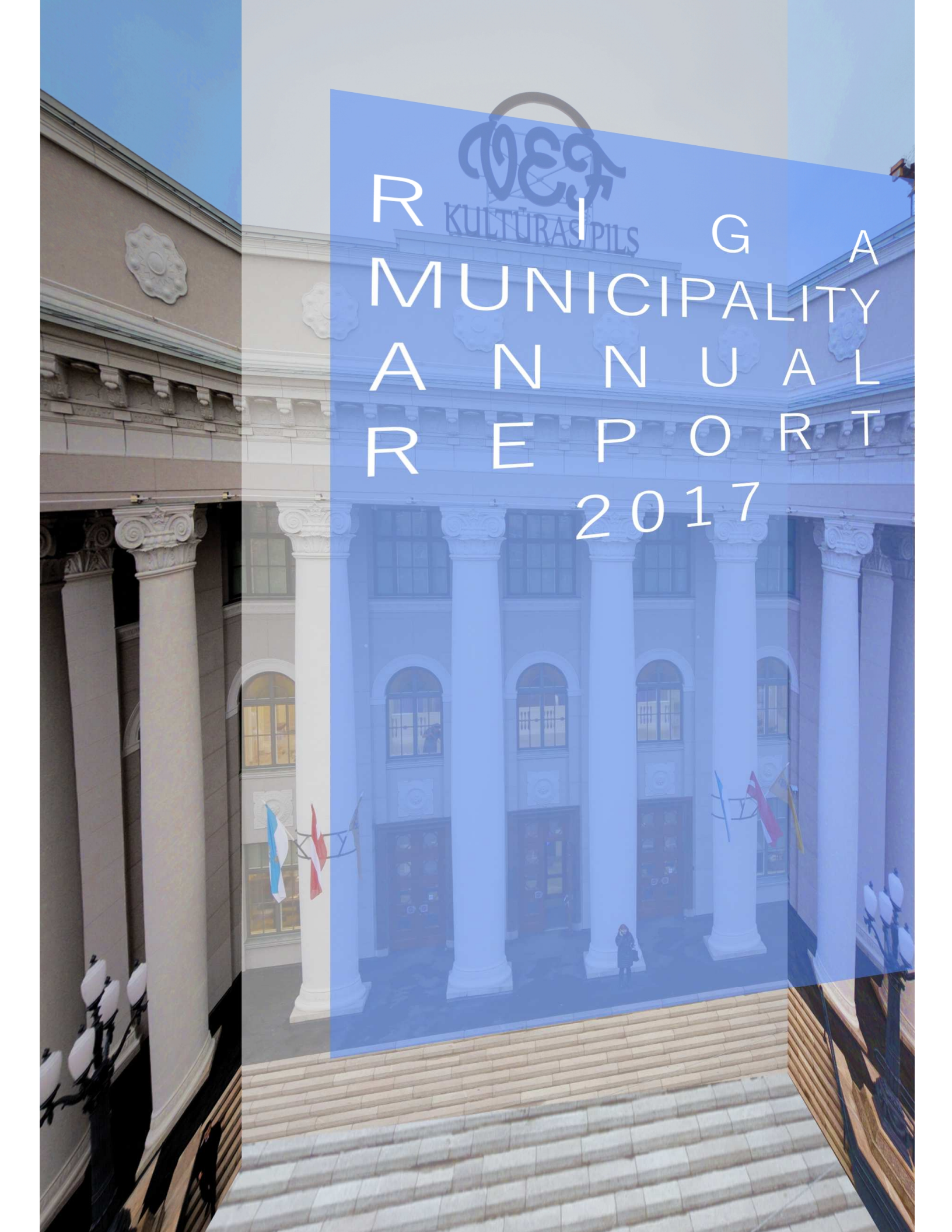




KULTŪRAS PĪLS

R I Ģ A
MUNICIPALITY
A N N U A L
R E P O R T
2017





Riga, 2018

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REPORT OF RIGA CITY COUNCIL CHAIRMAN



During the reporting year, economical and social situation of Riga City continued to improve, average gross wage increased by 7,5%. Economical growth and wage increase positively affected municipal budget revenue as well. In 2017, Riga City Municipality's basic budget revenues increased by 83,3 million and reached 906 million euro, for the first time overachieving highest pre-crisis municipal budget revenue level in 2008. Besides it, this revenue increase was achieved as a result of growth of own municipal revenues (tax and non-tax revenues), which increased by 12% compared with 2008, but State budget earmarked subsidies in 2017 was still below 2008 level by 20%.

During the reporting year, Riga City Municipality's budget tax revenues reached 683,7 million euro, forming 75,5% from the total municipal tax revenues. In 2017, total tax revenues were higher by 57 million euro (by 9,1%) compared with the previous year.

During the reporting year, personal income tax (PIT) revenue at the amount of 561,8 million euro was transferred to Municipal budget, by 51,3 million euro (by 10%) more than in the previous year. Rapid growth of personal income tax in recent years has increased base of municipal own revenue, widening opportunities to finance expenses in prior development areas. Nevertheless it should be noted that this positive PIT revenue growth trend in further years could be affected by tax reform launched in 2017, which especially affects personal income tax base.

In 2017, real estate tax revenue increased by 5,3 million euro (by 4,8%) compared with the previous year, forming 116,5 million euro. Although the highest revenue level of this tax was reached during the reporting year, there is no evidence that shows potential of quick growth of this tax revenue in the next years.

In 2017, non-tax revenue in municipal budget was 28,8 million euro, more by 7,6 million euro (by 35,9%) than in 2016. During the reporting year, municipal budget paid services revenue were executed at the amount of 27,6 million euro, by 3,7 million euro less than in 2016 and by 1,8 million euro less than planned. In 2017, revenues from State budget earmarked subsidies were received in Riga City Municipality budget at the amount of 159,3 million euro, more by 22,4 million euro (by 16,3%) than in 2016 and more by 9, million euro (by 6,3%) than planned for this period of time. Over-fulfillment of revenue plan of this income item was mainly affected by repayment of money for European Union projects that exceeded the planned for this period of time.

In 2017, like in the previous years the biggest amount of financial resources from Municipality's budget expenses was allocated to education sector - 329,2 million euro (37% from all the budget expenses), by 16% more than in the previous year. During the reporting year, with support of European Regional Development energy efficiency improvement activities in buildings of 31 Riga City Municipality's preschool educational institutions were performed, renovation of building of French Lycee was launched, constructions and territory improvement works in the territory of Riga 25th Secondary school, constructions and territory improvement works in the territory of Riga Plavnieki Elementary school.

The second biggest sector of municipal expenses was economical activities, which reached 208 million euro (23% from all the budget expenses). During the reporting year, municipal managerial office received 7% from all the budget expenses, but in deposits to municipal financial cohesion fund Riga City Municipality paid in 94,6 million euro.

In 2017, due to increased activities in uptake of EU funds within the current project funding period, municipal capital expenditure of pre-financing and co-financing of EU funds increased by 22,2 million euro. During the reporting year, renovated VEF Culture Palace was put into operation. Also other municipal capital expenditure increased by 25,1 million euro compared with the previous year, reconstruction of Grand stage of Mezaparks could be mentioned as an example of one of the most expensive investment projects, which is implemented within municipal investment program.

During the reporting year, by means of strong control over budget execution, revenue surplus was achieved in municipal basic budget the second year in turn, which was 15,2 million euro (1,7% from budget revenue) in 2017. In 2017, municipal budget operative surplus (total revenues against operative expenses), what is one of the most significant municipal budget criteria, was 24%.

In 2017, Municipality's budget cash and cash equivalents increased by 18,7 million euro and reached 111,1 million euro at the end of the year, providing sufficient liquidity and the amount of financial resources for municipal debt discharge.

In 2017, Riga City Municipality continued medium-term municipal budget planning, defining main revenue and expense framework for period of 2018 - 2020.

REPORT OF RIGA CITY COUNCIL CHAIRMAN

During the reporting year, Riga City Municipality continued successful implementation of "Municipal loans, guaranties and other long-term debt management strategy for 2013 - 2017" by fulfilling all the criteria defined by liabilities portfolio management. By the end of 2017, the total principal amount of long-term municipal liabilities continued to reduce, forming 66,5% from budget revenue by the end of the year (by the end of 2016 it was at the level of 73,8%). In 2017, "Municipal loans, guaranties and other long-term debt management strategy for 2018 - 2022" was worked out and approved by Riga City Council, defining Municipality's revenue and expense framework for period of next five years.

In 2017, Riga City Municipality continued long-term cooperation with international credit rating agencies providing competent and objective appraisal of Riga City Municipality's budget and financial situation. In October of 2017, credit rating agency "Standard & Poor's" renewed credit rating assigned to Riga City at previous level (BBB+/Stable). Also credit rating agency "Moody's Investors Service" evaluated municipal budget execution and financial situation as stable and in November of 2017 renewed City's credit rating at level of Baa1/Stable.

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

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

N. Usakovs
Riga City Council Chairman

REPORT OF RIGA CITY COUNCIL FINANCE DEPARTMENT DIRECTOR



During the reporting year, Riga City Municipality's total basic budget revenues were 906 million euro increasing by 83,3 million euro (by 10,1%) compared with the previous year, for the first time overachieving highest pre-crisis municipal budget revenue level in 2008.

In 2017, municipal budget personal income tax revenue reached 561,8 million euro, forming 62% from total municipal revenues. Personal income tax revenue increased by 51,3 million euro (by 10%). The reason of this tax revenue increase was growth of wages in economy, as well as increase of Riga City's proportion in distribution of this tax among Latvia's municipalities.

The second biggest municipal budget tax revenue source - real estate tax revenues increased by 5,3 million euro (by 4,8%) reaching 116,5 million euro. In 2017, real estate tax on land revenue increased by 4,3% (by 2,1 million) compared to 2016, the most rapid increase - by 17,1% (by 32 million) was growth of RET on housing revenue, but this tax on buildings remained at the same level of the previous year. Proportion of RET revenue of the running year in overall tax revenue structure in increased to 95,5% in 2017 (it was 94,4% in 2016), but 4,5% from the entire revenue of this tax was payment of tax debt of previous years.

In 2017, gambling tax revenue in municipal budget was 4,6 million euro, more by 0,3 million euro than in the previous year, but natural resources tax revenue - 0,9 million euro, more by 18% than in the previous year.

During the reporting year, municipal non-tax budget revenue was 28,8 million euro, increasing by 7,6 million compared to the previous year. During the reporting year, 28,3 million euro were received in municipal budget from municipal budget paid services.

In 2017, revenues from State budget earmarked subsidies were 159,3 million euro. Compared to the previous year these revenues increased by 22,4 million euro (by 16,3%) mainly as a result of increase of repayment of money for European Union projects, what was received by municipal budget within this revenue item. Regardless of rapid increase during the reporting year, in 2017, the amount of State budget earmarked subsidies was still lower by 20% than level in 2008. The

proportion of State budget earmarked subsidies in municipal budget has decreased from 23,1% to 17,6% during the past decade.

In 2017, by means of strong control over budget execution and municipal budget revenue surplus exceeding the planned by 18,3 million euro but budget expense being unfulfilled by 59,5 million euro (whereof 32,9 million was un fulfillment of maintenance expense), municipal budget surplus was achieved in the second year in turn - at the amount of 15,2 million euro, what was 1,7% from budget revenue. In 2017, municipal budget surplus (total revenues against operative expenses) what is one of the most significant municipal budget criteria, was 24%.

In 2017, Finance Department continued medium-term municipal budget planning, preparing Riga City Municipality's three year budget framework for 2018 – 2020, which contains parts of municipal revenue, expense and financing plan.

During the reporting year, Department finished implementation of "Municipal loans, guaranties and other long-term debt management strategy for 2013 - 2017" by fulfilling all the criteria defined by liabilities portfolio management. By the end of 2017, the total principal amount of long-term municipal liabilities compared to revenue continued to reduce, forming 66,5% from budget revenue (in the previous year it was at the level of 73,8%). In 2017, "Municipal loans, guaranties and other long-term debt management strategy for 2018 - 2022" was worked out and approved by Riga City Council, which defines Municipality's revenue and expense framework for period of next five years.

During the reporting year, introduction of electronic invoices in Riga City Municipality was continued. As a result of successful cooperation between structural units, in December of the reporting year, the proportion of electronic invoices received in Riga City Municipality reached almost 80%. The number of clients of web-forms has grown by 30%, but number clients of xml upload have grown by 40% during this period. Consequently popularity of e-services is growing and adaptation of municipal xml standard in clients' bookkeeping systems is growing as well.

During the reporting year, Finance Department continued cooperation with international credit rating agencies. In October of 2017, credit rating agency "Standard & Poor's" renewed credit rating assigned to Riga City at previous level of (BBB+/Stable). Also credit rating agency "Moody's Investors Service" evaluated municipal budget execution and financial situation as stable and in December of 2017 renewed City's credit rating at level of Baa1/Stable.

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

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

I. Tiknuse
Riga City Council Finance Department Director

RIGA MUNICIPALITY STATE

RIGA CITY POPULATION

POPULATION

At the beginning of 2018, according to data of The Office of Citizenship and Migration Affairs 701,1 thousand inhabitants lived in Riga. During the period from 2007 to 2008 the number of city inhabitants decreased by 3,1% but the decrease in State was greater - 7,7%, as a result of it the proportion of Riga inhabitants from the total number of State inhabitants has increased from 31,7% to 33,2% during this period of time.

Stabilization of the number of City population was observed due to positive migration balance during the last five years, as well as (since 2011) improvement of natural growth of population. Although indices of natural growth of population are negative in Riga City, they are significantly better than the State's average over the past years. In 2016, the average decrease of number of inhabitants in State was 3,4 per 1000 population, but 1,8 in Riga per 1000 population.

There were 400 thousand working age inhabitants in Riga City at the beginning of the reporting year, the number increased by 6,7 thousand for the first time within last 6 years, as a result of it proportion of this group from all inhabitants increased from 61,5% to 62,3%. During the later years, the number of children and youth (inhabitants below working age) is increasing each year in Riga City. It has increased by 12 thousands since 2011 and reached 97,3 thousands at the beginning of 2017. At the beginning of reporting year, the number of inhabitants of above working age was 144,2 thousands (22,5% from all the inhabitants) in Riga City decreasing by 6,9 thousand within a year.

ETHNICAL COMPOSITIONS

The tendency of previous years continued - number of Latvians increased (by 5 thousands) and its proportion from all the City's inhabitants grew from 46,2% to 46,8%.

EMPLOYMENT

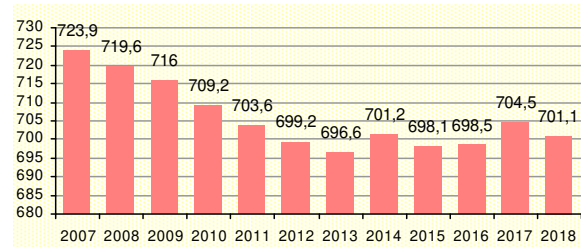
Slight increase of number of employed inhabitants was observed in Riga during the reporting year - from 310,5 thousand in 2016 to 310,8 thousand in 2017. During the period from 2010 to 2017, number of the employed City's inhabitants increased by 28,4 thousand, yet it still is less by 52,2 thousand than in the pre-crisis period level in 2008.

The number of the employed increased in financial, commercial service and real estate service sphere in Riga City (by 4,2 thousand), as well as in transportation, storage, information and communication sphere (by 2,7 thousand), but decreased in State administration sphere (by 1,8 thousand) and in social care sphere (by 1,2 thousand).

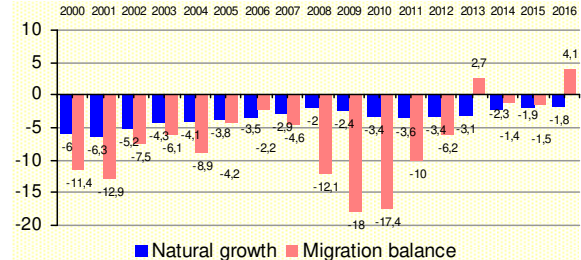
UNEMPLOYMENT

There were 12,5 thousand unemployed in Riga City by the end of 2017, what was 4% from economically active inhabitants. Number of the unemployed decreased by 3,1 thousands within the year. Unemployment rate in Riga City during the report year was the lowest in State compared to the other regions of Latvia, in total the unemployment rate was 6,8% in State by the end of 2017.

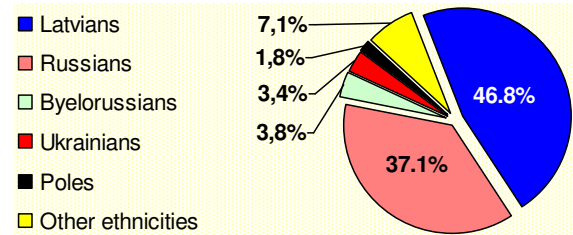
The number of Riga inhabitants (according to OCMA, k people)



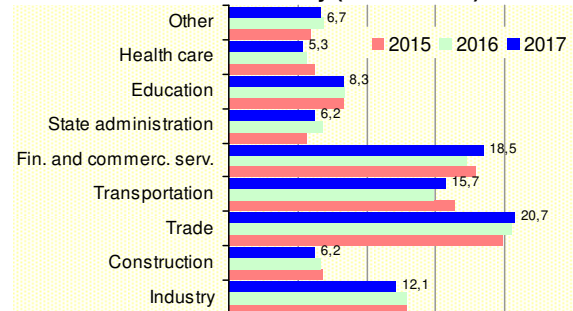
Effect of natural growth and migration on the number of Riga inhabitants (people on k inhabitants)



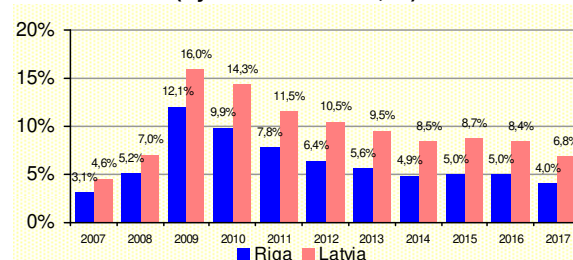
Ethnic composition of Riga inhabitants (by the end of 2017, %)



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



Unemployment rate* in Riga and Latvia (by the end of 2017, %)



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

COMPENSATION

During the reporting year, average monthly gross compensation reached 1 044 euro, increasing by 7,5% compared to the previous year. The most rapid growth of compensation was observed in private sector, increasing by 8,1%, compensation public sector increased by 6,6%, within year. Compared with the pre-crisis level (2008) compensation in private sector in 2017 was higher by 46%, but in public sector it exceeded the pre-crisis level by 16%.

In 2017, the most rapid growth of compensation in Riga City was in professional, scientific and technical service sector (by 12,2%), in education (by 9,5%) and trade sector (by 9,1%). During the reporting year, compensation increased in all sectors, but the most slow growth was in real estate sector (by 1,8%). In common with the previous years the highest gross compensation for employees in City was in financial sphere (1 961 euro monthly) and in information and communication service sphere (1 545 euro monthly).

During the reporting year, compensation has increased in all the sectors in Riga compared to 2008 level, the fastest growth was for employees - in trade (by 49%) and real estate (by 47%), compensation in State administration (by 10%) and education (by 13%) sectors increased relatively slower during this period.

RIGA MUNICIPALITY ECONOMIC STATE

Growth of economic activity in Latvia and Riga City is observed already seventh year in turn. In 2017, gross domestic product increased by 4,5% (comparable prices of 2010) compared to the previous year, what was the highest GDP growth since 2011. Especially rapid growth was in those sectors where decrease took place in the previous years for example in construction, where value added in 2016 reduced by 18% and increase in 2017 was 19%. During the reporting year, value added significantly increased also in processing industry - by 8%, as well as in transportation sector - by 7,3%.

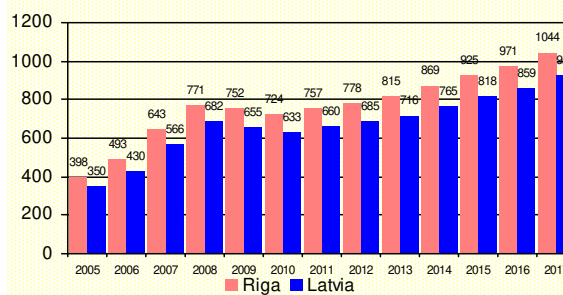
The biggest proportion in Riga City economic structure by value added has trade and service sector - 16,9%. The second biggest economic sector is real estate sector - 10,4%. Proportion of value added created in Riga city comprises around 54% from the total value added in the State however the proportion in particular sectors is even more higher, for example in financial and insurance service sector - 85%, information and communication service - 84%, in professional, scientific and technical service - 79%.

TRANSPORTATION AND COMMUNICATIONS

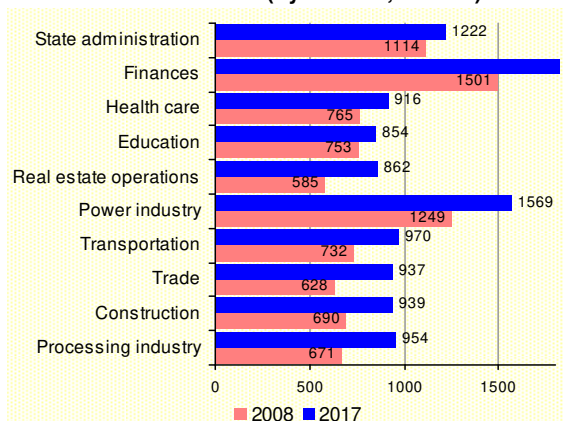
RIGA PORT

Although the amount of received cargo in Riga port during the reporting year was higher than in the previous year by 12%, the amount of shipped cargo in Riga port in 2017 reduced by 12%, as a result of what the total cargo turnover in 2017 reduced by 9,2% compared to the previous year.

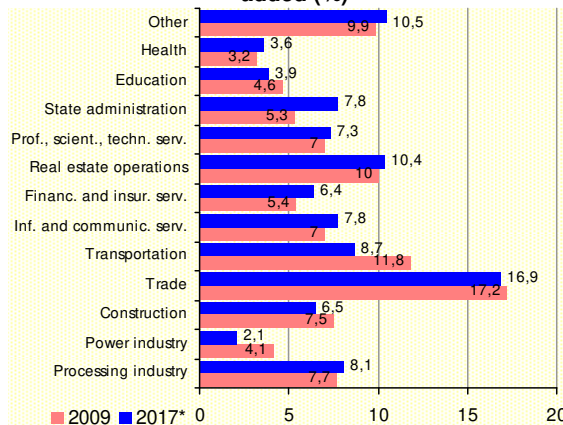
Monthly average gross compensation in Riga 2005 - 2017 (in euro)



Monthly average gross compensation in Riga in 2008 and 2017 (by sectors, in euro)

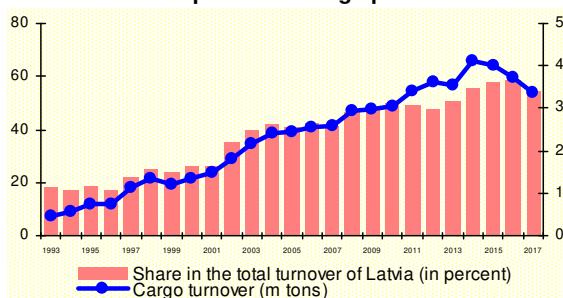


Riga economic sectors by share in the total value added (%)



*2017 - estimation

Operation of Riga port



Since the amount of total cargo turnover in Latvia ports decreased by 2%, during the reporting year, the share of Riga port in the total Latvia port turnover decreased, reaching 54,4%. In 2017, 35% from the reloaded cargo in Riga port was coal, 17% - petroleum products, 14% - cargo containers.

In 2017, the number of serviced passengers in Riga port rapidly increased. There were 364,5 thousand arrived and 378,5 thousand leaving passengers serviced during the reporting year, by 49,9% and 41,8% more than in the previous year. The number of serviced cruise ships' passengers continued to increase during the reporting year - from 71,4 thousand in 2016 to 87,4 thousand in 2017.

AIRPORT

In 2017, the number of serviced passengers in Riga Airport reached highest result in the airport's history - 6,1 million passengers. The number of serviced passengers increased by almost 700 thousand (by 13%) compared to the previous year.

In 2017, according to the Riga International Airport data the number of serviced flights increased by 10% compared to the previous year, reaching 74 837 flights. During the reporting year, rapid growth of amount of shipped and received cargo took place – it increased by 29%.

PUBLIC TRANSPORTATION

In 2017, 142,7 million passengers were transported in Riga public transportation (bus, tram, trolleybus), by 0,7 million (by 0,5%) less than in the previous year. 43,8%, from the total number of transported passengers used 100% discounts and 25,7% used partial transportation fee exemption granted by Riga City Municipality. 4,2% from the total number of transported passengers used discounts defined by State.

During the reporting year, Riga Municipality Ltd. "Rigas satiksme" provided passengers' transportation services on 10 tram, 19 trolleybus and 55 city bus and 20 improved service bus routes. In 2017, the total length of the City's transportation network was 1 580,2 kilometers.

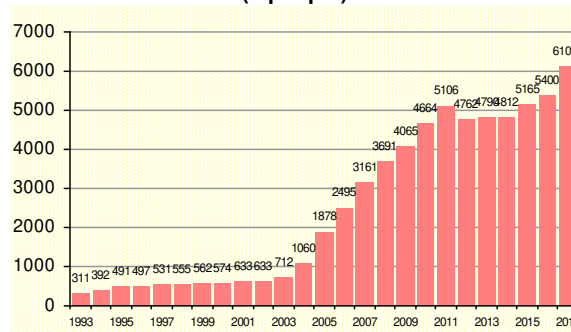
TOURISM

In 2017, 1 583,1 thousand tourists were served in Riga City hotels and tourists' lodgings, by 154,5 thousand or 10,8% more than in 2016. Proportion of foreign guests from all the served tourists was 88%, number of them increased by 11,5% compared to the previous year. In 2017, the number of overnight stays in tourists' lodgings increased by 8,9% compared to the previous year. In 2017, around 78,2% from the total number of foreign guests in Latvia were served in Riga.

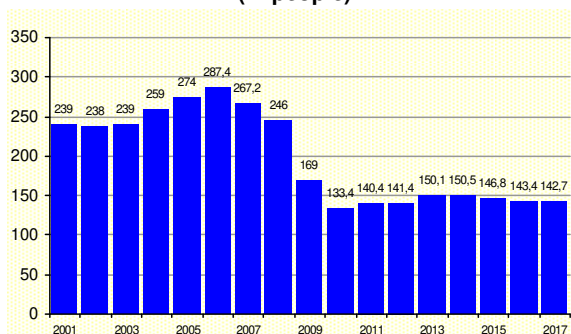
CONSTRUCTION

The space of commissioned dwelling houses in Riga City in 2017 was 99 thousand square meters, increasing by 43% compared to the previous year. The proportion of built dwelling houses in Riga decreased to 26% of the state overall result.

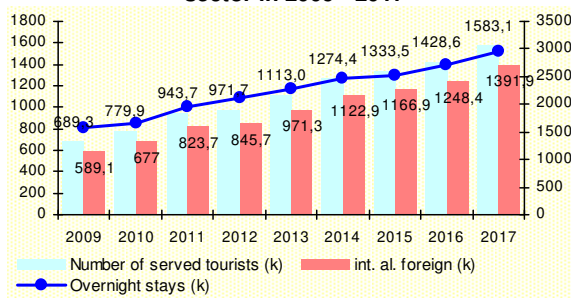
Riga International Airport: passenger turnover (k people)



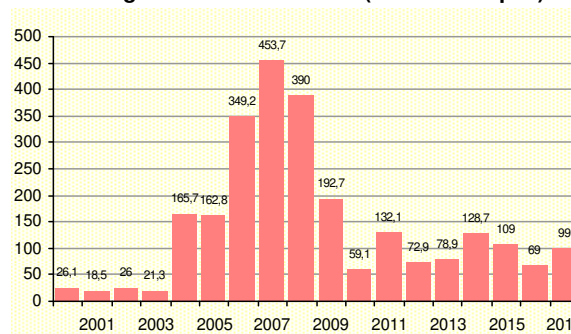
Passenger carriage in Riga public transportation (m people)



Characteristics of development of Riga City tourism sector in 2009 - 2017



Dwelling houses constructed (thousand sq. m)



RIGA MUNICIPALITY ADMINISTRATION STRUCTURE, FUNCTIONS, PERSONNEL

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

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

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

- ▷ Riga City Council Finance Department - leading institution in management of municipal financial resources;
- ▷ Riga City Council Property Department - leading institution in management of municipal property and in arrangement of buildings that degrade environment in municipal territory;
- ▷ Riga City Council Education, Culture and Sports Department - implements municipal policy in education, culture and sports sectors, in youth work;
- ▷ Riga City Council Housing and Environment Department - implements municipal policy in housing and environment spheres and is leading institution in provision of power supply, water supply and sewerage services, land amelioration system operation and maintenance, environmental protection and management, maintenance of cemeteries, provision of support on solving housing issues, administration of municipal residential buildings, as well as in realization of possession of unprivatized municipal dwelling space;
- ▷ Riga City Council Welfare Department - leading institution in, within the framework of competence defined for municipality, social services, social help and health care sphere;
- ▷ Riga City Council City Development Department - leading institution in Riga City development and territory planning sphere;
- ▷ Riga City Council Transport Department - leading institution in traffic and transportation sphere.

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

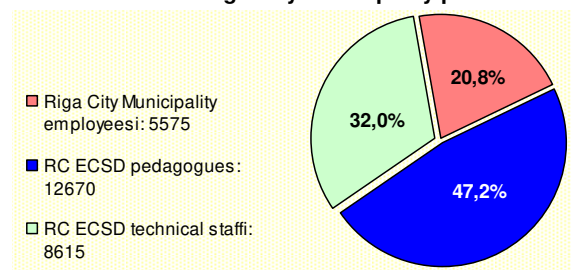
- ▷ Organizes municipal services for inhabitants, realizes municipal housing management and maintenance of cemeteries and provides support on housing issues for inhabitants;
- ▷ Provides environmental protection and management, territory improvement and sanitation within the administrative territory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

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

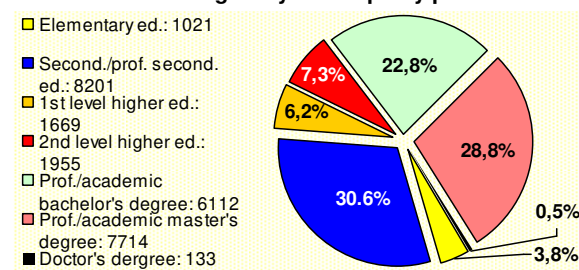
In 2017, actual availability of employees in Riga Municipality was 25 860, int. al. 12 670 pedagogues and 8 615 technical staff of institutions subordinate to Riga City Council Education, Culture and Sports Department.

In 20167, (except pedagogues and technical staff of institutions subordinate to Riga City Council Education, Culture and Sports Department) there were 871 employees recruited and labour relations were terminated with 831 employees. During the reporting year 1 996 pedagogues and 2 531 technical staff were recruited and labour relations were terminated with 1 909 pedagogues and 2 247 technical staff.

Distribution of Riga City Municipality personnel

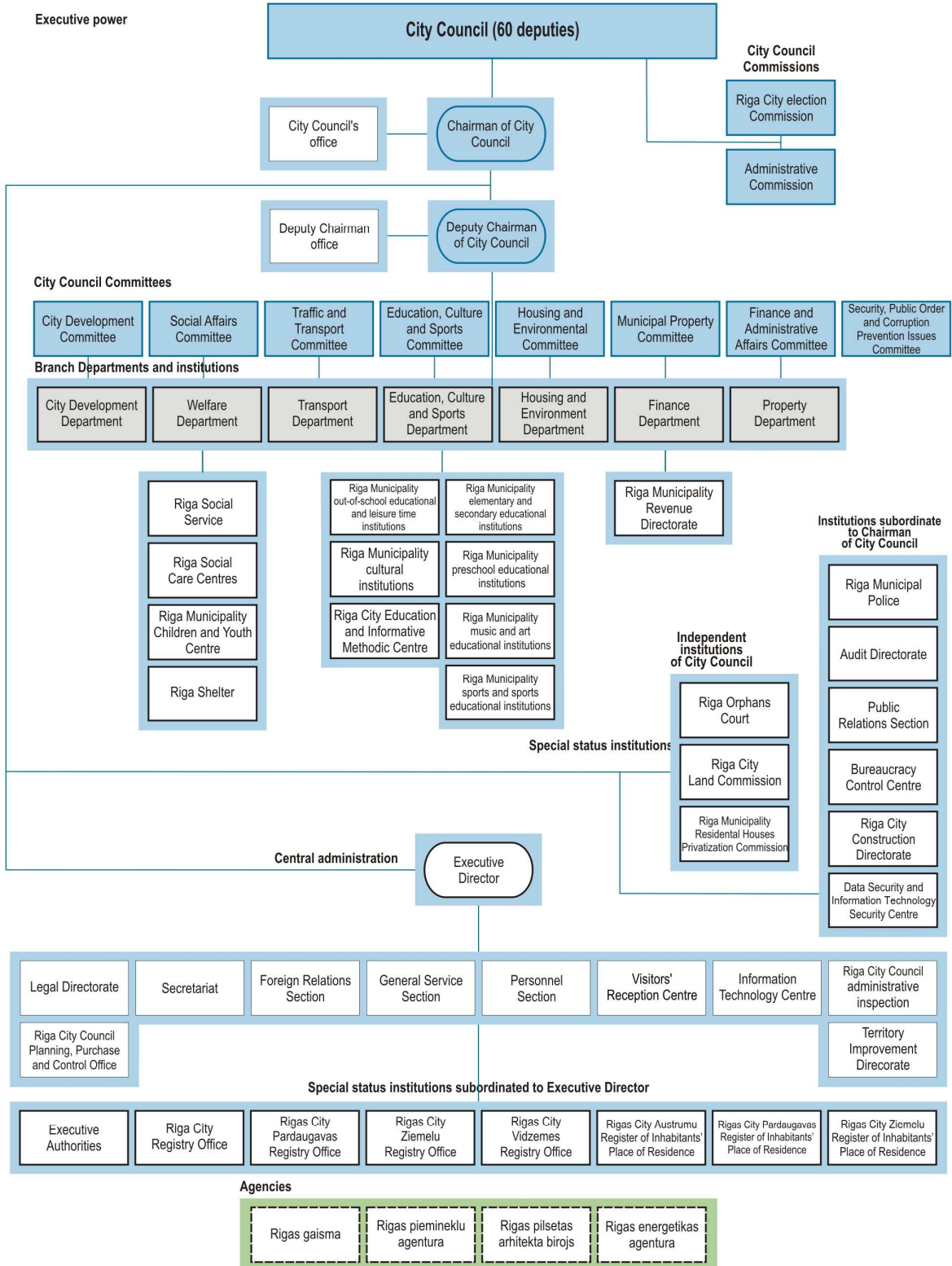


Education of Riga City Municipality personnel



RIGA MUNICIPALITY STATE

ADMINISTRATION STRUCTURE OF RIGA CITY MUNICIPALITY



Legend:



RIGA MUNICIPALITY PROPERTY STATE

VALUE OF RIGA MUNICIPAL EQUITY CAPITAL AND ITS ANTICIPATED CHANGES

PROPERTY BOOK VALUE

By the end of 2015, the book value of Riga City fixed assets was 2 599,7 million euro, decreasing by 7,4 million euro within the year. The total value of Municipality assets, including other long-term investment categories comprised 3 431,2 million euro by the end of 2017.

RIGA CITY MUNICIPALITY INVESTMENTS IN ENTERPRISE EQUITY CAPITAL

In 2017, Riga City Council Property Department continued to provide management of equity capital shares and shares of 14 enterprises. In 2017, Riga Municipality has invested the total amount of 2,31 million euro in the equity capital of related enterprises with 100% share capital owned by Riga Municipality, int. al. investments of:

- ▷ Riga City Municipality's real estate property - land and buildings (1,51 million euro);
- ▷ Riga City Municipality's funds (0,8 million euro);
- ▷ In 2017, Riga City Municipality reduced its share in the equity capital of related enterprises with 100% share capital owned by Riga Municipality by 0,57 million euro.

SHARE IN MUNICIPAL ENTERPRISE EQUITY CAPITAL

By the end of the reporting year 2016, long-term share of Riga Municipality in equity capital of related and associated enterprises was 675,7 million euro. By the end of 2017, the share of Riga Municipality in equity capital of related enterprises was 613,65 million euro, increasing by 5,4 million euro, within a year, but long-term share in equity capital of associated enterprises was 60 million euro.

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

By end of 2017, equity share capital of one associated enterprise reflected in Riga Municipality balance sheet - JSC "Rigas siltums" (49%).

PLANNED CHANGES

In 2018, following changes are planned in the equity capital of related enterprises:

- ▷ Perform changes in the equity capital of Ltd. "Rigas Centraltirgus", increasing share by investing real estate property;
- ▷ Perform changes in the equity capital of Ltd. "Rigas pilsetbuvnieks", increasing share by investing real estate property;
- ▷ Perform changes in the equity capital of Ltd. "Rigas meži", reducing share in equity capital.

RIGA MUNICIPALITY REAL ESTATE PROPERTY STATE

According to the data from the State Land Service, by January 1 of 2018, there were 21 154,5 ha of land owned by various owners within the territory of Riga City. Riga Municipality had ownership over 4 335 land lots with the area of 7 846,7 ha in total, forming around 39% of the total land property area in the City.

To ensure execution of Riga Municipality's autonomous functions, Riga Municipality bought 32 real estate properties or their parts. By the end of 2017, there were 2 798 valid lease agreements on real estate property rent.

EXECUTION OF TERRITORY DEVELOPMENT PLAN

In 2017, work on planning of city's environment and Riga new territory plan was actively continued before it was submitted for public discussion:

- ▷ Project of Riga territory plan strategic impact on environment assessment prepared by Ltd. "ELLE" was prepared for submitting for public discussion;
- ▷ 11 thematic plan final editions were prepared and approved by respective Riga Municipality resolution;
- ▷ Development of Darzini neighborhood public infrastructure thematic plan was approved.

In 2017, work on 4 local plans was launched:

- ▷ Local plan of Krievu sala;
- ▷ Local plan of Ekspostosta and its alongside territory;
- ▷ Local plan of territory between Kisezera Steet, Rusova Street, Ungura Street and Talejas Street;
- ▷ Local plan of Zakusala;

Local plans approved in the reporting year:

- ▷ Amendments of local plan of territory between Gustava Zemgala Avenue, Kisezera Steet, Kokneses Boulevard and historical building of Mezapark's neighborhood;
- ▷ Local plan of land on Jurmalas Avenue and Cerinu Street;
- ▷ Local plan of land on Jelgavas Street 17, Akacu Street, Jelgavas Street 9 and Jelgavas Street;
- ▷ Local plan of land on Mukusalas Street 100;
- ▷ Local plan of territory in Suzi;
- ▷ Local plan of land on Ventspils Street 50 and its alongside territory;
- ▷ Local plan of land Patversmes Street 18 and Dunes Street.

4 Riga City Council decisions on approval of local plan of Historic Centre of Riga and issue of binding regulations were made and 3 Riga City Council decisions on launching thematic plan of Historic Centre of Riga were made.

In 2017, update of Riga Development program of Action plan and Investment plan 2014 - 2020 and Action plan and Investment plan 2017 - 2019 was provided. In 2017, program's Action plan and Investment plan was updated two times.

In accordance with delegation agreement of provision of selection of Integrated Territorial Investment (ITI) projects' applications concluded between Riga City Municipality and Ministry of Finance of the Republic of Latvia, in 2017, in Riga City Municipality selection of submitted ITI projects was provided for following supporting goals:

- ▷ Increase of energy efficiency and use of renewable energy resources in municipal buildings, 31 project applications;
- ▷ Improvement of education environment of all-round education institutions, 1 project application;
- ▷ Revitalization of territories, recovery of degraded territories in accordance with municipal development programs, 2 project applications.

Report 2016 on introduction of Riga Sustainable Development strategy to 2030 (Strategy) and Riga Development program, was prepared within Strategy Supervisory system (SSS), what is the second report on introduction of Strategy and Program in accordance with the new development plan documents, but the tenth report prepared within SSS.

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

In addition to annual SSS report, report on supervision of Strategy and Program introduction for period from 2014 to 2016 was prepared for the first time. Report rendered information about directions of Riga City long-term goals and progress of action plans for time period from 2014 to 2016.

Editions of updated Riga Development program of Action plan and Investment plan 2014 - 2020 and Action plan and Investment plan 2017 - 2019 were provided on Department's home page. Updated editions of Action plan and Investment plan 2017 - 2019 were also placed in Territory development planning information system (TDPIS). At the same time information and documentation concerning provision of selection of Integrated Territorial Investment (ITI) projects' applications was placed on Department's home page.

Continuing work on development of new Riga territory plan following society's involvement and participation activities were provided:

- ▷ Meeting on family gardens and their development;
- ▷ On development of transportation;
- ▷ On development of Mezaparks;
- ▷ Society's introduction to final editions of 11 thematic plans.

RIGA MUNICIPALITY INVESTMENT PROJECTS

NON-FINANCIAL INVESTMENTS

In 2017, total amount of investment (private, municipal, state and foreign) in Riga was around 2,3 billion euro, reducing by 12% compared to the previous year (total reduction by 15% on State level). In 2017, the amount of investment in Riga City was around 60% (58% in the previous year) of all investment in the country, but the proportion of construction works in Riga from those performed in the entire state in 2017 continued to increase to 65% (58% in the previous year).

CAPITAL INVESTMENTS FROM MUNICIPAL BUDGET

During the reporting year, 157,7 million euro were allocated for Riga City Municipality budget capital expenditure, That is more by 47,3 million euro or 43% than in 2016. During the reporting year, capital expenditures of projects co-financed by EU increased by 22,2 million euro due to increased activities in uptake of EU funds within the current project funding period, other municipal capital expenditures also increased by 22,7 million.

In 2017, the structure of sectors of municipal capital expenditures changed. Although the major proportion of it still takes education sector and economic activity sector is in the second place (30% and 28% from all the capital investment), sector of culture and recreation has grown rapidly. During the reporting year, due to implementation of reconstruction project of Grand stage of Mezaparks and renovation project of VEF Culture Palace proportion of this sector increased within the total municipal capital investment structure from 4% in 2016 to 24% in 2017.

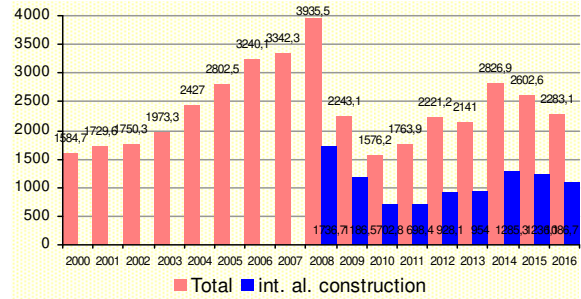
FOREIGN INVESTMENT IN RIGA

By April, 2017, according to Lursoft data, direct investments of foreign investors into the registered equity capital of enterprises in Riga were around 5,5 billion euro, reducing by 7% within a year. Foreign investments in capital were 77% from the total foreign investments in country.

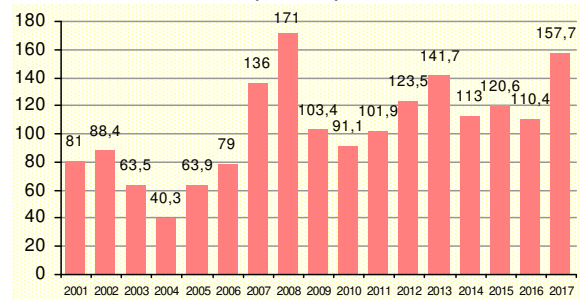
EU AND OTHER EXTERNAL FINANCIAL SOURCES' CO-FINANCED PROJECTS

In 2017, implementation of EU funds was activated in Latvia and Riga City Municipality. 27,2 million euro were allocated from the municipality's budget for execution of projects financed by EU Funds, by 23,2 million euro more than in the previous year. Capital expenditure formed 23,8 million euro (88% from the total co-financing and pre-financing amount).

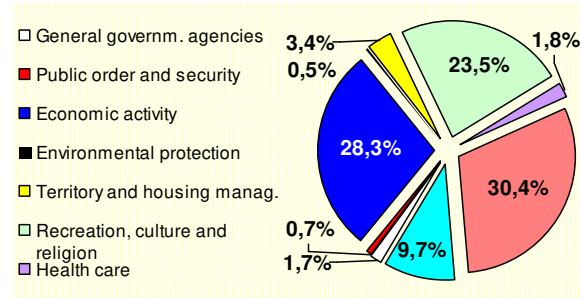
Non-financial investments in Riga (m euro), year 2016 price index



Capital expenditures from Riga Municipality budget (m euro)



Capital expenditures from Riga Municipality consolidated budget structure by sector, 2017 (%)



The largest projects co-financed by EU and other funds in Riga City Municipality in 2017

Project name

- Reconstruction of VEF Culture Palace and revitalization of alongside territories
- Reduction of greenhouse effect gas emission in protected national architectural monument VEF Culture Palace
- Complex energy efficiency measures in Riga Municipality's preschool education institutions
- Island Bridge complex 1st stage
- Recovery of historically polluted territories in Sarkandaugava
- Paid temporary community work
- We are for healthy Riga! - various and accessible health promotion and illness prevention activities

RIGA MUNICIPALITY FINANCIAL AND BUDGET POLICY

REVENUE

In 2017, total Riga City Municipality basic budget revenue was 906 million euro, by 18,3 million euro (by 6,9%) more than annual budget plan and by 83,2 million euro (by 10,1%) more than in 2016. In 2017, total municipal revenues reached the highest level since restoration of independence, for the first time exceeding the pre-crisis level of 2008.

Municipal basic budget tax revenues in 2017 were 683,7 million euro, more by 16,4 million euro (by 2,5%) than planned. In 2017, Riga City Municipality budget revenue from personal income tax (PIT) was 561,8 million euro, by 51,3 million euro (by 10%) more than in the previous year, overachieving highest pre-crisis municipal budget revenue level of this revenue item in 2008 by 12,3% and reaching the highest PIT revenue level in Riga City Municipality budget so far. The growth of PIT revenue was also slightly increased by growth of Riga City Municipality's proportion in distribution of this tax among Latvia's municipalities from 41,40% in 2016 to 41,54% in 2017. During the reporting year, RET revenue was 116,5, gambling tax - 4,6, but natural resources tax - 0,9 million euro. In 2017, non-tax revenues were collected at an amount of 28,8 million euro, by 7,6 million euro more than in 2016. Paid services revenue in municipal budget was executed at an amount of 27,6 million euro. State budget transfers at the amount of 159,3 million euro were transferred to municipal basic budget, by 22,4 million euro (by 16,3%) more than in the previous year.

EXPENSE

In 2017, total Riga City Municipality basic budget expense was 890,9 million euro, what is more by 102 million euro than in the previous year. In 2017, capital expenditures increase by 47,3 million euro compared to 2016, from 110,4 million euro to 157,7 million euro. In 2017, maintenance expenses increased by 54,7 million euro and reached 733,1 million euro compared to 2016. In 2017, expenses from the municipal budget on compensation increased by 23,8 million euro (by 9%). Expenses on subsidies and grants increased by 2,5 million euro, total expenses on social security increased by 2,9 million euro compared to 2016. Operative municipal budget surplus (total revenues against operative expenses) increased from 21% in 2016 to 24% in 2017.

MUNICIPALITY'S DEBT DYNAMICS

In 2017, the total amount of Riga Municipality's financial commitments was 896,4 million euro increasing by 5,4 million euro within a year.

Rapid growth of municipal liabilities in 2007 is related with growth of undertaken liabilities due to construction of the South Bridge. Gradual repayment of these liabilities has reduced their proportion in the total amount of financial commitments from 76% in 2009 to 58% by the end of the reporting year. In 2017, 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 around 66,5% from municipal revenues, by end of 2017, not exceeding 100% limit defined by the Strategy.

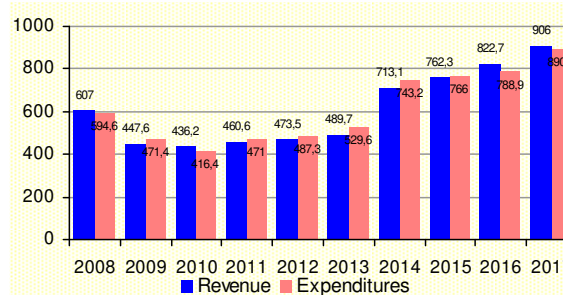
CREDIT-RATING

In 2017, Riga City Municipality continued cooperation with credit rating agencies - "Standard & Poors" and "Moody's Investors Service". In October of 2017, credit rating agency "Standard & Poors" evaluated Riga City Municipality's budget and financial situation and renewed credit rating assigned to Riga City at the previous level. Credit rating agency "Moody's Investors Service" evaluated Municipality's budget execution, management of liability portfolio and financial state and renewed credit rating at a previous level.

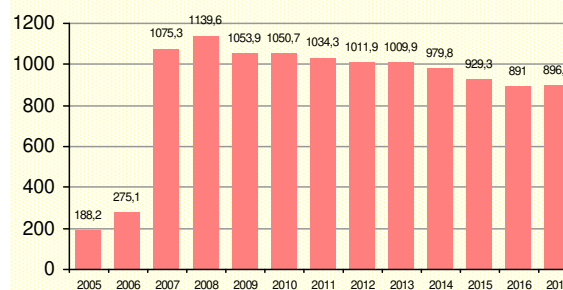
History of Riga City credit-rating

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

Riga City consolidated budget revenue and expenditures (m euro)



Dynamics of total amount of Riga City Municipality's financial commitments 2005 - 2017 (m euro)



RIGA MUNICIPALITY BUDGET EXECUTION PERFORMANCE

The results of Riga economical development and Riga City Municipality's fiscal policy in 2017 are characterized by achievements in ensuring budget revenues and purposeful use in provision of municipal operations according to the budget approved by Riga City Municipality. Budget is a tool for realization of Riga Municipality economic policy by means of financial methods. Riga Municipality budget includes Municipality's revenue and expenditure. Riga Municipality budget is prepared based on the cash flow principle, simultaneously in compliance with State Treasury instructions, ensuring accounting based on accrual principle.

Riga City Municipality has started transition to three year budget planning. In June 9 of 2015, Riga City Council approved internal regulations No 15 "Order of development, approval, execution and management of Riga City Municipality budget" and in June 15 of 2015, Riga City Council Budget commission approved the framework of Riga City Municipality budget 2016 - 2018 for the first time, what anticipates balanced and stable budget development. The planned minimum cash surplus amount at the beginning of each year is at least 15 million euro.

RIGA MUNICIPALITY BUDGET REVENUE

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

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

▷ 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 CITY MUNICIPALITY SPECIAL BUDGET REVENUES

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

SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY BASIC BUDGET REVENUE

Cash flow basis (k EUR)	2016 actual	2017 budget	2017 actual
Total revenues	822 740.8	887 687.8	906 030.5
Total tax revenues	626 712.0	667 341.5	683 726.5
Personal income tax	510 492.1	545 145.9	561 766.8
Real estate taxes	111 108.1	117 286.7	116 453.0
int.al. real estate tax on land	48 131.0	50 094.4	50 186.9
int.al. real estate tax on buildings	44 073.0	43 341.7	44 135.6
int.al. real estate tax on housing	18 904.1	23 850.6	22 130.5
Other tax revenue	5 111.8	4 908.9	5 506.7
Total non-tax revenues	21 228.5	34 155.6	28 841.0
Government (municipality) fees	4 426.3	3 904.5	5 784.7
Other non-tax revenues	16 802.2	30 251.1	23 056.3
State institutions' revenues	32 266.0	30 159.1	28 316.8
Total transfers	142 534.3	156 031.6	165 146.2
Transfers of public entities partially financed by State budget and institutions not financed by budget	0.5	-	-
State budget transfers, int.al.	136 935.9	149 797.5	159 301.0
state budget transfers allocated for specific purpose	133 198.0	136 834.9	137 259.7
transfers received from state institutions for projects coo-financed by EU policies' instruments and other foreign financial aid	3 600.8	12 813.2	21 916.6
other State budget transfers	137.1	149.4	124.7
Municipal budget transfers	5 597.9	6 234.1	5 845.2

RIGA MUNICIPALITY BUDGET EXECUTION PERFORMANCE

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

Cash flow basis (k EUR)	2016 actual	2017 budget	2017 actual
Total revenues	139.6	238.0	146.2
Donations and endowments from legal entities and individuals	139.6	238.0	146.2
Donations and endowments for education	55.1	160.3	77.8
Donations and endowments for social care	4.7	5.9	1.6
Other donations from legal entities and individuals	79.8	71.8	66.8

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.

Three year budget plan process provides indicative calculation of fiscal space within three year budget what is the amount of funds that is subject of Riga City Council Budget commission decisions to provide implementation of Municipal priorities and retain the previous amount of expense and provision of Municipal priorities at constant level.

In the same way Economical and efficient utilization of municipal funds is already provided for ten last years by performance indicators' system realized by Municipality.

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

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

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

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

RIGA MUNICIPALITY BUDGET EXECUTION PERFORMANCE

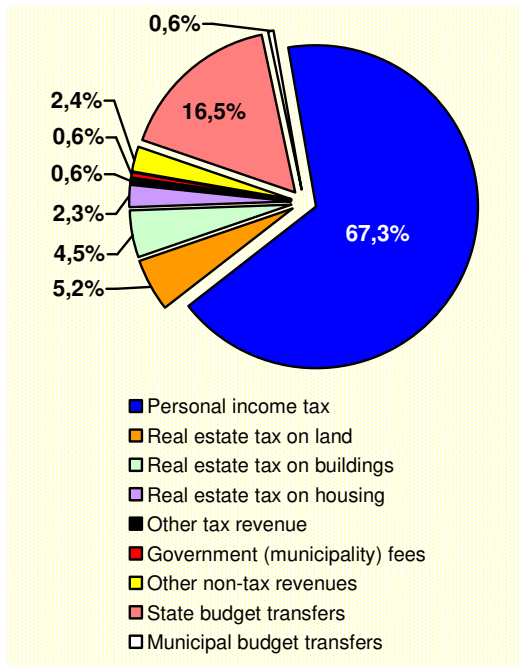
SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY BASIC BUDGET EXPENSES

Expenses by government function Cash flow basis (k EUR)	2016 actual	2017 budget	2017 actual
Total expenses	788 926.1	950 360.6	890 876.8
General governmental agencies	146 266.8	161 147.4	156 367.0
int.al. deposits to municipal financial cohesion fund	87 480.4	91 785.4	94 583.8
Public order and security	17 036.5	18 231.9	18 095.6
Economic activity	207 923.5	228 956.5	207 961.3
Environment protection	2 554.8	4 281.8	3 848.9
Municipal territory and housing management	24 521.3	33 880.5	29 383.3
Health care	5 036.3	5 982.9	4 978.8
Recreation, culture, and religion	25 673.4	65 877.0	61 878.4
Education	284 653.2	349 173.9	329 211.3
Social security	75 260.3	82 828.7	79 152.2

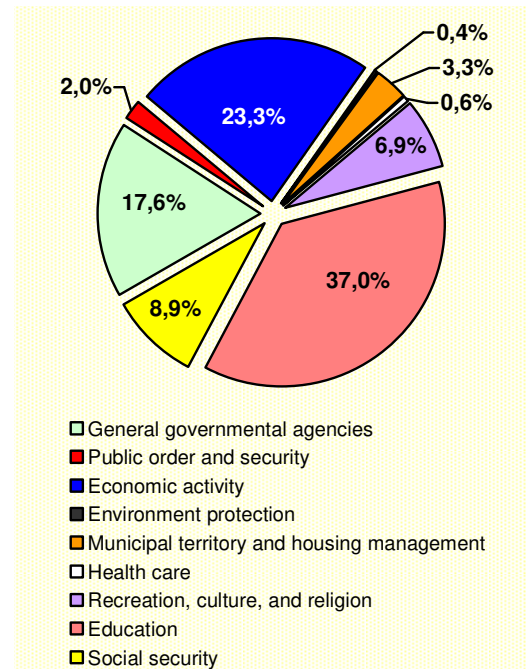
SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY SPECIAL BUDGET EXPENSES FROM DONATIONS AND ENDOWMENTS

Expenses by government function Cash flow basis (k EUR)	2016 actual	2017 budget	2017 actual
Total expenses	171.2	550.0	174.0
General governmental agencies	104.8	166.4	105.6
Public order and security	-	1.6	-
Environment protection	-	35.0	-
Municipal territory and housing management	8.1	6.0	1.5
Recreation, culture, and religion	0.1	17.3	5.8
Education	53.5	313.8	59.5
Social security	4.7	9.9	1.6

Composition of Riga Municipality basic budget revenue in 2017



Composition of Riga Municipality basic budget expenses in 2017



RIGA MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

EDUCATION AND SPORTS

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

PRESCHOOL EDUCATIONAL INSTITUTIONS

In 2017, preschool education programs were provided at 150 licensed Riga City Municipality preschool educational institutions, 15 comprehensive schools and 1 Riga interest educational institution. Preschool education program in municipal preschool educational institutions was provided for 26 151 children in total. In 2017, 1 comprehensive and 2 comprehensive minority preschool education programs groups were additionally created.

Riga City Municipality is not capable of providing all the children with places in municipal preschool education institutions, therefore in 2017, 5 185 students of private preschool educational institutions receive municipal co-financing and 815 children were provided with baby-sitting service.

COMPREHENSIVE SCHOOLS

114 Riga City Municipality elementary and secondary comprehensive schools started 2016/2017 school year, int. al. 87 secondary schools, 23 elementary schools and 4 primary schools, 4 of them are training-schools and 10 are boarding-schools, where educational programs were mastered by 68 769 students at the beginning of the school year, 81,3%, of these students master elementary education programs, but secondary education programs are mastered by 18,7%. During the reporting year, cooperation with 37 private educational institutions was continued, what are attended by children declared as residents of Riga.

As a result of optimization of educational institutions' network, the education process of Riga 64th Secondary school and Riga Music Boarding-school was provided in two buildings Riga Natalijas Draudzinas Secondary school after renovation moved to one building on Bruninieku Street 24A, Riga Plavnieku Secondary school was liquidated and it's educational program further provision is implemented in Riga 64th and 84th secondary schools, second shift classes were liquidated in Riga 49th and 64th secondary schools.

OUT-OF-SCHOOL EDUCATION AND SPORTS

In 2017, out-of-school and vocational education diversity and accessibility in Riga Municipality was provided by 13 Riga Municipality's out-of-school education institutions, 114 comprehensive school, 9 music and art schools and 11 vocational education institutions majoring in sports and 94 012 students (number shows participators of the

programs, because one student can participate in several programs) participated in programs realized by these schools. Artistic creativity centre "School of Practical Aesthetics" was opened in premises of liquidated Riga Plavnieku Secondary school was.

In 2017, participation in Riga City Student Scientific conference was provided. 159 students' works from Riga were nominated for participation in state conference. 13 students' works from Riga were awarded with 1st class diploma, 23 authors - with 2nd class diploma and another 23 work authors received 3rd class diploma.

In order to promote sporting activities for inhabitants and to support healthy way for families, in 2017, ECSD organized a number of sporting activities, int. al. free of charge sports classes "Come and do sports in Riga!", event "Night ride", "We Run Riga" and other events. In 2017, with participation and support of ECSD 163 sports competitions were organized where 139 500 participants took part. ECSD provided Riga City Municipality's sports team participations in Latvia Youth Olympic games in 2017. There were 493 team members who participated in 28 sporting contests winning 77 gold, 46 silver and 67 bronze medals.

In 2017, Riga music and art school students participated in various international festivals, competitions and exhibitions. One of the most large-scale events was grand concert of Riga educational institutions' dance collectives "Three by nine light bridges" dedicated to 100th Anniversary of Republic of Latvia where 4 235 participants from 55 Riga educational institutions took part.

ECSD provided support for organization of youth's leisure time, informal education and employment, providing co-financing for 282 children and youth camps, involving 10 343 participants. 70 camps organized by nongovernmental and religious organizations with more than 2 600 participants were supported, 17 leisure time projects, which offered free of charge activities for around 2 000 children and youth during summer holidays were supported, 20 educational activities for around 1 000 students' self-government activist was organized and provided financing for 5 Students' self-government cooperation projects. Besides, 26 youth initiative projects, 14 youth organizations and nongovernmental organizations were financially supported, support rendered to 22 leisure time centers, which were attended about 128 000 times.

There were 338 short term working places created by State Employment Agency, Municipal institutions and enterprises for youth during summer holidays. In Riga youth centre "Kanieris" there were 451 event and activity organized for youth.

LIFELONG AND INFORMAL EDUCATION

In 2017, 9 510 participants attended and received certification on participation in various professional development and self-education courses, seminars, master classes and conferences organized by Education and Information Center of Riga City (EICRC). EICRC organized 462 continuing education events within a year. Opportunities of informal education offered by EICRC were used by 725 Rigans.

RIGA MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

In 2017, Latvian language training courses for social integration purposes were organized, which were achieved by 1 231 students, 1 189 of them raised Latvian language skills at least by one level.

The most significant investment projects and programs:

- ▷ Finished renovations and territory improvement works of building on Burtnieku Street 34 to site primary school grades of Riga 64th Secondary school and building on Sampetera Street 98 to site Riga Music Boarding-school;
- ▷ Random renovation works in buildings of 18 educational institutions;
- ▷ Energy efficiency activities in buildings of 4 educational institutions;
- ▷ Renovation of historical facades and engineering network in educational institutions;
- ▷ Renovation of kitchens in 6 educational institutions;
- ▷ Renovation of gyms and assembly halls in 4 educational institutions;
- ▷ Construction of fire detection system in 16 educational institutions;
- ▷ Territory improvement near 10 educational institutions;
- ▷ Renovation of locker room and basement premises in 6 educational institutions;
- ▷ Construction of playgrounds, sheds, fences, areas for active recreation, as well as renovation of footpaths of 34 educational institutions.

Budget expense allocated to education (k EUR)	2015 actual	2016 actual	2017 budget	2017 actual
Preschool education	81 075,3	86 980,1	108 789,8	103 879,3
Elementary, comprehensive and professional education	138 129,1	160 732,3	195 687,1	183 133,3
Higher education	34,9	0,4	2,7	2,7
Education undefined by educational levels	31 936,7	33 293,9	40 681,9	38 243,1
Other education, not classified above	3 695,1	3 646,5	4 012,4	3 952,9
Total basic budget expense	254 871,1	284 653,2	349 173,9	329 211,3
int.al. investment	13 853,5	25 910,2	34 024,9	33 130,3

SOCIAL SECURITY

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

There are 16 Riga City Municipality basic budget programs administrated by Riga City Council Welfare Department for provision of specified functions. In 2017, basic budget expense were 61 917 534 euro by the end of the year which proportion in Riga City Municipality's basic budget is 6,52%. There are 6 institutions subordinated to Riga City Council Welfare Department what provide social services for Riga City Municipality inhabitants:

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

SOCIAL PROTECTION IN RIGA

In 2017, due to growing demand for social care services rendered in institutions, Riga inhabitants' opportunities to receive long-term social care and social rehabilitation (SCC) services in institutions for adult persons were extended by increasing number of places by 122 as well as negotiations with private sector were started on creating a new model of SCC, int. al. family SCC and suggestions for Riga City Council binding regulations were prepared on rising price for SCC contract organizations as from 2018.

In 2017, number of low-income persons and social benefits recipients continued to decrease - compared to 2016 the number of low-income persons reduced by

14%. In 2017, recipients of social benefits reduced by 11%, recipients of apartment benefits reduced by 18% (by 2 772 persons), recipients of GMI reduced by 11%.

In 2017, tendency of previous years continued to remain concerning growth of number of home-care service recipients, as well as, growth of number of recipients of transport compensation for disabled persons. In 2017, financing of basic budget program "Social services in place of residence for Riga City inhabitants" reached 17 645 688 euro.

Taking into account that demand for short-term social care service in health care institutions continued to increase during 2017, amends in Riga City Municipality budget were done by reducing financing for basic budget program "Provision of health care accessibility, promotion of health and family health" due to reduction of number of blood donors and tubercular patient and by increasing financing for "Care and rehabilitation of short-term chronic patients" accordingly.

In 2017, financing for development of new services was provided, i.e., individual social rehabilitation programs for persons with mental disorder, social rehabilitation programs for children and youth with behavioral disorder, board and lodging service, as well as service for children declared as residents of Riga "Safe environment" with a goal to provided care in family-oriented environment for children who came into out-of-home care.

EMPLOYMENT FACILITATION ACTIVITIES

During the reporting year, situation in sphere of employment in State continued to improve and number of unemployed reduced from, 5% to 4% in Riga within the year. The smallest number of the unemployed persons - 12 542 was recorder by Riga branch office of State Employment Agency during the latest years. The proportion of long-term unemployed clients of Riga

RIGA MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

Social Service reduced as well from 22,4% to 17,8% within the year.

In 2017, Riga City Municipality continued implementation of three national projects "Paid temporary community work" for long-term unemployed persons, project "KNOW and DO!" for not studying and unemployed youth and "Provision of flexible children baby-sitting service for employees who work nonstandard working time". In 2017, 648 unemployed persons were involved in paid temporary community works and its total expenses were 332 406 euro, in. al. 77 516 euro Riga City Municipality co-financing.

PROTECTION OF CHILD RIGHTS

In 2017, school psychologists consulted 16 996 students, 7 141 parents and 5 967 pedagogues, provided 48 consultations in preschool educational institutions, performed 160 observations in groups and 86 conversations with children parents. While special

pedagogues worked with 1 541 students leading individual or group classes, consulted 1 327 pedagogues and 1 725 parents. 17 448 students, 10 552 parents and 4 442 pedagogues received consultations of social pedagogues on various issues. Social pedagogues performed 382 home visits as well.

The most significant investment projects and programs:

- ▷ Construction of three social residential building with premises for Riga Social Service territorial centre, day-care centre and health care centre on Mezrozisu Street 41 and Sturmanu Street 31 k-2 was launched;
- ▷ Renovation of building on Terbatas Street 69 for Riga Orphans Court;
- ▷ Finished renovation of building of Riga Social Service centre "Gailezers" on Hipokarata Street 6;
- ▷ Finished setting up group apartments on the 4th floor and renovation of roof on Maskavas Street 32.

Budget expense allocated to social security (k EUR)	2015 actual	2016 actual	2017 budget	2017 actual
Social security in case of inability to work	6 489,7	5 961,0	6 291,3	5 864,2
Assistance to elderly people	7 016,8	7 930,8	8 708,6	8 582,8
Assistance to families with children	8 693,8	9 417,9	11 778,0	11 032,0
Assistance in unemployment case	340,4	387,1	851,0	457,5
Housing allowance	13 818,1	12 546,8	13 393,3	13 353,4
Other support to socially repudiated persons not classified above	37 400,8	37 519,6	40 133,4	38 291,7
Other social care not classified above	1 435,4	1 497,1	1 673,1	1 570,6
Total basic budget expense	75 195,0	75 260,3	82 828,7	79 152,2
int.al. investment	1 000,0	2 578,0	1 870,0	1 487,8

HEALTH CARE

In 2017, order to implement opportunities to live in a healthy environment and to improve Rigans' health condition, Riga City Municipality's Social health strategy "Healthy Rigan - in healthy Riga" for 2012 - 2021, which was approved in May 15 of 2012, was put into effect in Riga.

In 2017, agreement between Central Finance and Contracting Agency (CFCA) and Department on implementation of project "We are for healthy Riga! - various and accessible health promotion and illness prevention activities". Project will take place till March 20 of 2020 and the main target group of this project is the people under the risk of poverty and social exclusion, int. al. children, persons at age above 54, disabled persons and the unemployed. Total accessible target group is 29 000 persons. In 2017, the amount of utilized project financing is 349 744 euro (ESF) and 10 758 euro Riga City Municipality's co-financing. At the beginning of this project inhabitants were offered more than twenty various, regular, free of charge activities in health promotion and illness prevention sphere, int.al. classes of physical activities for various age groups, healthy food training and cooking shows, educational camps for adults and children, lectures on various issues, int.al. on strengthening mental health, reproductive health issues for students, as well as for women at menopause age, either theoretical or practical training for young and emerging parents, activities in addiction prevention sphere.

There are 600 activities in total taking place in the entire territory of Riga Municipality monthly, providing opportunity for inhabitants to attend free of charge health promotion activities near their places of residence. Around 10 000 persons attended project events during 2017.

Implemented activities within basic budget program "Provision of health care accessibility, promotion of health and family health": facilitate health and family health, support for volunteer blood donor movement, support for implementation of outpatient treatment of tuberculosis, support for operation of Health rooms and HIV prevention and psycho-social services for drug users and their liaison persons. Total planned financing of the program was 366 507 euro.

During the reporting year, Riga City Municipality continued implementation of international project "INHERIT - Intersectoral Health and Environment Research for Innovation". Goal of this project is to determine effective intersectoral policy and intervention activities, which facilitate health and well being, solving the most important environmental risk and inequality factors - consumption, movement and housing. In 2017, the best practice pilot project was chosen "The place standard tool", what was tested in Riga City Municipality. Total planned financing is 5 952 898 euro, whereof 93 628 euro is Riga City Municipality's co-financing.

In 2017, Riga City Municipality in cooperation with international partners started implementation of project

RIGA MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

“For better health!” which is financed with support of EU grant program. Goal of this project is to gain and share experience on available information technology tools, which provides independence of recipients of long-term care services and more independent living, as well as to get acquainted with information technology solutions and best practice developed by Nordic countries.

In 2017, Riga City Municipality in cooperation with municipalities of Nordic countries and organizations also started implementation of three small range international projects - “More opportunities!”, “Health in all policies in the municipalities for better health for all in the Baltic Sea Region” and “Welfare technologies! - information technology resources for long-term care service recipients with permanent place of residence in Nordic countries”. Goal of project “More opportunities!” is to improve life quality for 30 - 60 year old men with alcohol addiction in the past, by educating and developing lost

skills to reduce inequality and facilitate social integration. Total planned financing is 52 198 euro.

The most significant investment projects and programs:

- ▷ Reconstruction of building of Riga Municipality Ltd. “Riga 1st hospital” on Bruninieku Street 5 was continued;
- ▷ Simplified renovation of building of Riga Municipality Ltd “Riga Maternity hospital” on Miera Street 45 - finished insulation of central facade, replacement of windows and partial replacement of water-main and sewerage system;
- ▷ Finished renovation of Riga Municipality Ltd. “Riga Health Center” branch office “Ilguciems” on Selpils Street 15;
- ▷ Finished renovation of Riga Municipality Ltd. “Riga Health Center” branch office “Tornakalns” on Kokles Street 12.

Budget expenses allocated to health care (k EUR)	2015 actual	2016 actual	2017 budget	2017 actual
Operation and services of ambulatory medical institutions, and public health-care agency services	34,2	225,0	1 276,7	1 181,9
Hospital services. Health-care services for mother and child	1 337,7	3 537,7	2 048,1	1 672,7
Other health-care services not classified above	1 260,1	1 273,6	2 658,1	2 124,2
Total basic budget expense	2 632,0	5 036,3	5 982,9	4 978,8
int.al. investment	1 259,1	3 751,9	3 314,5	2 852,2

MUNICIPAL TERRITORY AND HOUSING MANAGEMENT

In 2017, financing of 201 916 euro were utilized within Riga City Municipality budget program “Social apartment houses and separate social apartments”, int.al. compensated management expenses of social apartment houses’ and apartment houses’ with separate social apartments, which do not exceed the established rent for lodgers, 50% compensation of water and sewerage expenses and 25% compensation of heating expenses.

During the reporting year, project of infrastructure fund of Riga was finished on joining three Municipality’s residential buildings to central water supply network and reconstruction of water supply system on Brivibas Avenue. Total sum of financing utilized for this project is 135 944 euro.

In 2017, 857 applications from legal and physical entities were reviewed in Riga City heat supply issues committee on establishing alternative heating system:

- ▷ 334 extracts from a protocol were issued on establishing heating system in apartments and non-residential space;
- ▷ 523 extracts from a protocol were issued on establishing heating system in houses and buildings.

During the reporting year, Riga City Council City Development Department compensated house managers’ losses which occurred because of free and not being rented out premises for a prolonged period of time owned by Riga City Municipality. Amount of compensation was 536 529 euro.

In 2017, work of gathering information and arrangement of buildings that are not used for commercial activity, that are endangering public safety and spoils City’s

landscape was continued. In 2017, 205 objects were put in order or dismantled.

In 2017, methodic support to the apartment owners was continued on transferring administration rights of the privatized residential buildings. Personnel of management administration took part in 275 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 64 apartment houses were transferred to apartment owners. 18 contracts of authorization of management were concluded on management of unprivatized parts of residential buildings.

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

Since many lodgers of Riga City Municipality housing, which administration rights are transferred to apartment owners, are not fulfilling rental agreement obligations, resulting in accumulation of arrears of rent and paid services, Riga City Council Housing and Environment Department committee was created in 2017 to evaluate payment of arrears of rent of lodgers of municipal housing. Committee examined necessity of payment of 62 lodgers of Riga City Municipality’s housing and repayment of debt for 58 Riga City Municipality’s apartments was done for a total sum of 51 866 euro.

RIGA MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

Budget expenses allocated to municipality territory management and housing facilities (k EUR)	2015 actual	2016 actual	2017 budget	2017 actual
Street illumination	7 230,3	7 734,2	8 392,9	7 777,4
Other activities concerning municipality territory management and housing facilities not classified above	22 290,4	16 787,1	25 487,6	21 605,9
Total basic budget expense	29 520,7	24 521,3	33 880,5	29 383,3
int.al. investment	331,7	-	38,4	-

ENVIRONMENTAL PROTECTION

Riga City can be proud of great number of various overground water objects. There are either artificial or natural reservoirs among them. To provide efficient exploitation of reservoirs both for recreation and commercial purposes, management principles were worked out, coordination of introduction and realization of which was provided by Riga City Council Housing and Environment Department. In 2017, following projects were implemented:

- ▷ Inspection of underwater objects were performed in aquatorium of the Daugava and Kisezers (2 581 euro);
- ▷ Developed project of technical solution and repair works of quayside for sailing vessels were performed in the Jugla - Baltezers channel (23 969 euro);
- ▷ Recovery of polluted areas.

In 2017, during the exploitation and maintenance works of water objects in Riga territory were performed liquidation of 2 illegal sewage drainage places, renovation and improvement of the Jugla channel embankment and channel cleaning, liquidation of construction waste, bushes, weirs, clogs and stacks, land amelioration works and scavenging in Riga hydrographical network, cleaning of draining-ditches at a length of 2 500 m from bushes in Zolitude, Imanta and Kengarags, management and maintenance of pumping station to provide flood protection in Spilva's polder system.

In 2017, purification of polluted territories in Bolderaja from dangerous waste containing petroleum products was performed. 300 tons of waste is brought out from the polluted place every year. In 2017, financing for collecting and utilization of the remaining waste (around 200 tons) was allocated.

To maintain and renew Riga City Municipality's greenery management of City's greenery was performed - upkeep of 2 685 young trees of street greeneries, planted 23 trees, upkeep of crowns of 1 829 growing trees, in order to protect tree boles during grass mowing, bole protection was applied to 1 607 trees, liquidation of damaged, dangerous and dead trees - 210 trees, sawing of dangerous branches of 93 trees, sawing of poplars - 188 trees and other works. Total municipal budget financing was 220 660 euro.

In 2017, mowing of biologically valuable meadows and reed in specially protected natural territories was performed in area of 82,69 ha, improvement of territories, scavenging, localization of invasive species in area of 3,5 ha and tending of protected trees was performed within Riga City basic budget program "Monitoring and management of specially protected natural territories" for a total sum of 145 146 euro.

Riga City Municipality provides control of animals' population in Riga City according to laws and regulations of Republic of Latvia, within it catching of 676 runabout dogs was performed, 1 051 ownerless dogs and cats were housed at City's paid animal shelter. 1 309 ownerless cats were caught and sterilized, 1 176 animals were brought to veterinary hospitals from City streets, support was provided for 664 wild animals. Riga City Municipality also provided services of picking up and utilization of animal corpses, euthanasia and sterilization of low-income inhabitants' pets and maintenance of walking grounds for dogs.

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

In 2017, for reduction of pollution, improvement of water and air quality and reduction of noise level in Riga City, operation of 2 air monitoring stations and setting-up of 1 station was provided, allocating 127 850 euro for this reason; activities of action program of improvement of air quality in Riga City 2016 - 2020 were implemented, work on update of pollution zoning maps was done; work on action plan of reduction of environmental noise in Riga agglomeration for time period from 2017 to 2022 was finished un planned activities to reduce the effect of environmental noise pollution.

Budget expenses allocated to environmental protection (k EUR)	2015 actual	2016 actual	2017 budget	2017 actual
Waste management	61,8	61,8	61,8	61,8
Waste-water management	73,9	82,2	95,4	90,5
Prevention and reduction of environmental pollution	142,2	111,7	753,0	746,2
Protection of biodiversity and landscape	104,6	106,3	112,0	112,0
Other expenditures related to environmental protection	8 098,6	2 192,8	3 259,6	2 838,4
Total basic budget expense	8 481,1	2 554,8	4281,8	3 848,9

CULTURE

One of the Municipality's priorities is provision of artistically qualitative and diverse cultural service offer in City's cultural institutions, concert halls and city environment. In 2017, 361 cultural events within schedule of cultural events were implemented in City's central part and neighborhoods, which were attended by more than 1 044 550 Rigans and City guests.

In 2017, one of the greatest challenges for ECSD was to prepare and start implementation of Riga City program 2017 - 2021 dedicated to Latvia's 100th Anniversary. Riga City working group of celebration of Latvia's 100th Anniversary summarized 244 suggestions submitted by 34 Riga Council institutions, as well as 104 suggestions on facilitation of civic engagement and sense of membership submitted by working group. 99 projects were included in celebration program in total. In 2017, ECSD worked on 32 projects of this program int. al.:

- ▷ Festival dedicated to Latvia's 100th Anniversary, Latvia's music, literature and art "Three Stars";
- ▷ III grand concert of Riga educational institutions' dance collectives "Three by nine light bridges";
- ▷ Concert dedicated to Declaration on the Restoration of Independence of the Republic of Latvia "In Rhythms of Centennial";
- ▷ Latvia's 100th Anniversary oak planting campaign "Embrace Latvia";
- ▷ Participation of Riga choirs and dance collectives in project "Latvia Express to Centennial".

In 2017, 174 amateur collectives of municipal culture institutions and 102 other amateur collectives co-financed by Riga Municipality operated with Riga City Municipality's support.

ECSD provided participation of Riga amateur collectives in a number of various State and local level events, for example in competition of children and youth vocal ensembles "Voices", XVIII International Mask Tradition festival in Riga, amateur theatre play show of Riga region "Performance of the year 2017", IX Latvia brass band competition, regional events for chorus introducing XXVI Latvian National Song Festival and XVI Dance Festival and other events.

In order to prepare Riga amateur collectives for participation in XXVI Latvian National Song Festival and XVI Dance Festival, amateur art events and shows were organized, as well as participation of amateur collectives in regional and international events was provided, for example: in Riga Kokles Day where 16 kokle players' ensembles participated in two concerts, participation of fine arts workshops in exhibition of Art Days 2017 "Brightness", where participated 7 Riga fine arts workshops, 156 authors with 311 artworks, international

Riga amateur theatre festival "Riga spele teatri 2017", where participated 14 Riga amateur theatres and two guest amateur theatres with 18 plays, minority amateur collectives' concerts "Dziesmu tilti" took place within program of Riga festival and other events.

In 2017, ECSD organized five cultural and event project financing competitions in total, where 793 project applications were submitted and examined, 434 of them received support.

In 2017, ECSD participated in various international cooperation networks' and international organizations' events, int. al. in Hansa Days in Kampen in international project, what was dedicated to 500th Anniversary of Reformation, participation in Riga Days in Suzhou, participation in network of European Cultural Centre.

In 2017, following important events were realized:

- ▷ Events dedicated to Declaration on the Restoration of Independence of the Republic of Latvia on 4th of May, 16 projects were realized within celebration event program, which were visited by more than 50 000 visitors;
- ▷ Program of events dedicated to Lacplesa Day on November 11 and 99th Anniversary of Proclamation of the Latvia Republic;
- ▷ Concert dedicated to defenders of 1991 Barricade and events dedicated to in remembrance of Communist genocide victims on 25th March and 14th June;
- ▷ Festival of light "Shine Riga" celebrated 10th anniversary and invited to visit 35 light objects;
- ▷ "Riga festival", gathering around 250 000 people within three days;
- ▷ Contemporary art festival "White Night", where 34 various cultural events were offered and which were visited by 62 428 Rigans and City's guests;
- ▷ Traditional annual celebrations - Easter, Midsummer Day, Advent, Christmas and New Year and other celebration event programs were realized within City's schedule of city's cultural events.

The most significant investment projects and programs:

- ▷ Finished project development of rebuilding of Grand stage of Mezaparks and started 1st stage reconstruction;
- ▷ Construction of Ltd. "Riga National Zoological Garden" exposition complex of endangered species "Savanna of Africa" was launched;
- ▷ Renovation of facade and territory improvement of The Latvian National Theatre on Kronvalda boulevard 2;
- ▷ Reconstruction of VEF Culture Palace on Ropazu Street 2.

Budget expense allocated to recreation, culture and religion (k EUR)	2015 actual	2016 actual	2017 budget	2017 actual
Recreational and sports events	3 395,5	3 992,4	4 464,4	4 433,1
Culture	35 780,3	21 600,5	60 936,7	57 129,0
Services of religious organizations and other associations and foundations	73,2	0,0	300,0	300,0
Other recreational, cultural, and religion-related services not classified above	838,6	80,5	175,9	16,3
Total basic budget expense	40 087,60	25 673,4	65 877,0	61 878,4
int.al. investment	380,3	617,5	22 858,1	21 365,7

ECONOMIC ACTIVITY

In 2017, grant program "Take-off" was transformed and new cooperation partner was attracted - state-owned finance institution ALTUM. Two competitions were organized and in one of them people had an opportunity to express their opinion on necessity to support any of the business ideas by voting by means of social networks. In 2017, within grant program "Take-off" 124 grant applications were received, 14 new agreements were concluded on allocating financing at a sum of 157 415 euro, six educational seminars for entrepreneurship beginners were implemented and inspections of 20 grant winners was performed.

In cooperation with Association of Mechanical Engineering and Metalworking Industries of Latvia, Ministry of Economics and Germany - Baltic Chamber of Commerce representation in the most significant exhibition in the field of engineering industry and metal processing of the Baltic Region "Tech Industry 2017" was organized, support for initiative "Small Business Day" was rendered, realized representation of the representatives of real estate sector of Riga in international investment fair "MIPIM 2017", site www.investriga.eu was maintained, developed issues "Economic profile of Riga" and "Riga in numbers".

Riga City Municipality's public transport systems serve either for Riga inhabitants or for inhabitants of neighboring municipalities. In 2017 Riga City Municipality public transport network was formed by:

- ▷ 55 bus routes with total length of 951,5 km, provided by 322 buses in the daytime;
- ▷ 20 improved service bus routes with total length of 334,1 km, provided by 149 buses in the daytime;
- ▷ 10 tram routes with total length of 120,9 km, provided by 79 trams in the daytime;
- ▷ 19 trolleybus routes with total length of 163,7 km, provided by 183 trolleybuses in the daytime.

In 2017, 10,2 million passengers were transported in 859 428 bus runs in 20 improved service bus routes, int.al. 40,3 thousands passengers were transported in 9 night minibus routes. Transportation fee discounts defined by State were used by 17% from the total amount of transported passengers in improved service bus routes. Total length of run in transportation network was 52 835,1 km.

In 2017, there were 2 765 621 public transport runs performed with 142,7 million transported passengers, 43,8% of them used 100% transportation fee discount allowed by Riga Council, but 25,7% from the total amount of transported passengers used partial transportation fee discounts. Transportation fee discounts defined by State were used by 4,2% from the total amount of transported passengers.

In 2016, 90% of traffic buses, 100% of traffic trolleybuses and 24% of traffic trams from all the public transportation vehicle, which were used to provide public transportation service, were equipped with low floor. All the public transportation vehicle with low floor are equipped with wheelchair lifts, thereby meeting needs of passengers with limited motor opportunities for accessible public transport.

In 2017, following improvement of public transportation network were performed:

- ▷ New tram route was opened - No. 1 Imanta - Jugla;
- ▷ Tram route No. 11 was elongated to Ausekļa Street;
- ▷ In trolleybus route No. 16 and No. 22 and bus route No. 6 new stop "A. Saharova Street" was established;
- ▷ Holiday traffic was opened on bus route No. 58;
- ▷ During the beach season bus route No. 58 was elongated to Vecāki;
- ▷ Improved service bus routes No. 270 and No. 208 were integrated;
- ▷ Changes were made in improved service bus route No. 206 in Mežciems neighborhood.

In 2017, a number of improvements of public transport traffic were performed, including use of a new marking in traffic crossings, changes in division of traffic lanes, improvement of pedestrians' safety, reduction of maximum traffic speed, etc. activities, int. al. erection of 2 public transport lanes on Raina Boulevard and Kr. Barona Street, erection of 9 residential area, traffic organization was improved on more than 38 Riga streets and crossings.

During the reporting year, following projects were launched or finished:

- ▷ Construction of new bridge over Biekengravis and renovation of the existing one for total sum of 1 557 485 euro;
- ▷ Reconstruction works of 2 streets for total sum of 356 464 euro;
- ▷ Construction of 8 pedestrian crossings and establishing additional illumination for total sum of 71 429 euro;
- ▷ Construction of 4 parking lots for total sum of 35 456 euro;
- ▷ Reconstruction of 3 public transportation stops for total sum of 136 535 euro;
- ▷ Construction of 5 traffic light objects with special sound signals for visually impaired pedestrians for total sum of 230 396 euro;
- ▷ Renovation of two pedestrian underpasses for total sum of 633 337 euro;
- ▷ Construction of pavement on two streets, 59 649 euro.

In 2017, periodical renewal of street paving in 10 objects was performed for sum of 9 520 233 euro.

Other traffic organization system works done in 2017: established 7 new unregulated pedestrian crossings; 3 existing pedestrian crossings equipped with additional illumination, established 3 temporary traffic lights; established new pedestrian safety barriers at total length of 558 meters, established 76 new speed humps.

The most significant investment projects:

- ▷ Street paving was renewed in several sections on Brīvības Street, Lacplēša Street, Krisjāņa Valdemāra Street and other Riga streets;
- ▷ Renovation of driveways of internal quarters and public roads was continued.

RIGA MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

Budget expense allocated to economic activity (k EUR)	2015 actual	2016 actual	2017 budget	2017 actual
Agriculture, forestry, fishery and hunting	11,8	13,5	13,5	11,5
Mining, industry and construction	14 458,7	4 507,7	6 293,7	5 008,1
Transportation	187 242,0	197 840,3	213 328,1	193 698,6
Other sectors	2 982,6	4 317,7	6 701,5	6 701,5
Other economic activity not classified above	1 056,2	1 244,3	2 619,7	2 541,6
Total basic budget expense	205 751,3	207 923,5	228 956,5	207 961,3
int.al. investment	8 798,0	10 560,1	10 297,8	7 710,3

PUBLIC ORDER AND SECURITY

In 2017, Riga Municipality Police (RMP) officials secured public order during 817 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 2017, Riga Municipality Police officials secured public order near 176 Riga City educational institutions' complexes of buildings.

During the reporting year, 92 706 calls were maintained and 8 924 applications were received. In 2017, RMP recorded 16 114 persons, 9 545 of them committed administrative violations or crimes, but 726 of them were wanted persons, 51 of them were juvenile persons.

By means of RMP video surveillance center 1 999 cases of law violation were recorded, 416 video records were submitted to law enforcement institutions. In 2017, RMP recorded 13 937 various administrative violations, int. al. 5 297 violations of Riga Municipality binding regulations, 52 358 administrative violations protocols on violating stopping and parking regulations were issued.

1 990 administrative violations of Riga City public order regulations were recorded and 2 792 administrative violations of Riga City territory and building upkeep regulations were recorded. In 2017, RMP performed control and inspection of 2 224 taxis and issued 1 052 administrative violations protocols.

In 2017, 98 administrative violations of water traffic rules were recorded, during raids 276 illegal fishing tools were confiscated, including poaching nets at a total lengths of 8,3 km, 154 administrative violations were recorded and 17 poachers were detained.

In 2017, 5 swimmers were rescued, medical aid was rendered to 53 persons and 32 lost children were found. In 2017, RMP civil defense specialists in emergency cases rendered help to 178 in total, performed evaluation of Industrial accident elimination programs and Safety reports of 9 objects of high dangerousness. Reviewed civil defense plans of 7 objects of high dangerousness.

In 2017, twenty-four hours phone service of Tourism Information Center served 266 phone calls and police rendered help to 764 foreign tourists.

The number of registered RMP Youtube account readers reached 3 630 persons, but followers of RMP Twitter account exceeded 10 000.

Budget expenses allocated to public order and security (k EUR)	2015 actual	2016 actual	2017 budget	2017 actual
The police	16 095,8	16 793,6	18 172,4	18 060,8
Fire safety, firefighting, rescue and civil defense services	120,3	202,6	2,6	2,6
Other public order and security services not classified above	49,3	40,3	56,9	32,2
Total basic budget expense	16 265,4	17 036,5	18 231,9	18 095,6

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

CORRUPTION PREVENTION

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

In 2017, in accordance with corruption prevention plan of Riga City Municipality's institutions, structural units, and municipal enterprises and schedule of its execution evaluation for 2016 and 2017, which is approved by Security, Public Order and Corruption Prevention Issues Committee (Committee), conclusion on 17 Municipality's institutions, structural units, and municipal enterprises were prepared and revised.

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

In 2017, Centre prepared plan of corruption prevention measures and schedule evaluation of its execution for municipal institutions and enterprises

Continuing already started practice, one of the Centre's work directions in 2017 was improvement of public services provided by Riga City Councils and in the process of this work services provided by Riga City Council Property Department and Riga City Registry Office were evaluated. Functional relationship of these services were evaluated within this process, created new and particularized the existing names and descriptions of services, service rendering processes were optimized. An opinion survey by phone on services rendered by Riga City Council Property Department was made during the activities of the working group, clarifying satisfaction about the received services (accessibility, terms of receipt, attitude and professionalism of department's employees), paying special attention to flaws indicated by clients and offered suggestions towards improvement of service rendering process.

248 Riga City Municipality rendered public services were evaluated and improved in total within 7 years, what is 82% from 301 currently rendered services.

INTERNAL AUDIT

According to the Riga City Council Audit Directorate 2017 plan of internal audit realization approved by Riga City Council Chairman, in 2017, Riga City Council Audit Directorate performed 11 internal audits, int. al. 9 audits as internal control system evaluation audits of specific Riga Municipality institutions (1 - 3 system audits performed within each audit, 22 in total) and 2 separate system audit, which involves 4 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 58 suggestions were included in total.

In 2017, Riga City Council Audit Directorate, with a goal to verify the legality and effectiveness of utilization of Riga Municipality's financial resources, performed inspections of financial and economic activities of 10 Riga City Councils Riga City Municipality's central administration structural units, institutions and agencies and 2 inspections of utilization of financing of basic budget programs. As a result of performed audit 41 suggestions on elimination of the found offences and flaws were suggested. In 2017, Riga City Council Audit Directorate has also performed 4 inspections of financial and economic activities in Riga Municipality's enterprises and 1 inspection of financial and economic activities in public private partnership enterprise and 34 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 2017, improvements of following services were made:

- ▷ New social service execution module were developed: e-service for social service providers, which provides electronic filling of monthly reports, control of amount and execution;
- ▷ Improvement for e-service "Issue of an invoice", what improves invoice issue and processing process quality of exchange of information, improves municipal internal electronic invoice processing processes and provides opportunity for suppliers to track their invoices;
- ▷ Adjustment of advertisement module was done according to binding regulations;
- ▷ Updates for module "Timber felling permission", fully electronization of issue of timber felling permissions;
- ▷ Updates for module "Application for preschool" were made according to changes in binding regulations and improvements to reduce manual data processing;
- ▷ Updates for module accounting free meals. Pilot project was launched which increase speed of service of students, increasing accounting of free meals portions and providing effective execution of budget resources;
- ▷ Electronic event register was introduced, what provides more fast circulation of information between municipality's police units;
- ▷ Improvements of document storage system and document archiving solution was developed;
- ▷ Improvements of payment operations of bank module and provision of cooperation with new banks;
- ▷ Support for change of personal code in Riga Municipality's information systems.

RIGA MUNICIPALITY PARTICIPATION IN INTERNATIONAL COOPERATION PROJECTS

In 2017, cooperation of the previous years with international institutions and cooperation networks, as well as cities of various countries was continued and cooperation launched with a new commonwealth city - Kazan, increasing the number of Riga commonwealth cities to 30. Within the cooperation framework, Riga City participated in a number of seminars and conferences, as well as in other international level events in areas of culture, education, sports, city planning and development, transportation and traffic infrastructure planning and development, public utilities, environment protection, tourism, as well as other areas.

The most significant international projects and events Riga City Municipality's participated during 2017 in association with execution of Riga territory plan:

- ▷ Revitalization project of degraded territories of Riga Central market, what foresees construction of underground city of Central market and 1st stage reconstruction of canal bank, development of construction project was done in 2017, as well as project application was prepared and submitted to receive EU co-financing;
- ▷ Riga Zoo construction project "Savanna of Africa";
- ▷ Reconstruction project of Aldara Park - concluded agreement on development of construction plan and technical solution of cycling park;
- ▷ Revitalization of Skanste territory. Goal is construction of new streets creating a neighborhood that is well connected with other parts of the city, with infrastructure objects of regional/national significance. In 2017, development of 1st stage construction project was started;
- ▷ Establishment of multimodal public transportation junction in Tornakalns neighborhood;
- ▷ Reconstruction of embankment promenade of Mukusalas Street - negotiations procedure on development of construction project;
- ▷ Development and coordination of Palace Square reconstruction Project and other projects.

Riga City Council structural units participated in following Europe territorial cooperation programs:

- ▷ Integrated rainwater management (iWater);
- ▷ Integrated planning and cooperation model for revitalization of degraded territories (Baltic Urban Lab);
- ▷ Protection of seashore biotopes in natural park "Piejura" (Natura 2000);
- ▷ Management of hazardous substances in municipalities HazCity;
- ▷ Stability of smart cities against changes (SMR);
- ▷ Innovative financing sources for local sustainable power industry issues (INFINITE Solutions) etc.

Riga City Council Foreign Relations Section implemented various Riga and its commonwealth cities' cooperation events, among them also were: provision of visit of Riga Council management and accompanying delegation to Suzhou dedicated to 20th anniversary of cooperation, preparation and signing of cooperation agreement 2017 - 2021 between Riga and Pori, reception of delegation from Tbilisi in Riga due to 10th anniversary since agreement on cooperation between Riga and Tbilisi was signed, implementation of Riga and San Diego partnership photo project, realization of exhibition "Riga - City of World Cultural Heritage" dedicated to 20th anniversary since Historical Centre of Riga was included on the UNESCO World Heritage list.

The most important events to promote international cooperation and Riga City international recognizability performed by Foreign Relations Section in 2017: Riga City participation in official events and cultural program in 37th international Hansa Days in Kampen; provision of Riga City representatives in "Bread Festival" in Brussels; reception of conference delegation of municipal police management from capitals of 8 European countries and big cities conference in Riga; 10th International Tourism film festival "Tourfilm Riga 2017" with participation of 45 countries; provision of direct dialogue between European Commission and majors of EU capitals in Riga, receiving delegations from 21 EU country.

In order to promote multilateral international cooperation, Riga City Council Foreign Relations Section took part in project "MEANING" co-financed by EC program "Europe for Citizens", which goal is to create and facilitate development of network of commonwealth city municipalities, exchange of experience and develop thematic and long-term cooperation. In 2017, 3 international conferences and 1 seminary was organized within this project.

In 2017, Riga City Council Education, Culture and Sports Department (ECSD) implemented 12 projects financed by EU and other financial instruments, receiving financing from various EU programs at a sum of 14 654 652 euro. In the past year, 7 new project applications were prepared and submitted in total, 6 of which were approved. Institutions, subordinate to ECSD, actively involved in implementation of various projects financed by EU, realizing 81 EU financed projects with a total financing of 2 032 223 euro.

In 2017, ECSD supported students' participation in 115 various international sports and cultural events, allocating financing at sum of 103 118 euro for this purpose.

In 2017, Riga City Council Foreign Relations Section provided Riga City Municipality's cooperation with 19 international organizations and cooperation networks, where Riga is participating as member, int. al.:

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

In 2017, Riga City Council Foreign Relations Section coordinated and organized 300 delegations of Riga Council management, Riga Council officials and Riga City Municipality office-workers abroad and provided reception of 60 foreign official delegations in Riga.

ACTIVITIES PLANNED FOR THE NEXT YEAR

PROMOTION OF INHABITANTS' AWARENESS AND EDUCATION

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

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

In 2017, active cooperation with mass media was continued. Most topical and important events of Municipality were reflected in mass media, press conferences were regularly held in the Riga City Council and interviews and comments were provided, as well as journalists were provided with various informative materials on municipal issues.

In 2017, all the most important information about City and Municipality is available on Riga City Municipality's home page www.pasvaldiba.riga.lv, int. al. normative acts, Riga City Council's and its committees' meeting schedule, documents to be revised, resolutions and resolution projects, information about planned and actual events in City and Municipality. Information is updated several times a day. Portal supplies information on Municipality structure, competences of municipal structures, officials and contacts, as well as other important information either for businessmen and inhabitants or nongovernmental organizations.

Riga City Municipality has portal with new visual design already for several years: www.riga.lv, where useful information for solving inhabitants' daily problems is supplied, for example discounts on building repair works, possibilities to reduce consumption of useless public services, house management, receipt of social help, erection of new traffic objects, schedule of cultural and sports events, etc.

In order to provide feedback between municipality and society, 4 opinion surveys were performed in 2017. 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.

Riga City Council Education, Culture and Sports Department organized project competition within society integration program, where 81 applications were submitted. 24 of them received financial support. 18 applications were submitted and 15 projects were supported within competition "Social integration project competition to receive financial support for Riga City Council subordinate institutions' social integration projects."

In 2017, previously started information of inhabitants in social media on Municipality's topical issues was continued. For example, topical and important information for inhabitants as well as answers on various inhabitants' questions was published in Riga Council Facebook and Twitter accounts.

Visitors' Reception Centre (VRC) is continuing active work on informing inhabitants. Its employees receive visitors either in the central building or in districts' and suburbs' executive offices, individually, by phone or electronically. VRC also offers gratis legal aid. Riga Council gratis informative phone 80000800 is at inhabitants' service.

Active cooperation with nongovernmental organizations was carried out in order to enable closer society's participation in development and adoption of Riga Municipality's decisions and evaluation of its performance. Project and social integration section is operating subordinate to Education, Culture and Sports Department. Riga City Council deputies, office-workers and representatives of nongovernmental organizations work together in Advisory Board of Social Integration Issues, Advisory Board Nongovernmental Institutions of Persons with Disability and other institutions. Cooperation was carried out with organization of disable people with disabilities and their friends "Apeiron", organization "The Latvian Red Cross", Latvian Samaritan association, Latvian Foster Family Association, Latvian Association of Victims of Political Repression, Students council of Riga schools, Latvian Olympic Committee and various other cultural, sports, national and religious organizations.

COOPERATION WITH PRIVATE SECTOR

Annual social participation forum "Riga resounds - inhabitants speak!" was organized in 2017.

Two contests - "Neighborhoods' forums" and "Neighborhood initiative of promotion of engagement and sense of membership" were integrated into one project contest - "Neighborhood initiative of promotion of engagement and sense of membership". As a result of contest financial support was rendered to 29 projects.

In order to promote inhabitants' involvement in city's everyday life, inhabitants' forum is taking place already eighth year, where more than 190 Rigans took part. Forum was based on results of public opinion tendencies found in research in 2017 - "Social integration in Riga 2017", concerning Rigans' opinion on rights and duties in Riga, Rigans' civic participation, as well as society's cooperation and communication with municipality.

ACTIVITIES PLANNED FOR THE NEXT YEAR

LAUNCHED PROJECTS THAT WILL BE CONTINUED

In 2018, work on following projects is planned to be continued:

- ▷ Construction of exposition "Savanna of Africa" in "Riga National Zoological Garden", providing houses for zebras, antelopes, meerkats, patas monkeys with water object with island, as well as construction of birds house;
- ▷ Revitalization of degraded territories of Riga Central market;
- ▷ Revitalization degraded territories of Skanstē;
- ▷ Reconstruction of Aldara Park and it's alongside;
- ▷ Reconstruction of embankment promenade of Mukusalas Street from the Stone Bridge to the Island Bridge;
- ▷ Establishment of multimodal public transportation junction in Tornakalns neighborhood;
- ▷ Reconstruction of Palace Square;
- ▷ Continue energy efficiency activities in municipal educational institutions, as well as territory improvement works;
- ▷ Continue municipal financing for energy efficiency measures in residential buildings and reconstruction of residential building;
- ▷ Implementation of management and repair works of Riga Municipality's buildings, putting in order buildings owned by or attributable to Riga City Municipality, which are included into list of objects that degrade environment, ruined or endanger peoples' safety and liquidation of wrecks (int. al. property of private persons) which jeopardize public safety.

MAIN TASKS OF THE NEXT YEAR AND PLANNED COOPERATION PROJECTS

- ▷ In 2018, work on development and introduction of electronic administration system of several social services launched in 2016 and 2017 will be continued, offering an opportunity for social service providers of online electronic filling and submitting of reports on rendered services in Welfare Department and Riga Social Service (gradual implementation planned in 2018). Work on introduction of municipal health care service (SCC) (medical remedies prescribed for patients, measurements, examinations, diets, prescription and account of manipulations, materials, planning and account of medical remedies etc.) electronic accounting system and client's electronic file will be continued;
- ▷ Within ERDF project "Solution of information management of municipality's clients" introduction of official e-mail address, as well as sending real estate tax correspondence to accounts of e-mail address is planned;
- ▷ Renovation of and rebuilding of sports stadiums and grounds for active recreation of Mezciema Elementary school, Riga 89th Secondary school and Riga Imantas Secondary school, energy efficiency improvement of 4 educational institutions' buildings, renovation of historical facades of Riga State Gymnasium No. 1 and Riga 49th Secondary school, renovation of building on Kr. Valdemara Street 48 to site Riga French Lycee, reconstruction of building of Riga English Grammar School on Zvardes Street 1, development of construction plan for Riga Classic Grammar School and Riga Zolitude Grammar School;
- ▷ Reconstruction works of "Riga 1st hospital" will be continued;
- ▷ Rebuilding works 1st stage reconstruction of Grand stage of Mezaparks will be finished (it is planned to put into operation on June 18 of 2018 and to start 2nd stage works in October of 2018.

**RIGA MUNICIPALITY CONSOLIDATED FINANCIAL STATEMENTS 2017
(SUMMARY)**

RIGA MUNICIPALITY SUMMARY BALANCE SHEET	31.12.2016. (k EUR)	31.12.2017. (k EUR)
ASSETS	3 411 035.3	3 431 146.6
Non-current assets	3 285 184.2	3 285 548.6
Intangible assets	5 871.3	6 491.7
Development activities and programs	147.8	39.8
Licenses, concessions and patents, trademarks and similar rights	5 376.7	6 072.3
Other intangible assets	314.6	367.9
Unfinished intangible assets	21.7	4.4
Advance payments on intangible assets	10.5	7.3
Fixed assets	2 607 062.4	2 599 724.9
Land, buildings and construction	2 338 438.8	2 303 219.5
Technological equipment and machinery	946.3	1 067.0
Other fixed assets	45 473.0	53 613.8
Construction in progress, unfinished fixed assets	41 473.9	58 367.6
State and municipal real estate property assigned for actual possession	169 015.8	170 478.3
Biological and underground assets	11 195.1	12 226.1
Long-term investments in leased assets	27.0	24.0
Advances for fixed assets	492.5	728.6
Long-term financial investments	666 828.9	675 673.6
Investments in equity capital of related enterprises	608 250.1	613 653.5
Investments in equity capital of associated enterprises	58 578.8	62 020.1
Long-term receivables and allowances for doubtful long-term receivables	5 421.6	3 658.4
Other long-term receivables	5 421.6	3 658.4
Current assets	125 851.1	145 598.0
Inventory	18 777.6	15 354.7
Debtors	11 684.6	16 154.1
Deferred expenses and advances for services and projects	2 654.6	2 634.4
Cash	92 734.3	111 454.8
LIABILITIES	3 411 035.3	3 431 146.6
Equity	2 499 543.7	2 517 940.9
Reserves	103 520.7	103 520.6
Results of the budget execution	2 396 023.0	2 414 420.3
Retained results of the budget execution	2 358 396.3	2 396 023.0
Results of the budget execution in current period	37 626.7	18 397.3
Provisions	1 029.5	1 119.5
Liabilities	910 462.1	912 086.2
Non-current liabilities	786 435.1	760 112.5
Long-term borrowings	225 256.1	246 175.7
Long-term liabilities to suppliers and contractors	296 755.7	269 956.3
Long-term accrued liabilities	219 231.7	202 446.2
Long-term deferred income and received advances	-	543.6
Other long-term liabilities	45 191.6	40 990.7
Current liabilities	124 027.0	151 973.7
Current borrowings and current portion of long-term debt	12 659.0	1 6897.2
Current liabilities to suppliers and contractors	43 523.8	47 900.8
Current accrued liabilities	22 321.4	27 714.8
Salaries and deduction payments (excluding taxes)	8 587.0	9 395.0
Taxes and social security contributions	8 867.7	10 824.5
Other current liabilities	5 021.9	5 720.4
Deferred income and received advances	23 046.2	33 521.0
Deferred income and received advances	2 598.3	1 958.2
Received prepaid transfers	20 447.9	31 562.8

RIGA MUNICIPALITY CONSOLIDATED FINANCIAL STATEMENTS 2017 (SUMMARY)

RIGA MUNICIPALITY SUMMARY BALANCE SHEET	31.12.2016. (k EUR)	31.12.2017. (k EUR)
OFF-BALANCE SHEET		
Leased assets	1 495.2	845.9
Off-balance sheet assets	3 757.5	3 378.9
Demurrages and fines receivable	48.2	6.8
Actions of detinue	59.8	59.5
Other off-balance sheet assets	3 649.5	3 312.6
Off-balance sheet liabilities	240 022.1	219 024.2
Future payments according to agreements concluded on projects financed by foreign financial aid and EU policies' instruments	5 592.4	15 332.2
Future liabilities and payments according to agreements and government decisions on purchase of goods and services, except those concluded on projects financed by foreign financial aid and EU policies' instruments	87 596.0	82 606.7
Received and not paid invoices for advance payments	16.0	23.6
Future rent payments	52.2	0.0
Warranties issued	6 306.5	5 473.3
Other off-balance sheet liabilities	140 459.0	115 588.4

RIGA MUNICIPALITY CONSOLIDATED FINANCIAL STATEMENTS 2017 (SUMMARY)

BASIC BUDGET INCOME STATEMENT	2016 actual	2017 actual
Accrual basis	(k EUR)	(k EUR)
Total revenues	944 797.6	1 005 595.4
Total tax revenues	623 243.9	685 848.0
Personal income tax	507 059.3	566 084.4
Real estate taxes, int.al:	111 072.8	114 256.9
real estate tax on land	48 433.3	48 554.0
real estate tax on buildings	43 753.9	43 631.6
real estate tax on housing	18 885.6	22 071.3
Other tax revenue	5 111.8	5 506.7
Total non-tax revenues	70 725.1	64 500.8
Government (municipality) fees	4 433.5	5 921.8
Other non-tax revenues	66 291.6	58 579.0
State institutions' revenues	108 162.7	100 813.4
Total transfers	142 665.9	154 433.2
Transfers of public entities partially financed by State budget and institutions not financed by budget	0.5	-
State budget transfers, int.al:	137 052.7	148 485.4
state budget transfers received by municipality allocated for specific purpose	126 648.2	135 321.4
transfers received by municipality from state institutions for projects (arrangements) coo-financed by EU policies' instruments and other foreign financial aid	6 273.6	10 602.1
other state budget transfers	4 130.9	2 561.9
Municipal budget transfers	5 612.7	5 947.8
Expenses by government functions		
Total expenses	907 294.8	987 214.7
General governmental agencies, int.al:	269 019.4	311 070.6
contributions to municipal cohesion fund	86 937.1	95 310.8
Public order and security	16 618.8	17 480.9
Economic activity	252 671.0	245 848.3
Environmental protection	1 940.2	3 169.1
Territory and housing management	24 392.1	28 564.5
Health care	1 184.2	1 852.4
Recreation, culture, and religion	21 110.8	24 307.0
Education	259 473.5	288 897.4
Social security	60 884.8	66 024.5
Budget surplus or deficit	37 502.8	18 380.7
INCOME STATEMENT ON DONATIONS AND ENDOWMENTS		
Accrual basis	2016 actual	2017 actual
	(k EUR)	(k EUR)
Total revenues	690.3	508.1
Non-tax revenue	-	50.6
Donations and endowments from legal entities and individuals	690.3	457.5
Donations and endowments for education	460.6	234.5
Donations and endowments for social care	36.1	26.4
Other donations from legal entities and individuals	193.6	196.6
Expenses by government function		
Total expenses	569.4	490.1
General governmental agencies	138.9	155.4
Territory and housing management	8.5	4.1
Recreation, culture, and religion	78.4	6.7
Education	304.3	266.9
Social security	39.3	57.0
Budget surplus or deficit	120.9	18.0

RIGA MUNICIPALITY CONSOLIDATED FINANCIAL STATEMENTS 2017 (SUMMARY)

BASIC BUDGET INCOME STATEMENT	2016 actual	2017 budget	2017 actual
Cash flow basis	(k EUR)	(k EUR)	(k EUR)
Total revenues	822 740.8	887 687.8	906 030.5
Total tax revenues	626 712.0	667 341.5	683 726.5
Personal income tax	510 492.1	545 145.9	561 766.8
Real estate taxes	111 108.1	117 286.7	116 453.0
int.al. real estate tax on land	48 131.0	50 094.4	50 186.9
int.al. real estate tax on buildings	44 073.0	43 341.7	44 135.6
int.al. real estate tax on housing	18 904.1	23 850.6	22 130.5
Other tax revenue	5 111.8	4 908.9	5 506.7
Total non-tax revenues	21 228.5	34 155.6	28 841.0
Government (municipality) fees	4 426.3	3 904.5	5 784.7
Other non-tax revenues	16 802.2	30 251.1	23 056.3
State institutions' revenues	32 266.0	30 159.1	28 316.8
Total transfers	142 534.3	156 031.6	165 146.2
Received transfers of public entities partially financed by State budget and institutions not financed by budget	0.5	-	-
State budget transfers, int.al:	136 935.9	149 797.5	159 301.0
state budget transfers received by municipality allocated for specific purpose	133 198.0	136 834.9	137 259.7
transfers received by municipality from state institutions for projects coo-financed by EU policies' instruments and other foreign financial aid	3 600.8	12 813.2	21 916.6
other state budget transfers	137.1	149.4	124.7
Municipal budget transfers	5 597.9	6 234.1	5 845.2
Total expenses by government functions			
Total expenses	788 926.1	950 360.6	890 876.8
General governmental agencies, int.al.:	146 266.8	161 147.4	156 367.0
contributions to municipal cohesion fund	87 480.4	91 785.4	94 583.8
Public order and security	17 036.5	18 231.9	18 095.6
Economic activity	207 923.5	228 956.5	207 961.3
Environmental protection	2 554.8	4 281.8	3 848.9
Territory and housing management	24 521.3	33 880.5	29 383.3
Health care	5 036.3	5 982.9	4 978.8
Recreation, culture, and religion	25 673.4	65 877.0	61 878.4
Education	284 653.2	349 173.9	329 211.3
Social security	75 260.3	82 828.7	79 152.2
Budget remaining amount at the beginning of the year	53 120.3	92 391.7	92 391.7
Budget remaining amount at the end of the year	92 391.7	38 557.3	111 140.1
INCOME STATEMENT ON DONATIONS AND ENDOWMENTS			
Cash flow basis	(k EUR)	(k EUR)	(k EUR)
Total revenues	139.6	238.0	146.2
Donations and endowments from legal entities and individuals	139.6	238.0	146.2
Donations and endowments for education	55.1	160.3	77.8
Donations and endowments for social care	4.7	5.9	1.6
Other donations from legal entities and individuals	79.8	71.8	66.8
Total expenses by government functions			
Total expenses	171.2	550.0	174.0
General governmental agencies	104.8	166.4	105.6
Public order and security	-	1.6	-
Environmental protection	-	35.0	-
Territory and housing management	8.1	6.0	1.5
Recreation, culture, and religion	0.1	17.3	5.8
Education	53.5	313.8	59.5
Social security	4.7	9.9	1.6
Budget remaining amount at the beginning of the year	371.1	339.5	339.5
Budget remaining amount at the end of the year	339.5	27.5	311.7

EXPLANATION OF BASIS OF PREPARATION OF SUMMARY CONSOLIDATED FINANCIAL STATEMENTS 2017

This consolidated financial statements summary including Riga City Municipality's summary balance sheet as of 31 December 2017, basic budget income statement for 2017 (accrual basis and cash flow basis) and income statement of donations and endowments (accrual basis and cash flow basis) for 2017 are prepared on the basis of audited Riga City Municipality consolidated financial statement, based on following principles:

- ▷ Balance sheet is presented identical to the included in audited consolidated statements of Riga City Municipality 2017 (k EUR) (Form No 1);
- ▷ Basic budget income statements (accrual basis and cash flow basis) are prepared based on information included in audited Riga City Municipality consolidated statement 2017 (Form No 2) "Statement on budget execution" (basic budget). Income is classified in groups characterizing the type of the income in terms of economic activities, in compliance with Regulations of Cabinet of Ministers of LR No 1032 "Regulations on classification of budget income";

- ▷ Income statement of donations and endowments is prepared based on information included in audited Riga City Municipality consolidated statement 2017 (Form No 2) "Statement on budget execution" (donations and endowments). Income is classified in groups characterizing the type of the income of economic activities, in compliance with LR CM Regulations No 1032 "Regulations on classification of budget income";
- ▷ The result of budget execution of the reporting year declared in the Riga City Municipality's balance summary balance sheet is calculated by adding up surplus or deficit indices of the Basic budget income statement (according to accrual basis) and income statement of donations and endowments (according to accrual basis).

According to paragraph 51.3 of Cabinet of Ministers regulations No 1115 dated 15.10.2013 "Procedure for the preparation of an annual report", information on Riga City Municipality's consolidated financial statements 2017 is available at the State treasury's home page from 1 July 2018.

AUDITOR'S REPORT

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL STATEMENTS

To the Riga City Council:

Opinion

The accompanying summary financial statements of Riga Municipality (further –“the Municipality”) set out on pages 31 to 35, which comprise the summary balance sheet as of 31 December 2017, the summary statements of main budget income and expenditure and donations and gifts income and expenditure presented on accruals basis and cash flow basis, and notes on basis of preparation of the consolidated financial statements, are derived from the audited consolidated financial statements of Riga Municipality for the year ended 31 December 2017. Our audit report on those consolidated financial statements, dated 26 April 2018, was qualified. 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.

In our opinion, the accompanying summary financial statements for year 2017 are consistent, in all material respects, with the audited consolidated financial statements of the Municipality for the year ended 31 December 2017, on the basis described in the financial statements notes on 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 2017.

Summary 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.

Audited financial statements and our opinion

The possible misstatements of the audited consolidated financial statements are described in our qualified audit opinion in our report dated 26 April 2018. Our qualified audit opinion is based on the following:

Deloitte Audits Latvia SIA
License No. 43



Inguna Staša
Board Member
Certified Auditor
Certificate no. 145

6 June 2018

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 2017 based on information received from State Real Estate Cadastral Information System the Municipality has recognized in its balance sheet the Land with the value of 106,6 million EUR (2016: 131.2 million EUR) which is attributable to the Municipality but not registered in the Land book. The Municipality also continues to identify land and buildings, which have not been previously recognized in the Municipality's records. The land and buildings are gradually registered in the Land Book and during this process ownership of the properties with previously unclear ownership is clarified. Because of this process, 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 and buildings attributable to the Municipality will be clarified. As this process is ongoing, the management has not been able to determine the amount of adjustments in relation to the book value of the properties as of 31 December 2017 and 31 December 2016. 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 2017 and 31 December 2016 and potential correction of the 2017 income and expense report.

Management's responsibility for the summary financial statements

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

Auditors' responsibility

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