apartments for a total sum of 11 775 euro. Target group of these repair works mostly are socially less protected lodger categories - needy/poor families, pensioners, as well as persons with special needs.

During the reporting year, work on transferring administration rights of the privatized residential buildings to the apartment owners by means of methodic support was continued. Management personnel took part in 85 apartment owners' meetings on transferring administration rights of residential buildings to the apartment owners, creating joint ownership administration structures and other matters concerning administration of residential buildings. Apartment owner companies with Municipality's support were created and 49 apartment houses were transferred to apartment owners. 26 contracts of authorization of management were concluded on management of unprivatized parts of residential buildings and 21 rental agreements were concluded or prolonged. In cooperation with Riga City Council Housing and Environment Department municipality from the state took possession of 21 apartments.

In 2014, providing support on housing issues for registered persons (families) 575 apartments were rented out, int. al. 368 apartments in social residential buildings.

The most significant investment projects and programs:

- Renovation of building and territory on Aviācijas Street 15;
- Joining of residential buildings to central water supply network and reconstruction of sewerage system on Sila Street 8 and Sila Street 16.

| Budget expenses allocated to municipality territory management and housing facilities (k EUR) | 2012 actual | 2013 actual | 2014 budget | 2014 actual |
|---|-----------------|-----------------|-----------------|-----------------|
| Street illumination | 8 431.1 | 8 136.9 | 7 433.7 | 6 908.4 |
| Other activities concerning municipality territory management and housing facilities not classified above | 19 914.4 | 30 227.3 | 34 080.5 | 25 112.9 |
| Total basic budget expense | 28 345.5 | 38 364.2 | 41 514.2 | 32 021.3 |
| int.al. investment | 527.7 | 422.5 | 1 655.8 | 1 249.9 |

ENVIRONMENTAL PROTECTION

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

In 2014, within program control of runabout animals' population program implemented by Riga Municipality, catching of 707 runabout dogs was performed, 930 ownerless dogs and cats were housed at City's paid animal shelter, of which 471 were given for care to private owners or private shelters. 1 319 ownerless cats were caught and sterilized, 2 137 animals were brought to veterinary hospitals from City streets, whereof 794 diseased ownerless animals and animals that have suffered in accidents were exposed to euthanasia, provided support for 499 wild animals. Riga City Municipality also provided services of picking up and utilization of animal corpses, euthanasia and sterilization of low-income inhabitants' pets and maintenance of walking grounds for dogs.

Within Riga City basic budget program "Maintenance and renewal of City's greenery" management of City's greenery was performed - upkeep of young trees of street greeneries - 2 036 pieces, upkeep of trees of municipal educational institutions and street greeneries - 936 pieces, liquidation of defective, damaged and dead trees - 240 trees and 599 square meters of bushes, planting of 80 bushes and 21 seedlings and other works. Total financing was 256 432 euro.

In 2014, mowing of biologically valuable meadows and reed in specially protected natural territories, improvement of territories, scavenging and tending of

protected trees was performed within Riga City basic budget program "Monitoring and management of specially protected natural territories". Total utilized financing was 99 636 euro.

For improvement of water and air quality in Riga, Riga City Council Housing and Environment Department has performed following activities in 2014:

- Operation instructions for Riga City overground water objects were developed and coordinated;
- Packing of 2 unused drill holes was performed;
- Scavenging of household waste, dangerous household waste and waste containing petroleum product;
- Improvement of air quality in Riga City program of action for 2011 - 2015 was finished;
- Mowing of reed, research of water pollution, liquidation of illegal household sewage drainage places and other activities.

Riga City Council Housing and Environment Department in Riga territory performs exploitation and maintenance of water objects (rivers, arms of rivers, channels land amelioration ditches and ponds), what are forming a united city's land drainage system. In 2014, maintenance works included cleaning of protective bars of draining-ditches, dismantling beaver dams, cleaning and restoration of beds of rivers, ditches, channels and drainage system ditches, rainwater drainage manhole repair works and other works.

The most significant investment projects and programs:

- EU Cohesion Fund project "Recovering of Riga City dumpsite "Kleisti"" in cooperation with MEPRD was launched, total project expenses are 1 671 907 euro, int. al. Cohesion Fund financing at a sum of 835 953 euro.

| Budget expenses allocated to environmental protection (k EUR) | 2012 actual | 2013 actual | 2014 budget | 2014 actual |
|--|--------------------|--------------------|--------------------|--------------------|
| Waste management | - | - | 61.8 | 56.4 |
| Waste-water management | 248.1 | 30.3 | 288.9 | 287.6 |
| Prevention and reduction of environmental pollution | - | - | 155.1 | 154.8 |
| Protection of biodiversity and landscape | - | - | 121.8 | 121.8 |
| Other expenditures related to environmental protection | 1 984.5 | 2 490.5 | 4 541.5 | 3 865.1 |
| Total basic budget expense | 2 232.6 | 2 520.8 | 5 169.1 | 4 485.7 |
| int.al. investment | 205.5 | - | - | - |

CULTURE

According to schedule of City's cultural events for 2014, realization of State and municipal level events was provided, which took place either in the centre of the City or in neighborhoods and were attended by around 700 000 Rigans and City guests.

One of the most important priorities in cultural sphere in 2014 was implementation of the largest State and City level cultural events within context Riga - Cultural Capital of Europe 2014. Riga as Cultural Capital of Europe (CCE) was noted as one of the most successful cultural capitals. More than 12 000 participants from almost hundred cultural institutions, State and City cultural institutions and nongovernmental cultural institutions were involved in preparation and implementation of CCE program year-round in 2014, implementing more than 2 000 events in total. In implementation of CCE artistic program took part more than 1 900 directors, producers, musicians, dancers, actors, artists and much more and more creative persons from Latvia, as well as from abroad. Activities of CCE enabled a great number of people to enjoy culture and art events. Several initiatives made by foundation "Riga 2014" are continued also in 2015.

Another priority was development and implementation of support system for Riga amateur collectives what are participating in Song and Dance Festival process. Due to provision of the process of Song and Dance Festival such events for amateur art collectives were organized as "Rigas koru pavasaris", fine arts studios' Art Days exhibition "Rigas laiks", amateur art collectives' concert "Dziesmu tilti", international Riga amateur theatre festival "Riga spele teatri 2014", minority collectives' concert "Zelta zvaigzne atspideja" and two grand concerts in Children Festival with participation of children groups and cycle of concerts "Dziesmu tilti" within events of Riga festival. ECSD provided participation of amateur collectives in a number of various local, State as well as international level events.

Riga Central library, its 26 affiliated branch libraries and three external service points, plays a significant role in organization of Riga City inhabitants' cultural life events and creative passing of free time. In 2014, Riga Central library had 58 793 recorder users, 911 045 visits, 1 451 763 book issues and 266 782 computer uses.

In order to provide artistically qualitative and diverse cultural service offer in City's cultural institutions, concert halls and city environment, in 2014, ECSD realized competition of cultural projects and events for organization of planned traditional, national holidays and memorial days. In open cultural project and event tenders organized by ECSD 825 project applications

were submitted and 444 projects received support, for a total sum of 1 950 275 euro:

In 2014, 46 festival projects were co-financed within Riga Festivals special purpose program for a total sum of 461 793 euro. Several from the supported festivals were included into CCE program, int.al. International Music Festival "Rhythms of Riga", Riga festival and Untamed Music and Experimental Film Festival "Skanu mezs" etc.

127 projects participating in cultural project competition organized by Riga Municipality received support with financing of 213 430 euro. Financing was allocated to important cultural and art projects for Riga City - music, visual art, theater, dance and books and museum sector. In competition for financing of traditional culture events 124 project applications with total financing of 1 121 543 euro on organization of national holidays, memorial days' events and annual traditional events participating were supported, but in competition for financing of culture events 147 projects were supported at amount of 153 509 euro.

In 2014, following important events were realized:

- Events dedicated to Declaration on the Restoration of Independence of the Republic of Latvia on 4th of May;
- Program of events dedicated to Lacplesa Day on November 11 and 96th Anniversary of Proclamation of the Latvia Republic from 15 to 18 of November;
- Program of concerts dedicated to 25th Anniversary of The Baltic Way;
- Events dedicated to in remembrance of Communist genocide victims on 25th March and 14th June;
- Realization of festival of environmental objects "Christmas tree path" in Riga City and its neighborhoods;
- "Riga festival 2014", where 100 various events were offered to festival visitors. Gathering around 200 000 people within three days;
- Contemporary art festival "White Night 2014", where almost 50 objects of various art genres were offered;
- Traditional annual celebrations - Easter, Midsummer Day, Advent, Christmas and New Year event programs were realized within City's schedule of city's cultural events.

The most significant investment projects and programs:

- Reconstruction, restoration and construction of Latvian National Museum of Art building on Kr. Valdemara Street 10A was continued;
- Renovation of pedestrian footpath of central burial-ground of Riga warrior's cemetery.

| Budget expense allocated to recreation, culture and religion (k EUR) | 2012 actual | 2013 actual | 2014 budget | 2014 actual |
|--|-----------------|-----------------|-----------------|-----------------|
| Recreational and sports events | 3 517.8 | 3 849.3 | 3 554.8 | 3 518.0 |
| Culture | 20 347.8 | 26 798.5 | 31 200.0 | 27 549.0 |
| Other recreational, cultural, and religion-related services not classified above | 2 503.3 | 3 812.2 | 4 880.2 | 4 839.6 |
| Total basic budget expense | 26 368.9 | 34 460.0 | 39 635.0 | 35 906.6 |
| int.al. investment | 6 705.9 | 4 618.8 | 715.6 | 269.4 |

ECONOMIC ACTIVITY

Riga City Municipality public transport system serves either for Riga inhabitants or for inhabitants of neighboring municipalities. City's public transport network is well developed and provides good coverage of city's territory. At the end of 2014 Riga City Municipality public transport network was formed by:

- 53 bus routes with total length of 928,5 km, provided by 314 buses in the daytime;
- 9 tram routes with total length of 101,1 km, provided by 72 trams in the daytime;
- 19 trolleybus routes with total length of 163,9 km, provided by 186 trolleybuses in the daytime.

In 2014, total length of run in transportation network was 40 044,7 thousand km.

In 2014, 7,8 million passengers were transported in 24 improved service minibus routes, int.al. 52 thousands passengers were transported in 9 night minibus routes.

In 2014, there were 2 891 095 public transport runs performed with 150,5 million transported passengers, 40,7% of them used 100% transportation fee discount allowed by Riga Council, but 10,7% from the total amount of transported passengers used partial transportation fee discounts. Transportation fee discounts defined by State were used by 3,8% from the total amount of transported passengers.

Taking into account that term of the cooperation agreement signed in August 12 of 2013 between Riga Council, SJSC "Autotransporta direkcija" and JSC "Pasazieru vilciens" was not prolonged, passengers, who had transportation fee discounts in Riga City public transportation network granted by Riga City Municipality, had rights to receive the same transportation fee discounts in railway transport within the borders of Riga City public transportation network, using personalized smart card only till September 12 of 2014 (including).

In 2014, following improvement of public transportation network were performed:

- 2 new bus routes were opened - No. 56. "Bolderaja - Ziepiņiekalns" and No. 57 "Abrenes Street - Kipsala";
- 2 bus routes were changed - No. 34. and No. 4z;
- 21 new stops were established;
- 35 new *Solaris Urbino* buses and 25 trolleybuses *Škoda* were received.

In 2014, in traffic routes serviced by Riga Municipality Ltd. "Rigas satiksme" 83% of traffic buses, 85% of traffic trolleybuses and 24% of traffic trams are equipped with low floor. All the public transportation vehicle with low floor are equipped with wheelchair lifts, thereby meeting needs of passengers with limited motor possibilities for accessible public transport.

So as to facilitate creation of new enterprises and promote development, Riga City Council City Development Department attracted co-financing for grant program and organized 2 competitions, as a result of which financing at a sum of 119 014 euro was allocated to 12 new Riga enterprises for a business startup and development.

To facilitate attraction of investments, Riga City Council City Development Department provided presentation of Riga City at significant investment fair "MIPIM 2014". But

for improvement of competitiveness cooperation with associations and enterprises of the most competitive Riga economic sectors was continued. Within the framework of cooperation support for engineering industry and metal processing sector in international exhibition "Tech Industry" was provided.

In 2014, following ERDF co-financed of the previous years was completed:

- Renovation of K. Ulmana Avenue traffic crossover over the railroad, overall expenses 3 553 378 euro;
- Reconstruction of crossing of access road of K. Ulmana Avenue and airport "Riga", overall object expenses 4 375 832 euro.

During the reporting year, following ERDF co-financed and other projects were continued:

- Realization of "Reconstruction and construction of a new traffic light object 2012", works performed at sum of 2 590 362 euro until last year including 2014;
- "Renovation of Island Bridge", total sum of contract was 1 0575 399 euro;
- Construction of pedestrian road and bikeway of the Stone Bridge left bank traffic cross-over for connection with Uzvaras Avenue and reconstruction of descent tunnel, overall expenses 62 518 euro;
- Construction of driveway on Mukusalas Street 72 E, overall object expenses 71 637 euro;
- Construction of parking lot on Hipokrata Street Nr. 25 and 25A, overall object expenses 79 874 euro;
- Construction of pavement on Kisezera Street, overall object expenses 194 560 euro;
- Reconstruction of bikeway on Vecaku Boulevard from Kalngales Street to Atlantijas Street was launched;

In 2014, periodical renewal of street and traffic crossing paving in 17 objects was performed at total area of 190 485 sq. m for sum of 6 308 898 euro.

In order to provide operation of main rainwater drainage system of street network, in 2014, reconstruction of 5 channel objects was realized, reconstruction of ditch on Kometas Street connection to rainwater drainage system on Muksalas Street was finished and construction of rainwater drainage overflow collector on Krasta Street was launched.

Other works done in 2014, total sum 1 307 087 euro:

- Reconstruction of 4 existing unregulated pedestrian crossings and setting up additional illumination, established new 11 unregulated pedestrian crossings, 7 of them equip with illumination and liquidation of 2 pedestrian crossings inadequate to standards;
- Construction of 9 new and reconstruction of 6 traffic light objects;
- Established new pedestrian safety barriers at total length of 1 078 meters and construction of 36 speed humps;
- Established bikeway at a length of 6,9 km and established bicycle stands in 3 locations.

The most significant investment projects and programs:

- Complex renovation and 1st stage of reconstruction of Island Bridge;
- Reconstruction of Dziesmas Street.

| Budget expense allocated to economic activity (k EUR) | 2012 actual | 2013 actual | 2014 budget | 2014 actual |
|---|------------------|------------------|------------------|------------------|
| Agriculture, forestry, fishery, and hunting | 12.8 | 12.8 | 13.2 | 12.7 |
| Mining, industry, and construction | 7 047.3 | 8 837.0 | 6 882.1 | 6 322.4 |
| Transportation | 184 456.3 | 211 145.1 | 204 659.0 | 188 003.4 |
| Other sectors | 2 987.9 | 3 410.6 | 3 283.8 | 3 283.8 |
| Other economic activity not classified above | 1 043.0 | 1 116.0 | 1 182.0 | 1 029.1 |
| Total basic budget expense | 195 547.3 | 224 521.5 | 216 020.1 | 198 651.4 |
| int.al. investment | 9 649.6 | 15 838.8 | 3 569.6 | 2 638.0 |

PUBLIC ORDER AND SECURITY

In 2014, Riga Municipality Police (RMP) officials secured public order during 427 important mass gathering events, rendering support for the state security institutions together with their direct responsibilities int. al. during State Holidays of the Republic of Latvia, visits of foreign delegations, events organized by Riga City Municipality, meetings, street processions, sports games and recreation events and during other important mass events. In 2014, Riga Municipality Police officials secured public order near 133 Riga City educational institutions, where 1 299 educational events were organized.

During the reporting year, 64 724 inhabitants' calls were maintained, 8 617 inhabitants' applications were received. In 2014, 15 358 persons were taken up by RMP for various violations, 616 of them were wanted persons.

By means of RMP video surveillance center 1 673 cases of law violation were recorded, 154 video records were submitted to law enforcement institutions. In 2014, RMP recorded 18 449 various administrative violations and penalty tickets were issued to 1 321 persons on the spot, 47 006 administrative violations protocols on violating stopping and parking regulations were issued. 4 882 administrative violations of Riga City public order regulations were recorded and 972 administrative violations of Riga City territory and building upkeep regulations were recorded.

In 2014, 120 administrative violations of water traffic rules were recorded, 6 raids and several inspections were performed, when 343 illegal fishing tools were confiscated, 75 violations of fishing rules were recorded and 15 poachers were detained.

No fatal incident has occurred in places for swimming under supervision of the RMP since 2003; 5 swimmers were rescued on beaches in total and medical aid was rendered to 43 persons. In 2014, RMP civil defense specialists in emergency cases rendered help to 113 in total, performed 247 inspections and provided 55 consultations on civil defense measures.

Taking care of security of Riga guests and tourists, twenty-four hours phone service of Tourism Information Center served 236 phone calls and police rendered help to 575 foreign tourists in 2014.

In cooperation with Ltd. "Rigas satiksme" Control service 814 raids in Riga City public transport were performed, during which 17 wanted persons were taken up and 2 448 persons were warned about administrative responsibility.

In June of 2014, RMP started tighten control of irregular passenger transportation on observation of laws and regulations and requirements of traffic regulations, so 1 155 of inspected taxis and irregular transport carriers 735 times came into police's focus of attention.

RMP internet home page rpp.riga.lv is regularly updated and was viewed more than 275 000 times within a year. RMP Youtube account was visited 4 258 871 times and the number of registered readers reached 2 171 persons, while followers of RMP Twitter account reached 6 978.

The most significant investment projects and programs:

- ✓ In order to provide operation of Riga Municipality Police, 16 new labelled and equipped commercial caravan type vehicles, 2 off-road class vehicles and 3 four-wheel motorcycles.

| Budget expenses allocated to public order and security (k EUR) | 2012 actual | 2013 actual | 2014 budget | 2014 actual |
|--|-----------------|-----------------|-----------------|-----------------|
| The police | 15 419.4 | 16 305.6 | 16 992.7 | 16 555.0 |
| Other public order and security services not classified above | 40.6 | 47.8 | 56.9 | 45.7 |
| Total basic budget expense | 15 460.0 | 16 353.4 | 17 049.6 | 16 600.7 |
| int.al. investment | 713.6 | - | 645.3 | 563.7 |

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

CORRUPTION PREVENTION

In 2014, according to corruption risks minimizing and corruption prevention tasks and corruption prevention plan and execution schedule defined for Riga City Municipality's institutions, structural units and enterprises, Riga City Council Bureaucracy Combating Centre evaluated performance of the Riga City Municipality's central administration structural units, institutions and municipal enterprises in this field, and prepared conclusion for Riga Council Security, Public Order and Corruption Prevention Issues Committee.

Bureaucracy Combating Centre developed project and implementation plan project of Riga City Municipality's anticorruption strategy 2014 - 2017, which was approved by Riga Council Security, Public Order and Corruption Prevention Issues Committee. According to the information provided by responsible Riga Municipality institutions and inspections done by Riga City Council Bureaucracy Combating Centre, almost all the planned activities included in anticorruption strategy 2014 - 2017 for 2014 are accomplished and a number of other measures concerning corruption prevention were additionally performed.

In 2014, Centre performed evaluation of anticorruption plans and evaluation of execution results of 11 Riga City Municipality institutions, as a result of it, based on Bureaucracy Combating Centre conclusions, 11 Riga City Municipality institutions were obligated to perform repeated analysis of corruption risks and to activate anticorruption activities' plan in set terms.

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

- ✔ Organized work meetings in each Riga City Municipality institution, which was evaluated by Bureaucracy Combating Centre;
- ✔ Organized and conducted classes for provision of further training of clerks on anticorruption issues in public institutions.

Based on received applications from private persons, Bureaucracy Combating Centre performed inspections in several Riga City Municipality institutions and reported their conclusions on flaws and violations, as well as suggestions on reduction and prevention of corruption risks.

Examining inhabitants' applications and complaints and performing evaluation of operation of structural units of municipal institutions Bureaucracy Combating Centre established separate flaws and rendered suggestions on elimination and further prevention, enabling observation of good management principle.

One of the main work directions in 2014 was systematic improvement of public services provided by Riga Municipality institutions', during 2014, 24 services were evaluated, which number reduced to 14 after the performed arrangement. Names and descriptions of these services were simplified and particularized within this process, separate service rendering processes were optimize, service rendering processes scheme were created, as well as possibilities of process simplification,

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

Riga City Council Bureaucracy Combating Centre has evaluated and improved more than 159 Riga City Municipality rendered public services in total and this work is continued.

INTERNAL AUDIT

According to the Riga City Council Audit Directorate 2014 plan of internal audit realization approved by Riga City Council Chairman, in 2014, Riga City Council Audit Directorate performed 10 internal audits, int. al. 6 audits as internal control system evaluation audits of specific Riga Municipality institutions (2 - 8 system audits performed within each audit, 21 in total) and 4 separate system audits, which involves several Riga Municipality institutions. Audit reports gave evaluation of the audited systems and suggestions on improvement of operation and control mechanisms of these systems. As a result of audits introduction schedule of suggestions was developed, where 66 suggestions were included in total.

In 2014, Riga City Council Audit Directorate, with a goal to verify the legality and effectiveness of utilization of Riga Municipality's financial resources in Riga City Municipality's central administration structural units, institutions and agencies performed 6 inspections of financial and economic activities, as well as performed 3 thematic inspections in mentioned institutions. As a result of performed audit and thematic inspections 15 suggestions on elimination of the found offences and flaws. In 2014, Riga City Council Audit Directorate has also performed 8 inspections of financial and economic activities in Riga Municipality's enterprises, as well as 1 thematic inspection, 57 suggestions on elimination of the found offences and flaws were prepared. Riga City Council Audit Directorate performs supervision of implementation of the suggested measures.

OPERATION IMPROVEMENT

In 2014, improvement of e-service "Submission of bills", providing simplified submission of request for payment document in electronic form for physical and legal entities, introduced 2 new e-services - "Real estate tax", providing an opportunity for a person to examine current information about person's real estate and "Preparation and delivery of topographical information", which lets the submitter of a request to receive topographical information with high degree of detailed elaboration. Improvement of e-service "Advertisement" was done and automatic registration in RDVIS application software RDLIS is provided, improvement of RDVIS application software SOPA is done in order to provide rights for the protected electric power users defined by Electric Power Market law, who have status of needy or low-income person, to receive trade service of the protected electric power user. A function is worked out for RDVIS application software SOPA that allows searching for a person's data according to personal code in on-line mode in SRS data base by using State informational system connector.

RIGA MUNICIPALITY PARTICIPATION IN INTERNATIONAL COOPERATION PROJECTS

In 2014, cooperation of the previous years with international institutions and cooperation networks, as well as cities of various countries, int.al. 29 Riga commonwealth cities was continued. Within the cooperation framework, Riga City participated in a number of seminars and conferences, as well as in other international level events in areas of culture, education, sports, city planning and development, transportation and traffic infrastructure planning and development, public utilities, environment protection, tourism, as well as other areas.

Riga City Council Foreign Relations Section in cooperation with foundation "Riga 2014" organized and provided participation of foreign official delegations in the events of Riga - Cultural Capital of Europe 2014 program. As one of the most important events that should be mentioned was participation of Riga commonwealth and cooperation cities, cities of EU countries and delegations of cultural capitals of Europe in opening ceremony of Riga - Cultural Capital of Europe 2014.

The most significant international projects and events performed during 2014 in association with execution of Riga territory plan were as following:

➤ Northern Transportation Corridor.

Goal of this project is to connect Riga port and Riga City with motor highway VIA Baltica (I corridor). Connection crosses entire Riga from VIA Baltica, what is placed in the eastern part of the city, and continues to the western part of the city, where it is connected to TEN-T motor highway - Riga by-pass road, providing Riga port first connection with TEN-T motor highway network. Northern Corridor is a part of Northern axis, enabling connection with EU neighboring regions, as well as transport opportunities of Ventspils and Liepaja ports. In 2014, project preparation works were performed, development of technical project of purchase process with a goal to relieve Riga centre from the traffic load, to improve environmental conditions in City's centre and the quality of the entire City's environment and as a result of it design stage is gradually drawing to a close. At the end of 2014, an additional financing for project realization was allocated from TEN-T support program;

➤ Revitalization project of degraded territories between Maskavas, Krasta and Turgeneva Streets.

The goal of the project is to provide revitalization of degraded territories in Riga, in accordance with Historic Centre of Riga and its protection area plan, transforming it into a publicly accessible cultural, educational and active recreation environment for inhabitants and tourists. In 2014, fixation of Daugava River embankment and additional construction works - repainting of benches, setting caution sign and marking off skatepark with railing, were completed. Technical scheme of video surveillance of the block was developed;

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

- 1st stage of Agenskalna marketplace reconstruction;
- Improvement of fire security in historical buildings;
- 1st stage of Dizozolu Street reconstruction;
- Palace Square reconstruction project.

Following projects were also launched and continued:

Riga Zoo construction project "Savanna of Africa", recovering project of Riga City dumpsite inadequate to laws and regulations on Augusta Deglava Street, reconstruction project of Esplanade (int.al. Brivibas

Avenue un Baumana Square), Viesturdarzs and Kronvalda Park, reconstruction project of Aldara Park, project Working4talent - Development of regional policy of employment and education spheres for attracting new talents in innovation area, project Heritprot - improvement of fire security in historical buildings and other projects.

Riga City Council City Development Department provided participation in conference of international network of metropolises METREX in Leipzig, Urban Europe seminary in Brussels, in Economic Forum working group of Network of major European cities EUROCITIES in Brno and in symposium organized during 34th International Hansa days in Lübeck.

In September of 2014, international UBC (Union of the Baltic Cities) seminary for town planning experts took place in Riga, who developed solutions for several waterside territories in Riga. Among seminary discussion themes were water objects as a significant resource for city's environment, their recreation and ecological potential. 10 solutions developed by participants from the Baltic Sea region states were presented in the seminary for three project territories, suggesting ideas for the new territory plan for waterside territories.

Riga Municipality is a cooperation partner for 19 international organizations and cooperation networks and regularly takes part in activities of following international organizations and institutions:

- Baltic Metropolises cooperation network BaltMet;
- Union of Baltic Cities UBC;
- Union of European Union Capitals UCEU;
- Modern times Union of Hanseatic Cities Städtebund DIE HANSE;
- Network of major European cities EUROCITIES;
- The Network of European Metropolitan Regions and Areas METREX;
- Organization of World Cultural Heritage Cities OWHC;
- International Council for Local Environmental Initiatives ICLEI;
- Association of European cities enabling sustainable energy policy Energy Cities;
- Hydrogen Fuel Cells and Electro-mobility in European Regions (HyER);
- Festival of European folk culture and art Europeade;
- The International Committee for the Conservation of the Industrial Heritage TICCIH;
- League of Historical Cities;
- World Health Organization's Network of European Healthy Cities etc. organizations;

Within program of Baltic Metropolises brand co-financed by EU and project of creating an identity of the Baltic Sea region "ONE BSR" (Baltic Sea region transnational cooperation program), a group of tourism industry agents and tour operators from USA were received in Riga and seminary was organized for specialists of tourism industry from Osaka region in Japan.

In 2014, Riga City Council Foreign Relations Section also coordinated and organized 223 delegations of Riga Council management, Riga Council officials and Riga City Municipality office-workers abroad and provided reception of 65 foreign official delegations in Riga, int. al. in 15 international events in Riga, as well as provided support in events of various kinds and significance in Norrköping, Pori, Kobe, Moscow, etc. cities.

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

PROMOTION OF INHABITANTS' AWARENESS AND EDUCATION

Significant role in maintaining feedback between municipality and society plays investigation of City inhabitants' opinion. For this reason Riga Municipality regularly orders social surveys on important municipality's work issues. In 2014, four such surveys were performed. Surveys included questions on inhabitants' opinion about prohibition to stay on Riga water reservoirs' ice during dangerous atmospheric conditions, satisfaction with Riga - Cultural Capital of Europe 2014 events, street cleaning quality, development of cycling infrastructure, construction of new objects, etc. Survey results as well as Rigan opinion expressed in public discussions are used in further activities; they affect Riga Municipality decisions, as well as development and their progress.

City's inhabitants were regularly informed about planning and execution of the Municipality budget, City Council work priorities, improvement of city's environment, new development projects and construction plans, as well as important investment and cultural projects. In 2014, the most important themes were event program of Riga - Cultural Capital of Europe 2014, managing of Zolitude tragedy crisis, various issues concerning social help, various issues concerning tax allowances and paid services, problems concerning kindergartens, amendments in municipal binding rules and regulations, various project competitions, business environment, raise of European Union funds. Inhabitants were regularly informed on operation of Visitors' Reception Centre and Social Service, reduction of bureaucracy in municipal institutions and many other issues.

In order to inform society about processes in Riga, Municipality continued active cooperation with mass media in 2014. The most topical and noticeable Municipality's events were reflected in newspapers, television and radio broadcasts. Press conferences were regularly held in Riga City Council, where Chairman of Riga City Council and other municipal officials informed mass media about the decisions made and other current events, various informative reports were prepared by journalists' request and interviews and comments were given.

Information defined in normative acts and other important Riga Municipality's information was placed in internet portals, internet social networks, published in newspapers, broadcasted over radio and television. Content of the portal is renewed and updated several times a day and its form and structure is being developed. All the most important information on City and Municipality is available in it: normative acts, agenda of Riga City Council and its Committees' sessions and documents to be examined, Council passed resolutions and resolution projects, information about planned and actual events in City and Municipality. Portal supplies information on Municipality structure, competences of municipal structures, officials and contacts. Along with it, different information also is supplied - about tenders, auction and competitions, data on air quality in real-time mode etc. Information on services rendered by Riga City Municipality institutions and order of receipt is placed also in home pages of the respective municipal institutions, on 32 websites in total. In 2014, municipal newspaper "Riga.lv" and its web version were created, where constructive and practical information and information useful for solving inhabitants' daily problems

were supplied on such Municipality's operation issues as heating costs, inhabitants' participation in management of their living house, providers of social help, etc.

In 2014, ECSD organized project competition within society integration program, where 85 applications were submitted. 28 of them were supported financially, int.al. in sphere of civic engagement and development of mutual cooperation - 8 projects, 13 - in sphere of facilitation of social integration and 7 projects in sphere of facilitation of tolerance and prevention of any discrimination.

Different information on Municipality's operation is possible to find in various internet social networks. For example, topical and important information for inhabitants can be found in Riga Council Facebook and Twitter accounts, where continuous and immediate communication with inhabitants is taking place, supplying new information and answering topical questions, as well as on websites www.iksd.riga.lv, www.e-skola.lv, www.sports.riga.lv, www.kultura.riga.lv and elsewhere.

Important information work of inhabitants is done by Visitors' Reception Centre, which employees receive visitors either in the central building or in districts' and suburbs' executive offices, individually, by phone or electronically. VRC also offers gratis legal aid. Riga Council gratis informative phone 80000800 is at inhabitants' service.

2014 was the first year for NGO house under ECSD responsibility, where premises and equipment for nongovernmental organizations is offered for informative, culture, educational events, as well as for administrative work. In the NGO house 276 events of various scales were organized by NGO. 15 000 NGO representatives from 328 organizations have visited the house in total within a year and 84 various NGO regularly take advantage of it. Memorandum of cooperation between Riga Council and NGO, what was renewed in 2013, was joined by 17 new organizations, as a result of it 109 NGO have signed cooperation memorandum with Riga City Municipality.

COOPERATION WITH PRIVATE SECTOR

Inhabitants' forum "Riga resounds - inhabitants speak!" took place already the fifth year in turn, where 194 Rigans took part.

At the end of 2014, event of society's participation took place - four one-day thematic seminars "Environment. Transport. Home. Job.", where inhabitants, representatives of NGO and various institutions took part. The goal of the seminars was to involve society in development of a new territory plan, clarifying opinion about possible solutions of thematic plans.

Public discussions of five local plans were performed:

- for territory in Dreilini, on Ulbrokas Street 38 and its alongside territory;
- for Riga City administrative territories on Mednieku Street 7, Dainas Street 8, Skolas Street 32, Tallinas Street 6 and Tallinas Street 10;
- public discussion of red lines for local plan;
- for Riga City administrative territories on Slokas Street 65, Mildas Street 6, Bergu Street 4 and Murjanu Street 72;
- for territory in Skanstes neighborhood.

ACTIVITIES PLANNED FOR THE NEXT YEAR

LAUNCHED PROJECTS THAT WILL BE CONTINUED

In 2015, work on following projects is planned to be continued:

- Completion of reconstruction, restoration and construction project of Latvian National Museum of Art building on Kr. Valdemara Street 10A;
- Reconstruction and renovation of building of Riga Municipality Ltd. "Riga 1st hospital" on Bruninieku Street 5;
- Realization of maintenance and repair works in municipal buildings, putting in order buildings owned by or attributable to Riga City Municipality, which are included into list of objects that degrade environment, ruined or endanger peoples' safety and liquidation of wrecks (int. al. property of private persons) which really jeopardize public safety;
- Continue energy efficiency activities in municipal educational institutions and territory improvement works;
- In 2015, project of revitalization of Grizinkalns and alongside Miera darzs territories will be continued. Goal of the project is to provide revitalization of Grizinkalns and alongside Miera darzs territories, changing it into a public recreation space available for inhabitants and tourists. In 2014, detail design project was developed within project framework and construction works were launched in all the project territory. Construction works are planned to be finished until July 1 of 2015;
- In 2015, Riga City Council City Development Department will continue development of the started 11 thematic plans and will forwarded for approval in Riga City Council;
- Development of territory local plan of Skanstes neighborhood and development of public space thematic plan of Riga central part is planned to be continued, which will also include development of procedure of strategical impact on environment assessment and development of territory use and construction regulations;
- ERDF co-financed Riga City Council Transport Department reconstruction and construction of a new traffic light object project, Island Bridge renovation project with total contract sum of 10 575 399 euro and Vecaku bikeway reconstruction project are planned to be finished during the next year;
- In 2013, EU Cohesion Fund project "Recovering of Riga City dumpsite "Kleisti"" was launched by Riga City Council Housing and Environment Department in cooperation with MEPRD, total project expenses are 1 671 907 euro, int. al. Cohesion Fund financing at a sum of 835 953 euro and it is planned to be finished until October 1 of 2015;
- In 2014, Riga City Council approved action plan on noise reduction in Riga agglomeration. It includes activities reducing environment noise during time period from 2014 to 2019, performers and execution order is defined.

MAIN TASKS OF THE NEXT YEAR AND PLANNED COOPERATION PROJECTS

In 2015, Riga City Council Property Department is planning to launch renovation of buildings of several educational institutions:

- Building of Riga Natalija Draudzina Secondary school on Bruninieku Street 24A;
- Building of Riga Centre Humanitarian Secondary school on Krisjana Barona Street 116;
- Building of Riga 32nd Secondary school on Vilanu Street 13;
- Building of Fricis Brivzemnieks Elementary school on Zellu Street 4;
- Building on Katrīnas Street 5A provided for preschool educational institution;

In 2015, Riga City Council City Development Department is planning following activities:

- "Guide of neighborhoods" is planned as meeting of department's specialists with neighborhoods' inhabitants, where problematic territories are inspected, possible solution are discussed, which, within limits, will be included in thematic plans;
- Drawing competition for children and youth "My neighborhood. Story of my neighborhood". Competition is organized as one of the society's participation events, to facilitate children and youth involvement in city planning processes.

RIGA MUNICIPALITY CONSOLIDATED FINANCIAL STATEMENTS 2014 (SUMMARY)

| RIGA MUNICIPALITY SUMMARY BALANCE SHEET | 31.12.2013. (k EUR) | 31.12.2014. (k EUR) |
|--|------------------------|------------------------|
| ASSETS | 3 486 492.5 | 3 424 597.4 |
| Long-term assets | 3 379 496.4 | 3 342 432.5 |
| Intangible assets | 4 149.3 | 5 940.9 |
| Development activities and programs | 471.8 | 363.8 |
| Licenses, concessions and patents, trademarks and similar rights | 3 245.3 | 5 211.1 |
| Other intangible assets | 12.2 | 366.0 |
| Unfinished intangible assets | 418.3 | 0.0 |
| Prepayments on intangible assets | 1.7 | 0.0 |
| Tangible fixed assets | 2 730 058.0 | 2 688 485.5 |
| Land, buildings and structures | 2 435 117.6 | 2 486 690.5 |
| Technological equipment and machinery | 1 452.9 | 1 220.8 |
| Other tangible fixed assets | 42 887.1 | 43 445.4 |
| Creation of tangible assets and unfinished construction | 163 389.7 | 67 441.8 |
| State and municipal real estate property assigned for actual possession | 82 789.7 | 79 895.7 |
| Biological and underground assets | 4 173.3 | 9 121.6 |
| Long-term investments in leased assets | 51.6 | 33.1 |
| Advance payments for tangible fixed assets | 196.1 | 636.6 |
| Financial investments | 637 681.6 | 642 519.3 |
| Investments in equity capital of related enterprises | 581 890.8 | 585 318.3 |
| Investments in equity capital of associated enterprises | 54 209.5 | 56 671.7 |
| Long-term loans | 1 581.3 | 529.3 |
| Long-term receivables and allowances for doubtful long-term receivables | 7 607.5 | 5 486.8 |
| Other long-term receivables | 7 607.5 | 5 486.8 |
| Current assets | 106 996.1 | 82 164.9 |
| Inventory | 25 470.8 | 32 256.9 |
| Debtors | 10 664.4 | 5 984.7 |
| Prepaid expenses and prepayments for services and projects | 3 369.7 | 3 579.0 |
| Securities and short-term investment in equity capital | 2 519.9 | 1 938.6 |
| Cash and cash equivalents | 64 971.3 | 38 405.7 |
| LIABILITIES | 3 486 492.5 | 3 424 597.4 |
| Equity | 2 579 495.5 | 2 478 818.7 |
| Reserves | 103 708.2 | 103 550.3 |
| Results of the budget execution | 2 475 787.3 | 2 375 268.4 |
| Retained budget surplus for the prior reporting years | 2 581 153.0 | 2 475 787.3 |
| Budget surplus or deficit for the reporting year | -105 365.7 | -100 518.9 |
| Provisions | 1 511.1 | 3 384.4 |
| Liabilities | 905 485.9 | 942 394.3 |
| Long-term liabilities | 819 721.0 | 828 376.0 |
| Long-term borrowings | 170 345.9 | 182 319.0 |
| Long-term liabilities to suppliers and contractors | 367 631.0 | 345 494.1 |
| Long-term accrued liabilities | 221 631.0 | 246 526.6 |
| Other long-term liabilities | 60 113.1 | 54 036.3 |
| Current liabilities | 85 764.9 | 114 018.3 |
| Current liabilities and current part of long-term liabilities | 7 087.8 | 7 521.0 |
| Current liabilities to suppliers and contractors | 38 754.0 | 44 249.1 |
| Current accrued liabilities | 18 742.9 | 19 666.6 |
| Wages and deduction payments (excluding taxes) | 405.7 | 7 649.3 |
| Taxes and social security payment | 1 419.6 | 8 945.6 |
| Other current liabilities | 10 940.5 | 8 163.9 |
| Deferred income and received prepayments | 8 414.4 | 17 822.8 |
| Deferred income and received prepayments | 1 780.8 | 1 681.3 |
| Received prepaid transfers | 6 633.6 | 16 141.5 |

| RIGA MUNICIPALITY SUMMARY BALANCE SHEET | 31.12.2013. (k EUR) | 31.12.2014. (k EUR) |
|---|-------------------------------|-------------------------------|
| OFF-BALANCE SHEET | | |
| Leased assets | 2 803.2 | 2 801.9 |
| Off-balance sheet assets | 8 783.4 | 8 741.1 |
| Demurrages and fines receivable | 3 645.4 | 3 756.3 |
| Actions of detinue | 71.7 | 75.0 |
| Other off-balance sheet assets | 5 066.3 | 4 909.8 |
| Off-balance sheet liabilities | 475 065.2 | 440 544.1 |
| Future payments according to agreements concluded on projects financed by foreign financial aid and EU policies' instruments | 8 516.7 | 3 761.8 |
| Future liabilities and payments according to agreements and government decisions on long-term assets and purchase and creation of special military equipment, except those concluded on projects financed by foreign financial aid and EU policies' instruments | 198 429.5 | 203 986.5 |
| Future liabilities and payments according to agreements and government decisions on purchase of widgets, except those concluded on projects financed by foreign financial aid and EU policies' instruments | 3.2 | 0.2 |
| Received and not paid invoices for advance payments | 78.6 | 19.0 |
| Future rent payments | 329.4 | 456.3 |
| Warranties issued | 9 835.9 | 8 490.2 |
| Other off-balance sheet liabilities | 257 871.9 | 223 830.1 |

| BASIC BUDGET INCOME STATEMENT | 2013 actual | 2014 actual |
|--|--------------------|--------------------|
| Accrual basis | (k EUR) | (k EUR) |
| Total revenues | 819 454.2 | 775 347.0 |
| Total tax revenues | 507 704.9 | 527 898.1 |
| Personal income tax | 420 938.7 | 430 466.8 |
| Property taxes | 82 100.0 | 92 742.6 |
| int.al. real estate tax on land | 33 269.3 | 35 181.3 |
| int.al. real estate tax on buildings | 35 924.9 | 44 891.8 |
| int.al. real estate tax on housing | 12 905.8 | 12 669.5 |
| Other tax revenue | 4 666.2 | 4 688.7 |
| Total non-tax revenues | 87 490.7 | 61 774.0 |
| Government (municipality) fees | 5 085.3 | 5 216.4 |
| Other non-tax revenues | 82 405.4 | 56 557.6 |
| Total revenue from paid services and other own revenue | 99 422.1 | 61 378.8 |
| Total transfers | 124 836.5 | 124 296.1 |
| State budget transfers, int.al.: | 123 435.3 | 117 963.6 |
| State budget transfers allocated for specific purpose | 105 224.2 | 105 034.1 |
| transfers received from state institutions for projects (arrangements) co-financed by EU policies' instruments and other foreign financial aid | 17 478.6 | 11 789.1 |
| other state budget transfers | 732.5 | 1 140.4 |
| Municipal budget transfers | 1 401.2 | 6 332.5 |
| Total expenses by government function | | |
| Total expenses | 923 152.6 | 876 011.5 |
| General governmental agencies | 338 097.3 | 273 187.7 |
| int.al. deposits to municipal cohesion fund | 70 546.2 | 74 859.3 |
| Public order and security | 15 933.9 | 16 118.8 |
| Economic activity | 230 596.9 | 239 082.7 |
| Environment protection | 1 585.9 | 1 857.3 |
| Municipal territory and housing management | 31 980.6 | 30 016.4 |
| Health care | 708.1 | 913.2 |
| Recreation, culture, and religion | 24 888.5 | 25 150.0 |
| Education | 220 108.7 | 228 048.2 |
| Social security | 59 252.7 | 61 637.2 |
| Budget surplus or deficit | -103 698.4 | -100 664.5 |
| INCOME STATEMENT ON DONATIONS AND ENDOWMENTS | 2013 actual | 2014 actual |
| Accrual basis | (k EUR) | (k EUR) |
| Total revenues | 852.1 | 1 489.3 |
| Donations and endowments from legal entities and individuals | 852.1 | 1 489.3 |
| Donations and endowments for education | 336.6 | 264.2 |
| Donations and endowments for social care | 27.9 | 125.7 |
| Other donations from legal entities and individuals | 487.6 | 1 099.4 |
| Total expenses by government function | | |
| Total expenses | 2 519.7 | 1 346.3 |
| General governmental agencies | 1 437.1 | 1 057.0 |
| Municipal territory and housing management | 0.1 | 11.1 |
| Recreation, culture, and religion | 795.1 | 10.2 |
| Education | 269.8 | 246.1 |
| Social security | 17.6 | 21.9 |
| Budget surplus or deficit | -1 667.6 | 143.0 |

RIGA MUNICIPALITY CONSOLIDATED FINANCIAL STATEMENTS 2014 (SUMMARY)

| INCOME STATEMENT | 2013 actual | 2014 budget | 2014 actual |
|---|--------------------|--------------------|--------------------|
| Cash flow basis | (k EUR) | (k EUR) | (k EUR) |
| Total revenues | 696 724.5 | 744 716.9 | 713 097.4 |
| Total tax revenues | 510 277.4 | 530 882.6 | 528 894.8 |
| Personal income tax | 421 258.1 | 440 053.3 | 429 978.4 |
| Property taxes | 84 353.1 | 85 920.4 | 94 227.7 |
| int.al. real estate tax on land | 34 132.4 | 38 529.9 | 36 012.6 |
| int.al. real estate tax on buildings | 36 999.8 | 35 498.8 | 45 076.1 |
| int.al. real estate tax on housing | 13 220.9 | 11 891.7 | 13 139.0 |
| Other tax revenue | 4 666.2 | 4 908.9 | 4 688.7 |
| Total non-tax revenues | 32 108.1 | 40 670.6 | 23 427.2 |
| Government (municipality) fees | 4 881.2 | 4 774.0 | 5 163.1 |
| Other non-tax revenues | 27 226.9 | 35 896.6 | 18 264.1 |
| Total revenue from paid services and other own revenue | 32 892.8 | 32 228.0 | 29 129.8 |
| Total transfers | 121 446.2 | 140 935.7 | 131 645.6 |
| State budget transfers, int.al.: | 120 046.2 | 134 923.6 | 126 262.2 |
| State budget transfers allocated for specific purpose | 107 103.8 | 118 797.4 | 114 737.1 |
| transfers received from state institutions for projects (arrangements) coo-financed by EU policies' instruments and other foreign financial aid | 12 405.0 | 15 972.5 | 11364.5 |
| other state budget transfers | 537.4 | 153.7 | 160.6 |
| Municipal budget transfers | 1 400.0 | 6012.1 | 5383.4 |
| Total expenses by government function | | | |
| Total expenses | 753 518.7 | 800 828.2 | 743 170.1 |
| General governmental agencies | 108 755.9 | 124 125.4 | 133 206.7 |
| int.al. deposits to municipal cohesion fund | 69 184.6 | 76 876.6 | 75 714.1 |
| Public order and security | 16 353.4 | 17 049.6 | 16 600.7 |
| Economic activity | 224 521.5 | 216 020.1 | 198 651.4 |
| Environment protection | 2 520.8 | 5 169.1 | 4 485.7 |
| Municipal territory and housing management | 38 364.2 | 41 514.2 | 32 021.3 |
| Health care | 6 392.1 | 8 127.5 | 5 920.1 |
| Recreation, culture, and religion | 34 460.0 | 39 635.0 | 35 906.6 |
| Education | 236 518.8 | 261 721.7 | 237 668.5 |
| Social security | 85 632.0 | 87 465.6 | 78 709.1 |
| Cash and cash equivalents at the beginning of the year | 96 147.1 | 64 513.1 | 64 513.1 |
| Cash and cash equivalents at the end of the year | 64 513.2 | 15 918.4 | 37 987.1 |
| INCOME STATEMENT ON DONATIONS AND ENDOWMENTS | 2013 actual | 2014 budget | 2014 actual |
| Cash flow basis | (k EUR) | (k EUR) | (k EUR) |
| Total revenues | 293.5 | 1 510.2 | 1 196.4 |
| Donations and endowments from legal entities and individuals | 293.5 | 1 510.2 | 1 196.4 |
| Donations and endowments for education | 90.4 | 162.1 | 101.5 |
| Donations and endowments for social care | 4.1 | 7.1 | 5.3 |
| Other donations from legal entities and individuals | 199.0 | 1 341.0 | 1 089.6 |
| Total expenses by government function | | | |
| Total expenses | 1 529.3 | 1 661.5 | 1 236.3 |
| General governmental agencies | 1 425.1 | 1 315.5 | 1 121.4 |
| Municipal territory and housing management | - | 23.4 | 16.0 |
| Recreation, culture, and religion | 27.0 | 19.0 | 8.0 |
| Education | 73.0 | 291.5 | 86.1 |
| Social security | 4.2 | 12.1 | 4.8 |
| Cash and cash equivalents at the beginning of the year | 1 689.7 | 453.9 | 453.9 |
| Cash and cash equivalents at the end of the year | 453.9 | 302.6 | 414.0 |

EXPLANATION OF BASIS OF PREPARATION OF SUMMARY CONSOLIDATED FINANCIAL STATEMENTS 2014

These summary consolidated financial statements including Riga City Municipality's summary balance sheet as of 31 December 2014, basic budget income statement for 2014 (accrual basis and cash flow basis) and income statement of donations and endowments (accrual basis and cash flow basis) are prepared on the basis of audited Riga City Municipality consolidated financial statement for 2014, based on following principles:

- Balance sheet is presented identical to that, what is included in audited consolidated statements of Riga City Municipality 2014 (k EUR) (Form No. 1);
- Basic budget income statements (accrual basis and cash flow basis) are prepared based on information, what is included in audited Riga City Municipality consolidated statement 2014 (Form No. 2) "Statement on budget execution" (basic budget). Income is classified in groups characterizing the type of the income in terms of economic activities, in compliance with Regulations of Cabinet of Ministers of LR No. 1032 "Regulations on classification of budget income";

- Income statement of donations and endowments is prepared based on information, what is included in audited Riga City Municipality consolidated statement 2014 (Form No. 2) "Statement on budget execution" (donations and endowments). Income is classified in groups characterizing the type of the income of economic activities, in compliance with LR CM Regulations No. 1032 "Regulations on classification of budget income";
- The result of budget execution of the reporting year declared in the Riga City Municipality's balance summary balance sheet is calculated by adding up surplus or deficit indices of the Basic budget income statement (according to accrual basis) and income statement of donations and endowments (according to accrual basis).

According to paragraph 51.3 of Regulations No. 1115 "Regulations on preparation of financial statements of state budget institutions and municipalities" issued by the Cabinet of Ministers on 15.10.2013., information on Riga City Municipality's consolidated financial statements is available at the State treasury's home page from 1 July 2015.

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL STATEMENTS

To the Riga City Council:

The accompanying summary financial statements of Riga municipality set out on pages 31 to 35, which comprise the summary balance sheet as at 31 December 2014 and the summary statements of Main budget income and expenditure and Donations and gifts income and expenditure presented on accruals basis and cash flow basis for the year then ended and related notes are derived from the audited consolidated financial statements of Riga Municipality (further "Municipality") for the year ended 31 December 2014, as described in Note "Basis of preparation of summary financial statements". We expressed a qualified opinion on those consolidated financial statements in our report dated 29 April 2015 (see below). Those consolidated financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

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

Management's responsibility for the summary financial statements

Management is responsible for the preparation of a summary of the audited financial statements on the basis of preparation of the summary financial statements for the year 2014 as described in Note "Basis of preparation of summary financial statements".

Auditor's responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the summary financial statements derived from the audited consolidated financial statements of the Municipality for the year ended 31 December 2014 are consistent, in all material respects, with those financial statements as described in Note "Basis of preparation of summary financial statements".

However, the summary financial statements are possibly misstated to the equivalent extent as the audited consolidated financial statements of the Municipality for the year ended 31 December 2014.

The misstatements and possible misstatements of the audited consolidated financial statements are described in our qualified audit opinion in our report dated 29 April 2015. Our qualified audit opinion is based on the following:

Basis for qualified opinion - limitations of scope

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

In 2009, the Municipality recognized in its balance sheet previously unrecognized land which is owned by or attributable to the Municipality. As of 31 December 2014 based on information from State Real Estate Cadastral Information System and amounts included in this system the Municipality has included in its balance sheet the attributable land not registered in the Land Book in the total amount of 166.3 million EUR. The Municipality also continues to identify buildings, which have not been previously recognized in the Municipality's records. The land and buildings are gradually registered in the Land Book and during this process ownership of the properties with previously unclear ownership is clarified. Because of this process, numerous adjustments to previously recognised property values and land plot areas are being made. It is expected that the value of the properties during subsequent periods will be adjusted, as previously not registered buildings will be registered and the values and area of land attributable to the Municipality will be clarified. As this process is ongoing, the management has not been able to determine the amount of adjustments in relation to the book value of the properties as of 31 December 2014 and 31 December 2013. Therefore, we were unable to obtain sufficient and appropriate evidence regarding the completeness of the properties and accuracy of the carrying amounts of properties recorded in the Municipality's balance sheet but not registered in the Land Book as of 31 December 2014 and 31 December 2013.

(b) Recoverable amount of the capitalized project costs

As of 31 December 2014, the balance sheet position "Unfinished construction" includes project and construction costs in the amount of 23 million EUR related to the specific large scale projects (12.8 million as of 31 December 2013). Considering the magnitude of total estimated project costs and current economic conditions in Latvia, there is a significant uncertainty related to timing and scope of realization of those projects. The management has not assessed the recoverable amount of the aforementioned project costs as of 31 December 2014 and 31 December 2013. As no reliable information was available to us to ascertain the recoverable amount of those assets, we were unable to obtain sufficient and appropriate audit evidence regarding carrying amount of the mentioned capitalized project and construction costs as of 31 December 2014 and 31 December 2013.

(c) Recoverable amount of the investment in SIA "Rigas nami"

As of 31 December 2014 the balance sheet position „Investments in related companies” includes investment in SIA “Rigas nami” in the amount of 101.3 million EUR valued based on the equity method. As of the date of issuance of the consolidated financial statements of the Municipality, audited financial statements of SIA “Rigas nami” are not yet available; therefore the investment value is determined based on the audited financial statements for the year 2013, decreasing the investment value by the preliminary assessed losses of 2014. The audit opinion of independent auditors for the year 2013 was qualified and states that SIA “Rigas nami” land and buildings are accounted for at cost less accumulated depreciation and impairment losses, if any. Significant part of these assets have been contributed to the entity’s share capital by the Municipality in the years from 2006 to 2008 based on values established by certified valuers at that time. Respective audit opinion notes that since year 2008, the real estate market situation has changed significantly in Latvia and there are indications that the recoverable amount of the real estate properties owned by SIA “Rigas nami” could be below their carrying amount. SIA “Rigas nami” has not assessed the recoverable amount of those assets.

As a result, the independent auditor was not able to determine whether any adjustments would be required regarding potential impairment of those assets. Accordingly, the Municipality has not been able to evaluate the potential impact of the aforementioned issue on the equity of SIA “Rigas nami” reported in its financial statements for the year 2013, which in turn would impact the value reported in the Municipality’s balance sheet position „Investments in related companies”. Therefore, in the course of our audit we were unable to obtain sufficient and appropriate audit evidence regarding the carrying amount of SIA “Rigas nami” included in the Municipality’s consolidated balance sheet as of 31 December 2014.

Out qualified audit opinion states that, except for the possible effects on the consolidated financial statements of the matters referred to in the “Basis for qualified opinion – limitations of scope” paragraphs (a), (b) and (c), the consolidated financial statements give a true and fair view of the financial position of the Municipality as of 31 December 2014 and its financial performance and its cash flows for the year then ended in accordance with the Regulations No. 1115 issued by the Cabinet of Ministers of the Republic of Latvia “On preparation of Annual report”.

Deloitte Audits Latvia SIA
License No. 43

Roberts Stūģis
Board Member



25 May 2015



Inguna Staša
Certified Auditor
Certificate no. 145